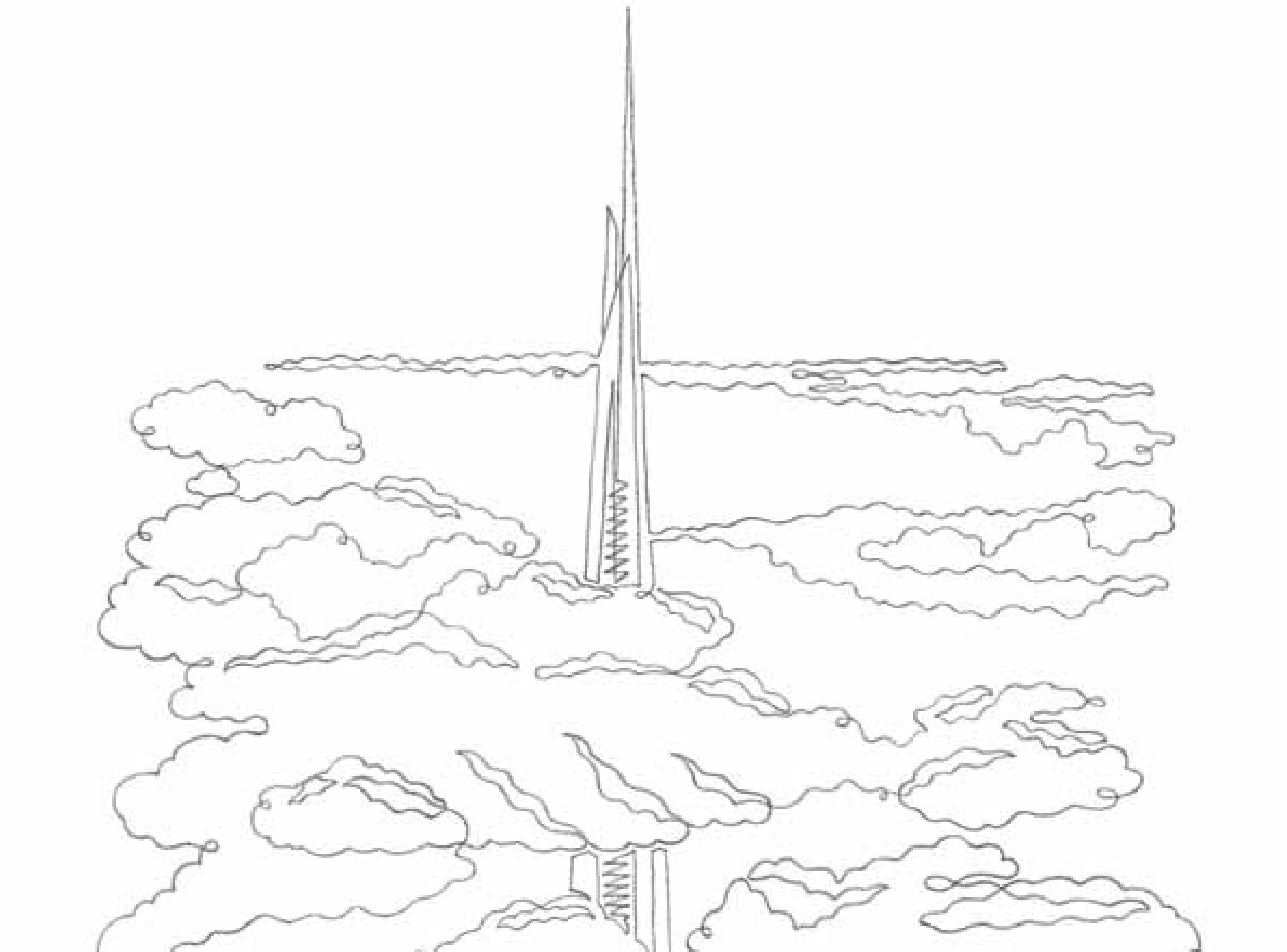


The new EU-wide regulatory regime for insurance and reinsurance companies, known as Solvency II, came into force with effect from 1 January 2016. The regime requires new reporting and public disclosure of information.

Contents

Summary

The new EU-wide regulatory regime for insurance and reinsurance companies, known as Solvency II, came into force with effect from 1 January 2016. The regime requires new reporting and public disclosure of information. This document is the first version of the Solvency and Financial Condition Report ('SFCR') that is required to be published annually by Beazley Re dac ('the company').

The report covers the business and performance of the company, its system of governance, risk profile, valuation for solvency purposes and capital management and has been approved by the board of directors.

Beazley Re dac acts as an intra-group reinsurer and provides capital to support the underwriting activities of its sister company, Beazley Underwriting Limited. Beazley Underwriting Limited is a Lloyd's of London corporate member which, during 2016, participated in the Lloyd's insurance market on a limited liability basis through syndicates 2623, 3622 and 3623. The company has an aggregate excess of loss reinsurance agreement with Beazley Underwriting Limited. Under the terms of this agreement the company reinsured and indemnified Beazley Underwriting Limited in respect of all losses up to 75% of the declared result of Beazley Underwriting Limited's participation in syndicates 2623, 3622 and 3623. In the event that the declared result is a loss, the extent of the reinsurance is limited to the loss not exceeding 75% of the funds at Lloyd's less an excess of £2m. On 25 April 2017, an endorsement was signed to remove syndicate 3622 from the reinsurance contract.

The Solvency II valuations of the balances relating to this intra-group reinsurance have been prepared on a look through basis to the underlying syndicate premium and claim transactions. The risk profile of the business reflects the underlying exposures included in the technical provisions. In addition the look through basis is based on the underlying cash flows of the Beazley group and this approach is being followed to allow better compliance with other requirements in the Directive.

The company does not underwrite third party reinsurance.

In November 2016, the company filed an application with the Central Bank of Ireland (CBI) to obtain approval to write direct insurance, enabling the company to broaden its underwriting to European clients. Also in November 2016, the company issued $250m of 5.875% subordinated tier 2 notes due in 2026.

On issuance of the new tier 2 subordinated debt, Beazley Re dac was assigned an Insurer Financial Strength rating of 'A+' by Fitch. Beazley Re dac also has a Financial Strength Rating A Excellent 'Stable Outlook' from AM Best with a Financial Size Category Class XI $750m to $1bn.

Beazley Re dac holds a level of capital over and above its regulatory requirements. As at 31 December 2016, total own funds were $1,655.0m, compared to the Solvency Capital Requirement of $679.2m. The amount of surplus capital held is considered on an ongoing basis in light of the current regulatory framework and opportunities for growth and a desire to maximise returns for the shareholder.

There were no other material changes during the year.

A. Business and performance

A.1 Business

Beazley Re dac is a company incorporated in Ireland.

The address of the registered office is:
2 Northwood Avenue
Santry
Dublin
D09 X5N9
Ireland

The supervisor of Beazley Re dac and the Beazley group ('the group') is the Central Bank of Ireland (CBI) and can be contacted at:
Central Bank of Ireland
PO Box 559
New Wapping Street,
North Wall Quay,
Dublin 1
Ireland

The independent auditor of the company is:
KPMG
1 Harbourmaster Place
IFSC
Dublin
D01 F6F5
Ireland

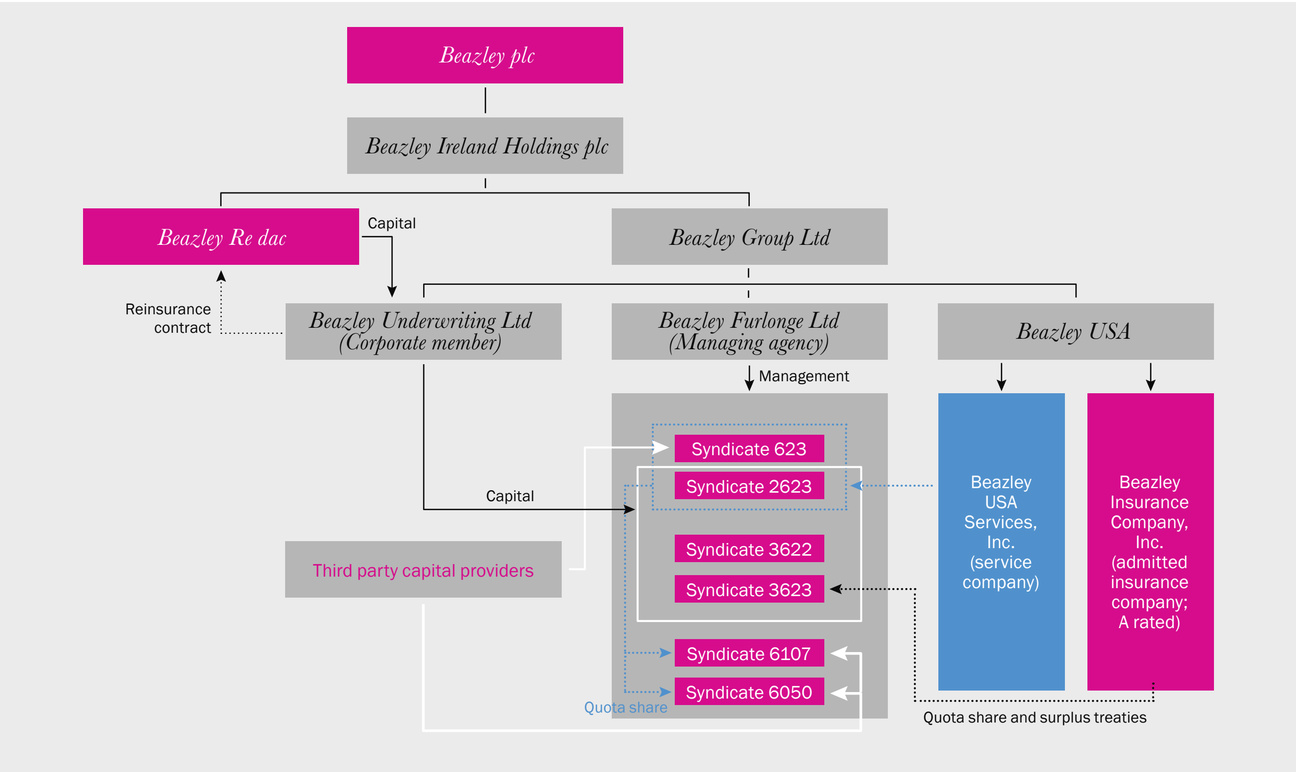
Beazley Re dac is a wholly owned subsidiary of Beazley Ireland Holdings plc, which is in turn wholly owned by Beazley plc.

The group operates across both Lloyd's of London and the US through a variety of legal entities and structures. The main entities within the legal entity structure are demonstrated in the diagram at the bottom of this page.

The company acts as an intra-group reinsurer and provides capital to support the underwriting activities of its sister company, Beazley Underwriting Limited. Beazley Underwriting Limited is a Lloyd's of London corporate member. It participates in the Lloyd's insurance market on a limited liability basis through syndicates 2623, 3622 and 3623. The company has an aggregate excess of loss reinsurance agreement with Beazley Underwriting Limited. Under the terms of this agreement the company reinsures and indemnifies Beazley Underwriting Limited in respect of all losses up to 75% of the declared result of Beazley Underwriting Limited's participation in syndicates 2623, 3622 and 3623. In the event that the declared result is a loss, the extent of the reinsurance is limited to the loss not exceeding 75% of the funds at Lloyd's less an excess of £2m.

In 2016, the company's reinsurance operated across five divisions. The following table provides a breakdown of gross premiums written by division.

	2016	2015
Marine	12%	14%
Political risks & contingency	5%	6%
Property	23%	27%
Specialty lines	54%	47%
Life, accident & health	6%	6%



A.1 Business *continued*

The table below provides an analysis of the geographical breakdown of its written premiums.

	2016 %	2015 %
US	63%	58%
Europe	14%	15%
Other	23%	27%
Total	**100%**	**100%**

Form S.05.02.01 presents the business as sourced from the UK as required to reflect the country of localisation of the ceding undertaking.

The markets within which Beazley operates faced major economic and political uncertainties in 2016 – uncertainties that had not diminished by the year end. It is now clear that the hardship and psychological shocks caused by the 2008 financial crash and subsequent recession have, several years later, had major political repercussions that few expected. In both Britain and the US support for open markets and free trade is more challenged and the economic cost may ultimately be high. The direction of both monetary and fiscal policy in this volatile environment is hard to predict.

Reflecting this trend, Brexit has been a source of concern and considerable uncertainty to many businesses in the City of London. For Beazley the concern is less acute, in part because less than 5% of our business is generated within mainland Europe, but also because the company had already planned to develop its presence in Dublin to access more business in continental Europe.

For many insurers, the ripple effects of political uncertainty and weak investment returns on performance have been masked by a low incidence of catastrophe claims that has continued largely unbroken since 2011. Premium rates have naturally fallen to reflect this, most sharply in the energy market. However, it is in the nature of large risk, catastrophe exposed business that rates can fall a long way and insurers can still make money if claims are subdued.

Beazley has weathered multiple underwriting cycles in three decades and, at this juncture, the group's focus is on maintaining underwriting discipline across the business classes that have seen rates continue to fall. The group has accordingly further trimmed its exposures to energy risks, large scale commercial property, and property reinsurance.

Nevertheless, amid the challenges which the insurance industry faces, there are many areas of opportunity for Beazley. Specialty lines continues to grow strongly. This business was buoyed by the relatively attractive premium rates for small scale risks that the group's mature US operations are now well equipped to handle. The group has been building a strong platform in the US for more than a decade now and it has served Beazley well.

For a specialist insurer such as Beazley, one important measure of vitality is the flow of new product ideas and a commitment to invest in them – an area in which Beazley continues to excel. Another is a willingness to partner with other insurers or reinsurers to exploit attractive growth opportunities that might not be accessible to a single company. The partnership Beazley forged in 2016 with Munich Re to underwrite large scale cyber risks is an example of the latter.

The cyber market continues to grow and evolve rapidly, but in other areas patience can be a virtue. Beazley celebrated 10 year anniversaries in Paris and in Singapore in 2016, hard on the heels of our tenth anniversary as a local insurer in the United States. In each market, Beazley has grown largely or exclusively organically, making only small scale acquisitions, if any. This is not the fastest way to grow, but in insurance it can prove a surer route to profitable growth.

Beazley's success over time has depended heavily on being able to flex the portfolio to capitalise on profitable growth opportunities in one geography or line of business while keeping our powder dry in another. In addition, the duration of risks matters: in recent years Beazley has seen short tail catastrophe exposed business shed margin far faster than the medium tail casualty business that is the focus of Beazley's specialty lines division.

A.2 Underwriting performance

Gross premiums written in the year were $1,333.6m (2015: $1,237.3m) and profit before tax was $179.2m (2015: $193.5m).

Segmental analysis

31 December 2016	Marine $m	Political risks & contingency $m	Property $m	Life, accident & health $m	Specialty lines $m	Total reportable segments $m	Unallocated $m	Total $m
Segment results								
Gross premiums written	164.9	71.2	313.4	73.9	710.2	1,333.6	–	1,333.6
Net earned premiums	166.4	75.0	316.6	73.6	636.0	1,267.6	–	1,267.6
Net investment income	14.1	6.0	32.5	3.4	72.7	128.7	–	128.7
Revenue	**180.5**	**81.0**	**349.1**	**77.0**	**708.7**	**1,396.3**	**–**	**1,396.3**
Net insurance claims	(73.8)	(21.9)	(117.0)	(46.9)	(352.4)	(612.0)	–	(612.0)
Net operating expenses	(77.5)	(36.6)	(143.3)	(30.7)	(241.3)	(529.4)	(0.2)	(529.6)
Foreign exchange loss	–	–	–	–	–	–	(75.5)	(75.5)
Expenses	**(151.3)**	**(58.5)**	**(260.3)**	**(77.6)**	**(593.7)**	**(1,141.4)**	**(75.7)**	**(1,217.1)**
Profit on ordinary activities before tax	**29.2**	**22.5**	**88.8**	**(0.6)**	**115.0**	**254.9**	**(75.7)**	**179.2**

31 December 2015	Marine $m	Political risks & contingency $m	Property $m	Life, accident & health $m	Specialty lines $m	Total reportable segments $m	Unallocated $m	Total $m
Segment results								
Gross premiums written	179.2	76.6	327.7	68.8	585.0	1,237.3	–	1,237.3
Net earned premiums	193.4	77.6	323.7	72.0	562.8	1,229.5	–	1,229.5
Net investment income	7.9	3.2	17.2	1.8	33.0	63.1	–	63.1
Revenue	**201.3**	**80.8**	**340.9**	**73.8**	**595.8**	**1,292.6**	**–**	**1,292.6**
Net insurance claims	(73.1)	(21.5)	(109.5)	(42.0)	(335.0)	(581.1)	–	(581.1)
Net operating expenses	(80.3)	(39.4)	(141.9)	(31.3)	(211.1)	(504.0)	(2.8)	(506.8)
Foreign exchange loss	–	–	–	–	–	–	(11.2)	(11.2)
Expenses	**(153.4)**	**(60.9)**	**(251.4)**	**(73.3)**	**(546.1)**	**(1,085.1)**	**(14.0)**	**(1,099.1)**
Profit on ordinary activities before tax	**47.9**	**19.9**	**89.5**	**0.5**	**49.7**	**207.5**	**(14.0)**	**193.5**

Further steep declines in rates, particularly for marine and energy business, took a toll on the **marine division's** results in 2016, with reserve releases from previous years also down.

The **political risks and contingency division** performed well in 2016 in markets that continued to be quite competitive for both political and terrorism risks.

Beazley's **property division** delivered a strong result in 2016 given market conditions that were increasingly challenging for many lines of business, notably for large scale catastrophe exposed risks written out of London.

The **life, accident & health division** made good progress in strengthening key distribution channels in 2016. The operating loss was driven by losses in Beazley's Australian business in the current year.

Beazley's **specialty lines division** continued to grow strongly in 2016, writing gross premiums of $710.2m (2015: $585.0m).
As in recent years, the main engine of growth was the US, where Beazley has had a local presence for over a decade and demand for our specialist products has been strong.

A.3 Investment performance

Summary of investment return

Investment return	2016 $m	2015 $m
Intercompany share of Lloyd's syndicates investment income	66.1	41.9
Income from funds at Lloyd's	12.2	8.6
Income from intercompany financing arrangements	17.3	16.2
Investment income	95.6	66.7
Fair value gain on derivative	41.4	4.7
	137.0	**71.4**
Investment expenses and charges	(8.3)	(8.3)
Total	**128.7**	**63.1**

Income from funds at Lloyd's represents the return on the investment asset portfolio of Beazley Re dac and it is the detail of these assets that is shown below. The fair value gain on derivative number includes $1.0m in respect of gains on derivatives arising from this investment asset portfolio and the investment expenses and charges line includes $1.3m of investment expenses relating to the management of the investment asset portfolio assets.

There were no gains and losses recognised directly in equity. There are currently no investments in structured securities and no plans to increase exposure during 2017.

Summary of investment return in respect of investment assets only

	2016		2015	
Investment assets	%	$m	%	$m
Income from funds at Lloyd's	–	12.2	–	8.6
Fair value gain on derivative	–	1.0	–	–
Investment expenses and charges	–	(1.3)	–	(1.3)
Total investment assets	**1.2**	**11.9**	**0.7**	**7.3**

Income and expenses by asset class excluding derivatives ($m)

		Capital growth		
2016	Fixed interest	Equity	Hedge funds	Total $m
Income	9.8	0.2	2.2	12.2
Expenses	(1.2)	–	(0.1)	(1.3)

		Capital growth		
2015	Fixed interest	Equity	Hedge funds	Total $m
Income	6.4	1.6	0.6	8.6
Expenses	(1.2)	–	(0.1)	(1.3)

The above expense allocations are estimates.

Investment assets produced a total return of 1.2% in 2016 against a return of 0.7% in 2015, this was a good outcome in a volatile period for investments. Fixed income performance was augmented by the higher yields from corporate credit investments and, in particular, strong returns from high yield exposures. Robust performance from capital growth assets supported performance.

A.3 Investment performance *continued*

Performance commentary by asset class

	Portfolio %	Return %	Commentary on 2016 performance
Investment grade fixed income	92	1.3	US Sovereign bonds at our benchmark duration returned just 0.9% in 2016. By making increasing use of corporate debt and actively managing duration, our bond portfolio returned more than double this amount.
Equities	3	5.0	The equity portfolio produced a respectable return in 2016, although poor performance of active managers in the first part of the year led to significant underperformance against benchmark.
Hedge funds	5	3.9	Successful commodity strategies led to a strong performance from our hedge funds in December, allowing this portfolio to match its target return in 2016, significantly outperforming the hedge fund universe.
Total capital growth	8	3.6	Strong performance from capital growth assets in December has produced a return close to target for the full year, despite equity under performance and helped by good returns from hedge funds.
Total	100	1.2	Capital growth investments ultimately delivered returns close to forecast, but it was the solid contribution from fixed income assets that drove the strong investment return in 2016.

A.4 Performance of other activities

Beazley Re dac has no material income or expenses other than the income and expenses included within the segmental in A.2 and A.3.

A.5 Any other information

The Solvency II regime, implemented through Statutory Instrument 485 of 2015, came into force on 1 January 2016.
On 10 December 2015 the Central Bank of Ireland granted permission to Beazley Re dac to calculate its Solvency Capital Requirement using the Beazley plc internal model.

B. System of governance

B.1 General information on the system of governance

The Beazley Re dac board has a majority of independent non-executive directors. The chairman is an independent non-executive director.

The board retains ultimate authority for all strategic issues and management decisions of Beazley Re dac including effective, prudent and ethical oversight as well as setting the company strategy and ensuring that risk and compliance are properly managed. The board may delegate its powers for review and research purposes within specific terms of reference to committees and working groups. The committees and working groups act in an advisory capacity to the board.

The Beazley Re dac board has formed the following sub committees:
- Audit committee; and
- Risk committee

These committees have the power to carry out activities on behalf of the board to the extent of the authority delegated to them by the Beazley Re dac board, as set out in their terms of reference.

The board has also established a number of executive committees or groups
- Underwriting working group;
- Reinsurance contract review group; and
- Regulatory review committee

The general manager has responsibility for the operations, compliance and performance which includes the smooth running of the business and effective function of the day-to-day operations of Beazley Re dac and for any changes thereto.

The key functions of risk management, actuarial, internal audit and compliance are all supported by the Beazley group functions under the terms of an intragroup service agreement between Beazley Re dac and Beazley Management Limited.

A review of the systems of governance is carried out annually and the 2016 review concluded that no further actions were required. There have been no material changes in the system of governance over the reporting period.

Remuneration policy and practices

The board has adopted a remuneration policy which is overseen and reviewed by the Beazley plc remuneration committee.

The main aim of the policy is to ensure that management and staff are remunerated fairly and in such a manner as to facilitate the recruitment, retention and motivation of suitably qualified personnel.

Beazley believes that:
- performance-related remuneration is an essential motivation to management and staff and should be structured to ensure that executives' interests are aligned with those of shareholders;
- individual rewards should reflect the group objectives but be dependent on the profitability of the group and should be appropriately balanced against risk considerations;
- the structure of packages should support meritocracy, an important part of Beazley's culture;
- reward potentials should be market-competitive; and
- executives' pay should include an element of downside risk.

Beazley's policy is to maintain a suitable balance between fixed and variable remuneration which will vary depending on individual's role and seniority.

Elements of remuneration

Element	Deferral	Details
Base salary		
Benefits		• Benefits may include private medical insurance, travel insurance, and company car or monthly car allowance
Pension		• Defined contribution pension plan or cash equivalent
Annual bonus	→ Deferral into shares Deferral into underwriting	• Discretionary annual bonus from an incentive pool generated by reference to ROE and awarded based on individual performance
Long term incentive plan		• Three and five year LTIP time horizons • Performance against long term NAVps targets
Shareholding guidelines		• LTIP awards may be forfeited if shareholding guidelines are not met

- Fixed remuneration
- Variable remuneration

B.1 General information on the system of governance *continued*

Independent non-executive directors' fees comprise payment of an annual basic fee and additional fees to reflect specific responsibilities, where applicable. No independent non-executive director participates in the group's incentive arrangements or pension plan.

The following tables set out the additional incentive arrangements for staff within the organisation other than executive directors of Beazley plc:

Element	Objective	Summary
Profit related pay plan	To align underwriters' reward with the profitability of their account.	Profit on the relevant underwriting account as measured at three years and later.
Support bonus plan	To align staff bonuses with individual performance and achievement of objectives.	Participation is limited to staff members not on the group executive or in receipt of profit related pay bonus. The support bonus pool may be enhanced by a contribution from the enterprise bonus pool.
Retention shares	To retain key staff.	Used in certain circumstances. Full vesting dependent on continued employment over six years.

The remuneration committee regularly reviews developing remuneration governance in the context of Solvency II remuneration guidance, other corporate governance developments and institutional shareholders' guidance. The group chief risk officer reports annually to the remuneration committee on risk and remuneration as part of the regular agenda. The committee believes the group is adopting an approach which is consistent with, and takes account of, the risk profile of the group.

All employees in Beazley Re dac may participate in a defined contribution pension plan, which is non-contributory, and are offered benefits such as private medical insurance and permanent health insurance. Beazley also operates an Irish Revenue-approved SAYE scheme for the benefit of Irish-based employees.

The performance criteria on which variable components of remuneration are based are as follows:

Incentive plan	Performance measures	Why performances measures were chosen and target is set
Annual bonus plan	Profit and ROE, risk adjustment, individual performance.	• The committee believes the approach to the determination of bonuses creates alignment to shareholders' interests and ensures that bonuses are affordable, while the ROE targets increase the performance gearing and the risk adjustment is consistent with and promotes effective risk management. • The committee reviews the bonus pool framework each year to ensure that it remains appropriate and targets are set taking into account the prevailing environment, interest rates and expected investment returns, headcount and any other relevant factors. • A key principle of the process is that the committee exercises its judgement in determining individual awards taking into account the individual's contribution and performance.
Long term incentive plan	Growth in net asset value per share (NAVps) over three years and five years.	• Creates alignment to one of Beazley's key performance indicators. • The committee reviews the NAVps targets periodically to ensure they remain appropriate with reference to the internal business plan, the external environment and market practice. • In the event that NAVps were to become unsuitable as a performance measure in the opinion of the committee (for example due to a change in accounting standards) the committee would substitute a measure which followed broadly similar principles.
Investment in underwriting	The plan mirrors investment in an underwriting syndicate.	• The Beazley staff underwriting plan provides for participants to contribute personal capital to Beazley syndicates. Selected staff are invited to participate through bonus deferral with an element of cash incentives 'at risk' as capital commitments.

There were no material transactions during 2016 with the shareholder, with persons who exercise a significant influence on the undertaking, or with directors.

B.2 Fit and proper requirements

Our approach is to ensure that all key functions are identified with prescribed responsibilities allocated and that persons who effectively run the undertaking or have other key functions, and are important to the sound and prudential management of the undertaking, fulfil the following requirements:

- their professional qualifications, knowledge and experience are adequate to enable sound and prudent management (fit);
- they are of good repute and integrity (proper); and
- they meet all relevant supervisory standards.

Beazley group's policy is that board members, CBI pre-approved controlled functions (PCFs) and controlled functions (CFs) must meet the fitness and probity standards as required by the CBI, and in that regard we will ensure compliance with the provisions of Solvency II, to which the CBI regime is aligned. The high level requirements are:

- Honesty, integrity and reputation;
- Competence and capability; and
- Financial soundness.

Beazley Re dac seeks to ensure that members of the supervisory body, all PCFs and CFs (collectively – 'approved persons') possess sufficient professional qualifications, knowledge and experience in the relevant areas of the business to give adequate assurance that they are collectively able to provide a sound and prudent management of the entity. The assessment of whether a person is 'fit' shall take account of the respective duties allocated to that person and, where relevant, the insurance, financial, accounting, actuarial and management skills of the person. In the case of members of the board, the assessment shall take account of the respective duties allocated to individual members to ensure appropriate diversity of qualification, knowledge and relevant experience to ensure that the business is managed and overseen in a professional manner.

Additionally our policy is to assess the fitness of approved persons against the key competencies required by the CBI, namely:

- Conduct to be competent and capable – a person shall have the qualifications, experience, competence and capacity to the relevant function.
- Conduct to be honest, ethical and to act with integrity – a person must be able to demonstrate that his or her ability to perform the relevant function is not adversely affected to a material degree.
- Financial soundness – a person shall manage his or her affairs in a sound and prudent manner.

Our policy is to apply this approach to both external and internal appointments. We then tailor individual development plans, including mentoring as appropriate, for the appointee to ensure that they are able to fulfil their obligations in their approved person roles.

B.3 Risk management system including ORSA

Risk management strategy

The Beazley Re dac risk committee provides oversight of the risk management framework and reports to the Beazley Re dac board. Beazley Re dac's risk management sits within and is in accordance with the group's overall risk management framework.

Clear roles, responsibilities and accountabilities are in place for the management of risks and controls, and all employees are aware of the role they play in all aspects of the risk management process, from identifying sources of risk to their part in the control environment. The impact of each risk is recorded in the risk register on a 1:10 likelihood of that risk manifesting in the next 12 months. A risk owner has been assigned responsibility for each risk, and it is the responsibility of that individual to periodically assess the impact of the risk and to ensure appropriate risk mitigation procedures are in place. External factors facing the business and the internal controls in place are routinely reassessed and changes are made when necessary. On an annual basis, the board agrees the risk appetite for each risk event and this is documented in the risk management framework document. The residual financial impact is managed in a number of ways, including:

- mitigating the impact of the risk through the application of controls;
- transferring or sharing risk through outsourcing and purchasing insurance and reinsurance; and
- tolerating risk in line with the risk appetite.

In addition, the following risk management principles have been adopted:

- risk management is a part of the wider governance environment;
- techniques employed are fit for purpose and proportionate to the business;
- risk management is a core capability for all employees;
- risk management is embedded in day-to-day activities;
- there is a culture of risk awareness, in which risks are identified, assessed and managed;
- risk management processes are robust and supported by verifiable management information; and
- risk management information and reporting is timely, clear, accurate and appropriately escalated.

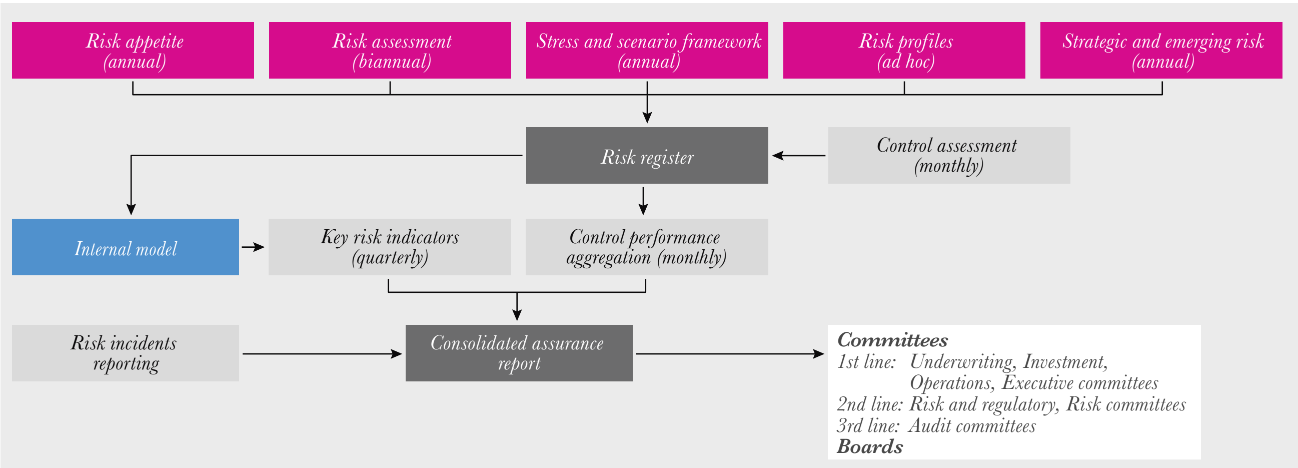
B.3 Risk management system including ORSA *continued*

Risk management framework

Beazley has adopted the ‘three lines of defence’ framework: namely business risk management, the risk management function and the internal audit function. Within business risk management, there are two defined risk and control roles: risk owner and control reporter. Each risk event is owned by the risk owner who is a senior member of staff. Risk owners, supported by the risk management team, formally perform a risk assessment twice a year, including an assessment of heightened and emerging risks.

Business risk management *Risk ownership*	*Risk management* *Risk oversight*	*Internal audit* *Risk assurance*
– *Identifies risk* – *Assesses risk* – *Mitigates risk* – *Monitors risk* – *Records status* – *Remediates when required*	– *Are risks being identified?* – *Are controls operating effectively?* – *Are controls being signed off?* – *Reports to committees and board*	– *Independently tests control design* – *Independently tests control operation* – *Reports to committees and board*

The risk management framework comprises a number of risk management components, which when added together describe how risk is managed on a day to day basis. The framework includes a risk register that captures the risk universe (55 risk events grouped into eight risk categories: insurance, market, credit, liquidity, operational, regulatory and legal, group and strategic), the group risk appetite set by the Beazley plc board and cascaded to Beazley Re dac and other subsidiaries, and the control environment that is operated by the business to remain within the risk appetite. The following diagram illustrates the components of the risk management framework.



In summary, the board identifies risk, assesses risk and approves risk appetite. The business then implements a control environment which describes how the business should operate to stay within risk appetite. Risk management then reports to the board on how well the business is operating using a consolidated assurance report. For each risk, the consolidated assurance report brings together a view of how successfully the business is managing risk, qualitative commentary from the assurance functions and whether there have been any events that we can learn from (risk incidents). Finally, the framework is continually improved, through the consideration of stress and scenario testing, themed reviews using risk profiles and an assessment of strategic and emerging risks.

A suite of risk management reports are provided to the boards and committees to assist senior management and board members to discharge their oversight and decision making responsibilities. The risk reports include the risk appetite statement, the consolidated assurance report, risk profiles, stress and scenario testing, reverse stress testing, an emerging and strategic report, a report to the remuneration committee and the ORSA report.

The internal audit function considers the risk management framework in the development of its audit universe to determine its annual risk-based audit plan. The plan is based on, among other inputs, the inherent and residual risk scores as captured in the risk register. Finally, a feedback loop operates, with recommendations from the internal audit reviews being assessed by the business and the risk management function for inclusion in the risk register as appropriate.

B.3 Risk management system including ORSA *continued*

Own risk and solvency assessment

The Solvency II Directive indicates that the Own Risk and Solvency Assessment ('ORSA') is 'the entirety of the processes and procedures employed to identify, assess, monitor, manage, and report the short and long term risks a company faces or may face and to determine the own funds necessary to ensure that the undertaking's overall solvency needs are met at all times'.

In other words, the ORSA is the consolidation of a collection of processes resulting in the production of a quarterly report to provide risk committees and boards with sufficient information to enable an assessment of the short term and long term risks faced by the entity and the capital required to support these risks.

The majority of these underlying processes have existed at Beazley for some time and so an important role of the ORSA is to ensure that the timing of these processes are coordinated in order to provide the appropriate management information in a timely manner.

Beazley's interpretation is that there are three parts to the ORSA deliverables:

- ORSA governance;
- ORSA processes: coordination of a number of underlying processes; and
- ORSA reports: summary of the findings from these processes

ORSA governance

The risk management function is responsible for the coordination of the ORSA process and the production of the ORSA report.

The ORSA process is run regularly on a quarterly basis (unless the risk profile significantly changes, see below). As the underlying processes are not all updated on a quarterly basis, we will use the latest version of each. The timeframes and interactions between the underlying processes over a typical year are set out below.

The risk committee will oversee an ad hoc ORSA outside this regular reporting period when there has been a material change to the risk profile or the environment within which Beazley Re dac is operating. The triggers for such an ad hoc ORSA are:

- Major internal model changes as per the model change policy;
- New business plan is submitted to the Central Bank of Ireland; and
- Or any other changes deemed by the board to be significant.

Committee and board oversight

An ORSA report is produced after the completion of each ORSA process for review. The Beazley Re dac ORSA is reviewed by the risk committee on a quarterly basis. In addition to providing challenge from a non executive perspective, this review also forms part of the quality assurance process. The ORSA is then presented to the board for consideration and approval.

On an annual basis, a more detailed year end ORSA is produced for submission to the Central Bank of Ireland. This regulatory ORSA combines the contents of the quarterly ORSAs reviewed by the board of the entity. In addition, it contains any other supporting information requested by the Central Bank of Ireland such as policies and supplementary evidence. An assessment is made against the regulatory guidance prior to submission to regulators to ensure that the ORSA meets the relevant regulatory requirements.

The risk committee and board evidence the consideration of the ORSA by way of minutes to demonstrate the discussion, decision making and actions taken as a result of the ORSA.

The ORSA is subject to an independent review by Internal Audit as part of their risk based audit.

Relationship between the internal model and the ORSA

The internal model is an important input into the ORSA. The ORSA uses the same internal model and basis as that used to estimate the Solvency Capital Requirement (SCR) and so there is no difference in the recognition and valuation bases. Any limitations of the internal model relevant to the ORSA will be discussed in the regulatory ORSA.

B.3 Risk management system including ORSA *continued*

ORSA process

The underlying processes that make up Beazley group's ORSA process are summarised in the table below. Beazley Re dac's ORSA is included within this overall process and incorporates all of these elements.

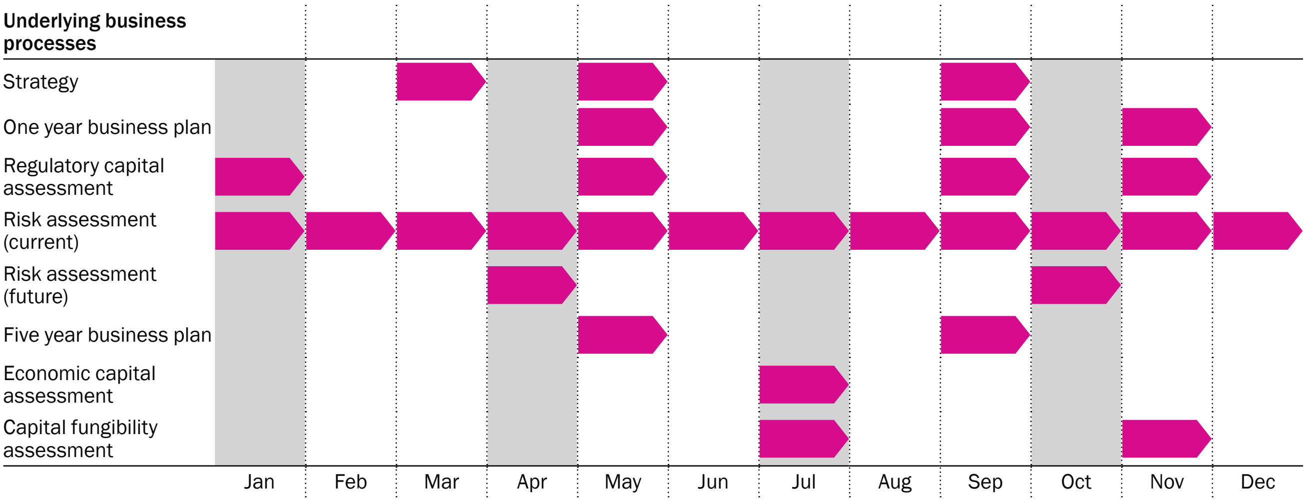
Process	Process owner / oversight committee
Group strategy Bi annual strategy and performance group meetings Annual board strategy away day Monthly monitoring of the strategic initiatives by the executive committee	Chief Executive Executive committee
Risk appetite Approve risk appetite statements Approve annual risk appetite levels for BICI Approve annual risk appetite levels for BFL Approve annual risk appetite levels for Beazley Re dac	Chief Risk Officer Boards
Risk assessment – current Risk profile Consolidated Assurance Report • Control performance and comments from assurance function • Comparison of residual risk score with risk appetite • Risk incident log entries Assessment of key risk indicators Exposure management Changes to risk profile	Chief Risk Officer Risk and regulatory committee
Risk assessment – future Bi annual risk assessment with risk owners Annual review of strategic and emerging risks Risk profiles	Chief Risk Officer Risk and regulatory committee
Stress and scenario testing Stress testing Scenario testing Reverse stress testing	Chief Risk Officer Risk and regulatory committee
One year business plan Challenge process overseen by underwriting committee Formal report produced by underwriting committee	Chief Underwriting Officer Underwriting committee
Regulatory capital assessment Parameterised from one year business plan Analysis of change and capital requirement agreed with regulators	Chief Risk Officer Risk and regulatory committee
Economic capital assessment Capital required to achieve and maintain rating agency ratings Capital fungibility Establish dividends in line with dividend strategy	Finance Director Executive committee
Five year business plan Bi annual update of the five year plan Consideration of a number of scenarios based on macro economic trends Assessment of capital requirements under each scenario Identification of capital and dividend stress points	Chief Underwriting Officer Executive committee

B.3 Risk management system including ORSA *continued*

The current timetabling of the underlying processes throughout a typical year is illustrated below. The shaded months indicate when the ORSA process occurs and the report is provided to the risk and regulatory committee for onwards reporting to committee and boards.

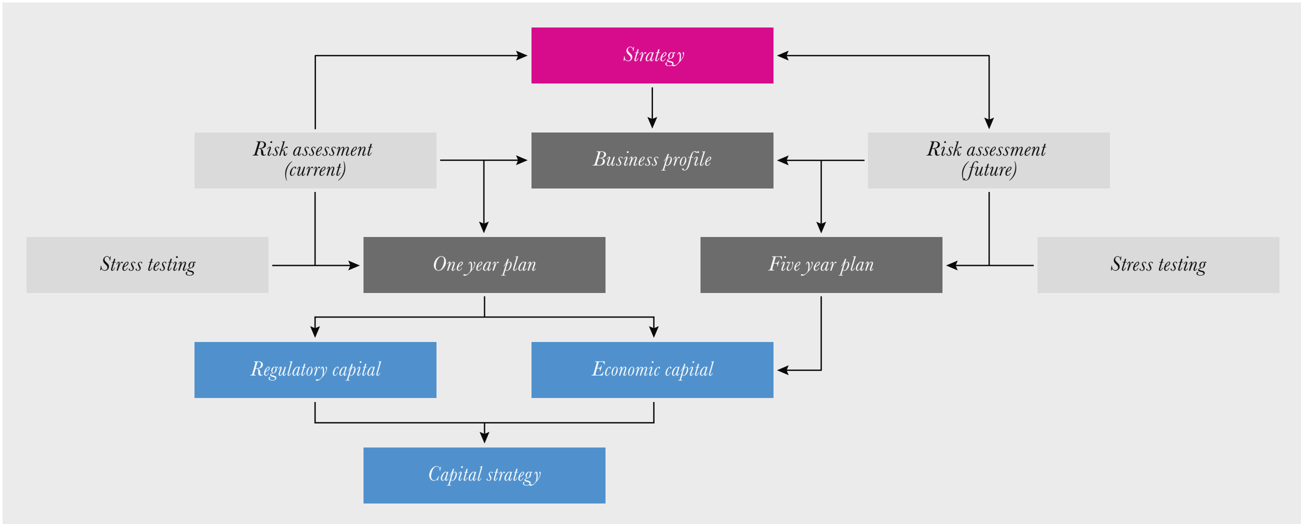
Each of the four regular ORSA processes has been aligned with the timing of the cascade of reporting to the risk committees, subsidiary boards and the Beazley plc board. An ORSA report will be produced after the completion of each ORSA process to address the required confirmation statements, set out the key themes arising from the underlying processes and summarise any action being proposed.

Timetabling during a typical year



The linkages between the underlying processes are illustrated below. Each process will take the most up to date information from other processes.

Linkages between underlying processes



B.4 Internal control system

Beazley's internal control system includes administrative and accounting procedures, an internal control framework, appropriate reporting arrangements at all levels of the business and a compliance function. It is designed to:

- Secure compliance with applicable laws, regulations and administrative processes, the effectiveness and efficiency of operations in view of the business objectives and the availability and reliability of financial and non-financial information;
- Ensure that adequate and orderly records of the business and internal organisation are maintained; and
- Create a strong control environment with control activities that are adequately aligned to the risks of the business and the group's processes.

The effectiveness of the internal control system is monitored regularly to ensure that it remains relevant, effective and appropriate.

Beazley operates a three lines of defence framework and the actuarial function and the three assurance functions of compliance, risk management and internal audit are defined as 'required' functions under the SII framework. Each function is structured so that it is free from influences which may compromise its ability to undertake its duties in an objective, fair and independent manner and in the case of the internal audit function in a fully independent manner.

The board receives assurance that the business is operating how it expects from the following required functions:

- The actuarial function provides assurance that the reserves held on the balance sheet are appropriate;
- The compliance function provides assurance that Beazley is operating within the relevant legal and regulatory framework.
- The risk management function provides assurance that the business is operating within risk appetite; and
- The internal audit function provides assurance that the whole internal control framework (including the activities of the other functions set out above) is designed and operating effectively.

Compliance function

Beazley Re dac has a compliance officer and a compliance report is provided to each Beazley Re dac board meeting. In accordance with the terms of the management services agreement between Beazley Re dac and Beazley Management Limited, compliance support is also provided to Beazley Re dac through the group compliance function where appropriate.

Within the company's risk management framework, the compliance function's activities fall within both the first and second 'lines of defence' as follows.

- **Advising the business** on the proper application of upcoming and existing regulatory requirements (first line of defence);
- **Assessing the potential impact of changes in the legal & regulatory environment** to the company, amending policies and procedures accordingly and providing corresponding training where necessary (first line of defence). Training covers various subject matters and covers all staff including board members; and
- **Monitoring** business activity to provide assurance that board mandated policies and procedures are being adhered to within risk appetite, which in turn ensures the business operates within established external regulatory requirements (second line of defence). This includes developing a risk-based annual plan of compliance activities. The plan is approved by the board.

The function's other key activities are summarised below and covered in more detail in the compliance manual.

Regulatory relationships: The company seeks to maintain positive and transparent relationships with the Central Bank of Ireland.

Authorisations, licences and permissions: The function is responsible for obtaining the necessary authorisations, licences and permissions.

Whistleblowing: The function supports the chair of Beazley plc audit and risk committee in their overall ownership of the whistleblowing process.

Reporting: The function provides regular reports to board and board committees. The reports typically either facilitate oversight of the function's activities or provide updates on internal and external regulatory matters.

Regulatory returns: There are a number of regulatory returns that have to be submitted to the Central Bank of Ireland. The function plays a key role to ensure that such reports are filed with the Central Bank of Ireland in a timely fashion.

Regulatory breaches: The function is responsible for reporting regulatory breaches both within the internal governance framework and externally as required.

Product development: The function provides regulatory and legal assistance during the launching of new products or expansion of current products by the Beazley group. Assistance is usually through researching relevant laws and regulations and providing advice to ensure products are developed in line with the company's regulatory risk appetite.

B.5 Internal audit function

Beazley has established an internal audit function, the purpose of which is to provide independent and objective assessments of the design and operating effectiveness of the system of internal controls covering the integrity of financial statements and reports, compliance with laws, regulations, and corporate policies and the effective management of risks faced by Beazley in executing its strategic and tactical operating plans.

The internal audit function reports to the Beazley Re dac audit committee and to the Beazley Re dac board as required.

The internal audit team

The internal audit function has a head count of 8 full time staff including the head of internal audit. The majority of the team, including the head of internal audit, is based in Beazley's London office. Two members of staff are based in the group's Farmington office in Connecticut, USA. In addition to its headcount the internal audit function has a sizeable budget which it uses to supplement its team with subject-matter expertise.

Co-sourcing

The internal audit function is supported by a co-sourcing arrangement with PwC and Deloitte to supplement the audit team with expertise where required to complete the internal audit plan.

Internal audit universe and plan

The internal audit function has developed an audit 'universe'. This universe represents the potential range of business areas and topics – known as 'audit entities' – that internal audit reviews. The remit of the internal audit function extends to any business activity undertaken by the group. Using a risk based methodology, these audit entities are prioritised with a view to ensuring that the most material or highest risk audit entities are audited most frequently. The frequency with which audit entities are reviewed is also considered in light of regulatory or other external requirements. An audit of Beazley Re dac is included in the plan each year. The group's internal audit strategy is to review all of the audit entities at least once on a rolling three year basis.

The audit universe – and the resulting annual audit plan – is reviewed and approved annually by the Beazley plc audit and risk committee. Any potential changes to the audit plan are first proposed and agreed with that committee. Typically audit plans consist of between 20-30 individual internal audit reviews a year and cover topics which include: underwriting, operational, IT and finance operations; governance; risk management and compliance; and projects and programmes.

Beazley Re dac audit committee receives information on all audits and findings of relevance or interest to Beazley Re dac, in addition to the specific audit of Beazley Re dac.

Management actions and verification work

An established part of the internal audit process includes undertaking work to verify that management have adequately completed their audit actions.

Once management complete their actions they inform us that they are 'closed'. Our practice, generally, is to initially close actions without verifying them; we then perform risk-based verification work at a later date (sometimes as part of the next audit of that area) and report any exceptions to the relevant committees. Rather than verifying every audit action we used a risk-based approach which includes verifying all high-rated actions and using our judgement to determine which medium and low actions to verify.

Verification work can include, for example: interviewing staff; reviewing documentation and examples of the action being undertaken; re-performing audit work. To date, where verification work has been undertaken it has been very rare for us to identify issues with the actions management have said they would implement.

Any overdue audit actions are reported to the various committees as part of ongoing reporting.

Independence and objectivity

The internal audit function's independence and objectivity is maintained in a number of ways:

- The head of internal audit reports to a non-executive director (the chair of the plc audit and risk committee), and for operational matters to the chief executive officer;
- The audit committee approves an internal audit charter that sets out the roles and responsibilities of the head of internal audit committee and the internal audit function. The internal audit function is not mandated to undertake any form of business activity and its remit is restricted to assurance and consultation work;
- The internal audit plan is approved by the audit committee (a non-executive committee);
- The head of internal audit rotates staff between audit assignments to ensure objectivity and independence; and
- The head of internal audit must provide annual representations to the committee on the ongoing independence and objectivity of the internal audit function.

B.6 Actuarial function

Beazley Re dac has a head of actuarial function. Actuarial services are provided under the Management Services Agreement with Beazley Management Limited by the group function located in London. The actuarial function provides professional actuarial advice to Beazley Re dac in a range of areas, including business planning, pricing support and reserving.

The actuaries that comprise the actuarial function are fellows/ students of the Institute of Actuaries (or equivalent) and operate under the standards set out by the Institute of Actuaries and the Board for Actuarial Standards (or equivalent).

The head of actuarial function is a member of the group underwriting committee and this involvement forms the basis of reporting to the Beazley Re dac underwriting working group.

The head of actuarial function is responsible for producing an annual actuarial opinion on technical provisions to be submitted to the CBI in accordance with the SII annual quantitative reporting templates. In addition, the head of actuarial function must present an actuarial report on technical provisions, at least in summary form, to the board at the same time as the actuarial opinion on technical provisions and in full within two months of that date.

In addition the head of actuarial function role must provide:

- an opinion on the underwriting policy; and
- a contribution to the risk management system (including the opinion on the ORSA).

Board interaction

The head of actuarial function and the actuarial function have a number of interactions with the Beazley Re dac board and its various committees. Examples of this include (but are not limited to):

- The head of actuarial function is a member of the Beazley Re dac underwriting working group, and presents quarterly to the group on a number of areas including pricing, rate change and reserving (including a quarterly summary output from the peer review committee);
- The head of actuarial function (or members of the actuarial function) presents the actuarial function report the Beazley Re dac board;
- The head of actuarial function has regular scheduled meetings with both executive and non-executive directors. These are one to one meetings, used to discuss various outputs from the actuarial function. This is in addition to committee presentation, and enables greater detailing and questioning. These meetings occur with a number of relevant directors, and are scheduled once or twice a year; and
- The head of actuarial function is a member of the strategy and performance group which includes all members of the group executive committee as well as certain other group senior managers. Meetings generally happen over a course of two days, and twice a year.

B.6 Actuarial function *continued*

Interaction with other key functions

The actuarial function at Beazley interacts with key functions as summarised below:

Function	Relationship
Underwriting teams	The actuarial function provides support and challenge during the business planning process, support on pricing of risks and development of pricing tools and analyses in support of reinsurance purchase and optimisation.
Claims teams	The actuarial function interacts with claims managers throughout the quarterly claims reserving process and particularly during the pre peer reviews where individual assessments are reviewed.
Risk management	The actuarial function reviews the initial reserve risk ranges from the internal model and adjusts the range in specific cases where it is not deemed appropriate. The risk function provides the actuarial function with internal model output and assumptions for use in the calculation of the bad debt and risk margin components of the technical provisions. The actuarial function provides the chief risk officer with reserve surplus and reserve strength metrics for reference in the ORSA and is involved in a number of other areas of the ORSA.
Talent management	Support the training and development needs of the actuarial function such that a professional staff can be maintained with sufficient skills, experience and professional qualifications to meet the requirements of the actuarial function.
Data management	The actuarial function is a key consumer of data at Beazley and that data is managed by the data management team. The data management team and various business system owners ensure that the actuarial function has the internal data necessary to discharge its responsibilities. The key data inputs for the actuarial function are the gross and net triangles produced on a monthly basis. The head of actuarial function is the business system owner for ResQ, the reserving software.
Finance	The actuarial function and finance function work closely together, particularly during the valuation of insurance liabilities on an underwriting year, GAAP or Solvency II basis. The finance function provides the expense provision valuation for technical provisions.
IT	The actuarial function relies on IT for the maintenance of its hardware and software to agreed service levels, and for the delivery of agreed projects.
Underwriting and claims operations	Ensure the data in the source systems is of the required quality.

B.7 Outsourcing

Although activities may be transferred to an outsourced provider, the responsibility, including regulatory responsibility is not. Beazley Re dac remains fully responsible for meeting all of its obligations when outsourcing functions or activities.

Outsourcing of critical or important functions or activities shall not be undertaken in such a way as to lead to any of the following:

- Materially impairing the quality of the system of governance of the undertaking concerned;
- Unduly increasing the operational risk;
- Impairing the ability of the supervisory authorities to monitor the compliance of the undertaking with its obligations; and
- Undermining continuous and satisfactory service to policy holders.

The board of Beazley Re dac is responsible for ensuring that the outsourcing policy and the outsourcing arrangements themselves comply with the relevant regulations for ensuring that due skill, care and diligence is exercised when entering into, managing or terminating any arrangement for the outsourcing to a service provider of critical, important or material functions or activities.

Beazley requires service providers to cooperate with the relevant supervisory authorities in connection with the outsourced function or activity. Beazley staff, auditors and the relevant supervisory authorities have effective access to data related to the outsourced functions or activities and, where appropriate, the supervisory authorities have effective access to the business premises of the service provider and must be able to exercise those rights of access.

Beazley Re dac has entered into a Management Services Agreement with Beazley Management Limited ('BML'), a UK company, in relation to certain services that are provided centrally.

The services covered by the agreement relate to:

- Information Technology;
- Talent Management;
- Facilities;
- Actuarial;
- Internal Audit;
- Risk Management;
- Compliance;
- Finance; and
- Underwriting

The services provided by BML are closely monitored by the Beazley Re dac general manager. The agreement is reviewed annually and, where material, changes are brought to the board for consideration and approval.

Twice a year the group chief operations officer prepares a report for the Beazley Re dac board on the performance of the services to Beazley Re dac.

C. Risk profile

The company in conjunction with the group has identified the risks arising from its activities and has established policies and procedures to manage these items in accordance with its risk appetite. Beazley Re dac is exposed to risks both directly and, through its reinsurance contracts with Beazley Underwriting Limited. The group categorises its risks into eight areas: insurance, strategic, market, operational, credit, regulatory and legal, liquidity and group risk. The sections below outline the group's risk appetite and explain how it defines and manages each category of risk.

The risk management framework described in section B3 includes the ongoing assessment of these risks and of the continued effectiveness of risk mitigation techniques.

The stress and scenario framework is an important element of the risk management framework. The stress and scenario framework is applied to a range of business processes to assist management understand the vulnerabilities within the business model. This approach encourages management's involvement in risk oversight by using real life scenarios to provide qualitative and quantitative information on what risks might look like under stressed conditions and encourages a forward looking view of risk.

In addition, as a validation tool the stress and scenario framework tests:

- assumptions, particularly where data is sparse;
- assumed correlations between assumptions;
- the availability of resources and what action might be required under stressed situations;
- whether controls perform as expected under stressed situations; and
- the effect of changes in the operating environment (e.g. external events).

There are three elements to the framework:

Stress testing involves looking at the impact on the business model of changing a single factor.

Scenario testing involves the impact on the business model of simulating or changing a series of factors within the operating environment.

Reverse stress testing involves considering scenarios that are most likely to render the current business model to become unviable.

C.1 Underwriting risk

The company assumes insurance risk through its reinsurance contract with Beazley Underwriting Limited. The four key components of insurance risk are underwriting, reinsurance, claims management and reserving. Each element is considered below.

a) Underwriting risk

Underwriting risk comprises four elements that apply to all insurance products offered by the group:

- cycle risk – the risk that business is written without full knowledge as to the (in)adequacy of rates, terms and conditions;
- event risk – the risk that individual risk losses or catastrophes lead to claims that are higher than anticipated in plans and pricing;
- pricing risk – the risk that the level of expected loss is understated in the pricing process; and
- expense risk – the risk that the allowance for expenses and inflation in pricing is inadequate.

The group manages and models these four elements in the following three categories; attritional claims, large claims and catastrophe events.

The group's underwriting strategy is to seek a diverse and balanced portfolio of risks in order to limit the variability of outcomes. This is achieved by accepting a spread of business over time, segmented between different products, geographies and sizes.

The annual business plans for each underwriting team reflect the group's underwriting strategy, and set out the classes of business, the territories and the industry sectors in which business is to be written. These plans are approved by the board and monitored by the underwriting committee.

Our underwriters calculate premiums for risks written based on a range of criteria tailored specifically to each individual risk. These factors include but are not limited to the financial exposure, loss history, risk characteristics, limits, deductibles, terms and conditions and acquisition expenses.

The group also recognises that insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

To address this, the group sets out the exposure that it is prepared to accept in certain territories to a range of events such as natural catastrophes and specific scenarios which may result in large industry losses. This is monitored through regular calculation of realistic disaster scenarios. The aggregate position is monitored at the time of underwriting a risk, and reports are regularly produced to highlight the key aggregations to which the group is exposed.

C.1 Underwriting risk *continued*

The group uses a number of modelling tools to monitor its exposures against the agreed risk appetite set and to simulate catastrophe losses in order to measure the effectiveness of its reinsurance programmes. Stress and scenario tests are also run using these models. The range of scenarios considered includes natural catastrophe, cyber, marine, liability, political, terrorism and war events.

One of the largest types of event exposure relates to natural catastrophe events such as windstorm or earthquake. Where possible the group measures geographic accumulations and uses its knowledge of the business, historical loss behaviour and commercial catastrophe modelling software to assess the expected range of losses at different return periods. Upon application of the reinsurance coverage purchased, the key gross and net exposures are calculated on the basis of extreme events at a range of return periods.

The group's high level catastrophe risk appetite is set by the board and the business plans of each team are determined within these parameters. The board may adjust these limits over time as conditions change. In 2016 the group operated to a catastrophe risk appetite for a probabilistic 1-in-250 years US event of $309.0m (2015: $347.0m) net of reinsurance. This represented a reduction in our catastrophe risk appetite of 11% compared to 2015.

The group also has exposure to man-made claim aggregations, such as those arising from terrorism and data breach events. Beazley chooses to underwrite data breach insurance within the specialty lines division using our team of specialist underwriters, claims managers and data breach services managers. Other than for data breach, Beazley's preference is to exclude cyber exposure where possible.

To manage the potential exposure, the board has established a risk budget for the aggregation of data breach related claims which is monitored by reference to the largest of nine realistic disaster scenarios that have been developed internally. These scenarios have been peer reviewed by an external technical expert and include the failure of a data aggregator, the failure of a shared hardware or software platform and the failure of a cloud provider. Whilst it is not possible to be precise, as there is sparse data on actual aggregated events, these severe scenarios are expected to be very infrequent. The largest realistic disaster scenario is currently lower than the exposure to the Lloyd's prescribed natural catastrophe events listed above for the group as at 31 December 2016. However, the cost of these scenarios will increase as Beazley continues to grow its data breach product. The clash reinsurance programme that protects the specialty lines account would partially mitigate the cost of most, but not all, data breach catastrophes.

Beazley also reports on cyber exposure to Lloyd's using the three largest internal realistic disaster scenarios and seven prescribed scenarios which include both data breach and property damage related cyber exposure. Given Beazley's risk profile, the quantum from the internal data breach scenarios is larger than any of the cyber property damage related scenarios.

To manage underwriting exposures, the group has developed limits of authority and business plans which are binding upon all staff authorised to underwrite and are specific to underwriters, classes of business and industry.

These authority limits are enforced through a comprehensive sign-off process for underwriting transactions including dual sign-off for all line underwriters and peer review for all risks exceeding individual underwriters' authority limits. Exception reports are also run regularly to monitor compliance.

All underwriters also have a right to refuse renewal or change the terms and conditions of insurance contracts upon renewal.

Rate monitoring details, including limits, deductibles, exposures, terms and conditions and risk characteristics are also captured and the results are combined to monitor the rating environment for each class of business.

A proportion of the group's insurance risks are transacted by third parties under delegated underwriting authorities. Each third party is thoroughly vetted by our coverholder approval group before it can bind risks, and is subject to rigorous monitoring to maintain underwriting quality and confirm ongoing compliance with contractual guidelines.

b) Reinsurance risk

Beazley Re dac does not reinsure any of its business. However, it is exposed if any of the group's reinsurers fail to meet their commitments. Reinsurance risk to the group arises where reinsurance contracts put in place to reduce gross insurance risk do not perform as anticipated, result in coverage disputes or prove inadequate in terms of the vertical or horizontal limits purchased. Failure of a reinsurer to pay a valid claim is considered a credit risk.

The group's reinsurance programmes complement the underwriting team business plans and seek to protect group capital from an adverse volume or volatility of claims on both a per risk and per event basis. In some cases the group deems it more economic to hold capital than purchase reinsurance. These decisions are regularly reviewed as an integral part of the business planning and performance monitoring process.

The reinsurance security committee examines and approves all reinsurers to ensure that they possess suitable security. The group's ceded reinsurance team ensures that these guidelines are followed, undertakes the administration of reinsurance contracts and monitors and instigates our responses to any erosion of the reinsurance programmes.

C.1 Underwriting risk *continued*

c) Claims management risk

Claims management risk may arise within the group in the event of inaccurate or incomplete case reserves and claims settlements, poor service quality or excessive claims handling costs. These risks may damage the group brand and undermine its ability to win and retain business, or incur punitive damages. These risks can occur at any stage of the claims life cycle.

The group's claims teams are focused on delivering quality, reliability and speed of service to both internal and external clients. Their aim is to adjust and process claims in a fair, efficient and timely manner, in accordance with the policy's terms and conditions, the regulatory environment, and the business's broader interests. Case reserves are set for all known claims liabilities, including provisions for expenses, as soon as a reliable estimate can be made of the claims liability.

d) Reserving and ultimate reserves risk

Reserving and ultimate reserves risk occurs within the group where established insurance liabilities are insufficient through inaccurate forecasting, or where there is inadequate allowance for expenses and reinsurance bad debts in provisions.

To manage reserving and ultimate reserves risk, our actuarial team uses a range of recognised techniques to project gross premiums written, monitor claims development patterns and stress-test ultimate insurance liability balances. An external independent actuary also performs an annual review to produce a statement of actuarial opinion for reporting entities within the group.

The objective of Beazley Re dac's reserving policy is to produce accurate and reliable estimates that are consistent over time and across classes of business. The estimates of gross premiums written and claims prepared by the actuarial department are used through a formal quarterly peer review process to independently test the integrity of the estimates produced by the underwriting teams for each class of business, based on the reserves of the underlying syndicates.

C.2 Market risk

Market risk arises where the value of assets and liabilities or future cash flows changes as a result of movements in foreign exchange rates, interest rates and market prices. Efficient management of market risk is key to the investment of group assets. Appropriate levels of investment risk are determined by limiting the proportion of forecast group earnings which could be at risk from lower than expected investment returns, using a 1 in 10 confidence level as a practical measure of such risk. In 2016, this permitted variance from the forecast investment return was set at $50.0m. For 2017, the permitted variance will be similar. Investment strategy is developed to be consistent with this limit and investment risk is monitored on an ongoing basis, using outputs from our internal model.

C.2 Market risk *continued*

Changes in interest rates also impact the present values of estimated group liabilities, which are used for solvency and capital calculations. Our investment strategy reflects the nature of our liabilities, and the combined market risk of investment assets and estimated liabilities is monitored and managed within specified limits.

Beazley's investment risk controls combine to ensure that Beazley 'only invest in assets and instruments the risks of which we can properly identify, measure, monitor, manage and control and appropriately take into account in the assessment of our overall solvency needs' as required by the Solvency II Prudent Person Principle. In particular:

- Some investment activities are outsourced to expert managers and advisors, as appropriate, but the Beazley Investments team retains responsibility for, oversees, monitors and assesses all investments of the group;
- Investment parameters specify detailed quantitative restrictions for all mandates;
- The governance structure ensures that all material changes to strategy are reviewed and approved at board level;
- Unusual or complex investments have separate requirements for valuation, risk modelling and governance review;
- The Beazley internal model provides a comprehensive view of asset risk for the purpose of managing Beazley's investments;
- Derivatives use is strictly limited and monitored;
- Investment KRIs are independently monitored and reported;
- Combined financial risks of assets and liabilities are a key element of our risk management; and
- Liquidity risk is actively monitored and managed.

a) Foreign exchange risk

The functional currency of Beazley Re dac is the US dollar. Therefore, the foreign exchange risk is that the company is exposed to fluctuations in exchange rates for non-dollar denominated transactions and net assets.

The company is exposed to changes in the value of assets and liabilities due to movements in foreign exchange rates – principally, between US dollars, UK sterling, Canadian dollars and euro. Transactions in all non dollar currencies are converted to US dollars on initial recognition and revalued at the reporting date.

In 2016, the company's foreign exchange risk was managed at a group level by periodically assessing its non-US dollar exposures and hedging these while targeting net assets to be entirely US dollar denominated. On a forward looking basis an assessment is made of expected future exposure development and appropriate currency trades put in place to reduce risk.

The following table summarises the carrying value of total assets and total liabilities categorised by currency:

31 December 2016	UK £ $m	CAD $ $m	EUR € $m	Subtotal $m	US $ $m	Total $m
Total assets	736.8	190.7	174.0	1,101.5	2,999.7	4,101.2
Total liabilities	(488.0)	(196.0)	(235.8)	(919.8)	(2,065.1)	(2,984.9)
Net assets	**248.8**	**(5.3)**	**(61.8)**	**181.7**	**934.6**	**1,116.3**

31 December 2015	UK £ $m	CAD $ $m	EUR € $m	Subtotal $m	US $ $m	Total $m
Total assets	836.2	96.4	311.7	1,244.3	2,739.1	3,983.4
Total liabilities	(650.4)	(91.4)	(400.7)	(1,142.5)	(1,880.8)	(3,023.3)
Net assets	**185.8**	**5.0**	**(89.0)**	**101.8**	**858.3**	**960.1**

C.2 Market risk *continued*

Sensitivity analysis

Fluctuations in the company's trading currencies against the US dollar would result in a change to profit after tax and net asset value. The table below gives an indication of the impact on profit after tax and net assets of a percentage change in the relative strength of the US dollar against the value of sterling, the Canadian dollar and the euro, simultaneously. The analysis is based on the net asset position at the balance sheet date, and the assumption that the impact of foreign exchange on non-monetary items will be nil and is presented net of exchange rate derivatives.

	Impact on profit after tax for the year ended		Impact on net assets	
Change in exchange rate of sterling, Canadian dollar and euro relative to US dollar	2016 $m	2015 $m	2016 $m	2015 $m
Dollar weakens 30% against other currencies	47.7	26.7	47.7	26.7
Dollar weakens 20% against other currencies	31.8	17.8	31.8	17.8
Dollar weakens 10% against other currencies	15.9	8.9	15.9	8.9
Dollar strengthens 10% against other currencies	(15.9)	(8.9)	(15.9)	(8.9)
Dollar strengthens 20% against other currencies	(31.8)	(17.8)	(31.8)	(17.8)
Dollar strengthens 30% against other currencies	(47.7)	(26.7)	(47.7)	(26.7)

b) Interest rate risk

Some of the company's financial instruments, including financial investments, are exposed to movements in market interest rates.

The company manages interest rate risk by primarily investing in short duration financial investments. The board monitors the duration of these assets on a regular basis.

The following table shows the average duration at the reporting date of the financial instruments that are exposed to movements in market interest rates. Duration is a commonly used measure of volatility and we believe gives a better indication than maturity of the likely sensitivity of our portfolio to changes in interest rates.

Duration 31 December 2016	<1 yr $m	1-2 yrs $m	2-3 yrs $m	3-4 yrs $m	4-5 yrs $m	5-10 yrs $m	>10 yrs $m	Total $m
Fixed and floating rate debt securities	456.9	186.2	248.8	166.9	115.0	18.6		1,192.4
Cash and cash equivalents	25.8	–	–	–	–	–	–	25.8
Derivative financial instruments	1.1	–	–	–	–	–	–	1.1
Borrowings	–	–				(248.3)	–	(248.3)
Total	**483.8**	**186.2**	**248.8**	**166.9**	**115.0**	**(229.7)**	**–**	**971.0**

31 December 2015	<1 yr $m	1-2 yrs $m	2-3 yrs $m	3-4 yrs $m	4-5 yrs $m	5-10 yrs $m	>10 yrs $m	Total $m
Fixed and floating rate debt securities	394.3	139.8	65.2	126.2	48.9	89.5	–	863.9
Cash and cash equivalents	240.3	–	–	–	–	–	–	240.3
Derivative financial instruments	–	–	–	–	–	–	–	–
Borrowings	–	–	–	–	–	–	–	–
Total	**634.6**	**139.8**	**65.2**	**126.2**	**48.9**	**89.5**	**–**	**1,104.2**

The company issued $250.0m of subordinated tier 2 debt in November 2016. This debt is due in 2026 and has annual interest of 5.875% payable in May and November of each year.

C.2 Market risk *continued*

Sensitivity analysis

The company holds financial assets and liabilities that are exposed to interest rate risk. Changes in interest yields, with all other variables constant, would result in changes in the capital value of debt securities and borrowings as well as subsequent interest receipts and payments. This would affect reported profits and net assets as indicated in the table below:

	Impact on profit after income tax for the year		Impact on net assets	
	2016 $m	2015 $m	2016 $m	2015 $m
Shift in yield (basis points)				
150 basis point increase	(13.1)	(18.9)	(13.1)	(18.9)
100 basis point increase	(8.7)	(12.6)	(8.7)	(12.6)
50 basis point increase	(4.4)	(6.3)	(4.4)	(6.3)
50 basis point decrease	4.4	6.3	4.4	6.3
100 basis point decrease	8.7	12.6	8.7	12.6

c) Price risk

Debt securities and equities that are recognised on the balance sheet at their fair value are susceptible to losses due to adverse changes in prices. This is referred to as price risk.

Investments are made in debt securities and equities depending on the company's appetite for risk. These investments are well diversified with high quality, liquid securities. The board has established comprehensive guidelines with investment managers setting out maximum investment limits, diversification across industries and concentrations in any one industry or company.

Listed investments are recognised on the balance sheet at quoted bid price. If the market for the investment is not considered to be active, then the company establishes fair value using valuation techniques. This includes using recent arm's length market transactions, reference to current fair value of other investments that are substantially the same, discounted cash flow models and other valuation techniques that are commonly used by market participants.

d) Investment risk

Managing investment risk is central to the operation and development of our investment strategy. Our internal model includes an asset risk module, which uses an economic scenario generator (ESG) to simulate multiple simulations of financial conditions, to support stochastic analysis of investment risk. We use internal model outputs to assess the value at risk of our investments, at different confidence levels, including '1 in 200', which reflects Solvency II modelling requirements, and '1 in 10', identifying a level of investment losses which are more likely to occur in practice. Risk is typically considered to a 12 month horizon. It is assessed for investments in isolation and also in conjunction with net present value of our insurance liabilities, to help us monitor and manage market risk across both sides of the balance sheet.

Our investment strategy is developed by reference to an investment risk budget, set annually by the board as part of the overall risk budgeting framework of the business. The internal model is used to monitor compliance with the budget. It is important to note that stochastic risk modelling is not a precise discipline. Our ESG outputs are regularly validated against actual market conditions, but we also use a number of other, qualitative, measures to support the monitoring and management of investment risk. These include stress testing, as well as selective historic and prospective scenario analysis.

C.3 Credit risk

Credit risk arises where counterparties fail to meet their financial obligations in full as they fall due. The primary sources of credit risk for the company are:

- Investments – whereby issuer default results in the company losing all or part of the value of a financial instrument and derivative financial instrument; and
- Amounts receivable under the reinsurance contracts – whereby counterparties fail to pass on premiums due under the reinsurance contracts. The main credit risk exposure facing the company arises by virtue of the reinsurance contract in place with its sister company, Beazley Underwriting Limited and the underlying risk facing that company.

The company's core business is to accept significant insurance risk and the appetite for other risks is low. This protects the company's capital from erosion so that it can meet its insurance liabilities.

To assist in the understanding of credit risks, A.M. Best, Moody's and Standard & Poor's (S&P) ratings are used. These ratings have been categorised below as used for Lloyd's reporting:

	A.M. Best	Moody's	S&P
Tier 1	A++ to A-	Aaa to A3	AAA to A-
Tier 2	B++ to B-	Baa1 to Ba3	BBB+ to BB-
Tier 3	C++ to C-	B1 to Caa	B+ to CCC
Tier 4	D, E, F, S	Ca to C	R, (U,S) 3

The following tables summarise the company's direct exposure to concentrations of credit risk:

31 December 2016	Tier 1 $m	Tier 2 $m	Tier 3 $m	Tier 4 $m	Unrated $m	Total $m
Financial assets at fair value						
– fixed and floating rate debt securities	865.4	327.0	–	–	–	1,192.4
– equity linked funds	–	–	–	–	38.3	38.3
– hedge funds	–	–	–	–	46.4	46.4
– derivative financial instruments	–	–	–	–	1.1	1.1
Cash and cash equivalents	25.8	–	–	–	–	25.8
Accrued interest	1.6	–	–	–	–	1.6
Amounts due from group companies	–	–	–	–	2,588.3	2,588.3
Total	**892.8**	**327.0**	**–**	**–**	**2,674.1**	**3,893.9**

31 December 2015	Tier 1 $m	Tier 2 $m	Tier 3 $m	Tier 4 $m	Unrated $m	Total $m
Financial assets at fair value						
– fixed and floating rate debt securities	850.0	10.0	–	–	–	860.0
– equity linked funds	–	–	–	–	82.3	82.3
– hedge funds	–	–	–	–	43.6	43.6
– derivative financial instruments	–	–	–	–	–	–
Cash and cash equivalents	–	240.3	–	–	–	240.3
Accrued interest	3.9	–	–	–	–	3.9
Amounts due from group companies	–	–	–	–	2,560.4	2,560.4
Total	**853.9**	**250.3**	**–**	**–**	**2,686.3**	**3,790.5**

At 31 December 2016, the company held no financial assets that were past due or impaired, either for the current year under review or on a cumulative basis.

C.4 Liquidity risk

Liquidity risk arises where cash may not be available to pay obligations when due at a reasonable cost.

The company's approach is to manage its liquidity position so that it can reasonably survive a significant individual or market loss event. This means that the company maintains sufficient liquid assets, or assets that can be converted into liquid assets at short notice and without any significant capital loss, to meet expected cash flow requirements. These liquid funds are regularly monitored using cash flow forecasting to ensure that surplus funds are invested to achieve a higher rate of return. The group also makes use of loan facilities and borrowings.

The following is an analysis by business segment of the estimated timing of the net cash flows of the reinsured business based on the net claims liabilities balance held at 31 December:

31 December 2016	Within 1 year $m	1-3 years $m	3-5 years $m	Greater than 5 years $m	Total $m	Weighted average term to settlement (years)
Life, accident & health	28.8	6.4	0.5	4.9	40.6	0.9
Marine	73.8	60.1	17.1	12.8	163.8	1.9
Political risks & contingency	18.6	18.5	5.7	4.5	47.3	2.2
Property	121.4	98.1	27.5	21.9	268.9	1.8
Specialty lines	298.1	488.5	291.7	347.7	1,426.0	3.5
Net claims liabilities	**540.7**	**671.6**	**342.5**	**391.8**	**1.946.6**	

31 December 2015	Within 1 year $m	1-3 years $m	3-5 years $m	Greater than 5 years $m	Total $m	Weighted average term to settlement (years)
Life, accident & health	33.0	11.9	0.5	–	45.4	0.8
Marine	79.6	64.3	17.6	12.5	174.0	1.9
Political risks & contingency	25.1	25.1	7.2	5.7	63.1	2.0
Property	123.1	99.2	28.2	22.5	273.0	1.9
Specialty lines	296.3	478.4	284.5	338.9	1,398.1	3.5
Net claims liabilities	**557.1**	**678.9**	**338.0**	**379.6**	**1,953.6**	

The next two tables summarise the carrying amount at reporting date of financial instruments analysed by maturity date.

Maturity 31 December 2016	<1 yr $m	1-2 yrs $m	2-3 yrs $m	3-4 yrs $m	4-5 yrs $m	5-10 yrs $m	>10 yrs $m	Total $m
Fixed and floating rate debt securities	235.4	238.5	313.6	195.2	191.1	18.6	–	1,192.4
Cash and cash equivalents	25.8	–	–	–	–	–	–	25.8
Derivative financial instruments	1.1	–	–	–	–	–	–	1.1
Borrowings	–	–	–	–	–	(248.3)	–	(248.3)
Total	**262.3**	**238.5**	**313.6**	**195.2**	**191.1**	**(229.7)**	**–**	**971.0**

31 December 2015	<1 yr $m	1-2 yrs $m	2-3 yrs $m	3-4 yrs $m	4-5 yrs $m	5-10 yrs $m	>10 yrs $m	Total $m
Fixed and floating rate debt securities	300.1	170.9	95.1	144.1	59.2	94.5	–	863.9
Cash and cash equivalents	240.3	–	–	–	–	–	–	240.3
Derivative financial instruments	–	–	–	–	–	–	–	–
Borrowings	–	–	–	–	–	–	–	–
Total	**540.4**	**170.9**	**95.1**	**144.1**	**59.2**	**94.5**	**–**	**1,104.2**

In November 2016 the company issued $250.0m of subordinated tier 2 notes due in 2026. Annual interest, at a fixed rate of 5.875%, is payable in May and November of each year.

The total amount of the expected profit included in future premiums (EPIFP) at 31 December 2016 was $61.3m.

C.5 Operational risk

Operational risk arises from the risk of losses due to inadequate or failed internal processes, people, systems, service providers or external events.

There are a number of business activities for which the company uses the services of a sister group company, such as underwriting, actuarial and information technology.

The company actively manages operational risks and minimises them where appropriate. This is achieved by implementing and communicating guidelines to staff and other third parties. The company also regularly monitors the performance of its controls and adherence to these guidelines through the risk management reporting process.

Key components of the company's operational control environment include:

- modelling of operational risk exposure and scenario testing;
- management review of activities;
- documentation of policies and procedures;
- preventative and detective controls within key processes;
- contingency planning; and
- other systems controls.

C.6 Other material risks

Strategic risk

This is the risk that the company's strategy is inappropriate or that the company is unable to implement its strategy.

Regulatory and legal risk

Regulatory and legal risk is the risk arising from not complying with regulatory and legal requirements. The operations of the company are subject to legal and regulatory requirements within the jurisdiction in which it operates and the company's compliance function is responsible for ensuring that these requirements are adhered to.

Group risk

Group risks are losses or failure experienced in one Beazley entity triggering secondary losses in another Beazley entity. These risks can have a range of causes including:

- Intra-group reinsurance arrangements, credit facilities, guarantees, debt and equity cross-holdings that trigger or are revalued as a result of the experience of an individual entity; and
- Pooled reinsurance contracts where exhaustion of available cover could lead to greater than anticipated loss for the entity.

Beazley Re dac provides capital held at Lloyd's (funds at Lloyd's) through its aggregate excess of loss and lends the remainder to Beazley Underwriting Ltd through a credit facility agreement. The risk associated with the credit facility agreement represents the most material group risk in the Beazley Re dac model.

D. Valuation for solvency purposes

Basis of presentation

Beazley Re dac reinsures Beazley Underwriting Ltd, providing aggregate excess of loss cover for the syndicates within scope of the contract. The premium payable under the contract is defined relative to the profit/loss of those syndicates, with Beazley Re dac taking a 75% economic interest in the syndicate's results subject to relevant profit commissions, a $2m deductible for any loss and a loss limit defined in relation to the syndicate funds at Lloyd's (FAL).

In its Irish GAAP financial statements, Beazley Re dac accounts for the results of the reinsurance contract on a look through basis recognising 75% of each component of the syndicate results. As such the Beazley Re dac accounts reflect 75% of the syndicate net premiums and 75% of the syndicate net claims and presents the underlying substance of the insurance activity that gives rise to the profit or loss on the aggregate excess of loss reinsurance

The Solvency II technical provisions on the Beazley Re dac Solvency II balance sheet (see form S.02.01.02 in the Appendix) have been presented on a basis consistent with the GAAP look through methodology recognising 75% of the syndicate net technical provisions which are based on the syndicate cash flows. This application of the look through basis of preparation for Solvency II technical provisions represents an area where judgement has been applied. It has been determined that the adoption of this approach more wholly captures the insurance activities of the company. The technical provision valuations are based on the estimation of the ultimate claim cash flows in the underlying syndicates rather than the cash flows during the 3 year period of the Lloyd's year of account covered by Beazley Re dac's reinsurance contracts. This valuation assumption better reflects the profits that will ultimately transfer to Beazley Re dac given management's intention to continue the intra-group annual reinsurance arrangement. This basis of presentation is consistent with the GAAP look through methodology and provides information that is relevant, complete, comparable and reflective of substance and not merely legal form.

A further consideration in determining how the technical provisions are established at a Beazley Re dac level is to ensure meaningful presentation of the Beazley plc group returns. There is no scope for the re-inclusion in the group return of provisions not included in the solo return of Beazley Re dac, which is the only EU insurance or reinsurance undertaking in the group.

D.1 Assets

	2016 Solvency II $m	2016 Statutory $m	Difference $m
Financial assets – investments	1,292.6	1,278.2	14.4
Insurance and intermediaries receivables	–	2,588.3	(2,588.3)
Receivables (trade, not insurance)	5.1	5.1	–
Cash and cash equivalents	11.4	25.8	(14.4)
Deferred acquisition costs	–	202.3	(202.3)
Other assets	2,193.7	1.7	2,192.0
Total assets	**3,502.8**	**4,101.4**	**(598.6)**

Differences between valuation for solvency purposes and financial statements

Deferred acquisition costs comprise brokerage, premium levy and staff-related costs of the underwriters acquiring new business and renewing existing contracts. Deferred acquisition costs are excluded from the valuation of assets for solvency purposes. Beazley Re dac's share of the syndicate future premiums is included within insurance and intermediary receivables in the GAAP balance sheet. These receivables are recognised as part of the technical provisions under Solvency II. The remaining GAAP insurance and intermediary receivables are intra-group receivables being Beazley Re dac's share of the syndicate's future profit distributions and the syndicate assets supporting the claims reserves. The intra-group asset is classified as other assets under Solvency II. These are the only material difference between valuation for solvency purposes and the valuation in the financial statements.

Financial assets – investments

This category has two sub-categories: financial assets held for trading and those designated at fair value through the profit or loss account at inception.

Financial assets held for trading are those assets which are acquired principally for the purpose of selling in the short term, or which are held as part of a portfolio in which there is evidence of short-term profit taking or if it is designated so by management. At present all derivatives are classified as held for trading by the company.

All non-derivative financial investments are designated as fair value through profit or loss account upon initial recognition because their performance is evaluated on a fair value basis.

D.1 Assets *continued*

When available, the company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the company establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the company, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The company calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e., the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss depending on the individual facts and circumstances of the transaction but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Assets and long positions are measured at a bid price; liabilities and short positions are measured at an asking price. Where the company has positions with offsetting risks, mid-market prices are used to measure the offsetting risk positions and a bid or asking price adjustment is applied only to the net open position as appropriate. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the company and counterparty where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the company believes a third-party market participant would take them into account in pricing a transaction.

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. Fair values are obtained from quoted market prices in active markets, recent market transactions, and valuation techniques which include discounted cash flow models. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Cash and cash equivalents

Cash and cash equivalents consist of cash held at bank, cash in hand, deposits held at call with banks, and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These investments have less than three month's maturity from the date of acquisition. Time deposits are reclassified from cash to investments under Solvency II. Cash and cash equivalents are considered to be held at fair value under Solvency II.

Receivables (trade, not insurance)

Receivables comprise corporation tax recoverable from the tax authority and are measured at fair value.

Other assets

Other assets comprise principally balances due from Beazley Underwriting Limited, a related group company, and are measured at fair value.

D.2 Technical provisions

All amounts $m Department	Undiscounted Net technical provisions ex. risk margin	Risk margin	Net technical provisions inc. risk margin	Discounted Net technical provisions ex. risk margin	Risk margin	Net technical provisions inc. risk margin
PCG	4	3	7	3	3	6
Specialty Lines	1,122	56	1,178	1,063	52	1,115
Marine	132	9	141	126	8	134
Property	225	18	243	219	17	236
Life, Accident & Health	13	4	17	12	4	16
Total	**1,496**	**90**	**1,586**	**1,423**	**84**	**1,507**

The bases, methods and main assumptions used for valuation for solvency purposes are as follows.

- The company's technical provision valuations are based on a look through to the underlying syndicate cash flows;
- The best estimate reserves form the largest component of the technical provisions. These are calculated using standard actuarial reserving techniques. Standard actuarial reserving techniques assume that in the future, claims will emerge similarly to how claims have emerged in the past;
- An assumption is made as to what amount of the total premiums to which Beazley is legally obliged at the balance sheet date have already been written as only the portion associated with already written business is included within the technical provisions. Earning assumptions are used to allocate between the premium and claims provision. The methodology used to derive earnings patterns assumes that premium is earned uniformly throughout the policy period;
- Unincepted business is defined as policies that have not yet incepted, but to which Beazley is legally obliged at the valuation date. This is estimated by considering the business written in the month following the valuation date, during the previous year;
- Provisions for bad debts, future expenses and events not in data are added to the best estimate technical provisions;
  - The bad debt component uses reinsurer default probabilities and loss given default percentages from the internal model. The expected reinsurer bad debt is calculated as Probability of default x Loss given default x Exposure x Average duration;
  - The expense provision includes the future expenses required to run off the legally obliged business as at the valuation date. This is calculated using the historical calendar year expenses and budgeted expenses, provided by the Finance team;
  - The load for events not in data is calculated using the truncated lognormal approach, as per Lloyd's guidelines;
- A risk margin is calculated; and
- Future cashflows are projected using payment patterns, allocated into the required currencies and discounted using the EIOPA yield curves for the relevant currencies.

At a macro level, the key areas of downside risk in the pure estimates underpinning the SII technical provisions are that:

- Claims experience in the specialty lines division could be worse than expected because of adverse claim frequency and/or severity or the systemic inadequacy of premium rates, or that
- Catastrophe claims experience is materially worse than expected.

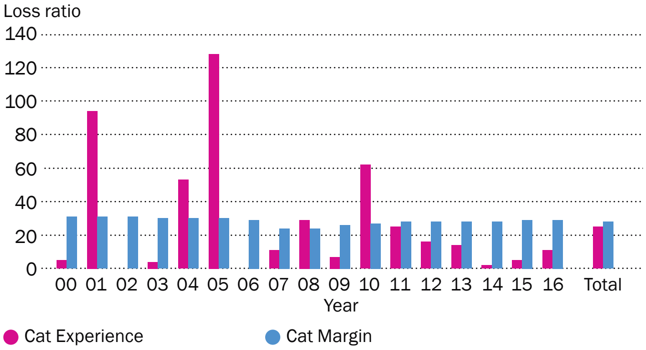
D.2 Technical provisions *continued*

Natural catastrophe

For natural catastrophe exposed classes the best estimates include a catastrophe margin, which is set in line with the average expected catastrophe loss in a given year, as predicted by the licensed catastrophe model. The graph below shows how our historic catastrophe experience compares to the catastrophe margins held.

The graph shows the catastrophe margin spread by underwriting year (blue), representing the average expected catastrophe experience within the year in question. In reality, given the nature of catastrophes, they do not happen in line with average expectations, but less frequently and more severely. The catastrophes that we have experienced are shown on the graph (red).

Comparison of Catastrophe Margin and Experience (%)



Note: the above graph is gross of reinsurance. The premium used in the calculation of loss ratios has been adjusted to allow for historic rate change.

Comparing the total catastrophe losses that Beazley have experienced with the total amount of catastrophe margin that has been allowed for, suggests that, in total, our experience has been better than expected. The implied all years catastrophe loss ratio is 25%, compared to an all years catastrophe margin of 28%.

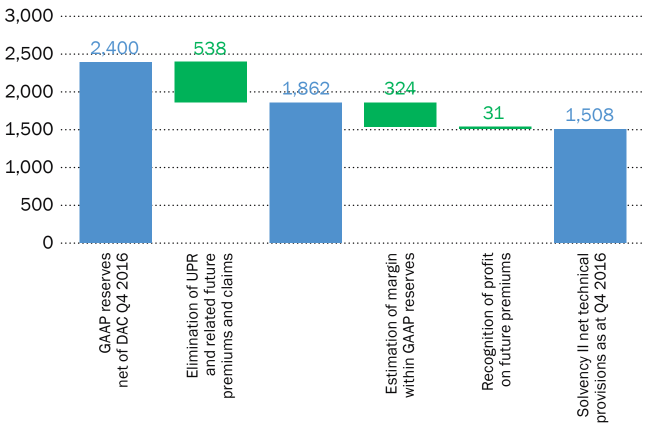
Attritional development

Furthermore, the absence or presence of catastrophes tends to drive the rating environment in catastrophe exposed classes, with rates reducing in the face of benign catastrophe experience, and increasing following large events. These classes are, however, also exposed to varying levels of attritional claims.

In a prolonged period of relatively benign catastrophe experience, the absence of catastrophes drives rates down. The reduced rates result in lower premiums for the same level of attritional exposure. As such, we expect to see attritional loss ratios increase.

The reserves within the valuation for solvency purposes are produced by the actuaries using assumptions that target what might be termed an average or a true best estimate. The risk margin is an addition to the best estimate liabilities to ensure that the technical provisions are equivalent to the amount that insurance undertakings would be expected to require in order to take over and meet the insurance obligations.

Irish GAAP Reserves vs Technical Provisions for Beazley Re ($m)



There are three elements to the difference between the GAAP and Solvency II technical provisions. First, items which are within GAAP technical provisions but not included under Solvency II are removed. This reduction includes both accelerating the recognition of profit with the unearned premium reserve and also a reclassification of premium debtors into Solvency II technical provisions to recognise future premium cash flows. Secondly, as Solvency II technical provisions are calculated on a best estimate basis, the margin within the GAAP reserves is excluded. Finally, within Solvency II there is an explicit allowance for premiums and claims on bound but unincepted contracts that are not recognised under GAAP.

D.2 Technical provisions *continued*

Other items

The matching adjustment referred to in Article 77b of Directive 2009/138/EC is not applied.

The volatility adjustment referred to in Article 77d of Directive 2009/138/EC is not used.

The transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC is not applied.

The transitional deduction referred to in Article 308d of Directive 2009/138/EC is not applied.

D.3 Other liabilities

	2016 Solvency II $m	2016 Statutory $m	Difference $m
Deferred tax liabilities	52.7	–	52.7
Payables (trade, not insurance)	203.4	135.7	67.7
Subordinated liabilities in basic own funds	253.3	248.3	5.0
Total liabilities	**509.4**	**384.0**	**125.4**

Deferred tax liabilities

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The Solvency II measurement principles for deferred tax are consistent with the statutory financial statements. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Other payables and liabilities

Other payables comprise intergroup balances and are measured at fair value.

Subordinated liabilities

The subordinated liabilities, which are listed on the London stock exchange and shown in the financial statements, are valued at fair value at the date of issue less transaction costs. The notes are valued at fair value based on quoted market price under Solvency II.

D.4 Alternative methods for valuation

Beazley Re dac does not use any alternative methods for valuation.

E. Capital management

E.1 Own funds

	2016 $m	2015 $m
Tier 1	1,401.7	1,326.8
Tier 2	253.3	–
Total	**1,655.0**	**1,326.8**

Tier 1 basic own funds
Beazley Re dac has issued one share with a nominal value of €1 (2015 €1).

A capital contribution of $536.3m (2015 $536.3m) which was approved as tier 1 own funds by the Central Bank of Ireland on 15 December 2015.

The reconciliation reserve at 31 December 2016 was $865.4m (2015 $790.5m). The increase represents the increase in the excess of assets over liabilities in the period.

Tier 1 own funds are eligible in full to meet both the Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR).

Tier 2 basic own funds
In November 2016, the company issued $250m of subordinated tier 2 notes due in 2026, the net proceeds of which will be used along with our retained earnings to support the future growth plans. This debt is listed on the London stock exchange. The notes are valued at fair value based on quoted market price.

As at 31 December 2016, the tier 2 own funds were eligible in full to meet the SCR. $61.1m was eligible to meet the MCR, being 20% of the MCR as at that date.

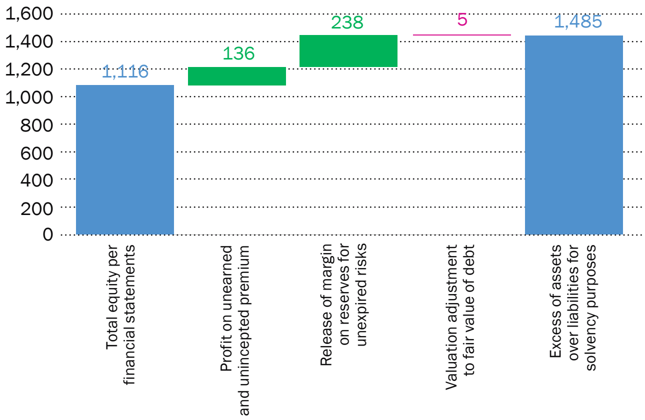
Beazley Re dac's capital strategy is to:
- invest its capital to generate an appropriate level of return;
- maintain sufficient solvency cover;
- support other Beazley group businesses; and
- pay dividends to its shareholder.

Whilst not formalised, the company retains a significant amount of the group capital and pays dividends to support the payment of the group dividend. Since inception the company has always been well capitalised and the capital base has grown with earnings from the reinsurance contract with BUL. The amount of dividend paid is determined by the solvency of the company and the requirements of the group. The company generally pays a dividend twice a year in February and in August.

Beazley Re dac holds a level of capital over and above its regulatory requirements. The amount of surplus capital held is considered on an ongoing basis in light of the current regulatory framework and opportunities for growth and a desire to maximise returns for its shareholder. Available capital and capital requirements are projected as part of the 5 year business plan, which is in turn considered as part of the ORSA process.

On issuance of the new tier 2 subordinated debt, Beazley Re dac was assigned an Insurer Financial Strength rating of 'A+' by Fitch. Beazley Re dac also has a Financial Strength Rating A Excellent 'Stable Outlook' from AM Best with a Financial Size Category Class XI $750m to $1bn.

Net asset reconciliation
($m)



The difference between the GAAP and Solvency II equity relates to the differences between the two technical provision valuations described in D2 on page 31. These items are adjusted for the profit commissions due under the reinsurance contracts, and the impact of deferred tax. There is a further small adjustment relating to the fair value of the subordinated debt. The increase in equity resulting from the elimination of the margin in the GAAP reserves for expired risk is $238m or 12% of the relevant GAAP provisions.

There are no basic own-fund items subject to the transitional arrangements referred to in Articles 308b(9) and 308b(10) of Directive 2009/138/EC and there are no ancillary own funds items.

E.2 SCR and MCR
The SCR and MCR for Beazley Re dac are as follows:

	2016 $m	2015 $m
Solvency Capital Requirement	679.2	664.8
Minimum Capital Requirement	305.6	299.2

The SCR is subject to CBI review. The MCR is calculated based on net of reinsurance technical provisions at the year end and written premiums in the twelve months to that date.

Beazley Re dac uses an internal model to calculate its SCR. The model is designed to produce output on the required basis, namely the capital required to meet a 1 in 200 adverse loss on the Solvency II balance sheet over a one-year time horizon.

E.2 SCR and MCR *continued*

The table below shows the SCR split by risk category.

Model	Insurance risk	Market risk	Operational risk	Credit risk
2017 SCR	73%	15%	10%	2%

Beazley Re dac also monitors it's capital against a Strategic Solvency Target (SST) which has been set at the capital required to meet a 1 in 500 adverse loss on the Solvency II balance sheet over a one-year time horizon. Beazley Re dac must notify the CBI when the available capital falls below the SST. As at 31 December 2016, the SST was $809.9m (2015: $807.8m).

Use of the internal model

Beazley's internal model is regularly used across the group in a number of management processes as well as to input into a range of ad-hoc analysis that is presented to the business to support decision making e.g. Reinsurance analysis.

Regular uses include:

- Capital setting: the internal model is used to calculate the capital for each entity quarterly. The calculated capital is split by major risk i.e. insurance, market, credit, liquidity, operational and group risk;
- Business planning including capital allocation: the internal model is used in the business planning process to allocate capital between divisions. This when combined with the plan profit allows management to compare the performance of the different business lines on a risk adjusted basis;
- Business planning – catastrophe loss ratios: the internal model is used to calculate catastrophe loss ratios and reinsurance recoveries included in the plan;
- Business planning – investment income: the internal model is used to calculate the investment income assumptions in the plan;
- Business planning – portfolio optimisation;
- Business planning – reinsurance review;
- Long term plan: the capital projections and stress scenarios in the long term plan are developed using internal model output;
- Reserving: the internal model is used to allow the actuarial team to develop the reserve strength indicators which are used to communicate the level of prudence in the reserves;
- Exposure management: the catastrophe model component of the internal model is used to monitor catastrophe risk against appetite and natural catastrophe risk model output for capital modelling;
- Investment management: the asset risk component of the internal model is used to monitor investment risk and investment risk output for capital modelling;
- Reinsurance credit risk: credit risk output for capital modelling;
- ORSA: 1-in-10 output to calculate KRI's to determine whether the syndicates are operating within risk appetite.

Scope of the internal model

The scope of the internal model includes all material risks faced by Beazley split by division. No important risks are excluded from the internal model. The material risks currently included in the internal model are:

- Premium risk;
- Catastrophe risk (both natural and man-made);
- Reserving risk;
- Market (or asset) risk;
- Operational risk (including regulatory and legal risk);
- Credit risk;
- Group risk; and
- Liquidity risk

Methods used in the internal model

The internal model estimates the probability distribution forecast using a structured quantitative process that makes use of methods that are: in line with good actuarial and statistical practice; subject to regular independent challenge; and appropriate to the analysis and risk profile in question. These methods use parameters that are estimated using all relevant internally available data; appropriate externally sourced industry data; data embedded in external models that have been prepared by experts; judgements based on appropriately qualified and challenged experts, and distributions which are statistically consistent with the historic data relating to the frequency and severity of loss.

Beazley uses a full internal model to calculate the SCR. The SCR is calculated by the internal model in accordance with the specifications of Article 101 of Directive 2009/138/EC; specifically that it is taken from the 99.5th percentile value at risk over a 1-year time horizon, taken directly from the probability distribution output generated by the calculation kernel and covers insurance (underwriting and reserving), asset (market), credit, and operational and group risk.

Data used in the internal model

Model inputs are made up of two key components:

- Inputs to model stand-alone risk which requires:
  - Exposure data. For example the number of policies of a given size and type; and
  - Risk assumptions. For example setting out the range of claim sizes for a given policy. These assumptions are based on relevant historic experience.
- Input to aggregate the risk:
  - Risk is aggregated using a 'risk drivers' approach where the assumptions are set based on historic experience for each driver.

On-going appropriateness is ensured through the capital teams in-team testing process which includes:

- Quarterly internal model data input testing which includes a reconciliation of key data items; and
- Annual data quality testing which includes testing of data quality standards (materiality, accuracy, completeness and appropriateness) for the internal model inputs.

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

Not applicable.

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

The main differences in the methodologies and underlying assumptions used in the standard formula (SF) and in the internal model (IM) by risk module are as follows:

- Premium and reserve risk assumptions are broadly consistent between IM and SF;
- Catastrophe risk assumptions are lower in the IM reflecting the detailed modelling of the portfolio;
- IM market risk is greater than the SF due to greater interest rate and credit spread risk assumptions as well as the explicit inclusion of inflation risk within the market risk in the IM;
- IM credit risk assumptions assume lower risk than that calculated by the SF relating to the intra group credit risks;
- IM operational assumptions assume more risk than that calculated by the SF;
- The IM includes less dependency between risk categories than that assumed in the standard formula with the driver of risk assumptions reflecting the risk profile; and
- IM explicitly includes profit offsetting the risk.

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

There have been no material changes or instances of non-compliance with the SCR or MCR over the reporting period, nor is there a foreseeable risk of non-compliance which is considered in the ORSA report where a confirmation statement of continued compliance (for regulatory capital requirements and regulatory requirements for technical provisions) is made.

Appendix: Quantitative reporting

The following quantitative reporting templates are appended to this report.

S.02.01.02 – Balance sheet
S.05.01.02 – Premiums, claims and expenses by line of business
S.05.02.01 – Premiums, claims and expenses by country
S.12.01.02 – Life and Health technical provisions
S.17.01.02 – Non-life technical provisions
S.19.01.21 – Claims triangles
S.23.01.01 – Own funds
S.25.03.21 – Solvency Capital Requirement calculated using a full internal model
S.28.02.01 – Minimum capital requirement

All monetary amounts are in thousands of US dollars. Please note that totals may differ from the sum of component parts due to rounding. For improved presentation, some blank columns in the quantitative reporting templates have been omitted. All items disclosed are consistent with the quantitative reporting submitted privately to the Central Bank of Ireland.

S.02.01.02 – Balance sheet

		Solvency II value
		C0010
Intangible assets	R0030	
Deferred tax assets	R0040	
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	**1,292,557**
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	
Equities	*R0100*	
Equities – listed	R0110	
Equities – unlisted	R0120	
Bonds	*R0130*	*1,189,016*
Government Bonds	R0140	509,563
Corporate Bonds	R0150	679,453
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	84,657
Derivatives	R0190	1,108
Deposits other than cash equivalents	R0200	17,776
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	**R0230**	
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	
Reinsurance recoverables from:	**R0270**	
Non-life and health similar to non-life	R0280	
Non-life excluding health	R0290	
Health similar to non-life	R0300	
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	
Reinsurance receivables	R0370	
Receivables (trade, not insurance)	R0380	5,139
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	11,440
Any other assets, not elsewhere shown	R0420	2,193,629
Total assets	**R0500**	**3,502,765**

S.02.01.02 – Balance sheet

		Solvency II value
		C0010
Liabilities		
Technical provisions – non-life	**R0510**	**1,504,112**
Technical provisions – non-life (excluding health)	**R0520**	**1,491,876**
TP calculated as a whole	R0530	
Best estimate	R0540	1,411,320
Risk margin	R0550	80,556
Technical provisions – health (similar to non-life)	**R0560**	**12,236**
TP calculated as a whole	R0570	
Best estimate	R0580	9,382
Risk margin	R0590	2,853
TP – life (excluding index-linked and unit-linked)	**R0600**	**3,692**
Technical provisions – health (similar to life)	**R0610**	
TP calculated as a whole	R0620	
Best estimate	R0630	
Risk margin	R0640	
TP – life (excluding health and index-linked and unit-linked)	**R0650**	**3,692**
TP calculated as a whole	R0660	
Best estimate	R0670	2,991
Risk margin	R0680	702
TP – index-linked and unit-linked	**R0690**	
TP 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	
Deferred tax liabilities	R0780	52,729
Derivatives	R0790	8
Debts owed to credit institutions	R0800	
Debts owed to credit institutions resident domestically	ER0801	
Debts owed to credit institutions resident in the euro area other than domestic	ER0802	
Debts owed to credit institutions resident in rest of the world	ER0803	
Financial liabilities other than debts owed to credit institutions	R0810	
debts owed to non-credit institutions	ER0811	
debts owed to non-credit institutions resident domestically	ER0812	
debts owed to non-credit institutions resident in the euro area other than domestic	ER0813	
debts owed to non-credit institutions resident in rest of the world	ER0814	
other financial liabilities (debt securities issued)	ER0815	
Insurance & intermediaries payables	R0820	
Reinsurance payables	R0830	
Payables (trade, not insurance)	R0840	203,409
Subordinated liabilities	**R0850**	253,272
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	253,272
Any other liabilities, not elsewhere shown	R0880	0
Total liabilities	**R0900**	**2,017,223**
Excess of assets over liabilities	**R1000**	**1,485,542**
Excess of assets over liabilities minus Subordinated Liabilities in BOF		**1,738,814**

S.05.01.02 – Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)						Line of Business for: accepted non-proportional reinsurance			
		Income protection insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Miscellaneous financial loss	Health	Casualty	Property	Total
		C0020	C0060	C0070	C0080	C0090	C0120	C0130	C0140	C0160	C0200
Premiums written											
Gross – Direct Business	R0110										0
Gross – Proportional reinsurance accepted	R0120	37,453	164,860	230,987	702,728	29,899	21,492				**1,187,420**
Gross – Non-proportional reinsurance accepted	R0130							19,536	11,086	98,644	**129,267**
Reinsurers' share	R0140										0
Net	**R0200**	**37,453**	**164,860**	**230,987**	**702,728**	**29,899**	**21,492**	**19,536**	**11,086**	**98,644**	**1,316,686**
Premiums earned											
Gross – Direct Business	R0210										0
Gross – Proportional reinsurance accepted	R0220	36,348	166,448	237,884	627,162	31,000	21,979				**1,120,821**
Gross – Non-proportional reinsurance accepted	R0230							19,780	12,618	96,927	**129,324**
Reinsurers' share	R0240										0
Net	**R0300**	**36,348**	**166,448**	**237,884**	**627,162**	**31,000**	**21,979**	**19,780**	**12,618**	**96,927**	**1,250,145**
Claims incurred											
Gross – Direct Business	R0310										0
Gross – Proportional reinsurance accepted	R0320	25,643	73,238	91,691	344,587	11,180	10,100				**556,439**
Gross – Non-proportional reinsurance accepted	R0330							7,191	-514	27,140	**33,817**
Reinsurers' share	R0340										0
Net	**R0400**	**25,643**	**73,238**	**91,691**	**344,587**	**11,180**	**10,100**	**7,191**	**-514**	**27,140**	**590,257**

S.05.01.02 – Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)						Line of Business for: accepted non-proportional reinsurance			
		Income protection insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Miscellaneous financial loss	Health	Casualty	Property	Total
		C0020	C0060	C0070	C0080	C0090	C0120	C0130	C0140	C0160	C0200
Changes in other technical provision											
Gross - Direct business	**R0410**										0
Gross – Proportional reinsurance accepted	R0420										0
Gross – Non-proportional reinsurance accepted	R0430										0
Reinsurers' share	R0440										0
Net	**R0500**										0

S.05.01.02 – Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)						Line of Business for: accepted non-proportional reinsurance			
		Income protection insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Miscellaneous financial loss	Health	Casualty	Property	Total
		C0020	C0060	C0070	C0080	C0090	C0120	C0130	C0140	C0160	C0200
Expenses incurred	**R0550**	**21,945**	**78,495**	**113,065**	**246,133**	**14,105**	**13,915**	**1,781**	**8,252**	**39,825**	**537,517**
Administrative expenses											
Gross – Direct Business	R0610										0
Gross – Proportional reinsurance accepted	R0620	163	4,182	5,558	9,579	613	541				**20,636**
Gross – Non-proportional reinsurance accepted	R0630							156	670	2,153	**2,979**
Reinsurers' share	R0640										0
Net	**R0700**	**163**	**4,182**	**5,558**	**9,579**	**613**	**541**	**156**	**670**	**2,153**	**23,614**
Investment management expenses											
Gross – Direct Business	R0710										0
Gross – Proportional reinsurance accepted	R0720	49	605	807	3,592	116	52				**5,220**
Gross – Non-proportional reinsurance accepted	R0730							18	285	464	**767**
Reinsurers' share	R0740										0
Net	**R0800**	**49**	**605**	**807**	**3,592**	**116**	**52**	**18**	**285**	**464**	**5,988**
Claims management expenses											
Gross – Direct Business	R0810										0
Gross – Proportional reinsurance accepted	R0820	466	572	589	6,242	6	41				**7,917**
Gross – Non-proportional reinsurance accepted	R0830							74	94	36	**204**
Reinsurers' share	R0840										0
Net	**R0900**	**466**	**572**	**589**	**6,242**	**6**	**41**	**74**	**94**	**36**	**8,121**

S.05.01.02 – Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)						Line of Business for: accepted non-proportional reinsurance			
		Income protection insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Miscellaneous financial loss	Health	Casualty	Property	Total
		C0020	C0060	C0070	C0080	C0090	C0120	C0130	C0140	C0160	C0200
Acquisition expenses											
Gross – Direct Business	R0910										0
Gross – Proportional reinsurance accepted	R0920	21,463	56,173	86,738	198,220	11,787	11,277				**385,659**
Gross – Non-proportional reinsurance accepted	R0930							38	4,405	30,567	**35,010**
Reinsurers' share	R0940										0
Net	**R1000**	**21,463**	**56,173**	**86,738**	**198,220**	**11,787**	**11,277**	**38**	**4,405**	**30,567**	**420,669**
Overhead expenses											
Gross – Direct Business	R1010										0
Gross – Proportional reinsurance accepted	R1020	1,618	17,841	23,701	42,741	2,613	2,299				**90,813**
Gross – Non-proportional reinsurance accepted	R1030							1,536	2,858	9,199	**13,593**
Reinsurers' share	R1040	1,815	878	4,328	14,241	1,031	-294	-41	-60	-2,594	**25,281**
Net	**R1100**	**-197**	**16,963**	**19,374**	**28,500**	**1,583**	**2,005**	**1,495**	**2,798**	**6,605**	**79,125**
Other expenses	R1200										
Total expenses	**R1300**										537,517

The following columns, which are blank, have been omitted for improved presentation:
C0030 Workers' compensation insurance
C0040 Motor vehicle liability insurance
C0050 Other motor insurance
C0100 Legal expenses insurance
C0110 Assistance
C0150 Marine, aviation, transport

S.05.01.02 – Premiums, claims and expenses by line of business

		Line of Business for: life insurance obligations	Life reinsurance obligations	
		Other life insurance	Life reinsurance	Total
		C0240	C0280	C0300
Premiums written				
Gross	R1410	15,516	1,395	**16,910**
Reinsurers' share	R1420			**0**
Net	**R1500**	**15,516**	**1,395**	**16,910**
Premiums earned				
Gross	R1510	15,755	1,690	**17,444**
Reinsurers' share	R1520			**0**
Net	**R1600**	**15,755**	**1,690**	**17,444**
Claims incurred				
Gross	R1610	13,365	-69	**13,296**
Reinsurers' share	R1620			**0**
Net	**R1700**	**13,365**	**-69**	**13,296**
Changes in other technical provisions				
Gross	R1710			**0**
Reinsurers' share	R1720			**0**
Net	**R1800**			**0**
Expenses incurred	**R1900**	**5,279**	**1,120**	**6,399**
Administrative expenses				
Gross	R1910	168	64	**233**
Reinsurers' share	R1920			**0**
Net	**R2000**	**168**	**64**	**233**
Investment management expenses				
Gross	R2010	5	1	**6**
Reinsurers' share	R2020			**0**
Net	**R2100**	**5**	**1**	**6**
Claims management expenses				
Gross	R2110	209	52	**261**
Reinsurers' share	R2120			**0**
Net	**R2200**	**209**	**52**	**261**
Acquisition expenses				
Gross	R2210	3,715	550	**4,265**
Reinsurers' share	R2220			**0**
Net	**R2300**	**3,715**	**550**	**4,265**
Overhead expenses				
Gross	R2310	1,197	458	**1,655**
Reinsurers' share	R2320	16	5	**21**
Net	**R2400**	**1,181**	**453**	**1,634**
Other expenses	**R2500**			
Total expenses	**R2600**			**6,399**
Total amount of surrenders	R2700			**0**

The following columns, which are blank, have been omitted for improved presentation:
C0210 Health insurance
C0220 Insurance with profit participation
C0230 Index-linked and unit-linked insurance
C0250 Annuities stemming from non-life insurance contracts and relating to health insurance obligations
C0260 Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations
C0270 Health reinsurance

S.05.02.01 – Premiums, claims and expenses by country

Home Country – non-life obligations

		Total Top 5 and home country	Home Country	Top 5 countries (by amount of gross premiums written) non-life obligations
		C0070	C0010	C0020
R0010			Ireland	United Kingdom
		C0140	C0080	C0090
Premium written				
Gross – Direct Business	R0110	**0**		
Gross – Proportional reinsurance accepted	R0120	**1,187,420**		1,187,420
Gross – Non-proportional reinsurance accepted	R0130	**129,267**		129,267
Reinsurers' share	R0140	**0**		
Net	**R0200**	**1,316,686**		**1,316,686**
Premium earned				
Gross – Direct Business	R0210	**0**		
Gross – Proportional reinsurance accepted	R0220	**1,120,821**		1,120,821
Gross – Non-proportional reinsurance accepted	R0230	**129,324**		129,324
Reinsurers' share	R0240	**0**		
Net	**R0300**	**1,250,145**		**1,250,145**
Claims incurred				
Gross – Direct Business	R0310	**0**		
Gross – Proportional reinsurance accepted	R0320	**556,439**		556,439
Gross – Non-proportional reinsurance accepted	R0330	**33,817**		33,817
Reinsurers' share	R0340	**0**		
Net	**R0400**	**590,257**		**590,257**
Changes in other technical provisions				
Gross – Direct Business	R0410	**0**		
Gross – Proportional reinsurance accepted	R0420	**0**		
Gross – Non-proportional reinsurance accepted	R0430	**0**		
Reinsurers' share	R0440	**0**		
Net	R0500	**0**		
Expenses incurred	R0550	**537,517**		**537,517**
Other expenses	R1200			
Total expenses	R1300	**537,517**		

S.05.02.01 – Premiums, claims and expenses by country

Life obligations

		Total Top 5 and home country	Home Country	Top 5 countries (by amount of gross premiums written)-life obligations
		C0210	C0150	C0160
			Ireland	United Kingdom
R1400		C0280	C0220	C0230
Premium written				
Gross	R1410	**16,910**		16,910
Reinsurers' share	R1420	**0**		
Net	**R1500**	**16,910**		**16,910**
Premium earned				
Gross	R1510	**17,444**		17,444
Reinsurers' share	R1520	**0**		
Net	**R1600**	**17,444**		**17,444**
Claims paid				
Gross	R1610	**13,296**		13,296
Reinsurers' share	R1620	**0**		
Net	**R1700**	**13,296**		**13,296**
Changes in other technical provisions				
Gross	R1710	**0**		
Reinsurers' share	R1720	**0**		
Net	**R1800**	**0**		
Expenses incurred	**R1900**	**6,399**		6,399
Other expenses	**R2500**			
Total expenses	**R2600**	**6,399**		

S.12.01.02 – Life and Health technical provisions

		Other life insurance		Accepted reinsurance		Total (Life other than health insurance, incl. Unit-Linked)
			Contracts without options and guarantees		Other life insurance	
		C0060	C0060	C0100	C0130	**C0150**
Technical provisions calculated as a whole	**R0010**	0				**0**
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					**0**
Technical provisions calculated as a sum of BE and RM						
Best estimate						
Gross best estimate	**R0030**		**2,646**	**345**	345	**2,991**
Total recoverables from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0040					**0**
Recoverables from reinsurance (except SPV and Finite Re) before adjustment for expected losses	R0050					**0**
Recoverables from SPV before adjustment for expected losses	R0060					**0**
Recoverables from Finite Re before adjustment for expected losses	R0070					**0**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080					**0**
Best estimate minus recoverables from reinsurance/SPV and Finite Re	R0090		2,646	**345**		**2,991**
Risk margin	**R0100**	627		**74**	74	**702**
Amount of the transitional on technical provisions						
Technical provisions calculated as a whole	R0110					**0**
Best estimate	R0120					**0**
Risk margin	R0130					**0**
Technical provisions – total	**R0200**	**3,274**		**419**		**3,692**
Technical provisions minus recoverables from reinsurance/SPV and Finite Re – total	**R0210**	**3,274**		**419**	419	**3,692**

S.12.01.02 – Life and Health technical provisions

			Other life insurance		Accepted reinsurance		Total (Life other than health insurance, incl. Unit-Linked)
				Contracts without options and guarantees		Other life insurance	
			C0060	C0070	C0100	C0130	C0150
Best Estimate of products with a surrender option		**R0220**					0
Gross BE for Cash flow							
Cash out-flows	Future guaranteed and discretionary benefits	R0230	10,332				
	Future guaranteed benefits	R0240			1,109		
	Future discretionary benefits	R0250					
	Future expenses and other cash out-flows	R0260	446		54		**501**
Cash in-flows	Future premiums	R0270	8,132		819		**8,951**
	Other cash in-flows	R0280					0
Percentage of gross Best Estimate calculated using approximations		**R0290**					
Surrender value		**R0300**					0
Best estimate subject to transitional of the interest rate		**R0310**					0
Technical provisions without transitional on interest rate		R0320					0
Best estimate subject to volatility adjustment		**R0330**					0
Technical provisions without volatility adjustment and without others transitional measures		R0340					0
Best estimate subject to matching adjustment		**R0350**					0
Technical provisions without matching adjustment and without all the others		R0360					0

The following columns, which are blank, have been omitted for improved presentation:
C0020 Insurance with profit participation,
C0030 Index-linked and unit-linked insurance
C0040 Index-linked and unit-linked insurance – contracts without options and guarantees
C0050 Index-linked and unit-linked insurance – contracts with options or guarantees
C0080 Other life insurance – contracts with options or guarantees
C0090 Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations
C0110 Accepted reinsurance – insurance with profit participation
C0120 Accepted reinsurance – index linked and unit-linked insurance

S.17.01.02 – Non-life technical provisions

		Direct business and accepted proportional reinsurance						Accepted non-proportional reinsurance:			
		Income protection insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional property reinsurance	Total non-life obligations
		C0030	C0070	C0080	C0090	C0100	C0130	C0140	C0150	C0170	C0180
Technical provisions calculated as a whole	**R0010**										**0**
Direct business	R0020										**0**
Accepted proportional reinsurance business	R0030										**0**
Accepted non-proportional reinsurance	R0040										**0**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050										**0**
Technical Provisions calculated as a sum of BE and RM											
Best estimate											
Premium provisions											
Gross – Total	R0060	**-291**	**-9,097**	**7,308**	**23,007**	**-4,216**	**-1,972**	**-2,066**	**-2,656**	**-13,300**	**-3,283**
Gross – direct business	R0070	-291	-9,097	7,308	23,007	-4,216	-1,972				**14,739**
Gross – accepted proportional reinsurance business	R0080										**0**
Gross – accepted non-proportional reinsurance business	R0090							-2,066	-2,656	-13,300	**-18,022**
Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0100										**0**
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	R0110	0	0	0	0	0	0	0	0	0	**0**
Recoverables from SPV before adjustment for expected losses	R0120										**0**
Recoverables from Finite Reinsurance before adjustment for expected losses	R0130										**0**
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	0	0	0	0	0	0	0	0	0	**0**
Net Best Estimate of Premium Provisions	**R0150**	**-291**	**-9,097**	**7,308**	**23,007**	**-4,216**	**-1,972**	**-2,066**	**-2,656**	**-13,300**	**-3,283**

S.17.01.02 – Non-life technical provisions

		Direct business and accepted proportional reinsurance						Accepted non-proportional reinsurance:			
		Income protection insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional property reinsurance	Total non-life obligations
		C0030	C0070	C0080	C0090	C0100	C0130	C0140	C0150	C0170	C0180
Claims provisions											
Gross – Total	R0160	**8,409**	**135,478**	**149,227**	**978,166**	**2,822**	**6,300**	**3,330**	**67,629**	**72,624**	**1,423,985**
Gross – direct business	R0170	8,409	135,478	149,227	978,166	2,822	6,300	0	0	0	**1,280,402**
Gross – accepted proportional reinsurance business	R0180										**0**
Gross - accepted non-proportional reinsurance business	**R0190**							**3,330**	**67,629**	**72,624**	**143,583**
Total recoverable from reinsurance/ SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0200										**0**
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	R0210	0	0	0	0	0	0	0	0	0	**0**
Recoverables from SPV before adjustment for expected losses	R0220										**0**
Recoverables from Finite Reinsurance before adjustment for expected losses	R0230										**0**

S.17.01.02 – Non-life technical provisions

		Direct business and accepted proportional reinsurance						Accepted non-proportional reinsurance:			
		Income protection insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional property reinsurance	Total non-life obligations
		C0030	C0070	C0080	C0090	C0100	C0130	C0140	C0150	C0170	C0180
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	0	0	0	0	0	0	0	0	0	0
Net Best Estimate of Claims Provisions	R0250	8,409	135,478	149,227	978,166	2,822	6,300	3,330	67,629	72,624	1,423,985
Total Best estimate – gross	R0260	8,118	126,381	156,535	1,001,172	-1,395	4,329	1,264	64,973	59,324	1,420,702
Total Best estimate – net	R0270	8,118	126,381	156,535	1,001,172	-1,395	4,329	1,264	64,973	59,324	1,420,702
Risk margin	R0280	1,984	8,420	11,198	49,700	1,226	870	870	2,866	6,276	83,410
Amount of the transitional on Technical Provisions											
TP as a whole	R0290										0
Best estimate	R0300										0
Risk margin	R0310										0
Technical Provisions											
Technical provisions – total	R0320	10,102	134,801	167,733	1,050,872	-169	5,199	2,134	67,839	65,601	1,504,112
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default – total	R0330										0
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340	10,102	134,801	167,733	1,050,872	-169	5,199	2,134	67,839	65,601	1,504,112

S.17.01.02 – Non-life technical provisions

		Direct business and accepted proportional reinsurance						Accepted non-proportional reinsurance:			
		Income protection insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional property reinsurance	Total non-life obligations
		C0030	C0070	C0080	C0090	C0100	C0130	C0140	C0150	C0170	C0180
Line of Business (LoB): further segmentation											
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)											
Future benefits and claims	R0370	12,561	47,059	69,960	214,212	11,646	6,581	7,154	8,782	28,808	**406,763**
Future expenses and other cash-out flows	R0380	559	2,321	3,520	12,171	727	337	329	422	2,084	**22,469**
Future premiums	R0390	13,411	58,477	66,172	203,376	16,589	8,890	9,548	11,860	44,191	**432,515**
Other cash-in flows (incl. Recoverable from salvages and subrogations)	R0400										**0**
Cash-flows of the Best estimate of Claims Provisions (Gross)											
Future benefits and claims	R0410	15,783	136,848	147,796	967,667	10,372	6,849	3,068	71,685	81,674	**1,441,744**
Future expenses and other cash-out flows	R0420	825	6,554	7,119	47,193	711	363	134	2,646	4,342	**69,887**
Future premiums	R0430	8,200	7,924	5,687	36,695	5,902	912	-127	6,702	13,392	**85,286**
Other cash-in flows (incl. Recoverable from salvages and subrogations)	R0440					2,360					**2,360**
Percentage of gross Best Estimate calculated using approximations	**R0450**										**0.00%**

S.17.01.02 – Non-life technical provisions

		Direct business and accepted proportional reinsurance						Accepted non-proportional reinsurance:			
		Income protection insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional property reinsurance	Total non-life obligations
Best estimate subject to transitional of the interest rate	**R0460**										0
Technical provisions without transitional on interest rate	R0470										0
Best estimate subject to volatility adjustment	R0480										0
Technical provisions without volatility adjustment and without others transitional measures	R0490										0

The following columns, which are blank, have been omitted for improved presentation:

C0020 Medical expense insurance
C0040 Workers' compensation insurance
C0050 Motor vehicle liability insurance
C0060 Other motor insurance
C0110 Legal expenses insurance
C0120 Assistance
C0160 Non-proportional marine, aviation and transport reinsurance

S.19.01.21 – Claims triangles

Accident year/ Underwriting year	Z0010	Underwriting year

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

		Development year										
	Year	0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											9,308
N-9	R0160	18,847	100,443	104,481	70,197	34,892	42,225	38,537	18,599	14,624	6,016	
N-8	R0170	30,073	108,628	115,564	82,382	54,191	30,694	27,712	17,178	11,299		
N-7	R0180	22,495	97,300	96,945	54,299	32,132	41,523	20,540	18,774			
N-6	R0190	22,002	153,589	127,405	101,194	47,048	29,126	23,475				
N-5	R0200	40,381	110,036	112,626	77,801	41,259	35,736					
N-4	R0210	26,734	101,108	103,765	77,670	69,062						
N-3	R0220	28,480	140,973	125,393	70,811							
N-2	R0230	30,675	141,919	140,651								
N-1	R0240	31,810	147,208									
N	R0250	42,134										

		In current year	Sum of years (cumulative)
		C0170	C0180
	R0100	9,308	1,166,508
	R0160	6,016	448,860
	R0170	11,299	477,720
	R0180	18,774	384,008
	R0190	23,475	503,840
	R0200	35,736	417,840
	R0210	69,062	378,340
	R0220	70,811	365,657
	R0230	140,651	313,245
	R0240	147,208	179,018
	R0250	42,134	42,134
Total	R0260	565,166	3,510,661

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year													Year end (discounted data)
	Year	0	1	2	3	4	5	6	7	8	9	10 & +			
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300			C0360
Prior	**R0100**											43,041		**R0100**	1,803
N-9	**R0160**										22,363			**R0160**	1,021
N-8	**R0170**									42,684				**R0170**	1,652
N-7	**R0180**								59,355					**R0180**	1,811
N-6	**R0190**							68,290						**R0190**	2,208
N-5	**R0200**						92,109							**R0200**	3,313
N-4	**R0210**					123,033								**R0210**	4,434
N-3	**R0220**				192,844									**R0220**	7,418
N-2	**R0230**			256,949										**R0230**	9,785
N-1	**R0240**		342,742											**R0240**	13,659
N	**R0250**	238,106											**Total**	**R0250**	10,427

S.23.01.01 – Own funds

		Total	Tier 1 – unrestricted	Tier 2
		C0010	C0020	C0040
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35				
Ordinary share capital (gross of own shares)	R0010	0	0	
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	**865,405**	865,405	
Subordinated liabilities	R0140	**253,272**		253,272
An amount equal to the value of net deferred tax assets	R0160			
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	**536,317**	536,317	
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**	**1,654,994**	**1,401,722**	**253,272**

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 ancillary own	**R0400**			

S.23.01.01 – Own funds

		Total	Tier 1 – unrestricted	Tier 2
		C0010	C0020	C0040
Available and eligible own funds				
Total available own funds to meet the SCR	R0500	**1,654,994**	**1,401,722**	**253,272**
Total available own funds to meet the MCR	R0510	**1,654,994**	**1,401,722**	**253,272**
Total eligible own funds to meet the SCR	R0540	**1,654,994**	**1,401,722**	**253,272**
Total eligible own funds to meet the MCR	R0550	**1,462,849**	**1,401,722**	**61,127**
SCR	R0580	**679,190**		
MCR	R0600	**305,635**		
Ratio of Eligible own funds to SCR	R0620	**243.67%**		
Ratio of Eligible own funds to MCR	R0640	**478.63%**		

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	**1,485,542**
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	**83,820**
Other basic own fund items	R0730	**536,317**
Other basic own fund items – Others		
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	**R0760**	**865,405**
Expected profits		
Expected profits included in future premiums (EPIFP) – Life Business	R0770	406
Expected profits included in future premiums (EPIFP) – Non- life business	R0780	60,848
Total Expected profits included in future premiums (EPIFP)	**R0790**	**61,254**

The following columns, which are blank, have been omitted for improved presentation:
C0030 Tier 1 restricted
C0050 Tier 3

S.25.03.21 – Solvency Capital Requirement calculated using a full internal model

Calculation of Solvency Capital Requirement		C0100
Total undiversified components	**R0110**	**1,237,372**
Diversification	R0060	-558,182
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	**R0200**	**679,190**
Capital add-ons already set	R0210	
Solvency capital requirement	**R0220**	**679,190**
Solvency capital requirement		**679,190**
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	
Amount/estimate of the overall loss-absorbing capacity of deferred taxes	R0310	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds (other than those related to business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional))	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	
Net future discretionary benefits	R0460	

Unique number of component	Components description	Calculation of the Solvency Capital Requirement	Consideration of the future management actions regarding technical provisions and/or deferred taxes
C0010	C0020	C0030	C0060
RES01	Reserve risk	414,806	4 – No embedded consideration of future management actions.
PRM01	Premium risk	274,520	4 – No embedded consideration of future management actions.
MKT01	Market risk	282,299	4 – No embedded consideration of future management actions.
OPL01	Operational risk	200,982	4 – No embedded consideration of future management actions.
CRT01	Credit risk	64,765	4 – No embedded consideration of future management actions.

S.28.02.01 – Minimum capital requirement

Linear formula component for non-life insurance and reinsurance obligations

MCR calculation non-life		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	Linear formula component for non-life insurance and reinsurance obligations – MCR calculation
		C0020	C0030	
Medical expense insurance and proportional reinsurance	R0020			
Income protection insurance and proportional reinsurance	R0030	8,118	44,522	**4,848**
Workers' compensation insurance and proportional reinsurance	R0040			
Motor vehicle liability insurance and proportional reinsurance	R0050			
Other motor insurance and proportional reinsurance	R0060			
Marine, aviation and transport insurance and proportional reinsurance	R0070	126,381	159,090	**35,290**
Fire and other damage to property insurance and proportional reinsurance	R0080	156,535	222,907	**31,432**
General liability insurance and proportional reinsurance	R0090	1,001,172	704,447	**195,403**
Credit and suretyship insurance and proportional reinsurance	R0100		28,739	**3,248**
Legal expenses insurance and proportional reinsurance	R0110			
Assistance and proportional reinsurance	R0120			
Miscellaneous financial loss insurance and proportional reinsurance	R0130	4,329	20,846	3,348
Non-proportional health reinsurance	R0140	1,264	23,220	3,927
Non-proportional casualty reinsurance	R0150	64,973	10,972	13,829
Non-proportional marine, aviation and transport reinsurance	R0160			
Non-proportional property reinsurance	R0170	59,324	95,454	26,212

S.28.02.01 – Minimum capital requirement

Linear formula component for life insurance and reinsurance obligations

MCR calculation Life		Life activities: Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Life activities: Net (of reinsurance/SPV) total capital at risk	Linear formula component for life insurance and reinsurance obligations – MCR calculation
		C0050	C0060	
Obligations with profit participation – guaranteed benefits	R0210			
Obligations with profit participation – future discretionary benefits	R0220			
Index-linked and unit-linked insurance obligations	R0230			
Other life (re)insurance and health (re)insurance obligations	R0240	2,991		**63**
Total capital at risk for all life (re)insurance obligations	R0250		210,185	**147**

		MCR components: Non-life activities	MCR components: Life activities	
		C0010	C0040	Total
MCRNL Result	R0010	317,537		317,537
MCRL Result	R0200		210	210

Overall MCR calculation			C0070
Linear MCR	R0300		**317,747**
SCR	R0310		679,190
MCR cap	R0320	45.00%	**305,635**
MCR floor	R0330	25.00%	**169,797**
Combined MCR	R0340		**305,635**
Absolute floor of the MCR	R0350		3,977
			C0070
Minimum Capital Requirement	**R0400**		**305,635**

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