PartnerRe

Solvency and Financial Condition Report 2022

Partner Reinsurance Europe SE

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SUMMARY

This report provides the reader with information on the business and performance, system of governance, risk profile, valuation for solvency purposes and capital management of Partner Reinsurance Europe SE ("the Company" or "PRESE") for the year ended 31 December 2022.

Section A of this report outlines the Company's business and performance.

Section B of this report outlines the Company's system of governance which includes: the role of the Board of Directors (the Board) and the Board Committees, delegation of roles and responsibilities, fit and proper requirements, risk management system, internal control system, Risk function, Actuarial function, Internal Audit function and use of outsourcing.

The core of the Company's business model is the assumption and management of risk, which is described in further detail in Section C of this report. The Company is exposed to underwriting, market, credit, liquidity and operational risks. The Company has implemented a comprehensive risk management framework to monitor, manage and mitigate these risks. The most important risk management and mitigation tools of the Company are underwriting and investment guidelines, risk limits, diversification and the use of reinsurance with third parties and affiliate companies.

The Company had total Own Funds in its Solvency II balance sheet of €2,510m as at 31 December 2022 (2021: €2,423m). See section D for more detail on the valuation methods, bases and assumptions of assets and liabilities in the Solvency II balance sheet as well as a comparison with IFRS. There were no significant changes to the valuation basis of the Company's assets and liabilities during the year.

The Company's Solvency II Own Funds were as follows as at 31 December 2022 and 2021:

	2022 €'000	2021 €'000
Ordinary share capital	245,092	245,092
Reconciliation reserve	1,323,171	1,236,281
Other Own Funds approved by the supervisory authority	941,788	941,788
Total Solvency II Own Funds	**2,510,051**	**2,423,161**

All of the Company's Solvency II Own Funds, except for net deferred tax assets, are classified as Tier 1 - unrestricted funds and are fully available to cover the Minimum Capital Requirement (MCR) and Solvency Capital Requirement (SCR).

See section E for further details on the Company's Solvency II Own Funds as well as the objectives, policies and processes for managing capital and a reconciliation of Solvency II Own Funds to IFRS net equity. There have been no material changes in the Company's capital management objectives, policies and processes during the year.

The Company uses the Standard Formula to calculate the SCR. The Company's MCR, SCR, Solvency II Own Funds and Ratio of Eligible Own Funds to SCR were as follows as at 31 December 2022 and 2021:

	2022 €'000	2021 €'000
MCR	370,083	413,548
SCR	1,444,349	1,654,192
Solvency II Own Funds	2,510,051	2,423,161
Ratio of Eligible Own Funds to SCR	174 %	146 %

A. BUSINESS AND PERFORMANCE

A.1. BUSINESS

Partner Reinsurance Europe SE ("the Company") is a Societas Europea registered and domiciled in Ireland. The registered office is located at 3rd Floor, The Exchange, George's Dock, IFSC, Dublin 1, Ireland.

The Company is incorporated under the laws of Ireland and is subject to regulation by the Central Bank of Ireland (CBI) under, inter alia, the European Union (Insurance and Reinsurance) Regulations 2015.

The Company's external auditor is PwC, Chartered Accountants and Statutory Audit Firm, One Spencer Dock, North Wall Quay, Dublin 1, Ireland.

The Company is a member of the PartnerRe group. The parent company of the PartnerRe group is PartnerRe Ltd. ("group parent"), a company incorporated in Bermuda.

On 15 December 2022, PartnerRe Holdings Europe Limited (PRHEL), a company incorporated in Ireland, became the immediate parent of the Company following the dissolution of PartnerRe Holdings S.A. (PREHSA), a company which was incorporated in France.

Covéa Cooperations S.A ("Covéa"), a Company incorporated in France, became the ultimate parent on 12 July 2022 following completion of the acquisition from Exor N.V. ("EXOR") of PartnerRe Ltd's common shares.

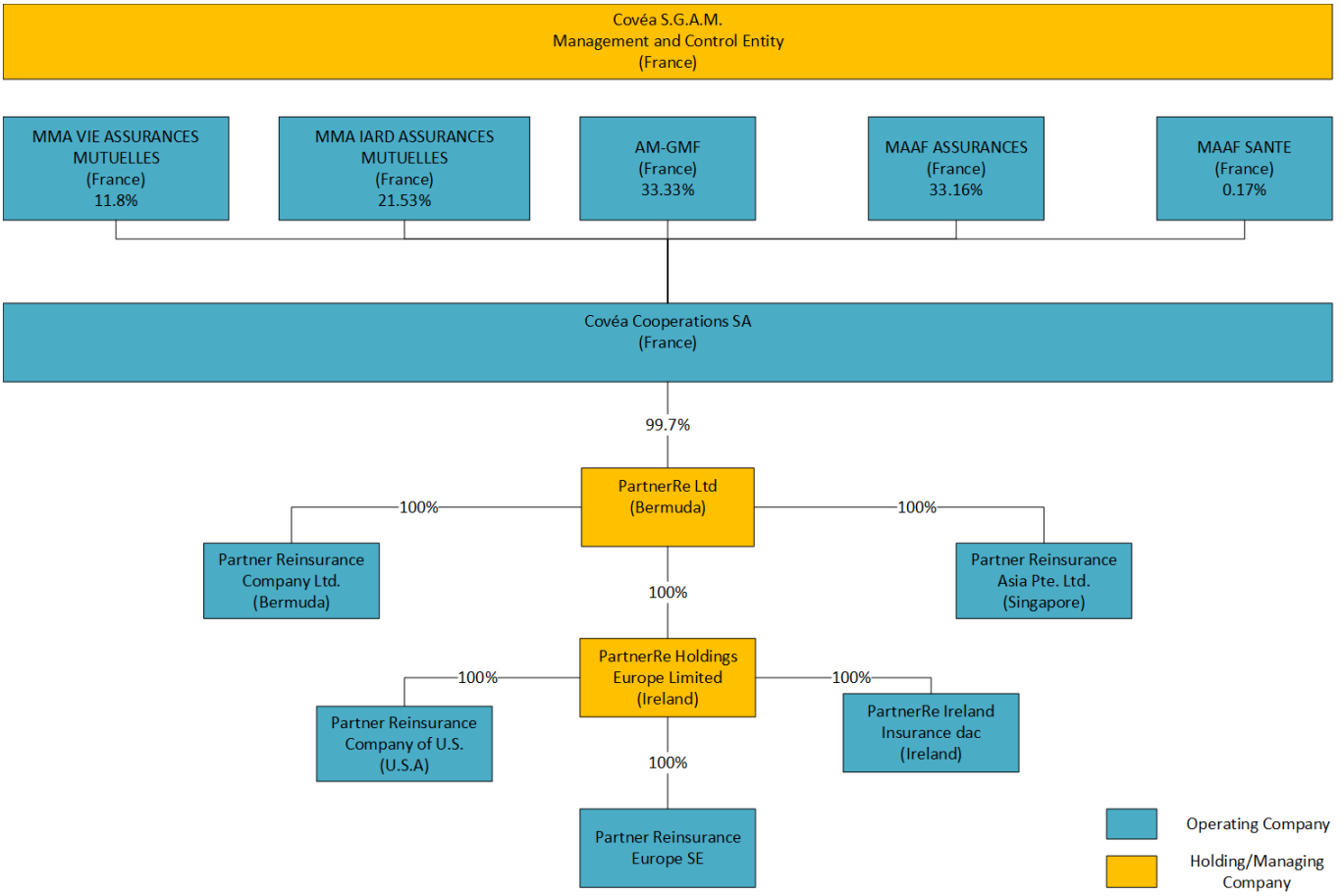
The PartnerRe group is regulated by the Bermuda Monetary Authority, BMA House, 43 Victoria Street, Hamilton, Bermuda. The Covéa group is regulated by the French Prudential Control and Resolution Authority ("ACPR"), 4 Place de Budapest, CS 92459, 75436 Paris Cedex 09.

The Company earned a pre-tax loss of €333.5m in 2022 (2021: pre-tax profit of €48.9m). This is comprised of an underwriting profit of €277.4m (2021: €279.6m), investment loss of €358.7m (2021: investment gain of €18.9m), net expense on funds held €4.0m (2021: net income of €6.3m), other income €18.2m (2021: €10.9m), administrative expenses of €158.3m (2021: €135.0m), depreciation expense on right-of-use assets of €6.0m (2021: €7.1m), interest expense on lease liabilities of €0.7m (2021: €0.7m) and foreign exchange loss of €101.4m (2021: loss €124.0m). See sections A.2., A.3. and A.4. for a discussion of the performance of the Company during the year.

The Company through its head office and branches provides reinsurance of non-life and life risks of ceding companies (primary insurers and reinsureds) on either a proportional or non-proportional basis through treaties or facultative reinsurance. The Company's principal offices are located in Ireland, France, Switzerland, Hong Kong, and the U.K. The Company's non-life segment includes both specialty and property and casualty (P&C) books of business in virtually all markets worldwide. The Company's life segment includes the mortality, longevity and health lines of business written primarily in the U.K., Ireland and France.

As at 31 December 2022, the Company had branches in France, Switzerland, Hong Kong and the United Kingdom (U.K.) and subsidiaries incorporated in Brazil and Miami. The French, Swiss, Hong Kong and U.K. branches are subject to supervision by the CBI. Additionally, the Hong Kong and U.K. branches are subject to local regulation. Partner Reinsurance Europe SE - Escritório de Representação no Brasil Ltda. (PRE Brazil) and Partner Re Miami, Inc. (PRE Miami) are subject to regulation in their respective territories. PRE Brazil acts as a representative office for the Company. PRE Miami acts as a reinsurance intermediary and provides services for the Company.

The following diagram is a simplified Group structure and includes the material related reinsurance and insurance entities in the Group:



Group companies are located in various jurisdictions, principally in Bermuda, U.S., Singapore and Ireland and provide services (including, inter alia, Human Resources, Investment Management, I.T. and Claims) to various operating companies within the Group, including the Company.

The Company has entered the U.K. Temporary Permission Regime ("TPR") which secured the Company's right to continue to carry on regulated activities within the U.K. until the end of 2023. The U.K. Branch is subject to U.K. specific regulations. These regulations are in addition to existing CBI requirements. An application for full authorisation of the Company's U.K. branch was made during 2022. The successful completion of this application will allow the company to carry out regulated activities in the U.K. when the Temporary Permission Regime ceases.

Business strategy and outlook

The Company assumes and manages global reinsurance and capital market risks. The Company's long-term strategy is to generate shareholder value through its underwriting and investment activities. It focuses on maintaining a diversified portfolio of risks across a broad product range with appropriate geographic diversification, actively managing its capital across its portfolio and over the duration of the cycle, adding value through underwriting and transactional excellence and achieving superior returns on invested assets in the context of a disciplined risk framework. The Company believes that this construct allows it to balance its cedants' needs for absolute certainty of claims payment with the ultimate aim of capital growth and dividend payment.

The Company generates its reinsurance revenue from premiums. Premium rates and terms and conditions vary by line of business depending on market conditions and across geographies. The reinsurance markets have historically been highly cyclical in nature. The cycle is driven by competition, the amount of capital and capacity in the industry, loss events and investment returns. The reinsurance business is also influenced by several other factors, including changes in legal, regulatory and judicial environments, loss trends, inflation and general economic conditions.

In its reinsurance portfolio, the Company writes most lines of business in virtually all markets worldwide and differentiates itself through its risk management strategy and its financial strength. In assuming its clients' risks, the Company removes the volatility associated with those risks from the clients' perspectives and then manages those risks and the risk-related volatility. Through its broad product range, geographic diversification and its excellent execution capabilities, the Company is able to achieve stable returns across the cycle, respond quickly to client needs, and capitalise on business opportunities virtually anywhere in the world.

Similarly, for the Company's investment risks, which include public, private market and property investments, diversification of risks is critical to achieving the risk and return objectives of the Company. The Company's investment policy distinguishes between liquid, high quality assets that support the Company's liabilities, and the more diversified, higher risk asset classes that make up a portion of the Company's capital funds. While there will be years where investment risks achieve less than the risk-free rate of return, or potentially even negative results, the Company believes the rewards for assuming these risks in a disciplined and measured way will produce a positive excess return to the Company over time. Additionally, since investment risks are not fully correlated with the Company's reinsurance risks, this increases the overall diversification of the Company's total risk portfolio. The Company's investments are managed by PartnerRe Asset Management Corp., a related entity.

The market environment during January 2023 non-life renewals was challenging for both insurers and reinsurers and showed a continuation of firming of reinsurance and retrocession terms and conditions with property catastrophe segments at the forefront with respect to rate increases and structural changes. Driven by the high inflationary environment, recent loss experience and a demand and supply imbalance, significant improvements in prices and conditions were achieved. These price improvements coupled with higher retentions by insurers, limitation of coverage and the management of the company's peak risks results in an improved risk profile.

The Company expects the hardening trends to continue over the course of 2023, in particular for Natural Catastrophe exposed business, War and Terror and for selected specialty lines such as Aviation. The Company believes that its strong global franchise and geographic footprint, long track record and broad yet highly technical capabilities over many lines of business position the Company well for the future.

In terms of the Company's life portfolio, the active 1 January 2023 renewals only impacted a portion of the short-term in-force premium in the mortality and disability line, which is a relatively limited portion of the overall life portfolio. For those treaties that actively renew, pricing conditions and terms were flat or slightly up compared to the prior year renewal.

Management expects moderate continued growth in the Company's life portfolio in 2023 from new business initiatives in Longevity in the U.K., and in long term protection in Europe and Asia, assuming constant foreign exchange rates. In addition, the Company is in a good position to continue to accept financial solutions business building upon last year's experience.

A.2. UNDERWRITING PERFORMANCE

The tables below outline the Company's underwriting performance, as per the Company's financial statements, by Solvency II lines of business for the current and prior year:

2022	Non-Life €'000	Life €'000	Total €'000
Gross premium written	2,537,984	972,400	3,510,384
Net premium written	831,944	363,427	1,195,371
Net premium earned	789,329	363,689	1,153,018
Net claims incurred	432,347	325,088	757,435
Acquisition cost	133,517	(9,804)	123,713
Technical result	**223,465**	**48,405**	**271,870**
- Administration expenses	108,367	50,640	159,007
- Overhead expenses	4,566	2,104	6,670
- Investment expenses	6,714	3,093	9,807
Total underwriting result	**103,818**	**(7,432)**	**96,386**

2021	Non-Life €'000	Life €'000	Total €'000
Gross premium written	2,182,632	843,298	3,025,930
Net premium written	695,604	320,221	1,015,825
Net premium earned	646,842	321,534	968,376
Net claims incurred	351,326	263,911	615,237
Acquisition cost	84,107	(10,517)	73,590
Technical result	**211,409**	**68,140**	**279,549**
- Administration expenses	90,104	44,859	134,963
- Overhead expenses	5,210	2,520	7,730
- Investment expenses	5,984	2,975	8,959
Total underwriting result	**110,111**	**17,786**	**127,897**

The non-life segment includes the following proportional lines of business: income protection; workers compensation; motor vehicle liability; other motor; marine, aviation and transport; fire and other damage to property; general liability; and credit and suretyship as well as the following non-proportional lines of business: health; casualty; marine, aviation and transport; and property. The life segment includes both life and long-term health business.

The material Solvency II lines of business include the following exposures:

- Proportional reinsurance - fire and other damage to property includes exposures from property, agriculture, energy and engineering risks;
- Proportional reinsurance - marine, aviation and transport includes aviation, marine and energy offshore exposures;
- Proportional reinsurance - general liability includes exposures from casualty;
- Life and health reinsurance includes life, health and annuity risks, and;
- Other includes the following lines of business: income protection, workers' compensation, motor vehicle liability, other motor, credit and suretyship and the non-proportional lines of business - health, casualty, marine, aviation, transport and property.

The following tables outline the Company's underwriting performance as per the Company's financial statements by the material Solvency II lines of business for the year ending 2022 and 2021

2022	Proportional Reinsurance - Fire and other damage to property	Proportional Reinsurance - Marine, aviation and transport	Proportional Reinsurance - General Liability	Other	Life and Health Reinsurance	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Gross premium written	737,155	504,958	643,732	652,139	972,400	3,510,384
Net premium written	212,886	130,490	283,040	205,528	363,427	1,195,371
Net premium earned	218,531	126,907	251,995	191,896	363,689	1,153,018
Net claims incurred	127,186	81,807	149,307	74,047	325,088	757,435
Acquisition cost	32,411	10,980	61,388	28,738	(9,804)	123,713
Technical result	**58,934**	**34,120**	**41,300**	**89,111**	**48,405**	**271,870**
- Administration expenses	30,002	17,423	34,596	26,346	50,640	159,007
- Overhead expenses	1,264	734	1,458	1,110	2,104	6,670
- Investment expenses	1,859	1,079	2,143	1,633	3,093	9,807
Total underwriting result	**25,809**	**14,884**	**3,103**	**60,022**	**(7,432)**	**96,386**

2021	Proportional Reinsurance - Fire and other damage to property	Proportional Reinsurance - Marine, aviation and transport	Proportional Reinsurance - General Liability	Other	Life and Health Reinsurance	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Gross premium written	699,626	448,289	449,785	584,932	843,298	3,025,930
Net premium written	202,687	115,073	192,466	185,378	320,221	1,015,825
Net premium earned	191,632	108,254	144,260	202,696	321,534	968,376
Net claims incurred	109,663	58,939	81,071	101,653	263,911	615,237
Acquisition cost	23,205	9,266	30,741	20,895	(10,517)	73,590
Technical result	**58,764**	**40,049**	**32,448**	**80,148**	**68,140**	**279,549**
- Administration expenses	26,736	15,103	20,126	28,139	44,859	134,963
- Overhead expenses	1,502	849	1,131	1,728	2,520	7,730
- Investment expenses	1,773	1,002	1,335	1,875	2,975	8,960
Total underwriting result	**28,753**	**23,095**	**9,856**	**48,406**	**17,786**	**127,896**

The presentation of the above tables is in line with Quantitative Reporting Template (QRT) S.05.01.02 which is included in the annex to this report. Refer to this QRT for a further breakdown by the above lines of business.

Proportional reinsurance - fire and other damage to property

Gross premiums written for the year ended 2022 is €737m, this represents an increase of €38m when compared to the year ended 2021. This increase was mainly as a result of renewal increases in energy onshore and property, as well as new business in agriculture, offset by premium reductions in engineering due to cancellations in 2021.

Net premium earned for the year ended 2022 is €219m, this represents an increase of €27m when compared to year ended 2021.

The technical result was €59m for the year ended 31 December 2022, mainly driven by an increase in loss ratio as a result of increased material events and increase in the cost ratio offset by increased premiums. The technical result was flat year on year.

The underwriting result was €26m for the year ended 2022. This represents a decrease in the underwriting result of €3m when compared to the year ended 2021 mainly an increase in administration expenses in 2022.

Proportional Reinsurance - marine, aviation and transport

Gross premium written for the year ended 2022 is €505m, this represents an increase of €57m when compared to the year ended 2021. This increase was mainly driven by increased premium in Energy Offshore and Marine, offset by a small reduction in Aviation.

Net premium earned for the year ended 2022 was €127m, this represents an increase of €19m when compared to the year ended 2021.

The technical result was €34m for the year ended 2022. This represents a decrease of €6m when compared to the year ended 2021. This decrease was mainly driven by an increased loss ratio as a result of adverse development on the Ethiopian Airlines Material event.

The underwriting result was €15m for the year ended 2022. This represents a decrease in the underwriting result of €8m when compared to the year ended 2021 mainly driven by the increase in technical losses mentioned above in addition to increased administration expenses.

Proportional reinsurance - general liability

Gross premium written for the year ended 2022 was €644m, this represents an increase of €194m when compared to the year ended 2021. The increase was mainly due to the new contracts and an increase in premium for a number of existing contracts.

Net premium earned for the year ended 2022 is €252m, this represents an increase of €108m when compared to the year ended 2021.

The technical result was €41m for the year ended 2022. This represents an increase of €9m when compared to year ended 2021. The increased result is being driven by an increase in Premiums. This is slightly offset by an increase in the loss ratio from 56% to 59% and an increase in the cost ratio from 21% to 24%.

The underwriting result was €3m for the year ended 2022. This represents a decrease in the underwriting result of €7m when compared to the year ended 2021 mainly driven by the increase in administration expenses.

Other

There are a number of offsetting impacts within this category, however the key lines of business driving the result for this category are the non-proportional lines of business Property and Casualty and Credit and Suretyship. Gross premiums written increased when compared to 2021 driven by Credit and Suretyship and Property Reinsurance. This is offset by reductions in proportional motor vehicle liability and other motor. The main drivers for the increase in the underwriting result year on year are the non-proportional - property lines of business and the non-proportional - casualty. For the proportional - credit and suretyship line, the decrease in the 2022 results was due to positive prior year development in 2021. For the non-proportional - property line, the increase in the 2022 result was due to the Tyson Foods event in 2021.

Life and health reinsurance

The underwriting result was €-7m for the year ended 2022. As required by the Solvency II underwriting quantitative reporting templates, the Company's life underwriting result in the above table does not include allocated investment income which is an important element of the life result.

While there was good experience on Longevity and Long Term segments in France and U.K./Ireland, the underwriting result was impacted by a ceding commission paid on the recapture of Quota Share from Partner Reinsurance Company Ltd (PRCL) following the transfer of a financing portfolio from the Company's Swiss branch to Hong Kong branch which is driving the loss recorded in Life.

Expenses

The Company had administrative expenses of €159m (2021: €135m). The increase compared to 2021 is driven by an increase in personnel expenses, both direct and allocated costs from related entities, due to accelerated costs due to change in control, an increase in headcount, as well as higher annual incentive accruals and changes in foreign exchange rates.

Geographical Analysis

2022		Top 5 countries by location of cedant						
	Ireland	United Kingdom	United States	Germany	France	Switzerland	Other	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Gross premium written	88,957	1,141,944	768,898	265,010	211,542	139,392	894,641	3,510,384
Net premium written	39,048	369,771	263,798	103,048	77,605	47,291	294,810	1,195,371
Net premium earned	40,430	362,358	239,503	106,099	77,459	36,460	290,709	1,153,018
Net claims incurred	26,687	252,259	191,933	23,249	47,971	38,195	177,141	757,435
Acquisition cost	7,615	(342)	47,375	21,155	5,699	6,526	35,685	123,713
Underwriting profit	**6,128**	**110,441**	**195**	**61,695**	**23,789**	**(8,261)**	**77,883**	**271,870**
Administration expenses	5,551	49,748	32,881	14,566	10,634	5,006	40,621	159,007
Overhead expenses	234	2,096	1,385	614	448	211	1,682	6,670
Investment expenses	344	3,082	2,037	902	659	310	2,473	9,807
Total underwriting result	**(1)**	**55,515**	**(36,108)**	**45,613**	**12,048**	**(13,788)**	**33,107**	**96,386**

2021		Top 5 countries by location of cedant						
	Ireland	United Kingdom	United States	Germany	France	Bermuda	Other	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Gross premium written	101,458	960,823	697,258	280,913	196,341	112,341	676,796	3,025,930
Net premium written	39,421	327,397	231,911	99,656	67,400	39,813	210,227	1,015,825
Net premium earned	51,029	317,704	190,065	74,042	66,398	39,978	229,160	968,376
Net claims incurred	44,322	253,745	99,262	29,761	31,999	53,775	102,373	615,237
Acquisition cost	4,165	2,764	34,443	11,529	4,197	3,097	13,395	73,590
Underwriting profit	**2,542**	**61,195**	**56,360**	**32,752**	**30,202**	**(16,894)**	**113,392**	**279,549**
Administration expenses	7,119	44,324	26,517	10,330	9,264	5,578	31,831	134,963
Overhead expenses	400	2,490	1,489	580	520	313	1,938	7,730
Investment expenses	472	2,939	1,758	685	615	370	2,120	8,959
Total underwriting result	**(5,449)**	**11,442**	**26,596**	**21,157**	**19,803**	**(23,155)**	**77,503**	**127,897**

Given the nature of the reinsurance business, the Company does not manage its underwriting result by geographical location of the cedant

A.3. INVESTMENT PERFORMANCE

The following table outlines the investment income and expenses for the year ending 31 December 2022 and 2021:

	2022 €'000	2021 €'000
Interest and dividend income	82,060	82,939
Net realised losses	(47,033)	(3,204)
Net unrealised losses	(383,930)	(51,907)
Investment management and other related expenses	(9,807)	(8,959)
Total net of expenses	**(358,710)**	**18,869**

The decrease is mainly due to unrealised losses on the fixed income portfolio driven by increases in worldwide risk free rates.

Interest and dividend income decreased in 2022 compared to 2021 due to the impact of lower reinvestment rates during the year.

As of 2022, €365m (2021: €424m), or 11% (2021: 10%) of the Company's fixed income securities were invested in securitisations. At the date of this report, the Company's exposure to securitisations was 99% to securitisations issued by U.S. government sponsored enterprises. These securitisations are highly rated and are amongst the most liquid of all securitisations types.

A.4. PERFORMANCE OF OTHER ACTIVITIES

The Company recognised foreign exchange losses for the financial year 2022 of €101m (2021: loss €124m) in the income statement from the revaluation of all balances held in currencies other than the functional currencies of the Company. The Company also recognised a positive movement of €70m (2021: gain €110m) within the currency translation reserve directly in equity from translating the balance sheets of branches with a functional currency other than Euro.

Other income for the Company amounted to €18m (2021: €11m). The increase in other income is primarily attributable to the life financial solutions business.

A.5. ANY OTHER INFORMATION

There is no other material information regarding the business and performance of the Company.

B. SYSTEM OF GOVERNANCE

B.1. GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

The Company is categorised as Medium-High Impact under the CBI's Probability Risk and Impact System (PRISM) and is subject to the Corporate Governance Requirements for Insurance Undertakings 2015 (the Corporate Governance Requirements). The Company is satisfied that the corporate structures and practices pertaining to corporate governance as described in the Corporate Governance Requirements are operating effectively.

General governance standards and structure

The Board is responsible for the effective, prudent, and ethical oversight of the Company. The Board is also responsible for, among other things, setting and overseeing:

- The business strategy for the insurance undertaking.
- The amounts, types and distribution of both internal capital and own funds adequate to cover the risks of the Company.
- The strategy for the on-going management of material risks including, inter-alia, liquidity risk.
- The establishment of a Conflicts of Interest policy for its members.
- A robust and transparent organizational structure with effective communication and reporting channels.
- A remuneration framework that is in line with the risk strategies of the insurance undertaking.
- An adequate and effective internal control framework, that includes well-functioning and properly resourced risk management, compliance, actuarial and internal audit functions that are independent of business units and possess adequate authority to operate effectively.
- The appointment of a General Manager and senior management with appropriate integrity and adequate knowledge, experience, skill, and competence for their roles.
- Endorsing the appointment of people who may have a material impact on the risk profile of the Company and monitoring on an on-going basis their appropriateness for the role.
- The appointments of Directors.
- Oversight of each of its committees.
- Ultimate responsibility and ownership for the Company's ORSA process.
- The establishment of a documented risk appetite framework.
- The activities of the Company's subsidiaries.

Where the Company applies a group policy or engages a group function, the Board shall satisfy itself as the appropriateness of these policies for the Company and whether these policies or functions take full account of Irish laws, regulation and the requirements of the Central Bank of Ireland.

The Board shall ensure that no one individual has unfettered decision making power within the Company.

The Board has established two sub-committees: the Audit Committee and the Risk Committee.

The Audit Committee

The Audit Committee has been established to oversee the Company's financial reporting process and the internal control environment on behalf of the Board. The Audit Committee is governed by an Audit Committee Charter.

The Audit Committee is composed of three Non-Executive Directors, two of whom are Independent Non-Executive Directors. The Chair of the Audit Committee is an Independent Non-Executive Director.

The Risk Committee

The Risk Committee has been established to provide oversight and advice to the Board on the Company's current risk exposures and its future risk strategy. The Risk Committee has oversight responsibility for company policies and activities related to overall management of the Company's risks pursuant to the business strategy and risk management policy established by the Board.

The Risk Committee is composed of four directors comprising two Independent Non-Executive Directors, one Group Non-Executive Director and the Executive Director.

Powers Delegated by the Board

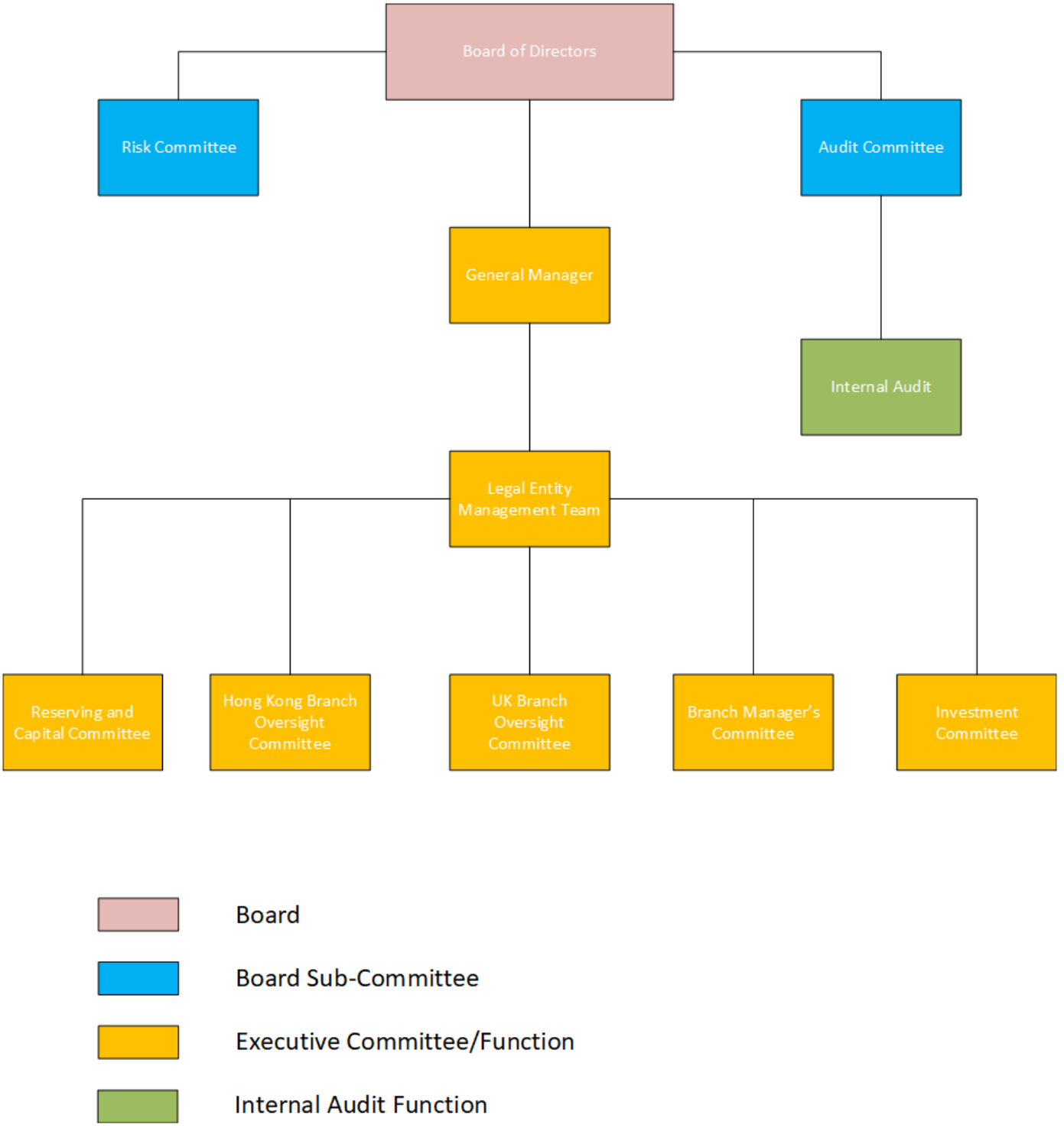
The Board has reserved certain powers for itself and has delegated other powers. This delegation is documented in the Board's Delegation of Authority Policy which is part of the Board's Charter. Authorities that have not been reserved for the Board are delegated to the General Manager.

Under this authority, the General Manager has established an Executive Committee, called the Legal Entity Management Team (LEM).

The LEM is the senior executive team within the Legal Entity and is established for the purpose of providing advice and making recommendations to the General Manager in respect of the Company's operations. The LEM is responsible for managing the overall business, implementing the business plan in line with the agreed strategy and overseeing the management of risk and regulatory compliance across the organisations.

The Company's LEM comprises the Company's General Manager, the Chief Risk Officer (CRO), Heads of Actuarial Function (HoAFs), Chief Financial Officer (CFO) and Head of Compliance and has established the following subcommittees to aid its management of the Company:

- Legal Entity Reserving and Capital Committee
- Branch Managers' Committee
- U.K. Branch Oversight Committee
- Hong Kong Branch Oversight Committee
- Investment Committee



Legal Entity Reserving and Capital Committee

The Legal Entity Reserving and Capital Committee is responsible for the quarterly review and approval of the Technical Provisions, Solvency Capital Requirement, Economic Balance Sheet and Own Funds of the Company before the quarterly Quantitative Reporting Templates (QRTs) are filed with the CBI. The Committee also reviews these items in advance of the submission of annual returns and makes recommendation to the Audit Committee in respect of the returns.

The Committee also reviews and approves the assumptions and assumption changes supporting the calculation of the Technical Provisions on an annual basis before submission to the Board.

The Committee is chaired by the CFO and the other members are the Life and Non-Life HoAFs, the CRO and the General Manager. The Committee meets at least quarterly.

Branch Managers' Committee

The Committee's main responsibilities are to monitor and review issues arising from the day-to-day operation of the Branches, reviewing the commercial performance of the Branches, reporting on legal and regulatory developments in the respective jurisdictions that affect the operation of the Company and risk incidents or events that have occurred during the quarter.

The Committee meets once a quarter and is chaired by the General Manager. The other members of the Committee are the Branch Managers, CRO, CFO and the Head of Compliance.

U.K. Branch Oversight Committee

The Committee is the Governing Body, as defined in the Prudential Regulatory Authority's Rulebook, of the U.K. Branch.

Its responsibilities include management and oversight of the U.K. Branch. In addition, the Committee reviews and approves the U.K. specific regulatory returns and the approval of U.K. Branch specific policies for Risk Management, Internal Audit, Outsourcing, Regulatory Reporting and Compliance.

The Committee is chaired by the General Manager and its members are the U.K. Branch Manager, CFO, CRO, Head of Actuarial Function, Head of Compliance and Senior Legal Counsel.

Hong Kong Branch Oversight Committee

The Hong Kong Branch Oversight Committee is the management of the Hong Kong Branch. Its responsibilities include management and oversight of the Hong Kong branch. In addition the committee reviews and approves the Hong Kong specific regulatory returns. The Committee is chaired by the General Manager and its members are the Hong Kong Branch Manager, Chief Financial Officer, Life Head of Actuarial Function, Non-Life Head of Actuarial Function, Chief Risk Officer, Head of Compliance, APAC Chief Actuary Life and Health, Non-Life Senior Reserving Actuary for Asia and the Asia General Counsel.

Investments Committee

The Committee is responsible for providing oversight of investments and monitoring and analysing the Company's investment results and portfolio movements. In addition, the Committee reviews any potential investment opportunities.

The Committee ensures that the investment portfolio remains compliant with the investment guidelines, asset allocation plan & risk appetite limits.

The Investments Committee is chaired by the CFO and its members are the Head of Investments, the General Manager, the CRO, the Director of Finance Operations and the Group Chief Investment Officer.

Authority and independence of key functions

The Company has the following key functions: Risk Management, Actuarial, Finance, Internal Audit and Compliance. Risk Management, Actuarial, Finance and Compliance functions report to the General Manager. Internal Audit reports to the Audit Committee.

Risk Management function

The Risk Management function has independent oversight of risk management activities including identifying, assessing, monitoring and reporting existing and emerging risks. The Risk Management function monitors the risk profile of the Company's position against risk appetite statements and tolerances and reports deviations in line with agreed reporting procedures.

The CRO leads the Risk Management function, is also a member of the LEM and a PCF 14 under the CBI's Fitness and Probity regime.

The CRO reports on a quarterly basis to the Risk Committee.

Actuarial function

The Company has two Actuarial function's covering life and non-life business respectively each with a respective Head of Actuarial Function. The Heads of Actuarial function ("HoAFs") are responsible for coordinating the calculation of technical provisions, informing the Board of the reliability and adequacy of the calculation of technical provisions and providing an opinion on the Company's technical provision, ORSA, retrocession and underwriting policy.

The HoAFs are both a member of the LEM and a PCF 48 under the CBI's Fitness and Probity regime.

Finance function

The Company's CFO has responsibility for ensuring the accuracy of the Company's financial reports and quarterly/annual statutory and regulatory filings, ensuring compliance with relevant accounting standards and corporate law requirements, the monitoring of solvency ratios and calculations and ensuring that sufficient capital is maintained to meet business and regulatory requirements.

The CFO is a member of the LEM and a PCF 11 under the CBI's Fitness and Probity regime.

Internal audit

Internal Audit is an independent evaluation and appraisal function reporting to the Board through the Audit Committee. Internal Audit examines and evaluates the functioning of the internal controls and other elements of governance and provides independent assurance over the operations of the Company. Internal Audit's responsibilities are set out in the Internal Audit Charter.

The Head of Internal Audit, who is a PCF 13 under the CBI's Fitness and Probity regime, attends LEM meetings on at least a quarterly basis and reports to the Audit Committee and the Board on a quarterly basis.

Compliance function

The Compliance function advises the Company on compliance with the laws, regulations and administrative provisions adopted pursuant to the Solvency II Directive. The function also identifies and assesses the impact of any changes in the legal environment, on the operations of the Company. In addition, the function designs, implements and executes a compliance monitoring framework to provide assurance to the Board on the adequacy of measures taken by the company to meet regulatory requirements.

The Head of Compliance is a member of the LEM and a PCF 12 under the CBI's Fitness and Probity regime.

Material changes in the governance of the Company during the year

Changes in Board membership

One Group Non-Executive Director resigned from the Board and one Group Non-Executive Director was appointed to the Board during 2022.

Material transactions

There were no transactions during the reporting period with shareholders, with persons who exercise a significant influence on the undertaking, and with members of the Board other than:

- Directors' remuneration; and
- Intra-group transactions in the normal course of business.

Adequacy of the system of governance

The system of governance has been established taking account of the size, nature and scale of the Company's operations and the complexity of inherent risks. The Compliance Function conducts an annual review of adherence to the Corporate Governance Requirements and reports to the Board on the review outputs and any recommended governance enhancements. This informs assessment of the adequacy of the system of governance which has been satisfactorily assessed as adequate for the Company.

Processes for monitoring the effectiveness of the system of governance

The roles and responsibilities of the Board and its Committees, as outlined under their respective Charters, are reviewed and updated at least annually.

Assessment of Board and Committee performance

The Board formally reviews its overall performance, relative to the Board's objectives, on an annual basis. This includes a review of the Audit Committee and the Risk Committee in relation to their respective performances.

Annually, each director performs a self-assessment whereby he or she evaluates his or her performance against a range of key performance indicators. In addition, each Board Director completes an annual Board Evaluation reviewing the overall performance of the Board and that of individual directors, relative to the Board's objectives.

Corporate Governance

The Board receives quarterly updates from the Company's Compliance function in respect of the activity of the Compliance function in the quarter. As part of this report, details of new regulatory and legal requirements and the assessed impact that they will have on the Company are provided to the Board. In addition, the report provides details of any compliance monitoring activity that has taken place in the quarter concerned. Such reporting is designed to provide the Board with sufficient comfort that the Company has complied with all requisite regulatory and legal requirements and where necessary to highlight any occasions on which the Company has deviated from such requirements.

Internal audit plan

The Board, with the assistance of the Audit Committee, monitors the effectiveness and adequacy of the Company's internal controls (including the Company's financial reporting process) and I.T. systems through reports received from the Internal Audit function as per Internal Audit's plan. The Board and the Audit Committee review and approve the Internal Audit plan on an annual basis.

Adherence to Group and Company policies, guidelines and procedures and use of Group functions

The Board satisfies itself as to the appropriateness of complying with Group policies for the Company and ensure that these policies take full account of local business needs, Irish laws and regulations and the supervisory requirements of the CBI. Where necessary, Company specific guidelines are adopted along with Group policies to ensure compliance with local business needs and laws, regulations and supervisory requirements.

Remuneration policy

The Remuneration policy is approved by the Board. It is the intention of the Company to ensure that the ways in which it remunerates its employees, officers and directors meets with good practice standards as well as applicable regulatory requirements.

The Remuneration Policy is designed to meet the following objectives:

- Align the long-term interests of the Company's participants and shareholders;
- Deter excessive risk taking;
- Establish competitive pay levels on a total compensation basis;
- Clearly link pay with performance;
- Provide flexibility in form and structure to meet individual time horizons;
- Demonstrate good governance and corporate responsibility; and
- Encourage the retention of the Company's participants.

The Board considers the following structure of remuneration to be appropriate, in the context of the Company's activities and the applicable regulatory requirements:

- The philosophy is to remunerate at the median of the appropriate market.
- Remuneration is comprised of base salary and variable remuneration.
- Local requirements relating to remuneration structures will be respected as appropriate.

With regard to the remuneration of its INEDs the Company's policy is that, in keeping with their duty of independence, they shall be remunerated by a fixed fee only, and no incentive-based payments will be made.

It is the Company's policy that NEDs who are employees of the Group receive no remuneration for their duties as Directors of the Company.

The variable components of remuneration are annual incentive and Long Term Incentive (LTI) awards. The annual incentive is a variable, performance-based component of compensation. Each employee has a target annual incentive payment, which is set as a percentage of base salary. The actual payment is then based on a combination of business unit performance, individual performance and overall Group performance. The target metrics are set by Group each year.

Pension entitlements are typically paid on a contribution basis and are based on a percentage of the participant's base salary depending upon competitive local market practice and vesting provisions meeting legal compliance standards and market trends. Certain Swiss based employees, who are employed by PartnerRe Holdings Europe Ltd. are members of a hybrid pension plan, which contains elements of a defined benefit and defined contribution plan.

B.2. FIT AND PROPER POLICIES AND PROCEDURES

As a reinsurance undertaking authorised by the Central Bank of Ireland (CBI), the Company is subject to the CBI's Fitness and Probity Standards. The Company has procedures to determine which roles fall under the F&P Standards and to collect and collate information to evidence compliance with the F&P Standards.

The Company's Fitness and Probity Policy (the Policy) governs the Company's fitness and probity procedures. This is reviewed and approved annually by the Board.

These procedures provide a mechanism for ensuring that all relevant individuals meet and continue to meet, the Fitness and Probity Standards and fulfil any training obligations. The Policy and the procedures cover:

- New appointments of individuals performing PCFs and Controlled Functions (CFs);
- Internal PCF and CF transfers and promotions;
- Outsourcing of PCFs and CFs;
- On-going due diligence of individuals performing PCFs and CFs; and
- Potential consequences if a PCF or CF does not meet or no longer meets the Fitness and Probity Standards.

As part of the Company's fitness and probity procedures, the Board endorses the appointment of individuals performing PCFs within the Company and those who may have a material impact on the risk profile of the Company (being the Company's General Manager, CFO, CRO, Head of Internal Audit, Head of Compliance, HoAFs (life and non-life), EEA Branch Managers, Head of Underwriting, Head of Investments, Head of Claims and Head of Information Technology). All Board Directors are categorised as PCFs.

The Company maintains records in relation to individuals performing PCF or CF roles on behalf of the Company. The records include evidence of the due diligence undertaken in respect of that individual prior to their appointment and evidence of the PCF's and CF's ongoing compliance with the Fitness and Probity Standards. Annual due diligence of each Company PCF and CF is also conducted by completion of a detailed Annual Certification, which is reviewed by the Head of Compliance. Results of the due diligence are recorded.

The due diligence undertaken requires the Company to analyse the competencies and the degree of probity required to discharge a particular function (and whether the responsibilities of the function fall into a PCF or CF category) and ensures the relevant expertise, qualifications and background of the individual meets this criteria. If deemed necessary, relevant and comprehensive training is carried out in conjunction with the PCF or CF appointment process to ensure that an individual is fit and proper to perform the role.

B.3. RISK MANAGEMENT SYSTEM INCLUDING THE OWN RISK AND SOLVENCY ASSESSMENT

The Company has implemented a Risk Management Framework (RMF) which sets out the key components of its risk management system: risk governance and controls, risk identification and assessment, risk appetite, ORSA and monitoring and reporting.

Three lines of defence

The Company operates with a three lines of defence model. The first line of defence owns and manages risks and is responsible for implementing internal control measures to ensure compliance with all applicable laws and regulations.

The Compliance and Risk functions are part of the second line of defence and are responsible for the following activities:

- Developing risk management frameworks and policies;
- Identifying, assessing and communicating known and emerging issues and risks;
- Identifying shifts in the Company's risk profile;
- Communicating compliance and regulatory risk scenarios;
- Assisting management in developing processes and effective controls to manage risks;
- Monitoring the implementation of risk management processes and internal controls;
- Monitoring the adequacy and effectiveness of internal controls;
- Proactively testing and monitoring high risk areas to ensure policies and procedures are being implemented properly;
- Providing guidance and training on risk management processes; and
- Managing the timely remediation of deficiencies.

The Head of Actuarial Function (HoAF) is part of the second line of defence (independent of the first line Reserving function) and provides independent review and advice to management, the Audit Committee and the Board on data, models, methodologies and assumptions.

The third line of defence is Internal Audit who assist management and the Board in achieving corporate objectives and discharging their duties and responsibilities by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of the Company's risk management activities, internal controls and governance processes.

Risk governance and controls

The Risk function consists of the CRO and the supporting Risk team. The CRO and the Risk team collaborate with and are supported by Risk resources in other Group entities. The CRO reports to the General Manager and also directly to the Risk Committee and the Board.

Responsibilities of the Board and its Committees are set out in section B.1. Specific responsibilities of the Board include setting the overall risk appetite and risk limits, overseeing and reviewing the key risks of the Company, approving the risk strategy, the RMF, risk policies, ORSA and the Recovery Plan and promoting a culture which is conducive to effective risk management.

The Company's risk policy framework addresses groups of homogenous and related risks and establishes risk management approach, risk appetite, mitigation principles, risk ownership, governance and escalation procedures. Individual risk policies are supported by sub-policies and operating guidelines. The risk policy framework consists of Group and Company risk policies which are reviewed and approved at least annually.

The Company uses PartnerRe's internal control application system Archer to document internal controls and manage its risk register. Controls and other risk management activities are performed by process owners within the business units and support functions throughout the year. Internal Audit conducts audits which test the controls to ensure appropriate design and operational effectiveness.

Risk identification and assessment

The CRO coordinates and performs an annual risk identification and assessment process to assess the Company's risks and identify any new or emerging risks and important trends. This process facilitates the setting of risk appetite by the Board and the management of material risks. In response to current events, ad-hoc risk assessments of individual risks may also be conducted.

The Company's risks are structured in a risk universe which is constantly evolving in response to the evolving risk profile of the Company. The risk universe intends to capture all relevant material and potentially material risks. Each risk in the Risk Universe has a risk owner. The CRO monitors the risk profile on an ongoing basis through interaction with the LEM and business leaders and through participation in relevant Group Committees.

At least annually, a risk identification workshop is held with the LEM to review the Company's risk universe and ensure that all material and potentially material risk categories are captured. Separately, an annual emerging risk workshop is held with the LEM and business leaders to discuss and identify emerging risks for the Company. Any new risks identified are assigned a risk owner by the CRO in consultation with the LEM.

The CRO, in collaboration with the risk owners and other subject matter experts, assesses each risk of the Risk Universe at least annually. The individual risk assessments are documented and consider the regulatory, operational and control environment, key exposures, correlation with other risks and mitigation. For assumed risks, the tail loss potential is quantified. The individual risk assessments are stored in Archer and support the quarterly risk certification process of the first-line risk owners.

The CRO prepares an annual Risk Assessment Report which summarises the individual risk assessments. The Risk Assessment Report is presented to the LEM for review and input and then discussed with the Risk Committee and Board. The Risk Assessment Report assists the Risk Committee and Board in understanding the Company's risk profile and the setting of risk appetite and risk limits.

Risk appetite

Risk appetite is the overall level of risk the Company is prepared to accept in pursuit of its strategic objectives. Risk appetite, risk limits, capital level and retrocession structure are considered and inform the setting of the Company's strategy and business plan.

Risk appetite is documented in the Risk Appetite Framework (RAF). The RAF is reviewed at least annually and approved by the Board. In setting its risk appetite, the Board considers stakeholder expectations alongside the business environment and risks including the current level of risk in the business plan and strategy.

Risk appetite is structured into Risk Appetite Statements and Risk Limits and Tolerances.

Risk appetite statements

The Company defines risk appetite statements for all categories of its risk universe.

Risk limits and tolerances

The Company defines key risk indicators as quantitative or qualitative risk limits following a red-amber-green scale ("RAG"), covering the Solvency II solvency ratio, all material assumed risks as identified in the latest Risk Assessment, and non-assumed risks and non-material assumed risks as considered appropriate.

Recovery planning

The Company prepares a pre-emptive Recovery Plan in line with the requirements set out in S.I. No. 184 of 2021 – Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Recovery Plan Requirements for Insurers) Regulations 2021 and the CBI Recovery Plan Guidelines for (Re)Insurers.

The CRO coordinates a comprehensive review of the Recovery Plan every year or following a material relevant change in the risk profile, solvency, liquidity or operational situation. The Recovery Plan is reviewed by the LEM, the Risk Committee and the Board and subject to approval by the Board.

The Recovery Plan is integrated into the RMF. Recovery indicators are aligned to the extent possible with the key risk indicators defined in the RAF. Early warning and recovery thresholds complement the RAG ranges of the respective key risk indicators in the RAF. Recovery scenarios and recovery options are quantified consistently, where relevant, with the ORSA scenarios and stress testing.

Risk monitoring and reporting

Risk owners and the Risk function monitor risks on an ongoing basis through regular reports, interaction, participation in approval processes and management meetings.

The CRO reports on a quarterly basis to the Risk Committee and the Board. The quarterly risk report to the Risk Committee includes reporting on compliance with the RAF, risk limits, operational incidents and any other relevant developments such as changes in retrocession.

In times of financial or operational stress, the LEM, the Risk Committee and the Board are updated on the Company's risk profile more frequently.

Own Risk and Solvency Assessment (ORSA)

The Company undertakes at least annually an internal assessment of its risk and solvency positions and evaluates these against the business plan. The ORSA report builds on the Risk function activities throughout the year and aligns with the business planning and strategy setting process. The capital projections in the ORSA are based on projections of own funds and SCR according to the Standard Formula and the multi-year business and investment plans. Projected capital adequacy is assessed against the Company's overall risk appetite and risk limits and tolerances. The outcome of the ORSA informs the planning process.

The ORSA process encompasses the regular review of the ORSA policy and governance framework, the annual risk identification and assessment process, the review and continuous evolution of risk appetite and risk limits and tolerances, risk monitoring, and stress testing, reverse stress testing and capital projections. Stress and scenario testing is based on the Company's view of which risks are material.

Individual components of the ORSA process directly inform the Company's risk management system. The annual Risk Assessment informs the Company's risk monitoring as well as stress testing in the ORSA. The ORSA projections inform business planning, risk management and risk monitoring activities. The ORSA projections also inform capital management such as the design of the Company's reinsurance programme or the identification of the need for capital injections.

The ORSA is prepared annually (or more frequently if warranted) by the CRO, reviewed by the HoAFs who document their opinion, the LEM and the Risk Committee. The Board ultimately approves the ORSA. Following approval, the Company submits the ORSA to the CBI.

Elements of the ORSA process are also applied to large portfolio initiatives or in times of stress.

B.4. INTERNAL CONTROL SYSTEM

The Company's internal control system is designed to adequately and effectively identify, manage, monitor and report on the risks the Company is or may be exposed to in order to secure compliance with applicable laws and regulations. It is also designed to detect and correct non-compliance in an efficient and effective manner.

The internal control system consists of a series of preventative and detective controls to prevent, mitigate and detect risk manifestation. The control system allows for escalation of control failures.

The Company will employ risk mitigation techniques as deemed appropriate to remove or reduce risks and remain within the stated risk appetite.

The Board ultimately oversees the internal control system and is supported by the Audit Committee. The Company's Compliance, Finance, Actuarial, Risk Management and Internal Audit functions are all key contributors to the governance and oversight of the Company's internal control system.

There are established robust internal controls in existence across each of these key functions in addition to the controls in place across all other areas e.g. Underwriting, Claims, Investments and I.T.

Compliance function

The Compliance function is responsible for:

- advising the Company on applicable laws and regulation that apply to the Company as an authorised insurance company;
- providing training to staff, where necessary, on the laws and regulations applicable to the Company;
- identifying and assessing the possible impact of any changes to the applicable laws and regulations on the Company;
- providing assurance to the Board on the adequacy of measures that have been taken by the Company to comply with applicable regulations;
- managing the relationship with the CBI and other financial services regulators; and
- maintaining the Company's operating licenses.

The Company's Compliance Framework comprises the tools that the Compliance function employ to meet its responsibilities. The Compliance Framework is comprised of the following elements:

- Compliance Watchlist
- Compliance Business Plan
- Compliance Monitoring Plan
- Compliance calendar
- Management and co-ordination of Compliance policies
- Training programme

Quarterly, compliance reporting to the Board includes, but is not limited to, the following:

- Pending or future regulations and legislation which will affect the Company and for which adequate time and resources shall be allocated to meet the requirements;
- Details of regulatory visits or significant contacts;
- Updates on progress against the approved Compliance Business and Monitoring plans with particular reference to the adequacy of compliance resources; and
- Any other relevant information.

B.5. INTERNAL AUDIT FUNCTION

The Internal Audit's mission is to provide the Audit Committee and Board with an independent appraisal function to assess the Company's internal control and operating environment so as to provide reasonable assurance that:

- operations are effective & efficient;
- financial reporting is reliable;
- there is compliance with laws & regulations;
- assets are appropriately safeguarded; and
- the Company's risk management policies are consistently applied as documented.

Annually, Internal Audit provides the Audit Committee and Board with an overall assessment of the condition of the Company's internal control environment based on a risk based internal audit program.

Internal Audit reports functionally to the Audit Committee in order to ensure independence. Internal Audit acts as the third line of defence. Internal Audit closely interacts with the second line of defence (e.g. Risk Management and Compliance) in relation to risk identification and risk assessment. Internal Audit leverages the work of the second line of defence when deemed appropriate from a governance and independence point of view.

Internal Audit regularly tests the Company's risk policies and the internal controls associated with the respective policies. The results of such testing are included in audit reports circulated to management, and summaries of the results are provided to the Audit Committee and Board.

Independence of Internal Audit

Internal Audit reports directly to the Company's Audit Committee on a quarterly basis and also separately meets with the Independent Non-Executive Directors on at least an annual basis. Internal auditors do not have direct operational responsibility or authority over any of the activities they review. Additionally, they do not install systems or procedures, prepare records, or engage in any other activity that would normally be audited. Internal auditors do not carry out any other functions within the Company.

B.6. ACTUARIAL FUNCTION

The Actuarial Function is a key function of the Company's system of governance.

The Actuarial Function is split into first line of defence and second line of defence. First line teams are responsible for production of reserves, performance of controls, monitoring of data quality, management of actuarial models, production of experience analysis and best estimate assumptions, and documentation of these processes. Second line teams led by the Head of Actuarial Function ("HoAF") provide an independent review and advice to management and the Board on data, models, methodologies and assumptions.

The Actuarial Function's tasks are undertaken by a team who have the appropriate knowledge of actuarial and financial mathematics and experience, proportionate to the nature, scale and complexity of the risks present in the business.

The duties of the Actuarial function are under the responsibility of two function holders who provide independent oversight and report to the Board via the Audit and Risk Committees. One is responsible for the non-life business and one for the life and health business. Both are acting as HoAF, a PCF 48 under the CBI's Fitness and Probity regime and are members of the Society of Actuaries in Ireland with the relevant level of experience required for the role.

B.7. OUTSOURCING

The Company is part of a multi-national reinsurance group and as such the Company uses the expertise and resources from other Group entities and jurisdictions under a shared services model. The Company's outsourcing arrangements are predominately comprised of support provided via intra-group arrangements. These include support in relation to underwriting, business development and underwriting authorities, claims, regulatory legal and compliance, finance, internal audit and investments. The outsourcing of such services to intra-group affiliates falls within the scope of the Company's Outsourcing Framework. Activities provided by the Company's branch network and by way of secondments fall outside the scope of the Company's outsourcing framework.

The Company outsources certain critical or important functions to third parties in respect of claims handling.

The parties to whom the Company outsources are based in Brazil, Spain, Canada, United Arab Emirates, Singapore, USA, Bermuda and Hong Kong.

The Company has adopted the Group Outsourcing Guidelines (the Guidelines) which establish the Outsourcing Control Framework and sets out parameters within which the Company can enter into outsourcing arrangements. The Guidelines are approved by the Board on an annual basis.

The Guidelines impose clearly defined roles and responsibilities and embeds ownership of outsourcing arrangements within the Company.

The Company's Outsourcing Control Framework is designed around the following key pillars:

- Due Diligence: materiality of all functions or activities considered for outsourcing are assessed and due diligence commensurate to the risks of the outsourcing is undertaken. Critical or important outsourcing arrangements are subject to more detailed consideration, examination and regulatory notification than non-critical outsourcing arrangements.
- Written Agreements: all outsourcing arrangements are evidenced by a written contract.
- Register of Outsourcings: a register of outsourcings is managed by the General Manager and identifies, inter alia, the service recipient, service provider, service provider owner, description of services, whether the outsourcing is intra-group or third-party, materiality, location of service delivery, monitoring and oversight controls, confirmation that an agreement is in place, the services' commencement and termination date, due diligence undertaken and confirmation of service provider business continuity plans.
- Monitoring Oversight and Reporting: oversight controls and procedures are commensurate to the risks of the outsourcing in question and must be sufficient to facilitate appropriate oversight and supervision of the outsourcing by the service recipient owner, the Company's General Manager and the Company's Board. Oversight of outsourcing must also promptly identify any material changes, issues and/or deficiencies.

The Company categorises controls in respect of its outsourcings as follows:

- Level 1: Local Company employee representation within the relevant business or support unit providing intra-group services to the Company;
- Level 2: Regular meetings between the service provider and the Company and the establishment of embedded communication channels;
- Level 3: Formal reporting from the service provider to the Company including, where appropriate, reporting directly to the Company’s senior management team, Board and/or Audit or Risk Committees; and
- Other Bespoke Controls: Relevant for third party service providers according to relevant third party and type of service(s) outsourced.

Annual Review Process: On an annual basis, the Risk function assesses the relevant risks to the Company in respect of its existing and proposed outsourcing arrangements and confirms whether sufficient controls and procedures are in place to manage such risks and, where relevant, identifies any proposed recommendations to improve the Outsourcing Control Framework.

B.8. ANY OTHER INFORMATION

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

C. RISK PROFILE

The Company comprehensively identifies and assesses risks in the annual risk identification and assessment process, resulting in the Risk Assessment Report. Key risks identified in the Risk Assessment report are regularly monitored by risk owners, the Risk function and in the Risk Committee. Details are included in section B.3 of this report.

The Company manages risk exposures in the individual underwriting and investment units with operating limits such as those expressed in the Underwriting and Investment Guidelines. There remains a chance that losses can exceed predefined thresholds, for example, if multiple losses occur within the same year or if the Company's internal assessment of capital at risk for a single or multiple sources of risk proves insufficient. To reduce the chance of these unfavourable outcomes, the Company strives for a well-diversified and balanced book of business, applies and regularly monitors risk limits for material key risks, and manages its net position with retrocession to internal and external counterparties and with other risk mitigation strategies such as hedging.

Mitigation of underwriting risk by use of retrocession

The Company uses external retrocession agreements to reduce its exposure on certain assumed underwriting risks and to mitigate the effect of any single major event or the frequency of medium-sized events. These agreements provide for the recovery of a portion of losses and loss expenses from retrocessionaires.

The Company's external retrocession agreements cover most of its non-life classes of business and are bought on a proportional and non-proportional basis. The Company also utilises external retrocessions in the life business to manage the amount of per-event and per-life risks to which it is exposed.

Retrocessionaires must be approved based on their financial condition and business practices, with stability, solvency and credit ratings being important criteria. Capacity and credit rating limits per retrocessionaire are put in place and monitored to mitigate counterparty credit risk.

The Company remains liable to its cedants to the extent that the retrocessionaires do not meet their obligations under retrocession agreements and, therefore, retrocessions are subject to credit risk in all cases and to aggregate loss limits in certain cases. The Company holds collateral, securities and letters of credit under certain retrocession agreements. Provisions are made for amounts considered potentially uncollectible and reinsurance losses recoverable from retrocessionaires are reported after allowances for uncollectible amounts.

The Company further mitigates assumed underwriting risk with the purchase of internal retrocession cover from other Group companies. The cover that the Company has in place with other Group companies as at 31 December 2022 can be summarised as follows.

(1) Non-Life whole account quota share with Partner Reinsurance Company Ltd (PRCL):

- 65% for underwriting years 2017-present
- 50% for underwriting years 2016 and prior
- 90% for pure Catastrophe business
- Excluding various special businesses written mainly in Latin and North America

(2) Non-Life whole account quota share with Partner Reinsurance Asia Pte Ltd (PRA):

- 10% for business written through the Company's Swiss and French branches

(3) Life whole account quota share with PRCL:

- 75% for business written through the Company's Swiss and French branches incepting in 2017-present
- 60% for business written through the Company's Swiss and French branches incepting in 2016 and prior
- 65% for business written through the Company's head office incepting in 2017-present
- 50% for business written through the Company's head office incepting in 2016 and prior
- 90% for Longevity business incepting in 2020-present
- Excluding non-risk transfer and various other special businesses written mainly in Latin and North America and Hong Kong

(4) 100% and 95% Life quota share to PRCL on underlying mortality business with two specific clients.

External retrocession inures to the benefit of internal retrocession.

The main objectives of the retrocession cover are to reduce the capital requirements and associated cost of capital for the Company, to ensure the Company is in a position to be a well-capitalised reinsurer for its cedants, and to ensure the Company receives and maintains an appropriate rating from the rating agencies.

C.1. UNDERWRITING RISK

The Company uses a number of tools and metrics which help to monitor and mitigate the risks inherent to its underwriting activities which is the core business of the Company:

- Underwriting and pricing guidelines;
- Underwriting and pricing processes and controls; and
- Regular risk reporting on selected key risk indicators for material risks of the Company.

The Solvency Capital Requirement (SCR) in the Solvency II framework is based on a value-at-risk measure calibrated to a 99.5% confidence level over a one-year time horizon.

C.1.1. NON-LIFE UNDERWRITING RISK

The SCR for non-life underwriting risk, using the Standard Formula, on a pre-diversified basis is €926m (2021: €802m), which is 45% (2021: 33%) of the Basic Solvency Capital Requirement (BSCR) before diversification.

The non-life underwriting risk requirement includes premium and reserve risk, lapse risk and catastrophe risk.

Sensitivity tests are conducted to assess the variability of the non-life underwriting risk SCR.

The following sensitivities assess the impact on the non-life underwriting risk SCR and Solvency II own funds to adverse deviations in non-life best estimate liability (BEL) net of retrocession; the impact on own funds shown in the table relates to the adverse deviation of the BEL and corresponding increase of risk margin.

Adverse deviation of current net best estimate liability	Impact on SCR non-life underwriting risk	Impact on Own Funds (before tax):	Impact on SCR non-life underwriting risk	Impact on Own Funds (before tax):
	2022	2022	2021	2021
€m	€m	€m	€m	€m
50	+9	(52)	+11	(55)
100	+19	(105)	+23	(110)
150	+29	(158)	+34	(165)

The following sensitivities assess the impact of writing additional premium on the non-life underwriting risk SCR:

Additional amount of net premiums underwritten	Impact on SCR non-life underwriting risk	Impact on SCR non-life underwriting risk
	2022	2021
€m	€m	€m
50	+7	+8
100	+15	+16
150	+22	+24

The Company's Risk Assessment report identified natural catastrophe and casualty risks as material non-life underwriting risks and monitors these risks in the Risk Committee and the Board.

Natural catastrophe risk

Natural catastrophe risk is the risk that the aggregate losses from natural perils materially exceed the net premiums that are received to cover such risks. The Company considers both catastrophe losses due to a single large event and catastrophe losses that would occur from multiple (but potentially smaller) events in any year.

The Company measures exposure to natural catastrophe risk by peril-zone and at annual aggregate level. The overall approach to risk measurement has remained unchanged. The modelling of individual peril-zones and annual aggregation is reviewed and updated on a regular basis. The Company's RAF includes a key risk

indicator for natural catastrophe risk which is monitored in respect of compliance with stated risk appetite on a quarterly basis in the Risk Committee and Board.

The Company manages and mitigates natural catastrophe risk with monitoring of peril-zone and annual aggregate exposures, ongoing portfolio analysis, portfolio management and external and internal retrocession. For selected perils including peak risks, specific external retrocession is purchased. The appropriateness of risk mitigation arrangements to the risk profile is reviewed on an ongoing basis by the Risk function and a dedicated retro team within the Underwriting function.

The Company has world-wide exposures to natural catastrophe. Exposures have remained relatively stable during 2022 within approved risk appetite. On a gross basis, the largest concentration is to European windstorm, US windstorm, and Latin American earthquake. On a net basis, exposures are dominated by Latin American earthquake, US/Caribbean windstorm and other American perils.

Stress and scenario testing for natural catastrophe risk is undertaken in the annual risk assessment and in the ORSA including scenarios where external retrocessionaires default on their obligations to the Company. The stress and scenario testing shows that the Company can absorb such losses and remain within stated risk appetite with respect to its solvency ratio.

Casualty risk

Casualty risk is the risk that the estimates of ultimate losses for casualty lines of business will prove to be too low, leading to the need for reserve strengthening.

The Company measures casualty reserve risk with metrics based on premium volume, SCR and modelling in the Group's capital model. In 2022, the previous risk metric based on premium volume was replaced by a risk metric based on the premium and reserve risk distribution in the Group's capital model. The Company’s RAF includes as a key risk indicator for casualty risk which is monitored in respect of compliance with stated risk appetite on a quarterly basis in the Risk Committee and Board.

The Company manages and mitigates reserve risk for casualty lines by following a disciplined underwriting process and applying prudent reserving policies for determining carried reserves. Casualty risk is also covered by internal retrocession. The appropriateness of risk mitigation arrangements to the risk profile is reviewed on an ongoing basis by the Risk function.

The Company writes professional lines and general casualty with active cycle management in terms of volume and portfolio mix. Since 2015, transactional liability business has been written; this business is mostly US-based and assumed from the Group affiliate PRIIdac. Key markets are Europe and the US. Latin American and Asian exposures are small. The portfolio is balanced with no significant concentrations. Exposures have slightly increased in 2022 within approved risk appetite.

Stress and scenario testing for casualty risk is undertaken in the annual risk assessment and the ORSA and includes scenario with adverse development of reserves over a multi-year period. The stress and scenario testing shows that the Company can absorb such losses and remain within stated risk appetite with respect to its solvency ratio.

C.1.2. LIFE UNDERWRITING RISK

The SCR for life underwriting risk, using the Standard Formula, on a pre-diversified basis is €364m (2021: €470m), which is 18% (2021: 20%) of the Basic Solvency Capital Requirement (BSCR) before diversification.

The life underwriting risk requirement includes mortality, longevity, disability, lapse, expense, revision and catastrophe risk.

The Company's Risk Assessment report identified mortality trend risk as a material life underwriting risk and monitors this risk in the Risk Committee and the Board.

Mortality trend risk

Mortality trend risk is the risk that mortality improvements or the trend of mortality improvements deviate from expectation. Improvements in mortality or mortality trend can lead to increased actual and future expected annuity payments (longevity risk), deteriorations in mortality or mortality trend can lead to losses arising from higher than anticipated death rates on insured portfolios (mortality risk).

The Company measures mortality trend risk with a dedicated mortality trend model. The overall approach to risk measurement has remained unchanged. The Company’s RAF includes a key risk indicator for mortality trend risk

which is monitored in respect of compliance with stated risk appetite on a quarterly basis in the Risk Committee and Board.

The Company manages and mitigates mortality trend risk through age, socioeconomic and benefit type diversification, maturity of assumed blocks of business and internal retrocession. Business exposed to longevity risk provides a partial hedge for business exposed to mortality risk, and vice versa. The appropriateness of risk mitigation arrangements to the risk profile is reviewed on an ongoing basis by the Risk function.

In aggregate, the Company has higher exposure to longevity risk than to mortality risk. Its longevity risk is geographically concentrated in the U.K. The Company's mortality business includes traditional death and disability covers (with various riders), term assurance and critical illness, and guaranteed minimum death benefit (GMDB). In 2022, net exposure to mortality and longevity risk has decreased due to increased yield curves which more than offset the new business.

Stress and scenario testing for mortality trend risk is undertaken in the annual risk assessment and the ORSA and is based on the mortality trend model of the Company. The stress and scenario testing shows that the Company can absorb such losses and remain within stated risk appetite with respect to its solvency ratio.

C.2. MARKET RISK

The SCR market risk, using the Standard Formula, on a pre-diversified basis is €457m (2021: €780m), which is 22% (2021: 32%) of the Basic Solvency Capital Requirement (BSCR) before diversification.

The market risk requirement includes interest rate, equity, property, credit spread, currency and concentration risk.

The decrease in 2022 of year over year pre-diversified SCR market risk is primarily as a result of:

- Decreased exposure to type 2 equity from a) reduction in the market value of equity holdings due to the adverse economic environment and b) reduction in the equity exposure in the Company's GMDB portfolio, mainly due to higher yield curves.
- Decreased currency risk due to additional hedging of GBP and CHF exposures in addition to hedging of the USD exposure.

The Company's Risk Assessment report identified interest rate, currency, credit spread and inflation risk as material market risks and monitors these and equity risk in the Risk Committee and the Board.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument or reinsurance liabilities will fluctuate because of changes in market interest rates.

The Company measures interest rate risk with metrics quantifying the impact of changes of interest rates on the Company's balance sheet. These metrics distinguish the exposure by currency and term and take convexity of assets and liabilities and the interest rate risk exposure of the risk margin into account where relevant. The Company's quarterly risk report to the Risk Committee includes standardised reporting on interest rate risk.

The Company manages its interest rate risk at an aggregate level by monitoring the duration of its fixed income portfolio relative to the duration of its reinsurance liabilities so that the economic value of changes in interest rates has offsetting effects on the Company's assets and liabilities and with the metrics described above. The Company does not have specific risk mitigation arrangements such as interest rate hedges.

The Company is mainly exposed to falling EUR and rising USD interest rates; exposure to movements in other interest rates is significantly smaller. The exposure to EUR is mainly driven by the Company's liabilities and the exposure to USD mainly by the Company's asset holdings in USD. Exposures can vary over time as assets and liabilities change in line with investment and business developments. During 2022, duration and interest rate risk exposure has decreased as the difference between asset and liability durations has decreased.

Stress and scenario testing for interest rate risk is undertaken in the annual risk assessment, the quarterly ALM process and the ORSA which includes stand-alone sensitivities and a variety of short-term and long-term combination scenarios which include losses due to other market or insurance risks in addition to losses due to changes in interest rates. The stress and scenario testing shows that the Company can absorb such losses and remain within stated risk appetite with respect to its solvency ratio.

Currency risk

Currency risk is the risk that the fair value or future cash flows of assets and liabilities will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from transactions and recognised monetary assets and liabilities which are denominated in a currency other than the functional currency of the Company.

The Company measures exposure to currency risk with scenario-based metrics on its net asset value position and with the currency SCR. The overall approach to risk measurement has remained unchanged. The Company's RAF includes a key risk indicator for currency risk which is monitored in respect of compliance with stated risk appetite on a quarterly basis in the Risk Committee and Board.

The Company employs a hedging strategy utilising derivative financial instruments to reduce net exposure for its main foreign currency exposures USD, GBP and CHF. The hedging strategy was adjusted in 2022 to further reduce exposures to these currencies. The Company does not hedge currencies for which its net currency exposures are not material or where it is unable or impractical to do so. The effectiveness of the hedging strategy is monitored on an ongoing basis in the quarterly SCR calculations and risk reporting and in the annual risk assessment.

The Company is exposed to currency exposures in most currencies due to its global business activities. After hedging, the Company's main exposure is to GBP, CHF and USD. Exposures can vary over time as assets and liabilities change in line with investment and business developments. Exposures have decreased during 2022.

Stress and scenario testing for currency risk is undertaken in the annual risk assessment and the ORSA and includes the impact of currency fluctuations on the Company's SCR. The stress and scenario testing shows that the Company is exposed to the depreciation of EUR against other major currencies and that it can absorb such scenarios and remain within stated risk appetite with respect to its solvency ratio.

Assuming all other variables are held constant, as at the reporting date, a 10% adverse movement in the value of the Euro currency against all other currencies comprising the Company's own funds would have resulted in a €53m decrease in Solvency II own funds (including the effect of derivatives and excluding the effect on risk margin) (2021: €150m decrease including the effect of derivatives and excluding the effect on risk margin).

Equity risk

Equity risk is the risk of a substantial decline in the value of its equity and equity-like securities which include all invested assets that do not comprise cash, investment grade standard fixed income securities or real estate property, and in the value of its reinsurance liabilities which are exposed to equity markets.

The Company measures equity risk by assessing the impact of movements in equity markets on own funds. The overall approach to risk measurement has remained unchanged. The Company's RAF includes a key risk indicator for equity risk which is monitored in respect of compliance with stated risk appetite on a quarterly basis in the Risk Committee and Board.

To mitigate equity risk on investments, the Company sets limits on total allocation to equity investments as a proportion of capital funds as well as ensuring portfolio diversification through appropriate concentration limits by any one name and any one industry. These limits are reviewed annually by the Company's Investment Committee and approved by the Risk Committee and Board.

The Company invests in private and public equity and has also equity exposure via its GMDB portfolio. Allocation to equity investments can change from period to period depending on market conditions within strict upper limits and can be concentrated in specific countries depending on the assessment of investment opportunities. During 2022, exposure to equity risk has decreased significantly due to lower market values of equity holdings and lower equity exposure in the company's GMDB portfolio.

Stress and scenario testing for equity risk is undertaken in the annual risk assessment and the ORSA and includes the impact of equity shocks on the Company's equity-sensitive liabilities. The stress and scenario testing shows that the Company can absorb such losses and remain within stated risk appetite with respect to its solvency ratio.

Credit spread risk

Credit spread risk is the risk of a significant widening of credit spreads resulting in realised or unrealised investment losses on the Company's standard fixed income securities (which includes investment grade corporate bonds and asset-backed securities) and loans which may result in economic losses to the Company.

The Company measures credit spread risk with metrics based on credit quality and duration of fixed income instruments and with metrics based on the impact on market value due to changes in market credit spreads. The overall approach to risk measurement has remained unchanged in 2022. The Company's RAF includes a key risk indicator for credit spread risk which is monitored in respect of compliance with stated risk appetite on a quarterly basis in the Risk Committee and Board.

Credit spread risk is managed and mitigated with limits on credit quality and concentration to any single name or sector. Credit spread risk can change from period to period depending on market conditions and asset-liability management actions.

The Company's key exposures are corporate bonds most of which are investment grade (mostly A or BBB) with concentration in the Financial Industry. Secondary exposures are mortgage backed securities and alternative credit investments. In 2022, exposure to credit spread risk has slightly increased within approved risk appetite.

Stress and scenario testing for credit spread risk is undertaken in the annual risk assessment and the ORSA and includes stand-alone sensitivities and a variety of short-term and long-term combination scenarios which include losses due to other market or insurance risks in addition to losses due to changes in credit spreads. The stress and scenario testing shows that the Company can absorb such scenarios and remain within stated risk appetite with respect to its solvency ratio.

Inflation risk

Inflation risk is the risk of a reduction in purchasing power per unit of money overall or in respect of specific products or services resulting in increased claims and expenses and potentially in monetary action (changes in interest rates) resulting in realised and unrealised gains and losses on the Company's fixed income portfolio.

The Company measures claims and expense inflation risk with a scenario-based metric and inflation risk in combination with interest rate risk with stress and scenario testing in the annual Risk Assessment report and ORSA The overall approach to risk measurement has remained unchanged in 2022. The Company's RAF includes a monitoring metric for claims and expense inflation risk which is monitored on a quarterly basis in the Risk Committee and Board.

The impact of claims inflation is mitigated by external and internal retrocession. The appropriateness of risk mitigation arrangements to the risk profile is reviewed on an ongoing basis by the Risk function.

Claims and expense inflation risk arises mostly in respect of non-life claims payments and to a lesser extent in respect of capitalized life expenses. In 2022, notional exposure to inflation risk has slightly decreased due to higher yield curves but overall inflation risk remains higher than in pre-COVID periods. Claims and expense inflation risk arises in the currencies of the underlying liabilities.

Stress and scenario testing for inflation risk is undertaken in the annual risk assessment and the ORSA and includes stand-alone inflation and combination scenarios. The stress and scenario testing shows that the Company can absorb such scenarios and remain within stated risk appetite with respect to its solvency ratio.

Description of how assets have been invested in accordance with the 'Prudent Person Principle'

The Company employs a prudent investment philosophy. It maintains a high quality, well-balanced and liquid portfolio having a total return investment objective, achieved through a combination of optimising current investment income and pursuing capital appreciation. The Company's total invested assets were €4,972m at 31 December 2022 (2021: €5,655m); refer to section D.1. of this report for a breakdown by asset type.

From a risk management perspective, the Company allocates its invested assets into two categories: liability funds and capital funds.

For the Company's portfolio, which may include both public and private market investments, diversification of risks contributes to achieving the risk and return objectives of the Company. The Company's investment policy distinguishes between liquid, high quality assets that support the Company's liabilities, and the more diversified, higher risk asset classes that may make up a portion of the Company's capital funds. While there will be years where investment risks achieve less than the risk-free rate of return, or potentially even negative results, the Company believes the rewards for assuming these risks in a disciplined and measured way will produce a positive excess return to the Company over time. Additionally, since investment risks are not fully correlated with the Company's underwriting risks, this increases the overall diversification of the Company's total risk portfolio.

The Company's investments are managed by PartnerRe Asset Management Corp., a related entity. subject to a management agreement. The allocation of the Company's investments are subject to an Asset Allocation Plan

set by the Board. Furthermore, PartnerRe Asset Management Corp. is required to adhere to investment guidelines approved by the Board as to minimum ratings and issuer and sector concentration limitations.

Liability funds represent invested assets supporting the net reinsurance liabilities, and are invested primarily in investment grade fixed income securities and cash and cash equivalents. The preservation of liquidity and protection of capital are the primary investment objectives for these assets.

Liability funds are invested in a way that takes into consideration the average duration and currency composition (supplemented by currency hedging where appropriate) of the company's liabilities.

Capital funds represents capital of the Company in excess of liability funds and may be invested in a diversified portfolio with the objective of maximising investment return, subject to prudent risk constraints. Capital funds may contain asset classes typically viewed as offering a higher risk and higher return profile. Capital funds may be invested in investment grade and below investment grade fixed income securities, publicly listed and private equities, bond and loan investments and real estate investments. The Company's investment strategy allows for the use of derivative instruments, subject to strict limitations and for the purpose of managing and hedging currency risk, market exposure and portfolio duration, hedging certain investments, mitigating the risk associated with underwriting operations, or enhancing investment performance that would be allowed under the Company's investment policy if implemented in other ways.

The Company through its management agreement, its Investment Risk Policy, Asset Allocation Plan and Investment Guidelines ensures that management and reporting of its investment portfolio is suitable for the nature and size of the risks of the Company and are subject to portfolio diversification guidelines which include issuer and sector concentration limitations. Processes and procedures ensure that the Company can properly identify, measure, monitor, manage, control and report on its portfolio. Company management meets regularly with representatives of PartnerRe Asset Management Corp via the Company's formal Investment Committee.

Quarterly reporting is presented to the Risk and the Audit Committees of the Board. If a new asset class is proposed the Company assesses the change including the potential impact on credit quality, liquidity and capital requirements.

In respect of liquidity, the Company's fixed income portfolio is primarily invested in high quality, investment grade securities which are characterised by relatively low levels of credit risk and relatively high liquidity. The Company ensures it holds sufficient such securities to cover its liability funds at all times.

In respect to capital funds and subject to the limits set out in the Company's Asset Allocation Plan, the Company may invest a portion of its portfolio in:

- Fixed income securities that are interest paying investments such as fixed income type mutual funds, notes receivable, loans receivable, private placement bond investments, derivative exposure assumed and other specialty asset classes as well as other below investment grade. These securities generally pay a higher rate of interest and have a higher degree of credit or default risk. These securities may also be less liquid in times of economic weakness or market disruptions.
- Public Equity. These assets tend to be highly liquid however their value fluctuates with equity markets. In times of economic weakness, the market value of these assets may decline, and impact net income and capital.
- Private market investments that may exhibit lower levels of liquidity but provide additional diversification and potential return to its investment portfolio. Such investments may include private equity, loans, real estate and infrastructure investments.

C.3. CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements.

Credit risk is referred to as counterparty default risk in the SCR calculation. The SCR for counterparty default risk, using the Standard Formula, on a pre-diversified basis is €236m (2021: €279m), which is 11% (2021: 12%) of the BSCR before diversification.

The Company measures credit risk with metrics based on SCR, credit ratings, single-counterparty exposures and the solvency ratio of Group-internal counterparties. The overall approach to risk measurement has remained unchanged. The Company's RAF includes key risk indicators for credit risk with internal and external

retrocessionaires which is monitored in respect of compliance with stated risk appetite on a quarterly basis in the Risk Committee and Board.

The Company's exposure to credit risk arises mainly from cash and cash equivalents deposited with banks, investments in fixed income and other financial securities, reinsurance balances recoverable on ceded reinsurance and funds held by reinsured companies. The main exposures are related to retrocession agreements with related companies of the Group, rated A+.

The Company uses retrocession agreements to reduce its exposure on certain underwriting risks assumed and to mitigate the effect of any single major event or the frequency of medium-sized events, thereby exposing the Company to credit risk with retrocessionaires. Retrocessionaires must be approved based on their financial condition and business practices, with stability, solvency and credit ratings being important criteria. Limits per retrocessionaire are put in place and monitored to mitigate counterparty credit risk. The Company manages its credit exposure to retrocessionaires by generally selecting retrocessionaires which have a credit rating of A- or higher. In certain cases where an otherwise suitable retrocessionaire has a credit rating lower than A-, the Company generally requires the posting of collateral and letters of credit as a condition to it entering into a retrocession agreement.

Credit risk related to cash, cash equivalents and investments is primarily mitigated by investing only in counterparties with strong credit ratings and managing concentration risk by limiting the aggregate exposure to any individual counterparty through the use of appropriate limits.

The creditworthiness of counterparties is monitored on an on-going basis. The Company uses, where available, rating information provided by S&P and A.M. Best to ensure a consistent view on the financial condition of external parties.

For funds held by reinsureds the Company is subject to the credit risk of its cedants in the event of their insolvency or their failure to honour the value of the funds held balances due to the Company for any other reason. However, the Company's credit risk in some jurisdictions is mitigated by a mandatory right of offset of amounts payable by the Company to a cedant against amounts due to the Company. In certain other jurisdictions, the Company is able to mitigate this risk, depending on the nature of the funds held arrangements, to the extent that the Company has the contractual ability to offset any shortfall in the payment of the funds held balances with amounts owed by the Company to cedants for losses payable and other amounts contractually due.

Stress and scenario testing for credit risk is undertaken in the annual risk assessment and the ORSA. The stress and scenario testing shows that the Company relies on related companies of the Group remaining going concern. The Company considers residual credit risk with related companies of the Group as remote.

C.4. LIQUIDITY RISK

Liquidity risk is the risk of not being able to meet financial obligations as and when they fall due, including obligations to cedants, internal counterparties and other third parties.

The Company measures liquidity risks by evaluating a pre-defined liquidity crisis scenario unfolding over a time horizon of one year and comprising of a combination of a financial market crisis, reinsurance losses with rapid pay-out and downgrade potentially triggering collateralisation requirements in the Company's investments and reinsurance portfolios. The approach to risk measurement was amended during 2022. The overall methodology remained unchanged while the individual stresses were updated to reflect the Company's liquidity exposure under a more plausible stress event. The Company's RAF includes a key risk indicator for liquidity risk which is monitored in respect of compliance with stated risk appetite on a quarterly basis in the Risk Committee and Board.

The Company mitigates liquidity risk by holding a majority of its investments in investment grade standard fixed income securities and other liquid instruments and by imposing strict limits on illiquid investments.

The Company is exposed to liquidity risk mainly through claims arising from its reinsurance contracts and a decline in disposal value of the Company's assets in financial market crises. Liquidity risk may also arise from a difference in timing between claims payments and recoveries from reinsurance ceded, from collateral calls on collateralised business and from a reduction in liquidity inflows. Liquidity risk has remained within approved risk appetite during 2022.

Stress and scenario testing for liquidity risk is undertaken in the quarterly liquidity stress test as set out above. The stress and scenario testing shows that the Company remains in a positive excess liquidity position after the scenario considered in the liquidity stress test.

Expected profit included in future premium

The expected profit included in future premium (EPIFP) for the non-life business was €786m at 31 December 2022 (2021: €514m). The EPIFP represents the difference between the premiums from future exposure arising from contracts that the Company is obligated to as at year end and the expected acquisition costs, losses and expenses relating to these premiums. A lapse rate was assumed on in-force contracts relating to future additional premium and on premium relating to business bound but not yet incepted at the closing date. The calculation was discounted using Solvency II yield curves.

The EPIFP for the life business was €895m at 31 December 2022 (2021: €1,118m). The EPIFP for life business is calculated as the sum of positive best estimate liabilities. Positive best estimate liabilities correspond to an anticipation of positive future cash flows. The EPIFP for life is calculated at treaty level meaning that there is no compensation between treaties with negative future cash flows and treaties with positive future cash flows.

The EPIFP by line of business was as follows as at the current and prior period year ends:

Line of business	2022 €'000	2021 €'000
Proportional motor vehicle liability reinsurance	3,017	5,594
Proportional marine, aviation and transport reinsurance	212,444	88,821
Proportional fire and other damage to property reinsurance	259,707	189,939
Proportional general liability reinsurance	135,303	97,874
Proportional credit and suretyship reinsurance	74,082	51,723
Non-proportional casualty reinsurance	15,034	8,634
Non-proportional marine, aviation and transport reinsurance	10,189	9,792
Non-proportional property reinsurance	73,521	58,029
Other lines of business	3,118	3,373
Total Non-life	**786,415**	**513,779**
Life and health STL	895,218	1,118,468
Total	**1,681,633**	**1,632,247**

C.5. OPERATIONAL RISK

Operational risks include, but are not limited to, failures or weaknesses in financial reporting and controls, regulatory non-compliance, fraud, breach of information technology and data privacy security, disaster recovery planning and reliance on third party vendors.

The Company categorises its operational risks as follows: cyber risk and data protection risk, business disruption, process and execution management, outsourcing, legal and compliance, fraud, human resources, model risk, and regulatory risk. The Company also monitors branch matters, strategic and emerging risks which may relate to operational risks.

Cyber risk and data protection relates to the potential of a successful cyber-attack with significant business impact which could lead to financial losses, operational disruption, and regulatory action. Business disruption risk relates to business continuity and emergency management. Process and execution management risk relates to underwriting and reporting processes. Outsourcing risk is financial, operational, regulatory or reputational risk related to the outsourcing of processes or services within PartnerRe Group or to third parties. Legal and compliance risks relate to regulatory obligations and legal risks in relation to the Company's business activities. Fraud risk relates to intentionally deceptive actions potentially resulting in financial statement fraud, misappropriation of assets, claims or tax fraud. Human resources risk relates to the risk of strategic or financial underachievement due to a lack of critical skills. Model risk relates to model errors and inaccurate outputs and the risk of inappropriate use of models. Regulatory risk relates to financial, operational, and reputational risk related to the changes in laws or regulations.

The Company manages and mitigates operational risks through policies and guidelines setting out appropriate procedures and internal controls and the periodic assessment of adherence to these procedures and controls by Internal Audit. Operational risk is monitored and reported in standardised form to management, the Risk Committee and the Board. Matters are escalated to the Board as required and mitigating actions are assigned to bring elevated risks back within tolerance.

There were no material weaknesses identified in any of the operational risk categories.

C.6. OTHER MATERIAL RISKS

Strategic risks

Strategic risks are discussed with the General Manager, the Legal Entity Management Team, the Board and the Group and include the direction and governance of the Company as well as its response to external factors faced by the reinsurance industry such as changes in cedants' risk retention behaviour, regulation, competitive structure and macroeconomic, legal and social trends. Strategic risks are managed by strong governance procedures, including a robust system of processes and internal controls.

Strategic risks are included in the Company's risk assessment process and are monitored on a quarterly basis with onward reporting as needed to the Risk Committee and the Board.

The Company's RAR has identified Group risks as material strategic risk. Brexit was removed from the risk universe. The risk category climate change was extended to cover all sustainability risks (environmental, social, governance)..

Group risks

The Company is exposed to Group risks of financial and operational nature. Financial risks relate mostly to the Company's reliance on Group affiliates for retrocession which implies counterparty and liquidity risk and are assessed as low due to the high credit rating and solvency ratios of the relevant affiliate companies. Group risks of operational nature relate to the embedding of Company processes in Group processes and the provision of services by affiliate companies.

Environmental, Social and Governance ("ESG") risks

ESG risks are risks related to environmental, social and governance aspects that could have potential or actual negative impacts on the financial position, performance or reputation of the Company. Relevant ESG sub-risks for PRESE are climate change, liability risks, transition risk on investments, and operational and reputational risks.

The Company is exposed to increased tropical cyclone activity on its property and specialty portfolio and to increased frequency of heatwaves and drought on its agriculture portfolio. Policy action, in particular a disorderly transition to a more sustainable economy, and changes in consumer attitudes could result in loss of business written in the lines of business Engineering, Energy Offshore and Aviation and impact Medium/Long-Term Credit & Political Risk claims activity. With current knowledge, the Company is not considered to be significantly exposed to changes in severity or frequency of other natural catastrophe perils (wildfire, flood) and to the impact of climate change on its life business.

D&O business could potentially be exposed to ESG-related liability claims. So far, very few such claims have been observed. General Liability could also potentially be exposed to claims from ESG-related litigation. While unlikely in the present environment (requires establishment of a causal link), a change in public sentiment could increase the risk of successful litigation.

Investments are mostly exposed to transition risks related to ESG or climate change-related policy actions and changing consumer and investor sentiment. These risks can be systemic (affecting whole sectors or investment classes) or idiosyncratic (affecting individual investments). The systemic risk is of greater importance for the Company while the idiosyncratic risk is largely mitigated by limits on individual exposures and diversification.

Operational and reputational risk can occur directly through company actions, including employee actions, (e.g. non-compliance with regulation or violation of ESG principles) or indirectly through the Company's business and investment choices. These risks are considered to be effectively mitigated by the ESG-related activities, policy and process updates and controls implemented in recent years.

Reputational risks

Reputational risk is the risk of potential loss through deterioration of the Company's reputation or standing due to a negative perception among customers, counterparties, shareholders or supervisory authorities. Reputational impacts tend to be an outcome of other risk types materialising; therefore, managing each type of risk serves to manage reputational risk.

Reputational risks are included in the Company's risk assessment process and are monitored on a quarterly basis with onward reporting as needed to the Risk Committee and the Board. No significant reputational risks for the Company have been identified.

Emerging risks

Emerging risks are subject to the risk identification, assessment, monitoring and reporting as set out in section B.3 in this report.

C.7. ANY OTHER INFORMATION

There is no other material information in respect of the Company's risk profile.

D. VALUATION FOR SOLVENCY PURPOSES

D.1. VALUATION OF ASSETS

This table provides quantitative information on the variances between the valuation of assets in the Solvency II Balance Sheet compared to values reported under IFRS. For reconciliation purposes, the categories listed below for the IFRS Balance Sheet have been aligned to those of the Solvency II Balance Sheet.

	2022			2021		
	Solvency II Valuation	IFRS Valuation	Variance	Solvency II Valuation	IFRS Valuation	Variance
	€'000	€'000	€'000	€'000	€'000	€'000
Goodwill	—	229,509	(229,509)	—	215,763	(215,763)
Fixed income securities	3,593,051	3,593,051	—	4,171,264	4,171,264	—
Equities	28,337	29,092	(755)	41,725	42,331	(606)
Other loans and mortgages	427,075	427,075	—	353,026	353,026	—
Derivatives	3,184,302	3,184,302	—	2,757,302	2,757,302	—
Collective Investments Undertakings	271,123	271,123	—	233,066	233,066	—
Participations and related undertakings	87,757	87,757	—	117,816	117,816	—
Cash and cash equivalents	122,798	122,798	—	118,988	118,988	—
Deposits other than cash equivalents	—	—	—	20,756	20,756	—
Deposits to cedants	387,550	376,884	10,666	472,687	431,280	41,407
Property, plant & equipment held for own use	60,440	60,440	—	65,672	65,672	—
Property (other than for own use)	54,471	54,471	—	59,642	59,642	—
Reinsurance recoverable	2,633,591	7,045,111	(4,411,520)	2,939,264	6,461,122	(3,521,858)
Reinsurance receivables	104,233	104,233	—	74,012	74,012	—
Deferred acquisition costs	—	222,495	(222,495)	—	166,322	(166,322)
Insurance and intermediaries receivable	126,225	126,225	—	115,183	115,183	—
Receivables (trade, not insurance)	79,949	79,949	—	40,118	40,118	—
Deferred tax asset	23,909	25,312	(1,403)	29,433	2,189	27,244
Other assets	40,167	40,167	—	628	628	—
Grand total	**11,224,978**	**16,079,994**	**(4,855,016)**	**11,610,582**	**15,446,480**	**(3,835,898)**

Goodwill

Goodwill is not recognised in the Solvency II framework and is therefore valued at zero under Solvency II.

Fixed income

Fixed income securities are generally priced by independent pricing services and brokers. Each pricing source will have its own proprietary method to determine fair value which will incorporate information such as credit spreads, interest rate data, market news and an option adjusted spread. The Company will classify these assets as Quoted Market Price in Active Markets for Similar Assets (QMPS) for valuation purposes under Solvency II. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. There is no variance in valuation when compared to the IFRS Balance Sheet.

Equities

Public equity securities are liquid listed equity securities and the Company uses prices received from independent pricing sources based on quoted prices in active markets. Accordingly, public equity securities are generally classified as Quoted Market Price in Active Markets for the Same Assets (QMP) for valuation purposes under Solvency II. Private equity securities are classified as Alternative Valuation Methods (AVM) for valuation purposes. The Company has an investment in joint venture that is recognised at the equity cost in the IFRS balance sheet while the fair value is applied under Solvency II.

Other loans and mortgages

The value for the inter-company loans provided by the Company and the value of private corporate loans are reported in the Company's IFRS balance sheet is based upon the face value (which is deemed to equal fair value and therefore the same calculation is used for the Solvency II balance sheet). The same valuation is maintained as the applicable economic valuation under Solvency II.

Accordingly, the Company considers other loans and mortgages to be classified as AVM for valuation purposes under Solvency II.

Derivatives

The derivative financial instruments are initially recognised in the Company's IFRS balance sheet at fair value which usually represents their cost. They are subsequently measured at their fair value. The fair values of derivatives traded in active markets are based on closing quoted market prices. The fair values of derivatives not traded on active markets are determined using AVM.

Under IFRS all derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

The valuation method recorded to report derivatives for Solvency II under quarterly reporting template requirements are also on a mark-to-market basis, however the notional value of the derivative assets and liabilities are displayed.

Collective investment undertakings

The collective investment undertakings in money market funds has available prices received from independent pricing sources based on quoted prices in active markets. Accordingly, these are generally classified as QMP for valuation purposes under Solvency II. Where quoted prices in active markets are not available, such as loans funds, equities funds and private equities funds for which the price is based on the manager, these assets are generally classified as AVM.

Cash and cash equivalents

Cash and cash equivalents are carried at face value in the IFRS balance sheet as best representing their fair value. Since the underlying currency of the cash is freely tradable the Company considers them to be classified as QMP for valuation purposes under Solvency II.

Deposits to cedants (Funds held by reinsured Companies - cedants)

The Company generally records deposits to cedants at face value in its IFRS balance sheet.

The Company undertakes a review of its deposits to cedants at each Solvency II reporting period, to assess if a material difference to the amount reported under its IFRS balance sheet could arise under Solvency II valuation principles. In such cases that the cedant deposits potentially contributing to a difference are identified and revalued on a discounted value basis, considering the applicable fixed or guaranteed interest rate applicable to that deposit and the projected run-off of the corresponding reserves. Such cases may arise where a cedant deposit is both material in amount and whose economic value may vary based on the underlying characteristics of the asset. Accordingly, the Company considers cedant deposits to be classified as AVM for valuation purposes under Solvency II.

Property, plant & equipment held for own use

The assets consist only of operating leases assets and plant and equipment for own use is carried at cost less any accumulated depreciation and impairment losses in the Company's IFRS balance sheet. The valuation of property, plant and equipment should be based upon the revaluation approach under Solvency II valuation guidelines. It is considered that the application of the valuation approach for Solvency II would not result in a material difference to the valuation reported in the Company's IFRS balance sheet and thus the same valuation is used. Property, plant and equipment for own use thus classified as AVM for valuation purposes under Solvency II.

Property (other than for own use)

U.K. investment properties are stated at fair value in the Company's IFRS balance sheet. The same valuation is maintained as the applicable economic valuation under Solvency II.

The Company considers investment properties to be classified as AVM for valuation purposes under Solvency II.

Reinsurance recoverables

Reinsurance recoverables (reinsurance share of technical provisions) reflect the estimated amounts which are recoverable under reinsurance contracts. Reinsurance recoverables on the Solvency II Balance Sheet are calculated in a manner consistent with the best estimate liabilities.

The projection of reinsurance recoverables is performed separately to the projection of the Technical Provisions and includes future cash flows relating to each of the claims provision and premium provision, discounted using prescribed EIOPA risk-free yield curves for Solvency II reporting. An ENIDs (Events not in Data) loading is applied, in addition to calculating a counterparty default adjustment for ceded loss reserves in order to take account of the possible shortfall on expected recovery from reinsurers.

As most of the ceded business is predominantly proportional the bases, methodology and assumptions are consistent with those for inwards business.

Reinsurance receivables

Reinsurance receivables are amount due under reinsurance contracts and are valued at their account balance which equates to fair value due to the short-term nature of the balance.

Deferred acquisition costs

Deferred acquisition costs are not recognised in the Solvency II framework and are therefore valued at zero under Solvency II.

Insurance and intermediaries receivable

Insurance and intermediaries receivable are amounts due under retrocession contracts and are valued at their account balance which equates to fair value due to the short term nature of the balances.

Receivables (trade, not insurance)

Receivables (trade, not insurance) are amounts owed by Group companies, business partners, etc., as well as receivables from securities purchased and are generally valued at their account balances. Most balances are current items and are collected in a short timeframe so the face value is deemed equal to fair value.

Deferred tax assets

Deferred tax assets are valued based on the tax impact of the temporary difference between the values ascribed to assets recognised and valued in accordance with Solvency II rules and the values ascribed to assets as recognised and valued for tax purposes. Deferred tax assets are also recognised from the carry forward of unused tax credits and the carry forward of unused tax losses.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised, taking into account any legal or regulatory requirements on the time limits relating to the carry forward of unused tax losses or the carry forward of unused tax credits. Deferred tax assets are not discounted. The difference between the values of the Solvency II balance sheet deferred tax assets and the IFRS values are due to the tax impact of valuation adjustments to other assets on the balance sheet.

D.2. TECHNICAL PROVISIONS

D.2.1. VALUATION OF NON-LIFE TECHNICAL PROVISIONS

Under Solvency II, the Technical Provisions (TPs) are determined as a discounted best estimate liability (BEL) augmented by a risk margin (RM). The BEL includes claims and premium provisions and is defined as the mean of the full range of possible future outcomes on a discounted cash flow basis, taking into account the time value of money, and with all existing contracts being valued, whether they have already incepted or are yet to incept. The RM is a component of the TPs representing the current values of all costs-of-capital that will be determined yearly until the existing liabilities are fully concluded.

A matching adjustment is not applied, nor is a volatility adjustment used in the calculation of the TPs. Cash flows are discounted in line with EIOPA risk-free yield curves, with no adjustment for any transitional arrangements.

In valuing the Company's technical provisions, none of the following have been applied:

- The matching adjustment referred to in Article 77b of Directive 2009/138/EC (the Directive)
- The volatility adjustment referred to in Article 77d of the Directive
- The transitional risk-free interest rate-term structure referred to in Article 308c of the Directive
- The transitional deduction referred to in Article 308d of the Directive.

Non-life technical provisions by line of business

The following table outlines the Solvency II TPs by line of business, as at the end of the current and prior financial years:

2022	Claims Provision	Premium Provision	Recoverables from Retrocession contracts	Risk Margin	Total Technical Provisions net of Recoverables
	€'000	€'000	€'000	€'000	€'000
Proportional motor vehicle liability reinsurance	79,909	595	(47,935)	1,362	33,931
Proportional marine, aviation and transport reinsurance	570,078	(80,618)	(354,235)	11,580	146,805
Proportional fire and other damage to property reinsurance	978,639	(130,580)	(570,457)	20,730	298,332
Proportional general liability reinsurance	706,673	(46,649)	(323,846)	46,691	382,869
Proportional credit and suretyship reinsurance	208,428	(16,938)	(141,884)	14,253	63,859
Non-proportional casualty reinsurance	748,095	4,751	(450,488)	75,245	377,603
Non-proportional marine, aviation and transport reinsurance	123,509	1,885	(89,823)	2,289	37,860
Non-proportional property reinsurance	490,118	(29,495)	(328,915)	23,111	154,819
Other lines of business	70,011	(741)	(40,126)	5,334	34,478
Total	**3,975,460**	**(297,790)**	**(2,347,709)**	**200,595**	**1,530,556**

2021	Claim Provision	Premium Provision	Recoverables from Retrocession contracts	Risk Margin	Total Technical Provisions net of Recoverables
	€'000	€'000	€'000	€'000	€'000
Proportional motor vehicle liability reinsurance	104,674	785	(63,086)	2,485	44,858
Proportional marine, aviation and transport reinsurance	551,845	(44,944)	(350,480)	13,078	169,499
Proportional fire and other damage to property reinsurance	1,016,047	(85,796)	(618,697)	16,750	328,304
Proportional general liability reinsurance	613,493	(32,529)	(304,617)	40,634	316,981
Proportional credit and suretyship reinsurance	231,163	7,706	(164,033)	18,736	93,572
Non-proportional casualty reinsurance	1,013,762	8,689	(612,777)	116,831	526,505
Non-proportional marine, aviation and transport reinsurance	110,844	3,259	(76,740)	2,792	40,155
Non-proportional property reinsurance	524,568	(19,050)	(354,944)	27,183	177,757
Other lines of business	89,625	(103)	(52,365)	7,521	44,678
Total	**4,256,021**	**(161,983)**	**(2,597,739)**	**246,010**	**1,742,309**

Best Estimate Liability

The BEL is determined gross of the amounts recoverable from retrocession contracts, which are held separately on the asset side of the Solvency II balance sheet. The valuations of best estimate provision for claims outstanding and for unearned premium are carried out separately. Projections are performed separately for the inwards and ceded business but the bases, methodology and assumptions are considered consistently.

All data is converted to euro before modelling, but the location in which the business was written and original currency of the contracts is considered for the purpose of granularity and discounting. In calculating the BEL, risks are grouped homogeneously and considered by region at Solvency II line of business, as defined under Solvency II. The calculation accounts for the lifetime of existing obligations within contract boundaries. There is no deviation in methodology between lines of business.

The BEL captures the best estimation of future cash flows relating to existing obligations for each of the claims provision and premium provision independently. Premium, losses, expenses and costs are considered separately and all cash flows are discounted using prescribed EIOPA risk-free yield curves for Solvency II reporting.

In accordance with Solvency II technical specifications, the future administrative expenses, investment management expenses and claims management expenses expected to be incurred in the future related to business bound as of the valuation date have been included. The expenses were estimated based on an analysis of the planned 2023 expenses. The expenses estimated which relate to existing business, including business incepted post-technical cutoff date, and bound but not incepted (BBNI) business were calculated in total and allocated across lines of business and between the claims and premium provision in line with expected future payments.

The existing data sets used to estimate the BEL will not be complete as they only contain events which have already been experienced in the time frame covered by the data. An events not in data (ENID) loading is applied, which represents the gap between the existing data set and a complete data set.

Recoverables from retrocession contracts

The projection of retrocession recoverables is performed separately to the projection of the inwards business. As most of the ceded business is predominantly proportional, the bases, methodology and assumptions are consistent with those for inwards business.

An additional adjustment is made by calculating a counterparty default adjustment for ceded loss reserves in order to take account of the possible shortfall on expected recovery from reinsurers.

Material Changes to Assumptions during 2022

There have been no material changes to assumptions underlying the BEL calculation during 2022.

Risk Margin

The RM is calculated by determining the cost of providing an amount of Eligible Own Funds equal to the Solvency Capital Requirement (SCR) necessary to support the reinsurance obligations over the lifetime thereof. The rate used in the determination of the cost of providing that amount of Eligible Own Funds is called cost-of-capital rate and equals 6%.

The RM is first calculated for the whole business, allowing for diversification between lines of business. In a second step, the RM is allocated to lines of business. The allocation reflects the contributions of the lines of business to the SCR of the reference undertaking over the lifetime of the obligations.

The RM is considered on a standalone basis such that the contribution of a line of business is calculated under the assumption that the other business does not exist.

Level of uncertainty

The IFRS reserves calculated by the Company are estimations, based on various sources of information and the use of actuarial techniques as described above. Additional assumptions guide the adjustments to calculate the Solvency II BEL out of IFRS reserves, such as priced profitability of unearned premium. The ultimate outcome of these estimations may materially differ from what is selected for the Solvency II BEL. The deviations compared to current BEL can relate, amongst others, to:

- The level of future inflation compared to current expectations;

- The evolution in case law for future claims following a change in court awards;
- The current assumptions about market environment and pricing conditions happen to be wrong; and
- Future claim activity differs from what was anticipated, due to the nature of the business covered.

Comparison with IFRS reporting

The main differences between the IFRS and Solvency II valuation bases are summarised as follows:

- IFRS reserves includes an explicit margin for uncertainty which are not included in the Solvency II TPs. Conversely, Solvency II TPs include the risk margin which is not included in the IFRS reserves.
- IFRS reserves are calculated on an undiscounted basis, whereas the cash flows used to determine the Solvency II TPs are discounted using risk-free rates provided by EIOPA.
- IFRS reserves considers actual historical experience to date. Under Solvency II, the Company needs to allow for possibilities beyond this to consider the full range of possible future outcomes, including experience which may not be captured within the historical data.
- IFRS UPR is replaced with a best estimate of the premium provision which takes into account the expected cost of claims and expenses relating to the unearned period as well as expected future premium payable (net of acquisition cost and commissions); this is likely to produce a Solvency II premium provision lower than the IFRS unearned premium. The premium provision also considers BBNI contracts, which is not required in the IFRS calculation.

The following table shows the difference between the Gross IFRS reserves in the IFRS financial statements and the technical provisions under Solvency II:

2022	Best Estimate Liability	Risk Margin	Solvency II Technical Provision	Gross IFRS Technical Reserve	Difference
	€'000	€'000	€'000	€'000	€'000
Proportional motor vehicle liability reinsurance	80,504	1,362	81,866	97,162	(15,296)
Proportional marine, aviation and transport reinsurance	489,460	11,580	501,040	1,049,902	(548,862)
Proportional fire and other damage to property reinsurance	848,059	20,730	868,789	1,515,931	(647,142)
Proportional general liability reinsurance	660,025	46,691	706,716	1,297,832	(591,116)
Proportional credit and suretyship reinsurance	191,490	14,253	205,743	523,476	(317,733)
Non-proportional casualty reinsurance*	752,846	75,245	828,091	1,098,125	(270,034)
Non-proportional marine, aviation and transport reinsurance	125,394	2,289	127,683	160,203	(32,520)
Non-proportional property reinsurance	460,623	23,111	483,734	603,680	(119,946)
Other lines of business	69,270	5,334	74,604	94,876	(20,272)
Total	**3,677,671**	**200,595**	**3,878,266**	**6,441,187**	**(2,562,921)**

2021 Line of Business	Best Estimate Liability €'000	Risk Margin €'000	Solvency II Technical Provision €'000	Gross IFRS Technical Reserve €'000	Difference €'000
Proportional motor vehicle liability reinsurance	105,459	2,485	107,944	118,436	(10,492)
Proportional marine, aviation and transport reinsurance	506,902	13,078	519,980	872,071	(352,091)
Proportional fire and other damage to property reinsurance	930,250	16,750	947,000	1,487,005	(540,005)
Proportional general liability reinsurance	580,964	40,634	621,598	941,449	(319,851)
Proportional credit and suretyship reinsurance	238,869	18,736	257,605	486,569	(228,964)
Non-proportional casualty reinsurance*	1,022,452	116,831	1,139,283	1,164,317	(25,034)
Non-proportional marine, aviation and transport reinsurance	114,103	2,792	116,895	132,079	(15,184)
Non-proportional property reinsurance	505,518	27,183	532,701	605,433	(72,732)
Other lines of business	89,521	7,521	97,042	112,719	(15,677)
Total	**4,094,038**	**246,010**	**4,340,048**	**5,920,078**	**(1,580,030)**

** Included within Non-proportional casualty reinsurance line of business is an adjustment to remove the non-life claims settled as annuities.*

Simplifications used in the calculation of the technical provisions

The following simplifications have been used in the calculation of TPs:

- Reserves have been split using only seven major currencies (USD, EUR, GBP, AUD, CAD, CHF and JPY) to discount future cash flows;
- A percentage approach has been adopted to quantify retrocession recoverables also for non-proportional treaties;
- The Company's BEL includes a provision for ENIDs which is assumed to have the same cash-flow profile of other claims for discounting purposes; and
- Future SCRs used to calculate the risk margin are projected using a run-off pattern approach which is applied to the SCR at time 0.

D.2.2. VALUATION OF LIFE TECHNICAL PROVISIONS

Under Solvency II, the TPs are determined as a discounted BEL augmented by a risk margin. The life and health similar to life techniques (SLT) BEL are calculated as the net present value of future cash flows projected using best estimate assumptions. The risk margin is a component of the TPs representing the cost-of-capital that would be incurred by an otherwise risk free company that takes over the liabilities of the Company.

Risk-free interest rates used are those provided by EIOPA. Unadjusted risk free rates are used with no matching adjustment, volatility adjustment or transitional measures. There is no use of management actions in assumptions supporting TPs.

Best estimate by line of business

The following table outlines the Solvency II TPs for life business, Health SLT and non-life annuities as at 31 December 2022 and 2021:

	2022				2021			
	Protection	Longevity	Non-Life Annuities	Total	Protection	Longevity	Non-Life Annuities	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Gross best estimate liability	716,065	(373,401)	38,795	381,459	992,882	(513,850)	62,599	541,631
Reinsurance recoverable	(503,559)	240,896	(23,218)	(285,881)	(611,994)	308,022	(37,551)	(341,523)
Net best estimate liability	**212,506**	**(132,505)**	**15,577**	95,578	**380,888**	**(205,828)**	**25,048**	200,108
Risk margin	—	—	—	167,411	—	—	—	257,119
Net technical provisions				**262,989**				**457,227**

Best estimate liability

The BEL are calculated as the net present value of future cash flows projected using best estimate assumptions. The BEL is determined on an assumed and ceded basis separately. The cash flows considered for the BEL cover all liability cash flows related to premiums, benefits, expenses associated with the management of reinsurance contracts including investment management expenses. Liability cash flows also allow for the time value of options and guarantees where relevant. Cash flows are calculated and reported in the relevant currency. The ceded BEL include an adjustment for the counterparty default risk of the retrocessionaires. In general, the term of the projection usually corresponds to the projected run-off of the block of business until natural expiry of the policies subject to contract boundary considerations.

There are two applicable approaches depending on the granularity in the underlying data:

- For segments with policy data information, cash flows are projected using actuarial valuation models applied to recent data of individual policyholders reinsured under the reinsurance contracts. Options and guarantees and the use of an Economic Scenario Generator (ESG) are only relevant in the calculation of the TPs for a few reinsurance contracts. The market data and calibration of the model is performed by an external vendor and the simulation and validation of the economic scenarios are performed in-house.
- The segments without policy data information includes both ST and LT. For ST business, the approach is similar to the approach used for non-life reserves starting with an IFRS best estimate view with explicit adjustments to convert to Solvency II BEL. For LT business, the modelling is approached with a simplified treaty level approach.

Risk margin

The risk margin is based on a transfer scenario of existing reinsurance obligations. It is calculated by determining the cost of providing an amount of Eligible Own Funds equal to the SCR necessary to support the reinsurance obligations over the lifetime thereof. The rate used in the determination of the cost of providing that amount of Eligible Own Funds is called cost-of-capital rate and equals 6%. In other words, the risk margin is equal to the current values of all costs-of-capital that will be determined yearly until the current portfolio is fully extinct. The risk margin is allocated to Solvency II line of business. There have been no changes to the approach to calculate the risk margin during 2022.

Relevant assumption and model changes

Non-economic assumption and model changes

The key assumptions for Protection are biometric incidence rates including future trends and policyholder behavioral assumptions (such as lapse rates). The key assumptions for Longevity are base mortality and mortality improvement. Expenses assumptions are calibrated on the 2023 Financial Plan. Projected expenses include an allowance for future inflation.

Overall, the impact of non-economic assumption and model updates during 2022 was slightly unfavourable, increasing the net BEL by €10m. This largely relates to an unfavourable expenses assumption update of €18m offset by some favourable developments on short term business.

Economic assumptions

Overall, the impact of economic movements during 2022 was favourable, decreasing the net BEL by €37m. This impact was largely driven by the significant rise in yields observed globally. The drop in equity markets and increase in volatilities adversely impacted the reinsurance contracts with investment guarantees.

Level of uncertainty

The Company is exposed to the risk that the TPs are insufficient to cover the liabilities and cost of capital in the future.

The Company is exposed to mortality trend accumulation risk which could be either an increase in the trend of mortality improvements (i.e., people living longer than expected or longevity risk) or a decrease in the trend of mortality improvements (i.e., people living shorter than expected or mortality risk). Longevity risk is defined as the potential for increased actual and future expected annuity payments resulting from annuitants living longer than expected or resulting from the expectation that annuitants will live longer in the future. On the Protection side, Mortality risk is the risk of loss arising from higher than anticipated death rates under the insured portfolios.

The mortality trend risk is systemic by nature as any change in trend is likely to impact the overall book at the same time. Though, business exposed to longevity risk provides a partial hedge for business exposed to mortality risk, and vice versa. In aggregate, the Company has higher exposure to longevity risk than to mortality risk. A key assumption underlying TPs is in respect of future mortality improvement. Future mortality improvements are by their nature uncertain and so are a material area of expert judgement.

The Company considers mortality exposure to have material accumulation potential to common risk drivers, in particular to pandemic events, which may result in significant losses to the Company. The Company defines mortality shock risk as a significant increase in mortality over an annual period associated for example with a rapidly spreading virus (either within a highly populated geographic area or on a global basis) with a high mortality rate.

The Company has exposure to behavioural risks such as lapse. Some segments are exposed to a decrease in lapse when others like Financing are exposed to an increase in lapse. Another behavioural risk is related to the option to switch from non-risky investments to riskier investments as part of the GMDB product.

The Company is directly exposed to market risk through its GMDB book. The market risk exposure has been increasing due to the growth of the two treaties open to new business. The exposure to market risks is higher because the guarantees are “at-the-money” and there is also a riskier underlying asset mix.

For ST business with long development tail, claims reserves are exposed to a risk of unfavourable development arising from a change in incidence for unknown claims at valuation date and/or a change in termination rates for known claims at valuation date. In particular, reserves for disability/morbidity risks are exposed to change in local regulation, economic downturn or change in claims acceptance practice that can impact both incidence and recovery rates.

The main exposure to inflation for the Life business is on future expense payments which is mainly salary costs. There is also some exposure on the benefits payable although this is typically less material.

Simplifications used in the calculation of technical provisions

The Company applies a number of simplifications in the calculation of TPs with the most material items being:

- Data - policy level data for certain long-term contracts are not available from cedants. For those contracts’ inferences are performed on a treaty level based on expert judgment and historic accounts. Efforts continue to focus on transitioning business to full seriatim modelling as and when seriatim data becomes available.
- Modelling of long-term mortality business without policy level data - The methodology of projecting future cash flows is performed at a treaty level using treaty level assumptions. The period of projection is an area of expert judgment that is required due to a lack of information.
- The calculation of the risk margin requires either a recalculation of the SCR components at each future time period or an approximation of same. For the Company, the latter approach is adopted, whereby the SCR for the individual risk modules is assumed to run-off in line with a risk driver. This simplification has been validated through testing alternative plausible approaches with the overall impact deemed to be immaterial.

Management are comfortable that the simplifications outlined above are proportionate to the scale of the reserves impact, are prudent and do not materially impact the value of TPs.

Reinsurance recoverables

The Company uses both external and internal retrocession. The main counterparty for the Company in respect of Life and Health SLT is PRCL. The external retrocession arrangements in place are not material.

The reinsurance recoverables from these retrocession contracts are calculated on the same basis as the gross BEL with adjustment for the expected losses due to the probability of default of the retrocessionaire.

Comparison with IFRS reporting

The following table compares the net BEL, calculated on a Solvency II basis, to the net IFRS liability used in the Company's financial statements as at 31 December 2022 and 2021:

	2022					2021				
Net of retrocession	**Protection**	**Longevity**	**Non-life Annuities**	**Risk Margin**	**Total**	**Protection**	**Longevity**	**Non-life Annuities**	**Risk Margin**	**Total**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
IFRS reserves	637,426	86,166	33,211	—	756,803	622,561	98,407	32,986		753,954
Payables / receivables	(105,293)	(44,729)	—	—	(150,022)	(97,709)	(40,819)	—	—	(138,528)
UPR	267	—	—	—	267	486	—	—	—	486
Deferred acquisition costs/ Deposit accounting assets	(101,887)	—	—	—	(101,887)	(65,308)	—	—	—	(65,308)
Net IFRS liability	**430,512**	**41,438**	**33,211**	**—**	**505,161**	**460,031**	**57,588**	**32,986**	**—**	**550,604**
Net BEL	**212,506**	**(132,505)**	**15,577**	**167,411**	**262,989**	**380,888**	**(205,828)**	**25,048**	**257,119**	**457,228**
Difference	**(218,006)**	**(173,943)**	**(17,634)**	**167,411**	**(242,172)**	**(79,142)**	**(263,416)**	**(7,938)**	**257,119**	**(93,376)**

The Company calculates its IFRS reserves in accordance with US GAAP, as allowed by IFRS 4 (through grandfathering its previous accounting basis for reinsurance contracts). There are major differences between US GAAP and Solvency II in terms of methodologies and assumptions. The main sources of differences are listed below.

- The first one relates to profit emergence for long duration contracts. In US GAAP, profit emergence is regular over the lifetime of the portfolio. Margins in reserve are gradually released through the Net Premium Valuation methodology used to calculate US GAAP reserve. On the contrary, Solvency II Best Estimate Reserves (Gross Premium valuation methodology) trigger an upfront profit recognition. This is the source of the difference for treaties with positive future cash flow like Longevity contracts or FinSol business.
- Additionally, US GAAP reserving methodology for long duration contracts requires a Provision for Adverse Deviation (PAD) to be added to the assumptions which are locked-in at the inception of the contract. This approach is again different to the Solvency II reserving methodology which does not add a PAD and uses current assumptions.
- Finally, US GAAP reserving methodology for GMDB tend to be less sensitive to economic movements than the market consistent approach used in Solvency II.

D.3. VALUATION OF OTHER LIABILITIES

This section outlines the valuation basis and comparison for other liabilities, excluding TPs, as at the end of the current and prior financial years. For reconciliation purposes, the categories listed below for the IFRS balance sheet have been aligned to those of the Solvency II balance sheet.

	2022			2021		
	Solvency II Valuation	IFRS Valuation	Variance	Solvency II Valuation	IFRS Valuation	Variance
	€'000	€'000	€'000	€'000	€'000	€'000
Other liabilities						
Deposits from reinsurers	690,578	690,578	—	818,254	818,254	—
Payables (trade, not insurance)	97,370	97,370	—	153,235	153,235	—
Reinsurance payables	130,367	130,367	—	169,961	169,961	—
Insurance and intermediaries payables	85,528	85,528	—	43,958	43,958	—
Deferred tax liabilities	57,337	47,337	10,000	53,144	90,491	(37,347)
Pension benefit obligations	407	407	—	433	433	—
Other liabilities	50,727	50,727	—	55,483	55,483	—
Derivative liability	3,175,241	3,175,241	—	2,753,803	2,753,803	—
Total other liabilities	**4,287,555**	**4,277,555**	**10,000**	**4,048,271**	**4,085,618**	**(37,347)**

Deposits from reinsurers

Deposits from reinsurers are amounts deposited under retrocession contracts, which are used to settle claims. They are measured at their account balances which is deemed to equate to fair value as these balances are considered current.

Payables (trade, not insurance)

Payables (trade, not insurance) are amounts due to Group companies, business partners, etc., as well as payables from securities purchased and are generally valued at their account balances. Most balances are current items and are collected in a short timeframe so the face value is deemed to equal fair value.

Reinsurance payables

Reinsurance payables are amounts due under retrocession contracts and are valued at their account balance which equates to fair value due to the short term nature of the balances.

Insurance and intermediaries payables

Insurance and intermediaries payables are amounts due under assumed reinsurance contracts and are valued at their account balance which equates to fair value due to the short term nature of the balances.

Deferred tax liabilities

Deferred tax liabilities are valued based on the tax impact of the temporary difference between the values ascribed to liabilities recognised and valued in accordance with Solvency II rules and the values ascribed to liabilities as recognised and valued for tax purposes.

Deferred tax liabilities are not discounted. The difference between the values of the Solvency II balance sheet deferred tax liabilities and the IFRS values are due to the tax impact of valuation adjustments to other liabilities on the balance sheet.

D.4. ALTERNATIVE METHODS FOR VALUATION

In certain circumstances for some assets and liabilities an alternative method of valuation is used to determine the value. These methods are applied where the valuation is not possible to determine using the default method i.e. QMP or QMPS. All valuation methods applied have been explained within the relevant sections in D.1. Assets and D.3. Other liabilities.

D.5. ANY OTHER INFORMATION

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

E. CAPITAL MANAGEMENT

E.1. OWN FUNDS

Nature of capital

The capital (Solvency II Own Funds) of the Company consists of ordinary shares, capital contributions from the Group, retained earnings and reserves.

The ordinary shares issued to PartnerRe Holdings Europe Limited fulfil the criteria in that they:

- Are issued directly by the Company with the prior approval of its shareholders; and
- Entitle the owner to claim on the residual assets of the Company in the event of a winding up.

The various capital contributions from other Group companies are irrevocable transfers from the Group to the Company and as such do not impose any obligations on the Company. Therefore, all of the capital of the Company is classified as Tier 1 Basic Own Funds in the context of Solvency II except for net deferred tax assets which are classified as Tier 3 capital, which cannot be used to cover the Minimum Capital Ratio (MCR). There are currently no ancillary Own Fund items. There are no restricted Tier 1 or Tier 2 items included in Solvency II Own Funds. The Company has not applied the transitional arrangements referred to in Articles 308b(9) and 308b(10) of the Directive.

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

The following table shows a breakdown of the total Solvency II Own Funds as at the end of the current and prior financial years:

2022	Tier 1 - unrestricted funds €'000	Tier 3 €'000	Total €'000
Ordinary share capital	245,092	—	245,092
Reconciliation reserve	1,323,171	—	1,323,171
Net deferred tax liabilities	—	—	—
Other Own Funds approved by the supervisory authority	941,788	—	941,788
Total Solvency II Own Funds	**2,510,051**	**—**	**2,510,051**

2021	Tier 1 - unrestricted funds €'000	Tier 3 €'000	Total €'000
Ordinary share capital	245,092	—	245,092
Reconciliation reserve	1,236,281	—	1,236,281
Net deferred tax assets	—	—	—
Other Own Funds approved by the supervisory authority	941,788	—	941,788
Total Solvency II Own Funds	**2,423,161**	**—**	**2,423,161**

The reconciliation reserve is made up of IFRS retained earnings, IFRS currency translation reserve and the valuation differences between IFRS and Solvency II. The reconciliation reserve changed during the year as a result of the loss during the year, the movement in the currency translation reserve and the change in Solvency II valuation differences.

The other own funds approved by the supervisory authority are equal to the additional paid-in capital of the Company.

The Company did not make any dividend payments to its shareholder in 2022 or 2021.

Capital management

The Company's objectives when managing capital are:

- To safeguard the Company's ability to continue as a strong going concern so that it can continue to provide returns for its stakeholders and pay losses;
- To ensure that the Company is a well capitalised risk reinsurer for its cedants; and
- To comply with the reinsurance capital requirements required by the CBI.

The capital position of the Company is monitored on a quarterly basis jointly by the Chief Financial Officer and the Chief Risk Officer and is reported to the Risk and Audit Committees as well as the Board on a quarterly basis.

Any dividend payments must be approved by the Board and will take account of the short-term and long-term interests of shareholders as well as maintaining a balance between the interests of shareholders and other key stakeholders, namely cedants and regulators.

In particular, no distribution of dividends will compromise the ability of the Company to meet its current or future commitments to cedants. In the context of Solvency II, no distribution of dividends shall lead to the Company failing to comply with the Solvency Capital Requirement (SCR) (or such higher capital requirement as the Board may determine, from time to time).

Going Concern

The SFCR has been prepared on the going concern basis. The Directors have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from the date on which the SFCR is approved. The Directors' basis for this assessment includes the Company's capital position, the Company's liquidity, the level of reinsurance in place and the credit quality of the Company's counterparts.

Reconciliation of Solvency II own funds to IFRS net equity

The following table compares shareholders' equity from the Company's IFRS financial statements to the Solvency II Own Funds as at the end of the current and prior financial years:

	2022 €'000	2021 €'000
IFRS Shareholders' Equity	**2,385,520**	**2,625,899**
Goodwill	(229,509)	(215,763)
Revaluation of investments	9,912	40,903
Revaluation of non-life reserves	148,532	(159,413)
Revaluation of life reserves	213,944	67,612
Revaluation of other assets and liabilities	(18,348)	63,923
Solvency II Own Funds	**2,510,051**	**2,423,161**
Change in equity	**124,531**	**(202,738)**

- Goodwill of €230m (2021: €216m) is valued at zero under Solvency II rules so reduces shareholders' equity compared to IFRS. The movement of €14m is due to foreign exchange rate movements.
- The Company values the majority of its investments at fair value in its IFRS financial statements so the IFRS value is the same at the Solvency II value. Differences arise in the valuation of deposit to cedants. See section D.1. for further details of the valuation basis of investments.
- See section D.2.1. of this report for a detailed explanation of the differences in valuation of non-life technical provisions (TPs).
- See section D.2.2. of this report for a detailed explanation of the differences in valuation of life TPs.
- The difference between other assets and liabilities primarily arises from the difference in deferred tax balances due to the tax impact of the other valuation adjustments. See section D.1. and D.3. for further details of the valuation basis for other assets and liabilities, respectively.
- A detailed line-by-line Solvency II balance sheet is provided in the Quantitative Reporting Template (QRT) number S.02.01.02 in the annex to this report.

E.2. SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

The amount of the Company's SCR and MCR at the end of the current and prior financial years are set out below.

The table below shows the components of the SCR (using the Standard Formula) as at the end of the current and prior financial years:

	2022 €'000	2021 €'000
Market risk	457,354	779,635
Counterparty default risk	235,797	278,581
Life underwriting risks	364,096	470,270
Health underwriting risk	95,635	72,360
Non-life underwriting risk	926,399	801,602
Sum of risk components	**2,079,281**	**2,402,448**
Diversification effects	(691,602)	(820,391)
BSCR	**1,387,679**	**1,582,057**
Adjustment for the loss absorbing effect of deferred taxes	(55,519)	(53,123)
SCR operational risk	112,190	125,258
SCR	**1,444,350**	**1,654,192**
Solvency II Own Funds	**2,510,051**	**2,423,161**
Ratio of eligible Own Funds to SCR	174 %	146 %

The Company uses the Solvency II Standard Formula. It does not use an internal model to calculate the SCR.

The Company has a ratio of eligible own funds to SCR of 174% (2021:146%), which represents an excess of own funds over SCR of €1,066m (2021: €769m), an increase in the ratio coverage when compared to 2021 of 28%. The increase in the SII ratio is driven by the decrease in the SCR.

One key contribution to the increase in Own Funds was the increase in the yield curves during 2022 which impacted assets lees than liabilities and had an overall positive impact.

The SCR has decreased by €210m for the year and this is mainly due to the following;

- A decrease in the market risk charge mainly driven by the declining equity markets and the enhanced hedging of GBP and CHF exposures.
- A decrease in counterparty default risk charge following the internal review and change in the treatment of the reinsurance recoverables and cedant deposits from Type 2 to Type 1 exposures.
- A decrease in the life underwriting risk charge mainly due to higher yield curves.
- An increase in the health underwriting risk charge, partly due to the novation of direct and tele marketing Life business from Zurich branch to Honk Kong branch, resulting in higher retention of this business in the company.
- An increase in the non-life underwriting charge due to higher business volumes which were partially offset by lower reserves.

The SCR calculation is based on the aggregation of the different sub-modules of the SCR that have been calculated by the various departments responsible.

Risk-mitigation techniques (such as retrocession) are taken into account by the departments responsible for the calculation of the different sub-modules. The SCR of the different sub-modules are net of risk-mitigation techniques and the impact of these techniques from a SCR point of view is dealt with in the Counterparty risk module.

The Company applies two simplifications within the counterparty risk module set out in the Delegated Regualtion (articles 107 and 112); these simplifications have no material impact on the SCR.

The Company has not used any undertaking-specific parameters in calculating the SCR.

The table below outlines the components of the MCR as at the end of the current and prior financial years::

	2022 €'000	2021 €'000
Linear MCR	370,083	382,707
SCR	1,444,349	1,654,192
MCR cap	649,957	744,386
MCR floor	361,087	413,548
Combined MCR	370,083	413,548
Absolute floor of the MCR	3,900	3,600
MCR	**370,083**	**413,548**

The MCR is calculated by applying the factors specified in the regulation to underlying drivers: premiums and best estimate liabilities by lines of business for non-life business, best estimate liabilities and sums at risk for life business.The increase in the MCR is therefore driven by the increase in the SCR described above.

The Company was fully compliant with the MCR requirements throughout the reporting period.

See QRT template S.28.01.01 in the annex to this report for a further breakdown of the MCR calculation.

E.3. USE OF THE DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

The Company has chosen not to use the duration-based equity risk submodule.

E.4. DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

For the calculation of the regulatory capital requirement, the Company uses the standard formula and does not use an internal model.

E.5. NON-COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT AND NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT

There was no breach of the SCR or MCR over the reporting period.

E.6. ANY OTHER INFORMATION

There is no other material information regarding capital management.

Annex 1
SE.02.01.01
Balance sheet
31 December 2022
€'000

		Solvency II value
Assets		**C0010**
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	—
Deferred tax assets	**R0040**	23,909
Pension benefit surplus	**R0050**	—
Property, plant & equipment held for own use	**R0060**	60,440
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	7,219,041
Property (other than for own use)	**R0080**	54,471
Holdings in related undertakings, including participations	**R0090**	87,757
Equities	**R0100**	28,337
Equities - listed	**R0110**	26,520
Equities - unlisted	**R0120**	1,817
Bonds	**R0130**	3,593,051
Government Bonds	**R0140**	846,798
Corporate Bonds	**R0150**	2,381,280
Structured notes	**R0160**	—
Collateralised securities	**R0170**	364,974
Collective Investments Undertakings	**R0180**	271,123
Derivatives	**R0190**	3,184,302
Deposits other than cash equivalents	**R0200**	—
Other investments	**R0210**	—
Assets held for index-linked and unit-linked contracts	**R0220**	—
Loans and mortgages	**R0230**	427,075
Loans on policies	**R0240**	—
Loans and mortgages to individuals	**R0250**	—
Other loans and mortgages	**R0260**	427,075
Reinsurance recoverables from:	**R0270**	2,633,591
Non-life and health similar to non-life	**R0280**	2,347,710
Non-life excluding health	**R0290**	2,320,854
Health similar to non-life	**R0300**	26,856
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	285,881
Health similar to life	**R0320**	83,495
Life excluding health and index-linked and unit-linked	**R0330**	202,387
Life index-linked and unit-linked	**R0340**	—
Deposits to cedants	**R0350**	387,550
Insurance and intermediaries receivables	**R0360**	126,225
Reinsurance receivables	**R0370**	104,233
Receivables (trade, not insurance)	**R0380**	79,949
Own shares	**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**	122,798
Any other assets, not elsewhere shown	**R0420**	40,167
Total assets	**R0500**	11,224,979

		Solvency II value
Liabilities		**C0010**
Technical provisions - non-life	**R0510**	3,878,266
Technical provisions - non-life (excluding health)	**R0520**	3,823,002
TP calculated as a whole	**R0530**	—
Best Estimate	**R0540**	3,627,519
Risk margin	**R0550**	195,483
Technical provisions - health (similar to non-life)	**R0560**	55,264
TP calculated as a whole	**R0570**	—
Best Estimate	**R0580**	50,152
Risk margin	**R0590**	5,113
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	548,871
Technical provisions - health (similar to life)	**R0610**	74,859
TP calculated as a whole	**R0620**	—
Best Estimate	**R0630**	47,285
Risk margin	**R0640**	27,574
Technical provisions - life (excluding health and index-linked and unit-linked)	**R0650**	474,011
TP calculated as a whole	**R0660**	—
Best Estimate	**R0670**	334,174
Risk margin	**R0680**	139,837
Technical provisions - index-linked and unit-linked	**R0690**	—
TP calculated as a whole	**R0700**	—
Best Estimate	**R0710**	—
Risk margin	**R0720**	—
Other technical provisions	**R0730**	
Contingent liabilities	**R0740**	236
Provisions other than technical provisions	**R0750**	—
Pension benefit obligations	**R0760**	407
Deposits from reinsurers	**R0770**	690,578
Deferred tax liabilities	**R0780**	57,337
Derivatives	**R0790**	3,175,241
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**	85,528
Reinsurance payables	**R0830**	130,367
Payables (trade, not insurance)	**R0840**	97,370
Subordinated liabilities	**R0850**	—
Subordinated liabilities not in basic own funds	**R0860**	—
Subordinated liabilities in basic own funds	**R0870**	—
Any other liabilities, not elsewhere shown	**R0880**	50,727
Total liabilities	**R0900**	8,714,927
Excess of assets over liabilities	**R1000**	2,510,051

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

31 December 2022

€'000

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																		
Gross - Direct Business	R0110						—	—	—	—	—	—	—					—
Gross - Proportional reinsurance accepted	R0120	—	5,570	11,908	11,662	3,801	504,958	737,155	643,732	235,824	—	—	—					2,154,610
Gross - Non-proportional reinsurance accepted	R0130													3,265	85,654	45,847	248,608	383,374
Reinsurers' share	R0140	—	3,134	6,672	8,083	2,635	374,468	524,270	360,693	174,128	—	—	—	1,830	49,538	33,099	167,491	1,706,040
Net	R0200	—	2,437	5,236	3,578	1,166	130,490	212,886	283,040	61,695	—	—	—	1,436	36,116	12,748	81,117	831,944
Premiums earned																		
Gross - Direct Business	R0210						—	—	—	—	—	—	—					—
Gross - Proportional reinsurance accepted	R0220	—	5,595	10,000	16,165	4,985	494,497	750,581	571,786	186,645	—	—	—					2,040,253
Gross - Non-proportional reinsurance accepted	R0230													3,212	77,584	46,885	254,061	381,742
Reinsurers' share	R0240	—	3,142	5,593	11,393	3,514	367,590	532,050	319,791	137,432	—	—	—	1,797	45,155	33,997	171,213	1,632,666
Net	R0300	—	2,453	4,407	4,772	1,472	126,907	218,531	251,995	49,213	—	—	—	1,416	32,428	12,888	82,848	789,329
Claims incurred																		
Gross - Direct Business	R0310						—	—	—	—	—	—	—					—
Gross - Proportional reinsurance accepted	R0320	—	1,375	2,310	8,816	2,294	353,332	432,326	341,295	23,926	—	—	—					1,165,674
Gross - Non-proportional reinsurance accepted	R0330													(35)	(2,705)	48,531	198,739	244,530
Reinsurers' share	R0340	—	712	1,314	(916)	(16)	274,518	309,699	195,518	20,474	—	—	—	(25)	9,050	37,511	144,787	992,626
Net	R0400	—	663	996	9,732	2,310	78,814	122,626	145,777	3,452	—	—	—	(10)	(11,754)	11,020	53,952	417,578
Changes in other technical provisions																		
Gross - Direct Business	R0410						—	—	—	—	—	—	—					—
Gross - Proportional reinsurance accepted	R0420	—	—	—	—	—	—	—	—	—	—	—	—					—
Gross - Non-proportional reinsurance accepted	R0430													—	—	—	—	—
Reinsurers' share	R0440	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Net	R0500	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Expenses incurred	R0550	—	1,423	2,769	3,067	1,642	33,209	70,095	103,115	21,080	—	—	—	333	7,719	2,991	20,489	267,933
Other expenses	R1200																	
Total expenses	R1300																	267,933

Annex I
S.05.01.02
Premiums, claims and expenses by line of business
31 December 2022
€'000

		Line of Business for: life obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410							74,171	898,230	972,400
Reinsurers' share	R1420							40,187	568,786	608,973
Net	R1500							33,984	329,443	363,427
Premiums earned										
Gross	R1510							74,378	898,734	973,111
Reinsurers' share	R1520							40,338	569,084	609,423
Net	R1600							34,039	329,649	363,689
Claims incurred										
Gross	R1610							14,928	772,054	786,982
Reinsurers' share	R1620							7,334	454,559	461,894
Net	R1700							7,593	317,495	325,088
Changes in other technical provisions										
Gross	R1710							0	0	0
Reinsurers' share	R1720							0	0	0
Net	R1800							0	0	0
Expenses incurred	R1900							10,570	35,463	46,033
Other expenses	R2500									
Total expenses	R2600									46,033
Total amount of surrenders	R2700									

Annex I
S.05.02.01
Premiums, claims and expenses by country
31 December 2022
€'000

		Home Country	Total Top 5 and home country	Top 5 countries (by amount of gross premiums written) - life obligations				
	R1400			(GB) United Kingdom	(FR) France	(AU) Australia	(BM) Bermuda	(IL) Israel
		C0220	C0280	C0230	C0230	C0230	C0230	C0230
Premiums written								
Gross	R1410	76,371	907,114	586,391	105,978	65,911	52,147	20,316
Reinsurers' share	R1420	41,647	572,914	386,587	61,467	35,378	36,089	11,745
Net	R1500	34,724	334,200	199,804	44,510	30,533	16,059	8,571
Premiums earned								
Gross	R1510	76,566	907,313	586,370	106,044	65,911	52,147	20,275
Reinsurers' share	R1520	41,767	573,063	386,598	61,489	35,397	36,089	11,723
Net	R1600	34,799	334,250	199,772	44,554	30,514	16,059	8,552
Claims incurred								
Gross	R1610	72,331	753,292	519,959	34,169	61,824	49,482	15,527
Reinsurers' share	R1620	41,407	443,892	305,368	18,123	35,174	34,694	9,126
Net	R1700	30,924	309,400	214,591	16,046	26,650	14,788	6,401
Changes in other technical provisions								
Gross	R1710	—	—	—	—	—	—	—
Reinsurers' share	R1720	—	—	—	—	—	—	—
Net	R1800	—	—	—	—	—	—	—
Expenses incurred	R1900	11,213	38,257	9,578	8,929	4,689	2,469	1,379
Other expenses	R2500							
Total expenses	R2600		38,257					

Annex I

S.05.02.01

Premiums, claims and expenses by country

31 December 2022

€'000

		Home Country	Total Top 5 and home country	Top 5 countries (by amount of gross premiums written) - non-life obligations				
	R0010			(US) United States	(GB) United Kingdom	(DE) Germany	(CH) Switzerland	(FR) France
		C0080	C0140	C0090	C0090	C0090	C0090	C0090
Premiums written								
Gross - Direct Business	R0110	—	—	—	—	—	—	—
Gross - Proportional reinsurance accepted	R0120	9,774	1,587,769	703,536	464,767	230,231	114,715	64,745
Gross - Non-proportional reinsurance accepted	R0130	2,811	250,694	62,680	90,786	29,523	24,074	40,819
Reinsurers' share	R0140	8,262	1,220,750	503,565	385,586	159,112	91,756	72,469
Net	R0200	4,324	617,713	262,651	169,967	100,642	47,033	33,095
Premiums earned								
Gross - Direct Business	R0210	—	—	—	—	—	—	—
Gross - Proportional reinsurance accepted	R0220	13,066	1,491,282	643,005	437,675	244,763	88,880	63,893
Gross - Non-proportional reinsurance accepted	R0230	2,798	246,630	58,055	91,569	29,192	23,408	41,608
Reinsurers' share	R0240	10,233	1,158,546	462,704	366,659	170,259	76,096	72,596
Net	R0300	5,631	579,366	238,357	162,586	103,696	36,191	32,905
Claims incurred								
Gross - Direct Business	R0310	—	—	—	—	—	—	—
Gross - Proportional reinsurance accepted	R0320	(6,129)	758,677	361,570	236,842	95,968	35,986	34,439
Gross - Non-proportional reinsurance accepted	R0330	(2,388)	175,820	71,319	25,738	14,512	14,209	52,429
Reinsurers' share	R0340	(4,183)	626,340	246,118	228,133	91,437	9,250	55,585
Net	R0400	(4,334)	308,157	186,771	34,448	19,043	40,946	31,283
Changes in other technical provisions								
Gross - Direct Business	R0410	—	—	—	—	—	—	—
Gross - Proportional reinsurance accepted	R0420	—	—	—	—	—	—	—
Gross - Non-proportional reinsurance accepted	R0430	—	—	—	—	—	—	—
Reinsurers' share	R0440	—	—	—	—	—	—	—
Net	R0500	—	—	—	—	—	—	—
Expenses incurred	R0550	1,677	100,608	47,371	20,362	21,148	6,526	3,524
Other expenses	R1200							
Total expenses	R1300		100,608					

Annex I
S.12.01.02
Life and Health SLT Technical Provisions
31 December 2022
€'000

			Index-linked and unit-linked insurance			Other life insurance			Accepted reinsurance						Health insurance (direct business)					
		Insurance with profit participation		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations		Insurance with profit participation on Accepted reinsurance (Gross)	Index-linked and unit-linked insurance on Accepted reinsurance (Gross)	Other life insurance on Accepted reinsurance (Gross)	Annuities stemming from non-life accepted insurance contracts and relating to insurance obligation other than health insurance obligations (Gross)	**Total (Life other than health insurance, incl. Unit-Linked)**		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0170**	**C0180**	**C0190**	**C0200**	**C0210**
Technical provisions calculated as a whole	**R0010**																				
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**																				
Technical provisions calculated as a sum of BE and RM																					
Best Estimate																					
Gross Best Estimate	**R0030**									334,174			295,379	38,795	334,174					47,285	47,285
Total recoverables from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	**R0040**									202,430					202,430					83,567	83,567
Recoverables from reinsurance (except SPV and Finite Re) before adjustment for expected losses	**R0050**									202,430					202,430					83,567	83,567
Recoverables from SPV before adjustment for expected losses	**R0060**									—					—						
Recoverables from Finite Re before adjustment for expected losses	**R0070**									—					—						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**									202,387			179,169	23,218	202,387					83,495	83,495
Best estimate minus recoverables from reinsurance/SPV and Finite Re	**R0090**									131,787					131,787					(36,210)	(36,210)
Risk margin	**R0100**									139,837	—	—	139,187	651	139,837					27,574	27,574
Amount of the transitional on Technical Provisions																					
Technical provisions calculated as a whole	**R0110**																				
Best Estimate	**R0120**																				
Risk margin	**R0130**																				
Technical provisions - total	**R0200**									474,011					474,011					74,859	74,859
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0210**									271,625	—	—	255,397	16,227	271,625					(8,635)	(8,635)
Best Estimate of products with a surrender option	**R0220**																				

Annex I
S.17.01.02
Non-Life Technical Provisions
31 December 2022
€'000

Non-life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				Total Non-Life obligation
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	**R0010**																	
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0050**																	
Technical provisions calculated as a sum of BE and RM																		
Best Estimate																		
Premium provisions																		
Gross - Total	**R0060**	—	(79)	(811)	595	4	(80,618)	(130,580)	(46,649)	(16,938)	—	—	—	145	4,751	1,885	(29,495)	(297,790)
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	—	25	(426)	699	77	(50,797)	(73,035)	(6,474)	7,454	—	—	—	128	5,789	1,628	(17,176)	(132,108)
Net Best Estimate of Premium Provisions	**R0150**	—	(104)	(385)	(104)	(73)	(29,821)	(57,545)	(40,175)	(24,392)	—	—	—	17	(1,038)	257	(12,319)	(165,681)
Claims provisions																		
Gross - Total	**R0160**	—	6,850	5,844	79,909	19,114	570,078	978,639	706,673	208,428	—	—	—	38,203	748,095	123,509	490,118	3,975,461
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	—	4,156	4,002	47,236	13,193	405,032	643,492	330,320	134,430	—	—	—	18,972	444,699	88,195	346,091	2,479,819
Net Best Estimate of Claims Provisions	**R0250**	—	2,695	1,842	32,673	5,921	165,046	335,147	376,353	73,997	—	—	—	19,231	303,396	35,314	144,027	1,495,642
Total Best estimate - gross	**R0260**	—	6,771	5,033	80,504	19,118	489,460	848,059	660,025	191,490	—	—	—	38,347	752,846	125,394	460,623	3,677,671
Total Best estimate - net	**R0270**	—	2,591	1,457	32,569	5,849	135,225	277,602	336,178	49,605	—	—	—	19,248	302,359	35,571	131,708	1,329,961
Risk margin	**R0280**	—	123	271	1,362	221	11,580	20,730	46,691	14,253	—	—	—	4,718	75,245	2,289	23,111	200,595
Amount of the transitional on Technical Provisions																		
TP as a whole	**R0290**																	
Best Estimate	**R0300**																	
Risk margin	**R0310**																	
Technical provisions - total																		
Technical provisions - total	**R0320**	—	6,895	5,304	81,866	19,340	501,039	868,789	706,716	205,743	—	—	—	43,065	828,091	127,683	483,734	3,878,266
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	—	4,181	3,576	47,935	13,270	354,235	570,457	323,846	141,884	—	—	—	19,099	450,488	89,823	328,915	2,347,710
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	**R0340**	—	2,714	1,728	33,931	6,070	146,804	298,332	382,870	63,858	—	—	—	23,966	377,604	37,860	154,819	1,530,556

Annex I
S.19.01.21
Non-life Insurance Claims Information
Gross Claims Paid (non-cumulative) - Development year
31 December 2022
(absolute amount)
€'000

		-	1	2	3	4	5	6	7	8	9	10+
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											80,438
N-9	R0160	39,971	322,839	219,486	141,996	69,554	65,360	50,178	30,901	15,650	12,413	
N-8	R0170	31,927	352,188	209,285	198,886	70,133	58,321	55,612	31,137	23,130		
N-7	R0180	35,510	365,900	314,695	186,369	107,553	68,694	50,062	52,621			
N-6	R0190	1,285	353,669	225,006	179,852	71,995	51,290	38,752				
N-5	R0200	36,734	361,885	295,387	165,578	79,868	61,732					
N-4	R0210	22,145	356,140	254,375	146,998	143,817						
N-3	R0220	16,683	319,897	274,991	156,722							
N-2	R0230	44,621	275,046	235,139								
N-1	R0240	-14,573	361,658									
N	R0250	11,267										

		In Current year	Sum of years (cumulative)
		C0170	C0180
Prior	R0100	80,438	80,438
N-9	R0160	12,413	968,349
N-8	R0170	23,130	1,030,619
N-7	R0180	52,621	1,181,404
N-6	R0190	38,752	921,849
N-5	R0200	61,732	1,001,184
N-4	R0210	143,817	923,475
N-3	R0220	156,722	768,293
N-2	R0230	235,139	554,806
N-1	R0240	361,658	347,085
N	R0250	11,267	11,267
Total	R0260	1,177,688	7,788,769

Gross undiscounted Best Estimate Claims Provisions - Development year
(absolute amount)
€'000

		0	1	2	3	4	5	6	7	8	9	10+
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											670,966
N-9	R0160	-	-	-	355,216	302,104	248,904	205,610	149,944	129,975	94,985	
N-8	R0170	-	-	501,218	374,438	309,985	274,756	197,152	176,656	130,151		
N-7	R0180	-	694,917	498,766	376,820	286,051	235,781	208,725	167,253			
N-6	R0190	518,279	607,950	479,879	355,305	263,432	251,284	205,545				
N-5	R0200	511,668	636,297	513,215	369,490	329,409	295,410					
N-4	R0210	441,214	707,022	627,808	539,198	495,823						
N-3	R0220	394,544	774,745	676,753	505,077							
N-2	R0230	475,669	772,286	592,588								
N-1	R0240	505,963	881,299									
N	R0250	524,074										

		Year end (discounted data)
		C0360
Prior	R0100	557,679
N-9	R0160	80,989
N-8	R0170	109,263
N-7	R0180	142,240
N-6	R0190	172,853
N-5	R0200	255,525
N-4	R0210	436,791
N-3	R0220	446,136
N-2	R0230	524,960
N-1	R0240	786,143
N	R0250	462,883
Total	R0260	3,975,461

Annex I
S.23.01.01
Own Funds
31 December 2022
€'000

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35		**C0010**	**C0020**	**C0030**	**C0040**	**C0050**
Ordinary share capital (gross of own shares)	**R0010**	245,092	245,092			
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**	1,323,172	1,323,172			
Subordinated liabilities	**R0140**					
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**	941,788	941,788			
Own funds from the financial statements that shall 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 shall 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**	2,510,051	2,510,051			
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 funds	**R0400**					
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	2,510,051	2,510,051			
Total available own funds to meet the MCR	**R0510**	2,510,051	2,510,051			
Total eligible own funds to meet the SCR	**R0540**	2,510,051	2,510,051			
Total eligible own funds to meet the MCR	**R0550**	2,510,051	2,510,051			
SCR	**R0580**	1,444,349				
MCR	**R0600**	370,083				
Ratio of Eligible own funds to SCR	**R0620**	173.7843%				
Ratio of Eligible own funds to MCR	**R0640**	678.2397%				

Reconciliation reserve		**C0060**
Excess of assets over liabilities	**R0700**	2,510,051
Own shares (held directly and indirectly)	**R0710**	
Foreseeable dividends, distributions and charges	**R0720**	
Other basic own fund items	**R0730**	1,186,879
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	
Reconciliation reserve	**R0760**	1,323,172
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	895,218
Expected profits included in future premiums (EPIFP) - Non-life business	**R0780**	786,415
Total EPIFP	**R0790**	1,681,633

Annex 1
S.25.01.21
Solvency Capital Requirement - for undertakings on Standard Formula
31 December 2022
€'000

Article 112? (Y/N)	**Z0010**	(2) Regular reporting

Basic Solvency Capital Requirement

		Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
		C0030	**C0040**	**C0050**
Market risk	**R0010**	457,354	457,354	—
Counterparty default risk	**R0020**	235,797	235,797	—
Life underwriting risk	**R0030**	364,096	364,096	—
Health underwriting risk	**R0040**	95,635	95,635	—
Non-life underwriting risk	**R0050**	926,399	926,399	—
Diversification	**R0060**	(691,602)	(691,602)	
Intangible asset risk	**R0070**	—	—	
Basic Solvency Capital Requirement	**R0100**	1,387,678	1,387,678	

Calculation of Solvency Capital Requirement		**C0100**
Adjustment due to RFF/MAP nSCR aggregation	**R0120**	—
Operational risk	**R0130**	112,190
Loss-absorbing capacity of technical provisions	**R0140**	—
Loss-absorbing capacity of deferred taxes	**R0150**	(55,519)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	—
Solvency Capital Requirement excluding capital add-on	**R0200**	1,444,349
Capital add-on already set	**R0210**	—
Solvency capital requirement	**R0220**	1,444,349
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	**R0400**	—
Total amount of Notional Solvency Capital Requirements for remaining part	**R0410**	—
Total amount of Notional Solvency Capital Requirement for ring fenced funds	**R0420**	—
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	**R0430**	—
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	—

Annex 1
S.28.01.01
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

31 December 2022

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	R0010	278,268

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	—	—
Income protection insurance and proportional reinsurance	R0030	2,591	2,437
Workers' compensation insurance and proportional reinsurance	R0040	1,457	5,236
Motor vehicle liability insurance and proportional reinsurance	R0050	32,569	3,578
Other motor insurance and proportional reinsurance	R0060	5,849	1,166
Marine, aviation and transport insurance and proportional reinsurance	R0070	135,225	130,490
Fire and other damage to property insurance and proportional reinsurance	R0080	277,602	212,886
General liability insurance and proportional reinsurance	R0090	336,178	283,040
Credit and suretyship insurance and proportional reinsurance	R0100	49,605	61,695
Legal expenses insurance and proportional reinsurance	R0110	—	—
Assistance and proportional reinsurance	R0120	—	—
Miscellaneous financial loss insurance and proportional reinsurance	R0130	—	—
Non-proportional health reinsurance	R0140	19,248	1,436
Non-proportional casualty reinsurance	R0150	302,359	36,116
Non-proportional marine, aviation and transport reinsurance	R0160	35,571	12,748
Non-proportional property reinsurance	R0170	131,708	81,117

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	91,815

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	—	
Obligations with profit participation - future discretionary benefits	R0220	—	
Index-linked and unit-linked insurance obligations	R0230	—	
Other life (re)insurance and health (re)insurance obligations	R0240	95,578	
Total capital at risk for all life (re)insurance obligations	R0250		128,297,637

Overall MCR calculation		C0070
Linear MCR	R0300	370,083
SCR	R0310	1,444,349
MCR cap	R0320	649,957
MCR floor	R0330	361,087
Combined MCR	R0340	370,083
Absolute floor of the MCR	R0350	3,900
Minimum Capital Requirement	R0400	370,083