Hannover Re

Hannover Re (Ireland) Designated Activity Company

2024

Solvency and Financial Condition Report

Table of Contents

Executive Summary 5
A. Business and Performance 9
A.1 Business 9
A.1.1 Business Model 9
A.1.2 Results of Operations 10
A.1.3 Headquarters, supervisors and auditors 10
A.1.4 Group structure 12
A.1.5 Significant events 13
A.2 Underwriting Performance 14
A.3 Investment Performance 16
A.4 Performance of Other Activities 17
A.4.1 Other income and expenses 17
A.4.2 Significant leasing agreements 18
A.5 Any other information 18
B. System of Governance 19
B.1 General information on the System of Governance 19
B.1.1 Governance structure 19
B.1.2 Material Changes in the System of Governance 22
B.1.3 Material Changes in the System of Governance after the Reporting Period 22
B.1.4 Recruitment and Remuneration policy 22
B.1.5 Related party transactions 24
B.2 Fit and Proper Requirements 25
B.3 Risk Management System including the Own Risk and Solvency Assessment 26
B.3.1 Risk Management system 26
B.3.2 Risk management function 27
B.3.3 Own Risk and Solvency Assessment (ORSA) 27
B.4 Internal Control System 29
B.4.1 Elements of the internal control system 29
B.4.2 Internal control framework 29
B.4.3 Compliance Function 29
B.5 Internal Audit Function 31
B.6 Actuarial Function 32
B.7 Outsourcing 33
B.8 Any other information 34

B.8.1 Evaluating the appropriateness of the system of governance 34
B.8.2 Other information 34
C. Risk Profile 35
C.1 Underwriting risk 38
C.1.1 Underwriting Risks Property/Casualty and Health Not Similar to Life Techniques 38
C.1.2 Underwriting Risks Life and Health Similar to Life Techniques 38
C.2 Market risk 38
C.3 Credit risk 40
C.4 Liquidity risk 40
C.5 Operational risk 41
C.6 Other material risks 42
C.7 Any Other Information 45
D. Valuation for Solvency Purposes 46
D.1 Assets 51
D.1.1 Deferred Acquisition costs R0020 51
D.1.2 Deferred tax assets R0040 51
D.1.3 Property, plant & equipment held for own use R0060 51
D.1.4 Bonds R0130 52
D.1.5 Collective Investment Undertakings R0180 52
D.1.6 Derivatives R0190 53
D.1.7 Deposits other than cash equivalents R0200 53
D.1.8 Other investments R0210 53
D.1.9 Loans and mortgages R0230 54
D.1.10 Reinsurance recoverables R0270 54
D.1.11 Deposits to cedants R0350 54
D.1.12 Insurance and intermediaries receivables R0360 54
D.1.13 Reinsurance receivables R0370 54
D.1.14 Receivables (trade, not insurance) R0380 54
D.1.15 Cash and cash equivalents R0410 54
D.2 Technical Provisions 55
D.2.1 Life & Health: Valuation Principles 57
D.2.2 Property & Casualty: Valuation Principles 61
D.3 Other Liabilities 63
D.3.1 Provisions other than technical provisions R0750 63
D.3.2 Deposits from reinsurers R0770 64
D.3.3 Derivatives R0790 64
D.3.4 Financial liabilities other than debts owed to credit institutions R0810 64

D.3.5 Insurance and intermediary payables R0820 64
D.3.6 Reinsurance payables R0830 64
D.3.7 Subordinated liabilities R0870 64
D.3.8 Any other liabilities, not elsewhere shown R0880 65
D.4 Alternative methods for valuation 65
D.4.1 Further information on alternative valuation methods 65
D.5 Any other information 67
E. Capital Management 68
E.1 Own Funds 68
E.1.1 Management of own funds 68
E.1.2 Tiering 68
E.1.3 Basic own funds 69
E.1.4 Ancillary own funds (AOF) 70
E.1.5 Comparison of IFRS Financial Statements Equity and Solvency II excess of assets over liabilities 70
E.2 Solvency Capital Requirement and Minimum Capital Requirement 71
E.2.1 Solvency Capital Requirement 71
E.2.2 Minimum Capital Requirement 72
E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement 73
E.4 Differences between the standard formula and any internal model used 73
E.4.1 Technical Specifications on the Internal Model 73
E.4.2 Implementation of the Internal Model 74
E.4.3 Comparison of the Internal Model with the Standard Formula 74
E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement 75
E.5.1 Non-Compliance with Minimum Capital Requirement 75
E.5.2 Significant Non-Compliance with Solvency Capital Requirement 75
E.6 Any other information 75
Abbreviations and Glossary 76
Quantitative Reporting Templates 77

Executive Summary

Key figures

in USD 000's	2024	2023
Solvency II Balance Sheet		
Assets	11,048,757	10,735,376
Technical Provisions	7,322,522	7,370,393
Other Liabilities	1,873,637	1,795,620
Excess of Assets over Liabilities	1,852,598	1,569,363
Eligible Own Funds to meet the Solvency Capital Requirement (SCR)		
Tier 1 Basic Own Funds	1,852,598	1,563,960
Tier 2 Basic Own Funds	197,400	196,059
Tier 3 Ancillary Own Funds	150,000	155,404
Total Eligible Own Funds (SCR)	2,199,998	1,915,423
Eligible Own Funds to meet the Minimum Capital Requirement (MCR)		
Tier 1 Basic Own Funds	1,852,598	1,563,960
Tier 2 Basic Own Funds	102,225	94,624
Total Eligible Own Funds (MCR)	1,954,823	1,658,584
Capital Requirements		
Solvency Capital Requirement	1,135,835	1,051,382
Minimum Capital Requirement	511,126	473,122
Coverage Ratio		
Ratio of Eligible Own Funds to SCR	194%	182%
Ratio of Eligible Own Funds to MCR	382%	351%

A. Business and Performance

Hannover Re (Ireland) Designated Activity Company (hereinafter referred to as "HRI" or "the Company") is an Irish regulated entity authorised by the Central Bank of Ireland to carry on both Life and Health (L&H) and Property and Casualty (P&C) reinsurance business. HRI is part of the Hannover Re Group. Hannover Re, with Reinsurance Revenue of EUR 26.4 billion, is the third-largest reinsurer in the world. The Hannover Re Group today has a network of more than 170 subsidiaries, affiliates, branches and representative offices worldwide.

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

The result for the year as set out in Section A Business and Performance have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

Overall, HRI reported a very strong result, reflecting substantial underwriting and investment performance. The Profit after tax for 2024 was USD 283.7m (2023: USD 296.3m). The P&C business segment remained the key profit driver during 2024. The Reinsurance service and finance result (net) before currency and gains/losses for the year contributed USD 291.2m (2023: USD 291.3m) to the profit. The investment result for the year was USD 96.7m (2023: USD 63.3m). Other income and expenses amounted to a net expense of USD (32.6m) (2023: USD (15.0m)).

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

B. System of Governance

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

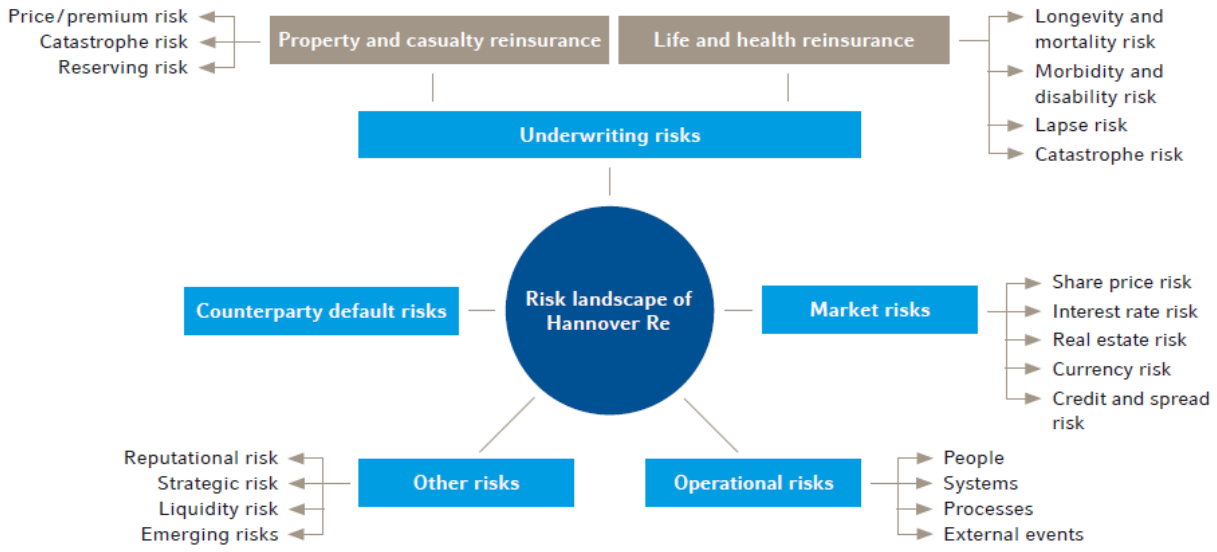
The first line of defence consists of operational management of the risks and controls on a day-to-day basis. The Risk Management Function ensures the second line of defence - risk monitoring. It also receives support from the Actuarial Function and the Compliance Function. The third line of defence consists of process-independent monitoring executed by the Internal Audit Function.

All key functions are equipped with appropriate resources and skills. The reporting lines to each other and to the Board Members responsible have been clearly defined.

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

C. Risk Profile

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



HRI quantifies risks using the internal capital model. For the purposes of calculating the Solvency Capital Requirement, HRI has been approval to use a full internal model. The Solvency Capital Requirement as of December 31, 2024 is presented in the following table.

In USD 000's	2024	2023
Underwriting risk - Property & Casualty	1,115,385	974,555
Underwriting risk - Life & Health	179,430	212,630
Market risk	203,813	245,374
Counterparty default risk	27,204	29,107
Operational risk	90,321	94,121
Diversification	-396,689	-453,840
Total risk (pre-tax)	1,219,464	1,101,947
Deferred tax	-83,630	-50,565
Total risk (post-tax)	1,135,835	1,051,382

D. Valuation for Solvency Purposes

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

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

The technical provisions can differ significantly under Solvency II and IFRS. Both bases include a Best Estimate Liability based on probabilistic best estimate cashflows. The Best Estimate Liability will differ i.a. due to differences in the expenses included and in the interest rates used to discount the cashflows. The Solvency II technical provisions include a Risk Margin based on capital from our internal capital model and the calculation of which is prescribed. The IFRS technical provisions include a Risk

Adjustment, the calculation of which has been developed internally in line with the requirements of the IFRS17 Standard. The IFRS technical provisions include a Contractual Service Margin for which there is no Solvency II equivalent. The Contractual Service Margin represents the estimated unearned profits that HRI expects to earn as it provides services in the future. Different contract boundaries can also apply between Solvency II and IFRS reporting. Unless the contract is onerous, recognition under IFRS is not made until coverage starts whereas under Solvency II if the contract is bound then the future coverage periods, and associated future margins, are recognised.

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

E. Capital Management

The Ratio of Eligible Own Funds to SCR at 31 December 2024 was 194% (2023: 182%). The increase in ratio is primarily due to growth of P&C business over the year. Own funds in the Solvency II balance sheet consist of basic own funds, which comprise the excess of assets over liabilities (Tier 1 capital) and subordinated loans (Tier 2 capital). Within the Tier 3 own funds is included an AOF item approved by the Central Bank of Ireland. Further details on capital management are included in Chapter E.

A. Business and Performance

A.1 Business

A.1.1 Business Model

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

Life & Health

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

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

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

The Risk Solutions business is focused on reinsurance of mortality and morbidity business but does include other exposures such as lapse and longevity.

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

Property & Casualty

Hannover Re is also one of the largest international P&C reinsurers writing all P&C lines of business.

Within the Hannover Re Group the Company plays an important role as one of the major risk carriers. The Company uses both its significant capital base and in-house expertise to provide solutions to other Hannover Re Group entities worldwide as well as reinsurance solutions to third party insurance companies mainly in North America and the United Kingdom.

The Company has increased its focus on the identification and provision of solutions to other Hannover Re Group entities in recent years with the aim to improve capital fungibility within the Group, considering various local solvency, accounting or other constraints across all lines of P&C business.

The Company writes reinsurance transactions where structured elements may be incorporated to enable the coverage to be tailored to the individual needs of our clients. Structured features reduce the volatility of our transactions and hence overall capital requirements. The form of these covers will depend on the requirements of our clients mostly in the form of quota share or aggregate excess of loss reinsurance.

The appropriate pricing for the actual risks transferred is a crucial element of the considerations. Our risk management and aggregation control tools are consistent with those applied within the P&C reinsurance business group of Hannover Re.

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

A.1.2 Results of Operations

The Profit after tax for 2024 was USD 283.7m (2023: USD 296.3m).

The Reinsurance service result (net) increased to USD 365.2m (2023: USD 295.5m). Reinsurance finance result (net) decreased to USD (74.0)m (2023: USD (4.2)m).

The investment result for the year was USD 96.7m (2023: USD 63.3m). A significant increase in the volume of Assets under management, following a capital injection in H2 2023, is the key driver of the higher investment result in 2024. Other net expenses for the year was USD (32.6m) (2023: USD 15.0m). Higher net expenses in 2024 predominantly relates to lower FX gains in 2024.

A.1.3 Headquarters, supervisors and auditors

HRI is an Irish Designated Activity Company.

Registered office of HRI

3 Dublin Landings
North Wall Quay
Dublin 1
Republic of Ireland

The Company's ultimate parent undertaking is HDI Haftpflichtverband der Deutschen Industrie V.a.G., a company incorporated and operating in Germany. The Company's immediate parent company is

Hannover Rück Beteiligung Verwaltungs-GmbH. The largest group in which the results of the Company are consolidated is that headed by HDI Haftpflichtverband der Deutschen Industrie V.a.G.

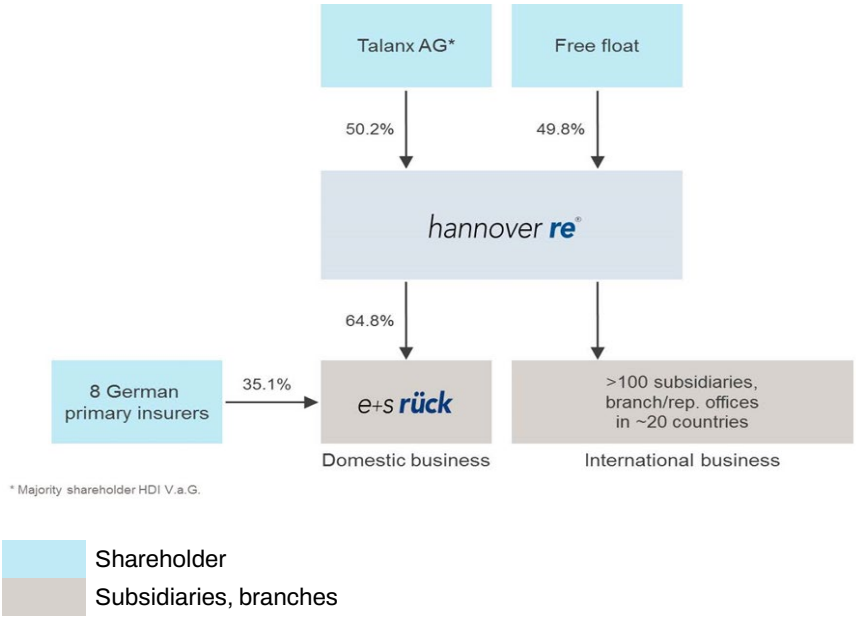
The smallest group in which the results of the Company are consolidated is that headed by Hannover Rück SE. Hannover Rück SE is a European stock corporation, Societas Europaea (SE) has been entered in the Commercial Register of the District Court of Hannover under the number HR Hannover B 6778.

Headquarters address

Karl-Wiechert-Allee 50
30625 Hannover
Germany

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

Hannover Re as a sub-group of the Talanx Group



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

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

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

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

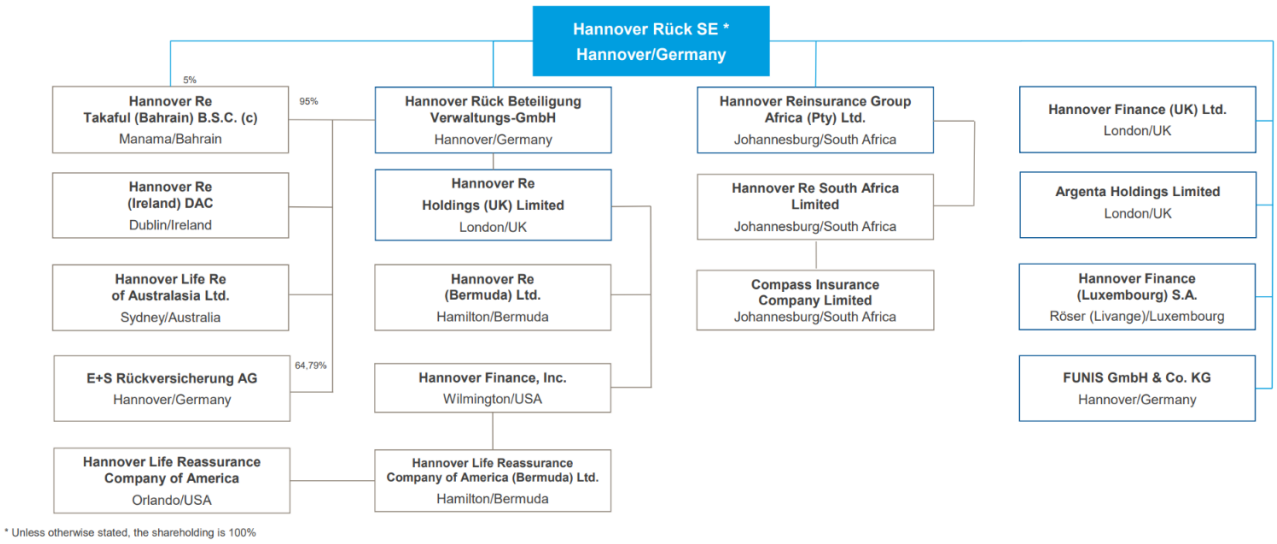
Auditors for HRI and Group	Contact details
HRI	PriceWaterhouseCoopers Spencer Dock North Wall Quay North Wall Dublin 1
Hannover Re Group	PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft Fuhrberger Straße 5 30625 Hannover

A.1.4 Group structure

Hannover Rück SE and its subsidiaries (collectively referred to as the "Hannover Re Group" or "Hannover Re") transact all lines of P&C and L&H reinsurance. The Group is present on all continents.

The Group consists of more than 170 subsidiaries, affiliates, branches and representative offices worldwide with a total workforce in excess of 3,500.

Subsidiaries of Hannover Rück SE at 31 December 2024



* Unless otherwise stated, the shareholding is 100%

A.1.5 Significant events

There were no significant events noted during 2024.

A.2 Underwriting Performance

HRI recorded a reinsurance service result (net) in the amount of USD 365.2m (2023: USD 295.5m), as well as reinsurance finance result (net) in the amount of USD (74.0)m (2023: USD (4.2)m).

Property & Casualty – Line of business

HRI recorded a reinsurance service result (net) of USD 344.6m for the P&C lines of business (2023: USD 254.1m).

HRI writes a number of treaties that are multi-line business. Volatility in the result on the lines of business within these treaties is expected between periods, with offsetting movements across the individual lines of business.

The reinsurance service result (net) for P&C by Solvency II lines of business is as follows (in USD m):

	2024	2023
Proportional Reinsurance		
ASSISTANCE	-	-
AVIATION	-	1
CASUALTY	89	14
CREDITBOND	43	77
INCPROT	11	-8
MARINE	8	1
MED	-8	-25
MISCFINL	1	1
MOTORLIAB	41	52
MOTOROTH	27	24
PROPERTY	112	103
WCOMP	10	5
Non Proportional Reinsurance		
HEALTH	5	4
CASUALTY	-6	-3
MARINE, AVIATION & TRANSPORT	-	-1
PROPERTY	12	9
Total	**345**	**254**

Life & Health – Line of business

HRI recorded a reinsurance service result (net) of USD 20.6m (2023: USD 41.4m). The 2024 result was primarily attributable to the North America and Asia results

Geographical area

The reinsurance service result (net) analysed by geographical area is as follows (in USD m):

	2024	2023
North America	19	-46
Australasia	5	8
Europe	-13	63
Asia	9	16
Total	**21**	**41**

A.3 Investment Performance

The Company recorded an investment result of USD 96.9m in 2024 (2023: USD 63.3m). The investment income and expenses are analysed by Solvency II asset classes in the overview.

Investment income

in USD 000's	2024		2023	
	Ordinary income	Realised gains	Ordinary income	Realised gains
Government Bonds	67,499	1,181	47,278	130
Corporate Bonds	34,269	494	25,041	90
Collateralised securities	11,303	-	8,854	-
Collective Investment Undertakings	4,381	-	3,657	-
Derivatives	2,266	-	1,826	-
Deposits other than cash equivalents	940	-	682	-
Other investments	4,137	-	482	-
Cash and cash equivalents	337	9	1,306	9
Total	**125,131**	**1,684**	**89,126**	**229**

Investment expenses

in USD 000's	2024		2023	
	Realised losses	Other expenses	Realised losses	Other expenses
Government Bonds	-1,698	-	-2,125	-
Corporate Bonds	-1,538	-	- 1,280	-
Other investments	-	-502	-	-651
Investment management expenses	-	-4,046	-	-3,284
Custody fees and other interest expenses	-	-494	-	-164
Investment expenses attributable to reinsurance result:				
Loan interest	-	-21,818	-	-18,579
Total	**-3,235**	**-26,860**	**- 3,405**	**-22,678**

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

Collateralised Debt Obligations

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

in USD 000's	2024	2023
Collateralised Debt Obligations	156,603	125,943
Total	**156,603**	**125,943**

A.4 Performance of Other Activities

A.4.1 Other income and expenses

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

Other income

in USD 000's	2024	2023
Other various income	1,374	5,093
Unrealised gain on investments	500	616
Unrealised gain on life settlements yield collar	70	262
Unrealised gain on life settlements	659	660
Unrealised gain on derivatives	9,391	3,263
Net gain on foreign exchange translation	1,420	13,964
Total	**13,414**	**23,858**

Other expenses

in USD 000's	2024	2023
Other expenses	-19,975	-21,938
Unrealised loss on foreign currency swap	-25,053	-15,670
Unrealised loss on investments	-938	-1,266
Total	**-45,966**	**-38,874**

Other expenses

Other income net of expenses is lower in 2024, largely due to lower FX gains in 2024. Other expenses refer to expenses that are attributable to neither the reinsurance result nor the investment result such as the Ancillary Own Funds fee or project costs. The unrealised loss on FX swaps largely offsets FX gains made on technical results.

A.4.2 Significant leasing agreements

There are no significant operating or finance lease agreements.

A.5 Any other information

There is no other material information regarding business and performance.

B. System of Governance

B.1 General information on the System of Governance

B.1.1 Governance structure

Our Administrative, Management or Supervisory Body

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

Board of Directors

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

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

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

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

guarantees or similar liabilities for third party payables outside the normal course of business, approval of any significant changes in accounting policies or practices, review of the Five Year Plan, the appointment and removal of auditors;

- Investment Activity - comprising matters such as approval of the investment strategy and guidelines, approval of the acquisition, disposal or mortgage of real estate or similar (including the construction and improvement of buildings), approval of the appointment or dismissal of outside portfolio managers; and
- Remuneration Matters - including, but not limited to, annual review of the performance of the Board and individual directors, relative to the Board's objectives.

Committees of the Board

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

Day-to-day Management

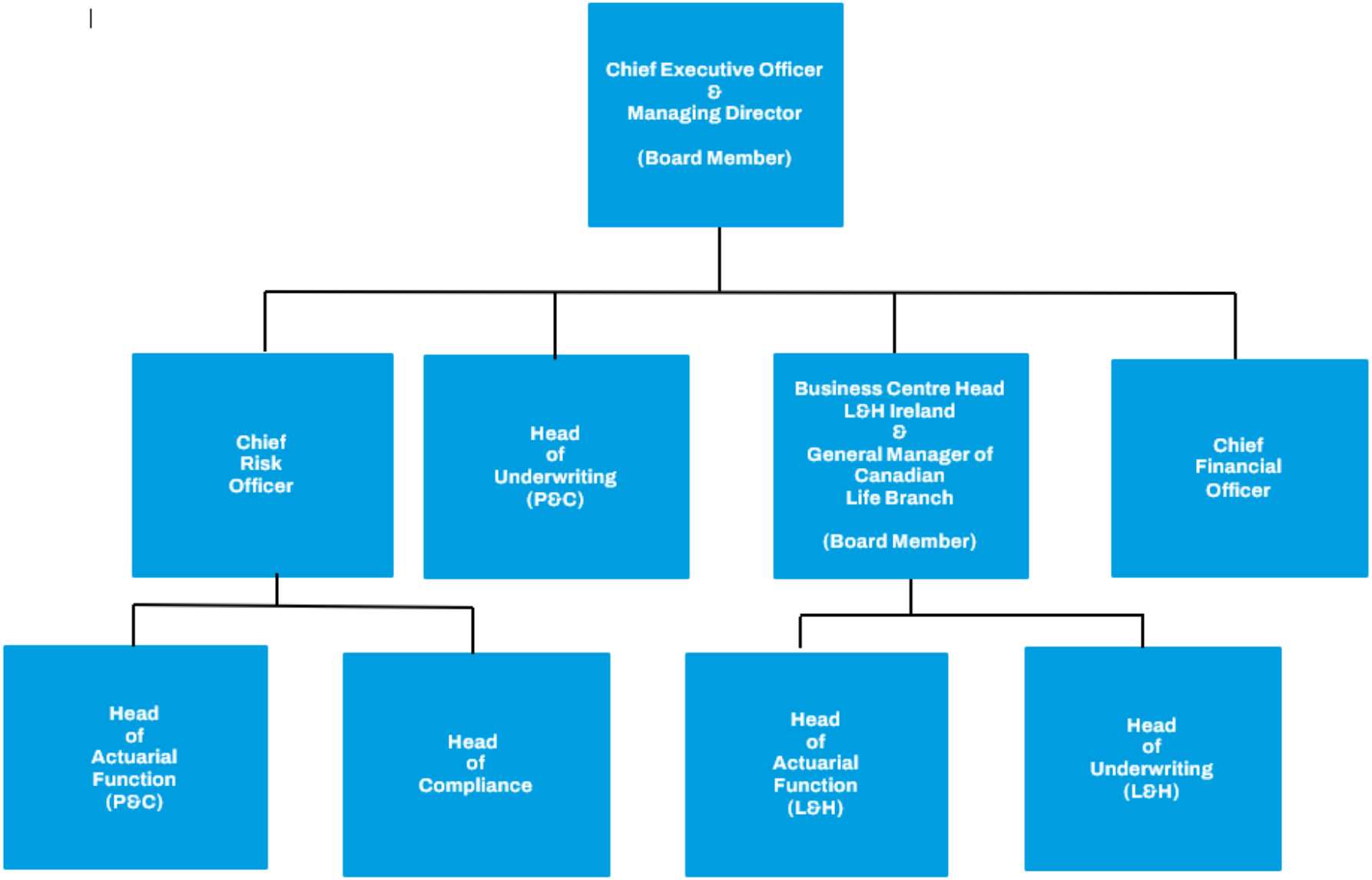
The Board has delegated responsibility for day-to-day management of the business in accordance with the strategy, objectives and policies set by the Board to the CEO. Day-to-day management is defined within the Board Charter as all matters not specifically reserved for approval by the Board or delegated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

Underwriting authority is delegated in accordance with the Special Underwriting Guidelines - Life and Health, and the Special Underwriting Guidelines - Advanced Solutions Ireland (ASI), approved by the Board.

Investments are managed in accordance with the HRI Investment Guidelines.

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

Effective date: 31 December 2024



The organisation and collective effort of individual functions are decisive for our Internal Risk Management and Control System. In our system the central functions are closely interlinked with each other and the roles, tasks and reporting lines are both clearly defined and documented in the context of the so-called three lines of defence model. The first line of defence consists of risk control and the original responsibility for risk at divisional level. The Risk Management Function is responsible for the second line of defence - risk monitoring. It also receives support from the Actuarial Function and the Compliance Function. The third line of defence consists of process-independent monitoring executed by the Internal Audit Function.

All key functions are equipped with appropriate resources and skills. The reporting lines to each other and to the Board Members responsible have been clearly defined.

B.1.2 Material Changes in the System of Governance

With effect from 5 February 2024, due to a change in roles within the Hannover Re Group, HRI CFO stepped down and was replaced temporarily by an interim CFO. On 31 August 2024, a new CFO was appointed. With effect from 30 June 2024, an Executive Director stepped down from his role due accepting a new role within the Hannover Re Group.

With effect from 3 June 2024, the CBI approved the appointments of a new Executive Director, who also replaced the outgoing Canada Branch Manager.

With effect from 14 July 2024, a new Head of Actuarial Function L&H was appointed, with the previous office holder taking up a role with the Hannover Re Group.

With effect from 30 October 2024, a new Head of Pricing was appointed.

With effect from 31 December 2024, a Non-Executive Director retired.

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

With effect from 1 January 2025, a new Non-Executive Director was appointed. With effect from 31 March 2025, a Non-Executive Director will step down and will be replaced on the 3 April 2025 by a new office holder (subject to the approval by the CBI).

B.1.4 Recruitment and Remuneration policy

Principles of the Recruitment and Remuneration Policy

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

The Policy seeks to ensure that employees of HRI are compensated with appropriate incentives in an effort to recognise and encourage enhanced performance in a fair and responsible manner for their individual contributions to the success of HRI. The Policy also ensures that the duty to mitigate loss is fully recognised.

To support this process HRI reviews its remuneration with that of comparable organisations and comparable roles within those organisations. In addition, the HR team participates in detailed salary benchmarking reports and surveys on a regular basis.

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

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

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

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

The Human Resources Function monitors compliance with this Policy. Monitoring results are reported to the Board.

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

Senior Management at General Manager level and below is monitored by the CEO through day to day activities and in the more formal setting of the annual performance review process.

The Business Centre Head Life and Health fulfils the same role for Canada by overseeing the activities of Senior Management in Toronto.

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

Employees

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

Bonus payments are paid to all eligible employees based on individual performance over the previous calendar year and the financial results of the Group for the preceding financial year. Bonus payments under the Scheme are subject to the approval of the Operational Council in Ireland. In Canada, the local Management recommends the bonus ratings for employees. The recommendations are then discussed and agreed with the Human Resources Function and the Business Centre Head Life and Health, with final approval by the HRI CEO .

Executive and Senior Management

The Global Rewards Framework Policy (GRew) provide clear guidelines for Executive and Senior Management remuneration, which recognise the long-term interests of the Hannover Re Group, its shareholders and employees.

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

a) Group Return on Equity

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

c) Individual target achievement

In addition to the performance assessment scale, topics of focus will cascade down from Executive and General Manager level to all leaders, for example, 'developing leadership capability' in order to foster a high performing culture across the Group.

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

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

Retirement

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

B.1.5 Related party transactions

A dividend of USD 180m was paid to the Company's parent during the year.

B.2 Fit and Proper Requirements

Under the applicable Fitness and Probity (F&P) Standards - including the Central Bank (Individual Accountability Framework) Act 2023 - the HRI CEO, on behalf of the Company, is required to ensure that those individuals performing Control Functions ("CF") and Pre-Approval Control Functions ("PCF") comply with the standards set out in legislation and guidance. To comply with the above requirements, the Company's F&P Policy sets out principles, criteria and processes to ensure the fitness and probity of those persons who hold CF and PCF positions.

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

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

Initial Due Diligence for CF and PCF roles

The initial due diligence process commences as soon as an offer for new role is accepted by the internal/external candidate. Offers for relevant roles are conditional upon the individual successfully completing the F&P assessment and obtaining CBI approval, where applicable. On acceptance of a conditional offer of employment (offer is subject to satisfactory results of due diligence) for a new CF or PCF role, the Human Resource Function will inform in a timely manner the Compliance Function of name and contact details of the individual to facilitate the following:

- Completion of Due Diligence process prior to commencement of CF or PCF role; and
- Issuance of Certificate of Compliance with the Standards of Fitness and Probity prior to commencement.

Annual re-assessment of CF and PCF F&P compliance

Subsequent to initial due diligence, the Compliance Function conducts an annual re-assessment process for all CF & PCF roles, to ensure evidence of continuous compliance exists and declarations of compliance are renewed. Following satisfactory completion of the ongoing due diligence, the Head of Compliance will reissue a new Certificate of Compliance for each CF & PCF role holder.

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

B.3.1 Risk Management system

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

The organisational structure of HRI operates on a three lines of defence model, with a clear split between risk steering and risk monitoring, whereby the business (first line of defence) steers and controls the risks; the CRO, the Risk Management function and the Compliance function (second line of defence) monitor risks; and Internal Audit (performed on an outsourced basis by Group Auditing) act as the third line of defence, performing process-independent reviewing.

The Risk Management Function, led by the Chief Risk Officer and overseen by the HRI Risk Committee, is responsible for ensuring the development and ongoing maintenance of an effective risk management system within HRI. The Risk Management function is continuously geared to preserving the Company's financial strength.

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

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

The ORSA process is conducted on an ongoing basis throughout the year and provides the link between the risk management system and the decision-making processes of the Company. The process is summarised into the ORSA Report, which is prepared by the Risk Management function with input from the other key functions. The report is reviewed and approved by the Risk Committee and Board at least annually. A (pre-emptive) Recovery plan is also drafted and implemented by the Risk Management function. This plan builds upon the work performed for the ORSA and considers more extreme and severe stresses that would threaten the viability of the Company. The Recovery Indicators as defined within the plan are monitored and reported at least semi-annually within the risk reports.

The Material Change in Risk Profile guideline ensures a documented procedure exists as regards the assessment of whether certain opportunities or changes to the business represent a material change in business or risk profile. A material change in business or risk profile requires pre-notification to the CBI under the Company's Conditions & Certificate of Authorisation. The procedure ultimately aims to ensure clarity exists in ascertaining whether particular business decisions constitute a material change in business. This guideline and procedure complements the existing due diligence processes in place.

In the context of our risk management, we also consider risks that can arise in connection with environmental, social or governance issues (ESG and Sustainability risks) that are increasingly affecting already existing risk categories. Hannover Re's commitments to ESG issues, including sustainability, is demonstrated through our purpose, our values and our robust foundation. Sustainability is an essential part of the Group strategy, as reinforced in the latest strategy cycle 2024-2026. Sustainability is embedded into the strategy with a focus on environmental stewardship, building upon the purpose, values and robust foundation of the Hannover Re Group. The strategy describes at greater length core elements of our sustainable actions and our contribution to a transformation into a sustainable future. ESG and Sustainability risks are further detailed per section C.6.

B.3.2 Risk management function

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

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

The Board has ultimate responsibility for the governance of the internal model in accordance with regulatory requirements, including approval of any major changes or extensions, review and approval of the policies governing the internal model and approval of the validation of the internal model on an ongoing basis. The Risk Committee is authorised by the Board to provide support in this respect by providing advice to the Board.

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

B.3.3 Own Risk and Solvency Assessment (ORSA)

The ORSA process is conducted on an ongoing basis throughout the year and is steered by both the HRI Risk Committee and Board. The process and its results are summarised into the ORSA Report, which is prepared by the Risk Management function with input from the other key functions across the Company. The ORSA is reviewed and approved by the Board at least annually. Ongoing assessments of the risk and solvency position are carried out regularly throughout the year.

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

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

The climate change and sustainability risk assessment takes consideration of the Guidance for (Re)Insurance Undertakings on Climate Change Risk published by the CBI. The ORSA considers the risks faced by HRI as a result of climate change on both assets and liabilities on the balance sheet.

The ORSA captures the strong governance in place within HRI on all sustainability topics, reflecting strategies and frameworks in place, locally and at the Group level. This is further discussed per section C.

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

B.4 Internal Control System

B.4.1 Elements of the internal control system

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

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

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

HRI Internal Control ("IC") ensures that fundamental control principles are applied consistently across HRI business (including its branch), as follows:

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

B.4.2 Internal control framework

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

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

B.4.3 Compliance Function

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

The Head of Compliance has a formal regular reporting line to the Company's CRO. In addition, the Head of Compliance has a dotted reporting line to the Head of Group Legal Services in Germany, who

acts as Chief Compliance Officer for the Hannover Re Group. The Compliance Function reports to each Risk Committee, Audit Committee and to the Board.

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

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

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

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

B.5 Internal Audit Function

Hannover Re Group Auditing performs the Internal Audit Function for HRI. The provision of Internal Audit Services is governed by a Service Level Agreement (SLA) with Group Auditing, which is approved by the Audit Committee.

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

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

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

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

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

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

B.6 Actuarial Function

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

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

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

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

B.7 Outsourcing

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

The Outsourcing Management Process consists of the following six steps:

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

As stated in the CBI Cross-Industry Guidance on Outsourcing (published in December 2021) and associated Feedback Statement, the Central Bank expects that each regulated firm will establish and maintain an outsourcing register. HRI Compliance Function maintains a register of all critical or important outsourcing arrangements. The outsourcing risk, associated key controls and their effectiveness are monitored and assessed on a regular basis as part of Risk Register cycle that is coordinated by the Risk Management Function. In all cases, HRI benefits from the infrastructure, processes and resources established within respective Group entities in executing relevant services.

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

Critical / Important Outsourcing Providers (31 December 2024)

Provider	Description of the outsourced function or service	Provider's Jurisdiction
Hannover Rück SE	Provision of actuarial applications and Business administration.	Germany
Hannover Rück SE	IT Infrastructure services.	Germany
Hannover Rück SE	Provision of Internal Audit Services.	Germany
Ampega Asset Management GmbH	Provision of Investment management services.	Germany

Provider	Description of the outsourced function or service	Provider's Jurisdiction
Dentons Canada LLP	Provision of Canadian Chief Agent.	Canada
Eckler Ltd	Provision of Appointed Canadian Actuary	Canada
Hannover Life Re of Australasia Ltd	Provision of claim assessment services	Australia

B.8 Any other information

B.8.1 Evaluating the appropriateness of the system of governance

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

B.8.2 Other information

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

C. Risk Profile

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

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

The Risk Management Function and the Risk Owners identify the risks to which HRI is exposed, with all risks documented within the risk registers. There are a number of key emerging and developing risk facing HRI and the wider financial sector, both currently and going forward in the near to medium future.

Climate change has been recognised as a key emerging risk for some time and there is an increased focus emerging into how (re)insurance entities are planning for and managing the associated risks of Sustainability and in particular, climate change. The climate change and sustainability risk assessment has taken due consideration of the Guidance for (Re)Insurance Undertakings on Climate Change Risk published by the CBI in 2023. The expectation of the Guidance is that Climate change risk is managed in a similar way to other key risks within the risk management framework. This risk is considered and captured across the risk management system, including the risk registers as climate change increasingly affects existing risk categories. The ORSA considers the risks faced by HRI as a result of climate change on both assets and liabilities on the balance sheet. The ORSA captures the strong governance in place within HRI on all sustainability topics, reflecting strategies and frameworks in place, locally and at the Group level. The current assessment is that Climate Change risk is likely to become material for HRI, within the ORSA projection period.

There is heightened geo-political risk at present, more recently from the Israel-Hamas war in the Middle East (October 2023) in addition to the Russia-Ukraine war following Russia's invasion of Ukraine (February 2022). While HRI does not have direct exposure to these regions, developments have led to and could lead to further significant impacts in the economic environment, including inflation, rising interest rates, supply chain issues and the generally worsening economic outlook in the aftermath and post-COVID-19. The Company continues to monitor the direct and indirect impacts of the wars across its full business.

The political landscape globally has been fraught recently as countries respond to different events in different ways. Global geopolitical tensions intensified further in the financial year 2024 and were therefore of particular importance for our risk management. President Trump's victory in the US presidential elections in November 2024 (inauguration in January 2025) creates further uncertainty. Given the powerful stance that America holds, President Trump's policies could have significant impacts on conflicts currently prevailing, future escalation of existing or new conflicts, as well as direct and indirect economic impacts through taxation and trade policies.

Inflation in general rose sharply in 2022 and into 2023, initially due to a rebound in the global economy after the lifting of most Covid-19 restrictions. However, the situation was further exacerbated following Russia's invasion of Ukraine. A prolonged period of double-digit inflation had not been experienced in many countries for a generation. While inflation eased and levelled off in 2024, this change in the external environment has brought a new focus on inflation across HRI's portfolio but in particular on the P&C business - specific to the cost of settling motor and property insurance claims, Inflation remains a key issue, with Central Banks' monetary policy balancing the need to combat inflation with fluctuating recession expectations and economic shocks.

The risk profile did not materially change during 2024 with underwriting risks increasing in line with the Company's business strategy.

Any large transactions or business decisions are assessed in line with the Company's Material Change in Business Guideline. No such assessments were performed in 2024.

Prudent Person Principle

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

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

HRI is a signatory to the UN Principles for Responsible Investment (2020) and the UNEP FI Principles for Sustainable Insurance (PSI) (2021). In addition, we have also become a member of the United Nations Environment Programme Finance Initiative (UNEP FI).

Risk Concentrations

HRI monitors and sets limits on its exposure to various risk concentrations including natural catastrophe exposures, per life concentrations and retentions, geographic concentrations, asset concentrations and counterparty exposure concentrations. There is significant diversification across HRI's exposures.

Risk Mitigation

The Retrocession and Risk Mitigation Strategy outlines the approach HRI takes towards utilisation of retrocessions and other risk mitigation techniques. The key technique used to mitigate risks is retrocession.

While HRI has both internal and external retrocession arrangements in place, the use of external 3rd party retrocession is limited. HRI has internal retrocession arrangements which share the risks and rewards across the Hannover Re Group. Results are available gross and net of retrocession in order to monitor the continued effectiveness of the arrangements in place. The Company has taken due regard of the CBI's Guidance for Re(Insurance) Undertakings on Intragroup Transactions & Exposures (January 2023). Further details are noted per section C.3 below.

Both L&H and P&C Head of Actuarial Function (HoAFs) provide an independent review of the appropriateness and effectiveness of retrocession arrangements in place.

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

Stress tests and scenario analysis

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

- Tailored stresses on the key exposures in the Property & Casualty line of business.
- Various biometric stresses on the key exposures in the Life & Health line of business.
- A number of economic stresses including an increase in credit spreads, an increase in interest rates and exchange rate movements.
- Other relevant scenarios tailored to HRI such as a significant operational risk event, strategic stresses covering both Property & Casualty and Life & Health business lines.
- Relevant combined and reverse stress tests.
- Additional focus on market turbulence and inflationary scenarios.

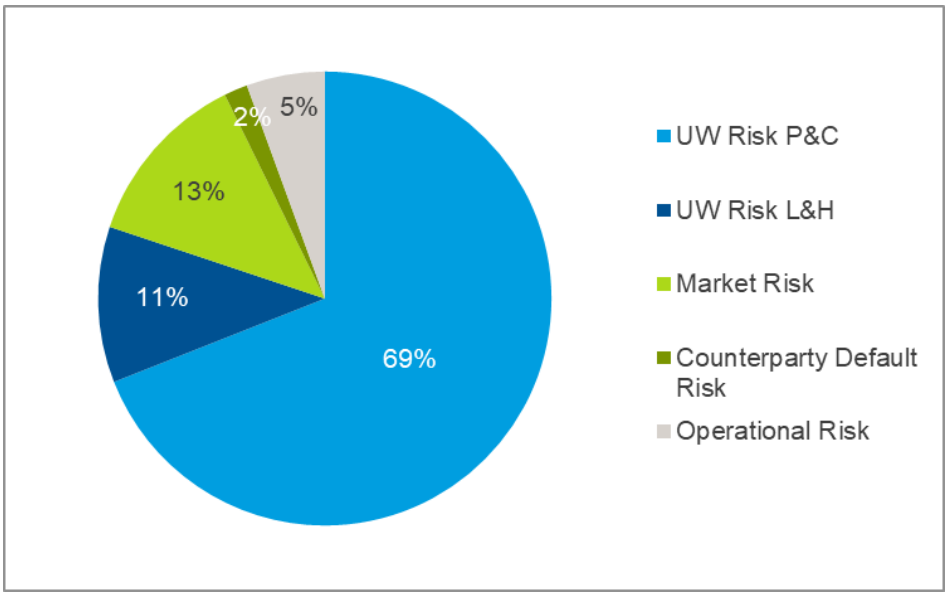
In addition, the ORSA considers the risks faced by HRI arising from Sustainability concerns, on both the assets and liabilities on HRI's balance sheet. The HRI Risk function continues to embed Sustainability and in particular climate change risk, within the ORSA and across the Risk Management System. Developments in this area are further discussed below per section C.6.

Off-balance sheet exposures

Within the Tier 3 own funds is included an Ancillary Own Funds (AOF) item. The renewal of this item was approved by the CBI on 23 November 2020. The material terms and conditions of the Tier 3 Ancillary Own Funds are described further in Section E 1.4 Ancillary Own Funds. The counterparty for the AOF is Hannover Rück SE.

Quantitative information on Risk Exposures

The Solvency Capital Requirement split by individual risk categories as at 31 December 2024 is below:



C.1 Underwriting risk

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

The Property & Casualty lines of business exposes HRI to the following types of P&C underwriting risk: premium risk, natural catastrophe risk, man-made catastrophe risk and reserving risk.

HRI writes business in most P&C lines of business. Our major lines of business include general and automobile liability, professional indemnity, workers' compensation, credit and property. Through Inter-Company Transactions (ICTs), HRI also has exposure to Natural Catastrophe perils.

P&C underwriting risk increased significantly over the reporting period due to growth in both new and existing business and reserve ultimates for ICTs in line with the Company's business strategy. P&C Underwriting risk continues to be the dominant component of HRI's required capital.

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

HRI's Life & Health business can be divided into two main types of business - Financial Solutions and Risk Solutions.

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

The Risk Solutions business is focused on reinsurance of mortality, longevity and morbidity business but does include other exposures such as lapse risk, including mass lapse risk. Exposures are spread globally including Europe, the United Kingdom, Canada, USA, South Africa, Australasia and Asia markets.

The largest source of risk in the Life & Health line is morbidity risk. This reflects HRI's risk profile and is expected due to the exposure to underlying life assurance business in line with the business strategy. Due to the nature of life business, mortality is also a significant risk – both short-term and long-term mortality risk. A relative increase in mortality or morbidity rates in each future year has a significant impact in terms of the present value of liabilities.

There has been a decrease in Life & Health underwriting risk over the reporting period. The decrease was driven by exposure updates, primarily on Asia business relating to short-term mortality. This was offset by increases across other risk modules.

The reporting and analysis of COVID-19 has significantly reduced compared to prior years reflecting the current risk status. On the 5th May 2023, the World Health Organisation (WHO) declared that COVID-19 is now an established and ongoing health issue which no longer constitutes a public health emergency of international concern. Longer term impacts attributable to COVID-19 will continue to be closely monitored

C.2 Market risk

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

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

HRI is also exposed to changes in credit spreads, where an increase in credit spreads on its investments will reduce the market value of the assets without an offsetting change in the value of liabilities. HRI applied for, and received, CBI approval to use a volatility adjustment in the calculation of the technical provisions from year end 2019. The volatility adjustment provides some protection in

the event of a significant widening of credit spreads. The impact of the volatility adjustment is approx. a 1%-2% increase in the capital ratio.

In respect of risk-free interest rates, HRI is exposed to a mismatch between assets and liabilities as the value of both will move in line with changes in rates. HRI is exposed to an increase in interest rates. Adverse impacts of interest rate movements recently offset somewhat between the decrease in asset values and a decrease in liabilities from rising interest rates which highlights the strong asset-liability matching framework in place.

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

No equity holdings are held at YE2024 within the investment portfolio. It is not the intention of the Company to hold equities going forward.

There has been no material change in market risk over the reporting period. However, Market risk capital increased due to the economic environment and higher asset volumes following recent capital injections to the Company. Our existing asset/liability management, including the use of the volatility adjustment helped to cushion negative effects of market volatility on our Solvency II capital adequacy ratio throughout the year.

C.3 Credit risk

Credit risk or counterparty default risk consist primarily of the risk of complete or partial failure of a counterparty and the associated default on payment.

Counterparty default risk is managed through a number of controls:

- The starting point for managing all counterparty exposure is through the Register of Business Partners. The register is a Hannover Re online tool that is available to all underwriters and accountants and is kept constantly up to date by the Group Risk Management. Business partners are only added to the register after they have been checked and approved. It is not permitted to transact with a counterparty unless they are approved within the register.

- Retrocession partners and broker partners are carefully selected and monitored in respect of their creditworthiness in order to minimise counterparty default risk as much as possible. The creditworthiness of cedants and retrocessionaires is monitored through a quarterly review of credit ratings, as provided by external rating agencies.

- A Group-wide Cession Limits system is also in place which must be used before any third party retrocession is placed. It assesses whether there is capacity available for the placement and the creditworthiness of the counterparty.

In accordance with the CBI's Guidance for (Re)Insurance Undertakings on Intragroup Transactions & Exposures a Risk Appetite Statement with corresponding limits and thresholds is in place for intragroup counterparty exposure. Details on intra-group receivables are presented regularly to the Board.

The Retrocession and Risk Mitigation Strategy outlines the approach HRI takes towards the utilisation of retrocessions and other risk mitigation techniques. The significance of the retrocession arrangements, for both L&H and P&C is not material in the context of the overall Gross Technical Provisions.

While counterparty risk is not eliminated, the Residual risk is low due to controls in place, early triggers (in line with treaty wordings) and funding/collateralisation arrangements in place.

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

C.4 Liquidity risk

Liquidity risk refers to the risk of being unable to meet financial obligations as they fall due. Due to the nature of the business written by HRI, there is a risk that while HRI has sufficient capital, there could be a short or medium-term liquidity strain. To mitigate this risk, HRI has a well-established liquidity management system in place.

The liquidity position is assessed at least quarterly. The analysis considers the current liquidity position plus known liquidity requirements in the foreseeable future, such as cash financing transactions or loan maturities. The liquidity position over the five-year business planning period is also assessed annually as part of the ORSA.

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

The Risk Management Function is responsible for ensuring that HRI maintain access to sufficient liquid assets to ensure that payments can be made in an insurance stress scenario without the need to sell assets backing liabilities. HRI has a board approved Risk Appetite Statement (RAS) to ensure that it has access to sufficient assets to pay the potential claims liability from a 1-in-200 year liquidity

event. Adherence to the Risk Appetite Statement ensures that HRI has access to sufficient assets to pay claims as they fall due. The RAS is monitored by the Risk Management Function and reported to the Board each quarter. The RAS plays an important role in ensuring that HRI's Own Funds are of a sufficiently liquid nature such that stress scenarios do not result in forced selling of assets backing longer dated liabilities.

Liquidity is actively monitored through the new business process with new business impacts monitored through the Material Change in Business Guideline.

There has been no material change in the liquidity position of the Company over 2024, with the liquidity RAS remaining well in excess of the defined limit and threshold.

EPIFP

As at 31 December 2024, the expected profit included in future premiums ("EPIFP") is USD 511.7m. The majority of HRI's business has no surrender values and therefore the EPIFP is any negative BEL by Line of Business.

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

C.5 Operational risk

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

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

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

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

The Hannover Re Group is part of the Operational Risk data eXchange Association (ORX). The internal loss database was transferred to ORX reporting requirements in 2016.

Additionally, the Self-Assessment of Operational Risks (SAOR) process is a well-established Group-wide process that has been in use for several years. The process requires the operational risk owners

in each area to assess the maturity level of each operational risk category. The SAOR process is carried out on a semi-annual basis is a key component of the operational risk module of the internal model.

Increased awareness to fraud and phishing attempts has been communicated to all employees and IT security is continuously monitored by Hannover Group IT. HRI has been subjected to and continues to be subjected to numerous phishing attempts. These have all been unsuccessful to date and have been used as training examples for all staff to raise awareness and to ensure everyone remains vigilant.

The Board-approved Operational Resilience Framework demonstrates how the Company prepares for, responds to, recovers and learns from operational disruptions that may affect the delivery of critical or important business services. Operational resilience can be considered an evolution of operational risk and business continuity management. An operationally resilient firm is able to recover its critical or important business services from a significant unplanned disruption, while minimising impact and protecting its customers and the integrity of the financial system. As a reinsurer, all of HRI's business is business-to-business with a substantial part representing intra-group transactions. The new framework is drafted on this basis.

C.6 Other material risks

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

Strategic risk

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

The external environment that HRI operates in is regularly discussed at the Board meetings from a regulatory, legal, tax and accounting perspective and is a key topic of the annual Risk workshop. Strategic risk is monitored and assessed regularly through the risk register.

As a global reinsurer, HRI is subject to the risk of tax and regulatory changes both here in Ireland and globally in jurisdictions where it writes business.

In October 2021, after negotiations at the Organisation for Economic Co-Operation and Development (OECD), more than 130 member jurisdictions agreed to an outline for new tax rules in relation to a future global minimum corporate tax rate. There are two 'pillars' of the reform: Pillar One changes where large companies pay taxes and Pillar Two introduces the global minimum tax.

In the EU, Pillar Two is being implemented by means of the EU Minimum Tax Directive, which has been transposed into Irish law in the Autumn 2023 Finance Act. The minimum effective corporation tax (Pillar Two ~15%) is effective from 31 December 2023. Companies with an annual turnover of at least €750 million began to pay the 15 percent minimum rate starting in 2024.

Due to disagreement and delays in implementation, a draft of the multilateral treaty for Pillar One was only recently published in October 2023. The proposals on their own are not likely to have a significant impact on the Company as Financial services are not in the direct scope. Following his inauguration on 20 January, President Trump effectively pulled the US out of the OECD global corporate tax deal and directed the Treasury to identify 'protective measures' on tax.

In 2018, HRI's risk profile materially changed following the US Tax Cuts and Jobs Act. Global tax and trade policy will continue to be closely monitored as further developments take place.

Emerging risk

The hallmark of emerging risks is that by their nature the substance of such risks is not yet known, and it is hard to predict with any certainty, making their implications difficult to assess. Such risks may have a high loss potential. The definition includes both newly emerging and evolving risks.

Risks which fall under the above categories include the following:

Cyber risk

Cyber risk can be defined as any risks that emanate from the use of electronic data and its transmission, including technology tools such as the internet and telecommunications networks. It also encompasses physical damage that can be caused by cybersecurity incidents, fraud committed by misuse of data, any liability arising from data storage, and the availability, integrity, and confidentiality of electronic information – be it related to individuals, groups or companies.

As cyber threats have become more prominent in recent years, they are increasingly considered as a top global risk for the financial sector and the economy as a whole. The increasing frequency and sophistication of cyber-attacks, the fast digital transformation and the increased use of big data and cloud computing make insurers increasingly susceptible to cyber threats. Insurance groups also form a natural target for cyber-attacks, as they possess substantial amounts of confidential policyholder information. On the other hand, the digital economy and the advance of technology also offer opportunities to underwriters. A well-developed cyber insurance market can play a key role in enabling the transformation to the digital economy, by raising awareness of cyber risks, sharing knowledge on good cyber risk management practices and facilitating responses to and recovery from cyber-attacks.

The most common cyber incidents affecting insurers are phishing mail, malware infections (ransomware), data exfiltration and denial of service attacks. The main consequences suffered by insurers following these cyber incidents are business interruption and material costs for policyholders and third parties.

As a subsidiary, HRI largely relies on the IT services provided by the Group to mitigate its exposure to cyber risk. A Group-wide Information Security Policy is in place and is annually reviewed and approved by the Executive Board of Hannover Rück SE. Cyber risk is considered as a component of Information and IT security risk, which is one of the operational risk categories on the risk register. A local Information Security policy has been implemented and an expansion of the Business Continuity Plan to specifically cover cyber risk has been completed.

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

Increased awareness of phishing attempts has been communicated to all staff with hybrid working leading to a large volume of suspicious emails being received. Warning emails have also been circulated to staff by IT personnel when suspicious emails were notified to them. This awareness and vigilance step was further heightened following Russia's invasion of Ukraine, with the increased threat of cyber-attacks during the crisis and in response to sanctions imposed on Russia by the US, Europe and other countries.

From an underwriting perspective, HRI do not provide standalone Cyber coverage to any third party clients. Hannover Re's underwriting guidelines specify and limit any cyber exposures. Silent Cyber

exposures are avoided in line with these guidelines. Cyber risk is actively tracked by Advanced Solutions Ireland in line with these guidelines, either by exclusion or approval of known exposure.

Sustainability risk

Sustainability Risk is captured across HRI's risk register including Reputational, Strategic and Emerging risks. A globally active reinsurer like Hannover Re will encounter risks relating to sustainability. Managing sustainability risk is balancing strategic goals with internal green strategies and policies. In the context of our risk management, we also consider risks that can arise in connection with environmental, social or governance issues (ESG risks) and are increasingly affecting already existing risk categories.

Environmental protection, human resources, occupational health and safety, public private partnerships, infrastructure development and social affairs as well as closing protection gaps in the regions of a company's operation, can directly impact a company's reputation and financial results. Our compliance with arising regulatory requirements in this respect complements our sustainability procedures.

Sustainability is an essential part of the Group strategy, as reinforced in the latest strategy cycle 2024-2026. Sustainability is embedded into the strategy with a focus on environmental stewardship, building upon the purpose, values and robust foundation of the Hannover Re Group. The strategy describes the core elements of our sustainable actions and our contribution to a transformation into a sustainable future.

HRI has tailored local policies, strategies and frameworks building upon the Hannover Re Group approach and activities. HRI has established a local Sustainability Function to advise the HRI Operational Council on all Sustainability areas that could impact on the Company and to manage and control risks within the agreed HR Group Sustainability strategy.

Climate Change

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

Insurance companies face the dual challenge of addressing escalating climate change risks and shifting industry regulations. HRI may face financial, operational or reputational impacts as a result of environmental risk events, which include environmental issues, regulatory enforcement or costs associated with changes in environmental laws and regulations.

Implications for the insurance sector include:

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

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

From an investment and asset perspective, the HRI portfolio consists of a large proportion of highly liquid, highly-rated, secure and low risk assets. There are no direct equity investments in the energy

and fossil commodity industry. Furthermore, no physical assets are held. In addition, HRI is a signatory to the UN Principles for Responsible Investment (2020) and the UNEP FI Principles for Sustainable Insurance (PSI) (2021). We have also become a member of the United Nations Environment Programme Finance Initiative (UNEP FI). Hannover Re is committed to its sustainability strategy and aims to achieve full climate neutrality by 2050 at the latest.

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

In March 2023, the CBI published final Guidance on Climate Change Risk following a consultation in 2022. HRI continue to embed climate change risks into the risk management system in line with this guidance. The climate change risk assessment is documented within the ORSA report, which in turn considers the risks faced by HRI as a result of climate change on both assets and liabilities on the balance sheet. The current climate assessment is deemed not to be currently material but likely to become material within the current ORSA projection period.

Reputational risk

Reputational risk is defined as the risk that adverse publicity regarding HRI's business practices and associations, whether accurate or not, could cause a loss of confidence in the integrity of the Company. The risk of loss of confidence relates to all stakeholders, which include existing and potential clients, brokers, suppliers, supervisors and employees. It has the capacity to damage our existing business and our future potential.

As far as reputational risks are concerned, taking due account of ESG concerns is one of the best possible ways to avoid reputational damage and an associated loss of trust among our stakeholders. Conversely, the measures enshrined in the sustainability strategy are key tools for avoiding reputational risks. As a result, risk management, reputational risk and sustainability risks are closely interlinked. The Sustainability Framework in place, is now the leading framework on managing reputational risks; addressing both issues in a united approach.

All operational risk events at HRI are also assessed to determine if they could have a reputational impact. HRI is intrinsically linked to the Hannover Re Group in the context of reputational risk.

C.7 Any Other Information

There is no other material information regarding the risk profile.

D. Valuation for Solvency Purposes

General valuation principles

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

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

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

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

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

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

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

With the publication of the Implementing Regulation (EU) 2023/894 by the European Commission on April 4, 2023, the application of Directive 2009/138/EC of the European Parliament and the Council was adapted.

In accordance with the aforementioned legal bases, reinsurance receivables and payables have to be split according to their certainty and existence of a settled agreement. Future payments whose absolute amount and due date are known after settlement with the cedant are reported within the respective balance sheet items. Estimated balances, on the other hand, are included into the reinsurance recoverables.

Going Concern

A going concern assessment has been undertaken as part of the 2024 reporting process. The assessment considered the company's business activities, liquidity, solvency and position within the Group.

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

The going concern assessment included consideration of the Company's current and forecast solvency and liquidity positions over a five-year period through management's 2025-2029 business plan and evaluates the results of stress and scenario testing.

The Company's stress and scenario testing considers the Company's capacity to respond to a series of relevant financial, insurance or operational shocks should future circumstances or events differ from the current assumptions in the business plan, focussing on the impacts on solvency, cash remittances and liquidity.. Even in severe downside scenarios, no material uncertainty in relation to going concern has been identified.

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

Assessing active markets

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

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

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

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

Note

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

Solvency II balance sheet as at 31 December 2024

The following two pages show the Solvency II and IFRS balance sheets as at 31 December 2024.

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

In USD 000's	Solvency II	IFRS
Assets		
Deferred acquisition costs		
Deferred tax assets	-	22,140
Property, plant & equipment held for own use	7,269	9,991
Investments (other than assets held for index-linked and unit-linked contracts)	3,064,945	3,054,734
Property (other than for own use)	-	-
Holdings in related undertakings, including participations	-	-
Bonds	2,972,778	2,962,567
Government Bonds	1,647,515	1,841,260
Corporate Bonds	1,168,660	964,704
Structured notes	-	-
Collateralised securities	156,603	156,603
Collective Investments Undertakings	46,447	46,447
Derivatives	23,612	23,612
Deposits other than cash equivalents	10,206	10,206
Other investments	11,902	11,902
Assets held for index-linked and unit-linked contracts	-	-
Loans and mortgages	43,767	53,905
Loans on policies	-	-
Loans and mortgages to individuals	-	-
Other loans and mortgages	43,767	53,905
Reinsurance recoverables from:	1,233,403	1,191,579
Non-life and health similar to non-life	1,259,779	842,414
Non-life excluding health	954,858	-
Health similar to non-life	304,921	-
Life and health similar to life, excluding health and index-linked and unit-linked	- 26,376	349,165
Health similar to life	- 8,298	-
Life excluding health and index-linked and unit-linked	- 18,078	-
Life index-linked and unit-linked		
Deposits to cedants	5,436,661	-
Insurance and intermediaries receivables	1,186,116	-
Reinsurance receivables	1,040	-
Receivables (trade, not insurance)	15,757	16,080
Cash and cash equivalents	59,392	59,392
Any other assets, not elsewhere shown	406	406
Total assets	11,048,756	4,408,227

In USD 000's	Solvency II	IFRS
Liabilities		
Technical provisions – non-life	7,101,449	1,653,390
Technical provisions – non-life (excluding health)	6,441,038	-
Technical provisions calculated as a whole	-	-
Best Estimate	6,304,088	-
Risk margin	136,950	-
Technical provisions - health (similar to non-life)	660,411	-
Technical provisions calculated as a whole	-	-
Best Estimate	647,285	-
Risk margin	13,126	-
Technical provisions - life (excluding index-linked and unit-linked)	272,725	672,801
Technical provisions - health (similar to life)	284,350	
Technical provisions calculated as a whole	-	-
Best Estimate	262,122	-
Risk margin	22,228	-
Technical provisions – life (excluding health and index-linked and unit-linked)	- 11,625	-
Technical provisions calculated as a whole	-	-
Best Estimate	- 65,992	-
Risk margin	54,367	-
Technical provisions – index-linked and unit-linked	- 51,652	-
Technical provisions calculated as a whole	-	-
Best Estimate	- 52,154	-
Risk margin	503	-
Provisions other than technical provisions	9,401	9,401
Deposits from reinsurers	1,140,599	-
Deferred tax liabilities	33,601	-
Derivatives	18,546	18,546
Debts owed to credit institutions	-	-
Financial liabilities other than debts owed to credit institutions	223,265	466,797
Insurance & intermediaries payables	112,965	-
Reinsurance payables	82,198	-
Payables (trade, not insurance)	40,469	40,469
Subordinated liabilities	197,400	-
Subordinated liabilities not in Basic Own Funds	-	-
Subordinated liabilities in Basic Own Funds	197,400	-
Any other liabilities, not elsewhere shown	15,192	112,349
Total liabilities	**9,196,159**	**2,973,753**
Excess of assets over liabilities	**1,852,598**	**1,434,474**

D.1 Assets

D.1.1 Deferred Acquisition costs R0020

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

D.1.2 Deferred tax assets R0040

in USD 000's	Solvency II	IFRS
Deferred tax assets	0	22,140

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

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

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

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

Differences in valuation

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

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

in USD 000's	Solvency II	IFRS
Property, plant & equipment held for own use	7,269	9,991

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

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

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

Differences in valuation

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

D.1.4 Bonds R0130

in USD 000's	Solvency II	IFRS
Bonds	2,972,778	2,962,567

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

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

Differences in valuation

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

D.1.5 Collective Investment Undertakings R0180

in USD 000's	Solvency II	IFRS
Collective Investment Undertakings	46,447	46,447

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

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

D.1.6 Derivatives R0190

in USD 000's	Solvency II	IFRS
Derivatives	23,612	23,612

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

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

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

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

D.1.7 Deposits other than cash equivalents R0200

in USD 000's	Solvency II	IFRS
Deposits other than cash equivalents	10,206	10,206

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

D.1.8 Other investments R0210

in USD 000's	Solvency II	IFRS
Other investments	11,902	11,902

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

D.1.9 Loans and mortgages R0230

in USD 000's	Solvency II	IFRS
Loans and mortgages	43,767	53,905

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

Differences in valuation

The difference between the Solvency II valuation bases and the IFRS financial statements totalling USD 10.2m results from the reclassification of a surplus note investment with a related party, valued at USD 10.2m, which is classified as "Loans and mortgages" in the comparative IFRS balance sheet and corporate bonds under Solvency II Reclassification of the surplus note investment which is classified as a bond on the Solvency II balance sheet as per Section D.1.4.

D.1.10 Reinsurance recoverables R0270

D.1.11 Deposits to cedants R0350

D.1.12 Insurance and intermediaries receivables R0360

D.1.13 Reinsurance receivables R0370

D.1.14 Receivables (trade, not insurance) R0380

The valuation of R0270, R0350, R0360, R0370 and R0380 is described in section D.2 Technical Provisions.

D.1.15 Cash and cash equivalents R0410

in USD 000's	Solvency II	IFRS
Cash and cash equivalents	59,392	59,392

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

D.2 Technical Provisions

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

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

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

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

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

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

Impact of non-application of a volatility adjustment

in USD 000's	Amount with Long Term Guarantee measures and transitionals	Impact of volatility adjustment set to zero
Technical provisions	7,322,522	2,009
Basic own funds	2,049,959	-1,461
Eligible own funds to meet Solvency Capital Requirement	2,199,959	-1,460
Solvency Capital Requirement	1,135,835	2,840
Eligible own funds to meet Minimum Capital Requirement	1,954,783	-1,725
Minimum Capital Requirement	511,126	-1,278

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

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

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

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

Best Estimate Liability (BEL)

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

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

Risk Margin (RM)

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

The Cost of Capital ("CoC") factor is 6%. The required capital is the SCR under Solvency II according to HRI's internal model. The allocation of the SCR to the lines of business reflects the contribution to the SCR (Art. 37). The distributed capital is run off in future years using appropriate risk drivers for each line of business. The following have not been used by HRI in the calculation of the Solvency II technical provisions:

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

Comparison of Net IFRS reserves to Net Solvency II technical positions.

The following table shows a comparison of the IFRS technical positions versus the Solvency II technical positions:

in USD 000's	Solvency II
Assets	
Reinsurance Recoverables	1,233,403
Deposits to cedants	5,436,661
Other Payables/Receivables	992,558
Liabilities	
Technical Provisions	7,322,522
Deposits from reinsurers	1,140,599
Total	**-800,499**

in USD 000's	IFRS
Assets	
Reinsurance contracts issued in an asset position	1,195,921
Recoverables on reinsurance contracts retroceded	596,230
Liabilities	
Liabilities from reinsurance contracts issued	2,326,190
Reinsurance contracts retroceded in a liability position	600,572
Other Payables/Receivables	96,149
Total	**-1,230,760**
Net Difference	**-430,261**

Differences in valuation

The gross valuation differences in the table above relate to a difference in the classification and mapping of accounts under Solvency II. In addition, different netting rules apply for IFRS and Solvency II. Therefore, the accounts above need to be analysed together on a net basis. The net difference is explained in Section D.2.1 and D.2.2 below.

D.2.1 Life & Health: Valuation Principles

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

Valuation Bases

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

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

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

The expense cashflows relate to administration and overhead expenses generated within HRI.

Included in the Best Estimate Liability is an estimation of incurred but not reported claims and outstanding claims where relevant.

The Reinsurance Recoverable reflects retrocession in place, both internally within the Hannover Re Group and externally to third parties. Where appropriate, a default adjustment is included. In general, the same approach is used to calculate the Reinsurance Recoverable as for the relevant gross Best Estimate Liability. The Reinsurance Recoverable additionally includes payable/receivable amounts.

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

Life

Methods

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

Where relevant, a combination of seriatim data and model points is used to project the best estimate future cashflows using actuarial projection programmes. The best estimate future cashflows for the mass lapse deals are the projected fees.

Main Assumptions

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

The mortality assumption is developed specific to the main regions. For instance, for UK originated business, it has been calibrated to a UK industry mortality table based on own experience, with allowance for mortality improvement assumptions included from UK population mortality improvements trends. The mortality assumptions for the Asian and North American business have also been developed based on industry mortality tables calibrated to experience.

Lapse assumptions are derived from own experience where credible. Industry data and relevant internal experience within the Hannover Re Group are also used. The assumptions reflect factors such as duration, issue age, product type, sales channel, risk class and single/joint life.

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

The lapse experience and assumptions for mass lapse deals are assessed at pricing and emerging experience is monitored.

Valuation Differences

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

SII & IFRS17 Technical Provisions
In USD 000's

Line of Business	BEL	Reinsurance Recoverable*	RM	TP net of Reinsurance Recoverable	SII Deposits	IFRS17 Technical Provisions**	**Comparison SII and IFRS17*** **
Life	-118,146	10,082	54,870	-53,195	1,361	79,739	-134,294

*Before inclusion of payable/receivable
**IFRS17 Technical Provisions = Best Estimate Liability + Risk Adjustment + Contractual Service Margin
***SII Deposits are netted from TP before comparing to IFRS17

For both Solvency II and IFRS17, the Best Estimate Liability reflects the current best estimate view of assumptions. The projected cashflows, other than expenses, are the same for both bases. Due to different requirements, the provision for expenses within the Best Estimate Liability is higher for Solvency II than for IFRS17. The discount rates used to calculate the Best Estimate Liability amounts are similar, with both using current risk-free interest rates with adjustments. A liquidity premium is included for IFRS17 while a volatility adjustment is included for Solvency II. The IFRS17 BEL is

calculated net of Deposits. Therefore, the Solvency II Deposits are netted from the technical provisions before comparing to the IFRS17 technical provisions in the table above.

The Solvency II technical provisions include a Risk Margin, the calculation of which is prescribed. The IFRS17 technical provisions include a Risk Adjustment, the calculation of which has been developed internally in line with the requirements of the IFRS17 Standard. The resulting Risk Adjustment is higher than the Risk Margin.

The IFRS17 technical provisions include a Contractual Service Margin for which there is no Solvency II equivalent. The Contractual Service Margin represents the estimated unearned profits that HRI expects to earn as it provides services in the future. It accounts for most of the difference between the Solvency II and IFRS17 technical provisions.

Health

Methods

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

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

Main Assumptions

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

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

Valuation Differences

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

SII & IFRS17 Technical Provisions
In USD 000's

Line of Business	BEL	Reinsurance Recoverable*	RM	TP net of Reinsurance Recoverable	SII Deposits	IFRS17 Technical Provisions**	Comparison SII and IFRS17***
Health	262,122	8,298	22,228	292,649	80,126	253,995	-41,472

*Before inclusion of payable/receivable
**IFRS17 Technical Provisions = Best Estimate Liability + Risk Adjustment + Contractual Service Margin
***SII Deposits are netted from TP before comparing to IFRS17

The valuation differences are the same as those described for the Life line of business above.

Allowing for future management actions

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

Material Changes in Assumptions

As part of the regular and ongoing review of all assumptions, updates were made to the Asian business to reflect experience. These changes resulted in an overall increase in the Best Estimate Liability.

Level of Uncertainty in the Technical Provisions

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

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

Changes in lapse rates are material for certain products as well. The directionality of the lapse effect is dependent on the treaty and type of reinsurance.

Given the risk remote nature of the deals, the structured transactions and mass lapse deals are a more limited source of uncertainty. The recapture rights of the cedants are an area of uncertainty for the structured transactions.

D.2.2 Property & Casualty: Valuation Principles

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

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

Methodology

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

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

Best Estimate Premium Provision

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

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

Best Estimate Claims Provision

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

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

Current assumptions

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

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

Some treaties written by HRI contain features, such as the start of maintenance fees for example, to encourage the cedant behaviour that was anticipated at the inception of the treaty, such as

commutation at a certain point. The expected margin reflects these features and the probability of commutation or payment of additional premiums or fees. So expected cedant behaviour is reflected in the BEL and any exceptions due to poor performance for example are reflected accordingly as necessary.

Expenses

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

Treaty boundary

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

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

Allowing for future management actions

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

Reinsurance Recoverables within technical provisions

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

Line of Business	Reinsurance recoverable
Proportional Reinsurance	
Medical expense insurance	186,759
Income protection insurance	117,467
Workers' compensation insurance	695
Motor vehicle liability insurance	32,955
Other motor insurance	206,226
Marine, aviation and transport insurance	619
Fire and other damage to property insurance	668,083
General liability insurance	38,450
Credit and suretyship insurance	278
Assistance insurance	61
Miscellaneous financial loss	6,058

Non Proportional Reinsurance	
Marine, aviation and transport insurance	-44
Other motor insurance	2,172
Fire and other damage to property insurance	1,101
Total	**1,259,779**

Risk-free interest rates

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

Risk margin

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

Comparison of Net IFRS reserves to Net Solvency II Technical Provisions

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

in USD 000's	Amount
IFRS Reserves*	1,879,968
Adjustments to Solvency II basis	-252,875
Net Technical Provisions*	1,627,093

*Excludes all technical receivables/payables

The adjustments between IFRS and Solvency II relate to, amongst other items differences in the timing of the recognition of future profits, differences in the basis of the yield curves used for discounting and differences in the requirements to reserve for future expenses.

D.3 Other Liabilities

D.3.1 Provisions other than technical provisions R0750

in USD 000's	Solvency II	IFRS
Provisions other than technical provisions	9,401	9,401

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

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

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

D.3.2 Deposits from reinsurers R0770

The valuation of R0770 is described in Section D.2 Technical Provisions

D.3.3 Derivatives R0790

in USD 000's	Solvency II	IFRS
Derivatives	18,546	18,546

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

D.3.4 Financial liabilities other than debts owed to credit institutions R0810

in USD 000's	Solvency II	IFRS
Financial liabilities other than debts owed to credit institutions	223,265	466,797

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

Differences in valuation

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

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

D.3.5 Insurance and intermediary payables R0820

D.3.6 Reinsurance payables R0830

Differences in valuation

The valuation of R0820 and R0830 is described in Section D.2 Technical Provisions

D.3.7 Subordinated liabilities R0870

in USD 000's	Solvency II	IFRS
Subordinated liabilities	197,400	0

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

Differences in valuation

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

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

D.3.8 Any other liabilities, not elsewhere shown R0880

The valuation of R0880 is described in Section D.2 Technical Provisions

D.4 Alternative methods for valuation

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

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

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

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

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

D.4.1 Further information on alternative valuation methods

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

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

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

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

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

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

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

Through a process of regular validation in which a systematic, quantitative and qualitative assessment of the appropriateness of valuation models and methods is undertaken, model risks can be limited.

Furthermore, the model results (for items which are predominantly valued using alternative valuation methods) are continuously subject to plausibility checks as part of daily quality assurance processes.

D.5 Any other information

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

E. Capital Management

E.1 Own Funds

E.1.1 Management of own funds

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

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

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

E.1.2 Tiering

The own funds of HRI split by tier as at 31 December 2024 compared to 31 December 2023 was comprised as follows:

in USD 000's	2024	2023
Tier 1	1,852,598	1,563,960
Tier 2	197,400	196,059
Tier 3	150,000	155,404
Total eligible own funds to meet SCR	**2,199,998**	**1,915,423**

None of the Tier 1 own funds is restricted capital. There is an upper limit 15% of the SCR on the amount of Tier 3 capital that can be counted towards covering the SCR. Tier 1 capital must make up a minimum of 50% of the SCR.

The eligible amount of basic own funds to cover the MCR as at 31 December 2024 compared to 31 December 2023 was comprised as follows:

in USD 000's	2024	2023
Tier 1	1,852,598	1,563,960
Tier 2	102,225	94,624
Total eligible own funds to meet MCR	**1,954,823**	**1,658,584**

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

E.1.3 Basic own funds

Share capital

The ordinary share capital of HRI as at 31 December 2024 amounts to USD 29.9m (2023: 29.9m). At the beginning of the year, the Company has authorised share capital of 1,000,000 voting and dividend bearing registered shares with a nominal value of EUR 100. The Company's issued share capital consists of 273,309 Redeemable Ordinary Shares (2023: 273,309) with a nominal value of EUR 100 at year end. The shares are fully paid.

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

Undenominated Capital Reserve

The Undenominated Capital Reserve at 31 December 2024 is USD 24.7m (2023: USD 24.7m) and relates to shares redeemed during 2018 and 2019.

Capital Contribution

The Capital Contribution account, approved by the CBI, related to ordinary share capital at 31 December 2024 is USD 930.5m (2023: USD 930.5m). There were no capital injections to the Company in 2024.

Reconciliation reserve

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

- Share capital
- Capital Contribution
- Foreseeable dividends, distributions and charges;

The reconciliation reserve at 31 December 2024 is USD 867.5m (2023: USD 578.9m).

Structure of basic own funds

in USD 000's	2024	2023
Tier 1 unrestricted	1,852,598	1,563,960
Ordinary share capital	29,865	29,865
Undenominated capital reserve	24,770	24,770
Capital Contribution	930,468	930,468
Reconciliation reserve	867,495	578,857
Tier 1 restricted		
Tier 2	197,400	196,059
Subordinated liability	197,400	196,059
Tier 3	0	5,404
Net deferred tax asset	0	5,404
Total	**2,049,998**	**1,765,423**

E.1.4 Ancillary own funds (AOF)

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

	Ancillary Own Funds
Counterparty	Hannover Rück SE
Initial Consideration	EUR 1
Subordinated loan tranche	USD 15m (USD 1m integral amounts)
Total Commitment Sum	The lower of 15% of SCR and 150m (subject to tax and Tier 2 restrictions)
Rank	Tier 3
Own funds value as at 31 December 2024	USD 150m

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

This AOF item is due for renewal in 2025.

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

The table below shows the difference between the IFRS Financial Statements Equity and Solvency II Excess of assets over liabilities for 2024 and 2023.

In USD 000's	2024	2023
Solvency II Excess of assets over liabilities	1,852,598	1,569,363
Total shareholders' equity - IFRS	1,434,475	1,306,328
Difference	**418,123**	**263,035**

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

In USD 000's	2024	2023
Difference relating to non-technical positions	43,602	12,064
Difference relating to technical positions	430,261	277,711
Difference relating to deferred tax	-55,740	-26,740
Total	**418,123**	**263,035**

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

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Solvency Capital Requirement

The Solvency Capital Requirement split by risk categories as at 31 December 2024 with a comparison to 31 December 2023 is below.

In USD 000's	2024	2023
Underwriting risk - Property & Casualty	1,115,385	974,555
Underwriting risk - Life & Health	179,430	212,630
Market risk	203,813	245,374
Counterparty default risk	27,204	29,107
Operational risk	90,321	94,121
Diversification	-396,689	-453,840
Total risk (pre-tax)	**1,219,464**	**1,101,947**
Deferred tax	-83,630	-50,565
Total risk (post-tax)	**1,135,835**	**1,051,382**

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

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

- an increase in Property & Casualty underwriting risk due to growth in renewal and new business and related reserve ultimates for Inter-Company Transactions (ICTs).
- a decrease in Life & Health underwriting risk mainly due to exposure and modelling updates, primarily on the Asia business. Economic impacts have a further decreasing effect.
- a decrease in market risk mainly as a result of a better match between assets and liabilities, which in turn leads to a higher VA effect within the Market risk module.
- a small decrease in counterparty default risk due to lower exposure volumes from L&H cedants.
- a small decrease in operational risk capital due to economic variables.

LACDT

Solvency II permits an adjustment to allow the capital relief resulting from an instantaneous shock loss calculated as per the SCR. This means that the instantaneous loss resulting from the SCR stress would enable a (re)insurance firm to allow for tax relief in respect of such losses. Restrictions are imposed under SII regulations in relation to the build-up of the deferred tax assets.

For HRI, the LACDT is capped at 15% of the loss arising due to the SCR shock. HRI's effective tax effect is 6.9% as at 31 December 2024. The main driver of the increased tax effect over 2024 is the opening DTL position per the Balance sheet.

E.2.2 Minimum Capital Requirement

The Minimum Capital Requirement at the end of 2024 was USD 511.1m (2023: USD 473.1m). The ratio of eligible own funds for the Minimum Solvency Capital Requirement was 382% (2023: 351%).

The MCR is currently equal to the cap which is the maximum level of the MCR i.e. 45% of the SCR.

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

This is not applicable to HRI.

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

E.4.1 Technical Specifications on the Internal Model

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

- assessing the overall required capital including the diversification benefit
- in risk budgeting and allocation
- monitoring of risk appetite statements
- for strategic decisions
- in pricing and new business through the Capital Impact Assessment (CIA) process
- testing risk mitigation options
- to quantify the severity and frequency of the risks faced by HRI.

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

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

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

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

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

E.4.2 Implementation of the Internal Model

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

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

Generally speaking, the internal model represents a probability calculation approach, while the standard formula is factor-based. For natural and man-made catastrophes, the internal model uses exposure data for all risks whereas the standard formula only uses exposure data for EU proportional business. Premium figures are used for all other areas. Furthermore, the internal model allows for climate change to be incorporated into the modelling of NatCat exposures.

Retrocessions and reinsurance cover are applied precisely in the internal model, whereas the standard formula only permits the use of approximate values. The appropriate treatment of risk mitigating features, such as profit commissions and ratio caps for ASI business, are also fully allowed for within the internal model whereas the standard formula ignores these features. Further differences arise from correlation assumptions.

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

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

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

Data

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

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

Relevant historical company data and internal company data is used to calibrate the model, particularly for underwriting risk. Long-term market data is used for the calibration of market and counterparty risk. The key reliance is the Economic Scenario Generator from Moody's Analytics and there is back testing on the results of the output against market data. Moody's Analytics provides quarterly updates of the real world calibration parameters to reflect changes in the market and their views on long term targets.

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

E.5.1 Non-Compliance with Minimum Capital Requirement

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

E.5.2 Significant Non-Compliance with Solvency Capital Requirement

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

E.6 Any other information

There is no other material information regarding capital management.

Abbreviations and Glossary

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

Quantitative Reporting Templates

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

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

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

S.02.01.02: Balance sheet

S.02.01.02: Balance sheet, page 1		Solvency II
Assets		**C0010**
Intangible assets	**R0030**	-
Deferred tax assets	**R0040**	-
Pension benefit surplus	**R0050**	-
Property, plant & equipment held for own use	**R0060**	7,269
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	3,064,945
Property (other than for own use)	**R0080**	-
Holdings in related undertakings, including participations	**R0090**	-
Equities	**R0100**	-
Equities - listed	**R0110**	-
Equities - unlisted	**R0120**	-
Bonds	**R0130**	2,972,778
Government Bonds	**R0140**	1,647,515
Corporate Bonds	**R0150**	1,168,660
Structured notes	**R0160**	-
Collateralised securities	**R0170**	156,603
Collective Investments Undertakings	**R0180**	46,447
Derivatives	**R0190**	23,612
Deposits other than cash equivalents	**R0200**	10,206
Other investments	**R0210**	11,902
Assets held for index-linked and unit-linked contracts	**R0220**	-
Loans and mortgages	**R0230**	43,767
Loans on policies	**R0240**	-
Loans and mortgages to individuals	**R0250**	-
Other loans and mortgages	**R0260**	43,767
Reinsurance recoverables from:	**R0270**	1,233,403
Non-life and health similar to non-life	**R0280**	1,259,780
Non-life excluding health	**R0290**	954,858
Health similar to non-life	**R0300**	304,921
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	- 26,376
Health similar to life	**R0320**	- 8,298
Life excluding health and index-linked and unit-linked	**R0330**	- 18,078
Life index-linked and unit-linked	**R0340**	-
Deposits to cedants	**R0350**	5,436,661
Insurance and intermediaries receivables	**R0360**	1,186,116
Reinsurance receivables	**R0370**	1,040
Receivables (trade, not insurance)	**R0380**	15,757
Own shares (held directly)	**R0390**	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	-
Cash and cash equivalents	**R0410**	59,392
Any other assets, not elsewhere shown	**R0420**	406
Total assets	**R0500**	**11,048,757**

		Solvency II
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	7,101,448
Technical provisions – non-life (excluding health)	**R0520**	6,441,038
Technical provisions calculated as a whole	**R0530**	-
Best Estimate	**R0540**	6,304,088
Risk margin	**R0550**	136,950
Technical provisions - health (similar to non-life)	**R0560**	660,411
Technical provisions calculated as a whole	**R0570**	-
Best Estimate	**R0580**	647,285
Risk margin	**R0590**	13,126
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	272,726
Technical provisions - health (similar to life)	**R0610**	284,350
Technical provisions calculated as a whole	**R0620**	-
Best Estimate	**R0630**	262,122
Risk margin	**R0640**	22,228
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	- 11,625
Technical provisions calculated as a whole	**R0660**	-
Best Estimate	**R0670**	- 65,992
Risk margin	**R0680**	54,367
Technical provisions – index-linked and unit-linked	**R0690**	- 51,652
Technical provisions calculated as a whole	**R0700**	-
Best Estimate	**R0710**	- 52,154
Risk margin	**R0720**	503
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	-
Pension benefit obligations	**R0760**	9,401
Deposits from reinsurers	**R0770**	-
Deferred tax liabilities	**R0780**	1,140,599
Derivatives	**R0790**	33,601
Debts owed to credit institutions	**R0800**	18,546
Financial liabilities other than debts owed to credit institutions	**R0810**	223,265
Insurance & intermediaries payables	**R0820**	112,965
Reinsurance payables	**R0830**	82,198
Payables (trade, not insurance)	**R0840**	40,469
Subordinated liabilities	**R0850**	197,400
Subordinated liabilities not in Basic Own Funds	**R0860**	-
Subordinated liabilities in Basic Own Funds	**R0870**	197,400
Any other liabilities, not elsewhere shown	**R0880**	15,192
Total liabilities	**R0900**	**9,196,159**
Excess of assets over liabilities	**R1000**	**1,852,598**

S.04.05.21 Premiums, Claims and Expenses by Country

S.04.05.21: Country, page 1

		Top 5 countries - non-life obligations				
		C0020	C0020	C0020	C0020	C0020
	R0010	GERMANY	UNITED KINGDOM (GIBRALTAR)	CHINA	MALAYSIA	MALTA
		C0020	C0020	C0020	C0020	C0020
Premiums written						
Gross - Direct Business	R0020					
Gross - Proportional reinsurance accepted	R0021	3,970,283	1,156,438	1,049,296	866,749	446,337
Gross - Non-proportional reinsurance accepted	R0022	3,373	-211	-	-	-
Premiums earned		-	-	-	-	-
Gross - Direct Business	R0030	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0031	3,959,668	943,380	968,257	867,096	364,913
Gross - Non-proportional reinsurance accepted	R0032	3,373	-211	-	-	-
Claims incurred		-	-	-	-	-
Gross - Direct Business	R0040	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0041	2,781,684	603,162	583,195	371,719	182,457
Gross - Non-proportional reinsurance accepted	R0042	3,467	-68	-	-	-
Expenses incurred		-	-	-	-	-
Gross - Direct Business	R0550	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0551	3,970,283	1,156,438	1,049,296	866,749	446,337
Gross - Non-proportional reinsurance accepted	R0552	3,373	-211	-	-	-

S.04.05.21: Country, page 2

		Top 5 countries - life obligations				
		C0020	C0020	C0020	C0020	C0020
		BERMUDA	HONG KONG	CANADA	UNITED STATES	UNITED KINGDOM
Premiums written	R1020	41,006	140,970	55,414	60,301	49,988
Premiums earned	R1030	41,006	140,970	55,414	60,301	49,988
Claims incurred	R1040	-	131,535	51,709	53,988	85,774
Expenses incurred	R1050	382	-12,668	2,926	257	774

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

S.05.01.02: Cover, page 1

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)								
		Medical expense insurance	Income protection insurance	Workers' compen-sation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090
Premiums written										
Gross - Direct Business	R0110									
Gross - Proportional reinsurance accepted	R0120	53,435	137,570	112,545	2,222,833	1,343,745	99,379	2,471,506	871,270	623,904
Gross - Non-proportional reinsurance accepted	R0130									
Reinsurers' share	R0140	15,991	89,240	863	50,457	153,742	30,478	981,862	36,835	561
Net	R0200	37,444	48,330	111,683	2,172,376	1,190,003	68,901	1,489,644	834,435	623,343
Premiums earned										
Gross - Direct Business	R0210	-	-	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0220	26,347	136,173	112,487	1,981,309	1,335,260	91,546	2,325,266	877,151	623,200
Gross - Non-proportional reinsurance accepted	R0230									
Reinsurers' share	R0240	14,334	89,614	868	39,378	164,854	22,661	872,641	34,612	468
Net	R0300	12,012	46,559	111,619	1,941,931	1,170,406	68,885	1,452,624	842,539	622,732
Claims incurred										
Gross - Direct Business	R0310	-	-	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0320	141,400	-103,580	78,629	1,387,204	843,346	48,929	1,342,051	689,934	337,825
Gross - Non-proportional reinsurance accepted	R0330									
Reinsurers' share	R0340	130,096	-113,733	92	21,337	92,024	11,007	369,566	9,126	5
Net	R0400	11,305	10,153	78,537	1,365,867	751,322	37,921	972,485	680,807	337,820

S.05.01.02: Cover, page 2

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)								
		Medical expense insurance	Income protection insurance	Workers' compen-sation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090
Changes in other technical provisions										
Gross - Direct Business	R0410	0	0	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	R0420	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0430									
Reinsurers' share	R0440	0	0	0	0	0	0	0	0	0
Net	R0500	0	0	0	0	0	0	0	0	0
Expenses incurred	R0550	9,296	28,508	29,856	605,133	429,122	22,835	663,358	145,140	214,591
Other expenses	R1200									
Total expenses	R1300									

S.05.01.02: Cover, page 3

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)			Line of Business for: accepted non-proportional reinsurance				Total
		Legal expenses insurance	Assistance	Miscella-neous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written									
Gross - Direct Business	R0110								
Gross - Proportional reinsurance accepted	R0120	0	4	11,917					7,948,108
Gross - Non-proportional reinsurance accepted	R0130				5,221	17,016	1,058	223,998	247,293
Reinsurers' share	R0140	0	4	8,143	-	17	678	12,068	1,380,937
Net	R0200	0	1	3,774	5,221	16,999	380	211,930	6,814,464
Premiums earned									
Gross - Direct Business	R0210	0	-	-					-
Gross - Proportional reinsurance accepted	R0220	0	5	10,953					7,519,696
Gross - Non-proportional reinsurance accepted	R0230								
Reinsurers' share	R0240	0	4	7,687	-	17	684	11,959	1,259,781
Net	R0300	0	1	3,266	41,523	16,092	374	215,262	6,545,827

S.05.01.02: Cover, page 4

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)			Line of Business for: accepted non-proportional reinsurance				Total
		Legal expenses insurance	Assistance	Miscella-neous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Claims incurred									
Gross - Direct Business	R0310	0	0	0					
Gross - Proportional reinsurance accepted	R0320	0	70	3,471					4,769,279
Gross - Non-proportional reinsurance accepted	R0330								
Reinsurers' share	R0340	0	66	2,784	-	-	-	-2,596	519,774
Net	R0400	0	3	687	12,386	17,795	661	22,290	4,300,040
Changes in other technical provisions									
Gross - Direct Business	R0410	0	-	-					-
Gross - Proportional reinsurance accepted	R0420	0	-	-					-
Gross - Non-proportional reinsurance accepted	R0430								
Reinsurers' share	R0440	0	-	-	-	-	-	-	-
Net	R0500	0	-	-	-	-	-	-	-
Expenses incurred	R0550	0	37	2,850	30,936	9,823	152	1,174	2,192,809
Other expenses	R1200								-
Total expenses	R1300								2,192,809

S.05.01.02: Cover, page 5

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410							39,581	352,661	392,242
Reinsurers' share	R1420							1,315	51,839	53,154
Net	R1500							38,267	300,822	339,088
Premiums earned										
Gross	R1510							39,581	352,661	392,242
Reinsurers' share	R1520							1,315	51,839	53,154
Net	R1600							38,267	300,822	339,088
Claims incurred										
Gross	R1610							48,057	301,911	349,969
Reinsurers' share	R1620							570	40,815	41,385
Net	R1700							47,487	261,096	308,584
Changes in other technical provisions										
Gross	R1710							-	-	-
Reinsurers' share	R1720							-	-	-
Net	R1800							-	-	-
Expenses incurred	R1900							-21,070	14,780	-6,291
Other expenses	R2500									-
Total expenses	R2600									-6,291

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

TP Life, page 1

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

TP Life, page 2

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

TP Life, page 3

		Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)
		C0090	C0100	C0150
Technical provisions calculated as a whole	**R0010**			
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0020**			
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**R0030**		-118,146	-118,146
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**		-18,078	-18,078
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**		-100,068	-100,068
Risk Margin	**R0100**		54,870	54,870
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	**R0110**		0	0
Best estimate	**R0120**		0	0
Risk margin	**R0130**		0	0
Technical provisions - total	**R0200**		**-63,276**	**-63,276**

TP Life, page 4

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

TP Life, page 5

		Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
		C0190	C0200	C0210
Technical provisions calculated as a whole	**R0010**			
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0020**			
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**R0030**	0	262,122	262,122
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	0	-8,298	-8,298
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	0	270,420	270,420
Risk Margin	**R0100**	0	22,228	22,228
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	**R0110**	0	0	0
Best estimate	**R0120**	0	0	0
Risk margin	**R0130**	0	0	0
Technical provisions - total	**R0200**	0	284,350	284,350

S.17.01.02: Non-Life Technical Provisions

S.17.01.02: TP Non-Life, page 1

		Direct business and accepted proportional reinsurance								
		Medical expense insurance	Income protection insurance	Workers' compen-sation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
Technical provisions calculated as a whole	**R0010**									
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0050**									
Technical provisions calculated as a sum of BE and RM										
Best estimate										
Premium provisions										
Gross	**R0060**	13,671	22,289	74	383,853	116,459	34,659	391,593	28,425	26,964
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	13,510	21,273	63	-1,507	43,615	-23,079	-36,001	5,201	62
Net Best Estimate of Premium Provisions	**R0150**	161	1,016	10	385,360	72,844	57,738	427,595	23,224	26,902
Claims provisions										
Gross	**R0160**	210,662	134,776	40,490	1,219,766	820,351	160,317	1,976,633	460,575	386,051
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	173,250	96,194	632	34,462	162,612	23,698	704,085	33,249	216
Net Best Estimate of Claims Provisions	**R0250**	37,412	38,582	39,859	1,185,304	657,739	136,619	1,272,548	427,326	385,835
Total Best estimate - gross	**R0260**	224,333	157,065	40,564	1,603,619	936,809	194,976	2,368,226	489,000	413,015
Total Best estimate - net	**R0270**	37,573	39,599	39,869	1,570,664	730,583	194,356	1,700,143	450,550	412,737

Risk margin	**R0280**	1,576	5,242	1,246	19,801	23,361	5,207	45,347	16,457	13,717

S.17.01.02: TP Non-Life, page 2

		Direct business and accepted proportional reinsurance								
		Medical expense insurance	Income protection insurance	Workers' compen-sation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**
Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole	**R0290**	0	0	0	0	0	0	0	0	0
Best estimate	**R0300**	0	0	0	0	0	0	0	0	0
Risk margin	**R0310**	0	0	0	0	0	0	0	0	0
Technical provisions - total										
Technical provisions - total	**R0320**	225,908	162,308	41,810	1,623,419	960,171	200,183	2,413,573	505,457	426,732
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	186,759	117,467	695	32,955	206,226	619	668,083	38,450	278
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	39,149	44,841	41,115	1,590,465	753,944	199,564	1,745,490	467,007	426,455

S.17.01.02: TP Non-Life, page 3

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
		Legal expenses insurance	Assis-tance	Miscella-neous financial loss	Non-propor-tional health reinsu-rance	Non-propor-tional casualty reinsu-rance	Non-pro-portional marine, aviation and trans-port reinsu-rance	Non-propor-tional property reinsu-rance	
		C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	**R0010**								
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0050**								
Technical provisions calculated as a sum of BE and RM									
Best estimate									
Premium provisions									
Gross	**R0060**	0	2	3,102	32,105	-1,824	-191	-242,469	808,713
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	0	2	1,601	-	-	-50	-110	24,579
Net Best Estimate of Premium Provisions	**R0150**	0	-	1,501	32,105	-1,824	-142	-242,359	784,133
Claims provisions									
Gross	**R0160**	0	63	9,318	193,218	249,826	5,447	275,167	6,142,660
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	0	59	4,457	-	-	6	2,282	1,235,201
Net Best Estimate of Claims Provisions	**R0250**	0	4	4,862	193,218	249,826	5,442	272,885	4,907,459
Total Best Estimate - gross	**R0260**	0	65	12,421	225,323	248,002	5,256	32,698	6,951,373
Total Best Estimate - net	**R0270**	0	4	6,363	225,323	248,002	5,300	30,526	5,691,593
Risk margin	**R0280**	0	-	227	5,062	3,559	164	9,111	150,076

S.17.01.02: TP Non-Life, page 4

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
		Legal expenses insurance	Assis-tance	Miscella-neous financial loss	Non-propor-tional health reinsu-rance	Non-propor-tional casualty reinsu-rance	Non-pro-portional marine, aviation and trans-port reinsu-rance	Non-propor-tional property reinsu-rance	
		C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Amount of the transitional on Technical Provisions									
Technical Provisions calculated as a whole	R0290	0	0	0	0	0	0	0	0
Best Estimate	R0300	0	0	0	0	0	0	0	0
Risk margin	R0310	0	0	0	0	0	0	0	0
Technical provisions - total									
Technical provisions - total	R0320	0	65	12,647	230,385	251,561	5,420	41,809	7,101,448
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	61	6,058	-	-	-44	2,172	1,259,780
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	0	4	6,589	230,385	251,561	5,464	39,637	5,841,668

S.19.01.21: Non-life insurance claims

Accident year / Underwriting year	Z0020	UWY

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

S.19.01.21: page 1		Development year										
	Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10&+**
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**
Prior	**R0100**											2,015,911
N-9	**R0160**	546,714	464,215	46,769	17,660	11,835	2,514	2,539	7,883	14,087	10,130	
N-8	**R0170**	468,665	449,415	49,355	18,205	10,810	4,251	4,290	4,492	4,976		
N-7	**R0180**	321,973	617,009	60,875	23,962	27,459	9,871	7,114	6,655			
N-6	**R0190**	488,114	920,673	149,771	68,063	37,478	17,521	10,957				
N-5	**R0200**	379,462	919,503	302,847	100,960	76,005	36,962					
N-4	**R0210**	719,450	934,853	246,943	74,714	51,545						
N-3	**R0220**	859,698	1,062,881	563,275	336,476							
N-2	**R0230**	1,076,081	1,505,586	636,152								
N-1	**R0240**	1,803,595	1,276,679									
N	**R0250**	2,197,919										

S.19.01.21: page 2		In current year	Sum of years (cumulative)
		C0170	C0180
Prior	R0100	14,022	14,022
N-9	R0160	10,130	1,124,345
N-8	R0170	4,976	1,014,460
N-7	R0180	6,655	1,074,918
N-6	R0190	10,957	1,692,577
N-5	R0200	36,962	1,815,740
N-4	R0210	51,545	2,027,505
N-3	R0220	336,476	2,822,330
N-2	R0230	636,152	3,217,819
N-1	R0240	1,276,679	3,080,274
N	R0250	2,197,919	2,197,919
Total	**R0260**	**4,582,473**	**20,081,910**

Gross undiscounted Best Estimate Claims Provision
(absoulte amount)

S.19.01.21: page 3		Development year										
	Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10&+**
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**
Prior	**R0100**											82,099
N-9	**R0160**	-	70,578	30,137	37,170	59,442	37,035	24,949	20,114	18,514	62,166	
N-8	**R0170**	124,458	21,645	96,823	97,546	110,627	108,334	96,876	84,789	23,824		
N-7	**R0180**	55,490	59,545	69,482	53,692	43,937	36,232	28,058	43,766			
N-6	**R0190**	124,042	130,503	90,889	63,560	53,930	45,656	59,571				
N-5	**R0200**	482,792	202,903	129,255	85,792	67,648	295,959					
N-4	**R0210**	1,079,451	704,319	513,734	347,397	271,829						
N-3	**R0220**	970,470	527,480	335,303	860,475							
N-2	**R0230**	1,793,579	1,362,419	969,717								
N-1	**R0240**	1,716,270	1,548,612									
N	**R0250**	2,236,735										

S.19.01.21: page 4		Year end (discounted data)
		C0360
Prior	R0100	79,414
N-9	R0160	58,163
N-8	R0170	21,270
N-7	R0180	40,678
N-6	R0190	56,234
N-5	R0200	288,269
N-4	R0210	260,893
N-3	R0220	825,379
N-2	R0230	921,606
N-1	R0240	1,463,086
N	R0250	2,127,668
Total	**R0260**	**6,142,660**

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

S.22.01.21: Impact of long term guarantees measures and transitionals		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	7,322,522	-	-	2,009	
Basic own funds	R0020	2,049,959	-	-	-1,461	
Eligible own funds to meet Solvency Capital Requirement	R0050	2,199,959	-	-	-1,461	
Solvency Capital Requirement	**R0090**	**1,135,835**	**-**	**-**	**-2,840**	
Eligible own funds to meet Minimum Capital Requirement	R0100	1,954,783	-	-	-1,725	
Minimum Capital Requirement	**R0110**	**511,126**	**-**	**-**	**-1,278**	

S.23.01.01: Own funds

S.23.01.01: Own funds, page 1		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	29,865	29,865			
Share premium account related to ordinary share capital	R0030	0	0			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0	0			
Subordinated mutual member accounts	R0050	0				
Surplus funds	R0070	0				
Preference shares	R0090	0				
Share premium account related to preference shares	R0110	0				
Reconciliation reserve	R0130	867,495	867,495			
Subordinated liabilities	R0140	197,400			197,400	0
An amount equal to the value of net deferred tax assets	R0160	0				0
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	955,238	955,238	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	2,049,998	1,852,598	0	197,400	0

S.23.01.01: Own funds, page 2

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390	150,000			0	150,000
Total ancillary own funds	R0400	150,000			0	150,000
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	2,199,998	1,852,598		197,400	150,000
Total available own funds to meet the MCR	R0510	2,049,998	1,852,598		197,400	
Total eligible own funds to meet the SCR	R0540	2,199,998	1,852,598		197,400	150,000
Total eligible own funds to meet the MCR	R0550	1,954,823	1,852,598		102,225	
SCR	R0580	1,135,835				
MCR	R0600	511,126				
Ratio of Eligible own funds to SCR	R0620	194%				
Ratio of Eligible own funds to MCR	R0640	382%				

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

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	1,852,598
Own shares (held directly and indirectly)	**R0710**	
Foreseeable dividends, distributions and charges	**R0720**	
Other basic own fund items	**R0730**	985,103
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	
Reconciliation reserve	**R0760**	**867,495**
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	511,657
Expected profits included in future premiums (EPIFP) - Non-life business	**R0780**	
Total Expected profits included in future premiums (EPIFP)	**R0790**	**511,657**

S.25.05.21: Solvency Capital Requirements - for companies using an internal model (partial or full model)

		Solvency Capital Requirements	Modelled Amount
		C0010	C0070
Total diversification	R0020	- 1,207,415	-
Total diversified risk before tax	R0030	1,219,464	-
Total diversified risk after tax	R0040	1,135,835	-
Total market & credit risk	R0070	547,700	-
Market & Credit risk - diversified	R0080	203,813	-
Credit event risk not covered in market & credit risk	R0190	30,281	-
Credit event risk not covered in market & credit risk - diversified	R0200	27,204	-
Total Business risk	R0270	-	-
Total Business risk - diversified	R0280	-	-
Total Net Non-life underwriting risk	R0310	2,258,166	-
Total Net Non-life underwriting risk - diversified	R0320	1,115,385	-
Total Life & Health underwriting risk	R0400	434,759	-
Total Life & Health underwriting risk - diversified	R0410	179,430	-
Total Operational risk	R0480	90,321	-
Total Operational risk - diversified	R0490	90,321	-
Other risk	R0500	-	-

Calculation of Solvency Capital Requirement		Solvency Capital Requirements
		C0010
Total undiversified components	R0110	1,616,153
Diversification	R0060	-396,689
Adjustment due to RFF/MAP nSCR aggregation	R0120	-
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency capital requirement, excluding capital add-ons	R0200	1,135,835
Capital add-ons already set	R0210	-
of which, capital add-ons already set - Article 37 (1) Type a	R0211	-
of which, capital add-ons already set - Article 37 (1) Type b	R0212	-
of which, capital add-ons already set - Article 37 (1) Type c	R0213	-
of which, capital add-ons already set - Article 37 (1) Type d	R0214	-
Solvency capital requirement	R0220	1,135,835
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	-
Amount/estimate of the loss absorbing capacity for deferred taxes	R0310	-83,630
Capital requirement for duration-based equity risk sub-module	R0400	-
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	-
Total amount of Notional Solvency Capital Requirements for ring-fenced funds	R0420	-
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	-
Diversification effects due to RFF nSCR aggregation for article 304	R0440	-
Method used to calculate the adjustment due to RFF nSCR aggregation	R0450	-
Net future discretionary benefits	R0460	-

Approach to tax rate

		C0109
Approach based on the average tax rate	**R0590**	No

Calculation of loss absorbing capacity of deferred taxes

		LAC DT
		C0130
Amount/estimate of LAC DT	R0640	-83,630
Amount/estimate of LAC DT justified by reversion of deferred tax liabilities	R0650	-32,820
Amount/estimate of LAC DT justified by reference to probable future taxable economic profit	R0660	0
Amount/estimate of LAC DT justified by carry back, current year	R0670	-50,810
Amount/estimate of LAC DT justified by carry back, future years	R0680	0

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

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	**R0010**	1,241,26

S.28.01.01: MCR, page 1

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	**R0020**	37,573	37,444
Income protection insurance and proportional reinsurance	**R0030**	39,599	48,330
Workers' compensation insurance and proportional reinsurance	**R0040**	39,869	111,683
Motor vehicle liability insurance and proportional reinsurance	**R0050**	1,570,664	2,172,376
Other motor insurance and proportional reinsurance	**R0060**	730,583	1,190,003
Marine, aviation and transport insurance and proportional reinsurance	**R0070**	194,356	68,901
Fire and other damage to property insurance and proportional reinsurance	**R0080**	1,700,143	1,489,644
General liability insurance and proportional reinsurance	**R0090**	450,550	834,435
Credit and suretyship insurance and proportional reinsurance	**R0100**	412,737	623,343
Legal expenses insurance and proportional reinsurance	**R0110**	-	-
Assistance and proportional reinsurance	**R0120**	4	1
Miscellaneous financial loss insurance and proportional reinsurance	**R0130**	6,363	3,774
Non-proportional health reinsurance	**R0140**	225,323	5,221
Non-proportional casualty reinsurance	**R0150**	248,002	16,999
Non-proportional marine, aviation and transport reinsurance	**R0160**	5,300	380
Non-proportional property reinsurance	**R0170**	30,526	211,930

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	447,311

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

S.28.01.01: MCR, page 2		Net (of reinsurance / SPV) best estimate and TP calculated as a whole	Net (of reinsurance / SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	-	
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230		
Other life (re)insurance and health (re)insurance obligations	R0240	170,352	
Total capital at risk for all life (re)insurance obligations	R0250		633,905,070

Overall MCR calculation

		C0070
Linear MCR	R0300	1,688,577
SCR	R0310	1,135,835
MCR cap	R0320	511,126
MCR floor	R0330	283,959
Combined MCR	R0340	511,126
Absolute floor of the MCR	R0350	4,075
Minimum Capital Requirement	R0400	511,126

Published by
Hannover Re (Ireland) Designated Activity Company
3 Dublin Landings
North Wall Quay
Dublin 1
Republic of Ireland
www.hannover-re.com