RenaissanceRe Europe AG

Financial Condition Report
Year ended 31 December 2021

30 April 2022

Contents

Note on forward-looking statements

This Financial Condition Report ("FCR") for the year ended 31 December 2021 of RenaissanceRe Europe AG ("RREAG" or the "Company") contains forward-looking statements. Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us. In particular, statements using words such as "may", "should", "estimate", "expect", "anticipate", "intend", "believe", "predict", "potential", or words of similar import generally involve forward-looking statements. For example, we may include certain forward-looking statements in the discussion and analysis of our solvency positions with regard to trends in results, prices, volumes, operations, investment results, margins, combined ratios, fees, reserves, market conditions, risk management and exchange rates. This FCR also contains forward-looking statements with respect to our business and industry, such as those relating to our strategy and management objectives, market standing and product volumes, competition and new entrants in our industry, industry capital, insured losses from loss events, government initiatives and regulatory matters affecting the reinsurance and insurance industries.

The inclusion of forward-looking statements in this report should not be considered as a representation by us or any other person that our current objectives or plans will be achieved. Numerous factors could cause our actual results to differ materially from those addressed by the forward-looking statements, including the following:

- our exposure to natural and non-natural catastrophic events and circumstances and the variance they may cause in our financial results
- the effect of climate change on our business, including the trend towards increasingly frequent and severe climate events
- the effectiveness of our claims and claim expense reserving process
- the effect of emerging claims and coverage issues
- the highly competitive nature of our industry, resulting in consolidation of competitors, customers and (re)insurance brokers, and our reliance on a small and decreasing number of brokers
- the historically cyclical nature of the (re)insurance industries
- collection on claimed retrocessional coverage, and new retrocessional reinsurance being available on acceptable terms
- the ability of our ceding companies to accurately assess the risks they underwrite
- our ability to maintain our financial strength ratings
- the impact of large non-recurring contracts and reinstatement premiums on our financial results
- our ability to attract and retain key executives and employees
- the effect of cybersecurity risks, including technology breaches or failure
- the performance of our investment portfolio and financial market volatility
- the effects of inflation
- our ability to successfully implement our business, strategies and initiatives, and the success of any of our strategic investments or acquisitions, including our ability to manage our operations as our product and geographical diversity increases
- our exposure to credit loss from counterparties
- our need to make many estimates and judgments in the preparation of our financial statements
- changes to the accounting rules and regulatory systems applicable to our business, including changes in laws or regulations or as a result of increased global regulation of the insurance and reinsurance industries
- other political, regulatory or industry initiatives adversely impacting us
- our ability to comply with covenants in our debt agreements

- the effects of possible future tax reform legislation and regulations, including changes to the tax treatment of our shareholders
- our ability to determine any impairments taken on our investments
- the uncertainty of the continuing and future impact of the COVID-19 pandemic, including measures taken in response thereto and the effect of legislative, regulatory and judicial influences on our potential reinsurance, insurance and investment exposures, or other effects that it may have
- foreign currency exchange rate fluctuations
- our ability to raise capital if necessary
- our ability to comply with applicable sanctions and foreign corrupt practices laws
- The effect of operational risks, including system or human failures.

As a consequence, our future financial condition and results may differ from those expressed in any forward-looking statements made by or on behalf of us. The factors listed above should not be construed as exhaustive. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to revise or update forward-looking statements to reflect new information, events, or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

These forward-looking statements should be read in conjunction with section *IX., Subsequent events*.

I. Executive summary

The FCR of the Company is prepared in accordance with the rules and guidance laid out by the Swiss Financial Market Supervisory Authority (“FINMA”) and the Bermuda Monetary Authority (“BMA”). The FCR documents the measures governing the Company’s business activities, governance framework, risk and capital management, solvency, and financial performance for the year ended 31 December 2021. The FCR is based on the Company’s financial statements, prepared this year in accordance with the Swiss Code of Obligations (“Swiss OR”) accounting guidelines.

On 22 March 2019 (the “Closing Date”), RenaissanceRe Holdings Ltd. (“RRHL”) and RenaissanceRe Specialty Holdings (UK) Limited (“RRSHUKL”) acquired Tokio Millennium Re AG (“TMR”), its subsidiaries and affiliate, Tokio Millennium Re (UK) Limited (“TMRUK”), pursuant to the Stock Purchase Agreement, dated 30 October 2018, by and among RRHL, Tokio Marine & Nichido Fire Insurance Co., Ltd. (“TMNF”), and (solely with respect to certain provisions thereof) Tokio Marine Holdings, Inc., a Japanese joint stock company and parent of TMNF, for approximately USD 1.5 billion in total consideration (the “Acquisition”).

In connection with the Acquisition, on the Closing Date, Tokio Marine & Nichido Fire Insurance Co., Ltd. (“TMNF”) as Reinsurer, and TMR and TMRUK (collectively, “Cedants”), entered into a USD 500 million Reserve Development Agreement (“RDA”) that protects the Cedants’ stated reserves as of the Closing Date, including Unearned Premium Reserve (“UPR”).

Following the Acquisition, TMR changed its name to RenaissanceRe Europe AG and TMRUK changed its name to RenaissanceRe (UK) Limited (“RRUKL”).

On 8 August 2020, RRUKL was sold to AXA Liabilities Managers. As agreed with TMNF, the RRUKL reserves held at RenaissanceRe Group (“RenaissanceRe”) level as at Q4 2019 were to be treated as paid under the RDA, with no other changes to the RDA premium paid or terms and conditions.

The Company ended 2021 with a net profit after tax of CHF 69.2 million (USD 75.6 million), compared to a net profit after tax of CHF 67.1 million (USD 71.8 million) in 2020. This was primarily driven by a loss on the technical result of CHF 56.1 million (USD 61.4 million) against a loss of CHF 86.5 million (USD 95.6 million) in 2020 and then net profit from the investments of CHF 106.5 million (USD 116.4 million) against a profit of CHF 204.5 million (USD 218.8 million) in 2020.

The gross premiums written during 2021 increased by CHF 507.5 million (USD 576.9 million) according to the Company’s risk appetite and underwriting framework, applied since the Company’s Acquisition by RenaissanceRe. The increase in the purchased ceded premium to CHF 589.5 million (USD 644.4 million) resulted to a net premium earned by the Company of CHF 743.1 million (USD 812.4 million).

On incurred claims, the Company experienced a net impact of CHF 201.9 million (USD 220.7 million) of weather-related Cat losses which were the main drivers to the negative underwriting result. These losses were partly offset by the booked recoveries from the internal and external retrocessions. These developments influenced the loss ratio by 27.2 points compared to prior year (2021 being at 69.8%), which then ultimately led to a combined ratio of 103.7% in 2021 compared to 110.0% in 2020. Including these bespoke Cat losses, the total of the net incurred losses amounted to CHF 518.6 million (USD 566.9 million) compared to CHF 478.3 million (USD 511.7 million) in 2020. The Company also released its equalisation reserves this year in the amount of CHF 68.2m (USD 77.1 million) in order to align its statutory accounting principles closer to the US GAAP results.

The investment portfolio performed well and was also impacted by the reversal of the provisioning of unrealised gains of CHF 51 million (USD 58 million) when applying the accounting standards of the Swiss OR, which led to an increase of the result by 92.0% in net investment income. Hence, net investment income for 2021 including the reversal of the provision was CHF 106.5 million (USD 116.4 million), compared to CHF 204.5 million (USD 218.8 million) in 2020.

The Company’s capitalisation strength increased with shareholder’s equity of CHF 793.7 million (USD 869.8 million) and total assets over CHF 4.8 billion (USD 5.2 billion) at the end of 2021. The increase in shareholder’s equity was driven by the net profit of the year as mentioned above.

II. Business activities

A. Name of insurer

RenaissanceRe Europe AG (formerly known as Tokio Millennium Re AG) is a Swiss-based reinsurance company. The Company's registered office is located at Beethovenstrasse 33, 8002 Zurich, Switzerland.

This FCR covers the Company as a legal entity and includes its branches and subsidiaries.

B. Supervisors

Legal entity supervisor	**Group supervisor**
Swiss Financial Market Supervisory Authority	Bermuda Monetary Authority
Laupenstrasse 27	BMA House
3003 Bern	43 Victoria Street
Switzerland	Hamilton HM12, Bermuda

Details on the supervisors of the Company's branches and subsidiaries can be found in section *II. E., Ownership details* and group structure, below.

C. Approved auditor

The approved external auditor of the Company as of 31 December 2021 was Ernst & Young AG ("EY"), with its registered office located at Maagplatz 1, 8005 Zurich, Switzerland.

D. Business strategy and objectives

The Company participates in various excess of loss property catastrophe, workers compensation catastrophe, crop/hail, and terrorism reinsurance contracts. RREAG also offers non-catastrophe property and casualty covers on both proportional and non-proportional excess of loss treaties. Casualty lines of business include motor, general liability, excess casualty, employer's liability, professional liability, workers' compensation, directors and officers, errors and omissions and medical malpractice. In addition, RREAG assumes specialty risks such as credit and marine. RREAG also provides non-traditional customised reinsurance and financial solutions for its clients' worldwide property and casualty exposures.

During 2021, a number of factors have come together to create what we would consider a hardening market in nearly all lines of business. These factors include the COVID-19 pandemic leading to uncertainty in both the economic environment and the ultimate claims impact to insurance / reinsurance companies, the constrained availability of retro cover, and an increased overall cost of capital for the industry. Additionally, there is a continuation of the concern around social inflation impacts, casualty reserves and frequency of cat events across multiple perils. The extent of rate increase will differ by line of business and territory however our current view is that there will be an element of rate increase across the majority of the RREAG portfolio in 2021 following achieved rate increase during 2020.

RREAG's business strategy is to facilitate RenaissanceRe's wider corporate strategy of matching well-structured risks with the most efficient sources of capital by offering clients/brokers an additional platform that allows RenaissanceRe access to well-structured risks in Europe and Australia. To achieve this, RREAG is embedded within RenaissanceRe's integrated system of risk and capital.

RREAG uses proprietary tools to further improve its risk selection while continuing to clearly define, allocate and measure downside risk limits. Where it is more efficient to do so business can be moved to / from different balance sheets within RenaissanceRe, applying RenaissanceRe's Gross-Ceded-Net strategy and underwriting framework.

When it comes to organisation and governance, the underwriting team constantly strives to be a consistent, seamless, risk selection function focused on efficiency in process and effectiveness with the client. Customer centricity, and facing the customer in multiple locations, is a core value of RenaissanceRe including RREAG. Additionally, RREAG will ensure clear vision over lines of business and clarity over portfolio ownership. Among other priorities, there will be greater top-down ownership of underwriting planning, a stronger governance and risk culture, and clearer career planning for employees.

Due to the unprecedented global economic uncertainty from the COVID-19 pandemic, leading to increased levels of uncertainty, scarcity of capital, accelerated market hardening and overall favourable market conditions, RRHL raised an additional USD 1.1 billion of equity capital in June 2020, to take advantage of growth opportunities. USD 150 million of capital was deployed to RREAG by year-end 2020 to support the planned growth in business during 2021, across all lines but predominantly Casualty and Specialty, with a current estimated increase of approximately USD 200 million of gross written premium in 2021.

In addition to the planned growth, RREAG has the following business strategy by office:

- RenaissanceRe Europe AG, US Branch ("RREAG US") submitted a revised Plan of Operation to the NYDFS in August 2019 (the "Plan of Operation"). Pursuant to the Plan of Operation, RREAG (i) has transferred its US casualty portfolio to Renaissance Reinsurance U.S. lnc., ("RRUSI") a Maryland domiciled insurance company licensed in New York through a Loss Portfolio Transfer Retrocession Agreement (the "US LPT") effective 1 October 2019; (ii) has ceased underwriting activities and (iii) is running off any remaining short tail property/specialty business until all liabilities are extinguished through novation, commutation or expiration, subject to ceding company consent
- RenaissanceRe Europe AG, Bermuda Branch ("RREAG BDA") will contain predominantly the run-off of the legacy RREAG business written from Bermuda; and the internal retrocession cover for RenaissanceRe Syndicate Management Limited ("RRSM")/ Syndicate 1458, however RREAG BDA will still remain available for some limited new business
- Despite the non-renewal of the RenaissanceRe Europe AG, UK Branch ("RREAG UK") motor book, significant growth is expected in RREAG UK, and also from RenaissanceRe Europe AG, Switzerland Office ("RREAG CH"), predominantly from existing European business currently being written on other RenaissanceRe balance sheets.

RREAG aims to continue to diversify by:

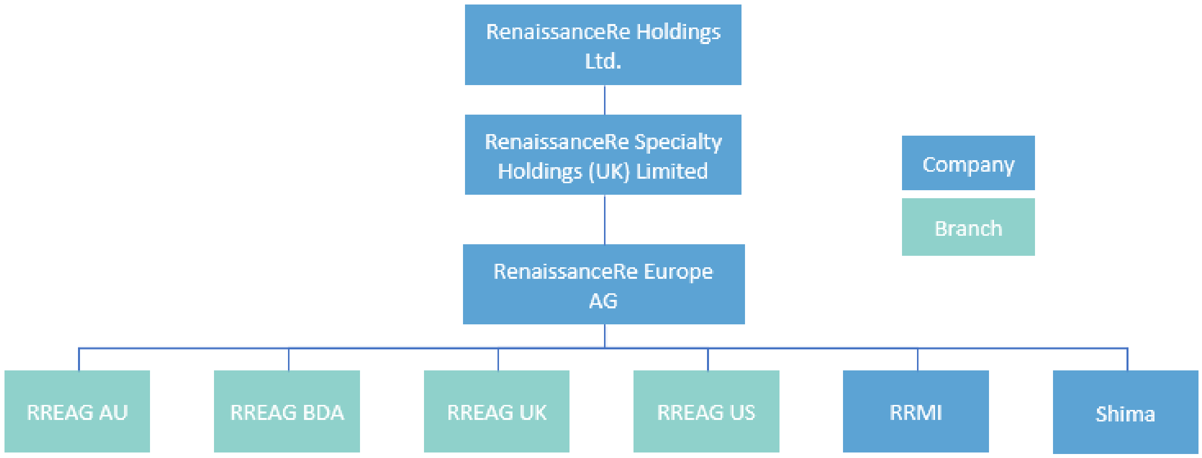
- Continuing to balance its catastrophe exposures with US property catastrophe contracts written from RREAG BDA being renewed onto other RenaissanceRe balance sheets. RREAG however continues to have catastrophe exposure from Syndicate 1458's internal Quota Share ("QS") and from RREAG UK. RREAG's catastrophe exposure is expected to flatten off over time
- RREAG has established an agency agreement with RenaissanceRe Underwriting Managers U.S. LLC ("RUMUS"), effective 1 April 2020, which allows RREAG to underwrite US business directly to RREAG's main balance sheet. As of year-end 2021 RREAG placed CHF 84.5 million (USD 92.3 million) of Casualty business through this arrangement
- Continued implementation of the RREAG US Plan of Operation
- The continued non-renewal of UK and US auto business
- Reshaping other international motor business in line with target metrics
- Existing European non-catastrophe business currently written on other RenaissanceRe balance sheets and potential new European business being written on RREAG's balance sheet
- Continuing growth in specialty products such as marine, credit & surety, terrorism, professional lines
- Continuing to run-off the Third-Party Capital ("TPC") business
- Ongoing development of pricing tools, which have contributed to more efficient processing, better data quality and supported decision-making.

Prior to the Company's Acquisition, RREAG had built relationships with capital market investors in reinsurance linked assets by providing rated paper to facilitate the transfer of reinsurance risk to external investors, as well as providing products that offer collateral leverage (through stop loss reinsurance agreements). The leveraged quota share reinsurance agreements between RREAG and TPC partners have been transferred to rated retrocessionaires and hence RREAG now relies on their credit ratings.

Post-acquisition, given that RenaissanceRe does not have the appetite for fronting or sourcing business, this business has been put into run off with only USD 12 million in force aggregate limit remaining as of 31 December 2021. RREAG continues to manage the run-off and associated credit risk assumed under the ceded quota share reinsurance agreements. The wind down of other bespoke transactions that were also provided as part of the TPC strategy, such as cat bonds, loss portfolio transfers, and derivative swaps has been completed.

E. Ownership details and group structure

The Company is a wholly owned subsidiary of RRSHUKL, a company incorporated in Bermuda and managed and controlled in the UK. The ultimate parent is RRHL, a Bermuda-domiciled holding company.



As of 31 December 2021, the Company had four branches and two wholly owned subsidiaries:

- RenaissanceRe Europe AG, Australia Branch ("RREAG AU")
- RenaissanceRe Europe AG, Bermuda Branch
- RenaissanceRe Europe AG, UK Branch
- RenaissanceRe Europe AG, US Branch
- RenaissanceRe Management, Inc. ("RRMI")
- Shima Reinsurance Ltd ("Shima").

Until April 2021, RREAG had a third subsidiary, RenaissanceRe Solution Management Ltd. ("RRSML").

RRMI was the US management company for RREAG US until 31 December 2020. Effective as of 1 January 2021, RenRe North America Employee Services Inc. ("RRNAES") was appointed as the US manager of RREAG US pursuant to a Management Services Agreement that was filed with the NYDFS; the NYDFS confirmed that it had no objection to the Management Services Agreement with RRNAES. On 25 March 2022, RRMI was wound up and liquidated pursuant to applicable laws.

The general account of Shima is 100% owned by RREAG and is a Bermuda domiciled Class 3 (re)insurer. Shima is registered as a segregated account company and provides third-party investors with access to reinsurance risk. RRSML, organized under Bermuda law, was previously the insurance manager of Shima and two other segregated cells, Norwood Re Ltd. and Blizzard Re Ltd. However, during Q4 2020, the insurance management responsibilities of the segregated accounts were transferred to other third party insurance managers in Bermuda. Since RRSML no longer managed any entities, RRSML completed its voluntary liquidation in April 2021 pursuant to Bermuda laws.

Risks assumed by Shima were direct business written by the segregated account itself. This business is now in run-off and the net limits of liability to be assumed by the cells in Shima are fully collateralised via highly rated/backed letters of credit or via trust accounts.

Regulatory supervision

The Company's principal regulator is FINMA, and its branches and subsidiaries are also supervised by the following:

- RREAG BDA, Shima – BMA
- RREAG AU – Australian Prudential Regulation Authority ("APRA")
- RREAG US – New York State Department of Financial Services ("NYDFS")
- RREAG UK – Prudential Regulation Authority ("PRA") and Financial Conduct Authority ("FCA").

III. Performance

A. Underwriting performance

The technical results (excluding investment income and foreign exchange gains/losses) for the years ended 31 December 2021 and 2020 are shown below:

Technical result in '000	**CHF 2021**	USD 2021	**CHF 2020**	USD 2020
Gross premiums written	**1,454,831**	1,590,269	**947,283**	1,013,410
Net premiums written	**865,335**	945,893	**597,371**	639,072
Net premiums earned	**743,216**	812,406	**663,600**	709,924
Net acquisition expenses	**(197,480)**	(215,865)	**(184,991)**	(197,905)
Net losses incurred	**(518,595)**	(566,875)	**(478,314)**	(511,703)
Net other underwriting result	**(28,640)**	(31,305)	**(19,998)**	(21,394)
General and administrative expenses	**(54,649)**	(59,737)	**(66,829)**	(71,494)
Technical result	**(56,148)**	(61,376)	**(86,532)**	(92,572)

The technical result (excluding investment income and foreign exchange gains/losses), by the lines of business as prescribed by FINMA, for the years ended 31 December 2021 and 2020 are as follows:

Technical result in '000	**CHF 2021**	USD 2021	**CHF 2020**	USD 2020	**CHF Variance**	USD Variance
FINMA Line of Business						
Personal accident	**1,810**	1,978	**487**	521	**1,323**	1,458
Motor	**37,969**	41,504	**(6,108)**	(6,535)	**44,077**	48,039
Marine, aviation and transport	**11,557**	12,633	**9,943**	10,637	**1,614**	1,996
Property	**(66,338)**	(72,514)	**(8,751)**	(9,362)	**(57,587)**	(63,152)
Casualty	**(3,369)**	(3,683)	**(9,867)**	(10,556)	**6,498**	6,873
Miscellaneous	**16,872**	18,443	**(5,406)**	(5,784)	**22,278**	24,227
Subtotal	**(1,499)**	(1,639)	**(19,703)**	(21,078)	**18,203**	19,440
General and administrative expenses	**(54,649)**	(59,737)	**(66,829)**	(71,494)	**12,180**	11,757
Technical result	**(56,148)**	(61,376)	**(86,532)**	(92,572)	**30,383**	31,197

Overall underwriting performance improved in 2021 with a technical loss of CHF 56.1 million (USD 61.4 million) compared to a loss of CHF 86.5 million (USD 92.6 million) in 2020. This was driven by an increase of 12.1% in net earned premium to CHF 743.2 million (USD 812.4 million) from CHF 663.6 million (USD 709.9 million) in 2020. The increase was primarily due to the increase of gross written premium also in comparison to the ceded gross written premium, which amounted to a net written premium increase of CHF 268.0 million (USD 306.8 million) compared to 2020 as well as the recognition of the net losses coming from large weather-related Cat losses of CHF 201.9 million (USD 220.7 million). In comparison the 2020 technical result was negatively influenced by the recognition of the net losses coming from COVID-19 of CHF 80.9 million (USD 86.6 million). Net claims and claim expenses incurred increased by 8.4% to CHF 518.6 million (USD 566.9 million) in 2021, whereas in 2020 it was CHF 478.3 million (USD 511.7 million). The increase in net claims and claim expenses is primarily driven by the 2021 above mentioned large losses but also the increase in earned premium. The recovery under the RDA in the 2021 financial year was CHF 32.0 million (USD 35.0 million), where as the COVID-19 losses amounted to CHF 14.5 million (USD 15.9 million) for the whole year; the attritional losses performed as expected. Also, as mentioned in the Executive Summary, the Company released its Equalisation reserves this year in the amount of CHF 68.2m (USD 77.1m) in order to align its statutory accounting principles closer to the US GAAP results.

Refer to section *I., Executive Summary*, above for general commentary on the Company's 2021 results. Additional information on material one off expenses incurred in the financial year 2021 is provided in section *III. C., Material income and expenses for the reporting period*, below. Also refer to the Appendix '*Performance Solo Reinsurance*' for further details.

i. Insurance business written by segment

The details of annual gross premiums written split by the lines of business as prescribed by FINMA are provided below:

in '000	**CHF** 2021 Gross premiums written	USD 2021 Gross premiums written	**2021 Percentage of total**	**CHF** 2020 Gross premiums written	USD 2020 Gross premiums written	**2020 Percentage of total**
FINMA Line of business						
Personal accident	**7,136**	7,800	0.5	**(2,200)**	(2,353)	-0.2
Motor	**6,750**	7,378	0.5	**12,195**	13,046	1.3
Marine, aviation and transport	**75,443**	82,466	5.2	**40,650**	43,488	4.3
Property	**630,651**	689,361	43.3	**474,985**	508,142	50.1
Casualty	**444,630**	486,025	30.6	**261,498**	279,753	27.6
Miscellaneous	**290,221**	317,239	19.9	**160,155**	171,335	16.9
Total	**1,454,831**	1,590,269	**100.0**	**947,283**	1,013,410	**100.0**

The largest segment written by the Company has historically been Property (including Property catastrophe), which represented 43.3% of gross premiums written for the year ended 31 December 2021. In comparison to the prior year, the Company's underwriting book increased due to the following: i) a continued general revision of the Company's underwriting portfolio post the Acquisition leading to non-renewal of certain treaties which were not within RenaissanceRe's appetite; this affected all lines of business to some extent; ii) reallocation of certain business (predominantly Property lines) to other RenaissanceRe balance sheets making use of post-Acquisition synergies and allowing for more cost-efficient underwriting; iii) the shift of business to other RenaissanceRe balance sheets was partially offset by the placement of several large deals from RenaissanceRe to the Company.

ii. Insurance business written by geographical region

The details of annual gross premiums written by geographic area of risk insured are provided below:

in '000	CHF 2021 Gross premiums written	USD 2021 Gross premiums written	2021 Percentage of total	CHF 2020 Gross premiums written	USD 2020 Gross premiums written	2020 Percentage of total
Geographic area of risk insured						
North America	**401,350**	438,714	27.6	**310,054**	331,697	32.7
Europe	**133,166**	145,563	9.2	**132,879**	142,154	14.0
Worldwide	**858,057**	937,939	59.0	**478,987**	512,424	50.6
Australasia	**46,737**	51,088	3.2	**22,067**	23,608	2.3
Asia	**7,746**	8,467	0.5	**409**	437	0.0
Other	**7,775**	8,498	0.5	**2,888**	3,089	0.3
Total	**1,454,831**	1,590,269	**100.0**	**947,283**	1,013,410	**100.0**

(1) The Company's largest exposure has been to the Worldwide market, which represented 59.0% of its gross premiums written for the year ended 31 December 2021.

B. Investment performance

The Company's investments were comprised of short-term investments and investments in fixed interest, equity, and other securities.

Short term investments represented bank deposits and investments in money market funds with an original term of greater than 90 days but less than one year. Fixed interest securities consist of debt securities (e.g., U.S. treasuries, non-U.S. government, corporate, agency residential mortgage-backed securities, etc.) which were classified as trading. Other securities consisted of investments in investment funds organised as limited partnerships, investments in funds organised as limited liability companies and investment in an absolute return fund. These were designated at fair value through profit or loss from the date of Acquisition.

The components of net investment income by asset category for the years ended 31 December 2021 and 2020 are as follows:

31-Dec-21 **CHF '000**	**Income**	**Realised gains**	**Total income**	**Expense**	**Realised losses**	**Unrealized losses**	**Total expense**	**Net income**
Fixed interest securities	21,838	37,229	59,067	0	(16,131)	(1,218)	(17,349)	41,718
Shares	0	0	*0*	0	0	0	*0*	0
Other investments	66,580	0	66,580	(415)	0	0	(415)	6 6,165
Investment management fees	0	0	*0*	(1,378)	0	0	*(1,378)*	(1,378)
Dividend income from participation	0	0	*0*	0	0	0	*0*	0
Net investment income	88,418	37,229	*125,647*	(1,793)	(16,131)	(1,218)	*(19,142)*	106,505

31-Dec-20 **CHF '000**	**Income**	**Realised gains**	**Total income**	**Expense**	**Realised losses**	**Unrealized losses**	**Total expense**	**Net income**
Fixed interest securities	31,946	199,218	*231,163*	0	(4,575)	(38,151)	*(42,726)*	188,437
Shares	0	0	*0*	0	0	0	*0*	0
Other investments	18,096	0	*18,096*	0	0	(136)	*(136)*	17,960
Investment management fees	0	0	*0*	(1,886)	0	0	*(1,886)*	(1,886)
Dividend income from participation	0	0	*0*	0	0	0	*0*	0
Net investment income	50,041	199,218	*249,259*	(1,886)	(4,575)	(38,287)	*(44,748)*	204,511

31-Dec-21

USD '000	Income	Realised gains	Total income	Expense	Realised losses	Unrealized losses	Total expense	Net income
Fixed interest securities	23,871	40,694	*64,565*	0	(17,633)	(1,331)	*(18,964)*	45,601
Shares	0	0	*0*	0	0	0	*0*	0
Other investments	72,779	0	*72,779*	(454)	0	0	*(454)*	72,325
Investment management fees	0	0	*0*	(1,507)	0	0	*(1,507)*	(1,507)
Dividend income from participation	0	0	*0*	0	0	0	*0*	0
Net investment income	96,650	40,694	*137,344*	(1,961)	(17,633)	(1,331)	*(20,925)*	116,419

31-Dec-20

USD '000	Income	Realised gains	Total income	Expense	Realised losses	Unrealized losses	Total expense	Net income
Fixed interest securities	34,176	213,124	*247,300*	0	(4,895)	(40,814)	*(45,709)*	201,591
Shares	0	0	*0*	0	0	0	*0*	0
Other investments	19,359	0	*19,359*	0	0	(146)	*(146)*	19,213
Investment management fees	0	0	*0*	(2,017)	0	0	*(2,017)*	(2,017)
Dividend income from participation	0	0	*0*	0	0	0	*0*	0
Net investment income	53,534	213,124	*266,659*	(2,017)	(4,895)	(40,960)	*(47,872)*	218,787

As mentioned in section *I., Executive Summary*, above, the net investment income was influenced by 92.0% due to the reversal of the provisioning of unrealised gains of CHF 51 million (USD 58 million). Additional contributors were realized gains on traded investments as well as an increase in other assets of CHF 457 million (USD 494 million). In addition, there was a substantial decrease in unrealised losses on fixed interest securities. The unrealised losses were derived mainly from the difference between the amortised cost valuation and the mark to market value of the portfolio. Compared to 2020 the net investment income decreased by 48% which was driven by lower realized gains on traded investments in the reporting period.

Profit and loss items are recognised directly in the income statement and include changes in unrealised gains on investments, foreign currency translation adjustment and tax reserve for unrealised gains on investments.

C. Material income and expenses for the reporting period

The Company's main revenue source is premiums (refer to section *III. A., Underwriting performance*, above). The Company's major expenses come from incurred losses, acquisition costs and general and administrative expenses. In 2021, the Company did not incur one-off costs in relation to the Acquisition of the Company in 2019. In the prior year these costs amounted to CHF 13.8 million (USD 14.7 million).

Refer to section *I., Executive Summary*, above for commentary on the Company's 2021 results. Also refer to the Appendix '*Performance Solo Reinsurance*' for further details.

D. Any other material information

The information presented in section *III., Performance*, provides a true and fair view of the business and performance of the Company during the year. There is no other material information to disclose.

IV. Governance and risk management

The following diagram depicts the governance structure of the Company as of 31 December 2021:

A. Board of Directors, Executive Committee, and other committees

The following is a description of the Company's governance structure as of 31 December 2021:

i. Board of Directors ("Board")

The Board is entrusted with the ultimate direction of the Company as well as the supervision of its management. The Board represents the Company towards third parties and attends to all matters which are not delegated to or reserved for another corporate body of the Company by law, the Articles of Association, or the regulations.

As outlined in the Swiss OR, and as set out in the Company's Articles of Association, the Board has the following non-transferable and inalienable duties:

- The overall management of the Company and the issuing of all necessary directives
- Determination of the Company's organisation
- The organisation of the accounting, internal control system ("ICS"), financial control and financial planning systems as required for management of the Company
- The appointment and dismissal of persons entrusted with managing and representing the Company and the granting of signatory power
- Overall supervision of the persons entrusted with managing the Company, in particular with regard to compliance with the law, the articles of association, operational regulations and directives
- Compilation of the annual report, preparation for the annual (shareholders) general meeting and implementation of its resolutions
- Notification to FINMA in the event of reasonable concern of over indebtedness or serious liquidity problems.

ii. Audit and Risk Committee ("ARC")

The following encompass the role of the Committee:

- To recommend to the shareholder the appointment of external auditors
- To assess the independence and the effectiveness of the external audit process
- To review auditor's management letters and monitor action taken in response to them
- To liaise with the external auditor in relation to their audit findings

- To monitor external audit expenditure
- To monitor the effectiveness, independence and performance of the Internal Audit function
- To review and approve the RREAG Internal Audit Charter on an annual basis
- To review and approve the risk-based annual Internal Audit Plan as well as material changes thereto
- To review internal audit reports and monitor management's action taken in response to them
- To review the annual statutory financial statements of RREAG prior to recommending them to the Board for approval at the shareholder's meeting
- To review internal loss reserve reports prepared by the RREAG Reserving Actuary
- To review a high-level summary of the independent actuarial report prepared by the independent reserve reviewer
- To review the effectiveness of the risk management policies and procedures.

iii. Executive Committee ("EC")

The purpose of the EC is to exercise all the powers and authority of the Board in the management of the business and affairs of the Company between the meetings of the Board, subject to certain limitations on authorities, duties and responsibilities and matters that are specifically reserved for the Board or another committee of the Board.

The EC is supported by one additional decision-making body namely the Reserve Committee.

iv. Reserve Committee

The primary duties of the Reserve Committee are to:

- Oversee the loss reserving function and appraise the sufficiency and effectiveness of the loss reserving practices of the Company
- Review the adequacy of estimated loss and loss expense reserves, including unallocated loss adjustment expenses ("ULAE")
- Approve the loss and loss expense reserves to be recorded by the Company
- Review the Reserving Policy and oversee the Company's compliance with it.

v. Shareholder controllers, persons who exercise significant influence, the Board or senior executive material transactions

There were no material transactions during the year.

B. Fitness and proprietary requirements

i. Fit and proper process in assessing the Board of Directors and senior executives

Board

Members of the Company's Board are elected by the Shareholders Meeting, and only after a formal, rigorous, and transparent process for each appointment has been followed. This process ensures that the fitness and probity of potential Board candidates is assessed prior to an individual being appointed to the Board. All appointments are also subject to FINMA approval and notification to other branch regulators. The Company's Board is responsible for determining its own constitution and is also responsible for the appointment and dismissal of persons entrusted with managing and representing the Company.

Senior executives

The Company has several processes in place for assessing the fitness and probity of senior executives prior to appointment and ensuring that they continue to be fit and proper throughout their period of service to the Company. The assessment of an individual's fitness and probity will take place prior to being appointed. A summary of these processes is as follows:

- **Code of Ethics and Conduct (the "Code of Ethics")**: All RenaissanceRe companies aspire to the highest standards of honesty, integrity and business conduct. The RenaissanceRe Code of Ethics is provided to all new employees and is available on the Compliance Portal of RenaissanceRe's intranet. Ethical and compliant behaviour is the responsibility of all RenaissanceRe employees. All employees are required to confirm their compliance with the Code of Ethics on an annual basis

- **Compliance Training**: There is mandatory compliance training for all RenaissanceRe staff every year. Employees are also required to revisit the Code of Ethics and Critical Compliance Policies each year and sign off to confirm their understanding, commitment and ongoing compliance
- **Performance Management Programme**: The annual performance management programme is conducted for all employees. This involves an appraisal of performance for the previous year including whether or not goals set the previous year were achieved, how an employee measures up against clearly defined skill sets that he/she is expected to possess in order to be effective and successful in his/her current position, an assessment of personal qualities including communication, interpersonal and leadership skills and an assessment against the corporate core values. The annual appraisal also provides an opportunity to document goals and development plans for the following year.

For both Board members and senior executives, the Company conducts reference checks and/or employment background screening by reputable third parties and/or governmental authorities, as applicable, and a criminal record certificate is required in support of any application to FINMA.

The Head of Compliance is responsible for the following matters as they relate to applying fit and proper requirements:

- For all potential new candidates, taking into account their competency and capability, integrity and financial soundness, as well as determining their skills, knowledge and experience
- Periodically reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, particularly prior to any contemplated change to the Board's composition
- Giving due regard to any relevant legal or regulatory requirements
- Ensuring that there are no major conflict of interest issues in accordance with RenaissanceRe's Conflicts of Interest Policy, in particular for those persons holding interests outside of RenaissanceRe.

ii. Board and senior executives' professional qualifications, skills, and expertise

As of 31 December 2021, the Company's Board was comprised of 4 Non-Executive Directors, 2 of whom were independent.

The roles and responsibilities of the non-executive directors are outlined in a Board of Directors Charter.

As of 31 December 2021, the Company's senior executive team comprised the Managing Director & Head of Underwriting, the Head of Finance & Business Operations, the Head of Risk, the Chief Operating Officer - Europe ("COO Europe") and the Chief Underwriting Officer - Europe ("CUO Europe").

Details regarding the professional qualifications, skills, expertise, and experience of each member of the Company's Board and senior executive team as of 31 December 2021 are as follows:

Board

Richard Murphy
Independent Non-Executive Director and Chairman of the Board

Richard Murphy was appointed as an Independent Non-Executive Director and President of the Board of RREAG in March 2019.

Mr Murphy is the Chairman of RenaissanceRe Syndicate Management Limited ("RSM"). Prior to this, he served as CEO of RSM and its predecessor Spectrum Syndicate Management Ltd from 2001 to 2015.

Prior to joining RenaissanceRe, Mr Murphy was CEO of Aviation & General Insurance Company Ltd. from 2003 to 2009 and from 1999 to 2001 he was also CEO of Crowe Syndicate Management. From 1987 to 1999 he was involved in a variety of roles for the Corporation of Lloyd's.

Mr Murphy has a Bachelor of Arts degree in Law and Politics from the University of Kent at Canterbury and is a Fellow of the Chartered Association of Certified Accountants, an Associate of the Chartered Institute of Management Accounts and Associate of the Chartered Insurance Institute.

Thomas Overtveld
Independent Non-Executive Director

Thomas Overtveld was appointed as an Independent Non-Executive Director of the Board of RREAG in March 2019. He is a member of and chairs the RREAG Audit and Risk Committee.

Mr Overtveld currently holds various Board member positions in reinsurance captives and insurance companies, as well as being a member of the Boards of Aon Insurance Managers Switzerland and Liechtenstein.

Mr Overtveld started his insurance career in 1982 as a facultative property underwriter with Swiss Re. In 1985, he joined Winterthur Re as an Assistant Vice President and 6 years later was promoted to European Property Manager. In 1994, as Managing Director he successfully established the Swiss branch of the reinsurer CNA Re Ltd., London. From 2000 to 2014, he headed the captive operations of Aon in Switzerland and Liechtenstein.

Conor McMenamin
Non-Executive Director

Conor McMenamin was appointed as a Non-Executive Director of the Board of RREAG in March 2019. He is a member of the RREAG Audit and Risk Committee.

Mr McMenamin joined RenaissanceRe in 2009 and is currently the Head of Risk & Underwriting Integration, having held Chief Risk Officer positions for Property and, before that, European Operations. He is a reinsurance risk specialist with extensive IT knowledge and is responsible for maintaining an open and positive risk culture across RenaissanceRe's Underwriting Operations worldwide, with an emphasis on ensuring the effective and efficient running of the 'Integrated System'. He also serves as a Director on the Board of RSM.

Mr McMenamin has a Doctor of Philosophy (D.Phil) from Department of Mathematics and Physics from the University of Sussex and B.Sc. (Hons) in Physics from the University of Manchester.

Divyesh Upadhyaya
Non-Executive Director

Divyesh Upadhyaya was appointed as a Non-Executive Director of the Board of RREAG in March 2019. He is a member of the RREAG Audit and Risk Committee.

Mr Upadhyaya is the Finance Director for the European Operations of RenaissanceRe, including providing oversight of the UK Reserving team and process. He is a member of the UK leadership team working with the Executive team in defining and driving forward the strategy for the UK and European Operations. He also serves as a Director on the Board of RSM.

Mr Upadhyaya has over fifteen years of senior management experience within the London Insurance Market and is a Fellow of the Chartered Association of Certified Accountants.

Senior executives
Andrea Manella
Managing Director and Head of Underwriting

Andrea Manella was appointed Managing Director & Head of Underwriting of RREAG in March 2019 and is a member of and chairs the RREAG Executive Committee.

Prior to this, Mr Manella was Executive Vice President, Member of the local Zurich Executive Team and Head of Underwriting for Continental Europe for RREAG. He joined RREAG in 2014.

Mr Manella has been in the reinsurance industry for more than 35 years and has held senior positions for over 20 years. He has an Executive Master of Business Administration ("EMBA") from the Graduate School of Business Administration, Zurich and State University of New York at Albany, USA and a Bachelor of Business Administration from the Graduate School of Business Administration, Zurich.

Angelo Giglio
Head of Finance and Business Operations

Angelo Giglio was appointed Head of Finance & Business Operations of RREAG in March 2019 and is a member of the RREAG Executive Committee.

Mr Giglio joined RenaissanceRe in 2018 as General Manager of the Swiss platform and is responsible for the management of the Swiss Operations, ILS distribution, risk management and all processes, procedures and reports towards internal and external stakeholders.

Prior to this, Mr Giglio was CEO of The Toa 21st Century Reinsurance Company AG and Director of Accounting & Client

Strategies with AON Insurance Managers (Switzerland) AG, servicing a broad reinsurance captive client base. He has a Master of Advanced Studies FH in Controlling and the Chartered Expert in Financial and Managerial Accounting and Reporting (Advanced Federal Diploma of Higher Education).

Jennifer Gray
Head of Risk

Jennifer Gray was appointed as Head of Risk of RREAG in September 2019 and is a member of the RREAG Executive Committee.

Prior to this, Ms Gray was the Responsible Actuary at RREAG and previously the Chief Actuary and Chief Risk Officer for RRUKL.

Ms Gray joined RREAG in 2011. Ms Gray has held a variety of risk and actuarial positions in consultancy, insurance and reinsurance markets for over 20 years. She qualified as a fellow of the Institute of Actuaries in 2005 and has a M.Sc. in Industrial Applied Mathematics from Southampton University and B.Sc. in Mathematics from Hull University.

Hugh Brennan
COO Europe

Hugh Brennan was appointed as COO Europe of RREAG in March 2019 and is a member of the RREAG Executive Committee.

Mr Brennan is also the Chief Executive Officer of RSM, Head of RREAG UK, and Chairs the UK Operations Executive Committee.

Prior to this, Mr Brennan served as Finance Director for RSM, with ultimate responsibility for the UK & Irish finance function and related processes as they pertain to the UK & Irish operations of RenaissanceRe. He joined RenaissanceRe in Bermuda in 2009 and moved to London later that year.

Previously, Mr Brennan spent nine years with PricewaterhouseCoopers working in their Dublin, New York, and Bermuda offices, respectively. During his time with PricewaterhouseCoopers, he worked in an audit and latterly in an advisory capacity within the company's financial services sector, primarily focused on the Insurance/Reinsurance market.

Mr Brennan graduated from Trinity College Dublin with a Bachelor of Arts degree in Business and Economics, before qualifying as a Chartered Accountant through the Irish Institute in 2003. In 2012, he was also awarded the CFA charter.

Bryan Dalton
CUO Europe

Bryan Dalton was appointed CUO Europe of RREAG in March 2019 and is a member of the RREAG Executive Committee.

Mr Dalton is also responsible for the broader underwriting activities in RenaissanceRe's European platform and offices in London, Zurich, and Dublin. Prior to this, he was the Active Underwriter for RSM's Lloyd's syndicate from 2014 to 2020.

Mr Dalton started at RenaissanceRe in Dublin in 2002, in a natural catastrophe analyst role. He was then based with RenaissanceRe in Bermuda, starting in 2005, where he focused on the international and retrocessional side for RRL and a number of affiliated balance sheets (Top Layer Re, DaVinci & Upsilon).

Mr Dalton has a Masters in Chemical Engineering & Environmental Law from the University of Manchester (UMIST) and a Masters in Management Science from the University of Dublin (Smurfit Business School, UCD).

C. Risk management and solvency self-assessment

i. Risk management process and procedures to identify, measure, manage and report on risk exposures

Risk governance describes the accountability (or ownership), roles and responsibilities, and information flow for risk management. It includes the stakeholders and constituent groups, including the Company's Board, management, committees, and employees. Risk governance sets out the required structure and reporting and defines the guidelines and processes for making risk related decisions.

The risk management framework of RenaissanceRe governs the risk management framework and practices of all offices and subsidiaries of the Company, and as such is taken as the starting point of the Company's risk management framework.

Risk management system and changes

The Company's Risk Management system builds on:

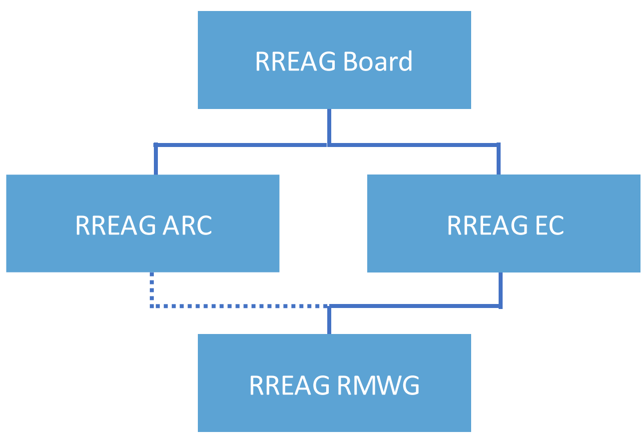
- The Company's risk strategy, as defined by the risk appetite tolerances and limits, in the Risk Management Policy, restricting risk amounts that the Company is willing to accept in pursuing its business strategy
- The Company's risk management organisation and governance
- The Company's risk management process ensuring the identification of all material risks inherent in its business, assessing, controlling, mitigating and managing these risks
- Timely risk monitoring and reporting.

The Company is continuously reviewing and improving the adequacy of its risk management system to address the changing risk and innovation landscape. During the reporting period the following changes have been made:

- RREAG applied for material change approvals from FINMA, on 20 July 2021, for the European Flood and Hail Nat Cat sub-models. RREAG received a formal Decree, dated 25 November 2021, stating that FINMA approved the use of these models for 2022 Swiss Solvency Test ("SST") submission. Other Region-Perils model changes were discussed with FINMA, namely US / Canadian Earthquake and Australia Earthquake, with FINMA approving these without the need for formal material change approval submissions.
- The RREAG and Syndicate Emerging Risk lists were combined to form one consolidated European Emerging Risk list (covering both companies). This was presented, and approved, by the RREAG ARC on 18 November 2021.
- To ensure appropriate control testing coverage through both annual Sarbanes-Oxley ("SOX") testing and periodic operational audits, additional testing of some of the material controls in the Company's Risk Register was also performed as part of the ICS.

Risk Governance Structure

The Risk Function is led and managed by the Head of Risk and is staffed by experienced risk managers. A key element of the risk governance system is the Risk Management Working Group ("RMWG"), which discusses and escalates, via the Head of Risk, Risk Management related topics to the EC and the ARC. The following diagram depicts the Company's risk governance structure:



The risk framework is aligned with the ICS, which acts to define minimum requirements and standards for the identification, assessment, control, and monitoring of these risks and their sub risks.

The Company operates a three lines of defence model in order to ensure effective risk management and control, with:

- Operational management acting as the first line of defence
- The Risk and Compliance Functions acting as the second line of defence, with the Risk Function also actively involved in supporting the first line of defence
- Internal Audit primarily, and external audit, acting as the third line of defence.

Risk culture

An appropriate risk culture encompassing all activities conducted at the Company is the foundation of the Company's

Risk Management framework. Risk culture at the Company starts with the Board and EC who lead by example in risk management activities, set the overall tone and have clear accountabilities. Senior management form part of the process by ensuring that risks are communicated, the importance of controls is understood, and that consideration is given to risks in all decision-making processes. Thus, ensuring that risk management is embedded throughout the entire organisation. These more informal processes are supported by formal strategies, policies, processes, organisational structure, and description of roles which are clearly documented and communicated. Risk and Compliance as the second line of defence closely work and consult with business functions based on their know-how and technical expertise. Recognising this the Company's Risk Management Policy, as signed off by the Board, builds on a statement about Risk Culture highlighting its importance.

Risk strategy

The Company's risk strategy comprises the risk objectives, as described in the Risk Management policy, and the strategy for how they will be implemented.

The risk strategy and appetite are owned and set by the Board. It represents the Company's overall philosophy to risk taking in line with its objectives and the expectations of its stakeholders including, but not limited to, parent company, policyholders, shareholders, regulators, directors, and employees.

The Company's risk strategy, as defined by the risk appetite, risk tolerance and risk limits, aims to:

- Safeguard the Company's financial strength and reputation in line with its Risk Appetite
- Support the Company to achieve its business strategy, as well as to inform changes to the business strategy
- Ensure that risks will be properly identified, assessed and quantified
- Manage and control risk accumulations within tolerable limits by following risk appetite statements
- Ensure that the Company can pay its liabilities, including day-to-day cash requirements, in a timely manner by holding an appropriate level of secure and liquid assets
- Ensure the Company is using its risk capacity in an efficient and effective way and in line with RenaissanceRe's business strategy.

Risk management process

The Company, through its risk management function, and RMWG, seeks to identify all material risks inherent in its business including emerging risks; to understand the manifestations of each risk; and to assess, control, mitigate and manage these risks appropriately. The objectives of the risk management process are to ensure that:

- All material risks are proactively identified
- The potential to cause losses or generate profits is understood and assessed
- Appropriate action is taken to manage the assumption of each risk based on that assessment and the Company's stated risk appetite
- Appropriate controls are in place to mitigate risks
- An appropriate level of capital is held to cover financial and non-financial risks from all sources
- Following a severe catastrophic event(s), appropriate capital action can be executed to remain solvent and meet its obligations under reinsurance contracts.

The Company's risk management process builds on RenaissanceRe's quantitative and qualitative risk management capabilities. Beyond risk management key results of the quantitative risk assessment, such as capital allocation, are used to inform other business processes, to optimise the Company's liability portfolio to generate improved Return on Equity.

Risk identification

The Company's Head of Risk and RMWG are responsible for risk identification and reporting these risks to the EC and ARC. The RMWG identifies risks, including any emerging risks, using available resources such as risk-based self-assessments performed by each function and the findings of internal audits.

The Company is subject to SOX compliance hence all financial reporting risks are identified, controls in place and tested as part of this process. The Company also maintains a risk register which includes a description of non-financial (i.e., operational) risks, the probability of their occurrence, severity level, controls in place to mitigate such risks and the risk owners. The risk owners are responsible for managing the risk and ensuring the controls are designed and operating effectively. The risk and control owners certify to the risk and controls bi-annually and the Risk Function, in conjunction with RenaissanceRe Risk Oversight Function, conduct testing on an annual basis. The results are reported to the EC and ARC.

Risk evaluation

Each material risk is measured and modelled over a one-year time horizon using RenaissanceRe's internal economic capital model, Renaissance Re Exposure Management System© ("REMS©"). The results are aggregated into a probability distribution of the Company's profit and loss to provide a holistic view of all risks and their interplay. In the risk aggregation process, both risk correlation and diversification effects are taken into account.

Within RenaissanceRe and the Company, risks are evaluated using the internal economic capital model for a number of purposes including: business planning; capital allocation; reinsurance pricing; risk guidance and portfolio optimisation; and retrocessions.

Operational risks, that by nature have a lack of sufficient empirical data, are assessed through the risk register process via a scenario analysis approach based on expert judgment. Risk Management holds bi-annual discussions with each risk owner and updates the likelihood and financial impact of each identified operational risk. This risk assessment is reviewed by the RMWG and presented to the EC and ARC.

The Company's internal model (REMS©) for the natural catastrophe risk is used in conjunction with the standard approach for premium (non-cat); reserve, market and credit risk and market value margin for the SST.

Stress and scenario testing

Stress and scenario tests form part of the suite of tools that the Company uses in its risk management process. Stress and scenarios tests are used to assess the effects of one or more risk drivers on the Company's risk profile and financial strength in order to improve understanding of the business, in addition to validate the models used for evaluation purposes.

A stress test is the analysis of the impact of a single adverse event while a scenario test analyses the impact of a combination of adverse events.

The Company performs one-year stress and multiyear scenario tests as part of exposure management, the risk register and Own Risk and Solvency Assessment ("ORSA") processes.

Risk monitoring and reporting

Risk reporting includes relevant, sufficient, accurate and timely information provided to senior management enabling appropriate monitoring and the fulfilment of their accountabilities. To this end the Company has implemented quarterly risk reporting and an annual ORSA.

- The Quarterly Risk Report is provided to the RMWG, EC and ARC. It contains a dashboard, which monitors adherence to risk tolerance and limits as defined in the Risk Management Policy as well as information about internal and regulatory capital adequacy
- The annual ORSA report, as provided to the RMWG, EC, Board and FINMA, contains information on risk capital and solvency over the business planning time horizon. In addition, capital adequacy under various stress and scenarios and risk mitigation measures.

Business continuity plans

The Company has in place a comprehensive business continuity and IT disaster recovery programme to prepare for various emergency situations.

The suite of documents assesses the requirements and defines the appropriate response, mitigation, and recovery actions during or after an emergency:

- Business Continuity Management Programme - describes the framework required to deliver business continuity management within the Company.
- Business Continuity Plan – outlines the framework and detailed plan to ensure the continuity of business in the event of a disaster or incident that affects the normal running of business
- Business Impact Analysis – describes the critical business activities, essential personnel and the timeframes to which they must be restored to ensure the viability of the enterprise in the event of a disaster or incident

- Building Fire and Evacuation Plans – outlines the procedures and essential information needed for staff in the event that an emergency evacuation of the physical building is required
- IT Disaster Recovery Plan – details the recovery and resumption of critical technology assets in case of a disaster or incident.

ii. Risk management and solvency self-assessment systems implementation

The Solvency Self-Assessment, of the quantity and quality of capital required to support the Company's business goals given the amount of risk the Company has taken on (or plans to take on) and environmental factors, is monitored on an internal and regulatory (SST) basis.

The Solvency Self-Assessment on both capital bases are reported on a quarterly basis, via the Quarterly Risk Report to the RMWG, EC, ARC and Board, to ensure that the Company's capital adequacy and liquidity resources are sufficient based on the risks to the Company that arise from its operations.

iii. Relationship between solvency self-assessment, solvency needs and capital, and risk management

The Company's ORSA provides an assessment of current and projected future risk and solvency for the current year and two full years of new business. The report is provided by the Head of Risk for use by the EC, Board, Senior Management as part of their strategic planning and business oversight. It is also required for regulatory purposes and is provided to FINMA in January each year.

iv. Solvency self-assessment approval process

The Company's ORSA Report is prepared by the Head of Risk, in consultation with relevant functions and branches, and reviewed by the RMWG, EC and ARC and approved by the Board. Post Board approval, the report is provided to FINMA.

The process respects the 'Three Lines of Defence' in that it is managed by the Second Line (rather than First) and is subject to review by Internal Audit ("IA") as part of their planning process.

D. Internal controls

i. Internal control system

The Company has implemented an ICS Policy, which outlines the Company's processes and requirements regarding internal controls. The ICS outlines the processes in place to ensure that the Company's risks are identified, and appropriate controls are in place to mitigate these risks and ensure the Company's assets are protected, errors and irregularities (including fraud) are prevented, laws and regulations are adhered to and operations are managed effectively and efficiently. Key processes include a risk and control assessment, control attestations and testing process. The ICS outlines the responsibilities of the three lines of defence for identifying, assessing, and monitoring risks and establishing, monitoring, and testing controls. Clear reporting and oversight are established through the ICS including review by the RMWG and reporting by the Head of Risk to the EC and ARC.

RenaissanceRe's Code of Ethics underpins the control environment within all RenaissanceRe entities, including the Company. The Code of Ethics provides a framework by which all employees are expected to work. An assessment of an individual's achievement in meeting the Code of Ethics is included within the annual performance management process and all employees are required to sign off against the Code of Ethics and critical compliance policies on an annual basis. All new employees are required to sign off against the Code upon joining RenaissanceRe.

In support of the Code of Ethics, there are a number of specific activities which operate within RenaissanceRe that collectively form a control framework and play an important role in minimising risk throughout the organisation.

ii. Compliance function

The Compliance function is an integral part of the business, as it establishes standards and helps build a reputation for compliant behaviour, whilst seeking to avoid regulatory penalties and reduce liability. Senior management, along with the Legal, Regulatory & Compliance ("LR&C") function, work to build a corporate culture in which all members of staff understand the importance of following guidelines and controls. The Board is ultimately responsible for the Company's compliance and delegates day to day compliance responsibilities to the Head of Compliance, who is integrated with and supported by RenaissanceRe's global LR&C function. The Head of Compliance reports regularly to the Board on all material LR&C related issues via a quarterly report, which enables the Board to continuously ensure that the Company complies fully with all applicable rules and requirements. The LR&C function principally acts as a second line of defence in the Company, though also acts in a first line capacity in terms of its advisory and training and awareness activities, as described below.

The LR&C function is principally concerned with conduct of business rules, codes and standards set by regulators and other related legal, regulatory and market conduct standards, including sanctions, licenses, anti-money laundering, insider dealing and market manipulation.

Whilst the LR&C function is not expected to routinely monitor for other matters, it is encouraged and empowered to raise and pursue a wider range of issues that come to its attention which are likely to be of concern to regulators or affect the reputation of the business.

Generally, the LR&C function will not have responsibility for day-to-day management of a range of business and operational matters (other than advisory support), nor for matters such as financial reporting, capital adequacy, credit and trading risk management, data protection, other IT and security issues and non-compliance related training.

In order to achieve the above purpose, the LR&C function provides assistance and guidance to management and business functions through the following main activities:

- Advisory – provision of proactive and reactive advisory service on compliance issues
- Monitoring – development and maintenance of appropriate compliance monitoring programmes
- Training and awareness – procedures designed to ensure staff are aware of relevant regulatory requirements
- Regulatory relationships – management of external relationships with regulators
- Reporting – regular reporting to management and as appropriate, to regulators
- Investigations – carrying out compliance related investigatory work.

These activities operate under an appropriate degree of independence and autonomy. However, it is vital that the LR&C function should not simply be regarded as a function to 'control' management. Instead, the LR&C function should be regarded as a critical and integral part of the Company, working closely with business areas, and contributing towards the wider management of the risks within the Company's business, with particular regard to regulatory and reputational risk.

E. Internal audit

The Company has an Internal Audit function established as the third line of defence whose primary responsibility is to assist Management and the ARC in discharging their responsibilities by: a) furnishing them with analyses, advice and recommendations concerning the key risk areas reviewed and related assurance activities performed; b) promoting effective and efficient controls; and c) pursuing corrective action on significant issues. The Internal Audit function operates in accordance with its Charter, which outlines the mission, scope, responsibilities, and reporting structure of the function, and is reviewed and approved by the ARC annually.

The scope of IA's work is to determine whether risk management, internal control, and governance processes, as designed and represented by management, are adequate and operating effectively. To accomplish this, Internal Audit activities will include:

- Development and delivery of an annual risk-based internal audit plan based upon the significant financial, compliance and operational risks of the Company
- Testing of internal controls over financial reporting in order to support RenaissanceRe's requirements of Section 404 of the Sarbanes-Oxley Act of 2002
- Reviewing the effectiveness of risk management, internal controls and governance processes at the Company
- Evaluating processes and controls which ensure that the Company is complying with applicable laws, regulations, and governance standards
- Evaluating change activities including significant projects or large-scale business initiatives
- Periodic reporting to senior management and the ARC.

The Internal Audit function of RREAG is carried out by the Head of Internal Audit – Europe, with support from the wider Internal Audit function within RenaissanceRe. The independence of the Internal Audit function is evaluated by the ARC on an annual basis with the assistance from the EC. In conjunction with the annual evaluation, the Head of Internal

Audit – Europe will confirm to the ARC, at least annually, the organisational independence of the Internal Audit function. The Internal Audit function is comprised of professional staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of the Internal Audit Charter. The Head of Internal Audit - Europe oversees the activities of any external consultants who are engaged from time-to-time to assist in the Company's Internal Audit function.

F. Actuarial function

The Actuarial function is responsible for:

- Coordinating the calculation of the technical reserves
- Ensuring appropriateness of methodologies, models and assumption used in the calculation of the technical reserves
- Assessing sufficiency and quality of data used in the calculation of the technical reserves
- Contributing to the effective implementation of the Company's risk management system
- Ensuring RenaissanceRe's reporting and governance standards are adhered to
- Ensuring the solvency margin is calculated correctly and tied assets are in accordance with supervisory legislation.

The Company's overall reserving process includes reviews by internal and external parties. The Company's Reserving Actuary is responsible for recommending, monitoring, and adjusting the reserves. The reserves are approved by the Reserving Committee, which is chaired by the COO, and reviewed by the ARC on a quarterly basis. An external independent analysis of the Company's reserves is also conducted by Willis Towers Watson ("WTW"), with an annual certification that the financial statement losses and loss adjustment expenses ("LAE") reserves are adequate. In addition, EY, who are appointed as the Company's external auditors, opine on the appropriateness of the Company's Swiss OR financial statements, including reserves.

The Actuarial function assists with the effective implementation of the risk management system of the Company, with respect to the risk modelling underlying the calculations of the capital requirements. The Company has developed REMS© an internal model for internal reporting purposes and uses the natural catastrophe risk component of this model, in conjunction with the standard approach for other risk components for the SST. Results are reviewed by the EC and Board, and SST figures are submitted to FINMA.

In addition, in accordance with Swiss Insurance Supervisory law, the function has a Responsible Actuary.

G. Outsourcing

i. Outsourcing policy and key functions that have been outsourced

The Company has an Outsourcing Policy that sets out how the Company seeks to manage potential or actual outsourced arrangements and has been designed by taking into account the size and complexity of the business of the Company.

All outsourcing arrangements entered into by the Company are subject to the framework established in the Outsourcing Policy, with particular focus on material or critical operational functions. Outsourcing arrangements may be provided by both independent third-party providers and other companies within RenaissanceRe (intra-group outsourcing). The Company will outsource material or critical operations only when doing so is economically justified or when third party assistance is necessary to provide expert or essential services.

As of 31 December 2021, the Company outsourced the following key functions:

- Underwriting
- Investment management
- IT Infrastructure.

ii. Material intra-group outsourcing

As of 31 December 2021, the Company had material intra-group outsourcing arrangements with:

- RenaissanceRe Underwriting Managers U.S. LLC for delegated underwriting authority

- RenaissanceRe Services Ltd. for investment management services and IT infrastructure services
- Renaissance Services of Europe Limited for investment management services.

H. Other material information

No other material information to report.

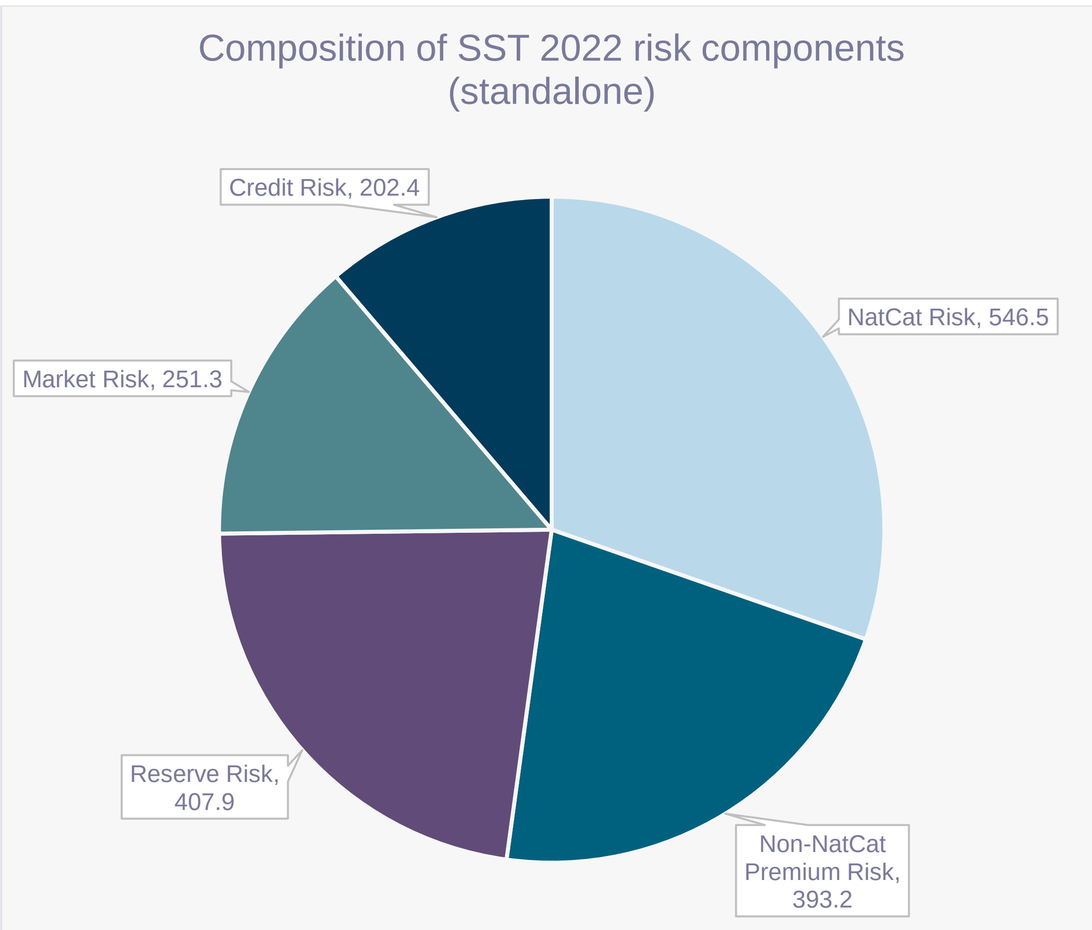
V. Risk profile

A. Material risks exposed to during the reporting period

In the course of the Company's risk identification, assessment, control, monitoring and reporting process, it has identified and categorised all of its risks into the following categories:

- Insurance risk including non-natural catastrophe premium risk, natural catastrophe risk and reserve risk
- Market risk including interest rate risk, foreign exchange risk, revaluation risk, equity price risk and credit spread risk
- Credit risk
- Liquidity risk
- Other risk: operational; compliance and regulatory; model; strategic etc.

The chart below shows the composition of risk components on an SST basis pre-RDA.



i. Insurance risk

Insurance risk consists of non-natural catastrophe premium risk, natural catastrophe risk and reserve risk.

Total Premium Risk (i.e., including catastrophe risk) may be due to either the acceptance of risks that do not comply with the Company's underwriting guidelines and corporate strategy, or the acceptance of risks that result in losses and expenses greater than it had anticipated at the time of underwriting.

As a reinsurance company, the Company is in the business of taking premium risk and therefore this is the most material risk. The Company's risk limits are defined in its Risk Management Policy for insurance risk combined. The

Company has Underwriting Guidelines in place that define the geographical scope, excluded business and underwriting authorities.

The Company employs experienced catastrophe analysts and modellers, as well as experienced and credentialed actuaries, to perform pricing analyses to ensure that each risk is adequately priced.

Non-natural catastrophe premium risk

Non-natural catastrophe premium risk is the risk that the premium to be earned over the next twelve-month period from the in-force, new or renewal reinsurance contracts is insufficient to cover the claim costs, claim adjustment expenses as well as the acquisition costs to be incurred by those contracts over the same period.

Non-natural catastrophe premium risk under SST 2022 is USD 393.2m on a standalone basis. The level of non-natural catastrophe premium risk has increased from SST 2021 in line with the business plan.

The Company has purchased retrocessions in the past several years to enhance the diversity of the portfolio, improve capital efficiency, manage the net retention, and protect the capital of the Company. The Company will continue to utilise this important risk management tool when the pricing and risk mitigation impact justifies doing so.

Natural catastrophe risk

Natural catastrophe risk is the risk that the premium to be earned over the next twelve-month period from the catastrophe exposed reinsurance contracts (in-force, new or renewal) is insufficient to cover potential claim costs, claim adjustment expenses as well as the acquisition costs associated with those contracts that may originate from extreme or exceptional catastrophic events over the same period, such as hurricanes, earthquakes, windstorms, and landslides.

Natural catastrophe risk is classified as a separate and distinct class of premium risk mainly due to its low-frequency and high severity characteristics, its potential to affect numerous contracts simultaneously and inflict significant erosion of the Company's capital.

Natural catastrophe risk is the largest contributor to the Company's total risk with USD 546.5m of SST Target Capital allocated to it on a standalone basis for SST 2022. The level of natural catastrophe premium risk has decreased from SST 2021 in line with the business plan. US Hurricane, European Windstorm and US & Canadian Earthquake exposures are the largest regions and perils contributing to Catastrophe risk.

The Company has made a series of strategic moves to diversify, spread and dilute its catastrophe exposures as well as optimise its underwriting portfolio through geographical diversification and by writing casualty and specialty lines and lower layers of business. Hence the Company's catastrophe exposures are managed by limiting the amount of exposure in any one geographic area.

The Company also writes reinsurance risks for periods of mainly one year so that the contracts can be assessed for pricing and terms and adjusted to reflect any changes in market conditions.

In addition, retrocession is purchased to enhance the diversity of the Company's portfolio, maintain the net retention and even out peak exposures, and more effectively manage the volatility of the Company's book of business.

There is a large diversification benefit between natural catastrophe and non-natural catastrophe premium risk.

Reserve risk

Reserve risk is the risk that the best (point) estimate of unpaid loss and LAE reserves are inadequate to cover all future payments for the full settlement of claims from all prior accident years (on or prior to the valuation date).

Reserve risk is distinct from total premium risk and is related to exposures that have already been earned and claims that have already been incurred but have not yet been reported ("IBNR") or fully settled.

Reserve risk under SST 2022 is USD 407.9m pre-RDA on a standalone basis. The increase in reserve risk from SST 2021 is due to a higher level of reserves.

A full analysis of loss and LAE reserves is performed on a quarterly basis. The reserve analyses are reviewed by and discussed with underwriters, actuaries, claims, finance, and senior management prior to submission to the Reserve Committee. The Reserve Committee is appointed by the EC to review the sufficiency of the estimated loss reserves and to appraise the adequacy and effectiveness of the loss reserving practices of the Company. The Reserve Committee comprises of the COO Europe; Head of Finance & Business Operations; and Head of Risk. As per section *IV. F., Actuarial function*, above, the Responsible Actuary is responsible for ensuring that adequate technical reserves are established. An independent review of the reserves at Q3 and Q4 is also conducted by WTW.

Retrocessional contracts
RenaissanceRe, in conjunction with the Company, purchase retrocession cover on a yearly basis for the Company. The company closely monitors its risk aggregation on an ongoing basis and assesses its risk profile/ appetite when considering retrocession coverage each year to enhance the diversification of the portfolio, improve capital efficiency, manage the net retention, and protect the net income of the Company.

The Company will continue to utilise this important risk management tool when the pricing and risk mitigation impact justifies doing so.

Reserve Development Agreement
The RDA leads to a reduction in insurance risk of 8.4% for SST 2022 (not reflected in the standalone figures above). This impact has increased slightly compared to a 6.2% decrease for SST 2021. The reason for this increase is that while the RDA covered reserves have decreased and the RDA recovery is closer to being exhausted, this is more than offset by the fact that reserve risk contributes more to the overall insurance risk.

The expected recovery from the RDA is considered as part of the expected underwriting result.

ii. Market risk

Market risk refers to the risk of financial loss due to a change in the value of the financial assets in the Company's investment portfolio or a change of market risk factors that affect the value of such assets or the Company's liabilities. The Company has identified interest rate risk, foreign exchange risk, revaluation risk, equity price risk and credit spread risk as its main sources of market risk.

Market risk under the SST for 2022 is USD 251.3m on a standalone basis. The increase in market risk compared to SST 2021 is driven by an investment in equity and private equity.

Interest rate risk
Interest rate risk is a function of general economic and financial market factors (such as the level, trend, and volatility of interest rates) as well as the characteristics of the individual fixed interest securities held in the Company's investment portfolio. The Company cannot control the former, but it can control the latter.

Investment guidelines are established to manage this risk. These guidelines set parameters within which external investment managers and the internal RenaissanceRe investment function must operate. The guidelines are set by the RenaissanceRe investment function and are approved by the Company's Executive Committee (previously the Board until March 2022). The Company's Investment Principles specify the limitations on the maximum percentage of assets that can be invested in a single issuer or in a single asset class. There are also specific limitations on the maximum maturity for various classes of fixed interest securities and the minimum requirements of credit ratings. RenaissanceRe's investment function reviews the composition, duration, and asset allocation of its investment portfolio on a regular basis in order to respond to changes in interest rates and other market conditions. RenaissanceRe's investment function also mitigates interest rate risk on the investment portfolio by establishing and monitoring duration ranges in its investment guidelines.

Foreign exchange risk
The Company operates internationally and its exposures to foreign exchange risk arise primarily with respect to the U.S. dollar, Australian dollar, Euro, Pound Sterling and New Zealand dollar. The Company's reporting currency for its financial results is the U.S. dollar, albeit the Company's Swiss OR financial statements are reported in Swiss Francs. The effect of this on foreign exchange risk is that the Company is exposed to fluctuations in exchange rates for non-U.S. dollar denominated transactions and net assets.

The Company has largely divested from non-USD (excluding AUD) denominated investments and reduced the non-USD cash balances. To mitigate the risk of currency mismatch a derivative hedging strategy is in place at the RenaissanceRe balance sheet level.

Revaluation risk
In relation to the Company's Swiss and Australian operations, whose functional currencies are the Euro and Australian Dollar, respectively, the Company is subject to revaluation risk as a result of the translation into the Company's U.S. dollar reporting currency for its balance sheet. Note from 1 January 2021, RREAG UK changed its functional currency to USD from GBP, from 1 January 2022 RREAG CH plans to change its functional currency to USD from Euro, RREAG AU's functional currency remains in AUD. This risk is therefore expected to reduce.

Equity price risk

The Company is exposed to equity price risk through its holdings of equity and alternative investments. The Company holds equity investments to diversify its investment portfolio and take advantage of expected long-term returns. During 2021 the Company has materially increased its equity exposures through its holdings in RIMCO's shares and investment in Exchange Traded Fund holdings. Investment limits as set out in the Company's Investment Guidelines are used to manage and monitor these exposures.

Credit spread risk

The Company's investment strategy acknowledges the risk of declining market values for the Company's fixed interest securities due to the widening of credit spreads. Investment limits per portfolio as set out in the Company's Investment Guidelines are used to manage and monitor this risk. The advantage of being able to invest in long duration securities gives the Company the opportunity to invest in securities yielding spreads over the risk-free return and earning this additional yield component.

iii. Credit risk

Credit risk is the risk of potential financial loss due to unexpected default, or deterioration in the credit ratings, of the debtors or counterparties of the Company for example:

- Asset credit risk may arise from the unexpected default, or deterioration in the credit ratings, of the debtors or issuers of the financial instruments that the Company holds in its investment portfolio, which may cause them to lose value
- Bank credit risk involves the loss of the Company's funds held by a bank due to its insolvency
- Broker credit risk stems from the insolvency of a broker that is either holding premium owed to the Company or claim payments owed by the Company to a cedant
- Retrocessionaire credit risk involves the default of one of the Company's retrocession partners who is then unable to indemnify a substantial claim to the Company following a large covered loss.

Credit risk under the SST for 2022 is USD 202.4m on a standalone basis. Credit risk increased compared to SST 2021 mainly due to higher amounts of receivables, especially ceded recoveries, partially offset by less investment assets subject to credit risk.

The Company's investment portfolio is appropriately diversified to limit the amount of credit exposure with respect to lower rating categories and any one issuer. RenaissanceRe 's investment function has established comprehensive guidelines for the Company's investment managers regarding the type, duration and quality of investments acceptable to the Company. The performance of investment managers is regularly reviewed to confirm adherence to these guidelines by RenaissanceRe's investment function.

Credit risk on premiums receivable from cedants is managed by conducting business with reputable broking organisations, with whom the Company has established relationships, and by rigorous cash collection procedures.

For the purchase of retrocessions, to control and mitigate counterparty credit risk most of the retrocessions are either collateralised or placed with highly rated reinsurers.

There is also a RenaissanceRe Counterparty Credit Committee in place, which is chaired by the RenaissanceRe CUO. The Counterparty Credit Committee is responsible for ensuring appropriate ceded counterparty credit limits are set based on a counterparty's credit rating and to a lesser degree, the size of its reserves. On a quarterly basis, counterparty credit exposures are assessed against the established credit limits by counterparty, which is then reported to the Counterparty Credit Committee.

The Company also has a Credit and Financial Products portfolio. Although this product increases diversification within the underwriting portfolio of RREAG it is also subject to both specific and systemic credit risk.

iv. Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its contractual obligations in a timely manner due to the inability of its investment assets to be sold without causing a significant movement in the price and with minimum loss of value. Liquidity risk can be an outcome or consequence of the Company's exposures to catastrophe risk and market risk.

RenaissanceRe's treasury function aims to keep liquidity risk as low as possible so that the Company will be able to meet its contractual obligations in a timely manner, even under stressed scenarios such as following a major catastrophic event. Sufficient liquid assets are maintained, or assets that can be converted into cash at short notice and without any significant capital loss, to meet expected cash flow requirements. These liquid assets are regularly monitored using cash flow forecasting to ensure that surplus funds are invested to achieve a higher rate of return. The RenaissanceRe's investment function also monitors market changes and outlooks and reallocates assets as deemed necessary.

The Company defined an optimal level of operational cash in various currencies within each branch and therefore holds an internally managed investment portfolio that can be used for liquidity requirements. The Company also has in place Revolving and Letter of Credit Facility Agreements which allow for the issuance and renewal of Letters of Credit which are used to support RREAG's reinsurance obligations and access to RenaissanceRe's cash pool for working capital needs. For the purpose of monitoring, the Company's Quarterly Risk Report provides an overview of liquidity coverage ratios and excess liquidity in a 'Normal State' and a 'Stressed State (95% Value at Risk "VaR")', as well as other percentiles.

v. Operational risk

Operational risk refers to the risk of financial or other loss, or potential damage to the Company's reputation resulting from inadequate or failed internal processes, people, and systems or from external events.

Operational risk has remained stable in the year. Some examples of the key operational risks facing the Company include: IT Cyber / Infrastructure security breach; deals mispriced/misinterpreted; failure to record, monitor, and respond to aggregate exposures; failure of ceded contracts to provide intended coverage; investment guidelines not being adhered to; financial processes; facility management; claims handling; and failure to execute on the gross and net business plan.

The RenaissanceRe Group reserving team started a project in 2021 to review the reserving processes and systems used across all RenaissanceRe companies, including the Company. This involved selecting a software solution produced by Willis Towers Watson comprising ResQ and Unify. This project targets implementing the new process and system in Q2 2022. The new system will have a number of benefits, including aiding communication of results and assumptions, speed of the reserving process and working with third parties.

Through the scenario analysis process, the Company has also made efforts to identify and assess the financial impact of various operational risks. These risks are managed through internal controls and monitoring tools such as the risk register.

vi. Strategic risk

Strategic risk is the risk to earnings or capital arising from adverse business decisions or improper implementation of those decisions or inability to act in response to business opportunities or to adapt to changes in its operating environment.

The following are examples of strategic risks facing the Company:

- Industry overcapacity that results in prolonged soft market conditions
- Flawed response plans to market price cycles, including maintaining premium volume and market share during market declines and improper performance incentives for underwriters and others
- Planning processes (e.g. plan loss ratio setting, target premium volume) that are not fully integrated with internal financial indicators and external benchmarks or are based on forecasts that are inherently optimistic
- Expansion into new lines or territories with inadequate underwriting expertise, pricing systems, price monitoring capabilities, understanding of regulatory requirements, claims handling staff
- Failure of large information technology and infrastructure projects to achieve the specified goals.

Strategic risks can be split into two components, one being the risk emanating from making business decisions (active) such as the last two risks in the list above, and the other emanating from a lack of response to industry challenges (passive) such as the first three risks in the list above.

Strategic risk is especially important for the Company because it has optimised the risk profile of its business by growing those lines of business which help to diversify its concentration in catastrophe exposures. Although there is inherent risk in such strategic expansion into new lines and geographical areas, there are also many benefits. RenaissanceRe has a Corporate Strategy Department that further assist in mitigating this risk. In setting the Company's appetite for this risk, both the risk and the benefits are taken into consideration.

The Company identifies and assesses the strategic risk, around inability to execute the business strategy, within its risk register and performs scenario analyses to evaluate the potential financial impact that may arise from such a risk.

New business will be evaluated periodically to determine whether or not it has met the strategic goals of the Company.

B. Risk mitigation in the organisation

The Company controls risk in the organisation through a variety of ways, but ultimately risks are reported and monitored centrally by the risk management function. The risk management function also verifies that risks are either kept within agreed limits or temporary breaches for unique situations are appropriately escalated to the relevant Board, and/or sub-committee, and either approved or rectified. Further, the Board, ARC and Internal Audit review the Risk Management framework and ensure the controls in place for managing the risk exposures are operating as intended. If a new risk emerges, the RMWG establishes controls to manage the risk.

As above, the Company has various risk mitigation frameworks, tools, and processes in place to either reduce the likelihood of a loss occurring, or, if it does, reducing its impact, including:

- Risk appetite and risk tolerance/limits - limiting the risk that the Company is willing to accept by balance sheet, at risk type level
- Diversification both by product line and by geography
- Underwriting practices including the underwriting controls, employment of experienced catastrophe analysts, modellers and actuaries to perform pricing analyses to ensure that risks are adequately priced
- Use of numerous inwards reinsurance contract clauses to reduce its contractual liabilities; these include limits and exclusions as well as the rights that the Company have such as the right to cancel the contract in certain circumstances
- Purchase of retrocessional contracts to protect its balance sheet against peak exposures; although it is recognised that whilst this can significantly reduce insurance risk, a retrocession will introduce counterparty credit risk
- Setting investment guidelines and defining permitted investments; setting restrictions and limits on each type of investment to enhance diversification, increase liquidity and decrease concentration risk
- The Company has implemented an ICS Framework which is reviewed and reported on annually by the Head of Risk alongside the RenaissanceRe Risk Oversight Function. The Risk Register documents the controls in place for each key operational risk and attestations are provided by control owners annually. Testing of controls is carried out by the second and third lines of defence.

See section *V. A., Material risks exposed to during the reporting period*, above for further details on mitigations specific to each risk category.

The Quarterly Risk Report, as provided to the RMWG, EC and the ARC, monitors the adherence to risk tolerance and limits; monitors branch regulatory capital limits; covers operational and qualitative risks; monitors liquidity risk; shows the internal modelled risks results by risk type based on the latest in-force exposure; shows PMLs; includes information from the RMWG e.g., on new and emerging risks.

The management of the investment portfolios is delegated to RenaissanceRe investment function, which can further allocate funds to selected external asset managers. RenaissanceRe investment function regularly monitors compliance with the Company’s Investment Principles. The quarterly Investment Portfolio Overview, as presented by RenaissanceRe investment function to the Board, shows the macro and market overview; the Company’s investment portfolio update; and adherence to the Company’s investment limits.

Underwriting practices are monitored in many ways by the Underwriting department. Each underwriting decision is peer reviewed by an independent second underwriter (Second Set of Eyes, “SSE”) and documented in the SSE document within REMS©. Every deal is analysed, and a representation of every deal is recorded in REMS©. This stochastic representation is intended to be comprehensive in terms of capturing all sources of risk, robust in terms of being reasonable when back-testing post event and realistic across all return periods including probability of exhaustion. In a significant number of deals, an actuary or analyst undertakes a large portion of the analysis that goes into the final decision-making process and on larger deals there will always be involvement of multiple underwriters and management. As per the Underwriting Guidelines, in exceptional situations, deviations from the guidelines are possible if they are adequately documented and approved by the Chief Underwriting Officer - Europe.

REMS© is "rolled-up" across all deal representations on a nightly basis and detailed results of this roll-up are easily accessible by all employees. At each quarter end, these roll-ups consider the actual in-force portfolio whereas between quarters they consider the best estimate of the future portfolio. Actual vs Expected data is also constantly updated comparing actual booked figures with underwriting expectations. The availability of this data and the constant scrutiny of reports based on this data are an effective risk mitigation and capital management tool. Reports based on this data are reviewed at RenaissanceRe quarterly Risk and Capital Management meetings. Also, quarterly there is an Underwriting Strategy meeting attended by the global Underwriting leadership team as well as annual offsite meetings for various lines of business, which include attendees from both underwriting and risk. These meetings aim to ensure that all underwriters are aligned as a group around execution strategy as well as to spread awareness of current hot topics or areas of concern within the portfolio.

RenaissanceRe's Underwriting Book reports are discussed in RenaissanceRe's quarterly Risk and Capital Management meetings, which monitor risk aggregation by consideration of PMLs on a gross and net basis, by region and different return periods.

For each ceded contract there is a designated overall owner of the deal and in some instances this individual may not be directly associated with the Company. However, the Company's management and underwriting team will work in collaboration with the global placement team to optimise terms, coverage, and contracts for the Company. Although purchasing retrocession introduces counterparty credit risk this is mitigated by: extensive due diligence before entering into agreements with new counterparties which thoroughly assesses the business model and financial performance and stability of the organisation. RenaissanceRe also has established counterparty credit rating guidelines which assist in this process by providing a suggested maximum limit to be exposed to individual reinsurers based on their credit rating. The guidelines are aimed at core, strategic reinsurance purchases and are not aimed at more tactical, facultative reinsurance transactions entered into occasionally, on an opportunistic basis.

Further, in pricing each outwards reinsurance contract, the Company directly incorporates a credit risk modelled component, which is based upon the credit rating of the Reinsurer.

RenaissanceRe's Counterparty Credit Committee, which is chaired by the Group CUO, reviews credit reports on a quarterly basis setting out:

- Open Limit by Counterparty / Rating
- Changes in Credit exposure over the quarter
- Collateral held by counterparties
- List of new Counterparties.

For counterparties which are not rated by a major credit rating agency, the underwriter may require the counterparty to post collateral equal to the full reinsurance contract limit net of premiums.

C. Material risk concentrations

As above, the Company has policies governing risk concentrations including but not limited to:

- Risk Management Policy
- Underwriting Guidelines
- Reserving Policy
- Investment Guidelines
- Business continuity and IT disaster recovery programme.

See above section *V. A., Material risks exposed to during the reporting period*, above for further details on material concentrations specific to each risk category.

D. Investment in assets

Cash and short-term investments are managed internally by the Treasury unit, while the management of the Company's investment portfolios is outsourced to third party investment management firms or affiliated group companies to generate investment income supporting the underwriting profitability. The investment portfolios supporting the technical provisions have an appropriate level of liquidity to ensure the ability to pay all contractual policyholder benefits and expense obligations, taking into account the management of interest rate, foreign exchange and liquidity risks between assets and liabilities as defined by the Company's Investment Principles. These guidelines are reviewed on an annual basis or ad-hoc if any significant events have occurred and subsequently approved by the Board of Directors.

E. Stress testing and sensitivity analysis to assess material risks

Stress and scenario work has been conducted in different forms over the year:

- The scenarios required for the SST Target Capital and reporting: quantification of scenarios is undertaken as part of the annual submission of the SST report for FINMA
- Risk register scenarios: quantification of scenarios is undertaken as part of the annual risk register review; these are assessed through a scenario analysis approach based on expert judgment
- Multi-year scenarios for ORSA purposes.

Based on the capital and solvency assessments performed, and taking into account various management mitigation actions that it would invoke post an event, the Company is adequately capitalised to support the risks associated with its current business activities and to pursue its business strategy while meeting the expectations of its clients and shareholders.

VI. Solvency valuation

A key component of the Solvency Valuation is the Risk Bearing Capital ("RBC"). The RBC is calculated by applying the SST market consistent principles for the valuation of both asset and liabilities.

The starting point of the SST RBC calculation is the Company's US Generally Accepted Accounting Principles ("US GAAP") balance sheet, excluding PGAAP adjustments. The Company's US GAAP balance sheet is then converted into a Market Consistent Balance Sheet ("MCBS") for SST purposes. The Company's US GAAP balance sheet covers the accounts of the Company, including all offices and subsidiaries. All significant intercompany transactions and balances are eliminated on consolidation.

A. Valuation bases, assumptions, and methods to derive the value of each asset class.

i. Asset valuation before market consistent conversion

All assets are booked at fair values in accordance with US GAAP. The fair value of an asset or liability is the value that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between open market participants at the measurement date under the current market conditions regardless of whether that price is directly observable or an estimate using another valuation technique.

The fair value principles used for the Company's investment assets are outlined below.

1. Cash and cash equivalents include cash at bank and on hand, short-term deposits and other short-term highly liquid investments that are subject to insignificant risk of changes in fair value. Cash and cash equivalents are carried in the balance sheet at amortised cost and carrying amounts approximate fair value due to the short-term nature and high liquidity of the instruments.

2. Investments are comprised of short-term investments and investments in fixed interest, equity, and other securities:

   - **Short-term investments** – the carrying value reported in the consolidated balance sheet approximates the fair value due to the short-term nature of the investments
   - **Fixed interest securities** – priced using pricing services, such as index providers and pricing vendors. The pricing vendors provide pricing for a high volume of liquid securities that are actively traded. For securities that do not trade on an exchange, the pricing services generally utilise market data and other observable inputs in pricing models to determine prices
   - **Equity securities** – comprised of common stock, mutual funds and real estate investment trusts. Fair value is generally based on prices obtained from market exchanges in active markets. For investment in mutual funds, the fair value of the fund is estimated to be the net asset value reported by the fund administrator at the balance sheet date
   - **Other securities (mostly alternatives)** – consist of investments in investment funds organised as limited partnerships, investment in funds organised as limited liability companies, real estate investments held by limited liability companies and investment in an absolute return fund. For private equity investments, since quoted market prices are not available, the transaction price is used as the best estimate of fair value at inception. For investments in funds organised as limited liability companies, the funds' financial statements constitute the key valuation input.

The following tables show the value of investment assets broken down by asset class.

ii. Transition from US GAAP to SST Market Consistent valuation of investment assets

No adjustments to the fair value of investment assets have been made to convert the Company's US GAAP balance sheet to MCBS as of 31 December 2021:

USD '000	US GAAP	MCBS	Delta	Comment
Fixed income securities	1,363,652	1,363,652	–	No adjustment
Loans	201,380	201,380	–	No adjustment
Equities	205,342	205,342	–	No adjustment
Alternatives	467,812	467,812	–	No adjustment
Cash and cash equivalents	169,965	169,965	–	No adjustment

iii. Transition from US GAAP to SST Market Consistent valuation of non-investment assets

The following adjustments to non-investment assets have been made to convert the Company's US GAAP balance sheet to MCBS as of 31 December 2021:

USD '000	US GAAP	MCBS	Delta	Comment
Reinsurance recoverable	1,310,939	1,293,625	(17,314)	Discounting impact, RDA Hidden Reserve Gross Up
Capital assets	–	–	–	No adjustment
Prepaid reinsurance premiums	315,609	304,754	(10,855)	Discounting impact
Deferred acquisition costs ("DAC")	244,411	–	(244,411)	Offset against UPR
Deferred tax asset ("DTA")	(5,716)	–	5,716	DTA removed
Premiums receivable	1,032,139	1,032,139	–	No adjustment
Accrued investment income and Receivable for investments sold	4,721	4,721	–	No adjustment
Other assets	(3,255)	(3,408)	(154)	Reduced by the amount of prepaid expenses

All other asset line items remained unchanged from the US GAAP valuation.

Note the gross up of recoveries under the RDA of USD 49.6 million from USD 350.0 million to the true economic value of USD 399.6 million was undertaken, as this was conservatively booked under US GAAP. The latter is equal to 95% of the actual observed adverse development of USD 420.7 million of business covered under the RDA. The 95% equals 100% minus the 5% retention under the RDA. The USD 49.6 million lower ceded reserves on the Company's US GAAP balance sheet were due to conservatively allowing for an additional prudence margin on top of best estimate assumptions. This approach has been chosen under US GAAP to mitigate future volatility of this ceded reserve amount. However, under a market consistent approach the true best estimate needs to be considered which is equal to 95% of actual observed adverse development according to the RDA.

B. Valuation bases, assumptions, and methods to derive the value of technical provisions

i. Liability valuation before market consistent conversion

The reinsurance liabilities are based on the best estimate made by the Company derived from reasonable assumptions and appropriate generally accepted actuarial principles and methods.

Outstanding losses and loss expenses
Outstanding losses and loss expenses are the Company's estimate of reasonable accruals for the unpaid loss and LAE that must be posted on the balance sheet on the valuation date in order to make an adequate provision for all unpaid loss and LAE obligations of the Company under the terms of its contracts and agreements. They are comprised of the case reserves estimated by the ceding companies and IBNR and Additional Case Reserves estimated by the Company.

Loss and LAE reserves are estimated by the Reserving Actuary. The adequacy of the Company's carried reserves is independently reviewed by the Responsible Actuary who issues an actuarial report on their findings.

Unearned premiums
UPRs represent the unexpired portion of the premiums assumed and are the second largest liability of the Company. This liability item can be determined relatively more objectively than the loss and LAE reserves.

Premiums assumed are recorded on the accrual basis and are included in income over the period of exposure to risk with the UPR deferred in the balance sheet. Reinsurance premiums ceded are similarly earned over the period of exposure to risk with the unearned portion being deferred in the Company's US GAAP balance sheet as prepaid reinsurance premiums.

For excess of loss contracts, the ultimate premium is estimated at the contract inception. Subsequent premium adjustments, if any, are recorded in the period in which they are determined.

For proportional treaties, the amount of premium is normally estimated at inception of the contract by the ceding company. The Company accounts for such premium quarter by quarter – at inception using initial estimates, reviewed regularly with respect to the actual premium reported by the ceding company. Changes in estimates are recognised in the quarter in which they are determined.

ii. Transition from US GAAP liabilities to SST Market Consistent valuation of liabilities

The loss and loss adjustment reserves carried out on the Company's US GAAP balance sheet are on an undiscounted basis.

In order to value the balance sheet liabilities in a market consistent manner, loss and LAE reserves are discounted to reflect the time value of money using the average payment patterns and the SST-specified yield curves. The amount of discount as of 31 December 2021 is USD 93.0 million. Including this adjustment, the gross value of loss and LAE reserves is USD 2,865.6 million.

As another adjustment, UPR is discounted and offset against DAC as mentioned in section *VI. A., Valuation bases, assumptions, and methods to derive the value of each asset class*, above. Including these adjustments, the value of UPR is USD 513.2 million. The total best estimate value of provisions for insurance liabilities as of 31 December 2021 is USD 3,378.8 million (gross value of loss and LAE reserves plus UPR). In addition to provisions for insurance liabilities, the market consistent value of reinsurance balances payable is USD 581.8 million, and the market consistent value of other liabilities is at USD 29.9 million as of 31 December 2021.

The following table provides an overview of liability items with a difference between the Company's US GAAP balance sheet and MCBS as of 31 December 2021:

USD '000	US GAAP	MCBS	Delta	Comment
Loss and LAE reserve (gross)	2,958,590	2,865,599	(92,991)	Discounting impact
UPR	784,623	513,227	(271,397)	DAC offset and discounting impact

Claim provisions in this context represent the discounted loss and LAE. In the context of SST valuation, Risk Margin (known as Market Value Margin) is not valued in the balance sheet construction but rather a deduction to the RBC. The Risk Margin as of 31 December 2021 is valued at USD 132.6 million and is calculated using the SST standard approach.

UPR under the MCBS are equivalent to the US GAAP, discounted and reduced by the amount of DAC.

C. Description of recoverable from reinsurance contracts

Reinsurance recoverable from reinsurers represent the provisions for ceded reserves. They are discounted to reflect the time value of money using the average payment patterns and the SST-specified yield curves. The amount of discount is USD 66.9 million. In addition, the MCBS is increased by USD 49.6 million for the gross up of the RDA recovery, as conservatively booked under US GAAP to the true economic value of USD 399.6 million. Including these adjustments, the net value of loss and LAE reserves is USD 1,326.1 million as of 31 December 2021

D. Description of losses payable

This liability represents losses payable to the reinsured in accordance with the terms of the reinsurance contracts on losses already paid by the reinsured. Therefore, the value of this liability can be determined objectively and subject to little or no uncertainty. The Company as the reinsurer may require from the reinsured proper proof and documentation for the loss payments and may need to verify coverage of the losses by the reinsurance contract.

E. Valuation bases, assumptions, and methods to derive the value of other liabilities

All other liabilities are valued on an US GAAP basis apart from Deferred Tax Liabilities and Deferred Tax Assets which are removed from the MCBS. Included in other liabilities are deposit liabilities, payables for investments purchased, fair value of derivative liabilities, derivative balances payable, accounts payable and accrued expenses, deferred fee income, retirement benefit obligation and deferred commission income.

F. Any other material information

No additional material information to report.

VII. Capital management

A. Capital management process and policy

As part of the Company's risk appetite, the Company defines the amount of capital required to meet its internal risk appetite and regulatory requirements and commercial constraints. The Company's main objective is to ensure that it has sufficient capital resources to remain solvent on both regulatory and economic bases. Also, the capital projections shown in the Company's ORSA to the end of the current year and the two-year business planning period facilitates Board discussion on the capital requirements for the Company.

Localised assets in the Company's US and Australia branches are ring-fenced to meet local regulatory requirements, otherwise fungibility of assets is unrestricted. With the Company's US branch Plan of Operation US, asset fungibility is becoming less of a concern for the Company.

As of 31 December 2021, the Company benefitted from a capital support agreement with RRHL, which is referred to as the Net Worth Maintenance Agreement ("NWMA"). Under the NWMA, RRHL agrees to cause the Company to maintain capital solvency margins as required under the SST. The NWMA is not considered as part of the annual SST calculation.

The Company also benefits from various external and internal retrocession agreements which allows it to manage its capital position in an agile and flexible way.

There have been no further material changes to the Company's capital management process during 2021.

B. US GAAP capital

Shareholder's equity under the Company's US GAAP balance sheet as of 31 December 2021 and 31 December 2020 are shown in the table below.

Shareholder's equity

USD '000	**31 December 2021**	**31 December 2020**
Share capital	250,000	250,000
Contributed surplus	574,503	574,503
Retained earnings	241,702	301,045
Accumulated other comprehensive loss	(22,534)	(31,985)
Total shareholder's equity	**1,043,671**	**1,093,563**

Note these figures are shown including PGAAP

Fully paid issued shares, which have a par value of USD 1 each, carry one vote per share and carry a right to dividends. Contributed surplus represents cash contributed to the shareholder in excess of the issued share capital. Accumulated other comprehensive loss comprise foreign currency translation reserve and retirement benefit obligation. The reduction in retained earnings from 31 December 2020 to 31 December 2021 is related to the annual GAAP loss of USD 59.343 million, whereas the reduction in the Accumulated other comprehensive loss is composed of the variance in the Cumulative Translation Adjustments (CTA) of positive USD 7.063 million and the positive impact of the Pension Costs Evaluation of USD 2.388 million.

VIII. Solvency

A. Regulatory capital requirements

The Company evaluates its regulatory solvency position under the SST using a partial internal solvency model. For SST 2022, which is based on the valuation date 31 December 2021, the Company has used its internal model for natural catastrophe risks only since no standard model is provided by FINMA. Natural catastrophe risks are modelled using RenaissanceRe's internally developed proprietary natural catastrophe model. The Company has used the SST standard model components for non-natural catastrophe insurance risk, market risk, credit risk, the risk margin and risk aggregation. FINMA gave the Company approval to use the natural catastrophe internal model for SST 2021 on 30 of July 2020.

For SST 2022, as was the case for SST 2021, consideration is given to the RDA between TMNF and the Company which was set up in connection with the Acquisition. The RDA reinsures all business bound by the Company as of 22 March 2019, including any unearned or unexpired exposure.

Target capital

The following table shows a breakdown of the Company's Target Capital under the SST into its key components for the current and the previous reporting period. The main driver of the Company's Target Capital is insurance risk which reflects the Company's core business and the main driver for the change in Target Capital is the higher investment risk from credit and market risk as well as a higher risk margin due to the lower impact from the RDA as the business covered under the RDA is earning and expiring as well as longer estimated payment patterns, partially offset by lower natural catastrophe risk, higher expected underwriting results from the increased premium written and higher investment return from the investment portfolio.

Target capital key components **USD millions**	**Current Year – SST 2022** **As of 31 December 2021**	**Previous Year – SST 2021** **As of 31 December 2020**
Insurance risk	681.5	720.2
Market risk	202.4	168.0
Credit risk	251.3	157.9
Diversification between market, credit, and insurance risk	(315.9)	(256.5)
Other effects including expected results and risk margin	(20.4)	(9.6)
Target Capital	**798.9**	**780.0**

Underwriting risk

The table below shows the breakdown of the Company's insurance risk under the SST into its key components including previous year and current year figures. For SST 2022, the Company is using FINMA's standard model for non-natural catastrophe premium risk, reserve risk and insurance risk aggregation. The main component of insurance risk is still natural catastrophe risk, however for SST 2022 the non-cat premium risk and reserve risk contribute more to the overall Target Capital compared to prior years. Natural catastrophe risk decreases significantly compared to SST 2021, however non-natural catastrophe premium risk increases significantly, and reserve risk increases slightly due to a higher level of net reserves. Finally, for SST 2022 the impact of the RDA is further reducing as expected due to earning and expiring of covered business which is shown in a reduced stand-alone RDA impact.

Insurance risk key components USD millions	Current Year – SST 2022 As of 31 December 2021	Previous Year – SST 2021 As of 31 December 2020
Natural catastrophe risk	546.5	683.8
Non-natural catastrophe premium risk	393.2	240.3
Reserve risk	407.9	387.0
Diversification effect	(561.0)	(464.9)
Reserve Development Agreement	(105.1)	(126.0)
Total insurance risk	**681.5**	**720.2**

Market risk

The table below shows the breakdown of the Company's market risk under the SST into its key components including previous year and current year figures. Market risk is calculated using the SST standard model. Overall market risk increases due to a shift into equity investments as well as an increased private equity investment in ROIHL III. This is partially offset by lower interest rate and spread risk compared to SST 2021.

Market risk key components USD millions	Current Year – SST 2022 As of 31 December 2021	Previous Year – SST 2021 As of 31 December 2020
Interest Rate Risk	25.3	99.3
Spread Risk	39.9	112.9
Currency risk	130.6	125.8
Equity and alternatives risk	251.2	91.6
Diversification effect	(195.8)	(261.6)
Total market risk	**251.3**	**168.0**

Risk bearing capital

The following table shows a breakdown of the Company's RBC under the SST into its key components for the current and the previous reporting period. Overall, RBC decreases compared to last year mainly due to 2021 financial results. The RBC results from the market consistent valuation as described in section *VI., Valuation*, above. No dividend payment is planned for 2022 and there are no further deductions. Furthermore, the Company does not hold any supplementary capital.

Risk bearing capital key components USD millions	Current Year – SST 2022 As of 31 December 2021	Previous Year – SST 2021 As of 31 December 2020
Market-consistent value of assets minus total from best estimate liabilities plus market-consistent value of other liabilities	1,049.4	1,063.7
Deductions	–	–
Supplementary capital	–	–
Risk bearing capital	**1,049.4**	**1,063.7**

As of 31 December 2021, the Company's SST 2022 solvency ratio is at 137.6%[1] which is slightly below the SST 2021 ratio at 141.8% for the reasons listed above.

[1] The information about solvency as shown in this section is identical to the information which has been submitted to FINMA and for SST 2022 figures is still subject to regulatory audit.

B. Risk Bearing Capital calculation and dividend payable

There are no dividends planned to be paid in 2022 and there have been no dividend payments in 2021. Since no further deductions apply to the Company, its Core Capital is equal to the market-consistent value of assets minus total best estimate liabilities plus market-consistent value of other liabilities. Note that the removal of intangibles is considered in this difference rather than under Deductions.

The Company's Core Capital is calculated to be USD 1,049.4 million for SST 2022, which is USD 97.4 million higher than the total shareholder's equity per the Company's US GAAP balance sheet (excluding PGAAP) as of 31 December 2021. This difference between US GAAP shareholder's equity and RBC is due to the valuation differences described in section *VI. A. iii., Transition from US GAAP to SST Market Consistent valuation of non-investment assets*, above and section *VI. B. ii., Transition from US GAAP liabilities to SST Market Consistent valuation of liabilities*, above and can be summarised as follows:

- Difference between market consistent and US GAAP valuation of assets (excluding PGAAP): USD 267.0 million lower
- Difference between market consistent and US GAAP valuation of liabilities (excluding PGAAP): USD 364.4 million lower.

The Company does not have any supplementary capital and hence RBC is equal to core capital.

IX. Subsequent events

On 24 February 2022, Russia launched an invasion into Ukraine. There is uncertainty associated with the scale, duration and impact of this situation. The Company continues to monitor the current developments in relation to the Russian invasion of Ukraine though it is too early to determine if the Company will have any loss exposure arising from this situation.

As of 28 February 2022, Switzerland lifted most of the COVID-19 restrictions including the recommendation to Work from Home. As of that date the Company has reintegrated back to the office, while still adhering to social distancing measures.

There are no other subsequent events to note.

Appendices to the Financial Condition Report

Financial situation report: quantitative template 'Performance Solo Reinsurance'

Basis: Swiss OR financial statements
Currency: CHF (Amounts stated in millions)

	Total		Personal accident		Health		Motor		Marine, aviation, transport		Property		Casualty		Miscellaneous	
	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year
Gross premiums	947.3	1,454.8	(2.2)	7.1	–	–	12.2	6.7	40.7	75.4	475.0	630.7	261.5	444.6	160.2	290.2
Reinsurers' share of gross premiums	(349.9)	(589.6)	0.9	(4.7)	–	–	(1.3)	(1.0)	(23.8)	(45.1)	(147.0)	(263.3)	(108.3)	((216.8)	(70.3)	(85.6)
Premiums for own account (1 + 2)	597.4	865.3	(1.3)	2.4	–	–	10.9	5.7	16.9	30.4	328.0	394.3	153.2	227.9	89.8	204.6
Change in unearned premium reserves	(89.7)	(223.2)	4.3	(2.2)	–	–	36.3	(1.3)	6.7	(10.0)	(59.6)	(1.8)	30.3	(111.5)	(107.6)	(96.4)
Reinsurers' share of change in unearned premium reserves	155.9	101.1	(0.6)	1.5	–	–	(0.2)	0.1	6.3	6.7	41.5	0.7	52.2	57.8	56.7	34.4
Premiums earned for own account (3 + 4 + 5)	663.6	743.2	2.3	1.7	–	–	47.0	4.5	29.9	27.1	309.9	393.3	235.6	174.1	38.9	142.6
Other income from insurance business	5.2	1.9	–	–	–	–	(0.0)	4.2	0.0	(0.0)	0.8	0.6	3.0	(3.4)	1.4	0.5
Total income from underwriting business (6 + 7)	668.8	745.1	2.3	1.7	–	–	46.9	8.7	29.9	27.1	310.7	393.9	238.6	170.7	40.3	143.1
Payments for insurance claims (gross)	(953.5)	(569.7)	(5.0)	(5.6)	–	–	(134.0)	(83.2)	(17.6)	(10.2)	(563.6)	(288.6)	(230.5)	(171.7)	(2.7)	(10.5)
Reinsurers' share of payments for insurance claims	379.1	141.8	0.2	3.1	–	–	0.2	0.6	3.2	0.7	361.6	122.4	17.7	14.1	(3.8)	0.9
Change in technical provisions	121.1	(387.5)	2.3	1.7	–	–	77.1	121.6	(15.4)	(26.3)	174.9	(341.0)	(84.7)	(45.0)	(33.1)	(98.6)
Reinsurers' share of change in technical provisions	(25.0)	269.9	0.9	2.1	–	–	14.1	(5.1)	12.2	22.6	(196.4)	153.0	132.9	89.3	11.3	35.0
Change in technical provisions for unit-linked life insurance	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Expenses for insurance claims for own account (9 + 10 + 11 + 12 + 13)	(478.3)	(518.6)	(1.7)	1.3	–	–	(42.6)	33.9	(17.6)	(13.1)	(223.5)	(354.2)	(164.6)	(113.3)	(28.3)	(73.2)
Acquisition expenses (gross)	(230.6)	(326.8)	(1.0)	(2.6)	–	–	(13.0)	(4.7)	(5.3)	(7.3)	(103.9)	(147.9)	(92.4)	(95.2)	(15.0)	(69.1)
Reinsurers' share of acquisition expenses	45.6	129.3	0.3	1.5	–	–	0.4	0.3	2.7	6.2	19.6	49.6	18.1	48.0	4.3	23.6
Administration expenses	(66.8)	(54.6)														
Acquisition and administration expenses for own account (15 + 16 + 16.1)	(251.8)	(252.1)	(0.7)	(1.1)	–	–	(12.6)	(4.4)	(2.5)	(1.1)	(84.2)	(98.4)	(74.3)	(47.2)	(10.7)	(45.4)
Other underwriting expenses for own account	(25.2)	(30.5)	0.5	(0.1)	–	–	2.2	(0.3)	0.2	(1.4)	(11.7)	(7.7)	(9.6)	(13.6)	(6.7)	(7.5)
Total expenses from underwriting business (14 + 17 + 18) (non-life insurance only)	(755.3)	(801.2)	(1.8)	0.1	–	–	(53.0)	29.3	(19.9)	(15.5)	(319.5)	(460.2)	(248.5)	(174.0)	(45.7)	(126.2)
Investment income	249.3	125.6														
Investment expenses	(44.7)	(19.1)														
Net investment income (20 + 21)	204.5	106.5														
Capital and interest income from unit-linked life insurance	–	–														
Other financial income	9.7	-														
Other financial expenses	–	(0.4)														
Operating result (8 + 14 + 17 + 18 + 22 + 23 + 24 + 25)	127.6	49.9														
Interest expenses for interest-bearing liabilities	–	–														
Other income	10.8	27.2														
Other expenses	(61.4)	(7.2)														
Extraordinary income/expenses	–	–														
Profit / loss before taxes (26 + 27 + 28 + 29 + 30)	77.0	69.9														
Direct taxes	(9.8)	(0.7)														
Profit / loss (31 + 32)	67.1	69.2														

Financial situation report: quantitative template 'Performance Solo Reinsurance'

Basis: Swiss OR financial statements
Currency: USD (Amounts stated in millions)

	Total		Personal accident		Health		Motor		Marine, aviation, transport		Property		Casualty		Miscellaneous	
	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year
Gross premiums	1,013.4	1,590.3	(2.4)	7.8	-	-	13.0	7.4	43.5	82.5	508.1	689.4	279.8	486.0	171.3	317.2
Reinsurers' share of gross premiums	(374.3)	(644.4)	0.9	(5.2)	-	-	(1.4)	(1.1)	(25.4)	(49.3)	(157.3)	(258.3)	(115.9)	(236.9)	(75.2)	((93.6)
Premiums for own account (1 + 2)	639.1	945.9	(1.4)	2.6	-	-	11.6	6.3	18.0	33.2	350.9	431.0	163.9	249.1	96.1	223.7
Change in unearned premium reserves	(95.9)	(244.0)	4.6	(2.4)	-	-	38.8	(1.5)	7.2	(10.9)	(63.8)	(2.0)	32.4	(121.9)	(115.1)	(105.4)
Reinsurers' share of change in unearned premium reserves	166.8	110.5	(0.6)	1.6	-	-	(0.2)	0.1	6.8	7.3	44.4	0.8	55.8	63.1	60.6	37.6
Premiums earned for own account (3 + 4 + 5)	709.9	812.4	2.5	1.9	-	-	50.2	4.9	32.0	29.6	331.5	429.9	252.1	190.3	41.6	155.8
Other income from insurance business	5.5	2.1	-	-	-	-	(0.0)	4.6	0.0	0.0	0.9	0.7	3.2	(3.7)	1.5	0.5
Total income from underwriting business (6 + 7)	715.5	814.5	2.5	1.9	-	-	50.2	9.5	32.0	29.6	332.4	430.6	255.3	186.6	43.1	156.4
Payments for insurance claims (gross)	(1,020.1)	(622.8)	(5.4)	((6.1)	-	-	(143.4)	(90.9)	(18.8)	(11.1)	(603.0)	(315.5)	(246.6)	(187.7)	(2.8)	(11.4)
Reinsurers' share of payments for insurance claims	405.6	155.0	0.2	3.4	-	-	0.2	0.6	3.4	0.8	386.9	133.8	18.9	15.5	(4.1)	1.0
Change in technical provisions	129.5	(423.6)	2.4	1.8	-	-	82.5	133.0	(16.5)	(28.7)	187.1	(372.8)	(90.6)	(49.2)	(35.4)	(107.8)
Reinsurers' share of change in technical provisions	(26.8)	324.5	1.0	2.3	-	-	15.1	(5.6)	13.1	24.7	(210.1)	167.2	142.1	97.6	12.0	38.2
Change in technical provisions for unit-linked life insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenses for insurance claims for own account (9 + 10 + 11 + 12 + 13)	(511.7)	(566.9)	(1.8)	1.4	-	-	(45.6)	37.1	(18.8)	(14.3)	(239.1)	(387.2)	(176.1)	(123.8)	(30.3)	(80.1)
Acquisition expenses (gross)	(246.7)	(357.2)	(1.1)	(2.8)	-	-	(13.9)	(5.1)	(5.6)	(8.0)	(111.1)	(161.7)	(98.9)	(104.0)	(16.1)	(75.5)
Reinsurers' share of acquisition expenses	48.8	141.3	0.4	1.7	-	-	0.5	0.4	2.9	6.8	21.0	54.2	19.4	52.5	4.6	25.8
Administration expenses	(71.5)	(59.7)														
Acquisition and administration expenses for own account (15 + 16 + 16.1)	(269.4)	(275.6)	(0.7)	(1.2)	-	-	(13.5)	(4.8)	(2.7)	(1.2)	(90.1)	(107.5)	(79.5)	(51.6)	(11.5)	(49.7)
Other underwriting expenses for own account	(26.9)	(33.4)	0.5	(0.1)	-	-	2.3	(0.3)	0.2	(1.5)	(12.5)	(8.4)	(10.3)	(14.8)	(7.1)	(8.2)
Total expenses from underwriting business (14 + 17 + 18) (non-life insurance only)	(808.0)	(875.8)	(2.0)	0.1	-	-	(56.7)	32.0	(21.3)	(17.0)	(341.8)	(503.1)	(265.8)	(190.2)	(48.9)	(137.9)
Investment income	266.7	137.3														
Investment expenses	(47.9)	(20.9)														
Net investment income (20 + 21)	218.8	116.4														
Capital and interest income from unit-linked life insurance	-	-														
Other financial income	10.3	-														
Other financial expenses	-	(0.5)														
Operating result (8 + 14 + 17 + 18 + 22 + 23 + 24 + 25)	136.5	54.6														
Interest expenses for interest-bearing liabilities	-	-														
Other income	11.5	29.7														
Other expenses	(65.7)	(7.8)														
Extraordinary income/expenses	-	-														
Profit / loss before taxes (26 + 27 + 28 + 29 + 30)	82.3	76.4														
Direct taxes	(10.5)	(0.8)														
Profit / loss (31 + 32)	71.8	75.6														

Financial situation report: quantitative template ‘Market-consistent Balance Sheet Solo’

Basis: Swiss OR financial statements
Currency: USD (Amounts stated in millions)

		SST 2021 31.12.2020	Adjustments Previous period	SST 2022 31.12.2021
Market-consistent value of investments	Real estate	-	–	-
	Shareholdings	-	–	-
	Fixed-income securities	1,760.8	–	1,363.7
	Loans	201.1	–	201.4
	Mortgages	-	–	-
	Equities	-	–	205.3
	Other investments	188.2	–	467.8
	Collective investment schemes	-	–	-
	Alternative investments	188.2	–	467.8
	Other investments	-	–	-
	Total investments	2,150.0	–	2,238.2
	Financial investments from unit-linked life insurance	-	–	-
	Receivables from derivative financial instruments	-	–	-
Market-consistent value of other assets	Cash and cash equivalents	183.6	–	170.0
	Receivables from insurance business	2,047.7	–	2,630.5
	Other receivables	17.8	–	4.7
	Other assets	122.9	–	(3.4)
	Total other assets	2,372.0	–	2,801.8
Total market-consistent value of assets	**Total market-consistent value of assets**	**4,522.0**	**–**	**5,040.0**

Best estimate liabilities (BEL)	Best estimate of provisions for insurance liabilities	2,874.3	–	3,378.8
	Direct insurance: life insurance business (excluding ALV)	-	–	-
	Direct insurance: non-life insurance business	2,874.3	–	3,378.8
	Direct insurance: health insurance business	-	–	-
	Direct insurance: unit-linked life insurance business	-	–	-
	Direct insurance: other business	-	–	-
	Outward reinsurance: life insurance business (excluding ALV)	-	–	-
	Outward reinsurance: non-life insurance business	-	–	-
	Outward reinsurance: health insurance business	-	–	-
	Outward reinsurance: unit-linked life insurance business	-	–	-
	Outward reinsurance: other business	-	–	-
	Reinsurers' share of best estimate of provisions for insurance liabilities	404.4	–	581.8
	Direct insurance: life insurance business (excluding ALV)	-	–	-
	Direct insurance: non-life insurance business	-	–	-
	Direct insurance: health insurance business	-	–	-
	Direct insurance: unit-linked life insurance business	-	–	-
	Direct insurance: other business	-	–	-
	Outward reinsurance: life insurance business (excluding ALV)	-	–	-
	Outward reinsurance: non-life insurance business	404.4	–	581.8
	Outward reinsurance: health insurance business	-	–	-
	Outward reinsurance: unit-linked life insurance business	-	–	-
	Outward reinsurance: other business	-	–	-
Market-consistent value of other liabilities	Non-technical provisions	-	–	-
	Interest-bearing liabilities	-	–	-
	Liabilities from derivative financial instruments	-	–	-
	Deposits retained on ceded reinsurance	-	–	-
	Liabilities from insurance business	-	–	-
	Other liabilities	179.5	–	29.9
Total BEL plus market-consistent value of other liabilities	**Total BEL plus market-consistent value of other liabilities**	**3,458.3**		**3,990.5**

Market-consistent value of assets minus total from BEL plus market-consistent value of other liabilities	**1,063.7**		**1,049.4**

Financial situation report: quantitative template 'Solvency Solo'

Basis: US GAAP balance sheet
Currency: USD (Amounts stated in millions)

		SST 2021 31.12.2020	Adjustments SST 2021	SST 2022 31.12.2021
Derivation of RBC	Market-consistent value of assets minus total from best estimate liabilities plus market-consistent value of other liabilities	1,063.7		1,063.7
	Deductions	-		-
	Core capital	1,063.7		1,063.7
	Supplementary capital	–		–
	RBC	1,063.7	(30.6)	1,063.7

		SST 2021 31.12.2020	Adjustments SST 2021	SST 2022 31.12.2021
Derivation of Target Capital	Underwriting risk	720.2		720.2
	Market risk	168.0		168.0
	Credit risk	157.9		157.9
	Diversification effects	(256.5)		(256.5)
	Risk margin and other effects on target capital	(9.6)		(9.6)
	Target Capital	780.0	–	780.0

		SST 2021 31.12.2020	Adjustments SST 2021	SST 2022 31.12.2021
SST ratio	Risk-bearing capital / Target Capital	141.8%	(5.5%)	141.8%

Note the SST 2021 adjustment has been calculated approximately.