Solvency and Financial Condition Report ("SFCR")
For the year ending December 31, 2016.

Renaissance Reinsurance of Europe

NOTE ON FORWARD-LOOKING STATEMENTS

This SFCR for the year ended December 31, 2016 of Renaissance Reinsurance of Europe 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 financial condition and results of operations with regard to trends in results, prices, volumes, operations, investment results, margins, combined ratios, fees, reserves, market conditions, risk management and exchange rates. This SFCR also contains forward-looking statements with respect to our business and industry, such as those in relation to our strategy and management objectives, market standing and product volumes, competition and new entrants in our industry, industry capital, insured losses 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:

- the frequency and severity of catastrophic and other events we cover;
- the effectiveness of our claims and claim expense reserving process;
- our ability to maintain our financial strength ratings;
- the effect of climate change on our business;
- the effects of United States (“U.S.”) business tax reform proposals;
- adverse tax developments, including potential changes to the taxation of inter-company or related party transactions;
- the effect of emerging claims and coverage issues;
- continued soft reinsurance underwriting market conditions;
- our reliance on a small and decreasing number of reinsurance brokers and other distribution services for the preponderance of our revenue;
- our exposure to credit loss from counterparties in the normal course of business;
- the effect of continued challenging economic conditions throughout the world;
- a contention by the Internal Revenue Service (the “IRS”) that Renaissance Reinsurance Ltd. (“Renaissance Reinsurance”), or any of our other Bermuda subsidiaries, is subject to taxation in the U.S.;
- the performance of our investment portfolio;
- losses we could face from terrorism, political unrest or war;
- the effect of cybersecurity risks, including technology breaches or failure, on our business;

- our ability to successfully implement our business strategies and initiatives;
- our ability to retain our key senior officers and to attract or retain the senior management and employees necessary to manage our business;
- our ability to determine the impairments taken on our investments;
- the availability of retrocessional reinsurance on acceptable terms;
- the effects of Brexit.

RenaissanceRe

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1. EXECUTIVE SUMMARY

The purpose of this report is to satisfy the public disclosure requirements under the Solvency II Directive which was transposed into Irish Law as the European Union (Insurance and Reinsurance Regulations) (S.I. 485 of 2015) with effect from 1 January 2016.

This report is required to be submitted to Central Bank of Ireland ("CBI" or "the Authority") and made publicly available annually. The report discusses the structure of the business operations, corporate governance framework, and the solvency and financial performance of Renaissance Reinsurance of Europe. The information contained herein supports the Annual Quantitative Reporting Templates ("QRTs").

Unless otherwise stipulated, values in this report are disclosed in U.S. Dollar.

2. BUSINESS AND PERFORMANCE

2.1. COMPANY STRUCTURE

Renaissance Reinsurance of Europe (the "Company") was incorporated under the laws of Ireland in 1998. The Company is an unlimited liability company, regulated by the Central Bank of Ireland. The Company is ultimately 100% owned by RenaissanceRe Holdings Ltd ("RenaissanceRe"), a Bermuda-domiciled holding company.

The Company predominantly provides property catastrophe reinsurance and specialty reinsurance coverage to insurers and reinsurers, primarily in Europe. Business is written both through the Company's headquarters in Dublin and its branch office in the United Kingdom.

2.1.1. Company Address

Street Address:	4th and 5th Floors Hardwicke House Upper Hatch Street Dublin 2, Ireland
Website:	http://www.renre.com/europe/

2.1.2. Company position within the Group

The Company is a majority-owned subsidiary of Renaissance Reinsurance Ltd. ("Renaissance Reinsurance"), a Class 4 Bermuda-licensed insurer, and a minority-owned subsidiary of RenaissanceRe. Renaissance Reinsurance is ultimately owned 100% by RenaissanceRe. In this report, references to the "RenaissanceRe Group" or "we" refers to RenaissanceRe and its subsidiaries, which include the Company and Renaissance Reinsurance.

Refer to Appendix One for a simplified group structure demonstrating the Company's position in the RenaissanceRe Group.

2.1.3. Supervisory authority

The Company is regulated by Central Bank of Ireland. Contact details for the Authority are as follows:

Name:	Central Bank of Ireland
Jurisdiction:	Ireland
Address:	New Wapping Street North Wall Quay Dublin 1
Email Address:	insurance@centralbank.ie
Phone Number:	+353 1 224 6000

2.1.4. Group Supervisor

The Bermuda Monetary Authority is designated as the group supervisor of the RenaissanceRe Group. The contact details for the Group Supervisor are as follows:

Name:	Bermuda Monetary Authority
Jurisdiction:	Bermuda
Address:	BMA House 43 Victoria Street Hamilton
Email Address:	insuranceinfo@bma.bm
Phone Number:	+1441 295 5278

2.2. External Auditor

Organization:	Ernst & Young
Jurisdiction:	Ireland
Address:	EY Building, Harcourt Centre Harcourt Street Dublin 2
Phone Number:	+353 1 4750555

2.3. INSURANCE BUSINESS WRITTEN DURING THE PERIOD

2.3.1. Overall Performance

As the table below shows, the Company's gross premiums written and profit for the financial year increased from the prior year in spite of the soft underwriting market conditions reflected in declining pricing. Overall, the Company was able to write more business in 2016 partly as a result of the RenaissanceRe Group's value proposition that extends beyond price, as our clients and brokers recognized the importance of our problem solving capabilities and our ability to match risk with capital.

Greater investment returns in the year and lower exchange losses from the strengthening of the US Dollar were partially offset by lower reserve releases and greater expenses attributed to the additional regulatory costs associated with Solvency II reporting.

	2016	**2015**	**Change**
	$000	***$000***	***%***
Gross premiums written	10,925	8,690	25.7%
Profit for the financial year	266	242	9.9%
Loss Ratio	-17.4%	-44.3%	26.9%
Acquisition Expense Ratio	4.5%	5.8%	-1.3%
Operating Expense Ratio	57.0%	37.3%	19.7%
Combined Ratio	44.1%	-1.2%	45.3%
Investment Return	1.8%	1.2%	0.6%

The negative loss ratios are a result of favourable developments on prior accident years' reserves.

2.3.2. By Business Segment

An analysis of the underwriting result before investment returns by main class of business is set out below:

2016	**Gross Premiums Written $'000**	**Gross Premiums Earned $'000**	**Gross Claims Incurred $'000**	**Gross Operating expenses $'000**	**Reinsurance Balances $'000**	**Total $'000**
Property Catastrophe	10,706	10,815	(19)	(1,412)	(9,173)	211
Property other	19	19	334	(15)	(253)	85
Casualty	-	-	52	-	-	52
Specialty – Credit	200	65	20	(15)	(94)	(24)
Specialty - Other	-	-	-	-	-	-
	10,925	10,899	387	(1,442)	(9,520)	324

2015	Gross Premiums Written $'000	Gross Premiums Earned $'000	Gross Claims Incurred $'000	Gross Operating expenses $'000	Reinsurance Balances $'000	Total $'000
Property Catastrophe	8,595	8,832	(148)	(1,070)	(7,409)	205
Property other	54	54	698	(5)	(589)	158
Casualty	-	-	89	-	-	89
Specialty – Credit	41	22	(13)	-	13	22
Specialty - Other	-	-	1	-	-	1
	8,690	8,908	627	(1,075)	(7,985)	475

The reinsurance balance is the aggregate total of all those items included in the technical account which relate to reinsurance outward transactions.

The majority of the Company's premium relates to the property catastrophe class of business, covering catastrophe perils such as windstorm and flood, mainly in Europe.

2.3.3. By Geographical region

The geographical analysis of premiums for the Company by destination (or by situs of the risk) is as follows:

	2016 *$000*	2015 *$000*
EU countries	10,085	7,380
US and Canada	200	41
Rest of the world	640	1,269
	10,925	8,690

The majority of the risk location is in Europe and relates primarily to property catastrophe business.

The majority of the European exposed risk localisation is in France. This relates to the large weighting of non-proportional property deals the Company writes in Europe. There is also exposure in other European countries (Belgium, Luxembourg and Switzerland), however this is a small proportion of the business that the Company writes relative to France.

2.4. Investment Performance

2.4.1. Carrying value

As permitted by FRS 102, the Company has elected to apply the recognition and measurement provisions of IAS 39 – Financial Instruments (as adopted for use in the EU) to account for all of its financial instruments. In general, financial assets are classified at fair value through profit or loss as the Company's investment strategy is to manage financial investments acquired on a fair value basis.

As indicated in the table below, the Company's investment portfolio remains conservative with respect to interest rate, credit and duration risk, with 100% allocated to fixed maturity and short-term investments with a high degree of liquidity and modest credit exposure. Specifically, the investments held include U.S. treasuries, regional governments, local authorities and cash.

	2016 *$'000*	**2015** *$'000*
Short term investments	86	35
Fixed Income securities	10,659	10,513
	10,745	10,548

2.4.2. Net Investment Income

The analysis of net investment income by calendar year is as follows:

Year ended 31 December,	**Interest** *$000*	**Net realized gains and losses** *$000*	**Net unrealized gains and losses** *$000*	**Total** *$000*
2016	126	67	-7	186
2015	121	9	-28	102

2.4.3. Overall investment performance

The duration of the Company's investment portfolio remains relatively short and is consistent with prior years. The table below shows the total investment portfolio return over the reporting period. Performance is calculated on a mark to market basis.

Investment Portfolio Performance	
Period	**Total Return**
Q4 2016	-0.53%
1 Year	1.79%
2 Year	1.37%

2.4.4. Investments in Securitisation

The Company does not have any investments in securitized products.

2.5. OTHER MATERIAL INCOME AND EXPENSES

Material sources of income and expenditure for the Company relates to underwriting and investments as described in detail in sections 2.3 and 2.4 above.

2.6. SIGNIFICANT EVENTS

The Company has not experienced any significant events impacting operations during the reporting period.

3. SYSTEM OF GOVERNANCE

The Company adheres to the requirements as set by the CBI for the promotion of strong and effective governance, including the composition of its Board, the appointment of Board members, and the role and responsibilities of the Board and its sub-committees.

The Company is subject to the CBI's "Corporate Governance Requirements for Insurance Undertakings 2015" and is currently deemed to be a "low impact" undertaking as defined within the Requirements and under CBI's Probability Risk Impact System ("PRISM").

3.1. BOARD STRUCTURE

The Company's Board of Directors (the "Board") is responsible for setting and overseeing the business strategy, including establishing a risk appetite for the Company.

Among other things, key responsibilities of the Board include:

- Obtaining comfort that there is in place a framework of prudent and effective controls which enables risk to be assessed and managed throughout the Company;
- To support the development of the Company's strategy having due regard to the overall strategy of the RenaissanceRe Group and be satisfied that the agreed strategy is appropriately executed;
- Review, challenge and approval of the Own Risk Self-Assessment ("ORSA") process;
- Satisfaction with the integrity of financial information and that financial controls are robust and defensible;
- Oversee the Company's processes and framework to ensure compliance with its regulatory and legal obligations.

The Board relies upon senior management to have effective oversight of the application of Board policy, including relying on the Chief Executive Officer ("CEO") and Chief Risk Officer ("CRO") to monitor actual performance against the risk appetite set by the Board. The CEO and CRO are responsible for ensuring that the risk appetite remains appropriate, recommending any changes to the Board for their review and approval as necessary.

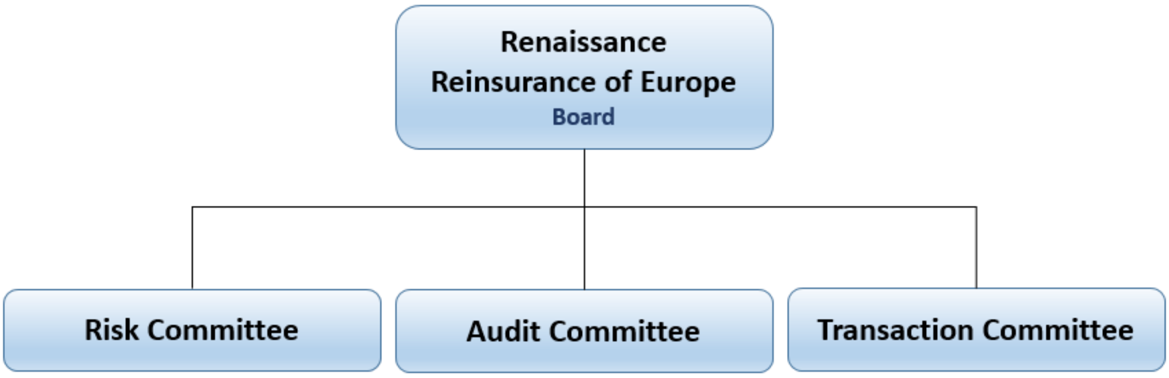
3.1.1. Composition of the Board

The Company's Board composition is made of a balance of executive directors and independent non-executive directors in line with the requirements set by CBI. The current Board members and their respective roles are as follows:

Name	Role
Adrian Wrafter	Independent non-executive director – Board Chair
Seamus Creedon	Independent non-executive director- Risk Committee Chair
Kieran Kerr	Independent non-executive director- Audit Committee Chair
Ian Branagan	Senior Vice President, Group Chief Risk Officer – RenaissanceRe Holdings Ltd.
Sean Brosnan	Senior Vice President, Chief Investment Officer - RenaissanceRe Holdings Ltd.
Orla Finnan	Chief Executive Officer

3.1.2. Board Committee Structure

The Board maintains three standing Committees: the Risk Committee; Audit Committee; and Transaction Committee.



3.1.2.1. Risk Committee

The objective of the Risk Committee is to assist the Board in overseeing the activities of the Company with respect to the current risk exposures of the Company, its future risk strategy and to ensure that the Company maintains a sufficient level of capital to cover its risks.

3.1.2.2. Audit Committee

The Audit Committee is charged with responsibility for, among other things, the appointment of external auditors; review of any audit management letters issued; monitoring external audit expenditure; monitoring the effectiveness, independence and performance of the internal audit function; review and approval of the internal audit plan; review of internal audit reports and action taken to address any recommendations; review the integrity of the Company’s financial statements and ensure that they give a “true and fair view” of its financial status.

3.1.2.3. Transaction Committee

The role of the Transaction Committee is to consider all significant underwriting transactions and reach a decision on whether or not to grant approval. The Transaction Committee will report to the Board on each transaction that is reviewed.

3.1.3. Segregation of Responsibilities

The responsibilities of the Board are appropriately segregated according to their roles as described in 3.1.1.

The Risk and Audit Committees are responsible, respectively, for reporting to the Board on the Company's risk profile and risk tolerance limits, and the adequacy of the internal control environment that exists to manage the risks. The Company also has a Transaction Committee which is responsible for the consideration of significant underwriting transactions and reaching a decision on whether or not to grant approval. The Transaction Committee reports to the Board on each transaction that is reviewed.

The Board, and each of its subcommittees, have documented charters which outline their roles and responsibilities, composition, and meeting requirements.

RenaissanceRe, the ultimate holding company of the RenaissanceRe Group, is a publicly traded company with traded securities on the New York Stock Exchange (ticker: RNR) and hence the Company is subject to the governance and securities laws prescribed by the U.S. Securities and Exchange Commission (the "SEC").

3.1.4. Remuneration Policy

Remuneration policy is set at the RenaissanceRe Group level and is applicable to all Group entities. RenaissanceRe's compensation structure is overseen by the Group's Compensation Committee. Senior management from the risk, compliance, administrative, and finance functions of the RenaissanceRe Group, as well as the Group Board of Directors and external compensation consultants, are involved in the review of RenaissanceRe's compensation structure. This structure is applied to all RenaissanceRe entities, including the Company. The process includes executive sessions between the Compensation Committee and, as the Compensation Committee sees fit, members of management, which include representatives from the risk, administrative, legal, accounting and internal audit functions.

The key principles of the RenaissanceRe executive compensation philosophy include:

- Aligning the interests of executives with the long-term interests of shareholders;
- Encouraging operational and financial consistency over the market cycles and earnings volatility that characterizes our industry;
- Promoting a team-based approach.

We give effect to these principles by:

- Requiring named executive officers to own a significant number of shares and forbidding pledging, hedging and similar transactions in RenaissanceRe shares;
- Making a meaningful portion of pay at risk through our performance-based annual incentive bonus and our long-term equity program; and
- Rewarding executive officers primarily on the Group's overall performance rather than the performance of individual business units or functions.

The Compensation Committee establishes and oversees the RenaissanceRe Group's compensation philosophy. The Compensation Committee's responsibilities with respect to compensation, as set forth in its charter, is discussed in detail within the Proxy Statement which is available on the RenaissanceRe website www.renre.com.

Executive officers of RenaissanceRe do not participate in any retirement programs that are not generally available to other members of staff.

3.1.5. Transactions with Related Parties

Amounts due to and from affiliates as presented in our financial statements are non-interest bearing and payable on demand.

Reinsurance-Related Transactions

The Company has in force a quota share treaty with Renaissance Reinsurance and Top Layer Reinsurance ("Top Layer Re"), covering the majority of reinsurance risks written. Top Layer Re is an equity investment of RenaissanceRe.

Other items

The Company reimburses RenaissanceRe, Renaissance Services Ltd., and Renaissance Services of Europe Ltd. for certain general and administrative expenses paid on its behalf.

3.2. Fit and Proper Requirements

In line with the requirements of Article 42 of the Directive, the Company has measures in place to ensure that all persons in key positions have adequate professional qualifications, knowledge and experience, and are of good repute and integrity.

Certain positions have been prescribed by the CBI as Pre-Approved Controlled Functions, and prior approval of the CBI is required before an individual can be appointed to a Pre-Approval Controlled Function.

3.2.1. Board of Directors

3.2.1.1. Assessment of Fitness and Probity

All appointments to the Board are at the approval of a majority of the directors and only after a formal, rigorous and transparent procedure for each appointment has been followed.

The 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 CBI approval.

A number of factors are considered when assessing the fitness and probity of an individual as below:

Competent and capable

The individual must comply with rules as set out in section 3 of the CBI Fitness and Probity standards. A person shall have the qualifications, experience, competence and capacity appropriate to the relevant function and must be able to demonstrate that he or she:

- has professional or other qualifications and capability appropriate to the relevant function;
- has obtained the competence and skills appropriate to the relevant function, whether through training or experience gained in an employment context;
- has shown the competence and proficiency to undertake the relevant function through the performance of previous functions;
- has a sound knowledge of the business of the regulated financial service provider as a whole;
- has a clear and comprehensive understanding of the regulatory and legal environment appropriate to the relevant function;
- shall not allow the conduct of concurrent responsibilities to impair his or her ability to discharge the duties of the relevant function or otherwise allow personal conflicts of interest to arise in carrying out his or her pre-approval controlled functions or controlled functions; and
- is compliant with the applicable Minimum Competency Code issued by the CBI.

Honest, ethical and to act with integrity

The individual must comply with rules as set out in section 4 of the CBI Fitness and Probity standards. A person must be able to demonstrate that his or her ability to perform the relevant function is not adversely affected to a material degree where one or more of the following may be applicable:

- the person is or was a sole trader or a director or partner in a legal entity, which has in any jurisdiction, been refused, prohibited, restricted or suspended from the right to carry on any trade, business or profession for which a license, registration or other authorisation is required by the law;
- the person has been the subject of any complaint made to the CBI, the Financial Services Ombudsman or any equivalent body;
- the person is or has been subject to any disciplinary proceedings;
- the person has been, in any jurisdiction, dismissed, or asked to resign and did resign;
- the person has, in any jurisdiction, been a director of a company that was struck off the register of companies;

- the person has been disqualified or restricted from acting as a director in any jurisdiction or has been disqualified from acting in any managerial capacity;
- the person has, in any jurisdiction
- been convicted of an offence either of money laundering or terrorist financing (or their equivalents);
- been convicted of an offence which could be relevant to that person's ability to perform the relevant function; or
- had a finding, judgment or order made against him/her involving fraud, misrepresentation, dishonesty or breach of trust;
- the person has been the subject of any civil penalty enforcement action taken by a regulatory authority under any law in any jurisdiction;
- the person has been untruthful or provided false or misleading information to the CBI or been uncooperative in any dealings with the CBI;
- the person, or any business with which the person held a position of responsibility or influence has been or is being, in any jurisdiction, investigated, disciplined, censured, suspended or criticised by a regulatory or professional body, a court or tribunal or any similar body, whether publicly or privately; or
- the person has, in any jurisdiction, been found by the CBI or any other regulatory authority to have perpetrated or participated in any negligent, deceitful or otherwise discreditable business or professional practice.

Financially Sound

The individual must comply with rules as set out in section 5 of the CBI Fitness and Probity standards, including but not limited to:

- A person shall manage his or her affairs in a sound and prudent manner.
- A person must be able to demonstrate that his or her role in a relevant function is not adversely affected to a material degree by the fact that one or more of the following may be applicable:
    - The person has defaulted upon any payment due arising from a compromise or scheme of arrangement with his or her creditors;
    - the person is subject to a judgment debt which is unsatisfied;
    - the person is or has been the subject of a bankruptcy petition;
    - the person has been adjudicated a bankrupt and the bankruptcy is undischarged; or
    - the person was a director of an entity which has been the subject of insolvency

3.2.1.2. Skills and Expertise

The Company does not set specific criteria for directors but believe that candidates should show evidence of leadership in their particular field and have broad experience and the ability to exercise sound business judgment. The Board considers the diversity, skills, and experience of candidates in the context of the needs of the Board as a whole. When evaluating individual director nominees, the Board also considers the CBI's corporate governance requirements.

3.2.2. Senior Management

The Company has a number of processes in place for assessing an individual's fitness and probity prior to appointment and ensuring that an individual continues 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 that exist to monitor senior management's on-going fitness and probity is set out below:

- **Code of Ethics and Conduct (the "Code of Ethics")**: All RenaissanceRe Group 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 on-going compliance.
- **Performance Management Programme:** The annual performance management program 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.

In addition to Company's internal procedures, certain of these management positions are prescribed by the CBI as Pre-Approved Controlled Functions, and prior approval of the CBI is required before an individual can be appointed to a Pre-Approval Controlled Function. Such individuals are subject to the ongoing internal fitness and probity assessments as noted above.

3.3. RISK MANAGEMENT SYSTEM

3.3.1. Risk management framework

The Company, as a wholly owned subsidiary of RenaissanceRe, follows the RenaissanceRe risk management framework. The following is an overview of the RenaissanceRe Group risk management strategy and appetite. RenaissanceRe has an Enterprise Risk Management (ERM) framework that is currently rated by Standard & Poor's ("S&P") as 'Very Strong.'

We believe that high-quality and effective risk management is best achieved when it is a shared cultural value throughout the organization and we consider ERM to be a key process which is the responsibility of every individual within the Company. We have developed and utilize tools and processes which we believe support a culture of risk management and which create a robust framework for ERM within the RenaissanceRe Group. We believe that our ERM processes and practices helps us to: (i) identify potential events that may affect us; (ii) quantify, evaluate and manage the risks to which we are exposed; and (iii) provide reasonable assurance regarding the achievement of our objectives. We believe that effective ERM can provide us with a significant competitive advantage. We also believe that effective ERM assists our efforts to minimize the likelihood of suffering financial outcomes in excess of the ranges which we have estimated in respect of specific investments, underwriting decisions, or other operating or business activities, although we do not believe this risk can be eliminated.

We believe that our risk management tools support our strategy of pursuing opportunities and help us to identify opportunities that we believe to be the most attractive. In particular, we utilize our risk management tools to support our efforts to monitor our capital position, on a consolidated basis and for each of our major operating subsidiaries, and to allocate an appropriate amount of capital to support the risks that we have assumed in the aggregate and for each of our major operating subsidiaries. We believe that our risk management efforts are essential to our corporate strategy and our goal of achieving long-term growth in tangible book value per share plus the change in accumulated dividends for RenaissanceRe shareholders.

Our ERM framework operates via a three lines of defence model. The first line of defence consists of individual functions that deliberately assume risks on our behalf and own and manage risk within the Company on a day-to-day and business operational basis. The second line of defence is responsible for risk oversight and also supports the first line to understand and manage risk. A dedicated risk team led by the Group Chief Risk Officer is responsible for this second line and reports to the RenaissanceRe Board of Director's Investment and Risk Management Committee and the RenaissanceRe Chief Executive Officer. The third line of defence, our Internal Audit team, reports to the Audit Committee of the RenaissanceRe Board of Directors and provides independent, objective assurance as to the assessment of the adequacy and effectiveness of our internal control systems and also coordinates risk-based audits and compliance reviews and other specific initiatives to evaluate and address risk within targeted areas of our business.

The principal areas that make up the Group's ERM framework are assumed risk (including reserve risk), business environment risk and operational risk:

- **Assumed Risk.** We define assumed risk as activities where we deliberately take risk against the Company's capital base, including underwriting risks and other quantifiable risks such as credit risk and interest rate risk as they relate to investments, ceded reinsurance credit risk and strategic investment risk, each of which can be analysed in substantial part through quantitative tools and techniques. Of these, we believe underwriting risk to be the most material to us. In order to understand, monitor, quantify and proactively assess underwriting risk, we seek to develop and deploy appropriate tools to, among other things, estimate the comparable expected returns on potential business opportunities, and estimate the impact that such incremental business could have on our overall risk profile. Embedded within our consideration of assumed risk is our management of the Company's aggregate, consolidated risk profile. In part through the utilization of Renaissance Exposure Management System ("REMS©") (our proprietary, computer-based pricing and exposure management system) and our other systems and procedures, we seek to analyse our in-force aggregate assumed risk portfolio on a daily basis. We believe this capability helps us to manage our aggregate exposures, as well as to rigorously analyse individual proposed transactions and evaluate them in the context of our in-force portfolio. This aggregation process captures line of business, segment and corporate risk profiles, calculates internal and external capital tests and explicitly models ceded reinsurance. Generally, additional data is added quarterly to our aggregate risk framework to reflect updated or new information or estimates relating to matters such as interest rate risk, credit risk, capital adequacy and liquidity. This information is used in day-to-day decision making for underwriting, investments and operations and is also reviewed quarterly from both a unit level and in respect of our consolidated financial position. We also regularly assess, monitor and review our regulatory risk capital and related constraints.
  Reserve Risk is a subcomponent of assumed risk. We define reserve risk as the risks related to our reserve for net claims and claim expenses, including the amount, both absolute and relative, of our outstanding reserve for net claims and claim expenses, and the impact of economic, social, legal and regulatory matters. Our reserve for net claims and claim expenses is subject to significant uncertainty and has the potential to develop adversely in future periods. While reserve risk may increase in both absolute terms and relative to its overall consideration in our ERM framework, we employ robust resources, procedures and technology to identify, understand, quantify and manage this risk.
- **Business Environment Risk.** We define this as the risk of changes in the business, political or regulatory environment that could negatively impact our short term or long-term financial results or the markets in which we operate. Accordingly, these risks are predominately extrinsic to the Company and in general, our ability to alter or eliminate these risks is limited. Rather, our efforts focus on monitoring developments, assessing potential impacts of any such changes, and investing in cost effective means to attempt to mitigate the consequences of and ensure compliance with any new requirements applicable to us.
- **Operational Risk.** We are subject to a number of additional risks arising out of operational, regulatory, and other matters. We define operational risk to include the risk that we fail to create, manage, control or mitigate the people, processes, structures or functions required to execute our strategic and tactical plans and assemble an optimized portfolio of assumed risk, and to adjust to and comply with the evolving requirements of business environment risk applicable to us. In light of the rapid evolution of our markets, business environment, and business initiatives, we seek to continually invest in the tools, processes and procedures to mitigate our exposure to operational risk on a cost-effective basis. As with assumed risk and business environment risk, operational

risk presents intrinsic uncertainties, and we may fail to appropriately identify or mitigate applicable operational risk.

Controls and Compliance Committee. We believe that a key component of the Group's current operational risk management platform is the Group's Controls and Compliance Committee. The Controls and Compliance Committee is comprised of senior Group-level executives including RenaissanceRe's Chief Financial Officer, Group Chief Compliance Officer, Chief Accounting Officer, Group Chief Risk Officer, Group Head of Internal Audit, staff compliance professionals and representatives from our business units. The purpose of the Controls and Compliance Committee is to establish, assess the effectiveness of, and enforce policies, procedures and practices relating to accounting, financial reporting, internal controls, regulatory, legal, compliance and related matters, and to ensure compliance with applicable laws and regulations, the Group's Code of Ethics, and other relevant standards. In addition, the Controls and Compliance Committee is charged with reviewing certain transactions that potentially raise complex and/or significant tax, legal, accounting, regulatory, financial reporting, reputational or compliance issues.

In addition, we address other areas of operational risk through our disaster recovery program, human resource practices such as motivating and retaining top talent, our strict tax protocols and our legal and regulatory policies and procedures.

Ongoing Development and Enhancement. We seek to reflect and categorize risks we monitor in part through quantitative risk distributions, even where we believe that such quantitative analysis is not as robust or well developed as our tools and models for measuring and evaluating other risks, such as catastrophe and market risks. We also seek to improve the methods by which we measure risks. Effective risk management is a core attribute of our culture and we believe it is a continual process that requires ongoing improvement and development. We seek from time to time to identify effective new practices or additional developments both from within our industry and from other sectors. We believe that our ongoing efforts to embed ERM throughout our organization are important to our efforts to produce and maintain a competitive advantage to achieve our corporate goals.

In order for the Board to be satisfied that there is a framework of prudent and effective processes and controls in place which enables risk to be assessed and managed throughout the Company, it relies on the reports it receives from the CRO or a relevant member of senior management.

3.3.2. Risk Management Function

The mission of the Company's risk management function is to ensure that the Company has a coordinated and efficient risk management system in place that enables all risks to be captured, measured and managed so that the Company's overall business objectives are met.

The risk management function is responsible for interacting with the RenaissanceRe Group's risk management function to ensure that the Company's risk management framework and activities are aligned with those of the RenaissanceRe Group.

The Board will rely on the Company's Risk Committee to assist its understanding, and advise on, the current risk exposures of the firm and the link between its risk profile, risk tolerance limits and overall solvency needs. The Risk Committee is also responsible for advising and reporting to the Board on the effectiveness of the firm's risk and capital management strategies which provides assurance that a sufficient level of capital is either in place or available, as required.

The Company's CRO coordinates the execution of risk management processes across the company through ownership of the Company's risk policies and having responsibility for reporting on all risk matters to the Risk Committee and Board.

The CEO has overall executive responsibility for the Company's operations, compliance and performance, and serves as the main link between the Board and senior management.

3.4. ORSA

In accordance with Article 45 of the Solvency II Directive, the Company is required to conduct an Own Risk and Solvency Assessment ("ORSA"). The purpose of the ORSA is two-fold:

1. It is an internal assessment process which is embedded in the strategic decisions of the Company. It represents our opinion of the risks, overall solvency needs, and own funds held. The process enables us to match our own funds to our risk profile. Any strategic decision that may affect the risk profile and/or own funds position of the Company is considered through the ORSA process before such a decision is taken;
2. It is a supervisory tool for the CBI – the Company is required to report the findings of annual ORSAs to CBI via their online ORSA Reporting tool. The annual frequency of the ORSA submission is deemed proportionate to the Company's current risk profile and the likely volatility of its overall solvency needs relative to its capital position.

In addition to the annual ORSA reviews, the Company will perform an ad-hoc ORSA following any significant change in risk profile or in response to any request from CBI to do so. Other triggers for a more frequent ORSA may include, but is not limited, to:

- Start-up of a new line of business or other significant change to existing book of business;
- Significant market event leading to potential opportunities for the firm;
- Major change in risk appetite;
- Major changes to reinsurance arrangements;
- EIOPA triggered changes to the Standard Formula calculation;
- Major changes to mix of assets.

3.4.1. ORSA Process

The processes detailed below are the component parts of the annual ORSA process:

Risk Assessment

- Consideration of link between risk profile, approved risk tolerance limits and overall solvency needs
- Identification of material risks
- Assessment of current risks against risk appetite
- Assessment of risks not quantified in the Solvency Capital Requirement ("SCR") Standard Formula calculation
- Assessment of future risk profile in line with future business plans

Generation of SCR using Standard Formula

- Elicitation of data from systems
- Validation of inputs
- Consideration of expert judgement
- Second set of eyes reviews and ultimately calculation of SCR and Minimum Capital Requirement ("MCR").

Execution of Technical Provisions

- The execution of the technical provisions process to calculate technical provisions for the Company in compliance with relevant Articles and for input to the Standard Formula calculation.

Validation

- Validation of data at all stages. To include Second set of eyes reviews where appropriate.

Capital and Solvency Review

- Consideration of appropriateness of Standard Formula SCR given current risks faced
- Own assessment of economic capital needs for current year and over the medium term based on Company's strategy
- Assessment of available funds against capital requirements (both current and projected)

Stress and Scenario Testing

- Annual assessment of risk, capital and solvency position under stressed conditions
- Stress tests to be determined annually by the risk management function

Documentation

- Production of a record of each ORSA/Internal ORSA Report
- All documentation to support and facilitate completion of on-line ORSA reporting tool for CBI

3.4.2. Review and Approval of ORSA

The overall goal of the ORSA is to provide a mechanism through which the Board is able to assess the risks faced and the level of economic capital required to meet the strategic objectives of the business. The Board is responsible for the review, challenge and approval of the ORSA.

3.4.3. Assessment of Solvency Requirements

The solvency needs of the Company are assessed via the ORSA process using the Solvency II standard formula basis to calculate the SCR. The overall solvency needs of the Company are assessed for material growth in excess of expectations, and to ensure that, under the Standard Formula, the Company has sufficient capital in place to support its current platform and allow for future growth. Stress tests are also performed to identify whether the Company has sufficient capital under certain scenarios.

3.5. INTERNAL CONTROL SYSTEM

3.5.1. Code of Ethics

The RenaissanceRe Code of Ethics underpins the control environment within all RenaissanceRe Group 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 the company.

3.5.2. Control Framework

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 minimizing risk throughout the organization.

RenaissanceRe's management is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. The Company's control framework is designed to provide reasonable assurance regarding the reliability of financial reporting. This control framework is subject to review and assessment by the internal audit function as discussed in 3.6 below.

3.5.3. Compliance function

Compliance is an integral part of the business, as it establishes standards and helps build a reputation, whilst avoiding regulatory penalties and reducing liability. Senior management, along with the Compliance 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 Compliance Function. The Head of Compliance leads the Compliance Function and is appointed by, and reports to, the Board. The Head of Compliance reports regularly to the Board on all compliance related issues via a quarterly compliance checklist, which enables the Board to continuously ensure that the Company complies fully with all applicable rules and requirements. The charter for the Compliance function is included in the Company's Governance Map.

3.6. INTERNAL AUDIT

3.6.1. Internal Audit Function

3.6.1.1. Scope of Internal Audit Function

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

- Testing of internal controls over financial reporting
- Evaluating the reliability and integrity of management information and the means used to identify, measure, classify, and report such information'
- Evaluating the systems established by management to ensure compliance with those policies, plans, procedures, laws and regulations which would have a significant impact on operations and reports, and whether the Company is in compliance;
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned; and
- Evaluating whether resources are used efficiently.

Opportunities for improving internal controls, profitability, and the organization's image may be identified during the performance of the above procedures. When such opportunities for improvements are identified, they will be communicated to the appropriate level of management.

3.6.1.2. Internal Audit Team

The Head of Internal Audit, a controlled function holder as approved by the CBI, oversees the internal audit function and assists management and the Audit Committee of the Board 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.

3.6.2. Independence of Internal Audit Function

To provide for the independence of Internal Audit:

- the Head of Internal Audit reports to the Audit Committee of the Board;
- the Audit Committee is responsible for assisting with monitoring the effectiveness, independence and performance of the Internal Audit function serving the Company;
- the Audit Committee is responsible for reviewing and approving the annual internal audit plan; and
- the Audit Committee is responsible for reviewing internal audit reports and monitoring action taken to address recommendations.

3.7. Actuarial Function

The Company's actuarial function coordinates the calculations of technical provisions internally with a recalculation carried out every quarter. In addition, the team is responsible for the SCR calculation through the standard formula, which is part of the team's contribution to the effective implementation of the risk management system.

The actuarial function is defined as a core function within the Company Structure of Governance. It has a documented charter which is sets out its mission, structure and key responsibilities. The function reports through the finance team and has regular access to the Company's senior management to discuss any actuarial issues.

An Actuarial Function report was produced and submitted to the Board in 2017 and is produced at least annually. It shall document the tasks, processes and practices that have been undertaken by the Actuarial Function and their results, and shall clearly identify any deficiencies and give recommendations as to how such deficiencies should be remediated.

3.8. Outsourcing

The Company has a documented outsourcing policy which defines the process to follow when considering, assessing, reviewing, approving and managing an outsourcing arrangement in accordance with Solvency II Directive. This policy is reviewed and approved annually by the Board.

The Company will not enter into key outsourcing arrangements without approval of the Board. New outsourcing proposals are required to be referred to the CEO, who will arrange for the Board to consider, review and approve the new arrangement.

Where business and/or operational functions are outsourced to a third party or intra-group company, the Company will take steps to avoid undue additional operational risk. The Company's management will also ensure that it remains fully responsible for discharging all of its obligations under the Solvency II Directive and other regulatory requirements.

The Company will not:

- Allow delegation by senior personnel of their own responsibilities and will ensure that any outsourcing arrangement will not undermine authorisation;
- Unduly increase operational risk;
- Impair the ability of the supervisory authorities to monitor the compliance of the Company's obligations; and
- Undermine continuous and satisfactory service to policyholders.

The Company does not currently outsource any critical functions. Prior to the outsourcing of any critical functions, the Company would notify the Central Bank of Ireland.

3.9. Material Changes in system of governance

The system of governance as described in the preceding sections has not materially changed over the reporting period.

3.10. Adequacy of System of Governance

The following processes ensures that there is a regular and wide-ranging assessment of the adequacy of the Company's governance system:

- Annual evaluation of the Board – this process aims to improve Board effectiveness, maximise strengths, and tackle any identified weaknesses;
- Internal audit – using a risk-based approach in drawing up an annual audit plan, the independent Group Internal Audit team is responsible for assessing the design and operating effectiveness of the corporate governance framework within the Company;
- The ongoing review and maintenance of documentation of the structure of governance within the Company initiates a Board review of the governance framework.

4. RISK PROFILE

4.1. RISK PROFILE

The Company uses EIOPA's prescribed Solvency II Standard Formula approach to calculate its capital requirements and the outputs of the Standard Formula are shown in the table below.

Risk Class	Net solvency capital requirement
Market risk	873,310
Counterparty default risk	244,323
Life underwriting risk	0
Health underwriting risk	0
Non-life underwriting risk	431,832
Diversification	-362,201
Intangible asset risk	0
Basic Solvency Capital Requirement	**1,187,265**
Operational risk	333,234
Solvency Capital Requirement	**1,520,498**

Based upon the results of the SCR exercise the risk profile of the entity is dominated by Market Risk and Non-Life Underwriting Risk. Market Risk has now become the largest risk category for the Company. This differs to last year when the Non-Life Underwriting Risk category was the largest driver of our capital requirements. The reasons for the change are due to the following:

- The Market Risk capital requirement is high relative to the other risk categories due to the large amount of investments (approx. $10.8m) that the Company holds. The largest factor for the relatively high Market Risk capital requirement is due to Currency Risk. Since the Company writes much of its business in Euro and reports in USD this drives a large capital charge for the entity. Additionally much of the assets are in USD however the liabilities, driven by the technical provisions, are denominated in Euro.
- The Non-Life Underwriting Risk capital requirement has fallen from last year by approximately 85% due to the non-renewal of a large deal in the non-proportional property line of business in 2017. This has therefore reduced the amount of underwriting risk, particularly catastrophe risk, that the Company is charged. The Company also has a high level of reinsurance protection due to a Quota Share deal with Renaissance Reinsurance. Therefore, the amount of risk mitigation applied to the risk module is quite high.
- Counterparty Default Risk has a relatively low capital requirement even though there is a large amount of reinsurance protection. This is due to the high quality credit ratings (AA and A) that all the counterparties have. Much of the Counterparty

Default Risk capital requirement is made up of the Type 1 counterparty default risk ($240.2k) which contains the risk that there will be a default on future reinsurance recoveries. There is a smaller amount of risk on our receivables and balances with other intermediaries which make up the Type 2 counterparty default risk ($5.4k). This is due to the relatively small amount of receivables the Company has on the balance sheet.

- The Operational Risk capital requirement is relatively high given the small amount of premium expected to be written over 2017. This number is a proportion of the gross written premium the Company has written in the past 12 months. Since this amount is much higher than the gross written premium over 2017 ($10.9m in 2016 vs. $1.1m in 2017), the operational risk receives a high capital charge. This would be expected to reduce in the next year, provided additional new business is written.

4.1.1. Underwriting Risk

Underwriting risk is the risk that is assumed into or ceded from the Company as a result of its underwriting activities during the time period of interest, in particular the risk of incurring claims in excess of expectations and the associated reduction in profits and/or erosion of capital. Risk related to previously earned premium, including that on expired underwriting contracts, is considered as part of reserve risk.

4.1.2. Reserve risk

Reserving risk stems from uncertainty around the level of held reserves underlying the reinsurance contracts which have been written.

The Company's claims and claim expense reserves reflect its estimates, using actuarial and statistical projections at a given point in time, of the expectations of the ultimate and administration costs of claims incurred. Although the Company uses actuarial and computer models as well as historical reinsurance and insurance industry loss statistics, it also relies heavily on management's experience and judgement to assist in the establishment of appropriate claims and claim expense reserves.

4.1.3. Market Risk

Market risk is the risk of financial loss due to movements in financial market factors. For the Company, this could manifest itself through investment market movements, including movements in interest rates, movements in foreign exchange rates, resulting in mismatches between currencies in which assets and liabilities are denominated, and changes in credit ratings or investment prices. Credit risk on the investment portfolio is deemed modest given the construction of the portfolio. Foreign exchange exposures are managed at the RenaissanceRe Group level as part of the overall Group Treasury function.

4.1.4. Credit Risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet part or all of their obligations or failing to meet them in a timely manner, as well as adverse changes in the market value of invested assets caused by changed perceptions of the creditworthiness of counterparties. The key counterparties with whom we are exposed to credit risk include the reinsurers and the reinsured. The RenaissanceRe Group has established counterparty credit rating guidelines providing a suggested maximum limit to be exposed to individual reinsurers based on their credit rating. The Company relies on the Group's established credit guidelines and limits in managing its credit risk exposure.

The remaining credit risk exposure stems from premium receivables, with either cedants or brokers as potentially defaulting counterparties. In the case of non-payment of premium by cedants, any reinsurance contracts would become voidable, limiting the downside considerably. In the case of broker default, for the Company to sustain a loss there would need to be malfeasance on the part of the broker meaning that premiums meant for the Company and paid to the broker were not ring-fenced.

These eventualities are included at a high level in the Operational Risk register.

4.1.5. Liquidity risk

Liquidity risk is the risk that the Company, although solvent, might not have sufficient available liquid resources to enable it to meet its obligations as they fall due, or could secure them only at excessive cost. The liquidity objective is to preserve capital and provide adequate liquidity to support the Company's underwriting and day-to-day operations. The Company is required to submit quarterly and annually a solvency return to the Central Bank of Ireland ("CBI"). The CBI Solvency Return is reviewed quarterly by the Board of Directors.

The investment portfolio of the Company is subject to a set of tight guidelines, as set out in its Investment Guidelines, with a largely high quality and short term focus thereby providing sufficient liquidity for prompt payment of claims and short term obligations. Liquidity risk is not deemed a material risk for the Company.

4.1.6. Operational Risk

A risk register has been drawn up to capture the Company's material risks and includes a brief description of each specific risk, ownership of each risk and allocates a score at an inherent (before controls) and residual (after application of controls) level per risk.

The operational risk component of the Standard Formula SCR is formulaic and is derived from the Gross Earned Premium used for the overall capital calculation. In practice, the Company's view of operational risk is more qualitative in nature and exposures are managed through the review of the risk register and the combination of a robust system of governance and a strong internal control framework which is subject to periodic review by internal audit. A key element of the control framework is the Service Level Agreement that the Company has entered into with RenaissanceRe Services Ltd. to provide services to support a number of areas including but not limited to data processing, technical accounting, reinsurance cash management, legal, treasury, administrative and operations. This agreement limits operational risk exposure within the Company. Other aspects of the control framework are:

- Segregation of duties and defined authority limits;
- Various checks carried out on underwriting transactions such as second set of eyes review and nightly portfolio review process;
- Open channels of communication between the management team and staff throughout the company and wider Group; and
- The operation of effective compliance, finance, risk management and internal audit functions that report to the Board on a regular basis.

All of the above are subject to periodic review by the Group Internal Audit function who report any findings to the Audit Committee of the Board as necessary.

4.2. Risk Exposure

The Company's key risks are in the following areas: underwriting, credit, market, reserving, group (also known as retrocessional) and operational risk. The Company also has exposure to liquidity risk but this is not deemed to be material at present. Each risk category is discussed above (in section 4.1) in terms of describing the key risks and controls that exist to mitigate them.

All risks are identified, assessed and monitored, and mitigating controls identified, through the ORSA process as described in section 3.4 of this report.

The Company does not have exposure arising from off balance sheet positions and does not transfer risk to any special purpose vehicles.

4.3. Material Risk Concentrations

The majority of reinsurance is placed with the Company's parent company and Top Layer Re. The reinsurance premium for 2016 for the Company is small in comparison with the $2 billion of capital behind Renaissance Reinsurance and $120m of capital held by Top Layer Re. State Farm also provides $3.9 billion of stop loss reinsurance coverage to Top Layer Re. This gives us comfort that whilst the reinsurance is concentrated to one party, the risk of the Company not receiving recoveries is very low.

4.4. Mitigation of Risks

As noted above, all risks are identified, assessed and monitored, and mitigating controls identified, through the ORSA process as described in sections 3.4 and 3.5 of this report.

The Company has well-established measures in place that create a strong control environment for underwriting and reserving and these collectively provide an effective means of managing reinsurance risk exposures (underwriting and reserving risk). The Company aims to ensure that relevant individuals are fully aware of their risk management responsibilities with respect to reinsurance risk. This can range from the second set of eyes process being carried out on the underwriting to the monitoring of compliance deadlines. These are just two examples of the many controls that exist to manage the risks inherent to the processes being transacted within RenaissanceRe in its day to day business, which are also applied to the Company. The nature of the risk mitigation techniques adopted will also vary according to the risk category in question and the individual risk policies provide summary details of the underlying processes that exist to mitigate the risks within each category.

We use reinsurance as a tool to manage the Company's risk tolerances, manage capital efficiency and provide flexibility.

The CEO is charged with ensuring that the company's credit, liquidity and market (including foreign exchange) risk exposures are managed appropriately in accordance with the Company's Risk Appetite Statement.

Currently, the Company holds cash and fixed income investments. The investment policy of the Company is to maintain liquid funds/assets, of short duration, that are highly creditworthy. The Company has zero tolerance to be operationally illiquid for any time period. In assessing the levels of liquidity required by the Company, the CEO considers the likely cash flow requirements for the Company on a regular basis. In addition, the RenaissanceRe Group operations team are responsible for ensuring that claims are paid on a timely basis and that sufficient liquid resources are available to pay claims and/or cede premiums. Foreign exchange exposures are managed at the RenaissanceRe Group level as part of the overall Group Treasury function.

4.5. Investment of Assets

The Company's investment portfolio strategy is in line with the prudent person principle and seeks to preserve capital and provide us with a high level of liquidity, which means that the large majority of the Company's investment portfolio consists of highly rated fixed income securities, including U.S. Treasuries, agencies, municipals, local authorities, highly rated sovereign and supranational securities.

At a Group level, the RenaissanceRe Group Board's Investment and Risk Management Committee ("IRMC") assists the RenaissanceRe Board with oversight of RenaissanceRe Group investment activities and financial risk management. The IRMC's responsibilities, as more fully described in its charter, include discussion of investment strategies, performance and risk management with the Chief Investment Officer and other senior officers; reviewing management's procedures regarding development and compliance with investment strategies, risk limits, guidelines and objectives; ensuring adequate procedures to monitor adherence to investment guidelines and limits; overseeing and reviewing performance measurement systems that are used to monitor the performance of the Group's investment portfolio and evaluate performance; reviewing and evaluating the performance of investment managers; and overseeing the means and process by which we discharge our fiduciary duties with respect to investment mattes to minority investors in our managed joint ventures.

The majority of the assets of RenaissanceRe and its affiliates and subsidiaries are managed by third party asset managers. The managers are selected by the investments team and the process by which the managers are selected is reviewed and overseen by the IRMC. The mandates and guidelines that govern these arrangements are designed by the investment team, and the investments team oversees and reviews these third party managers to ensure compliance with investment guidelines for the mandates.

The Investment Guidelines include:

Credit quality

All portfolios will invest in instruments or securities with a minimum rating of AA- or equivalent by S&P and one other internationally recognised credit rating agency. If an instrument falls below AA-, the procedure for guideline violation will be followed.

If three ratings for a security are provided, a majority rule shall apply, i.e. if two of the three ratings meet the minimum credit quality then that security will be deemed compliant. However, if S&P has AA- or higher rating and Moody's & Fitch have ratings below the minimum credit quality, then the security will be deemed to be in breach of compliance.

Duration and Maturity

Duration and Maturity shall be specified in accordance with each investment strategy and defined in the portfolio specific Investment Guidelines. The overall duration of the aggregate portfolio shall be four years or less.

Diversification

The portfolio will be constructed with, and will maintain a level of diversification as deemed appropriate.

Marketability

All investment instruments will be of sufficient size and issues that are traded actively to facilitate minimum cost and accurate valuation.

Allowable assets

Allowable assets currently include:

- U.S. Treasury and Agencies securities

- Dollar denominated Non-U.S. governments and their agencies
- Supranational Organisations
- Short-term cash like assets
- Foreign Government Debt.

Other allowable instruments can be specified in approved manager specific Investment Guidelines.

4.6. Stress Testing and Sensitivity Analysis

As part of the ORSA process, a number of stress tests are performed to indicate the level of solvency which the Company has. Most of the stress tests focus around additional premium on the balance sheet and the additional catastrophe risk which comes hand in hand with that additional premium. This is the risk to which the Company is most sensitive. Less material risks which have been stressed include market risk and counterparty default risk.

The following stress tests were performed through use of a standard formula template. Some of these include significant growth due to a change in the market environment or from opportunities presented potentially by Brexit.

The following stress tests were performed through use of a standard formula template:

1. The impact of writing an additional large proportional property policy based in the US. The SCR increased, driven by a large increase in the catastrophe risk component particularly man-made fire. Under this stress scenario, the Company still has adequate capital.
2. The impact of writing an additional large non-proportional property policy based in the US, on the SCR. The SCR increased, driven by a large increase in the catastrophe risk component for non-proportional property. There was also an increase in the Counterparty Default Risk component. Under this stress scenario, the Company still has adequate capital.
3. An increase of gross and net earned premium over the next 12 months by a factor of 2. The resulting SCR increase is driven by an increase in the Premium and Reserve Risk component of the Standard Formula. The catastrophe risk also increases due to a large increase in non-proportional property catastrophe risk. Under this stress scenario, the Company still has adequate capital. The small increase in the SCR illustrates that the existing premium volume has fallen to a low amount and even twice the amount of premium will not move the SCR by a significant amount.
4. The impact from an increase of gross and net earned premium over the next 12 months by a factor of 5. Similar to the stress test conducted above this increases the SCR for Non-Life Underwriting Risk and Counterparty Default Risk. As with the previous scenario the existing low premium volume has a very small impact on the SCR.
5. The impact from all of the Company’s current counterparties being downgraded to junk status. This increases the Counterparty Default Risk in the Standard Formula, which in

turn increases the SCR. Under this stress scenario, the Company still has adequate capital.

6. If we move all the assets held in the financial investment exposures from USD to GBP which creates a larger currency risk component. Whilst this increases the SCR, the Company has adequate capital.
7. The impact of writing an additional large gross written premium of proportional property policy, based on European risk, on the SCR. This increases the non-life underwriting risk - particularly for Catastrophe Risk - and a rise in P&R and Counterparty Default Risk. Under this stress scenario, the Company still has adequate capital.

In each of the above scenarios, the Company maintained sufficient capital.

5. SOLVENCY VALUATION

5.1. ASSET VALUATION

5.1.1. Asset Valuation - Solvency II versus Statutory Financial Statements

The valuation of assets and liabilities for solvency purposes is performed in line with Article 75 of Directive 2009/138/EC. A summary is shown below:

Assets	Solvency II value ($)	Statutory accounts value ($)	Difference in Valuation ($)
Deferred acquisition costs	0	15,344	-15,344
Investments (other than assets held for index-linked and unit-linked contracts)	**10,780,061**	**10,744,700**	**35,361**
Government Bonds	9,580,551	9,555,571	24,980
Corporate Bonds	1,113,565	1,103,183	10,381
Collective Investments Undertakings	85,946	85,946	0
Reinsurance recoverables from:	**626,392**	**867,286**	**-240,894**
Non-life excluding health	626,392	867,286	-240,894
Deposits to cedants	94,592	94,592	0
Reinsurance receivables	0	36,158	-36,158
Cash and cash equivalents	3,690,508	3,690,508	0
Any other assets, not elsewhere shown	33	35,394	-35,361
Total assets	**15,191,587**	**15,483,983**	**-292,396**

Deferred Acquisition Costs: Deferred Acquisition Costs are costs arising from the conclusion of insurance contracts that are incurred during the reporting period but which relate to a subsequent reporting period and which are carried forward to subsequent reporting periods. Deferred acquisition costs (and reinsurers' share of deferred acquisition costs) are amortised over the period in which the related premiums are earned. Deferred acquisition costs are not recognised for Solvency II purposes hence the difference in valuation between Solvency II and the statutory accounts value.

Investments: Investments are recognised at fair value on both a Solvency II and statutory accounts basis. The difference in valuation relates to the allocation of accrued interest which for the purposes of Solvency II has been included within Investments whereas for the statutory accounts this is included within the line 'Any other assets'.

Reinsurance Recoverable: In the Solvency II balance sheet this refers to the reinsurers' share of technical provisions and is valued as part of the net technical provisions. Please refer to the section below for details relating to the valuation of technical provisions.

To note, included within the statutory accounts value of Reinsurance Recoverable is the Reinsurer share of Unearned Premium. Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. In respect of general insurance business, written premiums are recognised and earned over the period of the policy on a time apportionment basis having regard where appropriate, to the incidence of the risk. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts. Similar to deferred acquisition costs, unearned premiums (including the reinsurer's share) are not recognised for Solvency II purposes.

Deposits to Cedants: Deposits to Cedants are valued at fair value on both a Solvency II and Statutory accounts basis. There are no valuation adjustments for Solvency II purposes.

Reinsurance Receivables: Reinsurance receivables represent amounts owed from policyholders. These are valued at fair value on both a Solvency II and statutory account basis. On a Solvency II basis, the receivable amounts that are not overdue are discounted to present value and reclassified to net off technical provisions, hence the valuation difference in the table above.

Cash and Cash equivalents: Cash and cash equivalents comprise of cash at bank and in hand and short term deposits with an original maturity date of three months or less. These are valued at fair value by the relevant financial institution, and the Company receives monthly statements at the period end to confirm the balances held. Balances have been translated to US Dollar using the year end exchange rate where appropriate. There are no significant estimates or judgements used in valuing cash holdings due to the nature of the asset. There are no valuation differences between Solvency II and the statutory accounts value.

Any other assets: Any other assets relates to accrued interest on Investments which is measured at fair value. As noted above, the difference in valuation relates to the allocation of accrued interest which for the purposes of Solvency II has been included within Investments.

5.2. TECHNICAL PROVISIONS

5.2.1. Valuation of Technical Provisions

The valuation of technical provisions for solvency purposes is performed in line with Articles 76-83 of Directive 2009/138/EC and is shown below. A summary is shown on the next page:

Technical Provisions	Marine, aviation and transport insurance	Fire and other damage to property insurance	Non-proportional property reinsurance	Total
Premium Provisions				
Gross - Total	-	- 32,272	- 83,979	- 116,252
Gross - direct business	-	-	-	-
Gross - accepted proportional reinsurance business	-	- 32,272	-	- 32,272
Gross - accepted non-proportional reinsurance business	-	-	- 83,979	- 83,979
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-	- 22,591	- 85,244	- 107,835
Net Best Estimate of Premium Provisions	**-**	**- 9,682**	**1,265**	**- 8,417**
Claim Provisions				
Gross - Total	865	758,845	215,541	975,250
Gross - direct business	-	-	-	-
Gross - accepted proportional reinsurance business	865	758,845	-	759,709
Gross - accepted non-proportional reinsurance business	-	-	215,541	215,541
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	777	531,653	201,797	734,227
Net Best Estimate of Claims Provisions	**88**	**227,192**	**13,743**	**241,023**
Total Best estimate - gross	**865**	**726,572**	**131,561**	**858,998**
Total Best estimate - net	**88**	**217,510**	**15,008**	**232,606**
Risk margin	**10**	**26,342**	**14,680**	**41,032**

The best estimate calculation of claims and premiums provisions is split into three separate calculations:

- Earned business: This relates to the earned business on incepted contracts and makes up claims provisions.
- Unearned business: This relates to unearned business on incepted contracts and makes up a component of premium provisions.
- Future business: This relates to future premium on incepted business and un-incepted legally obliged business incepting after the valuation date and makes up the remaining component of premiums provisions.

Claims provisions - earned	Premium Provisions – unearned and future
▪ - Gross Premiums receivable ▪ + RI Premiums payable ▪ + Gross Claims ▪ - RI Claims ▪ + RI bad debt ▪ + Expenses	▪ - Gross Premiums receivable ▪ + RI Premiums payable ▪ + Gross Claims ▪ - RI Claims ▪ + RI bad debt ▪ + Expenses ▪ This includes future legally obliged business (un-incepted business)
Other components	
• Events Not in Data Set ("ENIDS") • Risk Margin • Discounting	

5.2.1.1. Premiums Provision

Premium provisions relate to unearned and future business including bound but not incepted contracts ("BBNI"). An estimate of unearned and future losses is made by applying the expected loss ratio to the unearned and future premium. An estimate of Unallocated Loss Adjustment Expense ("ULAE") in relation to these claims is also included, as is a bad debt provision in relation to recoveries we may not receive. Unearned and future premiums receivable and unearned and future ceded premiums payable are included within the premium provision. The premium provision is discounted to take into account the time value of money. Since we consider the full distribution of scenarios, we do not add on an allowance for events not in data since we believe it is included with in our expected loss ratio.

5.2.1.2. Claims Provision

The claims provisions are related to earned business. Gross and ceded earned claims are included in the claims provision along with an estimate of ULAE and bad debt. It is assumed that all earned premiums have been received. These reserves are discounted.

5.2.1.3. Risk Margin

A risk margin is included as part of the technical provisions calculation. This is equivalent to the theoretical amount needed to transfer the existing liabilities considered with technical provisions. It is calculated by using a cost of capital approach which considers the cost of providing an amount of eligible own funds equal to the SCR necessary to support current obligations over their lifetime.

The current adopted approach for the calculation of risk margin involves:

1) Calculate future capital requirements by time period for relevant risk types
2) Application of a cost of capital percentage (currently 6%) to the cashflow
3) Discounting of this cashflow stream to determine the risk margin.

5.2.2. Uncertainty in valuing Technical Provisions

5.2.2.1. Assumptions

Certain assumptions are made in the process for calculating technical provisions. Limitation of assumptions are identified through the robust process which is in place to validate the technical provision data. Through this process, the appropriateness and materiality of assumptions is questioned and assumptions are updated where necessary.

Backtesting is used as part of each review of assumptions. For example, the key assumptions of Ultimate Loss Ratios (“ULRs”) are updated in light of past experience via the quarterly reserving process. The results of the quarterly reserving process are presented to board.

5.2.2.2. Claims Provisions

As the claims provisions are closely tied to GAAP reserves, the same uncertainties underlie them both, the loss ratio and development curve assumptions, with the additional uncertainty underlying claims provisions relating to inadequacy of the yield curves for discounting.

The claims provisions are made up of outstanding loss reserves (“OSLR”) and Incurred But Not Reported (“IBNR”) (including Additional Case Reserves (“ACR”) and Event IBNR). The greatest source of uncertainty surrounds the IBNR. In relation to events, an event IBNR reserve is held, which for the Company only relates to the 2013 European floods. In relation to attritional claims, attritional IBNR is held and this is the single biggest component of reserves. The attritional IBNR is essentially an application of actuarial methods to calculate IBNR claims. It depends heavily on the adequacy of the assumptions used, the loss ratio assumption and claims development pattern assumptions. Any change to these assumptions impacts the attritional IBNR component of reserves.

5.2.2.3. Premium provisions

Claims underlying the premium provisions are derived by the application of a loss ratio to unearned and legally obliged future premiums on a class by class basis. The main uncertainty in premium provisions is therefore surrounding the choice of loss ratio to determine claims.

The Property cat loss ratio is particularly volatile, since there may be no cat losses, or the cat losses could be high, but when the premium is unearned, it is difficult to know whether there will be cat events or not. The Company is particularly exposed to property cat business and hence the results are volatile, however this is within the risk appetite for the Company.

The uncertainty around claims in premiums provisions is driven by the uncertainty around the loss ratio picks by class. Typically, it would be expected that property classes, with high cat exposure will initially have the most uncertainty around loss ratios. The contribution of the risk on business underlying premium provisions to the SCR is via premium risk and this is discussed further below.

5.2.2.4. Durations

The technical provisions process is able to provide the cashflows at a granular enough level to work out durations, separately by class, year of account and between the Technical Provision components. However, the payment patterns are based on benchmark data and may vary from the expectation. This would change the discount applied, however, due to the low yield environment we are currently in, we do not expect this to be a particularly significant uncertainty.

5.2.2.5. Sensitivity tests

The technical provisions process has the capacity to allow adjustments to certain assumptions for the purposes of producing results of sensitivity tests. These can be carried out each time the technical provisions process is run. Currently, the sensitivity tests carried out are:

- Decrease all spot rates for discounting by 1%
- Increase all loss ratio assumptions by 10%
- Increase all loss ration assumptions by 20%

The most material uncertainty for the Company relates to potential magnitude and frequency of cat losses. If the frequency of these large losses are underestimated, then applied the loss ratios could similarly be underestimated. Hence the loss ratio sensitivity is important.

5.2.3. Valuation bases - Solvency II Versus Statutory Financial Statements

The most significant differences to the calculation of technical provisions under Solvency II compared to GAAP reserves are:

- Removal of all margins (whether explicit or implicit) from technical provisions leaving a true best estimate.
- Removal of the need to hold an “unearned premium reserve” replacing this with “premium provisions” which consider future cash inflows in addition to the corresponding outflows.
- Recognition of contracts on a “legal obligation basis” meaning any contracts entered into prior to the balance sheet date (such as Jan 1 renewals for the 31/12 submission) need to be considered as part of best estimate rather than only including incepted policies. Under Solvency II, policies to which the Company is committed but which have not yet incepted also need to be considered.
- The basis for recognising existing contracts will also impact reinsurance contracts and their expected cashflows.
- Consideration of Events Not In Data (“ENID”) which may not have previously been considered in the calculation of best estimates.
- Consideration of a cashflow basis for valuation of gross business and reinsurance.
- Introduction of discounting, leading to increased volatility in reserves.
- Introduction of the principle of a market consistent basis and calculation of a Risk Margin (or Market Value Margin).
- Valuation of liabilities segmented by Solvency II lines of business.
- Valuation of liabilities segmented by currency.
- Introduction of governance requirements for an explicit “Actuarial Function” with defined responsibilities.
- Introduction of explicit data requirements.
- Significant increase to documentation and validation requirements.
- Introduction of explicit links to other areas of Solvency II such as internal models.
- Introduction of the principle of proportionality that underlies the calculations.

5.2.4. Elective adjustments permitted by Directive 2009/138/EC

The Company does not apply the following elective treatments permitted by Directive 2009/138/EC:

- matching adjustment referred to in Article 77b;
- volatility adjustment referred to in Article 77d;
- transitional risk-free rate term structure referred to in Article 308c;
- transitional deduction referred to in Article 308d.

5.2.5. Other material information

5.2.5.1. Reinsurance Recoveries and Special Purpose Vehicles

Recoverables are included in the technical provisions. The claims provision recoverables mirror the recoveries we have in the Company's GAAP reporting but are discounted using the yield curves provided by EIOPA.

An estimate of recoveries on unearned and future business is calculated and included within the premium provision. These are also discounted. Since all reinsurance is proportional, we estimate the reinsurance recoveries as a proportion of the gross losses.

5.2.5.2. Changes in the Technical Provisions

There have been no material changes to the assumptions made in the calculation of technical provisions since the Company's last review.

5.3. VALUATION OF OTHER LIABILITIES

5.3.1. Valuation Bases - Solvency II versus Statutory Financial Statements

Valuation of other liabilities for solvency purposes is performed in line with Article 75 of Directive 2009/138/EC. A summary is shown below:

Liabilities	Solvency II value ($)	Statutory accounts value ($)	Difference in Valuation ($)
Deposits from reinsurers	66,074	66,074	0
Insurance & reinsurance payables	196,011	211,508	-15,497
Payables (trade, not insurance)	268,013	268,013	0
Any other liabilities, not elsewhere shown	105,814	129,855	-24,042
Total other liabilities	**635,911**	**675,450**	**-39,538**

Deposits from reinsurers: Deposits from reinsurers are valued at fair value on both a Solvency II and Statutory accounts basis. There are no valuation adjustments for solvency purposes.

Insurance and reinsurance payables: Insurance and reinsurance payables represent amounts owed to both policyholders and Cedants. These are valued at fair value on both a Solvency II and statutory account basis. On a Solvency II basis, the payable amounts that are not overdue are discounted to present value and reclassified to net off technical provisions, hence the valuation difference in the table above.

Payables (trade, not insurance): Payables (trade, not insurance) relate to balances owed to other group companies in respect of services recharges to the Company. No estimation method, adjustments for future value or valuation judgements are required for these balances. There are no valuation adjustments for solvency purposes.

Any other liabilities, not elsewhere shown: Any other liabilities is made up of both accrued expenses and reinsurers' share deferred acquisition costs. Accrued expenses are measured at fair value and there are no valuation adjustments for solvency purposes.

As noted in the Asset section above, deferred acquisition costs are costs arising from the conclusion of insurance contracts that are incurred during the reporting period but which relate to a subsequent reporting period and which are carried forward to subsequent reporting periods. Deferred acquisition costs (and reinsurers' share of deferred acquisition costs) are amortised over the period in which the related premiums are earned. Reinsurers' deferred acquisition costs are not recognised for Solvency II purposes hence the difference in valuation between Solvency II and the statutory accounts value.

6. CAPITAL MANAGEMENT

The RenaissanceRe business is operated as an integrated system that enables us to pursue three competitive advantages: superior customer relationships, superior risk selection, and superior capital management. With respect to our superior capital management, we seek to write as much attractively priced business as is available to us and then manage our capital accordingly by matching the right risk to the right capital at the right time.

Capital, in aggregate, is managed at the RenaissanceRe group level. RenaissanceRe's subsidiaries maintain capital levels that are sufficient for the risk exposure at the legal entity level. Excess capital is usually returned to the parent company and if additional capital injections are necessary, the parent company will capitalize the subsidiary accordingly.

There is a net worth maintenance agreement between Renaissance Reinsurance and the Company whereby Renaissance Reinsurance has agreed to cause the Company to maintain a minimum capital and surplus position as required under regulatory standards through capital contributions to the Company. This net worth maintenance agreement enables Renaissance Reinsurance to provide capital to the Company should the need arise.

At the group level, RenaissanceRe capital management activities serve defined goals with defined objectives. We generally seek to raise capital when we forecast an increased demand in the market, at times by accessing capital through joint ventures or other structures, and seek to return capital to shareholders or joint venture investors when the demand for coverages appears to decline and when we believe a return of capital would be beneficial to RenaissanceRe shareholders or joint venture investors.

6.1. OWN FUNDS

6.1.1. Management of Own Funds

The management of the Company's own funds is managed in a prudent approach and is consistent with RenaissanceRe Group's approach to managing its capital base. As stated above, the level of own funds is maintained at a level that is in excess of the required capital that is reasonably expected under the Standard Formula.

6.1.2. Own Funds Position

The Own Funds have remained relatively static over the reporting period with the two large contributing items - $2m in Ordinary Share Capital and $17.9m in member's contributions – not changing over the period. The Own Funds reported as at 31st December 2016 can be seen in the below table.

Own Funds		Total	Tier 1 - unrestricted
		C0010	C0020
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35			
Ordinary share capital (gross of own shares)	R0010	2,000,000	2,000,000
Share premium account related to ordinary share capital	R0030		
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	17,951,000	17,951,000
Reconciliation reserve	R0130	-6,295,355	-6,295,355
Deductions			
Total basic own funds after deductions	R0290	13,655,645	13,655,645
Ancillary own funds			
Total available own funds to meet the SCR	R0500	13,655,645	13,655,645
Total available own funds to meet the MCR	R0510	13,655,645	13,655,645
Total eligible own funds to meet the SCR	R0540	13,655,645	13,655,645
Total eligible own funds to meet the MCR	R0550	13,655,645	13,655,645
SCR	R0580	1,520,498	
MCR	R0600	3,900,170	
Ratio of Eligible own funds to SCR	R0620	898%	
Ratio of Eligible own funds to MCR	R0640	350%	

All of the Own Funds are within the Tier 1 category meaning that these can be easily called upon to pay any debts that the entity may incur. The Basic Own Funds are made up of the following items:

- Ordinary Share Capital of $2m
- Member's Contributions of $17.951m
- The reconciliation reserve of $6.29m

These funds make up the Excess of Assets over Liabilities from the balance sheet. The reconciliation reserve is the balancing item to ensure that the Ordinary Share Capital and the Member's Contributions make up the surplus funds. This number can be considered closely related to the retained earnings in the statutory accounts. The Company does not hold any Ancillary Own Funds.

6.1.3. Own Funds eligible to cover SCR

The amount of Eligible Own Funds to meet the SCR is equal to the Basic Own Funds reported. As all of the Basic Own Funds are made up of Tier 1 funds, all of the Basic Own Funds can be used to back up the SCR.

6.1.4. Own Funds eligible to cover MCR

The amount of Eligible Own Funds to meet the MCR is also equal to the Basic Own Funds reported. As all of the Basic Own Funds are made up of Tier 1 funds, all of the Basic Own Funds can be used to back up the MCR.

6.1.5. Reconciliation of Equity from Statutory Financial Statements to Solvency II

The following table reconciles the differences between the equity in the financial statements and the excess of assets over liabilities as calculated for solvency purposes.

Liabilities	$'000
Equity per financial statements:	
Called up share capital	2,000
Other reserves	17,951
Retained earnings	-6,277
Total Shareholders' funds	**13,674**
Difference in the valuation of assets	-292
Difference in the valuation of technical provisions	235
Difference in the valuation of other liabilities	40
SII Value of excess of assets over liabilities	**13,656**

6.2. Capital Requirements

6.2.1. Solvency Capital Requirement

The SCR for the 2017 is approximately $1.52m. A breakdown of the SCR by risk category is given in the table below and discussed in Section 4 of this report.

Risk Class	Net solvency capital requirement
Market risk	873,310
Counterparty default risk	244,323
Life underwriting risk	0
Health underwriting risk	0
Non-life underwriting risk	431,832
Diversification	-362,201
Intangible asset risk	0
Basic Solvency Capital Requirement	**1,187,265**
Operational risk	333,234
Solvency Capital Requirement	**1,520,498**

6.2.2. Minimum Capital Requirement

The amount of the MCR can be seen below. The amount of $3.9m is equal to the Absolute Floor (€3.7m) converted to USD at the year-end exchange rate of €1 = $1.0541. Given the absolute floor is greater than the SCR of $1.52m, the MCR is therefore a greater amount. The MCR has fallen from last year from $4.03m. This is due to the fall in the EUR/USD exchange rate over the period.

Minimum Capital Requirement		C0070
Linear MCR	R0300	117,873
SCR	R0310	1,520,498
MCR cap	R0320	684,224
MCR floor	R0330	380,125
Combined MCR	R0340	380,125
Absolute floor of the MCR	R0350	3,900,170
Minimum Capital Requirement	R0400	3,900,170

6.2.3. Use of simplified calculations

The solvency needs of the Company are assessed using the Solvency II standard formula as a basis to calculate a Solvency Capital Requirement. The calculations are undertaken using a template which included some simplifications to the standard formula approach. However, these do not have a significant impact on the overall results. The simplifications are as follows:

- CRESTA zone inputs for European Natural Catastrophe Risk: The template does not capture sum insureds of European countries by CRESTA zone as specified in the Delegated Acts. The additional diversification benefit is not deemed to be sufficiently material to warrant the significantly more detailed input requirements. The Company does not have any earned premium in the next 12 months which is in the Direct and Proportional classes which are represented on the European Natural Catastrophe tab. Therefore, this has no impact on the SCR calculation.
- Non-Proportional Health Catastrophe Risk: The template includes an additional simplification to the Health Catastrophe Risk module. The Company does not hold any business impacted by health underwriting risk and therefore this does not impact the SCR calculation.
- Duration input for Interest Rate Risk: The template collects asset duration within Interest Rate risk rather than a full listing of the cashflows occurring on the assets included in this module. This has little impact on the SCR as interest rate risk is a small component of the SCR calculation.
- Risk Mitigating Effect of reinsurance in Counterparty Default Risk: In line with Article 107 of the Delegated Acts text, the template has applied the simplification for Risk Mitigating Effect of reinsurance to simplify the calculation and inputs required for the calculation. This derives a Gross Underwriting Risk SCR from which the Net Underwriting Risk SCR is deducted to estimate the allowance of reinsurance on the SCR. This amount is the apportioned across the current reinsurance exposures in line with the outstanding recoverables. This simplification has an immaterial impact on the counterparty default risk SCR and therefore the overall SCR calculation.

6.2.4. Use of elective parameters

The Company does not utilise any undertaking-specific parameters.

6.2.5. Inputs to MCR

The inputs to the MCR can be seen in the table below. These are made up of the net of reinsurance best estimate technical provisions and the net written premium in the last twelve months for each Solvency II line of business. The linear MCR which is calculated based on these amounts comes to around $117k. Since this is much less than the Absolute Floor of $3.9m, the MCR is therefore equal to this amount.

Inputs to the MCR	**Net (of reinsurance/SPV) best estimate and TP calculated as a whole**	**Net (of reinsurance) written premiums in the last 12 months**
Medical expense insurance and proportional reinsurance		
Income protection insurance and proportional reinsurance		
Workers' compensation insurance and proportional reinsurance		
Motor vehicle liability insurance and proportional reinsurance		
Other motor insurance and proportional reinsurance		
Marine, aviation and transport insurance and proportional reinsurance	88	
Fire and other damage to property insurance and proportional reinsurance	217,510	1,019
General liability insurance and proportional reinsurance		
Credit and suretyship insurance and proportional reinsurance		
Legal expenses insurance and proportional reinsurance		
Assistance and proportional reinsurance		
Miscellaneous financial loss insurance and proportional reinsurance		
Non-proportional health reinsurance		
Non-proportional casualty reinsurance		
Non-proportional marine, aviation and transport reinsurance		
Non-proportional property reinsurance	15,008	594,655

6.2.6. Material changes to SCR

Below is a table with the changes in the SCR from the last year end (YE15) and the current year-end (YE16). As can be seen there has been a large reduction in the SCR of about 59%. This has mainly been driven by the reduction in Non-life Underwriting Risk. The reasons for the reductions/increases in each risk category are as follows:

- Market Risk – this has seen a small decrease of $44.5k in its capital requirement. This is due to a reduction in concentration risk which now contributes $315.8k of capital rather than the $450k it did last year. This is because the assets are now more diversified across the securities the Company invests in particularly for one security which made up 38% of the value of investments last year and now makes up 22%.

- Non – life underwriting risk – this has seen a very large fall due to the non-renewal of a large deal in the Non-Proportional Property line of business. This has therefore reduced the Gross Earned Premium in the next twelve months from $10.7m to $1.1m. This has had a large impact on the Catastrophe Risk module which has seen its standalone capital requirement fall from $2.68m to $0.18m.

- Counterparty Default Risk has fallen due to the reduction in the risk mitigation in the SCR. This is driven by the same deal which has impacted the Non-life underwriting risk module. Therefore, the Loss Given Default has fallen by a large amount (from $10.4m to $5.1m) which is calculated based upon the difference between the Gross and Net BSCR. The CPD risk has not fallen by the magnitude due to the increased weighting of the LGD with A grade rather than AA grade counterparties.

- Operational risk has increased as it is based upon the Gross Earned Premium in 2016 of $10.9m. This has increased from the 2015 measure of $8.9m and therefore the Operational Risk capital requirement has increased a result.

Movement in the SCR	YE16 ($)	YE15 ($)	Differences ($)
Market Risk	873,311	917,850	- 44,539
Non-Life Underwriting Risk	431,832	2,866,384	- 2,434,552
Counterparty Default Risk	244,323	371,269	- 126,946
Operational Risk	333,234	267,240	65,994
SCR	**1,520,498**	**3,694,554**	**- 2,174,056**

6.3. Internal Model

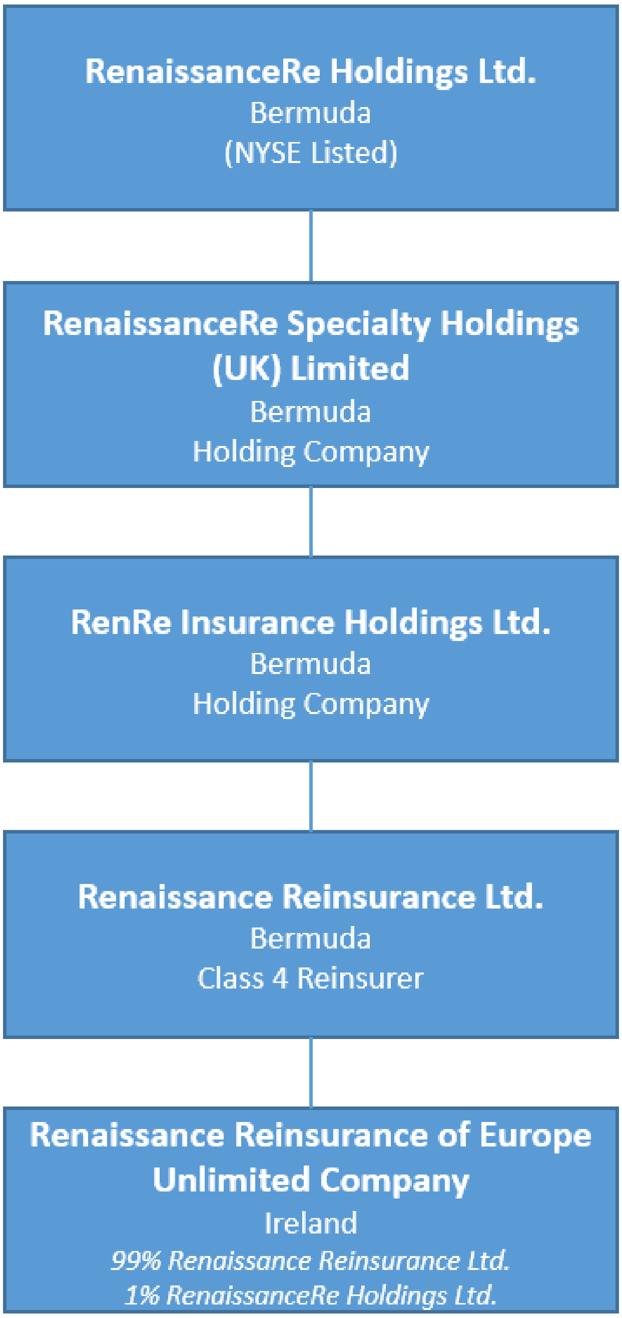
The solvency needs of the Company are assessed using the Solvency II standard formula basis to calculate a Solvency Capital Requirement.

6.4. Non-Compliance

The Company has maintained capital in excess of the Minimum Capital Requirement and Solvency Capital Requirement without exception.

APPENDIX ONE

COMPANY POSITION WITHIN RENAISSANCERE GROUP



APPENDIX TWO

DISCLOSURE QRTS

The following QRTs are required for the SFCR and are disclosed within this appendix:

- S.02.01 Balance Sheet
- S.05.01 Premiums, claims and expenses by Solvency II line of business
- S.05.02 Premiums, claims and expenses by country
- S.17.01 Technical Provisions by Solvency II line of business
- S.19.01 Non-life claims triangles
- S.23.01 Own Funds
- S.25.01 Solvency Capital Requirement for undertakings on Standard Formula
- S.28.01 Minimum Capital Requirement

S.02.01.02

Balance sheet

		Solvency II value
Assets		C0010
Intangible assets	R0030	-
Deferred tax assets	R0040	-
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	-
Investments (other than assets held for index-linked and unit-	R0070	10,780,061
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	-
Equities	R0100	-
Equities - listed	R0110	-
Equities - unlisted	R0120	-
Bonds	R0130	10,694,115
Government Bonds	R0140	9,580,551
Corporate Bonds	R0150	1,113,565
Structured notes	R0160	-
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	85,946
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	-
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	-
Loans and mortgages	R0230	-
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	-
Reinsurance recoverables from:	R0270	626,392
Non-life and health similar to non-life	R0280	626,392
Non-life excluding health	R0290	626,392
Health similar to non-life	R0300	-
Life and health similar to life, excluding health and index-	R0310	-
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	-
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	94,592
Insurance and intermediaries receivables	R0360	-
Reinsurance receivables	R0370	0
Receivables (trade, not insurance)	R0380	-
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called	R0400	-
Cash and cash equivalents	R0410	3,690,508
Any other assets, not elsewhere shown	R0420	33
Total assets	R0500	15,191,587

RenaissanceRe

S.02.01.02

Balance sheet

		Solvency II value
Liabilities		C0010
Technical provisions – non-life	R0510	900,030
Technical provisions – non-life (excluding health)	R0520	900,030
TP calculated as a whole	R0530	-
Best Estimate	R0540	858,998
Risk margin	R0550	41,032
Technical provisions - health (similar to non-life)	R0560	
TP calculated as a whole	R0570	
Best Estimate	R0580	
Risk margin	R0590	
Technical provisions - life (excluding index-linked and unit-linked)	R0600	
Technical provisions - health (similar to life)	R0610	
TP calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	
TP calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions – index-linked and unit-linked	R0690	
TP calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	66,074
Deferred tax liabilities	R0780	
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	32,714
Reinsurance payables	R0830	163,297
Payables (trade, not insurance)	R0840	268,013
Subordinated liabilities	R0850	
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	
Any other liabilities, not elsewhere shown	R0880	105,814
Total liabilities	R0900	1,535,941
Excess of assets over liabilities	R1000	13,655,645

S.05.01.02

Premiums, claims and expenses by line of business

Non-Life & Accepted non-proportional reinsurance

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of Business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																		
Gross - Direct Business	R0110								-									-
Gross - Proportional reinsurance accepted	R0120							18,692										18,692
Gross - Non-proportional reinsurance accepted	R0130																10,906,104	10,906,104
Reinsurers' share	R0140							17,679	-								10,315,066	10,332,745
Net	**R0200**	**-**	**-**	**-**	**-**	**-**	**-**	**1,013**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**591,038**	**592,051**
Premiums earned																		
Gross - Direct Business	R0210								-									-
Gross - Proportional reinsurance accepted	R0220							18,692										18,692
Gross - Non-proportional reinsurance accepted	R0230																10,879,774	10,879,774
Reinsurers' share	R0240							17,700	-								10,302,140	10,319,840
Net	R0300	-	-	-	-	-	-	**992**	-	-	-	-	-	-	-	-	**577,634**	**578,626**
Claims incurred																		
Gross - Direct Business	R0310								- 129,216									- 129,216
Gross - Proportional reinsurance accepted	R0320							- 336,860										- 336,860
Gross - Non-proportional reinsurance accepted	R0330																73,347	73,347
Reinsurers' share	R0340							- 248,926	- 95,486								54,201	- 290,211
Net	**R0400**	-	-	-	-	-	-	**- 87,934**	**- 33,731**	-	-	-	-	-	-	-	**19,146**	**- 102,518**
Changes in other technical provisions																		
Gross - Direct Business	R0410																	-
Gross - Proportional reinsurance accepted	R0420																	-
Gross - Non-proportional reinsurance accepted	R0430																	-
Reinsurers' share	R0440																	-
Net	**R0500**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenses incurred	R0550							2,327	-								356,176	**358,502**
Other expenses	R1200																	
Total expenses	R1300																	**358,502**

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Non-life obligations for home country

		Home country	Country (by amount of gross premiums written)	Country (by amount of gross premiums written)	Country (by amount of gross premiums written)	Country (by amount of gross premiums written)	Country (by amount of gross premiums written)	Total for top 5 countries and home country (by amount of gross premiums written)
			FR	BM	BE	LU	CH	
		C0080	C0090	C0090	C0090	C0090	C0090	C0140
Premiums written								
Gross - Direct Business	R0110		0	0	0	0	0	0
Gross - Proportional reinsurance accepted	R0120		0	0	0	0	18,692	18,692
Gross - Non-proportional reinsurance accepted	R0130		10,642,774	164,054	63,515	35,760	0	10,906,104
Reinsurers' share	R0140		10,066,007	155,164	60,073	33,822	17,679	10,332,745
Net	R0200	0	576,768	8,891	3,442	1,938	1,013	592,051
Premiums earned								
Gross - Direct Business	R0210		0	0	0	0	0	0
Gross - Proportional reinsurance accepted	R0220		0	0	0	0	18,692	18,692
Gross - Non-proportional reinsurance accepted	R0230		10,750,889	26,962	63,515	38,408	0	10,879,774
Reinsurers' share	R0240		10,180,098	25,530	60,143	36,369	17,700	10,319,840
Net	R0300	0	570,791	1,431	3,372	2,039	992	578,626
Claims incurred								
Gross - Direct Business	R0310		0	0	0	0	-129,216	-129,216
Gross - Proportional reinsurance accepted	R0320		-4,156	0	0	0	-332,703	-336,860
Gross - Non-proportional reinsurance accepted	R0330		22,875	21,336	-324	29,461	0	73,347
Reinsurers' share	R0340		13,832	15,766	-239	21,770	-341,341	-290,211
Net	R0400	0	4,886	5,569	-85	7,690	-120,579	-102,518
Changes in other technical provisions								
Gross - Direct Business	R0410		0	0	0	0	0	0
Gross - Proportional reinsurance accepted	R0420		0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0430		0	0	0	0	0	0
Reinsurers' share	R0440		0	0	0	0	0	0
Net	R0500	0	0	0	0	0	0	0
Expenses incurred	R0550		349,093	5,061	2,082	1,178	1,088	358,502
Other expenses	R1200							
Total expenses	R1300							358,502

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Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	**Total Non-Life obligation**
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross	R0060	-	-	-	-	-	-	- 32,272	- 0	-	-	-	-	-	-	-	- 83,979	- 116,252
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-	-	-	-	-	-	- 22,591	-	-	-	-	-	-	-	-	- 85,244	- 107,835
Net Best Estimate of Premium Provisions	R0150	-	-	-	-	-	-	- 9,682	- 0	-	-	-	-	-	-	-	1,265	- 8,417
Claims provisions																		
Gross	R0160	- 0	-	-	-	-	865	758,845	-	-	-	-	-	-	-	-	215,541	975,250
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	-	-	-	-	-	777	531,653	-	-	-	-	-	-	-	-	201,797	734,227
Net Best Estimate of Claims Provisions	R0250	- 0	-	-	-	-	88	227,192	-	-	-	-	-	-	-	-	13,743	241,023
Total Best estimate - gross	R0260	- 0	-	-	-	-	865	726,572	- 0	-	-	-	-	-	-	-	131,561	858,998
Total Best estimate - net	R0270	- 0	-	-	-	-	88	217,510	- 0	-	-	-	-	-	-	-	15,008	232,606
Risk margin	R0280	-	-	-	-	-	10	26,342	-	-	-	-	-	-	-	-	14,680	41,032
Amount of the transitional on Technical Provisions																		
Technical Provisions calculated as a whole	R0290	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Best estimate	R0300	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Risk margin	R0310	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical provisions - total																		
Technical provisions - total	R0320	- 0	-	-	-	-	875	752,914	- 0	-	-	-	-	-	-	-	146,241	900,030
the adjustment for expected losses due to counterparty default - total	R0330	-	-	-	-	-	777	509,062	-	-	-	-	-	-	-	-	116,553	626,392
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	- 0	-	-	-	-	98	243,852	- 0	-	-	-	-	-	-	-	29,688	273,638

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Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0010	Underwriting year

Gross Claims Paid (non-cumulative)

(absolute amount)

	Year	0	1	2	3	4	5	6	7	8	9	10 & +		In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											-	R0100	-	4,000,000
N-9	R0160	-	-	-	-	-	-	-	-	-	-		R0160	-	-
N-8	R0170	-	-	-	-	-	-	-	-	-			R0170	-	-
N-7	R0180	-	-	-	-	-	-	-	-				R0180	-	-
N-6	R0190	-	-	-	-	-	-	-					R0190	-	-
N-5	R0200	-	-	-	-	-	-						R0200	-	-
N-4	R0210	- 88,233	1,180,140	689,254	198,409	111,890							R0210	111,890	2,091,460
N-3	R0220	19,676	1,223,661	673,987	203,580								R0220	203,580	2,120,904
N-2	R0230	-	-	-									R0230	-	-
N-1	R0240	-	-										R0240	-	-
N	R0250	-											R0250	-	-
												Total	R0260	315,471	8,212,365

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

	Year	0	1	2	3	4	5	6	7	8	9	10 & +		Year end (discounted
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	R0100											3,694	R0100	3,694.0
N-9	R0160	-	-	-	-	-	-	-	-	-	-		R0160	-
N-8	R0170	-	-	-	-	-	-	-	-	-			R0170	-
N-7	R0180	-	-	-	-	-	-	-	-				R0180	-
N-6	R0190	-	-	-	-	-	-	-					R0190	-
N-5	R0200	-	-	-	-	-	-						R0200	-
N-4	R0210	-	-	-	-	420,993							R0210	421,809
N-3	R0220	-	-	-	333,952								R0220	334,206
N-2	R0230	-	-	248									R0230	248
N-1	R0240	-	187,163										R0240	184,063
N	R0250	35,095											R0250	31,229
												Total	R0260	975,250

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Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	2,000,000	2,000,000			
Share premium account related to ordinary share capital	R0030	0				
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	17,951,000	17,951,000			
Subordinated mutual member accounts	R0050	0				
Surplus funds	R0070	0				
Preference shares	R0090	0				
Share premium account related to preference shares	R0110	0				
Reconciliation reserve	R0130	-6,295,355	-6,295,355			
Subordinated liabilities	R0140	0				
An amount equal to the value of net deferred tax assets	R0160	0				
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0				
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230	0				
Total basic own funds after deductions	R0290	13,655,645	13,655,645	0	0	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0				
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0				
Unpaid and uncalled preference shares callable on demand	R0320	0				
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0				
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0				
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0				
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0				
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0				
Other ancillary own funds	R0390	0				
Total ancillary own funds	R0400	0			0	0
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	13,655,645	13,655,645	0	0	0
Total available own funds to meet the MCR	R0510	13,655,645	13,655,645	0	0	
Total eligible own funds to meet the SCR	R0540	13,655,645	13,655,645	0	0	0
Total eligible own funds to meet the MCR	R0550	13,655,645	13,655,645	0	0	
SCR	R0580	1,520,498				
MCR	R0600	3,900,170				
Ratio of Eligible own funds to SCR	R0620	898%				
Ratio of Eligible own funds to MCR	R0640	350%				

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Own funds

Reconciliation reserve

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	13,655,645
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	19,951,000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	-6,295,355
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	19,647
Total Expected profits included in future premiums (EPIFP)	R0790	19,647

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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	**R0010**	873,310		
Counterparty default risk	**R0020**	244,323		
Life underwriting risk	**R0030**	-		
Health underwriting risk	**R0040**	-		
Non-life underwriting risk	**R0050**	431,832		
Diversification	**R0060**	- 362,201		
Intangible asset risk	**R0070**	-		
Basic Solvency Capital Requirement	**R0100**	1,187,265		

Calculation of Solvency Capital Requirement		C0100
Operational risk	**R0130**	333,234
Loss-absorbing capacity of technical provisions	**R0140**	-
Loss-absorbing capacity of deferred taxes	**R0150**	-
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	-
Solvency capital requirement excluding capital add-on	**R0200**	1,520,498
Capital add-on already set	**R0210**	-
Solvency capital requirement	**R0220**	1,520,498
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	**R0400**	-
Total amount of Notional Solvency Capital Requirement for remaining part	**R0410**	-
Total amount of Notional Solvency Capital Requirements for ring fenced funds	**R0420**	-
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	**R0430**	-
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	-

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Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		MCR components
		C0010
MCRNL Result	R0010	117,873

Background information

		Background information	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050		
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070	88	
Fire and other damage to property insurance and proportional reinsurance	R0080	217,510	1,019
General liability insurance and proportional reinsurance	R0090		
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130		
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170	15,008	594,655

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	

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

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

Overall MCR calculation

		C0070
Linear MCR	R0300	117,873
SCR	R0310	1,520,498
MCR cap	R0320	684,224
MCR floor	R0330	380,125
Combined MCR	R0340	380,125
Absolute floor of the MCR	R0350	3,900,170
Minimum Capital Requirement	R0400	3,900,170