Swiss Re

Swiss Re Europe S.A.
Solvency and Financial Condition Report

For the year ended 31 December 2016

Swiss Re Europe S.A.
2A, rue Albert Borschette
L-1246 Luxembourg

R.C.S. Luxembourg B25 242

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Executive summary

Business and performance

- Swiss Re Europe S.A. (the Company) is authorised by the Luxembourg Finance Minister to conduct all types of reinsurance business and operates through a number of branches in the European Union.
- The non-life underwriting performance of EUR 289 million was above expectations, predominantly due to the Property line of business, which reported significantly lower than expected claims from natural catastrophe events and man-made losses.
- The life underwriting performance of EUR 485 million was primarily due to positive impacts from reserving assumptions and methodology changes.
- Investment income in 2016 amounted to EUR 631 million and the investment charges to EUR 157 million. Investment income in 2016 is mainly driven by dividend income from participations and private equity investments, income from debt securities and realised gains on investments. Investment charges primarily consist of interest charges on deposits received from reinsurers.
- During the year 2016, the Company had several portfolio transfers (recaptures and novations) that resulted in material reduction in technical provisions, reinsurers' share in technical provisions, deposits with cedents, and deposits received from reinsurers. Furthermore, the Company has fully repaid the subordinated loans to its parent company in the first quarter 2016. No other significant business or other events that have had a material impact on the Company occurred during 2016.

System of governance

- The governance and organisational structure of the Company is set out in the Company's Terms of Reference and Charters. These define the responsibilities and authority of the Board of the Company and its Committees.
- The Terms of Reference have been revised and updated in June and September 2016 to ensure full alignment with Solvency II, to reflect the establishment of the Key Functions Committee, to formalise the process around declaration of conflict of interest, and to clarify Board and Management Committee responsibilities with respect to various matters.
- The Board carries out an annual evaluation of its system of governance against relevant best practice standards. During the reviews performed in 2016, the Board concluded that the system of governance is adequate to the nature, scale and complexity of the risks inherent in its business.

Risk profile

- The Company is exposed to a broad landscape of risks from the business undertaken. The main underwriting risks of the Company are Property and Casualty (P&C) risks including natural catastrophe risks (in particular European windstorm, Canadian Windstorm and Earthquake Pacific North West) and Life and Health (L&H) risks including lethal pandemic risk.
- The Company is exposed to financial market risk through its investment activities as well as the sensitivity of the economic value of liabilities to financial market fluctuations. Three forms of financial market risk are currently material for the Company: credit spread risk, equity risk and real estate risk. The Company has credit risk exposure from its investments in corporate bonds.
- The Company has a significant risk concentration from intra-group retrocessions with Swiss Reinsurance Company Ltd. Swiss Reinsurance Company Ltd is subject to the Swiss Solvency Test, which is broadly similar to Solvency II, and maintains a strong capital position. The capitalisation of Swiss Reinsurance Company Ltd is published on the Swiss Re group website: http://www.swissre.com/investors/ratings/
- The Company's exposure to the liquidity risk is driven by potential extreme losses as well as the amount of its investments into liquid assets. The most recent analysis indicates that the Company's liquidity position is sufficient to meet expected liquidity requirements after a large loss event.
- The Company uses an integrated internal model to assess all modelled risk categories together with an integrated risk management framework to manage and mitigate other qualitative risks.

Valuation for solvency purposes

Life technical provisions

The total life net technical provision of EUR 172 million under Solvency II valuation is compared to the Company statutory amount of EUR 1 808 million. The main differences between the valuations are the following:

- Statutory margins are included in the statutory reserves, whereas Solvency II technical provisions is the best estimate (excluding risk margin); and
- Client balances and risk margin are included in Solvency II technical provisions and not in Statutory reserves.

Non-life technical provisions

The total non-life net technical provision of EUR 3 461 million under Solvency II valuation is compared to the Company statutory amount of EUR 4 243 million. Solvency II being an economic valuation framework, and the Company statutory valuation being an accounting valuation framework, the key differences are the following:

- In the Company statutory figures, future cash flows are not discounted, there is no concept of risk margin and the counterparty risk is not included in the valuation;
- For Solvency II purposes, an estimate of the cash flows ultimately received for the contracts in scope is recognized. For Company statutory, only the portion of cash flows written by the cedent and earned during the reporting period is recognized;

and
- In the Company statutory figures there is no provision for future losses, whereas the Solvency II technical provisions contain best estimates of future losses not yet incurred at the date of valuation.

Other assets and liabilities
The differences in valuation of other assets and liabilities are mainly related to different recognition under Solvency II and Company statutory valuation: deferred tax assets and liabilities being a Solvency II specific item, whereas deferred acquisition costs and provision for currency risk are statutory specific items.

Capital management

- The eligible amount of own funds to cover Solvency Capital Requirement for 2016 is EUR 2 679 million.
- As at 31 December 2016, the Company's Solvency Capital Requirement (SCR) was EUR 972 million and the Minimum Capital Requirement (MCR) was EUR 437 million.
- The solvency ratio expressed as eligible own funds as a percentage of the SCR as at 31 December 2016 was equal to 276%.

Section A: Business and performance

A1: Business

Full name and legal form
Swiss Re Europe S.A. (the Company) has been incorporated on 5 December 1986 as a limited liability company *(société anonyme)* under the laws of the Grand-Duchy of Luxembourg, with registered office at 2A, rue Albert Borschette, L-1246 Luxembourg, registered with the Luxembourg Trade and Companies Register under number B25242. The Company's legal entity identifier (LEI) is 549300CJ7LW6QSGIL444.

Supervisory authority
The Company is authorised by the Luxembourg Finance Minister to conduct all types of reinsurance business and operates through a number of branches in the European Union.

Commissariat aux Assurances ("CAA")
7 Boulevard Joseph II
L - 1840 Luxembourg
Grand-Duché de Luxembourg
Telephone: +352 22 69 11 1
Fax: +352 22 69 10
www.commassu.lu

Ultimate parent company and group supervisor
The ultimate parent company is Swiss Re Ltd, which is incorporated in Switzerland. For the purposes of this report, the ultimate parent company and all its subsidiaries are referred to as Swiss Re or the Swiss Re Group. The Group supervisor is the Swiss Financial Market Supervisory Authority FINMA.

Swiss Financial Market Supervisory Authority FINMA
27 Laupenstrasse
CH – 3003 Berne
Switzerland
Telephone: +41 (0)31 327 91 00
Fax: +41 (0)31 327 91 01
www.finma.ch

External auditor
The external auditor appointed by the shareholder of the Company is PricewaterhouseCoopers.

PricewaterhouseCoopers Société coopérative
2 rue Gerhard Mercator
B.P. 1443
L-1014 Luxembourg
Grand-Duché de Luxembourg
Telephone: +352 49 48 48 1
Fax: +352 49 48 48 29 00
www.pwc.lu

Holding company
The parent company of the Company is Swiss Re Europe Holdings S.A., a limited liability company *(société anonyme)* incorporated and existing under the laws of the Grand-Duchy of Luxembourg, with registered office at 2A, rue Albert Borschette, L-1246 Luxembourg, registered with the Luxembourg Trade and Companies Register under number B72575. Swiss Re Europe Holdings S.A owns a 100% of the shares.

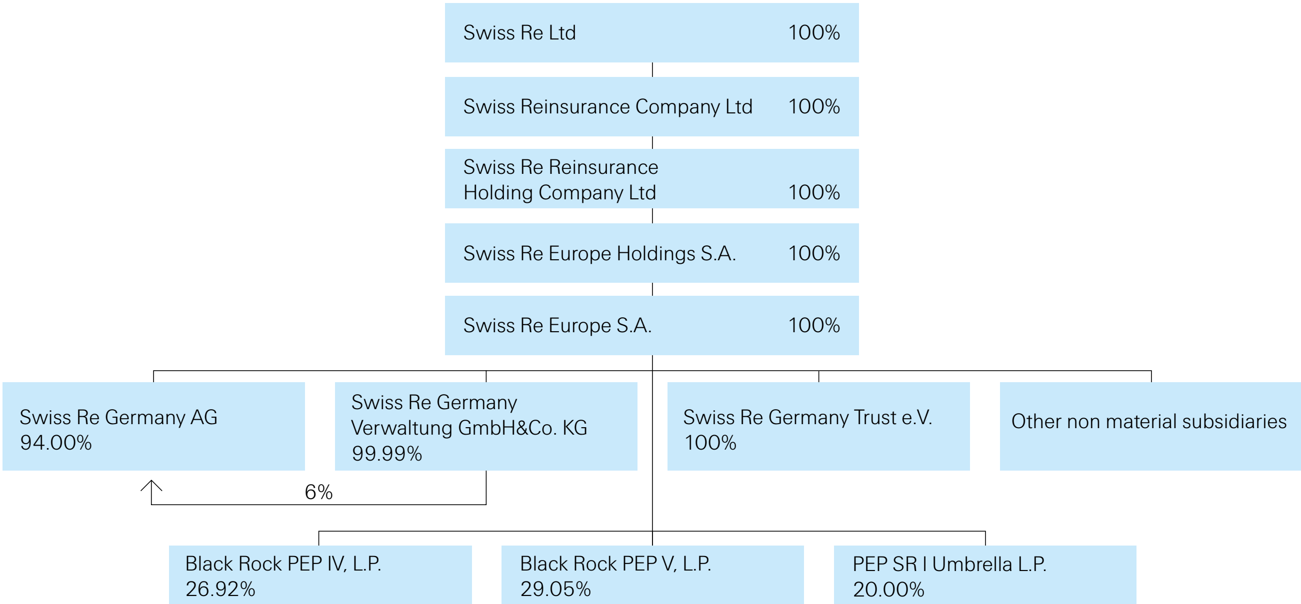
Material related undertakings

As of 31 December 2016, the investments in material related undertakings were as follows:

Subsidiary	Country	Proportion of ownership interest %
Swiss Re Germany GmbH	Germany	94.00
Swiss Re Germany Verwaltung GmbH & Co. KG	Germany	99.99
Swss Re Germany Trust e.V.	Germany	100.00
BlackRock PEP IV, L.P.	Cayman Islands	26.92
BlackRock PEP V, L.P.	Cayman Islands	29.05
PEP SR I Umbrella L.P.	Cayman Islands	20.00

Simplified group structure

The Company's parent and ultimate parent company and material related undertakings as at 31 December 2016 were as follows:



Material lines of business and geographical areas

Material countries by gross written premium

The material geographic areas for the year ended 31 December 2016 were as follows (based on the Quantitative Reporting Template (QRT) S.05.02.01):

- United Kingdom* ;
- Germany;
- France;
- Spain; and
- Ireland.

** including Gibraltar*

Material lines of business by net written premium

The material Solvency II lines of business for the year ended 31 December 2016 were as follows:

- Motor vehicle liability proportional reinsurance;
- Fire and other damage to property proportional reinsurance;
- Property non-proportional reinsurance;
- Life reinsurance; and
- Health reinsurance.

Significant business or other events

During the year 2016, the Company had several portfolio transfers (recaptures and novations) that resulted in material reduction in technical provisions, reinsurers' share in technical provisions, deposits with cedents, and deposits received from reinsurers. Furthermore, the Company has fully repaid the subordinated loans to its parent company in the 1st quarter 2016. No other significant business or other events that have had a material impact on the Company occurred during 2016.

A2: Underwriting performance

Underwriting performance

The underwriting performance by material Solvency II lines of business, calculated on the same basis as used in the Company's statutory financial statements, for the reporting period ended 31 December 2016, was as follows:

EUR thousand	2016
Non-life reinsurance	
Motor vehicle liability - proportional	–986
Fire and other damage to property - proportional	21 462
Non-proportional property	111 902
Other non-life	156 942
Total non-life	**289 320**
Life and health reinsurance	
Health	127 701
Life	357 772
Total life	**485 473**
Total all lines	**774 793**

The underwriting performance by material countries, for the reporting period ended 31 December 2016, was as follows:

EUR thousand	2016
United Kingdom*	352 257
Germany	278 204
France	81 422
Spain	43 570
Ireland	38 639
Other	-19 299
Total	**774 793**

** including Gibraltar*

The underwriting performance for 2016 was a profit of EUR 775 million. Net earned premiums amounted to EUR 2 036 million as a result of new business, mainly from proportional property and motor business and new longevity deals in the UK. Incurred claims, net of change in other technical provisions amounted to EUR 853 million.

The non-life technical result was positive, predominantly due to the property line of business, which reported significantly lower than expected claims from natural catastrophe events and man-made losses.

The life technical result for the year was also positive, primarily due to positive impacts from reserving assumptions and methodology changes.

A3: Investment performance

Investment results

Investment income and expenses by investments assets category, for the reporting period ended 31 December 2016, were as follows:

EUR thousand	2016
Deposits with ceding undertakings	45 766
Income from related undertakings	234 047
Shares and private equity	97 013
Debt securities and other variables	127 058
Value re-adjustments on investments	10 004
Gains on realisation of investments	110 674
Other	6 392
Total investment income	**630 953**
Investment management charges, including interest	–92 584
Value adjustments on investments	–37 213
Losses on realisation of investments	–27 187
Total investments charges	**–156 984**

Investment income in 2016 amounted to EUR 631 million and the investment charges to EUR 157 million. Investment income in 2016 is mainly driven by dividend income from participations and private equity investments, income from debt securities and realised gains on investments. Investment charges primarily consist of interest charges on deposits received from reinsurers.

Gains and losses recognised directly in equity

The Company does not recognise any gains or losses directly in equity.

Investments in securitisation

The Company investment income shown above includes EUR 4 million interest income from securitisation positions (mainly asset-backed securities and residential mortgage-backed securities in Europe).

A4: Performance of other activities

Material leasing arrangements

The Company does not have any material financial and operating leasing arrangements.

Other material income and expenses incurred during the reporting period

Other charges in 2016 amounted to EUR 50 million and mainly consisted of trademark licence fees and interest on intercompany loans with Group companies.

A5: Any other information

Other material information

There is no other material information to report for 2016.

Section B: System of governance

B1: General information on the system of governance

Organisational structure and system of governance
The governance and organisational structure of the Company is set out in the Company's Terms of Reference and Charters. These define the responsibilities and authority of the members of the Board and Committees.

Board
The Board's duty is to manage the Company in the best possible way to achieve the Company's purpose and within the Company's best interests. The Board is responsible for the sound and prudent management of the Company.

The members of the Board bear ultimate responsibility and liability for meeting applicable legal obligations. They therefore have the right and obligation to take all measures to fulfil their legal duties.

The members of the Board are individuals with the abilities, professional background and personal character (including honesty and financial soundness) necessary and required to ensure an independent decision-making process in a critical exchange of ideas with the executive management.

Composition of the Board
As at 31 December 2016, the Board has thirteen members, of whom seven are independent non-executive members and six are members of Swiss Re Group Executive Committee. The Chairman of the Board is an independent non-executive member appointed by the Board.

Delegation and retained responsibilities of the Board
The Board has delegated certain responsibilities and authorities to the following joint Board Committees of the Luxembourg Companies:
- the Audit Committee; and
- the Finance and Risk Committee.

The Board has further delegated certain responsibilities and authorities to:
- the Management Committee of the Company;
- the Material Transaction Sub-Committee of the Company;
- the Solvency II Committee of the Company;
- the General Manager of the Company;
- the General Manager Committee of the Company;
- the Branch Managers of the Company;
- the Key Function Holders of the Company and
- the Key Functions Committee.

The Board retains ultimate responsibility, oversight and control of the delegated responsibilities and authorities.

Board Committees:
Audit Committee
The Audit Committee assists the Board in fulfilling its oversight responsibilities as they relate to the integrity of the Company's financial statements (including its Luxembourg statutory returns), the Company's internal controls, compliance with legal, tax and regulatory requirements, the qualifications and independence of the external auditor, and the performance of both the Internal Audit function and the external auditor.

Finance and Risk Committee
The central task of the Finance and Risk Committee is to assist the Board in fulfilling its oversight responsibilities as they relate to the Company's risk tolerance and capital adequacy, ORSA, risk concentration, threats, etc. both from the Company's statutory and economic perspective. This includes a forward-looking perspective arising from the Company's business and capital plan and strategic transactions.

Other Delegations:

Management Committee

The Management Committee's primary responsibility is to manage the day-to-day business and operations of the Company. The Management Committee as a collegial body is fully accountable to the Board.

Material Transaction Sub-Committee

The Board has authorized the set-up of a sub-committee of the Management Committee. The purpose of the Material Transaction Sub-Committee is to exercise specific management responsibilities and authorities with respect to some material transactions to be entered into by the Company.

Solvency II Committee

The purpose of the Solvency II Committee is to assist the Board, the Management Committee and the General Manager of the Company with the Solvency II application. The Solvency II Committee is authorised to take Solvency II related decisions on operational matters and to submit proposals and recommendations on Solvency II strategic matters to the Board and the Management Committee.

General Manager

The General Manager is in charge of the day-to-day management of the Company and represents the Company at the CAA. In particular, the General Manager has authority to sign in respect of financial and treasury management, including opening and operations of bank accounts, hedging agreements and payments. He also has authority regarding employment matters and to act in the best interests of the Company's branches. The General Manager must be resident in Luxembourg and approved by the Luxembourg Minister of Finance.

General Manager Committee

The purpose of the General Manager Committee is to assist the General Manager in managing and supervising operational activities of the Company and its branches to the extent that such operational activities relate to the Company and to provide a cross-functional and cross-location coordination and communication platform for matters relating to the Company.

Branch Managers

For each branch, the Board has appointed one person as Branch Manager and legal representative of the Company in the jurisdiction of the branch, who is in charge of the day-to-day management of the branch and conducting business in the name of the Company in the jurisdiction of the branch.

Key functions

The Board is responsible for adopting appropriate measures to implement Group guidelines or policies relating to the functions defined as key or critical under the Solvency II framework, i.e. Risk Management, Compliance, Internal Audit and Actuarial (referred to as "key functions").

The roles of the key functions are as follows:

Risk Management

Please refer to the sub-section "B3: Risk management system" and paragraph "Implementation and integration of the Risk Management function" on page 14 for details of the Risk Management function.

Compliance

Please refer to the sub-section "B4: Internal control system" and the paragraph "Implementation of the Compliance function" on page 16 for details of the Compliance function.

Internal Audit

Please refer to the sub-section "B5: Internal audit function" and the paragraph "Internal Audit function implementation" on page 17 for details of the Internal Audit function.

Actuarial

Please refer to the sub-section "B6: Actuarial function" and the paragraph "Implementation of the Actuarial function" on page 17 for details of the Actuarial function.

Key Function Holders

The Board nominates individuals as designated representatives of the respective key functions of the Company (the "Key Function Holder") and monitors the key functions to ensure they are adequately staffed with professionals possessing the requisite professional qualifications, knowledge and experience. Key Function Holders operate under the oversight of and report directly to the Board and Board Committees of the Company.

Key Functions Committee

The central task of the Key Functions Committee is to assist the Board in fulfilling its oversight responsibilities as they relate to the Company's key functions and internal controls.

Reporting and access to information

The Board, the Board Committees and the Management Committee have full authority to investigate any matters within their respective duties. They are authorised to obtain independent professional advice, request external advisors to undertake specific tasks or to obtain any information from any director, officer or employee acting on behalf of the Company and to secure their attendance to the relevant meetings when necessary.

The key functions have operational independence in performing their reporting functions with the exception of Internal Audit, which has complete independence in performing its reporting function. Key Function Holders report directly to the Board, Board Committees, Management Committee or Key Functions Committee any issues that could have an impact on the Company.

Material changes in the system of governance

There were no significant changes to the system of governance in 2016. The Terms of Reference have been revised and updated in June and September 2016 to ensure full alignment with Solvency II, to reflect the establishment of the Key Functions Committee, to formalise the process around declaration of conflict of interest, and to clarify Board and Management Committee responsibilities with respect to various matters.

Remuneration policy and practices

The Company adopted the Swiss Re Group Compensation Policy which captures Swiss Re's compensation framework and governance. Furthermore the policy governs the compensation processes and provides key guidelines for the execution of individual compensation actions. The aim is to reward sustained performance as well as providing for closer alignment of the interests of shareholders and employees.

Swiss Re's compensation framework comprises core components such as base salary, pensions and benefits and short-and long-term incentives. These incentive programmes reflect the long-term nature of the business: both the Value Alignment Incentive (VAI) as the deferred part of the Annual Performance Incentive (API) and the Leadership Performance Plan (LPP) aim to reward sustained performance rather than short-term results.

Overview of the compensation components

Fixed compensation

Base salary

The base salary is the fixed compensation paid to employees for carrying out their role and is established based on the following factors:
- scope and responsibilities of the role, as well as qualifications required to perform the role;
- market value of the role in the location in which Swiss Re competes for talent; and
- skills and expertise of the individual in the role.

Variable compensation

Annual Performance Incentive

The API is a discretionary, variable component of compensation. Combined with the base salary, it provides competitive total cash compensation when both business and individual performance targets are achieved. When the variable annual compensation level for an employee exceeds a pre-defined amount, the variable pay is delivered in two components: an immediate cash incentive payment (cash API) and a deferred API (VAI).

Value Alignment Incentive (deferred Annual Performance Incentive)
The VAI is a mandatory deferral of a portion of the API and introduces a time component to this discretionary, variable compensation. This supports the Group's business model by aligning a portion of variable compensation with sustained long-term results.

Leadership Performance Plan
The purpose of the LPP is to provide an incentive for Swiss Re's senior management to create successful and sustainable company performance over the long-term. For Group Executive Committee members and other key executives, the duration of the LPP is five years comprising a three-year vesting and performance measurement period and an additional two-year holding requirement. For all other participants, the vesting and performance measurement period is three years with no additional holding requirement.

Participation plans
Incentive Share Plan
The Incentive Share Plan (ISP) provides employees with an opportunity to purchase with some or all of their immediate cash API Swiss Re Ltd shares. Shares are offered with a 10% discount on the Fair Market Value and are subject to a one-year blocking period. Full shareholder rights apply during this blocking period. The ISP encourages alignment with shareholder interests. At the end of one-year period, the employee assumes full ownership of the shares.

Global Share Participation Plan
The Global Share Participation Plan (GSPP) provides employees with an opportunity to directly participate in the long-term success of the Group by purchasing Swiss Re shares (up to a maximum of CHF 7 000 per year and capped at 10% of base salary). Swiss Re provides a 30% match on the number of shares held by employees at the end of the three-year plan cycle. The match is subject to forfeiture rules in case of termination of employment before the end of the plan cycle. The GSPP has the same core design in all locations.

Compensation framework for the Board
Compensation structure for non-executive directors
The non-executive members of the Board and Board Committees of the Company receive 100% of their fees in cash. The payments are made on a quarterly basis. The fees are determined in advance at the start of the financial year and are approved at the Swiss Re Group level. The formal decision is taken at the General Shareholders Meeting of the Company. Any compensation paid to non-executive directors who are also members of the Swiss Re Ltd Board of Directors (or Group Executive Committee, if any) is subject to approval by the Annual General Meeting of Swiss Re Ltd and may only be paid after due authorisation. The fee level for each member is reviewed annually and reflects their differing levels of responsibility and time commitment.

Compensation structure for executive directors
Executive directors receive no additional fees for their services as members of the Boards at the subsidiary level.

Performance criteria
Annual Performance Incentive
A Target API (TAPI) is set for each eligible employee based on multiple factors, but primarily on the role being performed and market benchmarks. The actual API payout is based on Swiss Re's financial results and other qualitative criteria as well as the achievement of individual objectives and the demonstration of desired behaviours.

Value Alignment Incentive (Deferred Annual Performance Incentive)
The payout factor of the VAI is calculated based on the three-year average EVM previous years´ business profit margin for all prior underwriting years. EVM is Swiss Re´s proprietary integrated economic valuation and accounting framework for planning, pricing, reserving and steering the business.

Leadership Performance Plan
At grant date, the LPP award amount is split into two equal underlying components:

Restricted Share Units
The performance condition for Restricted Share Units (RSUs) is RoE with a linear vesting line. Vesting is at 0% for a RoE at the risk free rate and at 100% for RoE at a pre-defined premium above the risk-free rate. The premium is set at the beginning of the plan period and for LPP 2016, this premium has been set at 900 basis points above the annual risk-free rate which is determined as the average of 12 monthly rates for 10-year US Treasury Bonds of the corresponding performance year. At the end of each year, the performance against the RoE condition is assessed and one third of the RSUs are locked in within a range from 0% to 100%. At the end of the three-year period, the total number of units locked in at each measurement period will vest (capped at 100%*).

Performance Share Units
The performance condition for Performance Share Units (PSUs) is relative total shareholder return (TSR) measured over three years. Swiss Re's TSR performance is assessed relative to the TSR of the pre-defined peer group. This peer group consists of companies that are similar in scale, have a global footprint or a similar business mix as Swiss Re.

Supplementary pension or early retirement schemes for key individuals
The Company does not have a policy of offering supplementary or enhanced early retirement to key individuals.

Material transactions
During 2016, there were no material transactions with shareholders, with persons who exercise a significant influence on the Company, or with members of the administrative, management and supervisory bodies.

B2: Fit and proper requirements

Policy framework for fit and proper requirements
The Company's compliance with fit and proper requirements is assured through a combination of policies and related procedures. In particular, the Board and Management follow special procedures related to appointments (nominations or changes), performance review and training. A set of tools and templates facilitates the implementation of these policies, which collectively ensure that those who effectively run the undertaking possess the requisite skills, knowledge and expertise for their roles.

Process for assessing fitness and propriety
Compliance with fit and proper requirements of the Board and Board Committees is reviewed at various stages, as shown in table below.

Stage	Activities
Initial assessment	The Company has adopted a specific policy and standards describing the appointment process and the skill/experience approvals required. The Company screens nominees up-front (e.g. CV, passport, criminal records, check, etc.) and uses the Swiss Re Group approval process and fitness and propriety assessment.
Induction	Newly appointed members receive an induction package covering a range of Group/Company topics such as Finance, Legal and Compliance, and Risk Management.
Training	Training sessions are integrated frequently into the agenda of regular Board meetings scheduled every 3 months.
Collective assessment	A formal performance review of the Board is conducted annually during a private session. Board members individually prepare the review with a self-assessment questionnaire and checklist which specifically refers to fit and proper requirements. Gaps and action items (e.g. training needs, suggested changes to board committees etc.) are documented for follow-up.
Ongoing and ad-hoc assessment	All individuals subject to fit and proper requirements have to complete an annual fit and proper declaration, which focuses on the validation of the propriety to cover the assigned position. Re-assessments are performed if (a) additional responsibilities are assigned to a concerned individual, (b) if a concerned individual becomes aware that he/she no longer meets the Company's fit and proper criteria, or (c) if the performance or the behaviour of a concerned individual raises serious doubts about this person meeting the fit and proper criteria.

* Maximum vesting percentage excludes share price fluctuation until vesting.

B3: Risk management system including the own risk and solvency assessment (ORSA)

Risk management system

The risk management system of the Company leverages the global framework that governs risk management practices throughout the Swiss Re Group. Risk policies, standards and guidelines established at Group and Business Unit level form a large part of the Company's risk management system; key documents are reviewed for appropriateness by the Management Committee and the Board of the Company and subsequently adopted. Additional risk governance for the Company is established as an addendum to the respective Group or Business Unit governance where needed to address the specific circumstances of the Company.

A key objective of the Risk Management function is to support controlled risk-taking and the efficient, risk-adjusted allocation of capital. The Company's risk management is based on four guiding principles:

- controlled risk-taking,
- open risk culture,
- clear accountability, and
- independent risk controlling.

Swiss Re fosters and maintains a strong and sustainable risk culture across the Group to promote risk awareness and support appropriate attitudes and behaviours towards risk taking and risk management. A key element of risk culture is risk transparency. The central goal of risk transparency is to create a culture of mutual trust, and reduce the likelihood of surprises in the source and potential magnitude of losses.

Risk transparency is ensured through regular reporting of both quantitative and qualitative risk information to the Company's Management Committee, Finance and Risk and Audit Committees as well as to the Board. These reports cover all aspects of the Company's risk landscape, including quantitative views of risk, solvency and liquidity, key risk issues with mitigating actions and recommendations. Dialogue between the Company's key functions using these reports and other identification processes support the Company in monitoring and managing the risks to which it is exposed.

For its risk identification process, the Company applies Swiss Re Group's framework for identifying, assessing, managing and controlling risks. In addition, the emerging risk process provides a platform for raising emerging risks and reporting early warning signals; this information is complemented with external expertise, and reported to internal stakeholders.

Implementation and integration of the Risk Management function

Under the Company's Terms of Reference, the Board assumes the oversight role for risk and capital steering supported by the Chief Finance Officer and the Chief Risk Officer. The Board has delegated certain responsibilities and authorities to the Audit Committee as well as to the Finance and Risk Committee.

The governance bodies for the Company are described in section " B1: General information on the system of governance" on page 9. The Company's Risk Management is supported by both Swiss Re's global Risk Management Units that provide specialised risk category expertise and accumulation control, risk modelling and reporting services, regulatory relations management and central risk governance framework development, as well as by the Business Unit Risk Management function, which provides specialised risk category expertise and accumulation control.

Internal model

The Company uses its internal model for the purposes of calculations of its SCR. The CAA approved the internal model and its associated governance framework for use in calculating the Compay's SCR under Solvency II on 17 December 2015. The Company's internal model governance framework sets out the requirements for model development standards, the governance around changes to the internal model, validation of the internal model and data quality standards.

The company's results from the internal model are reported periodically by the Chief Risk Officer, to the Management Committee and the Board as well as to the regulatory authorities according to the regulatory reporting requirements.

Process for accepting changes to the internal model

The Company has defined a controlled approval process for all model changes that leverages the process and definitions in the Group Risk Model Change Standards adopted by the Company. This includes a qualitative and quantitative assessment of its impact on the Company. The Board is required to approve any material changes to the model prior to implementation. Subsequently, major changes are submitted to the CAA for approval prior to use for external reporting purposes. Minor changes can be adopted by the Company's Chief Risk Officer.

Internal model validation tools and processes

The Company's internal model governance is based on Group-wide standards for model validation, model development, model change, and data quality that have been formally adopted by the Company. These standards are reviewed by the Chief Risk Officer of the Company prior to being endorsed and adopted by the Board. The goal of these policies is to:

- ensure that the model is adequate and appropriate for its intended purpose;
- establish clear principles, criteria and governance for determining the risks to be modelled in the internal model;
- establish clear governance requirements for the model change process; and
- establish governance on appropriate data quality criteria for the purpose of calculating the SCR and the risk margin.

Regular model validation is carried out by Swiss Re Group Risk Management on behalf of the Company to ensure the appropriateness of the model for the Company. A broad range of validation tools are applied, including profit and loss attribution, stress tests, scenario analyses, reverse stress tests, sensitivity and stability analysis.

The model was also validated by an external party for year-end 2016. PricewaterhouseCoopers has provided an unqualified positive assurance opinion on the SCR and the risk margin calculated with the internal model of the Company. The Group's Risk and Economic Value Management Framework Committee is responsible for overseeing and reviewing model validation.

The prudent person principle

In accordance with the Prudent Person Principle under Solvency II, the management of the Company's investments is governed by the general principle of the creation of economic value on the basis of returns relative to the liability benchmark and its replicating portfolio, the asset management policy adopted by the Company and a set of strategic asset allocation limits that are established by the Board.

ORSA process

The own risk and solvency assessment (ORSA) is an ongoing process, with critical risk control and reporting activities being carried out on a regular basis as outlined in Section B3 above. Within the annual business planning exercise it is used to assess the risks inherent in the plan and resilience of the Company solvency and balance sheet over a 3 year horizon. Anticipated significant changes in risk profiles are included in assessing the future solvency position. Scenarios are used to provide insights into the strength of the balance sheet and assess future potential solvency positions. Where exceptionally adverse scenarios are identified, mitigating actions and control measures are proposed which would require the Board's approval prior to action being taken.

The Chief Risk Officer maintains operational responsibility for carrying out the ORSA process and for delivering the ORSA reports to the Board for approval.

Review of ORSA

The ultimate responsibility for the ORSA rests with the Board, who reviews and approves the results of the ORSA process at least annually.

Solvency assessment

Based on the planned risk profile, the internal model is used to determine capital requirements. The Company sets aside capital to cover its quantifiable risks in accordance with its capitalisation policy (see section E1 for more information). The risk-based capitalisation position of the Company is monitored on a frequent basis by the Company's Chief Risk Officer and Chief Financial Officer against target capital with a number of options if risk and capital develop out of pre-defined control ranges. The ORSA process uses scenarios to stress the plan and assess the resilience of the solvency through the plan period including identifying relevant actions that may be considered to mitigate the potential downsides.

B4: Internal control system

Internal control system

Coordinated assurance framework

Swiss Re's coordinated assurance framework is used by the Company to identify the principal operational risks to the organisation and the relevant key controls to manage them, as well as to demonstrate that a sufficient level of assurance is gained from the effectiveness of those controls.

The framework comprises three lines of defence:

First line of defence

The first line of defence refers to those who carry out risk management at or close to the source of the risk and comprises of the risk owners and risk takers in the Company.

Second line of defence
The second line of defence refers to a layer of independent risk controlling and oversight. This is principally provided by Risk Management, although oversight and control tasks are also performed in Compliance, Group Underwriting, Finance, Legal and Operations.

Third line of defence
The third line of defence comprises the independent review of processes and procedures by the Group Internal Audit.

Assurance function interactions
While all functions retain their specific mandates and areas of expertise, by working together and relying where possible on each other's work, a holistic approach is assured under the coordinated assurance framework. Information, planning and execution of assurance work are coordinated and results are shared, reducing overlap between assurance units, increasing mutual reliance and providing an increased focus on pre-emptive assurance. The integrated approach is deployed within the following activities:
- risk scoping and assurance planning;
- coordination between assurance functions in business interactions;
- issue and action management interactions;
- monitoring across assurance functions; and
- reporting.

Implementation of the Compliance function
The Compliance Charter of the Company sets out the objective and purpose of the Company's Compliance function, as well as the overall roles and responsibilities for compliance with all applicable legal and regulatory requirements, the highest professional and ethical standards and its stated corporate values.

To ensure that the compliance objectives are met consistently within the expectations of regulatory authorities, shareholders, clients and other stakeholders, the Board supports best compliance practices and an appropriately resourced Compliance function.

The Compliance function is responsible for:
- providing primary assurance oversight and assisting Management in the design of remedial actions and oversees their implementation;
- overseeing compliance-related policies, guidelines and the Code of Conduct, and ensuring that these are regularly reviewed and up to date; and
- overseeing, as well as providing, appropriate compliance training to the Company's directors, officers and employees covering the Code of Conduct and certain related legal and regulatory compliance obligations.

The Compliance function is authorised to review all areas and to have full, unrestricted access to all activities, records, property, and personnel, including, without limitation, access to employee e-mail records, subject in all cases to applicable law. In addition, the Compliance function is operationally independent with regular interaction with the independent non-executive director, who chairs the Audit Committee of the Company.

B5: Internal Audit function

Internal Audit function implementation
Group Internal Audit ("GIA") assists the Board to protect the assets, reputation and sustainability of the Company. GIA performs audit activities designed to assess the adequacy and effectiveness of the Company's internal control systems, and to add value through improving the Company's operations.

GIA provides written audit reports, identifying issues and management actions to the Audit Committee, senior management and external auditor on a regular basis. GIA monitors and verifies that management's actions have been effectively implemented. Significant issues, and issues that have not been effectively corrected, are highlighted to the Audit Committee.

Independence of the Internal Audit function
GIA performs its internal audit activities with independence and objectivity. Activities are coordinated with the other assurance functions. GIA has no direct operational responsibility or authority over any of the activities it reviews. Authority is granted for full, free and unrestricted access to any and all of the Company's property and personnel relevant to any function under review. All employees are required to assist GIA in fulfilling their duty.

GIA staff govern themselves by adherence to The Institute of Internal Auditors' "Code of Ethics". The Institute of Internal Auditors' "International Standards for the Professional Practice of Internal Auditing" constitute the operating guidance for the department.

In addition, GIA adheres to the Group's guidelines and procedures, and GIA's organisation and processes, manuals and guidelines.

B6: Actuarial function

Implementation of the Actuarial function

The tasks of the Actuarial function under the Solvency II framework are allocated across various functions of the Company:
- technical provisions calculations are performed by qualified actuaries within the Company ;
- opinions on the underwriting policy and reinsurance adequacy are performed within Risk Management; and
- input and feedback into the risk modelling framework is provided by the Risk Management team.

B7: Outsourcing

Outsourcing policy

The Company has adopted Swiss Re's comprehensive global outsourcing policy and has further specified the oversight framework which is approved by the Board in a separate addendum to Swiss Re's outsourcing policy.

The policy covers two types of outsourcing arrangements:
- external outsourcing, where the mandate is given to an external service provider; and
- intra-group outsourcing between Swiss Re entities.

The Company's outsourcing policy describes an approval process for critical or important outsourcing arrangements based on a pre-defined due diligence selection process and requires a set of standard terms to be included in the outsourcing agreement. Requirements for post-approval control and monitoring, documentation and reporting are described.

The Board approves the appointment of Outsourcing Managers for critical or important functions as well as the outsourcing of critical or important outsourcing arrangements on recommendation of the Management Committee.

The critical or important services related to risk management, actuarial function, compliance and internal audit are provided to the Company by other entities in the Swiss Re Group (all located in Europe) under intra-group outsourcing arrangements.

B8: Any other information

Assessment of adequacy of the system of governance

The Board carries out an annual evaluation of its system of governance against relevant best practice standards. During the reviews performed in 2016, the Board concluded that the system of governance is adequate to the nature, scale and complexity of the risks inherent in its business.

Other material information

There is no other material information to report for 2016.

Section C: Risk profile

Overview of risk exposure

The Company is exposed to a broad landscape of risks. These include core risks that are taken as part of insurance or asset management operations and are quantified in the Company's internal model (please refer to Section B3 on page 14). As required under Solvency II, the model also quantifies operational risk. In addition to these modelled risks, the Company is exposed to further risks that arise from undertaking business, including liquidity, strategic, regulatory, political and reputational risk. The following sections (C1 to C6) provide quantitative and qualitative information on these specific risk categories.

<table>
<tr><th colspan="2">Modelled risks</th><th colspan="2">Other risks</th></tr>
<tr><td>Underwriting: Property and casualty, life and health and credit</td><td rowspan="3">Operational risk</td><td rowspan="3">Liquidity risk</td><td>Strategic risk
Regulatory risk</td></tr>
<tr><td>Financial market risk</td><td>Political risk</td></tr>
<tr><td>Credit risk excl. credit underwriting</td><td>Reputational risk</td></tr>
<tr><td colspan="4">Emerging risks</td></tr>
</table>

Measures used to assess risks and material changes

The Company uses an integrated internal model based on Swiss Re's Group Risk Model to assess all modelled risk categories. Separate risk modules are used to model the individual risk factors. Risks not covered by the SCR (liquidity risks, strategic risks, regulatory, political risks and others) are regularly considered and assessed on a qualitative basis with various monitoring and reviews in place.

In line with the definition of Solvency II, the SCR of the Company measures the capital requirement at a 99.5% value at risk, which measures the annual loss with a recurring period of one in two hundred years.

Quantification of modelled risks by risk category

The table below sets out the quantification as at 31 December 2016 for the Company's modelled risk categories over the next twelve months. This represents the loss for each risk category that is likely to be exceeded only once in 200 years. Due to diversification, the total risk of the Company is lower than the sum of the individual categories.

EUR thousand	2016
Property and casualty risk	2 351 084
Life and health risk	1 161 201
Financial market risk	689 709
Credit risk	164 262
Operational risk	145 341
Diversification	– 1 835 549
Other impacts*	–1 563 839
Pre-tax Solvency Capital Requirement	**1 112 211**
Deferred tax impact	–140 307
SCR	**971 904**

Risk categories are gross of outgoing intra group transactions (IGT) and net of external risk transfer (ERT)
** Other impacts: mainly driven by outgoing IGT*

Risk concentration

The most significant risk concentration for the Company derives from intra-group retrocession with Swiss Reinsurance Company Ltd. Swiss Reinsurance Company Ltd is well capitalised under the Swiss Solvency Test, which is broadly similar to Solvency II. For the details of solvency position of Swiss Reinsurance Company Ltd please refer to the Swiss Re group website: http://www.swissre.com/investors/ratings/

The underwriting risk of the Company is dominated by natural catastrophe risks (in particular European windstorm, Canadian Windstorm and Earthquake Pacific North West) and lethal pandemic risk.

More details are discussed in the specific sub-sections below.

C1: Underwriting risk

Risk exposure

Underwriting risk comprises exposures taken on by the Company when it writes property and casualty, life and health and credit insurance business.

Property and casualty risk

Property and casualty risk arises from coverage that the Company provides for property, liability, motor and accident risks, as well as for specialty risks such as engineering, aviation and marine. The Company is also exposed to the inherent risks from the property and casualty business it underwrites, such as inflation or uncertainty in pricing and reserving. The property and casualty risks of the Company mainly comprise non-life claims inflation and costing & reserving risk as well as natural catastrophe risk related to European Windstorm, Canadian windstorm and Earthquake Pacific North West.

Life and health risk

Life and health risk arises from the business the Company takes on when providing mortality (death), longevity (annuity), and morbidity (illness and disability) coverage. In addition to potential shock events, such as a severe pandemic, the Company monitors and manages underlying risks inherent in life and health contracts (such as pricing and reserving risks) that arise when mortality, morbidity, or lapse experience deviates from expectations. The investment risk that is part of some life and health business is modelled, monitored and managed as financial market risk. Life and health risk of the Company is mainly driven by lethal pandemic risk and mortality trend risk.

Credit underwriting risk

Credit underwriting risk arises from liabilities taken on by the Company in the course of its credit and surety underwriting. The exposure from this line of business is small in comparison to property and casualty and life and health exposures. Due to the nature of the risk, credit underwriting risk is quantified in the credit model.

Risk mitigation

The Company's underwriting risk is largely mitigated by a combination of proportional and non-proportional internal retrocession as well as a small amount of external retrocession.

Sensitivity analysis and stress testing

The following two underwriting risk scenarios have been explored as part of the 2016 ORSA:

P&C market scenario

The scenario considers the potential impact of changes in the P&C market conditions compared to the business plan.

Canadian mortality scenario

This scenario considers the potential impact of a change in the mortality trend across all mortality business.

The Company continues to meet all Solvency II requirements under both scenarios.

Special purpose vehicles

The Company currently does not use special purpose vehicles.

C2: Financial market risk

Risk exposure
The value of the Company's assets or liabilities may be affected by movements in financial market prices or rates, such as equity prices, interest rates, credit spreads, foreign exchange rates or real estate prices. The Company is exposed to such financial market risk from two main sources: through its investment activities as well as through the sensitivity of the economic value of liabilities to financial market fluctuations. Three forms of financial market risk are currently material for the Company: credit spread risk, equity risk and real estate risk.

List of assets
The Company invests in government, corporate and agency bonds, cash and cash equivalents, listed investments, securitised assets, infrastructure loans, and alternative investments (including real estate) and private equities. These investments have been made in accordance with the prudent person principle as outlined in the paragraph "The prudent person principle" on page 15.

Risk mitigation
The Company uses a prudent and effective asset and liability matching process to mitigate financial market risks. Regular reporting monitors the effectiveness of the asset liability matching process that is in place. The limits or ranges on asset classes are approved on an annual basis to take into account business planning and the strategic asset allocation plan; usage against approved limits is monitored regularly.

Sensitivity analysis and stress testing
A number of financial market scenarios are considered to assess the resilience of the capitalisation of the Company. Two financial market risk scenarios have been explored as part of the 2016 ORSA:
- A low economic growth scenario with low interest rates;
- A severe financial market downturn scenario

The Company continues to meet all Solvency II requirements under both scenarios.

Group-wide stress testing framework
Apart from the scenarios considered above, the Company's financial market exposures are also subject to the group-wide stress testing framework. The aggregated stress is monitored against an approved stress limit on a daily basis.

C3: Credit risk

Risk exposure
Credit risk primarily reflects the risk of incurring a financial loss from the default of counterparties or of third parties. In addition, it takes account of the increase in risk represented by any deterioration in credit ratings. This risk arises directly from investment activities as well as from counterparty risk related to external credit risk and to intra-group counterparties which is reflected in default-related effects. The Company's credit risk mainly stems from investments into corporate bonds.

Risk mitigation
Risk Management regularly monitors corporate counterparty credit quality and exposures and compiles watch lists of cases that merit close attention. Risk Management monitors and reports credit exposure and limits on a regular basis in order to maintain exposure within approved limits. A governance framework is in place and appropriate actions will be taken when limits are near to being breached.

Sensitivity analysis and stress testing
No specific scenario is considered for credit risk.

C4: Liquidity risk

Risk exposure
Liquidity risk reflects the exposure of the Company to the risk from the need to cover potential extreme losses in stressed conditions. The risk depends on the liquidity of the investments of the Company as well as liquidity requirements driven by large losses. The Company's exposure is driven by potential extreme losses as well as the amount of its investments into liquid assets.

Risk mitigation
The Company controls liquidity risk to ensure that it can satisfy claims payments, debt maturities, expenses, and collateral requirements, as well as recapitalise subsidiaries where necessary. To manage liquidity risk, the Company has a framework in place including regular reporting of key stress liquidity ratios to the Board.

Sensitivity analysis and stress testing
The Company assesses liquidity risk against extreme losses. These stress tests consider three time horizons for the relevant liquidity pool. The most recent analysis shows that the Company's liquidity position is sufficient to meet the liquidity requirements resulting from such a large loss event.

Amount of expected profit in future premiums
The total amount of expected profit in future premiums for the Company as at 31 December 2016 is EUR 1 568 million.

C5: Operational risk

Risk exposure
Operational risk represents the risk of a change in value caused by the fact that actual losses, incurred for inadequate or failed internal processes, people and systems, or from external events (including legal risk), differ from the expected losses.

Material risk developments over the reporting period
Operational risk has remained relatively stable over the reporting period. The number and severity of operational events within the existing period are within acceptable levels. No emerging themes are noticeable with the majority of events relating to processing, human and internal communication errors without any major financial or reputational impact to the Company.

Risk mitigation
The Company's coordinated assurance framework outlined in paragraph B4 on page 16 is used to manage and mitigate operational risk.

Sensitivity analysis and stress testing
The Company relies on a regular exercise undertaken by Group Operational Risk Management to re-evaluate its exposure to operational risk. The team conducts workshops where business experts (first line risk takers) and second line of defence risk managers exchange views and outlooks of the potential for one in two hundred year operational events and the expected financial impact if these risks should materialize under various scenarios. The outcome of these discussions enables the recalibration of the Swiss Re Group Risk Model's operational risk module and a calculation of Group Operational Risk Capital. A portion of this is assigned to the Company on a pro rata basis.

C6: Other material risks

No other material risks have been identified, but there is a process by which the Company tracks the development of emerging risks.

C7: Any other information

Other material Information
All material information has been disclosed above.

Section D: Valuation for solvency purposes

D1: Assets

Methods applied for valuation of material assets

Material assets on a Solvency II valuation basis as at 31 December 2016 were as follows: (Based on QRT Balance Sheet S.02.01.02)

EUR thousand	Solvency II	Company statutory	Difference
Investments (other than assets held for index-linked and unit-linked funds)	7 124 894	6 662 753	462 141
Reinsurance recoverables	6 041 023	9 846 651	–3 805 628
Deposits to cedents	1 284 484	1 522 200	–237 717
Total of all other assets not listed above	2 057 626	3 965 764	–1 908 138
Total assets	**16 508 026**	**21 997 369**	**–5 489 343**

The following valuation bases were used to value material assets for Solvency II purposes:

Material assets	Quoted market price valuation	Adjusted equity valuation	Alternative valuation
Investments (other than assets held for index-linked and unit-linked funds)			
All other investments, excluding the investments listed below	X		
Participations (subsidiaries and associates)		X	
Private equity funds		X	
Property other than for own use			X
Reinsurance recoverables			X
Deposits to cedents			X

Investments (other than assets held for index-linked and unit-linked funds)

Solvency II

Quoted market price valuation:

- Investments (excluding the investments listed below) are valued at fair value, determined as far as possible by reference to observable market prices.

Adjusted equity valuation:

- Participations: Valuation of participations (subsidiaries & associates) is estimated based on readily available accounting information.
- Private equity funds: The valuation is based on net asset value.

Alternative valuation:

- Property other than for own use has been valued by external appraiser using discounted cash flow method.

Company statutory

Amortised cost:

- Debt securities and other fixed income transferable securities are valued at amortised cost (included as bonds or collateralised securities under Solvency II).
- Loans to affiliated undertakings are valued at their amortised cost.

Nominal value:

- Deposits with credit institutions are valued at nominal value.

Lower of acquisition cost or market value:

- Shares and other variable yield transferable securities and units in unit trusts are valued at the lower of acquisition cost or market value except for positions held to hedge liabilities in respect of certain co-reinsurance treaties of unit-linked insurance portfolios, which are carried at fair value (included as equity or investment funds under Solvency II).
- Private equity funds are valued at the lower of acquisition cost or market value (included as investments funds or participations under Solvency II).
- Shares in affiliated undertakings and participating interests, including investments in unit trusts solely used as investment vehicles by Swiss Re Group entities, are valued at the lower of acquisition cost or market value. Acquisition cost includes expenses related to the purchase.

Depreciated acquisition cost:
Land and buildings are valued at historical acquisition or construction cost. Buildings are depreciated over their useful economic lives. The acquisition cost includes expenses related to the purchase.

The difference between Solvency II and Company statutory are mainly due to unrealised gains/losses in unit trusts, which is taken into account under Solvency II but not accounted for Company statutory purposes. In additional, the accrued interest on investments is classified as receivables under Company statutory but as investments under Solvency II.

Reinsurance recoverables
Solvency II
The share of technical provisions for retroceded business is determined with reference to the contractual agreement and the underlying gross Solvency II best estimate liability per treaty. Furthermore, the reinsurance recoverables include the allowance for the counterparty credit risk.

Company statutory
The share of technical provisions for retroceded business is determined with reference to the contractual agreement and the underlying gross business data per treaty.

For L&H, the difference between Solvency II and Company statutory are attributable to the margins included within the statutory reserving basis. For P&C, the difference is attributable to the discounting approach under Solvency II where the future cash flows are discounted using the Solvency II discount rates.

Refer to the section D2. Technical provisions for further details on reinsurance recoverables.

Deposits to cedents

Deposits with ceding undertakings are valued at face value both under Solvency II and the Company statutory.

The difference between Solvency II and Company statutory is mainly due to funds withheld deals. Under the local statutory accounts, funds withheld balances are regarded as cash deposits whereas on the Solvency II balance sheet they appear under either claims provisions or premium provisions.

Other assets not listed above:
The difference between Solvency II and the Company Statutory amounts of other assets not listed above is mainly driven by deferred acquisition costs, only recognized in the Company statutory, and debtors arising out of reinsurance operations. A part of the latter item contains future cash flows recognized under Solvency II as a part of technical provisions.

Assumptions and judgements applied for valuation of material assets
Investments are valued at market value, which is determined to the extent possible by reference to observable market prices. Where observable market prices are not available, the Company follows the fair value measurement methodology. There are no major sources of estimation uncertainty when using judgments to determine valuations. Since Solvency II follows fair value methodology, the securities are not carried at more than recoverable amounts.

Drivers of difference between Solvency II and Company statutory accounts
The difference between Solvency II balance sheet and the Company statutory balance sheet are explained by the different valuation methodologies used as described in the paragraph "Methods applied for valuation of material assets" above.

Property (held for own use)
The IFRS revaluation model is used as a good representation of the economic value. In determining the economic value, the valuation is supported by market evidence.

Inventories
The Company does not hold any inventories as at 31 December 2016.

Intangible assets
The Company does not show any intangible assets on the Solvency II balance sheet as at 31 December 2016.

Financial assets
Methods and assumptions applied in determining the economic value
Quoted prices in active markets for identical assets are used to determine the economic value for the majority of securities. Where quoted prices are not available, alternative methods are used. Most financial asset prices are sourced from Blackrock

Solutions. The Company holds the list of vendors used by Blackrock Solutions to confirm pricing. In addition, all prices are reviewed by Swiss Re's independent pricing verification team to ensure agreement. When Blackrock Solutions prices are not available, a market price from an alternative source is selected. These are pre-agreed vendors, brokers, dealers or calculations depending on the type of the financial assets.

As at 31 December 2016, the value of assets in scope of the QRT List of assets S.06.02 valued at quoted market prices in active markets, for the identical assets, was EUR 2 785 million. The value of assets valued at quoted market prices in active markets, for similar assets, was EUR 3 538 million. The value of assets using adjusted equity method is EUR 2 535 million and the value of assets using the alternative valuation method was EUR 766 million.

Use of non-observable market data

The Company follows the valuation methodology as per the Article 10 of the Commission Delegated Regulation (EU) 2015/35 which states that "the use of quoted market prices in active markets for the same assets or liabilities, or, where that is not possible, for similar assets and liabilities, shall be the default valuation approach." This approach ensures that the values are not significantly higher or lower.

Significant changes to the valuation models used

There were no significant changes to the valuation models during the year.

Lease assets

The Company does not have any material financial and operating leasing arrangements.

Deferred tax assets

Recognition of deferred tax assets

Deferred income tax assets of EUR 653 million have been recognised for all deductible temporary differences and for the carry forward on unused tax losses and unused tax credits, to the extent that the realisation of the related tax benefit through expected future taxable profits is probable.

Deferred tax asset recognition on tax losses is determined by reference to the tax laws enabling such recognition on the same enacted or substantively enacted basis.

Amount for which no deferred tax asset is recognised

No amount of deferred tax asset is recognised in the Solvency II balance sheet for deductible temporary differences, unused tax losses and unused tax credits because of tax loss carry forward restrictions, other than EUR 1 038 million of Luxembourg tax losses, due to the uncertainty of future profit projections.

The expiry date, if any, for tax losses and tax credits, is dependent on the local tax law and hence varies depending on the relevant branch jurisdiction.

Temporary differences and unused tax losses are assumed to relate to the individual branch, and consistent with tax rules, there is no offsetting of deferred tax assets in one branch against deferred tax liabilities in a different branch.

Swiss Re UK Life & Health and Swiss Re UK Property & Casualty are considered as separate entities for Deferred Taxes computation in this regard.

Projected future taxable profits

Deferred tax assets to be recovered after more than 12 months are EUR 653 million.
Deferred tax assets to be recovered within 12 months are zero.

The utilisation of deferred tax assets depends on projected future taxable profits, including those arising from the reversal of existing taxable temporary differences.

Actual tax losses suffered by the Company

Actual tax losses suffered by the branches of the Company in either the existing or preceding periods, in the tax jurisdiction to which the deferred tax assets are considered as a deferred tax asset, are taken into account to the extent that future tax benefits utilising these tax losses are probable. Local tax losses carry forward restrictions are considered. In certain jurisdictions it may be possible to either utilise tax losses against prior year profits or against profits arising in sister subsidiaries or branches in those same jurisdictions. For balance sheet figures, the actual utilisation of tax losses in this manner is taken into account. For the purposes of computing the loss absorbing capacity of deferred taxes, such tax utilisation is assumed not to happen. As at 31 December 2016, the Danish branch reported a tax loss amounting to EUR 367 thousand.

Tax rate changes during the year and their effects on deferred tax assets
The tax rate changes during the year do not have an effect on deferred tax assets.

For the details of deferred tax liabilities please refer to the paragraph "Deferred tax liabilities" on page 29.

Valuation of related undertakings
Participations are valued using the adjusted equity method.

The adjusted equity method is used to value those participations where there are no observable market prices or where there is no alternative valuation method applied given that the nature and size of those participations do not justify the application of alternative valuation methods.

D2: Technical provisions

Life business

Material technical provisions by Solvency II classes of business
The following table shows the value of life technical provisions, based on QRT S.12.01, by material class of business as at 31 December 2016:

EUR thousand	Gross best estimate	Net best estimate	Risk margin	Total net technical provision
Life	–388 358	–273 213	151 318	**–121 894**
Health	1 017 594	262 144	31 766	**293 911**
Total	**629 236**	**–11 068**	**183 085**	**172 016**

Overview of methodology and assumptions
Best estimate
Cash flow projections have been carried out on each separate risk within the contract, which entails calculating the present value of projected premiums, claims, commission (initial, initial claw-back and renewal), profit commission, management expenses, surrender values and maturities over the lifetime of each policy using best estimate assumptions. The cash flows are discounted using the official EIOPA risk discount rates. No allowance is made for the matching adjustment or volatility adjustment.

Provisions for options and guarantees
Additionally, wherever the Company's liabilities include provision to cover options or guarantees, then additional liabilities have been established where considered necessary.

Portfolio reinsurances
The Company has a number of portfolio level financing arrangements. The Company is exposed to the risk that the cedents' future profits or surpluses in the defined portfolios supporting these arrangements will be lower than expected. In such cases, the Company has considered a valuation of those profits or surpluses based on information provided by the cedent, as well as other applicable information, and established appropriate liability wherever necessary.

Additional information on methodology and assumptions
Simplifications used in calculation of best estimate or risk margin
There are no relevant simplifications.

Risk margin
The risk margin is calculated under a transfer value approach, assuming that the insurance or reinsurance obligations are transferred to a so-called reference undertaking, which is assumed to be empty prior to the transfer and then funded with assets to cover the technical provisions. Since the calculation is based on the cost of holding required capital, assumptions around the risk margin rely on the calculation of the SCR and are explained and justified in the internal model documentation.

Solvency II additionally requires the allocation of the risk margin to the lines of business or segments as defined by the Solvency II regulation. The allocation is required to adequately reflect the contribution of the lines of business to the SCR of the reference undertaking over the lifetime of the insurance or reinsurance obligations. In the internal model, the allocation is implemented by sub-dividing the future SCR to non-life and life and model currencies proportionately to the contribution to the Company's SCR.

Uncertainty associated with the technical provisions
Estimating technical provisions involves predicting future cash flow payments (income and outflow) based on historical and existing information and knowledge, as well as judgement about future conditions. However, changes to economic (national or

regional) performance, medical advances (different from expected), policyholder attitudes regarding insurance policies, the social or regulatory environment or the Company's operation and its book of business, make the incidence of claims more or less likely and therefore future cash flows may be higher or lower.

Material differences between Solvency II and statutory technical provisions

Material differences by line of business between Solvency II and statutory net life technical provisions as at 31 December 2016 were as follows:

EUR thousand	Solvency II	Company statutory	Difference
Life	–121 894	1 169 673	–1 291 567
Health	293 911	638 273	–344 362
Total	**172 016**	**1 807 946**	**–1 635 929**

The actuarial methods and assumptions used for the valuation of the technical provisions for Solvency II purposes are identical to those used for the preparation of the Company's statutory accounts. Nevertheless, there are significant differences between the two accounting standards. The difference of EUR -1 636 million comprises:

- statutory margins of EUR -1 450 million (EUR -1 150 million for life and EUR -300 million for health) included in the statutory reserves. Statutory reserving includes prudent margins whereas Solvency II technical provisions is the best estimate (excluding risk margin); and
- remaining differences relate mainly to client balances and risk margin which are within Solvency II technical provisions and not in Statutory reserves.

Recoverables due from reinsurance contracts

Net technical provisions takes account of the reinsurance recoverables based on the underlying contracts. The reinsurance ceded is predominantly proportional reinsurance. Therefore, the determination of the reinsurance recoverable is a pure calculative process and does not require estimations, actuarial methods, assumptions, or other judgemental element. In the valuation of ceded reinsurance, the counterparty risk is considered.

Matching adjustment

Not applicable to the Company.

Transitional provisions

Not applicable to the Company.

Volatility adjustment

Not applicable to the Company.

Transitional deduction

Not applicable to the Company.

Non-life business

Material technical provisions by Solvency II classes of business

The following table shows the value of non-life technical provisions, based on QRT S.17.01, by material class of business as at 31 December 2016:

EUR thousand	Gross best estimate	Net best estimate	Risk margin	Total net technical provision
Motor vehicle liability proportional reinsurance	958 499	378 636	16 928	395 564
Fire and other damage to property proportional reinsurance	560 994	191 251	11 750	203 001
General liability proportional reinsurance	757 000	283 706	14 141	297 847
Casualty non-proportional reinsurance	4 569 677	1 757 998	181 111	1 939 109
Property non-proportional reinsurance	878 716	293 445	5 356	298 800
Total of other not included in above	895 555	314 689	12 082	326 771
Total	**8 620 442**	**3 219 724**	**241 368**	**3 461 092**

Overview of methodology and assumptions

Best estimate

The estimation of the best estimate technical provisions is based on two steps:

- for all contract years, the nominal values of future payments related to premium, claims and commissions (including other contractual costs) are being estimated; and

- for all those nominal values, the timing of such future payments is being estimated.

Combining the payment patterns and nominal values provides the expected future cash flow streams. Applicable discount rates can be applied to these future cash flow streams for Solvency II reporting. Those estimates are being elaborated by a dedicated team of reserving actuaries as follows:
- for most contracts, they use classical actuarial methods for analysing triangular information concerning the development of past premiums, claims and commissions. For such analysis, the contracts are grouped into segments (large or structured contracts may be analysed on a standalone basis); and
- for new contracts, those estimates cannot be derived with the mentioned actuarial techniques. The values of new contracts are generally based on values estimated during the process of determining the price of each contract. Over time, as new experience emerges, those initial estimates are being revisited with the classical actuarial techniques.

The estimates are reviewed and approved by a reserving committee.

Main assumptions
Estimating technical provisions is not a purely calculative process. Sometimes assumptions must be made in respect of some parameters in the calculations. If the historical development observed in data captured in a triangle does not cover the full possible development, the length and amount of future development beyond the last observed point (the tail) must be quantified based on assumptions. Another area where important assumptions are needed in reserving is the judgement on whether the future will proceed as in the recent past or whether a different future development should be expected compared to the (recent) past observed in historical data.

Risk margin
Please refer to the paragraph "Additional information on methodology and assumptions" on page 26 within the sub-section D2 on Life technical provisions for the calculation of the risk margin.

Uncertainty associated with the technical provisions
Estimating technical provisions involves predicting future loss payments based on historical and existing information and knowledge, as well as judgment about future conditions. However, changes to historical patterns and trends, changes due to, among other factors, an evolving legal or social environment, claimants' attitudes regarding insurance claims, changes in the national or regional economic performance, or changes in company operations and its book of business, make the incidence of claims more or less likely and claims' settlement values lower or higher.

The technical provisions contain no provision for the extraordinary future emergence of new classes or types of losses not sufficiently represented in the Company's historical database or that are not yet quantifiable. Contrary to the balance sheet used for Luxembourg statutory, the technical provisions used for Solvency II purposes contain best estimates of future losses not yet incurred at the date of valuation. Such losses can result, e.g. from large natural catastrophes. Actual future losses and loss adjustment expenses will not develop exactly as projected and may, in fact, vary significantly from the projections.

Material differences between Solvency II and statutory technical provisions
Material differences by line of business between Solvency II and statutory net non-life technical provisions as at 31 December 2016 were as follows:

EUR thousand	Solvency II	Company statutory	Difference
Motor vehicle liability proportional reinsurance	395 564	698 284	–302 719
Fire and other damage to property proportional reinsurance	203 001	365 251	–162 250
General liability proportional reinsurance	297 847	336 736	–38 889
Casualty non-proportional reinsurance	1 939 109	2 011 864	–72 755
Property non-proportional reinsurance	298 800	373 878	–75 077
Total of other not included in above	326 771	456 786	–130 016
Total	**3 461 092**	**4 242 798**	**–781 706**

The actuarial methods and assumptions used for the valuation of the technical provisions for Solvency II purposes are identical to those used for the preparation of the Company's statutory accounts. Nevertheless, there are significant differences between the two accounting standards applicable to all lines of business:
- in the Company statutory figures, future cash flows are not being discounted, there is no concept of risk margin and the counter-party risk is not included in the valuation;
- for Solvency II purposes, an estimate of the cash flows ultimately received for the contracts in scope is recognised. For Company statutory, the contracts in scope are the same, but on assumed proportional reinsurance treaties, only the portion of the cash flows written by the cedent during the reporting period is being recognised; and
- in the Company statutory figures, there is no provision for future losses, whereas the Solvency II tehcnical provisions contain

best estimate of future losses not yet incurred at the date valuation.

Recoverables due from reinsurance contracts
Net technical provisions takes account of the reinsurance recoverables based on the underlying contracts. The reinsurance ceded is predominantly proportional reinsurance. Therefore, the determination of the reinsurance recoverable is a pure calculative process and does not require estimations, actuarial methods, assumptions, or other judgemental element. In the valuation of ceded reinsurance, the counterparty risk is considered.

Transitional measures
Not applicable to the Company.

D3: Other liabilities

Other material liabilities
Material other liabilities by Solvency II valuation basis, as at 31 December 2016 were as follows: (Based on QRT Balance Sheet S.02.01.b).

EUR thousand	Solvency II	Company statutory	Difference
Deposits from reinsurers	1 331 966	1 367 063	–35 097
Deferred tax liabilities	1 023 848	–	1 023 848
Payables (trade, not insurance)	308 754	306 111	2 643
Total of all other liabilities not listed above	490 134	2 680 000	–2 189 865
Total other liabilities	**3 154 702**	**4 353 173**	**–1 198 471**

The following valuation bases were used to value material liabilities for Solvency II purposes:

Discounted cash flow	Others
Deposits from reinsurers	Payables (trade, not insurance)
	Deferred tax liabilities

Deposits from reinsurers
Deposits received from reinsurers contain cash deposits withheld from retrocessionaires and are stated mostly at face value under both Solvency II and the Company statutory valuation.

Deferred tax liabilities
Solvency II
Deferred tax assets and liabilities are considered based on temporary differences between the Solvency II balance sheet and the local statutory balance sheet. The analysis is performed on the basis of the local branches of the Company and the corresponding jurisdictional tax regulations are taken into account. Deferred tax assets are calculated on all balance sheet differences which are recognised as being temporary and which will have a tax reversal impact in the foreseeable future. The valuation of the deferred tax assets can be supported by projections of the future taxable profits. The projections are based on prior year experiences considering expectations about future business. The Company is presumed not to enter into runoff after a shock loss, and credit is only given for deferred tax assets utilised within a 3 year timeframe. Adjustments are made for local restrictions on tax loss.

Company statutory
Deferred income tax assets and liabilities are calculated based on the difference between financial statement carrying amounts and the corresponding income tax bases of assets and liabilities using enacted income tax rates and laws, which are not recognised in the Company's annual accounts under Luxembourg Generally Accepted Accounting Principles. The amount of deferred tax liabilities are disclosed as part of the notes to the accounts.

Payables (trade, not insurance)
Solvency II & Company statutory
Payables (trade, not insurance) for Solvency II purposes consist mainly of payables with Group companies (included in other creditors, including tax and social security under the Company statutory) and tax provisions (included under provisions for taxation under the Company statutory). The difference between Solvency II and the Company statutory is immaterial. All payables are classified as payables in less than 5 years.

Other liabilities not listed above

Other liabilities under the Company Statutory consist mainly of the statutory specific items, such as deferred acquisition costs and provision for currency risks, and of creditors arising out of reinsurance operations. A part of the latter item contains future cash flows recognized under Solvency II as a part of technical provisions.

Other classes of liabilities

The Company only applies liability classes as prescribed in the Solvency II balance sheet template.

Financial liabilities

The Company does not have financial liabilities as at 31 December 2016.

Lease liabilities

The Company had no material financial or operating lease liabilities as at 31 December 2016.

Deferred tax liabilities

Deferred income tax liabilities of EUR 1 024 million have been recognised for all taxable temporary differences, which will result in higher future taxable income positions.

Deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled, based on tax rates and tax laws that have been enacted by the end of the reporting period.

Deferred tax liabilities to be settled after more than 12 months are EUR 1 024 million.
Deferred tax liabilities to be settled within 12 months are zero.

Tax rate changes during the year and their effect on deferred tax liability

The following branch tax rates changed in 2016 due to legislative changes:

Branch	National tax rate % 2015	National tax rate % 2016	Non-current tax rate beginning of year %	Non-current tax rate end of year %	Effect on deferred tax
Home	29.22	29.22	29.22	27.08	EUR 2 350 thousand decrease in deferred tax liability
Italy	33.72	33.72	33.72	30.82	EUR 112 thousand decrease in deferred tax liability

* Non-current tax rate us applied on the temporary differences to calculate the deferred tax impacts.

Closing procedures

During the closing process changes in the applicable tax rates, in expectations on future taxable profits, in tax loss carry forward time limitations and in local tax regulations in the applicable tax regimes are reviewed, documented and considered for the calculation of deferred taxes under Solvency II.

For the details of deferred tax assets please refer to the paragraph “Deferred tax assets” on page 24.

Contingent Liabilities

The Company does not carry contingent liabilities on its Solvency II balance sheet as at 31 December 2016.

Employee benefits

Nature of the obligations

Pension liabilities, Germany branch

The Company has defined benefit pension plans for its employees, mainly in Germany. The Company has assets set aside to cover these obligations which are handled under a Contractual Trust Agreement and Liability Insurance contracts– refer to the paragraph “Plan assets” on page 30.

Other pension liabilities, Germany branch

The Company has a long-term obligation regarding a deferred compensation plan, which is a form of company pension in Germany, in which employees waive parts of their future remuneration in return for a commitment by the company to pay a pension of equal value, calculated in accordance with financial and actuarial principles.

Long-term vacation programme, Germany branch (short-term obligation)

The Company has put in place a long-term vacation programme where there is a legal requirement in Germany to secure obligations resulting out of these programmes. The Company has assets set aside to cover these obligations which are handled are under a Contractual Trust Agreement – refer to the paragraph “Plan assets” on page 30.

Early retirement programme, Germany branch (long-term obligation)

The Company has put in place an early retirement programme which is designed to create an incentive for German employees within a certain age group to smooth the transition from employment into retirement before the employees' legal retirement age. There is a legal requirement to secure obligations resulting out of this programme. The Company has assets set aside to cover these obligations which are handled under a Contractual Trust Agreement – refer to the paragraph "Plan assets" on page 30.

Other employee benefits, all branches

In addition, the Company has other employee benefit programmes in place for which it has the obligation to set aside reserves to meet the future obligations. As at 31 December 2016, the following programmes were in place:

Other employee benefits	Short-term obligations	Long-term obligations	Other post-employment	Termination benefits
Annual Performance Incentive	X			
Global Share Participation Plan		X		
Vacation accrual	X			
Incentive Share Plan	X			
Italy – Trattamento di Fine Rapporto*		X		
Italy – healthcare and life insurance for retired employees			X	
Leadership Performance Plan		X		
Value Alignment Incentive		X		
German branch				X

*Italy - Trattamento di Fine Rapporto -this is a leaving service benefit paid to employees who leave the Company for any reason at any time.

Other benefit programmes

Please refer to the paragraph "Remuneration policy and practices ", on page 11 for details of the other programmes.

Plan assets

The Company has put in place asset concepts to secure pension liabilities, long-term vacation and early retirement programmes in Germany. Two types of concepts are currently in place, namely a Contractual Trust Agreement and Liability Insurance contracts.
In the Solvency II balance sheet, pension liabilities are presented net of the assets set aside to cover these obligations, consistent with IAS 19.

Pension liabilities

The following assets as at 31 December 2016 are held to secure the pension liabilities:

- EUR 247 million is held under a Contractual Trust Agreement with a Trustee. The assets are held in an investment fund in which units are 100% owned by the Company and invested mainly in corporate and government bonds.
- EUR 32 million is held in Liability Insurance Contracts with Allianz Lebensversicherungs AG.

The values as at 31 December 2016 were as follows:

Assets	EUR thousand	%
Corporate debt securities	120 893	43
Government bonds	123 972	44
Insurance contracts	32 280	12
Other	2 453	1
Total	**279 598**	**100**

Other pension liabilities

For the deferred compensation separate assets in insurance contracts were set up to cover the future liabilities. These insurance contracts show total assets of EUR 5 million as at 31 December 2016.

Long-term vacation and early retirement programmes

EUR 16 million is used to cover long-term vacation obligations and EUR 14 million to cover early retirement obligations held under a Contractual Trust Agreement with a Trustee. The assets are held in an investment fund in which units are 100% owned by the Company and invested mainly in corporate and government bonds. As at 31 December 2016 the assets were invested as follows:

Assets	EUR thousand	%
Corporate debt securities	15 000	50
Government bonds	15 122	50
Total	**30 122**	**100**

Deferred recognition of actuarial gains and losses
Actuarial gains and losses are not deferred under Solvency II or for the Company statutory accounts prepared under Luxembourg Generally Accepted Accounting Principles.

Methodologies and inputs used to determine the economic value
Pension liabilities
The pension plan provisions are based on the relevant plan regulations. The associated pension provision obligations represent the present value of accrued benefits (Projected Benefit Obligation) which is calculated based on the projected unit credit method at the valuation date and are maintained on the Company's balance sheet. The following actuarial assumptions were used as of 31 December 2016: discount rate 1.7%, increase in salaries 2%, inflation rate 1.75%, pension increase rate 1.75%, expected return on plan assets 2.423% fluctuation 3% p.a., average age of retirement in line with RVAGAnpG 2007 (German Act Adapting the Standard Retirement Age for the Statutory Pension Insurance System), mortality table based on "Richttafel 2005G".

Other pension liabilities
For the deferred compensation plan, the obligations are calculated from the insurance company in line with financial and actuarial principles.

Long-term vacation programme
For the long-term vacation obligations, the outstanding portions of the vacation and flexitime are transferred in May/November of each year to a long-term vacation account and valued with the individual daily rates. The accumulated volumes earn interest.

Early retirement programme
Provisions for the early retirement programme are calculated in accordance with financial and actuarial principles.

Other employee benefits
Other employment benefits are determined according to business principles and are based on estimated needs.

Assumptions and judgements
No assumptions or judgments contribute materially to the valuation of other liabilities.

D4: Alternative methods of valuation

The Company uses alternative methods of valuation for the real estate and loans and mortgages, as a market value for those investments cannot be readily identified. The property assets are valued by external appraiser using a discounted cash flows method. Similarly, the loans and mortgages are valued using discounted cash flows method. The values thus determined are considered a reasonable approximation of the market value. The difference between Solvency II and statutory values of these assets is immaterial.

D5: Any other information

Other material information
The Company has collateral arrangements with the ceding companies on accepted reinsurance business. For the purpose of the ceding companies' calculation of their SCR under the standard formula, the Company informs its counterparties that the part of the Company's assets subject to collateral arrangements, based on the Assets template S.06.02, is below 60%.

All other material information regarding the valuation of assets and liabilities for Solvency II purposes have been described in the sections above.

Section E: Capital management

E1: Own funds

Solvency ratio
The solvency ratio expressed as eligible own funds as a percentage of the SCR as at 31 December 2016 was equal to 276%.

Own funds – objectives, policies and processes
The Company's capitalisation policy ensures that it is appropriately capitalised for the risks that it incurs. The capital structure and the level of capitalisation are determined by regulatory capital requirements, management's assessment of the risks and opportunities arising from business operations and by financial management considerations. Throughout 2016, the Company's capital level was maintained in accordance with the capitalisation policy.

The Company monitors compliance with the capitalisation policy on a regular basis taking into account relevant developments in the risk landscape and in its business portfolio. Surplus capital, which is not required to support expected new business, is made available to the Swiss Re Group.

Own funds – time horizon used for capital planning
The Company considers one-year and three-year time horizons for its capital planning.

Own funds by tier
The value of own funds by tier, based on the QRT S.23.01.01, as at 31 December 2016 was as follows:

EUR thousand	Tier I	Tier II	Tier III	**Total**
Ordinary share capital (gross of own shares)	350 000			**350 000**
Share premium account related to ordinary share capital	335 278			**335 278**
Surplus funds (legal reserve)	35 000			**35 000**
Reconciliation reserve	1 925 555			**1 925 555**
Subordinated liabilities	–	–	–	**–**
Net deferred taxation asset			33 360	**33 360**
Total basic own funds after adjustments	**2 645 833**	**–**	**33 360**	**2 679 193**

Eligible amount of own funds to cover the Solvency Capital Requirement
The eligible amount of own funds to cover SCR for 2016 is EUR 2 679 million, of which EUR 2 646 million is classified as tier I and EUR 33 million is classified as tier III.

Restrictions to available own funds
The Company does not have restricted Tier I own funds. The EUR 33 million of Tier III own funds are fully within the eligibility limits for the coverage of the SCR.

Eligible amount of basic own funds to cover the Minimum Capital Requirement
The eligible amount of basic own funds to cover the MCR for 2016 is EUR 2 646 million, all classified as Tier I.

Differences between equity in Solvency II and Company statutory accounts
The material differences in equity as shown in the Company statutory accounts and Solvency II as at 31 December 2016 were as follows:

EUR thousand	Equity reconciliation
Equity per Company statutory accounts (excluding retained earnings)	720 278
Reconciliation reserve	1 925 555
Net deferred taxation asset	33 360
Equity per Solvency II	**2 679 193**

Reconciliation reserve

Solvency II

The reconciliation reserve represents the movement in the valuation of assets, technical provisions or other liabilities in the adoption of the Solvency II valuation as well as retained earnings including current year results.

Company statutory

Equivalent to the retained earnings account which represents the balance of profit and loss brought forward including current year results.

Basic own funds subjected to transitional arrangements

No own funds items are subject to transitional arrangements.

Ancillary own funds

There are no ancillary own funds in the Company.

Items deducted from own funds

Foreseeable dividends of EUR 1 000 million have been deducted from the own funds of the Company. These are expected to be paid out in the first half of 2017.

Subordinated capital instrument in issue at year end

The Company does not have subordinated capital instruments as at 31 December 2016.

Capital instruments issued as debts

Not applicable to the Company.

Value of subordinated debt

The Company does not have subordinated capital instruments as at 31 December 2016

Principal loss absorbency mechanism

The Company does not have a loss absorbency mechanism that qualifies as high quality own funds instruments.

Key elements of the reconciliation reserve

The reconciliation reserve based on QRT S.23.01.01 as at 31 December 2016 was as follows:

EUR thousand	2016
Excess of assets over liabilities	3 679 193
Equity per the Company statutory accounts (excluding retained earnings)	–720 278
Foreseeable dividends and distributions	–1 000 000
Net deferred taxation asset	–33 360
Reconciliation reserve	**1 925 555**

The reconciliation reserve includes an amount of the excess of assets over liabilities that corresponds to the expected profit in future premiums ("EPIFP"). Please refer to the paragraph "Amount of expected profit in future premiums" on page 21 for the details of EPIFP.

The difference between the excess of assets over liabilities under Solvency II and the equity value shown in the Company statutory accounts is mainly due to different valuations applied under Solvency II for assets, technical provisions and other liabilities.

Total excess of assets over liabilities within ring fenced funds

The Company does not have any ring fenced funds.

E2: Solvency Capital Requirement and Minimum Capital Requirement

Solvency Capital Requirement and Minimum Capital Requirement
As at 31 December 2016, the Company's SCR was EUR 972 million and the MCR was EUR 437 million.

Solvency Capital Requirement split by risk category
The Company uses an integrated internal model to measure its capital requirement using 99.5% value at risk as described in Section C. The table below quantifies the Company's modelled risks categories as at 31 December 2016, including a projection for the average exposure over the year.

EUR thousand	2016
Property and casualty risk	2 351 084
Life and health risk	1 161 201
Financial market risk	689 709
Credit risk	164 262
Operational risk	145 341
Diversification	– 1 835 549
Other impacts*	–1 563 839
Pre-tax Solvency Capital Requirement	**1 112 211**
Deferred tax impact	–140 307
SCR	**971 904**

Risk categories are gross of outgoing intra group transactions (IGT) and net of external risk transfer (ERT)

* Other impacts: mainly driven by outgoing IGT

Simplification calculation
The Company does not apply the standard formula.

Standard formula parameters
The Company does not apply the standard formula.

Non-disclosure of capital add-on during transitional period ending no later than 31 October 2017
This is not applicable to the Company.

Standard formula capital add on applied to Solvency Capital Requirement
The Company does not apply the standard formula.

Information on inputs used to calculate Minimum Capital Requirement
Inputs used to calculate the MCR for non-life insurance or reinsurance obligations include premiums written during the last 12 months, split by lines of business and best estimate technical provisions without a risk margin, split by lines of business.

Inputs used to calculate the MCR for life insurance or reinsurance obligations include best estimate technical provisions without a risk margin split by type of contract and capital at risk.

E3: Duration-based equity risk

Indication that the Company is using duration-based equity risk submodule
Not applicable to the Company.

E4: Differences between the standard formula and the internal model

The Company uses its internal model approved by the CAA for the purposes of calculating its capital requirements under Solvency II. This internal model aligns with the Swiss Re Group internal model.

The structure of the internal model

The internal model consists of the following building blocks:

- risk factors: to model the stochastic change of the state of the world over the one-year time horizon;
- exposure model: to determine the change in basic own funds given a realisation of the risk factors;
- transaction model: to model the intra-group transactions in place as well as external retrocession; and
- balance sheet model: to evaluate the impact of defaults of Group companies and follow-up effects.

Generally speaking, risk factors are sources of risk external to the Company. Their stochastic evolution is modelled over one year, using approaches such as univariate or multivariate distributions, frequency-severity models, event set-based models and Merton-type threshold models. Dependencies between risk factors are modelled by copulas, causal dependencies and other approaches. In contrast to many models used, dependencies are taken into account at the level of the underlying risk factors and not at the level of major risk categories. This implies that dependencies are independent of the Company's portfolio. The exposure model captures the impact of the risk factors on the economic profit and loss through the Company's portfolio. In the exposure model, the Company's business activities are decomposed into different exposures. The change in basic own funds of the entire portfolio resulted from aggregating the effect on the individual exposures. Each exposure is assigned attributes, such as line of business and treaty year, which enable drill-down analyses and an evaluation of the contribution to total risk.

Risk categories concerned and not concerned by internal model

Refer to section C. Overview of risk exposure for details of risk covered and not covered in the capital model.

Aggregation methodologies and diversification effects

Aggregation in the standard formula is prescribed in a hierarchical bottom-up scheme, with explicit standardised, industry-wide diversification benefits between its components at each step of the aggregation. In the Company's internal model, the diversification and interdependencies happen in the joint simulation of risk factors. Combining the realised outcomes of all the risk factors to which a specific portfolio selection is exposed, yields an aggregate loss distribution. Such an aggregation takes place in a single step and contains implicit diversification between its risk module components.

Risk not covered in the standard formula but covered by the internal model

The Company's internal model covers the spread risk of European Union government bonds, while this risk is excluded from the standard formula.

Various purposes for which the internal model is being used

The purpose of the Company's internal model is defined by four major areas for which the model is intended to be used:

- Capital adequacy assessment: is the capital base sufficient to support the risk in the book?
- Risk controlling and limit setting: how much risk capacity should be allocated to each risk category?
- Portfolio management: what measures can be taken to improve capital efficiency?
- Costing: what is the cost of capital to carry a specific risk?

Scope of internal model in terms of Business Units and risk categories

The scope of the Internal Model includes all material risks which impact the Solvency II balance sheet of the Company. Please refer to the paragraph "Risk categories" on page 18 for details of the risk categories used.

Partial internal model

The Company does not use a partial internal model.

Methods used in the internal model for the calculation of the probability distribution forecast and the solvency capital requirement

The stochastic economic balance sheet is obtained by modelling the impact of joint scenarios of risk factor realisations on the economic balance sheet. For this purpose, a model design principle is to separate the modelling of joint risk factor realisations from their impact on the balance sheet positions (exposures). In the Swiss Re Group's internal model, the risk which arises from a balance sheet position is defined as the unexpected change of the economic value of this balance sheet position over a one-year time horizon. A large number of Monte Carlo simulations yield a sufficiently accurate and stable empirical joint distribution of balance sheet changes; the SCR of a risk is calculated as the 99.5 percentile of the corresponding empirical distribution.

Risk measures and time period used in the internal model
The internal model calculates the probability distribution of the change in basic own funds over one year. In particular, it enables the value at risk of this change to be calculated at the 99.5% quantile level.

Nature and appropriateness of the data used in the internal model
Data used by the Model is provided by different functions and comes in a variety of different formats. This input data is validated at several stages and transferred via the Risk Management Application Platform into the well-defined format of the Risk Management Data Warehouse. The Data Dictionary defines the precise structure and content of each data item that is submitted to Risk Management Data Warehouse via the Risk Management Application Platform. Validation of the data is the responsibility of the respective data provider at each stage of the process. The process to ensure data quality is governed by the Risk Model Data Quality Standards. Validation of data quality is carried out in five steps:

- within the responsibility of the respective data provider at collection of data or while downloading it from a source system;
- structural and syntactical validation at the moment a data provider uploads any data delivery to Risk Management Application Platform;
- asynchronous validation of data consistency between interdependent deliveries, particularly with regard to reference data;
- validation of data completeness at the beginning of each internal model calculation; and
- validation of calculation results and changes over time by data provider supported by the Risk Management team (plausibility checks).

E5: Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

Any non-compliance with the Solvency Capital Requirement and Minimum Capital Requirement
The Company complied with the SCR and MCR during 2016.

E6: Any other information

Other material information
All material information regarding the capital management has been described in the sections above.

Glossary

Acquisition costs	That portion of an insurance premium which represents the cost of obtaining the insurance business: it includes the intermediaries' commission, the company's sales expense and other related expenses.
Affiliated undertakings	Affiliated undertakings are undertakings over which the Company exercises a direct or indirect dominant influence.
Board	The Board of Directors of the Company.
CAA	Commissariat aux Assurances, Luxembourg.
Capacity	Maximum amount of risk that can be accepted in insurance. Capacity also refers to the amount of insurance coverage allocated to a particular policyholder or in the marketplace in general.
Casualty insurance	Branch of insurance – mainly comprising accident and liability business – which is separate from property, engineering and life insurance.
Claim	Demand by an insured for indemnity under an insurance contract.
Company	Swiss Re Europe S.A.
Cover	Insurance and reinsurance protection of one or more specific risk exposures based on a contractual agreement.
Credit insurance	Insurance against financial losses sustained through the failure, for commercial reasons, of policyholders' clients to pay for goods or services supplied to them.
Credit spreads	Applies to derivative products. Difference in the value of two options, when the value of the one sold exceeds the value of the one bought.
Economic net worth	Market-consistent value of assets less the market-consistent value of liabilities.
Economic Value Management	Swiss Re's integrated economic valuation framework for planning, pricing, reserving and steering the business. It also provides the basis for determining available capital under the Swiss Solvency Test and for Solvency II.
EMEA	Europe, Middle East and Africa.
GIA	Group Internal Audit.
Group risk model	The internal model developed by Swiss Re Group and in place since 1994, used for articulating risk tolerance, assessing performance and setting targets. The internal model forms integral part of steering reality at Swiss Re. As part of Solvency II, the implementation of "Solvency II specific features" (e.g. illiquidity premium, ultimate forward rate, treatment of deferred taxes, etc.) has been carried out. For the purpose of this report, any reference to the Group Risk Model refers to the model including the Solvency II specific modifications.
Health insurance	Generic term applying to all types of insurance indemnifying or reimbursing for losses caused by bodily injury or sickness or for expenses of medical treatment necessitated by sickness or accidental bodily injury.
IBNR	Incurred but not reported - Provision for claims incurred but not reported by the balance sheet date. In other words, it is anticipated that an event will affect a number of policies, although no claims have been made so far, and is therefore likely to result in liability for the insurer.
IFRS	International Financial Reporting Standards.
Intra-group retrocession	Retrocession between subsidiaries of the same parent company or between a subsidiary and its parent; Intra-group retrocession aims to optimize capital allocation and tax efficiency for the Swiss Re Group as well as ensure adherence to regulatory solvency requirements.
Intra-group transaction	This can be either in the form of a proportional (e.g. quota-share) or non-proportional (e.g. stop-loss or Cat XL) agreement.
Key functions	Risk Management, Compliance, Internal Audit and Actuarial.
Key Function Holder	The Board nominates individuals as designated representatives of the respective key functions towards the Company.
L&H	Life and Health (re)insurance.
Liability insurance	Insurance for damages that a policyholder is obliged to pay because of bodily injury or property damage caused to another person or entity based on negligence, strict liability or contractual liability.

Life insurance	Insurance that provides for the payment of a sum of money upon the death of the insured, or upon the insured surviving a given number of years, depending on the terms of the policy. In addition, life insurance can be used as a means of investment or saving.
Longevity risk	The risk to which a pension fund or life insurance company could be exposed as a result of higher-than-expected payout ratios. Increasing life expectancy trends among policyholders and pensioners can result in payout levels that are higher than originally accounted for.
Luxembourg Companies	The Company, Swiss Re International SE and Swiss Re Europe Holdings S.A.
Minimum Capital Requirement, MCR	If, despite supervisory intervention, the available resources of the insurer fall below the Minimum Capital Requirement, then "ultimate supervisory action" will be triggered. In other words, the insurer's liabilities will be transferred to another insurer and the license of the insurer will be withdrawn or the insurer will be closed to new business and its in-force business will be liquidated.
Non-life insurance	All classes of insurance business excluding life insurance.
Non-proportional reinsurance	Form of reinsurance in which coverage is not in direct proportion to the original insurer's loss; instead the reinsurer is liable for a specified amount which exceeds the insurer's retention; also known as "excess of loss reinsurance".
Operational risk	Risk arising from failure of operational processes, internal procedures and controls leading to financial loss.
ORSA	Own Risk and Solvency Assessment.
Own Funds	Excess of Assets over Liabilities including any amount that is deemed suitable to provide support for the Solvency Capital Requirement.
P&C	Property and Casualty (re)insurance.
Participating interests	Participating interests are rights contained in the capital of other undertakings which, when creating a durable link with those undertakings, are intended to contribute to the Company's activities.
Premium	The payment, or one of the periodical payments, a policyholder agrees to make for an insurance policy.
Premiums earned	Premiums an insurance company has recorded as revenues during a specific accounting period.
Premiums written	Premiums for all policies sold during a specific accounting period.
Property insurance	Collective term for fire and business interruption insurance as well as burglary, fidelity guarantee and allied lines.
Proportional reinsurance	Form of reinsurance arrangement in which the premiums earned and the claims incurred of the cedent are shared proportionally by the cedent and the reinsurer.
QRT	Quantitative Reporting Template.
Reinsurance	Insurance which lowers the risk carried by primary insurance companies. Reinsurance includes various forms such as facultative, financial, non-proportional, proportional, quota share, surplus and treaty reinsurance.
Reserves	Amount required to be carried as a liability in the financial statements of an insurer or reinsurer to provide for future commitments under outstanding policies and contracts.
Retention	Amount of risk which the policyholder or insurer does not insure or reinsure but keeps for its own account.
Retrocession	Amount of the risk accepted by the reinsurer which is then passed on to other reinsurance companies.
Risk	Condition in which there is a possibility of injury or loss; also used by insurance practitioners to indicate the property insured or the peril insured against.
Return on equity	Net income as a percentage of time-weighted shareholders' equity.
Risk appetite	An expression of how the Company aims to deploy its risk capacity. It specifies the types of risk that the Company wishes to take and for each type the amount to be taken, while remaining within the boundaries imposed by the Company's stated risk.

Risk management	Management tool for the comprehensive identification and assessment of risks based on knowledge and experience in the fields of natural sciences, technology, economics and statistics.
Risk profile	Threats to which an organisation is exposed. The risk profile will outline the type of risks and potential effect of the risks. This outline allows a business to anticipate additional costs or disruptions to operations.
Risk tolerance	An expression of the extent to which the Board has authorised executive management to assume risk. It represents the amount of risk that the Company is willing to accept within the constraints imposed by its capital resources, its strategy, its risk appetite, and the regulatory and rating agency environment within which it operates.
Securitisation	Financial transactions in which future cash flows from assets (or insurable risks) are pooled, converted into tradable securities and transferred to capital market investors. The assets are commonly sold to a special-purpose entity, which purchases them with cash raised through the issuance of beneficial interests (usually debt instruments) to third-party investors.
SFCR	Solvency and Financial Condition Report.
Solvency Capital Requirement, SCR	Solvency Capital Requirement under Solvency II – calculated using the internal model. The Solvency Capital Requirement is based on a value at risk measure calibrated to a 99.5% confidence level over a 1-year time horizon.
Stop-loss reinsurance	Form of reinsurance that protects the ceding insurer against an aggregate amount of claims over a period, in excess of either a stated amount or a specified percentage of estimated benefit costs.
Swiss Re or Swiss Re Group or Group	For the purposes of this report, the ultimate parent company and all its subsidiaries are referred to as Swiss Re or the Swiss Re Group or the Group.
Swiss Re Zurich, SRZ	Swiss Reinsurance Company Ltd
Swiss Solvency Test	Switzerland already introduced an economic and risk-based insurance regulation, similar to the objectives of the Solvency II project in the EU. Since 2008, all insurance and reinsurance companies writing business in Switzerland have had to implement the Swiss Solvency Test, and since 1 January 2011, the Swiss Solvency Test-based target capital requirement has been in force and companies must achieve economic solvency.
Target capital	Defined by the Company's Capitalisation Policy.
Technical result	Underwriting defined as nominal premiums less nominal commissions and claims.
Underwriting performance	Premiums earned less the sum of claims paid, change in the provision for unpaid claims and claim adjustment expenses and expenses (acquisition costs and other operating costs and expenses).
US GAAP	United States Generally Accepted Accounting Principles are the accounting rules, as issued by the Financial Accounting Standards Board, its predecessors and other bodies, used to prepare financial statements for publicly traded companies in the United States.
Value at risk	Maximum possible loss in market value of an asset portfolio within a given time span and at a given confidence level. 99% value at risk measures the level of loss likely to be exceeded in only one year out of a hundred, while 99.5% value at risk measures the loss likely to be exceeded in only one year out of two hundred. 99% tail value at risk estimates the average annual loss likely to occur with a frequency of less than once in one hundred years.

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Appendix
SFCR Public Disclosure Templates

Report:	S.02.01.02
Reporting entity:	Swiss Re Europe SA
Due date:	31.12.2016
Reporting currency:	Eur thousand

Balance sheet

		Solvency II value
Assets		**C0010**
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	652'792
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	16'815
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	7'124'894
Property (other than for own use)	**R0080**	117'732
Holdings in related undertakings, including participations	**R0090**	986'778
Equities	**R0100**	326'056
Equities - listed	**R0110**	324'286
Equities - unlisted	**R0120**	1'770
Bonds	**R0130**	4'028'093
Government Bonds	**R0140**	1'482'663
Corporate Bonds	**R0150**	1'974'413
Structured notes	**R0160**	
Collateralised securities	**R0170**	571'016
Collective Investments Undertakings	**R0180**	1'609'593
Derivatives	**R0190**	4'309
Deposits other than cash equivalents	**R0200**	0
Other investments	**R0210**	52'333
Assets held for index-linked and unit-linked contracts	**R0220**	529'466
Loans and mortgages	**R0230**	552'527
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	1'828
Other loans and mortgages	**R0260**	550'699
Reinsurance recoverables from:	**R0270**	6'041'023
Non-life and health similar to non-life	**R0280**	5'400'718
Non-life excluding health	**R0290**	5'330'205
Health similar to non-life	**R0300**	70'513
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	640'305
Health similar to life	**R0320**	755'450
Life excluding health and index-linked and unit-linked	**R0330**	-115'145
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	1'284'484
Insurance and intermediaries receivables	**R0360**	24'920
Reinsurance receivables	**R0370**	20'707
Receivables (trade, not insurance)	**R0380**	134'710
Own shares (held directly)	**R0390**	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	
Cash and cash equivalents	**R0410**	119'836
Any other assets, not elsewhere shown	**R0420**	5'853
Total assets	**R0500**	16'508'026

Report:	S.02.01.02
Reporting entity:	Swiss Re Europe SA
Due date:	31.12.2016
Reporting currency:	Eur thousand

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	8'861'810
Technical provisions – non-life (excluding health)	**R0520**	8'745'614
Technical provisions calculated as a whole	**R0530**	
Best Estimate	**R0540**	8'507'146
Risk margin	**R0550**	238'468
Technical provisions - health (similar to non-life)	**R0560**	116'196
Technical provisions calculated as a whole	**R0570**	
Best Estimate	**R0580**	113'296
Risk margin	**R0590**	2'900
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	219'528
Technical provisions - health (similar to life)	**R0610**	1'049'361
Technical provisions calculated as a whole	**R0620**	
Best Estimate	**R0630**	1'017'594
Risk margin	**R0640**	31'766
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	-829'833
Technical provisions calculated as a whole	**R0660**	
Best Estimate	**R0670**	-979'251
Risk margin	**R0680**	149'418
Technical provisions – index-linked and unit-linked	**R0690**	592'794
Technical provisions calculated as a whole	**R0700**	
Best Estimate	**R0710**	590'894
Risk margin	**R0720**	1'900
Other technical provisions	**R0730**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	92'650
Pension benefit obligations	**R0760**	83'246
Deposits from reinsurers	**R0770**	1'331'966
Deferred tax liabilities	**R0780**	1'023'848
Derivatives	**R0790**	12'917
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	95'485
Reinsurance payables	**R0830**	147'350
Payables (trade, not insurance)	**R0840**	308'754
Subordinated liabilities	**R0850**	
Subordinated liabilities not in Basic Own Funds	**R0860**	
Subordinated liabilities in Basic Own Funds	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	58'487
Total liabilities	**R0900**	12'828'833
Excess of assets over liabilities	**R1000**	3'679'193

Report:	S.05.01.02.non-life
Reporting entity:	Swiss Re Europe SA
Due date:	31.12.2016
Reporting currency:	Eur thousand

Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	Total
		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**	39'123	-6	1'009	872'203	73'895	96'370	674'577	173'787	25'284	11'557		7'816					1'975'614
Gross - Non-proportional reinsurance accepted	**R0130**													11'150	338'746	199'182	624'413	1'173'491
Reinsurers' share	**R0140**	27'191	-3	859	503'925	51'643	70'421	460'762	125'818	17'714	7'859		0	8'082	247'366	141'032	445'835	2'108'503
Net	**R0200**	11'932	-3	150	368'278	22'252	25'948	213'815	47'969	7'571	3'698		7'816	3'068	91'380	58'150	178'578	1'040'602
Premiums earned																		
Gross - Direct Business	**R0210**																	
Gross - Proportional reinsurance accepted	**R0220**	41'263	-6	1'056	941'958	76'076	91'928	661'260	177'073	23'980	5'810		7'816					2'028'213
Gross - Non-proportional reinsurance accepted	**R0230**													11'153	336'838	194'526	631'362	1'173'880
Reinsurers' share	**R0240**	28'875	-3	865	486'647	53'134	67'487	450'684	127'881	16'541	4'026		0	8'083	244'483	137'645	449'028	2'075'376
Net	**R0300**	12'387	-3	191	455'311	22'943	24'441	210'577	49'192	7'439	1'783		7'816	3'070	92'355	56'881	182'334	1'126'716
Claims incurred																		
Gross - Direct Business	**R0310**																	
Gross - Proportional reinsurance accepted	**R0320**	13'615	-1'259	-5'483	684'049	55'032	42'010	403'033	57'325	20'534	4'054		4'597					1'277'507
Gross - Non-proportional reinsurance accepted	**R0330**													3'783	164'891	51'220	206'728	426'622
Reinsurers' share	**R0340**	9'546	-630	-1'977	354'328	39'090	36'626	280'772	60'559	10'671	2'857		29	3'049	152'507	41'182	153'346	1'141'957
Net	**R0400**	4'069	-629	-3'506	329'722	15'942	5'383	122'261	-3'235	9'863	1'198		4'568	734	12'383	10'038	53'381	562'172
Changes in other technical provisions																		
Gross - Direct Business	**R0410**																	
Gross - Proportional reinsurance accepted	**R0420**	225	816		6'255	636	5'759	1'979	3'035	-6			-16'262					2'438
Gross - Non-proportional reinsurance accepted	**R0430**														15'296	-638	25'107	39'765
Reinsurers' share	**R0440**	-127	408		2'226	362	1'278	1'041	1'453	-8			-5'633		15'605	-446	21'205	37'363
Net	**R0500**	352	408		4'029	274	4'481	938	1'583	2			-10'629		-309	-191	3'903	4'840
Expenses incurred	**R0550**	5'577	-10	607	140'280	6'474	9'535	80'018	27'912	3'400	1'251		14'603	541	35'661	11'274	24'942	362'066
Other expenses	**R1200**																	272
Total expenses	**R1300**																	362'338

Report:	S.05.01.02.life
Reporting entity:	Swiss Re Europe SA
Due date:	31.12.2016
Reporting currency:	Eur thousand

Premiums, claims and expenses by line of business

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0300**
Premiums written										
Gross	**R1410**							929'135	1'694'527	2'623'662
Reinsurers' share	**R1420**							634'536	1'080'063	1'714'599
Net	**R1500**							294'599	614'464	909'063
Premiums earned										
Gross	**R1510**							929'135	1'694'527	2'623'662
Reinsurers' share	**R1520**							634'536	1'080'063	1'714'599
Net	**R1600**							294'599	614'464	909'063
Claims incurred										
Gross	**R1610**							721'309	2'409'266	3'130'576
Reinsurers' share	**R1620**							499'625	1'513'460	2'013'085
Net	**R1700**							221'684	895'806	1'117'490
Changes in other technical provisions										
Gross	**R1710**							-261'157	-2'025'272	-2'286'429
Reinsurers' share	**R1720**							-148'921	-1'267'324	-1'416'244
Net	**R1800**							-112'236	-757'949	-870'185
Expenses incurred	**R1900**							76'878	179'309	256'187
Other expenses	**R2500**									88'741
Total expenses	**R2600**									344'928

Report:	S.05.02.01.non-life
Reporting entity:	Swiss Re Europe SA
Due date:	31.12.2016
Reporting currency:	Eur thousand

Premiums, claims and expenses by country

		Home Country	Total Top 5 and home country	Top 5 countries (by amount of gross premiums written) - non-life obligations				
	R0010			(GB) United Kingdom	(DE) Germany	(FR) France	(ES) Spain	(DK) Denmark
		C0080	C0140	C0090	C0090	C0090	C0090	C0090
Premiums written								
Gross - Direct Business	R0110							
Gross - Proportional reinsurance accepted	R0120	-156	1'652'605	711'549	445'405	161'203	221'512	113'091
Gross - Non-proportional reinsurance accepted	R0130	1'760	956'124	364'657	285'342	210'227	63'103	31'035
Reinsurers' share	R0140	8'561	1'681'840	684'135	532'622	261'012	136'868	58'643
Net	R0200	-6'957	926'888	392'072	198'126	110'418	147'747	85'482
Premiums earned								
Gross - Direct Business	R0210							
Gross - Proportional reinsurance accepted	R0220	-101	1'598'458	663'891	446'017	171'785	227'835	89'031
Gross - Non-proportional reinsurance accepted	R0230	1'853	951'578	359'929	285'606	214'188	59'794	30'208
Reinsurers' share	R0240	1'265	1'563'612	576'728	519'379	277'023	137'215	52'003
Net	R0300	488	986'424	447'092	212'245	108'950	150'414	67'236
Claims incurred								
Gross - Direct Business	R0310							
Gross - Proportional reinsurance accepted	R0320	177	1'054'495	467'053	284'211	89'075	118'163	95'817
Gross - Non-proportional reinsurance accepted	R0330	823	340'118	170'658	125'876	19'834	11'349	11'578
Reinsurers' share	R0340	1'739	947'209	377'424	372'679	103'009	59'106	33'251
Net	R0400	-740	447'405	260'287	37'408	5'899	70'406	74'143
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420		12'885	463	339	13'372	-1'289	1
Gross - Non-proportional reinsurance accepted	R0430		23'734	148	36'051	-12'466		
Reinsurers' share	R0440		30'380	-566	30'765	820	-640	0
Net	R0500		6'240	1'177	5'626	86	-649	0
Expenses incurred	R0550	179	272'279	103'688	71'100	30'584	49'677	17'050
Other expenses	R1200		153					
Total expenses	R1300		272'431					

Report:	S.05.02.01.life
Reporting entity:	Swiss Re Europe SA
Due date:	31.12.2016
Reporting currency:	Eur thousand

Premiums, claims and expenses by country

		Home Country	Total Top 5 and home country	Top 5 countries (by amount of gross premiums written) - life obligations				
	R1400			(GB) United Kingdom	(IE) Ireland	(DE) Germany	(CA) Canada	(FR) France
		C0220	C0280	C0230	C0230	C0230	C0230	C0230
Premiums written								
Gross	R1410	3'055	2'419'869	1'821'354	215'226	131'759	131'176	117'298
Reinsurers' share	R1420	2'208	1'578'300	1'242'156	150'545	98'286	2'517	82'588
Net	R1500	847	841'568	579'198	64'681	33'473	128'659	34'710
Premiums earned								
Gross	R1510	3'055	2'419'869	1'821'354	215'226	131'759	131'176	117'298
Reinsurers' share	R1520	2'208	1'578'300	1'242'156	150'545	98'286	2'517	82'588
Net	R1600	847	841'568	579'198	64'681	33'473	128'659	34'710
Claims incurred								
Gross	R1610	384	2'088'149	1'730'597	136'315	115'756	77'012	28'086
Reinsurers' share	R1620	276	1'275'122	1'077'819	94'725	82'584	-	19'718
Net	R1700	108	813'028	652'778	41'590	33'171	77'012	8'369
Changes in other technical provisions								
Gross	R1710	8'227	-1'273'460	-923'130	4'521	-276'119	-147'097	60'138
Reinsurers' share	R1720	1'135	-608'830	-525'263	7'919	-133'128	-2	40'508
Net	R1800	7'092	-664'629	-397'866	-3'398	-142'992	-147'096	19'630
Expenses incurred	R1900	42	265'083	142'473	2'883	7'133	105'668	6'885
Other expenses	R2500		88'889					
Total expenses	R2600		353'972					

Report:	S.12.01.02
Reporting entity:	Swiss Re Europe SA
Due date:	31.12.2016
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Life and Health SLT Technical Provisions

			Index-linked and unit-linked insurance			Other life insurance						Health insurance (direct business)					
		Insurance with profit participation		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, incl. Unit-Linked)**		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0150**	**C0160**	**C0170**	**C0180**	**C0190**	**C0200**	**C0210**
Technical provisions calculated as a whole	**R0010**																
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0020**																
Technical provisions calculated as a sum of BE and RM																	
Best Estimate																	
Gross Best Estimate	**R0030**									-388'358	-388'358					1'017'594	1'017'594
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**									-115'145	-115'145					755'450	755'450
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**									-273'213	-273'213					262'144	262'144
Risk margin	**R0100**									151'318	151'318					31'766	31'766
Amount of the transitional on Technical Provisions																	
Technical provisions calculated as a whole	**R0110**																
Best Estimate	**R0120**																
Risk margin	**R0130**																
Technical provisions - total	**R0200**									-237'039	-237'039					1'049'361	1'049'361

Report:	S.17.01.02
Reporting entity:	Swiss Re Europe SA
Due date:	31.12.2016
Reporting currency:	Eur thousand

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	3'509		-34	224'923	4'187	4'493	22'438	24'806	-3'090	-2'121		-	-108	4'222	-7'447	-13'679	262'099
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	45		40	136'390	249	10'558	-9'112	-720	-1'650	-1'451			-68	2'377	-4'084	-11'942	120'632
Net Best Estimate of Premium Provisions	R0150	3'465		-74	88'533	3'939	-6'065	31'549	25'525	-1'441	-670		-	-40	1'845	-3'362	-1'737	141'467
Claims provisions																		
Gross	R0160	35'743	3'853	25'190	733'577	34'832	215'691	538'556	732'195	100'141	6'703		6'261	45'143	4'565'455	422'609	892'395	8'358'343
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	25'194	1'885	15'383	443'473	24'447	150'505	378'855	474'014	37'017	4'414		148	28'034	2'809'302	290'201	597'213	5'280'086
Net Best Estimate of Claims Provisions	R0250	10'549	1'968	9'807	290'103	10'385	65'186	159'701	258'180	63'124	2'289		6'113	17'109	1'756'153	132'408	295'182	3'078'257
Total Best estimate - gross	R0260	39'252	3'853	25'156	958'499	39'019	220'185	560'994	757'000	97'050	4'581		6'261	45'035	4'569'677	415'162	878'716	8'620'442
Total Best estimate - net	R0270	14'014	1'968	9'733	378'636	14'323	59'122	191'251	283'706	61'683	1'619		6'113	17'069	1'757'998	129'045	293'445	3'219'724
Risk margin	R0280	334	18	1'874	16'928	521	1'622	11'750	14'141	3'197	266		203	673	181'111	3'373	5'356	241'368
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	39'586	3'871	27'031	975'428	39'540	221'806	572'744	771'142	100'248	4'847		6'465	45'708	4'750'788	418'535	884'072	8'861'810
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	25'238	1'885	15'424	579'863	24'696	161'063	369'743	473'295	35'367	2'963		148	27'966	2'811'679	286'117	585'271	5'400'718
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	14'348	1'986	11'607	395'564	14'844	60'743	203'001	297'847	64'880	1'884		6'317	17'743	1'939'109	132'418	298'800	3'461'092

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Non-life insurance claims information

Total Non-Life Business

Accident year / Underwriting year	Z0010	(1) Underwriting year

Gross Claims Paid (non-cumulative)

Development year

(absolute amount) Year		0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											329'763
N-9	R0160	266'178	875'358	409'630	199'592	139'502	106'433	58'635	36'426	34'215	16'132	
N-8	R0170	205'749	757'508	311'824	200'173	103'487	73'916	82'431	47'432	22'984		
N-7	R0180	203'546	741'591	365'604	141'297	89'308	102'039	67'435	35'995			
N-6	R0190	123'625	604'404	257'613	133'105	141'080	127'691	35'571				
N-5	R0200	111'244	586'738	280'977	171'396	82'734	44'501					
N-4	R0210	338'499	1'131'254	698'134	280'554	150'031						
N-3	R0220	179'594	783'400	349'269	129'315							
N-2	R0230	89'404	599'660	259'516								
N-1	R0240	86'411	563'834									
N	R0250	150'042										

		In Current year	Sum of years (cumulative)
		C0170	C0180
	R0100	329'763	329'763
	R0160	16'132	2'142'100
	R0170	22'984	1'805'503
	R0180	35'995	1'746'814
	R0190	35'571	1'423'090
	R0200	44'501	1'277'588
	R0210	150'031	2'598'470
	R0220	129'315	1'441'578
	R0230	259'516	948'580
	R0240	563'834	650'245
	R0250	150'042	150'042
Total	R0260	1'737'683	14'513'772

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Gross undiscounted Best Estimate Claims Provisions

		Development year													Year end (discounted data)
	Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**			
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**			**C0360**
Prior	**R0100**											10'564'586		**R0100**	3'512'255
N-9	**R0160**						470'169	409'682	374'738	339'592	293'681			**R0160**	251'037
N-8	**R0170**					552'084	491'519	432'330	349'894	290'121				**R0170**	258'839
N-7	**R0180**				647'889	553'928	487'644	410'822	350'301					**R0180**	318'206
N-6	**R0190**			690'722	588'511	497'680	354'948	276'432						**R0190**	252'547
N-5	**R0200**		1'122'122	706'775	514'422	374'625	291'725							**R0200**	262'010
N-4	**R0210**	1'163'376	1'490'969	1'077'565	835'931	689'084								**R0210**	619'317
N-3	**R0220**	909'602	879'844	386'628	245'223									**R0220**	209'165
N-2	**R0230**	705'499	700'077	482'697										**R0230**	433'641
N-1	**R0240**	913'395	1'107'938											**R0240**	1'045'565
N	**R0250**	1'040'116												**R0250**	986'747
													Total	**R0260**	8'149'330

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Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35		C0010	C0020	C0030	C0040	C0050
Ordinary share capital (gross of own shares)	R0010	350'000	350'000			
Share premium account related to ordinary share capital	R0030	335'278	335'278			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070	35'000	35'000			
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	1'925'555	1'925'555			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160	33'360				33'360
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	2'679'193	2'645'834			33'360
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	2'679'193	2'645'834			33'360
Total available own funds to meet the MCR	R0510	2'645'834	2'645'834			
Total eligible own funds to meet the SCR	R0540	2'679'193	2'645'834			33'360
Total eligible own funds to meet the MCR	R0550	2'645'834	2'645'834			
SCR	R0580	971'904				
MCR	R0600	437'357				
Ratio of Eligible own funds to SCR	R0620	276%				
Ratio of Eligible own funds to MCR	R0640	605%				

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Reconciliation reserve		**C0060**
Excess of assets over liabilities	**R0700**	3'679'193
Own shares (held directly and indirectly)	**R0710**	
Foreseeable dividends, distributions and charges	**R0720**	1'000'000
Other basic own fund items	**R0730**	753'638
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	
Reconciliation reserve	**R0760**	1'925'555
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	1'737'123
Expected profits included in future premiums (EPIFP) - Non-life business	**R0780**	-141'467
Total Expected profits included in future premiums (EPIFP)	**R0790**	1'595'657

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Solvency Capital Requirement - for undertakings on Full Internal Models

Unique number of component	Components description	Calculation of the Solvency Capital Requirement
C0010	C0020	C0030
1	Life and Health risk	1'161'201
2	Property and Casualty risk	2'351'084
3	Financial Market risk	689'709
4	Credit risk	164'262
5	Operational risk	145'341
6	Other impacts	-1'563'839

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Solvency Capital Requirement - for undertakings on Full Internal Models

Calculation of Solvency Capital Requirement		**C0100**
Total undiversified components	**R0110**	2'947'760
Diversification	**R0060**	-1'835'549
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	0
Solvency capital requirement, excluding capital add-on	**R0200**	971'904
Capital add-ons already set	**R0210**	0
Solvency Capital Requirement	**R0220**	971'904
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	**R0300**	0
Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	**R0310**	-140'307
Total amount of Notional Solvency Capital Requirements for remaining part	**R0410**	
Total amount of Notional Solvency Capital Requirements for ring fenced funds (other than those related to business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional))	**R0420**	0
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

		C0010
MCRNL Result	**R0010**	627'010

		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**	14'014	11'932
Income protection insurance and proportional reinsurance	**R0030**	1'968	0
Workers' compensation insurance and proportional reinsurance	**R0040**	9'733	150
Motor vehicle liability insurance and proportional reinsurance	**R0050**	378'636	368'278
Other motor insurance and proportional reinsurance	**R0060**	14'323	22'252
Marine, aviation and transport insurance and proportional reinsurance	**R0070**	59'122	25'948
Fire and other damage to property insurance and proportional reinsurance	**R0080**	191'251	213'815
General liability insurance and proportional reinsurance	**R0090**	283'706	47'969
Credit and suretyship insurance and proportional reinsurance	**R0100**	61'683	7'571
Legal expenses insurance and proportional reinsurance	**R0110**	1'619	3'698
Assistance and proportional reinsurance	**R0120**		
Miscellaneous financial loss insurance and proportional reinsurance	**R0130**	6'113	7'816
Non-proportional health reinsurance	**R0140**	17'069	3'068
Non-proportional casualty reinsurance	**R0150**	1'757'998	91'380
Non-proportional marine, aviation and transport reinsurance	**R0160**	129'045	58'150
Non-proportional property reinsurance	**R0170**	293'445	178'578

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Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	**R0200**	138'755

		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**	30'097	
Obligations with profit participation - future discretionary benefits	**R0220**		
Index-linked and unit-linked insurance obligations	**R0230**	590'894	
Other life (re)insurance and health (re)insurance obligations	**R0240**	0	
Total capital at risk for all life (re)insurance obligations	**R0250**		190'722'075

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Overall MCR calculation		**C0070**
Linear MCR	**R0300**	765'766
SCR	**R0310**	971'904
MCR cap	**R0320**	437'357
MCR floor	**R0330**	242'976
Combined MCR	**R0340**	437'357
Absolute floor of the MCR	**R0350**	3'700
Minimum Capital Requirement	**R0400**	437'357