Actuarial Report on the Scheme for the Transfer of the Australian Reinsurance Business of Swiss Reinsurance Company Ltd, Australia Branch to Swiss Re Asia Pte. Ltd., Australia Branch effective 1 January 2020

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Date: 6 September 2019

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Executive Summary

Based on my investigation carried out to examine the potential impact of the transfer of the reinsurance business of Swiss Reinsurance Company Ltd (SRZ), Australia Branch (SRAU) to Swiss Re Asia Pte. Ltd. (SRAL), Australia Branch (SRALAU) under Division 3A of Part III of the Insurance Act 1973 (Cth), I conclude that the interests of the policyholders of SRAU will not be adversely affected as a consequence of the transfer as detailed in the Scheme for the Transfer of the Australian Reinsurance Business of Swiss Reinsurance Company Ltd, Australia Branch to Swiss Re Asia Pte. Ltd., Australia Branch (the Scheme).

My conclusion is based on the following reasons:

1. Projected financial and capital solvency positions – These are almost identical for SRALAU following the transfer on 1 January 2020 and those for SRAU on 31 December 2019.

2. Management, governance and operational structures - SRALAU will have the same structures as SRAU including all employees, systems and functions.

3. Policies and claims management practices - The management of policies and claims will remain unchanged. In particular, the policy terms and conditions of current and prior policies underwritten by SRAU will be unchanged following the transfer, other than SRALAU becoming the insurer in place of SRAU. Claims management philosophy, guidelines. systems and procedures will also be unchanged. Thus, no policyholders will be disadvantaged.

4. Nature of the business including business strategy and business plan - The nature of business of SRALAU will be the same with the same business strategy and business plan as SRAU.

5. Retrocession and collateral trust arrangements – These arrangements will be the same by way of Deed of Novation and Substitution of the two original parties (SRAL and SRAU) with the two new parties (SRZ and SRALAU respectively).

6. Internal Capital Adequacy Assessment Process (ICAAP) - Capital management framework, including regulatory and target solvency levels are the same.

7. Risk management - Risk management framework and risk appetite for SRALAU are the same as those for SRAU

8. SRAL and its Australian branch, SRALAU, are financially strong with an S&P rating of AA- (very strong) as they share the same financial rating as Swiss Re Group. All prior and existing policyholders will benefit from the same claims paying ability regardless of the transfer.

1 Introduction, Purpose and Scope

Introduction

As part of Swiss Re Group's commitment to the Asia region, an organisational restructure has been effected with the setting up of a regional headquarter as at 31December 2017 in Singapore. This entity is Swiss Re Asia Pte. Ltd. (SRAL). Businesses from other Asian branches of Swiss Reinsurance Company Ltd (SRZ) have been scheduled to be successively transferred to SRAL. For the Swiss Reinsurance Company Ltd, Australia branch (SRAU), the target date of the transfer is 1 January 2020.

In accordance with Division 3A of Part III of the *Insurance Ac*t 1973 (Cth) (the Insurance Act), Section 17C (2)(a) and the Australian Prudential Regulation Authority (APRA) Prudential Standard GPS 410 *Transfer and Amalgamation of Insurance Business for General Insurers*, an application for confirmation of a scheme of transfer requires an actuarial report on which the scheme is based to be provided to APRA.

Purpose of this report

This actuarial report is prepared for the purpose of the transfer of the reinsurance business of SRAU to SRALAU under Division 3A of Part III of the Insurance Act, as required in Section 17C (2)(a). The transfer is detailed in the Scheme for the Transfer of the Australian Reinsurance Business of Swiss Reinsurance Company Ltd, Australia Branch to Swiss Re Asia Pte. Ltd., Australia Branch (the Scheme). It provides an assessment on whether the interests of policyholders would be materially adversely impacted by the transfer to SRALAU.

This report has been prepared by Evelyn Chow, Appointed Actuary of SRAU and SRALAU. She is a Fellow of the Institute of Actuaries of Australia and is located at SRAU's office at Level 36, Tower Two International Towers, 2000 Sydney, Australia.

Compliance with standards

This report meets the following regulatory standards:

- APRA standard GPS 410 *Transfer and Amalgamation of Insurance Business for General Insurers.*
- Federal Court of Australia's Expert Evidence Practice Note (GPN-EXPT).

Policyholder Interests

I consider that policyholder interests relate to the payment of claims when they fall due, both now and in future, with such payments being made reasonably promptly and efficiently once liability and quantum have been established.

In forming a view on policyholder interests, I have considered:

- The contractual rights of existing policyholders,
- The continuity of claim management procedures,
- The nature of risks faced by policyholders before and after the transfer, and
- The capital position of the reinsurance entities before and after the transfer.

This report documents and discusses these considerations and my conclusions after carrying out the assessment of the policyholder interests as a result of the transfer.

Approach

The approach taken has the following steps:

- Review and understand the Scheme documents.
- Review the nature and valuation of the liabilities to be transferred.
- Review the nature of the business written by SRAU, focussing on the financial position of SRAU and any areas of particular risk which may be of relevance to my financial assessment of the impact of the transfer on policyholders transferring from SRAU to SRALAU.
- Assess the capital adequacy position before and after the transfer. This step included consideration of the latest APRA balance sheets and Prescribed Capital Amounts (PCA) calculations available at the time of preparing this report and considering the expected

impacts up to and after the transfer. I also considered the capital management approaches of both SRAU and SRALAU.
- Assess the impact of the transfer on policyholders of SRAU and SRALAU. This included consideration of the contractual terms and conditions applying to policyholders and the claims handling procedures to be adopted.

Scope of this report

The scope and structure of the Report are shown in the following table:

Section	Scope
2	Overview of the Swiss Re Group and Entities Related to the Transfer
3	Details of the Scheme – covers the business that is being transferred, the effective date of the transfer and the Transfer Value
4	Existing Business before the Transfer – provides a summary of the existing business mix, organisational and operational structures, and financial information about SRAU, SRAL and SRALAU before the transfer under the Scheme
5	Business after the Transfer – discusses the considerations given to the assessment of the impact of the transfer on policyholder interests
6	Conclusion – provides a conclusion of the assessment based on the information presented and considerations given which have been covered in the previous sections
7	Reliance and Limitations

2 Overview of the Swiss Re Group and Entities Related to the Transfer

This section provides a brief overview of the Swiss Re Group and entities which are involved in the transfer of the reinsurance business of SRAU to SRALAU under Division 3A of Part III of the Insurance Act and covered in this report.

Swiss Re Ltd

The Swiss Re Group, which is headquartered in Zurich, Switzerland, comprises Swiss Re Ltd (SRL) and its subsidiaries, (collectively, the "Swiss Re Group"). The Swiss Re Group is a wholesale provider of reinsurance, insurance and other insurance-based forms of risk transfer. Working through brokers and a network of offices around the globe, the Swiss Re Group serves a client base made up of insurance companies, mid-to-large-sized corporations and public-sector clients.

SRL is the ultimate parent company of Swiss Re Group, which consists of four business segments: Property & Casualty Reinsurance, Life & Health Reinsurance, Corporate Solutions and Life Capital.

Swiss Re Group is regulated by the Swiss Financial Market Supervisory Authority (FINMA). Under FINMA, the Group is required to report its regulatory position based on the Swiss Solvency Test (SST). For the financial year ending 31 December 2018, the Group's SST ratio was reported to be 269% (Financial half-year 2019: 251%).

SRL is listed on the Swiss Stock Exchange with common shareholders' equity of USD 27.9 billion and net income of USD 0.4 billion for the financial year ending 31 December 2018. (Financial half-year 2019: USD 30.1 billion and USD 1.0 billion respectively)

Swiss Re Group is financially strong as rated by the following rating agencies:

Rating Agency	Financial strength rating	Outlook	Last update
Standard & Poor's	AA- (Very strong)	Stable	24 Oct 2018
Moody's	Aa3 (Excellent)	Stable	19 Dec 2017
A.M. Best	A+ (Superior)	Stable	13 Dec 2018

Swiss Reinsurance Company Ltd (SRZ)

The Swiss Reinsurance Company Group, which is also headquartered in Zurich, Switzerland, comprises SRZ and its subsidiaries. Swiss Reinsurance Company Group is wholly-owned by SRL and is a wholesale provider of reinsurance, insurance and other insurance-based forms of risk transfer. Working through brokers and a network of offices around the globe, the Swiss Reinsurance Company Group serves a client base made up of insurance companies, mid-to-large-sized corporations and public-sector clients. The business for Swiss Reinsurance Company Group is spread globally in three geographic regions, namely, Americas, Europe (including Middle East and Africa) and Asia-Pacific. The reported gross written premiums for financial year ending 31 December 2018 totalled USD 31,536 million were spread across the three regions with 48% from Americas, 30% from Europe, and 22% from Asia-Pacific.

SRZ performs a dual role within the Swiss Re Group as both a reinsurance company and a sub-holding company for the Reinsurance Business Unit. SRZ business is made up of a diverse mix of both P&C and L&H reinsurance businesses from across the three geographic regions.

SRZ is regulated by FINMA. Under FINMA, SRZ is required to report its regulatory position based on the Swiss Solvency Test (SST). For the financial year ending 31 December 2018, SRZ's SST ratio was reported to be 252% (Financial half-year 2019: 218%).

SRZ reported gross written premiums of CHF 18,277 million, shareholders' equity of CHF 10,192 million and net income of CHF 1,231 million for the financial year ending 31 December 2018.

SRZ is financially strong and shares the same financial strength ratings as Swiss Re Group.

Swiss Re Asia Pte. Ltd. (SRAL)

To strengthen Swiss Re Group's commitment to the Asia region, the Board of Directors of SRL resolved to set up a regional headquarter for the Reinsurance Business Unit in Singapore. As a first step, on 31 December 2017, SRAL was re-domiciled from Switzerland to Singapore to become the regional headquarter for all reinsurance operations in Asia, commencing operations on 1 January 2018. SRAL is a subsidiary of SRZ and is authorised by the Monetary Authority of Singapore (MAS), to write both Life (L&H) and General (P&C) Reinsurance.

On 1 January 2018, the business of the former Singapore Branch of SRZ was transferred into SRAL. SRAL as a legal entity will continue to develop in the future as further business written in the region by the branches of SRZ is transferred to SRAL. In particular, the business in SRZ Korean Branch was transferred to the newly created SRAL Korean Branch on 1 January 2019 and from that date any new or renewal business was written through this branch.

During the course of 2019, similar business transfer processes are being carried out in other Asian branches. These include the branches in Malaysia, Australia, Japan and Hong Kong, with a target portfolio transfer date of 1 January 2020.

SRAL is regulated by MAS and is required to report its regulatory position based on MAS' Capital Adequacy Requirement (CAR). For the financial year ending 31 December 2018, SRAL's CAR ratio was significantly above the minimum required ratio of 120%. See Section 4.2 for more details about SRAL.

SRAL reported shareholders' equity of USD 1,345 million and net income of USD -248 million for the financial year ending 31 December 2018.

SRAL is financially strong and shares the same financial strength ratings as SRZ and Swiss Re Group.

Entities covered by this report

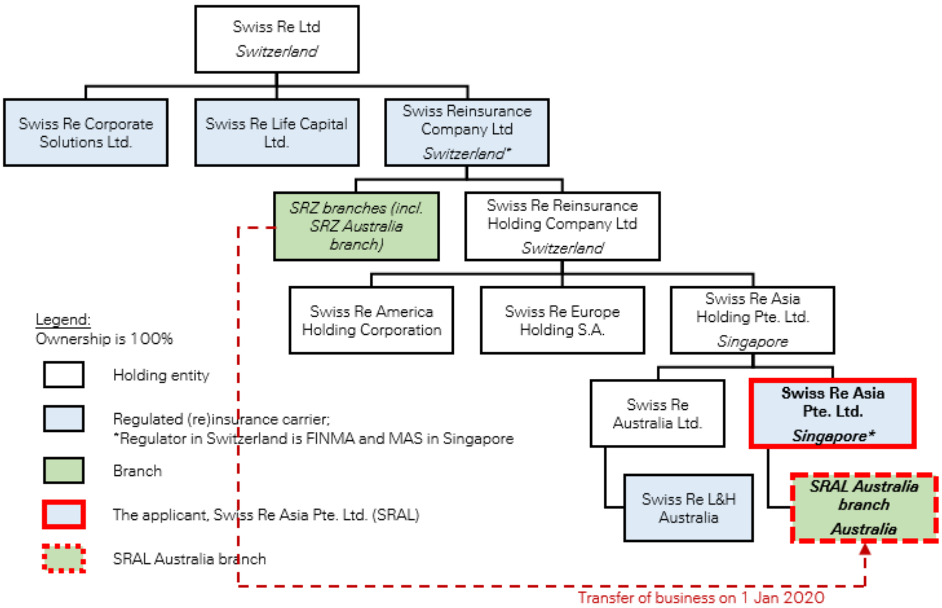
SRAU is a reinsurer authorised by APRA. SRAU is a branch of SRZ.

The new Australia Branch of SRAL, SRALAU, was authorised by APRA to carry on insurance business in Australia on 12 August 2019.

SRAU and SRALAU are both 100% owned by Swiss Re Group and share the same ultimate parent, SRL.

High-level organisational structure

The following is a high-level organisational chart to show the structure of Swiss Re Group and the relationships between SRZ, SRAL and the Australian branches, SRAU and SRALAU. The two Australian branches are highlighted in green. The transfer of the business from SRAU to SRALAU under the Scheme is effective on 1 January 2020 as indicated by the red dotted line.


Swiss Re Ltd
Switzerland
Swiss Re Corporate Solutions Ltd.
Swiss Re Life Capital Ltd.
Swiss Reinsurance Company Ltd
Switzerland*
SRZ branches (incl. SRZ Australia branch)
Swiss Re Reinsurance Holding Company Ltd
Switzerland
Swiss Re America Holding Corporation
Swiss Re Europe Holding S.A.
Swiss Re Asia Holding Pte. Ltd.
Singapore
Swiss Re Australia Ltd.
Swiss Re Asia Pte. Ltd.
Singapore*
Swiss Re L&H Australia
SRAL Australia branch
Australia
Legend:
Ownership is 100%
Holding entity
Regulated (re)insurance carrier;
*Regulator in Switzerland is FINMA and MAS in Singapore
Branch
The applicant, Swiss Re Asia Pte. Ltd. (SRAL)
SRAL Australia branch
Transfer of business on 1 Jan 2020

3 Details of the Scheme

Scheme documents

The Scheme documents are made up of the following:

1. Scheme for the transfer of the Australian Reinsurance business of Swiss Reinsurance Company Ltd, Australia Branch to Swiss Re Asia Pte. Ltd., Australia Branch,
2. Summary of a scheme under Division 3A of Part III of the Insurance Act 1973 (Cth) for the transfer of the reinsurance business in Australia of Swiss Reinsurance Company Ltd, Australia Branch to Swiss Re Asia Pte. Ltd., Australia Branch, and
3. Business Transfer Agreement

Timing

The effective date of the Scheme is 1 January 2020, pursuant to the Federal Court approval of the Scheme.

Business to be transferred

Under the Scheme, SRAU's *Insurance Liabilities*, *Business Liabilities*, *Insurance Assets* and *Business Assets* will be transferred from SRAU to SRALAU. *Insurance Liabilities, Business Liabilities, Insurance Assets* and *Business Assets* have the meanings defined in the Scheme documents.

As a result, as at 1 January 2020, SRAU's total assets less *Excluded Assets* of $5.1 million as defined in the Scheme documents, and total liabilities are to be transferred to SRALAU in accordance with the Scheme. The purpose of the *Excluded Assets* is to maintain APRA's minimum Prudential Capital Requirement (PCR) as defined in GPS 110 *Capital Adequacy* for SRAU from 1 January 2020. The *Transfer Value* (as defined below) is to be settled through a Funds Flow Agreement between SRZ, SRAU, SRAL and SRALAU under which no funds will leave Australia.

Further details of the Scheme can be found in the Scheme documents.

Transfer Value

The *Transfer Value* as defined by the Scheme is the consideration payable by SRALAU to SRAU for the transfer of the reinsurance business which is the net asset value of SRAU excluding $5.1 million as at 1 January 2020. The final settlement amount of the *Transfer Value* will be determined within the 4 months of 1 January 2020 i.e. on or before 30 April 2020.

On 1 January 2020, an *Initial Transfer Value* is payable in accordance with clause 4.2 of the Business Transfer Agreement, being the net asset value of the business based on the financial statements of SRAU as at 30 June 2019 excluding $5.1 million.

An *Adjustment Amount* will be determined as the difference between the *Transfer Value* and the *Initial Transfer Value* on or before 30 April 2020.

As at 30 June 2019, SRAU had net assets of $594 million made up of total assets of $3,146 million and total liabilities of $2,552 million. The *Initial Transfer Value* is therefore **$589 million**.

4 Existing Business before the Transfer

This section considers the existing business prior to the transfer under the Scheme for:

- SRAU including current business mix and audited annual financial statements as at 31 December 2018, 30 June 2019 quarterly APRA results and the 3-year forward-looking business plan for 2019 to 2021,
- SRAL including current business mix and audited annual financial statements as at 31 December 2018, and
- SRALAU.

4.1 SRAU

Business overview

SRAU writes property & casualty reinsurance risks, directly and through brokers, primarily for the Australian and New Zealand (ANZ) markets. These reinsurance contracts are made up of various types of treaty and facultative, proportional and non-proportional businesses covering a broad range of classes of business. Up until 2007 SRAU also wrote a small portfolio of insurance business.

SRAU's clients or cedents are predominantly insurance companies and government insurance entities in ANZ. The risks underwritten are predominantly in ANZ.

SRAU's business in 2018 is primarily composed of short-tail classes of business, including property and motor (property damage), being approximately 80% of gross written premiums. The following table shows the breakdown of SRAU's gross written premiums for 2018, split by line of business. The total gross written premiums in the 2018 financial year was $1.14 billion.

Class	Line of business	Proportion
Property	Property Nat Cat	23.7%
	Householders	24.7%
	Fire & ISR	6.7%
Casualty	Motor Property Damage	24.0%
	Motor Third Party Liability	7.7%
	General Liability	3.7%
	Professional Liability	1.7%
	Workers' Compensation	2.6%
	Other Accident	1.1%
Special Lines	Agriculture	1.3%
	Marine, Aviation, Engineering & Others	2.1%
	Credit & Surety	0.7%
Total		100.0%

Note that there is a small amount of Credit and Surety business (i.e. 0.7% of total) which is treated as insurance risk following approval by APRA under GPS 114 Attachment A paragraph 5 (b).

Overall, SRAU has a well-diversified portfolio of business made up of all the main classes of business in ANZ markets.

Senior management in ANZ Reinsurance

The senior ANZ Reinsurance management structure is currently as follows:

Head of Australia & New Zealand	Mark Senkevics
Head of Finance	Debbie Wilson
Head of Operations	Michaela Flanagan
Head of L&H	Leigh Watson
Head of L&H Pricing	Daniel Levy
Head of P&C Client Markets	Trent Thomson
Head of Property Treaty Underwriting	David Sinai
Head of iptiQ ANZ	Bronwyn Kirwan

Appointed Actuary, P&C	Evelyn Chow
Appointed Actuary, L&H	Mike Fowlds
Senior Legal Counsel	Jeremy Challen
Chief Risk Officer	Richard Foda
Human Resources Manager	Rodney Hanratty

Senior Officer outside Australia

Mr. Michael Eves is the Senior Officer outside of Australia of SRAU and is resident in Singapore.

Balance sheet and capital solvency as at 31 December 2018 and 30 June 2019

The following is a summary of SRAU's balance sheet and capital position as at 31 December 2018 and 30 June 2019 as submitted to APRA:

Figures in AUD millions Simplified Balance Sheet and Capital Position as at 31 Dec	2018	Qtr end 30-Jun-19	Movement in 2019H1
Assets			
Total cash & investments	1,408	1,485	77
Reinsurance / Retrocession recoveries	497	876	379
Other assets*	781	785	3
Total assets	**2,687**	**3,146**	**459**
Liabilities			
Gross insurance liabilities	(2,056)	(2,255)	(199)
Other liabilities #	(66)	(298)	(232)
Total liabilities	**(2,121)**	**(2,552)**	**(431)**
Net Assets	**566**	**594**	**28**
Adjustments to net assets	(63)	(20)	43
Adjusted Net Assets in Australia (Available capital)	**503**	**574**	**71**
Prudential capital requirement (PCR)			
Asset risk charge	66	96	30
Outstanding claim liabilities insurance risk charge	116	127	12
Premium liabilities insurance risk charge	186	172	(14)
Insurance concentration risk charge	20	20	0
Operational risk charge	29	22	(7)
Less aggregation benefit	(46)	(64)	(17)
Total PCR	**369**	**373**	**4**
Internal Capital Buffer (ICB)	170	170	0
Target capital	**539**	**543**	**4**
Capital in excess of PCR	**134**	**201**	**67**
PCR coverage (Available capital/Total PCR)	**136%**	**154%**	**18%**
Capital in excess of target capital	**(36)**	**31**	**67**
Target capital coverage (Available capital/Target capital)	**93%**	**106%**	**12%**

* "Other assets" includes Receivables, Deferred Acquisition Costs, Deferred Tax Assets, Current Tax Assets and Intangibles

"Other labilities" includes Payables, Current Tax Liabilities and provisions for employee related accruals

As at 31 December 2018, SRAU's Prudential Capital Amount (PCR) was $369 million, the Internal Capital Buffer was $170 million, and, Target Capital was $539 million. Similarly, as at 30 June 2019, SRAU's PCR was $373 million and Target Capital was $543 million. Both of these measures show that the business and risk profiles have been stable over the six-month period.

The above demonstrated the balance sheet and solvency positions of SRAU to be strong as at 30 June 2019 with excess capital of $201million or 54% above PCR, an increase of $67 million over the first half-year of 2019. This also equated to 106% of Target Capital which was comfortably within SRAU's target capital range of 90% to 110% of Target Capital. This is consistent with SRAU's capitalisation policy specified in the Internal Capital Adequacy Assessment Process (ICAAP) Summary Statement. Further details could be found in the next section about SRAU's approach to capital management.

As a branch of SRZ, SRAU represents approximately only 4% of SRZ's total net assets as at 31 December 2018.

In AUD millions

	SRZ	SRAU	% of SRZ
Assets	153,227	2,687	2%
Liabilities	138,534	2,121	2%
Net Assets	**14,693**	**566**	4%

Note that the figures for SRZ are based on SRZ's 31 December 2018 annual report and for SRAU 2018 annual APRA returns based on an exchange rate of 0.6936 for AUD/CHF

SRAU capital management

Capitalisation policy for each Swiss Re legal entity follows the principles of the Swiss Re Legal Entity Capitalisation Policy (SRLECP). The SRLECP required entities to always hold capital at a defined level above the regulatory capital requirement and any regulatory intervention level.

For SRAU, Target Capital is determined to be the sum of PCR and Internal Capital Buffer. The Internal Capital Buffer, which is reviewed at least once annually, limits the likelihood that SRAU will breach its regulatory capital requirement to a frequency of at most once in ten years. The current Internal Capital Buffer for SRAU is $170 million.

In accordance with the ICAAP summary statement, SRAU should maintain Available Capital within the target capital range, which is set at 90% to 110% of Target Capital, at all times. Management actions will be undertaken if SRAU operates outside the target capital range.

In the event that Available Capital is greater than 110% of Target Capital, repatriation of capital to the Group would be considered to return the capital position to 100% of Target Capital. This is performed ordinarily as part of the annual regulatory reporting cycle i.e. by 31 March of the following year. Following approval by APRA in accordance with GPS 110 Capital Adequacy, the approved repatriation would be remitted prior to 31 May.

Courses of capital management action and sources of capital

Depending on the severity of capital being below 90% Target Capital level, a range of management actions would be available and would be assessed based on the individual circumstances.

These management actions may include:

- Allowing emerging profits to restore capital levels
- Injection of funds from Swiss Re Group
- Request retrocessionaire to collateralise a retrocession recovery and therefore reduce the asset risk charge
- Implementing or adjusting retrocession arrangements to reduce retained risk and therefore the risk capital charges
- Adjustment of investment guidelines
- Controlling or ceasing new business levels
- Review of the Internal Capital Buffer

Projected financial performance

The table below shows the actual 2018 financial year profit and loss and also the 3-year forward-looking business plan. Profitable performance is expected to continue. Business strategy is expected to remain the same in line with Swiss Re Group's three pillar reinsurance strategy, being "Strengthen the Core, Grow Transactions and Professionalise Solutions".

Figures in AUD millions Projected Profit & Loss for year ending 31 Dec	2018 (A)	SRAU 2019	2020	2021
Gross Earned Premium	1,095	1,308	1,361	1,408
Net Earned Premium	735	934	975	1,025
Gross Claims Incurred	(443)	(798)	(853)	(888)
Net Claims Incurred	(448)	(580)	(611)	(649)
Commission Expenses	(228)	(243)	(263)	(275)
Underwriting Result	58	**111**	**101**	**101**
Investment Return	28	30	30	31
Net Operating Expenses	(25)	(30)	(36)	(36)
Profit before tax	61	**112**	**95**	**97**
Income Tax (Expense) or Benefit	(18)	(34)	(28)	(29)
Profit after tax	**43**	**78**	**66**	**68**
Key ratios				
Gross loss ratio	40%	61%	63%	63%
Retrocession/Reinsurance expense	33%	29%	28%	27%
Net loss ratio (%NEP)	61%	62%	63%	63%
Commission ratio (%NEP)	31%	26%	27%	27%
Expenses ratio (%NEP)	3%	3%	4%	3%
Combined ratio (%NEP)	95%	91%	93%	94%
Return on capital	8%	13%	11%	12%

The business plan expects growth in gross earned premium over the 3-year projection period with underwriting result being relatively stable year-on-year driving a profitable outlook. Projected return on capital is expected to be between 11% and 13% over the same period.

Projected balance sheet and capital position

Projected balance sheet and capital position are expected to remain strong in the 3-year projection period with potential for future capital repatriations. Consistent with SRAU's capital management policy, surplus capital greater than 100% Target Capital is to be repatriated in the following financial year to parent legal entity. This is reflected in the projection below.

Figures in AUD millions			SRAU	
Projected Balance Sheet and Capital Position as at 31 Dec	**2018 (A)**	**2019**	**2020**	**2021**
Assets				
Total cash & investments	1,408.3	1,286	1,276	1,344
Reinsurance / Retrocession recoveries	497.4	326	223	192
Other assets*	781.4	988	1,009	871
Total assets	**2,687.1**	**2,600**	**2,507**	**2,407**
Liabilities				
Gross insurance liabilities	(2,056)	(1,871)	(1,821)	(1,742)
Unexpired risk liability	0	0	0	0
Other liabilities #	(66)	(118)	(118)	(118)
Total liabilities	**(2,121)**	**(1,989)**	**(1,939)**	**(1,859)**
Net Assets	**566**	**611**	**568**	**548**
Adjustments to net assets	(63)	12	16	16
Adjusted Net Assets in Australia (Available capital)	**503**	**623**	**585**	**564**
Prudential capital requirement (PCR)				
Asset risk charge	66	69	67	64
Outstanding claim liabilities insurance risk charge	116	113	117	122
Premium liabilities insurance risk charge	186	164	141	109
Insurance concentration risk charge	20	20	20	20
Operational risk charge	29	25	28	26
Less aggregation benefit	(46)	(48)	(46)	(44)
Total PCR	**369**	**343**	**327**	**297**
Internal capital buffer	170	170	170	170
Target capital	**539**	**513**	**497**	**467**
Surplus capital in excess of PCR	**134**	**280**	**258**	**267**
PCR coverage (Available capital/Total PCR)	**136%**	**181%**	**179%**	**190%**
Surplus capital in excess of target capital	**(36)**	**110**	**88**	**97**
Target capital coverage (Available capital/Target capital)	**93%**	**121%**	**118%**	**121%**
Capital Injection / (Repatriation)	**(35)**	**(51)**	**(110)**	**(88)**

*"Other assets" includes Cash, Receivables, DAC, Current & Deferred Tax Assets and Intangibles
"Other liabilities" includes Payables, Current Tax Liabilities and provisions for employee related accruals

Based on the projected business plan, Target Capital coverage will be 121%, 118% and 121% for 2019, 2020 and 2021 year-end respectively. The corresponding capital repatriations are expected to be $51 million, $110 million and $88 million for the three-year period.

Retrocession arrangements

SRAU's current retrocession program is covered by the Intra Group Retrocession (IGR) treaties placed with SRAL. The program is comprised of 4 treaties:

1. Risk excess of loss treaty (Risk XL) - **$180 million excess of $20 million** for any one loss.

2. Catastrophe excess of loss treaty (CAT XL) - **$6,180 million excess of $20 million** for any one catastrophe event. The limit has been increased from 1 Jun 2019 from $5,580 million following increased exposures.

3. Aggregate 3rd and 4th event catastrophe excess of loss covers - **$12 million in excess of $8 million** with an **annual aggregate deductible of $24 million and an annual aggregate limit of $24 million.**

4. Maximum event retention (MER) treaty - **$250 million excess of $20 million**, similar to last year. This provides a 'catch-all' protection to ensure that no single event or loss

leads to a retained loss in excess of $20 million for SRAU. Both 1 and 2 above inure to the benefit of MER.

After taking into consideration the IGR program, the main residual risks are counter-party risk and the potential for losses to exceed $6.2 billion, which would lead to losses for SRAU's retained portfolio after the operation of the MER treaty. This scenario, however, is extremely remote based on Swiss Re's modelling of SRAU's exposures.

SRAU's IGR programme is placed with SRAL and SRAL has the same credit rating as SRZ i.e. S&P rating AA-. As a result, counter-party risk is very low.

Retrocession recoveries

As at 31 December 2018, retrocession recoveries were $497 million, primarily due to the outstanding losses from the 2010/2011Canterbury earthquakes, the 2016 Kaikoura earthquake, 2017 Cyclone Debbie and 2018 Sydney Hailstorms, with $461million expected to be received from SRAL. As at 30 June 2019, retrocession recoveries were $876 million with over 96% of the retrocession recoveries expected to be received from SRAL. The increase was primarily due to the new event losses including North Queensland floods in February 2019 and NSW and SE Queensland hail and storms in March 2019.

Non-recoverability of these funds is considered highly unlikely. In addition, the outstanding reinsurance recoveries from SRAL in respect to any post-second balance date event losses are protected by a collateral trust which complies with APRA's prudential requirements.

Collateral trust

SRAU is the beneficiary of a collateral trust established by SRAL which holds assets to secure the post-second balance date outstanding retrocession recoveries. The treatment of these assets is in accordance with APRA Prudential Standard, GPS 114 *Capital Adequacy: Asset Risk Charge* thereby reducing the impact of the risk charge to the extent that they meet the retrocession recoverable amount.

As at 31 December 2018, the collateral is fully invested in Australian Commonwealth Government bonds with a total market value (including accrued interest) of $411 million, of which $392 million was utilised to support SRAU's second balance date recoveries. As reinsurance claims are paid and retrocession recoveries made, the amounts held in the collateral trust are drawn down and as at 30 Jun 2019, these amounts were $333 million and $281 million respectively.

Insurance liabilities as at 31 December 2018

SRAU reserves at probability of sufficiency level of 75% on APRA basis. As at the last annual valuation of 31 December 2018, the split of insurance liabilities by line of business and class of business was:

PoS 75% discounted insurance liability provisions including CHE

Category	Gross OSC liability provision	Net OSC liability provision	Gross premium liability provision before FRE	Net premium liability provision
	$m	$m	$m	$m
Property_Non NatCat	170.2	146.4	115.4	127.6
Property_NatCat	449.6	9.0	242.7	309.0
General Liability	117.1	101.5	9.8	10.0
Professional Liability	190.9	186.4	10.5	10.4
Motor TPL	175.5	172.7	38.2	38.4
Motor Hull	88.0	86.9	77.7	77.8
Marine & Aviation	5.0	4.8	1.7	1.8
Engineering	17.5	17.2	6.8	7.1
Credit & Surety	10.1	10.1	1.7	1.7
Personal Accident & Travel	2.6	2.6	2.3	2.3
Workers' Compensation	80.6	76.2	10.0	10.2
Total	**1307.0**	**813.7**	**516.9**	**596.2**

Note that CHE is claims handling expenses, FRE is future reinsurance or retrocession expenses and OSC is outstanding claims.

The derived risk margins, which provided a probability of adequacy level of 75%, for outstanding claims liabilities were 12.5% on gross basis and 12.1% on net basis. Similarly, for premium liabilities, risk margins at probability of adequacy level of 75% were 15.9% on gross basis 14.5% on net basis.

On Australian Accounting Standards Board AASB 1023 General Insurance contracts basis, the total gross insurance liabilities was $2,056 million made up of $1,307 million of gross outstanding claims liabilities and $748 million of gross unearned premium liabilities as at 31 December 2018.

As at 30 June 2019, total gross insurance liabilities was $2,255 million made up of $1,762 million of gross outstanding claims liabilities and $493 million of gross unearned premium liabilities. The movements were mainly driven by the February 2019 North Queensland flooding event offset by the earning of premiums in the first half-year of 2019.

Overall, the insurance liabilities of SRAU is spread across different classes of business. This has the benefit of diversification of the insurance risk of the portfolio.

Investment assets

SRAU investments are predominantly invested in high quality, liquid assets including cash and interest-bearing securities. There is no property or equity risk.

Conclusion

In conclusion, SRAU has a diversified portfolio with a profitable outlook, has a well-established governance structure and is well-capitalised.

4.2 SRAL

Business overview

SRAL accepts both P&C and L&H inwards business. For 2018 financial year, the breakdown of gross written premiums between P&C and L&H business is:

	AUD millions	% of total
Property and casualty	3,638.6	80%
Life and health	889.8	20%
Total	**4,528.4**	**100%**

Note that the figures for SRAL are based on SRAL's 31 December 2018 MAS returns using an exchange rate of 0.9595 for AUD/SGD.

The majority of SRAL's business in 2018 was derived from P&C business.

SRAL P&C business

The SRAL portfolio is comprised of the Singapore onshore and offshore reinsurance business, and the inwards regional business through the IGRs with other SRZ branches in Asia.

The business mix of the SRAL Asia-Pacific portfolio comprises mostly property, engineering and motor business. The majority of property business is across treaty proportional and non-proportional business. In terms of key accounts, there is a wide mix of business in Asia-Pacific spanning regional and local key accounts, where the larger accounts are from the China whole account quota shares.

SRAL purchases an IGR program from SRZ to protect its net accounts.

Based on MAS returns Form 6 (Statement of premiums, claims and underwriting results in respect of general business) as at 31 December 2018, the breakdown of gross written premiums for 2018 year is as follows (figures converted to AUD):

MAS class of business	In Singapore	From other ASEAN countries	From other countries	Total	% of total
General: Singapore Insurance Fund (In AUD millions)					
Marine and Aviation - Cargo	1.6	0.0	0.1	1.7	7%
Marine and Aviation - Hull and Liability	1.7	0.0	-0.1	1.6	7%
Fire	4.0	0.0	0.4	4.4	17%
Motor	5.7	0.0	0.0	5.7	23%
Work Injury Compensation	0.2	0.0	0.0	0.2	1%
Personal Accident	3.3	0.0	0.0	3.3	13%
Misc - Public Liability	3.5	0.0	0.0	3.5	14%
Misc - Bonds	0.0	0.0	0.0	0.0	0%
Misc - Engineering/CAR/EAR	2.7	0.0	0.0	2.7	11%
Misc - Professional Indemnity	1.9	0.0	0.0	1.9	8%
Total	**24.8**	**0.0**	**0.3**	**25.1**	100%
General: Offshore Insurance Fund (In AUD millions)					
Marine and Aviation - Cargo	0.0	6.4	73.8	80.2	2%
Marine and Aviation - Hull and Liability	0.0	7.4	140.7	148.1	4%
Property	2.8	152.6	1,649.2	1,804.5	50%
Casualty and Others	0.2	123.0	1,457.4	1,580.7	44%
Total	**3.0**	**289.4**	**3,321.0**	**3,613.5**	100%
SRAL total	**27.8**	**289.4**	**3,321.4**	**3,638.6**	
Proportion by geography	**1%**	**8%**	**91%**	**100%**	

Note that the figures for SRAL are based on SRAL's 31 December 2018 MAS returns using an exchange rate of 0.9595 for AUD/SGD.

Offshore Insurance Fund is mostly made up (93.3 %) of the IGR business written with other SRZ Asian branches including China, Japan, Australia, Korea, India and Malaysia. The rest of the Offshore Insurance Fund business is made up of business written directly by SRAL in other Asian countries with 96% written in Thailand, Indonesia, Philippines and Indian subcontinent.

In terms of accumulation risks, the main exposures for the Asia-Pacific portfolio are from the natural catastrophe prone areas, in particular from Japan and Australia. The SRAL portfolio is fairly diversified across all lines through the direct reinsurance business booked in Singapore and also from the incoming intra-group retrocession arrangements.

The portfolios comprise mostly treaty reinsurance with a smaller amount of facultative business. The Australia IGRs are all non-proportional treaties whereas the IGRs for all other branches are quota share arrangements.

SRAL L&H business

SRAL assumes L&H reinsurance business in Asia. It has direct reinsurance business from external clients in Singapore, parts of South-East Asia and India. SRAL also accepts IGR from other SRZ branches in China, Malaysia, India and Hong Kong. 2018 was marked by very strong business growth, particularly in China.

Based on MAS annual return Annex 2A (Premium revenue in respect of life business) as at 31 December 2018, the breakdown of gross written premiums for 2018 year is as follows (figures converted to AUD):

	GWP (AUD millions)	% of total
Life: SIF - Non-Participating	152.7	17%
Life: OIF - Non-Participating	737.0	83%
Total	**889.8**	**100%**

Note that the figures for SRAL are based on SRAL's 31 December 2018 MAS returns using an exchange rate of 0.9595 for AUD/SGD.

Most of the SRAL's L&H business is made up of offshore business.

Overall, it can be seen that as a composite reinsurer, SRAL's business mix is very diverse in terms of geography, risk profile and types of business.

Capital and solvency

SRAL is well capitalized under the MAS regulatory regime, with the CAR ratio as at 30 June 2019 being significantly above the minimum required ratio of 120%.

Capital management

SRAL is supervised by MAS and its capital requirements are based on the MAS Risk Based Capital (RBC) framework which is very similar to APRA's capital adequacy framework. SRAL also follows a target capital framework for Swiss Re's legal entities similar to SRAU as mentioned earlier in Section 4.1.

The quality of SRAL's capital resources to meet regulatory capital and economic capital requirements is high as SRAL's capital composition entirely comprises Tier 1 capital resources.

Retrocession arrangements

SRAL's retrocession arrangements cover P&C and L&H businesses separately. They consist of predominantly outwards retrocessions or IGRs with SRZ. As a result, there is very low counterparty risk.

Conclusion

SRAL is well capitalised and financially sound. It also enjoys the same financial rating of Swiss Re Group.

4.3 SRALAU

SRALAU was authorised by APRA to carry on insurance business in Australia on 12 August 2019. SRALAU does not intend to write any new or renewal reinsurance business in 2019. It is capitalised at $5,000,110 which complies with APRA's capital requirements under GPS 110 *Capital Adequacy*.

5 Business after the Transfer

Effective 1 January 2020, SRAU will transfer its reinsurance business to SRALAU pursuant to the Scheme under Division 3A of Part III of the Insurance Act 1973 (Cth). This section considers the impact of the transfer from the perspective of policyholders and claims.

SRALAU was authorised to carry on insurance business in Australia by APRA on 12 August 2019 with an initial set-up capital of $5,000,110.

As at 1 January 2020, subject to the approval by the Federal Court of Australia of the Scheme, SRAU's portfolio of both assets and liabilities (less *Excluded Assets* of $5,100,000), notably the *Transfer Value*, is to be transferred to SRALAU. *Excluded Assets* has the meaning in the Scheme documents. This amount of capital meets the capital requirements as an APRA-authorised insurer under GPS 110 *Capital Adequacy* for SRAU after the transfer.

The organisational structure post-transfer is as shown in Section 1 to this report. After 1 January 2020 following the successful transfer under the Scheme, SRAU will apply to APRA to have its authorisation to carry on an insurance business revoked.

Assessment considerations

In order to assess the impact of the transfer from the perspective of policyholders and claims, I have made the following considerations in my assessment.

The assessment includes examining post-transfer, SRALAU's:

- Financial and capital solvency positions
- Management, governance and operational structures
- Policies and claims management practices
- Nature of the business including business strategy and business plan
- Retrocession and collateral trust arrangements
- ICAAP and
- Risk management

Expected financial and capital solvency positions

The following table illustrates the overall estimated impact of the transfer on the financial and capital solvency positions on 1 January 2020 by comparing with those on 31 December 2019 for SRAU and SRALAU.

	As at 31 December 2019		As at 1 January 2020	
	SRAU	SRALAU	SRAU	SRALAU
	$ m	$ m	$ m	$ m
Assets	2,600.0	5.0	5.1	2,599.9
Liabilities	1,989.0	0.0	0.0	1,989.0
Net Assets	611.0	5.0	5.1	610.9
Adjust to Net Assets	12	0	0	12
Adjusted Net Assets in Australia (Available capital)	623.0	5.0	5.1	622.9
Solvency ratio				
% of PCR	**181%**	**N/A**	**N/A**	**181%**

In respect of financial and capital solvency positions, SRALAU is expected to be effectively the same as SRAU pre-transfer.

As a branch of SRAL, SRALAU is estimated to represent approximately 24% of SRAL's total net assets as at 1 January 2020. SRAL is expected to be well-capitalised with a MAS solvency position or CAR ratio being significantly above the minimum required ratio of 120%.

Although SRALAU will represent a larger proportion of SRAL compared to SRAU as a proportion of SRZ as shown in Section 4.1, SRALAU is owned by the same ultimate parent which is the Swiss Re Group. The financial strength rating of SRAL is the same as SRZ and Swiss Re Group.

Management, governance and operational structures

ANZ Reinsurance management team is to remain in place as shown in Section 4.1.

Mr. Michael Eves is the Senior Officer outside of Australia of SRALAU and is resident in Singapore.

There is no change to the personnel of the branch under the transfer. All members of staff will have updated employment contracts to reflect the transfer of operations from SRAU to SRALAU

As a result, I conclude that there is no impact on the management, governance and operational structures.

Policies and claims management practices

There is to be no changes to the terms and conditions of current and prior policies issued by SRAU as a result of the transfer. SRAU will be replaced by SRALAU as the reinsurer after the Scheme under Division 3A of Part III of the Insurance Act 1973 (Cth) takes effect.

As all personnel of SRAU are retained, policies and claims management operations continue to be the same. All existing guidelines and procedures are to be carried over unchanged. In addition, it is noted that all systems and tools are the same as SRALAU relies on the same systems and tools.

In conclusion, policyholders and claimants will not be adversely impacted by the transfer with no disruption of current services provided to policyholders and claimants expected.

Nature of business

The nature of business for SRALAU is the same as SRAU as presented in Section 4.1.

As SRALAU is part of Swiss Re Group's Reinsurance Business Unit, the existing business strategy remains in place i.e. This is consistent with the Reinsurance Business Unit's three pillar strategy of Strengthen the Core, Grow Transactions and Professionalise Solutions.

In addition, SRALAU's business plan for 2020-2021 is the same as the two years presented in SRAU's business plan for financial years 2019 to 2021. These can be found in Section 4.1.

Retrocession Arrangements

SRALAU's retrocession structure is consistent with the current retrocession structure for SRAU. This is reflected in the future business plan for 2020 and 2021. In addition, the volatility of the net insurance liabilities of SRALAU after the transfer is therefore expected to the same as that of SRAU before the transfer.

As part of the Scheme, the existing retrocession arrangements are to continue on pursuant to a novation and substitution of the two original parties (SRAL and SRAU) with two new parties (SRZ and SRALAU respectively) to these existing retrocession arrangements. This novation and substitution is proposed to be effected by way of a Deed of Novation and Substitution to take effect on and from the effective date of the proposed scheme under Division 3A of Part III of the *Insurance Act 1973* (Cth). This is as shown schematically below:

PRE - TRANSFER

POST - TRANSFER

Collateral Trust

Similarly, in relation to the associated Collateral Trust Deed which is linked to the existing retrocession arrangements, it is proposed that the Collateral Trust Deed will be the subject of a separate Deed of Variation, Novation and Substitution which will vary the existing Collateral Trust Deed and provide for the novation and substitution of two of the original parties (SRAL and SRAU) with two new parties (SRZ and SRALAU), and for the original trustee to continue on in its capacity as trustee under the Collateral Trust Deed, on and from the effective date of the proposed scheme under Division 3A of Part III of the *Insurance Act 1973* (Cth).

Credit and Surety business

All contracts classified under the Credit and Surety business will be the subjects of separate Deeds of Novation which will provide for the transfer of the contracts from SRAU to SRALAU on and from the effective date of the proposed scheme under Division 3A of Part III of the Insurance Act 1973 (Cth).

ICAAP and capital management

ICAAP for SRALAU is essentially the same as that for SRAU except for the ownership of the branch being SRAL instead of SRZ. The main objective of capital planning is to ensure that SRALAU maintains sufficient capital in Australia to support the business and satisfy regulatory requirements. SRALAU will manage capital according to its ICAAP.

SRALAU will adhere to the same target capital framework as SRAU as discussed in Section 4.1. As at 1 January 2020, capital solvency of SRALAU is projected to be 181% with net assets of $623 million. These are the same for SRAU on 31 December 2019 as demonstrated in the table above.

Risk management

In addition to the ICAAP, there is no change to the Risk Management Statement and Risk Appetite Framework for SRALAU. All related documents reflect the new branch structure.

Impact on SRAU

As shown in the table above, on 1 January 2020, SRAU will have $5.1 million total assets, $0 total liabilities and therefore total net assets of $5.1 million in accordance with the Scheme. There will be no remaining contractual obligations to the policyholders and claimants after the completion of the transfer.

Impact on SRAL

SRAL will continue to grow as a result of the scheduled business transfers for the other Asian branches of SRZ in the near future. In doing so, SRAL's portfolio will become more diversified over time as a result of the geographical spread across the Asia Pacific, together with a wide variety of types of business and classes of business.

In addition, the risk profile of SRAL will likely be less volatile as it becomes the parent of the Asian branches instead of being the retrocessionaire, particularly in relation to the natural catastrophe peak losses from Japan and Australia. Exposures to these peak losses will be protected by the IGR arrangements between the SRAL branches with SRZ. This could be illustrated by using SRALAU as an example: a large natural catastrophe event will be limited to a net loss of $20 million based on SRALAU Cat XL IGR contract with SRZ. As a parent of SRALAU, this will also be the net loss exposure to the same event for SRAL. On the other hand, SRZ will have a loss exposure of the excess amount over $20 million from the same event up to the limit of the Cat XL cover.

Conclusion

Based on the above assessment, I conclude that SRALAU is effectively the same operation as SRAU. In addition, SRAL is financially strong and shares the same financial strength ratings as Swiss Re Group. SRALAU, therefore, continues to benefit from the strong financial strength ratings of SRAL and ultimately Swiss Re Group. In particular, the business operations remain unchanged from the perspective of affected policyholders.

6 Conclusion

The previous sections have covered the considerations given to the policyholders of SRAU before and after the transfer in accordance with the Scheme.

In particular, I have assessed the impact of the Scheme on the policyholders in terms of the following:

- Financial and capital solvency positions,
- Management, governance and operational structures,
- Policies and claims management practices,
- Nature of the business including business strategy and business plan,
- Retrocession and collateral trust arrangements,
- ICAAP and
- Risk management.

The assessment shows that SRALAU business operations will be largely the same from the perspective of policyholders of SRAU.

In addition, SRAL is financially strong and shares the same financial strength ratings as Swiss Re Group. SRALAU, therefore, continues to benefit from the strong financial strength ratings of SRAL and ultimately Swiss Re Group.

Taking into considerations the outcomes of the above assessment, I conclude that that the interests of the policyholders of SRAU will not be adversely affected as a consequence of the transfer under the Scheme.

As at 30 June 2019, SRAU had net assets of $594 million made up of total assets of $3,146 million and total liabilities of $2,552 million. The *Initial Transfer Value* is therefore **$589 million**, as defined by the Scheme.

7 Reliance and Limitations

This report is subject to the following important reliance and limitations.

I have relied on the most recent audited accounts by PwC as at 31 December 2018. The financial information in Section 4 of this report relies on those financial statements for SRAU, SRAL and SRZ. I have also supplemented the financial information with the most recent 2019 half-year financial results of Swiss Re Group (where such information is available) and 30 June 2019 quarter end APRA results for SRAU. There are other documents which I have relied on and are listed in Appendix I.

In terms of the Scheme, I have relied on information prepared by the Swiss Re project team. There is no reason for me to doubt the accuracy of these documents. However, I have applied my own judgement to form my opinion about the reliability and reasonability of the information presented.

Finally, although I have considered the prospective future financial conditions of SRAU and SRAL in light of the available information, it is not possible to foresee future events which may take place after the date of this Report that may influence the fortunes of policyholders. Therefore, the conclusions of this Report cannot be interpreted as a guarantee of the future solvency of SRAU or SRALAU.

Appendix I – List of information used

The following is a list of information that has been used in this report:

1. Scheme for the transfer of the Australian Reinsurance business of Swiss Reinsurance Company Ltd, Australia Branch to Swiss Re Asia Pte. Ltd., Australia Branch
2. Summary of a scheme under Division 3A of Part III of the Insurance Act 1973 (Cth) for the transfer of the reinsurance business in Australia of Swiss Reinsurance Company Ltd, Australia Branch to Swiss Re Asia Pte. Ltd., Australia Branch
3. Business Transfer Agreement
4. Funds Flow Agreement
5. SRAU Financial Condition Report as at 31 December 2018
6. SRAU ICAAP Summary Statement
7. SRAU financial results as at 31 December 2018 audited by PwC and 30 June 2019 quarter-end APRA returns
8. SRAU APRA 3-year business plans 2019 - 2021
9. SRAL's Certifying Actuary's report as at 31December 2018
10. SRAL's Own Risk and Solvency Assessment (ORSA) Report for 2018
11. SRAL's Capitalisation Guideline, V2.0
12. SRAL MAS returns and audited financial statements as at 31 December 2018 by PwC and extracts of 30 June 2019 quarter-end MAS returns
13. SRAL pro-forma 1 January 2020 balance sheet and projection
14. SRZ financial statements as at 31 December 2018 audited by PwC
15. Other additional materials and documents related to the preparation and implementation of the Scheme.

Appendix II – Glossary

Appointed Actuary	Actuary appointed by a Level 1 insurer
ANZ	Australia and New Zealand
APRA	Australian Prudential Regulation Authority
AASB	Australian Accounting Standards Board
Available Capital	Adjusted net assets in Australia as reported to APRA in SRAU's APRA balance sheet
CAR	Monetary Authority of Singapore's Capital Adequacy Requirement
CAT XL	Catastrophe Excess-of-Loss Treaty
FINMA	Swiss Financial Market Supervisory Authority
GWP	Gross Written Premiums
ICAAP	Internal Capital Adequacy Assessment Process – an insurer's framework for management of capital
ICAAP Summary Statement	Policy document summarising insurer's ICAAP
Internal Capital Buffer:	Amount held above required regulatory capital to limit likelihood of breaching regulatory capital requirements, while also seeking to manage capital centrally to benefit from diversification. Swiss Re in general seeks to limit the frequency of occurrence of regulatory capital breaches to at most once in ten years per entity on average
IGR	Intra Group Retrocession arrangement
L&H	Life and Health reinsurance business unit
MAS	Monetary Authority of Singapore
MER	Maximum Event Retention Treaty
ORSA	Own Risk and Solvency Assessment – Similar to ICAAP under APRA supervision, an insurer's framework for management of risk and capital
P&C	Property and Casualty reinsurance business unit
PCA	Prescribed Capital Amount as defined in APRA GPS 110 Capital Adequacy
PCR	Prudential Capital Requirement as defined in APRA GPS 110 Capital Adequacy
RBC	Risk Based Capital
Risk XL	Risk Excess-of-Loss Treaty
Risk Appetite	Expression of the degree of risk SRAU are willing to take in pursuit of their objectives and how they aim to deploy risk capacity.
SRAL	Swiss Re Asia Pte. Ltd.
SRALAU	Swiss Re Asia Pte. Ltd., Australia Branch
SRAU	Swiss Reinsurance Company Ltd, Australia Branch
SRL	Swiss Re Ltd
SRLECP	Swiss Re Legal Entity Capitalisation Policy
SRZ	Swiss Reinsurance Company Ltd
SST	Swiss Solvency Test
Target Capital	The target level of capital which the Senior Officer intends should be held in Australia