Swiss Re

Solvency and Financial Condition Report

Swiss Re Europe S.A.

For the year ended 31 December 2021

Swiss Re Europe S.A.
2, rue Edward Steichen
L-2540 Luxembourg

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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 (EU) and the United Kingdom (UK). The main classes of business are property, liability, life and health reinsurance. The main geographical areas by location of the ceding undertakings are the UK, Germany, France, Canada, Spain, Netherlands and Bermuda.
- The underwriting performance for 2021 was a profit of EUR 723 million (2020: EUR 235 million). For Property and Casualty (P&C) reinsurance, the positive result was driven by the favourable prior years developments, combined with normal expected profits from in-force and new business, partially offset by the man-made and large Nat Cat losses incurred in the year. For Life and Health (L&H) reinsurance, the positive result was primarily due to the net exceptional gain of EUR 318 million from the novation of the Canadian L&H in-force reinsurance business to Swiss Re Nexus Reinsurance Company Ltd., positive changes in actuarial assumptions largely on the longevity business and favourable releases on the COVID-19 loss estimates, partially offset by the adverse impacts of model changes.
- Investment income in 2021 amounted to EUR 314 million (2020: EUR 275 million) and the investment charges to EUR 98 million (2020: EUR 108 million). The increase in investment income was primarily driven by dividend income from private equities and higher realised gains in 2021. Meanwhile, investment charges decreased by EUR 10 million, mainly caused by lower value adjustments on equities and partnerships, partly offset by an increase in investment management charges.

System of governance

- The governance and organisational structure of the Company is set out in the Company's Articles of Association, Terms of Reference and Charters of Duties. These define the responsibilities and authority of the members of the Board and Committees.
- The Company uses an internal model for the purposes of calculating the Solvency Capital Requirement (SCR). The Commissariat aux Assurances (CAA) approved the internal model and its associated governance framework for use in calculating the Company'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 Board carries out an annual evaluation of its system of governance against relevant best practice standards. During the reviews performed in 2021, the Board concluded that the system of governance is adequate for the nature, scale and complexity of the risks inherent in its business.

Risk profile

- The SCR of the Company as at 31 December 2021 has increased compared to 2020. This was driven by increased Financial Market risks, mainly due to the impact of higher market valuations for equity and real estate. This has been partially offset by a decrease of L&H risk driven by lower yields and lower P&C risk driven by an update of the Non-life claims inflation model. Changes in Intra-Group retrocession ("IGR") structure for L&H have contributed to lower underwriting risk, mainly due to changes to the IGR structure for the Swiss Re Europe S.A., UK branch (SRE UK branch) which has led to improved diversification between longevity and mortality risk on a net basis.
- New business underwritten has led to higher exposures for Longevity, Nat Cat and Credit risks before IGRs. Changes to the Company's inwards and outwards IGRs overall have led to a reduction of Insurance risks and improved diversification between L&H and P&C risks. The Company's main risks have remained largely the same since last year, except Mortality trend risk, which is no longer among the top risks after the novation of the incoming IGR for L&H risks from Swiss Reinsurance Company Ltd Canada branch at mid year.
- The Company has a significant risk concentration derived from IGR arrangements with Swiss Reinsurance Company Ltd (SRZ), which maintains a strong capital position.
- The Company's exposure to liquidity risk is driven by the potential impact of extreme losses, collateral requirements and investments into illiquid assets. Liquidity risk has remained stable at a low level. The Company's liquidity position is sufficient to meet expected liquidity requirements after a large loss event according to the Company's liquidity stress test, which is performed on a regular basis.

Valuation for solvency purposes

Invested 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. The difference between Solvency II and Company Statutory is mainly due to unrealised gains/losses, which are taken into account under Solvency II, but generally not for Company Statutory purposes. In addition, the accrued interest on investments is classified as receivables under Company Statutory but as investments under Solvency II.

Life technical provisions
The total life net technical provision is a liability of EUR 219 million at the end of 2021, while it was an asset of EUR -267 million in 2020 under Solvency II valuation, following the novation of the incoming IGR for L&H risks from Swiss Reinsurance Company Ltd Canada branch. This is compared to the Company Statutory amount of EUR 1 839 million (2020: EUR 1 987 million). The main differences between the valuations are the following:
- Statutory margins are included in the statutory reserves, whereas Solvency II technical provisions are based on the best estimate (excluding risk margin).
- 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 4 312 million (2020: EUR 4 576 million) under Solvency II valuation is compared to the Company Statutory amount of EUR 5 397 million (2020: EUR 5 015 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 recognised. For Company Statutory, only the portion of cash flows written by the cedent and earned during the reporting period is recognised.
- 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 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 are specific to Solvency II, whereas deferred acquisition costs and provision for currency risk are specific statutory items.

Capital management

- The eligible amount of own funds to cover the Company's SCR as at 31 December 2021 was EUR 2 572 million (2020: EUR 2 880 million).
- As at 31 December 2021, the Company's SCR was EUR 846 million (2020: EUR 823 million) and the Minimum Capital Requirement (MCR) was EUR 381 million (2020: EUR 370 million). The increase in SCR was driven by increased Financial Market risks, mainly due to the impact of higher market valuations for equity and real estate. This has been partially offset by a decrease of L&H risk driven by lower yields and lower P&C risk driven by an update of the Non-life claims inflation model. Changes in the IGR structure for L&H have contributed to lower underwriting risk, mainly due to changes to the IGR structure for the SRE UK branch which has led to improved diversification between longevity and mortality risk on a net basis.
- The solvency ratio expressed as eligible own funds as a percentage of the SCR as at 31 December 2021 was equal to 304% (2020: 350%).

Other events

- The global spread of COVID-19, and the actions taken to slow the spread of the pandemic, have had an adverse impact on communities, social and business interactions, economic activity, and economies across the globe. Following the impressive contractions of 2020, economic growth momentum is expected to carry over into 2022. Despite the impact of the pandemic on the global economy, the global insurance markets (as measured by premium growth) were less severely impacted in 2021 than expected.
- The military conflict unfolding in Ukraine may result into potential impacts on the global economic environment. In the event geopolitical tensions fail to abate or deteriorate further, additional governmental sanctions may be enacted adversely impacting the global economy and supply chain, banking and monetary systems, markets or customers for the Company's products, which could negatively affect the Company's results of operations.

Section A: Business and performance

A1: Business

Full name and legal form

Swiss Re Europe S.A. ("the Company") was 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 2, rue Edward Steichen, L-2540 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 (EU) and the United Kingdom (UK). The Company is supervised by the Commissariat aux Assurances (CAA).

Commissariat aux Assurances
7 Boulevard Joseph II
L - 1840 Luxembourg
Grand-Duchy of Luxembourg
Telephone: +352 22 69 11 1
Fax: +352 22 69 10
www.caa.lu

Ultimate parent company and group supervisor

The ultimate parent company is Swiss Re Ltd, a joint stock company, listed in accordance with the International Reporting Standard on the SIX Swiss Exchange, domiciled at Mythenquai 50/60 in 8022 Zurich, Switzerland, and organised under the laws of 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 Company is part of the Reinsurance Business Unit of the Swiss Re Group. The Group supervisor is the Swiss Financial Market Supervisory Authority FINMA.

Swiss Financial Market Supervisory Authority FINMA
Laupenstrasse 27
CH – 3003 Bern
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 KPMG Luxembourg.

KPMG Luxembourg, Société Anonyme
39, Avenue John F. Kennedy
L-1855 Luxembourg
Grand-Duchy of Luxembourg
Telephone: +352 22 51 51 1
Fax: +352 22 51 71
https://home.kpmg/lu/en/home.html

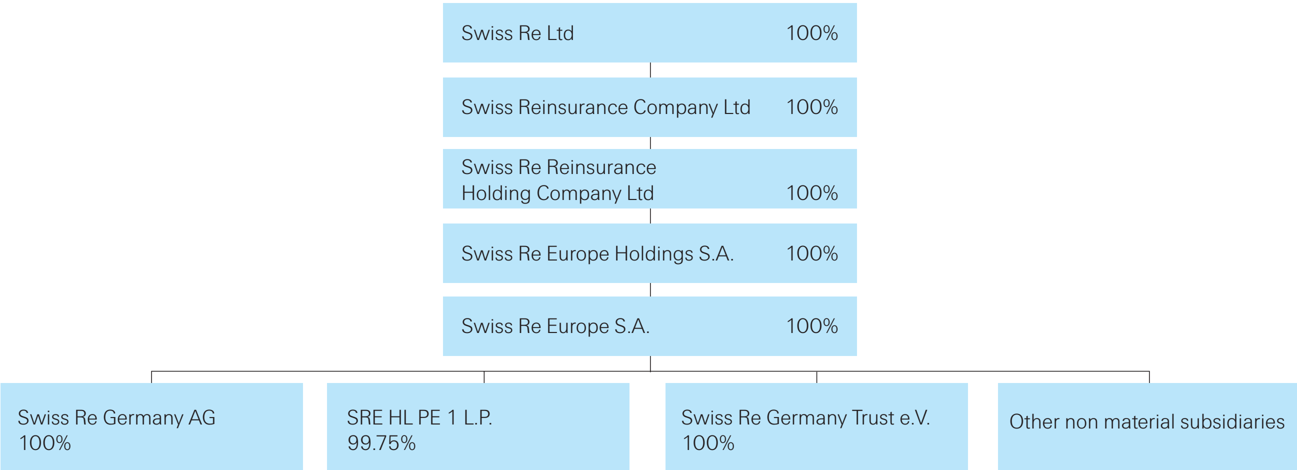
Holding company

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 2, rue Edward Steichen, L-2540 Luxembourg, registered with the Luxembourg Trade and Companies Register under number B72575. Swiss Re Europe Holdings S.A. owns 100% of the shares of the Company.

Material related undertakings
As of 31 December 2021, the investments by the Company in material related undertakings were as follows (by decreasing absolute amount of investment):

Subsidiary	Country	Proportion of ownership interest %
Swiss Re Germany GmbH	Germany	100
Swiss Re Germany Trust e.V.	Germany	100
SRE HL PE 1 L.P.	Cayman Islands	99.75

Simplified group structure
The Company's parent and ultimate parent company, and material related undertakings as at 31 December 2021 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 2021 were as follows (by location of the ceding undertaking, as defined in the Quantitative Reporting Template (QRT) S.05.02.01 for reinsurance business):
- United Kingdom*
- Germany
- France
- Canada
- Spain
- Netherlands
- Bermuda

** including Gibraltar*

Material lines of business by gross written premium
The material Solvency II lines of business for the year ended 31 December 2021 were as follows:
Property and casualty (P&C):
- Motor vehicle liability proportional reinsurance
- Fire and other damage to property proportional reinsurance
- Property non-proportional reinsurance

Life and health (L&H):
- Life reinsurance
- Health reinsurance

Significant business or other events
Effective 1 July 2021, the in-force Canadian L&H reinsurance treaties had been novated to Swiss Re Nexus Reinsurance Company Ltd.

The Company continues to operate in the UK through its local branch, previously a European Economic Area (EEA) branch. Following the UK's exit from the EU, the SRE UK branch is now authorised as a third-country branch by the UK's regulators, the Prudential Regulation Authority and Financial Conduct Authority, effective from 1 January 2022. Prior to that, the SRE UK branch had operated under the UK's Temporary Permissions Regime, which, subject to certain conditions, allowed branches of EEA-based insurers and reinsurers to continue to carry out insurance and reinsurance business in the UK, pending decisions on third-country branch license applications being made by UK regulators.

COVID-19

The global spread of COVID-19, and the actions taken to slow the spread of the pandemic, have had an adverse impact on communities, social and business interactions, economic activity, and economies across the globe. Following the impressive contractions of 2020, economic growth momentum is expected to carry over into 2022. Despite the impact of the pandemic on the global economy, the global insurance markets (as measured by premium growth) were less severely impacted in 2021 than expected.

Back in 2020, the Company has recorded its expected best estimate of claims and claim adjustment expenses incurred based on current facts and circumstances at that time, and has since then continuously monitored and assessed adequacy of its reserves. In 2021, the Company continued to pay the claims which had materialised and at the same time adjusted reserves as appropriate (negative impact from Property reserves strengthening, partially offset by positive developments in Mortality business). At the end of 2021, the total remaining reserves still include a significant portion of IBNR to absorb future deteriorations, including from pending court decisions.

Other event

The military conflict unfolding in Ukraine, resulting trade and economic sanctions, and other potential impacts on the global economic environment and currencies, particularly in Russia and Europe, may cause demand for the Company's products to be volatile, cause abrupt changes in its customers' buying patterns, lead to potential P&C business claims, interrupt its ability to supply products to this region or to fulfil contractual obligations or limit customers' access to financial resources and ability to satisfy obligations to the Company. In the event geopolitical tensions fail to abate or deteriorate further, additional governmental sanctions may be enacted adversely impacting the global economy and supply chain, banking and monetary systems, markets or customers for the Company's products, which could negatively affect the Company's results of operations.

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 periods ended 31 December, was as follows:

EUR millions	2020	2021
Non-life reinsurance		
Motor vehicle liability - proportional	–54	–17
Fire and other damage to property - proportional	–6	–6
Non-proportional property	–15	6
Other non-life	71	52
Total non-life reinsurance	**–4**	**35**
Life and health reinsurance		
Life	133	505
Health	106	183
Total life reinsurance	**239**	**688**
Total all lines	**235**	**723**

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

EUR millions	2020	2021
United Kingdom*	1	164
Germany	34	–3
France	48	47
Canada	142	376
Spain	19	17
Netherlands	3	12
Bermuda	28	43
Other	–40	67
Total	**235**	**723**

* including Gibraltar

The result of the underwriting performance in 2021 amounted to a profit of EUR 723 million (2020: EUR 235 million). Gross premiums written increased by EUR 125 million, or 2%, mainly driven by new business and volume increases, partially offset by a reduction in business activity due to COVID-19 in some lines of business, mainly aviation and marine, and non-renewals. On a net basis, earned premiums decreased by 3% from EUR 2 961 million in 2020 to EUR 2 878 million in 2021.

Net claims incurred amounted to EUR 2 320 million at 31 December 2021, compared to EUR 2 325 million at 31 December 2020, a decrease of EUR 5 million. The loss ratio for 2021 was 81%, which is slightly higher than the prior year ratio of 79%. For P&C reinsurance, the positive result was driven by the favourable prior years developments, combined with normal expected profits from in-force and new business, partially offset by the man-made and large Nat Cat losses incurred in the year. For L&H reinsurance, the positive result was primarily due to the net exceptional gain of EUR 318 million from the novation of the Canadian L&H in-force reinsurance business to Swiss Re Nexus Reinsurance Company Ltd., positive changes in actuarial assumptions largely on the longevity business and favourable releases on the COVID-19 loss estimates, partially offset by the adverse impacts of model changes.

The Company remained well protected with the Group’s internal retrocession treaties in force. Net operating expenses during 2021 decreased to EUR 419 million (2020: 505 million), mainly due to lower administrative expenses and higher reinsurance commissions and profit participations.

A3: Investment performance

Investment income and expenses by investments asset category, for the reporting periods ended 31 December, were as follows:

EUR millions	2020	2021
Deposits with ceding undertakings	38	38
Income from related undertakings	15	18
Shares and private equity	27	58
Debt securities and other variables	94	88
Value re-adjustments on investments	5	8
Gains on realisation of investments	85	92
Other	11	12
Total investment income	**275**	**314**
Investment management charges, including interest	–50	–55
Value adjustments on investments	–46	–30
Losses on realisation of investments	–12	–13
Total investment charges	**–108**	**–98**

Investment results

Investment income in 2021 amounted to EUR 314 million (2020: EUR 275 million) and investment charges to EUR 98 million (2020: EUR 108 million). The increase in investment income was primary driven by dividend income from private equities and higher realised gains in 2021. Meanwhile, investment charges decreased by EUR 10 million, mainly caused by lower value adjustments on equities and partnerships, partly offset by an increase in investment management charges.

Gains and losses recognised directly in equity

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

Investments in securitisation

The Company holds EUR 32 million of market value of collateralised investments, mainly residential mortgage-backed securities in Europe. The investment income shown above includes EUR 1 million interest income from these investments.

A4: Performance of other activities

Material leasing arrangements

The Company has various agreements for the lease of office space. The expenses for the lease of office space in 2021 amounted to EUR 7 million. The Company does not have any other material financial and operating leasing arrangements.

Other material income and expenses incurred during the reporting period

During the year under report, net other income amounting to EUR 23 million (2020: EUR 32 million net other charges) consisted mainly of the net realised gains on foreign exchange, partly offset by trademark licence fees.

A5: Any other information

Other material information

There is no other material information to report for 2021.

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 Articles of Association, Terms of Reference and Charters of Duties. 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 2021, the Board has eight members, of whom five are independent non-executive members and three are members of the 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 Board Committees:

- the Audit Committee
- the Finance and Risk Committee

The Board has further delegated certain responsibilities and authorities to:

- the Management Committee
- the General Manager
- the General Manager Committee
- the Branch Managers
- the Key Function Holders
- the Key Functions Committee

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

Board Committees:

Audit Committee

The central task of the Audit Committee is to assist 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, 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, Own Risk and Solvency Assessment (ORSA), risk concentration, threats, etc. from both the Company's statutory and economic perspectives. 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 collective body is fully accountable to the Board.

General Manager

The General Manager is in charge of the day-to-day management of the Company and represents the Company to the CAA. In particular, the General Manager has authority to sign in respect of financial and treasury management, including the opening and operation of bank accounts, hedging agreements and payments. The General Manager 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 Company appoints 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 of 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 referred to as "key functions" under the Solvency II framework (Risk Management, Compliance, Internal Audit and Actuarial) and the Insurance Distribution Directive (IDD), as implemented into Luxembourg law (a Distribution Manager responsible for the distribution of (re)insurance products for the Company).

The roles and implementation of the key functions are as follows:

Risk Management
Please refer to the subsection "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 subsection "B4: Internal control system" and paragraph "Implementation of the Compliance function" on page 15 for details of the Compliance function.

Internal Audit
Please refer to the subsection "B5: Internal Audit function" and paragraph "Implementation of the Internal Audit function" on page 16 for details of the Internal Audit function.

Actuarial
Please refer to the subsection "B6: Actuarial function" and paragraph "Implementation of the Actuarial function" on page 16 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 at 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
In 2021, there were a few changes to the system of governance, which have been reflected in the Company's Terms of Reference and its appendices. Additional clarification has been made in respect of the appointment of the Distribution Manager, subject to the Board approval. Some amendments have been made to the General Manager's Committee Charter of Duties. There were no other material changes to the system of governance in 2021.

Remuneration policy and practices

The Company adopted the Swiss Re Standard on Compensation, which captures Swiss Re's compensation framework and governance, outlines the compensation processes across the Group and provides key guidelines for the execution of individual compensation actions.

Swiss Re aims for total compensation that is competitive in the market and seeks to ensure that total compensation is well-balanced in terms of fixed versus variable compensation and in terms of short-term versus long-term incentives to attract, motivate and retain the qualified talent the Company needs to succeed. This ensures alignment of compensation to long-term business results and individual contribution, recognising both what was achieved and how it was achieved.. The compensation framework also reinforces a culture of sustainable performance with a focus on risk-adjusted financial results, fosters compliance, supports appropriate and controlled risk-taking in line with the business and risk strategy, and avoids conflict of interest. Further, the compensation framework supports Swiss Re's commitment to ensure equal pay for equal work regardless of gender, race, ethnicity, sexual orientation or other personal characteristics.

Swiss Re has several incentive programmes that 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 Share Plan (LSP) aim to reward sustainable long-term performance rather than short-term results. These programmes support closer alignment of the interests of shareholders and employees.

There may be local legal or regulatory requirements that are not addressed by the Swiss Re Standard on Compensation. If this is the case, such local requirements must be applied and will prevail.

Overview of the compensation components

Fixed compensation

Base salary

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
- Skills and expertise of the individual in the role

Benefits

Alongside the base salary, Swiss Re aims to provide employee benefits that are designed and implemented under a global framework. The key objectives of Swiss Re's benefits packages are to:
- be competitive in the markets where Swiss Re competes for talent;
- provide a degree of financial resilience for employees as it relates to pension, health matters, disability and death; and
- connect with Swiss Re values and enhance engagement.

Forfeiture provisions apply in line with local market practice in certain benefit plans.

Variable compensation

Annual Performance Incentive (API)

The API is a discretionary, variable component of compensation. Combined with the base salary, it provides competitive total cash compensation for achievements against business and individual performance targets and demonstration of desired behaviours. When the total API level for an employee equals or exceeds a predefined amount, a portion is mandatorily deferred into the Value Alignment Incentive (VAI). Forfeiture of unsettled awards and clawback provisions for settled awards apply in a range of events.

Value Alignment Incentive (VAI)

The VAI (ie the portion of the API that is deferred in cash) ensures that variable compensation remains at risk and adequately reflects the business outcomes that materialise over the mid-term, taking into account under- or over-reserving in the past. This supports the Group's business model by aligning a portion of short-term variable compensation with sustainable results as the ultimate value of the VAI depends on the performance of the relevant Business Unit and the Group over the performance period. Forfeiture and clawback provisions apply in a range of events.

Leadership Share Plan (LSP)

The purpose of the LSP is to provide an incentive for Swiss Re's senior management to achieve sustainable company performance over the long term. The vesting period, during which performance is measured, is three years. For LSP awards granted to Group Executive Committee members and other key executives, the duration of the LSP is five years, comprising a three-year vesting and performance measurement period and an additional two-year holding period. Forfeiture and clawback provisions apply in a range of events.

Participation plans

Global Share Participation Plan (GSPP)

Through the GSPP, Swiss Re offers its employees an opportunity to directly participate in the long-term success of the Group. During a one-year contribution period, employees can purchase shares for up to a maximum of CHF 21 000 (capped at 10% of base salary). After the three-year vesting period, Swiss Re provides a 30% match on the number of shares held by employees. During the vesting period, matching shares are subject to forfeiture provisions. The GSPP has the same core design in all locations.

Performance criteria

Annual Performance Incentive (API)

Swiss Re operates a Target API (TAPI) system, along with a performance management framework for all employees, whereby results-oriented and behaviour-related performance criteria for all employees are equally weighted.

A TAPI is set for each eligible employee based on multiple factors, but primarily on the role being performed, internal calibration and market benchmarks. The API for each individual employee is determined considering their TAPI, business and individual performance:

- Swiss Re uses a three-step process to assess business performance for the purposes of determining the overall Group API pool (financial assessment, qualitative assessment, overall assessment).
- The Group API pool is then allocated to the different Business Units/Group Functions based on their financial and qualitative performance.
- Individual performance is assessed against the individual's established goals and Swiss Re's behaviour expectations and corporate values.

Value Alignment Incentive (VAI)

The performance measurement calculation of the VAI uses the three-year average of the published Economic Value Management (EVM) previous years' business profit margin. EVM is Swiss Re's proprietary integrated economic valuation and steering framework, consistently measuring performance across all businesses.

Leadership Share Plan (LSP)

Grant levels are determined based on multiple factors, including the role being performed and market benchmarks. The size of the LSP pool is reviewed each year in the context of sustainable business performance, affordability and market competitiveness, and funded as part of the Group's total variable compensation pool. At the grant date, the award value is split equally into three underlying Performance Share Unit (PSU) components for senior management. For other eligible employees, the award value is either split into 50% PSUs and 50% Share Units (SUs, without performance conditions) or granted in 100% SUs. A valuation by a third party is used to determine the number of PSUs granted.

The performance condition for the first PSU component is return on equity (ROE) with a linear vesting line. Vesting is at 0% for an ROE at the risk-free rate and at 150% for an ROE at a predefined premium above the risk-free rate. The premium is set at the beginning of the plan period and, for LSP 2021, this premium has been set at 1050 basis points above the annual risk-free rate, which is determined as the average of 12 monthly rates for ten-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 PSUs are locked in within a range of 0% to 150%. Vesting occurs only at the end of the full three-year plan period (capped at 150%, referring to the maximum number of granted PSUs that can vest).

The performance condition for the second PSU component is absolute Economic Net Worth (ENW), which is the difference between the market-consistent value of assets and liabilities. Vesting is at 0% for an ENW growth of 0% and at 150% for an ENW growth of 15%. At the end of each year, the performance on absolute ENW growth is assessed and one third of the PSUs are locked in within a range of 0% to 150%. Vesting occurs only at the end of the full three-year plan period (capped at 150%, referring to the maximum number of granted PSUs that can vest).

The third PSU performance condition is relative total shareholder return measured over three years. The PSUs vest within a range of 0% to 150%. Vesting starts at the 50th percentile of TSR relative to peers with 50% vesting and is capped at 150% vesting (referring to the maximum number of granted PSUs that can vest) at the 75th percentile relative to peers. Payout for negative absolute TSR is capped at 100%, subject to the Compensation Committee's right to assess the circumstances and decision on the performance multiple accordingly. Swiss Re's three-year TSR performance is assessed relative to the TSR of a predefined peer group for the same period. This peer group is set at the beginning of the plan period and consists of companies that are similar in scale, have a global footprint or a business mix similar to Swiss Re.

Control Functions and Key Risk Takers

The role of the Control Functions in compensation

Swiss Re bears risks in the course of its business activities, including market, credit and liquidity, underwriting, operational (including legal and compliance) and reputational risk.

The Control Functions (defined as Group Risk Management, Compliance and Group Internal Audit) annually perform an independent assessment of risk and control-related behaviours of the Group and each of the business functions, and of Swiss Re's Key Risk Takers individually. These reports are delivered to key executives, including the Group Chief Risk Officer and the Group Chief Human Resources Officer & Head Corporate Services.

Key Risk Takers, Material Risk Takers and other Identified Staff

Swiss Re's Key Risk Takers are executives in core risk-taking positions who decide on business and people strategies, approve budgets and can materially influence financial results or expose Swiss Re to significant operational or reputational risks. On a local level, Material Risk Takers and other Identified Staff may be defined. Local requirements are followed in setting and structuring compensation so as to ensure compliance with relevant regulations (eg control-related behaviour assessment, pre-vesting testing etc.).

Influence of the behavioural assessment on compensation

The risk and control-related behaviour assessment of Group and Business Units/Group Functions provides additional input to determine the Group API pool and its allocation to each Business Unit/Group Function. The assessment results of each Key Risk Taker serve as additional input when considering individual performance and compensation outcomes. To ensure meaningful assessments, the continued independence of Control Functions needs to be safeguarded. Hence, each aggregate API pool for the Control Functions and individual compensation for the Head of each Control Function are approved at the Board level.

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.

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 (at least every other year or upon material changes). 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 Board.

Material transactions

During 2021, 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 body of the Company.

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 the 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 upfront (eg CV, passport, criminal records, check) 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 often integrated in the agenda of regular Board meetings, which are scheduled on a quarterly basis.
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 (eg training needs, suggested changes to Board Committees) 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 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.

B3: Risk management system including the Own Risk and Solvency Assessment

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 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. These apply consistently across all risk categories:
- *Controlled risk-taking* - Financial strength and sustainable value creation are central to Swiss Re's value proposition. The Company thus operates within a clearly defined risk policy and risk control framework.
- *Clear accountability* - Swiss Re's operations are based on the principle of delegated and clearly defined authority. Individuals are accountable for the risks they take on, and their incentives are aligned with Swiss Re's overall business objectives.
- *Independent risk controlling* - Dedicated units within Risk Management control all risk-taking activities. These are supported by Compliance and Group Internal Audit functions.
- *Transparency* - Risk transparency, knowledge sharing and responsiveness to change are integral to the risk control process. 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.

Risk identification
For its risk identification process, the Company applies the 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.

Risk appetite framework and limits
The Company's risk appetite framework establishes the overall approach through which the Company practises controlled risk-taking. It complements the Group's risk appetite framework, as provided in the Group Risk Policy. The Company practises controlled risk-taking based on various controls as defined by the Company and the Group, ie the Company's risk appetite statement, risk tolerance according to its Legal Entity Capitalisation Policy, which defines the target capital as the minimum available capital that the Company needs to hold in relation to the risks that it assumes, as well as Group limits and other controls.

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 Financial Officer and the Chief Risk Officer. The Board has delegated certain responsibilities and authorities to the Audit Committee, the Finance and Risk Committee as well as to other committees (including the Management Committee).

The governance bodies for the Company are described in section "B1: General information on the system of governance", paragraph "Organisational structure and system of governance" on page 8. The Company's Risk Management is supported by global and Business Unit Risk Management functions that provide specialised risk category expertise and accumulation control, risk modelling and reporting services, regulatory relations management, central risk governance framework development and specialised risk category expertise and accumulation control.

Internal model
The Company uses an internal model for the purposes of calculating the SCR under Solvency II. The CAA approved the internal model and its associated governance framework for use in calculating the 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 internal model governance framework leverages the Swiss Re model governance framework.

The Chief Risk Officer reports the results from the internal model to the Company's Management Committee, the Finance and Risk Committee, the Audit Committee and the Board, as well as to the regulatory authorities.

Process for accepting changes to the internal model
The Company has defined an 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 the impact of model changes on the Company. The Board is required to approve any major 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 and notified to the CAA.

Material changes to the internal model governance
The Company's internal model governance framework has not been materially changed during the reporting period.

Internal model validation tools and processes
The Risk Model Validation Standards adopted by the Company require independent validation of the internal models. This is carried out by an internal model validation team. The appropriateness of the model is subject to regular review with a broad range of validation tools, including profit and loss attribution, stress tests, scenario analyses, reverse stress tests, sensitivity and stability analysis.

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. This is done 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.

Own Risk and Solvency Assessment (ORSA) process
The ORSA is an ongoing process, with critical risk control and reporting activities being carried out on a regular basis. It is used to assess the risks inherent in the business plan and the resilience of the Company's solvency and balance sheet over a three-year horizon. Anticipated significant changes in the risk profile are included in assessing the future solvency position. Scenarios are used to provide insights into the strength of the balance sheet and to assess future potential solvency positions. Where exceptionally adverse scenarios are identified, mitigating actions and control measures are contemplated but would require Board approval prior to action being taken.

The Chief Risk Officer maintains operational responsibility for carrying out the ORSA process and reporting the ORSA results to the Board.

Review of ORSA
The ultimate responsibility for the ORSA rests with the Board, which 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: Own funds" 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 predefined 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.

Risk-taking activities are typically subject to three lines of control:
- The first line comprises the day-to-day risk control activities performed by risk takers in the business as well as in other functions of the Company.
- Independent oversight performed by such functions as Risk Management and Compliance represents the second line of control.
- The third line consists of independent audits of processes and procedures carried out by Group Internal Audit or by external auditors.

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
- Reporting

Implementation of the Compliance function

To ensure that the company's compliance objectives are consistent with the expectations of regulatory authorities, shareholders, clients and other stakeholders, the Board of Directors mandates best compliance practices and an appropriately resourced Compliance function with defined responsibilities to perform its duties. The Compliance Charter sets forth the overall responsibilities and accountabilities of the Compliance function, as well the overall compliance-related responsibilities and accountabilities of the Board, Management and employees. These responsibilities and accountabilities also apply to branches of the company.

The Compliance function is responsible for:
- Issuing Compliance Risk-related policies and standards as well as the Code of Conduct, and ensuring that these are regularly reviewed and up to date
- Providing guidance regarding Compliance Risk related policies, standards and the Code of Conduct
- Overseeing as well as providing appropriate communication and risk-based training to the Company's directors, officers and employees covering the Code of Conduct and certain Compliance Risk related regulatory obligations
- Providing primary assurance oversight covering compliance with the Code of Conduct and internal policies and standards in relation to Compliance Risks

The specific areas of Compliance Risk within the scope of Compliance's core responsibilities include: Money Laundering and Terrorist Financing; Bribery and Corruption; Fraud; Conduct Risk; Conflict of Interest; Data Protection; Insider Trading; International Trade Controls; and Investment Compliance.

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 and timely interaction and direct access to the Board of Directors, management team, and governance committees of the Company.

The Compliance Charter is reviewed once per annum as a minimum and will be updated more frequently in the event of material changes.

B5: Internal Audit function

Implementation of the Internal Audit function
Group Internal Audit (GIA) assists the Board in protecting 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" constitutes the operating guidance for the department. In addition, GIA adheres to the Group's guidelines and procedures, and to 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 overseen and signed off by qualified actuaries within the Company.
- Opinions on the underwriting policy and reinsurance adequacy are performed within Risk Management.
- Input and feedback into the risk modelling framework are provided by the Risk Management team.

B7: Outsourcing

Outsourcing policy
The Company has adopted Swiss Re's comprehensive global outsourcing framework and cloud governance framework. It has further specified the roles and responsibilities within the Company in a separate addendum.

The framework covers two types of outsourcing arrangements:
- External outsourcing, where the mandate is given to an external service provider
- Intra-group outsourcing between Swiss Re entities

The addendum clarifies the processes, roles and responsibilities of the Company in relation to outsourcing arrangements where it is acting as a service recipient. It also outlines the approval process for critical or important outsourcing arrangements (including outsourcing in relation to Key Functions).

The Board approves the appointment of Outsourcing Managers for outsourcing arrangements related to Key Functions as well as the Information Security Responsible person for the Company.

The critical or important services related to the Risk Management, Actuarial, Compliance and Internal Audit functions are provided to the Company by other entities in the Swiss Re Group 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 2021, the Board concluded that the system of governance is adequate for the nature, scale and complexity of the risks inherent in its business .

Additional disclosures as required by the Shareholders Rights Directive 2017/828
Equity investments are generally held against surplus in order to generate excess returns through dividends and appreciation, and are not used to back long-term liabilities. To the extent certain liabilities reflect equity market performance, equity securities will be held as a hedge against this exposure.

The investment management agreement between the Asset Manager (SRZ) and the Company requires the Asset Manager to manage with appropriate devotion of time and with such skill, diligence, care and attention as the Company may reasonably expect of a professional investment manager. The Asset Manager must comply with the Prudent Person Principle, as well as all legal and regulatory requirements applicable to the Company. In addition, there is an obligation to manage the portfolio in line with any investment decision taken and limits imposed by the Board of Directors. Through these arrangements, the Asset Manager is incentivised to enhance the long-term value of the Company's portfolios. The Asset Manager is a leader in the sustainable investment space, and the benefit of its long-term oriented ESG policies (including a comprehensive voting and engagement policy) and procedures extends to the Company's Portfolios.

The performance of the Asset Manager is measured across various dimensions and time horizons including a comparison versus selected benchmarks that reflect ESG criteria and thus incentivise investment with a long-term sustainable view. The Asset Manager's remuneration is based solely on net asset exposure under management with no performance-based component. There are, however, quantitative and qualitative measures to evaluate the manager's overall performance and the relationship can be terminated in case of continuous dissatisfaction, ensuring that the manager meets return expectations and fulfils the terms of the agreement, including engagement requirements. For listed equities, the manager generally follows relatively low turnover strategies. To ensure that there is no excessive turnover, the trading volume is steadily monitored by the Asset Manager. The Company has the right to terminate the relationship with the Asset Manager at any time, subject to a 90-day notice period, or immediately in certain cases, including any material or persistent breach of obligations under the investment agreement.

Other material information

There is no other material information to report for 2021.

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. 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.

<table>
<tr><th>Modelled risks</th><th>Other risks</th></tr>
<tr><td>Underwriting: Life and Health, Property and Casualty and Credit</td><td>Strategic risk</td></tr>
<tr><td>Financial Market risk</td><td>Regulatory risk</td></tr>
<tr><td rowspan="2">Credit risk excluding Credit underwriting</td><td>Political risk</td></tr>
<tr><td>Reputational risk</td></tr>
<tr><td rowspan="2">Operational risk</td><td>Sustainability risk</td></tr>
<tr><td>Liquidity risk</td></tr>
<tr><td colspan="2">Emerging risks</td></tr>
</table>

Climate change related risks

The company is exposed to physical and transition risks related to climate change affecting its assets and liabilities. These risks are not considered as a risk category on their own because they affect all risk categories. The longer term impacts of climate change are primarily assessed under emerging risks.

Measures used to assess risks and material changes

The Company uses a CAA-approved integrated internal 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 once in two hundred years.

Quantification of modelled risks by risk category

The table below sets out the quantification as at 31 December 2021 for the Company's modelled risk categories over the next twelve months. It also shows the changes compared to the SCR as at 31 December 2020. The figures represent the loss for each risk category* that is likely to be exceeded only once in two hundred years. Due to diversification, the total risk of the Company is lower than the sum of the individual categories.

The SCR of the Company as at 31 December 2021 has increased compared to 2020. This was driven by increased Financial Market risks, mainly due to the impact of higher market valuations for equity and real estate. This has been partially offset by a decrease of L&H risk driven by lower yields and lower P&C risk driven by an update of the Non-life claims inflation model. Changes in the IGR structure for L&H have contributed to lower underwriting risk, mainly due to changes to the IGR structure for the SRE UK branch which has led to improved diversification between longevity and mortality risk on a net basis.

EUR millions	2020	2021
Life and health risk	1 627	1 569
Property and casualty risk	2 692	2 652
Financial market risk	768	898
Credit risk	208	362
Operational risk	89	89
Diversification	–2 294	–1 964
Other impacts**	–2 124	–2 508
Pre-tax Solvency Capital Requirement	**966**	**1 098**
Deferred tax impact	–143	–252
SCR	**823**	**846**

* Risk categories are gross of retrocession.
** Other impacts: mainly driven by retrocession.

Please refer to the paragraph "Solvency Capital Requirement split by risk category" on page 36 for further details.

Risk concentration

The Company has a material counterparty exposure to SRZ as a result of its IGR arrangements. This risk is mitigated by the strong solvency and liquidity position of SRZ, as well as its Financial strength rating. For details of the solvency position of SRZ, please refer to the Swiss Re Group website:https://www.swissre.com/investors/solvency-ratings/financial-strength-ratings.html#legalentityratings.

The biggest underwriting risks of the Company are natural catastrophe risks (in particular European windstorm), lethal pandemic risk, and longevity risk.

The following sections (C1 to C6) provide further details on specific risk categories.

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.

Life and Health risk

L&H 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 L&H contracts (such as pricing and reserving risks) that arise when mortality, morbidity, or lapse experience deviate from expectations. The investment risk that is part of some L&H business is modelled, monitored and managed as financial market risk. The L&H risk of the Company is mainly driven by lethal pandemic, mortality and longevity risks. However, the Company's exposures to lethal pandemic, Mortality trend risk and lapse risk have reduced after the novation of the incoming IGR for L&H risks from Swiss Reinsurance Company Ltd Canada branch at mid year.

Property and Casualty risk

P&C 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. It includes underlying risks inherent in the business underwritten, such as inflation or uncertainty in pricing and reserving. Major property and casualty risks of the Company comprise claims inflation, costing and reserving risk, as well as natural catastrophe risk, eg related to European windstorm and German flood.

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 P&C and L&H exposures. Due to the nature of the risk, Credit underwriting risk is quantified in the credit risk model.

Material risk developments over the reporting period

The Company's main risks have remained largely the same since last year, except Mortality trend risk, which is no longer among the top risks after the novation of the incoming IGR for L&H risks from Swiss Reinsurance Company Ltd Canada branch at mid year.

The Company's L&H underwriting risk has decreased during 2021 due to higher yields, which has more than offset the impact from new longevity exposures. The decrease of P&C risk is driven by a change of the Non-life claims inflation model, which has more than offset the impact from higher Nat Cat exposures at year-end 2021.

Risk mitigation

The Company's underwriting risk is largely mitigated by a combination of proportional and non-proportional internal retrocessions.

Sensitivity analysis and stress testing

The following stress scenarios have been explored for their underwriting risk impact as part of the 2021 ORSA:

Extreme loss scenario

The scenario describes the impact of another wave of the Pandemic with renewed stringent containment measures leading to a severe recession followed by a subdued recovery. The scenario assumes severe underwriting losses, including but not limited to Pandemic related losses stemming from L&H and P&C.

Negative real yield scenario
The scenario assumes a strong cyclical recovery but persisting supply chain headwinds. This in combination causes overheating of the economy while inflation increases, however yields remain low (eg due to full and explicit yield curve control by central banks). Reserves are impacted by moderate inflation in the first two years, followed by a massive inflation shock in the third year.

Longevity growth plus shock scenario
The scenario assumes that the Company writes significantly more longevity business than planned within the next three years. It is combined with a longevity trend shock in 2024.

The application of the scenarios provided insights into the resilience of the Company and its ability to meet Solvency II and liquidity requirements in extreme scenarios.

Special purpose vehicles
The Company does not currently 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: investment activities and 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, 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 14.

Material risk developments over the reporting period
The Company's financial market risk has increased mainly because of higher market valuations, notably for equity and real estate.

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 target ranges 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 2021 ORSA:
- Persistent low yields and financial market volatility under the Extreme loss scenario
- Rising inflation while interest rates remain low and an inflation shock under the Negative real yield 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 asset management stress is monitored on a daily basis against an approved target range.

C3: Credit risk

Risk exposure
Credit risk reflects the potential financial loss that may arise due to diminished creditworthiness or default of counterparties of the Company or of third parties. This risk arises directly from investment activities, as well as from counterparty risk related to external and intra-group counterparties, and investments into corporate bonds, and also covers Credit underwriting risk as described in section C1.

Material risk developments over the reporting period
Credit risk has increased, driven by counterparty risk related to longevity business.

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 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 represents the possibility that the Company will not be able to meet expected and unexpected cash flow and collateral needs without affecting either daily operations or the Company's financial condition. The Company's exposure is driven by potential extreme losses, as well as the amount of its investments into liquid assets.

Material risk developments over the reporting period
Liquidity risk has remained stable at a low level, and at year-end 2021 the Company holds more than 40% of its investments in the most liquid asset class, ie government bonds, bills and cash.

Risk mitigation
The Company controls liquidity risk to ensure that it can satisfy claims payments, debt maturities, expenses and collateral requirements. To manage liquidity risk, the Company has a range of liquidity policies and measures in place, including regular monitoring and reporting of key stress liquidity ratios to the Board.

Sensitivity analysis and stress testing
The Company assesses liquidity risk against extreme losses affecting the relevant liquidity pool using a group-wide liquidity stress scenario. 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 over a one-year period.

Amount of expected profit in future premiums (EPIFP)
The total amount of EPIFP for the Company as at 31 December 2021 is EUR 1 889 million.

C5: Operational risk

Risk exposure
Operational risk represents the potential economic, reputational or compliance impact of inadequate or failed internal processes, people and systems or from external events, including legal risk and the risk of a material misstatement in financial reporting.

Material risk developments over the reporting period
Operational risk remained stable. The Company's processes and the control framework have proved to be robust throughout 2021.

The number and severity of operational events within the existing period are within acceptable levels and no increase in the reporting of operational events has been observed. 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 on the Company.

Risk mitigation
The Company's coordinated assurance framework outlined in section B4 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 materialise 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.

The operational risk model is designed to represent the economic loss potential due to events classified as operational risk over a one-year horizon for use in the internal risk model. The focus of interest for this purpose lies entirely in large, unexpected events that potentially jeopardise the capital adequacy of the Company. In 2021, for example, the loss assumptions on the key person risk, human processing errors, and project failures were updated.

C6: Other material risks

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.

Continued uncertainty regarding the ways in which the future relationship between the UK and the EU will evolve could impact the legislative and/or regulatory regimes to which the Company is subject (including Solvency II), both in the UK and in the EU. The Company may be subject to changes in views of its regulators in respect of the models that the Company uses for capital and solvency purposes, and could be adversely affected if, for example, it is required to use standard models rather than internal models. Generally, legal and regulatory changes could have a material impact on the Company's business model.

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 2021 were as follows (based on QRT Balance Sheet S.02.01.02):

EUR millions	Solvency II	Company Statutory	Difference
Investments (other than assets held for index-linked and unit-linked funds)	7420	6450	970
Reinsurance recoverables	8351	13053	–4702
Deposits to cedents	1878	1691	187
Total of all other assets not listed above	2392	5095	–2703
Total assets	**20041**	**26289**	**–6248**

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
Loans and mortgages			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 to the extent possible by reference to observable market prices.

Adjusted equity valuation:

- Participations: valuation of participations (subsidiaries and 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 an external appraiser using a discounted cash flow method.
- Loans and mortgages are valued using a discounted cash flow method. The values thus determined are considered a reasonable approximation of the market value.

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 investment funds 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 is mainly due to unrealised gains and losses, which are taken into account under Solvency II but not accounted for Company Statutory purposes. In addition, the accrued interest on investments is classified as receivables under Company Statutory but as investments under Solvency II. Furthermore, in the Solvency II balance sheet, pension liabilities and pension assets are netted, consistent with IAS 19. For more details on pension assets and liabilities, refer to the paragraph "Employee benefits" on page 31.

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.

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

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

Deposits to cedents
For L&H business, the value of deposits with ceding undertakings is calculated by discounting the deposit reserve cashflows (mainly change in deposits and interest on deposits) using the official risk-free discount rates published by the European Insurance and Occupational Pensions Authority (EIOPA). The difference between Solvency II and Company Statutory is due to the different discounting treatment for the deposits.

For P&C business, deposits with ceding undertakings are stated mostly at face value under Solvency II and the Company Statutory valuation. The difference between Solvency II and Company Statutory is due to discounting of the deposits under Solvency II, whereas under Company Statutory no discounting is applied to the cash deposits.

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 recognised in Company Statutory, and debtors arising out of reinsurance operations. A part of the latter item contains future cash flows recognised 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 of uncertainty when using judgements to determine valuations. Since Solvency II follows fair value methodology, the securities are not carried at more than the recoverable amounts.

Changes made to recognition and valuation basis of material assets during the year
No changes were made to the recognition and valuation basis or to estimation assumptions during 2021.

Drivers of difference between Solvency II and Company Statutory accounts
The difference between the Solvency II balance sheet and the Company Statutory balance sheet is explained by the different valuation methodologies used as described in the paragraph "Methods applied for valuation of material assets" on page 23.

Property (held for own use)
The Company does not hold any property for own use as at 31 December 2021.

Inventories
The Company does not hold any inventories as at 31 December 2021.

Intangible assets
The Company does not show any intangible assets on the Solvency II balance sheet as at 31 December 2021.

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's prices are not available, a market price from an alternative source is selected. These are pre-agreed vendors, brokers or dealers, or calculations depending on the type of financial assets.

As at 31 December 2021, 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 1 399 million (2020: EUR 1 184 million). The value of assets valued at quoted market prices in active markets, for similar assets, was EUR 2 973 million (2020: EUR 3 039 million). The value of assets using the adjusted equity method was EUR 3 140 million (2020: EUR 2 826 million) and the value of assets using the alternative valuation method was EUR 2 690 million (2020: EUR 2 775 million), of which deposits to cedents EUR 1 878 million (2020: EUR 2 029 million).

Use of non-observable market data
The Company follows the valuation methodology as per 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 other than various agreements for the lease of office space.

Deferred tax assets
Recognition of deferred tax assets
Deferred income tax assets of EUR 670 million (2020: EUR 672 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
The amount of deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset is recognised in the Solvency II balance sheet is immaterial.

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 Europe S.A. UK Branch Life & Health business and Swiss Re Europe S.A. UK Branch Property & Casualty business are considered as separate entities for deferred tax computation in this regard.

Projected future taxable profits
Deferred tax assets to be recovered after more than 12 months are EUR 670 million (2020: EUR 672 million). Deferred tax assets to be recovered within 12 months are zero.

The valuation and utilisation of the deferred tax assets can be supported by projections of the future taxable profits, including those arising from the reversal of existing taxable temporary differences. 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 three-year timeframe. Adjustments are made for local restrictions on tax loss.

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 in 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 loss 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.

Tax rate changes during the year and their effects on deferred tax assets
The tax rate changes during the year effect deferred tax assets, which are computed based on enacted statutory rates.

For the details of deferred tax liabilities please refer to the paragraph "Deferred tax liabilities" on page 30.

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 line of business
The following table shows the value of life technical provisions*, based on QRT S.12.01.02, by material line of business as at 31 December 2021:

EUR millions	Gross best estimate	Net best estimate	Risk margin	Total net technical provision
Life	–482	–286	312	26
Health	677	158	35	193
Total	**195**	**–128**	**347**	**219**

*Liabilities are presented as positive amounts.

Overview of methodology and assumptions
Best estimate
Cash flow projections have been carried out on each relevant 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 risk-free discount rates published by EIOPA. No allowance is made for the matching premium or counter-cyclical premium.

Provisions for options and guarantees
Additionally, whenever 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. Ongoing monitoring of the performance of the underlying portfolios is conducted and appropriate liabilities established wherever necessary.

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 breaking down the future SCR into 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 mean that actual cash flows will most likely be different from the predicted cash flows.

COVID-19-related information

The global spread of COVID-19, and the impact on the Company is described in the paragraph "Significant business or other events" on page 6.

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 2021 were as follows:

EUR millions	Solvency II	Company Statutory	Difference
Life	26	1 138	–1 112
Health	193	701	–508
Total	**219**	**1 839**	**–1 620**

**Liabilities are presented as positive amounts.*

The actuarial methods and assumptions used for the valuation of the technical provisions for Solvency II purposes are similar 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 -1 620 million is driven by the reasons below. It is worth noting that a negative difference here means that statutory technical provisions are higher than Solvency II technical provisions.

- Statutory margins included in the statutory reserves contribute EUR -1 598 million to the difference (EUR -1 102 million for Life and EUR -496 million for Health). Statutory reserving includes prudent margins whereas Solvency II technical provisions are the best estimate (excluding risk margin).
- 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 take 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 elements. In the valuation of ceded reinsurance, the counterparty risk is considered.

Material changes in assumptions made

During 2021, updates were made to the mortality, morbidity, trend expense and lapse assumptions. These updates were to reflect the more recent experience across the portfolios.

Matching adjustment

Not applicable to the Company.

Volatility adjustment

Not applicable to the Company.

Transitional measures

Not applicable to the Company.

Non-life business

Material technical provisions by Solvency II line of business

The following table shows the value of non-life technical provisions, based on QRT S.17.01, by material line of business* as at 31 December 2021:

EUR millions	Gross best estimate	Net best estimate	Risk margin	Total net technical provision
Casualty non-proportional reinsurance	5 492	1 934	89	2 023
Motor vehicle liability proportional reinsurance	1 892	887	10	897
Property non-proportional reinsurance	1 845	510	4	514
Fire and other damage to property proportional reinsurance	1 059	312	7	319
General liability proportional reinsurance	998	225	13	238
Total of others not included in above	927	317	4	321
Total	**12 213**	**4 185**	**127**	**4 312**

** By the amount of net technical provisions for non-life business.*

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 premiums, claims and commissions (including other contractual costs) are estimated.
- For all those nominal values, the timing of such future payments is 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 made 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).
- For new contracts, those estimates cannot be derived with the aforementioned 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, the initial estimates are revisited using the classical actuarial techniques.

The estimates are reviewed and approved by the 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 judgement as to 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 "Overview methodology and assumptions" on page 26 within the subsection "D2: Technical provisions - Life business" 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 judgement 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, for example, from major natural catastrophes. Actual future losses and loss adjustment expenses will not develop exactly as projected and may, in fact, vary significantly from the projections.

COVID-19-related information

The global spread of COVID-19, and the impact on the Company is described in the paragraph "Significant business or other events" on page 6.

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 2021 were as follows:

EUR millions	Solvency II	Company Statutory	Difference
Casualty non-proportional reinsurance	2023	2142	–119
Motor vehicle liability proportional reinsurance	897	1054	–157
Property non-proportional reinsurance	514	574	–60
Fire and other damage to property proportional reinsurance	319	716	–397
General liability proportional reinsurance	238	523	–285
Total of others not included in above	321	388	–67
Total	**4312**	**5397**	**–1085**

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 discounted, time value of money is not recognised, 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 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 recognised.
- 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.

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 elements. In the valuation of ceded reinsurance, the counterparty risk is considered.

Material changes in assumptions made

The data, methods, processes and systems used for reserving bodily injury claims implying future regular payments are permanently adapted and reviewed. No new reserving approaches were introduced during 2021.

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 2021, were as follows (based on QRT Balance Sheet S.02.01.02):

EUR millions	Solvency II	Company Statutory	Difference
Deposits from reinsurers	1213	1073	140
Deferred tax liabilities	1251	-	1251
Insurance and reinsurance payables	744	2231	–1487
Total of all other liabilities not listed above	580	1465	–885
Total other liabilities	**3788**	**4769**	**–981**

Deposits from reinsurers

For P&C business, 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. The difference between Solvency II and Company Statutory is due to discounting of the deposits under Solvency II, whereas under Company Statutory no discounting is applied to the cash deposits.

For L&H business, the value of deposits from reinsurers is calculated by discounting the deposit reserve cash flows (mainly change in deposits and interest on deposits) using the official risk-free discount rates published by EIOPA. The difference between Solvency II and Company Statutory is due to the different discounting treatment for the deposits.

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 liabilities are calculated on all balance sheet differences that are recognised as being temporary and which will have a tax reversal impact in the foreseeable future.

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 is disclosed as part of the notes to the accounts.

Insurance and reinsurance payables

Solvency II and Company Statutory

Under Company Statutory, this item corresponds to creditors arising out of reinsurance operations. The difference with Solvency II is mainly explained by the future cash flows included as payables under Company Statutory, but recognised as a part of technical provisions under Solvency II. All payables have a term of less than five years.

Other liabilities not listed above

Other liabilities under both Solvency II and Company Statutory include other creditors and tax provisions, with immaterial differences between the two valuations. In addition, Company Statutory also includes the statutory-specific items, such as deferred acquisition costs and provision for currency risks. Furthermore, in the Solvency II balance sheet, pension liabilities are presented net of the assets set aside to cover these obligations, consistent with IAS 19. For more details on pension assets and liabilities, refer to the paragraph "Employee benefits" on page 31.

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 2021.

Lease liabilities

The Company had no material financial or operating lease liabilities as at 31 December 2021, other than various agreements for the lease of office space.

Deferred tax liabilities

Deferred income tax liabilities of EUR 1 251 million (2020: EUR 1 146 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 1 251 million (2020: EUR 1 146 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 United Kingdom corporate income tax rate will increase from 19% to 25% from 1 April 2023. In France, the corporate income tax rate reduced from 32.02% to 27.5% from 1 January 2021 with further reduction to 25.82% from 1 January 2022. Closing deferred tax balances have been remeasured at the new corporate income tax rates.

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 25.

Contingent liabilities

The Company does not carry contingent liabilities on its Solvency II balance sheet as at 31 December 2021.

Employee benefits

Nature of the obligations

Pension liabilities, German 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" below.

Other pension liabilities, German 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 (short-term obligation), German branch
The Company has put in place a long-term vacation programme where there is a legal requirement in Germany to secure obligations resulting from 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" below.

Early retirement programme (long-term obligation), German branch
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 from 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" below.

All branches

Other employee benefits
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 2021, 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			
Italy – Trattamento di Fine Rapporto*		X		
Italy – healthcare and life insurance for retired employees			X	
Leadership Share 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 10 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 2021 are held to secure the pension liabilities:
- EUR 299 million is held under a Contractual Trust Agreement. 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 24 million is held in insurance contracts with Allianz Lebensversicherungs AG.

The values as at 31 December 2021 were as follows:

Assets	EUR millions	%
Corporate debt securities	38	12
Government bonds	259	80
Insurance contracts	24	7
Other	2	1
Total	**323**	**100**

Other pension liabilities

For the deferred compensation plan, 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 2021.

Long-term vacation and early retirement programmes

EUR 19 million is used to cover long-term vacation obligations and EUR 17 million to cover early retirement obligations held under a Contractual Trust Agreement. 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 2021 the assets were invested as follows:

Assets	EUR millions	%
Corporate debt securities	5	14
Government bonds	31	86
Total	**36**	**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 maintained on the Company's balance sheet. The following actuarial assumptions were used as of 31 December 2021: discount rate 1.05%, increase in salaries 1.9%, inflation rate 2.0%, pension increase rate 1.9%, fluctuation 3.0% 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 Heubeck mortality tables 2018 G from 10 October 2018, which are based on mortality data in Germany.

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 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.

Changes during the reporting period

No changes were made to the recognition and valuation basis or to estimation assumptions during 2021.

Assumptions and judgements

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

D4: Alternative methods of valuation

Alternative methods of valuation

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

Deposits with cedents and deposits from reinsurers are also valued using alternative valuation methods described in detail in the paragraphs "Methods applied for valuation of material assets" on page 23 and "Other material liabilities" on page 29.

D5: Any other information

Other material information

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

Section E: Capital management

E1: Own funds

Solvency ratio

The solvency ratio expressed as eligible own funds after dividend as a percentage of the SCR as at 31 December 2021 was 304% (2020: 350%).

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 2021, 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 was as follows:

EUR millions	2020				2021			
	Tier I	Tier II	Tier III	Total	Tier I	Tier II	Tier III	Total
Ordinary share capital (gross of own shares)	350			**350**	350			**350**
Share premium account related to ordinary share capital	4			**4**	4			**4**
Surplus funds	-			**-**				
Reconciliation reserve	2 522			**2 522**	2 216			**2 216**
Subordinated liabilities	-	-		**-**	-		-	
Net deferred taxation asset			4	**4**			1	**1**
Total basic own funds after adjustments	**2 876**	**-**	**4**	**2 880**	**2 571**		**1**	**2 572**

The decrease in own funds over the reporting period was primarily driven by a decrease of the reconciliation reserve, a Tier I item, as a result of profitable business and positive impacts of the economic environment more than offset by a foreseeable dividend of EUR 800 million.

Eligible amount of own funds to cover the Solvency Capital Requirement

The eligible amount of own funds to cover the SCR for 2021 is EUR 2 572 million (2020: EUR 2 880 million), of which EUR 2 571 million (2020: EUR 2 876 million) is classified as Tier I and EUR 1 million (2020: EUR 4 million) is classified as Tier III.

Restrictions to available own funds

The Company does not have restricted Tier I own funds. The EUR 1 million (2020: EUR 4 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 2021 is EUR 2 571 million (2019: EUR 2 876 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 2021 were as follows:

EUR millions	Equity reconciliation
Equity per Company Statutory accounts (excluding retained earnings)	354
Reconciliation reserve	**2 217**
Total of reserves and retained earnings from financial statements	877
Difference in the valuation of assets	–1 547
Difference in the valuation of technical provisions	2 705
Difference in the valuation of other liabilities	982
Foreseeable dividend	–800
Net deferred taxation asset	1
SII own funds	**2 572**

Reconciliation reserve
The reconciliation reserve represents the differences 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 and the legal reserve. It also includes a deduction for the foreseeable dividend.

Basic own funds subject 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
The foreseeable dividend of EUR 800 million (2020: EUR 600 million) has been deducted from own funds of the Company. This deduction is considered in the reconciliation reserve.

Deferred taxes
Deferred income tax assets of EUR 670 million (2020: EUR 672 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. A net deferred tax asset of EUR 1 million has been recognised in relation to basic own-fund items classified as Tier 3 in accordance with Article 76(a)(iii). The net own funds deferred tax asset of EUR 1 million consists of EUR 2 million deferred tax asset and EUR 1 million deferred tax liability. EUR 2 million of the deferred tax asset will be utilised through reversion of deferred tax liabilities, the remaining EUR 1 milllion will be utilised by reference to projected future profit.

Subordinated capital instrument in issue at year-end
The Company does not have subordinated capital instruments as at 31 December 2021.

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 2021.

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 2021 was as follows:

EUR millions	2021
Excess of assets over liabilities	3 372
Equity per the Company Statutory accounts (excluding retained earnings)	–354
Foreseeable dividend	–800
Net deferred taxation asset	–1
Reconciliation reserve	**2 217**

The reconciliation reserve includes, within the excess of assets over liabilities, an amount that corresponds to the expected profit in future premiums (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. Further details of valuation differences are provided in the paragraph "Differences between equity in Solvency II and Company Statutory accounts" above.

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 2021, the Company's SCR was EUR 846 million (2020: EUR 823 million) and the MCR was EUR 381 million (2020: EUR 370 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 risk categories* as at 31 December, including a projection for the average exposure over the year, as well as changes compared to the previous year.

EUR millions	2020	2021
Life and health risk	1 627	1 569
Property and casualty risk	2 692	2 652
Financial market risk	768	898
Credit risk	208	362
Operational risk	89	89
Diversification	–2 294	–1 964
Other impacts **	–2 124	–2 508
Pre-tax Solvency Capital Requirement	**966**	**1 098**
Deferred tax impact	–143	–252
SCR	**823**	**846**

* Risk categories before retrocession
** Other impacts: mainly driven by retrocession

Simplification calculation

The Company does not apply the standard formula.

Standard formula parameters

The Company does not apply the standard formula.

Disclosure of capital add-on

This is not applicable, because the Company is not required to hold additional capital (capital add-on).

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 line of business, and best estimate technical provisions without a risk margin, split by line of business.

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

Material changes to Solvency Capital Requirement and Minimum Capital Requirement over the period

Please refer to paragraph "Solvency Capital Requirement split by risk category" above for details of the current year and prior year SCR. The changes are driven by the change in risk exposure as detailed in section "C. Risk Profile" on page 18.

The SCR increased from EUR 823 million in 2020 to EUR 846 million in 2021, driven by increased Financial Market risks, mainly due to the impact of higher market valuations for equity and real estate. This has been partially offset by a decrease of L&H risk driven by lower yields and lower P&C risk driven by an update of the Non-life claims inflation model. Changes in the IGR structure for L&H have contributed to lower underwriting risk, mainly due to changes to the IGR structure for the SRE UK branch which has led to improved diversification between longevity and mortality risk on a net basis.

The MCR is equal to 45% of the SCR (in 2021 as well as 2020). Thus, the MCR increased in line with the SCR from EUR 370 million in 2020 to EUR 381 million in 2021.

Loss-absorbing capacity of deferred taxes

The SCR has been reduced by EUR 252 million (2020: EUR 143 million) for the loss-absorbing capacity of deferred taxes. According to the CAA's regulatory guidance the loss absorbing capacity of deferred tax is restricted to the amount of existing net deferred tax liability of EUR 580 million (2020: EUR 474 million).

E3: Duration-based equity risk

Use of the 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, as 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
- 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 broken down 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 the internal model
Refer to subsection "C: Overview of risk exposure" on page 18 for details of risk covered and not covered by the internal 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 occur 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 EU government bonds, which is assumed to be nil in the standard formula, and a number of risks that are not explicitly addressed by the standard formula, including cyber and inflation risks.

Various purposes for which the internal model is 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 that impact the Solvency II balance sheet of the Company. Please refer to section "C: Overview of risk exposure" 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 Company's internal model, the risk that 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 in the internal 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 Integrated Risk and Analytics Modelling 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 the Risk Management Data Warehouse. 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 the Integrated Risk and Analytics Modelling 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
- Validation of calculation results and changes over time by the 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 2021.

E6: Any other information

Other material information

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

Cautionary note on forward-looking statements

In line with the Swiss Re Group, certain statements and illustrations, where applicable, contained herein are forward-looking. These statements (including as to plans, objectives, targets, and trends) and illustrations provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to a historical fact or current fact.

Forward-looking statements typically are identified by words or phrases such as 'anticipate', 'target', 'aim', 'assume', 'believe', 'continue', 'estimate', 'expect', 'foresee', 'intend', 'may increase', 'may fluctuate' and similar expressions, or by future or conditional verbs such as 'will', 'should', 'would' and 'could'. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Group's actual results of operations, financial condition, solvency ratios, capital or liquidity positions or prospects to be materially different from any future results of operations, financial condition, solvency ratios, capital or liquidity positions or prospects expressed or implied by such statements or cause Swiss Re to not achieve its published targets. Such factors include, among others:

- The frequency, severity and development of insured claim events, particularly natural catastrophes, man-made disasters, pandemics, acts of terrorism or acts of war.
- Mortality, morbidity and longevity experience.
- The cyclicality of the reinsurance sector.
- Central bank intervention in the financial markets, trade wars or other protectionist measures relating to international trade arrangements, adverse geopolitical events, domestic political upheavals or other developments that adversely impact global economic conditions.
- Increased volatility of, and/or disruption in, global capital and credit markets.
- The Group's ability to maintain sufficient liquidity and access to capital markets, including sufficient liquidity to cover potential recapture of reinsurance agreements, early calls of debt or debt-like arrangements and collateral calls due to actual or perceived deterioration of the Group's financial strength or otherwise.
- The Group's inability to realise amounts of sales of securities on the Group's balance sheet equivalent to their values recorded for accounting purposes.
- The Group's inability to generate sufficient investment income from its investment portfolio, including as a result of fluctuations in the equity and fixed income markets, the composition of the investment portfolio or otherwise.
- Changes in legislation and regulation, including changes in regulation related to environmental, social and governance ("ESG") matters, or the interpretations thereof by regulators and courts, affecting the Group or its ceding companies, including as a result of comprehensive reform or shifts away from multilateral approaches to regulation of global operations.
- The Group's ability to fully achieve one or more of its ESG or sustainability goals or to fully comply with applicable ESG or sustainability standards.
- Matters negatively affecting the reputation of the Group, its board of directors or its management, including matters relating to ESG or sustainability, such as allegations of greenwashing, lack of diversity and similar allegations.
- The lowering or loss of one of the financial strength or other ratings of one or more companies in the Group, and developments adversely affecting its ability to achieve improved ratings.
- Uncertainties in estimating reserves, including differences between actual claims experience and underwriting and reserving assumptions.
- Policy renewal and lapse rates.
- Uncertainties in estimating future claims for purposes of financial reporting, particularly with respect to large natural catastrophes and certain large manmade losses and social inflation litigation, as significant uncertainties may be involved in estimating losses from such events and preliminary estimates may be subject to change as new information becomes available.
- Legal actions or regulatory investigations or actions, including in respect of industry requirements or business conduct rules of general applicability, the intensity and frequency of which may also increase as a result of social inflation.

- The outcome of tax audits, the ability to realise tax loss carry forwards and the ability to realise deferred tax assets (including by reason of the mix of earnings in a jurisdiction or deemed change of control), which could negatively impact future earnings, and the overall impact of changes in tax regimes on the Group's business model.
- Changes in accounting estimates or assumptions that affect reported amounts of assets, liabilities, revenues or expenses, including contingent assets and liabilities.
- Changes in accounting standards, practices or policies, including the contemplated adoption of IFRS.
- Strengthening or weakening of foreign currencies.
- Reforms of, or other potential changes to, benchmark reference rates.
- Failure of the Group's hedging arrangements to be effective.
- Significant investments, acquisitions or dispositions, and any delays, unforeseen liabilities or other costs, lower-than- expected benefits, impairments, ratings action or other issues experienced in connection with any such transactions.
- Extraordinary events affecting the Group's clients and other counterparties, such as bankruptcies liquidations and other credit-related events.
- Liquidations and other credit-related events.
- Changing levels of competition.
- The effects of business disruption due to terrorist attacks, cyberattacks, natural catastrophes, public health emergencies, hostilities or other events.
- Limitations on the ability of the Group's subsidiaries to pay dividends or make other distributions; and
- Operational factors, including the efficacy of risk management and other internal procedures in anticipating and managing the foregoing risks.

These factors are not exhaustive. The Group operates in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on forward-looking statements. Swiss Re undertakes no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.

This communication is not intended to be a recommendation to buy, sell or hold securities and does not constitute an offer for the sale of, or the solicitation of an offer to buy, securities in any jurisdiction, including the United States. Any such offer will only be made by means of a prospectus or offering memorandum, and in compliance with applicable securities laws.

Glossary

Acquisition costs	That portion of an insurance premium that 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.
API	Annual Performance Incentive
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.
Committees	The committees of the Company to which the Board has delegated (or another Committee has sub-delegated) certain responsibilities and authorities.
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.
EEA	The European Economic Area
EVM, 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.
EIOPA	European Insurance and Occupational Pensions Authority
EMEA	Europe, Middle East and Africa
ENW	Economic Net Worth, the difference between the market-consistent value of assets and liabilities
EPIFP	Expected profit in future premiums
ESG	Environmental, Social and Governance
EU	European Union
ESG policies	Environmental, social and governance policies
GIA	Group Internal Audit
Group Risk Model	The internal model, developed by the Swiss Re Group and in place since 1994, used for articulating risk tolerance, assessing performance and setting targets. The internal model forms an integral part of steering reality at Swiss Re. As part of Solvency II, the implementation of "Solvency II-specific features" (eg illiquidity premium, ultimate forward rate, treatment of deferred taxes) 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.
GSPP	Global Share Participation Plan
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.
IDD	Insurance Distribution Directive

Intra-group retrocession	Retrocession between subsidiaries of the same parent company or between a subsidiary and its parent. Intra-group retrocession aims to optimise 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 (eg quota-share) or non-proportional (eg 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.
LSP	Leadership Share Plan
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 licence of the insurer will be withdrawn or the insurer will be closed to new business and its in-force business will be liquidated.
Nat Cat	Natural catastrophe
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 that 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 the 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.
PSU	Performance Share Unit
QRT	Quantitative Reporting Template
Reinsurance	Insurance that 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 that 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, ROE	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.
RSU	Restricted Share Unit
Securitisation	Financial transactions in which future cash flows from assets (or insurable risks) are pooled, converted into tradeable 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 one-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 the Swiss Re Group or the 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, SST	Switzerland has 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.
TAPI, Target API	Target Annual Performance Incentive
Target capital	Defined by the Company's Capitalisation Policy.
Technical result	Underwriting defined as nominal premiums less nominal commissions and claims.
TSR	Total Shareholder Return
UK	United Kingdom of Great Britain and Northern Ireland
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).
VAI	Value Alignment Incentive

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

Swiss Re Europe S.A.

Report:	S.02.01.02
Reporting entity:	Swiss Re Europe S.A.
Reference date:	31 December 2021
Reporting currency:	EUR thousands

Balance sheet

		Solvency II value
Assets		**C0010**
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	670 439
Pension benefit surplus	**R0050**	0
Property, plant & equipment held for own use	**R0060**	2 584
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	7 420 281
Property (other than for own use)	**R0080**	284 550
Holdings in related undertakings, including participations	**R0090**	1 188 411
Equities	**R0100**	385 919
Equities - listed	**R0110**	385 919
Equities - unlisted	**R0120**	
Bonds	**R0130**	3 487 641
Government Bonds	**R0140**	1 693 802
Corporate Bonds	**R0150**	1 761 581
Structured notes	**R0160**	
Collateralised securities	**R0170**	32 258
Collective Investments Undertakings	**R0180**	1 988 424
Derivatives	**R0190**	11 560
Deposits other than cash equivalents	**R0200**	0
Other investments	**R0210**	73 776
Assets held for index-linked and unit-linked contracts	**R0220**	415 448
Loans and mortgages	**R0230**	429 090
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	1 096
Other loans and mortgages	**R0260**	427 994
Reinsurance recoverables from:	**R0270**	8 350 583
Non-life and health similar to non-life	**R0280**	8 028 037
Non-life excluding health	**R0290**	7 947 692
Health similar to non-life	**R0300**	80 345
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	322 546
Health similar to life	**R0320**	518 331
Life excluding health and index-linked and unit-linked	**R0330**	-195 785
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	1 878 076
Insurance and intermediaries receivables	**R0360**	98 736
Reinsurance receivables	**R0370**	465 355
Receivables (trade, not insurance)	**R0380**	235 927
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**	68 516
Any other assets, not elsewhere shown	**R0420**	6 100
Total assets	**R0500**	20 041 135

Report:	S.02.01.02
Reporting entity:	Swiss Re Europe S.A.
Reference date:	31 December 2021
Reporting currency:	EUR thousands

Balance sheet

Liabilities		**Solvency II value**
		C0010
Technical provisions - non-life	**R0510**	12 339 981
Technical provisions - non-life (excluding health)	**R0520**	12 213 537
Technical provisions calculated as a whole	**R0530**	
Best Estimate	**R0540**	12 087 764
Risk margin	**R0550**	125 773
Technical provisions - health (similar to non-life)	**R0560**	126 444
Technical provisions calculated as a whole	**R0570**	
Best Estimate	**R0580**	125 679
Risk margin	**R0590**	765
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	84 840
Technical provisions - health (similar to life)	**R0610**	711 212
Technical provisions calculated as a whole	**R0620**	
Best Estimate	**R0630**	676 492
Risk margin	**R0640**	34 720
Technical provisions - life (excluding health and index-linked and unit-linked)	**R0650**	-626 372
Technical provisions calculated as a whole	**R0660**	
Best Estimate	**R0670**	-932 554
Risk margin	**R0680**	306 182
Technical provisions - index-linked and unit-linked	**R0690**	456 921
Technical provisions calculated as a whole	**R0700**	
Best Estimate	**R0710**	450 877
Risk margin	**R0720**	6 044
Other technical provisions	**R0730**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	82 122
Pension benefit obligations	**R0760**	88 382
Deposits from reinsurers	**R0770**	1 213 216
Deferred tax liabilities	**R0780**	1 250 605
Derivatives	**R0790**	12 870
Debts owed to credit institutions	**R0800**	690
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	106 346
Reinsurance payables	**R0830**	637 968
Payables (trade, not insurance)	**R0840**	316 108
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**	79 539
Total liabilities	**R0900**	16 669 588
Excess of assets over liabilities	**R1000**	3 371 547

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Premiums, claims and expenses by

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional				
		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**	10 345	0	250	1 373 377	58 801	129 025	1 118 909	457 901	33 754	19 782		-12 534					3 189 610
Gross - Non-proportional reinsurance accepted	**R0130**													12 066	472 589	133 680	786 981	1 405 316
Reinsurers' share	**R0140**	7 097	0	175	651 589	28 775	99 266	732 115	294 069	23 618	10 151		-17 597	8 855	344 355	95 019	588 547	2 866 034
Net	**R0200**	3 248	0	75	721 788	30 026	29 759	386 794	163 832	10 136	9 631		5 063	3 211	128 234	38 661	198 434	1 728 892
Premiums earned																		
Gross - Direct Business	**R0210**																	
Gross - Proportional reinsurance accepted	**R0220**	14 391	0	254	1 323 499	59 668	126 042	1 020 722	445 226	36 180	15 912		10 110					3 052 004
Gross - Non-proportional reinsurance accepted	**R0230**													12 065	469 378	136 871	799 942	1 418 256
Reinsurers' share	**R0240**	9 932	0	178	632 282	29 005	96 884	656 664	276 897	24 886	7 594		4 792	8 853	342 117	97 168	596 455	2 783 707
Net	**R0300**	4 459	0	76	691 217	30 663	29 158	364 058	168 329	11 294	8 318		5 318	3 212	127 261	39 703	203 487	1 686 553
Claims incurred																		
Gross - Direct Business	**R0310**																	
Gross - Proportional reinsurance accepted	**R0320**	20 162	77	302	912 776	41 825	91 757	833 531	332 899	11 123	6 966		7 315					2 258 733
Gross - Non-proportional reinsurance accepted	**R0330**													3 594	295 580	114 900	647 724	1 061 798
Reinsurers' share	**R0340**	784	39	188	447 466	22 547	72 494	558 645	206 671	10 493	4 396		3 027	16 170	217 507	79 553	466 948	2 106 928
Net	**R0400**	19 378	38	114	465 310	19 278	19 263	274 886	126 228	630	2 570		4 288	-12 576	78 073	35 347	180 776	1 213 603
Changes in other technical provisions																		
Gross - Direct Business	**R0410**																	
Gross - Proportional reinsurance accepted	**R0420**	-4	-37	0	39 883	199	131	-9 549	-744	3	0		-134					29 748
Gross - Non-proportional reinsurance accepted	**R0430**													0	11 318	0	20 122	31 440
Reinsurers' share	**R0440**	9	-19	0	1 475	62	-489	-1 992	-572	1	3		0	8	11 310	3	13 548	23 347
Net	**R0500**	-13	-18	0	38 408	137	620	-7 557	-172	2	-3		-134	-8	8	-3	6 574	37 841
Expenses incurred	**R0550**	2 537	0	138	213 806	10 675	7 166	109 769	43 204	4 155	4 190		2 157	-15	15 002	4 059	13 006	429 849
Other expenses	**R1200**																	339
Total expenses	**R1300**																	430 188

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Premiums, claims and expenses by line of business

		Line of Business for: life insurance obligations						Life reinsurance obligations		
		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	Total
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0300**
Premiums written										
Gross	**R1410**							909 265	2 315 954	3 225 219
Reinsurers' share	**R1420**							629 037	1 404 172	2 033 209
Net	**R1500**							280 228	911 782	1 192 010
Premiums earned										
Gross	**R1510**							909 265	2 315 954	3 225 219
Reinsurers' share	**R1520**							629 037	1 404 172	2 033 209
Net	**R1600**							280 228	911 782	1 192 010
Claims incurred										
Gross	**R1610**							667 480	2 110 207	2 777 687
Reinsurers' share	**R1620**							447 810	1 231 371	1 679 181
Net	**R1700**							219 670	878 836	1 098 506
Changes in other technical provisions										
Gross	**R1710**							-150 468	-406 643	-557 111
Reinsurers' share	**R1720**							-81 487	-240 421	-321 908
Net	**R1800**							-68 981	-166 222	-235 203
Expenses incurred	**R1900**							-10 453	62 386	51 933
Other expenses	**R2500**									-99
Total expenses	**R2600**									51 834

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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	(GI) United Kingdom (Gibraltar)	(FR) France	(CA) Canada
		C0080	C0140	C0090	C0090	C0090	C0090	C0090
Premiums written								
Gross - Direct Business	R0110							
Gross - Proportional reinsurance accepted	R0120	3 002	2 347 278	917 777	417 608	569 334	301 348	138 209
Gross - Non-proportional reinsurance accepted	R0130	4 988	1 073 678	372 546	267 159	44 830	211 537	172 618
Reinsurers' share	R0140	4 974	2 042 015	864 776	429 742	132 304	337 526	272 693
Net	R0200	3 016	1 378 941	425 547	255 025	481 860	175 359	38 134
Premiums earned								
Gross - Direct Business	R0210							
Gross - Proportional reinsurance accepted	R0220	2 448	2 222 697	841 938	440 391	507 065	279 601	151 254
Gross - Non-proportional reinsurance accepted	R0230	4 866	1 088 337	377 526	264 469	55 324	208 683	177 469
Reinsurers' share	R0240	5 385	1 983 064	808 251	443 158	124 166	321 756	280 348
Net	R0300	1 929	1 327 970	411 213	261 702	438 223	166 528	48 375
Claims incurred								
Gross - Direct Business	R0310							
Gross - Proportional reinsurance accepted	R0320	2 033	1 654 048	642 750	356 747	343 134	254 927	54 457
Gross - Non-proportional reinsurance accepted	R0330	22 291	846 117	286 242	350 446	47 633	105 650	33 855
Reinsurers' share	R0340	15 906	1 560 220	612 696	500 448	104 022	227 451	99 697
Net	R0400	8 418	939 945	316 296	206 745	286 745	133 126	-11 385
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420		23 230	23 161	-1 901	3 353	1 055	-2 438
Gross - Non-proportional reinsurance accepted	R0430		26 461	-746	26 885		322	
Reinsurers' share	R0440		14 558	-3 995	20 468	-233	743	-2 425
Net	R0500		35 133	26 410	4 516	3 586	634	-13
Expenses incurred	R0550	621	334 337	85 005	71 981	145 272	22 764	8 694
Other expenses	R1200		339					
Total expenses	R1300		334 676					

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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	(NL) Netherlands	(IE) Ireland	(GG) Guernsey	(BM) Bermuda
		C0220	C0280	C0230	C0230	C0230	C0230	C0230
Premiums written								
Gross	R1410	646	2 579 789	1 720 817	291 233	229 647	171 033	166 413
Reinsurers' share	R1420	435	1 650 499	1 166 415	200 828	160 565	119 723	2 533
Net	R1500	211	929 290	554 402	90 405	69 082	51 310	163 880
Premiums earned								
Gross	R1510	646	2 579 789	1 720 817	291 233	229 647	171 033	166 413
Reinsurers' share	R1520	435	1 650 499	1 166 415	200 828	160 565	119 723	2 533
Net	R1600	211	929 290	554 402	90 405	69 082	51 310	163 880
Claims incurred								
Gross	R1610	254	2 335 374	1 614 539	291 424	147 383	124 495	157 279
Reinsurers' share	R1620	180	1 449 975	1 062 602	196 885	103 161	87 147	0
Net	R1700	74	885 399	551 937	94 539	44 222	37 348	157 279
Changes in other technical provisions								
Gross	R1710	-417	-442 791	-358 348	-14 125	-33 711	2 752	-38 942
Reinsurers' share	R1720	189	-274 074	-257 588	5 731	-23 705	1 926	-627
Net	R1800	-606	-168 717	-100 760	-19 856	-10 006	826	-38 315
Expenses incurred	R1900	63	43 513	20 983	8 914	4 756	4 458	4 339
Other expenses	R2500		-99					
Total expenses	R2600		43 414					

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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**									-481 676	-481 676					676 492	676 492
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**									-195 785	-195 785					518 331	518 331
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**									-285 891	-285 891					158 161	158 161
Risk margin	**R0100**									312 226	312 226					34 720	34 720
Amount of the transitional on Technical Provisions																	
Technical provisions calculated as a whole	**R0110**																
Best Estimate	**R0120**																
Risk margin	**R0130**																
Technical provisions - total	**R0200**									-169 450	-169 450					711 212	711 212

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Non-life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	**Income protection insurance**	**Workers' compensation insurance**	**Motor vehicle liability insurance**	**Other motor insurance**	**Marine, aviation and transport insurance**	**Fire and other damage to property insurance**	**General liability insurance**	**Credit and suretyship insurance**	**Legal expenses insurance**	**Assistance**	**Miscellaneous financial loss**	**Non-proportional health reinsurance**	**Non-proportional casualty reinsurance**	**Non-proportional marine, aviation and transport reinsurance**	**Non-proportional property reinsurance**	**Total Non-Life obligation**
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0170**	**C0180**
Technical provisions calculated as a whole	**R0010**																	
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0050**																	
Technical provisions calculated as a sum of BE and RM																		
Best Estimate																		
Premium provisions																		
Gross	**R0060**	1 878		-2	53 599	3 145	-8 502	-44 505	-18 550	-61	-2 254		-1 842	-11	7 238	-7 586	-40 362	-57 815
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	87		-2	-3 724	-23	-5 287	-17 165	-12 985	414	-1 012			-6	7 156	-3 489	-27 328	-63 364
Net Best Estimate of Premium Provisions	**R0150**	1 791		0	57 323	3 168	-3 215	-27 340	-5 565	-475	-1 242		-1 842	-5	82	-4 097	-13 034	5 549
Claims provisions																		
Gross	**R0160**	48 636	2 039	7 568	1 838 744	42 440	245 263	1 103 432	1 016 656	93 373	29 600		15 290	65 572	5 484 960	392 697	1 884 989	12 271 259
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	26 186	993	4 711	1 009 014	27 375	171 881	763 948	786 027	44 438	22 024		142	48 377	3 550 797	273 347	1 362 142	8 091 402
Net Best Estimate of Claims Provisions	**R0250**	22 450	1 046	2 857	829 730	15 065	73 382	339 484	230 629	48 935	7 576		15 148	17 195	1 934 163	119 350	522 847	4 179 857
Total Best estimate - gross	**R0260**	50 514	2 039	7 566	1 892 343	45 585	236 761	1 058 927	998 106	93 312	27 346		13 448	65 561	5 492 198	385 111	1 844 627	12 213 444
Total Best estimate - net	**R0270**	24 241	1 046	2 857	887 053	18 233	70 167	312 144	225 064	48 460	6 334		13 306	17 190	1 934 245	115 253	509 813	4 185 406
Risk margin	**R0280**	373	0	47	9 775	187	636	6 595	13 366	827	142		230	345	89 011	1 252	3 751	126 537
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**	50 887	2 039	7 613	1 902 118	45 772	237 397	1 065 522	1 011 472	94 139	27 488		13 678	65 906	5 581 209	386 363	1 848 378	12 339 981
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	26 273	993	4 709	1 005 290	27 352	166 594	746 783	773 042	44 852	21 012		142	48 371	3 557 953	269 858	1 334 814	8 028 038
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	24 614	1 046	2 904	896 828	18 420	70 803	318 739	238 430	49 287	6 476		13 536	17 535	2 023 256	116 505	513 564	4 311 943

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Non-life insurance claims information

Total Non-Life Business

Accident year / Underwriting year	**Z0020**	(2) Underwriting year

Gross Claims Paid (non-cumulative)

(absolute amount)

		Development year										
Year		**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**
Prior	**R0100**											168 196
N-9	**R0160**	337 022	1 123 810	694 228	278 047	149 517	112 708	69 218	46 781	29 980	26 067	
N-8	**R0170**	179 082	781 108	351 862	130 299	83 184	88 774	47 325	46 732	25 092		
N-7	**R0180**	89 595	597 096	260 959	106 693	78 110	57 937	103 509	44 703			
N-6	**R0190**	86 134	564 521	379 219	271 660	132 228	90 743	58 782				
N-5	**R0200**	150 260	700 407	397 729	189 298	131 900	93 723					
N-4	**R0210**	271 242	859 668	457 165	217 679	140 233						
N-3	**R0220**	249 772	837 564	519 090	275 068							
N-2	**R0230**	289 068	1 021 874	785 076								
N-1	**R0240**	213 993	824 384									
N	**R0250**	230 171										

		In Current year	**Sum of years (cumulative)**
		C0170	**C0180**
	R0100	168 196	168 196
	R0160	26 067	2 867 378
	R0170	25 092	1 733 458
	R0180	44 703	1 338 602
	R0190	58 782	1 583 287
	R0200	93 723	1 663 317
	R0210	140 233	1 945 987
	R0220	275 068	1 881 494
	R0230	785 076	2 096 018
	R0240	824 384	1 038 377
	R0250	230 171	230 171
Total	**R0260**	2 671 495	16 546 285

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Non-life insurance claims information

Total Non-Life Business

Accident year / Underwriting year	**Z0020**	(2) Underwriting year

Gross undiscounted Best Estimate Claims

							Development year					
	Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**
Prior	**R0100**											3 998 411
N-9	**R0160**	1 146 400	1 481 637	1 075 244	835 736	688 606	541 305	475 851	418 239	384 849	345 407	
N-8	**R0170**	910 732	878 245	380 324	239 359	441 201	367 521	315 030	261 616	233 019		
N-7	**R0180**	706 125	697 841	484 567	478 665	435 412	382 516	355 545	281 234			
N-6	**R0190**	907 716	1 103 079	927 708	658 675	515 449	455 504	416 725				
N-5	**R0200**	1 043 194	1 163 758	836 381	702 136	600 229	542 894					
N-4	**R0210**	1 786 425	1 373 071	981 675	786 622	675 750						
N-3	**R0220**	1 418 102	1 512 160	1 253 553	1 158 086							
N-2	**R0230**	2 088 712	2 112 394	1 669 204								
N-1	**R0240**	1 970 680	1 901 333									
N	**R0250**	1 877 705										

		Year end (discounted data)
		C0360
	R0100	3 609 934
	R0160	314 468
	R0170	212 796
	R0180	262 725
	R0190	388 488
	R0200	509 356
	R0210	634 983
	R0220	1 100 329
	R0230	1 582 030
	R0240	1 834 848
	R0250	1 821 301
Total	**R0260**	12 271 258

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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	4 094	4 094			
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					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	2 216 465	2 216 465			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160	987				987
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that shall 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 shall 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	2 571 546	2 570 559			987
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	2 571 546	2 570 559			987
Total available own funds to meet the MCR	R0510	2 570 559	2 570 559			
Total eligible own funds to meet the SCR	R0540	2 571 546	2 570 559			987
Total eligible own funds to meet the MCR	R0550	2 570 559	2 570 559			
SCR	R0580	845 754				
MCR	R0600	380 589				
Ratio of Eligible own funds to SCR	R0620	304%				
Ratio of Eligible own funds to MCR	R0640	675%				

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Reconciliation reserve		**C0060**
Excess of assets over liabilities	**R0700**	3 371 546
Own shares (held directly and indirectly)	**R0710**	
Foreseeable dividends, distributions and charges	**R0720**	800 000
Other basic own fund items	**R0730**	355 081
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	
Reconciliation reserve	**R0760**	2 216 465
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	1 831 789
Expected profits included in future premiums (EPIFP) - Non-life business	**R0780**	56 816
Total EPIFP	**R0790**	1 888 605

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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	1 569 372
2	Property and Casualty risk	2 651 778
3	Financial Market risk	898 225
4	Credit risk	361 675
5	Operational risk	89 320
6	Other impacts	-2 508 229

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Solvency Capital Requirement - for undertakings on Full Internal Models

Calculation of Solvency Capital Requirement		**C0100**
Total undiversified components	**R0110**	3 062 141
Diversification	**R0060**	-1 964 045
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**	845 754
Capital add-ons already set	**R0210**	0
Solvency Capital Requirement	**R0220**	845 754
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 of deferred taxes	**R0310**	-252 342
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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		YES/NO	LAC DT
Approach to tax rate		**C0109**	**C0130**
Approach based on average tax rate	**R0590**	(2) No	
Calculation of loss absorbing capacity of deferred taxes			
LAC DT	**R0640**		-252 342
LAC DT justified by reversion of deferred tax liabilities	**R0650**		-252 342
LAC DT justified by reference to probable future taxable economic profit	**R0660**		0
LAC DT justified by carry back, current year	**R0670**		0
LAC DT justified by carry back, future years	**R0680**		0
Maximum LAC DT	**R0690**		0

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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**	814 990

		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**	24 240	3 249
Income protection insurance and proportional reinsurance	**R0030**	1 047	0
Workers' compensation insurance and proportional reinsurance	**R0040**	2 857	75
Motor vehicle liability insurance and proportional reinsurance	**R0050**	887 053	721 788
Other motor insurance and proportional reinsurance	**R0060**	18 232	30 027
Marine, aviation and transport insurance and proportional reinsurance	**R0070**	70 166	29 760
Fire and other damage to property insurance and proportional reinsurance	**R0080**	312 144	386 794
General liability insurance and proportional reinsurance	**R0090**	225 064	163 832
Credit and suretyship insurance and proportional reinsurance	**R0100**	48 460	10 136
Legal expenses insurance and proportional reinsurance	**R0110**	6 334	9 631
Assistance and proportional reinsurance	**R0120**		
Miscellaneous financial loss insurance and proportional reinsurance	**R0130**	13 307	5 063
Non-proportional health reinsurance	**R0140**	17 190	3 211
Non-proportional casualty reinsurance	**R0150**	1 934 245	128 234
Non-proportional marine, aviation and transport reinsurance	**R0160**	115 253	38 661
Non-proportional property reinsurance	**R0170**	509 813	198 434

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Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	131 304

		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	41 773	
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230	450 877	
Other life (re)insurance and health (re)insurance obligations	R0240	0	
Total capital at risk for all life (re)insurance obligations	R0250		180 860 338

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Overall MCR calculation		**C0070**
Linear MCR	**R0300**	946 293
SCR	**R0310**	845 754
MCR cap	**R0320**	380 589
MCR floor	**R0330**	211 439
Combined MCR	**R0340**	380 589
Absolute floor of the MCR	**R0350**	3 600
Minimum Capital Requirement	**R0400**	380 589