Swiss Re

Swiss Re International SE
Solvency and Financial Condition Report

For the year ended 31 December 2019

Swiss Re International SE
2A, rue Albert Borschette
L – 1246 Luxembourg
Luxembourg

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Executive summary

Business and performance

- Swiss Re International SE (the Company) is authorised by the Luxembourg Finance Minister to conduct commercial insurance business with international scope, focusing on property, casualty, credit and suretyship and marine and aviation business.
- The underwriting performance for 2019 was a net loss of EUR 27 million, compared to a profit of EUR 57 million in 2018. The decrease was due to the significant increase in claims, driven by the reserves strengthening on major loss events from prior year, as well as a significant increase in net claims from current year reported losses. On a line of business basis, the Company's technical result was impacted by large losses in liability, credit and surety and property. The impact of these losses on the Company's technical account was mitigated by the internal reinsurance programmes in force. The reinsurance structure generally comprises of quota share protection and stop loss covers.
- Gross premiums written amounted to EUR 1 679 million (2018: EUR 1 405 million). The increase was driven mainly by rate increases across most lines of business and growth in selected lines. On a net basis, earned premiums were EUR 235 million (2018: EUR 207 million).
- In 2019, the Corporate Solutions Business Unit, which the Company is part of, communicated its new strategy to de-commoditize the core business and reduce volatility, to further improve the combined ratio and to selectively grow with its differentiating assets, such as strategic distribution agreements in respect of international insurance programmes and expand its core business through tech-driven differentiating capabilities.
- Net claims incurred at 31 December 2019 amounted to EUR 227 million compared to EUR 171 million at 31 December 2018, an increase of EUR 56 million. The net loss ratio for 2019 was 97%, which was higher than the prior-year ratio of 83%, due in part to the reserves strengthening on major loss events from prior years, as well as a significant increase in net claims from current year reported losses.
- The increase in net operating expenses from EUR 21 million income in 2018 to EUR 35 million expense in 2019 was mainly driven by one-time upfront commission received in 2018 following the change in the reinsurance programme for old credit and suretyship business in the German branch.
- Investment income in 2019 of EUR 30 million increased by EUR 10 million compared to the previous year's result of EUR 20 million. Investment income in both periods mainly represents interests earned on the portfolio. Interest earned in 2019 was EUR 19 million while realized gains were EUR 7 million.

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. These define the responsibilities and authority of the members of the Board and the Committees.
- There were no significant changes to the system of governance in 2019. Effective 20 September 2019 the Board approved some changes to the Company's thresholds for Material Transactions. Appendix VIb of the Company's terms of reference was accordingly amended and approved.
- The Company uses its internal model for the purposes of calculating its 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, which leverages the Swiss Re model governance framework, sets out the requirements for model development standards, the governance around changes to the internal model, validation of the internal model and data quality standards. The Company has adopted two changes to its internal model governance framework that change the hierarchical structure required to approve administrative procedures used in the model as well as model governance documents, and ownership of the independent model validation.
- The Board carries out an annual evaluation of its system of governance in line with the relevant best practice standards. During the reviews performed in 2019, the Board concluded that the system of governance was adequate for the nature, scale and complexity of the risks inherent to the Company's business.

Risk profile

- In terms of 99.5% value at risk, there are no significant changes in the risk profile, but exposure continues to increase commensurately with the Company's growth plan. On a net basis, the risk profile is dominated by credit risk, costing and reserving risk and foreign exchange risk.

Valuation for solvency purposes

Non-life technical provisions

The total non-life net technical provision of EUR 523 million (2018: 228 million) under the Solvency II valuation is compared to the Company's statutory amount of EUR 669 million (2018: 599 million). With 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's 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 the Company's statutory figures, only a portion of cash flows written by the cedent and earned during the reporting period is recognised.
- In the Company's 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.

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 the Company's statutory figures is mainly due to unrealised gains/losses in unit trusts, which are taken into account under Solvency II but are not considered for the Company's statutory purposes. In addition, the accrued interest on investments is classified under receivables in the Company's statutory figures but as investments under Solvency II.

Other assets and liabilities

- The differences in the valuation of other assets and liabilities are mainly related to different recognition under Solvency II and the Company's 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 Solvency Capital Requirement (SCR) for 2019 was EUR 290 million (2018: EUR 337 million). The decrease was driven mainly by negative result in the underwriting performance.
- The Solvency II SCR as at 31 December 2019 was EUR 120 million (2018: EUR 107 million) and the Minimum Capital Requirement (MCR) was EUR 54 million (2018: EUR 48 million).
- The solvency ratio expressed as eligible own funds as a percentage of the SCR as at 31 December 2019 was 241% (2018: 315%)

Section A: Business and performance

A1: Business

Full name and legal form

Swiss Re International SE is a European company (Societas Europaea), which was re-domiciled to the Grand Duchy of Luxembourg on 1 January 2008 and which is registered with the Luxembourg Trade and Companies Register under number B134 553. The Company was originally incorporated as a private limited company in the United Kingdom. The Company's legal entity identifier (LEI) is 222100BV3WGRWD8XI851.

Supervisory authority

The Company is authorised by the Luxembourg Finance Minister to conduct non-life insurance business and operates through a number of branches and one contact office. The Company is supervised by 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 Group supervisor is the Swiss Financial Market Supervisory Authority (FINMA).

Swiss Financial Market Supervisory Authority
Laupenstrasse 27
CH-3003 Bern
Switzerland
Telephone: +41 31 327 91 00
Fax: +41 31 327 91 01
www.finma.ch

External auditor

The external auditor appointed by the Company's shareholder is PricewaterhouseCoopers.

PricewaterhouseCoopers, Société coopérative
2, rue Gerhard Mercator
B.P. 1443
L-1014 Luxembourg
Grand Duchy of Luxembourg
Telephone: +352 49 48 48 -1
Fax: +352 49 48 48 -2900
www.pwc.lu

Holding company

The parent company is Swiss Re Corporate Solutions Ltd, incorporated in Switzerland as a company limited by shares. Ownership is 100%.

Material related undertakings

The Company does not have any new investment in material related undertakings in 2019.

Simplified group structure

The Company's parent and ultimate parent company and sole wholly owned subsidiary as at 31 December 2019 were as follows:

Entity	Ownership
Swiss Re Ltd (Switzerland)	
Swiss Re Corporate Solutions Ltd (Switzerland)	100%
Swiss Re International SE (Luxembourg)	100%
Swiss Re Corporate Solutions Insurance China Ltd (China)	100%

Material lines of business and geographical split

Material countries by gross premiums written

The Company operates internationally through branches and a contact office. SRI conducts its activities either on an authorised i.e. admitted basis (including Freedom of Services within the EEA) or on a permissible non-admitted (re-) insurance basis (including eligible excess/ surplus lines insurance for US risks) where writing on a cross-border basis.

The material countries by gross premiums written for the year ended 31 December 2019 were as follows:

- United Kingdom*
- Germany
- Australia
- France
- Switzerland
- Netherlands
- Italy
- Japan
- Taiwan
- United States of America
- Singapore

*including Gibraltar

Material lines of business by gross premiums written

Material lines of business for the year ended 31 December 2019 were as follows:

- fire and other damage to property insurance
- general liability direct insurance
- credit and suretyship insurance
- marine, aviation and transport insurance
- non-proportional property reinsurance

Significant business or other events

Branches and offices

The Company opened no new branches in 2019. However, its New York Contact Office was closed at the end of the second quarter 2019. All technical liabilities and related assets were transferred to Swiss Re International SE UK branch through a portfolio transfer.

A2: Underwriting performance

Underwriting performance

The underwriting performance by material Solvency II lines of business, calculated on the same basis as used in the Company's statutory financial statements, for the reporting period ended 31 December 2019 was as follows:

EUR millions	Underwriting performance 2018	Underwriting performance 2019
Fire and other damage to property insurance	34	6
General liability insurance	46	-61
Credit and suretyship insurance	23	-37
Marine, aviation and transport insurance	6	-14
Non-proportional property reinsurance	4	39
Other	-56	40
Total	**57***	**-27**

*Net of bonuses & rebates and allocated investment return

The underwriting performance for 2019 was a loss of EUR 27 million. The decrease in underwriting performance from a profit of EUR 57 million in 2018 to loss of EUR 27 million in 2019 was mainly driven by higher net claims.

Gross premiums written amounted to EUR 1 679 million (2018: EUR 1 405 million). The increase of EUR 274 million, or 20% was mainly driven by rate increases across most lines of business and growth in selected lines. On a net basis, earned premiums increased by 14%, from EUR 207 million in 2018 to EUR 235 million in 2019.

Net claims incurred at 31 December 2019 amounted to EUR 227 million compared to EUR 171 million at 31 December 2018, an increase of EUR 56 million, or 33%. The loss ratio for 2019 was 97%, which was higher than the prior-year ratio of 83%, due in part to the reserves strengthening on major loss events from prior year, as well as a significant increase in net claims from current year reported losses.

On a line of business basis, the Company experienced large losses, particularly in liability, credit & suretyship and property. The impact of these loss events was mitigated by the internal reinsurance programmes in force.

The increase in net operating expenses from EUR 21 million income in 2018 to EUR 35 million expense in 2019 was mainly driven by one-time upfront commission of EUR 38 million received in 2018 following the change in the reinsurance for old credit and suretyship business in the German branch. In addition, administrative expenses decreased due to a change in the expense treatment methodology.

The underwriting performance by material countries for the year ended 31 December 2019 was as follows:

EUR millions	Underwriting performance 2018	Underwriting performance 2019
United Kingdom*	11	26
Germany	10	16
Australia	-1	12
France	14	-12
Switzerland	44	-42
Netherlands	-9	-19
Italy	8	1
Japan	6	8
Taiwan	1	1
United States	-28	25
Singapore	1	-18
Other	17	-25
Total	**57****	**-27**

*including Gibraltar

** Net of bonuses & rebates and allocated investment return

A3: Investment performance

Investment results

Investment income in 2019 of EUR 30 million increased compared to previous year's result of EUR 20 million. Investment income in both years mainly represents interest earned on portfolio, as well as net gains realised on the sale of securities.

Investment income and expenses by investment asset category as at 31 December 2019 were as follows:

Investment performance EUR millions	2018	2019
Investment income	**20**	**30**
Income from other investments	**19**	**19**
Fixed income securities	18	18
Shares in units and unit trusts	-	-
Deposits with credit institutions	1	1
Value re-adjustments on investments	-	**4**
Shares in units and unit trusts	-	4
Gains on realisation of investments	**1**	**7**
Fixed income securities	1	7
Shares in units and unit trusts	-	-
Investment charges	**-15**	**-5**
Investment management charges incl. interest	**-9**	**-5**
Interest charges	-4	-1
Fixed income securities	-5	-4
Management charges	-	-
Value adjustments on investments	**-3**	**-**
Fixed income securities	-3	-
Loss on realisation of investments	**-3**	**-**
Fixed income securities	-3	-
Total	**5**	**25**

Gains and losses recognised directly in equity

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

Investments in securitisation

The Company does not have any investments in tradable securities or other financial instruments based on repackaged loans.

A4: Performance of other activities

Material leasing arrangements

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

Other material income and expenses incurred during 2019

No other material income or expenses were incurred in 2019.

A5: Any other material information

Other material information

Brexit

The UK left the EU on 31 January 2020 and remains in the EU Single Market and Customs Union until 31 December 2020. The nature of the future trading relationship between the UK and EU remains unclear. The Company's UK branch can continue to operate in the UK while the UK remains in the Single Market and Customs Union. The Company is engaging with the relevant UK and Luxembourg regulators to ensure that current operations are able to continue with minimum disruption under any future relationship between the UK and EU.

Coronavirus

The rapid spread of the coronavirus, which has been declared a pandemic, and the actions being taken to contain it on an increasingly global basis have led to significant volatility in the financial markets and are having an adverse impact on global business and economic activity. There is an increasing likelihood that the coronavirus and containment efforts could have adverse effects on the global economy and could possibly lead to a global recession. The Group is closely monitoring developments and the potential impact of the spread of infection and global responses on, for example, asset prices and insurance exposures, as well as on its operations.

Section B: System of governance

B1: Governance structure

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. These define the responsibilities and authority of the members of the Board and the 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 the 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) 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 2019, the Board had 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 joint Board Committees of the Luxembourg Companies:
- Audit Committee
- Finance and Risk Committee

The Board has further delegated certain responsibilities and authorities to the following:
- Management Committee
- Material Transaction Sub-Committee
- Solvency II Committee
- General Manager
- Branch managers
- General Manager Committee
- Key function holders
- Key Functions Committee
- Local bodies required for the Asian branches

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

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

Finance and Risk Committee
The Finance and Risk Committee assists 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., both from a local statutory and economic perspective. This includes a forward-thinking perspective arising from the Company's business and capital plan and strategic transactions.

Other delegations

Management Committee

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

Material Transaction Sub-Committee

The Board has authorised the creation of a sub-committee of the Management Committee. The purpose of the Material Transaction Sub-Committee is to exercise specific management responsibilities and authorities with respect to some material transactions including external outsourcing arrangements concerning of underwriting and claims functions to be entered into by the Company.

Solvency II Committee

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

General Manager

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

Branch managers

For each branch, the Company has appointed one person as Branch Manager and legal representative of the Company in the jurisdiction of the branch. This person 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.

General Manager Committee

The purpose of the General Manager Committee is to assist the General Manager with the management and supervision of the operational activities of the Company and its respective branches, and contact office, to the extent that such operational activities relate to the legal entity. This Committee was also set up to provide a cross-functional and cross-location platform for coordination and communication in matters relating to the Company.

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, ie Risk Management, Compliance, Internal Audit and Actuarial. In addition, in line with the provisions of the Insurance Distribution Directive (IDD), as implemented in Luxembourg law, a Distribution Manager is responsible for the distribution of insurance products for the Company. However, the Distribution Manager is not considered a key function holder for the purpose of Solvency II.

The roles of the key functions are as follows:

Risk Management

Please refer to paragraph "Implementation and integration of the Risk Management function" on page 15 for details of the Risk Management function.

Compliance

Please refer to paragraph "Implementation of the Compliance function" on page 17 for details of the Compliance function.

Internal Audit

Please refer to paragraph "Internal Audit function implementation" on page 17 for details of the Internal Audit function.

Actuarial

Please refer to paragraph "Implementation of Actuarial function" on page 18.

Key function holders

The Board nominates individuals as designated representatives of the respective key functions of the Company (the "key function holder"). The Board also monitors the key functions to ensure that they are adequately staffed with professionals possessing the required 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 regarding to the Company's key functions and internal controls.

Local bodies required for the Asian branches
Specifically for the Asian branches of the Company, the Board or Management Committee may appoint legal representative(s) of the Company or set up local committees for specific matters as may be required under local law or regulatory requirements. The legal representative(s) and local committees operate under the oversight of and report directly to the Board or the Management Committee of the Company, as applicable.

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 are obliged to report directly to the Board, Board Committees, Management Committee or Key Functions Committee any issues that could have an impact on the Company.

Material changes in the system of governance
There were no significant changes to the system of governance in 2019. Effective 20 September 2019 the Board approved some changes to the Company's thresholds for Material Transactions. Appendix VIb of the Company's terms of reference was accordingly amended and approved.

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 also 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. This is to encourage sustainable performance and appropriate risk-taking in line with the business and risk strategy.

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 Performance Plan (LPP) aim to reward sustainable long-term performance rather than short-term results. These programmes support closer alignment of the interests of shareholders and employees.

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, and 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
Swiss Re aims to provide a competitive package of employee benefits. Benefits are designed and implemented under a global framework, while appropriately reflecting differing local employment market conditions.

Variable compensation

Annual Performance Incentive (API)

The API is a performance-based, variable component of compensation. Combined with the base salary, it provides competitive total cash compensation when both business and individual performance targets are achieved, and desired behaviours are demonstrated. When the total API level for an employee exceeds a predefined amount, the award is split into two components: an immediate cash portion (cash API) and a deferred cash portion (Value Alignment Incentive/VAI).

Value Alignment Incentive (VAI)

The VAI is the mandatory deferred portion of the API that introduces a time component to the performance-based, variable compensation. This supports the Group's business model by aligning a portion of variable compensation with sustainable long-term results.

Leadership Performance Plan (LPP)

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

Participation plans

Global Share Participation Plan (GSPP)

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

Compensation framework for the Board

Compensation structure for non-executive directors

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

Compensation structure for executive directors

The majority of the Board members at subsidiary level are Swiss Re executives. They do not receive any additional fees for their services as members of the Boards at the subsidiary level.

Performance criteria

Annual Performance Incentive (API)

Swiss Re operates a Target API (TAPI) system along with a performance management framework that provides equal weighting to results-oriented and behaviour-related performance criteria for all employees.

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 actual API payout is based on Swiss Re's financial results, on qualitative criteria as well as on the achievement of individual objectives and the demonstration of desired behaviours.

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 that consistently measures performance across all businesses.

Leadership Performance Plan (LPP)

At the grant date, the award amount is split equally into two underlying components: Restricted Share Units (RSUs) and Performance Share Units (PSUs). The valuation executed by a third party is used to determine the number of RSUs and PSUs granted.

Restricted Share Units

The performance condition for RSUs is return on equity (ROE) with a linear vesting line. Vesting is at 0% for an ROE at the risk free rate and at 100% 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 LPP 2019, this premium has been set at 900 basis points above the annual risk-free rate, which is determined as the average of 12 monthly rates for 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 RSUs are locked in within a range of 0% to 100%. At the end of the three-year period, the total number of units locked in at each measurement period will vest (capped at 100%*).

Performance Share Units
The performance condition for PSUs is relative total shareholder return (TSR) measured over three years. The PSUs vest within a range of 0% to 200%. Vesting starts at the 50th percentile of TSR relative to peers with 50% vesting and is capped at 200%* vesting at the 75th percentile relative to peers. In case of a negative TSR over three years, Swiss Re retains the discretion to reduce the level of vesting. Swiss Re's three-year TSR performance is assessed relative to the TSR of a pre-defined 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.

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

Material transactions
During 2019, there were no material transactions with shareholders, with persons who exercise a significant influence on the Company, or with members of the administrative, management and supervisory bodies.

B2: Fit and proper requirements

Policy framework for fit and proper
The Company's compliance with fit and proper requirements is assured through a combination of policies and related procedures at both Group and Company level. In particular, the Board, Management Committees and branch managers follow special procedures related to appointments (nominations or changes), performance reviews 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 of the Board and Board Committees with Fit & Proper requirements 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 & 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 & Proper requirements have to complete an annual fit and proper declaration, which focuses on the validation of the propriety to cover the assigned position. Re-assessments are performed if (a) additional responsibilities are assigned to the individual concerned, (b) if the individual concerned becomes aware that they no longer meet the Company's fit and proper criteria, or (c) if the performance or the behaviour of the individual concerned raises serious doubts about this person meeting the fit and proper criteria.

* Maximum vesting percentage excludes share price fluctuation until vesting

B3: Risk management system

Risk management system

The Company's risk management system leverages the global framework that governs risk management practices throughout the Swiss Re Group. Risk policies, standards and guidelines established at Group and Business Unit level form a large part of the Company's risk management system; significant documents are reviewed for appropriateness by the Management Committee and the Board of the Company and subsequently adopted. If necessary, additional risk governance for the Company is established as an addendum to the respective Group or Business Unit governance so as 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.
Risk management is based on four guiding principles that 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 the 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, lessen the likelihood of surprises in the source and to reduce the 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 Committee, Audit Committee and the Board.

For its risk identification process, the Company applies Swiss Re's Group and Business Unit frameworks under which risk takers are responsible for identifying, assessing, managing, controlling and reporting all relevant information about the risks they are exposed to or undertake. Regional Risk Advisory Councils increase transparency on key risk issues and act as forums to raise risk awareness. In addition, the Company participates in and benefits from the results of Swiss Re's emerging risk process. The emerging risk process provides a Group-wide platform for raising emerging risks and reporting early warning signals. This information is complemented by external expertise and reported to internal and external stakeholders.

The Company's risk appetite framework establishes the overall approach through which the Company practises controlled risk-taking. It leverages the Group's risk appetite framework, as provided in the Group's Risk Policy framework, adopted by the Board. The Company's risk tolerance is driven by 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.

Implementation and integration of the Risk Management function

Under the Company's terms of reference and charters, 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 Finance and Risk Committee, the Audit Committee, the Management Committee and the Solvency II Committee.

The governance bodies for the Company are described in paragraph "Organisational structure and system of governance" on page 10. The Company's risk management is supported by both Swiss Re's global risk management units which provide risk modelling services, regulatory relations management and central risk governance framework development. Support is also provided by the Business Unit Risk Management function which provides specialised risk category expertise, accumulation control and risk reporting services.

The branches described in paragraph "Material lines of business and geographical split" on page 6 follow to a large degree the processes and instruments used at the legal entity level in order to ensure consistency of approach.

However, in particular for the branches in Asia, there are local regulatory and solvency requirements. The Company's Chief Risk Officer is responsible for the risk management oversight of branches supported by local risk management resources.

Internal model

The Company uses its internal model for the purposes of calculating of its SCR. The 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, which leverages the Swiss Re model governance framework, sets out the requirements for model development standards, governance around changes to the internal model, validation of the internal model and data quality standards.

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

Process for accepting changes to the internal model
The Company has a defined approval process for all model changes that leverage the process and definitions used in the Swiss Re Group Risk Model Change Standards adopted by the Company. This includes a qualitative and quantitative assessment of the impact of the 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 acting on behalf of the Board.

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

Internal Model validation tools and processes
The Group 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 on behalf of the Company. 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, and sensitivity and stability analysis.

The Prudent Person Principle
The management of the Company's investments is governed, in accordance with the Prudent Person Principle under Solvency II, 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 of the Company.

ORSA process
ORSA is an ongoing process, with critical risk control and reporting activities being carried out on a regular basis as outlined in paragraph "Risk management system" on page 15. ORSA is an iterative process within the annual business planning exercise. It is used to assess the risk inherent in the plan and the resilience of the Company solvency and balance sheet over a three-year horizon. Anticipated significant changes in SRI's risk profile are included in assessing the future solvency position. Scenarios are used to provide insight into the strength of the balance sheet and to assess future potential solvency positions. Where exceptionally adverse scenarios are identified, mitigation actions and control measures are contemplated but would require Board approval prior to actions being taken.

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

Review of ORSA
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 and using the approach described in the risk appetite framework, the internal model is used to determine capital requirements. The Company sets aside capital to cover its quantifiable risks in accordance with the Legal Entity Capitalisation Policy. The Company's risk-based capitalisation position is monitored frequently 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 to assess the resilience of the Company solvency through the plan periods, 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 the independent audit of processes and procedures carried out by Group Internal Audit (GIA) 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. An integrated approach is deployed within the following activities:

- risk scoping and assurance planning;
- coordination between assurance functions in business interactions;
- issue and action of management interactions;
- monitoring across assurance functions;
- reporting.

Implementation of the Compliance function

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

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

The Compliance function is responsible for:

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

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

B5: Internal Audit function

Internal Audit function implementation

GIA assists the Board to protect the assets, reputation and sustainability of the Company. GIA performs audit activities designed to assess the adequacy and effectiveness of the Company's internal control systems, and to add value through improving the Company's operations.

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

Independence of the Internal Audit function

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

GIA staff govern themselves by adherence to The Institute of Internal Auditors' Code of Ethics. The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing constitute the operating guidance for the department. In addition, GIA adheres to the Group's guidelines and procedures, and GIA's organisation and processes, manuals and guidelines.

B6: Actuarial function

Implementation of Actuarial function

The tasks of the Actuarial function under the Solvency II framework are allocated across various functions:

- Corporate Solutions (CorSo) Risk Management provides a formal opinion on the appropriateness of the underwriting policy, assesses the adequacy of the reinsurance structure and contributes to the development, validation and annual parameter vetting of the internal risk model as far as P&C risk is concerned.
- Actuarial Reserving CorSo (reserving actuaries) is responsible for the calculation and validation of the technical provisions for P&C business.
- P&C Actuarial Control, a Group function, is responsible for the independent check of the P&C technical provisions and contributes to the development of the internal risk model.
- Risk Aggregation, part of Swiss Re Group Risks and Analytics, calculates the risk margin using the internal risk model.

Within all functions mentioned above the highest professional standards are applied and all processes are performed by qualified people. All relevant tasks are subject to internal control processes, peer-reviewed and presented to senior management and Board Committees for approval.

The overall ownership of the SRI Actuarial Function Report lies with the appointed actuary with input on underwriting policy and reinsurance structure provided by the Chief Risk Officer of the Company.

B7: Outsourcing

Outsourcing policy

The Company has adopted Swiss Re's comprehensive global outsourcing framework and 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 for intra-group and external outsourcing at Legal Entity level where the Company is acting as service recipient. It also outlines the approval process for the outsourcing of Key Functions and Other Critical or Important Functions.

The Board approves the appointment of outsourcing managers for outsourcing arrangements related to Key Functions and Other Critical or Important Functions at the recommendation of the Management Committee.

Outsourcing related to Risk Management, the Actuarial function, Compliance and Internal Audit 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 in line with the relevant best practice standards. During the reviews performed in 2019, the Board concluded that the system of governance is adequate for the nature, scale and complexity of the risks inherent to its business.

Other material information

There is no other material information to report for 2019.

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 activities and are quantified in the Company's internal model (please refer to paragraph "Risk management system" on page 15). 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. These include liquidity, strategic, regulatory, political and reputational risk. The following sections (C1 to C7) provide quantitative and qualitative information about the specific risk categories.

Modelled risks	Other risks
Underwriting: Property and casualty, life and health and credit	Strategic risk Regulatory risk
Financial market risk	Political risk
Credit risk excl. credit underwriting	Reputational risk
Operational risk	Liquidity risk
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 (regulatory and political risk, liquidity risk, strategic risk) are regularly considered and assessed on a qualitative basis with various monitoring and reviews in place.

In line with the definition of the Solvency II SCR, the Company measures its capital requirement at 99.5% value at risk (VaR), which measures the loss likely to be exceeded in only once in two hundred years.

Quantification of modelled risks by risk category

The table below sets out the quantification as at 31 December 2019 for the Company's modelled risk categories over the next twelve months. This represents the loss for each risk category* that is likely to be exceeded only once in 200 years. Due to diversification, the total risk of the Company is lower than the sum of the individual categories.

Risk categories are gross of outgoing Intra Group Transactions (IGT). Other impacts consist of outgoing IGT, expected change in own funds, intra-group default related effects, and discounting of the 99.5% VaR.

EUR millions	2018	2019
Property and casualty risk	949	1013
Life and health risk	0	0
Financial market risk	69	91
Credit risk	472	419
Operational risk	23	25
Diversification	-467	-464
Other impacts**	-926	-958
Pre-tax Solvency Capital Requirement	**120**	**126**
Deferred tax impact	-13	-6
Solvency Capital Requirement	**107**	**120**

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

*** Other impacts: mainly driven by outgoing IGTs*

Risk concentration

The main risk concentration for the Company comes from its use of intra-group reinsurance arrangements with other entities of the Group, namely Swiss Re Corporate Solutions Ltd. Under the Swiss Solvency Test (SST), which is broadly similar to Solvency II, and also based on Swiss Re's internal risk model, Swiss Re Corporate Solutions Ltd is appropriately capitalised.

The risks arising from underwriting risk are dominated by costing & reserving, generic liability, credit and suretyship and non-life claims inflation risk. Underwriting risks are well mitigated by intra-group risk transfer.

The Company is also exposed to operational risk, which is not covered by the intra-group reinsurance arrangements but mitigated through application of the coordinated assurance framework.

The following subsections provide further details.

C1: Underwriting risk

Risk exposure
Underwriting risk comprises exposures taken on by the Company when it writes property, casualty, credit and suretyship, and marine and aviation business.

Property and casualty risk
Property and casualty risk arises from coverage that the Company provides for property and liability lines of business as well as for specialty lines of business such as engineering, aviation and marine. The Company is also exposed to the risks inherent to from the property and casualty business it underwrites, such as inflation or uncertainty in costing and reserving. The Company has well-diversified insurance risk exposures with costing and reserving risk and generic liability risk forming the largest exposures.

Life and health risk
The Company has no life and health exposure.

Credit underwriting and Environmental & Commodity Markets risk
Credit underwriting and Environmental & Commodity Markets (ECM) risk arises from liabilities taken on by the Company in the course of its credit and suretyship and agriculture underwriting, respectively. Both risks are shown separately as underwriting risk under Solvency II. However, due to the nature of these risks, credit underwriting risk and ECM risk are quantified within the credit and financial markets risk categories respectively.

Material risk developments over the reporting period
The Company's underwriting risk increased driven by exposure in man-made risk. The overall increase in risk was lower than in previous years following the implementation of organisational and operational changes that were announced in 2019 that are intended to bring SRI back to profitability. The changes focused on improving the bottom line results by exiting or reducing exposure to underperforming lines of business and focusing on the lines of business that SRI is competitive in.

Risk mitigation
Underwriting risk is mostly mitigated by intra-group reinsurance. A regular assessment of the appropriateness of the intra-group reinsurance programme is performed. An annual review is performed based on plan numbers, internal risk model results and further coordination with other stakeholders such as local branch management, underwriting, capital management and finance.

Sensitivity analysis and stress testing
During the annual ORSA process, as described in paragraph "Internal control system" on page 17, various scenarios are used to test the resilience of the Company's balance sheet beyond a baseline scenario.

The scenarios that are used take a multi-year time frame into account. Consideration of these scenarios helps management to better understand the impact of potential deviations from the expected/baseline scenarios and to be better prepared to respond to such scenarios should they occur.

The scenarios consider a range of macro-economic situations (extreme to more probable). They may also consider insurance risk scenarios under which the Company could be expected to operate and/or situations that lead to differing underwriting results. The baseline contemplates moderate economic growth environment for relevant markets for the Company.

The baseline contemplates moderate economic growth for the Company's relevant markets.

The Company used the following scenarios for the planning horizon 2020-2022:

Scenario	Description of the scenario
Amended Group Downside Scenario	This scenario was derived from the Group Downside Scenario and assumes a moderate global recession, primarily led by the US and with subsequent protracted sub-par growth. It was based on the following key criteria and assumptions: ▪ Lower worldwide growth than the baseline plan: Real GDP growth slows in advanced economies and is moderately negative in 2021 with a shallow recovery in subsequent years ▪ Policy rates and long-term yields decline: US 10-year yields hit new all-time lows ▪ Significant impact across equity markets and corporate bond spreads ▪ A 1-in-200 year Natural Catastrophe event in Australia in the first year of Plan

Severe Financial Market Downturn Scenario	Political instability in Europe, coupled with US isolationism, trigger a deterioration in global trade and inhibit investment and consumption growth leading to a stagflation-like economic environment. Global economic growth is assumed to disappoint, leading to recessionary levels. As a result of lagged inflation effects and fiscal policy decisions made by governments, higher inflation than the Amended Group Downside Scenario is assumed, leading to an increase in yield rates. The scenario further assumed decreasing equity levels over the last two years of Plan, widening corporate bond spreads in 2022 across all regions and a steep increase in US interest rates.

The Company's solvency position has been assessed over the planning horizon under both scenarios with management actions identified if required.

Special purpose vehicles
The Company does not use special purpose vehicles.

C2: Financial market risk

Risk exposure
The value of the Company's assets or liabilities may be affected by movements in financial market prices or rates such as equity prices, interest rates, credit spreads, foreign exchange rates or real estate prices. The Company is exposed to such financial market risk through its investment activities as well as through the sensitivity of the economic value of liabilities to financial market fluctuations. Foreign exchange risk is the main form of financial market risk for the Company.

Material risk developments over the reporting period
Over the reporting period, minor changes in asset allocation were made in alignment with the agreed investment ranges for credit products, equities and alternatives.

List of assets
The Company invests in government and corporate bonds, cash and cash equivalents and equities. Please refer to Quantitative Reporting Template (QRT) S.06.02 for a summary list of assets. A summarised list of assets is provided in QRT Balance Sheet S.02.01. These investments have been made in accordance with the Prudent Person Principle outlined in paragraph "The Prudent Person Principle" on page 16.

Risk mitigation
The Company uses a prudent and effective asset and liability matching process to mitigate market risks. Regular reporting is used to monitor the effectiveness of the asset and liability matching process is in place.

Limits on asset classes are approved on an annual basis to take into account business planning. Strategic asset allocation usage is monitored regularly against approved limits.

Sensitivity analysis and stress testing
No specific financial risk scenarios were considered over those described in paragraph "Sensitivity analysis and stress testing" on page 20.

Group-wide stress testing framework
The Company's financial market exposures are subject to the group-wide stress testing framework. This is reported on a weekly basis and the aggregated stress is monitored against an approved stress limit.

C3: Credit risk

Risk exposure
Credit risk primarily reflects the risk of incurring a financial loss from the default of counterparties or third parties. In addition, it takes into account the increase in risk represented by any deterioration in credit ratings. This risk arises directly from investment activities, as well as from counterparty risk, related to both external credit risk and intra-group counterparties, which is reflected in default-related effects. In line with Solvency II, credit risk from underwriting activities is classified as underwriting risk (please refer to paragraph "Risk exposure" on page 19).

Material risk developments over the reporting period
Over the reporting period, there were no material changes to non-underwriting credit risk exposures.

Risk mitigation
Risk Management regularly monitors corporate counterparty credit quality and exposures and compiles watch lists of cases that merit close attention.

Sensitivity analysis and stress testing
No specific credit risk scenarios were considered over and above those described in paragraph "Sensitivity analysis and stress testing" on page 20.

C4: Liquidity risk

Risk exposure
The Company's exposure to liquidity risk stems mainly from the need to meet potential funding requirements arising from a range of possible stress events. However, given the high liquidity of the Company's invested assets, the risk to its solvency due to inability to fund claims payments is remote.

Material risk developments over the reporting period
Free assets remained stable over the reporting period.

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 framework in place that includes the regular reporting of key liquidity ratios to the Board.

Sensitivity analysis and stress testing
The Company applies a liquidity stress test to assess the liquidity sources and requirements in a stressed situation. This assumes an extreme loss event in the size of a 99% shortfall along with a three-notch rating downgrade.

The stress test considers three time horizons namely, 90 days, 180 days and one year. Over the 90 day time horizon, only highly liquid assets (cash, government, supranational and agency bonds) are considered to be sources of liquidity whereas, over the 180 day and one-year time horizon, all assets are considered sources of liquidity.

The most recent analysis over the one-year horizon shows that the Company has sufficient liquidity requirements to withstand a large loss event.

Amount of expected profit in future premiums
The total amount of expected profit in future premiums (EPIFP) for the Company as at 31 December 2019 was EUR 56 million (2018: EUR 90 million). The decrease was a result of an increase in the initial loss ratio of new business.

C5: Operational risk

Risk exposure
Operational risk represents the risk of a change in value caused by the fact that actual losses, incurred due to inadequate or failed internal processes, people and system risks or from external events (including legal risk), differ from the expected losses. Swiss Re's internal model includes a component to quantify operational risk for Solvency II purposes. In addition, operational risks are assessed and monitored qualitatively based on the Company's Coordinated Assurance Framework.

Material risk developments over the reporting period
Operational risk has increased over the reporting period following the review of the scenarios used to calculate operational risk capital. The number and severity of operational events within the current period are within acceptable levels.

Risk mitigation
The Company's coordinated assurance framework outlined in paragraph "Internal control system" on page 17 is used to manage and mitigate operational risk.

Sensitivity analysis and stress testing
The Company relies on regular exercises undertaken by Group Operational Risk Management to re-evaluate its exposure to operational risk. The evaluation includes consideration of the potential of one-in-two-hundred-year operational events and the expected financial impact that would occur if these risks were to materialise under various scenarios.

The outcome of these evaluations enables the recalibration of the Group Risk Model's operational risk module in order to calculate the Group operational risk capital. A portion of this capital is then 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 on large, unexpected events that potentially jeopardise the capital adequacy of the Company.

C6: Other material risks

All the important risks have already been disclosed in the sections above.

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 2019 were as follows (based on QRT Balance Sheet S.02.01 and per Company statutory):

EUR millions	Solvency II	Company statutory	Change
Investments	931	941	-10
Reinsurance recoverables	2 343	5 375	-3 032
Reinsurance receivables & insurance and intermediaries receivables	433	371	62
Total of all other assets not listed above	259	422	-163
Total assets	**3 966**	**7 109**	**-3 143**

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			
■ All other investments, excluding the investments listed below	X		
■ Participations (subsidiaries and associates)		X	
Reinsurance recoverables			X
Reinsurance receivables & insurance and intermediaries receivables			X

Investments

Solvency II:

Quoted market price valuation:

- Investments in government bonds, corporate bonds and ETFs are valued at fair value, determined as far as possible by reference to observable market prices.

Adjusted equity valuation:

- Participations: The valuation of participations (subsidiaries and associates) is estimated based on readily available accounting information.

Company statutory:

Shares, including shares in affiliated undertakings and participating interest, other variable yield transferable securities and units in unit trusts are valued at the lower of acquisition cost or market value. In cases where no such quoted values exist, the actual values are based on other observable market data. Debt securities and other fixed income transferable securities are valued at amortised cost. Deposits with credit institutions are valued at nominal value.

The difference between Solvency II and Company statutory represents the cash deposits with ceding companies recognised as investment only in the Company statutory, while under Solvency II these assets are presented under the line item "Total of all other assets not listed above".

Reinsurance recoverables

Solvency II:

The share of technical provisions for reinsured business is determined with reference to the contractual agreement and the underlying gross Solvency II best estimate liability per treaty.

Company statutory:

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

The difference between Solvency II and Company statutory is discussed in section "D2: Technical provisions".

Reinsurance receivables & insurance and intermediaries receivables

Solvency II:

Reinsurance receivables & insurance and intermediaries receivables are valued using a discounted cash flow method.

Company statutory:

Reinsurance receivables & insurance and intermediaries are valued at their settlement value.

The difference observed between Solvency II and Company statutory is mostly attributable to a different assets/liabilities split between reinsurance and insurance payables and receivables.

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 the Company statutory.

Assumptions and judgements applied for the valuation of material assets

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

Changes made to the 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 2019.

Drivers of differences between Solvency II and Company statutory accounts

The differences between the Solvency II balance sheet and the Company statutory balance sheet are explained by the different valuation methodologies used, as described in paragraph "Methods applied for valuation of material assets" on page 24.

Property (held for own use)

The Company did not hold any property for own use as at 31 December 2019.

Inventories

The Company did not hold any inventories as at 31 December 2019.

Intangible assets

The Company did not hold any intangible assets on the Solvency II balance sheet as at 31 December 2019.

Financial assets

Methods and assumptions applied in determining the economic value

Quoted prices in active markets for identical or similar assets are used to determine the economic value for the majority of securities. Where a quoted price is not available, alternative methods are used. Most financial asset prices are sourced from Blackrock Solutions. The list of vendors used by Blackrock Solutions to confirm pricing is held by the Company. In addition, all prices are reviewed by Swiss Re's independent pricing verification team to ensure agreement. When Blackrock Solutions prices are not available, a market price from an alternative source is selected. These are pre-agreed vendors, brokers, dealers or calculated prices depending on the type of financial assets.

As at 31 December 2019, the value of investments valued using quoted market prices in active markets for identical assets was EUR 380 million. The value of investments valued at quoted market prices in active markets for similar assets was EUR 496 million and the value of investments valued using adjusted equity method was EUR 56 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 neither significantly higher nor lower.

Significant changes to the valuation models used

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

Lease assets

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

Deferred tax assets

Recognition of deferred tax assets

Deferred income tax assets of EUR 112 million were 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 income tax liabilities of EUR 126 million were 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 or substantively enacted by the end of the reporting period. Deferred tax asset recognition on tax losses is also 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 was recognised on the Solvency II balance sheet was EUR 5 million, because these amounts were not supportable by future taxable profit projections.

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

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

Projected future taxable profits

It is assumed that deferred tax assets and deferred tax liabilities are recoverable after more than 12 months.
The utilisation of deferred tax assets depends on projected future taxable profits, including those profits arising from the reversal of existing taxable temporary differences.

Actual tax losses suffered by the Company and its branches

Actual tax losses suffered by the Company branches in either the current 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 losses carry forward restrictions are considered. In certain jurisdictions, it may be possible to either utilise tax losses against prior-year profits or against profits arising in sister subsidiaries or branches in those same jurisdictions. For balance sheet figures, the actual utilisation of tax losses in this manner is taken into account. For the purposes of computing the loss-absorbing capacity of deferred taxes, such tax utilisation is assumed not to happen. The tax losses per branch as at 31 December 2019 are as follows:

EUR millions	Tax losses 2018	Tax losses 2019
Japan	1	1
Singapore	37	47
Australia	21	38
Spain	1	0
Luxembourg	36	36
France	0	3

Tax rate changes during the year

The following tax rates changed in 2019 due to legislative changes:

Country	National tax rate 2018%	National tax rate 2019 %	Non-current tax rate* beginning of year %	Non-current tax rate* end of year %	Effect on deferred tax in EUR millions
Luxembourg	26.01%	24.94%	26.01%	24.94 %	0

* non-current tax rate is applied on the temporary differences to calculate the deferred tax impacts

Valuation of related undertakings

The Company applies the adjusted equity method to value its subsidiaries.

D2: Technical provisions

Life business
The Company has no life business.

Non-life business

Material technical provisions by Solvency II classes of business

The following table shows the value of non-life technical provisions, based on QRT S.17.01, by material classes* of business as at 31 December 2019:

EUR millions	Gross best estimate	Net best estimate	Risk margin	Total net technical provision
Marine, aviation and transport (direct and proportional)	399	40	2	42
Fire and other damage to property (direct and proportional)	583	289	8	296
General liability (direct and proportional)	1 544	229	18	247
Credit and suretyship (direct and proportional)	-141	-8	4	-4
Other	437	-70	12	-58
Total	**2 822**	**479**	**44**	**523**

*by the amount of the net technical provisions

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.

The combination of nominal values and timing leads to the expected future cash flow streams. Applicable discount rates are applied to these future cash flow streams for Solvency II reporting. The estimates are elaborated by a dedicated team of reserving actuaries as follows:
- For most contracts, they use classical actuarial methods for analysing triangular information concerning the development of past premiums, claims and commissions. For such analysis, the contracts are grouped into segments (large or structured contracts may be analysed on a standalone basis).
- For new contracts, the estimates cannot be derived with the above-mentioned actuarial techniques. The values for new contracts are generally based on values estimated during the process of determining the price of each contract. Over time, as new experience emerges, these initial estimates are revisited with the classical actuarial techniques.
- Specific to the credit and suretyship line of business, the negative technical provision is due to the low combined ratio and the long exposure period and the future profits that are recognised in Solvency II but deferred in the Company statutory accounts.

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

Risk margin
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 surrounding the risk margin rely on the calculation of the SCR and are explained and justified in the internal model documentation and in the standard formula documentation.

Solvency II additionally requires allocation of the risk margin to the lines of business or segments as defined by Solvency II regulations. This 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, for example, the allocation is perfomred on model currencies proportionately to the contribution to the Company shortfall. The further breakdown of the risk margin to Solvency II lines of business is performed proportionately to the contribution of the run-off claims observed in each line of business, branch and currency.

Uncertainty associated with the technical provisions

Estimating technical provisions involves predicting future loss payments based on historical and current 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 the Company's operations and its book of business make the incidence of claims more or less likely and claim 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 large natural catastrophes. Actual future losses and loss adjustment expenses will not develop exactly as projected and may, in fact, vary significantly from the projections.

Material differences between Solvency II and statutory technical provisions

Material differences by line of business between Solvency II and statutory net non-life technical provisions as at 31 December 2019 were as follows:

EUR millions	Solvency II	Company statutory	Change
Marine, aviation and transport (direct and proportional)	42	79	-37
Fire and other damage to property (direct and proportional)	296	225	71
General liability (direct and proportional)	247	266	-19
Credit and suretyship (direct and proportional)	-4	162	-165
Other	-58	-63	5
Total	**523**	**669**	**-145**

The actuarial methods and assumptions used for the valuation of 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:

- For 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 Company statutory, the contracts in scope are the same but in general only a portion of the premium written during the reporting period is recognised as earned while the unearned portion and acquisition cost are deferred (whereas, for Solvency II purposes, only future cash flows are considered in the valuation), and there is no provision for future losses, ie claims resulting from losses not yet incurred but covered within the boundaries of the subject business.

Please refer to page 27 "Overview of methodology and assumptions" under the Best estimate section for the relevant explanation on the material difference between Solvency II and statutory valuation in the credit and suretyship line of business.

Recoverables due from reinsurance contracts

As part of the best estimate calculation, reinsurance recoverables are also taken into account for the calculation of technical provisions. The reinsurance ceded is predominantly proportional reinsurance. Therefore, the determination of the reinsurance recoverable is a purely calculative process and does not require estimations, actuarial methods, assumptions or any other elements of judgement. In the valuation of ceded reinsurance, the counterparty risk is considered.

Material changes in assumptions made

During 2019, no material changes were made in the relevant assumption of the calculation of technical provisions.

Matching premiums

Currently not applicable to the Company (awaiting final decision on long-term guarantees).

Volatility adjustment

Not applicable to the Company.

Transitional provisions

Not applicable to the Company.

Transitional deduction
Not applicable to the Company.

D3: Other liabilities

Other material liabilities
Other material liabilities as at 31 December 2019 were as follows (based on QRT Balance Sheet S.02.01. and per Company statutory):

EUR millions	Solvency II	Company statutory	Change
Payables (trade, not insurance)	89	75	14
Loan from affiliated undertakings	302	300	2
Deferred tax liabilities	126	-	126
Reinsurance payables & insurance and intermediaries payables	267	1254	-987
Total of all other liabilities not listed above	25	327	-302
Total other liabilities	**809**	**1 956**	**-1 147**

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

Discounted cash flow	Other
Reinsurance payables & insurance and intermediaries payables	Payables (trade, not insurance)
	Deferred tax liabilities

Payables (trade not insurance)

Solvency II:

Payables are valued at their settlement value.

Company statutory:

Payables are valued at their settlement value.

Loan from affiliated undertakings

Solvency II:

The loan from affiliated undertakings is valued at nominal value.

Company statutory:

The loan from affiliated undertakings is valued at nominal value.

Deferred tax

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 were taken into account. Deferred tax assets and liabilities are calculated on all balance sheet differences that are recognised as being temporary and will have a tax reversal impact in the foreseeable future. The valuation of the deferred tax assets can be supported by projections of the future taxable profits. The projections are based on prior-year experiences considering expectations about future business. In addition, tax groups (fiscal unities) in the jurisdictions were taken into account where there was reliable evidence of additional taxable profits within those fiscal unities or tax groups. The Company is presumed not to enter into run-off after a shock loss, and credit is only given for deferred tax assets utilised within a three-year time frame, but net deferred tax assets are currently recognised. Adjustments are made for local restrictions on tax loss.

Company statutory:

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

Reinsurance payables & insurance and intermediaries payables

Solvency II:
Reinsurance payables & insurance and intermediaries payables are valued using a discounted cash flow method.

Company statutory:
Reinsurance payables & insurance and intermediaries payables are valued at their settlement value.
The difference observed between Solvency II and Company statutory is mainly driven by debtors arising from reinsurance and insurance. Part of these items contains future cash flows recognised under Solvency II as part of technical provisions.

Other classes of liabilities

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

Financial liabilities

Impact of changes in own credit risk rating

Other financial liabilities consist mainly of contingent liabilities, provision for taxation and unrecognised tax benefits. Contingent liabilities are included in the Solvency II balance sheet but are not reported in the Company balance sheet. The change in the Company's own credit risk has no impact on the above financial liabilities.

Credit spread

The Company uses the Solvency II yield curves published by EIOPA that account for credit spread.

Lease liabilities

The Company had no material financial or lease liabilities as at 31 December 2019.

Deferred tax liabilities

Deferred income tax liabilities of EUR 126 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.

It is assumed that deferred tax liabilities are recoverable after more than 12 months.

Tax rate changes during the year

Please refer to paragraph "Tax rate changes during the year" on page 26.

Closing procedures

During the close 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.

Other provisions

Nature and timing of the obligations

As of 31 December 2019, other provisions mainly represent provision for currency risk. All other provisions are classified as payable in less than five years.

Uncertainties surrounding amount or timing of the outflows of economic benefits

The other obligations comprised provisions of which the amount and timing of the outflows of economic benefits have been taken into account in determining the provision. There are no other material uncertainties.

Cases where market values have not been adjusted

The market values of liabilities have been adjusted and therefore no additional disclosure is required.

Major assumptions concerning future events

No major assumptions were made regarding interest rates, risk adjustment or any other major assumptions concerning future events.

Employee benefits

Nature of the obligations

The Company has employee benefit programmes for which it has the obligation to set aside reserves to meet future obligations. As at 31 December 2019, the following programmes were in place:

Employee benefit programmes	Short-term obligations	Long-term obligations	Other post-employment
Annual Performance Incentive	X		
Global Share Participation Plan		X	
Vacation accrual	X		
Italy – healthcare and life insurance for retired employees			X
Leadership Performance Plan		X	
Value Alignment Incentive		X	
Italy – Trattamento di Fine Rapporto*		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 paragraph "Remuneration policy and practices" on page 12 for details of other programmes.

Plan assets

Not applicable to the Company.

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

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 bases used or on estimations during 2019.

Assumptions and judgements

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

D4: Alternative methods of valuation

Alternative methods of valuation

The Company does not value any investment assets using alternative valuation methods.

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 as a percentage of the Solvency Capital Requirement as at 31 December 2019 was equal to 241% (2018: 315%). The decrease in the solvency ratio was mainly driven by negative result in the underwriting performance, as well by an increase in financial market and credit risk.

Please refer to paragraph "Own funds by tier" on this page for details of own funds movements.

The binding legal entity capitalisation constraints for the Company remains the tied asset requirement, which ensures sufficient admissible assets are available to cover technical liabilities, based on the existing quarterly regulatory reporting.

Own funds – objectives, policies and processes

The Company's capitalisation policy ensures that it is appropriately capitalised for the risk 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 2019, 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 Business Unit.

Own funds – time horizon used for capital planning

The composition of the Company's own funds is expected to change in line with the growth forecast over the one-year and three-year business planning time horizon.

Own funds by tier

The value of own funds classified as tier 1 based on QRT S.23.01 as at 31 December 2019 was as follows:

EUR millions	2018	2019
Ordinary share capital (gross of own shares)	182	182
Reconciliation reserve	152	103
Total basic own funds after adjustments	**334**	**285**

Own funds decreased from EUR 334 million in 2018 to EUR 285 million in 2019. The decrease was driven mainly by a negative result in the underwriting performance.

The value of own funds, classified as tier 3 based on QRT S.23.01, as at 31 December 2019 was as follows:

EUR millions	2018	2019
Net deferred taxation assets	2	5
Total basic own funds after adjustments	**2**	**5**

Eligible amount of own funds to cover the Solvency Capital Requirement

The eligible amount of own funds, classified as tier 1 and 3, to cover the Solvency Capital Requirement for 2019 was EUR 290 million (2018: EUR 337 million).

Eligible amount of basic own funds to cover the Minimum Capital Requirement

The eligible amount of basic own funds, classified as tier 1, to cover the MCR for 2019 was EUR 285 million (2018: EUR 334 million).

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 2019 were as follows:

EUR millions	Equity reconciliation
Equity per Company statutory (excluding retained earnings)	182
Reconciliation reserves	**103**
Total reserves and retained earnings from financial statements	102
Difference in the valuation of assets	-188
Difference in the valuation of technical provisions	47
Difference in the valuation of other liabilities	142
Foreseeable dividends	-
Net deferred tax asset	5
SII own funds	**290**

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 dividends.

Basic own funds subjected to transitional arrangements

No own funds items were subject to transitional arrangements.

Ancillary own funds

There are no ancillary own funds in the Company.

Items deducted from own funds

No item has been deducted from the own funds of the Company.

Subordinated capital instruments in issue at year-end

The Company does not have subordinated capital instruments.

Capital instruments issued as debts

Not applicable to the Company.

Value of subordinated debt

The Company does not have subordinated debt.

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 as at 31 December 2019 was as follows:

EUR millions	2019
Excess of assets over liabilities	290
Equity per Company statutory accounts	-182
Foreseeable dividends and distributions	-
Net deferred taxation assets	-5
Reconciliation reserve	**103**

The reconciliation reserve includes an amount of the excess of assets over liabilities that corresponds to the EPIFP. Please refer to paragraph Amount of expected profit in future premiums on page 22 for the details of the EPIFP.

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

Total excess of assets over liabilities within ring fenced-funds

The Company does not have any ring-fenced funds.

E2: Solvency Capital Requirement and Minimum Capital Requirement

Solvency Capital Requirement and Minimum Capital Requirement

As at 31 December 2019, the Company's SCR was EUR 120 million and the MCR was EUR 54 million.

Solvency Capital Requirement split by risk category

The Company uses an integrated internal model to measure its capital requirement using 99.5% VaR as described in the paragraph "Risk exposure" on page 19. The table below sets out the quantification as at 31 December for the Company's modelled risk categories over the next 12 months.

Risk categories are based gross of outgoing IGTs

EUR millions	2018	2019
Property and casualty risk	949	1013
Life and health risk	0	0
Financial market risk	69	91
Credit risk	472	419
Operational risk	23	25
Diversification	-467	-464
Other impacts*	-926	-958
Pre-tax Solvency Capital Requirement	**120**	**126**
Deferred tax impact	-13	-6
Solvency Capital Requirement	**107**	**120**

*Other impacts: consist of outgoing IGT, expected change in own funds, intra-group default related effects, and discounting of the 99,5% VaR.

Simplification calculation

The Company does not apply the standard formula.

Standard formula parameters

The Company does not apply the standard formula.

Non-disclosure of capital add-on during transitional period ending no later than 31 December 2020

This is not applicable to the Company.

Standard formula capital add on applied to Solvency Capital Requirement

The Company does not apply the standard formula.

Information on inputs used to calculate the Minimum Capital Requirement

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

Material changes to the Solvency Capital Requirement and Minimum Capital Requirement during 2019

The Solvency II SCR increased from EUR 107 million in 2018 to EUR 120 million in 2019, driven by an increase in financial market and credit risk.
The MCR is equal to 45% of the SCR. It therefore increased in line with the SCR from EUR 48 million in 2018 to EUR 54 million in 2019.

Please refer to paragraph "Solvency Capital Requirement split by risk category" on this page for details of the current year and prior year SCR and the MCR.
The risk profile and the movements between the current year and the prior year are explained in the paragraph "Risk exposure" on page 19.

E3: Duration-based equity risk

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

E4: Differences between the standard formula and the 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, ie the stochastic future states of the world;
- transaction model: to model the intra-group transactions in place as well as external reinsurance;
- 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 Swiss Re's portfolio. The exposure model captures the impact of the risk factors on the economic profit and loss through Swiss Re's portfolio. In the exposure model, Swiss Re's business activities are decomposed into different exposures. The change in basic own funds of the entire portfolio resulted from aggregating the effect on the individual exposures. Each exposure is assigned attributes, such as legal entity, 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 section C, paragraph "Risk exposure" for details of the risk covered and not covered in the capital model.

Aggregation methodologies and diversification effects
Aggregation in the standard formula is prescribed in a hierarchical bottom-up scheme, with explicit standardised, industry-wide diversification benefits between its components at each step of the aggregation. In the Company's internal model, the diversification and interdependencies happen in the joint simulation of risk factors. Combining the realised outcomes of all the risk factors to which a specific portfolio selection is exposed to (for example, the Company's marine portfolio and its exposure to natural catastrophes, etc.) 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 risk.

Various purposes for which the internal model is being used
The Company´s internal model purposes are defined by the 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 the internal model in terms of Business Units and risk categories
The scope of the internal model includes all material risks that influence the Solvency II balance sheet of the Company. Please refer to paragraph "Risk categories" on this page 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 sheets. 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, which arises from a balance sheet position, is defined as the unexpected change in 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 Company´s internal model is provided by different functions of Swiss Re 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 that data quality is governed by the Group Risk Model Data Quality Standards. Validation of data quality is carried out in five steps:

- within the responsibility of the respective data provider upon collection of data or while downloading it from a source system;
- structural and syntactical validation when 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 Business Unit and Legal Entity Risk Management teams (plausibility checks).

E5: Non-compliance

Any non-compliance with the Company SCR and MCR requirement
The Company complied with the SCR and MCR during 2019.

E6: Any other material information

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

Glossary

Board	The Board of Directors of the Company
CAA	Commissariat aux Assurances, Luxembourg
Company	Swiss Re International SE
Credit spread	Applies to derivative products. Difference in the value of two options, when the value of the one sold exceeds the value of the one bought.
Economic 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.
EEA	European Economic Area
EMEA	Europe, Middle East and Africa
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 the 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.
Health insurance	Generic term applying to all types of insurance indemnifying or reimbursing for losses caused by bodily injury or sickness or for medical treatment expenses necessitated by sickness or accidental bodily injury.
Intra-group reinsurance	Reinsurance between subsidiaries of the same parent company or between a subsidiary and its parent. Intra-group reinsurance aims to optimise capital allocation and tax efficiency for the Swiss Re Group, as well as to 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.
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.
Luxembourg Companies	The Company, Swiss Re International SE
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 inforce business will be liquidated.
Nat cat	Natural catastrophe
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".
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 SCR.
Property insurance	Collective term for fire and business interruption insurance as well as burglary, fidelity guarantee and allied lines.
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.
Return on equity	Net income as a percentage of time-weighted shareholders' equity.
Risk appetite	An expression of how the Company aims to deploy its risk capacity. It specifies the types of risk that SRI 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.
RSR	Regular Supervisory Report
Securitisation	Financial transactions in which future cash flows from assets (or insurable risks) are pooled, converted into tradable securities and transferred to capital market investors. The assets are commonly sold to a special-purpose entity, which purchases them with cash raised through the issuance of beneficial interests (usually debt instruments) to third-party investors.
SFCR	Solvency and Financial Condition Report
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.
Swiss Solvency Test	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.
Target capital	As defined by the Legal Entity Capitalisation Policy, target capital is equal to the Solvency Capital Requirement (see above) plus a volatility buffer (see below) and any local add-ons. The capitalisation policy sets a target capital range of +/-10% of target capital.
Technical result	Underwriting defined as nominal premiums less nominal commissions and claims.
Value at risk	Maximum possible loss in market value of an asset portfolio within a given timespan 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.
Volatility buffer	An amount of capital sufficient to cover a one-in-ten-year event (90% value at risk).

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Appendix
SFCR Public Disclosure Templates

Report:	S.02.01.e
Reporting entity:	Swiss Re International SE
Due date:	Dec 31, 2019
Units:	EUR thousands

Balance sheet

Assets		**Solvency II value**
		C0010
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	112 023
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	714
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	930 707
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	54 550
Equities	**R0100**	
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	
Bonds	**R0130**	845 965
Government Bonds	**R0140**	769 979
Corporate Bonds	**R0150**	75 986
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	30 191
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	**R0230**	259
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	259
Other loans and mortgages	**R0260**	
Reinsurance recoverables from:	**R0270**	2 343 072
Non-life and health similar to non-life	**R0280**	2 343 072
Non-life excluding health	**R0290**	2 305 242
Health similar to non-life	**R0300**	37 830
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	4 995
Insurance and intermediaries receivables	**R0360**	255 918
Reinsurance receivables	**R0370**	177 208
Receivables (trade, not insurance)	**R0380**	50 869
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**	89 645
Any other assets, not elsewhere shown	**R0420**	180
Total assets	**R0500**	3 965 590

Liabilities		**Solvency II value**
		C0010
Technical provisions – non-life	**R0510**	2 866 315
Technical provisions – non-life (excluding health)	**R0520**	2 822 615
Technical provisions calculated as a whole	**R0530**	
Best Estimate	**R0540**	2 781 366
Risk margin	**R0550**	41 250
Technical provisions - health (similar to non-life)	**R0560**	43 700
Technical provisions calculated as a whole	**R0570**	
Best Estimate	**R0580**	40 897
Risk margin	**R0590**	2 803
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	
Technical provisions - health (similar to life)	**R0610**	
Technical provisions calculated as a whole	**R0620**	
Best Estimate	**R0630**	
Risk margin	**R0640**	
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	
Technical provisions calculated as a whole	**R0660**	
Best Estimate	**R0670**	
Risk margin	**R0680**	
Technical provisions – index-linked and unit-linked	**R0690**	
Technical provisions calculated as a whole	**R0700**	
Best Estimate	**R0710**	
Risk margin	**R0720**	
Other technical provisions	**R0730**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	12 206
Pension benefit obligations	**R0760**	
Deposits from reinsurers	**R0770**	12 777
Deferred tax liabilities	**R0780**	126 085
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	302 009
Insurance & intermediaries payables	**R0820**	136 964
Reinsurance payables	**R0830**	129 900
Payables (trade, not insurance)	**R0840**	89 083
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**	
Total liabilities	**R0900**	3 675 337
Excess of assets over liabilities	**R1000**	290 253

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Units:	EUR thousands

Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	Total
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written																		
Gross - Direct Business	**R0110**	10 328				291	265 047	475 556	323 772	267 819								1 342 813
Gross - Proportional reinsurance accepted	**R0120**	254					52 681	89 962	8 275	5 206								156 378
Gross - Non-proportional reinsurance accepted	**R0130**														27 191	19 780	132 716	179 687
Reinsurers' share	**R0140**	9 261					275 217	428 137	270 362	232 827				142	29 761	22 766	147 619	1 416 093
Net	**R0200**	1 320				291	42 511	137 380	61 684	40 199				-142	-2 570	-2 986	-14 903	262 785
Premiums earned																		
Gross - Direct Business	**R0210**	12 416				280	289 767	418 335	291 099	251 495								1 263 391
Gross - Proportional reinsurance accepted	**R0220**	301					58 231	47 985	6 903	5 308								118 727
Gross - Non-proportional reinsurance accepted	**R0230**														21 644	20 518	139 813	181 975
Reinsurers' share	**R0240**	9 530					299 665	357 296	249 927	218 209				141	24 484	23 416	146 177	1 328 846
Net	**R0300**	3 186				280	48 333	109 023	48 075	38 593				-141	-2 840	-2 898	-6 364	235 246
Claims incurred																		
Gross - Direct Business	**R0310**	7 435		31 583	-982	-69	275 702	374 467	480 040	233 670								1 401 844
Gross - Proportional reinsurance accepted	**R0320**	52					27 838	44 404	5 601	18 033								95 929
Gross - Non-proportional reinsurance accepted	**R0330**													-44 512	16 454	11 734	90 477	74 153
Reinsurers' share	**R0340**	6 034		31 588	-982	-93	257 841	311 447	384 803	180 225				-44 512	59 745	15 096	151 997	1 353 188
Net	**R0400**	1 453		-6		24	45 699	107 424	100 838	71 479					-43 292	-3 362	-61 520	218 738
Changes in other technical provisions																		
Gross - Direct Business	**R0410**																	
Gross - Proportional reinsurance accepted	**R0420**																	
Gross - Non-proportional reinsurance accepted	**R0430**																	
Reinsurers' share	**R0440**						12											12
Net	**R0500**						-12											-12
Expenses incurred	**R0550**	1 289		-874	-153	30	11 384	16 108	6 790	15 539					-475	1 512	199	51 349
Other expenses	**R1200**																	1 597
Total expenses	**R1300**																	52 946

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Premiums, claims and expenses by line of business

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410									
Reinsurers' share	R1420									
Net	R1500									
Premiums earned										
Gross	R1510									
Reinsurers' share	R1520									
Net	R1600									
Claims incurred										
Gross	R1610									
Reinsurers' share	R1620									
Net	R1700									
Changes in other technical provisions										
Gross	R1710									
Reinsurers' share	R1720									
Net	R1800									
Expenses incurred	R1900									
Other expenses	R2500									0.00
Total expenses	R2600									0.00

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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							
		C0220	C0280	C0230	C0230	C0230	C0230	C0230
Premiums written								
Gross	R1410							
Reinsurers' share	R1420							
Net	R1500							
Premiums earned								
Gross	R1510							
Reinsurers' share	R1520							
Net	R1600							
Claims incurred								
Gross	R1610							
Reinsurers' share	R1620							
Net	R1700							
Changes in other technical provisions								
Gross	R1710							
Reinsurers' share	R1720							
Net	R1800							
Expenses incurred	R1900							
Other expenses	R2500		0.00					
Total expenses	R2600		0.00					

Report:	S.05.02.e.non-life
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Due date:	Dec 31, 2019
Units:	EUR thousands

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	(AU) Australia	(FR) France	(CH) Switzerland
		C0080	C0140	C0090	C0090	C0090	C0090	C0090
Premiums written								
Gross - Direct Business	R0110	4 791	925 721	295 731	197 491	172 078	134 542	121 087
Gross - Proportional reinsurance accepted	R0120		26 701	20 042	3 052	2 487	363	756
Gross - Non-proportional reinsurance accepted	R0130	5 029	51 591	17 496	15 855	1 208	947	11 056
Reinsurers' share	R0140	9 804	782 109	301 534	197 636	23 761	122 129	127 244
Net	R0200	16	221 904	31 735	18 763	152 012	13 723	5 655
Premiums earned								
Gross - Direct Business	R0210	3 881	888 854	294 771	187 245	151 828	113 179	137 951
Gross - Proportional reinsurance accepted	R0220	1	20 265	14 160	3 181	1 657	468	798
Gross - Non-proportional reinsurance accepted	R0230	4 864	56 077	22 687	17 649	1 100	1 138	8 638
Reinsurers' share	R0240	8 759	765 573	298 141	188 335	26 927	105 657	137 754
Net	R0300	-12	199 623	33 477	19 739	127 659	9 129	9 632
Claims incurred								
Gross - Direct Business	R0310	11 573	875 233	300 603	129 664	115 854	102 272	215 267
Gross - Proportional reinsurance accepted	R0320	-3	35 609	16 894	17 241	1 323	256	-102
Gross - Non-proportional reinsurance accepted	R0330	346	32 338	4 541	955	1 363	22	25 112
Reinsurers' share	R0340	7 061	773 495	329 420	141 859	22 943	85 310	186 902
Net	R0400	4 855	169 686	-7 382	6 001	95 597	17 241	53 375
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420							
Gross - Non-proportional reinsurance accepted	R0430							
Reinsurers' share	R0440		14					14
Net	R0500		-14					-14
Expenses incurred	R0550	-364	56 308	18 521	3 088	32 316	3 267	-520
Other expenses	R1200		1 597					
Total expenses	R1300		57 905					

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Units:	EUR thousands

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**	-1 065				-51	-943	36 565	86 432	-284 257					3 183	-19	19 986	-140 170
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	-990					3 097	-111 623	70 416	-254 566					2 795	102	18 526	-272 243
Net Best Estimate of Premium Provisions	**R0150**	-74				-51	-4 041	148 188	16 016	-29 691					388	-121	1 460	132 074
Claims provisions																		
Gross	**R0160**	4 151		87 219	33 925	3 319	400 106	546 743	1 457 560	143 365				-49 409	148 905	28 735	157 814	2 962 432
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	3 132		84 006	32 107	2 544	356 399	406 310	1 244 402	121 921				-48 318	167 861	29 973	214 977	2 615 315
Net Best Estimate of Claims Provisions	**R0250**	1 019		3 213	1 818	775	43 707	140 433	213 157	21 444				-1 091	-18 957	-1 238	-57 163	347 117
Total Best estimate - gross	**R0260**	3 086		87 219	33 925	3 268	399 162	583 308	1 543 992	-140 892				-49 409	152 088	28 715	177 800	2 822 263
Total Best estimate - net	**R0270**	944		3 213	1 818	724	39 666	288 621	229 173	-8 247				-1 091	-18 569	-1 359	-55 703	479 191
Risk margin	**R0280**	303		163	447	89	2 157	7 734	17 763	4 407				2 337	3 417	214	5 022	44 052
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**	3 389		87 382	34 371	3 357	401 319	591 042	1 561 755	-136 485				-47 071	155 505	28 929	182 822	2 866 315
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	2 142		84 006	32 107	2 544	359 496	294 687	1 314 818	-132 645				-48 318	170 657	30 074	233 503	2 343 072
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	1 247		3 375	2 264	813	41 824	296 355	246 936	-3 840				1 247	-15 152	-1 145	-50 681	523 243

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Units:	EUR thousands

Non-life insurance claims information

Total Non-Life Business

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

Gross Claims Paid (non-cumulative)

(absolute amount)

Year		0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**
Prior	**R0100**											636 634
N-9	**R0160**	7 581	75 641	124 589	51 947	23 994	51 598	46 703	-339	5 934	2 394	
N-8	**R0170**	20 319	83 919	-76 726	17 387	94 659	38 114	-1 922	10 435	21 077		
N-7	**R0180**	14 671	108 592	153 668	85 986	49 436	35 120	28 328	14 065			
N-6	**R0190**	22 450	150 329	132 052	72 861	21 870	5 207	10 045				
N-5	**R0200**	28 481	144 129	155 166	52 688	48 625	62 521					
N-4	**R0210**	39 946	195 942	209 329	150 856	116 460						
N-3	**R0220**	23 500	287 473	193 210	93 860							
N-2	**R0230**	27 760	198 427	266 050								
N-1	**R0240**	51 192	429 848									
N	**R0250**	38 587										

		In Current year	Sum of years (cumulative)
		C0170	**C0180**
	R0100	636 634	636 634
	R0160	2 394	390 043
	R0170	21 077	207 262
	R0180	14 065	489 867
	R0190	10 045	414 812
	R0200	62 521	491 609
	R0210	116 460	712 533
	R0220	93 860	598 044
	R0230	266 050	492 236
	R0240	429 848	481 040
	R0250	38 587	38 587
Total	**R0260**	1 691 541	4 952 667

Gross undiscounted Best Estimate Claims Provisions

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**											713 650
N-9	**R0160**			291 368	198 316	141 028	130 902	72 436	63 711	37 495	27 002	
N-8	**R0170**		288 590	187 235	211 515	115 967	82 947	73 413	57 644	26 863		
N-7	**R0180**	209 446	375 159	286 247	188 931	98 304	111 173	85 266	112 667			
N-6	**R0190**	217 281	352 894	254 614	158 733	125 023	92 286	86 343				
N-5	**R0200**	237 830	387 586	256 509	193 273	174 888	148 290					
N-4	**R0210**	205 040	481 645	415 985	347 526	382 447						
N-3	**R0220**	233 862	433 247	337 986	365 334							
N-2	**R0230**	330 794	526 504	461 496								
N-1	**R0240**	465 189	557 290									
N	**R0250**	523 057										

		Year end (discounted data)
		C0360
	R0100	668 314
	R0160	26 721
	R0170	26 274
	R0180	109 593
	R0190	84 210
	R0200	143 913
	R0210	368 850
	R0220	356 465
	R0230	446 983
	R0240	545 934
	R0250	509 410
Total	**R0260**	3 286 668

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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	182 037	182 037			
Share premium account related to ordinary share capital	R0030					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	102 723	102 723			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160	5 492				5 492
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	290 253	284 760			5 492
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	290 253	284 760			5 492
Total available own funds to meet the MCR	R0510	284 760	284 760			
Total eligible own funds to meet the SCR	R0540	290 253	284 760			5 492
Total eligible own funds to meet the MCR	R0550	284 760	284 760			
SCR	R0580	120 300				
MCR	R0600	54 136				
Ratio of Eligible own funds to SCR	R0620					
Ratio of Eligible own funds to MCR	R0640					

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Reconciliation reserve		**C0060**
Excess of assets over liabilities	**R0700**	290 253
Own shares (held directly and indirectly)	**R0710**	
Foreseeable dividends, distributions and charges	**R0720**	
Other basic own fund items	**R0730**	187 530
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	
Reconciliation reserve	**R0760**	102 723
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	
Expected profits included in future premiums (EPIFP) - Non-life business	**R0780**	55 613
Total EPIFP	**R0790**	55 613

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Units:	EUR thousands

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	
2	Property and Casualty risk	1 012 931
3	Financial Market risk	90 604
4	Credit risk	419 084
5	Operational risk	24 726
6	Other impacts	-956 884

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Solvency Capital Requirement - for undertakings on Full Internal Models

Calculation of Solvency Capital Requirement		**C0100**
Total undiversified components	**R0110**	590 460
Diversification	**R0060**	-463 786
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	
Solvency capital requirement, excluding capital add-on	**R0200**	120 300
Capital add-ons already set	**R0210**	
Solvency Capital Requirement	**R0220**	120 300
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	**R0300**	
Amount/estimate of the overall loss-absorbing capacity of deferred taxes	**R0310**	-6 374
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**	
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**		
LAC DT justified by reversion of deferred tax liabilities	**R0650**		
LAC DT justified by reference to probable future taxable economic profit	**R0660**		
LAC DT justified by carry back, current year	**R0670**		
LAC DT justified by carry back, future years	**R0680**		
Maximum LAC DT	**R0690**		

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Units:	EUR thousands

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**	84 380

		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**	944	1 320
Income protection insurance and proportional reinsurance	**R0030**		
Workers' compensation insurance and proportional reinsurance	**R0040**	3 213	
Motor vehicle liability insurance and proportional reinsurance	**R0050**	1 818	
Other motor insurance and proportional reinsurance	**R0060**	724	291
Marine, aviation and transport insurance and proportional reinsurance	**R0070**	39 666	42 511
Fire and other damage to property insurance and proportional reinsurance	**R0080**	288 621	137 380
General liability insurance and proportional reinsurance	**R0090**	229 173	61 684
Credit and suretyship insurance and proportional reinsurance	**R0100**		40 199
Legal expenses insurance and proportional reinsurance	**R0110**		
Assistance and proportional reinsurance	**R0120**		
Miscellaneous financial loss insurance and proportional reinsurance	**R0130**		
Non-proportional health reinsurance	**R0140**		
Non-proportional casualty reinsurance	**R0150**		
Non-proportional marine, aviation and transport reinsurance	**R0160**		
Non-proportional property reinsurance	**R0170**		

Report:	S.28.01.e
Reporting entity:	Swiss Re International SE
Due date:	Dec 31, 2019
Units:	EUR thousands

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	

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

Report:	S.28.01.e
Reporting entity:	Swiss Re International SE
Due date:	Dec 31, 2019
Units:	EUR thousands

Overall MCR calculation		**C0070**
Linear MCR	**R0300**	84 380
SCR	**R0310**	120 302
MCR cap	**R0320**	54 136
MCR floor	**R0330**	30 076
Combined MCR	**R0340**	54 136
Absolute floor of the MCR	**R0350**	3 600
Minimum Capital Requirement	**R0400**	54 136