ALLIED WORLD ASSURANCE COMPANY (EUROPE) DAC

SOLVENCY AND FINANCIAL CONDITION REPORT (“SFCR”)

(FOR THE FINANCIAL YEAR ENDING DECEMBER 31, 2016)

Contents

Overview

References in this Solvency Financial Condition Report to the terms "we," "us," "our," the "Company" or other similar terms mean the operations of Allied World Assurance Company (Europe) dac, an Irish insurance company authorized by the Central Bank of Ireland, unless the context requires otherwise. References to the term "Allied World Switzerland" means only Allied World Assurance Company Holdings, AG, the ultimate parent of the Company. References to "$" are to the lawful currency of the United States.

This Solvency and Financial Condition Report (this "Report") has been compiled following the establishment of a new and harmonised EU-wide regulatory framework for (re)insurance companies, the Solvency II regime ("Solvency II"), and in accordance with the E.U. (Insurance and Reinsurance) Regulations 2015, the European Commission Delegated Regulation 2015 / 35 and the guidelines issued by the European Insurance and Occupational Pensions Authority ("EIOPA") (collectively, the "Solvency II Regulations").

We are an Irish incorporated company authorized by the Central Bank of Ireland (the "Central Bank") to conduct insurance business pursuant to the E.U. (Insurance and Reinsurance) Regulations 2015. We, through our Dublin Head Office and branch offices in the United Kingdom and Switzerland, provide innovative property, casualty and specialty insurance and reinsurance solutions to clients worldwide.

We will make available, free of charge through our website (www.awac.com), this Report as soon as reasonably practicable after we electronically file our annual regulatory returns with the Central Bank. This Report has been reviewed and approved by the Board of Directors of the Company (the "Board").

Summary

The Company reported gross premiums written of $147.5 million in 2016 compared to $158.9 million in 2015 and an underwriting loss of $1.6 million in 2016 compared to a loss of $0.4 million in 2015. Profit on operating activities after taxation for 2016 amounted to $10.1 million compared to $8.2 million in 2015. Further details on the Company's performance in 2016 are included in Section A of this Report.

The Board has ultimate responsibility for ensuring that the Company complies with applicable regulatory requirements. The Board has established an effective system of governance to ensure the sound and prudent management of the Company's business. Further details on the Company's system of governance are included in Section B of this Report.

Risks relevant to the Company's business and operations are outlined in Section C. The primary risk for the Company is underwriting risk. We have established an effective enterprise risk management ("ERM") framework that is integrated into the management of our business to manage and monitor relevant risks.

As at December 31, 2016, the Company's solvency ratio was 478% and solvency capital requirement ("SCR") was $84.7 million, and the Company had Tier 1 eligible own funds of $404.8 million. Details on the composition of the SCR and Tier 1 eligible own funds are included in Section E of this Report.

Recent developments:

On December 18, 2016, Allied World Switzerland entered into a merger agreement with Fairfax Financial Holdings Limited ("Fairfax"), whereby Fairfax will acquire all of the outstanding ordinary shares of Allied World Switzerland. The merger agreement has been unanimously approved by both companies' boards of directors. The acquisition is expected to be consummated following the satisfaction of customary closing conditions. There can be no assurances that the acquisition will occur.

A. Business and Performance

A.1 Business

<u>Company information</u>:

The Company is a designated activity company with its registered office at 3rd Floor, Georges Quay Plaza, Georges Quay, Dublin 2, D02 E440, Ireland (Registration number: 361888). The Company's branch offices are located at 20 Fenchurch Street, 18th and 19th Floors, London EC3M 3BY, U.K. and Park Tower, 15th Floor, Gubelstrasse 24, 6300 Zug, Switzerland. The Company is authorised by the Central Bank (PO Box 559, New Wapping Street, North Wall Quay, Dublin 1).

The Company is a wholly-owned subsidiary of Allied World Switzerland (a Swiss company whose shares are listed on the New York Stock Exchange), and its immediate parent company is Allied World Assurance Holdings (Ireland) Ltd.

<u>Group supervisor</u>:

The Bermuda Monetary Authority (the "BMA") (BMA House, 43 Victoria Street, P.O. Box 2447, Hamilton HMJX, Bermuda) acts as the group supervisor for Allied World Assurance Company, Ltd, the lead insurance and reinsurance subsidiary of the group of companies of which the Company is a member and Allied World Switzerland is the ultimate parent. In accordance with the Bermuda Group Supervisory and Insurance Group Solvency Rules that became effective in January 2012, Allied World Assurance Company, Ltd is required to prepare and submit to the BMA annual group financial statements prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"), annual group statutory financial statements, annual group statutory financial and capital returns, and unaudited quarterly returns.

<u>External auditor</u>:

The Company's external auditor is Deloitte & Touche, Chartered Accountants and Statutory Audit Firm (Earlsfort Terrace, Dublin 2, D02 AY28, Ireland).

<u>Our strategy</u>:

Our business objective is to generate attractive returns on equity while preserving our capital. We seek to achieve this objective by executing the following strategies:

- *Capitalize on profitable underwriting opportunities.* Our management and underwriting teams are positioned to identify business with attractive risk/reward characteristics. We pursue a strategy that emphasizes profitability, not market share. Key elements of this strategy are prudent risk selection, appropriate pricing and adjusting our business mix to remain flexible and opportunistic. We seek ways to take advantage of underwriting opportunities that we believe will be profitable.

- *Exercise underwriting and risk management discipline.* We believe that we exercise underwriting and risk management discipline by: (i) maintaining a diverse spread of risk across product lines and geographic regions, (ii) managing our aggregate property catastrophe exposure through the application of sophisticated modelling tools, (iii) monitoring our exposures on non-property catastrophe coverages, (iv) adhering to underwriting guidelines across our business lines and (v) fostering a culture that focuses on enterprise risk management and strong internal controls.

- *Employ a diversified investment strategy.* We believe that we follow a diversified investment strategy designed to emphasize the preservation of capital, provide adequate liquidity for the prompt payment of claims and generate a positive return. Our investment portfolio consists primarily of investment-grade, fixed-maturity securities of short-to medium-term duration.

<u>Material lines of business and geographical areas</u>:

We provide innovative property, casualty and specialty insurance and reinsurance solutions to clients worldwide.

- The focus of the direct insurance business is on mid-sized to large European and multinational companies domiciled outside North America, and smaller commercial clients within certain target European markets.

- The focus of the reinsurance business is predominantly on a medium- to short-tail global book of marine non-proportional reinsurance business, generally on a combined risk and catastrophe basis.

<u>Distribution</u>:

As a commercial insurer, we primarily offer products through independent insurance intermediaries, including retail brokerage firms and excess and surplus lines wholesale brokers. We typically pay a commission to agents and brokers for business that we accept from them.

Due to a number of factors, including transactional size and complexity, the distribution infrastructure of the reinsurance marketplace is characterized by relatively few intermediary firms.

Certain of our products are also underwritten and distributed through third-party program administrators. Before delegating underwriting authority, we consider the integrity, experience and reputation of each program administrator, as well as the potential profitability of the business and availability of reinsurance. Once a program is established, we conduct regular ongoing reviews and audits of the program administrator and the claims administration if it has been outsourced. We do not believe that the loss of any one program or relationship with any one program administrator would have a material adverse effect on our business, and no single program accounts for 2% or more of our total revenues.

Significant events:

On November 8, 2016, the Board approved the payment of a dividend of $40.0 million from retained earnings to the Company’s immediate parent, Allied World Assurance Holdings (Ireland) Ltd.

Save as for the pending acquisition of Allied World Switzerland by Fairfax, there was no other significant business or other events that occurred during 2016 that had a material impact on the Company.

A.2 2016 Performance

Gross premiums written for 2016 were $147.5 million, a decrease of $11.4 million from 2015, primarily due to a decrease in our credit and surety, liability and aviation writings during the year. Net premiums written for 2016 were $13.8 million compared with $15.8 million for 2015. The strengthening of the $ also had an adverse impact on gross premiums written for 2016. We maintained underwriting discipline despite challenging market conditions, including downward pressure on premium rates. Ceded premiums written for 2016 were $133.7 million compared to $143.1 million for 2015. The Company's ceded premium coverage ratio for 2016 was 91% compared with 90% for 2015.

Gross Premiums Written by Assured Country ($ m's)

	2016	2015
Ireland	6.1	5.7
Other E.U. countries	102.9	110.7
Other non-E.U. countries	38.5	42.5
	147.5	**158.9**

2016 Underwriting Result by Line of Business ($ m's)

	Aviation	Property	Liability	Credit and surety	Treaty reinsurance	Total
Gross premiums written	19.0	12.6	83.4	13.2	19.3	**147.5**
Gross earned premium	21.6	11.6	89.2	12.6	18.6	**153.6**
Gross operating expenses and acquisition costs	(6.5)	(2.9)	(25.7)	(5.0)	(8.8)	**(48.9)**
Gross movement in incurred claims	(24.8)	10.0	(40.7)	(11.1)	(6.9)	**(73.5)**
Outward reinsurance movements	8.2	(16.2)	(21.2)	1.8	(5.4)	**(32.8)**
Underwriting profit / (loss)	**(1.5)**	**2.5**	**1.6**	**(1.7)**	**(2.5)**	**(1.6)**

2015 Underwriting Result by Line of Business ($ m's)

	Aviation	Property	Liability	Credit and surety	Treaty reinsurance	Total
Gross premiums written	22.9	13.2	86.2	17.1	19.5	**158.9**
Gross earned premium	23.7	15.4	98.8	15.0	20.5	**173.4**
Gross operating expenses and acquisition costs	(4.7)	(7.1)	(28.8)	(5.8)	(6.0)	**(52.4)**
Gross movement in incurred claims	(24.6)	(2.6)	(33.7)	(19.7)	(4.3)	**(84.9)**
Outward reinsurance movements	6.4	(8.9)	(33.2)	7.9	(8.7)	**(36.5)**
Underwriting profit / (loss)	**0.8**	**(3.2)**	**3.1**	**(2.6)**	**1.5**	**(0.4)**

Net claims incurred in 2016 amounted to $7.5 million compared to $7.4 million in 2015. 2016 results were impacted by an increase in loss activity and lower net loss reserve releases.

Administrative expenses net of foreign exchange gains were $28.3 million for the year compared to $30.1 million for 2015. The decrease was primarily due to the strengthening of $ against GBP£ and EUR€.

A.3 Investment Performance

To help ensure adequate liquidity for the payment of claims, we take into account the maturity and duration of our investment portfolio and our liability profile. In making investment decisions, we consider the impact of various catastrophic events to which we may be exposed. The majority of assets in our investment portfolio are invested in investment-grade, fixed-maturity securities of short-to medium-term duration.

Net investment return for 2016 was $13.0 million compared to $10.7 million for 2015. The improved return was due to a decrease in realised and unrealised losses, $3.3 million in 2016 compared to $5.4 million in 2015.

2016 Investment Performance ($ m's)			
	2016	**2015**	**Variance %**
Income from financial investments	16.6	16.4	1%
Realised loss on financial investments	(5.9)	(2.0)	-195%
Unrealised gain/(loss) on financial investments	2.6	(3.4)	176%
Investment expenses	(0.3)	(0.3)	0%
Net investment return	**13.0**	**10.7**	**21%**

2016 Investment Performance (Gross) - by Asset Class ($ m's)			
	Average market value	**Portfolio return**	**Portfolio return%**
Government bonds	69.3	(3.0)	-4.3%
Corporate bonds	28.9	0.9	3.1%
Collateralised securities	47.7	1.4	2.9%
Loans and mortgages	250.0	14.0	5.6%
	395.9	**13.3**	**3.4%**

Loan and mortgages represent a promissory note held by the Company. Annual interest income on this promissory note is approx. $14.0 million.

A.4 Performance of other activities

Operating expense, acquisition costs and foreign exchange:

Operating Expenses and Acquisition Costs ($ m's)		
	2016	**2015**
Acquisition costs	22.6	22.0
Change in deferred acquisition costs	0.2	2.2
Administrative expenses	31.6	29.7
Foreign exchange gain	(5.5)	(1.5)
Gross operating and acquisition costs	**48.9**	**52.4**
Reinsurers share of broker commissions	(40.2)	(42.0)
Net operating and acquisition costs	**8.7**	**10.4**

Acquisition costs, comprised of commissions, brokerage fees and insurances taxes, are costs that are directly related to the successful acquisition of new and renewal business. Deferred acquisition costs are expensed as the premiums to which they relate are earned.

Administrative expenses represent the necessary costs to maintain the Company's daily operations and administer its business and primarily consist of compensation expenses, building (rent and related) expenses and professional fees.

Lease commitments:

The Company leases office space in Dublin and London; it also sublets office space at its London office. Administrative expenses for the year ended December 31, 2016 included $2.6 million of lease-related expenses (2015: $3.4 million).

B. System of Governance

B.1 General information on the system of governance

Our corporate governance framework is reflective of the nature, scale and complexity of the Company's business and complies with the Central Bank's Corporate Governance Requirements for Insurance Undertakings 2015 and the system of governance requirements of the Solvency II Regulations.

Board of Directors:

The Board is the ultimate administrative, management and supervisory body of the Company and is responsible for determining the mission, vision, values and culture of the Company, while ensuring that appropriate controls and procedures are maintained by the Company. The Board is also responsible for the effective, prudent and ethical oversight of the Company and is ultimately responsible for ensuring that risk and compliance are properly managed in the Company. The following individuals are members of the Board:

- Mr. Lee Dwyer, executive director
- Mr. Sean Hehir, independent non-executive director (appointed November 8, 2016)
- Mr. Scott Hunter, independent non-executive director
- Mr. Neil Macmillan, independent non-executive director
- Mr. Jim O'Mahoney, independent non-executive director and Chairman of the Board (appointed November 8, 2016)

Audit Committee:

To ensure effective governance, the Board has established an Audit Committee, which is comprised of three independent non-executive directors that satisfy the director independence criteria of the Central Bank. The primary purposes of the Audit Committee are to assist the Board with the oversight of the integrity of the Company's financial statements; the Company's compliance with legal and regulatory requirements; and the performance of the Company's internal audit function and external auditor. The following individuals are members of the Audit Committee:

- Mr. Sean Hehir, Chairman (appointed November 8, 2016)
- Mr. Scott Hunter
- Mr. Neil Macmillan

Management Committees:

The Company has also established a number of management-based committees, including the Executive Management Committee, the Underwriting Committee, the Loss Reserve Committee, the Risk Management Committee, and the Operations and Finance Committee.

Key functions:

Each of the Company's key functions (*i.e.*, the compliance, internal audit, risk management and actuarial functions) has the necessary authority, resources and operational independence to carry out their tasks and operate in accordance with the Solvency II Regulations. Each of the Company's key functions periodically reports to the Board.

Remuneration:

The Company's Remuneration Policy confirms the policies, practices and procedures applicable to the remuneration of the employees and directors of the Company. The Company's remuneration practices do not promote excessive risk taking.

- Executive compensation philosophy and goals are set by the Compensation Committee of the board of directors of Allied World Switzerland.

- The non-executive directors of the Board annually receive a fixed standard market fee for their director services. Executive directors are not compensated for their director services and are not otherwise involved in deciding their own compensation as employees.

- The pool for base salary increases is set annually during the budgeting process. Promotions, market adjustments and cases of exceptional performance supporting a base salary change beyond the merit pool are considered on a case-by-case basis.

- The funding available for an employee's discretionary cash bonus is generally derived from three components: Company performance, department performance and individual performance.

- The weight of each component toward the whole is tied to the employee's relative level within the Company. The highest level employees have bonuses more heavily weighted toward corporate results, as their positions are of broader leverage and scope, and they are in a position to most directly influence overall performance. Staff level contributors have the majority of their bonus tied to individual performance, since these positions tend not to be of broad enough scope to influence overall results.

- In addition, the Compensation Committee of the board of directors of Allied World Switzerland determines on an annual basis what percentage of an individual's award will be granted in the form of restricted stock units ("RSUs") (cash or share delivered), performance units (cash or share delivered), options or cash. RSUs and options generally vest 25% a year over four years. Performance units generally vest upon the Company achieving certain performance targets over a three-year period. Cash awards are paid 25% per year over four years.

Remuneration:

Directors’ fees were $0.2 million for each of the years ended December 31, 2016 and 2015.

Related party transactions:

There were no related-party transactions outside the ordinary conduct of business during the years ended December 31, 2016 and 2015.

B.2 Fit and proper requirements

The Company's Fitness and Probity Policy provides that each person appointed to a position that is designated by the Central Bank as a controlled function or pre-approval controlled function (a "PCF") must satisfy the standards of fitness and probity prescribed by the Central Bank. All such appointments are made following the successful completion of the Company's fitness and probity assessment process, which includes background checks, and assessments of competency, character and financial soundness, among others. Each PCF appointment requires the prior approval of the Board and the Central Bank.

B.3 Risk management system including the own risk and solvency assessment

Risk management system:

Although the assumption of risk is inherent in our business, we believe that we have developed a strong enterprise risk management ("ERM") framework that is integrated into the management of our business. Our ERM framework consists of numerous systems, processes and controls designed by our senior management, with oversight by our management-based Risk Management Committee and the Board, and implemented across the Company to identify, quantify, monitor and, where possible, mitigate internal and external risks that could materially impact our operations, financial condition and reputation.

The key elements of our ERM framework include the:

- Risk strategy and governance framework;
- Risk Register;
- Risk appetites and tolerances (and relevant monitoring procedures);
- Risk policies;
- Own risk and solvency assessment (the "ORSA") policy, procedures and reports;
- Standard formula model used to determine regulatory solvency capital requirements; and
- Economic capital model (the "ECM") used to assess solvency needs and for risk based decision-making.

Our ERM framework supports our Company-wide risk based decision-making processes by providing reliable and timely risk information. Our primary ERM objectives are to ensure the sustainability of the Company and to maximize our risk-adjusted returns on capital. Our ERM framework is a dynamic process, with periodic updates being made to reflect organisational processes, changes in risk profiles and recalibration of models, as well as staying current with changes within our industry and the global economic environment. Utilising the ECM, we review the relative interaction between risks impacting us from various sources, including our underwriting practices and the investments we make.

Our management's ERM efforts are overseen by our Board, which reviews and recommends the overall Company-wide risk appetite as well as overseeing management's compliance therewith. Our Board reviews our risk management methodologies, standards, tolerances and risk strategies, and reviews management's processes for monitoring and aggregating risks across our organisation.

Implementation of risk management system:

The output from the ERM framework, including the ECM and regulatory solvency assessments, are integrated into the management and strategic decision-making processes as follows:

- Determining the appropriate amount of capital to be held and allocating risk-adjusted capital to the business unit level in order to deploy capital to business units which provide greatest risk-adjusted return;
- Quarterly reporting and monitoring of risk profile – reviewing distributions by risk category and comparing against risk tolerance statements;
- Completing own risk and solvency assessments;
- Evaluating the impact of potential changes to the Company's outwards reinsurance purchases;
- Evaluating new product opportunities and significant merger and acquisition opportunities;
- Internal strategic asset allocation studies; and
- Assessing risk-based rates of return for pricing certain types of business.

The ORSA process:

The ORSA is a top-down strategic analysis process that integrates risk management, capital management and strategic planning to determine the current and future capital requirements of the Company. The output of the process provides the Company with a view of own solvency needs in the form of an annual report that is submitted to and approved by the Risk Management Committee and the Board, and filed with the Central Bank. Quarterly updates are submitted to the Risk Management Committee and the Board.

Determining own solvency needs:

The Company's regulatory capital requirement is determined using the Solvency II standard formula and its economic capital requirements are based on the modelled output of the ECM. The Risk Management Committee reviews various aspects of the ECM and the Solvency II standard formula, including any material changes to the relevant capital modelling processes and the modelled output each quarter, along with standard risk monitoring output. Both the ECM and the Solvency II standard formula are subject to a regular cycle of validation, including the validation of key methodologies and assumptions.

B.4 Internal controls system

Our internal controls system is a critical component for the safe and sound operation of the Company, and comprises a coherent, comprehensive and continuous set of mechanisms designed to secure at least the following:

- The Company operates effectively and efficiently, and within agreed risk tolerances, as it pursues its objectives;

- Availability and reliability of financial and non-financial information; and

- Compliance with applicable laws and regulations.

We have implemented both entity-wide and process-specific control procedures that help management ensure that the day-to-day operations are appropriately controlled. A mix of internal controls is required to ensure a robust internal controls environment throughout the Company. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets, segregation of duties, checking for compliance with agreed exposure limits and operating guidelines and following-up non-compliance.

Management is responsible and assumes ownership of the internal controls system. They set the "tone at the top" for integrity and ethics and ensuring a positive control environment and also assign responsibility for the establishment of specific internal controls procedures. Management is accountable to the Board, which provides guidance and oversight. The Board, coupled with effective upward communication channels and capable financial, legal, risk management, actuarial, claims, human resources and internal audit functions, is a key element of our robust internal controls system.

<u>Compliance function</u>:

The Company's compliance function promotes an organizational culture committed to integrity, ethical conduct and compliance with the law, and sets standards, policies and procedures that provide reasonable assurance that the Company achieves its financial, operational and strategic objectives consistent with its compliance obligations. In support of that mission, the compliance function:

- Works proactively with business partners to develop policies, procedures and processes that enable the Company to achieve its strategic objectives in a manner consistent with its ethical standards and applicable law;

- Drives the organization toward a business culture that builds and actively promotes compliance and encourages and requires employees to conduct business with honesty and integrity in an ethical and law-abiding fashion;

- Promotes open and free communication regarding the Company's ethical and compliance obligations, including mechanisms that allow for anonymity or confidentiality so that the organization's employees may report or seek guidance regarding potential or actual wrong-doing without fear of retaliation;

- Provides training and guidance regarding applicable laws, regulations and the Company's policies, and clearly communicate ethical guidance;

- Identifies compliance risks affecting the Company and works to minimize those risks;

- Prevents or promptly detects and resolves issues of misconduct or non-compliance to the extent possible; and

- Takes whatever steps may reasonably be necessary to enhance and protect the Company's reputation for integrity and ethics throughout its business community.

B.5 Internal audit function

The Company's internal audit function provides independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the Company. It assists the Company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the Company's risk management, control and governance processes. The internal audit function has been established by the Audit Committee and its specific responsibilities are defined by the Audit Committee as part of its oversight role and are subject to applicable internal auditing standards, including The Institute of Internal Auditors' mandatory guidance, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing.

The internal audit function reports to the Audit Committee on the design and effectiveness of internal controls. In addition, the internal audit function tests how well existing internal controls are functioning, and recommends necessary changes and improvements. This includes performing examinations of operating and financial controls; conducting efficiency and effectiveness reviews; conducting reviews of compliance with laws and other external regulations; and evaluating the design and execution of internal controls and the Company's Risk Register.

The internal audit function is free from interference from any element in the organization in order to maintain the necessary independence, including on matters of audit selection, scope, procedures, frequency, timing or report content. Internal auditors have no direct operational responsibility or authority over any of the activities audited. The internal audit function does not implement internal controls, develop procedures, install systems, prepare records or engage in any other activity that may impair an internal auditor's judgment.

B.6 Actuarial function

The Company's actuarial function is responsible for co-ordinating the calculation of technical provisions in accordance with Solvency II:

- Ensuring the appropriateness of the methodologies, underlying models and assumptions made in the calculation of technical provisions;

- Assessing the sufficiency and quality of the data used in the calculation of technical provisions; and

- Providing the Board with an annual actuarial opinion on technical provisions and an actuarial report thereon.

The head of the actuarial function also provides the Board with an annual opinion on the Company's underwriting policy and reinsurance arrangements, and also contributes to the Company's risk management system, particularly with respect to the risk modelling underlying the calculation of capital requirements. The head of the actuarial function also provides the Board with an actuarial opinion on the Company's annual ORSA. The Board also receives an annual actuarial function report, which summarises key aspects of each of these deliverables.

On a quarterly basis, the actuarial function reports on the loss reserve balances and any significant developments to the Company's Loss Reserve Committee (a management committee) and the Audit Committee.

B.7 Outsourcing

The Company's Outsourcing Policy applies to services arrangements established by the Company with third parties and relevant subsidiaries of Allied World Switzerland. The Outsourcing Policy and its procedures have been designed to ensure continuity with respect to the sound and prudent management of the business and operations of the Company when functions or activities are outsourced. The Outsourcing Policy also sets out the procedures to be followed when establishing services arrangements, including arrangements that relate to the performance of the following key functions or core business of the Company (*e.g.*, actuarial, risk management, internal audit, compliance, new product development, underwriting, investment management and claims handling).

Contemplated outsourced services arrangements, in particular for core functions, will not proceed unless certain preconditions have been met, including that the system of governance of the Company will remain effective; the operational risk of the Company will not be unduly increased; the ability of any relevant supervisory authority to monitor the compliance of the Company with its legal and regulatory obligations will not be impaired; and the continuous and satisfactory service to policyholders will be maintained.

The Company retains responsibility for all outsourced functions, processes, services and activities performed in accordance with established services arrangements.

The following functions are fully outsourced to subsidiaries of Allied World Switzerland: internal audit (AWAC Services Company (Ireland) Limited ("AWS Ireland")), investment management (AWAC Services Company ("AWS U.S.")) and information technology (AWS Ireland and AWS U.S.). Pursuant to relevant intra-group services agreements, certain of the Company's functions receive support from individuals and/or teams employed by certain subsidiaries of Allied World Switzerland.

B.8 Any Other Information

The Company has assessed the adequacy of its system of governance and has concluded that it provides for the sound and prudent management of its business, and that it is proportionate to the nature, scale and complexity of the risks inherent in the Company's business.

C. Risk Profile

The Company utilises various tools to assist in the identification and assessment of risks in order to provide the Company with a holistic view of its risk profile and enable the organisation to assess the relationships between material risks.

We have identified the following as the main categories of risk within our business:

- *Underwriting risk*: Risk of fluctuations in benefits payable to policyholders and cedents, including premium risk, catastrophe risk and reserve risk. This is the primary risk for the Company.

- *Reinsurance credit risk*: The ceding of policies we write to other reinsurers is a principal risk management activity, and it requires careful monitoring of the concentration of our reinsured exposures and the creditworthiness of the reinsurers to which we cede business.

- *Investment risk*: Risk arising from fluctuations in the value of, or income from, invested assets, including fluctuations due to movements in interest rates, foreign exchange rates, credit spreads, credit defaults and/or equity volatility. All assets are invested in accordance with the "*prudent person principle*" as required under Regulation 141 of the Solvency II Regulations.

- *Operational risk*: Encompasses a wide range of risks related to our operations, including corporate governance, claims settlement processes, regulatory compliance, employment practices, human resources and information technology exposures (including disaster recovery, cyber-security and business continuity planning).

- *Liquidity risk*: The risk that the Company does not have sufficient financial resources to meet its obligations as they fall due or can only make such payments at an excessive cost.

- *Other risk:* The primary contributors to this risk are group and strategic risk. Group risk is the adverse impact on the Company as a result of corporate group interactions and/or reputation. Strategic risk arises from the inability to implement or achieve appropriate business plans and/or strategy.

The Company utilises various tools to assess these material risks. The tools used include the ECM, ORSA, Risk Register, and stress and scenario testing.

The Company underwrites catastrophe exposures which, by definition, are a source of concentration risk. The catastrophe risk is monitored using catastrophe models and mitigated using outwards reinsurance.

With the exception of certain intra-group reinsurance agreements and a promissory note issued by an affiliate of the Company, there are no other incidences of material risk concentration.

The expected profit included in future premiums as at December 31, 2016 is $12.8 million.

Risk mitigation:

We use three forms of risk mitigation: (1) avoidance of risk; (2) transference of risk (*e.g.*, reinsurance purchasing); and (3) limitation of risk (*e.g.*, setting risk appetite limits and tolerances, and establishment of risk controls, etc.).

Risk scenarios and stress testing:

The Company maintains a list of internal risk scenarios that could have a significant impact to the value of the Company. The risk scenarios are reviewed regularly, and the impact to the Company is calculated at least annually or more frequently if there are significant changes to the Company's risk profile. The impact across multiple risk categories and lines of business is considered when determining the value for each scenario.

During 2016, 18 scenarios and stress tests were identified, four of which related to large natural catastrophes that could impact multiple lines of business simultaneously. The scenario and stress tests performed included the assessment of the potential impact of an underestimation of initial expected loss ratio for liability business; a repeat of the historic catastrophe losses suffered by the industry in 1990; exposures for which there is no market-recognised third-party vendor catastrophe model; an underestimation of loss reserves; impact of default of material reinsurers; necessary liquidity to pay claims as a result of unexpected increases in the value of claims; and Allied World Switzerland and its subsidiaries becoming insolvent. The results of the scenario and stress tests were in line with expectation and within approved risk appetite and tolerances.

D. Valuation for Solvency Purposes

D.1 Assets

Balance sheet extract (in $) December 31, 2016:

Balance Sheet as at December 31, 2016 – Assets ($ m's)	Solvency II value	Statutory accounts value
Assets		
Deferred acquisition costs	-	12.1
Property, plant & equipment held for own use	8.1	8.1
Investments (other than assets held for index-linked and unit-linked contracts)	106.0	105.6
Government Bonds	*41.2*	*41.1*
Corporate Bonds	*24.4*	*24.2*
Collateralised securities	*40.4*	*40.3*
Loans and mortgages	264.0	264.0
Reinsurance recoverables from non-life excluding health	355.1	501.3
Insurance and intermediaries receivables	11.5	52.3
Reinsurance receivables	33.2	22.2
Receivables (trade, not insurance)	10.5	10.5
Cash and cash equivalents	24.7	24.7
Any other assets, not elsewhere shown	1.0	1.4
Total assets	**814.2**	**1,002.2**

The Company's financial statements have been prepared in accordance with the provisions of the Companies Acts 2014 and FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and FRS 103 "Insurance Contracts" ("FRS 103") issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland.

The Company recognised and valued assets and liabilities for Solvency II purposes in accordance with FRS 102 and FRS 103 valuation methods. Valuations above are consistent with the Solvency II Regulations with the exception of "Property, plant and equipment held for own use" ("PP&E") and "Loans and mortgages" (L&M"):

- PP&E is valued at cost less depreciation and impairment. Given the nature and age of PP&E, valuation using the revaluation model under the Solvency II Regulations would not result in a materially different valuation.
- L&M is comprised of a promissory note held by the Company, which has been valued at cost in accordance with FRS 102. The Company does not believe fair

value or alternative valuation methods would result in a material difference or a material impact on the Company's Solvency II balance sheet and SCR coverage ratio.

All investments are carried at their current market value. Differences arising between the Solvency II Regulations and the Company's statutory position are due to the inclusion of accrued interest for Solvency II valuation. For statutory purposes, accrued interest is included in other assets.

Investments in government bonds, corporate bonds and collateralised securities are valued at fair value. Fair value is the amount for which an asset or liability could be exchanged between willing parties in an arm's length transaction. Fair values are determined at prices quoted in active markets. In some instances, such price information is not available for all instruments and the Company applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases management estimate other than observable market inputs within the valuation model. There is no standard model and different assumptions may generate different results. Fair values are subject to a control framework designed to ensure that input variables and output are assessed independently of the risk taker. The Company has minimal exposure to financial assets or liabilities which are valued at other than quoted prices in an active market.

Solvency II versus statutory valuation of assets:

As part of the revised methodologies for calculating Solvency II technical provisions, a number of items on our balance sheet are adjusted from a statutory perspective:

- Deferred acquisition costs are not recognised under the Solvency II Regulations but instead future cash flows from acquisition costs are incorporated into the Solvency II technical provisions; and

- A portion of insurance and intermediary's receivables are incorporated into the Solvency II technical provisions calculation based on expected cash flows and due dates.

As a result of the aforementioned cash flow adjustments in respect of the Solvency II technical provisions, certain reinsurance balances have been reclassified.

Outside of factors outlined in Section D2, which addresses technical provisions, there are no other sources of uncertainty relevant to the valuation of the Company's assets.

D.2 Technical provisions

Technical provisions are valued based on best estimate cash flows, adjusted to reflect the time value of money using a risk-free discount rate term structure. In addition, there is a risk margin to reflect the uncertainty inherent in the underlying cash flows which is calculated using the cost of capital approach and a risk-free discount rate term structure. The discount rate term structures are prescribed by EIOPA for each reporting period.

The technical provisions include a claims provision, a premium provision and a risk margin.

The claims provision is the discounted best estimate of all future cash flows (claim payments, expenses and future premiums) relating to claim events prior to the valuation date.

The premium provision is the discounted best estimate of all future cash flows (claim payments, expenses and future premiums due) relating to future exposure arising from policies under which the (re)insurer is obligated at the valuation date.

The risk margin is intended to be the balance that another (re)insurer taking on the liabilities at the valuation date would require over and above the best estimate. It is calculated using a cost-of-capital approach.

The claims and premium provisions are calculated both gross and net of outwards reinsurance. The risk margin is calculated net of reinsurance.

The best estimate for the premium provision is calculated by using the unearned element of premium on an Irish GAAP basis, adjusting for bound but not incepted business as at December 31, 2016 and applying expected future loss ratios, expense ratios and appropriate claims pay-out patterns to derive cash flows which are then discounted.

The best estimate for the loss and loss expense provision is calculated in accordance with accounting principles generally accepted in Ireland ("Irish GAAP"). Irish GAAP reserves as the starting point followed by a series of adjustments, including removal of prudence margins; incorporation of expected reinsurance counterparty defaults; incorporation of events not in data; other adjustments related to consideration for expenses, etc.; and discounting of cash flows.

The level of uncertainty associated with technical provisions is the extent to which future cash flows can be estimated. There is the inherent uncertainty in insurance claims that historical experience will not be entirely predictive of future claims:

- Such uncertainty is higher for longer-tailed lines of business. Direct and assumed liability lines take longer to develop and are, therefore, more susceptible to this type of uncertainty; specifically, excess casualty and professional lines.

- The selection of Initial Expected Loss Ratios ("IELR") which are largely based on the Company's pricing assumptions expectations and experience to date are also a key area of uncertainty.

There is also a certain level of uncertainty associated with outside factors such as changes in the market conditions, interest rates, litigation patterns and outcomes, etc. The Company does not apply the matching adjustment; the volatility adjustment; the transitional risk free interest rate term structure; and the transitional deduction as outlined in the Solvency II Regulations.

The following table shows the Company's Irish GAAP loss reserves compared to the Solvency II technical provisions as at December 31, 2016:

Irish GAAP Reserves to Solvency II Technical Provisions as at December 31, 2016 ($m's)	
Irish GAAP reserves	**31.3**
Margin included in Irish GAAP reserves	(5.6)
Future premiums	(14.9)
Legally obliged business	(3.7)
ULAE	0.2
Non-ULAE	3.6
Bad debt	3.0
Binary events	0.6
Discounting	(2.5)
Total Solvency II best estimate - net	**12.0**
Solvency II risk margin	4.7
Solvency II Technical provisions - total	**16.7**

At December 31, 2016, the Solvency II technical provisions are as follows:

Technical Provisions as at December 31, 2016 ($m's)				
SII line of business	**Total best estimate - gross**	**Total best estimate - net**	**Risk margin**	**Technical provisions - total**
Direct business and accepted proportional reinsurance				
Marine, aviation and transport insurance	7.5	(0.7)	0.3	(0.4)
Fire and other damage to property insurance	4.5	(0.6)	0.4	(0.2)
General liability insurance	276.0	19.9	2.5	22.4
Credit and suretyship insurance	11.3	(4.0)	0.3	(3.7)
Accepted non-proportional reinsurance				
Non-proportional casualty reinsurance	18.8	(0.1)	0.1	0.0
Non-proportional marine, aviation and transport reinsurance	43.9	0.4	0.8	1.2
Non-proportional property reinsurance	5.1	(2.9)	0.3	(2.6)
	367.1	**12.0**	**4.7**	**16.7**

The Company recovered $92.0 million under reinsurance contracts during 2016, the majority of which was recovered from a related group entity. This is the first reporting period so no comment is made on the changes in the relevant assumptions of the technical provisions.

D.3 Other liabilities

Balance sheet extract (in $) December 31, 2016:

Balance Sheet as at December 31, 2016 – Liabilities ($m's)		
	Solvency II value	**Statutory accounts value**
Liabilities		
Technical provisions – best estimate	367.1	538.0
Technical provisions – risk margin	4.7	-
Deferred tax liabilities	2.8	0.4
Insurance and intermediaries payables	2.2	2.2
Reinsurance payables	4.0	15.0
Payables (trade, not insurance)	28.6	28.6
Any other liabilities, not elsewhere shown	-	22.5
Total liabilities	**409.4**	**606.7**

Solvency II versus statutory valuation of liabilities:

As part of the revised methodologies for calculating Solvency II technical provisions, a number of items on our balance sheet have been adjusted from a statutory perspective:

- Reinsurance payables were adjusted to account for future cash flows and their effect on technical provisions;
- Ceded deferred acquisition income was not recognised under the Solvency II Regulations but instead future cash flows from acquisition income were incorporated into the Solvency II technical provisions; and
- As a result of changes to the balance sheet after applying Solvency II principles, the Company has recognised an additional deferred tax liability.

There are no liabilities included in respect of pension-related employee benefits or leasing arrangements.

Outside of factors outlined in Section D2, which addresses technical provisions, there are no other sources of uncertainty relevant to the valuation of the Company's liabilities.

D.4 Alternative methods for valuation

Unless otherwise stated, the Company does not use any alternative methods for valuation.

D.5 Any other information

N/A

E. Capital Management

E.1 Own funds

The Company's capital management process is governed by its Capital Management Policy, which confirms the key components of, and the roles and responsibilities of directors, officers and employees with respect to, the management of the Company's capital. The Company seeks at all times to hold sufficient capital to meet its current and projected business activities, and to comply with all applicable laws and regulation. The Capital Management Policy sets out the Company's approach to:

- Classification of capital items used to meet its solvency capital requirements;
- Capital management, including monitoring and reporting procedures;
- Medium-term capital plans; and
- Dividend distributions.

Furthermore, the Company's medium-term capital plans reflect projected capital requirements as set out in the ORSAs. The Board reviews material changes to the Company's capital position, including any issuance, distribution or maturity of any element of the own funds.

Own funds are comprised as follows:

Own Funds as at December 31, 2016 ($ m's)	
Ordinary share capital	10.0
Reconciliation reserve	44.8
Other own fund items approved by the supervisory authority as basic own funds	350.0
Basic own funds	**404.8**
Reconciliation reserve:	
Statutory retained earnings brought forward	65.4
Dividend paid during 2016	(40.0)
Profit on ordinary activities after taxation for the financial year	10.1
Solvency II reconciliation reserve	9.3
	44.8

The eligible amount of own funds to cover the SCR and the Minimum Capital Requirement ("MCR") is $404.8 million. This balance is comprised entirely of Tier 1 basic own funds.

The Company has not recognised a deferred tax asset on the loss absorbing capacity of technical provisions.

The following table reconciles the differences (reconciliation reserve) between the equity in the financial statements and the excess of the assets over liabilities as calculated in accordance with the Solvency II Regulations.

Reconciliation of Basic Own Funds to the Financial Statements as at December 31, 2016 ($ m's)	
Total equity in financial statements	395.5
Deduct items not recognised in financial statements:	
Difference in the valuation of technical provisions	11.8
Difference in the valuation of other liabilities	(2.5)
Solvency II - Basic own funds	**404.8**

None of the Company's own funds are subject to transitional arrangements, and the Company has no ancillary own funds. No deductions are applied to own funds and there are no material restrictions affecting their availability and transferability.

E.2 SCR and MCR

As at December 31, 2016, the following are the components of the SCR, which is calculated applying the standard formula in accordance with the Solvency II Regulations:

Standard Formula SCR as at December 31, 2016 ($m's)	
Risk	**2016**
Market risk	60.1
Counterparty default risk	16.4
Life underwriting risk	-
Health underwriting risk	-
Non-life underwriting risk	16.7
Diversification	(19.5)
Intangible asset risk	-
Basic SCR	**73.7**
Operational risk	11.0
Solvency SCR	**84.7**

The SCR has decreased from $88.1 million at December 31, 2015 to $84.7 million December 31, 2016. The MCR has decreased from $22.0 million to $21.2 million. These were not material changes.

The Company uses the Solvency II standard formula for calculation of the SCR and all calculations in the risk and sub-modules are in accordance with the Solvency II Regulations. We have not simplified the relevant parameters, nor have we applied Company-specific parameters in the calculation of the SCR.

The primary driver of the market risk component is the concentration risk associated with the promissory note, which is described in Section D1.

The MCR is the greater of the absolute floor of the MCR and the combined MCR as prescribed by the Solvency II Regulations.

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

N/A

E.4 Differences between the standard formula and any internal model used

N/A

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

N/A

E.6 Any other information

N/A

Appendices

Annual Quantitative Reporting Templates

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S.02.01.02 - Balance Sheet Assets

Balance sheet

		Solvency II value
Assets		**C0010**
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	8,087,577
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	105,958,075
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	
Bonds	**R0130**	105,958,075
Government Bonds	**R0140**	41,146,092
Corporate Bonds	**R0150**	24,388,886
Structured notes	**R0160**	
Collateralised securities	**R0170**	40,423,098
Collective Investments Undertakings	**R0180**	
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**	263,950,000
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	263,950,000
Reinsurance recoverables from::	**R0270**	355,066,532
Non-life and health similar to non-life	**R0280**	355,066,532
Non-life excluding health	**R0290**	355,066,532
Health similar to non-life	**R0300**	
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**	
Insurance and intermediaries receivables	**R0360**	11,475,067
Reinsurance receivables	**R0370**	33,457,222
Receivables (trade, not insurance)	**R0380**	10,454,883
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**	24,705,118
Any other assets, not elsewhere shown	**R0420**	1,034,097
Total assets	**R0500**	814,188,570

S.02.01.02 - Balance Sheet Liabilities

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	371,754,432
Technical provisions – non-life (excluding health)	**R0520**	371,754,432
Technical provisions calculated as a whole	**R0530**	
Best Estimate	**R0540**	367,097,820
Risk margin	**R0550**	4,656,612
Technical provisions - health (similar to non-life)	**R0560**	
Technical provisions calculated as a whole	**R0570**	
Best Estimate	**R0580**	
Risk margin	**R0590**	
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	
Technical provisions - health (similar to life)	**R0610**	
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**	
Pension benefit obligations	**R0760**	
Deposits from reinsurers	**R0770**	
Deferred tax liabilities	**R0780**	2,845,021
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	2,211,585
Reinsurance payables	**R0830**	3,926,285
Payables (trade, not insurance)	**R0840**	28,637,938
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**	409,375,260
Excess of assets over liabilities	**R1000**	404,813,310

S.05.01.02 - Premium, Claims and Expenses by Line of Business

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			
		Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Casualty	Marine, aviation, transport	Property	Total
		C0060	C0070	C0080	C0090	C0140	C0150	C0160	C0200
Premiums written									
Gross - Direct Business	**R0110**	8,958,408	8,558,878	78,609,324	13,036,873				109,163,483
Gross - Proportional reinsurance accepted	**R0120**	87,027	- 861	- 12,648	3,969				77,487
Gross - Non-proportional reinsurance accepted	**R0130**					4,731,432	22,660,658	10,876,138	38,268,228
Reinsurers' share	**R0140**	7,944,226	7,666,618	72,309,702	12,028,328	4,172,986	19,881,917	9,668,485	133,672,264
Net	**R0200**	1,101,209	891,399	6,286,974	1,012,514	558,445	2,778,741	1,207,653	13,836,934
Premiums earned									
Gross - Direct Business	**R0210**	9,481,029	7,801,509	87,028,092	12,152,545				116,463,175
Gross - Proportional reinsurance accepted	**R0220**	568,604	- 861	- 12,648	11,161				566,256
Gross - Non-proportional reinsurance accepted	**R0230**					2,075,899	24,318,439	10,216,596	36,610,934
Reinsurers' share	**R0240**	8,830,921	6,927,083	79,740,631	11,173,020	1,886,969	21,427,690	9,040,118	139,026,432
Net	**R0300**	1,218,712	873,565	7,274,813	990,686	188,930	2,890,749	1,176,478	14,613,934
Claims incurred									
Gross - Direct Business	**R0310**	4,669,779	- 183,336	41,821,423	11,610,540				57,918,407
Gross - Proportional reinsurance accepted	**R0320**	376,817	- 19,563	- 92,446	- 259,616				5,193
Gross - Non-proportional reinsurance accepted	**R0330**					- 6,661,826	26,473,034	- 9,560,086	10,251,122
Reinsurers' share	**R0340**	4,452,259	- 391,633	38,382,419	10,436,083	- 5,803,377	23,404,157	- 8,252,776	62,227,132
Net	**R0400**	594,337	188,735	3,346,558	914,841	- 858,449	3,068,877	- 1,307,310	5,947,589
Changes in other technical provisions									
Gross - Direct Business	**R0410**								
Gross - Proportional reinsurance accepted	**R0420**								
Gross - Non-proportional reinsurance accepted	**R0430**								
Reinsurers' share	**R0440**								
Net	**R0500**								
Expenses incurred	**R0550**	735,455	1,780,607	8,609,003	2,310,522	815,223	1,741,315	152,713	16,144,838
Other expenses	**R1200**								
Total expenses	**R1300**								16,144,838

S.05.02.01 - Premium, Claims and Expenses by Country

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	(CH) Switzerland	(DE) Federal Republic of Germany	(US) United States	(IN) India
		C0080	C0140	C0090	C0090	C0090	C0090	C0090
Premiums written								
Gross - Direct Business	R0110	13,967,656	101,710,492	85,969,829	-	1,012,391	760,616	-
Gross - Proportional reinsurance accepted	R0120	210,001	99,651	-110,467	-	118	-	-
Gross - Non-proportional reinsurance accepted	R0130	105,177	28,491,467	13,845,472	5,256,217	3,782,515	2,908,779	2,593,308
Reinsurers' share	R0140	13,231,778	117,980,834	89,966,393	4,573,760	4,349,006	3,303,701	2,556,196
Net	R0200	1,051,056	12,320,776	9,738,440	682,457	446,018	365,694	37,112
Premiums earned								
Gross - Direct Business	R0210	12,542,392	108,622,059	94,105,264	-	1,161,121	813,282	-
Gross - Proportional reinsurance accepted	R0220	105,287	128,326	22,920	-	118	-	-
Gross - Non-proportional reinsurance accepted	R0230	245,824	25,767,381	11,706,386	5,289,282	3,623,643	2,989,014	1,913,232
Reinsurers' share	R0240	12,023,123	121,102,245	94,845,071	4,469,570	4,496,731	3,384,962	1,882,788
Net	R0300	870,381	13,415,522	10,989,499	819,711	288,152	417,334	30,444
Claims incurred								
Gross - Direct Business	R0310	-6,416,410	53,646,921	52,324,515	1,191,423	6,790,020	-242,627	-
Gross - Proportional reinsurance accepted	R0320	50,390	-206,767	32,832	-	-289,989	-	-
Gross - Non-proportional reinsurance accepted	R0330	89,466	9,315,600	2,926,601	-376,675	2,182,121	3,262,414	1,231,673
Reinsurers' share	R0340	-5,413,922	56,975,981	49,739,319	752,351	8,306,181	2,487,136	1,104,915
Net	R0400	-862,633	5,779,772	5,544,629	62,398	375,971	532,650	126,758
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420							
Gross - Non-proportional reinsurance accepted	R0430							
Reinsurers' share	R0440							
Net	R0500							
Expenses incurred	R0550	1,833,215	14,265,768	11,418,502	15,480	508,049	363,417	127,105
Other expenses	R1200							
Total expenses	R1300		14,265,768					

S.17.01.02 - Non-life Technical Provisions

Non-life Technical Provisions

		Direct business and accepted proportional reinsurance				Accepted non-proportional reinsurance			
		Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0070	C0080	C0090	C0100	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**	- 132,023	807,988	14,662,257	4,529,744	577,606	- 384,673	- 3,361,126	16,699,771
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	795,655	1,431,716	14,273,804	7,350,963	1,886,191	2,082,205	- 427,485	27,393,048
Net Best Estimate of Premium Provisions	**R0150**	- 927,678	- 623,728	388,452	- 2,821,219	- 1,308,586	- 2,466,878	- 2,933,641	- 10,693,277
Claims provisions									
Gross	**R0160**	7,599,173	3,706,532	261,370,741	6,771,798	18,230,477	44,236,520	8,482,808	350,398,049
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	7,336,248	3,683,325	241,884,788	7,948,654	17,026,080	41,377,928	8,416,461	327,673,483
Net Best Estimate of Claims Provisions	**R0250**	262,925	23,207	19,485,952	- 1,176,856	1,204,397	2,858,593	66,347	22,724,565
Total Best estimate - gross	**R0260**	7,467,150	4,514,519	276,032,998	11,301,542	18,808,082	43,851,847	5,121,681	367,097,820
Total Best estimate - net	**R0270**	- 664,752	- 600,521	19,874,405	- 3,998,075	- 104,188	391,714	- 2,867,294	12,031,288
Risk margin	**R0280**	231,892	390,377	2,520,572	318,609	122,623	824,494	248,046	4,656,612
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**	7,699,042	4,904,896	278,553,569	11,620,151	18,930,705	44,676,341	5,369,728	371,754,432
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	8,131,903	5,115,040	256,158,593	15,299,617	18,912,271	43,460,132	7,988,975	355,066,532
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	- 432,861	- 210,144	22,394,976	- 3,679,467	18,434	1,216,208	- 2,619,248	16,687,900

S.19.01.21 - Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0010	(0) Accident year

Gross Claims Paid (non-cumulative)

(absolute amount)

		Development year										
Year		**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**
Prior	**R0100**											323,155,608
N-9	**R0160**	29,233,092	46,224,703	19,589,493	8,370,599	3,665,161	6,335,003	10,602,446	-1,547,326	685,123	1,089,794	
N-8	**R0170**	21,919,347	42,909,301	30,201,612	21,246,909	4,556,349	4,151,632	4,370,328	1,319,600	10,045,536		
N-7	**R0180**	6,301,805	9,623,279	6,859,610	2,856,458	2,265,488	729,624	723,723	16,670,838			
N-6	**R0190**	59,098,018	48,445,327	16,344,773	11,869,190	5,507,712	2,206,727	6,471,010				
N-5	**R0200**	24,429,966	23,237,574	26,382,748	33,774,781	824,816	1,471,865					
N-4	**R0210**	2,596,726	9,483,100	21,230,768	5,391,515	15,974,601						
N-3	**R0220**	4,069,091	8,482,551	8,596,737	2,445,409							
N-2	**R0230**	17,684,021	14,276,936	6,338,991								
N-1	**R0240**	17,193,705	9,635,365									
N	**R0250**	33,224,500										

		In Current year	**Sum of years (cumulative)**
		C0170	**C0180**
	R0100	854,076	323,155,608
	R0160	1,089,794	124,248,088
	R0170	10,045,536	140,720,615
	R0180	16,670,838	46,030,824
	R0190	6,471,010	149,942,757
	R0200	1,471,865	110,121,750
	R0210	15,974,601	54,676,710
	R0220	2,445,409	23,593,788
	R0230	6,338,991	38,299,948
	R0240	9,635,365	26,829,070
	R0250	33,224,500	33,224,500
Total	**R0260**	104,221,985	1,070,843,657

Gross undiscounted Best Estimate Claims Provisions

		Development year										
	Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**
Prior	**R0100**											6,777,719
N-9	**R0160**	-	-	-	-	-	-	-	-	-	7,876,161	
N-8	**R0170**	-	-	-	-	-	-	-	-	22,945,568		
N-7	**R0180**	-	-	-	-	-	-	-	22,066,216			
N-6	**R0190**	-	-	-	-	-	-	15,268,505				
N-5	**R0200**	-	-	-	-	-	23,012,906					
N-4	**R0210**	-	-	-	-	26,203,470						
N-3	**R0220**	-	-	-	36,537,392							
N-2	**R0230**	-	-	55,068,003								
N-1	**R0240**	-	85,687,176									
N	**R0250**	79,370,964										

		Year end (discounted data)
		C0360
	R0100	6,248,930
	R0160	7,302,888
	R0170	20,941,060
	R0180	20,423,626
	R0190	13,992,854
	R0200	21,059,871
	R0210	23,901,996
	R0220	33,516,134
	R0230	50,849,816
	R0240	79,663,371
	R0250	72,497,503
Total	**R0260**	350,398,049

S.23.01.01 - Own Funds

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	10,000,000	10,000,000			
Share premium account related to ordinary share capital	R0030					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	44,813,310	44,813,310			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	350,000,000	350,000,000	0.00	0.00	0.00
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	404,813,310	404,813,310	0.00	0.00	0.00
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	404,813,310	404,813,310	0.00	0.00	0.00
Total available own funds to meet the MCR	R0510	404,813,310	404,813,310	0.00	0.00	
Total eligible own funds to meet the SCR	R0540	404,813,310	404,813,310	0.00	0.00	0.00
Total eligible own funds to meet the MCR	R0550	404,813,310	404,813,310	0.00	0.00	
SCR	R0580	84,692,111				
MCR	R0600	21,173,028				
Ratio of Eligible own funds to SCR	R0620	4.780				
Ratio of Eligible own funds to MCR	R0640	19.119				

S.23.01.01 - Reconciliation Reserve

Reconciliation reserve		C0060
Excess of assets over liabilities	R0700	404,813,310
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	360,000,000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	**R0760**	44,813,310
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	12,806,733
Total Expected profits included in future premiums (EPIFP)	**R0790**	12,806,733

S.25.01.21 - Basic Solvency Capital Requirement

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	60,087,734		
Counterparty default risk	R0020	16,420,752		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	16,720,158		
Diversification	R0060	-19,540,251		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	73,688,392		

S.25.01.21 - Total Solvency Capital Requirement

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	11,003,719
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement, excluding capital add-on	R0200	84,692,111
Capital add-ons already set	R0210	
Solvency Capital Requirement	R0220	84,692,111
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

S.28.02.01 - 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	4,001,584

		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	0	0
Income protection insurance and proportional reinsurance	R0030	0	0
Workers' compensation insurance and proportional reinsurance	R0040	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	0	0
Other motor insurance and proportional reinsurance	R0060	0	0
Marine, aviation and transport insurance and proportional reinsurance	R0070	0	1,101,209
Fire and other damage to property insurance and proportional reinsurance	R0080	0	891,399
General liability insurance and proportional reinsurance	R0090	19,874,405	6,286,974
Credit and suretyship insurance and proportional reinsurance	R0100	0	1,012,514
Legal expenses insurance and proportional reinsurance	R0110	0	0
Assistance and proportional reinsurance	R0120	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	0	0
Non-proportional health reinsurance	R0140	0	0
Non-proportional casualty reinsurance	R0150	0	558,445
Non-proportional marine, aviation and transport reinsurance	R0160	391,714	2,778,741
Non-proportional property reinsurance	R0170	0	1,207,653

S.28.01.01 - Overall MCR

Overall MCR calculation		C0070
Linear MCR	R0300	4,001,584
SCR	R0310	84,692,111
MCR cap	R0320	38,111,450
MCR floor	R0330	21,173,028
Combined MCR	R0340	21,173,028
Absolute floor of the MCR	R0350	3,907,075
Minimum Capital Requirement	R0400	21,173,028