2017 Single Solvency and Financial Condition Report (SFCR) General Reinsurance AG Group

A Berkshire Hathaway Company

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Summary

The Solvency and Financial Condition Report (SFCR) presents information on the business and performance, the governance system, the risk profile, the valuation according to Solvency II and capital management of General Reinsurance AG (GRAG) and GRAG Group which includes GRAG as well as General Reinsurance Life Australia Ltd. (GRLA) and General Reinsurance South Africa Ltd. (GRSA). As the overall risk profile of GRAG Group does not substantially differentiate from the risk profile of the parent company GRAG, we are allowed by the German Federal Financial Supervisory Authority (BaFin) to prepare and publish a “Single” SFCR, hereinafter referred to as SFCR. However, we have provided separate information for GRAG Solo and GRAG Group with additional explanations which unless otherwise stated generally apply to both Solo and Group.

The Solvency II balance sheets have been subject to an independent external audit by Deloitte GmbH, Wirtschaftsprüfungsgesellschaft who issued an unqualified auditor’s opinion.

Solvency II key figures for the year 2017 including comparative data to 2016 of GRAG Solo and GRAG Group are summarized in the table below:

Key figures	Solo 2017 €' 000	Solo 2016 €' 000	Group 2017 €' 000	Group 2016 €' 000
Solvency II balance sheet				
Assets	13,581,208	13,586,436	13,722,873	14,254,517
Technical provisions	6,891,138	7,526,875	7,008,368	8,175,328
Other Liabilities	1,205,813	1,287,196	1,230,248	1,313,923
Excess of assets over liabilities	5,484,257	4,772,365	5,484,257	4,765,266
Eligible own funds	5,284,057	4,710,215	5,284,057	4,703,115
thereof Tier 1	5,284,057	4,710,215	5,284,057	4,703,115
Capital requirements				
SCR	2,120,496	1,773,609	2,230,770	1,876,760
MCR	954,223	798,124	980,433	824,642
Coverage Ratio				
SCR	249.2%	265.6%	236.9%	250.6%
MCR	553.8%	590.2%	539.0%	570.3%

Business and Performance

The underwriting result of GRAG and the entire Group has improved considerably compared to the previous year. Most lines of business performed favorably.

The volume of natural catastrophe losses in 2017 was significantly higher than the average amount expected for our portfolio. Our largest losses from natural perils in 2017 were caused by storms Harvey, Irma and Maria in the United States and the Caribbean towards the end of the third quarter and by the earthquakes in Mexico during the month of September. However, compared to our major competitors, our losses from the storms were rather modest since we do not write business in North America directly, but were only impacted through the affected international portfolios of some of our European clients.

We were also very satisfied with our investment result. Overall we were again able to increase shareholder's equity considering that capital strength and solvency rank among the key competitive factors in international reinsurance business.

The table below provides details of the main business performance figures for GRAG Solo based on the German Commercial Code (HGB) respectively for GRAG Group based on the United States Accepted Accounting Principles (US GAAP).

Business Performance	Solo HGB		Group US GAAP	
	2017 €' 000	2016 €' 000	2017 €' 000	2016 €' 000
Underwriting result	185,706	161,217	163,147	105,167
Property/Casualty	44,937	10,297	22,044	-12,299
Life/Health	140,770	150,919	141,102	117,466
Investment result	263,723	161,946	288,984	204,194
Pre-tax income	433,500	275,792	452,399	309,359
Net income after tax	290,390	138,843	295,065	173,598
Shareholder's equity	2,624,759	2,396,519	4,094,386	3,766,717

For further details on our business performance we refer to chapter A. We would like to point out that the information disclosed in chapter A is included in the Annual Report 2017 of GRAG.

System of Governance

In 2017 our regional business units and central service units underwent major restructuring which involved redundancies in certain areas. The effects of the leaner administrative structures are expected to further boost our competitiveness and performance capability. At the same time these measures resulted in changes of responsibilities and processes aiming to improve our decision making processes and increase our operational efficiency. Our system of governance and its organizational and operational structures are set up to support GRAG and GRAG Group strategic objectives, whilst retaining the flexibility to rapidly adapt to potential changes in the strategy, operations or the business. We are committed to an integrated approach to risk management which forms the basis of a company-wide understanding of all risks that impact the organization and ensures that conscious risk management is part of the daily decision-making processes of each and every member of our staff. Adequate processes are implemented to ensure clear allocation and appropriate segregation of responsibilities. Clear reporting lines ascertain the prompt transmission of information to all persons necessary. We recognize the importance of a strong governance framework and have adopted the "Three Lines of Defense" model that aims to ensure that the risks within the Group are managed effectively and that best practice is implemented for decision making and the monitoring thereof.

Our system of governance is further outlined in chapter B.

Risk Profile

Our core business revolves around the assessment and acceptance of risk and as such we have defined the risks we actively seek and those that we want to minimize. Key risks refer to underwriting risks in Life, Health and Non-Life (Property/Casualty) and to a certain extent market risks in the form of our investment portfolio.

Our risk profile has remained stable in comparison to the previous year. We consider ourselves more than sufficiently capitalized to grow both the life and non-life portfolios and take on more risk which is also in line with our increased willingness to accept more exposures and higher volatility while maintaining our underwriting standards. The reinsurance markets, however, continue to be effected by intense price competition and some further softening in terms and conditions. Despite the hurricane activity at the end of last year, the conditions in markets outside the US did not change significantly.

In regards to the market risk, we invest to generate competitive returns over time, while managing liquidity needs and investment risk accordingly. Our fixed income portfolio structure is composed of high quality and highly liquid investments. With the continued low interest rate environment, equity markets have performed favorably in recent years. We have allocated a significant portion of our budgeted capital to investments in equity securities. While this can create earnings volatility these securities have developed positively in respect to both current yield and total return.

Both in terms of financial strength and the sophistication of our management systems, we remain well-positioned to successfully pursue our business strategy. We consider our capital resources sufficient and appropriately structured to meet our business needs over the short- and longer-term horizon. Our risk profile has not changed materially over the last few years. We have effective controls and risk management processes in place, including appropriately defined risk tolerances and risk limits.

During the reporting period there did not occur any significant business or other event with material impact on our solvency and financial condition. From the current standpoint, no developments can be discerned that could have a significant adverse impact on our assets, financial position or net income.

We neither make use of the matching and volatility adjustment nor the transitional arrangements on risk-free interest rates and technical provisions. Overall there is nothing to report on any non-compliance with the MCR or SCR over the reporting period.

Further information on the risk profile can be found in chapter C.

Valuation for Solvency Purposes

We apply the Solvency II principles for asset recognition and valuation which is based on the going concern principle and individual asset valuations following the “fair value” principle.

The statutory financial statement of GRAG is prepared in accordance with the German Commercial Code (HGB) which is not based on current market values but rather the lower of cost or market value for our investment portfolio. Our Group statutory reporting is prepared in accordance with US GAAP which is similar to Solvency II based on current market values for the majority of the invested assets. However, any differences between HGB respectively and US GAAP and Solvency II are recorded in the reconciliation reserve within the own funds.

Both GRAG and GRAG Groups financial years are from January 1 to December 31st. The SFCR has been prepared by using information at the balance sheet date 31 December 2017 and includes 1 January 2018 renewal data that was available as at 31 December 2017.

For details on the valuation for solvency purposes and the difference to statutory accounting please refer to chapter D.

Capital Management

We define capital management as the planning, management and monitoring of our capitalization levels in order to ensure that the regulatory requirements as well as the internal strategic capital objectives are met at any time. With reference to the table on the previous page both SCRs are well above the requirements of 100% stipulated by the supervisory authority. However, we have set an early warning threshold of 160%. In the case that the SCR falls below this threshold we will initiate appropriate management actions. It is important for GRAG Group to maintain sufficient own funds to cover the SCR and MCR with an appropriate buffer. With our current financial and solvency position we feel very comfortable and do not anticipate any material changes in the near future.

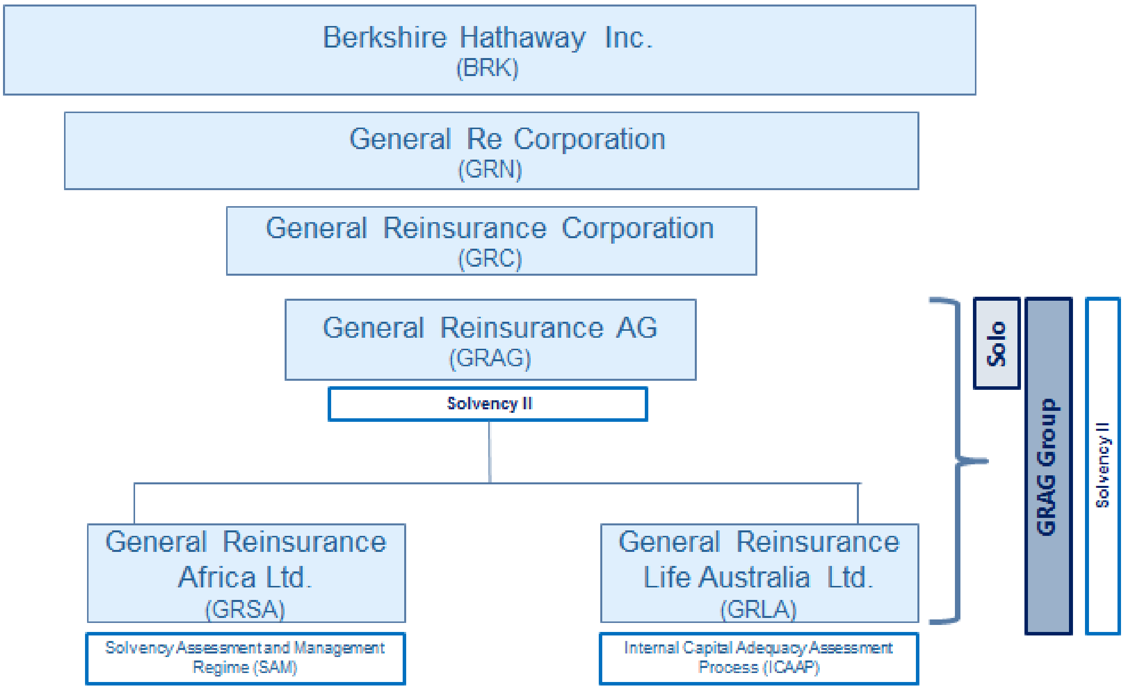
For further information on capital management we refer to chapter E.

A. Business and Performance

A.1 Business

A.1.1 General Information

GRAG Group belongs to one of the world's leading reinsurance groups and is owned by GRC which in turn is owned by General Re Corporation (GRN), a holding company wholly owned by Berkshire Hathaway Inc. (BRK).



GRAG is the parent company within the GRAG Group which includes the wholly owned (100%) subsidiaries General Reinsurance Africa Ltd. (GRSA) and General Reinsurance Life Australia Ltd. (GRLA).

GRAG Group transacts Life/Health (L/H) reinsurance business worldwide with the exception of the United States (US). In addition to traditional reinsurance products we offer a comprehensive range of services, including actuarial advice, product development, underwriting and claims management in individual life insurance as well as software offerings. Property/Casualty (P/C) business activities are conducted in all major markets apart from the US, Canada, Japan, New Zealand and Australia.

GRSA is a limited liability company incorporated in South Africa. The principal activities of GRSA involve the reinsurance of life and non-life insurance risks, such as those associated with death, disability, health, property and liability. The company's range of products is offered to the sub-Saharan Africa market. The company is regulated by the Prudential Authority (PA) of South Africa.

GRLA carries on life reinsurance business in Australia under its APRA license and in its New Zealand branch business in New Zealand and the Pacific region under licenses from the Australian Prudential Regulation Authority (APRA) and the Reserve Bank of New Zealand (RBNZ).

Company information is disclosed below.

Company information	
Company name and address	General Reinsurance AG Theodor-Heuss-Ring 11 50668 Cologne Germany
Responsible supervisor (solo and group)	Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) Graurheindorfer Str. 108 53117 Bonn Germany Postfach 1253 53002 Bonn Phone: 0228/4108-0 Fax: 0228/4108-1550 E-Mail: poststelle@bafin.de De- Mail: poststelle@bafin.de-mail.de
External auditor	Deloitte GmbH Wirtschaftsprüfungsgesellschaft Schwannstraße 6 40476 Düsseldorf Germany
Direct parent company	General Reinsurance Corporation, Stamford, Connecticut, USA. 100% holding of the voting share capital.
Ultimate parent company	Berkshire Hathaway Inc, Omaha, Nebraska, USA.
External auditor	Deloitte & Touche LLP First National Tower 1601 Dodge Street, Ste. 3100 Omaha, NE 68102-1649 USA
Distributions to shareholders	For the business year 2017 a dividend of Euro 3.64 per share (Euro 200,200 thds) was declared and paid .

A.1.2 Information on Branches, Representative Offices and Subsidiaries

As outlined below GRAG Group is represented worldwide by branches, representative offices and subsidiaries.

Name of Branch	Location
General Reinsurance AG Vienna Branch	Vienna, Austria
General Reinsurance Shanghai Branch	Shanghai, China
General Reinsurance AG Hong Kong Branch	Hong Kong, China
General Reinsurance Copenhagen Branch	Copenhagen, Denmark
General Reinsurance Sucursale Paris	Paris, France
General Reinsurance Rappresentanza Generale Per l'Italia della General Reinsurance AG	Milan, Italy
General Reinsurance Tokio Branch	Tokio, Japan
General Reinsurance AG Beirut Branch	Beirut, Lebanon
General Reinsurance Labuan Branch	Labuan, Malaysia
General Reinsurance Seoul Branch	Seoul, South Korea
General Reinsurance AG Singapore Branch	Singapore, Singapore
General Reinsurance AG Sucursal en España	Madrid, Spain
General Reinsurance Taiwan Branch	Taipeh, Taiwan
General Reinsurance London Branch	London, United Kingdom
General Reinsurance Mumbai Branch	Mumbai, India
Name of Representative Office	**Location**
General Reinsurance Beijing Representative Office	Beijing, China
General Reinsurance Oficina de Representación en Mexico	Mexiko City, Mexiko
General Reinsurance AG Russia Representative Office	Moscow, Russia
General Reinsurance Buenos Aires Representative Office	Buenos Aires, Argentina

In the course of 2017 we received a branch license from the local regulatory authority Insurance Regulatory and Development Authority (IRDA) and since 1 August we have been writing our Indian business via our new branch operation in Mumbai. This should provide us improved access to new business opportunities in this fast-growing market.

Name of Subsidiary	Type of Company	Source of Income	Location	Holding
General Reinsurance Life Australia Limited	Life reinsurance company	Underwriting and investment	Sydney, Australia	100% holding of the voting share capital
General Reinsurance Africa Limited	Life and property casualty reinsurance company	Underwriting and investment	Cape Town, SA	100% holding of the voting share capital
General Reinsurance AG - Escritório de Representacao No Brasil Ltda	Service company providing non-life marketing services	Service fee	São Paulo, Brazil	100% holding of the voting share capital
General Reinsurance Beirut Offshore s.a.l.	Service company providing underwriting and administrative services	Service fee	Beirut, Lebanon	100% holding of the voting share capital
General Reinsurance México S.A	Service company providing underwriting and administrative services	Service fee	Mexico City, Mexico	100% holding of the voting share capital
Gen Re Support Services Mumbai Private Limited	Service company providing life and non-life marketing services	Service fee	Mumbai, India	100% holding of the voting share capital

We consider GRLA and GRSA as our material subsidiaries. Business conducted out of our reinsurance subsidiaries adhere the same business philosophy and strategy as that of the parent company, which is to only write business that will generate an underwriting profit.

In 2017 the Group reported total net earned premiums under US GAAP of Euro 2,749,647 thds (2016: Euro 2,768,670 thds) which are broken down as follows:

- GRAG, Euro 2,417,424 thds (87.9%), 2016: Euro 2,448,543 thds (88.4%)
- GRLA, Euro 177,230 thds (6.7%), 2016: Euro 177,099 thds (6.4%)
- GRSA, Euro 154,993 thds (5.6%), 2016: Euro 143,028 thds (5.2%)

The remaining subsidiary companies of the Group provide marketing and accounting/administrative services to other affiliated companies and branches, to enable them to conduct reinsurance business in their respective locations. They are not considered material and have been excluded from group supervision following BaFin approval.

There are no differences between the scope of the Group used for the consolidated financial statements and the scope of the Group that was used in preparation of the Solvency II balance sheet.

A.1.3 Significant intra-group Transactions

There are several transactions within the group entities which include service fees for shared administrative expenses, personnel and underwriting services, as well as retrocession agreements, these amounts are however not considered significant as for example the total amount of gross premium retroceded within the Group is less than 1% of the total gross premiums written.

All business relations with related parties are concluded at arm's length conditions according to the guideline on transfer pricing and service agreements across the Group. The guideline regulates the principles of inter-company services settlement as well as the distinction between chargeable services and stewardship expenses. The guideline defines the process and requirements of pricing, invoicing and documentation and thus contributes to an improved transparency, corporate-wide consistency and compliance. The agreed remuneration is generally accounted for on a full cost basis plus profit margin.

With effect from 1 January 2017, GRAG entered into a 20% quota share agreement with its parent, General Reinsurance Corporation. This covers all property and casualty business written by GRAG, its branches and subsidiaries.

In the third quarter of 2017, our subsidiary GRLA wrote a very large block of business which involves substantial financing. 90% of the main financing transaction within this business is retroceded to our US sister company General Re Life Corporation (GRL).

A.1.4 Significant Business or other Events over the Reporting Period

Within the Gen Re Group and in particular at GRAG we have made changes to our organizational structures with the aim of improving our internal processes, performance and competitiveness. We have streamlined certain administrative areas, which involved a number of redundancies. At the same time, we have added a modest number of staff in certain areas with an eye to additional business opportunities. We have also increased our willingness to take on more exposures and tolerate higher volatility. We consider ourselves to be optimally positioned for the continued successful development of our business.

In **life/health** we continue to concentrate on the development of new products in the area of disability insurance in general, and more specifically on innovative forms of occupational disability and critical illness covers as well as long-term care insurance. This also includes research into the implications of new legislation in the area of long-term care insurance effective since 2017. We closely monitor any impacts on risk performance. Against the backdrop of very intense price competition over traditional products, we help our clients to diversify their portfolios and reduce reliance on long-term interest rate guarantees.

In addition, our expertise and extensive range of quality services in the areas of product design and pricing, underwriting systems and claims management are highly sought-after and provide new business opportunities. Digital transformation remains an important challenge for the insurance industry and our consulting services in this regard have been of interest to our clients. This encompasses not only topics such as underwriting and claims management systems but also aspects of product design and innovative approaches to risk selection.

In India we established a branch operation this year which facilitates our access to a market which is growing in importance. We continue to pursue new opportunities, especially with clients who value our product development, pricing, underwriting, training and risk management services.

Referring to our **non-life** portfolio we were able to acquire new business and establish new client relationships. Based on our prime financial strength and service quality, we were able to write our new business at adequate terms and conditions – contrary to the situation in certain segments of the reinsurance markets which we stayed away from.

On the whole we continue to benefit from strong client loyalty, which has enabled us to preserve the quality of our portfolio while maintaining our underwriting standards.

We are very pleased with the recent expansion of our non-life business in China, which has become our most important market in Asia. Both the primary and reinsurance markets remain extremely competitive, but we nevertheless expect further attractive business opportunities in view of continuing market growth both in terms of premium volume and the number of insurance company clients.

We are also optimistic regarding our future non-life business opportunities of our Indian branch which should give us improved access to new business opportunities in this fast-growing market.

Contrary to general market expectations, 2017 turned out to be a relatively quiet year in terms of political risk and volatility. The extraordinary performance of equity markets took place against a backdrop of unusually low volatility. Negative interest rates have become more common at short maturities in many developed markets, with consequences for both assets and liabilities. The implications for the Group are mitigated to a large extent within our statutory reports by our policy of reserving for long-tail casualty business on a nominal basis and by our focus on biometric risks rather than the savings components of life insurance.

Following the Brexit referendum in the UK we are faced with numerous open questions regarding the potential implications. We do not expect our business model in the UK to be fundamentally cast into doubt, but we continue to closely monitor all relevant developments.

A.2 Underwriting Performance

A.2.1 Overall Underwriting Performance 2017

Our underwriting performance is shown in the table below. Considering that GRAG Solo represents the major part of the business and that there is only a minimal difference between GRAG Group and GRAG Solo, our explanations below refer to both GRAG and GRAG Group. However, we would like to point out that the figures for GRAG Solo are based on HGB whereas GRAG Group figures are prepared in accordance with US GAAP. For further information on the overall performance of GRAG Solo we refer to the Annual Report 2017 of GRAG which is available on our website starting on page 7.

Underwriting Performance	Solo HGB 2017 €'000	Solo HGB 2016 €'000	Group US GAAP 2017 €'000	Group US GAAP 2016 €'000
Property/Casualty				
Gross written premium	1,064,977	899,021	1,074,928	897,461
Net earned premium	842,922	935,530	847,600	934,695
Underwriting result*	44,937	10,297	22,044	-12,299
Life/Health				
Gross written premium	1,637,599	1,618,348	2,006,353	1,869,622
Net earned premium	1,574,772	1,587,559	1,902,047	1,833,975
Underwriting result*	140,770	150,919	141,102	117,466
Total				
Gross written premium	2,702,576	2,517,369	3,081,281	2,767,083
Net earned premium	2,417,694	2,523,089	2,749,647	2,768,670
Underwriting result*	185,706	161,217	163,147	105,167

*Underwriting result for US GAAP incl. other expenses

Following an underwriting result of Euro 105,167 thds in the previous year, GRAG Group produced an improved underwriting profit of Euro 163,147 thds for 2017. All lines of business contributed to this development and we were able to increase our gross written premium from Euro 2,767,083 thds in 2016 to Euro 3,081,281 thds as a result of our increased risk appetite.

Our performance in **Property/Casualty** reinsurance was satisfactory, given that a significant proportion of our portfolio is long-tail business which will produce additional investment income in the future. Large loss expenditure came in significantly higher than expectations, among other things due to severe natural catastrophe events. On the other hand, we benefited from a positive run-off of the reserves established for loss events in prior years. Despite a sharp rise in gross premium, the net earned premium declined due to the fact that for the first time – commencing with the 2017 underwriting year – we retroceded 20% of this portfolio to our parent company, General Reinsurance Corporation.

Life/Health reinsurance ended the year with an excellent underwriting result and here again all areas of business contributed to this pleasing performance. As a reinsurer focusing on biometric risks, we are impacted to only a minor extent by the prevailing low interest rate environment. Our growth is generated in large measure by assisting our clients with product development and through innovation in the area of biometric risks.

In 2017 we recorded a favorable claims experience in life/health and on balance in property/casualty, where the volume of major claims was appreciably above expectations for our portfolio. However, loss reserves established for catastrophe events in prior years developed positively. Our largest losses were caused by storms Harvey, Irma and Maria in the Unites States and the Caribbean and the earthquakes in Mexico. However, compared to our competitors our losses thereof were rather modest.

In the following chapter we provide more details on the underwriting performance by line of business and regions.

A.2.2 Underwriting Performance 2017 by Line of Business and Geographical Area

We distinguish our business between two business segments which is life/health and property/casualty reinsurance encompassing liability, accident and motor, fire and property, marine, engineering and sundry classes of reinsurance.

The following tables provide information on the underwriting performance of GRAG Solo based on HGB and GRAG Group based on US GAAP classified according to Solvency II lines of business in comparison to the previous year. Explanations refer to GRAG Group figures.

Underwriting Performance per Solvency II LoB Solo - HGB	Gross Written Premium		Net Earned Premium		Underwriting Result	
	2017 €'000	2016 €'000	2017 €'000	2016 €'000	2017 €'000	2016 €'000
Non-Life						
Income protection	16,730	16,003	14,358	15,976	-245	226
Motor Vehicle Liability	177,814	145,479	136,751	145,303	-1,603	3,801
Other Motor	105,581	76,820	82,474	84,955	3,637	-449
MAT	23,290	14,165	14,922	14,194	9,263	-729
Fire and Property Damage	305,848	280,678	244,698	281,931	23,999	21,663
General liability	52,724	48,567	41,463	47,376	11,181	13,092
Credit and Suretyship	3,025	942	1,992	1,494	1,086	448
NP Health	29,627	24,390	28,515	23,965	-351	8,752
NP Casualty	160,250	140,318	123,544	170,832	-73,110	-38,067
NP MAT	15,995	7,916	11,952	7,920	8,665	-3,545
NP Property	174,094	143,741	142,252	141,586	62,416	5,106
Total Non-Life	**1,064,977**	**899,021**	**842,922**	**935,530**	**44,937**	**10,297**
Life/Health						
Accepted life reinsurance	1,047,223	1,106,774	1,020,252	1,092,975	86,512	100,982
Health reinsurance (reinsurance accepted)	590,376	511,574	554,520	494,584	54,257	49,937
Total Life/Health	**1,637,599**	**1,618,348**	**1,574,772**	**1,587,559**	**140,770**	**150,919**
Total	**2,702,576**	**2,517,369**	**2,417,694**	**2,523,089**	**185,706**	**161,217**

Underwriting Performance per Solvency II LoB Group - US GAAP	Gross Written Premium 2017 €'000	Gross Written Premium 2016 €'000	Net Earned Premium 2017 €'000	Net Earned Premium 2016 €'000	Underwriting Result 2017 €'000	Underwriting Result 2016 €'000
Non-Life						
Income protection	16,681	16,012	14,712	16,000	-524	20
Motor Vehicle Liability	177,753	145,416	135,699	145,161	-4,081	3,623
Other Motor	107,167	73,010	79,237	82,484	1,627	-948
MAT	23,653	13,996	13,343	14,049	9,147	-867
Fire and Property Damage	307,381	279,784	252,276	280,938	22,397	19,729
General liability	53,204	48,133	42,118	46,347	9,015	12,186
Credit and Suretyship	3,044	942	1,807	1,714	810	329
NP Health	29,194	22,892	27,735	23,047	-190	8,083
NP Casualty	162,862	146,391	124,027	176,262	-83,560	-47,250
NP MAT	16,960	7,804	12,324	7,792	7,586	-4,535
NP Property	177,029	143,080	144,322	140,900	56,472	-2,375
Total Non-Life *	**1,074,928**	**897,461**	**847,600**	**934,695**	**22,044**	**-12,299**
Life/Health						
Accepted life reinsurance	1,291,653	1,239,317	1,237,254	1,220,756	78,346	103,102
Health reinsurance (reinsurance accepted)	714,700	630,304	664,792	613,219	44,190	22,308
Total Life/Health*	**2,006,353**	**1,869,622**	**1,902,047**	**1,833,975**	**141,102**	**117,466**
Total	**3,081,281**	**2,767,083**	**2,749,647**	**2,768,670**	**163,147**	**105,167**

*Total underwriting result incl. other expenses

Non-Life

All lines of businesses contributed to the increase of our non-life gross written premiums from Euro 897,461 thds to Euro 1,074,928 thds (+19.8%) as a result of our greater risk appetite. Limiting factors included higher retentions carried by several clients and the fact that one important client discontinued its business altogether. Nevertheless, we were able to generate significant growth in a number of important markets. Net earned premium fell by Euro 87,096 thds from Euro 934,695 thds to Euro 847,600 thds which is due to the fact that commencing with the 2017 underwriting year we retroceded 20% of this portfolio to our parent company, General Reinsurance Corporation.

Most areas of our business performed satisfactorily, although the volume of major claims significantly exceeded the average expectations for our portfolio. A substantial adverse impact derived from losses in the United States and the Caribbean connected with the storms Harvey, Irma and Maria that were incurred by some of our European clients in their international books of business. Additional losses were incurred in respect of the earthquakes in Mexico. The new retrocession treaty concluded with our parent company afforded appreciable relief to our underwriting result. The loss reserve constituted for catastrophe events in prior years developed favorably. For the year under review we booked an underwriting result of Euro 22,044 thds in comparison to Euro -12,299 thds in 2016.

Details on the largest lines of business based on premium volume are as follows.

The premium volume in **motor vehicle liability** and **other motor** increased due to new business in UK, Italy and Russia. In regards to **fire and other damage to property,** markets remained highly competitive, our premium however increased in Germany and other European markets while reserves for losses of prior years developed favorably. The growth in our **non-proportional casualty premium** is mainly attributable to UK and Germany while the net underwriting result is influenced by long payment patterns which will generate future investment income. For **non-proportional marine, aviation and transport** reserve releases with respect to the World Trade Center event in reaction to a court settlement contributed to the good net underwriting result. The premium in **non-proportional property** business increased in several European markets such as UK, France and Denmark. The underwriting result was influenced by reserve releases from previous years.

Life / Health

For life / health business we recorded another pleasing development in 2017, along with a favorable claims experience. At Euro 141,102 thds the underwriting result was above the already exceptionally high level of the previous year amounting to Euro 117,466 thds. The risk performance of mortality, disability and morbidity was favorable overall.

Gross written premiums increased by 7.3% to Euro 2,006,353 thds (2016: Euro 1,869,622 thds). Net earned premium increased slightly by 3.7% in the year under review to Euro 1,902,047 thds (2016: Euro 1,833,975 thds).

As in the previous year, developments in key markets were again rather varied resulting in a challenging environment overall for our business. Exceptional growth was achieved in the context of our close cooperation with so-called InsurTechs in China.

Unadjusted for currency effects, the **life** premium income increased slightly from Euro 1,239,317 thds in 2016 to Euro 1,291,653 thds in 2017. The year under review closed with an underwriting profit of Euro 78,346 thds (2016: Euro 103,102 thds).

Our **health** premium income increased to Euro 714,700 thds (2016: Euro 630,304 thds). Principally due to our product development services, we again benefited from growth opportunities in certain Asian markets, most notably China. We recorded an underwriting profit of Euro 44,190 thds (2016: Euro 22,308 thds).

The charts below show the underwriting performance by geographical area in comparison to the previous year.

Underwriting Performance by Geographical Area Solo - HGB	Gross Written Premium 2017 €'000	Net Earned Premium 2017 €'000	Underwriting Result 2017 €'000
Germany	490,001	399,239	60,061
Great Britain	124,610	85,673	-82,155
Italy	79,953	62,141	5,282
Russia	52,121	39,507	3,150
Spain	43,863	37,625	2,896
Denmark	37,152	24,978	7,313
Remainder	237,276	193,759	48,390
Total Non-Life	**1,064,977**	**842,922**	**44,937**
China	231,055	201,960	6,470
Great Britain	208,433	199,541	25,477
Germany	218,144	217,018	28,428
Barbados	104,047	102,045	-755
France	84,442	75,081	10,413
Hong Kong	75,672	75,018	12,937
Remainder	715,806	704,110	57,798
Total Life/Health	**1,637,599**	**1,574,772**	**140,770**
Total	**2,702,576**	**2,417,694**	**185,706**

Underwriting Performance by Geographical Area Solo - HGB	Gross Written Premium 2016 €'000	Net Earned Premium 2016 €'000	Underwriting Result 2016 €'000
Germany	482,122	483,832	29,815
Great Britain	93,154	122,601	-67,516
Italy	60,946	61,878	1,821
Spain	43,185	41,975	1,146
Russia	30,647	38,511	-2,119
France	23,782	21,098	100
Remainder	165,185	165,634	47,050
Total Non-Life	**899,021**	**935,530**	**10,297**
Great Britain	231,096	225,705	9,300
Germany	211,890	210,879	40,069
Barbados	182,149	179,527	-2,795
China	168,638	163,194	6,856
France	77,388	77,827	7,589
Hong Kong	72,047	71,333	8,810
Remainder	675,141	659,093	81,090
Total Life/Health	**1,618,348**	**1,587,559**	**150,919**
Total	**2,517,369**	**2,523,089**	**161,217**

Underwriting Performance by Geographical Area Group - US GAAP	Gross Written Premium 2017 €'000	Net Earned Premium 2017 €'000	Underwriting Result 2017 €'000
Germany	490,323	410,209	53,095
Great Britain	128,005	84,551	-89,116
Italy	80,073	60,844	4,135
Russia	53,650	36,907	2,895
Spain	43,912	38,853	2,005
Denmark	37,219	24,647	6,659
Remainder	241,747	191,588	42,371
Total Non-Life*	**1,074,928**	**847,600**	**22,044**
China	234,854	205,803	4,466
Great Britain	221,318	220,200	26,685
Australia	181,292	142,636	5,548
Germany	179,335	169,851	25,964
South Africa	154,937	153,663	-12,596
Barbados	106,614	104,615	-1,798
Remainder	928,003	905,279	92,833
Total Life/Health*	**2,006,353**	**1,902,047**	**141,102**
Total	**3,081,281**	**2,749,647**	**163,147**

*Total underwriting result incl. other expenses

Underwriting Performance by Geographical Area Group - US GAAP	Gross Written Premium 2016 €'000	Net Earned Premium 2016 €'000	Underwriting Result 2016 €'000
Germany	481,359	483,327	23,911
Great Britain	100,351	128,454	-74,875
Italy	60,800	62,037	906
Spain	43,140	41,235	446
Russia	26,713	35,690	-2,178
France	23,765	21,122	-840
Remainder	161,333	162,831	40,331
Total Non-Life*	**897,461**	**934,695**	**-12,299**
Great Britain	239,259	233,500	5,425
Barbados	168,137	163,573	42,556
Germany	177,026	174,404	-4,839
China	167,087	161,687	4,929
South Africa	137,385	136,271	-3,666
Australia	143,465	143,241	-3,733
Remainder	837,262	821,298	76,792
Total Life/Health*	**1,869,622**	**1,833,975**	**117,466**
Total	**2,767,083**	**2,768,670**	**105,167**

*Total underwriting result incl. other expenses

Non-Life by Geographical Area

Following a year of premium stability, our business in **Germany** increased moderately in 2017 due to strong client loyalty and some success in acquiring new accounts.

Overall, underwriting results remained on the satisfactory level of recent years, but run-off profits from prior claims came in at a somewhat lower level. The main drivers for the performance were:

Our premium from liability business showed modest growth. The German primary motor insurance market recorded moderate rate increases and the results of our motor business in 2017 remained roughly on a par with the previous year, although run-off profits in this line were lower than last year. Losses from natural catastrophes were higher than in the previous year and more in line with our average expectation. Market results remained marginally positive.

Some important segments of the German primary property insurance markets remained highly competitive at inadequate pricing levels. Following a profitable year in 2016, homeowners' insurance recorded slightly negative results in 2017 due to natural catastrophes. Commercial and, most notably, industrial fire insurance suffered from inadequate pricing, even though these lines benefited from low loss activity in the year under review.

In the **UK, Italy** and **Russia**, gross premium income grew significantly due to new motor treaties. In the UK motor rates increased very significantly in response to the change in the Ogden discount rate.

Overall, most of our European markets were only affected by moderate natural catastrophe events.

Russia continues to play an important part in our non-life business. Robust economic growth has been generated since the severe financial crisis of 2014, and this has been especially true of the insurance industry. We are very well positioned thanks to our strong local market presence. Our primary focus is on the motor own damage and property insurance lines, and in recent years we have written a pleasing premium volume with a growing number of clients.

Life / Health by Geographical Area

The development of our business in Asia was particularly gratifying. Most notably, demand for health and accident insurance products increased, particularly in **China** and South-East Asian markets. In China we achieved exceptional growth rates based on our cooperation with various insurance companies that offer their products exclusively online using new technologies.

Our portfolio in **the UK** enjoyed greater growth than the market average. We retained all existing clients and added some new ones, including InsurTech and FinTech players that have recently entered the market.

The **German** life insurance market, whose focus has traditionally been on products with long-term guarantees, continues to struggle with the repercussions of extremely low interest rates. The costs of traditional guarantees have become increasingly prohibitive, as a consequence of which the focus of new business has shifted towards biometric risks and innovative retirement products. Inadequate protection against biometric risks still persists among large sections of the population. This continues to offer interesting business opportunities both for our clients and for ourselves.

Our German business once again performed very satisfactorily.

The claims experience was once again favorable. Based on our pricing and risk management expertise and our continuously expanded range of service offerings we remain optimally positioned for international business, too. We are currently exploring how the latest developments in fields such as Decision Analytics, Predictive Modelling and Behavioral Economics can be put to practical use for our clients in life and health insurance.

While the result posted by our South African subsidiary GRSA in 2017 fell well short of the previous year due to the poor performance of disability risks, GRLA achieved a pleasing business result in Australia. As already mentioned in chapter A.1.3 GRLA wrote a very large block of business in Q3 2017 of which 90% are retroceded to GRL via a Quota Share contract.

A.3 Investment performance

A.3.1 Overall investment performance and by relevant asset class

The table below shows the split of investment return of GRAG Group and Solo by asset class compared to previous year.

Investment Performance	Solo HGB 2017 €'000	Solo HGB 2016 €'000	Group US GAAP 2017 €'000	Group US GAAP 2016 €'000
Income from holdings in related undertakings, including participations	1,076	1,076	0	0
Income from equities - listed	84,964	74,354	87,524	83,527
Income from goverment bonds	41,165	45,136	63,772	68,357
Income from corporate bonds	31,382	27,571	19,021	25,485
Income from collective investments undertakings	0	719	-65	1,151
Income from deposits other than cash equivalents	407	-72	288	339
Income from other investments	2,041	2,316	2,617	1,185
Income from loans and mortgages	25,322	25,277	25,322	25,229
Investment expenses	-4,517	-4,400	-5,280	-5,074
Interest on reinsurance deposits	55,756	77,721	549	1,081
Less income from technical interest	-52,705	-74,267	0	0
Current investment income	**184,891**	**175,432**	**193,750**	**201,279**
Gains/(losses) from disposals	76,040	-8,507	95,234	2,914
Write-ups/(depreciation) on investments	2,792	-4,978	0	0
Total investment income	**263,723**	**161,946**	**288,984**	**204,194**

Under both accounting principles US GAAP and HGB we recorded a higher total investment income compared to last year. For GRAG Group income increased to Euro 288,984 thds and for GRAG Solo the income resulted to Euro 263,723 thds. The 2017 result included Euro 95,234 thds (respectively Euro 76,040 thds for HGB) of realized gains mainly due to the disposal of one equity position and fixed income securities. The continuing low interest rate environment resulted in lower investment income on fixed income securities.

Under US GAAP current investment income for GRAG Group went down compared to the previous year's level to Euro 193,750 thds as interest rates were again extremely low in 2017 which reduced our income from fixed securities by approximately EUR 11,048 thds in total.

In 2017 we had recorded a higher dividend income as we purchased additional equities and the current equity securities increased their distribution to the shareholders due to the strong economic environment. Income from our equity portfolio amounted to Euro 87,524 thds (GRAG Solo Euro 84,964 thds). On group level we generated a return of 1.3% in our bond portfolio and a dividend yield of 4.2% in our equity portfolio.

A.3.2 Information on Gains and Losses recognized directly in Equity

The table below provides information on GRAG Group's gains and losses recognized directly in equity.

Reconciliation of Shareholder's Equity	Group US GAAP 2017 €'000	Group US GAAP 2016 €'000
Ordinary share capital	55,000	55,000
Share premium account	866,174	866,174
Retained earnings	2,552,700	2,319,783
Gains / losses recognized directly in equity	620,513	525,760
- Currency translation	-213,126	-169,850
- Unrealized appreciation of investments	890,516	761,757
- Pension deficit	-56,877	-66,147
Total	**4,094,387**	**3,766,717**

In accordance with the German Commercial Code (HGB) GRAG solo does not record any gains or losses directly in shareholder's equity.

A.3.3 Information on Investments in Securitization

GRAG Group does not hold or trade in any investments in tradable securities or other financial instruments based on repackaged loans.

A.4 Performance of other Activities

Our main business activity refers to reinsurance and therefore we do not have any other significant business activities. In the following we provide you with the drill-down of the other income/expenses of GRAG Solo and GRAG Group in comparison to the previous year:

Other Income / Other expenses	Solo HGB 2017 €'000	Solo HGB 2016 €'000
Other income		
Release of bad debt provision	4,704	17,918
Foreign exchange rate gains	72,224	16,447
Income from discounting other reserves	2,166	2,759
Income from charging services rendered	2,191	2,566
Income from interest on taxes	3,378	1,379
Sundry other income	4,088	3,569
Total other income	**88,751**	**44,638**
Other Expenses		
Foreign exchange rate losses	62,244	16,531
Bad debt expense on accounts receivable	3,163	16,265
Expenses from interest on taxes	9,064	6,046
Interest expenses from discount accretion of other provisions	4,242	5,441
Interest on pension reserves	22,370	3,127
Audit fees and other year-end closure expenses	1,737	2,655
Expenses from charging services rendered	2,401	2,449
Sundry other expenses	16,900	4,694
Total other expenses	**122,121**	**57,206**
Total other income/other expenses (-)	**-33,371**	**-12,568**

Other Income / Other expenses	Group US GAAP 2017 €'000	2016 €'000
Other income		
Foreign exchange gain	19,575	2,835
Rental income	21	37
Gain on Sale of fixed assets	26	326
Run-off, other margin	-1,141	477
Other interest	221	366
Miscellaneous	3,626	3,112
Total other income	**22,329**	**7,154**
Other Expenses		
Foreign exchange loss	-2,952	14,603
External services	78	-13
Bad debt - Receivable	-1,532	-1,185
Loss on Sale of fixed assets	221	49
Taxes	1,022	1,783
Other interest	146	132
Miscellaneous	3,164	1,915
Total other expenses	**148**	**17,284**
Total other income/other expense (-)	**22,181**	**-10,130**

Significant leasing agreements

GRAG Group does not have significant operational or financial leasing arrangements.

A.5 Any other Information

There are no further disclosures to be reported.

B. System of Governance

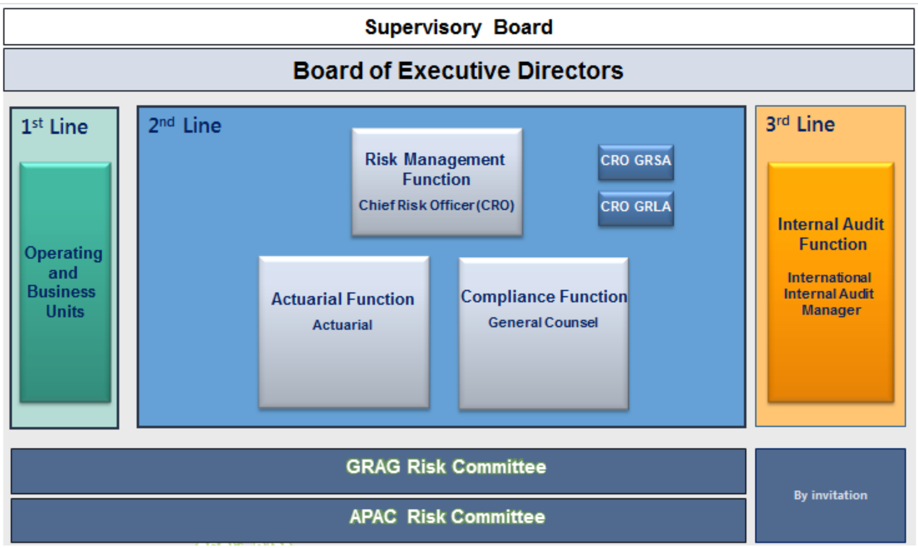
B.1 General Information on the System of Governance

B.1.1 Overview of the System of Governance and the Internal Organizational Structure

The system of governance and the organizational and operational structures are set up to support GRAG Group's strategic objectives, whilst retaining the flexibility to rapidly adapt to potential changes in the strategy, operations or the business. GRAG as parent company is considered the entity responsible for fulfilling the governance requirements at group level and to report to the German Group supervisor BaFin.

It is ensured that GRAG's Board has appropriate interaction with the Boards of all entities within the Group. Adequate internal governance requirements are set across the Group appropriate to the structure, business and risks of the Group and the related entities. Clear areas of responsibilities and reporting lines have been defined among all entities to support the Group's governance and internal control system as well as an effective risk management process. The governance responsibilities, strategies and policies established at each individual entity are consistent with group strategies and policies.

Procedures are implemented in order to oversee and steer the functioning of the rmand internal control system on entity and group level. A group-wide risk assessment process is implemented in order to identify, measure, manage and report all risks the Group and each individual entity is exposed to. The "Three Lines of Defense" model which is outlined below has been adopted consistently across the Group.



The adequacy of the system of governance is regularly assessed and reviewed in due consideration of the nature, scale and complexity of the risks inherent in the business. As to that the Board is supported by the RMF. Basis for the assessment of the system of governance are the particular reports of the key functions as well as the regular reporting routines and feedback loops with the external auditor.

For the period under review there are no major changes in the system of governance to be reported and the system of governance was considered appropriate by the Board.

B.1.2 Information on Responsibilities, Reporting Lines and Allocation of Functions

Administrative, Management and Supervisory Body

The **Administrative, Management and Supervisory Body (AMSB)** is committed to maintaining an appropriate system of governance, which includes an adequate and effective risk management system. The AMSB is represented by **the Board** and the **Supervisory Board** who are strictly separated from each other; a member of one Board cannot simultaneously be a member of the other Board.

The **Supervisory Board** appoints the members of the Board, monitors their activities and has unrestricted right to information. The Supervisory Board is engaged in the financial statement review, accounting matters, in particular the adequacy of the reserves, risk management and the internal controls system as well as all other audit relevant matters. The Supervisory Board meets at least two times a year, once in spring and once in autumn.

The Board is responsible for the management of the Group, and represents GRAG Group in business undertakings with third parties. In addition to an individual set of responsibilities all members of the Board are ultimately accountable for the system of governance, the business and risk strategy including the risk appetite and tolerance framework for material risks as well as the risk management t framework and the internal control system. The Board challenges strategic decisions evaluating whether the strategy is appropriate given the current business and market conditions.

The Board has unrestricted access to information and proactively interacts and consults with the Supervisory Board, senior management, key function holders and with the Boards of Group subsidiaries on all matters concerning GRAG Group’s strategy, planning, business development, risk profile, risk management and compliance activities. Further the Board ensures that the appropriateness and effectiveness of the system of governance is regularly reviewed in due consideration of GRAG Group’s risk profile and initiate changes where applicable.

Any significant decision that could have a material impact on GRAG and/or the Group involves at least two members of the Board. Board decisions are appropriately documented, including a description on how reports and information obtained from risk management system have been taken into consideration.

It is ensured that the Board members are “fit and proper” and possess appropriate qualification, experience and knowledge in due consideration of their particular duties.

Key Functions

GRAG established the four key functions, Risk Management Function (RMF), Compliance Function (CF), Actuarial Function (AF), and Internal Audit Function (IAF); no additional key functions were identified. Individual policies have been set up in order to clearly set out the responsibilities, objectives, processes and reporting procedures as well as interfaces with other departments. All key functions are free from influences that may comprise the function’s ability to undertake its duties in an objective and fair manner. They are working independently from each other and have unrestricted access to information as well as direct reporting lines to the Board.

For further details on the individual functions please refer to chapter B.3.2 (RMF), chapter B.4.2 (CF), chapter B.5 (IAF) and chapter B.6 (AF). The fit and proper requirements applying to key function holders are fully addressed and further outlined in chapter B.2.

Risk Committees

GRAG Risk Committee

The GRAG Risk Committee (RC) ensures that the corporate risk management framework is implemented at the operating level. The RC is represented by Risk Officers (ROs) of GRAG’s main business and service units within the organization. They perform a unit specific oversight and control function and provide expert input to the RC. They have a reporting obligation to the Chief Risk Officer (CRO) regarding risk management matters. The RC has full access to all information relevant for risk management purposes within the organization and is challenged and supported by the Risk Management Team (RMT).

The respective CRO’s of both subsidiaries GRLA and GRSA have a regular reporting obligation to GRAG’s CRO in the course of the quarterly risk reporting procedure which includes ad hoc-reporting as well. In addition, any concerns or risk related matters shall be directly addressed to GRAG’s CRO. Further, they are responsible for implementing the risk management framework and processing the annual risk assessment at the legal entity level. To the extent that any conflict ever arises between GRAG’s RMF and local regulations, local regulations prevail.

Asia Pacific Risk Committee

Headed by GRAG’s Chief Risk Officer the Asia Pacific (APAC) RC assists GRAG’s RMF and ultimately the Board of GRAG in fulfilling its oversight for the risk management and compliance framework. Additionally, the committee acts as a forum for discussion of local risk management matters; including the monitoring of local solvency requirements, and facilitating communication across the Group. The APAC RC executes the risk strategy, implements the corporate risk management framework at the operating levels and ensures that a consistent methodology is applied when identifying, assessing, and analyzing risks to the APAC region which cover Australia, New Zealand, China, Japan, Korea, Taiwan, Hong Kong, Singapore and India. Members of the APAC RC have a reporting obligation to the APAC and GRAG’s CRO as well as GRAG’s CF regarding all risk management and compliance.

Principal Officers / Compliance Officers

We have assigned the role of Principal Officer (PO) and where required by local regulations Compliance Officers (CO) for each country where we have associates located. The PO's responsibilities include: local compliance (regulation, tax, financial reporting), liaising with local regulators, compliance with the GRAG Group's policies and escalation to the parent company of any issue presenting regulatory, reputational and/or financial exposure. POs complete a quarterly questionnaire to contribute to GRAG Group's quarterly risk reporting. In addition regular PO calls with the RMF and CF are conducted to facilitate communication and coordination.

Policy Framework

We have established a policy framework to define GRAG Group's approach to risk management for direct reinsurance underwriting, investments, reserving and claims-handling. In addition, operational policies applicable to all employees have been deployed. Each policy clearly sets out the relevant responsibilities, objectives, processes and reporting procedures; they are subject to an at least annual review. The policies are available to all staff through our GRAG risk management portal which is maintained in the Microsoft SharePoint application. In order to achieve a consistent approach, policies shall apply to all companies within the Group as far as not contradictory to local requirements and procedures.

B.1.3 Remuneration Policy and Practices

GRAG Group adopted the Gen Re Compensation Policy which has been developed in order to ensure that remuneration practices are aligned with our business strategy and consider long-term business performance.

In addition, it is designed to have appropriate measures in place aiming to

- Avoid conflict of interest
- Promote sound and effective risk management
- Prevent risk-taking that exceeds GRAG Group's risk tolerance limits.

We strive to pay competitive compensation, which aligns with our long-term interests of earning an underwriting profit. Our corporate compensation plan consists of **base salary, benefits** and **profit sharing plan**.

The **base salary** is based on a variety of internal and external factors. Primary internal factors include job responsibility, internal salary relativity and individual performance. External factors consider local labor market, industry surveys and statistics on employee loyalty. These factors assist us in assessing the external competitiveness and establishing annual salary increase budgets. Salaries are reviewed each year for all associates.

The **profit sharing plan** is directly linked to our primary goal of earning an underwriting profit. All associates, including the members of the Board participate in the same plan. It is designed to create the right influences to ensure adequate pricing and reserving over time, and the appropriate management of risk. Given that our business is a mix of short tail property business and longer-tail casualty and mortality business, having a single, global pool across all business lines helps to balance potential volatility in a given year and eliminates the ability for any single business unit or legal entity to self-determine the Combined Ratio outcome. It is a long-term and deferred incentive plan because it reflects the adequacy of pricing and reserving over a long period of time.

The bonus payment is determined in due consideration of the total underwriting result and that of the respective business unit as well as the individual performance. With reference to the individual performance the bonus is contingent on the achievement of certain defined goals as well as how the employee fulfils his or her role and contributes to the success of his or her area of responsibility.

In addition, we offer competitive local **benefits** in the jurisdictions where we operate. External or market factors used in determining our local benefit plans include industry surveys and benchmarking as well as legislative or regulatory requirements. In Germany for example, we offered all employees who joined the company until 31 December 2015 a company pension scheme in the form of a defined benefit plan. For employees who joined the company after this date, we have a defined contribution scheme.

The members of the Board receive a fixed annual base salary and a bonus payment in line with the profit sharing plan as set out above. In addition, they receive other compensation in the form of non-cash and fringe benefits, such as the use of a company car and insurance coverage. Further, we have a pension plan for Board members in the form of a defined benefit plan. The Board members do not receive compensation for serving on the supervisory and management committees of group companies.

Supervisory Board members are entitled to a fixed remuneration pursuant to our Articles of Association. They do neither receive a variable remuneration nor a company pension.

Details on the remuneration received by the AMSB of GRAG can be extracted from GRAG's Annual Report, page 52.

B.1.4 Transactions with Shareholders and Persons with significant Influence

The parent company GRAG distributed a dividend amounting to Euro 200,200 thds to Shareholders in March 2018. Apart from that there are no material transactions with shareholders or persons who exercise a significant influence to be disclosed.

B.2 Fit and Proper Requirements

For all of those who direct our operations or hold a key function it is obligatory to be at all times personally reliable and to have the appropriate skills, knowledge, competences and professional experience. Hence there are certain fit and proper requirements which apply to all members of the Board, the Supervisory Board, the Principal Officers of our branches within the EU and all key function holders. The requirements for professional qualification need to be fulfilled in accordance with the principle of proportionality. The processes and procedures necessary to meet these requirements are laid down in a Fit and Proper Policy.

The members of the Board of Executive Directors shall collectively possess appropriate qualification, experience and knowledge about at least:

- Insurance and financial markets
- Business strategy and business model
- System of governance
- Financial and actuarial analysis
- Regulatory framework and requirements.

The members of the Supervisory Board must have the knowledge to adequately control and monitor the activities of the Board and to actively accompany the development of GRAG. This requires that the members of the Supervisory Board are able to understand GRAG's business activities and risks, are sufficiently familiar with the relevant laws and supervisory regulations and that at least one member of the Supervisory Board has expertise of accounting or the auditing of financial statements.

Prior to the appointment of Key Function Holders and Principle Officers of branches within the EU we consider

- Whether they possess the appropriate experience and professional qualifications to execute their responsibilities. These include
  - Appropriate academic qualification,
  - Relevant professional experience,
  - Knowledge of the insurance and reinsurance business,
  - Leadership experience,
  - Knowledge of regulatory requirements,
  - English language skills.

- Whether they demonstrated the appropriate competence and integrity in fulfilling occupational, managerial or professional responsibilities previously, and their conduct in their current roles.

The fit and proper assessment of key function holders is mainly facilitated by the annual appraisal process. This includes arranging for further professional training as necessary in order to meet changing or increasing requirements of the particular position's responsibilities. In addition situations shall be avoided in which personal or professional interest may conflict or appear to conflict with our best interest. Therefore we have implemented the following processes:

- Annual conflict of interest questionnaire with follow up by the legal department for any responses which may lead to a conflict,
- Regular screening against applicable trade sanctions lists,
- Duty to report any changes to circumstances which may impact their particular fitness and propriety.

B.3 Risk Management System including the Own Risk and Solvency Assessment (ORSA)

B.3.1 Risk Governance

We are committed to an integrated approach to risk management which forms the basis of a company-wide understanding of all risks that impact the organization and ensures that conscious risk management is part of the daily decision-making processes of each and every member of our staff. We meet this challenge by means of a **decentralized risk management system** embedded in a company-wide control framework, overseen and facilitated by our Risk Management Function.

The **Board** is responsible for ensuring the effectiveness of the company's risk management system, setting the risk strategy, the risk appetite and overall tolerance limits as well as the operational implementation of the risk assessment process.

B.3.2 Risk Management Function

One of the key roles in the risk management system is the RMF which is assumed by the CRO. The CRO is responsible for developing and implementing the risk management framework on behalf of the Board.

The RMF has unrestricted access to all information required for its work. In turn, all business units are obliged to inform the RMF of any facts relevant for the performance of its duties; this applies to other key functions as well. The RMF regularly communicates and closely collaborates with the AF, CF and IAF, while maintaining the appropriate level of independence.

The RMF reports directly to the Board on a regular, at least quarterly, and ad-hoc basis if deemed necessary and participates in Board meetings as appropriate. A more frequent reporting has been established with the Board member designated to oversee the entire risk management on his behalf.

The roles and responsibilities of the RMF comprise in particular:

- Facilitate the implementation of the risk management system
- Review and further enhancement of the existing risk management systemInitiate and coordinate all sub-processes of the ORSA process including the corporate risk assessment
- Coordinate and prepare regulatory reports such as the ORSA report, the Regular Supervisory Report (RSR) and SFCR
- Review, challenge and approve the results of the Underwriting Specific Parameter (USP) calculation and the methodologies applied by actuarial before inclusion of the results in the SCR calculation
- Monitor the risk management system and the general risk profile as a whole on an ongoing basis;
- Identify and assess emerging risks
- Regular risk reporting to the AMSB on risk management matters, as well as regulators as appropriate
- Advise on risk aspects of strategic affairs such as corporate strategy, new business, mergers and acquisitions, major projects and (de-)investments
- Challenge the risk strategy
- Challenge the RCs and CROs of our subsidiaries (together with the RMT)
- Coordinate with POs of our branch locations as appropriate.

In performing the tasks as set out above the RMF is supported by the RMT whose responsibilities include but are not limited to:

- Assistance in compiling the required risk management documentation and reports
- Coordinating and facilitating the ORSA process incl. the risk assessment process and capital adequacy calculations
- Monitoring compliance with regulatory standards
- Organizing all risk related activities and the enhancement thereof.

Regular communication channels ensure that all members of the RMT and the RMF are up to date on recent and future risk related activities as well as internal (e.g. organizational changes) and external developments/requirements (e.g. regulatory changes).

B.3.3 Risk Strategy

The risk strategy defines the Group's general approach to risk management, specifying all relevant risks to be addressed based on GRAG Group's business strategy, providing details on how risks are measured, managed and controlled and setting our risk appetite as well as our risk tolerance framework.

B.3.4 Risk Management Process

For the purposes of risk management we broadly define risk as the threat of potential events negatively impacting GRAG Group's ability to achieve its business goals. Risk may affect our ability to survive, successfully compete within the industry, maintain our financial strength and reputation, or maintain the overall quality of our products, services and people. Our risk management approach aims to support GRAG Group's business strategy by limiting risks to acceptable levels. Our corporate-wide risk management process comprises the following elements:

- Risk identification
- Risk measurement
- Risk monitoring
- Risk response
- Risk reporting.

The process is applied globally and includes all legal entities and branches. A key element of this process is our risk universe which has been developed to promote a consistent approach and to enable effective aggregation of the risks of all functional units through the use of common definitions.

We categorize risks into insurance, market, operational and strategic risks, thereby covering all risks to which we are or might be exposed to (see chart below).

Risks

Regular risk reporting routines as well as ad-hoc risk reporting have been established to ensure continuous monitoring of our risk profile and to provide the Board with information to:

- Understand GRAG Group's risk profile and how this has changed over time.
- Determine whether exposure to risk is managed in accordance with the risk appetites set by the Board.
- Assess the status of the control environment.
- Take action to mitigate unacceptable exposures to risk.

GRAG Group's risk profile is reported to the Board through the ORSA report and quarterly risk reports focusing on insurance, market and operational risks. The Supervisory Board is informed regularly on important risk management matters by the CRO.

B.3.5 Description of the Own Risk and Solvency Assessment

The Own Risk and Solvency Assessment (ORSA) is an integral part of the ongoing risk management process in order to identify, assess, monitor, manage and report the risks GRAG Group faces or may face over the business planning period. The results of the ORSA facilitate strategic decisions with consideration to GRAG Group's risk appetite and the amount of capital needed. As such, the ORSA is a key tool in ensuring that the entire Group has a level of solvency that is consistent with our business strategy.

GRAG Group is subject to the group supervision and in accordance with the BaFin's approval we are preparing a Single ORSA which includes GRAG Solo and GRAG Group in due consideration that the Group's risk profile does not substantially differentiate from the risk profile of GRAG Solo. Information on the GRAG Group's risk profile can be obtained from Chapter C.

The ORSA process and the ORSA report is conducted once a year which is considered adequate with due regard to Group's risk profile which is defined by our core business underwriting and investments. At the discretion of the Board, an ad-hoc ORSA may be run.

The ORSA process and report are coordinated and prepared by the RMF with input from the ROs and subsidiaries. The Board is actively involved in the individual sub-processes which are outlined in the ORSA Cycle down below. Regular and non-regular (ad-hoc) risk reporting procedures facilitate a continuous monitoring of our risk profile.

The **Business Strategy** is owned by the Board and defines our strategic goals and objectives. The business strategy is reviewed at least once a year and considers results from the ORSA process of the previous year, in particular results from the capital assessment when setting our business plans and updating the business strategy.

Based on the business strategy, the **Risk Strategy** is updated summarizing the overall risk profile, how risks are measured, managed and controlled and providing details on GRAG Group's risk appetite and tolerance framework.

The **Risk Assessment** is a group-wide annual process and basis for determining GRAG Group's risk profile. It includes the identification and evaluation of all risks the Group is exposed to and covers quantifiable and non-quantifiable risks. The risk assessment is a group-wide annual process. Risks are assessed for the potential residual impact on our balance sheet and their likelihood; the design and operating effectiveness of controls are also considered. For information on the Group's risk profile, in particular on material risks, please refer to chapter C.

The **Regulatory Capital Requirements** are determined by applying the standard formula (SF) approach as set out in the Solvency II Directive. Based on the calculations we conclude whether sufficient capital, in both quantity and quality, is available to meet the regulatory level of solvency. As part of our assessment of the appropriateness of the SF, we also analyze if any material risks are not fully included in the SF. As a consequence of the analysis, we include spread/default risk for European Government Bonds in our own evaluation of market risks.

Any other risk not included in the SF is either non-material for GRAG Group, implicitly covered by the SF or its correlation to other risks is hardly quantifiable in a reliable manner. In particular, it is difficult to separate these risks from insurance and market risks to avoid any double counting with risks already taken into account in the SF. For these reasons, we consider it more adequate to address these risks by an appropriate governance framework, i.e. by appropriate processes and controls instead of providing additional capital for these risks. With regard to the extrapolation of risk-free-rates, we have no indication that the methods used to determine the risk-free rates provided by EIOPA are inappropriate. Furthermore, we analyzed the impact of a change in the ultimate forward rate as suggested by EIOPA. Based on our portfolio the impact was immaterial both for our L/H and P/C business.

Stress testing with its sensitivity, stress, scenario and reverse stress testing has the main objective to verify the robustness of our capital. Stress tests are based on the results of the risk assessment as well as the regulatory capital requirements. They focus on material risks in order to provide appropriate information on GRAG Group’s ability:

- To continue its business under adverse conditions
- To comply with regulatory requirements on a continuous basis
- To establish appropriate management actions if required.

Stress tests and scenarios are also used as basis for determining the overall solvency needs (see next paragraph but one) and when setting the risk appetite and tolerances in the course of the risk strategy update for the next ORSA cycle.

In the scope of the **Forward Looking Assessment** we assess the Group’s ability to meet capital targets over the business planning period of three years by projecting the economic balance sheet, own funds and the solvency ratio along with a number of relevant scenarios. The results thereof are incorporated in the risk appetite and risk tolerance decisions, the determination of the overall solvency needs and our capital management plan.

We have established an **Own Capital Assessment Process** to determine our own view on capital adequacy resulting in the **overall solvency needs (OSN). The OSN** considers all material risks which are basically associated with our core business underwriting and investments. For these we apply a scenario based approach in contrast to the modular approach used for the SF in order to avoid assumptions about correlations and model risk. Hence, we look at losses in individual and relevant scenarios for our material risks and add up the results thereof without any diversification to establish our OSN. Our main objective is to have sufficient capital in order to support the loss scenarios and to be able to maintain regulatory compliance with the standard formula.

The results from the ORSA process allow the Board to obtain a profound understanding of GRAG Group’s risk profile, to compare the risk profile to agreed risk appetites and to integrate the results into decision-making. The ORSA process and its results are documented in the **“Record of Each ORSA”** serving as audit trail and evidence of the outcomes of the ORSA process as well as documentation regarding the assumptions and input parameters used.

B.4 Internal Control System

B.4.1 Elements of the Internal Control System

A key component of our system of governance is the maintenance of a sound and robust internal control system (ICS) focusing on those processes which are associated with material risks. The ICS supports the effective and efficient performance of our business operations and ensures that we comply with all applicable laws, regulatory requirements and internal standards; it also includes the documentation of processes and control activities.

We promote the importance of internal controls, by ensuring that all staff, in executing their duties, clearly understands their responsibilities, to ensure compliance and adherence to our internal control framework.

Control activities have been implemented throughout the organization, across all levels, functions and main processes. Controls are proportionate to the implications of each individual process and designed to ensure that appropriate measures are taken in order to manage and mitigate risks that could affect our ability to achieve objectives. Control activities include, but are not limited to, approvals, authorizations, verifications, reviews of operating performance and segregation of duties. Related processes and controls are documented in detail and are subject to regular testing and review.

Compliance with Sarbanes-Oxley section 404 is based on a holistic, group-wide risk based approach and is assessed annually through Internal Control Testing (ICT). The Gen Re Group has adopted the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) Framework as the Group’s Internal Control Framework, including policies, processes and information systems.

The adequacy and effectiveness of the internal control system is regularly and independently evaluated by IA. Identified issues are to be reported to the Board.

B.4.2 Compliance Function

The Compliance Function (CF) is assigned to the legal department and the responsibility for this key function is assumed by GRAG’s General Counsel. The CF is responsible for maintaining a framework whereby the entire Group demonstrates compliance with applicable legal and regulatory requirements facilitated by the regular compliance risk assessment as well as the quarterly risk reporting procedure. The CF provides the Board with analysis, recommendations and information on legal, regulatory and compliance-related matters.

Main tasks of the CF involve:

- Monitoring of changes in the legal environment and evaluate its impact on GRAG Group and its business.
- Communication of regulatory updates to relevant staff.
- Training of staff on relevant compliance matters.
- Counselling of the applicable Boards on compliance matters.
- Close collaboration with other departments and key functions such as IAF, RMF and the legal department to achieve resource efficiency.
- Inform management on current compliance issues in a timely manner and advise on effective remediation measures.
- Preparation of a compliance report for the AMSB at least annually.

- An independent review and evaluation if compliance issues/concerns within the organization are being appropriately evaluated, investigated and resolved.
- Counsel management and staff on adequate regulatory controls within their business/ service Units and monitor the execution and documentation thereof.
- Compliance Risk Assessment at least annually.
- Set up and ensure execution of the compliance plan.
- Maintenance of a central inventory of material outsourcing agreements.

Overall we consider the following topics of particular importance and as such as key areas of the CF:

- Supervisory regulation
    - Solvency II compliance and its related policies and procedures
    - Insurance supervisory regulations applicable
- Anti-money laundering
- Antitrust / competition law
- Anti-bribery and corruption
- Anti-fraud
- Trade restrictions and embargoes
- Insider trading
- Conflict of interest
- Data privacy
- Corporate law and governance.

However, as deemed necessary we select additional topics on a risk based approach.

The framework of the CF is outlined in the Compliance Function policy which is available via the corporate-wide intranet to all staff and provides guidance on the objectives, roles and responsibilities, processes and procedures as well as applicable reporting lines. The policy applies to GRAG, including its branch locations, representative offices, and all subsidiaries, so long not contradictory to local laws and regulations. It is subject to an at least annual review by the policy owner who is responsible to monitor relevant changes in the regulatory landscape or processes in order to ensure that the policy is kept up to date. During the reporting period there were no significant changes to the policy.

The CF has unrestricted access to all relevant information required to perform its duties. POs and where required by local regulations COs have been appointed for each branch and representative office to assist the CF in its duty.

The CF regularly communicates and closely collaborates in particular with the RMF and IA, while maintaining the appropriate level of independence. The CF regularly meets with the Chairman of the Board and participates in board meetings as appropriate to report on relevant compliance matters and to obtain the information necessary to perform its duties. The reporting to the Board also includes the annual Compliance Function Report providing a summary of the activities performed and their status as well as compliance issues during the year.

In addition the CF prepares a risk-based compliance plan for the coming year.

B.5 Internal Audit Function

The role of the Internal Audit Function (IAF) is assumed by the international internal audit manager, supported by the internal audit department. The IAF is an independent function established to examine and evaluate the functioning, effectiveness and efficiency of the internal control system and all other elements of the system of governance; ultimately they assist the Board and senior management in the effective discharge of their control and compliance responsibilities and provide them with analysis, appraisals, recommendations and information.

The internal Audit Policy outlines the overall aim, governance, audit roles and the audit process at GRAG and the entire Group. The policy is subject to an annual review and supplemented by the Internal Audit Charter and the Internal Audit Procedures Manual. Updates of the policy are distributed to the IA Team and other stakeholders as appropriate. During the reporting period there were no significant changes to the policy.

The audit process is comprised of:

- Audit plan
- Audit preparation and audit planning memorandum
- Risk and control matrix formulation
- Audit fieldwork
- Audit observation table and audit report
- Follow-up.

Internal Audit is an integral part of the internal control framework and performs operational, financial and IT audits focusing on the structure, controls, procedures and processes associated with underwriting, investments and the operations supporting these businesses. Internal Audit also performs compliance audits to review the organization’s adherence to a regulatory framework or guidance, such as Solvency II requirements.

Internal Audit also conducts special reviews as requested by Management such as specific fraud investigations following a fraud indication. On request and in addition to auditing activities, Internal Audit also advises Management on questions related to the internal control system.

IA has full, free and unrestricted access to all activities, records, property and personnel. IA regularly communicates and closely collaborates with the RMF and CF while maintaining the appropriate level of independence. The annual audit plan which summarizes all audit areas for the upcoming year, is approved by the Board and distributed to all stakeholders. The annual audit plan can be subject to change on an ad-hoc basis, when deemed necessary. The Audit Report, which contains the findings of the audit work, recommendations and management responses, is distributed to all relevant stakeholders. All open observations are regularly followed up to ensure that the management actions as agreed in the audit report are implemented.

B.6 Actuarial Function

The Actuarial Function (AF) is assumed by CAS ensuring that appropriate methods and parameters are applied in the P/C and L/H International reserve setting process, including the review of technical provisions (TPs). Further, the AF is responsible for establishing actuarial models for regulatory reporting. The AF and the actuarial reserving units are working independently from the underwriting/pricing business units, with direct reporting lines to the Board.

The AF submits an annual actuarial function report to the Board and the other key functions providing details on the appropriateness of underlying methodologies, models and assumptions used in the calculation of TPs. The AF is part of our RC and regularly reports to the RMF

The tasks of the AF include in particular:

- Coordinate and validate the calculation of the TPs
- Ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of TPs
- Assess the sufficiency and quality of the data used in the calculation of TPs and contribute to data quality improvement as appropriate
- Compare best estimates against experience
- Inform the Board about the reliability and adequacy of the calculation of TPs
- Express an opinion on the underwriting policies
- Express an opinion on the adequacy of the retrocession policies
- Contribute to the effective implementation of the risk management system
- Support the RMF in terms of the USP calculation for the P/C premium and reserve risk
- Produce further annual reports such as the validation report for L/H or the USP report for P/C.

B.7 Outsourcing

Main rational for outsourcing is to support our supply and cost management strategy. However, outsourcing could result in significant risks if not adequately recognized and managed: the service might be outsourced but the risk cannot. Therefore, we have implemented an effective outsourcing governance framework in order to ensure that outsourcing contracts comply with legal, regulatory and operational internal requirements and adequate measures for the effective oversight and management of outsourcing arrangements are in place. In our outsourcing policy we define roles and responsibilities in the outsourcing, risk analysis and due diligence process as well as contractual arrangements, monitoring and reporting routines.

As regards to IT, we have been outsourcing IT services and infrastructure services to GRC located in the US and external providers since 1997. Referring to asset management our investment portfolio is managed by NEAM in Dublin, Ireland. Prior to entering into the particular outsourcing arrangements we have performed a detailed examination of the service providers to ensure that they obtain the ability, capacity and any authorization required by law to fulfil their duties.

For both outsourcing arrangements we have appointed relationship manager who are responsible to ensure the maintenance of an effective day-to-day service which include oversight of onsite staff from the service companies and regular review meetings to discuss the service performance against key performance indicators (KPIs) and compliance with the service level agreements (SLAs). This also involves an effective business continuity plan in the event of a disaster. The relationship manager regularly provides the RMF with the status of the outsourcing arrangement in the course of the quarterly risk reporting procedure.

B.8 Any Other Information

We have no further information to be disclosed.

C. Risk Profile

We are in the business of assuming risk and as such we have defined the risks we actively seek and those that we want to minimize. For those risks we consider "material" a risk appetite and tolerance framework has been established by the Board as part of the risk strategy which is aligned with group goals and the business strategy.

The following table shows the split of the individual risk charges per risk module based on the standard formula in comparison to the previous year:

Solvency II Capital	Solo		Group	
	2017 €'000	2016 €'000	2017 €'000	2016 €'000
Eligible own funds	5,284,057	4,710,215	5,284,057	4,703,115
SCR	**2,120,496**	**1,773,609**	**2,230,770**	**1,876,760**
Surplus capital	3,163,561	2,936,605	3,053,287	2,826,356
MCR	**954,223**	**798,124**	**980,433**	**824,642**
Solvency ratio	**249.2%**	**265.6%**	**236.9%**	**250.6%**
Risk modules				
Underwriting risk Life	1,310,039	1,225,340	1,460,354	1,347,093
Underwriting risk Health	701,560	663,785	823,440	746,377
Underwriting risk Non-Life	914,562	900,722	914,562	900,722
Market risk	1,202,691	782,085	1,196,722	795,063
Counterparty default risk	55,355	62,877	57,316	72,346
Diversification	-1,566,364	-1,397,126	-1,668,560	-1,477,685
Operational risk	138,694	147,184	138,671	149,677
Loss-absorbing capacity for deferred taxes	-636,040	-611,256	-691,735	-656,832
Total	**2,120,496**	**1,773,609**	**2,230,770**	**1,876,760**

GRAG, the parent company, is the main risk carrier within the Group. The main difference between the Group and the Solo risk profile refers to the additional risk charges for Life/Health business of GRLA and GRSA. In terms of the market risk, the impact of GRAG's subsidiaries is comparably small as the subsidiaries only invest in government bonds.

Overall our capital position is more than adequate to profitably grow our business, supporting our clients with our expertise and capital strength.

In the following we provide details to those risks that could impact our risk profile.

C.1 Insurance / Underwriting Risk

In this section we cover both Life/Health and Property/Casualty risks which are considered our main risks. The risks included in this category are:

- Pricing and underwriting risk (non-nat cat),
- Natural catastrophe risk,
- Terrorism risk,
- War risk,
- Pandemic risk,
- Cyber risk,
- Reserving risk.

As within the standard formula, the focus of underwriting risk can be split into our current or future underwriting activities, which include pricing and underwriting risk, and those risks that result from prior underwriting periods, reserving risk. We also place special attention on natural catastrophe and pandemic risks due to their potential to impact the risk profile.

Pricing and underwriting risk is the risk that actual claims amounts exceed expected claims amounts as established in the underwriting process before inception of treaty. We have established a well-defined underwriting process with integrated controls based on a two head principle and a clear referral process, with authorization levels which are specified in the underwriting guidelines. Centrally developed pricing tools are globally applied; centrally approved pricing parameters and benchmarks for all major markets and lines of business ensure the consistency of pricing.

The **natural catastrophe risk** is the risk of loss resulting from natural catastrophe on the in-force book of business. For Property/Casualty treaty business GRAG Group writes natural catastrophe risk in developed markets where covered perils and exposures are known. GRAG Group does not write any business solely for the purpose of diversification.

The natural catastrophe exposure is regularly monitored and analyzed to ensure that peak exposures are well understood. We have risk limits respectively tolerance levels in place that are linked to capacities representing maximum admissible aggregated limits per country. The determination of capacities ensures that the natural catastrophe risk is managed within risk appetite and risk tolerance.

With regard to nat cat exposure from Life/Health we analyze our earthquake exposure based on a scenario approach. For proportional business this is based on an earthquake scenario that leads to a certain number of fatalities in per country. Referring to other perils (e.g. windstorm) we assume that additional claims from such an event will be small given our portfolio.

Terrorism risk is the risk of loss resulting from terrorism events on the in-force book of business. We generally do not actively seek terrorism risk; it is an exposure that arises out of the course of assuming reinsurance business. Nonetheless, it is a risk that we do actively manage and control, given the accumulation potential that it represents.

War risk is the risk of loss resulting from war events on the in-force book of business. For Property/Casualty treaty business war is a standard exclusion in all lines except marine, aviation and personal accident. In accordance with our underwriting guidelines minor exposures may be accepted in these lines. For L/H business we distinguish between proportional business and non-proportional Cat-XL business. While non-proportional Cat-XL is not exposed to war, we assume exposure from proportional business. This exposure is evaluated and monitored based on scenarios for traditional war or missile attacks.

Pandemic risk is the risk from pandemic events such as e.g. swine flu, avian flu and pestilence. In regards to the Life/Health pandemic catastrophe risk we consider a number of scenarios to evaluate the impact of a world-wide flu infection. GRAG's underwriting rules specify explicit capacity limits with regard to non-proportional business for per event excess of loss business (Cat XL).

For managing risk we rely on control activities that are subject to annual internal control testing. In particular, for Life/Health cat risk we refer to the underwriting policy and guidelines, the system of personal underwriting authorities and referral as well as underwriting reviews.

We continue to monitor and manage all risks, including those that are developing such as **cyber risk**. The rapidly changing nature of cyber risks make this one of the most challenging exposures to assess, price, monitor and aggregate from an underwriting perspective. Sources of cyber exposure are not fully known and therefore leave potential for unplanned losses. We monitor our exposures from insurance policies that explicitly cover cyber risk on a quarterly basis.

Reserving risk is the risk of additional reserve needs for the ultimate settlement of claims that exceed the initial expectation or recent reserve bookings. In the estimation process reasonable assumptions, techniques and judgments are used in accordance with best actuarial standards of practice, including reconciliations, checks and a thorough review process. The reserving risk is controlled by monitoring the underlying business, intensive reviews, segregation of duties and the four eyes principle in the reserving process.

C.2 Market Risk

We invest to generate competitive returns over time, while managing liquidity needs and investment risk accordingly. Our fixed income portfolio structure is composed of high quality and highly liquid investments. The shorter duration of the fixed income portfolio ensures that substantial liquidity is available to meet all obligations for cash payments under normal conditions, as well as in a stress situation.

With the continued low interest rate environment, equity markets have performed favorably in recent years. We have allocated a significant portion of our budgeted capital to equity securities while this can create capital volatility we expect to hold equity investments for long periods of time. Due to the comparable sizes of the portfolio we have decided that only the parent company GRAG can purchase equities. The subsidiaries have fixed income securities only.

Market risk is the risk of economic losses resulting from price changes in the capital markets. The market risk contains the following risks:

- **Interest rate risk** resulting from value sensitivity to changes in term structures or interest rate volatility
- **Equity risk** arising from volatility in market prices, which could negatively impact the value of our equity holdings
- **Currency risk**, arising from changes in the level or volatility of currency exchange rates or inadequate currency matching
- **Credit spread risk** arising from changes in market prices following a change in the credit spread above the risk-free interest rate curve or following a rating downgrade (excluding retro credit risk)
- **Counterparty default risk** arising from counterparty default, banking failure or downgrading on credit based investments including settlement risk (accounts receivables); including retro credit risk, broker or cover holder risk but excluding intragroup exposures
- **Concentration risk** which arises from losses/volatility resulting from concentration of investment exposure in a specific instrument, issuer or financial market. It includes losses from concentration of exposure or insurance risk across clients, risks or perils, correlation/unanticipated accumulations across the balance sheet including both assets and/or liabilities
- **Liquidity risk** arising from lack of market liquidity preventing quick or effective liquidation of positions or portfolios, and limited access to funds.

In line with our Prudent Person Principle Policy (please see below) all investment activities have to be appropriate and the risks associated with the invested assets have to be considered. Hence, our investments must comply with the Corporate Investment Policy in order to ensure that the assets are appropriate for the liabilities and the risk profile of GRAG Group. The output of the investment policy is the **GRAG Master Investment Guidelines (MIG)** of GRAG Group. The MIG define the risk limits for the different investment risks and asset classes. The limits within the guidelines are concrete and measurable. Both the policy and guidelines are reviewed by the Board and Supervisory Board on an annual basis. The market risk is managed and measured in accordance with

- Clear guidelines for existing asset classes and for investment activities in permitted asset classes,
- Defined limits for total aggregate exposure as well as single issuance limit,
- A special duration target for the portfolio and the distribution of suitable limits per asset class and rating category,

- A **Currency Matching Policy** to ensure that we can meet all obligations in any foreign currency and to limit currency exchange exposure,
- Central approval of investment activities or guideline changes by the management and Supervisory Board.

Assets invested in Accordance with the Prudent Person Principle (PPP)

We have a prudent approach to investment risk, generally prioritizing credit quality in the selection of individual investments and avoiding complex instruments. Our main priority is to have a portfolio which is composed of investment grade and liquid assets as these assets can be quickly converted into cash with minimal impact to the price received in an established market. We have a "buy and hold" strategy and therefore manage the total investments in order to have adequate fixed income investments available to meet the liquidity requirements of our business operations at all times.

All assets shall be invested to achieve the following objectives:

- Generate levels of investment income commensurate with agreed risk parameters, while generating competitive total rates of return and managing investment risk accordingly,
- Maintain an appropriate level of liquidity to satisfy the cash requirements of current and future operations,
- Meet insurance regulatory requirements with respect to investments under various insurance laws and regulatory admissibility levels,
- All investments and reinvestments will be made in the currency of our cash contributions unless otherwise specifically directed.

Targets and limits are set according to the GRAG Master Investment Guidelines and are reviewed at least annually. In accordance with our "buy and hold" strategy and strong capitalization we do not have any automatic triggering targets which would result in the sale of any asset class.

C.3 Credit Risk

Credit spread risk resulting from our investment portfolio is included under market risk. The remaining credit or counterparty default risk arises from a default of cedants, retrocessionnaires and brokers or banking failure. Our exposure is comparably small as it is shown in the table on page 38.

The outstanding receivables are regularly collated on a group-wide basis, necessary provisions are calculated for overdue receivables in accordance with uniform group-wide standards, and the results are reported to management.

Targets and measures for dealing with overdue receivables are agreed with the business units, and their implementation is regularly monitored.

The retrocession arrangements of GRAG Group with GRC and GRL only slightly impact our credit risk due to the strong capitalization, which is also confirmed by external rating agencies.

C.4 Liquidity Risk

Liquidity risk associated with our investment portfolio is the risk arising from lack of market liquidity preventing quick or effective liquidation of positions or portfolios is included market risk.

We keep a liquidity margin based on a combination of historical working capital and the past significant short-term cash requirements following a natural catastrophe. We monitor our cash inflows from investments per currency on a weekly basis.

We also consider the implications that investments with sale restrictions and required deposits have on our liquidity. The average duration of our fixed income assets is generally shorter than the duration of the liabilities which permits adequate liquidity to fund liabilities.

In the case of an extraordinarily large payment, we can generate funds very quickly due to the highly liquid nature of our fixed income portfolio. We therefore consider the composition of the assets in terms of their nature, duration and liquidity appropriate to meet the undertaking's obligations as they fall due.

Expected Profits in Future Premium (EPIFP)

The EPIFP takes into consideration the expected future cash inflows from premium less the associated expected cash outflows such commissions, management expenses and future expected losses. The amounts shown in the table below have been discounted using the rates provided by EIOPA.

EPIFP	Solo		Group	
	2017 in €'000	2016 in €'000	2017 in €'000	2016 in €'000
Total Non-Life	-3,842	-14,358	-3,842	-14,358
Total Life/Health	2,417,869	1,695,214	2,651,243	1,860,797
Total EPIFP	**2,414,027**	**1,680,856**	**2,647,401**	**1,846,439**

C.5 Operational Risk

Operational risk is defined as the potential loss resulting from inadequate internal processes, human and technical failure, fraud and/or external events. All operational risks are reviewed, analyzed and assessed on a regular basis in order to promptly detect deficiencies in policies, procedures and processes, and to propose and implement corrective actions.

All operational risks and related controls are evaluated in the scope of our annual operational risk assessment which is applied globally and is an integral part of GRAG Group's ORSA process. Our objective is to continuously improve our risk awareness and operational risk culture which is supported by the Internal Audit Function who assists the Board and senior management by independently reviewing application and effectiveness of operational risk management procedures.

Based on the results of our operational risk assessment, we do not view any of these risks as threatening to the capital strength of the organization.

Considering that we do not have a model which aggregates these risks, we use the results from the standard formula in our own assessment. In comparison to the individual risk assessments we consider the amount from the standard formula conservative. As a reinsurer we are a "business to business" operation, transacting with insurance professionals which reduces our operational risk exposure.

C.6 Other Material Risks

In addition to underwriting and market risks, we consider strategic risks within our risk assessment, in particular the strategy and the emerging risks material. As these risks are difficult to quantify we apply a conservative approach when assessing these risks. Qualitative discussions around these risks and corresponding controls increase the risk awareness. We continue to monitor and manage these risks consistently within the entire Group.

In the following we provide more details on the strategic risks:

Strategy risk is defined as the risk of loss from implementing an inappropriate business strategy or poor execution of appropriate strategy (incl. IT) and also includes ineffective project or change management Strategy risk is critical to the growth and performance of our business and considers the organization's response to untapped opportunities. Risks/opportunities include but are not limited to the following: consumer demand shortfall, competitor pressure, product issues, loss of key customers, R & D, changing technology, industry downturn and but also substandard execution of decisions or inadequate resource allocation. The Board owns our strategy and regularly reviews and challenges current strategic decisions, evaluating whether the strategy is appropriate given the dynamic business environment and in due consideration what risks could affect our long-term positioning and performance.

The **reputational risk** is defined as any risk to GRAG Group’s reputation possibly damaging shareholder value. The reputational risk could lead to negative publicity, loss of revenue, litigation, loss of clients, regulatory concerns, etc. Drivers might include inappropriate client / transaction pre-qualification, inappropriate tax structures, etc. This relates to stakeholders including existing and potential client relationships, investors, suppliers and supervisors. We consider the reputational risk a by-product of operational, regulatory or strategic risk which could manifest itself through weaknesses or failures in our internal control environment. Thus, we manage these risks through the use of policies, processes and hence a robust internal control environment. Through our worldwide Code of Conduct, which clearly sets out our view on corporate integrity and value management, our associates are required to maintain the highest degree of integrity towards each other, GRAG, the entire Group and our business partners. Regular training initiatives are carried out for all employees to ensure awareness of regulatory and legal compliance and for dealing with conflicts of interest. All these procedures promote preserving our image and credibility and minimizing our exposure to reputational risks.

Emerging risk is defined as the risk of loss resulting from a newly developing or changing (political, economic, social, technological, legal, environmental, etc.) situation that could have critical impacts on us but which may not be fully understood, are difficult to quantify and might not even be considered in contract terms and conditions, pricing, reserving, operations or capital setting. These exposures could have material global impact on GRAG, the entire Group and/or our clients. We identify and evaluate emerging issues in the scope of our risk assessment as part of the group-wide annual ORSA process. Developments are monitored by the quarterly risk reporting procedure.

Group or intergroup risk is defined as the failure of an affiliated company to meet financial commitments which can lead to restricted growth, increased costs and/or additional regulatory scrutiny. These risks involve reputational risks, risks stemming from intragroup transactions, concentrations across the Group, and interdependencies between risks arising from conducting business through different entities and in different jurisdictions as well as risks from third-country entities.

There exist guarantees in favor of the clients of GRLA and GRSA to the effect that GRAG shall be liable for the commitments arising out of existing reinsurance treaties in case the individual subsidiaries are unable to meet their commitments. However, we actively manage our subsidiaries and we continuously monitor the liquidity at each location. In the event that GRAG Group would need additional capital, our parent company GRC ensures capital resources.

In addition, the Group is faced with a heightened regulatory environment and increasing demands from our subsidiaries and branches worldwide. As a result we have to operate efficiently and effectively to comply with applicable principles, rules and standards. The regulatory requirements are steadily monitored by our network of POs/COs supported by our legal department and the CF. In consideration of our processes and monitoring procedures implemented we consider the group risk remote.

C.7 Any Other Information

C.7.1 Risk Concentration

This section covers risk concentration between risk categories. The Group has a well-diversified underwriting portfolio and thus do not have any other material risk concentrations. GRAG Group transacts L/H and P/C reinsurance business worldwide. While our volumes may vary, we currently do not anticipate a change in our risk profile resulting in material concentration of risks over our planning horizon.

Significant Risk Concentration at the Group Level

In regards to underwriting our subsidiaries follow the same guidelines, policies and procedures as the parent company. They represent the Group in geographic regions which the parent company does not service. Therefore, they do not add additional concentration but additional geographic diversification on the group level.

In regards to investment risk, the size of the subsidiaries' investment portfolios is considerably smaller compared to the parent. The investment guidelines of the subsidiaries stipulate that they only invest in government or government guaranteed securities and to a limited extent in supranational securities in the local currencies that match the liability exposure. Thus, we do not have any additional risk concentration at the group level.

C.7.2 Risk Mitigations Techniques

Under Solvency II the definition of risk mitigating techniques for underwriting refers to the purchase of retrocession agreements. We are generally a gross for net underwriter, however we do consider opportunistic retrocession purchases in order to optimize our risk and capital position.

Within our Property/Casualty portfolio we mitigate underwriting risk through a set of integrated controls based on a two head principle and a well-defined referral process with authorization levels which are determined in the underwriting guidelines. Globally applied pricing tools with centrally approved pricing parameters and benchmarks for all major markets and lines of business ensure the consistency of pricing.

Similar to Property/Casualty, the Life/Health underwriting risk is managed and mitigated by underwriting controls and guidelines, a system of personal underwriting authorities, referral and underwriting reviews. Pricing models are established based on our pricing methodology. Any transaction that does not meet minimum pricing criteria as set out in the pricing methodology requires approval by a referral underwriter in Cologne.

GRAG entered into a retrocession arrangement with the parent Company GRC. Hence, 20% of all non-life business written is retroceded from 1 January 2017. While this reduces our non-life risk, the motivation for the retrocession is to mitigate the US trade sanctions risk and protect Gen Re employees who are US citizens.

In the third quarter of 2017 our Australian subsidiary wrote a very large block of business which involves a substantial financing component. 90% of the main financing transaction within this business is shared with our US sister company GRL.

The overall effectiveness of our mitigation techniques is confirmed by our underwriting performance. We monitor our processes regularly with detailed reporting of our results and status of our portfolios.

C.7.3 Stress and Scenario Testing

As part of the ORSA process we perform stress tests as of the valuation date and if relevant over a multi-year time horizon.

Stress tests cover at least:

- Individual stress tests assessing the impact of a single event,
- Scenario analysis focusing on the impact of a combination of events,
- Sensitivity analysis aiming to test model results to changes in key input parameter of the model,
- Reverse stress tests identifying those stress and scenarios that could threaten the Group's viability.

The principles set out below apply to all stress tests for GRAG and GRAG Group:

- Stress tests are based on the Group's main risk drivers, i.e. insurance risks and market risks. Parameter stress tests reflect the risks the Group is exposed to going forward.
- Stress tests are to be applied to
    - The Solvency II Own Funds,
    - The SCR derived from the standard formula.
- In addition to the stress tests based on the actual portfolio, additional stress tests are calculated taking into account the full use of the risk tolerances.
- Stress tests, where appropriate, take into account varying levels of severity, different risk measures (such as VaR and Tail Value at Risk (TVaR)) and valuation basis.
- Generic stress tests may be applied, in particular for a scenario calculation which combines several single stresses.

Within our 2017 ORSA we have identified the most relevant stresses for GRAG Group. The results are shown net of tax in the table below providing their impact on our own funds, the solvency capital requirement and the solvency ratio.

Scenario	Own Funds		Solvency Capital Requirement		Solvency Ratio	
	after Scenario €'000	Δ to Year-end 2017 €'000	after Scenario €'000	Δ to Year-end 2017 €'000	after Scenario in %	Δ to Year-end 2017 in %
Non-Life Underwriting Risk*						
- European windstorm scenario	5,030,587	-248,686	2,230,770	0	225.5%	-11.4%
- Flood Germany scenario	5,075,317	-203,956	2,230,770	0	227.5%	-9.4%
- Earthquake Germany scenario	5,196,727	-82,546	2,230,770	0	233.0%	-3.9%
- Hail Germany scenario	5,134,247	-145,026	2,230,770	0	230.2%	-6.7%
Life-Health Underwriting Risk						
- Pandemic scenario	4,718,187	-561,086	2,230,770	0	211.5%	-25.4%
Market Risk						
- Equity crash scenario	3,637,083	-1,642,190	1,923,638	-307,133	189.1%	-47.8%
Combined Event						
- Combination of European Windstrom, Equity Crash, Pandemic scenario	2,832,094	-2,451,963	1,923,638	-307,133	147.2%	-89.6%

*based on an Occurence VaR 99.5%

The most material perils for the Group's P/C business are European Windstorm, Flood Germany, Earthquake Germany and Hail Germany.

In all stresses, the SCR was assumed to be constant, i.e. we considered our exposure and thus our SCR to be unchanged even after a severe natural catastrophe event. For the scenarios we assumed a natural catastrophe according to our internal models with a return period of 200 years.

The most relevant catastrophes for L/H business are pandemics, as a pandemic would incur a large number of fatalities in countries with a high insurance penetration. We considered the SII pandemic, which corresponds to an additional insured lives mortality of 1.5 per 1,000 in one year. We assumed that our portfolio would not change fundamentally as a consequence of the pandemic and thus the required capital would remain unchanged.

With respect to market risk the most material stress for our solvency positions is an equity stress. We assumed an equity stress of 50% in the scenario above. In the case of a severe market crash, the Group would lose substantial financial resources as a result of unrealized losses. Nonetheless we would still be able to meet our regulatory capital requirements in such an extreme event.

According to our reverse stress test analysis we would need to suffer a loss of Euro 3,160,304 thds to reduce our solvency ratio to the regulatory requirement of 100%. Considering a combined scenario with an European windstorm, a pandemic event and an equity crash our capital position would remain well above this level even without any management actions.

Only in one very extreme and remote scenario, where all our insurance business would simultaneously suffer worst case losses, including severe catastrophes and our entire investment portfolio being adversely impacted at the same time, we would fall slightly short of the solvency capital requirement. However, we consider this an extremely remote scenario nonetheless we would still have capital above the minimum capital requirement (MCR), and thus be able to take the appropriate management actions required. In addition to management actions, we could rely on parental support if such an extremely remote scenario were to occur.

D. Valuation for Solvency Purposes

Please note that unless otherwise stated the information provided apply to GRAG Group as well as GRAG Solo.

D.1 Assets

The Group applies the Solvency II principles for asset recognition and valuation, which are based on the going concern principle and individual asset valuation based on the “fair value principles. Unless otherwise required by Solvency II regulations, the recognition of assets and their valuation is based on international accounting standards (IAS), as endorsed by the European Commission.

In determining the value of assets we follow the Solvency II valuation hierarchy.

- Mark-to-market approach (default method): We use quoted market prices in active markets for the valuation of assets. Solvency II follows the IFRS principles for active markets.
- Marking-to-market approach: If quoted prices for assets are not available, quoted market prices in active markets for similar assets are used making any necessary adjustment in order to reflect observable differences.
- Mark-to-model approach (alternative technique): Where the use of quoted market prices for the same or similar assets is not available, we would apply alternative valuation methodologies. As far as possible, the alternative valuation methods are based on the use of observable market data.

We assume an active market exists unless one or more of the following market conditions apply:

- High volatility in prices
- Low level of transactions
- Extensive price spread between purchase and sale prices
- Low volume of trade.

Where necessary, a simplified approach has been adopted, when deemed appropriate considering the materiality of the balance sheet item.

The consolidated financial statement of GRAG Group has been prepared in accordance with US GAAP and includes the accounts of GRAG and its subsidiaries GRSA and GRLA. Inter-company accounts and transactions have been eliminated.

The financial statement of GRAG has been prepared in accordance with HGB which is shown in the columns indicated with Solo.

Assets and liabilities are translated at the exchange rate as of the end of the reporting period. For the reporting period the following foreign exchange rates were applied:

Subsidiary	Exchange rate to Euro as of 31 December 2017
General Reinsurance Africa Ltd., Cape Town/South Africa	0.067470
General Reinsurance Life Australia Ltd, Sydney/Australia	0.653731

The Group Solvency II balance sheet has been prepared following the consolidation method which is considered the default method and is referred to as method 1 in accordance with Art. 230 of the Solvency II Directive.

It should be noted that our subsidiaries GRLA and GRSA are incorporated outside the European Economic Area (EEA) and as such they are not subject to Solvency II regulation on a stand-alone basis. Therefore we have established a Solvency II Accounting Manual focusing on the recognition and valuation of assets and liabilities in order to ensure a consistent approach for all entities within the GRAG Group.

Based on this the parent company GRAG as well as the subsidiaries GRLA and GRSA each prepare Solvency II balance sheets on a solo level, starting with the US GAAP Financial Statements. Adjustments such as reclassifications and valuation adjustments may be necessary to arrive at the Solvency II balance sheet. The SII technical provisions are calculated by the parent company GRAG based on cash flows provided by the local actuarial function (or chief actuary) for each entity in scope.

The individual Solvency II balance sheets of the group entities are consolidated taking into account the elimination of inter-company transactions.

In aggregating the asset categories for valuation and reporting purposes, the Group has complied with the SII balance sheet template.

Please note that rounding differences can occur in the following tables.

The table below contains all assets of GRAG Solo and GRAG Group as at 31 December 2017 according to Solvency II valuation principles compared with HGB and US GAAP. For a complete listing of assets refer to QRT-balance sheets in the appendix S.02.01.02 for solo and group.

Assets as at 31 December 2017	Note	Solo		Group	
		Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Deferred acquisition cost	1	0	0	0	130,323
Intangible assets	2	0	35	0	35
Deferred tax assets	3	66,155	224,793	80,211	28,257
Pension benefit surplus	4	7,592	21,576	7,592	7,592
Property, plant & equipment held for own use	5	29,318	14,375	29,629	14,686
Investments (other than assets held for index-linked and unit-linked contracts)		**10,303,930**	**9,213,053**	**10,848,526**	**10,831,972**
Holdings in related undertakings, including participations	6	212,861	67,283	0	27,039
Equities listed	7	3,293,947	2,397,108	3,293,947	3,269,063
Bonds	**8**	**6,371,177**	**6,268,599**	**7,128,634**	**7,063,921**
Government bonds		2,961,377	3,249,563	3,718,834	4,012,168
Corporate bonds		3,409,800	3,019,035	3,409,800	3,051,753
Collective Investment undertakings	9	406,308	403,769	406,308	381,442
Deposits other than cash equivalents	10	19,546	20,485	19,546	19,369
Other investments	11	91	55,810	91	71,137
Loans & mortgages	12	718,345	634,821	718,345	634,821
Reinsurance recoverables from:	**13**	**154,479**	**293,699**	**-363,426**	**292,908**
Non-life excluding health		83,818	186,273	82,434	191,734
Health similar to non-life		125	2,039	125	2,089
Health similar to life		10,653	16,959	-80,606	16,641
Life excluding health and index-linked and unit-linked		59,882	88,427	-365,379	82,444
Deposits to cedants	**14**	**1,970,304**	**1,662,359**	**1,958,529**	**102,947**
Non-life		98,484	104,632	86,709	90,829
Life/Health		1,871,820	1,557,727	1,871,820	12,119
Insurance & intermediaries receivables	15	28,653	699,951	29,269	702,631
Reinsurance receivables	16	1,556	6,694	20,030	18,334
Receivables (trade, not insurance)	17	41,975	42,937	50,404	47,362
Cash and cash equivalents	18	258,468	257,345	343,331	367,821
Any other assets, not elsewhere shown	19	433	433	433	441
Total assets		**13,581,208**	**13,072,069**	**13,722,873**	**13,180,130**

In the following the differences between the basis, methods and assumptions used for asset valuation for Solvency II purposes and HGB as well as US GAAP, are described for each asset class:

Note 1 – Deferred Acquisition Cost

Assets	Solo		Group	
	Solvency II € '000	HGB € '000	Solvency II € '000	US GAAP € '000
Deferred acquisition cost	0	0	0	130,323

Under Solvency II and HGB, deferred acquisition costs are not recognized.

Under US GAAP, acquisition costs, which principally consist of commission expenses incurred at contract issuance, are deferred and amortized over the contract period in which the related premiums are earned, generally one year (ASC 944-30). Deferred acquisition costs are reviewed to determine that they do not exceed recoverable amounts, after considering investment income.

Note 2 – Intangible Assets

Assets	Solo		Group	
	Solvency II € '000	HGB € '000	Solvency II € '000	US GAAP € '000
Intangible assets	0	35	0	35

Under Solvency II, the valuation of intangible assets needs to meet the criteria that intangible assets can be sold separately and a market value for such assets can be determined. As neither of these conditions could be met, we have not recognized these assets in the Solvency II balance sheet.

Under US GAAP, costs incurred to develop, maintain, or restore intangible assets are recognized as an expense when incurred, in accordance with ASC 350-30. Exceptions include costs associated with computer software intended to be sold or computer software for internal use. Intangible assets are measured at historical cost (less accumulated amortization and impairments); revaluation of intangible assets (other than for impairments) is not permitted.

Under HGB, intangible assets are valued at cost of acquisition, less accumulated ordinary and extraordinary depreciation HGB § 341b (1) in conjunction with § 253 para. 1, 3 and 5 and § 255 para. 1.

The intangible assets presented under US GAAP and HGB relate primarily to the license fee for the risk integrity tool (Solvency II reporting tool), EMC (document management tool) and SharePoint (collaboration tool).

Note 3 – Deferred Tax Assets

Deferred Taxes	Solo		Group	
	Solvency II € '000	HGB € '000	Solvency II € '000	US GAAP € '000
Deferred tax assets (DTA) (+)	66,155	224,793	80,211	28,257
Deferred tax liability (DTL) (-)	-671,762	0	-691,350	-11,878
Total deferred taxes	**-605,607**	**224,793**	**-611,140**	**16,379**

For Solvency II deferred taxes are recognized in accordance with IFRS for temporary differences and unused tax losses. For permanent differences, e.g. from tax exempt mark to market valuation of equities, no deferred taxes have been recognized. The methodology and the conception for the calculation of deferred taxes follow IAS 12 (Income Taxes).

Under US GAAP, deferred taxes are recognized and valuated in accordance with ASC 740. In essence, the fundamental methodology and conception of deferred taxes under US GAAP corresponds to IFRS.

For the calculation of deferred taxes company specific tax rates which have been enacted at the reporting date are applied. The German tax rate used for Solvency II is 32,45% and equals to the rate used for statutory (HGB) and US GAAP purposes. Foreign tax rates are considered for deferred taxes related to temporary differences regarding local tax/local GAAP to HGB. A weighted average tax rate of 29% is used to calculate deferred taxes on technical provisions for Solvency II purposes.

Foreign tax rates are considered for the calculation of deferred taxes of foreign subsidiaries. The foreign tax rates amount to 28% for GRSA and 30% for GRLA.

Deferred taxes on temporary differences between the values of assets and liabilities according to HGB, US GAAP and the respective Solvency II values as at 31 December 2017 mainly result from the following positions:

Overview deferred taxes	Solo DTA (+) and DTL (-) €'000	Group DTA (+) and DTL (-) €'000
Deferred taxes on temporary differences between HGB values and tax base	224,793	n/a
Deferred taxes on temporary differences between US GAAP values and tax base	n/a	16,379
Investments due to Solvency II revaluations	-62,616	-30,090
Technical Provisions due to Solvency II revaluations		
- Life	-425,882	-410,280
- Non-life	-369,438	-153,255
Total - technical provisions	-795,319	-563,535
Other Solvency II Revaluations	27,535	-33,893
Total deferred taxes for Solvency II - DTA (+)/ DTL (-)	**-605,607**	**-611,140**
- thereof DTA (+)	66,155	80,211
- thereof DTL (-)	-671,762	-691,350

The maturity bands are as follows:

Maturity bands	Solo		Group	
	Deferred tax assets (DTA) (+)	Deferred tax liability (DTL) (-)	Deferred tax assets (DTA) (+)	Deferred tax liability (DTL) (-)
Maturity band < 1 year	6,908	-24,024	6,908	-24,024
Maturity band 1-5 years	38,693	-110,171	52,748	-116,315
Maturity band > 5 years	20,554	-537,567	20,554	-551,011
Total deferred taxes	**66,155**	**-671,762**	**80,211**	**-691,350**

As far as DTA and DTL relate to different taxable entities netting was not applicable.

DTL on investments mainly results from mark to market valuation.

DTL on technical provision result from revaluation of technical provision for Solvency II purposes described in chapter D.2.

Deferred tax assets and liabilities stemming from subsidiaries are only set up if the preconditions of IAS 12.39 (deferred tax liabilities) or IAS 12.44 (deferred tax assets) are met. At December 31, 2017 for taxable differences amounting to Euro 8,650 thds (tax base) for GRAG solo and for GRAG Group, the preconditions for recognition of deferred tax liabilities (referred above), had not been met.

The recoverability of the net deferred tax assets is considered in the light of planning projections which cover future taxable profits (other than profits arising from the reversal of existing taxable temporary differences).The planning cycle for tax recoverability testing of the Company consist of 5 years. For deductible temporary differences net deferred tax assets in the amount of Euro 2,704 thds for GRAG solo and for GRAG Group have not been posted.

For tax losses carried forward, deferred tax assets are recognized as far as their future usability is supported by planning projections, taking into account any legal or regulatory requirements on the time limits relating to the carry-forward. In particular, the tax losses carried forward taken into account can be utilized within the country specific limited period of time.

At 31 December 2017 deferred tax assets on tax losses carried forward, amounting to Euro 4,456 thds were booked for GRAG Solo and GRAG Group (gross amount before offset against DTL).

Tax losses carried forward with corresponding DTA	Solo & Group		
Country	Tax losses carried forward €'000	DTA €'000	Expiry Limit
Denmark	3,575	787	unlimited carry-foward
Italy	3,954	949	unlimited carry-foward
United Kingdom	16,000	2,720	unlimited carry-foward
Total tax losses carried forward	**23,529**	**4,456**	

Deferred tax assets in the amount of Euro 3,871 thds for GRAG solo and in the amount of Euro 13,592 thds for GRAG Group are not posted since it is expected that underlying tax losses carried forward are not usable in the future.

Note 4 – Pension Benefit Surplus

Assets	Solo		Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Pension benefit surplus	7,592	21,576	7,592	7,592

GRAG's UK branch has a pension plan funded by GRAG whose assets are held in trust funds.

The pensions benefit surplus represents the excess of the fair value of plan assets and life insurance contracts over the defined benefit obligations.

The Solvency II value was derived in accordance with EIOPA's final relevant level 3 guidelines on valuation which refers to IAS 19 (proxy).

The pension liabilities have been netted with the plan assets in the HGB balance sheet according to HGB § 246 para. 2 sentence 3.

The table below shows the amounts which were netted in the balance sheet:

	Solo		Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Fair value of plan assets	57,554	57,554	57,554	57,554
Pension fund	49,961	35,978	49,961	49,961
Total	**7,592**	**21,576**	**7,592**	**7,592**

The plan assets are as follows:

Portfolio	Valuation amount €' 000	Percentage of total assets %
UK government bonds	8,943	15.5%
UK corporate bonds	4,204	7.3%
Diversified growth fund	32,818	57.0%
Non-US equities	6,911	12.0%
US equities	4,768	8.3%
Cash at bank & other miscellaneous items	-90	-0.2%
Total plan assets	**57,554**	**100.0%**

For further details relating to the benefit obligations please refer to chapter D.3 – note 2 Pension Benefit Obligation.

Note 5 – Property, Plant & Equipment held for Own Use

Assets	Solo		Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Property, plant	23,800	8,857	23,800	9,242
Equipment	5,518	5,518	5,829	5,444
Property, plant & equipment held for own use	**29,318**	**14,375**	**29,629**	**14,686**

Property

The only property, currently owner-occupied by GRAG Group, is the office building located in Cologne Germany.

The Solvency II value is derived using a mark-to-model approach in accordance with IAS 16 (fair value model). We perform an external assessment of the current market value every three years. The last external valuation assessment was performed in 2016. In addition, at each valuation date, it is assessed whether there are any material indicators or market developments that may impact the market value, such as macroeconomic conditions, interest rate levels, or rent levels.

For the valuation, a discounted cash flow approach has been used. It is a two-stage financial mathematical model to determine the cash value of the future yield of the properties, which is viewed as its present value. Market transactions as well as comparable rentals for similar properties have also been considered where available.

In our valuation, we have considered a remaining period of usage of the property of 24 years.

We have considered a fictional lease agreement scenario for the property. Other main parameters/assumptions are as follows:

- Market value in Euro per sq. m: 1,903
- Gross multiplier on market rent: 11.95
- Net yield on market rent in %: 7.05

Under US GAAP, we have valued the asset using the principle of historical cost within the meaning of ASC 360. Depreciation was applied using the linear method, based on the asset's expected useful life. Under US GAAP, the revaluation of the asset to fair value is not permitted which is the main driver for the difference between SII and US GAAP value. Due to the favorable location of the building and the increasing rental costs over the period since the property was purchased, the market value is significantly higher than the depreciated book value under US GAAP.

Under HGB we have valued this asset using the principle of historical cost within the meaning of HGB § 341b in conjunction with § 253 para. 1 and § 255 para. 1, 3 and 5, less scheduled depreciation. Depreciation was applied using the linear method, based on the asset's period of economic use.

In cases where the market value is significantly below book value, an unscheduled depreciation is considered. No unscheduled depreciation was necessary for the reporting year 2017.

As under HGB write-ups of the value are restricted to the level of acquisition costs, any increases in the market value for the real estate in Cologne are not reflected in the HGB values. This restriction is the main driver for the difference between SII and HGB value. Due to the favorable location of the building and the increasing rental costs over the period since the property was purchased, the market value is significantly higher than the depreciated book value under HGB.

Equipment

The equipment mainly comprises office furniture and fixtures.

Under Solvency II equipment is valued based on market values. As the market valuation cannot readily be determined, we have adopted the US GAAP valuation principles, based on the assumption that the US GAAP book values are not materially different from market values.

Under US GAAP, we have valued equipment using the principle of historical cost in accordance with ASC 360.

Under HGB we have valued equipment based on the acquisition costs within the meaning of HGB § 341b in conjunction with § 255 para. 1, 3 and 5, less scheduled depreciation.

Depreciation was applied for HGB as well as US GAAP by using the linear method, based on the asset's period of economic use.

Note 6 – Holdings in related Undertakings, including Participations

Assets	Solo		Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Holdings in related undertakings	212,861	42,300	0	0
Participations	0	24,983	0	27,039
Holdings in related undertakings, including participations	**212,861**	**67,283**	**0**	**27,039**

Holdings in related undertakings relate to the two wholly owned reinsurance subsidiaries and ancillary service undertakings:

a) Wholly-owned reinsurance subsidiaries

- General Reinsurance Africa Limited, Cape Town, (GRSA)
- General Reinsurance Life Australia Ltd, Sydney, (GRLA)

b) Ancillary service undertakings

- General Reinsurance Beirut S.A.L. (Off-Shore), Beirut
- General Reinsurance AG - Escritório de Representacao No Brasil Ltda., São Paulo
- General Reinsurance México S.A., Mexico City
- Gen Re Support Services Mumbai Private Ltd

We have listed the Solvency II values in comparison to HGB in the table below.

Subsidiaries	Share	Solvency II Market value €' 000	HGB Book Value €' 000
GRSA	100%	133,032	2,762
GRLA	100%	79,830	38,332
Other subsidiaries*	-	0	1,205
Total		**212,861**	**42,300**

*Ancillary service undertakings

As no active market with quoted prices exists for the **wholly owned reinsurance subsidiaries**, we have adopted the Solvency II adjusted equity method, which is in line with the Solvency II requirements. The valuation is based on the excess of assets over liabilities, in accordance with Art. 75 of Solvency II Directive (EU Directive 2009/138/EC) subsequently referred to as SII Directive.

Under HGB, shares in affiliated companies and investments are valued at acquisition cost. According to HGB § 341b para. 1, in conjunction with § 253 para. 3 sentence 3 unscheduled depreciation to the lower carrying value is only recognized when a permanent impairment is expected (lower of cost or market principle). If the conditions for the lower valuation do no longer apply, the asset is written up to the maximum historical cost (HGB § 341b para. 2 sentence 1 in conjunction with § 253 para. 5 sentence 1).

Material valuation differences between HGB and Solvency II arise, as HGB restricts write-ups to the level of the original acquisition cost, whereas for Solvency II, these valuation gains are fully reflected.

For GRAG Group reporting the amounts shown for GRSA and GRLA are eliminated within the consolidation of the financial statements.

With regard to the **other subsidiaries** (ancillary services undertakings), these have been excluded from group supervision following BaFin approval due to their minor materiality in relation to the other affiliated companies. Therefore, the Solvency II amount for these entities is zero.

Participations

These include the following limited participations:

- Triton Gesellschaft für Beteiligungen mbH, Luxembourg
- ARGE FJA KR BU-System, München

For materiality considerations, we follow the same approach as described for the ancillary service undertakings. Therefore, the Solvency II value for these entities is also zero.

Furthermore, Nürnberger Beteiligungs-AG, Nürnberg, which is shown as a participation in HGB and US GAAP, is included in equities for Solvency II reporting purposes.

Note 7 – Equities, listed

Assets	Solo		Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Equities - listed	3,293,947	2,397,108	3,293,947	3,269,063

GRAG Group only holds listed equities, which are recognized at fair value in accordance with Art. 75 SII Directive, excluding any deduction for transaction costs that would be incurred on disposal. The Group applies monthly market values (quoted prices from active markets), obtained from independent pricing service vendors such as Bank of America – Merrill Lynch Index, Bloomberg, Reuters and S&P and reported by our investment manager, NEAM. The Solvency II market values fully reflect dividends paid but exclude any dividend accruals. In 2017, there were no significant changes to the valuation models used.

Under US GAAP (ASC 320) the appropriate classification of investments in fixed maturity and equity securities is determined at the acquisition date and re-evaluated at each balance sheet date:

- Held-to-maturity investments are carried at amortized cost, reflecting the ability and intent to hold the securities to maturity.
- Trading investments are securities acquired with the intent to sell in the near term and are carried at fair value.
- All other securities are classified as available-for-sale and are carried at fair value with net unrealized gains or losses reported as a component of accumulated other comprehensive income.

At 31 December 2017, all of the Group equity investments were classified as available-for-sale and valued with at fair value. There are no valuation differences between Solvency II and US GAAP, however, an amount of Euro 24.885 thds for Nürnberger Beteiligungs-AG is shown under participations in US GAAP but included in equities for Solvency II reporting purposes.

Under HGB, common equities are recognized at cost less unscheduled depreciation.

- For common equities allocated as fixed assets (Anlagevermögen), the moderate lower of cost or market principle in accordance with HGB § 341b para. 2 in conjunction with § 253 para. 3 and 5 applies.
- Common equities allocated as current assets (Umlaufvermögen), are recognized at the strict lower of cost or market principle in accordance with HGB § 341b para. 2 in conjunction with § 253 para. 4. If the conditions for impairment no longer apply, the value is written up to a maximum of the acquisition cost (HGB § 341b para. 2 sentence 1 in conjunction with § 253 para. 5 sentence 1).
- Accruals are recognized in a separate HGB balance sheet position.

The main differences between Solvency II and HGB equity values arise as HGB does not allow individual equity valuations which are higher than their respective acquisition costs, together with the different treatment for accrued dividends. The current fall in interest rates has led to increasing market values of listed equities, which for the majority of our portfolio, are higher than their respective acquisition costs.

A large proportion of the total difference in value between the Solvency II and HGB is attributed to three common equity investments within the portfolio, which have increased significantly in market value since acquisition. This appreciation in market value accounts for over 50% of the total difference between the Solvency II and the HGB values.

At 31 December 2017 GRAG Group equities were all allocated as fixed assets in accordance with HGB. There was one common equity stock which experienced a decrease in market value, resulting in a small unrealized loss. As all other common equities in the portfolio experienced increases in market value, the partially offsetting unrealized loss had no material effect.

Note 8 – Bonds

Assets	Solo		Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Government bonds	2,961,377	3,249,563	3,718,834	4,012,168
Corporate bonds	3,409,800	3,019,035	3,409,800	3,051,753
Bonds	**6,371,177**	**6,268,599**	**7,128,634**	**7,063,921**

Our bonds portfolio consists entirely of government and corporate bonds, primarily invested in listed bonds.

In accordance with Art. 75 of the SII directive, bonds are recognized in the balance sheet at fair value. The Group applies monthly market values (quoted prices from active markets), obtained from independent pricing service vendors such as Bank of America – Merrill Lynch Index, Bloomberg, Reuters and S&P and reported by our investment manager, NEAM. The Solvency II market values fully reflect interest paid and any interest accruals. In 2017, there were no significant changes to the valuation models used.

Please refer to note 7, Equities listed, above for details on the US GAAP, classification and valuation methods of investments in fixed maturity and equity securities. At 31 December 2017, all of the Group investments in fixed maturity securities were classified as available-for-sale and valued at fair value.

The difference between Solvency II and US GAAP values is primarily driven by the fact that under Solvency II, the market values of bonds include the associated accrued interest, whilst under US GAAP the accrued interest is reported under the “Other Investments” category as reported in Note 10 below.

Under HGB, bearer bonds and other fixed-income securities, which are classified as bonds are recognized and valued at acquisition cost less unscheduled depreciation (HGB § 253 para. 1 sentence 1). Accruals are recognized in a separate HGB balance sheet position.

The majority of our bonds are allocated to fixed assets (Anlagevermögen) and hence, the moderate lower of cost or market principle in accordance with HGB § 341b para. 2 in conjunction with § 253 para. 3 and 5 is applied. A minority of bonds are allocated to current assets (Umlaufvermögen) and are recognized at the strict lower of cost or market principle in accordance with HGB § 341b para. 2 and in conjunction with § 253 para. 4. If the conditions for impairment no longer apply, the value is written up to a maximum of the acquisition cost (HGB § 341b para. 2 sentence 1 in conjunction with § 253 para. 5 sentence 1). This effect can be attributed to increased market values driven by the current low interest rates. Under HGB, the recognition of these gains is not permitted.

Bonds of the Kreditanstalt für Wiederaufbau (KfW) which are not issued in Euro have been reclassified with an amount of Euro 331,000 thds from government bonds to corporate bonds.

Note 9 – Collective Investments Undertakings

Assets	Solo		Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Collective investments undertakings	406,308	403,769	406,308	381,442

GRAG Group is invested in a single fixed income fund which is 100% held by the Company. The fund consists only of sovereign and corporate bonds as well as a small amount of cash.

The difference between the SII and US GAAP valuation is primarily driven by two facts. Under Solvency II, the market values of bonds include the associated accrued interest, whilst under US GAAP the accrued interest is reported under the “Other Investments” category as reported in note 11, Cash and Cash Equivalents, below. In addition the cash item within the fund with a total value of around Euro 20,000 thds is shown under US GAAP in the “Cash and Cash Equivalents” category as reported in note 18, cash and cash equivalents, below.

Under HGB, we classified this fund to the fixed assets category (Anlagevermögen), recognizing and valuing these investments at acquisition cost less unscheduled depreciation (HGB § 253 para. 1 sentence 1) following the moderate lower of cost or market principle, in accordance with HGB § 341b para. 2 in conjunction with § 253 para. 3 and 5.

The difference between the SII and HGB valuation is treated as unrealized appreciation. This effect can be attributed to increased market values driven by the current low interest rates. Under HGB, the recognition of these gains is not permitted.

Note 10 – Deposits other than Cash Equivalents

Assets	Solo		Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Deposits other than cash equivalents	19,546	20,485	19,546	19,369

Under Solvency II, HGB and US GAAP deposits with credit institutions are valued at nominal amounts, which correspond to their fair value in accordance with Art. 75 SII Directive and US GAAP.

The deviation between Solvency II, HGB and US GAAP result from the different treatment of accrued accruals.

Note 11 – Other Investments

Assets	Solo		Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Other investments	91	55,810	91	71,137

The amount presented under Solvency II purely relates to the investment in three limited partnerships which are in liquidation.

Under US GAAP (ASC 235), these assets comprise of the investment in the limited partnerships referred above, and the accrued interests on bonds and cash. The limited partnerships are valued at cost. Considering their materiality level, the Group has chosen to use the same valuation approach for Solvency II. Therefore, there are no valuation differences between Solvency II and US GAAP for the Limited Partnerships.

The difference reported is wholly related to the inclusion of accrued interests on bonds and cash under US GAAP as well as HGB.

Note 12 – Loans and Mortgages

Assets	Solo		Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Loans and mortgages to individuals	0	0	0	0
Other loans and mortgages	718,345	634,821	718,345	634,821
Loans and mortgages	**718,345**	**634,821**	**718,345**	**634,821**

Under US GAAP (ASC 944-310) we have valued loans and mortgages using the principle of historical cost plus or less an amortization of the difference between acquisition costs and redemption amount. For HGB the measurement of these assets follows the same approach within the meaning of HGB § 341b para. 1 in conjunction with HGB § 341c para. 3.

As at year-end, no loans and mortgages to individuals were issued.

The valuation differences between Solvency II and US GAAP results from the difference between amortized cost and the Solvency II market value which is calculated by using a Discounted Cash Flow Model using the EIOPA risk free interest curve (without volatility adjustment). In addition, a spread is considered for the credit risk, which is derived from an appropriate index provider.

Note 13 – Reinsurance Recoverables

Assets	Solo		Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Non-life excluding Health	83,818	186,273	82,434	191,734
Health similar to Non-Life	125	2,039	125	2,089
Health similar to Life	10,653	16,959	-80,606	16,641
Life excluding Health and index-linked and unit-linked	59,882	88,427	-365,379	82,444
Reinsurance recoverables	**154,479**	**293,699**	**-363,426**	**292,908**

Under US GAAP (ASC 944-310), reinsurance recoverables are valued at their nominal values, net of individual flat-rate value adjustments for Property/Casualty, and at their present value for Life/Health.

Under HGB, reinsurance recoverables are valued at their nominal values, net of individual flat-rate value adjustments, according to HGB § 341b para. 2 sentence 1 in conjunction with § 253 para. 1.

Please refer to section D.2 of this report, for details on the SII valuation of reinsurance recoverables.

Note 14 – Deposits to Cedants

Assets	Solo		Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Deposits to cedants non-life	98,484	104,632	86,709	90,829
Deposits to cedants Life/Health	1,871,820	1,557,727	1,871,820	12,119
Deposits to cedants	**1,970,304**	**1,662,359**	**1,958,529**	**102,947**

Under Solvency II, the deposits are valued based on their expected future cash flows discounted by the corresponding discount curves.

For US GAAP the deposits are netted with reserves in accordance with ASC 944, except for Life/Health deposits located in the Netherlands, which we were prohibited from doing so and for all Non-Life deposits. Under HGB, the deposits from reinsurers are recognized at their redemption amount (HGB § 314b para. 2 sentence 2 in conjunction with § 253 para. 1).

Note 15 – Insurance and Intermediaries Receivables

Assets	Solo		Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Insurance and intermediaries receivables	28,653	699,951	29,269	702,631

This position includes all receivables from incoming business.

Under US GAAP, insurance and intermediaries receivables are valued and recognized at their corresponding nominal values in accordance with ASC 944-310.

Receivables which are overdue greater than 180 days are valued at 50% of the original value. For receivables which are overdue greater than 360 days a bad debt reserve of 100% is provided.

Under HGB, insurance and intermediaries receivables are valued and recognized at their corresponding nominal values, net of individual flat-rate value adjustments, according to HGB § 341b para. 2 sentence 1 in conjunction with HGB § 253 para. 1.

For Solvency II purposes, only receivables which are overdue for a period of more than 90 days are shown in this position. All other receivables are considered future cash flows and have been reclassified to premium provisions.

Note 16 – Reinsurance Receivables

Assets	Solo		Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Reinsurance receivables	1,556	6,694	20,030	18,334

This position includes all receivables from ceded reinsurance. The valuation principles applied for Solvency II, HGB and US GAAP are the same as described in note 15 – Insurance and Intermediaries Receivables.

Note 17 – Receivables (Trade, not Insurance)

Assets	Solo		Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Receivables (trade, not insurance)	41,975	42,937	50,404	47,362

Under Solvency II, GRAG Group values receivables (trade, not insurance) of short-term duration (up to 12 months) based on their nominal value as fair value. For longer term receivables (trade, not insurance), the fair value is calculated as the present value of future cash flow. Individual and flat-rate value adjustments are made in line with the accounting treatment under US GAAP. Under US GAAP, receivables from reinsurers are valued and recognized at their corresponding nominal values in accordance with ASC 944-310.

Under HGB, receivables (trade, not insurance) are valued and recognized at their corresponding nominal values, net of individual flat-rate value adjustments, according to HGB § 341b para. 2 sentence 1 in conjunction with HGB § 253 para. 1.

In addition receivables which are overdue greater than 180 days are valued at 50% of the original value. Receivables which are overdue greater than 360 days are written down 100%.

Current tax assets are measured at the amount expected to be recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period (IAS 12.46).

Long term receivables include tax receivables and security deposits (Euro 8,870 thds). These long term receivables were discounted which is resulted in a valuation differences of Euro 963 thds between the Solvency II and US GAAP values.

The remaining difference is primarily related to the reclassification of tax receivables/payables (Euro 4,121 thds). Under US GAAP the tax receivables are netted against the tax payables which are shown under “provisions other than technical provisions” and payables (trade, not insurance). For Solvency II purposes we show the value on a gross basis.

Note 18 – Cash and Cash Equivalents

Assets	Solo		Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Cash and cash equivalents	258,468	257,345	343,331	367,821

Under Solvency II, HGB and US GAAP (ASC 305), cash and cash equivalents are valued at their nominal value.

The differences relate to the cash reclassification of the investment fund, performed due to the look-through approach (see note 9 – Collective Investments Undertakings).

Note 19 – Any Other Assets, not elsewhere shown

Assets	Solo		Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Any other assets, not elsewhere shown	433	433	433	441

The position contains accruals and deferred income. Between Solvency II and US GAAP respectively HGB there are only small or no valuation differences.

Other Disclosures

There have been no material changes made to the recognition and valuation basis and on estimations during the period.

D.2 Technical Provisions

This section provides details about GRAG Group's technical provisions (TPs). As a reinsurance undertaking, we assume both Life/Health (L/H) and Property/Casualty (P/C) risks.

The following table presents an overview of the Group's TPs as at 31 December 2017:

Gross Technical Provisions as at 31 December 2017	Solo		Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Technical Provisions - Non-Life	**4,658,313**	**6,252,664**	**4,656,929**	**5,607,936**
Technical Provisions - Non-Life (excl. Health)	4,545,110	6,159,731	4,543,726	5,514,536
TP calculated as a whole	0	6,159,731	0	5,514,536
Best Estimate	4,358,489	0	4,357,105	0
Premium Provision	-214,442	0	-215,826	0
Claims Provision	4,572,931	0	4,572,931	0
Risk Margin	186,621	0	186,621	0
Technical Provisions - Health (NSLT, similar to Non-Life)	113,204	92,934	113,204	93,400
TP calculated as a whole	0	92,934	0	93,400
Best Estimate	84,606	0	84,606	0
Premium Provision	-12,857	0	-12,857	0
Claims Provision	97,463	0	97,463	0
Risk Margin	28,598	0	28,598	0
Technical Provisions - Life (excl. index-linked / unit-linked)	**2,232,825**	**3,322,654**	**2,351,438**	**2,548,234**
Technical Provisions - Health (SLT, similar to Life)	865,702	1,232,810	1,318,808	1,160,406
TP calculated as a whole	0	1,232,810	0	1,160,406
Best Estimate	507,704	0	906,248	0
Risk Margin	357,998	0	412,560	0
Technical Provisions - Life (excl. Health)	1,367,122	2,089,844	1,032,630	1,387,828
TP calculated as a whole	0	2,089,844	0	1,387,828
Best Estimate	692,454	0	298,168	0
Risk Margin	674,669	0	734,463	0
Other Technical Provisions	**0**	**36,615**	**0**	**38,276**
Total Gross Technical Provisions - Life and Non-Life	**6,891,138**	**9,611,933**	**7,008,368**	**8,194,445**

The risk margin (RM) included in the TPs relates to both L/H and P/C risks. The RM is allocated to L/H and P/C proportionally to the level of SCR.

Information relating to the technical provisions is provided below in two sections, Life/Health and Property/Casualty as well as a third section providing details on assumptions applicable to both.

D.2.1 Life/Health

Overview of the Technical Provisions for Life/Health

The following table provides an overview of the GRAG Group's best estimate and risk margin for each line of business as at 31 December 2017.

	Best estimate € '000	Risk margin € '000	Technical provisions € '000	Reinsurance recoverables € '000
Life	298,168	734,463	1,032,630	-365,379
Health SLT	906,248	412,560	1,318,808	-80,606
Total (Life/Health SLT)	**1,204,416**	**1,147,022**	**2,351,438**	**-445,985**

For reconciliation purposes we would like to note that under HGB and US GAAP, the Life/Health business comprises more than just the business shown in the Solvency II lines of business of "Life" and "Health SLT". The Solvency II line of business "Health Non-SLT" comprises business written in Life/Health (non-proportional health business) and Property/Casualty (personal accident business). For "Health Non-SLT" the technical provisions amount to Euro 113,204 thds.

Health Non-SLT	€ '000
Best estimate	**84,606**
Thereof	
Non-proportional health business	23,540
PA business (non-life)	61,066
Risk margin	28,598
Technical provisions	**113,204**

Details on assumptions used for the valuation of the technical provisions are provided further down below. The technical provisions for "Health Non-SLT" are further discussed in Chapter D.2.2 "Property/Casualty".

The main part of the consolidated technical provisions of the GRAG Group for "Life" and "Health SLT" is associated with the GRAG. They also comprise the business of GRLA and of GRSA. The breakdown of the best estimate and risk margins for the lines of business "Life" and "Health SLT" can be found in the following table.

	Best estimate € '000	Risk margin € '000	Technical provisions € '000	Reinsurance recoverables € '000
GRAG	1,200,158	1,032,667	2,232,825	70,535
GRLA	-165,105	84,351	-80,754	-523,615
GRSA	159,379	30,005	189,383	-2,890
Intercompany transactions	9,985	0	9,985	9,985
Total (Life/Health SLT)	**1,204,416**	**1,147,022**	**2,351,438**	**-445,985**

GRLA mainly covers mortality, disability and trauma/critical illness. The disability benefits are either lump sum benefits or regular payments over the time of disablement. These regular payments give rise for the reserves for claims in payment under US GAAP and form the main part of the technical provisions under Solvency II.

The business of GRSA is comprised to one-fifth of group business which is short term business covering mortality and morbidity. The majority of the technical provisions are in relation to regular payments on disability claims.

Description of the Level of Uncertainty associated with the Value of Technical Provisions

The shocks prescribed by the Solvency II Standard Formula can already be regarded as a sensitivity test of the best estimate. The shocks represent the variation of one parameter in the set of assumptions. The impact of a shock is the difference between the shocked cash flows and the best estimate cash flows. However, only the increase in the liability is measured at the level of the homogenous risk classes. Correlation effects on a higher level are not taken into account.

The following shocks are considered:

Risk	Description
Mortality	Increase of 15% in the mortality rates
Longevity	Decrease of 20% in the mortality rates
Disability (income protection)	Increase of 35% in the disability and morbidity rates in the first year, of 25% in the following
Disability (increase of medical expenses)	Increase of 5% in the amount of medical payments and of 1 % to the inflation rate
Disability (decrease of medical expenses)	Decrease of 5 % in the amount of medical payments and of 1% from the inflation rate
Lapse up	Increase of 50% in the lapse rates
Lapse down	Decrease of 50% in the lapse rates, but not more than 20 % absolutely
Lapse mass	Lapse rate of 40% in the first year
Expenses	Increase of 10% in the amount of expenses and of 1% to the inflation rate
Cat (life)	Additive increase of 0.15% to the mortality rates in the first year

The table below sets out the best estimate as well as the impact of the particular shock scenarios.

	€ '000
Best estimate	**1,204,416**
Thereof Life	298,168
Thereof Health SLT	906,248
Impact of shocks:	
Mortality	625,526
Longevity	53,973
Disability	996,191
Lapse down	42,882
Lapse mass	830,046
Lapse up	402,273
Expenses	127,832
CAT life	754,150

The table should be interpreted in the following way: The best estimate for "Life" and "Health SLT" is Euro 1,204,416 thds.

If the mortality assumption is increased by 15%, i.e. to 115% of the best estimate assumption, the best estimate will increase by Euro 625,526 thds to a total of Euro 1,829,942 thds. As mentioned before, this is rather a conservative proxy for an exact value as only increases in the liability are taken into account and offsets are not allowed for.

Disability and mortality are the main risks in our business. For this reason, the corresponding shocks have the greatest impact on the best estimate. This includes the catastrophe risk (life) which might stem from extreme events like a pandemic.

The greatest impact of the three lapse shocks has the mass lapse risk since it causes a reduction of profitable future business.

Due to the sufficient amount of the Solvency ratio, the above mentioned shock scenarios can be compensated by the own funds.

Solvency II requires a projection of future cash flows, which include bound new business up to the contract boundary. There is uncertainty in the estimation of the new business volumes as well as uncertainty in the actuarial assumptions on the lapses, respectively decline rate of the portfolio in force at the valuation date.

GRAG Group estimates the expected premium volume 2018 per reinsurance contract in course of the financial planning process. If GRAG Group's gross premium volume 2018 was 1% higher (lower) than expected, the gross best estimate would decrease (increase) by Euro 26,509 thds. Actually an increase in premium volume implies an increase of the future profits, which in turn reduces the best estimate. The 1% change in premium volume correlates to a 1% increase of the present value of future profits. In recent years, actual gross premium income turned out to exceed expected premium income by 1% to 2%.

The business segment with the highest uncertainty regarding the estimation of premium volume is mortgage/credit life insurance business. The planned premium 2018 is of about Euro 74,296 thds. If the actual premium for this business is 10% higher, the best estimate would reduce by Euro 199 thds. For this segment the impact on the best estimate is much lower as this is short term business.

Material Differences between Bases, Methods and Main Assumptions Used for the Valuation for Solvency II Purposes and in Financial Statements for Material Lines of Business

1. Differences between Solvency II and HGB for GRAG Solo

For the Solvency II lines of business “Life” and “Health SLT“ the material valuation differences between the Solvency II technical provisions and reserves according to HGB for GRAG Solo are:

i. A risk margin is included in the Solvency II technical provisions, but not in the statutory reserves. The risk margin amounts to Euro 1,032,667 thds;

ii. Under Solvency II, the best estimate liability is calculated using best estimate assumptions, as detailed in the section on actuarial methodologies and assumptions, and using discount curves as provided by EIOPA, whereas for statutory purposes, statutory assumptions and local statutory discount rates are used;

iii. Solvency II is a gross premium valuation. All future premiums and future claims up to the contract boundary are taken into account for the determination of the best estimate liabilities. Therefore, the Solvency II BEL is different from statutory reserves by the discounted margin of future business.

The latter point is particularly important for GRAG Solo, as it has a significant portfolio of reinsurance contracts with guaranteed terms. The financial impact of the above mentioned valuation differences ii. and iii. amounts to Euro 2,137,071 thds. This includes the reinsurance, insurance and intermediaries receivables and payables not overdue (Euro 19,630 thds net) that are disclosed in the best estimate, but not in the statutory reserves.

The following table provides an overview of the main drivers and their effect resulting in different values. The Solvency II technical provisions are shown for Life and Health SLT business. For reconciliation purposes, the table includes amounts relating to non-proportional health reinsurance business, which is included under Solvency II in the line of business “Health NSLT”. For details on this line of business, see chapter D.2.2 Property/Casualty.

	Life/Health SLT € '000	Health Non-SLT *) € '000	Total € '000
Statutory reserves, gross	3,357,421	23,733	3,381,154
Thereof reserve for profit commission, gross	34,767	439	35,205
Thereof all other reserves, gross	3,322,654	23,294	3,345,949
Statutory DAC (Life), net	-20,192	0	-20,192
Subtotal statutory	**3,337,229**	**23,733**	**3,360,962**
PV margin of future business and change in assumptions	2,137,071		
Best estimate	1,200,158		
Risk margin	1,032,667		
Technical provisions	**2,232,825**		

* non proportional health reinsurance business only, excl. PA business written by P/C.

GRAG holds in its HGB balance sheet gross reserves of Euro 3,381,154 thds for its Life/Health reinsurance business. Under modified coinsurance treaties, reserves are deposited back with the cedants. These deposits amount to Euro 1,557,727 thds (gross) for the Life/Health business and are an asset in the reinsurer's balance sheet. For the reinsurer no investment risk is associated with the deposits. The cedant reimburses an amount equal to the contractually agreed discount rate to the reinsurer.

2. Difference between Solvency II and US GAAP for GRAG Group

For the Solvency II lines of business "Life" and "Health SLT" the material valuation differences between the Solvency II technical provisions and reserves according to US GAAP for GRAG Group are:

i. A risk margin is included in the Solvency II technical provisions, but not in the US GAAP reserves. The risk margin amounts to Euro 1,147,022 thds.

ii. Under Solvency II, the best estimate is calculated using best estimate assumptions and the discount curves provided by EIOPA, whereas for US GAAP purposes, US GAAP assumptions and discount rates are used.

iii. Solvency II is a gross premium valuation. All future premiums and future claims up to the contract boundary are taken into account for the determination of the best estimate. Therefore, the Solvency II BEL is different from US GAAP reserves by the discounted margin of future business.

The latter point is particularly important for GRAG Group, as it has a significant portfolio of reinsurance contracts with guaranteed terms.

The financial impact of the above mentioned valuation differences i. and iii. amounts to Euro 2,813,200 thds. This includes the reinsurance, insurance and intermediaries receivables and payables not overdue (Euro 7,262 thds net) which are disclosed in the best estimate, but not in the US GAAP reserves.

Under modified coinsurance treaties, reserves are deposited back with the cedants. These deposits amount to Euro 1,557,727 thds (gross) for the Life/Health business and are netted against the reserves in the US GAAP balance. For Solvency II, these cash deposits are disclosed on the asset side.

The following table provides an overview of the main drivers and their effect resulting in different values. The Solvency II technical provisions are shown for "Life" and "Health SLT" business. For reconciliation purposes, the table includes amounts relating to non-proportional health reinsurance business, which is included under Solvency II in the line of business "Health Non-SLT". For details on this line of business, see Chapter D.2.2 Property/Casualty.

	Life/Health SLT € '000	Health non-SLT *) € '000	Total € '000
US GAAP reserves - gross	2,584,661	23,289	2,607,950
Thereof reserve for profit commission - gross	36,428	439	36,866
Thereof all other reserves - gross	2,548,234	22,850	2,571,084
US GAAP deposits - gross	-12,119	0	-12,119
Deferred acquisition costs - gross	-112,115	0	-112,115
Subtotal US GAAP	**2,460,427**	**23,289**	**2,483,716**
Statutory deposits - gross	1,557,189	538	1,557,727
Subtotal	**4,017,616**	**23,827**	**4,041,443**
PV margin of future business and change in assumptions	2,813,200		
Best estimate	1,204,416		
Risk margin	1,147,022		
Technical provisions	**2,351,438**		

* non-proportional health reinsurance business only, excl. PA business written by P/C.

Recoverables from Reinsurance Contracts and Special Purpose Vehicles (SPV)

As a gross underwriter we only accept inwards reinsurance business of sufficient quality which fulfills our underwriting standards and for which we are confident of being adequately paid. Retrocession is used for various reasons but limited to a small section of our gross business.

GRAG Group's retroceded premium for 2017 amounted to Euro 68,199 thds representing 3.5% of the overall Life/Health premium based on US GAAP.

The recoverables from reinsurance contracts under Solvency II for "Life" and "Health SLT" amount to Euro -445,985 thds. The negative amount is explained by the retrocession of profitable business, thus creating a liability against the retrocessionaires.

In 2017 GRLA signed a larger transaction with a cedant in Australia. The business in force under this transaction is internally retroceded on a 90% quota share basis to General Re Life Corporation. Ultimately this business remains within the Gen Re, but in the Solvency II balance sheet for GRAG Group, the retrocession shows up as recoverables from reinsurance contracts. In this respect, this quota share retrocession of a single large treaty is not in contradiction to the preceding paragraph.

Recoverables from reinsurance contracts and SPV	€' 000
Life	-365,379
Health SLT	-80,606
Total	**-445,985**

Counterparty default adjustments were considered in the calculation of the reinsurance recoverables. They amount to Euro 492 thds.

The GRAG Group does not have any Special Purpose Vehicles.

Actuarial Methodologies and Assumptions used in the Calculation of the Technical Provisions, and details of Simplifications and Justification of Chosen Methods.

Methodology

The cash-flow projection used for the best estimate is calculated on main treaty level in the valuation tool AXIS, using two different modelling variants that differ in the granularity of the input data and of the assumptions: Portfolio models and Seriatim models.

The majority of the treaties are modelled as Portfolio models. These models are based upon aggregated information from the accounting system (such as premiums, claims etc.). The Seriatim models are based on individual policy data and project cash flows per reinsured policy or person.

Statutory reserves which are not modelled by Seriatim models are assumed to be on a best estimate basis. These reserves are released into cash flows through Portfolio models.

Portfolio models operate on ratios: loss ratios and commission ratios. These ratios are applied to the projected premium in order to derive the individual cash outflow components: claims and commissions. The projection of the premiums is based on assumptions on the decline rate of the premium volume.

For a wide range of our reinsurance business the planning, monitoring and control cycle focuses on these ratios. Also pricing activities and pricing guidelines operate on such key ratios, ultimately on the combined ratio. This justifies and shows the appropriateness of Portfolio models in these business areas.

Seriatim models are more detailed. Cash flows are modelled using information per reinsured policy, respectively per reinsured person. The actuarial model combines the policy information with data from the reinsurance treaty on premium rates and with assumptions on mortality, morbidity and lapses.

The expenses used for the cash flow projections are derived from the actual expenses of the Life/Health business in the most recent financial years.

All input data for the actuarial model is checked for appropriateness and quality; this applies especially to all the policy data, assumptions and key-ratio factors.

The actuarial models project cash flows with the following components for incoming and out-going business:

- Premiums,
- Acquisition commission,
- Renewal commission,
- Claims,
- Technical interest,
- Profit commission, and
- Expenses.

The technical interest is an element of the reinsurance accounts and paid by the cedant under modified coinsurance treaties. The technical interest is not investment income but an amount equal to the contractual agreed discount rate for reserves deposited back with the cedant.

The profit commission is defined by contractual terms of the reinsurance treaty. It is a function of the profit emerging under a reinsurance treaty. Its quantum is not dependent on management decisions.

The actuarial models generate cash flow projections in the currency of the respective reinsurance treaty. Besides the best estimate scenario, shock scenarios according to the Solvency II standard model are generated.

These cash flows are loaded into GRAG's Solvency II data mart. From there the cash flows are taken to RiskIntegrityTM[1], where the technical provisions and solvency capital requirements are calculated. The calculation and data-transfer process is highly automatized.

The subsidiaries GRLA and GRSA generate cash flows for their local IFRS reporting and their local Solvency regimes „ICAAP" (Internal Capital Adequacy Assessment Process) and „SAM" (Solvency Assessment and Management; in preparatory phase). They use AXIS, Prophet and Mo.net as valuation tools as well as spreadsheet models. The cash flows aggregated to a line of business level are incorporated into the Group balance sheet.

For GRAG Group the technical provisions are consolidated on a gross basis. Retrocessions from the subsidiaries to GRAG are eliminated from the reinsurance recoverables of the subsidiaries and from GRAG's technical provisions. There are no retrocessions from GRAG to the subsidiaries.

Assumptions

The assumptions underlying the cash flow projections encompass mortality and morbidity rates, lapse/persistency rates, termination rates etc. The assumptions are considered best estimate and are reviewed annually and adjusted when necessary.

For the Seriatim models the assumptions are approved by the responsible account managers.

For Portfolio models the key ratios (loss ratios, commission ratios etc.) are taken from the financial reporting and planning system. The planning is the basis for the financial reporting and control and monitoring cycle. The actual development of the business is measured against this benchmark. To this extent, the financial planning reflects the best estimate assumptions for the underlying business.

There are more than 3,000 Portfolio models covering the incoming and outgoing Life/Health business. The assumptions may vary for all these models.

The decline rate applicable to the inforce premium was derived from the companies own experience in the respective markets. If applicable, assumptions about implicit growth in premium rates due to the aging of the portfolio are made. Also, if applicable, assumptions about changes in premium volumes relating to changes in the underlying sum at risk are made. Where data was incomplete or insufficient, expert judgment was used to set up appropriate assumptions.

For Seriatim models assumptions on mortality, morbidity, lapses etc. are used. GRAG is subject to US GAAP reporting. US GAAP reporting requires also best estimate assumptions (for loss recognition testing of the historically locked-in-assumptions). Where Seriatim models are used for US GAAP valuation purposes, the same set of best estimate assumptions are used for US GAAP and Solvency II.

[1] RiskIntegrityTM is software used by GRAG to calculate the solvency capital required following SII requirements and support Pillar 3 reporting requirements.

The information from pricing a piece of business indicates best estimate assumptions; at the point the business is written. Where experience data is available, the ratio of actual to expected rates are analyzed when deemed necessary.

If there are significant changes the best estimate assumptions are revised accordingly. Also expert judgment is used to verify the assumptions made.

There are Seriatim models for 63 different cedant companies, but each model may have several sub models for which separate assumptions apply. These sub models may reflect gender, smoking status, underwriting periods or different products.

The assumptions for the models of GRLA and GRSA are consistent to the assumptions for their local IFRS reporting.

Material Changes in Assumptions made in the Calculation of the Technical Provisions

The following table provides an overview of the best estimate (net) for each line of business as at 31.12.2017 and 31.12.2016. The changes may be subdivided into four categories:

1. The decrease due to new exchange rates and discount rates amounts to Euro 57,940 thds.

2. Last year, GRAG Group was obliged to disclose the gross value of deposits at short notice. For this reason only a rough modelling of the cash flows could be prepared. The modelling of deposits was refined since then which results in an increase of the best estimate of Euro 111,669 thds.

3. Until now, expenses have been modelled using an overall cost approach. Now the model can be split between acquisition costs and administration costs. The administration costs are projected per reinsurance contract over its entire duration. In contrast, only the incurred acquisition costs are included in the first year of projection. The new expense approach reduces the best estimate by Euro 470,048 thds.

4. Other changes reduce the best estimate by Euro 250,047 thds. The main driver is the enhancement of the projection models. By enhancing the detail of the policy data and refining the assumptions there are now seriatim models for more reinsurance treaties. In addition, the reinsurance, insurance and intermediaries receivables and payables not overdue (Euro 7,262 thds net) are now disclosed in the best estimate.

	Life € '000	Health SLT € '000	Health Non-SLT *) € '000	Total € '000
Best estimate 2016 (net)	**1,153,458**	**1,166,410**	**20,439**	**2,340,307**
Change due to currency rates and discount rates	-20,194	-36,416	-1,331	-57,940
Change in deposits	105,464	6,530	-324	111,669
Change in expenses	-269,292	-203,481	2,726	-470,048
Other changes	-305,888	53,811	2,030	-250,047
Best estimate 2017 (net)	**663,547**	**986,854**	**23,540**	**1,673,941**

* non proportional health reinsurance business only, excl. PA business written by P/C.

The development of the risk margin is described in chapter D.2.3. Compared to the previous year, the underlying SCR changes mainly due to business growth and the change in cost approach to use different assumptions for acquisition and administration costs. Therefore, the SCR in the expense shock scenario is smaller. On the other hand the SCR in the mass lapse shock scenario increases since the expected future profits are higher due to lower allocation of costs and for this reason the impact of lapse is more severe. Similarly the new business within the contract boundary (i.e. new reinsured policies under existing reinsurance contracts) causes a higher SCR, especially in the mass lapse and in the catastrophe shock scenario.

D.2.2 Property/Casualty

Overview of the Technical Provisions for Property/Casualty

In the following table we provide an overview of GRAG Group's best estimate liabilities and risk margin for each line of business. There is only a minor difference of Euro 1,384 thds in comparison to GRAG Solo (in NP Property).

Solvency II Lines of Business Reinsurance	Premium Provision Gross €'000	Claims Provision Gross €'000	Total Best Estimate Gross €'000	Risk Margin €'000	Total Technical Provision Gross €'000	Recov. after CPD Adjustment Retro €'000	Total Technical Provision Net €'000
Income Protection	-6,263	38,859	32,597	6,941	39,538	-20	39,517
Motor Vehicle Liability	-58,815	425,759	366,944	17,032	383,976	-8,141	375,835
Other Motor	-28,428	77,274	48,846	2,912	51,758	-1,515	50,243
MAT	-829	58,112	57,283	2,376	59,659	-1,994	57,665
Fire & Property Damage	-91,735	406,669	314,934	15,559	330,493	-3,829	326,663
General Liability	-22,318	252,688	230,369	9,920	240,289	-12,180	228,109
Credit & Suretyship	354	48,134	48,488	2,029	50,516	-202	50,315
NP Property	-47,633	439,840	392,207	17,572	409,779	-11,686	398,093
NP Casualty	37,415	2,769,318	2,806,732	115,670	2,922,403	-33,184	2,889,218
NP MAT	-3,837	95,138	91,302	3,552	94,853	-9,704	85,149
NP Health	-6,594	58,604	52,009	21,657	73,666	-105	73,561
Total Non-Life	**-228,683**	**4,670,394**	**4,441,711**	**215,218**	**4,656,929**	**-82,559**	**4,574,370**

Description of the Level of Uncertainty associated with the Value of Technical Provisions

For the calculation of the Technical Provisions, reasonable assumptions, techniques and judgments are used in accordance with actuarial standards of practice, including reconciliations, checks and a thorough review process.

However, the estimation of time and amount of liabilities will be subject to forecast error, which can be potentially large. This is because the resolution of claims is subject to the outcome of events that are unknown or yet to occur. Future loss trends regarding bodily injuries, judicial or legislative outcomes, the general economic environment, client claims settlement practices, reporting lags or timing risks as well as changes in mortality, health or nursing care can impact the run-off performance significantly.

The level of uncertainty associated with the TP's is driven by the Line of Business' intrinsic risk, the duration of the treaties and underlying policies and the geographical area where the risks are underwritten. Technical Provisions are sensitive against changes in the set of best estimate assumptions. This applies to both components of the Technical Provisions, the Best Estimate Liabilities and the Risk Margin. The Risk Margin however is a function of all SCRs: L/H as well as P/C. The corresponding correlation effects have to be considered.

We conducted some sensitivity tests of the P/C Best Estimate Liabilities (BEL) and the results fall within a reasonable range of potential loss deviations from the best estimate

Material Differences between Bases, Methods and Main Assumptions Used for the Valuation for Solvency II Purposes and in Financial Statements for Material Lines of Business

The material methodological differences between Solvency II net technical provisions and net reserves for the Group according to US GAAP and HGB for GRAG Solo as at 31 December 2017 are outlined below.

i. Unallocated loss adjustment reserves (ULAE) for US GAAP purposes of Euro 71,066 thds respectively equalization reserve for HGB of Euro 737,711 thds.

ii. The US GAAP reserves include a net unearned premium reserve of Euro 129,968 thds. The HGB reserves include a net unearned premium reserve of Euro 113,850 thds.

iii. Under Solvency II, best estimate liabilities are calculated as present values whereas for US GAAP and HGB purposes the reserves are best estimates in nominal values. Using the interest rate curves as provided by EIOPA, the net claims discounting effect amounts to Euro 824,789 thds.

iv. For US GAAP purposes, claims reserves are only set for outstanding claims (i.e. incurred claims). Under Solvency II, future premiums and future claims up to the contract boundary are taken into account for the determination of the premium provision. Therefore, Solvency II BELs are different from US GAAP reserves by the present value of cash flows from future business, which totals Euro 155,637 thds. For GRAG Solo the difference amount to Euro 154,253 thds. These figures now also include the reinsurance, insurance and intermediaries receivables and payables not overdue.

v. Solvency II TPs further include claims expenses amounting to Euro 122,031 thds.

vi. Some other minor differences sum up to Euro 4,468 thds for GRAG Group and Euro 3,372 thds for GRAG Solo (for instance a provision for the expected loss due to counterparty default in Solvency II or evaluation differences in the L/H piece of the NP health (NSLT) business).

vii. A risk margin is included in the Solvency II TPs and not part of the US GAAP respectively HGB reserves which amounts to Euro 215,218 thds.

The following table provides an overview of the main drivers as described above for GRAG Solo and GRAG Group:

Reconciliation of P/C Reserves to Solvency II	Solo € '000	Group € '000
Net Reserves*	**6,064,352**	**5,414,113**
Equalization Reserve	-737,711	n/a
Unallocated Loss Adjustment Expenses	n/a	-71,066
Unearned Premium Reserve	-113,850	-129,968
Claims Discounting	-824,789	-824,789
Premium Provision (incl. Receivables/Payables not overdue)	-154,253	-155,637
Claims Expenses	122,031	122,031
Other	3,372	4,468
Net Best Estimate Liabilities	**4,359,152**	**4,359,152**
Risk Margin	215,218	215,218
Net Technical Provisions	**4,574,370**	**4,574,370**

*For GRAG Solo based on HGB
For GRAG Group based on US GAAP

Recoverables from Reinsurance Contracts and Special Purposes Vehicles

The methodology to calculate the retro recoverables is the same as the methodology to calculate the gross best estimate, see section on actuarial methodologies and assumptions below. We have an internal retrocession to our US parent GRC for all business written with effect from 1 January 2017. The GRAG retro recoverables amount to Euro 83,943 thds.

GRAG Group does not have any SPVs.

Actuarial Methodologies and Assumptions used in the Calculation of the Technical Provisions, and Details of Simplifications and Justification of Chosen Methods.

Claims Provisions

The BELs are calculated using standard deterministic actuarial methodologies, based on the projection of run-off triangles, usually constructed on aggregate basis (predominantly Bornhuetter-Ferguson but also Chain-Ladder etc.). For the more recent underwriting years, where no triangle history is available yet, we apply expected loss ratio methods, also incorporating most recent information received from underwriters, the general market, benchmarks or claims reports where available. Our actuarial forecast process also consists of peer reviews and retrospective back-testing in our loss development review.

Premium Provisions

Future premiums and commissions are derived from our Solvency II forecast process, based on the written, bound and future premium. As the vast majority of premium is earned in the first year the discounting effect is negligible. Hence, we only discount the future losses originating from this premium, applying the rates given by EIOPA.

The future expected losses as well as all claims cash-flows are derived from the actual payment history by actuarial forecast segment i.e. by reinsurance form, line of business and region/market.

Expenses

We split management expenses into “short-term” and “long-term” expenses in order to allocate the gross expenses accordingly between premium provisions (short-term) and claims provisions (long-term). The latest available management expenses are used as benchmark for the current year. Expenses for future financial years are then projected using these uniform ratios over time, thus the expenses mirror the future premium or reserve related cash flows for the whole remaining runoff time.

Material Changes in Assumptions made in the Calculation of the Technical Provisions

The following table shows the development of the net Best Estimate Liabilities during the last year:

	Claims Provision € '000	Premium Provision € '000	Total € '000
Best Estimate 2016 (net)	**4,569,546**	**18,674**	**4,588,220**
Change due to currency rates and discount rates	-121,023	-6,826	-127,849
Change due to experience or assumptions	59,379	38,883	98,262
Other Changes	5,503	-2,409	3,093
Receivables/Payables not overdue		-202,575	-202,575
Best Estimate 2017 (net)	**4,513,405**	**-154,253**	**4,359,152**

The changes may be subdivided into four categories:

1. The TPs decrease by Euro 127,849 thds due to new exchange rates and discount rates.

2. The changes relating to actual loss experience or changes in actuarial assumptions represent an increase of Euro 98,262 thds. This is partly attributable to losses reported from our cedants as well as volume increases due to premium growth in the last year. There were no material changes in actuarial assumptions as our general approaches remained unchanged.

3. Other changes amount to Euro 3,093 thds due to evaluation differences in the L/H piece of the NP health (NSLT) business.

4. Unlike in the previous year, the reinsurance, insurance and intermediaries receivables and payables not overdue are now disclosed in the Best Estimate, while the UPRs were removed, resulting in a net decrease of Euro 202,575 thds in the Premium Provision.

The development of the risk margin is described in the following chapter D.2.3.

D.2.3 Further Assumptions applicable to both Life/Health and Property/Casualty

Risk Margin

The calculation of the risk margin (RM) is based on the cost of capital (CoC) method.

In line with the Solvency II regulations market risk and loss absorbing capacity for deferred taxes are not accounted for in the calculation of the SCR for RM. The SCR is calculated on a legal entity level. Therefore, diversification between life/health and property/casualty is taken into account while diversification between legal entities is disregarded. For GRAG Group as a composite entity the respective Life, Health and P/C modules are projected separately in order to determine the SCR for all future years.

In order to determine the SCR for risk margin for each projection year, the individual modules and sub-modules are aggregated based on the square root formula and the correlation matrix provided by the standard formula.

For the whole portfolio the risk margin is allocated to the lines of business so that it adequately reflects the contributions of the lines of business to the SCR over the lifetime of the whole portfolio. No additional split of the risk margin between claims and premium provision is required.

Risk Margin Calculation for GRSA and GRLA

For the calculation of the risk margin for our subsidiaries GRLA and GRSA we use the simplified method 2. The simplification classified as method 2 of the hierarchical structure of the technical specification provided by EIOPA is based on the assumption that the future SCRs are proportional to the best estimate technical provisions for the relevant year. Here the proportionality factor is given by the ratio of the present SCR to the present best estimate technical provisions.

Change in Risk Margin

In 2017 GRAG Group's Risk Margin increased by Euro 206,368 thds from Euro 1,155,872 thds to Euro 1,362,241. A main reason for this is the growth of the SCR for the modules of Life and Health (SLT) which is caused by new business, especially by a large transaction with a cedant in Australia. Furthermore, the pattern used to project the utilization of the SCR over time within these modules was adjusted due to a refinement of the model assumptions. These effects were partially offset by a change in the discounting method for GRSA and GRLA. In 2016 we used the Euro interest rates to discount the projected cost of capital. In 2017 however, we apply the ZAR and AUD interest rates for discounting to be in line with the legal entity view of the Risk Margin.

Matching adjustment

A matching adjustment was not used.

Volatility adjustment

A volatility adjustment was not used.

Transitional risk-free interest rate-term structure

The transitional risk-free interest rate-term structure was not applied.

Transitional deduction

The transitional deduction was not applied.

D.3 Other Liabilities

The table below contains all other liabilities of GRAG Solo and GRAG Group as at 31 December 2017 according to Solvency II valuation principles compared with HGB and US GAAP. In aggregating the liability categories for valuation and reporting purposes, we have complied with the SII balance sheet template. For a complete listing of other liabilities refer to the QRT-balance sheets S.02.01.02 for GRAG solo and GRAG group in the appendix.

Other liabilities as at 31 December 2017	Note	Solo		Group	
		Solvency II €'000	HGB €' 000	Solvency II €'000	US GAAP €'000
Provisions other than technical provisions	1	174,477	209,311	175,360	165,705
Pension benefit obligations	2	307,024	215,474	307,115	307,115
Deposits from reinsurers	**3**	**35,498**	**33,345**	**35,498**	**924**
Non-life		856	893	856	895
Life/Health		34,642	32,453	34,642	29
Deferred tax liabilities	4	671,762	0	691,350	11,878
Insurance & intermediaries payables	5	0	254,179	0	257,128
Reinsurance payables	6	0	106,015	0	131,138
Payables (trade, not insurance)	7	16,501	16,501	20,373	16,859
Any other liabilities, not elsewhere shown	8	551	551	551	551
Total other liabilities		**1,205,813**	**835,377**	**1,230,248**	**891,299**

The differences between the basis, methods and assumptions used for liability valuation for Solvency II purposes, and those used in the HGB and US GAAP financial statements are outlined below:

Note 1 – Provisions other than Technical Provisions

Other liabilities	Solo		Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Provisions other than technical provisions	174,477	209,311	175,360	165,705

Under Solvency II and in accordance with IAS 37, the valuation is based on the best estimate for settling the current obligations, taking into consideration the risks and uncertainties that exist. Provisions with a maturity of less than one year are valued at nominal value, whilst provisions with a maturity of more than one year are discounted, to reflect the risk and the timing in the settlement of the obligation.

Under US GAAP and in accordance with ASC 450, we do not to discount provisions.

Under HGB, provisions are valued based on a fulfillment amount, in accordance with HGB § 253 para. 1 sentence 2 taking into account future price and cost increases. Provisions with a maturity of longer than one year are discounted at the corresponding monthly interest rates of the past seven years, published by the German Central Bank.

For discounting purposes and considering materiality levels, we use the same interest rates for Solvency II as for HGB.

Current tax liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates that have been enacted or substantively enacted by the end of the reporting period (IAS 12.46).

For US GAAP the Group does not discount tax liabilities, whereas for Solvency II, the Group discounts these liabilities. Under US GAAP the tax receivables are netted against the tax payables which are shown under “provisions other than technical provisions” category. For Solvency II purposes we report the values on a gross basis, with the tax receivables being reported under “Receivables (trade, not insurance)” category.

The difference between the Solvency II and the US GAAP is primarily driven by the reclassification of tax receivables/payables as explained above. The difference between Solvency II and HGB relates to the currency reserve contained within HGB but not permitted under Solvency II.

Material Provisions other than Technical Provisions

The table below outlines the material provisions under Solvency II; uncertainties in terms of the amount or timing of the outflows of economic benefits were taken into account in the valuation.

Nature of obligation	Duration of economic benefit	Amount €' 000
Tax provision	up to 7 years	118,342
Interest on taxes	up to 7 years	39,056

Uncertainties in terms of the amount or timing of the outflows of economic benefits were taken into account in the valuation.

Note 2 – Pension Benefit Obligations

Other liabilities	Solo		Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Pension benefit obligations	307,024	215,474	307,115	307,115

The pensions benefit obligations cover provisions for accrued pensions rights and current pension’s obligations.

For Solvency II purposes the we recognize and value pension benefit obligations in accordance with IAS 19 as amended in 2011, which is considered to be consistent with Solvency II requirements.

The actuarial value is determined using the projected unit credit method, allowing for estimated future salary increases, benefits and medical costs.

The discount rate used to calculate the Solvency II value reflects the current market conditions at the balance sheet date. It is derived using corporate bonds with a rating of AA or higher which are consistent with the currency and maturity of the liabilities in relation to the portfolio

Under US GAAP, the same valuation approach is used, in accordance with ASC 715 and therefore no valuation differences exist between Solvency II and US GAAP.

Under HGB, we have used the provisions for pension obligations according to HGB § 253 para. 1 and 2 applying the Klaus Heubeck 2005 G mortality tables for Germany and corresponding mortality tables for foreign pension liabilities.

The discount rate used is a 10-year-average historical rate, which is determined based on the rates published by the German Central bank by 31 October 2017 in accordance with HGB § 253 para. 2 and extrapolating these rates to 31 December 2017 using the method prescribed by the German regulation of the discounting of provisions (Rückstellungsabzinsungsverordnung).

Under HGB, a remaining period of 15 years is assumed for the future increase for salaries and pensions.

In accordance with the approach described above the following assumptions for the financial year 2017 were applied:

	Solvency II	HGB	US GAAP
Discount rate	1.6% *	3.68%	1.6% *
Future increase of salaries	2.5% **	2.5%	2.5% **
Future increase of pensions	1.75%	1.75%	1.75%
Biometric basis for calculation for Germany	Klaus Heubeck 2005 G mortality tables	Klaus Heubeck 2005 G mortality tables	Klaus Heubeck 2005 G mortality tables

* For the pension fund in UK a discount rate of 2.7% is applied.

** For the pension fund in UK a future increase of salaries of 2.4% is assumed.

Note 3 – Deposits from Reinsurers

Other liabilities	Solo		Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Non-Life	856	893	856	895
Life/Health	34,642	32,453	34,642	29
Deposits from reinsurers	**35,498**	**33,345**	**35,498**	**924**

Under Solvency, the deposits are valued based on their expected future cash flows discounted by the corresponding discount curves.

For US GAAP deposits are netted with reserves in accordance with ASC 944, except for Life/Health deposits located in the Netherlands, which we were prohibited from doing so and for all non-life deposits.

Under HGB, the deposits from reinsurers are recognized at their redemption amount (HGB § 314b para. 2 sentence 2 in conjunction with § 253 para.1).

Note 4 – Deferred Tax Liabilities

Deferred Taxes	Solo		Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Deferred tax assets (DTA) (+)	66,155	224,793	80,211	28,257
Deferred tax liability (DTL) (-)	-671,762	0	-691,350	-11,878
Total deferred taxes	**-605,607**	**224,793**	**-611,140**	**16,379**

For explanation of valuation differences, please refer to chapter D.1 Assets, note 3 – Deferred Tax Assets.

Note 5 – Insurance and Intermediaries Payables

Other liabilities	Solo		Group	
	Solvency II € ' 000	HGB € ' 000	Solvency II € ' 000	US GAAP € ' 000
Insurance and intermediaries payables	0	254,179	0	257,128

This position includes payables from incoming business.

Under US GAAP, the valuation is in accordance with ASC 944. All payables are considered to be of short-term nature (up to 12 months). Therefore, GRAG uses the nominal amount as fair value.

Under HGB, insurance and intermediaries receivables have to be valued in accordance with the regulations applicable to HGB § 341b para. 2 sentence 1 in conjunction with § 253 para. 1 with the corresponding repayment amounts.

For Solvency II purposes, only payables which are overdue for a period of more than 90 days are to be shown in this position. Since this does not apply to any payables for GRAG, the entire amount is reclassified to best estimate liabilities within Technical Provisions.

Note 6 – Reinsurance Payables

Other liabilities	Solo		Group	
	Solvency II € ' 000	HGB € ' 000	Solvency II € ' 000	US GAAP € ' 000
Reinsurance payables	0	106,015	0	131,138

This position includes all payables from ceded reinsurance. The valuation principles applied for US GAAP, HGB and Solvency II are the same as described in note 5 – Insurance and Intermediaries Payables.

Note 7 – Payables (Trade, not Insurance)

Other liabilities	Solo		Group	
	Solvency II € ' 000	HGB € ' 000	Solvency II € ' 000	US GAAP € ' 000
Payables (trade, not insurance)	16,501	16,501	20,373	16,859

Under Solvency II, payables (trade, not insurance) with duration of up to 12 months are recognized at their nominal value. The fair values of payables of a longer term nature (greater than 12 months) are determined using present value method. Individual and flat-rate value adjustments are performed in line with the accounting treatment under US GAAP.

Under US GAAP these payables are recognized at their fair value in accordance with ASC 944. Flat-rate adjustments are performed based on individual surveys and experiences of the last few years, similar to the individual value adjustments made to the asset-side. As all payables (trade, not insurance) are all of a short-term nature (up to 12 months) the Group uses the nominal value as fair value.

The difference between the Solvency II and the US GAAP amount mainly relates to the reclassification of current tax receivables/payables as explained above.

Under HGB, payables (trade, not insurance) are recognized at their future amount payable in accordance with HGB § 341b para. 2 sentence 1 in conjunction with § 253 para.1. Flat-rate adjustments are performed based on individual surveys and experiences of the last few years similar to the individual value adjustments made to the asset-side.

As all payables are short-term (up to 12 months) GRAG uses the nominal value as fair value. Therefore, no difference arises.

Note 8 – Any other Liabilities, not elsewhere shown

Other liabilities	Solo		Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Any other liabilities, not elsewhere shown	551	551	551	551

This position contains deferred income and accrued expenses. There are no valuation differences between HGB, US GAAP and Solvency II.

D.4 Alternative Methods for Valuation

Wherever possible we have used market values in accordance with (article 75 of the SII Directive. Where quoted prices from active markets are not available, the fair value hierarchy as outlined in article 10 DA was applied.

In some circumstances where the determination of the market value is considered highly difficult to establish in comparison to the level of materiality (proportionality) of the balance sheet item, GRAG Group has used the US GAAP financial statement valuations, where the conditions as laid down in article 9 DA apply. The valuation approach applied for Solvency II is described in chapter D.1 to D.3.

D.5 Any Other Information

For the valuation of assets, the Group is generally applying the mark to market approach, with the exception of:

Properties (see chapter D.1, note 5 – Property, Plant and Equipment) where the valuation approach used is mark to model.

Reinsurance recoverables (see chapter D.1, note 13 – Reinsurance Recoverables respectively chapter D.2 technical provisions.

For the valuation of technical provisions and other liabilities, GRAG Group is applying a mark to model approach (see relevant chapters D.2 and D.3).

E. Capital Management

E.1 Own Funds

E.1.1 Management of Own Funds

Our capital management policy sets the framework for the correct classification of all own funds items into tiers taking into account applicable capital and distribution rules. In addition it ensures that adequate processes are implemented and adhered to. We define capital management as the planning, management and monitoring of the capitalization respectively our own funds in order to ensure that the regulatory requirements as well as the internal strategic capital objectives are met at any time.

The Solvency Ratio stipulated by the supervisory authority in accordance with Solvency II is stipulated at 100%. However, we have set internal strategic capital objectives regarding our capital adequacy in order to achieve a sustainable long-term increase of the financial position and financial strength. As such capital management is integrated into the planning and steering process. We differentiate between a one year bottom-up detailed financial plan and a 3 year medium-term capital plan which is in alignment with our ORSA forward look time horizon. The planned eligible own funds are compared with the expected solvency capital requirements to ensure compliance with the regulatory solvency capital requirements.

The achievement of our capital management objectives is ensured through:

- The integration of capital management in the planning and control process facilitates a direct link to the Group's own risk and solvency assessment.

- The limit system and risk reporting procedures implemented continuously monitor for changes in the risk profile and the amount of already consumed eligible own funds.

Part of the capital management process consists of analyzing all components of the eligible own funds according to their quality criteria ('tiering'), any duration or constraints of their availability, future planned dividends and contractual interest payments.

E.1.2 Structure, Amount and Quality of Own Funds

Our capital structure consists of the following Solvency II own funds (OF) categories, which are not subject to any conditions:

1. Ordinary share capital
2. Share premium account related to ordinary share capital (paid-in capital)
3. Reconciliation reserve.

The reconciliation reserve consists of current and prior earnings retained within the Group, items directly booked to equity based on US GAAP accounting requirements and any valuation adjustments which are the difference between the economic balance sheet and those of the US GAAP balance sheet. Referring to GRAG Solo the reconciliation reserve includes current and prior earnings retained based on HGB and any valuation differences between HGB and Solvency II.

The Group Own Funds have been calculated based on the Solvency II Group Balance Sheet, which has been prepared in accordance with the consolidation method (default method/method 1); all intragroup transactions have been eliminated.

The entire own fund items of GRAG and GRAG Group are classified as unrestricted tier 1 which is considered the highest quality of capital in terms of “loss absorbing capacity”. We do not hold any subordinated debt capital. There are no items that need to be approved as basic or ancillary own funds items. In addition, the availability or transferability of the own funds are not affected by any deductions or restrictions.

The details of the eligible Own Funds for GRAG and GRAG Group at 31 December 2017 in comparison to the prior year are disclosed in the table below:

Own Funds	Solo			Group		
	2017 €'000	2016 €'000	Change €'000	2017 €'000	2016 €'000	Change €'000
Total assets	**13,581,208**	**13,586,436**	**-5,228**	**13,722,873**	**14,254,517**	**-531,644**
- Total liabilities	8,096,951	8,814,071	-717,120	8,238,616	9,489,251	-1,250,636
- Own shares	0	0	0	0	0	0
- Participation in financial and credit institutions	0	0	0	0	0	0
- Foreseeable dividends	200,200	62,150	138,050	200,200	62,150	138,050
- Ring-fenced funds	0	0	0	0	0	0
Basic own funds	**5,284,057**	**4,710,215**	**573,842**	**5,284,057**	**4,703,115**	**580,942**
thereof						
Paid-in ordinary share capital	55,000	55,000	0	55,000	55,000	0
Share premium account	866,174	866,174	0	866,174	866,174	0
Surplus fund	0	0	0	0	0	0
Reconciliation reserve	4,362,883	3,789,041	573,842	4,362,883	3,781,942	580,942
thereof						
Retained earnings	1,703,586	1,475,345	228,240	2,430,400	2,197,485	232,915
Adjustment due to revaluation differences	2,859,498	2,375,846	483,652	1,388,160	997,313	390,847
Foreseeable dividend	-200,200	-62,150	-138,050	-200,200	-62,150	-138,050
+ Subordinated liabilities	0	0	0	0	0	0
+ Additional own funds	0	0	0	0	0	0
Eligible Own Funds	**5,284,057**	**4,710,215**	**573,842**	**5,284,057**	**4,703,115**	**580,942**

Overall the structure of the OF did not change in comparison to the prior year.

Differences in Equity	Solo			Group		
	2017 €'000	2016 €'000	Change €'000	2017 €'000	2016 €'000	Change €'000
Shareholder's equity*	**2,624,759**	**2,396,519**	**228,240**	**4,094,387**	**3,766,717**	**327,670**
Adjustments						
Investments	1,127,852	993,431	134,421	60,532	60,895	-363
Life/Health	983,682	616,689	366,993	1,006,628	625,395	381,233
Property/Casualty	816,367	808,302	8,065	366,840	348,064	18,776
Other	-68,403	-42,576	-25,827	-44,130	-35,806	-8,324
Dividend	-200,200	-62,150	-138,050	-200,200	-62,150	-138,050
Total adjustments	**2,659,298**	**2,313,696**	**345,602**	**1,189,670**	**936,398**	**253,272**
SII Own Funds	**5,284,057**	**4,710,215**	**573,842**	**5,284,057**	**4,703,115**	**580,942**

*GRAG Solo based on HGB
GRAG Group based on US GAAP

For details on the key differences please refer to chapter D.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

We use the standard formula for the calculation of the minimum capital required (MCR) and SCR. The table below outlines the SCR split by risk modules and the MCR for GRAG and GRAG Group at 31 December 2017 compared to 2016.

Solvency II Capital Requirements	GRAG 2017 €'000	GRAG 2016 €'000	GRSA* 2017 €'000	GRSA* 2016 €'000	GRLA* 2017 €'000	GRLA* 2016 €'000	GRAG Group 2017 €'000	GRAG Group 2016 €'000
Eligible own funds	5,284,057	4,710,215	133,032	113,921	79,830	84,116	5,284,057	4,703,115
SCR	**2,120,496**	**1,773,609**	**104,609**	**90,273**	**111,893**	**75,869**	**2,230,770**	**1,876,760**
Surplus capital	3,163,561	2,936,605	28,422	23,647	-32,063	8,246	3,053,287	2,826,356
MCR	**954,223**	**798,124**	**13,254**	**90,273**	**12,955**	**18,967**	**980,433**	**824,642**
Solvency ratio	**249.2%**	**265.6%**	**127.2%**	**126.2%**	**71.3%**	**110.9%**	**236.9%**	**250.6%**
Risk modules								
Underwriting risk Life	1,310,039	1,225,340	73,403	63,971	82,803	64,391	1,460,354	1,347,093
Underwriting risk Health	701,560	663,785	33,288	41,222	95,597	46,286	823,440	746,377
Underwriting risk non-life	914,562	900,722	0	0	0	0	914,562	900,722
Market risk	1,202,691	782,085	83,108	51,043	21,982	25,936	1,196,722	795,063
Counterparty default risk	55,355	62,877	2,115	18,567	3,631	4,029	57,316	72,346
Diversification	-1,566,364	-1,397,126	-53,122	-55,659	-53,103	-39,755	-1,668,560	-1,477,685
Operational risk	138,694	147,184	6,498	6,235	8,936	7,498	138,671	149,677
deferred taxes	-636,040	-611,256	-40,681	-35,106	-47,954	-32,515	-691,735	-656,832
Total	**2,120,496**	**1,773,609**	**104,609**	**90,273**	**111,893**	**75,869**	**2,230,770**	**1,876,760**

* Application of the Standard Formula following SII even though not part of the EEA.

In determining the risk modules, we have not made use of simplifications. However, in terms of the non-life premium and reserve risk we applied USPs in accordance with article 218 level II in due consideration that this better reflects our risk profile. The USP's were approved by the Bafin in November 2015.

In addition, EIOPA introduced transitional measures to ensure a smooth conversion to the SII regime. In terms of the equity risk we make use of the transitional measure and apply a 22% equity charge in the first year with a linear increase over a time period of seven years. Based on article 308(b) section 13, of the SII Directive, we recognize that the SCR will increase over the transitional period ending 1 January 2023.

In regard to GRSA and GRLA it should be noted that these companies are not within the EEA and as such not subject to Solvency II regulation on a stand-alone basis. Both companies have adequate capital to meet their local regulatory requirements. For capital management purposes we consider it efficient to concentrate the surplus capital within the parent company GRAG and provide parental support when needed.

As GRAG Group is classified as non-composite we follow the regulatory requirements for non-composite undertakings for the calculation of the MCR.

We would like to point out that the amounts disclosed for the SCR and MCR are considered preliminary and are subject to supervisory assessment by the BaFin.

E.3 Use of the Duration-Based Equity Risk Sub-Module in the Calculation of the Solvency Capital Requirement

We do not use the duration-based equity risk sub-module in the calculation of the SCR. It should be noted that Germany did not make use of the option to allow the duration-based equity risk sub-modules.

E.4 Difference between the Standard Formula and Any Internal Model Used

We apply the standard formula and do not use an internal model to calculate the SCR. Referring to USPs there have been no changes to the information included in the application for the approval of the USPs.

E.5 Non-Compliance with the MCR and SCR

There was no breach of the SCR and hence the MCR over the reporting period. By reference to the SCR and MCR, the Solvency II OF substantially exceeded the capital requirements. By these measures, we remain in a satisfactory capital position.

E.6 Any Other Information

For the reporting period 31 December 2017, there is no other information to be disclosed.

Abbreviations

AF	Actuarial function
AMSB	Administrative, management and supervisory body
APAC	Asia Pacific
APRA	Australian Prudential Regulation Authority
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht
BEL	Best estimate liability
BRK	Berkshire Hathaway Inc.
BU	Business unit
CAS	Corporate actuarial services
CF	Compliance Function
CFO	Chief Financial Officer
CO	Compliance Officer
CPD	Counterparty default
CRO	Chief Risk Officer
DA	Delegated acts
DTA	Deferred tax assets
DTL	Deferred tax liabilities
EEA	European Economic Area
EI	Emerging issue
EIOPA	European Insurance and Occupational Pensions Authority
EPIFP	Expected profits included in future premium
Gen Re	General Reinsurance
GRAG	General Reinsurance AG
GRC	General Reinsurance Corporation
GRLA	General Reinsurance Life Australia Ltd, Sydney
GRN	General Re Corporation
GRSA	General Reinsurance Africa Limited, Capetown
HGB	German Commercial Code
IA	Internal audit
IAF	Internal audit function
IAS	International accounting standard
ICAAP	Internal capital adequacy assessment process
ICS	Internal control system
ICT	Internal control testing
IFRS	International financial reporting standard
IRDA	Insurance regulatory and development authority

KPI	Key performance indicator
L/H	Life/Health
MAT	Marine, aviation, transport
MCR	Minimum capital requirement
MIG	Master investment guidelines
Nat cat	Natural catastrophe
NEAM	New England Asset Management Ltd.
Non-SLT	Similar to non-life
NP	non-proportional
NSLT	Similar to non-life
OF	Own funds
ORSA	Own Risk and Solvency Assessment
OSN	Overall solvency needs
P/C	Property/Casualty
PA	Personal accident
PA	Prudential Authority (South Africa)
PO	Principal Officer
PPP	Prudent person principle
QRT	Quantitative Reporting Template
R&D	Research & development
RBNZ	Reserve Bank of New Zealand
RC	Risk committee
RM	Risk margin
RMF	Risk Management Function
RMT	Risk management team
RO	Risk Officer
SAM	Solvency assessment and management
SCR	Solvency capital requirement
SF	Standard formula
SFCR	Solvency and Financial Condition Report
SII	Solvency II
SLA	Service level agreement
SLT	Similar to life
SOX	Sarbanes-Oxley Act.
SPA	Special acceptance
SPV	Special purpose vehicle
TPs	Technical provisions
TVaR	Tail value at risk
ULAE	Unallocated loss adjustment reserves

US	United States
US GAAP	United States Generally Accepted Accounting Principles
USP	Undertaking specific parameter
UW	Underwriting
VAG	German Insurance Supervision Law (Versicherungsaufsichtsgesetz)
VaR	Value at risk

Appendix – Quantitative Reporting Templates

Please note the following:
All values are stated in thousand Euros.
Rounding differences can occur in the following tables.
GRAG Group does not make use of transitional arrangements, volatility and matching adjustments and as such we do not disclose QRT S.22.01.21 "Impact of long term guarantees and transitional measures".

S.02.01.02_Solo – QRT balance sheet as at 31. December 2017

		Solvency II value
Assets		**C0010**
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	-
Deferred tax assets	**R0040**	66,155
Pension benefit surplus	**R0050**	7,592
Property, plant & equipment held for own use	**R0060**	29,318
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	10,303,930
Property (other than for own use)	**R0080**	-
Holdings in related undertakings, including participations	**R0090**	212,861
Equities	**R0100**	3,293,947
Equities - listed	**R0110**	3,293,947
Equities - unlisted	**R0120**	-
Bonds	**R0130**	6,371,177
Government Bonds	**R0140**	2,961,377
Corporate Bonds	**R0150**	3,409,800
Structured notes	**R0160**	-
Collateralised securities	**R0170**	-
Collective Investments Undertakings	**R0180**	406,308
Derivatives	**R0190**	-
Deposits other than cash equivalents	**R0200**	19,546
Other investments	**R0210**	91
Assets held for index-linked and unit-linked contracts	**R0220**	-
Loans and mortgages	**R0230**	718,345
Loans on policies	**R0240**	-
Loans and mortgages to individuals	**R0250**	-
Other loans and mortgages	**R0260**	718,345
Reinsurance recoverables from:	**R0270**	154,479
Non-life and health similar to non-life	**R0280**	83,943
Non-life excluding health	**R0290**	83,818
Health similar to non-life	**R0300**	125
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	70,535
Health similar to life	**R0320**	10,653
Life excluding health and index-linked and unit-linked	**R0330**	59,882
Life index-linked and unit-linked	**R0340**	-
Deposits to cedants	**R0350**	1,970,304
Insurance and intermediaries receivables	**R0360**	28,653
Reinsurance receivables	**R0370**	1,556
Receivables (trade, not insurance)	**R0380**	41,975
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**	258,468
Any other assets, not elsewhere shown	**R0420**	433
Total assets	**R0500**	13,581,208

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	4,658,314
Technical provisions – non-life (excluding health)	R0520	4,545,110
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	4,358,489
Risk margin	R0550	186,621
Technical provisions - health (similar to non-life)	R0560	113,204
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	84,606
Risk margin	R0590	28,598
Technical provisions - life (excluding index-linked and unit-linked)	R0600	2,232,825
Technical provisions - health (similar to life)	R0610	865,702
Technical provisions calculated as a whole	R0620	-
Best Estimate	R0630	507,704
Risk margin	R0640	357,998
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	1,367,123
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	692,454
Risk margin	R0680	674,669
Technical provisions – index-linked and unit-linked	R0690	-
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	-
Risk margin	R0720	-
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	174,477
Pension benefit obligations	R0760	307,024
Deposits from reinsurers	R0770	35,498
Deferred tax liabilities	R0780	671,762
Derivatives	R0790	-
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	-
Reinsurance payables	R0830	-
Payables (trade, not insurance)	R0840	16,501
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	551
Total liabilities	R0900	8,096,952
Excess of assets over liabilities	R1000	5,484,256

S.05.01.02_Solo – QRT Premiums, Claims and Expenses by Line of Business
as at 31. December 2017

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted 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
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**
Premiums written										
Gross - Direct Business	**R0110**									
Gross - Proportional reinsurance accepted	**R0120**		16,730		177,814	105,581	23,290	305,848	52,724	3,025
Gross - Non-proportional reinsurance accepted	**R0130**									
Reinsurers' share	**R0140**		2,727		35,577	17,805	3,849	63,852	9,863	513
Net	**R0200**		14,002		142,237	87,776	19,441	241,995	42,860	2,512
Premiums earned										
Gross - Direct Business	**R0210**									
Gross - Proportional reinsurance accepted	**R0220**		17,236		170,483	96,424	17,122	308,217	50,745	2,183
Gross - Non-proportional reinsurance accepted	**R0230**									
Reinsurers' share	**R0240**		2,877		33,732	13,950	2,200	63,519	9,282	191
Net	**R0300**		14,358		136,751	82,474	14,922	244,698	41,463	1,992
Claims incurred										
Gross - Direct Business	**R0310**									
Gross - Proportional reinsurance accepted	**R0320**		9,940		135,011	63,469	1,845	180,297	19,780	110
Gross - Non-proportional reinsurance accepted	**R0330**									
Reinsurers' share	**R0340**		1,386		27,186	10,058	2,002	39,293	5,160	112
Net	**R0400**		8,553		107,825	53,411	-156	141,004	14,620	-2
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**		0		0	0	0	0	0	0
Expenses incurred	**R0550**		6,051		30,529	25,426	5,815	79,694	15,663	907
Other expenses	**R1200**									
Total expenses	**R1300**									

		Line of Business for: non-life insurance and reinsurance obligations			Line of Business for: accepted non-proportional reinsurance				Total
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written									
Gross - Direct Business	**R0110**								
Gross - Proportional reinsurance accepted	**R0120**								685,010
Gross - Non-proportional reinsurance accepted	**R0130**				29,627	160,250	15,995	174,094	379,966
Reinsurers' share	**R0140**				1,178	29,436	3,081	30,201	198,084
Net	**R0200**				28,449	130,814	12,914	143,893	866,893
Premiums earned									
Gross - Direct Business	**R0210**								
Gross - Proportional reinsurance accepted	**R0220**								662,410
Gross - Non-proportional reinsurance accepted	**R0230**				29,678	145,344	14,424	167,829	357,276
Reinsurers' share	**R0240**				1,163	21,800	2,472	25,577	176,764
Net	**R0300**				28,515	123,544	11,952	142,252	842,921
Claims incurred									
Gross - Direct Business	**R0310**								
Gross - Proportional reinsurance accepted	**R0320**								410,452
Gross - Non-proportional reinsurance accepted	**R0330**				26,737	203,531	3,242	87,222	320,732
Reinsurers' share	**R0340**				446	30,721	2,411	27,514	146,290
Net	**R0400**				26,291	172,810	831	59,708	584,895
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**				0	0	0	0	0
Expenses incurred	**R0550**				2,575	23,844	2,457	20,129	213,091
Other expenses	**R1200**								
Total expenses	**R1300**								213,091

		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**							590,376	1,047,223	1,637,599
Reinsurers' share	**R1420**							9,261	18,608	27,869
Net	**R1500**							581,115	1,028,615	1,609,730
Premiums earned										
Gross	**R1510**							563,863	1,038,579	1,602,443
Reinsurers' share	**R1520**							9,343	18,327	27,671
Net	**R1600**							554,520	1,020,252	1,574,772
Claims incurred										
Gross	**R1610**							321,804	689,863	1,011,667
Reinsurers' share	**R1620**							1,935	15,038	16,973
Net	**R1700**							319,869	674,825	994,694
Changes in other technical provisions										
Gross	**R1710**									
Reinsurers' share	**R1720**									
Net	**R1800**							0	0	0
Expenses incurred	**R1900**							180,394	258,915	439,309
Other expenses	**R2500**									
Total expenses	**R2600**									439,309

S.05.02.01_Solo – QRT Premiums, Claims and Expenses by Country as at 31. December 2017

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		DK	IT	RU	ES	GB	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110							
Gross - Proportional reinsurance accepted	R0120	392,174	20,819	68,267	47,800	31,083	25,673	585,817
Gross - Non-proportional reinsurance accepted	R0130	97,827	16,333	11,687	4,321	12,779	98,937	241,884
Reinsurers' share	R0140	99,559	7,186	14,368	7,584	8,171	24,173	161,041
Net	R0200	390,442	29,966	65,586	44,537	35,691	100,437	666,659
Premiums earned								
Gross - Direct Business	R0210							
Gross - Proportional reinsurance accepted	R0220	406,124	15,608	64,484	38,943	33,080	14,416	572,655
Gross - Non-proportional reinsurance accepted	R0230	95,936	15,020	10,698	4,554	12,608	85,617	224,433
Reinsurers' share	R0240	102,821	5,650	13,040	3,991	8,063	14,360	147,926
Net	R0300	399,239	24,978	62,141	39,507	37,625	85,673	649,163
Claims incurred								
Gross - Direct Business	R0310							
Gross - Proportional reinsurance accepted	R0320	246,599	11,790	47,414	24,631	25,495	12,504	368,432
Gross - Non-proportional reinsurance accepted	R0330	53,016	5,335	8,771	1,705	5,348	168,142	242,317
Reinsurers' share	R0340	65,365	4,193	12,073	2,883	6,775	27,230	118,519
Net	R0400	234,250	12,931	44,111	23,452	24,068	153,417	492,229
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	104,927	4,734	12,748	12,905	10,661	14,412	160,387
Other expenses	R1200							0
Total expenses	R1300							160,387

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
	R1400		BB	CN	FR	HK	GB	
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross	**R1410**	208,433	104,047	231,055	84,442	75,672	218,144	921,793
Reinsurers' share	**R1420**	7,362	2,268		9,503		1,111	20,244
Net	**R1500**	201,071	101,779	231,055	74,939	75,672	217,032	901,549
Premiums earned								
Gross	**R1510**	206,915	104,279	201,960	84,652	75,018	217,864	890,687
Reinsurers' share	**R1520**	7,374	2,234		9,571		846	20,024
Net	**R1600**	199,541	102,045	201,960	75,081	75,018	217,018	870,662
Claims incurred								
Gross	**R1610**	129,893	29,101	130,952	42,159	45,062	173,572	550,739
Reinsurers' share	**R1620**	5,417	1,003		4,671		549	11,640
Net	**R1700**	124,476	28,098	130,952	37,487	45,062	173,023	539,099
Changes in other technical provisions								
Gross	**R1710**							
Reinsurers' share	**R1720**							
Net	**R1800**							
Expenses incurred	**R1900**	49,588	74,701	64,537	27,180	17,018	15,567	248,591
Other expenses	**R2500**							0
Total expenses	**R2600**							248,591

S.12.01.02_Solo – QRT Premiums, Life and Health SLT Technical Provisions as at 31. December 2017

			Index-linked and unit-linked insurance			Other life insurance					
		Insurance with profit participation		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150
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 as a whole	**R0020**										
Technical provisions calculated as a sum of BE and RM											
Best Estimate											
Gross Best Estimate	**R0030**									692,454	692,454
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**									59,882	59,882
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	0		0	0		0	0	0	632,572	632,572
Risk Margin	**R0100**									674,669	674,669
Amount of the transitional on Technical Provisions											
Technical Provisions calculated as a whole	**R0110**										
Best estimate	**R0120**										
Risk margin	**R0130**										
Technical provisions - total	**R0200**	0	0			0			0	1,367,123	1,367,123

		Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
			Contracts without options and guarantees	Contracts with options or guarantees			
		C0160	**C0170**	**C0180**	**C0190**	**C0200**	**C0210**
Technical provisions calculated as a whole	**R0010**						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**						
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Gross Best Estimate	**R0030**					507,704	507,704
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**					10,653	10,653
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**		0	0	0	497,051	497,051
Risk Margin	**R0100**					357,998	357,998
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	**R0110**						
Best estimate	**R0120**						
Risk margin	**R0130**						
Technical provisions - total	**R0200**	0			0	865,702	865,702

S.17.01.02_Solo – QRT Premiums, Non-Life Technical Provisions as at 31. December 2017

		Direct business and accepted 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
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
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		-6,263		-58,815	-28,428	-829	-91,735	-22,318	354
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140		-1,664		-14,404	-6,822	125	-34,493	-5,659	96
Net Best Estimate of Premium Provisions	R0150	0	-4,599	0	-44,411	-21,606	-954	-57,242	-16,659	258
Claims provisions										
Gross	R0160		38,859		425,759	77,274	58,112	406,669	252,688	48,134
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240		1,684		22,545	8,336	1,868	38,322	17,839	106
Net Best Estimate of Claims Provisions	R0250	0	37,175	0	403,214	68,938	56,244	368,347	234,849	48,028
Total Best estimate - gross	R0260	0	32,596	0	366,944	48,846	57,283	314,934	230,370	48,488
Total Best estimate - net	R0270	0	32,576	0	358,803	47,332	55,290	311,105	218,190	48,286
Risk margin	R0280		6,941		17,032	2,912	2,376	15,559	9,920	2,029
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	0	39,537	0	383,976	51,758	59,659	330,493	240,290	50,517
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	20	0	8,141	1,514	1,993	3,829	12,180	202
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	0	39,517	0	375,835	50,244	57,666	326,664	228,110	50,315

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport	Non-proportional property reinsurance	Total Non-Life obligation
		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				-6,594	37,415	-3,837	-46,249	-227,299
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140				-411	2,301	-1,351	-10,764	-73,046
Net Best Estimate of Premium Provisions	R0150	0	0	0	-6,183	35,114	-2,486	-35,485	-154,253
Claims provisions									
Gross	R0160				58,604	2,769,318	95,138	439,840	4,670,394
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240				516	30,883	11,055	23,834	156,989
Net Best Estimate of Claims Provisions	R0250	0	0	0	58,088	2,738,435	84,083	416,006	4,513,407
Total Best estimate - gross	R0260	0	0	0	52,010	2,806,733	91,301	393,591	4,443,095
Total Best estimate - net	R0270	0	0	0	51,905	2,773,549	81,597	380,521	4,359,154
Risk margin	R0280				21,657	115,670	3,552	17,572	215,218
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	0	0	0	73,667	2,922,403	94,853	411,163	4,658,313
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	0	0	105	33,184	9,704	13,070	83,943
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	0	0	0	73,562	2,889,219	85,149	398,093	4,574,372

S.19.01.21_Solo – QRT Premiums, Non-Life Insurance Claims as at 31. December 2017

Accident year / Underwriting year	Z0010	2

Gross Claims Paid (non-cumulative)
(absolute amount)

Year		0	1	2	3	4	5	6	7	8	9	10 & +		In Current year	Sum of years (cumulative)
												Development year			
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											51,408	R0100	51,408	51,408
N-9	R0160	103,412	202,378	41,151	19,871	12,037	11,134	10,241	4,981	5,691	7,866		R0160	7,866	418,762
N-8	R0170	108,225	191,137	38,934	27,164	25,071	14,986	12,490	4,492	5,826			R0170	5,826	428,327
N-7	R0180	93,015	248,274	65,535	24,402	15,046	12,855	8,090	6,054				R0180	6,054	473,271
N-6	R0190	82,093	221,772	50,935	32,447	13,183	9,226	6,698					R0190	6,698	416,353
N-5	R0200	77,354	198,296	54,828	28,915	13,396	13,763						R0200	13,763	386,552
N-4	R0210	151,942	356,432	111,329	39,076	22,678							R0210	22,678	681,456
N-3	R0220	68,063	251,216	78,394	25,519								R0220	25,519	423,191
N-2	R0230	102,194	255,053	79,636									R0230	79,636	436,883
N-1	R0240	85,900	212,975										R0240	212,975	298,875
N	R0250	78,771											R0250	78,771	78,771
												Total	R0260	511,193	4,093,849

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Year		0	1	2	3	4	5	6	7	8	9	10 & +		Year end (discounted
												Development year		
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	R0100											1,973,188	R0100	1,652,397
N-9	R0160	0	0	0	0	0	0	0	229,581	211,339	224,060		R0160	172,410
N-8	R0170	0	0	0	0	0	0	230,400	210,425	189,809			R0170	152,027
N-7	R0180	0	0	0	0	0	236,116	214,820	180,556				R0180	145,669
N-6	R0190	0	0	0	0	228,092	182,758	172,715					R0190	144,574
N-5	R0200	0	0	0	372,642	337,906	261,416						R0200	210,863
N-4	R0210	0	0	505,258	399,817	310,549							R0210	264,801
N-3	R0220	0	553,332	484,125	432,046								R0220	361,852
N-2	R0230	722,899	593,419	485,835									R0230	413,697
N-1	R0240	674,611	476,029										R0240	428,437
N	R0250	743,963											R0250	698,133
												Total	R0260	4,644,862

S.23.01.01_Solo – QRT Premiums, Own Funds as at 31. December 2017

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	55,000	55,000			
Share premium account related to ordinary share capital	R0030	866,174	866,174			
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	4,362,882	4,362,882			
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					
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	5,284,056	5,284,056	0	0	0

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
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	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	0				
Total ancillary own funds	R0400				0	0
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	5,284,056	5,284,056	0	0	0
Total available own funds to meet the MCR	R0510	5,284,056	5,284,056	0	0	
Total eligible own funds to meet the SCR	R0540	5,284,056	5,284,056	0	0	0
Total eligible own funds to meet the MCR	R0550	5,284,056	5,284,056	0	0	
SCR	R0580	2,120,496				
MCR	R0600	954,223				
Ratio of Eligible own funds to SCR	R0620	249.19%				
Ratio of Eligible own funds to MCR	R0640	553.75%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	R0700	5,484,256	
Own shares (held directly and indirectly)	R0710	0	
Foreseeable dividends, distributions and charges	R0720	200,200	
Other basic own fund items	R0730	921,174	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring	R0740		
Reconciliation reserve	R0760	4,362,882	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	R0770	2,417,869	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	0	
Total Expected profits included in future premiums (EPIFP)	R0790	2,417,869	

S.25.01.21_Solo – QRT Premiums, Solvency Capital Requirement - for Undertakings on Standard Formula as at 31. December 2017

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	1,202,691		
Counterparty default risk	R0020	55,355		
Life underwriting risk	R0030	1,310,039	None	
Health underwriting risk	R0040	701,560	None	
Non-life underwriting risk	R0050	914,562	Standard deviation for non-life gross premium risk, Standard deviation for non-life reserve risk	
Diversification	R0060	-1,566,364		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	2,617,842		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	138,694
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	-636,040
Capital requirement for business operated in accordance with Art. 4 of Directive	R0160	0
Solvency capital requirement excluding capital add-on	R0200	2,120,496
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	2,120,496
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

S.28.01.01_Solo – QRT Premiums, Minimum Capital Requirement - Only Life or only Non-Life Insurance or Reinsurance Activity as at 31. December 2017

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	R0010	813,931

		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	32,577	14,002
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050	358,804	142,237
Other motor insurance and proportional reinsurance	R0060	47,332	87,776
Marine, aviation and transport insurance and proportional reinsurance	R0070	55,289	19,441
Fire and other damage to property insurance and proportional reinsurance	R0080	311,105	241,995
General liability insurance and proportional reinsurance	R0090	218,189	42,860
Credit and suretyship insurance and proportional reinsurance	R0100	48,286	2,512
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	51,904	28,449
Non-proportional casualty reinsurance	R0150	2,773,548	130,814
Non-proportional marine, aviation and transport reinsurance	R0160	81,598	12,914
Non-proportional property reinsurance	R0170	380,521	143,893

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	714,348

		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	1,129,622	
Total capital at risk for all life (re)insurance obligations	R0250		986,607,953

Overall MCR calculation

		C0070
Linear MCR	R0300	1,528,279
SCR	R0310	2,120,496
MCR cap	R0320	954,223
MCR floor	R0330	530,124
Combined MCR	R0340	954,223
Absolute floor of the MCR	R0350	3,600
		C0070
Minimum Capital Requirement	R0400	954,223

S.02.01.02_GROUP – QRT Balance Sheet as at 31. December 2017

		Solvency II value
Assets		**C0010**
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	0
Deferred tax assets	**R0040**	80,211
Pension benefit surplus	**R0050**	7,592
Property, plant & equipment held for own use	**R0060**	29,629
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	10,848,526
Property (other than for own use)	**R0080**	0
Holdings in related undertakings, including participations	**R0090**	0
Equities	**R0100**	3,293,947
Equities - listed	**R0110**	3,293,947
Equities - unlisted	**R0120**	0
Bonds	**R0130**	7,128,634
Government Bonds	**R0140**	3,718,834
Corporate Bonds	**R0150**	3,409,800
Structured notes	**R0160**	0
Collateralised securities	**R0170**	0
Collective Investments Undertakings	**R0180**	406,308
Derivatives	**R0190**	0
Deposits other than cash equivalents	**R0200**	19,546
Other investments	**R0210**	91
Assets held for index-linked and unit-linked contracts	**R0220**	0
Loans and mortgages	**R0230**	718,345
Loans on policies	**R0240**	0
Loans and mortgages to individuals	**R0250**	0
Other loans and mortgages	**R0260**	718,345
Reinsurance recoverables from:	**R0270**	-363,426
Non-life and health similar to non-life	**R0280**	82,559
Non-life excluding health	**R0290**	82,434
Health similar to non-life	**R0300**	125
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	-445,985
Health similar to life	**R0320**	-80,606
Life excluding health and index-linked and unit-linked	**R0330**	-365,379
Life index-linked and unit-linked	**R0340**	0
Deposits to cedants	**R0350**	1,958,529
Insurance and intermediaries receivables	**R0360**	29,269
Reinsurance receivables	**R0370**	20,030
Receivables (trade, not insurance)	**R0380**	50,404
Own shares (held directly)	**R0390**	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	0
Cash and cash equivalents	**R0410**	343,331
Any other assets, not elsewhere shown	**R0420**	433
Total assets	**R0500**	13,722,873

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	4,656,930
Technical provisions – non-life (excluding health)	R0520	4,543,726
Technical provisions calculated as a whole	R0530	0
Best Estimate	R0540	4,357,105
Risk margin	R0550	186,621
Technical provisions - health (similar to non-life)	R0560	113,204
Technical provisions calculated as a whole	R0570	0
Best Estimate	R0580	84,606
Risk margin	R0590	28,598
Technical provisions - life (excluding index-linked and unit-linked)	R0600	2,351,439
Technical provisions - health (similar to life)	R0610	1,318,808
Technical provisions calculated as a whole	R0620	0
Best Estimate	R0630	906,248
Risk margin	R0640	412,560
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	1,032,631
Technical provisions calculated as a whole	R0660	0
Best Estimate	R0670	298,168
Risk margin	R0680	734,463
Technical provisions – index-linked and unit-linked	R0690	0
Technical provisions calculated as a whole	R0700	0
Best Estimate	R0710	0
Risk margin	R0720	0
Other technical provisions	R0730	
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	175,360
Pension benefit obligations	R0760	307,115
Deposits from reinsurers	R0770	35,498
Deferred tax liabilities	R0780	691,350
Derivatives	R0790	0
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	0
Insurance & intermediaries payables	R0820	0
Reinsurance payables	R0830	0
Payables (trade, not insurance)	R0840	20,373
Subordinated liabilities	R0850	0
Subordinated liabilities not in Basic Own Funds	R0860	0
Subordinated liabilities in Basic Own Funds	R0870	0
Any other liabilities, not elsewhere shown	R0880	551
Total liabilities	R0900	8,238,616
Excess of assets over liabilities	R1000	5,484,257

S.05.01.02_ GROUP – QRT Premiums, Claims and Expenses by Line of Business as at 31. December 2017

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**												Line of Business for: **accepted non-proportional reinsurance**				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	Total
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written																		
Gross - Direct Business	**R0110**																	
Gross - Proportional reinsurance accepted	**R0120**		16,681		177,753	107,167	23,653	307,381	53,204	3,044								688,883
Gross - Non-proportional reinsurance accepted	**R0130**													29,194	162,862	16,960	177,029	386,045
Reinsurers' share	**R0140**		2,727		35,577	17,805	3,849	63,852	9,863	513				1,178	29,436	3,081	30,201	198,084
Net	**R0200**		13,954		142,176	89,362	19,803	243,529	43,340	2,531				28,016	133,427	13,878	146,828	876,844
Premiums earned																		
Gross - Direct Business	**R0210**																	
Gross - Proportional reinsurance accepted	**R0220**		17,590		169,431	93,187	15,543	312,091	51,400	1,998								661,239
Gross - Non-proportional reinsurance accepted	**R0230**													28,897	145,827	14,796	169,898	359,419
Reinsurers' share	**R0240**		2,877		33,732	13,950	2,200	59,815	9,282	191				1,163	21,800	2,472	25,577	173,059
Net	**R0300**		14,712		135,699	79,237	13,343	252,276	42,118	1,807				27,735	124,027	12,324	144,322	847,600
Claims incurred																		
Gross - Direct Business	**R0310**																	
Gross - Proportional reinsurance accepted	**R0320**		9,978		135,998	65,931	1,986	183,128	20,908	332								418,261
Gross - Non-proportional reinsurance accepted	**R0330**													25,375	208,813	4,073	90,112	328,372
Reinsurers' share	**R0340**		1,386		27,186	10,058	2,002	41,088	5,226	112				446	30,617	2,398	27,483	148,003
Net	**R0400**		8,592		108,811	55,873	-16	142,039	15,682	221				24,929	178,196	1,675	62,629	598,631
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**		0		0	0	0	0	0	0				0	0	0	0	0
Expenses incurred	**R0550**		6,645		30,968	21,737	4,212	87,840	17,422	777				2,996	29,391	3,064	25,221	230,272
Other expenses	**R1200**																	-3,347
Total expenses	**R1300**																	226,925

		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**							714,700	1,291,653	2,006,353
Reinsurers' share	**R1420**							22,963	44,788	67,751
Net	**R1500**							691,737	1,246,865	1,938,602
Premiums earned										
Gross	**R1510**							687,838	1,281,779	1,969,617
Reinsurers' share	**R1520**							23,045	44,525	67,570
Net	**R1600**							664,792	1,237,254	1,902,047
Claims incurred										
Gross	**R1610**							436,837	906,227	1,343,064
Reinsurers' share	**R1620**							12,187	32,026	44,214
Net	**R1700**							424,649	874,201	1,298,850
Changes in other technical provisions										
Gross	**R1710**									
Reinsurers' share	**R1720**									
Net	**R1800**							0	0	0
Expenses incurred	**R1900**							195,953	284,707	480,660
Other expenses	**R2500**									-18,566
Total expenses	**R2600**									462,094

S.05.02.01_ GROUP – QRT Premiums, Claims and Expenses by Country as at 31. December 2017

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		DK	IT	RU	ES	GB	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110							
Gross - Proportional reinsurance accepted	R0120	392,488	20,832	68,385	49,121	31,088	26,225	588,139
Gross - Non-proportional reinsurance accepted	R0130	97,835	16,387	11,688	4,529	12,823	101,780	245,042
Reinsurers' share	R0140	99,559	7,186	14,368	7,584	8,171	24,173	161,041
Net	R0200	390,764	30,033	65,705	46,066	35,740	103,832	672,140
Premiums earned								
Gross - Direct Business	R0210							
Gross - Proportional reinsurance accepted	R0220	413,778	15,253	63,196	36,129	34,258	12,478	575,093
Gross - Non-proportional reinsurance accepted	R0230	95,548	15,044	10,688	4,768	12,658	86,433	225,140
Reinsurers' share	R0240	99,116	5,650	13,040	3,991	8,063	14,360	144,221
Net	R0300	410,209	24,647	60,844	36,907	38,853	84,551	656,011
Claims incurred								
Gross - Direct Business	R0310							
Gross - Proportional reinsurance accepted	R0320	248,124	11,864	47,623	26,758	25,532	13,055	372,957
Gross - Non-proportional reinsurance accepted	R0330	53,341	5,440	8,808	1,786	5,405	173,338	248,118
Reinsurers' share	R0340	67,084	4,193	12,073	2,883	6,775	27,228	120,237
Net	R0400	234,381	13,111	44,358	25,661	24,162	159,165	500,838
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	0	0	0	0	0	0	0
Expenses incurred	R0550	122,734	4,877	12,350	8,351	12,686	14,502	175,500
Other expenses	R1200							-1,254
Total expenses	R1300							174,246

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
		C0150	C0150	C0160	C0170	C0150	C0200	C0210
	R1400		AU	BB	CN	ZA	GB	
		C0220	C0200	C0230	C0240	C0200	C0270	C0280
Premiums written								
Gross	R1410	179,335	181,292	106,614	234,854	154,937	221,318	1,078,350
Reinsurers' share	R1420	7,176	39,252	2,269		357	1,111	50,166
Net	R1500	172,159	142,040	104,345	234,854	154,580	220,207	1,028,184
Premiums earned								
Gross	R1510	177,061	181,888	106,850	205,803	154,020	221,045	1,046,668
Reinsurers' share	R1520	7,210	39,252	2,235		357	846	49,900
Net	R1600	169,851	142,636	104,615	205,803	153,663	220,200	996,768
Claims incurred								
Gross	R1610	99,321	155,061	29,856	133,376	154,307	176,086	748,007
Reinsurers' share	R1620	5,163	27,181	1,020		-7	554	33,909
Net	R1700	94,158	127,881	28,836	133,376	154,314	175,533	714,098
Changes in other technical provisions								
Gross	R1710							
Reinsurers' share	R1720							
Net	R1800	0	0	0	0	0	0	0
Expenses incurred	R1900	49,729	9,207	77,577	67,961	11,945	17,982	234,400
Other expenses	R2500							-6,614
Total expenses	R2600							227,786

S.23.01.22_GROUP- QRT Own Funds as at 31. December 2017

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	R0010	55,000	55,000			
Non-available called but not paid in ordinary share capital at group level	R0020					
Share premium account related to ordinary share capital	R0030	866,174	866,174			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Non-available subordinated mutual member accounts at group level	R0060					
Surplus funds	R0070					
Non-available surplus funds at group level	R0080					
Preference shares	R0090					
Non-available preference shares at group level	R0100					
Share premium account related to preference shares	R0110					
Non-available share premium account related to preference shares at group level	R0120					
Reconciliation reserve	R0130	4,362,883	4,362,883			
Subordinated liabilities	R0140					
Non-available subordinated liabilities at group level	R0150					
An amount equal to the value of net deferred tax assets	R0160					
The amount equal to the value of net deferred tax assets not available at the group level	R0170					
Other items approved by supervisory authority as basic own funds not specified above	R0180					
Non available own funds related to other own funds items approved by supervisory authority	R0190					
Minority interests (if not reported as part of a specific own fund item)	R0200					
Non-available minority interests at group level	R0210					

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 other financial undertakings, including non-regulated undertakings carrying out financial activities	**R0230**					
whereof deducted according to art 228 of the Directive 2009/138/EC	**R0240**					
Deductions for participations where there is non-availability of information (Article 229)	**R0250**					
Deduction for participations included by using D&A when a combination of methods is used	**R0260**					
Total of non-available own fund items	**R0270**	0	0	0	0	0
Total deductions	**R0280**	0	0	0	0	0
Total basic own funds after deductions	**R0290**	5,284,057	5,284,057	0	0	0

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	**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**					
Non available ancillary own funds at group level	**R0380**					
Other ancillary own funds	**R0390**	0				
Total ancillary own funds	**R0400**	0			0	0
Own funds of other financial sectors						
Reconciliation reserve	**R0410**					
Institutions for occupational retirement provision	**R0420**					
Non regulated entities carrying out financial activities	**R0430**					
Total own funds of other financial sectors	**R0440**					

Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	R0450					
Own funds aggregated when using the D&A and a combination of method net of IGT	R0460					
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the	R0520	5,284,057	5,284,057	0	0	0
Total available own funds to meet the minimum consolidated group SCR	R0530	5,284,057	5,284,057	0	0	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the	R0560	5,284,057	5,284,057	0	0	0
Total eligible own funds to meet the minimum consolidated group SCR	R0570	5,284,057	5,284,057	0	0	
Minimum consolidated Group SCR	R0610	980,433				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	538.951%				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the	R0660	5,284,057	5,284,057	0	0	
Group SCR	R0680	2,230,770				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings	R0690	236.871%				

		C0060				
Reconciliation reserve						
Excess of assets over liabilities	R0700	5,484,257				
Own shares (included as assets on the balance sheet)	R0710	0				
Forseeable dividends, distributions and charges	R0720	200,200				
Other basic own fund items	R0730	921,174				
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740					
Other non available own funds	R0750					
Reconciliation reserve before deduction for participations in other financial sector	R0760	4,362,883				
Expected profits						
Expected profits included in future premiums (EPIFP) - Life business	R0770	2,651,243				
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	0				
Total EPIFP	R0790	2,651,243				

S.25.01.22_ GROUP – QRT Solvency Capital Requirement - for Groups on Standard Formula as at 31. December 2017

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0080	C0090
Market risk	R0010	1,196,722		None
Counterparty default risk	R0020	57,316		
Life underwriting risk	R0030	1,460,354	None	None
Health underwriting risk	R0040	823,440	None	None
Non-life underwriting risk	R0050	914,562	Standard deviation for non-life gross premium risk, standard deviation for non-life reserve risk	None
Diversification	R0060	-1,668,560		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	2,783,834		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	138,671
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	-691,735
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency capital requirement excluding capital add-on	R0200	2,230,770
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	2,230,770
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0
Minimum consolidated group solvency capital requirement	R0470	980,433
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	0
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	0
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	0
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non-regulated entities carrying out financial activities	R0530	0
Capital requirement for non-controlled participation requirements	R0540	0
Capital requirement for residual undertakings	R0550	0
Overall SCR		
SCR for undertakings included via D and A	R0560	0
Solvency capital requirement	R0570	2,230,770

Unique number of component	Components description	Calculation of the Solvency Capital	Amount modelled	USP	Simplifications
C0010	C0020	C0030	C0070	C0080	C0090

		C0100
Calculation of Solvency Capital Requirement		
Total undiversified components	R0110	
Diversification	R0060	-1,668,560
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	2,230,770
Capital add-ons already set	R0210	
Solvency capital requirement for undertakings under consolidated method	R0220	2,230,770
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	
Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	R0310	
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 (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	
Minimum consolidated group solvency capital requirement	R0470	980,433
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non-regulated entities carrying out financial activities	R0530	
Capital requirement for non-controlled participation requirements	R0540	
Capital requirement for residual undertakings	R0550	

		C0100
Overall SCR		
SCR for undertakings included via D and A	R0560	
Solvency capital requirement	R0570	2,230,770

S.32.01.22_ GROUP – QRT Undertakings in the Scope of the Group as at 31. December 2017

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
DE	LEI/391200QTD6VW5OOK0Z35	1	General Reinsurance AG	3	Aktiengesellschaftt	2	BaFin
AU	LEI/391200QTD6VW5OOK0Z35/AU/40700	1	General Reinsurance Life Australia Ltd.	3	Aktiengesellschaftt	2	Australian Prudential Regulation Authority (APRA)
ZA	LEI/391200QTD6VW5OOK0Z35/ZA/54700	1	General Reinsurance Africa Ltd	3	Aktiengesellschaftt	2	Financial Services Board (FSB)

(cont)

Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
100%	0%	100%	0%	1	0%	1		1
100%	100%	100%	0%	1	100%	1		1
100%	100%	100%	0%	1	100%	1		1