2018 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 2018 including comparative data to 2017 of GRAG Solo and GRAG Group are summarized in the table below:

Key figures	GRAG Solo 2018 €' 000	GRAG Solo 2017 €' 000	GRAG Group 2018 €' 000	GRAG Group 2017 €' 000
Solvency II balance sheet				
Assets	13,211,441	13,581,208	13,522,572	13,722,873
Technical provisions	6,776,418	6,891,138	7,060,033	7,008,368
Other Liabilities	1,351,007	1,205,813	1,378,524	1,230,248
Excess of assets over liabilities	5,084,015	5,484,257	5,084,015	5,484,257
Eligible own funds	5,084,015	5,284,057	5,084,015	5,284,057
thereof Tier 1	5,084,015	5,284,057	5,084,015	5,284,057
Capital requirements				
SCR	2,456,925	2,120,496	2,644,099	2,230,770
MCR	1,105,616	954,223	1,207,805	980,433
Coverage Ratio				
SCR	206.9%	249.2%	192.3%	236.9%
MCR	459.8%	553.8%	420.9%	539.0%

Business and Performance

The table below provides details on 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	GRAG Solo HGB 2018 €' 000	GRAG Solo HGB 2017 €' 000	GRAG Group US GAAP 2018 €' 000	GRAG Group US GAAP 2017 €' 000
Underwriting result	359,122	185,706	337,064	163,147
Property/Casualty	190,050	44,937	181,460	22,044
Life/Health	169,072	140,770	155,603	141,102
Investment result	-128,135	263,723	-561,288	288,984
Net income after tax	-71,123	290,390	-396,356	295,065
Shareholders' equity	2,353,437	2,624,759	3,483,959	4,094,386

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

Compared to 2017 global insured losses from natural disasters were lower in 2018, with the main events being the Atlantic hurricanes Florence and Michael, the California wildfires, as well as a number of typhoons and other weather-related events in Asia, predominantly in Japan. We did not incur significant losses from these events as North American and Japanese property/casualty business is written by other entities in the Gen Re Group. However, we sustained losses from Windstorm Friederike impacting northern Europe in January.

Our overall underwriting result benefited from the partial release of reserves that had been set aside for prior-year catastrophe events, including the 2017 hurricanes and the World Trade Center losses now that a long-standing case between (re)insurers and several parties involved in the disaster has been settled.

The investment result decreased in comparison to the previous year. The loss for GRAG Solo was driven by substantial write-downs in our equity portfolio whereas the investment result for GRAG Group was mainly impacted by net losses from the equity portfolio due to a new treatment of unrealized losses in accordance with accounting standard ASU 2016-01 requiring them to be recorded in the income statement. Likewise, this explains the decline in shareholder's equity.

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 disclosed in the Annual Report 2018 of GRAG.

System of Governance

Compared to the prior year there were no major changes in the system of governance to be reported and it remains appropriate in view of our risk profile. 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. 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 member of our staff. Processes are implemented to ensure appropriate allocation and segregation of responsibilities. Clear reporting lines ensure the prompt transmission of information. 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 Company are managed effectively and that appropriate processes are in place 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 (in the report also referred to as Property/Casualty) as well as to market risks in respect of our investment portfolio.

Overall the risk profile is similar to that of 2017 and remains focused on our key risks. As shown in the table above our solvency ratio declined in the year under review which is due to the increase in the SCR as well as the reduction in own funds largely because of the decline in value of our equity portfolio referred to earlier. However, we consider ourselves 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. Market conditions remained unchanged from the previous year in most lines of business and regions. A number of important international Property/Casualty reinsurance markets saw continuing pressure on terms and conditions.

In regard 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, equities are an important asset class. Even though markets performed adversely last year, we continue to allocate a significant portion of our budgeted capital to investments in equity securities. We expect to hold equity investments for long periods of time and accept that this can create short-term volatility.

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.

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 are based on the “going concern” and “fair value” principles.

As mentioned above the statutory financial statement of GRAG is prepared in accordance with 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, there are differences in the valuation of the underwriting provisions. 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 2018 and includes 1 January 2019 renewal data that was available as at 31 December 2018.

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.

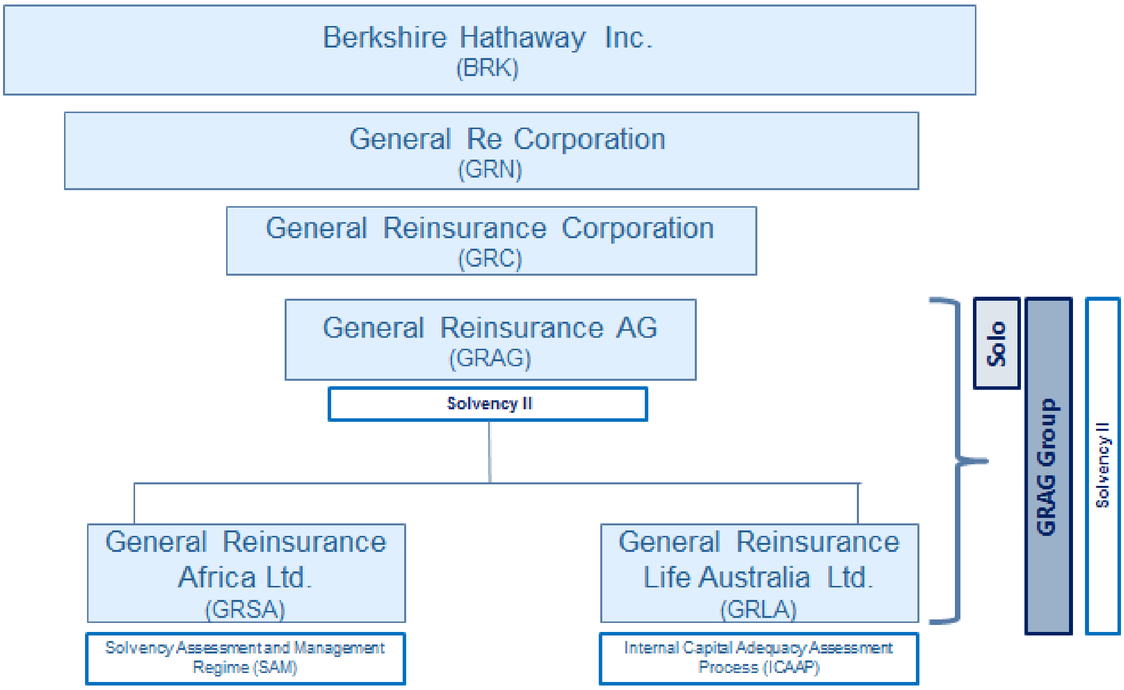
For further information on capital management we refer to chapter E.

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 as well as software offerings in individual life insurance. 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 conducts life reinsurance business in Australia under its Australian Prudential Regulation Authority (APRA) license and in its New Zealand branch business in New Zealand and the Pacific region under licenses from 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.
Responsible supervisor for (re)insurance (BRK)	The Nebraska Department of Insurance PO Box 82089 Lincoln, Nebraska 68501 - 2089 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 2018 no dividend was distributed to shareholders
Number of employees	General Reinsurance Group: 794 General Reinsurance AG: 604

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 AG Shanghai Branch	Shanghai, China
General Reinsurance AG Hong Kong Branch	Hong Kong, China
General Reinsurance Copenhagen Branch Filial af General Reinsurance AG Tyskland	Copenhagen, Denmark
General Reinsurance-Succursale Paris	Paris, France
General Reinsurance - Rappresentanza Generale Per l'Italia della General Reinsurance AG	Milan, Italy
General Reinsurance AG Tokyo 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 AG Taiwan Branch	Taipeh, Taiwan
General Reinsurance London Branch	London, United Kingdom
General Reinsurance AG India Branch	Mumbai, India
Name of Representative Office	**Location**
General Reinsurance AG Beijing Representative Office	Beijing, China
General Reinsurance AG Oficina de Representación en Mexico	Mexiko City, Mexiko
General Reinsurance AG Moscow Representative Office	Moscow, Russia
General Reinsurance AG Oficina de Representación en Argentina	Buenos Aires, Argentina

Name of subsidiary	Type of company	Source of income	Location	Holding
General Reinsurance Life Australia Ltd.	Life reinsurance company	Underwriting and investment	Sydney, Australia	100% holding of the voting share capital
General Reinsurance Africa Ltd.	Life and property casualty reinsurance company	Underwriting and investment	Cape Town, South Africa	100% holding of the voting share capital
General Reinsurance AG Escritório de Representação no Brasil	Service company providing non-life marketing services	Service fee	São Paulo, Brazil	100% holding of the voting share capital
Gen Re Beirut s.a.l. offshore	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 2018, the Group reported total net earned premiums under US GAAP of Euro 3,057,033 thds (2017; Euro 2,749,647 thds) which are broken down as follows:

- GRAG, Euro 2,730,953 thds (89.3%), 2017: Euro 2,417,424 thds (87.9%),
- GRLA, Euro 155,466 thds (5.1%), 2017: Euro 177,230 thds (6.7%),
- GRSA, Euro 170,613 thds (5.6%), 2017: Euro 154,993 thds (5.6%).

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 statement 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.

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

The overall situation in the international **life/health** insurance markets has not changed significantly compared to 2017. The continuing period of low interest rates in many regions makes it extremely difficult for life insurers to offer attractive products with long-term financial guarantees and to meet the return requirements for existing portfolios. Given the state of financial markets, most life insurers have shifted the focus of their new business activities to protection-type products and saving products which offer only low or even no financial guarantees. The economic environment has improved in some markets while it remains critical in others, with continuing serious implications for new business.

As a reinsurer focusing on biometric risks, our business and our results are impacted to only a minor extent by the prevailing low interest rate environment. Our growth is generated in large part by assisting our clients with product development and innovation in the area of biometric risks.

In view of the challenges facing most primary markets, Gen Re's service capabilities and financial strength constitute key competitive advantages.

In conjunction with our client base, 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. 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.

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. Gen Re is one of the founding companies of InsurLab Germany, an association of (re)insurers and universities, among others, that seeks to push digital innovation in the industry. This networking platform supports several different approaches, including giving InsurTech start-ups the opportunity to tackle real life business cases. We are seeing insurance companies of all sizes starting to integrate new digital components into their value chain. Most of the innovative ideas are still focused on property/casualty insurance so far, but life insurance applications are gaining ground. Our consultancy offerings in relation to digitalization have met with considerable interest among 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. We cooperate with a network of start-ups which are active in all these different fields.

In Asia the lack of comprehensive social security and the growth of the middle class are creating strong consumer demand for health insurance and other protection business, especially critical illness and accident products. In China, building on our success in 2017, we strengthened our co-operation with various insurance companies and other insurance service providers with a view to offering a greater variety of products exclusively online using new technologies.

We continue to explore the latest developments in Decision Analytics, Predictive Modelling and Behavioral Economics and their application for the benefit of our clients and hence also for our own continuing success in an extremely challenging environment.

Referring to our **non-life** portfolio we have been able to develop new client relationships and increase our participations in existing business.

We benefit from strong client loyalty which has enabled us to preserve the quality of our portfolio in keeping with our underwriting standards. Our financial strength and service quality remain key factors in this respect. We saw various opportunities in markets across the world. Our increased risk appetite noted in last year’s report was received favorably by the market in general. As a result, we were able to pursue several openings in many countries, with varying degrees of success.

We greatly expanded our activities in the Israeli and Dutch markets in the 2018 business year. We were able to write new business across all lines, with appreciable premium growth being achieved in the motor and property insurance segments through several participations in significant proportional and non-proportional programs. We aim to further expand our business relationships in these markets.

In Asia, we saw a noticeable increase in opportunities in this region as a result of our marketing efforts coupled with the increased risk appetite referred to above. We have generated growth in most major countries of this region. However, it must be said that both the primary and reinsurance markets remain extremely competitive. We nevertheless remain optimistic that further attractive business opportunities will present themselves in view of continuing market growth, both in terms of premium volume and the number of insurance companies.

International capital markets continued to be strongly influenced by central bank monetary policy. Most notably, the expansionary monetary policy in the euro area remained in place in the form of negative interest rates and continued quantitative easing – albeit scaled back – until December 2018. Fears over escalating trade tensions as well as domestic political strife in Italy and the UK dampened sentiment. Equity markets corrected sharply from historic highs as markets began to price in increasing inflation expectations, interest rate rises and diminishing corporate earnings growth. Interest rates remained close to historic lows, with severe repercussions for the insurance industry on both sides of the balance sheet.

The implications of the low interest rate environment for GRAG Group are mitigated to a large extent 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.

We expect Brexit to have a notable impact on the European insurance industry, especially as current EU passporting arrangements will most likely no longer apply. In this case, foreign insurance and reinsurance companies will need regulatory authorization to continue their business in the UK. We have applied to the Prudential Regulatory Authority for approval of our existing branch in London as an authorised UK reinsurer. In addition to passporting and cross-border business, we are also monitoring other developments that may have an impact on our business. These range from additional reporting or capital requirements to the question of whether the UK will meet the requirements of the General Data Protection Regulation (GDPR) following Brexit. With an eye to these and other eventualities, we have drawn up contingency plans to ensure compliance with possible new requirements so that we can continue to serve our customers wherever they are.

A.2 Underwriting Performance

A.2.1 Overall Underwriting Performance 2018

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 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 2018 of GRAG which is available on our website starting on page 7.

Underwriting Performance	GRAG Solo HGB		GRAG Group US GAAP	
	2018 €'000	2017 €'000	2018 €'000	2017 €'000
Property/Casualty				
Gross written premium	1,365,792	1,064,977	1,369,167	1,074,928
Net earned premium	1,009,979	842,922	985,927	847,600
Underwriting result*	190,050	44,937	181,460	22,044
Life/Health				
Gross written premium	1,900,909	1,637,599	2,404,010	2,006,353
Net earned premium	1,785,954	1,574,772	2,071,106	1,902,047
Underwriting result*	169,072	140,770	155,603	141,102
Total				
Gross written premium	3,266,700	2,702,576	3,773,177	3,081,281
Net earned premium	2,795,933	2,417,694	3,057,033	2,749,647
Underwriting result*	359,122	185,706	337,064	163,147

*Underwriting result for US GAAP incl. other expenses

The total net earned premium of GRAG Group grew by 11.2% from Euro 2,749,647 thds in the previous year to Euro 3,057,033 thds in 2018, an increase consistent with the expanded risk appetite noted in last year's report. The Group benefited from major growth opportunities in various areas, most notably in health business in Asia as well as in casualty lines in Europe and Israel, while premium in life and in property lines also increased. This is the result both of securing new clients and expanding existing relationships. The underwriting result increased from Euro 163,147 thds in the previous year to Euro 337,064 thds for 2018.

The net earned premium in the **Property/Casualty** business grew by 16.3% from Euro 847,600 thds in 2017 to Euro 985,927 thds in 2018. Our performance in property/casualty reinsurance was very good, to a large extent due to the favorable development of the loss reserves such as the 2017 hurricanes and the World Trade Center loss offsetting the higher-than-expected property losses in 2018. A significant proportion of our portfolio is long-tail business which produces initial underwriting losses followed by investment income earned on the reserves in the future. Large loss expenditure came in above expectations. Following an underwriting result of Euro 22,044 thds in 2017, the year under review produced a profit of Euro 181,460 thds.

In **Life/health** business the net earned premium increased by 8.9% (2018: Euro 2,071,106 thds, previous year: Euro 1,902,047 thds) and closed with another excellent underwriting result (2018: Euro 155,603 thds, previous year: Euro 141,102 thds). Virtually all areas of business played a part in this pleasing performance. Thanks to our product development services, we again benefited from growth opportunities in certain Asian markets, most notably China.

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

A.2.2 Underwriting Performance 2018 by Line of Business and Geographical Area

We usually split our business into 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.

In the following tables, we provide you with information on the underwriting performance of GRAG Solo (HGB) and GRAG Group (US GAAP) classified in accordance with the Solvency II lines of business compared to the previous year. Explanations refer to GRAG Group figures.

Underwriting Performance per Solvency II LoB	Gross Written Premium		Net Earned Premium		Underwriting Result	
GRAG Solo - HGB	2018 €'000	2017 €'000	2018 €'000	2017 €'000	2018 €'000	2017 €'000
Non-Life						
Income protection	12,662	16,730	9,939	14,358	-2,958	-245
Motor vehicle liability	288,256	177,814	195,671	136,751	6,209	-1,603
Other motor	125,920	105,581	84,939	82,474	-3,339	3,637
Marine, aviation and transport	26,182	23,290	20,170	14,922	11,249	9,263
Fire and other damage to property	350,910	305,848	267,600	244,698	31,256	23,999
General liability	84,650	52,724	62,439	41,463	20,783	11,181
Credit and suretyship	1,775	3,025	1,273	1,992	-248	1,086
Non-proportional health	32,457	29,627	30,868	28,515	1,566	-351
Non-proportional casualty	208,044	160,250	155,028	123,544	28,560	-73,110
Non-proportional marine, aviation and transport	18,105	15,995	14,163	11,952	24,960	8,665
Non-proportional property	216,829	174,094	167,889	142,252	72,011	62,416
Total Non-Life	**1,365,792**	**1,064,977**	**1,009,979**	**842,922**	**190,050**	**44,937**
Life/Health						
Life	1,131,687	1,047,223	1,102,491	1,020,252	104,549	86,512
Health	769,221	590,376	683,463	554,520	64,523	54,257
Total Life/Health	**1,900,909**	**1,637,599**	**1,785,954**	**1,574,772**	**169,072**	**140,770**
Total	**3,266,700**	**2,702,576**	**2,795,933**	**2,417,694**	**359,122**	**185,706**

Underwriting Performance per Solvency II LoB	Gross Written Premium		Net Earned Premium		Underwriting Result	
GRAG Goup - US GAAP	2018 €'000	2017 €'000	2018 €'000	2017 €'000	2018 €'000	2017 €'000
Non-Life						
Income protection	12,677	16,681	9,915	14,712	-3,031	-524
Motor vehicle liability	290,435	177,753	186,699	135,699	5,775	-4,081
Other motor	130,173	107,167	80,011	79,237	-2,338	1,627
Marine, aviation and transport	25,986	23,653	20,095	13,343	11,141	9,147
Fire and other damage to property	355,170	307,381	267,671	252,276	32,350	22,397
General liability	84,322	53,204	60,254	42,118	20,407	9,015
Credit and suretyship	1,828	3,044	1,165	1,807	-195	810
Non-proportional health	29,688	29,194	28,113	27,735	796	-190
Non-proportional casualty	209,792	162,862	155,844	124,027	28,424	-83,560
Non-proportional marine, aviation and transport	17,603	16,960	13,820	12,324	23,833	7,586
Non-proportional property	211,492	177,029	162,342	144,322	67,222	56,472
Total Non-Life*	**1,369,167**	**1,074,928**	**985,927**	**847,600**	**181,460**	**22,044**
Life/Health						
Life	1,451,558	1,291,653	1,277,968	1,237,254	110,010	78,346
Health	952,453	714,700	793,137	664,792	49,283	44,190
Total Life/Health*	**2,404,010**	**2,006,353**	**2,071,106**	**1,902,047**	**155,603**	**141,102**
Total*	**3,773,177**	**3,081,281**	**3,057,033**	**2,749,647**	**337,064**	**163,146**

*Total underwriting result incl. other expenses

Non-Life

The non-life gross written premiums from GRAG Group increased by a very substantial 27.4% from Euro 1,074,928 thds in 2017 to Euro 1,369,167 thds in 2018, mainly due to our stronger risk appetite. We continue to experience strong competition across most lines of business and regions.

In line with gross written premium our non-life net earned premium also grew strongly by 16.3% from Euro 847,600 thds in 2017 to Euro 985,927 thds in 2018. As in the previous year, we retroceded 20% of this portfolio to our parent company, General Reinsurance Corporation.

Most areas of our business performed well. This was mainly due to the favorable development of reserves from prior years referred to earlier, such as the 2017 hurricanes and the World Trade Center loss. However, the volume of large property losses and catastrophe claims was again above expectations for our portfolio. Apart from losses due to Windstorm Friederike in early 2018, we also incurred large individual property losses – a situation which serves to highlight the volatile nature of this line of business. We booked an underwriting result of Euro 181,460 thds (2017: Euro 22,044 thds).

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

Our gross premium income in **motor vehicle liability**, **other motor and non-proportional property insurance** increased by 36.8%, driven mainly by new business in the UK and Israel. A large part of our business originates from non-proportional motor reinsurance markets with very long payment patterns. The establishment of undiscounted reserves for the nominal value of claims leads to underwriting losses; however, future investment income earned over time covers these losses as well as our profit margins.

Primary markets in **fire and other damage to property** remained highly competitive. Nevertheless, our premium income increased by 15.6% from Euro 307,381 thds to Euro 355,170 thds in 2018. New large losses were above our expectations, although the reserves for losses of prior years developed favorably, as explained above. We recorded a profit of Euro 32,350 thds for the property classes in 2018 (previous year: Euro 22,397 thds).

Our premium from **general liability** business showed significant growth. Overall, underwriting results including run-off profits from claims in prior years reached a satisfactory level.

Having doubled in the previous year, our premium volume in **non-proportional marine, aviation and transport insurance** grew moderately in 2018. We recorded a premium increase of 3.8% and a profit of Euro 23,833 thds (2017: Euro 7,586 thds). Our result was mainly due to a favorable development of loss reserves.

Life/Health

Our life and health reinsurance business developed pleasingly in 2018, along with a favorable claims experience. At Euro 155,603 thds, the underwriting result came in considerably above the level of the previous year (Euro 141,102 thds). The risk experience for mortality, disability and morbidity was favorable overall.

Gross written premiums increased by 19.8% to Euro 2,404,010 thds (2017: Euro 2,006,353 thds). Net earned premium in life and health insurance increased by 8.9% in the year under review to Euro 2,071,106 thds (previous year: Euro 1,902,047 thds).

Premium income in **life reinsurance** increased from Euro 1,291,653 thds in the previous year to Euro 1,451,558 thds in 2018. The year under review closed with a very pleasing underwriting profit of Euro 110,010 thds (previous year: Euro 78,346 thds).

In **health reinsurance** our premium income grew by over a third to Euro 952,453 thds (previous year: Euro 714,700 thds). Principally thanks 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 49,283 thds (previous year: Euro 44,190 thds).

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

Underwriting Performance by Geographical Area GRAG Solo - HGB	Gross Written Premium 2018 €'000	Net Earned Premium 2018 €'000	Underwriting Result 2018 €'000
Germany	495,542	391,126	116,446
Great Britain	276,525	179,033	43,954
Italy	89,660	64,203	-9,686
Israel	70,013	45,883	-979
Russia	48,947	32,362	2,554
Spain	48,337	37,406	7,870
Remainder	336,767	259,965	29,890
Total Non-Life	**1,365,792**	**1,009,979**	**190,050**
China	456,526	379,214	8,106
Germany	229,051	228,682	25,725
Great Britain	200,817	194,423	31,013
Barbados	82,205	79,965	3,998
France	81,370	71,986	9,868
Hong Kong	75,736	75,393	12,001
Remainder	775,203	756,291	78,361
Total Life/Health	**1,900,909**	**1,785,954**	**169,072**
Total	**3,266,700**	**2,795,933**	**359,122**

Underwriting Performance by Geographical Area GRAG 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
Spain	52,121	39,507	3,150
Russia	43,863	37,625	2,896
France	37,152	24,978	7,313
Remainder	237,276	193,759	48,390
Total Non-Life	**1,064,977**	**842,922**	**44,937**
Great Britain	231,055	201,960	6,470
Barbados	218,144	217,018	28,428
Germany	208,433	199,541	25,477
China	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 GRAG Group - US GAAP	Gross Written Premium 2018 €'000	Net Earned Premium 2018 €'000	Underwriting Result 2018 €'000
Germany	495,217	389,954	114,579
Great Britain	286,925	176,015	43,101
Italy	89,583	62,701	-10,857
Israel	69,805	42,999	-1,204
Russia	51,642	28,333	7,757
Spain	48,308	37,179	2,269
Remainder	327,688	248,746	25,815
Total Non-Life*	**1,369,167**	**985,927**	**181,460**
China	454,983	378,006	6,908
Australia	376,189	160,910	25,112
Great Britain	233,193	232,821	-4,836
Germany	175,416	168,002	32,652
South Africa	172,404	170,874	1,942
Barbados	83,001	80,757	3,685
Remainder	908,824	879,736	90,141
Total Life/Health*	**2,404,010**	**2,071,106**	**155,603**
Total*	**3,773,177**	**3,057,033**	**337,064**

*Total underwriting result incl. other expenses

Underwriting Performance by Geographical Area GRAG 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
Spain	53,650	36,907	2,895
Russia	43,912	38,853	2,005
France	37,219	24,647	6,659
Remainder	241,747	191,588	42,371
Total Non-Life*	**1,074,928**	**847,600**	**22,044**
Great Britain	234,854	205,803	4,466
Barbados	221,318	220,200	26,685
Germany	181,292	142,636	5,548
China	179,335	169,851	25,964
South Africa	154,937	153,663	-12,596
Australia	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

Non-Life by Geographical Area

Following the moderate premium growth booked in the previous year, our business in **Germany** fared well in 2018 thanks to strong client loyalty and some success in acquiring new accounts.

Our premium volume from the German motor insurance market fell by slightly more than 10% due to a reduced reinsurance cession under a significant treaty participation. The results of our motor business in 2018 improved on the previous year due to the positive run-off of losses from prior years.

Our own losses in German property insurance attributable to natural catastrophes were mainly due to the windstorm events Friederike and Burglind in January and stayed in line with our average expectations. Furthermore, a number of very large fire losses and related business interruption claims had an impact on our results. The profitability of our proportional property business developed in line with the primary market.

The result of our German marine insurance business benefited from positive effects due to reserve adjustments. Our premium volume in the engineering insurance classes in Germany showed significant growth in the year under review. In line with the market, our result was impacted by a very sizable loss from a previous underwriting year.

With our increased risk appetite, we were able to grow our business and one of our greatest successes came from the **UK**. In particular, the UK motor market continued to offer new opportunities because of the capital-intensive and volatile nature of the business, which is highly sensitive to changes in the so-called Ogden discount rate.

We were equally successful in the **Israeli** market which is a good example of a market where our financial strength and increased risk appetite were welcomed by local insurers, enabling us to secure attractive new treaty relationships across various lines of business.

Russia is playing an increasingly important part in our international property/casualty 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 significant premium volume with a growing number of clients.

Overall, in most of our **European markets** the impact of natural catastrophe events on our clients was comparatively moderate in 2018.

Life/Health by Geographical Area

As in the previous year the development of our business in Asia was very gratifying. In **China** we were able to quadruple our premium and achieved exceptional growth particularly notable in the context of our cooperation with so-called InsurTechs.

As mentioned earlier our **Australian** subsidiary GRLA wrote a very large block of business in the third quarter 2017 which led to a very significant increase in gross premium in 2018. However, ninety percent of the main financing transaction within this business is retroceded to our US sister company GRL.

Our **German** business once again performed very satisfactorily, and we were successful in identifying growth opportunities which is basically generated by assisting our clients with product development and innovation in the area of biometric risks.

We were also very satisfied with our portfolio in the **United Kingdom** and **Ireland** which increased at a higher level than the market average. We retained all existing accounts and added some new clients. These new business relationships also include providers in the InsurTech field that have only recently entered the market.

Overall, our life and health reinsurance business recorded another thoroughly pleasing development in 2018, along with favorable claims experience. The underwriting result came in considerably above the level of the previous year. As a whole the risk experience for mortality, disability and morbidity was favorable.

A.3 Investment Performance

A.3.1 Overall Investment Performance and by Relevant Asset Class

The table below shows the split of investment income by asset class for GRAG Solo and GRAG Group compared to the previous year. For further details on the investment volume we refer to Chapter D.1.

Investment Performance	GRAG Solo HGB		GRAG Group US GAAP	
	2018 €'000	2017 €'000	2018 €'000	2017 €'000
Income from holdings in related undertakings, including participations	1,079	1,076	0	0
Income from equities - listed	99,603	84,964	99,808	87,524
Income from goverment bonds	41,074	41,165	68,333	63,772
Income from corporate bonds	20,468	31,382	15,156	19,021
Income from collective investments undertakings	0	0	-874	-65
Income from deposits other than cash equivalents	326	407	255	288
Income from other investments	2,097	2,041	2,266	2,617
Income from loans and mortgages	24,240	25,322	24,240	25,322
Investment expenses	-4,500	-4,517	-5,209	-5,280
Interest on reinsurance deposits	54,476	55,756	1,067	549
Less income from technical interest	-50,990	-52,705	0	0
Current investment income	**187,873**	**184,891**	**205,042**	**193,750**
Gains/(losses) on investments	23,121	76,040	-766,329	95,234
Write-ups/(depreciation) on investments	-339,129	2,792	0	0
Total investment income	**-128,135**	**263,723**	**-561,288**	**288,984**

Under both accounting principles US GAAP and HGB we recorded a loss in our total investment income compared to last year. For GRAG Group (US GAAP) the investment income decreased to Euro -561,288 thds which was mainly driven by net losses of Euro -766,329 thds due to a change in the accounting standard ASU 2016-01 for equity securities which is provided by the Financial Accounting Standards Board (FASB) and now requiring unrealized losses to be recognized in the income statement. The investment income for GRAG Solo (HGB) resulted in a loss of Euro -128,135 thds, largely impacted by the write-downs on equity securities.

Interest rates were again extremely low resulting in reduced investment income on fixed income securities. In 2018 the dividend income was higher as the current equity securities increased their distribution to the shareholders due to the strong economic environment. Income from the Group's equity portfolio amounted to Euro 99,808 thds (GRAG Solo Euro 99,603 thds). On group level we generated a return of 1.3% in our bond portfolio and a dividend yield of 4.5% 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	GRAG Group US GAAP 2018 €'000	GRAG Group US GAAP 2017 €'000
Ordinary share capital	55,000	55,000
Share premium account	866,174	866,174
Retained earnings	2,812,487	2,552,700
Gains / losses recognized directly in equity	-249,702	620,513
- Currency translation	-216,878	-213,126
- Unrealized appreciation of investments	20,683	890,516
- Pension deficit	-53,507	-56,877
Total	**3,483,959**	**4,094,387**

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	GRAG Solo HGB	
	2018 €'000	2017 €'000
Other Income		
Release of bad debt provision	1,326	4,704
Foreign exchange rate gains	21,187	72,224
Income from discounting other reserves	9,045	2,166
Income from charging services rendered	2,366	2,191
Income from interest on taxes	178	3,378
Sundry other income	2,301	4,088
Total other income	**36,404**	**88,751**
Other Expenses		
Foreign exchange rate losses	23,332	62,244
Bad debt expense on accounts receivable	1,050	3,163
Expenses from interest on taxes	52,603	9,064
Interest expenses from discount accretion of other provisions	91	4,242
Interest on pension reserves	25,484	22,370
Audit fees and other year-end closure expenses	2,362	1,737
Expenses from charging services rendered	2,248	2,401
Sundry other expenses	5,096	16,900
Total other expenses	**112,266**	**122,121**
Total other income/other expenses (-)	**-75,863**	**-33,371**

Other Income / Other expenses	GRAG Group US GAAP	
	2018 €'000	2017 €'000
Other Income		
Foreign exchange gain	11,795	19,575
Rental income	49	21
Gain on sale of fixed assets	0	26
Runoff-other margin	171	-1,141
Other interest	199	221
Sundry other income	1,798	3,626
Total other income	**14,012**	**22,329**
Other Expenses		
Foreign exchange loss	8,549	-2,952
External services	13	78
Bad debt - receivable	-89	-1,532
Loss on sale of fixed assets	-3	221
Taxes	8,857	1,022
Other interest	315	146
Sundry other expenses	2,984	3,164
Total other expenses	**20,626**	**148**
Total other income/other expenses (-)	**-6,614**	**22,181**

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

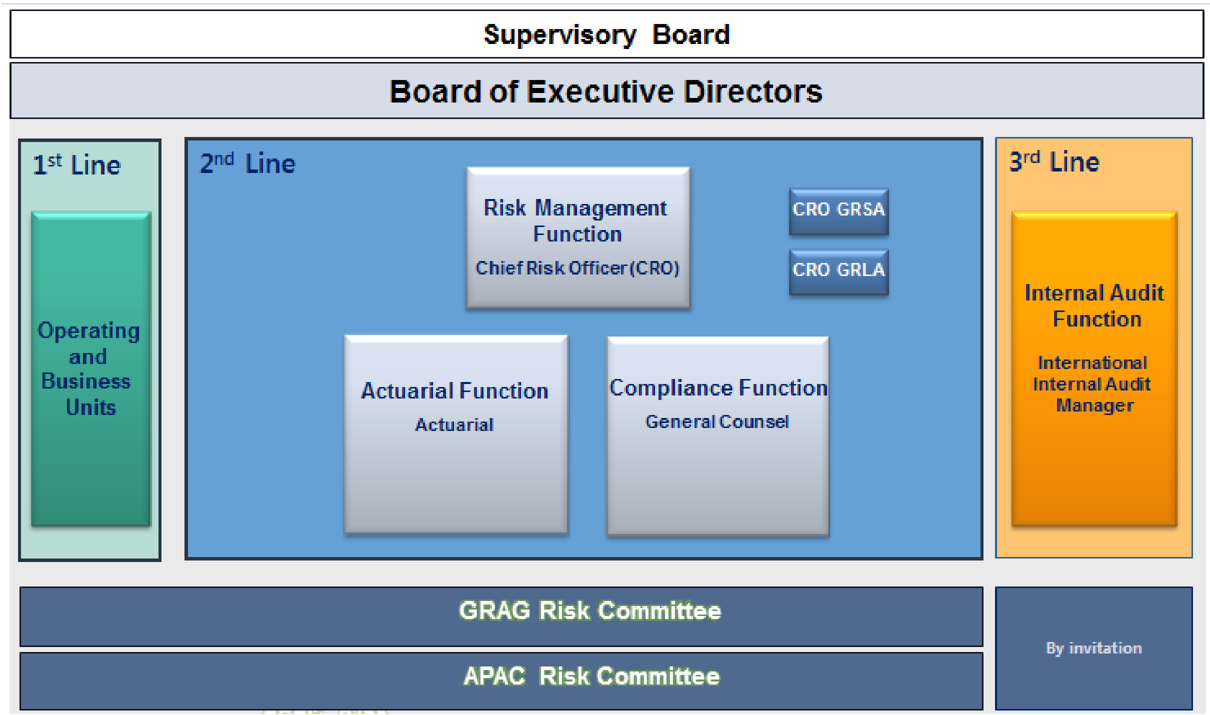
B.1 General Information on the System of Governance

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. For details on the recognition and valuation of assets and liabilities, the consolidation steps and method applied we refer to chapter D.

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.

We have adopted the "Three Lines of Defense" model for GRAG and the entire Group as outlined below.



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 were 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.

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 framework and the internal control system. The Board assesses 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. 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.

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.. 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. 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. Their 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. They also 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 a regular 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 56.

B.1.4 Transactions with Shareholders and Persons with Significant Influence

There were 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 any time 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 four key function holders in accordance with Solvency II, POs or General Representatives of our subsidiaries and offices located in the European Union. 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 POs or General Representatives of offices located in the European Union 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 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 is the RMF which is composed of the CRO assuming the role of the key function holder and the RMT supported by the RCs. The main responsibility is the maintenance and further development of GRAG Group's risk management system 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 include but are not limited to:

- Promote the operational execution and further enhancement of the risk management system;
- Initiate and coordinate the Own Risk and Solvency Assessment (ORSA) process and the documentation thereof;
- 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;
- Assess and monitor the appropriateness of the Company's risk management system and its risk profile on an ongoing basis;
- Regularly report to the Board and the Supervisory Board on risk management matters as well as supervisors as appropriate;
- Consult the Board on the implications to the Company's risk profile associated with strategic decisions, new business, mergers and acquisitions, major projects and (de-)investments;

- Challenge the staff involved in risk management matters and increase their risk awareness;
- Monitor compliance with regulatory standards.

Regular communication channels ensure that all members of 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 risk management 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 using 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 ensure continuous monitoring of our risk profile and to provide the Board with information, namely

- on GRAG Group's risk profile and how this has changed over time.
- to determine whether the risk exposure is managed in accordance with the risk appetite and tolerance framework set by the Board.
- to act in a timely manner to mitigate unacceptable exposures to risk.

The Supervisory Board is also regularly informed 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.

Following is a brief overview of the ORSA sub-processes.

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.

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 in due consideration of the outputs of the previous ORSA process

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. 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 demands of our regulators and clients with respect to the level of solvency required.

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.

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; and
- 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.

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 from a combination of individual stresses 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

The internal control system is a key component of our system of governance. The ICS supports the effective and efficient performance of our business operations appropriate to the risk profile and in line with company objectives. It ensures that we comply with all applicable laws, regulatory requirements and internal standards.

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.

The Gen Re Group has adopted the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") Framework as the Company's Internal Control Framework, including policies, processes and information systems. Compliance with Sarbanes-Oxley section 404 is assessed annually through Internal Control Testing (ICT). 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 every other year.
- 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 to all staff in the GRAG Risk Management Portal in SharePoint 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 meets with the Chairman of the Board and with the Board Member responsible for Legal and Compliance on a regular basis 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	GRAG Solo		GRAG Group	
	2018 €'000	2017 €'000	2018 €'000	2017 €'000
Eligible own funds	5,084,015	5,284,057	5,084,015	5,284,057
SCR	**2,456,925**	**2,120,496**	**2,644,099**	**2,230,770**
Surplus capital	2,627,090	3,163,561	2,439,917	3,053,287
MCR	**1,105,616**	**954,223**	**1,207,805**	**980,433**
Solvency ratio	**206.9%**	**249.2%**	**192.3%**	**236.9%**
Risk modules				
Underwriting risk Life	1,620,316	1,310,039	1,755,350	1,460,354
Underwriting risk Health	728,256	701,560	831,389	823,440
Underwriting risk Non-Life	1,070,065	914,562	1,070,065	914,562
Market risk	1,405,997	1,202,691	1,458,744	1,196,722
Counterparty default risk	70,810	55,355	74,157	57,316
Diversification	-1,815,726	-1,566,364	-1,922,115	-1,668,560
Operational risk	137,880	138,694	138,842	138,671
Loss-absorbing capacity for deferred taxes	-760,673	-636,040	-762,334	-691,735
SCR	**2,456,925**	**2,120,496**	**2,644,099**	**2,230,770**

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 do not have any equities and 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. Overall the Group-SCR increased from Euro 2,230,770 thds to Euro 2,644,099 thds (+ Euro 413,329 thds) mainly driven by insurance and market risk as further outlined below.

Insurance risk

The main reasons for the increase of the underwriting risk Life (+ Euro 294,996 thds) are the increase of business volume and refinement of the projection models which lead to higher expected future profits. Furthermore, successful renewals and new business result in higher underwriting risk Non-Life (+ Euro 155,503 thds).

Market risk

There are two reasons for the change in market risk. On the one hand the equity risk charge decreased because of the decline in market values and lower capital charges as provided by EIOPA (- Euro 294,187 thds). On the other hand, currency risk increased from Euro 267,752 thds to Euro 1,027,898 thds (+ Euro 760,146 thds) due to a change in methodology. Whilst we initially used the balances in the statutory general ledger as the basis for the calculation, it is now based on our SII general ledger balances in original currency. This reflects assets at fair value and more importantly technical provisions which reflect significant future profits in our Life business in different currencies, resulting in an increased currency charge. We believe this to be a conservative result. As a consequence of the changes in equity and currency risk the diversification within market risk module also improved (- Euro 216,817 thds).

All other risks did not differ significantly from last year’s level.

Overall, we consider our capital position 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 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 prefers to write natural catastrophe risk in developed markets where covered perils and exposures are known.

The natural catastrophe exposure is regularly monitored, analyzed and reported to senior management including the RMF and the Board to ensure that peak exposures are well understood. We have a risk tolerance framework in place that is linked to capacities representing maximum admissible sums of limits per country. The determination of capacities ensures that the natural catastrophe risk is managed within risk appetite /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, but we do actively manage and control this risk 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 most of our Property/Casualty business war is a standard exclusion. In accordance with our underwriting guidelines minor exposures may be accepted in marine, aviation and personal accident lines (e.g. passive war risk in personal accident).

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. Regarding Life/Health pandemic risk we consider several scenarios to evaluate the impact of a world-wide flu infection. GRAG Group's underwriting rules specify explicit capacity limits regarding 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.

Cyber risk refers to the loss from cyber-attacks or threats covered by our insurance contracts and resulting in unauthorized access to, or release of, business-critical or sensitive applications, data or infrastructure systems. In general, it is connected to online activities, electronic systems and technological networks. Cyber risk can be caused by third party actions as well as human or technical failure. 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 continue to refine our risk appetite, risk management procedures and accumulation control for managing cyber risks. As part of this process, we regularly monitor current exposures from policies that explicitly cover cyber risk. We continue to apply a conservative approach to writing cyber risk, i.e. we focus on existing books of business, small and medium-sized companies and small limits.

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 investments in equity securities while this can create capital volatility we expect to hold equity investments for long periods of time. We have decided that only the parent company GRAG can purchase equities. The subsidiaries only invest in fixed income securities.

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

- **Interest rate risk** arising 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.
- **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 the Prudent Person Principle Policy 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** 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 which are approved by the Management and Supervisory Board;
- 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 the company 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 to have adequate fixed income investments available to meet the liquidity requirements of our business operations at all times.

Our investment strategy is designed to achieve the following objectives:

• Generate levels of investment income commensurate with agreed risk parameters 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	GRAG Solo		GRAG Group	
	2018 in €'000	2017 in €'000	2018 in €'000	2017 in €'000
Total Non-Life	343	-3,842	343	-3,842
Total Life/Health	3,026,468	2,417,869	3,212,532	2,651,243
Total EPIFP	**3,026,812**	**2,414,027**	**3,212,875**	**2,647,401**

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 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 also 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 Group.

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. Like operational risks, strategic risks are subject to regular assessment which is facilitated by qualitative discussions with a view to increasing risk awareness and ensuring that effective controls are in place to minimize the exposure. As these risks are difficult to quantify we apply a conservative approach when assessing these risks. 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 policies, processes and hence a robust internal control environment. Through GRAG Group’s 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, regulatory, environmental, etc.) situation that could have critical impacts on the Group, 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 the risk assessment as part of the group-wide annual ORSA Process. Developments are quarterly monitored by our 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 and may have an impact on the Group’s solvency or liquidity. 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. If 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 Principal and Compliance Officers supported by the legal department and the CF. In consideration of our processes and monitoring procedures implemented we consider the group risk remote.

While there are regulatory requirements for our subsidiaries and non-European branches to adhere to local capital requirements, this does not result in significant restrictions on our group capital.

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

Regarding underwriting our subsidiaries follow the same guidelines, policies and procedures as the parent company GRAG. 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.

Referring 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 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 of which 90% is retroceded to 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 (incl. technical provisions where applicable),
    - 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 2018 ORSA we have identified the most relevant stresses for GRAG Group. Their after-tax results on our own funds, the solvency capital requirement and the solvency ratio are shown in the table below:

Scenario	Own Funds		Solvency Capital Requirement		Solvency Ratio	
	after Scenario €'000	Δ to Year-end 2018 €'000	after Scenario €'000	Δ to Year-end 2018 €'000	after Scenario in %	Δ to Year-end 2018 in %
Non-Life Underwriting Risk*						
- European windstorm scenario	4,701,486	-382,529	2,644,099	0	177.8%	-14.5%
- Flood Germany scenario	4,776,344	-307,671	2,644,099	0	180.6%	-11.6%
- Earthquake Germany scenario	4,977,452	-106,564	2,644,099	0	188.2%	-4.0%
- Hail Germany scenario	4,874,179	-209,836	2,644,099	0	184.3%	-7.9%
Life-Health Underwriting Risk						
- Pandemic scenario	4,444,133	-639,882	2,644,099	0	168.1%	-24.2%
Market Risk						
- Equity crash scenario	3,845,110	-1,238,905	2,489,501	-154,597	154.5%	-37.8%
Combined Event						
- Combination of European Windstrom, Equity Crash, Pandemic scenario	2,822,699	-2,261,316	2,489,501	-154,597	113.4%	-78.9%

*based on an Occurence VaR 99.5%

The most material perils for our 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 do not consider our exposure reduced nor do we reduce our SCR 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 which would be up for immediate payment without any impact on technical provisions.

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 that claims would be paid immediately. Thus, both the required capital and the technical provisions 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 following such an extreme event.

According to our reverse stress test analysis we would need to suffer a loss of Euro 2,439,917 thds to reduce our solvency ratio on solo level to the regulatory requirement of 100%. Considering a combined scenario with a European windstorm, a pandemic event and an equity crash our capital position would remain well above this level even without any management actions.

Even in more remote scenarios we would likely meet the solvency capital requirement. Even if we fell below the SCR, 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 more remote scenarios 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 valuations using 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 trade volume.

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 balance sheets of GRAG and its subsidiaries GRSA and GRLA. Inter-company accounts and transactions have been eliminated. Group figures are disclosed in the column indicated with GRAG Group.

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

Assets and liabilities were translated at the following exchange rates as of the end of the reporting period:

Subsidiary	Exchange rate to Euro as of 31 December 2018
General Reinsurance Africa Ltd., Cape Town/South Africa	0.060350
General Reinsurance Life Australia Ltd, Sydney/Australia	0.617627

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. 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 considering the elimination of inter-company transactions.

For valuation and reporting purposes the asset categories have been aggregated in compliance with the SII balance sheet template.

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

The table below contains all assets as at 31 December 2018 according to Solvency II valuation principles compared with HGB (GRAG Solo) and US GAAP (GRAG Group). For the particular QRT S.02.01.02, please refer to the appendix.

Assets as at 31 December 2018	**Note**	**GRAG Solo Solvency II € ' 000**	**GRAG Solo HGB € ' 000**	**GRAG Group Solvency II € ' 000**	**GRAG Group US GAAP € ' 000**
Deferred acquisition cost	1	0	0	0	138,641
Intangible assets	2	0	30	0	30
Deferred tax assets	3	52,983	387,862	68,695	158,629
Pension benefit surplus	4	5,619	14,000	5,619	5,619
Property, plant & equipment held for own use	5	29,727	14,400	29,953	14,626
Investments (other than assets held for index-linked and unit-linked contracts)		**9,746,706**	**9,143,084**	**10,308,835**	**10,313,015**
Holdings in related undertakings, including participations	6	231,221	92,577	0	26,251
Equities - listed	7	2,477,811	2,039,190	2,477,811	2,453,704
Bonds	**8**	**6,612,864**	**6,527,860**	**7,406,215**	**7,336,896**
Government bonds		2,793,400	3,438,770	3,586,750	4,233,646
Corporate bonds		3,819,464	3,089,090	3,819,464	3,103,250
Collective investments undertakings	9	404,368	403,769	404,368	398,984
Deposits other than cash equivalents	10	20,354	19,923	20,354	19,923
Other investments	11	88	59,765	88	77,256
Loans and mortgages	12	693,768	634,821	693,768	634,821
Reinsurance recoverables from	**13**	**281,401**	**440,401**	**-79,579**	**554,302**
Non-Life excluding Health		213,200	334,487	213,200	347,719
Health similar to Non-Life		3,208	4,320	3,208	4,399
Health similar to Life		10,243	15,471	-46,094	15,225
Life excluding Health and index-linked and unit-linked		54,750	86,123	-249,893	186,959
Deposits to cedants	**14**	**1,948,452**	**1,653,709**	**1,935,009**	**113,762**
Non-Life		102,777	115,431	89,335	99,909
Life/Health		1,845,675	1,538,278	1,845,675	13,853
Insurance and intermediaries receivables	15	46,032	874,953	44,050	913,845
Reinsurance receivables	16	0	26,050	0	26,558
Receivables (trade, not insurance)	17	26,141	26,947	38,675	38,821
Cash and cash equivalents	18	379,977	379,971	476,912	480,587
Any other assets, not elsewhere shown	19	633	633	634	634
Total Assets		**13,211,441**	**13,596,860**	**13,522,572**	**13,393,889**

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

Note 1 – Deferred Acquisition Cost

Assets	GRAG Solo		GRAG Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Deferred acquisition cost	0	0	0	138,641

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	GRAG Solo		GRAG Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Intangible assets	0	30	0	30

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 license fees for a motor insurance calculation software and a local membership fee for one of our branches.

Note 3 – Deferred Tax Assets

Deferred Taxes	GRAG Solo		GRAG Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Deferred tax assets (DTA) (+)	52,983	387,862	68,695	158,629
Deferred tax liability (DTL) (-)	-607,154	0	-624,429	-13,555
Total deferred taxes	**-554,171**	**387,862**	**-555,733**	**145,074**

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 31% 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 2018 mainly result from the following positions:

Overview deferred taxes	GRAG Solo DTA (+) and DTL (-) €'000	GRAG Group DTA (+) and DTL (-) €'000
Deferred taxes on temporary differences between HGB values and tax base	387,862	n/a
Deferred taxes on temporary differences between US GAAP values and tax base	n/a	145,074
Investments due to Solvency II revaluations	-39,626	-22,252
Technical provisions due to Solvency II revaluations		
- Life	-512,336	-518,572
- Non-life	-435,507	-183,301
Total - technical provisions	-947,843	-701,873
Other Solvency II revaluations	45,436	23,318
Total deferred taxes for Solvency II - DTA (+)/ DTL (-)	-554,171	-555,733
- thereof DTA (+)	52,983	68,695
- thereof DTL (-)	-607,154	-624,429

The maturity bands are as follows:

Maturity bands	GRAG Solo		GRAG Group	
	Deferred tax assets (DTA) (+)	Deferred tax liability (DTL) (-)	Deferred tax assets (DTA) (+)	Deferred tax liability (DTL) (-)
Maturity band < 1 year	18,080	-7,576	18,080	-7,576
Maturity band 1-5 years	24,993	-31,542	40,705	-31,542
Maturity band > 5 years	9,910	-568,036	9,910	-585,310
Total deferred taxes	**52,983**	**-607,154**	**68,695**	**-624,429**

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 provisions 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, 2018 for taxable differences amounting to Euro 8,303 thds (tax base) for GRAG solo, the preconditions for recognition of deferred tax liabilities (referred above), had not been met. Due to the consolidation of the financial statements this difference does not exist for GRAG Group. For GRAG Group the preconditions for recognition of deferred tax liabilities/assets (referred above) for taxable/deductible differences from the currency translation of subsidiaries, had not been met at December 31, 2018.

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 82 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 2018 deferred tax assets on tax losses carried forward, amounting to Euro 7.497 thds for GRAG Solo and amounting to Euro 9,557 thds for GRAG Group were booked (gross amount before offset against DTL).

Tax losses carried forward with corresponding DTA	GRAG Solo		GRAG Group		
Country	Tax losses carried forward €'000	DTA €'000	Tax losses carried forward	DTA	Expiry Limit
Denmark	4,869	1,071	4,869	1,071	unlimited carry-foward
United Kingdom	33,724	5,733	33,724	5,733	unlimited carry-foward
Korea	3,149	693	3,149	693	10 year carry-forward
New Zealand	-	-	3,694	1,034	unlimited carry-foward
South Africa	-	-	3,663	1,026	unlimited carry-foward
Total tax losses carried forward	**41,742**	**7,497**	**49,099**	**9,557**	

Deferred tax assets in the amount of Euro 2,964 thds for GRAG solo and in the amount of Euro 11,952 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	GRAG Solo		GRAG Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Pension benefit surplus	5,619	14,000	5,619	5,619

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:

	GRAG Solo		GRAG Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Fair value of plan assets	54,065	54,065	54,065	54,065
Pension fund	48,446	40,065	48,446	48,446
Total	**5,619**	**14,000**	**5,619**	**5,619**

The plan assets are as follows:

Portfolio	Valuation amount €' 000	Percentage of total plan assets %
UK government bonds	10,202	18.9%
UK corporate bonds	4,847	9.0%
Diversified growth fund	28,068	51.9%
Non-US equities	6,491	12.0%
US equities	4,512	8.3%
miscellaneous items	-53	-0.1%
Total plan assets	**54,065**	**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	GRAG Solo		GRAG Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Property, plant	23,800	8,472	23,800	8,472
Equipment	5,927	5,927	6,153	6,153
Property, plant & equipment held for own use	**29,727**	**14,400**	**29,953**	**14,626**

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 2018.

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	GRAG Solo		GRAG Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Holdings in related undertakings	231.221	67.594	0	0
Other participations	0	24.983	0	26.251
Holdings in related undertakings, including participations	**231.221**	**92.577**	**0**	**26.251**

Holdings in related undertakings relate to the two wholly owned reinsurance subsidiaries and other subsidiaries which represent ancillary service undertakings (please also refer to the table below):

a) Wholly-owned subsidiaries

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

b) Ancillary service undertakings

- Gen Re 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 Limited (in run-off)

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

Holdings in related undertakings	Share	Solvency II Market value €' 000	HGB Book Value €' 000
GRSA	100%	146,724	2,762
GRLA	100%	84,497	63,626
Other subsidiaries*	-	0	1,205
Total		**231,221**	**67,594**

*Ancillary service undertakings

As no active market with quoted prices exists for the **wholly owned 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 limits write-ups to the amount 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.

Due to the size of the **other subsidiaries (ancillary service undertakings)** relative to the total amount of participations, these have been excluded from group supervision following BaFin approval; therefore, the Solvency II valuation for these entities is zero.

Other 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 for the ancillary service undertakings and hence 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	GRAG Solo		GRAG Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Equities - listed	2,477,811	2,039,190	2,477,811	2,453,704

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 2018, 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 2018 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 24.106 thds 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.

At 31 December 2018, GRAG equities were all allocated as fixed assets (Anlagevermögen). There were two common equity positions with decreased market values, resulting in a large unrealized loss where we decided to write-down to the market value as of 31 December 2018 in HGB.

Additional 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. Despite the fall of equity markets at year-end the market values of three listed equities have increased significantly since acquisition.

Note 8 – Bonds

Assets	GRAG Solo		GRAG Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Government bonds	2,793,400	3,438,770	3,586,750	4,233,646
Corporate bonds	3,819,464	3,089,090	3,819,464	3,103,250
Bonds	**6,612,864**	**6,527,860**	**7,406,215**	**7,336,896**

Our bonds portfolio consists entirely of government and corporate bonds, 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 2018, there were no significant changes to the valuation models used.

Please refer to note 7 above for details on the US GAAP classification and valuation methods of investments in fixed maturity and equity securities.

At 31 December 2018, 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 11 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 category.

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.

For Solvency II purposes debt instruments of Kreditanstalt für Wiederaufbau (KfW), Landwirtschaftliche Rentenbank and FMS Wertmanagement which are not issued in Euro have been reclassified with an amount of Euro 691,585 thds from government bonds to corporate bonds.

Note 9 – Collective Investments Undertakings

Assets	GRAG Solo		GRAG Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Collective investments undertakings	**404,368**	**403,769**	**404,368**	**398,984**

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 and also holds a small portion 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 below. In addition, the cash item within the fund with a total value of around Euro 307 thds is shown under US GAAP in the “Cash and Cash Equivalents” category as reported in note 18 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	GRAG Solo		GRAG Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Deposits other than cash equivalents	20,354	19,923	20,354	19,923

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	GRAG Solo		GRAG Group	
	Solvency II	HGB	Solvency II	US GAAP
	€ '000	€ '000	€ '000	€ '000
Other investments	88	59,765	88	77,256

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	GRAG Solo		GRAG Group	
	Solvency II	HGB	Solvency II	US GAAP
	€ '000	€ '000	€ '000	€ '000
Loans and mortgages to individuals	0	0	0	0
Other loans and mortgages	693,768	634,821	693,768	634,821
Loans and mortgages	**693,768**	**634,821**	**693,768**	**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. Therefore, the amount for US GAAP, HGB and Solvency II is zero.

The valuation differences between Solvency II and US GAAP/HGB results from the difference between amortized cost and the Solvency II market value which is calculated by 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	GRAG Solo		GRAG Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Non-Life excluding Health	213,200	334,487	213,200	347,719
Health similar to Non-Life	3,208	4,320	3,208	4,399
Health similar to Life	10,243	15,471	-46,094	15,225
Life excluding Health and index-linked and unit-linked	54,750	86,123	-249,893	186,959
Reinsurance recoverables	**281,401**	**440,401**	**-79,579**	**554,302**

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	GRAG Solo		GRAG Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Non-Life	102,777	115,431	89,335	99,909
Life/Health	1,845,675	1,538,278	1,845,675	13,853
Deposits to cedants	**1,948,452**	**1,653,709**	**1,935,009**	**113,762**

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	GRAG Solo		GRAG Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Non-Life	102,777	115,431	89,335	99,909
Life/Health	1,845,675	1,538,278	1,845,675	13,853
Deposits to cedants	**1,948,452**	**1,653,709**	**1,935,009**	**113,762**

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 are shown in this position. All other receivables are considered future cash flows and have been reclassified to technical provisions.

Note 16 – Reinsurance Receivables

Assets	GRAG Solo		GRAG Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Reinsurance receivables	0	26,050	0	26,558

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	GRAG Solo		GRAG Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Receivables (trade, not insurance)	26,141	26,947	38,675	38,821

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 6,704 thds). These long-term receivables were discounted which is resulted in a valuation differences of Euro 805 thds between the Solvency II and US GAAP values.

In addition, a reclassification of tax receivables/payables (Euro 659 thds) has been considered. Under US GAAP the interest receivables on taxes 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	GRAG Solo		GRAG Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Cash and cash equivalents	379,977	379,971	476,912	480,587

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

Note 19 – Any Other Assets, not elsewhere shown

Assets	GRAG Solo		GRAG Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Any other assets, not elsewhere shown	633	633	634	634

The position contains accruals and deferred income and there are no valuation differences between Solvency II and US GAAP respectively HGB.

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 GRAG's and GRAG Group's TPs as at 31 December 2018:

Gross Technical Provisions as at 31 December 2018	GRAG Solo Solvency II	GRAG Solo HGB	GRAG Group Solvency II	GRAG Group US GAAP
Technical Provisions - Non-Life	**4,698,285**	**6,564,547**	**4,698,285**	**5,842,062**
Technical Provisions - Non-Life (excl. Health)	4,576,879	6,467,899	4,576,879	5,744,817
TP calculated as a whole		6,467,899		5,744,817
Best Estimate	4,396,172		4,396,172	
Premium Provision	43,573		43,573	
Claims Provision	4,352,599		4,352,599	
Risk Margin	180,707		180,707	
Technical Provisions - Health (NSLT, similar to Non-Life)	121,406	96,647	121,406	97,244
TP calculated as a whole		96,647		97,244
Best Estimate	91,900		91,900	
Premium Provision	-6,339		-6,339	
Claims Provision	98,239		98,239	
Risk Margin	29,506		29,506	
Technical Provisions - Life (excl. index-linked / unit-linked)	**2,078,133**	**3,527,847**	**2,361,748**	**2,891,841**
Technical Provisions - Health (SLT, similar to Life)	1,017,958	1,406,305	1,500,031	881,823
TP calculated as a whole		1,406,305		881,823
Best Estimate	636,511		1,073,024	
Risk Margin	381,447		427,007	
Technical Provisions - Life (excl. Health)	1,060,175	2,121,543	861,717	2,010,018
TP calculated as a whole		2,121,543		2,010,018
Best Estimate	82,971		-166,269	
Risk Margin	977,204		1,027,987	
Other Technical Provisions		**50,813**		**52,992**
Total Gross Technical Provisions - Life and Non-Life	**6,776,418**	**10,143,207**	**7,060,033**	**8,786,895**

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 2018.

	Best Estimate Gross € '000	Risk Margin € '000	Technical Provisions € '000	Reinsurance Recoverables € '000
Life	-166,269	1,027,987	861,717	-249,893
Health SLT	1,073,024	427,007	1,500,031	-46,094
Total	**906,754**	**1,454,994**	**2,361,748**	**-295,987**

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 121,406 thds

Health Non-SLT	€ '000
Best estimate	**91,900**
Thereof	
Non-proportional health business	20,921
PA business (non-life)	70,979
Risk margin	29,506
Technical provisions	**121,406**

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 Gross € '000	Risk Margin € '000	Technical Provisions € '000	Reinsurance Recoverables € '000
GRAG	719,482	1,358,651	2,078,133	64,993
GRLA	29,592	69,058	98,650	-366,577
GRSA	147,325	27,285	174,610	-4,758
Intercompany transactions	10,354	0	10,354	10,354
Total	**906,754**	**1,454,994**	**2,361,748**	**-295,987**

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-quarter 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 years as well as a decrease of 20% in the recovery rates
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	**906,754**
Thereof Life	-166,269
Thereof Health SLT	1,073,024
Impact of shocks:	
Mortality	719,898
Longevity	92,550
Disability	1,041,554
Lapse down	44,980
Lapse mass	1,023,762
Lapse up	541,309
Expenses	150,521
Cat (life)	870,016

The table should be interpreted in the following way: The best estimate for “Life” and “Health SLT” is Euro 906,754 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 719,898 thds to a total of Euro 1,626,652 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 2019 per reinsurance contract in course of the financial planning process. If GRAG Group’s gross premium volume 2019 was 1% higher (lower) than expected, the gross best estimate would decrease (increase) by Euro 32,127 thds. 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 2019 is of about Euro 71,949 thds. If the actual premium for this business is 10% higher, the best estimate would reduce by Euro 183 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 1,358,651 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 considered for the determination of the best estimate liability. 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 2,838,078 thds. This includes the reinsurance, insurance and intermediaries receivables and payables not overdue (Euro 104,932 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	3,576,986	22,916	3,599,902
Thereof reserve for profit commission, gross	49,138	82	49,220
Thereof all other reserves, gross	3,527,847	22,835	3,550,682
Statutory DAC (Life), net	-19,425	0	-19,425
Subtotal statutory	**3,557,561**	**22,916**	**3,580,477**
PV margin of future business and change in assumptions	2,838,078		
Best estimate	719,482		
Risk margin	1,358,651		
Technical provisions	**2,078,133**		

GRAG holds in its HGB balance sheet gross reserves of Euro 3,599,902 thds for its Life/Health reinsurance business. Under modified coinsurance treaties, reserves are deposited back with the cedants. These deposits amount to Euro 1,538,278 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 1,454,994 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 considered 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 ii. and iii. amounts to Euro 3,466,239 thds. This includes the reinsurance, insurance and intermediaries receivables and payables not overdue (Euro 127,338 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 1,538,278 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	2,943,159	22,527	2,965,686
Thereof reserve for profit commission, gross	51,317	82	51,399
Thereof all other reserves, gross	2,891,841	22,445	2,914,287
US GAAP deposits - gross	-13,853	0	-13,853
Deferred acquisition costs - gross	-94,051	0	-94,051
Subtotal US GAAP	**2,835,254**	**22,527**	**2,857,781**
Statutory deposits - gross	1,537,739	539	1,538,278
Subtotal	**4,372,993**	**23,066**	**4,396,060**
PV margin of future business and change in assumptions	3,466,239		
Best estimate	906,754		
Risk margin	1,454,994		
Technical provisions	**2,361,748**		

* 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 2018 amounted to Euro 243,651 thds representing 11.1% 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 -295,987 thds. The negative amount is explained by the retrocession of profitable business, thus creating a liability against the retrocessionaires.

Recoverables from Reinsurance Contracts	€'000
Life	-249,893
Health SLT	-46,094
Total	**-295,987**

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.

Counterparty default adjustments were considered in the calculation of the reinsurance recoverables. They amount to Euro 1,128 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 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). 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.

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

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 in-force 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.

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 74 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 non-economic 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 31.12.2018 and 31.12.2017. The changes may be subdivided into four categories:

1. The decrease due to new exchange rates and discount rates amounts to Euro 73,208 thds.
2. The change in deposits leads to a decrease of the best estimate of Euro 70,812 thds.
3. The change in reinsurance, insurance and intermediaries receivables and payables not overdue reduces the best estimate by Euro 118,667 thds.
4. Other changes reduce the best estimate by Euro 187,591 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.

	Life € '000	Health SLT € '000	Health Non-SLT *) € '000	Total € '000
Best estimate 2017 (net)	**663,547**	**986,854**	**23,540**	**1,673,941**
Change due to currency rates and discount rates	-53,879	-19,686	358	-73,208
Change in deposits	-91,651	20,725	115	-70,812
Change in reinsurance, insurance and intermediaries receivables and payables not overdue	-77,238	-40,150	-1,279	-118,667
Other changes	-357,155	171,375	-1,812	-187,591
Best estimate 2018 (net)	**83,624**	**1,119,118**	**20,921**	**1,223,663**

* 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 are mainly due to the increase of business volume and refinement of the projection models which lead to higher expected future profits. Thereby the impact of lapse is more severe and the SCR in the mass lapse shock scenario rises. The increase in the longevity shock scenario is caused by new annuity business. Property/Casualty

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.

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	363	39,779	40,142	11,631	51,773	-2,116	49,657
Motor vehicle liability	17,106	410,203	427,308	16,378	443,686	-28,349	415,337
Other motor	-10,506	38,548	28,042	1,187	29,229	-4,622	24,608
Marine, aviation and transport	1,193	44,936	46,129	1,813	47,942	-2,141	45,802
Fire and other damage to property	-8,148	342,652	334,504	12,598	347,102	-36,275	310,827
General liability	3,433	243,725	247,158	9,644	256,802	-22,350	234,452
Credit and suretyship	392	44,247	44,639	1,938	46,577	-11	46,566
Non-proportional property	-2,486	427,581	425,095	17,089	442,184	-38,578	403,607
Non-proportional casualty	52,125	2,728,938	2,781,063	117,252	2,898,315	-72,660	2,825,655
Non-proportional marine, aviation and transport	-9,535	71,768	62,233	2,808	65,041	-8,215	56,825
Non-proportional health	-6,702	58,460	51,758	17,875	69,633	-1,092	68,541
Total Non-Life	**37,234**	**4,450,838**	**4,488,072**	**210,213**	**4,698,285**	**-216,408**	**4,481,877**

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 as at 31 December 2018 and corresponding net reserves for the Group according to US GAAP and for GRAG Solo according to HGB are outlined below.

i. Unallocated loss adjustment reserves (ULAE) for US GAAP purposes of Euro 70,427 thds respectively equalization reserve for HGB of Euro 847,103 thds.

ii. The US GAAP reserves include a net unearned premium reserve of Euro 238,941 thds. The HGB reserves include a net unearned premium reserve of Euro 197,695 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 867,308 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, as well as all account receivables and payables not overdue, totaling Euro 189,079 thds.

v. Solvency II TPs further include claims expenses amounting to Euro 142,248 thds.

vi. Some other minor differences sum up to Euro 5,226 thds for GRAG Group and Euro 4,860 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 210,213 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 SII Technical Provisions	GRAG Solo €'000	GRAG Group €'000
Net Statutory Reserves*	**6,225,740**	**5,489,944**
Equalization Reserve	-847,103	n/a
Unallocated Loss Adjustment Expenses	n/a	-70,427
Unearned Premium Reserve	-197,695	-238,941
Claims Discounting	-867,308	-867,308
Premium Provision & Receivables/Payables not overdue	-189,079	-189,079
Claims Expenses	142,248	142,248
Other	4,860	5,226
Net Best Estimate Liabilities	4,271,664	4,271,664
Risk Margin	210,213	210,213
Net Technical Provisions	**4,481,877**	**4,481,877**

*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. Since underwriting year 2017 we have an internal retrocession to our US parent GRC. The GRAG retro recoverables amount to Euro 216,408 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 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 2017 (net)	**4,513,405**	**-154,253**	**4,359,152**
Change due to currency rates and discount rates	20,008	-1,946	18,062
Change due to experience or assumptions	-73,952	32,550	-41,402
Receivables/Payables not overdue	-259,916	195,769	-64,147
Best Estimate 2018 (net)	**4,199,545**	**72,119**	**4,271,664**

The changes may be subdivided into three categories:

1. The change due to new exchange rates and discount rates amount to an increase in TPs by Euro 18,062 thds.
2. The changes relating to actual loss experience or changes in actuarial assumptions represent a decrease of Euro 41,402 thds. This is partly attributable to loss development as 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. This year, the account receivables and payables not overdue are split into claims and premium provision. In the prior year the total amount was shown under premium provision, consequently, this results in a shift from premium to claims provision within the BELs. The increase in total accounts receivables during the year reduced the overall Best Estimate by 64,147 thds.

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 considered 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 to determine the SCR for all future years.

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 liability for the relevant year. Here the proportionality factor is given by the ratio of the present SCR to the present best estimate liability.

Change in Risk Margin

In 2018 GRAG Group’s Risk Margin increased by Euro 302,966 thds from Euro 1,362,241 thds to Euro 1,665,207. A main reason for this is the growth of the SCR for the Life module. 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.

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 relevant other liabilities as at 31 December 2018 according to Solvency II valuation principles compared with HGB (GRAG Solo) and US GAAP (GRAG Group). For the particular QRT S.02.01.02, please refer to the appendix.

Other Liabilities as at 31 December 2018	Note	GRAG Solo		GRAG Group	
		Solvency II €'000	HGB €' 000	Solvency II €'000	US GAAP €'000
Provisions other than technical provisions	1	383,844	436,031	388,567	357,779
Pension benefit obligations	2	309,924	235,372	310,007	310,007
Deposits from reinsurers	**3**	**32,284**	**31,428**	**32,284**	**1,015**
Non-Life		917	963	917	963
Life/Health		31,366	30,465	31,366	52
Deferred tax liabilities	4	607,154	0	624,429	13,555
Insurance and intermediaries payables	5	0	239,551	0	243,784
Reinsurance payables	6	0	140,033	0	173,665
Payables (trade, not insurance)	7	17,408	17,408	22,845	22,845
Any other liabilities, not elsewhere shown	8	393	393	393	386
Total Other Liabilities		**1,351,007**	**1,100,216**	**1,378,524**	**1,123,035**

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	GRAG Solo		GRAG Group	
	Solvency II € ' 000	HGB € ' 000	Solvency II € ' 000	US GAAP € ' 000
Provisions other than technical provisions	383,844	436,031	388,567	357,779

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. Moreover, provisions for interests on taxes are valued based on a fulfillment amount for HGB and Solvency II, taking into account future price and cost increases, whereas for US GAAP provisions for interests on taxes are only considered up to the year-end of the current financial year.

Under US GAAP the receivables for interests on taxes 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 as well as the receivables for interests on taxes being reported under “Receivables (trade, not insurance)” category.

The difference between the Solvency II and the US GAAP is primarily driven by the different treatment of Current tax liabilities as well as provisions for interests on tax between US GAAP and Solvency II 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 10 years	265,080
Interest on taxes	up to 10 years	87,060

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	GRAG Solo		GRAG Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Pension benefit obligations	309,924	235,372	310,007	310,007

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 2018 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 2018 in accordance with HGB § 253 para. 2 and extrapolating these rates to 31 December 2018 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% *	3.21%	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 2018 G mortality tables	Klaus Heubeck 2018 G mortality tables	Klaus Heubeck 2018 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	GRAG Solo		GRAG Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Non-Life	917	963	917	963
Life/Health	31,366	30,465	31,366	52
Deposits from reinsurers	**32,284**	**31,428**	**32,284**	**1,015**

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	GRAG Solo		GRAG Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Deferred tax assets (DTA) (+)	52,983	387,862	68,695	158,629
Deferred tax liability (DTL) (-)	-607,154	0	-624,429	-13,555
Total deferred taxes	**-554,171**	**387,862**	**-555,733**	**145,074**

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	GRAG Solo		GRAG Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Insurance and intermediaries payables	0	239,551	0	243,784

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 are to be shown in this position. Since this does not apply to any payables for GRAG or GRAG Group, the entire amount is reclassified to best estimate liabilities within Technical Provisions.

Note 6 – Reinsurance Payables

Other liabilities	GRAG Solo		GRAG Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Reinsurance payables	0	140,033	0	173,665

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	GRAG Solo		GRAG Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Payables (trade, not insurance)	17,408	17,408	22,845	22,845

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	GRAG Solo		GRAG Group	
	Solvency II €' 000	HGB €' 000	Solvency II €' 000	US GAAP €' 000
Any other liabilities, not elsewhere shown	393	393	393	386

This position contains deferred income and accrued expenses. There are no valuation differences between HGB and Solvency II and only minor differences between 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 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 intra-group 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 2018 in comparison to the prior year are disclosed in the table below:

Own Funds	GRAG Solo			GRAG Group		
	2018 €'000	2017 €'000	Change €'000	2018 €'000	2017 €'000	Change €'000
Total assets	**13,211,441**	**13,581,208**	**-369,767**	**13,522,572**	**13,722,873**	**-200,300**
- Total liabilities	8,127,425	8,096,951	30,475	8,438,557	8,238,616	199,941
- Own shares	0	0	0	0	0	0
- Participation in financial and credit institutions	0	0	0	0	0	0
- Foreseeable dividends	0	200,200	-200,200	0	200,200	-200,200
- Ring-fenced funds	0	0	0	0	0	0
Basic own funds	**5,084,015**	**5,284,057**	**-200,042**	**5,084,015**	**5,284,057**	**-200,042**
thereof						
Ordinary share capital (gross of own shares)	55,000	55,000	0	55,000	55,000	0
capital	866,174	866,174	0	866,174	866,174	0
Surplus fund	0	0	0	0	0	0
Reconciliation reserve	4,162,842	4,362,883	-200,042	4,162,842	4,362,883	-200,042
thereof						
Retained earnings	1,432,263	1,703,586	-271,323	2,690,189	2,430,400	259,788
Adjustment due to revaluation differences	2,730,579	2,859,498	-128,919	1,598,345	1,388,160	210,186
Foreseeable dividend	0	-200,200	200,200	0	-200,200	200,200
+ Subordinated liabilities	0	0	0	0	0	0
+ Additional own funds	0	0	0	0	0	0
Eligible Own Funds	**5,084,015**	**5,284,057**	**-200,042**	**5,084,015**	**5,284,057**	**-200,042**

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

Differences in Equity	GRAG Solo			GRAG Group		
	2018 €'000	2017 €'000	Change €'000	2018 €'000	2017 €'000	Change €'000
Shareholder's equity*	**2,353,437**	**2,624,759**	**-271,323**	**3,483,959**	**4,094,387**	**-610,428**
Adjustments						
Investments	638,277	1,127,852	-489,576	44,226	60,532	-16,306
Life/Health	1,146,115	983,682	162,433	1,158,503	1,006,628	151,875
Property/Casualty	929,742	816,367	113,376	404,992	366,840	38,152
Other	16,445	-68,403	84,848	-7,664	-44,130	36,466
Dividend	0	-200,200	200,200	0	-200,200	200,200
Total adjustments	**2,730,579**	**2,659,298**	**71,281**	**1,600,056**	**1,189,670**	**410,386**
SII Own Funds	**5,084,015**	**5,284,057**	**-200,042**	**5,084,015**	**5,284,057**	**-200,042**

*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 GRAG Group's SCR and MCR broken down into the individual entities and split by risk modules at 31 December 2018 in comparison to the previous year:

Solvency II Capital Requirements	GRAG Solo 2018 €'000	GRAG Solo 2017 €'000	GRSA* 2018 €'000	GRSA* 2017 €'000	GRLA* 2018 €'000	GRLA* 2017 €'000	GRAG Group 2018 €'000	GRAG Group 2017 €'000
Eligible own funds	5,084,015	5,284,057	146,724	133,032	84,497	79,830	5,084,015	5,284,057
SCR	**2,456,925**	**2,120,496**	**226,054**	**104,609**	**141,892**	**111,893**	**2,644,099**	**2,230,770**
Surplus capital	2,627,090	3,163,561	-79,331	28,422	-57,395	-32,063	2,439,917	3,053,287
MCR	**1,105,616**	**954,223**	**57,334**	**13,254**	**44,855**	**12,955**	**1,207,805**	**980,433**
Solvency ratio	**206.9%**	**249.2%**	**64.9%**	**127.2%**	**59.6%**	**71.3%**	**192.3%**	**236.9%**
Risk modules								
Underwriting risk Life	1,620,316	1,310,039	75,176	73,403	66,627	82,803	1,755,350	1,460,354
Underwriting risk Health	728,256	701,560	36,145	33,288	75,570	95,597	831,389	823,440
Underwriting risk Non-Life	1,070,065	914,562	0	0	0	0	1,070,065	914,562
Market risk	1,405,997	1,202,691	226,012	83,108	24,225	21,982	1,458,744	1,196,722
Counterparty default risk	70,810	55,355	10,240	2,115	1,671	3,631	74,157	57,316
Diversification	-1,815,726	-1,566,364	-75,893	-53,122	-45,136	-53,103	-1,922,115	-1,668,560
Operational risk	137,880	138,694	6,846	6,498	20,244	8,936	138,842	138,671
Loss-absorbing capacity for deferred taxes	-760,673	-636,040	-52,472	-40,681	-1,310	-47,954	-762,334	-691,735
SCR	**2,456,925**	**2,120,496**	**226,054**	**104,609**	**141,892**	**111,893**	**2,644,099**	**2,230,770**

* 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. We make use of the transitional measure for the equity risk which will increase linearly over a 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.

Regarding 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. However, as outlined in chapter D the subsidiaries provide input for the Solvency II Group reporting. The calculation of the Group SCR follows the same approach as for GRAG stand-alone but based on consolidated data considering the elimination of intercompany transactions.

GRSA as well as GRLA 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. We have obtained regulatory approval to use USPs in the calculation of premium and reserve risk. These are reviewed and updated each year, where appropriate.

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 2018, 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 2018

		Solvency II value
Assets		**C0010**
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	0
Deferred tax assets	**R0040**	52,983
Pension benefit surplus	**R0050**	5,619
Property, plant & equipment held for own use	**R0060**	29,727
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	9,746,706
Property (other than for own use)	**R0080**	0
Holdings in related undertakings, including participations	**R0090**	231,221
Equities	**R0100**	2,477,811
Equities - listed	**R0110**	2,477,811
Equities - unlisted	**R0120**	0
Bonds	**R0130**	6,612,864
Government Bonds	**R0140**	2,793,400
Corporate Bonds	**R0150**	3,819,464
Structured notes	**R0160**	0
Collateralised securities	**R0170**	0
Collective Investments Undertakings	**R0180**	404,368
Derivatives	**R0190**	0
Deposits other than cash equivalents	**R0200**	20,354
Other investments	**R0210**	88
Assets held for index-linked and unit-linked contracts	**R0220**	0
Loans and mortgages	**R0230**	693,768
Loans on policies	**R0240**	0
Loans and mortgages to individuals	**R0250**	0
Other loans and mortgages	**R0260**	693,768
Reinsurance recoverables from:	**R0270**	281,401
Non-life and health similar to non-life	**R0280**	216,408
Non-life excluding health	**R0290**	213,200
Health similar to non-life	**R0300**	3,208
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	64,993
Health similar to life	**R0320**	10,243
Life excluding health and index-linked and unit-linked	**R0330**	54,750
Life index-linked and unit-linked	**R0340**	0
Deposits to cedants	**R0350**	1,948,452
Insurance and intermediaries receivables	**R0360**	46,032
Reinsurance receivables	**R0370**	0
Receivables (trade, not insurance)	**R0380**	26,141
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**	379,977
Any other assets, not elsewhere shown	**R0420**	633
Total assets	**R0500**	13,211,439

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	4,698,285
Technical provisions – non-life (excluding health)	**R0520**	4,576,879
Technical provisions calculated as a whole	**R0530**	
Best Estimate	**R0540**	4,396,172
Risk margin	**R0550**	180,707
Technical provisions - health (similar to non-life)	**R0560**	121,406
Technical provisions calculated as a whole	**R0570**	
Best Estimate	**R0580**	91,900
Risk margin	**R0590**	29,506
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	2,078,133
Technical provisions - health (similar to life)	**R0610**	1,017,958
Technical provisions calculated as a whole	**R0620**	
Best Estimate	**R0630**	636,511
Risk margin	**R0640**	381,447
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	1,060,175
Technical provisions calculated as a whole	**R0660**	
Best Estimate	**R0670**	82,971
Risk margin	**R0680**	977,204
Technical provisions – index-linked and unit-linked	**R0690**	0
Technical provisions calculated as a whole	**R0700**	
Best Estimate	**R0710**	0
Risk margin	**R0720**	0
Other technical provisions	**R0730**	
Contingent liabilities	**R0740**	0
Provisions other than technical provisions	**R0750**	383,844
Pension benefit obligations	**R0760**	309,924
Deposits from reinsurers	**R0770**	32,284
Deferred tax liabilities	**R0780**	607,154
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**	
Reinsurance payables	**R0830**	0
Payables (trade, not insurance)	**R0840**	17,408
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**	393
Total liabilities	**R0900**	8,127,425
Excess of assets over liabilities	**R1000**	5,084,014

S.05.01.02_Solo – QRT Premiums, Claims and Expenses by Line of Business
as at 31. December 2018

		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**		12,662		288,256	125,920	26,182	350,910	84,650	1,775
Gross - Non-proportional reinsurance accepted	**R0130**									
Reinsurers' share	**R0140**		2,703		58,101	26,207	5,147	70,771	16,970	279
Net	**R0200**		9,960		230,155	99,714	21,035	280,138	67,680	1,496
Premiums earned										
Gross - Direct Business	**R0210**									
Gross - Proportional reinsurance accepted	**R0220**		12,551		243,850	107,742	24,785	335,199	77,822	1,537
Gross - Non-proportional reinsurance accepted	**R0230**									
Reinsurers' share	**R0240**		2,612		48,179	22,804	4,615	67,599	15,383	265
Net	**R0300**		9,939		195,671	84,939	20,170	267,600	62,439	1,273
Claims incurred										
Gross - Direct Business	**R0310**									
Gross - Proportional reinsurance accepted	**R0320**		9,865		179,428	75,377	6,041	191,068	21,785	895
Gross - Non-proportional reinsurance accepted	**R0330**									
Reinsurers' share	**R0340**		1,799		37,482	15,030	3,274	45,860	9,110	120
Net	**R0400**		8,065		141,946	60,347	2,766	145,209	12,675	775
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**		4,832	0	47,516	27,930	6,155	91,135	28,981	745
Other expenses	**R1200**									
Total expenses	**R1300**									

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)			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								890,356
Gross - Non-proportional reinsurance accepted	R0130				32,457	208,044	18,105	216,829	475,435
Reinsurers' share	R0140				1,510	41,810	3,342	42,468	269,308
Net	R0200				30,948	166,234	14,763	174,361	1,096,484
Premiums earned									
Gross - Direct Business	R0210								
Gross - Proportional reinsurance accepted	R0220								803,486
Gross - Non-proportional reinsurance accepted	R0230				32,376	193,431	17,340	208,035	451,183
Reinsurers' share	R0240				1,508	38,404	3,176	40,146	244,690
Net	R0300				30,868	155,028	14,163	167,889	1,009,979
Claims incurred									
Gross - Direct Business	R0310								
Gross - Proportional reinsurance accepted	R0320								484,459
Gross - Non-proportional reinsurance accepted	R0330				27,847	152,971	-16,520	91,666	255,964
Reinsurers' share	R0340				957	51,303	-2,350	31,382	193,968
Net	R0400				26,890	101,669	-14,170	60,283	546,455
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	0	0	0	2,412	24,799	3,374	35,595	273,473
Other expenses	R1200								0
Total expenses	R1300								273,473

		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**							769,221	1,131,687	1,900,909
Reinsurers' share	**R1420**							9,545	17,787	27,332
Net	**R1500**							759,677	1,113,900	1,873,577
Premiums earned										
Gross	**R1510**							693,058	1,120,972	1,814,030
Reinsurers' share	**R1520**							9,595	18,481	28,075
Net	**R1600**							683,463	1,102,491	1,785,954
Claims incurred										
Gross	**R1610**							414,401	748,043	1,162,444
Reinsurers' share	**R1620**							585	18,335	18,920
Net	**R1700**							413,816	729,707	1,143,524
Changes in other technical provisions										
Gross	**R1710**									
Reinsurers' share	**R1720**									
Net	**R1800**									
Expenses incurred	**R1900**							205,124	268,235	-473,359
Other expenses	**R2500**									
Total expenses	**R2600**									473,359

S.05.02.01_Solo – QRT Premiums, Claims and Expenses by Country as at 31. December 2018

		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		IL	IT	RU	ES	GB	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110							
Gross - Proportional reinsurance accepted	R0120	395,916	63,721	77,192	46,202	34,248	127,366	744,646
Gross - Non-proportional reinsurance accepted	R0130	99,626	6,292	12,467	2,745	14,089	149,158	284,378
Reinsurers' share	R0140	100,444	14,045	17,706	9,942	9,612	55,882	207,632
Net	R0200	395,098	55,968	71,954	39,005	38,725	220,642	821,393
Premiums earned								
Gross - Direct Business	R0210							
Gross - Proportional reinsurance accepted	R0220	394,311	51,087	67,801	38,056	32,315	84,288	667,857
Gross - Non-proportional reinsurance accepted	R0230	96,125	6,287	12,049	2,850	14,262	139,056	270,628
Reinsurers' share	R0240	99,311	11,491	15,646	8,544	9,171	44,310	188,472
Net	R0300	391,126	45,883	64,203	32,362	37,406	179,033	750,013
Claims incurred								
Gross - Direct Business	R0310							
Gross - Proportional reinsurance accepted	R0320	222,442	33,333	55,342	19,889	19,778	54,591	405,375
Gross - Non-proportional reinsurance accepted	R0330	13,516	5,504	15,791	1,839	3,211	95,388	135,250
Reinsurers' share	R0340	69,465	7,746	16,576	4,482	6,972	45,130	150,371
Net	R0400	166,493	31,092	54,558	17,246	16,017	104,850	390,255
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	108,186	15,771	19,331	12,562	13,518	30,230	199,598
Other expenses	R1200							0
Total expenses	R1300							199,598

		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**	200,817	82,205	456,526	81,370	75,736	229,051	1,125,706
Reinsurers' share	**R1420**	7,236	2,420		9,664		54	19,374
Net	**R1500**	193,581	79,785	456,526	71,706	75,736	228,997	1,106,332
Premiums earned								
Gross	**R1510**	201,821	82,381	379,214	81,698	75,393	229,086	1,049,593
Reinsurers' share	**R1520**	7,399	2,415		9,712		404	19,930
Net	**R1600**	194,423	79,965	379,214	71,986	75,393	228,682	1,029,663
Claims incurred								
Gross	**R1610**	105,207	18,886	258,691	40,878	43,904	187,462	655,027
Reinsurers' share	**R1620**	4,423	3,412	0	3,046	0	-8	10,873
Net	**R1700**	100,783	15,474	258,691	37,833	43,904	187,470	644,155
Changes in other technical provisions								
Gross	**R1710**							
Reinsurers' share	**R1720**							
Net	**R1800**							
Expenses incurred	**R1900**	62,626	60,493	112,417	24,285	19,488	15,487	294,797
Other expenses	**R2500**							0
Total expenses	**R2600**							294,797

S.12.01.02_Solo – QRT Premiums, Life and Health SLT Technical Provisions as at 31. December 2018

			Index-linked and unit-linked insurance			Other life insurance			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)
		Insurance with profit participation		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			
		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									82,971	82,971
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080									54,750	54,750
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090	0		0	0		0	0	0	28,221	28,221
Risk Margin	R0100									977,204	977,204
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	1,060,175	1,060,175

		Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	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**					636,511	636,511
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**					10,243	10,243
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**		0	0	0	626,268	626,268
Risk Margin	**R0100**					381,447	381,447
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	1,017,958	1,017,958

S.17.01.02_Solo – QRT Premiums, Non-Life Technical Provisions as at 31. December 2018

		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		363		17,106	-10,506	1,193	-8,148	3,433	392
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140		-410		-9,809	-6,958	-1,602	-20,193	-2,294	-218
Net Best Estimate of Premium Provisions	R0150	0	773	0	26,915	-3,548	2,795	12,045	5,727	610
Claims provisions										
Gross	R0160		39,779		410,203	38,548	44,936	342,652	243,725	44,247
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240		2,525		38,158	11,580	3,743	56,468	24,645	229
Net Best Estimate of Claims Provisions	R0250	0	37,254	0	372,045	26,968	41,193	286,184	219,080	44,018
Total Best estimate - gross	R0260		40,142		427,308	28,042	46,129	334,504	247,158	44,639
Total Best estimate - net	R0270	0	38,027	0	398,960	23,420	43,988	298,229	224,807	44,628
Risk margin	R0280		11,631		16,378	1,187	1,813	12,598	9,644	1,938
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	51,773	0	443,686	29,229	47,942	347,102	256,802	46,577
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	2,115	0	28,349	4,622	2,141	36,275	22,351	11
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	0	49,658	0	415,338	24,607	45,801	310,827	234,451	46,566

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		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				-6,702	52,125	-9,535	-2,486	37,234
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140				-116	7,275	244	-805	-34,885
Net Best Estimate of Premium Provisions	R0150	0	0	0	-6,586	44,850	-9,779	-1,681	72,121
Claims provisions									
Gross	R0160				58,460	2,728,938	71,768	427,581	4,450,838
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240				1,208	65,385	7,972	39,382	251,293
Net Best Estimate of Claims Provisions	R0250	0	0	0	57,252	2,663,553	63,796	388,199	4,199,542
Total Best estimate - gross	R0260				51,758	2,781,063	62,233	425,095	4,488,072
Total Best estimate - net	R0270	0	0	0	50,666	2,708,403	54,017	386,518	4,271,663
Risk margin	R0280				17,875	117,252	2,808	17,089	210,213
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	69,633	2,898,315	65,041	442,184	4,698,285
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	0	0	1,092	72,660	8,216	38,577	216,408
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	0	0	0	68,541	2,825,655	56,825	403,607	4,481,876

S.19.01.21_Solo – QRT Premiums, Non-Life Insurance Claims as at 31. December 2018

Accident year / Underwriting year	Z0020	2

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

		Development year												In Current year	Sum of years (cumulative)
	Year	0	1	2	3	4	5	6	7	8	9	10 & +			
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											57,793	R0100	57,793	293,666
N-9	R0160	108,112	190,903	38,632	27,201	24,927	14,937	12,433	4,483	5,776	7,222		R0160	7,222	434,625
N-8	R0170	92,979	249,895	66,150	24,356	15,059	12,888	8,147	6,060	3,872			R0170	3,872	479,405
N-7	R0180	82,067	221,818	50,821	32,445	13,121	9,186	6,679	9,944				R0180	9,944	426,081
N-6	R0190	77,299	197,823	54,478	28,773	13,344	13,907	14,243					R0190	14,243	399,867
N-5	R0200	151,958	356,330	111,288	39,111	22,796	21,475						R0200	21,475	702,958
N-4	R0210	67,904	248,629	75,655	25,555	21,007							R0210	21,007	438,749
N-3	R0220	102,100	253,452	79,184	37,331								R0220	37,331	472,067
N-2	R0230	85,732	210,997	88,042									R0230	88,042	384,770
N-1	R0240	79,182	250,618										R0240	250,618	329,800
N	R0250	115,819											R0250	115,819	115,819
												Total	R0260	627,365	4,477,807

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year												Year end (discounted data)
	Year	0	1	2	3	4	5	6	7	8	9	10 & +		
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	R0100											2,082,681	R0100	1,686,230
N-9	R0160							229,030	209,148	188,702	197,007		R0160	153,629
N-8	R0170						235,288	213,825	179,552	164,751			R0170	128,856
N-7	R0180					227,345	182,538	172,415	157,187				R0180	130,024
N-6	R0190				369,519	335,525	259,464	232,658					R0190	182,095
N-5	R0200			502,523	397,281	308,914	265,347						R0200	215,507
N-4	R0210		546,134	479,389	427,643	377,659							R0210	300,537
N-3	R0220	719,176	587,963	481,243	388,535								R0220	314,746
N-2	R0230	670,548	471,244	351,267									R0230	304,269
N-1	R0240	741,400	581,233										R0240	518,865
N	R0250	572,044											R0250	516,078
												Total	R0260	4,450,838

S.23.01.01_Solo – QRT Premiums, Own Funds as at 31. December 2018

		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	4,162,840	4,162,840			
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	5,084,014	5,084,014	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 undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390	0				
Total ancillary own funds	R0400				0	0

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	5,084,014	5,084,014	0	0	0
Total available own funds to meet the MCR	R0510	5,084,014	5,084,014	0	0	
Total eligible own funds to meet the SCR	R0540	5,084,014	5,084,014	0	0	0
Total eligible own funds to meet the MCR	R0550	5,084,014	5,084,014	0	0	
SCR	R0580	2,456,925				
MCR	R0600	1,105,616				
Ratio of Eligible own funds to SCR	R0620	207%				
Ratio of Eligible own funds to MCR	R0640	460%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	R0700	5,084,014	
Own shares (held directly and indirectly)	R0710	0	
Foreseeable dividends, distributions and charges	R0720	0	
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		
Reconciliation reserve	R0760	4,162,840	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	R0770	3,026,468	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	343	
Total Expected profits included in future premiums (EPIFP)	R0790	3,026,812	

S.25.01.21_Solo – QRT Premiums, Solvency Capital Requirement - for Undertakings on Standard Formula as at 31. December 2018

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	1,405,997		
Counterparty default risk	R0020	70,810		
Life underwriting risk	R0030	1,620,316	None	
Health underwriting risk	R0040	728,256	None	
Non-life underwriting risk	R0050	1,070,065	Standard deviation for non-life gross premium risk, Standard deviation for non-life reserve risk	
Diversification	R0060	-1,815,726		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	3,079,718		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	137,880
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	-760,673
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	2,456,925
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	2,456,925
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 portfolios	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 2018

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	R0010	823,767

		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	38,026	9,960
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050	398,959	230,155
Other motor insurance and proportional reinsurance	R0060	23,420	99,714
Marine, aviation and transport insurance and proportional reinsurance	R0070	43,988	21,035
Fire and other damage to property insurance and proportional reinsurance	R0080	298,229	280,138
General liability insurance and proportional reinsurance	R0090	224,808	67,680
Credit and suretyship insurance and proportional reinsurance	R0100	44,628	1,496
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	50,666	30,948
Non-proportional casualty reinsurance	R0150	2,708,403	166,234
Non-proportional marine, aviation and transport reinsurance	R0160	54,017	14,763
Non-proportional property reinsurance	R0170	386,518	174,361

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	815,499

		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	654,489	
Total capital at risk for all life (re)insurance obligations	R0250		1,145,363,252

Overall MCR calculation

		C0070
Linear MCR	R0300	1,639,266
SCR	R0310	2,456,925
MCR cap	R0320	1,105,616
MCR floor	R0330	614,231
Combined MCR	R0340	1,105,616
Absolute floor of the MCR	R0350	3,600

		C0070
Minimum Capital Requirement	R0400	1,105,616

S.02.01.02_GROUP – QRT Balance Sheet as at 31. December 2018

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	0
Deferred tax assets	**R0040**	68,695
Pension benefit surplus	**R0050**	5,619
Property, plant & equipment held for own use	**R0060**	29,953
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	10,308,836
Property (other than for own use)	**R0080**	0
Holdings in related undertakings, including participations	**R0090**	0
Equities	**R0100**	2,477,811
Equities - listed	**R0110**	2,477,811
Equities - unlisted	**R0120**	0
Bonds	**R0130**	7,406,215
Government Bonds	**R0140**	3,586,750
Corporate Bonds	**R0150**	3,819,464
Structured notes	**R0160**	0
Collateralised securities	**R0170**	0
Collective Investments Undertakings	**R0180**	404,368
Derivatives	**R0190**	0
Deposits other than cash equivalents	**R0200**	20,354
Other investments	**R0210**	88
Assets held for index-linked and unit-linked contracts	**R0220**	0
Loans and mortgages	**R0230**	693,768
Loans on policies	**R0240**	0
Loans and mortgages to individuals	**R0250**	0
Other loans and mortgages	**R0260**	693,768
Reinsurance recoverables from:	**R0270**	-79,579
Non-life and health similar to non-life	**R0280**	216,408
Non-life excluding health	**R0290**	213,200
Health similar to non-life	**R0300**	3,208
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	-295,987
Health similar to life	**R0320**	-46,094
Life excluding health and index-linked and unit-linked	**R0330**	-249,893
Life index-linked and unit-linked	**R0340**	0
Deposits to cedants	**R0350**	1,935,009
Insurance and intermediaries receivables	**R0360**	44,050
Reinsurance receivables	**R0370**	0
Receivables (trade, not insurance)	**R0380**	38,675
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**	476,912
Any other assets, not elsewhere shown	**R0420**	634
Total assets	**R0500**	13,522,572

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	4,698,285
Technical provisions – non-life (excluding health)	R0520	4,576,879
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	4,396,172
Risk margin	R0550	180,707
Technical provisions - health (similar to non-life)	R0560	121,406
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	91,900
Risk margin	R0590	29,506
Technical provisions - life (excluding index-linked and unit-linked)	R0600	2,361,749
Technical provisions - health (similar to life)	R0610	1,500,031
TP calculated as a whole	R0620	
Best Estimate	R0630	1,073,024
Risk margin	R0640	427,007
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	861,718
TP calculated as a whole	R0660	
Best Estimate	R0670	-166,269
Risk margin	R0680	1,027,987
Technical provisions – index-linked and unit-linked	R0690	0
TP calculated as a whole	R0700	
Best Estimate	R0710	0
Risk margin	R0720	0
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	388,567
Pension benefit obligations	R0760	310,007
Deposits from reinsurers	R0770	32,284
Deferred tax liabilities	R0780	624,429
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	22,845
Subordinated liabilities	R0850	0
Subordinated liabilities not in BOF	R0860	0
Subordinated liabilities in BOF	R0870	0
Any other liabilities, not elsewhere shown	R0880	393
Total liabilities	R0900	8,438,559
Excess of assets over liabilities	R1000	5,084,013

S.05.01.02_ GROUP – QRT Premiums, Claims and Expenses by Line of Business as at 31. December 2018

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**												Line of Business for: **accepted non-proportional reinsurance**				Total
		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	
		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**		12,677		290,435	130,173	25,986	355,170	84,322	1,828								900,591
Gross - Non-proportional reinsurance accepted	**R0130**													29,688	209,792	17,603	211,492	468,575
Reinsurers' share	**R0140**		2,703		58,101	26,207	5,147	70,771	16,970	279				1,510	41,810	3,342	42,468	269,308
Net	**R0200**		9,974		232,334	103,967	20,839	284,398	67,352	1,548				28,178	167,982	14,261	169,025	1,099,858
Premiums earned																		
Gross - Direct Business	**R0210**																	
Gross - Proportional reinsurance accepted	**R0220**		12,523		232,386	100,907	24,587	334,388	75,083	1,391								781,264
Gross - Non-proportional reinsurance accepted	**R0230**													29,621	194,156	16,991	202,478	443,246
Reinsurers' share	**R0240**		2,608		45,687	20,896	4,492	66,717	14,829	226				1,508	38,312	3,171	40,137	238,583
Net	**R0300**		9,915		186,699	80,011	20,095	267,671	60,254	1,165				28,113	155,844	13,820	162,342	985,929
Claims incurred																		
Gross - Direct Business	**R0310**																	
Gross - Proportional reinsurance accepted	**R0320**		9,911		181,591	77,784	6,107	192,247	21,841	928								490,409
Gross - Non-proportional reinsurance accepted	**R0330**													26,361	154,340	-15,745	91,384	256,339
Reinsurers' share	**R0340**		1,827		37,882	15,155	3,312	44,694	9,247	122				980	52,649	-2,234	32,071	195,707
Net	**R0400**		8,084		143,709	62,629	2,795	147,552	12,594	806				25,381	101,690	-13,512	59,312	551,040
Changes in other technical provisions																		
Gross - Direct Business	**R0410**																	
Gross - Proportional reinsurance accepted	**R0420**																	
Gross - Non-proportional reinsurance accepted	**R0430**													0			0	0
Reinsurers'share	**R0440**																	
Net	**R0500**		0		0	0	0	0	0	0				0	0	0	0	0
Expenses incurred	**R0550**		4,862		37,215	19,720	6,159	87,768	27,253	553				1,936	25,730	3,499	35,808	250,502
Other expenses	**R1200**																	2,924
Total expenses	**R1300**																	253,426

		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**							952,453	1,451,558	2,404,010
Reinsurers' share	**R1420**							82,630	160,344	242,974
Net	**R1500**							869,823	1,291,214	2,161,036
Premiums earned										
Gross	**R1510**							875,818	1,438,916	2,314,733
Reinsurers' share	**R1520**							82,680	160,948	243,628
Net	**R1600**							793,137	1,277,968	2,071,106
Claims incurred										
Gross	**R1610**							590,742	992,968	1,583,711
Reinsurers' share	**R1620**							68,657	104,268	172,925
Net	**R1700**							522,085	888,701	1,410,786
Changes in other technical provisions										
Gross	**R1710**									
Reinsurers' share	**R1720**									
Net	**R1800**							0	0	0
Expenses incurred	**R1900**							221,769	279,257	501,027
Other expenses	**R2500**									3,690
Total expenses	**R2600**									504,717

S.05.02.01_ GROUP – QRT Premiums, Claims and Expenses by Country as at 31. December 2018

		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		IL	IT	RU	ES	GB	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110							
Gross - Proportional reinsurance accepted	R0120	395,774	63,587	77,116	48,709	34,244	128,529	747,960
Gross - Non-proportional reinsurance accepted	R0130	99,443	6,217	12,467	2,933	14,063	158,396	293,519
Reinsurers' share	R0140	100,120	13,941	17,541	10,355	9,607	56,105	207,669
Net	R0200	395,097	55,864	72,042	41,286	38,700	230,819	833,809
Premiums earned								
Gross - Direct Business	R0210							
Gross - Proportional reinsurance accepted	R0220	393,092	47,445	65,799	32,662	32,040	73,640	644,678
Gross - Non-proportional reinsurance accepted	R0230	95,919	6,235	12,020	3,024	14,248	144,485	275,932
Reinsurers' share	R0240	99,057	10,681	15,119	7,354	9,109	42,110	183,428
Net	R0300	389,954	42,999	62,701	28,333	37,179	176,015	737,182
Claims incurred								
Gross - Direct Business	R0310							
Gross - Proportional reinsurance accepted	R0320	222,329	33,838	56,324	22,058	19,765	55,676	409,990
Gross - Non-proportional reinsurance accepted	R0330	13,529	5,592	15,916	2,214	3,211	101,793	142,256
Reinsurers' share	R0340	68,773	7,821	16,692	4,713	7,095	46,304	151,398
Net	R0400	167,086	31,610	55,548	19,559	15,882	111,165	400,848
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420							
Gross - Non- proportional reinsurance accepted	R0430	0						0
Reinsurers' share	R0440							
Net	R0500	0	0	0	0	0	0	0
Expenses incurred	R0550	108,289	12,593	18,010	6,506	13,540	21,749	180,688
Other expenses	R1200							-205
Total expenses	R1300							180,483

		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		AU	BB	CN	ZA	GB	
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross	R1410	175,416	376,189	83,001	454,983	172,404	233,193	1,495,186
Reinsurers' share	R1420	7,133	215,417	2,419		281	54	225,305
Net	R1500	168,282	160,772	80,582	454,983	172,123	233,139	1,269,882
Premiums earned								
Gross	R1510	175,197	376,328	83,172	378,006	171,155	233,224	1,417,082
Reinsurers' share	R1520	7,195	215,417	2,415		281	404	225,713
Net	R1600	168,002	160,910	80,757	378,006	170,874	232,821	1,191,369
Claims incurred								
Gross	R1610	77,199	306,246	19,124	257,557	154,387	189,999	1,004,513
Reinsurers' share	R1620	4,132	154,089	3,429	0	121	-2	161,769
Net	R1700	73,067	152,157	15,695	257,557	154,267	190,001	842,745
Changes in other technical provisions								
Gross	R1710							
Reinsurers' share	R1720							
Net	R1800	0	0	0	0	0	0	0
Expenses incurred	R1900	62,282	13,589	61,377	113,541	14,665	17,707	283,162
Other expenses	R2500							4,520
Total expenses	R2600							287,681

S.23.01.22_GROUP- QRT Own Funds as at 31. December 2018

		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	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	4,162,839	4,162,839			
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	5,084,013	5,084,013	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 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						
Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies - Total	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 undertakings included via D&A)	R0520	5.084.013	5.084.013	0	0	0
Total available own funds to meet the minimum consolidated group SCR	R0530	5.084.013	5.084.013	0	0	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0560	5.084.013	5.084.013	0	0	0
Total eligible own funds to meet the minimum consolidated group SCR	R0570	5.084.013	5.084.013	0	0	
Minimum consolidated Group SCR	R0610	1.207.805				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	420,93%				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	R0660	5.084.013	5.084.013	0	0	
Group SCR	R0680	2.644.099				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	192,28%				

		C0060				
Reconciliation reserve						
Excess of assets over liabilities	**R0700**	5,084,013				
Own shares (included as assets on the balance sheet)	**R0710**	0				
Forseeable dividends, distributions and charges	**R0720**	0				
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**	4,162,839				
Expected profits						
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	3,212,532				
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	0				
Total EPIFP	**R0790**	3,212,532				

S.25.01.22_ GROUP – QRT Solvency Capital Requirement - for Groups on Standard Formula as at 31. December 2018

		Gross solvency capital requirement	USP	Simplifications
		C0110	C080	C090
Market risk	R0010	1,458,744		None
Counterparty default risk	R0020	74,157		
Life underwriting risk	R0030	1,755,350	None	None
Health underwriting risk	R0040	831,390	None	None
Non-life underwriting risk	R0050	1,070,065	Standard deviation for non-life gross premium risk, standard deviation for non-life reserve risk	None
Diversification	R0060	-1,922,115		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	3,267,590		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	138,842
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	-762,334
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	2,644,099
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	2,644,099
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	
Minimum consolidated group solvency capital requirement	R0470	1,207,805
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	
Solvency capital requirement	R0570	2,644,099

S.32.01.22_ GROUP – QRT Undertakings in the Scope of the Group as at 31. December 2018

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	(cont)
DE	LEI/391200QTD6VW5OO K0Z35	1	General Reinsurance AG	3	Aktiengesellschaftt	2	BaFin	
AU	LEI/391200QTD6VW5OO K0Z35/AU/40700	1	General Reinsurance Life Australia Ltd.	3	Aktiengesellschaftt	2	Australian Prudential Regulation Authority (APRA)	
ZA	LEI/391200QTD6VW5OO K0Z35/ZA/54700	1	General Reinsurance Africa Ltd	3	Aktiengesellschaftt	2	Financial Services Board (FSB)	

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

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