

**AXIS Re SE**

# **Solvency and Financial Condition Report**

**Year Ended 31 December 2024**

**AXIS Re SE**  
**YEAR ENDED 31 DECEMBER 2024**  
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As used in this report, references to 'we', 'us', 'our', or 'Company' refers to AXIS Re SE. The Solvency and Financial Condition Report is presented in thousands of US Dollars (USD'000) unless otherwise stated. Amounts in tables may not reconcile due to rounding differences.

**AXIS Re SE**  
**YEAR ENDED 31 DECEMBER 2024**  
**EXECUTIVE SUMMARY**

AXIS Re SE ("the Company") has prepared this Solvency and Financial Condition Report ("SFCR") in compliance with the public disclosure requirements under the Commission Delegated Regulation (EU) 2015/235 of the European Parliament supplementing Directive 2009/138/EC, known as the Solvency II Directive, which was transposed into Irish Law effective 1 January 2016. This transposition took the form of secondary Irish legislation in the form of a Statutory Instrument, the European Union (Insurance and Reinsurance) Regulations 2015, which together with the Solvency II Directive are collectively referred to as "Solvency II" in this report.

This report covers the business and performance of the Company, its system of governance, risk profile, valuation for solvency purposes and capital management process of the Company. The Board of Directors ("the Board") of the Company is ultimately responsible for these matters. The Board use the assistance of various governance and control functions that it has put in place to manage the business and monitor risk.

The Company is regulated by the Central Bank of Ireland ("the Central Bank") and complies with the Corporate Governance Requirements for Insurance Undertakings, 2015 and all related regulatory requirements and codes.

### Business and Performance

The Company operates from its Head Office at 20 Kildare Street, Dublin 2.

The Company has a branch office in Zurich, Switzerland, which trades as "AXIS Re Europe". The Company has a Representative office in Brazil.

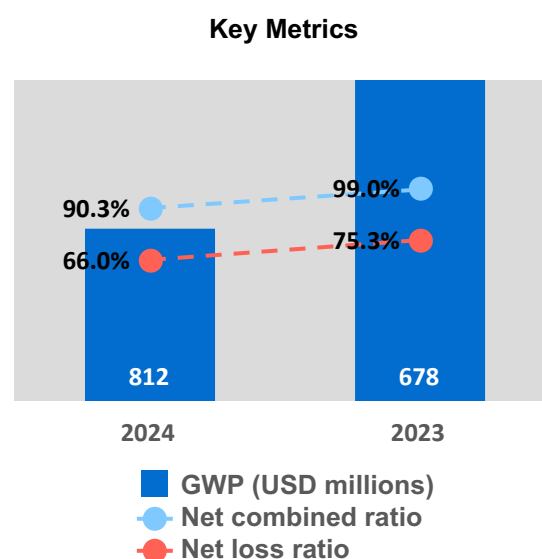
The Company is a part of the AXIS Capital Holdings Limited ("AXIS Capital") group. AXIS Capital is a Bermuda-based holding company. At 31 December 2024, Axis Capital had common shareholders' equity of USD 5.5 billion, total capital of USD 7.4 billion and total assets of USD 32.5 billion.

The principal activity of the Company is the transaction of treaty and facultative reinsurance business in respect of the risks of third parties, primarily in the marine, transit, property (including energy), liability, accident and health, motor and credit and surety classes of business.

Gross premiums written in 2024 of USD 812.3 million was USD 134 million higher than prior year (2023: USD 678.3 million) due to new business in Credit & Surety and Agriculture along with positive underlying rate increase within the Motor portfolio.

Profit for the year was USD 75.8 million compared to USD 101.9 million profit in 2023, primarily due to lower investment performance.

The Company's net combined ratio was 90.3% (2023: 99.0%) representing a net loss ratio of 66.0% (2023: 75.3%) and a net operating expense ratio of 24.3% (2023: 23.7%). The improvement in the net loss ratio is primarily driven by prior year development releases in Agriculture and Property lines. The increase in net operating expenses ratio is attributable to change in business mix and higher profit commissions.



During 2024, the Company paid interim dividends of USD 60 million (2023: USD 38 million) with a final dividend of USD 115 million paid post year end (2023: USD 16 million).

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### Business and Performance (continued)

On December 13, 2024, the Company entered into a retrospective reinsurance agreement with Cavello Bay Reinsurance Limited ("Cavello Bay"), a wholly-owned subsidiary of Enstar Group Limited to retrocede a portfolio of reinsurance business related to 2021 and prior underwriting years. The transaction is subject to regulatory approvals and other customary conditions and is expected to close during the first half of 2025.

The transaction is structured as a 75% ground-up quota share retrocession of net reserves for losses and loss expenses of approximately USD 299 million at 30 September 2024 (USD 3.1 billion at an Axis Group level) and is subject to 140% limit, also at an AXIS Group level. In addition to Cavello Bay's "A" rating, 102% collateral will be provided to the Company.

Refer to [Section A](#) for further detail relating to business and performance.

### System of Governance

The Board of Directors ("the Board") is ultimately responsible for the good governance, strategy, and oversight of the conduct of performance of the Company. The Company is subject to the relevant requirements set out by the Central Bank, including the Corporate Governance Requirements for Insurance Undertakings, 2015. The Board recognizes that an effective system of governance is essential for appropriate management of the Company and adheres to the principle that good corporate governance is founded on a solid framework which delivers security and protection for policyholders and value for shareholders through the diligent oversight of policies, processes and decision making.

The Company implements the "three lines of defence" model which is used to structure roles and responsibility for risk and control activity. The key functions within the second and third of the three lines of defence are Risk, Compliance, Actuarial and Internal Audit. These key functions are delegated responsibility to monitor and independently challenge the business and to report their findings to the relevant oversight Committee and/or the Board itself. The three lines of defence model is as follows:

## AXIS Three Lines of Defence Model\*



Refer to [Section B](#) for further detail on the Company's system of governance.

### Risk Profile

The Company's risk profile comprises insurance, credit, market, operational, liquidity, strategic and other risks that arise as a result of doing business. Ongoing risk identification activities are in place to identify new, emerging and changing risks to the achievement of the Company's strategy and business objectives. Risk assessment activities are carried out on a regular basis in order to understand the Company's exposure to each risk, through quantitative and/or qualitative measures and inform the Company's own view of risk. The following sections provide definitions of the above risk categories as well as the Company's related risk management practices.

Refer to [Section C](#) for further detail on the Company's risk profile.

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### Valuation for Solvency Purposes

The Company's financial statements including the balance sheet have been prepared under the historical cost convention, as modified by the inclusion of certain investments at fair value and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and FRS 103 "Insurance Contracts" ("FRS 103") issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland, and comply with the Companies Act 2014 and the European Union (Insurance Undertakings: Financial Statements) Regulations, 2015.

As used in this report, references to 'GAAP' refer to the accounting standards and regulations under which the financial statements have been prepared.

The Solvency II Balance Sheet recognises assets and liabilities in conformity with the international accounting standards adopted by the Commission in accordance with Regulation (EC) No 1606/2002 (IFRS as adopted by the EU) unless otherwise stated within Solvency II.

The valuation of assets and liabilities for GAAP is the same as Solvency II except for:

- valuation of technical provisions and associated reinsurance recoverables,
- valuation of property, plant and equipment including operating leases,
- recognition of approved dividend; and
- deferred tax calculated on the expected tax impact once the valuation adjustments from GAAP to Solvency II unwind.

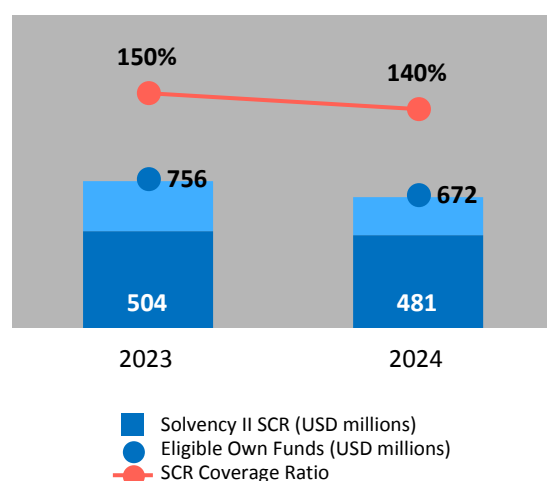
Refer to [Section D](#) for further detail on valuation for Solvency purposes.

### Capital Management

The Company's Capital Management objective is to ensure that the Company maintains an appropriate level of capital, in terms of both quantity and quality, at all times, in line with its risk appetite and capital requirements, and that it fulfils its obligations to monitor, manage and report its capital position, both required and available, internally and externally as required, in accordance with relevant regulatory requirements. A business plan is prepared annually to support the capital management objective and includes a three year projection of expected performance.

For Solvency II, own funds are divided into levels of quality, known as tiers, depending on their loss absorbency. Tier 1 unrestricted, which is not subject to a limit, is of the highest quality, Tier 3 the lowest. At 31 December 2024, 99.9% (2023: 100%) of the Company's own funds are classified as Tier 1.

### Solvency II SCR Coverage



The Company applies the Standard Formula approach in calculating the Solvency II Solvency Capital Requirement ("SCR").

The SCR at 31 December 2024 was USD 481.1 million (2023: USD 503.9 million) with a coverage ratio of 140% (2023: 150%). The reduction in coverage ratio is largely attributable to a dividend proposed and paid in quarter one 2025 for USD 115 million (2023: USD 16 million). The coverage ratio is anticipated to increase above 150% in the first half of 2025 once the retrospective reinsurance agreement referenced above is completed.

The Minimum Capital Requirement ("MCR") at 31 December 2024 was USD 120.3 million (2023: USD 126.0 million) with a coverage ratio of 558.7% (2023: 599%)

The final SCR and MCR amounts remain subject to supervisory assessment. The Company was compliant with Solvency II capital requirements throughout the year.

Refer to [Section E](#) for further detail on Capital Management.

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**BUSINESS & PERFORMANCE**

## **A. BUSINESS AND PERFORMANCE**

### **A.1 Business and Performance**

#### **Company Profile**

AXIS Re SE (the "Company") was incorporated in Ireland on 12 February 2002 as a limited liability company. On 26 November 2007, the Company was approved by the Central Bank of Ireland as a Composite Reinsurance Company, authorized to carry on non-life and life reinsurance business. On 10 September 2012 the Company re-registered as a Societas Europaea ("SE") having received Irish High Court approval.

The principal activity of the Company is the transaction of treaty and facultative reinsurance business in respect of the risks of third parties, primarily in the marine, transit, property (including energy), liability, accident and health, motor and credit and surety classes of business.

The Company is 100% owned by AXIS Specialty Holdings Ireland Limited ("ASHIL"), an Irish registered company which is 100% owned by AXIS Capital, a company incorporated in Bermuda. The Bermuda Monetary Authority acts as the group supervisor of AXIS Capital.

At 31 December 2024, AXIS Capital had common shareholders' equity of USD 5.5 billion (2023: USD 4.7 billion), total capital of USD 7.4 billion (2023: USD 6.6 billion) and total assets of USD 32.5 billion (2023: USD 30.2 billion).

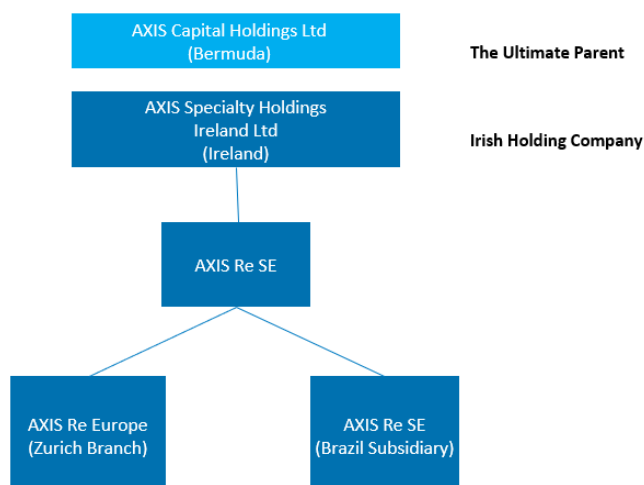
During 2024, AXIS Re SE operated from its Head Office at 6th Floor, 20 Kildare Street, Dublin 2. The Company has a branch office in Zurich, Switzerland, which trades as "AXIS Re Europe". The Zurich branch has a registered office address at Alfred Escher-Strasse 50, CH-8002 Zurich, Switzerland.

The Company is regulated by the Central Bank of Ireland ("the Central Bank") and complies with the Corporate Governance Requirements for Insurance Undertakings, 2015 and all related regulatory requirements and codes.

In December 2010, the Company established a subsidiary in Brazil to provide marketing services for the Company. AXIS Re Limited Escritorio de Representação No Brasil Ltda (the "Brazil Subsidiary") is registered at the Chamber of Commerce in Brazil with a registered address at Alameda Santos, No. 74, Alameda Santos, Nº 74, 7º Floor, Suite 72, Room 41, Cerqueira Cesar, Zip Code 01418-000, São Paulo, Brazil. The Company was granted its license by the Superintendence of Private Insurance ("SUSEP") as an admitted reinsurer in Brazil in March 2011.

Additionally, ARE hold a number of registrations to write reinsurance business on a cross-boarder admitted basis in India, China, Mexico, Argentina, Bolivia, Chile, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay and Peru.

#### Simplified Group Structure



Refer to [Appendix I](#) for the AXIS Capital group structure including the Company and its related undertakings.

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#### Shared Services within the AXIS Group

The AXIS Group ("Group") operates a global business providing a range of speciality (re)insurance products and services. Business segments and legal entities within the Group rely on the breadth of support functions offered by the Group, such as Finance, Actuarial, Human Resources ("HR"), Business Technology Solutions ("BTS"), Treasury & Investments, Corporate Risk and Risk Funding. Certain functions have centralised support, such as HR and BTS, with a dedicated representative within the business segment. This also applies to the legal entities where many of the business and support function leaders have a shared responsibility, with some of those having obligations at both business segment and legal entity level.

#### Supervision and External Audit

The Company is regulated by the Central Bank of Ireland ("CBI"), New Wapping Street, North Wall Quay, Dublin 1, D01 F7X3.

Deloitte Ireland LLP resigned as statutory auditors 1 June 2024 upon conclusion of the 2023 statutory audit, and have confirmed, in accordance with Section 400 of the Companies Act 2014, that there are no circumstances connected with their resignation which should be brought to the attention of the members or creditors of the Company. The auditors, Forvis Mazars, Chartered Accountants and Statutory Audit Firm were appointed auditors on 6 June 2024 under Article 17 of Regulation (EU) no 537/2014 for the financial year ended 31 December 2024. Forvis Mazars have indicated their willingness to continue in office in accordance with Section 383 (2) of the Companies Act 2014.

#### Performance

On a GAAP basis, the profit for the year ended 31 December 2024 was USD 75.8 million (2023: USD 101.9 million loss).

|                                                     | <b>2024</b>          | <b>2023</b>           |
|-----------------------------------------------------|----------------------|-----------------------|
|                                                     | <b>USD'000</b>       | <b>USD'000</b>        |
| Gross written premium                               | 812,326              | 678,322               |
| Technical result                                    | 16,621               | 1,958                 |
| Net investment gains/(loss)                         | 47,354               | 108,810               |
| Foreign exchange (loss)/gains                       | 12,269               | (10,059)              |
| Profit on ordinary activities before taxation       | <u>76,244</u>        | <u>100,709</u>        |
| Taxation on profit/(loss) on ordinary activities    | <u>(436)</u>         | <u>1,187</u>          |
| <b>Profit on ordinary activities after taxation</b> | <b><u>75,808</u></b> | <b><u>101,896</u></b> |

The Company's underwriting performance improved in the year despite significant global challenges, with the reinsurance industry affected by macro economic impacts of high inflation and volatile interest rates, continuing geopolitical turmoil and another year of above average losses arising from natural catastrophes.

The increase in written premiums of USD 134.0 million against prior year was mainly attributable to new business in Credit & Surety and Agriculture along with material rate increases achieved in the Motor portfolio.

The Company's investment portfolio generated gains from investments of USD 47.4 million 2024 (2023: USD 108.8 million). This translated to a total gain on average cash and investments (pre-tax) of 3.8% in 2024 (2023: 6.9% gain). The gain comprises of USD 59.1 million of investment income (2023: USD 49.1 million), USD 37.1 million of realised losses (2023: USD 8.0 million losses), USD 27.8 million of unrealised gains (USD 70.2 million gains) and USD 2.4 million of investment expenses and charges (2023: USD 2.5 million). Investment income was positively impacted by portfolio yield, the rally in the equity markets, and spread tightening. This was partially offset by the weakening of the Euro and GBP against the US dollar.

Pricing momentum in non-proportional reinsurance continues to be strong while its proportional reinsurance business is benefiting from rate increases in the underlying business. These market conditions are expected to persist in the near term. The Company will continue to focus on underwriting discipline and driving targeted profitable growth among the specialty and casualty reinsurance lines offered. With a strengthened book of business, and a growing footprint in the specialty markets the Company is well positioned to drive profitable growth within the current environment.

During 2024, the Company paid interim dividends of USD 60 million (2023: USD 38 million) with a final dividend of USD 115 million paid post year end (2023: USD 16 million).

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**A.2 Performance from Underwriting activities**

|                               | <b>2024</b>              | <b>2023</b>              |
|-------------------------------|--------------------------|--------------------------|
|                               | <b>USD'000</b>           | <b>USD'000</b>           |
| Gross written premium         | 812,326                  | 678,322                  |
| Net premiums written          | 175,868                  | 144,188                  |
| Gross premiums earned         | 762,340                  | 712,693                  |
| Net premiums earned           | 163,778                  | 152,456                  |
| Other technical income (net)  | 805                      | 505                      |
| Net losses and loss expenses  | (108,095)                | (114,805)                |
| Net operating expenses        | (39,867)                 | (36,198)                 |
| <b>Technical result</b>       | <b><u>16,621</u></b>     | <b><u>1,958</u></b>      |
| <br><b>Net combined ratio</b> | <br><b><u>90.3 %</u></b> | <br><b><u>99.0 %</u></b> |

The Company's net combined ratio which relates net losses and other expenses incurred to net premiums earned, is the primary indicator of the underwriting and therefore, company performance.

The Company's net combined ratio was 90.3% (2023: 99.0%) representing a net loss ratio of 66.0% (2023: 75.3%) and a net operating expense ratio of 24.3% (2023: 23.7%). The improvement in net loss ratio is attributable to a lower current accident year loss ratio due to a change in mix of business with an increase in Credit and Surety plus increased diversification by geography for the Agriculture business. Positive prior accident year releases on Agriculture, Property (COVID-19) and Credit and Surety have also contributed to the net loss ratio.

The increase in net operating expense ratio is attributable to higher acquisition costs due to the impact of business mix, and the relatively higher acquisition costs associated with the Credit and Surety business. The administration expenses remained relatively flat during the year. No significant changes have been projected for the net combined ratio and is projected to be 92% by 2027.



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**Premiums**

The following table provides premium written and net premium earned by line of business:

|                                                              | Gross<br>premiums<br>written<br>2024<br>USD'000 | Gross<br>premiums<br>written<br>2023<br>USD'000 | Net<br>premiums<br>earned<br>2024<br>USD'000 | Net<br>premiums<br>earned<br>2023<br>USD'000 |
|--------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>Direct business and accepted proportional reinsurance</b> |                                                 |                                                 |                                              |                                              |
| Medical Expense                                              | 1                                               | 30                                              | —                                            | 6                                            |
| Income Protection                                            | 28,910                                          | 28,901                                          | 6,704                                        | 6,654                                        |
| Motor vehicle liability                                      | 32,325                                          | 55,596                                          | 10,619                                       | 18,271                                       |
| Other Motor                                                  | 15,735                                          | 28,870                                          | 5,169                                        | 9,488                                        |
| Fire and other damage to property                            | 170,314                                         | 129,987                                         | 33,433                                       | 31,232                                       |
| General liability                                            | 50,597                                          | 47,777                                          | 11,752                                       | 10,422                                       |
| Credit and suretyship                                        | 198,426                                         | 152,948                                         | 32,452                                       | 23,911                                       |
| Assistance                                                   | 391                                             | (2)                                             | (17)                                         | (1)                                          |
| <b>Accepted non-proportional reinsurance</b>                 |                                                 |                                                 |                                              |                                              |
| Health                                                       | 22,942                                          | 19,334                                          | 5,042                                        | 4,223                                        |
| Casualty                                                     | 264,677                                         | 187,144                                         | 53,963                                       | 42,356                                       |
| Marine, aviation and transport                               | 4,859                                           | 5,807                                           | 779                                          | 1,376                                        |
| Property                                                     | 23,150                                          | 21,933                                          | 3,881                                        | 4,517                                        |
| <b>Total</b>                                                 | <b>812,326</b>                                  | <b>678,324</b>                                  | <b>163,778</b>                               | <b>152,456</b>                               |

**Analysis of gross premiums written by geographic location of Cedents**

|                         | 2024<br>USD'000 | 2023<br>USD'000 |
|-------------------------|-----------------|-----------------|
| Europe                  | 234,488         | 216,102         |
| UK                      | 289,137         | 190,314         |
| Asia                    | 140,569         | 144,416         |
| Central & South America | 81,636          | 63,948          |
| North America           | 50,967          | 47,619          |
| Africa                  | 9,861           | 6,536           |
| Oceania                 | 5,668           | 9,387           |
|                         | <b>812,326</b>  | <b>678,322</b>  |

Refer to [Appendix II S.04.05.21](#) for further detail on the top five countries by gross written premium.

Gross premiums written in 2024 increase by USD 134.0 million against prior year due to new business in Credit & Surety and Agriculture along with material rate increases achieved in Motor portfolio.

**Ceded retrocessions**

The Company purchases both proportional and non-proportional retrocessions to reduce the risk of exposure to loss, from both third parties and other AXIS Capital group companies. The Company shares its third party retrocessions with a number of other AXIS Capital group companies.

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*Ceded retrocessions(continued)*

Ceded premiums written in 2024 increased to USD 636.5 million, compared to USD 534.1 million. The increase is primarily related to the increase in gross written premiums. There has been no material changes to retrocession strategy in the year.

**Other technical income (net)**

Other technical income recognised in 2024 net of reinsurance was USD 0.8 million (2023: USD 0.5 million).

Other gross technical income:

- USD 2.6 million (2023: USD 2.0 million) related to performance based fees and reimbursement arrangements with third party capital providers;
- USD 17.5 thousand (2023: USD 14.2 thousand) relating to the performance of administrative services on behalf of certain reinsurance intermediaries/brokers; and
- USD 160.6 thousand (2023: USD 10.4 thousand) relating to the amortisation of deferred gain on retroactive contracts.

**Net losses and loss expenses**

|                                                              | Net<br>losses and<br>loss expenses<br>2024<br>USD'000 | Net<br>loss ratio<br>2024<br>% | Net<br>losses and<br>loss expenses<br>2023<br>USD'000 | Net<br>loss ratio<br>2023<br>% |
|--------------------------------------------------------------|-------------------------------------------------------|--------------------------------|-------------------------------------------------------|--------------------------------|
| <b>Direct business and accepted proportional reinsurance</b> |                                                       |                                |                                                       |                                |
| Medical expense                                              | —                                                     | —                              | (159)                                                 | —                              |
| Income protection                                            | 6,572                                                 | 98.0 %                         | 5,861                                                 | 88.0 %                         |
| Motor vehicle liability                                      | 8,472                                                 | 79.8 %                         | 21,596                                                | 118.2 %                        |
| Other motor                                                  | 4,124                                                 | 79.8 %                         | 11,214                                                | 118.2 %                        |
| Fire and other damage to property                            | 22,916                                                | 69.4 %                         | 24,401                                                | 79.6 %                         |
| General liability                                            | 9,355                                                 | 79.6 %                         | 9,657                                                 | 92.7 %                         |
| Credit and suretyship                                        | 12,611                                                | 38.9 %                         | 10,989                                                | 46.0 %                         |
| Assistance                                                   | 360                                                   | —                              | (89)                                                  | —                              |
| <b>Accepted non-proportional reinsurance</b>                 |                                                       |                                |                                                       |                                |
| Health                                                       | 1,361                                                 | 27.0 %                         | 659                                                   | 15.6 %                         |
| Casualty                                                     | 44,759                                                | 82.9 %                         | 29,472                                                | 69.6 %                         |
| Marine, aviation and transport reinsurance                   | (1,591)                                               | (204.2)%                       | 1,579                                                 | 114.7 %                        |
| Property                                                     | (843)                                                 | —                              | (373)                                                 | —                              |
| <b>Total</b>                                                 | <b>108,096</b>                                        | <b>66.0 %</b>                  | <b>114,805</b>                                        | <b>75.2 %</b>                  |

The Company's net loss ratio was 66.0% (2023: 75.2%).

The improvement in the net loss ratio on the prior year is driven by a lower current accident year loss ratio due to a change in mix of business with an increase in Credit and Surety business plus increased diversification by geography within the Agriculture portfolio. Positive prior accident year releases on Agriculture, Property (COVID-19) and Credit and Surety have also contributed to an improvement in the net loss ratio.

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**Net operating expenses**

Net operating expenses include net acquisition costs and net general and administrative expenses incurred during the year. Net general and administrative expenses are allocated across the different lines of business based on gross earned premium.

**Net operating expenses by line of business**

|                                                              | Net<br>operating<br>expenses<br>2024<br>USD'000 | Net<br>operating<br>expenses<br>2023<br>USD'000 |
|--------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| <b>Direct business and accepted proportional reinsurance</b> |                                                 |                                                 |
| Medical expense                                              | —                                               | (3)                                             |
| Income protection                                            | 811                                             | 1,154                                           |
| Motor vehicle liability                                      | 3,069                                           | 3,818                                           |
| Other motor                                                  | 1,579                                           | 1,983                                           |
| Marine, aviation and transport                               | 88                                              | 120                                             |
| Fire and other damage to property                            | 6,805                                           | 5,792                                           |
| General liability                                            | 3,562                                           | 3,399                                           |
| Credit and suretyship                                        | 15,488                                          | 12,849                                          |
| Assistance                                                   | 10                                              | (36)                                            |
| <b>Accepted non-proportional reinsurance</b>                 |                                                 |                                                 |
| Health                                                       | 717                                             | 611                                             |
| Casualty                                                     | 7,064                                           | 5,679                                           |
| Marine, aviation and transport reinsurance                   | 255                                             | 505                                             |
| Property                                                     | 419                                             | 328                                             |
| <b>Total</b>                                                 | <b>39,867</b>                                   | <b>36,198</b>                                   |
|                                                              | <b>2024</b>                                     | <b>2023</b>                                     |
| Net operating expense ratio                                  | <b>24.3 %</b>                                   | <b>23.7 %</b>                                   |

The increase in the 2024 net operating expense ratio versus prior year is attributable to change in business mix primarily driven by growth in the Credit & Surety portfolio which has a higher acquisition costs ratio relative to other lines of business plus the impact of profit commissions arising from the favorable loss ratios.

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### A.3 Performance from Investment activities

The Company's investment portfolio comprises debt, equity, cash and cash equivalents, investment funds and derivatives (used only for hedging foreign currency exposure). The portfolio includes investments in securitisations of USD 2.7 million (2023: USD 3.1 million).

|                           | Dividends    | Interest      | Realised gains/(losses) | Unrealised gains/(losses) | Total         |
|---------------------------|--------------|---------------|-------------------------|---------------------------|---------------|
|                           | 2024         | 2024          | 2024                    | 2024                      | 2024          |
|                           | USD'000      | USD'000       | USD'000                 | USD'000                   | USD'000       |
| Government Bonds          | —            | 13,699        | (5,056)                 | 3,351                     | 11,994        |
| Corporate Bonds           | —            | 23,598        | (11,115)                | 13,731                    | 26,214        |
| Equity instruments        | 8,560        | —             | (13,585)                | 9,177                     | 4,152         |
| Collateralised securities | —            | 4,214         | (6,648)                 | 5,136                     | 2,702         |
| Cash and deposits         | —            | 5,470         | (1)                     | —                         | 5,469         |
| Mortgages and loans       | —            | 3,538         | (648)                   | —                         | 2,890         |
| Other investments         | —            | —             | —                       | (3,622)                   | (3,622)       |
|                           | <b>8,560</b> | <b>50,519</b> | <b>(37,053)</b>         | <b>27,773</b>             | <b>49,799</b> |

|                           | Dividends    | Interest      | Realised gains/(losses) | Unrealised gains/(losses) | Total          |
|---------------------------|--------------|---------------|-------------------------|---------------------------|----------------|
|                           | 2023         | 2023          | 2023                    | 2023                      | 2023           |
|                           | USD'000      | USD'000       | USD'000                 | USD'000                   | USD'000        |
| Government Bonds          | —            | 11,244        | (5,382)                 | 17,364                    | 23,226         |
| Corporate Bonds           | —            | 20,186        | (11,066)                | 33,000                    | 42,120         |
| Equity instruments        | 7,880        | —             | 8,674                   | 19,721                    | 36,275         |
| Collateralised securities | —            | 3,509         | (275)                   | 2,178                     | 5,412          |
| Cash and deposits         | —            | 2,920         | —                       | —                         | 2,920          |
| Mortgages and loans       | —            | 3,398         | —                       | —                         | 3,398          |
| Other investments         | —            | —             | —                       | (2,085)                   | (2,085)        |
|                           | <b>7,880</b> | <b>41,257</b> | <b>(8,049)</b>          | <b>70,178</b>             | <b>111,266</b> |

### Investment Performance

The Company's investment portfolio generated a gain from investments of USD 47.4 million (including investment expenses and charges) in 2024 (2023: USD 108.8 million gain). The pre-tax total return on average cash and investment was favourable at 3.8% inclusive of foreign exchange losses that hedge liabilities (2023: 6.9% Profit). Investment performance was positively impacted by the portfolio yield, the rally in equity markets and spread tightening partially offset by the weakening of the Euro and GBP against US dollar.

|                                 | 2024    | 2023    |
|---------------------------------|---------|---------|
|                                 | USD'000 | USD'000 |
| Investment expenses and charges | 2,445   | 2,455   |

Investment expenses and charges relate to costs associated with the management of the investment portfolio including custodian fees and third party investment manager fees. It is not practicable to allocate investment management costs between the different investment classes.

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**A.4 Performance of other activities**

In the normal course of its operations, the Company has entered into a "Central Services Agreement" within the AXIS group and performs services on behalf of other AXIS companies. There have been no other significant activities undertaken by the Company.

**Operating leasing arrangements**

The Company leases office space in Dublin and Zurich.

The Company entered into a new agreement to lease office space at 20 Kildare Street, Dublin. The lease expires in April 2026, with no option to terminate during the lease term.

The Company rents two floors (Levels 5 and 6) of office space for its Swiss branch in Zurich, under a lease agreement that runs until 28 February 2027 with no option to terminate the lease. Charges relating to lease obligations of USD 1.3 million (2023: USD 1.3 million) are included in net operating expenses.

Future minimum rentals payable under non-cancellable operating leases are as follows:

|                            | 2024         | 2023         |
|----------------------------|--------------|--------------|
|                            | USD '000     | USD '000     |
| Lease commitments payable: |              |              |
| Within 1 year              | 1,466        | 1,580        |
| Within 2 to 5 years        | 1,710        | 3,423        |
|                            | <u>3,176</u> | <u>5,003</u> |

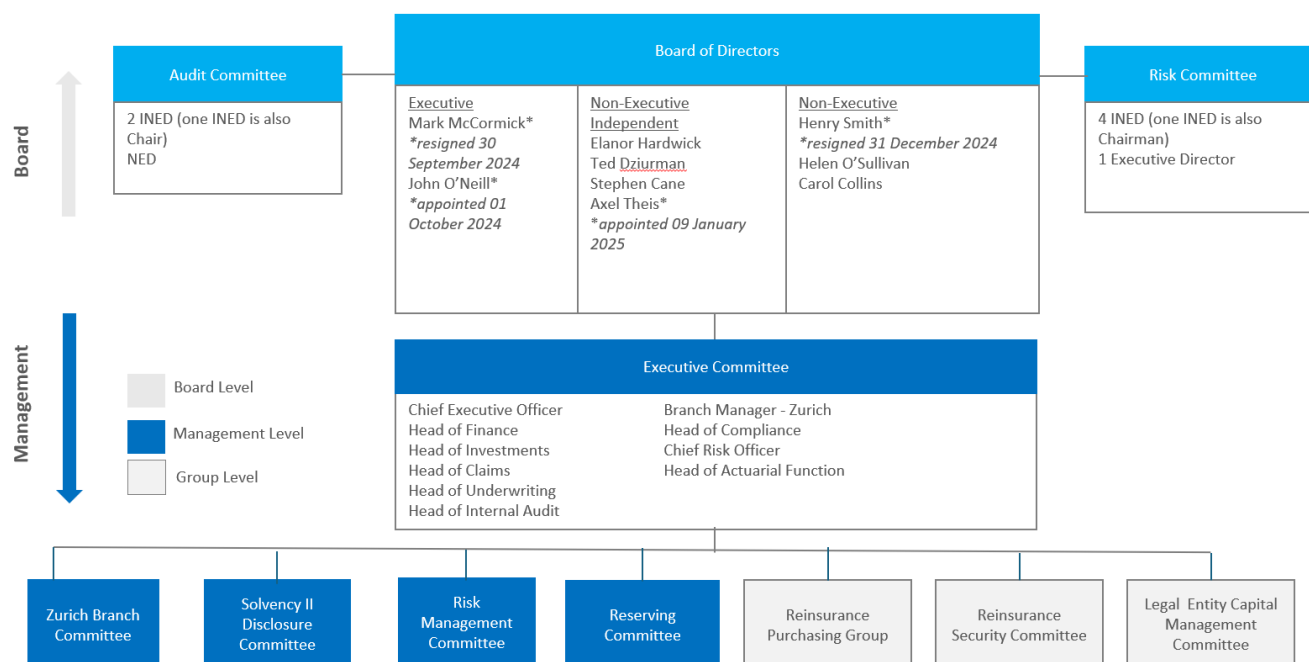
The Company is not party to any finance leases as at 31 December 2024.

**A.5 Any other information**

All material information regarding business and performance has been disclosed in Sections A.1 - A. 4 above.

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**B. SYSTEM OF GOVERNANCE**



**B.1 General governance arrangements**

The Board believes an effective system of governance is essential for the appropriate management of the Company and is responsible for the prudent, effective and ethical oversight of the Company. The Company's system of governance reflects the nature, scale and complexity of the Company and implemented in compliance with Solvency II, the Central Banks Corporate Governance Requirements for Insurance Undertakings 2015, and related regulations and codes. The Company adheres to the principle that good corporate governance is founded on a solid framework which delivers security and protection for policyholders and value for shareholders, through long term diligence in oversight of policy, process and decisions.

The key control functions within the Company's system of governance, Compliance, Risk, and Internal Audit have developed and documented oversight monitoring strategies which are reported on to the relevant oversight Committee and/or Board. Responsibility for business decisions and governance rests with the Board who may delegate authority to Board sub-Committees and Management to act on behalf of the Board in respect of certain matters. As such, the Board considers the system of governance to be appropriate and effective. There were no changes in the system of governance over the reporting period. The material components of the system of governance are outlined below.

**Board of Directors**

The Company has established a Board of Directors comprising a minimum of five directors including at least two non-executive directors. As at 31 December 2024, the Board comprised 7 Directors, a majority of 6 being independent or Group non-executive directors and one Executive Director. All Group non-executive directors are deemed independent directors who exercise sound judgement and decision making, independent of the views of management or outside interests. The Company considers the independence of a majority of its Board members to be a key component of good governance.

During the reporting period, Mark McCormick resigned as Executive Director and Chief Executive Office, and Henry Smith resigned as Independent Non-Executive Director. On the 1st October 2024, John O'Neill was appointed as Executive Director and Chief Executive Officer. On the 9th January 2025 Axel Theis was appointed to the Board as an Independent Non-Executive Director.

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**SYSTEM OF GOVERNANCE**

**B.1 General governance arrangements (continued)**  
**Board of Directors (continued)**

The Board is responsible for the following:

- Setting and overseeing the long-term objectives, purpose, values and business strategy for the Company and considering the impact of such strategy on the stakeholders of the Company.
- Monitoring and oversight of the business activities of the Company.
- Corporate, regulatory and compliance governance.
- Compliance with all legal and regulatory requirements, including in particular the requirements of the Central Bank of Ireland Corporate Governance Requirements for Insurance Undertakings 2015, the Central Bank of Ireland Fitness and Probity regime ("F&P Regime"), the Solvency II Directive (Directive 2009/138/EC) as amended by the Omnibus II Directive (2014/51/EC) and the European Communities (Insurance and Reinsurance) Regulations 2015.
- Effective, prudent and ethical oversight of the Company, including oversight of the amounts, types and distribution of internal capital and own funds adequate to cover risks.
- Oversight of Board Committees.
- Overseeing the internal control framework, including the operational resilience framework and the financial reporting and accounting framework, and ensuring key control functions including risk, internal audit and compliance are properly managed, are independent of business units and have adequate resources and authority to operate effectively.
- Appointment, monitoring and removal of persons performing Pre-approval Controlled Functions on behalf of the Company.
- Reviewing and approving the criteria for critical or important business services, including reviewing impact tolerances and reviewing scenario testing on critical or important business services.
- Defining and documenting the responsibilities of Directors, Board Committees and senior management to ensure that no single person has unfettered control of the business.
- Succession planning for the Board and senior management.
- Monitoring the performance of outsourced providers.
- Reviewing and approving the pre-emptive recovery plan prepared in accordance with the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Recovery Plan Requirements for Insurers) Regulations 2021.
- Ensuring the Company has a robust and transparent organisational structure with effective communication and reporting channels.
- Ensuring the Company has a remuneration framework that is in line with the risk strategies of the Company.
- Oversight of diversity and inclusion policies designed to promote diversity within the workforce.

The Board is enabled to discharge its responsibilities through receipt and review of appropriate management information, regular oversight of the business and the participation in on-going training and briefings. The Board shall meet as often as is appropriate to fulfil its responsibilities effectively and prudently, reflective of the nature, scale and complexity of the Company's activities. The Board will meet at least four times a year.

The Board is responsible for ensuring that the system of governance is internally reviewed on a regular basis and should determine the appropriate scope and frequency of the reviews, taking into account the nature, scale and complexity of the business. The Board is also responsible for determining who within the Company should conduct the review and should ensure that they are suitably independent.

The Board reserves certain key matters for itself and delegates certain matters to Board sub-Committees and to the Chief Executive Officer, who in turn delegates authority to the Executive Committee and Management. The Board Terms of Reference specify what decisions are reserved for the Board and which decision-making powers it has chosen to delegate.

The Board has established Board and Management Committees as required by law or regulation and as it deems appropriate given the nature, scale and complexity of the Company. The roles and responsibilities of the Committees are further described in this section.

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## **B.1 General governance arrangements (continued)**

### *Board Audit Committee*

The Audit Committee is a sub-committee of the Board and its purpose is to assist the Board of Directors in its oversight of:

- the integrity of the Company's financial statements,
- the Company's compliance with legal and regulatory requirements,
- the independent auditors' qualifications, independence and effectiveness; and
- the effectiveness, adequacy and performance of the Company's internal audit, internal controls and IT systems.

The Audit Committee also reviews external reports and disclosures pursuant to the rules promulgated by the CBI and otherwise. In fulfilling its purpose, the committee maintains free and open communication with the Company's independent auditors, internal auditors and management.

The Audit Committee comprises non-executive directors, the majority being independent, and neither the Chairperson of the Board nor the Chief Executive Officer are members.

The Committee consists of no fewer than three directors, as determined by the Board of Directors. Committee members shall be appointed annually by a majority vote of the Board of Directors. The Committee chairperson is an independent non-executive director appointed by a majority vote of the Board of Directors.

### *Board Risk Committee*

The purpose of the Risk Committee is to assist the Board of Directors in overseeing the integrity and effectiveness of the Company's enterprise risk management framework, and ensuring that the Company's risk assumption and risk mitigation activities are consistent with that framework.

In furtherance of its purpose, the Risk Management Committee has the following duties and responsibilities:

- review and approve the Company's Enterprise Risk Management Framework, and monitor management's effective implementation of this framework,
- review and approve annually, the Company's Risk Management Policy, Reinsurance Management Strategy, Internal Control Policy, and other key risk policies overseeing their integrity and effectiveness,
- review the output of the Stress Test and Scenario Testing Framework, and provide input on scenario design and selection,
- review and approve any changes to the Company's Strategic Solvency Target and Risk Limits,
- review and approve the Company's annual Own Risk and Solvency Assessment ("ORSA") policy and ORSA report,
- before a decision to proceed is taken by the Board, review the inherent risks associated with any proposed strategic transactions, focusing in particular on risk aspects and implications on the Company's Own Solvency Needs and Risk Limits,
- to review and recommend for approval to the Board, the Company's three-year business plan, focusing in particular on risk aspects and implications for the Company's Strategic Solvency Target and Risk Limits; and
- meet on a regular basis with the Chief Risk Officer in a separate executive session.

The Risk Committee shall consist of no fewer than three directors, as determined by the Board of Directors. The Committee shall include a chairperson who shall be a non-executive director.

### *Executive Committee ("ExCo")*

The ExCo chaired by the Chief Executive Officer, is delegated the day-to-day running of the Company by the Board. The ExCo includes the Company executive's holding Pre-approval controlled function ("PCF") positions and other senior management:



The ExCo has established a number of functional internal Committees to support the management and governance of the Company's activities. It is also supported by various AXIS Group committees including the Risk Management Committee, the Reinsurance Purchasing Group, the Reinsurance Security Committee and the Legal Entity Capital Committee.



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**SYSTEM OF GOVERNANCE**

**B.1 General governance arrangements (continued)**  
**Executive Committee ("ExCo") (continued)**

The main responsibilities of the ExCo are:

- managing and overseeing the business activities of the Company, including the branches,
- annually preparing ARE's three-year business plan, and presenting same to the Board for approval, Managing the actual performance compared to plan.
- Ensuring that both ARE's business strategy and capital plan are sustainable and that the key goals in the business strategy are within agreed risk appetite.
- Reviewing ARE's risk framework and appetite and recommending to the Board for approval.
- Managing and overseeing the calculation, governance and documentation of ARE's Solvency Capital Requirement.
- Managing and overseeing key control functions including risk, internal audit, actuarial, and compliance.
- Delegating approval to the Reserve Committee ARE's quarterly provision for loss and loss expense reserves and Solvency II Technical Provisions.
- Reviewing certain policies of ARE and recommending same to the Board for approval.
- Reviewing and approving those policies of ARE which do not require Board approval.
- Managing and overseeing the establishment and development of IT Systems and Technologies and approving ARE's IT Strategy on an annual basis.
- Reviewing updates from Human Resources regarding its diversity and inclusion policy and HR initiatives on promoting diversity within the workforce and to make recommendations to the Board as to how to promote diversity at Board level and in the workforce.

**Underwriting Committee**

The Underwriting Committee ensures underwriting alignment with business objectives, the annual business plan, and any relevant regulatory and compliance requirements. The Underwriting Committee is responsible for:

- underwriting strategy and management, including overseeing the management of underwriting risk within agreed risk appetites, and reporting breaches to the ExCo, or other committee, as appropriate;
- reviewing and providing input into the business plan for recommendation to the ExCo;
- reviewing progress against the annual business plan and monitoring performance against defined targets;
- maintaining and monitoring the underwriting control framework, ensuring that appropriate documented underwriting policies and procedures are in place;
- monitoring the qualitative and quantitative review of the underwriting process, evaluating the results and reviewing any underwriting breaches or control failures (including review of any internal audit reports in so far as they relate to the underwriting control environment);
- approving Class of Business Underwriting Guidelines and monitoring breaches of business written outside agreed criteria, or causing breach of appetite; and
- reviewing letters of authority to underwriters.

The Underwriting Committee is chaired by the Deputy Chief Underwriter and receives updates from various underwriting teams as well as the Pricing, Risk Funding, Claims, Delegated Underwriting, Conduct Risk, Risk, Compliance, Operations, and Reserving functions.

**Reserving Committee**

The purpose of the Committee is to assist the Board in its oversight of the governance of the setting of reserves and its compliance with the Reserving Policy as set by the Board.

Core responsibilities of the Reserving Committee include:

- Reviewing and approving the quarterly actuarial reserve proposals of the actuarial central estimate (ACE) and management best estimate (MBE) for inclusion in local management accounts.
- Review the Solvency II technical provisions and recommend approval to the Solvency II Disclosure Committee as part of the quarterly Solvency II regulatory submissions.
- Reviewing the year-end GAAP reserves and recommending to the Company's Audit Committee the level of reserves to be included in the year-end Financial Statements.
- Reviewing the annual technical provisions on a Solvency II basis and recommending to the Solvency II Disclosure Committee and Audit Committee for approval to include in the annual year-end regulatory submission.
- Review the actuarial best estimate projections of ultimate claims, gross and net of reinsurance, and by line of business.
- Review month two plus forecast reserves for month three.
- Overseeing the governance of the setting of technical provisions and its compliance with the Reserving Policy.
- Considering areas of judgment and materiality within the reserves.

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**B.1 General governance arrangements (continued)**

*Reserving Committee (continued)*

- Reconciliation/Walk from GAAP Reserves to Solvency II technical provisions.
- Where relevant, ensuring that any changes to the business processes or claims handling practices or target market profile that may impact on technical provisions are documented and discussed with the actuarial function.
- Where relevant, documenting its views on whether any such changes will impact on the quantum of technical provisions required, for example that there are actual savings arising from any such changes rather than just changes in the timing of claims paid.

The Reserving Committee includes the Head of Actuarial Function, Chief Executive Officer, Head of Finance, Chief Risk Officer, Head of Underwriting and Head of Claims.

*Risk Management Committee*

The Risk Management Committee is a functional Committee whose main purpose is to support the Board Risk Committee in overseeing the integrity and effectiveness of the company's Enterprise Risk Management Framework, and make appropriate recommendations to the Board Risk Committee.

The Risk Management Committee comprises the Chief Risk Officer, Chief Executive Officer, Head of Underwriting, Head of Finance, Head of Compliance and Head of Actuarial Function.

*Solvency II Disclosure Committee*

The purpose of the Solvency II Disclosure Committee is to provide a forum that ensures that Solvency II Reporting and Disclosures are accurate, complete and present fairly in all material respects the financial condition and results of operations of the Company and are made in a timely manner in accordance with applicable laws, rules and regulations. The Committee reviews annual Solvency II reporting and recommends board approval. On a quarterly basis, the Board of Directors has delegated authority to the Solvency II Disclosure Committee to approve the quarterly reporting.

The Solvency II Disclosure Committee comprises the Head of Finance, Chief Executive Officer, Head of Investments, Chief Risk Officer, Head of Compliance and Head of Actuarial Function.

*Zurich Branch Management Committee*

The Zurich Branch is a functional committee whose responsibilities include:

- effective, prudent and ethical oversight of the Zurich Branch, including managing the business activities and back office function of the Zurich Branch,
- implementing and monitoring the annual business plan of the Zurich Branch as approved by the Board of Directors, and
- managing the interaction and relationship with other management and AXIS Capital committees.

The Zurich Branch Management Committee includes Zurich branch executives holding senior positions. The management committee may co-opt other positions onto the committee.

The Terms of Reference of each management level Committee specify the delegation of responsibilities by the Board and/or ExCo to the Committee. The second and third line are appropriately represented at all management level Committees. There are clear policies and procedures in place to ensure that any input from Compliance, Risk or Internal Audit required for a decision are included in the relevant reports or documentation.

**Key Functions**

Under Solvency II, the following are considered key functions:

- Risk management function,
- Compliance function,
- Internal Audit function; and
- Actuarial function.

The Company ensures that key functions have the necessary authority, resources and operational independence to carry out their tasks and fulfil their obligations. All key functions present regular updates to the Board of Directors on a quarterly basis. The roles and responsibilities of each function are further described later in this section.

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## **B.1 General governance arrangements (continued)**

### **Conflicts of interest**

Conflicts of interests, and the appearance of conflicts, are prohibited under the Company's Conflict of Interest Policy and the AXIS Code of Business Conduct. Each employee, officer and director of the Company is required to conduct business with integrity and to comply with all applicable laws.

### **B.1.2 Remuneration**

An AXIS Europe Remuneration Policy has been established to cover the Company and its sister company, AXIS Specialty Europe SE.

The remuneration policy and practices shall incorporate the following principles and shall:

- be in line with the Company's business and risk management strategy plan, its risk profile, objectives, risk management practices, its long-term interests and performance as a whole,
- ensure that conflicts of interest are avoided,
- promote sound and effective risk management and shall not encourage risk taking that exceeds the Company's risk appetite and risk tolerance limits,
- incorporate non-financial performance metrics as part of the annual performance management process,
- reward employees who demonstrate a significant contribution to the success of the business,
- remain competitive to attract, retain and motivate high performing staff with appropriate experience, qualifications and talent; and
- be non-discriminatory.

AXIS Europe's remuneration structure includes both fixed and variable components.

#### *Fixed:*

The fixed component of the remuneration structure shall be of a sufficiently high proportion of total remuneration to the effect that employees are not dependent on the variable remuneration component.

#### *Variable:*

- variable remuneration payments shall be flexible and discretionary,
- the variable component of remuneration shall be determined by a combination of individual performance and the performance of the AXIS Capital,
- employee's performance shall be evaluated based on achievement of both financial goals related to business targets and non-financial goals,
- metrics used to measure AXIS Capital performance in determining the variable component of the remuneration shall allow for a downwards adjustment for exposure to current and future risks; and
- a portion of the variable remuneration applicable to employees at senior leader level and above shall be deferred over a period of not less than three years.

The variable component of remuneration of employees engaged in risk, compliance, internal audit and actuarial functions is not directly linked to the performance of the individual operational units they monitor and/or test.

### **Other Remuneration**

Termination or severance payments shall be related to performance achieved over the employees entire period of activity and shall be designed not to reward failure.

Employees subject to this policy are prohibited from hedging the economic risk of owning AXIS Capital stock or pledging AXIS Capital stock for loans or other obligations in accordance with the AXIS Insider Trading Policy.

### **B.1.3 Material transactions with shareholders and the Board of Directors**

There have been no material transactions during the reporting period with the company's sole shareholder ASHIL outside the normal course of business. There were no contracts or arrangements of any significance in relation to the business of the Company in which the Directors had a material interest, as defined by the Companies Act 2014, at any time during the reporting period.

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**B.1 General governance arrangements (continued)**

**B.1.3 Material transactions with shareholders and the Board of Directors (continued)**

Director emoluments include all payments made to the Board of Directors. The Directors of the Company are employed by a related group company. It is not practicable to allocate remuneration received between their services as executives of group companies and their services as Directors of the Company. Fees paid by the Company to non-executive Directors are included in 'Aggregate emoluments in respect of qualifying services'.

|                                                                                                                                                                                                              | <b>2024</b>         | <b>2023</b>         |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
|                                                                                                                                                                                                              | <b>USD'000</b>      | <b>USD'000</b>      |
| Aggregate emoluments paid to or receivable by directors in respect of qualifying services                                                                                                                    | 2,412               | 1,769               |
| Aggregate amount of money or value of other assets, including shares but excluding share options, paid to or receivable by the directors under long term incentive schemes in respect of qualifying services | 711                 | 595                 |
| Aggregate Contributions paid, treated as paid or payable during the financial year to a retirement benefit scheme in respect of qualifying services of directors                                             | 106                 | 250                 |
| Compensation paid or payable for loss of office or other termination benefits                                                                                                                                | 596                 | —                   |
|                                                                                                                                                                                                              | <b><u>3,825</u></b> | <b><u>2,614</u></b> |

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## **B.2 Fit and proper requirements**

The Company is subject to the Central Bank's Fitness and Probity ("F&P") Regime, which is set out under Part 3 of the Central Bank Act, 2010 and subsequent Statutory Instruments. This Regime sets the minimum standards aimed to ensure all persons who run the business, or hold key positions, are at all times competent and capable, act honestly, ethically and with integrity and are financially sound. The Regime requires the Company to have in place certain control functions ("CF") and pre-approval control functions ("PCFs"). The potential candidates for controlled functions that are subject to pre-approval by the Central Bank before appointment include Board Directors and the heads of key functions. Before taking up a PCF position a potential candidate is required to submit an Individual Questionnaire to the Central Bank for review and approval. If approval is not given the potential candidate is not appointed.

The Company's policy, 'AXIS European Accountability and Fitness & Probity Regimes' policy sets out the approach to assessing the fitness & probity of existing staff and new hires.

In order to meet the F&P requirements, the Company applies the below criteria for CFs and PCFs and must satisfy itself on reasonable grounds that the person complies with the F&P Standards:

- an assessment of whether an individual's Conduct is deemed Competent and Capable,
- an assessment of whether an individual's Conduct is deemed Honest, Ethical and Acting with Integrity; and
- an assessment of an individual's Financial Soundness.

The Company does not allow a person to perform a controlled function unless it is satisfied that the person complies with the F&P requirements. The person has to agree to comply with the requirements on an ongoing basis. This includes a commitment to continuing their professional development and retention of certain qualifications, where applicable. CFs and PCFs attest, on an annual basis, to continuing compliance with F&P Standards.

The Central Bank's (Individual Accountability Framework) Act 2023 (the IAF Act) was signed into law on 9 March 2023 with final guidance published in December 2024. The framework consists of four pillars:

1. The Senior Executive Accountability Regime (SEAR),
2. Common Conduct Standards for CFs and Additional Conduct Standards for PCFs and CF-1s, New Business Standards,
3. Reforms to the F&P Regime and
4. Amendments to the CBI's Enforcement Capabilities under the Administrative Sanctions Procedure (ASP).

The Company, as a reinsurance company, is not in scope of SEAR but does fall in scope of the other three pillars.

Since 29 December 2023, the Company is in scope of the new Conduct standards, meaning all CFs and PCFs must abide by these standards and the Company must provide training and have in effect policies on how these standards are integrated. The conduct standards also introduces the Duty of Responsibility that requires PCFs to take 'reasonable steps' to ensure that the aspects of the firm's affairs for which they are responsible for, are conducted so that the firm does not contravene its obligations under financial services legislation. Standards for Business that are applicable to all firms have also been introduced.

Additionally the Company has also been in scope of the reforms to the F&P Regime since December 2023. These reforms introduce obligations on the Company allowing a person to perform a CF or PCF role unless they are in compliance with F&P standards and must maintain a 'certificate' regarding the confirmation of the ongoing F&P of each PCF and CF. The Company has implemented a number of controls in order to meet the new requirements.

As a result of the recent changes due to IAF, the Company has reviewed the Fitness & Probity policy to ensure that it complies with the Fitness & Probity Regime and IAF. This policy has been renamed and approved by the Board as the 'European Accountability Regimes and Fitness & Probity Policy'.

## **B.3 Risk management system including the Own Risk and Solvency Assessment ("ORSA")**

### **B.3.1 Overview of the Risk Management Framework**

AXIS has an established Group-Wide Enterprise Risk Management ("ERM") framework which provides a structured and consistent approach to ensuring that risks are appropriately identified, assessed, managed, monitored and reported with clear ownership and appropriate levels of oversight. This framework is implemented consistently and proportionately across the AXIS Group and its legal entities, including the Company.

The mission of ERM at AXIS is to promptly identify, assess, manage, monitor and report risks that affect the achievement of the Company's strategic, operational and financial objectives. The key objectives of the risk management framework are to:

- protect the Company's capital base and earnings by monitoring its risks against the stated risk appetite and limits;
- promote a sound risk management culture through disciplined and informed risk taking;

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### B.3 Risk management system including the Own Risk and Solvency Assessment ("ORSA") (continued)

#### B.3.1 Overview of the Risk Management Framework(continued)

- enhance value creation and contribute to an optimal risk-return profile by providing the basis for efficient capital deployment;
- support the Group-wide decision-making process by providing reliable and timely risk information;
- achieve global legal and regulatory risk obligations, and
- safeguard AXIS Capital' reputation.

The ERM framework is an evolving framework which develops in response to changes in the Company's internal and external environment in order to remain relevant to the business and enhance value creation. The implementation and oversight of the framework is the responsibility of the Risk Function, which is led by the CRO.

The key elements of the ERM Framework are described in further detail below and include Risk Governance, Risk Strategy/Appetite Statement, the Risk Management Cycle and key Controls.

#### Risk Governance

The Risk Function articulates roles and responsibilities for risk management throughout the Company, from the Board and the Chief Executive Officer to the business and functional areas, thus embedding risk management throughout the business.

Risk governance is executed through a three lines of defence model, with the business units ("first line") responsible for the identification, assessment, management, mitigation and monitoring of risks on a day-to-day basis; the Risk Management Function ("second line") providing oversight and guidance on risk management across the business by supporting and challenging Risk Owners in their identification, assessment, management and mitigation of risk; and Internal Audit ("third line") providing independent assurance on the effectiveness of governance, risk management and internal controls.



The Board Risk Committee assists the Board of Directors in overseeing the integrity and effectiveness of the ERM framework, The Board Risk Committee reviews, approves and monitors risk strategy, risk appetite and key risk limits and receives regular reports from the Risk Function to ensure any significant risk issues are being addressed by management. The Board Risk Committee further reviews the Company's policies and procedures and satisfies itself that those effective systems of risk management and controls are established and maintained. Among its other responsibilities, the Board Risk Committee also reviews and approves the Company's annual Own Risk and Solvency Assessment ("ORSA") report.

The ExCo is responsible for the implementation of the Company's ERM framework, with all identified material risks on the Company's risk register assigned ownership to an ExCo member. This ensures that ownership of risks is at the highest level of the Company and that Risk Owners have the appropriate authority and resources to take management action where appropriate. The ExCo is supported by the Risk Management Committee ("RMC"), as well as various committees and working groups at Group and Company level (for example the Emerging Risk and Environmental Working Groups).

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### **B.3 Risk management system including the Own Risk and Solvency Assessment ("ORSA") (continued)**

#### **B.3.1 Overview of the Risk Management Framework (continued)**

##### **Risk Appetite and Limit Framework**

The Company articulates its appetite and tolerance for risk through its Risk Appetite and Limit Framework. The Company's risk appetite, as approved by the Board of Directors, represents the amount of risk that the Company is willing to accept in pursuit of its strategic objectives within the constraints imposed by its capital resources, as well as the expectations of its stakeholders as to the type of risk the Company holds within the business. The Risk Appetite Statement and Limit framework includes limits by individual risk type which are defined based on the capital available and management's preference for risk in line with the Company's business strategy. The Risk Appetite Statement and Limit frameworks reviewed and approved by the Board Risk Committee on an annual basis.

The Risk Function regularly monitors the Company's position against risk appetite through, for example, risk dashboards and limit consumption reports. These are intended to allow the Risk Function to detect potential deviations from the Company's internal risk limits at an early stage.

##### **Risk Management Cycle**

The Risk Function implements the ERM framework through a cyclical process of identifying, assessing, managing, monitoring and reporting of all material risks to which the Company is or could be exposed.

Ongoing risk identification activities are in place to identify new and/or changing risks to the achievement of the Company's strategy and business objectives. A process is also in place for scanning the external environment to identify risks that present an emerging threat to the business environment, industry or Company. These are classified as emerging risks and are captured on the Company's emerging risk radar. The Emerging Risks Working Group oversees the process for identifying, assessing, managing, monitoring and reporting current and potential emerging risks. They are regularly discussed and reviewed by the Company's Board Risk Committee.

Risk assessment and measurement activities are carried out on a regular basis in order to understand the Company's exposure to each risk on the Risk Register, through quantitative and/or qualitative measures and inform the Company's own view of risk and assessment against risk appetite. Risk mitigation strategies and control activities are in place for each risk based on impact and materiality and are typically aimed at reducing or avoiding exposure, in line with the Company's risk appetite.

Changes in the internal and external environment are monitored on an on-going basis, ensuring that changes that may substantially affect the Company's exposure to risks are identified, assessed and appropriately managed. The Risk Function engages in extensive risk reporting and communication in order to enable the Board in their risk oversight responsibility and support the Company's decision-making process by providing reliable and timely risk information.

##### **Key controls**

Each Risk Owner is responsible for designing and implementing an adequate and efficient internal control environment to manage their respective risks. The control environment consists of processes, policies, guidelines, standards of practice/procedures, collectively referred to as 'key controls' deployed by the Risk Owner to manage risk. The effectiveness of key controls is evaluated on a quarterly basis by first line control owners, and reviewed by the Risk Function. Internal Audit provide overall assurance over the effectiveness of key controls. All key controls are documented and signed-off quarterly within AXIS' Riskonnect platform which facilitates control self-assessment and enforces individual ownership and accountability for key controls. The Risk function facilitates training for control owners, including an online e-learning module, on their role and responsibilities as a control owner.

#### **B.3.2 Own Risk and Solvency Assessment ("ORSA")**

The ORSA is the overarching framework of processes employed by Management to establish a comprehensive assessment of the Company's solvency position based on its current, prospective and stressed risk profile and associated capital requirements.



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### **B.3 Risk management system including the Own Risk and Solvency Assessment ("ORSA")(continued)**

#### **B.3.2 Own Risk and Solvency Assessment ("ORSA")(continued)**

The main objectives of the ORSA process are to:

- inform short and longer-term decision making and strategic management; and
- ensure the Company has sufficient capital at all times commensurate with a comprehensive assessment of its risk profile, and in line with internal and external solvency standards.

In order to fulfil the objectives set out above, the ORSA is a dynamic process which is incorporated into the Company's ERM framework and Risk Management Cycle which provides a continuous assessment of all material risks the Company is exposed to, with quarterly reporting to the Board on material changes to the risk profile and associated capital requirements. In addition, ORSA results are formally documented in the annual ORSA report which includes a summary of the ORSA activity during the previous year and the outcome of the forward-looking assessment.

ORSA triggers are defined and monitored to identify events with the potential to materially impact the most recent ORSA results, for example changes to the risk profile or capital.

A core component of the ORSA is the forward-looking assessment performed in conjunction with the business planning process, whereby the impact of short and medium term business plans on the risk profile and capital needs of the Company are assessed. As part of this, the outputs from the Company's Solvency II Standard Formula are reviewed to analyse changes in risk composition, prospective risk exposures relative to the Risk Appetite and Limit Framework and overall risk capital requirements. The ORSA also includes various forms of stress tests and scenario analysis whereby the resilience of the Company's capital position to adverse stress scenarios over the planning horizon is assessed.

The Board of Directors is responsible for overseeing the Company's ORSA, with the Risk Committee serving as the focal point for that oversight. The Risk Committee has a material input into the ORSA through reviewing and challenging the quarterly and annual (forward-looking) results and approving the annual ORSA report, as well as reviewing the selection and calibration of stress and scenario tests. The outcome of the ORSA informs the Company's Risk Appetite and Limit Framework, including the ongoing appropriateness of its Own Solvency Needs and capital contingency plans, and influences the Company's business strategy by being closely linked to the business planning process.

#### **B.4 Internal control system**

The Board is ultimately responsible for ensuring that adequate and effective internal controls are embedded within the Company. Internal control is defined as the processes, policies, guidelines, and standards of practice in place to mitigate and manage risk to acceptable levels. The Company is committed to having an internal control system that satisfies its organisational needs and all applicable regulatory requirements. The Company seeks to avoid policies, procedures and practices that may provide incentives for inappropriate activities.

The AXIS internal control framework is based on the framework developed by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in 1992, and updated in 2013.

The AXIS internal controls are documented and maintained in Riskconnect, the AXIS risk and control repository, and individual control owners certify each quarter to the adequate design and continued operating effectiveness of their respective controls.

The internal control framework includes the following five interrelated components:

- **Control Environment:** The primary responsibility of the Board is to provide effective governance over the Company's affairs for the benefit of its shareholders, and to help broaden the perspective of executive management. The Board has established the Audit Committee to facilitate and assist in the execution of its responsibilities. In terms of internal control oversight, it is the responsibility of the Audit Committee to review and periodically discuss with the Board the adequacy and effectiveness of the Company's internal control structure. There are several oversight committees such as the RMC which help set the management tone in terms of the control environment. In addition, AXIS operates with a "three lines of defence" model.
- **Risk Assessment:** The Internal Controls policy lists the risks ('Risk universe') to which the Company is exposed which the Risk Committee of the Board and RMC annually evaluate. For each risk in the universe, there is a separate risk policy which affirms AXIS's group-wide approach, appetite and risk mitigation/control philosophy for managing each risk.



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#### **B.4 Internal control system (continued)**

- **Control Activities:** Each risk policy identifies an individual Risk Owner, normally a member of the AXIS Group Executive Committee, having appropriate experience and knowledge of the risk. The Risk Owner is responsible for designing and implementing an adequate and efficient control environment to manage their respective risks. Activities include, but are not limited to, reconciliation, documented roles and responsibilities, clear authority limits, peer reviews, appropriate segregation of duties and metrics reporting.
- **Information and Communication:** In terms of communication, the Company has clear reporting and communication lines in place. Role profiles make clear each individual's role, their reporting lines and functional terms of reference set out responsibilities by function. Clear organisational and structure charts are also maintained. There is an escalation policy in place to ensure matters are reported upwards as required by employees. The Report Concerns Policy also provides various confidential lines of communication for reporting violations and concerns.
- **Monitoring:** The effectiveness of the internal control framework is independently validated via regular internal audit reviews which are conducted on a rotational basis with findings reported to the Audit Committee. There are also Management Initiated Audits ("MIAs") done on claims and underwriting transactions which are reported to the Management Audit Committee. There are various monitoring activities performed by the second line of defence in line with their annual monitoring plans.

The internal control framework is regularly reviewed and updated and annually assessed by the external auditors. The Internal Audit function also validate that the COSO 2013 framework is present and functioning as part of its annual internal audit plan.

#### **Compliance Function**

The Company has a Compliance Function which is part of the Group Legal Department, predominantly staffed by lawyers and compliance experts. The Compliance Function is an assurance function responsible for the compliance and governance arrangements of the Company. The mandate of the Compliance Function is to support the business to be compliant with applicable regulations within the "three lines of defence" model, which defines the governance structure at AXIS and the related roles and responsibilities.

The Board has appointed a Head of Compliance (a PCF) of the Company who is primarily responsible for ensuring the activities of the Company are conducted in compliance with the Regulations, and reporting to the Board and to the Central Bank and other Regulatory Authorities as applicable. In line with Article 270 of the Delegated Regulation, the Board reviews the Compliance Policies at least annually and ensures that recommendations for improvements are adequately incorporated and approve proposals for Policy amendment.

The Head of Compliance oversees the Compliance Function and ensures it is appropriately resourced and meets all material service level requirements. The Compliance Function has access to specialist external expertise to assist on particular matters or jurisdictions.

Principal responsibilities of the Head of Compliance include:

- obtaining the approval of the CEO and the Board for a Policy statement on compliance with the insurance acts and regulations, with guidelines issued by the CBI and with other applicable legislation,
- advising the Board and management on compliance with laws and regulations supporting delivery of strategic objectives,
- establishing an annual Compliance Plan to manage regulatory risks,
- designing a common monitoring framework and delivering risk-based monitoring activities,
- leading the horizon scanning and regular updates to the business,
- designing, implementing and reviewing compliance policies, procedures and related processes, and
- designing and executing compliance training and awareness on compliance matters such as countering the financing of terrorism and financial sanctions, consumer protection and anti-bribery and corruption.

In addition, the duties of the Compliance Function include assessing the adequacy of the measures adopted by the Company to prevent non-compliance.

In line with Article 270 of the Delegated Regulation and Article 46 of the Solvency II Directive, the Compliance Function maintains a set of Compliance policies to track applicable legal, regulatory and corporate requirements.

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## **B.5 Internal Audit Function**

Internal Audit is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations, protect the assets and reputation of the Company. It assists the Company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the Company's governance, risk management and internal control.

The internal audit activity is established by the Audit Committee of the Board. The internal audit activity's responsibilities are defined by the Audit Committee as part of their oversight role.

The internal audit activity will govern itself by adherence to The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the internal audit activity will adhere to AXIS' relevant policies and procedures and the internal audit activity's methodology.

The internal audit activity, with strict accountability for confidentiality and safeguarding records and information, is authorized full, free, and unrestricted access to any and all of AXIS records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities. The internal audit activity will also have free and unrestricted access to the Audit Committee and full Board.

The internal audit activity will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor's judgment.

Internal audits are performed across the Company's audit universe, which encompasses all areas of the business and the Company, within a three to five year cycle. Areas of higher risk will be audited more frequently. Audits selected for a forthcoming annual plan will be submitted for approval to the Audit Committee. Over the course of each year, auditors meet with key personnel to monitor performance, changes in the business, and emerging risks within the Company. Resulting midterm changes to the audit plan will be recommended and submitted to the Audit Committee for approval. The internal audit methodology is set out in the 'AXIS Internal Audit Methodology' document. The methodology is reviewed to ensure that it is up-to date after any changes to the business or updates to the IIA Standards.

The scope of each audit is determined using a risk based approach. At the conclusion of each audit, an audit report containing any issues requiring corrective action by management is published. Management is responsible for implementing these agreed upon action plans. Internal Audit is responsible for monitoring implementation of these action plans and verifying satisfactory performance. The Audit Committee is briefed quarterly on the status of internal audits in progress, completed audits, open corrective action plans, and any other important matters concerning the Company. Evidence supporting Internal Audit's conclusions is maintained in the Riskconnect system.

## **B.6 Actuarial Function**

The main purpose of the Actuarial function is to effectively support the Company reserving framework and governance, including principles, policies, standards of practice, processes and controls and reporting.

The Actuarial function has the following duties and responsibilities:

- calculation and recommendation of the technical provisions,
- ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of the technical provisions,
- peer reviewing and signing off on work product and recommendations that relate to governance and control function responsibilities. This includes the peer reviewing of pricing and planning loss ratios as necessary,
- ensuring the sufficiency and quality of the data used in the calculation of technical provisions,
- informing the Board of Directors of the reliability and adequacy of the calculation of technical provisions,
- ensuring the sufficiency of processes and controls supporting the AXIS reserving framework and maintaining comprehensive documentation for all aspects of this framework,
- expressing an opinion on the overall underwriting policy and the adequacy of reinsurance arrangements,
- contributing to the effective implementation of the risk management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements,
- establishing and maintaining a reserving platform, infrastructure and reporting capabilities to support GAAP, local statutory and management needs; and

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#### **B.6 Actuarial Function (continued)**

- ensuring that the reserving framework is applied effectively in the Company.

The Head of Actuarial function provides a written report to the Board presenting the tasks undertaken by the Actuarial function and their results, as well as any deficiencies identified and recommendations on how such deficiencies should be remedied. A full Actuarial report is provided at least annually, with updates addressing specific aspects of the work of the Actuarial function provided on a more regular basis.

#### **B.7 Outsourcing**

Outsourcing is an arrangement of any kind between the Company and a service provider by which that service provider performs a process, a service or an activity that would otherwise be undertaken by the Company itself. Where appropriate, the Company uses service providers when it is more efficient and more cost effective than utilising its own resources.

The Company is subject to the AXIS European Outsourcing Policy which is derived from Directive 2009/138/EC (the “Solvency II Directive”), Commission Delegated Regulation (EU) 2015/35 (the “Delegated Regulation”), the EIOPA Guidelines on System of Governance and the Central Banks Cross Industry Guidance on Outsourcing. The purpose of the AXIS European Outsourcing Policy is to ensure that the Company is identifying and managing the risks associated with its outsourcing activities through appropriate due diligence, approval and on-going monitoring activities and thereby continue to meet both its financial and service obligations, including operational resilience. The policy requirements are based on the principle that as a regulated firm, the Company remains fully responsible for discharging all its obligations when outsourcing certain functions or activities. The Company’s service providers may be an entity from the AXIS Group (intra-group outsourcing or insourcing) or a third party (external outsourcing) and it may be located inside or outside of the EU.

The Board is ultimately responsible for ensuring that there is adequate oversight and governance in relation to outsourcing. The outsourcing of a 'critical or important' activity must be approved by the Board or a PCF holder (“Business Leader”) prior to the commencement of an outsourcing arrangement. Business Leaders are responsible for carrying out appropriate due diligence on service providers in accordance with the AXIS European Outsourcing Policy to ensure the service provider has the necessary ability to carry out the outsourcing activity, taking into account the impact of the proposed arrangement on the operations of the Company.

The Company determines whether an outsourced function or activity is critical or important. A materiality assessment has been designed by the Company for use in determining whether an arrangement is deemed a Critical or Important Functional Activity (“CIFA”). This materiality assessment is documented within the AXIS European Outsourcing Policy, which is subject to Board review and approval on an annual basis.

Business Leaders ensure that risk assessments are conducted of any proposed outsourcing arrangements, aligned with the Company's risk appetite, and where necessary, appropriate controls developed and implemented. The relevant function or team will conduct and document these risk assessments as appropriate. Outsourced arrangements, whether internal or external, must not harm the Company, specifically:

- a. Materially impairing the quality of the Company’s governance of its business
- b. Unduly increasing the Company’s operational risk
- c. Obstructing relevant supervisory authorities from monitoring the Company's compliance with outsourcing regulations and any regulations applying to the activities themselves, and
- d. Harming the service that the Company provides to its policyholders and clients.

The Company maintains an Outsourcing Register which documents all internal and external outsourced arrangements, which is regularly reviewed and updated in compliance with the Central Banks Cross Industry Guidance on Outsourcing.

The AXIS Group Vendor Management Office (“VMO”) has established an enterprise-wide standard methodology to assess performance and risk of outsourced services (excluding claims which is monitored by the relevant business leader). Outsourcing arrangements are managed effectively through Service Level Agreements (“SLAs”) which are reported to and monitored by the VMO reporting relevant issues to the business leader. The VMO ensures that all relevant aspects of a service providers risk management, financial resources and internal control systems are adequate and robust, in addition to ensuring that the outsourcing activities do not impact AXIS governance or operational risk.

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### **B.7 Outsourcing (continued)**

The Company benefits from the shared support services provided by the wider AXIS group entities, providing the Company with access to necessary skills and resources enabling the Company to operate more effectively to meet regulatory and business requirements.

The table below outlines an overview of the outsourced CIFAs and the jurisdiction of where the service provider is located:

| Function                | Description of Service Provided                                                                                                                                                                                                                 | Jurisdiction         |
|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| <b>Internal</b>         |                                                                                                                                                                                                                                                 |                      |
| Investment Management   | Delivery of investment management services within the investment limits as set by the Board and the production and delivery of investment performance reporting to the Board and other relevant oversight Committees.                           | US                   |
| Internal Audit          | Delivery of audits on the approved Internal Audit Plan, including reporting to relevant management, in compliance with the Internal Audit Charter and the International Professional Practices Framework of the Institute of Internal Auditors. | US                   |
| <b>External</b>         |                                                                                                                                                                                                                                                 |                      |
| Finance                 | Finance Outsourcing include provision of accounting and reconciliation services                                                                                                                                                                 | Multi-jurisdictional |
| Actuarial               | Actuarial outsourcing includes actuarial close and control services                                                                                                                                                                             | Multi-jurisdictional |
| Investments             | Investment services outsourcing includes investment management of assets, accounting and risk solutions.                                                                                                                                        | Multi-jurisdictional |
| Business and Technology | IT services outsourcing includes provision of data storage and IT application development and maintenance                                                                                                                                       | Multi-jurisdictional |
| Claims                  | Claims outsourcing include claims business process, compliance and modelling support, claims handling and advice.                                                                                                                               | Multi-jurisdictional |

### **B.8 Assessment of governance**

The Board is responsible for ensuring sound governance, that the operational effectiveness of the risk management and control environment is maintained and that effective risk management policies are adhered to within the risk management framework. Risk assessment and evaluation takes place as an integral part of the annual planning and forecasting process, the results of which are reviewed by senior management and the Board. There is also an ongoing program of operational reviews and audits and annual self-assessment of financial controls. The results of these reviews are reported to the Audit Committee, whose purpose is to assist the Board and the ExCo, in the oversight of the effectiveness, adequacy and performance of the Company's internal controls.

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

### **B.9 Any other information**

The Board is responsible for ensuring that the Company keeps adequate accounting records which correctly explain and record the transactions of the Company, and enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy. They are also responsible for safeguarding the assets of the Company and maintaining sufficient information to enable any person charged with the winding up of the Company to take control of those assets. The accounting records are kept at 6th Floor, 20 Kildare Street, Dublin 2.

All material information regarding system of governance is disclosed in sections B.1 - B.8.

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**RISK PROFILE**

## **C. RISK PROFILE**

The Company's risk profile comprises insurance, credit, market, operational, liquidity, strategic and other risks that arise as a result of doing business. Ongoing risk identification activities are in place to identify new, emerging and changing risks to the achievement of the Company's strategy and business objectives. Risk assessment activities are carried out on a regular basis in order to understand the Company's exposure to each risk, through quantitative and/or qualitative measures and inform the Company's own view of risk. The following sections provide definitions of the above risk categories as well as the Company's related risk management practices.

### **C.1 Insurance Risk**

The insurance risk category encompasses underwriting risks in all lines of business including the motor, property, catastrophe, credit and surety, professional lines, liability, agriculture and accident and health classes of treaty and facultative reinsurance business. Insurance risk is the inherent uncertainty as to the occurrence, amount and timing of insurance liabilities transferred to the Company through the underwriting process. The two main components are underwriting risk and reserving risk. Underwriting risk represents the risk that premiums will not be sufficient to cover future incurred losses. Reserving risk represents the risk that loss reserves we have established to cover losses already incurred are insufficient.

#### **C.1.1 Underwriting risk**

##### **Risk Definition**

Underwriting risk represents the risk that premiums will not be sufficient to cover future incurred losses.

##### **Risk Mitigation**

Underwriting risk is managed through the Company's underwriting risk governance framework. A key component of this is the peer review process which allows for a collaborative review of risk and pricing by management, and ensures underwriting is within established protocols and guidelines. Underwriting guidelines are in place to provide a framework for consistent pricing and risk analysis and to ensure alignment to the Company's risk appetite. Limits are set on underwriting capacity, and cascade authority to individuals based on their specific roles and expertise.

Another key component of the Company's mitigation of underwriting risk is the purchase of reinsurance / retrocession protection. AXIS Capital has a centralized Ceded Reinsurance department which coordinates external treaty reinsurance purchasing across the group and is overseen by the Reinsurance Purchasing Group, in conjunction with the Reinsurance Security Committee. The Company also benefits from internal quota share and stop loss agreements with AXIS Specialty Limited ("ASL").

### **Premium (Pricing) Risk**

##### **Risk Definition**

Premiums for (re)insurance contracts are intended to cover expected claim costs, acquisition costs, operating costs, and an adequate level of profit margin commensurate to the risk being assumed. Premium amount is typically agreed upfront, whereas the claim cost materialises over an extended period, especially for liability lines. Social, economic, and legal environment may evolve differently over that period compared to the original expectation. Additionally, inherent variability in claim counts and amounts could result in higher overall claim costs than expected in a given year. These factors could lead to a shortfall in premiums charged at the time of underwriting the policy. Premium risk can increase in times of heightened uncertainty in claim cost trends and at times when demand-supply imbalance results in competitive pricing.

##### **Risk Mitigation**

The Company mitigates premium risk in its portfolio through four main levers. Firstly, it takes a vigilant and cautious approach on claims cost trends, and the Company reviews these assumptions regularly and frequently. Secondly, in some of its contracts the Company include loss and / or exposure adjustment features that flex premium and / or acquisition costs in response to higher than expected exposures and / or claim costs. Thirdly, the Company employ underwriting action and reinsurance protection to minimise volatility in its claims experience by managing aggregation of limits and by maintaining balance between portfolio margin and limits deployed. Most importantly, the Company exercise active cycle management whereby it grows the portfolio at times when pricing is in surplus and it shrinks the portfolio at times when pricing is in deficit.

### **Natural Peril Catastrophe risk**

Natural catastrophes such as earthquakes, hurricanes, storms and floods represent a challenge for risk management due to their accumulation potential and volatility. In managing natural catastrophe risk, the internal risk tolerance framework for the Company aims to limit the impact to the Company's Regulatory SCR coverage ratio from an aggregation of natural peril catastrophe events. The Company make use of vendor models and its own experience and expertise in managing natural peril catastrophe risk.

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### **Man-made Catastrophe Risk**

Consistent with the Company's management of natural peril catastrophe exposures, the Company it takes a similarly focused and analytical approach to the management of man-made catastrophes. For these risks the Company couple the vendor models (where available) with its bespoke modeling and underwriting judgment and expertise. This allows the Company to take advantage of business opportunities related to man-made catastrophe exposures particularly where the Company can measure and limit the risk sufficiently as well as obtain risk-adequate pricing.

#### **Risk Mitigation**

Through the effective monitoring and reporting of accumulation risk, the Company is able to effectively intervene and mitigate risk on a timely basis. The Company also uses reputable catastrophe models to support this monitoring.

Stress and scenario testing is also performed to enhance understanding of the Company's exposure to accumulation risk and measure the potential impact of stress scenarios to the Company's solvency ratios. Stress testing performed covers natural catastrophe and man-made catastrophe exposure. Results are reported to the Risk Management Committee and Board Risk Committee.

### **Special Purpose Vehicles**

In June 2022, AXIS sponsored a catastrophe bond, Northshore Re II Limited, Series 2022-1 which provides the Group with multi-year annual aggregate cover capacity of USD 140 million for U.S. named storms (including Puerto Rico & U.S. Virgin Islands) and U.S. and Canada earthquake events. The risk period is from 1 July 2022 to 30 June 2025.

The catastrophe bond operates on an index trigger and losses are calculated through usage of pay-out factors. The vehicle is fully funded at the inception of the risk period, ensuring full collateralization of the cover throughout the risk period.

In December 2023, AXIS sponsored a new cyber bond, Long Walk Reinsurance Limited, Series 2024-1 which provides the Group with multi-year occurrence capacity of USD 75 million for systemic cyber events. The risk period is from 1 January 2024 to 31 December 2025. The cyber bond operates on an indemnity trigger with losses based on AXIS' original ultimate net loss. The vehicle is fully funded at the inception of the risk period, ensuring full collateralization of the cover throughout the risk period.

### **C.1.2 Reserving Risk**

#### **Risk Definition**

The estimation of loss reserves is subject to uncertainty due to the fact that the settlement of claims that arise before the balance sheet date is dependent on future events and developments. There are many factors that would cause loss reserves to increase or decrease, which include, but are not limited to emerging claims and coverage issues, changes in the legislative, regulatory, social and economic environment and unexpected changes in loss inflation.

#### **Risk Mitigation**

The AXIS Capital reserve framework is designed to ensure that the process of establishing reserves is supported by appropriate governance structure and reserving risk management practices including processes and controls over the reserving cycle and internal and external independent assessment of the adequacy of loss reserves. The Company calculates reserves for losses and loss expenses ("loss reserves") in accordance with actuarial best practice based on substantiated methodologies and assumptions. In addition, the Company has a well established processes in place for determining loss reserves, which the Company ensures are consistently applied. The Company's loss reserving process demands data quality and reliability and requires a quantitative and qualitative review of overall reserves and individual large claims.

### **SCR Coverage Scenario Testing - Insurance Risk**

SII SCR coverage scenario testing is performed on an annual basis to assess the sensitivity of the SCR and the SCR coverage ratio to various scenarios including insurance risk. A summary of the testing performed for insurance risk as at 31 December 2024 is provided in section C.8.

### **dC.2 Credit Risk**

#### **Risk Definition**

Credit risk represents the risk of incurring financial loss due to the diminished creditworthiness (reduced financial strength and, ultimately, possible default) of the Company's third party counterparties. The key areas of exposure to credit risk for the Company are in relation to its investment portfolio, reinsurance program, amounts due from policyholders and intermediaries, and credit risk assumed through reinsurance contracts such as Credit and Surety business

#### **Risk Mitigation**

As part of the Company's Credit Risk Framework, credit risk limits are assigned which are based on and adjusted according to a variety of factors including the prevailing economic environment and the nature of underlying credit exposures.



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**RISK PROFILE**

**C.2 Credit Risk (continued)**

***Investment portfolio***

The Company is exposed to potential losses arising from the diminished creditworthiness of issuers of bonds as well as third party counterparties such as custodians. Exposure to such credit risk is limited through diversification, issuer exposure limitation and, with respect to custodians, through contractual and other legal remedies.

The fixed term maturity portfolio represents approximately USD 770.0 million or 15.8 % of the Company's total assets (2023: USD 1,065.4 million or 22.6% of its total assets). The credit ratings of fixed term maturities are shown below at 31 December 2024 and 31 December 2023.

|               | <b>2024</b>     | <b>2023</b>      |
|---------------|-----------------|------------------|
|               | <b>USD '000</b> | <b>USD '000</b>  |
| <b>Rating</b> |                 |                  |
| AAA           | 17,209          | 17,156           |
| AA            | 394,656         | 547,715          |
| A             | 144,432         | 233,117          |
| BBB           | 77,366          | 164,634          |
| Below BBB     | 136,365         | 102,780          |
|               | <b>770,028</b>  | <b>1,065,402</b> |

The methodology for assigning credit ratings to fixed term maturities is in line with the methodology used for the Barclays U.S Aggregate Bond Index. This methodology uses the middle of Standard & Poor's (S&P), Moody's and Fitch ratings. When ratings from only two of these agencies are available, the lower rating is used.

The Company also has credit risk relating to cash and cash equivalents. Cash and cash equivalents consists of cash at bank and investment in money market funds. In order to mitigate concentration and operational risks related to cash and cash equivalents, the maximum amount of cash that can be deposited with a single counterparty is limited and the Company invests in acceptable counterparties based on current rating, outlook and other relevant factors.

The table below provides a breakdown of the Company's cash and cash equivalents by credit rating at 31 December 2024 and 31 December 2023:

|               |                      | <b>2024</b>     | <b>2023</b>     |
|---------------|----------------------|-----------------|-----------------|
|               |                      | <b>USD '000</b> | <b>USD '000</b> |
| <b>Rating</b> | <b>Rating Agency</b> |                 |                 |
| AAA           | S&P                  | 25,848          | 43,640          |
| P-1           | Moody's              | 605,433         | 33,389          |
|               |                      | <b>631,281</b>  | <b>77,029</b>   |

The increase in cash and cash equivalents is offset by a reduction in financial investments as investments were liquidated in advance of year end to fund a material retrospective reinsurance agreement that is due to close during the first half of 2025.

**Reinsurance recoverable assets**

As a result of its reinsurance / retro purchasing activities the Company is exposed to the credit risk of a reinsurer failing to meet its obligations under the reinsurance contracts. To help mitigate this, all reinsurance purchasing is subject to financial security requirements specified by the Reinsurance Security Committee ("RSC"). The RSC maintains a list of approved reinsurers, reviews credit risk assessments for potential new reinsurers, regularly monitors approved reinsurers with consideration for events which may have a material impact on their creditworthiness, recommends counterparty limits for different types of ceded business and monitors concentrations of credit risk. This assessment considers a wide range of individual attributes, including a review of the counterparty's financial strength, industry position and other qualitative factors. Generally, the RSC requires reinsurers who do not meet specified requirements to provide collateral.

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## **C.2 Credit Risk (continued)**

### ***Investment portfolio (continued)***

The table below provides a breakdown of the Company's reinsurance recoverable balances (including provision for ceded unearned premium) by credit rating. As at 31 December 2024 and 31 December 2023:

|               | <b>2024</b>             | <b>2023</b>             |
|---------------|-------------------------|-------------------------|
|               | <b>USD '000</b>         | <b>USD '000</b>         |
| <b>Rating</b> |                         |                         |
| A++           | 1,036                   | 983                     |
| A+            | 53,846                  | 56,116                  |
| A             | 2,152,326               | 2,248,741               |
| A-            | 71,098                  | 87,586                  |
| B++           | 3,345                   | 3,691                   |
| Not rated     | 45,550                  | 27,867                  |
|               | <b><u>2,327,201</u></b> | <b><u>2,424,984</u></b> |

The A balance includes USD 2,116.9 million (2023: USD 2,204.3 million) recoverable from ASL, a related party.

### ***Premium receivables***

The largest credit risk exposure to receivables is from brokers and other intermediaries; the risk arises where they collect premiums from customers on behalf of the Company. There are policies and standards in place to manage and monitor credit risk from intermediaries with a focus on day-to-day monitoring of the largest positions and overdue debt collection.

### ***Underwriting portfolio***

The Company provides reinsurance of credit and bond insurers exposed to the risks of financial loss arising from non-payment of trade receivables covered by a policy (credit insurance) or non-performance (bonding). The Company's credit reinsurance exposures are concentrated primarily within developed economies, while the surety bond exposures are concentrated primarily within Latin American and developed economies. The underlying risk associated with the Company's credit related business is governed through the underwriting risk management framework described in note C1.1.

### **SCR Coverage Scenario Testing - Credit Risk**

SII SCR Coverage scenario testing is performed on an annual basis to assess the sensitivity of the SCR and the SCR coverage ratio to various scenarios including credit risk. A summary of the testing performed as at 31 December 2024 is provided in section C.8.

## **C.3 Market Risk**

### **Risk Definition**

Market risk is the risk that the Company's financial instruments may be negatively impacted by movements in financial market prices or rates such as securities' prices, interest rates, credit spreads and foreign currency exchange rates. Fluctuations in market prices or rates primarily affect the Company's investment portfolio.

Through asset and liability management, the Company aims to ensure that market risks influence both the economic value of investments and loss reserves, and other liabilities in the same way, thus mitigating the effect of market fluctuations. For example, important features of liabilities are reflected, such as maturity patterns and currency structures, on the assets side of the balance sheet by acquiring investments with similar characteristics.

Asset-liability management is supplemented with various internal policies and limits. As part of the annual Strategic Asset Allocation process, whereby target allocations for the various asset classes are set for the forthcoming period, different strategic asset classes are simulated and stressed to evaluate the 'optimal' portfolio (given return objectives and risk constraints). The management of asset classes is centralized to control aggregation of risk and provide a consistent approach to constructing portfolios as well as the selection process of external asset managers. Limits are set on the concentration of investments by single issuers and certain asset classes, and the Company limit the level of illiquid investments.

Investment portfolios are stress tested using historical and hypothetical scenarios to analyze the impact of unusual market conditions and to ensure potential investment losses remain within risk appetite.

The company mitigates foreign currency risk by seeking to match estimated liabilities payable in foreign currencies with assets, including cash and investments that are denominated in the same currencies.



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**C.3 Market Risk (continued)**

**Risk Definition(continued)**

The Balance Sheet includes a substantial amount of assets whose fair values are subject to market risks. The following sections provide information on the primary market risk exposures at 31 December 2024. The Company does not currently anticipate significant changes in primary market risk exposures or in how those exposures are managed in future reporting periods based upon what is known or expected to be in effect in future reporting periods.

***Equity price risk***

The portfolio of equity securities has exposure to equity price risk. This risk is defined as the potential loss in fair value resulting from adverse changes in Securities prices. The global equity portfolio is managed to a benchmark composite index, which consists of a blend of the S&P500 and MSCI World Indices. Changes in the underlying indices have a corresponding impact on the overall portfolio.

***Interest rate and credit spread risk***

Interest rate risk includes fluctuations in interest rates and credit spreads that have a direct impact on the fair value of fixed term maturities. As interest rates rise and credit spreads widen, the fair value of fixed term maturities falls, and the converse is also true.

Sensitivity to interest rate changes and credit spread changes is monitored by revaluing fixed maturities using a variety of different interest rates (inclusive of credit spreads). Duration and convexity is used at the security level to estimate the change in fair value that would result from a change in each security's yield. Duration measures the price sensitivity of an asset to changes in yield rates. Convexity measures how the duration of the security changes with interest rates. The duration and convexity analysis takes into account changes in prepayment expectations for MBS and ABS securities. The analysis is performed at the security level and aggregated up to the asset category levels for reporting.

***Foreign exchange risk***

Foreign exchange or currency risk represents the risk that the fair value of future cash flows, assets and liabilities will fluctuate because of changes in foreign exchange rates. Foreign exchange risk is managed by seeking to match the estimated insurance liabilities payable in foreign currencies with assets, including cash and investments that are also denominated in such currencies. Foreign Currency derivatives are utilized to manage and reduce open currency exposures reported on the company's quarter end balance sheets and as a result reduce FX exposures and associated currency risk charges under Solvency II.

The table below provides a breakdown of the Company's exposure to foreign currencies at 31 December 2024 and 31 December 2023

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**Foreign exchange risk(continued)**

| <b>As at 31 December 2024</b>                                                                                  | <b>GBP</b>      | <b>INR</b>      | <b>EUR</b>      | <b>BRL</b>      | <b>ILS</b>      | <b>AUD</b>     | <b>Other</b>    | <b>Total</b>     |
|----------------------------------------------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|-----------------|------------------|
|                                                                                                                | <b>USD'000</b>  | <b>USD'000</b>  | <b>USD'000</b>  | <b>USD'000</b>  | <b>USD'000</b>  | <b>USD'000</b> | <b>USD'000</b>  | <b>USD'000</b>   |
| Invested assets                                                                                                | 179,778         | —               | 303,893         | —               | —               | 23,746         | 17,953          | 525,370          |
| Other net assets/(liabilities)                                                                                 | (230,918)       | (47,833)        | (256,790)       | (27,474)        | (16,527)        | (10,290)       | (39,780)        | (629,612)        |
| <b>Total Foreign Currency Exposure</b>                                                                         | <b>(51,141)</b> | <b>(47,833)</b> | <b>47,104</b>   | <b>(27,474)</b> | <b>(16,527)</b> | <b>13,456</b>  | <b>(21,827)</b> | <b>(104,241)</b> |
| Total Derivative Amount                                                                                        | 32,890          | —               | (62,573)        | —               | —               | —              | 9,482           | (20,201)         |
| <b>Net Foreign Currency Exposure</b>                                                                           | <b>(18,251)</b> | <b>(47,833)</b> | <b>(15,469)</b> | <b>(27,474)</b> | <b>(16,527)</b> | <b>13,456</b>  | <b>(12,345)</b> | <b>(124,443)</b> |
| Pre-tax impact of net foreign currency exposure on shareholders' equity given a hypothetical 10% rate movement | (1,825)         | (4,783)         | (1,547)         | (2,747)         | (1,653)         | 1,346          | (1,235)         | (12,444)         |

| <b>31 December 2023</b>                                                                                        | <b>GBP</b>      | <b>INR</b>      | <b>EUR</b>     | <b>BRL</b>      | <b>ILS</b>      | <b>AUD</b>      | <b>Other</b>    | <b>Total</b>     |
|----------------------------------------------------------------------------------------------------------------|-----------------|-----------------|----------------|-----------------|-----------------|-----------------|-----------------|------------------|
|                                                                                                                | <b>USD'000</b>  | <b>USD'000</b>  | <b>USD'000</b> | <b>USD'000</b>  | <b>USD'000</b>  | <b>USD'000</b>  | <b>USD'000</b>  | <b>USD'000</b>   |
| Invested assets                                                                                                | 146,832         | —               | 339,681        | —               | —               | 497             | 10,423          | 497,433          |
| Other net assets/liabilities                                                                                   | (222,380)       | (34,229)        | (291,803)      | (19,972)        | (15,056)        | (12,680)        | (40,562)        | (636,683)        |
| <b>Total Foreign Currency Exposure</b>                                                                         | <b>(75,548)</b> | <b>(34,229)</b> | <b>47,878</b>  | <b>(19,972)</b> | <b>(15,056)</b> | <b>(12,182)</b> | <b>(30,139)</b> | <b>(139,250)</b> |
| Total Derivative Amount                                                                                        | 71,358          | —               | (33,009)       | —               | —               | 18,247          | 2,799           | 59,394           |
| <b>Net Foreign Currency Exposure</b>                                                                           | <b>(4,190)</b>  | <b>(34,229)</b> | <b>14,869</b>  | <b>(19,972)</b> | <b>(15,056)</b> | <b>6,065</b>    | <b>(27,340)</b> | <b>(79,855)</b>  |
| Pre-tax impact of net foreign currency exposure on shareholders' equity given a hypothetical 10% rate movement | (419)           | (3,423)         | 1,487          | (1,997)         | (1,506)         | 606             | (2,734)         | (7,985)          |

**SCR Coverage Scenario Testing - Market Risk**

SII SCR Coverage scenario testing is performed on an annual basis to assess the sensitivity of the SCR and the SCR coverage ratio to various scenarios including market risk. A summary of the testing performed as at 31 December 2024 is provided in section C.8.

**C.4 Prudent person principle and investments**

The Company is required to invest in assets in accordance with the 'prudent person principle'. As part of its prudent person approach, when the Company invests its assets it considers the following:

- (a) the type of business carried on by the Company, in particular the nature, the amount and the duration of the expected claims payments, in such a way as to secure sufficiency, liquidity, security, quality, profitability and matching of the Company's investments,
- (b) diversification and adequate spread of assets so as to enable appropriate response to changing economic circumstances, in particular developments in the financial markets and real estate markets or large impact catastrophic events,
- (c) keeps to a prudent level of investments in assets that are not traded on a regulated financial market,
- (d) proper diversification of the assets so as to avoid excessive reliance on any particular asset, issuer or group of undertakings and accumulations of risk in the portfolio as a whole,
- (e) not invest in assets issued by the same issuer, or by issuers belonging to the same group, in such a way as to expose the undertaking to excessive risk concentration; and
- (f) assess the impact of irregular market circumstances on its assets and diversify those assets to ensure that the impact is reduced.

The Company may invest in derivative instruments to the extent that they help to reduce investment risks or facilitate efficient portfolio management. However, the Company shall value those investments on a prudent basis, taking into account the underlying assets and must include a valuation of the relevant institution's assets. The Company will also avoid excessive risk exposure to a single counterparty and to other derivative operations.

The requirements specified in paragraph (d) and (e) above do not apply to investment in government bonds.

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### **C.5 Liquidity Risk**

#### **Risk Definition**

Liquidity risk represents the risk that the Company may not have sufficient financial resources to meet obligations when they fall due or would have to incur excessive costs to do so. As an insurer, the core business generates liquidity primarily through premium, investment income and the maturity/sale of investments. Exposure to liquidity risk stems mainly from the need to cover potential extreme loss events.

#### **Risk mitigation**

The Company aims to ensure it maintains adequate liquidity to meet its liquidity needs under both normal and stressed conditions.

To manage liquidity risk, a range of liquidity policies and measures are in place including maintaining cash and cash equivalents and high quality, liquid investment portfolios to meet expected outflows, as well as those that could result from a range of potential stress events. Forecasts are also prepared regularly to predict required liquidity levels over both the short-and medium-term.

In addition, there are internal limits on the minimum percentage of the investment portfolio to mature within a defined timeframe. The Company further undertakes stress testing to ensure that it would be able to withstand extreme loss events and still remain liquid.

#### **Expected profit in future premium**

The expected profit included in future premiums is calculated as the difference between the technical provisions with a risk margin and a calculation of the technical provisions without a risk margin under the assumption that the premiums relating to existing insurance and reinsurance contracts that are expected to be received in the future are not received for any reason other than the insured event having occurred, regardless of the legal or contractual rights of the policyholder to discontinue the policy. At 31 December 2024, the expected profit in future premiums net of reinsurance is USD 29.7 million (2023: USD 25.1 million).

### **C.6 Operational Risk**

#### **Risk Definition**

Operational risk represents the risk of both financial and non-financial loss as a result of inadequate or failed processes, system failures, human error or external events. This includes, but is not limited to, direct or indirect financial loss, reputational damage, customer dissatisfaction, and/or legal and regulatory penalties. .

#### **Risk mitigation**

The Risk Function is responsible for coordinating and overseeing a group-wide framework for operational risk management. As part of this oversight, the Risk Function facilitates the identification, assessment and management of key operational risks through several processes, risk assessments, operational risk events and various stress testing exercises.

The Risk Function manages transaction type operational risks through the application of process controls through out its business.

The Risk Register is used as a detailed repository of each of the key drivers of risk the Company is exposed to, along with the key controls and KRIs that are in place to maintain the level of risk within the defined risk appetite. There is a quarterly certification process to manage this, whereby control owners confirm the performance of the controls and identify any issues to be followed up. Risk assessments are undertaken annual to test and verify the accuracy and completeness of the mitigation measures in place.

The Risk Function also maintains an operational risk event database (containing both actual events as well as near misses) help monitor and analyze potential operational risk issues, identify any trends, and, where necessary, put in place improvement actions to avoid occurrence or recurrence of operational events.

The Risk Function further supplements this with thematic deep dive reviews to identify the key drivers of risk and review and challenge the appropriateness of current mitigation strategies and make recommendations for improvement.

The Risk Function has specific processes and systems in place to focus on high priority operational matters, such as managing business resilience, information security, and third-party vendor risk, which are described below:

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**C.6 Operational Risk (Continued)**

**Risk Mitigation (Continued)**

- Major failures and disasters that could cause a severe disruption to working environments, facilities, and personnel, represent a significant operational risk to our business. Our Business Continuity Management framework strives to protect critical business services and the functions that support these business services from these effects to enable us to carry out our core tasks in time and at the quality required.
- We have developed a number of Information Technology ("IT") platforms, applications and security controls to support our business activities worldwide. Dedicated security standards are in place for our IT systems to ensure the proper use, availability and protection of our information assets.
- We have enhanced our governance processes for governance and prioritization of projects, to ensure greater transparency of decision-making process, alignment of teams working on the same projects, consistency of approach and alignment to strategy.
- Our use of third-party vendors exposes us to a number of increased operational risks, including the risk of security breaches, fraud, non-compliance with laws and regulations or internal guidelines and inadequate service. We manage material third-party vendor risk, by, among other things, performing a thorough risk assessment on potential large vendors, reviewing a vendor's financial stability, ability to provide ongoing service and business resilience planning.

**C.7 Other material risks**

Inflation

The Company's balance sheet is exposed to changes in economic and social inflation. Unexpected inflation movements can have an impact on the valuation of the Company's insurance liabilities and on the adequacy of pricing, as well as on investment valuations and the ability to match durations between assets and liabilities. In addition, to the extent that unanticipated higher inflation in different geographies leads to currency fluctuations, the Company may also experience increased volatility on foreign exchange gains and losses.

The Company has undertaken extensive activity to ensure that all elements of the Company's risk profile which are impacted by inflation are being properly managed and that valuations on the Company's balance sheet take into account the most up-to-date assumptions on current and future inflation rates.

Climate change

The Company is potentially exposed to different aspects of climate risk, specifically, physical, liability and transition risks, across our underwriting and investment portfolio as well as its operations as a result of climate change.

Physical risks describe weather-related events and longer-term shifts in climate, and emanate primarily from underwriting of property insurance and reinsurance. Climate change may expose the Company to an increased frequency and/or severity of these weather-related losses, and there is a risk that the Company's pricing of these perils or its management of the associated aggregations does not or will not appropriately allow for changes in climate. Over the longer term, climate change may have an impact on the economic viability of certain lines of business, if suitable adjustments in price and coverage cannot be achieved.

Additionally, catastrophic events and the effects of climate change could result in increased credit exposure to reinsurers and other counterparties with whom the Company transacts business, declines in the value of investments the Company holds and disruptions to the Company's physical infrastructure, systems, networks and operations.

Changes in security asset prices such as real estate, stocks and long-term bonds may impact the value of our investments, resulting in realized or unrealized losses on our invested assets. Climate-related risks to security asset prices can include, but are not limited to: (i) changes in supply/demand characteristics for fossil fuels (e.g., coal, oil, natural gas); (ii) advances in low-carbon technology and renewable energy development; (iii) effects of extreme weather events on the physical and operational exposure of issuers; and the (iv) transition that these companies make towards addressing climate risk in their own businesses.

The Company may also be exposed to liability risks. Liability risks relate to losses or damages suffered by the Company's insured from physical or transition risks, such as losses stemming from climate-related litigation in liability lines. These risks could arise from management and boards not fully considering or responding to the impacts of climate change, or not appropriately disclosing current and future risks.

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### **C.7 Other material risks (Continued)**

There is additionally a risk that certain elements of the Company's business cease to be viable as a result of climate change "transition" risks, which relate to losses driven by changes in technology, measures adopted by governments and regulators to encourage and support this transition, and society as a whole adapting to a lower-policy, legal, technological, and market changes to address climate risks and include changes in consumer behavior, shareholder preferences, and any additional regulatory and legislative requirements. During 2024 the Company, in collaboration with AXIS Group, increased its focus on resourcing and planning for reporting under the Corporate Sustainability Reporting Directive (CSRD) and EU Taxonomy. In February 2025, as part of its Omnibus proposal, the European Commission announced changes to the scope and reporting timelines for specific firms under this regulation. Given the proximity of this announcement to the report date, AXIS are still assessing the impacts of the Omnibus proposal and whether the Company is in scope of CSRD under the new rules, and will adjust its pre-existing CSRD project plan in due course.

AXIS Capital, has in place a "Environmental Working Group" which includes representation from the Company, to ensure that the potential risks and opportunities from climate change are identified and then managed in line with the standard risk management framework. In line with CBI guidance, a Climate change materiality assessment is undertaken annually to assess the potential impacts of climate change on its operations and develop appropriate monitoring methodologies.

Given the Company benefits from a number of group level climate change initiatives, as well as a more a specific local climate change strategy within Europe, the Company believe that the current business model and strategy is appropriate, given the outcome of the Company's most recent materiality assessment. The Company fully recognises this is an iterative process and the Company will continue to evolve its work and revisit this conclusion as more data becomes available. The Company have introduced enhanced climate risk reporting mechanisms to facilitate monitoring of the Company climate change risk and compliance with AXIS Capital commitments.

Effective 2020, AXIS Capital ceased underwriting risks for (and investing in the securities of) companies whose primary activity relates to thermal coal mining or power generation, or tar sands extraction, and in 2021, AXIS Capital announced a commitment to not underwrite new insurance or facultative reinsurance contracts, or provide investment support, for projects covering the exploration, production or transportation of oil and gas in the Arctic National Wildlife Refuge.

AXIS Capital has committed to fully phasing out thermal coal from its insurance and facultative reinsurance portfolios no later than 2030 in OECD countries and 2040 globally. Additionally, by the end of 2025, AXIS Capital has committed to phasing out any existing investments in companies in the thermal coal or oil sands industries that exceed its policy thresholds in its fossil fuel policy.

If Axis is unable to achieve its objectives relating to climate change or the current response to climate change is perceived to be ineffective or insufficient, or the way Axis responds is perceived negatively, its business and reputation may suffer. In addition, there remains a risk that Axis financial condition or operating performance may be impacted by changes in its business model arising from climate change transition and by the performance of strategies Axis puts in place to manage this transition.

Further details on Group wide energy and carbon reduction initiative is documented in the Corporate Citizenship section of the AXIS Capital Holdings Annual Report.

#### Current Wars/Conflicts

The Company has some limited exposure to losses resulting from acts of terrorism, political unrest and geopolitical instability, including, but not limited to, events related to Russia's invasion of Ukraine and conflict in the Middle East and in many regions of the world. Russia's invasion of Ukraine continues to have a profound impact on energy markets, particularly in Europe, which is impacting and may continue to impact economic conditions and investment returns. Some classes of business underwritten by the Company, notably Credit and Surety risks may also be impacted beyond loss reserves already established for these events.

#### Reinsurance Purchasing

The Company purchase both internal and external reinsurance for its insurance and reinsurance operations in order to mitigate the volatility of losses on its financial results. From time to time, market conditions have limited, and in some cases have prevented, insurers and reinsurers from obtaining the types and amounts of reinsurance that they consider adequate for their business needs. There is no guarantee that the Company's desired amounts of reinsurance or retrocessional reinsurance will be available in the marketplace in the future. In the current environment, the Company's ability to renew its current reinsurance or retrocessional reinsurance arrangements or obtain desired amounts of new or replacement coverage on favorable terms may be substantially reduced as a result of the impact of inflation, industry catastrophic losses to reinsurer capital and the appetite for certain lines of business.

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## **C.7 Other material risks (continued)**

### Reinsurance Purchasing (continued)

In addition to capacity risk, the remaining capacity may not be on terms the Company deems appropriate or acceptable or with companies with whom it wants to do business. If the Company is unable to renew its current reinsurance or retrocessional reinsurance or purchase new or replacement coverage on favorable terms or at all, the amount of business the Company is willing to write may be limited, the protection from losses due to large loss events may be materially reduced, or its regulatory capital requirements may significantly increase.

AXIS Capital business planning process and associated outwards planned reinsurance programme is undertaken cognisant of the reinsurance market environment and adjusted accordingly. Where the Company believe that outwards reinsurance may not be available in terms of overall limit or pricing in order to remain within its stated underwriting risk appetite on a prospective basis, the Company may consider gross portfolio reductions to ensure continued compliance with such limits.

### Pandemics or other outbreaks of contagious diseases

The spread of COVID-19 and mitigating measures caused unprecedented disruptions to the global economy and normal business operations across sectors and countries, including the sectors and countries in which it operates. A resurgence of the COVID-19 outbreak, as a result of new variants, or future pandemics or other outbreaks of contagious diseases may result in similar or worse economic implications and business disruptions. The impact of pandemic events is something that continues to be monitored through the Company's exposure management and emerging risk frameworks.

### Emerging claim and coverage issues

As industry practices and legal, judicial, social, political, technological and other environmental conditions change, unexpected issues related to claims and coverage may emerge. These issues may adversely affect the Company's business by either extending coverage beyond the underwriting intent or by increasing the frequency and/or severity of claims. The Company continues to be disciplined and vigilant in its management of this risk.

### Cyber

Risks from cybersecurity threats are dynamic and fast evolving, and could be exacerbated by geopolitical tensions, including hostile actions taken by nation-states and terrorist organizations. There is a risk that increases in the frequency and severity of cybersecurity incidents affecting the Company, its clients, or its third-party service providers could materially adversely affect the Company's results of operations, financial condition or liquidity. The losses incurred from these risks are also dependent on its clients' and its third-party service providers' cybersecurity practices and defenses, as well as how policy terms and conditions interact with the evolving threat landscape. In addition, the Company's exposure to cybersecurity incidents potentially includes exposure through "non-affirmative" coverages, meaning risks and potential losses associated with policies where cybersecurity risk is not explicitly included or excluded in the policy terms and conditions. As this is a relatively new risk, even in cases where losses from cybersecurity incidents are explicitly excluded, there can be no assurance that a court or arbitration panel will interpret policy language in line with the intention of the exclusion. The Company continuously monitors the threat of attempted cyber and other security attacks in order to prevent, detect, address and mitigate the risk of threats to its data and systems.

AXIS Capital has made significant developments to its cyber exposure management framework in recent years. Stochastic models and deterministic scenarios have been developed in order to facilitate the understanding and monitoring of exposures to cyber underwriting events.

## **C.8 Any other information**

### **Sensitivity testing**

SII SCR Coverage sensitivity testing is performed on an annual basis to assess the sensitivity of the SCR and the SCR coverage ratio to various scenarios stressing the Company's material risks. A summary of the sensitivity testing results has been provided by risk category below. No future management actions are assumed in any of the scenarios. A number of sensitivity tests resulted in a breach of the Company's Own Solvency Needs however they all remained above the 100% SCR coverage ratio, the base line coverage ratio of 140% at year-end is expected to increase above 150% once the retrospective reinsurance agreement is closed in the first half of 2025.

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**C.8 Any other information (continued)**  
**Sensitivity testing (continued)**

| Sensitivity                                   | Description                                                                                                                     | Risk Category             | SCR Impact (USD'm) | SCR post shock (USD'm) | SCR Coverage |
|-----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|---------------------------|--------------------|------------------------|--------------|
| <b>Baseline</b>                               | <b>Based on 2024 Annual SCR</b>                                                                                                 |                           | 481                |                        | 140 %        |
| <u>Higher growth than planned during 2025</u> | <u>Net Earned Premium increase by 10% across all lines</u>                                                                      | <u>Insurance Risk</u>     | <u>15</u>          | <u>496</u>             | <u>136 %</u> |
| Reserve deterioration in long tail lines      | 20% increase Net Claims Provisions for long-tail lines                                                                          | Insurance Risk            | 28                 | 509                    | 127 %        |
| Credit spreads widening                       | Widening by 100bps for Investment Grade & 400bps for High Yield                                                                 | Market Risk               | 15                 | 496                    | 122 %        |
| Premiums Receivable                           | Increase proportion of > 90 days aged debt by 50%.                                                                              | Counterparty Default Risk | 5                  | 486                    | 138 %        |
| Reinsurance counterparties downgrade          | Reinsurer downgrade (all RI counterparties one credit rating notch downgrade except ASL where credit quality step reduced by 1) | Counterparty Default Risk | 73                 | 554                    | 118 %        |
| Yield curve movement                          | Yield curve movement up by 1%                                                                                                   | Multiple Risks            | (9)                | 472                    | 140 %        |
| Yield curve movement                          | Yield curve movement down by 1%                                                                                                 | Multiple Risks            | 15                 | 496                    | 136 %        |

In the event of a breach, the Company has a number of ways by which it can manage its solvency coverage and ensure that it returns within target. This includes changing gross exposures or external reinsurance arrangements, changing the internal reinsurance arrangements or other traditional forms of capital management (e.g. capital injections, cease dividend payments etc.).

All material information regarding the Company's risk profile is disclosed in sections C.1 - C.8.

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**D. VALUATION FOR SOLVENCY PURPOSES**

The Company's financial statements including the balance sheet have been prepared under the historical cost convention, as modified by the inclusion of certain investments at fair value and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and FRS 103 "Insurance Contracts" ("FRS 103") issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland, and comply with the Companies Act 2014 and the European Union (Insurance Undertakings: Financial Statements) Regulations, 2015.

The Solvency II Balance Sheet recognises assets and liabilities in conformity with the international accounting standards adopted by the Commission in accordance with Regulation (EC) No 1606/2002 (IFRS as adopted by the EU) unless otherwise stated within Solvency II.

**D.1 Assets**

|                                                            | <b>Solvency II</b> | <b>GAAP</b>      | <b>Difference</b> |                        |
|------------------------------------------------------------|--------------------|------------------|-------------------|------------------------|
|                                                            | <b>2024</b>        | <b>2024</b>      | <b>2024</b>       |                        |
|                                                            | <b>USD'000</b>     | <b>USD'000</b>   | <b>USD'000</b>    | <b>Adjustment Type</b> |
| <b>Deferred acquisition costs</b>                          | —                  | 16,728           | (16,728)          | Valuation              |
| <b>Deferred tax asset</b>                                  | 413                | —                | 413               | Valuation              |
| <b>Property, plant &amp; equipment held for own use</b>    | 2,319              | 5,923            | (3,604)           | Valuation              |
| Holdings in related undertakings, including participations | 96                 | 96               | —                 |                        |
| Government Bonds                                           | 344,778            | 344,986          | (208)             | Reclassification       |
| Corporate Bonds                                            | 924,742            | 379,179          | 545,563           | Reclassification       |
| Collateralised securities                                  | 46,204             | 45,863           | 341               | Reclassification       |
| Collective Investments Undertakings                        | 389,007            | 134,573          | 254,434           | Reclassification       |
| Derivatives                                                | 480                | —                | 480               | Reclassification       |
| Deposits other than cash equivalents                       | 5,000              | —                | 5,000             | Reclassification       |
| Other investments                                          | 20,394             | 354,862          | (334,468)         | Reclassification       |
| Other loans and mortgages                                  | 76,791             | —                | 76,791            | Reclassification       |
| <b>Investments</b>                                         | <b>1,807,491</b>   | <b>1,259,558</b> | <b>547,933</b>    |                        |
| <b>Deposits to cedants</b>                                 | <b>71,786</b>      | <b>71,786</b>    | <b>—</b>          |                        |
| <b>Insurance and intermediaries receivables</b>            | <b>46,328</b>      | <b>471,809</b>   | <b>(425,481)</b>  | Valuation              |
| <b>Reinsurance receivables</b>                             | <b>6,057</b>       | <b>6,057</b>     | <b>—</b>          |                        |
| <b>Cash and cash equivalents</b>                           | <b>13,037</b>      | <b>586,922</b>   | <b>(573,885)</b>  | Reclassification       |
| <b>Any other assets, not elsewhere shown</b>               | <b>52,706</b>      | <b>24,300</b>    | <b>28,406</b>     | Reclassification       |
|                                                            | <b>2,000,138</b>   | <b>2,443,083</b> | <b>(442,946)</b>  |                        |



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**D.1 Assets (continued)**

|                                                            | <b>Solvency II</b> | <b>GAAP</b>      | <b>Difference</b> |                        |
|------------------------------------------------------------|--------------------|------------------|-------------------|------------------------|
|                                                            | <b>2023</b>        | <b>2023</b>      | <b>2023</b>       |                        |
|                                                            | <b>USD'000</b>     | <b>USD'000</b>   | <b>USD'000</b>    | <b>Adjustment Type</b> |
| <b>Deferred acquisition costs</b>                          | —                  | 15,626           | (15,626)          | Valuation              |
| <b>Property, plant &amp; equipment held for own use</b>    | 3,390              | 7,201            | (3,811)           | Valuation              |
| Holdings in related undertakings, including participations | 96                 | 96               | —                 |                        |
| Government Bonds                                           | 436,089            | 438,657          | (2,568)           | Reclassification       |
| Corporate Bonds                                            | 529,240            | 518,300          | 10,940            | Reclassification       |
| Collateralised securities                                  | 108,809            | 108,445          | 364               | Reclassification       |
| Collective Investments Undertakings                        | 434,693            | 136,871          | 297,822           | Reclassification       |
| Derivatives                                                | 366                | —                | 366               | Reclassification       |
| Deposits other than cash equivalents                       | 5,000              | —                | 5,000             | Reclassification       |
| Other investments                                          | 16,550             | 386,427          | (369,877)         | Reclassification       |
| Other loans and mortgages                                  | 69,120             | —                | 69,120            | Reclassification       |
| <b>Investments</b>                                         | <b>1,599,962</b>   | <b>1,588,795</b> | <b>11,167</b>     |                        |
| <b>Deposits to cedants</b>                                 | <b>91,397</b>      | <b>91,397</b>    | <b>—</b>          |                        |
| <b>Insurance and intermediaries receivables</b>            | <b>41,060</b>      | <b>436,778</b>   | <b>(395,718)</b>  | Valuation              |
| <b>Reinsurance receivables</b>                             | <b>29,601</b>      | <b>29,601</b>    | <b>—</b>          |                        |
| <b>Cash and cash equivalents</b>                           | <b>13,249</b>      | <b>14,270</b>    | <b>(1,021)</b>    | Reclassification       |
| <b>Any other assets, not elsewhere shown</b>               | <b>9,057</b>       | <b>18,710</b>    | <b>(9,653)</b>    | Reclassification       |
|                                                            | <b>1,787,714</b>   | <b>2,202,378</b> | <b>(414,662)</b>  |                        |

Reclassification for solvency purposes are differences in classifications of balances between GAAP and Solvency II balance sheet line items. Valuation adjustments are valuation differences between GAAP and Solvency II measurement methodologies.

**D.1.1 Deferred acquisition costs**

Acquisition costs vary with and are directly related to the acquisition of insurance and reinsurance contracts and consist primarily of fees and commissions paid to brokers and premium taxes.

Under Solvency II, cash flow projections used in the calculation of Solvency II technical provisions include acquisition costs associated with reinsurance contracts. Deferred acquisition costs are valued at nil in order to avoid double counting as acquisition costs are considered in the Solvency II technical provision calculations.

Under GAAP, acquisition costs are deferred over the period during which the Company is exposed to the underlying risk which is generally one to two years with the exception of multi year contracts.

**D.1.2 Deferred tax**

Certain GAAP assets and liabilities are restated in accordance with SII valuation rules. The restated assets and liabilities are analysed for permanent differences arising between SII restated accounts and tax accounts. All material differences are considered and deferred tax is provided on any temporary differences arising. Current tax legislation and rates are applied to calculate the deferred tax. Deferred tax assets and liabilities are presented net on the face of the SII Balance Sheet.

Under GAAP, deferred taxation is calculated on the differences between the Company's taxable profits and the results as stated in the financial statements. These differences arise as a result of timing differences on unrealised gains and losses on investments and capital allowances. Deferred tax assets and liabilities are offset when taxes are levied by the same taxation authority and when there is a legally enforceable right to offset them.

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### **D.1.3 Property, plant and equipment**

Property, plant and equipment includes lease "right of use" assets, software, computer equipment, fixtures & fittings and leasehold improvements.

Under Solvency II, operating leases are measured in accordance with IFRS 16 with a right of use asset and lease liability recognised in the Balance Sheet. Under GAAP, rent payable under operating leases is charged on a straight-line basis over the term of the lease. The "right of use" lease asset is included in Property, plant & equipment.

Under GAAP, property, plant and equipment is measured at cost less depreciation. The Company provides depreciation at cost less estimated residual value in equal instalments over the estimated useful lives of the assets.

Software, computer equipment, fixture & fittings and leasehold improvements are valued at nil on the SII economic balance sheet as an active secondary market does not exist to provide appropriate fair value estimations.

### **D.1.4 Investments**

The Company's investments comprise debt, equity and other investments.

Under Solvency II, investments are measured in accordance with IAS 39 at fair value through profit & loss. Fair value measurement is consistent with GAAP except for the recognition of accrued interest. Under Solvency II, accrued interest is included in the valuation of debt and cash instruments. Under GAAP, accrued interest is recognised separately in 'Any other assets'.

#### *Fair Value Measurement*

Under GAAP, investments are measured in accordance with FRS 102 section 11 and section 12. The Company determines the classification of its investments at initial recognition. The Company classifies its investments on a portfolio by portfolio basis and has designated all investment portfolios as at fair value through profit and loss. These portfolios are managed and their performance evaluated on a fair value basis. Short-term investments comprise debt securities that, at purchase, have a maturity greater than three months but less than one year. Due to the short-term nature of these investments amortised cost is used to approximate fair value. All purchases and sales of investments are recorded on the trade date, which is the date that the Company commits to purchase or sell the assets. The fair values of listed investments are based on closing bid prices at year end. For investments not traded on an active market, the Company establishes fair value based on quoted market prices of similar instruments or on other valuation techniques.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value are recognised immediately in the profit and loss account. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Under GAAP, commercial mortgage loans are reported at amortized cost which is calculated as the unpaid principal balance, adjusted for deferred fees or expenses. The same valuation approach is maintained under Solvency II. This is considered to approximate fair value and considered an alternative valuation methodology as set out in Solvency II.

Fair value is defined as the price to sell an asset or transfer a liability (i.e. the "exit price") in an orderly transaction between market participants. The fair value hierarchy used gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. The hierarchy is broken down into three levels as follows:

- Level 1 - The best evidence of fair value is a quoted price for an identical asset in an active market. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted price is usually the current bid price.
- Level 2 - When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the entity can demonstrate that the last transaction price is not a good estimate of fair value (e.g. because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted.
- Level 3 - If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

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#### **D.1.4 Investments (continued)**

##### *Classification*

Under GAAP, classification of investments is in accordance with FRS 102 and the European Union (Insurance Undertakings: Financial Statements) Regulations, 2015. Under Solvency II, certain investments have been reclassified where necessary in order to conform to Solvency II asset categories.

##### *Holdings in related undertakings*

According to Article 13(20) of the SII directive, the term "participation" means the ownership, direct or by way of control, of 20% or more of the voting rights or capital of an undertaking.

The Company holds 99.99% of the share of the Brazil Subsidiary with the remaining 0.01% held by ASHIL. Under GAAP, the Company recognizes the investment at cost valued at USD 95,849.

Article 13 of the Delegated Regulation (EU) 2015/35 sets out the valuation methods for related undertakings providing three options:

- the default valuation method (quoted market prices)
- the adjusted equity method; and
- the valuation method using market prices for a similar asset or liability.

Considering the materiality of the investment in the Brazil Subsidiary, the investment in subsidiary has not been revalued under Solvency II and is recognized at cost.

#### **D.1.5 Deposits to Cedents**

Amounts relate to funds withheld balances held by the cedent. For a number of reinsurance contracts, it is agreed within the contract wording that a percentage of the premium or a loss reserve deposit will be held on the cedent's balance sheet, on which the Company will generally earn interest at a rate slightly above risk-free rates. A revolving deposit is maintained until cessation of the contract and is normally reimbursed and recalculated on a quarterly basis based on the quarters premium and claims reserves. As the calculations are carried out and balances are normally settled quarterly, they are deemed to be at fair value at the reporting period end.

#### **D.1.6 Insurance and intermediaries receivables**

Under Solvency II, premium and commission receivable balances past due are recognised at fair value. Under Solvency II, technical provisions are calculated on a cash-flow basis. Premiums and commission receivable balances not yet due are included in technical provision best estimate calculations and eliminated from the GAAP Insurance and intermediaries receivable balance. A balance is deemed not yet due at the balance sheet date, if the receivable is not aged (overdue) and will become due for payment by the client some time after the balance sheet date.

Under GAAP, premium and commission receivable balances arising under insurance contracts are recognised when due and measured at cost. A provision for impairment is established when there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows have been impacted.

#### **D.1.7 Reinsurance receivables**

Under Solvency II, similar to Insurance and intermediaries receivables, balances deemed not yet due are included in best estimate calculation in technical provisions and removed from the GAAP reinsurance receivable balance.

Under GAAP, ceded premium advances and losses paid recoverable are recognised at cost with a provision for impairment if identified.

#### **D.1.8 Cash and Cash Equivalents**

Cash and cash equivalents are carried at face value and include fixed income securities that, at purchase have a maturity 3 months or less.

Under Solvency II, certain cash deposits have been reclassified to investments where necessary in order to conform to Solvency II asset categories. As noted in 'Investments' under Solvency II, accrued interest is included in the valuation of cash and cash equivalents. Under GAAP, accrued interest is recognised separately in 'Any Other Assets'.

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**D.1.9 Any other assets**

Any other assets includes amounts such as amounts due from group companies, prepaid expenses, accrued interest and other taxes receivable in the GAAP balance sheet. The balances are measured at a value for which they could be exchanged between knowledgeable and willing parties in an arm's length transaction. As noted above, under Solvency II, accrued interest is included in the valuation of debt and cash instruments. Under GAAP, accrued interest is recognised in 'Any Other Assets'.

**D.2 Technical provisions**

The valuation methodology for technical provisions in accordance with Solvency II differs significantly from the valuation in the financial statements which are evaluated on a GAAP basis.

|                                                              | Solvency II          |                    |                | GAAP           |
|--------------------------------------------------------------|----------------------|--------------------|----------------|----------------|
|                                                              | 2024                 | 2024               | 2024           | 2024           |
|                                                              | USD'000              | USD'000            | USD'000        | USD'000        |
| <b>Net technical provisions</b>                              | <b>Best Estimate</b> | <b>Risk Margin</b> | <b>Total</b>   | <b>Total</b>   |
| <b>Direct business and accepted proportional reinsurance</b> |                      |                    |                |                |
| Medical expense                                              | 1,427                | 263                | 1,690          | 1,389          |
| Income protection                                            | 1,232                | 811                | 2,043          | 4,349          |
| Motor vehicle liability                                      | 28,480               | 6,630              | 35,110         | 40,632         |
| Other motor                                                  | 13,864               | 3,228              | 17,092         | 17,248         |
| Marine, aviation and transport                               | 265                  | 64                 | 329            | 2,634          |
| Fire and other damage to property                            | 39,279               | 12,001             | 51,280         | 78,141         |
| General liability                                            | 42,993               | 9,377              | 52,370         | 60,625         |
| Credit and suretyship                                        | 36,176               | 8,008              | 44,184         | 74,172         |
| Assistance                                                   | 429                  | 70                 | 499            | 489            |
| <b>Accepted non-proportional reinsurance</b>                 |                      |                    |                |                |
| Health                                                       | 4,522                | 1,359              | 5,881          | 7,732          |
| Casualty                                                     | 256,338              | 48,327             | 304,665        | 344,764        |
| Marine, aviation and transport reinsurance                   | 2,518                | 438                | 2,956          | 1,824          |
| Property                                                     | 42,976               | 8,328              | 51,304         | 46,676         |
| <b>Total Non-Life obligation</b>                             | <b>470,499</b>       | <b>98,904</b>      | <b>569,403</b> | <b>680,675</b> |
| <b>Accepted Life reinsurance</b>                             | <b>4,642</b>         | <b>864</b>         | <b>5,506</b>   | <b>—</b>       |
| <b>Total</b>                                                 | <b>475,141</b>       | <b>99,768</b>      | <b>574,909</b> | <b>680,675</b> |

\*Accepted Life reinsurance relates to reserves for claims which are settled using at least in part, structured annuity payments known as Periodical Payment Orders ("PPOs").

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**D.2 Technical provisions (continued)**

|                                                              | Solvency II    |                | GAAP           |                |
|--------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                              | 2023           | 2023           | 2023           | 2023           |
|                                                              | USD'000        | USD'000        | USD'000        | USD'000        |
|                                                              | Best Estimate  | Risk Margin    | Total          | Total          |
| <b>Net technical provisions</b>                              |                |                |                |                |
| <b>Direct business and accepted proportional reinsurance</b> |                |                |                |                |
| Medical expense                                              | 1,416          | 257            | 1,673          | 1,418          |
| Income protection                                            | (625)          | 595            | (30)           | 3,444          |
| Motor vehicle liability                                      | 34,193         | 7,766          | 41,959         | 53,703         |
| Other motor                                                  | 17,756         | 4,032          | 21,788         | 22,797         |
| Marine, aviation and transport                               | 472            | 84             | 556            | 3,482          |
| Fire and other damage to property                            | 44,665         | 11,539         | 56,204         | 81,384         |
| General liability                                            | 45,118         | 9,137          | 54,255         | 63,061         |
| Credit and suretyship                                        | 34,920         | 6,542          | 41,462         | 63,281         |
| Assistance                                                   | 27             | 8              | 35             | 44             |
| <b>Accepted non-proportional reinsurance</b>                 |                |                |                |                |
| Health                                                       | 4,570          | 1,241          | 5,811          | 7,703          |
| Casualty                                                     | 252,304        | 46,277         | 298,581        | 333,499        |
| Marine, aviation and transport                               | 3,824          | 676            | 4,500          | 469            |
| Property                                                     | 70,642         | 13,166         | 83,808         | 74,299         |
| <b>Total Non-Life obligation</b>                             | <b>509,282</b> | <b>101,320</b> | <b>610,602</b> | <b>708,584</b> |
| <b>Accepted Life reinsurance</b>                             | <b>4,791</b>   | <b>857</b>     | <b>5,648</b>   | <b>—</b>       |
| <b>Total</b>                                                 | <b>514,073</b> | <b>102,177</b> | <b>616,250</b> | <b>708,584</b> |

\*Accepted Life reinsurance relates to reserves for claims which are settled using at least in part, structured annuity payments known as Periodical Payment Orders ("PPOs").

**D.2.1 GAAP technical provisions**

*Claims reserves*

Claims Reserves represent an estimate of the unpaid portion of the ultimate liability for losses and loss expenses for reinsured events that have occurred at or before the balance sheet date. The balance reflects both claims that have been reported ('case reserves') and claims that have been incurred but not yet reported ("IBNR"). These amounts are reduced for estimated amounts of salvage and subrogation recoveries.

Reserves for losses and loss expenses are reviewed on a quarterly basis. Case reserves are primarily established based on amounts reported from insureds, reinsureds and/or brokers. Management estimates IBNR after reviewing detailed actuarial analyses and applying informed judgements regarding qualitative factors that may not be fully captured in the actuarial estimates. A variety of standard actuarial methods are utilised in this process, including the Initial Expected Loss Ratio, Bornhuetter-Ferguson and Chain Ladder methods. The Company estimate is highly dependent on management's critical judgement as to which method(s) are most appropriate for a particular year and class of business.

Initial Expected Loss Ratio ("IELR") Method: This indication of ultimate claim cost is based on applying an expected loss ratio for the period to an exposure measure, normally the earned or written premium. The expected loss ratio is normally calibrated based on the historical loss ratios of the class of business, adjusted for changes in the underwriting environment such as premium rates, claim trends and terms and conditions as well as qualitative information such as shifts in the mix of business. Where the history is not considered fully credible, a benchmark may also be given some weight.

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### **D.2.1 GAAP technical provisions (continued)**

Development Factor ("DF") Method (also termed Chain Ladder Method): The indication of ultimate claim cost is based on grossing up the cumulative reported (or paid) claims according to a factor representing the expected percentage of claims assumed to have been reported (or paid) given the delay period that has elapsed since the start of the accident or underwriting period ('percentage developed'). This 'development profile' is normally calibrated by considering the percentage of the ultimate claims cost that has emerged in older, more mature, periods at each delay period. Where the history is not considered fully credible, a benchmark may also be given some weight.

Bornhuetter-Ferguson ("BF") Method: The BF method is a weighted average of the IELR and DF methods. It gives more weight to the IELR method in the earlier stages of a year's development before progressively weighting more towards experience indications (i.e., DF method) as the year matures.

Any adjustments to previous reserves for losses and loss expenses are recognised in the period they are determined. While management believes that reserves for losses and loss expenses are adequate, this estimate requires significant judgement and new information, events or circumstances may result in ultimate losses that are materially greater or less than provided for in the balance sheet.

The current reserving process is based on historical statistics which may or may not be borne out in the future. There is uncertainty around claims inflation which may be higher or lower in the future than seen in the historical data. Some classes of business assume a certain number of claims to be reported in the future which may turn out to be different in reality. The stability of the claims process can also affect reserving estimates. Should the claims process speed up through automation or slow down due to processing delays, even taking these into account, there will be increased uncertainty in the reserving estimates.

#### *Unearned premium reserves*

Premiums written are recorded in accordance with the terms of the underlying policies. Premiums are earned over the period during which the Company is exposed to the underlying risk which is generally one to two years with the exception of multi-year contracts. Unearned premiums represent the portion of premiums written which are applicable to the unexpired risks under contracts in force.

### **D.2.2 Solvency II technical provisions**

Technical provisions on a Solvency II basis combine the data and results from the GAAP based reserving process with additional information and calculations.

The calculation of the Solvency II technical provisions is split into three parts:

- i. **Provisions relating to earned business ('Claims Provision')** which are the best estimate amount of future cashflows of earned, unpaid claims (i.e., reported outstanding claims and earned IBNR from the standard reserving process) and associated runoff expenses. The best estimate of ultimate claims under the traditional GAAP basis generally only reflects actual historical losses and development patterns. The technical provisions for Solvency II require that allowance is also made for events or circumstances that are not reasonably foreseeable (i.e., have low probabilities) and are at levels not contained in the historical data (i.e., have potentially large severities). This additional reserve amount is referred to as 'Events not in Data' ("ENIDs").
- ii. **Provisions relating to unearned business ('Premium Provision')** which are the best estimate of future cashflows for unearned business comprising of unearned business already incepted, as well as business that is not yet incepted but has been already been bound before the valuation date. As with the earned provision, the claim amount is also loaded for ENIDs that could impact unearned business, includes associated run-off expenses and is offset by future premiums to be received.
- iii. **Risk Margin** reflects the premium that would be required by a third party assuming the business was transferred at the valuation date. A cost of capital approach is used to determine this premium.

Both the earned and unearned provisions take account of the expected reinsurance recoveries to be received in respect of this business, reduced for reinsurance bad debt.

All elements of the provisions take account of the assumed cash flow pattern on a best estimate basis (i.e., excluding margins for prudence) and are discounted at the EIOPA provided risk free discount rates. It is intended that the Best Estimate captures a probability-weighted average of all future outcomes, including the possibility of claim events that have not been seen in the Company's history.

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### **D.2.3 Differences between Solvency II and GAAP valuation bases**

The main differences between the Solvency II technical provision methodology and the methodology used to derive the technical provisions on a GAAP basis are as follows, for the Solvency II technical provision:

- i. Standard Solvency II classes of business are used for reporting and also at the original currency level, with all minor currencies being grouped into an 'Other' category.
- ii. The reserves held for future reporting and development of claims are calculated on a best-estimate basis with an explicit risk margin added onto this best estimate. This is different from the GAAP basis where booked reserves may include some margin for uncertainty.
- iii. The technical provisions also contain an allowance for ENIDs representing low frequency/high severity events.
- iv. Future premium income and claims outgoing are all discounted for the time value of money using the relevant EIOPA risk free interest rates.
- v. Bound unaccepted business is included in the analysis, with the expected claims offset by the future premium income for this business.
- vi. Claims associated with unearned premium are estimated rather than the full unearned premium reserve being held.
- vii. The expected cost of future claims is offset by the future premium income.
- viii. All calculations are based on a cash flow basis.
- ix. Additional allowance for expenses is made on the basis that the provision includes the expected expense amount needed to service all existing policies throughout their lifetime.

### **D.2.4 Level of uncertainty**

The level of the technical provisions on both a GAAP and on a Solvency II basis is heavily dependent on the reliability and accuracy of the underlying reserving process. In particular, future claims development is inherently uncertain and subject to future events that cannot be known accurately at the present time. The best estimate of ultimate claims, while considered to have been derived using a reasonable methodology and set of assumptions, may still differ, potentially significantly, from the eventual cost of ultimate claims.

### **D.2.5 Recoverables from reinsurance/retrocession contracts**

The Company purchases reinsurance to reduce the risk of exposure to loss. Four types of reinsurance cover are purchased; facultative, excess of loss, quota share and stop loss. Facultative covers are typically individual risk purchases. Excess of loss covers provide a contractually set amount of cover after an excess point has been reached. This excess point can be based on the size of an industry loss or a fixed monetary amount. Generally these covers are purchased on a package policy basis, and they may provide cover for a number of lines of business within one contract. Quota share covers provide a proportional amount of coverage from the first dollar of loss and stop loss cover protects the Company's net ultimate loss ratio.

All of these reinsurance covers provide for recovery of a portion of losses paid and loss reserves from reinsurers. The Company predominantly cedes business with reinsurers rated A- or better by Standard & Poors and/or AM Best Company. The Company remains liable to the extent that reinsurers do not meet their obligations under these agreements either due to solvency issues, contractual disputes or some other reason. Included within reinsurance recoverable per GAAP as at 31 December 2024 were amounts of USD 1,866.7 million (2023: USD 1,977.1 million) recoverable from group companies. Included within the provision for unearned premiums ceded as at 31 December 2024 is an amount of USD 250.1 million (2023: USD 227.2 million) ceded to a group company.

### **D.2.6 Any other information**

The Company has not applied the matching adjustment, volatility adjustment, transitional risk-free interest term structure of the transitional deduction in calculating Solvency II technical provisions.

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**D.3 Other Liabilities**

|                                                   | <b>Solvency II</b> | <b>GAAP</b>    | <b>Difference</b> |                        |
|---------------------------------------------------|--------------------|----------------|-------------------|------------------------|
|                                                   | <b>2024</b>        | <b>2024</b>    | <b>2024</b>       |                        |
|                                                   | <b>USD'000</b>     | <b>USD'000</b> | <b>USD'000</b>    | <b>Adjustment Type</b> |
| <b>Derivatives</b>                                | 460                | (20)           | 480               | Reclassification       |
| <b>Insurance &amp; intermediaries payables</b>    | 55,749             | 61,336         | (5,587)           | Valuation              |
| <b>Reinsurance payables</b>                       | 236,233            | 564,474        | (328,241)         | Valuation              |
| <b>Deposits from Reinsurers</b>                   | 56,982             | 56,982         | —                 |                        |
| <b>Any other liabilities, not elsewhere shown</b> | 396,223            | 285,810        | 110,413           | Valuation              |
|                                                   | <b>745,647</b>     | <b>968,582</b> | <b>(222,935)</b>  |                        |

|                                                   | <b>Solvency II</b> | <b>GAAP</b>    | <b>Difference</b> |                        |
|---------------------------------------------------|--------------------|----------------|-------------------|------------------------|
|                                                   | <b>2023</b>        | <b>2023</b>    | <b>2023</b>       |                        |
|                                                   | <b>USD'000</b>     | <b>USD'000</b> | <b>USD'000</b>    | <b>Adjustment Type</b> |
| <b>Derivatives</b>                                | 184                | (182)          | 366               | Reclassification       |
| <b>Insurance &amp; intermediaries payables</b>    | 42,672             | 49,483         | (6,811)           | Valuation              |
| <b>Reinsurance payables</b>                       | 224,636            | 527,861        | (303,225)         | Valuation              |
| <b>Deposits from Reinsurers</b>                   | 74,947             | 74,947         | —                 |                        |
| <b>Any other liabilities, not elsewhere shown</b> | 68,233             | 47,666         | 20,567            | Valuation              |
|                                                   | <b>410,672</b>     | <b>699,775</b> | <b>(289,103)</b>  |                        |

**D.3.1 Insurance & intermediaries payable**

Under Solvency II, similar to insurance and intermediaries receivable, balances not yet due for payment are recognised in technical provisions and removed from insurance and intermediaries payable. A balance is deemed not yet due at the balance sheet date, if payment will become due after the balance sheet date.

Under GAAP, amounts payable to policyholders, insurers and other business linked to reinsurance such as commissions due to intermediaries but not yet paid are recognised at cost.

**D.3.2 Reinsurance payables**

Similar to 'Insurance and intermediaries payable', under Solvency II, balances not yet due for payment are removed and recognised in technical provisions.

Under GAAP, premium payables are recognised at cost. A provision for impairment is established when there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows have been impacted.

**D.3.3 Deposits from Reinsurers**

Deposits from reinsurers included amounts received from reinsurers or deducted by the reinsurer according to the reinsurance contract.

Balances are calculated each quarter in line with the terms and conditions of the agreements and are therefore deemed to be at fair value at each reporting period end.



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**D.3.4 Any Other Liabilities**

Under Solvency II, any other liabilities are recognised at fair value. Cost is considered to approximate fair value on the basis that duration is less than one year and no discounting is required.

Under Solvency II, operating leases are measured in accordance with IFRS 16 with a right of use asset and lease liability recognised in the Balance Sheet. The lease liability is included in "Any Other Liabilities". Under GAAP, rent payable under operating leases is charged on a straight-line basis over the term of the lease.

Under Solvency II, approved dividends not yet paid in the period up to submission of the return are included in "Any Other Liabilities". Under GAAP, dividends payable are recognised as a liability in the period during which the dividends are approved by the Board of the Company.

Under GAAP, 'Amounts payable to group companies', 'Net payable for investments purchased', 'Other taxes payable' and 'Accrued expenses' are recognised at cost and payable in less than one year.

**D.4 Any other information**

All material information regarding valuation is disclosed in sections D.1 - D.3.

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**CAPITAL MANAGEMENT**

**E. CAPITAL MANAGEMENT**

Capital management is a business process that links risk and return preferences with strategy setting and business planning. It requires cross functional collaboration, and involves a significant commitment from business segments, corporate functions, risk management and the Board of Directors.

The Company's Capital Management objective is to ensure that the Company maintains an appropriate level of capital, in terms of both quantity and quality, at all times, in line with its risk appetite and capital requirements, and that it fulfils its obligations to monitor, manage and report its capital position, both required and available, internally and externally as required, in accordance with relevant regulatory requirements. A business plan is prepared annually to support the capital management objective and includes a three year projection of expected performance.

Business strategy, capital and risk are closely integrated within decision making, and embedded through the ORSA process which assess that the prospective risk profile is in line with the Company's risk appetite framework. The SCR calculation is performed as part of the ORSA process to provide input into the Company's capital management strategy.

**E.1 Own Funds**

*Eligible Own funds*

For Solvency II, own funds are divided into levels of quality, known as tiers, depending on their loss absorbency. Tier 1 unrestricted, which is not subject to a limit, is of the highest quality, Tier 3 the lowest. At 31 December 2024, 99.9% (2023: 100%) of the Company's own funds are classified as Tier 1.

|                        | 2024           | 2024           | 2024     | 2024       |
|------------------------|----------------|----------------|----------|------------|
|                        | USD'000        | USD'000        | USD'000  | USD'000    |
|                        | Total          | Tier 1         | Tier 2   | Tier 3     |
| Ordinary share capital | 1,011          | 1,011          | —        | —          |
| Reconciliation reserve | 670,934        | 670,934        | —        | —          |
| Net deferred tax asset | 413            | —              | —        | 413        |
| Eligible own funds     | <u>672,358</u> | <u>671,945</u> | <u>—</u> | <u>413</u> |

|                        | 2023           | 2023           | 2023     | 2023     |
|------------------------|----------------|----------------|----------|----------|
|                        | USD'000        | USD'000        | USD'000  | USD'000  |
|                        | Total          | Tier 1         | Tier 2   | Tier 3   |
| Ordinary share capital | 1,011          | 1,011          | —        | —        |
| Reconciliation reserve | 754,655        | 754,655        | —        | —        |
| Net deferred tax asset | —              | —              | —        | —        |
| Eligible own funds     | <u>755,666</u> | <u>755,666</u> | <u>—</u> | <u>—</u> |

The reconciliation reserve includes the following:

- shareholders' equity on a GAAP basis as per the financial statements,
- revaluation reserve (adjustments from GAAP to Solvency II economic valuation basis); and
- deduction for restricted own fund items.

A reconciliation of shareholders' equity to eligible own funds is as follows:

|                                | 2024           | 2023           |
|--------------------------------|----------------|----------------|
|                                | USD'000        | USD'000        |
| GAAP shareholders' equity      | 793,827        | 794,019        |
| Revaluation reserve            | (116,219)      | (33,352)       |
| Less restricted own fund items |                |                |
| Restricted asset               | (5,250)        | (5,000)        |
| Eligible own funds             | <u>672,358</u> | <u>755,666</u> |

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**CAPITAL MANAGEMENT**

**E.1 Own Funds (continued)**

The revaluation reserve, which is a component of the eligible own funds, is comprised of the differences between GAAP and the Solvency II valuation. Section D provides description of valuation differences between GAAP and Solvency II.

|                                                                            | <b>2024</b>             | <b>2023</b>            |
|----------------------------------------------------------------------------|-------------------------|------------------------|
|                                                                            | <b>USD'000</b>          | <b>USD'000</b>         |
| Adjustments for Solvency II technical provisions                           | 113,882                 | 108,830                |
| Adjustments for Solvency II risk margin                                    | (99,766)                | (102,177)              |
| Adjustment for deferred acquisition costs                                  | (16,728)                | (15,626)               |
| Adjustments for property, plant and equipment (including operating leases) | (6,594)                 | (8,378)                |
| Adjustment for approved dividend                                           | (115,000)               | (16,000)               |
| Adjustments to any other liabilities                                       | 7,578                   | —                      |
| Deferred tax adjustment                                                    | 410                     | —                      |
| <b>Revaluation reserve</b>                                                 | <b><u>(116,218)</u></b> | <b><u>(33,352)</u></b> |

The Revaluation reserve is made up of:

- adjustment to recognise approved dividends in the period up to the submission of the return;
- adjustments for Solvency II technical provisions, excluding risk margin. These have decreased over the period, driven by a reduction in the benefit due to discounting and an increase in claims associated with unearned premium due to increased volumes;
- adjustment for the risk margin is a function of the main SCR risks and the run off of these risks. The decrease in adjustment results from an increase in the risk margin which is in line with the increase in the business and related risks;
- adjustment for deferred acquisition costs in line with Solvency II valuation rules;
- adjustment for property, plant and equipment recognises the revaluation of property, plant and equipment and capitalisation of operating leases on the Solvency II balance sheet;
- adjustment to any other liabilities relates to a deferred gains on retroactive treaty in line with Solvency II valuation rules; and
- adjustment for deferred tax asset in line with Solvency II valuation rules.

Restricted own fund items relate to USD 5.3 million restricted cash balances (2023: USD 5.0 million) held by the Company.

**E.2 Solvency capital requirement and Minimum capital requirement**

The 2024 and 2023 results presented are based on the 2024 annual and 2023 annual returns submitted to the CBI respectively.

The SCR has been calculated using the Standard Formula methodology.

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**E.2 Solvency capital requirement and Minimum capital requirement(continued)**

| <b>Solvency Capital Requirement</b>       | <b>2024</b>    | <b>2023</b>    |
|-------------------------------------------|----------------|----------------|
|                                           | <b>USD'000</b> | <b>USD'000</b> |
| Market risk                               | 139,592        | 158,920        |
| Counterparty default risk                 | 107,544        | 107,294        |
| Life underwriting risk                    | 62,900         | 56,421         |
| Health underwriting risk                  | 8,300          | 7,769          |
| Non-life underwriting risk                | 291,917        | 288,369        |
| Diversification                           | (175,942)      | (177,965)      |
| <b>Basic solvency capital requirement</b> | <b>434,311</b> | <b>440,808</b> |
| Operational risk                          | 57,585         | 63,084         |
| Loss-absorbing capacity of deferred taxes | (10,778)       | —              |
| <b>Solvency capital requirement</b>       | <b>481,118</b> | <b>503,892</b> |
| <b>Eligible own funds</b>                 | <b>672,358</b> | <b>755,666</b> |
| <b>Ratio of eligible own funds to SCR</b> | <b>139.7 %</b> | <b>150.0 %</b> |

The decrease in SCR over prior year is predominantly driven by lower market risk and the recognition of a LACDT in 2024.

- Market risk has decreased due to a change in spread risk, interest rate risk and concentration risk arising from changes in assets allocations. These asset allocation changes were initiated in quarter four 2024 after the Company entered into a retrospective reinsurance agreement which is due to close in the first half of 2025.
- Counterparty default risk has remained relatively stable versus prior year.
- Life underwriting risk has increased due to the increase in mass lapse risk driven by new contracts.
- Health underwriting risk is not significant and has remained relatively stable versus prior year.
- Non-life underwriting risk has remained relative stable versus prior year.
- Operational risk has increased in line with the increase in gross technical provisions.
- A benefit arising from the loss-absorbing capacity of deferred taxes is recognised in the current year based on future taxable profits, in the prior year(s) there were insufficient sources of admissibility to recognise a LACDT.

*Simplified calculation of the risk mitigating effect for reinsurance arrangements*

In line with the simplification in Delegated Regulation Article 111, the risk mitigating effect on underwriting risk is determined as the difference between the actual net underwriting risk charge and the hypothetical underwriting risk charge assuming that none of the reinsurance arrangements existed (i.e gross underwriting risk charge). In doing so, the Company calculates this gross underwriting risk charge by applying a gross to net scaling factor to the net underwriting risk charge. This simplification is appropriate considering the material proportional reinsurance arrangements in place.

In line with the Delegated Regulation Article 107, this risk mitigating effect on underwriting risk is then apportioned out by reinsurance counterparty based on each reinsurance counterparty's share of the total best estimate reinsurance recoverable.

*Lapse risk*

The Company applies a simplification in the calculation of lapse risk charge whereby the risk charge is calculated on a basis of groups of policies, rather than on a policy level. This simplification approach is based on the Delegated Regulation Article 90a and 96a.

*Share of Reinsurer's assets subject to collateral arrangements*

The Company applies the simplification as per Article 112a of the Delegated Regulation which assumes more than 60% of the reinsurance counterparty's assets are subject to collateral arrangements in situations where this information is not available to the Company.

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**E.2 Solvency capital requirement and Minimum capital requirement (continued)**

*Collateral*

The Company's counterparty default risk charge includes an allowance for collateral arrangements. The simplification based on Article 112 of the Delegated Regulation is applied for the calculation of the risk adjusted value of collateral to take into account the economic effect of the collateral.

*Undertaking specific parameters*

The Company does not use any undertaking specific parameters in the calculation of the SCR.

**MCR**

The MCR is calculated in accordance with Solvency II requirements using a factor-based formula calibrated using a Value-at-Risk measure with an 85% confidence level over a one-year period. The Company is required to maintain the higher of the minimum required capital (imposed by the regulations) of EUR 3.9 million or the MCR at all times during the year.

|                                           | <b>2024</b>    | <b>2024</b>    | <b>2024</b>    |
|-------------------------------------------|----------------|----------------|----------------|
|                                           | <b>Total</b>   | <b>Tier 1</b>  | <b>Tier 2</b>  |
|                                           | <b>USD'000</b> | <b>USD'000</b> | <b>USD'000</b> |
| <b>Eligible own funds to meet the MCR</b> | 671,945        | 671,945        | —              |
| <b>MCR</b>                                | <b>120,280</b> |                |                |
| <b>Ratio of eligible own funds to MCR</b> | <b>558.7 %</b> |                |                |

|                                           | <b>2023</b>    | <b>2023</b>    | <b>2023</b>    |
|-------------------------------------------|----------------|----------------|----------------|
|                                           | <b>Total</b>   | <b>Tier 1</b>  | <b>Tier 2</b>  |
|                                           | <b>USD'000</b> | <b>USD'000</b> | <b>USD'000</b> |
| <b>Eligible own funds to meet the MCR</b> | 755,666        | 755,666        | —              |
| <b>MCR</b>                                | <b>125,973</b> |                |                |
| <b>Ratio of Eligible own funds to MCR</b> | <b>599.9 %</b> |                |                |

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**CAPITAL MANAGEMENT**

The inputs used to calculate the MCR of the Company are as follows:

|                                                              | Net (of<br>reinsurance/<br>SPV) best<br>estimate and<br>TP calculated<br>as a whole | Net (of<br>reinsurance)<br>written<br>premiums in<br>the last 12<br>months |
|--------------------------------------------------------------|-------------------------------------------------------------------------------------|----------------------------------------------------------------------------|
|                                                              | 2024                                                                                | 2024                                                                       |
|                                                              | USD'000                                                                             | USD'000                                                                    |
| <b>Direct business and accepted proportional reinsurance</b> |                                                                                     |                                                                            |
| Medical expense                                              | 1,427                                                                               | —                                                                          |
| Income protection                                            | 1,232                                                                               | 6,693                                                                      |
| Motor vehicle liability                                      | 28,480                                                                              | 7,245                                                                      |
| Other motor                                                  | 13,864                                                                              | 3,527                                                                      |
| Marine, aviation and transport                               | 265                                                                                 | 760                                                                        |
| Fire and other damage to property                            | 39,279                                                                              | 35,722                                                                     |
| General liability                                            | 42,993                                                                              | 11,114                                                                     |
| Credit and suretyship                                        | 36,176                                                                              | 39,734                                                                     |
| Assistance                                                   | 429                                                                                 | 105                                                                        |
| <b>Accepted non-proportional reinsurance</b>                 |                                                                                     |                                                                            |
| Health                                                       | 4,522                                                                               | 5,058                                                                      |
| Casualty                                                     | 256,338                                                                             | 60,554                                                                     |
| Marine, aviation, transport                                  | 2,518                                                                               | 972                                                                        |
| Property                                                     | 42,976                                                                              | 4,384                                                                      |
| <b>Total Non-Life obligation</b>                             | <b>470,499</b>                                                                      | <b>175,868</b>                                                             |
| <b>Accepted Life reinsurance</b>                             | <b>4,642</b>                                                                        | <b>—</b>                                                                   |
| <b>Total</b>                                                 | <b>475,141</b>                                                                      | <b>175,868</b>                                                             |

**E.3 Use of duration based equity risk sub module in the calculation of SCR**

Duration based equity risk sub module was not used in the calculation of the SCR.

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

No internal or partial internal model was used for the calculation of the SCR.

**E.5 Non Compliance with SCR and MCR**

The Company has maintained capital sufficient to meet its SCR and MCR over the reporting period.

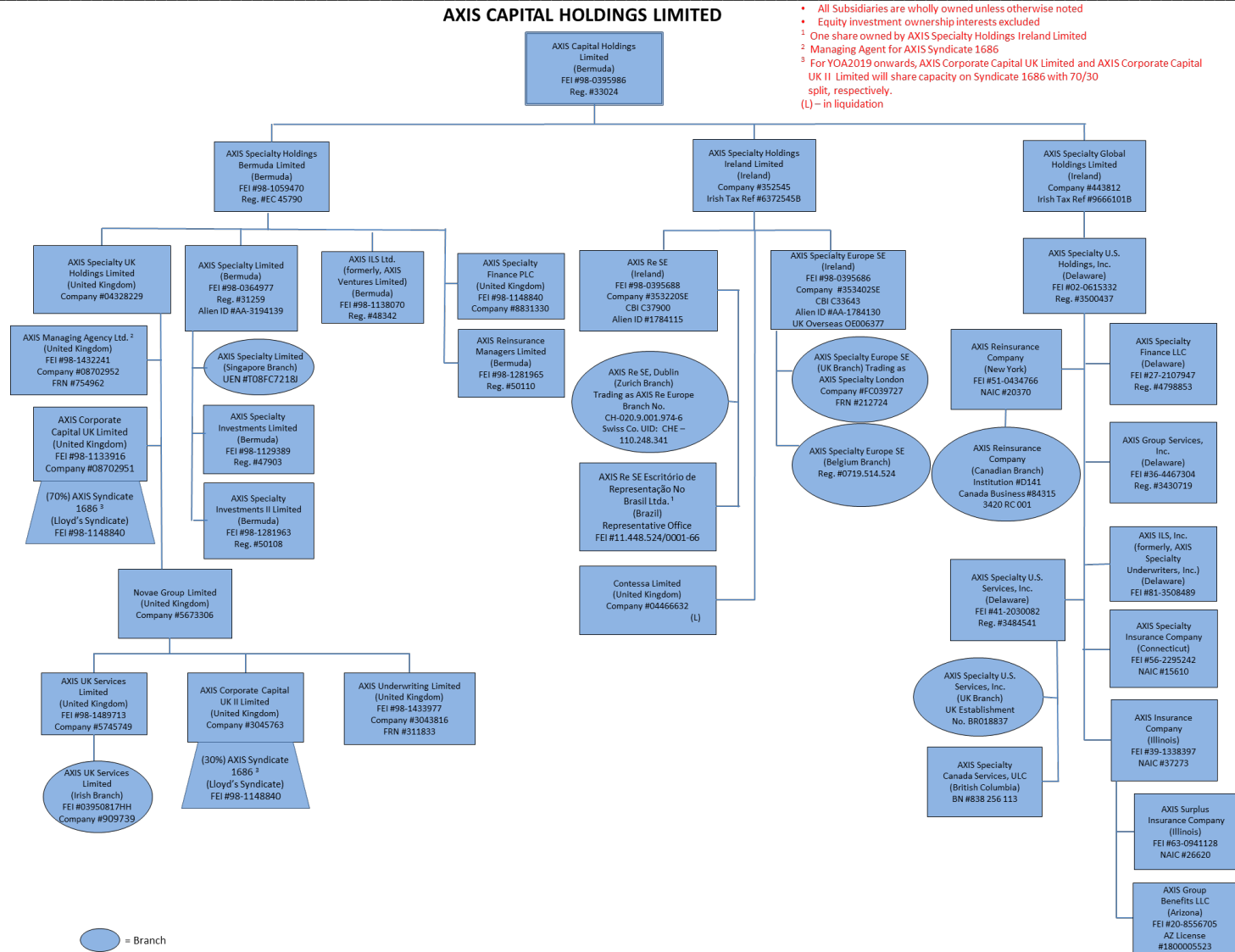
The final SCR and MCR amounts remain subject to supervisory assessment.

**E.6 Any other information**

All material information regarding capital management has been disclosed in Sections E.1 - E.5 above.

**AXIS Re SE**  
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**APPENDIX I - GROUP STRUCTURE**



S.02.01.02 Balance Sheet (USD'000s)

|                                                                                        |              | Solvency II value |
|----------------------------------------------------------------------------------------|--------------|-------------------|
| <b>Assets</b>                                                                          |              | <b>C0010</b>      |
| Goodwill                                                                               | R0010        |                   |
| Deferred acquisition costs                                                             | R0020        | —                 |
| Intangible assets                                                                      | R0030        | —                 |
| Deferred tax assets                                                                    | R0040        | 413               |
| Pension benefit surplus                                                                | R0050        | —                 |
| Property, plant & equipment held for own use                                           | R0060        | 2,319             |
| Investments (other than assets held for index-linked and unit-linked contracts)        | R0070        | 1,730,700         |
| Property (other than for own use)                                                      | R0080        | —                 |
| Holdings in related undertakings, including participations                             | R0090        | 96                |
| Equities                                                                               | R0100        | —                 |
| Equities - listed                                                                      | R0110        | —                 |
| Equities - unlisted                                                                    | R0120        | —                 |
| Bonds                                                                                  | R0130        | 1,315,724         |
| Government Bonds                                                                       | R0140        | 344,778           |
| Corporate Bonds                                                                        | R0150        | 924,742           |
| Structured notes                                                                       | R0160        | —                 |
| Collateralised securities                                                              | R0170        | 46,204            |
| Collective Investments Undertakings                                                    | R0180        | 389,007           |
| Derivatives                                                                            | R0190        | 480               |
| Deposits other than cash equivalents                                                   | R0200        | 5,000             |
| Other investments                                                                      | R0210        | 20,394            |
| Assets held for index-linked and unit-linked contracts                                 | R0220        | —                 |
| Loans and mortgages                                                                    | R0230        | 76,791            |
| Loans on policies                                                                      | R0240        | —                 |
| Loans and mortgages to individuals                                                     | R0250        | —                 |
| Other loans and mortgages                                                              | R0260        | 76,791            |
| Reinsurance recoverables from:                                                         | R0270        | 1,497,153         |
| Non-life and health similar to non-life                                                | R0280        | 1,439,681         |
| Non-life excluding health                                                              | R0290        | 1,417,821         |
| Health similar to non-life                                                             | R0300        | 21,861            |
| Life and health similar to life, excluding health and index-linked and unit-linked     | R0310        | 57,472            |
| Health similar to life                                                                 | R0320        | —                 |
| Life excluding health and index-linked and unit-linked                                 | R0330        | 57,472            |
| Life index-linked and unit-linked                                                      | R0340        | —                 |
| Deposits to cedants                                                                    | R0350        | 71,786            |
| Insurance and intermediaries receivables                                               | R0360        | 46,328            |
| Reinsurance receivables                                                                | R0370        | 6,057             |
| Receivables (trade, not insurance)                                                     | R0380        | —                 |
| Own shares (held directly)                                                             | R0390        | —                 |
| Amounts due in respect of own fund items or initial fund called up but not yet paid in | R0400        | —                 |
| Cash and cash equivalents                                                              | R0410        | 13,037            |
| Any other assets, not elsewhere shown                                                  | R0420        | 52,706            |
| <b>Total assets</b>                                                                    | <b>R0500</b> | <b>3,497,292</b>  |



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APPENDIX II

S.02.01.02 Balance Sheet (USD'000s)

|                                                                                 |              | Solvency II value |
|---------------------------------------------------------------------------------|--------------|-------------------|
| <b>Liabilities</b>                                                              |              | <b>C0010</b>      |
| Technical provisions – non-life                                                 | R0510        | 2,009,082         |
| Technical provisions – non-life (excluding health)                              | R0520        | 1,977,607         |
| Technical Provisions calculated as a whole                                      | R0530        | —                 |
| Best Estimate                                                                   | R0540        | 1,881,137         |
| Risk margin                                                                     | R0550        | 96,470            |
| Technical provisions - health (similar to non-life)                             | R0560        | 31,474            |
| Technical Provisions calculated as a whole                                      | R0570        | —                 |
| Best Estimate                                                                   | R0580        | 29,042            |
| Risk margin                                                                     | R0590        | 2,432             |
| Technical provisions - life (excluding index-linked and unit-linked)            | R0600        | 62,978            |
| Technical provisions - health (similar to life)                                 | R0610        | —                 |
| Technical Provisions calculated as a whole                                      | R0620        | —                 |
| Best Estimate                                                                   | R0630        | —                 |
| Risk margin                                                                     | R0640        | —                 |
| Technical provisions – life (excluding health and index-linked and unit-linked) | R0650        | 62,978            |
| Technical Provisions calculated as a whole                                      | R0660        | —                 |
| Best Estimate                                                                   | R0670        | 62,114            |
| Risk margin                                                                     | R0680        | 864               |
| Technical provisions – index-linked and unit-linked                             | R0690        | —                 |
| Technical Provisions calculated as a whole                                      | R0700        | —                 |
| Best Estimate                                                                   | R0710        | —                 |
| Risk margin                                                                     | R0720        | —                 |
| Other technical provisions                                                      | R0730        | —                 |
| Contingent liabilities                                                          | R0740        | —                 |
| Provisions other than technical provisions                                      | R0750        | —                 |
| Pension benefit obligations                                                     | R0760        | —                 |
| Deposits from reinsurers                                                        | R0770        | 56,982            |
| Deferred tax liabilities                                                        | R0780        | 3                 |
| Derivatives                                                                     | R0790        | 460               |
| Debts owed to credit institutions                                               | R0800        | 1,974             |
| Financial liabilities other than debts owed to credit institutions              | R0810        | —                 |
| Insurance & intermediaries payables                                             | R0820        | 55,749            |
| Reinsurance payables                                                            | R0830        | 236,233           |
| Payables (trade, not insurance)                                                 | R0840        | —                 |
| Subordinated Liabilities                                                        | R0850        | —                 |
| Subordinated liabilities not in Basic Own Funds                                 | R0860        | —                 |
| Subordinated liabilities in Basic Own Funds                                     | R0870        | —                 |
| Any other liabilities, not elsewhere shown                                      | R0880        | 396,223           |
| <b>Total liabilities</b>                                                        | <b>R0900</b> | <b>2,819,683</b>  |
| <b>Excess of assets over liabilities</b>                                        | <b>R1000</b> | <b>677,609</b>    |

**AXIS Re SE**  
**YEAR ENDED 31 DECEMBER 2024**  
**APPENDIX II**

**S.05.01.02 - Premiums, claims and expenses by line of business (USD'000s)**

|                                               |       | Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) |                   |                         |             |                                |                          |                   |                       |            | Line of business for: accepted non-proportional reinsurance |          |                                |          |         |
|-----------------------------------------------|-------|------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------------|-------------|--------------------------------|--------------------------|-------------------|-----------------------|------------|-------------------------------------------------------------|----------|--------------------------------|----------|---------|
|                                               |       | Medical expense                                                                                                              | Income protection | Motor vehicle liability | Other motor | Marine, aviation and transport | Fire and other damage to | General liability | Credit and suretyship | Assistance | Health                                                      | Casualty | Marine, aviation and transport | Property | Total   |
|                                               |       | C0010                                                                                                                        | C0020             | C0040                   | C0050       | C0060                          | C0070                    | C0080             | C0090                 | C0110      | C0130                                                       | C0140    | C0150                          | C0160    | C0200   |
| <b>Premiums written</b>                       |       |                                                                                                                              |                   |                         |             |                                |                          |                   |                       |            |                                                             |          |                                |          |         |
| Gross - Direct Business                       | R0110 | —                                                                                                                            | —                 | —                       | —           | —                              | —                        | —                 | —                     | —          | —                                                           | —        | —                              | —        | —       |
| Gross - Proportional reinsurance accepted     | R0120 | 1                                                                                                                            | 28,910            | 32,325                  | 15,735      | 3,179                          | 167,134                  | 50,597            | 198,426               | 391        | —                                                           | —        | —                              | —        | 496,699 |
| Gross - Non-proportional reinsurance accepted | R0130 | —                                                                                                                            | —                 | —                       | —           | —                              | —                        | —                 | —                     | —          | 22,942                                                      | 264,677  | 4,859                          | 23,150   | 315,628 |
| Reinsurers' share                             | R0140 | 1                                                                                                                            | 22,217            | 25,080                  | 12,208      | 2,419                          | 131,412                  | 39,483            | 158,692               | 286        | 17,884                                                      | 204,123  | 3,887                          | 18,766   | 636,458 |
| Net                                           | R0200 | —                                                                                                                            | 6,693             | 7,245                   | 3,527       | 760                            | 35,722                   | 11,114            | 39,734                | 105        | 5,058                                                       | 60,554   | 972                            | 4,384    | 175,868 |
| <b>Premiums earned</b>                        |       |                                                                                                                              |                   |                         |             |                                |                          |                   |                       |            |                                                             |          |                                |          |         |
| Gross - Direct Business                       | R0210 | —                                                                                                                            | —                 | —                       | —           | —                              | —                        | —                 | —                     | —          | —                                                           | —        | —                              | —        | —       |
| Gross - Proportional reinsurance accepted     | R0220 | 1                                                                                                                            | 28,953            | 45,821                  | 22,304      | 1,888                          | 154,059                  | 53,680            | 168,947               | (99)       | —                                                           | —        | —                              | —        | 475,555 |
| Gross - Non-proportional reinsurance accepted | R0230 | —                                                                                                                            | —                 | —                       | —           | —                              | —                        | —                 | —                     | —          | 22,879                                                      | 238,730  | 4,168                          | 21,008   | 286,784 |
| Reinsurers' share                             | R0240 | 1                                                                                                                            | 22,249            | 35,202                  | 17,135      | 1,450                          | 121,063                  | 41,928            | 136,495               | (81)       | 17,836                                                      | 184,767  | 3,388                          | 17,126   | 598,562 |
| Net                                           | R0300 | —                                                                                                                            | 6,704             | 10,619                  | 5,169       | 438                            | 32,996                   | 11,752            | 32,452                | (17)       | 5,042                                                       | 53,963   | 779                            | 3,881    | 163,778 |
| <b>Claims incurred</b>                        |       |                                                                                                                              |                   |                         |             |                                |                          |                   |                       |            |                                                             |          |                                |          |         |
| Gross - Direct Business                       | R0310 | —                                                                                                                            | —                 | —                       | —           | —                              | —                        | —                 | —                     | —          | —                                                           | —        | —                              | —        | —       |
| Gross - Proportional reinsurance accepted     | R0320 | (21)                                                                                                                         | 26,310            | 33,338                  | 16,228      | 1,026                          | 97,903                   | 39,822            | 59,334                | 163        | —                                                           | —        | —                              | —        | 274,101 |
| Gross - Non-proportional reinsurance accepted | R0330 | —                                                                                                                            | —                 | —                       | —           | —                              | —                        | —                 | —                     | —          | 6,454                                                       | 177,557  | (9,368)                        | (1,026)  | 173,617 |
| Reinsurers' share                             | R0340 | (16)                                                                                                                         | 19,747            | 25,022                  | 12,166      | 770                            | 75,620                   | 30,579            | 47,033                | (197)      | 5,100                                                       | 132,938  | (7,775)                        | (157)    | 340,830 |
| Net                                           | R0400 | (5)                                                                                                                          | 6,562             | 8,316                   | 4,061       | 256                            | 22,283                   | 9,243             | 12,301                | 360        | 1,354                                                       | 44,619   | (1,593)                        | (868)    | 106,889 |
| <b>Expenses incurred</b>                      | R0550 | 5                                                                                                                            | 1,977             | 3,430                   | 1,747       | 94                             | 7,624                    | 3,911             | 16,845                | 7          | 1,164                                                       | 7,645    | 367                            | 634      | 45,451  |
| <b>Other expenses</b>                         | R1210 | —                                                                                                                            | —                 | —                       | —           | —                              | —                        | —                 | —                     | —          | —                                                           | —        | —                              | —        | (2,578) |
| <b>Total expenses</b>                         | R1300 | —                                                                                                                            | —                 | —                       | —           | —                              | —                        | —                 | —                     | —          | —                                                           | —        | —                              | —        | 42,874  |

**AXIS Re SE**  
**YEAR ENDED 31 DECEMBER 2024**  
**APPENDIX II**

**S.04.05.21 - Premiums, claims and expenses by country (USD'000s)**

|                                                        |       |              | Top 5 countries (by amount of gross premiums written) - non-life obligations |                            |        |        |        | Total Top 5 and home country |
|--------------------------------------------------------|-------|--------------|------------------------------------------------------------------------------|----------------------------|--------|--------|--------|------------------------------|
|                                                        |       | Home Country | UNITED KINGDOM                                                               | UNITED KINGDOM (GIBRALTAR) | INDIA  | FRANCE | SPAIN  |                              |
|                                                        |       | C0010        | C0020                                                                        | C0020                      | C0020  | C0020  | C0020  |                              |
| <b>Premiums written (gross)</b>                        |       |              |                                                                              |                            |        |        |        |                              |
| Gross Written Premium (direct)                         | R0020 | —            | —                                                                            | —                          | —      | —      | —      | —                            |
| Gross Written Premium (proportional reinsurance)       | R0021 | 367          | 81,248                                                                       | 11                         | 69,539 | 35,486 | 37,631 | 224,282                      |
| Gross Written Premium (non-proportional reinsurance)   | R0022 | 7,854        | 101,686                                                                      | 107,252                    | 3      | 25,819 | 3,157  | 245,771                      |
| <b>Premiums earned (gross)</b>                         |       |              |                                                                              |                            |        |        |        |                              |
| Gross Earned Premium (direct)                          | R0030 | —            | —                                                                            | —                          | —      | —      | —      | —                            |
| Gross Earned Premium (proportional reinsurance)        | R0031 | 414          | 66,736                                                                       | 1,675                      | 64,873 | 38,945 | 37,296 | 209,939                      |
| Gross Earned Premium (non-proportional reinsurance)    | R0032 | 7,430        | 94,007                                                                       | 88,813                     | 3      | 27,655 | 3,023  | 220,931                      |
| <b>Claims incurred (gross)</b>                         |       |              |                                                                              |                            |        |        |        |                              |
| Claims incurred (direct)                               | R0040 | —            | —                                                                            | —                          | —      | —      | —      | —                            |
| Claims incurred (proportional reinsurance)             | R0041 | (13,142)     | 41,462                                                                       | 3,652                      | 36,074 | 22,497 | 23,840 | 114,384                      |
| Claims incurred (non-proportional reinsurance)         | R0042 | 3,955        | 64,178                                                                       | 65,420                     | (2)    | 6,855  | 809    | 141,215                      |
| <b>Expenses incurred (gross)</b>                       |       |              |                                                                              |                            |        |        |        |                              |
| Gross Expenses Incurred (direct)                       | R0050 | —            | —                                                                            | —                          | —      | —      | —      | —                            |
| Gross Expenses Incurred (proportional reinsurance)     | R0051 | 195          | 15,691                                                                       | 460                        | 7,576  | 14,414 | 19,247 | 57,583                       |
| Gross Expenses Incurred (non-proportional reinsurance) | R0052 | 1,177        | 15,452                                                                       | 14,618                     | 2      | 4,357  | 546    | 36,152                       |

**AXIS Re SE**  
**YEAR ENDED 31 DECEMBER 2024**  
**APPENDIX II**

**S.12.01.02 Life and Health SLT Technical Provisions (USD'000s)**

|                                                                                                                                                        |       | Insurance with profit participation | 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) | 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 |                                                                                                   |                                           |                                          |
|                                                                                                                                                        |       | C0020                               | C0090                                                                                                                             | C0100                | C0150                                                       | C0160                              | C0170                                    | C0180                                | C0190                                                                                             | C0200                                     | C0210                                    |
| Technical provisions calculated as a whole                                                                                                             | R0010 | —                                   | —                                                                                                                                 | —                    | —                                                           | —                                  |                                          |                                      | —                                                                                                 | —                                         | —                                        |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole | R0020 | —                                   | —                                                                                                                                 | —                    | —                                                           | —                                  |                                          |                                      | —                                                                                                 | —                                         | —                                        |
| Technical provisions calculated as a sum of BE and RM                                                                                                  |       |                                     |                                                                                                                                   |                      |                                                             |                                    |                                          |                                      |                                                                                                   |                                           |                                          |
| Best Estimate                                                                                                                                          |       |                                     |                                                                                                                                   |                      |                                                             |                                    |                                          |                                      |                                                                                                   |                                           |                                          |
| Gross Best Estimate                                                                                                                                    | R0030 | —                                   | —                                                                                                                                 | 62,114               | 62,114                                                      |                                    | —                                        | —                                    | —                                                                                                 | —                                         | —                                        |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default                             | R0080 | —                                   |                                                                                                                                   | 57,472               | 57,472                                                      |                                    |                                          |                                      |                                                                                                   |                                           |                                          |
| Best estimate minus recoverables from reinsurance/SPV and Finite Re - total                                                                            | R0090 | —                                   |                                                                                                                                   | 4,642                | 4,642                                                       |                                    |                                          |                                      |                                                                                                   |                                           |                                          |
| <b>Risk Margin</b>                                                                                                                                     | R0100 | —                                   |                                                                                                                                   | 864                  | 864                                                         |                                    |                                          |                                      |                                                                                                   |                                           |                                          |
| <b>Technical provisions - total</b>                                                                                                                    | R0200 |                                     |                                                                                                                                   |                      |                                                             |                                    |                                          |                                      |                                                                                                   |                                           |                                          |

**AXIS Re SE**  
**YEAR ENDED 31 DECEMBER 2024**  
**APPENDIX II**

**S.17.01.02 Non-life Technical Provisions (USD'000s)**

|                                                                                                                                                                   |       | Direct business and accepted proportional reinsurance |                             |                                   |                       |                                |                                   |                             |                                 |            | Accepted non-proportional reinsurance |                                       |                                   |                                       | Total Non-Life obligation |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------------------------------------------------------|-----------------------------|-----------------------------------|-----------------------|--------------------------------|-----------------------------------|-----------------------------|---------------------------------|------------|---------------------------------------|---------------------------------------|-----------------------------------|---------------------------------------|---------------------------|
|                                                                                                                                                                   |       | Medical expense insurance                             | Income Protection Insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport | Fire and other damage to property | General liability insurance | Credit and suretyship insurance | Assistance | Non-proportional health reinsurance   | Non-proportional casualty reinsurance | Non-proportional marine, aviation | Non-proportional property reinsurance |                           |
|                                                                                                                                                                   |       | C0020                                                 | C0030                       | C0050                             | C0060                 | C0070                          | C0080                             | C0090                       | C0100                           | C0120      | 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                                                                                                                                                     |       |                                                       |                             |                                   |                       |                                |                                   |                             |                                 |            |                                       |                                       |                                   |                                       |                           |
| <b>Premium provisions</b>                                                                                                                                         |       |                                                       |                             |                                   |                       |                                |                                   |                             |                                 |            |                                       |                                       |                                   |                                       |                           |
| Gross - Total                                                                                                                                                     | R0060 | 45                                                    | (12,634)                    | (31,228)                          | (15,202)              | (396)                          | (114,675)                         | (35,765)                    | (80,255)                        | 216        | (11,506)                              | (15,867)                              | (495)                             | (9,771)                               | (327,535)                 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default                                         | R0140 | 33                                                    | (9,510)                     | (24,077)                          | (11,721)              | (317)                          | (89,460)                          | (28,367)                    | (73,396)                        | 161        | (8,727)                               | (12,498)                              | (657)                             | (7,995)                               | (266,532)                 |
| Net Best Estimate of Premium Provisions                                                                                                                           | R0150 | 12                                                    | (3,124)                     | (7,151)                           | (3,481)               | (80)                           | (25,214)                          | (7,398)                     | (6,859)                         | 55         | (2,779)                               | (3,370)                               | 162                               | (1,777)                               | (61,003)                  |
| <b>Claims provisions</b>                                                                                                                                          |       |                                                       |                             |                                   |                       |                                |                                   |                             |                                 |            |                                       |                                       |                                   |                                       |                           |
| Gross - Total                                                                                                                                                     | R0160 | 5,676                                                 | 17,438                      | 141,425                           | 68,847                | 1,234                          | 270,794                           | 214,285                     | 208,059                         | 246        | 30,024                                | 1,064,365                             | 10,068                            | 205,253                               | 2,237,714                 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default                                         | R0240 | 4,261                                                 | 13,082                      | 105,794                           | 51,502                | 889                            | 206,300                           | 163,894                     | 165,024                         | (128)      | 22,723                                | 804,658                               | 7,712                             | 160,501                               | 1,706,213                 |
| Net Best Estimate of Claims Provisions                                                                                                                            | R0250 | 1,415                                                 | 4,356                       | 35,631                            | 17,346                | 345                            | 64,493                            | 50,390                      | 43,035                          | 374        | 7,301                                 | 259,707                               | 2,356                             | 44,752                                | 531,501                   |
| <b>Total Best estimate - gross</b>                                                                                                                                | R0260 | 5,721                                                 | 4,804                       | 110,196                           | 53,645                | 838                            | 156,119                           | 178,520                     | 127,804                         | 462        | 18,518                                | 1,048,498                             | 9,573                             | 195,482                               | 1,910,179                 |
| <b>Total Best estimate - net</b>                                                                                                                                  | R0270 | 1,427                                                 | 1,232                       | 28,480                            | 13,864                | 265                            | 39,279                            | 42,993                      | 36,176                          | 429        | 4,522                                 | 256,338                               | 2,518                             | 42,976                                | 470,498                   |
| Risk margin                                                                                                                                                       | R0280 | 263                                                   | 811                         | 6,630                             | 3,228                 | 64                             | 12,001                            | 9,377                       | 8,008                           | 70         | 1,359                                 | 48,327                                | 438                               | 8,328                                 | 98,902                    |
| <b>Technical provisions - total</b>                                                                                                                               |       |                                                       |                             |                                   |                       |                                |                                   |                             |                                 |            |                                       |                                       |                                   |                                       |                           |
| Technical provisions - total                                                                                                                                      | R0320 | 5,984                                                 | 5,614                       | 116,827                           | 56,873                | 902                            | 168,120                           | 187,897                     | 135,812                         | 532        | 19,876                                | 1,096,825                             | 10,012                            | 203,810                               | 2,009,082                 |
| <b>Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total</b>                       |       |                                                       |                             |                                   |                       |                                |                                   |                             |                                 |            |                                       |                                       |                                   |                                       |                           |
| Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total                              | R0330 | 4,294                                                 | 3,572                       | 81,716                            | 39,781                | 573                            | 116,840                           | 135,527                     | 91,628                          | 33         | 13,995                                | 792,160                               | 7,055                             | 152,506                               | 1,439,681                 |
| <b>Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total</b>                                                                          |       |                                                       |                             |                                   |                       |                                |                                   |                             |                                 |            |                                       |                                       |                                   |                                       |                           |
| Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total                                                                                 | R0340 | 1,690                                                 | 2,042                       | 35,110                            | 17,092                | 329                            | 51,280                            | 52,369                      | 44,184                          | 498        | 5,881                                 | 304,664                               | 2,956                             | 51,303                                | 569,400                   |

**AXIS Re SE**  
**YEAR ENDED 31 DECEMBER 2024**  
**APPENDIX II**

**S.19.01.21 Non-life insurance claims (USD'000s)**

| Accident year/<br>Underwriting year | Z0010 | Accident Year    |         |         |        |        |        |        |        |        |        |        |       |                 |                           |
|-------------------------------------|-------|------------------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-----------------|---------------------------|
| Gross Claims Paid (non-cumulative)  |       |                  |         |         |        |        |        |        |        |        |        |        |       |                 |                           |
| (absolute amount)                   |       | Development Year |         |         |        |        |        |        |        |        |        |        |       |                 |                           |
|                                     | Year  | 0                | 1       | 2       | 3      | 4      | 5      | 6      | 7      | 8      | 9      | 10 & + |       | In Current year | Sum of years (cumulative) |
|                                     |       | C0010            | C0020   | C0030   | C0040  | C0050  | C0060  | C0070  | C0080  | C0090  | C0100  | C0110  |       | C0170           | C0180                     |
| <b>Prior</b>                        | R0100 | —                | —       | —       | —      | —      | —      | —      | —      | —      | —      | 20,360 | R0100 | 20,360          | 20,360                    |
| <b>N-9</b>                          | R0160 | 125,160          | 144,827 | 157,771 | 63,760 | 40,073 | 34,878 | 36,993 | 8,897  | 6,401  | 12,230 |        | R0160 | 12,230          | 630,990                   |
| <b>N-8</b>                          | R0170 | 143,782          | 159,700 | 101,516 | 56,990 | 40,921 | 38,658 | 20,816 | 17,494 | 19,844 |        |        | R0170 | 19,844          | 599,721                   |
| <b>N-7</b>                          | R0180 | 176,593          | 242,908 | 159,765 | 86,765 | 46,514 | 48,552 | 343    | 23,856 |        |        |        | R0180 | 23,856          | 785,297                   |
| <b>N-6</b>                          | R0190 | 187,847          | 192,046 | 109,746 | 55,437 | 65,500 | 79,746 | 42,611 |        |        |        |        | R0190 | 42,611          | 732,934                   |
| <b>N-5</b>                          | R0200 | 174,899          | 198,847 | 122,165 | 60,333 | 57,520 | 44,398 |        |        |        |        |        | R0200 | 44,398          | 658,161                   |
| <b>N-4</b>                          | R0210 | 126,379          | 147,435 | 78,723  | 44,622 | 73,906 |        |        |        |        |        |        | R0210 | 73,906          | 471,065                   |
| <b>N-3</b>                          | R0220 | 83,969           | 191,765 | 115,722 | 68,725 |        |        |        |        |        |        |        | R0220 | 68,725          | 460,180                   |
| <b>N-2</b>                          | R0230 | 77,090           | 99,513  | 87,229  |        |        |        |        |        |        |        |        | R0230 | 87,229          | 263,832                   |
| <b>N-1</b>                          | R0240 | 67,131           | 84,699  |         |        |        |        |        |        |        |        |        | R0240 | 84,699          | 151,830                   |
| <b>N</b>                            | R0250 | 51,539           | —       |         |        |        |        |        |        |        |        |        | R0250 | 51,539          | 51,539                    |
|                                     |       | —                | —       | —       | —      | —      | —      | —      | —      | —      | —      | —      | R0260 | 529,397         | 4,825,909                 |

**AXIS Re SE**  
**YEAR ENDED 31 DECEMBER 2024**  
**APPENDIX II**

| Gross undiscounted Best Estimate Claims Provisions |       |                  |         |         |         |         |         |         |         |         |        |         |       |       |                                  |
|----------------------------------------------------|-------|------------------|---------|---------|---------|---------|---------|---------|---------|---------|--------|---------|-------|-------|----------------------------------|
| (absolute amount)                                  | Z0010 |                  |         |         |         |         |         |         |         |         |        |         |       |       |                                  |
|                                                    |       | Development Year |         |         |         |         |         |         |         |         |        |         |       |       |                                  |
|                                                    |       | 0                | 1       | 2       | 3       | 4       | 5       | 6       | 7       | 8       | 9      | 10 & +  |       |       | Year end<br>(discounted<br>data) |
|                                                    |       | C0200            | C0210   | C0220   | C0230   | C0240   | C0250   | C0260   | C0270   | C0280   | C0290  | C0300   |       |       | C0310                            |
| <b>Prior</b>                                       | R0100 | —                | —       | —       | —       | —       | —       | —       | —       | —       | —      | 288,988 |       | R0100 | 250,563                          |
| <b>N-9</b>                                         | R0160 | —                | 436,731 | 312,079 | 233,424 | 166,478 | 138,341 | 109,574 | 87,937  | 73,887  | 59,449 | —       |       | R0100 | 50,901                           |
| <b>N-8</b>                                         | R0170 | 663,454          | 413,813 | 300,242 | 216,379 | 198,596 | 156,724 | 126,867 | 128,368 | 106,788 | —      | —       |       | R0160 | 91,946                           |
| <b>N-7</b>                                         | R0180 | 676,679          | 458,605 | 379,897 | 312,342 | 263,342 | 190,560 | 174,912 | 139,653 | —       | —      | —       |       | R0170 | 118,679                          |
| <b>N-6</b>                                         | R0190 | 676,951          | 515,325 | 432,710 | 336,558 | 267,991 | 237,643 | 183,178 | —       | —       | —      | —       |       | R0190 | 157,647                          |
| <b>N-5</b>                                         | R0200 | 735,872          | 557,340 | 393,198 | 308,430 | 248,863 | 206,141 | —       | —       | —       | —      | —       |       | R0200 | 178,266                          |
| <b>N-4</b>                                         | R0210 | 670,133          | 529,846 | 436,752 | 382,348 | 291,276 | —       | —       | —       | —       | —      | —       |       | R0210 | 259,276                          |
| <b>N-3</b>                                         | R0220 | 604,720          | 446,535 | 348,321 | 267,159 | —       | —       | —       | —       | —       | —      | —       |       | R0220 | 233,555                          |
| <b>N-2</b>                                         | R0230 | 470,846          | 407,408 | 303,655 | —       | —       | —       | —       | —       | —       | —      | —       |       | R0230 | 261,405                          |
| <b>N-1</b>                                         | R0240 | 413,210          | 311,268 | —       | —       | —       | —       | —       | —       | —       | —      | —       |       | R0240 | 265,675                          |
| <b>N</b>                                           | R0250 | 433,588          | —       | —       | —       | —       | —       | —       | —       | —       | —      | —       |       | R0250 | 369,801                          |
|                                                    |       | —                | —       | —       | —       | —       | —       | —       | —       | —       | —      | —       | Total | R0260 | 2,237,714                        |

AXIS Re SE  
YEAR ENDED 31 DECEMBER 2024  
APPENDIX II

**S.23.01.01 Own Funds (USD'000s)**

|                                                                                                                                                                                    |       | Total   | Tier 1 -<br>Unrestricted | Tier 1 -<br>Restricted | Tier 2 | Tier 3 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|---------|--------------------------|------------------------|--------|--------|
|                                                                                                                                                                                    |       | C0010   | C0020                    | C0030                  | C0040  | C0050  |
| <b>Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35</b>                                     |       |         |                          |                        |        |        |
| Ordinary share capital (gross of own shares)                                                                                                                                       | R0010 | 1,011   | 1,011                    |                        | —      |        |
| Share premium account related to ordinary share capital                                                                                                                            | R0030 | —       | —                        |                        | —      |        |
| Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings                                                              | R0040 | —       | —                        |                        | —      |        |
| Subordinated mutual member accounts                                                                                                                                                | R0050 | —       |                          | —                      | —      | —      |
| Surplus funds                                                                                                                                                                      | R0070 | —       |                          |                        |        |        |
| Preference shares                                                                                                                                                                  | R0090 | —       |                          | —                      | —      | —      |
| Share premium account related to preference shares                                                                                                                                 | R0110 | —       |                          | —                      | —      | —      |
| Reconciliation reserve                                                                                                                                                             | R0130 | 670,934 | 670,934                  |                        |        |        |
| Subordinated liabilities                                                                                                                                                           | R0140 | —       | —                        | —                      | —      | —      |
| An amount equal to the value of net deferred tax assets                                                                                                                            | R0160 | 413     |                          |                        |        |        |
| Other own fund items approved by the supervisory authority as basic own funds not specified above                                                                                  | R0180 | —       | —                        | —                      | —      | —      |
| <b>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</b> |       |         |                          |                        |        |        |
| 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 |         |                          |                        |        |        |
| <b>Deductions</b>                                                                                                                                                                  |       |         |                          |                        |        |        |
| Deductions for participations in financial and credit institutions                                                                                                                 | R0230 |         |                          |                        |        |        |
| <b>Total basic own funds after deductions</b>                                                                                                                                      | R0290 | 672,358 | 671,945                  | —                      | —      | 413    |
| <b>Ancillary own funds</b>                                                                                                                                                         |       |         |                          |                        |        |        |
| 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 | —       |                          |                        | —      | —      |
| <b>Total ancillary own funds</b>                                                                                                                                                   | R0400 | —       |                          |                        | —      | —      |



**AXIS Re SE**  
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**APPENDIX II**

**S.23.01.01 Own Funds (USD'000s)**

|                                                                                                             |       | <b>Total</b> | <b>Tier 1 -<br/>Unrestricted</b> | <b>Tier 1 -<br/>Restricted</b> | <b>Tier 2</b> | <b>Tier 3</b> |
|-------------------------------------------------------------------------------------------------------------|-------|--------------|----------------------------------|--------------------------------|---------------|---------------|
| <b>Available and eligible own funds</b>                                                                     |       |              |                                  |                                |               |               |
| Total available own funds to meet the SCR                                                                   | R0500 | 672,358      | 671,945                          | —                              | —             | 413           |
| Total available own funds to meet the MCR                                                                   | R0510 | 671,945      | 671,945                          | —                              | —             |               |
| Total eligible own funds to meet the SCR                                                                    | R0540 | 672,359      | 671,945                          | —                              | —             | 413           |
| Total eligible own funds to meet the MCR                                                                    | R0550 | 671,945      | 671,945                          | —                              | —             |               |
| <b>SCR</b>                                                                                                  | R0580 | 481,119      | —                                | —                              | —             | —             |
| <b>MCR</b>                                                                                                  | R0600 | 120,280      | —                                | —                              | —             | —             |
| <b>Ratio of Eligible own funds to SCR</b>                                                                   | R0620 | 139.7 %      | —                                | —                              | —             | —             |
| <b>Ratio of Eligible own funds to MCR</b>                                                                   | R0640 | 558.7 %      | —                                | —                              | —             | —             |
|                                                                                                             |       |              |                                  |                                |               |               |
| <b>S.23.01.01.02</b>                                                                                        |       | <b>Total</b> |                                  |                                |               |               |
|                                                                                                             |       | C0060        |                                  |                                |               |               |
| <b>Reconciliation reserve</b>                                                                               |       |              |                                  |                                |               |               |
| Excess of assets over liabilities                                                                           | R0700 | 677,609      | —                                | —                              | —             | —             |
| Own shares (held directly and indirectly)                                                                   | R0710 |              | —                                | —                              | —             | —             |
| Foreseeable dividends, distributions and charges                                                            | R0720 | —            | —                                | —                              | —             | —             |
| Other basic own fund items                                                                                  | R0730 | 1,424        | —                                | —                              | —             | —             |
| Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds | R0740 | 5,250        | —                                | —                              | —             | —             |
| <b>Reconciliation reserve</b>                                                                               | R0760 | 670,934      | —                                | —                              | —             | —             |
| <b>Expected profits</b>                                                                                     |       |              |                                  |                                |               |               |
| Expected profits included in future premiums (EPIFP) - Life business                                        | R0770 | —            | —                                | —                              | —             | —             |
| Expected profits included in future premiums (EPIFP) - Non-life business                                    | R0780 | 195,682      | —                                | —                              | —             | —             |
| <b>Total Expected profits included in future premiums (EPIFP)</b>                                           | R0790 | 195,682      | —                                | —                              | —             | —             |

**AXIS Re SE**  
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**APPENDIX II**

**S.25.01.21 Solvency Capital Requirement for undertakings on Standard Formula (USD'000s)**

|                                    |       | Net solvency capital requirement | Gross solvency capital requirement | Allocation from adjustments due to RFF and Matching adjustments portfolios |
|------------------------------------|-------|----------------------------------|------------------------------------|----------------------------------------------------------------------------|
|                                    |       | <b>C0110</b>                     | <b>C0040</b>                       | <b>C0050</b>                                                               |
| Market risk                        | R0010 | 139,592                          | 139,592                            | —                                                                          |
| Counterparty default risk          | R0020 | 107,544                          | 107,544                            | —                                                                          |
| Life underwriting risk             | R0030 | 62,900                           | 62,900                             | —                                                                          |
| Health underwriting risk           | R0040 | 8,300                            | 8,300                              | —                                                                          |
| Non-life underwriting risk         | R0050 | 291,917                          | 291,917                            | —                                                                          |
| Diversification                    | R0060 | (175,942)                        | (175,942)                          | —                                                                          |
| Intangible asset risk              | R0070 | —                                | —                                  | —                                                                          |
| Basic solvency capital requirement | R0100 | 434,311                          | 434,311                            | —                                                                          |

**Calculation of Solvency Capital Requirement**

|                                                                                             |        |                                           |
|---------------------------------------------------------------------------------------------|--------|-------------------------------------------|
| Operational risk                                                                            | R0130  | 57,585                                    |
| Loss-absorbing capacity of technical provisions                                             | R0140  | —                                         |
| Loss-absorbing capacity of deferred taxes                                                   | R0150  | (10,778)                                  |
| Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC | R0160  | —                                         |
| Solvency Capital Requirement excluding capital add-on                                       | R0200  | 481,118                                   |
| Capital add-on already set                                                                  | R0210  | —                                         |
| of which, capital add-ons already set - Article 37 (1) Type a                               | R0211  | —                                         |
| of which, capital add-ons already set - Article 37 (1) Type b                               | R0212  | —                                         |
| of which, capital add-ons already set - Article 37 (1) Type c                               | R0213  | —                                         |
| of which, capital add-ons already set - Article 37 (1) Type d                               | R0214  | —                                         |
| Solvency capital requirement                                                                | R0220  | 481,118                                   |
| Other information on SCR                                                                    | AR0399 | —                                         |
| Capital requirement for duration-based equity risk sub-module                               | R0400  | —                                         |
| Total amount of Notional Solvency Capital Requirements for remaining part                   | R0410  | —                                         |
| Total amount of Notional Solvency Capital Requirements for ring-fenced funds                | R0420  | —                                         |
| Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios   | R0430  | —                                         |
| Diversification effects due to RFF nSCR aggregation for article 304                         | R0440  | —                                         |
| <b>Approach to tax rate</b>                                                                 |        | <b>C0109</b>                              |
| <b>Approach based on average tax rate</b>                                                   | R0590  | <b>Approach based on average tax rate</b> |
|                                                                                             |        |                                           |
| <b>Calculation of loss absorbing capacity of deferred taxes</b>                             |        | <b>LAC DT</b>                             |
|                                                                                             |        | <b>C0130</b>                              |
| LAC DT                                                                                      | R0640  | (10,778)                                  |
| LAC DT justified by reversion of deferred tax liabilities                                   | R0650  | —                                         |
| LAC DT justified by reference to probable future taxable economic profit                    | R0660  | (10,778)                                  |
| LAC DT justified by carry back, current year                                                | R0670  | —                                         |
| LAC DT justified by carry back, future years                                                | R0680  | —                                         |
| <b>Maximum LAC DT</b>                                                                       | R0690  | 10,778                                    |

**AXIS Re SE**  
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**APPENDIX II**

**S.28.01.01 Minimum Capital Requirement - Only life or non-life insurance or reinsurance activity (USD'000s)**

Linear formula component for non-life insurance and reinsurance obligations

|                                                                          |              | <b>C0010</b>                                                                        |                                                                            |
|--------------------------------------------------------------------------|--------------|-------------------------------------------------------------------------------------|----------------------------------------------------------------------------|
|                                                                          | <b>R0010</b> | 96,840                                                                              |                                                                            |
| <b>MCR<sub>NL</sub> Result</b>                                           |              |                                                                                     |                                                                            |
|                                                                          |              |                                                                                     |                                                                            |
|                                                                          |              | <b>Net (of reinsurance/<br/>SPV) best estimate and<br/>TP calculated as a whole</b> | <b>Net (of reinsurance)<br/>written premiums in the<br/>last 12 months</b> |
|                                                                          |              | <b>C0020</b>                                                                        | <b>C0030</b>                                                               |
| Medical expense insurance and proportional reinsurance                   | R0020        | 1,427                                                                               | —                                                                          |
| Income protection insurance and proportional reinsurance                 | R0030        | 1,232                                                                               | 6,693                                                                      |
| Workers' compensation insurance and proportional reinsurance             | R0040        | —                                                                                   | —                                                                          |
| Motor vehicle liability insurance and proportional reinsurance           | R0050        | 28,480                                                                              | 7,245                                                                      |
| Other motor insurance and proportional reinsurance                       | R0060        | 13,864                                                                              | 3,527                                                                      |
| Marine, aviation and transport insurance and proportional reinsurance    | R0070        | 265                                                                                 | 760                                                                        |
| Fire and other damage to property insurance and proportional reinsurance | R0080        | 39,279                                                                              | 35,722                                                                     |
| General liability insurance and proportional reinsurance                 | R0090        | 42,993                                                                              | 11,114                                                                     |
| Credit and suretyship insurance and proportional reinsurance             | R0100        | 36,176                                                                              | 39,734                                                                     |
| Legal expenses insurance and proportional reinsurance                    | R0110        | —                                                                                   | —                                                                          |
| Assistance and proportional reinsurance                                  | R0120        | 429                                                                                 | 105                                                                        |
| Miscellaneous financial loss insurance and proportional reinsurance      | R0130        | —                                                                                   | —                                                                          |
| Non-proportional health reinsurance                                      | R0140        | 4,522                                                                               | 5,058                                                                      |
| Non-proportional casualty reinsurance                                    | R0150        | 256,338                                                                             | 60,554                                                                     |
| Non-proportional marine, aviation and transport reinsurance              | R0160        | 2,518                                                                               | 972                                                                        |
| Non-proportional property reinsurance                                    | R0170        | 42,976                                                                              | 4,384                                                                      |

**AXIS Re SE**  
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**APPENDIX II**

Linear formula for life insurance and reinsurance obligations

|                                                                              |       |                                                                                    |                                                           |
|------------------------------------------------------------------------------|-------|------------------------------------------------------------------------------------|-----------------------------------------------------------|
|                                                                              |       | <b>C0040</b>                                                                       |                                                           |
| <b>MCR<sub>L</sub> Result</b>                                                | R0200 | 97,485                                                                             |                                                           |
|                                                                              |       |                                                                                    |                                                           |
|                                                                              |       | <b>Net (of reinsurance/SPV)<br/>best estimate and TP<br/>calculated as a whole</b> | <b>Net (of reinsurance/SPV)<br/>total capital at risk</b> |
|                                                                              |       | C0050                                                                              | C0060                                                     |
| <b>Obligations with profit participation - guaranteed benefits</b>           | R0210 | —                                                                                  |                                                           |
| <b>Obligations with profit participation - future discretionary benefits</b> | R0220 | —                                                                                  |                                                           |
| <b>Index-linked and unit-linked insurance obligations</b>                    | R0230 | —                                                                                  |                                                           |
| <b>Other life (re)insurance and health (re)insurance obligations</b>         | R0240 | 4,642                                                                              |                                                           |
| <b>Total capital at risk for all life (re)insurance obligations</b>          | R0250 |                                                                                    | —                                                         |
|                                                                              |       |                                                                                    |                                                           |
| <b>Overall MCR calculation</b>                                               |       |                                                                                    |                                                           |
|                                                                              |       | <b>C0070</b>                                                                       |                                                           |
| Linear MCR                                                                   | R0300 | 96,938                                                                             | —                                                         |
| SCR                                                                          | R0310 | 481,119                                                                            | —                                                         |
| MCR cap                                                                      | R0320 | 216,504                                                                            | —                                                         |
| MCR floor                                                                    | R0330 | 120,280                                                                            | —                                                         |
| Combined MCR                                                                 | R0340 | 120,280                                                                            | —                                                         |
| Absolute floor of the MCR                                                    | R0350 | 4,036                                                                              | —                                                         |
|                                                                              |       | <b>C0070</b>                                                                       |                                                           |
| <b>Minimum Capital Requirement</b>                                           | R0400 | 120,280                                                                            | —                                                         |