

AXIS Re SE

Solvency and Financial Condition Report

Year Ended 31 December 2020

AXIS Re SE
YEAR ENDED 31 DECEMBER 2020
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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 2020
SUMMARY

On 4 November 2015, Ireland transposed the Solvency II Directive (Directive 2009/138/EC) as amended by the Omnibus II Directive (2014/51/EC) (together "the Solvency II Directive") 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 Solvency and Financial Condition Report ("SFCR") for AXIS Re SE is for year ended 31 December 2020.

The SFCR is produced as part of our compliance with the reporting requirements under Solvency II. It covers the business and performance of the Company, its system of governance, risk profile, valuation for solvency purposes and capital management.

Business and Performance

AXIS Re SE operates from its Head Office at Mount Herbert Court, 34 Upper Mount Street, Dublin 2. The Company has a branch office in Zurich, Switzerland, which trades as "AXIS Re Europe". The Company has marketing offices in Brazil. In December 2015, the Company received approval from the Dubai Financial Services Authority to open a representative office in Dubai. The Dubai representative office went into liquidation in May 2020 and surrendered its regulatory license to the Dubai FSA in December 2020. The liquidation was finalized on 8 March 2021. This liquidation was driven by the strategic decision to exit accident & health in the Middle East.

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 2020, it had common shareholders' equity of USD 4.7 billion, total capital of USD 6.6 billion and total assets of USD 25.9 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, agriculture, accident and health, motor and credit and surety classes of business.

Gross premiums written in 2020 of USD 843.4 million were below prior year by USD 301.9 million. The decrease was primarily driven by lower premium volume in property business and the strategic decision to exit accident & health in the Middle East. In 2020, the Company continued its focus on business which provided improved technical results and lower capital consumption. The profit for the year decreased to USD 60.5 million from USD 107.9 million in 2019. The adverse result over prior year was largely driven by losses arising from the on-going Coronavirus pandemic (COVID-19). The net combined ratio for 2020 was 113.2% (2019: 93.8%). COVID-19 losses were mainly in property and accident & health and contributed 12.2% to the net combined ratio.

The Company's investment portfolio generated gains from investments of USD 110.0 million (including investment expenses and charges) in 2020 (2019: USD 113.0 million gains). This translated to a total gain on average cash and investments (pre-tax) of 6.8% in 2020 (2019: 7.4%). The decline in sovereign interest rates, the continued rally in equity markets, and portfolio yield had a positive impact on the investment portfolio in 2020.

The UK officially left the E.U. at 11pm GMT on 31 December 2020, and is now considered a third country. European law no longer applies directly in the UK. The UK granted equivalence to EEA reinsurers under Solvency II, meaning that EEA reinsurers such as AXIS Re SE can continue to operate in the UK on a cross-border basis post-Brexit.

At the 1 January 2021 renewals, the Company saw an improved but competitive environment and remained committed to taking the underwriting actions necessary to achieve a stable return. A prudent underwriting approach, focus on diversification and the pursuit of opportunities to expand those lines of business which provide the best return on capital together with protection from its reinsurance program enables the Company to continue to maintain its current financial strength.

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

System of Governance

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 the diligent oversight of policies, processes and decision making. The Board of Directors are ultimately responsible for the good governance, performance and strategy of the Company.

The Company ensures that all persons, who effectively run the Company or have other key functions, are fit to provide sound and prudent management through their professional qualifications, knowledge and experience and are proper by being of good repute and integrity.

System of Governance (continued)

Risk governance is executed through a three lines of defence model, as described below:

First Line of Defence Business Units	Second Line of Defence Risk Management	Third Line of Defence Internal Audit
<ul style="list-style-type: none">• Management is responsible for the design and implementation of risk policies, processes and controls to manage risk	<ul style="list-style-type: none">• Provide oversight and guidance of the management of risk across the business by supporting and challenging risk owners in their identification, assessment, and mitigation and reporting of risk.	<ul style="list-style-type: none">• Perform risk audits of execution against the risk standards, practices, processes and controls.

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

Risk Profile

The Company's risk landscape comprises insurance, market, credit, liquidity, operational and other risks that arise as a result of doing business. Across these risk categories, emerging threats and opportunities are identified and evaluated through a framework that includes the assessment of potential surprise factors that could affect known loss potentials.

Insurance risk is comprised of underwriting and reserving risk. Underwriting risk is managed through rigorous protocols, including peer review and underwriting guidelines, which provide a framework for consistent pricing and risk analysis while ensuring alignment to risk appetite. The Company seeks to mitigate reserving risk by, among other things, diligently monitoring claims and maintaining a structured process and control framework for determining carried reserves.

The management of market and credit risk comprises the identification, assessment and controlling of the risks inherent in the financial and credit markets and includes monitoring of compliance with the Company's risk management standards, including various risk tolerance limits. The Company seeks to mitigate investment risk by, among other things, closely managing its investment managers through investment policies and guidelines which place limits on asset class and individual security exposures.

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

The Company manages liquidity through risk limits which define the minimum percentage of the Company's cash and investments to mature within a defined time frame.

The Company manages operational risk through sound corporate and risk governance, including the application of effective systems and controls. The Risk Management Function is responsible for coordinating and overseeing the Group-wide framework for operational risk management.

COVID-19 is impacting global economies and markets which could impact on the Company's performance. The impact will depend on future developments which remain uncertain. We have robust governance structures and monitoring processes in place, which support the on-going monitoring of the company's solvency position based on the latest available market information including our interpretation of our exposures and likely impacts on our business and on our reinsurance counterparties.

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

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.

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SUMMARY

Valuation for Solvency Purposes (continued)

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

- differences in the valuation of technical provisions and associated reinsurance recoverables,
- the financial statements include property, plant and equipment at cost, which are valued at fair value under Solvency II,
- deferred tax calculated on the expected tax impact once the valuation adjustments from GAAP to Solvency II unwind, and
- leases are accounted under Solvency II using IFRS 16 following guidance coming out from EIOPA that IFRS 16 is the appropriate measurement basis for leases, which differs from how they are treated under GAAP.

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 plan of expected performance.

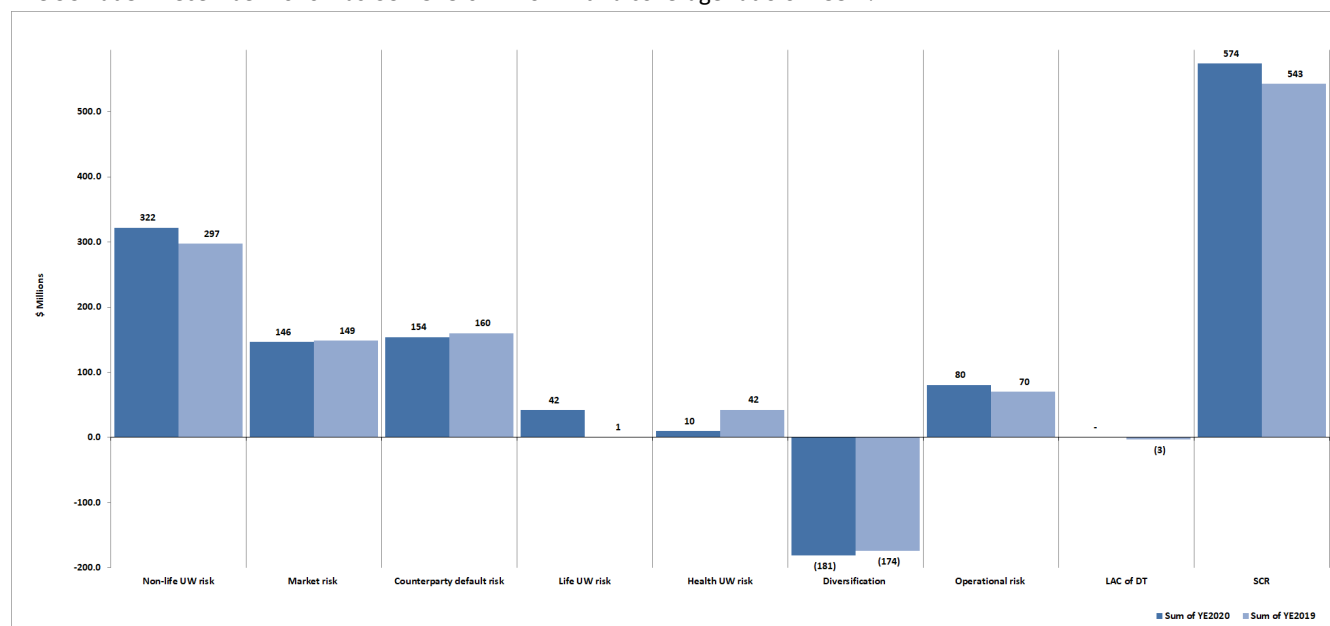
For Solvency II, own funds are divided into levels of quality, known as tiers, depending on their loss absorbency. Tier 1 unrestricted, which is not subject to a limit, is of the highest quality, Tier 3 the lowest. 98.0% of the Company's own funds are classified as Tier 1.

	2020	2019
	USD'000	USD'000
Solvency II own funds	768,960	762,725
Restricted own fund item	(5,000)	(5,000)
Eligible own funds	763,960	757,725

In accordance with certain local regulatory and contractual requirements, the Company has a restricted cash balance of USD 5.0 million on deposit at 31 December 2020.

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

The SCR at 31 December 2020 was USD 573.6 million with a coverage ratio of 133.2%.



"LAC of DT" - Loss absorbing capacity of Deferred Tax

The Minimum Capital Requirement ("MCR") at 31 December 2020 was USD 143.4 million with a coverage ratio of 521.5%.

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.

A. BUSINESS AND PERFORMANCE

A.1 Business

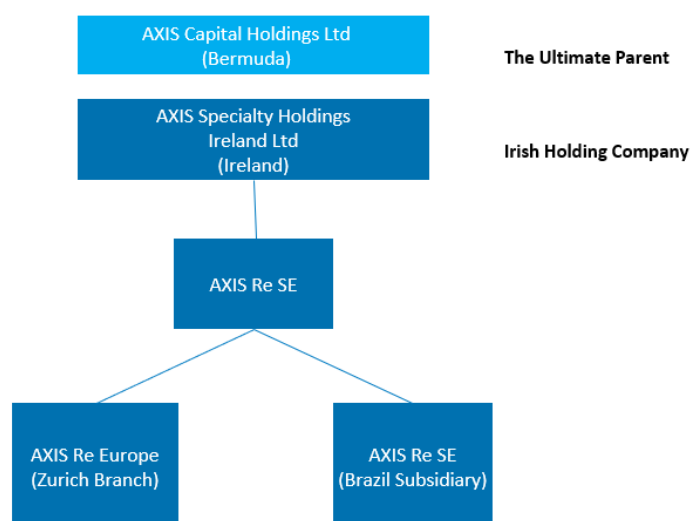
Company Profile

The Company was incorporated in Ireland on 12 February 2002 as a limited liability company. On 10 September 2012, the Company re-registered as a Societas Europaea ("SE") having received Irish High Court approval.

The Company is 100% owned by AXIS Speciality 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 2020, AXIS Capital had common shareholders' equity of USD 4.7 billion, total capital of USD 6.6 billion and total assets of USD 25.9 billion.

Simplified Group Structure



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

AXIS Re SE operates from its Head Office at Mount Herbert Court, 34 Upper Mount 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 has established representative offices as follows:

- 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 Pryor Locatelli Consultores Ltda, Avenue Bernardino de Campos, No. 98, 12th floor, room 6, Paraíso, São Paulo, CEP 04004-040. The Company was granted its license by the Superintendence of Private Insurance ("SUSEP") as an admitted reinsurer in Brazil in March 2011.
- In December 2015, the Company received approval from the Dubai Financial Services Authority to open a representative office in Dubai, AXIS Re SE, Dubai Representative Office, with a registered address at Unit 42, Level 3, Gate Village Building 4, Gate Village, DIFC, PO Box 507026, Dubai. In November 2017, the Dubai Representative Office was incorporated as a subsidiary of AXIS Specialty Holdings Ireland Limited trading as 'AXIS Reinsurance (DIFC) Limited'. In December 2017, AXIS Reinsurance DIFC Limited was granted a Category 4 license by the Dubai Financial Services Authority. Following the decision to exit Middle East Accident & Health business, AXIS Reinsurance (DIFC) Limited commenced the liquidation process in December 2020 with the surrender of its regulatory license to the Dubai FSA. The liquidation was finalised on 8 March 2021.

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BUSINESS & PERFORMANCE

Shared Services within the AXIS Group

The AXIS Group ("Group") operates a global business providing a range of specialty (re)insurance products and services. Business segments and legal entities within the Group rely on the breadth of support functions offered by the Group. The Group is structured such that the business segments have access to many of their own vital support functions, such as Finance, Actuarial, Human Resources ("HR") and Business Technology Solutions ("BTS"), and these are overlaid with further functions and support at Group level, such as Corporate Finance, Treasury & Investments, Corporate Risk and Ceded Reinsurance. 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.

The Company's external auditor is Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, whose address is 29 Earlsfort Terrace, Dublin 2, Ireland.

Performance

On a GAAP basis, the profit for the year ended 31 December 2020 was USD 60.5 million (2019: USD 107.9 million).

	2020	2019
	USD'000	USD'000
Gross premiums written	843,407	1,145,280
Technical results	(25,667)	16,089
Net investment income	110,042	113,009
Foreign exchange losses	(14,791)	(5,918)
Profit on ordinary activities before taxation	<u>69,584</u>	<u>123,181</u>
Taxation on profit on ordinary activities	<u>(9,130)</u>	<u>(15,262)</u>
Profit on ordinary activities after taxation	<u>60,454</u>	<u>107,919</u>

The Company writes business world-wide primarily across marine, transit, property (including energy), liability, agriculture, accident and health, motor and credit and suretyship classes of business. Accident and health business includes medical expense, income protection, assistance and health non-proportional business.

In 2020, Gross premiums written of USD 843.4 million was below prior year of USD 1,145.3 million. The decrease was primarily driven by lower premium volume in property business and the strategic decision to exit accident & health in the Middle East. In 2020, the Company continued its focus on business which provided improved technical results and lower capital consumption.

At the 1 January 2021 renewals the Company saw an improved but competitive environment and remained committed to taking the underwriting actions necessary to achieve a stable return. A prudent underwriting approach, focus on diversification and the pursuit of opportunities to expand those lines of business which provide the best return on capital together with protection from its reinsurance program enables the Company to continue to maintain its current financial strength.

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A.2 Performance from Underwriting activities

	2020	2019
	USD'000	USD'000
Gross premiums written	843,407	1,145,280
Net premiums written	167,521	224,814
Gross premiums earned	983,605	1,270,670
Net premiums earned	191,980	257,662
Other technical income (net)	1,421	2,363
Net losses and loss expenses	(172,237)	(179,642)
Net operating expenses	(46,831)	(64,294)
Technical result	(25,668)	16,089

Gross premiums written in 2020 of USD 843.4 million was below prior year by USD 301.9 million. The decrease was primarily driven by lower premium volume in property business and the strategic decision to exit accident & health in the Middle East.

The 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. During 2020, the Company's net combined ratio was 113.2% (2019: 93.8%). The adverse result over prior year was largely driven by losses arising from the on-going Coronavirus pandemic (COVID-19).

Premiums

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

	Gross premiums written 2020 USD'000	Gross premiums written 2019 USD'000	Net premiums earned 2020 USD'000	Net premiums earned 2019 USD'000
Direct business and accepted proportional reinsurance				
Medical expense	(2,411)	89,448	7,797	20,179
Income protection	12,729	7,351	3,839	2,556
Motor vehicle liability	123,584	165,255	25,079	53,239
Other motor	62,245	46,309	12,631	14,919
Marine, aviation and transport	—	75	—	17
Fire and other damage to property	102,717	203,984	32,819	41,186
General liability	74,349	64,985	13,827	12,794
Credit and suretyship	105,341	154,219	19,854	28,382
Assistance	2,744	5,194	1,181	1,082
Accepted non-proportional reinsurance				
Health	30,695	27,147	6,924	5,832
Casualty	194,024	202,537	41,676	45,035
Marine, aviation and transport	3,170	4,574	623	872
Property	134,222	174,203	25,730	31,570
Total	843,407	1,145,280	191,980	257,662

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BUSINESS & PERFORMANCE

Analysis of gross premiums written by geographic location of cedent

	2020	2019
	USD'000	USD'000
Europe	641,235	795,102
Asia	108,563	244,491
Central & South America	65,322	69,753
North America	17,611	27,287
Africa	6,688	4,939
Oceania	3,988	3,708
	<u>843,407</u>	<u>1,145,280</u>

Refer to [Appendix II S.05.02.01](#) for further detail on the top five countries by gross written premium.

In 2020, gross premiums written are down from prior year driven by reduction in property lines and exit from middle eastern accident & health lines of business. In 2020, the Company continued its focus on business which provided improved technical results and lower capital consumption.

The Company purchases both proportional and non-proportional reinsurance from both third parties and other related group companies to reduce the risk of exposure to underwriting losses and assist in the management of capital. Ceded premiums written in 2020 decreased to USD 675.9 million, compared to USD 920.5 million driven by the reduction in gross premiums written.

Other technical income (net)

Other technical income relating to performance based fees and reimbursement arrangements with third party capital providers was USD 5.3 million (2019: USD 9.2 million).

In consideration for the Company's appointment of certain intermediaries as reinsurance intermediary/broker for the placement and servicing of treaty reinsurance purchased or renewed by the Company on or after 1 April 2009, and in consideration of the Company's performance of various administrative services to assist the reinsurance intermediary/broker, the intermediaries agree to share the received brokerage revenue derived from the business written on behalf of the Company. During 2020, the Company received USD 0.1 million (2019: USD 0.1 million) for the performance of those administrative services.

Other technical income recognised in 2020 net of reinsurance was USD 1.4 million (2019: USD 2.4 million).

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Net losses and loss expenses

	Net losses and loss expenses 2020 USD'000	Net loss ratio 2020 %	Net losses and loss expenses 2019 USD'000	Net loss ratio 2019 %
Direct business and accepted proportional reinsurance				
Medical expense	7,631	97.9 %	19,900	98.6 %
Income protection	4,035	105.1 %	2,133	83.4 %
Motor vehicle liability	28,066	111.9 %	45,872	86.2 %
Other motor	14,104	111.7 %	12,855	86.2 %
Marine, aviation and transport	(18)	— %	(41)	(233.6)%
Fire and other damage to property	29,004	88.4 %	43,144	104.8 %
General liability	13,092	94.7 %	9,238	72.2 %
Credit and suretyship	9,084	45.8 %	6,877	24.2 %
Assistance	298	25.2 %	818	75.5 %
Accepted non-proportional reinsurance				
Health	5,090	73.5 %	3,426	58.7 %
Casualty	28,975	69.5 %	27,515	61.1 %
Marine, aviation and transport	1,514	242.9 %	(1,082)	(124.1)%
Property	31,362	121.9 %	8,988	28.5 %
Total	172,237	89.7 %	179,643	69.7 %

The Company's net loss ratio increased to 89.7% from 69.7% in 2020. The adverse result over prior year was largely driven by COVID-19 losses mainly in property and accident & health which contributed 12.2% to the net combined ratio.

Net operating expenses

Net operating expenses include net acquisition costs and net general and administrative expenses incurred during the year.

	2020	2019
Net operating expense ratio	27.0 %	25.0 %

The Company's net expense ratio was down on prior year. The driver of the variance is due to the impact of COVID and the resulting reduction in travel and office costs.

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Net operating expenses by line of business

	Net operating expenses 2020 USD'000	Net operating expenses 2019 USD'000
Direct business and accepted proportional reinsurance		
Medical expense	(551)	2,494
Income protection	1,014	325
Motor vehicle liability	4,097	12,752
Other motor	2,058	3,573
Marine, aviation and transport	—	5
Fire and other damage to property	10,602	12,670
General liability	5,172	5,203
Credit and suretyship	12,437	12,394
Assistance	1,023	336
Accepted non-proportional reinsurance		
Health	1,359	651
Casualty	6,019	7,008
Marine, aviation and transport	204	424
Property	3,395	6,458
Total	46,831	64,294

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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 3.7 million (2019: USD 4.2 million).

	Dividends	Interest	Realised gains/(losses)	Unrealised gains/(losses)	Total
	2020	2020	2020	2020	2020
	USD'000	USD'000	USD'000	USD'000	USD'000
Government Bonds	—	4,049	6,357	5,693	16,099
Corporate Bonds	—	22,054	1,339	23,399	46,792
Equity instruments	5,714	—	17,644	13,567	36,925
Collateralised securities	—	4,086	1,161	3,924	9,171
Cash and deposits	—	3,289	—	—	3,289
Collective investments undertakings	155	—	—	—	—
Other investments	—	—	—	265	265
	5,869	33,478	26,501	46,848	112,541

	Dividends	Interest	Realised gains/(losses)	Unrealised gains/(losses)	Total
	2019	2019	2019	2019	2019
	USD'000	USD'000	USD'000	USD'000	USD'000
Government Bonds	—	7,901	6,125	7,115	21,141
Corporate Bonds	—	19,335	(2,366)	29,782	46,751
Equity instruments	6,606	—	2,218	20,293	29,117
Collateralised securities	—	4,084	31	5,083	9,198
Cash and deposits	—	5,342	2	—	5,344
Other investments	—	—	—	3,660	3,660
	6,606	36,662	6,010	65,933	115,211

Investment Performance

The Company's investment portfolio generated gains from investments of USD 110.0 million (including investment expenses and charges) in 2020 (2019: USD 113.0 million gains). This translated to a total gain on average cash and investment (pre-tax) of 6.8% in 2020 (2019: 7.4%). The decline in sovereign interest rates, the continued rally in equity markets, and portfolio yield had a positive impact on the investment portfolio in 2020.

	2020	2019
	USD'000	USD'000
Investment expenses and charges	2,640	2,202

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.

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.

Leasing arrangements

The Company leases office space in a number of locations. Charges relating to lease obligations of USD 2.2 million (2019: USD 2.0 million) are included in net general and administrative expenses.

The Company rents three floors of office space for its Swiss branch in Zurich, under a lease agreement that runs until 28 February 2027. This is a ten year lease agreement that was negotiated for the Zurich office with an effective start date of 1 March 2017, with a break option after five years on 28 February 2022 with a 12 month notice period. In February 2021, the Company gave notice on one floor of the leased office space.

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

	USD '000
Lease commitments payable:	
Within 1 year	2,235
Within 2 to 5 years	373
After 5 years	—
	<hr/> 2,608 <hr/>

The Company is not party to any finance leases as at 31 December 2020.

A.5 Any other information

In response to the ongoing COVID-19 pandemic, most of our employees have worked remotely since March 2020.

The Company has implemented business continuity plans to ensure that it will continue to operate effectively, ensuring the safety and well-being of our employees, the continued support of and engagement with our clients and alignment with government guidelines and regulatory requirements. We are actively engaged with key service providers to ensure continuity of services.

The Company has not observed any material adverse operational impact due to COVID-19. Employees are working remotely to service our clients and fulfil our regulatory obligations. The robust nature of our remote working tools, and the positive engagement of all stakeholders has allowed us to continue to trade effectively in all relevant markets.

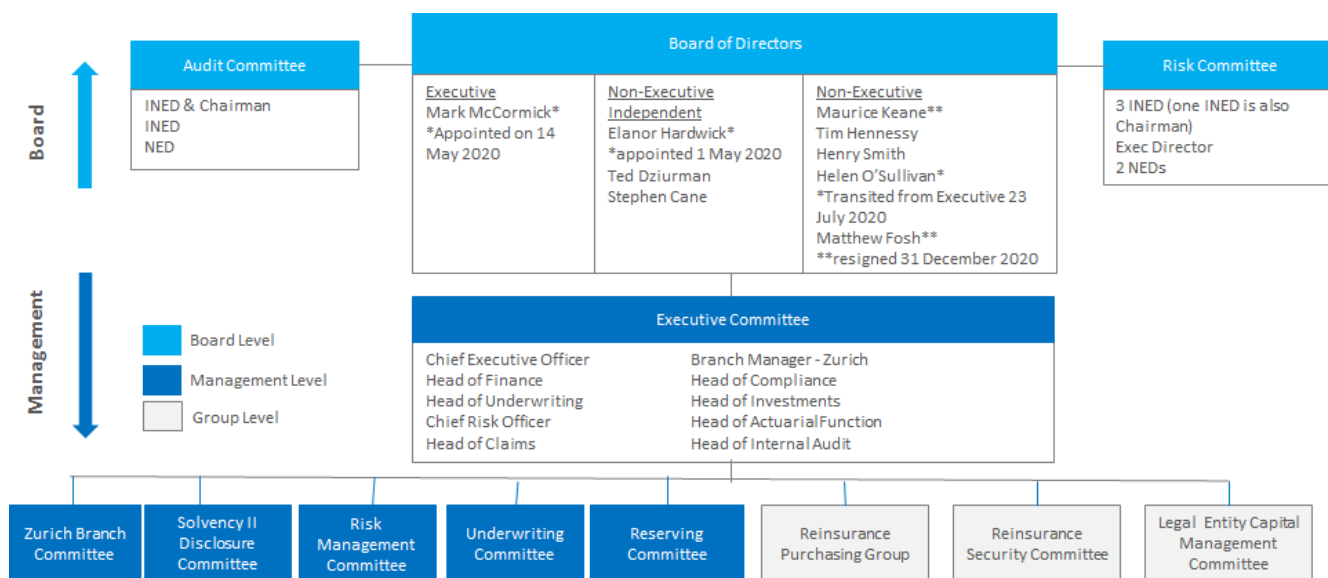
All material information regarding business and performance has been disclosed in Sections A.1 - A. 4 above.

AXIS Re SE
YEAR ENDED 31 DECEMBER 2020
SYSTEM OF GOVERNANCE

B. SYSTEM OF GOVERNANCE

B.1 General governance arrangements

AXIS Re SE 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 policy, process and decision making. There were no changes in the system of governance over the reporting period.



Board of Directors

The Company has established a Board of Directors comprising a minimum of five directors including at least two non-executive directors.

The Board of Directors is responsible for the following:

- monitoring and oversight of the business activities of the Company,
- setting the strategy of the Company, and overseeing its execution,
- corporate, regulatory and compliance governance,
- compliance with all legal and regulatory requirements,
- effective, prudent and ethical oversight of the Company,
- oversight of Board of Directors Committees,
- 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 Controlled Functions or Pre-approval Controlled functions on behalf of the Company,
- defining and documenting the responsibilities of Directors, Board of Directors Committees and senior management to ensure that no single person has unfettered control of the business,
- succession planning for the Board of Directors and senior management; and
- monitoring the performance of outsourced providers.

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 of Directors has established 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.

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 Chairman 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 chairman is an independent non-executive director appointed by a majority vote of the Board of Directors.

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 Committee has the following duties and responsibilities:

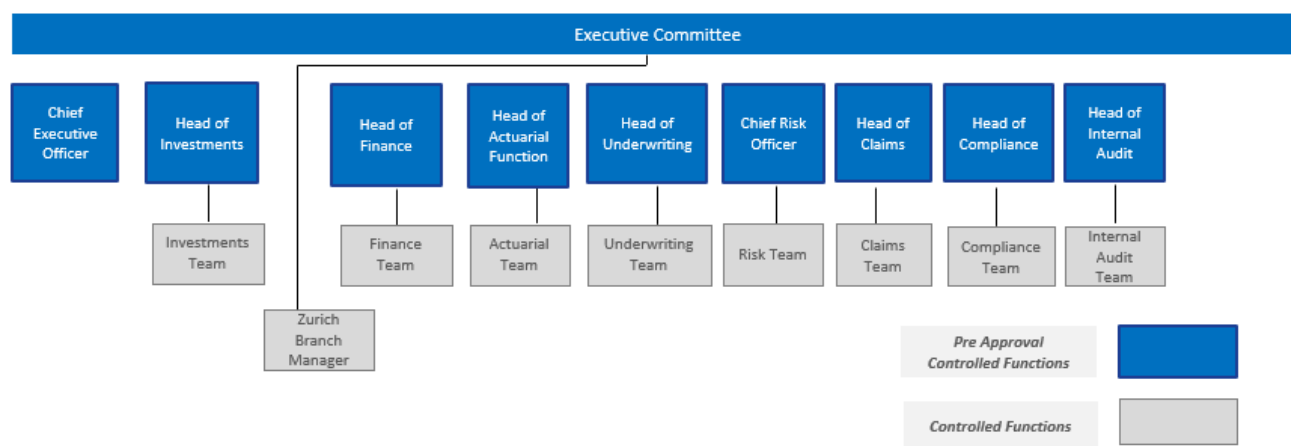
- review and approve the Company's Enterprise Risk Management Framework, and monitor management's effective implementation of this framework,
- review the output of the Stress Test and Scenario Testing Framework, and provide input on scenario design and selection,
- review and approve annually the Company's Risk Management Strategy and Reinsurance Management Strategy documents,
- review and approve any changes to the Company's Solvency Standard 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 Solvency Standard and Risk Limits,
- meet on a regular basis with the Chief Risk Officer in a separate executive session,
- 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 Solvency Standard and Risk Limits.

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

Executive Committee ("ExCo")

The ExCo was established as a functional Committee used to assist the Chief Executive Officer and senior management to discuss matters of strategy or of significant importance to the Company.

The ExCo includes the Company executive's holding Pre-approval controlled function ("PCF") positions and other senior management:



Executive Committee ("ExCo") (continued)

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.

Zurich Branch Management Committee

The Zurich Branch has 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,
- approve the Zurich Branch Underwriting guidelines; and
- managing the interaction and relationship with other management and AXIS Group committees.

The Zurich Branch Management Committee includes Zurich branch executives holding senior positions.

Reserving Committee

The purpose of the Reserving Committee is to determine Management's Best Estimate ("MBE") of the Reserves for Loss and Loss Expenses to be recorded in the financial statements.

Core responsibilities of the Reserving Committee include:

- determining MBE for Reserves for Loss and Loss Expenses to be recorded in the company financial statements in line with reserving policy as approved by the Company's Board of Directors,
- review of the MBE recommendations of the Company's Head of Actuarial Function and the sensitivities identified by the Segment Reserve Committees,
- critically evaluate the group and business segment analysis performed by the internal and external actuaries,
- review the sensitivities and make final decisions for the reserve estimates,
- discuss the process and methods used by the internal and external actuaries, including how the reserve calculations changed quarter over quarter; and
- review the catastrophic loss events and market share analysis to determine an appropriate reserve for events.

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

Risk Management Committee

The Risk Management Committee is a functional Committee whose main purpose is to oversee the integrity and effectiveness of the Company's enterprise risk management framework, and to ensure that the Company's risk assumption and risk mitigation activities are consistent with that framework.

The Risk Management Committee comprises the Chief Risk Officer, Chief Executive Officer, Head of Underwriting, Head of Finance 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.

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.

Conflicts of interest

Conflicts of interests, and the appearance of conflicts, are prohibited under 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 AXIS Re SE and its sister company, AXIS Specialty Europe SE.

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

- be in line with AXIS Re SE '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 AXIS Europe'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 Group,
- 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 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.1.3 Material transactions with shareholders and the Board of Directors (continued)

Director emoluments include all payments made by the company to the Board of Directors. Fees paid by the Company to non-executive Directors are included in 'Aggregate emoluments in respect of qualifying services'.

	2020	2019
	USD'000	USD'000
Aggregate emoluments in respect of qualifying services	530	339
Aggregate emoluments receivable under long-term incentive schemes	136	93
Company contributions in respect of qualifying services to Pension Scheme Fund, a defined contribution retirement benefit scheme	43	22
	709	454
	709	454

B.2 Fit and proper requirements

The Company has a Fitness and Probity ("F&P") policy which complies with Part 3 of the Central Bank Act, 2010 covering control functions ("CF") and PCFs. The policy also covers the CBI's SI No 437 of 2011 on 1 September 2011, SI No 615 of 2011 on 30 November 2011, SI No 394 of 2014 and SI No 485 of 2015.

F&P imposes a requirement on persons performing a CF or a PCF on behalf of the Company to comply with certain standards of competence, capability, honesty, integrity and financial prudence ("F&P Standards"). The 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.

CFs and PCFs are requested annually to attest to continuing compliance with F&P Standards.

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 our strategic, operational and financial objectives. The key objectives of the risk management framework are to:

- Protect our capital base and earnings by monitoring our risks against our stated risk appetite and limits;
- Promote a sound risk management culture through disciplined and informed risk taking;
- Enhance value creation and contribute to an optimal risk-return profile by providing the basis for efficient capital deployment;
- Support our Group-wide decision-making process by providing reliable and timely risk information; and
- Safeguard AXIS' 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 Chief Risk Officer ("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 Risk Controls.

Risk Governance

At the heart of the ERM framework is a governance process with responsibilities for identifying, assessing, managing, monitoring and reporting risks. We articulate roles and responsibilities for risk management throughout the organization from the Board of Directors 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 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 Risk Committee of the Board (“Board Risk Committee” or “Risk Committee”) assists the Board of Directors in overseeing the integrity and effectiveness of the ERM framework, which includes compliance with risk appetite and key risk limits as well as any regulatory requirements. The enterprise risk management framework consists of the policies, procedures, internal controls and governance to promptly identify, assess, manage, monitor and report risks that affect the achievement of our strategic, operational and financial objectives.

The Executive Management Committee (“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 Climate Change Working Groups).

Risk Strategy/Appetite Statement

The Company’s risk strategy is developed by the Risk Function and is expressed through the Risk Appetite Statement (“RAS”) which articulates where and how much risk the Company is willing to take. The risk appetite 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 RAS is reviewed and approved by the Board Risk Committee on an annual basis.

We monitor risk through, for example, risk dashboards and limit consumption reports. These are intended to allow us to detect potential deviations from our 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 regularly discussed and reviewed by the Emerging Risk Working Group and at 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 our 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.

Risk 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 ‘risk controls’ deployed by the Risk Owner to manage risk. The effectiveness of internal controls is evaluated on a regular basis by first line control owners, the Risk Function and Internal Audit who provide overall assurance over the effectiveness of internal controls. All internal controls are documented and signed-off quarterly within AXIS’ Governance, Riskconnect platform which facilitates control self-assessment and enforces individual ownership and accountability for risk controls.

B.3.2 Own Risk and Solvency Assessment

The Company currently sets its capital requirements based on the Solvency II Standard Formula SCR calculation, but ensures the ongoing appropriateness of this approach through a comparison with the outcome of its Own Risk and Solvency Assessment (ORSA). The ORSA is the overarching framework of processes employed by Management to establish an “own view” of the Company’s current and forward-looking risks and associated capital requirements.

At the center of the ORSA is the Company’s ERM framework and Risk Management Cycle described above which provide 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.

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 is assessed. As part of this, the outputs from the Company’s Internal Model and Solvency II Standard Formula are reviewed to analyse changes in risk composition, prospective risk exposures relative to the RAS and overall risk capital requirements. The ORSA also includes various forms of stress tests and scenario analysis whereby the resilience of the Company’s solvency ratios to adverse stress scenarios over the planning horizon is assessed.

The ORSA results are formally documented into an annual ORSA report which includes a summary of the ORSA activity during the previous year and the outcome of the forward-looking assessment. The Board of Directors is responsible for overseeing the Company’s ORSA, with the Board Risk Committee serving as the focal point for that oversight. The Board 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 RAS, including the ongoing appropriateness of its target solvency standards 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

Internal control is defined as the processes, policies, guidelines, and standards of practice in place to mitigate and manage risk to acceptable levels.

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 of Directors 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. 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 Risk Management Committee annually evaluate. For each risk in the universe, there is a separate risk standard which affirms AXIS's group-wide approach and risk mitigation/control philosophy for managing each risk.
- **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's, documented roles and responsibilities, clear authority limits, peer reviews, appropriate segregation of duties and metrics reporting.
- **Information and Communication:** In terms of communication, AXIS 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 organizational and structure charts are also maintained. There is an escalation policy in place to ensure matters are reported upwards as required by employees. The AXIS Whistle-blower Policy also provides various 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 Group Risk and Legal/ Compliance.

B.4 Internal control system (continued)

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

Internal Compliance Function

The Company has a Compliance Function which is part of the Group Legal Department, predominantly staffed by lawyers and compliance experts.

The Board has appointed a Compliance Officer of the Company. The Compliance Officer 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 CBI and other Regulatory Authorities as applicable.

The Compliance Officer 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 Compliance Officer 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,
- monitoring the implementation of compliance and reporting periodically, through the Compliance Function to the CEO and the Audit Committee,
- reviewing products, procedures and systems on a planned basis from the viewpoint of effective compliance and taking the necessary steps to ensure compliance; and
- reviewing staff training processes to ensure appropriate compliance capabilities.

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 279 of the Delegated Regulation and Article 46 of the Solvency II Directive, the Compliance Function maintains a Compliance Manual and Policy to track applicable law, regulation and corporate requirements.

The Compliance Officer reports functionally to the Audit Committee.

In line with Article 270 of the Delegated Regulation, the board reviews the Company Compliance Policy at least annually and ensures that recommendations for improvements are adequately incorporated and approve proposals for Policy amendment.

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 organization's governance, risk management and internal control.

The internal audit activity is established by the Audit Committee of the Board of Directors. 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.

B.5 Internal audit function (continued)

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-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 "MyGRC" Governance, Risk and Compliance management tool.

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 US GAAP, local statutory and management needs; and
- 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 Group 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 Bank of Ireland Guidelines on Preparing for Solvency II – System of Governance.

The Company determines whether an outsourced function or activity is 'critical or important', giving primary consideration to the protection of policyholders. Where policyholders are sufficiently removed from an outsourced function so as not to be affected should a breakdown in the process occur, the function or activity is not classified as one of critical importance.

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B.7 Outsourcing (continued)

The Board of Directors 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 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 outsourcing policy.

The AXIS Group Vendor Management Office ("VMO") has established an enterprise wide standard methodology to assess performance and risk of outsourced services (excluding underwriting and claims which are 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.

The table below outlines outsourced 'critical or important' activities and the jurisdiction of where the service provider is located:

Function	Description of Service Provided	Jurisdiction
Internal		
Cross function	The Company benefits from the support services offered by the AXIS group. Group shared services provide access to necessary skills and resources enabling the Company to operate effectively to meet regulatory and business requirements. Shared services include Underwriting management, Reinsurance, Claims, Exposure management, Risk management, Actuarial, Compliance & legal, Internal Audit, Finance, Human Resources, Investment management, Operations & BTS (Business Technology Solutions).	Multi-jurisdictional
External		
Finance	Finance Outsourcing includes provision of accounting and reconciliation services	Multi-jurisdictional
Internal Audit	Internal audit support	Multi-jurisdictional
Investments	Investment services outsourcing includes investment management of assets, custodian and trustee services, accounting and risk solutions.	Multi-jurisdictional
BTS	BTS services outsourcing includes provision of data storage and IT application development and maintenance	Multi-jurisdictional
Underwriting	Underwriting outsourcing includes authority to write business and issue policies	Multi-jurisdictional
Claims Operations	Claims operations outsourcing includes claims business process and modelling support	Multi-jurisdictional

B.8 Assessment of governance

The Board of Directors 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 process, the results of which are reviewed by senior management and the Board of Directors. 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 of Directors 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 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

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

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 on the Risk Register, 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 the underwriting risks in all lines of business including the marine, agriculture, transit, property, liability, accident and health, motor and credit and surety 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 reserve 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 established to cover losses already incurred are insufficient.

C.1.1 Underwriting risk

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. Limits are set on underwriting capacity, and cascade authority to individuals based on their specific roles and expertise.

A key component of the Company's mitigation of underwriting risk is the purchase of reinsurance/retro protection. AXIS has a centralized Risk Funding team which coordinates external treaty reinsurance/retro 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").

Accumulation risk

Accumulation risk represents the risk of additional, unexpected losses due to having unknown / unintended risk concentrations where aggregation of risk exposure is not understood or managed appropriately. The majority of the Company's accumulation risk exposure arises from natural catastrophes (e.g. earthquakes, storms and floods) and man-made catastrophes (such risks as train collisions, airplane crashes, terrorism or cyber-attacks).

Natural catastrophes represent a challenge for risk management due to their accumulation potential and volatility as well as the uncertainty around the potential impacts of climate change. Natural catastrophe risk is mitigated through diversification (i.e. offering a variety of products across different geographic regions), the purchase of significant reinsurance protections and the Company's exposure management framework and governance. In managing natural catastrophe risk, the internal risk tolerance framework for the Company aims to limit the impact to the Company's Solvency II SCR coverage ratio from an aggregation of natural peril catastrophe events.

Similar to the management of natural peril catastrophe exposures, an analytical approach is taken for the management of man-made catastrophes. For these risks, bespoke models developed internally by the risk and actuarial teams are used. These are supplemented with underwriting judgment, expertise and external vendor models (where available).

Through the effective monitoring and reporting of accumulation risk, the Company is able to effectively intervene and mitigate the risk on a timely basis. Mitigation actions might include abstaining from additional underwriting commitments (or non-renewing existing commitments upon expiry) or purchasing additional treaty or facultative reinsurance for peak exposures.

Stress and scenario testing is performed to enhance the 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 peril exposures and Realistic Disaster Scenario (RDS) stresses measuring the loss impact to the business on man-made catastrophe scenarios covering accumulations and clashes across all classes of business. Results are reported to the Risk Management Committee and Board Risk Committee.

Special Purpose Vehicles

In June 2017, AXIS sponsored a catastrophe bond, Northshore Re II Limited, Series 2017-1 which provides the Group with multi-year risk occurrence cover capacity of USD 350 million for US named storms and US & Canada earthquake events. The risk period was from June 30, 2017 to June 30, 2020. The Northshore Re II Limited Series 2017-1 CAT Bond matured at June 30, 2020 and was redeemed thereafter.

In July 2018, AXIS sponsored a catastrophe bond, Northshore Re II Limited, Series 2018-1 which provides the Group with multi-year annual aggregate cover capacity of USD 200 million for US named storms (incl. Puerto Rico & US Virgin Islands), US and Canada earthquake, and European windstorm events. The risk period is from July 7, 2018 to June 30, 2022.

In June 2019, AXIS sponsored a new catastrophe bond, Northshore Re II Limited, Series 2019-1 which provides the Group with multi-year annual aggregate cover capacity of USD 165 million for US named storms (incl. Puerto Rico & US Virgin Islands), US and Canada earthquake and European windstorm events. The risk period is from June 27, 2019 to June 30, 2023.

In December 2020, AXIS sponsored a new catastrophe bond, Northshore Re II Limited, Series 2021-1 which provides the Group with multi-year annual aggregate cover capacity of USD 150 million for US named storms (incl. Puerto Rico & US Virgin Islands), US and Canada earthquake and European windstorm events. The risk period is from January 1, 2021 to December 31, 2023.

The catastrophe bonds operate on index triggers and losses are calculated through usage of pay-out factors. The vehicles are fully funded at the inception of the risk period, ensuring full collateralization of the covers throughout the risk period.

On January 1, 2019, AXIS launched a fully collateralized sidecar vehicle, Alturas Re Ltd. From January 1, 2020 to June 30, 2020, the sidecar provided the Group with USD 183.2 million capacity for the insurance and reinsurance risk portfolios through its separate tranches. The Alturas Series 2019-3 tranche provided USD 39 million of collateralized reinsurance support for the AXIS Re property catastrophe reinsurance portfolio from July 1, 2019 to June 30, 2020. The Alturas Series 2020-2 tranche provided USD 90.2 million of collateralized reinsurance support for the AXIS Re property catastrophe reinsurance portfolio from January 1, 2020 to December 31, 2020.

From July 1, 2020 to December 31, 2020, the sidecar provided the Group with USD 171.8 million capacity for the insurance and reinsurance risk portfolios through its separate tranches. The Alturas Series 2020-2 tranche provided USD 90.2 million of collateralized reinsurance support for the AXIS Re property catastrophe reinsurance portfolio from January 1, 2020 to December 31, 2020. The Alturas Series 2020-3 tranche provides USD 27.6 million of collateralized reinsurance support for the AXIS Re property catastrophe reinsurance portfolio from July 1, 2020 to June 30, 2021.

C.1.2 Reserving risk

The estimation of reserves is subject to uncertainty due to the fact that the settlement of claims that have arisen before the balance sheet date is dependent on future events and developments. New information, events or circumstances, unknown at the original estimation date, may lead to future developments in the Company's ultimate losses being significantly greater (or less) than the reserves currently provided. There are many factors that would cause reserves to increase or decrease, which include, but are not limited to, changes in claim severity, changes in the expected level of reported claims, judicial action changing the scope and / or liability of coverage, changes in the legislative, regulatory, social and economic environment, unexpected changes in loss inflation and the emergence of new systemic risks.

The AXIS reserve framework is designed to ensure that the process of establishing reserves is supported by appropriate governance structure and reserving risk management practices including robust governance, processes and controls over the reserving cycle and internal and external independent assessment of the adequacy of loss reserves. Reserves are calculated in accordance with actuarial practice based on substantiated assumptions, methods and assessments and selected through a quarterly reserving process which involves the collaboration of underwriting, claims, actuarial, legal, risk funding and finance departments.

Sensitivity analysis of the reserves for unpaid losses and loss expenses

Expected loss ratios are a key assumption in the estimate of ultimate losses for business at an early stage of development. All else remaining equal, a higher expected loss ratio would result in a higher ultimate loss estimate, and vice versa. Assumed loss development patterns are another significant assumption in estimating the loss reserves. The uncertainty in the timing of the emergence of claims (i.e. the length of the development pattern) is generally greater for a company with a limited operating history which, therefore, must rely on industry benchmarks to a certain extent when establishing loss reserve estimates.

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Sensitivity analysis of the reserves for unpaid losses and loss expenses (continued)

The following tables show the effect on the estimate of gross and net loss reserves of reasonably likely changes in the two key assumptions used to estimate our gross and net loss reserves at 31 December 2020 and 31 December 2019. When projecting the estimated effect on reserves of changes in expected loss ratios, we have increased and decreased our aviation, credit and political risk, marine and property and other class expected loss ratios by +5% and -5% respectively, and our credit and surety, liability, motor and professional lines class loss ratios by +10% and -10% respectively. When projecting the estimated effect on reserves of changes in the loss development patterns, we have increased (i.e., moved to a slower pattern) and decreased (i.e., moved to a faster pattern) our aviation, credit and political risk, marine and property and other class assumed loss development by three months in each direction, and our credit and surety, liability, motor and professional lines class assumed loss development by six months in each direction.

31 December 2020	Estimated Effect on Gross Reserves	Estimated Effect on Net Reserves
Reserve Sensitivity Scenario	USD'000	USD'000
Higher expected loss ratios with no change in loss development factors	103,642	23,408
Higher expected loss ratios with lower loss development factors (i.e., faster pattern)	22,205	5,015
Higher expected loss ratios with higher loss development factors (i.e., slower pattern)	240,213	54,252
No change in expected loss ratios with lower development factors (i.e., faster pattern)	(78,042)	(17,626)
No change in expected loss ratios with higher development factors (i.e., slower pattern)	131,740	29,754
Lower expected loss ratios with no change in loss development factors	(95,467)	(21,561)
Lower expected loss ratios with lower loss development factors (i.e., faster pattern)	(172,903)	(39,050)
Lower expected loss ratios with higher loss development factors (i.e., slower pattern)	30,835	6,964
31 December 2019	Estimated Effect on Gross Reserves	Estimated Effect on Net Reserves
Reserve Sensitivity Scenario	USD'000	USD'000
Higher expected loss ratios with no change in loss development factors	106,902	24,267
Higher expected loss ratios with lower loss development factors (i.e., faster pattern)	14,950	3,394
Higher expected loss ratios with higher loss development factors (i.e., slower pattern)	284,856	64,662
No change in expected loss ratios with lower development factors (i.e., faster pattern)	(89,170)	(20,242)
No change in expected loss ratios with higher development factors (i.e., slower pattern)	171,373	38,902
Lower expected loss ratios with no change in loss development factors	(102,515)	(23,271)
Lower expected loss ratios with lower loss development factors (i.e., faster pattern)	(187,378)	(42,535)
Lower expected loss ratios with higher loss development factors (i.e., slower pattern)	61,171	13,886

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. A summary of the stress testing for insurance risk as at 31 December 2020 is provided in section C.8. There were two out of five scenarios that fell below the company's 130% - 150% target range. The Company has a number of ways by which it can manage its solvency coverage and ensure that it returns within target. These are outlined in section C.8.

C.2 Credit Risk

Credit risk represents the risk of incurring financial loss due to the diminished creditworthiness (eroding credit rating and, ultimately, 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.

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

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Investment portfolio (continued)

The fixed term maturity portfolio represents approximately USD 1,340.0 million or 25.3% of the Company's total assets (2019: USD 1,141.0 million or 21.5% of its total assets). Excluding U.S. Treasury and Agency securities, the Company limits its concentration of credit risk to any single corporate issuer to 1.4% or less of the investment grade fixed maturities portfolio for securities rated A- or above and 0.7% or less of the investment grade fixed maturities portfolio for securities rated below A-. No more than 1.5% of total cash and invested assets can be invested in any single corporate issuer.

The credit ratings of fixed term maturities are shown below at 31 December 2020 and 31 December 2019. 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.

	2020	2019
	USD '000	USD '000
Rating		
AAA	497,576	451,508
AA	128,653	136,336
A	321,643	250,278
BBB	292,315	240,784
Below BBB	99,626	61,798
	<u>1,339,813</u>	<u>1,140,704</u>

The Company also has credit risk relating to cash and cash equivalents. Cash and cash equivalents comprise 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 2020 and 31 December 2019:

		2020	2019
		USD '000	USD '000
Rating	Rating Agency		
AAAm	S&P	32,157	51,804
P-1	Moody's	15,515	34,187
		<u>47,672</u>	<u>85,991</u>

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/retro 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.

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Reinsurance recoverable assets (continued)

The table below provides a breakdown of the Company's reinsurance recoverable balances by credit rating at 31 December 2020 and 31 December 2019:

	2020	2019
	USD '000	USD '000
Rating		
A++	577	839
A+	57,870	2,361,145
A	2,469,189	68,913
A-	77,445	85,145
B++	5,150	—
Not rated	30,306	56,745
	<u><u>2,640,537</u></u>	<u><u>2,572,787</u></u>

The A balance includes USD 2,405.5 million (2019: A+ USD 2,314.3 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 or pay claims to 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 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. A summary of the stress testing for credit risk as at 31 December 2020 is provided in section C.8. The resulting SCR and SCR coverage impact was in line with expectations and none of the scenarios tested resulted in a breach of the Company's target SCR solvency ratio range (130% - 150%).

C.3 Market Risk

Market risk represents the risk of loss from market related events as well as those derived from individual security selection. Market related risks include the adverse impact on invested assets from fluctuations in interest rates, equity prices, credit spreads, and foreign currency exchange rates as well as the diminished creditworthiness of counterparties in the investment portfolio.

Through asset and liability management, the Company aims to ensure that certain market risks influence both the economic value of investments and underwriting liabilities in a similar manner, thus minimizing the effect of market fluctuations. For example, important features of liabilities are reflected, such as maturity patterns and currency structures, on the asset side of the balance sheet by acquiring investments with similar characteristics.

Asset-liability management is supplemented with various internal policies and limits. The management of asset classes is centralised to control aggregation of risk and provide a consistent approach to constructing portfolios as well as the selection process of external asset managers. As part of the annual Strategic Asset Allocation process, whereby target allocation ranges for the various asset classes are set for the forthcoming period, different asset strategies are simulated and stressed in order to assess an appropriate portfolio (given return objectives and risk constraints). Limits are set on the concentration of investments by single issuers and certain asset classes and on the level of illiquid investments. Further, the Company's investment guidelines do not permit the use of leverage in any of the fixed maturity portfolios.

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

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C.3 Market Risk (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 2020. The Company does not currently anticipate significant changes in primary market risk exposures or in how these 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 stock 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.

The fair value of equity securities at 31 December 2020 was USD 71.9 million (2019: USD 106.7 million). At 31 December 2020, the impact of a 20% increase or decrease in the overall market prices of the equity exposures would be USD 14.4 million (2019: USD 21.3 million) increase or decrease, on a pre-tax basis.

The fair value of hedge funds at 31 December 2020 was USD 12.6 million (2019: USD 37.4 million). Investments in hedge funds have significant exposure to equity strategies with net long positions. At 31 December 2020, the impact of an instantaneous 15% increase or decrease in the fair value of the investment in hedge funds would be USD 1.9 million (2019: USD 5.6 million) increase or decrease, on a pre-tax basis.

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.

The following table presents the estimated pre-tax impact on the fair value of fixed maturities at 31 December 2020 due to an instantaneous increase or decrease in the U.S. yield curve of 100 basis points and an additional 100 basis point credit spread widening or narrowing for corporate debt, non-agency residential and commercial MBS, ABS and municipal bond securities.

	Potential Change in Fair Value				
		Increase in Interest rate by 100 basis points	Decrease in Interest rate by 100 basis points	Widening of Credit Spreads of 100 basis points	Narrowing Credit Spreads of 100 basis points
	Fair Value USD '000	USD '000	USD '000	USD '000	USD '000
As at 31 December 2020					
U.S. government and agency	221,620	(3,414)	3,414	—	—
Short term investments	38,616	(300)	300	—	—
Non U.S. government	109,944	(4,559)	4,559	—	—
Agency MBS	195,357	(6,113)	6,113	—	—
<i>Securities exposed to credit spreads:</i>					
Corporates	743,609	(27,313)	27,313	(27,448)	27,448
Non Agency CMBS	24,468	(1,371)	1,371	(1,376)	1,376
Non Agency RMBS	45	—	—	(1)	1
U.S. State and municipals	6,154	(442)	442	(443)	443
	1,339,813	(43,512)	43,512	(29,268)	29,268

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Interest rate and credit spread risk (continued)

	Potential Change in Fair Value				
	Fair Value	Increase in Interest rate by 100 basis points	Decrease in Interest rate by 100 basis points	Widening of Credit Spreads of 100 basis points	Narrowing Credit Spreads of 100 basis points
	USD '000	USD '000	USD '000	USD '000	USD '000
As at 31 December 2019					
U.S. government and agency	272,798	(6,029)	6,029	—	—
Non U.S. government	91,795	(3,693)	3,693	—	—
Agency MBS	129,265	(4,307)	4,307	—	—
<i>Securities exposed to credit spreads:</i>					
Corporates	617,959	(18,110)	18,110	(18,382)	18,382
Non Agency CMBS	18,466	(1,171)	1,171	(1,180)	1,180
Non Agency RMBS	55	(1)	1	(2)	2
U.S. State and municipals	10,366	(795)	795	(803)	803
	<u>1,140,704</u>	<u>(34,106)</u>	<u>34,106</u>	<u>(20,367)</u>	<u>20,367</u>

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.

The table below provides a breakdown of the Company's exposure to foreign currencies at 31 December 2020 and 31 December 2019:

As at 31 December 2020	CHF	EUR	GBP	BRL	ILS	INR	Other	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Invested assets	1,950	229,053	167,855	—	—	—	13,194	412,052
Other net assets/(liabilities)	(17,888)	(424,648)	(374,071)	(10,196)	26,886	(33,241)	(45,066)	(878,224)
Total Foreign Currency Exposure	<u>(15,938)</u>	<u>(195,595)</u>	<u>(206,216)</u>	<u>(10,196)</u>	<u>26,886</u>	<u>(33,241)</u>	<u>(31,872)</u>	<u>(466,172)</u>
Pre-tax impact of net foreign currency exposure on shareholders' equity given a hypothetical 10% rate movement	(1,594)	(19,559)	(20,622)	(1,020)	2,689	(3,324)	(3,187)	(46,617)
As at 31 December 2019								
	CHF	EUR	GBP	BRL	ILS	INR	Other	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Invested assets	3,920	187,261	162,370	—	—	—	15,231	368,782
Other net assets/liabilities	(13,141)	(341,879)	(332,466)	(14,909)	23,185	(29,688)	(75,813)	(784,711)
Total Foreign Currency Exposure	<u>(9,221)</u>	<u>(154,618)</u>	<u>(170,095)</u>	<u>(14,909)</u>	<u>23,185</u>	<u>(29,688)</u>	<u>(60,582)</u>	<u>(415,928)</u>
Pre-tax impact of net foreign currency exposure on shareholders' equity given a hypothetical 10% rate movement	(922)	(15,462)	(17,010)	(1,491)	2,319	(2,969)	(6,058)	(41,594)

C3.1 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. A summary of the stress testing for market risk as at 31 December 2020 is provided in section C.8. All three scenarios fell below the company's 130% - 150% target range. The Company has a number of ways by which it can manage its solvency coverage and ensure that it returns within target. These are outlined 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. takes into account the type of business carried on by the undertaking, 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 undertaking'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.

C.5 Liquidity Risk

Liquidity risk is the risk that the Company may not have sufficient financial resources to meet its 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 and investment income. Exposure to liquidity risk stems mainly from the need to cover potential extreme loss events.

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 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.

There are set internal limits on the minimum percentage of the investment portfolio to mature within a defined time frame. 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 without 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 2020, the expected profit in future premiums is USD 55.2 million. (2019: USD 72.9 million).

C.6 Operational Risk

Operational risk represents the risk of financial loss as a result of inadequate processes, system failures, human error or external events, including but not limited to direct or indirect financial loss, reputational damage, customer dissatisfaction and legal and regulatory penalties.

The Company manages operational risk through sound corporate and risk governance, including the application of effective systems and controls. The Group Risk Function is responsible for coordinating and overseeing a Group-wide framework for operational risk management, which includes:

- clearly defined ownership of all operational risks in the risk register, with a regular risk and control assessment process for assessing the residual operational risk for each risk;
- an internal control framework consistent with the principles of the COSO framework, including the maintenance of appropriate process and control documentation;
- clearly defined ownership for processes and controls, with a quarterly self-assessment (certification) process that those processes and controls are designed and operating effectively;
- an operational loss-event database which helps better monitor and analyse potential operational risk, identify any trends, and, where necessary, put in place improvement actions to avoid occurrence or recurrence of operational loss events.
- key risk indicators and other metrics to help monitor the Company's operational risk profile; and
- appropriate governance and monitoring with respect to any operational risk associated with major new or change initiatives within the Company.

Specific processes and systems are in place to focus on high priority operational matters such as managing business interruption, information and cyber security threats, and third party vendor risk:

- Major failures and disasters which could cause a severe disruption to working environments, facilities and personnel, represent a significant operational risk to the Company. The Business Continuity Management framework strives to protect critical business functions from these effects to enable them to carry out their core tasks in time and at the quality required. Each year, Business Continuity Planning procedures are reviewed through cyclical planned tests.
- The Company may be the target of attempted cyber and other security threats and continuously monitors and develops information technology networks and infrastructure to prevent, detect, address and mitigate the risk of threats to our data and systems as well as having a dedicated cyber security team.
- The use of third party vendors exposes the Company 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. Material third party vendor risk is managed, 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 continuity planning.

C.7 Other material risks

Coronavirus (COVID-19)

COVID-19, and its related impacts, are an evolving risk to which the Company is exposed from an underwriting, investments, capital and liquidity, operations and employee welfare perspective. A global response strategy has been implemented to help manage and mitigate these risks.

The Company continues to monitor the situation closely, including stress and scenario testing on existing underwriting and investment exposures, taking into consideration among other assumptions, the possible severity and duration of the outbreak. Robust governance structures and monitoring processes are also in place to support the on-going monitoring of the Company's solvency position based on the latest available market information including our interpretation of our exposures and likely impacts on our business and counterparties.

Net reserves for losses and loss expenses related to COVID-19 represents the Company's best estimate of losses and loss expenses that have been incurred at 31 December 2020. The determination of net reserves for losses and loss expenses is based on the Company's ground-up assessment of coverage from individual contracts and treaties across all lines of business and includes a review of modelling analyses and market information, where appropriate. In addition, the Company considers information received from clients, brokers and loss adjusters, together with global shelter-in-place orders and outcomes of recent court judgements including the UK Supreme Court ruling on 15 January 2021 and Irish High Court ruling on 5 February 2021.

Our underwriters have reassessed risk appetite in light of the COVID-19 pandemic, in particular as it relates to exposure to communicable diseases, viruses, pathogens and other similar risks. The Company has taken appropriate steps to mitigate exposure to these types of risks, including adding policy terms and conditions, including exclusions.

Coronavirus (COVID-19) (continued)

The Company has implemented business continuity plans to ensure that it will continue to operate effectively, ensuring the safety and well-being of our employees, the continued support of and engagement with our clients and alignment with government guidelines and regulatory requirements. We are actively engaged with key service providers to ensure continuity of services.

The Company has not observed any material adverse operational impact due to COVID-19. Employees are working remotely to service our clients and fulfil our regulatory obligations. The robust nature of our remote working tools, and the positive engagement of all stakeholders has allowed us to continue to trade effectively in all relevant markets.

Strategic risk

Strategic risk is the risk of an unexpected negative change in the company value arising from the adverse effect of management decisions regarding business strategies and their implementation. This includes the risk that business strategy is not adapted to changes in the internal and external environment.

To ensure proper implementation of strategic goals in the current business plan, management monitors market and competitive conditions, regulatory conditions, etc. to decide whether to make strategic adjustments.

Group contagion risk

Group contagion risk is the risk of financial or non-financial loss in the Company due to linkages or interdependencies with other parts of the AXIS Group. Group contagion risk is primarily managed through AXIS' Group wide Risk Management Framework which ensures that each entity operates within its defined solvency standards and risk limits, thus limiting their exposure to the above risks.

Reputational risk

Reputational risk is the risk of a loss resulting from damage to the Company's public image. The Company is potentially exposed to reputational risk stemming from an act or omission by the Company or an employee, or from an event from within the broader AXIS Group. Any damage to the Company's reputation may result in a loss of trust among its clients and stakeholders.

Every risk type has potential consequences on the Company's reputation, and therefore, effectively managing each type of risk helps reduce threats to reputation. The Company's risk assessment process covering all risks in the risk register considers reputational impacts to the Company. Additionally, the Company endeavours to preserve its reputation by adhering to applicable laws and regulations, and by following the core values and principles in the AXIS Code of Conduct, which includes integrity and good business practices. Mitigation of legal or regulatory breach is undertaken by the skilled and qualified compliance team, by ongoing monitoring of the regulatory landscape, through business conduct standards and policies, implementation of background and compliance checks and staff training. Effectiveness of the processes and governance to mitigate legal and compliance risk is monitored through the Company risk register. The AXIS Group centrally manages certain aspects of reputation risk, for example, communications, through dedicated functions with appropriate expertise.

Emerging Risks

AXIS has in place a process 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 on the Company's Emerging Risk Radar and are regularly discussed and reviewed by the Emerging Risk Working Group and at the Company's Board.

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C.8 Any other information

SII SCR Coverage scenario testing

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 stressing the Company's material risks. A summary of the scenario testing results has been provided by risk category below and in each relevant risk category section above. Five out of eight scenarios fell below the company's 130% - 150% target range. No future management actions are assumed in any of the scenarios.

Scenario	Scenario Description	Risk Category	Risk Category SCR Impact	SCR Post shock	SCR Coverage
Baseline	Based on 2020 Annual SCR				
Net Earned Premium increase by 10% across all lines	Higher growth than planned during 2021 (Net Earned Premium increase by 10% across all lines)	Underwriting Risk	-\$35.2m	\$538.4m	141.91%
30% increase in Nat Cat Gross Earned Premium	Nat Cat exposure growth (30% increase in Nat Cat Gross Earned Premium)	Underwriting Risk	\$3.9m	\$577.5m	132.3%
30% increase in Man Made exposure	Man-made Cat exposure growth (30% increase in Man Made exposure)	Underwriting Risk	\$3.1m	\$576.7m	132.48%
10% increase Net Technical Provisions for long-tail lines	Reserve deterioration (10% increase Net Technical Provisions for long-tail lines)	Underwriting Risk	\$27.7m	\$601.2m	119.64%
Increase Net Technical Provisions for Property = highest 100YR Nat Cat PML	Shock loss (increase Net Technical Provisions for Property = highest 100YR Nat Cat PML)	Underwriting Risk	\$33.8m	\$607.4	115.05%
Equity investments value decrease in value by 40%	Equity investments value decrease (decrease in value by 40%)	Market Risk	-\$7.2m	\$566.3m	129.31%
Credit spreads widening by 100bps for Investment Grade & 400bps for High Yield	Credit spreads widening (widening by 100bps for Investment Grade & 400bps for High Yield)	Market Risk	-\$0.7m	\$572.9m	127.09%
All RI counterparties credit rating down by 1 notch	Reinsurance counterparties downgrade (all RI counterparties credit rating down by 1 notch)	Market Risk	\$5.0m	\$578.6m	128.67%

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.7.

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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

	Solvency II	GAAP	Difference	
	2020	2020	2020	
	USD'000	USD'000	USD'000	Adjustment Type
Deferred acquisition costs	—	19,178	(19,178)	Valuation
Deferred tax asset (net)	16,161	1,052	15,109	Valuation
Property, plant & equipment held for own use	10,608	8,996	1,612	Valuation
Holdings in related undertakings, including participations	96	96	—	
Government Bonds	365,863	376,334	(10,471)	Reclassification
Corporate Bonds	759,595	743,608	15,987	Reclassification
Collateralised securities	220,740	219,871	869	Reclassification
Collective Investments Undertakings	319,874	104,624	215,250	Reclassification
Derivatives	827	824	3	Reclassification
Deposits other than cash equivalents	5,000	—	5,000	Reclassification
Other investments	25,806	239,948	(214,142)	Reclassification
Other loans and mortgages	1,791	—	1,791	Reclassification
Investments	1,699,593	1,685,304	14,287	
Deposits to cedants	213,119	213,119	—	Valuation
Insurance and intermediaries receivables	53,691	534,886	(481,195)	Valuation
Reinsurance receivables	67,710	67,710	—	
Cash and cash equivalents	14,994	15,171	(177)	Reclassification
Any other assets, not elsewhere shown	801	9,086	(8,285)	Reclassification
	2,076,676	2,554,502	(477,827)	

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D.1 Assets (continued)

	Solvency II	GAAP	Difference	
	2019	2019	2019	
	USD'000	USD'000	USD'000	Adjustment Type
Deferred acquisition costs		23,499	(23,499)	Valuation
Deferred tax asset (net)	15,002	2,163	12,839	Valuation
Property, plant & equipment held for own use	11,707	7,761	3,946	Valuation
Holdings in related undertakings, including participations	96	96	—	
Government Bonds	367,564	375,060	(7,496)	Reclassification
Corporate Bonds	628,752	617,959	10,793	Reclassification
Collateralised securities	148,535	147,786	749	Reclassification
Collective Investments Undertakings	278,553	158,360	120,193	Reclassification
Derivatives	1,698	1,698	—	Reclassification
Deposits other than cash equivalents	5,000	—	5,000	Reclassification
Other investments	96,585	214,040	(117,455)	Reclassification
Other loans and mortgages	3,492	—	3,492	Reclassification
Investments	1,530,275	1,514,999	15,276	
Deposits to cedants	230,644	230,644	—	Valuation
Insurance and intermediaries receivables	67,161	711,399	(644,238)	Valuation
Reinsurance receivables	43,265	43,265	—	
Cash and cash equivalents	27,390	34,395	(7,005)	Reclassification
Any other assets, not elsewhere shown	47,243	55,074	(7,831)	Reclassification
	1,972,687	2,623,199	(650,512)	

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.

D.1.1 Deferred acquisition costs

Acquisition costs vary with and are directly related to the acquisition of 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

The balance sheet is restated from GAAP to a Solvency II valuation for all assets and liabilities. The restated assets and liabilities are analysed for permanent differences arising between Solvency II 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.

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 restricted stock units and capital allowances.

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.

IFRS 16 accounting for leases treats most operating leases like finance leases with a right of use asset recognised along with a lease liability. This accounting treatment differs from GAAP where rent payable under operating leases is charged on a straight-line basis over the term of the lease. The guidance from EIOPA is that IFRS 16 is the appropriate measurement basis for leases under Solvency II. The "right of use" lease asset is included in the Property, plant & equipment classification.

Leasehold improvements are improvements performed on a leased property such as additions, alterations, remodeling or renovations. Under SII, the valuation should be based upon a revaluation approach. The SII valuation policy was to recognize leasehold improvements at NIL value as there was not an active market in which we could estimate a reasonable fair value.

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

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

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 and re-evaluates this at each reporting date. 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 amortized 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. 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.

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 A - 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 B - 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 C - 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.

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. Balances past due greater than one year are discounted using the risk free interest rate curve. 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 sometime 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 GAAP, ceded premium advances and losses paid recoverable are recognised at cost with a provision for impairment if identified.

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.

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'.

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 amounts 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'.

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D.2 Technical provisions

The valuation methodology for technical provisions in accordance with Solvency II differs significantly from the valuation in the financial statements.

	Solvency II		GAAP	
	2020 USD'000	2020 USD'000	2020 USD'000	2020 USD'000
	Best Estimate	Risk Margin	Total	Total
Net technical provisions				
Direct business and accepted proportional reinsurance				
Medical expense	8,363	1,629	9,992	9,717
Income protection	1,100	597	1,697	2,763
Motor vehicle liability	56,322	16,030	72,352	91,245
Other motor	28,368	8,074	36,442	38,734
Marine, aviation and transport	162	38	200	4,790
Fire and other damage to property	70,409	19,937	90,346	110,955
General liability	45,024	11,279	56,303	54,124
Credit and suretyship	40,350	8,935	49,285	52,535
Assistance	825	191	1,016	814
Accepted non-proportional reinsurance				
Health	5,607	2,085	7,692	10,098
Casualty	306,284	70,173	376,457	315,172
Marine, aviation and transport	4,289	1,084	5,373	573
Property	77,222	21,212	98,434	84,264
Total Non-Life obligation	644,325	161,264	805,590	775,784
Accepted Life reinsurance	6,677	1,597	8,274	—
Total	651,002	162,861	813,864	775,784

*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	
	2019	2019	2019	2019
	USD'000	USD'000	USD'000	USD'000
	Best Estimate	Risk Margin	Total	Total
Net technical provisions				
Direct business and accepted proportional reinsurance				
Medical expense	16,713	4,668	21,381	32,709
Income protection	963	481	1,444	3,389
Motor vehicle liability	58,957	18,116	77,073	89,655
Other motor	16,518	5,076	21,594	38,387
Marine, aviation and transport	164	34	198	4,805
Fire and other damage to property	65,110	17,922	83,032	121,401
General liability	30,786	7,905	38,691	42,678
Credit and suretyship	40,561	8,845	49,406	56,742
Assistance	1,027	158	1,185	1,364
Accepted non-proportional reinsurance				
Health	4,706	1,475	6,181	8,286
Casualty	264,645	57,030	321,675	286,596
Marine, aviation and transport	4,110	934	5,044	201
Property	51,510	13,995	65,505	60,024
Total Non-Life obligation	555,770	136,639	692,410	746,237
Accepted Life reinsurance	7,432	1,677	9,109	—
Total	563,202	138,316	701,519	746,237

*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 reinsureds 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, reassureds and/or brokers. Management estimates IBNR after reviewing detailed actuarial analyses and applying informed judgement regarding qualitative factors that may not be fully captured in the actuarial estimates. A variety of actuarial methods are utilised in this process, including the 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 accident year and class of business. The Company's historical claims data is often supplemented with industry benchmarks when applying these methodologies.

Initial Expected Loss Ratio ("IELR") Method: This indication of ultimate claim cost is based on applying an expected loss ratio for the accident 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 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, an external benchmark may also be given some weight.

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 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, accident periods at each delay period. Where the history is not considered fully credible, an external benchmark may also be given some weight.

Bornhuetter-Ferguson ("BF") Method: The BF method is a weighted average of the IELR and DFM 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., DFM) 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 historic statistics which may or may not be borne out in future. There is uncertainty around claims inflation which may be higher or lower in future than seen in the historic data. Some classes of business assume a certain number of claims to be reported in 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 particularly uncertainty in the reserving estimates.

Unearned premium reserves

Insurance premiums written are recorded in accordance with the terms of the underlying policies. Insurance 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. Insurance unearned premiums represent the portion of insurance premiums written which is 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')**: The best estimate amount of earned, unpaid claims (i.e., reported outstanding claims and earned IBNR from the standard reserving process) and associated runoff expenses. Under Solvency II it is also necessary to ensure that the technical provisions include an allowance for 'Events not in Data' ("ENIDs"). The best estimate of ultimate claims under the traditional GAAP basis generally only reflects actual historic 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'.
- ii. **Provisions relating to unearned business ('Premium Provision')**: Unearned business comprises 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 runoff expenses and is offset by future premiums to be received.
- iii. **Risk Margin**: A Risk Margin is then applied to reflect the premium that would be required by a third party assuming the business at the valuation date.

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 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.

D.2.3 Differences between Solvency II and GAAP valuation bases

The main changes from the methodology used to derive the technical provisions on a GAAP basis are as follows:

- i. Standard Solvency II classes of business are used for reporting in addition to the standard reserving classes and also at the original currency level, with all minor currencies being grouped into an 'Other' category.
- ii. The reserves held for future 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 implicit 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 risk free interest rate term structure.
- v. Bound unaccepted business is included in the analysis, with the expected claims offset by the future premium income for this business.
- vi. Unearned claims are estimated rather than 100% 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. This means that any transactions that have taken place but where the cash has not yet been paid or received will be included as a future cash flow.
- 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 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. Under its reinsurance security policy, 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 the Company's GAAP reinsurance recoverable as at 31 December 2020 were amounts of USD 2,404.4 million (2019: USD 2,314.3 million) recoverable from ASL.

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.

D.3 Other Liabilities

	Solvency II	GAAP	Difference	
	2020	2020	2020	
	USD'000	USD'000	USD'000	Adjustment Type
Derivatives	3	—	3	Reclassification
Insurance & intermediaries payables	46,623	63,205	(16,582)	Valuation
Reinsurance payables	211,551	577,287	(365,736)	Valuation
Deposits from Reinsurers	158,625	158,625	—	Valuation
Any other liabilities, not elsewhere shown	71,013	58,154	12,859	Reclassification
	487,815	857,271	(369,456)	

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D.3 Other Liabilities (continued)

	Solvency II	GAAP	Difference	
	2019	2019	2019	
	USD'000	USD'000	USD'000	Adjustment Type
Derivatives	—	—	—	Reclassification
Insurance & intermediaries payables	54,214	83,930	(29,716)	Valuation
Reinsurance payables	195,175	686,405	(491,230)	Valuation
Deposits from Reinsurers	171,521	171,521	—	Valuation
Any other liabilities, not elsewhere shown	87,531	74,745	12,786	Reclassification
	508,441	1,016,601	(508,160)	

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 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.

IFRS 16 accounting for leases treats most operating leases like finance leases with a right of use asset recognised along with a lease liability. This accounting treatment differs from GAAP where rent payable under operating leases is charged on a straight-line basis over the term of the lease. The guidance from EIOPA is that IFRS 16 is the appropriate measurement basis for leases under Solvency II. The lease liability is included in Other Liabilities.

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 plan 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 plans performed as part of the ORSA process 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. 98.0% of the Company's own funds are classified as Tier 1.

	2020	2020	2020	2020
	USD'000	USD'000	USD'000	USD'000
	Total	Tier 1	Tier 2	Tier 3
Ordinary share capital	1,011	1,011	—	—
Reconciliation reserve	746,788	746,788	—	—
Net deferred tax asset	16,161	—	—	16,161
Eligible own funds	<u><u>763,960</u></u>	<u><u>747,799</u></u>	<u><u>—</u></u>	<u><u>16,161</u></u>
	2019	2019	2019	2019
	USD'000	USD'000	USD'000	USD'000
	Total	Tier 1	Tier 2	Tier 3
Ordinary share capital	1,011	1,011	—	—
Reconciliation reserve	741,712	741,712	—	—
Net deferred tax asset	15,002	—	—	15,002
Eligible own funds	<u><u>757,725</u></u>	<u><u>742,723</u></u>	<u><u>—</u></u>	<u><u>15,002</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:

	2020	2019
	USD'000	USD'000
GAAP shareholders' equity	920,812	860,359
Revaluation reserve	(151,852)	(97,634)
Restricted own fund item	(5,000)	(5,000)
Eligible own funds	<u><u>763,960</u></u>	<u><u>757,725</u></u>

The increase in eligible own funds is driven by USD 60.5 million profit recognised in the year offset by the negative impact of GAAP to Solvency II valuation adjustments on the revaluation reserves. Restricted own fund items relate to USD 5.0 million restricted cash balances (2019: USD 5.0 million) held by the Company.

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E.2 Solvency capital requirement and Minimum capital requirement

The 2020 and 2019 results presented are based on the 2020 Annual and prior year returns submitted to the CBI respectively.

The SCR has been calculated using the standard formula.

Solvency Capital Requirement	2020	2019
	USD'000	USD'000
Market risk	146,415	148,687
Counterparty default risk	154,077	160,171
Life underwriting risk	41,759	921
Health underwriting risk	9,804	42,359
Non-life underwriting risk	322,031	297,080
Diversification	(180,988)	(173,724)
Basic solvency capital requirement	493,098	475,494
Operational risk	80,469	70,104
Loss-absorbing capacity of deferred taxes	—	(3,050)
Solvency capital requirement	573,567	542,549
Eligible own funds	763,960	757,725
Ratio of eligible own funds to SCR	133.2 %	139.7 %

The movement in the SCR is driven by an increase in Non-Life and Life Underwriting and Operational Risk charges.

Use of simplifications and undertaking specific parameters

Simplified calculation of the risk mitigating effect for reinsurance arrangements

The Company has applied a simplified calculation of the risk-mitigating effect for reinsurance, which computes the risk mitigating effect on underwriting risk of the reinsurance arrangements for all counterparties as the difference between the following capital requirements:

- the hypothetical capital requirement for underwriting risk of the Company if none of the reinsurance arrangements exist;
- the capital requirements for underwriting risk of the Company.

The risk mitigating effect on underwriting risk of a particular reinsurance arrangement is then calculated based on its share of the total best estimate amount recoverable from all counterparties. Applying the simplification approach has no material impact on the SCR.

Share of Reinsurer's assets subject to collateral arrangements

The Company uses the simplification as per Article 112a of the Delegated Regulation which assumes more than 60% of the assets are collateralised where we do not have the information.

Undertaking specific parameters

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

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CAPITAL MANAGEMENT

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 3.6 million or the MCR at all times during the year.

	2020	2020	2020
	Total	Tier 1	Tier 2
	USD'000	USD'000	USD'000
Eligible own funds to meet the MCR	747,799	747,799	—
MCR	143,392		
Ratio of eligible own funds to MCR	521.5 %		
	2019	2019	2019
	Total	Tier 1	Tier 2
	USD'000	USD'000	USD'000
Eligible own funds to meet the MCR	742,723	742,723	—
MCR	135,637		
Ratio of Eligible own funds to MCR	547.6 %		

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

	Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
	2020	2020
	USD'000	USD'000
Direct business and accepted proportional reinsurance		
Medical expense	8,363	—
Income protection	1,100	2,716
Motor vehicle liability	56,322	27,850
Other motor	28,368	14,027
Marine, aviation and transport	162	21
Fire and other damage to property	70,409	18,869
General liability	45,024	15,330
Credit and suretyship	40,350	17,037
Assistance	825	528
Accepted non-proportional reinsurance		
Health	5,607	6,444
Casualty	306,284	41,717
Marine, aviation, transport	4,289	629
Property	77,222	24,064

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.

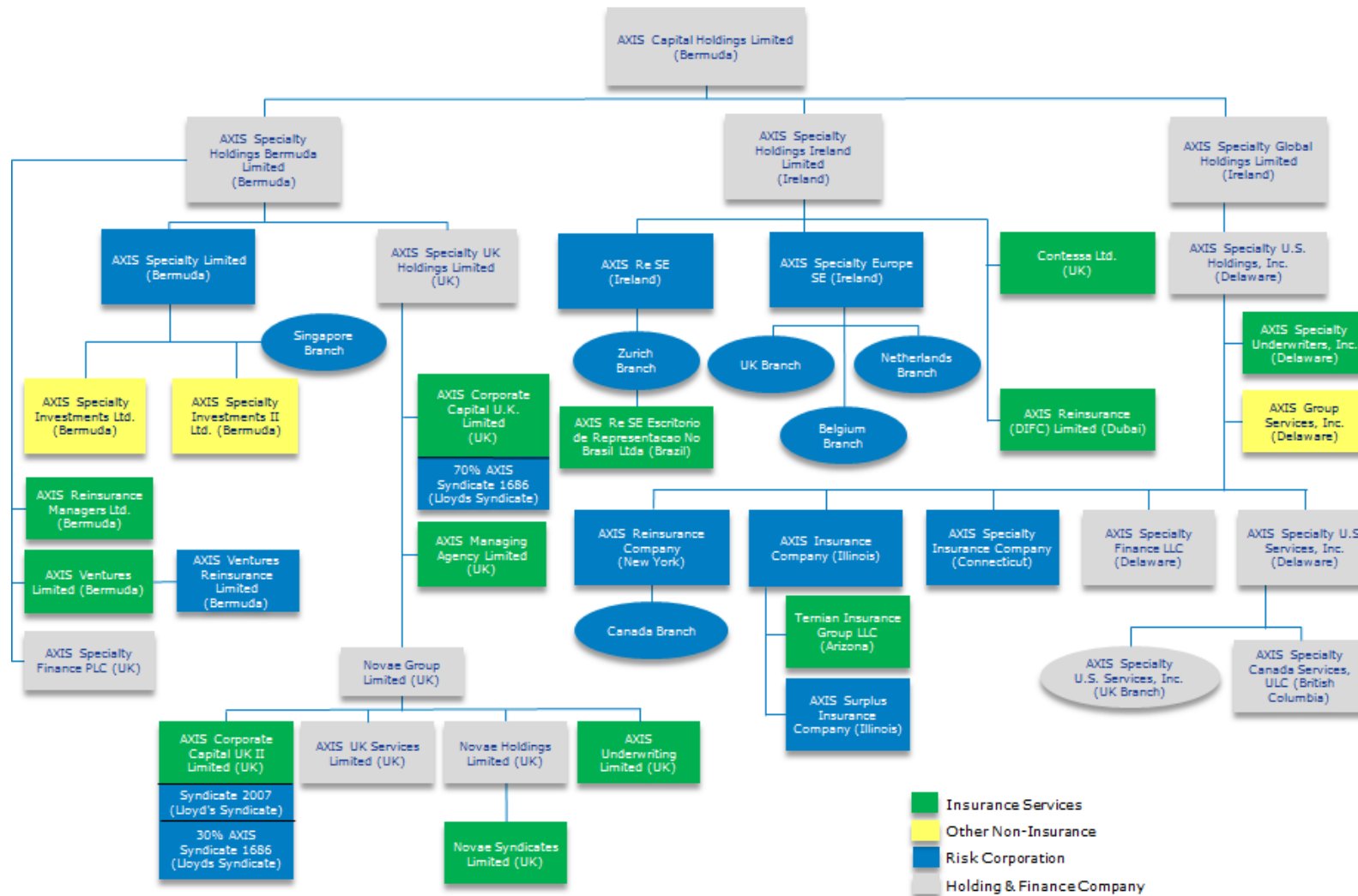
The final SCR and MCR amounts remain subject to supervisory assessment.

E.6 Any other information

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

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APPENDIX I - GROUP STRUCTURE



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S.02.01.16 Balance Sheet (USD'000s)

		Solvency II value
Assets		C0010
Goodwill	R0010	—
Deferred acquisition costs	R0020	—
Intangible assets	R0030	—
Deferred tax assets	R0040	158,753
Pension benefit surplus	R0050	—
Property, plant & equipment held for own use	R0060	10,608
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	1,697,802
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	1,346,198
Government Bonds	R0140	365,863
Corporate Bonds	R0150	759,595
Structured notes	R0160	—
Collateralised securities	R0170	220,740
Collective Investments Undertakings	R0180	319,874
Derivatives	R0190	827
Deposits other than cash equivalents	R0200	5,000
Other investments	R0210	25,806
Assets held for index-linked and unit-linked contracts	R0220	—
Loans and mortgages	R0230	1,791
Loans on policies	R0240	—
Loans and mortgages to individuals	R0250	—
Other loans and mortgages	R0260	1,791
Reinsurance recoverables from:	R0270	2,109,291
Non-life and health similar to non-life	R0280	2,024,203
Non-life excluding health	R0290	1,979,662
Health similar to non-life	R0300	44,541
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	85,088
Health similar to life	R0320	—
Life excluding health and index-linked and unit-linked	R0330	85,088
Life index-linked and unit-linked	R0340	—
Deposits to cedants	R0350	213,119
Insurance and intermediaries receivables	R0360	53,691
Reinsurance receivables	R0370	67,710
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	14,994
Any other assets, not elsewhere shown	R0420	801
Total assets	R0500	4,328,559

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		Solvency II value
Liabilities		C0010
Technical provisions – non-life	R0510	2,829,794
Technical provisions – non-life (excluding health)	R0520	2,765,871
Technical Provisions calculated as a whole	R0530	—
Best Estimate	R0540	2,608,918
Risk margin	R0550	156,953
Technical provisions - health (similar to non-life)	R0560	63,922
Technical Provisions calculated as a whole	R0570	—
Best Estimate	R0580	59,611
Risk margin	R0590	4,311
Technical provisions - life (excluding index-linked and unit-linked)	R0600	93,361
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	93,361
Technical Provisions calculated as a whole	R0660	—
Best Estimate	R0670	91,765
Risk margin	R0680	1,597
Technical provisions – index-linked and unit-linked	R0690	—
Technical Provisions calculated as a whole	R0700	—
Best Estimate	R0710	—
Risk margin	R0720	—
Contingent liabilities	R0740	—
Provisions other than technical provisions	R0750	—
Pension benefit obligations	R0760	—
Deposits from reinsurers	R0770	158,625
Deferred tax liabilities	R0780	142,592
Derivatives	R0790	3
Debts owed to credit institutions	R0800	6,036
Insurance & intermediaries payables	R0820	46,623
Reinsurance payables	R0830	211,551
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	71,013
Total liabilities	R0900	3,559,599
Excess of assets over liabilities	R1000	768,960

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APPENDIX II

S.05.01.01 - 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				Total
		Medical expense	Income protection	Motor vehicle liability	Other motor	Marine, aviation and transport	Fire and other damage to property	General liability	Credit and suretyship	Assistance	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0040	C0050	C0060	C0070	C0080	C0090	C0110	C0130	C0140	C0150	C0160	C0200
Premiums written															
Gross - Direct Business	R0110	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Gross - Proportional reinsurance accepted	R0120	(2,411)	12,729	123,584	62,245	—	102,717	74,349	105,341	2,744	—	—	—	—	481,296
Gross - Non-proportional reinsurance accepted	R0130	—	—	—	—	—	—	—	—	—	30,695	194,024	3,170	134,222	362,111
Reinsurers' share	R0140	(790)	10,013	95,734	48,218	—	83,847	59,042	88,304	2,216	24,251	152,283	2,521	110,248	675,886
Net	R0200	(1,620)	2,716	27,850	14,027	—	18,869	15,307	17,037	528	6,444	41,741	648	23,974	167,521
Premiums earned															
Gross - Direct Business	R0210	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Gross - Proportional reinsurance accepted	R0220	35,257	17,219	112,499	56,662	—	162,290	69,514	149,250	5,353	—	—	—	—	608,044
Gross - Non-proportional reinsurance accepted	R0230	—	—	—	—	—	—	—	—	—	32,619	197,514	3,024	142,403	375,560
Reinsurers' share	R0240	27,461	13,381	87,420	44,031	—	129,471	55,688	129,396	4,172	25,694	155,838	2,401	116,673	791,624
Net	R0300	7,797	3,839	25,079	12,631	—	32,819	13,827	19,854	1,181	6,924	41,676	623	25,730	191,980
Claims incurred															
Gross - Direct Business	R0310	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Gross - Proportional reinsurance accepted	R0320	29,674	16,133	111,687	56,253	(71)	127,692	60,669	74,848	1,198	—	—	—	—	478,083
Gross - Non-proportional reinsurance accepted	R0330	—	—	—	—	—	—	—	—	—	21,984	121,887	6,369	150,820	301,059
Reinsurers' share	R0340	22,043	12,098	83,765	42,190	(53)	98,935	47,629	65,973	900	16,896	93,057	4,858	119,595	607,886
Net	R0400	7,631	4,035	27,922	14,063	(18)	28,757	13,040	8,875	298	5,088	28,830	1,511	31,225	171,256

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		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)								Assistance	Line of business for: accepted non-proportional reinsurance				Total
		Medical expense	Income protection	Motor vehicle liability	Other motor	Marine, aviation and transport	Fire and other damage to property	General liability	Credit and suretyship		Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0040	C0050	C0060	C0070	C0080	C0090	C0110	C0130	C0140	C0150	C0160	C0200
Changes in other technical provisions															
Gross - Direct Business	R0410	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Gross - Proportional reinsurance accepted	R0420	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Gross - Non- proportional reinsurance accepted	R0430	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reinsurers'share	R0440	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Net	R0500	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Expenses incurred	R0550	244	1,585	4,641	2,351	—	12,201	5,901	14,303	1,315	1,960	6,760	286	3,863	55,410
Other expenses	R1200	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total expenses	R1300	—	—	—	—	—	—	—	—	—	—	—	—	—	55,410

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S.05.02.01 - Premiums, claims and expenses by country (USD'000s)

		Home country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
			UNITED KINGDOM (GIBRALTAR)	FRANCE	UNITED KINGDOM	SWITZERLAND	GERMANY	
		C0080	C0090	C0100	C0120	C0130	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	—	—	—	—	—	—	—
Gross - Proportional reinsurance accepted	R0120	342	87,860	71,996	41,298	16,454	38,792	256,742
Gross - Non-proportional reinsurance accepted	R0130	5,107	54,540	67,143	85,412	39,496	30,978	282,676
Reinsurers' share	R0140	4,366	114,116	111,503	101,542	44,837	55,912	432,276
Net	R0200	1,082	28,284	27,636	25,168	11,113	13,858	107,142
Premiums earned								
Gross - Direct Business	R0210	—	—	—	—	—	—	—
Gross - Proportional reinsurance accepted	R0220	1,278	92,302	56,536	71,020	21,518	37,316	279,970
Gross - Non-proportional reinsurance accepted	R0230	4,930	57,303	68,145	80,164	44,661	32,003	287,206
Reinsurers' share	R0240	4,996	120,405	100,346	121,676	53,262	55,790	456,475
Net	R0300	1,212	29,200	24,335	29,508	12,917	13,530	110,701
Claims incurred								
Gross - Direct Business	R0310	—	—	—	—	—	—	—
Gross - Proportional reinsurance accepted	R0320	310	93,619	42,922	46,033	18,404	24,202	225,490
Gross - Non-proportional reinsurance accepted	R0330	12,178	40,517	74,646	45,479	38,681	25,753	237,255
Reinsurers' share	R0340	9,743	104,653	91,727	71,398	44,538	38,975	361,033
Net	R0400	2,745	29,483	25,842	20,114	12,547	10,980	101,712
Changes in other technical provisions								
Gross - Direct Business	R0410	—	—	—	—	—	—	—
Gross - Proportional reinsurance accepted	R0420	—	—	—	—	—	—	—
Gross - Non-proportional reinsurance accepted	R0430	—	—	—	—	—	—	—
Reinsurers' share	R0440	—	—	—	—	—	—	—
Net	R0500	—	—	—	—	—	—	—
Expenses incurred	R0550	287	5,944	7,020	7,221	3,477	4,885	28,833
Other expenses	R1200							—
Total expenses	R1300							28,833

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

		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			
		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	91,765	91,765	—	—	—	—	—	—
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	85,088	85,088	—	—	—	—	—	—
Best estimate minus recoverables from reinsurance/SPV and Finite Re	R0090	6,677	6,677	—	—	—	—	—	—
Risk Margin	R0100	1,597	1,597	—	—	—	—	—	—
Amount of the transitional on Technical Provisions		—							
Technical Provisions calculated as a whole	R0110	—	—	—	—	—	—	—	—
Best estimate	R0120	—	—	—	—	—	—	—	—
Risk margin	R0130	—	—	—	—	—	—	—	—
Technical provisions - total	R0200	93,361	93,361	—	—	—	—	—	—

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S.17.01.01 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 insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Assistance	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	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															
Premium provisions															
Gross - Total	R0060	6,032	(5,477)	(45,661)	(22,998)	13	(66,243)	(13,857)	(8,610)	100	(13,392)	52,500	(1,072)	(59,690)	(178,356)
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	4,484	(4,079)	(34,947)	(17,602)	10	(53,276)	(11,711)	(11,592)	74	(10,282)	39,688	(828)	(48,199)	(148,260)
Net Best Estimate of Premium Provisions	R0150	1,549	(1,398)	(10,715)	(5,397)	3	(12,967)	(2,146)	2,983	25	(3,111)	12,812	(244)	(11,490)	(30,096)
Claims provisions															
Gross - Total	R0160	26,901	9,970	261,822	131,871	630	353,133	205,122	186,801	3,199	35,576	1,206,488	22,198	403,173	2,846,885
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	20,087	7,472	194,785	98,107	471	269,757	157,953	149,433	2,399	26,858	913,016	17,665	314,460	2,172,463
Net Best Estimate of Claims Provisions	R0250	6,814	2,498	67,037	33,764	159	83,376	47,169	37,368	800	8,718	293,472	4,533	88,713	674,422
Total Best estimate - gross	R0260	32,934	4,493	216,160	108,873	643	286,890	191,265	178,191	3,298	22,184	1,258,988	21,126	343,483	2,668,529
Total Best estimate - net	R0270	8,363	1,100	56,322	28,368	162	70,409	45,024	40,350	825	5,607	306,284	4,289	77,222	644,326
Risk margin	R0280	1,629	597	16,030	8,074	38	19,937	11,279	8,935	191	2,085	70,173	1,084	21,212	161,264
Amount of the transitional on Technical Provisions															
TP as a whole	R0290	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Best estimate	R0300	—	—	—	—	—	—	—	—	—	—	—	—	—	—

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		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 insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Assistance	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0020	C0030	C0050	C0060	C0070	C0080	C0090	C0100	C0120	C0140	C0150	C0160	C0170	C0180
Risk margin	R0310	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Technical provisions - total															
Technical provisions - total	R0320	34,563	5,091	232,190	116,947	681	306,827	202,544	187,127	3,490	24,269	1,329,161	22,210	364,696	2,829,794
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total															
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	24,571	3,393	159,838	80,505	481	216,481	146,241	137,841	2,473	16,577	952,704	16,837	266,261	2,024,203
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total															
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340	9,992	1,698	72,352	36,441	200	90,345	56,303	49,286	1,017	7,692	376,457	5,373	98,435	805,590

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

Accident year/ 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		
Prior	R0100	—	—	—	—	—	—	—	—	—	36,120		R0100	36,120	36,120	
N-9	R0160	96,383	150,163	82,164	50,832	13,809	16,189	16,088	5,698	10,525	9,526		R0160	9,526	451,377	
N-8	R0170	142,390	133,491	70,809	30,828	26,554	37,191	9,815	11,565	11,464			R0170	11,464	474,107	
N-7	R0180	135,497	217,738	107,719	48,790	39,243	24,725	11,656	13,853				R0180	13,853	599,220	
N-6	R0190	137,461	145,459	112,263	38,215	32,284	24,705	18,986					R0190	18,986	509,372	
N-5	R0200	125,160	144,827	157,771	63,760	40,073	34,878						R0200	34,878	566,469	
N-4	R0210	143,782	159,700	101,516	56,990	40,921							R0210	40,921	502,909	
N-3	R0220	176,593	242,908	159,765	86,765								R0220	86,765	666,032	
N-2	R0230	187,847	192,046	109,746									R0230	109,746	489,639	
N-1	R0240	174,899	198,847										R0240	198,847	373,745	
N	R0250	126,379											R0250	126,379	126,379	
													Total	R0260	687,484	4,795,369

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Gross undiscounted Best Estimate Claims Provisions															
(absolute amount)	Z0010														
		Development Year													
		0	1	2	3	4	5	6	7	8	9	10 & +		Year end (discounted data)	
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360	
Prior	R0100	—	—	—	—	—	—	—	—	—	—	240,673	R0100	238,872	
N-9	R0160	—	—	—	—	—	104,763	116,399	100,531	78,043	69,906		R0160	69,201	
N-8	R0170	—	—	—	—	204,459	167,994	141,323	109,773	102,793			R0170	102,555	
N-7	R0180	—	—	—	197,451	161,633	117,179	78,813	62,808				R0180	62,208	
N-6	R0190	—	—	212,077	193,727	156,895	113,900	85,844					R0190	84,910	
N-5	R0200	—	436,731	312,079	233,424	166,478	138,341						R0200	136,742	
N-4	R0210	663,454	413,813	300,242	216,379	198,596							R0210	196,801	
N-3	R0220	676,679	458,605	379,897	312,342								R0220	309,819	
N-2	R0230	676,951	515,325	432,710									R0230	428,912	
N-1	R0240	735,872	557,340										R0240	552,329	
N	R0250	670,133											R0250	664,537	
													Total	R0260	2,846,885

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S.23.01.01 Own Funds (USD'000s)

		Total	Tier 1 - Unrestricted	Tier 1 - Restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	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	746,788	746,788			
Subordinated liabilities	R0140	—	—	—	—	—
An amount equal to the value of net deferred tax assets	R0160	16,161				16,161
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	—	—	—	—	—
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	—				
Deductions						
Deductions for participations in financial and credit institutions	R0230	—	—	—	—	
Total basic own funds after deductions	R0290	763,960	747,799	—	—	16,161
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	—			—	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	—			—	
Unpaid and uncalled preference shares callable on demand	R0320	—			—	—
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	—			—	—
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	—			—	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	—			—	—
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	—			—	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	—			—	—
Other ancillary own funds	R0390	—			—	—

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		Total	Tier 1 - Unrestricted	Tier 1 - Restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total ancillary own funds	R0400	—			—	—
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	763,960	747,799	—	—	16,161
Total available own funds to meet the MCR	R0510	747,799	747,799	—	—	
Total eligible own funds to meet the SCR	R0540	763,960	747,799	—	—	16,161
Total eligible own funds to meet the MCR	R0550	747,799	747,799	—	—	
SCR	R0580	573,566	—	—	—	—
MCR	R0600	143,392	—	—	—	—
Ratio of Eligible own funds to SCR	R0620	133.2 %	—	—	—	—
Ratio of Eligible own funds to MCR	R0640	521.5 %	—	—	—	—
		Total				
		C0060				
Reconciliation reserve						
Excess of assets over liabilities	R0700	768,960	—	—	—	—
Own shares (held directly and indirectly)	R0710	—	—	—	—	—
Foreseeable dividends, distributions and charges	R0720	—	—	—	—	—
Other basic own fund items	R0730	17,172	—	—	—	—
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	5,000	—	—	—	—
Reconciliation reserve	R0760	746,788	—	—	—	—
Expected profits						
Expected profits included in future premiums (EPIFP) - Life business	R0770	—	—	—	—	—
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	55,151	—	—	—	—
Total Expected profits included in future premiums (EPIFP)	R0790	55,151	—	—	—	—

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S.25.01.01 Solvency Capital Requirement for undertakings on Standard Formula (USD'000s)

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	146,415		—
Counterparty default risk	R0020	154,077		
Life underwriting risk	R0030	41,759	—	—
Health underwriting risk	R0040	9,804	—	—
Non-life underwriting risk	R0050	322,031	—	—
Diversification	R0060	(180,988)		
Intangible asset risk	R0070	—		
Basic solvency capital requirement	R0100	493,098		
Calculation of Solvency Capital Requirement				
Operational risk	R0130	80,469	—	—
Loss-absorbing capacity of technical provisions	R0140	—	—	—
Loss-absorbing capacity of deferred taxes	R0150	—	—	—
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	—	—	—
Solvency Capital Requirement excluding capital add-on	R0200	573,568	—	—
Capital add-on already set	R0210	—	—	—
Solvency capital requirement	R0220	573,568	—	—
Other information on SCR				
Capital requirement for duration-based equity risk sub-module	R0400	—	—	—
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	—	—	—
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	—	—	—
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	—	—	—
Diversification effects due to RFF nSCR aggregation for article 304	R0440	—	—	—
Approach to tax rate		C0109		
Approach based on average tax rate	R0590	Approach based on average tax rate		
Calculation of loss absorbing capacity of deferred taxes				
		LAC DT		
		C0130		
LAC DT	R0640	—		
LAC DT justified by reversion of deferred tax liabilities	R0650	—		
LAC DT justified by reference to probable future taxable economic profit	R0660	—		
LAC DT justified by carry back, current year	R0670	—		
LAC DT justified by carry back, future years	R0680	—		
Maximum LAC DT	R0690	—		

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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

		C0010	
	R0010	120,074	
MCR_{NL} Result			
		Non-life activities	
		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense	R0020	8,363	—
Income protection	R0030	1,100	2,716
Motor vehicle liability	R0050	56,322	27,850
Other motor insurance	R0060	28,368	14,027
Marine, aviation and transport	R0070	162	21
Fire and other damage to property	R0080	70,409	18,869
General liability insurance	R0090	45,024	15,330
Credit and suretyship	R0100	40,350	17,037
Assistance	R0120	825	528
Non-proportional health	R0140	5,607	6,444
Non-proportional casualty	R0150	306,284	41,717
Non-proportional marine, aviation and transport reinsurance	R0160	4,289	629
Non-proportional property reinsurance	R0170	77,222	24,064

Linear formula for life insurance and reinsurance obligations

		C0040	
MCR_L Result	R0200	140,222	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	—	
Obligations with profit participation - future discretionary benefits	R0220	—	
Index-linked and unit-linked insurance obligations	R0230	—	
Other life (re)insurance and health (re)insurance obligations	R0240	6,677	
Total capital at risk for all life (re)insurance obligations	R0250		—
Overall MCR calculation			
		C0070	
Linear MCR	R0300	120,214	—
SCR	R0310	573,566	—
MCR cap	R0320	258,105	—
MCR floor	R0330	143,392	—
Combined MCR	R0340	143,392	—
Absolute floor of the MCR	R0350	4,402	—
		C0070	
Minimum Capital Requirement	R0400	143,392	—