SOMPO INTERNATIONAL

Endurance Worldwide Insurance Limited

Solvency and Financial Condition Report

For the year ended 31 December 2016

Contents

Summary

Solvency II introduction

The new prudential regulatory framework, known as Solvency II, came into force on 1 January 2016. Solvency II, represents a fundamental modernisation of European insurance regulation. The main purpose of Solvency II is to enhance the level of policyholder protection across Europe. The new regime also aims to harmonise the regulatory framework and is intended to improve the resilience of the insurance sector to shocks and so reduce the probability of insurers failing.

Solvency II requires firms to identify, quantify and manage their risks on a forward-looking basis, while providing greater transparency to markets and supervisors through the provision of higher quality and more consistent information.

The Solvency and Financial Condition Report ("SFCR") is an element of the improved disclosure and reporting introduced under Solvency II, intended to strengthen market discipline.

Basis of preparation

The SFCR has been prepared in compliance with Commission delegated regulation (EU) 2015/35 ("the Delegated Regulation"), being the applicable European Union regulation, using the structure set out in annex XX of that document, and in accordance with the Guidelines on reporting and public disclosure (BoS-15/109) as issued by the European Insurance and Occupational Pensions Authority ("EIOPA").

Quantitative information is prepared in Sterling, which is the presentational and functional currency of the Company, and rounded to the nearest £000.

Business and performance

The Company's success is dependent on the proper selection, pricing and ongoing management of the risks it accepts. In 2016 the Company continued building a specialty insurance business by attracting high quality underwriting talent and concentrating its efforts on achieving targeted growth in its insurance portfolio whilst maintaining a relatively stable portfolio of risks from its reinsurance operations. During 2016, the Company continued to invest in its operations through expanded insurance underwriting talent and a branch office in Zurich was established to conduct reinsurance business only.

As a result of this strategy, the Company increased gross written premium by 31.3% from £185.2M in 2015 to £243.1M in 2016. Net earned premiums have increased by a more moderate 13.7% from £47.1M in 2015 to £53.6M in 2016 as the Company continues to mitigate insurance risk via reinsurance arrangements, both internal and external, through a combination of facultative, excess of loss and quota share covers.

The Company recorded an overall underwriting profit (being technical result before administrative expenses) of £4.2M, a decrease of £3.8M from the prior year. The Company's underwriting ratio (calculated as net claims incurred plus net acquisition costs plus change in net deferred acquisition costs, as a percentage of net earned premium) increased by 9.2%. Further detail on the performance of the Company, including technical performance by Solvency II line of business and region and the investment performance, is reported in section A.

Amounts in GBP'000 unless stated	**31 Dec 2016**
Gross written premium	243,148
Underwriting result	4,167
Underwriting ratio	92.2%

System of governance

The Board of directors is the governing body of the Company. The Board is responsible for the strategic oversight of the Company and, inter alia, for the establishment and maintenance of a governance environment. The Board is supported by two oversight committees; the Audit Committee and the Risk & Compliance Committee.

The following four Key Functions have been identified as those that amount to effectively running the firm:

- The Risk Management Function;
- The Compliance Function;
- The Internal Audit Function; and
- The Actuarial Function.

No material changes to the system of governance took place over the course of the reporting period. Further detail on the system of governance of the Company, including the risk management system and Own Risk and Solvency Assessment ("ORSA"), is reported in section B.

Risk profile

The Company is exposed to a range of risks that arise out of its underwriting and investment activities as well as its general operations. As determined by the Standard Formula, market risk is the most material risk to the Company, with currency risk (being the risk resulting from currency exchange rate fluctuations) identified as the predominant market risk. Pricing, accumulation and reserving risk have been identified as the main risks assumed through underwriting activity.

There has been no material change to the risk profile of the Company during the reporting period. Further detail on the current risk profile of the Company, and related risk management techniques, is reported in section C.

Valuation for solvency purposes

Solvency II introduces a new basis of preparation for an insurance company's balance sheet which is based on the principle of market-consistent valuations. Essentially, this means that the value of assets and liabilities reflect the current value at which they could be traded in financial markets, rather than their UK GAAP accounting value.

Different approaches are required to determine market-consistent values of an insurance company's assets and liabilities. Some investment assets are traded in sufficiently deep and liquid markets that provide readily available prices, which are generally taken to be market values. Assets not actively traded are fair valued using a Solvency II compliant model.

No such market generally exists for insurance liabilities, which are specific to the contract between the firm and the policyholder. Solvency II's interpretation of the market value of insurance liabilities requires insurers to forecast expected future liability cash flows and then discount them using risk-free interest rates of an appropriate maturity, to arrive at a 'best estimate'. A 'risk margin' is added to this best estimate in order to produce a market-consistent value.

Further detail on Solvency II valuation methods is reported in section D.

Capital management

The Company applies the Standard Formula, a standardised calculation method prescribed in the Delegated Regulation, to calculate its Solvency Capital Requirement ("SCR"), which is a quantity of capital that is intended to provide protection against unexpected losses over the following year up to a 99.5% confidence level. The Standard Formula follows a modular approach where the overall risk which the Company is exposed to is divided into risk modules, and for each module a capital requirement is determined.

The Company has complied continuously with both the Minimum Capital Requirement ("MCR") and SCR throughout the reporting period.

Amounts in GBP'000 unless stated	**31 Dec 2016**
Eligible own funds to meet SCR	415,637
Eligible own funds to meet MCR	414,298
Solvency Capital Requirement	148,076
Minimum Capital Requirement	37,019
Ratio of own funds to SCR	280.7%
Ratio of own funds to MCR	1,119.2%

Eligible own funds and the SCR have increased during the period by 20.8% and 17.7% respectively, resulting in a minimal impact to the Solvency ratio. Further detail on capital management is reported in section E.

A. Business and Performance

A.1 Business

Endurance Worldwide Insurance Limited ("the Company") is a limited liability company incorporated in England.

The Company is fully owned by its immediate parent company, Endurance Worldwide Holdings Limited ("EWHL") incorporated in London, England. As at 31 December 2016, Endurance Specialty Holdings Limited ("ESHL"), incorporated in Hamilton, Bermuda, was the parent company for the Endurance group of companies ("the Group") and publicly traded on the New York Stock Exchange under the symbol ENH.

On 28 March 2017, Sompo Holdings, Inc., a holding company headquartered in Japan and publicly traded on the Tokyo Stock Exchange ("Sompo Holdings"), completed its acquisition of 100% of the outstanding ordinary shares of ESHL ("the Merger"). As a result of the Merger, ESHL was merged with and into a wholly-owned subsidiary of Sompo Holdings and Sompo Holdings became the Company's ultimate parent undertaking.

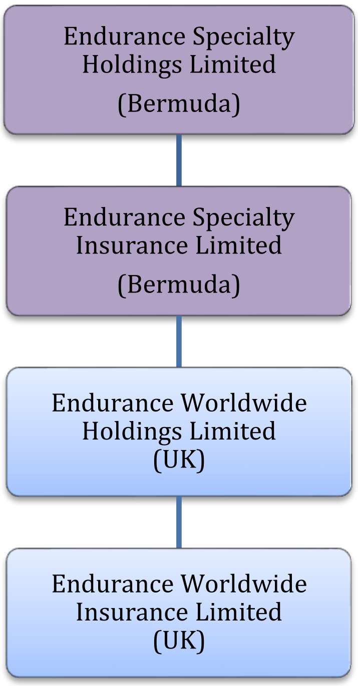
Solo supervisor:	The Prudential Regulation Authority 20 Moorgate London EC2R 6DA United Kingdom +44 20 3461 7000 PRA.FirmEnquiries@bankofengland.co.uk
Group supervisor:	The Bermuda Monetary Authority BMA House 43 Victoria Street Hamilton HMJX Bermuda + 441 295 5278 insuranceinfo@bma.bm

External auditor: Ernst & Young LLP
25 Churchill Place
London E14 5EY
United Kingdom

A.1.1 Group structure

ESHL and its group of companies consists of thirty seven various entities domiciled in Bermuda, the Unites States and the United Kingdom, with branch operations in Switzerland and Singapore. Figure A.1.1 below depicts an abridged structure chart for the relevant UK legal entities and their position within the wider Endurance Group.

Fig. A.1.1



A.1.2 Material lines of business and material geographical areas

The Company has a diversified product offering, across multiple lines of business. The following table sets out the gross premiums written by material Solvency II line of business.

Amounts in GBP'000		**31 Dec 2016**
Fire and other damage to property insurance	61,092	25%
General liability insurance	67,254	28%
Marine, aviation and transport insurance	36,843	15%
Non-proportional reinsurance	51,658	21%
Other	26,301	11%
	243,148	**100%**

The Company operates on a global basis; the following table sets out the gross premiums written by material geographical area using the Solvency II criteria for classification to country.

Amounts in GBP'000		**31 Dec 2016**
United Kingdom	81,794	34%
United States of America	61,811	25%
France	17,689	7%
Belgium	7,530	3%
Brazil	7,049	3%
Venezuela	5,439	2%
Other	61,836	26%
	243,148	**100%**

A.2 Underwriting Performance

During 2016, the Company continued to invest in its operations through additions of acknowledged market leaders as well as expanded underwriting talent. A branch office in Zurich was established to conduct reinsurance business only. The Company's Zurich branch ("EWIZ") offers reinsurance contracts to clients in Switzerland and abroad, with a focus on European business and clients within specialty lines, including Marine, Trade Credit and Surety reinsurance, and Property Catastrophe reinsurance. Reinsurance business is also conducted in the London operation with a focus on General Liability.

The Company is continuing to build out its insurance operations, particularly in the Professional Lines, Energy and Property lines of business. In addition, new lines of business have been identified as strategic opportunities for growth, including Aviation and Political & Financial Risks. The Company aims to grow net premiums written by continuing to attract and retain high quality underwriting talent in this segment in 2017 and beyond.

Gross written premium for the year has exceeded 2015 by 31.3%, increasing to £243.1M in 2016. The majority of growth has been experienced in the General Liability line of business, predominantly a result of a large new quota share contract, and the Credit and Suretyship line of business, which is being driven by the new Political Risk Insurance underwriting team. There have been marginal reductions in direct and proportional Property and Marine, Aviation and Transport premiums due to a combination of unfavorable market conditions and client preference as to whether the business is written in the Company or the Group's Syndicate.

Net earned premiums have increased by a more moderate 13.7% as the Company continues to mitigate insurance risk via reinsurance arrangements, both internal and external, through a combination of facultative, excess of loss and quota share covers.

The Company recorded an overall underwriting profit (being technical result before administrative expenses) of £4.2M, a decrease of £3.8M from the prior year. The Company's underwriting ratio (calculated as net claims incurred plus net acquisition costs plus change in net deferred acquisition costs, as a percentage of net earned premium) increased by 9.2%.

Amounts in GBP'000	Direct and proportional					31 Dec 2016
	Fire and other damage to property	**General liability**	**Marine, aviation and transport**	**Other**	**Non-proportional reinsurance**	**Total**
Gross earned premium	55,999	49,481	42,717	10,729	48,789	207,715
Reinsurers' share	(46,153)	(33,441)	(28,652)	(5,854)	(39,989)	(154,089)
Net earned premium	9,846	16,040	14,065	4,875	8,800	53,626
Gross claims incurred	36,900	28,938	40,584	5,933	18,449	130,804
Reinsurers' share	(25,077)	(21,224)	(29,774)	(3,290)	(13,675)	(93,040)
Net claims incurred*	11,823	7,714	10,810	2,643	4,774	37,764
Acq. expenses	2,969	2,086	4,887	1,958	(205)	11,695
Admin. expenses	4,739	3,678	4,651	1,103	4,172	18,343
Technical result	(9,685)	2,562	(6,283)	(829)	59	(14,176)

**Claims management expenses are included within net claims incurred as per UK GAAP presentation.*

Both claims and acquisition costs increased at a rate greater than year on year premium growth. Higher claims on the Marine, Aviation and Transport line of business impacted profitability as the Company experienced greater than expected large loss activity in the first half of the year on the Aviation book, and continued attritional loss events into the second half of the year, including various large property losses and the impacts of New Zealand Earthquake and Hurricane Matthew. Acquisition costs have been impacted by the pervading unfavourable market conditions, in particular in direct and proportional Property and Marine lines. The acquisition cost ratio has been further increased by the earning through of new Aviation lineslips which have a brokerage rate of 23%, and because of the impact of ceded excess of loss purchases, particularly on the Marine and Property insurance lines of business.

General and administrative expenses fell by 11.7% year on year. The Company continued to benefit from increases in scale and economies arising as a result of integration with other Group companies, in particular following the Group's 2015 acquisition of Montpelier Re Holdings Limited ("MRH").

Amounts in GBP'000	United Kingdom	USA	France	Belgium	Brazil	Venezuela	Other	31 Dec 2016 Total
Gross earned premium	62,880	56,840	16,405	4,774	3,612	4,386	58,817	207,714
Reinsurers' share	(43,301)	(43,025)	(12,938)	(4,684)	(1,793)	(3,725)	(44,623)	(154,089)
Net earned premium	19,579	13,815	3,467	90	1,819	661	14,195	53,626
Gross claims incurred	36,468	34,696	3,874	954	1,615	715	52,482	130,804
Reinsurers' share	(26,594)	(20,658)	(3,955)	(466)	(772)	(707)	(39,888)	(93,040)
Net claims incurred*	9,874	14,038	(81)	488	843	8	12,594	37,764
Operating expenses	4,263	4,865	(183)	(1,038)	675	1,085	20,371	30,038
Technical result	5,442	(5,088)	3,731	640	301	(432)	(18,770)	(14,176)

**Claims management expenses are included within net claims incurred as per UK GAAP presentation.*

Gross earned premium increased across the majority of regions. The largest increases were seen in the United Kingdom, as the Company benefits from the increased Group focus on the London market, and the USA.

A.3 Investment Performance

Net Investment Income increased by £2.9M versus the prior year. The primary drivers of the increase were the £71.5M increase in invested assets, which is driven by surplus net technical and investment cash inflows, and higher market yields.

Amounts in GBP'000 unless stated	**31 Dec 2016**
Interest income – cash and deposits	197
Interest income – collateralised securities	5,440
Interest income – corporate bonds	6,274
Interest income – government bonds	1,549
Amortisation	(3,445)
Investment expenses	(899)
Net investment income	9,116
Ending portfolio market value	504,840
Ending portfolio market yield	2.02%

The investment portfolio, comprising of only fixed income investments, returned 2.8% in the year 2016, which was 0.8% higher than the composite benchmark (consisting of EUR, GBP and USD fixed income components). The absolute return (17.8%) was bolstered by foreign exchange gains due to over 70% of the portfolio being in USD, which appreciated versus GBP.

There are no investment gains or losses recognised directly in equity.

A.3.1 Investments in securitisation

The company held £202.2M of securitised assets as at the year end (40% of the total investment portfolio). Total return on securitisations for the year 2016 was 2.7%.

A.4 Performance of other activities

Amounts in GBP'000	**31 Dec 2016**
Unrealised losses on investments	(233)
Realised gains on investments	2,278
Unrealised foreign exchange gains	30,499
Realised foreign exchange gains	36,139

Of the realized gains on investments, £1.0M were net gains on investments in government bonds; net gains on corporate bonds and collateralised securities accounted to £0.9M and £0.4M respectively. Unrealised losses include a £2.6M loss on collateralised securities which has been partially offset by unrealised gains on both government and corporate bond holdings.

Foreign exchange gains have increased 242.5% year on year. The 2016 gain has predominantly arisen on the USD investment portfolio and cash balances, driven by the strengthening USD (16.2% versus GBP for the year).

A.4.1 Leasing arrangements

The Company is party to a 10 year operating lease entered into on 27 January 2015 for Land and buildings. The Company has the option to terminate the lease agreement from the break date which is the 5th anniversary of the Term Commencement Date.

The Company is not party to any material financial lease arrangements.

A.5 Any other information

There is nothing further to report regarding the business and performance of the Company.

B. System of Governance

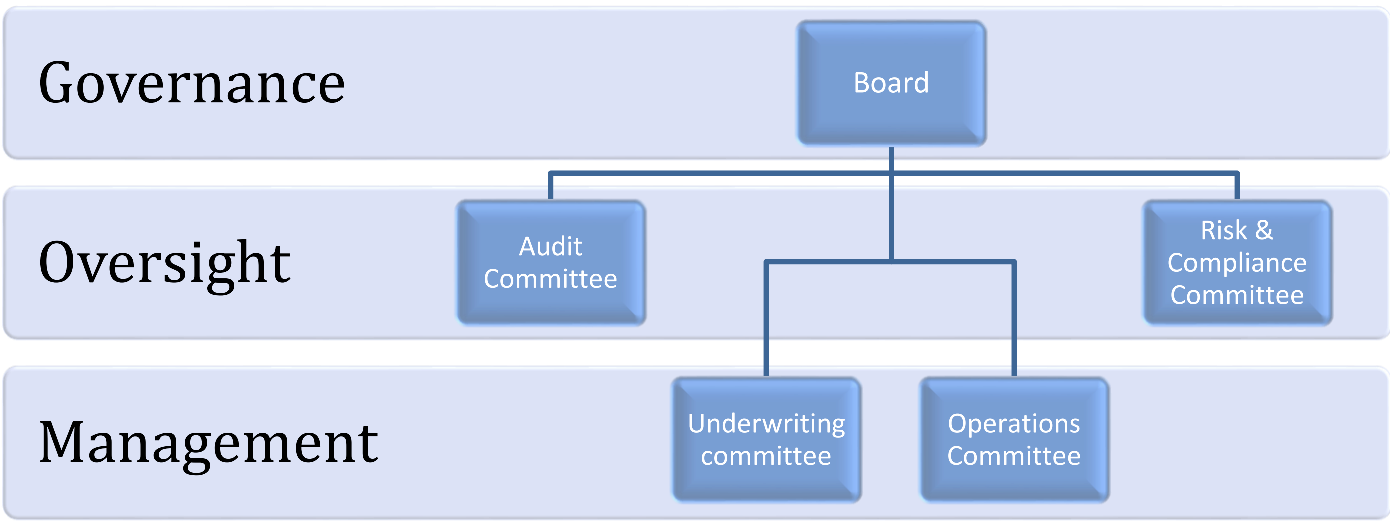
B.1 General information on the system of governance

The Board of Directors, which consists of both executive and non-executive directors, is the Company's governing body and has ultimate responsibility for the sound and prudent management of the Company. The Board is required to perform this role with integrity, due care, and professional skill. In addition to having responsibility for strategic oversight, the Board is responsible, inter alia, for the establishment and maintenance of a governance environment which meets the requirements and obligations of the Company's regulators and the legal framework in which the Company operates.

The Board has documented terms of reference in place, which includes a list of matters reserved to the Board. In addition, the Board is supported by two Board oversight committees:

- An Audit Committee, which is chaired by and includes non-executive directors and is responsible, inter alia, for oversight and challenge of the financial and internal controls of the Company and the integrity of statutory reporting and financial statements.
- A Risk & Compliance Committee, which is chaired by and includes non-executive directors and is responsible, inter alia, for the oversight of the Company's framework of risk management and compliance with regulatory requirements and expectations.

The Company has also established certain management committees, made up of executive management, which provide more granular oversight and review of the business and operations of the Company as shown below.



B.1.1 Key Functions

As required by articles 268 to 272 of the Delegated Regulation, the following four Key Functions and associated reporting lines, are incorporated into the Company's organisational structure. These Key Functions are provided with the necessary authority and resources to carry out their role by the Board of the Company and each are operationally independent.

- An Actuarial Function, which is responsible, inter alia, for the calculation of technical provisions, the appropriateness of the methodologies and assumptions used in the calculation of technical provisions, for the assessment of the data used in the calculation of technical provisions, for expressing various opinions as required by the Solvency II Directive, and for contributing to the effective implementation and operation of the Company's system of risk management. The Actuarial Function reports to the Audit Committee and the Board of the Company on a regular basis.
- An Internal Audit Function, which is responsible, inter alia, for the evaluation of the adequacy and effectiveness of the Company's internal control system. The Internal Audit Function reports to the Audit Committee and the Board of the Company on a regular basis.
- A Compliance Function, which is responsible, inter alia, for advising the Board of the Company on compliance with all relevant regulations and legislation to which the Company is subject; as well as for assessing and advising on the impact of any changes in such provisions on the operations of the Company, and for the identification and assessment of compliance and regulatory risk. The Compliance Function reports to the Risk & Compliance Committee and the Board of the Company on a regular basis.
- A Risk Management Function, which is responsible, inter alia, for the implementation of the Company's system of risk management, as well as designing and developing the Company's risk register. The Risk Management Function reports to the Risk & Compliance Committee and the Board of the Company on a regular basis.

Key Function Holders are required to adhere to the Fit and Proper policy, the details of which are described in section B.2.

No material changes to the system of governance took place over the course of 2016.

B.1.2 Remuneration policy

B.1.2.1 Remuneration Policies and Performance-based Criteria

The compensation and performance based criteria currently in place for employees consists of four principal elements of compensation: base salary, annual incentive compensation, long-term incentive compensation, and employee benefits/other compensation.

Base salary is the guaranteed element of the employee's compensation structure and is paid to employees for ongoing performance throughout the year.

Non-Executive Directors of the Company's Board of Directors are paid a fixed monthly fee for their services plus agreed expenses.

The annual incentive compensation program supports both the Group's and the Company's strategy by linking a significant portion of its employees' total compensation to the achievement of critical business goals on an annual basis. All employees are eligible to earn annual incentive compensation. In London, the annual incentive program targets range from 10 – 80% of base salary in each performance year, dependent on the employee's level within the organisation.

The Group's Compensation Committee, which covers the Company as part of the larger Endurance organisation, believes the inclusion of long-term incentive compensation in the Group's compensation structure fosters the appropriate perspective in management, given that the ultimate profitability of the insurance or reinsurance underwritten by the Group may not be fully known for many years. In addition, the Compensation Committee seeks to align the interests of the Group's employees with the Group's shareholders to the greatest extent practicable. Finally, long-term incentive compensation, which potentially is forfeited in the event of the departure of an employee from the Group, has the ability to retain valuable executive talent within the organisation. Each of the Senior Executive Officers and Senior Vice President and Executive Vice President level employees are eligible to earn long-term incentive compensation. In London, the long term incentive program targets range from 40 – 100% of base salary in each performance year, dependent on the employee's level within the organisation.

Employees are offered a core set of employee benefits in order to provide a reasonable level of financial support in the event of an employees' illness or injury and enhance productivity and job satisfaction through programs that focus on employees' health and well-being. In London, employees' basic benefits include private medical, private dental, private GP coverage, disability insurance, critical illness insurance and life insurance. All employees are enrolled in the company defined contribution Group Personnel Pension plan. The employer contributes 9% of employee base salary into the pension plan in addition to a year-end discretionary profit sharing contribution of up to 3% of base salary.

Annual incentive and Long Term Incentive awards are discretionary and any payment / awards are based upon a combination of company and employee performance. The incentive pools are set based on achieved company performance against agreed objectives at the beginning of the performance year. The individual award is then reached based on individual performance.

B.1.2.2 Supplementary Pension and/or Early Retirement Schemes

The Company does not have any supplementary pension programs or early retirement schemes for any of the members of its Board of Directors nor any of the senior executives.

B.1.3 Material transactions during the reporting period with related parties

The Company did not have any material transactions in the reporting period with persons who exercise significant influence or senior executives other than those associated with the compensation arrangements previously disclosed.

The Company was party to two quota share reinsurance arrangements with its interim parent company, Endurance Specialty Insurance Limited ("ESIL") in 2016, as follows:

1. a quota share arrangement covering 100% of Catastrophe reinsurance business and a 40% whole account quota share, where the total cession including that of the Catastrophe Reinsurance business shall not exceed 40% of the Company's net earned premium; and
2. a quota share arrangement covering 50% of business written by the Company's Zurich branch.

The Company purchases a stop loss contract with ESIL, ceding 3% of net earned premium. Losses ceded under the contract attach at the excess of the greater of £20M net ultimate loss or 80% of the Company's net earned premium with a limit of 100% of net earned premium or £30M, whichever is greater. In addition, this contract covers the Company's ultimate net loss for £10M xs £10M for each and every loss.

The Company was also party to four additional quota share arrangements with Blue Water Re Limited affiliates which provided cover for 18.2% of the Property Treaty catastrophe book.

Lastly, the Company has purchased a Surety Bond from ESIL which provides capital to the Company if at any time the net worth of the Company is less than the greater of £25M or the required minimum solvency requirement in accordance with applicable laws and regulations. This contract also has a liquidity provision should the Company have insufficient funds to make a required payment for any covered product.

No dividend was paid or declared (2015: £nil).

B.2 Fit and proper requirements

There is a Fit and Proper policy to which all members of the Board, Key Function Holders, and persons within and working on behalf of the Company who might from time to time be captured by the Fit and Proper requirements set out in the Directive must adhere.

The Fit and Proper policy requires that where a person is captured by the Fit and Proper requirements that person must be assessed against the relevant fit and proper criteria applicable to the role including but not limited to honesty, integrity, reputation, competence, capability, and financial soundness.

The Fit and Proper policy requires that an annual assessment of a person's fitness and propriety (where such person is subject to the relevant requirements) should be carried out at the time of first recruitment and on a regular (at least annual) basis thereafter. The policy states, inter alia, that:

- Persons (who are subject to the fit and proper requirements) should be assessed for the ability to carry out their role in compliance with relevant regulatory requirements, principles, and rules;
- Persons should be assessed for their competence, both in terms of management and technical ability;
- Persons should be subject to annual appraisal to ensure that all the key skills relating to the role remain at a suitable level;
- Persons should be subject to a documented programme of professional development to ensure that they remain technically and professionally competent.

B.3 Risk management system including the Own Risk and Solvency Assessment

B.3.1 Risk management strategy

The Company's risk strategy is aligned to the business objectives of the Company. As a specialty (re)insurer operating in the international insurance and reinsurance marketplace it is central to the achievement of the company's business objectives that it seeks insurance and investment risk through the specialty products that it underwrites and the investments made with the assets of the business. In undertaking this activity the company accepts exposure to other risks that it does not seek and for which it is not rewarded.

The principles underpinning the company's risk management strategy include:

- The Company sees risk as more than just a potential for loss, but also as a potential for opportunity;
- The Company only seeks risks that it has the capabilities and expertise to understand and to manage;
- The Company only accepts risks it seeks that provide a level of reward commensurate with the risk assumed;

- The Company uses its people, systems, processes and controls to minimise its exposure to risks that it does not seek and for which it is not rewarded, subject to cost benefit considerations; and
- The Company defines the risk preferences and tolerances within which it will normally operate to achieve its business objectives.

The Company's approach to risk management is based upon the belief that risk management activity should be embedded across the business, leverage a diversity of skills, tools and people whilst being supported by a strong culture of risk awareness and engagement. In particular, the risk management system is designed to support the successful execution of the Company's business strategy by aligning the risk appetite to business objectives and inculcating a risk management culture that influences decisions from board level through to individual employees.

The Board has overall responsibility for approving the strategy and risk appetite of the Company at least annually. The Board has delegated responsibility for overseeing the risk management framework to the Risk & Compliance Committee which meets quarterly to receive reports and management information from the UK Chief Risk Officer who is responsible for the UK risk function.

B.3.2 Risk management system

The risk management system is designed to support the successful execution of the Company's business strategy by aligning the risk appetite to business objectives and influencing decisions from board level through to individual employees. The risk management system of the Company encompasses the following key components: risk identification and assessment; interaction with the decision making process; risk reporting; and the risk governance structure. The risk management system supports the business in monitoring strategy execution and also in informing decisions around the evolution of the strategy over time.

The risk management system operates in the following ways:

a) Identify: The Company has a strong risk culture promoted by business leadership and supported by the remuneration structure. Risk is seen as more than just a potential for loss, but also as a potential for opportunity. A proactive approach to developing and maintaining risk awareness is built into the Company's processes and is an important consideration spanning the management of both the asset and liability sides of the balance sheet.

b) Assess: The Company maintains a collaborative approach to assessing risk and performance, generating insight and preserving consistency by bringing an appropriate mix of disciplines, perspectives and tools together to address the challenges of quantifying risk and of understanding uncertainty. Underpinning this the Company has established a robust framework for the development of risk intelligence internally, the acceptance of externally developed risk intelligence, and the on-going review and independent validation of utilised intelligence.

c) Respond: The Company has established processes, systems and management information to embed risk and performance analytics in the decision making framework across the business. Systems have been established to synthesize and deliver risk insight to the point of decision making whilst processes are maintained to ensure continued engagement between decision makers and analytics teams.

d) Monitor: The Board approves risk policies, appetites and tolerances. A suite of risk management reports is provided to oversight and management committees to assist them in discharging their delegated oversight and decision making responsibilities. The business implements a control environment which describes how the business should operate to remain within risk appetites and assigns individual accountability for identified risks and key business controls, documented in the risk register.

The Company’s internal audit function considers the risk management framework in the development of its audit universe and annual risk-based audit plan. In executing the audit plan a feedback loop exists where the recommendations arising from review of the control environment are considered by management and the risk function and, as appropriate, reflected in the risk register.

Training on the risk management framework and specifically risk appetites is provided to the Board, management and all staff regularly.

B.3.3 Risk appetite framework

The Company’s operations are subject to risk appetite statements defining the boundaries within which the Company is expected to operate when pursuing its strategy and that enable management and the Board to focus on meaningful high-level targets at the intersection of strategy, risk and performance.

Risk appetite statements are articulated at two different levels. The highest level statements, Tier 1, describe the Company's risk preference and overarching risk objective. Associated with each of these statements is a series of Tier 2 statements which reference specific key risk or performance indicators and for each define risk tolerances within which the risk profile would normally be expected to operate. Together these provide an objective basis for the ongoing assessment and monitoring of the risk profile that is linked to the objectives of the business.

Supplementing both the Tier 1 and 2 risk appetite statements are a series of risk monitoring statements. These refer to specific metrics and associated tolerances/targets that business risk management (1st line) operate the business with reference to. These risk profile characteristics are overseen by the 2nd line, risk management, and deviations from specified tolerances/targets at this operational level are reported to the Board for discussion on an exception basis. The lines of defence are explained further in section B.4.

B.3.4 Risk management responsibilities

The Board of Directors holds ultimate responsibility for the risk governance of the Company. The Company's Board Committees review and evaluate risk management processes and procedures, as well as monitor and oversee the guidelines and policies that govern the process by which the Company assesses and manages its exposure to risk. The Board Committees hold meetings at least quarterly, and more frequently as required, with members of senior management.

The Company's Board and Management Committees include:

- The Risk & Compliance Committee;
- The Audit Committee;
- The Underwriting Committee; and
- The Operations Committee.

To oversee risk management within the Company, the Board has formed the Risk & Compliance Committee. The objective of the Risk & Compliance Committee is to develop and implement an organisation-wide approach to the identification, assessment, communication, and management of risk in a cost-effective manner.

The Audit Committee's overarching responsibility is to oversee and challenge the effectiveness and appropriateness of the financial and internal controls of the Company (or carried out on behalf of the Company by the Group), the integrity of the statutory reporting arising out of the business of the Company, and to provide assistance to the Board of the Company in fulfilling its legal and fiduciary obligations relating to matters involving the accounting, auditing, financial reporting, and internal control functions of the Company.

The Underwriting and Operations Committees are responsible for setting risk appetite and tolerances at risk category level for review and approval by the Risk & Compliance Committee and the Board of Directors. For example, the Underwriting Committee is responsible for overseeing the Company's Insurance Risk as expressed by Probable Maximum Loss and aggregate exposures, as well as pricing cycle risk management and ceded reinsurance.

B.3.5 Own risk and solvency assessment process

The Company operates under the jurisdiction of the Prudential Regulation Authority ("PRA") which under Solvency II Pillar 2, sets out the ORSA. The ORSA requires the firm to assess all of the current and possible future risks it has within its business to determine the level of capital needed to mitigate these risks.

The Company conducts its ORSA each quarter to assist the Board in making strategic decisions. The reports are presented to the Risk & Compliance Committee and the Board of Directors quarterly, and approved for regulatory submission annually. The ORSA process allows the Board to assess the current and potential future risks facing the Company to better understand the risk profile and to ensure that the Company is operating within its risk profile. The ORSA also informs the Executive Team and the Board on the level of capital resources needed to support the business plan. The information provided within the ORSA guides any risk mitigation actions, reassessment of risk profile and strategy, and decisions with regards to capital management.

The Company has determined that the Solvency II Standard Formula, which encompasses the primary drivers of risk exposure, is appropriate to use to calculate the required solvency capital needs. The Standard Formula employs a mathematical model that provides a risk-based framework to determine appropriate levels of capitalisation.

The Risk Management Function is responsible for conducting the quarterly ORSA process. The key business processes supporting the ORSA include: strategy reviews; business planning; the risk management framework; the stress and scenario testing framework and the technical provisioning process.

B.4 Internal control system

Risk management responsibilities are clearly defined across the Company and are segregated across three 'lines of defence' that vary in the level of independence they have from the day-to-day running of the organisation, specifically:

- The first line of defence, business risk management, describes the infrastructure of processes, systems and controls owned by members of the business charged with responsibility for day-to-day operations. Ownership for each of the identified business risks is allocated to an appropriate member of the management team and subject to quarterly self-assessment.

- The second line of defence, risk management, describes the risk oversight activity, encompassing risk assessment, monitoring and reporting, undertaken by both the Risk and Compliance functions. Specific attention is given to monitoring how the risk profile of the Company compares to the Board approved appetite statements regarding risk preference and tolerance. The risk function will intervene directly in modifying and developing the internal control and risk systems utilised in the first line, as such the second line of defence cannot offer truly independent risk assurance to the Board.

- The third line of defence, internal audit, describes the risk assurance work done independently of the operation of the business and the risk function to determine that controls are being operated adequately, risks assessed appropriately and that the risk management framework remains effective.

The Actuarial Function operates within the first line of defence and is responsible for the provision of data from the Internal Model to support the monitoring of actual risk exposure against risk appetite statements and tolerances.

The Risk Management Function operates within the second line of defence and is responsible for the following activities:

a) To preserve financial soundness by
   - i. Assessing and monitoring on-going capital and reinsurance adequacy
   - ii. Advising the business on key risks and risk management strategies
   - iii. Maintaining compliance with prevailing risk management standards / requirements and to support the business in minimising the otherwise avoidable costs of compliance

b) To maintain strategic focus and alignment by
   i. Embedding a clear and specific statement of business strategy and objectives
   ii. Maintaining a proactive and creative approach to understanding and responding to threats and opportunities over the strategic planning time horizon
   iii. Maintaining statements of the business' risk preferences and embedding these across the decision making system

c) To provide performance optimisation insight by
   i. Advising on the allocation of capital resources to maximise risk adjusted return in light of risk appetite preferences
   ii. Providing targeted and timely risk analytics to inform specific risk taking or risk mitigation decision making
   iii. Monitoring control effectiveness and facilitate optimisation of risk mitigation strategies and processes

The Compliance Function operates within the second line of defence and is responsible for ensuring business activities remain in accordance with prevailing regulatory requirements and minimum standard expectations. The activities of the Compliance Function are divided into the following strands of activity:

- Business advisory: ensuring that the Board, senior management, and staff of the Company are aware of the obligations and requirements imposed on them by the applicable regulatory regimes.
- Compliance monitoring: providing regular and prompt identification and assessment of compliance risk and the day-to-day operation of compliance tools, policies and procedures.
- Regulatory affairs: managing the relationship of the Company with its regulators.
- Complaints handling: administering and operating the complaints handling process for the Company on a day-to-day basis.
- Reporting on all of the above strands of activity to the Company's Board.

The Internal Audit Function acts as the third line of defence and conducts regular reviews of the Company's operations. Part of the scope of each audit is to review the relevant risks associated with the activities under audit, to test the controls as recorded in the risk register and to provide findings to senior management, risk management and the Audit Committee. The feedback may include recommendations for changes to be made to the risk register, controls or processes.

B.5 Internal audit function

The Internal Audit function's purpose is to help the Board and Executive Management to protect the assets, reputation and sustainability of Endurance by challenging the effectiveness of the framework of controls which enable risk to be assessed and managed. It assists the Company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's governance, risk management and internal control. The internal audit activity's responsibilities are defined by the Audit Committee as part of their oversight role.

Internal Audit undertakes, objectively and independent from management, three principal activities:

- Assessing and reporting (to group and business unit audit and risk committees and to management as appropriate) on the effectiveness of the design and operation of the framework of controls which enable risk to be assessed and managed.
- Investigating and reporting on cases of suspected financial crime and employee fraud and malpractice.
- Undertaking designated advisory projects for management, provided that they do not threaten Internal Audit's actual or perceived independence from management.

At least annually, an internal audit plan will be submitted to senior management and the Audit Committee for review and approval. The internal audit plan is developed based on a prioritization of the audit universe using a risk-based methodology including the input of senior management and the Audit Committee. The plan is reviewed and adjusted, as necessary, in response to changes in the organisation's business, risks, operations, programs, systems, and controls. Any significant deviation from the approved plan will be communicated to senior management and the Audit Committee through periodic activity reports.

A written report will be prepared and issued by the Audit Director or designee following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the Audit Committee. The internal audit report will include management's response and corrective action to be taken along with a timetable for anticipated completion. The internal audit activity will be responsible for appropriate follow-up on engagement findings and recommendations. All findings will remain in an open issues file until cleared.

The Audit Director will periodically report to senior management and the Audit Committee on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Audit Committee.

B.5.1 Independence

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

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

Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Audit Director will confirm to the Board, at least annually, the organisational independence of the internal audit activity.

B.6 Actuarial function

The Company provides for an Actuarial Function as specified under Article 48 of the Solvency II Directive. The Actuarial Function operates in various segments of the organisation. The Actuarial Function Holder is responsible for the oversight, peer review, and independent challenge of the Actuarial Function. The Actuarial Function is provided with the necessary authority to carry out its role by the Board and is operationally independent of the Company's other Key Functions. In addition, the Actuarial Function has access to the necessary information systems and data sources to enable it to undertake the work required.

The roles and responsibilities of various stakeholders in terms of completing, reviewing and validating the tasks of the Actuarial Function are detailed below:

- Responsibility for the calculation of the technical provisions and all supporting analysis surrounding this process lies with the Actuarial Function Holder.
- The UK Chief Risk Officer has oversight of the Actuarial Function's general contribution to the risk management system.
- The Actuarial Function provides its independent opinion on the underwriting policy. The Chief Pricing Actuary is heavily involved in providing the input for review into this process.

- The Actuarial Function provides its independent opinion on the reinsurance policy. The Ceded Reinsurance Officer is heavily involved in providing the input for review into this process.

B.7 Outsourcing

The Company has established standards, processes, roles and responsibilities for its arrangement of services to be provided by unaffiliated third parties (“outsourcers”). Outsourcing arrangements are supported by individual contracts and/or service level agreements (“SLA’s”). Before an outsourcing arrangement is entered into, the Company assesses the impact of the proposed arrangement, including reviewing the qualifications of the service provider. For all material outsourcing arrangements based on the size and criticality of service, the Company applies the following due diligence and selection criteria:

- Formal reviews of the proposed outsourcing arrangements by the appropriate internal departments, including Legal and Procurement;
- Request For Proposal (“RFP”) requirements provide that single source procurement may be permitted with the approval of Legal and Procurement; and
- Reviews by requester and the key management personnel to ensure that no conflicts of interest exist in engaging the outsourcer.

The selection criteria process should be agreed in advance by the requester and other reviewing parties (Legal, Procurement, IT) and should consider the following factors, among others:

- demonstrated quality (financial and technical abilities);
- specialised knowledge and resources;
- control framework;
- conflicts of interest;
- value-add services as differentiators;
- long-term viability and pricing;
- availability of an adequate Business Continuity Plan; and
- risks from outsourcing and mitigation.

Outsourcing arrangements that have cleared due diligence and met the appropriate selection criteria are reviewed to determine if an RFP is applicable. Where an RFP process is deemed appropriate, a reasonable number of competitive bids should be obtained to ensure quality services are being received at an appropriate price.

For any proposed outsourcing arrangement not subject to an RFP process, the requester must provide formal justification for single source procurement and obtain approval from Legal and Procurement.

In all outsourcing situations where outsourcers will access the Company's non-public information and/or systems, outsourcers will be required to sign a non-disclosure agreement.

The Company has defined key management personnel that are authorised to approve an outsourcing arrangement should the arrangement satisfy the due diligence and selection criteria. The key management personnel are prescribed in the Group's "Authorised Approvers" policy document and include the requirements for adequate specifications for the services to be entered into and a general ledger account and activity code where appropriate.

A summary of critical functions/activities outsourced, and the jurisdiction in which the service providers are located, is below.

Service	**Description**	**Jurisdiction**
Policy administration*	Data Capture & Data Quality Control, for bound Policies. Services also include report generation, audit support, file management and contract certainty checking.	UK
Credit control*	Cash management and chasing, including reconciliation and ongoing reporting of aged debt and unallocated cash.	UK
Claims and claims administration*	Claims review and settlement (within authority) or referral, including regular reporting and update, based on lead / follow terms.	UK
Delegated underwriting services	Chasing, upload and storage of all Delegated Underwriting Bordereaux (premiums and claims) and reporting services. Also includes the utilisation of 'BinderCloud' third party software, from the outsourced service provider.	UK and India
Investment management and accounting	Portfolio management in line with Board approved investment strategy, report generation and creation of accounting entries.	USA
Payroll	Payroll processing and payment, report generation and payslip production.	USA
IT helpdesk	Telephone support covering desktop and mobile devices.	USA

**Direct insurance and facultative reinsurance only*

B.8 Any other information / summary

To effectively manage the risks inherent in the business, a set of risk policies have been developed to outline the policies, processes and procedures in place at Endurance by risk type and functional area.

The corporate risk governance and the supporting risk management standards are intended to represent best practices based on the nature, scale, and complexity of the Company's operations, the relevant governing regulatory requirements as well as the composition and experience of the Company's management team and the Board of Directors.

Below are policies of the Company considered as part of the Solvency II framework and their dates of formal adoption.

Policy	Date policy first adopted/updated by the Board
Data Quality Policy	New Policy – adopted 10/05/2017
Reserving Policy	Last updated by Group on 22/02/2017; adopted 10/05/2017
Internal Control Policy	10/03/2015; updated 10/05/2017
Corporate Governance Policy	23/07/2014; updated 10/05/2017
Fit & Proper Policy	Adopted July 2010; revised 20/12/2016
Supervisory Reporting and Disclosure Policy (Reporting Policy)	09/02/2017
Risk Management Policy	09/02/2017
Compliance Policy and Procedures	

Management believe that the system of governance in place is suitable given the nature, scale and complexity of the risks inherent in the business.

C. Risk Profile

The Company is exposed to a range of risks that arises out of its underwriting and investment activities as well as its general operations. This section summarises the current risk profile of the business, and how the Company manages these risks.

C.1 Underwriting Risk

The Company seeks risk through its (re)insurance underwriting activities to generate financial earnings. The main risks assumed through underwriting activity can be sub-divided into: pricing risk; accumulation risk; and reserve risk.

- Pricing risk describes the potential for systematic errors in the determination of the appropriate premium to charge for policies underwritten by the Company. This could arise due to changes in the legal or external environment, changes to the supply and demand of capital, and companies using inadequate information to make decisions. This risk could affect multiple classes across a number of underwriting years.

- Accumulation risk describes the potential for loss associated with any event or cause which has the capacity to result in more than one policy responding. This definition encompasses all classes of business written by the Company in all territories and includes both natural and man-made causes. Specific causes of accumulation risk include for example: earthquakes, hurricanes, acts of terrorism or systemic malpractice in an industry.

- Reserve risk describes the potential that provisions set aside to meet claims payments in respect of events that have occurred turn out to be inadequate. This risk is most pronounced for medium and long tailed business where the typical period between loss occurrence and ultimate claim settlement can be very long, in these cases unanticipated changes in the legal landscape (e.g. tort reform) or external conditions (e.g. inflation) can have a material impact on the adequacy of claims provisions. For short tailed business reserve uncertainty can be significant immediately following a major event, however the typically shorter reporting and settlement periods mean this risk is unlikely to persist and compound over time.

The approach to risk management for each of these is set out below.

C.1.1 Approach to Risk Management

C.1.1.1 Pricing Risk

The Company uses a range of techniques to manage this risk as set out below:

- The Company recruits experienced underwriters with proven track-records and good standing in the market. Underwriting Letters of Authority ("LOA") are the primary tool for promulgating and implementing underwriting risk preferences and limits. As detailed in the underwriting policy, LOAs are issued to individual underwriters with concurrence from the respective CEOs of the Insurance and Reinsurance segments, being the segments the Company uses to manage the business. The LOAs document permitted lines of business, territories, maximum premium and exposure limits and the underwriters' responsibility towards the peer review process. The LOA also sets out any restrictions for classes of business or exposures that an underwriter is not permitted to underwrite. The LOAs are consistent with established underwriting strategy and guidelines and detail an underwriter's ability to legally bind contracts on behalf of the Company. LOAs contain effective and expiration dates and are reviewed periodically, at a minimum biannually, on an individual underwriter basis by the Underwriting Committee. The underwriting process is supported by a collegiate pre-bind underwriting peer review process reported to the Underwriting Committee.

- Underwriters use a variety of underwriting tools, including specific contract terms, to manage exposure to loss. These include occurrence limits, aggregate limits, reinstatement provisions and loss ratio caps. Exclusions and terms and conditions to eliminate particular risks or exposures deemed outside of the intent of coverage are also considered.

- The Company has fully integrated its internal actuarial and modelling staff into the underwriting and decision making process. The Company uses in-depth actuarial and risk analyses to evaluate transactions prior to authorisation, assessing and charting pricing changes and rate adequacy. In addition to internal actuaries and risk professionals, external specialists will be used to provide support in developing and utilising robust risk intelligence to inform underwriting decisions.

- The Company has established a framework to enable the business to regularly assess and monitor performance drivers on a portfolio basis. The approach generates insight by integrating the analytics generating across a number of disciplines (including: actuarial, claims and risk) and engaging with underwriting teams quarterly to pro-actively monitor and respond to underwriting performance trends on both an absolute and risk adjusted basis.

- The claims team performs regular reviews of emerging claims trends and monitor changes in the legal landscape. The claims team meets with underwriting teams regularly to provide feedback on specific losses and identified trends to inform risk selection and coverage considerations.

- New business proposals, and/or opportunities that have a significant impact on the risk profile are subject to review and approval by the Underwriting Committee, including consideration of the fit of the proposal with business objectives, risk appetite and operational expertise and capabilities. Annually business plans for the Company are reported to the Board for discussion and approval.

- Annually the actuarial function provide an opinion to the Board on the adequacy of pricing levels reflected in the plan with due consideration to changes in the composition of the Company's portfolio, external influences, and the risks of anti-selection across the portfolio.

- Where the Company delegates underwriting authority either partially or fully to a third-party it is exposed to the risk that the related party fails to operate within agreed guidelines or to adequately price and/or reserve for the business. The Underwriting Committee is responsible for oversight of all delegated underwriting arrangements; the Committee is supported by a delegated underwriting group that meets quarterly to oversee delegated underwriting arrangement administration, processing and performance. Independent audits of delegated underwriting partners are performed regularly with findings reported to the Underwriting Committee.

C.1.1.2 Accumulation Risk

The Company uses a range of techniques to manage this risk as set out below:

- Underwriting guidelines are documented for each underwriter across all classes of business including maximum line sizes, accumulation limits for single events and risk preferences. The risk profile of each class is monitored against these guidelines by exposure management analysts or modellers embedded within the underwriting team. Material variations to documented guidelines are reported to the Chief Underwriting Officer and UK CRO at which time remediation actions will be considered.

- At least annually the Endurance Group will complete a review of its ceded reinsurance strategy, with reference to the objectives of the group business, its risk appetite and prevailing market conditions / trading opportunities. Any changes to the reinsurance strategy are reported to the Underwriting Committee prior to implementation.

- Annually the actuarial function provides an opinion to the Board on the adequacy of reinsurance arrangements anticipated in the plan with due consideration of: the consistency with the Company's risk appetite and business plan; the ability to support solvency under stressed scenarios; and the standing and repute of counterparties.

- The Company utilises a variety of proprietary and commercially available tools to quantify and rank the hazard (i.e. exposure and vulnerability to specific loss drivers) accepted by the Company through underwriting individual contracts of (re)insurance. This information, where available, is used to inform the underwriting risk selection. Proprietary tools include a variety of natural catastrophe, weather, casualty, aviation, credit, economic and other specialty risk models as well as a suite of deterministic scenarios.

- The Company has established a robust system for the identification, quantification, reporting and monitoring of accumulation risk exposures (both natural and man-made) across the business. In particular, the exposure management framework: Identifies, at least annually, all realistic foreseeable accumulation risk sources and performs sufficient work to quantify each with regard to the potential downside exposure they bring to bear on the Company's business; Provides regular, transparent, timely, complete and accurate reporting of the Company's accumulation risk exposure to stakeholders with operational, management, oversight and governing responsibilities; Assists management to ensure adequate reinsurance and capitalisation with respect to accumulation risk; Assists management and the underwriting function to maintain accumulation risk levels within risk appetite; and identifies opportunities and advises on tactical business decisions.

- The Company maintains an economic capital model and a number of supporting processes, to explicitly quantify the main risk drivers, their associated financial consequences across the business and their interdependencies for a wide range of scenarios of differing severities. The economic capital model leverages the assessments of accumulation risk provided by the exposure management framework and additionally incorporates a suite of both proprietary and external risk models. The risk drivers modelled in the economic capital model are reviewed at least annually for completeness with reference to: the identified universe of realistic foreseeable accumulation risks; historical events; expert judgements; and, the risk universe identified in the risk register. The economic capital model output is used to assess the appropriateness of the SII Standard Formula regulatory capital requirement and to monitor the adequacy of capital available to support the business in line with its solvency risk appetite.

- Oversight of underwriting accumulation risk management is provided by the Risk & Compliance Committee with day-to-day management responsibility delegated to the Underwriting Committee. The Underwriting Committee meets quarterly to receive management information and discharge its delegated oversight duties, including monitoring accumulation risk levels relative to approved risk tolerances.

C.1.1.3 Reserving Risk

The Company uses a range of techniques to manage this risk as set out below:

- At least annually each class of business (including delegated business) is subject to a detailed reserve review where actuarial and statistical techniques are used to derive loss reserve estimates from the most recently available data, as well as current information on future trends in claims severity and frequency, judicial theories of liability and other factors. In respect of individual claims and/or events where the potential for reserve development is material, reserve selections will be informed by an update of the loss circumstances provided by the claims team.

- Oversight of loss provisions is provided by the Audit Committee, which meets quarterly to receive reserving information and discharge its oversight duties, including monitoring reserve adequacy. Annually the actuarial function reports on the adequacy of loss provisions established both on a GAAP and economic basis through the Actuarial Function Holder Report provided to the Board.

C.1.2 Assessment of Risk

As determined by the Standard Formula, underwriting risk comprises 28% of the undiversified total SCR. Whilst the primary activity of the Company is to underwrite (re)insurance business, significant levels of outwards reinsurance protection serve to materially limit the contribution of this risk to the overall risk profile of the Company.

C.1.2.1 Material Risk

The Company's exposure to accumulation risk is limited by the comprehensive outwards reinsurance protections, in particular the intra-group stop loss reinsurance. Retained underwriting risk primarily reflects exposure to pricing and reserve risks. Specifically, the lines of business that are most exposed to such a risk are reflected in the capital needs of the Company as defined by the Standard Formula. For the Company, these lines of business are:

- General liability insurance and proportional reinsurance;
- Marine, aviation and transport insurance and proportional reinsurance;
- Non-proportional casualty reinsurance; and
- Fire and other damage to property insurance and proportional reinsurance.

C.1.2.2 Concentration Risk

Concentration risk arises out of accumulation of exposures to geo-physical, geo-political, economic, technological, societal and environmental threats. The Company conducts annual risk assessments which review the current strategies for identifying and managing these risks. An objective of the risk assessment process is to highlight any increases in risk exposures as well as any deficiencies in the Company's strategies to address these risks.

C.1.3 Sensitivity of Risk

The Company carries out various sensitivity testing as part of its risk management process, and one such test involves gross and net impact to profit with increases to loss ratios of 10%, with all other assumptions held constant, to test the sensitivity of the loss ratio assumptions to the overall Company strategy.

Amounts in GBP'000	Change in assumption	Impact on gross liabilities	Impact on net liabilities	Impact on profit	Impact on capital and reserves
2016 Loss ratio	+10%	13,081	3,777	(3,777)	(3,777)

When considered alongside the Company's own funds (section E.1) and capital requirements (section E.2), this sensitivity test shows that the Company's capital base can withstand some level of systemic mispricing, but the tests highlight the importance of vigilant oversight of our underwriting controls. Nevertheless, the potential for loss ratio deterioration is limited by the intragroup stop-loss agreement with Endurance Specialty Insurance Limited, a direct subsidiary of the Company's ultimate parent undertaking.

Reserve risk sensitivity tests have been performed by the Company to assess the profit/loss impact of misestimation of reserve liabilities. These tests assess how the variability in the initial expected loss ratio ("IELR") and the variability in how quickly claims are reported impact the reserve estimation. Each variable was increased and decreased by 10%.

The results of these tests are as follows:

Potential Percentage Change in Total Loss and Loss Expense Provisions			
	Initial Expected Loss Ratio		
Reporting Pattern	**10% Lower**	**Unchanged**	**10% Higher**
10% Faster	(8.1%)	(5.3%)	(2.6%)
Unchanged	(2.8%)	0.0%	2.6%
10% Slower	2.3%	5.1%	7.6%

The results show that in the most severe scenario above (10% higher IELR with 10% slower reporting of losses), the Company expects a 7.6%, or £7.3M, reserve increase. These tests are meant to show the sensitivity of the assumptions in the reserving methodology and, when considered alongside the Company's own funds (section E.1) and capital requirements (section E.2), the results show that the Company can withstand such fluctuation in the held reserves. However, it does highlight the consistent need to be regimented with regards to reserve control processes.

C.2 Market Risk

Market risk describes the Company's exposure to external influences on its assets resulting in financial losses or gains from the level or volatility of market prices of financial instruments. Exposure to market risk is measured by the impact of movements in the level of financial variables such as interest rates, currency exchange rates and market prices.

C.2.1 Approach to Risk Management

The Company uses a range of techniques to manage this risk as set out below:

- The Company manages market risk through both a system of limits and a strategy to optimise the interaction of risks and opportunities, both of which are documented in an investment management policy. To ensure diversification of the investment portfolio and avoid excessive aggregation of risks, limits on asset types, economic sector exposure, industry exposure and individual security exposure are placed on the Company's investment portfolio and monitored on an ongoing basis.

- Investment policies and guidelines, including sector limits, impairment scenario loss tolerances and performance targets are approved by the Company Board with responsibility for oversight delegated to the Audit Committee. The investment portfolio risk profile and strategy is monitored against approved tolerances and targets quarterly by the Risk & Compliance Committee.

- The Company uses a number of capital-at-risk models, which include volatility-scenario based measures, value-at-risk and credit impairment calculations to evaluate its investment portfolio risk. Portfolio risk is affected by four primary risk factors: asset concentration, asset volatility, asset correlation and systematic risk. The Company continuously evaluates the applicability and relevance of the models used and makes adjustments as necessary to reflect actual market conditions and performance over time.

- The Company maintains an asset liability management strategy that involves the selection of investments with appropriate characteristics, such as duration, yield, currency and liquidity that are tailored to the anticipated cash outflow characteristics of our liabilities and the anticipated interest rate environment. Foreign currency risk is managed by seeking to match liabilities under insurance and reinsurance policies that are payable in foreign currencies with assets such as cash and investments that are denominated in such currencies.

C.2.1.1 Prudent Persons Principle

The investment strategy is reviewed by the Board, and implemented by the Investment Function, which hires third-party investment managers to invest the assets under the direction of the 'prudent person principle' aligned Investment Policy, and specific guidelines for each manager. A small percentage of assets are managed internally.

Prior to hiring an investment manager, a rigorous due diligence process is followed to ensure that the manager has the adequate skills, qualifications, experience and resources to carry out the duties that they have been delegated. The investment manager guidelines dictate the types of securities that the manager may invest in and those that are prohibited. The guidelines also set individual issuer limits based on credit quality, as well as aggregate sector and credit quality limits, ensuring adequate portfolio diversification. The investment manager is given a performance benchmark with appropriate sector exposures and duration to meet the needs of the Company.

C.2.2 Assessment of Risk

As determined by the Standard Formula, market risk comprises 58% of the undiversified total SCR.

C.2.2.1 Material Risk

The market risk charge is driven in majority by a currency risk charge. The Company has a GBP functional currency but holds a significant capital surplus in USD, resulting in exposure to material foreign exchange gains/losses in the reported financial statements.

C.2.2.2 Concentration Risk

The Company is subject to concentration risk in its investments. In order to minimise its exposure to investment concentration risk, the Company has designed its investment portfolio to diversify risks to the extent practical, particularly with regard to interest rate, credit, structure and equity risks. To ensure diversification and to avoid excessive aggregation of risks, the Company has placed limits on asset types, economic sector exposure, industry exposure and individual security exposure, and which are monitored on an ongoing basis.

The table below shows the exposure of the Company's investment portfolio to asset types and currency.

	Original currency			
Amounts in GBP'000	**GBP**	**USD**	**EUR**	**Total**
Collaterised securities	7,152	193,478	1,549	202,179
Government bonds	49,503	31,487	6,352	87,342
Corporate bonds	42,022	146,548	9,161	197,731
Other investments	-	691	-	691
Investment portfolio cash	3,298	13,415	184	16,897
Total	101,975	385,619	17,246	504,840

C.2.3 Sensitivity of Risk

The majority of the Company's investments comprise cash and fixed income securities. The fair value of the Company's investments is inversely correlated to movements in interest rates. If interest rates fall, the fair value of the Company's fixed income securities tends to rise and vice versa.

The table below shows the potential impact on investment portfolio valuation resulting from fluctuations in interest rates, based on the portfolio duration, as follows:

Amounts in GBP'000 Change in interest rates (basis points)	**Impact on valuation**
+100 bps	(16,814)
+50 bps	(8,401)
-50 bps	7,591
-100 bps	14,138

The Company manages interest rate risk by regularly monitoring the average duration of financial investments.

The Company operates internationally and therefore has exposure to foreign exchange risk. The Company endeavours to mitigate this risk by maintaining a match of assets and liabilities in their respective currencies. However, the Company's major exposure to foreign exchange is through its US Dollar investment portfolio where all excess capital is held. The table below shows the potential impact, by currency, on the income statement and equity resulting from fluctuations in foreign exchange rates:

Amounts in GBP'000 Change in GBP versus foreign currency	**USD**	**EUR**	**AUD**	**JPY**	**Total**
+10%	(28,332)	1,026	(412)	(149)	(27,867)
+5%	(14,839)	537	(216)	(78)	(14,596)
-5%	16,400	(594)	238	86	16,310
-10%	34,624	(1,254)	503	181	34,054

The Company manages foreign exchange risk by buying or selling currency to rebalance its monetary assets and liabilities following each quarter end.

The Company is exposed to spread risk relating to its fixed income assets. The following table shows the potential impact on the income statement resulting in widening of yield spread.

Amounts in GBP'000	Fixed Income Market Value	Loss
Base	504,840	
10 bps widening	503,213	(1,627)
50 bps widening	496,704	(8,136)

While the Company does not place any limits on spread duration exposure, it does place limits on individual issuers and on industry sectors as a whole in order to manage its spread risk. The investment portfolio is monitored regularly for adherence to these limits.

C.3 Credit Risk

Credit Risk arises from exposure to default by a third party to whom the Company has exposure. Primarily these parties would comprise reinsurers to whom the Company has ceded or retroceded business, parties holding premiums due to the Company and banks providing letters of credit to its benefit.

C.3.1 Approach to Risk Management

The Company uses a range of techniques to manage this risk as set out below:

- The purchase of ceded reinsurance is coordinated by the Ceded Reinsurance Officer who works with the business and various functional areas to determine coverage needs, develop an appropriate reinsurance structure and build the submission to present to market. The Ceded Reinsurance Officer ensures that the data contained within the submission is both accurate and that the narrative outlining the business' strategy is relevant. All draft contracts undergo a legal review prior to binding.

- The Company avoids excessive and non-diversified use of reinsurance by doing business only with reinsurers of sufficient credit or financial strength. All reinsurance purchases are made through a pre-approved counterparty panel with the constituents selected on the basis of their financial strength rating (minimum A- rating required) and other background criteria. In the event of credit downgrades below the minimum required, approved counterparties may be removed from the panel.

- The Company additionally maintains intra-group reinsurance agreements with Endurance Specialty Insurance Limited, which includes quota-share and stop-loss reinsurance. The Company regularly monitors the credit risk assumed through these intra-group transactions assessing what impact cessation of this protection would have on the capital and/or liquidity position of the Company under both normal and stressed conditions. This is reviewed by the Board at least annually.

- Outwards reinsurance and other counterparty risk levels are monitored by the Risk & Compliance Committee quarterly through a series of quantitative and qualitative risk metrics. Material deviations in the risk levels from pre-determined risk tolerances are notified to the Board and remedial action to bring risk levels within appetite are considered.

C.3.2 Assessment of Risk

As determined by the Standard Formula, credit risk comprises 10% of the undiversified total SCR.

C.3.2.1 Material Risk

Credit or counterparty risk exposures other than those associated with investments arise from exposure to default by a third party. The Company is subject to credit risk primarily with respect to its reinsurers because the transfer of risk to a reinsurer does not relieve the Company of its liability to its clients. If reinsurers experience financial difficulties, the Company may not be able to recover losses. In addition, reinsurers may be unwilling to pay, even if they are able to do so. The failure of one or more of third-party reinsurers to honour their obligations in a timely fashion would impact cash flow and reduce net income. Depending upon the amount of reinsurance purchased, such a scenario could cause a significant loss to the Company.

C.3.2.2 Concentration Risk

When reinsurance or retrocessional reinsurance is purchased, the Company requires its reinsurers to have strong financial strength ratings. The Company evaluates the financial condition of its reinsurers and monitors its concentration of credit risk on an ongoing basis. The Company manages its credit risk in its reinsurance relationships by transacting with reinsurers that it considers financially sound and, if necessary, may hold collateral in the form of cash, trust accounts and/or irrevocable letters of credit. This collateral can be drawn on for amounts that remain unpaid beyond specified time periods on an individual reinsurer basis.

The Company identifies and accumulates credit risk exposure by entity and by credit rating to provide assurance that it is not overweight to any particular entity or to credit ratings of A- and below. The following table summarizes the major counterparty exposure, on a UK GAAP basis, by Standard & Poor's or equivalent credit rating:

Amounts in GBP’000	AAA	AA	A	BBB and below	Other/not rated	Total
RI share of claims outstanding	-	-	159,740	-	1,117	160,857
Cash and cash equivalents	-	-	39,824	-	-	39,824
Other assets	-	-	12,696	-	12	12,708
Total	-	-	212,260	-	1,129	213,389

The financial assets included in the ‘other/not rated’ column relate to reinsurers’ share of claims outstanding with unrated counterparties which are either not rated or cannot be readily allocated a credit rating.

C.3.3 Sensitivity of Risk

The Company has analysed the impact of potential credit rating transitions and concluded that a downgrade of its largest reinsurer would not have a significant impact on its solvency.

C.4 Liquidity Risk

Liquidity Risk represents the risks where the short term liability obligations cannot be met by the Company due to the inability to convert assets into cash. Such a scenario can be driven by a lack of buyers in an inefficient market.

C.4.1 Approach to Risk Management

The Company uses a range of techniques to manage this risk as set out below:

- The Company is exposed to daily calls on its available cash resources, principally from claims arising from its insurance activities. The Company’s policy is to manage its liquidity position, allowing for encumbered assets and restricted fungibility of assets, so that it can reasonably meet a significant individual or market loss event. Liquidity analyses are prepared quarterly with a full analysis performed annually to assess whether the Company is in danger of failing its policy objective. Any event which might change the outcome of these analyses (such as a large catastrophic loss or significant asset encumbrance) would cause the analysis to be re-run.

- The Company maintains sufficient liquid assets, or assets that can be quickly converted into liquid assets, without any significant capital loss, to meet estimated cash flow requirements. These liquid funds are regularly monitored and the majority of the Company's investments are in highly liquid assets which could be converted into cash in a short time frame and at minimal expense. Cash is generally bank deposits and money market funds.

- Contingent liquidity funding is provided by a surety bond from Endurance Specialty Insurance Limited that responds automatically to maintain capital requirements and any cash-flows relating to existing obligations at the time the bond is called on.

C.4.2 Assessment of Risk

C.4.2.1 Material Risk

The Company's liquidity risk exposure primarily arises during periods of stress such as catastrophe events or major individual losses that require losses to be settled over a relatively short time-frame. This may be due to client needs or driven by insurance regulators in the jurisdiction of the loss event. The Company may also experience delays in the corresponding recovery of loss amounts paid from its reinsurers, potentially adding to the short-term liquidity strain.

C.4.2.2 Expected Profit included in Future Premiums ("EPIFP")

The ability of the business to preserve liquidity requires it to expect to generate a profit over the long-term from its trading activities.

EPIFP is calculated as the difference between:

- The best estimate technical provisions, and;
- A calculation of the best estimate technical provisions which assumes that future premiums relating to existing (re)insurance contracts are not received (for any reason other than the insured event having occurred).

EPIFP is calculated for:

- Inwards business that has earned;
- Inwards incepted business that is unearned;
- Inwards business which is unincepted but legally obligated ("BBNI").

The total EPIFP calculated as at year-end 2016 is £16.5m.

C.4.3 Sensitivity of Risk

A regular liquidity analysis is performed periodically by the Company's Economic Risk Analytics function in order to ensure that a proper liquidity buffer is maintained during stressed scenarios. The most recent analysis performed finds that an adequate liquidity buffer would be maintained even following highly stressed scenarios such as a 1 in 250 year natural catastrophe event.

C.5 Operational Risk

In undertaking its core underwriting and investment activity the Company accepts exposure to other risks that it does not seek and for which it is not rewarded, in particular operational risk. Operational risk refers to the loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational Risk includes Regulatory and Legal Risk. Regulatory Risk includes the risk of non-compliance with prevailing regulatory requirements; Legal Risk includes the risk of non-compliance with corporate, taxation and employee legislation in the UK, the US and other appropriate jurisdictions, as may be the case from time to time.

C.5.1 Approach to Risk Management

If not properly managed, operational risk can cause significant losses for the Company. It is virtually impossible to eliminate these risks entirely; therefore, the Company aims to limit its operational risk losses to an acceptable tolerance, recognising the trade-off between the benefits and costs of risk mitigation.

The Company generally aims to minimise both the frequency and severity of operational risk losses to the extent practical. Critical to this approach is the Company's three lines of defence model, in particular the notion that all individuals at the Company are responsible for risk management activities.

The Company uses a range of techniques to manage this risk as set out below:

- The Operations Committee has day-to-day responsibility for managing operational risk levels to within approved appetites and as necessary will report material exceptions to the Risk & Compliance Committee and the Board. To support the Operations Committee in discharging its duties the Company has established an Operations Management Group, comprised of representatives from each of the key supporting business functions, which meets at least monthly to more regularly monitor and respond to operational matters and change initiatives relating to the Company. The Operations Committee will receive management reports, including the results of the quarterly risk and control self-assessments, to support in discharging its duties.

- The Company seeks to mitigate operational risks through the application of strong processes and controls throughout its business. Individual accountability for all key business risks and controls is clear and documented in the risk register. A self-assessment of the effectiveness of the control framework and the resultant impact on the operational risk profile is updated quarterly and reviewed in more detail for key risks and controls at least annually. The Operations Committee monitors the quarterly assessment of operational risk levels with a particular focus on areas of high risk, high control dependence or low control effectiveness.

- Oversight of compliance with regulatory requirements is provided by the Board with day-to-day management responsibility delegated to the Risk & Compliance Committee. The Risk & Compliance Committee meets quarterly to receive management information and discharge its delegated oversight duties. To support the Board in fulfilling its oversight responsibilities the compliance function monitors and reports upon the status of the business in meeting minimum standards expectations and regulatory requirements.

- A suite of operational risk indicators is monitored against approved risk tolerances quarterly, with any material exceptions or emerging trends reported to the Risk & Compliance Committee. The regulatory capital requirement of the Company also includes a capital charge for the risk presented to the business of residual operational risk exposures after allowing for the benefit of control activity.

- The internal audit function is responsible for performing an independent review of the adequacy and effectiveness of the Company's internal controls. The audit function considers the operational risk self-assessment to develop its audit universe and annual risk-based audit plan. In executing the audit plan a feedback loop exists where the recommendations arising from review of the control environment are considered by management and the risk function and, as appropriate, reflected in the risk register. All findings are reported to the Audit Committee.

C.5.2 Assessment of Risk

As determined by the Standard Formula, operational risk comprises 5% of the undiversified total SCR.

C.5.2.1 Material Risk

The Company's operational risk exposure arises primarily from activities required to support the continued business growth and product expansion in competitive market conditions and heightened regulatory conditions. There are a significant number of change initiatives underway to transform the Company's operations and deliver improved operating efficiency and effectiveness, positioning the business to sustainably create value even in competitive trading conditions.

C.5.3 Sensitivity of Risk

The level of operational risk retained by the Company is sensitive in particular to the quality and motivation of the talent in place to drive the business and deliver process and systems enhancements over time. The Company reviews and charts its operational risk exposure quarterly by eliciting expert judgments of the operational risk landscape from identified key control and risk owners across the business.

C.6 Other material risks

In addition to the risks identified above, a few key risks assessed through the risk registers are outlined below:

- Strategic Risk: Risk includes the risk of missed business opportunities, non-achievement of corporate or Company strategy and impact on competitive positioning and the value of the company brand. It includes the risks: of making strategic decisions that do not add value; that environmental conditions prevent the strategy from being executed; that distributed leadership does not execute the strategy effectively or consistently; of a diminution of the reputation of the Company; and of having inadequate crisis response management.

- Emerging Risks: Emerging risk is defined as newly developing or changing risks which are difficult to quantify and which may have a major impact on the organisation. Specifically, the Company identified the Professional Lines, Financial & Political Risk and Aviation product lines as the most vulnerable to the loss of access to EU markets in light of the UK triggering Article 50 and beginning negotiations to leave the EU ("Brexit"). Endurance sees long-term strategic value in establishing a European insurer with full passporting rights and will be leveraging opportunities afforded to it through its global franchise to retain this access for its global business.

- Group Risk: Risks to the Company arising specifically from being a part of a wider corporate group, including but not limited to the risk of reputational impairment or of loss of support, both financial and operational, from the Group. It should be noted, however, that the wider corporate group is financially sound, rated A under S&P, and there are significant benefits to the Company of having financial and operational support from the wider group.

C.7 Other information

There is nothing further to report regarding the risk profile of the Company.

D. Valuation for Solvency Purposes

D.1 Assets

D.1.1 Solvency II valuation for each material class of asset

Amounts in GBP'000				**31 Dec 2016**
	UK GAAP	Re-classification	Valuation differences	SII basis
Deferred acquisition costs	28,419	-	(28,419)	-
Property, plant and equipment held for own use	3,413	-	-	3,413
Investments (other than assets held for index-linked and unit-linked contracts)	484,952	2,990	-	487,942
Reinsurance recoverables	235,553	(64,831)	(33,199)	137,523
Deposits to cedants	3,850	-	-	3,850
Insurance and intermediaries receivables	71,841	(15,218)	-	56,623
Reinsurance receivables	58,877	(57,693)	-	1,184
Cash and cash equivalents	56,725	-	-	56,725
Deferred tax assets	580	-	759	1,339
Any other assets, not elsewhere shown	18,111	(15,548)	-	2,563
	962,321	(150,300)	(60,859)	751,162

Property, plant and equipment held for own use

Property, plant and equipment is held at fair value.

Investments (other than assets held for index-linked and unit-linked contracts)

Investments are valued at fair value including accrued interest using the following valuation hierarchy as set out in article 10 of the Delegated Regulation.

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities, per Article 10(2) of the Delegated Regulation.

- Level 2: Quoted prices for similar assets in markets that are active, quoted prices for identical or similar assets in markets that are not active or inputs that are observable either directly or indirectly, per Article 10(3) of the Delegated Regulation.
- Level 3: Unobservable inputs are used to measure fair value by use of valuation techniques, per Article 10(5) of the Delegated Regulation.

Generally investments are priced using a pricing service or index provider. The pricing services or index providers may use current market trades for securities with similar quality, maturity and coupon.

Current issue U.S. government securities are generally valued based on Level 1 inputs, which use the market approach valuation technique. Other bonds, including collaterised securities, are generally classified in Level 2 as bonds tend not to be listed on an exchange but traded over the counter, and not traded frequently enough to be deemed part of an active market. There are currently no investment holdings valued using unobservable inputs therefore no significant estimates or judgments are used in valuing the investments.

Deposits to cedants

Deposits with ceding undertakings relate to premiums, profit commissions, claims and/or funds advanced for claims. The receivables are analysed to determine which amount if any are deemed as more than likely to be received in a period greater than one year. Amounts that are deemed as such will be valued on a discounted cash flow basis, where the effect of the discount is material.

Insurance and intermediaries receivables, and reinsurance receivables

Receivables include only items past due and recoveries in respect of paid claims. These are fair valued at an amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction, in accordance with Article 75 of Directive 2009/138/EC.

Cash and cash equivalents

Cash and cash equivalents are valued at fair value as reported to the Company by the relevant financial institution at the end of the period, per Article 10(2) of the Delegated Regulation.

There are no significant estimates or judgments used in valuing the cash holdings.

Deferred tax assets

To the extent that there is a deferred tax asset, this will be recognised as future taxable profits are considered sufficiently probable. This is subject to ongoing review to reflect future profit projections. The deferred tax asset recognized in the current period is not material to the Company's solvency position, all timing differences are expected to reverse within a one-year time horizon based on future forecast profitability.

D.1.2 Differences between Solvency II valuation and local GAAP valuation by material class of asset

The Solvency II Balance Sheet is constructed on the basis of discounted cash flows to ultimate. The concept of unearned premium and deferred costs do not therefore exist and thus both the ceded unearned premium reserve and gross deferred acquisition costs are removed from the balance sheet.

Property, plant and equipment held for own use

The UK GAAP depreciated historic cost value is materially equivalent with the Solvency II carrying value. Management believe that the nature of the property, plant and equipment (being predominantly office equipment and fixtures and fittings) means these assets are unlikely to appreciate in value, but rather deteriorate throughout use.

Investments (other than assets held for index-linked and unit-linked contracts)

The valuation according to Solvency II is based on fair value including accrued interest. For UK GAAP, the Company also values investments at fair value, however the accrued interest (£3.0M) is reported separately under other assets.

Deposits to cedants

Deposits with ceding undertakings are all due in under one year. There are no differences between the Solvency II valuation and the UK GAAP valuation of deposits to cedants.

Insurance and intermediaries receivables, and reinsurance receivables

Receivables not yet due are reclassified and form part of the technical provisions calculation under Solvency II. For items past due and recoveries in respect of paid claims, the UK GAAP carrying value is materially equivalent to the Solvency II carrying value.

Cash and cash equivalents

There are no differences between the Solvency II valuation and the UK GAAP valuation of deposits with cash and cash equivalents.

Deferred tax assets

An additional deferred tax asset of £0.8M has been recognised on the Solvency II Economic Balance Sheet compared to UK GAAP for the impacts of technical provisions adjustments. Based on future profitability projections, it is expected that these timing differences will fully reverse in 2017 and the deferred tax asset has therefore been recognised in full.

D.1.3 Changes to the recognition and valuation bases used, or on estimations during the reporting period

There have been no changes to the recognition, valuation or estimation methods used during the period.

D.2 Technical provisions

General insurance business technical provisions for solvency are calculated to reflect values based on best-estimate cash flows, adjusted to reflect the time value of money using a risk-free discount rate term structure, with the addition of a risk margin. The risk margin increases the overall value of the technical provisions from the discounted best estimate to an amount equivalent to a theoretical level needed to transfer the obligations to another insurance undertaking. 'Best estimate' in this context is defined as the mean of the full range of all possible outcomes, with no implicit or explicit margins.

General insurance business (non-life) technical provisions are comprised of the following components:

- Discounted best estimate of future premium cash-flows relating to both earned and unearned business and both gross business and outwards reinsurance.
- Discounted best estimate of loss and loss expense cash-flows relating to both earned and unearned business and both gross business and outwards reinsurance. This includes allowance for very low probability extreme events referred to as ENIDs ("Events not in Data") and for all expenses incurred in running-off the existing business (assuming a going-concern), including a share of the relevant overhead expenses.
- The recognition of both gross and ceded contracts on a 'legal obligation' basis. This means the inclusion of business currently not valued as part of technical provisions e.g. 1 January renewals entered into prior to a 31/12 valuation.
- Risk margin calculated using a cost of capital approach. This approach requires the risk margin to be calculated by determining the cost of providing an amount of eligible own funds equal to the SCR necessary to support the current obligations over their lifetime.

D.2.1 Technical provisions analysed by each material line of business

Amounts in GBP'000					**31 Dec 2016**
	Gross best estimate	**Risk margin**	**Gross total**	**Reinsurance**	**Net total**
Fire and other damage to property insurance	56,168	438	56,606	28,059	28,547
General liability insurance	56,529	1,886	58,415	36,733	21,682
Marine, aviation and transport insurance	82,026	1,657	83,683	43,191	40,492
Non-prop. marine, aviation and transport reinsurance	18,682	246	18,928	14,546	4,382
Non-proportional casualty reinsurance	42,917	9,116	52,033	9,003	43,030
Non-proportional health reinsurance	36	-	36	23	13
Non-proportional property reinsurance	28,735	715	29,450	3,524	25,926
Non-proportional reinsurance	90,370	10,077	100,447	27,096	73,351
Other	12,153	797	12,950	2,444	10,506
	297,246	14,855	312,101	137,523	174,578

The Company's reinsurance recoverables include amounts from both third party and intragroup reinsurance and from both proportional and non-proportional reinsurance arrangements.

Best estimate reserves are calculated by deducting the implicit margin for prudence which is contained within the booked reserves. The magnitude of the margin is determined via separate actuarial analysis.

The main methods used for the projection of both best estimate and booked reserves include paid and reported loss development methods, the paid and reported Bornhuetter-Fergusson methods (which is a Bayesian estimation approach), the Initial Expected Loss method, and judgment. All methods will make use of both paid and incurred data. Other reserving methods may be considered as required. The selected ultimate loss will be based on one particular method or a weighting between several.

In some cases for catastrophe losses and some specified large losses, incurred but not reported ("IBNR") will be based upon qualitative information and recommendations from the claims department and the business units. In addition, the loss development method may be used as well, particularly for older catastrophes. The Bornhuetter-Ferguson method may also be used, particularly where there is interest in splitting results between attritional and large losses, and with regard to medium tail lines of business.

There are two main types of parameters used in the reserving process: IELRs and development patterns – both paid and reported.

- Initial estimates of ultimate losses used in reserving typically come from one, or a combination of, the following: Plan loss ratios, historical experience adjusted for rate change and loss trend, industry and peer company experience and pricing loss ratios.
- Paid and reported loss development factors are typically established based upon either one, or a combination of, the following: Reserve group specific loss development (where historical data volumes allow), development patterns based on business written elsewhere in the Group, account specific information (where a few large contracts comprise a large proportion of the reserve group in question), and industry benchmarks.

SII technical provisions are broken down into the following components:

- Claims provisions (earned) future claims
- Premium provisions (unearned) future claims
- Claims provisions (earned) future premiums
- Premium provisions (unearned) future premiums
- Expenses
- Risk margin

All future claims and premiums cash-flows are assigned to accident quarter (by applying quarterly payment patterns) and are discounted, assuming mid period date of loss, using currency specific yield curves provided by EIOPA. Where yield curves for a given currency are not available, GBP is used; instances where this is the case are deemed to be immaterial.

Claims payment patterns applied to ceded are the same as gross claims payment patterns; this is a reasonable assumption given that the majority of outwards (including intercompany) reinsurance is on a quota share basis. The impact of any time lag between settlement and collection which may arise in practice is deemed immaterial, particularly given the current low yield environment. For ceded premium, the assumption is that future premium payable for both third party and intercompany will be paid in line with the gross premium receivable for each policy (i.e. the gross premium and ceded premium payment patterns are the same).

There are no material differences between classes of business in terms of methodology adopted in the valuation of the SII technical provisions. Where class specific assumptions are required, these are determined using the same approach e.g. the payment pattern used to determine expected future cashflows will differ by class, but the method used to derive such patterns (i.e. pattern determined by analysis of historical data triangles supplemented by use of industry benchmarks) does not.

D.2.2 Uncertainty associated with the value of technical provisions

General uncertainty

The actual final cost of settling both claims outstanding as at 31 December 2016 and claims expected to arise from unexpired periods of risk is uncertain. There is a range of possible outcomes, and the eventual outcome will almost certainly differ from any particular estimate made. Technical provisions can only be estimates of future liabilities, and accordingly are subject to uncertainty.

The largest source of uncertainty arises in determining the best estimate provisions themselves; uncertainty associated with the additional requirements of the Solvency II basis is then secondary. A recent stress test exercise allowing for more pessimistic, albeit still realistic, reserving assumptions (increasing the percentage unreported by a factor of 1.1 and increasing the reserving IELR's by a factor of 1.1) indicated that the reserve deterioration in this scenario would be less than 10%.

D.2.3 Differences between Solvency II valuation and local GAAP valuation of Technical Provisions analysed by each material line of business

Amounts in GBP'000				**31 Dec 2016**
Gross	**UK GAAP (net of DAC)**	**Solvency II adjustments**	**Risk margin**	**Solvency II basis**
Fire and other damage to property insurance	78,297	(22,129)	438	56,606
General liability insurance	85,542	(29,013)	1,886	58,415
Marine, aviation and transport insurance	93,228	(11,202)	1,657	83,683
Non-prop. marine, aviation and transport reinsurance	21,343	(2,661)	246	18,928
Non-proportional casualty reinsurance	53,769	(10,852)	9,116	52,033
Non-proportional health reinsurance	36	-	-	36
Non-proportional property reinsurance	36,853	(8,118)	715	29,450
Non-proportional reinsurance	112,001	(21,631)	10,077	100,447
Other	25,408	(13,255)	797	12,950
	394,476	(97,230)	14,855	312,101

Net Solvency II technical provisions at 31 December 2016 are 104.7% of net UK GAAP provisions. The largest driver of this movement is profit from Unearned Premium Reserve ("UPR") and unincepted business (reducing the technical provisions by around 9%) which is offset by additional expenses and the risk margin required. Future premiums net of acquisition costs increase the technical provisions as the outwards premium payable exceeds the inwards premium receivable on the balance sheet.

UK GAAP provisions

Output from the Reserve Study (the quarterly reserving exercise) forms the basis of the booked provisions. Gross reported losses, premiums and acquisition cost data are all policy specific and used as the basis to allocate various other items (including IBNR, Unallocated Loss Adjustment Expenses ("ULAE") and ceded data) to policy, accident quarter, class of business, currency, SII line of business and region.

Claims Provision Future Claims

An adjustment is made to incurred claims (including IBNR) to remove any margin of prudence within the UK GAAP provisions such that the resulting reserve is a best estimate of future claim payments. Margin by class of business and accident year is determined by a separate actuarial analysis and deducted from gross and net IBNR.

An allowance is also made for ENIDs. ENIDs are derived using the Company Economic Capital Model ("ECM") to select the average of the 95% and 98% truncated loss for the reserve risk distribution. The resulting load has been assessed for reasonableness against industry averages.

Bad debt on reinsurance recoveries expected is allowed for based on an assumed default and recovery rate. The default rate is applied annually and increases for each payment year; it is therefore higher for longer tail lines.

Premium Provision Future Claims

On incepted business, the individual policy level IELRs used are selected with reference to plan and pricing information.

For legally obliged but unincepted business, IELRs and expense ratios by class of business are taken from next year's plan. Assumptions around the proportion of business ceded and the recoveries made are based on historical ratios over the last 12 months. These ratios cover both proportional and non-proportional ceded covers.

IELRs are applied to unearned premium (gross and ceded) to determine loss provisions on unearned business, both already incepted and legally obliged. Legally obliged business is assessed a number of weeks after the technical provisions valuation date by considering policies incepting after the valuation date which were bound before the valuation date.

As for claims provisions, an allowance for ENIDs is also included within premium provisions. For unearned incepted and legally obliged business, the 98% truncated expected loss for the underwriting risk distribution from the Company ECM is used to determine an appropriate load to apply to unearned premiums. The resulting load has been assessed for reasonableness against industry averages.

Bad debt on recoveries is allowed for as described for claim provisions above.

Claims Provision Future Premiums

Under Solvency II, future premium payable and receivable (gross and ceded, third party and intercompany) are considered within the technical provisions as future cash inflows and outflows. Amounts relating to earned and unearned incepted business are separately identified, with the earned future premiums appearing in the claims provision component, and unearned incepted future premiums appearing in the premium provision component (see below). Allowance is also made for expected reinstatement premiums on inwards business and profit commission payable. Overdue premium however is not included as part of the future cashflows and instead remains on the balance sheet, outside of the technical provisions.

Premium Provision Future Premiums

Within this provision, allowance is made for estimated future gross and ceded premium on both unearned incepted business and inwards legally obliged business. For unearned incepted business allowance is also made for expected reinstatement premiums on inwards business and profit commission payable. Where ceded reinsurance is already incepted or legally obliged and will cover inwards policies that are not yet existing, the principle of correspondence does not apply and instead the full amount of minimum and deposit ("M&D") premium is considered to be ceded future premium within the technical provisions, regardless of any accounting treatment which might otherwise be adopted to allocate reinsurance costs equitably across years of account. M&D premium is estimated with reference to the complete listing of incepted and legally obliged ceded XOL contracts relating to the Company's business.

Payment Patterns & Yield Curves

Payment patterns are assumed in calculating cashflows relating to future claims and future premium amounts. The payment patterns are based upon the Company's actuarial studies and vary by reserve group. The estimated mean time to pay off the net loss provisions is approximately 5.9 years. The mean time to pay for losses associated with the premium provision is 3.2 years. The mean time to pay on the loss provisions is longer primarily due to loss provisions being held for the run-off UK motor excess of loss reinsurance assumed.

Expenses

Account must be taken of all expenses that would be incurred in running-off the existing business, including a share of the relevant overhead expenses e.g. professional fees. This share should be assessed on the basis that the Company continues writing new business and should include items such as investment manager's costs that would not be part of the technical provisions under the UK GAAP basis. In particular the following expense allowances are made:

- ULAE factors are taken from the UK GAAP Reserve Study and applied in full for IBNR (assuming all IBNR is pure IBNR and needs to have the claim opened and closed), and 50% to existing cases provisions whereby the claim has already been opened. For reinsurance business, the ULAE factor from the UK GAAP Reserve Study is applied to the loss provisions in total, as the factors were calculated on that basis.
- Investment expenses are calculated by applying a factor based on historical experience to current loss provisions.
- Planned general expenses relating to unearned existing and legally obliged business are allocated via the unearned and legally obliged premium to class of business/year/currency etc.

Expense assumptions are set at a total level; there are no additional assumptions specific to line of business.

Risk margin

A risk margin is needed in order to ensure that the value of the technical provisions is equivalent to the amount insurance and reinsurance undertakings would be expected to require in order to take over and meet the insurance and reinsurance obligations. Technical provisions are calculated as the sum of an explicit best estimate and an explicit risk margin where the risk margin is calculated using a cost of capital approach. This approach requires the risk margin to be calculated by determining the cost of providing an amount of eligible own funds equal to the SCR necessary to support the obligations over their lifetime. This approach is intended to reflect the costs incurred by a notional reference undertaking in raising capital to accept a transfer of liabilities.

A simplified method is used to calculate the risk margin. The overall approach is to calculate the expected unearned premium and loss provisions to be held at each future year end based on current held provisions and assumed payment pattern and then apply a factor based on output from the Standard Formula SCR to these amounts. An assumed 6% cost of capital is applied to the indicated capital by year and discounted back to the valuation date.

Allocation to SII line of business and region

SII technical provision elements are allocated to both SII line of business and geographical region. Exposure region is obtained from the underwriting systems on an individual policy basis. Where this is not available for certain policies e.g. where exposure is Worldwide, region is assumed to be the same as the region within the relevant class which has the highest reserve.

Solvency II line of business is currently assigned to each individual policy based on class and method of placement.

D.2.4 Confirmations

- The matching adjustment referred to in Article 77b of Directive 2009/138/EC is not used in the calculation of technical provisions.
- The volatility adjustment referred to in Article 77d of Directive 2009/138/EC is not used in the calculation of technical provisions.
- The transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC is not applied in the calculation of technical provisions.
- The transitional deduction referred to in Article 308d of Directive 2009/138/EC is not applied in the calculation of technical provisions.

D.3 Other liabilities

D.3.1 Solvency II valuation for each material class of liabilities other than technical provisions

Amounts in GBP'000				**31 Dec 2016**
	UK GAAP	Re-classification	Valuation differences	SII basis
Insurance and intermediaries payables	53,946	(47,191)	-	6,755
Reinsurance payables	29,528	(29,528)	-	-
Payables (trade, not insurance)	13,123	129	-	13,252
Any other liabilities, not elsewhere shown	24,458	-	(21,041)	3,417
	121,055	(76,590)	(21,041)	23,424

Liabilities other than technical provisions are valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction, in accordance with Article 75 of Directive 2009/138/EC; no adjustment is made to take account of the own credit standing of the Company. There are no significant estimates or judgments used in valuing other liabilities.

Insurance and intermediaries payables, reinsurance payables, payables (trade, not insurance)
Payables represents amounts past due to (re)insurers and intermediaries under current (re)insurance contracts, and other general payables. The amounts payable include premiums, underwriting expenses, fees, taxes and profit commissions.

Any other liabilities, not elsewhere shown
Any other liabilities, not elsewhere shown includes accrued operating expenses and accrued interest expenses.

D.3.2 Differences between Solvency II valuation and local GAAP valuation by material class of liabilities other than technical provisions

Insurance and intermediaries payables, reinsurance payables, payables (trade, not insurance)
Payables not yet due are reclassified and form part of the technical provisions calculation under Solvency II. There are no material differences between the Solvency II valuation and the UK GAAP valuation of payables.

Any other liabilities, not elsewhere shown
The Solvency II Balance Sheet is constructed on the basis of discounted cash flows to ultimate. The concept of deferred costs do not therefore exist and thus ceded deferred acquisition costs are removed from the balance sheet. There are no material differences between the Solvency II valuation and the UK GAAP valuation of accrued expenses.

D.3.3 Changes to the recognition and valuation bases used, or on estimations during the reporting period

There have been no changes to the recognition, valuation or estimation methods used during the period.

D.4 Alternative methods for valuation

There are no alternative methods of valuation used by the Company to value assets or liabilities.

D.5 Any other information

There is nothing further to report regarding information on the valuation of the Company's assets and liabilities for solvency purposes.

E. Capital Management

E.1 Own funds

Objectives when managing capital are:

- to comply with the insurance capital requirements required by the regulator, the Prudential Regulatory Authority (PRA); and
- to safeguard the Company's ability to continue as a going concern so that it can maintain policyholder protection.

Own funds are monitored quarterly by the Company's Risk & Compliance Committee against the latest capital requirements, as well as modelled over the Company's three year business planning horizon.

E.1.1 Own funds classified by tiers

Amounts in GBP'000	**31 Dec 2016**
Tier 1	414,298
Tier 2	-
Tier 3	1,339
	415,637

Tier 1 own funds consists of ordinary share capital and share premium account relating to ordinary share capital of £216.0M and £162.0M respectively, and a reconciliation reserve of £36.3M. These basic own fund items are immediately available to absorb losses and have no duration restrictions. The reconciliation reserve consists of an amount equivalent to the UK GAAP retained income adjusted for technical provision valuation differences under Solvency II and the exclusion of Tier 3 own fund items.

Tier 3 own funds consists of an amount equal to the value of net deferred tax assets.

All Tier 1 own funds are eligible to cover the Minimum Capital Requirement and all own funds are eligible to cover the Solvency Capital Requirement.

The Company has no basic own-fund items that are subject to the transitional arrangements referred to in Article 308b(9) and (10) of Directive 2009/138/EC.

E.1.2 Difference between equity as shown in the financial statements and the Solvency II value excess of assets over liabilities

Amounts in GBP'000	**31 Dec 2016**
Net assets under UK GAAP	418,873
Valuation differences on technical provisions under Solvency II	(3,995)
Valuation difference on deferred tax asset	759
Excess of assets over liabilities under Solvency II	**415,637**

Valuation differences on technical provisions under Solvency II includes:

- the impact of the revaluation of the UK GAAP premium receivables, UPR, loss and loss expense provisions and related items to reflect values based on best-estimate cash flows, adjusted to reflect the time value of money using a risk-free discount rate term structure; and
- General Business Risk margins: revaluations under the cost of capital approach for the impact of the uncertainty associated with the probability-weighted cash flows or the compensation the Company needs in order to bear the risk of holding additional funds to meet cash flows.

The deferred tax asset valuation difference is due to the tax impact of the above technical provisions adjustments.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The Company applies the Standard Formula, without modification for undertaking specific parameters. The Company has used the simplification described in article 111 of the Delegated Regulation in the calculation of the risk mitigating effect for Counterparty default risk as the most pragmatic approach given general data availability.

The final amounts remain subject to supervisory assessment. The Company has not received any imposed capital add-ons or imposed undertaking specific parameters.

Amounts in GBP'000	**31 Dec 2016**
Non-life underwriting risk	53,235
Health underwriting risk	107
Market risk	111,962
Counterparty default risk	18,809
Operational risk	8,917
Total diversification benefit	(40,014)
Loss absorbing capacity of deferred taxes	(4,940)
Solvency Capital Requirement	**148,076**
Minimum Capital Requirement	**37,019**

The Minimum Capital Requirement is calculated in accordance with chapter VII of the Delegated Regulation. The final amount is derived from a formula consisting of:

- a linear calculation that uses the Company's net written premiums and best estimate technical provisions as data inputs;
- the linear calculation's relation to the Solvency Capital Requirement; and
- an absolute floor as described in Article 129(1)(d) of Directive 2009/138/EC and in Article 253 of the Delegated Regulation.

Following the calculations specified in the Delegated Regulation, the calculation of the Company's linear Minimum Capital Requirement is less than 0.25 times the Solvency Capital Requirement and so the Minimum Capital Requirement is equal to 0.25 times the Solvency Capital Requirement.

Both the Solvency Capital Requirement and the Minimum Capital Requirement have increased by approximately 18% (unaudited) during the reporting period. The Solvency Capital Requirement movement being predominantly driven by the Market Risk module which accounts for 58% of the undiversified required amount.

The Market Risk charge is driven in majority by the currency risk sub module since the Company has a GBP functional currency but holds a significant capital surplus in USD. There have also been increases in the interest rate risk and spread risk charges arising from the increase in scale as the Company continues to pursue its strategy of targeted growth.

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

Not applicable.

E.4 Differences between the Standard Formula and any internal model used

Not applicable.

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

The Company has complied continuously with both the Minimum Capital Requirement and Solvency Capital Requirement throughout the reporting period.

E.6 Any other information

There is nothing further to report regarding information on capital management.

Approval by the Board of Directors of the Solvency and Financial Condition Report

Financial year ended 31 December 2016

We certify that:

1. the Solvency and Financial Condition Report ("SFCR") has been properly prepared in all material respects in accordance with the PRA rules and Solvency II Regulations; and

2. we are satisfied that:
   a. throughout the financial year in question, the insurer has complied in all material respects with the requirements of the PRA rules and Solvency II Regulations as applicable to the insurer; and
   b. it is reasonable to believe that, at the date of the publication of the SFCR, the insurer has continued so to comply, and will continue so to comply in future.

P Rooke

Director and Chief Financial Officer

19 May 2017

Report of the external independent auditor to the Directors of Endurance Worldwide Insurance Limited ('the Company') pursuant to Rule 4.1(2) of the External Audit Part of the PRA Rulebook applicable to Solvency II firms

Report on the Audit of the relevant elements of the Solvency and Financial Condition Report

Opinion

Except as stated below, we have audited the following documents prepared by the Company as at 31 December 2016:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Solvency and Financial Condition Report of the Company as at 31 December 2016, ('the Narrative Disclosures subject to audit'); and
- Company templates S.02.01.02, S.17.01.02, S.23.01.01, S.25.01.21 and S.28.01.01 ('the Templates subject to audit').

The Narrative Disclosures subject to audit and the Templates subject to audit are collectively referred to as the 'relevant elements of the Solvency and Financial Condition Report'.

We are not required to audit, nor have we audited, and as a consequence do not express an opinion on the Other Information which comprises:

- The 'Business and performance', 'System of governance' and 'Risk profile' elements of the Solvency and Financial Condition Report;
- Company templates S.05.01.02, S.05.02.01 and S.19.01.21; and
- The written acknowledgement by management of their responsibilities, including for the preparation of the solvency and financial condition report ('the Responsibility Statement').

To the extent the information subject to audit in the relevant elements of the Solvency and Financial Condition Report includes amounts that are totals, sub-totals or calculations derived from the Other Information, we have relied without verification on the Other Information.

In our opinion, the information subject to audit in the relevant elements of the Solvency and Financial Condition Report of Endurance Worldwide Insurance Limited as at 31 December 2016 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based.

This report is made solely to the Directors of the Company in accordance with Rule 2.1 of External Audit Part of the PRA Rulebook for Solvency II firms. Our work has been undertaken so that we might report to the Directors those matters that we have agreed to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors, for our work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & I)), including ISA (UK) 800 and ISA (UK) 805. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the relevant elements of the Solvency and Financial Condition Report section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Solvency and Financial Condition Report in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK & I) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the Solvency and Financial Condition Report is not appropriate; or
- the directors have not disclosed in the Solvency and Financial Condition Report any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Solvency and Financial Condition Report is authorised for issue.

Emphasis of Matter – Basis of Accounting

We draw attention to the 'Valuation for solvency purposes', 'Capital Management' and other relevant disclosures sections of the Solvency and Financial Condition Report, which describe the basis of accounting. The Solvency and Financial Condition Report is prepared in compliance with the financial reporting provisions of the PRA Rules and Solvency II regulations, and therefore in accordance with a special purpose financial reporting framework. The Solvency and Financial Condition Report is required to be published, and intended users include but are not limited to the Prudential Regulation Authority. As a result, the Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of these matters.

Other Information

The Directors are responsible for the Other Information. Our opinion on the relevant elements of the Solvency and Financial Condition Report does not cover the Other Information, and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Solvency and Financial Condition Report, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the relevant elements of the Solvency and Financial Condition Report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the relevant elements of the Solvency and Financial Condition Report or a material misstatement of the Other Information. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Solvency and Financial Condition Report

The Directors are responsible for the preparation of the Solvency and Financial Condition Report in accordance with the financial reporting provisions of the PRA rules and Solvency II regulations on which they are based.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the relevant elements of the Solvency and Financial Condition Report

It is our responsibility to form an independent opinion as to whether the relevant elements of the Solvency and Financial Condition Report are prepared, in all material respects, with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based.

Our objectives are to obtain reasonable assurance about whether the relevant elements of the Solvency and Financial Condition Report are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK & I) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making or the judgement of the users taken on the basis of the Solvency and Financial Condition Report.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit-and-Actuarial-Regulation/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. The same responsibilities apply to the audit of the Solvency and Financial Condition Report.

Report on Other Legal and Regulatory Requirements.

In accordance with Rule 4.1(3) of the External Audit Part of the PRA Rulebook for Solvency II firms we are required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of Endurance Worldwide Insurance Limited's statutory financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The maintenance and integrity of Endurance Worldwide Insurance Limited's (or any affiliated company's) website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Solvency and Financial Condition Report since it was initially presented on the website.

Ernst & Young LLP

Ernst & Young LLP
London
19 May 2017

Appendix – relevant elements of the Solvency and Financial Condition Report that are not subject to audit

The relevant elements of the Solvency and Financial Condition Report that are not subject to audit comprise:

- Elements of the Narrative Disclosures subject to audit identified as 'unaudited' – specifically a disclosure in Section E.2 of the Solvency and Financial Condition Report.

Appendix 1 – Quantitative reporting templates

The templates are provided as an appendix to this document. The Company is required to disclose the following templates as set out in the Commission Implementing Regulation (EU) 2015/2452 of 2 December 2015 laying down implementing technical standards with regard to the procedures, formats and templates of the solvency and financial condition report in accordance with Directive 2009/138/EC of the European Parliament and of the Council.

Template code	Template name
S.02.01.02	Balance sheet
S.05.01.02	Premiums, claims and expenses
S.05.02.01	Premiums, claims and expenses by country
S.17.01.02	Non-life technical provisions
S.19.01.21	Non-life insurance claims
S.23.01.01	Own funds
S.25.01.21	Solvency Capital Requirement – for undertakings on Standard Formula
S.28.01.01	Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	1,339
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	3,413
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	487,942
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	0
R0120	*Equities - unlisted*	0
R0130	*Bonds*	487,251
R0140	*Government Bonds*	87,342
R0150	*Corporate Bonds*	197,731
R0160	*Structured notes*	0
R0170	*Collateralised securities*	202,179
R0180	*Collective Investments Undertakings*	0
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	691
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	137,523
R0280	*Non-life and health similar to non-life*	137,523
R0290	*Non-life excluding health*	137,499
R0300	*Health similar to non-life*	23
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	3,850
R0360	Insurance and intermediaries receivables	56,623
R0370	Reinsurance receivables	1,184
R0380	Receivables (trade, not insurance)	
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	56,725
R0420	Any other assets, not elsewhere shown	2,563
R0500	**Total assets**	751,162

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	312,101
R0520	*Technical provisions - non-life (excluding health)*	312,064
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	297,209
R0550	*Risk margin*	14,856
R0560	*Technical provisions - health (similar to non-life)*	36
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	36
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	6,755
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	13,252
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	3,417
R0900	**Total liabilities**	335,525
R1000	**Excess of assets over liabilities**	415,637

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business						9,174	31,048	45,024	10,683								95,929
R0120	Gross - Proportional reinsurance accepted						27,669	30,044	22,230	15,619								95,562
R0130	Gross - Non-proportional reinsurance accepted													47	7,218	5,122	39,271	51,658
R0140	Reinsurers' share						25,229	51,579	42,103	18,155				17	3,766	3,782	34,969	179,600
R0200	Net				0		11,614	9,513	25,151	8,146				30	3,453	1,340	4,301	63,548
	Premiums earned																	
R0210	Gross - Direct Business						11,136	31,506	40,706	714								84,062
R0220	Gross - Proportional reinsurance accepted						31,581	24,494	8,775	10,015								74,865
R0230	Gross - Non-proportional reinsurance accepted													47	6,790	3,932	38,019	48,788
R0240	Reinsurers' share						28,652	46,153	33,441	5,854				18	3,816	2,819	33,336	154,089
R0300	Net				0		14,065	9,847	16,040	4,875				29	2,975	1,113	4,683	53,626
	Claims incurred																	
R0310	Gross - Direct Business						7,607	23,018	21,925	449								52,999
R0320	Gross - Proportional reinsurance accepted				-39		31,673	12,943	5,888	5,434								55,899
R0330	Gross - Non-proportional reinsurance accepted													-41	4,473	4,904	8,902	18,239
R0340	Reinsurers' share				-7		29,774	25,077	21,224	3,297				1	4,006	1,881	7,969	93,222
R0400	Net				-32		9,505	10,885	6,588	2,586				-42	467	3,023	933	33,914
	Changes in other technical provisions																	
R0410	Gross - Direct Business						-748	-411										-1,159
R0420	Gross - Proportional reinsurance accepted						-293	-1,048										-1,341
R0430	Gross - Non-proportional reinsurance accepted															-578	-1,270	-1,848
R0440	Reinsurers' share																	0
R0500	Net				0		-1,041	-1,459	0	0				0	0	-578	-1,270	-4,348
R0550	**Expenses incurred**				-5		11,029	8,887	7,104	3,202				3	1,483	502	2,582	34,786
R1200	**Other expenses**																	
R1300	**Total expenses**																	34,786

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010			US	FR	BE	BR	VE	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	56,941	27,005	1,169	2,793			87,907
R0120	Gross - Proportional reinsurance accepted	22,657	22,943	258	2,212	6,339	5,439	59,849
R0130	Gross - Non-proportional reinsurance accepted	2,196	11,864	16,263	2,525	710		33,558
R0140	Reinsurers' share	52,977	48,285	13,940	6,740	4,313	4,739	130,993
R0200	Net	28,817	13,527	3,749	790	2,736	701	50,320
	Premiums earned							
R0210	Gross - Direct Business	52,444	26,282	64	152		242	79,185
R0220	Gross - Proportional reinsurance accepted	9,027	20,085	116	2,097	3,118	3,577	38,020
R0230	Gross - Non-proportional reinsurance accepted	1,409	10,473	16,225	2,525	495	566	31,692
R0240	Reinsurers' share	43,301	43,025	12,938	4,684	1,793	3,725	109,466
R0300	Net	19,579	13,815	3,467	90	1,819	661	39,432
	Claims incurred							
R0310	Gross - Direct Business	30,959	14,717	33	103		22	45,833
R0320	Gross - Proportional reinsurance accepted	6,560	15,561	140	873	1,415	721	25,272
R0330	Gross - Non-proportional reinsurance accepted	-1,051	4,418	3,701	-22	201	-28	7,219
R0340	Reinsurers' share	26,594	20,658	3,955	466	772	707	53,153
R0400	Net	9,874	14,038	-81	488	843	8	25,171
	Changes in other technical provisions							
R0410	Gross - Direct Business	-814	-172	-1	-2		-1	-990
R0420	Gross - Proportional reinsurance accepted	-166	-280	-32	-32	-32	-14	-557
R0430	Gross - Non-proportional reinsurance accepted	-307	-78	-235	-25	-7	-2	-653
R0440	Reinsurers' share							0
R0500	Net	-1,287	-530	-267	-59	-39	-18	-2,200
R0550	**Expenses incurred**	10,274	9,837	763	-619	1,034	1,497	22,785
R1200	**Other expenses**							
R1300	**Total expenses**							22,785

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				Total Non-Life obligation
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**				0		0	0	0	0				0		0	0	0
R0050	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				0		0	0	0	0				0	0	0	0	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross				0		9,492	12,966	13,006	4,029				0	113	1,080	3,390	44,076
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				0		-1,700	-1,129	3,841	1,623				0	-299	-312	-6,752	-4,728
R0150	**Net Best Estimate of Premium Provisions**				0		11,192	14,095	9,165	2,406				0	412	1,392	10,142	48,804
	Claims provisions																	
R0160	Gross				55		72,532	43,202	43,523	8,070				36	42,804	17,602	25,345	253,169
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				5		44,889	29,188	32,892	817				23	9,301	14,859	10,276	142,251
R0250	**Net Best Estimate of Claims Provisions**				50		27,643	14,015	10,631	7,253				13	33,502	2,743	15,069	110,918
R0260	**Total best estimate - gross**				55		82,024	56,168	56,529	12,098				36	42,917	18,682	28,735	297,245
R0270	**Total best estimate - net**				50		38,835	28,110	19,796	9,658				13	33,915	4,135	25,211	159,722
R0280	**Risk margin**				8		1,657	438	1,886	789				0	9,116	246	715	14,856
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole				0		0	0	0	0				0	0	0	0	0
R0300	Best estimate				0		0	0	0	0				0	0	0	0	0
R0310	Risk margin				0		0	0	0	0				0	0	0	0	0
R0320	**Technical provisions - total**				63		83,681	56,607	58,415	12,887				36	52,033	18,928	29,450	312,101
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**				5		43,189	28,059	36,733	2,440				23	9,002	14,547	3,524	137,523
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**				58		40,492	28,548	21,682	10,448				13	43,030	4,382	25,926	174,578

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Non-Life insurance claims

Total Non-life business

Z0010 Accident year / underwriting year: Accident Year

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

	Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
		Development year											In Current year	Sum of years (cumulative)
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											3,515	3,515	3,515
R0160	N-9	14,334	28,303	21,238	10,253	4,610	5,200	1,965	1,829	1,309	-490		-490	88,553
R0170	N-8	5,843	19,878	6,345	2,809	4,350	4,609	1,119	670	404			404	46,025
R0180	N-7	5,215	5,995	2,410	1,040	1,242	782	730	1,587				1,587	19,001
R0190	N-6	-21	2,616	550	242	177	897	472					472	4,934
R0200	N-5	1,742	1,920	4,769	305	307	403						403	9,446
R0210	N-4	4,252	3,246	1,297	-110	308							308	8,993
R0220	N-3	585	7,204	2,084	2,547								2,547	12,419
R0230	N-2	3,376	18,994	4,648									4,648	27,018
R0240	N-1	9,080	29,446										29,446	38,526
R0250	N	23,332											23,332	23,332
R0260												Total	66,173	281,762

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
		Development year											Year end (discounted data)
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											6,139	6,068
R0160	N-9	0	0	0	0	0	0	0	0	0	3,228		3,203
R0170	N-8	0	0	0	0	0	0	0	0	5,091			5,081
R0180	N-7	0	0	0	0	0	0	0	7,682				7,138
R0190	N-6	0	0	0	0	0	0	3,605					3,184
R0200	N-5	0	0	0	0	0	5,173						4,518
R0210	N-4	0	0	0	0	7,609							6,638
R0220	N-3	0	0	0	9,743								8,597
R0230	N-2	0	0	19,756									18,469
R0240	N-1	0	84,775										82,090
R0250	N	112,020											108,183
R0260												Total	253,169

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Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	215,968	215,968		0	
R0030	Share premium account related to ordinary share capital	161,976	161,976		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	36,354	36,354			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	1,339				1,339
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**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**	0				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	415,637	414,298	0	0	1,339
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	415,637	414,298	0	0	1,339
R0510	Total available own funds to meet the MCR	414,298	414,298	0	0	
R0540	Total eligible own funds to meet the SCR	415,637	414,298	0	0	1,339
R0550	Total eligible own funds to meet the MCR	414,298	414,298	0	0	
R0580	**SCR**	148,076				
R0600	**MCR**	37,019				
R0620	**Ratio of Eligible own funds to SCR**	280.69%				
R0640	**Ratio of Eligible own funds to MCR**	1119.15%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	415,637
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	379,283
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	36,354
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	16,482
R0790	**Total Expected profits included in future premiums (EPIFP)**	16,482

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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0080	C0090
R0010	Market risk	111,962		
R0020	Counterparty default risk	18,809		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	107		
R0050	Non-life underwriting risk	53,235		
R0060	Diversification	-40,014		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	144,100		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	8,916
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	-4,940
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	148,076
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	148,076
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

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Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	30,995

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	0
R0030	Income protection insurance and proportional reinsurance	0	0
R0040	Workers' compensation insurance and proportional reinsurance	0	0
R0050	Motor vehicle liability insurance and proportional reinsurance	50	0
R0060	Other motor insurance and proportional reinsurance	0	0
R0070	Marine, aviation and transport insurance and proportional reinsurance	38,835	12,618
R0080	Fire and other damage to property insurance and proportional reinsurance	28,110	17,232
R0090	General liability insurance and proportional reinsurance	19,796	26,062
R0100	Credit and suretyship insurance and proportional reinsurance	9,658	5,667
R0110	Legal expenses insurance and proportional reinsurance	0	0
R0120	Assistance and proportional reinsurance	0	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	0
R0140	Non-proportional health reinsurance	13	25
R0150	Non-proportional casualty reinsurance	33,915	2,208
R0160	Non-proportional marine, aviation and transport reinsurance	4,135	1,287
R0170	Non-proportional property reinsurance	25,211	7,280

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_L Result	0

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits		
R0220	Obligations with profit participation - future discretionary benefits		
R0230	Index-linked and unit-linked insurance obligations		
R0240	Other life (re)insurance and health (re)insurance obligations		
R0250	Total capital at risk for all life (re)insurance obligations		

	Overall MCR calculation	C0070
R0300	Linear MCR	30,995
R0310	SCR	148,076
R0320	MCR cap	66,634
R0330	MCR floor	37,019
R0340	Combined MCR	37,019
R0350	Absolute floor of the MCR	2,657
R0400	**Minimum Capital Requirement**	37,019