Berkshire Hathaway International Insurance Limited

Company Solvency & Financial Condition Report 2022

Legal Entity Identifier: 213800YK7U6HYI2WAU19

Contents

Introduction

This is the Solvency and Financial Condition Report (SFCR) for Berkshire Hathaway International Insurance Limited ("BHIIL" or "the Company" or "the insurer"), based on the financial position as at 31 December 2022.

This report sets out aspects of the Company's business performance, system of governance, risk profile, valuation methods used for solvency purposes and its capital management practices, as described by the Solvency II Regulatory Framework.

Summary

The Company uses the Standard Formula to calculate its solvency capital requirement. The Standard Formula produces a Solvency Capital Requirement which management accept as appropriate to use for the business under Solvency II standards. The Company has not placed any reliance on transitional measures to the Solvency II Directive 2009/138/EC.

The key solvency ratios are disclosed below. The calculations of the capital requirements are defined by the Solvency II Regulations.

Key Capital Performance Indicators

	2022	**2021**
	$000	**$000**
Available and Eligible Own Funds	593,926	574,450
Standard Formula Solvency Capital Requirement (SCR)	151,176	196,780
Surplus over SCR	442,750	377,670
Ratio of Eligible Funds to SCR	**393%**	**292%**
Minimum Capital Requirement (MCR)	37,794	49,195
Surplus over MCR	556,132	525,255
Ratio of Eligible Funds to MCR	1571%	1168%

As at 31 December 2022 BHIIL had a Standard Formula Solvency Capital Requirement of $151m. This is covered by $594m of eligible capital resources resulting in a Solvency II surplus of $443m and a coverage ratio of 393%.

The SCR decreased by $45.6m during the year. See Section E2 for details of key drivers of the decrease.

It is forecast that the Company will continue to maintain a surplus over both the Standard Formula Solvency Capital Requirement and the Standard Formula Minimum Capital Requirement over the current planning horizon. There are no current indicators that suggest that this is likely to change over the longer term.

A. Business and Performance

A.1 Business

Berkshire Hathaway International Insurance Limited (“BHIIL”) commenced trading on 1 January 1997 and its principal activity is underwriting general insurance business. The Company’s operations are administered by the Company with additional administrative and claims handling services being provided by related group companies. The Company’s operations are directed from London and Manchester but it also operates from branch offices in Switzerland, Italy and Germany, which is in run-off.

BHIIL is a wholly owned subsidiary of National Indemnity Company (NICO), an insurance company and a subsidiary of Berkshire Hathaway Inc. (BHI), a multinational conglomerate holding company quoted on the New York Stock Exchange. Both NICO and BHI are headquartered in Omaha, Nebraska.

At 31 December 2022 NICO had a $207bn Surplus as regards policyholders and total assets of $348bn. BHIIL is one of a number of subsidiaries of NICO. BHIIL represents less than 1% of the total assets of NICO, and less than 2% of NICO’s reported consolidated underwriting premium in 2022.

Regulation

BHIIL is regulated by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA). The Swiss Branch is regulated by the Swiss Financial Market Supervisory Authority (FINMA) and the Italian Branch is regulated by the Italian Institute for Insurance Supervision (IVASS).

Contact details for each of these regulators can be found on their respective websites:

www.bankofengland.co.uk/pra

www.fca.org.uk

www.finma.ch

IVASS - Istituto per la vigilanza sulle assicurazioni

The external auditor for the Company for the year ended 31 December 2022 is Deloitte LLP.

The registered office of BHIIL and principal place of business and the contact details of its external auditors and supervisory authority are presented below:

Registered Office	External Auditors	Supervisory Authority
Berkshire Hathaway International Insurance Limited 4th Floor 8 Fenchurch Place London EC3M 4AJ +44 (0) 20 7342 2000	**Deloitte LLP** 2 New Street Square London EC4A 3BZ +44 (0) 20 7936 3000	**Prudential Regulation Authority (PRA)** 20 Moorgate London EC2R 6DA +44 (0) 20 7601 4444

Strategy

The business strategy is to manage the underwriting cycle and write selected classes of business over the long-term to achieve an underwriting profit over the course of the cycle. The underwriting business is managed in divisions, the risk appetite and business strategy being defined at business level.

Berkshire Hathaway Specialty Insurance (BHSI) Division: This division writes casualty, executive & professional, property, healthcare, punitive damages and marine lines under the BHSI brand. BHSI is in a growth phase targeting appropriate commercial insurance using the financial strength of Berkshire Hathaway to provide the ability for outsize capacity and creative, flexible solutions customers can count on year after year. A core element in this is building the capability for claims excellence, a key element of the BHSI brand.

MedPro Division: This division works closely with US sister company, MedPro Group, to develop business opportunities for the provision of medical malpractice and associated coverage for the full spectrum of healthcare customers. This division provides cover for healthcare practitioners, hospitals and other healthcare institutions.

Faraday Division: Faraday, a member of the Group of companies, manages a Lloyd's Syndicate in the UK as well as an FCA authorised intermediary. This division was focused on writing managing general agency business, however it is expected that this division will underwrite at a very low level of premium income during 2023.

Berkshire Reinsurance Group ('BHRG') Division: This division maintained its UK Commercial motor business in the year through two strategic Managing General Agency agreements and its Italian Medical Malpractice coverages for hospitals and clinics through in-house underwriting teams based in the Group's Italian Branch. In addition this division is, on occasion, approached by Brokers to underwrite large one-off risks, which are considered on their individual merits.

The BHRG division continued to write small amounts of high level US Casualty business.

The BHRG Division also has a long standing participation on the Global Aerospace Underwriting Managers (GAUM) aviation pools. The GAUM participation allows the Company to write general insurance policies for Airline, Products, General Aviation and Space insurance to the aviation and space industries.

The BHRG division continued the orderly run-off of its Broker facility, legacy motor accounts and reinsurance treaty business.

The Company has a comprehensive outwards reinsurance program placed with companies within the Berkshire Hathaway Group, with the most material cover provided by NICO and Berkshire Hathaway Homestate Insurance Company (BHHIC).

Surplus capital is maintained in order to take up business opportunities as they arise and additional capital can be made available by NICO if required to support attractive new underwriting or for other reasons. BHIIL's current policy is to retain excess capital in order to enable some flexibility on the current year business plan. BHIIL and NICO are both rated AA+ by Standard & Poor's.

For funds supporting underwriting, the investment strategy is conservative and investment guidelines require funds to be invested in fixed interest securities with a credit rating of A and above, held to maturity.

A Capital Surplus Portfolio is also held; this comprises assets held in excess of the requirements of policyholders and can include large strategic long-term equity holdings consistent with holdings by BHI. This portfolio therefore is intended to provide long term growth and countenances potential market volatility and lower asset liquidity as well as accepting potential concentration risk.

The Company has in place Trust Fund Agreements with NICO and BHHIC in respect of the exposure generated from the outwards reinsurance program. This arrangement satisfies the requirement of the Company to manage its exposure to NICO and BHHIC, under the current regulatory regime.

All other risks are actively managed to mitigate the possibility of significant adverse impact to the business.

Underwriting, investment, and other matters may be subject to consultation with the Parent company and its representatives; however the Board operate in accordance with the interests of BHIIL recognising its distinct legal entity status and regulatory requirements.

Brexit Impact

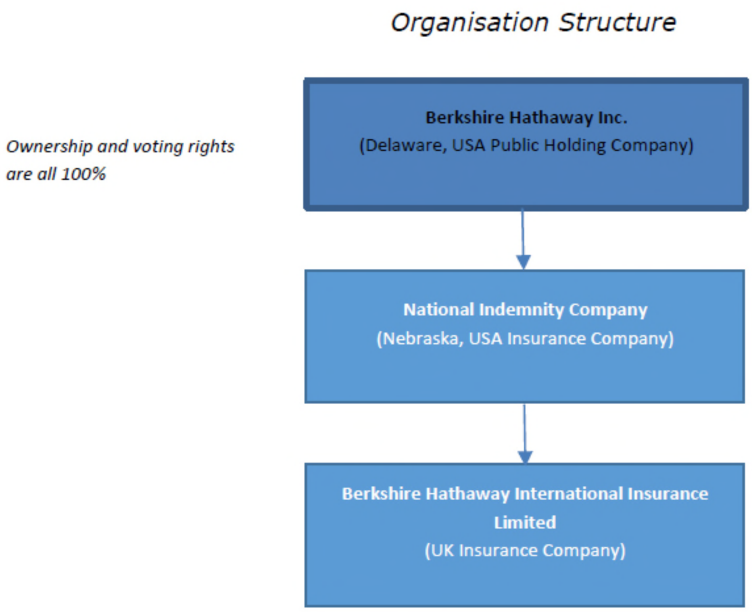
Following the UK's exit from the European Union (Brexit) and the end of the transition period at the end of 2020, BHIIL has now ceased to have EU passporting rights. BHIIL continues to handle and pay claims arising under policies it underwrote prior to Brexit and which relate to exposures in the EEA. However, should this no longer be possible, Berkshire Hathaway European Insurance DAC ("BHEI") has issued a Contingency Deed Poll Policy in favour of all of BHIIL's policyholders which guarantees performance of BHIIL's policies in the event that BHIIL is unable to service those policies due to local restrictions in any EEA State following Brexit. The contingency policy has not been triggered to date.

It continues to be the view of the Directors that the UK and London Market will remain a significant insurance and reinsurance market for the foreseeable future. In 2020 the Company noted that many risks presented in London continued to co-mingle European, UK and rest of the world risks. In response to this BHEI established a UK Branch in London which had the necessary regulatory approvals to service these risks. With the ending of the Transition phase of Brexit the Company is seeing significant amounts of business that would have been written by the Company being more appropriately served by the UK Branch of BHEI based in London. Though a reduction of business volumes for the Company, this will have a limited impact on the UK based operations as resources and costs are re-distributed to the BHEI UK Branch. The Company is also anticipating growth in the UK operation primarily in the BHSI division which will off-set these transfers.

The Directors consider the current investment policy and matching of liabilities and assets in currency to put the Company on a sound basis to deal with any market volatility.

Group Structure

Below is a simplified group structure for Berkshire Hathaway Inc. Insurance group pertaining to BHIIL.



Review of the Business

The credit rating from Standard & Poor's for BHIIL and BHEI remained at AA+ throughout the year (2021:AA+). The full S&P ratings report can be found on the BHIIL website www.bhiil.com.

During the year the Company operated under the four distinct divisions to allow the development of multiple brand offerings.

BHSI Division

The division has continued to grow in capability and product offering through the year as planned. BHSI underwrote a wide array of products across the casualty, property, executive & professional, marine and healthcare classes.

Medpro Division

This division currently has 2 MGA arrangements in place operating in the UK, and Switzerland. The UK MGA was purchased by a Group Company in January 2018. The MedPro division also writes international risks placed in the London Market.

Faraday Division

During 2021, the division exited the UK Motor business and did not replace this business during 2022. It is expected that this division will underwrite at a very low level of premium income during 2023.

BHRG Division

This division maintained its UK Commercial motor business in the year through two strategic Managing General Agency agreements and its Italian Medical Malpractice coverages for hospitals and clinics through in-house underwriting teams based in the Italian Branch.

In addition BHRG division is, on occasion, approached by Brokers to underwrite large one-off risks which are considered on their individual merits.

The division continued to write small amounts of high level US Casualty business.

The BHRG Division also has a long standing participation on the Global Aerospace Underwriting Managers ('GAUM') aviation pools. The GAUM participation allows the Company to write general insurance policies for Airline, Products, General Aviation and Space insurance to the aviation and space industries.

The division continued the orderly run-off of its Broker facility, reinsurance treaty and legacy motor accounts.

A.2 Underwriting Performance

The Company primarily manages its business by division as described on page 8. Under Solvency II, the lines of business are pre-defined.

The tables below provide details of the Company's underwriting performance for 2022 and 2021 for the major Solvency II lines of business. Full details of the Company's premiums, claims and expenses for the year are disclosed in template S.05.01.02 which is included within the appendices.

Year ended 31 Dec 2022 $000	**Income Protection**	**Motor Vehicle Liability**	**Marine, Aviation & Transport**	**Fire & Other Damage to Property**	**General Liability**	**Total**
Net Premium Written	4,197	10,354	6,900	20,107	42,844	84,402
Net Premium Earned	6,115	15,235	6,396	17,739	38,752	84,237
Claims incurred	(6,489)	(11,484)	(3,900)	(5,683)	(16,653)	(44,209)
Changes in other technical provisions	(192)	269	-	(1,292)	(1,047)	(2,262)
Expenses incurred	(649)	(3,722)	(1,118)	(3,184)	(9,121)	(17,794)
Underwriting performance	**(1,215)**	**298**	**1,378**	**7,580**	**11,931**	**19,972**

Year ended 31 Dec 2021 $000	**Income Protection**	**Motor Vehicle Liability**	**Marine, Aviation & Transport**	**Fire & Other Damage to Property**	**General Liability**	**Total**
Net Premium Written	8,764	22,741	5,575	15,876	47,348	100,304
Net Premium Earned	8,672	27,549	5,314	17,633	45,112	104,280
Claims incurred	(7,482)	(24,242)	(2,112)	(8,720)	(49,976)	(92,532)
Changes in other technical provisions	588	196	295	366	2,181	3,626
Expenses incurred	(686)	(7,616)	(1,015)	(2,701)	(8,237)	(20,255)
Underwriting performance	**1,092**	**(4,113)**	**2,482**	**6,578**	**(10,920)**	**(4,881)**

The Board of Directors are satisfied with the underwriting performance of the Company for 2022.

A.3 Investment Performance

The Company considers the assets of the Company to comprise two portfolios. The first portfolio, the Insurance Portfolio, is in excess of policyholder liabilities after reinsurance plus an amount of surplus capital. The second portfolio, the Capital Surplus Portfolio, comprises assets invested outside of the Insurance Portfolio.

In respect of the Insurance Portfolio the Company adopts an investment and risk management policy to ensure that there is no material exposure to market or liquidity risks.

In respect of the Capital Surplus Portfolio the Company accepts market and liquidity risks. The Capital Surplus Portfolio was valued at $92.8m at 31 December 2022.

The Company has no exposure to derivatives or currency-hedging risks.

The Company's investment loss including exchange gains and losses in the year was $30.0m. Over the year the market value of the equity investment holdings decreased resulting in an unrealised loss in the year of $30.5m.

The Directors consider the current investment policy and matching of liabilities and assets in currency to put the Company on a sound basis to deal with any market volatility.

A.4 Performance from Other Activities

The Company did not undertake any other activities in the year.

A.5 Any Other Information

Since the Russian invasion of Ukraine on 24 February 2022 the Company has been assessing its exposure to insurance losses as a result of the conflict. The Company continues to monitor the sanctions regimes of the US, the EU and the UK to ensure that processes and controls ensure compliance.

The Company provides very limited war coverage but is potentially exposed to secondary effects through the policies it writes. The main areas of focus have been the aviation, marine, directors and officers and cyber portfolios. Management's current assessment is the Company's exposure, net of reinsurance, and the changes in the sanctions regime are manageable and do not significantly impact the Company's ability to continue as a going concern.

In respect of the enhanced risk of cyber-attacks on the Company's IT infrastructure the Company continues to take advice from an external cyber risk monitoring supplier to ensure there is effective threat monitoring and practices and processes to manage this risk.

All indicators point to the increasing likelihood that economies across Europe including the UK will enter into a recession in 2023 although the depth and extent is currently unknown. Over 2022, the Bank of England raised interest rates to tackle the persistent inflationary pressures.

Inflation is running at around 10% across Europe. There is currently a varied approach taken to address inflation depending on division and class of business and it is expected that some classes of business such as property will experience the impact of inflation more acutely.

B. System of Governance

B.1 General information on the system of governance

The Governance structure of the Company is set out in the BHIIL Governance Map. There have been no material changes to the Governance structure during the year.

Board

BHIIL is run by a Board of Directors operating under documented terms of reference and matters reserved for the Board. The Board oversees various Board Committees who operate under their own Board-approved Terms of Reference and report into the Board on a regular basis. Board meetings are normally held on a quarterly basis with additional meetings scheduled as required.

The board members as at 31 December 2022 were:

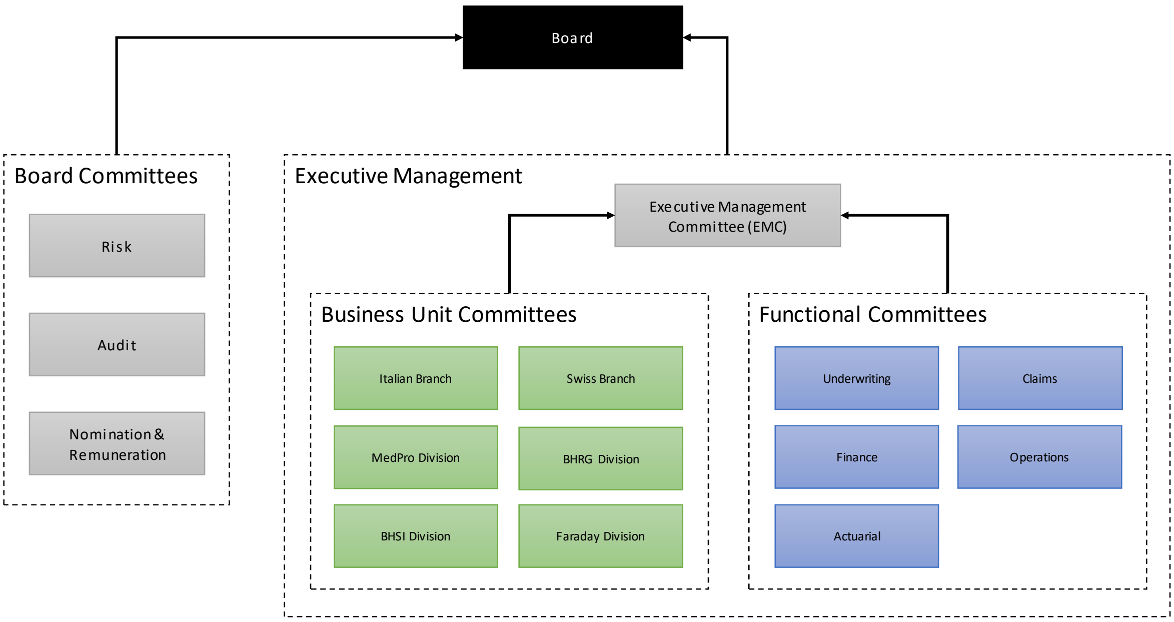
Name	Role and SIMF/SIF Status	Appointment to Role	Other Information
John Powell	Chair of Governing Body (SMF9) and Chair of Remuneration Committee (SMF12) (incorporates Nominations)	July 2014	
Barbara Merry	Chair of the Risk Committee (SMF10) and SMF14 Senior Independent Director	September 2021	Member of Audit Committee
Andrea Reynolds	Chair of Audit Committee (SMF11)	November 2022	
Stephen Michael	Non-Executive Director (Notified NED)	January 2019	Member of Audit Committee
Guy Finney	Chief Executive Officer (SMF1) & Responsible for Insurance Distribution	January 2023	
Christopher Colahan	Chief Underwriting Officer (BHSI Division Business) (SMF23)	October 2018	
Robert Love	Chief Underwriting Officer (BHRG Division Business) (SMF23)	December 2008	

The Key Responsibilities of the Board are:

- To determine the strategic direction of BHIIL and to define the Company's Risk Appetite.
- To determine the approach to the Own Risk and Solvency Assessment, challenging and improving the results.
- To ensure that there is a suitably resourced system of Compliance and independent review and to monitor the adequacy of the operation.
- To ensure that customers are treated fairly and that adequate systems to address the risk of Financial Crime are in place.
- To ensure that the Company is compliant with all relevant legislation.
- To ensure that System of Governance remains appropriate.

Committee Structure

The chart below sets out the Committee Structure of BHIIL.



Remuneration

The Company's Remuneration Policy is set by the Remuneration Committee and approved by the Board; it is reviewed on at least an annual basis. The Company's remuneration policies have been designed to ensure that remuneration of its employees, officers and directors are competitive and do not promote excessive risk taking. This aim is achieved through a balance between fixed and variable remuneration, which varies depending on an individual's role, experience, performance since the last review and seniority.

The Company provides a range of benefits to employees, complying with (and where appropriate exceeding) minimum local statutory requirements, including salary, paid leave, discretionary bonus, life cover, permanent disability income protection insurance, health insurance for employees and dependents, and an employee assistance programme. The Company pays pension contributions based on a percentage of salary into a personal pension plan on behalf of its employees. The Company does not offer any supplementary pension or early retirement scheme. The Company does not offer share options.

The Company operates an annual discretionary bonus plan for employees based on individual performance, which is aligned with BHIIL's practices and in compliance with the Company's Remuneration Policy. As well as performance of the individual's responsibilities, the manner in which they do it is important, namely aligning with the Company's core values. Bonuses, targets or incentives are not related exclusively to top line performance, revenue, premium growth or other metrics that might encourage undue risk taking. Thus, its remuneration practices are considered to promote sound and effective risk management and do not promote or encourage excessive risk taking.

Regarding the remuneration of its INEDs, the Company's policy is that, in keeping with their duty of independence, they shall be remunerated by a fixed fee only, and no incentive-based payments will be made. It is the Company's policy that NEDs who are employees of the Group shall receive no remuneration for their duties as directors of the Company.

Material Transactions

There were no transactions with directors or others with significant influence in the period.

Any material intragroup transactions of the Company with other Berkshire Hathaway Group entities during the reporting period were conducted on an arm's length basis. These transactions primarily relate to reinsurance business ceded by the Company to NICO and to payments for key management, underwriting, claims and administrative services provided by other Group companies.

B.2 Fit and Proper Requirements

The Company has a policy which sets out the procedures to ensure that all those who are directors, key function holders or are undertaking controlled functions on behalf of the Company are and remain fit and proper to carry out those functions.

These procedures ensure that all those holding such functions:

- meet the requirements of the Regulators' 'fit and proper' test and follow its principles
- comply with the Statement of Responsibilities; and
- report anything that could affect their ongoing suitability.

The following factors are taken into account when deciding whether an individual is fit and proper:

- their honesty, integrity and reputation
- their competence and capability; and
- their financial soundness.

Fitness and propriety checks are made before an individual is appointed to the Board or to carry out a controlled function or a key function and also periodically thereafter.

B.3 Risk management system including the own risk and solvency assessment

The Board has approved a documented Risk Management Framework.

The Risk Management Framework is designed to ensure that there are clear responsibilities and reporting lines. In conjunction with an appropriate monitoring and reporting structure the Risk Management Framework is intended to provide the Board with confidence that risks are appropriately controlled in accordance with the Board's risk tolerance.

A pre-requisite of managing risk is that the Board have a good understanding of the risks that are faced by the business, and have considered the appropriate level of risk that the business will stand. Articulation of the Board's Risk Appetite in documented Risk Appetite Statements enables cascading of Risk Management throughout the organisation and provides useful reference material when considering new opportunities or process change.

Policy & Procedure for Articulating Risk Appetite

The Risk Appetite Statement describes the Board's appetite for risk.

The risk appetite framework enables the Company to define what strategic objectives are supported in its risk-taking activities and to keep exposure within agreed limits. The Company risk appetite framework therefore supports decision-making processes and understanding of its performance. The Company risk appetite statements are supported by risk appetite metrics, which define the extent of exposure the Company is prepared to tolerate to different types of risk in order to meet its strategic objectives. The risk appetite metrics are updated on a quarterly basis and are presented to the Risk Committee for review.

Operational Risks are managed by the application of internal controls and are also monitored via operational risk appetites. It is the responsibility of the operational management to ensure that appropriate controls are in place to operate within risk appetite.

The relevant risk owners and the Operations Committee monitor the performance of internal controls on behalf of the Risk Committee and the Board. The controls are assessed with regard to their design relative to the Operational Risk considered and the control performance.

Own Risk and Solvency Assessment (ORSA)

The ORSA is an integral part of the Company's business strategy and supports the strategic decision making process. The ORSA framework is a series of processes to enable the Company to manage its risk profile against risk appetite and to ensure that there is an appropriate quantity and quality of capital given the risks facing the business.

The ORSA encompasses the procedures employed to identify, assess, monitor, manage and report the risks each entity may face over the business planning period. The management information that is an output of the ORSA then facilitates informed strategic decisions with consideration to the Company's appetite for risk and the amount of capital needed.

ORSA processes evolve each year to ensure they remain appropriate to the nature, scale and operation of the business. The framework has been designed to be flexible and with a non-prescriptive approach. The ORSA report provides a conclusion of the adequacy of the control framework and capital required given the current and planned risk exposures.

The ORSA process is owned by the Chief Risk Officer and approved by the Board. The Board is responsible for both steering the on-going development of the ORSA process and challenging the results.

The ORSA process combines all elements of the risk and capital framework and is structured to complement the strategy development and business planning processes, to ensure it supports decision making. Outputs from the ORSA process are considered when setting business plans and the risk appetites.

A key concept of the ORSA is that it is a forward-looking assessment and therefore the ORSA process runs in parallel with the business planning and reporting cycle.

A full ORSA process is run at least annually and the Board considers and approves an annual BHIIL ORSA report.

The Company's risk profile will change over the course of the planning period for a number of reasons, such as a significant insurance event, extreme economic conditions, or merger and acquisition. As a result, a full or partial ORSA exercise may be conducted outside of the usual cycle if any change is significant enough that the prior ORSA analysis is no longer relevant and useful.

The main output from the ORSA process is the ORSA report that is provided to the Board for approval. The full ORSA report that goes to the Board is also sent to the relevant supervisory authority.

B.4 Internal Control System

Internal controls are implemented to control risk. All internal controls are efficiently designed to achieve the required level of control in a cost–effective manner. It is the responsibility of the operational management to ensure that appropriate controls are in place to operate within risk appetite. Internal controls are identified with a defined owner responsible for maintenance of the control.

Internal control documentation includes:

- description of the control
- control owner
- risks mitigated by control, and control importance relative to risks (key control)

Internal control performance is recorded in the Risk Management and Internal Control System. There is a quarterly management report to the risk committee reporting control performance.

Compliance Function

The Compliance Function monitors the business to ensure that it is in compliance with all laws and the regulatory framework applicable to the Company. The Compliance Function also provides advice to the Board and the business on all regulatory requirements and monitors compliance with such including licensing and other arrangements, the fair treatment of customers, managing the risk of financial crime including applicable sanctions compliance, product governance, the oversight of outsourced arrangements with third parties and regulatory reporting.

B.5 Internal Audit Function

The function of Internal Audit is to provide independent, objective assurance and is designed to add value and improve the operations of the Company. Internal Audit aims to help Management accomplish their objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

Internal Audit has unrestricted access to all activities undertaken in the organisation, in order to review, appraise and report on:

- The adequacy and effectiveness of the systems of financial, operational and management control and their operation in practice in relation to the business risks to be addressed;
- The extent of compliance with, relevance of, and financial effect of, policies, standards, plans and procedures established by the Board and the extent of compliance with external laws and regulations, including reporting requirements of regulatory bodies;
- The extent to which adequate business continuity plans exist;
- The suitability, accuracy, reliability and integrity of financial and other management information and the means used to identify measure, classify and report such information;
- The integrity of processes and systems, including those under development, to ensure that controls offer adequate protection against error, fraud and loss of all kinds; and that the process aligns with the organisation's strategic goals;
- The suitability of the organisation of the units audited for carrying out their functions, and to report where services are provided in a way which is economical, efficient and effective;
- The recommendation of the follow-up action required to be taken to remedy weaknesses identified by Internal Audit review including monitoring completion against the required resolution date, and, ensuring that good practice is identified and communicated widely.
- The operation of the organisation's corporate governance arrangements.
- The preparation of an annual audit plan and submission of the plan for review and approval to the Audit Committee.
- Carrying out the approved audit plan and reporting to the Audit committee.
- Reporting to the Audit Committee at least annually on:
    - assessments of the adequacy and effectiveness of the organisation's systems of risk management and internal control based on the work of Internal Audit
    - reporting significant issues related to the processes for controlling BHIIL's activities, including potential improvements to those processes, and provide information concerning such issues through to resolution; and
    - providing periodic information on the status and results of the annual audit plan and the sufficiency of Internal Audit resources.

B.6 Actuarial Function

The Chief Actuary is responsible for monitoring various capital adequacy measures to enable the Board to exercise the appropriate level of governance and control of the Company's insurance risk exposures.

The Chief Actuary engages with the Board, senior managers, regulators, reinsurers, and auditors to ensure that the capital position of the Company and the risks that the Company faces are well understood and reflected in the analysis performed as part of the reserving and capital modelling processes.

Principal responsibilities of the Actuarial Function are:

- To engage with the Board, senior managers, regulators and auditors to ensure that the capital position of the Company and that the risks it faces are well understood and reflected in the analysis. Performed as part of the reserving and capital modelling processes.
- To advise the Board on the appropriate level of capital requirements and reserves.
- To keep the Company updated with significant capital and reserving related developments throughout the year.
- To provide proactive support to Underwriting, Claims, Reinsurance, and Investment functions.
- To assist with the production of and to ensure the integrity of the Company's financial information and regulatory reporting.
- Annually the Chief Actuary formally reports to the Board through the 'Actuarial Function Report' which documents the tasks, as mandated under the Solvency II directive, that have been undertaken by the actuarial function, identifying any deficiencies and giving recommendations as to how such deficiencies should be remedied. The report covers the Actuarial Function's calculation of technical provisions, opinion on underwriting policy, opinion on the adequacy of reinsurance arrangements, and contribution to risk management.

B.7 Outsourcing

Outsourcing is an arrangement where an outsource provider is appointed to perform particular activities which would otherwise be undertaken by staff directly employed by the Company. Entering into an outsource arrangement does not relieve the Company of its responsibility for the outsourced activity. Any substantial activity carried out by an Outsource Provider is subject to the requirements of the Outsource Policy.

The Outsource Policy ensures that:

- An appropriate legal contract exists in respect of the Outsourced activity such that the desired level of control may be exercised.
- The risks surrounding the Outsourced activity are articulated and appropriate controls and/or alternative measures exist so that the Outsourced activity operates within the Board's risk appetite.
- There is a clear allocation of responsibility in respect of Outsourced arrangements.
- There is regular review of the Outsourced activity and risk assessment to ensure any performance issues or changes to the risk profile are considered, and any resulting agreed actions implemented.

Material outsourced arrangements are required to be disclosed to the Regulator. A material outsourcing contract is defined by the PRA as one which is of such importance that weakness, or failure, of the services would cast serious doubt upon the firm's continuing satisfaction of the PRA's threshold conditions or Principles.

As at 31 December 2022, the following key outsourced functions are considered critical and important in line with the terms of 7.2 of Conditions Governing Business in the PRA Rulebook for Solvency II Firms:

- Resolute Management Limited (RML) and Resolute Management Services Limited (RMSL) (both group companies) provide to the Company the Services of certain designated employees as agreed between the Parties from time to time.
- Xceedance Limited, a 3rd party provider, provides back office support to the Company for the BHSI business and some auxiliary activities.

RML and RMSL are both located in the United Kingdom. Xceedance is located in Poland and India.

C. Risk Profile

The BHIIL risk universe comprises six main categories of risk: insurance, credit, market, liquidity, operational and strategic.

Analysis of Risk Profile (As per S.25.01)	2022	2021
	$000	$000
Underwriting Risk	89,733	105,319
Market Risk	56,357	74,657
Credit Risk	22,977	25,456
Diversification	(39,625)	(49,796)
Basic Solvency Capital Requirement	129,442	155,636
Operational Risk	38,832	46,691
Loss absorbing capacity of deferred taxes	(17,098)	(5,548)
Total Solvency Capital Requirement	151,176	196,780

C.1 Underwriting Risk

The appetite of BHIIL to underwriting risk aligns with those of Berkshire Hathaway Inc., the ultimate parent company:

> “At bottom, a sound insurance operation needs to adhere to four disciplines. It must (1) understand all exposures that might cause a policy to incur losses; (2) conservatively assess the likelihood of any exposure actually causing a loss and the probable cost if it does; (3) set a premium that, on average, will deliver a profit after both prospective loss costs and operating expenses are covered; and (4) be willing to walk away if the appropriate premium can’t be obtained.”

BHIIL has an appetite to underwrite insurance business on the basis of the first three disciplines, and to withdraw or walk away from business when necessary under the fourth discipline.

BHIIL manages the underwriting cycle and writes selected classes of business over the long-term to achieve an underwriting profit over the course of the cycle. In addition BHIIL provides a service to the market by entering business lines or taking on risks in areas of the market which find themselves constrained by capital or where market inefficiencies exist.

Underwriting risk therefore represents the most significant aspect of risk within BHIIL, but much of this is converted to credit risk through reinsurance placed mainly with NICO, BHIIL’s holding company.

Underwriting risk appetite tolerances are set for each line of business as part of the business planning process, or on the writing of a new business line when the decision to enter that line is made (i.e. outside of the annual business planning cycle). Underwriting risk tolerances are proposed by the underwriting committee and approved by the Board, and are monitored at divisional underwriting committees.

Gross aggregate exposure is monitored at the Risk Committee. The aggregate exposure is predominantly covered by reinsurance and the reinsurer is advised of exposures over a pre-agreed escalation limit. For internal management and statutory reporting, reserves and planned loss ratios are established at levels consistent with prudent assumptions with regard to likelihood of loss and probable claims cost. These are monitored and approved at the Underwriting Committee and the Finance Committee.

For solvency and business planning purposes, reserves and planned loss ratios are established at levels consistent with best-estimate assumptions with regard to likelihood of loss and probable claims cost. These are monitored and approved at the Underwriting Committee and the Finance Committee.

Underwriting risk for solvency purposes and relevant to this Solvency and Financial Condition Report primarily arise from:

- planned underwriting not achieving business best estimate plan loss ratios for attritional claims;
- higher than expected large loss or catastrophe (atypical) claim experience; and
- reserve deterioration against best-estimate reserves.

For Regulatory and Solvency purposes BHIIL adopts the Standard Formula approach to estimate the capital requirement to meet the one in two-hundred adverse outcome over a one-year time frame. Separately a stochastic business model is used to estimate the capital requirement to meet the one in two-hundred adverse outcome to ultimate for BHIIL's Own Risk and Solvency Assessment. These assessments include prospective underwriting over the forthcoming year. The Standard Formula uses market wide volatility assumptions to assess risk capital requirements; the stochastic business model uses volatility assumptions as approved by the Finance Committee. The expert judgement in the stochastic business model is monitored and approved at the Finance Committee, and sensitivity testing forms an important part of the Own Risk & Solvency Assessment.

The different reserve assessments for internal management, statutory, and regulatory reporting are reconciled through internal reports considered at the appropriate committee.

The different capital requirements under the Standard Formula and the stochastic business model are considered as part of BHIIL's Own Risk & Solvency Assessment process. BHIIL maintains surplus capital on the higher of these two measures in order to provide a higher level of confidence that sufficient capital is maintained, and to take up further business opportunities as they arise.

C.2 Market Risk

Market risk refers to the risk of losses on the Investment Portfolio, arising from fluctuations in the market value of the underlying investments.

The investment strategy of the Insurance Portfolio is conservative and investment guidelines require funds to be invested in fixed interest securities rated by Standard & Poor's (S&P) as "A" and above held to maturity. This conservative strategy is designed to protect capital so that it is available to support the underwriting. The Company has no off-balance sheet transactions and has a policy of not investing in derivative contracts.

The Capital Surplus Portfolio is invested in US equities. These are subject to equity price risk.

The investment risk profile is the responsibility of the Investment Committee and is managed in line with the agreed Investment Risk Appetite.

C.3 Credit Risk

Credit risk arises from the possibility of default by one or more counterparties, which include reinsurers and deposit-takers.

The credit risk to reinsurers is predominantly the exposure to NICO and this is assessed within the stochastic business model. The Reinsurance Working Group is responsible for approving the reinsurance and the Risk Committee is responsible for monitoring the associated credit risk. The Trust Fund Agreements in place with NICO manages the concentrated credit risk.

Credit risk from deposit-takers materially consists of bank exposures. The Investment Committee is responsible for monitoring the credit risk based on the value deposited and the bank credit rating. When determining the level of bank balances the Investment Committee also consider liquidity requirements.

Credit risk on overdue balances is materially premium credit risk which arises from exposure to overdue premium balances. These are often held at, or to be collected by, brokers. The Operations Committee is responsible for monitoring overdue amounts.

C.4 Liquidity Risk

Liquidity risk is the risk that BHIIL will be unable to meet its liabilities as they fall due. This is largely mitigated by the investment guideline requirements which ensure compliance with the risk appetite statement. BHIIL retains significant liquid balances, the investment portfolio is such that it may be converted to liquid assets at short notice, and BHIIL also has the ability to make cash calls on its reinsurer.

The total amount of expected profit included in future premiums within the technical provisions was $12.6m as at 31 December 2022 (31 December 2021: $10.4m).

C.5 Operational Risk

Operational risk covers the risks arising from the failure of internal processes, people or systems, or from external events. Operational risk categories are identified as:

• People	The risk of loss through theft or other fraudulent activity by staff
• Underwriting internal	The risk of loss through writing unauthorised business
• Delegated authority	The risk of loss through delegated authority business outside risk appetite
• Underwriting general	The risk of loss through underwriting losses that are not covered by reinsurance (e.g. due to sanctions issues)
• Other non-underwriting processes	The risk of loss due to unanticipated excess expenditure
• Process risk, outsourcing	The risk of loss through outsource providers operational failures
• Process risk, physical event	The risk of unanticipated physical events impacting the Company's ability to trade
• Systems	The risk that systems performance issues will lead to operational difficulties
• Legal & Compliance Risk	The risk of loss due to regulatory or legal action and/or fine Conduct Risk and Financial Crime Risk are treated as two important sub-risks in Legal and Compliance Risk
• Reputational Risk	The risk of reputational damage
• Project Risk	The risk of projects not achieving desired outcomes
• Group Risk	The risk of loss due to Group relationship

The BHIIL senior management team provide an update on operational risks to the Board on a quarterly basis. The Chief Risk Officer ("CRO") monitors the Company's operational risks as part of the quarterly reporting cycle into the Risk Committee, which includes risk appetite monitoring and risk and control assessments.

C.6 Strategic and Other Material Risks

A scenario which considered a fundamental change to the business model with a majority of future business being written through BHEI, which leads to a significant reduction in premium written by BHIIL was considered as part of the ORSA stress tests.

Also, similar to last year, a scenario which considered an economic recession caused by a pandemic more aggressive and contagious than Covid-19 which leads to significant underwriting and investment losses was considered as part of the ORSA stress tests.

In addition a scenario which considered climate change events which lead to additional property, motor and aviation claims and subsequent changes to government policy which impact the D&O book, investment portfolio and the ability to recruit staff was considered as part of the ORSA stress tests.

The Board have also assessed that there is no material impact on the valuation of the Company's assets and liabilities, either at 31 December 2022, or currently.

The Company continues to ensure it has adequate resources to service existing and future projected business and to maintain adequate regulatory surplus capital.

D. Valuation for Solvency Purposes

The details of the Company's Assets and Liabilities as at 31 December 2022 and 31 December 2021 are disclosed in the tables below along with the valuation adjustments between UK GAAP and the Solvency II valuations.

Consistent with Article 75 of Directive 2009/138/EC assets have been valued at the amounts for which the Company expects the assets could be exchanged between knowledgeable willing parties in an arm's length transaction.

Solvency II Balance Sheet as at 31 December 2022, $000	**UK GAAP**	**Reclassification Adjustments**	**Solvency II Adjustments**	**Solvency II**
Assets				
Total Investments	**800,376**	**(146)**	**-**	**800,230**
Property, plant & equipment held for own use	**-**	**-**	**900**	**900**
Reinsurance recoverables from Non-Life	**2,049,826**	**(159,520)**	**(493,184)**	**1,397,122**
Insurance and intermediaries receivables	**184,036**	**(135,173)**	**-**	**48,863**
Reinsurance receivables	**40,449**	**(11,028)**	**-**	**29,421**
Receivables -not insurance	**13,579**	**-**	**-**	**13,579**
Cash and cash equivalents	**84,871**	**2,581**	**-**	**87,452**
Any other assets	**3,113**	**(2,435)**	**-**	**678**
Deferred Acquisition Costs	**9,808**	**(9,808)**	**-**	**-**
Total Assets	**3,186,058**	**(315,530)**	**(492,283)**	**2,378,245**
Liabilities				
Total Non-Life Technical Provisions -	**(2,455,623)**	**189,585**	**562,526**	**(1,703,512)**
Gross Technical Provisions	(2,455,623)	189,585	593,048	(1,672,990)
Risk Margin	-	-	(30,522)	(30,522)
Provisions other than technical provisions	**(8,734)**	**-**	**-**	**(8,734)**
Insurance and intermediaries payables	**(19,972)**	**13,100**	**-**	**(6,872)**
Deferred tax liabilities	**-**	**-**	**(17,098)**	**(17,098)**
Reinsurance payables	**(144,421)**	**112,845**	**-**	**(31,576)**
Payables - not insurance	**(15,627)**	**-**	**(900)**	**(16,528)**
Total Liabilities	**(2,644,377)**	**315,530**	**544,527**	**(1,784,319)**
Excess of Assets over Liabilities	**541,682**	**-**	**52,244**	**593,926**

Solvency II Balance Sheet as at 31 December 2021, $000	UK GAAP	Reclassification Adjustments	Solvency II Adjustments	Solvency II
Assets				
Total Investments	**760,424**	**84,238**	**-**	**844,662**
Property, plant & equipment held for own use	**-**	**-**	**1,010**	**1,010**
Reinsurance recoverables from Non-Life	**2,169,797**	**(165,539)**	**(411,133)**	**1,593,125**
Insurance and intermediaries receivables	**215,522**	**(179,438)**	**-**	**36,084**
Reinsurance receivables	**31,741**	**(21,291)**	**-**	**10,450**
Receivables -not insurance	**19,523**	**-**	**-**	**19,523**
Cash and cash equivalents	**218,083**	**(82,393)**	**-**	**135,690**
Any other assets	**2,311**	**(1,845)**	**-**	**466**
Deferred Acquisition Costs	**10,829**	**(10,829)**	**-**	**-**
Total Assets				
Liabilities	**(2,595,688)**	**200,728**	**440,331**	**(1,954,628)**
Total Non-Life Technical Provisions -	**(2,595,688)**	**200,728**	**477,708**	**(1,917,251)**
Gross Technical Provisions	**-**	**-**	**(37,377)**	**(37,377)**
Risk Margin	**(6,934)**	**-**	**-**	**(6,934)**
Provisions other than technical provisions	**(35,674)**	**23,731**	**-**	**(11,943)**
Insurance and intermediaries payables	**-**	**-**	**(5,548)**	**(5,548)**
Reinsurance payables	**(227,131)**	**152,638**	**-**	**(74,493)**
Payables - not insurance	**(12,004)**	**-**	**(1,010)**	**(13,014)**
Total Liabilities	**(2,877,431)**	**377,097**	**433,773**	**(2,066,560)**
Excess of Assets over Liabilities	**550,799**	**-**	**23,650**	**574,450**

D.1 Assets

Assets are valued for Solvency II purposes using the policies detailed below:

Investments
Equities – Equities are valued at the quoted market price as at the balance sheet date.
Bonds - Government, Quasi Government and Commercial bonds are valued at the quoted market price plus the value of accrued interest due as at the balance sheet date.
Money Market Funds – Money Market Funds are valued at the quoted market price as at the balance sheet date.
Deposits other than cash equivalents – Deposits are valued at the value of the deposit as at the balance sheet date.

Reinsurance Recoverables
The reinsurance recoverables, as included in the technical provisions, are calculated using a variety of techniques including a stochastic cash-flow model. While the gross cash-flows are uncertain, the reinsurance cash-flows given the gross cash-flows are certain (before consideration of reinsurer default or disputes) as the terms of the reinsurance program are known.

Due to the importance of the reinsurance program to BHIIL, and the fact that the reinsurance program is not particularly complicated (i.e. does not consist of hundreds of facultative covers or different reinsurance strategies over time) BHIIL models the actual reinsurance program for the vast majority of the book.

In general the reinsurance program consists of: a quota share cover; followed by a per event excess of loss cover; followed by whole account stop loss cover. For a small proportion of the total gross reserves there is additional reinsurance in place.

A stochastic model allows the expected values of the contingent covers to be more accurately calculated (i.e. the excess of loss and stop loss covers). In order to accurately model the excess of loss cover atypical losses are modelled individually; attritional losses are modelled in aggregate.

The key steps in calculating the reinsurance recoverables are summarised below:

- Simulate the gross claims by segment (the segmentation of the business is described in the "Technical Provisions" section of this document)
- Calculate the reinsurance recoverables by applying the reinsurance program applicable to each segment
- Simulate reinsurer default including the mitigating effects of the trust funds and reinsurer recovery rate
- Discount the reinsurance recoverables based on the expected payment pattern and currency of the cash-flows
- Calculate the average reinsurance recoverables across all simulations (usually 128,000)
- Finally, allocate reinsurance recoverables to Solvency II class of business and geographical location

Insurance & Intermediaries Receivables
Insurance and intermediaries receivables are valued at the fair value of the amount outstanding reduced by the bad debt provision where applicable. Due to the short-term nature of these amounts discounting is not considered to be material.

Cash & Cash Equivalents
Cash and cash equivalents are valued at fair value as at the balance sheet date.

Differences between Solvency II Valuation and UK GAAP valuation
The material differences between the Solvency II valuation and the UK GAAP valuation as detailed in the table on page 27 are as a result of the following:

Investments – Investments valued on a Solvency II basis include accrued interest income which is included in other debtors on a UK GAAP basis.

Property Leases – Leases on premises are valued in accordance with IFRS rather than UK GAAP.

Reinsurance Recoverables – Solvency II values calculated by applying the reinsurance program to the best-estimate gross claims on a stochastic basis; as opposed to being applied to the booked (i.e. prudent) gross claims reported in the statutory accounts on a deterministic basis. The Solvency II values are also discounted; the statutory values are not.

Insurance and Intermediaries Receivables – Receivables exclude the value of inwards pipeline premiums as these are included within the valuation of the technical provisions for solvency purposes.

Reinsurance receivables - Reinsurance receivables exclude the value of outwards pipeline commissions due as these are included within the valuation of the technical provisions for solvency purposes.

Deferred Acquisition Costs – Deferred Acquisition Costs are not included in the Solvency II valuation in accordance with the valuation guidelines.

D.2 Technical Provisions

The technical provisions are the discounted present value of future insurance cash-flows, valued on a best-estimate basis, for business bound as at the valuation date, plus a risk margin. Gross and reinsurance cash-flows are modelled explicitly.

The best-estimate cash-flows and their underlying assumptions, are reviewed and approved on a quarterly basis at the Underwriting Committee, with further review undertaken at the quarterly Finance Committee.

For modelling purposes the business is segmented by:

- Branch – BHIIL operates in the UK, and has branches in Italy, Switzerland and Germany.
- Division – BHIIL groups business according to Berkshire Hathaway internal reporting divisions including: Berkshire Hathaway Reinsurance Group, Berkshire Hathaway Specialty Insurance, MedPro, and Faraday MGA Ltd.
- Distribution Channel – BHIIL writes business through numerous distribution channels; these distribution channels can vary according to each Division. They can broadly cover: underwriting teams (for business written directly), brokers (for facility business) and managing general agents.
- Class of Business – BHIIL writes multiple classes of business. Large speciality accounts are treated as distinct classes of business for modelling and reporting purposes.
- Year of account – Gross claims are modelled by year of account (i.e. generally the year in which the business incepts) as opposed to accident year (i.e. the year in which the business was earned).
- Loss type – There are three loss types modelled: attritional; large and catastrophe. Attritional losses are calculated in aggregate, while the large and catastrophe losses are calculated 'per event'. Large and catastrophe losses are grouped together for reporting purposes as 'atypical' losses.

The methodologies used to calculate the premiums, deductions, expenses and reinsurance cash-flows are the same for all classes of business. The methodologies used to calculate gross claims depend on the distribution channel and class of business, and are based on standard actuarial techniques such as chain-ladder, Bornhuetter-Ferguson and target loss ratio.

Premiums, and associated deductions (e.g. commission and brokerage), are calculated at policy level. Once a premium 'due date' passes it is removed from the technical provisions and moved to the 'payables' section of the balance sheet.

Expenses are assessed, at a minimum, at the Distribution Channel level and are estimated by the Finance team.

All cash-flows are calculated gross of discounting; the discounted present values are then calculated using the relevant payment pattern and currency yield curve.

Risk margin is calculated using the "cost of capital" approach – the cost of holding capital to support the technical provisions until their ultimate run-off.

The technical provisions are an output from a variety of sources including the stochastic business model; the figures reported in the QRTs are the mean of the distributions.

Differences between Solvency II Valuation and UK GAAP valuation

The material differences between the Solvency II valuation and the UK GAAP valuation as detailed in the table on page 27 are as a result of the following:

Technical Provisions – the liabilities for the statutory accounts are calculated using prudent methodologies and assumptions while the liabilities for the Solvency II accounts are calculated using technically compliant "best estimate" methodologies and assumptions. The main contributors to the difference in the two liability figures are:

- Pipeline premium is treated as a negative liability in the Solvency II balance sheet (and included in the technical provisions) whereas the pipeline premium is treated as an asset in the Statutory balance sheet.
- Discounting: the Solvency II technical provisions are discounted whereas the statutory technical provisions are not.

D.3 Other Liabilities

Other liabilities are valued for Solvency II purposes using the policies detailed below:

Insurance & intermediaries payables
Insurance & intermediaries payables are valued at the fair value of the amount payable. Due to the short-term nature of these amounts discounting is considered to be inappropriate.

Reinsurance payables
Reinsurance payables are valued at the fair value of the amount payable. Due to the short-term nature of these amounts discounting is considered to be inappropriate.

Payables (trade, not insurance)
Other payables are valued at the fair value of the amount payable. Due to the short term nature of these amounts discounting is considered to be inappropriate.

Deferred tax liability
A deferred tax liability results from the difference in value of the Statutory and Solvency II balance sheets. The deferred tax liability is calculated at the tax rate at which the liability is expected to be paid in the future.

Differences between Solvency II Valuation and UK GAAP valuation
The material differences between the Solvency II valuation and the UK GAAP valuation as detailed in the table on page 27 are as a result of the following:

Insurance Payables - Insurance payables exclude the value of inwards pipeline commissions due as these are included within the valuation of the technical provisions for solvency purposes.

Deferred taxation – The deferred tax liability arises due to the difference in valuation of the Statutory and Solvency II balance sheets.

Reinsurance Payables - Reinsurance payables exclude the value of outwards pipeline premiums due as these are included within the valuation of the technical provisions for solvency purposes.

D.4 Alternative methods for valuation

BHIIL does not use any alternative valuation methods**.**

E. Capital Management

E.1 Own Funds

The Company has put in place a Capital Management policy to ensure that 'Own Fund' items, both at issue and subsequently, meet the requirements of the Solvency II capital regime. The objectives of the policy are to ensure the Company has sufficient capital to meet its financial obligations, even under adverse conditions. More specifically, to outline the Company's risk appetite with regards to capital, to ensure there are clear lines of responsibility in respect of the Company's capital management, to ensure there are adequate models, systems, and processes in place to estimate and monitor capital requirements, and to ensure there are clearly defined triggers and subsequent actions at different levels of capital.

On a quarterly basis own funds are reviewed to ensure they continue to meet the Company's own solvency needs, and its regulatory obligations in respect of Solvency Capital Requirement and Minimum Capital Requirement. A three-year forward-looking time horizon is used for business planning purposes and any anticipated changes to the Company's business and risk profile are factored into the ORSA process to assess the solvency and capital needs over this business planning period.

Own Funds are the measurement of the available financial resources the Company has available to meet its regulatory SCR and MCR. All Own Funds are Tier 1 funds and consist of ordinary share capital and retained earnings. All of these Tier 1 Funds are classed as unrestricted and of a high quality.

Details of the Company's Own Funds as at 31 December 2022 and 31 December 2021 are disclosed in the table below.

The Solvency II Net Assets along with the UK GAAP equivalent is also presented.

Solvency II Own Funds and Net Assets with UK GAAP Equivalents

Year ended 31 Dec 2022	**Solvency II value $000**	**GAAP value $000**
Tier 1 Funds		
Called up share capital	432,998	432,998
Retained earnings	-	108,684
Reconciliation reserve	160,928	-
Total Basic Own Funds	**593,926**	**541,682**

Year ended 31 Dec 2021	**Solvency II value $000**	**GAAP value $000**
Tier 1 Funds		
Called up share capital	432,998	432,998
Retained earnings	-	117,801
Reconciliation reserve	141,452	-
Total Basic Own Funds	**574,450**	**550,799**

The reconciliation reserve represents the difference between the Solvency II valuation of the balance sheet and the statutory valuation under current UK GAAP.

The Company does not have any ancillary own funds.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

BHIIL uses the Standard Formula as the basis for calculating capital requirements having reviewed the assumptions underlying the formula and assessed them as appropriate.

The Company's Solvency Capital Requirement at 31 December 2022 is $151.2m (2021: $196.8m) and the Company's Minimum Capital at 31 December 2022 is $37.8m (2021: $49.2m).

Solvency Capital Requirement

	2022 $000	**2021 $000**	**Change $000**
Market risk	56,357	74,657	(18,300)
Counterparty default risk	22,977	25,456	(2,479)
Health underwriting risk	1,267	3,007	(1,740)
Non-life underwriting risk	88,466	102,312	(13,846)
Operational risk	38,832	46,691	(7,859)
Diversification credit	(39,625)	(49,795)	10,170
Loss absorbing capacity of deferred taxes	(17,098)	(5,548)	(11,550)
Solvency Capital Requirement	**151,176**	**196,780**	**(45,604)**

Minimum Capital Requirement

	2022 $000	**2021 $000**	**Change $000**
Linear MCR	37,073	43,018	(5,945)
MCR Cap (45% of SCR)	68,029	88,551	(20,522)
MCR floor (25% of SCR)	37,794	49,195	(11,401)
Absolute floor of the MCR	3,961	4,309	(348)
Minimum Capital Requirement	**37,794**	**49,195**	**(11,401)**

Year on year the Solvency Capital Requirement has decreased by $45.6m or 23%. This was largely as a result of the decrease in market risk ($18.3m) driven by a significant drop in the value of equities in the year and the decrease in non-life underwriting risk ($13.8m), due to lower General liability reserves. The SCR also decreased by ($11.6m) as a result of the increase in loss absorbing capacity of deferred tax during the year. This was offset partially by a decrease in diversification credit ($10.2m). The Minimum Capital requirement has also decreased in the reporting period, reflecting its calculation as a percentage of the Solvency Capital Requirement.

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

BHIIL has not opted to use the duration-based equity risk sub-module of the Solvency Capital Requirement.

E.4 Differences between the standard formula and internal model used

BHIIL applies the standard formula model and does not use an internal model to calculate the Solvency Capital Requirement.

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

There was no breach of the Solvency Capital Requirement (and hence the Minimum Capital Requirement) over the reporting period.

By reference to the Solvency Capital Requirement and the Minimum Capital Requirement, the Solvency II own funds substantially exceed the capital requirements. By these measures, BHIIL remains in a satisfactory capital position.

Appendix 1

Directors' Statements in respect of the SFCR

Berkshire Hathaway International Insurance Limited

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

Financial period ended 31 December 2022

We certify that:

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

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 at the level of 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.

Guy E Finney
Director

Christopher Colahan
Director

Stephen Michael
Director

Date: 6 April 2023

Appendix 2

Independent Auditors Report

REPORT OF THE EXTERNAL INDEPENDENT AUDITOR TO THE DIRECTORS OF BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED ('THE COMPANY') PURSUANT TO RULE 4.1 (2) OF THE EXTERNAL AUDIT CHAPTER OF THE PRA RULEBOOK APPLICABLE TO SOLVENCY II FIRMS

Report on the Audit of the relevant elements of the Solvency and Financial Condition Report ("SFCR")

Opinion

Except as stated below, we have audited the following documents prepared by the Company as at 31 December 2022:

- the 'Valuation for solvency purposes' and 'Capital Management' sections of the SFCR of the Company as at 31 December 2022, ('the Narrative Disclosures subject to audit'); and
- Solo templates S.02.01.02 , S.17.01.02, , S.23.01.01, S.25.01.21, 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 SFCR'.

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 'Executive summary', 'Business and performance', 'System of governance' and 'Risk profile' elements of the SFCR;
- Solo templates S.05.01.02, S.05.02.01
- the written acknowledgement by management of their responsibilities, including for the preparation of the SFCR ('the Responsibility Statement').

In our opinion, the information subject to audit in the relevant elements of the SFCR of the Company as at 31 December 2022 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, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK), 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 SFCR in the UK, including the Financial Reporting Council's (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.

Emphasis of Matter – Basis of Accounting

We draw attention to the 'Valuation for solvency purposes' and Capital Management sections of the SFCR, which describe the basis of accounting. The SFCR 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 SFCR is required to be published, and intended users include but are not limited to the PRA. As a result, the SFCR may not be suitable for another purpose. Our opinion is not modified in respect of these matters.

Conclusions relating to going concern

In auditing the SFCR, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the SFCR is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- evaluating management's stress and scenario testing and challenging management's key assumptions. With involvement of internal actuarial specialists, we assessed the governance over, and the production of, solvency monitoring information, and considered its consistency with other available information and our understanding of the business;
- evaluating management's assessment of the risks across the company through specific reference to the Own Risk and Solvency ("ORSA"), including solvency risk, liquidity risk, and operational matters;
- assessing the company's performance, capital position and the impact of climate change, inflationary environment, and economic uncertainty on the company's operations and balances; and
- assessing the going concern disclosures made by management in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the SFCR is authorised for issue.

Other Information

The Directors are responsible for the Other Information.

Our opinion on the relevant elements of the SFCR does not cover the Other Information and, we do not express an audit opinion or any form of assurance conclusion thereon.

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 SFCR, or our knowledge obtained in the course of 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 SFCR themselves. 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 SFCR in accordance with the financial reporting provisions of the PRA rules and Solvency II.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a SFCR 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 SFCR are prepared, in all material respects, with 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 SFCR 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) 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 SFCR.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: https://www.frc.org.uk/auditorsresponsibilities. The same responsibilities apply to the audit of the SFCR.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the SFCR. These included Solvency II as implemented in the UK, Prudential Regulation Authority ("PRA") regulation and HRMC legislation; and
- do not have a direct effect on the SFCR but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the Financial Conduct Authority ("FCA") regulations, Companies Act 2006 and related Company Law.

We discussed among the audit engagement team including relevant internal specialists such as actuarial and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing the SFCR disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, the Audit committee and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing correspondence with the PRA and FCA and reviewing internal audit reports.

Report on Other Legal and Regulatory Requirements

In accordance with Rule 4.1 (3) of the External Audit Chapter 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 Berkshire Hathaway International 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 relation to this matter.

Use of our Report

This report is made solely to the Directors of Berkshire Hathaway International Insurance Limited in accordance with Rule 4.1 (2) of the External Audit Chapter of the PRA Rulebook for Solvency II firms. We acknowledge that our report will be provided to the PRA for the use of the PRA solely for the purposes set down by statute and the PRA's rules. Our audit work has been undertaken so that we might state to the insurer's Directors those matters we are required to state to them in an auditor's report on the relevant elements of the SFCR and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the PRA, for our audit work, for this report or for the opinions we have formed.

Adam Ely

Adam Ely FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
6 April 2023

Appendix 3

Quantitative Reporting Templates (QRTs)

This appendix contains the following QRTs:

Entity	QRT Reference	QRT Name
BHIIL	S.02.01.02	Balance sheet
BHIIL	S.05.01.02	Premiums, claims and expenses by line of business
BHIIL	S.05.02.01	Premiums, claims and expenses by country
BHIIL	S.17.01.02	Non-life technical provisions
BHIIL	S.19.01.21	Non-life insurance claims
BHIIL	S.23.01.01	Own funds
BHIIL	S.25.01.21	Solvency capital requirement – for undertakings on Standard Formula
BHIIL	S.28.01.01	Minimum capital requirement – only

Berkshire Hathaway International Insurance Limited

Solvency and Financial Condition Report

Disclosures

31 December

2022

(Monetary amounts in USD thousands)

General information

Undertaking name	Berkshire Hathaway International Insurance Limited
Undertaking identification code	213800YK7U6HYI2WAU19
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	GB
Language of reporting	en
Reporting reference date	31 December 2022
Currency used for reporting	USD
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet
S.05.01.02 - Premiums, claims and expenses by line of business
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	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	900
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	800,230
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	92,771
R0110	*Equities - listed*	92,771
R0120	*Equities - unlisted*	
R0130	*Bonds*	562,968
R0140	*Government Bonds*	562,968
R0150	*Corporate Bonds*	0
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	143,501
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	991
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
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:	1,397,122
R0280	*Non-life and health similar to non-life*	1,397,122
R0290	*Non-life excluding health*	1,392,451
R0300	*Health similar to non-life*	4,671
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	0
R0360	Insurance and intermediaries receivables	48,863
R0370	Reinsurance receivables	29,421
R0380	Receivables (trade, not insurance)	13,579
R0390	Own shares (held directly)	
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	87,452
R0420	Any other assets, not elsewhere shown	678
R0500	**Total assets**	2,378,245

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	1,703,512
R0520	*Technical provisions - non-life (excluding health)*	1,698,090
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	1,667,679
R0550	*Risk margin*	30,412
R0560	*Technical provisions - health (similar to non-life)*	5,422
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	5,312
R0590	*Risk margin*	111
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	
R0750	Provisions other than technical provisions	8,734
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	17,098
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	6,872
R0830	Reinsurance payables	31,576
R0840	Payables (trade, not insurance)	16,528
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	
R0900	**Total liabilities**	1,784,319
R1000	**Excess of assets over liabilities**	593,926

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	240	23,301		57,454		63,531	100,442	240,058	0								485,027
R0120	Gross - Proportional reinsurance accepted	0	0		0		0	1,773	0	0								1,773
R0130	Gross - Non-proportional reinsurance accepted														24		435	459
R0140	Reinsurers' share	197	19,104		47,100		56,632	82,107	197,306	0					19		391	402,857
R0200	Net	43	4,197		10,354		6,900	20,107	42,752	0					4		45	84,402
	Premiums earned																	
R0210	Gross - Direct Business	182	33,958		91,342		61,863	100,128	216,279	0								503,751
R0220	Gross - Proportional reinsurance accepted	0	0		0		0	2,014	0	0								2,014
R0230	Gross - Non-proportional reinsurance accepted														24		1,440	1,464
R0240	Reinsurers' share	149	27,843		76,106		55,467	84,403	177,789	0					19		1,215	422,992
R0300	Net	33	6,115		15,235		6,396	17,739	38,489	0					4		226	84,237
	Claims incurred																	
R0310	Gross - Direct Business	102	36,165		69,876		69,764	34,149	68,805	-12								278,849
R0320	Gross - Proportional reinsurance accepted	0	0		0		0	-18,625	0	0								-18,625
R0330	Gross - Non-proportional reinsurance accepted														-3,138		-1,274	-4,413
R0340	Reinsurers' share	85	29,676		58,391		65,863	9,841	52,287	-9					-3,087		-1,445	211,602
R0400	Net	17	6,489		11,485		3,901	5,683	16,519	-2					-52		171	44,209
	Changes in other technical provisions																	
R0410	Gross - Direct Business	-4	624		-1,971		-156	1,780	926	0								1,198
R0420	Gross - Proportional reinsurance accepted	0	0		0		0	-157	0	0								-157
R0430	Gross - Non-proportional reinsurance accepted														0		0	0
R0440	Reinsurers' share	-4	432		-1,702		-156	330	-121	0					0		0	-1,221
R0500	Net	0	192		-269		0	1,292	1,047	0					0		0	2,262
R0550	**Expenses incurred**	9	649		3,722		1,118	3,184	9,057	0					12		43	17,794
R1200	**Other expenses**																	-174
R1300	**Total expenses**																	17,619

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			IL	IT	ZA	CH	US	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	384,808	9,133	29,924	14,268	19,528	4,511	462,173
R0120	Gross - Proportional reinsurance accepted	0	0	0	0	0	892	892
R0130	Gross - Non-proportional reinsurance accepted	76	0	0	0	0	306	382
R0140	Reinsurers' share	318,736	7,489	24,538	11,700	16,077	4,791	383,331
R0200	Net	66,149	1,644	5,386	2,568	3,451	919	80,117
	Premiums earned							
R0210	Gross - Direct Business	415,921	7,554	24,593	13,000	16,639	4,363	482,071
R0220	Gross - Proportional reinsurance accepted	0	0	0	0	0	881	881
R0230	Gross - Non-proportional reinsurance accepted	268	0	0	0	0	1,119	1,387
R0240	Reinsurers' share	348,168	6,194	20,166	10,660	13,705	5,327	404,221
R0300	Net	68,021	1,360	4,427	2,340	2,934	1,036	80,118
	Claims incurred							
R0310	Gross - Direct Business	220,976	7,325	9,929	3,636	25,777	-3,364	264,278
R0320	Gross - Proportional reinsurance accepted	0	0	0	0	1,206	326	1,532
R0330	Gross - Non-proportional reinsurance accepted	-918	0	0	0	517	455	53
R0340	Reinsurers' share	179,987	5,928	10,247	2,909	21,757	-1,588	219,240
R0400	Net	40,070	1,397	-317	727	5,743	-996	46,624
	Changes in other technical provisions							
R0410	Gross - Direct Business	606	282	-565	310	1,638	19	2,289
R0420	Gross - Proportional reinsurance accepted	0	0	0	0	0	-8	-8
R0430	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0440	Reinsurers' share	-806	89	-559	172	1,208	6	109
R0500	Net	1,412	193	-6	138	430	5	2,172
R0550	**Expenses incurred**	12,432	250	2,477	340	781	181	16,460
R1200	**Other expenses**							-174
R1300	**Total expenses**							16,286

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		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		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
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross	31	6,099		22,013		2,103	26,410	70,224	0			0		7		-60	126,827
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	26	4,894		17,710		1,475	20,447	55,640	0			0		0		-72	100,119
R0150	**Net Best Estimate of Premium Provisions**	5	1,205		4,303		628	5,963	14,585	0			0		7		12	26,708
	Claims provisions																	
R0160	Gross	159	-977		209,160		131,608	213,242	968,100	4			0		16,075		8,793	1,546,163
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	129	-378		179,123		122,977	190,970	782,098	3			0		13,733		8,346	1,297,003
R0250	**Net Best Estimate of Claims Provisions**	30	-600		30,037		8,631	22,272	186,001	1			0		2,342		447	249,160
R0260	**Total best estimate - gross**	190	5,121		231,173		133,711	239,652	1,038,324	4			0		16,082		8,733	1,672,990
R0270	**Total best estimate - net**	35	605		34,340		9,259	28,235	200,586	1			0		2,349		459	275,869
R0280	**Risk margin**	6	105		3,173		1,010	3,166	22,795	0			0		222		45	30,522
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	**Technical provisions - total**	196	5,226		234,346		134,721	242,819	1,061,119	4			0		16,304		8,778	1,703,512
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**	155	4,516		196,833		124,452	211,417	837,738	3			0		13,733		8,275	1,397,122
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**	41	710		37,513		10,269	31,401	223,381	1			0		2,571		503	306,391

S.19.01.21
Non-Life insurance claims

Total Non-life business

Z0020 **Accident year / underwriting year** Underwriting Year

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

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year					**Development year**							**In Current year**	**Sum of years (cumulative)**
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											2,133	2,133	2,133
R0160	2013	14,847	33,434	44,768	34,680	14,580	13,186	12,478	5,444	4,817	6,723		6,723	184,957
R0170	2014	8,762	107,744	36,199	16,723	22,980	6,983	4,470	7,401	4,670			4,670	215,932
R0180	2015	6,782	14,129	13,133	10,094	4,994	2,820	7,410	-1,177				-1,177	58,185
R0190	2016	7,005	38,457	44,457	61,041	35,633	16,481	11,941					11,941	215,014
R0200	2017	3,912	50,753	62,838	57,387	23,081	27,485						27,485	225,456
R0210	2018	12,316	88,185	41,717	28,679	23,729							23,729	194,626
R0220	2019	25,611	71,116	34,944	22,939								22,939	154,610
R0230	2020	16,631	78,415	45,150									45,150	140,197
R0240	2021	22,283	71,843										71,843	94,126
R0250	2022	16,384											16,384	16,384
R0260												**Total**	231,821	1,501,621

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year					**Development year**							**Year end (discounted data)**
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											91,842	70,111
R0160	2013	0	0	0	197,499	231,091	199,304	132,677	127,816	119,918	87,710		77,076
R0170	2014	0	0	237,053	140,703	100,358	83,337	66,082	70,956	60,232			53,666
R0180	2015	0	110,392	114,937	116,429	80,427	104,251	77,029	56,997				49,418
R0190	2016	107,840	201,347	229,382	241,062	170,090	163,867	124,033					108,934
R0200	2017	195,769	290,763	209,607	192,339	167,337	118,121						101,723
R0210	2018	178,508	259,666	218,774	231,574	234,273							200,481
R0220	2019	187,859	323,081	281,994	228,923								199,003
R0230	2020	211,272	395,541	318,659									274,733
R0240	2021	170,294	282,720										244,634
R0250	2022	144,318											124,316
R0260												**Total**	1,504,095

S.23.01.01

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)	432,998	432,998		0	
R0030	Share premium account related to ordinary share capital	0	0		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	160,928	160,928			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
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**	593,926	593,926	0	0	0
	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	593,926	593,926	0	0	0
R0510	Total available own funds to meet the MCR	593,926	593,926	0	0	
R0540	Total eligible own funds to meet the SCR	593,926	593,926	0	0	0
R0550	Total eligible own funds to meet the MCR	593,926	593,926	0	0	
R0580	**SCR**	151,176				
R0600	**MCR**	37,794				
R0620	**Ratio of Eligible own funds to SCR**	392.87%				
R0640	**Ratio of Eligible own funds to MCR**	1571.48%				
	Reconcilliation reserve	C0060				
R0700	Excess of assets over liabilities	593,926				
R0710	Own shares (held directly and indirectly)	0				
R0720	Foreseeable dividends, distributions and charges					
R0730	Other basic own fund items	432,998				
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0				
R0760	**Reconciliation reserve**	160,928				
	Expected profits					
R0770	Expected profits included in future premiums (EPIFP) - Life business	0				
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	12,553				
R0790	**Total Expected profits included in future premiums (EPIFP)**	12,553				

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	56,357		
R0020	Counterparty default risk	22,977		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	1,267		
R0050	Non-life underwriting risk	88,466		
R0060	Diversification	-39,625		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	129,442		

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	38,832
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	-17,098
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**	151,176
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	151,176
	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

	Approach to tax rate	C0109
R0590	Approach based on average tax rate	Yes

	Calculation of loss absorbing capacity of deferred taxes	LAC DT
		C0130
R0640	LAC DT	-17,098
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	-17,098
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	0

S.28.01.01

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	37,073

		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	35	15
R0030	Income protection insurance and proportional reinsurance	605	3,976
R0040	Workers' compensation insurance and proportional reinsurance	0	0
R0050	Motor vehicle liability insurance and proportional reinsurance	34,340	10,249
R0060	Other motor insurance and proportional reinsurance	0	0
R0070	Marine, aviation and transport insurance and proportional reinsurance	9,259	6,522
R0080	Fire and other damage to property insurance and proportional reinsurance	28,235	20,696
R0090	General liability insurance and proportional reinsurance	200,586	42,011
R0100	Credit and suretyship insurance and proportional reinsurance	1	0
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	0	0
R0150	Non-proportional casualty reinsurance	2,349	2
R0160	Non-proportional marine, aviation and transport reinsurance	0	0
R0170	Non-proportional property reinsurance	459	75

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	37,073
R0310	SCR	151,176
R0320	MCR cap	68,029
R0330	MCR floor	37,794
R0340	Combined MCR	37,794
R0350	Absolute floor of the MCR	3,961
R0400	**Minimum Capital Requirement**	37,794