HDI Global SE

2022 Solvency and Financial Condition Report

General information

HDI Global SE’s Solvency and Financial Condition Report reports monetary units in thousands of euro (EUR thousand) throughout. Previous year figures are shown in brackets.

Tables show monetary amounts equal to or less than EUR 0.5 thousand as a 0. Where figures are not available for the company, these are displayed in tables with a –.

Tables may include rounding differences of +/- one unit due to presentation in thousand euro and for mathematical reasons.

Contents

Summary

This report includes qualitative and quantitative information on HDI Global SE's solvency and financial condition as at the reporting date 31 December 2022. As part of the reporting required by regulatory authorities, it is intended directly for the public and aims to explain the key indicators and the accounting policies used for these under Solvency II. The report is structured in accordance with Article 290 et seqq. of the Commission Delegated Regulation (EU) 2015/35 with the chapters titled accordingly. The key indicators used to assess the company's solvency are based on an internal model. It thus adequately reflects the company's specific risk profile.

HDI Global SE's divisions essentially cover fire and other damage to property insurance, general liability insurance, marine, aviation and transport insurance and motor vehicle liability insurance, which account for the largest share of business in terms of premiums. Measured by premiums written, Germany, France, United Kingdom and Belgium are the most important geographical regions in which insurance business is generated. As at the reporting date, the net technical result before the equalisation reserve came to EUR 51,395 thousand. The combined ratio for own account was 97.7% for the reporting period. The company disclosed a profit transfer of EUR 117,743 thousand to the parent company for the financial year.

There were no material changes to the system of governance in the reporting period.

Risk management is an integral part of enterprise management and is subject to an ongoing improvement process. As part of proper risk management, all company risks are consistently defined, structured and systematically (in all operating processes, functions and at all hierarchy levels) and promptly recorded, assessed and monitored on a company-wide basis. The risk management process is complemented by the requirements of the limit and threshold system, which impose limits for the capital adequacy ratio and the key risk categories.

HDI Global SE's risk profile is described using the key categories market risk, underwriting risk, credit risk, liquidity risk and operational risk. It should be noted that defaults by issuers of securities are not included in credit risk but in market risk. The risks are quantified and risk-bearing capacity determined using the internal model. This was approved by the Federal Financial Supervisory Authority (BaFin) in November 2015. The expansion to include the components of operational risk was certificated in September 2019 and applied for the first time for the quarterly period for the reporting date as at 30 September 2019. The overall solvency needs of HDI Global SE, as a result of the internal model, came to EUR 1,816,067 thousand as at 31 December 2022. To ensure a complete view, all information from the risk management processes – including on risks that have been analysed only on a qualitative basis – is used for the assessment. This information is monitored and evaluated as part of the risk management processes. At 61.0%, the risk profile is dominated by market risk. The underwriting risk, including operational risk and the reinsurance default risk, accounts for 39.0% of total risk (after diversification). Various sensitivity calculations were carried out in the reporting year on the basis of the results of the internal model.

A dynamic volatility adjustment was applied at the end of 2022. This affects the own funds recognised on the opening balance sheet, as well as the company's capital at risk. At the start and in the risk step, the technical provisions were discounted not only risk-free but also with a spread. In the risk step, this spread is stochastic, resulting in a hedging effect with the asset-side spread risks in the overall balance sheet view. This reduces the estimate of the company's spread risk. Own funds are slower to respond to spread changes. At the end of 2022, these two effects increased the capital adequacy ratio (CAR) by 12.1 percentage points to 179.7%.

The solvency balance sheet shows the extent to which the obligations incurred by an insurance undertaking are covered by assets under certain risk assumptions. For this purpose, financial balance sheet positions under German commercial law are reassessed.

As at 31 December 2022, HDI Global SE had basic own funds of EUR 3,262,794 thousand. The company does not have any ancillary own funds within the meaning of Solvency II. Together with the SCR of EUR 1,816,067 thousand, the capital adequacy ratio (eligible own funds divided by the Solvency Capital Requirement) is 179.7%. The Minimum Capital Requirement is EUR 817,230 thousand.

In conclusion, HDI Global SE thus has a functioning governance system that is appropriate for managing risk and shows strong capitalisation for covering all risks.

In geopolitical terms, the focus remains primarily on the ongoing war in Ukraine and the potential for further escalation between Russia and the EU/the US in connection with this. Further sanctions against Russia or states that cooperate with Russia could impact global trade and financial markets. These are more volatile as a result of major uncertainty. In conjunction with other factors, the last few months saw low economic growth, far higher inflation and rising interest rates. Inflation also picked up on account of far higher energy prices at times.

We are fundamentally exposed to risks from the war in Ukraine. Resulting economic turbulence could hurt our customers, our subsidiaries and the Group. We also expect high levels of volatility on financial markets in 2023. Direct exposure in the areas affected by the crisis is rather moderate, both in terms of underwriting and investment.

Forward-looking analyses prepared as part of risk management regularly evaluate various scenarios, including escalations in geopolitical conflicts, and our potential responses to these developments. These also include analyses on resulting changes to the cyber threat level. As a result of the war in Ukraine, there were increased cyber activities against parties involved in the conflict, their allies and relevant key infrastructure. Potential effects on our IT systems are monitored.

There is also risk potential in connection with potential sanctions breaches, where developments are very dynamic. Corresponding risk mitigation measures have been taken, such as reviewing sanctions lists on an ongoing basis and passing on relevant information to operating units such as Underwriting, Claims and Sales.

Business and Performance

A.1 Business

Company information

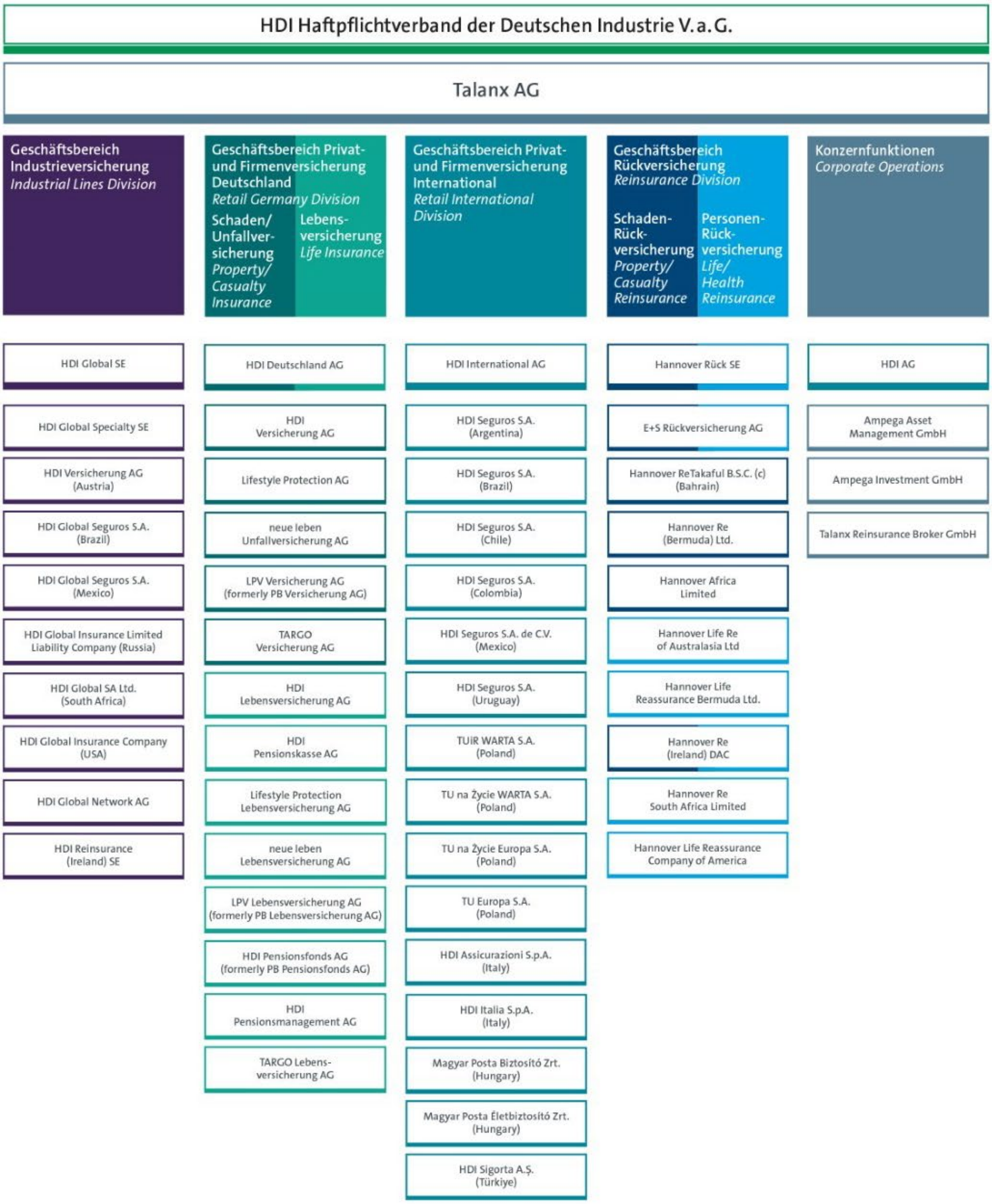
HDI Global SE has been a leading insurer for groups, industrial and medium-sized undertakings in Germany for decades. A strong and capable partner, the company covers all the needs of industrial and commercial customers in the trading, production and service sectors for tailored insurance solutions. As well as the company's excellent presence on the German market, it also operates in around 170 countries through its branches, subsidiaries, affiliates and network partners. In addition to its German branches, HDI Global SE also has branches outside of Germany in Athens, Brussels, Dublin, Hong Kong, Copenhagen, Labuan, London, Madrid, Milan, Oslo, Paris, Rotterdam, Singapore, Sydney, Tokyo, Toronto and Zurich. This means that the company can serve global customers using local policies, ensuring that the service and insurance can be provided around the world for all risks included.

HDI Global SE essentially operates in property, general liability, motor and transport insurance.

HDI Global SE is a part of the HDI Group and is responsible in this Group for industrial insurance. It is a subsidiary of Talanx AG and its head offices are located at HDI-Platz 1, 30659 Hannover, Germany. Talanx AG, also based at HDI-Platz 1, 30659 Hannover, Germany has a 100.0% interest in HDI Global SE. HDI Haftpflichtverband der Deutschen Industrie V.a.G. (HDI V.a.G.) is the ultimate parent undertaking of the HDI Group and is also based at HDI-Platz 1, 30659 Hannover, Germany. HDI V.a.G. owns 78.9% of the shares in Talanx AG.

The following diagram shows the position of the company within the HDI Group and the material Group companies:

KONZERNSTRUKTUR | GROUP STRUCTURE



Nur die wesentlichen Beteiligungen
Main participations only

Stand / As at: 31.12.2022

HDI Global SE is regulated by the Federal Financial Supervisory Authority. The BaFin is also responsible for regulating the entire HDI Group. The BaFin can be contacted at:

Address of the Federal Financial Supervisory Authority (BaFin):
Graurheindorfer Straße 108
53117 Bonn Germany

Alternatively:
P. O. Box 1253
53002 Bonn, Germany

Contact information for the Federal Financial Supervisory Authority (BaFin):
Telephone: 0228 41080
Fax: 0228 41081550

E-mail: poststelle@bafin.de or Germany e-mail: poststelle@bafin.de-mail.de

The auditors appointed by the Supervisory Board are Pricewaterhouse Coopers GmbH Wirtschaftsprüfungsgesellschaft, Fuhrberger Straße 5, 30625 Hannover, Germany.

The following table gives an overview of the key holdings in related undertakings and participations. This information may differ slightly from the solvency balance sheet in chapter D:

Name/legal form/country	Share of capital in % [1]
Caplantic AIF, SICAV-SIF S.C.Sp., Luxembourg	24.7
Credit Suisse (Lux) Gas Transit Switzerland SCS, Luxembourg	16.3
Credit Suisse (Lux) Wind Power Central Norway SCS, Luxembourg	10.9
Extremus Versicherungs-Aktiengesellschaft, Germany	13.0
Ferme Eolienne des Mignaudieres SNC, France	99.9
Funderburk Lighthouse Limited, Cayman Islands	100.0
HDI AI EUR Beteiligungs-GmbH, Germany	100.0
HDI AI USD Beteiligungs-GmbH, Germany	100.0
HDI Global Insurance Company, USA	100.0
HDI Global Insurance Limited Liability Company, Russia	100.0
HDI Global Network AG, Germany	100.0
HDI Global Network AG Escritório de Representaçao no Brasil Ltda, Brazil	100.0
HDI Global SA Ltd., South Africa	100.0
HDI Global SE - UK Services Limited, UK	100.0
HDI Global Seguros S.A., Mexico	100.0
HDI Global Seguros S.A., Brazil	100.0
HDI Global Specialty Holding GmbH, Germany	100.0
HDI Global Specialty Schadenregulierung GmbH, Germany	100.0
HDI Global Specialty SE, Germany	100.0
HDI Reinsurance (Ireland) SE, Ireland	100.0
HDI Risk Consulting GmbH, Germany	100.0
HDI Specialty Insurance Company, USA	100.0
HDI Versicherung AG, Austria	89.7
Heuberg S.L., Spain	15.0
IVEC Institutional Venture and Equity Capital GmbH, Germany	23.8
Le Souffle des Pellicornes S.N.C, France	100.0
Magma HDI General Insurance Ltd., India	15.2
Petro Vietnam Insurance Holdings Joint Stocks Corporation, Vietnam	51.0
Riethorst Grundstücksgesellschaft AG & Co. KG, Germany	50.0
Talanx Infrastructure France 1 GmbH, Germany	100.0
Talanx Infrastructure Portugal GmbH, Germany	30.0
Teko - Technisches Kontor für Versicherungen GmbH, Germany	12.0
Windfarm Bellheim GmbH & Co. KG, Germany	15.0
Windpark Vier Fichten GmbH & Co. KG, Germany	100.0
WP Berngerode GmbH & Co. KG, Germany	20.0
WP Mörsdorf Nord GmbH & Co. KG, Germany	25.0

[1] The shareholding is calculated by adding together all directly and indirectly held shares.

Material transactions

The reporting year was marked by the natural catastrophe events of flooding in Australia and hurricane “Ian”, as well as higher loss expenses due to inflation. Despite the losses that resulted from this, the net technical result improved compared to the previous year and was higher than expected. In particular, profitability measures and the ongoing hard market phase are having a positive effect on the combined ratio. The expense ratio was slightly below the previous year’s figure. Net investment income was higher than expected and made a positive contribution to net income for the year.

To regulate the restructuring in the customer segment with annual sales of less than EUR 20,000 thousand, HDI Global SE sold the remaining renewal rights to its business with small and medium-sized companies from the broker portfolio to HDI Versicherung AG.

A.2 Underwriting performance

The net technical result before the equalisation reserve is shown in the following pages to chapter A.2.

In addition, it should also be noted that the HGB figures shown here are, in accordance with the Solvency II allocation, to some extent different from the breakdown under the German Regulation on the Accounting of Insurance Companies (Verordnung über die Rechnungslegung von Versicherungsunternehmen - RechVersV) and so can be compared against HDI Global SE's annual report only to a limited extent.

The following table shows gross written premium for HDI Global SE as a whole in the financial year:

Divisions	2022 EUR thousand, gross	Share in %
Fire and other damage to property insurance	2,741,324	47%
General liability insurance	1,986,501	34%
Marine, aviation and transport insurance	497,917	9%
Motor vehicle liability insurance	320,855	6%
Other motor insurance	159,679	3%
Income protection insurance	65,086	1%
Legal expenses insurance	24,973	0%
Credit and suretyship insurance	52	0%
Annuities stemming from non-life insurance contracts and relating to health insurance obligations	0	0%
Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	0	0%
Total	5,796,388	100%

The overall business and the three most important divisions are explained below in qualitative and quantitative terms on a net basis. The signs convention in accordance with the BaFin Guidance Notice on Solvency II reporting for primary and reinsurance undertakings and insurance groups requires a positive figure where the change is negative (decrease in other technical provisions that result in income) and a negative figure where the change is positive (increase in other technical provisions that result in an expense).

Total	2022 EUR thousand, net	2021 EUR thousand, net
Premiums written	2,277,349	2,154,343
Premiums earned	2,220,326	2,087,910
Claims incurred	1,545,177	1,514,159
Changes in other technical provisions	13,313	41,266
Administrative expenses	396,560	353,012
Loss adjustment expenses	214,073	177,071
Acquisition expenses	18,828	42,198
Expenses for premium refunds	2,221	674
Other technical income	7,291	4,887
Other technical expenses	12,675	3,103
Net technical result	51,395	43,845

Written premium for HDI Global SE rose by 5.7% in the reporting period to EUR 2,277,349 (2,154,343) thousand, with premiums earned also rising by 6.3% to EUR 2,220,326 (2,087,910) thousand. This primarily reflects portfolio growth in liability, all-risk and engineering insurance attributable to the fire and other damage to property insurance division. Most of this upturn was generated abroad. Premiums in the marine, aviation and transport insurance division declined due to a change in the reinsurance structure.

At EUR 1,545,177 (1,514,159) thousand, claims incurred were higher than in the previous year. With a gain of EUR 423,812 (316,564) thousand, the run-off result was up on the previous year, with loss expenses for the current accident year also rising by EUR 138,266 thousand to EUR 1,968,989 (1,830,723) thousand. This shift between run-off and losses for the year was generated chiefly by the general liability insurance division. Only the marine, aviation and transport insurance division saw loss expenses decline on account of the changes to the reinsurance structure.

Other technical provisions amounted to EUR 13,313 (41,266) thousand, a change of EUR 27,953 thousand. This was driven mainly by a reversal of provisions for premium adjustments of turnover-based contracts as part of the Covid-19 pandemic in the previous year.

In accordance with cost unit accounting, administrative expenses of EUR 396,560 (353,012) thousand comprised EUR 96,220 (92,722) thousand in acquisition costs and EUR 300,340 (260,291) thousand in administrative expenses.

Expenses for loss adjustment increased against the previous period and came to EUR 214,073 (177,071) thousand, EUR 95,355 (59,314) thousand of which is attributed to external loss adjustment expenses, EUR 106,497 (103,344) thousand to internal loss adjustment expenses and EUR 12,221 (14,413) thousand to the change in provisions for loss adjustment.

The acquisition costs listed above of EUR 18,828 (42,198) thousand were commission paid comprising acquisition commission of EUR 31,535 (46,247) thousand and administration commission of EUR -12,706 (-4,049) thousand. This decrease was seen primarily in the marine, aviation and transport insurance divisions as a result of changes to the reinsurance structure.

Overall, other technical expenses increased by EUR 7,046 thousand to EUR 12,675 (3,103) thousand as a result of changes to the recognition of some reinsurance commission in France, which is now included in acquisition costs.

The net technical result for the financial year improved by EUR 7,549 thousand to EUR 51,395 (43,845) thousand thanks to successful portfolio measures and profitable new business. The very good development of frequency loss expenses also helped offset the negative impact of inflation and the large loss burden due to natural catastrophe events, primarily flooding in Australia and hurricane “Ian”.

Material divisions

The most important divisions – fire and other damage to property insurance, general liability insurance and marine, aviation and transport insurance – are explained in more detail below.

Fire and other damage to property insurance

Fire and other damage to property insurance	2022 EUR thousand, net	2021 EUR thousand, net
Premiums written	792,014	686,207
Premiums earned	765,568	649,370
Claims incurred	573,524	547,589
Changes in other technical provisions	7,394	26,622
Administrative expenses	181,737	162,663
Loss adjustment expenses	54,644	69,313
Acquisition expenses	-44,675	-42,870
Expenses for premium refunds	2,689	2,263
Other technical income	5,018	2,982
Other technical expenses	10,925	3,879
Net technical result	-865	-63,863

HDI Global SE's fire insurance division includes the fire line and other damage to property insurance includes the multi risk, engineering insurance and comprehensive householders insurance lines. In total, this other property insurance accounts for EUR 237,353 (229,903) thousand of written premium of EUR 792,014 (686,207) thousand. Premiums earned totalled EUR 765,568 (649,370) thousand, with EUR 229,810 (214,649) thousand of this attributable to the other damage to property insurance division. New business and additional premiums thanks to rate increases had a particularly positive impact. Growth was generated both in Germany and abroad, with countries outside Germany accounting for the majority.

At EUR 573,523 (547,589) thousand, net claims incurred rose year on year. This rise is the result both of higher loss expenses for the current accident year and lower run-off income.

Other technical provisions amounted to EUR 7,394 (26,622) thousand, a decline of EUR 19,228 thousand. This was driven mainly by a reversal of provisions for premium adjustments of turnover-based contracts as part of the Covid-19 pandemic in the previous year.

In accordance with cost unit accounting, administrative expenses were up on the previous year at EUR 181,737 (162,663) thousand and comprised EUR 43,084 (41,322) thousand in administrative expenses related to acquisition activities and EUR 138,653 (121,341) thousand in general administrative expenses.

Expenses for loss adjustment amounted to EUR 54,644 (69,313) thousand, EUR 16,190 (13,849) thousand of which is attributed to external loss adjustment expenses, EUR 36,411 (33,978) thousand to internal loss adjustment expenses and EUR 2,043 (21,486) thousand to the change in provisions for loss adjustment.

The acquisition costs of EUR -44,675 (-42,870) thousand, which comprise acquisition commission of EUR 10,271 (15,615) thousand and administration commission of EUR -54,946 (-58,485) thousand, were down EUR 1,805 thousand year on year.

Overall, other technical expenses increased by EUR 7,046 thousand to EUR 10,925 (3,879) thousand as a result of changes to the recognition of some reinsurance commission in France, which is now included in acquisition costs.

The loss in the net technical result before the equalisation reserve of HDI Global SE declined to EUR 865 (63,863) thousand despite large losses from natural catastrophe events, primarily flooding in Australia and hurricane "Ian", thanks to higher-than-average premium growth.

General liability insurance

General liability insurance	2022 EUR thousand, net	2021 EUR thousand, net
Premiums written	944,309	821,967
Premiums earned	918,005	800,633
Claims incurred	621,063	581,158
Changes in other technical provisions	3,381	14,407
Administrative expenses	119,407	102,652
Loss adjustment expenses	106,870	60,061
Acquisition expenses	35,869	27,644
Expenses for premium refunds	-7	-192
Other technical income	254	998
Other technical expenses	1,432	-575
Net technical result	37,006	45,289

Written premium in the general liability insurance division equalled EUR 944,309 (821,967) thousand, a 14.9% year-on-year increase. Growth was the result both of new business and rate increases in Germany abroad, with countries outside Germany accounting for the majority. The division comprises the general liability insurance, personal liability, financial loss liability, D&O (directors & officers), crisis management and cyber lines. The general liability insurance line accounts for the greatest share with EUR 937,366 (812,935) thousand. The general liability insurance line generated EUR 908,223 (793,759) thousand of the total premium earned of EUR 918,005 (800,633) thousand.

There was an increase in claims incurred to EUR 621,063 (581,158) thousand, mainly due to an increase in loss expenses for the current accident year that cannot be fully offset by an improved run-off result.

Other technical provisions decreased to EUR 3,381 (14,407) thousand. This was driven mainly by a reversal of provisions for premium adjustments of turnover-based contracts as part of the Covid-19 pandemic in the previous year.

In accordance with cost unit accounting, administrative expenses of EUR 119,407 (102,652) thousand comprised EUR 34,547 (32,825) thousand in administrative expenses related to acquisition activities and EUR 84,860 (69,828) thousand in general administrative expenses.

Expenses for loss adjustment rose to EUR 106,870 (60,061) thousand, EUR 62,047 (26,569) thousand of which is attributed to external loss adjustment expenses, EUR 36,405 (33,458) thousand to internal loss adjustment expenses and EUR 8,418 (35) thousand to the change in provisions for loss adjustment.

The acquisition costs of EUR 35,869 (27,644) thousand, which comprise acquisition commission of EUR 14,686 (22,015) thousand and administration commission of EUR 21,183 (5,629) thousand, were up EUR 8,226 thousand year on year.

With a gain of EUR 37,006 (45,289) thousand, the net technical result before the equalisation reserve had a positive impact on the company’s result thanks to successful portfolio measures and profitable new business and despite higher loss expenses due to inflation.

Marine, aviation and transport insurance

Marine, aviation and transport insurance	2022 EUR thousand, net	2021 EUR thousand, net
Premiums written	87,814	213,800
Premiums earned	92,394	208,218
Claims incurred	36,635	101,923
Changes in other technical provisions	3,806	1,339
Administrative expenses	39,188	36,897
Loss adjustment expenses	13,140	16,939
Acquisition expenses	-4,809	24,986
Expenses for premium refunds	868	2,634
Other technical income	8	24
Other technical expenses	37	-448
Net technical result	11,147	26,650

The marine, aviation and transport insurance division comprises largely the marine and transport insurance line since 2018 due to a full cession of the aviation line to HDI Reinsurance (Ireland) SE and HDI Global Specialty SE respectively. At EUR 87,814 (213,800) thousand and EUR 92,394 (208,218) thousand respectively, both premiums written and premiums earned declined year on year, essentially due to establishing a reinsurance quota share with HDI Reinsurance (Ireland) SE on direct written business.

Claims incurred declined year on year to EUR 36,635 (101,923) thousand, the result chiefly of lower loss expenses in connection with the changes to the reinsurance structure.

Other technical provisions increased to EUR 3,806 (1,339) thousand. This was driven mainly by an increase in cancellation provisions in the reporting year and a reversal of provisions for premium adjustments of turnover-based contracts as part of the Covid-19 pandemic in the previous year.

In accordance with cost unit accounting, administrative expenses of EUR 39,188 (36,897) thousand comprised EUR 9,280 (9,673) thousand in administrative expenses related to acquisition activities and EUR 29,908 (27,224) thousand in general administrative expenses.

Expenses for loss adjustment amounted to EUR 13,140 (16,939) thousand, EUR 2,349 (7,418) thousand of which is attributed to external loss adjustment expenses, EUR 11,822 (11,779) thousand to internal loss adjustment expenses and EUR -1,031 (-2,258) thousand to the change in provisions for loss adjustment.

The acquisition costs of EUR -4,809 (24,986) thousand, which comprise acquisition commission of EUR 4,099 (5,424) thousand and administration commission of EUR -8,908 (19,562) thousand, decreased by EUR 29,795 thousand year on year due to changes to the reinsurance structure.

With a gain of EUR 11,147 (26,650) thousand, the net technical result before the equalisation reserve had a positive impact on the company’s result.

Geographical areas

HDI Global SE has branches in key foreign target markets in order to ensure local presence for international customers. This allows HDI Global SE to generate additional growth opportunities outside its German domestic market both in new markets and in new customer segments. Chapter A.1 lists HDI Global SE's branches.

The comment on the branches as material geographical areas is not the same as the presentation of the geographical areas in the S.05.02 template. The S.05.02 template was filled out in accordance with the requirements of Annex 2 (notes on templates for individual undertaking reporting) pursuant to the Commission Implementing Regulation (EU) 2015/2450 dated 2 December 2015.

The four key geographical areas of business by written premium are:

- Germany
- France
- United Kingdom
- Belgium

The key geographical areas Germany, France, the UK and Belgium are explained in more detail below.

Germany

Germany	2022 EUR thousand, net	2021 EUR thousand, net
Premiums written	1,373,419	1,427,736
Premiums earned	1,370,015	1,341,680
Claims incurred	1,070,069	1,177,957
Changes in other technical provisions	8,421	50,813
Administrative expenses	246,308	218,913
Loss adjustment expenses	128,980	92,271
Acquisition expenses	50,952	70,098
Expenses for premium refunds	-669	-4,401
Other technical income	159	372
Other technical expenses	3,879	3,531
Net technical result	-120,925	-165,503

Written premium in Germany declined by 3.8% to EUR 1,373,419 (1,427,736) thousand. The divisions fire and other damage to property insurance (EUR 415,358 (402,678) thousand), motor vehicle liability insurance and other motor insurance (EUR 340,017 (345,566) thousand) and general liability insurance (EUR 544,920 (528,363) thousand) account for most business in Germany. One major reason for the decline in premiums as a whole was the change to the reinsurance structure in the marine, aviation and transport insurance division, which resulted in a decrease of EUR 78,166 thousand to EUR 36,312 (114,428) thousand. Premium earned equalled EUR 1,370,015 (1,341,680) thousand and saw a particular increase in the general liability insurance and fire and other damage to property insurance divisions.

Claims incurred declined year on year to EUR 1,070,069 (1,177,957) thousand, with particular decreases seen in the general liability insurance and marine, aviation and transport insurance divisions.

Other technical provisions amounted to EUR 8,421 (50,813) thousand, a change of EUR 42,392 thousand. This was driven mainly by a reversal of provisions for premium adjustments of turnover-based contracts as part of the Covid-19 pandemic in the previous year.

In accordance with cost unit accounting, administrative expenses comprise acquisition costs and administrative expenses. At EUR 246,308 (218,913) thousand, these were higher than in the prior year. The acquisition costs amounted to EUR 52,478 (52,517) thousand and administrative expenses to EUR 193,831 (166,396) thousand.

Expenses for loss adjustment amounted to EUR 128,980 (92,271) thousand, EUR 48,382 (21,978) thousand of which is attributed to external loss adjustment expenses, EUR 73,011 (71,148) thousand to internal loss adjustment expenses and EUR 7,587 (-855) thousand to the change in provisions for loss adjustment.

The acquisition costs of EUR 50,952 (70,098) thousand were commission comprising acquisition commission of EUR 12,621 (17,980) thousand and administration commission of EUR 38,331 (52,118) thousand.

Expenses for premium refunds decreased by EUR 11,586 thousand on the previous year to EUR -669 (-4,401) thousand, still mainly a result of the partial reversal of a provision in 2021 and 2022 in the motor vehicle liability insurance division that had been recognised in 2020 on account of the Covid-19 pandemic.

The net technical result before the equalisation improved, chiefly in the general liability insurance division, to EUR -120,925 (-165,503) thousand.

France

France	2022 EUR thousand, net	2021 EUR thousand, net
Premiums written	193,585	150,509
Premiums earned	188,172	146,664
Claims incurred	121,853	64,029
Changes in other technical provisions	378	-165
Administrative expenses	24,633	23,459
Loss adjustment expenses	15,993	16,653
Acquisition expenses	-1,486	1,905
Expenses for premium refunds	0	-
Other technical income	3,132	1,130
Other technical expenses	-15	-6,037
Net technical result	30,703	47,620

Written premium in France amounted to EUR 193,585 (150,509) thousand in 2022. Most of this came from the general liability insurance (EUR 90,624 (73,958) thousand) and fire and other damage to property insurance (EUR 61,763 (50,335) thousand) divisions. Premiums increased by a total of 28.6% compared to the prior year. The primary growth driver was the general liability insurance division. Premium earned equalled EUR 188,172 (146,664) thousand.

Claims incurred totalled EUR 121,853 (64,029) thousand in the current year and comprised loss expenses for the current accident year of EUR 113,894 (75,860) thousand and a run-off loss of EUR 7,959 (-11,831) thousand. Higher expenses were chiefly attributable to the general liability insurance, motor vehicle liability insurance and fire and other damage to property insurance divisions.

In accordance with cost unit accounting, administrative expenses of EUR 24,633 (23,459) thousand in 2022 comprised EUR 8,405 (7,806) thousand in acquisition costs and EUR 16,228 (15,653) thousand in administrative expenses.

Of the EUR 15,993 (16,653) thousand in loss adjustment expenses, EUR 13,835 (7,957) thousand of this can be attributed to external and EUR 4,121 (4,155) thousand to internal loss adjustment expenses. In addition, the provision for loss adjustment expenses decreased by EUR 1,962 (-4,542) thousand.

The acquisition costs of EUR -1,486 (1,905) thousand incurred in 2022 were commission comprising acquisition commission of EUR 2,960 (3,708) thousand and administration commission of EUR -4,445 (-1,803) thousand.

Other technical expenses increased by EUR 6,022 thousand to EUR -15 (-6,037) thousand as a result of changes to the recognition of some reinsurance commission, which is now included in acquisition costs.

With a gain of EUR 30,703 (47,620) thousand, the net technical result in France had a positive impact on the company's result. The lower gain compared to the previous year was essentially the result of the higher claims incurred described above, which were not offset by the rise in premiums.

United Kingdom

United Kingdom	2022 EUR thousand, net	2021 EUR thousand, net
Premiums written	19,522	-52,101
Premiums earned	17,060	4,874
Claims incurred	34,853	-992
Changes in other technical provisions	-164	-878
Administrative expenses	23,501	19,496
Loss adjustment expenses	7,488	489
Acquisition expenses	-22,984	-34,007
Expenses for premium refunds	-	-
Other technical income	1,095	912
Other technical expenses	-1,459	-778
Net technical result	-23,407	20,700

Written premium in the UK amounted to EUR 19,522 (-52,101) thousand in 2022, essentially reflecting an intragroup reinsurance agreement. The portfolio in the current year essentially breaks down as follows: General liability insurance accounted for EUR 8,849 (-24,385) thousand, motor vehicle liability insurance for EUR 4,968 (-11,988) thousand and fire and other damage to property insurance for EUR 3,883 (-12,258) thousand. Premiums earned equalled EUR 17,060 (4,874) thousand in 2022.

Claims incurred totalled EUR 34,853 (-992) thousand and comprised loss expenses for the current accident year of EUR 13,260 (15,971) thousand and a run-off loss of EUR 21,593 (-16,963) thousand. The rise in claims incurred can also be attributed to Brexit and the associated intragroup reinsurance solution. This primarily affected the general liability insurance division.

In accordance with cost unit accounting, administrative expenses of EUR 23,501 (19,496) thousand comprised EUR 6,487 (5,487) thousand in acquisition costs and EUR 17,015 (14,008) thousand in administrative expenses.

Of the EUR 7,488 (489) thousand in loss adjustment expenses, EUR 1,455 (981) thousand of this can be attributed to external and EUR 4,568 (4,522) thousand to internal loss adjustment expenses. In addition, the provision for loss adjustment expenses rose by EUR 1,464 (-5,014) thousand. The change in external loss adjustment expenses is also an effect of Brexit.

The acquisition costs of EUR -22,984 (-34,007) thousand were commission comprising acquisition commission of EUR 2,768 (4,191) thousand and administration commission of EUR -25,752 (-38,198) thousand. The income from acquisition costs is the result of the intragroup reinsurance solution due to Brexit.

With a loss of EUR -23,47 (20,700) thousand, the net technical result in the United Kingdom had a negative impact on the company's result. The year-on-year deterioration chiefly reflected run-off losses in the general liability insurance division.

Belgium

Belgium	2022 EUR thousand, net	2021 EUR thousand, net
Premiums written	87,544	88,786
Premiums earned	82,295	85,237
Claims incurred	44,973	32,666

Changes in other technical provisions	392	-1,328
Administrative expenses	10,551	9,438
Loss adjustment expenses	12,401	3,832
Acquisition expenses	-3,475	797
Expenses for premium refunds	629	2,171
Other technical income	22	21
Other technical expenses	-739	-363
Net technical result	18,369	35,389

Written premium in Belgium amounted to EUR 87,544 (88,786) thousand in 2022. They comprise the general liability insurance (EUR 38,187 (34,381) thousand), fire and other damage to property insurance (EUR 31,087 (24,891) thousand) and marine, aviation and transport insurance (EUR 17,902 (29,253) thousand) divisions. The 1.4% year-on-year premium decline was the result of the decrease in the marine, aviation and transport insurance division and was not fully offset by increases in the general liability insurance and fire and other damage to property insurance divisions. Premium earned equalled EUR 82,295 (85,237) thousand.

Claims incurred totalled EUR 44,973 (32,666) thousand and comprised loss expenses for the current accident year of EUR 64,968 (54,010) thousand and a run-off gain of EUR 19,995 (21,344) thousand. Of the EUR 12,401 (3,832) thousand in loss adjustment expenses, EUR 6,455 (5,695) thousand of this can be attributed to external and EUR 3,360 (3,169) thousand to internal loss adjustment expenses. In addition, the provisions for loss adjustment expenses rose by EUR 2,586 (-5,032) thousand. Higher loss expenses were primarily attributable to the general liability insurance division.

In accordance with cost unit accounting, administrative expenses of EUR 10,551 (9,438) thousand comprised EUR 2,623 (2,586) thousand in acquisition costs and EUR 7,928 (6,852) thousand in administrative expenses.

The acquisition costs of EUR -3,475 (797) thousand were commission comprising acquisition commission of EUR 2,418 (2,633) thousand and administration commission of EUR -5,893 (-1,836) thousand. The income from acquisition costs compared to the previous year came from the marine, aviation and transport insurance division.

Expenses for premium refunds decreased by EUR 1,542 thousand year on year to EUR 629 (2,171) thousand, primarily in the marine, aviation and transport insurance division.

With a gain of EUR 18,369 (35,389) thousand, the net technical result in Belgium had a positive impact on the company’s result. The deterioration compared to the previous year was shaped mainly by the claims development in the general liability insurance division described.

A.3 Investment performance

HDI Global SE's net investment income in accordance with HGB totalled EUR 242,934 (308,744) thousand in the 2022 financial year. This corresponds to a net return of 2.6% (3.7%) and includes general income and expenses (not allocated) of EUR -8,803 (-8,600) thousand, which essentially comprise administrative expenses.

There is also interest income from deposits to cedants of EUR 291 (94) thousand, which is not shown in the table for 2022 below.

Income and expenses, broken down by the individual asset classes, are shown in the table below. The general expenses/income stated above (not allocated) are not to be assigned to any of the asset classes. Where available, the real estate item includes both property for own use and rented property and so the portfolio stated and the related earnings figures match the disclosures under commercial law in the annual report.

	Ordinary income		Ordinary expenses		Extraordinary income		Extraordinary expenses		Accounting result	
EUR thousand	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Real estate	13,391	13,481	7,508	8,018	3,759	6,781	-	-	9,643	12,245
Holdings in related undertakings, including participations	131,549	178,484	0	15	811	1,299	158	1,753	132,203	178,016
Equities – listed	129	111	-	-	-	-	-	-	129	111
Equities – unlisted	-	-	-	-	-	-	-	-	-	-
Government Bonds	17,839	14,301	-	-	1,388	2,166	7,759	3,670	11,467	12,797
Corporate Bonds	74,904	64,225	-	-	7,063	11,943	22,694	14,351	59,272	61,817
Structured notes	-	-	-	-	-	-	-	-	-	-
Collateralised securities	9,896	6,478	-	-	63	23	1	0	9,958	6,500
Collective investment undertakings	18,221	63,046	10	-	4,813	2,861	1,157	26,261	21,867	39,647
Derivatives	-	-	-	-	-	-	-	-	-	-
Deposits other than cash equivalents	1,093	232	204	343	-	-	-	-	890	-110
Loans on policies	-	-	-	-	-	-	-	-	-	-
Loans/mortgages (excluding loans on policies)	6,313	5,735	-	0	1	0	6	2	6,307	5,733
Cash (and cash equivalents)*	-	-	-	-	-	-	-	-	-	-
Income/expenses (not allocated)	158	184	8,961	8,196	-	-	-	-	-8,803	-8,012
Total	273,493	346,279	16,682	16,572	17,898	25,072	31,775	46,036	242,934	308,744

*Excluding current account balances.

Ordinary income, which results chiefly from income from profit pooling/transfer of EUR 105,602 thousand and coupon payments on government bonds and corporate bonds, came to EUR 273,493 (346,279) thousand as at 31 December 2022. This was offset by ordinary expenses of EUR 16,682 (16,572) thousand.

Accordingly, ordinary net income was generated of EUR 256,811 (329,707) thousand. The current average interest yield reached 2.8% (3.8%).

The extraordinary result of EUR -13,877 (-20,964) thousand comprises extraordinary income (realised gains and reversals of impairment losses for investments) of EUR 17,898 (25,072) thousand and extraordinary expenses (realised losses, impairment losses and other expenses for investments) of EUR 31,775 (46,036) thousand.

EUR 16,416 (24,898) thousand in gains were realised in the reporting year, primarily in two bond items and the sale of a property in Belgium.

Realised losses came to EUR 21,586 (10,836) thousand and arose chiefly as a result of disposing of bearer bonds and loans to related undertakings. Impairment losses of EUR 10,189 (35,199) thousand were also to be recognised.

In accordance with accounting under German commercial law, no company gains and losses reported directly in equity are to be recognised.

Information on investments in securitisations (based on market value, including holdings in special funds)

As at 31 December 2022, HDI Global SE held EUR 340,453 thousand in loan securitisations.

A.4 Performance of other activities

Other business

Other business presents the other material income and expenses that arose during the reporting period.

Technical interest income was EUR 108 (330) thousand.

In addition, other income totalled EUR 85,951 (80,204) thousand and essentially comprised EUR 43,756 (43,931) thousand in income from services and EUR 4,369 (15,378) thousand in income from the reversal of specific and general impairment losses. There were also other expenses of EUR 190,859 (185,956) thousand.

The extraordinary result came to EUR 0 (-1,500) thousand and includes extraordinary expenses from restructuring. Income taxes amounted to EUR 55,593 (45,848) thousand. These include actual taxes for the financial year for the foreign branches of EUR 55,036 thousand. Expenses from German income taxes came to EUR 301 thousand and essentially relates to creditable withholding tax.

Of the Other taxes item, EUR 8,936 (5,532) thousand relates to expenses from the foreign branches and EUR 6,903 thousand to German income from other taxes (of which, property tax accounts for EUR 531 thousand and insurance and fire protection tax for EUR 10,209 thousand), putting total expenses from Other taxes at EUR 15,840 (4,952) thousand.

Leases

HDI Global SE’s foreign branches have exclusively operating leases for offices used by the branches themselves, operating and office equipment and for vehicles.

A.5 Any other information

Thanks to the profit/loss transfer agreement in place, profit of EUR 117,743 (108,053) thousand was transferred to the parent company of HDI Global SE, Talanx AG, as expected, a considerable improvement on the previous year.

All material and relevant information on HDI Global SE's business and performance that is required to be reported is already contained in the other parts of chapter A.

B System of Governance

B.1 General information on the system of governance

Governance requirements under Solvency II require all insurance and reinsurance undertakings to have in place an effective system that ensures “sound, prudent business management”. The four corresponding key functions have therefore been established at the HDI Group. In connection with this, the boards of management of HDI V.a.G. and Talanx AG implemented the HDI Group principles on governance of key functions under Solvency II, which create the framework for establishing and expanding the governance of key functions in the divisions, taking into account the particular requirements under Solvency II. For the Industrial Lines division, the Board of Management of HDI Global SE has established and documented the principles, tasks, processes and reporting obligations for the individual governance functions.

Tasks and responsibilities

HDI Global SE’s corporate governance is based on the responsible management and control of the undertaking in order to create sustainable value. In particular, the undertaking aims to further enhance the trust placed in it by its business partners, its employees and the public at large. Great importance is also attached to the efficiency of the work performed by the Board of Management and the Supervisory Board, to good cooperation between these bodies and with Group employees, and to open and transparent corporate communication. The aim is to always apply the highest ethical and legal standards both at a strategic level and in day-to-day operations.

HDI Global SE is an insurance undertaking under the German Insurance Supervision Act (VAG) and has three governing bodies: Board of Management, Supervisory Board and General Meeting. Their duties and powers are defined by law, by the undertaking’s Articles of Association and by the Rules of Procedure for the Board of Management and the Supervisory Board.

Board of Management

The Board of Management is directly responsible for managing the company and defines its goals and strategy. Article 5(1) of the Articles of Association provides that the Board of Management shall consist of at least two people. Beyond that, the Supervisory Board determines the number of members. HDI Global SE’s Board of Management currently (i.e. as at 31 December 2022) has seven members.

The Board of Management’s activities are governed by the Rules of Procedure issued for it by the Supervisory Board. These define the areas of responsibility of the individual members of the Board of Management. Each Board member is individually responsible for the area(s) assigned to them, subject to the resolutions passed by the full Board of Management. In addition, the Rules of Procedure set out a list of matters where decisions are reserved for the full Board of Management and the required voting majorities. The full Board of Management resolves on all cases in which a resolution by the full Board of Management is required by law, the Articles of Association or the Rules of Procedure. The Board of Management meets at least once a month.

The Chairman of the Board of Management is in charge of communication with the Supervisory Board and its members. He informs the Chairman of the Supervisory Board about business development and the undertaking’s position on a regular basis. He must inform the Chairman of the Supervisory Board immediately of any important events or business matters that could have a material impact on the company’s position. Documents on which decisions have to be made, and particularly the annual financial statements and the auditors’ reports, are forwarded to the members of the Supervisory Board without delay after they have been prepared.

Certain particularly important decisions by the Board of Management require the approval of the Supervisory Board. Some of these approval requirements are prescribed by law, while others are set out in the Rules of Procedure for the Board of Management. For instance, the following actions and transactions require the Supervisory Board’s prior approval:

- adoption of strategic principles and targets for the undertaking
- adoption of the annual planning for the undertaking
- adoption of medium and long-term planning for the undertaking
- purchasing and disposing of items of operating or office equipment, where the acquisition or disposal for the individual items exceeds EUR 5,000 thousand

Supervisory Board

The Supervisory Board advises and monitors the undertaking's management. It is also responsible in particular for appointing the members of the Board of Management and for their contracts of service, and for examining the annual financial statements. The Supervisory Board adopted Rules of Procedure governing its work that, among other things, deal with membership of the Supervisory Board and its internal order, as well as rules for committees formed by the Board.

The Supervisory Board has six members, one third of whom are employee representatives. While the shareholder representatives are appointed by the General Meeting and so are not bound to nominations, the employee representatives on the Supervisory Board are appointed by resolution of the SE Works Council. The Supervisory Board holds ordinary meetings regularly, and at least twice per year. Extraordinary meetings are convened as required. The Personnel Committee also holds regular meetings, as does the Finance and Audit Committee established with effect from 1 January 2022.

The Supervisory Board is quorate when at least two thirds of the total number of members of which the Supervisory Board is required to be composed in accordance with the undertaking's Articles of Association take part in a resolution. The resolutions require a majority of votes cast. If a vote results in a tie, the Chairman has a casting vote.

The Supervisory Board has formed a Personnel Committee, a Nomination Committee and a Finance and Audit Committee. Additional committees can be set up as needed.

General Meeting

The General Meeting elects the shareholder representatives on the Supervisory Board and resolves to approve the actions of the Board of Management and of the Supervisory Board. It decides on the utilisation of the net profit for the year, on capital measures and the approval of intercompany agreements, as well as on the remuneration of the Supervisory Board and on amendments to the undertaking's Articles of Association. The Annual General Meeting, in which the Board of Management and the Supervisory Board report on the last financial year, takes place every year. Extraordinary general meetings can be convened in special circumstances.

General description of key functions

The policy guidelines referenced at the start for the individual key functions describe the roles played by the four key functions and define the relevant principles, tasks, processes and reporting obligations. Collaboration and the differences between the key functions are described in bilateral policies agreed between the functions.

Persons holding key functions are subject to specific fit and proper requirements in relation to their professional qualifications and personal reliability, as are members of the Board of Management and the Supervisory Board. More detailed information can be found in chapter B.2.

Risk management function

More detailed information on this topic can be found in chapter B.3.

Compliance function

More detailed information on this topic can be found in chapter B.4.

Internal Auditing

More detailed information on this topic can be found in chapter B.5.

Actuarial function

More detailed information on this topic can be found in chapter B.6.

Information on remuneration policy and practices

The Group remuneration policy is aligned with the goal of sustainably enhancing the value of the HDI Group in the long term. HDI Global SE offers its employees attractive remuneration models. Remuneration for executive staff currently comprises a fixed and a variable, performance-based element. This is allocated in accordance with a position's level of responsibility or function, calculated using a company-wide job evaluation system. The amount of variable remuneration is determined by the achievement of personal and company targets.

The remuneration structure and regulations for the members of the executive bodies in the Group are competitive and in line with the market. Remuneration structures reflect business developments at the Group and the division in question, while also taking sustainability issues and the competitive environment into account. The aim of the remuneration structure is to recruit and retain highperforming employees for senior and executive management positions and to ensure sustainable and value-based company management. The remuneration system is aligned with the Group's business and risk management strategy, internal organisational structure, risk profile, and Group and divisional targets and objectives.

Remuneration policy and practices are generally designed to prevent unreasonable risk-taking. Carefully selecting the target criteria for the variable remuneration system and caps on the variable remuneration components ensure there are no inappropriate performance incentives that might lead executives to take incalculable risks. Parts of the variable remuneration are normally deferred for a certain period of time in order to ensure that the level of remuneration paid is also in line with sustainable business performance.

Board of Management remuneration at HDI Global SE is based on the size and the activity of the company, its financial and economic position, business performance, future prospects and how remuneration compares to that of other companies (horizontal) and the remuneration in place for company employees (vertical). It is also based on the tasks performed by the respective member of the Board of Management, his or her personal performance and the performance of the Board of Management as a whole. Remuneration is designed to take into account both positive and negative performance, to be competitive and in line with the market and to consider sustainable company development.

An appropriate and balanced remuneration package is provided that takes into consideration the business unit, the level of responsibility and function and market conditions. Remuneration comprises the following components:

- Annual fixed remuneration: The fixed remuneration component is primarily based on the scope of tasks performed by a manager, the degree of responsibility they exercise, and their professional experience.
- Variable remuneration: The variable remuneration component is designed in manner that supports long-term, sustainable business development in different earnings scenarios and in a changing business environment. This comprises a one-year short-term incentive (STI) and a long-term incentive (LTI) with a performance period of four years. At its discretion, the Supervisory Board decides whether the variable remuneration must be adjusted or limitations introduced regarding its payment.
- Retirement provision: In the case of retirement provisions, commitments are generally made that are based on the defined contribution model.
- Other non performance-related ancillary benefits (e.g. insurance, company cars): Ancillary benefits vary throughout the Group and are also aligned with local market conditions.

Remuneration for the members of the company's Supervisory Board is set by the General Meeting. Members of the Supervisory Board receive annual fixed remuneration in addition to being reimbursed for their expenses. Members of the Supervisory Board's Personnel Committee also receive additional fixed remuneration. An attendance allowance is also paid for attending Supervisory Board meetings. Members of the Supervisory Board who are also members of the Board of Management of a Group company do not receive any separate remuneration or attendance allowance for their work as part of HDI Global SE's Supervisory Board.

For persons who perform key functions, variable remuneration as described above accounts for 30.0% of total remuneration. Regarding retirement provisions, the defined contribution system described above also applies accordingly to those who perform key functions.

Material changes to the system of governance

There were no material changes to the system of governance in the reporting period.

Material transactions with shareholders, persons who exert significance on the company and members of the administrative, management or supervisory body

There were no reportable material transactions with shareholders, persons who exert significance on the company or members of the administrative, management or supervisory body in the reporting period.

B.2 Fit and proper requirements

The German Insurance Supervision Act (VAG) stipulates that all individuals who effectively run the undertaking or assume responsibility for other key tasks must meet special requirements with regard to

- their professional qualifications and
- personal reliability ("fit and proper requirements").

These requirements are described in detail in the version of the "Framework Guideline for Meeting the Fit and Proper Requirements" applicable during the reporting period, as well as the "Professional and Personal Requirements for Members of the Supervisory Board" guideline, which are regularly reviewed and amended where applicable. The objective of these documents is to define a binding framework for fulfilling the fit and proper requirements that apply for individuals who

- effectively run the undertaking,
- are responsible for other key tasks and
- perform key tasks

Requirements

The term "fitness" refers to the possession of professional qualifications appropriate to the position in question, as well as to the knowledge and experience required to ensure sound, prudent management and proper execution of the tasks associated with the position. The appropriateness of qualifications is assessed in accordance with the principle of proportionality, taking into account the specific risks faced by the undertaking in question and the type and scope of its business operations.

If key tasks are outsourced, the undertaking outsourcing such tasks must take measures to ensure that the staff at the service provider who are now responsible for the tasks have sufficient professional qualifications and are personally reliable.

The outsourcing company must appoint an outsourcing officer who as the case may be would have a disclosure obligation vis-à-vis the supervisory authority in their capacity as the individual responsible for the respective key function. This officer is responsible for ensuring the proper execution of all activities associated with the outsourcing of the key task.

Persons with key tasks are defined as:

Individuals who effectively run the undertaking:

- Members of the Board of Management (as in the case of HDI Global SE)
- General managers
- Authorised agents at branches within the EU/EEA
- Loss adjustment representatives

Other individuals who are responsible for key tasks are

- Members of the Supervisory Board
- Persons responsible for one of the key functions (compliance, internal auditing, risk management, actuarial function)

Given the different roles played by the individuals who effectively run the undertaking and the other individuals who are responsible for key tasks, these persons must provide evidence of their fitness in a variety of areas:

- Education/professional training
- Practical knowledge
- Management experience
- Language skills
- Specialist knowledge
- Knowledge relating to the key function in question
- Collective requirements
- Required expertise in the field in question

Procedure for evaluating fitness and propriety

All requirements, responsibilities and reporting processes relating to interaction with local authorities correspond to the current standard processes based on BaFin's Guidance Notices on Fitness and Propriety.

The specified guidelines for meeting the Fit and Proper Requirements require detailed CVs to be requested prior to appointing the persons with key tasks listed above. In addition, a job profile must be drawn up specifying the necessary qualifications and describing the form of proof that must be provided.

The job profile documents the following minimum requirements:

Description of the position with key tasks

- List of requirements (job description)
- Decision-making powers and authority to issue instructions
- Degree of personal responsibility

The requirements for professional qualification on the part of individuals who effectively run the undertaking include:

- knowledge of insurance and financial markets
- knowledge and understanding of the corporate strategy and business model
- knowledge of the system of governance (risk management system and internal control system)
- knowledge in the area of information technology
- ability to interpret financial and actuarial data and figures, for the purpose of financing and actuarial analysis
- knowledge and understanding of the regulatory framework

The requirements for professional qualification on the part of the persons responsible for the key functions arise from the particular circumstances of the respective responsibility within governance tasks, whereby the following key elements should be highlighted in the context of governance:

- Expert knowledge, whereby specific requirements may vary for the four key functions:
  - Internal Auditing: particular focus on economic knowledge and knowledge of control systems
  - Compliance: particular focus on legal and economic knowledge
  - Risk management and actuarial function: particular focus on actuarial, mathematical and scientific knowledge
- market knowledge
- Language skills
- analytical understanding

The following requirements apply to the members of the Supervisory Board, taking into account the tasks assigned to the individual Supervisory Board member:

- sufficient theoretical and practical knowledge of all Divisions
- market knowledge
- knowledge and relevant experience in the areas of insurance, finances, accounting, actuarial function, and management
- Language skills
- analytical understanding

At least one member of the Supervisory Board must be an expert in the area of accounting and at least one additional member must be an expert in the area of auditing.

The subject areas of capital investment, underwriting, accounting, auditing, internationalisation, IT/digitalisation, risk management, compliance, sustainability, taxes and human resources are subject to an annual self-assessment.

A lack of professional suitability can be remedied through corresponding further training.

Job profiles are reviewed by the responsible organisational units every five years in order to ensure that they continue to comply with all relevant requirements. Repeated reviews of reliability in the form of updated certificates of good conduct are not required in this context.

Compliance with the job profile is checked when material changes to the parameters on which it is based occur:

Attributes relating to the person with key tasks:

- New information regarding the integrity of the person with key tasks (e.g. pending criminal proceedings, suspected breach of trust/money laundering or terrorism financing)
- Changes in the personality of the manager that would prevent her/him from representing the undertaking appropriately in public (e.g. improper conduct in public)
- New information regarding the professional qualifications of the person with key tasks
- New information about the manager that raises doubts about her/his ability to perform her/his tasks soundly and prudently

Attributes relating to the position:

- Changes to the scope of responsibility for the position (increase in responsibilities)
- Changes to the professional qualifications required for the position (e.g. changes to the professional qualifications required under supervisory law for persons with key tasks)
- Persons with key tasks are in this regard required to notify the organisational unit that owns the process in question of all relevant changes

Group guidelines define the general requirements to be observed in situations where key tasks are outsourced.

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

HDI Global SE provides its policyholders with comprehensive insurance cover and so assuming risks is at the core of its business. Excellent risk awareness is crucial to controlling these. To this end, the company has developed an array of different procedures and instruments that are used to identify, assess and manage risks and take advantage of opportunities.

HDI Global SE's risk management function has been outsourced to HDI AG by way of an outsourcing contract since 1 March 2022. HDI Global SE's risk management system is thus integrated into the HDI Group's risk management system.

The individual elements of HDI Global SE's risk management system and the underlying processes are described below. The risk management system is refined and further developed on an ongoing basis and promptly adjusted to take account of changes to the risk situation.

HDI Global SE uses a full internal model (hereinafter referred to as the internal model) to calculate capital at risk for regulatory purposes. The internal model covers a time period of one calendar year.

Risk strategy

As an international industrial insurance undertaking, HDI Global SE is exposed to a number of risks that are directly related to its business activities and that take different forms in each business area and geographical region. HDI Global SE takes a holistic approach to risk. Risk refers to the negative, random deviation from planned or expected values and targets or failure to achieve these.

As with the HDI Group's business strategy and strategic risk objectives, the HDI Global SE Board of Management reviews and determines the risk strategy on an annual basis. The Supervisory Board is informed promptly.

Risk management process

As part of proper risk management, all company risks are to be consistently defined, structured and systematically (in all operating processes, functions and at all hierarchy levels) and promptly recorded, classified and categorised regarding their materiality on a company-wide basis.

The risk management process is complemented by the requirements of the limit and threshold system. As well as risk budgets and limits for capital adequacy ratios, specific limits and thresholds are also established for the material risk categories.

Risk identification

The qualitative assessment of individual risks aims to identify, analyse and evaluate risks that could pose a threat to the company. This is done through a software-supported assessment of individual risks in connection with downstream validation by way of expert discussion. In addition, Group-wide emerging risks are analysed as part of a qualitative, early risk detection process.

Building on the results from the assessment of individual risks, the identification and evaluation process is supported by six-monthly surveys of the team of experts put together by the Risk Committee. Current risks are also discussed with Internal Audit.

Risk management assigns the individual risks that have been reported to the individual experts for validation using organisational and topic-based criteria.

All experts can also bring up any risks that they believe have not been identified by staff responsible for risk with risk management.

Risk analysis

When considering risk-bearing capacity in quantitative terms, risks are measured on the basis of the internal model approved by the BaFin.

More detailed descriptions of the internal model's key methods and assumptions can be found in chapter E.4 of this report.

Risks that cannot reasonably be quantified using mathematical models are analysed on a purely qualitative basis. These primarily include strategic risks, reputational risks and emerging risks. The results of the qualitative risk analysis are included in the company's Own Risk and Solvency Assessment and adequate measures are implemented so that these can be managed.

Details on HDI Global SE's risk profile and individual risk categories can be found in chapter C.

Limit and threshold system

The quantitative and qualitative risk identification and assessment is complemented by a comprehensive limit and threshold system, which constitutes a key element of the risk management system. Its purpose is to monitor and ensure the company's risk-bearing capacity. The limit and threshold system is linked to risk-bearing capacity (and thus also to the risk strategy) and takes into account Talanx AG's Group-wide regulations. Its purpose is to limit and monitor material risks, not to manage the company's result.

Concept of materiality

Talanx AG's regulations apply when determining material risks for HDI Global SE. In accordance with the HDI Group's risk strategy, all risks identified by the Board of Management that could have a considerably negative impact on the company's net assets, financial position and results of operations in the long term are considered material.

In addition, risks may be classified as material if they are considered material by risk management on the basis of an expert judgement and after thorough consideration. This particularly applies to risks that can be assessed only in qualitative terms.

Own Risk and Solvency Assessment (ORSA)

HDI Global SE conducts a regular Own Risk and Solvency Assessment (ORSA) every year. The ORSA process serves the risk management process and includes a forward-looking view. Findings from the risk management process thus directly affect the ORSA process, and vice versa. The following components are particularly important in the ORSA report:

- The overall solvency needs are determined primarily on the basis of the risk assessment carried out using the internal model. To ensure a complete risk analysis, all information from the risk management processes – including on risks that have been analysed only on a qualitative basis – is used for the assessment of the risk situation. When setting limits and thresholds, care is also taken to ensure that an additional capital buffer is available at all times (risk appetite). In particular, the results of the risk assessment are also used to derive the Group risk budget and subsequently allocate this to the Industrial Lines division.
- In addition to the risk analysis, the focus is also on the forward-looking perspective, as this assessment combines five-year economic planning with the latest model results and associated planning measures. The forward-looking section of the ORSA report involves a multi-year evaluation of potential future risks. A variety of scenarios for future macroeconomic developments and business planning are used to produce a five-year forecast for own funds and their breakdown, the Solvency Capital Requirement and the resulting capital adequacy ratios.
- In addition, results of stress tests and scenario analyses for individual companies are also explained.
- The ORSA report reviews the suitability of the internal model, taking into account the results of the independent model validation.

The regular ORSA process begins each year by involving the Board of Management. As well as the Board of Management, the risk management function, the actuarial function and controlling are the key participants in the ORSA process. In particular, time management is embedded in the medium-term planning process.

The ORSA report is coordinated by the risk management function. All ORSA analyses are documented internally. After carrying out internal quality assurance, the ORSA report is approved by the Board of Management in the fourth quarter. This is subsequently made available to the BaFin and internally, in particular to the company's key functions and the main participants in the ORSA process. The results of the ORSA, especially the forecast for the capital adequacy ratio, are then taken into account in the strategy process and in capital management.

The HDI Global SE Supervisory Board receives the ORSA information as part of its monitoring role.

An irregular ORSA report must be prepared in the event of significant changes to the company's risk profile. The process and the responsibilities are based on the procedure for the regular ORSA.

Using the results of the risk analysis, HDI Global SE's 2022 ORSA report considered the risk situation non-critical. Based on the forward-looking view, it was concluded that capital resources were sufficient for the entire forecast period. The results of the 2022 ORSA report did not require any action to be taken by the Board of Management.

Risk reporting

Risk reporting aims to provide systematic and timely information about risks and their potential effects and to ensure adequate internal communication within the undertaking about all material risks. The Board of Management is thus kept up-to-date regarding risks and can intervene where necessary. The Supervisory Board is also regularly informed of the risk situation.

The quarterly risk report contains key information about the company's overall risk profile. It describes changes in the risk situation and provides an overview of material and new risks. In addition, it offers information on risk-bearing capacity and how this is performing, as well as the limit and threshold system. The risk report is prepared by risk management and coordinated with the Risk Committee.

Reporting is based predominantly on the results from the assessment of individual risks and the evaluation of risk-bearing capacity using the internal model plus the respective limit and threshold evaluations.

In the event of significant changes to the risk situation at short notice, a report is produced immediately. The immediate report is sent to the Board of Management and, where applicable, the Supervisory Board. No immediate report was required for HDI Global SE in 2022.

The Supervisory Board was informed about the company's risk and capital situation at its regular meetings.

Key roles and responsibilities as part of risk management

Ensuring the proper functioning of a risk management system requires a suitable organisational structure within the undertaking with clearly defined tasks, rights and responsibilities.

Accordingly, the section below outlines the key functions and persons who perform these functions responsible for ensuring risk management is carried out properly and is effective.

Function	Key tasks as part of the risk management system
Supervisory Board	Advises and oversees the Board of Management in its management of the undertaking, including with respect to the risk strategy and risk management
Board of Management	▪ Overall responsibility for risk management ▪ Determines the risk strategy ▪ Responsibility for proper functioning of risk management ▪ Responsibility for compliance with the risk-bearing capacity
Risk Committee	Risk monitoring and coordinating body. Responsibilities include monitoring and analysing the Group's risk position and risk concentration, particularly taking into account the risk strategy implemented by the Board of Management.
Head of risk management	HDI Global SE's risk management function has been outsourced to HDI AG by way of an outsourcing contract since 1 March 2022. The person who performs the risk management function's key responsibilities include: ▪ Responsible for coordinating the independent risk management function ▪ Ensuring risk management is appropriate ▪ Responsible for the content and preparation of the risk report ▪ Organisation and preparation of Risk Committee meetings ▪ Preparation of Board of Management decisions that relate to risk management ▪ Attending ERC meetings (Enterprise Risk Committees) at Group level
Risk management	HDI Global SE's risk management has been outsourced to HDI AG by way of an outsourcing contract since 1 March 2022. ▪ Identifying and assessing risks (risk analysis) ▪ Validating any risk assessments conducted by the divisions ▪ Immediate reporting to the head of risk management at HDI Global SE if the risk situation changes significantly ▪ Independent risk monitoring by risk category ▪ Developing methods, standards and processes to assess and monitor risk ▪ Risk reporting ▪ Proposing limits and thresholds and measures to manage risk ▪ Monitoring aggregated limits and thresholds and measures to manage risk ▪ Developing, operating and reporting on the results of the internal model ▪ Developing, operating and reporting on the SAOR process (Self Assessment of Operational Risk) for operational risks ▪ Assessing planned strategies under risk aspects and using the internal model ▪ Independently evaluating new products and the current product portfolio in terms of risk as well as risks associated with outsourcing ▪ Documenting risk management, including creating relevant guidelines ▪ Providing support in establishing risk culture at the undertaking ▪ Point of contact with Group risk management
Expert at SAOR workshops	SAOR workshops (Self Assessment of Operational Risks) are held semi-annually as part of managing operational risks. The experts attend these SAOR workshops and use their expert opinions to play an active role in helping fill out the questionnaires, especially for their respective risk area. They are also required to thoroughly document the reasons for the estimates made.
Risk owners/other experts	The risk owners and other experts are the point of contact between the individual divisions and the risk management system. They are responsible for surveying risks and, accordingly, implementing the measures and controls determined regarding their areas of responsibility.

B.4 Internal control system

The internal control system (ICS) is part of the system of governance and comprises all processes, methods and control mechanisms initiated by HDI Global SE and, in particular, the management regarding:

- Due and proper performance of business activities
- Asset preservation
- Due and proper and reliable financial reporting
- The prevention and detection of any misappropriation of assets
- Compliance with internal company regulations and laws
- Proper reporting
- Company target attainment
- Implementation of the risk strategy

The internal control system is integrated into the business processes and is used at all levels of the company.

The “Three Lines of Defence” concept is essential to the Solvency II system, and it also forms the organisational basis for HDI Global SE’s control and monitoring system:

- The first line of defence comprises the specialist operating units/departments, which are responsible for safeguarding against, identifying, assessing, managing and monitoring risks at the operational level. These units and departments are therefore responsible for ensuring that the ICS in their respective areas is appropriate.
- The second line of defence comprises functions which ensure that the ICS is appropriate at the superordinate monitoring level and which advise the specialist operating units/departments. These functions include the HDI Group Risk Committee, the risk management, compliance and actuarial functions, the Group data protection and anti-money laundering officers, etc.
- The third line of defence is the internal audit function, which is an independent, objective, centrally organised HDI Group function. As part of its auditing activities, the internal audit function monitors the effectiveness and efficiency of the internal control system, the risk management system and the other key functions.

Compliance function

The company’s compliance function has been outsourced to HDI AG by way of an outsourcing contract. The compliance function is organized within the Group Legal/Compliance department.

The compliance function is part of the second line of defence. In order to ensure sustained compliance with all relevant legal, regulatory and internal rules and requirements, the compliance function implements appropriate monitoring measures. It acts as the point of contact to specialist departments responsible for certain compliance issues, compliance officers from abroad and the other three key functions.

The code of conduct, which is valid across the Group, serves as the linchpin for intragroup compliance regulations. It contains the key principles and rules for ensuring that all HDI Group employees act in a legally compliant and responsible manner. It also sets out the high ethical and legal standards on which the Group’s operations throughout the world are based. The code of conduct is available on the Group intranet and on the Group website. All Group employees must ensure that they comply with the code and with the laws, guidelines and instructions governing their individual areas of work.

The code is supplemented in more detail by compliance guidelines, which give employees in Germany and abroad guidance on how to behave correctly and appropriately in their business dealings. In particular, the compliance guidelines contain detailed regulations that apply to the following core compliance topics:

- Preventing bribery and corruption
- Compliance with Antitrust law
- Sales compliance
- Financial sanctions and embargoes
- Capital investment compliance
- Capital market compliance
- Corporate compliance
- Money laundering prevention

The compliance guidelines are reviewed regularly to ensure they remain up to date, and are amended if necessary. The compliance function announces such changes throughout the entire Group whenever they are made. The managers responsible must then update all work instructions affected by the changes to the guidelines.

Another element in ensuring Group-wide compliance is a whistle-blower system that can be accessed from anywhere in the world via the Internet, and which employees and third parties can use to report significant breaches of the law and the rules contained in the code of conduct. Complaints can be made anonymously if desired. This enables Group Legal/Compliance to take action, limit any damage and avoid further harm.

The compliance function produces an annual compliance report that describes the current legal and regulatory framework, the various compliance-related activities under way at the Group, and key issues relevant to compliance.

B.5 Internal audit function

HDI Global SE's audit function is outsourced to HDI AG by way of an outsourcing contract. The internal audit function operates as an independent corporate department (Group Auditing) at Talanx. Group Auditing performs the auditing function for HDI Global SE by carrying out auditing, assessment and advisory activities on behalf of the Board of Management.

Monitoring by Group Auditing focuses on protecting business assets against losses of all kinds for the long term, on supporting the undertaking's business and operating policy and on ensuring HDI Global SE's continued existence. To do this, Group Auditing autonomously, independently and objectively analyses all material divisions, workflows, procedures and systems from a risk-oriented perspective in line with the principles of security, propriety and economy.

These audit activities generally are based on an audit plan drawn up by Group Auditing and approved by the company's Board of Management. When executing this audit plan, the internal audit function is not bound by any technical instructions and reports its results and recommendations directly to the Board of Management. Group Auditing's sole task is to perform internal audits, a fact that guarantees its independence from the activities that it audits and ensures it remains independent. A cooling-off period applies to all employees who transfer to Group Auditing from operating units and departments, thus helping to ensure objectivity at the level of the individual auditors.

In order to ensure that it can properly perform the tasks assigned to it, the internal audit function has been granted complete, unrestricted, active and passive rights to information. Its active right to information includes access to all divisions, documents, assets and relevant contacts. Its passive right to information ensures that Group Auditing is automatically included in all information flows at the undertaking that are of relevance to its work.

Group Auditing may conduct unscheduled special audits at any time at short notice if defects have come to its attention. The audit planning process is designed to be comprehensive and risk-focused in order to ensure that Group Auditing can perform its monitoring function for all relevant areas of the undertaking systematically, efficiently and in a targeted manner. The following factors considered to have an impact on risk:

- The inherent risk of the audit areas
- The results of the latest audits
- Legal and organisational changes that relate to the audit areas
- Knowledge gained from committee meetings and regularly scheduled meetings with staff from other governance functions

A report is written for each audit, ensuring that the Board of Management and the department, unit or division audited receive the key findings. The reports also set deadlines and assign responsibilities for implementing the measures. The implementation process is monitored, with the Board of Management delegating operational responsibility for this to the internal audit function.

The internal audit function's reporting system also includes quarterly and annual reports that provide recipients (including the Board of Management, the Supervisory Board, Risk Management and the auditors of the annual financial statements) with information on the effectiveness of the internal audit function and on the audit findings. Particularly serious findings must be reported immediately to the responsible member of the Board of Management. Depending on the degree of risk involved, the risk controlling function and/or the compliance function may also have to be informed.

Group Auditing's effectiveness is ensured by internal quality assurance measures and by assessments performed by external auditors. As part of its ongoing improvement process and to implement professional guidelines, TX-GA conducted an internal quality review in November 2022. This aimed to assess the audit function's current level of maturity and identify additional potential for improvement from the results. The effectiveness and efficiency of TX-GA was recorded and evaluated based on the internationally recognised IIA standard (The Institute of Internal Auditors). Compliance with the standard revision process was also verified. There were no indications of any limitations in the quality of the audit.

B.6 Actuarial function

Section 31 of the German Insurance Supervision Act VAG requires an actuarial function to be established. The Chairman of HDI Global SE's Supervisory Board has direct right of access to the person who exercises the actuarial function at HDI Global SE.

For information on fit and proper requirements, please see the current version of the Fit and Proper guidelines in place for the HDI Group or the current report from the actuarial function. There must be a job description in place for the person exercising the actuarial function.

The work performed by HDI Global SE's actuarial function is outsourced to HDI AG by way of an outsourcing contract.

The person performing this function receives support from the responsible person at the service provider to perform the work. The operational responsibility of this person for the actuarial function's tasks or the ultimate responsibility of the Board of Management cannot be delegated to them.

Supporting areas:

- Head of the dynamic financial analysis department for HDI Global SE (responsible person at the service provider)
- Head of risk management function for HDI Global SE
- Head of the reserve department for HDI Global SE
- Representative of reinsurance department for HDI Global SE
- Responsible actuary at HDI Global SE
- Head line of business representative in terms of materiality
- Head of the guidance department for HDI Global SE
- Head of the pricing department for HDI Global SE

The actuarial function's core duties at HDI Global SE are:

- Coordinating the calculation of technical provisions and ensuring the methods and basis models used, as well as the assumptions made when calculating technical provisions, are appropriate
- Assessing the sufficiency and the quality of data used when calculating technical provisions
- Drafting a statement on general underwriting and acceptance policies
- Drafting a statement on reinsurance policies and on the adequacy of reinsurance agreements
- Supporting the risk management function
- Advising the Board of Management regarding the actuarial function's tasks

Once per year, the actuarial function prepares a report which is presented to HDI Global SE's Board of Management. The report documents all of the actuarial function's key tasks and findings.

B.7 Outsourcing

Outsourcing policies, activities and processes

Based on Group-wide specifications, HDI Global SE has described the outsourcing processes and requirements in special guidelines. The principle aims of these guidelines are to establish a regulatory framework for outsourcing under Solvency II and to provide adequate specifications for structural (definition of responsibilities) and procedural (definition of an outsourcing process) regulations.

Outsourcing decisions at HDI Global SE are made taking into account the principle of proportionality and after carefully considering the associated opportunities and risks.

During outsourcing, it must be ensured that, in particular, the proper performance of the outsourced functions and assigned activities does not impair the management's monitoring and control options or the supervisory authorities' audit and monitoring rights. Corresponding rights of information and the authority to issue instructions are to be agreed in a contract. The outsourced functions and activities are to be included in the internal control system respectively in risk management.

In terms of the procedure, the outsourcing process can be broken down as follows for each individual item outsourced:

- Preparing for outsourcing: due diligence conducted for the service provider being considered and a risk analysis on the basis of this
- Making a decision to outsource: the risk owner documents the reasons for outsourcing
- As part of the preparation, an analysis is performed to determine whether and how HDI Global SE's business operations can be maintained if a service provider is unable to meet its obligations, or if the service in question has to be reintegrated following the termination of a service contract.
- Initiating outsourcing: The legal department prepares the service agreement, control mechanisms are established for ongoing management and monitoring and the Board of Management as a whole approves the outsourcing of key functions or insurance activities in advance
- Ongoing management and monitoring: The service provider must be assessed regularly using existing criteria. The material risks associated with the outsourcing must be reported under materiality aspects as part of the process of surveying risks.
- End of outsourcing: Measures are introduced to reintegrate or transfer on the outsourced processes

The risk management function and the legal department must always be consulted before outsourcing.

In addition to the process described above for case-by-case outsourcing, there is also a company-wide, annual enquiry and assessment process in place, in which all outsourcing must be recorded each year, compliance with legal requirements must be checked, a performance evaluation must be documented and a risk assessment conducted. The Risk Committee discusses the results on an annual basis. Drawing on an overall assessment of the events above, it is then decided whether tasks or services have been outsourced from a supervisory perspective and, if so, whether this outsourcing is considered key outsourcing.

Key outsourcing

The following HDI intragroup outsourcing was identified as key for HDI Global SE:

Activity	Service provider
Compliance function	HDI AG
Audit function	HDI AG
Risk management function	HDI AG
Actuarial function	HDI AG
Aviation	HDI AG
Inventory management / benefit processing for non-substitutive health and daily benefits insurance	HDI AG
Casualty claims	HDI AG
Casualty technical centre	HDI AG
Crisis management claims	HDI AG
Cross services property, engineering, marine	HDI AG
Cyber & financial lines underwriting	HDI AG
IT services	HDI AG
Engineering underwriting, portfolio steering & global risk	HDI AG
Group personal accident claims	HDI AG
Group personal accident underwriting	HDI AG
Guidance	HDI AG
Collections/disbursements	HDI AG
Investment management / money laundering	HDI AG
IP Services	HDI AG
Motor claims processing and adjustment	HDI AG
Liability global risk	HDI AG
Liability underwriting Europe	HDI AG
Liability underwriting global	HDI AG
Marine claims	HDI AG
Marine underwriting portfolio steering and global risk	HDI AG
Motor underwriting	HDI AG
Domestic branches - claims	HDI AG
Domestic branches - underwriting	HDI AG
Domestic branches - contract service	HDI AG
Domestic branches- sales	HDI AG
Pricing & analytics	HDI AG
Property & engineering claims	HDI AG
Property global risk	HDI AG
Property underwriting & portfolio steering	HDI AG
Accounting	HDI AG

Reinsurance	HDI AG
Reinsurance accounting and payment transactions	HDI AG
Underwriting liability & special lines Germany	HDI AG
Underwriting property Germany	HDI AG
Risk consulting including risk consulting Germany headquarters and security technology at domestic branches	HDI Risk Consulting GmbH
Reinsurance placement	Talanx Reinsurance Broker GmbH
Loss adjustment in the legal protection line	HDI Global Specialty Schadenregulierung GmbH
Asset and portfolio management and real estate and asset management for direct investment portfolio	Ampega Asset Management GmbH

In the case of the compliance, audit, risk management and actuarial function, the outsourcing covers the key functions and the related services.

Intragroup outsourcing comprises exclusively outsourcing contracts with undertakings based in Germany, for which German law has been agreed.

Those responsible for the outsourcing at HDI Global SE also have appropriate contact with those responsible at the service provider.

No external HDI Group outsourcing was identified as key for HDI Global SE.

B.8 Any other information

Adequacy of the business organisation

In addition to the audits of business units (including audits of other key functions) that are performed by the internal audit function in its capacity as an independent key function, a regular, structured evaluation of the adequacy of the business organisation as required by section 23(2) of the Insurance Supervision Act (VAG) in conjunction with section 275(1) sentence 1 of the VAG is performed. This is based on the internal guidelines for regularly assessing the adequacy of the business organisation of HDI Global SE that were adopted by the Board of Management.

The adequacy assessment is a decision of material importance for the senior management, which is why the full management body is responsible for it rather than individual members.

Results of the evaluation of the adequacy of HDI Global SE's business organisation for 2022

As well as assessing the adequacy of the company's own risk management system, the business organisation is reviewed each year in accordance with section 23 VAG. Selected topics for each year were generally reviewed for the Group as a whole.

The self assessment of all operating units and key functions in question found that the business organisation is appropriate and effective, taking into account the specific risk profile in the respective area. There is no significant need for improvement and so there are no restrictions on propriety. There are also internal written guidelines in place in the operating units and key functions, which are also put into practice. Tasks, responsibilities, substitution policies and reporting lines have been defined.

The business organisation is reviewed internally on a regular basis and the results, including any recommendations for action, are presented to the Board of Management. This is based on the Group guidelines "Regular assessment of the adequacy of the business organisation of the HDI/Talanx Group and the individual companies of the HDI/Talanx Group".

The following matters in relation to HDI Global SE's business organisation were also reviewed:

- Outsourcing: outsourcing activities also represent key processes for HDI Global SE's business organisation. The annual outsourcing analysis did not find any material problems with the provision of services or risks.
- Key functions: the key functions are set up properly.
- Guidelines: Company guidelines are reviewed once a year to ensure they are up-to-date.

The HDI Group's business organisation is effective and proper and in line with the business conducted in terms of its nature, scope and complexity. The business organisation ensures sound and prudent management of the company.

Likewise, sufficient arrangements have been made to guarantee compliance with applicable laws, regulations and supervisory law requirements.

Any other information

The operating structures of the German HDI Group companies covered by collective bargaining agreements were streamlined as part of the "One HDI" project. This change aims to make decision-making structures within the Group more dynamic and leaner. The project involves 12 employer companies that are covered by collective bargaining agreements. The tasks and functions of German employees at HDI Global SE were outsourced to HDI AG (prior to change of name on 1 March 2022: HDI Service AG) as at 1 March 2022. The legal consequence of this is the transfer of employees to HDI AG by way of transfer of business in accordance with section 613a Bürgerliches Gesetzbuch (German Civil Code – BGB). Employees continue to act on behalf of HDI Global SE and represent it on the market and to customers.

Other material and relevant information on the governance system that is required to be reported is already contained in the sections of chapter B specified.

C Risk profile

The risks are quantified and risk-bearing capacity determined using the internal model. This was approved by the Federal Financial Supervisory Authority (BaFin) in November 2015 as a partial internal model. The expansion to include the stochastic components of operational risk was certificated in September 2019 and applied for the first time for the quarterly period for the reporting date as at 30 September 2019 and so the model has been a full internal model since this time.

Accordingly, the model has been a "full internal model" since this time. The internal model quantifies the SCR required to withstand a 200-year event calculated by the model (99.5% value at risk) based on a time period of one year from an economic perspective.

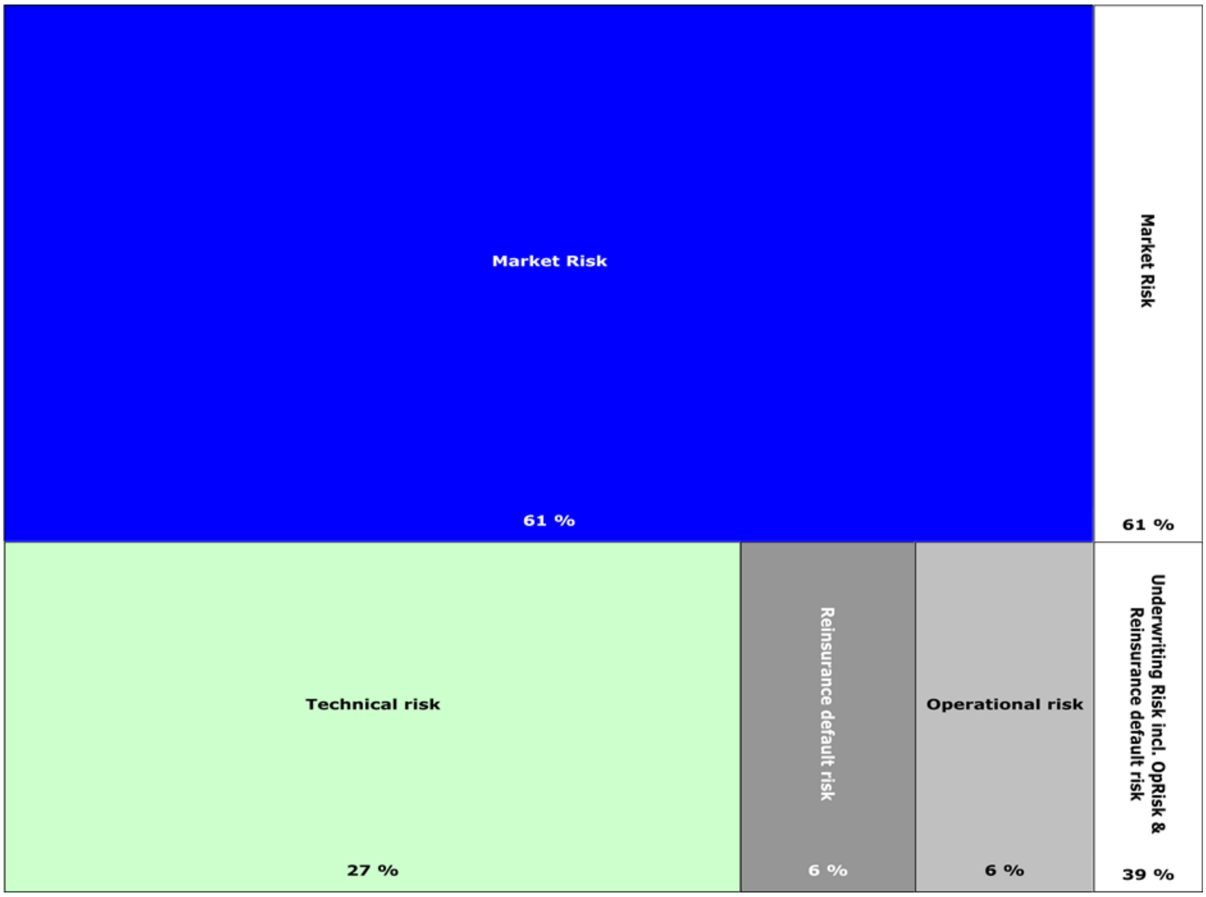
More detailed descriptions of the internal model's key methods and assumptions can be found in chapter E.4 of this report.

The following disclosures on the evaluation of risk-bearing capacity refer to the following perspectives

- Participations in market risk according to their share of participation
- Pre-tax consideration for HDI Global SE and the subsidiary HDI Global Network AG, as Talanx AG has a trade tax and corporate tax group

Overview of the risk profile

The risk profile, broken down by risk category, for the 2022 SCR is as follows:



The risk profile broken down by risk category and the diversification effect between the risk categories are shown in absolute figures below. A comparison to the results of the previous year's internal model is also provided.

EUR thousand	2022 SCR	2021 SCR	Delta
SCR	1,816,067	1,679,801	136,266
Underwriting risk	859,913	934,150	-74,237
Market risk	1,466,860	1,280,620	186,240
Reinsurance default risk	204,071	221,800	-17,729
Operational risk	208,529	208,397	132
Diversification	33.7%	36.5%	-2.8%

The SCR rose by EUR 136,266 thousand. The increase in market risk is chiefly due to a major model change regarding the dependency structure of certain asset classes and to higher-risk capital market scenarios.

As at 31 December 2022, HDI Global SE had eligible own funds of EUR 3,262,794 thousand. Details on this can be found in chapter E. Together with the Solvency Capital Requirement of EUR 1,816,067 thousand, the capital adequacy ratio is thus 179.7%.

The sensitivity analyses do not take into account the loss-absorbing effect of the existing profit transfer and control agreement with Talanx AG. This is a basic assumption.

C.1 Underwriting risk

Underwriting risks in property/casualty, comprising premium/reserve risks, refers to the risk of a loss or an unexpected negative change in the value of insurance liabilities arising from fluctuations in the occurrence, frequency and severity of insured events and in relation to the occurrence and the amount of the claims run-off.

In particular, HDI Global SE addresses the potential impact, resulting from underwriting risks, of natural catastrophes occurring simultaneously by protecting against peak exposure using adequate reinsurance cover. Risks are also managed and reduced by way of claims analysis, natural catastrophe modelling, selective underwriting and regular review of the claims experience. The individual subcategories of underwriting risk are described below.

EUR thousand	SCR2022	SCR2021	Delta
Underwriting risk	859,913	934,150	-74,237
Premium risk	425,227	384,442	40,785
Reserve risk	738,297	831,551	-93,254
Diversification	26.1%	23.2%	2.9%

The decline in the underwriting risk is the result of a lower reserve risk and is mitigated by a higher premium risk. The reasons for the changes to the risk categories are described in more detail below.

Premium risk

Premium risk refers to the risk of a loss or an unexpected negative change in the value of insurance liabilities arising from fluctuations in the occurrence, frequency and severity of insured events.

Premium risk is calculated for each line in the internal model using a simulation approach. The types of losses (basic losses, large and accumulation losses, natural catastrophe losses) are simulated using current exposure and aggregated using dependency assumptions. Licensed, scientific simulation models are used to consistently estimate the material catastrophe risks from natural hazards (earthquakes, storms, flooding) for HDI Global SE, and supplemented by the expertise of the various technical areas. In addition, various scenarios in the form of probability distributions are calculated to determine the risk of the portfolio. The portfolio’s exposure to natural catastrophes (accumulation control) is monitored using realistic extreme loss events.

An extensive and independent validation process assesses the adequacy of the estimates and the simulation models used as a whole. This means that these are validated at aggregate level, independently from the risk-taking units.

Given the significant exposure to natural catastrophes, the fire and other damage to property insurance lines bear most of the premium risk here. To reduce the risk, especially for the fire and other damage to property insurance and general liability insurance lines, the risk is transferred to reinsurance. This is then reflected in the reinsurance default risk (see credit risk) accordingly.

The increase in premium risk is driven chiefly by the fire line. Both the premium volume and risk assessment for flooding risks in European countries increased year on year. In addition, reinsurance cover is lower, further enhancing this effect.

HDI Global SE’s underwriting and acceptance policies are based on existing underwriting guidelines, an existing underwriting process, authorisation guidelines and pricing specifications.

EUR thousand	Volume	Risk	Risk factor
Gross	5,058,355	1,337,641	26.4%
Net	2,317,832	425,227	18.3%

The premium risk after reinsurance of EUR 425,227 thousand is offset by a planned, medium premium volume after reinsurance of EUR 2,317,832 thousand, which includes a forecast, medium reinstatement premium. This results in a risk factor of 18.3%. The risk mitigating measure of reinsurance results from comparing this to the risk factor before reinsurance of 26.4%.

Reserve risk

Reserve risk refers to the risk of a loss or an unexpected negative change in the value of insurance liabilities that impact the claims run-off amount.

The general liability insurance line bears most of the risk due to the long-termclaims run-off .

The decrease in the reserve risk is the result of several lines, in particular the liability and fire lines. This reflects higher interest rates, which reduce the fair value of liabilities at the same time as an increased nominal exposure, as well as less volatile settlement patterns for liabilities than in the previous year.

To reduce this risk, the amount of the reserves are reviewed regularly and at specific points in time and the run-off results are monitored.

Quality assurance regarding the company’s own actuarial calculations on the adequacy of the reserve is also conducted each year in an external reserving report. In particular, the difference between the recognised IFRS net reserve and the required reserve level calculated by the expert producing the report (upper and lower limit) serves as an indication when assessing the reserve risk.

EUR thousand	Volume	Risk	Risk factor
Gross	11,158,907	1,444,808	12.9%
Net	5,551,823	738,297	13.3%

The reserve risk after reinsurance of EUR 738,297 thousand is offset by discounted provisions for claims outstanding after reinsurance of EUR 5,551,823 thousand.

Risk sensitivity

To determine the risk sensitivity for the underwriting risk, stress is applied to the NatCat event (fire stress) for the highly exposed fire line. It is assumed that a 50-year event in accordance with natural hazard modelling occurs for the internal model, which describes the total annual loss for the fire line caused by natural catastrophes and includes multiple natural catastrophe events. This takes into account the relief provided by the existing reinsurance regulations in the fire insurance line. The occurrence of the loss events causes own funds to fall by the amount of the total annual loss determined after reinsurance. The SCR is unaffected.

Stress is also applied to the run-off result for the liability segment (liability stress). This increases the gross technical provisions in the line by approx. 10.0%. No changes are made to reinsurance structures. This stress causes own funds to decline, driven chiefly by the increase in technical provisions. The SCR increases, primarily a result of a higher reserve risk.

The table below shows the impact on the SCR, own funds and CAR. Given these stresses, no action is necessary.

Risk sensitivities	CAR	Own funds	SCR
CAR before stress	179.7%	3,262,794	1,816,067
CAR after fire stress	165.4%	3,004,570	1,816,067
CAR after liability stress	160.6%	2,946,474	1,834,246

HDI Global SE does not use any special purpose vehicles in accordance with Article 211 of the Solvency II directive.

C.2 Market risk

Market risk describes the risk of a loss or a negative change in the financial position resulting directly or indirectly from fluctuations in the amount or volatility of market prices of the assets, liabilities and financial instruments.

Prudent person principle

Investments are made in accordance with the prudent person principle. This means that the necessary care is always taken in all processes used to develop, approve, implement and monitor the investment strategy. The requisite employee expertise, which is indispensable for prudent asset management, is guaranteed in full.

In particular, application of the prudent person principle means that HDI Global SE invests exclusively in assets and instruments whose risks can adequately identify, analyse, monitor, manage and control. The crucial criteria for investment decisions are the security, quality, liquidity and profitability of the portfolio as a whole, as well as an appropriate level of mix and diversification. Investments that are held as cover for technical provisions are invested in such a way that their nature and maturity are aligned with the interests of policyholders and beneficiaries. Should potential conflicts of interest arise, mechanisms are in place to ensure that investments are made in the interests of policyholders and beneficiaries.

In addition, external ratings are validated and mirrored using own appraisals before being used to manage market risk. The risk indicators deployed and the limit system ensure continuous management and monitoring. They are designed in such a way that all material risks associated with the asset portfolio can be monitored and managed.

Any concentrations of assets and any dependencies on issuers or on specific groups of enterprises are avoided. Where innovative investments are acquired for the first time or other non-standard investment situations arise in relation to asset valuations for investments, defined processes specify how to decide whether the company is able to make and manage such investments. The necessary prudence is also exercised in relation to investments in derivatives, structured products and assets that are not admitted to trading on a regulated market, and such assets are maintained at an appropriate, risk-adequate level.

The industry division's investment guidelines set out how to manage HDI Global SE's investments. The purpose of these investment guidelines is to set out the framework for an investment strategy in the best interests of policyholders with the aim of ensuring a balanced mix, diversification and liquidity of investments to reduce risks while generating appropriate income, taking into account the insurance business and the organisational regulatory framework. Care is always taken to comply with overarching requirements imposed by statutory and supervisory guidelines and the HDI Group guidelines.

EUR thousand	2022 SCR	2021 SCR	Delta
Market risk	1,466,860	1,280,620	186,240

The market risk is offset by a capital investment volume of EUR 9,913,218 thousand. As well as the increased participation risk (HDI Reinsurance (Ireland), HDI Global Specialty), two additional points should be noted regarding the rise in market risk:

1. A major model change was made that involves revising the dependency structure of real estate classes to other asset classes in the portfolio. The greater correlations result in a lower diversification effect between the categories in market risk, which increases the overall market risk.

2. Updated targets for the risk factors are applied on a regular basis at the end of the year. In the case of the interest rate model, these targets are based on historic time series of displaced log-returns. Given the considerable rise in interest rates in the 2022 calendar year, a new data point was used for 2022 that resulted in a higher volatility estimate in the interest rate model. This led to a considerable increase in the interest rate risk.

Interest rate risk

The interest rate risk arises as a result of volatility for the risk-free interest rate term structure, which takes effect on the disbursement pattern of the investments and of the underwriting and pension liabilities. The individual risks are generally greater than the aggregated risk because the effects are offset by similar distribution patterns under assets and equity and liabilities. The concentration risk in terms of changes in interest rates for the obligations is thus mitigated by a suitable investment strategy.

Exchange rate risk

The exchange rate risk arises as a result of volatile exchange rates between the foreign currency and the euro. This risk can be determined individually for the investments as well as for the technical liabilities. Here, too, the individual risks are generally greater than the aggregated risk because the effects under assets and equity and liabilities offset each other. The concentration risk in terms of exchange rate fluctuations for the obligations is thus mitigated by an investment strategy.

Credit/spread risk

The risk with regard to changes in rating, default and fluctuation of the spread is measured in the category migration, default and spread risk. Here, the company differentiates between an independent risk measurement and the concentration effect by way of a strictly defined dependency structure between countries, sectors and industries. Limiting volume to individual securities and issuers (CVaR limit) restricts this concentration effect.

A dynamic volatility adjustment was introduced at the end of 2019 for EUR and USD for the calculations conducted in the internal model. Technical provisions are thus discounted not only by the risk-free interest rate term structures published by EIOPA but also by a spread. In accordance with EIOPA requirements, this is calculated for each currency and country using a reference portfolio. While the static volatility adjustment mainly affects economic own funds at the start of the simulation, the dynamic volatility adjustment affects SCR. At the same time as the usual run of the internal model, a complete run is carried out without applying the volatility adjustment: applying the volatility adjustment improves the CAR by 12.1 percentage points to 179.7%.

Risk sensitivity

The following scenarios have been defined to determine the risk sensitivity for the market risk:

- Interest rate stress -50 bp: the interest rate term structure applied decreases by 50 bp. This happens for the initial interest rate term structure, which constitutes the basis for reserve discounting of the opening balance sheet. The simulated term structures when t=1 are amended accordingly. On the liabilities side, the pension obligations, the risk margin and the technical provisions are remeasured. Under assets, investments are remeasured.
- Equity stress -30.0%: The company's equities exposure as at the reporting date is reduced by 30.0%. This affects the company's own funds and also reduces the risk from the change in exposure.

  Credit/spread +50 bp: the interest rate term structure used in the model is pushed up by 50 bp. This happens for the spread curves at the start. The simulated spread curves at the end of the year are amended accordingly. Under this scenario, the market value of the credit-impaired securities decreases. Reserve discounting is affected by this only indirectly as spread curves are not a direct component of discounting. However, the volatility adjustment was amended to account for the scenario. In addition to the technical provisions, the pension provisions and risk margins are also remeasured.

Economic own funds and the solvency capital are remeasured. The quotient is the capital adequacy ratio (CAR).

Risk sensitivities	CAR	Own funds	SCR
CAR before stress	179.7%	3,262,794	1,816,067
CAR after interest rate stress (- 50 bp)	178.4%	3,230,622	1,810,413
CAR after equity stress (-30.0%)	178.0%	3,158,577	1,774,748
CAR after spread stress (+ 50 bp)	173.6%	3,158,577	1,819,110

C.3 Credit risk

Credit risk describes the risk that arises as the result of a default or a change in a counterparty's credit rating or the evaluation of their credit quality. This does not include defaults by issuers of securities, which are instead covered under market risk (see chapter C.2). The term "default risk" is used hereinafter.

EUR thousand	2022 SCR	2021 SCR	Delta
Reinsurance default risk	204,071	221,800	-17,729

The change in the reinsurance default risk is based on changes to the volumes of ceded provisions and updated credit rating information for counterparties.

EUR thousand	Volume	Risk	Risk factor
Reinsurance default risk (existing)	5,607,084	148,998	2.7%
Reinsurance default risk (new business)	2,740,524	48,155	1.8%

The counterparty default risk is calculated in the internal model both for the technical provisions currently ceded to the reinsurer (existing) and for contracts entered into in the observation period (new business).

In order to ensure the counterparty default risk associated with reinsurers remains as low as possible, these are carefully selected and monitored using credit rating indicators (e.g. Talanx market list). In addition, the share of an individual reinsurer or individual group of reinsurers is limited by the specifications in the limit and threshold system.

Risk sensitivity

To determine risk sensitivity for the counterparty default risk, downgrades of the top 5 external reinsurers are adjusted for the rating of the model's 50-year event in accordance with the internal model recoverables (2021 SCR).

The scenario describes the risk that reinsurers run into economic difficulties in one year, resulting in a rating downgrade. The stress test looks at whether the reinsurers' credit rating in the portfolio is sufficient.

Other assumptions include:

- No changes have been made to reinsurance structures
- Definition of external top 5 reinsurers using the amount of the recoverables
- In this stress scenario, the event that puts pressure on the reinsurance market affects only HDI Global SE's reinsurance portfolio and not other balance sheet or risk components.

Risk sensitivities	CAR	Own funds	SCR
CAR before stress	179.7%	3,262,794	1,816,067
CAR after reinsurance default stress	178.2%	3,255,173	1,826,862

C.4 Liquidity risk

HDI Global SE defines liquidity risk as the risk of being unable to convert investments and other assets into cash in time to meet its financial obligations as they fall due. For example, illiquid markets might mean we could not sell portfolio at all (or only after a delay), or that we could not close out open positions (or only at a discount). The exposure here is dependent on the level of the liabilities. Analysis of this risk is also heavily based on qualitative analyses. HDI Global SE regards the risk as relevant in its entirety. The good diversification of cash funds between various asset classes/issuers means that there is no risk concentration.

As a rule, HDI Global SE generates significant liquidity positions on an ongoing basis because premium income normally accrues well before claims are paid and other benefits are rendered.

HDI Global SE reduces liquidity risks by way of regular liquidity planning and by continuously matching the maturities of its investments to its insurance obligations. Liquidity risks are taken into account by way of sufficient fungibility and diversification of the assets. Short-term liquidity requirements can be ensured by selling liquid bonds and by the existing liquidity current account for Group companies.

Liquidity figures are reviewed and reported each quarter in order to monitor liquidity risks. The minimum and maximum limits set by the Chief Financial Officer are observed as part of liquidity holdings, with a minimum level of liquidity defined for euro and US dollars in the area of cash management. For this purpose, each class of securities is assigned a liquidity indicator that states how liquid the security is at market prices. These indicators are regularly reviewed by the risk controlling unit at Ampega Asset Management GmbH, checked for plausibility taking into account market data and the estimated portfolio management and modified where necessary.

In addition, a liquidity stress test for HDI Global SE supplements the monitoring of risks, which determines the company's liquidity limit. This takes into account adverse events from underwriting that lead to unexpectedly high cash outflows. The underlying scenario assumptions used in these stress scenarios are as follows:

- Scenario one: 10-year natural catastrophe losses that occur at the same time in the fire line and a 10-year large liability loss
- Scenario two: A 10-year large fire loss (man made) and a 10-year large liability loss occur at the same time
- Scenario three: A 10-year large fire loss (man made) and a partial payment of a 10-year loss in old business in the liability line occur at the same time
- Scenario four: A 10-year maximum loss from natural disasters in the fire line and an operational risk with a 10-year return period occur at the same time

Loss expenses and liquidity requirements are determined for each one of these scenarios using the internal model. The maximum liquidity requirements are calculated and, ultimately, increased to take account of a minimum level of liquidity requirements for loss expenses and costs. This is offset by current cash flow from investments. The HDI Group also has a line of credit at banks which can be partially used by HDI Global SE in adverse circumstances. This is also set off against liquidity requirements. It must be possible to settle the resulting balance from own cash portfolios and other funds that can be liquidated quickly.

The liquidity required to meet current payment obligations is ensured under current liquidity planning, which takes into account the changes in liquidity expected over the following twelve months. The monitoring measures listed above do not indicate any liquidity problems.

HDI Global SE explicitly does not use the "Total expected profits included in future premiums (EPIFP)" key indicator for liquidity management. The theoretical amount is given in the annex (template S.23.01.01, item total EPIFP).

HDI Global SE uses a dynamic volatility adjustment. Using the volatility adjustment requires evidence of earning capacity and a liquidity plan. Here, it must be ensured that the spread can still be earned through the investment portfolio even in adverse scenarios.

The following table summarises the effects of the volatility adjustment for the year-end 2022.

	2022 SCR		
Risk sensitivity	**with VA**	**without VA**	**Difference**
Own funds	3,262,793,990	3,205,426,321	57,367,669
SCR	1,816,067,448	1,913,089,987	-97,022,540
CAR	179.7%	167.6%	12.1%

C.5 Operational risk

Operational risk describes the loss risk that arises from the unsuitability or failure of internal processes, employees or systems or due to external events.

The risks are quantified and risk-bearing capacity determined using the internal model. This was approved by the Federal Financial Supervisory Authority (BaFin) in November 2015. The expansion to include the components of operational risk was certificated in September 2019 and applied for the first time for the quarterly period for the reporting date as at 30 September 2019.

Various measures are in place to limit individual operational risks, including:

- A typical risk in the category of business continuity and IT service continuity risks involves IT systems failing. Measures in place to mitigate this risk include the backup computer centre, which is available through HDI AG under a service agreement, and contingency plans.
- Risks in the process risks category are countered by way of the internal management and control system. Building on structured process documentation, risk control assessments identify and assess material risks and, where necessary are used to determine any need for action. Specifically, this can mean adjusting existing checks and/or those responsible for risk implementing new/additional improvement measures.
- Risks in the compliance, legal and tax risks category may arise from contractual agreements or legal frameworks. In organisational terms, these issues are handled by way of corresponding structural and procedural regulations, e.g. competence framework between the operating units at HDI Global SE and e.g. the central legal, compliance, data protection and tax departments at the HDI Group.
- Given the complex nature of HDI Global SE’s business, with customer focus playing a key role, significant value is placed on qualitative aspects of personnel work and the education and training programmes for experts and managers. The aim of this is to address other operational risks, e.g. limited staff availability in personnel risks.

C.6 Other material risks

Other material risks may include strategic risks, reputational risks, emerging risks and sustainability risks. The common factor among these risks is that they cannot be analysed meaningfully with mathematical models, which means that HDI Global SE primarily has to fall back on qualitative analyses in these cases.

Strategic risks result from the danger of mismatches between the corporate strategy and the constantly changing general business environment. Such imbalances may be caused, for example, by inappropriate strategic decisions, failure to consistently implement defined strategies, inadequate implementation of strategic projects or increased management complexity due to the need to deal with multiple different views on capital and risks. Strategic risks are regularly surveyed and assessed in qualitative terms at HDI Global SE. In addition, the company and risk strategy is reviewed each year and processes and structures are adjusted as required. Material strategic risks include a rating downgrade on account of insufficient capitalisation, insufficient portfolio management and risk diversification, capital market volatility and stagflation. Methods for mitigating this include ongoing monitoring of capital adequacy/risk-bearing capacity, frequent plan and forecast assessments and further developing portfolio management processes and performance indicators.

Reputational risk is the risk associated with possible damage to the undertaking's reputation as a consequence of a negative public image (e.g. on the part of clients, business partners or government agencies). These may result, for example, from the inadequate implementation of legal requirements or from delays or errors in publishing the undertaking's figures. Reputational risks are surveyed and evaluated as part of the assessment of individual risks. Set HDI Group communication channels, professional corporate communications, tried-and-tested processes for defined crisis scenarios and established operating principles in the HDI Group are used to help manage this risk.

HDI Global SE defines "emerging risks" as risks whose hazard potential is not yet known with certainty and whose potential impact is difficult to assess. For example, cyber attacks or mounting uncertainty regarding political developments globally or in individual countries can make markets nervous and increase the potential for systemic shocks. The spread of new technologies, medicines and materials can also have knock-on effects that result in unpredictable losses. Those responsible for risk domestically at HDI Global SE, HDI Global Specialty SE and risk management contacts at the foreign units in the US, the United Kingdom, Spain, Hong Kong, Australia and HDI Reinsurance (Ireland) SE, Ireland play a role in surveying emerging risks in the industrial insurance segment.

Risk management also focusses on sustainability risks and, in particular, how these affect the company ("outside-in"). These risks are events or circumstances relating to environmental, social or corporate governance issues that will or could potentially have a considerably negative impact on the company's net assets, financial position and results of operations and on its reputation. Sustainability risks influence all the risk categories analysed by the company. They can affect all areas of business activities in the form of physical risks and transition risks in connection with changeover processes.

C.7 Any other information

Other than the information in chapter C.1 to C.6, there is no other material information that is required to understand the company's risk profile.

D Valuation for solvency purposes

Balance sheet

A commercial balance sheet depicts a company's financial position in accordance with the generally accepted principles of accounting. The valuation regulations related to this are stipulated under commercial law, with emphasis given to creditor protection. By contrast, a solvency balance sheet shows the extent to which the obligations incurred by an insurance undertaking are covered by assets under certain risk assumptions. The risk perspective and the corresponding stipulations under insurance supervisory law require a revaluation of the items in order to create a solvency balance sheet from a commercial balance sheet. This items are shown below in EUR thousand and an explanation is given of their revaluation.

2022 balance sheet, EUR thousand	Solvency II value	HGB value
Assets		
Goodwill	-	-
Deferred acquisition costs	-	-
Intangible assets	-	801
Deferred tax assets	13,962	-
Pension benefit surplus	-	-
Property, plant & equipment held for own use	51,701	11,448
Investments (other than assets held for index-linked and unit-linked contracts)	9,163,132	9,064,258
Property (other than for own use)	234,734	156,290
Holdings in related undertakings, including participations	2,877,881	2,202,469
Equities	14,453	14,302
Equities – listed	3,522	3,477
Equities – unlisted	10,931	10,824
Bonds	4,565,560	5,076,293
Government Bonds	884,805	978,470
Corporate Bonds	3,338,861	3,727,870
Structured notes	-	-
Collateralised securities	341,895	369,953
Collective investment undertakings	1,430,033	1,579,980
Derivatives	5,274	-
Deposits other than cash equivalents	35,196	34,924
Other investments	-	-
Assets held for index-linked and unit-linked contracts	-	-
Loans and mortgages	209,395	219,426
Loans on policies	-	-
Loans and mortgages to individuals	240	307
Other loans and mortgages	209,155	219,119
Reinsurance recoverables from:	5,685,053	7,999,890
Non-life and health similar to non-life	5,684,358	7,998,755
Non-life excluding health	5,681,370	7,994,112

Health similar to non-life	2,988	4,643
Life and health similar to life, excluding health and index-linked and unit-linked	695	1,134
Health similar to life	-	-
Life excluding health and index-linked and unit-linked	695	1,134
Life index-linked and unit-linked	-	-
Deposits to cedants	18,034	18,034
Insurance and intermediaries receivables	1,075,582	1,067,213
Reinsurance receivables	446,852	357,550
Receivables (trade, not insurance)	845,286	831,259
Own shares (held directly)	-	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	-	-
Cash and cash equivalents	476,230	476,230
Any other assets, not elsewhere shown	58,868	63,212
Total assets	18,044,094	20,109,322
Liabilities		
Technical provisions – non-life	11,919,639	15,841,893
Technical provisions – non-life (excluding health)	11,709,424	15,579,343
Technical provisions calculated as a whole	-	-
Best estimate	11,444,886	15,579,343
Risk margin	264,537	-
Technical provisions – health (similar to non-life)	180,609	208,045
Technical provisions calculated as a whole	-	-
Best estimate	172,815	208,045
Risk margin	7,795	-
Technical provisions – life (excluding index-linked and unit-linked)	29,606	54,596
Technical provisions – health (similar to life)	370	624
Technical provisions calculated as a whole	-	-
Best estimate	370	624
Risk margin	-	-
Technical provisions – life (excluding health and index-linked and unit-linked)	29,237	53,972
Technical provisions calculated as a whole	-	-
Best estimate	29,237	53,972
Risk margin	-	-
Technical provisions – index-linked and unit-linked	-	-
Technical provisions calculated as a whole	-	-
Best estimate	-	-
Risk margin	-	-
Other technical provisions	-	803,525

Contingent liabilities	150	-
Provisions other than technical provisions	68,074	71,949
Pension benefit obligations	523,478	526,657
Deposits from reinsurers	156,253	156,253
Deferred tax liabilities	43,159	-
Derivatives	6,149	-
Debts owed to credit institutions	-	-
Financial liabilities other than debts owed to credit institutions	44,599	4,445
Insurance & intermediaries payables	270,761	261,701
Reinsurance payables	845,100	756,490
Payables (trade, not insurance)	843,978	845,319
Subordinated liabilities	297,857	381,623
Subordinated liabilities not in basic own funds	-	-
Subordinated liabilities in basic own funds	297,857	381,623
Any other liabilities, not elsewhere shown	59,960	50,334
Total liabilities	15,079,156	19,700,278
Excess of assets over liabilities	2,964,937	409,044

General information

In general, assets and liabilities are measured at the amount at which they can be exchanged, transferred or settled between knowledgeable, willing parties in an arm's length transaction. Measuring assets and liabilities requires an economic, market-oriented and risk-based approach. The risks arising from certain balance sheet items are considered and market assumptions taken into account. For this reason, appropriate consideration is given to risk, uncertainty and discounting in all items.

Given that the Solvency II provisions are based on the International Financial Accounting Standards, the IFRS statement of financial position is used as the basis for the revaluation. Companies that do not conduct business with material financial options and guarantees use an existing balance sheet in accordance with IFRS or national generally accepted principles of accounting and revalue each item pursuant to the Solvency II requirements.

HDI Global SE suspended the reclassification as of Q2 2022 in accordance with the BaFin statement on 2 September 2021 regarding the interpretation decision.

Fair value

Fair value is generally identical under IFRS and Solvency II. Fair value is the price that would be collected upon selling an asset or payable upon transferring a liability in an orderly transaction between market participants at the valuation date.

Active market

Valuation at fair value is based on observable market prices on an active market. A financial instrument is regarded as quoted on an active market if quoted prices are provided easily and regularly by a stock exchange, a trader, a broker, an industry group, a pricing service or a supervisory authority and these prices represent current and frequent market transactions on an arm's length basis. An active market is a market on which the traded products are homogeneous, willing buyers and sellers can usually be found at all times and prices are made available to the public.

Inactive market

The following circumstances may result in an inactive market:

- There are only a few transactions.
- Quotations are not based on current information or vary considerably either over time or between market participants.
- There is a large bid-ask-spread or a significant increase in this.
- Indices that previously showed a strong correlation with the fair value of the asset or liability are demonstrably no longer correlated with the latest fair values for this asset or liability.
- There is a significant increase in implicit liquidity risk premiums, returns or performance indicators (such as default rates and severity of loss) for observable transactions or the prices quoted in comparison to the reporting entity's estimate of expected cash flows, taking into account all available market data on the credit and other non-performance risks for the asset or liability.
- There is a substantial decline in or lack of a market for new issues for the asset or liability or similar assets or liabilities.
- Little information is made available to the public (e.g. a principal-to-principal market).

Principal market

A principal market is the market with the highest volume and activity levels for the asset or liability. It is not necessarily the market with the best prices. The undertaking must be able to access the market. In the absence of evidence to the contrary, the principal market is the market on which the undertaking usually enters into a transaction to sell the asset or transfer a liability.

The principal market is usually the market that the undertaking would normally use unless there is objective evidence (e.g. a decline in market activities, increased restrictions on access etc.) that another market is the principal market. The principal market is remeasured at least once per year.

We take into account all information that can reasonably be accessed. Determining the principal market for non-standard OTC contracts could be based on the nature of the contract (e.g. interest swap) or on the individual contract (e.g. swap contract X). At the Talanx Group, determining the principal market for OTC derivatives generally depends on the nature of the contract.

In the Talanx Group, markets are determined as follows: the principal market for equities, futures and standard options is the local stock exchange. For bearer bonds, registered bonds, ABS/MBS and OTC derivatives (e.g. interest swaps, credit default swaps, currency futures), the principal market comprises the institutional brokers that have banks as trading partners. These markets are the principal markets where the undertaking has access to the market, generally uses this market for trading and that have the largest volume for the respective asset class. They are usually measured on the basis of information available that relates to these markets.

The most advantageous market

Where there is no clear principal market for assets and liabilities, the fair value valuation is based on the most advantageous market. On the most advantageous market, the undertaking maximises the value of selling an asset or minimises the value of transferring a liability. The undertaking must be able to access the market.

Where there are multiple possible markets, the most advantageous market is the market on which the undertaking receives the highest net income from sales after deducting transaction costs or transport costs (for property, plant and equipment). This does not affect the valuation at fair value, which is based on the purchase price without deducting transaction costs. Accordingly, the market that offers the highest net return on sales is not necessarily the market that delivers the highest fair value.

Valuation methods

Assets and liabilities are usually measured under the going concern assumption.

The valuation methods applied are consistent with Article 75 of Directive 2009/138/EC. Assets and liabilities (in contrast to technical provisions) are measured in accordance with IAS/IFRS standards. If the IAS/IFRS valuation methods are temporarily or permanently not consistent with the valuation approach set out in Article 75 of Directive 2009/138/EC, other valuation methods in accordance with this Article are applied.

The following valuation hierarchy is used for the valuation of assets and liabilities in accordance with market-based valuation methods:

Quoted prices on active markets are used for the same assets or liabilities as the standard valuation method. If it is not possible to use quoted prices, quoted prices on active markets for comparable assets and liabilities are used and adjusted where necessary. All observable, relevant market information is taken into account in this process.

When valuing the liabilities, no adjustment is made in order to take account of the undertaking's own credit quality.

If no publicly available quoted prices exist, or if the markets from which they are taken are not considered active, the assets are valued theoretically.

The classification of the market valuation in accordance with the explanatory text of Guideline 7 of the EIOPA guidelines on SFCR BoS, 15/109, item 2.22. is implemented as follows:

a) Quoted prices in active markets for identical assets: assets that are valued using (unadjusted) prices quoted directly in active markets.

b) Quoted prices in active markets for similar assets: assets that are valued for (unadjusted) prices for similar assets quoted directly in active markets. This method is not used at the undertaking.

c) Inputs other than quoted prices in active markets for identical or similar assets that are observable for the asset, either directly (i. e. as prices) or indirectly (i.e. derived from prices): Assets that are measured using observable market data and are not allocated to category a). Measurement is based in particular on prices for comparable assets that are traded in active markets, prices in markets that are not deemed active and inputs derived from such prices and market data.

d) Inputs not based on observable market data: assets that cannot be valued or can only be valued in part using inputs observable in the market. These instruments are primarily measured using valuation models and methods.

An input is considered significant if it has an influence on more than 10.0% of the financial instrument's valuation.

No changes to valuation models and procedures were made in the reporting year in comparison to the previous year.

D.1 Assets

Goodwill

EUR thousand	Solvency II value	HGB value
Goodwill	-	-

No asset is assigned to this item at HDI Global SE.

Deferred acquisition costs

EUR thousand	Solvency II value	HGB value
Deferred acquisition costs	-	-

No asset is assigned to this item at HDI Global SE.

Intangible assets

EUR thousand	Solvency II value	HGB value
Intangible assets	-	801

HGB valuation:

Intangible assets under HGB constitute acquired insurance portfolios and purchased software.

In accordance with HGB, intangible assets are covered under fixed assets and must be recognised. These include licences, rights, patents, goodwill and software. However, not all intangible assets can be capitalised in the balance sheet. Whereas purchased intangible assets must be capitalised, capitalising internally generated fixed assets is optional.

Intangible assets under HGB are carried at cost less amortisation in line with the standard useful life.

Solvency II valuation:

In accordance with the Solvency II requirements, the definitions in IAS 38 - including the definition of active markets - apply to intangible assets in Solvency II. They are valued at zero unless they can also be sold individually and a quoted market price exists for identical or similar intangible assets in an active market. In most cases, intangible assets (e.g. trademarks, patents etc.) are not regularly traded on the active market. Software is often custom developed for an undertaking and cannot be sold to another undertaking.

Difference in valuation:

The difference between the Solvency II value and the HGB value results from purchased intangible assets not included in the solvency balance sheet for the reasons given above.

Deferred tax assets

EUR thousand	Solvency II value	HGB value
Deferred tax assets	13,962	-

The valuation of deferred taxes under Solvency II is described in the remarks on passive deferred tax liabilities in chapter D.3.

The deferred tax assets of EUR 13,962 thousand essentially originate from the difference in valuation of the reinsurance recoverables. Other than the deductible temporary differences and loss carryforwards detailed in chapter D.3 on deferred taxes, which were included in the impairment test, no other unused tax credits or tax losses are known at present.

Pension benefit surplus

EUR thousand	Solvency II value	HGB value
Pension benefit surplus	-	-

No asset is assigned to this item at HDI Global SE.

Property, plant & equipment held for own use

EUR thousand	Solvency II value	HGB value
Property, plant & equipment held for own use	51,701	11,448

HGB valuation:

This item includes operating and office equipment (office appliances, fixtures, furniture, vehicles etc.) and owner-occupied properties.

Operating and office equipment, where this is classed as long lived assets, is recognised at cost less depreciation permitted for tax purposes.

Other property, plant and equipment is carried at cost less depreciation and write-downs.

Owner-occupied property is valued in line with investment property, which is described under the item property (other than for own use).

Solvency II valuation:

Operating and office equipment and other property, plant and equipment is measured in accordance with HGB. Owner-occupied property is included in the solvency balance sheet at its market value. As under the IFRS standard, Solvency II, also takes into account receivables from leasing transactions, which are not recognised under HGB.

Difference in valuation:

The EUR 40,253 thousand difference between the Solvency II value and the HGB value is due to receivables from leasing transactions.

Property (other than for own use)

EUR thousand	Solvency II value	HGB value
Property (other than for own use)	234,734	156,290

This item includes real estate held for sale or provided to third parties and investment funds.

HGB valuation:

Land, land rights and buildings, including buildings on third-party land, are recognised at cost less depreciation of the buildings in accordance with the standard useful life (section 341b (1) in conjunction with section 255 and section 253 (3) HGB) and depreciation if permanent impairment is expected (section 253 (3) sentence 5 HGB).

Solvency II valuation:

Bases for valuation

As per Solvency II, a distinction is initially to be drawn for properties as to whether these are considered as held for own use or as investment property. Property that is partially held for own use and partially rented is divided in the solvency balance sheet on the basis of its use between the categories property, plant & equipment held for own use and property (other than for own use). Unlike under IFRS/HGB, property not intended for own use is included in the solvency balance sheet at market value.

Market value is determined by taking the price that would be obtained in the ordinary course of business at the time the calculation was performed and according to the legal circumstances and actual characteristics, the other attributes and the location of the property or other item subject to valuation, disregarding unusual or personal factors.

Methods

Property – i.e. developed and undeveloped properties and land rights – is measured objectively in accordance with standardised market principles and methods. To do this, the market value of the land, land rights and buildings (including buildings on third-party land) is calculated using the discounted cash flow method. The discounted cash flow method is primarily used for developed land where the purpose of ownership is to generate income for the long term – i.e. for longer than the remaining useful life. The discounted cash flow method is a direct comparable method of valuation based on using the property yield derived from comparative purchase prices.

Market value must be measured once a year at the reporting date or, in the case of unusual changes, at the time such changes occur. All calculations must be based on the general values pertaining on the property market at the time the valuations are performed. This also applies for the condition of the land itself. There are some exceptions whereby the condition of the property at another point in time can be assumed. A qualified external appraisal is obtained every five years as at the reporting date to determine the applicable fair value. Internal appraisals of the value of all properties are prepared as at the other reporting dates to review the values; these reports are also based on the discounted cash flow method.

Key assumptions

Interim reporting uses the market values reported in the most recent annual financial statements. If significant changes potentially impacting the value occur, an additional intra-year market value valuation is performed as at the time of their occurrence and is used for interim reporting from the measurement date onwards. Examples of significant changes potentially impacting the value include changes in vacancy rates and tenant bankruptcies.

Difference in valuation:

The difference between the Solvency II value and the value in the annual financial statements is due to hidden reserves resulting from the market value approach pursuant to Solvency II in comparison to the accounting under commercial law in accordance with HGB.

Holdings in related undertakings, including participations

EUR thousand	Solvency II value	HGB value
Holdings in related undertakings, including participations	2,877,881	2,202,469

This item includes holdings in related undertakings and participations. This consists primarily of strategic assets.

HGB valuation:

Shares in affiliated companies and participating interests are recognised at cost less any write-downs to the lower fair value in accordance with section 341b (1) sentence 2 HGB in conjunction with section 253 (1) sentence 1, (3) sentence 5 HGB.

Solvency II valuation:

Bases for valuation

This item includes holdings in related undertakings and participations. These may include both strategic and non-strategic assets.

Methods

In accordance with Solvency II, holdings in related undertakings are measured using suitable standard market procedures and methods. The adjusted equity method is used for holdings/participations within the HDI V.a.G./Talanx basis of consolidation. The carrying amount is replaced as at the reporting date by the joint excess of assets over liabilities (shareholders net assets - SNA).

Key assumptions

None.

Difference in valuation:

The difference between the Solvency II value and the value in the annual financial statements is due to the different valuation methods used, in particular the hidden reserves.

Equities

EUR thousand	Solvency II value	HGB value
Equities – listed	3,522	3,477
Equities – unlisted	10,931	10,824

Equities and holdings in limited partners (not consolidated) are listed under this item. Participations are not included. Equities represent Group capital, e.g. a participation in a corporation that is (not) listed on a public stock exchange.

HGB valuation:

Equities, provided they are managed pursuant to the principles of current assets, are recognised at the lower of cost or market value at the reporting date. The requirement to reverse impairment losses is observed (section 341b (2) HGB in conjunction with sections

255 (1) and 253 (1) sentence 1, (4) and (5) HGB). As per the regulations in force for fixed assets, securities that are used for day-to-day business are measured in accordance with the less strict lower of cost or market principle (section 341b (2) second half-sentence HGB in conjunction with section 253 (1) sentence 1, (3) sentence 5 HGB). Permanent impairment losses are written down through profit or loss. The 20.0% threshold recommended by the IDW's Insurance Committee is used to determine whether the equities are expected to be permanently impaired. This states that a security can be permanently impaired if the fair value of this security is consistently more than 20.0% lower than its carrying amount during the six months prior to the reporting date. In the case of securities acquired above or below par, the difference is amortised over the remaining term, applying the effective interest method.

Solvency II valuation:

Bases for valuation

The value of listed equities is measured on the basis of the most recent available quoted prices. Alternative valuation methods are used for unlisted equities. This applies in particular to the reporting of special investment vehicles for alternative investments (e.g. private equity investments), which for business policy reasons are established as participation structures and are thus not considered equity investments.

Methods

Listed equities are valued at the level of the individual holdings. The standard approach uses the quoted price on the security's home exchange. However, if expedient (e.g. due to more liquid trading) the price quoted on another exchange can be used instead.

A hierarchy of price types is applied independently of the trading platform. Top priority is given to bid (the price at which the security can be sold). If this is not available, the price types Traded (i.e. the last price traded for the day) and Close (i.e. the official closing price for the security set by the stock exchange, not published until the following day) are used as the second and third options.

The alternative investment vehicles mentioned above are measured using the net asset value method. Net asset value is the total value of all assets (in this case primarily the target investments and bank balances and deposits) less the value of any liabilities. Target investments (in this case the actual alternative investments such as private equity investments) usually have the legal form of a single member company. They have audited annual or quarterly financial statements. Target investments are thus equity investments (only an interest in a target investment is usually held); these are included in the valuation of the entire alternative investment vehicle at the value reported in the audited financial statements.

All methods and definitions used are reviewed at least once a year to ensure they remain up to date and adequate; they are then amended if necessary.

Key assumptions

None.

Difference in valuation:

The difference between the Solvency II value and the value in the annual financial statements is due to hidden reserves/liabilities resulting from the market value approach pursuant to Solvency II in comparison to the accounting under commercial law in accordance with HGB.

Government and corporate bonds

EUR thousand	Solvency II value	HGB value
Government Bonds	884,805	978,470
Corporate Bonds	3,338,861	3,727,870

This item includes investments such as bearer bonds and other fixed income securities, registered bonds, notes receivable and loans to related undertakings.

HGB valuation:

Registered bonds, notes receivable and loans to related undertakings are recognised at amortised cost (section 341c (3) HGB). As part of this, the investments are recognised at the purchase price upon acquisition and the difference compared to the repayment amount is amortised, applying the effective interest method. Required write-downs are recognised in accordance with the less strict lower of cost or market principle (section 341b (2) second half-sentence HGB in conjunction with section 253 (1) sentence 1, (3) sentence 5 HGB).

Provided they are managed pursuant to the principles of current assets, bearer bonds and other fixed-income securities and other investments are recognised at the lower of cost or market value at the reporting date. The requirement to reverse impairment losses is observed (section 341b (2) HGB in conjunction with sections 255 (1) and 253 (1) sentence 1, (4) and (5) HGB). As per the regulations in force for fixed assets, securities that are used for day-to-day business are measured in accordance with the less strict lower of cost or market principle (section 341b (2) second half-sentence HGB in conjunction with section 253 (1) sentence 1, (3) sentence 5 HGB). Permanent impairment losses are written down through profit or loss. Credit checks on issuers and changes in ratings are used to assess whether bearer bonds and other fixed-income securities that are accounted for as fixed assets are permanently impaired. In the case of securities acquired above or below par, the difference is amortised over the remaining term, applying the effective interest method.

Solvency II valuation:

Bases for valuation

Government and corporate bonds are valued either on the basis of quoted prices in active markets or, if no publicly available quoted prices exist, or if the markets from which they are taken are not considered active, they are valued theoretically.

Methods

Market quotations are sourced from selected pricing service agencies, trading information systems and intermediaries who are considered to be reliable (brokers). The available pricing information sources are ranked in a hierarchy. The highest priority is generally given to pricing service agencies and the lowest to intermediaries. Exceptions can be made in the case of particular market segments/currency combinations, for example.

If no publicly available quoted prices exist, or if the markets from which they are taken are not considered active, the bonds are theoretically measured on the basis of parameters derived from observable market data (interest rate term structures and spread curves) using appropriate valuation models and procedures, and taking the issuer's credit rating into consideration. The present value method is used to measure the value of bonds without any special structured features. In this method, the future payouts for the instrument in question are discounted to the current date. The discount rates used consist of a term-dependent underlying component (derived from the risk-free interest rate) and an issuer/issue-specific risk premium that takes spread, migration and credit risk into account.

All methods and definitions used are reviewed at least once a year to ensure they remain up to date and adequate; they are then amended if necessary.

Key assumptions

Theoretical valuations using derived market inputs for bonds for which no publicly available quoted prices exist are based on the assumption that price differences as regards the risk, term and credit quality of listed bonds that are comparable in transparent markets are primarily due to issue-specific features and lower liquidity.

Difference in valuation:

The difference between the Solvency II value and the value in the annual financial statements is due to hidden reserves/liabilities resulting from the market value approach (including accrued interest for interest-bearing instruments) pursuant to Solvency II in comparison to the accounting under commercial law in accordance with HGB.

Structured notes

EUR thousand	Solvency II value	HGB value
Structured notes	-	-

No asset is assigned to this item at HDI Global SE.

Collateralised securities

EUR thousand	Solvency II value	HGB value
Collateralised securities	341,895	369,953

This item includes various types of collateralised securities. These include Asset Backed Securities (ABS), Mortgage Backed securities (MBS), Commercial Mortgage Backed securities (CMBS), Collateralised Debt Obligations (CDO), Collateralised Loan Obligations (CLO) and Collateralised Mortgage Obligations (CMO). They do not include German covered bonds (Pfandbriefe) or other legally collateralised securities subject to special legal regulations. These are included under bonds.

HGB valuation:

Collateralised securities are assigned to bearer bonds and other fixed income securities. Provided they are managed pursuant to the principles of current assets, they are recognised at the lower of cost or market value at the reporting date. The requirement to reverse impairment losses is observed (section 341b (2) HGB in conjunction with sections 255 (1) and 253 (1) sentence 1, (4) and (5) HGB). As per the regulations in force for fixed assets, securities that are used for day-to-day business are measured in accordance with the less strict lower of cost or market principle (section 341b (2) second half-sentence HGB in conjunction with section 253 (1) sentence 1, (3) sentence 5 HGB). Permanent impairment losses are written down through profit or loss. Credit checks on issuers and changes in ratings are used to assess whether securities that are accounted for as fixed assets are permanently impaired. In the case of securities acquired above or below par, the difference is amortised over the remaining term, applying the effective interest method.

Solvency II valuation:

Bases for valuation

Public quotations are not always available for collateralised securities. They are then theoretically valued using own valuation models or externally using special service providers. Public quotations are used where available.

Methods

If no public quotations are available, the market value is calculated using own calculations or using a mark-to-model approach. This uses special databases that make it possible to measure the underlying securities or receivables portfolio.

Any collateral furnished is treated as a risk-mitigating factor when calculating the valuation, although spread, migration and default risk is still taken into account.

All methods and definitions used are reviewed at least once a year to ensure they remain up to date and adequate; they are then amended if necessary.

Key assumptions

Assumptions are made for collateralised securities about prepayment speed and recovery rates.

Difference in valuation:

The difference between the Solvency II value and the value in the annual financial statements is due to hidden reserves/liabilities resulting from the market value approach (including accrued interest for interest-bearing instruments) pursuant to Solvency II in comparison to the accounting under commercial law in accordance with HGB.

Collective investment undertakings

EUR thousand	Solvency II value	HGB value
Collective investment undertakings	1,430,033	1,579,980

This item includes real estate funds, balanced funds, bond funds, funds of funds and equity funds.

HGB valuation:

Holdings or shares in investment funds, provided they are managed pursuant to the principles of current assets, are recognised at the lower of cost or market value at the reporting date. The requirement to reverse impairment losses is observed (section 341b (2) HGB in conjunction with sections 255 (1) and 253 (1) sentence 1, (4) and (5) HGB). As per the regulations in force for fixed assets, securities that are used for day-to-day business are measured in accordance with the less strict lower of cost or market principle (section 341b (2) second half-sentence HGB in conjunction with section 253 (1) sentence 1, (3) sentence 5 HGB). Permanent impairment losses are written down through profit or loss. The 20.0% threshold recommended by the IDW's Insurance Committee is used to determine whether the holdings or shares in investment funds are expected to be permanently impaired. This states that a security can be permanently impaired if the fair value of this security is consistently more than 20.0% lower than its carrying amount during the six months prior to the reporting date.

Solvency II valuation:

Bases for valuation

Investment funds are valued at the official redemption price.

Methods

The redemption price is regularly calculated and published by the investment company (asset management company) using a defined methodology. These can also generally be obtained automatically from pricing service agencies. Alternatively, the net asset value method can be used. Net asset value is the total value of all assets (in this case primarily the investments and bank balances and deposits) less the value of any liabilities.

All methods and definitions used are reviewed at least once a year to ensure they remain up to date and adequate; they are then amended if necessary.

Key assumptions

None.

Difference in valuation:

The difference between the Solvency II value and the value in the annual financial statements is due to hidden reserves/liabilities resulting from the market value approach (including accrued interest for interest-bearing instruments) pursuant to Solvency II in comparison to the accounting under commercial law in accordance with HGB.

Derivatives

EUR thousand	Solvency II value	HGB value
Derivatives	5,274	-

Derivatives are contracts whose economic value is based on an underlying asset. At HDI Global SE, only currency futures for hedging are recognised here.

HGB valuation

Derivatives are measured at the lower of cost or fair value at the reporting date. Provisions for anticipated losses are recognised in the case of negative fair values.

Solvency II valuation: bases for valuation

Financial derivatives (e.g. options or futures) are measured on the basis of quoted prices on active markets. If no quoted prices are available, the items are measured theoretically.

Solvency II valuation: methods

The standard approach uses the quoted price on the security's home exchange. However, if expedient (e.g. due to more liquid trading) the price quoted on another exchange can be used instead.

If no quoted prices are available, the derivatives are theoretically measured on the basis of inputs derived from observable market data (interest rate term structures and spread curves, volatilities, spot and forward rates and other inputs) using appropriate valuation models and procedures. Examples of the valuation methods used include:

Stock options are measured using the Black-Scholes model, which uses a stochastic process to determine the future probability distribution of prices considering current market data (including volatilities) and then algorithmically calculates the value of the option.

A variant of the Black-Scholes model, known as the Black-76 formula, is used to value options on interest rates (swaptions).

Credit default swaps are valued on the basis of the ISDA model, which determines future default probabilities based on current market data (including spread curves) and calculates the current value by discounting resulting payment profiles.

Other derivatives without option components, such as currency futures, forward purchases and swaps, can be measured using the present value method by discounting future cash flows.

All methods and definitions used are reviewed at least once a year to ensure they remain up to date and adequate; they are then amended if necessary.

Solvency II valuation: Key assumptions

The Black-Scholes model and the Black-76 model are based on the assumption that equity prices and interest rates follow certain stochastic processes and distributions.

The ISDA method also involves certain stochastic assumptions, as well as assumptions about recovery rates of the bonds.

Difference in valuation

The difference between the Solvency II value and the value in the annual financial statements is due to the negative fair value, which is not recognised under HGB. A provision for anticipated losses is recognised instead.

Deposits other than cash equivalents

EUR thousand	Solvency II value	HGB value
Deposits other than cash equivalents	35,196	34,924

This item includes time deposits.

HGB valuation:

Deposits are measured at their nominal amount.

Solvency II valuation:

Deposits are measured at the redemption value.

Difference in valuation:

The difference between the Solvency II value and the value in the annual financial statements is due to hidden reserves/liabilities resulting from the market value approach (including accrued interest for interest-bearing instruments) pursuant to Solvency II in comparison to the accounting under commercial law in accordance with HGB.

Other investments

EUR thousand	Solvency II value	HGB value
Other investments	-	-

No asset is assigned to this item at HDI Global SE.

Assets held for index-linked and unit-linked contracts

EUR thousand	Solvency II value	HGB value
Assets held for index-linked and unit-linked contracts	-	-

No asset is assigned to this item at HDI Global SE.

Loans on policies

EUR thousand	Solvency II value	HGB value
Loans on policies	-	-

No asset is assigned to this item at HDI Global SE.

Loans and mortgages

EUR thousand	Solvency II value	HGB value
Loans and mortgages to individuals	240	307
Other loans and mortgages	209,155	219,199

This item includes mortgage, land and annuity land charges.

HGB valuation:

Mortgages, land and annuity charges and other loans are recognised at amortised cost (section 341c (3) HGB). As part of this, the investments are recognised at the purchase price upon acquisition and the difference compared to the repayment amount is amortised, applying the effective interest method. Required write-downs are recognised in accordance with the less strict lower of cost or market principle (section 341b (2) second half-sentence HGB in conjunction with section 253 (1) sentence 1, (3) sentence 5 HGB).

Solvency II valuation:

Bases for valuation

Loans and mortgages are valued theoretically.

Methods

The theoretical value of loans is measured on the basis of inputs derived from observable market data (interest rate term structures and spread curves) using appropriate valuation models and procedures, and taking the issuer’s credit rating into consideration. The present value method is used to measure the value of loans without any special structured features. In this method, the future payouts for the instrument in question are discounted to the current date. The discount rates used consist of a term-dependent underlying component (derived from the risk-free interest rate) and an issuer/issue-specific risk premium that takes spread, migration and credit risk into account.

Mortgages are measured using the present value method, without taking into consideration individual credit spreads.

All methods and definitions used are reviewed at least once a year to ensure they remain up to date and adequate; they are then amended if necessary.

Key assumptions

Mortgage valuations take options such as break options into account using a flat-rate allowance.

Difference in valuation:

The difference between the Solvency II value and the HGB value results from valuation reserves.

Reinsurance recoverables

EUR thousand	Solvency II value	HGB value
Non-life and health similar to non-life	5,684,358	7,998,755
Non-life excluding health	5,681,370	7,994,112
Health similar to non-life	2,988	4,643
Life and health similar to life, excluding health and index-linked and unit-linked	695	1,134
Health similar to life	-	-

Life excluding health and index-linked and unit-linked	695	1,134
Life index-linked and unit-linked	-	-

Reinsurance recoverables are here defined as ceded technical provisions. Under HGB, the reinsurance share of technical provisions is reported here. These items, including their allocation to the divisions, are described in chapter D.2, where net always refers to the provision after deducting reinsurance recoverables.

Deposits to cedants

EUR thousand	Solvency II value	HGB value
Deposits to cedants	18,034	18,034

HGB valuation:

The item includes deposits to cedants from reinsurance accepted business and is recognised at its nominal amount.

The value of deposits to cedants (or deposits from reinsurers) is measured on the basis of the consideration paid or received less specific premiums or fees estimated by the cedant or the reinsurer, regardless of experience with the contract.

Solvency II valuation:

The value in the solvency balance sheet calculated under HGB is used for deposits to cedants.

Difference in valuation:

None.

Insurance and intermediaries receivables

EUR thousand	Solvency II value	HGB value
Insurance and intermediaries receivables	1,075,582	1,067,213

HGB valuation:

This item includes receivables from policyholders, receivables from insurance intermediaries and receivables from reinsurance undertakings from assumed business (inwards reinsurance), including the corresponding impairment losses. The HGB value includes receivables from these items that are both past due and current.

Receivables are generally measured up to their full nominal amount in accordance with HGB. If a problem with the debtor's credit quality is reported, the receivable in question is written down to the recoverable amount.

Solvency II valuation:

The HGB value can be considered a suitable representation of the Solvency II value and is thus not revalued. One exception to this is the different methodology used for netting settlement receivables with settlement liabilities. For IFRS purposes, netting is carried out separately for each partner for inwards and ceded reinsurance. This process is also used to calculate the Solvency II value. Under HGB, netting is calculated for each partner using the sum of the transaction types.

Difference in valuation:

The EUR 8,368 thousand difference between the Solvency II value and the HGB value is a result of the different method of calculating the netting of settlement receivables with settlement liabilities, as explained above, in the amount of EUR 9,060 thousand. This is offset by reinstatement premium receivables of EUR -692 thousand.

Reinsurance receivables

EUR thousand	Solvency II value	HGB value
Reinsurance receivables	446,852	357,550

This item includes settlement receivables from ceded reinsurance business. Reinsurance receivables are non-technical items, as amounts depend on the debtor’s liquidity as opposed to the underwriting risk.

HGB valuation:

In accordance with HGB, reinsurance receivables are capitalised at their nominal amounts. The HGB value includes receivables from these items that are both past due and current.

Solvency II valuation:

The HGB value can be considered a suitable representation of the Solvency II value and is thus not revalued. One exception to this is the different methodology used for netting settlement receivables with settlement liabilities. For IFRS purposes, netting is carried out separately for each partner for inwards and ceded reinsurance. This process is also used to calculate the Solvency II value. Under HGB, netting is calculated for each partner using the sum of the transaction types.

Difference in valuation:

The EUR 89,302 thousand difference between the Solvency II value and the HGB value is due to the different method of calculating the netting of settlement receivables with settlement liabilities, as described above.

Receivables (trade, not insurance)

EUR thousand	Solvency II value	HGB value
Receivables (trade, not insurance)	845,286	831,259

HGB valuation:

The following items are recognised here:

- Tax receivables
- Dividends receivable
- Receivables from service agreements
- Receivables from profit absorption by related undertakings
- Receivables from non-lead business
- Other receivables

Receivables are generally measured at their full nominal amount in accordance with HGB.

Solvency II valuation:

The HGB value can be considered a suitable representation of the Solvency II value. The market value is the same as the residual carrying amount. If not, the amount must be revalued to value receivables in the solvency balance sheet at fair value.

Difference in valuation:

The EUR 14,026 thousand difference between the Solvency II value and the HGB value is due to the following:

- A difference of EUR 3,603 thousand is due to the difference in valuation of other receivables.
- A difference of EUR 10,423 thousand is due to the difference in valuation of other investment receivables.

Own shares (held directly)

EUR thousand	Solvency II value	HGB value
Own shares (held directly)	-	-

No asset is assigned to this item at HDI Global SE.

Amounts due in respect of own fund items or initial fund called up but not yet paid in

EUR thousand	Solvency II value	HGB value
Amounts due in respect of own fund items or initial fund called up but not yet paid in	-	-

No asset is assigned to this item at HDI Global SE.

Cash and cash equivalents

EUR thousand	Solvency II value	HGB value
Cash and cash equivalents	476,230	476,230

Cash at banks and cheques are recognised in this item. Cash at banks, cheques and cash-in-hand are carried at their nominal value in accordance with HGB and Solvency II.

Any other assets, not elsewhere shown

EUR thousand	Solvency II value	HGB value
Any other assets, not elsewhere shown	58,868	63,212

HGB valuation:

The following HGB items

- Accrued interest and rent
- Prepaid expenses
- Reinsurance receivables
- Advance payments

are classified as other receivables and generally measured at their full nominal amount in accordance with HGB.

Solvency II valuation:

The HGB value can be considered a suitable representation of the Solvency II value. Given this, no revaluation is required and the Solvency II value is the same as that under HGB.

Difference in valuation:

The EUR -4,344 thousand difference between the Solvency II value and the HGB value is due to the following:

- A difference of EUR -52,575 thousand is due to accrued interest, which is directly allocated to investments under Solvency II.
- A difference of EUR 48,865 thousand is due to the receivables from pension acquisition agreements with other HDI Group undertakings recognised in the solvency balance sheet.
- A difference of EUR -635 thousand is due to the different base used for a prepaid expenses item.

D.2 Technical provisions

HDI Global SE's technical provisions are calculated by revaluing the IFRS technical provision recognised in Talanx AG's consolidated financial statements. This is done in three stages.

- Firstly, the IFRS technical claims provisions are revalued – essentially, they are discounted. This produces the best estimate for claims provisions under Solvency II (BECP).
- Secondly, the best estimate for premium provisions under Solvency II (BEPP) is formed as a provision for future cover.
- Finally, a net risk margin is calculated for the loss portfolio to reflect the inherent uncertainty in this portfolio and this is added to the BECP and BEPP amounts. This produces the technical provisions under Solvency II (TP).

They are measured in accordance with the procedure in the internal model approved by regulatory bodies. The individual stages are discussed in more detail below followed by details on calculating IFRS provisions, including the characteristics of the respective Solvency II business segments. All information also covers health (similar to non-life) and annuities stemming from non-life insurance contracts. In addition, reinsurance recoverables are regarded as ceded TP. Within ceded TP, there are no recoverables from special purpose vehicles in accordance with chapter XV of Directive 2009/138/EC to be taken into account. At present, no matching adjustment in accordance with Article 77b, no transitional deduction as per Article 308d and no adjustment beyond a transitional risk-free interest rate term structure as per Article 308c of Directive 2009/138/EC are carried out. Please see chapter D, D.1, D.3 for details on the measurement of settlement receivables and liabilities and deposits to cedants and deposits from reinsurers. All these components are currently shown separately in the solvency balance sheet and there is no (partial) recognition within the TP.

Best estimate for claims provisions under Solvency II

The BECP represents the technical provisions for past cover. To obtain the BECP, the technical IFRS provisions of HDI Global SE – finally recognised in the group accounts - are increased by an amount relating to investment management expenses, discounted and adjusted due to the expected reinsurer default with respect to ceded provisions.

The payment patterns for discounting are based on historic ratios of payments to IFRS claims provisions and a recursive update of IFRS claims provisions, with gross patterns used for ceded provisions. The currency-specific interest rate term structures included in the invoice take into account a static volatility adjustment and are compliant with the corresponding interest rate term structures required by EIOPA. With regard to the annuities stemming from non-life contracts, it is noted that the related IFRS values have already been discounted and so undoing of discounting is performed before discounting as part of forming the BECP.

The adjustment on the basis of the expected reinsurance default is calculated using a conservative discount factor for each DFA segment and each counterparty, which depends on the reinsurer's rating and the associated migration probabilities and is calculated on the basis of HDI Global SE's ceded cash flow.

Best estimate for premium provisions under Solvency II

The BEPP is calculated for obligations from the future transfer of risk for business that has been written but not yet earned as at the reporting date. The current calculation of the BEPP is based on the simplification formula set out in the technical annex III of the guidelines on the valuation of technical provisions, while also taking into account two company-specific summands, one for premiums that have already been received and one for future premiums. The figure includes unearned premiums reserves in accordance with IFRS, the estimated present value of future premiums (PVFP) based on premium data, actuarial distribution patterns, the interest rate term structures described in the last chapter, actuarial loss ratios and cost loss ratios from enterprise management. In addition, the BEPP includes an amount relating to investment management expenses and is adjusted due to the expected reinsurer default with respect to ceded provisions. The same statements as those made for the BECP apply here regarding the level of uncertainty associated with the value of the technical provision and regarding the specifics of the lines of business.

Risk margin

The risk margin is an add-on resulting from the fact that a contracting party willing to assume the risk must bear not only the costs of the best estimates of the BECP and BEPP but also the costs it incurs from having to back the risk inherent in the loss portfolio with economic capital. The risk margin is calculated in accordance with Article 37 of the Commission Delegated Regulation (EU) 2015/35. The procedure is in line with method 2 in accordance with guideline 62 of the guidelines on the valuation of technical provisions. The calculation includes variables determined using the internal model, as well as distribution patterns from the actuarial analyses and the interest rate term structures described above – in EUR only, excluding a volatility adjustment.

Comparison of technical provisions under Solvency II with provisions under local reporting

Regarding technical provisions, three components – the BECP, the BEPP and the risk margin – must be considered when comparing the figures recognised locally under HGB and those in the solvency balance sheet.

The comparison between the BECP and the corresponding figures in the local balance sheet can be described in four stages. The first and most important stage is the reconciliation of the claims provisions from HGB to IFRS. Here, the principle of prudence and individual claims reserving are contrasted by an actuarial valuation at portfolio level, which is described in detail below in the IFRS claims provisions section. From HGB net provisions of EUR 7,186,778 thousand, this results in the net provisions of EUR 6,663,850 thousand recognised for the IFRS consolidated financial statements. The second stage involves the discounting as part of revaluing the IFRS provisions to the Solvency II provisions. In net terms, discounting reduces provisions by EUR 954,195 thousand. The discounting takes into account a volatility adjustment which reduces the best estimate by EUR 51,921 thousand in net terms. The next, third stage comprises the effect of accounting for the expected default of a reinsurer on ceded provisions, which comes to of EUR 47,682 thousand in net terms. Finally, this is followed by other net revaluation effects of EUR -157,606 thousand, which cover a reclassification of management adjustments from the IFRS claims provisions to Solvency II equity and the add-on of investment management expenses relating to technical provisions. Ultimately, this gives net BECP of EUR 5,599,732 thousand.

The BEPP arises from the IFRS unearned premiums in five stages. There is a net difference of EUR -23,184 thousand between these and the locally recognised HGB figures due to different accrual accounting of administrative expenses for the period. The first stage involves transferring the IFRS net unearned premium reserve of EUR 632,132 thousand to claims provisions of EUR 581,773 thousand for future cover. Next, in addition to the provisions for premiums already recognised, another claim provision is formed for future cover for future premiums not yet recognised under HGB and IFRS. The provisions are reduced by the premiums expected to be received, giving a net deduction of EUR 18,751 thousand. The third stage involves discounting, taking into account the volatility adjustment and creating a net change of EUR -214,820 thousand. The next, fourth stage comprises the effect of accounting for the expected default of a reinsurer on ceded provisions, which comes to of EUR 9,098 thousand in net terms. This is followed by other net revaluation effects of EUR 5,224 thousand, which currently covers only the add-on of investment management expenses relating to technical provisions. This results in a net BEPP of EUR 362,523 thousand in the solvency balance sheet.

There is no equivalent in local accounting of the EUR 272,332 thousand risk margin.

The following tables show additional details, in particular reconciliation figures for each key Solvency II line of business and the impact of the volatility adjustment.

Reconciliation of reserves under HGB to technical provisions under Solvency II for key Solvency II lines of business and total In EUR thousand			(4) Motor vehicle liability insurance	(6) Marine, aviation and transport insurance	(7) Fire and other damage to property insurance	(8) General liability insurance	Total
HGB	BECP	Gross	993,468	672,937	4,552,758	7,706,793	**14,356,713**
		Net	**834,101**	**344,928**	**1,890,186**	**3,771,502**	**7,186,778**
	BSP1)	Gross	43,323	64,090	874,633	466,621	**1,485,270**
		Net	**27,761**	**21,360**	**315,970**	**263,462**	**655,316**
	Best estimate	Gross	1,036,791	737,027	5,427,392	8,173,414	**15,841,983**
		Net	**861,862**	**366,288**	**2,206,156**	**4,034,964**	**7,842,094**
IFRS	BECP	Gross	871,252	599,886	3,823,075	7,488,791	**13,161,946**
		Net	**706,720**	**309,643**	**1,668,344**	**3,663,234**	**6,663,850**
	BSP2)	Gross	46,971	69,107	960,821	507,421	**1,624,254**
		Net	**29,399**	**18,626**	**290,344**	**265,104**	**632,132**
	Best estimate	Gross	918,222	668,993	4,783,896	7,996,213	**14,786,200**
		Net	**736,119**	**328,269**	**1,958,688**	**3,928,338**	**7,295,982**
Solvency II	BECP	Gross	688,843	536,064	3,507,228	6,100,280	**11,159,133**
		Net	**556,934**	**268,055**	**1,472,318**	**3,032,858**	**5,599,732**
	BEPP	Gross	17,761	-1,851	500,195	-43,242	**488,174**
		Net	**16,938**	**21,387**	**217,295**	**87,502**	**362,523**
	Best estimate	Gross	706,604	534,213	4,007,423	6,057,038	**11,647,307**
		Net	**573,872**	**289,442**	**1,689,613**	**3,120,360**	**5,962,254**
	Risk margin	**Net**	**26,340**	**13,285**	**77,551**	**143,220**	**272,332**
	Technical provisions	Gross	732,944	547,498	4,084,973	6,200,258	**11,919,639**
		Net	**600,212**	**302,727**	**1,767,164**	**3,263,580**	**6,234,586**

Regarding the HGB and IFRS lines in the table above, it should be noted that, for comparison with the Solvency II values, the components in accordance with the respective accounting system are listed corresponding to the components BECP, BEPP and the components of the best estimate in total. Component (1) is thus equal to the unearned premium reserve after administrative expenses and component (2) to the unearned premium reserve in accordance with IFRS. It should also be noted that all other additional HGB/IFRS technical provisions are currently assigned to the BECP: No equalisation reserve is shown in the HGB component.

Impact of volatility adjustment on technical provisions In EUR thousand		
BECP	Gross	**-99,071**
	Net	**-51,921**
BEPP	Gross	**-20,170**
	Net	**-10,290**
Best estimate	Gross	**-119,242**
	Net	**-62,212**

Prior year comparison

As with the corresponding HGB provisions, there was a significant increase in the initial BECP value, i.e. the technical provisions under IFRS. This stems from general portfolio growth compared to the previous year and changes to assumptions regarding future inflation and is amplified by the changes in exchange rates (see tables below). The changes to IFRS technical provisions described and the increase in net terms relating to this are what drive the rise in net BECP. Far higher discounting compared to the prior year, essentially due to the general rise in interest rates, especially in EUR, offsets the nominal growth effects.

Compared to the previous year, there is no longer any adjustment of the TP or the BECP with regard to settlement receivables and liabilities in the current balance sheet. These components are now shown entirely in separate items in the balance sheet. This increases the BECP compared to the prior year.

Like the corresponding HGB amounts, the initial BEPP value, i.e. the IFRS unearned premium reserve, rose in comparison to the prior year, following the increase in written premiums. The change increased the BEPP. As with the BECP, the increase in discounting had the opposite effect, again essentially due to the general rise in interest rates. Discounting is the dominant effect compared to the previous year.

The risk margin declined year on year. This is due to the increase in discounting as a result of the general rise in interest rates. This increase has a direct effect on the discounting of the nominal risk margin value and an indirect effect on the underlying underwriting risk as a result of reduced provisions. In addition, the risk factors in old business, particularly in liability, have stabilised in the risk margin.

The following table shows the amounts of all effects for the current year compared to the prior year. This is followed by additional quantitative information on the impact of exchange rate changes on original provisions.

Technical provisions - Solvency II Prior year comparison In EUR thousand			**Financial year**		**Delta**
			2022	**2021**	
HGB	**BECP**	Gross	14,356,713	13,043,576	**1,313,138**
		Net	**7,186,778**	**6,691,571**	**495,207**
	BSP[1)]	Gross	1,485,270	1,271,985	**213,285**
		Net	**655,316**	**597,564**	**57,752**
	Best estimate	Gross	15,841,983	14,315,560	**1,526,423**
		Net	**7,842,094**	**7,289,134**	**552,959**
IFRS	**BECP**	Gross	13,161,946	11,902,831	**1,259,116**
		Net	**6,663,850**	**6,032,563**	**631,288**
	BSP[2)]	Gross	1,624,254	1,392,096	**232,158**
		Net	**632,132**	**581,903**	**50,228**
	Best estimate	Gross	14,786,200	13,294,926	**1,491,274**
		Net	**7,295,982**	**6,614,466**	**681,516**
Solvency II	**BECP**	Gross	11,159,133	11,180,197	**-21,064**
		Net	**5,599,732**	**5,741,917**	**-142,185**
	BEPP	Gross	488,174	704,541	**-216,368**
		Net	**362,523**	**484,924**	**-122,401**
	Best estimate	Gross	11,647,307	11,884,739	**-237,432**
		Net	**5,962,254**	**6,226,840**	**-264,586**
	Risk margin	**Net**	**272,332**	**347,315**	**-74,983**
	Technical provisions	Gross	11,919,639	12,232,054	**-312,415**
		Net	**6,234,586**	**6,574,156**	**-339,569**

Regarding the HGB and IFRS lines in the table above, it should be noted that, for comparison with the Solvency II values, the components in accordance with the respective accounting system are listed corresponding to the components BECP, BEPP and the components of the best estimate in total. Component (1) is thus equal to the unearned premium reserve after administrative expenses and component (2) to the unearned premium reserve in accordance with IFRS. It should also be noted that all other additional HGB/IFRS technical provisions are currently assigned to the BECP: No equalisation reserve is shown in the HGB component.

Impact of exchange rate changes on technical provisions in the financial year In EUR thousand		
on BECP component HGB	Gross	**119,608**
	Net	**67,844**
on BECP component IFRS	Gross	**120,250**
	Net	**68,207**

IFRS claims provisions

General information on business and valuation

HDI Global SE's portfolio has all the features of a typical industrial insurance portfolio. All segments are highly volatile, although the causes of this volatility are always specific to the segment. The level of uncertainty is determined by the nature of the segment and its level of maturity, i.e. the number of available, consistent accident years. Nature in this context is defined as a combination of loss frequency, loss amount, the late claims burden, susceptibility to changes in jurisdiction and biometric risks. The diverse portfolios thus require a high level of familiarity with these respective attributes and good communication with the representatives of the lines.

On account of the characteristics listed above, none of the segments with substantial reserve volumes can be accessed by applying a single actuarial method. Instead, IFRS provisions are always calculated on the basis of premises coordinated with the lines and the suitable mix of methods.

Estimating claims provisions

The decisions made by HDI Global SE's reserve actuarial department are the result of applying suitable methods and assumptions and so the conclusions based on the information available appear realistic. However, it should be noted that the future claims run-off may - even materially - differ from the estimates chosen. Estimates are always subject to uncertainty. New, relevant factors may also arise that were not known or of which there was only limited knowledge at the current time of analysis and that may result in changed to the previous estimates.

Available data

The following data from local accounting is regularly available for analysis:

- Triangles for claim payments, claims provisions and loss expenses, although the number of accident years that can reasonably be used varies from segment to segment
- Premiums earned in the period from 2002 to the current financial year
- Information on individual losses

The individual claims provisions shown under HGB are used as the best estimate for accident years outside the analysis period. This situation occurs whenever accident years do not have a complete history from the very beginning because of system migrations, acquisitions or for other reasons.

Actuarial segmentation

The data to be analysed are available for each HGB line, transaction type and country or branch. Some of these segments are very small and thus susceptible to false interpretations or overinterpretations on the basis of unusual individual events. The segments to be analysed were thus defined taking into account the competing variables of the statistical population and homogeneity. For this reason, different HGB lines were aggregated in analysis segments and, in some cases, direct and indirect business were also combined. The analysis segments represent the lowest levels of analysis. For reporting purposes, data is aggregated to actuarial segments. The table below provides a list of these actuarial segments and how they are sorted into the lines of business under Solvency II in accordance with Annex I of the Directive 2009/138/EC.

Solvency II line of business		Actuarial segments
2	Income protection insurance	General casualty
4	Motor vehicle liability insurance	Motor liability
5	Other motor insurance	Own damage motor insurance
		Motor casualty
6	Marine, aviation and transport insurance	Aviation
		Other aviation
		Transport
7	Fire and other damage to property insurance	Fire insurance
		Engineering insurance
		Compact/multi risk
		Comprehensive homeowners insurance - industry
		Comprehensive householders insurance
8	General liability insurance	Business liability
		Crisis management
		Cyber insurance
		D&O
		Multi-line insurance
		Pharmaceuticals third-party liability
		Personal third-party liability
		US casualty
		Pecuniary loss third-party liability
9	Credit and suretyship insurance	Credit insurance
10	Legal expenses insurance	Legal expenses insurance

Valuation approach, gross business

Gross selection of methods

The analyses conducted calculate separate estimates of the ultimate loss expenses for each actuarial analysis segment per accident year. This uses different, recognised actuarial projection methods to forecast the ultimate loss.

The final decision regarding the expected ultimate loss expenses and the suitability of the methods is made for each segment and accident year on the basis of comparing the different methods and taking account of all available information. In addition to the general nature of the segment, the individual loss information and the test actual-versus-expected, this information also includes the number of accident years that can be used and their development status. Furthermore, the current status of expenditure under HGB is explicitly included in the forecast for some short-tail segments and, in some cases, the largest losses and loss events are analysed separately.

Provisions for unallocated loss adjustment expenses – ULAE

As ULAE cannot be attributed directly to the individual losses, these are not initially included in actuarial analyses. Under IFRS, no actuarial calculations are to be made on lump-sum data.

As ULAE are not included in the data used, the actuarial methods do not initially estimate an IFRS provision is for ULAE. A factor approach is selected so that ULAE provisions for IFRS can also be presented in the balance sheet.

External factors

Inflation is not explicitly measured but is implicit in the development factors for each segment. This time, however, an alternative scenario including an inflation surcharge was generated due to the particular situation. The final model ensures that the development factors in the implicit model cover the values of the alternative scenario.

All output data are adjusted for exchange rate effects.

IFRS claims provisions for annuities stemming from non-life contracts

The amounts for the provisions under HGB are used for accounting in accordance with IFRS. These are valued in accordance with life insurance methods. They are calculated individually and prospectively using the DAV 2006 HUR mortality table. The annuities stemming from income protection insurance business are assigned to the Solvency II life insurance segment Annuities stemming from non-life insurance contracts and relating to health insurance obligations. The remaining provisions are listed under annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations.

Detailed observations for each Solvency II business segment

Income protection insurance

Uncertainty in this segment is essentially due to changes in jurisdiction, which can affect loss adjustment.

Motor vehicle liability insurance

Uncertainty in the dominant segment is chiefly a result of developments in personal injury, which can be considerably influenced by medical advances and associated cost increases.

Other motor insurance

Uncertainty in this segment is essentially due to assessing the processing status for the current accident year.

Marine, aviation and transport insurance

The uncertainty in this segment essentially reflects the very heterogeneous portfolio structure over the various accident years, changes to the loss adjustment and the volatility of claims incurred but not reported.

Fire and other damage to property insurance

This segment is subject to uncertainty in connection with assessing the current processing status, risks in project business and changes to the loss adjustment.

General liability insurance

Uncertainty in this segment is essentially due to changes in the general jurisdiction, some of which especially include litigation risks in the US and the significant share of large late claims.

Legal expenses insurance

Uncertainty in this segment essentially results from losses for which the loss date is adjusted at a later date. Given the rather small portfolio, this is an important driver of volatility.

Valuation approach, reinsurance

HDI Global SE has reinsurance regulations specific to the business model, featuring both obligatory and facultative covers. These aim to protect against frequency losses, large losses, accumulation losses and catastrophe losses.

Selection of methods, reinsurance

Following the acquisition of the Gerling Group, HDI Global SE was established in 2007 from the industrial business of the acquired Group and the industrial business of HDI. Historically, both of these two original companies practised a heterogeneous reinsurance strategy. This means that an analysis of reinsurance provisions on the basis of actuarial models can be provided only for the 2007 accident year onwards. A proportional approach was usually used for accident years before 2007.

Various, recognised actuarial projection methods are applied to forecast the expected ultimate loss expenses.

In reinsurance, a distinction is made between facultative-proportional and non-proportional.

In addition, the third-party liability XL programmes for accident years 2008 to 2022 were analysed separately on the basis of actuarial simulation methods.

The same statements as those made for the gross valuation apply regarding external factors and the suitability of methods.

HGB provisions determined by reinsurance accounting are used as ceded IFRS claims provisions for annuities stemming from non-life contracts.

D.3 Other liabilities

Other technical provisions

EUR thousand	Solvency II value	HGB value
Other technical provisions	-	803,525

Other technical provisions under HGB comprise the equalisation reserve and similar provisions. Solvency II does not include an equalisation reserve.

Contingent liabilities

EUR thousand	Solvency II value	HGB value
Contingent liabilities	150	-

No contingent liabilities were recognised under HGB.

Under Solvency, contingent liabilities are recognised where these constitute possible or existing obligations but it is either not probably that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured reliably.

The EUR 150 thousand relates to pending actions for recourse where, in the opinion of HDI Global SE, the probability of the other side winning the action is 25.0% or less.

Provisions other than technical provisions

EUR thousand	Solvency II value	HGB value
Provisions other than technical provisions	68,074	71,949

This includes the following items:

- Remuneration still to be paid
- Outstanding commission
- Costs of preparing the annual financial statements
- Provisions for partial retirement
- Miscellaneous other provisions

The amount recognised as a provision under HGB represents the best estimate, taking into account the principles of prudent business judgement, of the expenditure required to settle the present obligation at the end of the reporting period. If the expected term of the provisions is more than one year, these are discounted using the average interest rate as published by the German Bundesbank for the last seven years.

The recognition criteria for the regulations under HGB are used for the solvency balance sheet.

The difference in valuation of EUR -3,876 thousand is essentially due to different discount rates and terms.

Pension benefit obligations

EUR thousand	Solvency II value	HGB value
Pension benefit obligations	523,478	526,657

Provisions for pension commitments granted by the undertaking to its employees are disclosed under “Pension benefit obligations”. Pension benefit obligations are valued in the solvency balance sheet in line with the projected unit credit method set out in IAS 19 “Employee benefits”. The item pension benefit obligations also includes liabilities resulting from pension acquisition agreements with other HDI Group undertakings. Receivables from these agreements are recognised under Any other assets, not elsewhere shown.

In accordance with provisions of the German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz - BilMoG), pension provisions as per HGB are measured at their settlement amount, taking into account changes in salaries, pensions and fluctuation, and discounted at the reporting date.

The difference between the Solvency II value and the HGB value of EUR -3,179 thousand is due to differing valuation approaches of EUR -100,537 thousand and the amount of EUR 97,358 thousand is due to the grossing of debt assumptions obligations.

Deposits from reinsurers

EUR thousand	Solvency II value	HGB value
Deposits from reinsurers	156,253	156,253

This item includes reinsurance payables. Deposits from reinsurers from direct insurance business are recognised as a liability at the settlement amount in accordance with HGB. The HGB value is also used in the solvency balance sheet.

Deferred tax liabilities

EUR thousand	Solvency II value	HGB value
Deferred tax liabilities	43,159	-

HGB valuation:

As HDI Global SE is a tax group subsidiary of Talanx AG, deferred taxes on differences in valuation of the German head office are recognised at the level of the tax group parent, meaning that, at company level, only differences between commercial and local tax valuation approaches of the foreign branches need to be taken into account. When calculating deferred taxes, expected future tax burdens were netted against tax benefits for each permanent establishment. For this purpose, deferred tax liabilities from temporary differences (in particular from the equalisation reserve) were set off against deferred tax assets from temporary differences (in particular from the commercial and tax-related valuation approaches for provisions for claims outstanding) and against deferred tax assets on tax loss carryforwards for all foreign branches, in each case separately for each country. Deferred taxes were valued using the local tax rate.

The net asset position resulting from the offsetting was not recognised due to the existing option to capitalise.

Solvency II valuation:

As with HGB, under Solvency II deferred taxes on differences in valuation of the German head office company are recognised at the level of the tax group parent, meaning that, at company level, only differences between the Solvency II values and local tax valuation approaches of the foreign branches need to be taken into account.

Deferred tax assets are recognised if the asset values are lower or the liabilities higher in the solvency balance sheet than in the tax base and these temporary differences will reduce the future amount of tax charged. Deferred tax liabilities are recognised if the asset values are higher or the liabilities lower in the solvency balance sheet than in the tax base and these temporary differences will increase the future amount of tax charged. Deferred tax assets are also recognised on tax loss carryforwards.

After this, deferred tax assets can and should be offset against deferred tax liabilities (as for IAS 12) if a legal right to offset actual claims for tax refunds against actual tax liabilities exists and the deferred tax assets and the taxes are levied by the same tax authority. For this purpose, deferred tax liabilities from temporary differences were set off against deferred tax assets from temporary differences and against deferred tax assets on tax loss carryforwards for all foreign branches, in each case separately for each country. Deferred taxes were valued using the local tax rate. If the tax rates used for the calculation change, this is taken into account in the year in which the change to the tax rate is adopted. Deferred tax assets that have been recognised were tested for impairment. The impairment test is based on earnings planning, which is also used for enterprise management. Accordingly, impaired deferred tax assets, most of which can be carried forward indefinitely (except Switzerland, seven years, and Japan, nine years), are written down. The deferred tax liabilities of EUR 43,159 thousand essentially originate from the difference in valuation of the technical provisions. Other than the temporary differences already explained in the description of the impairment test procedure, no circumstances are currently known that would affect the maturity of the taxable temporary differences.

Difference in valuation:

The difference in comparison to HGB is chiefly due to the Solvency II-specific valuation of the technical provisions.

Derivatives

EUR thousand	Solvency II value	HGB value
Derivatives	6,149 -	-

This item includes only values of derivatives that reduce the value of the investment portfolio. Only negative values are reported here. Positive values can be found in the corresponding assets items. Measurement principles are explained in chapter D.1 Derivatives.

Debts owed to credit institutions

EUR thousand	Solvency II value	HGB value
Debts owed to credit institutions	-	-

No liability is assigned to this item at HDI Global SE.

Financial liabilities other than debts owed to credit institutions

EUR thousand	Solvency II value	HGB value
Financial liabilities other than debts owed to credit institutions	44,599	4,445

As under the IFRS standard, under Solvency II this item also takes into account liabilities from leasing transactions that are not recognised under HGB.

Insurance & intermediaries payables

EUR thousand	Solvency II value	HGB value
Insurance & intermediaries payables	270,761	261,701

The item includes liabilities to policyholders and insurance intermediaries (e.g. commission to intermediaries that have not yet been paid by the undertaking) and liabilities to reinsurance undertakings from assumed business (inwards reinsurance).

Liabilities are generally measured up to their full nominal amount in accordance with HGB. The HGB value includes liabilities from these items that are both past due and current.

The EUR 9,060 thousand difference between the Solvency II value and the HGB value is due to the different method of calculating the netting of settlement receivables.

Reinsurance payables

EUR thousand	Solvency II value	HGB value
Reinsurance payables	845,100	756,490

These include reinsurance payables not held in deposits but that are associated with the reinsurance business.

In accordance with HGB, reinsurance payables are recognised at their nominal amounts. The HGB value includes liabilities from these items that are both past due and current.

The EUR 88,610 thousand difference between the Solvency II value and the HGB value is due to the different method of calculating the netting of settlement receivables with settlement liabilities.

Payables (trade, not insurance)

EUR thousand	Solvency II value	HGB value
Payables (trade, not insurance)	843,978	845,319

This item is parallel to the receivables on the assets side and includes both liabilities to non-Group undertakings or government agencies and liabilities to related undertakings.

Liabilities are generally measured at their full nominal amount in accordance with HGB. The market value is the same as the residual carrying amount. If not, the amount must be revalued in order to value at fair value in accordance with Solvency II. The HGB value is also used in the solvency balance sheet.

There is a minor difference regarding a difference in treating taxes.

Subordinated liabilities

EUR thousand	Solvency II value	HGB value
Subordinated liabilities not in basic own funds	-	-
Subordinated liabilities in basic own funds	297,857	381,623

This are subordinated loans recognised at HDI Global SE as part of basic own funds.

In accordance with HGB, subordinated liabilities carried at nominal value and interest liabilities from hybrid capital are recognised here. Liabilities are generally measured up to their full nominal amount in accordance with HGB.

For the solvency balance sheet, the fair value determined for HDI Global SE's subordinated loans at the time of issue is adjusted to take account of changes resulting from changes in the market. Changes in value resulting from changes to an entity's own credit spread are not adjusted after issuance. Under Solvency II, interest liabilities are included in the hybrid capital measured at fair value.

The EUR -83,766 thousand difference between the Solvency II value and the HGB value is due to the different valuation approaches for the subordinated loans.

Any other liabilities, not elsewhere shown

EUR thousand	Solvency II value	HGB value
Any other liabilities, not elsewhere shown	59,960	50,334

This item comprises all liabilities that are not included in other balance sheet items, e.g.:

- Liabilities from advance payments received
- Cheque liabilities from premium balances
- Trade payables
- Other liabilities from unassigned payments
- Liabilities from temporary differences
- Tax liabilities

The fair value and the residual carrying amount are usually identical. If not, the HGB value must be revalued in order to obtain the fair value for the solvency balance sheet.

The EUR 9,626 thousand difference between the Solvency II value and the HGB value is due to the different recognition of other investment liabilities, which are included in chapter D.1 under the assets item Receivables (trade, not insurance).

D.4 Alternative methods for valuation

The alternative valuation methods that can be used for certain solvency balance sheet items in accordance with Article 263 in conjunction with Article 10(5) of the Delegated Regulation have already been described in chapters D.1 to D.3.

D.5 Any other information

All material and relevant information on valuations of solvency items of the balance sheet that is required to be reported is already contained in the other parts of chapter D. In addition, information on off-balance-sheet other financial obligations can be found in the notes to the HGB annual report as at 31 December 2022 under Other disclosures.

E Capital Management

E.1 Own funds

Underlying objectives; policies and procedures for own funds

As a wholly owned subsidiary, HDI Global SE is linked to Talanx AG by way of a control and profit/loss transfer agreement. HDI Global SE's management of own funds is thus directly and significantly integrated into the HDI Group's system of managing finances and own funds.

HDI Global SE's capital adequacy is monitored both in connection with current events from the internal model and as part of business planning over a five-year period (medium-term planning). Medium-term planning is based on the HDI Group's planning assumptions, which feature macroeconomic estimates for the development of gross domestic product, inflation and interest rates.

If the business planning indicates capital requirements, potential financial measures are agreed taking into account and using the resources and expertise of Talanx AG. Measures such as, for example, a targeted capital injection (e.g. in the form of equity or debt to replace equity) are then initiated by Talanx AG.

The overarching goal is to ensure HDI Global SE is suitably capitalised. Compliance with internal company limits is an essential part of this. The expectations of rating agencies, business aspects and the optimisation of total capital costs must also be taken into account.

There were no material changes to the underlying objectives, policies and procedures for own funds in the reporting period.

Structure, amount and quality of own funds

Own funds are divided into three tiers. Own funds items are categorised depending on the extent to which they are available to absorb losses. Furthermore, a distinction is drawn between basic own funds items and ancillary own funds items.

Basic own funds items are assigned to tier 1 if they are available or recoverable on demand to absorb losses in full under the going concern assumption and in the event of liquidation (constant availability). In the event of liquidation, tier 1 own funds items are available to meet liabilities to beneficiaries under (re)insurance contracts. The owners of the own funds items are subordinated.

Basic own funds items are classified as tier 2 if they are subordinate but not constantly available. Ancillary own funds items that are largely constantly available and subordinate can be assigned to tier 2. All other basic own funds items are classified as tier 3.

As at 31 December 2022, HDI Global SE had basic own funds of EUR 3,262,794 thousand. HDI Global SE does not have any ancillary own funds.

EUR thousand	2022					2021				
	Total	Tier 1 – unrestricted	Tier 1 – - restricted	Tier 2	Tier 3	Total	Tier 1 – unrestricted	Tier 1 – - restricted	Tier 2	Tier 3
Ordinary share capital (gross of own shares)	125,000	125,000	-	-	-	125,000	125,000	-	-	-
Capital reserves	284,043	284,043	-	-	-	284,043	284,043	-	-	-
Reconciliation reserve	2,555,894	2,555,894	-	-	-	2,072,340	2,072,340	-	-	-
Subordinated liabilities	297,857	-	-	297,857	-	372,063	-	-	372,063	-
Net deferred tax assets		-	-	-		33,908	-	-	-	33,908
Total available basic own funds	3,262,794	2,964,937	-	297,857		2,887,354	2,481,383	-	372,063	33,908

The tier 1 own funds items (unrestricted) listed above are of the highest quality as they are available at all times. They comprise ordinary share capital, capital reserves and reconciliation reserves.

Ordinary share capital is equal to the fully paid up share capital in the HGB balance sheet. It is divided into 125,000 registered shares at EUR 1 thousand each and categorised accordingly as tier 1. In accordance with current Solvency II regulations, the capital reserves in the HGB balance sheet are also accounted for as tier 1.

There is a control and profit/loss transfer agreement in place with Talanx AG. In the 2022 financial year, this resulted in a profit transfer to the parent company, which is accounted for as a liability.

The reconciliation reserve under Solvency II represents a component of basic own funds to be assigned to the tier 1 category (unrestricted). It comprises the excess of assets over liabilities less ordinary share capital and capital reserves. The reconciliation reserve of EUR 2.555.894 thousand includes the difference between the Solvency II value of the excess of assets over liabilities (shareholders net assets - SNA) and the equity in the annual financial statements of EUR 2,585,892 thousand plus the value of the HGB statutory reserve of EUR 29,998 thousand. The differences due to the different valuation principles between the items in the HGB annual financial statements and the items in the balance sheet drawn up in accordance with Solvency provisions can be divided into the following items:

EUR thousand	2022	2021	Delta
Revaluation of investments	122,947	697,228	-574,281
Revaluation of technical provisions	2,411,032	1,517,897	893,135
Other revaluations	21,915	-108,878	130,793
Total valuation differences	2,555,894	2,106,248	449,646

The change in revaluations of investments of EUR -574,281 thousand essentially reflects revaluations of holdings in related undertakings of EUR 267,427 thousand, bonds of EUR -658,757 thousand and investment funds of EUR -210,183 thousand due to the changed market situation.

The changes in the difference between technical provisions in accordance with HGB and in accordance with Solvency II come to a total of EUR 893,135 thousand, relate to actual technical provisions and are explained in chapter D.2 in the section Prior year comparison.

The change in revaluations of other items amounting to EUR 130,793 thousand is a result of multiple, occasionally offsetting effects. These effects are essentially the product of the revaluation from pensions business of EUR 112,057 thousand, the subordinated loans of EUR 74,516 thousand and any other assets, not elsewhere shown, of EUR 7,655 thousand, which are reduced by EUR -63,106 thousand by the revaluation of deferred taxes.

As described at the beginning, HDI Global SE has several subordinated loans that meet the criteria for tier 2 and are recognised as a component of basic own funds. Lenders are intragroup undertakings.

The first subordinated loan of nominal EUR 200,000 thousand (date of issue: 12 August 2021) replaces the previous Tier 1 subordinated loans of the same amount and was taken out to extend the term. It now matures on 12 August 2041 and cannot be terminated until 12 August 2031. The loans set out a fixed-interest period until 12 August 2031 with a coupon of 1.70%. This is followed by a variable interest rate variable at the three-month EURIBOR plus 2.79% p.a.

The second subordinated loan of nominal EUR 180,000 thousand (date of issue: 2 December 2021) is also classified as tier 2 basic own funds under Solvency II. It matures on 2 December 2041 and cannot be terminated until 2 December 2031. The loan sets out a fixed-interest period until 2 December 2031 with a coupon of 2.28%. This is followed by a variable interest rate variable at the three-month EURIBOR plus 3.14% p.a.

No items are deducted from own funds at HDI Global SE.

Available and eligible own funds to cover HDI Global SE's Solvency and Minimum Capital Requirement as at 31 December 2022 are shown below:

EUR thousand	Total	Tier 1 – unrestricted	Tier 1 – - restricted	Tier 2	Tier 3
Total available own funds to meet the SCR	3,262,794	2,964,937	-	297,857	
Total available own funds to meet the MCR	3,262,794	2,964,937	-	297,857	
Total eligible own funds to meet the SCR	3,262,794	2,964,937	-	297,857	
Total eligible own funds to meet the MCR	3,128,383	2,964,937	-	163,446	-
SCR	1,816,067	-	-	-	-
MCR	817,230	-	-	-	-
Ratio of eligible own funds to SCR	179.7%	-	-	-	-
Ratio of eligible own funds to MCR	382.8%	-	-	-	-

Eligible own funds arise as a result of applying the quantitative tier upper limits to available own funds. As at 31 December 2022, this had a minor effect on the amount or structure of eligible own funds. All basic own funds were available to meet the SCR. Most basic own funds were also available to comply with the Minimum Capital Requirement (MCR). Only EUR 163,446 thousand of the subordinated loans are taken into account as no more than 20.0% of the MCR may be counted as tier 2 basic own funds in accordance with applicable SII regulations.

Reconciliation of HGB equity to own funds in accordance with Solvency II

The starting point for the reconciliation is HDI Global SE's HGB equity. Revaluation effects between the HGB balance sheet and the economic (solvency) balance sheet produce the Excess of assets over liabilities item. Under Solvency II, goodwill and intangible assets are to be recognised only under certain conditions. The total difference between the basic own funds and the equity in the annual financial statements was EUR 2,555,894 thousand (total of valuation differences between HGB values and values pursuant to the solvency balance sheet). This reflects the different valuation principles between the items in the HGB annual financial statements and the items in the balance sheet drawn up in accordance with Solvency provisions. Details on this are provided in chapter D.

In addition to the excess of assets over liabilities, the basic own funds include subordinated liabilities of EUR thousand 297,857.

No other potential limitations or deductions or ancillary own funds were recognised for HDI Global SE at the end of 2022.

EUR thousand	2022
HGB equity	409,043
Goodwill and intangible assets	-801
Revaluation effects	2,555,894
Surplus funds	-

Excess of assets over liabilities (before tax)	2,964,937
Subordinated liabilities	297,857
Net deferred tax assets/liabilities	-
Own shares	-
Foreseeable dividends, distributions and charges	-
Basic own funds	3,262,794
Transitional measures	-
Basic own funds	3,262,794
Non-available own funds items	-
Other	-
Ancillary own funds	-
Own funds of other financial sectors	-
Available own funds	3,262,794
Tiering restrictions	-
Eligible own funds	3,262,794

E.2 Solvency Capital Requirement and Minimum Capital Requirement

Solvency capital requirement

The following table gives an overview of HDI Global SE's eligible own funds, the Solvency Capital Requirement and the capital adequacy ratio:

EUR thousand	2022 SCR	2021 SCR	Delta
Total eligible own funds	3,262,794	2,887,354	375,440
SCR	1,816,067	1,679,801	136,266
CAR	179.7%	171.9%	7.8%

The SCR for HDI Global SE is calculated using the internal model. The ratio shows adequate cover for HDI Global SE. The final Solvency Capital Requirement is still subject to review by supervisory authorities. HDI Global SE does not use undertaking-specific parameters, nor have supervisory authorities set a capital add-on. HDI Global SE reports its Solvency Capital Requirement in the solo perspective before tax. The loss-absorbing capacity of deferred taxes is not taken into account in the Solvency Capital Requirement.

Both the SCR and eligible own funds increased significantly year on year. The increase in own funds partly reflects the significant increase in interest rates. The change on the capital market is also responsible for a rise in SCR, as the current scenario calibration has a far higher risk. Participation risks continue to increase SCR. In addition, a model change was made for market risk correlations that results in a higher risk assessment.

The SCR for HDI Global SE comprises the following risks:

EUR thousand	2022 SCR	2021 SCR	Delta
SCR	1,816,067	1,679,801	136,266
Underwriting risk	859,913	934,150	-74,237
Market risk	1,466,860	1,280,620	186,240
Reinsurance default risk	204,071	221,800	-17,729
Operational risk	208,529	208,397	132
Diversification	33.7%	36.5%	-2.8%

More detailed information on the individual risk categories can be found in chapter C.

Minimum capital requirement

The Minimum Capital Requirement is the lower limit of the supervisory Solvency Capital Requirement and is equal to a maximum of 45.0% and minimum of 25.0% of the Solvency Capital Requirement in accordance with the internal model. The upper limit currently applies to HDI Global SE (45.0% of the Solvency Capital Requirement). Accordingly, a change in the MCR is always due to a change in the SCR.

The table shows that the Minimum Capital Requirement for HDI Global SE is adequately met by own funds.

EUR thousand	2022 MCR	2021 MCR	Delta
Eligible own funds to meet the MCR	3,128,383	2,632,565	495,818
MCR	817,230	755,910	61,320
Ratio of eligible own funds to MCR	382.8%	348.3%	34.5%

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

Germany has opted not to allow the use of a duration-based sub-module for equity risk. HDI Global SE thus does not use a duration-based sub-module for the equity risk.

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

HDI Global SE uses an internal model to calculate the regulatory Solvency Capital Requirement. HDI Global SE's internal model covers the participation risk for all subsidiaries.

The internal model has numerous applications within HDI Global SE in addition to being used to calculate the Solvency Capital Requirement. These cover both economic (i.e. management) aspects and the supervisory law requirements for the use test. Core applications include strategic programme planning, performance management and the limit and threshold system.

HDI Global SE is included in the HDI Group's internal model process and the mechanisms and processes in connection with the internal model are incorporated into the standards of the HDI Group, with existing bodies at Group level ensuring that HDI Global SE is involved in decision-making related to the internal model. Intragroup guidelines relating to the internal model have been adopted to establish roles and responsibilities.

Risk measurement in HDI Global SE's internal model

The concept behind HDI Global SE's internal model is based on determining the economic own funds on a fair value basis as at the reference date, forecasting changes in these own funds over the one-year horizon applicable under Solvency II.

The starting point for this approach is a solvency balance sheet prepared as at the valuation date. Once this economic balance sheet has been prepared, the stochastic distribution of the economic solvency balance sheet has to be projected for a one-year horizon. For this, Monte Carlo simulation procedures with a suitable number of simulations are used.

Then, using the forecast distribution for the own funds over the one-year horizon, the Solvency Capital Requirement is calculated as the difference between the expected value and the value at risk at the confidence level of 99.5% of the forecast distribution required by supervisory law. In conceptual terms, this means that there is a 99.5% probability of a potential loss of own funds (measured in terms of the expected value) being met by the Solvency Capital Requirement. The expected value and the quantile are estimated on the basis of the forecast distribution values simulated using the Monte Carlo method. The capital adequacy ratio is derived from the ratio of own funds as at the valuation date and the Solvency Capital Requirement according to the forecast distribution for the internal model.

The bases for modelling used in the internal model at HDI Global SE are outlined below.

Material assumptions

The most important assumption for HDI Global SE's internal model is that the key risks relate to negative changes in the capital market, the occurrence of natural catastrophes and large losses and the risk of a simultaneous chance default by the reinsurers. Based on this assumption, the scenarios used in the risk models for joint events – i.e. natural catastrophes, reinsurer default and the related economic issues – are standardised and processed on a line and Group-wide basis. In particular, this requirement includes fundamental assumptions about dependencies that are critical for diversification within HDI Global SE's internal model:

- Analyses do not indicate any significant, sustained impacts of NatCat events on economic developments. To this extent, it is assumed that the natural catastrophe scenarios and the economic scenarios for capital market developments are independent of one another.
- The reinsurance default scenarios are incorporated under the premise that defaults and/or rating downgrades for reinsurers are induced by negative developments on the capital markets and/or high losses due to natural catastrophe events.

Assumptions are also significant for the economic scenarios. Examples include the use of the initial interest rate term structure published by EIOPA, which in particular extrapolates the interest rate term structure for long-term interest rates to an ultimate forward rate, as well as of a volatility adjustment in accordance with section 82 of the VAG. These two aspects – the initial interest rate term structure and the volatility adjustment – affect both the own funds and the Solvency Capital Requirement in HDI Global SE's internal model, and to this extent influence the capital adequacy ratio.

Data used

The internal model and its calibration are based on a large number of internal data items (such as loss expenses for the underlying portfolios) and external data (such as rating information for investments and reinsurance counterparties, or time series for capital market data). The adequacy of such data is tested using internal checks and in the course of the validation process.

Risks

In HDI Global SE's internal model, the economic balance sheet is updated using standardised, Group-wide "real-world" scenarios for the economy, natural catastrophes and reinsurance defaults, plus individual modelling of the underwriting risk (premium and reserve risk) over a one-year horizon. The modelling takes place in modular fashion at the level of the risk categories, and in the field of underwriting initially from the gross point of view relating to business lines and/or more granular, homogeneous analysis segments.

Premium risk relates to deviations in the loss expenses actually incurred during claims management as against the estimates made when calculating the premium. NatCat events are treated separately during modelling due to their nature and to the Group-wide standard scenarios. Premium risk, excluding natural catastrophes, is initially modelled from the gross point of view using relevant actuarial procedures – such as the collective risk theory model – based on the company's business lines.

Reserve risk describes the danger of inadequate provisions for claims outstanding having been calculated in previous years. Run-off triangles for claims amounts are used as the starting point for modelling reserve risk. Changes in claims amounts per occurrence year are projected over the one-year horizon on a stochastic basis in order to calculate the one-year reserve risk. This results in simulated run-off triangles that have been extended to include a diagonal that are used for claims run-off . Gross reserves are derived from the resulting simulated triangles and the gross reserve risk can then be calculated from their distribution.

The premium risk (excluding natural catastrophes and the reserve risk) and the premium and reserve risk in a company's internal model are calculated for the gross point of view by generating a dependency structure at the level of the business lines. This starts with the forecast distributions for the business lines' premium risk and reserve risk. Applying the reinsurance structure that is represented in the model then leads downstream to the forecast distribution for the premium and reserve risk from a net perspective.

The NatCat risk is predominantly modelled using externally licensed models. These NatCat models generally consist of three components – natural hazard, vulnerability and financial module/contract structure – and result in simulated event losses that are then processed further in HDI Global SE's internal model. This approach revolves around the global event set, which contains the majority of the hazard regions to which HDI Global SE is exposed. Model regions for which no licensed or otherwise available models are used are taken into account using in-house developments and by making approximations.

Market risk involves, on the one hand, fluctuations in the value of investments on the asset side while, on the other hand, effects on the underwriting risk arise on the liabilities side (discounting of reserves, valuation at exchange rates) due to changes on the capital markets as a result of economic accounting. On the asset side, modelling is performed by grouping the investment portfolio into largely homogeneous model points. The fair values of the model points for standardised investments are updated by mapping them to indices from the economic scenario generator and/or from derived portfolio-specific fixed-income indices over the one-year horizon.

Counterparty default risk for reinsurance counterparties is calculated on the basis of scenarios from the reinsurance default model, which provides Group-wide standardised percentage deductions per reinsurance counterparty (depending on the rating simulated over the one-year horizon); such deductions are applied to the portfolio-specific, ceded liabilities. This process takes into account not only losses induced directly by defaults, but also a safety margin for rating deteriorations that may lead to losses.

Operational risks are the risks of losses arising from the unsuitability or failure of internal processes, employees or systems or due to external events. They encompass legal and compliance risks. Strategic and reputational risks, by contrast, are not covered under this risk category. Operational risks are modelled based on the findings of expert workshops held semi-annually.

Aggregation of risk categories

As HDI Global SE's internal model is based on a simulation approach, the forecast distribution for internally modelled risks is determined by adding together the individual risks' simulated values for each of the simulations implemented. This results in a diversification effect between the risk categories.

Main differences between the methods and assumptions used in the standard formula and in the internal model

In line with the regulatory requirements, calibration of both the internal model and the standard formula aims to determine the level of any negative deviation in own funds from their expected value in a 200-year event (value at risk with a confidence level of 99.5%). However, there are significant differences between the standard formula and the internal model concerning the methods and assumptions used when calculating the Solvency Capital Requirement. These differences influence – in some cases, substantially – the results of the Solvency Capital Requirement and also lead to downstream differences in the own funds and the capital adequacy ratio between the two models. In the case of own funds, the deviations result from the risk margin, which is the present value of the Solvency Capital Requirement in question that is needed to cover the insurance and reinsurance obligations over the projected period of time, multiplied by a cost of capital rate.

In terms of its methodology, the standard formula follows a modular approach. First, the entire risk is subdivided at the highest level into the risk modules

- Underwriting risk
- Market risk
- Counterparty default risk

of the Basic Solvency Capital Requirement and operational risk and then split up further into sub-modules. For instance, the market risk module consists of the interest rate risk, equity risk, property risk, spread risk, market risk concentrations and currency risk submodules. A capital requirement is determined for each sub-module, using formula-based factor approaches with specified stress levels.

The standard formula and undertaking-specific modelling lead to differing risk assessments at the level of the sub-modules, which in some cases can be considerable. Firstly, the main reason for this is the undertaking-specific calibration of the internal model, which is based on the undertaking's specific risk profile; however, the standard formula can only take this profile into account to a limited extent due to its universality. Secondly, discrepancies arise due to different allocations to sub-modules or even to different treatment of the matters involved. For instance, European government bonds are not subject to credit risk in the standard formula, whereas in the internal model they have to be assigned a risk for supervisory law reasons.

Differences in the calculation of the Solvency Capital Requirement at the sub-module level affect the following aspects, among others:

- In market risk, there are differences in the measurement of concentration and correlation risk as, in contrast to the methodology used in the standard formula, the internal model includes not just the impact of issuer concentration but also effects relating to the correlation of economic and geographic factors.
- In the standard formula, interest rate risk arises exclusively from changes in the level of the risk-free interest rate term structure, whereas changes in interest rate volatility are not explicitly taken into account. In the internal model, on the other hand, the level of interest rates and interest rate volatility are correlated.
- In the standard formula, property risk is calibrated on the basis of data records for Great Britain. This leads to different stress levels compared to the internal model.
- There is also a systematic difference when applying the dynamic volatility adjustment in the internal model.
- The standard formula quantifies operational risk using factors that must be applied to the premium and reserve volume, and does not permit a differentiated analysis using sub-categories for operational risk. In particular, the standard formula also does not permit any diversification between operational risk and other risk categories or within operational risk, for example between individual companies.

In contrast to the standard formula, dependencies – and hence also diversification effects – arise between risk categories in the internal model; this is due in part to dependencies modelled between risk factors (e.g. in the economic scenario generator) via non-linear modelled dependencies (e.g. between the premium risk in a company's business lines) or explicit assumptions of independence (e.g. between market and natural catastrophe risks). To this extent, the Solvency Capital Requirements produced using the standard formula methodology and the internal model differ in terms of their dependency modelling and the diversification effects induced by it, in addition to the different allocations to risk modules and the different calculation methodology for risk modules used.

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

As at 31 December 2022, HDI Global SE had a CAR of 179.7% and was thus well capitalised.

At present, there are no signs of any pending undercapitalisation. In addition, an established limit and threshold system is used to ensure the Group’s risk-bearing capacity at all times; this is expressed as a capital requirement in excess of the statutory requirements (risk appetite).

E.6 Any other information

All material and relevant information to be reported about capital management is included in the previous sections of chapter E of the Solvency and Financial Condition Report.

F Annex

The annex lists all templates that must be published in the Solvency and Financial Condition Report. These templates include:

- Balance Sheet (S.02.01.02)
- Premiums, claims and expenses by line of business (S.05.01.02)
- Premiums, claims and expenses by country (S.05.02.01)
- Life and Health SLT Technical Provisions (S.12.01.02)
- Non - life Technical Provisions (S.17.01.02)
- Non-life Insurance Claims Information (S.19.01.21)
- Impact of long term guarantees measures and transitionals (S.22.01.21)
- Own funds (S.23.01.01)
- Solvency Capital Requirement - for undertakings on Standard Formula (S.25.01.21)
- Solvency Capital Requirement - for undertakings using the standard formula and partial internal model (S.25.02.21)
- Solvency Capital Requirement - for undertakings on Full Internal Models (Annual Solo) (S.25.03.21)
- Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity (S.28.01.01)
- Minimum capital Requirement - Both life and non-life insurance activity (S.28.02.01)

Balance Sheet (S.02.01.02)

Assets		**Solvency II value C0010**
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	-
Deferred tax assets	R0040	13.962
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	51.701
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	9.163.132
Property (other than for own use)	R0080	234.734
Holdings in related undertakings, including participations	R0090	2.877.881
Equities	R0100	14.453
Equities - listed	R0110	3.522
Equities - unlisted	R0120	10.931
Bonds	R0130	4.565.560
Government Bonds	R0140	884.805
Corporate Bonds	R0150	3.338.861
Structured notes	R0160	-
Collateralised securities	R0170	341.895
Collective Investments Undertakings	R0180	1.430.033
Derivatives	R0190	5.274
Deposits other than cash equivalents	R0200	35.196
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	-
Loans and mortgages	R0230	209.395
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	240
Other loans and mortgages	R0260	209.155
Reinsurance recoverables from:	R0270	5.685.053
Non-life and health similar to non-life	R0280	5.684.358
Non-life excluding health	R0290	5.681.370
Health similar to non-life	R0300	2.988
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	695
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	695
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	18.034
Insurance and intermediaries receivables	R0360	1.075.582
Reinsurance receivables	R0370	446.852
Receivables (trade, not insurance)	R0380	845.286
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	476.230
Any other assets, not elsewhere shown	R0420	58.868
Total assets	**R0500**	18.044.094

Liabilities		
Technical provisions - non-life	R0510	11.890.033
Technical provisions - non-life (excluding health)	R0520	11.709.424
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	11.444.886
Risk margin	R0550	264.537
Technical provisions - health (similar to non-life)	R0560	180.609
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	172.815
Risk margin	R0590	7.795
Technical provisions - life (excluding index-linked and unit-linked)	R0600	29.606
Technical provisions - health (similar to life)	R0610	370
Technical provisions calculated as a whole	R0620	-
Best Estimate	R0630	370
Risk margin	R0640	-
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	29.237
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	29.237
Risk margin	R0680	-
Technical provisions - index-linked and unit-linked	R0690	-
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	-
Risk margin	R0720	-
Other technical provisions	R0730	
Contingent liabilities	R0740	150
Provisions other than technical provisions	R0750	68.074
Pension benefit obligations	R0760	523.478
Deposits from reinsurers	R0770	156.253
Deferred tax liabilities	R0780	43.159
Derivatives	R0790	6.149
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	44.599
Insurance & intermediaries payables	R0820	270.761
Reinsurance payables	R0830	845.100
Payables (trade, not insurance)	R0840	843.978
Subordinated liabilities	R0850	297.857
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	297.857
Any other liabilities, not elsewhere shown	R0880	59.960
Total liabilities	**R0900**	**15.079.156**
Excess of assets over liabilities	**R1000**	**2.964.937**

Premiums, claims and expenses by line of business (S.05.01.02)

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090
Premiums written										
Gross - Direct Business	R0110	-	62.429	-	253.847	133.883	370.271	1.501.101	1.419.836	62
Gross - Proportional reinsurance accepted	R0120	-	2.657	-	67.009	25.797	127.646	1.240.223	566.665	-9
Gross - Non-proportional reinsurance accepted	R0130									
Reinsurers' share	R0140	-	4.074	-	63.547	24.836	410.103	1.949.310	1.042.192	6
Net	R0200	-	61.012	-	257.308	134.844	87.814	792.014	944.309	46
Premiums earned										
Gross - Direct Business	R0210	-	58.813	-	250.349	133.045	356.558	1.419.481	1.392.500	62
Gross - Proportional reinsurance accepted	R0220	-	2.588	-	64.156	24.598	122.674	1.179.541	556.500	-9
Gross - Non-proportional reinsurance accepted	R0230									
Reinsurers' share	R0240	-	4.097	-	61.461	23.831	386.838	1.833.453	1.030.994	6
Net	R0300	-	57.304	-	253.044	133.812	92.394	765.568	918.005	46
Claims incurred										
Gross - Direct Business	R0310	-	31.459	-	181.601	93.029	197.404	1.088.386	1.072.596	0
Gross - Proportional reinsurance accepted	R0320	-	1.172	-	49.628	16.914	36.913	591.199	264.898	-73
Gross - Non-proportional reinsurance accepted	R0330									
Reinsurers' share	R0340	-	1.088	-	44.259	13.436	197.682	1.106.061	716.431	-18
Net	R0400	-	31.543	-	186.970	96.508	36.635	573.524	621.063	-56
Changes in other technical provisions										
Gross - Direct Business	R0410	-	-23	-	-828	-417	786	16.914	3.750	-
Gross - Proportional reinsurance accepted	R0420	-	-	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0430									
Reinsurers' share	R0440	-	-	-	-	-	-3.020	9.520	369	-
Net	R0500	-	-23	-	-828	-417	3.806	7.394	3.381	-
Expenses incurred	R0550	-	40.340	-	145.053	76.126	160.090	648.077	693.810	115
Other expenses	R1200									
Total expenses	R1300									

Premiums, claims and expenses by line of business (S.05.01.02)

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)			**Line of Business for: accepted non-proportional reinsurance**				**Total**
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written									
Gross - Direct Business	R0110	24.716	-	-					3.766.144
Gross - Proportional reinsurance accepted	R0120	257	-	-					2.030.244
Gross - Non-proportional reinsurance accepted	R0130				-	-	-	-	-
Reinsurers' share	R0140	24.970	-	-	-	-	-	-	3.519.039
Net	R0200	2	-	-	-	-	-	-	2.277.349
Premiums earned									
Gross - Direct Business	R0210	24.676	-	-					3.635.483
Gross - Proportional reinsurance accepted	R0220	250	-	-					1.950.296
Gross - Non-proportional reinsurance accepted	R0230				-	-	-	-	-
Reinsurers' share	R0240	24.772	-	-	-	-	-	-	3.365.453
Net	R0300	153	-	-	-	-	-	-	2.220.326
Claims incurred									
Gross - Direct Business	R0310	10.085	-	-					2.674.560
Gross - Proportional reinsurance accepted	R0320	324	-	-					960.975
Gross - Non-proportional reinsurance accepted	R0330				-	-	-	-	-
Reinsurers' share	R0340	12.876	-	-	-	-	-	-	2.091.815
Net	R0400	-2.468	-	-	-	-	-	-	1.543.719
Changes in other technical provisions									
Gross - Direct Business	R0410	-1	-	-					20.182
Gross - Proportional reinsurance accepted	R0420	-	-	-					-
Gross - Non-proportional reinsurance accepted	R0430				-	-	-	-	-
Reinsurers' share	R0440	-1	-	-	-	-	-	-	6.869
Net	R0500	-	-	-	-	-	-	-	13.313
Expenses incurred	R0550	10.848	-	-	-	-	-	-	1.774.457
Other expenses	R1200								-
Total expenses	R1300								1.774.457

Premiums, claims and expenses by line of business (S.05.01.02)

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410	-	-	-	-	-	-	-	-	-
Reinsurers' share	R1420	-	-	-	-	-	-	-	-	-
Net	R1500	-	-	-	-	-	-	-	-	-
Premiums earned										
Gross	R1510	-	-	-	-	-	-	-	-	-
Reinsurers' share	R1520	-	-	-	-	-	-	-	-	-
Net	R1600	-	-	-	-	-	-	-	-	-
Claims incurred										
Gross	R1610	-	-	-	-	22	1.762	-	-	1.784
Reinsurers' share	R1620	-	-	-	-	-	326	-	-	326
Net	R1700	-	-	-	-	22	1.436	-	-	1.458
Changes in other technical provisions										
Gross	R1710	-	-	-	-	-	-	-	-	-
Reinsurers' share	R1720	-	-	-	-	-	-	-	-	-
Net	R1800	-	-	-	-	-	-	-	-	-
Expenses incurred	R1900	-	-	-	-	-	-	-	-	-
Other expenses	R2500									-
Total expenses	R2600									-

Premiums, claims and expenses by country (S.05.02.01)

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		GB	FR	AU	NL	BE	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	1.624.153	328.098	362.648	241.631	244.062	221.722	3.022.316
Gross - Proportional reinsurance accepted	R0120	1.465.386	160.570	44.500	20.435	5.530	27.763	1.724.184
Gross - Non-proportional reinsurance accepted	R0130	-	-	-	-	-	-	-
Reinsurers' share	R0140	1.746.048	424.298	269.996	136.909	99.562	165.552	2.842.365
Net	R0200	1.343.491	64.371	137.152	125.158	150.030	83.933	1.904.135
Premiums earned								
Gross - Direct Business	R0210	1.615.498	300.573	357.977	209.050	242.348	209.104	2.934.551
Gross - Proportional reinsurance accepted	R0220	1.405.017	164.120	44.805	19.074	5.774	27.539	1.666.329
Gross - Non-proportional reinsurance accepted	R0230	-	-	-	-	-	-	-
Reinsurers' share	R0240	1.680.944	401.306	269.521	125.839	98.072	157.523	2.733.206
Net	R0300	1.339.571	63.386	133.262	102.285	150.050	79.120	1.867.674
Claims incurred								
Gross - Direct Business	R0310	1.342.041	289.579	346.149	142.985	77.950	108.635	2.307.339
Gross - Proportional reinsurance accepted	R0320	607.492	175.132	-3.262	25.335	-1.895	10.272	813.073
Gross - Non-proportional reinsurance accepted	R0330	-	-	-	-	-	-	-
Reinsurers' share	R0340	1.037.226	348.708	209.737	111.500	34.369	90.299	1.831.840
Net	R0400	912.306	116.003	133.149	56.821	41.686	28.608	1.288.572
Changes in other technical provisions								
Gross - Direct Business	R0410	16.326	-222	32	3.037	3.807	-206	22.775
Gross - Proportional reinsurance accepted	R0420	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0430	-	-	-	-	-	-	-
Reinsurers' share	R0440	7.905	-58	-345	-6	436	-598	7.334
Net	R0500	8.421	-164	378	3.043	3.371	392	15.441
Expenses incurred	R0550	1.192.480	41.783	102.384	35.476	114.535	51.450	1.538.108
Other expenses	R1200							-
Total expenses	R1300							1.538.108

Premiums, claims and expenses by country (S.05.02.01)

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
	R01400							
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premium written								
Gross	R1410	-	-	-	-	-	-	-
Reinsurers' share	R1420	-	-	-	-	-	-	-
Net	R1500	-	-	-	-	-	-	-
Premium earned								
Gross	R1510	-	-	-	-	-	-	-
Reinsurers' share	R1520	-	-	-	-	-	-	-
Net	R1600	-	-	-	-	-	-	-
Claims incurred								
Gross	R1610	1.784	-	-	-	-	-	1.784
Reinsurers' share	R1620	326	-	-	-	-	-	326
Net	R1700	1.458	-	-	-	-	-	1.458
Changes in other technical provisions								
Gross	R1710	-	-	-	-	-	-	-
Reinsurers' share	R1720	-	-	-	-	-	-	-
Net	R1800	-	-	-	-	-	-	-
Expenses incurred	R1900	-	-	-	-	-	-	-
Other expenses	R2500							-
Total expenses	R2600							-

Life and Health SLT Technical Provisions (S.12.01.02)

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, including Unit-Linked)
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150
Technical provisions calculated as a whole	R0010	-	-			-			-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020	-	-			-			-	-	-
Technical provisions calculated as a sum of BE and RM											
Best Estimate											
Gross Best Estimate	R0030	-		-	-		-	-	29.237	-	29.237
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	-		-	-		-	-	695	-	695
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090	-		-	-		-	-	28.542	-	28.542
Risk Margin	R0100	-	-			-			-	-	-
Amount of the transitional on Technical Provisions											
Technical Provisions calculated as a whole	R0110	-	-			-			-	-	-
Best estimate	R0120	-		-	-		-	-	-	-	-
Risk margin	R0130	-	-			-			-	-	-
Technical provisions - total	R0200	-	-			-			29.237	-	29.237

Life and Health SLT Technical Provisions (S.12.01.02)

		Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
			Contracts without options and guarantees	Contracts with options or guarantees			
		C0160	C0170	C0180	C0190	C0200	C0210
Technical provisions calculated as a whole	R0010	-			-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020	-			-	-	-
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Gross Best Estimate	R0030		-	-	370	-	370
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080		-	-	-	-	-
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090		-	-	370	-	370
Risk Margin	R0100	-			-	-	-
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	R0110	-			-	-	-
Best estimate	R0120		-	-	-	-	-
Risk margin	R0130	-			-	-	-
Technical provisions - total	R0200	-			370	-	370

Non - life Technical Provisions (S.17.01.02)

		Direct business and accepted proportional reinsurance								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
Technical provisions calculated as a whole	R0010	-	-	-	-	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050	-	-	-	-	-	-	-	-	-
Technical Provisions calculated as a sum of BE and RM										
Best estimate										
Premium provisions										
Gross	R0060	-	6.140	-	17.761	10.467	-1.851	500.195	-43.242	-
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-	-1.443	-	823	-276	-23.238	282.900	-130.744	-
Net Best Estimate of Premium Provisions	R0150	-	7.583	-	16.938	10.744	21.387	217.295	87.502	-
Claims provisions										
Gross	R0160	-	166.674	-	688.843	73.461	536.064	3.507.228	6.100.280	4.675
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	-	4.431	-	131.909	13.108	268.008	2.034.910	3.067.422	3.099
Net Best Estimate of Claims Provisions	R0250	-	162.243	-	556.934	60.354	268.055	1.472.318	3.032.858	1.575
Total Best estimate - gross	R0260	-	172.815	-	706.604	83.929	534.213	4.007.423	6.057.038	4.675
Total Best estimate - net	R0270	-	169.826	-	573.872	71.097	289.442	1.689.613	3.120.360	1.575
Risk margin	R0280	-	7.795	-	26.340	3.263	13.285	77.551	143.220	72
Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole	R0290	-	-	-	-	-	-	-	-	-
Best estimate	R0300	-	-	-	-	-	-	-	-	-
Risk margin	R0310	-	-	-	-	-	-	-	-	-
Technical provisions - total										
Technical provisions - total	R0320	-	180.609	-	732.944	87.192	547.498	4.084.973	6.200.258	4.747
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	-	2.988	-	132.732	12.831	244.770	2.317.810	2.936.678	3.099
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340	-	177.621	-	600.212	74.360	302.727	1.767.164	3.263.580	1.648

Non - life Technical Provisions (S.17.01.02)

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance:				Total Non-Life obligations
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010	-	-	-	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050	-	-	-	-	-	-	-	-
Technical Provisions calculated as a sum of BE and RM									
Best estimate									
Premium provisions									
Gross	R0060	-1.297	-	-	-	-	-	-	488.174
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-2.371	-	-	-	-	-	-	125.651
Net Best Estimate of Premium Provisions	R0150	1.074	-	-	-	-	-	-	362.523
Claims provisions									
Gross	R0160	52.303	-	-	-	-	-	-	11.129.527
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	35.820	-	-	-	-	-	-	5.558.707
Net Best Estimate of Claims Provisions	R0250	16.483	-	-	-	-	-	-	5.570.821
Total Best estimate - gross	R0260	51.006	-	-	-	-	-	-	11.617.701
Total Best estimate - net	R0270	17.557	-	-	-	-	-	-	5.933.343
Risk margin	R0280	806	-	-	-	-	-	-	272.332
Amount of the transitional on Technical Provisions									
Technical Provisions calculated as a whole	R0290	-	-	-	-	-	-	-	-
Best estimate	R0300	-	-	-	-	-	-	-	-
Risk margin	R0310	-	-	-	-	-	-	-	-
Technical provisions - total									
Technical provisions - total	R0320	51.812	-	-	-	-	-	-	11.890.033
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	33.449	-	-	-	-	-	-	5.684.358
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340	18.363	-	-	-	-	-	-	6.205.675

Non-life Insurance Claims Information (S.19.01.21)

Gross Claims Paid (non-cumulative)		Development year												In Current year	Sum of years (cumulative)
		0	1	2	3	4	5	6	7	8	9	10 & +			
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											115.893	R0100	115.893	8.328.179
2012	R0160	523.814	723.603	291.085	117.350	140.811	75.538	37.040	26.983	34.319	8.341		R0160	8.341	1.978.884
2013	R0170	622.959	893.035	320.863	203.274	65.302	54.285	132.426	27.551	26.662			R0170	26.662	2.346.355
2014	R0180	871.634	944.332	427.621	160.742	110.909	54.086	55.867	25.802				R0180	25.802	2.650.994
2015	R0190	601.212	919.785	356.794	173.600	108.794	99.537	58.965					R0190	58.965	2.318.686
2016	R0200	765.315	1.009.110	561.223	259.548	116.130	122.410						R0200	122.410	2.833.736
2017	R0210	756.893	1.124.885	433.474	300.686	281.998							R0210	281.998	2.897.936
2018	R0220	569.146	777.988	381.906	139.360								R0220	139.360	1.868.401
2019	R0230	388.587	192.217	300.429									R0230	300.429	881.233
2020	R0240	433.206	928.595										R0240	928.595	1.361.800
2021	R0250	377.783											R0250	377.783	377.783
												Total	**R0260**	2.386.236	27.843.988

Gross undiscounted Best Estimate Claims Provisions		Development year												Year end (discounted data)
		0	1	2	3	4	5	6	7	8	9	10 & +		
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	R0100											1.913.277	R0100	1.470.278
2012	R0160	-	-	414.555.236	262.935	166.499	117.802	86.204	83.444	76.276	204.151		R0160	167.309
2013	R0170	-	517.596.817	362.547	286.495	242.336	178.444	152.367	113.499	287.763			R0170	237.518
2014	R0180	848.786.654	537.747	381.187	269.590	161.024	132.743	130.013	267.029				R0180	221.341
2015	R0190	719.967	439.926	386.554	303.731	248.524	226.231	419.810					R0190	349.446
2016	R0200	1.419.739	1.059.802	628.830	490.090	483.282	817.148						R0200	684.258
2017	R0210	1.222.977	955.450	669.287	515.016	891.795							R0210	757.500
2018	R0220	835.135	623.981	374.288	1.124.879								R0220	972.414
2019	R0230	921.900	844.167	1.515.321									R0230	1.331.670
2020	R0240	1.218.584	2.355.644										R0240	2.096.637
2021	R0250	3.151.834											R0250	2.841.157
												Total	**R0260**	11.129.527

Impact of long term guarantees measures and transitionals (S.22.01.21)

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	11.919.639	-	-	119.244	-
Basic own funds	R0020	3.262.794	-	-	-57.368	-
Eligible own funds to meet Solvency Capital Requirement	R0050	3.262.794	-	-	-57.368	-
Solvency Capital Requirement	R0090	1.816.067	-	-	97.023	-
Eligible own funds to meet Minimum Capital Requirement	R0100	3.128.383	-	-	-57.503	-
Minimum Capital Requirement	R0110	817.230	-	-	43.660	-

Own funds (S.23.01.01)

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	125.000	125.000		-	
Share premium account related to ordinary share capital	R0030	284.043	284.043		-	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	-	-		-	
Subordinated mutual member accounts	R0050	-		-	-	-
Surplus funds	R0070	-	-			
Preference shares	R0090	-		-	-	-
Share premium account related to preference shares	R0110	-		-	-	-
Reconciliation reserve	R0130	2.555.894	2.555.894			
Subordinated liabilities	R0140	297.857		-	297.857	-
An amount equal to the value of net deferred tax assets	R0160	-				-
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	-				
Deductions						
Deductions for participations in financial and credit institutions	R0230	-	-	-	-	-
Total basic own funds after deductions	R0290	3.262.794	2.964.937	-	297.857	-

Own funds (S.23.01.01)

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	-			-	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	-			-	
Unpaid and uncalled preference shares callable on demand	R0320	-			-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	-			-	-
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	-			-	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	-			-	-
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	-			-	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	-			-	-
Other ancillary own funds	R0390	-			-	-
Total ancillary own funds	R0400	-			-	-

Available and eligible own funds						
Total available own funds to meet the SCR	R0500	3.262.794	2.964.937	-	297.857	-
Total available own funds to meet the MCR	R0510	3.262.794	2.964.937	-	297.857	
Total eligible own funds to meet the SCR	R0511	3.262.794	2.964.937	-	297.857	-
Total eligible own funds to meet the MCR	R0550	3.128.383	2.964.937	-	151.182	
SCR	R0580	1.816.067				
MCR	R0600	817.230				
Ratio of Eligible own funds to SCR	R0620	179,7%				
Ratio of Eligible own funds to MCR	R0640	382,8%				

Own funds (S.23.01.01)

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	R0700	2.964.937	
Own shares (held directly and indirectly)	R0710	-	
Foreseeable dividends, distributions and charges	R0720	-	
Other basic own fund items	R0730	409.043	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-	
Reconciliation reserve	R0760	2.555.894	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life Business	R0770	-	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	641.723	
Total Expected profits included in future premiums (EPIFP)	R0790	641.723	

Solvency Capital Requirement - for undertakings on Standard Formula (S.25.01.21)

The registration form S.25.01.21 is not filled in for the HDI Global SE.

Solvency Capital Requirement - for undertakings using the standard formula and partial internal model (S.25.02.21)

The registration form S.25.02.21 is not filled in for the HDI Global SE.

Solvency Capital Requirement - for undertakings on Full Internal Models (Annual Solo) (25.03.21)

	Unique number of component	Components description	Calculation of the Solvency Capital Requirement
	C0010	C0020	C0030
A	10	Market risk non-life and reinsurance	1.466.860
B	13	Credit risk (Counterparty default risk)	204.071
C	16	Underwriting risk life	-
D	19	Underwriting risk non-life	859.913
E	17	Operational risk	208.529

Calculation of Solvency Capital Requirement		C0100
Total undiversified components	R0110	2.739.373
Diversification	R0060	-923.305
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency capital requirement excluding capital add-on	R0200	1.816.067
Capital add-ons already set	R0210	-
Solvency capital requirement	R0220	1.816.067
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	-
Amount/estimate of the overall loss-absorbing capacity of deferred taxes	R0310	-
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	-
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	-
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	-
Diversification effects due to RFF nSCR aggregation for article 304	R0440	-

		Yes/No
Approach to tax rate		
Approach based on average tax rate	R0590	-

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

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity (S.28.01.01)

Linear formula component for non-life insurance and reinsurance obligations

MCR calculation Non Life		Non-life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	-	-
Income protection insurance and proportional reinsurance	R0030	169.826	61.012
Workers' compensation insurance and proportional reinsurance	R0040	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	573.872	257.308
Other motor insurance and proportional reinsurance	R0060	71.097	134.844
Marine, aviation and transport insurance and proportional reinsurance	R0070	289.442	87.814
Fire and other damage to property insurance and proportional reinsurance	R0080	1.689.613	792.014
General liability insurance and proportional reinsurance	R0090	3.120.360	944.309
Credit and suretyship insurance and proportional reinsurance	R0100	1.575	46
Legal expenses insurance and proportional reinsurance	R0110	17.557	2
Assistance and proportional reinsurance	R0120	-	-
Miscellaneous financial loss insurance and proportional reinsurance	R0130	-	-
Non-proportional health reinsurance	R0140	-	-
Non-proportional casualty reinsurance	R0150	-	-
Non-proportional marine, aviation and transport reinsurance	R0160	-	-
Non-proportional property reinsurance	R0170	-	-

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity (S.28.01.01)

Linear formula component for life insurance and reinsurance obligations

MCR calculation Life		Life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	-	
Obligations with profit participation - future discretionary benefits	R0220	-	
Index-linked and unit-linked insurance obligations	R0230	-	
Other life (re)insurance and health (re)insurance obligations	R0240	28.911	
Total capital at risk for all life (re)insurance obligations	R0250		28.911

		Non-life activities	Life activities
		C0010	C0040
MCRNL Result	R0010	823.546	-
MCRL Result	R0200	-	627

Overall MCR calculation		C0070
Linear MCR	R0300	824.173
SCR	R0310	1.816.067
MCR cap	R0320	817.230
MCR floor	R0330	454.017
Combined MCR	R0340	817.230
Absolute floor of the MCR	R0350	3.700

		C0070
Minimum Capital Requirement	R0400	817.230

Minimum capital Requirement - Both life and non-life insurance activity (S.28.02.01)

The registration form S.28.02.01 is not filled in for the HDI Global SE.