

Allianz



FINANCIAL CONDITION REPORT

for ALLIANZ RISK TRANSFER (BERMUDA) LIMITED

Allianz Risk Transfer (Bermuda) Limited ('ART Bermuda' or the 'Company') is a core part of Allianz Risk Transfer ('ART'), the centre of competence for alternative risk transfer business within the Allianz Group. Our strategy is to provide tailored insurance, reinsurance and other non-traditional risk management solutions to corporate and financial clients worldwide

The Company's core business segments are comprised of the following:

Capital Solutions

Capital Solutions is a Global Line of Business of Allianz Global Corporate & Specialty ('AGCS'). Its purpose is twofold: 1) to act as a high margin profit generating unit for activities performed on behalf of third party investor clients and 2) to act as an enabler of the expansion of AGCS' (and Allianz Group's) underwriting appetite in partnership with investor clients.

The business activities of the AGCS Capital Solution group are aligned along the following three core distinct but mutually reinforcing activities:

- 1) Insurance Management
 - Portfolio Management Activities
- 2) Balance Sheet Services for Investors
 - Fronting
 - Financial Leverage
 - Loss Development/Collateral release structures
 - Clearing
- 3) Structuring and Strategic Investments for Allianz
 - Managing Strategic Facilities; Climate Infrastructure with Capital Markets
 - Creating capacity structures with ILS Investors for expansion of Allianz group appetite
 - Innovating with new forms of risk to meet investor appetite (life, casualty, cyber)
 - Identifying and vetting strategic investment opportunities for Allianz in the ILS space



ART Line of Business

Our product range includes traditional coverage, such as quota shares and multi-
aggregate excess coverage, as well as customized structures specifically designed to meet the risk
transfer requirements of an individual client. The Company also seeks opportunities in dislocated
areas of the market where capacity is in short supply.

Our corporate clients include leading companies in the energy, construction,
pharmaceutical and apparel industries. We specialize in building customized multiyear and multi-
line agreements covering a broad range of risks, leveraging both our own expertise in alternative
risk transfer and the global capabilities of the Allianz Group. The Company helps corporations
manage clients' complex risks over the long term, using a blend of creative risk transfer techniques
and traditional insurance to fill gaps in 4 (di) mn (e)4 (a)4 (t in)2 dncciamc (c)-4 (et p (a)6 (n)o (dn)



Business and Performance

The Company's insurance business written by business segment and by geographical region for the year ended December 31, 2020 was as follows (all figures in this section sourced from the 2020 BSCR):

Line of Business	<u>Gross Premium Written</u>	<u>Net Premium Written</u>
Property Catastrophe	\$ 539,799,527	\$ -
Property	164,224,620	66,726,957
Credit / Surety	14,151,009	823,892
Credit / Surety Non-Proportional	1,428,493	-
Energy Offshore / Marine	44,175,938	-
US Casualty	78,896,276	863,490
International Casualty	863,490	-





Contacts and Structure

Insurance Supervisor

Name: Bermuda Monetary Authority

Jurisdiction: Bermuda

Email Address: insuranceinfo@bma.bm

Phone Number: 44295-5278

Group Supervisor

Organization: Federal Financial Supervisory Authority ("BaFin")

Jurisdiction: Germany

Email address: www.bafin.de

Approved Auditor

Organisation: PricewaterhouseCoopers

Name: Marisa Savage

Jurisdiction: Bermuda

Email address:



Michael went to law school in New York City at the Benjamin N. Cardozo School of law and attended college at the University of Michigan.

David Brown

Director and President

David Brown joined Allianz Risk Transfer (Bermuda) Limited in 2010 and is currently responsible for the Insurance Linked Markets business team. David works with managers of third party capital



Remuneration Policy

The Company's remuneration program is in line with AGCS guidelines adapted to the specific requirements of the Bermuda market. It includes fixed annual base salary, competitive employee benefits and annual cash bonuses and (for senior management) long-term equity awards based on Group and individual performance.

The compensation program is designed to provide a balanced mix of salary, annual incentive compensation, and long-term incentive compensation, the realisation of which depends upon the attainment of a range of performance metrics.

Employees' performance is formally assessed at least twice a year and is graded against a target bonus based on a mix of financial and personal KPIs. There is an overall calibration as part of the year end compensation review.

The Allianz Group's long-term incentive plan currently consists of Restricted Stock Units (RSUs) that vest following a four



Risk Management and Solvency Self-Assessment

As a provider of financial services, ART Bermuda considers risk management to be one of its core competencies. It is therefore an integral part of its business process. The company's risk management framework is fully integrated into the risk management framework of AGCS globally and covers, on a risk-based approach, all operations including IT, processes, products, and departments. The key elements of the risk management framework are:

- Promotion of a strong risk management culture, supported by a robust risk governance structure.
- Consistent application of a risk capital framework (using the Bermuda Solvency Capital Requirement model) to protect the company's capital base and support effective ca-1 (s)-5 (



Overall risk organization and roles in risk management

A comprehensive system of risk governance is achieved by setting standards related to organizational structure, risk strategy and appetite, written policies, systems, documentation, and reporting. These standards ensure the accurate and timely flow of risk information.





Principle 10: Comprehensive and timely documentation

All business decisions with potential to materially impact ART Bermuda's profile, including both regularly recurring and ad hoc decisions and all decisions taken by Board of Directors are documented timely and in a manner that clearly reflects consideration of all material risk implications. Internal Controls

ART Bermuda has implemented a formalized internal control system, the Enterprise Risk based Integrated Control (ERIC) System to manage significant operational risks to ART Bermuda



The following key principles are the basis of the ERIC System:

- Focus on significant risks
- Focus on key controls
- Risk and control awareness of employees in their day-to-day work.
- Effectiveness of key controls
- Documentation of risks, controls and business processes
- Use of internal or external Providers and integrating them into the Internal Control System



On a regular basis they form an opinion on:

- the ERIC System with respect to comprehensiveness and consistency
- the existence and execution of clear and consistent operational responsibilities and processes for the ERIC System
- the appropriateness and comprehensiveness of the focus of the risk and control assessment activities (e.g., annual risk focus/improvement areas, key business operations, risk scope, control testing scope);
- the effectiveness of the ERIC System particularly including the materiality of identified



The approach for risk mitigation depends on the risk category.

Minimum and target capital ratios for quantifiable risks:



- Adherence to the limits is monitored at the inception





Solvency Valuation

The valuation bases, assumptions and methods used to derive the value of each asset class are as follows:

Cash and cash equivalents are carried at cost

Quoted investments: Fixed maturity investments are classified as available for sale for trading and



2020. The amount of (net) Technical Provisions (including Risk Margin) amounts to USD 110.8m as per year end 20. Since the book of business has not changed much compared to previous year, the uncertainty within the estimation of the best estimate reserves remains mostly unchanged compared to previous year, and is overall at a moderate level.

Recoverables from reinsurance contracts includes the unearned portion of premiums written on ceded reinsurance contracts and loss reserves recoverable under those contracts.

Other liabilities are recorded at the payable amount, or, in the case of accruals, the unexpired portion of an accrued expense.



Capital Management

Eligible Capital

The Company uses the BSCR model to determine capital needs for business planning. There have been no material changes during the course of the reporting period.

The Company's eligible capital by categories is as follows:

Tier 1 and Tier 2 Eligible Capital

Fully paid common shares	\$	120,000
Contributed Surplus		49,880,000
Statutory Economic Surplus (Tier 1)		67,126,667
Statutory Economic Surplus (Tier 2)		-
Total	\$	<u>117,126,667</u>

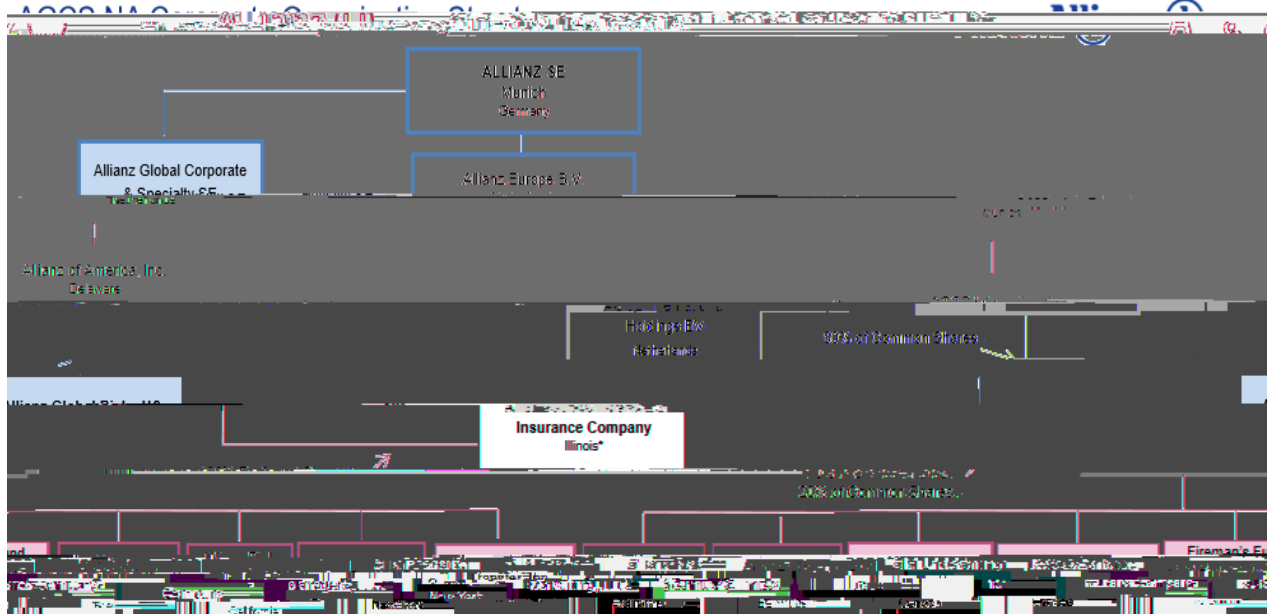


Subsequent Event

No significant events have occurred since the balance sheet date up to the date of filing this report.



SCHEDULE A – Group Organisation Chart



Allianz Global Risk US Insurance Company has a branch office domiciled in Ontario, Canada. *Allianz GI



DECLARATION ON THE FINANCIAL CONDITION REPORT of
ALLIANZ RISK TRANSFER (BERMUDA) LIMITED (the “Company”)

We, Thomas Schatzmann, Director and David Brown, President of Allianz Risk Transfer (Bermuda) Limited, DO SOLEMNLY DECLARE THAT to the best of our knowledge and belief, the Financial Condition Report fairly represents the financial condition of the Company in all material respects.

Signatory _____ DB _____

Print Name David Brown
Director
Allianz Risk Transfer (Bermuda) Limited

Date 24 May, 2021

Signatory _____ TS _____

Print Name Thomas Schatzmann
Director
Allianz Risk Transfer (Bermuda) Limited

Date 24 May, 2021