



BEST'S COMPANY REPORT

ATHORA LIFE RE LTD.

Domiciliary Address: Ideation House, First Floor, 94 Pitts Bay Road, Pembroke HM08, Bermuda

AMB #: 095382

NAIC #: N/A

FEIN #: N/A

Phone: 411-278-8600

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Athora Ireland plc

A-



Best's Credit Rating Effective Date

April 14, 2022

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Information

[Best's Credit Rating Methodology](#)

[Guide to Best's Credit Ratings](#)

[Market Segment Outlooks](#)

Financial Data Presented

The financial data in this report reflects the most current data available to the Analytical Team at the time of the rating. Updates to the financial exhibits in this report are available here: [Best's Financial Report](#).

Athora Life Re Ltd.

AMB #: 095382

Ultimate Parent: AMB # 046366 - Athora Holding Ltd.

Best's Credit Ratings - for the Rating Unit Members

Financial Strength Rating (FSR)

<p>A-</p> <p>Excellent</p> <p>Outlook: Stable Action: Affirmed</p>
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Issuer Credit Rating (ICR)

<p>a-</p> <p>Excellent</p> <p>Outlook: Stable Action: Affirmed</p>
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Assessment Descriptors

Balance Sheet Strength	Strong
Operating Performance	Adequate
Business Profile	Neutral
Enterprise Risk Management	Appropriate

Rating Unit - Members

Rating Unit: Athora Life Re Ltd. | **AMB #:** 095382

AMB # Rating Unit Members
077712 Athora Ireland plc

Rating Rationale

Balance Sheet Strength: **Strong**

- Athora Life Re Ltd.'s (Athora Re) risk-adjusted capitalisation, as measured by Best's Capital Adequacy Ratio (BCAR), was at the very strong level at year-end 2020 and is expected to be maintained at this level.
- Forecast business growth and the roll out of the company's strategic asset allocation drive increasing capital requirements; however, risk-adjusted capitalisation is expected to be supported by capital injections and internal economic capital generation. Credit for long-term economic capital forms a material component of Athora Re's forecast available capital.
- Athora Re has a high appetite for credit risk and limited appetite for systemic market risks. The company maintains a relatively conservative portfolio by asset class, with minimal exposure to listed equities; however, a growing proportion of the company's asset portfolio will be held in illiquid private credit and alternative assets, which expose the company to credit risk.
- The company has a high-risk liability profile that is heavily weighted towards guaranteed savings business and annuities. Athora Re mitigates the interest rate risk associated with these products by running a close-to-zero duration gap.
- Athora Re's financial flexibility is supported by the good level of financial flexibility of its ultimate parent company, Athora Holding Ltd. (Athora). Athora is expected to provide capital to Athora Re on a transaction-by-transaction basis.

Operating Performance: **Adequate**

- Athora Re is expected to generate strong returns once it reaches its target scale. However, in the intermediate term there is material uncertainty surrounding Athora Re's forecast profitability given the low volume of external business transacted to date and the company's limited operating history.
- The company's IFRS capital generation to date has been hindered by the use of 'locked-in' liability discount rates, as fair value movements in its asset portfolio driven by changes in interest rates are not mirrored by changes in its liabilities. Earnings are expected to be presented on a more economic basis following the company's adoption of IFRS 17 in 2023.
- Investment returns are expected to be a significant driver of future performance, bolstered by Athora Re's appetite for private credit and alternative investments.

Business Profile: **Neutral**

- The company's position as a specialist life reinsurer is relatively niche, and it benefits from the experience and capabilities of its shareholder Apollo Global Management, Inc., which it has a strategic relationship with.
- The company plays a significant role in the management of capital across the Athora group, by centralising liabilities in Bermuda. Athora Re has a healthy pipeline of internal reinsurance business from the Athora group.
- Athora Re's external reinsurance business is still in the build stage, with a low transaction volume to date. There is material uncertainty relating to the scale, timing and commercial terms of future reinsurance transactions.
- Athora Re's management team has extensive experience in structuring reinsurance transactions.

Enterprise Risk Management: **Appropriate**

- Athora Re has a well-developed enterprise risk management (ERM) framework that is commensurate with the company's risk profile. The company has a high appetite for credit risk and life insurance product risk, but appropriate resources are in place to manage this aspect.
- Key ERM processes are well integrated with those of the Athora group and are centered on capital management, asset/liability matching (ALM) and stress and scenario testing.
- The Athora group is targeting the development of public-listed company levels of governance and risk management over the intermediate term.

Rating Lift/Drag

- Athora Re plays an important role in the group's capital management by reinsuring a proportion of Athora group liabilities.
- The company, and its subsidiary Athora Ireland plc, are the group's vehicles for writing external reinsurance business, which is an area of targeted growth for the group.
- Forecast growth in Athora Re is expected to be supported by capital injections from Athora.

Outlook

- The stable outlooks reflect the expectation that Athora Re will generate positive operating returns in the intermediate term while growing and maintaining a strong balance sheet. The ratings also reflect the expectation that Athora Re will remain strategically important to the Athora group.

Rating Drivers

- Negative rating pressure may arise if Athora Life Re Ltd. (Athora Re) is unable to execute its business plan successfully and achieve performance targets.
- Negative pressure may arise if the company's risk-adjusted capitalisation, as measured by Best's Capital Adequacy Ratio, falls below the very strong level on a sustained basis.
- Positive or negative rating pressure may arise if there is a change in AM Best's view of the financial strength of Athora Holding Ltd. (Athora), the company's ultimate parent.
- Negative rating pressure may arise if the strategic importance of Athora Re to the Athora group is perceived to have reduced.

Key Financial Indicators

Best's Capital Adequacy Ratio (BCAR) Scores (%)

Confidence Level	95.0	99.0	99.5	99.6
BCAR Score	28.4	22.1	19.7	19.2

Source: Best's Capital Adequacy Ratio Model - Global

Key Financial Indicators	2020 EUR (000)	2019 EUR (000)	2018 EUR (000)	2017	2016
Net Premiums Written:					
Life	1,187,604	-10,986	279,593	...	...
Composite	1,187,604	-10,986	279,593	...	...
Net Income	-4,709	-17,534	-8,993	...	...
Total Assets	4,423,325	3,323,543	3,163,882	...	...
Total Capital and Surplus	239,872	217,286	217,384	...	...

Source: BestLink® - Best's Financial Suite

Key Financial Indicators & Ratios	2020	2019	2018	2017	2016	Weighted 5-Year Average
Profitability:						
Balance on Life Technical Account	707	-20,790	-16,218	...	...	...
Net Income Return on Revenue (%)	-0.4	-10.4	-3.1	...	...	...
Net Income Return on Capital and Surplus (%)	-2.1	-8.1	...	...	...	...
Net Investment Yield (%)	0.4	0.5	...	...	...	...
Leverage:						
Net Premiums Written to Capital and Surplus (%)	495.1	-5.1	128.6	...	...	...

Source: BestLink® - Best's Financial Suite

Credit Analysis

Balance Sheet Strength

The BCAR scores presented under the 'Best's Capital Adequacy Ratio' section of this report are based on 2020 audited accounts.

Athora Re's strong balance sheet assessment reflects risk-adjusted capitalisation at the very strong level, as measured by BCAR, a relatively conservative investment portfolio by asset class and good financial flexibility through its parent, Athora Holding Ltd. (Athora). Offsetting factors include the group's appetite for high-risk life liabilities, including annuities and guaranteed products, and its appetite for illiquid private credit assets. These negative factors are partially offset by the company's sophisticated asset-liability management (ALM) capabilities, resulting in a close-to-zero duration gap, and the private credit expertise of its shareholder Apollo, which the company has a strategic relationship with. Athora Re's forecast growth will primarily be funded by capital injections, but also internal economic capital generation.

Balance Sheet Strength (Continued...)

At year-end 2021, the company's technical provisions were largely composed of internal reinsurance transactions with Athora group subsidiaries. The company disposed of a EUR 1.1bn legacy variable annuity portfolio to Monument Life Insurance DAC during 2021.

Financial flexibility is viewed as positive, due to Athora Re's relationship with its parent company, Athora. Athora has proven access to capital from its shareholders and debt markets as well as having access to undrawn equity capital and unsecured revolving credit facilities.

Capitalisation

Athora Re's risk-adjusted capitalisation, as measured by BCAR, was at the very strong level at year-end 2020, and is expected to be maintained at this level. Forecast business growth and the roll out of the company's strategic asset allocation drive increasing capital requirements, however, risk-adjusted capitalisation is expected to be supported by capital injections and internal economic capital generation.

The company's capital base reduced from EUR 240 million at year-end 2020 to EUR 149 million at year-end 2021 on a statutory reporting basis, driven by losses on the discontinued variable annuity portfolio and revaluation losses on investments through other comprehensive income. The company accounts for its liabilities with a discount rate locked in at acquisition, but accounts for its investment portfolio at fair value, leading to volatility in statutory capital when interest rates change. IFRS capital is expected to be reported on a more economic basis under IFRS 17, which the company will adopt in 2023.

The company reports higher capital on a Bermuda Economic Balance Sheet (EBS) basis than on a statutory basis. Partial credit is given for the company's economic capital in excess of statutory capital in the BCAR model. The EBS capital base is expected to grow in excess of the statutory capital base over the medium term due to the value of new business acquired.

Quality of capital is neutral to the assessment. The company did not have any debt in its capital structure at year-end 2021, and is not expected to be reliant on external debt to fund its growth, however credit for long-term economic capital forms a material component of Athora Re's forecast available capital. Funding agreements between Athora Re and Athora group subsidiaries have been considered as operating leverage.

Capital is managed under Bermuda's Solvency II equivalent regulatory regime and Athora Re's subsidiary, Athora Ireland, manages capital in line with Solvency II. Both companies are expected to maintain a margin over regulatory solvency capital requirements.

Capital Generation Analysis	2020 EUR (000)	2019 EUR (000)	2018 EUR (000)	2017	2016
Beginning Capital and Surplus	217,286	217,384	215	...	...
Net Income	-4,709	-17,534	-8,993	...	...
Net Unrealized Capital Gains (Losses)	27,865	1,711	1,584	...	...
Currency Exchange Gains (Losses)	-570	757	-1,454	...	...
Change in Equalisation and Other Reserves	...	14,968	226,032	...	...
Net Change in Capital and Surplus	22,586	-98	217,169	...	...
Ending Capital and Surplus	239,872	217,286	217,384	...	...
Net Change in Capital and Surplus (%)	10.4	...	999.9	...	...

Source: BestLink® - Best's Financial Suite

Liquidity Analysis (%)	2020	2019	2018	2017	2016
Liquid Assets to Total Liabilities	75.6	64.2	46.0	...	...
Total Investments to Total Liabilities	75.7	64.2	54.7	...	...

Source: BestLink® - Best's Financial Suite

Asset Liability Management - Investments

Athora Re's business model is to achieve a higher level of investment return than the majority of insurers writing a similar product and geographical mix by allocating a proportion of its investment portfolio towards high yielding private credit and alternative investments. This strategy exposes the company to elevated investment risk, which is somewhat offset by its close-to-zero duration gap target and the significant experience of Athora group shareholder Apollo Global Management, Inc. (Apollo), which the company has a strategic relationship with, in credit and alternative investing.

Balance Sheet Strength (Continued...)

Athora Re has a strategic relationship with Apollo Asset Management Europe LLP, a subsidiary of Apollo which provides asset management and advisory services to Athora. Apollo is one of the largest investment groups worldwide, providing Athora Re with access to a wide universe of investments and top-tier ALM capabilities. Apollo's experience in managing private credit and alternative assets is expected to be a key driver of Athora Re's forecast returns.

The majority of Athora Re's gross capital requirements in the BCAR model are driven by investment risk. Athora Re's investment portfolio is liquid and well diversified, with around two-thirds held in cash and fixed income. The remainder of the portfolio is composed of residential mortgages, private credit and alternative investments. Athora Re is expected to maintain the majority of its investment portfolio in cash and fixed income over the medium term, but increase the allocation to private credit and alternative investments as its business grows. Athora Re has a greater appetite for spread and default risk and less appetite for systematic market risk and underwriting risk than its competitors.

Composition of Cash and Invested Assets	2020 EUR (000)	2019 EUR (000)	2018 EUR (000)	2017	2016
Total Cash and Invested Assets	3,166,011	1,995,634	1,612,876	...	...
Cash (%)	2.9	3.1	12.2	...	...
Bonds (%)	55.5	21.7	8.6	...	...
Equity Securities (%)	16.6	25.4	3.6	...	...
Other Invested Assets (%)	25.0	49.8	59.5	...	...
Total Cash and Unaffiliated Invested Assets (%)	100.0	100.0	84.0	...	...
Investments in Affiliates (%)	...	...	16.0	...	...
Total Cash and Invested Assets (%)	100.0	100.0	100.0	...	...

Source: BestLink® - Best's Financial Suite

Operating Performance

The company incurred a loss after tax of EUR 51 million in 2021 on an IFRS basis, partially as a result of losses on its now disposed-of legacy variable annuity operations. The company also experienced fair value losses on its investment portfolio due to rising interest rates which were not mirrored in its liabilities, where discount rates are locked in at acquisition. On an EBS basis, which reflects a more economic view of interest rate movements, the company generated around EUR 2 million of capital during 2021.

The company's returns are expected to be modest as it builds scale and applies its strategic asset allocation to assets backing new transactions, but successful implementation of the company's business plan is expected to lead to strong returns on equity. Investment returns are forecast to be a significant driver of profitability and are dependent on the application of Athora Re's strategic asset allocation. Athora Re's investment portfolio will have an above average weighting towards higher return investments such as private credit and alternatives when compared to most companies in the European life insurance market.

Execution risk is an offsetting factor to operating performance. There is material uncertainty in Athora Re's forecast performance as the company has transacted a low volume of external reinsurance business and has a limited operating history. Additionally, exposure to higher-risk asset classes in order to generate high investment returns is a source of potential volatility in operating performance.

The Athora group has competitive advantages over many traditional insurers, which are expected to contribute materially to Athora Re's operating performance. These advantages include expertise in private credit and alternative investments, supported by Apollo, and an operating environment in Bermuda, which is supportive of the group's capital management strategy.

Financial Performance Summary	2020 EUR (000)	2019 EUR (000)	2018 EUR (000)	2017	2016
Pre-Tax Income	951	-19,505	-9,222	...	...
Net Income after Non-Controlling Interests	-4,709	-17,534	-8,993	...	...

Source: BestLink® - Best's Financial Suite

Operating and Performance Ratios (%)	2020	2019	2018	2017	2016
Overall Performance:					
Return on Assets	-0.2	-0.8	...	...	...
Return on Capital and Surplus	-2.1	-8.1	...	...	...

Source: BestLink® - Best's Financial Suite

Business Profile

Athora Re is a Bermuda-based reinsurer, which was incorporated in April 2017. The company is a wholly-owned subsidiary of Athora, and is the main risk carrier for the group's reinsurance operations. The company currently writes internal reinsurance for other group subsidiaries, and will eventually aim to consolidate a significant portion of the group's balance sheet. The company also writes external reinsurance in the European market, which is a source of planned business growth, however, a low volume of external business has been transacted to date. The group closed its first external reinsurance transaction in 2020.

Athora Re is expected to source a proportion of its external reinsurance business via its wholly owned subsidiary, Athora Ireland plc (Athora Ireland), which in turn may retrocede a portion of new liabilities acquired to Athora Re. The company's neutral business profile assessment reflects AM Best's expectation that Athora Re will execute its business plan effectively so that it achieves scale and geographical diversification across Europe. The company has a healthy pipeline of guaranteed life insurance liabilities, which in the context of its strategy are expected to be managed profitably. Athora Re will also provide reinsurance capacity to support cedants' new business volumes.

Athora Ireland (formerly Aegon Ireland plc) was acquired by Athora Re in 2018, and its liabilities have been significantly restructured. The company's offshore bond investment contract portfolio was sold to Utmost Ireland DAC. The company's legacy variable annuity book was initially fully reinsured and subsequently sold to Monument Life Insurance DAC during 2021.

A proportion of Athora Re's external reinsurance business will be comprised of large reinsurance transactions, as an alternative to a corporate acquisition based approach. As a result, forecast growth may be volatile, with a small number of large transactions potentially having a material effect on the company's profile.

Enterprise Risk Management

Athora Re benefits from a well-developed risk management framework and corporate governance structure. There is a Chief Risk Officer in place at group level, a dual-role Chief Risk and Financial Officer at Athora Re level and a Chief Risk Officer at Athora Ireland level. Athora employs a three lines of defence risk management model.

In compliance with BMA guidance, appropriate risk tolerances, corresponding limits, proper governance and reporting lines, and a risk appetite statement with clear thresholds are in place as part of Athora's risk framework.

Management are expected to maintain Athora Re's capital at levels well in excess of regulatory limits. Consequently, transactions will be capitalised in line with a set of minimum capital thresholds established at board level. Stress testing and scenario testing are part of the ongoing monitoring of capital levels.

While Athora issued a Significant Event Report relating to the miscalculation of its year-end 2020 regulatory solvency position during 2021, Athora Re was not implicated in this error. In response to the error, Athora initiated a project to strengthen its risk management function and the processes surrounding monitoring of its regulatory capital.

Reinsurance Summary

The company is expected to retrocede most biometric and other non-core risks, if they arise, to large and financially strong reinsurers. The company has also entered into a cooperation agreement which gives Athora group shareholder Athene Holding Ltd. first right of refusal on the retrocession of certain liabilities, via its reinsurance subsidiary Athene Life Re Ltd.

Rating Lift/Drag

Athora Re, supported by its subsidiary Athora Ireland, plays a crucial role in the Athora group strategy, writing external reinsurance to the European life insurance market and providing capital efficient internal reinsurance solutions to fellow subsidiaries. A proportion of the group's insurance liabilities are reinsured into Athora Re.

The company is a key part of the group's capital management strategy, supporting fungibility and efficiency of capital in addition to improving diversification benefits across subsidiaries.

External reinsurance business, written through Athora Re, is a growth driver in the group's strategy. The group is expected to support this growth through capital injections to Athora Re.

Financial Statements

Balance Sheet	12/31/2020		12/31/2020
	EUR (000)	%	USD (000)
Cash and Short Term Investments	91,743	2.1	112,697
Bonds	1,755,961	39.7	2,157,022
Equity Securities	526,269	11.9	646,469
Other Invested Assets	792,038	17.9	972,939
Total Cash and Invested Assets	3,166,011	71.6	3,889,128
Debtors / Amounts Receivable	1,204,897	27.2	1,480,095
Other Assets	52,417	1.2	64,389
Total Assets	4,423,325	100.0	5,433,612
Life - Long Term Business	1,428,210	32.3	1,754,413
Life - Linked Liabilities	1,078,449	24.4	1,324,767
Total Gross Technical Reserves	2,506,659	56.7	3,079,180
Other Liabilities	1,676,794	37.9	2,059,774
Total Liabilities	4,183,453	94.6	5,138,954
Capital Stock	250	...	307
Retained Earnings	-31,271	-0.7	-38,413
Other Capital and Surplus	270,893	6.1	332,765
Total Capital and Surplus	239,872	5.4	294,659
Total Liabilities and Surplus	4,423,325	100.0	5,433,612

Source: BestLink® - Best's Financial Suite
 US \$ per Local Currency Unit 1.2284 = 1 Euro (EUR)

Income Statement	Non-Life	Life	Other	12/31/2020	12/31/2020
	EUR (000)	EUR (000)	EUR (000)	Total EUR (000)	Total USD (000)
Gross Premiums Written	...	1,211,017	...	1,211,017	1,487,613
Net Premiums Earned	...	1,187,604	...	1,187,604	1,458,853
Net Investment Income	...	10,537	...	10,537	12,944
Realized capital gains / (losses)	...	71,621	...	71,621	87,979
Unrealized capital gains / (losses)	...	-68,656	...	-68,656	-84,337
Other Income	...	18,875	...	18,875	23,186
Total Revenue	...	1,219,981	...	1,219,981	1,498,625
Benefits and Claims	...	1,172,510	...	1,172,510	1,440,311
Net Operating and Other Expense	...	46,764	-244	46,520	57,145
Total Benefits, Claims and Expenses	...	1,219,274	-244	1,219,030	1,497,456
Pre-Tax Income	...	707	244	951	1,168
Income Taxes Incurred	5,660	6,953
Net Income before Non-Controlling Interests	-4,709	-5,785
Net Income/(loss)	-4,709	-5,785

Source: BestLink® - Best's Financial Suite
 US \$ per Local Currency Unit 1.2284 = 1 Euro (EUR)

Athora Life Re Ltd.

Last Update

April 14, 2022

Identifiers

AMB #: 095382

LEI #: 254900SX4RTEDK5EF188

Contact Information

Domiciliary Address:
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94 Pitts Bay Road,
Pembroke HM08,
Bermuda

Web: www.athora.com

Phone: 411-278-8600

Financial Data Presented

The financial data in this report reflects the most current data available at the time the report was printed.

Operations

Date Incorporated: April 04, 2017

Domiciled: Bermuda

Business Type: Life, Annuity, and Accident

Organization Type: Stock

Financial Size: IX (\$250 Million to \$500 Million)

Best's Credit Ratings

Rating Relationship

AM Best Rating Unit: [095382 - Athora Life Re Ltd.](#)

Refer to the [Best's Credit Report for AMB# 095382 - Athora Life Re Ltd.](#) for details regarding the rating rationale, credit analysis, and financial exhibits available at the time the credit analysis was performed.

AMB#	Rating Unit Members	Best's Credit Ratings	
		Financial Strength Rating	Long-Term Issuer Credit Rating
077712	Athora Ireland plc	A-	a-

Best's Credit Rating History

AM Best has assigned ratings on this company since 2019. In our opinion, the company has an Excellent ability to meet their ongoing insurance obligations and an Excellent ability to meet their ongoing senior financial obligations.

The following are the most recent rating events, for longer history refer to [Rating History](#) in BestLink:

Effective Date	Best's Financial Strength Ratings			Best's Long-Term Issuer Credit Ratings		
	Rating	Outlook	Action	Rating	Outlook	Action
Current -						
Apr 14, 2022	A-	Stable	Affirmed	a-	Stable	Affirmed
Mar 19, 2021	A-	Stable	Upgraded	a-	Stable	Upgraded
Feb 21, 2020	B++	Stable	Affirmed	bbb+	Stable	Affirmed
Jan 21, 2019	B++	Stable	Assigned	bbb+	Stable	Assigned

Corporate Structure

Ultimate Parent: AMB # 046366 - Athora Holding Ltd.

Based on AM Best's analysis, AMB# 046366 Athora Holding Ltd. is the AMB Ultimate Parent and identifies the topmost entity of the corporate structure. Access in BestLink this company's current [Corporate Structure](#).

Regulatory

Auditor: Ernst & Young Ltd.

An independent audit of the company's affairs through December 31, 2020, was conducted by Ernst & Young Ltd.

Financial Results

Financial exhibits presented in this report provide calculated ratios using the most recent consolidated financial statements available in BestLink - Best's Statement File – Global.

Balance Sheet Highlights

Capital Generation Analysis

	2020 EUR (000)	2019 EUR (000)	2018 EUR (000)	2017	2016
Beginning Capital and Surplus	217,286	217,384	215	...	...
Net Income	-4,709	-17,534	-8,993	...	...
Net Unrealized Capital Gains (Losses)	27,865	1,711	1,584	...	...
Currency Exchange Gains (Losses)	-570	757	-1,454	...	...
Change in Equalisation and Other Reserves	...	14,968	226,032	...	...
Net Change in Capital and Surplus	22,586	-98	217,169	...	...
Ending Capital and Surplus	239,872	217,286	217,384	...	...
Net Change in Capital and Surplus (%)	10.4	...	999.9	...	...

Source: BestLink® - Best's Financial Suite

Liquidity Analysis

	2020	2019	2018	2017	2016
Liquid Assets to Total Liabilities	75.6	64.2	46.0	...	...
Total Investments to Total Liabilities	75.7	64.2	54.7	...	...

Source: BestLink® - Best's Financial Suite

Asset Liability Management | Investments

	2020 EUR (000)	2019 EUR (000)	2018 EUR (000)	2017	2016
Composition of Cash and Invested Assets					
Total Cash and Invested Assets	3,166,011	1,995,634	1,612,876	...	...
Cash (%)	2.9	3.1	12.2	...	...
Bonds (%)	55.5	21.7	8.6	...	...
Equity Securities (%)	16.6	25.4	3.6	...	...
Other Invested Assets (%)	25.0	49.8	59.5	...	...
Total Cash and Unaffiliated Invested Assets (%)	100.0	100.0	84.0	...	...
Investments in Affiliates (%)	...	...	16.0	...	...
Total Cash and Invested Assets (%)	100.0	100.0	100.0	...	...

Source: BestLink® - Best's Financial Suite

Operating Performance Highlights

	2020 EUR (000)	2019 EUR (000)	2018 EUR (000)	2017	2016
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Financial Performance Summary

Pre-Tax Income	951	-19,505	-9,222
Net Income after Non-Controlling Interests	-4,709	-17,534	-8,993

Source: BestLink® - Best's Financial Suite

Operating Performance Highlights

	2020	2019	2018	2017	2016
Operating and Financial Performance Ratios (%)					
Overall Performance:					
Return on Assets	-0.2	-0.8	...	...	...
Return on Capital and Surplus	-2.1	-8.1	...	...	...

Source: BestLink® - Best's Financial Suite

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser.

A Best's Issue/Issuer Credit Rating is an opinion regarding the relative future credit risk of an entity, a credit commitment or a debt or debt-like security.

Credit risk is the risk that an entity may not meet its contractual, financial obligations as they come due. These credit ratings do not address any other risk, including but not limited to liquidity risk, market value risk or price volatility of rated securities. The rating is not a recommendation to buy, sell or hold any securities, insurance policies, contracts or any other financial obligations, nor does it address the suitability of any particular financial obligation for a specific purpose or purchaser.

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