

**Resolution Re**

Resolution Re Ltd.

# Financial Condition Report

2023

# Executive summary

## 1

This Financial Condition Report (“FCR”) has been prepared in accordance with the Insurance (Public Disclosure) Rules as promulgated by the Bermuda Monetary Authority (“BMA”) under the Bermuda Insurance Act 1978 (the “Act”). This report outlines the financial condition of Resolution Re Ltd. (“Resolution Re” or the “Company”), including information about its corporate governance, risk profile, solvency valuation and capital management for the reporting period January 1 to December 31, 2023.

Resolution Re was incorporated as a Bermuda exempt company on May 25, 2017 and registered as a Class E long-term insurer, focused on life and annuity reinsurance and other risk transfer solutions to both third parties and affiliates. The Company is a subsidiary of Resolution Life Group Holdings Ltd. (“RLGH”), a Bermuda domiciled holding company, which in turn is owned by Blackstone ISG Investment Partners – R (BMU) L.P. (“Blackstone”). RLGH, together with the Company and its affiliates, are collectively known as the “Resolution Life Group” ([Resolution Life Group Structure](#)). In order to provide a complete view of the current status of the Company, the FCR also describes material subsequent events that have occurred between the financial year ended 31 December 2023 and the declaration date of this FCR.

### 1.1 Key Highlights

During the financial year ending December 31, 2023, despite on-going market volatility throughout, the Company’s solvency position remained strong, with a BSCR ratio of 219% as of year-end 2023.

### 2 October 2023

The Resolution Life Group and Blackstone announced the close of their \$3bn equity capital raise noting that all regulatory approvals had been received for their strategic partnership. This partnership helps solidify the Resolution Life Group’s position as a leader in the multi-trillion-dollar global life and annuity consolidation market by combining the Resolution Life Group’s global liability management platforms and Blackstone’s insurance asset management capabilities. The enhanced capital base will help the Resolution Life Group to rapidly scale its growth path in a highly active acquisition market – continuing its mission of being a global custodian to life insurance and annuity policyholders. The Resolution Life Group remains group regulated by the BMA with a strong group capital position, high solvency ratios and investment grade ratings. The Resolution Life Group will continue to be overseen by its Board of Directors, led by Founder Sir Clive Cowdery as Executive Chairman and CEO.

Blackstone will now serve as the General Partner for all new investors as well as existing Resolution Life Group investors who rolled their commitments. New capital came from a range of global investors and includes a \$500m strategic investment from Blackstone as well as an additional over \$1bn investment from Nippon Life and other existing Resolution Life Group investors. The \$3 billion in new equity raised brings the company's overall equity capital base to approximately \$8 billion.

### 26 October 2023

The Company announced its first UK Pension Risk Transfer ("PRT") reinsurance transaction, having worked closely with the BMA to successfully execute the deal. The transaction reinsures longevity and asset risks associated with UK pension liabilities of a leading UK-regulated insurer. Under the terms of the agreement, Resolution Re will reinsure pension liabilities covering both pensions in payment and deferred pensions.

### 21 December 2023

Resolution Re executed a transaction with a prominent UK-regulated insurer which sees the Company reinsure the market and longevity risks of individual in-payment UK annuity liabilities. This is the Company's second funded reinsurance transaction in the UK market and extends the Resolution Life Group's position as a leading global manager of in-force life insurance businesses, with over four million policies in-force, supported by our operational and digital administrative capabilities that enable better customer experiences.

To date the Company has written six reinsurance transactions across different jurisdictions, bringing overall assets under management to ~\$25bn.

As noted in [section 2.7](#) the Company's credit rating was reaffirmed as A- by Fitch, in September 2023, with "Stable" outlook.

## 1.2 Governance Structure

Resolution Re is committed to ensuring that an established, well maintained and robust corporate governance and Risk Management Framework ("RMF") exists within the Company, which meets the requirements set out by the BMA and are appropriate for the Company's business strategy and operations.

The Company has structured roles, responsibilities and accountability for risk taking in accordance with the three lines of defense principles, which ensures appropriate segregation of duties under the oversight and supervision of the Company's Board of Directors (the "Board").

There were no material changes in the system of governance during the year ended 31 December 2023. Further details of Resolution Re's system of governance are provided in [section 3](#).

## Contents

<b>Executive summary</b>	<b>2</b>
1.1 Key Highlights	2
1.2 Governance Structure	3
1.3 Risk Profile	4
1.4 Solvency	4
1.5 Capital Management	4
1.6 Subsequent Events	4
<b>Business and performance</b>	<b>5</b>
2.1 Name of Insurer	5
2.2 Supervisor	5
2.3 Approved Auditor	5
2.4 Ownership Details	5
2.5 Group Structure	5
2.6 Performance	5
2.7 Other Material Information	6
<b>Governance structure</b>	<b>7</b>
3.1 Three Lines of Defense	7
3.2 Board and Senior Executive Structure, Roles, Responsibilities, and Segregation of Responsibilities	7
3.3 Fitness and Proprietary Requirements	10
3.4 Risk Management and Solvency Self-Assessment	14
3.5 Internal Controls	15
3.6 Internal Audit	16
3.7 Actuarial Function	16
3.8 Outsourcing	16
3.9 Other Material Information	17
<b>Risk profile</b>	<b>18</b>
4.1 Material Risks the Insurer is Exposed to During the Reporting Period	18
4.2 Risk Mitigation in the Organization	18
4.3 Material Risk Concentrations	20
4.4 Investment in Assets in Accordance with the Prudent Person Principles of the Code of Conduct	20
4.5 Stress Testing and Sensitivity Analysis to Assess Material Risks	20
4.6 Other Material Information	20
<b>Solvency valuation</b>	<b>21</b>
5.1 Valuation Bases, Assumptions and Methods to Derive the Value of Each Asset Class	21
5.2 Valuation Bases, Assumptions and Methods to Derive the Value of Technical Provisions	22
5.3 Any Other Material Information	22
<b>Capital management</b>	<b>23</b>
6.1 Eligible Capital	23
6.2 Regulatory Capital Requirements	24
6.3 Approved Internal Capital Model	24
<b>Subsequent Events</b>	<b>25</b>
<b>Declaration</b>	<b>26</b>
<b>Appendix</b>	<b>27</b>

## Executive summary

### 1.3 Risk Profile

The Company is exposed to a number of internal and external risks as a life and annuity reinsurer. To effectively manage these risks the Board has formalized and approved the Company's Risk Appetite and RMF policies, which define the Company's total risk capacity, risk preferences and governance arrangements for taking, mitigating and avoiding risk.

A formalized incident management reporting process exists within the Company to ensure timely and effective reporting of operational risks to the appropriate governance level.

### 1.4 Solvency

Assets and liabilities have been valued in accordance with the BMA's Economic Balance Sheet ("EBS") valuation principles.

Section 5 of this report further describes the bases, methods and assumptions used in the valuation of assets, technical provisions and other liabilities, to determine Resolution Re's regulatory solvency.

### 1.5 Capital Management

The principles and guidelines for governing the Company's capital management practices are established through a Board-approved Capital Management Policy, which provides for the prudent management of capital resources in compliance with the EBS rules set out by the BMA.

The Company recognizes that in order to maintain the confidence of stakeholders and to effectively pursue its business strategy, capital in excess of its minimum regulatory capital requirements needs to be maintained. As a result, the Company sets Target Capital Ratios ("TCR") that enable it to meet the expectations of rating agencies and shareholders. The TCRs are regularly reviewed to ensure their adequacy in light of potential/actual changes in the external and internal environment.

As at December 31, 2023 the Bermuda Solvency Capital Requirement ("BSCR") ratio is 219% as shown in the following table:

Capital Position (\$'s in thousands)	2023	2022
Actual Statutory Economic Capital and Surplus	<b>2,041,667</b>	1,882,881
ECR Requirement	<b>930,343</b>	775,947
MSM Requirement	<b>420,514</b>	590,072
BSCR Ratio	<b>219%</b>	243%
ECR Ratio	<b>219%</b>	243%

### 1.6 Subsequent Events

See [section 7](#).

# Business and performance

## 2

### 2.1 Name of Insurer

Resolution Re Ltd.  
Wessex House  
2nd Floor, 45 Reid Street,  
Hamilton, HM 12, Bermuda

### 2.2 Supervisor

#### Insurance Regulator:

Bermuda Monetary Authority  
BMA House  
43 Victoria Street,  
Hamilton HM 12, Bermuda  
+1 441 295 5278

### 2.3 Approved Auditor

#### Independent Auditor:

Deloitte & Touche Ltd.  
Corner House  
20 Parliament Street  
Hamilton HM 12, Bermuda  
+1 441 292 1500

### 2.4 Ownership Details

Resolution Re is a subsidiary of RLGH, which in turn is wholly owned by Blackstone, a Bermuda limited partnership fund to which a number of private and institutional investors have invested.

### 2.5 Group Structure

The simplified structure for the Resolution Life Group, focusing on regulated entities as at December 31, 2023 is provided in [Resolution Life Group Structure](#).

### 2.6 Performance

#### 2.6.1 Insurance Business Written

The Company is a wholesale provider of life and annuity reinsurance and other risk transfer solutions to both third parties and affiliates. Forms of reinsurance include co-insurance, with or without funds withheld, and modified coinsurance.

Reinsurance coverage is generally bespoke for in-force portfolios, although will include some or all the following:

- Longevity, mortality, lapse risk;
- Asset risk; and
- Interest rate risk.

## Business and performance

The table below illustrates the geographical distribution of business written in the period ranging as of December 31, 2022 and December 31, 2023.

Gross Premiums Written	2023			2022		
	GBP	US\$	CHF	US\$	CHF	JPY
Life	2,846,519	–	100,368	–	103,144	1,209,616
Annuities	–	98	11,903	105	12,002	–
Accident and Health	–	–	–	–	–	–
<b>Total</b>	<b>2,846,519</b>	<b>98</b>	<b>112,271</b>	105	115,146	1,209,616

We note that the majority of Resolution Re's business consists of fixed indexed annuity business written within the US and accounting for roughly 60% of the Company's technical provisions, which is accounted for under the deposit accounting rules.

### 2.6.2 Performance of Investments

The Company invests in a combination of high quality, diversified fixed income securities, primarily fixed income bonds and loans, mortgage loans, mortgage-backed securities and asset-backed securities. The overarching investment principle of the Company is to invest available funds in a diversified portfolio of assets to ensure policyholder commitments are met while contributing to the overall growth and profitability of the Company.

Resolution Re employs an investment risk-based strategy consistent with insurance industry norms, driven by the nature and duration of liabilities and which reflects the constraints arising from our Risk Appetite Framework.

The table below summarizes the total investment income by asset class as of December 31, 2022 and December 31, 2023. The change in investment income over the period is mainly attributed by an additional yield due to our asset rotation strategy and higher accretion following the election to apply pushdown accounting.

Investment Income (US\$'s in thousands)	2023	2022
Fixed maturity securities	112,191	86,986
Funds withheld asset	791,107	765,028
Cash, cash equivalents and short-term investments	21,870	12,679
Equity securities at fair value	10,559	5,698
Investment expenses	(43,632)	(35,425)
<b>Net investment income</b>	<b>892,095</b>	<b>834,461</b>

Investment Income (US\$'s in thousands)	2023	2022
Realized gains on fixed maturity securities	(9,795)	(19,476)
Unrealized gains on equity securities at fair value	(6,043)	(20,195)
Funds withheld asset:		
Realized gains	(283,303)	(265,380)
Change in embedded derivative	946,382	(4,288,990)
Realized gain on derivative instruments	57,706	(532,547)
<b>Investment related gains, net</b>	<b>704,947</b>	<b>(5,126,589)</b>

### 2.6.3 Material Income & Expenses for the Reporting Period

Resolution Re's main sources of income are derived from investment activities and premiums from reinsurance contracts. The Company's main expenses arise from the cost of operations, insurance payouts and acquisition expenses.

For further details, please refer to the Company's audited financial statements for the reporting period.

### 2.7 Other Material Information

In September 2023, Fitch reaffirmed Resolution Re with an A- rating and a stable outlook, highlighting its strong standalone risk profile, robust financial position, good regulatory and economic capital, prudent asset management given the high-quality investment portfolio, and good current and expected profitability. The Company retains an A3 rating with Moody's.

# Governance structure

## 3

The Company has established a corporate governance structure to support its core values by ensuring:

- the Company is managed in the interests of all its stakeholders;
- robust protection of the Company through a system of controls, aligned within the Resolution Life Group based on the risks it carries;
- the promotion of transparency and accountability; and
- the Company operates in an efficient and effective manner with appropriately high standards of Enterprise Risk Management (“ERM”).

The underpinnings of the governance structure are rooted in the principles of fairness, independence, honesty, integrity and responsibility.

### 3.1 Three Lines of Defense

To support the execution of its risk management processes Resolution Re has adopted a ‘three lines of defense’ model.

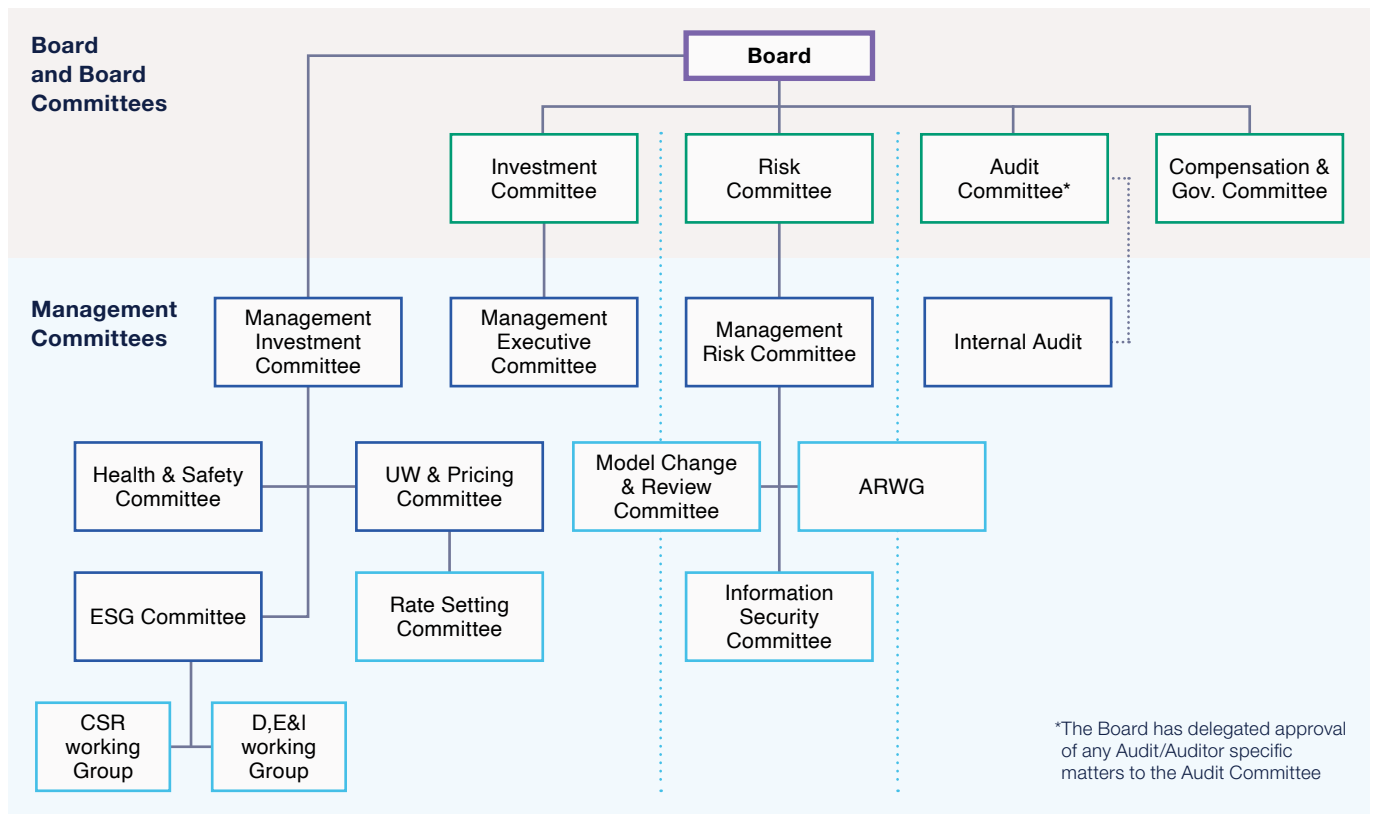
- The first line is the owner of the business area, who owns and takes responsibility for identifying, assessing and reporting on the different risks within their business area. The business manager is also responsible for designing and maintaining effective processes and controls.
- The second line comprises the risk and compliance functions, which have oversight of the risk management strategy and framework. These functions design and implement the risk framework and recommend the Company’s risk appetite to the Board. Furthermore, they assess the effectiveness of the control environment and report thereon to the Management Risk Committee (“MRC”) and Board Risk Committee (“BRC”).
- The third line is performed by internal audit, which provides independent assurance of the effectiveness of governance, risk management practices and the control environment.

### 3.2 Board and Senior Executive Structure, Roles, Responsibilities, and Segregation of Responsibilities

#### 3.2.1 Board of Directors

The Board and management have established the appropriate organisation, processes and corporate controls to measure and manage risk across the Company. Corporate governance begins with the Board providing general oversight and stewardship of Resolution Re, and delegating matters to senior executives. The Board and management, provide oversight and direction to the implementation of the Company’s RMF and have established the appropriate processes and controls to measure and manage risk across the Company.

## Governance structure



### Board of Directors

Set out above is a visual representation of the Company's governance structure.

To assist in exercising its responsibilities, the Board has established a number of committees as detailed in [section 3.2.2](#).

The Company has also established a number of Management Committees where the Chief Executive Officer ("CEO") and the management team work to implement the Board's strategic agenda. Roles and responsibilities of each Committee are described in their respective Charters, which are regularly reviewed and updated.

As of December 31, 2023, the Board consists of five directors, including three independent non-executive directors, one executive director and one non-executive director and Chair. The directors' Board duties include, but are not limited to:

- Setting the corporate strategy and overseeing its effective implementation;
- Overseeing the effectiveness of the framework in place to implement the corporate strategy;
- Providing suitable prudential oversight of the Company's risk management and internal control framework;
- Reviewing and approving significant policies and procedures promoting effective corporate governance across the organization;
- Ensuring compliance with regulatory requirements; and
- Selecting senior executives who meet the requirements under the Resolution Re Fit and Proper Policy.

### 3.2.2 Board Committees

The Board has established a Board Audit Committee, Investment Committee, Risk Committee and Compensation & Governance Committee, which have been delegated oversight responsibilities as set forth in their respective charters. The Audit, Investment, and Risk Committees are comprised of three independent non-executive directors (one of whom also chairs the Audit Committee and one of whom also chairs the Investment and Risk Committees), one non-executive director and one executive director. The Compensation & Governance Committee is comprised of the four non-executive directors only and chaired by one of the independent non-executive directors. Under the terms of their charters, the key responsibilities of each of the Committees are summarized below.

#### Audit Committee

- Ensuring the integrity of Company's consolidated financial statements and financial and accounting processes;
- Overseeing compliance with the audit, accounting and internal controls requirements by the Company;
- Ensuring the independent auditor's qualifications, independence and performance;
- Overseeing, the performance of the internal control over financial reporting of the Company; and
- Reviewing and monitoring the Company's legal and regulatory compliance and ethical standards.



### Investment Committee

- Develop and maintain an applicable investment strategy;
- Appoint or terminate investment managers and, as required, investment advisors;
- Monitor the performance of the investment managers and investment advisors; and
- Report accordingly on the above matters to the Board.

### Risk Committee

- Assist the Board and the other Board committees in overseeing the identification and review of risks that could have a material impact on the Company;
- Oversee the development and implementation of sound risk management systems and processes;
- Review with management:
  - the operating environment to continuously assess and monitor material risks;
  - and approve objectives, risk categories, risk appetite, risk tolerance levels, and appropriate delegation of oversight, reporting, and operating responsibilities across all functions;
  - strategies to mitigate risk and conduct activities within approved tolerance levels
- Oversee the development and implementation of appropriate enterprise-wide strategies and policies;
- Assess the potential impact of all material risks, including material risks affecting capital requirements and capital management, short-term and long-term liquidity requirements, reinsurance transaction obligations, and operational strategies and objectives;
- Monitor and review management's assessment of the adequacy of capital and liquidity;
- Provide oversight and engage management and the Board with respect to the Company's cybersecurity and other operational and business risks related to technology;
- Oversee and monitor operations so that risk management functions are supported by adequate management resources and information;
- Review and assess, on a periodic basis, the design and effectiveness of the risk management systems and processes;
- As requested by the Board, review with management material risks related to significant transactions or activities presented to the Board for action that may pose material risks to the Company;
- Coordinate the discussions and activities of the Board and its other committees with respect to oversight and understanding of risks facing the Company; and
- Report accordingly on the above matters to the Board.

### Compensation & Governance Committee

- Review and oversight of the Company's compensation strategy to ensure appropriate incentivization for directors, executive management, employees and others and to ensure alignment with "One Company" compensation principles and the Resolution Life Group Compensation Committee
- Consideration of Board and committee effectiveness matters, in line with the corporate governance standards that apply to the Company as a Bermuda licensed long-time life insurer
- Report on the above matters to the Board

### 3.2.3 Management Committees

The Management Executive Committee ("MEC"), chaired by the Company's CEO, oversees the day-to-day management of the Company, including monitoring the effectiveness of its operations, controls and governance. The MEC supports the CEO in his role and assists the Board in executing corporate strategies; monitoring and managing operational and financial performance of the Company; and monitoring the Company's compliance, risk management and internal control frameworks.

The Company established the Underwriting and Pricing Committee ("UPC") to assist the MEC in the selection of reinsurance counterparties and in the execution of reinsurance transactions which align with the strategic objectives set out by the Company's Board.

In Q4 2023, the Company set up the Rate Setting Committee ("RSC"), a sub-committee of the UPC in order to assist the UPC in the review of the semi-monthly flow reinsurance business rate-setting which aligns with the strategic objectives set out by the Company's Board. The RSC, following its review, will develop a formal recommendation to the UPC and where necessary assist with a formal recommendation to the Company's Board.

The Management Investment Committee ("MIC") is chaired by the Company's CEO and is responsible for monitoring the management of the Company's investments in relation to their performance, execution and compliance with the investment strategy of the Company. The MIC authorizes investment transactions within the scope of the Company investment guidelines and makes recommendations to the MEC with respect to those investments which fall outside these guidelines.

The Health and Safety Committee's remit is to assist the MEC in overseeing the effectiveness of the health and safety programs and initiatives of the Company, bringing employees and management together on a regular basis in a cooperative effort to promote safety and health in the workplace.

The Environmental, Social and Governance ("ESG") Committee's remit is to assist the MEC in providing oversight and guidance over the Company's ESG strategy. Its primary function is to provide oversight of planned business activities ensuring they are conducted in accordance with the Resolution Life Group policies and standards. Resolution Re understands its responsibility towards sustainability, the environment and societal challenges faced by it as an insurance industry business. The Company demonstrates this understanding by integrating ESG considerations into the policies and principles that govern its business, showcasing its commitment to sustainable growth. The ESG Committee is supported by the Corporate and Social Responsibility ("CSR") and the Diversity, Equity and Inclusion ("DEI") working groups in driving the Company's agenda in relation to CSR and DEI matters.

## Governance structure

The MRC is the main forum for the monitoring of the Company's risk profile, exposures and trends. The MRC is chaired by the Company's Chief Risk Officer ("CRO") who, via the CRO Report, provides an overview of the Company's risk exposures against the risk appetite approved by the Board, including any developments in the internal and external environment which could have an impact on the Company's ability to meet its strategic objectives.

The MRC is supported by the Actuarial Review Working Group ("ARWG"), as described in section 3.7 Actuarial Function, the Model Change and Review Committee ("MCRC") whose purpose is to assist the MRC in fulfilling its responsibilities for the model risk management function of the Company by providing oversight and guidance to effectively manage the Company's exposure to Model Risk, and the Information Security Committee which provides recommendations to management in regard to all information security efforts undertaken by the Company.

Full composition of the MEC, UPC, MIC and MRC is noted below, including standing invitees.

Resolution Re Executives	Management Committee Membership			
	MEC	UPC	MIC	MRC
Chief Executive Officer	C	M	C	M
Chief Financial Officer	M	M	M	M
Chief Operating Officer	M	M	M	I
Chief Risk Officer	M	M	M	C
Chief Underwriting Officer	M	M	M	-
Chief Investment Officer, International	I	I	I	I
VP, Financial Reporting	M	-	-	-
VP, Actuarial	M	-	-	-
Pricing Actuary	-	C	-	-
Head of Reinsurance Operations	-	M	-	-
Senior Legal Advisor, Resolution Re	I/S	M	-	-
Non-executive functions (actuary, finance, operations)	-	-	-	I
<b>Group Executives</b>				
Group Chief Risk Officer	-	-	-	I
Group Chief Investment Officer	-	-	I	-

C = chair; M = member; I = standing invitee; S = Secretary

### 3.2.4 Remuneration Policy and Practices

The Company's practice regarding remuneration aims to build a competitive and innovative environment that attracts, retains, motivates and rewards high-performing employees, promotes an ethical culture by ensuring remuneration is based on qualitative, not just quantitative assessment and promote the achievement of strategic objectives. This practice follows the Resolution Life Group's remuneration policy, also designed to attract and retain highly qualified employees thereby ensuring effective and inclusive leadership qualities in its managers. The Company's remuneration framework addresses the need to provide competitive wages and benefits; ensure enhanced communication; and foster a culture that encourages collaboration, growth and progress.

The Company's remuneration framework provides for a fixed base salary and an annual discretionary, performance-based bonus, which varies in accordance with the performance of the individual and Company. Participation in the Resolution Life Group's long-term incentive plans is also available for selected members of Staff.

In addition to quarterly performance reviews, the MEC conducts reviews of compensation levels, at least annually, to ensure remuneration is in line with standard market practices and appropriate for the risk profile and performance of the Company.

Independent Board members receive fees for their work as directors; they do not receive bonuses. Executive Directors are not entitled to additional compensation for services rendered as members of the Board.

### 3.2.5 Pension or Early Retirement Schemes for Members, Board and Senior Employees

The Company provides all employees with pension benefits through a defined contribution pension scheme, administered by a third party. The Company provides matching contributions, consistent with the employee's level of contribution, up to a pre-determined amount. There is no pension plan for Board members.

The Company does not have an early retirement scheme.

### 3.2.6 Material Transactions with Shareholder Controllers, Persons who Exercise Significant Influence, the Board or Senior Executives

No material transactions were executed during the reporting period January 1 to December 31, 2023 with Board members, Senior Executives, or other individuals who exert significant influence over the Company.

## 3.3 Fitness and Proprietary Requirements

### 3.3.1 Fit and Proper Process in assessing the Board and Senior Executives

Subject to shareholder approval, the Company appoints members of the Board based on the individual's expertise and experience, as well as the professional judgment of the Chairman of the Board and recommendations from third party firms experienced in recruiting Board members. Before being appointed to the Board, all candidates must undergo a rigorous interviewing and background screening process. The Company adheres to a Fit and Proper Policy to ensure it meets its obligations under the BMA Fitness and Propriety framework.

The Company's CEO, in close collaboration with the Chairman of the Board, is responsible for the selection of senior members of the Company who are deemed fit and proper with the requisite knowledge and skills, given the nature, scale and complexity of the Company's business. Senior executives are formally appointed by the Board.

As mandated by the Bermuda Insurance Code of Conduct, the Board assesses its directors and officers no less frequently than every three years. The Company undertook its last assessment in July 2022, which was subsequently submitted to the BMA.

### 3.3.2 Board and Senior Executives Professional Qualifications, Skills and Expertise

Board members	Professional qualifications, skills and experience
<p><b>John Hele</b> Chairman of the Board</p>	<p>Mr. Hele served as the President and Chief Operating Officer of RLGH from February 2019 to June 2023, following which he continued in his role as a director and Chair of the Resolution Re Ltd. Board. Mr. Hele has held various senior positions in the insurance industry, including as EVP for MetLife, Inc., Chief Financial Officer ("CFO") at ING Groep NV, and CFO, Treasurer &amp; Executive VP for Arch Capital Group Ltd, Bermuda. Mr. Hele spent a number of years working at Merrill Lynch &amp; Co. in Investment Banking, Financial Institutions Group. Mr. Hele is currently Vice Chair of the Bermuda International Long-Term Insurers and Reinsurers ("BILTIR") industry association and is a board member of the Association of Bermuda International Companies ("ABIC"). Mr. Hele is a board member and Chair of the Risk Committee for SOFI Technologies Inc, a public traded financial services and technology company based in San Francisco, CA. Finally, Mr. Hele is Executive Chairman of Portage AI Inc, based in the USA.</p> <p>Mr. Hele is a Member of The American Academy of Actuaries, and a Fellow of the Society of Actuaries and of the Canadian Institute of Actuaries and holds a Bachelor of Math degree from The University of Waterloo.</p>
<p><b>Jason Carne</b> Independent Non-Executive Director</p>	<p>Mr. Carne is an independent non-executive director of Resolution Re Ltd. and Chair of the Audit Committee. Mr. Carne has worked for over 30 years in the Bermuda reinsurance market. He has significant experience in the Life and Annuity, Insurance Linked Securities and traditional P&amp;C sectors. Former roles include Managing Director at KPMG in Bermuda and a Partner &amp; CFO of Hudson Structured Capital Management Limited (HSCM), an SEC Registered Investment Advisor (RIA).</p> <p>Post retirement, Mr. Carne acts as an Independent Non-Executive Director, Audit and/or Risk Committee chair to several companies including the Integral Funds Group, Triangle Life Ltd. and AEL Re Bermuda Ltd (a subsidiary of American Equity Investment Life Group).</p> <p>Mr. Carne is a Fellow of the Institute of Chartered Accountants of England and Wales, a member of the Chartered Professional Accountants of Bermuda and holds an Associate in Reinsurance designation.</p>

Board members	Professional qualifications, skills and experience
<p><b>Jonathan Moss</b> Director, Chief Executive Officer, Interim CFO &amp; Principal Representative (effective January 1, 2024)</p>	<p>Mr. Moss served as the Resolution Life Group Chief Risk Officer of RLGH up to December 31, 2023, following which he took up his new role as CEO, Resolution Re Ltd. with effect from January 1, 2024, together with the roles of Interim CFO and Principal Representative due to Mike White's resignation. Mr. Moss has been involved with Resolution Re since its inception in 2018, initially as its first CEO and then continuously as a Board Director.</p> <p>Prior to joining the Resolution Life Group in 2017, Mr. Moss was the CFO at Aviva France SA, a unit of Aviva plc, from 2015. Mr. Moss also served as the CEO of the Heritage Division of Friends Life Group Ltd. and Group CEO of Phoenix Group Holdings Ltd. During his earlier career, Mr. Moss held executive positions at AMP Life, London Life and National Provident Life, as well as Pearl Group Holdings and Phoenix Group Holdings.</p> <p>Mr. Moss has been a fellow of the Institute and Faculty of Actuaries since 1990.</p>
<p><b>Barbara Stymiest</b> (appointed as a director November 27, 2023) Independent Non- Executive Director</p>	<p>Ms. Stymiest joined the Board as an independent non-executive director of Resolution Re on November 27, 2023 and is also Chair of the Compensation and Governance Committee. Ms. Stymiest held various senior positions in the Canadian financial services sector, including EVP and CFO of Bank of Montreal Capital Markets division, CEO of the Canadian stock exchange, TMX Group, and COO/Group Head of Strategy, Treasury and Corporate Services at Royal Bank of Canada. Ms. Stymiest spent the first 14 years of her career with Ernst &amp; Young, including 5 years as a partner in their financial services group.</p> <p>From 2011 to date, Ms. Stymiest has focused primarily on board roles in both the corporate and volunteer sectors, including George Weston Limited, Sun Life Financial Inc., the Canadian Institute for Advanced Research and the Ivey Institute for Leadership.</p> <p>Ms. Stymiest is a Chartered Professional Accountant and has been a Fellow of Chartered Professional Accountants Ontario since 1997. She was appointed as a Member of the Order of Canada in 2021 and holds Honorary Doctorates from the University of Western Ontario, University of Guelph and University of New Brunswick.</p>

## Governance structure

Board members	Professional qualifications, skills and experience	MEC Members	Professional qualifications, skills and experience
<p><b>Deborah Gero</b> (appointed as a director November 27, 2023) Independent Non- Executive Director</p>	<p>Ms. Gero joined the Board as an independent non-executive director of Resolution Re Ltd. on November 27, 2023 and is also Chair of the Board Risk Committee and Board Investment Committee. Ms. Gero has held various senior positions in the global investments, insurance and risk management sectors and has more than 20 years' public and private Board and Committee experience in various Audit, Investment, Governance and Compensation Committee roles, including in CIO and other senior executive roles for AIG Asset Management Group, as CRO of AIG Life and Retirement and VP of AIG Global Investment Corp.</p> <p>In her earlier career, Ms. Gero held various corporate actuary and consultant roles with SunAmerica Inc., Conseco, Inc., Tillinghast/Towers-Perrin and Pacific Life Mutual Life Insurance Company.</p> <p>Ms. Gero is a Chartered Financial Analyst, a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries and holds a B.A. in Mathematics from the University of Notre Dame.</p>	<p><b>Karen Schulz-Kiske</b> Chief Operating Officer (resigning effective April 30, 2024)</p>	<p>Ms. Schulz-Kiske joined the Resolution Life Group in 2018 as Head of Operations, Europe and transitioned to Chief Operations Officer for Resolution Re Ltd. in 2020. Ms. Schulz-Kiske is a fully qualified lawyer under the laws of Germany with license to practice in all fields of law and in all legal roles.</p> <p>Prior to joining the Resolution Life Group, Ms. Schulz-Kiske worked for more than 15 years for the Generali Group. Ms. Schulz-Kiske led large operational units in Germany and Italy, including as head of Group life insurance functions such as the Life Portfolio Management and Global Protection &amp; Underwriting</p> <p>Ms. Schulz-Kiske has a Master's Degree in Insurance and Risk Management from the MIB School of Management, and Juristisches Staatsexamen, Law (First State Examination in Law) from the University of Bonn.</p>
<p><b>Weldon Wilson</b> (resigned as a director June 30, 2023) Resolution Life Group Vice Chairman</p>	<p>Mr. Wilson served as a non-executive director of the Resolution Re Ltd. Board until his resignation effective June 30, 2023, following which he continued in his role as Vice Chairman of RLGH, where he has served since 2018. Prior to joining Resolution Life in the United States, he served as an Executive Board member of the Swiss Re Group and was responsible for Admin Re® in the U.S. and U.K. Prior to Swiss Re, Weldon was General Counsel of Life Re Corporation, which was acquired by Swiss Re in 1998.</p> <p>Mr. Wilson started his career as an attorney for two private law firms in Texas, representing the life insurance industry.</p>	<p><b>Jamie Logie</b> Chief Underwriting Officer (appointed effective January 1, 2024)</p>	<p>Mr. Logie joined the Resolution Life Group at the start of 2019, focused on M&amp;A and reinsurance pricing for markets outside the US, working primarily with Resolution Re, and has supported pricing on the Resolution Life Group's acquisition of AMP Life in Australia and reinsurance transactions to Resolution Re in Switzerland, Japan and the UK. He was also involved in the Resolution Life Group's strategic partnership with Blackstone and Nippon Life that closed in October 2023.</p> <p>Mr. Logie relocated to Bermuda as Chief Underwriting Officer for Resolution Re in January 2024 and is accountable for deal structuring, underwriting and pricing for all Resolution Re reinsurance transactions. Prior to joining the Resolution Life Group, Mr. Logie held various positions at PricewaterhouseCoopers and Deloitte in London, working as an actuarial advisor on insurance M&amp;A transactions internationally.</p> <p>Mr. Logie is fellow of the Institute and Faculty of Actuaries in the UK and holds a Master's degree (first class) in Mathematics from the University of Durham.</p>
		<p><b>Esther Polevoy</b> Chief Risk Officer (appointed effective February 1, 2024)</p>	<p>Ms. Polevoy joined Resolution Re in February 2024 as Chief Risk Officer.</p> <p>Ms. Polevoy has 16 years of risk and actuarial experience. Prior to joining Resolution Re, Ms. Polevoy spent 3 years at Fortitude Re, where she had responsibilities for enterprise risk management and transaction review. Before that Ms. Polevoy held various positions at Equitable and Prudential Financial, working as an actuary in risk, pricing, modeling, and valuation.</p> <p>Ms. Polevoy is a Fellow of the Society of Actuaries and a Chartered Enterprise Risk Analyst. She holds a Bachelor's degree in Astronomy and Mathematics from Cornell University and a Master's Degree in Actuarial Science from Boston University.</p>

MEC members	Professional qualifications, skills and experience
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<p><b>Nick Bailey</b> VP, Financial Reporting</p>	<p>Mr. Bailey joined Resolution Re in 2019, shortly after the signing of the Company's inaugural reinsurance treaty with Symetra Life Insurance Company. Mr. Bailey leads the financial reporting team in Bermuda, responsible for external and internal reporting, and was promoted to Head of Finance &amp; Treasury (subject to immigration approval) in November 2023 following Mike White's resignation. Mr. Bailey also works closely with other members of the Resolution Re teams on M&amp;A and transactions, having been involved in the Company's reinsurance transactions with Allianz Switzerland and Allianz N.A. in particular.</p> <p>Prior to joining Resolution Re, Nick was a Senior Manager with PwC Bermuda and part of the Extended Leadership Team, responsible for growing the external audit practice for life reinsurance clients on island.</p> <p>Mr. Bailey is a Fellow of the Association of Certified Chartered Accountants.</p>
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<p><b>Sam Zhou</b> VP, Actuarial</p>	<p>Mr. Zhou joined Resolution Re in August 2019 and was promoted to Head of Actuarial (subject to immigration approval) in November 2023 following Mike White's resignation. Mr. Zhou is responsible for all internal and external actuarial reporting for Resolution Re. Mr. Zhou also works closely with both the M&amp;A and Resolution Life Group actuarial teams in ensuring the smooth onboarding of new treaties.</p> <p>Mr. Zhou has over 11 years of industry experience in both insurance and reinsurance. Prior to Resolution Re he spent two and a half years at Athene Life Re in Bermuda as part of their valuation team. Prior to Athene, Sam worked at MetLife in various functions such as Pricing and Cashflow Testing.</p> <p>Mr. Zhou holds a Bachelor of Science degree in Actuarial Science from the University of Illinois at Urbana-Champaign. He is a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries.</p>
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MEC members	Professional qualifications, skills and experience
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<p><b>Steve Hales</b> (resigned effective December 31, 2023) Chief Executive Officer</p>	<p>Mr. Hales was CEO of Resolution Re Ltd. up to December 31, 2023, following which he remained as an alternate director of Resolution Re Ltd. to February 1, 2024. Mr. Hales joined the Resolution Life Group in 2018 as Executive Director in Europe and held various roles until he left the Group in 2024.</p> <p>Mr. Hales joined Assicurazioni Generali in 2013 to head up the newly created Global Life business line. Mr. Hales also held the role of Group Head of Connected Insurance, heading up the Data Science and Internet of Things capabilities across the Group. Previously, Mr. Hales was Head of Life business for AXA Spain and then Head of Life and Health business for the AXA Southern Europe, Latin America and MENA markets, combining operational and strategic responsibilities. Mr. Hales started his career as an actuarial consultant in Tillinghast where he worked in the London and Madrid offices.</p> <p>Mr. Hales has a BA, Economics (PPE) from the University of Oxford and is a Fellow of the Institute of Actuaries.</p>
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<p><b>Mike White</b> (resigned effective February 28, 2024)</p>	<p>SVP, Reinsurance &amp; Chief Financial Officer Mr. White was senior vice president and CFO of Resolution Re Ltd. up to February 28, 2024 when he left the Resolution Life Group. Mr. White is a UK qualified life insurance actuary with more than 20 years of experience.</p> <p>Prior to joining the Resolution Life Group, Mr. White was the Group CFO of BF&amp;M Insurance Group, a Bermuda based life and general insurance company from 2013 to 2019. Prior to working at BF&amp;M, Mr. White held various roles with Sun Life Financial, including CFO of the Bermuda operations and AVP, Financial Risk Management, and also worked as a consultant with PricewaterhouseCoopers.</p> <p>Mr. White has a Bachelor of Mathematics from the University of Oxford and is a Fellow of the Institute of Actuaries.</p>
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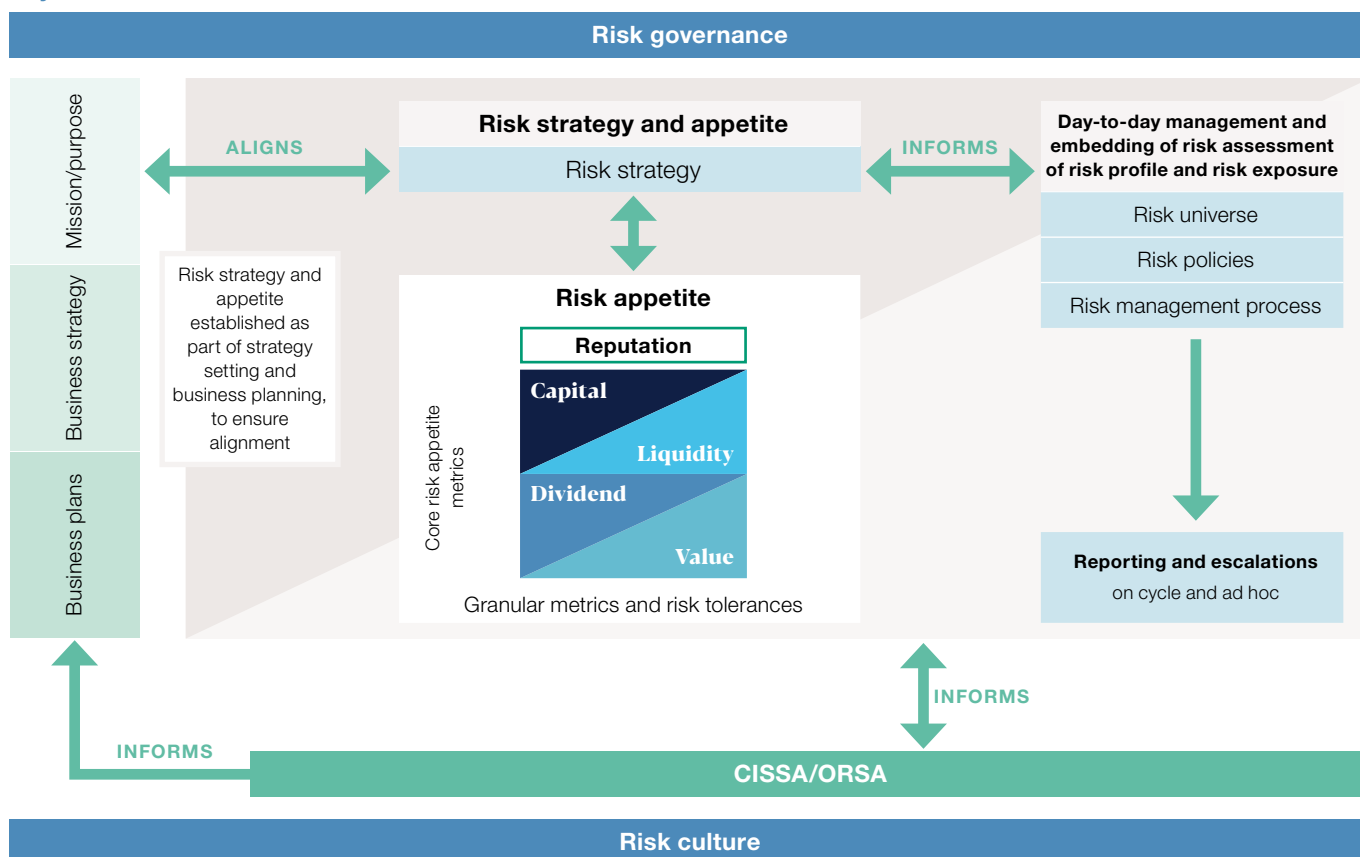
## Governance structure

### 3.4 Risk Management and Solvency Self-Assessment

#### 3.4.1 Risk Management Process & Procedures to Identify, Measure, Manage and Report on Risk Exposures

The RMF provides a holistic and consistent way in which to identify measure, manage, monitor and report on the risks faced by the Company, with the main components of the RMF shown in the diagram below:

#### Key elements



#### Risk Governance:

The Board has adopted a comprehensive set of Risk Management Policies (collectively, the “Policies”) and oversight processes and has charged the CEO with establishing processes to ensure the business plan is delivered within the Board’s risk appetite.

Roles, responsibilities and accountabilities for making key decisions are structured in alignment with the Three Lines of Defense principles, with supervision by the Board or its delegates, thereby achieving effective segregation of duties.

#### Risk Appetite:

The risk appetite is an expression of the Company’s desire or willingness to take, retain or avoid risks using a set of qualitative principles and quantitative limits that establish the Company’s risk preferences, risk tolerances and risk limits in alignment to the strategic objectives defined in the business plan.

#### Risk Identification:

All employees of the Company have a responsibility to identify risks in their area, engage the correct personnel to ensure they are appropriately assessed and that controls exist to manage risks within the set risk appetite. The CRO report includes detailed information on each risk exposure relative to its risk appetite, with commentary and supporting analysis over the current and prospective risk profile. All risks and controls impacting key processes are captured in the Company’s risk register, which forms the basis for regular Risk and Control Self-Assessments (“RCSA”).

#### Risk Measurement:

The Company has processes to evaluate and measure all identified risks, at least annually. The Company adopts quantitative methods to measure its exposure to quantifiable risks (e.g. market risk, insurance risk, credit risk) and uses stress and scenario testing to determine the potential impact that an increase in risk exposure may have on its capital, earnings and liquidity position.

**Risk Response:**

Appropriate risk responses are developed through discussions with senior management where risk evaluation, along with proposed risk mitigation strategies, occurs through periodic review of risk exposures in relation to the risk appetite and consideration of the optimal risk return positioning.

**Risk Reporting and Control:**

Risk reporting ensures that all material risks are regularly monitored and reported. Where appropriate, control points are established for heightened monitoring, and limits are established that should not be breached. Risks that have progressed beyond the set risk appetite limits must be escalated to the appropriate forum(s) and managed in line with the documented management actions to ensure visibility is provided at the right levels with respect to ensuring mitigating actions are implemented.

**Compliance:**

Compliance requirements set out the attestations needed from Executive Officers who are responsible for ensuring implementation of the various Policies.

**3.4.2 Risk Management and Solvency Self-Assessment Systems Implementation**

The Board has a comprehensive suite of Policies to ensure that all material risks which the Company is exposed to are well understood and managed. The Board reviews and approves these Policies, at least annually, to ensure they remain appropriate.

The Board has charged the CRO with responsibility over the effective implementation of the Company's risk policies and to ensure each Policy is kept up to date, as detailed in [section 4.2](#).

The CRO will also consider the need to establish Implementation Guidelines, as appropriate, to set out the specific procedures or methods by which each Policy is to be complied with, particularly as the Company continues to grow both in size and complexity.

On a quarterly basis, the CRO works collaboratively with each functional area to develop the CRO report to the MRC. For each risk within the risk universe, the CRO report sets out their relative exposure against risk appetite, with commentary and supporting analysis over the current and forward-looking risk profile. As part of this exercise, a list of top risks is also maintained and refreshed periodically.

The Company's Commercial Insurers' Solvency Self-Assessment ("CISSA") Report is the final output of the self-assessment process and provides a comprehensive description of the risk management activities that occurred throughout the year and key expected future developments. The CISSA is subject to review and approval by the BRC and the Board prior to its submission to the BMA. Whilst the CISSA Report is produced annually for regulatory purposes, the underlying risk analysis that takes place, at least quarterly, forms a core component of the CISSA process at the Company. This ensures that the CISSA is embedded in the business and is used to inform decision making by Management.

**3.4.3 Relationship Between Solvency Self-Assessment, Solvency Needs & Capital, and Risk Management**

The Company manages its business objectives, capital needs and liquidity requirements with the objective of withstanding pre-defined shocks. The Company uses its stress testing framework to establish a TCR, which is calibrated to a minimum post-shock BSCR ratio. In the event the Company's capital at risk is projected to fall below minimum thresholds in any of the stress scenarios, the Company, with input from the MRC, will develop an appropriate risk response, with proposed risk mitigation strategies, which is presented to the BRC for approval.

The Company's solvency self-assessment process is a key element of the Company's RMF and reviewed at least annually and/or when new transactions are considered.

**3.4.4 Solvency Self-Assessment Approval Process**

The solvency self-assessment, as discussed above in [section 3.4.2](#), is reviewed and approved by the BRC and the Board.

**3.5 Internal Controls****3.5.1 Internal Control System**

Resolution Re's internal control system is designed to provide reasonable assurance that its operations are effectively controlled, it is compliant with applicable laws and regulations, and its financial reporting is reliable. The Board is ultimately responsible for overseeing the adequacy and effectiveness of the risk management and internal control system. In practice, the oversight and management of the internal control system necessarily involves participation of the Board, the Audit Committee, the Board Risk Committee, senior management, finance, risk, compliance, legal, line managers, internal audit and various committees. Primary responsibility for ensuring day-to-day oversight of the internal control system lies with the MEC, senior management and key functions holders (e.g. risk, compliance). The Company promotes the importance of appropriate controls by:

- Ensuring that staff members are aware of their role in the internal control system (for example through communication and training)
- Ensuring a consistent and adequate implementation of the internal control system across the Company (for example, through a partnership between the first- and second-line functions, and attestations to Company policies)
- Continually reviewing the adequacy of the internal control system through various mechanisms (e.g. risk and control self-assessments, internal control over financial reporting assessments, controls testing)
- Establishing, monitoring and reporting mechanisms for decision-making processes.

Please see [section 3.4](#) for a description of the internal control system relating to the risk function.

## Governance structure

During 2022 the Company further developed its internal control framework in-line with the principles prescribed in the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) 2013 framework. The COSO 2013 framework is used as the criteria for evaluating the effectiveness of the Company’s internal controls, in order to effectively manage against identified risks and provide reasonable assurance regarding the reliability of its financial reporting. The COSO 2013 framework includes the following components:

- Control Environment;
- Risk Assessment;
- Control Activities;
- Information and Communications; and
- Monitoring Activities.

Internal controls are documented and reviewed on a regular basis by control owners and the appropriate Management Committees. All internal controls are designed to ensure segregation of duties between preparer and reviewer.

### 3.5.2 Compliance Function

The Board retains the ultimate responsibility for Compliance; however, it has delegated the day-to-day responsibilities to Resolution Re’s Compliance Officer (“CO”). In this capacity, the CO’s role is to ensure that the Company carries out operations in accordance with legal and regulatory requirements, and to monitor compliance with organizational policies and procedures.

The CO develops policies, procedures and processes to support these activities, including plans to address any identified deficiencies or non-compliance. The CO also supports management in the implementation of any new rules or regulations which includes delivering training to employees, on a quarterly basis, to ensure employees remain up to date on new or updated policies, regulations and guidelines.

The CO works with the Senior Legal Advisor, Resolution Re, who is a member of the MEC, to provide quarterly Compliance Report updates to the Audit Committee, Risk Committee and the Board, as appropriate.

### 3.6 Internal Audit

The Company has co-sourced its Internal Audit function with EY Bermuda, with oversight responsibilities by the Resolution Life Group Head of Internal Audit. Internal Audit has unrestricted access to all areas and property of the organization, including personnel records, records held by third-party service providers, and has direct access to the Board through the Board’s Audit Committee. To ensure Internal Audit remains independent, its employees are not authorized to perform any operational duties or approve any transactions in the organization. Internal Audit’s responsibilities are outlined in the Internal Audit Charter as approved by the Audit Committee.

The Internal Audit function provides independent, objective assurance and consulting services designed to add value and improve the Company’s operations. It assists the Company in accomplishing its objectives by bringing a systematic and disciplined approach to the evaluation and improvement of the effectiveness of risk management, internal controls and governance processes.

The Internal Audit Plan is presented and approved on an annual basis by the Audit Committee and all findings of their reviews are reported to the Audit Committee.

### 3.7 Actuarial Function

The Company’s CFO is responsible for setting, monitoring and adjusting actuarial assumptions used in the calculation of GAAP reserves and technical provisions consisting of the best estimate liabilities and a risk margin. The Company follows industry best practice and adheres to standards of practice in determining assumptions which require significant actuarial judgement. Proposed changes to assumptions or methodologies for calculating GAAP reserves and technical provisions require approval from the ARWG. The Company has designed and executed internal controls over the data and software models used by the Actuarial Function in their day-to-day functions.

The Company has outsourced their Approved Actuary function to Deloitte Bermuda, an independent third party that reviews and opines on the technical provisions included in the Bermuda regulatory return.

### 3.8 Outsourcing

#### 3.8.1 Key Functions and Outsourcing Guideline

The Company’s Outsourcing Policy establishes the principles and procedures for managing outsourcing risk at the Company and allows for a consistent approach to outsourcing whilst maintaining appropriate control to minimize risks that could adversely impact the business. The Policy is owned by the CO at Resolution Re.

The Company takes a risk-based approach to all outsourcing decisions, including the vendor selection process, the outsourcing agreement and the subsequent on-going operational management of the agreement. The vendor selection process is designed to mitigate the risk that services from outsourcers are not appropriately rendered. The Company retains oversight and clear accountability for outsourced functions as follows:

- outsourced services are financially managed by monitoring budgeted costs against actual costs;
- outsourced service providers report to the Company on the achievement of the key performance indicators set out in the outsourcing contract; and
- management performs an annual review of the outsourced service which they report to the Audit Committee.

The Company outsources its investment management and other investment related services to third party service providers. This includes investment management, custody and investment accounting services, for which decision-making power remains with Resolution Re management in Bermuda.

The Company also outsources its IT support function, its payroll and legal functions and, as detailed in section 3.7, a professional services firm is engaged as the Company’s Approved Actuary.



### 3.8.2 Material Intra-Group Outsourcing

The Company has intercompany services agreements in place with other Resolution Life Group companies that enable the Company to access professionals in other parts of the Resolution Life Group. The services agreements provide that all companies within the Resolution Life Group are expected to comply with the Resolution Life Group policies and would replicate the approach taken by the Company if it performed the services directly.

The services agreements pertain to support with activities which include:

- (i) Assistance with third party vendor relationship management;
- (ii) Providing oversight of operational bank accounts;
- (iii) Assistance with other research, operational and administrative matters relating to the Company and RLGH, including such accounts payable, payroll processes, other finance and accounting, legal and compliance and IT/help desk support as may be required; and
- (iv) Providing legal advice in relation to the activities listed in (i)-(iii) above
- (v) Assisting with M&A and related activities; and
- (vi) Providing strategic advice in relation to these activities.

### 3.9 Other Material Information

No other material information to report.

# Risk profile

## 4

### 4.1 Material Risks the Insurer is Exposed to During the Reporting Period

As previously mentioned in this report, the CRO of the Company works collaboratively with each functional area to develop the CRO Report ahead of the quarterly meetings of the MRC and BRC. The CRO report, for each risk within the risk universe, sets out their relative exposure against risk appetite, with commentary and supporting analysis over the current and forward-looking risk profile.

There are nine risk categories making up the Company's risk universe, each with several sub-categories, as shown on [page 20](#).

In addition to the quarterly updates provided in the CRO Report, the Company's CRO, in collaboration with the other CROs across the Resolution Life Group, agrees a list of emerging risks which shall be monitored according to their relative materiality to the Company's strategic objectives.

The Company views Emerging Risks as newly developing or changing risks which are difficult to quantify, and which may have a material impact on the Company, or the Resolution Life Group, if they materialize. These are identified across a full spectrum of risk categories.

### 4.2 Risk Mitigation in the Organization

As noted in [section 3.4.2](#), the Board has adopted a comprehensive set of Policies and has charged the CRO with establishing oversight processes to ensure that all risks to which the Company is exposed are well understood and managed. Within the Policies, the Board has established the risk appetite, which is a set of qualitative principles and quantitative limits that establish the Company's risk preferences, risk tolerances and risk limits.

Each Policy is assigned to an (internal) executive policy owner who is responsible for recommending changes, where required, and ensuring the policy is current. Moreover, the executive policy owners are tasked with establishing guidelines that set out the specific procedures or methods by which the policy is to be complied with and ensuring the Company has processes in place to implement the policies and guidelines. The executive policy owner monitors and reports to the BRC, on a quarterly basis, on risks in their area, including risk evaluation and response.

Risk evaluation occurs through periodic review of risk exposures in relation to the risk appetite, discussion by senior management and consideration of the optimal risk return positioning. Risk exposures are considered on a gross basis, prior to risk mitigation, as well as net of risk mitigation. This is because risk mitigation often results in transformation of risk in contrast to risk elimination. The appropriate risk mitigation response is developed from discussion and consideration of alternative strategies, including consideration of cost versus reward.

Common risk management strategies include:

- Hedging
- Asset-liability management actions
- Repositioning of the investment portfolio or changing allocation of new assets
- Enhanced training or acquisition of expertise, resources or tools
- Enhanced monitoring or contingency planning
- Allocation of additional risk capital
- Product management or re-pricing actions
- Expense management actions
- Renegotiation of contracts
- Business portfolio management through reinsurance, acquisition or divestitures
- Maintenance of a liquidity cushion
- Active involvement with industry bodies and monitoring regulatory updates

To enable effective monitoring by the executive policy owners, the Company maintains a comprehensive process for reporting on all material risks to the BRC, including a comparison of risk exposures to the risk limits, which include early-warning indicators, and reporting on breaches. Each policy details a set of standardized reports which must be provided to the BRC and the Board on a quarterly basis.

Each executive policy owner provides an annual attestation to the BRC whether the Company is, in their opinion, in material compliance with the requirements of the policy.

### 4.3 Material Risk Concentrations

The Company has policies governing risk concentrations in relation to counterparties, credit quality and asset classes. Adherence to these policies is monitored by the BRC and the Board. The Company is compliant with this policy and has not determined any material risk concentrations.

### 4.4 Investment in Assets in Accordance with the Prudent Person Principles of the Code of Conduct

The prudent person principle as outlined in the Insurance Code of Conduct, provides that a Bermuda registered insurer, in determining the appropriate investment strategy and policy, may only assume investment risks that it can properly identify, measure, respond to, monitor, control, and report while taking into consideration its capital requirements and adequacy, short-term and long-term liquidity requirements, and policyholder obligations.

The Company's fundamental investment principle is to invest available funds – in a diversified portfolio of assets, acknowledging our commitment to environmental and social responsibility to ensure policyholder commitments are met while contributing to the overall growth and profitability of the Company.

Consistent with our fiduciary duties to our policyholders, cedents and investors, the Board has approved a Responsible Investment Policy, which is intended to protect and enhance the value of our investments in the long term. As a long-term investor, we believe that the goal of any company should be to generate and deliver

sustainable long-term financial value, which will be helped by having long-term owners to whom the Company is accountable and by having owners that are clear about their expectations. As such, the incorporation of responsible investing factors in the acquisition process and in improving the companies in which we invest is a part of our investment process.

The Risk Appetite Framework establishes allowable asset risk, exposures and limits for investment related asset classes. These are approved annually by the BRC and provide the ultimate portfolio constraints on the Company's assets.

To execute the Company's investment strategy, the Company employs the services and expertise of external investment management strategic partners who are bound by comprehensive Investment Management Agreements and Investment Guidelines for asset classes and limits. Compliance with these Guidelines is reported on a quarterly basis by the investment managers.

### 4.5 Stress Testing and Sensitivity Analysis to Assess Material Risks

The Company's risk appetite is set out in the Risk Appetite and Stress Testing policy, which is approved annually by the Board. The risk appetite specifies the maximum allowable economic loss for each risk type individually and for various combinations of risk types, assuming a series of pre-defined loss scenarios with pre-defined severity levels. The risk appetite and tolerance limits allow for correlation and diversification effects.

The Risk Appetite and Stress Testing Policy describes the stress scenarios to be used and requires stress testing to be performed at least quarterly with the results reported to the BRC. The stress scenarios are designed to assess the most material risks faced by the Company and ensure the Company remains within its overall risk capacity as defined by the Board. Risk capacity is measured by evaluating the impact of predefined stresses on the Company's capital, liquidity and dividend capacity positions.

Risk capacity is defined at potential severity levels as shown below:

- Adverse Stress Scenario: measures the impact of the average recession/stress period on all risk measures and may be thought of as a 1 in ~10 scenario.
- Severe Stress Scenario: measures the impact of a more severe recession/stress period on all risk measures and may be thought of as a 1 in ~40 scenario (similar to the 2008/2009 period).
- Extreme Stress Scenario: may be thought of as a 1 in ~200 scenario for both economic and non-market risks and focused on measuring capital (solvency) only.
- Reverse Stress Testing: reverse stress testing on the Statutory Balance Sheet is performed on an annual basis per the BMA guidelines and is meant to document an assumption set that causes insolvency.

The Company was compliant with the Risk Appetite and Stress Testing policy and its risk appetite and tolerance limits at the end of the reporting period.

### 4.6 Other Material Information

There is no other material information to be disclosed.

## Risk profile

Risk category	Sub-category	Risk description
<b>Strategic risk</b>	<ul style="list-style-type: none"> <li>• Competitors and Industry Structure</li> <li>• Customers</li> <li>• Reinsurance</li> <li>• Ratings Environment</li> <li>• Political Environment</li> <li>• Tax Environment</li> <li>• Reputation / Franchise Value</li> </ul>	Uncertainty or loss due to strategic positioning, in particular due to changes in the external macro environment
<b>Market risk</b>	<ul style="list-style-type: none"> <li>• Equity</li> <li>• Interest rate</li> <li>• Credit spreads</li> <li>• Real Estate</li> <li>• Foreign Exchange</li> </ul>	Uncertainty or loss arising from changes in market prices or volatility of assets or market indices, including the impact of credit spreads and costs of embedded financial options and guarantees.
<b>Liquidity risk</b>	<ul style="list-style-type: none"> <li>• Regulated Entity Liquidity</li> <li>• Holding Company Liquidity</li> </ul>	Inability to meet future liquidity demands they become due because the Company cannot obtain new funding or the inability to sell or transform its assets into cash without significant losses
<b>Counterparty risk</b>	<ul style="list-style-type: none"> <li>• Counterparty exposures</li> </ul>	Uncertainty or loss relating to asset defaults or credit downgrades on deposits owned by the Company or its separate accounts, or in respect of counterparties (e.g. reinsurance and derivative contracts, guarantors, general insurers)
<b>Insurance risk</b>	<ul style="list-style-type: none"> <li>• Mortality</li> <li>• Longevity</li> <li>• Morbidity</li> <li>• Policyholder behavior</li> <li>• Expense</li> </ul>	Uncertainty or loss relating to underwriting outcomes impacting insurance revenues, claims, benefits paid, expenses or the cost of insurance options or guarantees.
<b>Operational risk</b>	<ul style="list-style-type: none"> <li>• Internal &amp; External Fraud</li> <li>• Data Protection / Cyber Security</li> <li>• Damage to Assets</li> <li>• Business Disruption</li> <li>• Reliance on Suppliers</li> <li>• Model Risk</li> <li>• Employment &amp; Workplace Practices</li> <li>• Business Practices &amp; Compliance</li> </ul>	Uncertainty or loss arising from failed internal processes, controls, people, systems or external events
<b>M&amp;A / Transaction</b>	<ul style="list-style-type: none"> <li>• Due diligence failures</li> <li>• Confidentiality breaches</li> <li>• Business separation</li> <li>• Transition management</li> <li>• Regulatory approvals and Conditions</li> </ul>	Uncertainty or loss arising from not fully understanding or appreciating the size, scope and complexities of business we acquire. Risk is short term in nature, and after transition, risk will be avoided or will migrate to one of the aforementioned risk categories
<b>Regulatory and Compliance</b>	<ul style="list-style-type: none"> <li>• Regulatory updates</li> <li>• Changes in accounting framework</li> <li>• Changes in legal framework</li> </ul>	Risk of financial loss or adverse consequences as a result of non-compliance with existing and upcoming laws and regulations
<b>Climate Change risk</b>	<ul style="list-style-type: none"> <li>• Transition risks</li> <li>• Physical risks</li> </ul>	<p>Transition risks are risks that may arise from the transition to a low-carbon economy, which may, for example, lead to reassessment of asset values in climate-sensitive sectors.</p> <p>Physical risks are risks which arise from the physical impacts of climate change.</p>

# Solvency valuation

## 5

### 5.1 Valuation Bases, Assumptions and Methods to Derive the Value of Each Asset Class

The Company has used the valuation principles outlined by BMA's "Guidance Note for Statutory Reporting Regime" for the reporting year's statutory filing. The economic valuation principles outlined in this document are to measure assets and liabilities on a fair value basis.

Fair value is the price the Company would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy for inputs used in determining fair value maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available. The Company determines fair value based on the following fair value hierarchy:

- **Level 1 Inputs:** Quoted prices for identical assets in an active market that the Company can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustments to measure fair value whenever available.
- **Level 2 Inputs:** Directly or indirectly observable inputs other than quoted market prices for similar assets or market-corroborated inputs.
- **Level 3:** Unobservable inputs developed using information available to the Company in circumstances where there is very little, if any, market activity for the asset at the measurement date.

The Company uses the following valuation methods and assumptions to determine fair value for assets held directly and assets supporting funds withheld at interest.

**Fixed Maturity Securities:** The fair values of public fixed maturity securities are based on prices obtained from the Company's external investment managers, which have been validated against independent pricing services. These are classified as Level 1 assets. The investment managers obtain market quotations for identical securities in an active market or similar securities in an active market or identical securities in an inactive market. In certain instances, the investment managers will apply their own proprietary internal model which is based on observable market inputs for determining the fair value of securities that are not actively traded. This category typically includes U.S. and non-U.S. corporate bonds, U.S. agency and government guaranteed securities, CLO, ABS, CMBS and RMBS.

## Solvency valuation

The investment managers maintain a price source hierarchy which prioritizes market prices obtained in active and reliable primary markets. To validate the prices supplied by the investment managers, the Company's review process includes a comparison to prices obtained from independent pricing sources for the same investments. Where the price comparison exceeds the Company's pricing tolerance limits, the Company will obtain additional price quotes to determine which price is an outlier and select the price which most accurately reflects market values. Where the pricing comparison exceeds the tolerances and there is no further tertiary source available the more conservative price is selected.

The Company's management reviews and approves the pricing comparison each quarter.

**Other Investments:** The fair value of non-public securities, which include commercial mortgage loans, private placements, and alternative investments, are determined using generally accepted valuation methodologies and inputs and assumptions appropriate to each security. For example, the valuation of commercial mortgage loans is based on a discounted cashflow valuation approach, where the cash flows used in the calculation consider the regular interest, amortization and prepayment provisions of the loan.

**Investment Funds:** Certain of the Company's investments in investment funds are priced based on market-accepted valuation models and use significant unobservable inputs, which include material non-public financial information, estimated future cash flows and demographic assumptions. These are classified as Level 3 assets.

**Cash and Cash Equivalents:** Includes cash on hand, amounts due from banks, and certain money market securities, held in the ordinary course of business with maturities of three months or less when purchased. The carrying amount of cash equals fair value. The fair value of cash equivalents is based on quoted market prices.

**Derivatives:** These assets consist of forward starting interest rate swaps and Foreign Exchange Forwards and are valued at quoted market prices, which are classified as Level 1. In the absence of an active market, prices are based on observable market inputs. The majority of Company derivatives trade in liquid markets and can be modelled without significant judgement. These usually fall under level 2 assets.

### 5.2 Valuation Bases, Assumptions and Methods to Derive the Value of Technical Provisions

Technical Provisions represent the value of in force liabilities as of December 31, 2023 which are calculated in line with the EBS valuation principles as defined in the BMA's "Guidance Note for Statutory Reporting Regime". The Company believes that the techniques used in determining the insurance technical provisions are in line with the BMA guidance.

Technical provisions are calculated as the sum of the Best Estimate Liabilities ("BEL") and Risk Margin ("RM"). The BEL is intended to represent an average expectation of insurance cash flows, both inflows and outflows, while the RM reflects an allowance for the risk of uncertainty inherent in the best estimate cash flows and is intended to reflect the compensation that an insurer requires to bear this risk.

The table below contains the Company's Gross Technical Provisions at December 31, 2023 and 2022.

Technical Provisions (\$'s in thousands)	2023	2022
Best Estimate Liabilities	23,263,540	29,979,618
Risk Margin	316,794	254,811
<b>Technical Provisions</b>	<b>23,580,334</b>	<b>30,234,429</b>

The valuation method used to determine the best estimate liabilities is the BMA's Scenario Based Approach ("SBA") using best estimate cash flows and the projected performance of the Company's assets under the most severe interest rate stress scenario. The risk-free interest rate scenarios are prescribed by the BMA.

The Company holds a risk margin to reflect the uncertainty inherent in the underlying cash flows which is calculated using the cost of capital approach and a risk-free discount rate term structure. The discount rate term structures are prescribed by the BMA.

#### 5.2.1 Description of Recoverables from Reinsurance Contracts

Effective December 30, 2021, the Company entered into a reinsurance transaction with Talcott Life Re Ltd. (formally known as Sutton Life Re Ltd.) ("TLR"), to reinsure 45% of a closed block of fixed indexed annuity reserves. The Company simultaneously retroceded approximately 20% of the assumed reserves to an unaffiliated entity, such that the net retained risk was 25% of the reinsured block. Both arrangements were structured on a modified coinsurance ("ModCo") basis. Effective January 1, 2023, the Company terminated the retrocession agreement with the unaffiliated entity and simultaneously reduced the quota share of assumed reinsured business from 45% to 25%.

The following table summarizes the Company's reinsurance recoverables as at December 31, 2022 and 2023:

Reinsurance Recoverables (\$'s in thousands)	2023	2022
Sutton Life Re (2021) / TLR (2022)	–	9,202,017
<b>Reinsurance Recoverable</b>	<b>–</b>	<b>9,202,017</b>

#### 5.2.2 Valuation Bases, Assumptions and Methods to Derive the Value of Other Liabilities

Similar to the valuation principles for assets, the valuation of the Company's Other Liabilities follows the valuations principles outlined by BMA's "Guidance Note for Statutory Reporting Regime", which values liabilities on a fair value basis. As of December 31, 2023, there were no material Other Liabilities to be discussed.

### 5.3 Any Other Material Information

No additional material information to report.

# Capital management

## 6

### 6.1 Eligible Capital

#### 6.1.1 Capital Management Policy and Process for Determining Capital Needs, How Capital is Managed and Material Changes During the Reporting Period

The primary capital management objectives of the Company are to:

- prudently manage the Company's capital resources to meet regulatory capital requirements,
- ensure payment of policyholder benefits and other obligations in defined stress scenarios, and
- maintain the confidence of stakeholders.

The Company recognizes that, to maintain the confidence of stakeholders and to effectively pursue its business strategy, it will need to maintain capital in excess of the minimum regulatory capital requirements at all times.

The Company also has capital targets that must be met after stress events, as defined by the Company's Risk Appetite and Stress Testing policy. The Board has approved a target operating capital range that allows the Company to satisfy these requirements and is within an operating range considered reasonable for a regulated life reinsurance entity.

Under the Company's stated business model, excess capital will be returned to its parent, RLGH, as it is made available, taking into account applicable regulatory constraints and capital adequacy threshold as specified in the Risk Appetite and Stress Testing policy. Generally, it is expected that if actual capital is needed in order to achieve the target operating capital range, this will be done by deferring dividends, using proceeds of debt issuance, using reinsurance or implementing other management actions.

Capital needs, for business planning purposes, are determined through stress testing in the pre-defined stress test scenarios described in the Risk Appetite and Stress Testing Policy. For each pre-defined stress test scenario, the Company is required to meet minimum capital levels. The Company performs its stress testing on a regular basis and reports to the MRC and the BRC on the forecasted level of capital and capital ratios; if forecasted to be in breach of the minimum capital levels, Management proposes strategies to resolve any breaches to the minimum levels.

There have been no material changes in the capital management policy and process in 2023.

### 6.1.2 Eligible Capital Categorized by Tiers in Accordance with the Eligible Capital Rules

As of December 31, 2023, the Company's eligible capital was categorized as shown in the table below.

Eligible Capital Categorized by Tier (EBS Basis in '000)	2023	2022
Tier 1	1,983,187	1,835,388
Tier 2	–	–
Tier 3	–	–
<b>Total Eligible Capital</b>	<b>1,983,187</b>	<b>1,835,388</b>

### 6.1.3 Eligible Capital Categorized by Tiers in Accordance with the Eligible Capital Rules Used to Meet ECR and MSM Requirements of the Insurance Act

As of December 31, 2023, the Company's eligible capital was categorized as shown in the table above.

### 6.1.4 Confirmation of Eligible Capital That is Subject to Transitional Arrangements

As agreed in the Company's regulatory filing application, the Company adopted the "Insurance (Prudential Standards) (Class C, Class D and Class E Solvency Requirement) Amendment Rules 2018" with the necessary transitional arrangements.

### 6.1.5 Identification of Any Factors Affecting Encumbrances on the Availability and Transferability of Capital to Meet the ECR

There are no encumbrances affecting the availability and transferability of capital to meet the ECR.

### 6.1.6 Identification of Ancillary Capital Instruments Approved by the Authority

Not applicable.

### 6.1.7 Identification of Differences in Shareholder's Equity as Stated in the Financial Statements Versus the Available Capital and Surplus

The difference between the shareholder's equity per the US GAAP Financial Statements versus the available capital and surplus per the Statutory Financial Statements is due to the effect of the accounting requirement under FAS 133 DIG B-36 and the effect of the prudential filters required by the BMA.

The Company obtained permission from the BMA to account for fixed income securities within the modified coinsurance agreement on an amortized cost basis (as opposed to fair value, which is required by DIG B-36) as this is consistent with the Company's buy and hold investment strategy. See table below:

Description (\$'s in thousands)	2023	2022
Shareholder's equity per US GAAP FS	3,829,819	(1,278,983)
Available Capital and Surplus per Statutory FS	2,729,143	2,446,957
DIG B-36 ending reserve at 12/31/2022 & 2023	(913,777)	3,725,940
Deferred tax asset	(28,034)	–
Goodwill	(158,862)	–
Non-admitted assets	(3)	–

## 6.2 Regulatory Capital Requirements

### 6.2.1 ECR and MSM Requirements at the End of the Reporting Period

At the end of the reporting period, the Company's regulatory capital requirements were assessed as follows:

Description (\$'s in thousands)	2023	2022
Actual Statutory Economic Capital and Surplus	2,041,667	1,882,881
ECR Requirement	930,343	775,947
MSM Requirement	420,514	590,072
BSCR ratio	219%	243%
ECR ratio	219%	243%

### 6.2.2 Identification of Any Non-Compliance with the MSM and the ECR

The Company was compliant with the MSM and ECR requirements as at and during the year ended December 31, 2023.

### 6.2.3 Description of the Amount and Circumstances Surrounding the Non-Compliance, the Remedial Measures and Their Effectiveness

Not applicable.

### 6.2.4 Where the Non-Compliance is not Resolved, a Description of the Amount of the Non-Compliance at Year End

Not applicable.

## 6.3 Approved Internal Capital Model

Not applicable.



# Subsequent Events

## 7

The Company has evaluated subsequent events for recognition or disclosure through to April 30, 2024. The following item was a material event that occurred subsequent to December 31, 2023:

### **01 February 2024**

The Company has entered into a flow reinsurance agreement with a Japanese insurer. The transaction is the first flow reinsurance arrangement for the cedant and aims to provide increased capacity and greater product competitiveness, enhancing the offering to the cedant's fixed annuity policyholders. As Resolution Re's second transaction in Japan following a reinsurance agreement with Dai-ichi Life in 2022, it further extends the business' commitment to Asia more broadly, which remains a core market for future growth

# Declaration

## 8

### 8.1 Declaration on the Financial Condition Report

We, the undersigned, 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 as at December 31, 2023.



**Jonathan Moss**  
Chief Executive Officer Resolution Re Ltd.

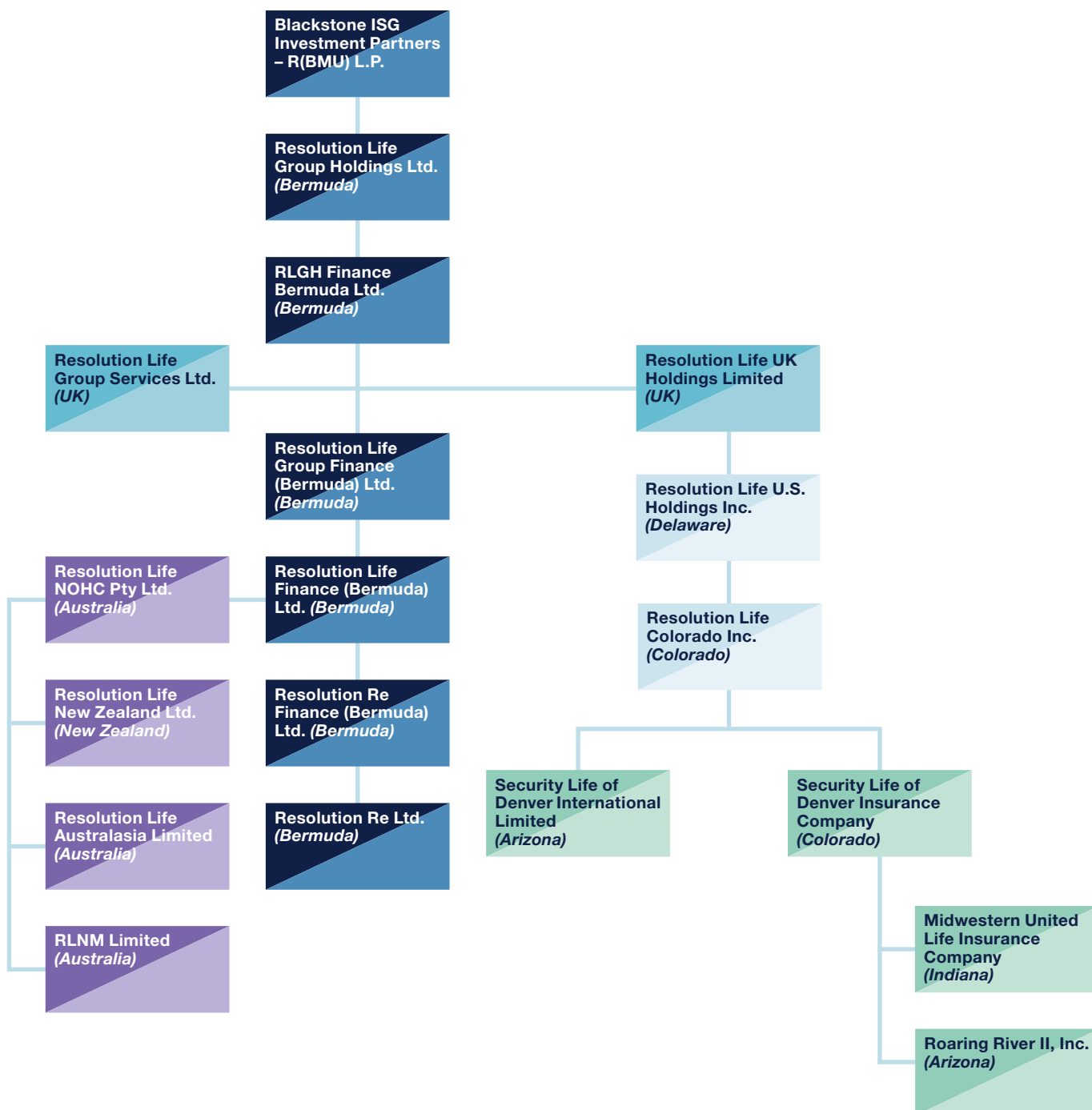


**Esther Polevoy**  
Chief Risk Officer Resolution Re Ltd.

# Appendix

## Resolution Life Group Structure

### Simplified Resolution Life Group Structure<sup>1</sup>



<sup>1</sup> Simplified. Shareholdings indicate 100% ownership unless stated otherwise.