

**RenaissanceRe Specialty Holdings (UK)
Limited**

Financial statements for the year ended 31 December
2021

F

WEDNESDAY

A15

08/02/2023

#98

ABW8J0P

COMPANIES HOUSE

A10

27/01/2023

#290

ABW4B7NV

COMPANIES HOUSE

Table of Contents

	Page
Company information	3
Statement of Directors' responsibilities	4
Independent Auditor's report	5
Statement of comprehensive income	10
Statement of changes in equity	11
Statement of financial position	12
Notes to the financial statements	13

Company Information

DIRECTORS	H R T Brennan I D Branagan (resigned 25 November 2022) D D Upadhyaya
SECRETARY	L D L Barran
COMPANY NUMBER	FC032755
REGISTERED OFFICE	Renaissance House 12 Crow Lane Pembroke HM 19 Bermuda
BANKERS	Barclays Bank PLC Level 11 1 Churchill Place London E14 5HP

Statement of Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Bermudan company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Accounting Standards and applicable law). Under Bermudan company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Company and of its profit or loss for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Bermuda Companies Act 1981 and the Overseas Companies Regulations 2009. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Comprehensive Income
For the year ended 31 December 2021

		2021	2020
	Note	\$	\$
Dividend income		514,975,495	432,565,704
Interest income		5,191	—
Administrative expenses		(226,728)	(359,099)
Financing expense	4	(44,348,211)	(42,398,864)
Foreign exchange gain/(loss)	5	(17,372)	(297,790)
Profit on disposal of subsidiary	7	—	1,034,245
Profit before taxation		<u>470,388,375</u>	<u>390,544,196</u>
Taxation on profit	6	2,152,105	7,405,301
Profit for the year		<u>472,540,480</u>	<u>397,949,497</u>
Other comprehensive income		—	—
Total comprehensive income for the year		<u><u>472,540,480</u></u>	<u><u>397,949,497</u></u>

The notes on pages 13 to 20 form part of the financial statements.

Statement of Changes in Equity
For the year ended 31 December 2021

2021	Called Up Share Capital	Additional Paid In Capital	Capital Contribution from RenaissanceRe Holdings Ltd.	Profit & Loss Account	Total
	\$	\$	\$	\$	\$
At 31 December 2020	20,002	4,202,356,115	430,733,192	(402,530,201)	4,230,579,108
Dividends paid	—	—	—	(502,475,495)	(502,475,495)
Contributions during the year	—	—	1,054,132,624	—	1,054,132,624
Profit for the year	—	—	—	472,540,480	472,540,480
At 31 December 2021	20,002	4,202,356,115	1,484,865,816	(432,465,216)	5,254,776,717

2020	Called Up Share Capital	Additional Paid In Capital	Capital Contribution from RenaissanceRe Holdings Ltd.	Profit & Loss Account	Total
	\$	\$	\$	\$	\$
At 31 December 2019	20,002	4,202,356,115	258,976,640	(109,730,395)	4,351,622,362
Dividends paid	—	—	—	(690,749,302)	(690,749,302)
Contributions during the year	—	—	171,756,552	—	171,756,552
Profit for the year	—	—	—	397,949,496	397,949,496
At 31 December 2020	20,002	4,202,356,115	430,733,192	(402,530,201)	4,230,579,108

Statement of Financial Position
For the year ended 31 December 2021

		2021	2020
	Note	\$	\$
Fixed Assets			
Investment in subsidiaries	7	6,073,712,119	5,021,376,756
Total Fixed Assets		6,073,712,119	5,021,376,756
Current Assets			
Cash at bank and in hand		12,629,613	5,837,161
Other assets	8	150,000,000	2,032,671
Corporation tax receivable	8	8,828,898	11,265,341
Total Current Assets		171,458,511	19,135,173
Creditors due within one year			
Other creditors	9	153,595,496	5,482,614
Total Creditors due within one year		153,595,496	5,482,614
Total assets less current liabilities		6,091,575,134	5,035,029,315
Creditors due after one year			
Loans and notes payable	10	836,798,417	804,450,206
Total Creditors due after one year		836,798,417	804,450,206
Total Net Assets		5,254,776,717	4,230,579,109
Capital and Reserves			
Called up share capital	11	20,002	20,002
Additional paid in capital		4,202,356,115	4,202,356,115
Capital contribution from RenaissanceRe Holdings Ltd.		1,484,865,816	430,733,192
Profit and loss account		(432,465,216)	(402,530,200)
Shareholder's funds		5,254,776,717	4,230,579,109

The notes on pages 13 to 20 form part of these financial statements.

Approved by the Board on 06 December 2022.


D D Upadhyaya

Director

06 December 2022

Company Number FC032755

Notes to the Financial Statements

For the year ended 31 December 2021

1. ACCOUNTING POLICIES

a) **Statement of compliance**

The individual financial statements of the Company have been prepared in compliance with FRS 102, being applicable UK GAAP accounting standards, as well as Bermuda Company Law and The Overseas Companies Regulations 2009. The Company is incorporated in Bermuda, and has a UK establishment. The financial statements of the Company are separate to those of its subsidiaries.

b) **Basis of preparation**

The financial statements for the year ended 31 December 2021 were approved for issue by the board of directors on 06 December 2022. The financial statements are prepared in US Dollars which is the presentational and functional currency of the Company.

The directors note the following:

- The Company meets the definition of a UK establishment and is subject to The Overseas Companies Regulations 2009;
- The financial statements have been prepared in accordance with UK GAAP;
- The financial statements have been audited in accordance with International Standards on Auditing (UK) (ISAs (UK)) as promulgated by the Financial Reporting Council (FRC).

The Company has taken advantage of the following exemptions:

- As a wholly owned subsidiary of RenaissanceRe Holdings Ltd. (RRH Ltd.), which prepares consolidated financial statements including the Company and its subsidiaries, which are publicly available, the Company has taken advantage of the exemption in FRS 102 section 9 from the requirement to prepare consolidated financial statements;
- As a wholly owned subsidiary of RRH Ltd. which prepares group accounts which are publicly available, the Company has taken the advantage of the exemption in FRS 102 from the requirement to prepare a cash flow statement;
- The Company has also taken advantage of the exemption in FRS 102 section 33 not to disclose transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to the transactions are wholly owned by the ultimate controlling parent.

The directors have considered the Company's current financial position, its likely future developments and the resultant cash flow risks and have concluded that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from when the financial statements are authorised for issue. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

c) **Judgments and key sources of estimation uncertainty**

The preparation of the financial statements conforms with UK GAAP and requires management to make estimates and assumptions that affect the reported and disclosed amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ materially from those estimates. The Company's key source of estimation uncertainty relates to the impairment of investment in subsidiaries, which is detailed in notes 1f and 7, and unrecognised tax losses, detailed in note 6.

d) **Dividend income**

Dividend income represents amounts received, by way of dividend income, from the Company's subsidiary undertakings. Dividend income is recognised when the Company's right to receive payment is established.

e) **Financing expense**

Financing expense represents amounts expensed in relation to the unwinding of the deep discount note and interest payable in relation to the loan note payable. Financing expense is recognised as the liability unwinds in relation to the deep discount note and as interest is due in relation to the loan note.

Notes to the Financial Statements

For the year ended 31 December 2021

1. ACCOUNTING POLICIES (Continued)

f) **Investment in subsidiaries**

Investments in subsidiaries are recorded at cost less accumulated impairment losses. Where there are indicators of impairment, the Company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow valuation. The Company recognises any impairment loss, and any reversal of previous impairment, through the Statement of Comprehensive Income.

g) **Debtors/creditors - amounts due within one year**

The amounts shown in the balance sheet are stated at cost.

All debtors balances are with fellow RenRe companies or internal debtors. These are therefore not deemed to require impairment.

h) **Deferred taxation**

Deferred taxation is recognised in respect of all timing differences arising as a result of transactions included within those financial statements which are treated in different accounting periods for taxation purposes, except that deferred tax assets are recognised only to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

i) **Foreign currencies**

The Company's functional currency and presentational currency is US Dollars. Transactions denominated in currencies other than the functional currency are initially recorded in the functional currency at the exchange rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the exchange rate ruling on the reporting date.

j) **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity date of three months or less.

k) **Dividends**

Dividends on ordinary shares are recognised as a liability and deducted from equity in the period in which they are approved by the shareholders.

l) **Financial instruments**

The Company has chosen to account for its financial instruments in accordance with Sections 11 and 12 of FRS 102. The Company's financial instruments comprise of a loan note and deep discount note.

Basic financial instruments are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the liability represents the present value of the future payments discounted at a market rate of interest.

Basic financial liabilities, other than short term payables, are subsequently carried at amortised cost, using the effective interest rate method. The effective interest rate amortisation is included in finance expense in the income statement.

Notes to the Financial Statements

For the year ended 31 December 2021

2. DIRECTORS' EMOLUMENTS

The directors of the Company are also directors of the Renaissance Group Companies. Only the directors of the Company are considered to be key management personnel. The directors received total remuneration paid in the year of £3,575,590 (2020: £4,093,546), all of which was paid by RenaissanceRe Services (UK) Limited. The directors do not believe that this is practical to apportion this amount between their services as directors of the Company and their services as directors or employees of other group companies.

3. STAFF COSTS

The Company employed no staff in 2021 (2020: nil).

4. FINANCING EXPENSE

The financing expense is broken down as follows. Note 10 provides further information on these loans.

	2021	2020
	\$	\$
Deep discount note	32,348,211	30,398,864
Loan note	12,000,000	12,000,000
	<u>44,348,211</u>	<u>42,398,864</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2021	2020
	\$	\$
The profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration - audit of financial statements	54,940	54,680
Foreign exchange (gain)/loss	17,372	297,790

Notes to the Financial Statements

For the year ended 31 December 2021

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2021	2020
	\$	\$
Current tax		
UK Corporation tax at 19% (2020: 19%)	(2,152,105)	(7,208,977)
Tax under/overprovided in previous years	—	(196,324)
Total current tax	<u>(2,152,105)</u>	<u>(7,405,301)</u>
Deferred tax		
Origination and reversal of timing differences	—	—
Effect of decreased tax rate on opening liability	—	—
Total deferred tax	<u>—</u>	<u>—</u>

Factors affecting the total tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are reconciled below:

Profit on ordinary activities before taxation	<u>470,388,374</u>	<u>390,544,196</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	89,373,791	74,203,397
Dividend income exemption	(97,845,344)	(82,187,484)
Disallowed expenditure	—	(196,506)
Unrecognised finance expense carried forward	3,246,903	971,616
Unrecognised losses carried forward	3,072,545	—
Tax over provided in previous years	—	(196,324)
Group relief surrendered	—	—
Deferred tax	—	—
Current tax benefit	<u>(2,152,105)</u>	<u>(7,405,301)</u>

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. This result in an overall \$6.5m increase to the unrecognised deferred tax asset, to \$33.7m.

The company has unused tax losses arising in the UK of \$71.5m (2020: \$55.3m) that are available indefinitely for offset against future taxable profits of the Company. A deferred tax asset has not been recognised in respect of these losses. Additionally, the company is not recognising a deferred tax asset of \$17.8m (2020: \$10.3m) in respect of deferred finance expense of \$71.1m (2020: \$54.0m). There is insufficient evidence that the deferred tax assets will be recoverable based on the company's taxable losses in prior years.

Notes to the Financial Statements

For the year ended 31 December 2021

7. INVESTMENT IN SUBSIDIARIES

The Company's subsidiary undertakings are:

	<i>Country of Incorporation</i>	<i>Principal activity</i>	<i>Share type</i>	<i>Proportion of voting rights and shares held</i>
RenRe Insurance Holdings Ltd. (RRIHL)	Bermuda	Holding Company	Ordinary Shares	100%
RenaissanceRe Finance Inc. (RRFIN)	US	Holding Company	Ordinary Shares	100%
RenaissanceRe Europe AG (RREAG)	Switzerland	Holding Company	Ordinary Shares	100%

	2021	2020
Cost	\$	\$
At 1 January	5,021,376,756	5,118,862,607
Addition: RenRe Insurance Holdings Ltd.	450,535,363	21,756,552
Addition: RenaissanceRe Finance Inc.	601,800,000	—
Addition: RenaissanceRe Europe AG	—	150,000,000
Disposal: RenaissanceRe (UK) Limited	—	(269,242,403)
At 31 December	<u>6,073,712,119</u>	<u>5,021,376,756</u>

During 2021 capital contributions of \$451m (2020: \$22m) were received from RenaissanceRe Holdings Ltd. and subsequently paid to RenRe Insurance Holdings Ltd.. These contributions were treated as an addition to the Company's investment in its subsidiary, RenRe Insurance Holdings Ltd..

During 2021 capital contributions of \$602m (2020: \$nil) were received from RenaissanceRe Holdings Ltd. and subsequently paid to RenRe Finance Inc.. These contributions were treated as an addition to the Company's investment in its subsidiary, RenRe Finance Inc..

During 2021 capital contributions of \$nil (2020: \$150m) were received from RenaissanceRe Holdings Ltd. and subsequently paid to RenaissanceRe Europe AG. These contributions were treated as an addition to the Company's investment in its subsidiary, RenaissanceRe Europe AG.

On 4 February 2020, the Company entered into a Sale & Purchase Agreement with AXA XL's legacy management arm, "AXA LM", to sell the entire share capital of RenaissanceRe (UK) Limited. The completion of the sale took place on 18th August 2020, with a sale price of \$271m. A profit on disposal of \$1.03m was recognised in the statement of comprehensive income.

8. OTHER RECEIVABLES

	2021	2020
	\$	\$
Intercompany - RenaissanceRe Holdings Ltd	150,000,000	—
Other receivables	—	2,032,671
Corporation tax receivable	8,828,898	11,265,341
	<u>158,828,898</u>	<u>13,298,012</u>

Notes to the Financial Statements

For the year ended 31 December 2021

9. OTHER CREDITORS

	2021	2020
	\$	\$
Intercompany - RenaissanceRe Finance Inc	150,000,000	—
Intercompany - RenaissanceRe Services Ltd.	—	31,120
Intercompany - RenaissanceRe Services (UK) Limited	95,496	59,788
Intercompany - RenaissanceRe Holdings Ltd.	—	1,405,004
Intercompany - RenRe Insurance Holdings Ltd.	—	392,257
Accruals	3,500,000	3,594,445
	<u>153,595,496</u>	<u>5,482,614</u>

10. LOANS AND NOTES PAYABLE

	2021	2020
	\$	\$
Deep discount note:		
At 1 January	504,450,206	474,051,342
Financing charge for the year	<u>32,348,211</u>	<u>30,398,864</u>
At 31 December	<u>536,798,417</u>	<u>504,450,206</u>

The deep discount note is a 15 year note with a principal at redemption of \$910,000,000 due to RenaissanceRe Holdings Ltd. on June 20th 2030. The financing charge for the year is calculated at a rate of 6.4126% per annum based on the amount of the deep discount note payable at the beginning of the applicable year.

	2021	2020
	\$	\$
Loan note:		
At 1 January and 31 December	<u>300,000,000</u>	<u>300,000,000</u>
Interest charged during the year	<u>12,000,000</u>	<u>12,000,000</u>

On 18 March 2019 the Company authorised the issue of a \$300,000,000 4% fixed rate US Dollar loan note for the purpose of acquiring RenaissanceRe Europe AG and RenaissanceRe (UK) Limited (previously Tokio Millennium Re AG and Tokio Millennium Re (UK) Limited), with a redemption date of 15 March 2029. Interest is charged at 4% per annum based on the amount of the loan note at issue. The loan note is listed on The International Stock Exchange.

11. SHARE CAPITAL

	2021	2020
	\$	\$
Allotted		
Ordinary shares at \$1 each	<u>30,000</u>	<u>30,000</u>
Called up and fully paid		
Ordinary shares at \$1 each	<u>20,002</u>	<u>20,002</u>

Notes to the Financial Statements

For the year ended 31 December 2021

12. RELATED PARTY DISCLOSURES

The Company has taken advantage of the exemption in FRS 102 section 1.12 as a qualifying entity, not to disclose transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to the transactions are wholly owned by the ultimate controlling parent. The Company is a qualifying entity as its ultimate parent RenaissanceRe Holdings Ltd. prepares publicly available consolidated financial statements which are intended to give a true and fair view and the Company is included in the consolidation of RRH.

The Company has the following outstanding balances with other group companies:

RenaissanceRe Holdings Ltd.

RenaissanceRe Holdings Ltd. ("RRH") is the Company's immediate and ultimate parent company.

The Company's deep discount note is payable to RRH at redemption, the current balance is \$536,798,417 (2020: \$504,450,206). The Company's loan note is payable to RRH at maturity, the current balance with accrued interest is \$303,500,000 (2020: \$303,500,000). The Company's share capital of \$20,002 (2020: \$20,002) and additional paid in capital of \$4,202,356,115 (2020: \$4,202,356,115) are also funded by RRH, as the ultimate parent company.

RenRe Insurance Holdings Ltd.

RenRe Insurance Holdings Ltd. ("RRIHL") is a wholly owned subsidiary of the Company.

The Company's investment in RRIHL is recorded at cost less accumulated impairment losses with a value of \$3,319,008,477 (2020: \$2,868,473,114).

The Company had an intercompany creditor balance with RRIHL of \$nil (2020: \$392,257).

RenaissanceRe Finance Inc.

RenaissanceRe Finance Inc. ("RRFIN") is a wholly owned subsidiary of the Company.

The Company's investment in RRFIN is recorded at cost less accumulated impairment losses with a value of \$1,311,060,078 (2020: \$709,260,078).

The Company had an intercompany creditor balance with RRFIN of \$150,000,000 (2020: \$nil).

RenaissanceRe Europe AG

RenaissanceRe Europe AG ("RREAG") is a wholly owned subsidiary of the Company.

The Company's investment in RREAG is recorded at cost less accumulated impairment losses with a value of \$1,443,643,564 (2020: \$1,443,643,564).

Of the corporation tax receivable balance, \$8,608,072 (2020: \$8,857,337) is due from RREAG UK Branch, a branch office of RREAG, under a loss sharing agreement.

The Company had an intercompany creditor balance with RRH of \$nil (2020: \$1,405,004).

RenaissanceRe Services Ltd.

RenaissanceRe Services Ltd. ("RRSL") is a wholly owned subsidiary of RRH, the ultimate parent company.

The Company had an intercompany creditor balance with RRSL of \$nil (2020: \$31,120).

Notes to the Financial Statements

For the year ended 31 December 2021

12. RELATED PARTY DISCLOSURES (Continued)

RenaissanceRe Services (UK) Limited

RenaissanceRe Services (UK) Limited ("RRSUKL") is a wholly owned subsidiary of RRH, the ultimate parent company.

The Company had an intercompany creditor balance with RRSUKL of \$95,496 (2020: \$59,788).

13. ULTIMATE PARENT UNDERTAKING

The immediate and ultimate parent company of which the Company is a member is RenaissanceRe Holdings Ltd. which is incorporated in Bermuda, which is the only company in which these financial statements are consolidated. Copies of the holding company's accounts may be obtained from this Company's registered address, Renaissance House, 12 Crow Lane, Pembroke HM19, Bermuda.

14. SUBSEQUENT EVENTS

The following dividends have been received and subsequently paid to RenaissanceRe Holdings Ltd. post year end:

	Received	Paid
Mar-22	\$ 91,537,917	\$ 91,537,917

The following capital contributions have been received from RenaissanceRe Holdings Ltd and subsequently paid to subsidiaries post year end:

	Received	Paid
Jun-22	\$ 169,072,614	\$ 169,072,614
Sep-22	\$ 142,653,253	\$ 142,653,253

In February 2022, Russia launched an invasion into Ukraine. There is uncertainty associated with the scale, duration and impact of this situation. We continue to monitor the current developments in relation to the Russian invasion of Ukraine.

15. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 06 December 2022.