Best's Credit Rating Effective Date
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Information

Best's Credit Rating Methodology

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Market Segment Outlooks

Financial Data Presented

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

Hannover Rück SE

AMB #: 084092 | **AIIN #:** AA-1340125
Associated Ultimate Parent: AMB # 085259 - HDI Haftpflichtverband der Deutschen Industrie V.a.G.

Best's Credit Ratings - for the Rating Unit Members

Financial Strength Rating (FSR)	Issuer Credit Rating (ICR)
A+	**aa**
Superior	**Superior**
Outlook: **Stable**	Outlook: **Stable**
Action: **Affirmed**	Action: **Affirmed**

Assessment Descriptors

Balance Sheet Strength	**Strongest**
Operating Performance	**Strong**
Business Profile	**Very Favorable**
Enterprise Risk Management	**Very Strong**

Rating Unit - Members

Rating Unit: Hannover Rück SE | AMB #: 084092

AMB #	Rating Unit Members	AMB #	Rating Unit Members
085064	E+S Rückversicherung AG	085314	Hannover Re (Bermuda) Ltd
020599	Glencar Insurance Company	084133	Hannover Re (Ireland) DAC
094351	Hannover Life Re Co of America	085070	Hannover Rück SE
068031	Hannover Life Reassurance Amer		

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Rating Rationale

Balance Sheet Strength: Strongest

- The balance sheet strength of Hannover Rueck SE (Hannover Re) is underpinned by the strongest level of risk-adjusted capitalisation, as measured by Best's Capital Adequacy Ratio (BCAR), supported by strong capital generation from a diversified earnings profile and moderate underwriting leverage.
- Risk-adjusted capitalisation is expected to remain comfortably within the strongest category. The strength of the group's balance sheet, including conservative risk investment allocations, a strong liquidity profile and excellent asset-liability management, is expected to provide resilience to external pressures associated with the current financial market volatility and global economic uncertainty.
- Effective capital management, supported by access to capital markets and a track record of hybrid debt issues, contributes to strong capital buffers and reduces the potential for liquidity strain in a crisis.
- Comprehensive retrocession cover and effective catastrophe exposure management have proven to limit operating volatility and protect the group's capital base.
- Prudent reserving practices in place, underpinned by a track record of stable and positive reserve redundancies.

Operating Performance: Strong

- Track record of strong operating performance, supported by material contributions from investment income and profitable underwriting over the business cycle.
- The group has produced a weighted average return on equity of 10.9% and non-life combined ratio of 99.1% over the past five years (2017-2021) (as calculated by AM Best), underpinned by disciplined underwriting practices and controlled growth.
- At the end of the third quarter of 2022, Hannover Re reported a return on equity of 11.5%, which was supported by strong underlying performance of the life and health segment. The non-life book was impacted by an increased large loss burden in the first nine months of 2022, with a reported combined ratio of 99.2% (same period 2021: 97.9%).
- Performance of the non-life book is supported by moderate net catastrophe exposure, stringent underwriting and effective expense management. Excellent diversification of its non-life book supported the group to manage difficult global market conditions.
- Investment return remains stable and robust, reflected by a five-year weighted average net investment return of 3.8% (2017-2021) (as calculated by AM Best).

Business Profile: Very Favorable

- Globally diversified group with a defensible leading position in the global property/casualty and life reinsurance markets supported by excellent brand recognition and long-standing relationships with stakeholders.
- Excellent diversification by line of business and product type, with strong positions in niche market segments.
- Tailor-made financial solutions and structured reinsurance complement core traditional reinsurance business.
- Lean and efficient infrastructure partly mitigates the impact of a highly competitive environment and enables greater influence over pricing.
- Hannover Re is well positioned to continue to benefit from the improved P&C reinsurance market conditions.

Enterprise Risk Management: Very Strong

- Sophisticated enterprise risk management (ERM) framework embedded throughout the organisation and effectively utilised for strategic decision-making, resulting in a risk-aware culture at all levels.
- Strong risk culture and overall conservative management approach in place. The group maintains a clearly defined and consistent view of risk tolerances and appetites, including a conservative policy to support catastrophe risk management.
- A dynamic and sophisticated group internal capital model is in place and updated continuously to accurately reflect the evolving risk universe of Hannover Re.
- Extensive use of sophisticated tools and modelling techniques demonstrates a highly developed risk culture required to support the complexity of global operations.
- Major risks are statistically quantified, with their impact on capital assessed via various stress and scenario assessments.

Rating Lift/Drag

- Hannover Re group of companies maintains a high degree of financial and operational independence from the other operations of Talanx AG, an intermediate operating holding company, which is in turn owned by HDI Haftpflichtverband der Deutschen Industrie V.a.G. (HDI V.a.G.); therefore, no drag is applied.

Outlook

- The stable outlooks reflect AM Best's expectation that Hannover Re will maintain risk-adjusted capitalisation at the strongest level, as measured by BCAR, underpinned by prudent capital management and relatively low volatility. Operating performance is expected to remain strong over the medium term, supported by very strong ERM. Hannover Re's excellent market standing and competitive advantage as a leading global reinsurer is expected to allow the group to benefit from the hardening market rate environment.

Rating Drivers

- Negative rating pressure could occur if either Hannover Re's risk-adjusted capitalisation falls below AM Best's expectations for the strongest assessment or operating performance falls below expectations for the strong assessment, either of which could be due to factors such as outsized losses or deterioration in technical results.
- Negative pressure may arise if AM Best revises its assessments on the level of independence between Hannover Re and its parent company, Talanx AG.

Key Financial Indicators

AM Best may recategorize company-reported data to reflect broader international reporting standards and increase global comparability.

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

Confidence Level	95.0	99.0	99.5	99.6
BCAR Score	66.0	54.0	49.0	47.5

Source: Best's Capital Adequacy Ratio Model - Global

Key Financial Indicators	2021 EUR (000)	2020 EUR (000)	2019 EUR (000)	2018 EUR (000)	2017 EUR (000)
Net Premiums Written:					
Life	7,519,457	7,155,189	6,931,919	6,484,807	6,472,779
Non-Life	16,623,863	14,205,380	12,797,639	10,804,172	9,158,732
Composite	24,857,260	22,327,622	20,345,381	17,397,532	16,094,424
Net Income	1,300,221	918,785	1,373,366	1,145,527	1,044,577
Total Assets	82,902,252	71,437,475	71,356,404	64,508,637	61,196,846
Total Capital and Surplus	12,756,231	11,839,416	11,354,479	9,542,028	9,286,558

Source: BestLink® - Best's Financial Suite

Key Financial Indicators & Ratios	2021 EUR (000)	2020 EUR (000)	2019 EUR (000)	2018 EUR (000)	2017 EUR (000)	Weighted 5-Year Average
Profitability:						
Balance on Life Technical Account	-215,472	56,750	280,937	103,828	74,621	...
Balance on Non-Life Technical Account	334,943	-273,960	187,708	337,027	-2,312	...
Net Income Return on Revenue (%)	5.0	4.0	6.4	6.1	6.0	5.4
Net Income Return on Capital and Surplus (%)	10.6	7.9	13.1	12.2	11.0	10.9
Non-Life Combined Ratio (%)	98.0	101.9	98.5	96.9	100.0	99.1
Net Investment Yield (%)	3.7	3.5	3.9	3.7	4.3	3.8
Leverage:						
Net Premiums Written to Capital and Surplus (%)	209.1	203.1	193.3	198.2	188.7	...

Source: BestLink® - Best's Financial Suite

Credit Analysis

Balance Sheet Strength

Hannover Re group's balance sheet strength is assessed as strongest by AM Best. The BCAR scores presented under the "Best Capital Adequacy Ratio Summary" section of this report are based on financial year-end data as at December 2021.

Capitalisation

Hannover Re's balance sheet strength is underpinned by risk-adjusted capitalisation at the strongest level as measured by BCAR, and benefits from significant capital buffers that are in place to support its exposures. Hannover Re’s risk-adjusted capitalisation is supported by prudent capital management and a track record of strong and stable earnings generation, which has been above the industry average over the past five years (2017-2021).

Within the BCAR model, AM Best gives capital credit to Hannover Re for its hybrid debt issue and the value-in-force of the life business, however, the group is not over-dependent on these softer capital elements. On a catastrophe-stressed basis, Hannover Re's BCAR scores show resilience and remain at the strongest level due to its effective catastrophe exposure risk management.

Hannover Re has demonstrated its ability to manage its capital effectively and limit its earnings volatility through the use of comprehensive retrocession cover and a prudent reserving approach that is underpinned by a track record of stable reserve redundancies. The group has reported a compound annual growth rate (CAGR) of its capital and surplus of 5.7% over the period 2017 to 2021, supported by strong internal capital generation through solid earnings in each of those years. At third quarter 2022, Hannover Re's total capital and surplus (including hybrid capital) decreased to EUR 11.92 billion from EUR 15.73 billion at year-end 2021. The decline of capital and surplus by about 24% was primarily driven by unrealised losses relating to the group’s bond holdings. AM Best believes that despite external pressures, associated with the current financial market volatility, global economic uncertainty as well as increased inflation pressures, the strength of the group’s balance sheet is well positioned to remain resilient, supported by a strong liquidity profile and excellent asset-liability management.

Capital management:

Hannover Re has a comprehensive capital management strategy and manages capital both on an economic and regulatory perspective with decision making based on its internal capital model. Capital is managed at the group level and is considered to be fungible across group subsidiaries. The allocation of capital across the group's operational companies is based upon the economic risk content of the respective business operation, after taking into consideration the local capital and solvency requirements.

The group maintained a Solvency II ratio of 243% at end of 2021 (2020: 235%) and 232% at end of nine months 2022 which remains comfortably above its minimum target ratio threshold of 200%, proving resilience against yield movements. The slight decrease in the Solvency II ratio at end of nine-month 2022 is largely driven by higher capital requirements reflecting growing business. Prospectively, a new subordinated debt issue of EUR 750 million in November 2022 and expected strong earnings generation over the cycle, is anticipated to somewhat absorb continued strong growth across the business that could weigh negatively on the current strength of the Solvency II ratio.

The group's effective capital management strategy also encompasses the utilisation of other sources of capital, underpinned by a track record of hybrid debt issues and the use of traditional and alternative retrocession protection, to offset the high costs associated with the use of equity capital.

Financial flexibility:

Hannover Re’s financial flexibility is considered excellent, due to a track record of strong capital generation, moderate financial leverage, good coverage ratios and a good standing in the equity and debt markets. The group’s access to the debt markets, as well as to the traditional and alternative markets to support its retrocession needs, is a factor that underpins AM Best's assessment of the group’s financial flexibility. Additionally, the group has access to letters of credit and other facilities with various financial institutions to support its operations. Hannover Re maintains financial leverage and interest coverage ratios at levels that are within AM Best's tolerances for the strongest balance sheet strength assessment, despite an additional issue of a subordinated hybrid bond with a nominal amount of respectively EUR 750 million in 2021 and another issuance in November 2022.

Hannover Re's financial flexibility is enhanced by its association to its intermediate parent, Talanx AG, which also maintains strongest risk-adjusted capitalisation. AM Best believes that the Hannover Re group of companies maintains a high degree of financial and

Balance Sheet Strength (Continued...)

operational independence from other operations of Talanx AG. Hannover Re has both, direct access to capital markets being a publicly listed entity as well as through the group.

Capital Generation Analysis	2021 EUR (000)	2020 EUR (000)	2019 EUR (000)	2018 EUR (000)	2017 EUR (000)
Beginning Capital and Surplus	11,839,416	11,354,479	9,542,028	9,286,558	9,740,547
Net Income	1,300,221	918,785	1,373,366	1,145,527	1,044,577
Net Unrealized Capital Gains (Losses)	-514,379	1,029,438	966,762	-494,654	-103,084
Currency Exchange Gains (Losses)	706,198	-726,193	182,389	267,406	-752,976
Stockholder Dividends	-588,480	-708,837	-687,252	-657,728	-647,067
Other Changes in Capital and Surplus	13,255	-28,256	-22,814	-5,081	4,561
Net Change in Capital and Surplus	916,815	484,937	1,812,451	255,470	-453,989
Ending Capital and Surplus	12,756,231	11,839,416	11,354,479	9,542,028	9,286,558
Net Change in Capital and Surplus (%)	7.7	4.3	19.0	2.8	-4.7

Source: BestLink® - Best's Financial Suite

Liquidity Analysis (%)	2021	2020	2019	2018	2017
Liquid Assets to Total Liabilities	71.5	72.9	71.1	69.1	69.6
Total Investments to Total Liabilities	80.3	82.4	79.6	76.9	77.3

Source: BestLink® - Best's Financial Suite

Asset Liability Management - Investments

Hannover Re maintains a conservative investment profile which is actively managed to ensure that the group can react to changing market conditions. The group maintains a low-risk investment portfolio, which is of high credit quality and well diversified. It consists mainly of fixed-income securities and cash which are considered to be highly liquid in nature. Additionally, approximately 7% of total investment portfolio consisted of direct or indirect real estate investment and 4% of private equities, as of end of third quarter 2022. The group's credit quality remains defensive but is adjusted to geographical shifts in operational exposure as the group aims to match its liabilities, which include a modestly increasing shift towards emerging markets.

Hannover Re also invests in structured fixed-income securities: fixed-to-float notes, callable or puttable bonds and inflation linked bonds. These types of bonds accounted for approximately 29% of the group's total investment portfolio in mid-2022 and are subject to strict investment guidelines. While the major part of the callable bonds are related to the corporate bond portfolio where a call feature at the end of maturity becomes more dominant in the market, the inflation linked bonds are held for hedging purposes and match the group's liability profile. The group has built up its inflation linked bond holdings (about 9% of total investment portfolio) prior to the excessive increase in inflation, which have notably supported ordinary investment income.

Hannover Re continuously monitors its investment guidelines but new investment initiatives are undertaken conservatively and are not expected to increase the overall investment risk profile of the group. The group pursues a duration neutral strategy in its asset-liability management. Its investment portfolio largely matches its liabilities in terms of currency and duration. The modified duration of fixed income remained predominantly congruent with liability- and capital-driven targets, at the end of third quarter 2022.

Balance Sheet Strength (Continued...)

Composition of Cash and Invested Assets	2021 EUR (000)	2020 EUR (000)	2019 EUR (000)	2018 EUR (000)	2017 EUR (000)
Total Cash and Invested Assets	56,343,054	49,106,794	47,738,612	42,260,889	40,121,514
Cash (%)	3.2	3.3	3.3	3.5	4.5
Bonds (%)	85.3	84.4	86.0	86.2	85.5
Equity Securities (%)	0.6	0.8	0.1	0.1	0.1
Real Estate, Mortgages and Loans (%)	4.9	4.6	5.0	5.2	5.1
Other Invested Assets (%)	5.7	6.2	5.1	4.7	4.6
Total Cash and Unaffiliated Invested Assets (%)	99.6	99.3	99.5	99.7	99.7
Investments in Affiliates (%)	0.4	0.7	0.5	0.3	0.3
Total Cash and Invested Assets (%)	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

Reserve Adequacy

The group has demonstrated a very conservative reserving approach, characterised by the establishment of sizeable reserve buffers. Reserves are determined based on statistical (stochastic and deterministic) methods, with the adequacy verified and agreed upon by an independent third party on an annual basis.

The group's strategy is to maintain an adequate reserve buffer, particularly in light of challenging market environment over the past years. This strategy has been underpinned by relatively stable reserve redundancy levels during the past five years (2017-2021). Traditionally, the group has a high confidence level in its reserves. Contributions from prior-year run-off profits have generally been within AM Best's expectations, with positive claims development illustrated over the past five years. It is anticipated that Hannover Re would use the hardening market phase to further strengthen its reserves buffers.

Historically, the group maintains a non-life large loss reserve budget set each year. In 2022, the large loss budget was EUR 1,400 million net (EUR 1,100 million in 2021). This budget was exceeded after the first nine month of 2022 due to increased large loss activity. This reflects the planned growth of the group’s non-life business at an unchanged risk appetite.

Hannover Re's L&H reserves are dominated by mortality and longevity risks. The reserving practices use cedants' data, with Hannover Re's adopting its own assumptions and utilising market-specific information. Specific concerns in the past relating to a book of US life business that Hannover Re acquired in 2009 are considered to be largely resolved, following consistent in-force management since 2017.

Overall, AM Best believes that Hannover Re's reserving strategy will continue to support the generation of strong technical profits, despite challenging market fundamentals.

Operating Performance

Hannover Re has a track record of stable and strong operating performance, supported by profitable underwriting and investment activities over the business cycle. The group’s strong operating performance is underpinned by a highly diversified earnings profile, which is reflective of its diverse spread of risks both geographically and by line of business, conservative investment strategy as well as effective catastrophe management. The group's performance metrics have consistently been one of the strongest compared to its main peers over the past ten years (2012-2021).

Hannover Re has an excellent ten-year average return of equity (ROE) of 12% (2012-2021), as calculated by AM Best, with a track record of limited earnings volatility during that period. Despite the various large catastrophe events that occurred in 2017 and 2018, the group was able to generate an ROE of 11% and 12% respectively in those years. In 2020, the group achieved an ROE of 8% despite the significant impact of COVID-19 losses. At the third quarter 2022 the ROE stood at 11.5%.

The group benefits from diversified earnings contributions with limited earnings volatility over the past 10 years. Hannover Re’s non-life and life operations have contributed consistently positively to earnings in the majority of years. Investment income has historically been the main earnings contributor, as the group benefits from a large asset base and a low-risk investment strategy.

Operating Performance (Continued...)

The history of good technical results is mainly underpinned by a strong performance of the non-life book, with technical performance being supported by moderate net catastrophe exposure, effective expense management due to the group's lean organisational structure and a conservative reserving policy. The stringent management of the group's natural catastrophe exposures and a less volatile business mix also contributed to strong and stable earnings over the cycle. The benefit of Hannover Re's less volatile operating model is demonstrated by the group's stable performance (underwriting and overall) since 2009. Additionally, Hannover Re's focus on prudent reserving helps it to limit underwriting volatility. Positive run-offs have allowed the group to generate strong technical profits despite deterioration in market fundamentals in recent years. As an illustration, Hannover Re reported a ten-year standard deviation in its non-life combined ratio of 2% (2012-2021).

Non-Life Reinsurance:

The underwriting performance of the group's P&C portfolio remains strong over the cycle, a reflection of its highly diversified profile. The group has been able to achieve consistent underwriting results in its non-life book which were close to its target levels over the past years, despite being exposed to two of the largest aggregated market losses over the last decades, with results being notably better than those of its main peers. Hannover Re has produced a five-year (2017 to 2021) average non-life combined ratio of 99.1%, ranging between 96.9% and 101.9% (as calculated by AM Best). In 2021, the group reported a combined ratio of 98%, despite a number of large Nat-Cat losses that added up to a EUR 1,25 billion net loss for Hannover Re.

The group has a track record of benefiting from its diversified retrocession cover and its prudent reserve holdings to manage earnings volatility. Positive run-offs have allowed the group to continue to generate strong technical profits despite the deterioration of market fundamentals and a number of major losses in recent years. In 2021, Hannover Re's reserve run-off profit on was about EUR 848 million (2020: 591 million), or 5.1% of the group's net earned P&C premium (2020: 4.2%).

For the first nine months of 2022, the group reported a combined ratio of 99.2%, which reflects a prudent reserve set-up relating to the Russia/Ukraine conflict and the impact of a number of large losses. Hannover Re’s prudent underwriting approach and conservative appetite for property Nat-Cat exposure has been evident in its modest market share in Florida. The group reported a net loss of EUR 276 million related to Hurricane ‘Ian’, which has been notably lower than the loss experience of its relevant peers.

Life and Health Reinsurance:

The technical performance of the life and health segment has shown a positive development in 2021 and first nine month of 2022, following fluctuation in results in in prior years, largely owing to the underperformance of the group’s mortality portfolio. In 2020 and 2021 increased mortality losses related to the pandemic have weighted on performance. However, the group’s financial solutions business continued to show strong profitability.

The total Life & Health net income for the nine months of 2022 improved to EUR 441 million compared to EUR 220 million for the same period of 2021, largely reflecting strong underlying performance in financial solutions and longevity business. A continuous adverse impact of COVID-19 mortality claims experience was partly offset by the group’s extreme mortality retro cover.

Hannover Re's target is to generate an EBIT growth of above 5% on its overall life and health book. As of third quarter 2022, the financial solutions business supported a strong group EBIT margin of around 7.3%.

Investment Results:

Hannover Re has a track record of relatively strong investment income with low volatility, underpinned by a five-year weighted average net investment return of 3.8% (2017-2021), as calculated by AM Best. The group reported positive investment returns in recent years above its target return of at least 2.5%, supported by a diversified and conservative asset allocation with small pockets of alternative investments boosting ordinary investment income over the past years. Investment return continues to support overall operating earnings but is limited by the low interest rate environment and the group’s low-risk investment approach. The stable investment return levels have partly benefited from opportunistic one-off-sales and well-timed transactions.

For the first nine months of 2022, Hannover Re's return on ordinary investment (as reported by the group - excluding unrealised gain) was 2.9% and largely in line with past years. The group benefited from rising reinvestment yields, a good contribution from inflation-linked bonds and sound returns from real estate holdings.

Operating Performance (Continued...)

Financial Performance Summary	2021 EUR (000)	2020 EUR (000)	2019 EUR (000)	2018 EUR (000)	2017 EUR (000)
Pre-Tax Income	1,651,790	1,123,871	1,766,097	1,518,388	1,292,619
Net Income after Non-Controlling Interests	1,231,334	883,073	1,284,167	1,059,493	958,555

Source: BestLink® - Best's Financial Suite

Operating and Performance Ratios (%)	2021	2020	2019	2018	2017
Overall Performance:					
Return on Assets	1.7	1.3	2.0	1.8	1.7
Return on Capital and Surplus	10.6	7.9	13.1	12.2	11.0
Non-Life Performance:					
Loss and LAE Ratio	69.3	72.8	69.0	66.9	71.3
Expense Ratio	28.7	29.1	29.5	30.0	28.8
Non-Life Combined Ratio	98.0	101.9	98.5	96.9	100.0

Source: BestLink® - Best's Financial Suite

Business Profile

Hannover Re maintains a very favourable business profile as a leading global reinsurer. Hannover Re's leading market position reflects its highly diversified business mix (by product offerings and geographic spread), excellent financial strength, strong brand recognition and long-standing relationships with various stakeholders in the market. The established group's brand is underpinned by the expertise of its management team and successful track record of executing its strategy. The wide product offering allows Hannover Re to remain flexible and competitive in times of adverse market conditions or economic volatility, which in turn should support robust future operating results and long-term financial strength.

The group also benefits from strong underwriting and claims service abilities, as well as long standing relationships with brokers and clients. Hannover Re’s ability to offer and access tailor-made structured reinsurance deals is one of its main competitive advantages, as the required expertise for this business enables only a few larger reinsurance players to offer it. In addition, its expertise across all lines of business enables it to cater to the growing demand for sophisticated multi-line solutions. The group is also one of the market leaders in Marine, Aviation and Credit & Surety reinsurance.

The group's excellent competitive position is a reflection of its business strategy, which pursues value-driven growth and the generation of risk-based returns in excess of the cost of capital. Hannover Re follows these strategic objectives through its ability to undertake active cycle management, allowing the group to optimally diversify its portfolio whilst balancing its risk return profile. Hannover Re therefore benefits from its ability to effectively deploy capital across its various business segments, thereby providing the group with the flexibility to maneuver through the varying market cycles.

Furthermore, Hannover Re's lean and efficient structures support its ability to focus on selective underwriting and bottom-line profits, particularly in challenging market conditions, without immediate concerns of the expense strain.

Market position:

At year-end 2021, Hannover Re ranked as the third largest composite reinsurer globally with GWP of EUR 27.7 billion (2020: EUR 24.8 billion), according to an AM Best study. As the operating conditions in the global reinsurance market have shown hardening pricing conditions, the group was able to benefit notably from this shift due to primary insurers looking to cede risks to reinsurers with a strong market standing and high credit profile. Hannover Re was able to partly increase its share and rates in most of its main lines of business during 2022, despite continued competitive market conditions. The group recorded GWP growth of 13.5% (foreign exchange adjusted) in the first nine months of 2022.

AM Best believes that Hannover Re's excellent diversification and lean operational structure support its ability to focus on selective underwriting and bottom-line profits. The group benefits from a well-balanced portfolio by geography and lines of business. In 2021, approximately 35% (2020: 33%) of Hannover Re’s P&C GWPs originated from North America, followed by Asia 16% (17%), United Kingdom 13% (14%), Germany 7% (7%), Australia 7% (7%), Latin America 4% (4%), Africa 2% (2%) and the rest of Europe 15% (15%). Hannover Re holds a strong position in the US and is the third largest life reinsurer there measured by life insurance in force (at year-end 2021). This position is likely to remain stable over the medium term, due to the high barriers to entry in the US life reinsurance segment.

Business Profile (Continued...)

In its domestic market of Germany, Hannover Re benefits from its affiliation with Talanx AG, a leading multi-brand insurance group in Europe, and the excellent competitive position of its subsidiary, E+S Rueckversicherung AG, one of the largest composite reinsurer in Germany and a leading player within the domestic motor segment.

Opportunities:

The group continuous to focus on strengthening its footprint in Asia-Pacific. The group has a strong market position in China as a local reinsurer and enjoys good customer relationships. Hannover Re regards Asia-Pacific as a key growth market due to strong demographic growth and increasing insurance density in emerging markets.

The group normally pursues a central underwriting approach with local talent as leads. However, for the Asia expansion the group is building up local underwriting expertise. This is a controlled transformation, by training key personal in Hannover to instill culture and underwriting skills. No significant cost increase is expected due to the choice of low-cost hubs. The main growth LOBs in Asia are financial solutions and short-term health and critical illness. Hannover Re also benefits from its strong market profile as a provider of alternative reinsurance products and services, with structured reinsurance and ILS offerings supporting the group's expansion in recent years. Additionally, Hannover Re's expansion continued to benefit from strong economic demand in the emerging markets. Hannover Re is expected to continue to benefit from its competitive edge in structured solutions business with significant opportunities both in the life and non-life segment. The group has been able to benefit especially from high demand relating to capital and solvency relief cover from clients. Additionally, Hannover Re benefits from its strong reputation for innovative solutions combined with strong execution. Its expertise in specialty business, where it sees a strong demand for proportional reinsurance cover, is also a growth driver.

Going forward the group expects overall growth to be mainly driven by cyber risk (P&C), structured solutions (P/C), longevity (L&H) business, and more broadly in the Asia-Pacific region.

Distribution:

Hannover Re benefits from a good distribution channel mix and maintains excellent relationships with its stakeholders which ensures access to business even during periods of intense competition. A key strategic focus is customer excellence. The group is continuously aiming to broaden client relationships and seek leadership in customer centricity.

Long-standing relationships with clients allow the group to write tailor-made solutions on individual basis. Traditionally, around one third of the non-life business is written directly, with the rest being placed via brokers. Outside of its domestic market, the majority of the business is sourced through brokers, especially for non-proportional business. The relatively high share of direct business supports a flexible cost base.

In view of the digitalisation processes taking place in the insurance industry, Hannover Re places great focus on cooperation with cedants in order to offer the end-customers on-line underwriting and distribution solutions.

Operations:

Hannover Re reports through two business segments: Non-life Reinsurance and Life and Health Reinsurance.

Non-life Reinsurance:

The non-life portfolio [representing approximately 69% of consolidated GWP in 2021 (2020: 68%), is highly diversified by line of business and territory. The group operates through two market segments: regional markets make up about 60% in 2021 (2020: 54%) of its non-life book and mainly comprise markets of North America and Continental Europe and an increasing share of the Asian market. Global lines comprise the remaining 40% (46%) which consist of marine and aviation, credit surety and political risks, London markets, facultative reinsurance, agricultural risks, retakaful business, structured reinsurance and insurance-linked securities (ILS).

The non-life portfolio has achieved a good growth over the past five years (2017-2021), as demonstrated by a CAGR of 15.9%. However, growth has been subject to fluctuations, which can partially be attributed to foreign exchange rate fluctuations. The 14.8% rise in non-life GWP in 2021 was largely driven by strong reinsurance demand in the Americas.

Hannover Re also continues to benefit from its strong market profile as a provider of alternative reinsurance products and services, with structured reinsurance and ILS offerings supporting the group's expansion in recent years. Additionally, Hannover Re's expansion continued to benefit from strong economic demand in the emerging markets.

Business Profile (Continued...)

Life and Health Reinsurance:

The life and health portfolio [representing approximately 31% of consolidated GWP in 2021 (2020: 32%) has been a growth story for Hannover Re overall, supported both organically and through acquisitions, although growth has slowed down somewhat compared to the group's overall growth levels over the past years (2017-2021).

In 2009, Hannover Re acquired the ING US individual life reinsurance business from Scottish Re Group Limited, along with its infrastructure to support the underwriting of new term reinsurance treaties. This transaction enhanced Hannover Re's profile in the US life segment.

Hannover Re operates its life and health business through two categories, namely financial solutions (approximately 16% of L&H GWP in 2021) and risk solutions, which consists of mortality (38% of L&H GWP in 2021), morbidity (29%) and longevity business (17%). The group is a leading provider of financial solutions, which seeks to optimise cedants' balance sheets through capital and reserve relief. Such transactions provide funding for new business strain and mergers and acquisitions, release embedded values in maturing portfolios and optimise tax, solvency and surplus requirements.

North America, Asia and the UK are Hannover Re's largest life markets representing 63% of life and health GWP in 2021 (combined), followed by Australia/New Zealand, Rest of Europe, Latin America, Germany and Africa. In the US, Hannover Re is focused on the areas of mortality and financial solutions, whilst in Europe the group targets the areas of longevity, retirement provisions and long-term care. Life and health business is generally sourced on a direct basis through a worldwide network of branch offices and subsidiaries.

Growth of the life and health portfolio has been subject to significant fluctuations over the past five years (2017-2021), as demonstrated by the CAGR for the segment of 3.6%, with GWP development fluctuating between a decline of 1% and a growth of 8.6% over this period. The movement in premium volumes has been largely affected by the prevailing strong competitive conditions globally. However, demand for capital relief offerings, especially in regions moving to a risk-based insurance regulatory approach has remained strong. Opportunities also arose in the financial solutions segment as demand from financially robust reinsures was high.

At year-end 2021, life and health GWP rose by 6.4% (2020: 2.7%), driven by growth of all of the group's life segments.

Management quality:

The management team of Hannover Re demonstrates an in-depth expertise and understanding of the group's business. In recent years, the group has proven its ability to execute on its key strategic plans and adapt its expectations as required by the changing operating environment. This was shown over the past 5 years (2017 to 2021), when, after a series of natural catastrophe events and large losses, the group was able to meet or outperform its pre-announced guidance targets by the end of each of those years.

Hannover Re has appointed Sharon Ooi as an additional member of its executive board, effective January 2023, reflecting the group's ambitions to benefit from the growth potential of the Asia-Pacific markets. Mrs Ooi will oversee the further expansion of Hannover Re's property and casualty reinsurance business in Asia-Pacific, benefiting from her intimate knowledge of this market. Mrs Ooi has worked for Swiss Re in Asia-Pacific since 2006, most recently as head of Australia and New Zealand. Prior to that, she held various positions at the reinsurer's P&C business in Asia.

Group structure and affiliations:

Hannover Re is the intermediate operating holding company of the Hannover Re group of companies. The reinsurer is owned by Talanx AG (which held a 50.2% share of the group as of December 2021), institutional investors (37.7%) and private investors (12.1%). Hannover Re became a Societas Europea (SE) (a European public limited company) in March 2013.

Talanx AG is the intermediate operating holding company of the Talanx group of companies, a leading multi-brand insurance holding group in Europe. Talanx AG became an operating holding company in January 2019, following changes in its structure to an intra group reinsurer. Talanx AG consists mainly of primary insurance companies, in addition to its stake in Hannover Re. Less than 5% of Hannover Re's business is derived from subsidiaries of the Talanx group. AM Best believes that the Hannover Re group of companies maintains a high degree of financial and operational independence from the other operations of Talanx AG. The change in the Talanx AG structure is not impacting the business of Hannover Re, as internal reinsurance was previously provided by another Talanx group company.

In October 2012, Talanx AG was listed on the Frankfurt Stock Exchange resulting in its majority ultimate parent, HDI Haftpflichtverband der Deutschen Industrie V.a.G. (HDI V.a.G.), maintaining a 78.9% stake in Talanx AG (as of December 2021). HDI V.a.G. is a mutual holding company and its stake in Talanx remained relatively unchanged in recent years.

Business Profile (Continued...)

In January 2018, Hannover Re (through its subsidiary Hannover Finance Inc.) completed its purchase of Omaha Indemnity Co., a Wisconsin-domiciled property/casualty insurer in run-off. The main purpose of the acquisition was to enhance Hannover Re's operational flexibility in the US by having a licensed carrier there. The company has been renamed to Glencar Insurance Co. and is writing a small amount of business produced by Glencar Underwriting Managers Inc., which is also a part of the Hannover Re group.

Hannover Re has also sold its 49.8% stake in HDI Global Specialty to HDI V.a.G. in 2021, in order to solely focus on reinsurance business. The sale is not expected to have a materially impact on Hannover Re's business profile due to the relatively small direct contribution of Inter Hannover/HDI Global SE's premium base to overall premium income. Hannover Re continuous to benefit from cessions of that business.

Company History:

Hannover Re was founded in Germany in 1966 as a reinsurance and direct insurance company and was incorporated under the name Aktiengesellschaft fuer Transport und Rueckversicherung. In 1976, the company adopted the name, Hannover Rueckversicherung Aktiengesellschaft, after transferring its direct marine portfolio to its parent company, HDI Haftpflichtverband der Deutschen Industrie V.a.G. Since then, the company has written reinsurance business.

In 1997, Hannover Re acquired part of the in-force reinsurance portfolios of Skandia International Insurance Company of Stockholm, as well as Skandia's related infrastructure. The transaction complemented Hannover Re's activity in certain growth segments, namely, life and health reinsurance, facultative reinsurance and aviation/space reinsurance. The transaction provided further geographic diversification and consequently positioned the group as a leader in the worldwide aviation market. Hannover Re also acquired the renewal rights of all the property and casualty reinsurance business as of 1 January 1998.

Hannover Re played a pioneering role in the securitisation of insurance risk and announced the first financing securitised by life insurance policies in 1998. The company established a reinsurer in Bermuda in 2001 and has since participated successfully in the global catastrophe market.

Geographical Breakdown of Gross Premium Written	2021 EUR (000)	2020 EUR (000)	2019 EUR (000)	2018 EUR (000)	2017 EUR (000)
Other Africa	622,441	518,085	570,707	524,109	495,844
Total Africa	622,441	518,085	570,707	524,109	495,844
Other Asia	4,463,120	4,340,543	3,793,197	2,955,658	2,535,295
Total Asia	4,463,120	4,340,543	3,793,197	2,955,658	2,535,295
France	1,034,597	1,099,165	954,044	813,904	748,266
Germany	1,998,499	1,753,635	1,490,616	1,168,186	1,215,478
Other Europe	3,253,195	2,751,329	2,673,085	2,389,166	2,215,680
United Kingdom	3,722,549	3,406,117	3,017,091	2,560,443	2,455,796
Total Europe	10,008,840	9,010,246	8,134,836	6,931,699	6,635,220
United States	9,688,940	8,185,890	7,788,325	6,608,779	6,160,822
Total North America	9,688,940	8,185,890	7,788,325	6,608,779	6,160,822
Australia	1,848,562	1,653,305	1,245,897	1,263,171	997,036
Other World-Wide	1,130,411	1,062,273	1,064,678	892,942	966,289
Total	27,762,314	24,770,342	22,597,640	19,176,358	17,790,506

Source: BestLink® - Best's Financial Suite

Enterprise Risk Management

Hannover Re's enterprise risk management (ERM) is supportive of a very strong assessment. The group's risk management capabilities are superior and suitable for its complex and globally diversified operations, underpinned by the utilisation of a strong risk management framework. The ERM framework is highly sophisticated and is fully embedded across the organisation from the Board, through to individual business units.

The group has demonstrated active use of its risk management tools, including its internal model, to identify, quantify and measure risks and risk correlations in order to mitigate and manage its relatively high risk exposure. This has enabled Hannover Re to implement

Enterprise Risk Management (Continued...)

its strategic plan and maintain successful performance over the long term. Hannover Re’s corporate governance and risk culture promotes strong risk awareness and a disciplined risk-return approach. The group's risk framework is time and stress tested.

In AM Best's opinion, Hannover Re maintains a relatively high insurance risk profile, driven by its exposure to worldwide property catastrophe business and specialty lines. In addition, the group maintains exposure to long-tail lines of business, such as life and casualty, which can be sensitive to changes in the regulatory and economic environment. To manage its insurance risk, Hannover Re conducts regular reviews of underwriting and pricing guidelines.

The group's risk strategy, risk register and central system of limits and thresholds are reviewed at least annually and form a key component of its Risk and Capital Management Guideline. Hannover Re's Group Risk Management Division is responsible for naming, measuring and evaluating the main risks of the group. It develops models to estimate various loss probabilities, reserve recommendations, assesses risks of catastrophes and large losses and develops Hannover Re's internal capital model, which lies at the foundation of the group's ERM.

The group operates the "three lines of defence" model within its ERM. The first line of defence consists of risk steering and original risk responsibility for risk identification and assessment on the divisional or company level. The second line of defence - risk monitoring - is supported by the actuarial and compliance functions. The third line of defence represents the process-independent and group-wide risk monitoring performed by the internal audit function on behalf of the Executive Board. The group's Supervisory Board is at the top of its risk management system and is advising and supervising the Executive Board in its management of the company, inter alia with respect to risk management.

The group manages its total enterprise risk so that it can expect to generate positive group net income with a probability of 90% p.a. and the likelihood of the complete loss of its economic equity and shareholders' equity does not exceed 0.03% p.a. These indicators are monitored using the internal capital model. As a result, Hannover Re's business is managed on a risk-adjusted basis. Additionally, the group utilises the "intrinsic value creation" (IVC) concept to support strategic decisions - a measure which indicates whether the group's business is generating a profit in excess of the cost of capital. Where the business segment fails to meet the IVC metric, the group is active in its response of applying corrective measures.

Special attention is given to emerging risks, from which potential danger is not yet known. In this regard, Hannover Re has established a working group called Emerging Risks and Scientific Affairs, which identifies, evaluates and monitors emerging risks. It analyses risks associated with climate change, technological developments, shortage of resources and supply chain, amongst others. Appropriate risk management actions are taken as needed by Hannover Re in order to control these risks and may include, for example, the implementation of contractual exclusions or the development of new reinsurance products. Hannover Re employees are kept updated on these topics through an in-house information system. The group has also built up capabilities to include scenario based cyber modelling explicitly in its internal model, which in light of its increasing exposure to cyber risk will support the group to manage its risk profile adequately.

During the past few years, Hannover Re was subject to a number of risks related to recent changes in the political and regulatory environment in countries where it operates. The group has shown proactive management and sought necessary regulatory approvals and restructured its business activities as needed in order to mitigate any downside scenarios that may arise from these changes.

Catastrophe Exposure and Management:

Hannover Re has a conservative framework in place to support its catastrophe risk management. This process begins with the implementation of the group's catastrophe risk appetite within the strategic planning process, in which a defined portion of Hannover Re's capital is then allocated to the planned exposures for the year, according to the outcome of an internal model. The group's retrocession protection is then considered, based on underwriters' capacity demands and considering the risk budget for the group's catastrophic exposures.

Continuous monitoring of Hannover Re's exposures is being undertaken with the use of sophisticated modelling tools and support from the actuarial function. Additionally, stress tests are applied based on scenarios of various catastrophic events and their impact on the group's financial profile. Model validations are regularly undertaken to assess the limitations of the model and to test the validity of the model's outcome. In AM Best's opinion, Hannover Re demonstrates a thorough understanding of its catastrophe models and compensates prudently for any shortfalls.

Hannover Re's evaluation of its exposures to major catastrophic events also encompasses terrorism risk. The group utilises various tools, along with company- and market-specific data to support the assessment of its exposures based on several realistic disaster

Enterprise Risk Management (Continued...)

scenarios (RDS) in key locations. Pandemic risk and the risk of adverse long-term mortality trends associated with its life and health portfolio are also actively monitored. One of the tools to manage this risk is an index-based pandemic cover which Hannover Re introduced in 2013. This collateralised swap instrument has been placed with different investors in various tranches since then.

Reinsurance Summary

In AM Best's opinion, Hannover Re's retrocession strategy is a successful component within its risk management framework. The group has a comprehensive retrocession programme, which supports the stabilisation of its technical results through the elimination of peak exposures and therefore provides long-term protection of the group's capital. In addition to its traditional retrocession placements, Hannover Re benefits from its securitisation programmes allowing the group to control its aggregate exposures thereby maintaining losses within its risk appetite. The group’s retrocession programme is considered to be appropriate for its underwriting exposure, including the management of its Nat-Cat exposures.

The group's retrocession programme includes a "whole account" protection which is a world-wide treaty consisting of two sections for peak and non-peak scenarios and a unique "K-cession" arrangement representing a modelled programme which has been utilised by the group for many years, as well as a large loss aggregate excess of loss cover, and additional covers which Hannover Re purchases with restricted territorial scope for its subsidiaries and branches.

The K-cession represents a modelled programme consisting of non-proportional reinsurance treaties for property, catastrophe, aviation and marine lines placed primarily in the capital markets. This transaction provides fully collateralised retrocession protection on peak worldwide catastrophe exposures. Despite losses experienced on this programme in recent years, Hannover Re continues to attract capacity to the K-cession, although the available capacity declined in 2022. The group has traditionally benefited from its high risk diversification and strong relationships with its retrocessionaires, which has supported consistency in its placement of its retrocession cover.

At the same time, the group is not over-dependent on its retrocession, as demonstrated by an average retention ratio (non-life) of 86.7% over the past five years (2017-2021). Furthermore, AM Best believes that the credit risk exposure to its panel of retrocessionaires is limited. This reflects the low counterparty exposure to a single party and the excellent credit quality of its panel. Additionally, a large portion of recoverables are collateralised with deposits or letters of credit. Hannover Re also transacts incoming business and is therefore able to potentially offset any liabilities.

Environmental, Social & Governance

AM Best considers Hannover Re's exposure to environmental, social, and corporate governance (ESG) risks to be elevated but manageable. As a diversified global P/C and L/H insurer and reinsurer, writing effectively all personal, commercial and specialty lines of business on a worldwide basis, ESG is a meaningful consideration with respect to Hannover Re’s global operational and credit profile.

Hannover Re has a robust and sophisticated process for managing its ESG-related risks. AM Best believes that the group carefully monitors its product segments and international markets in which it participates - both as an underwriter and investor - in order to actively manage its enterprise-wide exposure to a diverse array of ESG-related exposures.

The company has formulated an ESG framework and developed statements and policies to identify and manage ESG risk in underwriting. The group has started to align its investment operations with ESG practices and evolving disclosure requirements in 2012. Hannover Re has become a signatory of the Principles for Sustainable Insurance (PSI) under the United Nations Environment Programme Finance Initiative (UNEP FI) in 2021.

Through its P/C insurance and reinsurance segments, the group’s underwriting operations are exposed to global climate-related risk, most notably to natural weather-related catastrophes, with natural catastrophe events representing some of the largest loss events in recent years. In order to manage weather-related risks, the group takes advantage of its sophisticated risk modelling tools in order to identify and measure its aggregate exposures. Hannover Re mitigates its exposure by setting limits for natural catastrophe risks and by utilising some reinsurance and retrocession. In addition to traditional retrocession, the group uses alternative risk transfer for natural catastrophe risks in particular. The group has managed the occurrence of large natural catastrophe events better than many of its peers, owing to its diversified portfolio, strong modeling and risk controls, comprehensive retrocession program, as well as its ability to reprice its catastrophe contracts on an annual basis which supports it to assimilate an ongoing raise in claim trends.

Enterprise Risk Management (Continued...)

Hannover Re is also partly exposed to ESG-related litigation trends and reputational risk. These risks have been managed through prudent reserving and stringent underwriting practices.

Hannover Re has also integrated ESG-related criteria into its investment policy, which includes negative screening and reflects various sustainable and ethical investment criteria. The group's strong integration of ESG-related criteria in its investment policy reduces the potential exposure to toxic assets and impacts of adverse asset valuations that could result from ESG-related triggers. Hannover Re's governance and ERM framework is robust. The company has very strong risk controls and governance in place, and has developed a solid approach to risk identification, quantification and mitigation across its operations.

Rating Lift/Drag

Hannover Re group of companies maintains a high degree of financial and operational independence from the other operations of Talanx AG, an intermediate operating holding company, which is in turn owned by HDI Haftpflichtverband der Deutschen Industrie V.a.G. (HDI V.a.G.).

Financial Statements

Balance Sheet	12/31/2021 EUR (000)	%	12/31/2021 USD (000)
Cash and Short Term Investments	1,798,907	2.2	2,037,388
Bonds	48,047,246	58.0	54,416,869
Equity Securities	314,453	0.4	356,140
Other Invested Assets	6,182,448	7.5	7,002,055
Total Cash and Invested Assets	56,343,054	68.0	63,812,453
Reinsurers' Share of Reserves	3,073,446	3.7	3,480,893
Debtors / Amounts Receivable	7,907,988	9.5	8,956,350
Other Assets	15,577,764	18.8	17,642,908
Total Assets	82,902,252	100.0	93,892,604
Unearned Premiums	5,795,849	7.0	6,564,205
Non-Life - Outstanding Claims	35,602,703	42.9	40,322,553
Life - Outstanding Claims	5,688,280	6.9	6,442,375
Life - Long Term Business	8,270,304	10.0	9,366,698
Total Gross Technical Reserves	55,357,136	66.8	62,695,832
Debt / Borrowings	4,257,702	5.1	4,822,146
Other Liabilities	10,531,183	12.7	11,927,302
Total Liabilities	70,146,021	84.6	79,445,279
Capital Stock	120,597	0.1	136,585
Retained Earnings	8,985,770	10.8	10,177,014
Other Capital and Surplus	2,778,636	3.4	3,147,000
Non-Controlling Interests	871,228	1.1	986,727
Total Capital and Surplus	12,756,231	15.4	14,447,325
Total Liabilities and Surplus	82,902,252	100.0	93,892,604

Source: BestLink® - Best's Financial Suite
US $ per Local Currency Unit 1.13257 = 1 Euro (EUR)

Income Statement	Non-Life EUR (000)	Life EUR (000)	Other EUR (000)	12/31/2021 Total EUR (000)	12/31/2021 Total USD (000)
Gross Premiums Written	19,224,174	8,538,140	...	27,762,314	31,442,764
Net Premiums Earned	16,623,863	7,519,457	...	24,143,652	27,344,376
Net Investment Income	...	598,759	1,344,253	1,943,012	2,200,597
Other Income	...	...	...	114	129
Total Revenue	16,623,863	8,118,216	1,344,253	26,086,778	29,545,102
Benefits and Claims	11,514,353	6,804,727	...	18,319,080	20,747,640
Net Operating and Other Expense	4,774,567	1,528,961	-184,178	6,115,908	6,926,694
Total Benefits, Claims and Expenses	16,288,920	8,333,688	-184,178	24,434,988	27,674,334
Pre-Tax Income	334,943	-215,472	1,528,431	1,651,790	1,870,768
Income Taxes Incurred	...	...	...	351,569	398,177
Net Income before Non-Controlling Interests	...	...	...	1,300,221	1,472,591
Non-Controlling Interests	...	...	...	68,887	78,019
Net Income/(loss)	...	...	...	1,231,334	1,394,572

Source: BestLink® - Best's Financial Suite
US $ per Local Currency Unit 1.13257 = 1 Euro (EUR)

Related Methodology and Criteria

Best's Credit Rating Methodology, 11/13/2020

Catastrophe Analysis in A.M. Best Ratings, 10/13/2017

Available Capital & Holding Company Analysis, 10/13/2017

Scoring and Assessing Innovation, 03/05/2020

Understanding BCAR for U.S. and Canadian Life/Health Insurers, 05/26/2022

Understanding Global BCAR, 06/30/2022

Additional Rating Types

AM Best assigns Best's Issue Credit Ratings. Refer to the profile page to view current Issue Ratings for Hannover Rück SE (AMB#085070)

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

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

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

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