



# Financial Condition Report

For the twelve-month period ended  
31 December 2025





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**Background**

Bernina Re Ltd. (the "Company") is a Bermuda exempted company limited by shares incorporated in Bermuda and licensed as a Class 3A insurer under the Bermuda Insurance Act 1978 and Related Regulations, as amended (the "Insurance Act") as well as a segregated accounts company ("SAC" or "SACs") pursuant to the Segregated Accounts Companies Act 2000 (the "SAC Act"). This Financial Condition Report has been prepared in order to assist clients to understand the capital position of the Company for the year ended 31 December 2025 (the "Reporting Period") in accordance with the Insurance Act, the Insurance (Eligible Capital) Rules 2012, as amended (the "Eligible Capital Rules") and the Insurance (Public Disclosure) Rules 2015 of Bermuda. All amounts included in this report are expressed in United States Dollars unless otherwise stated.

**1. Section A – Business and Performance**

**1.1 Name of Insurer** Bernina Re Ltd. (the "Company")

**1.2 Supervisor**

|                        | <b>Insurance Supervisor</b>                         | <b>Group Supervisor</b> |
|------------------------|---|-------------------------|
| <b>Name</b>            | Bermuda Monetary Authority                          | Not applicable          |
| <b>Mailing Address</b> | P.O. Box 2447<br>Hamilton HM JX<br>Bermuda          |                         |
| <b>Telephone</b>       | +1 (441) 295 5278                                   |                         |
| <b>Fax</b>             | +1 (441) 292 7471                                   |                         |
| <b>Website</b>         | <a href="https://www.bma.bm">https://www.bma.bm</a> |                         |

**1.3 Approved Auditor**

|                        | <b>Statutory Reporting</b>  | <b>Condensed GAAP Reporting</b>                                   |
|------------------------|---|---|
| <b>Name</b>            | KPMG Audit Limited  | KPMG Audit Limited  |
| <b>Mailing Address</b> | Crown House<br>4 Par-La-Ville Road<br>Hamilton<br>HM08<br>Bermuda | Crown House<br>4 Par-La-Ville Road<br>Hamilton<br>HM08<br>Bermuda |
| <b>Telephone</b>       | +1 (441) 295 5063   | +1 (441) 295 5063   |
| <b>Fax</b>             | +1 (441) 295 8280   | +1 (441) 295 8280   |
| <b>Website</b>         | <a href="http://www.kpmg.bm">www.kpmg.bm</a>                      | <a href="http://www.kpmg.bm">www.kpmg.bm</a>                      |

**1.4 Ownership Details**

The Company is a wholly-owned direct subsidiary of Bernina Re Holding Ltd., a Bermuda exempted holding company limited by shares incorporated on August 11, 2017.



**1.5 Group Structure** Bernina Re Holding Ltd. is a wholly-owned direct subsidiary of Bernina Re Purpose Trust, a Bermuda purpose trust formed on August 7, 2017.

**Group Structure Chart**



**1.6 Insurance Business Written** The Company's Gross Written Premiums for the reporting period were USD 18,899 thousand (2024: USD 10,267 thousand). The Company writes reinsurance contracts predominantly in the property catastrophe reinsurance line of business. The Company's cedants are predominantly located in North America, Europe, Bermuda, Japan and Australia.

**1.7 Performance of Investments & Material Income & Expenses** **Performance of Investments by Asset Class**

|                           | 2025<br>(USD 000) | 2024<br>(USD 000) |
|---------------------------|-------------------|-------------------|
| Investments Held in Trust | 177,783           | 264,347           |
| Return                    | 8,387             | 14,982            |
| <b>% Return</b>           | <b>4.71</b>       | <b>5.67%</b>      |

**Material Income and Expenses**

Besides insurance premiums and investment returns, there are no further items of material income. Loss expenses are driven by natural and man-made catastrophes. General and administrative expenses principally comprise personnel costs and third-party fees.

|                                     | 2025<br>(USD 000) | 2024<br>(USD 000) |
|-------------------------------------|-------------------|-------------------|
| Net Loss Expenses                   | (7,483)           | (23,093)          |
| Net Acquisition Costs               | 2,468             | 1,895             |
| General and Administrative Expenses | 6,969             | 7,711             |

**1.8 Other Material Information** There is no other material information to report.



## 2. Section B – Governance Structure

### 2.1 Board and Senior Executive

#### Overview

The Board of Directors (the “Board”) manages the Company’s affairs and has overall fiduciary responsibility for the Company. The roles and responsibilities and proceedings of the Board are constituted in the Company’s bye-laws.

All Board meetings are conducted with the chair being in Bermuda and the Board met six times in 2025.

The following Committees have been established to support and advise the Board:

- Enterprise Risk Management & Compliance Committee
- Underwriting & Reserving Committee
- Audit Committee

Each Committee reports to the Board and includes at least one Director supported by a minimum of two additional Committee members. Each Committee Chair provides a report to the Board during the next scheduled Board meeting following each Committee meeting.

#### Remuneration Policy

The Company has developed a remuneration policy with the objective of supporting a performance culture that is based on merit, and which attracts and retains a motivated team. The policy is also designed to align with and promote the Company’s culture of effective risk management practices and high standards of ethical conduct.

#### Supplementary Pension or Early Retirement Schemes for Members, the Board and Senior Executive

There are no supplementary pension or early retirement schemes for members, the Board and senior executives in addition to those available to all employees of the Company.

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

There were no material transactions with shareholder controllers, persons who exercise significant influence, the Board or senior executive during the reporting period, except for Directors’ fees and employees’ salary and expenses payments in the ordinary course of employment.

### 2.2 Fitness and Propriety Requirements

#### Fit and Proper Process

All Board and senior executive appointments are subject to a fit and proper criteria process which includes:

- detailed review of Director’s biography and related due diligence procedures;
- interview process with representatives of the Board; and



- annual Board evaluation and shareholder approval.

**Professional Qualifications, Skills and Expertise of the Board and Senior Executives**

The Board comprises financial and insurance executives with significant experience in their respective professions, including senior and executive-level experience in major insurance companies and leading insurance management companies.

The combination of skillsets brought by the three directors, including two independent non-executive directors, covers the relevant areas for the Company and allows the Board to exert an efficient and effective oversight.

All senior executives have long track records in the insurance industry. A significant amount of underwriting experience is complemented with audit, accounting, operations, risk and compliance knowledge.

| Director                    | Position                           | Residence   | Insurance Industry Work Experience |
|-----------------------------|------------------------------------|-------------|------------------------------------|
| Robert Eastham <sup>1</sup> | Independent Non-Executive Director | Bermuda     | 42 years                           |
| Roy Fellowes                | Independent Non-Executive Director | Bermuda     | 47 years                           |
| Niklaus Hilti               | Director                           | Switzerland | 23 years                           |

| Officer                     | Position                   | Residence | Insurance Industry Work Experience |
|-----------------------------|----------------------------|-----------|------------------------------------|
| Michael Dennis <sup>2</sup> | Chief Executive Officer    | Bermuda   | 20 years                           |
| Will Haddrell               | Chief Underwriting Officer | Bermuda   | 18 years                           |

**2.3 Risk Management and Solvency Self-Assessment**

**Risk Management Process & Procedures to Effectively Identify, Measure, Manage and Report on Risk Exposures**

The Company’s Board recognizes that there are numerous risks facing the Company. The Company’s Board has established an Enterprise Risk Management & Compliance Committee (“ERM Committee”) to assist it in fulfilling its oversight responsibilities by providing guidance regarding risk governance and the monitoring of the Company’s risk profile and capital adequacy, including regular review of major risk exposures and overall risk limits but also evaluating emerging risks identified which may affect the Company’s financial and reputational soundness.

<sup>1</sup> Effective March 31, 2026, Robert Eastham assumed the role of Executive Director for an interim period to be determined.

<sup>2</sup> Effective March 27, 2026, Michael Dennis departed the Company.



The risk management function is outsourced to Aon Insurance Managers (Bermuda) Ltd. The first line of defense is responsible for identifying risks. The Board with the support of Aon Insurance Managers (Bermuda) Ltd., fulfilling the obligations of the risk function, facilitates the collation of risk assessments on at least an annual basis. These risks are reflected in the Company's risk register which is reviewed and approved by the ERM Committee at regular intervals.

The Company has documented detailed guidelines and procedures to mitigate and control each of the risks identified within the risk register which address insurance; financial; operational; legal, regulatory and compliance; and strategic risk categories.

### **Risk Management and Solvency Self-Assessment Implementation and Integration**

The Company's risk management framework is built on:

- the Company's risk strategy, defined by the risk appetite, risk tolerance and limits that the Company is willing to accept in pursuing its business strategy;
- the Company's internal control organization and governance;
- the Company's risk management function;
- the Company's risk management process, ensuring the identification of all material risks (including emerging risks) inherent to its business, assessing, controlling, monitoring, mitigating and managing these risks; and
- timely monitoring and reporting.

It comprises the following major elements:

- Risk governance documentation
- Key risk management principles
- Fundamental roles for delegated risk-taking
- Risk culture
- Organization of risk management
- Risk control framework
- Risk appetite framework including limits

The Company completes an annual solvency self-assessment which combines the Company's perspective of the capital resources necessary to achieve its business strategies, and to remain solvent, given its risk profile, as well as insight into the risk management and governance procedures surrounding this process. The Company documents its Commercial Insurer's Solvency Self-Assessment (CISSA) process and submits it, along with the Bermuda Solvency Capital Requirement (BSCR) filing, to the Board for review and approval.

### **Relationship Between Solvency Self-Assessment, Solvency Needs and Capital and Risk Management Systems**



Currently the Company operates as a fully collateralized reinsurer. As such, underwriting risk has no significant impact on solvency and investment risk is limited. The BMA requires a minimum capital of USD 1,000 thousand which the Company adequately meets.

## 2.4 Internal Controls

### Internal Control System

The Company has systems, processes and procedures to ensure that data and reporting is reliable, organizational policies are adhered to, and adequate security measures are implemented. Any deficiencies or material weaknesses that are found are documented and presented to the Board.

### Compliance Function

The compliance function is outsourced to Aon Insurance Managers (Bermuda) Ltd. The compliance function has the responsibility to monitor regulatory changes in the relevant jurisdictions and compliance with applicable existing laws, including regulatory reporting and public disclosure requirements. The Company has developed and implemented a compliance manual designed to comply with relevant regulations. The Compliance Manual is approved by the Board.

The compliance function monitors compliance with organizational policies and procedures and adherence to the Company's Code of Conduct.

## 2.5 Internal Audit

The Company has an internal audit function established, outsourced to Aon Commercial Services Ireland Ltd., as the third line of defense whose primary responsibility is to provide the management team, the Audit Committee and the Board with an independent and objective analysis and appraisal of:

- the efficiency and effectiveness of the Company's governance, operations and internal control system;
- the reliability and completeness of its financial, management and risk management information systems; and
- compliance with applicable laws and regulations.

## 2.6 Actuarial Function

The actuarial function is outsourced to Milliman. The actuarial function is responsible for setting, monitoring and adjusting actuarial reserves, including technical provisions. The actuarial function assists the Board with its oversight responsibilities regarding reserving.

## 2.7 Outsourcing

The Company outsources certain operational activities to third-party service providers where the Board believes this can provide access to superior processes and technical skills that the Company could not achieve on a standalone basis. The Company has developed and implemented an outsourcing policy. All key outsourcing arrangements are governed by appropriate service level agreements.



Current outsourced services include (in addition to those noted above) insurance management, financial accounting and treasury, IT infrastructure support, corporate secretary, payroll, and legal advice.

- 2.8 Other Material Information** There is no other material information to report.

### 3. Section C – Risk Profile

- 3.1 Material Risks** The following is a summary of the material risks that arise from the Company's business operations and a description of how the risks are measured. There have been no material changes to material risks during the reporting period.

#### **Strategic Risk**

Strategic risk could impact the Company's ability to establish and execute a sound business strategy. The Company seeks to mitigate strategic risks to the business by ensuring that the business strategies and resources are compatible with the strategic goals and the economic situation of the markets in which it operates. Any changes in business strategy must be reviewed and approved by the Board.

#### **Insurance Risk (includes Underwriting, Claims and Reserving Risks)**

As the Company only participates in writing collateralized reinsurance contracts pursuant to the contractual limits as provided per agreements, the impact of the underwriting risk on the Company's solvency is inherently mitigated. Other risks which remain are mitigated and controlled by compliance with the Company's Underwriting Guidelines and the underwriting procedures and controls.

#### **Financial Risk (includes Market, Credit, Investment and Collateral Risks)**

The investment of the Company's collateral and its availability to pay claims to policyholders is a material risk to the Company and as the Company holds material assets within its investment portfolio, credit risk is also considered a material inherent risk to the Company. Such risks are mitigated and controlled by compliance with the Company's Investment Guidelines, requiring investments into assets of high credit quality.

#### **Operational Risk (includes Cyber and Systems, HR, Outsourcing and Reporting Risks)**

Various aspects of operational risks are considered material risks to the Company. These include, in particular, business process risk, information systems risk, fraud risk and outsourcing risk.

As many of the Company's operational matters are outsourced, the Board and Committees monitor the Company's key service providers. Copies of the relevant guidelines and other procedures and controls of the Company are furnished to the service providers. The Board is satisfied that the operational controls in place with such service providers mitigate the operational risk to an acceptable level.



**Legal and Compliance Risk (includes Financial Crime, Legal and Regulatory Risks)**

The Company’s legal and compliance risk is mitigated by its internal control system. The Company has processes and procedures in place to ensure monitoring of relevant rules and regulations. Management seeks external legal guidance on contract and other general legal and regulatory matters.

**3.2 Risk Mitigation**

The Company seeks to mitigate identified risks through appropriate risk mitigation techniques, employed to address instances where any identified risks have the potential to exceed risk appetite thresholds. In such instances, a clear course of action focused on the risk issue is initiated, such as a strengthening of the control environment, a reduction in the underlying asset or liability giving rise to the risk, or the adjustment of the risk tolerance following a business review.

The Company undertakes a robust risk assessment exercise where the effective mitigation of identified risks is assessed through considering the residual risk frequency and impact.

The Company uses its risk management framework to manage material risk concentrations. Risk tolerances are defined and monitored for each material risk. The risk tolerances are measured on a periodic basis and are reported to the ERM Committee and the Board.

**3.3 Material Risk Concentrations**

None to note.

**3.4 Investment in Assets in Accordance with the Prudent Person Principle**

The Company’s overall investment strategy is to invest conservatively in liquid and secure investments, primarily comprising cash, highly rated money market funds or government securities. The focus is on the preservation of assets, the ability to meet liquidity requirements and asset diversification.

**3.5 Stress Testing and Sensitivity Analysis**

As an approved modified filer for the year end 31 December 2025, the Company is exempt from completing the mandated stress testing usually required for a regulated Class 3A entity. Notwithstanding, the Company has considered the appropriateness of these stress tests in the context of completing the CISSA.

With respect to the underwriting stress scenarios, as all business is written on a fully collateralized basis for both 2025 and 2026, the net impact on solvency of underwriting stress scenarios is not material. For the investment scenarios, the Company currently retains all its assets in cash or cash equivalents and as such is not exposed to material investment risk.

In addition, the Company has considered some additional specific operational risk stress scenarios which assess the capital buffer to be adequate.



While the Company acknowledges that operational risk items are the more significant risks for solvency under the current operating model, the overall impact of the various stress scenarios is relatively immaterial.

- 3.6 Other Material Information** There is no other material information to report.

#### 4. Section D – Solvency valuation

- 4.1 Valuation Bases, Assumptions and Methods to Derive the Value of Each Asset Class**
- The Company has used the valuation principles outlined by the Bermuda Monetary Authority's "Guidance Notes for Commercial Insurers and Insurance Groups' Statutory Reporting Regime" for the reporting period's statutory filing. The economic valuation principles outlined in this document are to measure assets and liabilities on a fair value basis. The fair value principles used for the assets are as follows:
- Cash and Cash Equivalents**  
Includes cash time deposits and investments maturing within three months. Cash and cash equivalents are measured at historical cost which is reasonably approximate to fair value.
- Accounts Receivable and Premium Receivable**  
Are recorded at a fair value. Balances due in more than one year have been discounted at the relevant risk-free rate.
- 4.2 Valuation Bases, Assumptions and Methods to Derive the Value of Technical Provisions**
- Pursuant to a direction from the Bermuda Monetary Authority for a modified statutory filing per section 17 of the SAC Act, the Company is exempted in providing the technical provision calculation for the year ended 31 December 2025.
- 4.3 Recoverables from Reinsurance Contracts**
- Recoverables from reinsurance contracts are valued on a GAAP basis.
- 4.4 Valuation of Bases, Assumptions and Methods to Derive the Value of Other Liabilities**
- Similar to the valuation principles for assets, the Company's liabilities follow the valuations principles outlined by Bermuda Monetary Authority's "Guidance Notes for Commercial Insurers and Insurance Groups' Statutory Reporting Regime" which values liabilities on a fair value basis. Other liabilities are valued on a GAAP basis and settlements not expected to be settled within a year are discounted using the prescribed discount rates provided by the Bermuda Monetary Authority as at 31 December 2025.



- 4.5 Any Other Material Information** There is no other material information to report.

## 5. Section E – Capital Management

**5.1 Eligible Capital** **Capital Management Process to Determine Capital Needs, how Capital is Managed and Material Changes During the Reporting Period**

The primary capital management objectives of the Company are to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times.

**Eligible Capital Categorized by Tiers in Accordance with the Eligible Capital Rules**

The Company's general account is capitalized with USD 1,000 thousand comprising 120,000 voting common shares of par value USD 1 each and USD 880 thousand of contributed surplus.

At the end of the reporting period, the Company's statutory surplus was USD 539 thousand.

The Company's total Eligible Capital, classified entirely as Tier 1 capital, was therefore USD 1,539 thousand at the end of the reporting period.

**Eligible Capital Categorized by Tiers in Accordance with the Eligible Capital Rules Used to Meet the Enhanced Capital Requirement (ECR) and Minimum Margin of Solvency**

As the Company only participates in writing collateralized reinsurance contracts, the Authority has granted the Company a Minimum Margin of Solvency of USD 1,000 thousand, which is met by the Tier 1 capital of USD 1,539 thousand.

**Confirmation that Eligible Capital is Subject to Transitional Arrangements as Required by the Eligible Capital Rules**

Not applicable.

**Identification of any Factors Affecting Encumbrances Affecting the Availability and Transferability of Capital to Meet the ECR**

None.

**Identification of Ancillary Capital Instruments Approved by the Authority**

None.

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

There were no significant differences between the GAAP shareholders' equity and the available statutory capital and surplus other than the impact of employing statutory prudential filters to reduce the available statutory capital for prepayments.



**5.2 Regulatory Capital Requirements**

**The Amount of the ECR and Minimum Margin of Solvency MSM Requirements at the End of the Reporting Period**

At the end of the reporting period, the Company's regulatory Minimum Margin of Solvency was USD 1,000 thousand. The Enhanced Capital Requirement was not applicable.

**Identification of Any Non-Compliance with the Minimum Margin of Solvency and the ECR**

None.

**Description of the Amount and Circumstances Surrounding the Non-Compliance, the Remedial Measures Taken and their Effectiveness**

Not applicable.

**Where the Non-Compliance has not been Resolved, a Description of the Amount of the Non-Compliance**

Not applicable.

**5.3 Approved Internal Capital Model**

**Description of the Purpose and Scope of the Business and Risk Areas where the Internal Model is Used**

Not applicable.

**Where a Partial Internal Model is Used, a Description of how it is Integrated with the BSCR Model**

Not applicable.

**Description of Methods Used in the Internal Model to Calculate the ECR**

Not applicable.

**Description of Aggregation Methodologies and Diversification Effects**

Not applicable.

**Description of the Main Differences in the Methods and Assumptions Used for the Risk Areas in the Internal Model Versus the BSCR Model**

Not applicable.

**Description of the Nature and Suitability of the Data Used in the Internal Model**

Not applicable.

**Other Material Information**

None.

## 6. Section F – Significant Event

- |   |   |
|---|---|
| <b>6.1 Description</b>                          | <b>Subsequent Event</b><br>On 27 March 2026, Michael Dennis, Chief Executive Officer, departed from the Company. Robert Eastham, an existing Director, has been appointed to act in the capacity of Executive Director on an interim basis, ensuring continuity of executive management and governance. |
| <b>6.2 Dates of the Significant Event</b>       | Effective 27 <sup>th</sup> March 2026   |
| <b>6.3 Impact on Financial Condition Report</b> | The event has not had a material impact on the Company's financial condition, solvency, or risk profile.  |
| <b>6.4 Other Material Information</b>           | There is no other material information to report.   |



**7. Declaration of Financial Condition Report**

We, the undersigned Officers of the Company 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.

A handwritten signature in black ink, appearing to read "R. Eastham".

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Robert Eastham, Executive Director

Signed by:  
A digital signature in black ink, appearing to read "Roy Fellowes".  
E7F7F050219641F...

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Roy Fellowes, Non-Executive Director