



Partner Reinsurance Life Company of Bermuda Ltd.

Financial Condition Report

December 31, 2016

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1. SUMMARY

Partner Reinsurance Life Company of Bermuda Ltd. (the Company) is an exempt company incorporated under the laws of Bermuda with limited liability and is 100% owned subsidiary of Partner Reinsurance Company Ltd. (the Parent or PartnerRe Bermuda). The Parent is a wholly-owned subsidiary of PartnerRe Ltd. (PartnerRe or the Group), an international reinsurance group, and the ultimate parent company is EXOR N.V. (EXOR), a Dutch public limited liability company which is listed on the Milan stock exchange. The Company's principal office is located at 90 Pitt's Bay Road, Pembroke, Bermuda (telephone number: +1 441-292-0888).

This Financial Condition Report (FCR) is based on the Insurance (Public Disclosure) Rules 2015 which came into effect on January 1, 2016. These rules specify the requirement for commercial insurers to prepare an FCR and requires that it be made publicly available on the insurer's website. This report provides a discussion on the Company's Business and Performance (section 2) Governance Structure (section 3), Risk Profile (section 4), Solvency Valuation (section 5), Capital Management (section 6) and Significant Events (section 7).

PartnerRe is a leading global reinsurer, with a broadly diversified and balanced portfolio of traditional reinsurance and capital markets risks. PartnerRe Bermuda is one of four main operating companies world-wide within the PartnerRe group which also includes Partner Reinsurance Europe SE (PartnerRe Europe), Partner Reinsurance Company of the U.S. (PartnerRe U.S.) and Partner Reinsurance Asia Pte. Ltd. (PartnerRe Asia). The Group is organized into business units that may be comprised of business from one or more operating companies.

All figures provided in this report are in the Canadian dollar functional currency of the Company.

The Company's long-term objective is to manage a portfolio of diversified risks that will create shareholder value. Given that the Company's profitability in any particular period can be significantly affected by the level of large catastrophic losses or the impact of changes in interest rates on the fair value of investments, the Company's performance during any particular period is not necessarily indicative of its performance over the longer-term reinsurance cycle. Therefore, management assesses progress against this long-term objective over the reinsurance cycle.

Net income for the full year 2016 was \$7 million on a U.S. GAAP basis. See section 2 for a discussion of the Company's performance during the year.

The Company uses the standard Bermuda Solvency Capital Requirement (BSCR) model to assess the Enhanced Capital Requirement (ECR) or required statutory capital and surplus. The ECR and the Available Statutory Economic Capital and Surplus were \$18 million and \$166 million, respectively, at December 31, 2016. The Bermuda Solvency Capital Requirement Ratio at December 31, 2016 was 949%.

The Company's eligible capital by tier at December 31, 2016 was as follows (in millions of Canadian dollars):

	2016
Tier 1	\$ 166
Tier 2	—
Tier 3	—
Total	\$ 166

This report is primarily based on the Company's Economic Balance Sheet (EBS) as at December 31, 2016. In addition, certain sections include information based on the Company's December 31, 2016 Condensed General Purpose Financial Statements which have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

2. BUSINESS AND PERFORMANCE

2.1 BUSINESS

The Company was incorporated on April 3, 2014 under the laws of Bermuda and is registered under the Bermuda Insurance Act 1978 and Related Regulations, as amended, as a Class C insurer. The Company is licensed to write Life business and has exposure to Life risks through a 75% quota-share treaty with the Canadian branch of its parent. The long term risks assumed by the Company include mortality, longevity and health lines of business. Mortality treaties provide reinsurance coverage to primary life insurers and pension funds with respect to individual and group mortality and health risks. Longevity treaties provide reinsurance coverage to insurers who issue annuity contracts offering long-term retirement benefits to consumers who seek protection against outliving their financial resources. Mortality business is written primarily on a proportional basis through treaty arrangements.

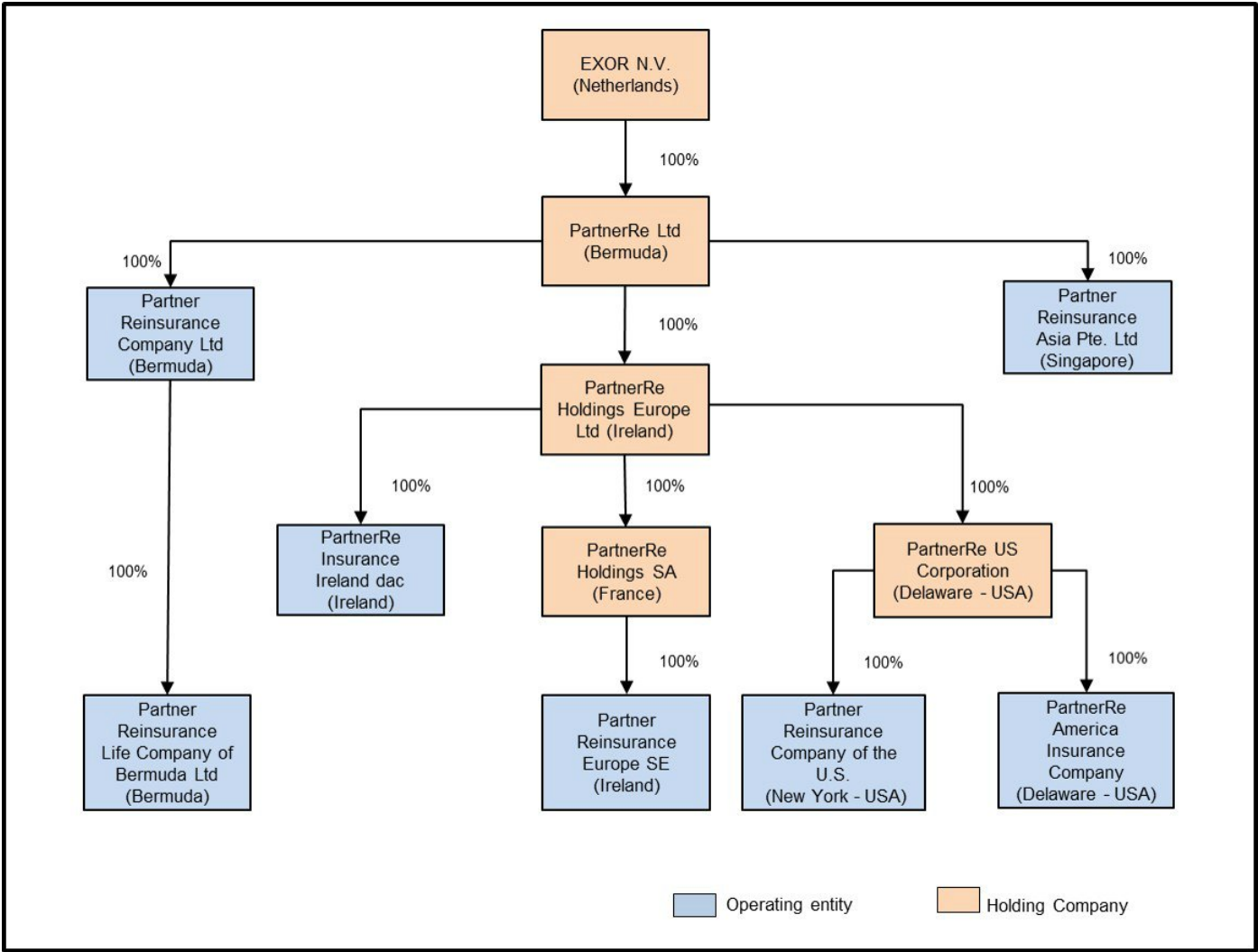
Effective July 1, 2014, the Parent entered into an Assumption Reinsurance Agreement with the Canadian Life branch of PartnerRe Europe. Under this agreement, the Canadian Life branch of PartnerRe Europe transferred all assets and liabilities related to its reinsurance business to the Parent's Canadian Life branch. In addition, effective July 1, 2014, under a Business Transfer Agreement, the Canadian Life branch of PartnerRe Europe transferred all other remaining business assets and liabilities to the Parent's Canadian Life branch. The Company assumes a portion of this business through its 75% quota share with its parent.

On August 2, 2015, PartnerRe entered into an Agreement and Plan of Merger (the Merger Agreement) with Exor N.V. (now known as EXOR Nederland N.V.), Pillar Ltd., a wholly-owned subsidiary of Exor N.V., and solely with respect to certain specified sections thereof, EXOR S.p.A. (now known as EXOR N.V.), a European investment company controlled by the Agnelli family, whereby Pillar Ltd. would be merged with and into PartnerRe, with PartnerRe continuing as the surviving company and a wholly-owned subsidiary of Exor N.V. (the Merger). On March 18, 2016, the acquisition was completed following receipt of all regulatory approvals. Each of PartnerRe's common share issued and outstanding immediately prior to the effective time of the Merger was cancelled and one common share at \$1.00 par value was issued to Exor N.V., representing 100% common share ownership of PartnerRe. Pursuant to the terms of the Merger Agreement, PartnerRe common shares are no longer traded on the NYSE. PartnerRe's preferred shares continue to be traded on the NYSE following the closing of the transaction.

On October 20, 2016, PartnerRe entered into a definitive agreement to acquire 100% of the outstanding ordinary shares of Aurigen Capital Limited (Aurigen), a North American life reinsurance company. The acquisition was subject to customary closing conditions including the receipt of required regulatory approvals and was completed on April 3, 2017. This acquisition enables PartnerRe to expand its life reinsurance footprint in Canada and the U.S. with limited overlap in market coverage.

On October 27, 2016, Exor N.V. changed its name to EXOR Nederland N.V. On December 10, 2016, EXOR S.p.A. merged with and into EXOR HOLDING N.V., a newly formed entity organized in the Netherlands. In conjunction with the merger, EXOR HOLDING N.V. was renamed EXOR N.V. EXOR N.V. is listed on the Milan Stock Exchange.

The following diagram is a simplified structure chart and includes the material related reinsurance and insurance entities in the Group:



See Appendix I for a detailed Group structure chart.

The Bermuda Monetary Authority (BMA) has chosen the Parent as the designated insurer for the purposes of Group Supervision, and the BMA currently acts as Group supervisor of PartnerRe and its subsidiaries. As Group Supervisor, the BMA is tasked with assessing the financial condition of the Group and coordinates the dissemination of information to other relevant competent authorities for the purpose of assisting in their regulatory functions and the enforcement of regulatory action against PartnerRe or any of its subsidiaries, including the power to impose restrictions on the ability of the relevant subsidiaries to declare dividends to PartnerRe. In addition, the Company is required to maintain the ECR imposed by the BMA under Bermuda law. Please refer to Appendix II for the contact details of the Group Supervisor and the approved auditor.

2.2 PERFORMANCE

The charts and financial information in this section are based on the Company's December 31, 2016 Condensed General Purpose Financial Statements prepared using U.S. GAAP.

2.2.1 TECHNICAL RESULT

Premiums

Gross premiums written and earned are based upon reports received from ceding companies, supplemented by the Company's own estimates of premiums written and earned for which ceding company reports have not been received. The determination of premium estimates requires a review of the Company's experience with cedants, familiarity with each market, an understanding of the characteristics of each line of business and Management's assessment of the impact of various other factors on the volume of business written and ceded to the Company. Premium estimates are updated as new information is received from cedants and differences between such estimates and actual amounts are recorded in the period in which the estimates are changed or the actual amounts are determined. Net premiums written and earned are presented net of ceded premiums, which represent the cost of retrocessional protection purchased by the Company. Premiums are earned on a basis that is consistent with the risks covered under the terms of the reinsurance contracts. Unearned premiums represent the portion of premiums written which is applicable to the unexpired risks under contracts in force.

Premiums related to individual life and annuity business are recorded over the premium-paying period on the underlying policies. Premiums on annuity and universal life contracts for which there is no significant mortality or critical illness risk are accounted for in a manner consistent with accounting for interest-bearing financial instruments and are not reported as revenues, but rather as direct deposits to the contract. Amounts assessed against annuity and universal life policyholders are recognized as revenue in the period assessed.

The Company's gross premiums written for the years ended December 31, 2016 and 2015 were \$35 million and \$47 million, respectively.

Life and Health Reserves

The liability for life and health reserves have been established based upon information reported by ceding companies, supplemented by the Company's actuarial estimates of mortality, critical illness, persistency and future investment income, with appropriate provision to reflect uncertainty. Future policy benefit reserves for annuity and universal life contracts are carried at their accumulated values. Reserves for policy claims and benefits include both mortality and critical illness claims in the process of settlement, and claims that have been incurred but not yet reported.

The Company's net incurred losses for the years ended December 31, 2016 and 2015 were \$30 million and \$21 million, respectively.

Technical Result

Technical result consists of net premiums earned less losses and loss expenses and acquisition costs. Technical result should not be considered a substitute for net income or loss and does not reflect the overall profitability of the business, which is also impacted by investment results and other items.

The Company's technical result for the years ended December 31, 2016 and 2015 was \$1 million and \$5 million, respectively.

2.2.2 INVESTMENT RESULT

Net Investment Income

Net investment income includes interest, dividends and amortization, net of investment expenses, generated by the Company's investment activities. Net investment income by asset source for the years ended December 31, 2016 and 2015 was as follows (in thousands of Canadian dollars):

	2016	2015
Fixed maturities	\$ 7,361	\$ 7,197
Short-term investments, cash and cash equivalents	1	6
Investment expenses	(561)	(418)
Net investment income	\$ 6,801	\$ 6,785

Because of the interest-sensitive nature of some of the Company's life products, net investment income is considered in management's assessment of the profitability of the Life and Health business. The following discussion includes net investment income from all investment activities, including the net investment income from Life and Health.

Net investment income increased in 2016 compared to 2015 due to higher income from fixed income securities, which was partially offset by higher investment expenses.

Net Realized and Unrealized Investment (Losses) Gains

Net realized and unrealized investment gains or losses include sales of the Company's fixed income securities and changes in net unrealized gains or losses.

The Company's portfolio managers have a total return investment objective, achieved through a combination of optimizing current investment income and pursuing capital appreciation. To meet this objective, it is often desirable to buy and sell securities to take advantage of changing market conditions and to reposition the investment portfolios. Accordingly, recognition of realized gains and losses is considered by the Company to be a normal consequence of its ongoing investment management activities. In addition, the Company records changes in fair value for substantially all of its investments as unrealized investment gains or losses in its income statement. Realized and unrealized investment gains and losses are generally a function of multiple factors, with the most significant being prevailing interest rates and credit spreads.

The components of net realized and unrealized investment (losses) gains for the years ended December 31, 2016 and 2015 were as follows (in thousands of Canadian dollars):

	2016	2015
Net realized investment gains on fixed maturities and short-term investments	\$ 1,925	\$ 772
Change in net unrealized investment (losses) gains on fixed maturities and short-term investments	(3,797)	3,752
Total net realized and unrealized investment (losses) gains.....	\$ (1,872)	\$ 4,524

2.2.3 OTHER INCOME AND EXPENSES

The components of net income for the years ended December 31, 2016 and 2015 were as follows (in thousands of Canadian dollars):

	2016	2015
Technical result:		
Life and Health	\$ 1,015	\$ 5,120
Investment result:		
Net investment income	6,801	6,785
Net realized and unrealized investment (losses) gains	(1,872)	4,524
Other components of net income		
Other expenses	(170)	(33)
Net foreign exchange (losses) gains	(110)	579
Net income	\$ 5,664	\$ 16,975

The decrease in net income in 2016 compared to 2015 was primarily due to the change from net realized and unrealized investment gains in 2015 to losses in 2016 and the reduction in the Life and Health technical result.

3. GOVERNANCE STRUCTURE

3.1 BOARD AND SENIOR EXECUTIVE

3.1.1 CORPORATE GOVERNANCE FRAMEWORK

The quarterly reports on Form 6-K and the annual report on Form 20-F filed by PartnerRe with the SEC include the consolidated results of PartnerRe and its subsidiaries and affiliates. The governance requirements established by Sarbanes-Oxley for the purpose of ensuring appropriate control, oversight and disclosure of matters of interest to all stakeholders are very much aligned with the Insurance Code of Conduct adopted by the BMA. The Company, as a registered (re)insurer under the laws of Bermuda, is regulated by the BMA and subject to the applicable laws and regulations under Bermuda law.

In considering the appropriate level of oversight for the Company we have looked at the overall governance structure of the Group. The Board of Directors of the Company (the Board) has established a comprehensive corporate governance framework which upholds the governance framework established at the Group level in order to ensure consistency of standards. The Company's corporate governance framework includes the following:

- the Company's Bye-Laws;
- PartnerRe's Code of Business Conduct and Ethics;
- PartnerRe's Enterprise Risk Management framework;
- PartnerRe's Group Subsidiary Corporate Governance Principles;
- Company's Audit Committee Charter; and
- Company's Risk Committee Charter.

Code of Business Conduct and Ethics

The Board has adopted PartnerRe's Code of Business Conduct and Ethics, which applies to all directors, officers and employees of the Company. Any specific waiver of its provisions requires the approval of both the Board and of PartnerRe's Board or a Committee of PartnerRe's Board, and any such waiver must be disclosed to PartnerRe's shareholders promptly. There were no waivers of the Code of Business Conduct and Ethics in 2016. Any reported violation to the Code of Business Conduct and Ethics will be investigated and may result in disciplinary action, as appropriate. The outcome of any investigation is shared with the Audit Committee of PartnerRe and may be shared with the Audit Committee of the Company if relevant and appropriate.

Meetings and Committee of the Board

The Board has established two standing committees an Audit and Risk Committee. Each committee has a charter that, among other things, reflects current best practices in corporate governance. Below is a brief description of the role of each committee.

Audit Committee

Pursuant to its charter, the Audit Committee's primary responsibilities are to assist Board oversight of:

- the Company's annual and periodic statutory filings and general purpose financial statements;
- the effectiveness of internal control and risk management processes and compliance on regulatory and legal matters;
- the independent auditor's qualifications and independence; and
- the performance of PartnerRe's internal audit function and independent auditors.

The Audit Committee regularly meets with management, internal audit and the Company's independent registered public accounting firm to review matters relating to the quality of financial reporting and internal accounting controls, including the nature, extent and results of their audits.

Risk Committee

Under the terms of its charter, the Risk Committee oversees the Company's risk management framework policies and practices as well as its capital management policies and processes. The Risk Committee has oversight responsibility for the Company's policies and activities related to:

- overall management of PRE Life Bermuda's risks pursuant to the business strategy and risk guidelines established by the Board;
- capital management including issuance and retirement of capital, declaration of dividends and internal capital movements; and
- oversight of the risk management function.

The Risk Committee regularly meets with management and with the Company's Chief Risk Officer to monitor and review the Company's risk management activities in light of the strategies approved by the Board.

The Board's Role in Risk Oversight

PartnerRe through its subsidiaries provides reinsurance and certain specialty insurance lines on a worldwide basis. Risks reinsured include, but are not limited to, property, casualty, motor, agriculture, aviation/space, catastrophe, credit/surety, engineering, energy, marine, specialty property, specialty casualty, multiline and other lines, mortality, longevity, accident and health and alternative risk products. The Group's alternative risk products include weather and credit protection to financial, industrial and service companies on a worldwide basis. The Company is licensed to write Life business and has exposure to Life risks through a 75% Quota-Share Treaty with the Canadian branch of its parent. The Company will also eventually provide PartnerRe with a legal entity to aggregate life reinsurance risks written in a variety of jurisdictions worldwide.

PartnerRe has a risk management framework that operates across the entire group. The framework is approved and monitored by the PartnerRe Board. The framework recognizes the needs and requirements of each operating entity within the group and the Chief Risk Officer of the Company has a dual reporting role, both to the Risk Committee of the Company and the centralized risk function at the Group level. The Company's Chief Risk Officer is responsible for ensuring appropriate risk monitoring and to discuss the Company's risk management framework and risk inventory.

As described above, PartnerRe has an enterprise risk management framework which looks across the Group. The Company's Risk Committee will link to PartnerRe's Group Enterprise Risk Committee to ensure consistency of practice and due consideration of operating entities within the Group. This linkage is established by having members of the Company's Risk Committee serving as members of PartnerRe's Group Enterprise Risk Committee. In addition, the Board has access to the Group Chief Risk Officer's reports prepared for the PartnerRe Board.

PartnerRe's Board sets both the risk appetite and return goals for the Group and the PartnerRe Board is responsible for setting the strategies and policies that both support execution of the Group strategy and are in the best interest of the Company. The PartnerRe Board remains responsible for oversight of the risk management and internal controls framework of the Company and has adopted a delegation of authority policy to manage and execute the day-to-day operations of the Company.

The Company utilizes the resources of the Group's internal audit function to ensure an independent review of the Company's internal control framework and risk management practices. The Audit Committee of the Company has access to internal audit activities, reports and findings and to all relevant reports for the Audit Committee of PartnerRe's Board. The Board has adopted an internal audit charter acknowledging that the internal audit function draws its authority from PartnerRe's Board. The Audit Committee of the Company reviews the annual Internal Audit Plan and has input to the Internal Audit planning process to ensure that specific Company needs can be addressed in the context of the Group internal audit plan.

3.1.2 REMUNERATION POLICY

Director Compensation

It was determined that none of the directors of the Company be entitled to receive compensation for his/her services as a director of the Company for the year ended December 31, 2016.

3.1.3 PENSION OR EARLY RETIREMENT SCHEMES

N/A

3.1.4 AGREEMENTS WITH RELATED PARTIES

Reinsurance Agreements

Effective July 1, 2014, the Parent entered into an Assumption Reinsurance Agreement with the Canadian Life branch of PartnerRe Europe. Under this agreement, the Canadian Life branch of PartnerRe Europe transferred all assets and liabilities related to its reinsurance business to the Parent's Canadian Life branch. In addition, effective July 1, 2014, under a Business Transfer Agreement, the Canadian Life branch of PartnerRe Europe transferred all other remaining business assets and liabilities to the Parent's Canadian Life branch. The Company assumes a portion of this business through its 75% quota share with its Parent. The Company has recorded a deferred gain of \$69.0 million and \$72.9 million, at December 31, 2016 and 2015, respectively, in its Condensed General Purpose Financial Statements related to this business.

3.2 FITNESS AND PROPRIETY REQUIREMENTS

3.2.1 FIT AND PROPER PROCESS IN ASSESSING THE BOARD AND SENIOR EXECUTIVE

Significant Board Practices

Advance Materials

Information and data important to the directors' understanding of the business or matters to be considered at a Board or committee meeting are, to the extent practical, distributed sufficiently in advance of the meeting to allow careful review. The Chairman and each committee sets a quarterly agenda in advance of all Board and committee meetings.

Access to Management

Directors have full and unrestricted access to management. In addition, key members of management attend Board meetings to present information about the results, plans and operations of the business within their areas of responsibility.

Access to Outside Advisers

The Board and its committees may retain external counsel or consultants on their own initiative. For example, the Audit Committee has the authority to retain and terminate the independent auditor.

3.2.2 PROFESSIONAL QUALIFICATIONS, SKILLS AND EXPERTISE OF THE BOARD AND SENIOR EXECUTIVES

Biographies of the Board of Directors of the Company:

William Babcock - Resigned as a director effective April 4, 2016

Mr. Babcock was Executive Vice President and Chief Financial Officer of PartnerRe Ltd., as well as a member of its Executive Committee. His group responsibilities included financial reporting and control, treasury and capital management, and tax as well as investor relations and IT. Mr. Babcock joined PartnerRe in August 2008. He brought 20 years of professional experience, both in public accounting and the reinsurance industry most recently as Chief Accounting Officer and Director of Financial Operations at Endurance Specialty Holdings Ltd and Chief Financial Officer of Endurance Reinsurance Corp. of America from 2002 through 2007. Before that, Mr. Babcock was an Underwriter at Converium Reinsurance Corp. of America from 1998 through 2002 and a Senior Manager at KPMG from 1990 through 1998. Mr. Babcock holds a B.S.C. Accounting from Wake Forest University and is a CPA.

Mario Bonaccorso - Director of effective April 4, 2016

Mr. Bonaccorso is a member of PartnerRe's Group Executive Committee and is responsible for PartnerRe's financial operations. Prior to joining PartnerRe, Mr. Bonaccorso served as Managing Director of EXOR for eight years where he was responsible for Investments and for the management of EXOR's portfolio companies. Prior to joining EXOR, Mr. Bonaccorso worked as a Research and Development Telecom Engineer at Qualcomm Inc., as an engagement manager at McKinsey&Co. and as Chief Investment Officer of Jupiter Finance. Born in Italy in 1976, Mr. Bonaccorso has a Master of Science cum laude in Telecommunications Engineering at Politecnico di Torino University and an MBA with honors from INSEAD. Mr. Bonaccorso has served on behalf of EXOR on the Board of Directors of Cushman & Wakefield, Banijay Holding and Banca Leonardo and currently serves as a director of EXOR SA.

Jose Lopez

Mr. Lopez is responsible for management and oversight of the financial reporting and control environment for the Company. Prior to re-joining PartnerRe in May 2009, Mr. Lopez was Vice President Financial Reporting and Vice President Investor Relations with XL Capital Ltd. from 2004 through 2009. From 2001 through 2004 Mr. Lopez was a Senior Manager of External Reporting at Bacardi Ltd. Before that Mr. Lopez was with PartnerRe from 1996 through 2001 where he progressed from a Senior Financial Accountant to Assistant Controller Investments. Mr. Lopez has a BS in Accounting from Illinois State University and is a CPA.

Joe Barbosa - Resigned as a director effective April 27, 2016

Mr. Barbosa was responsible for PartnerRe Group's treasury and cash management functions as well as acting as Treasurer of the Company. Mr. Barbosa joined PartnerRe in October 2001 as Assistant Group Treasurer; he was promoted to Treasurer in 2003. Prior to joining PartnerRe, Mr. Barbosa was with Fidelity International Ltd. from 1996 through 2001 where he was Controller and progressed to Senior Manager. From 1993 through 1996, Mr. Barbosa was an Audit Manager with the Bermuda government, Office of the Auditor General. Before that Mr. Barbosa was a Senior Staff Auditor with Deloitte & Touche from 1990 through 1993. Mr. Barbosa has a BBA (Hons) from York University and is a Chartered Accountant and Chartered Financial Analyst. Mr. Barbosa has resigned from PartnerRe and the role of Treasurer as of April 27, 2016.

Ryan Lipschutz - Director effective April 27, 2016

Mr. Lipschutz is responsible for the Group's foreign currency and collateral management functions as well as acting as Treasury Director of the Company. Mr. Lipschutz joined PartnerRe in April 2003 and has held various positions within the Treasury function including Assistant Treasurer and Investment & Treasury Analyst. He has been in his current role since 2010. Prior to joining PartnerRe, Mr. Lipschutz was an accountant with Tewksbury Capital Management (formerly Trout Trading Management Company) from 1998 through 2003. While Mr. Lipschutz was an auditor with Deloitte & Touche from 1993 through 1998, he successfully passed the Certified Public Accounting exam. Mr. Lipschutz holds a

B.A from Muhlenberg College and is Chartered Financial Analyst. Mr. Lipschutz has been Treasurer of the Company April 27, 2016.

Gemma Carreiro

Mrs. Carreiro joined PartnerRe in March 2014 as Associate General Counsel of Partner Reinsurance Company Ltd. ("PRCL"). In August 2017, she was promoted to General Counsel of PRCL and Secretary to the Board of PartnerRe. Mrs. Carreiro started her legal career with Cox Hallett Wilkinson in 2004 where she completed her pupillage and was promoted to Associate in 2005. In 2007, Mrs. Carreiro took up a position with Conyers Dill & Pearman Limited in their Corporate / Insurance department and was promoted to Senior Associate. Mrs. Carreiro holds a BA Law (Scots) from Napier University, a Post-Graduate Degree in Law and a Legal Practice Certificate from the College of Law, York and was called to the Bermuda Bar in August 2005. She is a practicing member in good standing of the Bermuda Bar Association.

David Outtrim - Resigned as a director effective February 6, 2017

Mr. Outtrim was responsible for the management of PartnerRe's worldwide finance team, the oversight of all group and legal entity financial reporting, planning and analysis, and the maintenance of accounting policies and controls. He joined PartnerRe in January 2007 as Group Controller and was promoted to Chief Accounting Officer in April 2010. Prior to that he served as Financial Controller of Quanta Capital Holdings Ltd from 2004 through 2006. From 1996 to 2004, Mr. Outtrim worked for the audit firm of KPMG where he progressed from Auditor to Senior Manager, working both in Europe and Bermuda. From 1993 to 1996, Mr. Outtrim worked for the audit firm of BDO in the United Kingdom. He holds a BA in Accounting and Finance from Nottingham Trent University and is a Fellow of the Institute of Chartered Accountants in England and Wales.

Biographies of Executive Management of the Company:

Wanda Mwaura - Principal Representative

Ms. Mwaura is the Chief Accounting Officer for the PartnerRe Group and is responsible for external reporting and accounting policy for SEC reporting, US GAAP and IFRS. Ms. Mwaura joined PartnerRe in October 2013 as the Head of External Reporting and Accounting Policy. Prior to that she was an Audit Partner in the Financial Services practice of Ernst & Young Bermuda, primarily responsible for audits of (re)insurance entities. Ms. Mwaura joined Ernst & Young Bermuda in January 1996 as a Staff Accountant and over the years was promoted to Senior, Supervisor, Manager, Senior Manager and Partner. During her career at EY, Ms. Mwaura led the audits and consulting engagements (including internal audit, internal control compliance and other special projects) for many insurance captives, SEC registrants and many other reinsurance and asset management clients. Ms. Mwaura has participated on numerous boards and committees over the years, including the Bermuda Insurance Institute, The Institute of Chartered Accountants of Bermuda (ICAB) and the Atlantic School of Chartered Accountants. She holds a Bachelor of Commerce degree from Dalhousie University, is a Canadian CPA, CPA (State of Maine), and is a member of CPA Bermuda (formerly ICAB).

Romain Bridet - Chief Actuarial Officer

Mr. Bridet is responsible for the management and oversight of the quarterly reserve processes and peer review of business unit reserve studies. He has over 10 years experience in the actuarial field and joined PartnerRe in August 2004 as a life pricing actuary, he was promoted to Team Leader of Life Pricing and Solution in September 2008 and in September 2011 he transitioned into Life reserving and became Team Leader of Life Economic Reporting. Mr. Bridet was appointed as Chief Reserving Actuary in September 2014. Mr. Bridet is a Member of the French Institute of Actuaries and became a Certified Enterprise Risk Actuary in 2010.

David Durbin - Chief Risk Officer - Retired March 31, 2017

Mr. Durbin was responsible for coordinating all risk management practices of the PartnerRe Group including aggregation and exposure control and the monitoring and maintenance of the group's risk management framework. Mr. Durbin joined PartnerRe in July 2006. Prior to joining PartnerRe he worked for Swiss Re Group, Armonk from 1997 through 2006, most recently as Executive Vice President and Global Head of Marine, Engineering, Aviation and Special Lines Products. From 1991 through 1997 Mr. Durbin was Chief Economist and Head of Research and Development for National Council

on Compensation Insurance Inc. Prior to 1991 Mr. Durbin was Senior Consultant with Milliman & Robertson Inc, an actuarial and economic consulting firm and was a Faculty Member of Rutgers University. He holds a BA in Economics from Union College, Schenectady, an MA in Economics from City University of New York, and a PhD in Economics from City University of New York.

Peter Antal - Chief Risk Officer - Appointed February 13, 2017

Mr. Antal joined PartnerRe in November 2016 as Head of Capital and Risk. Prior to joining PartnerRe, Mr. Antal worked with Swiss Re for over 20 years as a member of the Actuarial team culminating in his appointment as Chief Actuary of the Financial Services Business Group (Managing Director) and Head of the Actuarial Department. He was then promoted to Head of Product Strategy and finally held the title of Head of Risk Modeling for six years prior to leaving to take up the role at PartnerRe. Mr. Antal has a PhD in Mathematics from ETH (Swiss Federal Institute of Technology, Zurich), is a Chartered Financial Analyst and a Fellow of the Swiss Actuarial Society. He acts as an expert for the IMF and has lead several technical assistance missions in the Caribbean region and is fluent in German, English, French and Hungarian.

Greg Haft - Chief Underwriting Officer

Mr. Haft joined PartnerRe in June 2013 and is responsible for the effective management of the Catastrophe Underwriting function in Bermuda to successfully deliver agreed objectives as identified in the annual Catastrophe Business Unit Plan. He is a member of the Global Business Unit Catastrophe senior management team. Prior to joining PartnerRe, Mr. Haft was a Managing Director, US Cat Reinsurance and Outwards Re with Alterra Bermuda Limited from 2010 through 2013; Senior Vice President US and UK Cat Reinsurance with Harborpoint Re Bermuda from 2005 through 2010; Vice President and Actuary of Chubb Re Bermuda/Chubb Atlantic from 2002 through 2005 and Assistant Vice President and Actuary of Chubb & Son, Inc. from 1993 through 2002. Mr. Haft holds a B.S.c from the University of Michigan, Mathematics & Statistics, is a Fellow of the Casualty Actuarial Society and is a Certified Cat Risk Analyst.

Jose Lopez - Controller

See biography details above.

Joe Barbosa - Resigned as Treasurer effective April 27, 2016

See biography details above.

Ryan Lipshutz - Treasurer effective April 27, 2016

See biography details above.

Samantha Kyme - Secretary & Corporate Counsel - Resigned September 30, 2016

Mrs. Kyme was responsible for the legal and regulatory compliance function of PRE Life Bermuda. Mrs. Kyme joined PartnerRe in February 2008 as Corporate Counsel. Prior to joining PartnerRe, Mrs. Kyme was an associate with Appleby from 2006 through 2008. Mrs. Kyme holds a BA from Dalhousie University, a LLB (Hons) from the University of Kent, UK, and obtained her Legal Practice Certificate from the University of the West of England, Bristol, UK. Mrs. Kyme was called to the Bermuda Bar in 2006.

Gemma Carreiro - Secretary & Associate General Counsel

See biography details above.

3.3 RISK MANAGEMENT AND SOLVENCY ASSESSMENT

PartnerRe's Group Enterprise Risk Management framework outlines group-wide policies and procedures applicable to the Group and are cascaded down to its subsidiaries, including the Company. Therefore, the following sections include a description of what occurs at the Group level.

3.3.1 RISK MANAGEMENT PROCESSES AND PROCEDURES

In the reinsurance industry, the core of the business model is the assumption and management of risk. A key challenge is to create total shareholder value through the intelligent and optimal assumption and management of reinsurance and investment risks while limiting and mitigating those risks that can destroy tangible as well as intangible value, those risks for which the organization is not sufficiently compensated, and those risks that could threaten the ability of the Group to achieve its objectives. While many companies start with a return goal, the Group starts with a capital-based risk appetite and then looks for risks that meet its return targets within that framework. Management believes that this construct allows the Group to balance the cedants' need for certainty of claims payment with the common shareholder's and preferred shareholders' need for an adequate total return.

All business decisions entail a risk/return trade-off, and these decisions are applicable to the Group's risks. In the context of assumed business risks, this requires an accurate evaluation of risks to be assumed, and a determination of the appropriate economic returns required as fair compensation for such risks. In the context of other than voluntarily assumed business risks, the decision relates to comparing the probability and potential severity of a risk event against the costs of risk mitigation strategies. In many cases, the potential impact of a risk event is so severe as to warrant significant, and potentially expensive, risk mitigation strategies. In other cases, the probability and potential severity of a risk does not warrant extensive risk mitigation.

Successful risk management is the foundation of the Group's value proposition, with diversification of risks at the core of its risk management strategy. The Group's ability to succeed in risk assumption and business management is dependent on its ability to accurately analyze and quantify risk, to understand volatility and how risks aggregate or correlate, and to establish the appropriate capital requirements and limits for the risks assumed. All risks, whether they are reinsurance-related risks or capital market risks, are managed by the Group within an integrated framework of policies and processes to ensure the intelligent and consistent evaluation and valuation of risk, and to ultimately provide an appropriate return to shareholders.

The Group's results are primarily determined by how well the Group understands, prices and manages assumed risk. Management also believes that every organization faces numerous risks that could threaten the successful achievement of a company's goals and objectives. These include all factors which can be viewed as either strategic, financial or operational risks that are common to any industry, such as choice of strategy and markets, economic and business cycles, competition, changes in regulation, data quality and security, fraud, business interruption and management continuity.

The Group has a clearly defined governance structure for risk management. Executive Management and the Board are responsible for setting the overall vision and goals of the Group, which include the Group's risk appetite and return expectations. The Group's risk framework, including key risk policies, is recommended by Executive Management and approved by the Board. Each of the Group's risk policies relates to a specific risk and describes the Group's approach to risk management, defines roles and responsibilities relating to the assumption, mitigation, and control processes for that risk, and an escalation process for exceptions. Key policies are established by the Chief Executive Officer (CEO) and operating policies and risk controls at the next level down are established by Business Unit and Support Unit management as appropriate. Risk management policies and processes are coordinated by Group Risk Management and compliance is verified by Internal Audit on a periodic basis. The results of audits are monitored by the Audit Committee of the Parent's Board.

The Group utilizes a multi-level risk management structure, whereby critical exposure limits, return requirement guidelines, capital at risk and key policies are established by the Executive Management and Board, but day-to-day execution of risk assumption activities and related risk mitigation strategies are delegated to the Business Units and Support Units. Reporting on risk management activities is integrated within the Group's annual planning process, quarterly operations reports, periodic reports on exposures and large losses, and presentations to the Executive Management and Board.

Individual Business Units and Support Units employ, and are responsible for reporting on, operating risk management procedures and controls, while Internal Audit periodically evaluates the effectiveness of such procedures and controls.

3.3.2 IMPLEMENTATION OF RISK MANAGEMENT AND SOLVENCY SELF-ASSESSMENT SYSTEMS

3.3.2.1 Enterprise Risk Management Framework

To be successful and embedded within the organization, the Group's ERM framework integrates the following key components.

People and Skills

- Effective embedding of risk management across the organization and at all levels - recruitment, role profiles, objectives, appraisal, review, reward.
- Risk culture implemented across the entire organization, assessed periodically.
- Alignment of behaviors with risk adjusted performance.
- Flexible risk resources with ability to adapt with changing business priorities.
- Strong functional expertise and proactive review and challenge.
- Attract and retain qualified and skilled individuals.

Governance

- Comprehensive group wide risk governance framework designed to assess, mitigate and manage risk through a multi line of defense model providing for an effective balance of business control, oversight and assurance.
- Governance principles embedded in the values, behaviors and code of conduct throughout the organization.
- Oversight including insightful analysis and challenge by Group and Subsidiary boards on all key decisions.
- Group board and executive management interact effectively to deliver an agreed Group strategy.
- Organizational structure that encourages clear accountability and ownership aligned with legal entity structure.
- Legal Entity boards oversee execution of strategy consistent with local regulatory and governance requirements.

Risk Appetite

- Risk Preferences clearly articulated and approved by the Group Board.
- Well defined and consistent set of risk appetite statements in place across the Group for all key risk categories.
- Risk appetites at the group level which are set to manage both downside tail risk to large industry events as well as volatility in year to year earnings.
- Risk appetites set from an overall group perspective reflecting geographical and product line diversification and aggregation. These are then cascaded down to business unit and legal entities as appropriate.
- Actual risk positions monitored against risk appetite limits and integrated into risk reporting at Group, business unit and entity level board. Risk appetites updated where required.
- Tolerance limits and clear escalation processes and procedures in place.
- Flexibility to understand and evaluate new and emerging risks.

Risk Operations

- The business risk processes and internal control framework are key elements to the Enterprise Risk Management Framework and demonstrate the following qualities:
- Well documented risk management system and robust risk assessment and financial reporting processes integrated as part of our overall internal control framework.
- Clearly assigned and documented responsibilities for key risk controls within all functions.
- Review and challenge process applied to risk assessment outputs.
- Proactive measures for preventing unexpected future losses.

- Flexible and responsive to new and emerging risks and business change.
- Oversight and assurance of the effectiveness of internal control processes.
- Clear escalation when controls not appropriately followed.
- Clear plans for the remediation of any key control deficiencies.

Risk Monitoring and Management

- Risk based capital analysis supported by stress and scenario testing framework is used in decision making.
- Timely reporting providing for proactive and prospective decision making.
- Tolerance limits, triggers and monitoring tools embedded throughout the organization.
- Robust stress and scenario testing framework used for impact analysis.

Risk Management Information and Reporting

- Integrated reporting approach across performance measurement, strategic planning, risk and finance.
- Integrated processes for reporting all material risks and capital metrics.
- Clear and transparent reporting to external stakeholders including clients, investors, regulators and rating agencies.
- Ability to aggregate risk positions and provide common risk metrics.
- Common data definitions for underwriting performance, risk and investment data.
- Standardized systems and well controlled manual interfaces.
- Flexibility to integrate new reporting and business requirements.

3.3.2.2 SOLVENCY SELF ASSESSMENT (SSA)

Through its annual Risk Assessment process, PartnerRe identifies all the risks it is exposed to. Some risks are less quantifiable than others such as reputational risk or strategic risk. For the quantifiable risks, PartnerRe uses capital to cover them. For the non-quantifiable risks, PartnerRe qualitatively manages these risks through specific and robust processes, and considers a capital buffer add-on to handle these risks plus modeling uncertainties.

PartnerRe operates an enterprise risk management framework which entails management of risk at a Group level, which is then extended to each operating entity within the Group, including the Company. For purposes of the Company's SSA a legal entity dimension has been introduced which is consistent with the Group Capital Model (GCM) while taking into consideration the composition of the underlying business and risks of the Company on a stand-alone basis. In 2016, the Company has established a legal entity risk appetite statement which will be used together with the legal entity modeling results to finalize our view of own capital needs.

As such, the SSA quantitative framework is based on the key principles that follow. Note, given the basis of the legal entity model, we begin with the Group perspective, followed by the legal entity consideration of the Company.

Consistency with the Group Capital Model

The GCM provides PartnerRe's view on the sensitivity of the financial position to the main risks faced by the Company.

This model focuses on the impact on the Balance Sheet of the different entities of the Group related to the following risks: Non-Life Non Cat Underwriting risk, Nat Cat risk, Reserving risk, Life risk and Asset risk (Interest Rates risk, Spread risk, Market risk, FX risk).

Results are reported to the Executive Management, Enterprise Risk Committee and the Board of Directors, and model outputs are the basis for the external disclosure of the Nat Cat PML or for internal processes such as the capital allocation framework.

GCM outputs are the core basis of the SSA calculation framework.

Consistency with the Risk Appetite Framework

PartnerRe's Board of Directors annually reviews and agrees to a risk appetite framework that defines how much and how often the Company will tolerate economic losses during an annual period.

PartnerRe's Risk Appetite states the Group Board's tolerance level for the size and frequency of economic financial losses.

Our straightforward framework facilitates the monitoring of Available Economic Capital compared to Required Risk Capital. Available Economic Capital is the economic assessment by the Company of its Capital and includes debt at GAAP carrying value.

Modeled results are monitored and reported quarterly.

Link to the Resilience Strategy

Resilience is a key element in the PartnerRe strategy. Our risk appetite framework, and consequently our SSA framework, looks not only at being solvent after an extreme event or a financial year with extreme losses. The SSA also considers that the company can continue as a going concern over many years. That is the reason why our risk appetite framework aims at limiting, for example, the impact of a year with very adverse losses. This would allow the Company to pay all its outstanding claim liabilities and benefit from the improved pricing environment implied by a scenario with severe losses, with very limited (if any) need to raise additional capital.

PartnerRe's forward-looking view is anchored around its ability to withstand to extreme events and its ability to thrive in the years following the events, with business strategies adjusted appropriately.

Consistency with the Business Planning Process

Annually, PartnerRe defines its business strategy for the next underwriting year. The GCM is intimately connected to the business planning exercise, in an iterative process, with plan data as a major input to the capital model and certain risk/return and capital metrics from the GCM outputs being used to feed and refine the business plan assumptions and directions. Anchoring the SSA process around the GCM guarantees that the SSA is fully connected to the business planning process and to the business decisions that originate from the plan and from its execution.

No Management Actions Predefined

The SSA framework does not take into account any management actions that may be adopted in adverse circumstances, but lends itself to a discussion on possible management actions according to the outcome of the SSA process and to the circumstances prevailing at that time.

This SSA framework with the associated valuation base is considered as appropriate to reflect the risk profile of the company and its resilience to a variety of shocks, while complying with the requirement for a sound and prudent management of the business.

Resilience is a key element in the PartnerRe strategy, and by extension the Company's strategy. The Company defines its minimum required capital as the maximum of 1) 120% of the regulatory capital as determined based on the BSCR calculation and 2) the modeled VaR of 99.6% (i.e. 1 in 250-yr PML) of the 1-yr forward-looking Economic View of the

Legal Entity Model (including buffers for non-modeled risks). Currently, the binding constraint for the Company is driven by our Internal Capital Model view.

We note that due to the requirements of the Office of the Superintendent of Financial Institutions (“OSFI”), the agency responsible for the regulation of insurance companies in Canada, the Company holds and expects to continue to hold invested assets at a level such that the available capital is in significant excess of required capital. This is due to OSFI’s requirements of the Canadian Branch of the Parent. In order for the Parent’s reinsurance recoverable to be admissible for Canadian statutory purposes, the Company must have certain amounts of assets pledged as collateral. This coupled with the Group’s risk appetite framework, would allow the Company to pay all its outstanding claim liabilities and benefit from the improved pricing environment implied by a scenario with severe losses, with very limited (if any) need to raise additional capital.

3.3.3 RELATIONSHIP BETWEEN SOLVENCY NEEDS AND CAPITAL AND RISK MANAGEMENT SYSTEMS

The SSA framework is directly linked to outputs of the GCM. Embedded within the GCM is a correlation or dependency structure that quantifies the view on diversification within and across risk towers.

This dependency structure is reviewed yearly and discussed between Group Actuarial and Group Risk Management.

3.3.4 SOLVENCY SELF ASSESSMENT APPROVAL PROCESS

The capital model underpinning the solvency self assessment is subject to a regular cycle of validation. Validation provides evidence that a model works as planned and that it is a robust representation of prospective risk.

Each owner of a risk tower updates at least annually the documentation related to the assumptions and modeling techniques within its risk tower and reports the same to the Group Risk Officer who, in turn, reports to the Chief Risk & Actuarial Officer for review and sign-off.

In addition, annually, or more frequently if requested by the Enterprise Risk Committee, the Group Risk Officer is reviewing and assessing:

- how the CGM consolidates the component parts, and
- overall model results.

The result of these assessments is communicated to Chief Risk & Actuarial Officer for review and sign-off.

This assessment is mainly performed by analyzing:

- the dependencies observed between each pair of risk towers, measured as linear correlations of the entire FLDs of each risk towers;
- the tail correlation between the main risk towers;
- the different components of the expected financial results;
- the difference between modeled outputs and historical results.

3.4 INTERNAL CONTROLS

3.4.1 INTERNAL CONTROL SYSTEM

As stated earlier in the report, PartnerRe's Board, in its commitment to high standards of business conduct, has adopted various policies and guidelines to address key risk areas. These policies and guidelines are supported by detailed procedures as necessary.

The Group's internal control system covers a wide range of processes across the Group which includes, but is not limited to: underwriting; claims; investments; risk management and operational functions. Also included in the internal control system are the Company's SOX controls necessary to support its ongoing obligations as an SEC registrant to maintain effective internal controls over financial reporting. The internal control system has also been strengthened by the implementation of a software tool to provide enhanced governance over the Group's existing robust internal control framework as well as to provide enhanced reporting and a mechanism to enhance the collaboration between the Group's risk management, compliance and internal audit functions.

Each Group ERM Risk Policy is complemented by associated risk controls which contain the details of the various risk items, processes and controls that are implemented throughout the organisation to allow the mitigation of the risks associated with the Risk Policy.

PartnerRe's Board oversees the internal control system and is supported in the first instance by the Audit Committee and secondly by Internal Audit through the performance of a risk-based internal audit plan supporting its annual opinion on the Group's internal control system.

In addition to PartnerRe's Board, the Group's compliance function, finance function, actuarial function, risk management function and internal audit function are all key contributors to the governance and oversight of the Company's internal control system.

Chief Risk and Actuarial Officer ("CRAO")/Risk Management Function

The risk management function delivers the risk oversight within PartnerRe and provides the critical link between the operations within the business units and the overall PartnerRe governance framework.

The risk management function collaborates with the capital modelling team to evaluate, measure and report on the risks inherent in the PartnerRe business model. The Group's CRAO provides relevant feedback concerning risk assessment and measurement on a quarterly basis. The CRAO liaises directly with the Company's Board in this regard on a periodic basis.

Finance Function

The Company's finance function (which is led by PartnerRe's Chief Financial Officer) ensures:

- the accuracy of the Company's U.S. GAAP financial reports;
- the accuracy of the Company's annual statutory financial statements ;
- the Company is compliant with relevant accounting policies and standards;
- the Company is compliant with its regulatory financial reporting obligations to the BMA;
- the Company's maintains sufficient capital to meet business and regulatory requirements;

- monitoring of solvency ratios and calculations; and
- that the Company's capital and liquidity is managed as efficiently and effectively.

3.4.2 COMPLIANCE FUNCTION

The Group's Compliance function (which is headed by PartnerRe's Head of Legal & Compliance) comprises the Group's Legal & Compliance team together with jurisdictional compliance contacts. This function is responsible for ensuring the Company's compliance with regulatory requirements and legal obligations.

The strategic objectives of the Group's compliance function are:

- ensuring effective relationships with key regulators, industry groups and the Group in order to anticipate and manage new regulatory, legislative and industry developments;
- identifying and implementing appropriate policies and procedures to ensure compliance with regulatory and legislative obligations;
- identifying and reviewing existing regulatory and legislative requirements to determine that existing policies and procedures comply with obligations; and
- providing compliance risk management expertise to ensure business initiatives maintain compliance and achieve business objectives.

The Group's compliance framework ensures there is effective oversight of the activities of the Company taking into consideration the nature, scale and complexity of the business being conducted by it. This includes:

- identification of regulatory and legal obligations and requirements. These are identified by monitoring and documenting legal, regulatory and industry developments and liaising with the BMA (and other jurisdictional regulators as appropriate);
- development of an overarching compliance framework underpinned by detailed policies and procedures. The identified regulatory and legal obligations and requirements inform and shape the policies and procedures to be followed;
- robust monitoring and regular reporting in respect of the Company's compliance with such policies and procedures. Group Internal Audit, the Group's Chief Risk and Actuarial Officer and the Group risk management functions are key contributors to the assessment of the Company's compliance framework.

PartnerRe's Board receives quarterly updates from the Company's Legal & Compliance function in respect of monitoring the Company's compliance activities. Such reporting is designed to provide the Board with sufficient comfort that the Company has complied with all requisite regulatory and legal requirements and, where necessary, to highlight any occasions on which the Company has deviated (in a material and/or non-material manner) from such requirements.

3.5 GROUP INTERNAL AUDIT

The Corporate Audit Group (CAG) assists Senior Management and the Board of Directors in achieving their corporate objectives and discharging their duties and responsibilities. This is achieved through CAG's systematic and disciplined approach to evaluating and improving the effectiveness of the Company's internal control system. The CAG functions as an independent, objective assurance and advisory activity designed to add value and to assist in improving operations.

Based on testing performed as part of a risk-based internal audit program, the CAG provides the Board (via the Audit Committee) with reasonable assurance that:

- operations are effective and efficient;
- internal control over financial reporting is appropriately designed, reliable and operating effectively;

- there is compliance with laws and regulations;
- employee's actions are in compliance with internal policies, standards, procedures and application laws and regulations;
- the Company's assets are acquired economically, used efficiently and appropriately protected; and
- risks are appropriately identified and managed and the Company's risk management policies are consistently applied as documented.

Annually, CAG provides senior management and the Parent's Board with an overall opinion on the Group's internal control system.

Management is required to maintain an Anti-Fraud Program, which the Audit Committee oversees, as part of the requirements of the Sarbanes–Oxley Act of 2002. CAG conducts this program on behalf of management and reports the results to Management and the Audit Committee annually. As part of this program, CAG updates the Group's fraud risk assessment and test the controls annually.

3.6 ACTUARIAL FUNCTION

Reserving

The Group's actuarial function ensures:

- the Company has a robust and structured approach to estimating the Company's reserves and reserving considerations are integrated into key operations and strategic decision making;
- the Company complies with regulatory and financial requirements for the estimation and reporting of reserves within an appropriately controlled framework; and
- capital is appropriately attributed to business units for pricing purposes.

Capital modeling

The Group's Capital Modelling Function:

- builds, evolves and maintains the capital model to meet business requests and regulatory requirements. A single capital model is used across the group to meet various needs and purposes;
- discusses and challenges assumptions with internal stakeholders and subject matter experts in order to build a common understanding about risk;
- works with the business units to educate stakeholders regarding the capital model's assumptions, interactions, purposes and limitations; and
- attributes capital to business units for pricing purposes.

The actuarial function provides inputs to the risk scorecards produced by the risk management function. It also produces indications for premium and reserve capital factors used in pricing along with asset, reserve and non cat risk distributions.

3.7 OUTSOURCING

3.7.1 OUTSOURCING POLICY

The Company manages both internal and external outsourcing in accordance with all applicable regulatory requirements. Where appropriate, the Company has entered into Service Level Agreements which include an obligation on the parties to the contract to comply with all legal and regulatory obligations. The Company utilizes the expertise from other PartnerRe Group entities and jurisdictions (ie. subsidiaries and affiliates of the Group) for services from the key group functions including, underwriting and claims, actuarial and reserving, risk management, legal and compliance, finance and accounting, internal audit and investments. Third party outsourcings are limited and driven by strategic business decisions and/ or legal and regulatory obligations.

3.7.2 MATERIAL INTRA-GROUP OUTSOURCING

See section 3.7.1 - *Outsourcing Policy* above.

3.8 ANY OTHER MATERIAL INFORMATION

N/A

4. RISK PROFILE

4.1 MATERIAL RISKS

Strategic Risks

PartnerRe's Group Enterprise Risk Management framework outlines group-wide policies and procedures applicable to the Group and are cascaded down to its subsidiaries, including the Company. Therefore, the following discussion of strategic risks is a description of what occurs at the Group level.

Strategic risks are discussed and agreed to between the Group's CEO and the PartnerRe Board, and managed by the CEO, and include the direction and governance of the Group, as well as its response to key external factors faced by the reinsurance industry, such as changes in cedants' risk retention behavior, regulation, competitive structure, and macroeconomic, legal and social trends. Management considers that strong governance procedures, including a robust system of processes and internal controls are appropriate to manage risks related to its reputation and risks related to new initiatives, including acquisitions, new products or markets. The Group seeks to preserve its reputation through high professional and ethical standards and manages the impact of identified risks through the adoption and implementation of a sound and comprehensive assumed risk framework.

Assumed Risks

The Company has a 75% quota-share treaty with the Canadian branch of its parent and does not currently write any other business. Therefore, the Company's assumed risks are limited to the life business ceded from the Parent through this 75% quota-share. Please refer to the Parent's (Partner Reinsurance Company Ltd.) FCR for a detailed discussion of PartnerRe's assumed life risks.

4.2 RISK MITIGATION

See Section 4.1 - *Material Risks* above.

4.3 MATERIAL RISK CONCENTRATIONS

See Section 4.1 - *Material Risks* above.

4.4 INVESTMENT PHILOSOPHY

The Company follows prudent investment guidelines through a strategy that seeks to maximize returns while managing investment risk in line with the Company's overall objectives of earnings stability and long-term book value growth. A key challenge for the Company is achieving the right balance between current investment income and total returns (that includes price appreciation or depreciation) in changing market conditions. The Company regularly reviews the allocation of investments to asset classes within its investment portfolio and allocates investments to those asset classes the Company anticipates will outperform in the future, subject to limits and guidelines. Similarly, the Company reduces its exposure to asset classes where returns are deemed unattractive. The Company may also lengthen or shorten the duration of its fixed maturity portfolio in anticipation of changes in interest rates, or increase or decrease the amount of credit risk it assumes, depending on credit spreads and anticipated economic conditions.

4.5 STRESS TESTING OF MATERIAL RISKS

The Company performs stress testing for its material risks. In addition, some of the risk tolerance criteria set by the Board and monitored on quarterly basis are based on certain predefined extreme scenarios.

BSCR Model Stress Testing

The Company also performs stress-testing as prescribed in the BMA's BSCR model which tests the impact on the BSCR ratio after specified events. In addition, the BMA instructions also require the Company to estimate an insurer specific worst case scenario. For the purposes of the BSCR model, the worst case scenario is defined as two events: the BMA's 99th percentile asset event (a decrease of 40% in the value of equities, alternative investments and real estate combined with a general widening of credit spreads of 190 to 4,500 basis points) and a mortality deviation scenario (a 15% increase in adverse deviation of claims caused by insureds dying earlier than expected and/or with a higher death rate versus expected).

4.6 ANY OTHER MATERIAL INFORMATION

N/A

5. SOLVENCY VALUATION

The information in this section is based on the Company's Economic Balance Sheet as at December 31, 2016.

5.1 VALUATION OF ASSETS

Cash and Cash equivalents

Cash equivalents are carried at fair value in line with U.S. GAAP and include fixed income securities that, at purchase, have a maturity of three months or less.

Quoted Investments

Quoted investments are recorded in line with U.S. GAAP. The Company elects the fair value option for all of its fixed maturities, short-term investments, equities and certain other invested assets (excluding those that are accounted for using the cost or equity methods of accounting). All changes in the fair value of investments are netted off statutory economic capital and surplus. The Company defines fair value as the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company measures the fair value of financial instruments according to a fair value hierarchy that prioritizes the information used to measure fair value into three broad levels. The Company's policy is to recognize transfers between the hierarchy levels at the beginning of the period.

Investment Income Due

Investment income due and accrued are recorded at fair value in line with U.S. GAAP.

Reinsurance Balances Receivable

Reinsurance balances receivable are recorded at fair value in line with U.S. GAAP.

5.2 VALUATION OF TECHNICAL PROVISIONS

Life and Health Business

Technical provisions on an EBS basis comprise the sum of a best estimate and a risk margin.

The best estimate corresponds to the probability-weighted average of future cash flows, discounted using the relevant risk-free interest rate term structure. The cash flow projections used in the calculation of the best estimate takes into account all future cash in- and out-flows required to settle the insurance obligations attributable to the lifetime of the policy. The cash flows is based on unbiased current estimates. The methodologies applied to derive the cash flows differ for each of the separate lines of business:

- For the vast majority of long term business projections are performed using proprietary software based on seriatim data and best estimate assumptions are challenged against industry standards adjusted to reflect emerging experience. For the remainder of the long term business and short term business, a simplified approach is followed using the USGAAP reserves as starting point adjusted to remove margins for prudence;
- In practice, a loading on claims is used for Mortality products as an allowance for binary events not included in the data (pandemic event for example);
- Best estimate liabilities include allowance for business bound but not incepted (BBNI) taking into account the expected profits and the time value of money over the period until settlement of the relevant cash out-flows; and

- For each class of business, the best estimate includes an allowance for future direct and overhead expenses. The assumptions generally exclude expenses related to the acquisition of new business. The only exception is the BBNI business which include an allowance for acquisition expenses. Projected expenses also include an allowance for inflation.

The risk margin reflects the uncertainty associated with the probability-weighted cash flows. The Cost-of-Capital approach is used under the following guidelines:

- The cost-of-capital rate used is 6% as specified by the BMA;
- The calculation reflects Bermuda regulatory capital requirements calculated using the Bermuda Statutory Capital Requirement (BSCR) capital factors; the BSCR for longevity risks has been adjusted to reflect an underestimation of the BSCR for longevity swap arrangements;
- The calculation covers the full period needed to run-off the insurance liabilities and is discounted using the risk-free discount curve;
- The risks taken into account are insurance risk, counterparty credit risk and operational risk; and
- The Company takes credit for diversification between lines of business and risk types consistent with the assumptions underlying the BSCR model.

5.3 RECOVERABLES FROM REINSURANCE CONTRACTS

N/A

5.4 VALUATION OF OTHER LIABILITIES

Insurance and Reinsurance Balances Payable

Reinsurance Balances Payable

Reinsurance Balances Payable are recorded in line with U.S. GAAP. See section 5.1 *Valuation of Assets—Reinsurance Balances Receivable*.

Amounts due to Affiliates

Amounts due to affiliates are recorded in line with U.S. GAAP and represent liabilities incurred in normal course of business.

Accounts Payable and Accrued Liabilities

Accounts payable are recorded in line with U.S. GAAP and represent trade payables incurred in the normal course of business.

Sundry Liabilities

Balances Payable for Purchase of Investments

Balances payable for purchase of investments are recorded in line with U.S. GAAP and include gross payable balances for securities purchased of \$543 thousand and gross receivable balances for securities sold of \$452 thousand at December 31, 2016.

5.5 ANY OTHER MATERIAL INFORMATION

See section 6.1.7 for a reconciliation of the Company's shareholders' equity as per the Company's financial statements prepared using U.S. GAAP to Statutory Economic Capital and Surplus as calculated under EBS.

6. CAPITAL MANAGEMENT

6.1 ELIGIBLE CAPITAL

6.1.1 CAPITAL MANAGEMENT PROCESS

Capital Adequacy

A key challenge for management is to maintain an appropriate level of capital. Management's first priority is to hold sufficient capital to meet all of the Company's obligations to cedants, meet regulatory requirements and support its position as one of the stronger reinsurers in the industry. Management closely monitors its capital needs and capital level throughout the reinsurance cycle and in times of volatility and turmoil in global capital markets actively takes steps to increase or decrease the Company's capital in order to achieve an appropriate balance of financial strength and shareholder returns. Capital management is achieved by either deploying capital to fund attractive business opportunities, or in times of excess capital and times when business opportunities are not so attractive, returning capital to its common shareholder by way of dividends.

Capital Resources Management

As part of its long-term strategy, the Company will seek to grow capital resources to support its operations throughout the reinsurance cycle, maintain strong ratings from the major rating agencies and maintain the unquestioned ability to pay claims as they arise. The Company may also seek to restructure its capital through the repayment or purchase of debt obligations, or increase or restructure its capital through the issuance of debt, when opportunities arise.

6.1.2 ELIGIBLE CAPITAL BY TIER

The Company's eligible capital by tier at December 31, 2016 was as follows (in millions of Canadian dollars):

	2016
Tier 1	\$ 166
Tier 2	—
Tier 3	—
Total	\$ 166

Tier 1 capital includes statutory economic surplus, capital stock and contributed surplus.

6.1.3 ELIGIBLE CAPITAL APPLIED TO ENHANCED CAPITAL REQUIREMENT (ECR) AND MINIMUM SOLVENCY REQUIREMENT (MSM)

The Company's eligible capital applied to the ECR and MSM by tier at December 31, 2016 was as follows (in millions of Canadian dollars):

	Applied to MSM	Applied to ECR
Tier 1	\$ 166	\$ 166
Tier 2	—	—
Tier 3	—	—
Total	\$ 166	\$ 166

6.1.4 TRANSITIONAL ARRANGEMENTS

N/A

6.1.5 ENCUMBERANCES ON CAPITAL

N/A

6.1.6 ANCILLARY CAPITAL

N/A

6.1.7. RECONCILIATION OF SHAREHOLDER'S EQUITY TO AVAILABLE CAPITAL AND SURPLUS

The following table compares shareholder's equity as per the Company's Condensed General Purpose Financial Statements to Statutory Economic Capital and Surplus as calculated under EBS:

PARTNER REINSURANCE LIFE COMPANY OF BERMUDA LTD.
FINANCIAL CONDITION REPORT DECEMBER 31, 2016

December 31, 2016

(in thousands of Canadian dollars)

U.S. GAAP Shareholder's Equity	\$ 121,540
Deferred Gain ¹	68,976
Statutory Capital and Surplus (Form 1)	190,516
EBS Adjustments ²	(24,313)
Statutory Economic Capital and Surplus (Form 1EBS)	\$ 166,203

1. In 2014 the Parent entered into an Assumption Reinsurance Agreement with an affiliate which resulted in a net gain being recognized in the Parent's 2014 statutory financial statements. A portion of this gain was transferred to the Company through its 75% quota share with its parent. For U.S. GAAP purposes this gain was deferred. A liability of \$69 million is recorded in the Company's December 31, 2016 condensed general purpose balance sheet related to this deferred gain.
2. EBS adjustments include an increase in Life technical provisions of \$9 million (see section 5.2 for a detailed explanation of the valuation of life technical provisions) and a decrease in deferred acquisition costs (DAC) of \$15 million. (On an EBS basis DAC is implicitly included in premium provisions and is not reflected as an asset.)

6.2. REGULATORY CAPITAL REQUIREMENTS

The Company's ECR and MSM at as December 31, 2016 were \$18 million and \$5 million, respectively. As at December 31, 2016, the Company's solvency, liquidity and risk-based capital levels were in excess of the minimum levels required.

6.3 APPROVED INTERNAL CAPITAL MODEL

N/A

6.4 ANY OTHER MATERIAL INFORMATION

N/A

7. SUBSEQUENT EVENTS

Aurigen

On April 3, 2017, after receiving all necessary regulatory approvals, PartnerRe completed the acquisition of 100% of the outstanding ordinary shares of Aurigen Capital Limited for CAD 375 million (or approximately \$286 million).

8. DECLARATIONS

We, the Director and Chief Risk Officer of Partner Reinsurance Life Company of Bermuda Ltd. do hereby certify that to the best of our knowledge and belief, this financial condition report fairly represents the financial condition of Partner Reinsurance Life Company of Bermuda Ltd. in all material respects.

DIRECTOR

/S/ JOSE LOPEZ

Jose Lopez

June 22, 2017

Date

CHIEF RISK OFFICER

/S/ PETER ANTAL

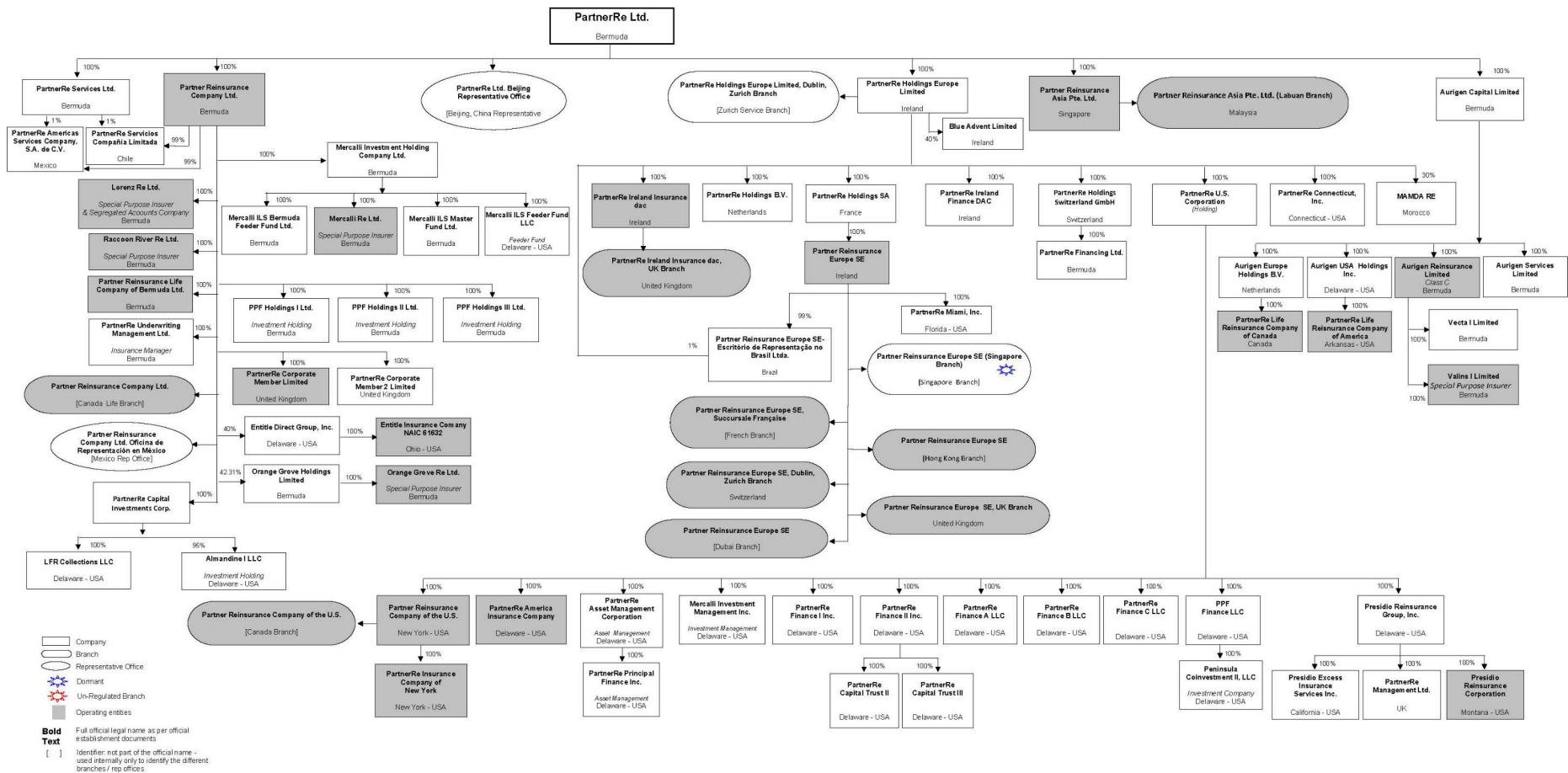
Peter Antal

June 22, 2017

Date

APPENDIX I

at April 3rd, 2017 v2
(addition of Aurigen Companies)
(PartnerRe Holdings Ireland Limited dissolved on 24
Mar 17)



Appendix II

Contact Details

Group supervisor:

Organization: Bermuda Monetary Authority
Jurisdiction: Bermuda
Phone Number: 1(441)295 5278

Approved group auditor:

Organization: Ernst & Young
Jurisdiction: Bermuda
Phone Number: 1(441)295 7000