



**HAMILTON**  
INSURANCE GROUP

# **FINANCIAL CONDITION REPORT**

**For the Year Ended December 31, 2016**

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# Business and Performance

a. Name of the insurance group and designated insurer	Insurance Group: Hamilton Insurance Group, Ltd. Designated Insurer: Hamilton Re, Ltd.
b. Name and contact details of the insurance supervisor and group supervisor	Bermuda Monetary Authority (the “Authority”) Jurisdiction – Bermuda insuranceinfo@bma.bm 1 (441) 295-5278  <i>(The Authority is both insurance and group supervisor)</i>
c. Name and contact details of the approved auditor	Ernst & Young Ltd. 3 Bermudiana Road Hamilton HM 08 Bermuda Craig Redcliffe ernst.young@bm.ey.com 1 (441) 295-7000
d. Description of the ownership details, including proportion of ownership interest	Hamilton Insurance Group, Ltd. – 90 shareholders as of December 31, 2016 (see <a href="#">Appendix A</a> )  Hamilton Re, Ltd. - 100 percent owned by Hamilton Insurance Group, Ltd. (see <a href="#">Appendix B</a> )
e. Group structure chart detailing the group structure	See <a href="#">Appendix B</a>
f. Insurance business written by line of business and by geographic region	See <a href="#">Appendices D</a> and <a href="#">E</a>
g. Performance of investments and material income and expenses for the reporting period	See <a href="#">Appendices F</a> and <a href="#">G</a>
h. Any other material information	Not applicable

# Governance Structure

## A. BOARD AND SENIOR EXECUTIVE

### i. Board and Senior Executive Structure, Role, Responsibilities and Segregation of Responsibilities

The Board of Directors of Hamilton Insurance Group, Ltd. (the “Group Board”, with Hamilton Insurance Group, Ltd. identified as “Hamilton Group,” and reference to the entire Hamilton group of entities being the “Group”) has responsibility for all strategic and material operational decisions of the Group, inclusive of oversight of its Subsidiaries (as defined below). The boards of directors or equivalent of the legal entities shown in [Appendix B](#) (which comprise the “Subsidiaries” in the Group’s Bermuda, US and UK operating platforms, including the Group’s designated insurer in Bermuda, Hamilton Re, Ltd. (“Hamilton Re”)) have responsibility for those matters affecting those entities not assigned to the Group Board under the Bye-laws of Hamilton Group.

The Group Board is responsible for setting strategies and policies and overseeing corporate governance, risk management and the internal controls framework. The Group Board is comprised of eleven members, ten of whom are non-executives, as identified in [Appendix H](#). The Group Board has formed the following standing Committees: the Underwriting and Risk Committee, the Investment Committee, the Finance and Governance Committee, the Audit Committee, and the Compensation and Personnel Committee (collectively, the “Committees”). The Group Board and Committees generally meet on a quarterly basis.

The Group Board delegates the management of the operations of Hamilton Group and its Subsidiaries to the Group Chief Executive Officer and other members of executive management. This includes the development and implementation of internal controls, budgets, and strategic issues, subject to the oversight of the Group Board (and its Committees). Management reports directly to the Group Board on at least a quarterly basis.

Hamilton Re has “delegated up” to the Group Board (and its Committees) certain corporate governance functions. The Group Board members, through their presence on the Committees, oversee the frameworks in place related to corporate governance, internal controls, finance, underwriting, investment, claims and risk management functions for Hamilton Re (as well as other Subsidiaries). For example, this would include the development and oversight of underwriting guidelines and the internal audit process for Hamilton Re. As a result of the reporting at the regular Group Board and Committee meetings described herein, the Group Board has sufficient knowledge of Hamilton Re’s business to ensure that adequate policies and procedures are implemented by Hamilton Re. As a function of this knowledge, no separate governance committees have been established by Hamilton Re.

See [Appendix I](#) for a list of officers of Hamilton Group and a description of their positions and responsibilities.

See [Appendix J](#) for a list of directors of Hamilton Re.

See [Appendix K](#) for a list of officers of Hamilton Re and a description of their positions and responsibilities.

### ii. Remuneration Policy

The Group Compensation and Personnel Committee has developed a remuneration program that includes fixed annual base salary, competitive employee benefits, and the opportunity to earn annual cash incentive awards and long-term (equity) awards based on Group and individual performance.

The compensation program is designed to provide a balanced mix of salary, annual incentive compensation, and long-term incentive compensation, the realisation of which depends upon the attainment of a range of performance metrics. The mix of types of compensation is not overly weighted toward a single form of compensation, or inappropriately designed to overly encourage short-term financial results or unbalanced operational execution, and instead promotes the pursuit of long-term financial performance, enterprise-wide, prudent risk management, and stewardship of capital.

Long-term incentive compensation aligns management and shareholder interests and is an important tool for talent retention. The Group's long-term plan currently consists of Restricted Stock Units (RSUs) that vest over a three-year term based on service. In addition, beginning in 2017, a portion of the RSU awards for certain senior executives will be subject to underwriting performance-based vesting conditions.

The Group's compensation for directors is weighted toward share awards, which may constitute up to 100 percent of a director's compensation at his or her election, in accordance with established policies approved by the Group Board.

The Group Compensation Committee reviews the material terms of the Group's compensation program at least annually, in light of the Group's strategic and business plans, which includes periodic peer-group compensation comparisons.

### **iii. Pension or Early Retirement Schemes for Members, the Board and Senior Executives**

Hamilton Group and Hamilton Re have adopted defined contribution pension plans and contribute a percentage of pensionable earnings on behalf of all eligible employees. Employees may elect to make additional voluntary contributions into their applicable pension plan. The funds are then invested into fund options chosen by the specific employee, and are administered by a third-party advisor.

There is no supplementary pension or early retirement scheme for members, the Group Board, the boards of directors of the Subsidiaries, or senior executives.

### **iv. Shareholder Controllers, Persons Who Exercise Significant Influence, the Board or Senior Executive Material Transactions**

Two Sigma Hamilton Fund, LLC ("TS Hamilton Fund"), a Delaware limited liability company, was formed in October 2013. Hamilton Re entered into a limited liability company agreement with TS Hamilton Fund and Two Sigma Principals, LLC as the managing member of TS Hamilton Fund (the "Managing Member"). Hamilton Re has committed to invest all of its investable assets in TS Hamilton Fund, other than a portion thereof that it holds in cash and cash equivalents as a liquidity buffer. TS Hamilton Fund has engaged Two Sigma Investments, LP ("Two Sigma"), a Delaware limited liability company and a related party, to serve as its investment manager for a term ending on December 31, 2019. Two Sigma is a United States Securities and Exchange Commission ("SEC")-registered investment adviser specialising in quantitative analysis.

Hamilton Group is party to a services agreement with Two Sigma, under which Hamilton Group and its Subsidiaries receive certain advisory services. The agreement, as amended on March 8, 2016, continues for a term of two years, unless earlier terminated by either party. Hamilton Group has agreed to pay \$250,000 per year in consideration of the contracted services.

## **B. FITNESS AND PROPRIETY REQUIREMENTS**

### **i. Fit and Proper Process in Assessing the Board and Senior Executives**

The Group Finance and Governance Committee, is charged with overseeing the selection of new directors in accordance with documented qualifications. The Group Board undertakes an annual self-assessment to determine the effectiveness of the Group Board and its Committees.

All prospective employees, both for Hamilton Group and its Subsidiaries, undergo a diligence and interview process. Group Board approval is required for employment of the Chief Executive Officer of the Group and his or her direct reports. An annual performance management process is undertaken in accordance with established policies approved by the board of directors of the Subsidiaries and the Group Board.

### **ii. Board and Senior Executives Professional Qualifications, Skills, and Expertise**

#### **Hamilton Group Board of Directors**

##### **Bill Freda**

##### ***Chairman, Audit Committee Chair***

Bill Freda concluded his distinguished career at Deloitte LLP in 2014, having worked for the firm for 40 years following his graduation from Bentley University in Waltham, Massachusetts.

At Deloitte, Bill served on a wide range of multinational engagements, interacting with clients' audit committees, boards of directors and senior management to address critical strategic issues.

Bill's many senior positions at Deloitte included Chairman of the Risk Committee and the Audit Committee of Deloitte Touche Tohmatsu Limited's Board of Directors, Managing Partner of Deloitte's U.S. client initiatives, and Regional Managing Partner of the Northeast, Deloitte's largest U.S. region.

Bill is involved in many industry associations and community organizations, including the Board of Trustees of Bentley University. He is a member of the Board of Directors of The Guardian Life Insurance Company of America and State Street Corporation.

##### **David Brown**

##### ***Interim Group CEO, Finance & Governance Committee Chair***

David Brown served as the Chief Executive Officer of Flagstone Reinsurance Holdings Ltd. from its foundation in October 2005 until November 2012. David previously served as Chief Executive of Centre Solutions from 1994 until 1997.

Before joining Centre Solutions, David was a Partner with Ernst & Young. He has been Chairman of the Board at the Bermuda Stock Exchange since 2000.

David is a Fellow of the Institute of Chartered Accountants in England and Wales. He is also a member of the Institute of Chartered Accountants of Bermuda.

## **John Overdeck**

### ***Underwriting and Risk Committee Chair***

John Overdeck is a co-founder of Two Sigma. John began his career at D.E. Shaw & Co, where he rose to Managing Director. While at D. E. Shaw, he directed the firm's Japanese equity and equity-linked investments and supervised the firm's London investment management affiliate. Following D.E. Shaw and before starting Two Sigma, John spent two years at Amazon.com, first serving as Vice President and technical assistant to Amazon.com founder Jeff Bezos. He went on to lead customer relationship management at Amazon.com, directing Amazon's renowned personalization, community, and targeted marketing features and technology. He also led critical efforts to make Amazon's customer technology more scalable.

A lifelong math enthusiast, John won a silver medal for the United States in the 27th International Mathematics Olympiad. He earned a B.S. in Mathematics (with distinction) and a M.S. in Statistics from Stanford University. In addition to his family's charitable activities, John also serves on the boards of the Robin Hood Foundation, the Institute for Advanced Study and is the Vice Chair of the National Museum of Mathematics.

## **Tom Hill**

### ***Investment Committee Chair***

Tom Hill is President and Chief Executive Officer of Blackstone's Hedge Funds Solutions Group, a Vice Chairman of The Blackstone Group and a member of the Board of Directors of Blackstone Group Management LLC, the general partner of Blackstone Alternative Asset Management (BAAM).

Tom previously served as Co-Head of the Corporate and Mergers and Acquisitions Advisory Group before assuming his role as CEO of BAAM. In his current role, Tom oversees the day-to-day activities of the group, including investment management, client relationships, marketing, operations and administration.

Tom is a member of the Board of Directors of Patria Investment Limited. He also serves as a member of Blackstone's Management Committees.

Before joining Blackstone in 1993, Tom began his career at First Boston, later becoming one of the Co-Founders of its Mergers & Acquisitions Department. After running the Mergers & Acquisitions Department at Smith Barney, he joined Lehman Brothers as a partner in 1982, serving as Co-Head and subsequently Head of Investment Banking. Later, he served as Co-Chief Executive Officer of Lehman Brothers and Co-President and Co-COO of Shearson Lehman Brothers Holding Inc.

Tom is a graduate of Harvard College and Harvard Business School. He is a member of the Council on Foreign Relations where he chairs the Investment Committee and serves on the Council's Board of Directors. He serves on the Board of The Metropolitan Museum of Art, the Telluride Foundation, the Advantage Testing Foundation, the Smithsonian Institute and of Our Lady Queen of Angels School, a parochial school (K-8th grade) in Spanish Harlem. He is a member of the Directors of Advantage Testing, Inc.

## **David Siegel**

### ***Compensation and Personnel Committee Chair***

David Siegel is a co-founder of Two Sigma. Prior to co-founding Two Sigma, David was Chief Technology Officer and Managing Director at Tudor Investment Corporation. After earning his doctorate, David joined D. E. Shaw & Co. and rose to become the company's first chief information officer. While at D. E. Shaw & Co., he founded and served as president of FarSight Financial Services, the world's first integrated personal financial services website, which was acquired by Merrill Lynch. A graduate of Princeton University, David received a PhD in computer science from Massachusetts Institute of Technology, where he studied at its Artificial Intelligence Laboratory. David has had a lifelong interest in building intelligent computational systems and continues to actively pursue this mission at Two Sigma today.

He currently sits on the Board of Directors of the Scratch Foundation, NYC FIRST and NAF. In addition, David is a trustee of Carnegie Hall, an Executive Advisory Committee Member of the NSF/MIT Center for Brains, Minds & Machines and an advisory board member of Stanford's Center on Philanthropy and Civil Society.

David is also a member of the Cornell Tech Board of Overseers, a member of the Robin Hood Education and Technology Advisory Board and a member of the Corporation Visiting Committee for the MIT Media Laboratory.

## **Mark Barrenechea**

### ***Board Member***

Mark Barrenechea, a veteran of Silicon Valley's technology sector, is Chief Executive Officer and Chief Technology Officer of OpenText, Canada's largest software company and a member of its Board of Directors. He is the author of *eBusiness or out of Business*, *Software Rules*, and *On Digital*. In 2015, he was named Top New CEO of the Year by Canadian Business magazine.

Mark joined OpenText in 2012 from Silicon Graphics International Corporation where he was President and Chief Executive Officer as well as a member of the Board. His three decades in the technology industry include eight years as Vice President, Technology and Business Development at Tesseract Corporation, a provider of mainframe-based human resources, payroll and benefits software, and six years at Oracle, where he was Senior Vice President of Applications Development and a direct report to Larry Ellison. He has also held executive level positions at CA Technologies, Inc.

Mark has also authored *eGovernment or Out of Government* and *Enterprise Information Management: The Next Generation of Enterprise Software*, and is the co-author of *Digital: Disrupt or Die*.

His other awards include being named Best Large Company CEO by the *San Francisco Business Times* in 2011 and Results-Oriented CEO of the Year (2015) by the CEO World Awards.

Mark holds a Bachelor of Science degree in Computer Science from Saint Michael's College, Colchester, Vermont. He currently serves as a member of the Board and Audit Committee of Dick's Sporting Goods.

**Brad Cooper*****Board Member***

Brad Cooper is Managing Partner and a founding partner of Capital Z Partners, a private equity fund focused on investing in the financial services sector. Prior to founding Capital Z in 1990, Brad was an investment banker in the Financial Institutions Group of Salomon Brothers.

Brad currently serves as a director of several portfolio companies.

Brad received a Bachelor of Business Administration (BBA) from the University of Michigan.

**Russ Fradin*****Board Member***

Russ Fradin is an operating partner of Clayton, Dubilier & Rice. He served as President and Chief Executive Officer at SunGard Data Systems, a \$3 billion software and IT services provider with 15,000 customers across more than 70 countries, from 2011 until the company's acquisition by FIS in November 2015.

Prior to SunGard, Russ served as Chairman and Chief Executive Officer of Aon Hewitt, a global leader in human resource solutions. During his tenure, Mr. Fradin oversaw the successful September 2010 merger between Aon Consulting and Hewitt Associates, having been Chief Executive Officer of Hewitt since 2006.

Previously, Russ was Chief Executive Officer of the BISYS Group and held a range of senior executive positions at Automatic Data Processing, both providers of business outsourcing solutions. He worked many years as a management consultant at McKinsey & Company, where he was a senior partner.

Russ is a Lead Director of Best Buy, Chairman of Tranzact, Chairman of Capco, a member of the Board of Governors of the International Tennis Hall of Fame and President, Woodridge Lake Conservancy.

Russ holds a Master's of Business Administration degree from Harvard Business School and a Bachelor of Science degree in Economics and Finance from The Wharton School at the University of Pennsylvania.

**Joan Lamm-Tennant*****Board Member***

Joan Lamm-Tennant is Chief Executive Officer of Blue Marble Microinsurance, an industry collaborative announced in January 2015 to provide protection to the underserved.

Prior to joining Blue Marble, Joan was Global Chief Economist and Risk Strategist of Guy Carpenter & Company, LLC. Joan holds a PhD. in Finance and Investments from the University of Texas, Austin, Texas. In addition, she holds an MBA in Finance from St. Mary's University, San Antonio, Texas, and a BBA with Honors in Accounting from St. Mary's University, San Antonio, Texas. She sits on the faculty of the Wharton School, University of Pennsylvania, Philadelphia, Pennsylvania, and holds the Laurence and Susan Hirsch Adjunct Chair in International Business.

Joan is the recipient of the 2013 APIW Insurance Woman of the Year and the 2012 International Insurance Society Kenneth Black Award for service and commitment to the advancement of the global industry.

**Steve Pacala*****Board Member***

Steve Pacala is Frederick D. Petrie Professor of Ecology and Evolutionary Biology at Princeton University and Director of the Princeton Environmental Institute. He also co-directs the Carbon Mitigation Initiative, a collaboration between Princeton University and British Petroleum to find solutions to the problem of global warming.

Steve's research covers a wide variety of ecological and mathematical topics with an emphasis on interactions between greenhouse gases, climate and the biosphere. He has an undergraduate degree from Dartmouth College and a PhD. in biology from Stanford University. He serves on the board of the Environmental Defense and is the co-founder and chairman of Climate Central.

Among Steve's many honors are the MacArthur Award, Mercer Award and the David Starr Jordan Prize. He is a member of the American Academy of Arts and Sciences and the National Academy of Sciences.

**Pauline Richards*****Board Member***

Pauline Richards is Chief Operating Officer of Armour Group Holdings Limited.

Prior to joining Armour, Pauline was Director of Development of Saltus Grammar School, a private co-educational facility in Bermuda. Pauline joined Saltus from Lombard Odier Darier Hentsch (Bermuda) where she was employed for two years as Chief Financial Officer.

Pauline has consulted for and worked with a number of other Bermuda-based insurance and financial services companies, including AON Group of Companies and Frank B. Hall (Bermuda) Limited.

Pauline is a member of the Boards of Wyndham Worldwide and Apollo Global Management and is a past member of Cendant Corporation and Butterfield Bank.

She is an active member of the Bermuda community, having served as Chair of PRIDE Bermuda, a drug prevention organization where she is currently Treasurer, and as the Deputy Chair of the St. George's Foundation, a non-profit established to manage improvements to the World Heritage site of the Town of St. George's in Bermuda.

Pauline is a member of the Outreach Committee at Christ Church, Warwick, and the Kardias Club, a women's social club that raises funds for individuals in need.

## **Hamilton Group Officers**

### **David Brown**

#### ***Interim Group CEO***

(See full bio on page 6)

### **Jonathan Reiss**

#### ***Chief Financial Officer and Principal Representative***

Jonathan Reiss is a member of Hamilton's founding management team.

Previously, Jonathan was the Leader of EY's Insurance and Reinsurance practice in Bermuda. Jonathan had been with EY, in Bermuda and New York, for 19 years and had been a Partner for 12 years.

While at EY, Jonathan focused on serving organizations subject to SEC requirements. This included providing assistance with IPOs and other capital raising activities. In addition, Jonathan advised insurance companies with respect to internal controls and regulatory best practices, including compliance with Sarbanes-Oxley as well as Solvency II.

Jonathan is a Chartered Professional Accountant and a Chartered Property & Casualty Underwriter (CPCU). He is a member of the Chartered Professional Accountants of Bermuda and the American Institute of Certified Public Accountants (AICPA).

Jonathan serves on the Board of Trustees of the Bermuda Institute of Ocean Sciences (BIOS).

### **Victoria Guest**

#### ***General Counsel***

Victoria Guest is a member of the founding management team.

From July 2009 until July 2012, Victoria was General Counsel and Corporate Secretary of Ariel Holdings Ltd. From January 2006 to June 2009, Victoria was General Counsel and Corporate Secretary of RAM Holdings, Ltd. Prior to joining RAM, Victoria practiced for 12 years with law firms in New York.

Victoria received her A.B. in Humanities from Stanford University and her J.D. from Harvard Law School.

### **Peter Skerlj**

#### ***Chief Risk Officer***

A member of the founding management team, Peter Skerlj has more than 15 years of experience in risk and analytics.

From 2010 to 2012, Pete was a Catastrophe Modeling Consultant at Q Re Bermuda Advisors responsible for establishing and implementing a portfolio management and pricing framework for property retrocession business. Prior to joining Q Re Bermuda, Pete was employed with Lancashire Insurance Company from 2006 to 2010. During that time, he was promoted to Head of Modeling with the main goal of designing and implementing risk tools to enable analysts, underwriters and management to measure and monitor risk levels.

As a member of the catastrophe research team at PartnerRe Global from 2004 to 2006, Pete oversaw the establishment of in-house views of catastrophe risk, monitoring real-time catastrophe events and their financial impact, and pricing weather trigger covers. From 1997 to 2004, Pete was employed at Applied Research Associates as a consultant to (re) insurers, state insurance departments, federal agencies and other private businesses.

Pete is a Fellow of the Casualty Actuarial Society and has both a Bachelor and Master Degree in Engineering Science from the University of Western Ontario, Canada with a specialty in wind engineering.

### **Wendy Davis Johnson**

#### ***Chief Communications & Culture Officer***

Wendy Davis Johnson has more than 25 years' experience in marketing communications and brand development. For the last 10 years, she has provided communications consulting services to corporate and non-profit organizations, assisting with the development of global brands and establishing strategic communications functions.

Prior to that, Wendy held the position of Senior Vice President, Global Communications at ACE Limited. From 1993 to 1997, Wendy was Manager and then Executive Director of the Bermuda International Business Association (now Bermuda Business Development Agency). She was employed at the Bermuda Department of Tourism from 1987-1993 as Manager, Communications.

Wendy holds a Master of Liberal Arts (Journalism), Extension Studies, from Harvard University, a Bachelor of Education from the University of Toronto, Ontario, and a Bachelor of Arts from Dalhousie University, Halifax, Nova Scotia.

### **Chad Cundliffe**

#### ***Chief Accounting Officer***

Chad Cundliffe joined Hamilton Insurance Group on October 1, 2014 as Chief Accounting Officer.

Prior to joining Hamilton Insurance Group, Chad worked for XL Group plc from October 2004 to August 2014 in progressively senior roles. He most recently served as Senior Vice President, Accounting Policy and SEC Reporting Officer from April 2011 to August 2014. Prior to XL Group plc, Chad worked for PricewaterhouseCoopers from May 1996 to October 2004 in Bermuda and Canada.

Chad is a Chartered Accountant and is a member of the Chartered Professional Accountants of Bermuda and the Chartered Professional Accountants of Alberta, Canada. Chad holds a Bachelor of Commerce from the University of Alberta in Edmonton, Alberta, Canada.

### **Keith Bernhard**

#### ***Chief Audit Officer***

Keith Bernhard joined Hamilton Insurance Group in 2014 with more than 20 years of experience in audit and risk management.

From 2007 to 2014, Keith was Director of Internal Audit for Max Capital, Alterra Capital and ultimately Markel Corporation through the related merger and acquisitions. Prior to joining Max, Keith was Senior Manager, Risk Advisory Services,

with KPMG in Bermuda. He has also worked for Deloitte in a number of capacities in the USA, South Africa, New Zealand and across Asia, ultimately as Senior Manager, Enterprise Risk Services.

Keith is a Chartered Accountant and is Certified in Risk Management Assurance. He is a member of the Institute of Risk Management and the New Zealand Society for Risk Management, and is the Past President of the Bermuda Chapter of the Institute of Internal Auditors.

## **Hamilton Re Board of Directors**

### **David Brown**

#### ***Board Chair***

[\(See full bio on page 6\)](#)

### **Kathleen Reardon**

#### ***Director***

A member of Hamilton's founding management team, Kathleen Reardon has decades of (re)insurance industry experience.

From November 2005 to October 2012, Kathleen served as Chief Underwriting Officer SVP for ACE Tempest Re Bermuda's International Property Catastrophe reinsurance business. Prior to joining ACE Tempest Re, Kathleen worked from 2000 to 2005 at ACE Financial Solutions International, first as AVP Underwriting and then as VP Underwriting.

Before moving to Bermuda, Kathleen held various actuarial roles at ACE USA following ACE Limited's acquisition of CIGNA's P&C business in 1999. Kathleen began her career at CIGNA in 1994 as an actuarial assistant.

Kathleen is a Fellow of the Casualty Actuarial Society and a Member of the American Academy of Actuaries. She received a Bachelor's Degree in Mathematics from Drexel University, Philadelphia, Pennsylvania.

### **Jonathan Reiss**

#### ***Director and Principal Representative***

[\(See full bio on page 11\)](#)

### **Peter Skerlj**

#### ***Director***

[\(See full bio on page 11\)](#)

### **Victoria Guest**

#### ***Director***

[\(See full bio on page 11\)](#)

## **Hamilton Re Officers**

### **Kathleen Reardon**

#### ***Chief Executive Officer***

[\(See full bio on page 13\)](#)

### **Vanessa Hardy Pickering**

#### ***Chief Financial Officer***

One of the original employees of Hamilton's operations in Bermuda, Vanessa Hardy Pickering was promoted from Group Controller of Hamilton Insurance Group to Chief Financial Officer of Hamilton Re in September 2015. She has over 15 years' experience in the reinsurance industry.

From April 2012 to October 2012, Vanessa held the position of Senior Vice President, Controller at Ariel Re Bermuda Limited, a wholly owned subsidiary of the Goldman Sachs Group, Inc., continuing in the position she held with Ariel Reinsurance Company Ltd.

Vanessa joined Ariel Re in 2005 after working for two years at Rosemont Reinsurance, Ltd. as Assistant Financial Controller. From 1999 to 2003, Vanessa was employed in Ernst & Young's Bermuda office.

Vanessa, a Certified Public Accountant (CPA), obtained a Bachelor of Business Administration degree from Acadia University, Nova Scotia, Canada. She holds the Associate in Reinsurance (ARe) designation from the American Institute for Chartered Property Casualty Underwriters and is a member of the Chartered Professional Accountants of Bermuda.

### **Victoria Guest**

#### ***General Counsel***

[\(See full bio on page 11\)](#)

### **Peter Skerlj**

#### ***Chief Risk Officer***

[\(See full bio on page 11\)](#)

### **Tim Duffin**

#### ***Chief Underwriting Officer, Property***

Tim Duffin has extensive reinsurance industry experience in the Bermuda and London markets.

From June 2009 until October 2012, Tim was a property catastrophe underwriter at Platinum Underwriters Bermuda, focusing on the US account and outwards retrocession purchases. From October 1998 to May 2009, he worked as a broker for Aon in London and Bermuda (from September 2004), where he was a part of the global retrocession team. Tim has an ACII designation from The Chartered Insurance Institute and a B.A. in English Literature and Psychology from Oxford Brookes University, Oxford, UK.

## **Claude Lefebvre**

### ***Chief Underwriting Officer, Casualty & Specialty***

Claude Lefebvre, a qualified actuary with expertise in both underwriting and reinsurance broking, is a member of the founding management team.

Claude's reinsurance underwriting experience includes three years as Head of Casualty Underwriting at Arch Reinsurance in Bermuda. He previously served as a Vice President of CNA Re in Chicago where he worked for three years on Professional Lines and Excess and Surplus business, and Vice President at London Life and Casualty Reinsurance Company in Barbados where he underwrote structured reinsurance.

Claude gained his reinsurance broking experience at Guy Carpenter, both in Canada and in the UK, where he served in progressively senior roles, ultimately as a Managing Director. At Guy Carpenter, Claude was responsible for business development and enhancing the analytical offering and the value proposition for clients.

Claude is a Fellow of the Casualty Actuarial Society, a Fellow of the Canadian Institute of Actuaries and a Member of the American Academy of Actuaries. He holds a Bachelor's Degree in Biochemistry and a Bachelor's Degree in Actuarial Sciences from Université Laval, Quebec.

## **Keith Bernhard**

### ***Chief Audit Officer***

[\(See full bio on page 12\)](#)

## **C. RISK MANAGEMENT AND SOLVENCY SELF-ASSESSMENT**

### **i. Risk Management Process and Procedures to Identify, Measure, Manage and Report on Risk Exposures**

The Group Underwriting and Risk Committee is responsible for oversight of the risk management framework and reviews and approves associated policies. In developing the Group's strategies, the Group Underwriting and Risk Committee and the Group Board consider various risks, using the following approach:

- **Identify** – The Group's Chief Risk Officer (the "Group Chief Risk Officer") and other senior officers are members of a Group Risk Management Committee with documented responsibilities. This committee operates alongside Subsidiary-level risk management committees to identify material risks affecting, or which may affect, the business (both at Group level and with respect to specific Subsidiaries). The Group Risk Management Committee oversees the performance of a risk assessment on at least an annual basis and the maintenance of a Group Risk Register, which identifies key risks in relation to strategic (including Group and reputational), underwriting, reserve, credit, market (including investment and concentration), liquidity, operational, and legal and regulatory aspects of the business, and related information. The Group Risk Register is reviewed and discussed at periodic intervals in accordance with written procedures. The Group's Chief Audit Officer is invited to attend meetings of the Group Risk Management Committee.
- **Measure** – The Group uses proprietary and vendor models to measure and quantify material risk concentrations, as well as to perform stress, sensitivity and scenario testing. The Group takes underwriting risk and investment risk in a balanced and measured way, and has a low appetite for all other sources of risk. See below for further information on the stress testing and sensitivity analysis performed to assess material risks and the impact of such exposures to the Group.

- **Manage** – In response to the exposures identified by the various risk identification measures utilised, the Group has in place arrangements to manage such risks effectively. The Group has implemented procedures to define and set its risk appetite, tolerances and other capital constraints, and procedures and controls to avoid such thresholds being exceeded. The Group assigns risk owners to monitor risks and sets controls and other mitigating factors concerning material risks. Risks are cross-referenced to the Group’s Solvency Self Assessment (“GSSA”), inclusive of operational risks. The Group employs an internal model, which allows for a robust assessment of underwriting risk within the front-line decision-making process.
- **Report** – Subsidiary risk management committees are also in place, operating in a similar manner to the Group Risk Management Committee. The Subsidiary risk management committees identify material risks facing the particular Subsidiary and ensure that appropriate arrangements are in place to manage those risks, in accordance with documented policies and procedures. Members of the Subsidiary risk management committees report to the Group Risk Management Committee on a quarterly basis. The Group Risk Management Committee, in turn, meets on a quarterly basis to review the efforts of the Subsidiary risk management committees, capital management exercises and confirm and/or identify material risks facing the Group and mitigation efforts required. The Group Chief Risk Officer, who chairs the Group Risk Management Committee, then reports directly to the Group Underwriting and Risk Committee on a quarterly basis. The Group Underwriting and Risk Committee approves Group risk tolerances and capital allocations annually and monitors adherence at its quarterly meetings, in addition to its other responsibilities as described herein, in accordance with documented policies and procedures.

## ii. Risk Management and Solvency Self-Assessment Systems Implementation

In connection with reviewing and approving the business plan and budget on an annual basis, the Group assesses its capital adequacy according to its internal capital model, which is calibrated to a 99 percent tail-value-at-risk level, A.M. Best requirements and Authority requirements, and reports the results to the Group Board. The Group also assesses its capital adequacy in connection with any transaction that could have a material impact on its capital.

Hamilton Group and Hamilton Re document their GSSA and Commercial Insurer’s Solvency Self Assessment (“CISSA”) processes, respectively, and submit them, along with the Bermuda Solvency Capital Requirement (“BSCR”) filing, to their respective boards of directors for review and approval.

The risk management framework is implemented and integrated into the Group’s operations through the processes and procedures that have been developed by management, reviewed by the boards of directors of the Subsidiaries, and periodically reviewed by the Internal Audit function.

## iii. Relationship Between the Solvency Self-Assessment, Solvency Needs, and Capital and Risk Management

The GSSA process (and, for Hamilton Re, the CISSA process) is driven by a risk assessment, as described below.

## iv. Solvency Self-Assessment Approval Process

The Group Underwriting and Risk Committee is responsible for oversight of the risk management framework and reviews and approves the relevant policies. In developing the Group’s strategies, the Group Board considers the relevant risks. The Group Chief Risk Officer and other senior officers are members of a management-level Group Risk Management Committee with documented responsibilities. Subsidiary-level risk management committees have also been established, with documented procedures.

The Group Chief Risk Officer prepares the GSSA (and, in respect of Hamilton Re, the CISSA) documentation and analysis, with assistance from the actuarial teams at the Subsidiaries. The results of the GSSA (and, in respect of Hamilton Re, the CISSA) analysis are presented to the Group Risk Management Committee and the Hamilton Re Risk Management Committee, respectively, for review and approval, and then the Group Audit Committee and the Hamilton Re Board for review in connection with the approval of the annual business plan and budget, or otherwise, as necessary.

## **D. INTERNAL CONTROLS**

### **i. Internal Control System**

The Group has in place systems and controls to ensure accurate, timely and secure reporting, and adherence with applicable Group-level and local policies and applicable laws. The Group Risk Management Committee meets on a quarterly basis to discuss key operational and commercial risks that could impact the Group, identify the controls in place, assess the effectiveness of such controls, and identify any additional controls that might be needed.

The Group's objective is to have an internal controls framework that is in compliance with the requirements of the Sarbanes-Oxley Act of 2002, as amended ("SOX"). In executing the annual Internal Audit Plan, the Internal Audit function reviews and tests the internal controls of the various operational functions, as identified in the plan. The Internal Audit Plan is reviewed and approved annually by the Group Audit Committee. The Group Chief Audit Officer presents a report on a quarterly basis to the Group Audit Committee for review and discussion.

### **ii. Compliance Function**

Responsibility for regulatory compliance in large part rests with the General Counsel, who submits a compliance report to the Group Board on a quarterly basis. In compiling the report, the General Counsel documents Bermuda regulatory requirements applicable to Hamilton Group and Hamilton Re, and consults with the General Counsel of the US Subsidiaries and the Compliance Director of the UK Subsidiaries, who are responsible for compliance with the regulations in their respective jurisdictions and who provide compliance reports to their respective audit committees. Compliance with internal controls, policies and procedures and laws and regulations is reviewed in each related area on a risk basis as part of the Internal Audit Plan.

A key element of the compliance and risk management framework is the Group's internal Code of Conduct and Ethics. The Code of Conduct and Ethics has been adopted by the Group and is applicable to all of its Subsidiaries, although the Group's Subsidiaries have implemented supplementary compliance programs and policies to address specific local requirements. The Group's Code of Conduct and Ethics addresses various issues concerning the business practices of the Group, such as conflicts of interest, bribery, confidentiality and other important matters. A "whistleblower" hotline and an online reporting portal have been created for employees to use to report actual or suspected violations of the Code of Conduct and Ethics. Violations may be deemed to be serious misconduct and the results of investigations into such violations may be reported to the Group Audit Committee for remedial action. The Group Audit Committee reviews the Group's Code of Conduct and Ethics on at least an annual basis, and approves any changes to it.

The Group has also adopted documented procedures for compliance with Bermuda and international sanctions regimes, including employee training and the review of underwriting submissions for sanctioned counterparties and jurisdictions. These training and submission review processes are supplemented by periodic internal self-assessments to ensure internal policies remain compliant with such sanctions regimes.

## **E. INTERNAL AUDIT**

The Internal Audit function is performed by dedicated staff, augmented by subject-matter experts, and led by the Group Chief Audit Officer located in Bermuda. The function operates in accordance with an Internal Audit Charter approved by the Group Audit Committee. The Group Chief Audit Officer maintains independence by reporting directly to the Chairman of the Group Audit Committee, who is a non-executive director. The Group Chief Audit Officer reports to the Group Audit Committee on a quarterly basis and meets in executive session with the Group Audit Committee on a quarterly basis.

The Internal Audit function has unrestricted access, no direct operational responsibility or authority over any of the activities audited, and is free from interference by any element of the organisation.

## **F. ACTUARIAL FUNCTION**

The Group's loss and loss expense reserves are estimated each quarter by each applicable Subsidiary's senior reserving actuary and reviewed by a Reserve Committee at each Subsidiary. The consolidated Group reserves are reviewed by the Group Reserve Committee, which includes the Group's Chief Financial Officer, Group Chief Risk Officer, and General Counsel. The reserves are also reviewed each quarter by the Group's outside actuarial firm and "loss reserve specialist," as required by Bermuda regulations. Finally, the reserves are reviewed by the Group Audit Committee.

## **G. OUTSOURCING**

### **i. Outsourcing Policy and Key Functions That Have Been Outsourced**

The Subsidiaries have adopted outsourcing or vendor policies in accordance with local regulatory requirements, which generally require that management monitor the performance of outsourced functions and measure the same against the Group's own standards of corporate governance and control. This includes ensuring diligence in advance of engagement, specified contractual terms, and ongoing oversight and management of the outsourced service. Notwithstanding the foregoing, no key or control functions have been completely outsourced, save in respect of investment management, which has been outsourced primarily to Two Sigma. Such investment management is subject to a rigorous oversight process led by the Group Chief Financial Officer and the Chief Financial Officer of Hamilton Re, with reporting to the Group Investment Committee and the Hamilton Re Board.

No other key or control functions (being Actuarial, Risk Management, Compliance and Internal Audit) have been outsourced.

### **ii. Material Intra-Group Outsourcing**

There is no material intra-group outsourcing. Hamilton Group has entered into services agreements with its UK and US Subsidiaries for immaterial intra-group services. However, each function is fully staffed in each operating company.

## **H. OTHER MATERIAL INFORMATION**

Not applicable.

# Risk Profile

## A. MATERIAL RISKS THE INSURER IS EXPOSED TO DURING THE REPORTING PERIOD

Hamilton Group has identified various risk categories to which it and the Subsidiaries are exposed. The Group Risk Register contains a listing of the main risks in relation to strategic (including Group and reputational), underwriting, reserve, credit, market (including investment and concentration), liquidity, operational, legal and regulatory aspects of the business.

- Strategic risk – The risk that the corporate strategy of the Group is ineffective, not efficiently implemented or results in an inability to access quality business. This includes the potential for damage caused by other entities within the Group and associated entities.
- Underwriting risk – See further details below.
- Reputational risk – The risk that business processes, service, associations and growth/performance result in adverse perception of Hamilton Group and its Subsidiaries by customers, counterparties, shareholders, investors or regulators.
- Reserve risk – The risk that booked reserves are inadequate, leading to reserve deterioration.
- Credit risk – The risk of external payments or recoveries from third parties not being collected due to the default by such counterparties or their unwillingness to pay such sums due, leading to a deterioration in the financial position.
- Market/investment risk – See further details below.
- Liquidity risk – The risk of not being able to meet the Group's obligations as they fall due, which could negatively impact the ability to implement the Group's strategy and carry out its business processes (such as the payment of claims as and when they arise).
- Operational risk – The risk of not being able to satisfy the Group's obligations or implement its strategy as a result of inadequate staffing, inadequate information technology infrastructure, inadequate information security, and inappropriate data collection and management reporting processes.
- Legal/regulatory risk – The risk of losses, fines or other penalties arising from day-to-day actions, non-compliance with applicable regulatory and licensing requirements, and inappropriate product design.

The material risks that the Group is exposed to are underwriting risk and investment risk.

### Underwriting Risk

The Group is in the business of writing property, specialty, and casualty insurance and reinsurance, and is exposed to the risk of losses under its policies. While the Group's business has become increasingly diversified, the Group continues to have a large overall exposure to disasters, such as earthquakes, hurricanes, tsunamis, winter storms, freezes, floods, fires, tornadoes, hailstorms, drought and other natural or man-made disasters, such as acts of terrorism.

Underwriting risk can be broken down into inappropriate risk selection, inadequate premium, adverse terms and conditions, inadequate exposure management, and/or modelling as follows:

- Inappropriate risk selection – The risk that contracts or policies are written outside of the Group's underwriting strategy, guidelines and authorities.

- Inadequate premium – The risk that premium charged is insufficient to meet the Group’s return objectives.
- Adverse terms and conditions – The risk that final contractual terms and conditions are inconsistent with the Group’s appetite and pricing.
- Inadequate exposure management and/or modelling - The risk that the Group fails to manage and monitor the aggregate exposure (against risk tolerances) or fails to buy sufficient or adequate outwards reinsurance.

The Group uses a combination of vendor models and its proprietary internal model to evaluate property risks, and a proprietary internal actuarial analysis process for casualty and specialty risks. As part of the analytics process, the Group has created a proprietary underwriting portfolio management platform, known as the Hamilton Analytics and Risk Platform (“HARP”), which provides comprehensive programme management, portfolio rollup and stand-alone pricing for all probabilistic pricing and aggregation across the Group. The output from HARP is leveraged by a portfolio optimisation service to provide timely, relevant and objective feedback to front-line decision makers, allowing for a robust assessment of pricing adequacy and optimal portfolio construction.

Underwriting risk is also managed through detailed underwriting risk tolerances and underwriting guidelines, as well as regular reporting to the Group Underwriting and Risk Committee.

There have been no material changes to underwriting risk during the reporting period.

### **Investment Risk**

The Group currently derives a substantial portion of its earnings from its invested assets, of which the majority are managed by Two Sigma, as investment manager, and invested pursuant to the investment management agreement in place between Two Sigma and TS Hamilton Fund. Hamilton Group’s consolidated financial results are subject to a variety of investment risks, including risks related to leverage, concentrations, liquidity, asset valuation, volatility, general economic conditions, foreign currency, and credit and default risk.

The Group has developed an internal model to simulate net investment returns of Two Sigma’s asset performance. The Group also monitors risk reports provided by Two Sigma across a variety of metrics, and Two Sigma, in turn, measures these investment risks using proprietary models. The Group gains understanding of these models through quarterly on-site visits and (at least) monthly telephone due diligence with Two Sigma, as well as detailed discussions with risk management personnel from across the Group.

There have been no material changes to investment risk during the reporting period.

## **B. RISK MITIGATION IN THE ORGANIZATION**

### **Underwriting Risk**

The Group and Subsidiary Risk Registers contain information regarding risk owners and details of relevant controls and other mitigating factors concerning material risks. The Group Underwriting and Risk Committee is responsible for oversight of the risk management framework. At management level, there is a cross-functional Group Risk Management Committee, that operates pursuant to documented policies and procedures, which are reviewed at least annually.

Risk is controlled throughout the Group through clear objective setting by management of the Subsidiaries, detailed process documentation, extensive technical and actuarial reviews, the setting of underwriting risk

tolerances – which are documented, reviewed and approved for each applicable Subsidiary by the Group Underwriting and Risk Committee – on-going risk monitoring, and quarterly reporting to the Group Board.

The Group Chief Risk Officer verifies on an on-going basis that risks are either kept within the allocated limits and risk tolerances, or that temporary breaches are reported and remediated in accordance with a documented process. Breaches are also reported to the Group Underwriting and Risk Committee.

The Group Underwriting and Risk Committee, the Group and Subsidiary Risk Management Committees and Internal Audit review the risk management function to ensure that the controls in place operate as intended. If a new risk emerges, it is added to the Subsidiary and/or Group Risk Registers and the Subsidiary and/or Group Risk Management Committee develops new controls, if necessary, to mitigate that risk. These controls are reported upward, including to the Group Underwriting and Risk Committee, at least annually.

### **Investment Risk**

TS Hamilton Fund has entered into an investment management relationship with Two Sigma. Hamilton Re is the primary investor in TS Hamilton Fund. US Subsidiaries of Hamilton Group also have an immaterial investment in TS Hamilton Fund. Pursuant to the terms of the agreements in place, a specified amount of Hamilton Re's investable assets must be maintained in cash as a "liquidity buffer." Less than 5 percent of the Group's consolidated investable assets are held by the US Subsidiaries, and are invested with a third-party asset manager in traditional fixed-income investments.

The Group monitors the performance of Two Sigma, investment liquidity, volatility and the general investment risk profile of the TS Hamilton Fund. This monitoring includes the receipt of regular reporting on the portfolio and relevant metrics from Two Sigma and quarterly on-site due diligence visits to the Two Sigma offices.

### **Process to Monitor Effectiveness of Controls**

Underwriting performance and compliance with risk tolerances is reported on at least a quarterly basis to Subsidiary management committees and boards of directors of such Subsidiaries, as applicable, as well as on a quarterly basis to the Group Risk Management Committee, and the Group Underwriting and Risk Committee.

Two Sigma's investment performance is reported on a quarterly basis to the Hamilton Re Risk Management Committee, the Group Risk Management Committee and to the Group Investment Committee. The guidelines and parameters of the investment management relationship with Two Sigma are reviewed and approved annually.

Internal Audit tests the design and effectiveness of the controls with respect to underwriting and investment risk as part of its three-year and annual risk-based Internal Audit Plans.

## **C. MATERIAL RISK CONCENTRATIONS**

The Group uses a comprehensive risk management framework, which is overseen by the Group Underwriting and Risk Committee, to manage material risk concentrations. Risk tolerances are defined for and monitored by each Subsidiary. They have been carefully selected and calibrated such that, if adhered to at the Subsidiary level, Group risk concentrations will remain within appetite.

The risk tolerances are measured by each Subsidiary on a quarterly basis and provided to the Group Chief Risk Officer

for review and for reporting to the Group Board. While risk tolerances are measured and reported on a quarterly basis, they are managed throughout the year as relevant decisions are made.

The Group is in compliance with all its risk tolerances. See above with respect to breaches of risk tolerances and related remediation processes.

#### **D. INVESTMENT IN ASSETS IN ACCORDANCE WITH THE PRUDENT PERSON PRINCIPLES OF THE CODE OF CONDUCT**

See above regarding the Group's controls with respect to its investment in TS Hamilton Fund.

The Group's investment portfolio managed by Two Sigma is highly liquid and relevant liquidity metrics are monitored regularly. The Group maintains a "liquidity buffer" of its investable assets held in cash and cash equivalents, outside of the TS Hamilton Fund.

The investment management guidelines are reviewed annually by the Group Investment Committee, or, more frequently, if deemed necessary by the Chair of the Group Investment Committee.

#### **E. STRESS TESTING AND SENSITIVITY ANALYSIS TO ASSESS MATERIAL RISKS**

The Group Chief Risk Officer conducts stress and scenario testing at least annually.

The Group's dominant risk sources arise from underwriting and investments. Through the use of its proprietary risk platform, HARP, the Group Chief Risk Officer evaluates the stand-alone risk sources in order to best represent them and the range of possible outcomes. In addition, the Group Chief Risk Officer evaluates the potential correlation between the Group's two key risk sources.

##### **Underwriting Risk**

Hamilton Group and its Subsidiaries utilise proprietary models as well as vendor catastrophe models to conduct underwriting risk exposure, testing for both natural catastrophe losses and non-elemental losses. This includes stressing the portfolio via realistic disaster scenarios and extreme historical events on a quarterly basis to verify that potential tail losses are within tolerance.

##### **Investment Risk**

The Group has developed an internal model to simulate net investment returns of the TS Hamilton Fund. The Group also subjects its investment portfolio to extreme movements in a variety of market factors as a means to better understand potential downside relative to appetite. The market factors are applied both individually and all at once. In addition, Two Sigma periodically provide their proprietary stress tests, the results of which are included in the Group's monitoring. Further, through periodic due diligence and detailed reporting from Two Sigma, the Group monitors risk thresholds for tracking leverage, concentrations, liquidity, asset valuation and other granular metrics applicable to the investment management relationship with Two Sigma.

#### **F. ANY OTHER MATERIAL INFORMATION**

None

# Solvency Valuation

## A. VALUATION BASES, ASSUMPTIONS AND METHODS TO DERIVE THE VALUE OF EACH ASSET CLASS

Assets are recorded in the Group's general purpose financial statements at fair value.

Premiums receivable that are currently not yet due have been excluded from the calculations in the applicable statutory forms as part of the Authority's economic balance sheet framework.

Hamilton Group evaluated its remaining assets – consisting of cash and cash equivalents, unquoted investments, advances to affiliates, accrued investment income, accounts receivable and fixed assets – and concluded they are recorded at values that reflect the underlying economic value to the Group.

## B. VALUATION BASES, ASSUMPTIONS AND METHODS TO DERIVE THE VALUE OF TECHNICAL PROVISIONS

Insurance technical provisions are valued based on best-estimate cash flows, adjusted to reflect the time value of money using a risk-free discount rate term structure. In addition, there is a risk margin to reflect the uncertainty inherent in the underlying cash flows which is calculated using a risk-free discount rate term structure as prescribed by the Authority.

The “best estimate for loss and loss expense provision” is calculated by using the GAAP reserves as a starting point. The GAAP reserves represent the Company's best estimate of loss and loss expense reserves on an undiscounted basis. The discounted reserve is then calculated using expected payout patterns and the risk-free yield curves published by the Authority.

The “best estimate for premium provision” is calculated using the unearned premium reserve on GAAP basis, adjusting for bound but not incepted business as of December 31, 2016, and applying expected loss and expense ratios and appropriate claims payout patterns to derive cash flows, which are then discounted using a risk-free discount rate term structure as prescribed by the Authority.

The “calculation for risk margin” uses a “cost-of-capital” approach and assumes a “risk-free” portfolio. Capital requirements are derived for the full period needed to run-off the insurance liabilities, and are discounted using a risk-free discount rate term structure as prescribed by the Authority, using the risk-free discount curve propagated by the Authority.

As of December 31, 2016, the balance of the total technical provisions was approximately \$230 million for Hamilton Group and approximately \$180 million for Hamilton Re, broken down as follows:

PROVISION (\$ IN 000s)	HAMILTON GROUP	HAMILTON RE
Net Loss and Loss Expense Provision	216,719	203,357
Premium Provision	(19,012)	(53,622)
Risk Margin	32,610	30,134
<b>Total Technical Provisions</b>	<b>\$230,317</b>	<b>\$179,869</b>

### **C. DESCRIPTION OF RECOVERABLES FROM REINSURANCE CONTRACTS**

In the normal course of business, Hamilton Group and Hamilton Re seek to reduce the potential amount of loss arising from claims events by reinsuring certain levels of risk with other insurers or reinsurers. Amounts recoverable from reinsurers are estimated based on the terms and conditions of the reinsurance contracts, in a manner consistent with the underlying liabilities insured or reinsured, and account, where applicable, for reinstatement premiums to be paid. Amounts recoverable from reinsurers are recorded net of a valuation allowance for estimated uncollectible recoveries if required.

### **D. VALUATION BASES, ASSUMPTIONS AND METHODS TO DERIVE THE VALUE OF OTHER LIABILITIES**

Our remaining liabilities – consisting of insurance and reinsurance balances payable, loans and notes payable, income taxes payable, amounts due to affiliates, accounts payable, and accrued liabilities and dividends payable – are reflected at values that reflect the underlying economic value to the Group.

### **E. ANY OTHER MATERIAL INFORMATION**

Not applicable.

# Capital Management

## A. ELIGIBLE CAPITAL

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

Capital management is an integral part of the Group's annual business planning cycle.

The process takes the following form:

1. Hamilton Re, Hamilton USA and Hamilton at Lloyd's each develop a business plan for the next year (and, in a second phase, for the next five years), including projected balance sheets, income statements and business mix.
2. The Group Chief Risk Officer uses the business plans to back-out implied risk levels (e.g., PMLs, profit (loss) downside).
3. The Group Chief Risk Officer allocates risk capital to each operating company such that all risk levels have an adequate buffer relative to tolerance and such that the sum of allocated risk capital does not exceed available group surplus.
4. The Group Chief Risk Officer determines capital ratios for each operating company and for the entire group to verify that capital levels remain at or above target, with reference to specified capital thresholds.
5. To the extent steps 3 and/or 4 are not achievable, adjustments to the plan are made and the process repeated. Further, if the level of capital were to fall below specified thresholds, Hamilton Group has a documented response process in place.

In addition to being an integral part of annual planning, the capital management framework is employed at any stage throughout the year to inform a decision that would cause Hamilton to materially deviate from its established business plan (e.g. M&A or entering a new line of business).

There have been no material changes to capital and how it is managed during the reporting period.

### ii. Eligible Capital Categorised by Tiers in Accordance with the Eligible Capital Rules

Eligible capital as of December 31, 2016 is categorised into the following tiers:

TIER (\$ IN 000s)	HAMILTON GROUP	HAMILTON RE
Tier 1	1,447,003	1,379,504
Tier 2	122,352	92,766
Tier 3	-	-
<b>Total</b>	<b>\$1,569,355</b>	<b>\$1,472,270</b>

The majority of capital is Tier 1, which is comprised of fully paid common shares, contributed surplus and retained earnings. Both Hamilton Group and Hamilton Re have a modest amount of Tier 2 capital, which is made up of the excess of assets encumbered for policyholder obligations and actual policyholder obligations. Neither entity holds any Tier 3 capital.

### iii. Eligible Capital Categorised by Tiers, in Accordance with the Eligible Capital Rules Used to Meet ECR and MSM Requirements of the Insurance Act

Eligible capital for the Minimum Margin of Solvency (MSM) and Enhanced Capital Requirement (ECR) as of December 31, 2016 is categorised as follows:

\$ (IN 000s)				MINIMUM MARGIN OF SOLVENCY		ENHANCED CAPITAL REQUIREMENT	
TIER	LIMITS	MSM	ECR	HAMILTON GROUP	HAMILTON RE	HAMILTON GROUP	HAMILTON RE
Tier 1	Min	80%	60%	1,447,003	1,379,504	1,447,003	1,379,504
Tier 2	Max	20%	40%	122,352	92,766	122,352	92,766
Tier 3	Max	-	15%	-	-	-	-
<b>Total</b>				<b>\$1,569,355</b>	<b>\$1,472,270</b>	<b>\$1,569,355</b>	<b>\$1,472,270</b>

### iv. Confirmation of Eligible Capital That is Subject to Transitional Arrangements

As of December 31, 2016, the eligible capital of Hamilton Group and Hamilton Re is subject to the transitional arrangements as required under the eligible capital rules. However, neither Hamilton Group nor Hamilton Re has any components of equity that qualify under the transitional guidance.

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

Factors affecting encumbrances that may impact the availability and transferability of capital to meet the Enhanced Capital Requirements for both the Group and Hamilton Re include:

- Loss events may result in a strengthening of reserves, which could trigger additional security requirements from cedants, additional draw-downs on our credit facilities (which are supported by pledged assets) or the segregation of assets where the contract with a specific cedant requires that assets be held in a trust account for the benefit of the cedant;
- Entry into new lines of business may require new or additional security from regulatory authorities;
- A ratings downgrade would necessitate additional security requirements under the terms of certain contracts; and
- Changes in laws or regulations governing the insurance jurisdictions in which the Group and Hamilton Re operate might result in higher regulatory capital minimum requirements.

### vi. Identification of Ancillary Capital Instruments Approved by the Authority

As of December 31, 2016, neither Hamilton Group nor Hamilton Re has any approved ancillary capital instruments.

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

See [Appendix L](#)

## B. REGULATORY CAPITAL REQUIREMENTS:

### i. ECR and MSM Requirements at the End of the Reporting Period

ECR and MSM requirements as of December 31, 2016 are as follows:

	HAMILTON GROUP		HAMILTON RE	
	\$ (IN 000s)	RATIO (%)	\$ (IN 000s)	RATIO (%)
Minimum Margin of Solvency	350,604		160,402	
Transitional Enhanced Capital Requirement	588,816		542,531	
Enhanced Capital Requirement	588,816	282%	542,531	288%

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

As of December 31, 2016, Hamilton Group and Hamilton Re are in compliance with both the Minimum Solvency Margin and Enhanced Capital Requirements.

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

Not applicable.

### iv. Where the Non-Compliance is Not Resolved, a Description of the Amount of the Non-Compliance

Not applicable.

## C. APPROVED INTERNAL CAPITAL MODEL

### i. Description of the Purpose and Scope of the Business and Risk Areas Where the Internal Model is Used

Not applicable.

### ii. Where a Partial Internal Model is Used, Description of the Integration with the BSCR Model

Not applicable.

### iii. Description of Methods Used in the Internal Model to Calculate the ECR

Not applicable.

### iv. Description of Aggregation Methodologies and Diversification Effects

Not applicable.

### v. 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.

### vi. Description of the Nature and Suitability of the Data Used in the Internal Model

Not applicable.

### vii. Any Other Material Information

Not applicable.

# Subsequent Events

On May 15, 2017, American International Group, Inc. (“AIG”) announced the appointment of Brian Duperreault as President, Chief Executive Officer and Director, effective May 14, 2017, following his resignation as Chairman and Chief Executive Officer of Hamilton Group.

Also on May 15, 2017, Hamilton Group announced that William C. Freda had been appointed to the position of Chairman of the Board of Directors of Hamilton Group, and that David A. Brown had been appointed to the position of Interim Group Chief Executive Officer. Both appointments were effective immediately, upon Mr. Duperreault’s appointment at AIG.

Mr. Freda joined the Group Board in June 2014 and is the Chair of the Group Audit Committee. Mr. Brown has been a member of the Group Board since Hamilton Group’s launch in December 2013 and is the Chair of the Group Finance and Governance Committee.

Concurrent with the announcements above, on May 15, 2017, AIG, Hamilton Group and Two Sigma Insurance Quantified, LP (“TSIQ”) announced that they had entered into a memorandum of understanding (“MOU”) designed to expand their partnership with a view to leading the data-driven evolution of underwriting. The MOU follows the three companies’ investment in Attune, the data-enabled technology platform launched in September 2016 to serve the small to medium-sized commercial insurance market in the United States.

Under the terms of the MOU:

- Attune’s target market will be expanded to include companies with annual revenues of up to \$35 million, which is a target market segment of up to \$150 billion in annual gross written premiums. Hamilton will retain its one-third ownership of Attune.
- AIG has agreed in principle to acquire Hamilton USA, and continue accelerating its application of data science and analytics to transform underwriting.
- AIG and TSIQ will enter into a partnership to leverage TSIQ’s insurance-focused data science and technology expertise for a broad spectrum of commercial insurance underwritten globally by AIG.
- Hamilton Re and AIG will enter into a reinsurance strategic partnership in which Hamilton Re will be provided with the opportunity to participate on market terms in an increased volume of AIG’s ceded reinsurance.

Completion of the proposed transactions among AIG, Hamilton Group and TSIQ is subject to negotiation of definitive agreements and obtaining required regulatory approvals. This is expected to occur during the fourth quarter of 2017.

During June 2017, Hamilton Re established a special purpose insurer, Turing Re Ltd. (“Turing Re”). Turing Re was funded with \$65 million of capital, raised in a private placement syndicated among multiple investors, to provide collateralized reinsurance capacity for Hamilton Re’s property treaty business.

# Appendix A - Ownership Details

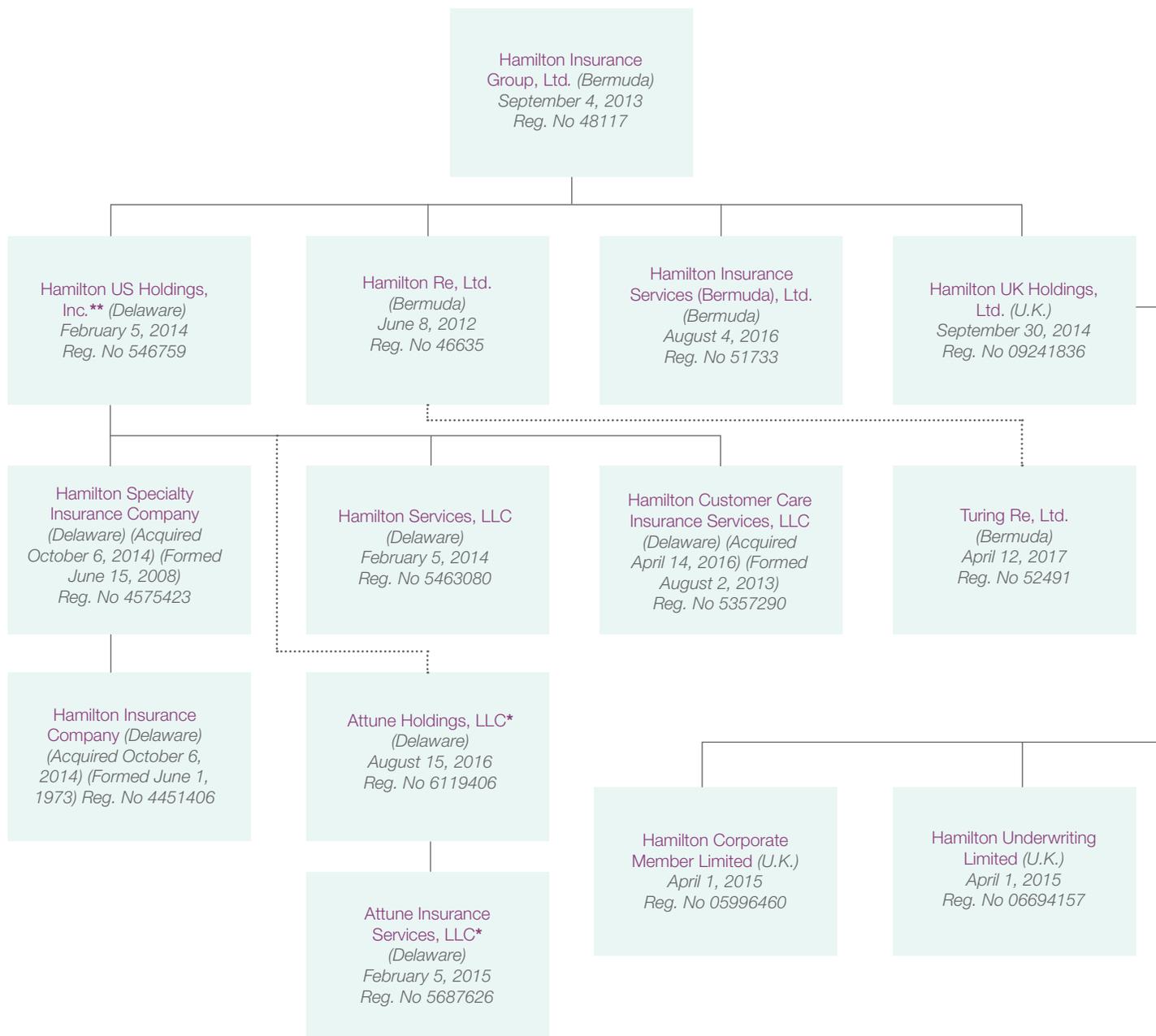
As of December 31, 2016

OWNER NAME	OWNERSHIP %
Hopkins Holdings, LLC	24.1%
Sango Hoken Holdings, LLC	24.1%
Citco Bank of Canada ref BSOF Master Fund LP	13.0%
Hamilton Investments, LP	9.6%
All other shareholders*	29.2%
<b>TOTAL</b>	<b>100.0%</b>

*\*Each shareholder owns less than 5 percent of the outstanding shares*

# Appendix B - Group Organisational Chart

Each entity in the chart is owned 100 percent directly or indirectly by Hamilton Insurance Group, Ltd., unless indicated otherwise.



\* Hamilton U.S. Holdings, Inc. has a 33.33 percent interest in Attune Holdings, LLC, as part of a joint venture arrangement between Hamilton U.S. Holdings, Inc., AIG Property Casualty U.S., Inc. and Two Sigma Coverage Technologies Holdings, LP.

\*\* Hamilton Insurance Group, Ltd. and American International Group, Inc. (AIG) have entered into a Purchase and Sale Agreement, dated as of July 8, 2017, pursuant to which AIG will acquire all of the outstanding shares of Hamilton U.S. Holdings, Inc. Immediately prior to the closing of the acquisition, Hamilton U.S. Holdings, Inc. will transfer its interest in Attune Holdings, LLC to a new US holding company subsidiary of Hamilton Insurance Group, Ltd. The transactions are subject to customary closing conditions, including required regulatory approvals, and are expected to close in the fourth quarter of 2017.

# Appendix C - Overview of Insurance Business Written

Hamilton Group is the Bermuda-based holding company for property, casualty and specialty insurance and reinsurance operations doing business on a worldwide basis. The Group is composed of three operating platforms: Hamilton Re, a diversified (re)insurer based in Bermuda; Hamilton USA, a US primary insurance platform; and Hamilton at Lloyd's, a diversified, global (re)insurer operating through Syndicate 3334 at Lloyd's of London, which is managed by Hamilton Underwriting Limited.

Hamilton Re is a diversified Class 4 (re)insurer incorporated and based in Bermuda. It offers various business products across three segments: property (which includes property direct and facultative business), specialty and casualty. Property catastrophe business is written on a proportional or non-proportional basis, across both single and multi-year arrangements. The property direct and facultative sub-segment specialises in non-marine property and onshore energy direct insurance and facultative reinsurance. The casualty segment comprises commercial and personal motor, umbrella and excess casualty, general liability, healthcare, multi-line, professional liability, workers' compensation and employers' liability. The specialty segment comprises non-casualty and non-property business.

Hamilton USA is comprised of Hamilton Insurance Company, an admitted insurer that holds licenses in 49 states plus the District of Columbia, and Hamilton Specialty Insurance Company, an eligible surplus lines insurer. Hamilton USA's focus is on the small and medium-sized enterprises ("SME") market. In partnership with Two Sigma and AIG, Hamilton USA aims to deliver cutting-edge analytics and technology to agents and brokers, resulting in improved transaction efficiency and underwriting results.

Hamilton at Lloyd's allows the Group to participate in, and contribute to, the Lloyd's marketplace. Syndicate 3334 is a multi-line syndicate writing accident and health, contingency, financial institutions, professional lines, direct and facultative property, space, and war and terror insurance risks and treaty reinsurance.

Attune represents a partnership between Hamilton Group, AIG and Two Sigma, and operates as a technology-enabled platform to streamline the process of pricing, selecting and underwriting SME business insurance. Attune was established to address the needs of the SME market, which is believed to represent an \$80 billion market in the United States. Attune currently offers business owner's coverage to clients, with plans underway to offer additional products during 2017 and 2018.

# Appendix D - Gross and Net Premium Written

For the Years Ended December 31, 2016 and 2015

\$ in 000s

LINE OF BUSINESS	2016				2015			
	GROSS PREMIUM WRITTEN		NET PREMIUM WRITTEN		GROSS PREMIUM WRITTEN		NET PREMIUM WRITTEN	
	HAMILTON GROUP	HAMILTON RE	HAMILTON GROUP	HAMILTON RE	HAMILTON GROUP	HAMILTON RE	HAMILTON GROUP	HAMILTON RE
Property and other short-tail business	236,638	204,838	179,602	159,067	136,136	128,703	109,901	105,395
Casualty and other long-tail business	213,455	180,588	170,262	161,737	95,484	93,206	77,581	76,878
<b>TOTAL</b>	<b>\$450,093</b>	<b>\$385,426</b>	<b>\$349,864</b>	<b>\$320,804</b>	<b>\$231,620</b>	<b>\$221,909</b>	<b>\$187,482</b>	<b>\$182,273</b>

# Appendix E - Gross Premium Written by Geographic Region

For the Years Ended December 31, 2016 and 2015

\$ in 000s

GEOGRAPHICAL LOCATION	GROSS PREMIUM WRITTEN			
	2016		2015	
	HAMILTON GROUP	HAMILTON RE	HAMILTON GROUP	HAMILTON RE
United States and Caribbean	237,914	173,910	114,202	105,989
Worldwide	109,989	170,532	81,780	81,497
Europe	48,042	9,944	18,743	18,261
Worldwide excluding United States	23,818	8,356	2,550	2,550
Australasia	17,081	12,635	3,551	3,551
Japan	7,721	6,923	6,929	6,749
Canada	5,528	3,126	3,865	3,312
<b>Total</b>	<b>\$450,093</b>	<b>\$385,426</b>	<b>\$231,620</b>	<b>\$221,909</b>

# Appendix F - Performance of Investments by Asset Class

For the Years Ended December 31, 2016 and 2015

\$ in 000s

ASSET CLASS	HAMILTON GROUP			
	2016		2015	
	MARKET VALUE	PERFORMANCE	MARKET VALUE	PERFORMANCE
US government and government sponsored enterprises	\$22,386	1.54%	\$18,212	1.63%
US states, territories and municipalities	8,314	1.63%	1,833	2.09%
Corporate	17,682	2.22%	9,784	0.30%
Residential mortgage-backed securities - agency	8,457	1.54%	6,470	0.66%
Residential mortgage-backed securities – non-agency	539	3.74%	257	-0.35%
Commercial mortgage-backed securities - agency	4,881	0.76%	3,027	-0.11%
Commercial mortgage-backed securities – non-agency	5,780	1.49%	2,599	0.39%
Other asset-backed securities	11,815	1.78%	6,033	0.74%
<b>Total Quoted Investments*</b>	<b>\$79,854</b>		<b>\$48,215</b>	
<b>Total Unquoted Investments (TS Hamilton Fund)**</b>	<b>1,723,069</b>	<b>11.2%</b>	<b>1,691,496</b>	<b>25.9%</b>
<b>Total Invested Assets</b>	<b>\$1,802,923</b>		<b>\$1,739,711</b>	

\* Total quoted investments included above are held by Hamilton USA.

\*\* Included in the consolidated financial statements of Hamilton Re. Performance represents TS Hamilton Fund return, net of fees.

Hamilton Group's quoted investments consist of fixed maturity securities that are all considered to be Level 2 investments under the GAAP fair value hierarchy.

Hamilton Re, through its investment in TS Hamilton Fund, within which it holds positions in Two Sigma Futures Portfolio, LLC ("FTV") and Two Sigma Spectrum Portfolio, LLC ("STV"), seeks to achieve absolute dollar-denominated returns on a substantial capital base, primarily by combining multiple hedged and leveraged systematic investment strategies with proprietary risk management and execution techniques. These systematic strategies include, but are not limited to, technical and statistically based, fundamental-based, event-based, market condition-based and spread-based strategies, as well as contributor-based and/or sentiment-based strategies and blended strategies.

FTV primarily trades global futures and foreign exchange contracts, options, interest rate swaps, credit default swap contracts, foreign currency option contracts, exchange traded funds and government debt securities. STV primarily trades equity securities and swap contracts.

# Appendix G - Material Income and Expenses Incurred

For the Years Ended December 31, 2016 and 2015

\$ in 000s

EXPENSE TYPE	2016		2015	
	HAMILTON GROUP	HAMILTON RE	HAMILTON GROUP	HAMILTON RE
Claims and brokerage	234,038	216,883	124,922	131,791
Personnel costs	61,730	16,530	34,721	13,110
General and administrative	38,438	8,186	34,803	7,375
Other	636	-	-	-
<b>Total Expenses</b>	<b>\$334,842</b>	<b>\$241,599</b>	<b>\$194,446</b>	<b>\$152,276</b>

A key source of revenue for Hamilton Group and Hamilton Re is underwriting premiums. Total gross written premiums for the reporting period increased significantly from the prior period, as a result of focused marketing, the addition of new target clients and the renewal of existing ones, expansion into new lines of business, and the continued build-out of the underwriting infrastructure of Hamilton USA and Hamilton at Lloyd's. Hamilton Group's major expenses relate to claims losses and acquisition costs.

# Appendix H - Board of Directors of Hamilton Insurance Group, Ltd.

As of December 31, 2016 – Updated as Described in Section (vi) “Subsequent Event” of this Report

NAME	BOARD POSITION	RESPONSIBILITIES
Bill Freda	Chairman and Audit Committee Chair	<ul style="list-style-type: none"> <li>As Chair of Group Board: chair meetings of the shareholders and Group Board</li> <li>As member of Group Board: general fiduciary duties in connection with the management and conduct of the business of Hamilton Group, in accordance with Hamilton Group bye-laws and Bermuda law</li> <li>Chair of the Group Audit Committee, in accordance with the Charter of the Group Audit Committee</li> <li>General fiduciary duties in connection with the management and conduct of the business of Hamilton Group, in accordance with Hamilton Group bye-laws and Bermuda law</li> </ul>
David Brown	Interim CEO and Finance and Governance Committee Chair	<ul style="list-style-type: none"> <li>As Executive Board member: ensure the Group Board’s decisions are communicated and enacted throughout the organization</li> <li>Chair of the Group Finance and Governance Committee, in accordance with the Charter of the Group Finance and Governance Committee</li> <li>General fiduciary duties in connection with the management and conduct of the business of Hamilton Group, in accordance with Hamilton Group bye-laws and Bermuda law</li> </ul>
John Overdeck	Underwriting and Risk Committee Chair	<ul style="list-style-type: none"> <li>Chair of the Group Underwriting and Risk Committee, in accordance with the Charter of the Group Underwriting and Risk Committee</li> <li>General fiduciary duties in connection with the management and conduct of the business of Hamilton Group, in accordance with Hamilton Group bye-laws and Bermuda law</li> </ul>
Tom Hill	Investment Committee Chair	<ul style="list-style-type: none"> <li>Chair of the Group Investment Committee, in accordance with the Charter of the Group Investment Committee</li> <li>General fiduciary duties in connection with the management and conduct of the business of Hamilton Group, in accordance with Hamilton Group bye-laws and Bermuda law</li> </ul>

NAME	BOARD POSITION	RESPONSIBILITIES
David Siegel	Compensation and Personnel Committee Chair	<ul style="list-style-type: none"> <li>• Chair of the Group Compensation and Personnel Committee, in accordance with Charter of the Group Compensation and Personnel Committee</li> <li>• General fiduciary duties in connection with the management and conduct of the business of Hamilton Group, in accordance with Hamilton Group bye-laws and Bermuda law</li> </ul>
Mark Barrenechea	Board Member	<ul style="list-style-type: none"> <li>• General fiduciary duties in connection with the management and conduct of the business of Hamilton Group, in accordance with Hamilton Group bye-laws and Bermuda law</li> </ul>
Brad Cooper	Board Member	<ul style="list-style-type: none"> <li>• General fiduciary duties in connection with the management and conduct of the business of Hamilton Group, in accordance with Hamilton Group bye-laws and Bermuda law</li> </ul>
Russ Fradin	Board Member	<ul style="list-style-type: none"> <li>• General fiduciary duties in connection with the management and conduct of the business of Hamilton Group, in accordance with Hamilton Group bye-laws and Bermuda law</li> </ul>
Joan Lamm-Tennant	Board Member	<ul style="list-style-type: none"> <li>• General fiduciary duties in connection with the management and conduct of the business of Hamilton Group, in accordance with Hamilton Group bye-laws and Bermuda law</li> </ul>
Steve Pacala	Board Member	<ul style="list-style-type: none"> <li>• General fiduciary duties in connection with the management and conduct of the business of Hamilton Group, in accordance with Hamilton Group bye-laws and Bermuda law</li> </ul>
Pauline Richards	Board Member	<ul style="list-style-type: none"> <li>• General fiduciary duties in connection with the management and conduct of the business of Hamilton Group, in accordance with Hamilton Group bye-laws and Bermuda law</li> </ul>

# Appendix I - Officers of Hamilton Insurance Group, Ltd.

As of December 31, 2016 – Updated as Described in Section (vi) “Subsequent Event” of this Report

NAME	POSITION
David Brown	Interim CEO
Jonathan Reiss	Chief Financial Officer and Principal Representative
Victoria Guest	General Counsel
Peter Skerlj	Chief Risk Officer
Wendy Davis Johnson	Chief Communications & Culture Officer
Chad Cundliffe	Chief Accounting Officer
Keith Bernhard	Chief Audit Officer

Each of the officers of Hamilton Group is responsible for duties in the management, business and affairs of Hamilton Group as may be delegated to them by the Group Board from time to time. Each of the officers has oversight of the information and infrastructure requirements that are necessary to support their business functions, and works with other business functions, across the different operating platforms, in relation to their specific business functions.

# Appendix J - Board of Directors of Hamilton Re, Ltd.

As of December 31, 2016 – Updated as Described in Section (vi) “Subsequent Event” of this Report

NAME	BOARD POSITION	RESPONSIBILITIES
David Brown	Board Chair	<ul style="list-style-type: none"> <li>• Chair meetings of Hamilton Re Board</li> <li>• General fiduciary duties in connection with the management and conduct of the business of Hamilton Re, in accordance with Hamilton Re by-laws and Bermuda law</li> </ul>
Kathleen Reardon	Director	<ul style="list-style-type: none"> <li>• General fiduciary duties in connection with the management and conduct of the business of Hamilton Re, in accordance with Hamilton Re by-laws and Bermuda law</li> <li>• As Executive Board member: ensure the Hamilton Re Board’s decisions are communicated and enacted throughout the organisation</li> </ul>
Jonathan Reiss	Director and Principal Representative	<ul style="list-style-type: none"> <li>• General fiduciary duties in connection with the management and conduct of the business of Hamilton Re, in accordance with Hamilton Re by-laws and Bermuda law</li> <li>• Responsible for monitoring Hamilton Re’s compliance with the Insurance Act 1978 in accordance with the provisions therein</li> </ul>
Peter Skerlj	Director	<ul style="list-style-type: none"> <li>• General fiduciary duties in connection with the management and conduct of the business of Hamilton Re, in accordance with Hamilton Re by-laws and Bermuda law</li> <li>• As Executive Board member: ensure the Hamilton Re Board’s decisions are communicated and enacted throughout the organisation</li> </ul>
Victoria Guest	Director	<ul style="list-style-type: none"> <li>• General fiduciary duties in connection with the management and conduct of the business of Hamilton Re, in accordance with Hamilton Re by-laws and Bermuda law</li> <li>• As Executive Board member: ensure the Hamilton Re Board’s decisions are communicated and enacted throughout the organisation</li> </ul>

# Appendix K - Officers of Hamilton Re, Ltd.: Positions and Responsibilities

As of December 31, 2016

NAME	BOARD POSITION
Kathleen Reardon	Chief Executive Officer
Vanessa Hardy Pickering	Chief Financial Officer
Victoria Guest	General Counsel
Peter Skerlj	Chief Risk Officer
Tim Duffin	Chief Underwriting Officer, Property
Claude Lefebvre	Chief Underwriting Officer, Casualty & Specialty
Keith Bernhard	Group Chief Audit Officer

Each of the officers of Hamilton Re is responsible for duties in the management, business and affairs of Hamilton Re as may be delegated to them by the Hamilton Re Board from time to time. Each of the officers has oversight of the information and infrastructure requirements that are necessary to support their business functions, and works with other business functions, across the different operating platforms, in relation to their specific business functions.

# Appendix L - Reconciliation of Shareholders' Equity to Available Statutory Capital and Surplus

As of December 31, 2016

\$s in 000s

DESCRIPTION	HAMILTON GROUP	HAMILTON RE
Shareholders' equity per GAAPs	1,654,905	1,552,955
Reconciling items:		
Gross premium provisions	9,948	55,945
Accounts and premiums receivable	(113,431)	(130,937)
Non-admitted assets	120,464	106,676
Reinsurance recoverables	9,477	(2,323)
Risk margin	(32,610)	(30,134)
Gross loss and loss expense provision	10,490	10,358
Minority interest	241	-
LOCs not supporting reinsurance business	(100)	-
<b>Statutory Economic Capital and Surplus</b>	<b>\$1,659,384</b>	<b>\$1,562,540</b>

# Appendix M - Declaration

To the best of my knowledge and belief, Hamilton Insurance Group's Financial Condition Report for the year ended December 31, 2016 fairly represents the financial condition of the insurer in all material respects.



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**DAVID BROWN** – INTERIM CHIEF EXECUTIVE OFFICER

June 30, 2017

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DATE



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**PETER SKERLJ** – CHIEF RISK OFFICER

30 JUNE 2017

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DATE



**HAMILTON**  
INSURANCE GROUP

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