Annual Report 2022
Great Lakes Insurance SE

Key figures

Great Lakes Insurance SE (pursuant to the German Commercial Code [HGB])

		2022	Previous year
Gross written premium	€'000	6,197,190	5,172,488
Net earned premiums	€'000	997,643	867,021
Loss ratio (gross)	%	64.2	55.4
Loss ratio (net)	%	59.9	63.5
Equity	€'000	449,018	514,986

Our presentation currency is the euro (€). Unless otherwise specified, amounts are rounded to thousands of euros. As a result, there may be minor deviations in totals and percentages. Figures in brackets refer to the previous year. Expenses, outflows and losses are shown using the minus sign; income, inflows and gains are shown without a plus or minus sign.

Table of contents

Report of the Supervisory Board

In the 2022 financial year, the Supervisory Board regularly monitored and advised management in accordance with the tasks and duties incumbent upon it by law and under the Articles of Association. To this end, we held two regular and one extraordinary Supervisory Board meetings and obtained quarterly reports from the Board of Management on the Company's business and its expected progress. We were also involved in all decisions of fundamental importance. In addition, the Board of Management kept us fully informed on all key Company matters, and on events that might have had an appreciable effect on its business.

No inspection measures in accordance with Section 111(2) sentence 1 of the German Stock Corporation Act (AktG) were required in the past financial year.

The Board of Management regularly informed the Supervisory Board of the performance of the insurance business for own account and the effects of major risks in the industry and speciality segment, which the Supervisory Board therefore monitored closely.

Ultimately, the reports submitted to the Supervisory Board and its monitoring activities in the past year focused on business decisions connected with the implications of Brexit, in particular authorisation as a third-country branch and establishing and obtaining authorisation for an insurance subsidiary in the United Kingdom. Furthermore, the Board of Management reported to the Supervisory Board on the preparations for and performance of an audit conducted by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – BaFin), as well as the follow-up actions taken. The Board of Management also reported on current developments on the capital markets and the effects of those developments on Great Lakes' investment portfolio.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Munich, duly audited the 2022 annual financial statements and management report prepared by the Board of Management, and issued an unqualified auditor's opinion.

The annual financial statements, the management report and the auditor's report were submitted in due time to every member of the Supervisory Board. After conducting our own review, we discussed these documents at the meeting of the Supervisory Board on 24 April 2023 to adopt the financial statements, which was also attended by the auditors. The key findings of the report explaining the actuarial certification were also presented to us. Again, we did not have any objections or additional comments in this regard.

The Supervisory Board approved the annual financial statements for the 2022 financial year. The annual financial statements were thus adopted. On 25 January 2017, the Company entered into a control agreement with MunichFinancialGroup GmbH (registered office in Munich) as the controlling company. Pursuant to this agreement, MunichFinancialGroup GmbH is required to absorb the Company's net loss for the 2022 financial year, in accordance with Section 302 of the Stock Corporation Act. On the basis of an agreement for joint and several assumption of debt, the loss was absorbed by Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München as joint and several debtor.

At the meeting to adopt the financial statements on 24 April 2023, the Supervisory Board furthermore resolved to recommend to the Annual General Meeting that it elect Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, as the Company's auditor for the 2023 financial year.

We wish to thank the Board of Management and all employees for their hard work, commitment and achievements in the past financial year.

Munich, 24 April 2023

For the Supervisory Board

Management report

Basic information about the Company

Great Lakes Insurance SE ("Great Lakes" or "the Company") is a wholly owned subsidiary of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München (Munich Re), a reinsurer and risk carrier with a global presence. The Company is authorised by the German Federal Financial Supervisory Authority (BaFin) to transact primary insurance and reinsurance business in the Member States of the European Union and the other signatory states to the Agreement on the European Economic Area (EEA Agreement). The authorisation from BaFin is also valid worldwide (subject to any legal requirements imposed by local jurisdictions) and extends to all classes of non-life insurance including non-substitutive health insurance. Great Lakes Insurance SE offers insurance solutions in niche markets and is an integral part of Munich Re's Global Specialty Insurance (GSI) field of business. In addition, the Company supports a number of companies in the ERGO Group in selected international and national primary insurance solutions by providing specialised resources and capacities. Great Lakes primarily operates on the basis of three different business models: The Company writes a significant proportion of its premium volume via coinsurance or managing general agents (MGAs), agents who are authorised signatories (also referred to as underwriting agents). The MGAs are authorised to assess risks, calculate premiums, issue policies and to handle collections, disbursements and claims settlement on behalf of Great Lakes. Furthermore, the Company itself underwrites, as either a primary insurer or reinsurer, large commercial and industrial risks, primarily in the general liability, other property and engineering classes. In addition, the Company writes a number of intra-Group reinsurance contracts worldwide. The Company cedes significant portions of its business to reinsurers within Munich Re, primarily to Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München. Great Lakes Insurance SE writes primary insurance and reinsurance business at its branches in the United Kingdom (London), Switzerland (Cham), Italy (Milan), Ireland (Dublin) and Australia (Sydney). It is also authorised to write surplus lines business in a number of US states.

Great Lakes Insurance SE is included in the consolidated financial statements of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München (Munich Re). The Company's UK branch gives it a presence in the London market. In order to maintain business operations after the United Kingdom's withdrawal from the European Union (Brexit), an application was filed to have the existing branch authorised as a "third-country branch" in the United Kingdom, which was subsequently approved by the competent regulators during the 2022 financial year. Brexit also necessitated the establishment of a subsidiary in the United Kingdom, primarily to write personal lines business, which we did. The new subsidiary, Great Lakes Insurance UK Limited, is a wholly owned subsidiary of the Company. The competent UK regulators issued the requisite licences in July of the financial year. Great Lakes Insurance UK Limited was provided with the requisite capital at the end of the financial year and will commence its insurance operations at the start of 2023.

On 25 January 2017, the Company entered into a control agreement with MunichFinancialGroup GmbH, a wholly owned subsidiary of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München, with its registered office in Munich (Local Court [Amtsgericht] in Munich, HRB 124792), as controlling company. This was approved by resolution of the Annual General Meeting on 24 February 2017. Approval was granted by the supervisory authority. The entry was made in the commercial register on 12 April 2017. Great Lakes Insurance SE is included in the consolidated value-added tax (USt) group of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft.

Stakeholders

Clients and client relationships

We want to have the best possible understanding of our clients and their risks, and to develop customised insurance solutions for them. Therefore, we need to be close to our clients to understand their needs, give them comprehensive advice and provide optimal solutions. Our objective is to be a competent, reliable and transparent partner, whom clients can trust. Together with many business and sales partners, Great Lakes Insurance SE serves private, corporate and industrial clients. We offer them products and services in connection with protection of property, health, legal cover and travel insurance, and in road traffic. The primary points of contact for our clients are independent cooperation partners. As a partner for intra-Group reinsurance contracts, the Company contributes to efficiently managing the risk capital of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München.

Environment

As part of Munich Re, we have a defined goal to conserve resources and minimise the environmental impact of our business operations.

Munich Re has been managing activities at all sites since 2012 using a standardised, mandatory environmental management system (EMS) that meets the requirements of the international standard DIN ISO 14001. The EMS is based on the Group's environmental guidelines and on selected key performance indicators (KPIs) that we use to assess our carbon footprint. It also defines the processes required and organisational responsibilities. Our environmental management system, which is certified in accordance with DIN ISO 14001, in Munich records the impact our actions have on the environment and the climate and helps us to mitigate any adverse effects to the extent possible. All of the relevant processes and procedures for the Munich location are described in our environmental management manual. We also take ethical, social and ecological considerations into account in our investment activities.

In order to bring our business activities in line with the EU's environmental, social and governance (ESG) requirements going forward, Great Lakes worked closely with Munich Re and other advisers to launch a project that will make these considerations a permanent feature not only in the Company's reporting but also throughout the Company as a whole. We firmly believe that these aspects will become increasingly important factors for ensuring our success in the market and for making a positive contribution to the world in which we live.

Report on economic position

Macroeconomic and industry environment

The global economic recovery from the recession triggered by the COVID-19 pandemic slowed considerably in 2022. Russia's full-scale invasion of Ukraine had significant knock-on effects on macroeconomic development, particularly in Europe. This act of aggression and the resulting economic sanctions imposed against Russia led to a sharp spike in energy prices and considerable uncertainty surrounding the energy supply going forward, which curbed economic activity. Inflation reached record highs across the globe, which, coupled with the highly restrictive monetary policies pursued by central banks, further dampened economic growth. The strict measures taken by the Chinese government to contain the COVID-19 pandemic impeded the country's economic growth and led to global supply chain disruptions.

Capital markets

The sharp increase in inflation led key central banks to abandon their low interest rate policies in 2022 and tighten their monetary policies significantly. The Federal Reserve in the United States terminated its asset purchase programme in March 2022 and raised its base rate. It raised the rate significantly during the course of the year, bringing the corridor to between 4.25–4.5% in December, some 425 basis points higher that at the start of the year. Halfway through the year, it also began reducing the size of its balance sheet. The European Central Bank also discontinued its asset purchase programme in March 2022, but waited until July to raise interest rates. Its main refinancing operations rate closed the year at 2.5%, up 250 basis points from the start of the year.

Yields on ten-year government bonds in the United States and Germany rose sharply in 2022 due to high inflation and highly restrictive monetary policies. At the end of December, the yields of government bonds in the United States and Germany were high compared to previous years.

Yields on ten-year government bonds

%	31.12.2022	Previous year
USA	3.9	1.5
Germany	2.6	-0.2
UK	3.7	1.0

In the reporting year, volatility on the international financial markets was noticeably higher than in the previous year. Geopolitical uncertainty, extraordinarily high inflation, interest rate hikes and fears of recession all weighed on the markets. Over the course of the year, key equity indices such as the US Dow Jones and Dow Jones (DJ) EURO STOXX 50 were down more than 20% as compared to the end of 2021 and rebounded only partially.

On the currency markets, fluctuations were also more pronounced in 2022 than in the previous year. At the end of December, the US dollar had appreciated significantly against the euro, and the British pound had depreciated compared with the end of 2021. On the other hand, the value of the Canadian dollar against the euro at the end of the year was roughly on par with the value at the start of the year. However, for both the Canadian dollar and British pound the annual average exchange rates against the euro were higher in 2022 than in 2021. The average value of the US dollar, at €0.95, was significantly higher in the reporting year than in the previous year (€0.85). Please refer to the notes to the financial statements for further information about exchange rates.

Insurance industry

According to preliminary estimates, premium income in property-casualty insurance in Germany declined by approximately 4% in 2022. Due to the rise in premium income, the combined ratio (ratio of expenses and benefits paid to premium income) improved to 95% (previous year: 102%).

In 2023, property-casualty insurance will be impacted by two opposing effects: On the one hand, inflation will continue to effect sums insured and premiums. On the other hand, fierce competition and the financial difficulties facing many households are expected to weigh on premium development.

Important tools of corporate management

The aim of our entrepreneurial thinking and activity is to analyse risks from every conceivable angle and to assess and diversify them, creating lasting value for shareholders, clients and staff in relation to the risks assumed. This is the aim of our active capital management and the consistent application of value and risk-based management systems. The framework for any business activity is our risk strategy, from which we derive various limitations and reporting thresholds. A key element is our economic capital resources, which we determine in accordance with the Solvency II supervisory regime. We observe a range of important additional conditions. These include national accounting regulations, tax aspects, liquidity requirements and supervisory parameters.

Our value-based management is characterised by the following aspects:

- Risk capital, i.e. the capital required to cover the risks, is the basis of our value- and risk-based management. The capital requirement corresponds to the solvency capital requirement under Solvency II, as determined on the basis of our certified internal risk model.

- Consequently, business activities are assessed not only according to their earnings potential, but also relative to the extent of the risks assumed. Only the risk-return relationship reveals how beneficial an activity is.

- With value-based corporate management tools, we ensure an economic valuation and the comparability of alternative initiatives.

Contrasting aspects have to be evaluated when selecting suitable target figures. On the one hand, the often-complex economic realities should be reflected as closely as possible in order to emphasise added value as the Company's overriding guiding principle. On the other hand, target figures should be straightforward and understandable for staff and the public.

The key corporate management tools are economic earnings and the German GAAP (HGB) results. Together with the other corporate management tools, they are our most important financial key performance indicators. Economic earnings are the change in eligible own funds under Solvency II, adjusted for components that do not provide any economic value added, such as capital measures and changes in regulatory restrictions.

Gross premiums written, another performance indicator, includes the total premium income that fell due in the financial year of a given reporting period. Increases in gross premiums written are the prime indicator of corporate growth. However, increases in this performance metric are not an immediate objective for our Company because we do not always target premium growth directly in connection with the profitability of the business we write.

We continue to consider the underwriting result and the combined ratio to be performance metrics. Both reflect the immediate contribution primary insurance and reinsurance operations make to the economic earnings and the HGB result and separates the investment result and primary insurance/reinsurance business in particular.

Business performance and results of operations

In financial year 2022, claims expenditures in relation to earned premiums for own account were lower than in the previous year. By contrast, there was an increase in operating expenses in relation to earned premiums for own account. The decline in claims expenditure was due primarily to the decrease in basic losses. The claims expenditure for own account for natural catastrophes such as the cyclones in the United States or flooding in Australia and Canada remained relatively stable as compared to the previous year and in relation to earned premiums. The expenditures after ceded reinsurance from major claims events, such as explosions or fires at insured industrial plants, also remained level year on year. The major-loss expenditures for liability risks, in particular D&O policies, increased significantly in the financial year. Further claims expenditure in the tens of millions for event cancellations due to COVID-19 was fully ceded to reinsurers. The claims expenditure in connection with with the war in Ukraine after reinsurance were in the low millions in the financial year. They related only to event cancellation insurance policies. Claims in connection with the Ukraine war are excluded in the majority of the other classes of business.

Gross premiums increased significantly by 19.8% from €5.172.488 thousand in the previous year to €6.197.190 thousand in calendar year 2022. All lines of business contributed to this growth. This was primarily driven by increases relating to long-standing business relations with agents, primarily policyholders in the United Kingdom, Italy and the United States. Further opportunities in the business with cyber risks (Facultative & Corporate) and insuring credit risk were also leveraged. In addition, gross premiums from intra-Group reinsurance contracts also increased. In total, currency translation effects had a positive impact of roughly 5.3% on gross premium income, due primarily to premiums denominated in US dollars and Chinese yuan renminbi. On average over the 2022 calendar year, the pound sterling – the dominant currency for the gross premiums in our portfolio – only gained some +0.8% in value against the euro compared to the 2021 calendar year (GBP appreciated). On average over the 2022 calendar year, the US dollar – the second dominant currency for the gross premiums in our portfolio – was up significantly, gaining some +10.9% in value against the euro compared to the 2021 calendar year (USD appreciated). The gross premium volume amounted to 65.3% (62.4%) and resulted primarily from premiums in the direct insurance business. Of the gross premium income, 34.7% (37.6%) is attributable to the assumed reinsurance business. The increase in the share of direct insurance business resulted primarily from the rise in business volume with agents. The number of insurance policies is given on page 38 of this report.

In the 2022 financial year, Great Lakes Insurance SE's gross premiums earned were primarily attributable to its headquarters at €3,108,452 thousand (2,632,848 thousand) and its London branch at €2,494,812 thousand (2,063,275 thousand). Thus, while the share attributable to headquarters declined slightly to 50.7% (52.1%), the share attributable to the London branch remained level at 40.7% (40.8%). The UK branch, as a newly licensed third-country branch, remained a key strategic location throughout the entire 2022 calendar year. A further €361,477 thousand (254,164 thousand) was attributable to our rapidly growing Italian branch. As in the previous year, this encouraging performance was down to strong growth in the motor insurance segment with existing business partners and one new business partner that signed up in 2021. In the calendar year, the branch in Switzerland reported an increase in gross premiums earned to €43,454 thousand (22,027 thousand) due primarily to a rise in the business with local agents in motor insurance. In calendar year 2022, the Australian branch also reported an increase in gross premium income to €115,477 thousand (84,208 thousand) from the business with a local agent in agricultural insurance.

We cede the majority of our premium income to affiliated reinsurance companies within Munich Re. Earned premiums for own account amounted to €997.643 thousand (867.021 thousand) in the 2022 financial year. The increase was due to the growth in the Company's primary insurance and reinsurance business with major commercial and industrial risks and particularly from the growth in an intra-Group agent's business with clients in the United States.

Claims expenditures before deduction of the ceded share amounted to €3,932,755 thousand (2,803,389 thousand), corresponding to a gross loss ratio of 64.2% (55.4%). Claims expenditures after deduction of the ceded share amounted to €597,924 thousand (550,462 thousand), corresponding to a net loss ratio of 59.9% (63.5%). Our operating expenses for own account amounted to €271.071 thousand (214.515 thousand), corresponding to an expense ratio of 27.2% (24.7%). The rise was due to the significant increase in retained business with an MGA. Higher commissions are paid to business partners in this line of business than in the business with industry clients.

Overall, our net combined ratio thus improved only slightly year on year to 87.1% (88.2%). The lower net loss ratio is due primarily to expenses for major claims events, which remained essentially level year on year, and a slight decline in expenses for basic losses. The gross combined ratio amounted to 92.1% (82.8%). The significantly higher gross combined ratio is due mainly to the year-on-year increase in claims expenditure from natural catastrophes, primarily from a storm event in the United States.

We recognised the claims equalisation provision and similar provisions as required in accordance with the German Commercial Code (HGB). In compliance with the legal requirements, we used the loss ratios from the tables published in the annual reports of the Federal Financial Supervisory Authority (BaFin) to populate the underlying observation period used to calculate the claims equalisation provision.

As at 31 December 2022, claims equalisation provisions amounted to €75.898 thousand (22.498 thousand).

The underwriting result for own account after claims equalisation amounted to €74.551 thousand (107.707 thousand) in the 2022 financial year.

The investment result, not including interest on deposits retained, was –€120,612 thousand (-9,191 thousand). In the 2022 calendar year, the result was marked by significant losses due to write-downs on investments stemming from interest rate rises on the capital markets, primarily in US dollars and pounds sterling.

Overall, the operating result before tax amounted to –€45,032 thousand (98,929 thousand) and the net loss for the year before profit transfer and loss assumption amounted to €68,513 thousand (78,063 thousand). As at the date of preparing the management report, Great Lakes Insurance SE's economic position remains positive.

The gross premium assumptions are above the volume of €5.4bn budgeted for financial year 2022.

The classes and types of insurance business transacted in the 2022 financial year – both in direct insurance operations and assumed reinsurance business – are listed on page 22 of this report.

Business performance in the classes of business
Direct insurance and assumed reinsurance business

This section details the business performance in the material classes of business and types of insurance transacted in direct insurance operations and assumed reinsurance business. For the sake of clarity, we do not separately report classes of business and types of insurance that account for less than 5% of the overall insurance business on the basis of gross premium. The disclosures relate exclusively to the full 2022 financial year and in accordance with Section 51(4) no. 1 of the Regulation on the Accounting of Insurance Undertakings (RechVersV) are presented separately for the direct insurance and assumed reinsurance business.

Health insurance

In calendar year 2022, gross premiums in health insurance increased considerably year-on-year to €200,647 thousand (114,221 thousand). This is due primarily to the direct insurance business, which saw a significant increase in demand in particular in relation to travel health insurance following the COVID-19 restrictions. The intra-Group reinsurance business with Munich Re Beijing, which was not renewed, decreased the assumed insurance business. The majority of the direct health insurance business came from the United Kingdom in 2022, and is ceded in full to our reinsurers. The Company does not underwrite substitutive comprehensive health insurance in Germany pursuant to Section 146 of the German Insurance Supervision Act (VAG). Gross claims expenditures amounted to €67,141 thousand (90,793 thousand) and led to a (gross) loss ratio of 34.4% that was a improvement on the previous year's 43.4%. Our underwriting result for own account after claims equalisation amounted to –€204 thousand (1,329 thousand).

Health insurance		2022	Previous year
Direct insurance and assumed reinsurance business			
Gross written premium	€'000	200,647	114,221
Loss ratio (gross)	%	34.4	43.4
Underwriting result for own account after claims equalisation	€'000	-204	1,329
Direct insurance business			
Gross written premium	€'000	202,531	86,254
Loss ratio (gross)	%	45.6	25.0
Underwriting result for own account after claims equalisation	€'000	-291	908
Assumed reinsurance business			
Gross written premium	€'000	-1,883	27,967
Loss ratio (gross)	%	1,384.6	62.4
Underwriting result for own account after claims equalisation	€'000	87	420

Liability insurance

In the 2022 calendar year, liability insurance (including aviation liability insurance) generated gross premiums of €1,080,208 thousand (943,162 thousand). This increase is due primarily to the assumed insurance business. Gross premiums for aviation liability insurance also increased slightly to €208,146 thousand (175,847 thousand). In total, we recorded a higher loss ratio (gross) of 71.6% (60.6%), with gross claims incurred in the amount of €740,835 thousand (520,069 thousand), due to the increase in major-loss expenditures, in particular D&O policies. By contrast, in the period under review, the retained business performed far better than in the previous year. Overall, the underwriting result for own account after claims equalisation improved to €18,910 thousand (–13,080 thousand) in the 2022 calendar year.

Liability insurance

		2022	Previous year
Direct insurance and assumed reinsurance business			
Gross written premium	€'000	1,080,208	943,162
Loss ratio (gross)	%	71.6	60.6
Underwriting result for own account after claims equalisation	€'000	18,910	-13,080
Direct insurance business			
Gross written premium	€'000	726,316	699,227
Loss ratio (gross)	%	78.6	66.5
Underwriting result for own account after claims equalisation	€'000	16,376	-9,299
Assumed reinsurance business			
Gross written premium	€'000	353,892	243,936
Loss ratio (gross)	%	56.3	44.9
Underwriting result for own account after claims equalisation	€'000	2,534	-3,781

Motor insurance, comprising motor third-party liability and other motor insurance

Motor insurance generated gross premiums amounting to €1,438,617 thousand (1,316,622 thousand) in this calendar year. This slight year-on-year increase is due primarily to the expansion of the business with agents in Europe. At 23.2% (27.4%), motor insurance continued to make a significant contribution to our total gross premium volume. Gross claims expenditures amounted to €1,159,234 thousand (706,803 thousand) and led to a higher (gross) loss ratio of 76.2% (51.0%). This is due primarily to the year-on-year inflation-induced increased in expenditures for basic losses. Overall, the retained business nevertheless performed excellently. Even factoring in an increase of €12,061 thousand in the claims equalisation provision, the underwriting result for own account after claims equalisation amounted to €4,956 thousand (8,869 thousand).

Motor insurance

		2022	Previous year
Direct insurance and assumed reinsurance business			
Gross written premium	€'000	1,438,617	1,316,622
Loss ratio (gross)	%	76.2	51.0
Underwriting result for own account after claims equalisation	€'000	4,956	8,869
Direct insurance business			
Gross written premium	€'000	1,106,601	1,005,038
Loss ratio (gross)	%	78.1	49.0
Underwriting result for own account after claims equalisation	€'000	4,688	7,712
Assumed reinsurance business			
Gross written premium	€'000	332,016	311,584
Loss ratio (gross)	%	69.6	57.9
Underwriting result for own account after claims equalisation	€'000	267	1,157

Fire and property insurance

Fire and property insurance generated gross premiums of €2,015,000 thousand in this calendar year. This represents another significant increase of 22.4% against the prior-year figure (€1,646,850 thousand), which was attributable to the direct insurance (the agency business in the United States is particularly noteworthy) as well as the intra-Group reinsurance business, in particular with China. In total, the Company again reported an encouraging (gross) loss ratio of 58.9% (52.7%) on claims expenditures of €1,120,403 thousand (811,520 thousand).

The increase in the loss is attributable primarily to the year-on-year increase in major-loss expenditures, particularly due to expenditures related to Hurricane Ian.

The underwriting result for own account after claims equalisation amounted to €17,070 thousand (61,873 thousand). It was established during the standard review of provisions that we could again reduce the basic claims provisions for prior years. However, this was offset by slightly higher major-loss expenditures for own account. Due to the overall positive business development and higher premium volume, we increased the claims equalisation provision by a total of €24,633 thousand.

Fire and property insurance

		2022	Previous year
Direct insurance and assumed reinsurance business			
Gross written premium	€'000	2,015,000	1,646,850
Loss ratio (gross)	%	58.9	52.7
Underwriting result for own account after claims equalisation	€'000	17,070	61,873
Direct insurance business			
Gross written premium	€'000	796,008	566,586
Loss ratio (gross)	%	95.0	71.6
Underwriting result for own account after claims equalisation	€'000	12,186	38,669
Assumed reinsurance business			
Gross written premium	€'000	1,218,993	1,080,264
Loss ratio (gross)	%	36.9	43.6
Underwriting result for own account after claims equalisation	€'000	4,884	23,203

Other property insurance

In the 2022 calendar year, the Company generated gross premiums of €946,006 thousand (685,114 thousand) in other property insurance. This represents a significant year-on-year increase that is attributable to the intra-Group agency business in particular. Further opportunities in the business with cyber risks (Facultative & Corporate) were also leveraged. Here, the Company recorded an increase in the loss ratio (gross) of 60.8% (73.2%) on claims expenditure of €563,413 thousand (474,369 thousand). The year-on-year increase was due primarily to a positive development in claims for major events in the financial year. In the retained business, the major-loss expenditure was also below expectations and the basic claims development was positive. Overall, while the underwriting result for own account after claims equalisation was up slightly on the previous year at €28,573 thousand (43,271 thousand), it was still at a very satisfactory level.

Other property insurance

		2022	Previous year
Direct insurance and assumed reinsurance business			
Gross written premium	€'000	946,006	685,114
Loss ratio (gross)	%	60.8	73.2
Underwriting result for own account after claims equalisation	€'000	28,573	43,271
Direct insurance business			
Gross written premium	€'000	847,358	583,632
Loss ratio (gross)	%	59.3	78.2
Underwriting result for own account after claims equalisation	€'000	16,760	25,233
Assumed reinsurance business			
Gross written premium	€'000	98,648	101,482
Loss ratio (gross)	%	73.5	44.2
Underwriting result for own account after claims equalisation	€'000	11,812	18,037

Net assets

Investment portfolio

As at 31 December 2022, our investment portfolio excluding deposits retained amounted to €2.214.854 thousand (1.750.972 thousand).

Investments in affiliated companies relate to our insurance subsidiary, Great Lakes Insurance UK Limited, which received its license and was provided with the requisite capital in this financial year. Our new subsidiary received an equity injection of GBP 225m via a bank contribution in the course of the financial year. The Company holds 100% of the shares.

In addition to our new subsidiary, the majority of investments are in fixed-interest securities issued primarily by entities with good to very good credit ratings. Our risk management activities include closely observing our investments, enabling us to promptly sell assets or take other corrective action where necessary. Our investments fulfil our strict requirements for sustainable investment. These requirements will have a beneficial long-term impact on our risk exposure and earnings. The management of our investments is outsourced to our parent company, Munich Re, in accordance with a service agreement. On behalf of Munich Re, our asset manager, MEAG MUNICH ERGO Asset Management GmbH ("MEAG"), which also belongs to the Munich Re Group, processes our investments together with Munich Re's specialist departments in line with our instructions and the legal requirements. Also on behalf of Munich Re, an external asset manager manages a smaller portion of the investments, namely the fixed-interest securities of our UK branch. Since financial year 2021, Great Lakes Insurance SE has held an interest and thus participated in the Group's cash pool, which is managed by MEAG Cash Management GmbH in Munich. The receivables from MEAG Cash Management GmbH under deposits to the cash pool are reported under other investments. Details of the investments and their performance can be found in the notes to the annual financial statements on page 31 of this annual report.

Investments

	31.12.2022	Previous year	Change
	€'000	€'000	%
I. Investments in affiliated companies and participating interests			
1. Shares in affiliated companies	260,101	0	100.0%
II. Other investments			
1. Bearer bonds and other fixed-interest securities	1,764,983	1,656,707	6.5%
2. Deposits with banks	165,070	78,264	110.9%
3. Other investments	24,700	16,000	54.4%
Total	2,214,854	1,750,972	26.5%

Valuation reserves

The fair values of the investments are reported on page 31 of this annual report. A valuation reserve is the difference between the fair value and the carrying amount of an investment. Fair values are snapshots which reflect the market situation at a given point in time. Rather than develop steadily, they are subject to significant fluctuations. As at 31 December 2022, the valuation reserves amounted to €25,002 thousand (7,980 thousand).

Receivables

Receivables primarily comprise receivables from direct insurance operations. As at 31 December 2022, these amounted to €2.362.058 thousand (1.888.326 thousand) and were mainly attributable to receivables from policyholders for existing insurance policies that had not yet been accounted for with the customers or intermediaries as at the balance sheet date. Accounts receivable on reinsurance business amounted to €720.263 thousand (673.820 thousand).

Financial position

Capital structure

As at 31 December 2022, equity amounted to €449.018 thousand (514.986 thousand). Issued capital remained unchanged at €131.777 thousand, as did the capital reserve at €40.000 Tsd. € thousand; revenue reserves amounted to €13.178 thousand (13.178 thousand) and net retained profits as at 31 December 2022 amounted to €264.063 thousand (330.032 thousand).

Our insurance business has a significant influence on the structure of our balance sheet: the technical provisions accounted for 29.9% (28.6%) of total equity and liabilities with an average duration of approximately two to three years. Further material items on the equity and liabilities side of the balance sheet are equity at 6.5% (8.9%), and current liabilities (less than 1 year) to intermediaries at 17.1% (13.8%) and to our reinsurers at 24.3% (26.4%).[1] The liabilities are primarily denominated in pounds sterling, US dollars and euros.

[1] The percentages relate to total equity and liabilities in the amount of €6,953,185 thousand.

As an international (re)insurance undertaking, some of our financial resources are subject to restrictions on disposal. For instance, the supervisory authorities in some countries require local branches or foreign primary insurers to retain certain investments locally to cover insurance obligations, including in special trust accounts.

Great Lakes Insurance SE's financial strength is rated A+ (Superior) by the rating agency A.M. Best. Standard & Poor's has given the Company's financial strength the second-highest rating of AA- (low default risk).

Material funding activities and operations

The Board of Management discussed the ORSA results in financial year 2022. The results of the capital management and the solvency assessment revealed the solvency ratios that were considerably above 100% during the planning period and for planning year 2023 are within the range set by the Board of Management. Growth expectations and the associated rise in the solvency capital requirement mean that the solvency ratio for the subsequent planning years is slightly below the target set by the Board of Management, but still well above the critical thresholds. At the beginning of the 2021 financial year, the supervisory authority already recognised as Tier 2 capital under Solvency II the ancillary own funds of €100,000 thousand provided by the parent company at the end of 2020. The Company was able to provide the new UK subsidiary with the requisite capital in this financial year without having to resort to further capital measures.

Liquidity

Detailed liquidity planning ensures that we are able to meet our due payment obligations at all times and without restriction. Great Lakes Insurance SE generates significant liquidity from its premium income, from regular investment income and from investments that mature. We attach great importance to the credit rating and fungibility of our investments. Current liabilities to intermediaries or reinsurers are always maturity matched with premium receivables. The liquidity requirement for the providing the initial capital for the new UK branch was covered by the sale of fixed-interest securities and a cash deposit agreement in place with one of Great Lakes Insurance SE's reinsurers.

Overall assessment of the economic position

Great Lakes Insurance SE generated an operating loss before tax of €-45.032 thousand (98.929 thousand) in the 2022 financial year. After tax, the net loss for financial year 2022 before loss assumption amounted to –€68,514 thousand (previous year: net income of €78,063 thousand).

The underwriting result for own account (prior to the change in the claims equalisation provision) increased by €33,156 thousand year on year. We significantly reduced the expenditures stemming from a particularly destructive cyclone ("Ian") in the United States with the help of our extensive reinsurance programme. In financial year 2022, there were no noteworthy claims expenditures for COVID-19 after reinsurance. However, after a reversal in the previous year, the claims equalisation provision had to be increased significantly by €53.400 thousand (-1.405 thousand) in financial year 2022. The increase is due to the very encouraging claims development, particularly for motor and general liability insurance as well as fire and property insurance.

The net loss for this financial year is attributable primarily the non-technical result in addition to the increase in the claims equalisation provision. The investment result is deep in the red on account of the significantly higher write downs on fixed-interest securities due to rising interest rates. These losses were only partially offset by the positive effects from exchange rate developments.

Due to the control agreement with MunichFinancialGroup GmbH, Munich, a loss of €42,545 thousand was assumed pursuant to Section 302 of the Stock Corporation Act by Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München in connection with the cumulative assumption of debt. After assumption of the losses, the remaining net loss for the year amounted to –€25,968 thousand. This led to a corresponding decrease in retained profits brought forward.

Overall, Great Lakes Insurance SE has a sound economic foundation and is well prepared to face future challenges in order to continue being able at all times to promptly service its liabilities arising from insurance business. Great Lakes Insurance SE's solvency ratio as at 31 December 2022 was well above the level required by law.

Risk report

Risk management objectives

The objective of risk management at Great Lakes Insurance SE is to ensure that the Company is able to meet its obligations to policyholders at all times, whilst creating sustainable value for our shareholders and protecting the Company's reputation and that of Munich Re. For this purpose, risk management employs strategies, methods and processes to identify, analyse, assess, control and monitor short and long-term risks to the Company's ability to operate as a going concern, and to enable mitigation actions to be taken in a timely manner. A particular aim is to safeguard the Company's financial strength in order to meet our obligations to our policyholders and business partners and to maintain shareholder values in the long term. Successful implementation of the risk strategy and risk appetite framework plays a key role in our Company's success and is in the interest of all stakeholders.

Organisational structure of risk management

Risk management at Great Lakes Insurance SE follows the three-lines-of-defence model. This ensures an effective separation of duties between the functions that take risks (first line) and the functions that perform independent risk controls (second and third lines). The business units act as the first line of defence and are responsible for identifying, assessing and executing risk decisions within the Company's defined risk appetite and risk tolerances. The independent risk management function, together with the compliance and actuarial functions form the second line of defence. The risk management function in particular is responsible for implementing an effective risk management system that ensures that our operations and risk decisions are undertaken in line with the Company's defined risk strategy, and that the overall risks of the Company are monitored and reported to management and stakeholders. The third line of defence is the internal audit function, which ensures that the processes required to guarantee effective control are functional.

Risk management is a core key function at Great Lakes Insurance SE. In accordance with Solvency II, at the head of the risk management organisation is the risk management key function holder, reporting directly to the Chief Risk Officer (CRO), who is a member of the Board of Management. The compliance key function holder also reports directly to the CRO, while the actuarial key function holder reports to the Chief Financial Officer (CFO). The functions are held by different people.

The Risk and Capital Committee, which meets quarterly, reports to the risk management function. The Committee includes senior members from the risk management function, the CRO and a representative of risk management from Munich Re as permanent members. Members of the Board of Management and the managers at subordinate levels are invited as guests. The primary objective of the committee is to assist the Board of Management in fulfilling its responsibility for the oversight of the Company's risk management system, especially with regard to setting the risk strategy, risk reporting and controls, and capital management.

In addition, a key function meeting is held on a quarterly basis. High-level representatives of the independent risk management function, the compliance function, the actuarial function and the internal audit function take part. This ensures the independence of the key function.

Risk strategy

The Company's risk strategy is derived from its business objectives. The Board of Management approves the risk strategy on an annual basis, supported by the independent risk management function. This is also noted at the Supervisory Board level. The risk strategy defines where, how and to what extent the Company is prepared to incur risks. This includes identifying exposed risk areas, prioritising these on the basis of risk criteria and defining appropriate risk appetites and tolerances that align with the Company's strategy and objectives. The risk strategy may be amended during the year, subject to Board of Management approval. The Company's conformance to the risk strategy is monitored by the independent risk management function and reported to the Board of Management and senior management, at least on a quarterly basis.

Implementing the risk strategy

The risk strategy is implemented and integrated across all of the Company's business operations, with the independent risk management function undertaking a monitoring and reporting role on a regular basis. The implementation of risk management at the operational level covers identifying, analysing and assessing all material risks in line with the defined risk strategy. If risk capacity shortages or conflicts with the defined risk tolerances arise, escalation and decision-making processes are followed and reported via the risk management process. These processes ensure that the interests of the business are reconciled, monitored, and where necessary actively managed with risk based considerations.

Risk reporting

The Company's risk reporting goes beyond just meeting regulatory requirements. It also ensures internal transparency for management (internal risk report, ORSA) and provides public information as part of our publications (annual financial statements, solvency and financial condition report). The quarterly internal risk reporting provides the Board of Management and senior management with updates on the overall risk position of the Company covering evaluations on material risk areas and events. The Board of Management can also be promptly notified of any significant change in the risk situation on an ad hoc basis.

Significant risks

Material risks are those that could have a long-term adverse effect on the Company's assets, financial situation, profitability and its ongoing operational structure. Based on the degree to which capital requirements reflect the significance of these risks under the internal model, these primarily comprise underwriting risks as well as credit risks resulting from exposures to our reinsurers. Operational risk, including conduct and outsourcing risks, are identified as a further significant risk for the Company. Market risk, which arises primarily from interest rate and currency fluctuations, represents a relatively minor share of risk for the Company. We differentiate between the following risk categories:

Underwriting risk

We define underwriting risk as the risk of insurance profitability being lower than expected. Premium, reserve and accumulation risks are significant components of underwriting risk. Premium risk denotes the risk that premiums collected are insufficient to cover our future contractual obligations. Reserve risk is the risk that the recognised loss reserves will be insufficient to cover all eligible future claims. The risk of accumulation losses stems from an accumulation of individual losses resulting via a single risk event. These can be natural catastrophes or man-made events.

A large part of the technical result is ceded by proportional and non-proportional reinsurance programmes. This reduces the volatility of the underwriting result for own account. Every year, the Company conducts a detailed analysis with the aim of optimising the structure of these reinsurance programmes and ensuring that the net technical risk is kept at an appropriate level. We further manage underwriting risk, to ensure that we meet our obligations in the long term, by means of suitable underwriting and reserving guidelines supported by regular risk analyses and risk reporting tailored to the respective risk types. We implement independent monitoring processes to continually review underwriting performance, and when necessary apply mitigation measures.

Risks from our investments and other assets

The Company pursues a prudent investment strategy and take into consideration returns, reliability and credit ratings. Liquidity and diversity are also monitored and managed. The investment strategy generally coincides with the structure of our insurance obligations, including maturity and currency.

Market risk

We define market risk as the risk of financial losses resulting from price changes in the capital markets. This includes general interest rate risk, specific interest rate risk, currency risk and bond market risk. The general interest rate risk covers changes in basic yield curves, whereas the specific interest rate risk models changes in credit risk spreads. Market risk also includes the risk of changes in inflation rates. We use appropriate limit and early-warning systems in our asset-liability management to manage market risks. This enables us to satisfy the liabilities under our insurance policies at all times, irrespective of market conditions such as exchange and interest rates. The Company generally has a low market-risk appetite. As a consequence, we value optimising risk diversification over maximising returns. The Company's investments currently comprise of fixed-interest and money market securities (government bonds, corporate bonds and cash), and therefore are primarily exposed to foreign-exchange, inflation, and interest-rate risks. The Company's current investment mandate also permits strategic investment into equities and infrastructure assets, though these are only allowed if these fall within the limits, as defined in the investment mandate. Currently, the Company's investments do not include these asset classes.

Solvency capital requirement – market

The solvency capital requirement rose by €18.3m (40%). Changes in the individual subcategories are discussed in detail in the following sections.

Interest rate risk

The risk of change in interest rates increased by €20.1m (55%), which is attributable to the higher general interest rate risk. In particular, since the end of 2021, the general interest rate risk has increased by €19.7m (55%), which is due to higher interest rates. By contrast, the spread risk decreased by €4.1m (41%). This is due primarily to lower investments in government bonds with lower ratings.

Currency risk

The currency risk declined by €4.0m (21%) due to the decrease in asset-liability mismatches in relation to foreign currencies.

Credit risk

We define credit risk as the financial loss that may arise as a result of a change in the financial situation of a counterparty. In addition to credit risks arising from investments, we assume credit risk through the Company's significant reinsurance programme, primarily with Munich Re Group entities as the counterparty. Further credit risks arise from debts owed by policyholders and agents. The Company controls its investment credit risk by selecting issuers of suitable quality, and by observing and regularly monitoring counterparty limits. Credit risk is primarily managed via the counterparty limits and early-warning mechanisms (triggers) determined as part of the risk strategy.

The majority of our reinsurance recoveries are from internal entities within Munich Re, which have a credit rating of AA-. Representatives from Munich Re (Group) risk management regularly provide updates via the Company's Risk and Capital Committee regarding the solvency and financial strength of Munich Re (Group). For Great Lakes Insurance SE, no receivables from reinsurers were past due or impaired as at 31 December 2022. Receivables from policyholders mainly arise from premium receivables from policyholders and intermediaries. We manage this counterparty risk by carefully selecting and verifying our intermediaries, as well as by means of corresponding policies for payment transactions. In addition, for the majority of the Company's business this counterparty risk is passed onto our internal reinsurer, as per the reinsurance contract.

Liquidity risk

Our objective in managing liquidity risk is to ensure that we are in a position to meet our payment obligations at all times. We also invest a substantial share of our portfolio in highly liquid instruments in order to satisfy additional payment obligations. Our asset-liability management arranges cash flows from our investment portfolio and premiums so that they coincide as far as possible with our insurance obligations. Liquidity is forecast and monitored on a regular basis as part of detailed liquidity planning, which includes a safety margin designed to protect us against unexpected liquidity shortfalls.

As at 31 December 2022, our investments had a duration of approximately 2–3 years. The corresponding technical provisions for own account also had a duration of 2–3 years.

Operational risks

The Company defines operational risk as the risk of losses resulting from inadequate or failed internal processes, incidents caused by the actions of personnel or system malfunctions, or external events. This includes criminal acts committed by employees or third parties, infringements of antitrust law, business interruptions, inaccurate processing of transactions, non-compliance with reporting obligations, and disagreements with business partners.

Operational risks are managed via the Company's operational risks control system (ORCS), complemented by the results of scenario analyses. These scenario analyses, used to quantify operational risks, are also reflected in the Company's internal capital model. Appropriate measures, up to and including larger projects, are also used to correct identified process weaknesses or errors. In addition, we have a framework that generally follows the standardised procedure within Munich Re for identifying and managing business continuity and security risks for people, property and information (cyber risk).

The Company's unique facilitation business model relies on significant outsourcings to both entities within Munich Re, and to external third-party service providers, such as Managing General Agents (MGAs) and claims- and policy-related administrators. For this reason, the Company can be exposed to most material outsourcing and conduct risks.

Outsourcing risk

Outsourcing risk is defined as the risk of economic loss or other adverse impacts to Great Lakes resulting from the failure to adequately implement, monitor and control the performance of third-party providers who are delegated to perform one of more of Great Lakes' functions. The Company uses stringent due diligence processes in selecting external service providers, ongoing regular reviews, on-site visits and independent audits to manage this risk. The Company's risk management function receives regular reports from the business that assess this risk by means of quantitative thresholds and expert judgement. The individual risk assessments are then aggregated and provided to the Board of Management in the quarterly risk reporting.

Other risks

We define strategic risk as the risk of making incorrect business decisions, implementing decisions poorly, or being unable to adapt to changes in the business operating environment, relative to the Company's defined strategic objectives. Existing and new potential for success creates strategic risks, which we manage by carrying out risk analyses for significant strategic issues and regularly monitoring the implementation of measures deemed necessary. The Company's strategy is regularly reviewed and explained to management using the Company's Own Risk and Solvency Assessment (ORSA) process.

The system for early identification of risks also encompasses emerging risks. These new or developing risks arise due to changes in areas such as regulation, the socio-political environment, the natural environment, science and technology. These may have effects on our portfolio that have not yet been captured or identified. Within our risk management system, we review potential emerging risks annually with the risk owners.

The Company also manages compliance (including regulatory), legal, and tax risks. Regulation has been growing in scale and complexity for some time now, a fact that requires enhanced efforts and is increasingly and permanently tying up resources. The Company's international branches and wide fields of business mean that it is not just exposed to regulations at the European level, but also outside of Europe. Overall, however, the Company considers itself well positioned to face these challenges.

Internal capital model

As part of the overall Group internal model of Munich Re, Great Lakes Insurance SE uses a solo-entity internal model to determine its solvency capital requirements under Solvency II. In September 2016, the use of the internal model was approved by BaFin as the Company's principal supervisor and by the college of supervisors. The internal model is also a main quantitative tool employed by the risk management function to assess the material risk areas of the Company.

Overview of the risk position

The Company's overall risk situation was under control and within the risk appetite in 2022. The increased exposure to operational risk is driven primarily by the following effects: the growth in business stemming from the recently formed UK subsidiary, and effects from ongoing initiatives and projects that tie up resources from ordinary business activities.

In respect of quantitative risks, the Company has both sufficient coverage of its reserves with assets, and capital in excess of its regulatory solvency requirement. This demonstrates that the Company has sufficient funds to meet all its commitments even after extreme loss events, as defined by the solvency capital requirement (SCR) under Solvency II.

The SCR is the amount of eligible own funds that must be available, with a given risk appetite, to cover unexpected losses in the following year. The SCR corresponds to the value at risk of the economic profit and loss distribution over a one-year time horizon with a confidence level of 99.5%. This metric thus equates to the economic loss that, given underlying exposures, will be statistically exceeded in no more than one year in every 200. In 2022, the Company has calculated its SCR using its approved internal model and its own funds in accordance with the Solvency II requirements.

As of 31 December 2022, Great Lakes Insurance SE does not avail itself of any of the transitional provisions permitted under Solvency II.

The governance system and regulatory capital requirements were also audited by BaFin in summer 2022. Great Lakes addresses the results of this audit in internal projects and permanently incorporates them in its governance system.

In conclusion, at no time was there any risk to the ability of Great Lakes Insurance SE to continue as a going concern or to the interests of our policyholders and other business partners. We are currently not aware of any developments that could jeopardise its ability to continue as a going concern. We are also not aware of any developments that could have a lasting adverse effect on the Company’s net assets, financial solvency position and results of operations.

Overall, we assess Great Lakes Insurance SE’s risk situation to be manageable and under control.

Opportunities report

Great Lakes Insurance SE’s business model combines primary insurance and reinsurance under one roof. As part of the Munich Re Group’s reinsurance field of business, we have opened up profitable growth areas with our primary insurance business, underwriting large single risks and cooperating with existing and new agents in the commercial and personal lines segments. Our integrated business model, strong capital base, drive to innovate, clear customer focus and deep industry knowledge ensure that we are well placed to benefit from constantly evolving markets and changes in customer needs, while generating profitable growth by developing bespoke solutions for our customers. We consider ourselves well prepared to seize emergent opportunities and potential for the benefit of our Company.

We expect that the global economy will only experience sluggish growth. Soaring inflation, restrictive monetary policies, geopolitical uncertainties, and bottlenecks in global supply chains will slow the rate of economic development. Our broad diversification and strong capitalisation reduce our exposure to risks while at the same time opening up further business opportunities if the macroeconomic conditions of great importance to us improve. Stronger economic growth in combination with stable prices tends to have a positive impact on the demand for insurance cover, and it triggers higher premium volume in most classes of insurance.

In light of soaring inflation, we expect the hard market in global property insurance to continue, but also see opportunities for profitable growth, in particular for our portfolio of industrial insurance.

Digitalisation is increasingly transforming the markets, and the continuous changes in customer behaviour are demanding greater flexibility in providing access, coverage and solutions, as well as the underlying internal structures. Therefore, pressing ahead with the digital transformation remains one of our strategic priorities.

We are continually adjusting our internal structures and processes to reduce complexity and costs, while at the same time seizing the opportunities that digital transformation offers. Our aim is to automate as much as possible across the entire value chain and across all business units. For our business partners and for us as well, it is all about meeting expectations with regard to quality, speed and security and steadily becoming ever more efficient. We leverage the opportunities afforded by remote and mobile working arrangements to retain current staff members and attract new talent.

Our global investments are managed by the experts at Munich Re and MEAG. The volatility on the capital markets is challenging our asset management to achieve returns with manageable risks. We only leverage higher-yield bonds if the risks can be kept within reasonable bounds. On this basis, our investment colleagues are continually expanding their competence in the assessment of these risks, in order to be able to seize alternative investment opportunities in bonds that are also being increasingly traded in illiquid markets.

Sustainable ecological and social action is becoming increasingly important for insurers. Our diverse range of activities in this regard and our high and reliable ESG standards help make us a more attractive business partner and employer and also meet the general public’s expectations on these issues.

Despite efforts at the global level, we assume that climate change will increase the number of weather-related natural catastrophes in the long term, which will heighten the loss potential and boost demand for insurance products. Our expertise in natural catastrophe risks and advances in our risk management, such as highly detailed risk models, allow us to support preventative measures, calculate competitive prices for traditional insurance products and to develop and offer new solutions for our customers.

We work with our clients in a number of ways to expand the limits of what can be insured and to offer new and expanded risk coverage. For instance, we have also included cyber risks in our portfolio, offering our clients various coverage concepts for risks and losses caused by defective product software or cyber attacks and services ranging from preventative measures through to recovering lost data. We are also developing a broad range of insurance protection for our clients to cover risks that – given recent worldwide developments – are gaining in relevance as compared to more traditional risks that are covered by insurance. This includes for instance insurance coverage for alternative energy sources, risks related to artificial intelligence and algorithms, and credit insurance.

Outlook

We assess and outline the Company's expected development to the best of our knowledge, taking into consideration the material risks and opportunities. We also take into account knowledge currently available about the outlook for the industry as well as the economic and political environment. Nevertheless, the Company's actual development and its earnings may deviate materially from the forecasts.

In connection with Munich Re's Brexit strategy, the Company has assumed a key role as risk carrier in the United Kingdom for the insurance business in Munich Re's reinsurance and ERGO segments. The necessary formation of a new subsidiary in the United Kingdom was completed in 2022. Great Lakes Insurance UK Limited will fully commence its insurance operations in 2023. Consequently, the new company's primary insurance business, which it conducts in the United Kingdom primarily with agents, will lead to a corresponding decline in premium income at our UK branch in 2023.

Furthermore, the Company is planning continuous growth in its credit and bond business through expanding the branch in Dublin, Ireland, which it started to do in 2022, with its own team of specialists and administration capacities.

Any forecasts continue to be overshadowed by increased uncertainty: the further course of the war in Ukraine is unpredictable, macroeconomic developments will remain fragile and the volatility on the financial markets will remain high. For the Company, this continues to entail risks stemming from a possible widening of credit risk spreads and potential defaults on bonds. Added to that is the further potential for losses due to changes in interest rates.

We expect a decline in business volume in 2023. The decreases stemming from the transfer of the personal lines business with agents in the United Kingdom to the new subsidiary can only be partially offset by growth in other fields of business. Against this background and assuming that exchange rates in 2023 remain at the same level as in financial year 2022, Great Lakes Insurance SE projects that it will realise gross premiums of approximately €5.7bn in 2023. We expect an own-account combined ratio of around 95% of net earned premiums after increases in the claims equalisation provision. An accurate forecast is not possible, partly due to the obvious fluctuations in the incidence of major losses and natural catastrophes. The unexpectedly low expenses for own account from basic losses and the stable losses from natural catastrophes and single major loss events are also the reason for the loss ratio being lower than forecast and for the encouraging underwriting result for financial year 2022.

In addition, in light of the fact that interest rates are rising, Great Lakes Insurance SE's return on investment will likely improve. However, as interest rates continue to rise, particularly with regard to the US dollar, this will also lead to further write-downs on fixed-interest securities. As things stand at present, we expect to generate a profit under German GAAP (HGB) in the low tens of millions in 2023, after taxes and allocations to the claims equalisation provision.

Overall, in 2023 we are expecting – given average claims figures – an underwriting result for own account of approximately €50m and a result after tax of approximately €42m.

Our reinsurance programme will continue to protect us in 2023 against further potential claims expenditure due to COVID-19, which could arise in particular in connection with coverage for cancellation-of-events insurance. We currently do not expect that the war in Ukraine will lead to any material claims expenditures for own account. The expected higher inflation is factored into the pricing and reserving processes and is thus taken into account in the ongoing business processes.

Classes of business and types of insurance transacted in the 2022 financial year

Direct insurance business

Personal accident insurance (excluding accident insurance with premium refund)
Health insurance
Liability insurance
Motor third-party liability insurance
Other motor insurance
Fire insurance
Householders' comprehensive insurance
Homeowners' comprehensive insurance
Other property insurance
Marine insurance
Aviation insurance
Credit insurance
Bond insurance
Legal protection insurance
Assistance insurance
Other classes of business

Assumed reinsurance business

Personal accident insurance (excluding accident insurance with premium refund)
Health insurance
Liability insurance
Motor third-party liability insurance
Other motor insurance
Fire insurance
Householders' comprehensive insurance
Homeowners' comprehensive insurance
Other property insurance
Marine insurance
Aviation insurance
Credit insurance
Bond insurance
Legal protection insurance
Assistance insurance
Other classes of business

Annual financial statements as at 31 December 2022

Balance sheet as at 31 December 2022

Assets

				Previous year
	€'000	€'000	€'000	€'000
A. Investments				
I. Investments in affiliated companies and long-term equity investments				
1. Shares in affiliated companies		260,101		
II. Other investments				
1. Bearer bonds and other fixed-interest securities	1,764,983			1,656,707
2. Deposits with banks	165,070			78,264
3. Other investments	24,700			16,000
		1,954,753		1,750,972
III. Deposits retained on assumed reinsurance business		1,319,342		1,174,512
			3,534,196	2,925,484
B. Receivables				
I. Receivables from direct insurance operations with:				
1. policyholders	1,837,637			1,424,285
2. intermediaries	524,421			464,041
		2,362,058		1,888,326
II. Accounts receivable on reinsurance business		720,263		673,820
Thereof - affiliated companies: €429,492 thousand (486,972 thousand)				
III. Other receivables		79,883		31,495
Thereof - affiliated companies: €46,230 thousand (6,904 thousand)				
			3,162,204	2,593,642
C. Other assets				
I. Cash at bank, cheques and cash in hand		249,954		249,119
			249,954	249,119
D. Prepaid expenses and deferred income				
I. Deferred interest and rent		6,826		6,588
II. Other prepaid expenses		5		16
			6,831	6,604
Total assets			6,953,185	5,774,848

Equity and liabilities

				Previous year
	€'000	€'000	€'000	€'000
A. Equity				
I. Issued capital		131,777		131,777
II. Capital reserves		40,000		40,000
III. Revenue reserves				
Legal reserve		13,178		13,178
IV. Net retained profits		264,063		330,032
			449,018	514,986
B. Technical provisions				
I. Unearned premiums				
1 Gross amount	1,737,432			1,680,982
2 Thereof less: ceded reinsurance business	1,233,743			1,241,842
		503,689		439,140
II. Provisions for claims outstanding				
1 Gross amount	9,258,028			8,323,439
2 Thereof less: ceded reinsurance business	7,763,977			7,135,187
		1,494,051		1,188,252
III. Claims equalisation provision and similar provisions		75,898		22,498
IV. Other technical provisions				
1 Gross amount	44,829			38,892
2 Thereof less: ceded reinsurance business	36,488			35,604
		8,340		3,288
			2,081,977	1,653,178
C. Other provisions				
I. Pension provisions		224		109
II. Provisions for tax		15,333		17,097
III. Miscellaneous provisions		8,132		5,818
			23,688	23,025
D. Deposits retained on ceded business			1,479,640	1,219,526
E. Other liabilities				
I. Liabilities from direct insurance operations to				
1 policyholders	15,123			5,370
2 intermediaries	1,189,384			799,340
		1,204,507		804,711
II. Accounts payable on reinsurance business		1,691,558		1,524,952
Thereof to - affiliated companies: €1,613,948 thousand (1,449,011 thousand)				
III. Miscellaneous liabilities		22,795		34,470
Thereof to - affiliated companies: €0 thousand (383 thousand) Thereof from taxes: €7,981 thousand (447 thousand) Thereof for social security: €3 thousand (3 thousand)				
			2,918,861	2,364,133
Total equity and liabilities			6,953,185	5,774,848

Responsible actuary's report

On the basis of the documents relating to the portfolio as presented to me, I have reviewed the calculation of the annuity claims provision as at 31 December 2022.

It is hereby confirmed that the provision for future policy benefits in the amount of €106,413 thousand reported under item B. II on the equity and liabilities side of the balance sheet was calculated with due regard to Section 341f and Section 341g of the German Commercial Code (HGB) and the regulation issued on the basis of Section 88(3) of the Insurance Supervision Act (VAG).

Munich, 24 March 2023

Responsible actuary

Dr. Alexander Itigin

Income statement for the 2022 financial year

Item

							Previous year
			€'000	€'000	€'000	€'000	
I.	Technical account						
	1	Earned premiums for own account					
		a) Gross written premium	6,197,190			5,172,488
		b) Outward reinsurance premiums	-5,147,557			-4,223,001
				1,049,633		949,487
		c) Change in gross unearned premiums	-72,057			-115,967
		d) Change in ceded share of gross unearned premiums	20,067			33,501
				-51,990		-82,466
					997,643	867,021
	2	Other technical income for own account			1	21
	3	Claims incurred for own account				
		a) Claims paid				
		a) Gross amount	-2,860,455			-2,633,985
		b) Ceded share	2,541,074			2,409,771
				-319,381		-224,215
		b) Change in provision for claims outstanding				
		a) Gross amount	-1,072,300			-169,403
		b) Ceded share	793,756			-156,845
				-278,543		-326,248
					-597,924	-550,462
	4	Change in other technical provisions for own account				
		a) Other net technical provisions		-244		4,863
					-244	4,863
	5	Operating expenses for own account				
		a) Gross operating expenses		-1,710,034		-1,385,083
		b) less: commission received on ceded business		1,438,962		1,170,568
					-271,071	-214,515
	6	Other underwriting expenses for own account			-454	-627
		Thereof: ceded share		1,991		3,553
	7	Subtotal			127,951	106,302
	8	Change in claims equalisation provision and similar provisions			-53,400	1,405
	9	Underwriting result for own account			74,551	107,707

					Previous year
		€'000	€'000	€'000	€'000
II.	Non-technical account				
1	Investment income				
a)	Income from other investments	43,380			32,914
b)	Gains on the disposal of investments	2,031			8,699
			45,410		41,613
2	Investment expenses				
a)	Expenses for the management of investments, interest paid and other expenses for investments	-2,912			-1,504
b)	Write-downs of investments	-125,565			-19,573
c)	Losses on the disposal of investments	-16,796			-7,926
			-145,273		-29,002
				-99,863	12,611
3	Other income			144,675	120,724
4	Other expenses			-164,395	-142,112
5	Operating result before tax			-45,032	98,929
6	Taxes on income			-19,116	-20,717
7	Other taxes			-4,365	-149
8	Income from loss absorption			42,545	0
9	Net loss/net income for the year			-25,968	78,063

Notes to the annual financial statements

General information

Great Lakes Insurance SE has had its registered office in Munich since 30 December 2016 (entered into the commercial register of the local court [*Amtsgericht*] in Munich under HRB 230378).

Accounting policies

Basis of preparation

The annual financial statements of Great Lakes Insurance SE have been prepared in accordance with the German Commercial Code (HGB), the German Stock Corporation Act (AktG), the German Insurance Accounting Regulation (RechVersV) and the German Insurance Supervision Act (VAG).

The structure and content of the management report complies with the requirements of the Commercial Code and is based on German Accounting Standard (GAS) 20.

The figures and totals shown are rounded in accordance with standard commercial practice.

To the extent that items in the balance sheet and income statement have not yet been settled as at the closing date, estimates are provided for the relevant items.

No income from technical interest pursuant to Section 38 of the Insurance Accounting Regulation was accrued.

Investments

Investments in affiliated companies and long-term equity investments are recognised at cost or the lower fair value if any impairment is expected to be permanent.

Bearer bonds and other fixed-interest securities are carried at the lower of cost or quoted/market value as at the balance sheet date, in accordance with Section 341b(2) in conjunction with Section 253(1), (4) and (5) of the Commercial Code.

Receivables

Receivables are generally carried at their nominal value, less any repayments and specific valuation allowances.

Other assets

Deposits with banks are carried at their nominal value.

Deferred taxes

For the calculation of deferred taxes across all tax jurisdictions, temporary differences and carry-forwards are assessed overall. We exercised the option provided for in Section 274(1) sentence 2 of the Commercial Code. An excess of deferred tax assets beyond the netting amount is not recognised.
The Company's deductible temporary differences exceeded taxable temporary differences by €210,915 thousand (81,754 thousand). The deductible temporary differences result from the measurement of intangible assets, investments and technical provisions. The existing taxable temporary differences are of lesser significance.
The rounded deferred tax rate applicable in Germany is 33.0%. It is made up of the corporate tax rate (including solidarity surcharge) of 15.8% and the trade tax rate of 17.2%. The applicable tax rate at the material permanent establishment in the United Kingdom was 25.0%.

Great Lakes Insurance SE has no tax loss carryforwards attributable to Germany (previous year: €70,787 thousand).

There are no tax accounting influences.

Offsetting of assets and liabilities

Assets are offset against the corresponding liabilities for pension commitments pursuant to Section 246(2) of the Commercial Code, since pursuant to a pledge agreement these assets are inaccessible to other creditors.

Technical provisions

The technical provisions have been calculated in accordance with the requirements of German commercial law. In all cases, we have taken into account the necessity of ensuring that our obligations can always be met.

Unearned premiums

In direct insurance business, unearned premiums are generally calculated pro rata temporis based on when the premiums are due. In accordance with tax law, 85% of the agents' commission and other fees is recognised as non-transferable income. In assumed reinsurance business, unearned premiums are generally calculated based on the ceding insurer's statements, including amounts arising from clean-cut agreements or under the fractional system. For parts of assumed reinsurance business based on underwriting years, standard commercial approximation and simplification procedures are applied for a maximum observation period of three years. We determined the ceded share of unearned premiums based on the calculation methods for direct insurance business or assumed reinsurance business. The measurement basis is calculated by deducting 92.5% of reinsurance commission from the reinsurance premiums.

Provisions for claims outstanding

The provision for claims outstanding includes the following items:

– Provisions for known claims (excluding annuity claims)
– Annuity claims provision
– IBNR reserve
– Provisions for claims settlement expenses

The provision for known claims outstanding (excluding annuity claims) for direct insurance business is essentially calculated on an individual basis for each claim. The provision for assumed reinsurance business generally corresponds to the ceding insurer's statements. Provisions were also recognised for claims that are known, but whose extent has turned out to be greater than originally foreseen. The amount of the provision is adequate to cover future payments under claims incurred during the financial year and prior years. It takes into account claims incurred and known as at the reporting date.

The annuity claims provision was calculated in accordance with recognised actuarial methods in consideration of Sections 341f and 341g of the Commercial Code. The annuity claims provisions are fully ceded to reinsurers.

An IBNR reserve was recognised to likewise take into consideration claims incurred but not reported (IBNR) to the Company as at the balance sheet date. The IBNR reserve was recognised on a flat-rate basis using actuarial methods based on historical data from prior years.

The provisions for loss adjustments were calculated separately for internal and external loss adjustment expenses, in accordance with Section 341g(1) sentence 2 of the Commercial Code. We calculate the provisions for internal adjustment expenses as a lump sum as per the circular from the Federal Minister of Finance (BMF) dated 22 February 1973.

Receivables from recoveries, salvage and claims-sharing agreements were taken into account in the provisions for claims outstanding, in accordance with Section 26(2) of the Insurance Accounting Regulation.

Claims equalisation provision and similar provisions

To the extent required and permitted by German commercial law, the "Claims equalisation provision and similar provisions" line item includes provisions to mitigate fluctuations in claims experience in future years. The claims equalisation provision and similar provisions are recognised in accordance with Section 341h of the Commercial Code in conjunction with Sections 29 and 30 of the Insurance Accounting Regulation. The claims equalisation provision is recognised in accordance with the annex to Section 29 of the Insurance Accounting Regulation.

Other technical provisions

We recognise other technical provisions based on our expected future requirements. This item includes provisions for future performance-based commission payments. A provision for anticipated losses is calculated on the basis of the claims and expenses expected in each class of business and the amount of unearned premiums as at the reporting date. No net investment income is included.

The ceded share of technical provisions is calculated using the calculation methods for direct insurance business and assumed reinsurance business. The ceded share of the IBNR reserve was calculated in line with the percentages set out in the reinsurance treaties.

Other provisions

The provision for anniversaries is calculated pursuant to the projected unit credit method in application of the modified Heubeck 2005 G tables using an actuarial interest rate of 1.45% (1.35%) and salary trend of 3.0% (3.0%). The pension provision is recognised at the fair value of the pension liability claim and is offset against the corresponding plan assets, since these pension liability claims are pledged and thus inaccessible to other creditors.

All other provisions are recognised in accordance with the required settlement amount, based on reasonable and prudent commercial judgement. For discounting, we use maturity-matched discount rates published by the Bundesbank, pursuant to Section 253(2) of the Commercial Code.

Liabilities

Deposits retained on ceded reinsurance, accounts payable on reinsurance business, liabilities from direct insurance operations and other liabilities are carried at their settlement amounts.

Foreign currency translation and hedging relationships for currency risks

All business transactions are generally recognised in the original currencies and reported using the applicable day's exchange rate in euros. The foreign currency amounts are re-translated for the balance sheet at year-end exchange rates.

Foreign currency liabilities are grouped together with the assets matching them per currency in hedging relationships, in accordance with Section 254 of the Commercial Code (portfolio hedges), the items allocated to the hedging relationships being primarily non-current assets, provisions and non-current liabilities. Translation is generally performed independently of the restrictions of the historical-cost and realisation principle.

If there is an excess of assets over liabilities in a particular currency, this is examined to see whether or not it is long-term. Long-term excesses of assets over liabilities are grouped together with currency forward transactions in separate hedging relationships, pursuant to Section 254 of the German Commercial Code, and are also generally translated independently of the restrictions of the historical-cost and realisation principle.

The effective part of the hedging relationships is accounted for using the gross hedge presentation method. Short-term excesses of assets over liabilities and (short-term and long-term) excesses of liabilities over assets are generally translated immediately through profit or loss. The remaining assets and liabilities outside the above-mentioned hedging relationships per currency have a residual term of less than one year and are therefore recognised in accordance with Section 256a of the Commercial Code. The same applies to provisions, whose residual term is, however, immaterial for non-compliance with the historical-cost or realisation principle.

Gains and losses resulting from currency translation are recognised in the income statement under other income or other expenses.

Notes to the balance sheet – Assets

A. Investments

Changes in asset items

Asset items

			Carrying amount previous year	Foreign exchange effects	Additions	Disposals	Reversals of write-downs	Write-downs	Carrying amount 31.12.2022
A.	I	Investments in affiliated companies and long-term equity investments							
		1. Shares in affiliated companies	0	0	260,101	0	0	0	260,101
	II.	Other investments							
		1. Bearer bonds and other fixed-interest securities	1,656,707	23,577	1,665,372	-1,455,108	0	-125,565	1,764,983
		2. Deposits with banks	78,264	-2,726	89,532	0	0	0	165,070
		3. Other investments	16,000	0	447,300	-438,600	0	0	24,700
Total			1,750,971	20,851	2,462,305	-1,893,708	0	-125,565	2,214,854

The statement of changes in assets and investments is shown at year-end exchange rates (31 December 2022).

Assets with a market value of €46,731 thousand (49,019 thousand) are furnished as collateral for liabilities, primarily under trust fund obligations from insurance business in the United States.

Fair value of investments

Investments – Valuation reserves

			Carrying amount	Fair value	Valuation reserves
€'000			31.12.2022	31.12.2022	31.12.2022
A.	I.	Investments in affiliated companies and long-term equity investments			
		1. Shares in affiliated companies	260,101	284,607	24,506
	II.	Other investments			
		1. Bearer bonds and other fixed-interest securities	1,764,983	1,765,479	496
		2. Deposits with banks	165,070	165,070	0
		3. Other investments	24,700	24,700	0
Total			2,214,854	2,239,856	25,002

As at 31 December 2022, no investments were categorised as long-term.

B. III. Other receivables

Other receivables includes income tax assets amounting to €11,139 thousand (9,712 thousand) and taxes chargeable as expenses amounting to €7,154 thousand (5,780 thousand).

C. Other assets

Balances at domestic and foreign banks are reported under this item.

D. Prepaid expenses and deferred income

This item includes deferred interest income from fixed-interest securities, mainly from bearer bonds.

Notes to the balance sheet – Equity and liabilities

A. Equity

I. Issued capital

Share capital amounts to €131,776,704 and is divided into 11,400,000 no-par value shares. Each share represents a notional share of €11.56 of share capital.

II. Capital reserves

The capital reserve remained unchanged as against financial year 2020, at €40,000 thousand.

III. Revenue reserves

The revenue reserve amounted to €13,178 thousand (13,178 thousand). The legal reserve is fully funded in accordance with the legal requirements.

IV. Net retained profits

€'000	31.12.2022	Previous year
Net loss/net income for the year	-25,968	78,063
Profit brought forward from previous year	290,032	264,063
Allocation to retained earnings		
a) to the legal reserve	0	-12,095
Total	264,063	330,031

The net retained profits of €264,063 thousand (330,032 thousand) result from the net loss for financial year 2022 after loss assumption and the profit brought forward from the period prior to relocating the registered office of Great Lakes from London to Munich. The loss assumption was reduced by the retained profits brought forward in the period after the relocation of the headquarters.

Proposal for appropriation of profit

The Board of Management proposes bringing forward the net retained profits of €264,063 thousand.

B. Technical provisions

€'000	Total gross technical provisions		Thereof: Gross provision for claims outstanding		Thereof: Claims equalisation provision and similar provisions	
	31.12.2022	Previous year	31.12.2022	Previous year	31.12.2022	Previous year
Direct insurance business						
Personal accident and health insurance, of which:	140,630	158,820	109,628	128,456		
Personal accident insurance	29,823	75,044	20,248	65,290		
Health insurance	110,807	83,776	89,380	63,166		
Liability insurance	2,342,124	2,002,526	2,055,154	1,751,993	14,616	
Motor third-party liability insurance	2,361,428	2,375,918	2,063,005	2,027,993	128	
Other motor insurance	415,138	398,991	310,393	302,522	20,940	9,007
Fire and property insurance, thereof:	1,561,766	1,036,864	1,244,071	832,466	29,866	2,621
Fire insurance	943,366	611,770	791,463	484,260	1,139	2,621
Householders' comprehensive insurance	60,452	26,929	33,273	18,548		
Other property insurance	428,667	370,277	349,416	301,770		
Marine and aviation insurance	131,432	114,776	103,289	87,888		
Credit and bond insurance	159,360	119,058	146,053	111,950	558	512
Legal protection insurance	19,036	35,334	18,303	34,368		
Assistance insurance	7,607	11,129	2,382	5,759		
Other classes of business	864,865	876,625	721,699	738,250	4,886	3,402
Total	8,003,386	7,130,041	6,773,977	6,021,644	70,994	15,541
Assumed reinsurance business						
Total	3,112,799	2,935,770	2,484,051	2,301,795	4,903	6,956
Overall insurance business	11,116,185	10,065,811	9,258,028	8,323,439	75,897	22,498

C. Other provisions

A settlement amount totalling €1,157 thousand from provisions for retirement benefit obligations was offset by plan assets with a total fair value of €933 thousand. The netting at the level of individual plans did not lead to any excess of plan assets over pension liability and gave rise to a provision for post-employment benefits amounting to €224 thousand. The cost of the plan assets was just under €933 thousand. The cost of these assets amounted to €41 thousand in the financial year. The interest expense for the provisions for post-employment benefits and similar non-current obligations totalled €22 thousand.

Netted expenses and gains from the defined benefit obligation and the offsetting plan assets

€'000	31.12.2022
Expenses from the discounting of retirement benefit obligations	-16
Expenses from the change in the discount rate for retirement benefit obligations	-6
Expenses from assets to be set off against retirement benefit obligations	-41
Net expenses from retirement benefit obligations	**-63**
Expenses from the discounting of partial retirement obligations	-7
Gains from the change in the discount rate for partial retirement obligations	2
Gains from assets to be set off against partial retirement obligations	21
Net gains from partial retirement obligations	16

With regard to the partial retirement obligations, a settlement amount of €826 thousand was offset by plan assets of €521 thousand.

The provision for anniversary benefits amounted to €821 thousand.

Nearly every employee received pension commitments for themselves and their surviving dependants, which Great Lakes Insurance SE must cover itself.

III. Miscellaneous provisions

€'000	31.12.2022	Previous year
Salary obligations	3,201	2,342
Other	2,310	2,056
Invoices outstanding	1,800	567
Anniversary benefits	821	785
Medium-term incentive plans	0	68
Total	8,132	5,818

D. Liabilities

Due dates

€'000	Up to 1 year	Over 1 year and up to 5 years	Over 5 years
E. Other liabilities			
I. Liabilities from direct insurance operations to:			
1. policyholders	15,123	0	0
2. intermediaries	1,189,384	0	0
	1,204,507	0	0
II. Accounts payable on reinsurance business	1,632,958	58,107	493
Thereof: affiliated companies: €1,613,948 thousand (1,441,424 thousand)			
III. Miscellaneous liabilities	22,796	0	0
Thereof to - affiliated companies: €0 thousand (383 thousand) Thereof from taxes: €7,981 thousand (447 thousand) Thereof for social security: €3 thousand (3 thousand)			
Total	2,860,261	58,107	493

E. Hedging relationships

Hedging relationship	Hedged items	Hedging instruments	Type of risks	Amount of risks hedged
Portfolio hedge	Foreign currency liabilities	Foreign currency assets	Exchange rate risks	Currency result from hedged foreign-currency liabilities Recognition of effective change in the fair value of hedged items and hedging instruments in the balance sheet and income statement based on gross hedge presentation method
	The following hedging relationships – the largest in terms of volume – were recognised as at the balance sheet date: - Pounds sterling: €4,091 million (4,610 million) - US dollars: €4,454 million (4,173 million) - Chinese yuan: €19,677 million (2,652 million) The gross reserves are essentially covered by the net reserves.			Recognition of effective change in the fair value of hedged items and hedging instruments in the balance sheet and income statement based on gross hedge presentation method

Notes to the income statement

I. Technical account

I.1 Earned premiums for own account

€'000	Gross premiums written		Gross premiums earned		Net earned premiums	
	2022	Previous year	2022	Previous year	2022	Previous year
Direct insurance business						
Personal accident and health insurance, of which:	252,116	124,458	242,224	143,828	-318	734
Personal accident insurance	49,586	38,205	45,286	37,321	-148	199
Health insurance	202,531	86,254	196,938	106,506	-170	534
Liability insurance	726,316	699,227	707,402	623,651	240,080	217,024
Motor third-party liability insurance	836,020	793,624	894,473	837,026	2,199	2,704
Other motor insurance	270,581	211,414	277,125	232,139	58,127	35,354
Fire and property insurance, thereof:	796,008	566,586	720,956	500,909	435,467	345,699
Fire insurance	409,669	330,088	396,540	300,371	281,374	236,866
Householders' comprehensive insurance	79,071	34,725	59,204	32,287	-940	498
Other property insurance	222,359	201,780	212,214	168,244	110,040	108,452
Marine and aviation insurance	128,264	82,112	127,418	81,504	8,675	5,875
Credit and bond insurance	156,129	135,598	150,457	132,574	536	502
Legal protection insurance	4,505	9,546	4,532	12,657	104	328
Assistance insurance	27,176	19,158	24,288	16,439	-137	109
Other classes of business	847,358	583,632	832,531	553,269	150,335	151,706
Total	4,044,473	3,225,355	3,981,406	3,133,997	895,068	760,034
Assumed reinsurance business						
Total	2,152,718	1,947,133	2,143,727	1,922,525	102,575	106,988
Overall insurance business	6,197,191	5,172,488	6,125,133	5,056,521	997,643	867,021

Gross premiums written by origin

€'000	2022	Previous year
Direct insurance business		
Germany	167,446	129,803
Other Member States of the European Union and other signatory states to the Agreement on the European Economic Area (EEA)	642,623	467,998
Third countries	3,234,403	2,627,555
Total	4,044,472	3,225,354

I.3. Claims incurred for own account

Claims incurred for own account are reduced by the gain on reversing the provision brought forward from the previous financial year. The gain was within an appropriate range.

Gross claims incurred

'000 €	2022	Previous year
Direct insurance business		
Personal accident and health insurance, of which:	**-48,331**	**-44,856**
Personal accident insurance	41,518	-18,213
Health insurance	-89,849	-26,643
Liability insurance	-556,221	-414,980
Motor third-party liability insurance	-733,950	-376,576
Other motor insurance	-181,415	-147,021
Fire and property insurance, thereof:	**-684,637**	**-358,766**
Fire insurance	-476,100	-241,713
Householders' comprehensive insurance	-45,128	-55,789
Other property insurance	-120,942	-61,247
Marine and aviation insurance	-44,935	-81,771
Credit and bond insurance	-98,114	-39,295
Legal protection insurance	16,120	5,097
Assistance insurance	668	15,210
Other classes of business	-493,797	-432,627
Total	**-2,824,612**	**-1,875,584**
Assumed reinsurance business		
Total	-1,108,143	-927,805
Overall insurance business	**-3,932,755**	**-2,803,389**

Gross operating expenses

€'000	2022	Previous year
Direct insurance business		
Personal accident and health insurance, of which:	-116,166	-73,366
Personal accident insurance	-7,167	-7,726
Health insurance	-108,999	-65,640
Liability insurance	-140,558	-122,117
Motor third-party liability insurance	-329,253	-355,876
Other motor insurance	-98,213	-61,984
Fire and property insurance, thereof:	-225,348	-108,503
Fire insurance	-124,209	-92,345
Householders' comprehensive insurance	-24,848	26,264
Other property insurance	-47,866	-39,009
Marine and aviation insurance	-25,832	-16,571
Credit and bond insurance	-2,833	1,000
Legal protection insurance	-5,725	-37,164
Assistance insurance	-3,192	1,708
Other classes of business	-238,766	-161,298
Total	-1,185,886	-934,171
Assumed reinsurance business		
Total	-524,148	-450,912
Overall insurance business	-1,710,034	-1,385,083

Of the total gross operating expenses, €1,667,334 thousand (1,353,366 thousand) was attributable to acquisition costs and €42,700 thousand (31,717 thousand) to management expenses.

I.9. Underwriting result for own account

€'000	2022	Previous year
Direct insurance business		
Personal accident and health insurance, of which:	311	1,691
Personal accident insurance	602	783
Health insurance	-291	908
Liability insurance	16,376	-9,299
Motor third-party liability insurance	9,833	8,192
Other motor insurance	-5,145	-479
Fire and property insurance, thereof:	12,186	38,669
Fire insurance	26,590	-3,561
Householders' comprehensive insurance	-260	1,015
Other property insurance	1,195	41,213
Marine and aviation insurance	-1,253	-430
Credit and bond insurance	5,067	3,708
Legal protection insurance	39	303
Assistance insurance	310	432
Other classes of business	16,760	25,233
Total	54,484	68,020
Assumed reinsurance business		
Total	20,067	39,687
Overall insurance business	74,551	107,707

Reinsurance balance*

€'000	2022	Previous year
Direct insurance business		
Personal accident and health insurance, of which:	-77,384	-23,775
Personal accident insurance	-79,035	-10,600
Health insurance	1,651	-13,175
Liability insurance	20,584	-97,526
Motor third-party liability insurance	178,692	-96,383
Other motor insurance	9,458	-26,062
Fire and property insurance, thereof:	230,277	6,700
Fire insurance	230,629	34,452
Householders' comprehensive insurance	10,578	-1,693
Other property insurance	-42,209	-29,369
Marine and aviation insurance	-57,824	16,787
Credit and bond insurance	-44,393	-90,259
Legal protection insurance	-14,889	19,713
Assistance insurance	-21,454	-32,925
Other classes of business	-81,723	65,835
Total	141,344	-257,895
Assumed reinsurance business		
Total	-493,421	-504,853
Overall insurance business	-352,077	-762,748

* = to the benefit of the reinsurers

The reinsurance balance is calculated on the basis of the reinsurers' earned premiums and the ceded share of gross expenses for claims incurred and gross operating expenses.

Non-technical account

Other income and expenses primarily comprise currency translation gains of €143,153 thousand (119,404 thousand) and currency translation losses of –€130,848 (–113,239 thousand). Our business model means that a large volume of the technical provisions and of the receivables and payables before reinsurance are denominated in foreign currencies. The corresponding items are reduced to a significantly lower level after reinsurance. This results in high currency translation gains and losses that offset each other. Our branches in the United Kingdom, Australia and Switzerland hold the majority of their assets in the respective local currencies. The material currencies for our portfolio are the pound sterling, the Australian dollar and the US dollar.

In the 2022 financial year, a tax expense of €20,234 thousand (3,129 thousand) arose in the Germany tax jurisdiction; a tax expense of –€2,645 thousand (15,817 thousand) was generated at the permanent establishment in the UK and €950 thousand (1,241 thousand) at the permanent establishment in Italy.

Other information

Number of primary insurance policies with terms of at least one year

Number	2022	Previous year
Direct insurance business		
Personal accident and health insurance, of which:	2,607,993	595,748
Personal accident insurance	1,669,351	296,300
Health insurance	938,642	299,448
Liability insurance	1,395,463	420,875
Motor third-party liability insurance	6,613,355	5,151,623
Other motor insurance	4,886,688	4,364,791
Fire and property insurance, thereof:	383,194	232,465
Fire insurance	86,758	119,938
Householders' comprehensive insurance	137,039	36,784
Other property insurance	159,397	75,743
Marine and aviation insurance	24,924	3,371
Credit and bond insurance	48,866	107,272
Legal protection insurance	212,521	496,760
Assistance insurance	300,010	151,391
Other classes of business	3,740,208	1,950,729
Total	20,213,222	13,475,025

Contingent liabilities and other financial commitments

There were no contingent liabilities. There were no other financial commitments in financial year 2022.

Off-balance sheet transactions

There are no further off-balance sheet transactions.

Events after the balance sheet date

No transactions of material significance occurred after the end of the financial year.

Average headcount during the year

In the 2022 financial year, we employed an average of 40 (36) staff at the Company's registered office. All of these employees are office-based staff.

Commissions and other payments to insurance agents, personnel expenses

€'000	31.12.2022	Previous year
Commissions of any type to insurance agents within the meaning of Section 92 of the Commercial Code for direct insurance operations	1,117,304	873,597
Other payments to insurance agents within the meaning of Section 92 of the Commercial Code	32,494	29,183
Wages and salaries	8,340	6,162
Social security contributions and employee assistance	2,503	1,350
Expenses for employees' pensions	346	185
Total	1,160,987	910,478

Remuneration report

The total remuneration of the Board of Management of Great Lakes Insurance SE amounted to €1,610 thousand (1,347 thousand). No expenses were incurred for the Supervisory Board of Great Lakes Insurance SE in 2022. The members of the Supervisory Board and Board of Management did not receive any cash advances or loans in the year under review.

Please see page 40 for an overview of the members of the Supervisory Board and the Board of Management. This constitutes part of the notes to the annual financial statements.

For financial years 2017 to 2019, Great Lakes Insurance SE set up medium-term incentive plans for the Board of Management, each with a term of three years. The participants received performance share units (PSUs). In the fourth year after plan commencement, participants are entitled to a bonus payment dependent on the achievement of value-based performance objectives and the increase in the total shareholder return (TSR). The plan set up for 2019 covered a shorter assessment period, from 1 January 2019 to 30 June 2019. Payment for this final plan was made in 2022. The provision for these rights (previous year: 170) was reversed in full. Long-term incentive plans, each with a term of four years, have been set up since the 2019 financial year. These remuneration components replace the medium-term incentive plans. The first plan set up for 2019 covered a shorter assessment period, from 1 July 2019 to 31 December 2019. The amount of the bonus is determined by the total shareholder return (TSR) of Munich Re shares compared to a defined peer group. In the fifth year after plan commencement, participants are entitled to a bonus payment. As at 31 December 2022, the provision amounted to €1,010 thousand (669 thousand).

Auditors' fees

In exercise of the exemption, the disclosures on auditors' fees are made pursuant to Section 285 no. 17 of the Commercial Code in the consolidated financial statements of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München.

Group affiliation

Great Lakes Insurance SE is a wholly owned subsidiary of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München. The disclosure pursuant to Section 20(4) of the Stock Corporation Act has been made.

The annual financial statements of our Company are included in the consolidated financial statements of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München, Munich, prepared in accordance with the International Financial Reporting Standards (IFRSs) as at 31 December 2022 (simultaneously the smallest and the largest group of consolidated companies). The conditions for exempting the Company from consolidated reporting requirements are therefore fulfilled.

The consolidated financial statements and management report of Munich Re were submitted to the electronic Federal Gazette and published there. They are also available on the website of Munich Re.

List of shareholdings as at 31 December 2022 in accordance with Section 285 no. 11 of the Commercial Code

The disclosures on equity and the net income/net loss for the financial year are taken from the most recently available annual financial statements prepared in accordance with local GAAP.

Great Lakes Insurance SE (pursuant to the German Commercial Code [HGB])

Name of company and location of registered office	Shareholding (%)	Equity (€'000)	Net income/loss for the year (€'000)
Great Lakes Insurance UK Limited, London	100	1	–

Governing bodies

Supervisory Board

Claudia Hasse
Chair of the Supervisory Board, Head of Europe and Latin America 3 (Germany & Special Services) at Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München

Ralph Ronnenberg
Deputy Chair of the Supervisory Board, Head of Reinsurance Controlling at Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München

Dr. Carsten Prussog
Head of Europe and Latin America 1 (UK, Ireland, Netherlands, Nordic and Baltics) at Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München

Board of Management

Christoph Carus
Chief Executive Officer

Dr. Stefan Pasternak

Dr. Tobias Klauß

Stéphane Deutscher

Drawn up and released for publication, Munich, 24 March 2023.
The Board of Management

Independent auditor’s report

To Great Lakes Insurance SE, Munich

Report on the audit of the annual financial statements and of the management report

Opinions

We have audited the annual financial statements of Great Lakes Insurance SE, Munich, which comprise the balance sheet as at 31 December 2022, and the income statement for the fiscal year from 1 January 2022 to 31 December 2022, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Great Lakes Insurance SE for the fiscal year from 1 January 2022 to 31 December 2022.

In our opinion, on the basis of the knowledge obtained in the audit,

• the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to insurance companies and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2022 and of its financial performance for the fiscal year from 1 January 2022 to 31 December 2022 in compliance with German legally required accounting principles, and

• the accompanying management report as a whole provides an appropriate view of the Company’s position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s responsibilities for the audit of the annual financial statements and of the management report” section of our auditor’s report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the fiscal year from 1 January 2022 to 31 December 2022. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

Measurement of the gross provision for outstanding claims

Reasons why the matter was determined to be a key audit matter

The gross provision for outstanding claims includes provisions for known and unknown claims. Its measurement is governed by the requirements of Section 341g of the German Commercial Code (HGB).

The valuation of the gross partial loss reserve for known insurance claims (known claims) in direct business is generally carried out individually for each claim and is based on the knowledge and information at the reporting date as well as the Company's experience from similar claims. In assumed business, the valuation of the partial loss reserve for known claims is carried out according to the advices of the cedants or, if better knowledge is available, by management itself. The provisions are estimated if no advices from cedants were available at the time of preparing the Company’s financial statements. The estimation is then successively released based on the figures from the cedants’ actual cost settlement. The difference between the estimate and the actual cost settlement results in an adjustment effect that is recognised in profit or loss.

Management determines the partial loss provision for unknown claims on the basis of experience using actuarial and statistical methods. In this context, past experience is used as a basis for making assumptions about premiums and ultimate loss ratios, as well as the time frames, factors, speed of claims settlement, and inflation of claims.
Management determines the amount of the gross provision for outstanding claims based on the results of the actuarial techniques and additional information regarding the uncertainties associated with the calculations.

Major losses are measured separately in calculating the gross provision for outstanding claims.

Determining the gross provision for outstanding claims is subject to uncertainty and judgement, as the provision is largely based on estimates and assumptions. There is therefore a risk that the gross provision for outstanding claims is insufficient overall. Uncertainties in estimation arise in particular from the occurrence, amount, and speed of settlement of major claims; long-term claims development and special loss scenarios.

We have therefore determined the measurement of the gross provision for outstanding claims to be a key audit matter. In addition, the provision for outstanding claims is a significant liability item in the balance sheet.

Auditor’s response

As part of our audit, we gained an understanding of the process of determining the gross provision for outstanding claims. We also tested the effectiveness of the controls implemented for ensuring the completeness and accuracy of the recognition and measurement of claims.

We also assessed the appropriateness of the actuarial techniques and methods utilised in the valuation of the partial loss provisions for known and unknown claims, as well as the derivation and transparency of key assumptions used, including loss ratios and assumptions with regard to claims settlement. In addition, we verified all the estimates for this reporting year, and made inquiries in cases of significant discrepancies.

We also examined whether the gross provision for outstanding claims in previous years had been adequately calculated in order to cover the claims actually incurred overall and to evaluate the quality of past estimates (“targets vs. actuals”). In this context, we analysed on the basis of the run-off results whether the gross provision for outstanding claims was adequate.

On the basis of a deliberately selected sample of individual known claims, including major losses, for various classes and types of insurance, we used the claims files to determine whether the provisions recognised were adequate, taking into account the information and findings available as at the end of the reporting period.

To assess whether the gross provision for outstanding claims was sufficient, we generated our own loss projections for the six largest classes and types of insurance on the basis of actuarial methods. We calculated a best estimate and defined an appropriate range based on statistical probabilities, and then compared our figures with management’s calculations; taking this as a basis, we assessed the measurement of the gross provision in terms of its overall sufficiency.

We assessed the assumptions for the further development of the consumer price, construction cost, salary increase and healthcare cost indices and their impact on the overall portfolio and assessed portfolio-specific inflation assumptions using a randomly selected sample.

We engaged our own specialists with knowledge of actuarial science in our audit.

Our audit has not led to any reservations relating to the measurement of the gross provision for outstanding claims.

Reference to related disclosures

The disclosures on the accounting policies used for the gross provision for outstanding claims can be found in the section entitled “Recognition and measurement” of the notes to the financial statements. Disclosures on the composition of the gross provision for outstanding claims for the classes and types of insurance can be found in the section entitled “Notes to the balance sheet – Equity and liabilities/Technical provisions”.

Other information

The Supervisory Board is responsible for the Report of the Supervisory Board. In all other respects, the executive directors are responsible for the other information. The other information comprises other parts of the annual report of which we received a version before issuing this auditor’s report, in particular:

• key figures

• Report of the Supervisory Board

but not the annual financial statements, the disclosures in the management report covered by our audit, or our auditor’s report.

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

• is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or

• otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive directors and the supervisory board for the annual financial statements and the management report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to insurance companies, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.

• Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

• Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

• Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.

• Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

• Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on 25 April 2022. We were engaged by the Chair of the Supervisory Board on 15th September 2022. We have been the auditor of Great Lakes Insurance SE without interruption since fiscal year 2020.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).
German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Dr. Thomas Kagermeier.

Munich, 6 April 2023

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Ott	Dr. Kagermeier
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Imprint

Great Lakes Insurance SE
Königinstrasse 107
80802 Munich, Germany

Tel.: +49 (0)89 244455270
Fax: +49 (0)89 244455271

www.glise.com

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