MS Frontier Reinsurance Limited

ANNUAL REPORT 2015

MSIG | MS Frontier Re
A Member of MS&AD INSURANCE GROUP

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This year's annual report has been provided in electronic format for you to read online or print at your convenience. It has been designed to use minimal ink and paper should you decide to print this document.

Message from the President & CEO

To our business partners,

I would like to report on the activities and performance of MS Frontier Reinsurance Limited for the year ended December 31, 2015.

It is with great delight I inform you that the MS Frontier Re group of companies has continued to show strong results in an ever competitive reinsurance market with a profit of $84m (2014: $74m).

Overall 2015 has been another successful year for the Company. Gross Written Premium amounted to $179m (2014 $172m); despite the ongoing rate pressures in all territories we have managed to maintain stable premium income in a tough market with quality clients. Our combined operating ratio stood at 50% (2014: 57%). The shareholders equity of our group has grown to $1,012m (2014: $999m).

2015 was a relatively benign year for natural catastrophes and this has resulted in lower than expected loss activity leading to a strong underwriting performance. Our operations in Asia saw a moderate loss from the Tianjin explosion (circa US$3.5m).

Investment market returns remain at historically low levels and our investment portfolio remains focussed on high quality, highly liquid issuers to reduce volatility in earnings and valuations. Our investment philosophy continues to complement our underwriting outlook by balancing overall risk and return within the Company. At the end of the year our total financial investment assets stood at $994m (2014: $928m). Global growth has remained weak which is reflected in low interest rates, depressed oil prices and weakening of European currencies. We shall continue to seek optimal investment returns within acceptable levels of investment risk.

On the Regulatory front, Bermuda has recently achieved Solvency II equivalence, which greatly enhances the appeal of Bermuda as a jurisdiction of choice for global reinsurers. This equivalence highlights the quality and sophistication of the regulatory environment in Bermuda and allows Bermuda based businesses to compete with other jurisdictions in this very global marketplace.

Following the run off of our main underwriting subsidiary MSRE since 2013, it was decided during 2014 to rationalise our corporate structure and sell this subsidiary to a third party run off specialist. This sale was completed in July 2015.

Looking forward to 2016 we continue to see competition both from traditional and non-traditional markets (ILS). We have begun to see US rate reductions slow down but not elsewhere, with Europe continuing to experience substantial cuts. We look to continue growing our non-cat book, offering a wider product base and services as well as aiding diversification within the portfolio.

From January 2016, our Zurich office started underwriting as a branch operation to service certain territories in the EU.

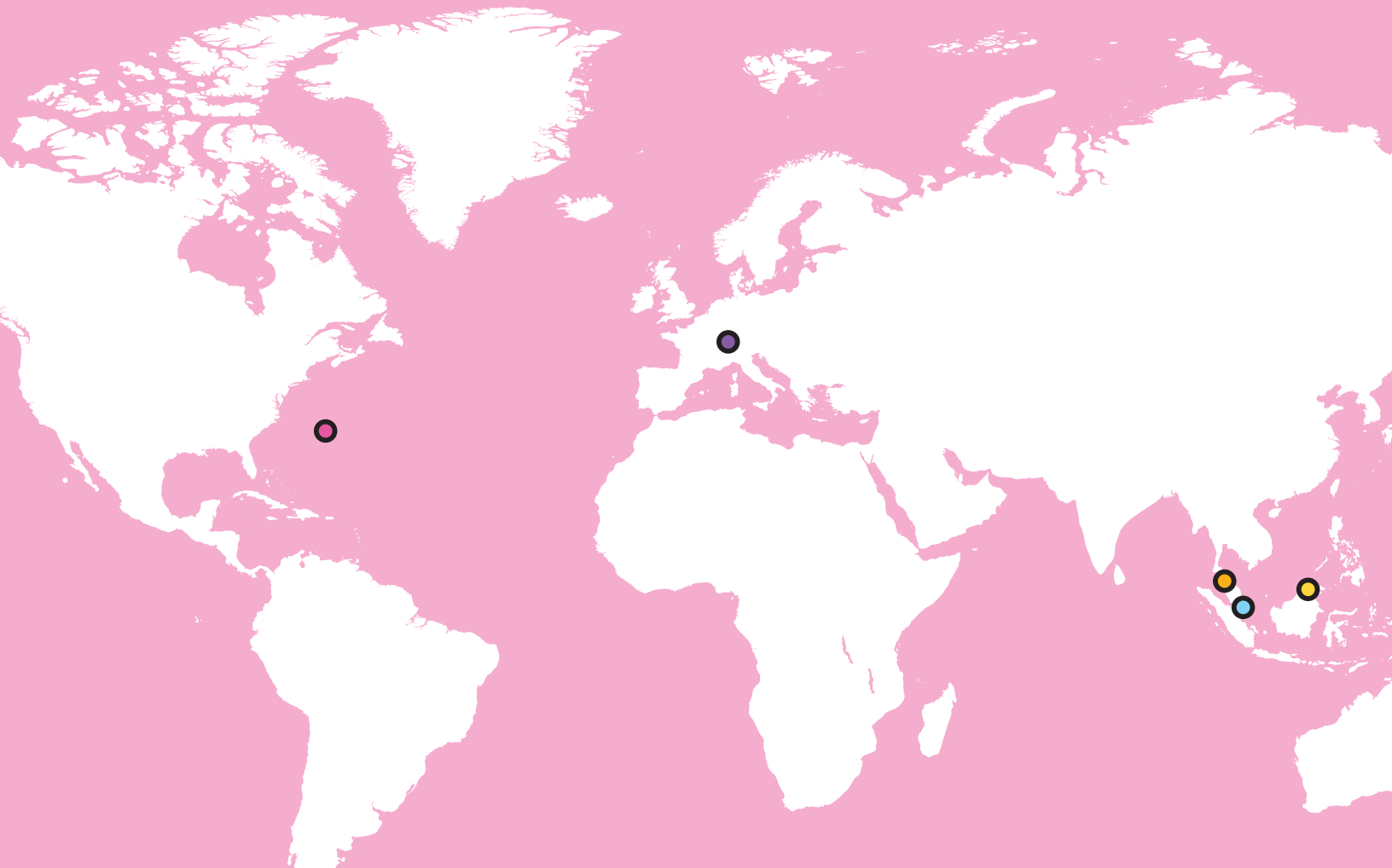
I would like to conclude with an update on the recent acquisition of Amlin PLC by our parent company MSI. This is a historic event for both MSI and Amlin. Given the complimentary nature of certain MSI and Amlin business's there will be a period of restructuring under the new brand of MS Amlin. This will be an on-going process during 2016 as we reposition ourselves within the reinsurance market. The objective is to combine the best of both companies enhancing our product base for the future benefit of our customers.

Finally I would like to thank all of our clients, business partners and staff for their continued support in 2015 and look forward to the next exciting chapter as part of MS Amlin in the future.

Yu Okada

President and Chief Executive Officer

"2015 was a relatively benign year for natural catastrophes and this has resulted in lower than expected loss activity leading to a strong underwriting performance."



Business Summary

5 Year Historical Highlights

in Millions of US Dollars

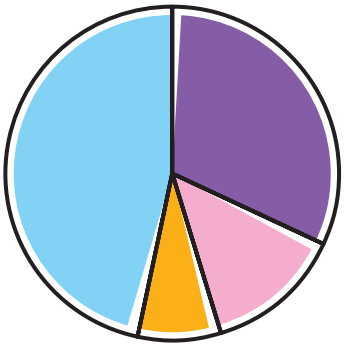
	2011	2012	2013	2014	2015
Net Premium Earned	215.5	204.0	179.1	166.6	158.1
Investment Income	17.9	17.8	16.2	14.9	17.4
Net Income	(75.1)	64.8	88.0	73.6	83.7
Shareholders' Equity	670.6	843.4	925.1	999.3	1012.3

Ratios

	2011	2012	2013	2014	2015
Expense	35.8%	34.8%	35.4%	31.8%	32.8%
Loss	110.4%	45.0%	22.4%	24.7%	17.1%
Combined	146.2%	79.8%	57.8%	56.5%	49.9%

Underwriting

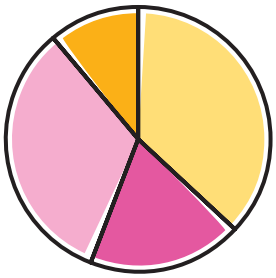
MS Frontier Re
Revenue Segmentation by Region



- Americas **55%**
- Europe **23%**
- Asia/ ME/ Oceania **14%**
- Other **8%**

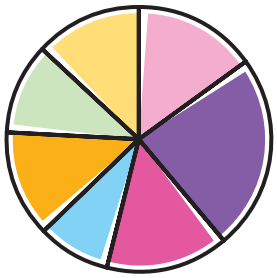
Rating Profile of Fixed Income Investments

- AAA & AA+ **37%**
- AA & AA- **19%**
- A+ & A **33%**
- BBB **11%**



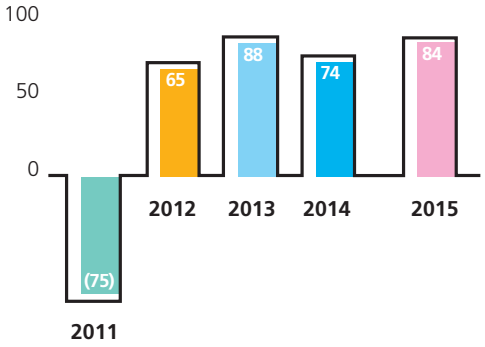
Investment portfolio by type

- US Treasuries **15%**
- US Corporate **24%**
- Non US Corporate **15%**
- Non US Govt & Agencys **9%**
- US Agencies **13%**
- Municipals **11%**
- Other **13%**



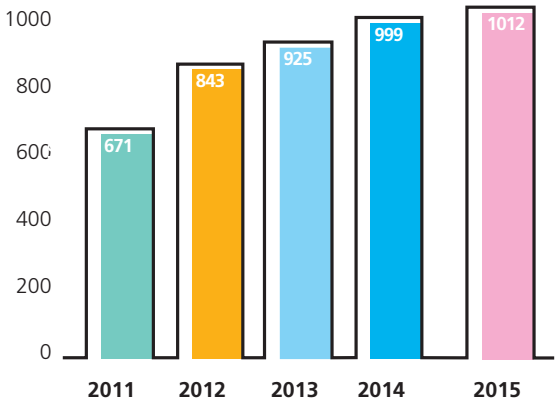
Net Income

in Millions of US Dollars



Shareholders' Funds Growth

in Millions of US Dollars



Ratings

A
Excellent

AM Best rating

A+
Strong

Standard & Poor's rating

Financial Statements

Independent Auditors' Report

The Board of Directors

MS Frontier Reinsurance Limited

We have audited the accompanying consolidated financial statements of MS Frontier Reinsurance Limited and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of income and comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly in all material respects, the consolidated financial position of MS Frontier Reinsurance Limited and its subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda

May 4, 2016

Consolidated Balance Sheets

Years ended December 31, 2015 and 2014 (Expressed in United States Dollars)

	2015	2014
Assets		
Cash and cash equivalents (Note 3)	$ 104,584,612	$ 85,116,431
Investments (Notes 3 and 4)	993,914,505	928,128,925
Accrued interest receivable	5,743,884	4,599,625
Reinsurance balances receivable (Note 8)	40,099,474	39,244,224
Funds withheld	22,475,791	21,940,257
Deferred acquisition expenses	7,203,943	7,712,998
Deferred reinsurance premium	5,565,688	–
Deferred tax (Note 10)	110,203	149,158
Prepaid expenses (Note 8)	4,593,679	2,488,130
Other Assets	442,135	20,625
Investment pending settlement	1,459,967	–
Capital assets (Note 6)	3,571,994	2,688,369
Assets classified as held for sale (Note 9)	–	190,172,160
Total assets	$ 1,189,765,875	$1,282,260,902
Liabilities		
Outstanding losses and loss expenses (Note 7)	$ 120,264,739	$ 107,690,495
Unearned premiums (Note 8)	45,533,474	44,474,671
Reinsurance balances payables	3,537,930	15,281
Accounts payable and accrued expenses (Note 8)	8,157,266	6,284,344
Corporation tax payable	4,658	5,719
Liabilities classified as held for sale (Note 9)	–	124,529,997
Total liabilities	177,498,067	283,000,507
Shareholder's equity		
Share capital (Note 12)	294,588,584	294,588,584
Contributed surplus (Note 12)	250,000,000	250,000,000
Accumulated other comprehensive income	(1,845,225)	9,532,103
Retained earnings	469,524,449	445,139,708
Total shareholder's equity	1,012,267,808	999,260,395
Total liabilities and shareholder's equity	$ 1,189,765,875	$1,282,260,902

See accompanying notes to the consolidated financial statements

Consolidated Statements of Income and Comprehensive Income

Years ended December 31, 2015 and 2014 (Expressed in United States Dollars)

	2015	2014
Income		
Premiums assumed (Note 8)	$ 178,888,054	$ 172,158,458
Change in unearned premiums	(1,058,803)	(5,493,837)
Premiums earned	177,829,251	166,664,621
Premiums ceded (Notes 8)	(25,322,562)	(53,410)
Change in prepaid reinsurance	5,565,688	–
Ceded premiums earned	(19,756,874)	(53,410)
Net premiums earned	158,072,377	166,611,211
Net investment income (Note 3)	17,386,208	14,940,252
Net gain on sale of investments (Note 3)	2,208,917	5,623,084
Total other-than-temporary impairment losses	(757,556)	–
Other income	335,193	451,337
Foreign exchange loss	(14,719,007)	(4,301,095)
Total income	162,526,132	183,324,789
Expenses		
Losses and loss expenses incurred (Notes 7)	27,064,406	41,098,467
Acquisition expenses	23,297,191	24,845,459
General and administrative expenses (Note 8)	28,536,739	28,219,462
Total expenses	78,898,336	94,163,388
Income before taxes	83,627,796	89,161,401
Income taxes (Note 10)	(58,205)	(25,332)
Net income from continuing operations	83,569,591	89,136,069
Discontinued operations (Note 9)		
(Loss)/ Profit from discounted operations	(1,594,445)	10,714,139
Profit/ (Loss) on disposal	1,742,600	(26,190,486)
Income taxes	–	(21,172)
Net Profit/ (Loss) on discontinued operations	148,155	(15,497,519)
Net income	83,717,746	73,638,550
Other comprehensive income		
Unrealized (losses)/ gains arising during year	(8,146,270)	9,124,362
Other-than-temporary impairment losses recognized in other comprehensive income	(757,556)	–
Foreign currency translation adjustment losses	(264,585)	(2,992,950)
Less: reclassification adjustment for gains included in net income	2,208,917	5,623,084
Other comprehensive (loss)/ income	(11,377,328)	508,328
Comprehensive income	$ 72,340,418	$ 74,146,878

See accompanying notes to the consolidated financial statements

Consolidated Statements of Changes in Shareholders' Equity

Years ended December 31, 2015 and 2014 (Expressed in United States Dollars)

	2015	2014
Share capital		
Balance at beginning and end of year (Note 12)	$ 294,588,584	$ 294,588,584
Contributed surplus		
Balance at beginning and end of year (Note 12)	250,000,000	250,000,000
Accumulated other comprehensive income		
Balance at beginning of year	9,532,103	9,023,775
Unrealized gains and losses on available for sale securities	(11,112,743)	3,501,278
Foreign currency translation adjustment	(264,585)	(2,992,950)
Balance at end of year	(1,845,225)	9,532,103
Retained earnings		
Balance at beginning of year	445,139,708	371,501,158
Dividend paid (Note 13)	(59,333,005)	–
Net income	83,717,746	73,638,550
Balance at end of year	469,524,449	445,139,708
Total shareholder's equity	$ 1,012,267,808	$ 999,260,395

See accompanying notes to the consolidated financial statements

Consolidated Statements of Cash Flows

Years ended December 31, 2015 and 2014 (Expressed in United States Dollars)

	2015	2014
Cash flows from operating activities		
Net income from continued operations	$ 83,569,591	$ 89,136,069
Net income / (loss) from discontinued operations	148,155	(15,497,519)
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of investments	2,919,731	2,305,469
Depreciation of capital assets	1,169,071	959,987
Net gain on sale of investments	(2,208,917)	(5,623,084)
Gain on sale of capital assets	(9,523)	(12,500)
Other than temporary impairment	757,556	–
(Profit) / Loss on sale of discontinued operations	(1,742,600)	18,474,016
Accrued interest receivable	(1,144,259)	727,127
Reinsurance balances receivable	(855,250)	8,475,746
Funds withheld	(535,534)	17,690,509
Deferred acquisition expenses	509,055	462,735
Deferred reinsurance premium	(5,565,688)	1,053,257
Prepaid expenses and other assets	(2,532,034)	246,727
Outstanding losses and loss expenses	12,574,244	(133,372,740)
Unearned premiums	1,058,803	(1,040,734)
Reinsurance balances payable	3,522,649	(8,726,195)
Deferred tax asset	38,955	4,789
Corporation tax	3,913	(365)
Investment pending settlement	(1,459,967)	5,749,542
Changes in net assets of discontinued operations	1,594,445	94,282,145
Accounts payable and accrued expenses	1,872,923	(1,617,159)
Cash provided by operating activities	93,685,319	73,677,822
Cash flows from investing activities		
Purchase of investments	(873,400,241)	(1,170,268,890)
Proceeds from sale of investments	730,005,338	960,176,938
Proceeds from sales of investments held by discontinued operations	–	19,456,823
Proceeds from maturities of investments	65,176,365	80,777,763
Purchase of capital assets	(2,074,659)	(524,942)
Proceeds from sale of capital assets	9,523	12,500
Proceeds from sale of discontinuing operations	59,097,903	–
Cash used by investing activities	(21,185,771)	(110,369,808)
Effects of currency translation adjustment	6,301,638	2,741,589
Dividend paid during the year	(59,333,005)	–
Net increase/ (decrease) in cash and cash equivalents	19,468,181	(33,950,397)
Cash and cash equivalents at beginning of year from continued operations	85,116,431	278,170,173
Cash and cash equivalents at end of year from continued operations	104,584,612	85,116,431
Cash and cash equivalents at end of year from discontinued operations	–	159,103,345
Cash and cash equivalents at end of year	$ 104,584,612	$ 244,219,776

See accompanying notes to the consolidated financial statements

Notes to the Consolidated Financial Statements

December 31, 2015 and 2014

1. General

MS Frontier Reinsurance Limited was incorporated under the laws of Bermuda on September 9, 1997 and is licenced as a Class 3B reinsurer under the Insurance Act, 1978 of Bermuda and related regulations to write all classes of property and casualty business. Unless the context otherwise requires, the "Company" refers to MS Frontier Reinsurance Limited ("MS Frontier Re") and its wholly owned subsidiaries, MS Frontier Modeling Research Pte Ltd. ("MSFMR"), a company incorporated in Singapore and Mitsui Sumitomo Reinsurance Limited ("MSRe"), a company incorporated in Ireland.

MS Frontier Re is a wholly owned subsidiary of Mitsui Sumitomo Insurance Company Limited ("MSI Japan"), which is the main trading subsidiary of Mitsui Sumitomo Insurance Group Holdings Inc., a company incorporated in Japan.

MS Frontier Re participates in various excess of loss property catastrophe reinsurance contracts, regional short-tailed proportional and risk excess of loss business, predominantly from Europe and Asia (excluding Japan). Property catastrophe reinsurance covers unpredictable events such as hurricanes, windstorms, hailstorms, earthquakes, fires, industrial explosions, freezes, floods and other man-made or natural disasters. Because the Company has large aggregate exposures to these risks, the Company expects that its claims experience will be characterized by relatively low frequency and high severity claims. The occurrence of claims from catastrophic events is likely to result in substantial volatility in the Company's financial results for any particular period. The Company endeavours to manage its exposures to catastrophic events by limiting the amount of its exposure in each geographic zone.

In prior years the Company participated in various quota share pools covering risks such as fire, property and other man-made or natural disasters and provided excess of loss coverage of cargo, windstorm and property risks of its ultimate parent company. This business has been in run-off since 2002.

On March 31, 2010, MS Frontier Re acquired from Mitsui Sumitomo Insurance Company Limited, MSRe, a company under common control.

MSRe was domiciled in Dublin with branch offices in Singapore and Labuan and a co-location office in Kuala Lumpur. Their main business focus is on regional short-tailed proportional and risk excess of loss business, predominantly from Europe and Asia (excluding Japan). MSRe ceased writing new business from January 1, 2013 and was placed in orderly run-off.

On July 31, 2015, MS Frontier Re completed the sale of its wholly owned subsidiary MSRe to a third party. MSRe has been in orderly runoff since 2013. Refer to Note 9 discontinued operations.

From January 1, 2013, all existing and new business has been underwritten directly by MS Frontier Re. MS Frontier Re underwrote the following classes of business: Property Catastrophe Excess of Loss, Risk Excess of Loss, Property Proportional (excluding North America), Terrorism Pools, Engineering Marine Hull, Cargo, Personal Accident both excess of loss and proportional (excluding North America).

During 2012 the Company established a new branch office in Malaysia in order to service its clients in Asia and Oceania, while the head office in Bermuda continues to service all other territories excluding Japan. Contributions were made of $7,000,000 in 2013, $4,000,487 in 2014 and $4,500,000 in December 2015 to the Malaysia branch.

2. Summary of significant accounting policies

The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The major estimates reflected in the Company's consolidated financial statements include, but are not limited to, outstanding losses and loss expenses, estimates of written and earned premiums and the assessment of other than temporary impairment of investments. The following are the significant accounting policies adopted by the Company:

(a) Basis of consolidation

The consolidated financial statements include the financial statements of MS Frontier Re, MSRe up to its disposal on July 31, 2015 and MSFMR. All significant inter-company transactions are eliminated on consolidation.

(b) Premiums assumed and ceded, acquisition expenses and commission income

Premiums assumed are recorded on the accruals basis and are included in income on a pro-rated basis over the period of underlying coverage with the unearned portion deferred in the balance sheet. Reinsurance premiums are similarly pro-rated over the period of coverage with the unearned portion deferred in the balance sheet as unearned ceded premiums. Premium estimates on certain policies are made using the latest information available to management. Adjustments to estimates are recorded in the period in which they are determined.

Reinstatement premiums are recognized in accordance with the provisions of the reinsurance contracts. Reinstatement premiums are accrued at the time losses are incurred and, where coverage of the original contract is reinstated under pre-defined contract terms, are earned pro-rata over the reinstated coverage period.

Acquisition expenses and income, mainly commissions, federal excise tax and brokerage, related to unearned premiums and unearned ceded premiums are deferred and amortized to income over the periods in which the premiums are earned. The method followed in determining the deferred acquisition expenses limits the amount of the deferral to its realizable value by giving consideration to losses and loss expenses expected to be incurred as premiums are earned.

(c) Outstanding losses and loss expenses

Losses and loss expenses are recorded when advised by the ceding insurance companies. Outstanding losses represent management's estimate of the amount of reported losses and loss expenses based on reports received from the ceding insurance companies plus a provision for losses incurred but not reported ("IBNR"). The IBNR provision is estimated by management based on reports from industry sources, including initial estimates of aggregate industry losses, individual loss estimates received from ceding companies and brokers, output from commercially available catastrophe loss models and actuarial analysis using historical data available to the Company on the business assumed together with industry data.

Given the inherent nature of major catastrophic events, considerable uncertainty underlies the assumptions and associated estimated reserve for losses and loss expenses. These estimates are reviewed regularly and, as experience develops and new information becomes known, the reserves are adjusted as necessary. Such adjustments, if any, are reflected in income in the period in which they are determined. Due to the inherent uncertainty in estimating the liability for losses and loss expenses, there can be no assurance that the ultimate liability will not be settled for a significantly greater or lesser amount than that recorded. Based on the current assumptions used; management believes that the Company's recorded amount is a reasonable estimate of the ultimate cost of losses incurred to the balance sheet date.

Notes to the Consolidated Financial Statements

December 31, 2015 and 2014

2. Summary of significant accounting policies (continued)

For certain catastrophic events there are considerable uncertainties underlying the assumptions and associated estimated reserves for losses and loss adjustment expenses. Reserves are reviewed regularly and, as experience develops and new information becomes known, the reserves are adjusted as necessary. Such adjustments could require a material change in the amount estimated. The uncertainty surrounding reserves for property catastrophe exposures arises from problems such as policy coverage issues, multiple events affecting one geographic area and the impact on claims adjusting by ceding companies. These issues can cause significant delays to the timing of notification of changes to loss estimates reported by ceding companies.

Amounts recoverable from reinsurers are estimated in a manner consistent with the underlying liabilities.

(d) Profit commissions

Certain policies include terms and conditions which may result in the payment of profit commissions. Estimates of profit commissions are continually reviewed based on the underwriting experience to date, and as adjustments become necessary, such adjustments are reflected in current operations. Profit commissions are accrued to the balance sheet date and are included within accounts payable and accrued expenses.

(e) Investments

All investments are classified as available-for-sale securities. Unrealized gains and losses are included within accumulated other comprehensive income as a separate component of shareholder's equity in the consolidated balance sheet. Fair values for fixed maturity securities are based on quoted market prices. Fair values for catastrophe bonds are based on independent broker quotes. Fair values for structured deposits are based on quoted indexes. Fair values for asset-backed securities, which are mainly student loans, are based on reported trades and broker/ dealer quotes. The fair value of municipal bonds are determined based on observable inputs including reported trades, broker-dealer quotes, benchmark securities, bids and other economic indicators.

Realized gains and losses are derived using the specific identification method for determining the cost of securities sold.

Impairment losses are recognized on investments on an individual security basis when the investment is considered to be other than temporarily impaired. Impairment occurs when it is deemed probable that the Company will be unable to collect all amounts due according to contractual terms of the individual security. If there is no objective evidence to support recovery in value before disposal and the Company intends to sell the security or more likely than not will be required to sell the security before recovery of its adjusted amortized cost basis, these impairments will be charged to income and the cost basis of the investment reduced accordingly.

If the Company does not intend to sell the security and it is unlikely that the Company will be required to sell the security before recovery of its adjusted amortized cost basis, the other than temporary impairment is separated into the amount representing the credit loss and the amount related to all other factors. The amount of the total other than temporary impairment related to the credit loss is recognized in income. The amount of the total other than temporary impairment related to other factors is recognized in other comprehensive income. The Company will not change the revised cost basis for subsequent recoveries in value.

The Company's investments are managed following prudent standards of diversification. Specific provisions limit the allowable holdings of a single issue and issuers.

2. Summary of significant accounting policies (continued)

(f) Investment income

Investment income is accrued to the balance sheet date, and includes the amortization of premium or discount on the Company's investments in marketable securities purchased at amounts different from their par value and other than temporary impairment.

(g) Amortization of capital assets

Amortization of capital assets is computed using the declining balance method at rates estimated to amortize their cost over their estimated useful lives. The following annual amortization rates are used:

Furniture and fixtures	10-20%
Computer equipment	33%
Motor vehicles	20%

(h) Translation of foreign currencies

Foreign currency assets and liabilities considered monetary items are translated at exchange rates in effect at the balance sheet date. Foreign currency revenues and expenses are translated at the transaction date exchange rates. Exchange gains and losses are included in the determination of net income.

The reporting currency of the Company is the U.S. dollar. The functional currencies of the Company's subsidiaries are the Euro and Singapore dollar. In translating the financial statements of those subsidiaries whose functional currency is other than the U.S. dollar, assets and liabilities are converted into U.S. dollars using the rates of exchange in effect at the balance sheet dates, and revenues and expenses are converted using the average foreign exchange rates for the period. The effect of translation adjustments are reported as foreign currency translation adjustments within other comprehensive income.

(i) Cash and cash equivalents

For purposes of the statements of cash flows the Company considers all time deposits with an original maturity of ninety days or less and money market funds which can be redeemed without penalty as equivalent to cash.

(j) Provision for bad debts

The company reviews receivables on a quarterly basis. A bad debt provision is generally provided for any receivable based on an estimated loss rate calculated by historical impairment experience. In addition the Company considers known and emerging credit events to determine if other provisions are necessary. The Company had provision for doubtful debts for the year ended 2015 of $nil (2014 - $708,174 related to MSRe).

Notes to the Consolidated Financial Statements

December 31, 2015 and 2014

(k) Discontinued operations

The Company classifies disposal groups as held for sale if their carrying amounts will be recovered principally through a disposal rather than through continuing operations. Such disposal groups are classified as held for sale and are recorded at the lower of their carrying amount and fair value less costs to sell.

In accordance with Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 205 Discontinued Operations, the criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the sale be withdrawn. Management must be committed to the disposal expected within one year from the date of the classification.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position. The loss on disposal and the operational profit or loss on discontinued operations are disclosed separately on the face of the income statement in the current year.

3. Cash and investments

(a) Cash and cash equivalents are held in various banks in each of the jurisdictions in which the Company operates. The Company's management evaluates the financial strength and stability of these institutions on a periodic basis.

Letters of credit were established with a Bermuda bank in the amount of $2,877,200 (2014 - $2,836,879). Cash of a similar amount is pledged as security for these letters of credit.

In the normal course of business, cash and cash equivalents with a fair value of $34,598,538 as at December 31, 2015 (2014 - $36,394,507) have been deposited in trust for the benefit of U.S. ceding companies. These funds are held in trust by a U.S. based bank.

3. Cash and investments (continued)

(b) The amortized cost and fair value of available-for-sale investments are as follows:

Continued Operations

December 31, 2015	Amortized cost	Unrealized gains	Unrealized losses less than 12 months	Unrealized losses greater than 12 months	Fair value
Debt securities issued by					
U.S. Treasury	$ 150,803,757	$ 61,458	$ –	$ (880,120)	$ 149,985,095
U.S. Agencies	125,397,959	863,146	–	(178,065)	126,083,040
Corporate debt securities					
U.S.	234,988,371	1,171,842	(5,712)	(2,340,050)	233,814,451
Non-U.S.	147,358,396	241,087	(1,613)	(1,222,281)	146,375,589
Non-U.S. government and agencies	94,322,186	130,379	(43,792)	(686,034)	93,722,739
Asset-backed securities	44,642,394	6,032	–	(450,116)	44,198,310
Structured deposits	29,861,359	242,862	–	–	30,104,221
Short term investments	1,415,969	–	–	–	1,415,969
Municipals	110,279,906	378,533	(39)	(877,964)	109,780,436
Equity fund	56,434,910	2,339,599	(339,854)	–	58,434,655
	$ 995,505,207	$ 5,434,938	$ (391,010)	$ (6,634,630)	$ 993,914,505

December 31, 2014	Amortized cost	Unrealized gains	Unrealized less than 12 months	Unrealized greater than 12 months	Fair value
Debt securities issued by					
U.S. Treasury	$ 202,140,292	$ 142,833	$ –	$ (629,739)	$ 201,653,386
U.S. Agencies	82,556,856	1,750,444	–	(81,526)	84,225,774
Corporate debt securities					
U.S.	175,565,258	1,689,708	(77)	(617,316)	176,637,573
Non-U.S.	167,971,619	1,349,093	(8,834)	(281,230)	169,030,648
Non-U.S. government and agencies	85,717,745	860,541	–	(60,743)	86,517,543
Asset-backed securities	51,391,411	248,200	–	(115,742)	51,523,869
Structured deposits	34,820,769	38,252	–	–	34,859,021
Short term investments	5,407,299	–	–	–	5,407,299
Municipals	69,836,924	619,447	–	(99,071)	70,357,300
Equity fund	43,346,865	4,569,647	–	–	47,916,512
	$ 918,755,038	$ 11,268,165	$ (8,911)	$ (1,885,367)	$ 928,128,925

Notes to the Consolidated Financial Statements

December 31, 2015 and 2014

3. Cash and investments (continued)

Structure deposits consist of an investment in HSBC Specialist Funds – Short Duration Fixed Income Fund (SDFI). The SDFI invests primarily in Government Agencies and Corporate Bonds. Moody's credit rating on the fund is Aa. All securities in the fund will have a minimum long term rating inclusive of A/A3 or higher.

There were two debt securities considered to be other than temporarily impaired as at December 31, 2015 (2014 – $nil). An impairment loss of $757,556 (2014- $nil) has been recognized in net investment income in relation to these securities. The remainder of unrealized losses on investments held at December 31, 2015 and 2014 comprise an accumulation of unrealized losses on a security by security basis caused by general interest rate movements rather than credit events.

By fair value, the Company's fixed maturity investments hold the following credit ratings:

Rating	Fair value	%
AAA	$ 343,088,255	36.68%
AA	181,145,055	19.36%
A	307,283,215	32.85%
BBB	102,547,356	10.96%
NR	1,415,969	0.15%
	$ 935,479,850	100.0%

Non-rated securities are short term investments that comprise of fixed deposits with a maturity of more than 3 months which do not have a credit rating attached.

3. Cash and investments (continued)

(c) For investments in marketable securities held on December 31, 2015 the maturity distribution is as follows:

	Amortized cost	Fair value
Within one year	$ 132,358,242	$ 134,583,920
From one to five years	490,621,275	488,113,089
From five to ten years	372,525,690	371,217,496
	$ 995,505,207	$ 993,914,505

For investments in marketable securities held on December 31, 2014 the maturity distribution is as follows:

	Amortized cost	Fair value
Within one year	$ 174,686,038	$ 179,975,334
From one to five years	518,959,970	520,039,637
From five to ten years	225,109,030	228,113,954
	$ 918,755,038	$ 928,128,925

(d) During the year, proceeds from the sale of investments amounted to $730,005,338 (2014 - $960,176,938) and proceeds from maturities of investments amounted to $65,176,365 (2014 - $80,777,763). The Company realized gains of $5,246,352 (2014 - $8,827,417) and losses of $3,037,435 (2014 - $3,204,333) on those sales and maturities.

(e) In accordance with the Company's investment guidelines, with the exception of US government and government agency securities, no more than 10% of the investment portfolio may be invested in any one issuer. The largest holding, excluding holdings issued by the U.S. Government and its agencies, represents 3.42% (2014 – 2.15%) of the total investment portfolio.

(f) Net investment income comprises the following:

	2015	2014
Interest income on debt securities	$ 20,059,388	$ 17,532,396
Interest income on cash and cash equivalents	65,848	22,345
Interest income on funds withheld	598,120	321,144
Equity dividends	1,043,605	509,265
Amortization	(2,919,731)	(2,305,469)
Other than temporary impairment	(757,556)	–
Investment expenses	(1,461,022)	(1,139,429)
	$ 16,628,652	$ 14,940,252

Notes to the Consolidated Financial Statements

December 31, 2015 and 2014

4. Fair value of financial instruments

FASB ASC 820, Fair Value Measurements and Disclosures ("FASB ASC 820"), clarifies the definition of fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. FASB ASC 820 clarifies that fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets and the lowest priority being unobservable data. Further, FASB ASC 820 requires tabular disclosures of the fair value measurements by level within the fair value hierarchy. The Company adopted FASB ASC 820 effective January 1, 2008. The adoption did not have a significant impact on the Company's financial position or results of operations, but resulted in additional disclosures in the consolidated financial statements.

The following are the levels within the fair value hierarchy:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these instruments does not entail a significant degree of judgment.
- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals, broker quotes and certain pricing indices.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement. These measurements include circumstances where there is little, if any, market activity for the asset or liability. In these cases, significant management assumptions can be used to establish management's best estimate of the assumptions used by other market participants in determining the fair value of the asset or liability.

There have been no material changes in the Company's valuation techniques since the adoption of FAS ASC 820.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement of the asset or liability. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and the Company considers factors specific to the asset or liability.

Included in Level 1 are the Company's investments in U.S. Treasuries, short term investments (fixed deposits) and exchange traded equity funds. U.S. treasuries are primarily priced by pricing vendors. When pricing these securities, the vendor may utilize daily data from many real time market sources, including active broker dealers, as such, the Company considers U.S. Treasury fixed interest securities as Level 1. Equity funds are exchange traded and recorded at fair value based on quoted prices that are observable and, therefore, are classified within Level 1.

Included in Level 2 are U.S. government agencies, non-U.S. government, corporate investments, catastrophe bonds, structured deposits, asset backed securities and municipal bonds. For all assets classified as Level 2, the market approach is utilized. The significant inputs used to determine the fair value of those assets classified as Level 2 are as follows:

- U.S. government agency securities consist of securities issued by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and other agencies. The fair values of these securities are determined using the spread above the risk-free yield curve and reported trades. These are considered to be observable market inputs and, therefore, the fair values of these securities are classified within Level 2.

4. Fair value of financial instruments (continued)

- Non-U.S. government securities consist of bonds issued by non-U.S. governments and agencies along with supranational organizations. The significant inputs include the spread above the risk-free yield curve, reported trades and broker/ dealer quotes. These are considered to be observable market inputs and, therefore, the fair values of these securities are classified within Level 2.
- Corporate securities consist primarily of investment-grade debt of a wide variety of corporate issuers and industries. The fair values of these securities are determined using the spread above the risk-free yield curve, reported trades, broker/ dealer quotes, benchmark yields, and industry and market indicators. These are considered observable market inputs and, therefore, the fair value of these securities are classified within Level 2.
- Structured deposits are recorded at fair value based on quoted indexes that are observable, and, therefore, the investments in structured deposits are classified within Level 2.
- Asset-backed securities consist mainly of student loans. The significant inputs include the spread above the risk-free yield curve, reported trades and broker/ dealer quotes. These are considered to be observable market inputs and, therefore, the fair values of these securities are classified within Level 2
- The fair value of municipal bonds are determined based on observable inputs that include the spread above the risk-free yield curve, reported trades, broker-dealer quotes, benchmark securities, bids, credit risks and economic indicators. The fair value of these securities are classified as Level 2.

	Fair value measurements at December 31, 2015			
At December 31, 2015	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Debt securities issued by				
U.S. Treasury	$ 149,985,095	$ 149,985,095	$ –	$ –
U.S. Agencies	126,083,040	–	126,083,040	–
Corporate debt securities				
U.S.	233,814,451	–	233,814,451	–
Non-U.S.	146,375,588	–	146,375,588	–
Non-U.S. government and agencies	93,722,740	–	93,722,740	–
Asset-backed securities	44,198,310	–	44,198,310	–
Structured deposit	30,104,221	–	30,104,221	–
Short term investments	1,415,969	1,415,969	–	–
Municipals	109,780,436	–	109,780,436	–
Equity Fund	58,434,655	58,434,655	–	–
	$ 993,914,505	$ 209,835,719	$ 784,078,786	$ –

Notes to the Consolidated Financial Statements

December 31, 2015 and 2014

4. Fair value of financial instruments (continued)

	Fair value measurements as at December 31, 2014			
At December 31, 2014	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Debt securities issued by				
U.S. Treasury	$ 201,653,386	$ 201,653,386	$ –	$ –
U.S. Agencies	84,225,774	–	84,225,774	–
Corporate debt securities				
U.S.	176,637,573	–	176,637,573	–
Non-U.S.	169,030,648	–	169,030,648	–
Non-U.S. government and agencies	86,517,543	–	86,517,543	–
Asset-backed securities	51,523,869	–	51,523,869	–
Structured deposit	34,859,021	–	34,859,021	–
Short term investments	5,407,299	5,407,299	–	–
Municipals	70,357,300	–	70,357,300	–
Equity Fund	47,916,512	47,916,512	–	–
	$ 928,128,925	$ 254,977,197	$ 673,151,728	$ –

The fair value of other assets and liabilities, consisting of accrued interest receivable, reinsurance balances receivable, funds withheld, reinsurance balances payable, accounts payable and accrued expenses approximates their carrying value due to their relative short term nature.

The estimates of fair value of other assets and liabilities are subjective in nature and are not necessarily indicative of the amounts that the Company would actually realize in a current market exchange. However, any differences would not be expected to be material. Certain instruments such as deferred acquisition expenses, prepaid expenses, outstanding losses and loss expenses, unearned premiums and unearned ceded premiums are excluded from fair value disclosure. Thus the total fair value amounts cannot be aggregated to determine the underlying economic value of the Company.

5. Reinsurance

Reinsurance contracts do not relieve the Company from its obligations to policyholders. Failure of the reinsurer to honor its obligations could result in losses to the Company; consequently, allowances are established for amounts deemed uncollectable. The Company regularly evaluates the financial condition of its reinsurers.

During the year the Company wrote proportional and non – proportional treaties with Mitsui Sumitomo Insurance (China) Co. Ltd ("MSI China") amounting to $17,295,937 of Gross Written Premium. This was fully retroceded to the parent company, Mitsui Sumitomo Insurance Company Limited with a credit rating of A+ (2014 - A+) from Standard & Poor's.

6. Capital assets

Capital assets consist of the following:

	2015		
	Cost	Accumulated depreciation	Net book value
Furniture and fixtures	$ 1,742,933	$ (818,077)	$ 924,856
Motor vehicles	378,913	(195,939)	182,974
Computers	5,603,722	(3,139,558)	2,464,164
	$ 7,725,568	$ (4,153,574)	$ 3,571,994

	2014		
	Cost	Accumulated depreciation	Net book value
Furniture and fixtures	$ 1,748,722	$ (633,344)	$ 1,115,378
Motor vehicles	410,022	(187,491)	222,531
Computers	3,654,168	(2,303,708)	1,350,460
	$ 5,812,912	$ (3,124,543)	$ 2,688,369

Notes to the Consolidated Financial Statements

December 31, 2015 and 2014

7. Outstanding losses and loss expenses

The summary of changes in outstanding losses and loss expenses at December 31, 2015 and 2014 are as follows:

	2015	2014
Gross balance at the beginning of the year	$ 107,690,495	$ 113,705,201
Less: outstanding losses recoverable from reinsurers	(16,846)	–
Balance at beginning of year	107,673,649	113,705,201
Incurred related to:		
Current year	16,799,071	25,058,568
Prior years	15,089,979	18,916,988
Foreign exchange (gain)/ loss on outstanding losses and loss expenses	(4,824,644)	(2,877,089)
Total loss and loss expenses incurred	27,064,406	41,098,467
Paid related to:		
Current year	517,167	4,801,284
Prior years	20,700,867	42,328,735
Total paid losses	21,218,034	47,130,019
Net balance at end of year	113,520,021	107,673,649
Plus outstanding losses recoverable from reinsurers	6,744,718	16,846
Balance at end of year	$ 120,264,739	$ 107,690,495

7. Outstanding losses and loss expenses (continued)

Total loss incurred for prior years of $15,089,979 was driven primarily by movements in New Zealand earthquake (Lyttelton and Darfield) and proportional claims development for Bermuda.

During 2015 the Company suffered two catastrophe losses; Tianjin Explosion and Winter Weather (CAT 65 & 66). Total incurred as at year end for the Tianjin Explosion is $3,763,237. Our Labuan branch incurred $3,553,712 of which $5,172 was paid and Bermuda incurred $209,525. As at year end 2015 the total incurred for the Winter Weather losses is $1,154,738 of which $659,168 was paid.

As security for the loss provisions above, letters of credit were established with a Bermuda based bank in the amount of $2,877,200 (2014: $527,921), a reinsurance trust of $12,295,402 (2014: $12,279,533) was established with Bank of New York Mellon and outstanding cash advances of $6,950,574 (2014: $8,371,504) were made to reinsurers.

As of January 1, 2015, $55,583,673 of loss reserves were transferred via novation to MS Frontier Re from MSRe for the consideration of $55,583,673. The treaties cover a mix of proportional and risk excess of loss coverages. Losses incurred for 2015 was $2,372,638.

Notes to the Consolidated Financial Statements

December 31, 2015 and 2014

8. Related party transactions

Premiums assumed from the parent or affiliates amounted to $20,350,782 (2014 - $3,222,694), and were undertaken on normal commercial terms. Other balance sheet and income statement items associated with these policies include the following:

	2015	2014
Assets		
Reinsurance balances receivable	$ 2,364	$ 199,242
Prepaid expenses	26,586	16,548
Funds withheld	–	–
Loss recoverable	16,456,737	–
Deferred reinsurance premium	1,557,261	–
Liabilities		
Outstanding losses and loss expenses	3,550,847	74,751
Unearned premiums	655,626	89,943
Accounts payable and accrued expenses	1,215,672	73,590
Reinsurance balances payable	409,460	15,281
Expenses		
Net claims paid	1,811,231	1,554,541
Losses and loss expenses incurred	36,177	40,339
Premiums ceded	18,226,130	–
Income		
Premium assumed	20,350,782	3,079,504
Reinsurers share of losses and loss expenses incurred	29,883,026	–
Other Income	307,000	–

As of January 1, 2015, MS Frontier Re acts as a fronting partner for MSI China. The book of business includes risk excess of loss programs for Property/Engineering, Marine and Casualty, as well as a Property quota share and Open Cover quota share programs. This business in fully ceded to MSI in Japan and therefore on a net basis, there is no retention in Bermuda.

The Company has appointed a company related through common control as an investment manager. The Company pays fees for investment management services based on the month end market value of the total investment portfolio. The fees are based on normal commercial terms and are included in investment expenses. The fees incurred for the above services were $422,110 (2014 - $396,000) for the year. At December 31, 2015 fees of $113,000 (2014 - $97,240) are included in accounts payable and accrued expenses.

9. Discontinued operations

In October 2014, management committed to a plan to sell its wholly owned subsidiary MSRe to a third party. Accordingly MSRe was presented as a disposal group held for sale end of December 31, 2014. The sale was completed on July 31, 2015. The results of MSRe for the period to July 31, 2015 are presented below:

	Period from Jan 1, 2015 to July 31 2015	2014
Income		
Gross premiums earned	$ 1,745,262	$ 11,394,267
Ceded premiums earned	–	(1,256,846)
Net premiums earned	1,745,262	10,137,421
Investment and other income	4,784,403	1,709,027
Total income	6,529,665	11,846,448
Expenses		
Losses and loss expenses incurred	4,382,761	(9,239,416)
Acquisition expenses	820,131	3,561,692
General and administrative expenses	2,921,218	6,810,033
Total expenses	8,124,110	1,132,309
(Loss)/Income before taxes	(1,594,445)	10,714,139
Income taxes	–	21,172
Net (loss)/ income from discontinued operations	(1,594,445)	10,692,967

Notes to the Consolidated Financial Statements

December 31, 2015 and 2014

9. Discontinued operations (continued)

Assets and liabilities classified as held for sale as at December 31, 2014, were as follows:

	2015	2014
Assets		
Cash and cash equivalents	$ –	$ 159,103,345
Investments	–	18,465,435
Reinsurance assets	–	2,884,764
Funds withheld	–	8,941,342
Fixed and other assets	–	777,274
Liabilities		
Reinsurance liabilities	$ –	$ 6,210,907
Outstanding losses and loss expenses	–	97,086,054
Accounts payable and accrued expenses	–	2,753,301
Corporation tax payable	–	5,719

Sales proceeds received of $59,097,903 after a foreign exchange loss of $6,544,260 on the agreed upon original sales price of Euro 54,000,000. Loss on MSRe operations up to July 31, 2015 amounted to $1,594,445.

10. Taxation

Under current Bermuda law the Company is not required to pay any taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Minister of Finance in Bermuda that in the event of any such taxes being imposed the Company will be exempted from taxation until the year 2035. MSFMR is subject to Singapore corporation tax provided on taxable profits at the current tax rate applicable to the Company's activities. MS Frontier Re's Labuan branch is subject to a flat tax applicable to the Company's tax band set by the local authority.

Total income taxes for the years ended December 31, 2015 and 2014 were allocated as follows:

	2015	2014
Income taxes from continuing operations	$ 58,205	$ 25,332

Income tax expense attributable to operations for the years ended December 31, 2015 and 2014 consists of:

	2015	2014
Current expenses	$ 27,920	$ 20,543
Deferred expense	30,285	4,789
	$ 58,205	$ 25,332

Notes to the Consolidated Financial Statements

December 31, 2015 and 2014

10. Taxation (continued)

A reconciliation setting forth the differences between the effective tax rate of the Company and the non-Bermuda statutory tax rate is as follows:

	2015	2014
Expected tax rate	0.00%	0.00%
Effective tax from non-Bermuda operations	0.07%	0.03%
Actual tax rate	0.07%	0.03%

The tax effects of temporary differences that give rise to significant portions of the deferred tax provision are as follows:

	2015	2014
Deferred tax asset:		
Unutilized losses carried forward and capital allowances	$ 110,203	$ 149,158
Gross deferred tax asset	110,203	149,158
Less valuation allowance	–	–
Deferred tax asset	$ 110,203	$ 149,158

MSFMR has a deferred tax asset of $110,203 at December 31, 2015 (2014: $149,158), management believes that it is more likely than not that MSFMR will realize the benefits of its net deferred tax asset.

The Company has adopted Income Taxes (FASB ASC 740) which provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in a company's consolidated financial statements. FASB ASC 740 has no impact on the Company's operating results or financial condition for the years ended December 31, 2015 and 2014.

Notes to the Consolidated Financial Statements

December 31, 2015 and 2014

11. Commitments

MS Frontier Re has entered into an agreement to lease office space in Bermuda for $97,978 per month for five (5) years beginning November 1, 2015. Office space leased by MS Frontier Re branches are on an open term basis and can be transferred on a month's notice.

12. Share capital and contributed surplus

The Company's share capital comprises 350,000,000 authorized and 294,588,584 issued and fully paid shares of $1 par value each.

13. Dividends

On November 3, 2015 MS Frontier Re paid a dividend of $59,333,005 to its parent company, Mitsui Sumitomo Insurance Company Limited.

14. Statutory requirements

Bermuda

MS Frontier Re is required by its license to maintain capital and surplus greater than a minimum statutory amount determined as the greater of a percentage of outstanding losses or a given fraction of net written premiums. At December 31, 2015 MS Frontier Re is required to maintain a minimum solvency margin of $129,811,840. Actual statutory capital and surplus is $997,904,359.

Actual statutory capital and surplus, as determined using statutory accounting principles, is as follows:

Total shareholder's equity	$ 1,012,267,808
Less non-admitted assets:	
Deferred acquisition expenses	7,203,943
Prepaid expenses	3,795,749
Capital assets	3,363,757
Statutory capital and surplus	$ 997,904,359

Notes to the Consolidated Financial Statements

December 31, 2015 and 2014

14. Statutory requirements (continued)

MS Frontier Re is also required to maintain a minimum liquidity ratio whereby the value of its relevant assets are not less than 75% of the amount of its relevant liabilities. Relevant assets include cash and cash equivalents, investments, accrued interest receivable, reinsurance balances receivable and funds withheld.

Certain categories of assets do not qualify as relevant assets under the statute. The relevant liabilities are total general business insurance reserves and total other liabilities, less sundry liabilities.

At December 31, 2015 MS Frontier Re was required to maintain relevant assets of $124,157,707. At that date relevant assets were $1,154,910,651 and the minimum liquidity ratio was therefore met.

MS Frontier Re is subject to enhanced capital requirements in addition to minimum levels of solvency and liquidity under the Bermuda Insurance Act, 1978 and related regulations. The enhanced capital requirement ("ECR") is determined by reference to a standardized statutory risk-based capital model used to measure the risk associated with the Company's assets, liabilities and premiums. If a company fails to maintain or meet the ECR, various degrees of regulatory action may be taken. The principal differences between statutory capital and surplus and shareholder's equity presented in accordance with U.S. GAAP are deferred acquisition costs, prepaid expenses and capital assets which are non-admitted assets for statutory purposes. As of December 31, 2015, MS Frontier Re met the ECR.

15. Subsequent events

The Company has completed its subsequent events evaluation for the period subsequent to the balance sheet date of December 31, 2015 through May 4, 2016, the date the consolidated financial statements were authorized for issuance by the Board of Directors.

Effective 29th January 2016 our parent company, Mitsui Sumitomo Insurance, completed the acquisition of the 100% shareholding of the Amlin plc group of companies. Both companies operate substantial reinsurance operations in Bermuda and Switzerland and opportunities for operational synergies across both groups are being explored.

Corporate Information

MS Frontier Reinsurance Limited Board of Directors as at April 1, 2016

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Gary P. Devery
Peter Keane
Toshiya Naito
Hitoshi Goto
Yoshikazu Koike
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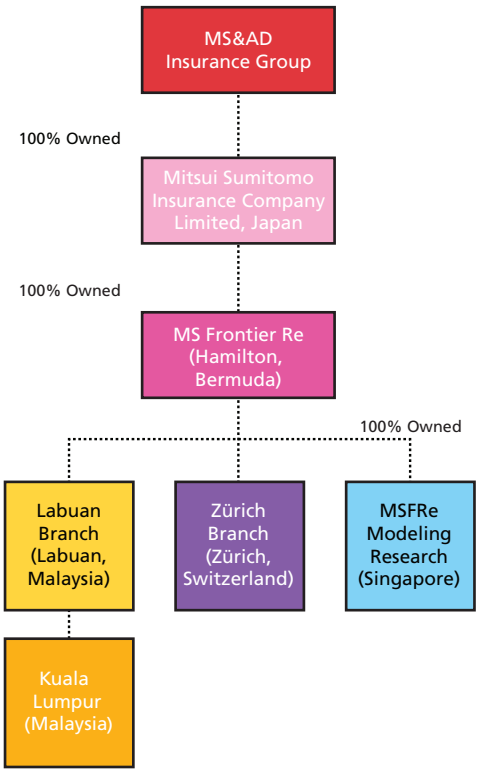
Structure of MS Frontier Group



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