MS Frontier Reinsurance Limited

ANNUAL REPORT 2012

MS&AD Insurance Group

The merger of Mitsui Marine & Fire Insurance Co. and The Sumitomo Marine & Fire Insurance Limited in 2001 formed Mitsui Sumitomo Insurance Company, Limited ("MSI"). Together with its affiliates and subsidiaries (known collectively as "MSIG") the Group has become one of the leading non-life insurance companies in Japan.

In 2010 MSIG, Aioi Insurance Company, Limited and Nissay Dowa General Insurance Company, Limited integrated and established the new group "MS&AD Insurance Group" ("MS&AD").

For the year ended March 31, 2013 MS&AD wrote Net Premium of over US$28 billion (Yen 2,639 billion) and has total assets of over US$169 billion (Yen 15,914 billion).

Table of Contents

MS Frontier Reinsurance Limited

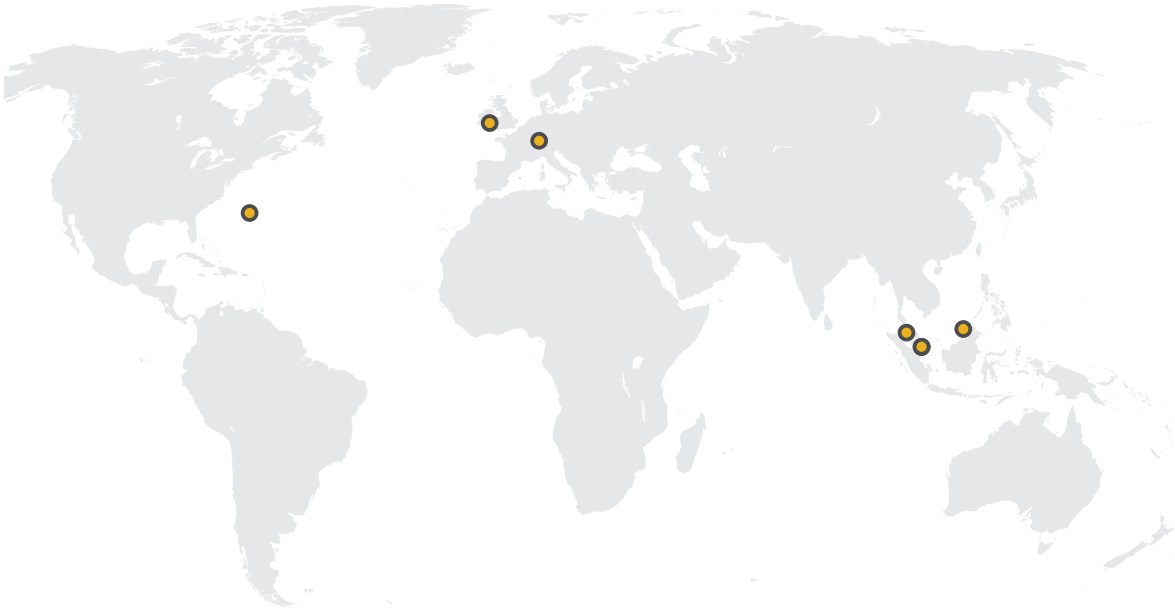
MS Frontier Reinsurance Ltd (MSF Re) was established in 1997 and re-launched in 2002 as a wholly owned subsidiary of Mitsui Sumitomo Insurance Company.

Following reorganization in 2012, MSF Re became the sole reinsurance company for the Group.

Starting January 1, 2013, the reinsurance operations of MSIG (previously under two companies, MS Frontier and MSRe) will operate under the single platform of MS Frontier Reinsurance Ltd.

The artwork used on the cover is an original piece commissioned to Graham Foster, a well known and accomplished Bermudian artist; www.grahamfoster.com

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, 2012.

I am pleased to say that 2012 was a welcome return to profitability for MS Frontier Re and we enjoyed a relatively benign year for natural catastrophes. Superstorm Sandy was probably the single largest event of the year but its impact on the traditional reinsurance markets was relatively contained and was not a game changing event as we have seen in the past.

2012 did bring several major reorganization changes to MS Frontier Re as the sole reinsurance arm for MS & AD Insurance Group. In a careful review of our business channels we decided to cease writing business through our subsidiary MSRE based in Dublin as at December 31, 2012 and offer our clients continued coverage under the single brand – MS Frontier Re.

We have opened a new branch operation in Labuan, Malaysia to concentrate on developing our business in Asia. This has been very successfully launched in the fourth quarter of 2012 and enjoyed a positive start to 2013.

We have made these changes to offer our clients a consistent and quality product but also to bring about internal efficiencies on how we operate.

The level of premium income generated by the MS Frontier Re Group for the year ended December 31, 2012 was $236m (2011 $ 250m). This overall decrease in premium volume is a combination of a more prudent selection in the level of proportional business we accepted in 2012, offset by a continued increase in the level of Catastrophe premium we write. Our commitment to underwriting prudently demands a reasonable margin on the business we write and we continue to only select business which meets our minimum expected return.

Despite the decline in premium volume our net income for the year is a healthy $65m (2011 – Loss of $75m).

Globally the world economies continue to grow very slowly and returns in traditional investment markets continue at very low levels.

Toshiya Naito
President and Chief Executive Officer

This underlines our commitment to strive for positive underwriting returns on the business we write. MS Frontier Re's predominant risk exposure is to high severity claims, which is where we concentrate our risk based assessment. Therefore we seek to limit our exposure to investment related risk as a fundamental principle of what we do. Unfortunately the current environment does not offer an attractive return for outsized investment risk.

We continue to grow our balance sheet and utilize our capital to offer stability and safety to our policyholders and capital growth for our shareholder. The shareholders equity of our Group has grown to $843m as at December 31, 2012 from $670m the previous year. This growth is due in part to a capital injection from our parent and profits from our operations in 2012.

As MS Frontier Re embarks on a new chapter in 2013 with the recent reorganisation of our business it also brings with it a challenge to manage the risk and operations of a growing company. We take great care to organise our business and people to outline the vision and goals of the company and the parameters under which we can achieve those goals. We do this through fostering a culture of risk management in each employee in our group. Collectively this leads to better business decisions and a focused approach to how we manage our business.

I have joined a remarkable team of people at MS Frontier Re Group and I would like to take this opportunity to thank all of our clients and partners across the globe for the support you have shown to date and look forward to lasting partnerships as we grow in the future.

Toshiya Naito
President and Chief Executive Officer

Business Summary

5 Year Historical Highlights

in Millions of US Dollars

	2008	2009*	2010*	2011*	2012*
Net Premium Earned	72.8	231.1	242.2	215.5	204.0
Investment Income	16.2	19.3	19.8	17.9	17.8
Net Income	43.5	86.2	75.4	(75.1)	64.8
Shareholders' Equity	439.5	621.9	700.2	670.6	843.4

**Includes MSRe*

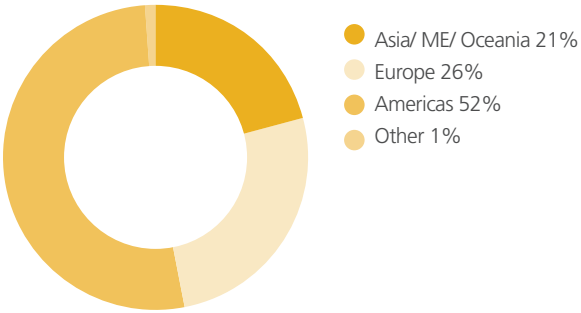
Ratios

	2008	2009*	2010*	2011*	2012*
Expense	23.8%	33.7%	34.0%	35.8%	34.8%
Loss	36.8%	39.8%	43.5%	110.4%	45.0%
Combined	60.6%	73.5%	77.5%	146.2%	79.8%

**Includes MSRe*

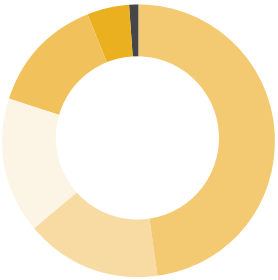
Underwriting

MS Frontier Re
Revenue Segmentation by Region



Rating Profile of Fixed Income Investments

- Sovereign **48%**
- AAA & AA+ **16%**
- AA & AA- **16%**
- A+ & A **14%**
- BBB **5%**
- Cat Bonds **1%**



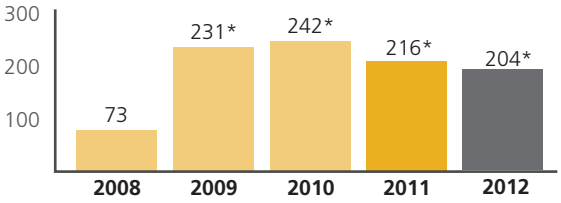
Investment portfolio by type

- US Corporate **14%**
- Non US Corporate **23%**
- US Treasuries **16%**
- Non US Govt & Agencys **18%**
- Short Term Investments **6%**
- US Agencies **14%**
- Structured Deposits **5%**
- Cat Bonds **1%**
- Equity Fund **1%**
- Asset-backed securities **2%**

Revenue Growth

in Millions of US Dollars

Earned Premium

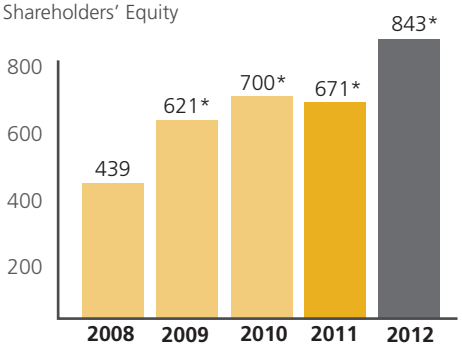


*Includes MSRe

Shareholders' Funds Growth

in Millions of US Dollars

Shareholders' Equity



*Includes MSRe

Ratings

AM Best rating: A Excellent

Standard & Poor's rating: A+ Strong

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, 2012 and 2011, and the related consolidated statements of 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.

Auditors' 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 referred to above present fairly in all material respects, the financial position of MS Frontier Reinsurance Limited and its subsidiaries as of December 31, 2012 and 2011, 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 Accountants
Hamilton, Bermuda
May 10, 2013

Consolidated Balance Sheets

Years ended December 31, 2012 and 2011 (Expressed in United States Dollars)

	2012	2011
Assets		
Cash and cash equivalents (Note 3)	$230,336,106	$ 234,273,308
Investments (Note 3)	885,424,007	728,170,271
Accrued interest receivable	6,177,222	6,601,411
Reinsurance balances receivable (Note 8)	64,821,226	51,771,175
Losses recoverable	37,758,751	54,886,536
Funds withheld	45,345,712	27,877,153
Deferred acquisition expenses	12,359,049	17,405,854
Deferred reinsurance premium	14,275,585	12,426,142
Deferred tax (Note 9)	202,905	2,443,879
Prepaid expenses (Note 8)	2,799,531	2,164,735
Other Assets	365,761	192,620
Capital assets (Note 6)	2,824,468	2,526,544
Total assets	$1,302,690,323	$1,140,739,628
Liabilities		
Outstanding losses and loss expenses (Notes 7 and 8)	$ 352,704,260	$ 378,598,412
Unearned premiums (Note 8)	67,670,409	73,114,724
Reinsurance balances payables	17,136,940	14,919,269
Accounts payable and accrued expenses (Note 8)	7,206,238	3,351,344
Corporation tax payable	6,535	10,795
Deferred tax (Note 9)	-	163,108
Investment pending settlement	14,606,263	-
Total liabilities	459,330,645	470,157,652
Shareholders' equity		
Share capital (Note 11)	294,588,584	294,588,584
Contributed surplus (Note 11)	250,000,000	150,000,000
Accumulated other comprehensive income	15,291,490	7,301,092
Retained earnings	283,479,604	218,692,300
Total shareholders' equity	843,359,678	670,581,976
Total liabilities and shareholders' equity	$1,302,690,323	$1,140,739,628

See accompanying notes to consolidated financial statements

Consolidated Statements of Income and Comprehensive Income

Years ended December 31, 2012 and 2011 (Expressed in United States Dollars)

	2012	2011
Income		
Premiums assumed (Note 8)	$ 235,176,821	$ 249,530,630
Change in unearned premiums	9,602,925	1,733,244
Premiums earned	244,779,746	251,263,874
Premiums ceded (Notes 5 and 8)	(40,185,312)	(38,626,823)
Change in prepaid reinsurance	(556,806)	2,875,379
Ceded premiums earned	(40,742,118)	(35,751,444)
Net premiums earned	204,037,628	215,512,430
Catastrophe bond income	705,039	1,248,691
Net investment income (Note 3)	17,760,498	17,926,052
Net gain on sale of investments (Note 3)	4,577,348	6,413,016
Other income	689,680	790,201
Foreign exchange gain (loss)	1,612,176	(4,177,306)
Total income	229,382,369	237,713,084
Expenses		
Losses and loss expenses incurred (Notes 7 and 8)	91,724,928	237,990,258
Acquisition expenses	40,377,566	51,568,736
General and administrative expenses (Note 8)	30,547,757	25,491,128
Total expenses	162,650,251	315,050,122
Income (loss) before taxes	66,732,118	(77,337,038)
Income taxes (Note 9)	1,944,814	(2,272,292)
Net income (loss)	64,787,304	(75,064,746)
Other comprehensive income		
Unrealized holding gains arising during year	10,412,889	9,753,540
Foreign currency translation adjustment gain (loss)	2,154,855	(7,724,968)
Less: reclassification adjustment for gains included in net income (loss)	(4,577,348)	(6,594,028)
Other comprehensive income (loss)	7,990,396	(4,565,456)
Comprehensive income (loss)	$ 72,777,700	$ (79,630,202)

See accompanying notes to consolidated financial statements

Consolidated Statements of Changes in Shareholders' Equity

Years ended December 31, 2012 and 2011 (Expressed in United States Dollars)

	2012	2011
Share capital		
Balance at beginning and end of year (Note 11)	$ 294,588,584	$ 294,588,584
Contributed surplus		
Balance at beginning and end of year	150,000,000	100,000,000
Contributions in the year	100,000,000	50,000,000
Balance at end of year	250,000,000	150,000,000
Accumulated other comprehensive income		
Balance at beginning of year	7,301,092	11,866,548
Unrealized gains and losses on available for sale securities	5,835,542	3,159,512
Foreign currency translation adjustment	2,154,856	(7,724,968)
Balance at end of year	15,291,490	7,301,092
Retained earnings		
Balance at beginning of year	218,692,300	293,757,046
Net income (loss)	64,787,304	(75,064,746)
Balance at end of year	283,479,604	218,692,300
Total shareholders' equity	$ 843,359,678	$ 670,581,976

See accompanying notes to consolidated financial statements

Consolidated Statements of Cash Flows

Years ended December 31, 2012 and 2011 (Expressed in United States Dollars)

	2012	2011
Cash flows from operating activities		
Net income (loss)	$ 64,787,304	$ (75,064,746)
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of investments	2,799,970	3,519,038
Depreciation of capital assets	843,540	1,561,895
Net (gain) on sale of investments	(4,577,348)	(6,413,014)
(Loss) /gain on sale of capital assets	–	(26,672)
Other than temporary impairment	(829,648)	732,351
Accrued interest receivable	424,189	846,108
Reinsurance balances receivable	(13,050,051)	(8,813,645)
Funds withheld	(17,468,559)	2,605,710
Deferred acquisition expenses	5,046,805	4,708,001
Deferred reinsurance premium	(1,849,443)	(1,749,184)
Prepaid expenses	(807,937)	118,202
Outstanding losses and loss expenses	(8,766,366)	161,073,953
Unearned premiums	(5,444,315)	(3,500,107)
Reinsurance balances payable	2,217,671	1,336,388
Deferred tax asset	2,077,867	(2,147,368)
Corporation tax	(4,260)	(570,374)
Currency translation difference	(780,323)	(1,424,578)
Bad debt provision	–	18,632
Investment pending settlement	14,606,263	–
Accounts payable and accrued expenses	3,854,894	610,700
Cash provided by operating activities	43,080,253	77,421,290
Cash flows from investing activities		
Purchase of investments	(897,406,613)	(865,751,818)
Proceeds from sale of investments	657,466,025	667,416,707
Proceeds from maturities of investments	94,064,597	122,336,195
Purchase of capital assets	(1,278,573)	(715,378)
Proceeds from sale of capital assets	137,109	175,852
Capital injection	100,000,000	50,000,000
Cash used by investing activities	(47,017,455)	(26,538,442)
Net increase in cash and cash equivalents	(3,937,202)	50,882,848
Cash and cash equivalents at beginning of year	234,273,308	183,390,460
Cash and cash equivalents at end of year	$ 230,336,106	$ 234,273,308

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

1. General

MS Frontier Reinsurance Limited was incorporated under the laws of Bermuda on September 9, 1997 and is licenced as a Class 3B and Long Term Class A reinsurer under the Insurance Act, 1978 of Bermuda and related regulations to write all classes of property and casualty business and long-term business, respectively. Unless the context otherwise requires, the "Company" refers to the consolidated financial statements of 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, 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. 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, the Company acquired MSRe from Mitsui Sumitomo Insurance Company, Limited, a company under common control for consideration of $94,588,584 representing the book value at the date of change in ownership. On December 30, 2011 an additional contribution of $39,955,622 was made to MSRe.

MSRe, is 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).

From January 1, 2013, all existing and new business will be underwritten directly by MS Frontier Re. MSRe will cease writing new business from January 1, 2013, and go into orderly run-off. MS Frontier Re will write 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 the year MS Frontier Re has established a new branch office in Malaysia in order to service its clients in Asia and Oceania, while the head office Bermuda will service all other territories. On December 6, 2012 a capital contribution of $3,650,000 was made 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 the Company and its wholly-owned subsidiaries, MSFMR and MSRe. 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.

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

2. Summary of significant accounting policies (continued)

(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 shareholders' 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.

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.

(f) Investment income and catastrophe bond 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.

Catastrophe bond income is accrued to the balance sheet date.

(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%

2. Summary of significant accounting policies (continued)

(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 2012 of $531,387 (2011 - $497,141).

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.

The bankers of the Company's parent issued letters of credit in the amount of $54,296 (2011 - $76,171) in favor of US ceding companies. The Company's parent has pledged assets of a similar amount as security for these letters of credit.

Letters of credit were also established with a Bermuda bank in the amount of $2,228,977 (2011 - $2,229,173). 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 $4,828,178 as at December 31, 2012 (2011 - $3,405,964) have been deposited in trust for the benefit of a US ceding company. These funds are held in trust by a US based bank.

3. Cash and investments (continued)

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

December 31, 2012	Amortized cost	Unrealized gains	Unrealized losses less than 12 months	Unrealized losses greater than 12 months	Fair value
Debt securities issued by U.S. Treasuries	$142,442,827	$ 101,698	$ (1,381)	$ (19,378)	$ 142,523,766
U.S. Agencies	122,470,309	849,470	–	(234,033)	123,085,746
Corporate debt securities U.S	121,811,317	3,879,022	–	(116,142)	125,574,197
Non-U.S	196,345,385	5,795,151	(9)	(18,699)	202,121,828
Non-U.S government and agencies	154,292,324	4,250,543	–	(29,254)	158,513,613
Asset-backed securities	13,781,382	40,406	–	(24,818)	13,796,970
Structured Deposits	40,046,559	657,999	–	–	40,704,558
Catastrophe bonds	6,000,000	123,600	–	–	6,123,600
Short term investments	57,547,820	–	–	–	57,547,820
Municipals	2,783,784	131,995	–	–	2,915,779
Equity fund	11,999,383	516,747	–	–	12,516,130
	$869,521,090	$ 16,346,631	$ (1,390)	$ (442,324)	$ 885,424,007

December 31, 2011	Amortized cost	Unrealized gains	Unrealized losses less than 12 months	Unrealized losses greater than 12 months	Fair value
Debt securities issued by U.S. Treasuries	$140,219,151	$ 1,643,734	$ –	$ (11,761)	$ 141,851,124
U.S. Agencies	28,185,527	619,446	–	(12,528)	28,792,445
Corporate debt securities U.S	205,225,766	4,895,565	(79,568)	(1,892,919)	208,148,844
Non-U.S.	176,154,819	3,482,989	(18,228)	(140,518)	179,479,062
Non U.S. government and agencies	67,801,978	1,159,796	–	(6,417)	68,955,357
Structured deposits	21,050,288	3,354	–	–	21,053,642
Short term investments	65,489,997	–	–	–	65,489,997
Catastrophe bonds	14,000,000	399,800	–	–	14,399,800
	$718,127,526	$ 12,204,684	$ (97,796)	$ (2,064,143)	$ 728,170,271

Deferred tax of $0 (2011 - $163,107) is excluded from the above tables.

As at December 31, 2012 there is an investment of $41m in HSBC Specialist Funds – Short Duration Fixed Income Fund (SDFI) classified as structured deposits. The SDFI invests primarily in Government Agencies and Corporate Bonds. Moodys 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.

3. Cash and investments (continued)

Unrealized losses on investments held at December 31, 2012 and 2011 comprise an accumulation of relatively small unrealized losses on a security by security basis caused by general interest rate movements rather than credit events. During 2012 The Company disposed of bonds which previously were identified as an other than temporary impairment. There are no amounts in respect of declines in the value of individual securities considered to be other than temporary included in gross unrealized losses on fixed maturity investments for the years ended December 31, 2012 and 2011.

By fair value the company securities are fixed income investment grade rated as follows:

Rating	Fair value	%
AAA	$ 177,065,004	20.0%
AA	421,706,708	47.6%
A	172,154,606	19.4%
BBB	38,310,139	4.4%
BB	6,123,600	0.7%
NR	70,063,950	7.9%
	$ 885,424,007	100.0%

Short term investments comprise fixed deposits with a maturity of more than 3 months which do not have a credit rating attached.

Non-rated securities consist of $57.5m of short-term investments and $12.5m of equity in exchange traded funds.

(c) For investments in marketable securities held on December 31, 2012 the maturity distribution is as follows:

	Amortized cost	Fair value
Within one year	$ 218,083,861	$ 219,964,760
From one to five years	464,179,729	475,273,162
From five to ten years	187,257,500	190,186,085
	$ 869,521,090	$ 885,424,007

(d) During the year, proceeds from the sale of investments amounted to $657,466,025 (2011 - $667,416,707) and proceeds from maturities of investments amounted to $94,064,597 (2011 - $122,336,195). The Company realized gains of $5,923,385 (2011 - $9,522,733) and losses of $1,346,037 (2011 - $3,109,719) on those sales and maturities.

(e) With the exception of catastrophe bonds, rated investments held at December 31, 2012 have all been assigned a credit rating of BBB- or better by Standard & Poor's. 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 US Government and its agencies, represents 1.7% (2011 - 9.9%) of the total investment portfolio.

3. Cash and investments (continued)

At December 31, 2012, the Company held investments in catastrophe bonds with a fair value of $6,123,600 (2011 - $14,399,800) comprising two (2011 - five) catastrophe bonds with Standard & Poor's rating of BB and set to mature in 2013. The issuers of these securities have used the proceeds raised to collateralize certain catastrophe reinsurance obligations primarily, U.S. windstorm. Investments in these bonds are specifically chosen to complement the Company's overall underwriting risk profile. The investment in these securities is therefore at risk of loss, in whole or in part, if a covered catastrophe occurs.

(f) Net investment income comprises the following:

	2012	2011
Interest income on debt securities	$ 19,936,260	$ 21,769,958
Interest income on cash and cash equivalents	791,924	1,287,255
Equity dividends	62,868	–
Amortization	(2,799,970)	(3,519,038)
Investment expenses	(1,060,232)	(879,772)
Other than temporary release of impairment/(impairment)	829,648	(732,351)
	$ 17,760,498	$ 17,926,052

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.

4. Fair value of financial instruments (continued)

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 US Treasuries, short term investments (fixed deposits) and equity funds. US 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 US government agencies, non-US 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.
- 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.
- Catastrophe bonds are recorded at fair value based on dealer quotes and trade prices. These inputs are observable and, therefore, the investments in catastrophe bonds 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 were determined based on observable inputs that may 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.

4. Fair value of financial instruments (continued)

	Fair value measurements as at December 31, 2012			
At December 31, 2012	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	$ 142,523,766	$ 142,523,766	$ –	$ –
U.S. Agencies	123,085,746	–	123,085,746	–
Corporate debt securities				
U.S.	125,574,197	–	125,574,197	–
Non-U.S.	202,121,828	–	202,121,828	–
Non-U.S. government and agencies	158,513,613	–	158,513,613	–
Asset-backed securities	13,796,970	–	13,796,970	–
Catastrophe bonds	6,123,600	–	6,123,600	–
Structured deposit	40,704,558	–	40,704,558	–
Short term investments	57,547,820	57,547,820	–	–
Municipals	2,915,779	–	2,915,779	–
Equity Fund	12,516,130	12,516,130	–	–
	$ 885,424,007	$ 212,587,716	$ 672,836,291	$ –

	Fair value measurements as at December 31, 2011			
At December 31, 2011	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	$ 141,851,125	$ 141,851,125	$ –	$ –
U.S. Agencies	28,792,445	–	28,792,445	–
Corporate debt securities				
U.S.	208,148,843	–	208,148,843	–
Non-U.S.	179,479,062	–	179,479,062	–
Non-U.S. government and agencies	68,955,357	–	68,955,357	–
Structured deposit	21,053,642	–	21,053,642	–
Short term investments	65,489,997	65,489,997	–	–
Catastrophe bonds	14,399,800	–	14,399,800	–
	$ 728,170,271	$ 207,341,122	$ 520,829,149	$ –

4. Fair value of financial instruments (continued)

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. At December 31, 2012 recoveries of $36.2m (2011 - $63.0m) are due from the Company's reinsurer. Ceded reinsurance has been placed with the parent company, Mitsui Sumitomo Insurance Company Limited with a credit rating of A+ (2011 -AA) from Standard & Poor's .

6. Capital assets

Capital assets consist of the following:

	2012			2011
	Cost	Accumulated depreciation	Net book value	Net book value
Furniture and fixtures	$ 3,100,247	$ (1,930,411)	$ 1,169,836	$ 1,176,979
Motor vehicles	256,826	(148,098)	108,728	124,197
Computers	7,711,575	(6,165,671)	1,545,904	1,225,368
	$ 11,068,648	$ (8,244,180)	$ 2,824,468	$ 2,526,544

7. Outstanding losses and loss expenses

The summary of changes in outstanding losses and loss expenses at December 31, 2012 and 2011 are as follows:

	2012	2011
Gross balance at the beginning of the year	$378,598,412	$180,901,314
Less: outstanding losses recoverable from reinsurers	(63,792,907)	(18,263,391)
Balance at beginning of year	314,805,505	162,637,923
Incurred related to:		
Current year	46,798,436	217,208,254
Prior years	41,234,220	25,445,106
Foreign exchange (gain) loss on outstanding losses and loss expenses	3,692,272	(4,663,102)
Total loss and loss expenses incurred	91,724,928	237,990,258
Paid related to:		
Current year	2,570,331	9,601,976
Prior years	105,770,104	64,036,114
Foreign exchange (gain) loss on translation of paid losses	(3,962,849)	(3,958,720)
Total paid losses	104,377,586	69,679,370
Net balance at end of year	314,945,509	314,805,505
Plus outstanding losses recoverable from reinsurers	37,758,751	63,792,907
Balance at end of year	$352,704,260	$378,598,412

The net incurred losses for 2012 included $60.2m (2011 - $188.0m) in respect of large losses (losses exceeding $0.2m) reported during the year. Of these $7.4m relate to Ireland (2011 - $7.8m), $2.9m to Singapore (2011 - $79.0m), $4.3m to Labuan (2011 - $5.1m) and to Bermuda $45.6m (2011 - $96.6m). The remainder of the incurred losses relate to a large number of smaller losses in MSRe's proportional treaty business which includes longer tail business lines resulting in movement in current and prior years losses.

During 2012 MSRe retroceded forty percent of all non-group treaty business written in 2012, proportional and non-proportional to Mitsui Sumitomo Insurance Company Limited.

During 2012 MS Frontier Re incurred current year losses of $15.5m, net of recoveries from catastrophe excess of loss protection, in relation to Superstorm Sandy during October 2012. Other losses incurred included $1.9m in respect of US Hail/Tornado during February and March 2012. MSRe incurred losses of $2.2m in respect of Costa Concordia in Italy and $1.6m in respect of MV An Min Shan in China.

7. Outstanding losses and loss expenses (continued)

During 2012 incurred prior year losses relate to additional reserves of $7.4m for the New Zealand Lyttleton earthquake (date of loss: 2011), $5.0m related to Hurricane Ike (date of loss: 2008) and a reduction in gross incurred losses of $4.0m related to Thailand floods (date of loss: 2011) due to updated reporting from brokers and/or insurers.

During 2011 the Company incurred current year losses of $84.0m (net of recoveries) in relation to the severe flooding in Thailand during September and October 2011. The company also incurred losses of $56.1m and $23.4m in respect of New Zealand Earthquakes in Lyttleton and Sumner respectively, $4.5m for Alabama Tornadoes, $2.7m for Tennessee Wind/Hail and $1.0m for Danish Floods.

During 2011 incurred prior year losses comprised of attritional losses on the MSRe portfolio.

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 reserves are subject to an annual actuarial review by independent actuaries.

8. Related party transactions

Premiums assumed from the parent or affiliates amounted to $10,713,951 (2011 - $9,785,209), and were undertaken on normal commercial rates. Other balance sheet and income statement items associated with these policies include the following:

	2012	2011
Assets		
Reinsurance balances receivable	$ 1,640,852	$ 1,271,084
Prepaid expenses	8,397	8,935
Funds withheld	99,941	316,420
Loss recoverable	41,544,141	41,923,240
Deferred reinsurance premium	13,011,895	9,343,360
Liabilities		
Outstanding losses and loss expenses	-	3,211,218
Unearned premiums	724,516	549,446
Accounts payable and accrued expenses	528,365	158,611
Reinsurance balances payable	939,100	-
Expenses		
Net claims paid	28,239,023	5,086,516
Losses and loss expenses incurred	31,698	26,116
Premiums ceded	29,417,355	18,040,652
Income		
Net premium assumed	10,713,951	9,785,209
Reinsurers share of losses and loss expenses incurred	30,882,680	11,892,038
Other Income	56,408	55,955

In prior years, the Company had entered into a retrocession agreement with its parent company, whereby the Company ceded to its parent a portion of certain high layer property and fire catastrophe risks. During 2012, MSRe retroceded forty percent of all non-group treaty business written in 2012, proportional and non-proportional to Mitsui Sumitomo Insurance Company Limited.

8. Related party transactions (continued)

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 $356,330 (2011 - $529,097) for the year. At December 31, 2012 fees of $90,000 (2011 - $135,559) are included in accounts payable and accrued expenses.

9. 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.

MSRe is subject to Irish tax, in the branches in Malaysia and Singapore corporation tax is provided on taxable profits at the current tax rate applicable to the Company's activities. Double Taxation agreements exist between Ireland and Malaysia and Ireland and Singapore, corporation tax borne in Malaysia and Singapore can be utilized against tax payable in Ireland.

Total income taxes for the years ended December 31, 2012 and 2011 were allocated as follows:

	2012	2011
Income taxes from continuing operations	$ 1,944,814	$ (2,272,292)
Shareholders' equity, for unrealized gains and losses recognized for financial statements purposes	-	163,106
	$ 1,944,814	$ (2,109,186)

Income tax expense attributable to continuing operations for the years ended December 31, 2012 and 2011 consists of:

	2012	2011
Current expense	$ (492,393)	$ 23,441
Deferred benefit	2,437,207	(2,295,733)
	$ 1,944,814	$ (2,272,292)

9. Taxation (continued)

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

	2012	2011
Expected tax rate	0.00%	0.00%
Effective tax from non-Bermuda operations	2.91%	2.94%
Actual tax rate	2.91%	2.94%

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

	2012	2011
Deferred tax asset:		
Unutilized losses carried forward and capital allowances	$ 8,697,927	$ 2,443,879
Gross deferred tax asset	8,697,927	2,443,879
Less valuation allowance	(8,495,022)	-
Deferred tax asset	$ 202,905	$ 2,443,879

	2012	2011
Deferred tax liability:		
Unrealized gain on fixed interest securities available for sale	$ -	$ 163,108
Deferred tax liability	-	163,108
Net deferred tax asset	$ 202,905	$ 2,280,771

MSRe has a deferred tax asset of $8,697,927 at December 31, 2012, arising in respect of tax adjusted trading losses, fixed asset timing differences and excess foreign tax credits carried forward from earlier periods. On the basis that it is prudent to recognize none of the deferred tax asset at present, MSRe's closing deferred tax asset for accounts purposes is reduced to nil. There is therefore an unrecognized deferred tax asset of $8,495,022 at year end.

MSFMR has a deferred tax asset of $202,905 at December 31, 2012, 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 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, 2012 and 2011.

10. Commitments

MS Frontier Re has entered into an agreement to lease office space in Bermuda for $64,132 per month for five (5) years beginning November 1, 2010.

MSRe has office space leased in Singapore, Labuan, Kuala Lumpur and Dublin for a total of $113,726 per month (lease commitments ending on October 31, 2015; July 31, 2013; September 30, 2014 and July 07, 2013 respectively).

As part of the reinsurance business of MSRe, the Singapore branch is required to hold assets of $20,480,502 within insurance funds held on deposit in Singapore. Any surplus assets may only be released from Singaporean jurisdiction once the solvency requirements of Singapore Law have been met. The Company has entered into a counter indemnity with a bank in relation to the Singapore branch.

11. 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.

An injection of $100,000,000 was made to the contributed surplus of MS Frontier Reinsurance Limited by the parent company Mitsui Sumitomo Insurance Company Limited on April 24, 2012. This was made in addition to the previous contribution made by the parent of $50,000,000 on November 17, 2011 and $100,000,000 on November 13, 2006.

12. Statutory requirements

Bermuda

MS Frontier Reinsurance Limited is required by its licence 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, 2012 MS Frontier Re is required to maintain a minimum statutory capital and surplus of $18,799,397. Actual statutory capital and surplus is $836,893,439.

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

Total shareholders' equity	$843,359,668
Less non-admitted assets:	
Deferred acquisition expenses	2,703,657
Prepaid expenses	2,542,404
Capital assets	1,220,168
Statutory capital and surplus	$836,893,439

12. 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, 2012 MS Frontier Re was required to maintain relevant assets of $116,289,773. At that date relevant assets were $864,977,806 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 difference between statutory capital and surplus and shareholders' equity presented in accordance with U.S. GAAP is deferred acquisition costs, which are non-admitted assets for statutory purposes. As of December 31, 2012, MS Frontier Re met the ECR.

Ireland

MSRe is an authorized reinsurance undertaking in Ireland and is required to maintain in respect of the whole of its business an adequate available solvency margin that is at all times at least equal to that required by the regulations. The available solvency margin must consist of its assets, free of all foreseeable liabilities less any intangible items.

The amount of available solvency margin must be based on, the undertakings paid up share capital, the undertakings statutory and free reserves that do not correspond to underwriting liabilities, and the undertakings profit and loss brought forward.

The amount of solvency margin for an authorized reinsurance undertaking is to be the higher of:

a) Minimum Guarantee Fund equal to $4.2m for all reinsurance undertakings, or

b) The total Required Solvency Margin determined on the higher of Premium or Claims basis.

As at December 31, 2012 MSRe's Available Solvency Margin is $72,737,110 (2011 - $82,800,000), its Required Solvency Margin is $24,378,193 (2011 - $27,300,000) and its Solvency Cover is 323% (2011 - 304%).

13. Subsequent events

The Company has completed its subsequent events evaluation for the period subsequent to the balance sheet date of December 31, 2012 through May 10, 2013, the date the consolidated financial statements were authorized for issuance by the Board of Directors. There were no significant subsequent events.

Corporate Information

MS Frontier Reinsurance Limited Board of Directors as at April 1, 2013

Toshiya Naito
Gary P. Devery
Peter Keane
Tamaki Kawate
Hisatoshi Saito
Yoshikazu Koike
D. Bradfield Adderley
Nicholas M. Frost

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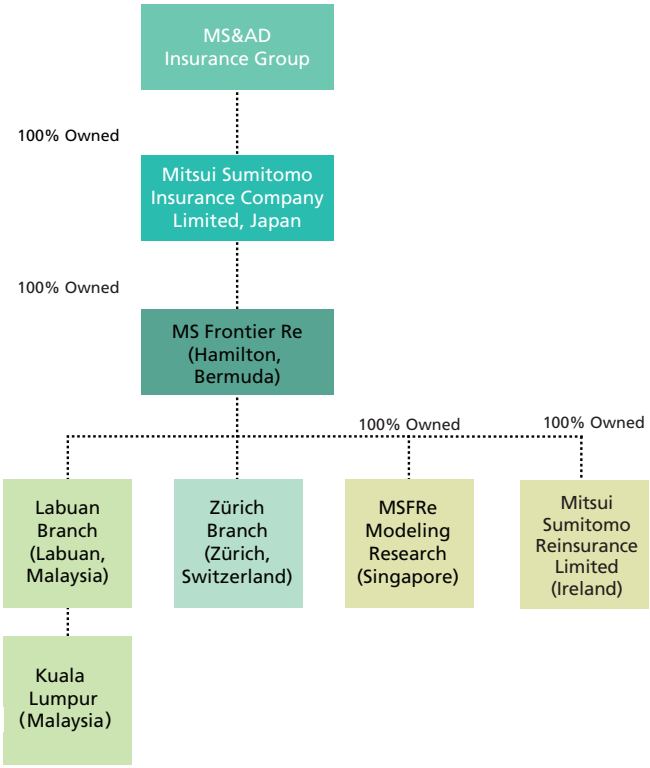
Shareholders Meeting

The next Annual General Meeting will be held on July 17, 2013 at the company's main office.

Structure of MS Frontier Group



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