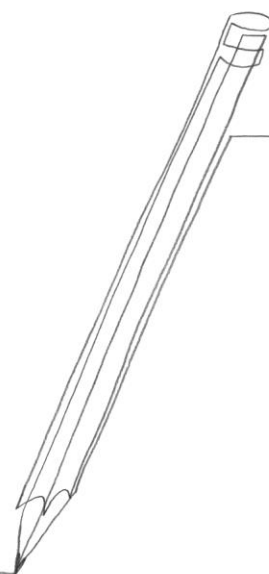


**Beazley Insurance Designated
Activity Company, Dublin,
Switzerland Branch Zurich**

Financial Condition Report 2019

30 April 2020

beazley



1 Scope

This financial condition report is referring to the locally produced business of Beazley Insurance Designated Activity Company (BIDAC), Dublin, Switzerland Branch Zurich (Swiss Branch) for the reporting period 2019.

The report is being produced in line with the requirements of art. 111a ISO and FINMA Circular 2016/2 and is a complementary element of the Solvency & Financial Condition Report 2019 of our head office in Dublin.

2 Management Summary

The performance of the Swiss Branch is being overseen by the Swiss Branch Management Committee, which is chaired by the General Representative and has committee members from General Management, Underwriting, Finance, Actuarial, Compliance, Risk, and Operations.

There has been no claims activity in the reporting period. As this is the first report for the locally produced business in Switzerland, no comparison with the previous reporting period regarding any material changes is available.

3 Business Activities

Beazley Insurance Designated Activity Company, Dublin (BIDAC), is part of the Beazley group of companies. BIDAC established a Switzerland branch in Zurich in 2019 and obtained a licence to conduct insurance business in Switzerland on 31 October 2019. The principal activity of the Swiss Branch is underwriting non-life insurance business in insurance classes B1, B3, B7, B9, B13 and B16.

The Swiss Branch was created to enable the offering of Company (BIDAC) paper alongside Lloyd's paper to allow insureds the choice of paper. The current focus of the Swiss Branch is on underwriting of financial lines products.

In the relevant reporting period of November to December 2019, business activities were largely limited to the set-up of operational structures. There were no significant unusual events.

The Swiss Branch is being audited by Ernst & Young AG, Zurich Branch (CHE-491.907.686).

4 Performance

As this is the first report for the locally produced business in Switzerland, no comparison with the previous reporting period is available.

Premiums: The gross written premiums for the reporting period amounted to CHF19,449.

Costs: Total acquisition costs and administrative expenses for the reporting period amounted to CHF133,929.

Claims: There were no paid claims during the period. The total change in technical provisions relevant to claims for the reporting period amounted to CHF16,549. There was no reinsurance purchased in the reporting period.

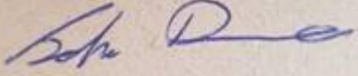
The above premium, acquisitions and administrative costs and claims expenses related to General Liability premium written.

Information about income and expenses from investments: The only investments held by the branch during the period were cash balances. The branch incurred a financial expense of CHF249 on these cash balances.

Overall, the development of the business of the Swiss Branch is considered to be satisfactory.

Zurich, 30 April 2020

Beazley Insurance Designated Activity Company, Dublin,
Switzerland Branch Zurich



JOHN DUNNE

Dominik Skrobala
Branch Manager

John Dunne
Head of Finance

Annexes:

- Performance Solo NL
- Auditor's report to the General Representative incl. audited financial statements

To the General Representative of
Beazley Insurance Designated Activity Company, Dublin
Switzerland Branch Zurich
c/o gbf Rechtsanwälte AG
Hegibachstrasse 47
8032 Zurich

Zurich, 15 April 2020

Independent auditor's report

As a federally-supervised audit firm, we have audited the accompanying financial statements of the Beazley Insurance Designated Activity Company, Dublin, Switzerland Branch Zurich, which comprise the balance sheet as of 31 December 2019, and the income statement and notes for the year then ended, in line with article 28 para. 2 of the Insurance Supervision Act (ISA) and with reference to the FINMA guidelines "Preparation and audit of the financial statements of branch offices of foreign insurance companies (WNL)".

The financial statements have been prepared by the General Representative on the basis of the financial reporting provisions of the Swiss Code of Obligations and the requirements of the supervisory law.



General Representative's Responsibility for the financial statements

The General Representative is responsible for the preparation of these financial statements in accordance with the financial reporting provisions of the Swiss Code of Obligations and the requirements of the supervisory law – in particular the Financial Market Supervision Act (FINMASA), the Insurance Supervision Act (ISA), the Insurance Supervision Ordinance (ISO) and the FINMA Insurance Supervision Ordinance (ISO-FINMA) as well as with the FINMA guidelines "Preparation and audit of the financial statements of branch offices of foreign insurance companies (WNL)" –, and for such internal controls as the General Representative determines are necessary to enable the preparation of 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 financial statements based on our audit. We conducted our audit in accordance with the regulatory requirements set out in article 28 para. 2 ISA, the WNL and Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the branch office's preparation of the 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 branch office's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General Representative, as well as evaluating the overall presentation of the 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 financial statements of the Switzerland Branch Zurich of the Beazley Insurance Designated Activity Company, Dublin as of and for the year ended 31 December 2019 are prepared, in all material respects, in accordance with the financial reporting provisions of the Swiss Code of Obligations, the requirements of supervision law (in particular FINMASA, ISA, ISO and ISO-FINMA) and with the WNL.



Basis of accounting

Without modifying our opinion, we note that the financial statements of the Switzerland Branch Zurich of the Beazley Insurance Designated Activity Company, Dublin are prepared on the basis of the accounting principles specified above. The financial statements are prepared to comply with the requirements of article 25 para. 4 ISA. As a result, the financial statements may not be suitable for another purpose.

Ernst & Young Ltd

Licensed audit expert
(Auditor in charge)

ACCA (UK)

Enclosures

- ▶ Financial statements (balance sheet, income statement and notes)

Beazley Insurance Designated Activity Company, Dublin, Schweizer Zweigniederlassung Zurich

Balance Sheet as at 31 December 2019

	Notes	2019 EUR	2019 CHF
Assets			
Cash and cash equivalents		1,645,918	1,789,113
Insurance receivables	3	37,450	40,708
Total assets		1,683,368	1,829,821
Liabilities			
Technical provisions	3	31,189	33,902
Insurance payables	3	17,833	19,385
Accrued expenses		124,124	134,923
Currency translation adjustment		-	2,575
Total liabilities		173,146	190,785
Head office account			
Payable to Head office		1,625,374	1,766,781
Net result for the period		(115,152)	(127,745)
Total head office account		1,510,222	1,639,036
Total liabilities and head office account		1,683,368	1,829,821

Beazley Insurance Designated Activity Company, Dublin, Schweizer Zweigniederlassung Zurich

Income statement for the financial period
from 19 February 2019 to 31 December 2019

	Notes	2019 EUR	2019 CHF
Gross Premium written		17,483	19,449
Premium ceded to reinsurers		-	-
Net premiums written			
Change in unearned premium reserves		(15,978)	(17,775)
Change in reinsurers' share of unearned premium reserves		-	-
Net premiums earned		1,505	1,674
Gross claims and claim expenses paid		-	-
Reinsurer's share of claims and claim expenses		-	-
Change in technical provisions	3.4	(15,197)	(16,549)
Change in reinsurers' share of technical provisions		-	-
Net claims and claim expenses incurred		(15,197)	(16,549)
Acquisition costs and administrative expenses		(120,389)	(133,929)
Reinsurers' share of acquisition costs and administrative expenses		-	-
Net acquisition costs and administrative expenses		(120,389)	(133,929)
Financial income		-	-
Financial expense		(224)	(249)
Realised net currency exchange gain		19,153	21,308
Result before taxes		(115,152)	(127,745)
Taxation		-	-
Net result for the period		(115,152)	(127,745)

Beazley Insurance Designated Activity Company, Dublin, Schweizer Zweigniederlassung Zurich

Notes to the financial statements financial period from 19 February to 31 December 2019

1 General

Beazley Insurance Designated Activity Company, Dublin ('BIDAC') established a branch in Zürich on 19 February 2019. The purpose of the Zürich Branch is to operate non-life insurance and reinsurance business in Switzerland. The Branch obtained FINMA authorisation to operate in Switzerland on 31 October 2019.

2 Accounting principles applied in the preparation of the financial statements

General aspects

The financial statements have been prepared in accordance with the provisions on commercial accounting of the Swiss Code of Obligations (CO) (Art. 957-963b CO, applicable as of 1 January 2013). Apart from the Swiss Code of Obligations, the provisions of the Swiss Ordinance on the Supervision of Private Insurance Companies (Art. 5-6a AVO-FINMA, applicable as of 15 December 2015) have been applied.

2.1 Valuation principles

Technical provisions: These are obligations due to insured parties determined based on an individual insurance agreement. They are calculated based on the business plans agreed with FINMA.

2.2 Foreign currency transactions

The accounts are held in the functional currency EUR and are converted to presentation currency CHF for the purpose of the present statutory accounts. Unrealized gains (or losses) resulting from the translation of financial statements in a functional currency EUR to presentation currency CHF are not included in the profit and loss account.

The Currency Translation Adjustment is disclosed in the Balance Sheet, under equity position. The exchange rates EUR/CHF used are as follows:

	2019
FX closing rate EUR / CHF	1.08700000
FX average rate EUR / CHF	1.11247283

3 Information on balance sheet and income statement items

3.1 Insurance receivables

	CHF
Receivables from policyholders	40,708
Total	40,708

Beazley Insurance Designated Activity Company, Dublin, Schweizer Zweigniederlassung Zurich

Notes to the financial statements financial period from 19 February to 31 December 2019 (continued)

3.2 Technical provisions

	Technical provisions (gross)	Reinsurers' share	Technical provisions (net)
			CHF
Unearned premium reserve	17,368	-	17,368
Loss reserves	1,227	-	1,227
Security and equalisation reserves	15,307	-	15,307
Total	33,902	-	33,902

3.3 Insurance payables

	CHF
Liabilities to insurance companies	19,385
Total	19,385

3.4 Changes in technical provisions

	Technical provisions (gross)	Reinsurers' share	Technical provisions (net)
	CHF	CHF	CHF
Change in loss reserve	16,549	-	16,549
Change in other technical provisions	-	-	-
Change in actuarial reserves	-	-	-
Change in provision for policyholder participations	-	-	-
Change in provision for surplus funds	-	-	-
Total	16,549	-	16,549

3.5 Full Time Equivalent

The Branch did not have any employees.

3.6 Assets used to secure own liabilities and assets under reservation of ownership

	CHF
Cash held in Trust	198,599
Total	198,599

Beazley Insurance Designated Activity Company, Dublin, Schweizer Zweigniederlassung Zurich

Notes to the financial statements financial period from 19 February to 31 December 2019(continued)

3.7 Fees paid to the auditor

	CHF
Audit services	29,759
Other services	-
Total	29,759

3.8 Head office account

	CHF
Balance as at 20 February 2019	-
Transfers from Head office	1,766,781
Profit/(Loss) for the period	(127,745)
Balance as at 31 December 2019	1,639,036

About the global EY organization

The global EY organization is a leader in assurance, tax, transaction and advisory services. We leverage our experience, knowledge and services to help build trust and confidence in the capital markets and in economies all over the world. We are ideally equipped for this task – with well trained employees, strong teams, excellent services and outstanding client relations. Our global purpose is to drive progress and make a difference by building a better working world – for our people, for our clients and for our communities.

The global EY organization refers to all member firms of Ernst & Young Global Limited (EYG). Each EYG member firm is a separate legal entity and has no liability for another such entity's acts or omissions. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information, please visit www.ey.com.

EY's organization is represented in Switzerland by Ernst & Young Ltd, Basel, with ten offices across Switzerland, and in Liechtenstein by Ernst & Young AG, Vaduz. In this publication, "EY" and "we" refer to Ernst & Young Ltd, Basel, a member firm of Ernst & Young Global Limited.

© 2020

Ernst & Young Ltd

All Rights Reserved.

ED None

www.ey.com/ch