

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

Financial Condition Report 2023

9 April 2024

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 year ended 31 December 2023.

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 2023 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 branch manager and has committee members from General Management, Underwriting, Finance, Actuarial, Compliance, Risk, and Operations.

This report also contains comparison information for the year ended 31 December 2022.

3. Business Activities

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, B5, B7, B8, B9, B11, 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, cyber and property treaty products.

2023 was the fourth full year of operations of the branch and the branch continued to significantly increase its underwriting activities. The Financial Statements include an adjustment made as a result of an error in the calculation of override commission in 2022, as a result the acquisition costs and administrative expenses for 2022 were understated by circa CHF 596k. The correction is fully disclosed in Note 4 of the Financial Statements. There were no other significant unusual events which were material.

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

4. Performance

Premiums: The gross written premiums for the reporting period amounted to CHF12.6m (2022: CHF8.1m). Net earned premiums amounted to CHF7.5m (2022: CHF5.4m).

Costs: Total acquisition costs and administrative expenses for the reporting period amounted to CHF2.8m (2022: CHF0.7m).

Claims: The branch incurred most claims in property and cyber lines. The total change in technical provisions relevant to net claims for the reporting period amounted to CHF0.2m (2022: CHF2.9m).

Segmentation Information: The above premium, acquisitions and administrative costs and claims expenses related to general third-party liability and property business only. In the reporting period, the Swiss Branch wrote direct as well as indirect Swiss business.

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 CHF0.004m (2022: CHF0.05) on these cash balances.

Overall the branch made a profit before tax of CHF3.6m (2022: CHF1.9m).

The development of the business of the Swiss Branch is considered to be strong.

Zurich, 9 April 2024

Beazley Insurance Designated Activity Company, Dublin,
Switzerland Branch Zurich



Alex Gage
Branch Manager



John Dunne
Head of Finance

Annexes:

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

Financial situation report: quantitative template "Performance Solo NL"

Currency: CHF or annual report currency
Amounts stated in millions

	Total		Direct Swiss business													
	Previous year	Reporting year	Accident		Illness		Motor vehicle		Transport		Fire, natural hazards, property damage		General third-party liability		Other branches	
			Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year
1	8.06	12.62										0.41	7.00	10.35		
2	- 1.80	- 1.83										- 0.01	- 1.66	- 1.40		
3	6.25	10.78										0.40	5.34	8.95		
4	- 0.97	- 3.60										- 0.33	- 0.96	- 3.18		
5	0.15	0.27										0.01	0.12	0.24		
6	5.43	7.45										0.08	4.51	6.02		
7	-	-										-	-	-		
8	5.43	7.45										0.08	4.51	6.02		
9	- 0.63	- 1.42										-	- 0.63	- 0.27		
10	0.09	0.81										-	0.09	0.46		
11	- 3.89	- 2.15										- 0.03	- 3.24	- 2.68		
12	1.00	1.95										0.00	0.85	1.98		
13																
14																
	- 3.42	- 0.80										- 0.03	- 2.92	- 0.52		
15	- 0.66	- 2.81										- 0.08	- 0.53	- 2.21		
16	-	-										-	- 0.02	0.01		
17	- 0.66	- 2.81										- 0.08	- 0.56	- 2.20		
18	-	- 0.60										-	-	- 0.60		
19	- 4.08	- 4.21										- 0.11	- 3.48	- 3.31		
20	-	0.01														
21	- 0.05	- 0.00														
22	- 0.05	0.00														
23	-	-														
24	-	-														
25	-	-														
26	1.31	3.25														
27																
28	0.56	0.35														
29																
30																
31	1.87	3.60														
32	- 0.20	- 0.87														
33	1.67	2.73														

Financial situation report: quantitative template
 "Market-consistent Balance Sheet Solo"

Currency: CHF or
 currency for SST
 reporting
 Amounts stated in
 millions

		Ref. date previous period	Adjustments previous period	Ref. date reporting year
Market-consistent value of investments	Real estate			
	Participations			
	Fixed-income securities			
	Loans			
	Mortgages			
	Equities			
	Other investments			
	Collective investment schemes			
	Alternative investments			
	Structured products			
Other investments				
	Total investments			
Market-consistent value of other assets	Financial investments from unit-linked life insurance			
	Receivables from derivative financial instruments			
	Deposits made under assumed reinsurance contracts			
	Cash and cash equivalents			
	Reinsurers' share of best estimate of provisions for insurance liabilities			
	Direct insurance: life insurance business (excluding unit linked life insurance)			
	Reinsurance: life insurance business (excluding unit linked life insurance)			
	Direct insurance: non-life insurance business			
	Direct insurance: health insurance business			
	Reinsurance: non-life insurance business			
	Reinsurance: health insurance business			
	Direct insurance: other business			
	Reinsurance: other business			
	Direct insurance: unit-linked life insurance business			
	Reinsurance: unit-linked life insurance business			
	Fixed assets			
	Deferred acquisition costs			
	Intangible assets			
	Receivables from insurance business			
	Other receivables			
Other assets				
Unpaid share capital				
Accrued assets				
	Total other assets			
Total market-consistent value of assets	Total market-consistent value of assets			
BEL: Best estimate of liabilities (including unit linked life insurance)	Best estimate of provisions for insurance liabilities			
	Direct insurance: life insurance business (excluding unit linked life insurance)			
	Reinsurance: life insurance business (excluding unit linked life insurance)			
	Direct insurance: non-life insurance business			
	Direct insurance: health insurance business			
	Reinsurance: non-life insurance business			
	Reinsurance: health insurance business			
	Direct insurance: other business			
	Reinsurance: other business			
	Best estimate of provisions for unit-linked life insurance liabilities			
	Direct insurance: unit-linked life insurance business			
	Reinsurance: unit-linked life insurance business			
Market-consistent value of other liabilities	Non-technical provisions			
	Interest-bearing liabilities			
	Liabilities from derivative financial instruments			
	Deposits retained on ceded reinsurance			
	Liabilities from insurance business			
	Other liabilities			
	Accrued liabilities			
	Subordinated debts			
Total BEL plus market-consistent value of other liabilities	Total BEL plus market-consistent value of other liabilities			
	Market-consistent value of assets minus total from BEL plus market-consistent value of other liabilities			

**Financial situation report: quantitative template
"Solvency Solo"**

Currency: CHF or
currency for SST
reporting
Amounts stated in
millions

		Ref. date previous period in CHF millions	Adjustments previous period in CHF millions	Ref. date reporting year in CHF millions
Derivation of RBC	Market-consistent value of assets minus total from best estimate liabilities plus market- consistent value of other liabilities			
	Deductions			
	Core capital			
	Supplementary capital			
	RBC			

		Ref. date previous period in CHF millions	Adjustments previous period in CHF millions	Ref. date reporting year in CHF millions
Derivation of target capital	Underwriting risk			
	Market risk			
	Diversification effects			
	Credit risk			
	Risk margin and other effects on target capital			
	Target capital			

	Ref. date previous period in %	Adjustments previous period in %	Ref. date reporting year in %
SST ratio			

To the General Manager of
**Beazley Insurance Designated Activity Company, Dublin,
Switzerland Branch Zurich, Zurich**

Zurich, 9 April 2024

Report of the independent auditor



Opinion

As an audit firm under state supervision, we have audited the financial statements of Beazley Insurance Designated Activity Company, Dublin, Switzerland Branch Zurich, which comprise the balance sheet as at 31 December 2023, the income statement then ended, and the notes to the financial statements, pursuant to Art. 28 (2) of the Insurance Supervision Act (ISA) and with reference to the supplementary information for audit reporting of insurance companies in Annex 19 to FINMA Circular 13/3 concerning the “Preparation and audit of the financial statements of branches of foreign insurance companies” of 4 November 2020 (Annex 19 to FINMA Circular 13/3).

In our opinion, the accompanying financial statements of Beazley Insurance Designated Activity Company, Dublin, Switzerland Branch Zurich as at 31 December 2023 comply in all material respects with the financial reporting provisions of Annex 19 to FINMA Circular 13/3.



Basis for opinion

We conducted our audit in accordance with the Swiss Standards on Auditing (SA-CH) as well as the framework for the audit of the financial statements as set out in section 3.2 of Annex 19 to FINMA Circular 13/3. Our responsibilities under those provisions and standards are further described in the “Independent Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company in accordance with the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Other information

The General Manager is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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



General Manager's responsibilities for the financial statements

The General Manager is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Annex 19 to FINMA Circular 13/3 and for such internal control as the General Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the General Manager is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern, and using the going concern basis of accounting unless the General Manager either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Independent Auditor's responsibilities for the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SA-CH and Annex 19 to FINMA Circular 13/3 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- ▶ Conclude on the appropriateness of the General Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Ernst & Young Ltd

Licensed audit expert
(Lead Auditor)

Licensed audit expert

Enclosure

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

**Beazley Insurance Designated Activity Company, Dublin, Schweizer
Zweigniederlassung Zurich**

Income statement for the year ended 31 December 2023

	Notes	2023 EUR	2023 CHF	2022 EUR	2022 CHF
Gross premium written		12,983,468	12,615,395	8,016,461	8,055,070
Premium ceded to reinsurers		(1,887,929)	(1,834,407)	(1,792,062)	(1,800,693)
Change in unearned premium reserves		(3,700,479)	(3,595,573)	(964,058)	(968,701)
Change in reinsurers' share of unearned premium reserves		275,747	267,930	147,828	148,540
Net premiums earned		7,670,807	7,453,344	5,408,169	5,434,217
Gross claims and claim expenses paid		(1,456,738)	(1,415,441)	(624,534)	(627,542)
Reinsurer's share of claims and claim expenses		833,928	810,287	92,949	93,397
Change in technical provisions	3.4	(2,208,568)	(2,145,956)	(3,869,398)	(3,888,034)
Change is reinsurers' share of technical provisions	3.4	2,007,207	1,950,304	993,618	998,403
Net claims and claim expenses incurred		(824,171)	(800,806)	(3,407,365)	(3,423,777)
Acquisition costs and administrative expenses		(2,893,112)	(2,811,094)	(653,963)	(657,113)
Net acquisition costs and administrative expenses		(2,893,112)	(2,811,094)	(653,963)	(657,113)
Financial income		5,998	5,828	-	-
Financial expense		(4,171)	(4,053)	(44,845)	(45,061)
Realised net currency exchange gain		363,562	353,255	555,759	558,436
Extraordinary item : prior year commission adjustment	4	(612,856)	(595,482)	-	-
Result before taxes		3,706,057	3,600,993	1,857,755	1,866,701
Tax charge		(892,620)	(867,315)	(191,518)	(192,440)
Net result for the period		2,813,437	2,733,679	1,666,237	1,674,262

Beazley Insurance Designated Activity Company, Dublin, Schweizer Zweigniederlassung Zurich

Balance Sheet as at 31 December 2023

	Notes	2023 EUR	2023 CHF	2022 EUR	2022 CHF
Assets					
Cash and cash equivalents	3.6	30,933,282	28,758,672	27,421,665	27,077,523
Insurance receivables	3.1	4,750,268	4,416,324	4,095,578	4,044,179
Reinsurers share of technical provisions	3.2	5,516,770	5,128,941	3,215,649	3,175,293
Deferred acquisition costs		1,532,866	1,425,106	801,178	791,124
Total assets		42,733,186	39,729,043	35,534,070	35,088,118
Liabilities					
Technical provisions	3.2	19,178,529	17,830,278	12,962,713	12,800,031
Insurance payables	3.3	214,592	199,506	771,276	761,597
Accrued expenses and other liabilities		2,146,523	1,995,622	268,644	265,273
Intercompany liabilities		1,140,761	1,060,566	445,764	440,170
Total liabilities		22,680,405	21,085,972	14,448,398	14,267,071
Head office account					
Payable to head office		16,625,456	15,456,686	20,471,784	20,214,863
Currency translation adjustment		-	(118,026)	-	(28,936)
Net result for the period		2,813,437	2,733,679	1,666,237	1,674,262
Prior year reserves		613,888	570,732	(1,052,349)	(1,039,142)
Total head office account	3.8	20,052,781	18,643,071	21,085,672	20,821,047
Total liabilities and head office account		42,733,186	39,729,043	35,534,070	35,088,118

Beazley Insurance Designated Activity Company, Dublin, Schweizer Zweigniederlassung Zurich

Notes to the financial statements financial year ended 31 December 2023

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 based on an individual insurance agreements. 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 presenting 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 exchange rates EUR/CHF used are as follows:

	2023	2022
FX closing rate EUR / CHF	0.9297	0.9875
FX average rate EUR / CHF	0.9717	1.0048

3 Information on balance sheet and income statement items

3.1 Insurance receivables

CHF	2023	2022
Receivables from policyholders	4,416,324	4,044,179
Total	4,416,324	4,044,179

Beazley Insurance Designated Activity Company, Dublin, Schweizer Zweigniederlassung Zurich

Notes to the financial statements financial year ended 31 December 2023

3.2 Technical provisions

	Technical provisions (gross)	Reinsurers' share	Technical provisions (net)
As at 31 December 2023			CHF
Unearned premium reserve	7,072,313	(901,913)	6,170,400
Loss reserves	9,609,920	(3,847,750)	5,762,170
Security and equalisation reserves	1,148,045	(379,278)	768,767
Total	17,830,278	(5,128,941)	12,701,337

	Technical provisions (gross)	Reinsurers' share	Technical provisions (net)
As at 31 December 2022			CHF
Unearned premium reserve	3,739,148	(691,074)	3,048,074
Loss reserves	7,385,760	(2,180,431)	5,205,329
Security and equalisation reserves	1,675,124	(303,788)	1,371,336
Total	12,800,031	(3,175,293)	9,624,739

3.3 Insurance payables

CHF	2023	2022
Liabilities to insurance companies	199,506	761,597
Total	199,506	761,597

3.4 Changes in technical provisions

	Technical provisions (gross)	Reinsurers' share	Technical provisions (net)
2023	CHF	CHF	CHF
Change in loss reserve (income statement)	2,145,956	(1,950,304)	195,652
Total	2,145,956	(1,950,304)	195,652

Beazley Insurance Designated Activity Company, Dublin, Schweizer Zweigniederlassung Zurich

Notes to the financial statements financial year ended 31 December 2023

3.4 Changes in technical provisions (continued)

	Technical provisions (gross)	Reinsurers' share	Technical provisions (net)
2022	CHF	CHF	CHF
Change in loss reserve	3,888,034	(998,403)	2,889,631
Total	3,888,034	(998,403)	2,889,631

3.5 Full time equivalents

The Branch did not have any employees.

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

CHF	2023	2022
Tied assets	27,731,285	22,402,767
Total	27,731,285	22,402,767

3.7 Fees paid to the auditor

CHF	2023	2022
Audit services	61,500	53,200
Total	61,500	53,200

3.8 Head office account

	2023	2022
Balance as at 01 January	20,821,047	13,609,507
Transfers from head office	(4,911,655)	5,537,278
Currency translation adjustment	(118,026)	(28,936)
Profit/(loss) for the period	2,733,679	1,674,262
Balance as at 31 December	18,643,071	20,821,047

Beazley Insurance Designated Activity Company, Dublin, Schweizer Zweigniederlassung Zurich

Notes to the financial statements financial year ended 31 December 2023

4.0 Prior year overrider commission adjustment

Due to an error in the calculation of Overrider Commission in 2022, acquisition costs and administrative expenses were understated by circa CHF 595,482.

The correction of the affected financial statement line item as a result of this error for the prior period is shown below:

Income statement	2023 EUR	2023 CHF
Acquisition costs and administrative expenses	(612,856)	(595,482)