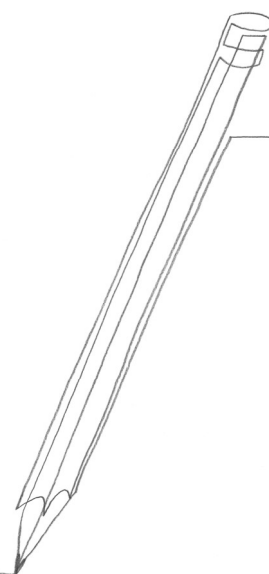


**Beazley Insurance Designated
Activity Company, Dublin,
Switzerland Branch Zurich**

Financial Condition Report 2021

13 April 2022

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 2021.

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 2021 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 is the third report for the locally produced business in Switzerland, with comparison information for the previous reporting period 2020 included.

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, 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 and property treaty products.

2021 was the 2nd full year of operations of the branch and the branch significantly increased its underwriting activities. There were no significant unusual events.

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 CHF5.3m (2020: CHF2.0m).

Costs: Total acquisition costs and administrative expenses for the reporting period amounted to CHF0.7m (2020: CHF0.5m).

Claims: The branch incurred its first claims in 2021 with amounts incurred in Property and Cyber. The total change in technical provisions relevant to net claims for the reporting period amounted to CHF3,036k (2020: CHF876k).

Segmentation Information: The above premium, acquisitions and administrative costs and claims expenses related to General third-party liability and Property business only.

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 CHF39k (2020:CHF10k) on these cash balances.

Overall the branch made a loss after tax of CHF1,159k (2020:profit of CHF149k). This was driven by some large losses incurred in our property and cyber books.

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

Zurich, 13 April 2022

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	2.02	5.34											2.02	4.87		
2	(0.30)	(1.09)											(0.30)	(0.98)		
3	1.72	4.25											1.72	3.89		
4	(0.69)	(2.18)											(0.69)	(1.99)		
5	0.14	0.44											0.14	0.40		
6	1.17	2.51											1.17	2.30		
7	-	-											-	-		
8	1.17	2.51											1.17	2.30		
9	-	-											-	-		
10	-	-											-	-		
11	(1.04)	(4.48)											(1.04)	(2.72)		
12	0.17	1.44											0.17	0.52		
13													-	-		
14	(0.87)	(3.04)											(0.87)	(2.20)		
15	(0.52)	(0.67)											(0.52)	(0.64)		
16	-	-											-	-		
17	(0.52)	(0.67)											(0.52)	(0.64)		
18	-	-											-	-		
19	(1.39)	(3.71)											(1.39)	(2.84)		
20	-	-														
21	(0.01)	(0.04)														
22	(0.01)	(0.04)														
23	-	-														
24	-	-														
25	-	-														
26	(0.23)	(1.24)														
27																
28	0.38	0.09														
29																
30																
31	0.15	(1.15)														
32	(0.00)	(0.01)														
33	0.15	(1.16)														

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

Zurich, 13 April 2022

Dufourstrasse 49
8008 Zurich

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 2021, 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 2021 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



Armin Imoberdorf
(Qualified
Signature)

Licensed audit expert
(Auditor in charge)



Meik Babylon
(Qualified
Signature)

Licensed audit expert

Enclosures

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

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

Annual Report and Financial Statements

For the year ended 31 December 2021

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

**Annual Report and Financial Statements
For the year ended 31 December 2021**

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Beazley Insurance Designated Activity Company, Dublin, Schweizer Zweigniederlassung Zurich

Management report on the financial year

Principal activities and business review

The Zürich Branch is a non-life insurance branch of Beazley Insurance Designated Activity Company (Beazley Insurance DAC), which is headquartered in Ireland with a branch network in the United Kingdom, France, Germany, Switzerland and Spain. In October and November 2019, Beazley Insurance DAC received authorisation from FINMA and the Central Bank of Ireland to open a branch in Switzerland. In 2021, the branch continued to grow its activities by obtaining property and aviation licences. Gross written premium increased to CHF 5.3m (2020: CHF 2.0m). The branch underwrote its first non-life insurance policies in December 2019. The branch had no employees in 2021. There were no extraordinary events noted in 2021.

Future developments and prospects

The branch aims to grow its premium volumes in 2022, focusing on Specialty Lines, Cyber, Aviation and Property Treaty risks.

Risk Assessments

Due to the nature of its activities, the principal risks of the branch are aligned with those of Beazley Insurance DAC and the wider Beazley Group and include:

- Insurance risk
- Asset risk
- Operational risk
- Liquidity risk
- Credit risk
- Group risk
- Regulatory and legal risk
- Strategic risk
- Climate change risk

The branch is included in the Beazley Group's risk management framework, within which risk appetite is defined, risks assumed are identified and managed and key controls are implemented and monitored.

The Beazley group continues to monitor and respond to the global COVID-19 outbreak. We do not believe that the underwriting activities or assets of the branch have been impacted materially. The group also continues to monitor the potential impact of the ongoing conflict in Ukraine, both from an investment asset and claims liability perspective.

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

Balance Sheet as at 31 December 2021

	Notes	2021 EUR	2021 CHF	2020 EUR	2020 CHF
Assets					
Cash and cash equivalents	3.6	16,824,976	17,433,199	4,785,364	5,175,610
Insurance receivables	3.1	2,119,869	2,196,502	821,537	888,534
Reinsurers share of technical provisions	3.2	2,031,389	2,104,824	278,363	301,064
Deferred acquisition costs		507,278	525,616	99,267	107,362
Total assets		21,483,512	22,260,141	5,984,531	6,472,570
Liabilities					
Technical provisions	3.2	7,904,320	8,190,061	1,649,109	1,783,593
Insurance payables	3.3	138,311	143,311	186,227	201,414
Accrued expenses and other liabilities		169,600	175,731	159,029	171,999
Intercompany liabilities		90,178	93,438	147,909	159,971
Currency translation adjustment		-	48,093	-	1,548
Total liabilities		8,302,409	8,650,634	2,142,274	2,318,525
Head office account					
Payable to Head office		14,228,825	14,743,196	3,817,955	4,129,309
Net result for the period		(1,072,023)	(1,158,869)	139,454	149,279
Prior year reserves		24,301	25,180	(115,152)	(124,543)
Total head office account	3.8	13,181,103	13,609,507	3,842,257	4,154,045
Total liabilities and head office account		21,483,512	22,260,141	5,984,531	6,472,570

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

**Income statement for the financial period
for the year ended 31 December 2021**

	Notes	2021 EUR	2021 CHF	2020 EUR	2020 CHF
Gross Premium written		4,942,010	5,342,366	1,884,516	2,017,287
Premium ceded to reinsurers		(1,007,390)	(1,089,000)	(278,570)	(298,196)
Change in unearned premium reserves		(2,013,631)	(2,176,757)	(648,449)	(694,135)
Change in reinsurers' share of unearned premium reserves		408,417	441,504	129,686	138,823
Net premiums earned		2,329,406	2,518,113	1,087,183	1,163,779
Gross claims and claim expenses paid		(1,808)	(1,955)	-	-
Reinsurer's share of claims and claim expenses		315	340	-	-
Change in technical provisions	3.4	(4,141,996)	(4,477,542)	(975,813)	(1,044,563)
Change is reinsurers' share of technical provisions	3.4	1,334,820	1,442,955	156,611	167,645
Net claims and claim expenses incurred		(2,808,669)	(3,036,202)	(819,202)	(876,918)
Acquisition costs and administrative expenses		(625,722)	(676,412)	(470,540)	(503,691)
Net acquisition costs and administrative expenses		(625,722)	(676,412)	(470,540)	(503,691)
Financial expense		(36,164)	(39,094)	(9,615)	(10,293)
Realised net currency exchange gain		80,376	86,887	353,081	377,957
Result before taxes		(1,060,773)	(1,146,708)	140,907	150,834
Tax charge		(11,250)	(12,161)	(1,453)	(1,555)
Net result for the period		(1,072,023)	(1,158,869)	139,454	149,279

Beazley Insurance Designated Activity Company, Dublin, Schweizer Zweigniederlassung Zurich

Notes to the financial statements financial year ended 31 December 2021

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 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:

	2021	2020
FX closing rate EUR / CHF	1.03615	1.0816
FX average rate EUR / CHF	1.08101	1.0705

3 Information on balance sheet and income statement items

3.1 Insurance receivables

CHF	2021	2020
Receivables from policyholders	2,196,502	888,534
Total	2,196,502	888,534

Beazley Insurance Designated Activity Company, Dublin, Schweizer Zweigniederlassung Zurich

Notes to the financial statements financial year ended 31 December 2021

3.2 Technical provisions

	Technical provisions (gross)	Reinsurers' share	Technical provisions (net)
As at 31 December 2021			CHF
Unearned premium reserve	2,828,399	(561,866)	2,266,533
Loss reserves	4,631,048	(1,378,817)	3,252,231
Security and equalisation reserves	730,614	(164,141)	566,473
Total	8,190,061	(2,104,824)	6,085,237

	Technical provisions (gross)	Reinsurers' share	Technical provisions (net)
As at 31 December 2020			CHF
Unearned premium reserve	714,591	(135,356)	579,235
Loss reserves	847,573	(115,549)	732,024
Security and equalisation reserves	221,429	(50,159)	171,270
Total	1,783,593	(301,064)	1,482,529

3.3 Insurance payables

CHF	2021	2020
Liabilities to insurance companies	143,311	201,414
Total	143,311	201,414

3.4 Changes in technical provisions

	Technical provisions (gross)	Reinsurers' share	Technical provisions (net)
2021	CHF	CHF	CHF
Change in loss reserve	4,477,542	(1,442,955)	3,034,587
Change in other technical provisions	-	-	-
Change in actuarial reserves	-	-	-
Change in provision for policyholder participations	-	-	-
Change in provision for surplus funds	-	-	-
Total	4,477,542	(1,442,955)	3,034,587

Beazley Insurance Designated Activity Company, Dublin, Schweizer Zweigniederlassung Zurich

Notes to the financial statements financial year ended 31 December 2021

3.4 Changes in technical provisions (continued)

	Technical provisions (gross)	Reinsurers' share	Technical provisions (net)
2020	CHF	CHF	CHF
Change in loss reserve	1,044,563	(167,645)	876,918
Change in other technical provisions	-	-	-
Change in actuarial reserves	-	-	-
Change in provision for policyholder participations	-	-	-
Change in provision for surplus funds	-	-	-
Total	1,044,563	(167,645)	876,918

3.5 Full Time Equivalentents

The Branch did not have any employees.

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

CHF	2021	2020
Cash held in Trust	14,632,812	2,934,858
Total	14,632,812	2,934,858

3.7 Fees paid to the auditor

CHF	2021	2020
Audit services	48,059	37,808
Other services	-	-
Total	48,059	37,808

3.8 Head office account

	2021	2020
Balance as at 01 January	4,154,045	1,639,036
Transfers from Head office	10,614,331	2,365,730
Profit/(Loss) for the period	(1,158,869)	149,279
Balance as at 31 December	13,609,507	4,154,045