

**Beazley Insurance Designated
Activity Company, Dublin,
Switzerland Branch Zurich
Financial Condition Report 2022**

11 April 2023

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 2022.

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 2022 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 fourth report for the locally produced business in Switzerland, with comparison information for the year ended 31 December 2021 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, cyber and property treaty products.

2022 was the 3rd full year of operations of the branch and the branch significantly increased its underwriting activities. There were no 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 CHF8.02m (2021: CHF5.34m). Net earned premiums amounted to CHF5.43m (2021: CHF2.52m).

Costs: Total acquisition costs and administrative expenses for the reporting period amounted to CHF0.66m (2021: CHF0.68m).

Claims: The branch incurred the majority of claims in financial and cyber lines. The total change in technical provisions relevant to net claims for the reporting period amounted to CHF2.89m (2021: CHF3.04m).

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 CHF0.05m (2021: CHF0.04m) on these cash balances.

Overall the branch made a profit before tax of CHF1.87m (2021: loss before tax of CHF1.15m).
The development of the business of the Swiss Branch is considered to be strong.

Zurich, 11 April 2023

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	5.34	8.06											4.87	7.00		
2	- 1.09	- 1.80											- 0.98	- 1.66		
3	4.25	6.25											3.89	5.34		
4	- 2.18	- 0.97											- 1.99	- 0.96		
5	0.44	0.15											0.40	0.12		
6	2.51	5.43											2.30	4.51		
7	-	-											-	-		
8	2.51	5.43											2.30	4.51		
9	-	- 0.63											-	- 0.63		
10	-	0.09											-	0.09		
11	- 4.48	- 3.89											- 2.72	- 3.24		
12	1.44	1.00											0.52	0.85		
13																
14	- 3.04	- 3.42											- 2.20	- 2.92		
15	- 0.67	- 0.66											- 0.64	- 0.53		
16	-	-											-	- 0.02		
17	- 0.67	- 0.66											- 0.64	- 0.56		
18	-	-											-	-		
19	- 3.71	- 4.08											- 2.84	- 3.48		
20	-	-														
21	- 0.04	- 0.05														
22	- 0.04	- 0.05														
23	-	-														
24	-	-														
25	-	-														
26	- 1.24	1.31														
27																
28	0.09	0.56														
29																
30																
31	- 1.15	1.87														
32	- 0.01	- 0.37														
33	- 1.16	1.50														

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				

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

Zurich, 11 April 2023

Report of the independent auditor



Opinion

As an audit firm under state supervision, we have audited the accompanying financial statements of Beazley Insurance Designated Activity Company, Dublin, Switzerland Branch Zurich, which comprise the balance sheet as at 31 December 2022, the income statement and the notes for the financial year ending on this date, 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 financial statements of Beazley Insurance Designated Activity Company, Dublin, Switzerland Branch Zurich as at 31 December 2022 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) and the framework for the audit of the financial statements specified in Section 3.2 of Annex 19 FINMA Circular 13/3. Our responsibilities under those provisions and standards are further described in the “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 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.



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 of the 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 Swiss law and 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.

Ernst & Young Ltd



Armin Imoberdorf
(Qualified
Signature)

Licensed audit expert
(Auditor in charge)



Daniela Coelho de
Sousa (Qualified
Signature)

Licensed audit expert

Enclosure

- ▶ 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 2022

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

**Annual Report and Financial Statements
For the year ended 31 December 2022**

Contents	Page
Management report	2-3
Balance sheet	4
Income statement	5
Notes to the financial statements	6-8

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)("the Company"), which is headquartered in Ireland with a branch network in the United Kingdom, France, Germany, Switzerland and Spain. In 2019, Beazley Insurance dac received authorisation from FINMA and the Central Bank of Ireland to open a branch in Switzerland. The branch has licences across the following classes;

- B1 Accident
- B3 Land vehicles
- B5 Aircraft
- B7 Goods in transit
- B8 Fire and natural forces
- B9 Other damage to property
- B11 Aircraft liability
- B13 General liability
- B16 Miscellaneous financial loss

The branch had no employees in 2022. There were no extraordinary events noted in 2022.

Gross written premium grew strongly in 2022 in line with expectations increasing 52% to CHF 8.1m (2021: CHF 5.3m) with positive rate movements in Cyber and Property lines. Following some higher than expected claims activity in 2021, the branch's net loss ratio was more in line with expectations in 2022. This improved claims experience contributed to the branch making a profit

Future developments and prospects

The branch aims to grow its premium volumes in 2023, focusing on Cyber 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
- Market risk
- Operational risk
- Liquidity risk
- Credit risk
- Group risk
- Regulatory and legal risk
- Strategic risk
- Enterprise risk

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

Management report on the financial year

Principal activities and business review

Risk Assessments *(continued)*

The branch is included in the Company's and 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 Company and the Beazley Group continues to monitor the impact of climate change, the war in Ukraine and the current volatile macro-economic environment (including inflation and recession risk) as part of the above risks.



Alex Gage
Branch Manager
11 April 2023



John Dunne
Head of Finance
11 April 2023

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

Income statement for the year ended 31 December 2022

	Notes	2022 EUR	2022 CHF	2021 EUR	2021 CHF
Gross Premium written		8,016,461	8,055,070	4,942,010	5,342,366
Premium ceded to reinsurers		(1,792,062)	(1,800,693)	(1,007,390)	(1,089,000)
Change in unearned premium reserves		(964,058)	(968,701)	(2,013,631)	(2,176,757)
Change in reinsurers' share of unearned premium reserves		147,828	148,540	408,417	441,504
Net premiums earned		5,408,169	5,434,217	2,329,406	2,518,113
Gross claims and claim expenses paid		(624,534)	(627,542)	(1,808)	(1,955)
Reinsurer's share of claims and claim expenses		92,949	93,397	315	340
Change in technical provisions	3.4	(3,869,398)	(3,888,034)	(4,141,996)	(4,477,542)
Change in reinsurers' share of technical provisions	3.4	993,618	998,403	1,334,820	1,442,955
Net claims and claim expenses incurred		(3,407,365)	(3,423,777)	(2,808,669)	(3,036,201)
Acquisition costs and administrative expenses		(653,963)	(657,113)	(625,722)	(676,412)
Net acquisition costs and administrative expenses		(653,963)	(657,113)	(625,722)	(676,412)
Financial expense		(44,845)	(45,061)	(36,164)	(39,094)
Realised net currency exchange gain		555,759	558,436	80,376	86,887
Result before taxes		1,857,755	1,866,701	(1,060,773)	(1,146,707)
Tax charge		(191,518)	(192,440)	(11,250)	(12,161)
Net result for the period		1,666,237	1,674,262	(1,072,023)	(1,158,869)

Beazley Insurance Designated Activity Company, Dublin, Schweizer Zweigniederlassung Zurich

Balance Sheet as at 31 December 2022

	Notes	2022 EUR	2022 CHF	2021 EUR	2021 CHF
Assets					
Cash and cash equivalents	3.6	27,421,665	27,077,523	16,824,976	17,433,199
Insurance receivables	3.1	4,095,578	4,044,179	2,119,869	2,196,502
Reinsurers share of technical provisions	3.2	3,215,649	3,175,293	2,031,389	2,104,824
Deferred acquisition costs		801,178	791,124	507,278	525,616
Total assets		35,534,070	35,088,118	21,483,512	22,260,141
Liabilities					
Technical provisions	3.2	12,962,713	12,800,031	7,904,320	8,190,061
Insurance payables	3.3	771,276	761,597	138,311	143,311
Accrued expenses and other liabilities		268,644	265,273	169,600	175,731
Intercompany liabilities		445,764	440,170	90,178	93,438
Currency translation adjustment		-	-	-	48,093
Total liabilities		14,448,398	14,267,071	8,302,409	8,650,634
Head office account					
Payable to Head office		20,471,784	20,214,863	14,228,825	14,743,196
Currency translation adjustment		-	(28,936)	-	-
Net result for the period		1,666,237	1,674,262	(1,072,023)	(1,158,869)
Prior year reserves		(1,052,349)	(1,039,142)	24,301	25,180
Total head office account	3.8	21,085,672	20,821,047	13,181,103	13,609,507
Total liabilities and head office account		35,534,070	35,088,118	21,483,512	22,260,141

Beazley Insurance Designated Activity Company, Dublin, Schweizer Zweigniederlassung Zurich

Notes to the financial statements financial year ended 31 December 2022

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:

	2022	2021
FX closing rate EUR / CHF	0.9875	1.0362
FX average rate EUR / CHF	1.0048	1.0810

3 Information on balance sheet and income statement items

3.1 Insurance receivables

CHF	2022	2021
Receivables from policyholders	4,044,179	2,196,502
Total	4,044,179	2,196,502

Beazley Insurance Designated Activity Company, Dublin, Schweizer Zweigniederlassung Zurich

Notes to the financial statements financial year ended 31 December 2022

3.2 Technical provisions

	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

	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

3.3 Insurance payables

CHF	2022	2021
Liabilities to insurance companies	761,597	143,311
Total	761,597	143,311

3.4 Changes in technical provisions

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

Beazley Insurance Designated Activity Company, Dublin, Schweizer Zweigniederlassung Zurich

Notes to the financial statements financial year ended 31 December 2022

3.4 Changes in technical provisions (continued)

	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
Total	4,477,542	(1,442,955)	3,034,587

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	2022	2021
Tied assets	22,402,767	14,632,812
Total	22,402,767	14,632,812

3.7 Fees paid to the auditor

CHF	2022	2021
Audit services	53,200	48,059
Total	53,200	48,059

3.8 Head office account

	2022	2021
Balance as at 01 January	13,609,507	4,154,045
Transfers from head office	5,537,278	10,614,331
Currency translation adjustment	(28,936)	-
Profit/(loss) for the period	1,674,262	(1,158,869)
Balance as at 31 December	20,821,047	13,609,507