



Financial Condition Report

London General Insurance Company Limited
Switzerland Branch

Year ended 31 December 2019

Financial Condition Report for LGI Switzerland For the year ended 31 December 2019



Introduction

This 2019 Financial Condition Report (FCR) has been prepared for the Swiss branch of London General Insurance Company Limited (referred to in this document as "LGI Switzerland") in accordance with FINMA Circular 2016/2 "Disclosure - insurers".

The FCR contains the narrative disclosures necessary to comply with marginal notes 12 to 34 incl. of FINMA Circular 2016/2, in particular marginal note 17, which sets out those provisions which do not apply to insurers domiciled outside Switzerland.

Further information

London General Insurance Company Limited ("LGI" or "the Company") is a UK incorporated non-life insurer and is regulated by the Prudential Regulation Authority and the Financial Conduct Authority in the UK. The Company's immediate parent is TWG Europe Limited, an insurance holding company incorporated in the UK and this is the level at which group supervision is applied under Solvency II.

This FCR is also included as an appendix to the single group Solvency and Financial Condition Report (SFCR) for TWG Europe Limited (TWGE). Due to differences in regulatory reporting deadlines, this FCR has been published before the corresponding group Solvency & Financial Condition Report, which will be available from May 2020 and provides further information on the Company and TWGE group (TWGE and its subsidiaries).

Approval of the Financial Condition Report

This FCR was reviewed by LGI's Audit, Risk & Compliance Committee and then approved by the Board.


 E-SIGNED by Natalie Paddock
on 2020-04-29 07:57:24 GMT

Natalie Paddock, Company Secretary

TWENTY Kingston Road, Kingston Road, Staines-upon-Thames, Surrey, TW18 4LG

General Representative's statement in respect of the FCR

In accordance with the meaning of FINMA Circular 2016/2 "Disclosure - insurers", marginal note 105 and in my capacity as General Representative for Switzerland I acknowledge my responsibility for preparing the FCR as at 31 December 2019 and sign off the FCR.

 E-SIGNED by Lyne Bergeron
on 2020-04-29 07:53:56 GMT

Lyne Bergeron, General Representative for London General Insurance Company Limited, à Staines-upon-Thames, succursale de Vevey (Suisse)

Swiss Risk & Care S.A., Passage Saint-Antoine 7, 1800 Vevey, Suisse

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Financial Condition Report for LGI Switzerland

For the year ended 31 December 2019



Summary

This Financial Condition Report (FCR) is in respect of the London General Insurance Company Limited, à Staines-upon-Thames, succursale de Vevey (Suisse) - the Swiss branch of London General Insurance Company Limited ("LGI" or "the Company"). In this document the branch is referred to as "LGI Switzerland".

LGI Switzerland was established on 1st January 2006 as a branch of the Company and received approval to underwrite class B9 Other damage of property. The branch is not a separate regulated legal insurance company entity thus forms part of the Company, which retains full responsibility for all aspects of the branch. LGI Switzerland received authorisation by FINMA in 2011 to conduct insurance business in class B16 Pecuniary losses.

Business Activities

There has been no material change in the Company strategy or of the activities of LGI Switzerland in the year. The branch continues to manage automotive warranties, for which no new policies are being issued, and consumer electronics warranties.

The Company has been continuing its preparations through 2019 for the impact of Brexit on its EU business. TWG Europe Limited is in the process of establishing new insurers in the Netherlands to underwrite future EU business following the Brexit date. The business activity of LGI Switzerland has not been affected during the year.

Further detail is provided in section A.

Performance

Performance for the year is in line with expectations. A significant proportion of LGI Switzerland's business is in run-off.

Net investment returns reflected the continued negative interest environment.

CHF '000	2019	2018
Gross written premiums	231	231
Net earned premiums	602	5,563
Underwriting result including changes in Security & Fluctuation Provision	176	1,023
Net investment return	136	(69)

Further detail is provided in section B.

Financial Condition Report for LGI Switzerland For the year ended 31 December 2019



A. Business Activities

Strategy, objectives and key business segments

At a high level, the strategic goal of the Company is to drive profitable, sustainable growth to achieve company objectives.

Our corporate strategy includes growth through innovative product design, entry into new markets, and leveraging our global market intelligence. A conservative, disciplined underwriting approach and experienced management team are key elements that distinguish us in the marketplace.

Within that strategy the objective of LGI Switzerland is to provide a platform whereby Automotive and Appliance & Technology (A&T) warranty business may be underwritten in Switzerland including when such business arises as part of a client's global distribution strategy. Currently, two of the previously underwritten schemes are in run-off and there is only one source of live business.

LGI Switzerland is authorised and regulated by the Autorité Fédérale de Surveillance des Marchés Financiers (FINMA) in classes B9 (other damage to property/ autres dommages aux biens) and B16 (miscellaneous financial loss / pertes pécuniaires diverses) which are its two key segments.

Information by segment is provided in the "Performance Non-Life Solo" template included in Appendix 1 to this FCR.

Group structure, major shareholders and major branches

LGI Switzerland is a branch operation of LGI, with its branch office located at:

c/o Swiss Risk & Care S.A.
Passage Saint-Antoine 7
1800 Vevey
Suisse

LGI (company number 01865673) is based in the United Kingdom and regulated by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA). LGI's immediate parent, and 100% shareholder, is TWG Europe Limited and its ultimate parent is Assurant, Inc.

External auditors

LGI Switzerland has appointed PwC Switzerland for external audit purposes. PwC is also the Assurant group external auditor.

PricewaterhouseCoopers AG
Mr Michael Stämpfli
Birchstrasse 160 Postfach 8050 Zurich

Financial Condition Report for LGI Switzerland For the year ended 31 December 2019



Significant unusual events

UK's Exit from the EU "Brexit".

The Company's group is in the process of establishing new non-life and new life insurers in the Netherlands regulated by the DNB, through which all future EU (e.g. not UK or Swiss) business shall be written. There is no expected impact on the business currently underwritten through LGI Switzerland.

B. Performance

B.1 Underwriting performance

The overall underwriting result is summarised below:

Year ended 31 December 2019 CHF '000	Fire, natural hazards, property damage	Other	Total
Gross written premiums	-	231	231
Net earned premiums	15	587	602
Net incurred claims	46	(337)	(291)
Acquisition costs and other expenses	-	(135)	(135)
Underwriting result	61	115	176

Year ended 31 December 2018 CHF '000	Fire, natural hazards, property damage	Other	Total
Gross written premiums	231	-	231
Net earned premiums	247	5,316	5,563
Net incurred claims	(240)	(4,163)	(4,403)
Acquisition costs and other expenses	(137)	-	(137)
Underwriting result	(130)	1,153	1,023

Gross written premiums is in line with prior year.

The branch underwriting result was a profit of CHF176,000 (2018: CHF1,023,000), including changes in the Security & Fluctuation Provision. The security and fluctuation provision has been calculated according to the branch's policy.

B.2 Investment income and expenses

LGI Switzerland is required to maintain Tied Assets in Switzerland to collateralise its liabilities from its Swiss insurance business. This is performed in accordance with Swiss insurance supervisory law, including FINMA Circular 2016/5 "Investment Guidelines - insurers".

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For the year ended 31 December 2019



Tied assets are held in Swiss government bonds and collective investment vehicles (investing in corporate bonds and not equities). Although the collective investment vehicles exceed the 5% threshold set by FINMA, the corporate bonds contained within the collective investment vehicle meet FINMA's specified requirements for liquidity, quality, transparency and reporting.

This is a conservative investment strategy which is in line with the wider Company investment approach and based on the security of the underlying assets.

The overall investment result is summarised below:

Year ended 31 December 2019 CHF '000	Government Bonds	Collective Investment Schemes	Total
Investment income	151	194	345
Investment expenses	(48)	(161)	(209)
Net investment income	103	33	136

Year ended 31 December 2018 CHF '000	Government Bonds	Collective Investment Schemes	Total
Investment income	197	92	289
Investment expenses	(206)	(152)	(358)
Net investment income	(9)	(60)	(69)

The investment environment remained difficult in the course of 2019.

B.3 Performance of other activities

There is no material information relating to performance of other activities in the year or previous year.

There is no income or expense recognised directly in equity.

B.4 Other information

There is no other material information to report.

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Appendix 1 - Performance Solo Non-Life Template

Financial situation report: quantitative template "Performance Solo NL"

Currency: CHF or annual report currency
Amounts stated in millions

	G611QA																G853EA		G856EA	
	Total		Accident		Illness		Motor vehicle		Transport		Direct Swiss business		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	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year
1 Gross premiums	0.23	0.23											0.23	-			-	0.00	0.23	
2 Reinsurers' share of gross premiums	-	-											-	-			-	-	-	
3 Premiums for own account (1 + 2)	0.23	0.23											0.23	-			-	0.00	0.23	
4 Change in unearned premium reserves	5.33	0.37											0.02	0.02				5.32	0.36	
5 Reinsurers' share of change in unearned premium reserves	-	-											-	-				-	-	
6 Premiums earned for own account (3 + 4 + 5)	5.56	0.60											0.25	0.02				5.32	0.59	
7 Other income from insurance business	-	-											-	-				-	-	
8 Total income from underwriting business (6 + 7)	5.56	0.60											0.25	0.02				5.32	0.59	
9 Payments for insurance claims (gross)	- 3.47	- 0.65											- 0.06	- 0.02				- 3.41	- 0.63	
10 Reinsurers' share of payments for insurance claims	-	-											-	-				-	-	
11 Change in technical provisions	- 0.93	0.36											- 0.18	0.06				- 0.76	0.30	
12 Reinsurers' share of change in technical provisions	-	-											-	-				-	-	
13 Change in technical provisions for unit-linked life insurance	-	-											-	-				-	-	
14 Expenses for unit-linked claims for own account (8 + 10 + 14 + 12 + 13)	- 4.48	- 0.29											- 0.24	0.05				- 4.16	- 0.34	
15 Acquisition and administration expenses	- 0.14	- 0.14											- 0.14	-				- 0.00	- 0.14	
16 Reinsurers' share of acquisition and administration expenses	-	-											-	-				-	-	
17 Acquisition and administration expenses for own account (15 + 16)	- 0.14	- 0.14											- 0.14	-				- 0.00	- 0.14	
18 Other underwriting expenses for own account	-	-											-	-				-	-	
19 Total expenses from underwriting business (14 + 17 + 18) (non-life insurance only)	- 4.64	- 0.43											- 0.38	0.05				- 4.16	- 0.47	
20 Investment income	0.29	0.17																		
21 Investment expenses	- 0.36	- 0.03																		
22 Net investment income (20 + 21)	- 0.07	0.14																		
23 Capital and interest income from unit-linked life insurance	-	-																		
24 Other financial income	- 0.00	- 0.03																		
25 Other financial expenses	-	-																		
26 Operating result (8 + 14 + 17 + 18 + 22 + 23 + 24 + 25)	0.95	0.28																		
27 Interest expenses for interest-bearing liabilities	-	-																		
28 Other income	-	0.01																		
29 Other expenses	- 0.34	- 0.24																		
30 Extraordinary income/expenses	-	-																		
31 Profit/loss before taxes (26 + 27 + 28 + 29 + 30)	0.61	0.05																		
32 Direct taxes	- 0.10	0.08																		
33 Profit/loss (31 + 32)	0.52	0.13																		

Financial Condition Report for LGI Switzerland For the year ended 31 December 2018



Appendix 2 - LGI Switzerland Management Report

MANAGEMENT REPORT

The report covers the activities of the Swiss branch of London General Insurance Company Limited (the "branch"). London General Insurance Company Limited (the "company") is registered in the United Kingdom with Registered Office at:

TWENTY Kingston Road
Kingston Road
Staines upon Thames
Surrey
TW18 4LG
United Kingdom

The management present their report and financial statements for the branch for the year ended 31 December 2019.

RESULTS

For 2019, general business premiums written were CHF 231,413 (2018: CHF 230,895), with a pre taxation profit of CHF 48,043 (2018: CHF 610,854).

PRINCIPAL ACTIVITIES

The branch business is split between three accounts: Dell, Fiat and KIND with multiyear policies. They respectively cover loss arising from the repair and replacement of computers, vehicles, and hearing appliances.

The company operates throughout Europe, through branch operations or through freedom of services arrangements. During 2019 the company operated through branch establishments in Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Poland, Portugal, Spain, and Switzerland.

BUSINESS PERFORMANCE REVIEW

The branch's key financial performance indicators during the year were as follows:

	2019 CHF'000	2018 CHF'000	Change %
Gross premiums written	231	231	+0%
Earned premiums, net of reinsurance	602	5'563	-89%
Net Claims Incurred	114	3'380	-97%
Underwriting Result	353	2'046	-83%
Expenses	272	381	-28%
Investment income	330	123	+167%
Balance sheet			
Technical Reserves	5'602	6'332	-12%
Capital Account	9'966	8'147	+22%

2019 Gross written premiums are comparable to 2018.

In 2019 Fiat earned premiums decreased by CHF 4,895,934 and its incurred claims by CHF 3,258,592 therefore the branch underwriting result dropped drastically, from CHF 2,046,083 to CHF 352,815.

The security and fluctuation provision has been calculated according to the branch's policy. The decrease in the balance sheet technical provisions is due to the reduction of premiums and claims provisions by CHF 906,313, that is partially offset by an increase in the security and fluctuation reserve of CHF 176,407.

ACCOUNTING POLICIES

- **Investments**
Long Term Bonds are stated at amortised cost as required under Swiss accounting rules. Stocks and Shares are stated at market value.
- **Technical Reserves**
Technical Reserves are stated in accordance with the company policy which has been supplied to FINMA.

RISK ASSESSMENT

London General Insurance Limited participates in Group's risk management systems. Assurant Europe Group has developed a framework for identifying risks that the company is exposed to and their financial impact to the company. The process is risk based and is used to manage the company's capital requirements and to ensure that the company has the financial strength and capital adequacy to meet the requirements of policyholders and the regulator.

AEG has a documented risk strategy. The risk strategy is owned by the Assurant Europe Group Board, and it is the Board's responsibility to ensure that the business strategy and risk strategy do not diverge.

The principal risks facing the company, including the branch are set out below:

- **Underwriting Risk**

Underwriting Risk is defined as the financial and contractual risks involved when writing or administering insurance policies. Unmitigated, the risk exposure would have a large, material impact on the branch, in the past but volumes of business underwritten over the last 12 months have been relatively low. The Group's underwriting and reinsurance policy applies to all companies within the Group.

- **Reserving Risk**

Reserving Risk considers the risk that the reserves, held on the balance sheet are not adequate to cover the cost of the existing liabilities. The main reserves held by the company are unearned premium reserves (UPR) and claims reserves. The business underwritten for the company is short tail compared to some other general insurance businesses. Claims are reported and decisions made quickly, especially for warranty insurance claims. Speed of payment of claims reduces the uncertainty surrounding the ultimate claim amounts.

- **Market Risk**

Market risk is defined as the risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments. The branch has set an mandate to invest only in Swiss government bonds and mutual funds investing in a composition of CHF denominated investment grade corporates (recorded as "stocks & shares" in the balance sheet). Management of the portfolio is outsourced to professional fund managers.

- **Credit Risk**

The branch is exposed to credit risk via:

- default or delay in payments due upon corporate bonds or cash;
- reinsurance counterparties failing to meet financial obligations or entering into restructuring arrangements that may adversely affect reinsurance recoveries; and
- default or delay of repayment of loans and receivables.

Debtors arising out of operations are managed by a debt management team who review ageing analysis and chase payments as they fall due.

- **Liquidity Risk**

Liquidity risk is defined as the risk that the branch will have insufficient liquid assets available to meet liabilities as they fall due. Liquidity risk is managed by the Group Treasury management team. In respect of the investment portfolio, the branch seeks to maintain assets in classes which can be realised into cash easily with minimal impact on asset valuation in addition to holding sufficient cash amounts. In an adverse situation, as a branch, it is also expected that access to funding from the wider company and Group would be available.

- **Operational Risk**

Operational risks are proportionately managed by the branch, with suitable controls in place. Each risk is assigned an owner, who is responsible for ensuring the appropriate management of their risks. The branch has in place a number of Group-wide corporate policies, with the majority aimed at setting out the principles for managing operational and conduct risks. The policies set the overarching tone, requirements and responsibilities for individuals within the overall Group.

NUMBER OF FULL-TIME POSITIONS ON ANNUAL AVERAGE

The branch did not have any employees in 2019 or 2018.

RESEARCH AND DEVELOPMENT

The branch has not undertaken any research and development activities during the year.

EXTRAORDINARY EVENTS

There were no extraordinary events in 2019.

FUTURE DEVELOPMENTS

The company continues to evaluate its product mix and geographical footprint to ensure that it moves with both market trends and the changing European regulatory and compliance environment.

London General Insurance
Company Ltd,
à Staines-upon-Thames,
succursale du Vevey (Suisse)
Vevey

Report of the independent auditor
to the General Manager on the financial
statements 2019

Report of the independent auditor

to the General Meeting of London General Insurance Company Ltd, à
Staines-upon-Thames, succursale du Vevey (Suisse)

Vevey

Report of the independent auditor on the financial statements

As a federally-supervised audit firm, we have audited the accompanying financial statements of London General Insurance Company Ltd, à Staines-upon-Thames, succursale du Vevey (Suisse) (the "Branch"), which comprise the balance sheet, income statement, statement of changes in head office account and notes for the year ended 31 December 2019, 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 Manager on the basis of the financial reporting provisions of the Swiss Code of Obligations and the requirements of the supervisory law.

General Manager's responsibility for the financial statements

The General Manager is responsible for the preparation of the 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 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 Manager 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 Manager, 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 Branch 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.

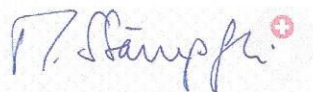
PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland
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Basis of Accounting

Without modifying our opinion, we note that the financial statements of the Branch 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.

PricewaterhouseCoopers AG



Michael Stämpfli
Audit expert
Auditor in charge



Nadja Wyss

Zürich, 30 April 2020

Enclosures:

- Financial statements (balance sheet, income statement, statement of changes in head office account and notes)

Balance sheet

As at 31 December 2019

	Note	2019 CHF	2018 CHF
Assets			
Investments		14,670,713	15,383,221
Fixed-interest securities	1a	8,725,873	8,888,711
Other investments	1b	5,944,840	6,494,510
Cash and cash equivalents		805,764	547,655
Insurance receivables	2	2,628	1,303
Other receivables		97,695	292,108
Prepaid expenses	3	94,522	94,522
Total assets		15,671,322	16,318,809
Liabilities and equity			
Technical provisions	4	5,602,094	6,332,000
Insurance payables	5	11,470	10,081
Other liabilities	6	92,170	1,829,895
Total liabilities		5,705,734	8,171,976
Voluntary retained earnings			
Head office account		10,737,702	9,049,537
Loss carried forward		(902,704)	(1,417,982)
Profit for the year		130,590	515,278
Total equity		9,965,588	8,146,833
Total equity and liabilities		15,671,322	16,318,809

The notes on pages 4 to 8 form an integral part of these financial statements.

Income statement

For the year to 31 December 2019

	Note	2019 CHF	2018 CHF
Gross premiums written		<u>231,413</u>	<u>230,895</u>
Net premiums written		231,413	230,895
Change in unearned premiums reserve		<u>370,720</u>	<u>5,331,881</u>
Net earned premiums		602,133	5,562,776
Other insurance income		-	-
Total technical income		<u>602,133</u>	<u>5,562,776</u>
Gross claims and claims expenses paid		(649,871)	(3,470,857)
Change in technical provisions	7	<u>359,187</u>	<u>(931,993)</u>
Net claims and claim expenses incurred		(290,684)	(4,402,850)
Acquisition costs and administrative expenses		(135,041)	(136,885)
Total technical expenses		<u>(425,725)</u>	<u>(4,539,735)</u>
Income from investments	9	345,145	289,134
Expenses for investments	10	<u>(209,207)</u>	<u>(357,637)</u>
Net income/(expense) from investments		135,938	(68,503)
Other financial expenses		(33,360)	(4,383)
Operating income		<u>278,986</u>	<u>950,155</u>
Other expenses		(230,942)	(339,301)
Profit before tax		<u>48,044</u>	<u>610,854</u>
Income tax expense		82,546	(95,576)
Profit		<u>130,590</u>	<u>515,278</u>

The notes on pages 4 to 8 form an integral part of these financial statements.

Statement of changes in head office account

For the year to 31 December 2019

	Head office account	Profit and loss account	Total
	CHF	CHF	CHF
At 1 January 2018	9,047,015	(1,417,982)	7,629,033
Fund transfer from head office	2,522	-	2,522
Profit for financial year	-	515,278	515,278
At 31 December 2018	9,049,537	(902,704)	8,146,833
Fund transfer from head office	1,688,165	-	1,688,165
Profit for the financial year	-	130,590	130,590
At 31 December 2019	10,737,702	(772,114)	9,965,588

The notes on pages 4 to 8 form an integral part of these financial statements.

Notes to the financial statements

Financial reporting standards and activities

The report covers the activities of the Swiss branch of London General Insurance Company Limited ("the branch"). A company registered in the United Kingdom with Registered Office at:

Twenty Kingston Road
Kingston Road
Staines upon Thames
Surrey
TW18 4LG
United Kingdom

The registered office of the branch is at:
c/o Swiss Risk & Care S.A.
Passage Saint-Antoine 7
1800 Vevey, Suisse

The immediate parent undertaking of London General Insurance Company Limited is TWG Europe Limited, registered in England and Wales. The ultimate holding company is Assurant, Inc., a publicly listed company on the New York Stock Exchange, registered in Delaware, United States of America. Copies of the consolidated financial statements of Assurant, Inc., can be obtained from the Company Secretary, London General Insurance Company Limited, Emerald Buildings, Westmere Drive, Crewe, Cheshire, United Kingdom, CW1 6UN.

The annual financial statements have been prepared 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)". The ISO-FINMA contains specific guidance for presentation of the balance sheet, the income statement and the notes of insurance companies and overrides the general guidance of the Swiss Code of Obligations (SCO).

Foreign Currency Translation:

The annual financial statements are prepared in Swiss francs.

Valuation principles:

Uniform valuation principles were applied. Assets, equity and liabilities were valued individually.

Equity and liabilities:

Equity and liabilities are stated at their nominal value.

Investments:

Fixed-interest securities are valued using the linear cost amortisation method.
Other Investment is composed of iShares that are valued at market value.

Technical provisions:

These are obligations due to insured parties determined based on an individual insurance agreement. They are calculated in accordance with methodologies notified to FINMA.

Notes to the financial statements

1a. Fixed-interest securities

	2019 CHF	2018 CHF
Swiss Government bonds	<u>8,725,873</u>	<u>8,888,711</u>

1b. Other investments

	2019 CHF	2018 CHF
iShares core CHF corporate bond - ISIN CH0226976816	<u>5,944,840</u>	<u>6,494,510</u>

2. Insurance receivables

	2019 CHF	2018 CHF
Receivable from brokers and agents	<u>2,628</u>	<u>1,303</u>

3. Prepaid expenses

	2019 CHF	2018 CHF
Accrued interest on investments	<u>94,522</u>	<u>94,522</u>

4. Technical provisions

	2019		
	Gross	Reinsurers' Share	Net
	CHF	CHF	CHF
Non-life			
Unearned insurance premium reserve	458,775	-	458,775
Loss reserve	20,661	-	20,661
Actuarial reserve	<u>5,122,658</u>	-	<u>5,122,658</u>
	<u>5,602,094</u>	-	<u>5,602,094</u>
	2018		
	Gross	Reinsurers' Share	Net
	CHF	CHF	CHF
Non-life			
Unearned insurance premium reserve	829,495	-	829,495
Loss reserve	556,254	-	556,254
Actuarial reserve	<u>4,946,251</u>	-	<u>4,946,251</u>
	<u>6,332,000</u>	-	<u>6,332,000</u>

5. Insurance payables

	2019 CHF	2018 CHF
Liabilities to policy holders	4,086	4,975
Liabilities to brokers and agents	<u>7,384</u>	<u>5,106</u>
	<u>11,470</u>	<u>10,081</u>

Notes to the financial statements

6. Other liabilities

	2019			
	Third party CHF	Management bodies CHF	Shareholdings CHF	Total CHF
Other liabilities	92,170	-	-	92,170

	2018			
	Third party CHF	Management bodies CHF	Shareholdings CHF	Total CHF
Other liabilities	1,829,895	-	-	1,829,895

7. Change in technical provisions

	2019		
	Gross CHF	Reinsurers' Share CHF	Net CHF
Non-life			
Change in loss reserve	19,427		19,427
Change in other technical provisions	516,167		516,167
Change in actuarial reserve	(176,407)		(176,407)
	359,187	-	359,187

	2018		
	Gross CHF	Reinsurers' Share CHF	Net CHF
Non-life			
Change in loss reserve	60,639	-	60,639
Change in other technical provisions	30,410	-	30,410
Change in actuarial reserve	(1,023,042)	-	(1,023,042)
	(931,993)	-	(931,993)

8. Audit fees

	2019 CHF	2018 CHF
Audit services	42,800	53,575
Other services	-	-
	42,800	53,575

Notes to the financial statements

9. Income from investments

2019				
	Income	Net unrealised gains	Net realised gains	Total
	CHF	CHF	CHF	CHF
Fixed-interest securities	150,700	-	-	150,700
Other investments	194,445	-	-	194,445
	<u>345,145</u>	<u>-</u>	<u>-</u>	<u>345,145</u>

2018				
	Income	Net unrealised gains	Net realised gains	Total
	CHF	CHF	CHF	CHF
Fixed-interest securities	197,015	-	-	197,015
Other investments	92,119	-	-	92,119
	<u>289,134</u>	<u>-</u>	<u>-</u>	<u>289,134</u>

10. Expenses for investments

2019				
	Current expenses	Net unrealised losses	Net realised losses	Total
	CHF	CHF	CHF	CHF
Fixed-interest securities	(33,414)	(15,210)	-	(48,624)
Other investments	-	-	(160,583)	(160,583)
	<u>(33,414)</u>	<u>(15,210)</u>	<u>(160,583)</u>	<u>(209,207)</u>

2018				
	Current expenses	Net unrealised losses	Net realised losses	Total
	CHF	CHF	CHF	CHF
Fixed-interest securities	(39,785)	(165,736)	-	(205,521)
Other investments	-	-	(152,116)	(152,116)
	<u>(39,785)</u>	<u>(165,736)</u>	<u>(152,116)</u>	<u>(357,637)</u>

11. Total amount of assets pledged to secure own liabilities, as well as assets with retention of title

	2019	2018
	CHF	CHF
Book value of restricted assets:		
- Fixed-interest securities and other investments including accrued interest	14,765,235	15,383,221
- Cash	63,697	29,158
Total	<u>14,828,932</u>	<u>15,412,379</u>

Notes to the financial statements

12. Subsequent events

There have been no material events after the reporting date that would affect the interpretation of the financial statements or the performance of the branch.