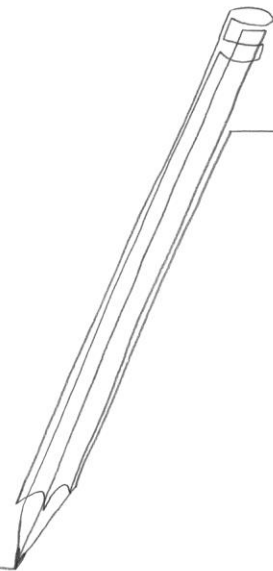


**Beazley Insurance Designated
Activity Company, Dublin,
Switzerland Branch Zurich**

Financial Condition Report 2020

30 April 2021

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 2020.

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 2020 of our head office in Dublin.

2 Management Summary

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

There has been no claims activity in the reporting period. This is the second report for the locally produced business in Switzerland, with comparison information for the previous reporting period (2019) 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, B7, B9, B13 and B16.

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

2020 was the first 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 CHF2,017,287 (2019: CHF19,449).

Costs: Total acquisition costs and administrative expenses for the reporting period amounted to CHF503,691 (2019: CHF133,929).

Claims: There were no paid claims during the year. The total change in technical provisions relevant to net claims for the reporting period amounted to CHF876,918 (2019: CHF16,549).

Segmentation Information: As no business has been written in other lines of insurance, the above premium, acquisitions and administrative costs and claims expenses related to

General third-party liability business only. In the reporting period, the Swiss Branch only wrote direct 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 CHF10,293 (2019 :CHF249) on these cash balances.

Overall the branch made a profit after tax of CHF149,278 (2019:loss of CHF127,745). The development of the business of the Swiss Branch is considered to be satisfactory.

Zurich, 30 April 2021

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												-	2.02		
2	-	0.30												-	0.30		
3	-	1.72												-	1.72		
4	-	0.69												-	0.69		
5	-	0.14												-	0.14		
6	-	1.16												-	1.16		
7	-	-												-	-		
8	-	1.16												-	1.16		
9	-	-												-	-		
10	-	-												-	-		
11	-	1.04												-	1.04		
12	-	0.17												-	0.17		
13																	
14	-	0.88												-	0.88		
15	0.1	0.50												0.1	0.50		
16	-	-												-	-		
17	0.1	0.50												0.1	0.50		
18	-	-												-	-		
19	0.1	1.38												0.1	1.38		
20	-	-															
21	-	0.01															
22	-	0.01															
23	-	-															
24	-	-															
25	-	-															
26	0.1	0.23															
27	-	-															
28	-	0.38															
29	-	-															
30	-	-															
31	0.1	0.15															
32	-	0.00															
33	0.1	0.15															

To the General Representative of
**Beazley Insurance Designated Activity Company, Dublin,
Switzerland Branch Zurich**
Dufourstrasse 49
8008 Zurich

Zurich, 8 April 2021

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 2020, 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 2020 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)



Daniel Nikoltchev
(Qualified
Signature)

ACCA (UK)

Enclosures

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

Beazley Insurance Designated Activity Company, Dublin, Schweizer Zweigniederlassung Zurich

Balance Sheet as at 31 December 2020

	Notes	2020 EUR	2020 CHF	2019 EUR	2019 CHF
Assets					
Cash and cash equivalents		4,785,364	5,175,610	1,645,918	1,789,113
Insurance receivables	3.1	821,537	888,534	37,450	40,708
Reinsurers share of technical provisions	3.2	278,363	301,064	-	-
Deferred acquisition costs		99,267	107,362	-	-
Total assets		5,984,531	6,472,570	1,683,368	1,829,821
Liabilities					
Technical provisions	3.2	1,649,109	1,783,593	31,189	33,902
Insurance payables	3.3	186,227	201,414	17,833	19,385
Accrued expenses and other liabilities		159,029	171,999	124,124	134,923
Intercompany liabilities		147,909	159,971	-	2,575
Currency translation adjustment		-	1,548	-	-
Total liabilities		2,142,274	2,318,525	173,146	190,785
Head office account					
Payable to Head office		3,817,955	4,129,309	1,625,374	1,766,781
Net result for the period		139,454	149,279	(115,152)	(127,745)
Prior year reserves		(115,152)	(124,543)	-	-
Total head office account	3.8	3,842,257	4,154,045	1,510,222	1,639,036
Total liabilities and head office account		5,984,531	6,472,570	1,683,368	1,829,821

Beazley Insurance Designated Activity Company, Dublin, Schweizer Zweigniederlassung Zurich

Income statement for the financial period
for the year ended 31 December 2020

	Notes	2020 EUR	2020 CHF	2019 EUR	2019 CHF
Gross Premium written		1,884,516	2,017,287	17,483	19,449
Premium ceded to reinsurers		(278,570)	(298,196)	-	-
Change in unearned premium reserves		(648,449)	(694,135)	(15,978)	(17,775)
Change in reinsurers' share of unearned premium reserves		129,686	138,823	-	-
Net premiums earned		1,087,183	1,163,779	1,505	1,674
Gross claims and claim expenses paid		-	-	-	-
Reinsurer's share of claims and claim expenses		-	-	-	-
Change in technical provisions	3.4	(975,813)	(1,044,563)	(15,197)	(16,549)
Change is reinsurers' share of technical provisions	3.4	156,611	167,645	-	-
Net claims and claim expenses incurred		(819,202)	(876,918)	(15,197)	(16,549)
Acquisition costs and administrative expenses		(470,540)	(503,691)	(120,389)	(133,929)
Net acquisition costs and administrative expenses		(470,540)	(503,691)	(120,389)	(133,929)
Financial income		-	-	-	-
Financial expense		(9,615)	(10,293)	(224)	(249)
Realised net currency exchange gain		353,081	377,957	19,153	21,308
Result before taxes		140,907	150,834	(115,152)	(127,745)
Taxation		(1,453)	(1,555)	-	-
Net result for the period		139,454	149,279	(115,152)	(127,745)

Beazley Insurance Designated Activity Company, Dublin, Schweizer Zweigniederlassung Zurich

Notes to the financial statements financial year ended 31 December 2020

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. 2020 was the branch's first full year of operations.

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:

	2020	2019
FX closing rate EUR / CHF	1.08155	1.0870
FX average rate EUR / CHF	1.07045	1.1125

3 Information on balance sheet and income statement items

3.1 Insurance receivables

CHF	2020	2019
Receivables from policyholders	888,534	40,708
Total	888,534	40,708

Beazley Insurance Designated Activity Company, Dublin, Schweizer Zweigniederlassung Zurich

Notes to the financial statements financial year ended 31 December 2020

3.2 Technical provisions

	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

	Technical provisions (gross)	Reinsurers' share	Technical provisions (net)
As at 31 December 2019			CHF
Unearned premium reserve	17,368	-	17,368
Loss reserves	1,227	-	1,227
Security and equalisation reserves	15,307	-	15,307
Total	33,902	-	33,902

3.3 Insurance payables

CHF	2020	2019
Liabilities to insurance companies	201,414	19,385
Total	201,414	19,385

3.4 Changes in technical provisions

	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

Beazley Insurance Designated Activity Company, Dublin, Schweizer Zweigniederlassung Zurich

Notes to the financial statements financial year ended 31 December 2020

3.4 Changes in technical provisions (continued)

2019	Technical CHF	Reinsurers' CHF	Technical CHF
Change in loss reserve	16,549	-	16,549
Change in other technical provisions	-	-	-
Change in actuarial reserves	-	-	-
Change in provision for policyholder participations	-	-	-
Change in provision for surplus funds	-	-	-
Total	16,549	-	16,549

3.5 Full Time Equivalents

The Branch did not have any employees.

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

CHF	2020	2019
Cash held in Trust	2,934,858	198,599
Total	2,934,858	198,599

3.7 Fees paid to the auditor

CHF	2020	2019
Audit services	37,808	29,759
Other services	-	-
Total	37,808	29,759

3.8 Head office account

	2020	2019
Balance as at 01 January	1,639,036	-
Transfers from Head office	2,365,730	1,766,781
Profit/(Loss) for the period	149,279	(127,745)
Balance as at 31 December	4,154,045	1,639,036