

SI Insurance (Europe), SA  
Zurich Branch

**Financial Condition Report**

For the period ended 31 December 2023

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## MANAGEMENT SUMMARY

SI Insurance (Europe), SA Zurich Branch (“the Branch”) was established in Switzerland on 5<sup>th</sup> July 2022 and on 28<sup>th</sup> March 2023 obtained a license to perform insurance activities and underwrite underwriting policies in Switzerland. 2023 was the first year of the branch’s operations.

In 2023 the Branch recorded gross written premium of CHF 659 thousand mostly within general liability class of business. The net earned premium amounted to CHF 46 thousand. The loss ratio of 53% is in line with expectations. For the period ended 31 December 2023 the Branch recorded an after-tax loss of CHF 2,002 thousand driven by administrative expenses incurred in the establishment and development of the Branch.

### **Business activities**

SI Insurance (Europe), SA Zurich Branch is a branch of SI Insurance (Europe), SA (“the Company”) incorporated under the laws of the Grand Duchy of Luxembourg and authorized by the Commissariat aux Assurances to establish insurance activities headquartered in the Grand Duchy of Luxembourg and to underwrite policies throughout the European Economic Area (EEA) via branches which have been established in Germany, Italy, Spain, France, Switzerland and UK and on a Freedom of Services basis in the remaining member states.

The Company is wholly owned subsidiary by Sompo International Holdings (Europe) Limited incorporated in London, United Kingdom. Ultimate holding company of SI Insurance (Europe), SA is Sompo Holdings, Inc. incorporated in Tokyo, Japan.

SI Insurance (Europe), SA was party to a quota share reinsurance arrangement with its interim parent company, Endurance Specialty Insurance Ltd. (“ESIL”) in 2023 covering 72.5% of all business written.

The financial statements of SI Insurance (Europe), SA Zurich Branch are audited by Ernst & Young A.G., Zurich.

There were no significant unusual events which were material.

### **Strategy, objectives and key business segments**

The principal activity of the Branch is the transaction of general non-life insurance business underwritten in Switzerland. The business conducted is principally insurance of property, marine, professional lines and other specialty lines. As of 31<sup>st</sup> December 2023, it holds licenses to write the following lines of business:

- B5 – Aircraft
- B6 – Sea, lake and river vessels
- B7 – Goods in transit
- B8 – Fire and natural hazards
- B9 – Other property damage
- B11 – Liability for aircraft
- B12 – Liability for sea, lake, river vessels
- B13 – General liability
- B14 – Credit
- B16 – Miscellaneous financial loss
- C2 – Reinsurance in all classes of insurance issued by insurance companies engaged in non-life insurance

The Company’s success is dependent on the proper selection, pricing and ongoing management of the risks it accepts. The Company is building a property and specialty insurance business by attracting high quality underwriting talent. The Company will continue to consolidate its position and concentrate its efforts on achieving targeted growth by focusing on its insurance portfolio.

## Performance

In its first year, the Branch recorded gross written premium of CHF 659 thousand with general liability class of business contributing 58% of the total and other classes such as fire insurance, aircraft liability and credit insurance sharing the rest.

The net earned premium amounted to CHF 46 thousand. Net earnings reflect 72.5% quota share reinsurance agreement with ESIL and the fact that majority of policies were written in the second half of the year.

The net claims incurred during this period were solely driven by movements in IBNR, given that no claims were reported nor settled by the end of the reporting period. The loss ratio of 53% is in line with expectations.

For the period ended 31 December 2023 the Branch recorded an after-tax loss of CHF 2,002 thousand. The primary contributing factor to the overall loss for this period is predominantly attributed to the CHF 1,830 thousand of administrative expenses incurred in the establishment and development of the Branch. This expense reflects the early stages of operations, particularly as a result of costs related to staffing, infrastructure, and other essential components necessary for setting up the branch's operational framework.

There was no income and expenses recorded from investments since the Branch maintains all of its liquid assets in a form of cash deposits in two banks, including the Tied Assets Accounts which do not generate any investment income or expenses.

## Appendixes

- Financial situation report: quantitative template "Performance Solo NL"
- Independent Auditor's Report
- Annual Report and Financial Statements



T Brazil

**General Manager**

30 April 2024

**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		0.66										0.09		0.39		0.18
2		- 0.31										- 0.05		- 0.17		- 0.09
3		<b>0.35</b>										<b>0.04</b>		<b>0.22</b>		<b>0.09</b>
4		- 0.43										- 0.05		- 0.30		- 0.08
5		0.13										0.01		0.10		0.02
6		<b>0.05</b>										-		<b>0.02</b>		<b>0.03</b>
7		-										-		-		-
8		<b>0.05</b>										-		<b>0.02</b>		<b>0.03</b>
9		-										-		-		-
10		-										-		-		-
11		- 0.11										- 0.02		- 0.05		- 0.04
12		0.09										0.01		0.04		0.04
13																
14		- <b>0.02</b>										- <b>0.01</b>		- <b>0.01</b>		-
15		- 1.86										- 0.41		- 0.66		- 0.79
16		0.05										0.01		0.03		0.01
17		- <b>1.81</b>										- <b>0.40</b>		- <b>0.63</b>		- <b>0.78</b>
18		-										-		-		-
19		- <b>1.83</b>										- <b>0.41</b>		- <b>0.64</b>		- <b>0.78</b>
20		-										-		-		-
21		-										-		-		-
22		-										-		-		-
23		-										-		-		-
24		-										-		-		-
25		-										-		-		-
26		- <b>1.78</b>										-		-		-
27		-										-		-		-
28		-										-		-		-
29		- 0.22										-		-		-
30		-										-		-		-
31		- <b>2.00</b>										-		-		-
32		-										-		-		-
33		- <b>2.00</b>										-		-		-



**SI Insurance (Europe), SA,  
Zurich Branch**

Annual Report and Financial Statements  
For the period ended 31 December 2023

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## COMPANY INFORMATION

### Board of Directors of SI Insurance (Europe), SA:

#### Executive Directors:

T. Brazil (resigned on 31<sup>st</sup> July 2023)  
R. Brand (appointed 1<sup>st</sup> February 2023)  
C. Röskau (appointed 1<sup>st</sup> August 2023)

#### Non-Executive Directors

C. Gallagher (resigned 26<sup>th</sup> January 2023)  
J. James  
A. Golding

#### Independent Director:

D. Arendt  
M. Cramer-Manhem (appointed 28<sup>th</sup> April 2023)

#### Auditors

Ernst & Young A.G, Zurich

#### Appointed Actuary

M. Villing, Azenes

#### Legal Representative

T. Brazil

#### Registered Office

Pelikanplatz 15, 8001, Zurich

## MANAGEMENT REPORT

### Principal activity and business review

SI Insurance (Europe), SA Zurich Branch (“the Branch”) is a branch of SI Insurance (Europe), SA incorporated in Luxembourg. The Branch was established in Switzerland on 5<sup>th</sup> July 2022 and on 28<sup>th</sup> March 2023 obtained a license to perform insurance activities and underwrite underwriting policies in Switzerland.

SI Insurance (Europe), SA (“the Company”) is a wholly owned subsidiary of Sompo International Holdings (Europe) Limited incorporated in London, United Kingdom. Ultimate holding company of SI Insurance (Europe), SA is Sompo Holdings, Inc. incorporated in Tokyo, Japan.

The principal activity of the Branch is the transaction of general non-life insurance business underwritten in Switzerland. The business conducted is principally insurance of property, marine, professional lines and other specialty lines.

### Business performance

In its first year, the Branch recorded gross written premium of CHF 659 thousand with general liability class of business contributing 58% of the total and other classes such as fire insurance, aircraft liability and credit insurance sharing the rest.

The net earned premium amounted to CHF 46 thousand. The SI Insurance (Europe), SA was party to a quota share reinsurance arrangement with its interim parent company, Endurance Specialty Insurance Ltd. (“ESIL”) in 2023 covering 72.5% of all business written.

The net claims incurred during this period were solely driven by movements in IBNR, given that no claims were reported nor settled by the end of the reporting period. The loss ratio of 53% is in line with expectations.

For the period ended 31 December 2023 the Branch recorded an after-tax loss of CHF 2,002 thousand. The primary contributing factor to the overall loss for this period is predominantly attributed to the CHF 1,830 thousand of administrative expenses incurred in the establishment and development of the Branch. This expense reflects the early stages of operations, particularly as a result of costs related to staffing, infrastructure, and other essential components necessary for setting up the branch's operational framework.

### Future development and prospects

The branch aims to grow its premium in 2024, focusing on property, casualty, marine, professional lines, management liability and financial institutions.

### Principal risks and uncertainties

Due to the nature of its activities, the principal risks of the Branch are aligned with those of the Company.

The principal risks and uncertainties facing the Company and the Branch are as follows:

- Insurance risk
- Credit risk
- Market risk
- Liquidity risk
- Operational risk
- Conduct Risk
- Regulatory and compliance risk
- Climate change risk

## MANAGEMENT REPORT (continued)

The Board of Directors of the Company reviews risk appetite annually with regard to both the strategic objectives of the Company and its branches and the broader economic climate. The Company has a Risk and Compliance Committee which meets quarterly to provide oversight of the risk framework and to monitor performance against risk appetite using a series of risk and performance indicators.



T Brazil

**General Manager**

30 April 2024

To the General Manager of  
SI Insurance (Europe), SA, Luxembourg, Zurich Branch, Zurich

Zurich, 30 April 2024

## Report of the independent auditor



### Opinion

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

In our opinion, the accompanying financial statements of the Company comply in all material respects with the financial reporting provisions of Annex 19 to FINMA Circular 13/3.



### Basis for opinion

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

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



### Other information

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

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

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

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



### **General Manager's responsibilities for the financial statements**

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

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



### **Independent Auditor's responsibilities for the financial statements**

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

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

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

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

Ernst & Young Ltd

Licensed audit expert  
(Lead Auditor)

Licensed audit expert

**Enclosure**

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

## BALANCE SHEET

As at 31 December 2023

	Notes	2023 CHF'000	2023 EUR'000
<b>Assets</b>			
Cash and cash equivalents	5	16,053	17,266
Reinsurers' share of technical provisions	8,9,10	207	222
Deferred acquisition costs		31	34
Insurance receivables	6	442	476
Other receivables	12	2,408	2,590
<b>Total assets</b>		<b>19,141</b>	<b>20,588</b>
<b>Liabilities</b>			
Technical provisions	8,9,10,11	514	552
Insurance payable	7	200	215
Other liabilities	13	5,326	5,729
Accruals and deferred income		1,870	2,012
<b>Total liabilities</b>		<b>7,910</b>	<b>8,508</b>
<b>Equity</b>			
Result for the period		(2,001)	(2,061)
Organizational fund		1,144	1,205
Head office account		12,683	12,936
Currency translation adjustment		(595)	-
<b>Total equity</b>	14	<b>11,231</b>	<b>12,080</b>
<b>Total liabilities and equity</b>		<b>19,141</b>	<b>20,588</b>

The accompanying notes form an integral part of these financial statements.

## INCOME STATEMENT

For the period ended 31 December 2023

	Notes	2023 CHF'000	2023 EUR'000
Gross premiums written	9	659	679
Gross premiums ceded to reinsurers	9	(310)	(320)
Change in unearned premium reserves	9	(425)	(437)
Change in reinsurers' share of unearned premiums reserves	9	122	125
<b>Earned premiums, net of reinsurance</b>		<b>46</b>	<b>47</b>
Changes in gross technical provisions	10,11	(118)	(122)
Changes in the reinsurers' share of technical provisions	10	94	97
<b>Net claims and claims expenses incurred</b>		<b>(24)</b>	<b>(25)</b>
Acquisition costs and administrative expenses	15	(1,857)	(1,910)
Reinsurers' share of acquisition cost		47	49
<b>Net acquisition costs and administrative expenses</b>		<b>(1,808)</b>	<b>(1,862)</b>
Other expenses (currency exchange losses)		(215)	(222)
<b>Result before taxes</b>		<b>(2,001)</b>	<b>(2,062)</b>
Direct taxes		-	-
<b>Net result for the period</b>		<b>(2,001)</b>	<b>(2,062)</b>

The accompanying notes form an integral part of these financial statements.



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## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2023

### 1. General

SI Insurance (Europe), SA established a branch in Zurich on 5 July 2022 (the “Branch”) and the Branch became active as a non-life insurance carrier upon obtaining FINMA license in March 2023.

The financial statements have been prepared in accordance with the provisions on commercial accounting of the Swiss Code of Obligations (CO) (Art. 957-963b OR). Apart from the Swiss Code of Obligations, the provisions of the Swiss Ordinance on Supervision of Private Insurance Companies (Art. 5a ISO-FINMA, including Appendix) have been applied for the period from 5 July 2022 (date of incorporation) to 31 December 2023

The financial statements are prepared under the historical cost convention.

### 2. Presentation of the annual accounts

The financial statements for the period ended 31 December 2023 were authorised for issue by the General Manager of the Branch on 30 April 2024. The Branch’s financial year starts on 1 January and ends on 31 December with the exception of the first financial period which began on 7 July 2022 (date of establishment) and ended on 31 December 2023.

The Branch’s functional currency is Euro (EUR). The Financial statements are prepared in Euro and translated into Swiss Franc (CHF). Unrealised gains/ (losses) resulting from the transaction of the financial statements in a functional currency EUR to presentation currency CHF are not included in the profit and loss account. The currency translation adjustment is disclosed in the Balance sheet, under equity position.

The exchange rates EUR/CHF used are as follows:

2023 FX closing rate EUR/CHF: 1.07558  
2023 FX average rate EUR/CHF: 1.02985

The financial statements are prepared using the going concern basis of accounting.

### 3. Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 31 December 2023

### 4. Significant accounting policies

#### Foreign currencies

Transactions denominated in currencies other than the Euro are initially recorded in Euro at the exchange rate ruling at the date of the transactions. All assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date or if appropriate at the forward contract rate. Exchange differences are recorded in the non-technical account.

#### Reinsurers' share of technical provisions

The share of technical provisions for reinsured business is determined in a manner consistent with the underlying contractual agreement and the underlying gross business data per treaty.

#### Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made ceased to exist.

#### Deferred acquisition costs

Deferred acquisition costs represent the proportion of acquisition costs incurred which corresponds to the proportion of gross premiums written which are unearned at the balance sheet date.

#### Technical provisions

##### *Premiums, provision for unearned premiums and unexpired risks*

Premiums written are earned on a pro-rata basis over the terms of the risk. The portion of the premiums written applicable to the unexpired terms of the underlying contracts and policies are recorded as unearned premiums.

#### Provision for claims outstanding

The Company's provision for claims outstanding includes case reserves for losses that have been reported to the Company but not yet paid and a provision for claims that have been incurred but not yet reported to the Company, as well as an estimation of future loss development on losses already reported, in excess of the case reserves. Case reserves are established by management based on reports from reinsurance intermediaries, ceding companies and insureds and consultations with independent legal counsel.

#### Equalisation provision

An equalization provision is recognized for the purpose of mitigating exceptionally high loss ratios in future years. The amounts provided are not liabilities because they are in addition to the provisions required to meet the anticipated ultimate costs of settlement of outstanding claims at the balance sheet date. The movement in the equalization provision is included in other technical expenses.

#### Creditors

Creditors are valued at their nominal value.

#### Accruals and deferred income

This liability includes income received during the financial year but relates to a subsequent financial year, and charges which relate to the current financial year but are payable in a subsequent financial year. Also included are commissions receivable on outwards reinsurance contracts that are deferred and amortised over the term of the expected premiums payable.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 31 December 2023

### 4. Significant accounting policies (continued)

#### Acquisition costs

Acquisition expenses are costs that are directly related to the production of new and renewal business, and consist principally of commissions and brokerage expenses. These costs are deferred and amortised over the periods in which the related premiums are earned.

#### Administrative expenses

The administrative expenses are fully allocated to the technical account. Internal claims management costs are re-allocated from administrative expenses to claims cost.

### 5. Cash and cash equivalent

	<b>2023</b>
	<b>CHF'000</b>
Tied assets	14,133
Other cash and cash equivalents	1,920
	<u>16,053</u>

### 6. Insurance receivables

	<b>2023</b>
	<b>CHF'000</b>
Debtors arising out of insurance operations	442
Debtors arising out of reinsurance operations	-
	<u>442</u>

### 7. Insurance payables

	<b>2023</b>
	<b>CHF'000</b>
Creditors arising out of insurance operations	-
Creditors arising out of reinsurance operations	200
	<u>200</u>

### 8. Technical provisions

<b>At 31 December 2023</b>	<b>Gross</b>	<b>Reinsurers'</b>	<b>Net</b>
	<b>CHF'000</b>	<b>share</b>	<b>CHF'000</b>
	<b>CHF'000</b>	<b>CHF'000</b>	<b>CHF'000</b>
Unearned premium reserve	401	11	284
Loss reserve	104	83	21
Equalisation reserve	9	7	2
	<u>514</u>	<u>207</u>	<u>307</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 31 December 2023

### 9. Provision for unearned premiums

	Gross CHF'000	Reinsurers' share CHF'000	Net CHF'000
At January 2023	-	-	-
Premium written in the year	659	310	349
Premium earned in the year	(234)	(188)	(46)
Change in provision for unearned premium	425	122	303
Foreign exchange	(24)	(5)	(19)
At December 2023	401	117	284

### 10. Technical provisions

	Gross CHF'000	Reinsurers' share CHF'000	Net CHF'000
At January 2023	-	-	-
Claims incurred during the year	118	94	24
Claims paid during the year	-	-	-
Change in provision for claims	118	94	24
Foreign exchange	(5)	(4)	(1)
At December 2023	113	90	23

### 11. Technical provisions – Equalisation reserve

	2023 CHF'000
At 1 January	-
Change in reserve	2
At 31 December	2

### 12. Other receivables

	2023 CHF'000
Amounts due from affiliated undertakings	2,408
Other receivables	-
	2,408

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 31 December 2023

### 13. Other liabilities

	<b>2023</b>
	<b>CHF'000</b>
Amounts due to affiliated undertakings	4,976
Other creditors	45
Tax	305
	<u>5,326</u>

### 14. Statement of changes in equity

	<b>2023</b>
	<b>CHF'000</b>
Head office account at 1 January	-
Head office transfers	12,683
Head office account at 31 December	<u>12,683</u>
Result for the period	(2,001)
Organizational fund	1,144
Currency translation adjustment	(595)
At 31 December	<u>11,231</u>

### 15. Audit fees

Auditor's remuneration for the period ended 31 December 2023 amounted to CHF 50 thousand.

### 16. Full Time Equivalents

The average number of employees of the Branch during the period ended 31 December 2023 was 5.

### 17. Off balance sheet commitments

The Branch had no off-balance sheet arrangements.

### 18. Events since the reporting date

There are no events since the reporting date which require adjustment of or disclosures in the financial statements or notes thereto.