



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 816 815 622  
Organisasjonsform: Norskreg. utenlandsk foretak  
Foretaksnavn: W.R. BERKLEY INSURANCE NORDIC NUF  
Forretningsadresse: Rådhusgata 17  
0158 OSLO

### Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

### Konsern

Morselskap i konsern: Nei

### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: IFRS

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Barbara Hirzel  
Dato for fastsettelse av årsregnskapet: 01.04.2022

### Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert  
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 10.02.2026



## Resultatregnskap

Beløp i: USD	Note	2021	2020
<b>TEKNISK REGNSKAP FOR SKADEFORSIKRING</b>			
Opptjente bruttopremier	2.3.3.1	332 968 551	272 148 440
Gjenforsikringsandel av opptjente bruttopremier		325 317 776	262 600 614
<b>Sum premieinntekter for egen regning</b>		<b>7 650 775</b>	<b>9 547 826</b>
Andre forsikringsrelaterte inntekter		16 687 725	9 556 513
<b>Erstatningskostnader</b>			
Brutto erstatningskostnader		197 668 961	159 276 342
Gjenforsikringsandel av brutto erstatningskostnader		181 090 276	146 759 661
<b>Sum erstatningskostnader for egen regning</b>		<b>16 578 685</b>	<b>12 516 681</b>
<b>Forsikringsrelaterte driftskostnader</b>			
Salgskostnader		49 279 505	42 049 596
Forsikringsrelaterte administrasjonskostnader inkl. provisjoner for mottatt gjenforsikring		65 123 990	59 087 818
Mottatte provisjoner for avgitt gjenforsikring og gevinstandeler		95 486 060	75 031 406
<b>Sum forsikringsrelaterte driftskostnader</b>		<b>18 917 435</b>	<b>26 106 008</b>
Andre forsikringsrelaterte driftskostnader			
<b>Resultat av teknisk regnskap</b>		<b>-11 157 620</b>	<b>-19 518 350</b>
<b>IKKE-TEKNISK REGNSKAP</b>			
<b>Netto Inntekter fra investeringer</b>			
Inntekter fra investeringer i datterforetak, tilknyttede foretak og felleskontrollerte foretak		8 453 015	10 589 635
Administrasjonskostnader knyttet til investeringer, herunder rentekostnader		3 058 510	2 477 165
<b>Sum netto inntekter fra investeringer</b>		<b>5 394 505</b>	<b>8 112 470</b>
<b>Andre inntekter og kostnader</b>			
Andre inntekter		4 815 604	
Andre kostnader			5 917 065



## Resultatregnskap

<b>Beløp i: USD</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Resultat av ikke-teknisk regnskap</b>		<b>10 210 109</b>	<b>2 195 405</b>
<b>Resultat før skattekostnad</b>		<b>-947 511</b>	<b>-17 322 945</b>
Skattekostnad		567 332	1 317 375
<b>Resultat før andre inntekter og kostnader</b>		<b>-1 514 843</b>	<b>-18 640 320</b>
<b>Totalresultat</b>		<b>-1 514 843</b>	<b>-18 640 320</b>



## Balanse

Beløp i: USD	Note	2021	2020
<b>BALANSE - EIENDELER</b>			
<b>Immaterielle eiendeler</b>			
Sum immaterielle eiendeler		0	0
<b>Investeringer</b>			
Bygninger og andre faste eiendommer		0	0
Datterforetak, tilknyttede foretak og felleskontrollerte foretak		0	0
Rentebærende verdipapirer	2.3.4.1	360 716 197	361 832 422
Utlån og fordringer		21 437 528	21 437 528
<b>Finansielle eiendeler som måles til amortisert kost</b>		<b>382 153 725</b>	<b>383 269 950</b>
Andre finansielle eiendeler			
<b>Finansielle eiendeler som måles til virkelig verdi</b>		<b>0</b>	<b>0</b>
<b>Sum investeringer</b>		<b>382 153 725</b>	<b>383 269 950</b>
<b>Gjenforsikringsandel av brutto forsikringsforpliktelser</b>			
Gjenforsikringsandel av ikke opptjent bruttopremie			
<b>Sum gjenforsikringsandel av brutto forsikringsforpliktelser</b>		<b>0</b>	<b>0</b>
<b>Fordringer</b>			
Forsikringstakere		126 527 850	103 835 332
Mellommenn		173 626	
<b>Fordringer i forbindelse med direkte forretninger</b>		<b>126 701 476</b>	<b>103 835 332</b>
Fordringer i forbindelse med gjenforsikring		48 167 365	45 542 716
Andre fordringer		22 905 194	9 187 554
<b>Sum fordringer</b>		<b>197 774 035</b>	<b>158 565 602</b>
<b>Andre eiendeler</b>			
Anlegg og utstyr	2.3.4.2	411 750	561 028
Kasse, bank		53 136 113	54 649 339
Andre eiendeler betegnet etter sin art		599 297	
<b>Sum andre eiendeler</b>		<b>54 147 160</b>	<b>55 210 367</b>
Andre forskuddsbetalte kostnader og opptjente ikke mottatte inntekter		2 278 510	2 850 392
<b>Sum forskuddsbetalte kostnader og opptjente ikke mottatte inntekter</b>		<b>2 278 510</b>	<b>2 850 392</b>



### Balanse

Beløp i: USD	Note	2021	2020
<b>SUM EIENDELER</b>		<b>636 353 430</b>	<b>599 896 311</b>
<b>EGENKAPITAL OG FORPLIKTELSER</b>			
<b>Innskutt egenkapital</b>			
Aksjekapital/eierandelskapital/garantifond	2.3.4.3	273 567 566	275 082 409
	-5		
<b>Selskapskapital</b>		<b>273 567 566</b>	<b>275 082 409</b>
<b>Sum innskutt egenkapital</b>		<b>273 567 566</b>	<b>275 082 409</b>
<b>Opptjent egenkapital</b>			
<b>Fond m.v.</b>			
<b>Sum opptjent egenkapital</b>		<b>0</b>	<b>0</b>
<b>Sum egenkapital</b>		<b>273 567 566</b>	<b>275 082 409</b>
<b>Sum ansvarlig lånekapital m.v.</b>		<b>0</b>	<b>0</b>
<b>Brutto forsikringsforpliktelser</b>			
Avsetning for ikke opptjent bruttopremie		8 939 745	7 584 078
Brutto erstatningsavsetning		97 680 926	109 722 762
<b>Sum brutto forsikringsforpliktelser</b>		<b>106 620 671</b>	<b>117 306 840</b>
<b>Avsetninger for forpliktelser</b>			
<b>Forpliktelser ved skatt</b>			
<b>Sum avsetninger for forpliktelser</b>		<b>0</b>	<b>0</b>
Forpliktelser i forbindelse med direkte forsikring		11 028 914	17 695 184
Forpliktelser i forbindelse med gjenforsikring		187 736 346	145 874 797
Andre forpliktelser		45 626 376	29 243 039
<b>Sum forpliktelser</b>		<b>244 391 636</b>	<b>192 813 020</b>
<b>Påløpte kostnader og mottatte ikke opptjente inntekter</b>			
Andre påløpte kostnader og mottatte ikke opptjente inntekter		11 773 557	14 694 042
<b>Sum påløpte kostnader og mottatte ikke opptjente inntekter</b>		<b>11 773 557</b>	<b>14 694 042</b>
<b>SUM EGENKAPITAL OG FORPLIKTELSER</b>		<b>636 353 430</b>	<b>599 896 311</b>



## Balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
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## ANNUAL REPORT

W. R. Berkley Europe AG

For the year ended 31 December 2021

W. R. Berkley Europe AG – Annual Report 2021



## Definitions

### Meaning

- 31 December 2021
- Period from 1 January to 31 December 2021
- Period from 1 January to 31 December 2020
- W. R. Berkley Europe AG
- W. R. Berkley Insurance (Europe), SE  
(merged with WRBEAG on 1 January 2019)
- W. R. Berkley Corporation
- Financial Market Supervisory Authority Liechtenstein
- Berkley Re UK Limited
- Berkley Offshore Underwriting Managers UK, Limited
- The Company's branches in Norway and Sweden
- Berkley Insurance Company
- Berkley European Underwriters AS
- WRBC and its subsidiaries
- UK Third Country Branch
- EU Freedom of Service Branch in the UK
- UK temporary permission regime
- Rest of the World (excluding EU/EEA business)
- The Company's business plan
- Own Risk and Solvency Assessment
- million
- thousands

### Defined Term

- "the reporting date"
- "the reporting period"
- "the prior period"
- "the Company" or "WRBEAG"
- "WRBIE"
- "WRBC"
- "FMA"
- "BRUK"
- "BOUM"
- "Nordic branches"
- "BIC"
- "BEU"
- "the Group"
- "UK Third Country Branch"
- "EU UK Branch"
- "TPR"
- "RoW"
- "the plan"
- "ORSA"
- "m"
- "k"



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## 1 Management Report 2021

### 1.1 Annual Review 2021

The COVID-19 pandemic coupled with increased catastrophe activity provided a challenging backdrop in 2021. Although the worst of the COVID-19 crisis is probably behind us, the impact of the pandemic is likely to linger for some time, creating continued uncertainty for businesses and society at large, with economies facing long-term impacts such as higher unemployment, inflation and volatility in equity and bond markets. Increasing frequency and severity of natural disasters due to climate change and a challenging interest rate environment appear to be already the new normal. Our daily lives have also changed. The wide use of remote work and digital transformation have advanced rapidly and new work and life styles are becoming widespread. As a smaller insurer that is part of a larger group, the Company believes itself to be in an advantageous position in a rapidly changing environment. As economies recover in the markets in which the Company operates, WRBEAG will be able to leverage its diversification, take advantage of a sound rate environment and put to practice the lessons learned in the ongoing innovation initiatives, rolled out by the Company's ultimate parent and aimed at improving access to customer and offering new services. The good progress made towards Plan is evident in the Company's underlying financial performance for the year ended December 2021, with details of the full year results set foot on subsequent pages. The statutory loss reported for the 2021 financial year is smaller than anticipated, with both the Company's capital position and underlying business fundamentals remaining intact, not least due to a focus on the key drivers of business performance and the maintenance of the underlying disciplines that are fundamental for long-term success.

The Company's Continental European branches showed good performance in 2021, strengthened their operating platforms and have created robust bases that will allow further profitable growth. Continental Europe's gross written premium were markedly higher than in the previous year and well above Plan, with solid rate increases and substantial new business, in particular in Financial Lines across all branches and in Professional Indemnity in Spain. The remarkable growth in these lines offset shortfalls in German General Liability premium, caused by COVID-19, as events did not take place, cancellations in the Marine and Cargo book in Nordic and less volume in Spanish Med Mal due to increased competition from local players. Continental Europe's 2021 net loss ratios decreased compared to the prior year and are well within Plan. The decrease of net loss ratios compared to the prior year resulted from a focus on growing Continental Europe's strategic business lines and from a less adverse impact of the run-off business than in the past. In early 2022, WRBEAG will see two changes to the Executive Management and Branch Management: With the resignation of Carl-John Nilsson we were pleased to announce that Sofia Pettersson would become Head of Nordic Branches and member of the Company's Executive Management. In November 2021, we announced the departure of Gianluca Piscopo, Head of the Spanish Branch and Executive Committee Member. A search is underway for a replacement, aimed at providing important continuity, as we execute on the strategic priorities and business plans of our important Southern European branch. Following the successful introduction in Germany of BEITS, the same policy administration system that has been in use for several years at the Company's Spanish Branch, work started in 2021 to launch this platform in Norway and Sweden as well. Once the Company's Nordic branches have onboarded BEITS, all Continental European units will be operating from the same underwriting and claims management system, which will facilitate common processes and procedures, allow sharing successful concepts and approaches from one market to another and as a result expedite the execution of of Continental Europe's profitable growth strategy.

With the UK's withdrawal from the European Union (EU) on 31 January 2020 ("BREXIT"), the Company was required to establish a UK third country branch no later than 31 December 2023 in order to continue to underwrite insurance from the UK. In June 2020, WRBEAG filed its Part IV permission with the UK Prudential Regulation Authority to establish a UK third country branch ("UK Third Country Branch"). After BREXIT, WRBEAG UK continued



to operate within its pre-BREXIT regulatory parameters as there was a transitional period until 31 December 2020 where the pre-BREXIT regulatory regime (passporting rights) was maintained. After 31 December 2020, WRBEAG UK is operating under the UK's temporary permissions regime ("TPR"). TPR permits current financial service firms, who have Pre-BREXIT regulatory permissions and have filed a TPR notice, to continue to operate in the UK until the earlier of a financial service firms' receipt of a UK regulatory permission or 31 December 2023. Commencing on 1 January 2021, WRBEAG UK seconded personnel from BOUM and BRUK to operate WRBEAG UK on a post-BREXIT basis. Under this operating structure and commencing on 1 January 2021, BOUM and BRUK continue to operate on a binding authority basis, however, these binding authorities are with WRBEAG UK and not WRBEAG Vaduz. These binding authorities permit the underwriting of UK and Rest of the World business ("RoW").

Commencing on 1 January 2021, EU/EEA business is underwritten utilizing two structures. For EU/EEA business previously underwritten by BOUM, this business is written by BEU, with BEU-UK acting as an outsourced agent of BEU which includes seconded personnel from BOUM. For EU/EEA business previously underwritten by BRUK, this business is written by WRBEAG – Vaduz with WRBEAG UK acting as an outsourced agent which includes seconded personnel from BRUK.

With GWP of USD 173m in 2021, WRBEAG's UK Branch has become WRBEAG's largest operating unit. Around 2/3 of the premium volume stems from its Reinsurance Division (BRUK UK / RoW), another 1/3 from its Insurance Division (BOUM UK / RoW). In its first year of operation, WRBEAG's UK Branch achieved a better underwriting result than projected. Looking at the WRBEAG results from BOUM and BRUK, both divisions performed well in a market environment with improved terms, conditions and rates. With its ongoing client focus, careful underwriting approach and risk selection, BOUM took advantage of the underwriting opportunities in a hard market, exceeded its premium volume targets and delivered a sound underwriting result. BRUK also profited from advantageous market conditions, but also faced some challenges related to pandemic related business interruptions claims and natural catastrophes.

The Company closed the financial year 2021 with a loss of USD -1.5m. The result is positively impacted by net investment income of USD 5.4m.

## 1.2 Business Overview

The Company sources business through its offices in Vaduz, through five branches in Germany, Norway, Spain, Sweden and the United Kingdom and provides capacity to BOUM, BRUK and BEU.

WRBEAG's Continental European branches write a mixed portfolio of insurance classes with a focus on their domestic country market place. Each branch has a distinctive product mix and strategy as detailed below, which generates diverse portfolio at the consolidated level.

WRBEAG's branch in the United Kingdom ("WRBEAG UK") writes UK and RoW, sourced from BOUM, BRUK and a Specialty Lines team.

BOUM specialises in Energy Property (construction, control of well, drilling and operating contractors, on and offshore operating packages), Energy Liability (primary and excess general products and employer's liability, on and offshore), Special Lines classes of Asset Protection (Fine Art and Specie) and Political Risk.

BRUK writes international property and casualty treaty reinsurance as well as facultative property reinsurance.



BEU writes international Energy Property and Energy Liability accounts as well as Specialty Lines business for risks located in the EU/EEA area. Business model, strategy, underwriting and claims handling approach as well as system and processes used at BEU are congruent with those of BOUM.

WRBEAG – Vaduz with WRBEAG UK acting as an outsourced agent including seconded personnel from BRUK writes property and casualty treaty reinsurance as well as facultative property reinsurance for cedants located in the EU/EEA area. Business model, strategy, underwriting and claims handling approach as well as system and processes used at WRBEAG – Vaduz with WRBEAG UK acting as an outsourced agent are congruent with those of BRUK.

With the completion of the WRBEAG – WRBIE merger, the legacy liabilities of WRBIE became part of WRBEAG. Claims handling of the UK & Ireland legacy business remains in the UK under an outsourcing run-off services agreement with W. R. Berkley Syndicate Limited.

### 1.3 Governing Bodies during the 2021 Reporting Period

William R. Berkley - Chairman

Robert C. Hewitt

James Bronner

Ira S. Ledermann

Javier Esteban

Mark Talbot

Michael Grabher

Hans-Peter Naef – General Manager

Barbara Hirzel – Deputy General Manager

Enzo Gianluca Piscopo – Head Spanish Branch

Carl-Johan Nilsson – Head Nordic Branches

José David Jiménez García – Head German Branch

Philip Townsend – Head UK Branch

Anne Chevalier – Responsible Actuary

Szabolcs Banhidi – Actuarial Function

Dagmar Varinska – Risk and Compliance

KPMG (Liechtenstein) AG, Vaduz

Julie Woodward, WRBC

### 1.4 Profit and Loss Account

The gross written premiums, as disclosed in section "2.3.3.1 Technical Account" on page 15, are at USD 351.6m (2020: USD 284.0m) for the reporting period. The Company shows gross earned premium of USD 333.0m (2020: USD 272.1m) and a net earned premium of USD 24.3m (2020: USD 19.1m) in the reporting period. Gross claims incurred are at USD 197.7m (2020: USD 159.3) for the reporting period. The loss ratio remained fairly stable at a net loss ratio of 68.1% (2019: 65.5%) as at the reporting date.



The Company is ceding 90% of the net retained premium and claims via a Fixed Quota Share reinsurance agreement with Berkley Insurance Company ("BIC") and has entered into a number of proportional third party reinsurance agreements, from which it is entitled to ceding commissions. Unlike gross commissions and administrative expenses that are expensed when occurred, the recognition of these reinsurance ceding commissions gets deferred in proportion to the business ceded. As the Company's book continues to grow, the Company experiences an adverse impact on its result due to this accounting treatment.

Net investment income was USD 5.4m for the reporting period, which is USD 2.7 below the prior year.

## 1.5 Balance Sheet

The Company's capital decreased due to the loss generated in 2021, by USD -1.5m from USD 275.1m to USD 273.6m.

The investments held by WRBEAG are in highly rated government and corporate bonds of USD 360.7m, which have performed positively throughout 2021 despite the difficult situation on the bond market. Further, WRBEAG has an investment in a loan of USD 21.4m.

## 1.6 Branch Offices / Subsidiary Companies

The Company has branches in Germany, Norway, Spain, Sweden and the UK. The Company does not have any subsidiaries.

## 1.7 Personnel

As at reporting date the Company had 119 (full-time equivalent) employees, compared to 114 employees in the previous year.

## 1.8 Risk Management

The Company actively seeks to underwrite insurance risk, which it manages appropriately to produce a return to shareholders on capital employed. The Company does not actively seek risks with regard to the non-insurance risks (such as credit, market, currency, liquidity and operational risks) and therefore manages and controls these risks within an acceptable tolerance.

The Risk Management Framework is a consolidation of numerous activities, which work together to identify, assess, control and manage risks that have the potential (either individually or combined) to threaten the Company's ability to achieve its objectives and threaten the capital adequacy.

If any of the events or circumstances described as risks below occur, the Company's business results of operations and/or financial conditions could be adversely affected.

- **Risks related to the insurance industry** - cyclical changes in the insurance industry, natural and man-made catastrophes, significant competitive pressure on premium rates, claims losses exceed our reserves for claims, effects of emerging claim and coverage issues;
- **Risks related to the Company's business** - political, economic risks including foreign currency and credit risk, inability to attract key personnel, the Company might also experience difficulties with our information technology, the Company could be adversely affected if the controls and standards are not effective or our business continuity plans are not sufficiently robust; and



- **Risks related to the Company's investments** - market fluctuations of our assets invested in fixed maturity securities.

Management of the risks described above as well as uncertainties not currently known is a continuous and developing process, which is embedded in the Company's strategy and is part of the implementation of that strategy. The effective management of risk is a central principle of the Group, its culture and philosophy.

The ongoing COVID-19 pandemic continued to impact economies in the countries where WRBEAG operates in 2021. As the effects of COVID-19 on industry practices and economic, legal, judicial, social and other environmental conditions occur, unexpected and unintended issues related to claims and coverages may emerge. These issues are actively monitored as they may adversely affect our business e.g. by extending coverage beyond our underwriting intent (including in the area of property coverages where physical damage requirements and communicable disease exclusions are currently being challenged) or by increasing the number and/or size of claims.

In response to the COVID-19 pandemic, the Company successfully implemented remote working policies, which have resulted in minor disruption of our business routines. COVID-19 pandemic heightened risk of cyber security attacks and data security incidents, and greater dependency on internet and telecommunications access and capabilities. The Company also identified and actively reduced the risk of operational disruption due to the inability to continue to work because of illness of the key members of senior management or significant percentage of workforce, brokers, suppliers or other third-party service providers.

In alignment with the Solvency II requirements, the Company filed with the FMA in January 2022 the Own Risk and Solvency Assessment report ("ORSA") that summarizes WRBEAG risk and solvency assessment. In-depth discussions and reviews of the ORSA were performed with the Executive Management and the WRBEAG Board during 2021 and the Board approved the ORSA prior to filing. Throughout the year, quarterly risk reports give updates of the risk and solvency topics. The Company measures and quantifies material risks to which it is exposed. In order to monitor the Company's capital requirements, the Standard Formula Model is in use.

### 1.9 Outlook for 2022

With regards to the war in the Ukraine, the Company has carefully assessed the exposure to Ukraine, Belarus and Russia. WRBEAG's Continental European branches and BRUK have no policies with Russia or Ukraine insureds or risks. BOUM includes a number of property and liability policies for Russian oil/gas/energy companies but no policies for Ukraine risks. The Company took actions to ensure full compliance with the relevant sanctions. With regards to exposures to Ukraine, Belarus and Russia, the Company does not expect any claims from insurance losses due to the exclusion clause for War, Terrorism and Sanction limitation.

Despite the war in the Ukraine and ongoing COVID-19 concerns, growth expectations for 2022 remain intact - although non-pandemic challenges may present speed bumps. Challenges range from economic hurdles such as the potential for sustained inflation to sustainability concerns including climate risk, where regulators will demand transparency across supply chains and shareholders will hold companies to account for their promises, as well as diversity and improved customer experiences. Digital disruption through investment in technology will ramp up, impacting every aspect of insurance companies' operations. With the agility that is part of the Berkley Group's corporate culture, WRBEAG believes that it is in a position to face these challenges better than larger insurers. As part of a large group, WRBEAG is able to act fast and also to take advantage of group resources, experience and collaboration between group companies.



With regards to Continental Europe, the euro zone economies are expected to expand in 2022, with deficits and public debt falling. The same applies for Norway and Sweden. Insurers have shown remarkable resilience in the face of the COVID-19 pandemic and quickly adapted to the new operating environment. There was a lower number of claims in some lines of business due to lockdowns and working from home. Claims numbers are set to normalize as a result of societies being keen to getting back to normal. Expiring governmental measures introduced under COVID-19 to protect enterprises from bankruptcy might even lead to an increase in some areas, such as Directors & Officers liability insurance (D&O). For 2022 Continental European rate increases are predicted to decelerate, to flatten or even to hold; with the exception of some specific liability classes, such as cyber, where systemic rises in risk are apparent, losses are rising and capacity is tightening.

WRBEAG UK Branch, BRUK, BOUM and BEU expect growth across all lines of business, although at a reduced rate from the previous year. With regards to business underwritten by BOUM, WRBEAG expects a continued strong demand for oil and gas products and as a result ongoing "hard" market conditions, with rate increase levels beginning to plateau. With respect to business underwritten by BRUK, WRBEAG expects rate improvement in the classes which BRUK is focusing on.

WRBEAG is aware of the challenges ahead and look forward to the coming years with optimism. This not least because during the pandemic it was proven once again that the dedication of our staff and shareholders made the difference. This fills us with gratitude and gives us confidence that by caring for one another, for our customers and all other stakeholders and partners, WRBEAG anticipates delivering a sound underlying performance as well as support the wellbeing and safety of staff, customers and business partners.

W. R. Berkley Europe AG

Vaduz, April 2022

William R. Berkley  
Chairman of the Board

Hans-Peter Naef  
General Manager



## 2 Financial Statements

### 2.1 Income Statement

	Notes	2021 in USD	2020 in USD
<b>I. Technical Account</b>	2.3.3.1		
<b>1. Net earned premium</b>			
a. Gross written premium	2.3.3.2	351,557,040	284,007,638
b. Premiums ceded		(325,317,776)	(262,600,614)
c. Change in unearned premium		(18,588,489)	(11,859,198)
d. Change in unearned premium ceded		16,687,725	9,556,513
<b>Total</b>		<b>24,338,500</b>	<b>19,104,339</b>
<b>2. Loss and loss adjustment expenses (net)</b>			
a. Claims paid			
aa. Gross		(121,637,797)	(126,745,073)
bb. Ceded		97,071,409	99,925,882
<b>Total</b>		<b>(24,566,388)</b>	<b>(26,819,191)</b>
b. Change in reserve for loss and loss adjustment expenses (net)			
aa. Gross		(76,031,164)	(32,531,269)
bb. Ceded		84,018,867	46,833,779
<b>Total</b>		<b>7,987,703</b>	<b>14,302,510</b>
<b>Total</b>		<b>(16,578,685)</b>	<b>(12,516,681)</b>
<b>3. Underwriting expenses</b>			
a. Acquisition cost		(49,279,505)	(42,049,596)
b. Administrative expenses		(65,123,990)	(59,087,818)
c. Commissions received	2.3.3.4	95,486,060	75,031,406
<b>Total</b>		<b>(18,917,435)</b>	<b>(26,106,008)</b>
<b>4. Technical result</b>		<b>(11,157,620)</b>	<b>(19,518,350)</b>



	Notes	2021 in USD	2020 in USD
Technical result		(11,157,620)	(19,518,350)
<b>II. Non-Technical Result</b>			
<b>1. Investment income</b>			
a. Income from other investments		7,958,841	9,651,919
b. Income from accretion and reversal of impairments		451,789	913,166
c. Realised gains on investments		42,385	24,550
<b>Total</b>		<b>8,453,015</b>	<b>10,589,635</b>
<b>2. Investment expense</b>			
a. Investment management and interest expenses		(496,735)	(557,090)
b. Depreciation and impairments of investments		(2,561,775)	(656,360)
c. Realised losses on investments		-	(1,263,715)
<b>Total</b>		<b>(3,058,510)</b>	<b>(2,477,165)</b>
<b>3. Other income</b>		1,757,481	-
<b>4. Other expenses</b>		-	(5,917,065)
<b>5. Result on ordinary activities</b>		<b>(4,005,634)</b>	<b>(17,322,945)</b>
<b>6. Taxes</b>			
a. Income Taxes		3,058,123	(102,107)
b. Other Taxes		(567,332)	(1,215,268)
<b>7. Loss for the year</b>		<b>(1,514,843)</b>	<b>(18,640,320)</b>



## 2.2 Balance Sheet

### Assets

	Notes	31 December 2021 in USD	31 December 2020 in USD
<b>A. Investments</b>			
I Other investments	2.3.4.1		
1. Bonds and fixed income securities		360,716,197	361,832,422
2. Other loans		<u>21,437,528</u>	<u>21,437,528</u>
<b>Total</b>		<b>382,153,725</b>	<b>383,269,950</b>
<b>B. Other receivables</b>			
I Receivables from direct insurance business			
1. Receivables from policyholders		126,527,850	103,835,332
2. Receivables from affiliated companies		<u>173,626</u>	-
Total		126,701,476	103,835,332
II Reinsurance business receivables			
1. from affiliated companies		33,249,985	35,142,626
2. from other parties		<u>14,917,380</u>	<u>10,400,090</u>
Total		48,167,365	45,542,716
III Other receivables			
1. Receivables from affiliated companies		20,721,355	5,679,894
2. Receivables from other parties		<u>2,183,839</u>	<u>3,507,660</u>
Total		22,905,194	9,187,554
<b>Total</b>		<b>197,774,035</b>	<b>158,565,602</b>
<b>C. Other assets</b>			
I Fixed assets	2.3.4.2	411,750	561,028
II Cash on hand and at bank		53,136,113	54,649,339
III Other Assets		<u>599,297</u>	-
<b>Total</b>		<b>54,147,160</b>	<b>55,210,367</b>
<b>D. Accrued items</b>			
I Accrued interest and rent		2,122,787	2,394,459
II Other accrued items		<u>155,723</u>	<u>455,933</u>
<b>Total</b>		<b>2,278,510</b>	<b>2,850,392</b>
<b>Total Assets</b>		<b>636,353,430</b>	<b>599,896,311</b>



## Liabilities and Equity

	Notes	31 December 2021 in USD	31 December 2020 in USD
<b>A. Equity</b>			
I Called up share capital	2.3.4.3	8,327,625	8,327,625
II Organisation Fund	2.3.4.4	4,198,125	4,198,125
III Capital reserves	2.3.4.5	325,981,851	325,981,851
V Loss carryforward		(63,425,192)	(44,784,872)
VI Loss for the year		<u>(1,514,843)</u>	<u>(18,640,320)</u>
<b>Total</b>		<b>273,567,566</b>	<b>275,082,409</b>
<b>B. Technical Reserve</b>			
I Unearned premium reserve			
1. Gross		123,625,566	108,173,499
2. Less amounts ceded		<u>(114,685,821)</u>	<u>(100,589,421)</u>
<b>Total</b>		<b>8,939,745</b>	<b>7,584,078</b>
II Reserves for loss and loss adjustment expenses			
1. Gross		666,729,084	610,745,415
2. Less amounts ceded		<u>(569,048,158)</u>	<u>(501,022,653)</u>
<b>Total</b>		<b>97,680,926</b>	<b>109,722,762</b>
<b>Total</b>		<b>106,620,671</b>	<b>117,306,840</b>
<b>C. Other payables</b>			
I Payables from direct insurance business			
1. From other parties		<u>11,028,914</u>	<u>17,695,184</u>
<b>Total</b>		<b>11,028,914</b>	<b>17,695,184</b>
II Payables on reinsurance business			
1. Payable to affiliated companies		139,916,317	121,306,939
2. Payable to other creditors		<u>47,820,029</u>	<u>24,567,858</u>
<b>Total</b>		<b>187,736,346</b>	<b>145,874,797</b>
III Other liabilities			
1. Liabilities arising from social security		219,290	230,555
2. Other payables to affiliated companies		39,147,926	21,698,622
3. Other liabilities against third parties		<u>6,259,160</u>	<u>7,313,862</u>
<b>Total</b>		<b>45,626,376</b>	<b>29,243,039</b>
<b>Total</b>		<b>244,391,636</b>	<b>192,813,020</b>
<b>D. Other Provisions</b>			
I Other Provision		<u>8,036,713</u>	<u>11,963,658</u>
<b>Total</b>		<b>8,036,713</b>	<b>11,963,658</b>
<b>E. Accruals</b>			
I Other accruals		<u>3,736,844</u>	<u>2,730,384</u>
<b>Total</b>		<b>3,736,844</b>	<b>2,730,384</b>
<b>Total Liabilities and Equity</b>		<b>636,353,430</b>	<b>599,896,311</b>



## 2.3 Notes to the Financial Statements

### 2.3.1 General

The accounts have been set up in accordance with the provisions of the Liechtenstein Persons and Company Act (PGR) and the Insurance Regulatory Act; "VersAG" and the related Decree (insurance regulatory Decree; "VersAV").

### 2.3.2 Accounting and Valuation Standards

The following principal accounting policies have been applied consistently in dealing with items, which are considered material in relation to the Company's annual accounts.

#### 2.3.2.1 Foreign currencies

The accounting currency of the Company is the United States Dollar (USD). The assets and liabilities are translated using the current/non-current method, considering the lower of cost or market principle for non-current assets and liabilities. Equity is translated at historical rates and exchange differences are recognized in profit or loss. The income statement is translated to USD using monthly average rates.

#### 2.3.2.2 Investments

Fixed income securities and loans are valued at the lower of amortised cost or market value.

#### 2.3.2.3 Tangible fixed assets

Fixed assets are capitalised and are depreciated on a straight-line basis over the following periods:

Furniture and fittings	-	10 years
Computer equipment	-	3 to 5 years

#### 2.3.2.4 Cash at bank

Cash at bank comprise cash balances and call deposits with maturities of nine months or less from the acquisition date that are subject to an insignificant risk of changes in fair value, and are used by the Company in the management of its short-term commitments.

Cash at bank are carried at nominal value in the balance sheet.

#### 2.3.2.5 Technical provisions

Reserves for loss and loss adjustment expenses are accrued when insured events occur and are based on the estimated ultimate cost of settling the claims, using claims adjuster reports and individual case estimates.

A provision is also included for claims incurred but not reported, which is developed on the basis of past experience adjusted for current trends and other factors that modify past experience.

The establishment of the appropriate level of reserves is an inherently uncertain process involving estimates and judgments made by management, and therefore there can be no assurance that ultimate claims and claim adjustment expenses will not exceed the loss reserves currently established. These estimates are regularly reviewed, and adjustments for differences between estimates and actual payments for claims and for changes in estimates are reflected in income in the period in which the estimates are changed or payments are made.



2.3.3 Income Statement

2.3.3.1 Technical Account

2022 USD	Motor Insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Other Direct	Casualty Reinsurance Proportional	Property Reinsurance Proportional	Total
Gross written premium	156,527	63,897,804	23,733,825	126,553,151	8,376,371	74,084,669	54,754,593	351,557,040
Gross earned premium	(35,406)	59,490,030	24,123,466	117,004,467	7,910,156	70,153,137	54,322,700	332,968,551
Claims incurred	(2,800,973)	(13,631,697)	(18,832,921)	(44,833,530)	(5,544,332)	(53,590,903)	(48,434,807)	(197,668,964)
Expenses incurred*	(5,287,932)	(20,399,569)	(11,319,398)	(45,042,008)	(3,463,840)	(14,295,117)	(14,595,690)	(114,403,495)
<b>Total Gross</b>	<b>(8,124,382)</b>	<b>15,458,764</b>	<b>(6,028,893)</b>	<b>27,228,929</b>	<b>(1,097,816)</b>	<b>2,267,218</b>	<b>(8,707,796)</b>	<b>20,896,094</b>
Ceded earned premium	26,371	(57,622,985)	(22,090,087)	(107,871,644)	(7,154,860)	(63,556,564)	(50,220,283)	(308,690,051)
Ceded claims recovered	2,206,933	23,018,220	17,680,458	39,872,901	5,557,807	48,793,789	43,960,169	181,090,276
Reinsurance commission earned	88,872	1,479,491	7,105,171	35,491,203	2,443,900	22,100,188	13,457,812	95,486,060
<b>Reinsurer's share</b>	<b>2,322,176</b>	<b>(19,949,852)</b>	<b>2,699,544</b>	<b>(32,507,540)</b>	<b>8,66,847</b>	<b>72,44,433</b>	<b>7,197,699</b>	<b>(32,053,751)</b>
<b>Technical Result</b>	<b>(5,802,156)</b>	<b>(4,495,087)</b>	<b>(3,333,311)</b>	<b>(5,378,610)</b>	<b>(259,968)</b>	<b>9,608,531</b>	<b>(1,510,098)</b>	<b>(11,257,620)</b>

2020 USD	Motor Insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Other Direct	Casualty Reinsurance Proportional	Property Reinsurance Proportional	Total
Gross written premium	(30,975)	54,461,231	24,122,976	93,274,715	7,134,457	62,391,802	42,551,531	284,007,638
Gross earned premium	(668,469)	54,035,065	22,742,803	85,053,772	7,340,431	64,052,812	42,592,020	272,148,440
Claims incurred	(4,648,050)	(24,884,931)	(10,172,194)	(40,143,666)	(3,355,625)	(67,386,213)	(8,685,662)	(159,276,342)
Expenses incurred*	(1,468,513)	(13,712,033)	(12,825,873)	(31,980,419)	(4,022,433)	(17,140,077)	(18,651,067)	(104,137,415)
<b>Total Gross</b>	<b>(6,785,026)</b>	<b>15,408,202</b>	<b>(255,265)</b>	<b>11,929,687</b>	<b>(97,627)</b>	<b>(23,789,478)</b>	<b>-5,255,291</b>	<b>11,734,683</b>
Ceded earned premium	712,416	(52,260,231)	(20,774,159)	(79,163,163)	(6,687,189)	(55,353,006)	(39,518,463)	(253,044,100)
Ceded claims recovered	4,123,238	24,399,058	8,705,885	35,651,494	3,211,487	62,914,646	7,754,482	146,759,661
Reinsurance commission earned	(68,764)	12,785,811	6,433,758	25,762,328	2,472,791	18,777,975	9,867,507	75,031,406
<b>Reinsurer's share</b>	<b>4,786,690</b>	<b>(16,075,364)</b>	<b>(5,634,515)</b>	<b>(27,749,346)</b>	<b>(1,003,511)</b>	<b>26,339,585</b>	<b>(21,926,774)</b>	<b>(31,253,032)</b>
<b>Technical Result</b>	<b>(1,988,136)</b>	<b>(667,260)</b>	<b>(5,819,780)</b>	<b>(5,819,659)</b>	<b>(1,041,138)</b>	<b>2,559,107</b>	<b>(6,671,483)</b>	<b>(19,518,350)</b>

\* net of other technical income



### 2.3.3.2 Premium written by region

The Company's branches in Germany, Norway, Spain and Sweden generated gross written premiums of USD 109.9m for the reporting period (2020: USD 82.7m).

In addition, BOUM generated gross written premium of USD 78.7m (2020: USD62.3m). BOUM writes business worldwide and is specialised in Energy Property (construction, control of well, drilling and operating contractors, on- and offshore operating packages) and Energy Liability (primary and excess general, products and employer's liability, on- and offshore) as well in Special Lines classes of Asset Protection (Fine Art and Specie) and Political Risk.

Further, BRUK wrote USD 163.0m (2020: USD 138.8m) of gross premium in 2021, which is significantly more than in prior year and makes up nearly half of WRBEAG's gross written premium. BRUK writes international property, casualty treaty reinsurance.

### 2.3.3.3 Related party transactions

The Company has a 90:10 fixed quota share reinsurance agreement with BIC. The impact of that agreement is as follows:

	Total USD 2021	of which internal QS	Total USD 2020	of which internal QS
Gross written premium	354,557,040	-	284,007,638	-
Gross earned premium	332,968,551	-	272,148,440	-
Claims Incurred	(197,668,961)	-	(159,276,342)	-
Expenses Incurred	(114,403,495)	-	(101,137,414)	-
<b>Total Gross</b>	<b>20,896,094</b>	-	<b>11,734,684</b>	-
Ceded earned premium	(308,630,051)	(223,566,019)	(253,044,101)	(178,364,249)
Ceded claims recovered	181,090,276	150,604,421	146,759,661	116,620,600
Reinsurance commission earned	95,486,060	79,793,160	75,031,406	62,419,848
<b>Reinsurer's share</b>	<b>(32,053,715)</b>	<b>6,831,562</b>	<b>(32,253,034)</b>	<b>676,199</b>
Technical Result	<u>(11,157,620)</u>	<u>6,831,562</u>	<u>(19,518,350)</u>	<u>676,199</u>

### 2.3.3.4 Commissions received

The Company has entered into a number of proportional reinsurance agreements and is entitled to commissions on the business ceded to reinsurers. The recognition of these commissions is deferred in proportion to the business ceded. The impact of the deferral is presented in the table below.

	31 December 2021 in USD	31 December 2020 in USD
Ceded commissions	101,212,386	80,188,070
Deferral of ceded commissions	<u>(5,726,325)</u>	<u>(5,156,664)</u>
<b>Total</b>	<u><b>95,486,060</b></u>	<u><b>75,031,406</b></u>



## 2.3.4 Balance Sheet

### 2.3.4.1 Other Investments

The Company has invested in a portfolio of fixed income securities. The amount of impairment from amortized cost to book value as at the reporting date is USD 2.5m (2020: USD 3.1m). The table provides an overview by category and the book and market values.

Investment	31 December 2021 in USD		31 December 2020 in USD	
	Book Value	Market Value	Book Value	Market Value
Government Securities	149,019,057	150,342,953	152,051,183	154,700,538
Corporate Bonds	211,697,140	212,896,376	209,781,239	214,260,755
Other Loans	21,437,528	21,437,528	21,437,528	21,437,528
<b>Total</b>	<b>382,153,725</b>	<b>384,676,857</b>	<b>383,269,950</b>	<b>390,398,821</b>

The Company maintains a trust fund in favor of the National Association of Insurance Commissioners (NAIC). This trust fund is funded with USD 5.6m of the Company's corporate bonds pursuant to the regulatory requirements to retain the Company's International Insurers Department listing in the United States.

Further, the Company pledged USD 12.0m to Caixa Bank in Spain.



## 2.3.4.2 Fixed assets

The net value of assets and depreciation as at reporting date is as follows:

2021	Furniture & Fittings	Computer	Total
	in USD	Equipment in USD	in USD
<b>at cost</b>			
Opening balance	985,252	593,308	1,578,560
Additions	(12,536)	(47,938)	(60,474)
Disposals	-	-	-
<b>Closing as per 31 Dec 2021</b>	<b>972,716</b>	<b>545,370</b>	<b>1,518,086</b>
<b>Depreciation</b>			
Opening balance	(530,101)	(487,432)	(1,017,533)
Depreciation current year	(92,512)	3,709	(88,803)
Disposals	-	-	-
<b>Closing as per 31 Dec 2021</b>	<b>(622,613)</b>	<b>(483,723)</b>	<b>(1,106,336)</b>
<b>Net book value as per 31 Dec 2021</b>	<b>350,103</b>	<b>61,647</b>	<b>411,750</b>
<hr/>			
2020	Furniture & Fittings	Computer	Total
	in USD	Equipment in USD	in USD
<b>at cost</b>			
Opening balance	867,255	542,059	1,409,314
Additions	117,998	51,249	169,247
Disposals	-	-	-
<b>Closing as per 31 Dec 2020</b>	<b>985,253</b>	<b>593,308</b>	<b>1,578,561</b>
<b>Depreciation</b>			
Opening balance	(415,930)	(390,726)	(806,656)
Depreciation current year	(114,826)	(96,706)	(211,532)
Disposals	655	-	655
<b>Closing as per 31 Dec 2020</b>	<b>(530,101)</b>	<b>(487,432)</b>	<b>(1,017,533)</b>
<b>Net book value as per 31 Dec 2020</b>	<b>455,152</b>	<b>105,876</b>	<b>561,028</b>

## 2.3.4.3 Share capital

The share capital of EUR 7,500,000 (USD 8,327,625) consists of 5,000 shares with a nominal value of EUR 1,500 and is fully paid up.

## 2.3.4.4 Organization fund

According to the Liechtenstein Insurance Law, the Financial Market Authority can require an insurance company to setup a special fund within equity for organisational setup. The Organization fund has been set at EUR 3,750,000 (USD 4,198,125).

The organization fund and the share capital are translated at historical rates to USD.



## 2.3.4.5 Capital reserves

Capital reserves remain unchanged at USD 325,981,851 (2020: USD 325,981,851)

## 2.3.5 Other Annotations

### 2.3.5.1 Remuneration of the supervisory board members and executives

The total remuneration in 2021 of the supervisory board was USD 3.7k (2020: USD 3.3k) and USD 1.6m (2020: USD 1.5m) to the executives registered in the trade register Liechtenstein.

### 2.3.5.2 Employees

At the reporting date the Company had 119 employees. The following table provides an overview of employees by category:

Full Time Equivalent	Employees	Employees
	31 December 2021	31 December 2020
Underwriting	52	51
Claims	11	13
All other	56	50
<b>Total</b>	<b>119</b>	<b>114</b>

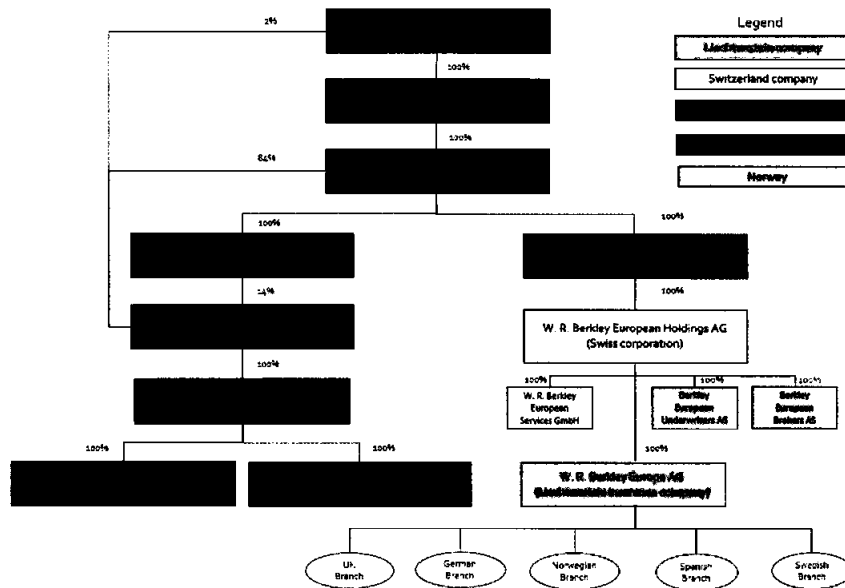
### 2.3.5.3 Leasing commitments

The total amount of leasing and other commitments at the end of the year was USD 4.2m for the reporting period (2020: USD 6.2m).



## 2.3.5.4 Group structure

The structure chart below explains the ownership and legal links between the Company and its ultimate parent undertaking WRBC:



WRBEAG is an indirectly wholly owned subsidiary of W. R. Berkley Corporation, Delaware, United States of America. As of 31 December 2021, W. R. Berkley Corporation prepares consolidated Annual Report consisting of the Financial Statements and Financial Report, in which WRBEAG is included. The consolidated Annual Report is published and available under <https://www.berkley.com/>.

## 2.3.5.5 Subsequent Events

The Company has carefully assessed the exposure to Ukraine, Belarus and Russia. WRBEAG's Continental European branches and BRUK have no policies with Russia, Belarus or Ukraine insureds or risks. However, BOUM's business includes a number of property and liability policies for Russian oil/gas/energy companies but no policies for Ukraine and Belarus risks. Three sanctioned entities have been identified. The Company took actions to ensure full compliance with the relevant sanctions. With respect to exposures to Ukraine, Belarus and Russia, the Company does not expect any claims from insurance losses due to the exclusion clause for War and Terrorism and Sanction limitation.



### 3 Actuarial Report

Referring to Art. 36c sub 1) b) first sentence of the Liechtenstein Law on Supervision of Insurance Undertakings (Versicherungsaufsichtsgesetz, "VersAG") I confirm as Accountable Actuary of WRBEAG, as defined in Art. 18b of the VersAG, that the technical reserves as set out below have been calculated on the basis of generally accepted actuarial principles and are in line with Liechtenstein regulatory requirements detailed in the VersAG and Art. 29 of the Liechtenstein Ordinance on the Law on Supervision of Insurance Undertakings (Versicherungsaufsichtsverordnung, "VersAV").

WRBEAG is licensed to underwrite direct insurance in several lines of business. WRBEAG is not licensed to underwrite credit insurance. Therefore, Equalization Reserves are not required.

This statement is subject to the Reliance and Limitations as detailed in the Reserve Report.

The technical reserves below were booked in line with the recommendation in the Reserve Report and the Update Memo as listed above.

<b>B. Technical Reserve</b>	<b>31 December 2021</b> <b>in USD</b>
<b>I Unearned premium reserve</b>	
1. Gross	123,625,566
2. Less amounts ceded	<u>(114,685,821)</u>
<b>Total</b>	<b>8,939,745</b>
<b>II Reserve for loss and loss adjustment expenses</b>	
1. Gross	666,729,084
2. Less amounts ceded	<u>(569,048,158)</u>
<b>Total</b>	<b>97,680,926</b>

Anne Chevalier  
Responsible Actuary of W. R. Berkley Europe AG



## Statutory Auditor's Report

To the General Meeting of W. R. Berkley Europe AG, Vaduz

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of W. R. Berkley Europe AG (the Company) which comprise the balance sheet as at 31 December 2021, the income statement for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 10 to 20) give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance for the year then ended in accordance with Liechtenstein law.

#### Basis for Opinion

We conducted our audit in accordance with Liechtenstein law and International Standards on Auditing (ISAs). 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 provisions of Liechtenstein law and the requirements of the audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) 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.

#### Key Audit Matters



#### VALUATION OF GROSS RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG (Liechtenstein) AG  
Vaduz, 1 April 2022



## VALUATION OF GROSS RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES

### Key Audit Matter

A significant amount of judgement is involved by management in determining the appropriate estimates used in the valuation of gross reserves for loss and loss adjustment expenses. There is a risk that the estimated loss determined at the balance sheet date could vary materially from the ultimate loss paid. Key judgements relate to the assumptions applied in setting the estimates of the gross reserves for loss and loss adjustment expenses that have been incurred but not reported ("IBNR").

### Our response

In summary, we have audited the gross reserves for loss and loss adjustment expenses as follows:

- Inclusion of our actuarial specialists as part of the audit team.
- Gaining an understanding of the process of determining the reserves and related internal controls.
- Critically assessing the reserving methodology and assumptions for reasonableness and consistency year on year.
- Independently recalculating the reserves on a sample basis as well as reconciling and assessing the reasonableness of the reserve recorded by the Company.

For further information on the valuation of gross reserves for loss and loss adjustment expenses refer to the following:

- Note 2.3.2.5 Technical provisions

### Other information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises that information included in the annual report, but does not include the financial statements, the management report 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, we have the responsibility to read the other information and to 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, on the basis of our 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.

### Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with Liechtenstein law, and for such internal control as the Board of Directors 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 Board of Directors 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of 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 Liechtenstein law and ISAs 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 Liechtenstein law and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements or, whether due to fraud 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 Board of Directors' 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors or the Audit Committee 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.

From the matters communicated with the Board of Directors or the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## Report on Other Legal and Regulatory Requirements

### Further Information pursuant to Article 10 of Regulation (EU) No 537/2014

We were elected as statutory auditor by the General Meeting on 1 April 2021. We have been the statutory auditor of the Company without interruption since the financial year ending 31 December 2015.

We declare that the audit opinions contained in this statutory auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of Regulation (EU) No 537/2014.

We have provided the following services, which were not disclosed in the financial statements or in the management report, in addition to the statutory audit for the audited company or for the companies controlled by it:

- Regulatory audit pursuant to Articles 101 and 102 of the Insurance Supervision Act
- Audit of the non-statutory financial statements including a bridge from Liechtenstein GAAP to US GAAP

Further, we declare that no prohibited non-audit services pursuant to Article 5(1) Regulation (EU) No. 537/2014 were provided.

### Further Confirmations pursuant to Article 196 PGR and Article 54(3) VersAV

The management report (pages 4 to 9) has been prepared in accordance with the applicable legal requirements, is consistent with the financial statements and, in our opinion, based on the knowledge obtained in the audit of the financial statements and our understanding of the Company and its environment does not contain any material misstatements.

We further confirm that the financial statements comply with Liechtenstein law, the articles of incorporation and the regulatory requirements. We recommend that the financial statements submitted to you be approved.

KPMG (Liechtenstein) AG

Lars Klossack  
Chartered Accountant  
Auditor in Charge

Benjamin Marte  
Chartered Accountant

Vaduz, 1 April 2022

KPMG (Liechtenstein) AG, Aeulestrasse 2, LI-9490 Vaduz

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