

# ANNUAL REPORT

W. R. Berkley Europe AG  
For the year ended 31 December 2022



## Definitions

### Meaning

- 31 December 2022
- Period from 1 January to 31 December 2022
- Period from 1 January to 31 December 2021
- 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
- UK Prudential Regulation Authority
- UK Financial Conduct Authority
- 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”
- “PRA”
- “FCA”
- “BRUK”
- “BOUM”
- “Nordic branches”
- “BIC”
- “BEU”
- “the Group”
- “WRBEAG's UK Branch”
- “EU UK Branch”
- “TPR”
- “RoW”
- “the plan”
- “ORSA”
- “m”
- “k”



## Table of Contents

|   |    |
|---|----|
| Definitions.....                                      | 2  |
| 1 Management Report 2022.....                         | 4  |
| 1.1 Annual Review 2022 .....                          | 4  |
| 1.2 Business Overview.....                            | 5  |
| 1.3 Governing Bodies during the Reporting Period..... | 6  |
| 1.4 Profit and Loss Account.....                      | 6  |
| 1.5 Balance Sheet.....                                | 7  |
| 1.6 Branch Offices / Subsidiary Companies .....       | 7  |
| 1.7 Personnel .....                                   | 7  |
| 1.8 Risk Management.....                              | 7  |
| 1.9 Outlook for 2023 .....                            | 8  |
| 2 Financial Statements.....                           | 10 |
| 2.1 Income Statement.....                             | 10 |
| 2.2 Balance Sheet.....                                | 12 |
| 2.3 Notes to the Financial Statements .....           | 14 |
| 2.3.1 General.....                                    | 14 |
| 2.3.2 Accounting and Valuation Standards .....        | 14 |
| 2.3.3 Income Statement.....                           | 15 |
| 2.3.4 Balance Sheet .....                             | 17 |
| 2.3.5 Other Annotations .....                         | 19 |
| 3 Actuarial Report .....                              | 21 |
| 4 Auditor's Report .....                              | 22 |



## 1 Management Report 2022

### 1.1 Annual Review 2022

As the COVID-19 pandemic eased and we returned to our offices, much of what we encountered looked familiar, but we soon realized that the world around us had become very different. External forces such as the aftermath of the pandemic, the war in Ukraine and the cost of living crisis have affected households and business around the world. Potential risks became a reality. A massive increase in geopolitical rivalry, the reversal of decades of expansionary monetary policy and double-digit rates of inflation coincided, all increasing uncertainty. These events were also reflected in the valuations in the major stock markets, which experienced significant corrections across almost all asset classes. In this challenging environment, the Company delivered a satisfactory result and took important steps towards future profitable growth. WRBEAG will continue to leverage its diversification, monitor closely the rate environment and foster ongoing innovation initiatives, rolled out by the Company's ultimate parent and aimed at improving customer access and offering new services. The good progress made towards Plan is evident in the Company's underwriting result for the year ended December 2022, which is better than projected. The statutory loss reported for the 2022 financial year, however, is larger than anticipated, as unrealized losses in WRBEAG's investment portfolio had to be recognized. Notwithstanding the decrease in the market value of the Company's investments, WRBEAG's capital position and underlying business fundamentals remain sound.

In 2022, the Company's Continental European branches showed a solid underwriting performance, with gross written premium volume exceeding those of the previous year. The Spanish branch showed remarkable growth across most lines of business, whereas production in Germany was weaker, with the exception of Financial Lines. Nordic's production was affected by underwriting actions in Marine. Continental Europe's 2022 net loss ratios were even better than in the prior year, driven by good claims performance and the favourable impact of the positive claims run-off of older underwriting years across all branches. In 2022, Carlos Palos joined WRBEAG's Executive Committee as Head of the Spanish Branch. In the context of the strategic direction of Continental European operations, related innovation initiatives launched some time ago are showing more and more traction. Successful concepts and approaches are shared between the branches or from one market to another, new business development initiatives in areas such as Affinity are under way and the potential of new markets is being explored. Continental Europe's Policy Administration System BEITS that originated in Spain and was successfully introduced in Germany is readied for being implemented in Norway and Sweden. With all Continental European units operating from the same underwriting and claims management system and using common processes and procedures, there will be a communality of working together and sharing of approaches that will greatly facilitate joint business initiatives across branches and jurisdictions and contribute to keeping up the momentum of profitable growth.

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 ("PRA") to establish a UK third country branch ("UK Third Country Branch"). At the end of the first quarter 2022, the PRA informed the Company that WRBEAG UK's application to become an UK regulated branch (a "Third Country Branch") had been approved by both the PRA and FCA. WRBEAG UK continues to second personnel from BOUM and BRUK to operate WRBEAG UK. Under this structure, BOUM and BRUK operate on a binding authority basis, with these binding authorities being with WRBEAG UK and not WRBEAG Vaduz. These binding authorities permit the underwriting of UK and Rest of the World business, excluding EEA business ("RoW").





EU/EEA business is underwritten utilizing two structures. EU/EEA business previously underwritten by BOUM is written by BEU, with BEU UK Branch acting as an outsourced agent of BEU, which includes seconded personnel from BOUM. EU/EEA business previously underwritten by BRUK is written by WRBEAG – Vaduz, with WRBEAG UK acting as an outsourced agent, which includes seconded personnel from BRUK.

The UK Branch is WRBEAG's largest operating unit, with gross written premium of USD 196.7m. Around 2/3 of the gross premium volume stems from its Reinsurance Division (BRUK UK / RoW), another 1/3 from its Insurance Division (BOUM UK / RoW). WRBEAG's UK Branch underwriting result reached almost break-even. Looking at the WRBEAG results, including prior year developments, the Reinsurance Division was impacted by losses stemming from large catastrophic events (such as Winter Storm Eunice, the Durban Flooding) as well as adverse developments of older underwriting year losses in General Liability and Professional Lines. The Insurance Division continued to report little loss activities and showed a favourable development due to a positive claims-run-off of older underwriting years.

BEU wrote gross written premium of USD 15.9m and contributed positively to WRBEAG's underwriting result.

The Company closed the financial year 2022 with a loss of USD -12.6m, impacted predominantly by depreciation and impairment of investments.

## 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 UK Branch writes UK and RoW business, sourced from BOUM, including its Special Lines Division and BRUK. 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 are congruent with those of BRUK.

Following 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 Reporting Period

| Board Members   |   |
|---|---|
| William R. Berkley - Chairman   | Robert C. Hewitt                        |
| James Bronner   | Ira S. Ledermann                        |
| Javier Esteban  | Mark Talbot                             |
| Michael Grabher   |   |
| Members of Management   |   |
| Hans-Peter Naef – General Manager   | Barbara Hirzel – Deputy General Manager |
| - Carlos Palos – Head Spanish Branch, since 24 May 2022                   | Sofia Pettersson – Head Nordic Branches |
| - Hans-Peter Naef – interim Head Spanish Branch, from 1 Feb – 23 May 2022 |   |
| - Gianluca Piscopo – Head Spanish Branch, until 31. Jan 2022              |   |
| José David Jiménez García – Head German Branch                            | Philip Townsend – Head UK Branch        |
| Other Key Function Holders  |   |
| Anne Chevalier – Responsible Actuary                                      | Szabolcs Banhidi – Actuarial Function   |
| Dagmar Varinska – Risk and Compliance                                     |   |
| External Auditors   |   |
| KPMG (Liechtenstein) AG, Vaduz  |   |
| Internal Auditors   |   |
| Julie Woodward, WRBC Services Limited                                     |   |

### 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 365.4m (2021: USD 351.6m) for the reporting period. The Company shows gross earned premium of USD 343.4m (2021: USD 333.0m) and a net earned premium of USD 25.2m (2021: USD 24.3m) in the reporting period. Gross claims incurred are at USD 187.5m (2021: USD 197.7m) for the reporting period. Compared to prior year, the net loss ratio improved from 68.1% in 2021 to 62.0% 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 negatively impacted by the recognition of the change in market value and was a loss of USD 12.7m for the reporting period, compared to a gain of USD 5.4m in prior year.





## 1.5 Balance Sheet

The Company's capital decreased due to the loss generated in 2022, by USD -12.6m from USD 273.6m to USD 261.0m.

The investments held by WRBEAG are in highly rated government and corporate bonds of USD 363.0m. Given that the high inflation environment and the uncertainty in the financial markets and the world economy are expected to remain, WRBEAG continues its conservative investment strategy combining low durations, strong credit quality and high liquidity positions. In addition, WRBEAG has an investment in a loan of USD 19.0m.

## 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 the reporting date the Company had 125 (full-time equivalent) employees, compared to 119 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.

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.

The effective management of risk is a central principle of the Group, its culture and philosophy. 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.

In order to monitor the Company's capital requirements, the Standard Formula Model is in use. In addition to the Solvency Capital Requirement (SCR) according to the standard model, holistic risk assessment is regularly con-



ducted following the risk assessment methodology defined by WRBC Enterprise Risk Management. Furthermore, the Company measures and monitors risks in ways appropriate for the specific type of risks e.g. modelling natural catastrophes, assessing relationships with vendors.

In 2022 key risk themes were identified as follows: rising inflation, war in Ukraine, IT security and cyber risk and climate change. For all mentioned matters mitigation actions were introduced.

Throughout the year, quarterly risk reports gave updates of the risk and solvency topics. In alignment with the Solvency II requirements, the Company filed with the FMA in January 2022 the Own Risk and Solvency Assessment report ("ORSA"). In-depth discussions and reviews of the ORSA were performed with the Executive Management and the WRBEAG Board during 2022 and the Board approved the ORSA prior to filing.

### 1.9 Outlook for 2023

After decades of largely stable activity and low inflation, the business environment has become much more uneven. There is greater uncertainty and market volatility. The pandemic, high inflation and interest rates, and the Russia-Ukraine war have resulted in supply chain disruptions, pressures on small and medium enterprises and increased the cost of living. Inflation may stay considerably higher than central bank targets of 2%, as there are production shortages and bottlenecks and worker shortages due to aging populations. Concerns about the impact of climate change will keep sustainability issues high on the agenda. Regulators and clients will continue to hold companies to account for their promises as regards ESG related actions and behaviours. Digitalization, automation and the use of smart technologies will gain importance, but unfortunately also cyber risks and threats related to IT infrastructure. As part of the Berkley Group and its corporate culture that values entrepreneurship, flexibility and quick, but thoughtful reaction to new situations, WRBEAG strives to remain fast, agile and lean. These qualities, in combination with group resources, experience and collaboration between group companies, will allow the Company to face the challenges lying ahead.

With regards to Continental Europe, economic growth is flagging, while inflation shows little sign of abating. A number of euro zone economies may tumble into a recession. The same may apply for Sweden, whilst Norway may profit as an energy exporter. So far insurers have shown remarkable resilience. However, for 2023, rising interest rates and a weakening economic picture will be affecting pricing and demand, inflation will be driving loss costs higher and faster, undermining underwriting profitability. However, we expect that pro-active casualty players should have opportunities for emerging exposures, new distribution approaches and the global transition to green energy. New business growth prospects for Casualty and Financial Lines will depend on how well economies develop in the various jurisdictions as well as on the state of the insurance markets. Demand for Marine Hull and Marine Cargo insurance in Norway will be driven by the strength of its oil and resources sector.

WRBEAG's UK Branch, BRUK, BOUM and BEU expect growth across all lines of business. With regards to business underwritten by BOUM, the expansion of renewables as a source of "clean" home grown energy will accelerate, with a positive impact on the number of construction projects in Europe, the UK and the US. At the same time, the focus on decarbonising the economies of developed countries needs to be balanced against the security of energy supply, which will trigger new investments in oil and gas projects and hence generate opportunities for BOUM's Property and Liability Divisions. With respect to business underwritten by BRUK, in Casualty Treaty the market is expected to move sideways, with rates staying adequate. Property Treaty sees a re-evaluation of natural catastrophe risks and a shift away from low level layers following the market's significant natural catastrophes losses. From the perspective of Property Facultative, the valuation of physical assets of any one insured will be challenging in an environment of high inflation and disrupted supply chains.



We are proud to see how the Company's employees continue to embrace the numerous challenges, opportunities and ambitions. We would like to thank all colleagues for this, and also for the continued commitment that everyone has shown over the past years. We enter 2023 with confidence in the outlook for our business and its ability to continue its successful evolution. We remain mindful of the geopolitical risks and the increased volatility, but have faith that WRBEAG's continued investment over many years in its people and systems will allow the Company to deliver a sound underlying performance as well as support the wellbeing and safety of staff, customers and business partners.

W. R. Berkley Europe AG

Vaduz, March 2023

William R. Berkley  
Chairman of the Board

Hans-Peter Naef  
General Manager





## 2 Financial Statements

### 2.1 Income Statement

|  | Notes   | 2022<br>in USD      | 2021<br>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 | 365,441,545         | 351,557,040         |
| b. Premiums ceded  |         | (337,603,616)       | (325,317,776)       |
| c. Change in unearned premium                                    |         | (22,085,239)        | (18,588,489)        |
| d. Change in unearned premium ceded                              |         | 19,426,088          | 16,687,725          |
| <b>Total</b>   |         | <b>25,178,778</b>   | <b>24,338,500</b>   |
| <b>2. Loss and loss adjustment expenses (net)</b>                |         |                     |                     |
| a. Claims paid   |         |                     |                     |
| aa. Gross  |         | (112,489,961)       | (121,637,797)       |
| bb. Ceded  |         | 90,637,461          | 97,071,409          |
| <b>Total</b>   |         | <b>(21,852,500)</b> | <b>(24,566,388)</b> |
| b. Change in reserve for loss and loss adjustment expenses (net) |         |                     |                     |
| aa. Gross  |         | (75,004,098)        | (76,031,164)        |
| bb. Ceded  |         | 81,237,375          | 84,018,867          |
| <b>Total</b>   |         | <b>6,233,277</b>    | <b>7,987,703</b>    |
| <b>Total</b>   |         | <b>(15,619,223)</b> | <b>(16,578,685)</b> |
| <b>3. Underwriting expenses</b>                                  |         |                     |                     |
| a. Acquisition cost  |         | (49,134,006)        | (49,279,505)        |
| b. Administrative expenses                                       |         | (63,620,163)        | (65,123,990)        |
| c. Commissions received  | 2.3.3.4 | 99,346,894          | 95,486,060          |
| <b>Total</b>   |         | <b>(13,407,275)</b> | <b>(18,917,435)</b> |
| <b>4. Technical result</b>                                       |         | <b>(3,847,720)</b>  | <b>(11,157,620)</b> |



|  | Notes | 2022<br>in USD      | 2021<br>in USD     |
|--|-------|---------------------|--------------------|
| Technical result                                     |       | (3,847,720)         | (11,157,620)       |
| <b>II. Non-Technical Result</b>                      |       |                     |                    |
| <b>1. Investment income</b>                          |       |                     |                    |
| a. Income from other investments                     |       | 8,581,832           | 7,958,841          |
| b. Income from accretion and reversal of impairments |       | 1,942,917           | 451,789            |
| c. Realised gains on investments                     |       | 74,513              | 42,385             |
| <b>Total</b>   |       | <b>10,599,262</b>   | <b>8,453,015</b>   |
| <b>2. Investment expense</b>                         |       |                     |                    |
| a. Investment management and interest expenses       |       | (595,611)           | (496,735)          |
| b. Depreciation and impairments of investments       |       | (22,634,229)        | (2,561,775)        |
| c. Realised losses on investments                    |       | (35,956)            | -                  |
| <b>Total</b>   |       | <b>(23,265,796)</b> | <b>(3,058,510)</b> |
| <b>3. Other income</b>                               |       | 4,577,219           | 1,757,481          |
| <b>4. Result on ordinary activities</b>              |       | <b>(11,937,035)</b> | <b>(4,005,634)</b> |
| <b>5. Taxes</b>                                      |       |                     |                    |
| a. Income Taxes                                      |       | (53,700)            | 3,058,123          |
| b. Other Taxes                                       |       | (638,868)           | (567,332)          |
| <b>6. Loss for the year</b>                          |       | <b>(12,629,603)</b> | <b>(1,514,843)</b> |



## 2.2 Balance Sheet

### Assets

|  | Notes   | 31 December 2022<br>in USD | 31 December 2021<br>in USD |
|--|---------|----------------------------|----------------------------|
| <b>A. Investments</b>                        |         |                            |                            |
| I Other investments                          | 2.3.4.1 |                            |                            |
| 1. Bonds and fixed income securities         |         | 363,004,536                | 360,716,197                |
| 2. Other loans                               |         | <u>19,034,644</u>          | <u>21,437,528</u>          |
| <b>Total</b>                                 |         | <b>382,039,180</b>         | <b>382,153,725</b>         |
| <b>B. Other receivables</b>                  |         |                            |                            |
| I Receivables from direct insurance business |         |                            |                            |
| 1. Receivables from policyholders            |         | 119,131,796                | 126,527,850                |
| 2. Receivables from affiliated companies     |         | <u>437,718</u>             | <u>173,626</u>             |
| <b>Total</b>                                 |         | <b>119,569,514</b>         | <b>126,701,476</b>         |
| II Reinsurance business receivables          |         |                            |                            |
| 1. from affiliated companies                 |         | 25,821,834                 | 33,249,985                 |
| 2. from other parties                        |         | <u>16,116,109</u>          | <u>14,917,380</u>          |
| <b>Total</b>                                 |         | <b>41,937,943</b>          | <b>48,167,365</b>          |
| III Other receivables                        |         |                            |                            |
| 1. Receivables from affiliated companies     |         | 21,495,154                 | 20,721,355                 |
| 2. Receivables from other parties            |         | <u>6,763,403</u>           | <u>2,183,839</u>           |
| <b>Total</b>                                 |         | <b>28,258,557</b>          | <b>22,905,194</b>          |
| <b>Total</b>                                 |         | <b><u>189,766,014</u></b>  | <b><u>197,774,035</u></b>  |
| <b>C. Other assets</b>                       |         |                            |                            |
| I Fixed assets                               | 2.3.4.2 | 420,515                    | 411,750                    |
| II Cash on hand and at bank                  |         | 49,991,519                 | 53,136,113                 |
| III Other Assets                             |         | <u>413,495</u>             | <u>599,297</u>             |
| <b>Total</b>                                 |         | <b>50,825,529</b>          | <b>54,147,160</b>          |
| <b>D. Accrued items</b>                      |         |                            |                            |
| I Accrued interest and rent                  |         | 2,648,236                  | 2,122,787                  |
| II Other accrued items                       |         | <u>441,731</u>             | <u>155,723</u>             |
| <b>Total</b>                                 |         | <b>3,089,967</b>           | <b>2,278,510</b>           |
| <b>Total Assets</b>                          |         | <b><u>625,720,690</u></b>  | <b><u>636,353,430</u></b>  |



## Liabilities and Equity

|   | Notes   | 31 December 2022<br>in USD | 31 December 2021<br>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 | 326,028,110                | 325,981,851                |
| V Loss carryforward                               |         | (64,940,035)               | (63,425,192)               |
| VI Loss for the year                              |         | (12,629,603)               | (1,514,843)                |
| <b>Total</b>                                      |         | <b>260,984,222</b>         | <b>273,567,566</b>         |
| <b>B. Technical Reserve</b>                       |         |                            |                            |
| I Unearned premium reserve                        |         |                            |                            |
| 1. Gross  |         | 140,226,706                | 123,625,566                |
| 2. Less amounts ceded                             |         | (129,008,046)              | (114,685,821)              |
| <b>Total</b>                                      |         | <b>11,218,660</b>          | <b>8,939,745</b>           |
| II Reserves for loss and loss adjustment expenses |         |                            |                            |
| 1. Gross  |         | 698,242,840                | 666,729,084                |
| 2. Less amounts ceded                             |         | (614,340,781)              | (569,048,158)              |
| <b>Total</b>                                      |         | <b>83,902,059</b>          | <b>97,680,926</b>          |
| <b>Total</b>                                      |         | <b>95,120,719</b>          | <b>106,620,671</b>         |
| <b>C. Other payables</b>                          |         |                            |                            |
| I Payables from direct insurance business         |         |                            |                            |
| 1. From other parties                             |         | 5,154,202                  | 11,028,914                 |
| <b>Total</b>                                      |         | <b>5,154,202</b>           | <b>11,028,914</b>          |
| II Payables on reinsurance business               |         |                            |                            |
| 1. Payable to affiliated companies                |         | 144,454,530                | 139,916,317                |
| 2. Payable to other creditors                     |         | 52,222,144                 | 47,820,029                 |
| <b>Total</b>                                      |         | <b>196,676,674</b>         | <b>187,736,346</b>         |
| III Other liabilities                             |         |                            |                            |
| 1. Liabilities arising from social security       |         | 230,208                    | 219,290                    |
| 2. Other payables to affiliated companies         |         | 51,386,222                 | 39,147,926                 |
| 3. Other liabilities against third parties        |         | 5,215,018                  | 6,259,160                  |
| <b>Total</b>                                      |         | <b>56,831,448</b>          | <b>45,626,376</b>          |
| <b>Total</b>                                      |         | <b>258,662,324</b>         | <b>244,391,636</b>         |
| <b>D. Other Provisions</b>                        |         |                            |                            |
| I Other Provision                                 |         | 7,761,531                  | 8,036,713                  |
| <b>Total</b>                                      |         | <b>7,761,531</b>           | <b>8,036,713</b>           |
| <b>E. Accruals</b>                                |         |                            |                            |
| I Other accruals                                  |         | 3,191,894                  | 3,736,844                  |
| <b>Total</b>                                      |         | <b>3,191,894</b>           | <b>3,736,844</b>           |
| <b>Total Liabilities and Equity</b>               |         | <b>625,720,690</b>         | <b>636,353,430</b>         |



## 2.3 Notes to the Financial Statements

### 2.3.1 General

The accounts have been prepared 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

|                               | Motor<br>Insurance | Marine, aviation<br>and transport<br>insurance | Fire and other<br>damage to<br>property<br>insurance | General liability<br>insurance | Other Direct       | Casualty<br>Reinsurance<br>Proportional | Property Reinsurance<br>Proportional | Total               |
|-------------------------------|--------------------|--|--|--------------------------------|--------------------|---|--------------------------------------|---------------------|
| <b>2022 USD</b>               |                    |  |  |                                |                    |   |                                      |                     |
| Gross written premium         | 6,784              | 59,926,269                                     | 23,464,203   | 131,069,689                    | 7,998,492          | 83,776,290                              | 59,199,818                           | 365,444,545         |
| Gross earned premium          | 28,776             | 57,223,460                                     | 23,212,526   | 122,570,932                    | 7,733,682          | 76,522,717                              | 56,064,212                           | 343,356,306         |
| Claims incurred               | (569,910)          | (18,549,177)                                   | (29,774,507)   | (48,181,447)                   | (1,944,317)        | (53,978,729)                            | (34,495,973)                         | (187,494,059)       |
| Expenses incurred*            | (333)              | (17,957,762)                                   | (10,432,689)   | (43,877,872)                   | (3,196,327)        | (20,850,378)                            | (16,438,809)                         | (112,754,169)       |
| <b>Total Gross</b>            | <b>(544,466)</b>   | <b>20,716,521</b>                              | <b>(16,994,671)</b>                                  | <b>30,511,614</b>              | <b>2,593,038</b>   | <b>1,693,611</b>                        | <b>5,129,431</b>                     | <b>43,108,077</b>   |
| Ceded earned premium          | (25,932)           | (55,478,012)                                   | (21,285,822)   | (112,999,260)                  | (7,047,659)        | (71,353,638)                            | (49,987,204)                         | (318,177,528)       |
| Ceded claims recovered        | 575,989            | 18,039,450                                     | 26,432,559   | 44,963,184                     | 1,710,973          | 48,351,009                              | 31,801,673                           | 171,874,836         |
| Reinsurance commission earned | 9,215              | 14,877,944                                     | 6,902,084  | 35,622,468                     | 2,432,163          | 24,913,283                              | 14,589,736                           | 99,346,894          |
| <b>Reinsurer's share</b>      | <b>559,272</b>     | <b>(22,560,617)</b>                            | <b>12,048,820</b>                                    | <b>(32,413,609)</b>            | <b>(2,904,524)</b> | <b>1,910,654</b>                        | <b>(3,595,795)</b>                   | <b>(46,955,798)</b> |
| <b>Technical Result</b>       | <b>17,806</b>      | <b>(1,844,096)</b>                             | <b>(4,945,850)</b>                                   | <b>(1,904,995)</b>             | <b>(311,485)</b>   | <b>3,604,264</b>                        | <b>1,533,636</b>                     | <b>(3,847,720)</b>  |
| <b>2021 USD</b>               |                    |  |  |                                |                    |   |                                      |                     |
| Gross written premium         | 456,527            | 63,897,904                                     | 23,733,825   | 126,553,151                    | 8,376,371          | 74,084,669                              | 54,775,493                           | 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)        | (23,691,697)                                   | (18,832,921)   | (44,833,530)                   | (5,544,132)        | (53,590,902)                            | (48,434,807)                         | (197,668,961)       |
| Expenses incurred*            | (5,287,932)        | (20,399,569)                                   | (11,319,398)   | (45,042,008)                   | (3,463,840)        | (14,295,117)                            | (14,595,630)                         | (114,403,495)       |
| <b>Total Gross</b>            | <b>(8,124,312)</b> | <b>15,458,764</b>                              | <b>(6,028,853)</b>                                   | <b>27,128,929</b>              | <b>(1,097,816)</b> | <b>2,267,118</b>                        | <b>(8,707,736)</b>                   | <b>20,896,094</b>   |
| Ceded earned premium          | 26,371             | (57,762,985)                                   | (22,090,087)   | (107,871,644)                  | (7,154,860)        | (63,556,564)                            | (50,220,283)                         | (308,630,051)       |
| Ceded claims recovered        | 2,206,933          | 23,018,220                                     | 17,660,458   | 39,872,901                     | 5,557,807          | 48,793,789                              | 43,960,169                           | 181,090,276         |
| Reinsurance commission earned | 88,872             | 14,794,914                                     | 7,105,171  | 35,491,203                     | 2,443,900          | 22,104,188                              | 13,457,812                           | 95,486,060          |
| <b>Reinsurer's share</b>      | <b>2,322,176</b>   | <b>(19,949,851)</b>                            | <b>2,695,541</b>                                     | <b>(32,507,540)</b>            | <b>846,847</b>     | <b>7,344,413</b>                        | <b>7,197,699</b>                     | <b>(32,053,745)</b> |
| <b>Technical Result</b>       | <b>(5,802,136)</b> | <b>(4,491,087)</b>                             | <b>(3,333,311)</b>                                   | <b>(5,378,610)</b>             | <b>(250,968)</b>   | <b>9,608,531</b>                        | <b>(1,510,038)</b>                   | <b>(11,157,620)</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 115.6m for the reporting period (2021: USD 109.9m).

In addition, BOUM generated gross written premium of USD 81.1m (2021: USD 78.7m). 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 168.7m (2021: USD 163.0m) of gross premium in 2022, which is as well 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 2022      | of which<br>internal QS | Total USD 2021      | of which<br>internal QS |
|-------------------------------|---------------------|-------------------------|---------------------|-------------------------|
| Gross written premium         | 365,444,545         | -                       | 351,557,040         | -                       |
| Gross earned premium          | 343,356,306         | -                       | 332,968,551         | -                       |
| Claims Incurred               | (187,494,059)       | -                       | (197,668,961)       | -                       |
| Expenses Incurred             | (112,754,169)       | -                       | (114,403,495)       | -                       |
| <b>Total Gross</b>            | <b>43,108,078</b>   | -                       | <b>20,896,094</b>   | -                       |
| Ceded earned premium          | (318,177,528)       | (237,035,135)           | (308,630,051)       | (223,566,019)           |
| Ceded claims recovered        | 171,874,836         | 149,452,414             | 181,090,276         | 150,604,421             |
| Reinsurance commission earned | 99,346,894          | 83,789,832              | 95,486,060          | 79,793,160              |
| <b>Reinsurer's share</b>      | <b>(46,955,798)</b> | <b>(3,792,889)</b>      | <b>(32,053,715)</b> | <b>6,831,562</b>        |
| Technical Result              | <u>(3,847,720)</u>  | <u>(3,792,889)</u>      | <u>(11,157,620)</u> | <u>6,831,562</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 2022<br>in USD | 31 December 2021<br>in USD |
|-------------------------------|----------------------------|----------------------------|
| Ceded commissions             | 105,927,718                | 101,212,386                |
| Deferral of ceded commissions | <u>(6,580,824)</u>         | <u>(5,726,325)</u>         |
| <b>Total</b>                  | <b><u>99,346,894</u></b>   | <b><u>95,486,060</u></b>   |



## 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 23.2m (2021: USD 2.5m). The table provides an overview by category and the book and market values.

| Investment            | 31 December 2022   |                    | 31 December 2021   |                    |
|-----------------------|--------------------|--------------------|--------------------|--------------------|
|                       | in USD             |                    | in USD             |                    |
|                       | Book Value         | Market Value       | Book Value         | Market Value       |
| Government Securities | 171,607,102        | 171,616,985        | 149,019,057        | 150,342,953        |
| Corporate Bonds       | 191,397,434        | 191,517,653        | 211,697,140        | 212,896,376        |
| Other Loans           | 19,034,644         | 19,034,644         | 21,437,528         | 21,437,528         |
| <b>Total</b>          | <b>382,039,180</b> | <b>382,169,282</b> | <b>382,153,725</b> | <b>384,676,857</b> |

The Company maintains a trust fund as required by the National Association of Insurance Commissioners (NAIC) so that WRBEAG may qualify an eligible or approved excess on surplus lines insurer in the United States. The trust fund is established for the benefit of policyholders and third-party claimants. This trust fund is funded with USD 5.4m of the Company's corporate bonds pursuant to the regulatory requirements.

Further, the Company pledged investments with a nominal value of 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:

| 2022                                     | Furniture & Fittings<br>in USD | Computer<br>Equipment<br>in USD | Total<br>in USD    |
|--|--------------------------------|---------------------------------|--------------------|
| <b>at cost</b>                           |                                |                                 |                    |
| Opening balance                          | 972,716                        | 545,370                         | 1,518,086          |
| Additions                                | 87,988                         | 7,862                           | 95,850             |
| Disposals                                | -                              | -                               | -                  |
| <b>Closing as per 31 Dec 2022</b>        | <b>1,060,704</b>               | <b>553,232</b>                  | <b>1,613,936</b>   |
| <b>Depreciation</b>                      |                                |                                 |                    |
| Opening balance                          | (622,613)                      | (483,723)                       | (1,106,336)        |
| Depreciation current year                | (79,885)                       | (7,200)                         | (87,085)           |
| Disposals                                | -                              | -                               | -                  |
| <b>Closing as per 31 Dec 2022</b>        | <b>(702,498)</b>               | <b>(490,923)</b>                | <b>(1,193,421)</b> |
| <b>Net book value as per 31 Dec 2022</b> | <b>358,206</b>                 | <b>62,309</b>                   | <b>420,515</b>     |
| <br>                                     |                                |                                 |                    |
| 2021                                     | Furniture & Fittings<br>in USD | Computer<br>Equipment<br>in USD | Total<br>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>     |

### 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 Organisation 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 organisation 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 increased by USD 46'259 to USD 326'028'110 driven by an increase in the same amount of the Restricted Stock Units "RSU" Equity Reserve (2021: 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 2022 of the supervisory board was USD 3.5k (2021: USD 3.7k) and USD 1.6m (2021: USD 1.6m) to the executives registered in the trade register Liechtenstein.

#### 2.3.5.2 Employees

At the reporting date the Company had 125 employees. The following table provides an overview of employees by category:

| Full Time Equivalent | Employees        | Employees        |
|----------------------|------------------|------------------|
|                      | 31 December 2022 | 31 December 2021 |
| Underwriting         | 54               | 52               |
| Claims               | 14               | 11               |
| All other            | 57               | 56               |
| <b>Total</b>         | <b>125</b>       | <b>119</b>       |

#### 2.3.5.3 Leasing commitments

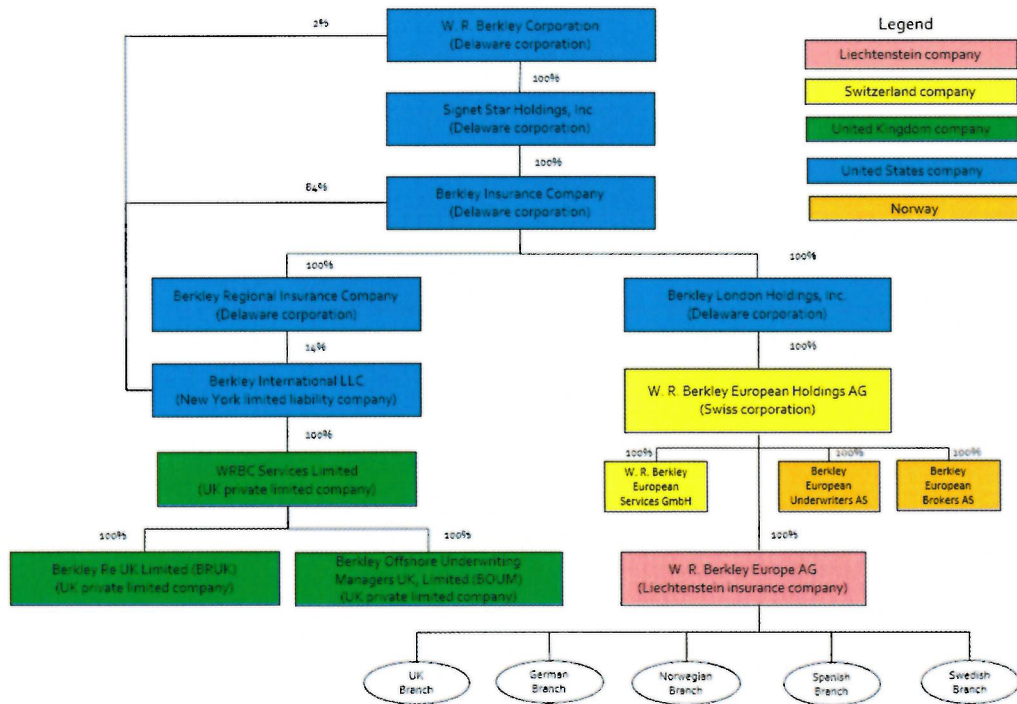
The total amount of leasing and other commitments at the end of the year was USD 1.6m for the reporting period (2021: USD 4.2m).





**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, which is incorporated in the state of Delaware, United States of America. As of 31 December 2022, 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**

There is no subsequent event after the reporting period to report.



### 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 Responsible 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 2022</b> |
|---|-------------------------|
|   | <b>in USD</b>           |
| <b>I Unearned premium reserve</b>                       |                         |
| 1. Gross  | 140,226,706             |
| 2. Less amounts ceded                                   | <u>(129,008,046)</u>    |
| <b>Total</b>  | <b>11,218,660</b>       |
| <b>II Reserve for loss and loss adjustment expenses</b> |                         |
| 1. Gross  | 698,242,840             |
| 2. Less amounts ceded                                   | <u>(614,340,781)</u>    |
| <b>Total</b>  | <b>83,902,059</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 December 31, 2022, 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 December 31, 2022 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.



**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 April 1, 2022. We have been the statutory auditor of the Company without interruption since the financial year ending December 31, 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
- Independent assurance report on Statement of Premium Income 2021 to the Fonds Commun de Garantie Belge.

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

Bruno Casutt  
Chartered Accountant

Vaduz, March 31, 2023