



Financial Condition Report
London General Insurance Company Limited
Switzerland Branch (“LGI Switzerland”)
2022

Introduction

This Financial Condition Report (FCR) is prepared in accordance with FINMA Circular 2016/2 “Disclosure - insurers”. It contains the narrative disclosures necessary to comply with marginal notes 12 to 34 incl. of FINMA Circular 2016/2, in particular marginal note 17, which sets out those provisions which do not apply to insurers domiciled outside Switzerland.

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

This FCR is included as an appendix to the single group Solvency and Financial Condition Report (SFCR) for TWG Europe Limited (TWGE). Due to differences in regulatory reporting deadlines, this FCR will be published after the TWGE Group Solvency & Financial Condition Report which will be published on or before 6 April 2023 and provides further information on the Company and TWGE group (TWGE and its subsidiaries).

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

Natalie Paddock, Company Secretary

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

General Representative’s statement in respect of the FCR

In accordance with the meaning of FINMA Circular 2016/2 “Disclosure - insurers”, marginal note 105 and in my capacity as General Representative for Switzerland I acknowledge my responsibility for preparing the FCR as at 31 December 2022 and sign off the FCR.

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

Groupe Mutuel Services S.A., Passage Saint-Antoine 7, 1800 Vevey, Suisse

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Summary

General

LGI Switzerland was established on 17th May 2002 as a branch of the Company and received approval to underwrite class B9 Other damage to property. The branch is not a separate regulated legal insurance company entity thus forms part of the Company. LGI Switzerland received authorisation by FINMA in 2011 to conduct insurance business in class B16 Pecuniary loss.

Business Activities

There has been no material change in the Company strategy or of the activities of LGI Switzerland in the year. Policies in force relate to hearing aid insurance with terms up to five years, for which no new policies have been issued since January 2020.

Financial performance

Performance for the year is in line with expectations. The portfolio ran off in line with expectation. Net investment returns reflected the increase in yield curves during the year.

CHF '000	2022	2021
Gross written premiums	-	-
Net earned premiums	94	138
Underwriting result including changes in Security & Fluctuation Provision	88	123
Other financial expenses / income	-	-21
Other expenses	-176	-154
Net investment return	-102	-45
Income tax expense	4	-2
Net result for the period	-186	-99

Further detail is provided in section B.

A. Business Activities

Strategy, objectives and key business segments

The goal of the Company is to drive profitable, sustainable growth to achieve company objectives within a given risk appetite. Our strategy includes growth through innovative product design, entry into new markets, and leveraging our global market intelligence. A conservative, disciplined underwriting approach and experienced management team are key elements that distinguish us in the marketplace.

Within that strategy, the objective of LGI Switzerland is to provide a platform whereby Automotive and Appliance & Technology (A&T) warranty business may be underwritten in Switzerland, including when such business arises as part of a client's global distribution strategy. The branch continues to service the existing portfolio of in-force policies whilst further opportunities to undertake new business are sought.

LGI Switzerland is authorised and regulated by the Autorité Fédérale de Surveillance des Marchés Financiers (FINMA) in classes B9 (Other damage to property/ autres dommages aux biens) and B16 (Pecuniary loss / pertes pécuniaires diverses).

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

Group structure and shareholder

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

c/o Groupe Mutuel Services S.A.
Passage Saint-Antoine 7
1800 Vevey
Suisse

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

External auditors

LGI Switzerland has appointed Deloitte Switzerland as its external auditor. Deloitte is also the Company's external auditor.

Deloitte AG
Sandy Goebler
Pfingstweidstrasse 11, 8005 Zürich

Significant unusual events

Nothing in particular to report.

B. Performance

B.1 Underwriting performance

The overall underwriting result is summarised below:

Year ended 31 December 2022 CHF '000	Fire, natural hazards, property damage	Other	Total
Gross written premiums	-	-	-
Net earned premiums	-	94	94
Net incurred claims	-	-6	-6
Acquisition costs and other expenses	-	-	-
Underwriting result	-	88	88

Year ended 31 December 2021 CHF '000	Fire, natural hazards, property damage	Other	Total
Gross written premiums	-	-	-
Net earned premiums	-	138	138
Net incurred claims	282	-295	-13
Acquisition costs and other expenses	-2	-	-2
Underwriting result	280	-157	123

The branch' underwriting result was a profit of CHF 88,000 (2021: CHF 123,000), including changes in the Security & Fluctuation Provision. The security and fluctuation provision has been calculated according to the branch's approved policy.

B.2 Investment income and expenses

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

Tied assets are held in Swiss government bonds and liquidities. The coverage ratio is above the internal minimum of 120%.

The overall investment result is summarised below:

Year ended 31 December 2022 CHF '000	Government Bonds	Collective Investment Schemes	Total
Investment income	34	-	34
Investment expenses	-136	-	-136
Net investment income	-102	-	-102

Year ended 31 December 2021 CHF '000	Government Bonds	Collective Investment Schemes	Total
Investment income	34	-	34
Investment expenses	-80	-	-80
Net investment income	-45	-	-45

The investment results are negative as increasing yield curves caused revaluation losses.

B.3 Performance of other activities

There are no other activities.

B.4 Other information

There is no other information to report.

Appendix 1 - Performance Solo Non-Life Template

Financial situation report: quantitative template "Performance Solo NL"																	
		Currency: CHF or annual report currency Amounts stated in millions															
				G611QA										G853EA		G856EA	
		Total		Accident		Illness		Motor vehicle		Transport		Direct Swiss business Fire, natural hazards, property damage		General third-party liability		Other branches	
		Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year
1	Gross premiums	-0,00	-									-0,00	-			-	-
2	Reinsurers' share of gross premiums	-	-									-	-			-	-
3	Premiums for own account (1 + 2)	-0,00	-									-0,00	-			-	-
4	Change in unearned premium reserves	0,14	0,09									-	-			0,14	0,09
5	Reinsurers' share of change in unearned premium reserves	-	-									-	-			-	-
6	Premiums earned for own account (3 + 4 + 5)	0,14	0,09									-0,00	-			0,14	0,09
7	Other income from insurance business	-	-									-	-			-	-
8	Total income from underwriting business (6 + 7)	0,14	0,09									-0,00	-			0,14	0,09
9	Payments for insurance claims (gross)	-0,02	-0,01									-	-			-0,02	-0,01
10	Reinsurers' share of payments for insurance claims	-	-									-	-			-	-
11	Change in technical provisions	0,01	0,00									0,28	-			-0,28	0,00
12	Reinsurers' share of change in technical provisions	-	-									-	-			-	-
13	Change in technical provisions for unit-linked life insurance	-	-									-	-			-	-
14	Expenses for insurance claims for own account (9 + 10 + 11 + 12 + 13)	-0,01	-0,01									0,28	-			-0,30	-0,01
15	Acquisition and administration expenses	-0,00	-									-0,00	-			-0,00	-
16	Reinsurers' share of acquisition and administration expenses	-	-									-	-			-	-
17	Acquisition and administration expenses for own account (15 + 16)	-0,00	-									-0,00	-			-0,00	-
18	Other underwriting expenses for own account	-	-									-	-			-	-
19	Total expenses from underwriting business (14 + 17 + 18) (non-life insurance only)	-0,02	-0,01									0,28	-			-0,30	-0,01
20	Investment income	0,03	0,03									-	-			-	-
21	Investment expenses	-0,08	-0,14									-	-			-	-
22	Net investment income (20 + 21)	-0,05	-0,10									-	-			-	-
23	Capital and interest income from unit-linked life insurance	-	-									-	-			-	-
24	Other financial income	-	-									-	-			-	-
25	Other financial expenses	-0,02	-									-	-			-	-
26	Operating result (8 + 14 + 17 + 18 + 22 + 23 + 24 + 25)	0,06	-0,01									0,28	-			-0,30	-0,01
27	Interest expenses for interest-bearing liabilities	-	-									-	-			-	-
28	Other income	-	-									-	-			-	-
29	Other expenses	-0,15	-0,18									-	-			-	-
30	Extraordinary income/expenses	-	-									-	-			-	-
31	Profit / loss before taxes (26 + 27 + 28 + 29 + 30)	-0,10	-0,19									0,28	-			-0,30	-0,01
32	Direct taxes	-0,00	0,00									-	-			-	-
33	Profit / loss (31 + 32)	-0,10	-0,19									0,28	-			-0,30	-0,01

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Appendix 2 - LGI Switzerland Management Report

London General Insurance Company Limited - Switzerland Branch

MANAGEMENT REPORT

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

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

Management presents its report and financial statements for the branch for the year ended 31 December 2022.

RESULT

For 2022, gross written premiums were CHF 0 (2021: CHF 0), with a pre-tax loss of CHF 191k (2021: loss CHF 96k).

PRINCIPAL ACTIVITIES

The branch services policies that were written in prior years. In-force policies relate to one client and cover the repair and replacement of hearing appliances. Remaining in-force policies are due to expire up to 2024.

BUSINESS PERFORMANCE REVIEW

The branch's key financial performance indicators are as follows:

	2022	2021	Change
	CHF'000	CHF'000	%
Gross written premiums	-	-	0%
Earned premiums, net of reinsurance	94	138	-32%
Net claims incurred	6	13	-54%
Underwriting result (before change in security and fluctuation provision)	88	123	-28%
Net investment income	-102	-45	-126%
Other financial expenses/income	-	21	-100%
Other (expense)/income	176	154	14%
Net result	-186	-96	
Balance sheet			
Technical Reserves	1.581	1.677	-6%
Capital Account	1.271	2.208	-42%

The security and fluctuation provision has been calculated according to the branch's policy.

ACCOUNTING POLICIES

- **Investments**
Long Term Bonds are stated at the lower of linear amortised cost and market value.
- **Technical Reserves**
Technical Reserves are stated in accordance with the company reserving policy which was approved by FINMA.

RISK ASSESSMENT

The branch maintains its own governance handbook, internal control system (ICS) policy and ICS matrix which identifies and documents the key risks to which the branch is exposed, the mitigating controls in place and effectiveness of those controls. These risks and controls are maintained by the Company's Risk function and reviewed and approved by the branch's management and the Company's board of directors annually. In addition, the business of

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the branch is included in the wider Company and group risk management systems in a manner proportionate to the overall risk presented.

The principal risks facing the branch are:

- Risk of adverse movements in the actual development of claims versus the provisions held. The Actuarial Reserving Policy governs activities undertaken by the Company's Actuarial Reserving team with actuarial reserving responsibility for the Branch assigned to local Appointed Actuary (approved by FINMA).
- Risk of loss or of adverse change in the branch's financial position resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets in its investment portfolio. The Investment Policy governs investment activities, together with Company corporate policies, with specific criteria to meet branch and FINMA requirements. Management of the portfolio is outsourced to professional fund managers.

Other risks facing the branch arise principally from operational process including failure to comply with local regulatory and legal requirements, management of which is covered in the governance handbook and ICS policy.

NUMBER OF FULL-TIME POSITIONS ON ANNUAL AVERAGE

The branch did not have any employees in 2022 and 2021.

RESEARCH AND DEVELOPMENT

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

EXTRAORDINARY EVENTS

There were no extraordinary events in 2022.

FUTURE DEVELOPMENTS

Assurant group and the Company continue to write global programs, some of which may comprise Swiss located risks from time to time.

SUBSEQUENT EVENTS

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