

# Financial Condition Report - Switzerland

**31 December 2024**

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Appendix 1 Report of the independent auditor (including financial statements)

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## **Lloyd's Financial Condition Report, 31 December 2024**

### **1 Overview**

Lloyd's Financial Condition Report (FCR) per 31 December 2024 has been prepared in accordance with FINMA Circular 2016/2 "Disclosure - insurers".

The FCR is prepared in respect of the Swiss branch of the "Association of Underwriters known as Lloyd's" ("Lloyd's Swiss branch"). Further information on the structure of Lloyd's and the basis of preparation of the FCR is set out in the Summary.

This Lloyd's Swiss FCR 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 those insurers domiciled outside Switzerland.

#### **Further information**

Additional information regarding Lloyd's may be found within the Lloyd's Annual Report 2024 which may be viewed or downloaded from <https://www.lloyds.com/about-lloyds/investor-relations/financial-performance/financial-results/full-year-results-2024>. The Lloyd's Annual Report includes the Pro Forma Financial Statements (PFFS), which are prepared so that the financial results of Lloyd's and its members taken together, and their net assets can be compared as closely as possible with general insurance companies. The Lloyd's Annual Report also includes the financial statements of the Society of Lloyd's, comprising the financial position and performance of the Corporation of Lloyd's and Central Fund.

The Aggregate Accounts set out an aggregation of all audited syndicate annual accounts including the audited results for calendar year 2024 and the financial position as at 31 December 2024 of all syndicates which transacted business during 2024.

Where relevant, reference to these documents is made in this Lloyd's Swiss FCR.

Additional information on Lloyd's may be found in the 2024 Solvency and Financial Condition Report for Lloyd's as a whole:

<https://www.lloyds.com/about-lloyds/investor-relations/financial-performance/financial-results>

## **2 General Representative's statement in respect of the FCR**

In accordance with the terms of FINMA Circular 2016/2 "Disclosure - insurers", marginal note 105 and in my capacity as Lloyd's Underwriters' General Representative for Switzerland, I acknowledge my responsibility for the Financial Condition Report (FCR) of Lloyd's Swiss branch as at 31 December 2024 and for signing off its disclosure.



Jakob Thyme  
Lloyd's Underwriters' General Representative for Switzerland  
Seefeldstrasse 7  
8008 Zurich

### **3 Management summary**

#### **3.1 What is Lloyd's?**

Lloyd's Swiss branch is the authorised branch of 'the Association of Underwriters known as Lloyd's. Lloyd's is the world's specialist insurance and reinsurance market.

The business written at Lloyd's is brought to specialist syndicates who price and underwrite risk brought to them by brokers and coverholders (independent underwriting agents).

Under its globally recognised name, the Society of Lloyd's acts both as the market's custodian and promoter and is backed by diverse global resources and a capital structure designed to ensure financial security. Lloyd's works with an international distribution network to increase the use of insurance, building the resilience of local communities and supporting global economic growth.

Led by expert brokers and underwriters operating in more than 200 territories, the Lloyd's market develops and distributes complex and critical insurance to help underwrite human progress.

Lloyd's is an influential force in the insurance industry. Our vision is for Lloyd's to remain the market for specialist insurance and reinsurance. Lloyd's writes a wide range of classes of business in a variety of geographical areas, including Switzerland. Lloyd's Swiss branch does not actively underwrite business. This and other functions, such as the preparation of policy documentation and the management of claims, are performed by managing agents which manage Lloyd's syndicates, as well as their local delegated appointees.

#### **3.2 Lloyd's Market Structure**

##### **Members - providing the capital**

The capital to underwrite policies is provided by members of Lloyd's. This capital is backed by many of the world's major insurance groups, listed companies, individuals and limited partnerships, with corporate groups providing the majority of the capital for the Lloyd's market.

##### **Syndicates - writing the insurance**

A Lloyd's syndicate is formed by one or more members joining together to provide capital and accept insurance risks. Most syndicates write a range of classes of business, but many will have areas of specific expertise. Syndicates are, technically, set up on an annual basis. In practice, they usually operate from year to year with members having the right, but not the obligation, to participate in syndicates the following year. This continuity of capital backing the syndicates means they function like permanent insurance operations. Each syndicate sets its own appetite for risk, develops a business plan, arranges its reinsurance programmes and manages its exposures and claims. At 31 December 2024 there were 84 active syndicates at Lloyd's.

### **Managing agents - managing the syndicates**

A managing agent is a company set up to manage one or more syndicates on behalf of the members. Managing agents have responsibility for employing underwriters, overseeing their underwriting and managing the infrastructure and day-to-day operations. At 31 December 2024 there were 51 managing agents at Lloyd's.

### **Policyholders - transferring risk**

Policyholders include businesses, organisations, other insurers and individuals from around the world who seek to mitigate the impact of potential risks. Policyholders may access the Lloyd's market via a broker, coverholder or service company.

### **Brokers - distributing business**

Lloyd's is a broker market in which strong relationships, backed by deep expertise, play a crucial part. Brokers facilitate the risk transfer process between policyholders and underwriters. Much of this business involves face-to-face negotiations between brokers and underwriters. In addition, local Swiss intermediaries are accredited by Lloyd's and by Lloyd's Swiss branch.

### **Coverholders - offering local access to Lloyd's**

A managing agent may also authorise third parties to accept insurance risks directly on behalf of its syndicates. These businesses, known as coverholders, form a vital distribution channel offering a local route to Lloyd's in many territories around the world. In addition, local Swiss coverholders are accredited by Lloyd's and by Lloyd's Swiss branch.

### **Service companies**

A service company operates like a coverholder but is a wholly owned subsidiary of either a managing agent or of a managing agent's holding company and which is authorised to enter into contracts of insurance for members of its associated syndicate and/or associated insurance companies.

### **Members' agents - supporting the members**

Members' agents provide advice and administrative services to members, including assisting with syndicate selection.

## **Corporation of Lloyd's – supporting the market**

The Corporation oversees the Lloyd's market. It provides the market's infrastructure, including services to support its efficient running, and protects and maintains its reputation.

The Corporation's role includes:

- managing and protecting Lloyd's network of international licences;
- agreeing syndicates' business plans and evaluating performance against those plans. Syndicates are required to underwrite only in accordance with their agreed business plans. If they fail to do so, Lloyd's can take a range of actions including, as a last resort, stopping a syndicate underwriting;
- monitoring syndicates' compliance with Lloyd's minimum standards and
- continuing to raise standards and improve performance across two main areas:
  - overall risk and performance management of the market and
  - maintaining and developing the market's attractiveness to capital providers, distributors and clients, while preserving its diversity.

The Corporation's Executive Committee exercises the day-to-day powers and functions of the Council of Lloyd's and the Franchise Board ('the Board').

At 31 December 2024, the Society and its subsidiaries had 1,306 staff, including 4 members of staff working for the Lloyd's Swiss branch.

## **Lloyd's risk profile**

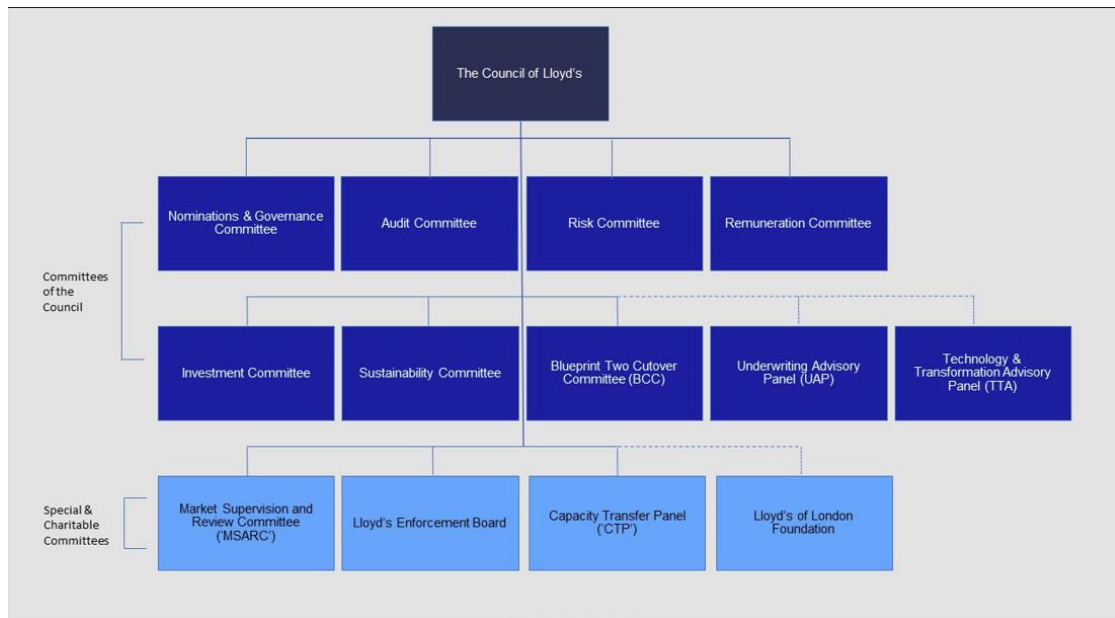
At Lloyd's, the risk profile originates from both syndicates and at central level.

Syndicates are the source of the majority of risks. They source all of the insurance business, manage the bulk of the asset portfolios, hold the majority of the counterparty exposures and conduct most of the day-to-day operational activity. The syndicate risks include insurance risk (underwriting, reserving and catastrophe risk); market risk on central assets; market risk on syndicate assets (including credit risk on Premiums Trust Funds, PTFs); reinsurance and other credit risk; and syndicate operational risk.

At the central level, additional risks arise from central operational risk and pension fund risk.

### 3.3 Lloyd's governance structure

The structure of the principal governing bodies of Lloyd's is summarised in the following figure:



#### The Council of Lloyd's

Under Lloyd's Act 1982, the Council of Lloyd's undertakes the management and superintendence of the affairs of the Society and has the power to regulate and direct the business of insurance at Lloyd's. The Council is responsible for the day-to-day oversight of Lloyd's and thus constitutes Lloyd's Administrative, Management or Supervisory Body (AMSB)



#### **4 Lloyd's Switzerland branch: summary result 2024**

A profit of CHF214.8m is reported for the 2024, compared with a prior year profit of CHF 180.7 m. This result and its causes are commented on at greater length in Section B.1 "Underwriting performance", however the most material contributory factors are:

Paid claims across all years of account for the whole Swiss portfolio increased to CHF 41.6 m. (2023: CHF 28.6 m.) due to payments on large claims on General Liability and MAT classes. However, partially offsetting this the paid amounts on attritional claims has reduced 2024 compared to 2023 across all classes.

The decrease in Total Insurance Reserves to CHF 731.6m (2023: CHF 751.8 m) is driven by the reduction in the Fluctuation Reserve from CHF 110m to CHF 14.5m, this is partially offset by increases on the outstanding claims reserves from CHF 368.3m from prior year to CHF 446.2m in 2024.

The improvement in the fixed income and Money Market investment environment and a conservative approach to investing the Tied Assets produced a positive financial result of CHF 11.1 m. (2023: CHF 9.9 m.).

## **5 Business activities**

### **Name and legal form of undertaking**

Lloyd's Swiss branch is a branch of the Corporation of Lloyd's, as entered in the Trade Register of the Canton of Zurich. Its principal place of business is Seefeldstrasse 7, 8008 Zurich, Switzerland.

### **Supervisory authority responsible for financial supervision**

The supervisory authority of Lloyd's Swiss branch is the Swiss Financial Market Supervisory Authority, FINMA. The registered office of FINMA is as follows:

Swiss Financial Market Supervisory Authority FINMA  
Laupenstrasse 27  
3003 Berne

### **External auditor of the undertaking**

The independent auditors of Lloyd's Swiss branch are:  
PricewaterhouseCoopers AG  
Birchstrasse 150  
Postfach  
8050 Zurich

### **Significant unusual events**

No such events were recorded during the reporting period.

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

The purpose and strategy of Lloyd's Swiss branch are fully aligned with those of Lloyd's. Its overriding priority is to remain the top choice for commercial and specialty insurance. As the world's leading insurance and reinsurance marketplace, the Lloyd's market provides leadership and insight to anticipate and understand risk and to develop relevant, new and innovative forms of insurance for customers.

The Lloyd's market offers the efficiencies of shared resources and services in a marketplace that covers and shares risks from a wide range of clients and industries at any scale. It promises a trusted, enduring partnership built on the confidence that Lloyd's protects what matters most i.e. to help people, businesses and communities to recover in times of need.

Lloyd's seeks to enhance the value which it provides to its many stakeholders including not only its customers but also to the distributors which bring business to the Lloyd's market, to managing agents which carry out the business of underwriting and of paying claims and to capital providers which bear the risk written at Lloyd's.

Lloyd's has a globally recognised brand and a reputation for paying all valid claims in a timely and efficient manner. Lloyd's Corporation seeks to improve performance in the market and to

maintain its reputation for the benefit of all stakeholders. It carries out this responsibility through a proportionate and robust market oversight regime consistent with an entrepreneurial and innovative culture.

Lloyd's Swiss branch does not, nor has it ever concluded contracts of insurance or administered claims; neither does it intermediate insurance between clients and the market. These activities are the preserve of the underwriting and broking businesses in the Lloyd's market and their appointed representatives.

The Lloyd's Swiss portfolio and the reported annual results are therefore unlike that of a single corporate entity based on a single underwriting strategy. They represent, instead, the aggregation of the underwriting objectives and performance of those businesses in the Lloyd's market which underwrite Swiss business.

Whilst Lloyd's managing agents must submit the annual business plans of syndicates to Lloyd's Performance Management Directorate, those plans do not provide granular, territory-by-territory data which allow an aggregate view of Lloyd's plan data for Switzerland or a single strategy. This is a strength of the Lloyd's market in Switzerland and elsewhere: market underwriting businesses and intermediaries are able to offer not only a wide range of products and services but competition between such businesses allows for competitive pricing and customer choice.

The most significant client segments serviced by Lloyd's in Switzerland include high net worth individuals. In this segment, Lloyd's underwriters' expertise is applied and product offering made in high value homes, private motor cars and water-borne craft, as well as fine art, jewellery and other valuables.

Of great importance are corporate clients and national and multinational organisations (including some of the many NGOs domiciled in Switzerland). Typical insurances offered cover Directors and Officers (D&O) insurance, as well as political risks and marine transportation insurances for such corporate entities trading from Switzerland.

Lloyd's underwriters are authorised to underwrite all classes of non-life insurance business in Switzerland, with the exceptions of B2 (Sickness) and B17 (Legal Expenses). The largest reported total gross written premiums achieved in 2024 were in the classes Professional & General Liability, Miscellaneous Property Damage, Miscellaneous Pecuniary Loss and Transport. Reference is made to section B.1 "Underwriting performance" and to the FCR quantitative templates.

As a market, Lloyd's works principally with independent insurance intermediaries; it is therefore an objective of Lloyd's Swiss branch to build Lloyd's Swiss intermediary network by seeking new relationships with professional Swiss broking firms with the potential to bring profitable quality business to the Lloyd's market.

## 6 Performance

### 6.1 Underwriting performance

The Lloyd's Swiss branch result for 2024 is reported on the EHP survey platform of FINMA. The financial statements of the branch (balance sheet, income statement and management report) were audited and filed with FINMA.

The overall underwriting result is summarised below:

	2024	2023
	CHF '000	CHF '000
Gross written premiums	284'878	331'598
Net earned premiums	289'347	356'362
Net claims incurred	(25'855)	(129'154)
Acquisition and other operating expenses	(59'791)	(56'453)
Investment return	11'068	9'909
Operating result	214'769	180'664
Other income	(6)	8
Net result	214'763	180'672

#### Material changes in the reporting period

##### Accounting policies

No such material changes were required or made in the reporting period.

##### Actuarial principles

##### Written and earned premiums

Ultimate Premiums are determined by applying standard actuarial projection methods to signed premium data as at 31<sup>st</sup> December 2024.

The written premium to date is calculated at a reserving class of business level by applying an assumed written premium pattern to the ultimate premiums. The assumed written premium patterns capture the percentage of the ultimate premium that is written at each development year. The written premium patterns for each class of business are derived using output from the most recent Lloyd's annual Central Reserving Exercise.

The unearned premium reserve, i.e. the unearned element of the premium written to date, is calculated at a reserving class of business level by applying an assumed earnings pattern to the written premium to date. The assumed earnings patterns capture the percentage of the written premium that is earned at each development year. The earned premium patterns for each class of business are derived using output from the most recent Lloyd's annual Central Reserving Exercise.

## IBNR

The total IBNR by class and Year of Account is determined by applying standard actuarial projection methods to the claims data as at 31<sup>st</sup> December 2024. The earned IBNR is calculated by subtracting the unearned IBNR from the total IBNR, where the unearned IBNR is calculated by multiplying the estimated loss ratio for unearned exposures by the estimated unearned premium for each Year of Account.

## Material lines of business

Lloyd's underwriters source a wide range of classes of business from Switzerland. This is highlighted in the table below, which provides a class breakdown of gross written premium in the reporting year 2024:

Accident	9.2%
Sickness	0%
Motor vehicle	0.3%
Transport	23.2%
Fire and Property	21.4%
Liability	21.6%
Other branches	24.3%

Total gross written premiums were calculated by the described actuarial method as CHF 284.9m.

Lloyd's portfolio of corporate client business continues to demonstrate a high level of volatility year-on-year, commensurate with the fundamental nature of businesses such as financial institutions and trading companies. Premium income from private client business, which is mostly underwritten by Swiss coverholders, has remained stable and generally profitable. This is true, for instance, for Miscellaneous Property insurances (FINMA Type 18).

For the fifth successive year no statutory accident insurance ("UVG") premium was underwritten, with the portfolio having been placed into run-off per end-2018. Lloyd's, together with the relevant Lloyd's underwriters, had decided in 2017 to withdraw from underwriting new or renewal UVG insurance business. The relevant discussions were held, and agreements made with FINMA and with the Federal Ministry of Health ("BAG") to this end. Lloyd's underwriters continue to service all continuing obligations from this class of business.

Syndicates underwriting Swiss business continue to be interested in new intermediary co-operations. There remains a steady flow of such interest from Swiss broking companies seeking access to the Lloyd's market, notably for Cyber and FinCrime market as well as from Lloyd's brokers seeking to service clients' international programmes to include operations in Switzerland.

## **Ceded reinsurance**

Lloyd's managing agents arrange their own reinsurance protections for their portfolios; thus the Lloyd's Switzerland portfolio is not protected as a single, homogeneous account. Lloyd's takes a conservative view of the level of reinsurance ceded by managing agents on their respective Swiss lines of business. In 2019 FINMA decided, in a change of regulatory practice, that it would not continue to grant Lloyd's credit for reinsurance on the basis of Lloyd's "global" data collated at the level of the Lloyd's market, but only on the strength of the evidenced reinsurance programmes of individual Lloyd's syndicates. Lloyd's agreed instead to FINMA's proposal for a stepped reduction in its claims for recognition as an asset of outgoing reinsurance. That final of three steps was made in 2021, with the effect that Lloyd's reserves in Switzerland are made on a gross basis. Lloyd's reserves the right to review this issue again in future.

## **Claims payments**

Paid claims made on business for all underwriting years of account increased to CHF 41.6 m. (2023: CHF 28.6 m.) with CHF 7.7m being paid out for year 2024 which were mainly short-tail Group Accident insurance business (FINMA-Type 6). Other classes of business underwritten in 2024 are mostly characterised by longer "tails".

The increase is driven by payments on large losses on General Liability and MAT classes, partially offset by lower paid amounts on attritional claims in 2024 compared to 2023.

## **Claims reserves**

Best estimate claims case reserves increased by CHF 75m from CHF 96.0 m to CHF 171.0 m as a result of the unfavourable claims movements across most lines of business especially in General Liability and Marine Aviation and Transport, partly offset by a favourable claims movement on Financial Loss. IBNR reserves decreased to CHF 232.3m. (2023: CHF 233.5 m) with more than half of those reserves for the General Liability class of business.

Total claims reserves, comprising case reserves, earned IBNR and ULAE increased from CHF 333.5m in 2023 to CHF 408.5m at the end of 2024, driven largely by the unfavourable claims experience. There has been a decrease of earned IBNR for General Liability and earned IBNR totalled CHF 232.3m at year-end 2024 and encompasses both general and specific IBNR. It should be noted that Lloyd's holds discussions with syndicate actuaries as part of their reserving oversight. Lloyd's monitors on a continuing basis the appropriateness of the general level of IBNR held and reported.

Short-Term case reserves in UVG insurance (FINMA Types 2 and 7) remained stable for medical costs and the daily allowances. The long-Term annuity reserves increased due to changes in the development pattern for 2023 develops slower than prior year and assumes a longer tail.

The gross unearned premium reserve was CHF 240.8m at year-end 2024, which decreased from the previous year end by CHF 4.5m.

The security and volatility reserve was CHF 14.5m at year-end. This should be the prescribed upper "target" bound CHF 110.0m and set out in Form "D" to Lloyd's business plan; CHF 95.5m (excl add-on) funding required for tied assets for adjustment to that reserve.

Lloyd's reserves were subject to and fulfilled the reserve adequacy test within the sense of FINMA circular letter 2008/42 "Reserves Non-Life Insurance" marginal note 9, with the book value of the total technical reserves yielding a surplus of CHF 19.7m (2023 year-end: CHF 224.8m) compared to the minimum reserve requirement

### **Significant events during the reporting period**

The Lloyd's market reported an overall profit of £9.6bn before tax in 2024 (2023: profit of £10.7bn), with a combined ratio of 86.9% (2023: 84.0%). The underwriting result is a profit of £5.3bn (2023: profit of £5.9bn), represent outstanding underwriting performance, underpinned by a stable attritional loss ratio of 47.1% and expense ratio of 34.4%. Major claims, including Hurricane Milton, Hurricane Helene and the Dali Baltimore Bridge collision, contributed to an increase in the major claims ratio to 7.8% (2023: 3.5%).

The market produced consistent investment return of £4.9bn (2023: profit £5.3bn), with the portfolio benefiting from another year of higher interest rates. Investment income increased to £4.2bn (2023: £3.9bn), with lower paper profits driving the reduction in investment return compared to the previous year, with fourth quarter volatility resulting in mark to-market losses on fixed income investments

The underwriting result of 5.3bn was driven by the continued realisation of benefits from the market's strong underwriting action and continued positive rate environment in the Reinsurance and Property segments. The underlying combined ratio of 79.1% (2023: 80.5%) reflects the market's ongoing focus on consistent profitability. Prior year releases positively impacted the combined ratio by 2.4% (2023: 2.2%), with favourable developments across most lines of business. The expense ratio remained stable at 34.4% (2023: 34.4%).

The Lloyd's market continues to be strongly capitalised with total capital, reserves and subordinated loan notes of £47.1bn at 31 December 2024, an increase from the £45.3bn reported at 31 December 2023. Our balance sheet includes an overall reserve margin of £5.4bn (2023:£4.6bn), which has been increasing steadily year on year. The central solvency ratio remains strong at 435%, with the reduction from 503% in 2023 reflecting the increase in the Central SCR (a 73pp reduction) and our capital management actions to reduce Tier 1 and 2 debt (a 27pp reduction), offset by an increase in Society net assets due to profitable growth (a 32pp increase). The market-wide solvency ratio remained robust at 205% (2023: 207%).

Swiss policyholders enjoy the additional security represented by Lloyd's Swiss tied assets located in Switzerland in accordance with Swiss insurance supervision law.

## 6.2 Financial Performance

Lloyd's Swiss branch is required to maintain Tied Assets in Switzerland to collateralise its total liabilities from its Swiss insurance business. This is performed in accordance with Swiss insurance supervisory law, including FINMA Circular 2016/5 "Investment Guidelines - Insurers".

As at 31 December 2024, Lloyd's tied assets held in Switzerland in accordance with Swiss insurance supervisory law amounted to CHF 859.2m. Those assets provide all Swiss insurance policyholders with a further layer of protection in addition to those assets of the Society of Lloyd's held elsewhere.

Lloyd's investment policy is prudent and seeks to provide the greatest security for Swiss policyholders. The investment environment improved during the course of 2024, with positive interest rates on offer in those asset classes in which Lloyd's tied assets are principally invested i.e. short-term instruments, fixed deposits of short maturity and cash deposits.

No investments were made in equities, derivative instruments or any other asset classes permissible under the relevant statutes, hence no further commentary is provided.

As at 31 December 2024 the tied assets were divided among four Swiss banks with high or the highest credit ratings. General supervisory principles and norms concerning the security of the assets and their retention were observed at all times.

The Lloyd's market continues to be strongly capitalised with total capital, reserves and subordinated loan notes of £47.1bn at 31 December 2024, a 3.9% increase from the £45.3bn reported at 31 December 2023.

Lloyd's strong ratings was maintained at AA- (Very Strong) with Standard and Poor's and remained, AA- (Very Strong) with Fitch Ratings, A+ (Excellent) with A.M. Best and AA- with KBRA.



### 6.3 Other material income and expenses

Lloyd's Swiss branch office provides services exclusively for Lloyd's, London, i.e. the Corporation of Lloyd's and Lloyd's market entities, notably the underwriting members of Lloyd's and Lloyd's managing agents. All such market entities benefit from those services aimed at maintaining and enhancing Lloyd's licensed status in Switzerland and its market competitiveness, so are not invoiced individually by the Swiss branch office.

Costs of maintenance of the Swiss branch office rose marginally to CHF 2.5m. (2023: CHF 2.3m.). The growing regulatory demands and the resulting need for enhanced legal, system, and actuarial support services have once again contributed significantly to our overall expenses.

There is no other material information to report.

### 6.4 Other information

There is no other material information to report.

Lloyd's, London,  
Zweigniederlassung Zürich  
Zurich

Report of the independent auditor  
to the General Manager  
on the financial statements 2024

# Report of the independent auditor

## to the General Manager of Lloyd's, London, Zweigniederlassung Zürich

### Report on the audit of the financial statements

#### Opinion

As an audit firm under state supervision, we have audited the financial statements of Lloyd's, London, Zweigniederlassung Zürich (the company), which comprise the balance sheet as at 31 December 2024, the income statement for the financial year then ended, and the notes to the financial statements, including a summary of significant accounting policies - pursuant to Art. 28 (2) of the Insurance Supervision Act (ISA) and with reference to the supplementary information for audit reporting of insurance companies in Annex 19 to FINMA Circular 13/3 concerning the "Preparation and audit of the financial statements of branches of foreign insurance companies" of 4 November 2020 (Annex 19 to FINMA Circular 13/3).

In our opinion, the accompanying financial statements of Lloyd's, London, Zweigniederlassung Zürich comply in all material respects with the financial reporting provisions of Annex 19 to FINMA Circular 13/3.

#### Basis for opinion

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

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

#### Other information

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

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

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

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

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

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

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

#### **Independent auditor's responsibilities for the 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 SA-CH and Annex 19 to FINMA Circular 13/3 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

PricewaterhouseCoopers AG

Martin Schwörer  
Licensed audit expert  
Lead auditor

Renda Badar  
Licensed audit expert

Zürich, 30 April 2025

Enclosure:

- Financial statements of Lloyd's, London, Zweigniederlassung Zürich (consisting of the balance sheet as at 31 December 2024, the income statement and the notes)

# Lloyd's London, Zweigniederlassung Zürich (Lloyd's Switzerland)

## BALANCE SHEET

In Swiss Franc's 000's

	Notes	2024	2023
<b>ASSETS</b>			
Bonds		215,938	211,787
Other investments		541,351	567,286
Investments		757,289	779,073
Cash and cash equivalents		6,238	87,755
Deferred acquisition costs		38,774	43,239
Receivables relating to insurance operations	4a	111,383	160,659
Other receivables		4,022	847
Accrued income and prepaid expenses		48	23
<b>Total Assets</b>		<b>917,754</b>	<b>1,071,596</b>
<b>LIABILITIES</b>			
Insurance reserves	4b	731,597	751,843
Payables from insurance business	4c	1,733	1,321
Accrued expenses		1,131	1,316
<b>Total Liabilities</b>		<b>734,461</b>	<b>754,480</b>
Liaison account to head office	4d	183,293	317,116
<b>Total liabilities and liaison account to head office</b>		<b>917,754</b>	<b>1,071,596</b>

# Lloyd's London, Zweigniederlassung Zürich (Lloyd's Switzerland)

## INCOME STATEMENT

In Swiss Franc's 000's

	Notes	2024	2023
Gross written premiums		284,878	331,598
<b>Net written premiums</b>		<b>284,878</b>	<b>331,598</b>
Change in unearned premiums		4,469	24,764
<b>Net earned premiums</b>		<b>289,347</b>	<b>356,362</b>
Gross claims paid		(41,633)	(28,644)
Change in insurance reserves	4e	15,778	(100,510)
<b>Net claims incurred</b>		<b>(25,855)</b>	<b>(129,154)</b>
Acquisition expenses	4f	(57,279)	(54,147)
Administrative expenses		(2,512)	(2,306)
<b>Total expense from insurance business</b>		<b>(85,646)</b>	<b>(185,607)</b>
Investment income	4g	11,355	10,237
Investment expense	4g	(287)	(328)
<b>Investment result</b>		<b>11,068</b>	<b>9,909</b>
<b>Operating result</b>		<b>214,769</b>	<b>180,664</b>
Other Income		(6)	8
<b>Net Profit</b>		<b>214,763</b>	<b>180,672</b>

## 1 Nature of operations

Lloyd's London, Zweigniederlassung Zürich ("Lloyd's Switzerland") is not an insurance company. It is the office of the local representative of Lloyd's underwriters, a partially mutualized market where members join together to form syndicates that insure risks.

Lloyd's is incorporated in the United Kingdom and its headquarters are at 1 Lime Street, London, EC3M 7HA.

Lloyd's Switzerland is headquartered at, Seefeldstrasse 7, 8008 Zürich.

Lloyd's Switzerland has 4 full-time positions (previous year: 4 full-time positions).

Much of Lloyd's business is written on a subscription basis, with more than one syndicate taking a share of the same risk. Lloyd's is licensed by FINMA to provide insurance coverage for clients in Switzerland for direct non-life business.

Business is written through approved brokers that have been given authority to accept insurance contracts and settle claims or to place business on an open market basis. Brokers facilitate the risk transfer process between policyholders and underwriters. Clients can discuss their risk needs with a broker, a coverholder or a service company.

When placing a risk on the open market, a Swiss broker approaches the Lloyd's market, either by utilizing a Lloyd's broker, or directly if it is a Lloyd's broker itself. The broker is then able to work directly with the specialist underwriters for each syndicate who price, underwrite and handle any subsequent claims in relation to the risk. Alternatively, Lloyd's syndicates delegate underwriting authority to an appropriate third party – either a coverholder or service company.

A coverholder is a local intermediary who is given a Delegated Authority Contract (binder) to bind risks on Lloyd's behalf, within the parameters set out in the binder. The specific terms vary from binder to binder but cover matters such as the amount of premium and risk aggregate that can be bound, the nature of the risks to be bound, the terms and conditions for the risks, the pricing structure to be used and the authority to vary that pricing, the process to refer non-standard risks to the syndicate, and any claims handling or claims paying ability. A coverholder may hold more than one binder, which may be from more than one syndicate or company.

Members delegate all responsibility for management of the underwriting business of a syndicate to the managing agent. Managing agents may manage more than one syndicate. A service company is an approved coverholder that is wholly owned by the managing agent. It only holds binders with syndicates of the relevant managing agent however it is also able to sub-delegate underwriting authority to other coverholders (coverholders are not permitted to sub-delegate).

Lloyd's utilizes third party providers for the accounting and settlement processes to facilitate efficient processing of subscription business. Ins-sure Holding Ltd (XIS) and Xchanging Claims Services Ltd (XSC), collectively known as "Velonetic", service premiums and claims for Lloyd's and for insurance companies.

As well as providing accounting and settlement services to the Lloyd's syndicates, Velonetic provides services to the Corporation of Lloyd's (the "Corporation"), which provides infrastructure and governance for Lloyd's, and which undertakes as part of this service provision, centralized regulatory and tax reporting. Velonetic undertakes certain compliance checking services on behalf of Lloyd's and the Corporation, and applies coding to transactions to facilitate regulatory and tax reporting around the world. The Corporation, on behalf of Lloyd's, uses Velonetic data for these purposes as it provides a consistent approach to processing and coding, under a control framework subject to ISAE

3402 Type II Controls Assurance Report independent annual audit. The majority of Lloyd's regulatory reporting in Switzerland is based mainly on either (a) premiums reported by a Swiss intermediary or (b) where there is no such intermediary, premiums signed or reported through Velonetic. The majority of the claims and premiums are reported via Velonetic, while a small proportion is reported by local Swiss brokers and an even smaller proportion reported directly by managing agents.

## **2 Basis of presentation**

### **Key Accounting and Valuation Principles**

The annual accounts for Lloyd's Switzerland have been prepared in accordance with Swiss law and Swiss regulations. The main accounting and valuation principles used, which are not already specified by the Code of Obligations, are described below.

The Financial Information was authorized for issue by the Lloyd's General Representative for Switzerland on 30.04.2024.

### **Basis of preparation**

The Financial Information is expressed in Swiss Francs, which is also the functional currency of the Business. The amounts presented in these Financial Statements are rounded to the nearest thousand, unless otherwise stated. The Financial Information is prepared on a going concern basis, under the Historical Cost Convention, except for investments that are accounted for at fair value. The Financial information is an aggregation of the bound asset balances, premium and insurance liabilities estimates for those Lloyd's syndicates underwriting business regulated in Switzerland, together with the income, expenses, assets and liabilities of the representative's office.

The Lloyd's Switzerland financial statements have been prepared on an aggregated basis. To the extent there are transactions and balances between syndicates or between syndicates and Lloyd's Switzerland, these have not been eliminated in preparing these financial statements.



## **Significant judgments, estimates and assumptions**

Preparation of the Financial Information requires management to make judgments, estimates and assumptions, which are described in the significant accounting policies below. These judgments, estimates and assumptions are based on the best knowledge that management possesses of relevant facts and circumstances, considering its past experience, and on measures that the Business may undertake in the future. Actual results may differ from these judgments, estimates and assumptions.

The judgments, estimates and assumptions having a significant impact on the amounts presented in the Financial Information are:

- Premium estimates
- Insurance liabilities estimates

## **Income taxes**

Net income is distributed to Lloyd's Underwriting Members in proportion to their participation and is subject to taxation in the hands of each Member. Therefore, no provision for income taxes is included in the Financial Information.

## **3 Significant accounting policies**

### **a) Premiums**

#### **Premium written**

Premiums are recorded gross of commissions and premium taxes.

The branch is reporting on behalf of a subscription market and written premium data is not available centrally. Therefore, as a proxy for such data, premium data is included (i) when it has been processed/recorded by Velonetic or directly by managing agents; or (ii) when cash for premiums reported by Swiss intermediaries to Lloyd's Switzerland has actually been received.

The written premium to date is calculated at a reserving class of business level by applying an assumed written premium pattern to the ultimate premiums. The assumed written premium patterns capture the percentage of the ultimate premium that is written at each development year.

#### **Estimated future premiums**

Future premium is the written premium less the premium signed to date. Future premium reflects business that has been written but may still be subject to timing and other adjustments. This is used as an exposure measure for actuarial reserve projections, which are on a full underwriting year basis.

The basis of estimating future premiums was refined in 2019 to one which better reflects written premium patterns for each class of business.

**b) Acquisition costs**

Brokerage and commission costs are reported on the same basis as written premiums, namely (i) when they have been processed/recorded by Velonetic or directly by managing agents; or (ii) when cash has been received for reported by Swiss intermediaries. These costs are earned using the same assumptions as for the earning of gross premiums.

**c) Financial instruments**

**Investments**

Purchases or sales of investments that require delivery of assets within a timeframe established by regulation or convention in the market place (regular way purchases) are recognised on the settlement date.

Interest-bearing investments are measured at amortised cost. Interest is calculated using the effective interest method and recognised in the branch statement of income. The UBS fund is measured at market value, CHF 180,878,198. This is classified under Bonds.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash at banks and demand deposits, and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value, with original maturities of three months or less.

**d) Other Assets**

Fixed assets are shown at original cost less accumulated depreciation, estimated to write them off evenly across their economic life.

## **e) Insurance liabilities**

Insurance liabilities include case reserves, IBNR, unearned premiums, security and volatility reserves, pre-paid premium liability and ULAE.

### **Case Reserves**

The case reserves undergo actuarial review as at 31 December each year. The details of the work carried out as part of this review and the results are set out in the responsible actuary's report to management. In addition, there is a quarterly review of the notified case reserves, changes in IBNR specifically for large losses and UPR. There is also a monthly review of the notified case reserves. Each of these reviews provides an indication of the adequacy of the bound assets and hence any subsequent action that may be required.

The classes of business considered are as follows:

- Accident (excluding UVG)
- Financial Loss (including Bail, Credit and Miscellaneous Financial Losses)
- Fire and Property Damage
- Liability
- Marine Aviation and Transport
- Motor (including Miscellaneous Motor and Motor Third Party Liability)
- Tourist Assistance

### **IBNR**

The total gross premium, paid claims and outstanding claim data for each class is triangulated on an underwriting year basis and standard actuarial techniques are used to project the future developments on the years of account which have not yet fully run off.

The selected gross ultimate claims from these methods are then used to produce an estimate of the IBNR for each class of business by subtracting the incurred claims. This IBNR includes an estimate of the future claims anticipated from the unexpired portion of incepted risks and is compared against the UPR. Any IBNR in excess of the UPR is subsequently booked in addition to the UPR. In the event of the UPR exceeding the IBNR, the UPR will be booked. This is in accordance with the Annexe to Form D.

Any changes in IBNR during the quarterly review relate specifically to large losses and this information is provided by syndicates upon request. UPR are also reviewed quarterly.

An estimate included for ULAE reserves on the claims liabilities described above is also included. Finally, there is an allowance for capital in respect of UVG (pensions) business.

## Unearned Premiums

The Unearned Premium Reserve (“UPR”) is calculated by applying at a reserving class of business level an assumed written premium pattern to the written premiums to date. The assumed patterns capture the percentage of ultimate premiums that is written at each development year.

As described above, UPR forms a part of the total liabilities which are calculated quarterly and are used to establish the Bound Assets reserving requirement and therefore the adequacy of the Bound Assets. The larger of the UPR and IBNR is used in the calculation as per the approach agreed with FINMA.

UPR within the Income Statement is shown gross of deferred acquisition costs (DAC), with the movement in DAC being shown in 4(e) in the accompanying notes. The provision for UPR within the balance sheet is also gross of DAC.

## Pre-Paid Premium Liability

In accordance with FINMA requirements highlighted in 2019, Lloyd’s Switzerland is obliged to reserve for the liabilities for pre-paid premiums. The liability includes any signed premium inception after the 31 December 2023.

## Security and Volatility Reserves

In accordance with the FINMA requirements Lloyd’s Switzerland is also required to hold security and volatility reserves. There are two components to this the fluctuation reserve and the credit equalisation reserve. The minimum and maximum boundaries of the fluctuation reserve are set by Lloyd’s and are subject to annual review by Lloyd’s. The credit equalisation reserve is set in accordance with the requirements of FINMA. The reinsurance described above is applied to the fluctuation reserve but not to the credit equalisation reserve.

## f) Foreign currency translation

Monetary assets and liabilities are translated into Swiss Francs at the rates in effect at the schedule of assets and liabilities date. Revenues and expenses are translated using the spot rates prevailing at the dates of the transactions, or the average rate may be used when this is a reasonable approximation.

### Exchange Rates

(CHF per foreign currency unit)

	End-of-period exchange rate		Average exchange rates	
	2024	2023	2024	2023
GBP	1.1400	1.0700	1.1200	1.1200
USD	0.9120	0.8425	0.8750	0.9032
EUR	0.9421	0.9304	0.9492	0.9739

#### 4 Information relating to items on the balance sheet and income statement

##### a) Receivables relating to insurance operations

	2024	2023
	CHF 000's	CHF 000's
Policyholders	110,247	159,667
Agents and intermediaries	1,059	948
Recoverable expenses (professional fees re UVG)	77	44
<b>Total receivables from insurance business</b>	<b>111,383</b>	<b>160,659</b>

##### b) Insurance reserves

	2024	2023
	CHF 000's	CHF 000's
	Gross	Gross
Unearned premiums	240,839	245,307
Outstanding claims reserves – gross	446,176	368,320
Credit and fluctuation reserves – gross	40,656	137,768
Prepaid premium liability	3,926	448
<b>Total insurance reserves</b>	<b>731,597</b>	<b>751,843</b>

##### c) Payables from insurance business

	2024	2023
	CHF 000's	CHF 000's
Agents and Intermediaries	1,733	1,321
<b>Total other payables from insurance business</b>	<b>1,733</b>	<b>1,321</b>

**d) Liaison account to head office**

	<b>2024</b>	<b>2023</b>
	<b>CHF 000's</b>	<b>CHF 000's</b>
<b>Opening Valuation</b>	317,116	177,369
Bound Assets Movement	(108,735)	155,801
Net Premium Trust Fund Movement	(239,851)	(196,725)
Annual results	214,763	180,671
<b>Closing Valuation</b>	<b>183,293</b>	<b>317,116</b>

**e) Change in insurance reserves**

	<b>2024</b>	<b>2023</b>
	<b>CHF 000's</b>	<b>CHF 000's</b>
Outstanding claims reserves – gross	(77,857)	886
Credit and fluctuation reserves – gross	97,112	(102,094)
Prepaid premium liability	(3,477)	698
<b>Change in insurance reserves</b>	<b>(15,778)</b>	<b>(100,510)</b>

**f) Acquisition expenses**

	2024	2023
	CHF 000's	CHF 000's
Contract conclusion expenses	(52,814)	(49,616)
Movement on deferred acquisition costs	(4,465)	(4,531)
<b>Total acquisition costs</b>	<b>(57,279)</b>	<b>(54,147)</b>

**g) Investment Income and Expenses**

	2024			2023		
	Other capital investments	Bonds	Total	Other capital investments	Bonds	Total
	CHF 000's	CHF 000's	CHF 000's	CHF 000's	CHF 000's	CHF 000's
Income	9070	68	9,138	2,416		2,416
Realised gains	-	-	-	-	-	-
Value appreciations	-	2,217	2,217	-	7821	7,821
<b>Investment income</b>	<b>9,070</b>	<b>2,285</b>	<b>11,355</b>	<b>2,416</b>	<b>7,821</b>	<b>10,237</b>
Bank charges	(287)	-	(287)	(328)	-	(328)
<b>Investment expenses</b>	<b>(287)</b>	<b>-</b>	<b>(287)</b>	<b>(328)</b>	<b>-</b>	<b>(328)</b>
<b>Net investment result</b>	<b>8,783</b>	<b>2,285</b>	<b>11,068</b>	<b>2,088</b>	<b>7,821</b>	<b>9,909</b>

**5 Liabilities to pension schemes**

Lloyd's Switzerland has no liabilities to pension schemes.

**6     Contingent liabilities**

Lloyd’s Switzerland has no contingent liabilities.

**7     Events after the reporting date**

There are no material events after the balance sheet date. Subsequent events for the current reporting period have been evaluated up to 30.04.2025. This is the date on which the financial statements were approved by the Lloyd’s General Representative for Switzerland.

**8     Fees paid to the auditor**

	2024	2023
	CHF 000’s	CHF 000’s
Audit services	146	124
Other services	-	-

**9     Other required disclosures**

Lloyd’s Switzerland does not have any further disclosures under the Swiss Code of Obligations.

