



**TOKIO MARINE**  
**HCC**

# HCC International Insurance Company plc, London – Zürich Branch

Financial Condition Report  
31 December 2021

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## Branch Manager & Directors' Statement

### Branch Manager

The Branch Manager is Philip Jung

### Statement of Branch Manager's Responsibilities

I acknowledge my responsibility for preparing the Financial Condition Report ('FCR') in all material respects in accordance with the Swiss Financial Market Supervisory Authority ("FINMA") rules and regulations.

I am satisfied that:

- a) throughout the financial year in question, HCC International Insurance Company Plc, London, Zürich Branch ('the Branch') has complied in all material respects with the requirements of the FINMA rules and regulations as applicable to the Branch; and
- b) it is reasonable to believe that the Company has continued so to comply subsequently and will continue so to comply in future.

I acknowledge my responsibility for preparing the Branch FCR in all material respects in accordance with the FINMA rules and regulations.



Philip Jung

**Branch Manager, HCC International Insurance Company Plc, London, Zürich Branch**

29 April 2022

### HCC International Insurance Company Plc ('HCCII') Directors

The directors set out below have held office from 1 January 2021 to the date of this report unless otherwise stated:

A M Baker (appointed 29 January 2021)  
S A Button  
B J Cook (Chief Executive Officer)  
K Hatakeyama (non-executive) (resigned 31 March 2021)  
T J G Hervy  
K L Letsinger  
N C Marsh (non-executive Chairman)  
H Mishima (appointed 6 February 2021)  
H-D Rohlf (non-executive)  
C Scarr (non-executive)  
K Shimizu (non-executive) (appointed 1 January 2022)  
G R A White

### Statement of Directors' Responsibilities

We acknowledge our responsibility for preparing the Financial Condition Report in all material respects in accordance with the Swiss Financial Market Supervisory Authority ("FINMA") rules and regulations.


We are satisfied that:

- a) throughout the financial year in question, HCC International Insurance Company Plc, London, Zürich Branch ('the Branch') has complied in all material respects with the requirements of the FINMA rules and regulations as applicable to the Branch; and
- b) it is reasonable to believe that the Company has continued so to comply subsequently and will continue so to comply in future.

We acknowledge our responsibility for preparing the Branch FCR in all material respects in accordance with the FINMA rules and regulations.

This report was reviewed by the Directors and the Branch Manager. It was signed off on 29 April 2022.

On behalf of the Board,

DocuSigned by:  
  
Jenrich Holiday 8485...  
**Company Secretary**

28 April 2022

## Executive Summary

The following Financial Condition Report ('FCR') has been prepared to provide information to the Swiss Financial Market Supervisory Authority ('FINMA') about the financial and capital position of the Zürich Branch ('the Branch') of HCC International Insurance Company plc ('HCCII'), for Country reporting purposes. The Branch underwrites business for HCCII in Switzerland. The report sets out the Business Activities and the Performance of the Branch, in line with the requirements of Chapter IV of FINMA-RS 16/2 "Disclosure - Insurers (Public Disclosure)".

## Business Summary

HCCII is the main risk carrier for Tokio Marine HCC Insurance Holdings (International) Limited ('TMHCCIH(I)'), which is part of the Tokio Marine Group ('TM Group'), whose ultimate holding company is Tokio Marine Holdings, Inc. The TM Group is a leading international insurance group located in Tokyo, Japan which has 265 subsidiaries, and 26 affiliates located worldwide, which undertake Non-Life and Life insurance and operate within the financial and general business sector (including consulting and real estate).

HCCII's core business is underwriting speciality lines of insurance. It has three core underwriting segments: International Specialty; London Market; and J Business. From a geographic perspective, the majority of business for both TMHCCIH(I) and HCCII has a UK location, with Switzerland being the only other location for HCCII. HCCII uses the Branch to write three key lines of business in Switzerland, namely Financial Lines, Contingency & Disability, and Credit & Political Risk. The Branch represents just over 2% of the gross written premium of HCCII.

HCCII shares the TM Group's 'Good Company' vision. The core principles of this vision are integral to HCCII's culture, business and the creation of sustainable growth and value for all its stakeholders (customers, employees, distribution network, suppliers, shareholders and the community).

HCCII's fundamental business philosophy is to produce an underwriting profit and investment income resulting in consistent net earnings that will increase shareholder value. This has been consistently accomplished through diversified businesses headed by those who are the best in the business, a comprehensive reinsurance programme and a conservative investment policy. This philosophy is supported by HCCII's culture which is underpinned by its core values: professionalism, discipline, honesty, respect and trust.

## Performance Summary

A summary of the profit and loss statement for the year ended 31 December 2021 for the Zürich Branch, is shown in the table below. To place these results in the context of the wider HCCII entity, a comparison to the full HCCII results is also detailed.

31 December 2021	HCCII USD'000	Zürich Branch USD'000	Zürich Branch CHF'000
Gross Written Premiums ('GWP')	1,147,780	27,534	25,110
Net Premiums Earned	756,010	15,224	13,884
Underwriting Result (Technical Account pre investment income)	177,473	8,248	7,522
Net Loss Ratio	42%	25%	25%
Net Combined Ratio	77%	46%	46%
Investment Income (Transferred to technical account)	25,503	128	117
Profit on ordinary activities before tax	179,197	9,792	8,930
SII Cash and investments (excluding investment in subs and land and buildings)	1,780,158	56,684	51,873
Solvency II Own Funds	1,035,055	N/A	N/A

The Zürich Branch made a net profit before tax for the financial year of \$9.8 million (2020: profit of \$8.2m). This compares to a corresponding full HCCII result of \$179.2m (2020: \$168.3m). The Zürich Branch result is driven by organic growth in existing lines of business, particularly in Financial Lines.

## *Resilience during Covid-19*

The Covid-19 pandemic has brought unprecedented challenge to everyone. Throughout 2021, HCCII continued to operate effectively within the varying lockdown restrictions in the UK and across Europe, successfully supporting its customers, brokers, and employees throughout these challenging times.

The health, safety and wellbeing of its employees has been a priority for HCCII during the pandemic. To enable its employees to work safely and securely in a remote working environment, HCCII ensured that: it has robust IT infrastructure; its employees have access to appropriate IT and office equipment; and it has supported the physical and mental wellbeing of its employees. In September 2021, HCCII introduced a dynamic working policy which provides employees with increased flexibility in how they work as HCCII moves to a hybrid working environment which it believes is the new way of working.

Throughout the pandemic, employees received regular communications from the CEO providing updates on how HCCII continued to operate and support its customers during the pandemic. In addition, employees were provided with regular communications and resources to support their wellbeing following the transition to new ways of working due to the pandemic. More details on the wellbeing initiatives undertaken during the year is set out in the People section of the HCCII annual report and consolidated financial statements.

Despite the challenging environment, HCCII has achieved another record technical result in 2021, demonstrating the resilience of its business model and its strategy to have a diversified portfolio of non-correlating business. The financial strength of HCCII combined with its strong stakeholder relationships and open and supportive culture position HCCII for continued success. HCCII's underwriting result, investment strategy and liquidity meant it was well positioned against the backdrops of rising interest rates and the unrealised losses on its investment portfolio in 2021.

## *Ukraine conflict*

HCCII continues to monitor the evolving military conflict in Ukraine, which commenced in February 2022 and the associated Russian and Belarusian exposures. The impact on HCCII is currently considered to be limited with only a few classes of business that have direct exposure. The indirect exposures are limited by the HCCII cautious investment strategy and robust operational frameworks. The impact of the conflict on future business is also expected to be limited. Management will continue to actively monitor the situation and to assist our policyholders.

## Section A – Business Activities

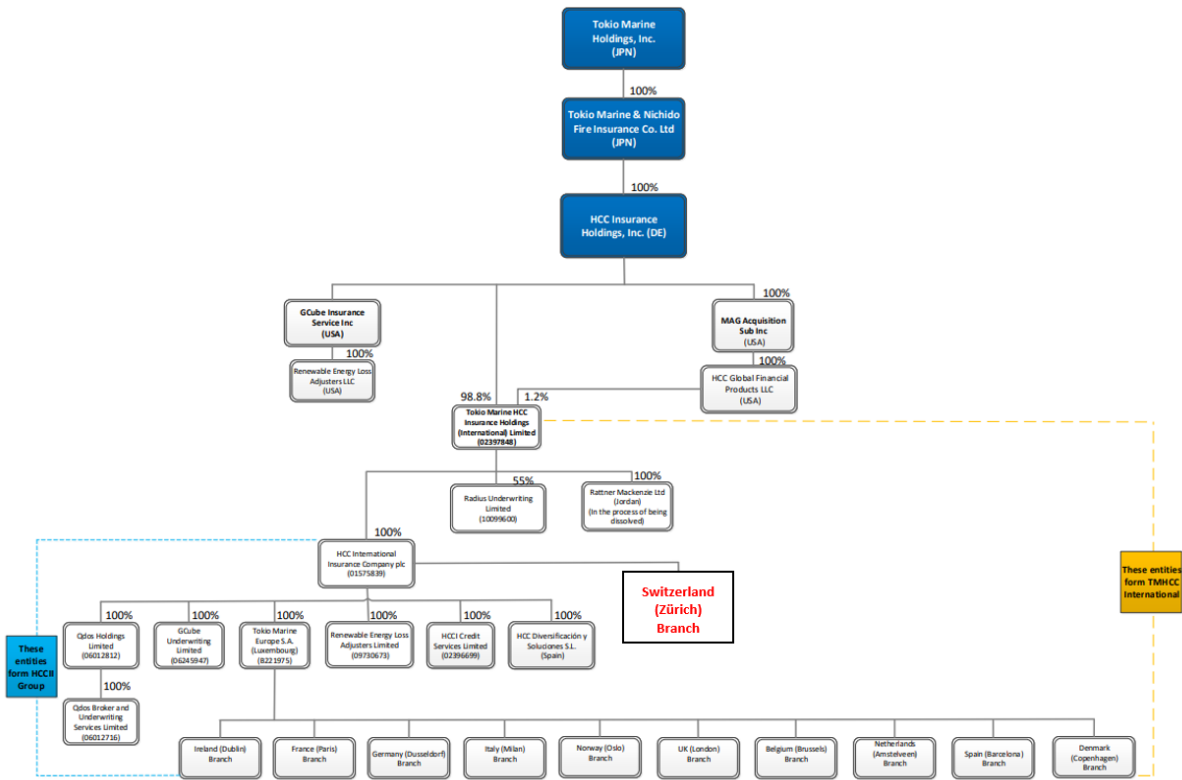
### Overview

HCCII utilises the Branch to write the following three main lines of business, namely Financial Lines, Contingency and Disability and Credit & Political Risk. The Branch was registered on 19 December 2007, under the laws of Switzerland and is regulated by the Swiss Financial Market Supervisory Authority ('FINMA') and represents just over 2% of the gross written premium of HCCII.

The underwriting activities of the Branch are conducted by underwriters located at the London and Barcelona offices. Claims are handled by the TMHCCII(I) Claims team in London and Barcelona and financial reporting requirements are also managed in London.

HCCII is the main risk carrier for TMHCCII(I), which is part of the TM Group, whose ultimate holding company is Tokio Marine Holdings, Inc. TMHCCII(I)'s immediate parent is HCC Insurance Holdings, Inc. which is based in Houston, United States of America, and holds 100% of the share capital of TMHCCII(I) through its direct and indirect shareholding.

The detailed schematic below shows how HCCI and the Branch fit into the wider group structure. The entities highlighted in blue show TMHCCII(I)'s immediate and ultimate parents, while the other boxes indicate TMHCCII(I) group companies.



### TMHCCII(I)

TMHCCII(I) is part of the TM Group, whose ultimate holding company is Tokio Marine Holdings, Inc. TM Group is a leading international insurance group located in Tokyo, Japan which has 265 subsidiaries, and 26 affiliates located worldwide, which undertake Non-Life and Life insurance and operate within the financial and general business sector (including consulting and real estate).

As of 31 December 2021, TM Group had total assets of ¥27.05 trillion (December 2020: ¥25.6 trillion) and shareholders' equity of ¥2.07 trillion (December 2020: ¥1.9 trillion). TM Group and a number of its major insurance companies have a financial strength rating of A+ (Stable) from Standard & Poor's Financial Services LLC (S&P).

HCC Insurance Holdings, Inc. (TMHCC Group) is a subsidiary within the TM Group based in the United States (US) and is a leading international specialty insurance group with more than 100 classes of specialty insurance, which underwrites risks located in approximately 180 countries. Given its financial strength and track record of excellent results, it benefits from an S&P rating of A-.

TMHCC International, which had Gross Written Premiums (GWP) of \$1.811bn in 2021 (2020: \$1.506bn), is the TMHCC Group's operating segment outside of the US.

At 31 December 2021, the Group's subsidiaries are:

- HCCII;
- TME;
- Qdos Holdings Limited (QHL), Qdos Broker and Underwriting Services Limited (QBuS);
- HCCI Credit Services Limited (Credit Services);
- GCube Underwriting Limited (GCube);
- Renewable Energy Loss Adjusters Limited (RELA); and
- Rattner Mackenzie
- Radius – This subsidiary was liquidated on 1 February 2022. As at 31 December 2021, its contribution to Own Funds is nil.

HCCII is its principal trading subsidiary, with TME being HCCII's own subsidiary. TMHCCIH(I) Eligible Own Funds as at 31 December 2021 total \$1056.0m (2020: \$854.4m).

TMHCCIH(I) is well capitalised and HCCII is the flagship entity of TMHCC International. HCCII and TME have standalone S&P ratings of A+.

## **HCCII**

HCCII is an international insurance company regulated by both the PRA and the Financial Conduct Authority ('FCA') to transact general insurance. HCCII underwrites a variety of lines including Property Treaty, Property Direct and Facultative, Delegated Property, Accident and Health, Energy, Marine (Hull, Liability and, Cargo), Professional Risks, Financial Lines, Credit and Political Risk, Credit & Surety, Contingency and Japanese Business ('J-Business'). HCCII is based in the United Kingdom and conducts business through its principal offices in London, its regional offices across the UK, and its branch in Switzerland. The Group's European business was conducted by TME through its branches in Spain, Ireland, France, Germany, Italy, Denmark, Belgium, Norway, the Netherlands and the UK. HCCII also accepts inwards reinsurance risks from the United States, Canada and Australia.

## **Business Model**

The principal purpose of the Branch is to write general commercial insurance and further insurance company related activities specified in its registration. The Branch follows the general business model and strategy of TMHCCIH(I), as outlined in the next two sub-sections.

TMHCCIH(I)'s business model is built upon fundamental principles which provide policyholders with confidence about their risk decisions.



### Face risk with confidence

TMHCCI(I)'s core business is underwriting speciality lines of insurance. TMHCCI(I) has three core underwriting segments: International Specialty; London Market; and J Business.

The segments offer products in the UK from HCCII's London and regional offices; in Europe through TME's European branches; and across the rest of the EEA via Freedom of Services authorisations. HCCII accepts global inwards reinsurance risks where its licences permit. The majority of the business written by the London Market, International Specialty and J Business Group is commercial lines, although personal lines business is written within these segments.

### Providing clients with products through the distribution network

The London Market, International Specialty and J Business products underwritten by TMHCCI(I) are distributed to clients through established broker (wholesale, regional and specialty), underwriting agency and coverholder relationships. Additionally, certain International Specialty and London Market business is written through online distribution portals.

### Underwriting and managing risk

Careful risk selection and reinsurance purchasing is central to TMHCCI(I)'s culture and is the foundation to grow by meeting or exceeding its target risk-adjusted return. TMHCCI(I)'s experienced technical underwriters underwrite each risk individually, assessing a range of factors, including but not limited to: financial exposure, loss history, risk characteristics, limits, deductibles, terms and conditions, and acquisition expenses using rating and other models. TMHCCI(I) may delegate underwriting where distribution is held by coverholders or brokers. However, this is through standard rating sheets and referral controls for risks that require non-standard pricing.

### Reserves

TMHCCI(I)'s reserving policy safeguards reliable and consistent reserve estimates across all classes of business, maintaining overall reserves at, or above, the actuarial midpoint. The reserving process is embedded into the governance framework which requires that an internal and robust review of reserves is carried out at least quarterly by management with actuarial support.



## Investment

TMHCCIH(I) has a conservative investment strategy. Funds are invested in accordance with the Solvency II risk-based approach to investments and the 'prudent person principle', which ensures that assets are of appropriate security, quality, and liquidity; are adequately diversified; and broadly match TMHCCIH(I)'s liabilities.

## Claims Management

TMHCCIH(I) recognises the importance of the claims settlement process and believes that it can differentiate itself from its competitors through its approach. The claims teams are focused on delivering a quality, reliable and efficient claims service by adjusting and processing claims in a fair and timely manner, ensuring that customers are treated fairly and in accordance with policy terms and conditions.

## Strategy

TMHCCIH(I)'s fundamental business philosophy is to produce an underwriting profit and investment income resulting in consistent net earnings that will increase shareholder value. This has been consistently accomplished through diversified businesses headed by those who are the best in the business, a comprehensive reinsurance programme, and a conservative investment policy. This philosophy is supported by TMHCC International's culture, which is underpinned by its core values: professionalism, discipline, honesty, respect, and trust.

## Strategic objectives

- Maintain a diversified portfolio of non-correlating businesses.
- Ensure sustainable growth through:
  - expansion of TMHCCIH(I)'s brand in the UK regional market, the London Market and throughout the rest of Europe; and
  - identification and development of opportunities to grow TMHCCIH(I)'s business through acquisition or establishing new lines of business.
- Maintain management, organisational and governance structures that are appropriate for, and supports, TMHCCIH(I)'s growing business.

TMHCCIH(I) has consistently delivered its strategic plan as a result of the following key strengths:

- **Diversified portfolio of specialty business** – the balanced portfolio is achieved by writing a spread of business over time, segmented between different products, geographies, and sizes, and differentiating itself from competitors either in product offering, customer service or market positioning. This results in a diverse and balanced portfolio of risks across lines of business, which limits volatility and enables TMHCCIH(I) to consistently achieve an underwriting profit that increases shareholder's value.
- **Operational efficiency** – TMHCC International manages its portfolio by line of business through a single integrated operating model. This provides operational efficiencies across TMHCC International, which benefits TMHCCIH(I).
- **Skilled and entrepreneurial management** – TMHCCIH(I) has a flat management structure with an experienced and entrepreneurial executive team. This enables flexible adaptation to the changing business environment, resulting in faster decision making and responsiveness to opportunities.
- **Prudent risk management** – TMHCCIH(I)'s conservative risk appetite and approach to risk management ensures that risks are identified, monitored, and mitigated. Reinsurance is one of the most important risk mitigation tools used to limit exposure, reduce the volatility of various lines of business and preserve capital.

**Financial security** – TMHCCIH(I) has very strong security (HCII and TME both have S&P Ratings of A+ and Fitch Ratings of AA-). This provides the policyholder with the knowledge and comfort that TMHCCIH(I) will be able to honour its obligations when called upon to do so. Financial strength is a key differentiator for the Credit, Surety and Financial Lines businesses and allows TMHCCIH(I) to access the highest quality risks where an insurer's financial strength carries a premium.

## Good Company Approach

TMHCCIH(I) shares the TM Group's 'Good Company' vision.



The core principles of this vision are integral to TMHCCI(H)'s culture, business and the creation of sustainable growth and value for all its stakeholders (customers, employees, distribution network, suppliers, shareholders, regulators, and the community).

To support the Good Company approach to being a sustainable and responsible business, TMHCCI(H) has a sustainability governance structure that covers a wide range of Environmental, Social and Corporate Governance (ESG) issues relevant to its business and stakeholders. TMHCCI(H)'s approach to sustainability includes the following areas of focus:

#### **Charity and community**

Investing in our wider community by developing partnerships with charities as well as organising relevant fundraising and volunteering initiatives and actively engaging employees in these projects to make a difference.

#### **Workplace**

Developing TMHCCI(H)'s diversity and inclusion practices, ensuring and promoting the health and wellbeing of our employees, and providing learning and development opportunities for all employees.

#### **Climate Risk**

The identification, assessment, and management of Physical, Transitional and Liability risks and opportunities from climate change and the development of initiatives to minimise TMHCCI(H)'s environmental impact from its business and operations.

#### **Business conduct and ethics**

Conducting business ethically, honestly, and responsibly.

#### **Auditor and Regulatory Bodies**

The regulatory supervisor and external auditor for TMHCCI(H) and HCCII are set out below:

*Group Supervisor  
(Prudential Risk)*

Prudential Regulatory Authority  
Bank of England  
20 Moorgate  
London

*Group Supervisor  
(Conduct Risk)*

Financial Conduct Authority  
25 The North Colonnade  
Canary Wharf  
London

*Group Auditors*

PricewaterhouseCoopers LLP  
7 More London Riverside  
London  
SE1 2RT

The regulatory supervisor and external auditor for the Branch is set out below:

*Branch Supervisor  
(Prudential Risk)*

FINMA  
27 Laupenstrasse  
3003 Bern  
Switzerland

*Branch Auditors*

PricewaterhouseCoopers Ltd.  
Birchstrasse 160, Postfach  
CH-8050, Zürich  
Switzerland

## Section B – Performance

### Underwriting Performance

A summary of key financial information for the years ending 31 December 2021 and 31 December 2020, for the Branch, can be found below. To place these results in the context of the wider HCCII entity, a comparison to the full HCCII results is also detailed.

	HCCII	Zürich Branch	Zürich Branch
31 December 2021	USD'000	USD'000	CHF'000
Gross Written Premiums ('GWP')	1,147,780	27,534	25,110
Net Premiums Earned	756,010	15,224	13,884
Underwriting Result (Technical Account pre investment income)	177,473	8,248	7,522
Net Loss Ratio	42%	25%	25%
Net Combined Ratio	77%	46%	46%
Investment Income (Transferred to technical account)	25,503	128	117
Profit on ordinary activities before tax	179,197	9,792	8,930
SII Cash and investments (excluding investment in subs and land and buildings)	1,780,158	56,684	51,873
Solvency II Own Funds	1,035,055	N/A	N/A

	HCCII	Zürich Branch	Zürich Branch
31 December 2020	USD'000	USD'000	CHF'000
Gross Written Premiums (GWP)	821,804	18,159	17,006
Net Premiums Earned	574,628	11,991	11,230
Underwriting Result (Technical Account)	116,916	9,916	9,286
Net Loss Ratio	42%	3%	3%
Net Combined Ratio	80%	17%	17%
Investment Income	21,378	191	179
Profit on ordinary activities before tax	168,298	8,176	7,657
SII Cash and investments (excluding investment in subs and land and buildings)	1,472,729	56,517	49,895
Solvency II Own Funds	840,280	N/A	N/A

The Zürich Branch made a net profit before tax for the financial year of \$9.8m (2020: profit of \$8.2m). This compares to a corresponding full HCCII result of \$179.2m (2020: \$168.3m). The Zürich Branch result is driven by organic growth in existing lines of business, which is discussed further below.

## Underwriting Performance by Line of Business

A summary of the Underwriting Result for the years ending 31 December 2021 and 31 December 2020, for the Zürich Branch was as follows:

CHF'000 31 December 2021	Gross Written Premium	Net Earned Premium	Net Loss Ratio %	Underwriting Result
<b>Specialty</b>				
Financial Lines	19,569	10,981	33%	5,300
Contingency & Disability	404	86	20%	39
Credit & Political Risk	2,649	1,711	-33%	1,903
Professional Risks	46	26	36%	9
Other Specialty	894	86	43%	(42)
<b>Total Specialty</b>	<b>23,562</b>	<b>12,890</b>	<b>25%</b>	<b>7,209</b>
<b>London Market</b>				
Property Treaty	(12)	(12)	76%	(2)
Marine & Energy	838	406	69%	9
Accident & Health	721	599	7%	295
<b>Total London Market</b>	<b>1,548</b>	<b>994</b>	<b>32%</b>	<b>302</b>
<b>Total J-Business (Exited Lines)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11</b>
<b>Total</b>	<b>25,110</b>	<b>13,884</b>	<b>25%</b>	<b>7,522</b>

CHF'000 31 December 2020	Gross Written Premium	Net Earned Premium	Net Loss Ratio %	Underwriting Result
<b>Specialty</b>				
Financial Lines	11,414	8,840	-14%	8,960
Contingency & Disability	2,625	121	1113%	(1,312)
Credit & Political Risk	1,618	1,679	1%	1,270
Professional Risks	-	-	-	-
Other Specialty	787	4	-1622%	274
<b>Total Specialty</b>	<b>16,444</b>	<b>10,644</b>	<b>0%</b>	<b>9,192</b>
<b>London Market</b>				
Property Treaty	-	(5)	34%	4
Marine & Energy	429	407	90%	(22)
Accident & Health	133	184	-1%	122
<b>Total London Market</b>	<b>562</b>	<b>586</b>	<b>62%</b>	<b>104</b>
<b>Total J-Business (Exited Lines)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10)</b>
<b>Total</b>	<b>17,006</b>	<b>11,230</b>	<b>3%</b>	<b>9,286</b>

The 2021 underwriting result of CHF 7.5m is driven by organic growth throughout the year, offset by increased claims, primarily in the Financial Lines reporting unit. HCCII uses the Branch to write three key lines of business in Switzerland, namely Financial Lines, Contingency and Disability and Credit & Political Risk. The negative loss ratio for Credit and Political Risk in 2021 has been driven by reserve releases and below budget claims experience in UK Credit.

### *Financial Lines*

The Branch is utilized for Swiss domiciled insureds. Coverages offered include mainly Directors' & Officers' Liability, Errors & Omissions (Professional Indemnity), Cyber and Transaction Risk Insurance. The book is weighted towards excess layers and most clients are Financial Institutions.

### *Contingency & Disability*

The Branch is utilized for Swiss domiciled insureds. Products offered under this range include event cancellation, professional sports and entertainers disability and kidnap & ransom. We specialise in covering major sporting events, concerts/festivals, conferences/conventions and trade shows.

### *Credit & Political Risk*

The Branch is utilized for our Swiss domiciled insureds and can offer trade credit for banks (including Letters of Credit and structured trade finance transactions), political risk (including contract repudiation/frustration, confiscation etc. of fixed and mobile assets, political violence) and short- and medium- term single and multiple debtor export and domestic trade credit.

## **Underwriting Performance by Quantitative Template Segmentation**

The previous section highlighted the results by management line of business.

The following table provides insight to the mapping of business between TMHCC International lines of business, and those reported in the quantitative template in the Annex.

The quantitative template segmentation is applied at an individual policy level, meaning that the quantitative template lines of business can be found across multiple TMHCC International lines of business. Likewise, the following is not an exhaustive mapping between TMHCC International and the quantitative template lines of business.

<b>TMHCC International Line of Business</b>	<b>Quantitative Template Line of Business</b>
<b>Energy &amp; Marine</b>	Transport Fire, natural hazards, property damage
<b>Property &amp; Property Treaty</b>	Fire, natural hazards, property damage
<b>Accident &amp; Health</b>	Accident
<b>Surety</b>	Other branches
<b>Credit</b>	Other branches
<b>HCC Credit</b>	Other branches
<b>Professional Risks</b>	General Third-Party Liability
<b>Financial Lines</b>	General Third-Party Liability
<b>Other</b>	Other branches

As may be seen in the Annex, within the quantitative template segmentation, the main lines are General Third-Party Liability and Other branches. The main component of the former is Financial Lines and HCC Credit is the main component of the latter. Both lines were detailed in the previous section.

## Investment Performance

The investment function for both HCCII and the branch is overseen by the Investment Committee which operates under terms of reference set by HCCII's Board. The Committee is responsible for recommending the Investment Risk Appetite to the Board and preparing, in conjunction with HCCII's Investment Managers, the Investment Policy which is consistent with the risk appetite and regulatory requirement.

The performance of the Branch's portfolio, for the years ending 31 December 2021 and 31 December 2020, is as follows:

Asset Classes	31 December 2021				Total CHF'000
	Income/(Loss)	Realised Gains/(Loss)	Unrealised Gain/(Loss)		
	CHF'000	CHF'000	CHF'000		
Fixed Interest Securities	704	91	(480)		315
Investment Fees	(198)	-	-		(198)
<b>Total</b>	<b>506</b>	<b>91</b>	<b>(480)</b>		<b>117</b>

Asset Classes	31 December 2020				Total CHF'000
	Income/(Loss)	Realised Gains/(Loss)	Unrealised Gain/(Loss)		
	CHF'000	CHF'000	CHF'000		
Fixed Interest Securities	715	15	(315)		415
Investment Fees	(236)	-	-		(236)
<b>Total</b>	<b>479</b>	<b>15</b>	<b>(315)</b>		<b>179</b>

Net investment income on the Fixed Income Securities relates to the effective interest that is earned on the bond portfolio held by the Branch and include Investment expenses relate to the various investment manager and other fees incurred in running the Branch investment portfolios.

The bond investments of the branch are usually held to maturity. Realised FX Gains/Losses mainly occur when non-US denominated assets mature and will be relatively volatile year on year. The increase in realised gains is driven by the maturity of a Swiss government bond.

## Performance of Other Activities

### Other Material Income and Expenses

There are no other material income or expenses to disclose.

## ANNEX: Reporting Templates and Financial Statements

This Annex contains the quantitative template "Performance Solo Insurance", as well as the audited annual financial statements and report of the statutory auditor, all in respect of the year ended 31 December 2021.

### Financial situation report: quantitative template "Performance Solo NL"

Currency: CHF or annual report currency  
Amounts stated in millions

	Total		Direct Swiss business													
	Previous year	Reporting year	Accident		Illness		Motor vehicle		Transport		Fire, natural hazards, property damage		General third-party liability		Other branches	
			Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year
Gross premiums	17.0	25.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.0	0.5	10.2	18.6	5.0	4.0
Reinsurers' share of gross premiums	(7.9)	(8.2)	(0.0)	(0.0)	0.0	0.0	0.0	0.0	(0.0)	(0.1)	(0.0)	(0.1)	(4.2)	(6.7)	(3.3)	(1.0)
Premiums for own account (1 + 2)	9.1	16.9	(0.0)	(0.0)	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.4	6.0	11.9	1.7	3.0
Change in unearned premium reserves	0.8	(3.0)	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.1)	(0.0)	(0.3)	1.8	(2.2)	(1.2)	(0.4)
Reinsurers' share of change in unearned premium reserves	1.3	(0.0)	(0.0)	(0.0)	0.0	0.0	0.0	0.0	(0.0)	0.1	(0.0)	0.0	(0.0)	0.5	1.3	(0.7)
Premiums earned for own account (3 + 4 + 5)	11.2	13.9	(0.0)	(0.0)	0.0	0.0	0.0	0.0	0.1	0.1	(0.0)	0.1	7.7	10.2	1.8	1.9
Other income from insurance business	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total income from underwriting business (6 + 7)</b>	11.2	13.9	(0.0)	(0.0)	0.0	0.0	0.0	0.0	0.1	0.1	(0.0)	0.1	7.7	10.2	1.8	1.9
Payments for insurance claims (gross)	(7.6)	(20.3)	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.0)	0.0	0.0	(0.7)	(16.0)	(6.7)	(4.1)
Reinsurers' share of payments for insurance claims	5.9	11.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.2	7.5	5.6	3.7
Change in technical provisions	0.9	10.2	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	0.0	(0.0)	(0.1)	1.2	10.5	(2.8)	2.7
Reinsurers' share of change in technical provisions	0.4	(4.7)	0.1	2.9	0.0	0.0	0.0	0.0	0.1	(0.2)	0.0	0.0	(2.2)	(5.6)	2.5	(1.8)
Change in technical provisions for unit-linked life insurance			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Expenses for insurance claims for own account (9 + 10 + 11 + 12 + 13)</b>	(0.4)	(3.5)	0.1	2.9	0.0	0.0	0.0	0.0	0.0	(0.2)	0.0	(0.0)	(1.5)	(3.5)	(1.3)	0.5
Acquisition and administration expenses	(3.5)	(5.4)	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(1.4)	(2.7)	(1.8)	(2.1)
Reinsurers' share of acquisition and administration expenses	2.0	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2	1.8	0.7	0.6
Acquisition and administration expenses for own account (15 + 16)	(1.6)	(2.9)	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.2)	(0.9)	(1.1)	(1.6)
Other underwriting expenses for own account			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total expenses from underwriting business (14 + 17 + 18) (non-life insurance only)</b>	(1.9)	(6.4)	0.1	2.9	0.0	0.0	0.0	0.0	0.0	(0.2)	0.0	(0.1)	(1.8)	(4.4)	(2.4)	(1.1)
Investment income	0.7	0.7														
Investment expenses	(0.6)	(0.6)														
<b>Net investment income (20 + 21)</b>	0.2	0.2														
Capital and interest income from unit-linked life insurance	0.0	0.0														
Other financial income	0.0	0.0														
Other financial expenses	0.0	0.0														
<b>Operating result (8 + 14 + 17 + 18 + 22 + 23 + 24 + 25)</b>	9.5	7.1														
Interest expenses for interest-bearing liabilities	0.0	0.0														
Other income	0.0	0.0														
Other expenses	(0.3)	(1.8)														
Extraordinary income/expenses	0.0	0.0														
<b>Profit / loss before taxes (26 + 27 + 28 + 29 + 30)</b>	9.1	5.3														
Direct taxes	0.2	0.2														
<b>Profit / loss (31 + 32)</b>	9.3	5.5														

	Total		Indirect business											
			Personal accident		Health		Marine, aviation, transport		Property		Casualty		Miscellaneous	
	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
Gross premiums	17.0	25.1	0.0	0.0	0.1	0.7	0.3	0.1	(0.0)	(0.0)	1.2	1.0	0.0	0.0
Reinsurers' share of gross premiums	(7.9)	(8.2)	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.0)	(0.3)	(0.3)	0.0	0.0
Premiums for own account (1 + 2)	9.1	16.9	0.0	0.0	0.1	0.7	0.3	0.1	(0.0)	(0.0)	0.9	0.7	0.0	0.0
Change in unearned premium reserves	0.8	(3.0)	0.0	0.0	0.1	(0.1)	(3.0)	0.0	0.0	(0.0)	0.2	0.1	0.0	0.0
Reinsurers' share of change in unearned premium reserves	1.3	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	0.0	0.0	(0.0)	0.0	0.0
Premiums earned for own account (3 + 4 + 5)	11.2	13.9	0.0	0.0	0.2	0.6	0.4	0.2	(0.0)	(0.0)	1.1	0.8	0.0	0.0
Other income from insurance business	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total income from underwriting business (6 + 7)</b>	<b>11.2</b>	<b>13.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>	<b>0.6</b>	<b>0.4</b>	<b>0.2</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>1.1</b>	<b>0.8</b>	<b>0.0</b>	<b>0.0</b>
Payments for insurance claims (gross)	(7.6)	(20.3)	0.0	0.0	(0.0)	0.0	(0.1)	(0.2)	(0.0)	0.0	(0.0)	(0.1)	0.0	0.0
Reinsurers' share of payments for insurance claims	5.9	11.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in technical provisions	0.9	10.2	0.0	0.0	(0.1)	(3.0)	(0.4)	0.1	0.1	0.1	2.9	(0.2)	0.0	0.0
Reinsurers' share of change in technical provisions	0.4	(4.7)	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.1)	(0.1)	0.1	0.0	0.0
Change in technical provisions for unit-linked life insurance			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Expenses for insurance claims for own account (9 + 10 + 11 + 12 + 13)</b>	<b>(0.4)</b>	<b>(3.5)</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.1)</b>	<b>(2.9)</b>	<b>(0.5)</b>	<b>(0.1)</b>	<b>0.1</b>	<b>0.0</b>	<b>2.8</b>	<b>(0.1)</b>	<b>0.0</b>	<b>0.0</b>
Acquisition and administration expenses	(3.5)	(5.4)	0.0	0.0	(0.0)	(0.2)	(0.0)	(0.0)	0.0	0.0	(0.2)	(0.3)	0.0	0.0
Reinsurers' share of acquisition and administration expenses	2.0	2.5	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.0)	0.1	0.1	0.0	0.0
Acquisition and administration expenses for own account (15 + 16)	(1.6)	(2.9)	0.0	0.0	(0.0)	(0.2)	(0.0)	(0.0)	0.0	0.0	(0.1)	(0.2)	0.0	0.0
Other underwriting expenses for own account			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total expenses from underwriting business (14 + 17 + 18) (non-life insurance only)</b>	<b>(1.9)</b>	<b>(6.4)</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.2)</b>	<b>(3.2)</b>	<b>(0.5)</b>	<b>(0.1)</b>	<b>0.1</b>	<b>0.0</b>	<b>2.7</b>	<b>(0.3)</b>	<b>0.0</b>	<b>0.0</b>
Investment income	0.7	0.7												
Investment expenses	(0.6)	(0.6)												
<b>Net investment income (20 + 21)</b>	<b>0.2</b>	<b>0.2</b>												
Capital and interest income from unit-linked life insurance	0.0	0.0												
Other financial income	0.0	0.0												
Other financial expenses	0.0	0.0												
<b>Operating result (8 + 14 + 17 + 18 + 22 + 23 + 24 + 25)</b>	<b>9.5</b>	<b>7.1</b>												
Interest expenses for interest-bearing liabilities	0.0	0.0												
Other income	0.0	0.0												
Other expenses	(0.3)	(1.8)												
Extraordinary income/expenses	0.0	0.0												
<b>Profit / loss before taxes (26 + 27 + 28 + 29 + 30)</b>	<b>9.1</b>	<b>5.3</b>												
Direct taxes	0.2	0.2												
<b>Profit / loss (31 + 32)</b>	<b>9.3</b>	<b>5.5</b>												

## Signed Annual Financial Statements



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