

Addendum of “Solvency and Financial Condition Report”, IDA Insurance Limited

Report on the financial condition of International Diving Insurance Ltd., Valletta (Malta), Baar Branch

Management Summary

FINMA has defined its expectations for the disclosure of information on Swiss business in paragraphs 18-24 (Business activity), 25-34 (Performance) and 102 (Quantitative templates "Performance") of FINMA Circular 2016/2 "Disclosure – insurers".

International Diving Insurance Ltd., Valletta (Malta), Baar branch (IDA Baar) is exempt from publishing a separate report on the financial condition in accordance with Art. 111a ISO, nevertheless FINMA expects at least the following information in the “Solvency and Financial Condition Report” of headquarter (IDA).

The reporting period corresponds to the calendar year 2018, i.e., it starts on 1 January 2018, and lasts until the reporting date, 31 December 2018. Unless mentioned otherwise all monetary figures are gross of reinsurance and stated in EUR, IDA's functional currency. At the reporting date it traded at 1.1266 CHF for balance sheet amounts and at 1.1549 CHF for premium and claim amounts.

There are neither major changes nor main exceptional events during the calendar year in comparison with previous year.

1. Business activity

IDA is licensed by the Malta Financial Services Authority (MFSA). It is a niche non-life on-line insurer specialized in providing worldwide assistance, medical emergency, accident benefits, liability covers and legal indemnities and services to scuba divers and the scuba diving supporting industry. IDA Baar was established and licensed by FINMA in October 2012, and since January 2013 it underwrites

- Accident (Acc)
- Legal Expenses (LEx)
- General Liability (TPL)

coverages in Switzerland. IDA Baar operates online in the same fashion as the rest of IDA's worldwide business, and it accounts for ca. 6% of its volume.

IDA Baar has outsourced most of its activities in Switzerland and does not employ any individuals within the country. Therefore, the branch has an annual average of 0 full-time positions. There are no activities in research and development and there have been no extraordinary events which would impact IDA Baar.

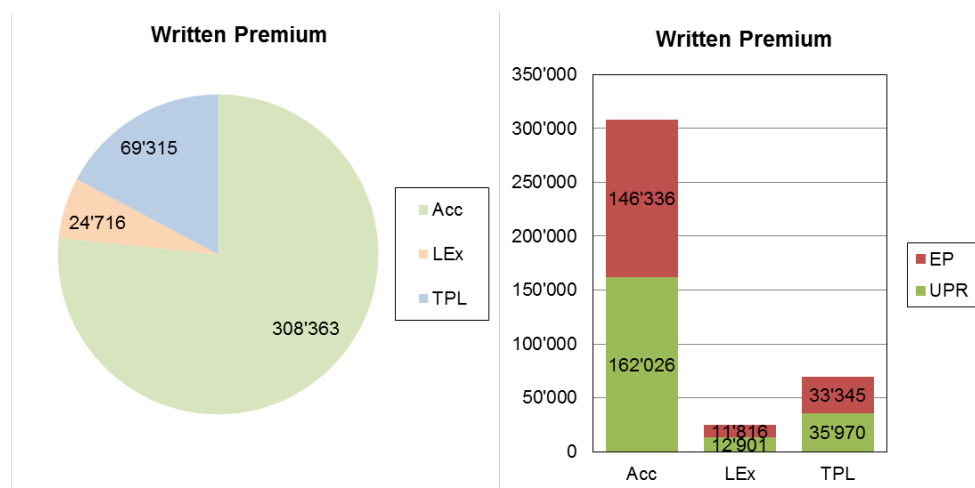
No significant changes are expected in the market conditions or claims patterns for the modest size existing portfolio.

Deloitte (Deloitte AG, General-Guisan Quai 38, 8002 Zürich) is since the licensing the external auditor of IDA Baar and Emel Can Harrison is the responsible auditor.

2. Performance

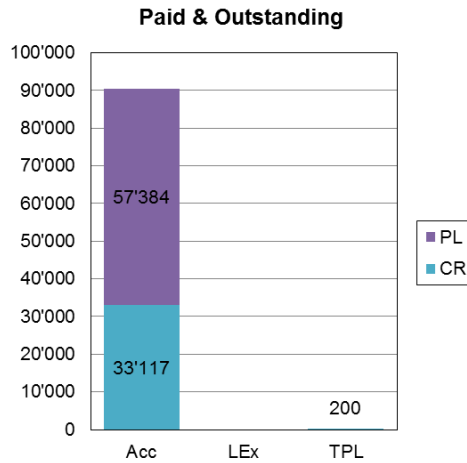
2.1. Underwriting performance

In the course of the reporting period IDA Baar wrote overall ca. 402'000 EUR in gross premium, where more than 75% was generated by the Acc line of business, as depicted in the figures below:



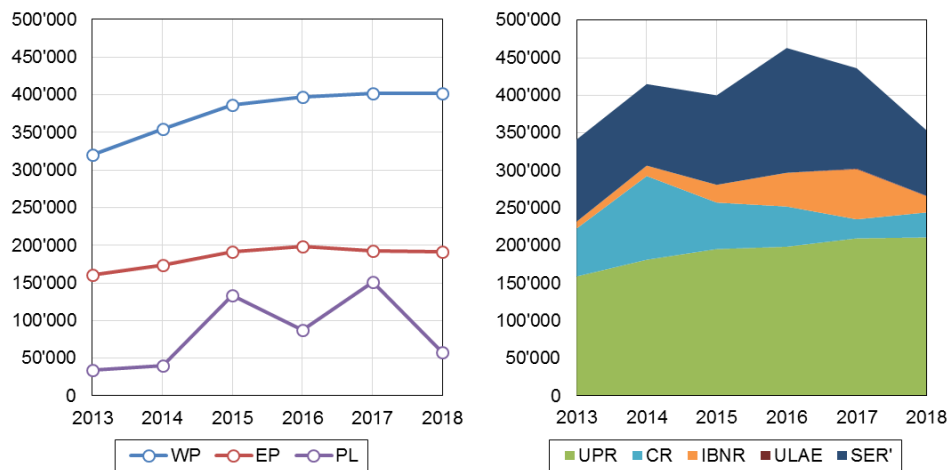
At the reporting date IDA Baar was exposed to ca. 5'500 risk-attaching policies, most of which covering the three underwritten lines of business. 52 open claims all stemmed from the Acc line of business, except only two TPL claims. Moreover, only 7 claims stemmed from policies written in previous years.

The gross paid losses and outstanding case reserves amounted to ca. 57'000 EUR and 33'000 EUR respectively, as depicted in the figure below:



At the reporting date IDA Baar's gross costs from insurance business amounted to ca. 200'000 EUR. IDA Baar did not report any anomalous development during the reporting period. Its underwritten risks are identical and its business volume has now saturated with a slight organic increase. On the claims side, the comparison with the previous period shows that the amount of claims paid decreased by ca. 100'000 and that the outstanding case reserves accordingly slightly decreased.

The development of the principle item is depicted in the figure below:



Overall and in comparison with the previous year, there has been an improvement with respect to the net claims incurred.

A comparison of the information relating to the underwriting result with that of the previous year is provided in the following table:

INCOME STATEMENT for the year ended December 31	2018		2017
Gross written premiums	402'394	0%	402'144
Reinsurers' share of written premiums	-196'577	-1%	-197'725
Net written premiums	205'817	1%	204'419
Gross change in unearned premium reserves	-1'224	-96%	-28'815
Reinsurers' share of change in unearned premium reserves	-122	-101%	13'465
Net earned premiums	204'471	8%	189'069
Total income from insurance business	204'471	8%	189'069
Gross claims paid	-57'384	-62%	-151'251
Reinsurers' share of claims paid	29'076	-64%	80'064
Gross change in claims reserves	36'243	-1484%	-2'618
Gross change in equalisation reserves	46'663	136%	19'795
Reinsurers' share of change in claims reserves	-20'530	-52192%	39
Net claims incurred	34'068	-163%	-53'970
Acquisition cost and administrative expenses	-197'116	14%	-173'532
Reinsurers' share of acquisition cost and administrative expenses	36'232	-1%	36'465
Net acquisition cost and administrative expenses	-160'884	17%	-137'067
Other expenses from insurance business	-5'868	-9%	-6'465
Total expenses from insurance business	-133'490	-32%	-197'502
Other financial income	0	-100%	20'367
Other financial expenses	-6'242	0%	0
Operating result	64'739	443%	11'933
Extraordinary income	0	0%	0
Extraordinary expenses	0	-100%	-187'775
Result before taxes	64'739	-137%	-175'842
Direct taxes	-171	-4%	-178
Result after taxes	64'568	-137%	-176'020

Figure 1

2.2. Financial performance

IDA Baar invests its assets merely in two current accounts with Crédit Suisse and ZKB. For this reason there is no particular qualitative or quantitative information that has to be reported, because both the financial income and the financial expenses from these investments are zero, as in the past.

Bank	Amount
CS CHF Account 627197-61	23'150
CS EUR Account 627197-62	229'138
CS CHF Account 627197-61-1	18'889
ZKB EUR Account	229'959
	501'137

Figure 2

Nevertheless, in comparison with the previous period, IDA Baar discloses a financial expenses of ca. 6'000 EUR, due to a currency loss. Moreover, in comparison with the previous year, IDA Baar did not have to book as extraordinary expenses all the brokerage commissions to DAN Europe Insurance Broker Limited not considered in the past, because since 2018 they are correctly booked in the acquisition costs.

A comparison of the information relating to the financial result with that of the previous year is provided in the Figure 1.

3. Quantitative templates

IDA Baar uses for the financial condition reports FINMA's quantitative template. The amounts are stated in CHF but not in millions, because of their small size.

	Currency: CHF or annual report currency											
	Total			Accident			Direct Swiss business			Other branches		
	Previous year	Reporting year	Reporting year	Previous year	Reporting year	Reporting year	Previous year	Reporting year	Reporting year	Previous year	Reporting year	Reporting year
1	447'023	464'725	342'401	356'128	76'889	80'052	27'732	28'545				
2	-219'791	-227'027	-171'201	-178'064	-48'590	-48'963	0	28'545				
3	227'232	237'698	171'201	178'064	28'299	31'089	27'732	28'545				
4	-32'031	-1'414	-32'033	-1'208	-5'335	603	5'337	-809				
5	14'968	-141	12'994	1'560	1'973	-1'701	0	0				
6	210'169	236'143	152'162	178'416	24'938	29'991	33'069	27'736				
7	0	0	0	0	0	0	0	0				
8	210'169	236'143	152'162	178'416	24'938	29'991	33'069	27'736				
9	-168'130	-66'273	-168'130	-66'273	0	0	0	0				
10	88'999	33'579	88'999	33'579	0	0	0	0				
11	19'094	94'816	30'13	89'290	6'183	3'744	9'898	17'82				
12	44	-237'10	44	-237'10	0	0	0	0				
13												
14												
15	-59'993	38'412	-76'074	32'886	6'183	3'744	9'898	17'82				
16	-192'898	-227'650	-147'752	-174'452	-33'179	-39'214	-11'967	-13'983				
17	40'534	41'844	30'816	32'052	9'718	9'793	0	0				
18	-152'364	-185'805	-116'936	-142'401	-23'461	-29'422	-11'967	-13'983				
19	-7'186	-6'777	0	0	-5'282	-4'996	-1'905	-1'781				
20	-219'544	-154'170	-193'010	-109'515	-22'560	-30'673	-3'974	-13'982				
21	0	0	0	0	0	0	0	0				
22	0	0	0	0	0	0	0	0				
23	0	0	0	0	0	0	0	0				
24	22'640	0	0	0	0	0	0	0				
25	0	-7'209	0	0	0	0	0	0				
26	13'265	74'764	0	0	0	0	0	0				
27	0	0	0	0	0	0	0	0				
28	0	0	0	0	0	0	0	0				
29	0	0	0	0	0	0	0	0				
30	-208'730	0	0	0	0	0	0	0				
31	-195'466	74'764	0	0	0	0	0	0				
32	-198	-198	0	0	0	0	0	0				
33	-195'663	74'567	0	0	0	0	0	0				

4. Anhang

The summary report of the auditors to the general representative and the audited annual accounts are attached to the report.

**INTERNATIONAL DIVING
ASSURANCE LIMITED
Valletta (Malta),
Zweigniederlassung Baar**

*Financial Statements
for the year ended 31 December 2018
and Independent Auditor's Report*

To the General Manager of
INTERNATIONAL DIVING ASSURANCE LIMITED
Valletta (Malta), Zweigniederlassung Baar

INDEPENDENT AUDITOR'S REPORT

As a federally-supervised audit firm, we have audited the accompanying financial statements of INTERNATIONAL DIVING ASSURANCE LIMITED, Valletta (Malta), Zweigniederlassung Baar, which comprise the balance sheet as at 31 December 2018, and the income statement and notes for the year then ended, in line with Article 28 para. 2 of the Insurance Supervision Act (ISA) and with reference to the FINMA guidelines "Preparation and audit of the financial statements of branch offices of foreign insurance companies (WNL)".

The financial statements have been prepared by the General Manager on the basis of the financial reporting provisions of the Swiss Code of Obligations and the requirements of the supervisory law.

General Manager's Responsibility for the Financial Statements

The General Manager is responsible for the preparation of these financial statements in accordance with the financial reporting provisions of the Swiss Code of Obligations and the requirements of the supervisory law – in particular the Financial Market Supervision Act (FINMASA), the Insurance Supervision Act (ISA), the Insurance Supervision Ordinance (ISO) and the FINMA Insurance Supervision Ordinance (ISO-FINMA) as well as with the FINMA guidelines "Preparation and audit of the financial statements of branch offices of foreign insurance companies (WNL)" –, and for such internal controls as the General Manager determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulatory requirements set out in Article 28 para. 2 ISA, the WNL and Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Deloitte.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the branch office's preparation of the financial statements 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 branch office's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General Manager, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements of INTERNATIONAL DIVING ASSURANCE LIMITED, Valletta (Malta), Zweigniederlassung Baar as of and for the year ended 31 December 2018 are prepared, in all material respects, in accordance with the financial reporting provisions of the Swiss Code of Obligations, the requirements of supervision law (in particular FINMASA, ISA, ISO and ISO-FINMA) and with the WNL.

Basis of Accounting

Without modifying our opinion, we note that the financial statements of INTERNATIONAL DIVING ASSURANCE LIMITED, Valletta (Malta), Zweigniederlassung Baar are prepared on the basis of the accounting principles specified above. The financial statements are prepared to comply with the requirements of Article 25 para. 4 ISA. As a result, the financial statements may not be suitable for another purpose.

Deloitte AG



Emel Can Harrison
Licensed audit expert
Auditor in charge



Sabina-Ioana Nitescu

Zurich, 30 April 2019

Enclosures

- Financial statements (balance sheet, income statement and notes)

2/2

Int. Diving Assurance Ltd., Valletta, Baar Branch

BALANCE SHEET AS AT DECEMBER 31	Notes	2018 CHF	2017 CHF
ASSETS			
Cash and cash equivalents		564'581	698'350
Reinsurers' share in technical reserves	1.1	133'805	163'797
Other receivables		0	814
Other assets		0	185
Accrued income and prepaid expenses		0	24'233
Total assets		698'386	887'378
Liabilities			
Gross technical reserves	1.1	397'825	510'369
Non-technical reserves		10'000	10'000
Other liabilities		2'777	2'000
Other liabilities to head office		311'908	438'818
Accrued expense and deferred income		30'000	54'885
Total liabilities		752'509	1'016'072
Capital / Organisational fund		270'000	270'000
Result carried forward		-398'694	-203'031
Result for the current period		74'570	-195'663
Total Liaison account to head office	1.2	-54'124	-128'694
Total liabilities and liaison account to head office		698'386	887'378

Int. Diving Assurance Ltd., Valletta, Baar Branch

INCOME STATEMENT for the years ended December 31	Notes	2018	2017
		CHF	CHF
Gross written premiums		464'725	447'023
Reinsurers' share of written premiums		-227'027	-219'791
Net written premiums	2.1	237'698	227'232
Gross change in unearned premium reserves		-1'414	-32'031
Reinsurers' share of change in unearned premium reserves		-141	14'967
Net earned premiums		236'143	210'169
Total income from insurance business		236'143	210'169
Gross claims paid		-66'273	-168'131
Reinsurers' share of claims paid		33'580	88'999
Gross change in claims reserves		42'246	-2'910
Gross change in equalisation reserves		52'571	22'004
Reinsurers' share of change in claims reserves		-23'711	44
Net claims incurred		38'414	-59'993
Acquisition cost and administrative expenses	2.2	-227'650	-192'898
Reinsurers' share of acquisition cost and administrative expenses		41'844	40'534
Net acquisition cost and administrative expenses		-185'805	-152'364
Other expenses from insurance business		-6'777	-7'186
Total expenses from insurance business		-154'168	-219'544
Other financial income		0	22'640
Other financial expenses		-7'209	0
Operating result		74'767	13'265
Extraordinary expenses	2.3	0	-208'730
Result before taxes		74'767	-195'466
Direct taxes		-198	-198
Result after taxes		74'570	-195'663

Int. Diving Assurance Ltd., Valletta, Baar Branch

Notes to the financial statements

General Information

General Information: International Diving Assurance Ltd., Valletta (Malta), Baar branch ("the Branch"), is the Swiss branch of International Diving Assurance Ltd., incorporated in Valletta (Malta).

Legal form, registered office and capital: The Branch was established as a branch of the head office in Malta, domiciled in Baar. At foundation, an organisational fund of CHF 270'000.- was established for the Branch.

Information on full-time positions on annual average: The Branch has an annual average of 0 employees.

Key accounting and valuation principles

Principles of financial reporting: The annual accounts for the Branch have been prepared in accordance with Swiss law. The main accounting and valuation principles used, which are not already specified by the Code of Obligations, are described as follows.

Foreign currency items and translation for presentation purposes: The Branch's functional and reporting currency is CHF. For transactions in foreign currencies the Branch uses the average exchange rate of the year. Balance sheet positions held in foreign currencies are translated into CHF at the closing exchange rate.

	Reporting year	Previous year
Assets and liabilities (closing rate)	1.1266	1.1705
Premium and claims (average rate) (1 EUR = x CHF)	1.1549	1.1116

	Reporting year	Previous year
Audit fee:	CHF	CHF

Accrual of the audit fee: 58'610 44'510

Cash and cash equivalents: The cash and cash equivalents includes cash holdings. These are recorded at their nominal value.

Technical reserves: In conformity with FINMA's Circular 08/42 "Technical Provisions - non-life insurance", the technical provisions must be at least equal to their market value. Therefore, the statutory reserves are calculated as the maximum between the technical reserves and the market consistent reserves.

The technical reserves are the sum of the best estimate reserves and the equalisation reserves, according to the Branch's reserving guideline.

The best estimate reserves are given by the sum of the unearned premium reserves, the case reserves and the actuarial IBNR reserves:

- The unearned premium reserves are computed *pro rata temporis*;
- The case reserves are determined by the Branch's loss adjusters;
- In the absence of claims statistics the Branch sets up actuarial IBNR reserves based on the Head Office worldwide loss ratios.

The best estimate reserves are merely the expectation value of a random variable whose realisation is subject to random fluctuations. According to the Branch's reserving guideline, they should therefore be complemented with equalisation reserves, which serve as a buffer to absorb the volatility of the claims. These are taken as a capped fixed percentage of the technical results. The equalisation reserves are built up after profitable years, and they are released after unprofitable years or in the event, large losses or adverse developments significantly upset the balance sheet. They can neither become negative nor exceed a given ceiling.

The market consistent reserves are built out of the sum of the discounted best estimate reserves and the market value margin. Both amounts are calculated with the help of a *pro forma* SST.

Premiums: Premiums are recorded at inception of a contract and earned in accordance with the "pro rata temporis" method over the contract period.

1.1 Technical reserves

	Reporting year CHF	Previous year CHF
Gross unearned premium reserves	237'597	245'386
Reinsurers' share of unearned premium reserves	-115'151	-119'781
Net unearned premium reserves	122'446	125'605
Gross claims reserves	62'335	108'656
Reinsurers' share of claims reserves	-18'654	-44'016
Net claims reserves	43'681	64'640
Equalisation reserves	97'894	156'327
Total gross technical reserves	397'825	510'369
Total reinsurers' share of technical reserves	-133'805	-163'797
Total net technical reserves	264'020	346'572

1.2 Liaison account to the head office

	Reporting year CHF	Previous year CHF	Change (%)
Initial state	-128'694	66'969	-292%
Result for the current period	74'570	-195'663	-138%
Final state	-54'124	-128'694	-58%

2.1 Premium

	Reporting year CHF	Previous year CHF
Premium accident	356'128	342'401
Reinsurers' share of Premium accident	-178'064	-171'201
Premium third party liability	80'052	76'889
Reinsurers' share of Premium third party liability	-48'963	-48'590
Premium legal expenses	28'545	27'732
Total Premium	464'725	447'023
Total Reinsurers' share of Premium	-227'027	-219'791
Net Premium	237'698	227'232

2.2 Acquisition cost and administrative expenses

	Reporting year CHF	Previous year CHF
Acquisition cost	58'091	55'878
Administrative expenses	169'559	137'020
	227'650	192'898

2.3 Extraordinary expenses

	Reporting year CHF	Previous year CHF
Brokerage (related to prior years)	-	208'730
Total	-	208'730

Subsequent events: There have not been any significant events for the Swiss Branch subsequent to the balance sheet date.

Amount of tied assets:

	Reporting year CHF	Previous year CHF
Required value	497'825	610'369
Cover values	585'584	781'212
Overfunding	87'759	170'843

The Branch has an overfunding of 18% of the required value as of 31 December 2018.