

Addendum of “Solvency and Financial Condition Report 2020” IDA Insurance Limited

Report on the financial condition of IDA Insurance Limited, Valletta (Malta), Cham 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".

IDA Insurance Limited, Valletta (Malta), Cham branch (IDA Cham) publishes following information in the “Solvency and Financial Condition Report” of headquarter (IDA).

The reporting period corresponds to the calendar year 2020, i.e., it starts on 1 January 2020, and lasts until the reporting date, 31 December 2020. 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 1.0807 CHF for balance sheet amounts and at 1.0703 CHF for premium and claim amounts.

From a technical point of view, various changes have marked this year 2020. Firstly, accident and travel reinsurance was not renewed in 2020, which had a significant impact on statutory provisions. Then, the 2019 reserving policy was not approved in time by IDA, so we had to reuse the old reserving policy of 2012 for the closing at 31.12.2020.

From an underwriting point of view, IDA Cham suffered a significant drop in written premiums due to the covid-19 pandemic.

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 Cham was established and licensed by FINMA in October 2012, and since January 2013 it underwrites

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

coverages in Switzerland. IDA Cham operates online in the same fashion as the rest of IDA's worldwide business, and it accounts for ca. 310'000 EUR of gross written premium.

IDA Cham 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. The covid-19 pandemic had a substantial effect on the premiums of IDA Cham.

No significant changes are expected in the market conditions or claims patterns for the modest size existing portfolio. The strategy and the aims of IDA Cham are aligned with those of the headquarter, and therefore we refer to its "Solvency and Financial Condition Report".

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

The annual accounts used in this report have been audited.

2. Performance

2.1. Underwriting performance

During the reporting period IDA Cham wrote overall ca. 310'000 EUR (ca. 405'000 EUR in 2019) in gross premium, where ca. 75% was generated by the Acc line of business, as depicted in the figures below:

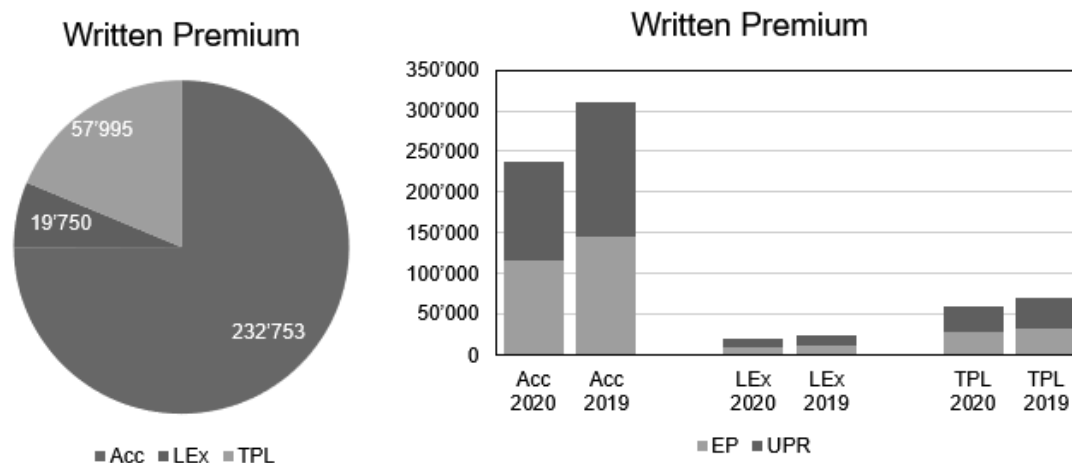


Figure 1: All monetary figures are stated in EUR and are gross of reinsurance.

At the reporting date IDA Cham was exposed to ca. 4'200 risk-attaching policies (ca. 5'600 in 2019), most of which covering the three underwritten lines of business. 12 claims were open as at 31.12.2020 (52 in 2019), 10 stemmed from the Acc line of business and 2 from the TPL.

Moreover, 4 open claims stemmed from policies written in previous years. The gross paid losses and outstanding case reserves amounted to ca. 73'000 EUR (ca. 56'000 EUR in 2019) and 11'000 EUR (ca. 62'000 EUR in 2019) respectively, as depicted in the figure below.

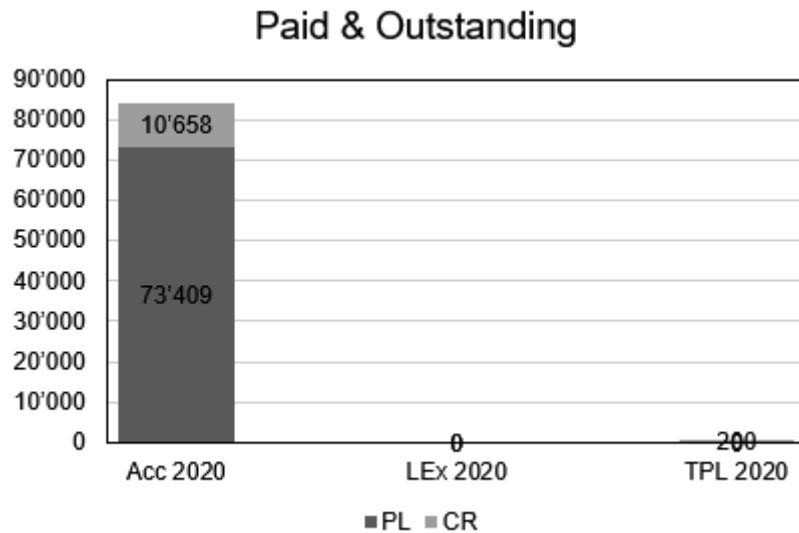


Figure 2: All monetary figures are stated in EUR and are gross of reinsurance.

IDA Cham suffered a significant drop in written premiums due to the covid-19 pandemic. The number and amount of open claims at the end of the year also reflects the fact that the business was very much reduced during the year 2020. Moreover, a change in the calculation method led to an increase in the IBNR. The development of the principal premiums and reserves items is depicted in the figure below:

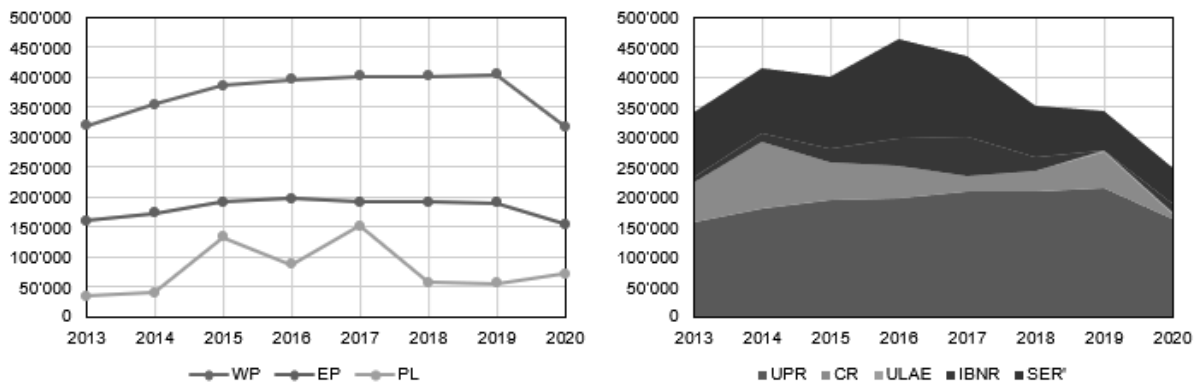


Figure 3: All monetary figures are stated in EUR and are gross of reinsurance.

A comparison of the information relating to the underwriting result with that of the previous year is provided in the table 4, at the reporting date IDA Cham's total expenses from insurance business amounted to ca. 264'000 EUR (ca. 207'000 EUR in 2019).

INCOME STATEMENT for the year ended December 31	2020		2019
Gross written premiums	310'498	-23%	404'771
Reinsurers' share of written premiums	-53'637	-24%	-70'228
Net written premiums	256'861	-23%	334'543
Gross change in unearned premium reserves	52'148	-1476%	-3'789
Reinsurers' share of change in unearned premium reserves	7'266	-109%	-79'499
Net earned premiums	316'275	26%	251'255
Total income from insurance business	316'275	26%	251'255
Gross claims paid	-73'408	30%	-56'399
Reinsurers' share of claims paid	20'679	-27%	28'163
Gross change in claims reserves	42'054	-622%	-8'059
Gross change in equalisation reserves	5'071	-76%	21'334
Reinsurers' share of change in claims reserves	-26'463	-305%	12'926
Net claims incurred	-37'138	1725%	-2'035
Acquisition cost and administrative expenses	-222'197	5%	-211'380
Reinsurers' share of acquisition cost and administrative expenses	-10	-100%	12'641
Net acquisition cost and administrative expenses	-222'207	12%	-198'739
Other expenses from insurance business	-4'980	-19%	-6'119
Total expenses from insurance business	-264'326	28%	-206'894
Other financial income	0	-100%	8'106
Other financial expenses	-3'296	0%	0
Operating result	48'653	-7%	52'466
Extraordinary income	0	0%	0
Extraordinary expenses	0	0%	0
Result before taxes	48'653	-7%	52'466
Direct taxes	-180	4%	-173
Result after taxes	48'472	-7%	52'293

Table 4: All monetary figures are stated in EUR.

The underwriting result of IDA Cham at the reporting date is in line with the previous year.

2.2. Financial performance

IDA Cham invests its assets merely in current accounts with Crédit Suisse and ZKB. For this reason, there is no particular qualitative or quantitative information that has to be reported. As in the past, there is no interest on these bank accounts. The total assets amount at the reporting date to ca. 378'000 EUR (ca. 367'000 EUR in 2019), as depicted in the following table:

Bank	Amount
CS CHF Account 627197-61	30'350
CS EUR Account 627197-62	104'270
CS CHF Account 627197-61-1	10'712
ZKB EUR Account	229'554
Total	378'233

Table 5: All monetary figures are stated in EUR.

In comparison with the previous period, IDA Cham discloses a financial expense of ca. 4'000 EUR (financial income of ca. 9'000 EUR in 2019).

3. Quantitative templates

IDA Cham 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.

		Total		Personal accident		Casualty		Miscellaneous	
		Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year
1	Gross premiums	450'308	332'326	345'114	249'116	78'194	62'072	27'000	21'138
2	Reinsurers' share of gross premiums	-78'129	-57'408	-78'129	47	0	-57'454		
3	Premiums for own account (1 + 2)	372'179	274'919	266'985	249'162	78'194	4'618	27'000	21'138
4	Change in unearned premium reserves	-4'215	55'814	-3'581	46'352	-693	2'636	60	6'826
5	Reinsurers' share of change in unearned premium reserves	-88'443	7'776	-64'562	-22'168	-23'882	29'944	0	0
6	Premiums earned for own account (3 + 4 + 5)	279'520	338'509	198'942	273'347	53'619	37'198	27'059	27'964
7	Other income from insurance business	-	-	0	0	0	0	0	0
8	Total income from underwriting business (6 + 7)	279'520	338'509	198'942	273'347	53'619	37'198	27'059	27'964
9	Payments for insurance claims (gross)	-62'744	-78'569	-62'744	-78'569	0	0	0	0
10	Reinsurers' share of payments for insurance claims	31'331	22'133	31'331	22'133	0	0	0	0
11	Change in technical provisions	14'769	45'010	2'407	44'172	10'787	287	1'575	551
12	Reinsurers' share of change in technical provisions	14'380	-28'323	14'380	-28'323	0	0	0	0
13	Change in technical provisions for unit-linked life insurance								
14	Expenses for insurance claims for own account (9 + 10 + 11 + 12 + 13)	-2'285	-39'749	-14'626	-40'588	10'787	287	1'575	551
15	Acquisition and administration expenses	-235'161	-237'817	-180'226	-178'270	-40'835	-44'420	-14'100	-15'127
16	Reinsurers' share of acquisition and administration expenses	14'063	-10	14'063	-10	0	0	0	0
17	Acquisition and administration expenses for own account (15 + 16)	-221'098	-237'827	-166'163	-178'281	-40'835	-44'420	-14'100	-15'127
18	Other underwriting expenses for own account	-6'808	-5'331			-5'061	-3'976	-1'747	-1'354
19	Total expenses from underwriting business (14 + 17 + 18) (non-life insurance only)	-230'170	-282'907	-180'789	-218'868	-35'109	-48'109	-14'272	-15'930
20	Investment income	-	-						
21	Investment expenses	-	-						
22	Net investment income (20 + 21)	-	-						
23	Capital and interest income from unit-linked life insurance	-	-						
24	Other financial income	9'017							
25	Other financial expenses		-3'527						
26	Operating result (8 + 14 + 17 + 18 + 22 + 24 + 25)	58'368	52'074						
27	Interest expenses for interest-bearing liabilities	-	-						
28	Other income	-	-						
29	Other expenses	-	-						
30	Extraordinary income/expenses	-	-						
31	Profit / loss before taxes (26 + 27 + 28 + 29 + 30)	58'368	52'074						
32	Direct taxes	-193	-193						
33	Profit / loss (31 + 32)	58'175	51'881						

Currency: CHF or annual report currency

4. Annex

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

*Financial Statements
for the year ended 31 December 2020
and Independent Auditor's Report*

To the General Manager of
International Diving Assurance Limited
Valletta (Malta), Zweigniederlassung Cham

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 Cham, which comprise the balance sheet as at 31 December 2020, 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 Cham as of and for the year ended 31 December 2020 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 Cham 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



Frédéric Kocher
Licensed audit expert
Auditor in charge



Rastko Filipovic
Licensed audit expert

Zurich, 29 April 2021

Enclosures

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

2/2

International Diving Assurance Ltd., Valletta, Cham Branch
Gewerbstrasse 6
6330 Cham

Financial reporting 2020

Management report
Balance sheet as at December 31
Income statement
Notes

Int. Diving Assurance Ltd., Valletta, Cham Branch

MANAGEMENT REPORT

General overview

The premiums written in 2020 experienced a reduction of about 26% due to the impact of COVID-19. Claims paid increased over 2019 as there were quite some efforts taken to settle outstanding claims but also to verify outstanding reserves. In part due to this effort gross technical reserves reduced by a bit more than 27%.

Int. Diving Assurance has outsourced most of its activities and does not employ any individuals in Switzerland. Therefore, the branch has an annual average of 0 employees.

The Company's risk assessment process

Regular Risk and Control Management System review:

The ERM/ORSA policy for IDA Baar Branch as a small insurance subsidiary includes all aspects of Enterprise Risk Management ERM, ORSA, ICS, Compliance, Information security, BCM and Crisis Management as defined on the ERM/ORSA policy level.

A monthly ICS report is provided to IDA Malta Branch and briefly discussed during the monthly risk and compliance videoconference.

In addition, the person responsible for risk management annually reviews together with the external independent ICS expert the maturity level, the scope, and the degree of implementation of the risk and control framework outlined in the ERM/ORSA policy.

Based on the annual risk review and the regular control monitoring report recommendations for improvements and amendments are suggested and implemented for entity level and process level controls or for process optimisations.

Research and development activities

There are no activities in research and development for Int. Diving Assurance Ltd., Valletta, Cham Branch

Extraordinary events

The spread of the Coronavirus (COVID-19) has led to less travelling activities resulting in lower premium written but also less claims frequency.

Also, in September the offices of IDA Swiss Branch moved from Baar to Cham which, apart from the change of address, does not have any implications as it is still located in the canton of Zug.

Future prospects

The Branch expects that the reduction in the premiums written will be limited to the months during which travelling will be more difficult and diving will at least partially, be suspended. For 2021, we therefore believe that gross premium written will be on a similar level like in 2020 and that claims frequency will be similar as well. Once travelling will be on a similar level like pre COVID-19, we are confident that premium will grow back to the level of 2019. The Branch also expects that underwriting activities will increase as soon as moderate diving activities can be carried out, this is based on the fact that IDA has been informed by several of its clients that they are expecting to renew their policies once they can resume their activities.

Assuming that during the second part of 2021 travel restrictions will be at least partially lifted we expect premium level of 2022 to reach 2019 level as normal travel and leisure activities will then be possible again. More diving will also lead to more claims which will also rise back to the level of 2019.

Int. Diving Assurance Ltd., Valletta, Cham Branch

BALANCE SHEET AS AT DECEMBER 31	Notes	2020 CHF	2019 CHF
ASSETS			
Cash and cash equivalents		405'140	398'545
Reinsurers' share in technical reserves	1.1	33'851	54'825
Accrued income and prepaid expenses		<u>0</u>	<u>24'233</u>
Total assets		438'991	477'603
Liabilities			
Gross technical reserves	1.1	270'283	372'652
Non-technical reserves		14'420	22'827
Other liabilities		6'138	2'808
Other liabilities to head office		52'217	59'415
Accrued expense and deferred income		<u>40'000</u>	<u>15'848</u>
Total liabilities		383'058	473'550
Capital / Organisational fund		270'000	270'000
Result carried forward		-265'947	-324'123
Result for the current period		<u>51'880</u>	<u>58'176</u>
Total Liaison account to head office	1.2	55'932	4'053
Total liabilities and liaison account to head office		438'991	477'603

Int. Diving Assurance Ltd., Valletta, Cham Branch

INCOME STATEMENT for the years ended December 31	Notes	2020	2019
		CHF	CHF
Gross written premiums		332'326	450'308
Reinsurers' share of written premiums		-57'408	-78'129
Net written premiums	2.1	274'918	372'179
Gross change in unearned premium reserves		55'814	-4'215
Reinsurers' share of change in unearned premium reserves		7'777	-88'443
Net earned premiums		338'509	279'521
Total income from insurance business		338'509	279'521
Gross claims paid		-78'569	-62'744
Reinsurers' share of claims paid		22'133	31'331
Gross change in claims reserves		39'583	-8'966
Gross change in equalisation reserves		5'427	23'734
Reinsurers' share of change in claims reserves		-28'323	14'380
Net claims incurred		-39'749	-2'264
Acquisition cost and administrative expenses	2.2	-237'817	-235'161
Reinsurers' share of acquisition cost and administrative expenses		-11	14'063
Net acquisition cost and administrative expenses		-237'828	-221'098
Other expenses from insurance business		-5'331	-6'808
Total expenses from insurance business		-282'908	-230'170
Other financial income		0	9'017
Other financial expenses		-3'527	0
Operating result		52'073	58'369
Result before taxes		52'073	58'369
Direct taxes		-193	-193
Result after taxes		51'880	58'176

Int. Diving Assurance Ltd., Valletta, Cham 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)	1.0807	1.0852
Premium and claims (average rate) (1 EUR = x CHF)	1.0703	1.1125

	Reporting year	Previous year
Audit fee:	CHF	CHF
Accrual of the audit fee:	40'000	34'340

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

Technical reserves:	<p>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.</p> <p>The technical reserves are the sum of the best estimate reserves and the equalisation reserves, according to the Branch's reserving guideline.</p> <p>The best estimate reserves are given by the sum of the unearned premium reserves, the case reserves and the actuarial IBNR reserves:</p> <ul style="list-style-type: none">- The unearned premium reserves are computed <i>pro rata temporis</i>;- The case reserves are determined by the Branch's loss adjusters;- In the absence of claims statistics for TPL and LEx the Branch sets up actuarial IBNR reserves based on the Head Office worldwide loss ratios. For Acc we use Swiss claims statistics. <p>The best estimate reserves are merely the expectation value of a random variable whose realisation is subject to random fluctuations.</p> <p>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.</p> <p>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.</p> <p>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 <i>pro forma SST</i>.</p>
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	176'300	233'080
Reinsurers' share of unearned premium reserves	-30'235	-22'477
Net unearned premium reserves	146'065	210'603
Gross claims reserves	29'141	69'010
Reinsurers' share of claims reserves	-3'616	-32'349
Net claims reserves	25'525	36'661
Equalisation reserves	64'842	70'562
Total gross technical reserves	270'283	372'652
Total reinsurers' share of technical reserves	-33'851	-54'826
Total net technical reserves	236'432	317'826

1.2 Liaison account to the head office

	Reporting year CHF	Previous year CHF	Change (%)
Initial state	4'052	-54'124	-107%
Result for the current period	51'880	58'176	-11%
Final state	55'932	4'052	1280%

2.1 Premium

	Reporting year CHF	Previous year CHF
Premium accident	249'116	345'114
Reinsurers' share of Premium accident	47	-78'129
Premium third party liability	62'072	78'194
Reinsurers' share of Premium third party liability	-57'455	-
Premium legal expenses	21'138	26'999
Total Premium	332'326	450'308
Total Reinsurers' share of Premium	-57'408	-78'129
Net Premium	274'918	372'179

2.2 Acquisition cost and administrative expenses

	Reporting year CHF	Previous year CHF
Acquisition cost	41'541	56'288
Administrative expenses	196'276	178'873
	237'817	235'161

Subsequent events:

With reference to the events resulting from the development and spread of Coronavirus (COVID 19) after 31 December 2020, the branch believes that they represent a non-adjusting subsequent event and therefore have no impact on the Branch's Financial Statements as of 31 December 2020. The Branch expects that the reduction in the premiums written will be limited to the months in which all diving activities are suspended. The Branch also expects that underwriting activities will resume as soon as moderate diving activities can be carried out, this is based on the fact that IDA has been informed by several of its clients that they are expecting to renew their policies within the coming two months. Furthermore, through the suspension of the diving activities also the claims are expected to decrease. As a conclusion management notes that there the decrease in the premiums written within the financial year 2020 will be extending into the financial year 2021. This is expected to reduce the result of the Branch, nonetheless through the decrease in claims, the negative impact on the 2021 year end result will be partially offset. Furthermore, management will continue to monitor the overall evolution of COVID 19 in order to assess the potential impacts on the Branch and will continue to implement any necessary risk mitigation measures.

Amount of tied assets:

	Reporting year CHF	Previous year CHF
Required value	370'283	472'652
Cover values	408'756	420'949
Under- / Overfunding	38'473	-51'703

The Branch has an overfunding of 10% of the required value as of 31 December 2020.