

# **Addendum of “Solvency and Financial Condition Report 2022” 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 the following information in the “Solvency and Financial Condition Report” of headquarter (IDA).

The reporting period corresponds to the calendar year 2022, i.e., it starts on 1. January 2022, and lasts until the reporting date, 31. December 2022. 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 0.9855 CHF for balance sheet amounts and at 1.0052 CHF for premium and claim amounts.

From a technical point of view, no changes have been undertaken in the calculation methods compared to the closing as at 31. December 2021.

From an underwriting point of view, despite an increase in written premiums compared to 2021, IDA Cham has still not returned to pre covid-19 premium level.

### **1. Business activity**

IDA is licensed by the Malta Financial Services Authority (MFSA). It is a niche non-life online 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 approximately 357'000 EUR of gross written premiums.

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 Theresa Arican is the responsible auditor.

This report is based on audited annual accounts.

## 2. Performance

### 2.1. Underwriting performance

During the reporting period IDA Cham wrote overall around 357'000 EUR (ca. 320'000 EUR in 2021) in gross premium, where 77% was generated by the Acc line of business, 17% by TPL and 6% by LEx. The proportions were similar last year.

At the reporting date IDA Cham was exposed to roughly 5'300 risk-attaching policies (ca. 4'800 in in 2021), most of them covering the three underwritten lines of business. 54 claims were open as at 31.12.2022 (28 in 2021), 52 stemmed from the Acc line of business and 2 from TPL. Moreover, 3 open claims stemmed from policies written in the previous year.

The gross paid losses and outstanding case reserves amounted to around 60'000 EUR (ca. 92'000 EUR in 2021) and 73'000 EUR (ca. 54'000 EUR in 2021) respectively. 1'050 EUR of the paid losses and 2'100 EUR of the outstanding case reserves are attributable to the TPL line of business, all the rest is attributable to Acc. The LEx line of business is still claims-free as at 31. December 2022.

During the year 2022, IDA Cham grew its premium level. Despite the two consecutive growth years, the significant decrease of the year 2020 due to covid-19 is not yet compensated. The development of the principal premiums and reserve items is depicted in the figure below:

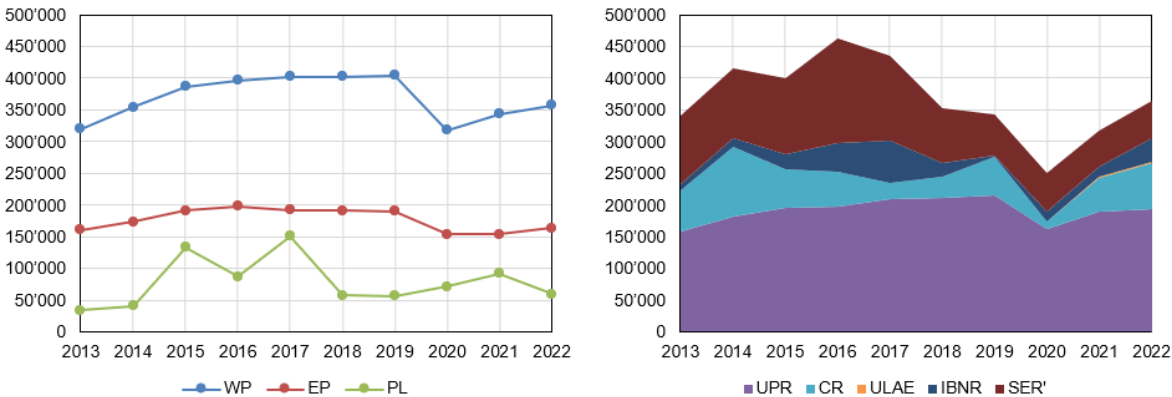


Figure 1: Premiums and reserves; all monetary figures are stated in EUR and are gross of reinsurance.

A comparison of the information relating to the underwriting result with the previous year is provided in the table 1. At the reporting date IDA Cham's total expenses from insurance business amounted to almost 341'000 EUR (ca. 338'000 EUR in 2021).

<b>INCOME STATEMENT for the year ended December 31</b>	<b>2022</b>		<b>2021</b>
Gross written premiums	357'147	12%	319'528
Reinsurers' share of written premiums	-30'541	-40%	-50'965
<b>Net written premiums</b>	<b>326'606</b>	<b>22%</b>	<b>268'563</b>
Gross change in unearned premium reserves	-15'882	14%	-13'921
Reinsurers' share of change in unearned premium reserves	-13'393	1001%	-1'216
<b>Net earned premiums</b>	<b>297'331</b>	<b>17%</b>	<b>253'425</b>
<b>Total income from insurance business</b>	<b>297'331</b>	<b>17%</b>	<b>253'425</b>
Gross claims paid	-59'745	-35%	-92'438
Reinsurers' share of claims paid	1'456	1895%	73
Gross change in claims reserves	-39'814	-5%	-41'886
Gross change in equalisation reserves	-3'006	-190%	3'358
Reinsurers' share of change in claims reserves	-1'550	-14%	-1'796
<b>Net claims incurred</b>	<b>-102'659</b>	<b>-23%</b>	<b>-132'688</b>
Acquisition cost and administrative expenses	-198'259	-1%	-199'612
Reinsurers' share of acquisition cost and administrative expenses	2'839	36892%	8
<b>Net acquisition cost and administrative expenses</b>	<b>-195'420</b>	<b>-2%</b>	<b>-199'605</b>
Other expenses from insurance business	-5'539	0%	-5'526
<b>Total expenses from insurance business</b>	<b>-303'617</b>	<b>-10%</b>	<b>-337'819</b>
Other financial income	-7	-100%	11'296
Other financial expenses	-354	-55%	-781
<b>Operating result</b>	<b>-6'646</b>	<b>-91%</b>	<b>-73'879</b>
Extraordinary income	0	0%	0
Extraordinary expenses	0	0%	0
<b>Result before taxes</b>	<b>-6'646</b>	<b>-91%</b>	<b>-73'879</b>
Direct taxes	-368	13%	-325
<b>Result after taxes</b>	<b>-7'014</b>	<b>-91%</b>	<b>-74'204</b>

Table 1: Income statement; all monetary figures are stated in EUR.

The underwriting result of IDA Cham at the reporting date improved compared to the previous year mainly due to higher premiums and lower claims paid.

## 2.2. Financial performance

IDA Cham invests its assets merely in current accounts with Credit 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 in the bank accounts amount at the reporting date to ca. 616'000 EUR (ca. 563'000 EUR in 2021), as depicted in the following table:

<b>Bank</b>	<b>Amount</b>
CS CHF Account 627197-61	1'061
CS EUR Account 627197-62	357'831
CS CHF Account 627197-61-1	27'717
ZKB EUR Account	229'122
<b>Total</b>	<b>615'732</b>

Table 2: All monetary figures are stated in EUR.

In comparison with the previous period, IDA Cham discloses a financial expense of ca. 360 EUR (financial income of ca. 11'000 EUR in 2021).

### 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.

		Currency: CHF or annual report currency											
		Total		Personal accident		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
1	Gross premiums	345'538	359'005	260'832	276'466	63'611	62'715	21'095	19'824				
2	Reinsurers' share of gross premiums	-55'114	-30'700	0	0	-55'114	-30'700						
3	Premiums for own account (1 + 2)	290'424	328'305	260'832	276'466	8'497	32'015	21'095	19'824				
4	Change in unearned premium reserves	-15'054	-15'964	-12'604	-15'483	-2'024	-848	-426	367				
5	Reinsurers' share of change in unearned premium reserves	-1'315	-13'463	0	0	-1'315	-13'463	0	0				
6	Premiums earned for own account (3 + 4 + 5)	274'054	298'878	248'228	260'983	5'157	17'705	20'669	20'191				
7	Other income from insurance business	-	-	0	0	0	0	0	0				
8	<b>Total income from underwriting business (6 + 7)</b>	274'054	298'878	248'228	260'983	5'157	17'705	20'669	20'191				
9	Payments for insurance claims (gross)	-99'962	-60'056	-99'962	-59'000	0	-1'056	0	0				
10	Reinsurers' share of payments for insurance claims	79	1'463	79	1'463	0	0	0	0				
11	Change in technical provisions	-4'1664	-43'043	-41'254	-20'998	-707	-20'855	297	-1'190				
12	Reinsurers' share of change in technical provisions	-1'942	-1'558	-1'942	-1'558	0	0	0	0				
13	Change in technical provisions for unit-linked life insurance												
14	<b>Expenses for insurance claims for own account (9 + 10 + 11 + 12 + 13)</b>	-143'489	-103'193	-143'079	-80'093	-707	-21'911	297	-1'190				
15	Acquisition and administration expenses	-215'861	-199'290	-162'944	-153'471	-39'738	-34'814	-13'178	-11'005				
16	Reinsurers' share of acquisition and administration expenses	8	2'854	8	2'854								
17	Acquisition and administration expenses for own account (15 + 16)	-215'853	-196'436	-162'936	-150'617	-39'738	-34'814	-13'178	-11'005				
18	Other underwriting expenses for own account	-5'976	-5'568			-4'487	-4'230	-1'488	-1'337				
19	<b>Total expenses from underwriting business (14 + 17 + 18) (non-life insurance only)</b>	-365'317	-305'197	-306'015	-230'710	-44'933	-60'955	-14'369	-13'532				
20	Investment income												
21	Investment expenses												
22	<b>Net investment income (20 + 21)</b>												
23	Capital and interest income from unit-linked life insurance												
24	Other financial income	12'215	-7										
25	Other financial expenses	-845	-356										
26	<b>Operating result (8 + 14 + 17 + 18 + 22 + 23 + 24 + 25)</b>	-79'892	-6'680										
27	Interest expenses for interest-bearing liabilities												
28	Other income												
29	Other expenses												
30	Extraordinary income/expenses												
31	<b>Profit / loss before taxes (26 + 27 + 28 + 29 + 30)</b>	-79'892	-6'680										
32	Direct taxes	-352	-370										
33	<b>Profit / loss (31 + 32)</b>	-80'244	-7'050										