

Great Lakes Insurance SE

Swiss Branch

Annual Report 2020

Local GAAP format
(Swiss Code of obligations)

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Overview

Great Lakes Insurance SE (hereinafter the "Company" or "Great Lakes") was established under its original name of Great Lakes Reinsurance (UK) Plc in London on 5th November 1987. The company's importance to the Munich Re Group as a special purpose vehicle for developing new business opportunities in primary insurance arising out of the reinsurance portfolio developed over the next twenty-five years culminating in the renaming of the company into Great Lakes Insurance SE and the move of the Headquarters from London to Munich on 29th December 2016.

The Swiss Branch of Great Lakes was authorised in Switzerland on 13th December 2007 for a portfolio of property, casualty, jewellers block and aviation business through large single risk placements and delegated authorities located in the United Kingdom and the European Union.

The Company and its branches combine the financial strength of the Munich Re Group through shared ratings with flexibility in offering appropriate bespoke innovation solutions to the Group's clients.

Great Lakes enhances the value of the Group through four pillars: acting as a competent partner to develop primary insurance business; maximising the profitability of the business through transparent and efficient administrative and capital costs; providing operational excellence in expertise and innovation; conducting our business in a legal and ethical manner that meets the expectations of our regulators and satisfies the requirements of our policyholders.

Supervisory Board Great Lakes Insurance SE

Claudia Hasse, Chairman

Ralph Ronnenberg (appointed 01 March 2021)

Dr. Carsten Prussog

Alex Wettemann

Board of Management Great Lakes Insurance SE

Christoph Carus, Chief Executive Officer (appointed 01 March 2021)

Dr. Achim Stegner, Chief Executive Officer (resigned 30 September 2020)

Dr. Stefan Pasternak, Chief Financial Officer

Dr. Tobias Klauß, Chief Risk Officer

Stéphane Deutscher, Chief Operations Officer

Appointed Actuary Great Lakes Insurance SE Swiss Branch

Dr. Mariel Lüdecke, Chief Actuary (resigned 31 December 2020)

Dr. Alexander Itigin, Chief Actuary (appointed 01 January 2021)

Legal Representative Great Lakes Insurance SE Swiss Branch

Gerald König, PRS Prime Re Services AG, Cham

Shareholder

100% Munich Reinsurance Company, Munich

Rating

AA- by Standard & Poor's

A+ by A.M. Best

Auditors

Ernst & Young AG, Zurich

Management Report

General overview

The year 2020 was marked by a further increase in premium volume mainly from our new retail motor insurance business with one agency. During 2020 we also saw increased premium rates across single risk business.

The 2020 result for the year was a loss of -CHF 15.2m compared to a loss of -CHF 2.75m in 2019, which was mainly driven by losses from event cancellation business related to the Coronavirus pandemic.

Staff

Great Lakes does not directly employ any individuals in Switzerland. The Branch is on the one hand administered locally by the legal representative with support services from PRS Prime Re Services AG and on the other hand fully integrated alongside Great Lakes' other operations as well as within the Munich Re Group.

The Company's conduct of a risk assessment

Great Lakes risk management for the Swiss Branch is integrated into the overall Great Lakes risk framework. It is also consistent with the requirements and approach taken by the overall Munich Re Group.

Governance and responsibilities

Risk management at Great Lakes follows the three lines of defence model. This ensures an effective separation of duties between the first line of defence risk takers, who execute risk decisions, and the risk management function which, together with the compliance and actuarial functions, forms part of the second line of defence and performs independent risk controls. The third line of defence is the internal audit function, which ensures that the processes required to guarantee effective control are functional.

The Great Lakes Board of Management is responsible for maintaining the Company's overall risk management framework and internal governance system, including the Swiss Branch. Risk management is a core function at Great Lakes, and is headed by the approved Solvency II risk management key function holder, who reports directly to the CRO, a member of the Great Lakes Board of Management.

The risk management function is responsible for implementing an effective risk management system that ensures that Great Lakes operations and risk decisions are undertaken in line with the Company's defined risk strategy, and that the overall risks of the Company are monitored and reported to the Board of Management and stakeholders.

Within the risk management function, a quarterly Risk and Capital Committee is hosted with its senior members, the CRO and a representative of risk management from Munich Re Group being permanent members. Other key function holders, Board of Management and the first line managers are invited as guests. The primary objective is to assist the Board of Management in fulfilling its responsibility for the oversight of the risk management system with particular reference to risk strategy setting, reporting and capital management. The Internal Control System further promotes and enhances the risk and control culture at Great Lakes in all areas and at all levels including the Swiss Branch.

Risk management objectives and methodology

The objective of risk management at Great Lakes is to ensure that the Company is able to meet its policyholders' obligations at all times by safeguarding Great Lakes' financial strength, whilst creating sustainable value for our shareholders and protecting the Company's reputation and that of the Munich Re Group.

For this purpose, risk management employs strategies, methodologies and processes to identify, analyse, assess, control and monitor short and long-term risks to Great Lakes' ability to operate as a going concern, and to enable mitigation actions to be taken in a timely manner. The careful selection of (re)insurance risks is at the core of Great Lakes business model. The company deploys a variety of risk management tools, processes and functions to manage its risks, and seeks to optimise the balance between risks taken and earnings opportunities.

Great Lakes risk management strategy

Great Lakes' risk strategy is derived from its business objectives. The Board of Management approves the risk strategy on an annual basis, supported by the risk management function. This is also noted at the Supervisory Board level. The risk strategy defines where, how and to what extent the Company is prepared to incur risks. This includes identifying exposed risk areas, prioritising these into risk criteria and defining appropriate risk appetites and tolerances, which include limits and early-warning mechanisms (triggers) with corresponding escalations, which align with

Great Lakes' strategy and objectives. The risk strategy is implemented and integrated across all of the Company's business operations, with the independent risk management function undertaking a regular monitoring and reporting role.

Risk identification, evaluation and measurement

Risks are identified and classified according to their potential exposure to one or a combination of the following material risk types: underwriting, market, credit, operational, compliance, outsourcing, liquidity, reputational, cyber, sustainability and strategic risks.

The primary tool for measuring and assessing all quantifiable risks, including those associated with the Swiss Branch, is based on Great Lakes' regulatory-approved Solvency II internal capital model. The internal model applied is at the overall entity level to determine Great Lakes' regulatory solvency capital requirement, measured at the 99.5% value at risk of the economic profit and loss distribution over a one-year time horizon. This equates to the economic loss, given underlying exposures, which will be statistically exceeded in no more than one year in every 200 and is consistent with Solvency II directives. Operational risks are evaluated and managed using our Operational Risk Control System complemented by scenario analyses reflected in our capital model. Outsourcing, in particular delegated underwriting authority and related conduct risks are further assessed and mitigated using new agent/product due diligence and ongoing risk monitoring.

The evaluation and quantitative measurement of the risks, as well as the Swiss Branch's overall risk position, is documented in the Internal Risk Report and presented to the Great Lakes Board of Management and senior management, on a quarterly basis. The Board of Management also approves the Own Risk and Solvency Assessment report (ORSA), at least on an annual basis, which covers the forward-looking assessment of the risks Great Lakes, including its Swiss Branch, is exposed to or may become exposed to in the future, in accordance with the proposed business strategy.

Competition, supply and demand

During 2020 we saw increased premium rates across single risk business. This is in line with market hardening in other markets in property and casualty business, which leads to higher premiums on existing business and new business opportunities. Demand for credit insurance has increased. There may have been some additional positive effect for GLISE during the Coronavirus pandemic because of a "flight to quality", although this is difficult to measure. Overall market conditions for single risk business are more favourable than for many years.

Innovation and development

During 2020, supported by New Reinsurance Company AG (NewRe) as the Munich Re Group's reinsurer located in Switzerland, Great Lakes Swiss Branch continuously developed its collaboration with its Swiss intermediary in motor insurance. The focus is on retail non-life insurance products which are distributed through online and offline sales channels linked to efficient flexible IT operations ensuring lean processes and competitive costs while upholding strong levels of consumer protection. Great Lakes holds licenses from FINMA for most of the non-life insurance classes. New opportunities to expand sale channels and partners will continue to be explored.

Extraordinary events

Except for the above mentioned Coronavirus pandemic events, no significant extraordinary events had a material impact on the Swiss Branch of Great Lakes during 2020.

Outlook

In light of the competitive market environment no major changes are expected in the market conditions or claims patterns for the existing portfolio of Great Lakes Swiss Branch. Results will continue to depend on losses incurred. The portfolio of retail focussed products like gadget and hearing aids will be put into runoff until end of 2021 as it has been decided to discontinue the cooperation with one intermediary. Therefore Great Lakes Swiss Branch will focus on servicing the existing portfolio and develop towards higher average premiums through the acceleration of the Swiss motor insurance cooperation. Necessary adjustments to processes, controls, authorities and operations have been or will be further implemented in line with the business expectations and in close collaboration and dialogue with all relevant stakeholders in a timely fashion. Where appropriate, Great Lakes has continued to deepen its knowledge of the appropriate local markets to ensure that we understand developing conditions and can monitor conduct risk.

In addition to winning new customers, we care about our existing customers. Our goal is to offer all customers current and modern state of the art insurance cover and to place innovative products and services. The Company's annual

report has been prepared under the conditions of going concern; the Company is financially stable to meet its obligations and continue its business for the foreseeable future.

Financial Statements

Balance Sheet

in CHF

	31 December 2020	31 December 2019
Assets		
Investments	39,855,173	24,091,948
Fixed Income Securities	39,855,173	24,091,948
Cash and cash equivalents	75,218,771	29,040,505
Share of technical provisions from reinsurance	77,518,518	29,287,746
Unearned premiums	11,051,345	8,129,943
Loss reserves	66,972,172	21,239,915
Other underwriting provisions	(504,999)	(82,112)
Accounts receivable from insurance business	35,576,439	21,545,512
Other receivables	3,092	9,622
Total assets	228,171,992	103,975,333
Liabilities		
Technical provisions	115,811,059	54,044,291
Unearned premiums	15,719,076	11,864,139
Loss reserves	91,066,065	37,001,530
Equalisation reserve	9,587,029	5,267,911
Other underwriting provisions	(561,110)	(89,289)
Non-technical provisions	1,706,945	3,117,314
Deposits retained from ceded reinsurance	41,351,800	-
Accounts payable for insurance business	33,356,336	15,106,595
Other liabilities	227,723	188,513
Total liabilities	192,453,862	72,456,712
Revenue reserve	6,064,280	4,722,585
Head office capital	47,594,868	28,202,452
Result carried forward from previous year	(2,748,111)	1,341,696
Result for the year	(15,192,908)	(2,748,111)
Total equity	35,718,130	31,518,621
Total liabilities & equity	228,171,992	103,975,333

Income Statement

<i>in CHF</i>	2020	2019
Gross premiums	44,828,448	39,551,249
Premiums ceded	(36,654,449)	(32,863,034)
Premiums for own account	8,173,999	6,688,215
Change in unearned premiums gross	(4,801,014)	(8,987,052)
Change in unearned premiums ceded	3,502,955	7,393,271
Change in unearned premiums for own account	(1,298,059)	(1,593,781)
Net earned premiums for own account	6,875,940	5,094,434
Total income from underwriting business	6,875,940	5,094,434
Claims payment gross	(69,519,809)	(10,632,443)
Claims payment ceded	63,685,256	9,378,196
Claims payment for own account	(5,834,553)	(1,254,246)
Change in provision gross	(62,813,024)	(8,975,742)
Change in provision ceded	48,595,900	2,697,915
Change in provision for own account	(14,217,124)	(6,277,827)
Expenditure for insurance claims for own account	(20,051,677)	(7,532,073)
Acquisition expenses gross	(21,080,043)	(16,656,192)
Acquisition expenses ceded	19,497,345	16,557,242
Net acquisition costs	(1,582,698)	(98,950)
Other underwriting expenses for own account	(154,487)	(163,108)
Total expenses from underwriting business	(21,788,861)	(7,794,131)
Overall technical result	(14,912,921)	(2,699,697)
Investment income	181,372	552,224
Investment expenses	(90,197)	(401,610)
Investment result	91,175	150,614
Operating result	(14,821,746)	(2,549,083)
Other income	752,508	942,573
Other expenses	(1,098,364)	(1,131,768)
Result before taxes	(15,167,602)	(2,738,278)
Direct taxes	(25,307)	(9,833)
Result for the year	(15,192,908)	(2,748,111)

Notes to the financial statements

The annual financial statements have been prepared in accordance with the provisions on commercial accounting of the Swiss Code of Obligations (CO) (Art. 957-963b OR). Apart from the Swiss Code of Obligations, the provisions of the Swiss Ordinance on the Supervision of Private Insurance Companies (Art. 5a ISO-FINMA including Appendix) have been applied.

Accounting principles

The main accounting and valuation principles used, which are not already specified by the Code of Obligations, are described as follows.

Investments

Fixed-interest securities are valued at amortised cost less required impairments. The annual amortisation amount is recognised as current income.

Cash and cash equivalents

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

Technical reserves

The statutory reserves are the higher of the best estimate and the market consistent reserves.

To obtain the technical reserves the best estimate reserves are supplemented with safety & equalization reserves.

The best estimate reserves consist of different components, which are:

- Unearned Premiums: premiums that relate to the unexpired terms of insurance policies in force at the balance sheet date are deferred as unearned premiums. These unearned premiums are taken to the Profit and Loss account so that premiums are recognised over the period of risk coverage provided by the underlying insurance policies.
- Case reserves represent the best estimate of the ultimate payment for claims reported and open as of the balance sheet date.
- Incurred But Not Reported (IBNR) reserves are estimates of the amounts required to settle claims that have been incurred but not yet reported. They are estimated with standard actuarial techniques.
- Allocated loss adjustment expenses are part of the case reserves. Unallocated loss adjustment expenses reserves are determined as a percentage of the case reserve and IBNR.
- Other technical reserves which include expected future result dependent commission payments.

No discounting takes place, unless annuities are concerned.

The safety and equalisation reserves serve as a buffer to absorb the volatility of the claims. They are considered via a prudence margin, which is calculated using an internal stochastic model.

The market consistent value of reserves is calculated as the sum of the discounted best estimate reserves plus a risk margin, based on GLISE's internal model for Solvency II purpose. The Great Lakes appointed Actuary for the Swiss Branch reviews the results of the reserving exercise.

Non-technical provisions

The non-technical provisions are recognised in accordance with the required settlement amount, based on reasonable and prudent commercial judgement.

Premiums

Written premiums are comprised of the amount of premiums received, including an estimate of pipeline premiums, during the financial year for the whole period the Company is on risk in respect of contracts of insurance entered into and incepting during that period, together with any further adjustments to premiums for prior accounting periods that were not fully recognised in previous financial statements. Pipeline premiums are those collected by intermediaries but not yet notified to Great Lakes; these are assessed based on estimates from underwriting or past experience.

Premiums are stated before deduction of commissions but net of taxes and leviable duties on premiums. Premiums are earned over the term of the insurance policies to which they relate, in accordance with the risk coverage provided by the underlying insurance policies.

Outward reinsurance and retrocession premiums are accounted for in the same accounting period as the premiums for the underlying direct insurance or inwards reinsurance business.

Foreign currency items and translation for presentation purposes:

All balance sheet items are translated from their original currency into CHF using the year-end exchange rate. Transactions of the income statement, where not carried out in Swiss francs, are converted at the rate of exchange ruling at the date of the transaction. The company recognises a provision for net unrealised foreign exchange gains.

The principal exchange rates for 2020 are:

Currency	Balance Sheet as Income Statement	
	at	for the year
1 CHF = x FW	31 December 2020	2020
EUR	0.924599	0.934265
GBP	0.827609	0.830870
USD	1.131293	1.066679

Other information according to the Swiss Code of Obligations (OR) and Insurance Supervisory Ordinance-FINMA (AVO-FINMA)

Auditors' fees

The fees for the audit of the 2020 financial statements, as well as the regulatory audit, amount to CHF 47,336 from CHF 55,500 for the year prior. Fees exclude outlays and VAT.

Receivables and payables from Insurance business

in CHF	31 December 2020	31 December 2019
Accounts receivable from insurance business	35,576,439	21,545,512
Policy holders	27,985,368	26,471,627
Agents	2,787,779	2,154,868
Other insurance companies	4,803,292	(7,080,983)
Accounts payable for insurance business	33,356,336	15,106,595
Policy holders	135,556	111
Agents	18,106,757	12,226,030
Other insurance companies	15,114,022	2,880,453
Net	2,220,103	6,438,917

Technical provisions

in CHF	31 December 2020			31 December 2019		
	Gross	Ceded	Net	Gross	Ceded	Net
Technical provisions						
Unearned premiums	15,719,076	(11,051,345)	4,667,731	11,864,139	(8,129,943)	3,734,196
Loss reserves	91,066,065	(66,972,172)	24,093,893	37,001,530	(21,239,915)	15,761,615
Equalisation reserve	9,587,029	-	9,587,029	5,267,911	-	5,267,911
Other underwriting provisions	(561,110)	504,999	(56,111)	(89,289)	82,112	(7,177)
Total	115,811,059	(77,518,518)	38,292,542	54,044,291	(29,287,746)	24,756,545

in CHF	2020			2019		
	Gross	Ceded	Net	Gross	Ceded	Net
Changes of the technical provisions						
Changes in unearned premiums	(4,801,014)	3,502,955	(1,298,059)	(8,987,052)	7,393,271	(1,593,781)
Changes in loss reserves	(58,193,720)	48,595,900	(9,597,820)	(10,104,203)	2,697,915	(7,406,288)
Changes in equalisation reserve	(4,619,303)	-	(4,619,303)	1,128,461	-	1,128,461
Changes in other underwriting provisions	471,707	(422,802)	48,905	634,530	(566,173)	68,357
Total	(67,142,331)	51,676,054	(15,466,277)	(17,328,263)	9,525,013	(7,803,251)

Head office account movement schedule

<i>in CHF</i>	31 December 2020	31 December 2019
Opening Balance	(31,518,621)	(34,321,743)
Capital from Head Office	(19,392,417)	-
Capital to Head Office		55,012
Result for the year	15,192,908	2,748,111
Closing Balance	(35,718,129)	(31,518,621)

Negative amounts represent asset positions / increases, while positive amounts represent liability positions / decreases in the table above.

Investment result

in CHF		2020				2020	
		Current income	Realised gains	Total investment income	Investment management expenses, other investment expenses	Realised losses	Total investment expenses
Fixed interest securities	-	181,372	-	181,372	(71,803)	-	(71,803)
Other investments					(18,393)		(18,393)
Total				181,372			(90,197)

in CHF		2019				2019	
		Current income	Realised gains	Total investment income	Investment management expenses, other investment expenses	Realised losses	Total investment expenses
Fixed interest securities	77,155	454,672	20,397	552,224	(74,577)	(312,616)	(387,193)
Other investments					(14,417)		(14,417)
Total				552,224			(401,610)

Shareholder

The 100% shareholder of Great Lakes Insurance SE is Munich Reinsurance Company (Münchener Rückversicherungs Gesellschaft Aktiengesellschaft in München).

Full-time equivalents

Great Lakes does not directly employ any individuals in Switzerland.

Subsequent events

The Company continues to closely monitor the situation around the new Coronavirus (Covid-19) pandemic. Based on our current knowledge and portfolio exposition, potential risks and claims arising out of this situation will be predominantly covered by our extensive reinsurance programme. The Swiss Branch of Great Lakes in particular will not be exposed to a risk level that cannot be supported. The Company could potentially incur a double digit million claims expense, before reinsurance; however, to a large extent this will also be covered by our proportional and non-proportional reinsurance programme.

Fulfilling our Swiss tied asset requirements is secured through pertinent agreements with our reinsurers.

Cham, 30 April 2021

Legal Representative

Gerald König

Great Lakes Insurance SE

Swiss Branch

Financial Condition Report 2020

Local GAAP format
(Swiss Code of obligations)

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Business activities

Overview

Great Lakes Insurance SE (hereinafter the "Company" or "Great Lakes") was established under its original name of Great Lakes Reinsurance (UK) Plc in London on 5th November 1987. The company's importance to the Munich Re Group as a special purpose vehicle for developing new business opportunities in primary insurance arising out of the reinsurance portfolio developed over the next twenty-five years culminating in the renaming of the company into Great Lakes Insurance SE and the move of the Headquarters from London to Munich on 29th December 2016.

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The Company and its branches combine the financial strength of the Munich Re Group through shared ratings with flexibility in offering appropriate bespoke innovation solutions to the Group's clients.

Great Lakes enhances the value of the Group through four pillars: acting as a competent partner to develop primary insurance business; maximising the profitability of the business through transparent and efficient administrative and capital costs; providing operational excellence in expertise and innovation; conducting our business in a legal and ethical manner that meets the expectations of our regulators and satisfies the requirements of our policyholders.

Business segments

Property & Casualty Insurance

Property and casualty insurances for multinational clients located in Switzerland via their head offices or local presences are written on a subscription market basis. These are placed as a coinsurance by the international broker houses. We maintain an appetite for such business as a following insurer. Lines of business that build upon the underwriting strength of our Group may include property, specialist liabilities (PI), engineering and energy risks. Through an agents distribution channel, we write gadget insurance.

Aviation

Aviation is written either via brokers or through agents. The business may include larger airlines as well as general aviation within the portfolio. This business has been written since the inception of the branch.

Contingency

A book of cancellation insurance is written by the branch via broker placement. This book includes the largest risk in the branch's portfolio but is a small proportion of the overall business.

Management summary

General Overview

The year 2020 was marked by a further increase in premium volume mainly from our new retail motor insurance business with one agency. During 2020 we also saw increased premium rates across single risk business.

The 2020 result for the year was a loss of -CHF 15.2m compared to a loss of -CHF 2.75m in 2019, which was mainly driven by losses from event cancellation business related to the Coronavirus pandemic.

Market conditions, competition, supply and demand

The non-life insurance market continued to face pressure in terms of price competition within the property and casualty sectors, while we saw rate increases in aviation. Furthermore where pricing discipline could not be maintained, rejection of the risk or acceptance at market rates takes place whilst resisting market pressure as much as possible to reduce the price or broaden the terms and conditions offered. As in previous years the continued driver of these market conditions is the high supply of insurance and reinsurance capacity across international markets and our licensed lines of business.

Innovation and development

During 2020, supported by New Reinsurance Company AG (NewRe) as the Munich Re Group's reinsurer located in Switzerland, Great Lakes Swiss Branch continuously developed its collaboration with its Swiss intermediary in motor insurance. The focus is on retail non-life insurance products which are distributed through online and offline sales channels linked to efficient flexible IT operations ensuring lean processes and competitive costs while upholding strong levels of consumer protection. Great Lakes holds licenses from FINMA for most of the non-life insurance classes. New opportunities to expand sale channels and partners will continue to be explored.

Extraordinary events

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Outlook

In light of the competitive market environment no major changes are expected in the market conditions or claims patterns for the existing portfolio of Great Lakes Swiss Branch. Results will continue to depend on losses in-curred. The portfolio of retail focussed products like gadget and hearing aids will be put into runoff until end of 2021 as it has been decided to discontinue the cooperation with one intermediary. Therefore Great Lakes Swiss Branch will focus on servicing the existing portfolio and develop towards higher average premiums through the acceleration of the Swiss motor insurance cooperation. Necessary adjustments to processes, controls, authorities and operations have been or will be further implemented in line with the business expectations and in close collaboration and dialogue with all relevant stakeholders in a timely fashion. Where appropriate, Great Lakes has continued to deepen its knowledge of the appropriate local markets to ensure that we understand developing conditions and can monitor conduct risk.

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Additional information

Supervisory Board of Great Lakes Insurance SE

Claudia Hasse, Chairman

Ralph Ronnenberg (appointed 01 March 2021)

Dr. Carsten Prussog

Alex Wettemann

Board of Management Great Lakes Insurance SE

Christoph Carus, Chief Executive Officer (appointed 01 March 2021)

Dr. Achim Stegner, Chief Executive Officer (resigned 30 September 2020)

Dr. Stefan Pasternak, Chief Financial Officer

Dr. Tobias Klauß, Chief Risk Officer

Stéphane Deutscher, Chief Operations Officer

Legal Representative Great Lakes Insurance SE Swiss Branch

Gerald König, PRS Prime Re Services AG, Cham

Shareholder

100% Munich Reinsurance Company, Munich

Rating

AA- by Standard & Poor's

A+ by A.M. Best

Auditors

Ernst & Young AG, Zurich

Performance

Income statement for the year

<i>in CHF</i>	2020	2019
Gross premiums	44,828,448	39,551,249
Premiums ceded	(36,654,449)	(32,863,034)
Premiums for own account	8,173,999	6,688,215
Change in unearned premiums gross	(4,801,014)	(8,987,052)
Change in unearned premiums ceded	3,502,955	7,393,271
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Other income	752,508	942,573
Other expenses	(1,098,364)	(1,131,768)
Result before taxes	(15,167,602)	(2,738,278)
Direct taxes	(25,307)	(9,833)
Result for the year	(15,192,908)	(2,748,111)

Qualitative information performance

Premiums

Written premiums comprise the amount receivable including an estimate of pipeline premiums during the financial year for the whole period the Company is on risk in respect of contracts of insurance entered into and incepting during that period, together with any further adjustments to premiums receivable for prior accounting periods that had not been fully recognised in previous financial statements. Pipeline premiums are those collected by intermediaries but not yet notified to Great Lakes, and are assessed based on estimates from underwriting or past experience. Premiums are stated before deduction of commissions but net of taxes and duties levied on premiums. Premiums are earned over the term of the insurance policies to which they relate, in accordance with the risk coverage provided by the underlying insurance policies.

Outward reinsurance and retrocession premiums are accounted for in the same accounting period as the premiums for the underlying direct insurance or inwards reinsurance business.

Claims incurred

Claims incurred comprise claims and claim settlement expenses (both internal and external) paid in the year and the movement in the provision for outstanding claims and settlement expenses, including an allowance for the costs of claims incurred by the balance sheet date but not reported until after the year end.

Acquisition costs and administrative expenses

Acquisition costs comprise all direct and indirect costs arising from the conclusion of insurance and reinsurance contracts.

Investment result

Investment income comprises amortization, interests, realised investment gains and losses, investment management expenses and other investment expenses.

Realised gains and losses represent the difference between net sales proceeds and amortized acquisition costs in the accounting period.

Foreign currencies

Foreign currency transactions are translated at the rates of exchange ruling at the dates of the transaction.

Other income and expenses

The main component of other income and expenses were foreign exchange gains and losses.

Profits and losses recognised directly in equity

There are no profits and losses recognised directly in equity.

Quantitative information performance

Performance Solo NL Direct

Financial situation report: quantitative template "Performance Solo NL"

Currency: CHF or annual report currency Amounts stated in millions																
	Total		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								
Gross premiums	40	45	-	-	-	-	1	4	2	2	26	29	2	5	8	4
Reinsurers' share of gross premiums	(33)	(37)	-	-	-	-	(0)	(3)	(1)	(2)	(25)	(27)	1	(2)	(7)	(3)
Premiums for own account (1 + 2)	7	8	-	-	-	-	1	1	1	1	1	3	3	3	1	1
Change in unearned premium reserves	(9)	(5)	-	-	-	-	(1)	(1)	(0)	(0)	(0)	(2)	(0)	(1)	(8)	0
Reinsurers' share of change in unearned premium reserves	7	4	-	-	-	-	0	1	0	0	1	2	0	0	6	(0)
Premiums earned for own account (3 + 4 + 5)	5	7	-	-	-	-	0	0	0	1	2	3	3	2	(1)	1
Other income from insurance business	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total income from underwriting business (6 + 7)	5	7	-	-	-	-	0	0	0	1	2	3	3	2	(1)	1
Payments for insurance claims (gross)	(11)	(70)	-	-	-	-	(0)	(1)	(2)	(1)	(8)	(8)	(0)	(0)	(0)	(60)
Reinsurers' share of payments for insurance claims	9	64	-	-	-	-	0	1	2	1	8	7	-	-	0	56
Change in technical provisions	(9)	(63)	-	-	-	-	(0)	(2)	(0)	(1)	2	(4)	(11)	(21)	2	(35)
Reinsurers' share of change in technical provisions	3	49	-	-	-	-	0	1	0	1	(1)	3	4	13	(1)	30
Change in technical provisions for unit-linked life insurance																
Expenses for insurance claims for own account (9 + 10 + 11 + 12 + 13)	(8)	(20)	-	-	-	-	(0)	(1)	(0)	(1)	(0)	(1)	(7)	(8)	2	(9)
Acquisition and administration expenses	(17)	(21)	-	-	-	-	(1)	(1)	(0)	(0)	(15)	(18)	(0)	(0)	(0)	(1)
Reinsurers' share of acquisition and administration expenses	17	19	-	-	-	-	0	1	0	0	16	17	(0)	0	0	1
Acquisition and administration expenses for own account (15 + 16)	(0)	(2)	-	-	-	-	(0)	(0)	(0)	(0)	0	(1)	(0)	(0)	(0)	(0)
Other underwriting expenses for own account	(0)	(0)	-	-	-	-	-	-	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Total expenses from underwriting business (14 + 17 + 18) (non-life insurance only)	(8)	(22)	-	-	-	-	(0)	(0)	(0)	(0)	0	(1)	(0)	(0)	0	(0)
Investment income	1	0														
Investment expenses	(0)	(0)														
Net investment income (20 + 21)	0	0														
Capital and interest income from unit-linked life insurance	-	-														
Other financial income	-	-														
Other financial expenses	-	-														
Operating result (8 + 14 + 17 + 18 + 22 + 23 + 24 + 25)	(3)	(15)														
Interest expenses for interest-bearing liabilities	-	-														
Other income	1	1														
Other expenses	(1)	(1)														
Extraordinary income/expenses	-	-														
Profit / loss before taxes (26 + 27 + 28 + 29 + 30)	(3)	(15)														
Direct taxes	(0)	(0)														
Profit / loss (31 + 32)	(3)	(15)														

Performance Solo NL Direct non-Swiss & Indirect

Financial situation report: quantitative template "Performance Solo NL"

	Direct non-Swiss business		Indirect business													
	Total		Personal accident		Health		Motor		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	Previous year	Reporting year
Gross premiums	-	-	-	-	-	-	-	-	0	0	1	0	-	-	-	-
Reinsurers' share of gross premiums	-	-	-	-	-	-	-	0	(0)	(0)	0	(0)	0	(0)	0	(0)
Premiums for own account (1 + 2)	-	-	-	-	-	-	-	0	0	0	1	(0)	(0)	0	(0)	(0)
Change in unearned premium reserves	-	-	-	-	-	-	-	-	0	(0)	(0)	0	-	-	-	-
Reinsurers' share of change in unearned premium reserves	-	-	-	-	-	-	-	-	(0)	0	-	-	-	-	-	-
Premiums earned for own account (3 + 4 + 5)	-	-	-	-	-	-	-	0	0	0	1	0	(0)	0	(0)	(0)
Other income from insurance business	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total income from underwriting business (6 + 7)	-	-	-	-	-	-	-	0	0	0	1	0	(0)	0	(0)	(0)
Payments for insurance claims (gross)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reinsurers' share of payments for insurance claims	-	-	-	-	-	-	-	-	0	-	-	-	-	-	-	-
Change in technical provisions	-	-	-	-	-	-	-	-	0	(0)	(1)	0	0	(0)	-	-
Reinsurers' share of change in technical provisions	-	-	-	-	-	-	-	-	(0)	0	(0)	0	0	0	-	-
Change in technical provisions for unit-linked life insurance	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Expenses for insurance claims for own account (9 + 10 + 11 + 12 + 13)	-	-	-	-	-	-	-	-	0	(0)	(1)	0	0	(0)	-	-
Acquisition and administration expenses	-	-	-	-	-	-	-	-	(0)	(0)	(0)	(0)	-	-	-	-
Reinsurers' share of acquisition and administration expenses	-	-	-	-	-	-	-	-	0	0	-	-	-	-	-	-
Acquisition and administration expenses for own account (15 + 16)	-	-	-	-	-	-	-	-	0	(0)	(0)	(0)	-	-	-	-
Other underwriting expenses for own account	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses from underwriting business (14 + 17 + 18) (non-life insurance only)	-	-	-	-	-	-	-	-	0	0	(0)	(0)	-	-	-	-
Investment income	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Investment expenses	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Net investment income (20 + 21)	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Capital and interest income from unit-linked life insurance	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Other financial income	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Other financial expenses	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Operating result (8 + 14 + 17 + 18 + 22 + 23 + 24 + 25)	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Interest expenses for interest-bearing liabilities	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Other income	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Other expenses	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Extraordinary income/expenses	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Profit / loss before taxes (26 + 27 + 28 + 29 + 30)	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Direct taxes	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Profit / loss (31 + 32)	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

Comments on “Performance Solo NL” template

Premium income

The net premium income from direct business increased from CHF 6.7m to CHF 8.2m.

The increase in net premium income during 2020 was primarily driven by the renewal of contracts for direct business lines fire, natural hazards, property damage and general third party liability insurance.

Expenses for insurance claims

Total net expenses for insurance claims increased from CHF 7.5m to CHF 20.1m.

This significant increase for business line general third party liability was mainly driven by losses related to the Coronavirus pandemic.

Expenses from underwriting business

Total net expenses from underwriting business increased from CHF 7.8m to CHF 21.8m.

Net investment income

The net investment income (after management expenses for investments) amounted to CHF 91.2k, after CHF 150.6k in the previous year. Investments were converted to short term treasury with lower fees and positive amortisation during 2019.

Profit/Loss

The 2020 result for the year was a loss of -CHF 15.2m compared to a loss of -CHF 2.75m in 2019, which was mainly driven by exposure increase during the year and the major losses related to the Coronavirus pandemic.

Cham, 30 April 2020

Legal Representative

Gerald König

Appendices

To the General Manager of
Great Lakes Insurance SE, Munich, Cham Branch
Gewerbestrasse 6
6330 Cham

Zurich, 30. April 2021

Independent auditor's report

As a federally-supervised audit firm, we have audited the accompanying financial statements of the Cham branch office of Great Lakes Insurance SE, Munich, which comprise the balance sheet as of 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.

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 judgment, 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 the Cham branch office of Great Lakes Insurance SE, Munich 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 the Cham branch office of the Great Lakes Insurance SE, Munich 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.



Other matter

The financial statements of Great Lakes Insurance SE, Munich, Cham Branch for the year ended 31 December 2019 were audited by another statutory auditor who expressed an unqualified opinion on those financial statements on 27 April 2020.

Ernst & Young AG


Christian Fleig
(Qualified
Signature)
Building a better
working world

Licensed audit expert
(Auditor in charge)


Pascal Nikles
(Qualified
Signature)
Building a better
working world

Licensed audit expert

Enclosures

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