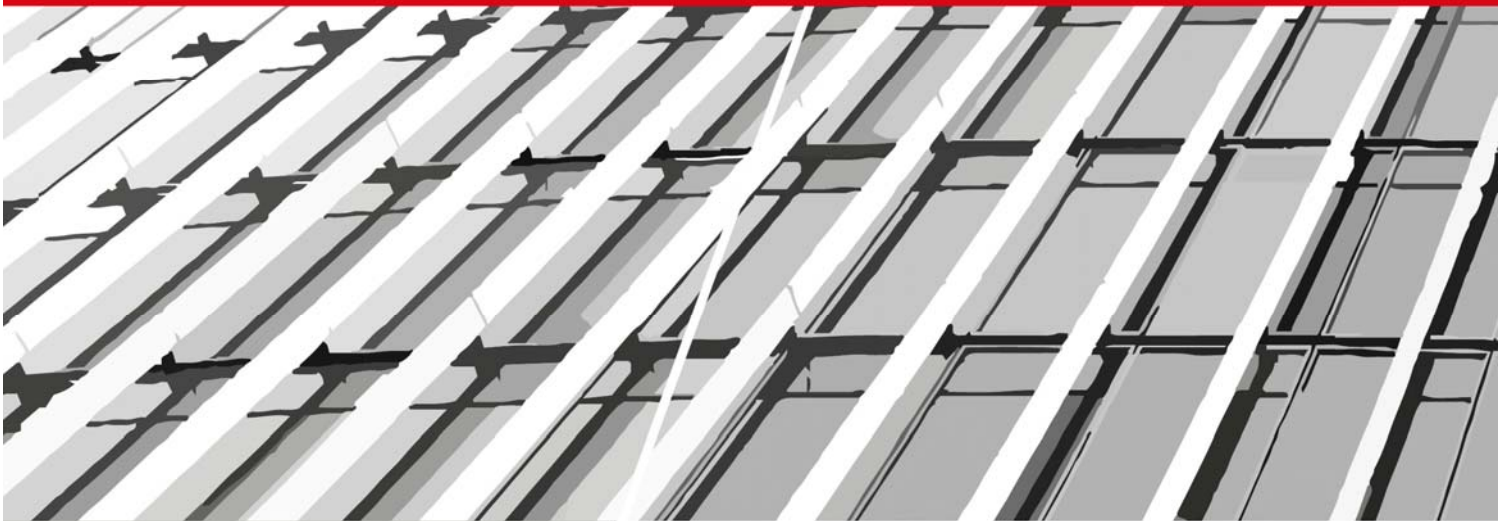




**CNA Insurance Company Limited, London, Zweigniederlassung Cham  
2023 Financial Condition Report**



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Registered: number CHE-110.627.112

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## Business Activities

### General Overview

CNA Insurance Company Limited, London, Zweigniederlassung Cham ("CNA Switzerland" or "the Branch") is the Swiss branch of CNA Insurance Company Limited ("CICL" or "the Company"), incorporated in England and Wales.

The Branch was licensed by FINMA to provide insurance coverage for clients in Switzerland for the following lines of business:

- B7 Goods in transit
- B13 General liability

As a part of the Company's review of its strategy, prompted by Brexit, the CICL Board made the decision to close the Branch. The Branch ceased its active business operations in Switzerland on 5 September 2017 and a corresponding change to the business plan was approved by FINMA on 9 October 2018. The run-off plan submitted by the Branch had been approved by FINMA with Decree of 26 November 2020.

In 2021, the Branch concluded the outsourcing of the data storage relating to the Branch operation, which was approved by FINMA with Decree of 24 June 2021.

CNA Switzerland was established as a branch of CICL in 2006. The registered address of the Branch is c/o PRS Prime Re Services AG, Gewerbestrasse 6, 6330 Cham. Mr Rolf Nebel was appointed General Manager on 20 June 2018.

The Branch does not have any permanent staff.

The 2023 result for the year was CHF(1.01)m compared to CHF0.32m in 2022.

### Risk Management

The Branch operates a risk management system to manage and monitor its risks within the overall governance framework set by the CICL Board of directors.

The distinct categories of risk are segmented into the following high level categories: Insurance risks, Financial risks, Operational risks and Strategic risks.

The Company has processes in place to monitor and manage new and emerging risks associated both directly with its insurance activities and with the wider business and economic environment. The Company also monitors potential emerging risks resulting from changes to the regulatory environment. Where appropriate, the Company undertakes risk management activities to mitigate emerging risks.

The Company is aware of the risks caused by high inflation and interest rates and the impact it is having on the global economy. Consequently, the macroeconomic outlook of these indicators has been considered in key areas, notably reserving, pricing, business planning, day-to-day insurance activity and investment management.

Assets required for the Branch to meet all its obligations are held in cash accounts with a AAA rated Swiss domiciled bank. The bank accounts are not exposed to the instability affecting worldwide financial markets and there is no increased credit risk exposure. Since the branch has been in runoff for over four years the insurance exposure is not significant.

## **Business Activities - continued**

Accordingly, technical provisions are not affected and there are no possible scenarios which could affect late notified claims or pending claim settlements relating to past risk exposures.

The Branch relies on internal outsourcing arrangements with the Company and the risk of exposure from outsourcing partners is therefore limited.

The Company has continued to monitor the developments of the conflict in Ukraine. We do not believe the company has material exposure to these events.

## **Outlook**

The Branch will run-off its liabilities and maintain sufficient assets to cover the liabilities, including the run-off reserves, in line with the terms of the run-off plan approved by FINMA on 26 November 2020.

## **Additional Information**

### **Legal Representative**

Mr Rolf Nebel, PRS Prime Re Services AG

### **Shareholder**

CNA Switzerland is a branch of CNA Insurance Company Limited ('CICL'), a company incorporated in England and Wales. CICL is 100% owned by CNA Financial Corporation, a company incorporated in the United States of America. The ultimate parent undertaking is Loews Corporation, a company incorporated in the United States of America.

### **Rating**

A+ (Stable) Standard & Poor's

### **External Auditors**

Deloitte AG, Zurich

## Performance

### Income Statement

|   | 31 Dec 2023<br>CHF'000 | 31 Dec 2022<br>CHF'000 |
|---|------------------------|------------------------|
| Gross written premiums  | -                      | (9)                    |
| Reinsurers share of written premiums                                    | -                      | 0                      |
| <b>Net written premiums</b>   | <b>-</b>               | <b>(9)</b>             |
| Gross change in unearned premiums                                       | -                      | 36                     |
| Reinsurers' share of change in unearned premiums                        | -                      | -                      |
| <b>Net earned premiums</b>  | <b>-</b>               | <b>26</b>              |
| Gross claims paid   | (48)                   | (38)                   |
| Reinsurers' share of claims paid  | 3                      | 6                      |
| Gross change in claims and equalisation reserves                        | (164)                  | 438                    |
| Reinsurers' share of change in claims reserves                          | (264)                  | (152)                  |
| Change in the net provision for claims                                  | (428)                  | 286                    |
| Change in other technical provisions                                    | 207                    | 235                    |
| <b>Net Incurred Claims including Change in Other Technical Reserves</b> | <b>(266)</b>           | <b>489</b>             |
| Acquisition cost and administrative expenses                            | (207)                  | (233)                  |
| Reinsurers' acquisition cost and administrative expenses                | (0)                    | (0)                    |
| <b>Net acquisition cost and administrative expenses</b>                 | <b>(207)</b>           | <b>(233)</b>           |
| <b>Technical result</b>   | <b>(473)</b>           | <b>282</b>             |

## Performance

### General Accounts

|                            | 31 Dec 2023<br>CHF'000 | 31 Dec 2022<br>CHF'000 |
|----------------------------|------------------------|------------------------|
| <b>Technical result</b>    | <b>(473)</b>           | <b>282</b>             |
| Foreign exchange gains     | (532)                  | 45                     |
| Other income / (charges)   | -                      | -                      |
| <b>Operating result</b>    | <b>(1,005)</b>         | <b>327</b>             |
| <b>Result before taxes</b> | <b>(1,005)</b>         | <b>327</b>             |
| Direct taxes               | (6)                    | (6)                    |
| <b>Result after taxes</b>  | <b>(1,011)</b>         | <b>320</b>             |

## Qualitative Information Performance

### Premiums

Premiums written comprise adjustments made in the year to premiums on contracts incepting in prior accounting periods. Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them.

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct inward business.

The amount due but not paid is included in insurance and reinsurance debtors in the balance sheet.

### Claims incurred

Claims incurred comprise all claim payments and internal and external settlement expense payments made in the financial year, and the movement in the provisions for claims outstanding and settlement expenses, including claims incurred but not reported ("IBNR"), net of salvage and subrogation recoveries.

Outward reinsurance recoveries are accounted for in the same accounting period as the claims for the related direct or inward reinsurance business being reinsured.

### Acquisition Costs and Administrative Expenses

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

### Foreign Currencies

The currency in which the Branch operates is Swiss Francs. The presentational currency of the Branch's financial statements is also CHF.

Foreign currency transactions are converted to functional currency using the exchange rates prevailing at the date of the transactions.

### Investment Result

The Branch does not hold investments and accordingly the investment result is nil.

### Other Income / (Charges)

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

### Profits and Losses recognised directly in Equity

There are no profits or losses recognised directly in Equity.

Quantitative Information Performance

| Financial situation report: quantitative template "Performance Solo NL"               |               |                |               |                |               |                |               |                |               |                |  |                |                               |                |                |                |
|---|---------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|--|----------------|-------------------------------|----------------|----------------|----------------|
| Currency: CHF or annual report currency<br>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 | Previous year | Reporting year | Previous year                          | Reporting year | Previous year                 | Reporting year | Previous year  | Reporting year |
| 1 Gross premiums  | 0             | 0              |               |                |               |                |               |                | 0             | 0              |  |                | 0                             | 0              |                |                |
| 2 Reinsurers' share of gross premiums   | 0             | 0              |               |                |               |                |               |                | 0             | 0              |  |                | 0                             | 0              |                |                |
| 3 Premiums for own account (1 + 2)  | 0             | 0              |               |                |               |                |               |                | 0             | 0              |  |                | 0                             | 0              |                |                |
| 4 Change in unearned premium reserves   | 0             | 0              |               |                |               |                |               |                | 0             | 0              |  |                | 0                             | 0              |                |                |
| 5 Reinsurers' share of change in unearned premium reserves                            | 0             | 0              |               |                |               |                |               |                | 0             | 0              |  |                | 0                             | 0              |                |                |
| 6 Premiums earned for own account (3 + 4 + 5)   | 0             | 0              |               |                |               |                |               |                | 0             | 0              |  |                | 0                             | 0              |                |                |
| 7 Other income from insurance business  | 0             | 0              |               |                |               |                |               |                | 0             | 0              |  |                | 0                             | 0              |                |                |
| 8 Total income from underwriting business (6 + 7)                                     | 0             | 0              |               |                |               |                |               |                | 0             | 0              |  |                | 0                             | 0              |                |                |
| 9 Payments for insurance claims (gross)   | 0             | 0              |               |                |               |                |               |                | 0             | 0              |  |                | 0                             | 0              |                |                |
| 10 Reinsurers' share of payments for insurance claims                                 | 0             | 0              |               |                |               |                |               |                | 0             | 0              |  |                | 0                             | 0              |                |                |
| 11 Change in technical provisions   | 0             | 0              |               |                |               |                |               |                | 0             | -1             |  |                | 0                             | 1              |                |                |
| 12 Reinsurers' share of change in technical provisions                                | 0             | 0              |               |                |               |                |               |                | 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)              | 0             | 0              |               |                |               |                |               |                | 0             | -1             |  |                | 0                             | 0              |                |                |
| 15 Acquisition and administration expenses  | 0             | 0              |               |                |               |                |               |                | 0             | 0              |  |                | 0                             | 0              |                |                |
| 16 Reinsurers' share of acquisition and administration expenses                       | 0             | 0              |               |                |               |                |               |                | 0             | 0              |  |                | 0                             | 0              |                |                |
| 17 Acquisition and administration expenses for own account (15 + 16)                  | 0             | 0              |               |                |               |                |               |                | 0             | 0              |  |                | 0                             | 0              |                |                |
| 18 Other underwriting expenses for own account  | 0             | 0              |               |                |               |                |               |                | 0             | 0              |  |                | 0                             | 0              |                |                |
| 19 Total expenses from underwriting business (14 + 17 + 18) (non-life insurance only) | 0             | 0              |               |                |               |                |               |                | 0             | -1             |  |                | 0                             | 0              |                |                |
| 20 Investment income  | 0             | 0              |               |                |               |                |               |                |               |                |  |                |                               |                |                |                |
| 21 Investment expenses  | 0             | 0              |               |                |               |                |               |                |               |                |  |                |                               |                |                |                |
| 22 Net investment income (20 + 21)  | 0             | 0              |               |                |               |                |               |                |               |                |  |                |                               |                |                |                |
| 23 Capital and interest income from unit-linked life insurance                        | 0             | 0              |               |                |               |                |               |                |               |                |  |                |                               |                |                |                |
| 24 Other financial income   | 0             | 0              |               |                |               |                |               |                |               |                |  |                |                               |                |                |                |
| 25 Other financial expenses   | 0             | 0              |               |                |               |                |               |                |               |                |  |                |                               |                |                |                |
| 26 Costs of funds (23 + 24 + 25 + 27 + 28 + 29 + 30 + 31)                             | 0             | 0              |               |                |               |                |               |                |               |                |  |                |                               |                |                |                |
| 27 Interest expenses for interest-bearing liabilities                                 | 0             | 0              |               |                |               |                |               |                |               |                |  |                |                               |                |                |                |
| 28 Other income   | 0             | -1             |               |                |               |                |               |                |               |                |  |                |                               |                |                |                |
| 29 Other expenses   | 0             | 0              |               |                |               |                |               |                |               |                |  |                |                               |                |                |                |
| 30 Extraordinary income/expenses  | 0             | 0              |               |                |               |                |               |                |               |                |  |                |                               |                |                |                |
| 31 Profit / loss before taxes (26 + 27 + 28 + 29 + 30)                                | 0             | -1             |               |                |               |                |               |                |               |                |  |                |                               |                |                |                |
| 32 Direct taxes   | 0             | 0              |               |                |               |                |               |                |               |                |  |                |                               |                |                |                |
| 33 Profit / loss (31 + 32)  | 0             | -1             |               |                |               |                |               |                |               |                |  |                |                               |                |                |                |



## Comments on "Performance Solo NL" Template – Direct Business

### Premium Income

The net premium income from direct business reduced from CHF(0.009)m to CHF0m. This is due to the fact that the Branch terminated active underwriting at the end of 2018. Outgo in 2022 is due to two policy novations.

### Expenses for Insurance Claims

In 2023 the Branch experienced a decrease in IBNR and recorded favourable claims development for General Liability business CHF0.319m (2022: 0.484m) but unfavourable claims development for Transport business CHF(0.586)m (2022: CHF0.003m).

### Expenses from Underwriting Business

Expenses from underwriting business comprises commission paid to brokers on premium income arising and expenses incurred in the administration and oversight of the portfolio. For a portfolio in run-off, such expenses can still occur during a transitional period for policies underwritten in previous years. The total net expenses from underwriting business remained at CHF0.2m (2022: CHF0.2m).

### Technical result

The technical result is calculated as premium income from underwriting business less expenses for insurance claims and, expenses from underwriting business. Transport business contributed CHF(0.53)m (2022: CHF(0.009)m) and General third-party liability CHF0.056m (2022: CHF0.29m) to the technical result.

### Net Investment Income and Expenses

Net investment income was CHF0m in 2023 and 2022.

### Profit / Loss

At CHF(1.01)m the loss after tax compares to a profit after tax of CHF0.32m in 2022.

### Indirect Business

The Branch does not underwrite indirect business.

Cham, 22 April 2024



Mr Rolf Nebel, General Manager

## **Appendices**

### **Independent Auditor's Report**

***CNA Insurance Company Limited, London,  
Branch Cham***

*Financial Statements  
for the year ended 31 December 2023  
and Independent Auditor's Report*

To the General Manager of  
CNA Insurance Company Limited, London,  
Cham Branch

## **REPORT OF THE INDEPENDENT AUDITOR**

### *Opinion*

As an audit firm under state supervision, we have audited the financial statements (page 5 – 17) of CNA Insurance Company Limited, London, Cham Branch (the branch), which comprise the balance sheet as at 31 December 2023, the income statement for the financial year then ended, and the notes to the financial statements, including a summary of significant accounting policies - pursuant to Art. 28 (2) of the Insurance Supervision Act (ISA) and with reference to the supplementary information for audit reporting of insurance companies in Annex 19 to FINMA Circular 13/3 concerning the “Preparation and audit of the financial statements of branches of foreign insurance companies” of 4 November 2020 (Annex 19 to FINMA Circular 13/3).

In our opinion, the accompanying financial statements (page 5 – 17) of CNA Insurance Company Limited, London, Cham Branch comply in all material respects with the financial reporting provisions of Annex 19 to FINMA Circular 13/3.

### *Basis for Opinion*

We conducted our audit in accordance with the Swiss Standards on Auditing (SA-CH) as well as the framework for the audit of financial statements as set out in section 3.2 of Annex 19 to FINMA Circular 13/3. Our responsibilities under those provisions and standards are further described in the “Independent Auditor's Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company in accordance with the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



### *Other Information*

The General Manager is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *General Manager's Responsibilities for the Financial Statements*

The General Manager is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Annex 19 to FINMA Circular 13/3 and for such internal control as the General Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the General Manager is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern, and using the going concern basis of accounting unless the General Manager either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## *Independent Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SA-CH and Annex 19 to FINMA Circular 13/3 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

## **Deloitte AG**

Sandy Goebler  
Licensed audit expert

Magnus Kerner  
Licensed audit expert

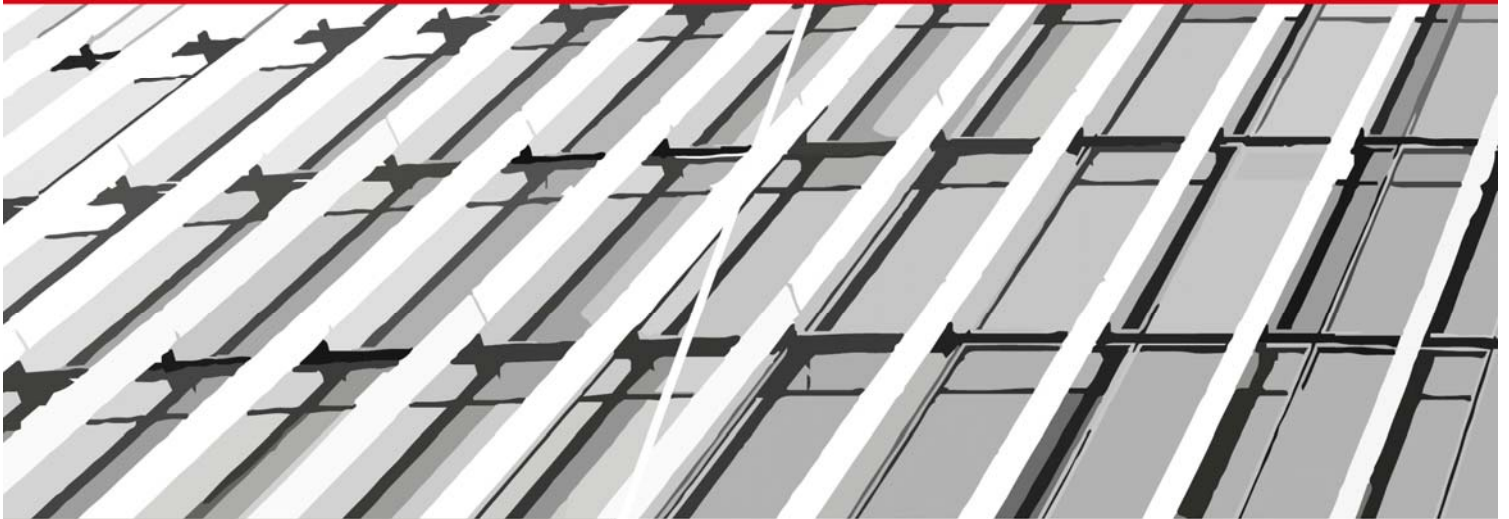
Zurich, 19.04.2024

## Enclosure:

- Annual Report of CNA Insurance Company Limited, London, Cham Branch consisting of the balance sheet as at 31 December 2023, the income statement and the notes



**CNA Insurance Company Limited, London, Zweigniederlassung Cham  
2023 Annual Report**



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## Management report

CNA Insurance Company Limited, London, Zweigniederlassung Cham (“CNA Switzerland” or “the Branch”) is the Swiss branch of CNA Insurance Company Limited (“CICL” or “the Company”), incorporated in England and Wales.

The Branch was licensed by FINMA to provide insurance coverage for clients in Switzerland for the following lines of business:

- B7 Goods in transit
- B13 General liability

As a part of the Company’s review of its strategy, prompted by Brexit, the CICL Board made the decision to close the Branch. The Branch ceased its active business operations in Switzerland on 5 September 2017 and a corresponding change to the business plan was approved by FINMA on 9 October 2018. The run-off plan submitted by the Branch had been approved by FINMA with Decree of 26 November 2020.

CNA Switzerland was established as a branch of CICL in 2006. The registered address of the Branch is c/o PRS Prime Re Services AG, Gewerbestrasse 6, 6330 Cham. Mr Rolf Nebel was appointed General Manager on 20 June 2018.

The Branch does not have any permanent staff.

### Key performance indicators

The Branch uses a range of key performance indicators (“KPIs”) to determine how well it is performing against its objectives and overall strategy. These indicators are regularly reviewed by the Branch manager and are measured against plan and prior year data. The following KPIs have been deemed most relevant to demonstrating the Branch’s performance in 2023 and its financial position at the end of the year:

|                        | 31 Dec 2023<br>CHF'000 | 31 Dec 2022<br>CHF'000 |
|------------------------|------------------------|------------------------|
| Gross written premiums | -                      | (9)                    |
| Result before taxes    | (1,005)                | 327                    |
| Result after taxes     | (1,011)                | 320                    |
| Gross claims reserves  | 3,276                  | 3,112                  |
| Number of open claims  | 16                     | 19                     |
| Net Assets             | 7,349                  | 8,360                  |

### Risk Management

The Branch operates a risk management system to manage and monitor its risks within the overall governance framework set by the CICL Board of directors.

The distinct categories of risk are segmented into the following high level categories: Insurance risks, Financial risks, Operational risks and Strategic risks.

## Management report - continued

The Company has processes in place to monitor and manage new and emerging risks associated both directly with its insurance activities and with the wider business and economic environment. The Company also monitors potential emerging risks resulting from changes to the regulatory environment. Where appropriate, the Company undertakes risk management activities to mitigate emerging risks.

The Company is aware of the risks caused by high inflation and interest rates and the impact it is having on the global economy. Consequently, the macroeconomic outlook of these indicators has been considered in key areas, notably reserving, pricing, business planning, day-to-day insurance activity and investment management.

Assets required for the Branch to meet all its obligations are held in cash accounts with a AAA rated Swiss domiciled bank. The bank accounts are not exposed to the instability affecting worldwide financial markets and there is no increased credit risk exposure. Since the branch has been in runoff for over five years the insurance exposure is not significant. Accordingly, technical provisions are not affected and there are no possible scenarios which could affect late notified claims or pending claim settlements relating to past risk exposures.

The Branch relies on internal outsourcing arrangements with the Company and the risk of exposure from outsourcing partners is therefore limited.

The Company has continued to monitor the developments of the conflict in Ukraine. We do not believe the company has material exposure to these events.

**Approved by:**

**Mr Rolf Nebel, General Manager**

**19 April 2024**

## Balance sheet as at December 31

| Assets  | Notes | 31 Dec 2023<br>CHF'000 | 31 Dec 2022<br>CHF'000 |
|---|-------|------------------------|------------------------|
| Cash and cash equivalents                                   | 5     | 9,815                  | 10,367                 |
| Reinsurers' share of technical reserves                     | 8     | 2,280                  | 2,544                  |
| Amounts receivable from insurance business                  | 6     | 0                      | 0                      |
| Amounts receivable from reinsurance business                | 6     | 1                      | 1                      |
| Other debtors   |       | 0                      | 0                      |
| Prepayments   |       | 0                      | 9                      |
| <b>Total assets</b>   |       | <b>12,096</b>          | <b>12,921</b>          |
| Gross technical reserves                                    | 8     | 3,772                  | 3,815                  |
| Amounts payable from insurance business                     |       | 0                      | 0                      |
| Liabilities to Head Office from normal course of business   | 7     | 846                    | 640                    |
| Other liabilities   | 9     | 61                     | 48                     |
| Accrued expense and deferred income                         |       | 68                     | 58                     |
| <b>Total liabilities</b>                                    |       | <b>4,747</b>           | <b>4,561</b>           |
| Liaison account to head office                              |       |                        |                        |
| Capital contributions                                       |       | 8,625                  | 8,625                  |
| Retained earnings   |       | (265)                  | (585)                  |
| Result for the current period                               |       | (1,011)                | 320                    |
| <b>Total liaison account to head office</b>                 | 13    | <b>7,349</b>           | <b>8,360</b>           |
| <b>Total liabilities and liaison account to head office</b> |       | <b>12,096</b>          | <b>12,921</b>          |

The Notes 1 to 14 form an integral part of these financial statements.

## Income Statement - Technical

|   | 31 Dec 2023<br>CHF'000 | 31 Dec 2022<br>CHF'000 |
|---|------------------------|------------------------|
| Gross written premiums  | -                      | (9)                    |
| Reinsurers share of written premiums                                    | -                      | 0                      |
| <b>Net written premiums</b>   | <b>-</b>               | <b>(9)</b>             |
| Gross change in unearned premiums                                       | -                      | 36                     |
| Reinsurers' share of change in unearned premiums                        | -                      | -                      |
| <b>Net earned premiums</b>  | <b>-</b>               | <b>26</b>              |
| Gross claims paid   | (48)                   | (38)                   |
| Reinsurers' share of claims paid  | 3                      | 6                      |
| Gross change in claims and equalisation reserves                        | (164)                  | 438                    |
| Reinsurers' share of change in claims reserves                          | (264)                  | (152)                  |
| Change in the net provision for claims                                  | (428)                  | 286                    |
| Change in other technical provisions                                    | 207                    | 235                    |
| <b>Net Incurred Claims including Change in Other Technical Reserves</b> | <b>(266)</b>           | <b>489</b>             |
| Acquisition cost and administrative expenses                            | (207)                  | (233)                  |
| Reinsurers' acquisition cost and administrative expenses                | (0)                    | (0)                    |
| <b>Net acquisition cost and administrative expenses</b>                 | <b>(207)</b>           | <b>(233)</b>           |
| <b>Technical result</b>   | <b>(473)</b>           | <b>282</b>             |

The Notes 1 to 14 form an integral part of these financial statements.

## Income Statement – Non-Technical

|                            | 31 Dec 2023<br>CHF'000 | 31 Dec 2022<br>CHF'000 |
|----------------------------|------------------------|------------------------|
| <b>Technical result</b>    | <b>(473)</b>           | <b>282</b>             |
| Foreign exchange gains     | (532)                  | 45                     |
| Other income / (charges)   | -                      | -                      |
| <b>Operating result</b>    | <b>(1,005)</b>         | <b>327</b>             |
| <b>Result before taxes</b> | <b>(1,005)</b>         | <b>327</b>             |
| Direct taxes               | (6)                    | (6)                    |
| <b>Result after taxes</b>  | <b>(1,011)</b>         | <b>320</b>             |

The Notes 1 to 14 form an integral part of these financial statements.

## Notes to the financial statements

CNA Insurance Company Limited, London, Zweigniederlassung Cham ("CNA Switzerland" or "the Branch").

The period of run-off is expected to last until 2044 and the Branch has considered the future settlement of financial obligations arising from insurance contracts as well as the necessary funds provided for this purpose.

### 1. Key accounting and valuation principles

#### Principles of financial reporting

The financial statements of 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. They have all been applied consistently throughout the year.

#### Basis of preparation

The financial statements have been prepared on a going concern basis.

#### Foreign currency items and translation for presentation purposes - Recognition of foreign currency transactions and balances (original to functional currency)

The currency in which the Branch operates is Swiss Francs (CHF) (functional currency). The presentational currency of the Branch's financial statements is also CHF.

Foreign currency transactions are converted to functional currency using the exchange rates prevailing at the date of the transactions.

Short term monetary assets and liabilities denominated in foreign currency are revalued to functional currency at year end exchange rates and the resulting differences are recognised as gains and losses in the income statement.

Non-monetary assets and liabilities denominated in foreign currency are converted to functional currency at historical rates and are impaired to the lower market value if necessary.

#### Cash and cash equivalents

Cash and cash equivalents represent cash balances lodged with Swiss authorised banks.

#### Technical reserves

The technical reserves are calculated by the appointed actuary and are in line with CNA Switzerland's reserving policy as submitted to FINMA.

## Notes to the financial statements - continued

### Unearned premiums (“UPR”)

Premiums not earned at the balance sheet date or the dates of the quarterly account are carried forward proportionally (to the amount unearned) as unearned premium reserve.

Claims reserves consist of the following elements:

### Outstanding case reserves

The case reserving process provides individual loss reserves for every reported claim. Case reserves come from Claims department professionals and represent their estimate of “probable ultimate outcome” using the facts known at the time of setting the case reserve. Any evidence or assumptions taken to arrive at that estimate are disclosed and documented. Case reserves are entered as soon as is practical, but at times the nature of complex claims or reporting lag of claims can make this not feasible for an extended period of time. If it is not possible to case reserve a claim shortly after notice, a signal reserve is posted and clearly documented.

Case estimates are also made on a gross, ceded and net basis where ceded case reserves reflect the contractual conditions of the reinsurance policies. The case estimates are set within systems in the original currency of the claim. Data is available at claim record level which in turn links directly to the policy record and hence CNA Switzerland case reserves can be readily identified from system data.

### Incurred but not reported reserves

IBNR is calculated by reserve reviews conducted at least twice per calendar year. CICL’s overall reserving philosophy is to determine a best estimate of undiscounted unpaid claims and allocated loss adjustment expenses (ALAE), representing the mean of all reasonably foreseeable outcomes. This is known as the best estimate indication of reserves.

There are two components of IBNR – Specific and General.

Specific IBNR is IBNR set aside for known claims (also known as IBNER – Incurred But Not Enough Reported). This approach is typically used to estimate provisions for large losses or catastrophe events. Specific IBNR is ultimately determined by the actuaries but will generally rely on claim scoring data from Claims department professionals. Each specific IBNR is estimated based on the specific details and circumstances of the individual claim, its coverages, and the exposure information and policy limit structure.

General IBNR is used to fund for further development on known claims and also to fund new, unknown claims to CNA. It is calculated using generally accepted actuarial principles and methods such as “Chain ladder”, “Bornhuetter-Ferguson”, or frequency/severity approaches. The data is grouped according to accident years, presented in a loss development triangle, and projections are made to determine the IBNR selection.

In order to calculate general IBNR projections in a statistically reliable manner, and to take into account regional risk structures, the projections are done at a class of business and Continental Europe level.

## Notes to the financial statements - continued

CNA Switzerland represents a portion of Continental Europe business, and therefore its general IBNR is a portion of general IBNR calculated for Continental Europe. An allocation approach for general IBNR is undertaken because the CNA Switzerland branch is too small for there to be sufficiently credible information on which to base IBNR projections. The following allocation methodology is used widely within the insurance industry in such circumstances.

For gross IBNR, the expected gross ultimate losses of each country within Continental Europe are used as weights for allocating IBNR. The expected ultimate losses are calculated using ultimate premium multiplied against an expected loss ratio, which is based on the business plan. In other words, a country with higher expected ultimate losses will receive a greater proportion of general IBNR. The business plan accounts for differences in loss ratios for each country. Additional refinements can be made to apportion IBNR more appropriately based on the actual incurred losses experienced to date compared to expected incurred loss experience to date, particularly for short-tailed classes in the current accident year.

For ceded IBNR, the ceded ultimate premium for each country within Continental Europe is used as the weights for allocating IBNR.

Specific IBNR is assigned directly to the required reserves of CNA Switzerland, and no allocation is required.

All IBNR is calculated on a gross basis and the applicable reinsurance programme is applied to determine a net of reinsurance IBNR, as well as ceded IBNR. The underlying profile of incurred losses and earned premium by currency (directly derived from system data as described above) guides the allocation of IBNR to original currency.

### Equalisation Reserve

In addition to the mathematically obtained best estimate loss reserves, CICL also provides for a management margin above best estimate reserves to protect itself against the potential volatility in ultimate claim values.

This offers protection against uncertainties and volatility in the cost of claims. The target range for the probability of sufficiency of held reserves (including management margin) is 65% - 85%, representing CICL's reserving risk appetite. The range is derived from stochastic internal modelling of future outcomes. Management varies the provision from time to time in a manner that considers actual prior year reserve development and the inherent risks in the reserve base but always keeping the booked reserves at a level where they are within the 65% - 85% confidence intervals of the overall probability distribution of reserves

The management margin is determined at the entity level for CICL, and then apportioned down to CNA Switzerland based on the split of best estimate IBNR reserves. During this process consideration is given to the small scale of CNA Switzerland and the potential large impact in the volatility of individual claim estimates.

The management margin provision can be fully or partially released in case of an insurance loss.



## Notes to the financial statements - continued

### Unallocated loss adjustment expense reserves and other technical provisions

ULAE reserves are used to fund future expense payments which are not attributable to specific claims.

Examples of ULAE expenses include overhead costs of staff or expenses associated with maintaining claims systems.

The required ULAE reserve is calculated using the generally accepted actuarial “Kittel” method (a balance between paid ULAE against paid and incurred losses) for CNA Switzerland. In a change since 2019 year-end, it is now considered independently for Switzerland rather than the previous approach of being apportioned down from a CICL entity level calculation based on its share of gross indemnity reserves. This has led to an increase in the ULAE provision.

Other technical provisions reflect the future operational run-off costs of the branch through to 31 December 2044. This would include items such as audit, regulatory and tax consultant fees as well as the fees of the general manager.

### Claims incurred

Claims incurred comprise all claim payments and internal and external settlement expense payments made in the financial year, and the movement in the provisions for claims outstanding and settlement expenses, including claims incurred but not reported (“IBNR”), net of salvage and subrogation recoveries.

Outward reinsurance recoveries are accounted for in the same accounting period as the claims for the related direct or inward reinsurance business being reinsured.

### Claims outstanding and related reinsurance recoveries

Provision is made for claims outstanding and settlement expenses incurred at the balance sheet date including an estimate for the cost of claims IBNR at that date. Included in the provision is an estimate of the internal and external costs of handling the claims outstanding. Estimated salvage and other recoveries are deducted from claims outstanding if material.

Reinsurance recoveries are based upon the provision for claims outstanding, having due regard to collectability. Reinsurance recoveries in respect of estimated IBNR are assumed to be consistent with historical patterns of such recoveries, adjusted to reflect any changes in the nature and extent to the Branch’s reinsurance programme over time. The recoverability of reinsurance recoveries is assessed having regard to market data on the financial strength of each reinsurer.

## Notes to the financial statements - continued

### Premiums

Premiums written comprise adjustments made in the year to premiums on contracts incepting in prior accounting periods. Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them.

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct inward business.

The amount due but not paid is included in insurance and reinsurance debtors in the balance sheet.

### Direct taxes

Direct tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted, or substantively enacted, by the balance sheet date

### Provisions

A provision is recognised on the balance sheet when the Branch has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

## 2. Critical accounting estimates and judgements

The Branch makes estimates and assumptions that affect the reported amounts of assets and liabilities during the financial year. Estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates and judgements in applying accounting policies are regularly evaluated for appropriateness.

### Gross premiums written

Gross premiums written include adjustments to premiums written in prior accounting periods.

### Outstanding claims reserves and related reinsurance recoveries

The Branch's estimates for reported and unreported losses and the resulting provisions and related reinsurance recoverables are continually monitored, formally reviewed quarterly, and updated based on the latest available information. Adjustments resulting from this review are reflected in the income statement. The process relies upon the basic assumption that past experience, adjusted for the effect of current developments and likely trends, is an appropriate basis for predicting future events. Estimation of claims provisions is a complex process, however, and significant uncertainty exists as to the ultimate settlement of these liabilities.

## Notes to the financial statements - continued

### 3. Net acquisition cost and administrative expenses

|  | 2023<br>CHF'000 | 2022<br>CHF'000 |
|--|-----------------|-----------------|
| Other operating expenses                         | 207             | 235             |
| <b>Total administrative expenses</b>             | <b>207</b>      | <b>235</b>      |
| Acquisition costs                                | -               | (2)             |
| <b>Total acquisition costs</b>                   | <b>-</b>        | <b>(2)</b>      |
| <b>Total acquisition cost and administrative</b> | <b>207</b>      | <b>233</b>      |

No personnel costs were incurred in 2023 (2022: CHF Nil). All key functions including the role of General Manager are outsourced.

### 4. Audit fees

Audit fees expensed in 2023 amount to CHF 48,663 (2022: CHF 98,167). The fees include outlays and VAT. The audit fees include fees for the regulatory audits of the Branch.

### 5. Cash and cash equivalents

|   | 31 Dec 2023<br>CHF'000 | 31 Dec 2022<br>CHF'000 |
|---|------------------------|------------------------|
| Cash and cash equivalents - Tied Assets     | 9,786                  | 10,343                 |
| Cash and cash equivalents - Non-Tied Assets | 29                     | 25                     |
| <b>Total cash and cash equivalents</b>      | <b>9,815</b>           | <b>10,367</b>          |

## Notes to the financial statements - continued

### 6. Amounts receivable from insurance business

Amounts receivable from reinsurance business of CHF802 (2022: CHF 1,132) include CHF802 (2022: CHF 1,132) due from Continental Casualty Company, an indirect shareholder.

### 7. Liabilities to Head Office from normal course of business

Amounts receivable from / to Inter-Company are due from / to the Head Office of the Company and relate to the course of normal business activities.

### 8. Technical reserves

|  | 31 Dec 2023<br>CHF'000 | 31 Dec 2022<br>CHF'000 |
|--|------------------------|------------------------|
| Gross unearned premium reserves                      | -                      | -                      |
| Reinsurers' share of unearned premium reserves       | -                      | -                      |
| <b>Net unearned premium reserves</b>                 | <b>-</b>               | <b>-</b>               |
| Gross claims reserves                                | <b>3,200</b>           | <b>3,036</b>           |
| Reinsurers' share of claims reserves                 | <b>(2,280)</b>         | <b>(2,544)</b>         |
| <b>Net claims reserves</b>                           | <b>920</b>             | <b>492</b>             |
| Equalisation reserves                                | <b>76</b>              | <b>76</b>              |
| Other technical provisions                           | <b>496</b>             | <b>703</b>             |
| <b>Total gross technical reserves</b>                | <b>3,772</b>           | <b>3,815</b>           |
| <b>Total reinsurers' share of technical reserves</b> | <b>(2,280)</b>         | <b>(2,544)</b>         |
| <b>Total net technical reserves</b>                  | <b>1,492</b>           | <b>1,271</b>           |

The gross liabilities for claims reported, loss adjustment expenses and claims incurred but not reported are net of expected recoveries from salvage and subrogation. The amounts for salvage and subrogation at the end of the current and prior year are not material. Gross claims reserves include a provision for unallocated loss adjustment expense of CHF371,724 (2022: CHF403,707).

## Notes to the financial statements - continued

### 8. Technical reserves - continued

|                            | Provision<br>for unearned<br>premiums<br>CHF'000 | Claims<br>outstanding<br>CHF'000 | Other<br>technical<br>provisions<br>CHF'000 | Total<br>CHF'000 |
|----------------------------|--|----------------------------------|---|------------------|
| <b>Gross</b>               |  |                                  |   |                  |
| At 1 January 2023          | -  | 3,112                            | 703   | 3,815            |
| Movement in provision      | -  | 164                              | (207)                                       | (43)             |
| At 31 December 2023        | -  | 3,276                            | 496   | 3,772            |
| <b>Reinsurance amount</b>  |  |                                  |   |                  |
| At 1 January 2023          | -  | 2,544                            | -   | 2,544            |
| Movement in provision      | -  | (264)                            | -   | (264)            |
| At 31 December 2023        | -  | 2,280                            | -   | 2,280            |
| <b>Net</b>                 |  |                                  |   |                  |
| <b>At 31 December 2023</b> | -  | 996                              | 496   | 1,492            |
| <b>Net</b>                 |  |                                  |   |                  |
| <b>At 31 December 2022</b> | -  | 568                              | 703   | 1,271            |

### 9. Other liabilities

|                               | 31 Dec 2023<br>CHF'000 | 31 Dec 2022<br>CHF'000 |
|-------------------------------|------------------------|------------------------|
| Other tax and social security | 10                     | 9                      |
| Other creditors               | 52                     | 39                     |
| <b>Total</b>                  | <b>61</b>              | <b>48</b>              |

The carrying amounts of all items approximate fair value. All amounts are expected to be settled within one year.

Other creditors for 2023 are CHF46,606 (2022: CHF38,739) due to CNA Insurance Company (Europe) S.A.) and, CHF5,270 due to CNA Services (UK) Limited (2022: Nil).

## Notes to the financial statements - continued

### 10. Ultimate parent company

The ultimate parent and controlling party is Loews Corporation, a company incorporated in the United States of America.

### 11. Related parties

Related parties include all companies with the Loews Corporation group. Transactions were conducted with related parties during the year and are based on arm's length arrangements.

### 12. Subsequent events

The Branch has completed its subsequent events evaluation for the period subsequent to the balance sheet date of December 31, 2023 through April 19, 2024. There were no subsequent events that would warrant an adjustment to the financial statements.

### 13. Liaison account to head office

|                       | 2023<br>CHF'000 | 2022<br>CHF'000 |
|-----------------------|-----------------|-----------------|
| Opening balance       | 8,360           | 8,039           |
| Result for the period | (1,011)         | 320             |
| Closing balance       | 7,349           | 8,360           |

## Notes to the financial statements - continued

### 13. Liaison account to head office - continued

|                                 | Capital<br>contributions | Retained<br>earnings | Result for<br>the current<br>period | Total liaison<br>account to<br>head office |
|---------------------------------|--------------------------|----------------------|-------------------------------------|--|
|                                 | CHF'000                  | CHF'000              | CHF'000                             | CHF'000                                    |
| Balance as at January 1, 2022   | 8,625                    | (585)                | -                                   | 8,040                                      |
| Additions                       | -                        | -                    | 320                                 | 320  |
| Balance as at December 31, 2022 | 8,625                    | (585)                | 320                                 | 8,360                                      |
|                                 | CHF'000                  | CHF'000              | CHF'000                             | CHF'000                                    |
| Balance as at January 1, 2023   | 8,625                    | (265)                | -                                   | 8,360                                      |
| Additions                       | -                        | -                    | (1,011)                             | (1,011)                                    |
| Balance as at December 31, 2023 | 8,625                    | (265)                | (1,011)                             | 7,349                                      |

### 14. Tied Assets

According to the regulatory requirements, CHF9.8 million and CHF10.3million were attributed to tied assets, as of December 31, 2023 and 2022, respectively.