

To the General Manager of  
**Liberty Mutual Insurance Europe SE, Leudelange, Zurich branch, Zurich**

Zurich, 29. April 2024

## Report of the independent auditor



### Opinion

As an audit firm under state supervision, we have audited the financial statements of Liberty Mutual Insurance Europe SE, Leudelange, Zurich, Zurich branch which comprise the balance sheet as at 31. December 2023, the income statement 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 of Liberty Mutual Insurance Europe SE, Leudelange, Zurich, Zurich 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 the 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 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.

As part of an audit in accordance with SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- ▶ Conclude on the appropriateness of the General Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the General Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young Ltd



Armin Imoberdorf  
(Qualified  
Signature)  
Licensed audit expert  
(Auditor in charge)



Pascal Nikles  
(Qualified  
Signature)  
Licensed audit expert

**Enclosure**

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

# **Liberty Mutual Insurance Europe Societas Europaea**

**Zurich Branch**

Annual Report and Financial Statements  
31 December 2023

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# Directors and Administration

## Directors

Dirk Billemon	Authorised General Manager and Executive Director (resigned 1 April 2024)
Nigel Davenport	Non-Executive Director
Pierre-Edouard Fraigneau	Executive Director (appointed 18 January 2023)
Fernand Grulms	Chairman and Independent Non-Executive Director
Christopher Hanks	Independent Non-Executive Director (resigned 18 January 2023)
Pierre Hentgen	Independent Non-Executive Director
Virginie Lagrange	Independent Non-Executive Director
Christian Rola	Authorised General Manager and Executive Director
Mark Winlow	Independent Non-Executive Director (appointed 18 January 2023)

## Registered Office

Nüscherstrasse 1, Zurich 8001

## Branch Manager

Markus Hefel

## Registered Auditor

Ernst & Young Ltd  
Maagplatz 1  
P.O. Box  
CH-8010 Zurich

# Management Report

For the year ended 31 December 2023

## Overview:

Liberty Mutual Insurance Europe Societas Europaea, Zurich Branch (“the Branch” or “LMIE Zurich”) is a branch of Liberty Mutual Insurance Europe Societas Europaea (“LMIE” or “Company”). The immediate parent company is Liberty Specialty Markets HoldCo SLU (LSMH). The Company’s ultimate parent company is Liberty Mutual Holding Company Inc. (hereinafter referred to as Liberty Mutual or LMHC). It is a diversified global insurer and one of the largest property and casualty insurers in the United States. Functionally, the two major business units of the Liberty Mutual Insurance group are Global Retail Markets (GRM) and Global Risk Solutions (GRS). The Company operates as part of the Liberty Specialty Markets (LSM) and Liberty Mutual Reinsurance (LMRe) segments within the GRS business unit. The Company is also part of a sub-group of companies consolidating into Liberty International European Holdings, S.L.U. (hereinafter referred to as LIEH).

LMIE Zurich’s principal place of business is Nüscherstrasse 1, Zurich 8001.

LMIE SE’s Zurich Branch (LMIE Zurich) is a key part of LMIE’s European region’s operations and is a key growth market, expressed by the European Growth Strategy. LMIE Zurich key products include financial lines, commercial liability lines, fine art and specie, and commercial crime. Our product range is supplemented by insurance products from the areas of cyber, contingency, construction etc.

LMIE Zurich’s objective is to grow market presence through strong technical underwriting, disciplined growth in target lines, and maintaining a combined ratio that is within the Branch’s risk appetite.

## Business performance:

LMIE Zurich continued to grow business during the year ended 31 December 2023 despite the challenges of the market environment. The table below provides key performance indicators for the Branch:

CHF'000	2023	2022	Variance	%
Gross Written Premiums	96,027	94,201	1,826	2%
Net Earned Premiums	25,479	24,756	723	3%
Net Claims Incurred (excluding change in equalisation reserve)	(12,254)	(4,740)	(7,514)	159%
Change in equalisation reserve	(4,193)	(8,219)	4,026	(49%)
Net Acquisition and administration expenses	(8,501)	(7,978)	(523)	7%
<b>Underwriting result</b>	<b>531</b>	<b>3,819</b>	<b>(3,288)</b>	<b>(86%)</b>
Net Claims ratio (excluding change in equalisation reserve)	48%	19%		29%
Net Expense ratio	33%	32%		1%
Combined ratio	81%	51%		30%
Solvency coverage ratio	132%	122%		10%

LMIE Zurich generated CHF 96,027k of gross written premium compared to CHF 94,201k in 2022 with continued strong performance in the financial and casualty lines. This exceeded planned numbers as LMIE Zurich continues to grow its business in line with LMIE’s strategy. The drop in underwriting result and increase in Combined ratio was driven by an increase in net claims ratio of 29%.

Net claims incurred increased by CHF 7,514k primarily due to the increase of reserves, reflecting the growth of the business and the need to maintain reserves for an adequate period to allow for potential losses or new claims development. To this effect, the net increase in the reserves are higher by CHF 6,349k compared to the net increase in 2022.

The expense ratio for the Zurich business has remained stable year-on-year following the implementation of a revised expense allocation methodology in 2022. Acquisition costs have risen in line with increased written premium in line with planned numbers. This is offset by a decrease in

# Management Report

## For the year ended 31 December 2023

administrative expenses for the non-Zurich business as its allocated expenses now mirrors the level seen at the Branch.

The Branch maintains regulatory capital coverage in line with its capital management risk appetite. The Solvency Ratio for LMIE Zurich has considerably strengthened following the investment of tied assets into money market time deposits towards the end of 2022. This has ensured adequate coverage of its technical provisions at all times and in line with regulatory requirements.

Liberty Specialty Markets Sarl (LSME) is the in-house coverholder and continues underwriting on behalf of LMIE from its branches throughout Europe. LSME employs all the European employees and it charges commission to LMIE Zurich for insurance intermediary services which is recognised through the income statement for the current year in line with LMIE Zurich accounting policies.

### **The average annual number of full-time positions:**

The Branch had no employees in 2023 (2022: nil). All Zurich staff are employed by LSME.

### **Principal risks and uncertainties**

A fully defined risk taxonomy allows the Company to identify, assess, mitigate, monitor and report the risks that may have an adverse impact on the achievement of business objectives. Managing risk effectively enables both opportunities for upside gains and limiting downside losses.

The Company has divided its risk exposures into high-level risk categories to enable the Risk Management Framework (RMF) to be focused on the most significant risks that impact on business objectives. These categories also help to provide an aggregated and holistic view of the Company risk profile.

#### Insurance risk

Insurance risk is defined as the risk of a change in value caused by ultimate costs for full contractual obligations varying from those assumed when the obligations were estimated. Insurance risk is split for the legal entity into underwriting risk and reserve risk.

Underwriting risk is mitigated through the use of a diversified business plan operating within Board risk appetites and supported through the Company's control environment, including underwriting controls. Reinsurance is utilised to mitigate against exposure to individual events.

Reserve risk is mitigated through the use of detailed analysis performed by the Actuarial team and overseen by the Chief Financial Officer (CFO) Committee, including regular assessment of the results of actuarial studies, claims analysis, underwriting reviews and benchmarking exercises. In addition, business plans are developed to ensure that the long-term reserve profile of the Company remains stable.

#### Market Risk

Market risk is the risk of fluctuations to the net asset value (NAV) due to the volatility or level of financial variables impacting primarily the value of fixed income securities and private equity funds and the discounted value of net liabilities. Market risk includes interest rate risk, credit and spread risk, alternative asset risk, and exchange rate risk.

Market risk exposures are managed through the market risk appetite and the market climate risk appetite, which is detailed in the Company's Board Risk Appetite Statements. In addition to this there are a number of preventative, detective and directive controls. Asset-liability management is reviewed in conjunction with investment management in order to optimise the overall performance of assets relative to the liabilities.

#### Liquidity Risk

Liquidity risk is the potential for loss arising from situations where the Company either has insufficient cash or liquid funds to meet its financial obligations as they fall due or is required to sell assets below their fair value to meet cash flow demands.

# Management Report

## For the year ended 31 December 2023

Liquidity risk exposures are managed through the liquidity risk appetite, which is detailed in the Company's Risk Appetite Statements. In addition to this there are a number of preventative, detective and directive controls. The Company manages its cash and invested assets to ensure that cash is available to pay claims as they fall due.

### Credit risk

Credit risk is the risk of financial change in value due to actual credit losses deviating from expected credit losses due to the failure of another party to meet its contractual debt obligations to the Company. The principal source of credit risk arises from the inability of reinsurers and intermediaries to meet their contractual obligations if they become due.

Credit risk is mitigated through controls encompassing due diligence and continued monitoring to ensure the appropriate selection of counterparties and Board risk appetites to prevent inappropriate credit risk concentrations.

### Operational risk

Operational risk is the risk of loss to the Company resulting from the inadequate or failed internal processes, people and systems, or from external events. This includes cyber and security issues, and risks arising from outsourced functions as well as legal and non-dispute risks.

Operational risk is managed within the Board risk appetite and mitigated through the use of the three lines of defence model in conjunction with a system of documented, monitored and tested internal controls. The model aims to provide clarity over roles and responsibilities within the Company, ensuring that all key risk activities are managed effectively.

In the normal course of business, the Company may receive legal claims against it in different jurisdictions and may be subject to regulatory investigations and proceedings from time to time. The Company currently considers none of the ongoing claims, investigations or proceedings to be material. However, in light of the uncertainties involved in such matters there can be no assurance that the outcome of a particular matter or matters currently not considered to be material may not ultimately be material to the Company's results in a particular reporting period depending on, among other things, the amount of the loss resulting from the matter(s) and the results otherwise reported for such period. Where the Company can look to another party to pay some or all of the expenditure required to settle a provision, any reimbursement is recognised when, and only when, it is virtually certain that it will be received.

### Strategic risk (including Group Risk, Sustainability Risk and Climate Change Risk)

Strategic risk is the risk of loss to the Company arising from key business and strategic decisions, improper implementation of decisions or lack of responsiveness to industry changes.

Risk appetite statements for insurance risk incorporate several metrics that also cover elements of strategic risks (e.g., delegated authority arrangements and brokers); these are included and measured under insurance risk. There are no quantitative risk appetite statements for group or strategic risk; they are either controlled to an acceptable level and/or monitoring measures are put in place, with reporting on an exceptions' basis.

The identification of emerging risks is an important part of LMIE's Risk Management process. The Emerging Risk Task Force ("ERTF") is an information and ideas sharing platform to facilitate a concerted approach to the timely and responsible management of emerging risks.

Sustainability Risk impacts many business areas as well as interactions with the company's external stakeholders. Integrating Sustainability across business and operations functions is an important part of Liberty's strategy. Sustainability Risk is classified as a cross-cutting risk, as such it is managed and mitigated through the existing Risk Management Framework. Governance structures, including dedicated working groups, are in place to discuss, escalate and respond to Sustainability topics. In conjunction with meeting regulatory requirements, a standalone 'Sustainability Strategy Risk' was introduced in LMIE's Risk Register in 2023.

Climate change risk arises from the impacts associated with an increase in global average temperatures, measured against pre-industrial levels. Climate change risk has the potential to manifest in three forms:

- Physical risks result from the impacts of increasingly frequent and severe extreme weather events and longer-term shifts in climatic conditions.

# Management Report

For the year ended 31 December 2023

- Transition risks arise from economy wide decarbonization efforts to mitigate against the most extreme physical impacts of climate change. Risks will stem from large scale market, technological, and policy changes.
- Litigation risks stem from parties seeking legal redress against those deemed to be responsible for the impacts of physical and transitional risks.

Climate change is classified as a cross-cutting risk, meaning it impacts a number of the different risk areas outlined above, as such it is being managed through the existing Risk Management Framework.

Insurers have a pivotal role in supporting a just transition to a low carbon economy through their products, asset holdings and disclosures. The Group have set thermal coal thresholds within underwriting and investments to support this shift. Since 2020, LMIE continues to be a member of voluntary initiative ClimateWise, a global insurance industry network focused on climate-related issues. In 2023, the second LSM<sup>1</sup> ClimateWise report was published, demonstrating how we respond to the ClimateWise Principles that are aligned with the Task Force on Climate-related Financial Disclosures (“TCFD”). This provides our policyholders and counterparties with additional climate change-specific information.

## Other significant events during the reporting period and up to the date of the report

### Macroeconomic and geopolitical challenges

Throughout 2023, the macroeconomic and geopolitical environment has remained volatile. The conflict between Russia and Ukraine has continued into a second year and is expected to continue for some time. Sanctions continue to be actively monitored and applied. The more recent events between Israel and Hamas have added to the complexities and uncertainty within the geo-political landscape. The global economy continued its battle with sustained high levels of inflation throughout year, with Central banks responding, to increase base rates to dampen inflationary pressures. This in turn is impacting debt servicing for governments, companies and individuals, leading to recessionary concerns and adding to the potential for civil commotion with multiple global flash points. We continue to monitor the situation with regards to these systemic risk environment factors in accordance with our Risk Management Framework.

### Going concern

The Financial Statements have been prepared on a going concern basis. In assessing whether the going concern basis is appropriate, the Directors have considered the information contained in the Financial Statements, the Company’s latest business plan, and the Company’s current solvency calculations. The Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements

Zurich, 30<sup>th</sup> April 2024



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Markus Hefel – General Manager Switzerland

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<sup>1</sup> Whilst LMIE is a member of ClimateWise, disclosure, reporting and scoring is consolidated at the LSM level.

# Income Statement

For the year ended 31 December 2023

CHF'000	Notes	2023	2022
Gross Written Premiums		96,027	94,201
Reinsurers' share of written premiums		(70,467)	(62,163)
<b>Net Written Premiums</b>		<b>25,560</b>	<b>32,038</b>
Gross change in unearned premiums	7	(2,981)	(8,337)
Reinsurers' share of change in unearned premiums	7	2,900	1,055
<b>Net Earned Premiums</b>		<b>25,479</b>	<b>24,756</b>
<b>Total Income from insurance business</b>		<b>25,479</b>	<b>24,756</b>
Gross claims paid		(17,746)	(11,591)
Reinsurers' share of claims paid		20,124	11,609
Gross change in claims and equalisation reserve	7	(42,670)	(40,496)
Reinsurers' share of changes in claims reserves	7	23,845	27,519
<b>Net Claims Incurred</b>		<b>(16,447)</b>	<b>(12,959)</b>
Acquisition costs		(30,063)	(24,385)
Reinsurers' share of acquisition costs		23,608	19,722
<b>Net Acquisition costs</b>		<b>(6,455)</b>	<b>(4,663)</b>
Administrative expenses	8	(2,046)	(3,315)
<b>Total expenses from insurance business</b>		<b>(24,948)</b>	<b>(20,937)</b>
Other financial expenses		(14)	(528)
<b>Operating result</b>		<b>517</b>	<b>3,291</b>
Other income/(expenses)	9	7,538	7,779
<b>Result before taxes</b>		<b>8,055</b>	<b>11,070</b>
Direct Taxes		8	(1,853)
<b>Result after Taxes</b>		<b>8,063</b>	<b>9,217</b>

# Balance Sheet

As at 31 December 2023

CHF'000	Notes	2023	2022
<b>Assets</b>			
Cash and Cash Equivalents	2	318,191	242,454
Reinsurers' share in technical reserves	5	66,751	52,583
Accrued Interest		1,051	491
Receivables in respect of insurance business	3	23,425	17,968
Other receivables		-	-
<b>Total Assets</b>		<b>409,418</b>	<b>313,496</b>
<b>Liabilities and Equity</b>			
Gross technical reserves	5	229,950	191,848
Payables in respect of insurance business	4	850	310
Other Liabilities		8,777	8,024
<b>Total Liabilities</b>		<b>239,577</b>	<b>200,182</b>
Revaluation Reserve		(2,905)	(7,033)
Liaison account with head office		162,765	118,429
Retained profits brought forward		1,918	(7,299)
Profit / (Loss) for the period		8,063	9,217
<b>Total Equity</b>	6	<b>169,841</b>	<b>113,314</b>
<b>Total Liabilities and Equity</b>		<b>409,418</b>	<b>313,496</b>

The notes on pages 8 to 12 form part of these financial statements.

# Notes to the Financial Statements

for the year ended 31 December 2023

## 1. Accounting Policies

### 1.1. General Information

LMIE Zurich, is the Swiss branch of LMIE, a company located in Duchy of Luxembourg (prior to 1 March 2019, the registered address of LMIE was in London, UK).

LMIE underwrites insurance and reinsurance business from its head office in Luxembourg (prior to 1 March 2019 the head office was located in the UK) and its branches across Europe.

The main activity of the Branch is to provide insurance coverage for clients and risks located in Switzerland.

The Branch is a key part of LMIE's European region's operations and underwrites mainly general liability focusing on financial lines, commercial liability lines, fine art and specie, and commercial crime.

### 1.2. Legal Form

The Branch is domiciled in Zurich, Switzerland and was established as a branch of the head office located in the Duchy of Luxembourg (prior to 1 March 2019, the registered address of LMIE was in London, UK). Further information on the head office can be obtained in the LMIE financial statements.

### 1.3. Financial reporting standards

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

### 1.4. Foreign currency translation

The currency in which the Branch operates is US Dollars (USD) (functional currency). Expenses and Income in foreign currencies are converted to CHF at the average rate. Balance sheet items are translated at the exchange rate ruling on the reporting date. Exchange differences are reported through the Income Statement.

The main exchange rates used are presented below:

USD to CHF	Average	Closing
2023	0.9032	0.8417
2022	0.9527	0.9252

### 1.5. Related parties

Related parties include all companies with the Liberty Mutual Group. Transactions with related parties are recorded at arm's length.

### 1.6. Cash and cash equivalents

The cash and cash equivalents includes cash holdings & bank deposits and are recorded at their nominal value.

# Notes to the Financial Statements

for the year ended 31 December 2023

## 1.7. Technical reserves

### Case reserves

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

IBNR reserves are estimates of the amounts required to settle claims that have been incurred but not reported. These reserves are calculated by the LMIE actuarial function and reviewed by the appointed actuary and are in line with the Branch's reserving policy as submitted to the Swiss Financial Market Supervisory Authority (FINMA).

### Provisions for unearned premiums

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date.

### Equalisation provisions

Equalisation reserves are calculated by the LMIE actuarial function and reviewed by the appointed actuary and are in line with the Branch's reserving policy as submitted to FINMA.

## 1.8. Revenue recognition

Premiums are recorded at inception of a contract and earned over the contract period.

Realised investment gains/losses and other income are recognised when the transactions occur.

## 1.9. Leases

Rentals under operating leases are charged to the income statement in equal annual instalments over the period of the lease.

## 1.10. Revaluation Reserve

Financial investments are held by the head office on behalf of the Branch. Fair value movements on these financial investments are allocated by the head office to the Branch. These movements are recorded in the revaluation reserve.

## 2. Cash and cash equivalents

<b>CHF'000</b>	<b>2023</b>	<b>2022</b>
Bank Accounts	17,533	11,276
Bank Deposits	300,658	231,178
<b>Total cash and cash equivalents</b>	<b>318,191</b>	<b>242,454</b>

## 3. Receivables in respect of insurance business

<b>CHF'000</b>	<b>2023</b>	<b>2022</b>
Due from policyholders	18,579	17,219
Due from reinsurance companies	4,846	749
<b>Total receivables</b>	<b>23,425</b>	<b>17,968</b>

# Notes to the Financial Statements

for the year ended 31 December 2023

## 4. Payables in respect of insurance business

CHF'000	2023	2022
Due to reinsurance companies	850	310
<b>Total payables</b>	<b>850</b>	<b>310</b>

## 5. Technical reserves

CHF'000	2023	2022
Gross unearned premium reserves	30,548	28,291
Reinsurers' share of unearned premium reserves	(11,550)	(9,050)
<b>Net unearned premium reserves</b>	<b>18,998</b>	<b>19,241</b>
Gross Claims reserves	175,037	142,587
Reinsurers' share of claims reserves	(55,201)	(43,533)
<b>Net claims reserves</b>	<b>119,836</b>	<b>99,054</b>
Equalisation reserves	24,365	20,970
<b>Total gross technical reserves</b>	<b>229,950</b>	<b>191,848</b>
<b>Total reinsurers share of technical reserves</b>	<b>(66,751)</b>	<b>(52,583)</b>
<b>Total net technical reserves</b>	<b>163,199</b>	<b>139,265</b>

## 6. Statement of changes in equity

CHF'000	2023	2022
<b>Liaison account with head office as at 1 January</b>	<b>118,429</b>	<b>107,487</b>
Net transfers to and from Head Office	44,336	10,942
<b>Liaison account with head office as at 31 December</b>	<b>162,765</b>	<b>118,429</b>
Revaluation Reserve	(2,905)	(7,033)
Prior period result brought forward	1,918	(7,299)
Result for the period	8,063	9,217
<b>Balance as at 31 December</b>	<b>169,841</b>	<b>113,314</b>

The financial statements for the year ended 31 December 2023 are prepared on a consistent basis with the regulatory return on a prospective basis.

## 7. Changes in technical reserves

CHF'000	2023	2022
Change in gross unearned premium reserves	2,981	8,337
Change in reinsurer's share of unearned premium reserves	(2,900)	(1,055)
<b>Change in net unearned premium reserves</b>	<b>81</b>	<b>7,282</b>
Change in gross claims reserves	38,477	32,277
Change in reinsurer's share of claims reserves	(23,845)	(27,519)
<b>Change in net claims reserves</b>	<b>14,632</b>	<b>4,758</b>
<b>Change in equalisation reserves</b>	<b>4,193</b>	<b>8,219</b>

# Notes to the Financial Statements

for the year ended 31 December 2023

## 8. Administrative expenses

<b>CHF'000</b>	<b>2023</b>	<b>2022</b>
Other operating expenses	2,046	3,315
<b>Total administrative expenses</b>	<b>2,046</b>	<b>3,315</b>
Total net acquisition costs	6,455	4,663
<b>Total net acquisition costs and administrative expenses</b>	<b>8,501</b>	<b>7,978</b>

The Branch had no employees in 2023 (2022: nil). All Zurich staff are employed by LSME.

## 9. Other Income

<b>CHF'000</b>	<b>2023</b>	<b>2022</b>
Foreign exchange gains	4,122	6,431
Allocated investment return	2,767	843
Accrued interest from Time Deposits	649	506
<b>Total Other Income</b>	<b>7,538</b>	<b>7,779</b>

Financial investments are held by the head office on behalf of the Branch. Earnings from these investments are allocated to the Branch based on net technical reserves.

## 10. Audit fees

<b>CHF'000</b>	<b>2023</b>	<b>2022</b>
Audit services	91	75
<b>Total fees for audit services and other services</b>	<b>91</b>	<b>75</b>

Audit fees are included within Administration expenses.

## 11. Related Parties

During the year, the Branch entered into transactions in the ordinary course of business with other related parties. Trading balances outstanding at 31 December are as follows:

<b>CHF'000</b>	<b>2023</b>	<b>2022</b>
Inter-Company payable	7,103	5,540
Inter-Company receivable	-	-
Reinsurance recoverable	63,923	50,218
Allocated investment return	2,767	843

Inter-Company payable/receivable balances with related parties are included within Other Liabilities/Receivables.

Reinsurance recoverable balances with related parties form part of the Reinsurers' share in technical provisions.

Allocated investment return balance with related parties is included within Other Income.

# Notes to the Financial Statements

for the year ended 31 December 2023

## 12. Ultimate parent company

The ultimate parent Company is Liberty Mutual Holding Company Inc. (LMHC) of Boston, 175 Berkeley Street, Boston, Massachusetts 02117, U.S.A., a company incorporated in the United States of America.

The smallest higher group of companies for which group accounts are drawn up and of which this Company is a member is LIEH, domiciled in Spain.

The immediate parent company is LSMH.

Copies of the group accounts of LIEH and of LMHC are available from the ultimate parent companies' registered office, 175 Berkeley Street, Boston, Massachusetts 02117, U.S.A.