Chubb Insurance (Switzerland) Limited

2024 Financial Condition Report
(Public Disclosure)

Contents

A. Executive Summary

Chubb Insurance (Switzerland) Limited (hereinafter "CISL" or "the Company") provides a range of property and casualty, accident and health, personal lines insurance products for a diverse range of clients.

With shareholder's equity of CHF 236.9m (2023: CHF 195.0m), a S&P AA rating (stable outlook), CISL remains a very well capitalized company.

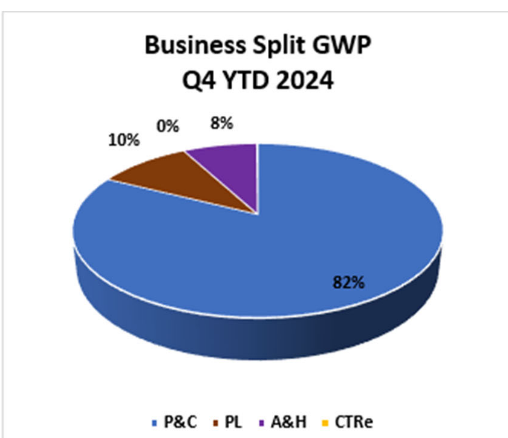
For 2024 CISL reports a net income of CHF 41.9m compared to CHF 23.0m in 2023 driven by a strong underwriting performance resulting in an underwriting income of CHF 34.5m (combined ratio: 67.8%) as well as strong net investment income of CHF 18.0m.

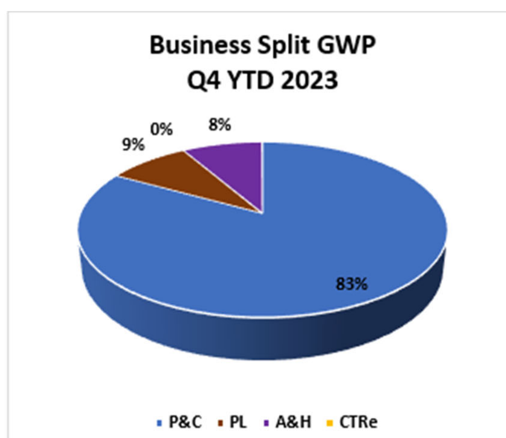
B. Business Activities

1. Company's Strategy, Objectives and Key Business Segments

CISL offers its clients a broad range of insurance and risk solutions encompassing property & casualty, accident & health and personal lines classes These brands capitalise on the distinctiveness and strength of the Chubb name and acknowledge the company's strong insurance platforms, reputation, skill sets, financial strength ratings and consistent management philosophy.

The principal business segments of Chubb are managed as Property and Casualty ("P&C"), Accident and Health ("A&H") and Personal Lines ("PL"). The P&C operations provide client-focused insurance solutions and risk management and engineering services for a range of multinational, large and mid-sized commercial clients, with products encompassing property, primary and excess casualty, financial lines and marine cargo related risks. The A&H division underwrites a range of A&H and leisure travel related products, providing benefits and services to individuals, employee groups and affinity groups. In some cases, these products are packaged under other brands or form part of another service provider's products. A range of personal accident and sickness insurance products including short-term disability, critical condition and hospitalisation/recovery are also offered and we have a meaningful international personal lines business underwriting everything from autos to homes to cell phones. The split of the 2024 and 2023 gross written premiums are shown below:





2. Group Relations, Activities and Relations

CISL is a direct subsidiary of Chubb Limited, a NYSE listed company, domiciled in Zurich ("Chubb"). Chubb is one of the largest insurers in the world as measured by our market capitalization of more than $100 billion as of this writing. With operations in 54 countries, Chubb provides commercial and personal property and casualty insurance, personal accident and supplemental health insurance, reinsurance and life insurance to a diverse group of clients. The company is distinguished by its extensive product and service offerings, broad distribution capabilities, exceptional financial strength, superior claims handling expertise and local operations globally.

The Group serves multinational corporations, mid-size and small businesses with property and casualty insurance and risk engineering services; affluent and high net worth individuals with substantial assets to protect; individuals purchasing life, personal accident, supplemental health, homeowners, automobile and specialty personal insurance coverage; companies and affinity groups providing or offering accident and health insurance programs and life insurance to their employees or members; and insurers managing exposures with reinsurance coverage. Chubb's core operating insurance companies maintain financial strength ratings of "AA" from Standard & Poor's and "A++" from A.M. Best. As a consequence of its international and multinational program offerings CISL assumes and cedes risks from and to Chubb's international network. In addition, CISL has entered into reinsurance treaties with both, third party and affiliated reinsurers.

3. Major Shareholder

CISL was incorporated under the laws of Switzerland on 19 September 2008 and has obtained its licence effective 1 November 2008. The Company is directly and wholly owned by its ultimate parent company Chubb Limited, Switzerland ("Chubb").

4. External Auditors

The Company's external auditors are PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zurich, Switzerland ('PWC'). PWC confirms that it meets the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with its independence.

5. Significant Unusual Events

There were no other extraordinary events in 2024.

On March 19, 2023, the Swiss Government, FINMA and the Swiss National Bank announced the takeover of Credit Suisse by UBS Switzerland. The impact of which - if any – has been reflected in the Company's 2023 financial statements.

C. Performance

1. Results and Performance

The summary of the financial results is shown in the table below.

CHFm	2024	2023
Gross written premiums	196.8	191.4
Net written premiums	104.5	95.0
Net earned premiums	**106.0**	**91.4**
Net claims and claim expenses incurred	23.2	28.2
Operating Expense, net	48.3	48.0
Underwriting result	**34.5**	**15.2**
Net investment income	18.0	18.9
Operating result	**53.0**	**34.1**
Net other income/expense	-0.9	-5.9
Income before tax	**52.1**	**28.1**

2. Underwriting Result

As outlined in the table below the underwriting income increased from CHF 15.2m to CHF 34.5m mainly driven by an increase in net earned premium, reflecting high retention and new business wins as well as lower expense compared to prior year driven by higher than previous years favourable prior year developments. Please see a more detailed discussion below.

		2024			2023		
CHFm		**Ins****	**RI****	**Total**	**Ins****	**RI****	**Total**
Gross written premiums	Direct*	144.8	0.0	144.8	149.8	0.0	149.8
	Assumed*	51.8	0.2	51.9	41.5	0.1	41.6
Premium ceded to reinsurers	Ceded*	-84.4	0.0	-84.4	-92.7	0.0	-92.7
	Retroceded*	-7.7	0.0	-7.7	-3.7	0.0	-3.7
Net written premiums		**104.5**	**0.2**	**104.7**	**95.0**	**0.1**	**95.1**
Change in unearned premium reserves	Direct*	8.1	0.0	8.1	-1.2	0.0	-1.2
	Assumed*	-0.7	0.0	-0.7	1.4	0.0	1.4
	Ceded*	-6.6	0.0	-6.6	-3.8	0.0	-3.8
	Retroceded*	0.7	0.0	0.7	0.0	0.0	0.0
Change in unearned premium reserves		**1.5**	**0.0**	**1.5**	**-3.6**	**0.0**	**-3.6**
Net earned premiums		**106.0**	**0.2**	**106.1**	**91.4**	**0.1**	**91.5**
Total technical income		**106.0**	**0.2**	**106.1**	**91.4**	**0.1**	**91.5**
Claims and claim expenses incurred	Direct*	35.0	0.0	35.0	57.1	0.0	57.1
	Assumed*	13.0	0.0	13.0	18.0	1.2	19.2
	Ceded*	-39.4	0.0	-39.5	-41.3	0.0	-41.3
	Retroceded*	14.6	-0.3	14.3	-5.6	-1.1	-6.7
Total Claims Incurred, net		**23.1**	**-0.3**	**22.8**	**28.2**	**0.1**	**28.2**
Acquisition costs	Gross*	31.9	-0.0	31.9	33.0	0.1	33.1
	Ceded*	-7.4	0.4	-7.1	-9.1	-0.1	-9.2
Total Acquisition costs, net		**24.4**	**0.4**	**24.8**	**23.9**	0.1	**24.0**
Administrative expenses		23.8	0.1	23.9	23.5	0.6	24.1
Total acquisition- and administrative expenses, net		48.2	0.4	48.7	**47.4**	**0.7**	**48.0**
Total technical expenses		**71.4**	**0.1**	**71.5**	**75.5**	**0.7**	**76.3**
Underwriting result		**34.6**	**0.1**	**34.7**	**15.8**	**-0.6**	**15.2**

* Row: Represents the legal view as outlined in FINMA's quantitative template Appendix 2 (total amounts)
** Column: Represents how Chubb manages its business (multinational & international programs)

2.1. Accident & Health

The increase in the A&H underwriting result was driven by a decrease in operating expense.

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CHFm		2024	2023
Gross written premium (GWP)	Direct	13.0	14.6
	Assumed	2.2	1.4
Total GWP		**15.3**	**16.1**
Premium ceded to reinsurers (RI)	Ceded	-9.2	-10.5
	Retroceded	-1.5	-0.8
Total RI		**-10.6**	**-11.3**
Change in unearned premium reserve (UPR)	Direct	-0.2	-0.2
	Assumed	-0.4	0.1
	Ceded	0.1	0.1
	Retroceded	0.2	0.0
Total change in UPR		**-0.2**	**-0.1**
Net earned premium		**4.5**	**4.8**
Loss and loss Expense	Direct	-3.0	-6.2
	Assumed	-0.7	0.1
	Ceded	2.1	4.3
	Retroceded	0.3	0.0
Total loss and loss expense		**-1.4**	**-1.8**
Operating expense	Direct/Assumed	-5.3	-6.7
	Ceded/Retroceded	3.4	3.3
Net operating expense		**-1.9**	**-3.4**
Underwriting Result		**1.1**	**-0.5**

2.2. Marine

New business wins were the main driver of the positive underwriting result.

CHFm		2024	2023
Gross written premium (GWP)	Direct	16.7	15.9
	Assumed	3.6	3.2
Total GWP		**20.4**	**19.1**
Reinsurance premium ceded (RI)	Ceded	-13.8	-14.6
	Retroceded	-0.3	-0.3
Total RI		**-14.1**	**-14.9**
Change in unearned premium reserve (UPR)	Direct	-0.5	0.0
	Assumed	1.0	0.3
	Ceded	-0.3	-0.1
	Retroceded	0.1	0.0
Total change in UPR		**0.2**	**0.2**
Net earned premium		**6.5**	**4.3**
Loss and loss expense	Direct	3.6	-7.6
	Assumed	-1.7	-3.5
	Ceded	-5.7	6.6
	Retroceded	-0.2	0.3
Total loss and loss expense		**-3.9**	**-4.2**
Operating expense	Direct/Assumed	-2.3	-2.0
	Ceded/Retroceded	0.6	0.5
Net operating expense		**-1.7**	**-1.5**
Underwriting Result		**0.8**	**-1.4**

2.3. Fire

The favourable Property underwriting result has been mainly driven by new business wins .

CHFm		2024	2023
Gross written premium (GWP)	Direct	38.4	35.4
	Assumed	23.5	13.8
Total GWP		**61.8**	**49.2**
Reinsurance premium ceded (RI)	Ceded	-20.6	-20.5
	Retroceded	-5.0	-0.7
Total RI		**-25.5**	**-21.2**
Change in unearned premium reserve (UPR)	Direct	2.1	-2.8
	Assumed	-2.6	1.1
	Ceded	-0.5	0.5
	Retroceded	0.9	-0.3
Total change in UPR		**-0.1**	**-1.5**
Net earned premium		**36.2**	**26.5**
Loss and loss expense	Direct	-18.1	-10.8
	Assumed	-8.6	-8.3
	Ceded	31.8	6.5
	Retroceded	-14.7	5.2
Total loss and loss expense		-9.6	**-7.4**
Operating expense	Direct/Assumed	**-19.4**	-18.3
	Ceded/Retroceded	0.7	0.9
Net operating expense		-18.7	**-17.4**
Underwriting Result		**7.9**	**1.7**

2.4. Casualty

The increase in UW income compared to 2023 is mainly due to new business wins as well as favourable prior year loss developments in.

CHFm		**2024**	**2023**
Gross written premium (GWP)	Direct	74.2	81.0
	Assumed	22.4	23.1
Total GWP		**96.7**	**104.1**
Reinsurance premium ceded (RI)	Ceded	-39.9	-45.0
	Retroceded	-1.1	-1.9
Total RI		**-41.1**	**-47.0**
Change in unearned premium reserve (UPR)	Direct	6.6	2.1
	Assumed	1.2	-0.2
	Ceded	-5.7	-4.5
	Retroceded	-0.5	0.3
Total change in UPR		**1.5**	**-2.2**
Net earned premium		**57.1**	**54.9**
Loss and loss expense	Direct	-16.5	-31.5
	Assumed	-2.0	-6.2
	Ceded	11.1	23.3
	Retroceded	0.1	0.1
Total loss and loss expense		**-7.4**	**-14.2**
Operating expense	Direct/Assumed	-27.7	-28.8
	Ceded/Retroceded	2.8	4.1
Net operating expense		**-24.9**	**-24.8**
Underwriting Result		**24.9**	**15.9**

3. Net Investment Result

Net investment income of CHF 18.0m has remained relatively stable compared to 2023 and was mainly driven by an increase in fixed maturity and equity income partially compensated by a reduction in unrealized gains.

Investment income	01.01.2024 - 31.12.2024				01.01.2023 - 31.12.2023			
	Income	Unrealised Gains	Realised Gains	Total	Income	Unrealised Gains	Realised Gains	Total
Fixed maturities	5.6	6.4	0.0	12	4.3	10.5	0.0	14.8
Equity funds	3.0	4.3	0.0	7.3	0.0	6.2	0.0	6.2
Real Estate funds	0.0	1.6	0.0	1.6	0.0	0.4	0.0	0.4
Other investments	0.0	0.8	0.0	0.8	0.0	1.4	0.0	1.4
Total investment income	**8.6**	**13.1**	**0.0**	**21.7**	**4.3**	**18.5**	**0.0**	**22.8**

Investment related expenses	01.01.2024 - 31.12.2024				01.01.2023 - 31.12.2023			
	Allocation Equalisation Reserve	Amortisation and Write-Downs	Realised Losses	Total	Allocation Equalisation Reserve	Amortisation and Write-Downs	Realised Losses	Total
Fixed maturities	0.0	0.0	0	0	0.0	0.0	-0.2	-0.2
Equity funds	-2.1	0.0	0.0	-2.1	-2.9	0.0	0.0	-2.9
Real Estate funds	-0.4	0.0	0.0	-0.4	0.0	0.0	0.0	0.0
Other investments	0	-0.5	-0.1	-0.6	-0.1	0.0	-0.3	-0.3
Asset Management Cost	0	0.0	0	-0.5				-0.5
Total Investment related expenses	**-2.5**	**-0.5**	**-0.1**	**-3.7**	**-3.0**	**0.0**	**-0.5**	**-3.9**

4. Other Material Income and Expense

Net other expense at CHF 0.9m (2023: CHF 6.0m) were mainly driven by favourable realized and unrealized foreign exchange gains and losses.

D. Corporate Governance, Risk Management & Internal Control

1. Composition of the Board of Directors and Executive Management Committee

The Board of Directors' composition at the end of 2024 was as shown in the overview below. There were no changes to the members of the Board of Directors.

Name	Function	Non-Independent	Independent
Giles Ward	Chairman of the Board of Directors	X	
Ken Koreyva	Member of the Board of Directors	X	
Gérard Naisse	Member of the Board of Directors		X
Ernst Koller	Member of the Board of Directors		X

The Executive Management Committees composition at the end of 2024 was as shown in the overview below and has remained unchanged compared to 2023.

Name	Function
Nathalie Meyer	CEO / Country President
Mark Budil	CFO
Andreas Letsch	Head Legal & Compliance

2. Risk Management

CISL has a documented risk management framework and governance framework, the purpose of which is to exercise oversight and control over the management of the business in all its geographical locations and to disseminate key information effectively to the necessary recipients.

2.1. Risk Management Approach

Underwriting - CISL's underwriting strategy is to manage risk by employing consistent, disciplined pricing and risk selection. Our underwriting is therefore working with global and regional product boards, which ensure consistency of approach and the establishment of best practices. Our priority is to help ensure adherence to criteria for risk selection by maintaining high levels of experience and expertise in our underwriting staff. In addition, we employ a business review structure that helps ensure control of risk quality and conservative use of policy limits and terms and conditions. Qualified actuaries work closely with the underwriting teams to provide additional expertise in the underwriting process. We use sophisticated catastrophe loss and risk modelling techniques designed to ensure appropriate spread of risk and to analyse correlation of risk across different product lines and territories.

Reinsurance - As part of our risk management strategy, we purchase reinsurance protection to mitigate our exposure to losses, including catastrophes, to an acceptable level. Although reinsurance agreements contractually obligate our reinsurers to reimburse us for an agreed-upon portion of our gross paid losses, this reinsurance does not discharge our primary liability to our insureds and, thus, we ultimately remain liable for the gross direct losses. The counterparty is selected based upon its financial strength, claims settlement record, management, line of business expertise, and its price for assuming the risk transferred.

Investment - With regards to investment our objective is to maximize investment income and total return while ensuring an appropriate level of liquidity, investment quality and diversification. As such, the company's investment portfolio is invested primarily in investment-grade fixed-income securities as measured by the major rating agencies. We do not allow leverage or complex credit structures in our investment portfolio.

Three line of defence model - CISL's "Three Lines of Defence" model - is the most widely accepted risk governance structure which comprises day-to-day risk management and controls, risk management oversight, and independent assurance. The Three Lines of Defence portray the interaction (horizontal) of risk management roles and responsibilities across the organization:

1. The first line, the business units and supporting functions, is responsible for identifying and managing risks directly, including the design and operation of controls.
2. The second line consists of groups responsible for ongoing monitoring and challenging of the design and operation of the controls in the first line of defence, as well as for providing advice/expertise and facilitating risk management activities.
3. Finally, the third line represents the groups responsible for independent assurance over the management of risks, including challenge of the first and second lines.

An overview is shown below:

1st Line of Defense **(day-to-day risk management & control)**	***2nd Line of Defense*** **(risk oversight, policy & approaches)**	***3rd Line of Defense*** **(independent assurance)**
Directly responsible for management and control of risk.	Co-ordinate, facilitate & oversee effective Risk Management framework.	Independent assurance & challenge of integrity & effectiveness
- CISL Management Committee - Business/Functional Management	- Risk Management - Compliance	- Internal Audit - Other 3rd parties

2.2. Assurance Functions

2.2.1. Risk Management

The Risk Management function is responsible for the collation and analysis of risk insight in two key areas. First, external information that provides insight on existing or emerging risks that might significantly impact CISL's key objectives and second, internal risk aggregations arising from Chubb's business writings and other activities such as investments and operations. The Risk Management function oversees and maintains, and effective Risk Management Framework tailored to the organisation and is independent of the operating units. It reports to the Board of Directors and administratively to the Chief Executive Officer.

2.2.2. Compliance

In accordance with the Rules and Guidance set out by most of the regulators the global standards, CISL is expected to maintain a permanent and effective compliance function, which operates independently. The Legal and Compliance function reports to the Company's Board of Directors and Chief Executive Officer.
It has the following responsibilities:

- To monitor and, on a regular basis, to assess the adequacy and effectiveness of the measures and procedures put in place by CISL to achieve compliance with its regulatory obligations and the actions taken to address any deficiencies in the CISL's compliance with its obligations.
- Oversees and maintains an effective and compliant system of internal controls (ICS).
- To advise and assist those persons responsible for carrying out regulated activities to comply with the CISL's obligations under the regulatory system.

2.2.3. Internal Audit

Internal Audit's mission is to help CISL's Board and Management in protecting the assets, reputation and sustainability of Chubb. The mission is accomplished by assessing the design and effectiveness of risk management, and control and governance processes across the organisation. The Head of Internal Audit reports to the Chairman of the Board of Directors.

3. Internal Control Framework (ICF)

An adequately designed and effective control environment is key to manage CISL's risk exposure actively. CISL is part of the Chubb Group organisation due to its Chubb Europe based lines of business activities. For this reason, CISL collaborates with different Chubb control/monitoring functions outside of Switzerland. Different levels of controls stemming from various organisational levels (Chubb Group, Chubb Europe "CEG", CISL) are taken into account when assessing the CISL internal control setup. The Internal Control Framework and the Risk Management Framework form part of the system of internal control (ICS). The Internal Control Framework is made up of five components according to the COSO ERM Framework and is in line with the Swiss Risk Management Framework.

The ICS in place enables the Management Committee and the Board to monitor adherence to internal policies and guidelines (Chubb Policies, Chubb Corporate Governance Manual, Chubb Underwriting Guidelines etc.) and external ones (regulatory and legal), which are key to attain the strategic and operational objectives of the company. It encompasses the policies, processes, tasks, behaviours and other aspects of a company that, taken together facilitate its effective and efficient operation by enabling it to respond appropriately to significant business, operational, financial, compliance and other risks to achieving the company's objectives.

Concerning Risk Management, the controls and consequently the Internal Control Framework as a whole act as mitigation of risks and evidence the difference between the inherent risk and the residual risk; this difference is equal to the effectiveness of controls.

The Internal Control Framework is overseen and maintained by the Compliance function (see 2.2.2).

4. Material Changes in Risk Management in 2024

There have been no material changes to the Risk Management, Internal Control or other Risk Management related Policies.

E. Risk Profile

1. Qualitative and Quantitative Aspects

1.1. Qualitative Aspects

The Enterprise Risk Management ("ERM") process has identified certain material risks and exposures which could impact achievement of strategic business objectives. In addition to qualitative factors, CISL considers any risk or event that could impact capital held by 10% or more to be material.

Each risk deemed reasonably foreseeable, and material is analysed individually; for each a risk policy, risk appetite statement, risk tolerances, potential causes of the risk, and mitigating strategies including controls have been implemented and documented. These material risks (including emerging trends and risks) having the greatest potential exposure to CISL, and their impact are listed as follows:

- *Underwriting Risk (insurance risk)* – includes Pricing, Catastrophe, Risk Selection and Product Risk. CISL has a range of controls in place to ensure that combined ratio is below 100% (no losses from underwriting operations), including appropriate pricing tools, referrals to Chubb Group to ensure pricing is in line with guidelines, underwriting audits which are conducted on regular basis to ensure compliance with underwriting guidelines and internal standards. Also, a dedicated Chubb Group catastrophe management team supports and oversees catastrophe exposures such as hurricane, earthquake, terrorism, windstorm and other perils.
- *Reserving Risk (insurance risk)* – Processes and controls have been put in place to ensure there are no material adverse developments. These include regular review of reserve developments and large losses reviews of external independent actuaries to ensure reserve adequacy. In particular, Willis Tower Watson conducts assessments of reserve levels on annual basis.

- *Capital Adequacy (financial risk)* – Economic Capital ratio, SST ratio and legal entity capital coverage above 100%. CISL Management in collaboration with Chubb Group functions assess capital annually as part of the ORSA and SST process. At least on a yearly basis these levels of capital are reviewed and assessed considering actual developments and potential emerging risks. Reports on capital are provided to the board regularly.
- *Asset Liability Matching (financial risk)* – CISL has defined Key Risk Indicator for Asset-Liability Management, such as duration thresholds and FX-limits. CISL Asset Manager operates under strict Investment guidelines whose compliance is ensured by CISL CFO in collaboration with Chubb Group Treasury.
- *Investments & Credit Risk (financial risk)* – CISL has investment strategy and investment guidelines in place which are being monitored by the Investment Committee, Chubb Asset Management and Treasury. Investment Performance and Key Risk Indicators such as the change in market value of bonds due to a change in the interest rate (Delta Value of a Basis Point Approach) and rating thresholds are monitored by CISL CFO and the Investment Committee on quarterly basis. More detailed indicators (on single holding level) including buy & sell decisions are monitored by Chubb Group Asset Management and Treasury.
- *Liquidity Risk (financial risk)* – CISL has put in place Liquidity Indicators and thresholds. Weekly Liquidity reports are produced by Chubb Treasury to the attention of the CISL CFO for monitoring purposes. CISL takes part in the Chubb Group Liquidity Pooling facility and has access to intra-group liquidity sources, which reduce the Liquidity Risk to an acceptable level.
- *Business Continuity Risk (operational risk)* – Processes and controls have been put in place to ensure there are no operational outages or downtimes of significance. These include Business Continuity Plans and IT specific disaster recovery plans, which are tested regularly as well as premium processing and outsourcing processes and controls. Design and effectiveness of relevant controls are reviewed and tested by internal audit.
- *Legal, Compliance and Governance Risk (operational risk)* – Processes and controls are in place to ensure CISL business is conducted within applicable group, Swiss legal, compliance as well as governance frameworks and standards. Compliance is ensured by mandatory training to all staff and an annual affirmation process. CISL Legal and Compliance function closely collaborates with the Risk Management function to identify and assess legal and regulatory changes potentially impacting CISL. Additionally, CISL has internal and external legal counsel at its disposal.
- *People/Talent Risk (operational risk)* – Processes and controls are in place to ensure CISL retains and attract key staff as well as ensuring health and safety of all staff. HR function is monitoring staffing available, turn-over rate and general trends and developments on ongoing basis. Mitigation measure comprise structured hiring and leaving processes, Personal Development Plans, succession planning and learning & development initiatives.
- *Strategic Risk* – Processes and control are in place to reduce the risk of strategic failure both at legal entity level and on business segment level. Changes and development in the market, legal, regulatory and economic environment are monitored by Management at all levels and in collaboration with Chubb Europe and Chubb Group. Emerging risks and opportunities are assessed and discussed. Business plans and forecasts are established and assessed against risks. Financial performance and position are reviewed quarterly as is the business performance (combined ratio, capital position). Strong corporate governance framework including ORSA, and SST processes further reduces the risk of strategy failure.
- *Reputational Risk* – Reputational Risk is assessed as part of regular discussions with Chubb Group Management. Chubb Group itself has mitigation measures in place to both monitor and mitigate this risk.

CISL performs a risk assessment of its strategic business plan each year and identifies key risks that may impair achievement of that plan. Furthermore, CISL also recognizes that emerging risks are always present. CISL defines emerging risks as any event, situation or trend that may arise internally or externally that could significantly impact its corporate objectives. They can vary widely, be newly developing, quantifiable or non-quantifiable, known or unknown. Those risks are included in above outlined key risks.

The Risk Management Framework articulates CISL's process for managing emerging risks that incorporates timely identification, early strategies to address concerns, assessing the likely emergence and impact over time. CISL leverages off the Group and Regional office in receiving daily alerts as well as ad hoc advice on events or trends. The Risk Management function will also seek out articles, surveys, and other material and communicate to management. CISL can register emerging risk through its risk registers, at its management committee meetings and at Board level where discussions take place in preparing the ORSA Report emerging risks are taken into consideration.

1.2. Quantitative Aspects

For a discussion of the quantitative aspects refer to section "H 2. Target Capital" of this report.

2. Risk Exposure

2.1. Material Risks

There are no other risks than the ones included in this report.

2.2. Risk Assessments

There are no other risk assessment measures than the ones included in this report.

2.3. Off-Balance-Sheet Positions

There are no material off-balance-sheet positions.

2.4. Special Purpose Vehicles (SPV's)

There are no material risks transferred to SPV's.

3. Other Risk Profile Considerations

3.1. Concentration Risks

As part of underwriting risk management CISL relies on reinsurance to manage underwriting risk. CISL's largest reinsurance counterparty is Chubb Tempest Re Bermuda. We evaluate the financial condition of our reinsurers and potential reinsurers on a regular basis and also monitor concentrations of credit risk with reinsurers. Provisions for uncollectible reinsurance are set up to account for the potential failure of reinsurers to indemnify Chubb, primarily because of disputes under reinsurance contracts and insolvencies.

Our investment portfolio is managed following prudent standards of diversification. Specific provisions limit the allowable holdings of a single issue and issuer. We believe that there are no significant concentrations of credit risk associated with our investments.

3.2. Risk Mitigation Tools

We seek to manage our loss exposure by maintaining a disciplined underwriting process throughout our insurance operations. We limit program size for each client and purchase third party reinsurance for our own account. In the case of our assumed proportional reinsurance treaties, we seek per occurrence limitations or loss and loss expense ratio caps to limit the impact of losses ceded by the client. However, there are inherent limitations in all these tactics and no assurance can be given against the possibility of an event or series of events that could result in loss levels that could have an adverse effect on our financial condition or results of operations. It is also possible that losses could manifest themselves in ways that we do not anticipate and that our risk mitigation strategies are not designed to address. Additionally, various provisions of our policies, such as limitations or exclusions from coverage or choice of forum negotiated to limit our risks, may not be enforceable in the manner we intend. As a result, one or more natural catastrophes and/or terrorism or other events could result in claims that substantially exceed our expectations, which could have an adverse effect on our results of operations and financial condition.

F. Valuation

1. Qualitative and Quantitative Aspects

1.1. Market Consistent Value of Assets

CHFm	Market Consistent Value of Assets 31.12.2024	Statutory Value 31.12.2024	Market Consistent Value of Assets 31.12.2023	Statutory Value 31.12.2023
Market consistent values of investments	**363.1**	**356.1**	**330.3**	**326.4**
Fixed income securities	265.0	265.0	245.3	245.3
Other investments	98.1	91.2	85.0	81.0
Share of technical provisions from reinsurance	**186.9**	**207.3**	**182.2**	**207.1**
Non-life insurance (direct business)	173.9	192.2	167.1	189.8
Active reinsurance: non-life insurance (indirect business)	13.1	15.1	15.0	17.3
Market consistent value of other assets	**65.3**	**64.9**	**42.4**	**42.1**
Cash & equivalents	23.2	23.2	7.3	7.3
Insurance balances receivable	39.1	38.7	32.2	32.0
Other receivables	-	-	-	-
Other assets	1.1	1.1	1.3	1.3
Accrued income	1.9	1.9	1.4	1.4
Total Assets	**615.3**	**628.3**	**554.8**	**575.6**

1.1.1. Market Consistent Value of Investments

As of 1 January 2025, this position is composed of fixed income securities with a market value of CHF 265.0m and other investments (collective investments) with a market value of CHF 98.1m. These collective investments are pledged assets (claim trust funds in the form of money market funds), bond funds, equity funds and real estate funds.

1.1.2. Share of Technical Provisions from Reinsurance

This position includes

- Non-life insurance (direct business)
- Active reinsurance: non-life insurance (indirect business)

Non-life insurance (direct business) position (CHF 173.9m) includes mainly two components, i.e., discounted ceded unpaid loss reserves (CHF 156.0m) and discounted expected losses associated with the ceded UPR (CHF 15.4m). The rest of this position reflects paid losses which are outstanding and to be recovered from a reinsurer (CHF2.4m).

"Discounted ceded unpaid loss reserves" corresponds to the discounted value on the statutory (best estimate) ceded unpaid loss reserves. It is calculated projecting the future cash flows (paid losses) obtained by considering the reserve payment patterns and discounting those cash flows with FINMA-provided zero-coupon bond yield curves. "Discounted expected losses associated with the ceded UPR" corresponds to the present value of the expected losses associated with the statutory ceded UPR at the beginning of the year. It is obtained by multiplying the statutory ceded UPR value by the corresponding current year loss ratio by line of business. The loss ratio is discounted using the current year payment patterns, currency mix and the FINMA-provided zero-coupon bond yield curves. Active reinsurance position (CHF15.0m) corresponds to the sum of the discounted value on the statutory (best estimate) unpaid loss reserves plus the related administration expenses and the present value of the expected losses associated with the statutory gross retroceded indirect business.

1.1.3. Market Consistent Value of Other Assets

Cash and cash equivalents are at fair market value (nominal value). As of 31 December 2024, the participation in a notional cash pool is positive, therefore no interest-bearing liabilities are shown on the liabilities side of the balance sheet in section 1.2.2 (interest bearing liabilities).

The receivables from insurance activities mainly reflect the best estimate value of premiums which are due by third party entities to CISL (CHF 38.7m) and funds withheld of CHF 0.4m representing collateral of a ceding company within the Chubb Tempest Re segment. On the statutory balance sheet, this position also captures a negative asset which corresponds to a bad debt reserve (CHF -0.8m). Receivables from insurance activities are discounted in the market consistent value.

Other receivables reflect receivables which are non-insurance technical receivables. It is mainly composed of operational costs (nominal value) prefunded by CISL and recharged to Group companies. The nominal value of these assets is considered to be equal to their market value.

Other assets capture assets that are not classifiable within the other categories at nominal value.

Accrued income relates to the bonds described in the previous section and reflects the interest that has accumulated since the principal investment or since the previous interest payment, if one has already been made. Due to its very short duration, the market value of accrued income is not discounted.

1.2. Market Consistent Value of Liabilities

CHFm	Market Consistent Value of Liabilities 31.12.2024	Statutory Value 31.12.2024	Market Consistent Value of Liabilities 31.12.2023	Statutory Value 31.12.2023
Technical provisions, gross	**286.2**	**320.7**	**283.3**	**319.9**
Non-life insurance (direct business)	269.2	301.4	264.1	298.0
Active reinsurance: non-life insurance (indirect business)	17.0	19.3	19.2	21.8
Equalisation reserves	**-**	**34.3**	**-**	**32.0**
Market consistent value of other liabilities	**49.6**	**36.3**	**42.0**	**28.7**
Liabilities from insurance business	26.8	26.8	18.5	18.5
Interest bearing liabilities	-	-	-	-
Other liabilities	9.5	9.5	10.2	10.2
Risk Margin	13.4	-	13.3	-
Sum of BEL and market consistent value of other liabi	**335.9**	**391.4**	**325.3**	**380.6**

1.2.1. Best Estimate of Technical Provisions (BEL)

This position includes

- Non-life insurance (direct business)
- Active reinsurance: non-life insurance (indirect business)

Non-life insurance (direct business) position (CHF 269.2m) corresponds to the sum of the discounted value on the statutory (best estimate) unpaid loss reserves plus the related administration expenses (CHF 245.2m) and the present value of the expected losses associated with the statutory gross UPR at the beginning of the year for non-life direct business (CHF 24.0m).

The discounted value on the statutory (best estimate) unpaid loss reserves is calculated projecting the future cash flows (paid losses and administration expenses) obtained by considering the reserve payment patterns and discounting those cash flows with FINMA-provided zero-coupon bond yield curves.

The present value of the expected losses associated with the statutory gross UPR at the beginning of the year is obtained by multiplying the statutory UPR value by the corresponding current year loss ratio by line of business. The loss ratio is discounted using the current year payment patterns and the FINMA-provided zero-coupon bond yield curves.

Active reinsurance position (CHF 17m) corresponds to the sum of the discounted value on the statutory (best estimate) unpaid loss reserves plus the related administration expenses and the present value of the expected losses associated with the statutory gross UPR at the beginning of the year for non-life indirect business (CHF 0.0m). It is calculated with the same process as the non-life insurance (direct business) position.

1.2.2. Market Consistent Value of other Liabilities

As explained in section 1.1.2, CISL's participation in a notional cash pool is shown in the interest-bearing liabilities when it is negative. As of 31 December 2024, this position is positive and included in cash and cash equivalent. The liabilities from insurance business reflect the nominal value of premiums which are owed by CISL to third party entities and Group companies. Given their short-term nature, the nominal value of these payables is considered to be equal to their market value. Other liabilities reflect payables which are non-insurance technical payables owed to Group and third party companies. Given their short-term nature, the nominal value of these payables is considered to be equal to their market value.

1.3. Risk Bearing Capital

In accordance with the Insurance Supervision Ordinance risk-bearing capital is the sum of the core capital and the supplementary capital, to the extent that the supplementary capital is eligible for inclusion. Since CISL does not hold eligible supplementary capital, risk-bearing capital for CISL equals core capital. The revised ISO introduced an amended definition for the core capital which is defined as the difference between the market consistent value of assets, and the market consistent value of liabilities. The market consistent value of liabilities is made out non-insurance liabilities and insurance liabilities in which the risk margin is included. The following exhibit shows the composition of the risk-bearing capital as at 31.12.2024 in comparison with 31.12.2023 (2024 SST):

Risk-bearing capital **(CHFm)**	**2025 SST** **31.12.2024** **(1)-(3)-(4)**	**2024 SST** **31.12.2023** **(1)-(3)-(4)**
(1) Market consistent value of assets	615.3	554.8
(2) Risk Margin	13.4	13.3
(3) Market consistent value of liabilities	335.9	325.3
(4) Capital reduction or anticipated dividend	-	-
(5) Risk-bearing capital	**279.4**	**229.5**

The position "risk margin" (CHF 13.4m) corresponds to the cost of capital to cover the risk-bearing capital over the lifetime of insurance liabilities The risk margin is based on the SST standard model approach.

G. Capital Management

1. Goals, Strategy and Time Horizon for Capital Planning

CISL defines as part of the annual ORSA (Own Risk and Solvency Assessment) the appropriate level of capital to allow CISL to conduct its business over the strategic period of 3 years (e.g., 2024 - 2026) by the Economic Capital defined based on the Chubb internal Model - GCM. CISL's Minimum Capital Required ("MCR") is defined as the greater of the Economic Capital, the SST and the statutory one. In the specific case of CISL, the statutory minimum capital is the one driving the MCR.

2. Structure, Level and Quality of the Equity Capital

CHFm	2024	2023
Share capital	100.0	100.0
Statutory capital reserves & Statutory retained earnings	51.6	51.6
- Capital contribution reserves	50.0	50.0
- Statutory retained earnings	1.6	1.6
Profit carried forward	43.4	20.4
Annual profit (loss)	41.9	23.0
Total shareholder's equity	**236.9**	**195.0**

3. Description of any Material Changes during the Reporting Period

There were no material changes during the reporting period.

4. Differences between Statutory & Market-Consistent Valuation

	Market Consistent Value of Assets	Adjustments	Statutory Value
CHFm	31.12.2024		31.12.2024
Market consistent values of investments	363.1	6.9	356.1
Share of technical provisions from reinsurance	186.9	-20.3	207.3
Cash & equivalents	23.2	0.0	23.2
Insurance balances receivable	39.1	0.4	38.7
Other receivables	-	-	-
Other assets	1.1	-	1.1
Accrued income	1.9	-	1.9
Total Assets	**615.3**	**-13.0**	**628.3**
Technical provisions, gross	286.2	-34.5	320.7
Equalisation reserves	-	-34.3	34.3
Risk Margin	13.4	13.4	-
Liabilities from insurance business	26.8	-	26.8
Other liabilities	9.5	-	9.5
Sum of BEL and market consistent value of other liabilit	**335.9**	**-55.5**	**391.4**
Assets - Liabilities	**279.4**	**42.5**	**236.9**

As of 1 January 2025, the difference between the market consistent value of investments and the statutory value is CHF 6.9m due to the statutory value of equity funds being below market value. The difference between the best estimate of technical provisions (BEL) and the statutory value of the technical provisions value is mainly due to the discounting of the technical provisions and the fact that only the discounted expected loss associated with UPR is considered and not the UPR nominal value. In total, market consistent value of equity (CHF 279.4m) exceeds statutory value (CHF 236.9m) by CHF 42.5m.

H. Solvency

1. Solvency Model

For SST 2025 and SST 2024, all the insurance risk components are based on the GCM. Aggregation of insurance and market risks is dependent, based on the market risk standard model tool provided by FINMA. Reference is made to the following overview:

		2025	2024
Insurance risk	Cat	GCM	GCM
	Non-cat URR Prior years (reserve)	GCM	GCM
Market risk		Standard	Standard
Credit risk		Standard	Standard
Aggregation		Standard	Standard
Scenarios		Standard, added	Standard, added
Risk profile basis		CISL	CISL

The key assumptions are outlined below:

a) *RBC and target capital:* Any planned capital transactions and dividends are implemented as changes in risk-bearing capital - no effect on target capital. None currently anticipated
b) *Insurance risk*: Follows the GCM non-cat current year and prior years risks (approved by FINMA in 2021, include load for layer adjustment, emergence pattern floor and URR risk) and natural catastrophe risk follows the GCM (formally approved by FINMA in 2019).
c) *Market risk:* SST standard model is used.
d) *Credit risk:* SST standard model is used
e) *Scenarios:* SST standard model is used.

1.1. Approval Status

FINMA agreed that CISL insurance risk should be modelled with an internal model and formal approval of the model has been obtained. FINMA agreed that the rest of the components should be covered by the respective standard models.

1.2. RBC and Target Capital

Any planned capital transactions and dividends are implemented as changes in risk-bearing capital with no effect on target capital. As of the date of this report no dividend is planned for 2025.

2. Target Capital

2.1. Key Components of Target Capital (incl. market risk)

CISL (m CHF)	2025 SST	2024 SST	2025 vs 2024 SST Diff	2025 vs 2024 SST Diff %
Market risk	**33.4**	**29.6**	**3.8**	**13%**
Interest	13.0	11.2	1.9	17%
Spread	10.7	8.7	1.9	22%
Currency	20.4	18.6	1.8	10%
Equity	16.0	14.3	1.7	12%
Real estate	2.3	1.4	0.8	58%
Diversification	*(29.0)*	(24.6)	*(4.3)*	*18%*
Insurance risk	**48.5**	**52.7**	**(4.2)**	**-8%**
Current Year Risk	17.5	22.5	(5.0)	-22%
Cat	1.3	1.2	0.1	12%
Non-cat	17.5	22.5	(5.0)	-22%
Diversification	*(1.3)*	(1.2)	*(0.1)*	*10%*
Prior Years Risk	41.3	43.0	(1.7)	-4%
Diversification	*(10.3)*	(12.8)	*2.6*	*-20%*
Credit Risk	**22.5**	**20.2**	**2.3**	**11%**
Market v. Insurance v. Credit Risk Diversification	*(30.6)*	(29.7)	*(1.0)*	*3%*
Insurance + market + credit risk	**73.8**	**72.8**	**1.0**	**1%**
Aggregation with scenarios	78.2	76.3	1.8	2%
Expected technical result	(23.8)	(8.6)	(15.2)	177%
Expected financial result	(3.9)	(3.3)	(0.6)	20%
Load: diversified URR risk	0.4	0.4	(0.0)	-8%
Load: layer adjustment	1.7	1.8	(0.2)	-10%
Load: EP floor	3.2	3.3	(0.0)	-1%
Covax	0.3	0.3	-	0%
Target Capital	**56.0**	**70.3**	**(14.3)**	**-20%**
Risk margin	13.4	13.3	0.1	1%
Risk-bearing capital	**279.4**	**229.5**	**49.9**	**22%**
SST ratio	**499%**	**327%**	**173%**	**53%**

As of 1 January 2025, based on the model described in the section H.1, the target capital for CISL is CHF 56.0m. As shown in the table above the target capital is mainly driven by market risk, insurance risk and credit risk. Market risk (CHF 33.4m) components include interest rate risk (CHF 13.0m), spread risk (CHF 10.7m), currency risk (CHF 20.4m), equity risk (CHF 16.0m) and real estate risk (2.3m CHF) offset by a diversification effect of CHF 29.0m. In the same manner, insurance risk (CHF 48.5m) can be decomposed between current year risk of CHF 17.5m (cat: CHF 1.3m; non-cat: CHF 17.5m and prior years risk (CHF 41.3m), offset by a diversification effect of CHF -10.3m. Aggregation between insurance, market risk and credit risk is equal to CHF 73.8, including a diversification effect of CHF -30.6m. Adding scenarios, expected technical and financial result, loads for diversified URR risk, layer and emergence pattern adjustments and Covax impact, leads to the target capital of CHF 56.0m.

3. Risk Bearing Capital

The key components of the risk bearing capital have been disclosed in section "F - Valuation" of this report.

4. Comments on Reported Solvency

The SST ratio, as defined in the revised Insurance Supervision Ordinance, as of 1 January 2025 is comfortable at 499%.

5. Reconciliation to FINMA Submissions

The current information about solvency (risk-bearing capital, target capital) corresponds to what has been established for FINMA and is subject to supervisory review.

Appendices

1	2024 Financial Statements and Report of the Statutory Auditor to the General Meeting
2	Quantitative templates (FINMA): a) Performance Non-Life Solo b) Market consistent balance sheet Solo c) Solva Solo