



---

FM Insurance Europe S.A., Luxembourg, Bern Branch

# Financial Condition Report for the year ended 31 December 2024

April 2025

Table of Contents

**Management Summary** .....3

**Business Activities**.....3

**Performance**.....4

**Appendices** .....6

## Management Summary

On 6 September 2019, the Swiss Financial Market Supervisory Authority ("FINMA") issued a license to FM Insurance Europe S.A., Luxembourg, Bern Branch (the "Branch") to conduct insurance business in the categories B4-9 and B11-17. The business of the Swiss Branch inception on 1 January 2020.

The Head Office of the Branch is FM Insurance Europe S.A. ("FMIE"), an insurance company headquartered in the Grand Duchy of Luxembourg and authorised by the Commissariat aux Assurances to underwrite insurance policies throughout the European Economic Area and authorised by the UK Prudential Regulation Authority to underwrite policies the United Kingdom.

FMIE is wholly owned by Factory Mutual Insurance Company ("FMIC"), which is located in Johnston, Rhode Island, USA, and part of the FM group of companies.

The Branch is engaged in the business of underwriting property insurance risks and the provision of related engineering and loss prevention services to large and medium sized clients domiciled in Switzerland and to Swiss branches of multinational clients of the FM group of companies.

Total gross premium written in 2024 was CHF 37,642,000 (2023: CHF 38,315,000). Gross claims outstanding (excluding incurred but not reported loss provision and unallocated loss adjustment expenses) at the end of 2024 were CHF 12,180,000 (2023: CHF 20,550,000). The result for the year after tax was a profit of CHF 2,949,000 (2023: profit of CHF 961,000), contributing to voluntary retained earnings of CHF 9,615,000 as at 31 December 2024 (2023: CHF 6'666,000).

The business performance of the Branch is in line with management's expectations.

## Business Activities

### Strategy, objectives and essential business sectors

The business model of FM, of which the Branch is an integral part, is based on a belief that the majority of property loss and associated business interruption is preventable through loss prevention and risk management solutions. Deploying loss prevention engineering based on scientific research is the basis for the belief that the majority of property loss is preventable and unites FM and its policyholders.

FM's capital, scientific research capability and engineering expertise are dedicated to property risk management and the resilience of its client-owners. These owners, who represent many of the world's largest organisations, partner with FM to better understand the hazards that can impact their business in order to make cost-effective risk management decisions; thereby combining property loss prevention with insurance protection.

The Branch has a stable book of business and there are no plans to expand into any new lines of business. FMIE provides insurance under the FM business model, and FM is constantly looking to improve and develop the overall service offering provided to its customers and thereby maintain a high level of client retention.

The ultimate parent company, FMIC, is a mutual company which is owned by and accountable to its policyholders. Being a mutual company allows FM to take a long-term strategic view, by providing clients with large, stable insurance capacity and to help FMIE and the Branch to absorb and withstand short-term volatility in operating results.

### External auditors according to art. 28 ISA

The financial statements of the Branch are audited by Ernst & Young AG, Zurich.

## Market Situation and Exceptional Events

Severe flooding occurred in Switzerland in June 2024 impacting one FM client. The gross loss incurred as a result of the event was CHF 47,705,000. The net impact, after reinsurance amounted to CHF 4,048,000.

2024 was the third consecutive year clients and insurance markets were faced with higher claims costs driven by the inflation rate and associated increase in costs, supply chain issues, as well as increased reinsurance costs, which led to the continued discipline of the property market during the year.

## Business Development

As at 31 December the Branch had 198 policies in-force.

Total gross premium written in 2024 was CHF 37,642,000 (2023: CHF 38,315,000), with a total of CHF 31,635,000 (2023: CHF 31,595,000) of premium ceded to reinsurers. The decrease in gross written premium is primarily driven by policyholders' credits increases. .

Overall, the development of the business of the Branch is considered satisfactory. The Branch continued with the established approach of not engaging in an aggressive acquisition strategy to grow its book of business, rather striving for sustainable long-term relationships with its insureds, as profitable growth and continuous high client satisfaction is weighed higher than market growth.

The result for the year after tax a profit of CHF 2,949,000 (2023: profit of CHF 961,000). The increase in profit from the prior year is primarily due to an increase investment income allocated from FMIE.

## Performance

The key components driving the performance of the Branch during the year have been outlined below. Further analysis and information is contained within the appendices (Section C).

### Premium

The premium reserve on the balance sheet as at 31 December 2024 is CHF 19,014,000 (2023: CHF 17,606,000), with total technical income from the underwriting business of CHF 5,467,000 in 2024 (2023: CHF 6,870,000).

The Business Development section of this report provides additional analysis of gross written premium.

### Losses

The loss ratio was 85.8% for the year ended 31 December 2024 (2023: 46.9%) primarily driven by a large flood loss incurred during the year with a gross loss of CHF 47,705,000 and a net loss of CHF 4,048,000.

At the end of the year, seven claims with an expected gross amount of CHF 12,180,000 (2023: CHF 20,550,000) were outstanding. There were no disputes over reported losses in 2024 or in prior years.

The largest gross loss outstanding at the end of the year was a loss incurred in 2024. At the end of year the gross reserve amounted to CHF 7,322,000 and the net reserve CHF 94,403.

Claims outstanding net of reinsurance, excluding IBNR and ULAE, totalled CHF 2,295,000 (2023: CHF 5,273,000).

### Other expenses from underwriting business

Total net expenses from the underwriting business are CHF 885,000 (2023: CHF 2,337,000).

The expense ratio was 16.2% (2023: 34.0%) for the year ended 31 December 2024.

## Other income/expenses

Investments are held by the Head Office on behalf of the Branch. FMIE invests primarily in equity and debt securities, the majority of which are held in the US market, with additional deposits held in local currencies at a branch level as required by local regulatory authorities.

The net investment result is allocated across the branches of FMIE based on the average net earned premium of the past three years. Other income/expenses represent the return from these investments.

Net investment income of FMIE amounted to EUR 169,698,000 for the year ended 31 December 2024 compared to net investment expenses amounting to EUR 2,818,000 in prior year.

The FMIE investments are split as follows:

- 15% of government bonds
- 18% of collateralised bonds
- 12% of corporate bonds
- 39% of investment funds
- 16% of equities

Looking ahead, FMIE's investment strategy remains unchanged with the Company continuing to hold a significant portion of the investment portfolio in equity securities. Management of FMIE's investments is outsourced to FMIC, with oversight by the FMIE Finance Manager, with the objective of strengthening FMIE's and FM's financial position and thereby the capacity to provide for the insurance needs of policyholders. These needs include stability and growth of policyholder surplus as well as liquidity to cover losses.

FMIE's investment strategy takes a total return approach. FMIE holds a diversified portfolio of investments to provide the potential for growth while balancing risks and liquidity needs. Over the long-term, equity securities are an important contributor to returns in the context of a diversified portfolio. The Branch is aware this investment approach may generate shorter term volatility and accepts this risk.

Other income amounted to CHF 3,897,000 (2023: nil) for the year ended 31 December 2024. There were no other expenses (2023: CHF 71,000) for the year ended 31 December 2024.

## Result after tax for the year

As a result of the above factors, a profit amounting to CHF 2,949,000 (2023: CHF 961,000) was recorded for the year.

## Appendices

- Financial situation report: quantitative template "Performance Solo NL"
- The external auditor's summary report to the annual financial statements
- The annual financial statements

## Financial situation report: quantitative template

### "Performance Solo NL"

Currency: CHF or annual report currency  
Amounts stated in millions

		Total		Direct Swiss business													
				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	38.3	37.6							0.0	0.0	38.3	37.6				
2	Reinsurers' share of gross premiums	-31.6	-31.6							0.0	0.0	-31.6	-31.6				
3	Premiums for own account (1 + 2)	6.7	6.0							0.0	0.0	6.7	6.0				
4	Change in unearned premium reserves	-1.7	-1.4							0.0	0.0	-1.7	-1.4				
5	Reinsurers' share of change in unearned premium reserves	1.8	0.8							0.0	0.0	1.8	0.8				
6	Premiums earned for own account (3 + 4 + 5)	6.9	5.5							0.0	0.0	6.9	5.5				
7	Other income from insurance business	0.0	0.0							0.0	0.0	0.0	0.0				
8	Total income from underwriting business (6 + 7)	6.9	5.5							0.0	0.0	6.9	5.5				
9	Payments for insurance claims (gross)	-7.3	-58.5							0.0	0.0	-7.3	-58.5				
10	Reinsurers' share of payments for insurance claims	6.1	51.1							0.0	0.0	6.1	51.1				
11	Change in technical provisions	-3.1	8.2							0.0	0.0	-3.1	8.2				
12	Reinsurers' share of change in technical provisions	1.3	-5.3							0.0	0.0	1.3	-5.3				
13	Change in technical provisions for unit-linked life insurance																
14	Expenses for insurance claims for own account (9 + 10 + 11 + 12 + 13)	-3.0	-4.5							0.0	0.0	-3.0	-4.5				
15	Acquisition and administration expenses	-5.1	-2.0							0.0	0.0	-5.1	-2.0				
16	Reinsurers' share of acquisition and administration expenses	2.8	1.1							0.0	0.0	2.8	1.1				
17	Acquisition and administration expenses for own account (15 + 16)	-2.3	-0.9							0.0	0.0	-2.3	-0.9				
18	Other underwriting expenses for own account	-0.2	-0.2							0.0	0.0	-0.2	-0.2				
19	Total expenses from underwriting business (14 + 17 + 18) (non-life insurance only)	-5.6	-5.6							0.0	0.0	-5.6	-5.6				
20	Investment income																
21	Investment expenses																
22	Net investment income (20 + 21)	0.0	0.0														
23	Capital and interest income from unit-linked life insurance																
24	Other financial income																
25	Other financial expenses																
26	Operating result (8 + 14 + 17 + 18 + 22 + 23 + 24 + 25)	1.3	-0.1														
27	Interest expenses for interest-bearing liabilities																
28	Other income	0.0	3.9														
29	Other expenses	-0.1	0.0														
30	Extraordinary income/expenses																
31	Profit / loss before taxes (26 + 27 + 28 + 29 + 30)	1.2	3.8														
32	Direct taxes	-0.3	-0.8														
33	Profit / loss (31 + 32)	1.0	3.0														

## Financial situation report: quantitative template

### "Performance Solo NL"

[illegible]



To the General Manager of  
FM Insurance Europe S.A., Luxembourg  
Bern Branch  
Bern

Zurich, 30 April 2025

## Report of the independent auditor



### Opinion

As an audit firm under state supervision, we have audited the financial statements of Bern Branch of FM Insurance Europe S.A., Luxembourg (the Company), which comprise the balance sheet as at 31 December 2024, 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 the Company 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

Licensed audit expert  
(Lead Auditor)

Licensed audit expert

**Enclosure**

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



---

FM Insurance Europe S.A., Luxembourg,  
Bern Branch

# Financial Statements for the year ended 31 December 2024



## Table of Contents

Balance sheet	3
Income statement	4
Notes to the financial statements	5 -9
Accounting policies	10 - 11

## Balance sheet as at 31 December 2024

### ASSETS

	Notes	2024 CHF '000	2023 CHF '000
<b>Cash and cash equivalents</b>		<b>39,494</b>	46,524
<b>Reinsurers' share of technical provisions</b>		<b>25,501</b>	29,901
Provision for unearned premium	4	15,407	14,576
Claims outstanding	5	10,094	15,325
<b>Tangible fixed assets</b>		<b>111</b>	342
<b>Insurance receivables</b>	2, 9	<b>28,312</b>	11,194
Debtors arising out of direct insurance		8,210	9,800
Debtors arising out of reinsurance		20,102	1,394
<b>Other receivables</b>	7, 9	<b>32,898</b>	26,932
<b>Prepayments and accrued income</b>		-	3
<b>Total assets</b>		<b>126,316</b>	114,896

### LIABILITIES AND EQUITY

	Notes	2024 CHF '000	2023 CHF '000
<b>Technical provisions</b>		<b>32,499</b>	39,035
Provision for unearned premium	4	19,014	17,606
Claims outstanding	5	12,495	20,619
Equalisation provision	6	990	810
<b>Insurance payables</b>	3, 9	<b>12,526</b>	10,508
<b>Other liabilities</b>	8, 9	<b>21,534</b>	13,172
<b>Accruals and deferred income</b>		<b>1,270</b>	1,390
<b>Total liabilities</b>		<b>67,829</b>	64,105
<b>Voluntary retained earnings</b>		<b>9,615</b>	6,666
Profit brought forward		6,666	5,705
Profit for the period		2,949	961
Head office account	12	48,872	44,125
<b>Total equity</b>	15	<b>58,487</b>	50,791
<b>Total liabilities and equity</b>		<b>126,316</b>	114,896

## Income statement for the year ended 31 December 2024

	Notes	2024 CHF '000	2023 CHF '000
<b>Earned premium</b>	4	<b>5,467</b>	6,864
Gross premium written		37,642	38,315
Outward reinsurance premium		(31,635)	(31,595)
Change in the provision for unearned premium		(1,378)	(1,672)
Change in the provision for unearned premium, reinsurers' share		838	1,816
<b>Other technical income, net of reinsurance</b>		-	6
<b>Total technical income</b>		<b>5,467</b>	6,870
<b>Claims incurred, net of reinsurance</b>	5	<b>(4,511)</b>	(3,021)
Claims paid		(7,449)	(1,229)
<i>gross amount</i>		(58,500)	(7,316)
<i>reinsurers' share</i>		51,051	6,087
Change in the provision for claims outstanding		2,938	(1,792)
<i>gross amount</i>		8,237	(3,085)
<i>reinsurers' share</i>		(5,299)	1,293
<b>Net acquisition and administrative expenses</b>		<b>(885)</b>	(2,337)
Acquisition costs		(1,965)	(5,134)
Change in deferred acquisition costs		1,080	2,797
<b>Other technical expenses</b>	6	<b>(180)</b>	(201)
<b>Total technical expenses</b>		<b>(5,576)</b>	(5,559)
<b>Balance on the technical account</b>		<b>(109)</b>	1,311
<b>Other income</b>	13	<b>3,897</b>	-
<b>Other expenses</b>	14	-	(71)
<b>Profit on ordinary activities before tax</b>		<b>3,788</b>	1,240
<b>Tax on profit on ordinary activities</b>		<b>(839)</b>	(279)
<b>Profit on ordinary activities after tax</b>		<b>2,949</b>	961

## Notes to the Financial Statements for the year ended 31 December 2024

### *Disclosures, breakdowns and explanations*

#### **1. Branch information**

FM Insurance Europe S.A., Luxembourg, Bern Branch (the "Branch"), is a branch of FM Insurance Europe S.A. ("FMIE"), incorporated in Luxembourg. The Branch was established in Switzerland on 20 February 2019 and obtained a licence on 6 September 2019 to establish insurance activities and underwrite policies in Switzerland. FM Insurance Europe S.A. is wholly owned by Factory Mutual Insurance Company, which is located in Johnston, Rhode Island, USA (the "Parent").

The registered office of the Branch is Morgenstrasse 129, 3018 Bern, Switzerland.

The largest group in which the results of the Branch are consolidated is that of the ultimate parent company, Factory Mutual Insurance Company. The consolidated accounts are available to the public and may be obtained from Factory Mutual Insurance Company, 270 Central Avenue, Johnston, RI 02919, USA, or from [www.fm.com](http://www.fm.com).

#### **2. Insurance receivables**

	<b>2024</b>	2023
	<b>CHF '000</b>	CHF '000
Receivables from policyholders	8,210	9,800
Receivables from (re)insurance companies	20,102	1,394
<b>Total</b>	<b>28,312</b>	11,194

#### **3. Insurance payables**

	<b>2024</b>	2023
	<b>CHF '000</b>	CHF '000
Liabilities to (re)insurance companies	12,526	10,508
<b>Total</b>	<b>12,526</b>	10,508

#### **4. Technical provisions – Unearned premium reserve**

The change in the technical provisions – unearned premium reserve during the year was as follows:

	<b>Gross</b>	<b>Reinsurers' share</b>	<b>Net</b>
	<b>CHF '000</b>	<b>CHF '000</b>	<b>CHF '000</b>
At 1 January 2024	17,606	14,576	3,030
Premium written in the year	37,642	31,635	6,007
Premium earned in the year	(36,264)	(30,797)	(5,467)
Change in unearned	1,378	838	540
Foreign exchange	30	(7)	37
<b>At 31 December 2024</b>	<b>19,014</b>	<b>15,407</b>	<b>3,607</b>



## Notes to the Financial Statements for the year ended 31 December 2024

### *Disclosures, breakdowns and explanations*

The change in the technical provisions – unearned premium reserve during the prior year was as follows:

	Gross CHF '000	Reinsurers' share CHF '000	Net CHF '000
At 1 January 2023	16,919	13,562	3,357
Premium written in the year	38,315	31,595	6,720
Premium earned in the year	(36,643)	(29,779)	(6,864)
Change in unearned	1,672	1,816	(144)
Foreign exchange	(985)	(802)	(183)
At 31 December 2023	17,606	14,576	3,030

### **5. Technical provisions – Claims outstanding**

The change in the technical provisions – claims outstanding during the year was as follows:

	Gross CHF '000	Reinsurers' share CHF '000	Net CHF '000
At 1 January 2024	20,619	15,325	5,294
Claims incurred during the year	50,263	45,752	4,511
Claims paid during the year	(58,500)	(51,051)	(7,449)
Change in unpaid claims	(8,237)	(5,299)	(2,938)
Foreign exchange	113	68	45
<b>At 31 December 2024</b>	<b>12,495</b>	<b>10,094</b>	<b>2,401</b>

The change in the technical provisions – claims outstanding during the prior year was as follows:

	Gross CHF '000	Reinsurers' share CHF '000	Net CHF '000
At 1 January 2023	17,926	14,375	3,551
Claims incurred during the year	10,401	7,380	3,021
Claims paid during the year	(7,316)	(6,087)	(1,229)
Change in unpaid claims	3,085	1,293	1,792
Foreign exchange	(392)	(343)	(49)
At 31 December 2023	20,619	15,325	5,294

### **6. Technical provisions – Equalisation reserves**

	2024 CHF '000	2023 CHF '000
At 1 January	810	609
Movement in provision	180	201
<b>At 31 December</b>	<b>990</b>	<b>810</b>

## Notes to the Financial Statements for the year ended 31 December 2024

### Disclosures, breakdowns and explanations

#### 7. Other receivables

	2024 CHF '000	2023 CHF '000
Amounts due from affiliated undertakings (see note 10)	32,042	26,570
Other receivables	856	362
<b>Total</b>	<b>32,898</b>	<b>26,932</b>

#### 8. Other liabilities

	2024 CHF '000	2023 CHF '000
Amounts due to affiliated undertakings (see note 11)	19,209	10,606
Other creditors	1,286	961
Corporation tax	1,039	1,605
<b>Total</b>	<b>21,534</b>	<b>13,172</b>

#### 9. Analysis of receivables and payables

The movements during the year in respect of receivables and payables are broken down as follows:

	Other Insurance Companies CHF '000	Policyholders CHF '000	Related Parties CHF '000	Other CHF '000	Total CHF '000
<b>2024</b>					
Insurance receivables	20,102	8,210	-	-	<b>28,312</b>
Other receivables	-	-	32,042	856	<b>32,898</b>
Insurance payables	9,338	-	3,188	-	<b>12,526</b>
Other liabilities	-	-	19,209	2,325	<b>21,534</b>

The movements during the prior year in respect of receivables and payables are broken down as follows:

	Other Insurance Companies CHF '000	Policyholders CHF '000	Related Parties CHF '000	Other CHF '000	Total CHF '000
<b>2023</b>					
Insurance receivables	1,394	9,800	-	-	<b>11,194</b>
Other receivables	-	-	26,570	362	<b>26,932</b>
Insurance payables	8,041	-	1,326	1,141	<b>10,508</b>
Other liabilities	-	-	10,606	2,566	<b>13,172</b>

## Notes to the Financial Statements for the year ended 31 December 2024

### Disclosures, breakdowns and explanations

#### 10. Amounts owed from related parties

	Location	2024 CHF '000	2023 CHF '000
Affiliated FM Insurance Company	USA	-	73
FM Insurance Company Limited	Switzerland	150	235
FM Insurance Company Limited	UK	-	7,209
FM Insurance Europe S.A.	UK	7028	-
FM Insurance Europe S.A.	France	949	1,699
FM Insurance Europe S.A.	Germany	20,576	13,007
FM Insurance Europe S.A.	Italy	3,130	4,103
FM Insurance Europe S.A.	Spain	24	14
FM Insurance Europe S.A.	Sweden	185	230
		<b>32,042</b>	<b>26,570</b>

#### 11. Amounts owed to related parties

	Location	2024 CHF '000	2023 CHF '000
Factory Mutual Insurance Company	USA	1,436	1,055
FM Insurance Europe S.A.	Belgium	39	-
FM Insurance Europe S.A.	The Netherlands	17,704	9,551
FM Insurance Europe S.A.	UK	30	-
		<b>19,209</b>	<b>10,606</b>

#### 12. Head office account balance

	Location	2024 CHF '000	2023 CHF '000
FM Insurance Europe S.A.	Luxembourg		
At 1 January		44,125	49,605
Fund transfer		32,000	(4,600)
Business recharges		(4,976)	7,636
Intercompany settlement		(22,277)	(8,516)
<b>At 31 December</b>		<b>48,872</b>	<b>44,125</b>

## Notes to the Financial Statements for the year ended 31 December 2024

### *Disclosures, breakdowns and explanations*

#### 13. Other income

Equities and bonds are held by FM Insurance Europe S.A. on behalf of the Branch. The net investment result is allocated across the branches of FMIE based on the average net earned premium of the past three years. The net investment result is allocated accordingly as other income or other expenses.

For the year ended 31 December 2024 the other income amounting to CHF 3,897,000 (2023: CHF nil) corresponded to the allocated net investment results.

#### 14. Other expense

Equities and bonds are held by FM Insurance Europe S.A. on behalf of the Branch. The net investment result is allocated across the branches of FMIE based on the average net earned premium of the past three years. The net investment result is allocated accordingly as other income or other expenses.

For the year ended 31 December 2024 the other expense amounting to CHF nil (2023: CHF 71,000) corresponded to the allocated net investment results.

#### 15. Statement of changes in Head Office account

	2024 CHF '000	2023 CHF '000
At 1 January	50,791	55,710
Profit for the period	2,949	961
Organisational fund	-	(400)
Head office account	4,747	(5,480)
<b>At 31 December</b>	<b>58,487</b>	<b>50,791</b>

#### 16. Audit fees

	2024 CHF '000	2023 CHF '000
Audit services	58	51
<b>Total</b>	<b>58</b>	<b>51</b>

#### 17. Staff numbers

The average number of employees of the Branch during the year ended 31 December 2024 was 10 (2023: 9).

#### 18. Off balance sheet commitments

The Branch had minimum lease payments under non-cancellable operating leases amounting to CHF 187,000 (2023: CHF 151,000). All the leases have a duration between one and five years. The Branch has no other off-balance sheet commitments.

#### 19. Events after the reporting date

No subsequent events occurred after year-end that could materially impact the financial statements as of and for the year ended 31 December 2024.

## Accounting policies

### Statement of compliance

The financial statements have been prepared in compliance with the provisions on commercial accounting of the Swiss Code of Obligations (CO) (Art.957-963b CO, applicable as of 1 January 2013). Apart from the Swiss Code of Obligations, the provisions of the Swiss Ordinance of the Supervision of Private Insurance Companies (Art. 84-85, AVO FINMA, applicable as of 1 September 2024) have been applied.

### Foreign currency translation

The annual financial statements of FM Insurance Europe S.A., Luxembourg, Bern Branch are prepared in Swiss Franc. Transactions in foreign currencies are recorded at average rates ruling for the month of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates ruling at the balance sheet date. Non-monetary assets are converted at historical rates. Exchange differences arising from transactions are taken to the income statement.

The main rates used are presented below:

	2024	2023
EUR	<b>0.9312</b>	0.9603
USD	<b>0.8854</b>	0.8749

### Valuation principles

#### Technical provisions

These are obligations due to insured parties determined based on an individual insurance agreement. They are calculated based on the business plan agreed with FINMA.

Technical provisions comprise claims outstanding, provisions for unearned premium, equalisation provision, together with a provision for unexpired risk, when required.

#### Claims outstanding

Outstanding claims comprise provisions for the estimated costs of settling all claims incurred up to but not paid at the balance sheet date whether reported or not, together with related claims handling expenses. Claims incurred includes all claims payments made in respect of the financial period, claims handling expenses, the movement in provision for outstanding claims, and claims handling expenses.

#### Claims incurred but not reported

The liabilities that are in place at the year-end are based on the best estimate of current claims outstanding with an additional element for claims incurred but not reported ("IBNR"). The IBNR is based on historical data patterns to provide a reasonable estimate of the future development of current claims.

#### Unearned premium

The provision for unearned premium comprises the amount representing that part of gross premium written which is estimated to be earned in the following or subsequent financial years, computed separately for each insurance contract using the daily pro rata method. The proportion attributable to subsequent periods is deferred as a provision for unearned premium.

## Accounting policies

The provision for reinsurers' share of unearned premium comprises the amount representing the part of reinsurers' share of written premium which is estimated to be earned in the following or subsequent financial years. Unearned reinsurance premium are deferred over the term of the underlying direct insurance policies for both risk attaching contracts and loss occurring contracts.

### **Equalisation provision**

An equalisation provision is recognised for the purpose of mitigating exceptionally high loss ratios in future years. The amounts provided are in addition to the provisions required to meet the anticipated ultimate cost of settlement of outstanding claims at the balance sheet date. The movement in the equalisation provision is included in other technical expenses.

### **Reinsurance**

In the normal course of business the Branch seeks to reduce losses that may arise from catastrophes or other events that cause unfavourable underwriting results by reinsuring certain levels of risk with other insurance enterprises. Amounts recoverable from reinsurers are accounted for in a manner consistent with the underlying contract liabilities, outstanding claims provisions or settled claims associated with the reinsured policies and in accordance with the relevant reinsurance contract.