



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

Financial Condition Report for the year ended 31 December 2025

April 2026

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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 incepted 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 by the Prudential Regulation Authority to underwrite insurance policies in the United Kingdom.

FMIE is a wholly owned subsidiary of Factory Mutual Insurance Company ("FMIC"), a company incorporated under the laws of the State of Rhode Island, United States of America. "FM" is the communicative name for FMIC and its subsidiaries.

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 FM.

Total gross premium written in 2025 was CHF 35,261,000 (2024: CHF 37,642,000). Gross claims outstanding (excluding incurred but not reported loss provision and unallocated loss adjustment expenses) at the end of 2025 were CHF 4,099,000 (2024: CHF 12,180,000). The result for the year after tax was a loss of CHF 1,406,000 (2024: CHF 2,949,000 profit), contributing to voluntary retained earnings as at 31 December 2025 of CHF 8,209,000 (2024: CHF 9,615,000).

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

Business Activities

Strategy, objectives and essential business sectors

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.

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 the mutual company 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 continuity 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.

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

No exceptional claims were incurred during the year. However, 2025 was the fourth 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 207 policies in-force.

Total gross premium written in 2025 was CHF 35,261,000 (2024: CHF 37,642,000), with a total of CHF 30,135,000 (2024: CHF 31,635,000) of premium ceded to reinsurers. The decrease in gross written premium is primarily attributable to foreign exchange translation. A large proportion of premium is denominated in US dollars and the weakening of the US dollar against the Swiss Franc during the period reduced the reported Swiss Franc premium.

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 was a loss of CHF 1,406,000 (2024: CHF 2,949,000 profit), primarily driven by an allocation of investment charges 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 provision for unearned premium as at 31 December 2025 was CHF 17,042,000 (2024: CHF 19,014,000), with total technical income from the underwriting business of CHF 5,487,000 in 2025 (2024: CHF 5,467,000).

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

Losses

The loss ratio for the year ended 31 December 2025 was 40.5% (2024: 85.8%) primarily driven by a lower value of claims reported in 2025 as compared to the prior year. The 2024 loss ratio was also adversely impacted by an exceptional flood event during the year.

At the end of the year there were nine claims outstanding with an expected total gross amount of CHF 4,099,000 (2024: CHF 12,180,000). There were no disputes over reported losses in 2025 or from those reported in prior years.

The largest gross loss outstanding at the end of the year amounted to CHF 2,983,000 with a net reserve of CHF 1,370,000 and was in respect of a loss incurred in 2025.

Claims outstanding net of reinsurance as at 31 December 2025, excluding IBNR and ULAE, was CHF 1,440,000 (2024: CHF 2,295,000).

Other expenses from underwriting business

The expense ratio was 44.1% (2024: 16.2%) for the year ended 31 December 2025. Total net expenses from the underwriting business of CHF 2,422,000 (2024: CHF 885,000) included a foreign exchange expense of CHF 1,798,000 (2024: CHF 764,000 income) driven by the weakening of the US dollar against the Swiss Franc during the period.

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 of the Head Office 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. For the year ended 31 December 2025 the Head Office had a net investment charge of EUR 126,024,000 (2024: EUR 169,697,000 income). Investment income of EUR 162,783,000 was driven by gains on the realisation of investments, interest earned on the investment portfolio, and dividends received. This was offset by investment charges of EUR 288,807,000 related to foreign exchange and realised and unrealised losses on investments.

The FMIE investments are split as follows:

- 12.6% of government bonds
- 14.7% of collateralised bonds
- 9.2% of corporate bonds
- 41.3% of investment funds
- 22.2% 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. Day to day management of FMIE's investments is outsourced to FMIC 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.

For the year ended 31 December 2025, other income amounted to CHF nil (2024: CHF 3,897,000) and other expenses amounted to CHF 2,201,000 (2024: CHF nil).

Result after tax for the year

The result for the year after tax was a loss of CHF 1,406,000 (2024: CHF 2,949,000 profit).

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													
	Previous year	Reporting year	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
1	37.6	35.2							0.0	0.0	37.6	35.2				
2	-31.6	-30.1							0.0	0.0	-31.6	-30.1				
3	6.0	5.1							0.0	0.0	6.0	5.1				
4	-1.4	1.2							0.0	0.0	-1.4	1.2				
5	0.8	-0.8							0.0	0.0	0.8	-0.8				
6	5.5	5.5							0.0	0.0	5.5	5.5				
7	0.0	0.0							0.0	0.0	0.0	0.0				
8	5.5	5.5							0.0	0.0	5.5	5.5				
9	-58.5	-15.5							0.0	0.0	-58.5	-15.5				
10	51.1	12.8							0.0	0.0	51.1	12.8				
11	8.2	7.5							0.0	0.0	8.2	7.5				
12	-5.3	-6.8							0.0	0.0	-5.3	-6.8				
13																
14																
15	-4.5	-2.1							0.0	0.0	-4.5	-2.1				
16	-2.0	-5.2							0.0	0.0	-2.0	-5.2				
17	1.1	2.8							0.0	0.0	1.1	2.8				
18	-0.9	-2.4							0.0	0.0	-0.9	-2.4				
19	-0.2	-0.2							0.0	0.0	-0.2	-0.2				
20	-5.6	-4.6							0.0	0.0	-5.6	-4.6				
21																
22	0.0	0.0														
23																
24																
25																
26	-0.1	0.8														
27																
28	3.9	0.0														
29	0.0	-2.2														
30																
31	3.8	-1.4														
32	-0.8	0.0														
33	3.0	-1.4														

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

Zurich, 29 April 2026

Report of the independent auditor



Opinion

We have audited the financial statements of Bern Branch of FM Insurance Europe S.A., Luxembourg (the Branch), which comprise the balance sheet as at 31 December 2025, the income statement for the financial year then ended and the notes to the financial statements, including a summary of significant accounting policies, pursuant to Art. 28 para. 2 of the Insurance Supervision Act (ISA) and Chapter 3 “Preparation and auditing of the financial statements of branches of foreign insurance companies” of the FINMA directive “Supplementary information in the comprehensive report on the financial audit of insurance companies” dated 4 December 2025 (hereinafter “Chapter 3 of the FINMA directive”).

In our opinion, the accompanying financial statements of the Branch comply in all material respects with the financial reporting provisions of Section 3.1 of Chapter 3 of the FINMA directive.



Basis for opinion

We conducted our audit in accordance with Swiss law, the Swiss Standards on Auditing (SA-CH) and the requirements set out in Section 3.2 of Chapter 3 of the FINMA directive. Our responsibilities under those provisions and standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Branch in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession that are relevant to audits of the financial statements of public interest entities. We have also 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 audit 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.



Responsibilities of the General Manager for the financial statements

The General Manager is responsible for the preparation of financial statements in accordance with the financial reporting provisions of Section 3.1 of Chapter 3 of the FINMA directive 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 Branch'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 Branch or to cease operations, or has no realistic alternative but to do so.



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 Swiss law, SA-CH and the provisions according to the supplementary information in the comprehensive report on the audit of insurance companies 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 Swiss law and the SA-CH, we exercise professional judgment and maintain professional skepticism 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 Branch'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 Branch'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 Branch 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.

We also provide the General Manager with a statement that we have complied with the relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and – where applicable – actions taken to eliminate threats or safeguards applied.

Ernst & Young Ltd



EY Philip Kirkpatrick
(Qualified Signature)
Licensed audit expert
(Lead Auditor)



EY Pascal Nikles
(Qualified Signature)
Licensed audit expert

Enclosures

- Financial statements of Bern Branch of FM Insurance Europe S.A., Luxembourg consisting of the balance sheet as at 31 December 2025, the income statement and the notes



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

Financial Statements for the year ended 31 December 2025



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Balance sheet as at 31 December 2025

ASSETS

	Notes	2025 CHF '000	2024 CHF '000
Cash and cash equivalents		26,839	39,494
Reinsurers' share of technical provisions		17,212	25,501
Provision for unearned premium	4	13,945	15,407
Claims outstanding	5	3,267	10,094
Tangible fixed assets		90	111
Insurance receivables	2, 9	10,405	28,312
Debtors arising out of direct insurance		9,308	8,210
Debtors arising out of reinsurance		1,097	20,102
Other receivables	7, 9	49,760	32,898
Prepayments and accrued income		6	-
Total assets		104,312	126,316

LIABILITIES AND EQUITY

	Notes	2025 CHF '000	2024 CHF '000
Technical provisions		23,222	32,499
Provision for unearned premium	4	17,042	19,014
Claims outstanding	5	5,036	12,495
Equalisation provision	6	1,144	990
Insurance payables	3, 9	9,019	12,526
Other liabilities	8, 9	22,666	21,534
Accruals and deferred income		1,774	1,270
Total liabilities		56,681	67,829
Voluntary retained earnings		8,209	9,615
Profit brought forward		9,615	6,666
(Loss)/Profit for the period		(1,406)	2,949
Head office account	12	39,422	48,872
Total equity	15	47,631	58,487
Total liabilities and equity		104,312	126,316

Income statement for the year ended 31 December 2025

	Notes	2025 CHF '000	2024 CHF '000
Earned premium	4	5,487	5,467
Written premium		5,126	6,007
<i>gross premium written</i>		35,261	37,642
<i>outward reinsurance premium</i>		(30,135)	(31,635)
Change in the provision for unearned premium		361	(540)
<i>gross amount</i>		1,200	(1,378)
<i>reinsurers' share</i>		(839)	838
Total technical income		5,487	5,467
Claims incurred, net of reinsurance	5	(2,069)	(4,511)
Claims paid		(2,692)	(7,449)
<i>gross amount</i>		(15,519)	(58,500)
<i>reinsurers' share</i>		12,827	51,051
Change in the provision for claims outstanding		623	2,938
<i>gross amount</i>		7,451	8,237
<i>reinsurers' share</i>		(6,828)	(5,299)
Net acquisition and administrative expenses		(2,422)	(885)
Acquisition costs and administrative expenses		(5,246)	(1,965)
Reinsurers' share of acquisition costs and administrative expenses		2,824	1,080
Other technical expenses	6	(154)	(180)
Total technical expenses		(4,645)	(5,576)
Balance on the technical account		842	(109)
Other income	13	-	3,897
Other expenses	14	(2,201)	-
(Loss)/Profit on ordinary activities before tax		(1,359)	3,788
Tax on (loss)/profit on ordinary activities		(47)	(839)
(Loss)/Profit on ordinary activities after tax		(1,406)	2,949

Notes to the Financial Statements for the year ended 31 December 2025

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.

2. Insurance receivables

	2025 CHF '000	2024 CHF '000
Receivables from policyholders	9,308	8,210
Receivables from (re)insurance companies	1,097	20,102
Total	10,405	28,312

3. Insurance payables

	2025 CHF '000	2024 CHF '000
Liabilities to (re)insurance companies	9,019	12,526
Total	9,019	12,526

4. Technical provisions – Unearned premium reserve

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

	Gross CHF '000	Reinsurers' share CHF '000	Net CHF '000
At 1 January 2025	19,014	15,407	3,607
Premium written in the year	35,261	30,135	5,126
Premium earned in the year	(36,461)	(30,974)	(5,487)
Change in unearned	(1,200)	(839)	(361)
Foreign exchange	(772)	(623)	(149)
At 31 December 2025	17,042	13,945	3,097

Notes to the Financial Statements for the year ended 31 December 2025

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 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
At 31 December 2024	19,014	15,407	3,607

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 2025	12,495	10,094	2,401
Claims incurred during the year	8,068	5,999	2,069
Claims paid during the year	(15,519)	(12,827)	(2,692)
Change in unpaid claims	(7,451)	(6,828)	(623)
Foreign exchange	(8)	1	(9)
At 31 December 2025	5,036	3,267	1,769

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 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
At 31 December 2024	12,495	10,094	2,401

6. Technical provisions – Equalisation reserves

	2025 CHF '000	2024 CHF '000
At 1 January	990	810
Movement in provision	154	180
At 31 December	1,144	990

Notes to the Financial Statements for the year ended 31 December 2025

Disclosures, breakdowns and explanations

7. Other receivables

	2025 CHF '000	2024 CHF '000
Amounts due from affiliated undertakings (see note 10)	49,628	32,042
Other receivables	27	856
Corporation Tax	105	-
Total	49,760	32,898

8. Other liabilities

	2025 CHF '000	2024 CHF '000
Amounts due to affiliated undertakings (see note 11)	21,655	19,209
Other creditors	1,011	1,286
Corporation tax	-	1,039
Total	22,666	21,534

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
2025					
Insurance receivables	1,097	9,308	-	-	10,405
Other receivables	-	-	49,628	132	49,760
Insurance payables	8,751	-	268	-	9,019
Other liabilities	-	-	21,655	1,011	22,666

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
2024					
Insurance receivables	20,102	8,210	-	-	28,312
Other receivables	-	-	32,042	856	32,898
Insurance payables	9,338	-	3,188	-	12,526
Other liabilities	-	-	19,209	2,325	21,534

Notes to the Financial Statements for the year ended 31 December 2025

Disclosures, breakdowns and explanations

10. Amounts owed from related parties

	Location	2025 CHF '000	2024 CHF '000
FM Insurance Company Limited	Switzerland	-	150
FM Insurance Europe S.A.	Belgium	9	-
FM Insurance Europe S.A.	France	14,014	949
FM Insurance Europe S.A.	Germany	24,395	20,576
FM Insurance Europe S.A.	Italy	3,203	3,130
FM Insurance Europe S.A.	Spain	22	24
FM Insurance Europe S.A.	Sweden	235	185
FM Insurance Europe S.A.	UK	7,750	7,028
		49,628	32,042

11. Amounts owed to related parties

	Location	2025 CHF '000	2024 CHF '000
Factory Mutual Insurance Company	USA	1,619	1,436
FM Insurance Europe S.A.	Belgium	-	39
FM Insurance Europe S.A.	Netherlands	20,036	17,704
FM Insurance Europe S.A.	UK	-	30
		21,655	19,209

12. Head office account balance

	Location	2025 CHF '000	2024 CHF '000
FM Insurance Europe S.A.	Luxembourg		
At 1 January		48,872	44,125
Fund transfer		-	32,000
Business recharges		(3,265)	(4,976)
Intercompany settlement		(6,185)	(22,277)
At 31 December		39,422	48,872

Notes to the Financial Statements for the year ended 31 December 2025

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 2025 the other income amounting to CHF nil (2024: CHF 3,897,000) 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 2025 the other expense amounting to CHF 2,201,000 (2024: CHF nil) corresponded to the allocated net investment results.

15. Statement of changes in Head Office account

	2025 CHF '000	2024 CHF '000
At 1 January	58,487	50,791
(Loss)/Profit for the period	(1,406)	2,949
Head office account	(9,450)	4,747
At 31 December	47,631	58,487

16. Audit fees

	2025 CHF '000	2024 CHF '000
Audit services	86	58
Total	86	58

17. Staff numbers

The average number of employees of the Branch during the year ended 31 December 2025 was 12 (2024: 10). Personnel expenses amount to CHF 3,195,000 (2024: CHF 1,889,000) and are included in acquisition costs and administrative expenses.

18. Off balance sheet commitments

The Branch had minimum lease payments under non-cancellable operating leases amounting to CHF 267,000 (2024: CHF 187,000). 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 2025.

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:

	2025	2024
EUR	0.9338	0.9312
USD	0.8046	0.8854

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 premium written 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.