# ANNUAL REPORT

## W. R. Berkley Europe AG

For the year ended 31 December 2023

## Definitions

| Meaning | Defined Term |
|---|---|
| – 31 December 2023 | "the reporting date" |
| – Period from 1 January to 31 December 2023 | "the reporting period" |
| – Period from 1 January to 31 December 2022 | "the prior period" |
| – W. R. Berkley Europe AG | "the Company" or "WRBEAG" |
| – W. R. Berkley Insurance (Europe), SE (merged with WRBEAG on 1 January 2019) | "WRBIE" |
| – W. R. Berkley Corporation | "WRBC" |
| – Financial Market Supervisory Authority Liechtenstein | "FMA" |
| – UK Prudential Regulation Authority | "PRA" |
| – UK Financial Conduct Authority | "FCA" |
| – Berkley Re UK Limited | "BRUK" |
| – Berkley Offshore Underwriting Managers UK, Limited | "BOUM" |
| – The Company's branches in Norway and Sweden | "Nordic branches" |
| – Berkley Insurance Company | "BIC" |
| – Berkley European Underwriters AS | "BEU" |
| – WRBC and its subsidiaries | "the Group" |
| – UK Third Country Branch | "WRBEAG's UK Branch" |
| – EU Freedom of Service Branch in the UK | "EU UK Branch" |
| – UK temporary permission regime | "TPR" |
| – Rest of the World (excluding EU/EEA business) | "RoW" |
| – The Company's business plan | "the plan" |
| – Own Risk and Solvency Assessment | "ORSA" |
| – million | "m" |
| – thousands | "k" |

# Table of Contents

# 1 Management Report 2023

## 1.1 Annual Review 2023

After the COVID-19 pandemic continued to decline, the UN declared the end of the COVID-19 health emergency in May 2023. In the reporting year, the headlines were dominated by natural disasters, wars, corporate bankruptcies and takeovers, which are reflected in rising inflation and interest rates and a shrinking global economy.

For companies, worldwide events have had an impact on the entire value chain. Political unrest and wars have led to disruptions in supply chains and production shutdowns. Longer delivery routes and the shortage of means of transport and containers are exacerbated by raids on the trade routes.

The insurance industry has incurred billions of Euros in losses due to the earthquakes in Turkey and Syria, as well as various global storms, events with storms, floods and forest fires.

In this challenging environment, the Company achieved a satisfactory operating result and took important steps towards future profitable growth. WRBEAG will continue to leverage its diversification in its locations and lines of business, closely monitor the interest rate environment, and promote ongoing innovation initiatives.

However, the Company reported a statutory loss for the 2023 financial year due to a write down in the Company's investment portfolio. Notwithstanding these investment write-down, WRBEAG's capital base continues to meet the FMA's solvency requirements and its underlying business fundamentals remain solid.

In 2023, the Company's Continental European branches delivered a solid underwriting performance, with gross written premium volume above and the combined ratio below that of the previous year. The Spanish branch and German branch, recorded growth in most of its lines of business. The Nordic branch's production was adversely impacted by underwriting actions being taken in the marine sector. Net loss ratios in the Continental European branches were better in 2023 than in the previous year, driven by good claims development and the positive impact of the positive loss reduction of older underwriting years across all sectors.

In 2023, the Company establish a Swiss branch which will focus on Financial Lines. As part of the strategic orientation of Continental European activities, the innovation initiatives launched some time ago are gaining more and more traction. Successful concepts and approaches are shared between offices or from one market to another, new business development initiatives are underway in areas such as affinity, and the potential of new markets is explored.

The policy administration system BEITS, which originated at the Spanish branch and has also been successfully introduced in the German and Nordic branches, is ready for implementation in the newly established Swiss branch. As the Continental Europe branches operate with the same underwriting and claims management system and use common processes and procedures, it is expected that there will be common approaches that will greatly facilitate business initiatives across the Continental European branches and help maintain the momentum of profitable growth.

Since the second quarter of 2022, the Company has operated a branch in the United Kingdom which is authorized and regulated by the PRA and the FCA (a "UK Third Country Branch"). The Company's UK branch's business is insurance and reinsurance products in the United Kingdom and the rest of the world (excluding the EEA) which is underwritten pursuant to binding authority agreements with BOUM and BRUK, affiliated companies.

## 1.2 Business Overview

The Company sources business through its office in Vaduz, its six branches in Germany, Norway, Spain, Sweden, Switzerland and the United Kingdom and provides capacity to BOUM and BRUK via a binding authority agreement with BEU.

WRBEAG's Continental European branches write a mixed portfolio of insurance classes with a focus on their domestic country marketplace. Each branch has a distinctive product mix and strategy as detailed below, which generates diverse portfolio at the consolidated level.

WRBEAG's UK Branch writes UK and RoW business, sourced from BOUM, including its Special Lines Division and BRUK. BOUM specialises in Energy Property (construction, control of well, drilling and operating contractors, on and offshore operating packages), Energy Liability (primary and excess general products and employer's liability, on and offshore) and Special Lines classes of Asset Protection (Fine Art and Specie). BRUK writes international property and casualty treaty reinsurance as well as facultative property reinsurance.

BEU writes international Energy Property and Energy Liability accounts as well as Specialty Lines business for risks located in the EU/EEA area.

WRBEAG – Vaduz, with WRBEAG UK acting as an outsourced agent including seconded personnel from BRUK, writes property and casualty treaty reinsurance as well as facultative property reinsurance for cedants located in the EU/EEA area.

Following the WRBEAG – WRBIE merger, the legacy liabilities of WRBIE became part of WRBEAG. Claims handling of the UK & Ireland legacy business remains in the UK under an outsourcing run-off services agreement with W. R. Berkley Syndicate Limited.

## 1.3 Governing Bodies during the Reporting Period

| **Board Members** | |
|---|---|
| William R. Berkley - Chairman | Robert C. Hewitt |
| James Bronner | Ira S. Ledermann |
| Javier Esteban | Mark Talbot |
| Michael Grabher | |
| **Members of Management** | |
| - Hans-Peter Naef – General Manager, until 13 September 2023<br>- Markus Beck – General Manager, since 14 September 2023 | Barbara Hirzel – Deputy General Manager |
| Carlos Palos – Head Spanish Branch | Sofia Pettersson – Head Nordic Branches |
| José David Jiménez García – Head German Branch | Philip Townsend – Head UK Branch |
| Felix Böni – Head Swiss Branch, since 3 August 2023 | |

| Other Key Function Holders | |
|---|---|
| Anne Chevalier – Responsible Actuary | - Szabolcs Banhidi – Actuarial Function, until 30 November 2023<br>- Anne Chevalier – Actuarial Function ad interim, since 1 December 2023 |
| Dagmar Varinska – Risk and Compliance | |
| **External Auditors** | |
| KPMG (Liechtenstein) AG, Vaduz | |
| **Internal Auditors** | |
| Julie Woodward, WRBC Services Limited | |

### 1.4 Profit and Loss Account

The gross written premiums, as disclosed in section "2.3.3.1 Technical Account" on page 15, are at USD 380.7m (2022: USD 365.4m) for the reporting period. The Company shows gross earned premium of USD 359.6m (2022: USD 343.4m) and a net earned premium of USD24.1m (2022: USD 25.2m) in the reporting period. Gross claims incurred are USD 170.3m (2022: USD 187.5m) for the reporting period. Compared to prior year, the net loss ratio increased slightly from 62.0% in 2022 to 64.0% as at the reporting date.

The Company is ceding 90% of the net retained premium and claims via a fixed quota share reinsurance agreement with BIC and has entered into a number of proportional third-party reinsurance agreements, from which it is entitled to ceding commissions. Unlike gross commissions and administrative expenses that are expensed when occurred, the recognition of these reinsurance ceding commissions gets deferred in proportion to the business ceded. As the Company's book continues to grow, the Company experiences an adverse impact on its result due to this accounting treatment.

Investment income contributed with a net gain of USD 3.5m to the Company's result in the reporting period (2022: USD -12.7m). This gain includes investment income received of USD 10.5m, the recognition of the net increase in asset value of USD 10.4m partly offset by the write off of a term loan in the amount of USD 17.4m as disclosed in the note 2.3.4.1.

The Company closes the reporting period with a loss after tax of USD -2.8m (2022: USD -12.6m).

### 1.5 Balance Sheet

Total assets of the Company slightly decreased from USD 625.7m in 2022 to USD 625.2m in 2023. Despite the write down of the loan of USD 17.4m, total investments and cash increased from USD 432.0m in 2022 to USD 451.2m in 2023. This development was mainly driven by growing business and lower market interest rates. Total liabilities remained stable at USD 366.7m for the reporting period, compared to USD 364.7m in the prior period. An increase in insurance related reserves of USD 5.2m was offset by a reduction in insurance related and other liabilities of USD 3.2m. Shareholder's equity of the Company slightly decreased by USD 2.6m from 261.0m in the prior reporting period to USD 258.4m in the reporting period due to net loss generated in the reporting period.

## 1.6 Branch Offices / Subsidiary Companies

The Company has branches in Germany, Norway, Spain, Sweden, Switzerland and the UK. The Swiss branch was established during the reporting period and is licensed since September 2023. The Company does not have any subsidiaries.

## 1.7 Personnel

As at the reporting date the Company had 125 (full-time equivalent) employees, which is unchanged compared to the prior reporting period (2022: 125 FTE).

## 1.8 Risk Management

The Company actively seeks to underwrite insurance risk, which it manages appropriately, to produce a return to shareholders on capital employed. The Company does not actively seek risks with regard to the non-insurance risks (such as credit, market, currency, liquidity and operational risks) and therefore manages and controls these risks within an acceptable tolerance.

If any of the events or circumstances described as risks below occur, the Company's business results of operations and/or financial conditions could be adversely affected.

– **Risks related to the insurance industry** - cyclical changes in the insurance industry, natural and man-made catastrophes, significant competitive pressure on premium rates, claims losses exceed our reserves for claims, effects of emerging claim and coverage issues;

– **Risks related to the Company's business** - political, economic risks including foreign currency and credit risk, inability to attract key personnel, the Company might also experience difficulties with our information technology, the Company could be adversely affected if the controls and standards are not effective or our business continuity plans are not sufficiently robust; and

– **Risks related to the Company's investments** - market fluctuations of our assets invested in fixed maturity securities.

The effective management of risk is a central principle of the Group, its culture and philosophy. The Risk Management Framework is a consolidation of numerous activities, which work together to identify, assess, control and manage risks that have the potential (either individually or combined) to threaten the Company's ability to achieve its objectives and threaten the capital adequacy.

In order to monitor the Company's capital requirements, the Standard Formula Model is in use. In addition to the Solvency Capital Requirement (SCR) according to the standard model, holistic risk assessment is regularly conducted following the risk assessment methodology defined by WRBC Enterprise Risk Management. Furthermore, the Company measures and monitors risks in ways appropriate for the specific type of risks e.g. modelling natural catastrophes, assessing relationships with vendors.

In 2023, key risk themes were identified as follows:

- potential impact of the rising inflation on reserving, planning and capital modelling;
- global economic and security perspectives including hotspots like Middle East, Russia-Ukraine war;
- IT security and cyber risk; and
- climate change.

For all mentioned matters mitigation actions were introduced.

Throughout the year, quarterly risk reports gave updates of the risk and solvency topics. In alignment with the Solvency II requirements, the Company filed with the FMA in January 2023 the Own Risk and Solvency Assessment report ("ORSA"). In-depth discussions and reviews of the ORSA were performed with the Executive Management and the WRBEAG Board during 2023 and the Board approved the ORSA prior to filing.

### 1.9 Outlook for 2024

Although the effects of the pandemic are largely over and inflation is declining, geopolitical and macroeconomic uncertainties in markets have continued to intensify. Companies are adapting their technical infrastructure, products, services and business models to the new circumstances, which opens up new opportunities for the insurance industry to further strengthen its relevance as a hedge against financial losses. Innovation and rethinking the handling of damage towards loss prevention will be differentiating criteria. Especially regarding rapidly increasing environmental and cyber risks, risk minimization measures are becoming increasingly important to support customers.

As part of the Group and its corporate culture that values entrepreneurship, flexibility and a quick but thoughtful response to new situations, WRBEAG strives to remain fast, agile and lean. These qualities, combined with the Group's resources, experience and collaboration between the Group's companies, will enable the Company to meet the challenges ahead and competently assist the changing needs of customers.

In Continental Europe, economic growth is picking up again in most countries, albeit very slowly. Compared to the predicted weaker development in Germany, a largely stable growth in Norway and Sweden, it can be assumed that the Spanish economy will grow faster than the European average. Due to declining inflation and the weakening economy, interest rates can be expected to remain stable with a possible reduction in the second half of 2024. Nevertheless, claim costs are expected to continue to rise. For the non-life insurance sector a stronger growth is expected in 2024. The focus will be on expanding portfolios around renewable energies, hedging cyber risks, and reviewing the insurability of natural catastrophes.

The UK branch of WRBEAG and BEU expect growth in all business areas. With regards to the business underwritten by BOUM, the expansion of renewable energy as a source of "clean" domestic energy will accelerate, which will increase the number of construction projects in Europe, the UK and the USA. At the same time, the focus on decarbonizing the economies of developed countries must be balanced with energy security and is likely to trigger new investments in oil and gas projects and create opportunities for BOUM's property and liability teams.

With regards to the business underwritten by BRUK, growth is expected for all lines of business building on its current underwriting strategy and growing its lines on existing clients as well as targeting new business and territories. We anticipate that competition will remain stable over the short and medium term in all business BRUK operates.

The Company is proud of how its employees continue to embrace the various challenges and opportunities. We would like to thank all our colleagues for this, and also for the continued commitment that everyone has shown over the past few years. We enter 2024 with confidence about the prospects for our company and its ability to continue its successful development. We remain mindful of geopolitical risks and increased volatility but are confident that WRBEAG's continued investments over many years in its people and systems will allow the Company to deliver solid underlying performance and support the wellbeing and safety of employees, customers and business partners.

W. R. Berkley Europe AG

Vaduz, March 2024

William R. Berkley
Chairman of the Board

Markus Beck
General Manager

# 2 Financial Statements

## 2.1 Income Statement

| | Notes | 2023 in USD | 2022 in USD |
|---|---|---|---|
| **I. Technical Account** | 2.3.3.1 | | |
| **1. Net earned premium** | | | |
| a. Gross written premium | 2.3.3.2 | 380,754,229 | 365,441,545 |
| b. Premiums ceded | | (352,383,652) | (337,603,616) |
| c. Change in unearned premium | | (21,118,803) | (22,085,239) |
| d. Change in unearned premium ceded | | 16,887,900 | 19,426,088 |
| **Total** | | **24,139,674** | **25,178,778** |
| **2. Loss and loss adjustment expenses (net)** | | | |
| a. Claims paid | | | |
| aa. Gross | | (135,962,166) | (112,489,961) |
| bb. Ceded | | 118,921,994 | 90,637,461 |
| Total | | (17,040,172) | (21,852,500) |
| b. Change in reserve for loss and loss adjustment expenses (net) | | | |
| aa. Gross | | (34,346,577) | (75,004,098) |
| bb. Ceded | | 35,930,492 | 81,237,375 |
| Total | | 1,583,915 | 6,233,277 |
| **Total** | | **(15,456,257)** | **(15,619,223)** |
| **3. Underwriting expenses** | | | |
| a. Acquisition cost | | (50,041,264) | (49,134,006) |
| b. Administrative expenses | | (67,593,029) | (63,620,163) |
| c. Commissions received | 2.3.3.4 | 105,638,538 | 99,346,894 |
| **Total** | | **(11,995,755)** | **(13,407,275)** |
| **4. Technical result** | | **(3,312,338)** | **(3,847,720)** |

| | Note | 2023 in USD | 2022 in USD |
|---|---|---|---|
| **Technical result** | | (3,312,338) | (3,847,720) |

## II. Non-Technical Result

| | Note | 2023 in USD | 2022 in USD |
|---|---|---|---|
| **1. Investment income** | | | |
| a. Income from other investments | | 10,532,953 | 8,581,832 |
| b. Income from accretion and reversal of impairments | | 11,851,164 | 1,942,917 |
| c. Realised gains on investments | | 54,637 | 74,513 |
| **Total** | | **22,438,754** | **10,599,261** |
| **2. Investment expense** | | | |
| a. Investment management and interest expenses | | (76,614) | (595,611) |
| b. Depreciation and impairments of investments | | (18,578,727) | (22,634,229) |
| c. Realised losses on investments | | (242,489) | (35,956) |
| **Total** | | **(18,897,830)** | **(23,265,796)** |
| **3. Other income / (expense)** | | (2,287,534) | 4,577,219 |
| **4. Result on ordinary activities** | | **(2,058,948)** | **(11,937,034)** |
| **5. Taxes** | | | |
| a. Income Taxes | | (260,408) | (53,700) |
| b. Other Taxes | | (522,723) | (638,868) |
| **6. Loss for the year** | 2.3.4.6 | **(2,842,079)** | **(12,629,602)** |

## 2.2 Balance Sheet

### Assets

| | Notes | 31 December 2023 in USD | 31 December 2022 in USD |
|---|---|---|---|
| **A. Investments** | | | |
| I Other investments | 2.3.4.1 | | |
| 1. Bonds and fixed income securities | | 408,322,928 | 363,004,536 |
| 2. Other loans | | - | 19,034,644 |
| **Total** | | **408,322,928** | **382,039,180** |
| **B. Other receivables** | | | |
| I Receivables from direct insurance business | | | |
| 1. Receivables from policyholders | | 124,423,163 | 119,131,796 |
| 2. Receivables from affiliated companies | | 447,888 | 437,718 |
| Total | | 124,871,051 | 119,569,514 |
| II Reinsurance business receivables | | | |
| 1. from affiliated companies | | 22,835,333 | 25,821,834 |
| 2. from other parties | | 15,004,984 | 16,116,109 |
| Total | | 37,840,317 | 41,937,943 |
| III Other receivables | | | |
| 1. Receivables from affiliated companies | | 4,428,489 | 21,495,154 |
| 2. Receivables from other parties | | 1,624,140 | 6,763,403 |
| Total | | 6,052,629 | 28,258,557 |
| **Total** | | **168,763,997** | **189,766,014** |
| **C. Other assets** | | | |
| I Fixed assets | 2.3.4.2 | 442,736 | 420,515 |
| II Cash on hand and at bank | | 42,845,386 | 49,991,519 |
| III Other Assets | | 1,214,653 | 413,495 |
| **Total** | | **44,502,775** | **50,825,529** |
| **D. Accrued items** | | | |
| I Accrued interest and rent | | 2,382,229 | 2,648,236 |
| II Other accrued items | | 1,179,298 | 441,731 |
| **Total** | | **3,561,527** | **3,089,967** |
| **Total Assets** | | **625,151,227** | **625,720,690** |

## Liabilities and Equity

| | Notes | 31 December 2023<br>in USD | 31 December 2022<br>in USD |
|---|---|---|---|
| **A. Equity** | | | |
| I Called up share capital | 2.3.4.3 | 8,327,625 | 8,327,625 |
| II Organisation Fund | 2.3.4.4 | 4,198,125 | 4,198,125 |
| III Capital reserves | 2.3.4.5 | 326,285,057 | 326,028,110 |
| V Loss carryforward | | (77,569,638) | (64,940,035) |
| VI Loss for the year | | (2,842,079) | (12,629,603) |
| **Total** | | **258,399,090** | **260,984,222** |
| **B. Technical Reserve** | | | |
| I Unearned premium reserve | | | |
| 1. Gross | | 162,864,755 | 140,226,706 |
| 2. Less amounts ceded | | (147,083,141) | (129,008,046) |
| Total | | 15,781,614 | 11,218,660 |
| II Reserves for loss and loss adjustment expenses | | | |
| 1. Gross | | 749,377,715 | 698,242,840 |
| 2. Less amounts ceded | | (664,851,673) | (614,340,781) |
| Total | | 84,526,042 | 83,902,059 |
| **Total** | | **100,307,656** | **95,120,719** |
| **C. Other payables** | | | |
| I Payables from direct insurance business | | | |
| 1. From other parties | | 7,759,770 | 5,154,202 |
| Total | | 7,759,770 | 5,154,202 |
| II Payables on reinsurance business | | | |
| 1. Payable to affiliated companies | | 146,711,974 | 144,454,530 |
| 2. Payable to other creditors | | 62,097,371 | 52,222,144 |
| Total | | 208,809,345 | 196,676,674 |
| III Other liabilities | | | |
| 1. Liabilities arising from social security | | 253,736 | 230,208 |
| 2. Other payables to affiliated companies | | 30,375,280 | 51,386,222 |
| 3. Other liabilities against third parties | | 6,388,604 | 5,215,018 |
| Total | | 37,017,620 | 56,831,448 |
| **Total** | | **253,586,735** | **258,662,324** |
| **D. Other Provisions** | | | |
| I Other Provision | | 8,279,266 | 7,761,531 |
| **Total** | | **8,279,266** | **7,761,531** |
| **E. Accruals** | | | |
| I Other accruals | | 4,578,480 | 3,191,894 |
| **Total** | | **4,578,480** | **3,191,894** |
| **Total Liabilities and Equity** | | **625,151,227** | **625,720,690** |

## 2.3 Notes to the Financial Statements

### 2.3.1 General

The accounts have been prepared in accordance with the provisions of the Liechtenstein Persons and Company Act (PGR) and the Insurance Regulatory Act; "VersAG" and the related Decree (insurance regulatory Decree; "VersAV").

### 2.3.2 Accounting and Valuation Standards

The following principal accounting policies have been applied consistently in dealing with items, which are considered material in relation to the Company's annual accounts.

#### 2.3.2.1 Foreign currencies

The accounting currency of the Company is the United States Dollar (USD). The assets and liabilities are translated using the current/non-current method, considering the lower of cost or market principle for non-current assets and liabilities. Equity is translated at historical rates and exchange differences are recognized in profit or loss. The income statement is translated to USD using monthly average rates.

#### 2.3.2.2 Investments

Fixed income securities and loans are valued at the lower of amortised cost or market value.

#### 2.3.2.3 Tangible fixed assets

Fixed assets are capitalised and are depreciated on a straight-line basis over the following periods:

| | | |
|---|---|---|
| Furniture and fittings | - | 10 years |
| Computer equipment | - | 3 to 5 years |

#### 2.3.2.4 Cash at bank

Cash at bank comprise cash balances and call deposits with maturities of nine months or less from the acquisition date that are subject to an insignificant risk of changes in fair value and are used by the Company in the management of its short-term commitments.

Cash at bank are carried at nominal value in the balance sheet.

#### 2.3.2.5 Technical provisions

Reserves for loss and loss adjustment expenses are accrued when insured events occur and are based on the estimated ultimate cost of settling the claims, using claims adjuster reports and individual case estimates.

A provision is also included for claims incurred but not reported, which is developed on the basis of past experience adjusted for current trends and other factors that modify past experience.

The establishment of the appropriate level of reserves is an inherently uncertain process involving estimates and judgments made by management, and therefore there can be no assurance that ultimate claims and claim adjustment expenses will not exceed the loss reserves currently established. These estimates are regularly reviewed, and adjustments for differences between estimates and actual payments for claims and for changes in estimates are reflected in income in the period in which the estimates are changed or payments are made.

## 2.3.3 Income Statement

### 2.3.3.1 Technical Account

| 2023 USD | Motor Insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Other Direct | Casualty Reinsurance Proportional | Property Reinsurance Proportional | Total |
|---|---|---|---|---|---|---|---|---|
| Gross written premium | (61) | 69,090,664 | 13,168,289 | 143,978,409 | 10,344,914 | 84,623,560 | 59,548,454 | 380,754,229 |
| Gross earned premium | (61) | 65,687,821 | 16,085,628 | 137,306,994 | 9,039,768 | 74,646,868 | 56,868,408 | 359,635,426 |
| Claims Incurred | 1,846,452 | (34,658,877) | (3,877,287) | (63,624,368) | (2,128,686) | (47,164,709) | (20,701,268) | (170,308,743) |
| Expenses Incurred* | 5 | (19,413,730) | (5,450,585) | (48,599,820) | (3,388,875) | (22,235,427) | (18,545,861) | (117,634,293) |
| ***Total Gross*** | ***1,846,396*** | ***11,615,214*** | ***6,757,756*** | ***25,082,806*** | ***3,522,207*** | ***5,246,732*** | ***17,621,279*** | ***71,692,390*** |
| Ceded earned premium | 55 | (63,782,023) | (15,175,479) | (126,466,815) | (8,290,223) | (67,518,710) | (54,262,557) | (335,495,752) |
| Ceded claims recovered | (2,154,826) | 33,807,428 | 3,343,908 | 57,852,085 | 1,823,946 | 41,935,458 | 18,244,487 | 154,852,486 |
| Reinsurance commission earned | (20) | 17,220,023 | 5,391,283 | 41,620,508 | 3,128,403 | 23,832,567 | 14,445,774 | 105,638,538 |
| ***Reinsurer's share*** | ***(2,154,791)*** | ***(12,754,572)*** | ***(6,440,288)*** | ***(26,994,222)*** | ***(3,337,874)*** | ***(1,750,685)*** | ***(21,572,296)*** | ***(75,004,728)*** |
| **Technical Result** | **(308,395)** | **(1,139,358)** | **317,468** | **(1,911,416)** | **184,333** | **3,496,047** | **(3,951,017)** | **(3,312,338)** |

| 2022 USD | Motor Insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Other Direct | Casualty Reinsurance Proportional | Property Reinsurance Proportional | Total |
|---|---|---|---|---|---|---|---|---|
| Gross written premium | 6,784 | 59,926,269 | 23,464,203 | 131,069,689 | 7,998,492 | 83,776,290 | 59,199,818 | 365,441,545 |
| Gross earned premium | 28,776 | 57,223,460 | 23,212,526 | 122,570,932 | 7,733,682 | 76,522,717 | 56,064,212 | 343,356,306 |
| Claims Incurred | (569,910) | (18,549,177) | (29,774,507) | (48,181,447) | (1,944,317) | (53,978,729) | (34,495,973) | (187,494,059) |
| Expenses Incurred* | (333) | (17,957,762) | (10,432,689) | (43,877,872) | (3,196,327) | (20,850,378) | (16,438,809) | (112,754,169) |
| ***Total Gross*** | ***(541,466)*** | ***20,716,521*** | ***(16,994,671)*** | ***30,511,614*** | ***2,593,038*** | ***1,693,611*** | ***5,129,431*** | ***43,108,077*** |
| Ceded earned premium | (25,932) | (55,478,012) | (21,285,822) | (112,999,260) | (7,047,659) | (71,353,638) | (49,987,204) | (318,177,528) |
| Ceded claims recovered | 575,989 | 18,039,450 | 26,432,559 | 44,963,184 | 1,710,973 | 48,351,009 | 31,801,673 | 171,874,836 |
| Reinsurance commission earned | 9,215 | 14,877,944 | 6,902,084 | 35,622,468 | 2,432,163 | 24,913,283 | 14,589,736 | 99,346,894 |
| ***Reinsurer's share*** | ***559,272*** | ***(22,560,617)*** | ***12,048,820*** | ***(32,413,609)*** | ***(2,904,524)*** | ***1,910,654*** | ***(3,595,795)*** | ***(46,955,798)*** |
| **Technical Result** | **17,806** | **(1,844,096)** | **(4,945,850)** | **(1,901,995)** | **(311,485)** | **3,604,264** | **1,533,636** | **(3,847,720)** |

* net of other technical income

### 2.3.3.2 Premium written by region

The Company's largest operation in Continental Europe is the Spanish branch, which wrote USD 67.3m of gross premium in 2023 (2022: USD 58.8m). The Spanish branch was followed by the German branch, which wrote gross premium of USD 31.1m (2022: 24.2m), the Swedish branch USD 20.6m (2022: 16.5m) and the Norwegian branch USD 17.1m (2022: 16.2m). Overall, the Continental European branches wrote USD 136.1m of gross premium in 2023 (2022: USD 115.6m).

In addition, BOUM generated gross written premium of USD 90.5m in the reporting period (2022: USD 81.1m). BOUM writes business worldwide and specializes in Energy Property (construction, control of well, drilling and operating contractors, on- and offshore operating packages) and Energy Liability (primary and excess general, products and employer's liability, on- and offshore) as well in Special Lines classes of Asset Protection (Fine Art and Specie).

Further, BRUK wrote USD 154.2m (2022: USD 168.7m) of gross premium in the reporting period, BRUK writes international property treaty, casualty treaty, including Motor and property FAC reinsurance.

### 2.3.3.3 Related party transactions

The Company has a 90:10 fixed quota share reinsurance agreement with BIC. The impact of that agreement is as follows:

| | Total USD 2023 | of which internal QS | Total USD 2022 | of which internal QS |
|---|---|---|---|---|
| Gross written premium | 380,754,229 | - | 365,441,545 | - |
| | | | | |
| Gross earned premium | 359,635,426 | - | 343,356,306 | - |
| Claims Incurred | (170,308,743) | - | (187,494,059) | - |
| Expenses Incurred | (117,634,293) | - | (112,754,169) | - |
| ***Total Gross*** | ***71,692,390*** | **-** | ***43,108,078*** | **-** |
| | | | | |
| Ceded earned premium | (335,495,752) | (243,219,220) | (318,177,528) | (237,035,135) |
| Ceded claims recovered | 154,852,486 | 128,903,086 | 171,874,836 | 149,452,414 |
| Reinsurance commission earned | 105,638,538 | 87,876,051 | 99,346,894 | 83,789,832 |
| ***Reinsurer's share*** | ***(75,004,728)*** | ***(26,440,083)*** | ***(46,955,798)*** | ***(3,792,889)*** |
| | | | | |
| **Technical Result** | **(3,312,338)** | **(26,440,083)** | **(3,847,720)** | **(3,792,889)** |

### 2.3.3.4 Commissions received

The Company has entered into a number of proportional reinsurance agreements and is entitled to commissions on the business ceded to reinsurers. The recognition of these commissions is deferred in proportion to the business ceded. The impact of the deferral is presented in the table below.

| | 31 December 2023 in USD | 31 December 2022 in USD |
|---|---|---|
| Ceded commissions | 112,259,526 | 105,927,718 |
| Deferral of ceded commissions | (6,620,988) | (6,580,824) |
| **Total** | **105,638,538** | **99,346,894** |

## 2.3.4 Balance Sheet

### 2.3.4.1 Other Investments

The Company has invested in a portfolio of fixed income securities. The amount of impairment from amortized cost to book value as at the reporting date is USD 12.7m (2022: USD 23.2m). The table provides an overview by category and the book and market values.

| | 31 December 2023 in USD | | 31 December 2022 in USD | |
|---|---|---|---|---|
| **Investment** | **Book Value** | **Market Value** | **Book Value** | **Market Value** |
| Government Securities | 234,108,448 | 234,605,773 | 171,607,102 | 171,616,985 |
| Corporate Bonds | 174,214,480 | 174,431,497 | 191,397,434 | 191,517,653 |
| Other Loans | - | - | 19,034,644 | 19,034,644 |
| **Total** | **408,322,928** | **409,037,270** | **382,039,180** | **382,169,282** |

During the reporting period, the Company decided to fully write down a term loan which was held on the balance sheet with a value of USD 17.4m due to the borrower's inability to repay the loan.

The Company maintains a trust fund as required by the National Association of Insurance Commissioners (NAIC) so that WRBEAG may qualify an eligible or approved excess on surplus lines insurer in the United States. The trust fund is established for the benefit of policyholders and third-party claimants. This trust fund is funded with USD 7.0m of the Company's corporate bonds pursuant to the regulatory requirements.

Further, the Company pledged investments with a nominal value of USD 12.0m to a bank in Spain.

### 2.3.4.2 Fixed assets

The net value of assets and depreciation as at reporting date is as follows:

| 2023 | Furniture & Fittings in USD | Computer Equipment in USD | Total in USD |
|---|---|---|---|
| **at cost** | | | |
| Opening balance | 1,060,704 | 553,232 | 1,613,936 |
| Additions | 57,949 | 5,296 | 63,245 |
| Disposals | - | - | - |
| **Closing as per 31 Dec 2023** | **1,118,653** | **558,528** | **1,677,181** |
| | | | |
| **Depreciation** | | | |
| Opening balance | (702,498) | (490,923) | (1,193,421) |
| Depreciation current year | (53,152) | 12,128 | (41,024) |
| Disposals | - | - | - |
| **Closing as per 31 Dec 2023** | **(755,650)** | **(478,795)** | **(1,234,445)** |
| **Net book value as per 31 Dec 2023** | **363,003** | **79,733** | **442,736** |

| 2022 | Furniture & Fittings in USD | Computer Equipment in USD | Total in USD |
|---|---|---|---|
| **at cost** | | | |
| Opening balance | 972,716 | 545,370 | 1,518,086 |
| Additions | 87,988 | 7,862 | 95,850 |
| Disposals | - | - | - |
| **Closing as per 31 Dec 2022** | **1,060,704** | **553,232** | **1,613,936** |
| | | | |
| **Depreciation** | | | |
| Opening balance | (622,613) | (483,723) | (1,106,336) |
| Depreciation current year | (79,885) | (7,200) | (87,085) |
| Disposals | - | - | - |
| **Closing as per 31 Dec 2022** | **(702,498)** | **(490,923)** | **(1,193,421)** |
| **Net book value as per 31 Dec 2022** | **358,206** | **62,309** | **420,515** |

### 2.3.4.3 Share capital

The share capital of EUR 7,500,000 (USD 8,327,625) consists of 5,000 shares with a nominal value of EUR 1,500 and is fully paid up.

### 2.3.4.4 Organization fund

According to the Liechtenstein Insurance Law, the FMA can require an insurance company to setup a special fund within equity for organisational setup. The organisation fund has been set at EUR 3,750,000 (USD 4,198,125).

The organization fund and the share capital are translated at historical rates to USD.

### 2.3.4.5 Capital reserves

Capital reserves increased by USD 256,947 to USD 326,285,057 driven by an increase in the same amount of the Restricted Stock Units "RSU" Equity Reserve. (2022: USD 326,028,110).

### 2.3.4.6 Distribution of earnings and carryover of loss

The loss for the year of USD 2,842,079 will be carried over to the next fiscal year.

## 2.3.5 Other Annotations

### 2.3.5.1 Remuneration of the supervisory board members and executives

The total remuneration in the reporting period of the supervisory board was USD 3.4k (2022: USD 3.5k) and USD 1.6m (2022: USD 1.6m) to the executives registered in the trade register Liechtenstein.

### 2.3.5.2 Employees

At the reporting date the Company had 125 employees. The following table provides an overview of employees by category:

| **Full Time Equivalent** | **31 December 2023 Employees** | **31 December 2022 Employees** |
|---|---|---|
| Underwriting | 51 | 54 |
| Claims | 13 | 14 |
| All other | 61 | 57 |
| **Total** | **125** | **125** |

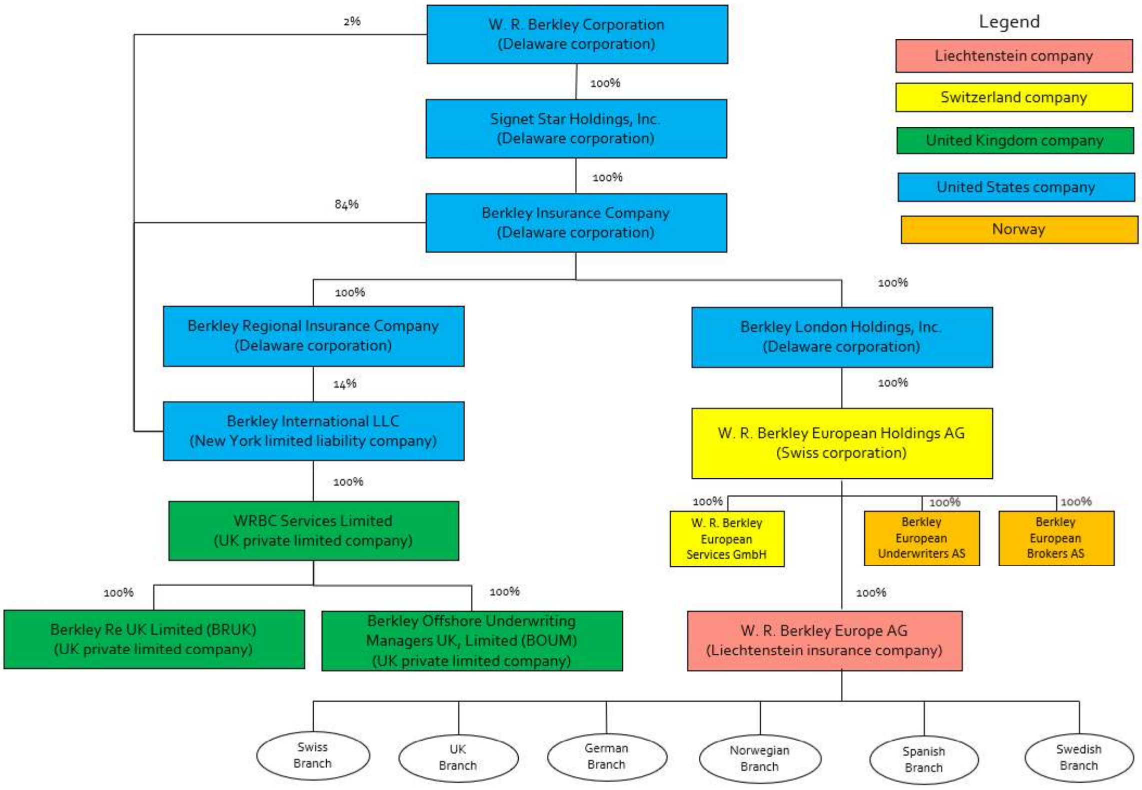
| **Employees compensation & benefits** | **2023 in USD** | **2022 in USD** |
|---|---|---|
| Salaries and compensation | 12,895,477 | 11,684,271 |
| Social securities, pension and staff insurance | 3,934,781 | 3,404,338 |
| **Total** | **16,830,258** | **15,088,609** |

### 2.3.5.3 Leasing commitments

The total amount of leasing and other commitments at the end of the year was USD 1.5m for the reporting period (2022: USD 1.6m).

### 2.3.5.4 Group structure

The structure chart below explains the ownership and legal links between the Company and its ultimate parent undertaking WRBC:




WRBEAG is an indirectly wholly owned subsidiary of W. R. Berkley Corporation, which is incorporated in the state of Delaware, United States of America. As of 31 December 2023, W. R. Berkley Corporation prepares consolidated Annual Report consisting of the Financial Statements and Financial Report, in which WRBEAG is included. The consolidated Annual Report is published and available under https://www.berkley.com/.

### 2.3.5.5 Subsequent Events

There is no subsequent event after the reporting period to report.

## 3 Actuarial Report

Referring to Art. 36c sub 1) b) first sentence of the Liechtenstein Law on Supervision of Insurance Undertakings (Versicherungsaufsichtsgesetz, "VersAG") I confirm as Responsible Actuary of WRBEAG, as defined in Art. 18b of the VersAG, that the technical reserves as set out below have been calculated on the basis of generally accepted actuarial principles and are in line with Liechtenstein regulatory requirements detailed in the VersAG and Art.29 of the Liechtenstein Ordinance on the Law on Supervision of Insurance Undertakings (Versicherungsaufsichtsverordnung, "VersAV").

WRBEAG is licensed to underwrite direct insurance in several lines of business. WRBEAG is not licensed to underwrite credit insurance. Therefore, Equalization Reserves are not required.

This statement is subject to the Reliance and Limitations as detailed in the Reserve Report.

The technical reserves below were booked in line with the recommendation in the Reserve Report and the Update Memo as listed above.

| **B. Technical Reserve** | **31 December 2023 in USD** |
|---|---|
| **I Unearned premium reserve** | |
| 1. Gross | 162,864,755 |
| 2. Less amounts ceded | (147,083,141) |
| **Total** | **15,781,614** |
| **II Reserve for loss and loss adjustment expenses** | |
| 1. Gross | 749,377,715 |
| 2. Less amounts ceded | (664,851,673) |
| **Total** | **84,526,042** |
| **Total** | **100,307,656** |

Anne Chevalier
Responsible Actuary of W. R. Berkley Europe AG

# Statutory Auditor's Report

**To the General Meeting of W. R. Berkley Europe AG, Vaduz**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of W. R. Berkley Europe AG (the Company) which comprise the balance sheet as at December 31, 2023, the income statement for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 10 to 20) give a true and fair view of the financial position of the Company as at December 31, 2023 and its financial performance for the year then ended in accordance with Liechtenstein law.

### Basis for Opinion

We conducted our audit in accordance with Liechtenstein law and International Standards on Auditing (ISAs). 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 Company in accordance with the provisions of Liechtenstein law and the requirements of the audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) 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.

### Key Audit Matters

**VALUATION OF GROSS RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## VALUATION OF GROSS RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES

**Key Audit Matter**

A significant amount of judgement is involved by management in determining the appropriate estimates used in the valuation of gross reserves for loss and loss adjustment expenses. There is a risk that the estimated loss determined at the balance sheet date could vary materially from the ultimate loss paid. Key judgements relate to the assumptions applied in setting the estimates of the gross reserves for loss and loss adjustment expenses that have been incurred but not reported ("IBNR").

**Our response**

In summary, we have audited the gross reserves for loss and loss adjustment expenses as follows:

- Inclusion of our actuarial specialists as part of the audit team.
- Gaining an understanding of the process of determining the reserves and related internal controls.
- Critically assessing the reserving methodology and assumptions for reasonableness and consistency year on year.
- Independently recalculating the reserves on a sample basis as well as reconciling and assessing the reasonableness of the reserve recorded by the Company.

For further information on the valuation of gross reserves for loss and loss adjustment expenses refer to the following:

— Note 2.3.2.5 Technical provisions

### Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises that information included in the annual report, but does not include the financial statements, the management report 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, we have the responsibility to read the other information and to 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, on the basis of our 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 Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with Liechtenstein law, and for such internal control as the Board of Directors 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 Board of Directors 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Liechtenstein law and ISAs 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 Liechtenstein law and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements or, whether due to fraud 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 Board of Directors' 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors or the Audit Committee 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.

From the matters communicated with the Board of Directors or the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

**Further Information pursuant to Article 10 of Regulation (EU) No 537/2014**

We were elected as statutory auditor by the General Meeting on March 31, 2023. We have been the statutory auditor of the Company without interruption since the financial year ending December 31, 2015.

We declare that the audit opinions contained in this statutory auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of Regulation (EU) No 537/2014.

We have provided the following services, which were not disclosed in the financial statements or in the management report, in addition to the statutory audit for the audited company or for the companies controlled by it:

- Regulatory audit pursuant to Articles 101 and 102 of the Insurance Supervision Act
- Audit of the non-statutory financial statements including a bridge from Liechtenstein GAAP to US GAAP
- Independent assurance report on Statement of Premium Income 2022 to the Fonds Commun de Garantie Belge.

Further, we declare that no prohibited non-audit services pursuant to Article 5(1) Regulation (EU) No. 537/2014 were provided.

**Further Confirmations pursuant to Article 196 PGR and Article 54(3) VersAV**

The management report (pages 4 to 9) has been prepared in accordance with the applicable legal requirements, is consistent with the financial statements and, in our opinion, based on the knowledge obtained in the audit of the financial statements and our understanding of the Company and its environment does not contain any material misstatements.

We further confirm that the financial statements comply with Liechtenstein law, the articles of incorporation and the regulatory requirements. We recommend that the financial statements submitted to you be approved.

KPMG (Liechtenstein) AG

Lars Klossack
Chartered Accountant
Auditor in Charge

Bruno Casutt
Chartered Accountant

Vaduz, March 27, 2024