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**UTMOST WORLDWIDE LIMITED SWITZERLAND BRANCH**

**FINANCIAL CONDITION REPORT**

**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

## BUSINESS ACTIVITIES

### Strategy, objectives and key business segments

Utmost Worldwide Limited, a licensed insurer with its headquarters in Guernsey, Channel Island (herein the "**Company**"), specialises in offering sophisticated life insurance-based wealth management and employee benefit solutions to a global audience, including multinational organisations, international expatriates and local resident populations in the territories where it is additionally licensed.

Its Switzerland Branch (the "**Branch**") holds a Swiss insurance license (class A2) to conduct unit-linked life insurance business in Switzerland since August 2018 and effectively carries out life insurance business of categories A2.1 (fund unit-linked capital insurance with death or disability protection) and A2.4. (life insurance linked to an internal investment portfolio or other reference values with death or disability benefit) since then.

The principal activity of the Branch is administration of its policies issued in Switzerland, with a view to issuing new policies in the future via intermediaries to expatriates and high net worth individuals. There are currently three different products administered by the Branch: two unit-linked products, one single and one regular premium (category A2.1), and a single premium open architecture product that allows for a wider range of investments (category A2.4).

The Branch expects to underwrite new business and hence to increase its existing book in the near future. It is expected that the Branch will include the new regular premium product that the Company has developed in its product offering shortly.

### Group and shareholding structure, main locations of business

The Branch is part of the Utmost Group of Companies. The Utmost Group of Companies is a specialist life assurance group with its head office in London employing over 1000 people. The core business lines are Utmost Wealth Solutions, Utmost Corporate Solutions and Utmost Life and Pensions. Utmost Wealth Solutions is located in Ireland, the Isle of Man and Guernsey; Utmost Corporate Solutions is located in Ireland and Guernsey, and Utmost Life and Pensions is located in the UK. As at 31 December 2019, the Utmost Group of Companies has £36bn (€42bn) in assets under administration on behalf of 600,000 customers.

### Related party transactions

The Branch has outsourced most of its business units to the Company, such as Finance, Investment and IT.

### Auditor

The Branch's auditor is PricewaterhouseCoopers, Switzerland.

### Significant unusual events

The acquisition of the Company (and consequently the Branch) by the Utmost Group of Companies (formerly the Life Company Consolidation Group) from the Generali Group was completed on 28 February 2019. At this point control of the Company passed to the Utmost Group of Companies and the name of the company changed from Generali Worldwide Insurance Company Limited to Utmost Worldwide Limited.

Additional changes that took place on 28 February 2019 include a redenomination of the Company's share capital from Euro to Sterling (the Company's authorised share capital now

consists of 150,000,000 £1 Ordinary shares of which 102,230,698.82 are in issue) alongside certain changes to the Company's Board of Directors.

On 21<sup>st</sup> April 2020 the Company's former CFO, Leon Steyn, became its new CEO, following Giorgio Daboni, who retired.

## PERFORMANCE

In addition to the below and in particular for quantitative information, we refer to the quantitative template "Performance Life Solo" and our financial statements for the financial year ended 31 December 2019 ("reporting year"), both attached to this report. Where deemed helpful reference to the position in the quantitative template was made citing the relevant row therein.

It should be noted that the Branch commenced its business in late August 2018. The figures from the previous year, which this report has used for comparison, are for the date range from 17 August to 31 December 2018 ("previous year"). In order to support at least an indicative comparison of the underwriting performance comparisons were therefore run, where appropriate, by extrapolating the figures from the previous year. For investment performance, however, volatility of financial markets and currency exchange movement hinder reasonable approximations, therefore, year on year comparisons will only be available as of next year.

### Underwriting Performance

Gross written premium amounted to CHF15.3M for the reporting year and derived solely from the unit-linked life insurance business (category A2.1) with regular ("Vision") and single ("Choice") premiums, as no relevant top-ups on our A2.4 product ("Portfolio Bond") occurred. Comparing the currency premium amounts for the reporting year to the extrapolated results for the previous year, the premiums received are stable. The reduction of approximately CHF250K is due to foreign exchange differences over the two periods and a slight reduction of the portfolio in run-off.

Costs (equals to "acquisition and administration expenses", row 17) occurred in the amount of CHF2.3M. The higher costs in the previous year were due to extraordinary set-up costs of the Branch. It is anticipated that the costs will remain in line with the amount for the reporting year moving forward.

Net claims and claim expenses paid (equals to "expenses for insurance claims for own account, row 14), amounted to CHF32.4M. Compared to extrapolated figures from previous year, this reflects a change of approx. CHF15.7M, which happened for two reasons. On one hand there has been an increase of approximately CHF 4.9M in claims payments to policyholders (see row 9), compared to extrapolated figures from the previous year; this is purely client led and will reflect their circumstances as well as be a natural part of a portfolio in run-off. On the other hand, the total technical provisions have moved during the reporting year from CHF147M to CHF167M; the unit-linked liabilities increased mainly due to positive investment return, while the non-unit reserve increased due to higher expense assumptions and lower discount rates.

### Financial Performance

Income from investments totally amounted to CHF1.7M (row 20), whereas expenses from investments amounted to CHF1.6M (row 21), of which CHF1.3M occurred in the unit-linked business (category A2.1).

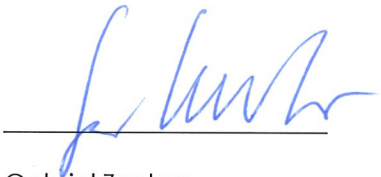
*Net investment income* therefore amounted to a total of CHF0.1M (row 22). This relates to our bond portfolio and is a result of income and expenses of the bond investments including unrealised gains and losses on their value.

*Equity* (ie our head office account) was reduced from CHF22.3M to CHF16.7M, which was mainly because of a repatriation of cash to our head office.

#### **Other material income and expenses**

*Net capital and interest gains from unit-linked business* came to CHF12.9M (row 23). This reflects the significant volatility in the market and the foreign exchange rates over the reporting year, particularly when compared to the CHF4.4M loss in the prior period.

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Gabriel Zucker  
General Representative

Adliswil, 31<sup>st</sup> May 2020



Currency: CHF or annual report currency  
Amounts stated in millions

[illegible]

