HCC International Insurance Company plc, London – Zürich Branch

Financial Condition Report

31 December 2020

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Branch Manager & Directors' Statement

Branch Manager

The Branch Manager is Philip Jung

Statement of Branch Manager's Responsibilities

I acknowledge my responsibility for preparing the Financial Condition Report in all material respects in accordance with the Swiss Financial Market Supervisory Authority ("FINMA") rules and regulations.

I am satisfied that:

a) throughout the financial year in question, HCC International Insurance Company Plc, London, Zürich Branch ('the Branch') has complied in all material respects with the requirements of the FINMA rules and regulations as applicable to the Branch; and
b) it is reasonable to believe that the Company has continued so to comply subsequently and will continue so to comply in future.

I acknowledge my responsibility for preparing the Branch FCR in all material respects in accordance with the FINMA rules and regulations.

DocuSigned by:
Philip Jung
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Philip Jung
Branch Manager, HCC International Insurance Company Plc, London, Zürich Branch
30 April 2021

HCC International Insurance Company Plc ('HCCII') Directors

The directors set out below have held office from 1 January 2020 to the date of this report unless otherwise stated:

A M Baker (appointed 29 January 2021)
S A Button
B J Cook (Chief Executive Officer)
K Hatakeyama (resigned 31 March 2021)
T J G Hervy
N I Hutton-Penman (Non-Executive) (resigned 25 August 2020)
K L Letsinger
N C Marsh (Non-Executive Chairman)
H Mishima (appointed 6 February 2021)
H-D Rohlf (Non-Executive)
C Scarr (Non-Executive)
G R A White

Statement of Directors' Responsibilities

We acknowledge our responsibility for preparing the Financial Condition Report in all material respects in accordance with the Swiss Financial Market Supervisory Authority ("FINMA") rules and regulations.

We are satisfied that:

a) throughout the financial year in question, HCC International Insurance Company Plc, London, Zürich Branch ('the Branch') has complied in all material respects with the requirements of the FINMA rules and regulations as applicable to the Branch; and
b) it is reasonable to believe that the Company has continued so to comply subsequently and will continue so to comply in future.

We acknowledge our responsibility for preparing the Branch FCR in all material respects in accordance with the FINMA rules and regulations.

This report was reviewed by the Directors and the Branch Manager. It was signed off on 30 April 2021.

On behalf of the Board,

DocuSigned by:
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Katherine Letsinger
Group Chief Financial Officer

30 April 2021

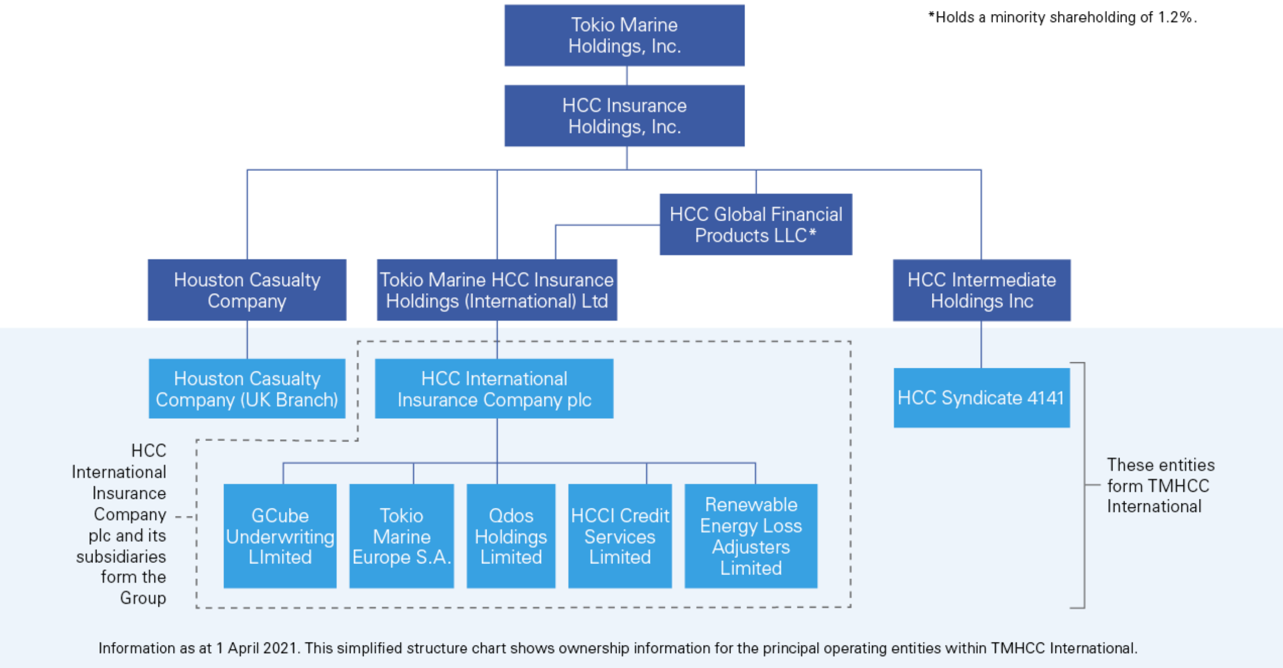
Executive Summary

The following Financial Condition Report ('FCR') has been prepared to provide information to the Swiss Financial Market Supervisory Authority ('FINMA') about the financial and capital position of , the Zürich Branch ('the Branch') of HCCII, for Country reporting purposes. The Branch underwrites business for HCCII) in Switzerland. The report sets out the Business Activities and Performance of the Branch, in line with the requirements of Chapter IV of FINMA-RS 16/2 "Disclosure - Insurers (Public Disclosure)".

Business

. HCCII utilises the Branch to write the following three main lines of business in Switzerland, namely Financial Lines, Contingency and HCC Credit, with the Branch representing just over 2% of the gross written premium of HCCII.

HCCII is the main risk carrier for Tokio Marine HCC Insurance Holdings (International) Limited ('TMHCCIH(I)'), which is part of the Tokio Marine Group ('TM Group'), whose ultimate holding company is Tokio Marine Holdings, Inc. ('TMHD'). Prior to TMHD acquiring HCC, HCC Insurance Holdings, Inc. ('TMHCC Group') was the ultimate parent and now remains an intermediate holding company. HCCII is also part of the Tokio Marine HCC International Group ('Group'), which includes the UK based insurance platforms HCCII, Tokio Marine Europe S.A. ('TME'), Houston Casualty Company London Branch and Lloyd's Syndicate 4141. The simplified schematic below shows how HCCII fits into the wider group structure. The light blue boxes indicate those entities that form The Group's underwriting/trading companies A more detailed structure chart may be found towards the end of Section A.



The Group has a continuing strategic goal to build a portfolio of specialty niche products in the International insurance marketplace. In 2020, TMHCC International had three core underwriting divisions: International Specialty; London Market; and European Property & Casualty (P&C).

The Group's business model is built upon fundamental principles which position policyholders with confidence about their risk decisions.

The Group and HCCII underwrite and manage its products through three segments, London Market, International Specialty ('Specialty') and European P&C, with the latter reported through TME from a HCCII perspective. From a geographic perspective, the majority of business for both the Group and HCCII has a UK location, with and Switzerland being the only other location for HCCII.

Performance

A summary of the profit and loss statement for the year ended 31 December 2020 for the Zürich Branch, is shown in the table below. In addition, to put it in context, there is comparison to the full HCCII results.

Year ended 31 December 2020 USD'000	HCCII USD	Zürich Branch USD	Zürich Branch CHF
Gross Written Premiums (GWP)	821,804	18,159	17,006
Net Premiums Earned	574,628	11,991	11,230
Underwriting Result (Technical Account pre investment income)	116,916	9,916	9,286
Net Loss Ratio	42%	3%	3%
Net Combined Ratio	80%	17%	17%
Investment Income (Transferred to technical account)	21,378	191	179
Profit on ordinary activities before tax	168,298	8,176	7,657
SII Cash and investments (excluding investment in subs and land and buildings)	1,472,729	56,517	49,895
Solvency II Own Funds	840,280	N/A	N/A

The Zürich Branch made a net profit before tax for the financial year of $8.2 million (2019: loss of $7.5 million). This compares to a corresponding full HCCII result of $168.3 million (2019: $144.7 million). The Zürich Branch result is driven by the underwriting result, which arises from favourable net claims results, primarily in the Financial Lines reporting unit.

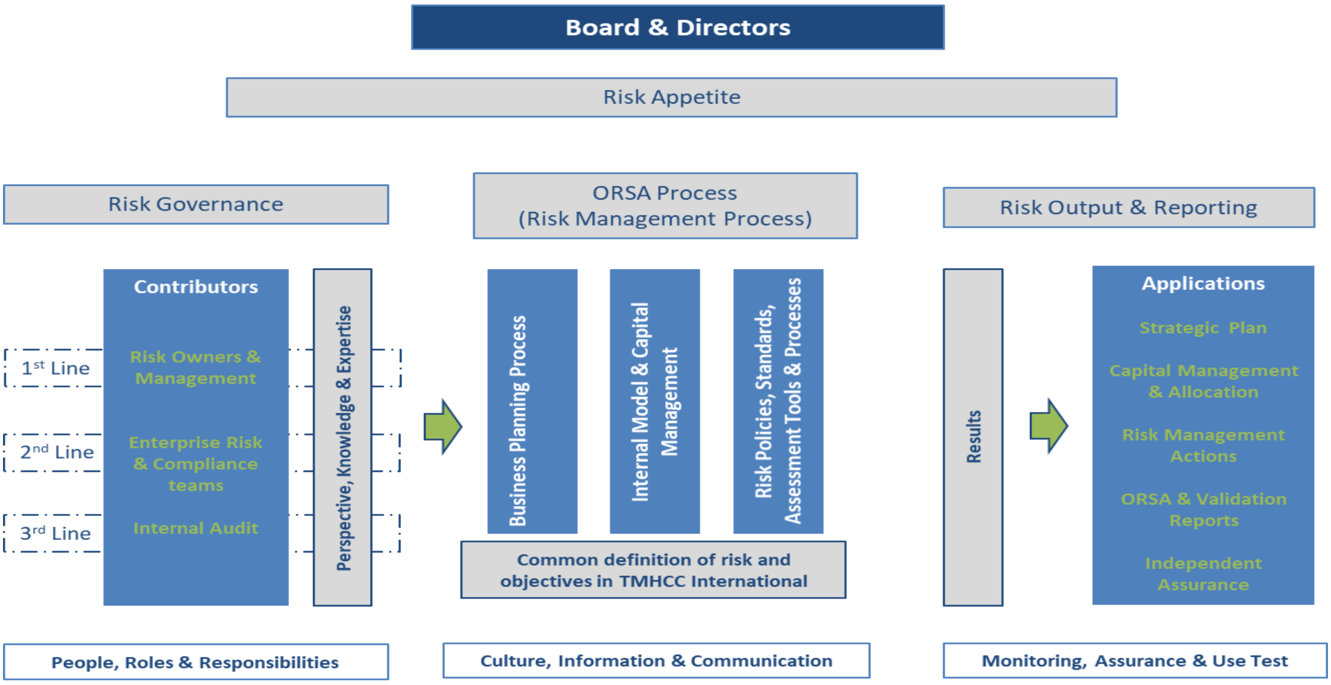
System of Governance

Oversight of HCCII's and the Branch's business and its operations starts with HCCII's Board, which has overall responsibility for management of the Branch and HCCII. All authority in HCCII and the Branch flows from the Board but it delegates to sub-committees the matters set out in their respective terms of reference. Each year the overall governance structure and the terms of reference are reviewed to ensure they remain both up to date and appropriate.

HCCII believes that a strong, effective and embedded risk management framework is crucial to maintaining successful business operations and delivering sustainable, long-term profitability. HCCII achieves this through a strong risk culture articulated by effective Enterprise Risk Management (ERM) senior leadership and embodied by management at all levels through its governance structure and risk management processes.

HCCII's approach to managing its risk, which is in line with HCCII's business strategy, is to: i) Adopt an integrated approach to risk management; ii) Aim to manage risk to a desired level and minimise the adverse effects of any residual risk; iii) Coordinate the management of risk via the Risk & Capital Management Committee and other committees that report to the Board; iv) Manage risk as part of normal line management responsibilities and provide funding to address 'risk' issues as part of the normal business planning process; v) Ensure that there are appropriate policies and procedures in place; vi) Ensure that staff are appropriately trained.

HCCII operates a traditional 'three line of defence' risk governance framework which means that it coordinates risk holistically ensuring that all types of risk are prioritised and analysed both in absolute and relative terms. The diagram below illustrates the various facets of our risk framework; how these interact with one another and the responsibilities of those staff in the first, second and third line of defence.



A key element of the risk management framework is the ORSA process, defined to be 'the entirety of the processes and procedures employed to identify, assess, control and report the short and longer term risks faced by the business and to determine the assets necessary to ensure that the overall capital needs (solvency and economic) are met at all times'. The ORSA considers risk, capital performance and strategy. It provides Executive Management with adequate and accurate information enabling the taking of key decisions regarding the overall risk and capital profile of the business.

Generally, the risk management, internal control systems and reporting procedures are aligned between both the Branch and HCII. The information contained within the remainder of this section, therefore, relates to the Corporate Governance and Risk Management for HCCII.

Within Switzerland, the Branch General Manager is resident. All other activities occur elsewhere within HCCII. The underwriting activities of the Zürich Branch are conducted by underwriters located at the London and Barcelona offices. Claims are handled by the TMHCC International Claims team in London and Barcelona and financial reporting requirements are also managed in London. In addition, other back office functionality (such as tax reporting, IT, HR, Compliance, Enterprise Risk and Internal Audit) is provided by

London. Each of the underwriting, claims and operational processes performed are done so in accordance with the control framework, outlined later in the section.

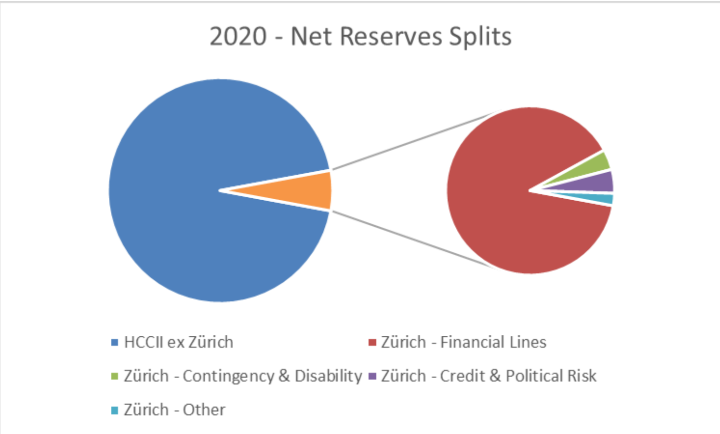
On a quarterly basis, a conference call is held between the Branch's General Manager, Finance, IT and Compliance (both in London and Barcelona) to discuss operational matters and any issues arising. This allows for discussion of any changes to the risk profile or any corporate governance updates from both a branch and parent company perspective. The conference call is subject to the usual governance applicable to any oversight group or committee meeting of HCCII, i.e. an agenda is produced for each meeting, with a subsequent set of minutes and action points.

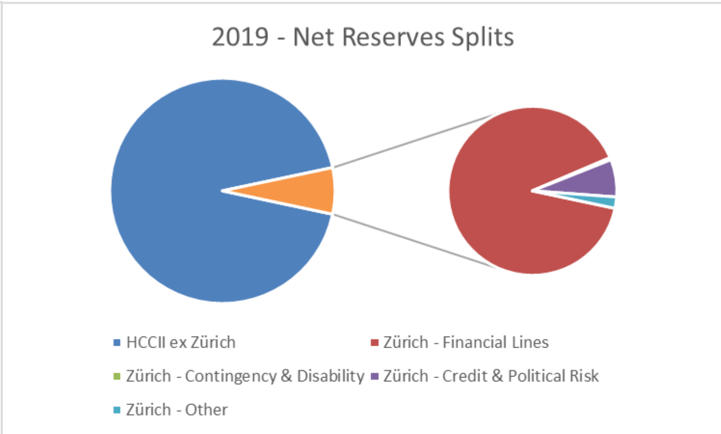
On a quarterly basis, the London Finance team produces a report, providing year to date information on written premium, claims and the overall underwriting result. A balance sheet is also included in the report. This report is provided to the Branch's General Manager and the heads of the Compliance teams in London and Barcelona.

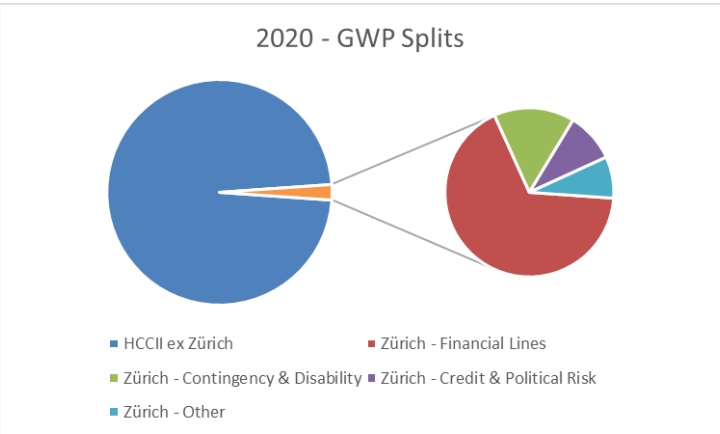
Risk Profile

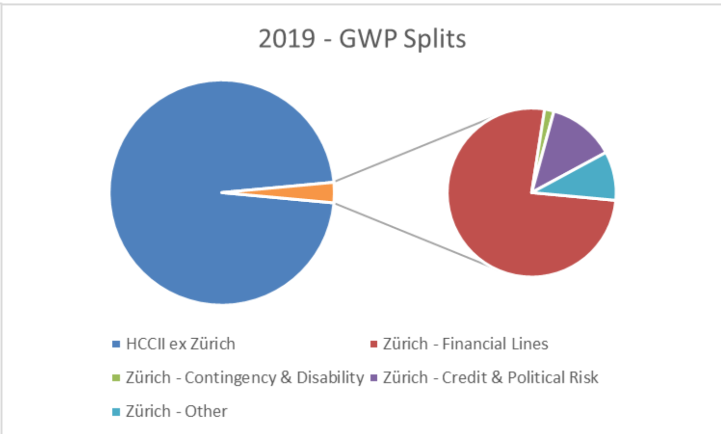
The Group has identified the risks arising from its activities and has established policies and procedures to manage these risks in accordance with its risk appetite. HCCII maintains a risk register and categorises its risks into six areas: Insurance; Strategic, Regulatory and Group; Market; Operational; Credit and Liquidity.

The overwhelming key risk for both HCCII and the Branch is Insurance Risk. The pie charts below show the concentration of net reserves and Gross Written Premium ('GWP') between the lines, for Q4 2020 and Q4 2019. They also show the Branch in the context of the overall HCCII reserves and premiums, where they make up about 5% of the HCCII's reserves and about 2% of GWP.









Both sets of Branch split pie charts show a broadly similar profile year on year, with the exception of an increased portion of the Zurich branch being Contingency & Disability, reflective of organic growth in the year.

Covid-19 Pandemic

HCCII and the Branch's strong risk and governance frameworks ensured the business continued to operate effectively in the new pandemic environment, which emerged in March 2020. Part of the adaptation to that new environment was the development of a pandemic risk register to sit alongside the existing frameworks and which was incorporated into reporting to the Risk & Capital Management Committee. The table below illustrates the principal potential risks for HCCII's and the Branch's business and operations by risk area, that were identified as a result of the pandemic risk review. The overall strategy of HCCII and the Branch includes some fundamental aspects which materially mitigated the potential impacts of these Covid-19 risks and the various mitigations in place to reduce the impact of these risks are also described in the table below.

Risk	Description	Mitigating actions/factors
Insurance	The four key components of insurance risk are; premium or future underwriting risk (including delegated authorities); reinsurance purchasing; claims management; and reserving. The Group's insurance business assumes the risk of loss from persons or organisations that are themselves directly exposed to an underlying loss. Insurance risk arises from this risk transfer due to inherent uncertainties about the occurrence, amount and timing of insurance liabilities.	• An underwriting strategy that seeks a diverse and balanced portfolio of risks. • A reserving policy to produce accurate and reliable estimates that are consistent over time and across classes of business. • Setting and regularly monitoring risk appetites. • Individual authority limits for all employees authorised to underwrite, and business plans for each line of business. • Claims teams focused on delivering quality, reliability and timely service to both internal and external clients. • Using reinsurance to protect the Group's balance sheet. • Monitoring exposures using modelling tools.
Strategic, regulatory and Group	Risks that arise from: • the Group's strategy being inappropriate or the Group being unable to implement its strategy; • the Group not complying with regulatory and legal requirements; and • the Group failing to consider the impact of their activities on other parts of the TMHCC Group and vice versa.	• Setting and regularly monitoring risk appetites. • A management structure that encourages organisational flexibility and adaptability, while ensuring that activities are appropriately co-ordinated and controlled. • Operating across the TMHCC Group with clear and open lines of communication to ensure all TMHCC Group entities are well informed and working towards common goals.
Market	Market risk arises where the value of assets and liabilities or future cash flows change because of fluctuations in economic variables, such as movements in foreign exchange rates, interest rates and market prices.	• The Investment Committee has an objective to ensure funds are invested in accordance with the 'prudent person principle', whereby assets: i) are of appropriate security, quality and liquidity; ii) are adequately diversified and are localised; and iii) broadly match the liabilities. • Adhering to an investment risk appetite that forms part of the Group's overall risk appetites. • Setting and regularly monitoring risk appetites. • Independent investment experts assist with the implementation of the investment strategy and monitoring of the economic environment and investment performance.
Operational	Operational risk arises from the risk of losses due to inadequate or failed internal processes, people, systems, service providers or external events. Operational risk includes conduct risk.	• Performing business activities in a fair, honest and transparent manner that complies fully with applicable UK and international legal and regulatory requirements, and internal policies and procedures. • Setting and regularly monitoring risk appetites. • Scenario testing and modelling operational risk exposure. • Management review of operational activities, including IT and IT security. • Documented policies and procedures. • Ensuring key processes include preventative, directive and detective controls. • Business continuity and contingency planning. • Established and embedded systems controls.

Credit	Credit risk arises where counterparties fail to meet their financial obligations in full as they fall due. The primary sources of credit risk for the Group are from reinsurers; brokers and coverholders; investments; and financial institutions holding cash.	• Setting and regularly monitoring risk appetites. • Limiting exposure to a single counterparty or a group of counterparties. • Established guidelines and approval procedures for counterparties.
Liquidity	Liquidity risk arises where cash may not be available to pay obligations when due at a reasonable cost. The Group is exposed to daily calls on its available cash resources, principally from claims arising from its insurance business. In most of cases, these claims are settled from premiums received.	• Liquidity management: ○ using cash flow forecasting to ensure that surplus funds are invested to achieve a higher rate of return; and ○ so that the Group can reasonably survive a significant individual or market loss event.

Section A – Business Activities

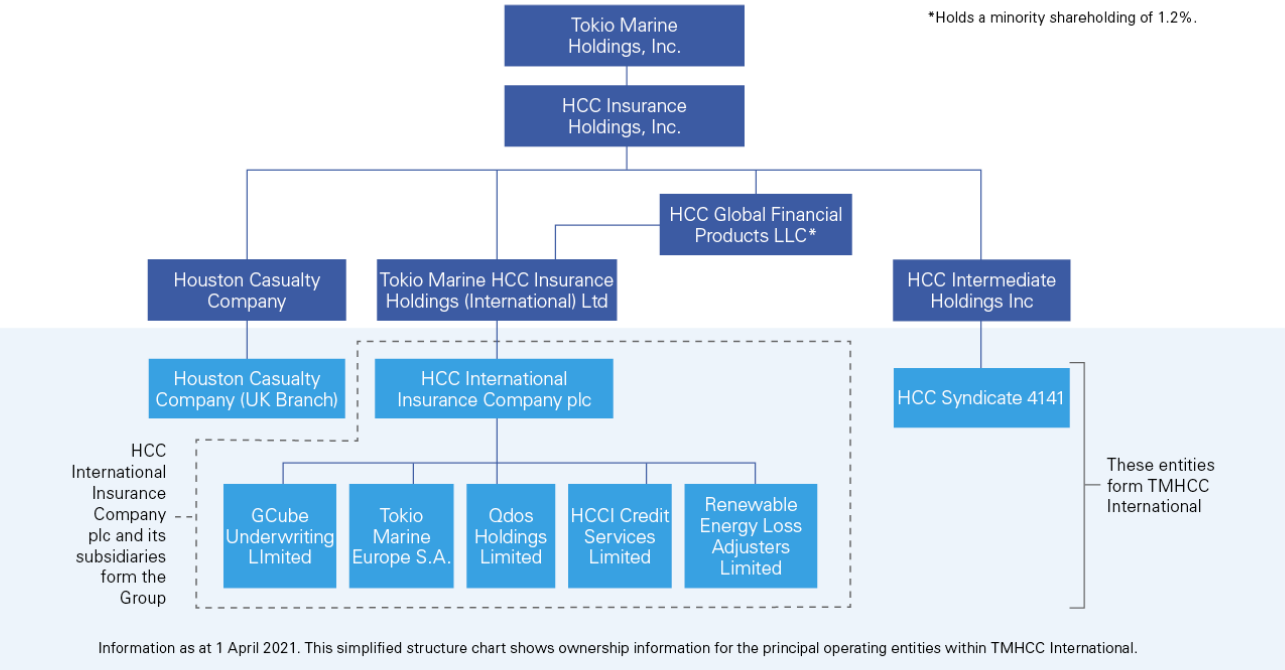
Overview

HCCII utilises its Swiss Branch to write the following three main lines of business, namely Financial Lines, Contingency and HCC Credit, with the Branch representing just over 2% of the gross written premium of HCCII.

HCCII is the main risk carrier for Tokio Marine HCC Insurance Holdings (International) Limited ('TMHCCIH(I)'). TMHCCIH(I) is a wholly owned subsidiary of Tokio Marine Holdings, Inc. ('TMHD'). Prior to TMHD acquiring HCC, HCC Insurance Holdings, Inc. ('TMHCC Group') was the ultimate parent and now remains an intermediate holding company.

HCCII is part of the Tokio Marine HCC International Group ('Groupl'), The Group (illustrated by the structure chart below) underwrites business on four different insurance platforms: HCCII (a UK insurance company), its wholly owned subsidiary Tokio Marine Europe S.A. (TME), (a Luxembourg insurance company), HCC Syndicate 4141 (a wholly aligned Lloyd's syndicate) and Houston Casualty Company (London Branch). HCCII and TME have standalone S&P ratings of A+. The platform used is based on prescribed rules and client choice if licensing permits.

The simplified schematic below shows how HCCII fits into the wider group structure. The light blue boxes indicate those entities that form TMHCC International underwriting/trading companies. A more detailed structure chart may be found towards the end of this Section.



TMHCCIH(I) Information

TMHCCIH(I) is a private company limited by shares and is a wholly owned subsidiary of Tokio Marine Holdings, Inc. ('TMHD') whose head office is located in Tokyo, Japan. TMHD is a leading international insurance group, which has 252 subsidiaries, and 22 affiliates worldwide. TMHD undertakes non-life and life insurance and operates within the financial and general business sector (including consulting and real estate).

TMHD acquired HCC Insurance Holdings, Inc. on 27 October 2015. Prior to that date, TMHCCIH(I)'s ultimate parent was HCC Insurance Holdings, Inc., whose head office is located in Houston, Texas. HCC Insurance Holdings, Inc. is now an intermediate holding company of TMHCCIH(I) and continues to manage the Tokio Marine HCC group. HCC Insurance Holdings, Inc. is A- rated.

TMHCCIH(I), and its subsidiaries, provides general insurance and related services. The principal subsidiaries are HCCII, Tokio Marine Europe S.A ('TME'), Qdos Holdings Limited, GCube Underwriting Limited and HCC Credit Services Limited. These principal subsidiaries are further detailed under 'Company information'. Meanwhile a comprehensive Group structure may be found at the end of Section A1.

HCCII Information

HCCII is a wholly owned subsidiary of TMHCCIH(I) and is a private company limited by shares.

HCCII is an international insurance company authorised under the Financial Services and Markets Act (2000) and is regulated by both the Prudential Regulation Authority ('PRA') and the Financial Conduct Authority ('FCA') to transact general insurance. The principal activity, historically, of HCCII has been the transaction of general insurance and reinsurance business in the United Kingdom and Europe where it benefitted from the European Union ('EU') Freedom of Services charter to write across the EU member states. HCCII is based in the United Kingdom and had authorised branches established in Republic of Ireland, France, Spain, Germany, Italy, Switzerland and Norway, which with the exception of the Swiss branch, were closed during 2020 following the transfer of the European risks historically written by these branches to TME under a Part VII transfer process on 1 January 2019. HCCII also accepts inwards reinsurance risks from United States, Canada and Australia.

HCCII has five subsidiaries, as follows:

1. TME, a subsidiary of HCCII and licensed in Luxembourg with an A+ S&P rating, was established to write all European business for the Tokio Marine Group from 1 January 2019 through its branches in Spain, Italy, Norway, France, Denmark, Republic of Ireland, Germany, Belgium and the Netherlands. The insurance and reinsurance business written on TME is a combination of the lines previously written by HCCII and affiliate Tokio Marine Kiln Insurance Limited ('TMKI'). This is done directly or through their respective European branch networks.
2. Qdos Holdings Limited, is an underwriting agency based in Leicester. Through its subsidiary, Qdos Broker and Underwriting Services Limited, it is focused primarily on the distribution of Professional Indemnity (PI), Employers and Public Liability (EL/PL) and Tax Enquiry and Liability (TEL) insurance to the UK small contractor market via Qdos Shop, an online digital distribution platform.
3. HCC Credit Services Limited is a data and information provider to the credit insurance market.

   GCube was acquired on 29 May 2020 and from 1 January 2021 it will operate as a line of business within the London Market division. GCube is one of the largest global underwriters of renewable energy, covering wind, solar, bio, hydro, wave and tidal projects. GCube, consists of:

4. GCube Underwriting Ltd, a managing general agent which is one of the largest global underwriters of renewable energy, covering wind, solar, bio, hydro, wave and tidal projects.
5. Renewable Energy Loss Adjusters Ltd, a separate loss adjusting company which specialises in loss adjusting renewable energy losses.

Zürich Branch Information

The Zürich Branch was registered on 19 December 2007, under the laws of Switzerland and is regulated by the Swiss Financial Market Supervisory Authority ('FINMA').

The principal purpose of the Branch is to write general commercial insurance and further insurance company related activities specified in its registration.

HCCII utilises the Branch to write the following three main lines of business, namely Financial Lines, Contingency and HCC Credit, which are described in more detail below. The underwriting activities of the Branch are conducted by underwriters located at the London and Barcelona offices. Claims are handled by the TMHCC International Claims team in London and Barcelona and financial reporting requirements are also managed in London.

The Branch annual business plan indicates that the forward-looking strategy is to write similar business as to what has been previously written, with regards to exposure and volume and on a quarterly basis, a report is produced by the Finance team. Results of underwriting performance, claims experience and expenses and investment income are detailed and provided to the General Manager of the Zürich Branch. The Branch follows the general business model and strategy of the TMHCC International, which are outlined in the next two sub-sections.

Financial Lines

The Branch is utilized for Swiss domiciled insureds. Coverages offered include mainly Directors' & Officers' Liability, Errors & Omissions (Professional Indemnity), Cyber and Transaction Risk Insurance. The book is weighted towards excess layers and the majority of our clients are Financial Institutions.

HCC Credit

The Branch is utilized for our Swiss domiciled insureds and can offer trade credit for banks (including Letters of Credit and structured trade finance transactions), political risk (including contract repudiation/frustration, confiscation etc. of fixed and mobile assets, political violence) and short- and medium- term single and multiple debtor export and domestic trade credit.

Contingency

The Branch is utilized for Swiss domiciled insureds. Products offered under this range include Event Cancellation, Professional Sports and Entertainers Disability and Kidnap & Ransom. We specialise in covering major sporting events, concerts/festivals, conferences/conventions and trade shows.

Business Model

TMHCC International's business model is built upon fundamental principles which position policyholders with confidence about their risk decisions.

Face risk with confidence
The Group's core business is underwriting speciality lines of insurance. The Group has three core underwriting segments: International Specialty; London Market; and European Property & Casualty (P&C).

The Group writes London Market, International Specialty and European P&C products in the UK from HCCII's London and regional offices and in Europe through TME's European branches and across the rest of the EEA via Freedom of Services authorisations. HCCII accepts global inwards reinsurance risks where its licenses permit. Business written by the Group is principally Commercial lines, with de- minimis personal lines business written by the London Market and Specialty divisions.

Providing clients with products through the distribution network
The London Market, International Specialty and European P&C products underwritten by the Group are distributed to clients through established broker (wholesale, regional and specialty), underwriting agency and coverholder relationships. Additionally, certain Specialty and London Market business is written through online distribution portals.

Underwriting and managing risk
Careful risk selection and reinsurance purchasing is central to the Group's culture and is the foundation to grow by meeting or exceeding its target risk adjusted return. The Group's experienced and technical underwriters underwrite each risk individually, assessing a range of factors including but not limited to: financial exposure, loss history, risk characteristics, limits, deductibles, terms and conditions and acquisition expenses using rating and other models. The Group may delegate underwriting where distribution is held by coverholders or brokers however this is through standard rating sheets and referral controls for risks that require non-standard pricing.

Reserves
The Group's reserving policy safeguards reliable and consistent reserve estimates across all classes of business, maintaining overall reserves at, or above, the actuarial midpoint. The reserving process is embedded into the governance framework which requires that an internal and robust review of reserves is carried out at least quarterly, together with annual independent assurance.

Investment
The Group has a conservative investment strategy that aims to preserve and grow shareholder's equity. To achieve this investment strategy, funds are invested in accordance with the Solvency II risk-based approach to investments and the 'prudent person principle', which ensures that assets are of appropriate security, quality and liquidity; are adequately diversified; and broadly match the Group's liabilities.

Claims Management
The Group recognises the importance of the claims settlement process and believes that it can differentiate itself from its competitors through its approach. The claims teams are focused on delivering a quality, reliable and efficient claims service by adjusting and processing claims fairly, in a timely manner, ensuring its customers are treated fairly and in accordance with the policy's terms and conditions.

Strategy

The Group's fundamental business philosophy is to produce an underwriting profit and investment income resulting in consistent net earnings that will increase shareholder value. This has been accomplished through diversified businesses headed by those who are the best the business, a comprehensive reinsurance programme and a conservative investment policy. This philosophy is supported by TMHCC International's culture which is underpinned by its core values: professionalism, disciplined, honesty, respect and trust.

The Group's strategy has been consistent for many years, but the Group's priorities vary with the insurance cycle and changes in the economic environment.

Strategic objectives

- Maintain a diversified portfolio of non-correlating business.

- Ensure sustainable growth through:
    - expansion of the Group's brand in the UK regional market, the London Market and throughout the rest of Europe; and
    - identification and development of opportunities to grow the Group's business by acquisition or establishing new lines of business.

- Maintain a management, organisational and governance structure that is appropriate for and supports the Group's growing business.

The Group has consistently delivered its strategic plan because of its key strengths.

- **Diversified portfolio of specialty business –** the balanced portfolio is achieved by writing a spread of business over time, segmented between different products, geographies and sizes, and differentiating itself from competitors either in product offering, customer service or market positioning, this results in a diverse and balanced portfolio of risks across lines of business, which limits volatility and enables the Group to consistently achieve an underwriting profit.

- **Operational efficiency –** TMHCC International manages portfolios by line of business on a single integrated operating model. This provides operational efficiencies across TMHCC International, which benefits the Group.

- **Skilled and entrepreneurial management –** the Group has a flat operational structure with an experienced and entrepreneurial management team. This enables flexible adaptation to the changing business environment, resulting in faster decision making and responsiveness to opportunities.

- **Prudent risk management –** the Group's conservative risk appetite and approach to risk management ensures that risks are identified, monitored and mitigated. Reinsurance is one of the most important risk mitigation tools used to limit exposure, reduce the volatility of various lines of business and preserve capital.

- **Financial security –** the Group has a very strong security (HCCII and TME both have S&P Ratings of A+ and AA- from Fitch). This provides the policyholder with the knowledge and comfort that its insurer will be able to honour its obligations when called upon to do so. Financial strength is a key differentiator for the Credit, Surety and Financial Lines businesses and allows the Group to access the highest quality risks where an insurer's financial strength carries a premium.

Generating value

The Group shares the TM Group's '**Good Company'** vision, and the core principles of this vision guides how the Group creates sustainable value for all its stakeholders: customers, employees, distribution network, suppliers, shareholders and the community.

The core principles of this vision are integral to the Group's culture, business and the creation of sustainable growth and value for all its stakeholders (customers, employees, distribution network, suppliers, shareholders, regulators, and the community).

To support the "Good Company" approach to being a sustainable and responsible business, the Group has a sustainability governance structure that covers a wide range of Environmental, Social and Corporate Governance (ESG) issues relevant to its business and stakeholders. The Group's approach to Sustainability includes the following areas of focus:

Charity and community
Investing in our wider community by developing mutually beneficial partnerships with charities as well as organising relevant fundraising and volunteering initiatives and actively engaging employees in these projects to make a difference.

Workplace
Developing the Group's diversity and inclusion practices, ensuring and promoting the health and wellbeing of our employees, and providing training and development opportunities for all employees.

Marketplace and environment
The identification, assessment and management of Physical, Transitional and Liability risks and opportunities from climate change and the development of initiatives to minimise the Group's environmental impact from its business and operations.

Business Conduct and ethics
Conducting business ethically, honestly and responsibly.

Auditor and Regulatory Bodies

The regulatory supervisor and external auditor for the Group and HCCII are set out below:

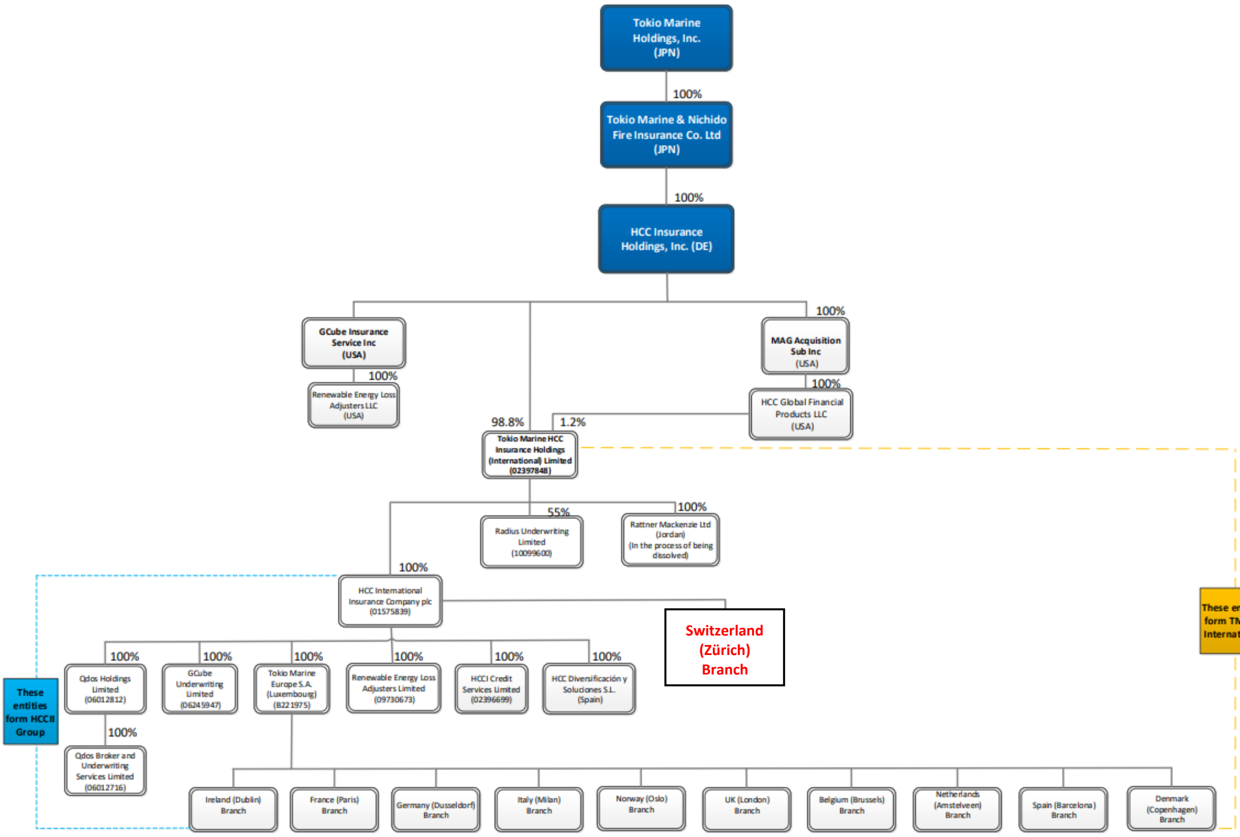
Group Supervisor (Prudential Risk)	*Group Supervisor (Conduct Risk)*	*Group Auditors*
Prudential Regulatory Authority	Financial Conduct Authority	PricewaterhouseCoopers LLP
Bank of England	25 The North Colonnade	7 More London Riverside
20 Moorgate	Canary Wharf	London
London	London	SE1 2RT

The regulatory supervisor and external auditor for the branch is set out below:

Branch Supervisor (Prudential Risk)	*Branch Auditors*
FINMA	PricewaterhouseCoopers Ltd.
Laupenstrasse	Birchstrasse 160, Postfach
27 · 3008 Bern	CH-8050, Zürich
Switzerland	Switzerland

TMHCCIH(I) Structure

TMHCCIH(I)'s immediate parent is HCC Insurance Holdings, Inc. which is based in Houston, United States of America, and holds 100% of the share capital of TMHCCIH(I). A detailed schematic of the organization structure of the TMHCCIH(I) group ('the Group') is shown below, followed by brief descriptions of each of the companies. All companies are wholly owned save for Radius Underwriting Limited. Blue items show TMHCCIH(I) immediate and ultimate parents, while the other boxes indicate TMHCCIH(I) group companies. The position of the Zürich Branch is highlighted. Some further details of the various entities making up the group are shown below the chart.



Tokio Marine HCC Insurance Holdings (International) Limited ('TMHCCIH(I)' or 'the Group')

TMHCCIH(I) acts as a UK investment holding company and is a private company limited by shares. It does not participate in any trading but is exposed to investment risk in respect of impairment of investments held in its subsidiary undertakings. This risk is controlled by regular management review and monitoring of the trading results of the subsidiaries. HCCII is its principal trading subsidiary, with TME being HCCII's own subsidiary. Within TMHCCIH(I), TME is consolidated on a line-by-line basis using the accounting consolidation based method. TMHCCIH(I) Eligible Own Funds as at 31 December 2020 total \$854.4m (2019: \$756.1 million). TMHCCIH(I) directly owns Rattner Mackenzie Ltd and owns 55% of the shares in Radius Underwriting Limited.

Rattner Mackenzie Ltd (Jordan)

Rattner Mackenzie Ltd (Jordan) is in the process of being dissolved. Dormant for over 16 years, this Jordanian company has no trading activity. Given various procedural and administration requirements, this will likely take some time and as a result will remain part of the holdings group structure for the foreseeable future.

Radius Underwriting Limited

Established in late 2016, Radius Underwriting Limited is a subsidiary of TMHCCIH(I) and is an appointed representative of HCCII to provide online distribution through Infinity Groups to distribute UK PI business underwritten on HCCII paper through affinity and other groups. TMHCCIH(I) owns 55% of the shares in Radius Underwriting Limited.

HCC International Insurance Company Plc ('HCCII' or 'the Company')

HCCII is authorised to underwrite a variety of lines including Property Treaty, Property Direct and Facultative, Delegated Property, Accident and Health, Energy, Marine (Hull, Liability and, from 2021, Cargo), Professional Risks, Financial Lines, Credit and Political Risk, Credit & Surety, Contingency and J-Business lines. HCCII is based in the United Kingdom and as detailed above had authorised branches established in Republic of Ireland, France, Spain, Germany, Italy, Switzerland and Norway, which, with the exception of the Swiss branch, were closed during 2020 following the transfer of the European risks historically written by these branches to TME under a Part VII transfer at 1 January 2019. HCCII also accepts inwards reinsurance risks from United States, Canada and Australia.

HCCII's business philosophy and strategic focus is to underwrite profitable business which includes careful risk selection and reinsurance purchasing in order to preserve shareholders' equity and to meet its target risk adjusted return on capital. Underwriting is concentrated in selected, narrowly defined, specialty lines of business where consistent underwriting profit can be achieved. HCCII's underwriting personnel with access to, and expertise in, the insurance and reinsurance marketplace have enabled HCCII to achieve its strategic objectives.

HCCII continues to benefit from the strong financial strength rating which remains a significant differentiator and a key selling point in many of the markets in which HCCII operates, particularly Surety and Financial Lines.

As a wholly owned subsidiary, TME is carried as an investment on the Company's balance sheet using the adjusted equity method. HCCII Eligible Own Funds as at 31 December 2020 total $840.3m (2019: $748.4m).

Tokio Marine Europe S.A. ('TME')

Established in 2018 in response to the United Kingdom's vote to leave the European Union ('EU'), TME is a subsidiary of HCCII, which is licensed in Luxembourg with an A+ S&P rating. A legal Part VII portfolio transfer, as of 1 January 2019, between HCCII, Tokio Marine Kiln Insurance ('TMKI') and TME transferred insurance and reinsurance contracts from HCCII and TMKI European branches to TME together with the transfer of all branch employees. The transfer was affected through TME issuing one share each to TMKI and HCCII. During 2020, TME has continued to underwrite new and renewal business and continues to be well positioned to continue to support the Group, as a strong underwriting platform to support EEA risks across multiple classes of business.

TME has its own Board, including independent non-executive Directors, in addition to standalone Board committees to oversee the TME business and Board committees and sub-committees which are combined with the other TMHCC International entities. The members of the various Board committees and sub-committees include senior TMHCC executives. TME also has its own senior executives based locally, to run the business and manage and oversee its operations in accordance with the strategies set by the TME Board. TME is supported by additional local resources to manage core control and risk functions.

TME's lines of business are a combination of the lines previously written by HCCII and TMKI directly or through the existing European branch networks. These lines of business are divided into three main reporting segments, namely: London Market; Specialty and European Property & Casualty. During 2020 the Company's business was underwritten through its branches in Spain, Ireland, France, Germany, Italy, Denmark, Belgium, Norway, Netherlands and on a freedom of services basis in the remaining EU member states. European risks presented in the London Market have been underwritten through TME's branch in the UK. From 1 January 2021, new and renewing European risks across all lines of business will be written on one of TME's EEA branches.

Qdos Holdings Limited & Qdos Broker and Underwriting Services Limited ('Qdos')

In 2018, HCCI acquired Qdos Broker and Underwriting Services Limited, an underwriting agency based in Leicester writing predominantly direct contractor PI business for TMHCC. Historically, this has been the largest producing broker for our Professional Risks division with an annual GWP of £10m. TMHCC have been working with them since 2007 and the book is very profitable.

Qdos Broker and Underwriting Services Limited focuses primarily on the distribution of Professional Indemnity (PI), Employers and Public Liability (EL/PL), Tax Enquiry and Liability (TEL) and Accident & Health (A&H) insurance to the growing UK small contractor market via Qdos Shop, an online digital distribution platform.

Qdos Holdings Limited is the holding company for Qdos Broker and Underwriting Services Limited and is 100% owned by HCCII.

HCCI Credit Services Limited

HCCI Credit Services provides information to support the underwriting and setting of credit limits for business underwritten by HCCII. It is a regulated entity.

The Directors of HCCI Credit Services Limited oversee the operation of the risk management framework and set the risk appetite for the company. The material risks to which the company is exposed are credit risk and liquidity risk. These are managed under the overarching risk management framework of HCCII and are not considered material within that overarching framework; the analysis is described in full within the Risk Profile section of this report.

HCC Diversificacion y Soluciones S.L.

HCC Diversificacion y Soluciones S.L. is a service company to the Spanish branch and employs individuals to provide back office support to the Barcelona office. It is not a regulated entity and has no trading or investment activities.

GCube Underwriting Ltd & Renewable Energy Loss Adjusters Ltd ("GCube")

On 29 May 2020, the Group completed the acquisition of GCube (an underwriting agency which is one of the largest global underwriters of renewable energy, covering wind, solar, bio, hydro, wave and tidal projects) and its sister company RELA. RELA provides loss adjusting services to insurers of large renewable energy projects. The acquisition demonstrates the Group's commitment to the renewable energy insurance market and its desire to actively address the issues around sustainability, helping us move towards a safe, secure and sustainable future. The strategic acquisition of GCube complements the business currently written by the Group, and as an underwriting class within London Market from 1 January 2021, GCube will be underwriting 100% of the business on TMHCC International platforms, replacing the facility previously in place. This investment in the renewables sector will provide further opportunities for growth and further diversification throughout the TM Group.

Section B – Performance

B1 – Financial Performance

A summary of the profit and loss statement for the years ended 31 December 2020, and 31 December 2019, for the Zürich Branch, is shown in the tables below. In addition, to put it in context, there is comparison to the full HCCI results.

Year ended 31 December 2020 USD'000	HCCII USD	Zürich Branch USD	Zürich Branch CHF
Gross Written Premiums (GWP)	821,804	18,159	17,006
Net Premiums Earned	574,628	11,991	11,230
Underwriting Result (Technical Account)	116,916	9,916	9,286
Net Loss Ratio	42%	3%	3%
Net Combined Ratio	80%	17%	17%
Investment Income	21,378	191	179
Profit on ordinary activities before tax	168,298	8,176	7,657
SII Cash and investments (excluding investment in subs and land and buildings)	1,472,729	56,517	49,895
Solvency II Own Funds	840,280	N/A	N/A

Year ended 31 December 2019 USD'000	HCCII USD	Zürich Branch USD	Zürich Branch CHF
Gross Written Premiums (GWP)	611,520	17,836	17,709
Net Premiums Earned	521,458	10,828	10,751
Underwriting Result (Technical Account)	93,663	(7,198)	(7,147)
Net Loss Ratio	47%	138%	138%
Net Combined Ratio	82%	166%	166%
Investment Income	23,838	15	15
Profit on ordinary activities before tax	144,683	(7,522)	(7,468)
SII Cash and investments (excluding investment in subs and land and buildings)	1,288,770	45,807	44,473
Solvency II Own Funds	748,446	N/A	N/A

The Zürich Branch made a net profit before tax for the financial year of $8.2 million (2019: loss of $7.5 million). This compares to a corresponding full HCCII result of $168.3 million (2019: $144.7 million). The Zürich Branch result is driven by the underwriting result, which is discussed further below.

A summary of the Underwriting Result for the years ending 31 December 2020, and 31 December 2019, for the Zürich Branch was as follows:

	2020 Actuals			
CHF'000	Gross Written Premium	Net Earned Premium	Net Loss Ratio %	Underwriting Result
Specialty				
Financial Lines	11,414	8,840	-14%	8,960
Surety	-	-	-	-
Contingency & Disability	2,625	121	1113%	(1,312)
Credit & Political Risk	1,618	1,679	1%	1,270
Professional Risks	-	-	-	-
Other Specialty	787	4	-1622%	274
Total Specialty	**16,444**	**10,644**	**0%**	**9,192**
London Market				

Property Treaty	-	(5)	34%	4
Marine & Energy	429	407	90%	(22)
Delegated Property	-	-	-	-
Accident & Health	133	184	-1%	122
Total London Market	**562**	**586**	**62%**	**104**
European P&C				
Japanese Business	-	-	-	(10)
European Business	-	-	-	-
Total European P&C	**-**	**-**	**-**	**(10)**
Total	**17,006**	**11,230**	**3%**	**9,286**

	2019 Actuals			
CHF'000	**Gross Written Premium**	**Net Earned Premium**	**Net Loss Ratio %**	**Underwriting Result**
Specialty				
Financial Lines	13,460	7,545	211%	(10,622)
Surety	-	-	-	(6)
Contingency & Disability	317	35	47%	17
Credit & Political Risk	2,277	2,753	-44%	3,148
Professional Risks	0	0	-	0
Other Specialty	986	(4)	-	63
Total Specialty	**17,040**	**10,329**	**143%**	**(7,400)**
London Market				
Property Treaty	(10)	(89)	-11%	(121)
Marine & Energy	380	232	-78%	280
Delegated Property	-	-	-	-
Accident & Health	299	279	29%	94
Total London Market	**669**	**422**	**-22%**	**253**
European P&C				
Japanese Business	-	-	-	-
European Business	-	-	-	-
Total European P&C	**-**	**-**	**-**	**-**
Total	**17,709**	**10,751**	**138%**	**(7,147)**

The 2020 underwriting result of (CHF9.3 million) is driven by favourable incurred claims results, primarily in the Financial Lines reporting unit. Financial Lines also saw unfavourable experience in 2019.

Underwriting Performance by Quantitative Template Segmentation

The previous section highlighted the results by management line of business.

The following table provides insight to the mapping of business between TMHCC lines of business, and those reported in the quantitative template in the Annex.

The quantitative template segmentation is applied at an individual policy level, meaning that the quantitative template lines of business can be found across multiple TMHCC lines of business. Likewise, the following is not an exhaustive mapping between TMHCC and the quantitative template lines of business.

TMHCC Line of Business	Quantitative Template Line of Business
Energy & Marine	Transport Fire, natural hazards, property damage
Property & Property Treaty	Fire, natural hazards, property damage
Accident & Health	Accident
Surety	Other branches
Credit	Other branches
HCC Credit	Other branches
Professional Risks	General Third-Party Liability
Financial Lines	General Third-Party Liability
Other	Other branches

As may be seen in the Annex, within the quantitative template segmentation, the main lines are General Third-Party Liability and Other branches. The main component of the former is Financial Lines and HCC Credit is the main component of the latter. Both of these lines were commented on in the previous section.

B2 – Investment Performance

The investment function for both HCCII and the branch is overseen by the Investment Committee which operates under terms of reference set by HCCII's Board. The Committee is responsible for recommending the Investment Risk Appetite to the Board and preparing, in conjunction with the HCC Group's Investment Managers, the Investment Policy which is consistent with the risk appetite and regulatory requirement.

The performance of the Zürich Branch 's portfolio, for the years ending 31 December 2020 and 31 December 2019, is as follows:

Asset Classes	Year Ending 31 December 2020			
	Income/(Loss)	Realised Gains/(Loss)	Unrealised Gain/(Loss)	Total
	CHF'000	CHF'000	CHF'000	CHF'000
Fixed Interest Securities	715	15	(315)	415
Cash	-	-	-	-
Investment Fees	(236)	-	-	(236)
Total	**479**	**15**	**(315)**	**179**

Asset Classes	Year Ending 31 December 2019			
	Income/(Loss)	Realised Gains/(Loss)	Unrealised Gain/(Loss)	Total
	CHF'000	CHF'000	CHF'000	CHF'000
Fixed Interest Securities	498	(580)	226	144
Cash	4	-	-	4
Investment Fees	(133)	-	-	(133)
Total	**369**	**(580)**	**226**	**15**

Net investment income on the Fixed Income Securities relates to the effective interest that is earned on the bond portfolio held by the Branch and include Investment expenses relate to the various investment manager and other fees incurred in running the Branch investment portfolios.

The bond investments of the branch are usually held to maturity. Realised FX Gains/Losses mainly occur when non-US denominated assets mature and will be relatively volatile year on year.

B3 – Performance of Other Activities

Other Material Income and Expenses

There are no other material income or expenses to disclose.

ANNEX: Reporting Templates and Financial Statements

This Annex contains the quantitative template "Performance Solo Insurance", as well as the audited annual financial statements and report of the statutory auditor, all in respect of the year ended 31 December 2019.

Financial situation report: quantitative template "Performance Solo NL"

Currency: CHF or annual report currency
Amounts stated in millions

		Total		Direct Swiss business										Indirect business									
				Accident		Transport		Fire, natural hazards, property damage		General third-party liability		Other branches		Health		Marine, aviation, transport		Property		Casualty		Miscellaneous	
		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	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year
1	Gross premiums	17.7	17.0	0.0	0.0	0.1	0.1	0.0	0.0	11.3	10.2	3.6	5.0	0.3	0.1	0.4	0.3	(0.1)	(0.0)	2.2	1.2	0.0	0.0
2	Reinsurers' share of gross premiums	(5.3)	(7.9)	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)	(3.8)	(4.2)	(1.1)	(3.3)	0.0	0.0	0.0	0.0	0.1	(0.0)	(0.3)	(0.3)	0.0	0.0
3	Premiums for own account (1 + 2)	12.4	9.1	(0.0)	(0.0)	(0.0)	0.1	(0.0)	0.0	7.5	6.0	2.5	1.7	0.3	0.1	0.4	0.3	(0.0)	(0.0)	1.8	0.9	0.0	0.0
4	Change in unearned premium reserves	(2.8)	0.8	0.0	0.0	(0.0)	(0.0)	0.0	(0.0)	(2.5)	1.8	(0.0)	(1.2)	(0.0)	0.1	(0.1)	0.0	0.0	0.0	(0.2)	0.2	0.0	0.0
5	Reinsurers' share of change in unearned premium reserves	1.2	1.3	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	1.0	(0.0)	0.2	1.3	0.0	0.0	0.0	0.0	(0.0)	(0.0)	0.0	0.0	0.0	0.0
6	Premiums earned for own account (3 + 4 + 5)	10.8	11.2	(0.0)	(0.0)	(0.0)	0.1	(0.0)	(0.0)	5.9	7.7	2.7	1.8	0.3	0.2	0.3	0.4	0.0	(0.0)	1.6	1.1	0.0	0.0
7	Other income from insurance business	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8	**Total income from underwriting business (6 + 7)**	10.8	11.2	(0.0)	(0.0)	(0.0)	0.1	(0.0)	(0.0)	5.9	7.7	2.7	1.8	0.3	0.2	0.3	0.4	0.0	(0.0)	1.6	1.1	0.0	0.0
9	Payments for insurance claims (gross)	1.3	(7.6)	0.0	0.0	(0.1)	(0.0)	0.0	0.0	(0.6)	(0.7)	2.3	(6.7)	(0.0)	(0.0)	(0.1)	(0.1)	(0.0)	(0.0)	(0.1)	(0.0)	0.0	0.0
10	Reinsurers' share of payments for insurance claims	(0.7)	5.9	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	(0.9)	5.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	Change in technical provisions	(25.4)	0.9	0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(18.5)	1.2	(0.4)	(2.8)	(0.0)	(0.1)	(0.0)	(0.4)	0.1	0.1	(6.5)	2.9	0.0	0.0
12	Reinsurers' share of change in technical provisions	9.9	0.4	(0.0)	0.1	0.3	0.1	0.0	0.0	8.9	(2.2)	(0.0)	2.5	0.0	0.0	0.0	0.0	(0.0)	(0.0)	0.6	(0.1)	0.0	0.0
13	Change in technical provisions for unit-linked life insurance			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14	**Expenses for insurance claims for own account (9 + 10 + 11 + 12 + 13)**	(14.9)	(0.4)	(0.0)	0.1	0.2	0.0	(0.0)	0.0	(10.0)	(1.5)	1.0	(1.3)	(0.1)	(0.1)	(0.1)	(0.5)	0.1	0.1	(5.9)	2.8	0.0	0.0
15	Acquisition and administration expenses	(4.4)	(3.5)	0.0	0.0	(0.0)	(0.0)	0.0	(0.0)	(2.0)	(1.4)	(1.7)	(1.8)	(0.1)	(0.0)	(0.1)	(0.0)	(0.0)	0.0	(0.5)	(0.2)	0.0	0.0
16	Reinsurers' share of acquisition and administration expenses	1.4	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	1.2	0.6	0.7	0.0	0.0	0.0	0.0	(0.0)	(0.0)	0.1	0.1	0.0	0.0
17	Acquisition and administration expenses for own account (15 + 16)	(3.0)	(1.6)	0.0	0.0	(0.0)	(0.0)	0.0	(0.0)	(1.3)	(0.2)	(1.1)	(1.1)	(0.1)	(0.0)	(0.1)	(0.0)	(0.0)	0.0	(0.4)	(0.1)	0.0	0.0
18	Other underwriting expenses for own account			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
19	**Total expenses from underwriting business (14 + 17 + 18) (non-life insurance only)**	(17.9)	(1.9)	(0.0)	0.1	0.2	0.0	0.0	0.0	(11.3)	(1.8)	(0.1)	(2.4)	(0.2)	(0.2)	(0.2)	(0.5)	0.0	0.1	(6.4)	2.7	0.0	0.0
20	Investment income	1.0	0.7																				
21	Investment expenses	(1.0)	(0.6)																				
22	**Net investment income (20 + 21)**	0.0	0.2																				
23	Capital and interest income from unit-linked life insurance	0.0	0.0																				
24	Other financial income	0.0	0.0																				
25	Other financial expenses	0.0	0.0																				
26	**Operating result (8 + 14 + 17 + 18 + 22 + 23 + 24 + 25)**	(7.1)	9.5																				
27	Interest expenses for interest-bearing liabilities	0.0	0.0																				
28	Other income	0.0	0.0																				
29	Other expenses	(0.3)	(1.8)																				
30	Extraordinary income/expenses	0.0	0.0																				
31	**Profit / loss before taxes (26 + 27 + 28 + 29 + 30)**	(7.5)	7.7																				
32	Direct taxes	(0.3)	0.2																				
33	**Profit / loss (31 + 32)**	(7.8)	7.8																				