



**Financial Condition Report of Cigna Europe Insurance Company S.A.-N.V., Antwerp,
Zweigniederlassung Zürich - Financial year 2023**

CIGNA EUROPE INSURANCE COMPANY S.A.-N.V.

Overview

Cigna Europe Insurance Company S.A.-N.V. (“CEIC” or “the Company”) was formed in March 2001 and is licensed to write accident, health, and other financial risks classes of business throughout most of Europe. Its registered office is in Antwerp (Belgium) and its subscribed capital at the end of 2023 was €104,401,460.00 with 2 shareholders:

- 92.517% - Cigna Beechwood Holdings “Société de droit commun” (Antwerp, Belgium)
- 7.483% - Cigna Myrtle Holdings, Ltd. (Valletta, Malta)

The business is organised into two areas which focus separately on the employer segment and the individual segment.

Operations span across 3 major branches located in the UK, Switzerland, and Singapore.

Currently the majority of active business within the Company pertains to Group Insurance covering expatriate healthcare insurance solutions in Switzerland and Singapore for Corporate clients. There is also a small amount of Individual policies and International Organisations Health (“IOH”) business within the Company.

CIGNA EUROPE INSURANCE COMPANY S.A.-N.V. – SWISS BRANCH

Further details regarding business activities and performance of the Swiss branch of CEIC are provided in the following sections in line with the disclosure requirements of FINMA Circular 2016/2.

Business activities

Switzerland continues to be an important region for CEIC with focus remaining on the addition of new business and growing our client base.

In the Swiss branch, the annual average of full-time employees amounts to 4. There are no mandates, no research, as well as no development activities. Furthermore, the branch did not have exceptional events in 2023.

The branch is included in the regulatory Self-Assessment of the Corporate Governance conducted at the European level on an annual basis. No specific issues or risks have been identified.

CEIC Swiss branch continues to participate in both internal and external reinsurance arrangements. The CEIC reinsurance strategy includes a 50% quota share treaty with CIGNA Global Reinsurance Company Ltd and participation in a global Catastrophe Reinsurance treaty.

In terms of significant intra group transactions affecting the Swiss branch, the following should be noted:

- Reinsurance Treaty with CIGNA Global Reinsurance Company Ltd
- Cash pooling with Head-Office
- Brokerage commissions paid to CIGNA International Health Services BVBA
Administrative expenses, including charges from CIGNA European Services Ltd (Actuarial support, accounting, tax and treasury services, IT, HR and facility management services, insurance intermediary services, project related costs)

The following section provides details relating to the financial performance of the Swiss branch.

The summary report issued by Mazars Ltd, the external auditor of the company, is appended to the Financial Condition Report.

Performance

The key financial indicators for the Swiss branch of CEIC in 2023, pertaining entirely to the line of business "Illness", are illustrated in the table below with comparative figures for 2022:

Financial situation report: quantitative template "Performance Solo NL"			
		Currency: CHF Amounts stated in millions	
		Total	
		Reporting year	Previous year
1	Gross premiums	46.4	46.6
2	Reinsurers' share of gross premiums	-23.2	-23.6
3	Premiums for own account (1 + 2)	23.2	23.0
4	Change in unearned premium reserves	1.7	0.1
5	Reinsurers' share of change in unearned premium reserves	-0.7	0.2
6	Premiums earned for own account (3 + 4 + 5)	24.2	23.3
7	Other income from insurance business		
8	Total income from underwriting business (6 + 7)	24.2	23.3
9	Payments for insurance claims (gross)	-39.9	-32.6
10	Reinsurers' share of payments for insurance claims	19.2	15.9
11	Change in technical provisions	-0.4	-1.1
12	Reinsurers' share of change in technical provisions	0.2	0.5
13	Change in technical provisions for unit-linked life insurance		
14	Expenses for insurance claims for own account (9 + 10 + 11 + 12 + 13)	-20.9	-17.3
15	Acquisition and administration expenses	-12.8	-12.2
16	Reinsurers' share of acquisition and administration expenses	6.6	6.4
17	Acquisition and administration expenses for own account (15 + 16)	-6.2	-5.8
18	Other underwriting expenses for own account		
19	Total expenses from underwriting business (17 + 18) (non-life insurance only)	-6.2	-5.8
20	Investment income	0.4	0.4
21	Investment expenses	-0.7	-0.6
22	Net investment income (20 + 21)	-0.3	-0.2
23	Capital and interest income from unit-linked life insurance		
24	Other financial income		
25	Other financial expenses		
26	Operating result (8 + 14 + 17 + 18 + 22 + 23 + 24 + 25)	-3.2	0.0
27	Interest expenses for interest-bearing liabilities		
28	Other income	0.0	0.0
29	Other expenses	-1.9	
30	Extraordinary income/expenses		
31	Loss before taxes (26 + 27 + 28 + 29 + 30)	-5.1	1.4
32	Direct taxes		
33	Loss (31 + 32)	-5.1	1.4

Performance continued

Earned premiums have increased year on year driven by positive rate actions on both Corporate and IOH businesses offsetting reductions caused by current year lapses.

Net policyholders benefit ratio of 87% has increased by 12.8% compared to 2022 due to higher utilisation and higher larger claims paid in the current year on Corporate business.

Net commissions and expenses ratio is consistent year on year.

The investments consisted of US, Netherlands, and Swiss government bonds. The Swiss assets portfolio continues to be guided by the Asset and Liability Management and Investment Charter Committees with adherence to specific investment policy.

The overall quality of investment assets remained high during 2023. The net investment income of our portfolio is in line with 2022.

A breakdown of Investment Income and Expense based on investment category is shown below:

	2023 CHF (000's)	
	Fixed Interest Securities	Interest on Other Investments
Investment income	283	0
Appreciation	73	0
Realized gains	0	0
Total investment income	<u>356</u>	<u>0</u>
Investment expense	0	-670
Depreciation	-50	0
Realized losses	0	0
Total investment expense	<u>-50</u>	<u>-670</u>

Net trading result for the year after taxes is a loss of CHF -5.1M compared to profit of CHF 1.4M for 2022. The 2023 result is driven by deterioration of the Corporate business loss ratio year on year as a result of higher utilisation and higher larger claims compared to 2022. Adverse FX movements are an additional contributing factor to the negative result for the year.

None of the profits and losses reported in 2023 were recognised directly in equity.

The financial statements on which the FCR is based are published in the appendix of this report.

Corporate governance

CEIC is governed by a Board of Directors which delegates responsibilities to a number of Board Committees and a Management Committee in line with company's system of governance.

Management Committee

This Committee has delegated authority for the day to day running and operations of the business. It is chaired by the European Managing Director. The Committee consists of the 3 Executive Directors and the European Chief Counsel who provide oversight across all the business which is written in the insurance company. The Committee also includes guests from all key areas including the Business Heads, Functional Heads (HR, IT, Facilities, Finance) and Control Heads (Actuarial function, Risk, Internal Audit and Compliance).

Audit Committee

The Board has an Audit Committee which meets quarterly prior to Board meetings. The independent non-executive Directors of the Board are members of the Audit Committee and one of the Directors fulfils the role Chairman. The Board is satisfied that the members have the collective expertise in the activities of CEIC as well as in the fields of financial management, financial reporting, accounting, and audit. The Board is further satisfied that the independent non-executive Directors meet the necessary criteria to both demonstrate and fulfil the requirement for independence.

Risk Committee

The Board has a Risk Committee which meets quarterly prior to the Board meetings. The non-executive Directors are members of this Committee, and one is an independent non-executive Director acting as the Chairman. This Committee is responsible for ensuring that CEIC appropriately oversees and manages risks in line with the Company's Risk Management Policy. This policy ensures CEIC's approach is sufficient and proportionate to the business risks it faces.

In addition, this Committee reviews and advises on the Solvency II results and processes for CEIC.

Asset Liability Management ("ALM")

Formal ALM meetings occur quarterly during the year to assess the liability profile of the Company and the matching assets. Given the short-term nature of the liability profile there are no significant ALM issues from a duration point of view. However, ALM is particularly active on currency matching. The company works closely with its asset managers to develop investment management strategies which are appropriate to each liability profile.

The Company does not use any derivative products within its asset portfolio. The interest rate and credit risk of the Company is limited by its use of investment-grade assets.

Remuneration and People Resources Committee

The Company's remuneration philosophy reflects its desire to strengthen its financial position and to invest in its people, who, through their skills, competencies, and abilities advance the Company in the competitive marketplace.

The Remuneration and People Resources Committee consists of three members with at least one member as an independent non-executive Director. The Committee assists the Board of Directors in fulfilling its responsibilities related to the oversight of the Company's human resource and remuneration policies. It also specifically reviews all executive and non-executive Director remuneration and ensures adherence to all regulatory "Fit and Proper" guidelines.

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the left.

Claudia Lioi

General Representative

Cigna Europe Insurance Company S.A.-N.V., Antwerp, Zurich Branch



Cigna Europe Insurance Company S.A.-N.V., Antwerp, Zweigniederlassung Zurich

**Europaallee 41
8004 Zurich**

Financial Statements

Year Ended 31 December 2023

Balance Sheet

(Expressed in thousands of Swiss Francs)

	<u>Note</u>	<u>31.12.2023</u>	<u>31.12.2022</u>
Assets			
Investments			
Participations			
Fixed interest securities	2	15 439	14 669
Shares			
Other investments			
Deposits retained on insurance business			
Cash and cash equivalents		16 558	17 198
Reinsurers' share of technical provisions	5	5 445	6 006
Property and equipment			
Deferred acquisition costs			
Intangible assets			
Insurance receivable	3	2 873	6 797
Deposit assets			
Other receivables			
Other assets		119	136
Prepaid expenses and accrued interest		67	106
		<u>40 501</u>	<u>44 912</u>
Total Assets			
Liabilities and Head Office account			
Technical provisions	5	10 993	12 260
Non-technical provisions	2	0	32
Deposits retained on insurance business			
Deposit received from reinsurers		5 000	6 480
Insurance payable	6	1 138	5 073
Other liabilities	4	7 142	2 607
Deferred income and taxes		1 479	1 000
		<u>25 752</u>	<u>27 452</u>
Total Liabilities			
Liaison account with Head Office	7	<u>14 749</u>	<u>17 460</u>
Total Liabilities and Capital			
		<u>40 501</u>	<u>44 912</u>

See accompanying notes to financial statements

Income Statement

(Expressed in thousands of Swiss Francs)

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Gross premium written		46 384	46 518
Premium ceded to reinsurers		-23 234	-23 559
Net premiums written		23 150	22 959
Change in unearned premiums – gross		1 711	166
Change in unearned premiums – ceded		-740	183
Change in unearned premiums		971	349
Net premiums earned		24 121	23 308
Other technical income		0	0
Total technical income		24 121	23 308
Gross claims and claim expenses paid		-39 894	-32 624
Reinsurer's share of claims and claim expenses paid		19 176	15 877
Change in technical provisions		-444	-1 072
Change in reinsurer's share of technical provisions		178	515
Net claims and claim expenses incurred		-20 984	-17 304
Gross acquisition costs		-4 842	-4 835
Reinsurer's share of acquisition costs		6 597	6 372
General and administrative expenses		-7 612	-7 210
Net acquisition costs and general and administrative expenses		-5 857	-5 673
Other technical expense		-98	-20
Total technical expense		-26 939	-22 997
Technical result		-2 818	311
Investment income	8	356	371
Investment expense	8	-720	-635
Net investment income		-364	-264
Operating result		-3 182	47
Other income		0	1 390
Other expense		-1 906	0
(Loss) / profit before tax		-5 088	1 437
Tax benefit / (expense)		12	-17
(Loss) / profit after tax		-5 076	1 420

See accompanying notes to financial statements

1. Basis of preparation

The annual financial statements have been prepared in accordance with the provisions on commercial accounting of the Swiss Code of Obligations (CO) (Art. 957-963b OR). Apart from the Swiss Code of Obligations, the provisions of the Swiss Ordinance on the Supervision of Private Insurance Companies (Art. 5a ISO-FINMA including Appendix) have been applied.

2. Accounting principles

The Company's accounting principles are in line with those prescribed by the CO and ISO-FINMA. They are consistent with those applied in the previous year. The accounting and valuation principles applied for the main balance sheet items are as follows:

(a) Foreign Currency

(i) Functional and presentation currency

The Company's functional and presentation currency is the Swiss Franc.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Income Statement within Other income/Other expense.

(b) Investments

Fixed interest securities are valued at amortized cost less required impairments.

(c) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at nominal value.

(d) Insurance receivable

Insurance receivable balances are recognized when due and recorded net of commissions, brokerage, premium taxes and other levies on premium, unless the contract specifies otherwise, and are booked at nominal value. These balances are reviewed for impairment, with any impairment losses recognized as an expense in the period in which it is determined.

(e) Technical provisions

Technical provisions comprise unearned premium reserves, outstanding losses, and loss expense reserves. Outstanding losses comprise estimates of the amount of reported losses and loss expenses received from the ceding insurance companies plus a provision for losses incurred but not reported ("IBNR"). The IBNR provision is estimated by management based on reports from industry sources, including initial estimates of aggregate industry losses, individual loss estimates received from ceding companies and brokers, output from commercially available catastrophe loss models and actuarial analysis using historical data available to the Company on the business assumed together with industry data.

Unearned premium reserves are earned over the period of exposure to risk of the underlying contract.

*(Expressed in thousands of Swiss Francs)***2. Accounting principles continued***(f) Non- technical provisions*

According to the Swiss CO prudency principle, unrealized foreign gains are recognized within provisions in the balance sheet whereas unrealized losses are recognized within the profit and loss account.

3. Insurance receivable

Insurance receivable comprise of the following:

	2023			2022		
	<u>Third Party</u>	<u>Group Companies</u>	<u>Total</u>	<u>Third Party</u>	<u>Group Companies</u>	<u>Total</u>
Receivables from policyholders	2 054	0	2 054	4 367	0	4 367
Receivables from brokers	119	0	119	161	0	161
Receivables from insurance companies	492	208	700	1 312	957	2 269
	<u>2 665</u>	<u>208</u>	<u>2 873</u>	<u>5 840</u>	<u>957</u>	<u>6 797</u>

4. Other receivables and other liabilities

Cigna has implemented a process to minimize the CEIC Swiss Branch exposure to FX volatility as a result of carrying non-functional Net Asset Value profiles. The key component of this is managing non-tied asset cash as an offset lever with the resulting impacts being on the other liabilities and the capital liaison account.

Other Liabilities also includes balances due to other Cigna group companies as follows:

	2023	2022
Cigna Health and Life Insurance Company	-96	-96
Cigna European Services UK Ltd	-565	-402
Cigna Insurance Middle East	-229	-130
Cigna Life Insurance Company of Europe S.A.-N.V.	804	322
Cigna European Insurance Company S.A.-N.V.	5	44
Cigna Global Insurance Company Ltd. (Guernsey)	3	17
Cigna Worldwide General Insurance Company	1	0
Cigna International Health Services	-60	-53
Cigna Chestnut Holdings Ltd	7	6
	<u>-130</u>	<u>-292</u>

*(Expressed in thousands of Swiss Francs)***5. Technical provisions**

Technical provisions comprise of the following:

	2023			2022		
	<u>Gross</u>	<u>Ceded</u>	<u>Net</u>	<u>Gross</u>	<u>Ceded</u>	<u>Net</u>
Unearned premiums	463	268	195	2 174	1 008	1 166
Reported losses and loss expenses	573	199	374	413	155	258
Incurred but not reported losses	9 957	4 978	4 979	9 673	4 843	4 830
	10 993	5 445	5 548	12 260	6 006	6 254

Changes in technical provisions included as part of net claims and claim expenses incurred in the income statement for the year 2023 were related to changes in outstanding losses and loss expense reserves only.

6. Insurance payable

Insurance payables comprise of the following:

	2023			2022		
	<u>Third Party</u>	<u>Group Companies</u>	<u>Total</u>	<u>Third Party</u>	<u>Group Companies</u>	<u>Total</u>
Payables to policyholders	945	0	945	4 777	0	4 777
Payables to brokers	103	67	170	149	101	251
Payables to insurance companies	16	7	23	43	3	46
	1 064	74	1 138	4 969	104	5 073

7. Capital

	2023	2022	%
Opening Balance	17 460	7 596	+130%
Cash Inflow – Contributions from Head Office	25 152	25 307	-1%
Cash Outflow – Contributions to Head Office	-22 791	-16 857	+35%
Other Movements	4	-6	-183%
Result of the year	-5 076	1 420	-458%
Closing Balance	14 749	17 460	-16%

*(Expressed in thousands of Swiss Francs)***8. Investment income and expense**

	2023		2022	
	Fixed Interest Securities	Interest on Other Investments	Fixed Interest Securities	Interest on Other Investments
Investment income	283	0	354	0
Appreciation	73	0	17	0
Realized gains	0	0	0	0
Total investment income	356	0	371	0
Investment expense	0	-670	0	-560
Depreciation	-50	0	-75	0
Realized losses	0	0	0	0
Total investment expense	-50	-670	-75	-560

9. Restricted assets and commitments***Restricted assets***

Further than the Tied Assets there are no other restricted assets.

Commitments

No letters of credit, no commitments, no contingent liabilities, no guarantees, no pledged assets, and no collaterals have been issued.

10. Full-time equivalents

The average number of full-time equivalents for the year ended 31 December 2023 was 4 (2022: 4)

11. Subsequent events

The Company has completed its subsequent events evaluation for the period subsequent to the balance sheet date of December 31, 2023, through April 23, 2024, the date the financial statements were authorized for issue. There were no subsequent events that would warrant an adjustment to the financial statements.



Claudia Lioi

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Cigna Europe Insurance Company S.A.-N.V., Antwerp, Zurich Branch