

**LIBERTY MUTUAL INSURANCE  
EUROPE SOCIETAS  
EUROPAEA, ZURICH BRANCH**

**FINANCIAL CONDITION REPORT**

**As at 31st December 2025**

## Contents

<b>GENERAL MANAGER'S STATEMENT</b> .....	3
<b>MANAGER'S SUMMARY</b> .....	4
<b>SECTION A - BUSINESS ACTIVITIES</b> .....	9
<b>SECTION A. 1 – Strategy, objectives and key business segments</b> .....	9
<b>SECTION A. 2 – Group information and group related transactions</b> .....	10
<b>SECTION A. 3 – Shareholder information</b> .....	10
<b>SECTION A. 4 – Major Branches</b> .....	11
<b>SECTION A. 5 – External auditor</b> .....	11
<b>SECTION A. 6 – Significant unusual events</b> .....	12
<b>SECTION B – BUSINESS PERFORMANCE</b> .....	12
<b>SECTION B. 1 – Underwriting performance</b> .....	12
<b>SECTION B. 2 – Financial performance</b> .....	14
<b>SECTION B. 3 – Prior year correction</b> .....	14
<b>GLOSSARY OF TERMS</b> .....	15
<b>APPENDIX A – Quantitative template</b> .....	16
<b>APPENDIX B – Auditor's report</b> .....	17
<b>APPENDIX C – Branch annual report</b> .....	20

## GENERAL MANAGER'S STATEMENT

The General Manager acknowledges their responsibility for ensuring that this Financial Condition Report has been properly prepared in all material respects in accordance with Swiss Financial Market Supervisory Authority regulations ('FINMA' regulations). The General Manager is satisfied that:

- a) Throughout the financial year disclosed in this report, the Branch has complied in all material respects with the requirements of the FINMA regulations as applicable to the Branch; and
- b) It is reasonable to believe that, at the date of the publication of this report, the Branch has continued to comply, and will continue to comply in the future.

This report was reviewed and approved by Markus Hefel, General Manager Switzerland, on 30<sup>th</sup> April 2026.

*Markus Hefel*

---

Markus Hefel

General Manager Insurance LSM Switzerland

30<sup>th</sup> April 2026

# MANAGER'S SUMMARY

## Introduction

This report addresses the disclosure requirements set out in the FINMA regulations, set out in Circular 2016/02, applicable to Swiss branches of foreign insurance companies.

This report should be read in conjunction with the following documents:

- Liberty Mutual Insurance Europe Societas Europaea, Zurich Branch ('the Branch' or 'LMIE Zurich') audited financial statements for the year ended 31 December 2025 disclosed in Appendix C.
- The Solvency Financial Condition Report (SFCR) published by the head office, Liberty Mutual Insurance Europe Societas Europaea ('LMIE' or 'Company'). A copy of the full document will be forwarded to FINMA and will be published on the firm's website in accordance with the European Insurance and Occupational Pensions Authority (EIOPA) regulation.

The current SFCR can be accessed through this link to the LMIE website:

<https://www.libertyspecialtymarkets.com/investor-relations>

Unless otherwise stated, all amounts in this report are presented in Swiss Francs (CHF), which is the reporting currency of the Branch.

## Business activities

LMIE Zurich is a branch of LMIE. Its principal place of business is Nüscherstrasse 1, 8001 Zürich, Switzerland.

LMIE Zurich is a key part of LMIE's European region's operations and is a key growth market, expressed by the European Growth Strategy. The Branch's key products include financial lines, commercial liability lines (general liability, professional indemnity), fine art and specie, and commercial crime. Our product range is supplemented by insurance products from the areas of cyber, contingency, construction, property damage (PD) and business interruption (BI) for selected industries etc.

## Business performance

The following table sets out the key elements of LMIE Zurich's financial performance in 2025.

CHF'000	2025	2024	Variance	%
Gross written premiums	110,147	100,922	9,225	9%
Net earned premiums	25,492	25,901	(409)	(2%)
Net claims incurred (excluding change in equalisation reserve)	(26,253)	(359)	(25,894)	7213%
Change in equalisation reserve	(2,755)	(1,827)	(928)	51%
Net acquisition and administration expenses	(12,646)	(8,518)	(4,128)	48%
<b>Underwriting result</b>	<b>(16,162)</b>	<b>15,197</b>	<b>(31,359)</b>	<b>(206%)</b>
Net Claims ratio (excluding change in equalisation reserve)	103%	1%		102%
Net Expense ratio	50%	33%		17%
Net Combined ratio	153%	34%		118%

LMIE Zurich continued to grow business during the year ended 31 December 2025 despite the challenges of the market environment.

Please refer to Section B of this report and the LMIE Zurich Annual Report for further details of the branch's performance.

## **Corporate Governance**

The Corporate Governance Framework detailed in the SFCR for LMIE applies to the operations of LMIE Zurich, notably the Board of Directors, and the activities of the key Board and Management Committees. An appointed individual, the General Manager, based in Zurich has lead responsibility for the day to day management of LMIE Zurich with reporting lines to the LMIE General Manager.

In addition, LMIE Zurich has a local branch management committee to assist the General Manager to fulfil his responsibilities in relation to running the business. The duties of the Committee are as set out below:

- Implementing the LMIE risk management and internal controls framework to meet the requirements both of LMIE Zurich and LMIE;
- Monitoring the financial, operational and underwriting performance of the branch against targets, objectives and key performance indicators set by the boards;
- Monitoring the performance of processes and controls operating both at the branch level, and at the LMIE level on behalf of the branch;
- Where functions are performed by LMIE on behalf of the branch, ensuring that sufficient and appropriate Management Information (MI) is provided to allow monitoring of these, and that agreed actions are monitored and resolved;
- Reviewing the section of the LMIE ORSA (Own Risk and Solvency Assessment) that applies to the branch;
- Reviewing compliance with applicable legal and regulatory requirements and LMIE protocols; and
- Approving and monitoring policies and procedures applicable to the branch.

## **Risk Management**

LMIE Zurich has implemented the LMIE Risk Management Framework (RMF) and the LMIE Internal Control Framework (ICF) (referred to in the LMIE SFCR), which is applicable to all LMIE operations. We consider these frameworks to have general application across all branches, although specific branch Risk Management considerations are noted where relevant.

As part of the annual LMIE ORSA report, a specific section is also prepared in respect of LMIE Zurich. This covers Zurich-specific considerations including risks and controls to the extent that they differ from the overall LMIE profile – captured by a separate branch controls register – the activities of the LMIE Zurich Management Committee, risk quantification and the level of tied assets.

The Board does not foresee a significant impact on the risk profile of LMIE from the operations of LMIE Zurich. As described above, a separate control register is in place to monitor and oversee the control framework of LMIE Zurich.

## Principal risks and uncertainties

A fully defined risk taxonomy allows the Company to identify, assess, mitigate, monitor and report the risks that may have an adverse impact on the achievement of business objectives. Managing risk effectively enables both opportunities for upside gains and limiting downside losses.

The Company has divided its risk exposures into high-level risk categories to enable the Risk Management Framework (RMF) to be focused on the most significant risks that impact on business objectives. These categories also help to provide an aggregated and holistic view of the Company risk profile.

### Insurance risk

Insurance risk is defined as the risk of a change in value caused by ultimate costs for full contractual obligations varying from those assumed when the obligations were estimated.

The actual performance of insurance contracts is subject to the inherent uncertainty in the occurrence, timing and amount of the final insurance liabilities.

Insurance risk incorporates Premium Risk and Reserve Risk. Premium Risk is the variation of underwriting results from plan for reasons other than operational or insurance counterparty risk. This is influenced by the frequency and severity of claims events. Reserve risk is the variation in policyholder reserves for prior accident years required for reasons other than operational or insurance counterparty risk. This is influenced by uncertainty in the notification of claims and value of claims paid.

Premium risk is mitigated through a diversified business plan operating within Board risk appetites and supported through the Company's control environment, including underwriting controls. Reinsurance is utilised to mitigate against exposure to individual and correlated events.

Reserve risk is managed within the Board risk appetite and is mitigated through strong control mechanisms as well as detailed analysis and benchmarking exercises reviewed by Legal Entity Committees and Board Committees.

### Market Risk

Market risk is the risk of realised or unrealised investment losses or adverse net asset movements resulting from factors that affect the invested assets or insurance liabilities, including economic and financial variables. Market risk is subcategorised into asset-liability management risk (relating to mismatches in asset-liability currency mix and/or interest rate duration) and investment risk (which includes credit risk, spread risk, equity risk, property risk, concentration risk, alternative asset risk, illiquid asset pricing risk and inflation risk).

Market risk exposures are managed within the Company's Board Risk Appetite Statements and supported through the Company's control environment.

### Liquidity Risk

Liquidity risk defined as the risk of the Company being unable to meet its financial obligations as they fall due, as a result of the insufficient liquid resources.

Liquidity risk exposures are managed within the Company's Board Risk Appetite Statements and supported through the Company's control environment.

### Credit risk

Credit risk is defined as the risk of loss or adverse financial impact resulting from a counterparty's inability to meet its contractual debt obligations. Credit Risk is split into Reinsurer Credit Risk and Broker, Delegated Authority & Insured Credit risk.

Credit risk is mitigated through controls encompassing due diligence and continued monitoring to ensure the appropriate selection of counterparties, and Company's Board Risk Appetite Statements to prevent inappropriate credit risk concentrations.

### Operational risk

Operational risk is the risk of loss to the Company resulting from the inadequate or failed internal processes, people and systems, or from external events. This includes cyber and security issues, and risks arising from outsourced functions as well as legal and non-dispute risks.

Operational risk is managed within the Company's Board Risk Appetite Statements and mitigated through the use of the three lines of defence model in conjunction with a system of documented, monitored and tested internal controls. The model aims to provide clarity over roles and responsibilities within the Company, ensuring that all key risk activities are managed effectively.

### Strategic risk (including Group Risk)

Strategic risk is the risk of loss to the Company arising from key business and strategic decisions and their execution, improper implementation of decisions or lack of responsiveness to industry changes. This includes Group risk whereby activities and decisions taking place in the wider Group could negatively impact LMIE.

LMIE minimises its exposure to strategic risk through the achievement of its Strategic Risk Objectives. Strategic risk is mitigated through the development and implementation of the Company's strategy, business plan, monitoring of the Group's financial strength and supported through the Company's control environment.

### Sustainability risk (including Climate Change)

Sustainability risks, which consider environmental, social and governance risks, affect the Company's relationship with external stakeholders. Failure to address sustainability factors may lead to reputational damage, loss of trust with customers, and regulatory and financial interventions. Integrating Sustainability across business and operations functions is an important part of the strategy.

Sustainability risk, which includes climate change risk, impacts several risk areas across the Company and as such it is being mitigated through the existing Risk Management Framework.

Climate Change risk is defined as the risks posed to LMIE's business plan, strategy, and people as a result of the accelerated warming of the Earth's atmosphere. Risks are expected to materialise over an extended timeline. Analyzing external dynamics is essential for understanding short-, medium- and long-term risks and opportunities. It is also important to consider the strengths and limitations of the tools and models in place today and acknowledge that defining stringent time horizons for climate risks, while helpful, requires a flexible approach that allows for the integration of evolving views. Given the unique characteristics of physical and transition risks, we assess each using different models and time horizons. For physical risk, the time horizons are short-term (0-10yrs), medium-term (10-25yrs) and long-term (25yrs+). For transition risks, the

time horizons are short-term (0-5yrs), medium-term (5-15yrs) and long-term (15+yrs). In assessing how climate-related risks affect the six key risk categories, Liberty Mutual Group is aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and considers physical and transition risks as key drivers of financial impact for climate-related risks. In addition, given the potential financial impacts for property and casualty insurers, we view climate-related litigation as a separate driver.

- Physical risks: resulting from climate change can be event driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks may have financial implications for organizations, such as direct damage to assets and indirect impacts from supply chain disruption. Organizations' financial performance may also be affected by changes in water availability, sourcing, and quality; food security; and extreme temperature changes affecting organizations' premises, operations, supply chain, transport needs, and employee safety.
- Transition risks: transitioning to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organizations.
- Litigation risks: from claims, lawsuits, or other legal disputes that may arise from or relate to a party's alleged contribution to climate change; a party's alleged failure to prepare for, respond, or adapt to physical, legal, economic, or social consequences of climate change; laws, regulations, and legal duties related to climate change.

Work continues towards meeting Greenhouse Gas (GHG) emissions reductions commitments to reduce Scope 1 and 2 emissions by 50% by 2030 (from 2019 levels). In 2024, we achieved a 20% reduction from 2023 levels, resulting in a cumulative 56% reduction from the 2019 baseline, achieving the 50% reduction in Scope 1 and 2 emissions targets ahead of schedule. We will continue to contribute towards a low-carbon future as we aim to further reduce Scope 1 and Scope 2 emissions by 65% from 2019 levels to 2030. In addition, we have a Net Zero 2050 target for UK operations. Please see our Carbon Reduction Plan for further information.

Climate risk exposures are managed within the Board risk appetites and supported through the Company's control environment. To assist in the management of sustainability risks (including climate change), governance structures, thresholds and guidelines are in place.

## **Other significant events during the reporting period and up to the date of the report**

### **Macroeconomic and geopolitical challenges**

Throughout 2025, the macroeconomic and geopolitical environments have remained volatile and complex. Key areas of focus included events in the Middle East, the Russia/Ukraine conflict, China/Taiwan tensions, and the recent US policy agenda.

The Board has considered the recent escalation of hostilities in the Middle East / Iran conflict and the potential implications for LMIE. Management has reviewed underwriting exposures, reinsurance protections, liquidity and capital resources. At the reporting date, underwriting exposures remain within LMIE's approved risk appetites and tolerances.

Risk Management continues to monitor developments and potential implications to the Company in accordance with LMIE Risk Management Framework.

### Valuation for solvency purposes

The assets and liabilities of the Branch are valued in accordance with the accounting and valuation principles, specified by the Code of Obligations. Valuation principles not specified in the Code of Obligations are listed in the Liberty Mutual Insurance Europe Limited Zurich Branch Annual Report and Financial Statements.

### Capital position

Throughout 2025, the Zurich Branch Management Committee has monitored the tied assets of LMIE Zurich (as defined by Insurance Supervision Ordinance Articles 74 and 79), which have been adequately covered during 2025. As at 31st December 2025 the solvency position of LMIE Zurich is:

<b>CHF'000</b>	<b>2025</b>	<b>2024</b>
Total available capital	417,906	359,294
Total required capital	266,764	228,133
Capital surplus	151,142	131,161
<b>Capital Coverage Ratio</b>	<b>157%</b>	<b>158%</b>

LMIE Zurich had capital injections totalling CHF 67.5m during the year, resulting in a solvency coverage ratio of 157% while ensuring that its technical provisions are always covered and in compliance with regulatory standards. These results are consistent with the business strategy of the Branch and maintains sufficient capacity for growth in its portfolio. The injections were invested as term deposits which benefitted from higher interest rates in current economic conditions. All capital are held in cash and term deposits.

At the level of LMIE, the company has a solvency capital ratio of 292% from a Solvency II perspective. Given the above actions over the course of 2025, there is appropriate headroom in capital to support the business across the next 12 months.

## SECTION A - BUSINESS ACTIVITIES

### SECTION A. 1 – Strategy, objectives and key business segments

LMIE Zurich is a key part of LMIE’s European region’s operations and is a key growth market, expressed by the European Growth Strategy. The Branch’s key products include financial lines, commercial liability lines (general liability, professional indemnity), fine art and specie, and commercial crime. Our product range is supplemented by insurance products from the areas of cyber, contingency, construction, property damage (PD) and business interruption (BI) for selected industries etc.

LMIE Zurich’s objective is to grow its market presence through strong technical underwriting, disciplined growth in target lines, and maintaining a combined ratio that is in line with the business plan.

## **SECTION A. 2 – Group information and group related transactions**

### **A.2.1 Group information**

Liberty Mutual Insurance Europe Societas Europaea (LMIE SE) is a regulated insurance company incorporated in Luxembourg (Registration number B232280 (Registre de Commerce et des Sociétés). The ultimate parent company is LMHC, 175 Berkeley Street, Boston, Massachusetts 02116, U.S.A., a company incorporated in the U.S.A. The smallest higher group of companies for which group accounts are drawn up and of which this Company is a member is Liberty International Holdings Incorporated, a company incorporated and registered in the U.S.A.

The immediate parent company is LSMH, a company registered in Luxembourg.

Copies of the group accounts of LMHC are available from the ultimate parent companies' registered office, 175 Berkeley Street, Boston, Massachusetts 02116, U.S.A.

At the global level, the Group supervision is undertaken by the Division of Insurance of the Commonwealth of Massachusetts, located in 1000 Washington Street, 8th Floor, Boston, MA 02118, US.

The Commissariat Aux Assurances is responsible for the prudential supervision of LMIE and based at:

*Commissariat Aux Assurances  
11, rue Robert Stumper,  
L-2557 Luxembourg*

### **A.2.2 Group related transactions**

The Branch actively monitors all related party transactions. Transactions with related parties are recorded at arm's length.

The LMIE head office provides services to the LMIE Zurich Branch for a variety of support functions, which are governed through an Insourcing Memorandums of Understanding ("MOU"). Service performance and compliance with MOU requirements is monitored by the LMIE Management Committee and the LMIE Switzerland Branch Management Committee, as applicable.

Liberty Specialty Markets Europe Sarl (LSME) is the in-house coverholder and continues underwriting on behalf of LMIE from its branches throughout Europe. LSME employs all the European employees, and it charges commission to LMIE Zurich for insurance intermediary services which is recognised through the income statement for the current year in line with LMIE Zurich accounting policies.

## **SECTION A. 3 – Shareholder information**

LMIE Zurich is a branch of LMIE and as such, LMIE owns all capital rights of LMIE Zurich. LMIE is wholly owned by Liberty Mutual Group Incorporated, a diversified global insurer.

## SECTION A. 4 – Major Branches

LMIE Zurich belongs to the international branch network of LMIE. From 1 March 2019, LMIE operates from Luxembourg and through a branch structure in the UK and in mainland Europe. In addition to the Zurich branch, LMIE also has branches in the United Kingdom, Belgium, France, Germany, Ireland, Italy, the Netherlands, Norway, Sweden and Spain.

Liberty Mutual Insurance Europe SE – Organisational Chart 26 January 2026



The following is a summarised organisation structure showing LMIE’s positioning\* within the overall Liberty group structure.

Liberty Mutual Holding Company Inc is a mutual holding organized under the laws of the Commonwealth of Massachusetts, and is the ultimate parent of Liberty Insurance Europe SE. The company has over 2.5 million members as of January 26, 2026 and no one member holds voting membership interest greater than 5% of the Company. There are no such private person(s) who are able to control the Company because of special rights from agreements between the Company and such person(s) (e.g. trust agreement, shareholders’ agreement etc.).

\*Unless otherwise stated ownership is 100%.

## SECTION A. 5 – External auditor

In accordance with Article 28 of the Insurance Supervision Act, the Branch has appointed Ernst & Young Ltd (‘EY’) as statutory auditor. The main auditor in charge is Armin Imoberdorf and Pascal Nikles based at:

*Ernst & Young Ltd  
 Maagplatz 1  
 8010 Zurich  
 Switzerland*

## SECTION A. 6 – Significant unusual events

There have been no significant events that have an impact on LMIE Zurich specifically.

## SECTION B – BUSINESS PERFORMANCE

### SECTION B. 1 – Underwriting performance

The table below provides key performance indicators for the Branch:

CHF'000	2025	2024	Variance	%
Gross written premiums	110,147	100,922	9,225	9%
Net earned premiums	25,492	25,901	(409)	(2%)
Net claims incurred (excluding change in equalisation reserve)	(26,253)	(359)	(25,894)	7213%
Change in equalisation reserve	(2,755)	(1,827)	(928)	51%
Net acquisition and administration expenses	(12,646)	(8,518)	(4,128)	48%
<b>Underwriting result</b>	<b>(16,162)</b>	<b>15,197</b>	<b>(31,359)</b>	<b>206%</b>
Net Claims ratio (excluding change in equalisation reserve)	103%	1%		102%
Net Expense ratio	30%	33%		17%
Net Combined ratio	153%	34%		118%

LMIE Zurich generated CHF 110,147k of gross written premium compared to CHF 100,922k in 2024 with continued strong performance in challenging market conditions. This represents an increase of 9% as LMIE Zurich continues to grow its business in line with LMIE's strategy. The underwriting result decreased to CHF (16,162)k, down from CHF 15,197k in 2024, while the Combined ratio increased to 153%. This deterioration was primarily driven by an increase in the loss ratio, which increased to 103%.

Net claims incurred increased by CHF 25,894k, driven by a combination of strengthening and unfavourable development of prior year reserves across the portfolio. This was compounded by the regular provisioning coming from the continued growth of the portfolio. New business has resulted in an increase in the equalisation reserve which further contributes to the overall negative underwriting result.

Liberty Specialty Markets Europe Sarl (LSME) is the in-house coverholder and continues underwriting on behalf of LMIE from its branches throughout Europe. LSME employs all the European employees, and it charges commission to LMIE Zurich for insurance intermediary services which is recognised through the income statement for the current year in line with LMIE Zurich accounting policies.

The following table provides performance of the Branch by statutory lines of business.

## Year Ended 31 December 2025

CHF'000	Accident	Transport	Fire, natural hazards, property damage	General third- party liability	Other branches	Total
Gross premiums	72	3,937	15,546	75,043	15,549	110,147
<b>Net Earned Premiums</b>	<b>34</b>	<b>1,477</b>	<b>4,664</b>	<b>16,544</b>	<b>2,773</b>	<b>25,492</b>
Payments for insurance claims (gross)	(83)	(1,464)	(6,238)	(10,861)	(9,858)	(28,504)
Reinsurers' share of payments for insurance claims	296	316	1,673	5,074	6,894	14,252
Change in technical provisions	445	(1,238)	4,595	(35,254)	5,822	(25,631)
Reinsurers' share of change in technical provisions	(661)	873	(277)	17,362	(6,422)	10,875
<b>Net Claims Incurred</b>	<b>(2)</b>	<b>(1,513)</b>	<b>(248)</b>	<b>(23,679)</b>	<b>(3,564)</b>	<b>(29,007)</b>
<b>Net Acquisition and administration expenses</b>	<b>(3)</b>	<b>(754)</b>	<b>(2,504)</b>	<b>(7,718)</b>	<b>(1,667)</b>	<b>(12,646)</b>
<b>Underwriting result</b>	<b>29</b>	<b>(790)</b>	<b>1,911</b>	<b>(14,853)</b>	<b>(2,459)</b>	<b>(16,162)</b>

## Year ended 31 December 2024

CHF'000	Accident	Transport	Fire, natural hazards, property damage	General third- party liability	Other branches	Total
Gross premiums	1,574	3,530	11,980	72,056	11,782	100,922
<b>Net earned premiums</b>	<b>610</b>	<b>1,309</b>	<b>4,178</b>	<b>16,756</b>	<b>3,047</b>	<b>25,901</b>
Payments for insurance claims (gross)	(513)	(1,283)	(3,627)	(37,267)	(7,024)	(49,715)
Reinsurers' share of payments for insurance claims	512	1,301	4,438	26,059	5,845	38,156
Change in technical provisions	(786)	(399)	(4,659)	18,820	2,023	14,999
Reinsurers share of change in technical provisions	237	(645)	574	(5,449)	(343)	(5,626)
<b>Net claims incurred</b>	<b>(550)</b>	<b>(1,026)</b>	<b>(3,274)</b>	<b>2,163</b>	<b>502</b>	<b>(2,186)</b>
<b>Net acquisition and administration expenses</b>	<b>(179)</b>	<b>(481)</b>	<b>(1,708)</b>	<b>(5,060)</b>	<b>(1,090)</b>	<b>(8,518)</b>
<b>Underwriting result</b>	<b>(119)</b>	<b>(198)</b>	<b>(804)</b>	<b>13,859</b>	<b>2,459</b>	<b>15,197</b>

## SECTION B. 2 – Financial performance

For 2025, LMIE Zurich received an allocation of CHF 3,287k (2024: CHF 2,453k) in accordance with the Company's transfer pricing policy. LMIE saw an uplift in investment income largely driven by higher income from maturing assets being reinvested into higher yielding bonds, along with increasing bond yields during the year. This income is classified in Other Income in the Income Statement of the financial statements.

The Company had CHF 15,450k of foreign exchange gains (2024: CHF 5,986k foreign exchange losses).

The Branch's primary financial assets consist of cash and bank deposits of CHF 405,904k (2024: CHF 380,506 k).

## SECTION B. 3 – Prior year correction

The prior year correction relates to the result of policies with a Swiss location exposure that were not previously reported. These policies were underwritten in previous years, and the breakdown below represents their cumulative impact up till 31 December 2024. This is a non-recurring adjustment recognised in the current period. All associated earning and loss developments in 2025 have been reported in the regular profit and loss line items.

### Year Ended 31 December 2024

CHF'000	Transport	Fire, natural hazards, property damage	General third- party liability	Other branches	Total
Gross premiums	209	10	13,520	243	13,982
<b>Net Earned Premiums</b>	<b>78</b>	<b>4</b>	<b>4,529</b>	<b>84</b>	<b>4,695</b>
Change in technical provisions	50	28	(8,514)	48	(8,388)
Reinsurers' share of change in technical provisions	(155)	(14)	1,080	(18)	893
<b>Net Claims Incurred</b>	<b>(105)</b>	<b>14</b>	<b>(7,434)</b>	<b>31</b>	<b>(7,494)</b>
<b>Net Acquisition and administration expenses</b>	<b>(31)</b>	<b>(2)</b>	<b>(2,000)</b>	<b>(32)</b>	<b>(2,065)</b>
<b>Underwriting result</b>	<b>(58)</b>	<b>16</b>	<b>(4,905)</b>	<b>83</b>	<b>(4,864)</b>

## GLOSSARY OF TERMS

Reference	Description
ASF	Autoridade de Supervisao de Seguros e Fundos et Pensiones
CBI	Central Bank of Ireland
CFO	Chief Financial Officer
CAA	Commissariat Aux Assurances
DGSFP	Direccion General de Seguros
D&O	Directors & Officers
ESG	Environmental, Social and Governance
EIOPA	European Insurance and Occupational Pensions Authority
GRS	Global Risk Solutions
LIEH	Liberty International European Holdings, S.L.U.
LMHC	Liberty Mutual Holding Company Inc.
'LMIE' or 'Company'	Liberty Mutual Insurance Europe Societas Europaea
'LMIE Zurich' or 'the Branch'	Liberty Mutual Insurance Europe Societas Europaea, Zurich Branch
LMRe	Liberty Mutual Reinsurance
LSM	Liberty Specialty Markets
LSMH	Liberty Specialty Markets Holdco S.L.U
LSME	Liberty Specialty Markets Europe Sarl
LMG	Liberty Mutual Group
ICF	LMIE Internal Control Framework
MOU	Memorandum of Understanding
NAV	Net Asset Value
Own Risk and Solvency Assessment	ORSA
RMF	Risk Management Framework
FINMA	Swiss Financial Market Supervisory Authority
CHF	Swiss Francs
TCFD	Task Force on Climate-related Financial Disclosures
SFCR	The Solvency Financial Condition Report



To the General Manager of  
Liberty Mutual Insurance Europe SE,  
Leudelange, Zurich Branch  
Zurich

Zurich, 30 April 2026

## Report of the independent auditor



### Opinion

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

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



### Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### Other information

The General Manager is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



### **Responsibilities of the General Manager for the financial statements**

The General Manager is responsible for the preparation of financial statements in accordance with the financial reporting provisions of Section 3.1 of Chapter 3 of the FINMA directive and for such internal control as the General Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the General Manager is responsible for assessing the 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 General Manager either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



### **Auditor's responsibilities for the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, SA-CH and the provisions according to the supplementary information in the comprehensive report on the audit of insurance companies will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and the SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 General Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

We communicate with the General Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Ernst & Young Ltd



Pascal Nikles  
(Qualified Signature)

Licensed audit expert  
(Lead Auditor)



Blaise Wägli  
(Qualified Signature)

Licensed audit expert

**Enclosures**

- Financial statements of Liberty Mutual Insurance Europe SE, Leudelange, Zurich Branch consisting of the balance sheet as at 31 December 2025, the income statement and the notes

# **Liberty Mutual Insurance Europe Societas Europaea**

**Zurich Branch**

Annual Report and Financial Statements  
31 December 2025

# Contents

---

	<b>Page</b>
Directors and Administration	3
Management Report	4-8
Income Statement	9
Balance Sheet	10
Notes to the Financial Statements	11-15

## Directors and Administration

### Directors

Nigel Davenport	Non-Executive Director (resigned 31 March 2026)
Pierre-Edouard Fraigneau	Executive Director
Fernand Grulms	Chairman and Independent Non-Executive Director
Pierre Hentgen	Independent Non-Executive Director
Martin Hudson	Independent Non-Executive Director (appointed 5 March 2025)
Virginie Lagrange	Independent Non-Executive Director
Christian Rola	Authorised General Manager and Executive Director

### Registered Office

Nüscherstrasse 1, Zurich 8001

### Branch Manager

Markus Hefel

### Registered Auditor

Ernst & Young Ltd  
Maagplatz 1  
P.O. Box  
CH-8010 Zurich

# Management Report

## For the year ended 31 December 2025

### Overview:

Liberty Mutual Insurance Europe Societas Europaea, Zurich Branch ("the Branch" or "LMIE Zurich") is a branch of Liberty Mutual Insurance Europe Societas Europaea ("LMIE" or "Company"). The immediate parent company is Liberty Specialty Markets HoldCo SLU (LSMH). The Company's ultimate parent company is Liberty Mutual Holding Company Inc. (hereinafter referred to as Liberty Mutual or LMHC). It is a diversified global insurer and one of the largest property and casualty insurers in the United States. Functionally, the two major business units of the Liberty Mutual Insurance group are Global Retail Markets (GRM) and Global Risk Solutions (GRS). The Company operates as part of the Liberty International Insurance (LII) and Liberty Mutual Reinsurance (LMRe) segments within the GRS business unit.

LMIE Zurich's principal place of business is Nüscherstrasse 1, Zurich 8001.

LMIE SE's Zurich Branch (LMIE Zurich) is a key part of LMIE's European region's operations and is a key growth market, expressed by the European Growth Strategy. LMIE Zurich key products include financial lines, commercial liability lines (general liability, professional indemnity), fine art and specie, and commercial crime. Our product range is supplemented by insurance products from the areas of cyber, contingency, construction, property damage (PD) and business interruption (BI) for selected industries etc.

LMIE Zurich's objective is to grow market presence through strong technical underwriting, disciplined growth in target lines, and maintaining a combined ratio that is within the Branch's risk appetite.

### Business performance:

LMIE Zurich continued to grow business during the year ended 31 December 2025 despite the challenges of the market environment. The table below provides key performance indicators:

CHF'000	2025	2024	Variance	%
Gross Written Premiums	110,147	100,922	9,225	9%
Net Earned Premiums	25,492	25,901	(409)	(2%)
Net Claims Incurred (excluding change in equalisation reserve)	(26,253)	(359)	(25,894)	7213%
Change in equalisation reserve	(2,755)	(1,827)	(928)	51%
Net Acquisition and administrative expenses	(12,646)	(8,518)	(4,128)	48%
<b>Underwriting result</b>	<b>(16,162)</b>	<b>15,197</b>	<b>(31,359)</b>	<b>(206%)</b>
Net Loss ratio (excluding change in equalisation reserve)	103%	1%		102%
Net Expense ratio	50%	33%		17%
Combined ratio	153%	34%		118%
Solvency coverage ratio	157%	158%		1%

LMIE Zurich generated CHF 110,147k of gross written premium compared to CHF 100,922k in 2024 with continued strong performance in challenging market conditions. This represents an increase of 9% as LMIE Zurich continues to grow its business in line with LMIE's strategy. The underwriting result decreased to CHF (16,162)k, down from CHF 15,197k in 2024, while the Combined ratio increased to 153%. This deterioration was primarily driven by an increase in the loss ratio, which increased to 103%.

Net claims incurred increased by CHF 25,894k, driven by a combination of strengthening and unfavourable development of prior year reserves across the portfolio. This was compounded by the regular provisioning coming from the continued growth of the portfolio. New business has resulted in an increase in the equalisation reserve which further contributes to the overall negative underwriting result.

# Management Report

For the year ended 31 December 2025

The Branch maintains regulatory capital coverage in line with its capital management framework. Following capital injections of CHF 67.5m (USD 85.2m) in 2025, the Solvency Ratio for LMIE Zurich stands at 157%, ensuring that its technical provisions are always covered and in compliance with regulatory standards while fully supporting the branch's business growth. These results are consistent with the business strategy of the Branch and maintains sufficient capacity for growth in its portfolio.

Liberty Specialty Markets Sarl (LSME) is the in-house coverholder and continues underwriting on behalf of LMIE from its branches throughout Europe. LSME employs all the European employees and it charges commission to LMIE Zurich for insurance intermediary services which is recognised through the income statement for the current year in line with LMIE Zurich accounting policies.

## The average annual number of full-time positions:

The Branch had no employees in 2025 (2024: nil). All Zurich staff are employed by LSME.

## Principal risks and uncertainties

A fully defined risk taxonomy allows the Company to identify, assess, mitigate, monitor and report on the risks that may have an adverse impact on the achievement of business objectives. Managing risk effectively enables both opportunities for upside gains and limiting downside losses.

The Company has classified its risk exposures into high-level risk categories to enable the Risk Management Framework (RMF) to be focused on the most significant risks that impact business objectives. These categories also help to provide an aggregated and holistic view of the Company risk profile.

### Insurance risk

Insurance risk is defined as the risk of a change in value caused by ultimate costs for full contractual obligations varying from those assumed when the obligations were estimated. The actual performance of insurance contracts is subject to the inherent uncertainty in the occurrence, timing and amount of the final insurance liabilities.

Insurance risk incorporates Premium Risk and Reserve Risk. Premium Risk is the variation of underwriting results from plan for reasons other than operational or insurance counterparty risk. This is influenced by the frequency and severity of claims events. Reserve risk is the variation in policyholder reserves for prior accident years required for reasons other than operational or insurance counterparty risk. This is influenced by uncertainty in the notification of claims and value of claims paid.

Premium risk is mitigated through a diversified business plan operating within Board risk appetites and supported through the Company's control environment, including underwriting controls. Reinsurance is utilised to mitigate against exposure to individual and correlated events.

Reserve risk is managed within the Board risk appetite and is mitigated through strong control mechanisms as well as detailed analysis and benchmarking exercises reviewed by Legal Entity Committees and Board Committees.

### Market risk

Market risk is the risk of realised or unrealised investment losses or adverse net asset movements resulting from factors that affect the invested assets or insurance liabilities, including economic and financial variables. Market risk is subcategorised into asset-liability management risk (relating to mismatches in asset-liability currency mix and/or interest rate duration) and investment risk (which includes credit risk, spread risk, equity risk, property risk, concentration risk, alternative asset risk, illiquid asset pricing risk and inflation risk).

Market risk exposures are managed within the Company's Board Risk Appetite Statements and supported through the Company's control environment.

# Management Report

## For the year ended 31 December 2025

### Liquidity risk

Liquidity risk defined as the risk of the Company being unable to meet its financial obligations as they fall due, as a result of the insufficient liquid resources.

Liquidity risk exposures are managed within the Company's Board Risk Appetite Statements and supported through the Company's control environment.

### Credit risk

Credit risk is defined as the risk of loss or adverse financial impact resulting from a counterparty's inability to meet its contractual debt obligations. Credit Risk is split into Reinsurer Credit Risk and Broker, Delegated Authority & Insured Credit risk.

Credit risk is mitigated through controls encompassing due diligence and continued monitoring to ensure the appropriate selection of counterparties, and Company's Board Risk Appetite Statements to prevent inappropriate credit risk concentrations.

### Operational risk

Operational risk is the risk of loss to the Company resulting from the inadequate or failed internal processes, people and systems, or from external events. This includes cyber and security issues, IT and risks arising from outsourced functions as well as legal and non-dispute risks.

Operational risk is managed within the Company's Board Risk Appetites and mitigated through the use of the three lines of defence model in conjunction with a system of documented, monitored and tested internal controls. The model aims to provide clarity over roles and responsibilities within the Company, ensuring that all key risk activities are managed effectively.

### Strategic risk (including Group risk)

Strategic risk is the risk of loss to the Company arising from key business and strategic decisions and their execution, improper implementation of decisions or lack of responsiveness to industry changes. This includes Group risk whereby activities and decisions taking place in the wider Group could negatively impact LMIE.

LMIE minimises its exposure to strategic risk through the achievement of its Strategic Risk Objectives. Strategic risk is mitigated through the development and implementation of the Company's strategy, business plan, monitoring of the Group's financial strength and supported through the Company's control environment.

### Sustainability risk (including Climate Change)

Sustainability risks, which consider environmental, social and governance risks, affect the Company's relationship with external stakeholders. Failure to address sustainability factors may lead to reputational damage, loss of trust with customers, and regulatory and financial interventions. Integrating Sustainability across business and operations functions is an important part of the strategy.

Sustainability risk, which includes climate change risk, impacts several risk areas across the Company and as such it is being mitigated through the existing Risk Management Framework.

Climate Change risk is defined as the risks posed to LMIE's business plan, strategy, and people as a result of the accelerated warming of the Earth's atmosphere. Risks are expected to materialise over an extended timeline. Analyzing external dynamics is essential for understanding short-, medium- and long-term risks and opportunities. It is also important to consider the strengths and limitations of the tools and models in place today and acknowledge that defining stringent time horizons for climate risks, while helpful, requires a flexible approach that allows for the integration of evolving views. Given the unique characteristics of physical and transition risks, we assess each using different models and time horizons. For physical risk, the time horizons are short-term (0-10yrs), medium-term (10-25yrs) and long-term (25yrs+). For transition risks, the time horizons are short-term (0-5yrs), medium-term (5-15yrs) and long-term (15+yrs). In assessing how climate-related risks affect the six key risk categories, Liberty Mutual Group is aligned with the recommendations of the Task Force on Climate-Related

# Management Report

For the year ended 31 December 2025

Financial Disclosures (TCFD) and considers physical and transition risks as key drivers of financial impact for climate-related risks. In addition, given the potential financial impacts for property and casualty insurers, we view climate-related litigation as a separate driver.

- Physical risks: resulting from climate change can be event driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks may have financial implications for organizations, such as direct damage to assets and indirect impacts from supply chain disruption. Organizations' financial performance may also be affected by changes in water availability, sourcing, and quality; food security; and extreme temperature changes affecting organizations' premises, operations, supply chain, transport needs, and employee safety.
- Transition risks: transitioning to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organizations.
- Litigation risks: from claims, lawsuits, or other legal disputes that may arise from or relate to a party's alleged contribution to climate change; a party's alleged failure to prepare for, respond, or adapt to physical, legal, economic, or social consequences of climate change; laws, regulations, and legal duties related to climate change.

Work continues towards meeting Greenhouse Gas (GHG) emissions reductions commitments to reduce Scope 1 and 2 emissions by 50% by 2030 (from 2019 levels). In 2024, we achieved a 20% reduction from 2023 levels, resulting in a cumulative 56% reduction from the 2019 baseline, achieving the 50% reduction in Scope 1 and 2 emissions targets ahead of schedule. We will continue to contribute towards a low-carbon future as we aim to further reduce Scope 1 and Scope 2 emissions by 65% from 2019 levels to 2030. In addition, we have a Net Zero 2050 target for UK operations. Please see our Carbon Reduction Plan for further information.

Climate risk exposures are managed within the Board risk appetites and supported through the Company's control environment. To assist in the management of sustainability risks (including climate change), governance structures, thresholds and guidelines are in place.

## Other significant events during the reporting period and up to the date of the report

### Macroeconomic and geopolitical challenges

Throughout 2025, the macroeconomic and geopolitical environments have remained volatile and complex. Key areas of focus included events in the Middle East, the Russia/Ukraine conflict, China/Taiwan tensions, and the recent US policy agenda.

The Board has considered the recent escalation of hostilities in the Middle East / Iran conflict and the potential implications for LMIE. Management has reviewed underwriting exposures, reinsurance protections, liquidity and capital resources. At the reporting date, underwriting exposures remain within LMIE's approved risk appetites and tolerances.

Risk Management continue to monitor developments and potential implications to the Company in accordance with LMIE Risk Management Framework.

### Going concern

The Financial Statements have been prepared on a going concern basis. In assessing whether the going concern basis is appropriate, the Directors have considered the information contained in the Financial Statements, the Company's latest business plan, and the Company's current solvency calculations. The Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements

# Management Report

For the year ended 31 December 2025

## Subsequent events and future developments

The Company is committed to supporting its clients and stakeholders throughout the market cycle. We aim to maximise opportunities in the Company market and still hold true to our ethos of delivering as a high performing, financial services company. Our commitment to helping people prosper and transition in a changing environment, remains steadfast.

The Company will continue to look for growth where opportunities and our risk appetite allows. We focus on profitability, supported by our enhanced data and analytics capability, and our attention to detail in maintaining a competitive expense ratio.

At a meeting held on 2 April 2026, the Board of Directors of LMIE declared a final dividend of \$300m.

The Board has considered the recent escalation of hostilities in the Middle East following the US invasion of Iran and the potential implications for LMIE. Management has reviewed underwriting exposures, reinsurance protections, liquidity and capital resources. At the reporting date, underwriting exposures remain within LMIE's approved risk appetites and tolerances. Taking into account available reinsurance, liquidity, capital buffers and planned contingency measures, the Board has concluded that LMIE have adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements.

## Other matters

The Company did not conduct any activities in the field of research and development, nor did it own or repurchase its own shares in the year under review. It did not invest in derivative financial instruments in the year.

Zurich, 30<sup>th</sup> April 2026



---

Markus Hefel – General Manager Insurance LSM Switzerland

# Income Statement

For the year ended 31 December 2025

CHF'000	Notes	2025	2024
Gross Written Premiums		110,147	100,922
Reinsurers' share of written premiums		(80,703)	(76,280)
<b>Net Written Premiums</b>		<b>29,444</b>	<b>24,642</b>
Gross change in unearned premiums	7	(8,745)	(840)
Reinsurers' share of change in unearned premiums	7	4,792	2,099
<b>Net Earned Premiums</b>		<b>25,492</b>	<b>25,901</b>
<b>Total Income from insurance business</b>		<b>25,492</b>	<b>25,901</b>
Gross claims paid		(28,504)	(49,715)
Reinsurers' share of claims paid		14,252	38,156
Gross change in claims and equalisation reserve	7	(25,631)	14,999
Reinsurers' share of changes in claims reserves	7	10,875	(5,626)
<b>Net Claims Incurred</b>		<b>(29,007)</b>	<b>(2,186)</b>
Acquisition costs		(35,789)	(31,432)
Reinsurers' share of acquisition costs		27,524	25,136
<b>Net Acquisition costs</b>		<b>(8,265)</b>	<b>(6,296)</b>
Administrative expenses	8	(4,381)	(2,222)
<b>Total expenses from insurance business</b>		<b>(41,653)</b>	<b>(10,704)</b>
Other financial income		8	-
Other financial expenses		(6)	(17)
<b>Operating result</b>		<b>(16,160)</b>	<b>15,180</b>
Other income/(expenses)	9	18,743	(3,533)
Prior year correction	12	(4,872)	-
<b>Result before taxes</b>		<b>(2,289)</b>	<b>11,647</b>
Direct Taxes		(1,612)	(2,467)
<b>Result after Taxes</b>		<b>(3,901)</b>	<b>9,180</b>

# Balance Sheet

As at 31 December 2025

CHF'000	Notes	31.12.2025	31.12.2024
<b>Assets</b>			
Cash and Cash Equivalents	2	405,904	380,506
Reinsurers' share in technical reserves	5	72,019	60,693
Receivables in respect of insurance business	3	38,431	38,173
<b>Total Assets</b>		<b>516,355</b>	<b>479,372</b>
<b>Liabilities and Equity</b>			
Gross technical reserves	5	256,505	219,358
Payables in respect of insurance business	4	3,055	1,812
Other Liabilities		11,066	12,225
<b>Total Liabilities</b>		<b>270,626</b>	<b>233,395</b>
Revaluation Reserve		979	(1,701)
Liaison account with head office		229,490	228,517
Retained profits brought forward		19,161	9,981
Profit / (Loss) for the period		(3,901)	9,180
<b>Total Equity</b>	6	<b>245,729</b>	<b>245,977</b>
<b>Total Liabilities and Equity</b>		<b>516,355</b>	<b>479,372</b>

The notes on pages 11 to 15 form part of these financial statements.

# Notes to the Financial Statements

for the year ended 31 December 2025

## 1. Accounting Policies

### 1.1. General Information

LMIE Zurich, is the Swiss branch of LMIE, a company located in Duchy of Luxembourg (prior to 1 March 2019, the registered address of LMIE was in London, UK).

LMIE underwrites insurance and reinsurance business from its head office in Luxembourg (prior to 1 March 2019 the head office was located in the UK) and its branches across Europe.

The main activity of the Branch is to provide insurance coverage for clients and risks located in Switzerland.

The Branch is a key part of LMIE's European region's operations and underwrites mainly general liability focusing on financial lines, commercial liability lines, fine art and specie, and commercial crime.

### 1.2. Legal Form

The Branch is domiciled in Zurich, Switzerland and was established as a branch of the head office located in the Duchy of Luxembourg (prior to 1 March 2019, the registered address of LMIE was in London, UK). Further information on the head office can be obtained in the LMIE financial statements.

### 1.3. Financial reporting standards

The financial statements have been prepared in compliance with the provisions on commercial accounting of the Swiss Code of Obligations (CO). Apart from the Swiss Code of Obligations, the provisions of the Swiss Ordinance of the Supervision of Private Insurance Companies have been applied.

### 1.4. Foreign currency translation

The currency in which the Branch operates is US Dollars (USD) (functional currency). Expenses and Income in foreign currencies are converted to CHF at the average rate. Balance sheet items are translated at the exchange rate ruling on the reporting date. Exchange differences are reported through the Income Statement.

The main exchange rates used are presented below:

USD to CHF	Average	Closing
2025	0.8378	0.7923
2024	0.8764	0.9063

### 1.5. Related parties

Related parties include all companies with the Liberty Mutual Group. Transactions with related parties are recorded at arm's length.

### 1.6. Cash and cash equivalents

The cash and cash equivalents includes cash holdings & bank deposits and are recorded at their nominal value.

# Notes to the Financial Statements

## for the year ended 31 December 2025

### 1.7. Technical reserves

#### Case reserves

Case reserves represent the best estimate of the ultimate payment for claims reported and open as of the Balance Sheet date.

#### Incurred But Not Reported (IBNR) reserves

IBNR reserves are estimates of the amounts required to settle claims that have been incurred but not reported. These reserves are calculated by the LMIE actuarial function and reviewed by the appointed actuary and are in line with the Branch's reserving policy as submitted to the Swiss Financial Market Supervisory Authority (FINMA).

#### Provisions for unearned premiums

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date.

#### Equalisation provisions

Equalisation reserves are calculated by the LMIE actuarial function and reviewed by the appointed actuary and are in line with the Branch's reserving policy as submitted to FINMA.

### 1.8. Revenue recognition

Premiums are recorded at inception of a contract and earned over the contract period.

Realised investment gains/losses and other income are recognised when the transactions occur.

### 1.9. Leases

Rentals under operating leases are charged to the income statement in equal annual instalments over the period of the lease.

### 1.10. Revaluation Reserve

Financial investments are held by the head office on behalf of the Branch. Fair value movements on these financial investments are allocated by the head office to the Branch. These movements are recorded in the revaluation reserve.

## 2. Cash and cash equivalents

<b>CHF'000</b>	<b>2025</b>	<b>2024</b>
Bank Accounts	2,948	34,037
Bank Deposits	402,965	346,469
<b>Total cash and cash equivalents</b>	<b>405,904</b>	<b>380,506</b>

## 3. Receivables in respect of insurance business

<b>CHF'000</b>	<b>2025</b>	<b>2024</b>
Due from policyholders	37,732	24,113
Due from reinsurance companies	699	14,060
<b>Total receivables</b>	<b>38,431</b>	<b>38,173</b>

## Notes to the Financial Statements

for the year ended 31 December 2025

### 4. Payables in respect of insurance business

CHF'000	2025	2024
Due to reinsurance companies	3,055	1,812
<b>Total payables</b>	<b>3,055</b>	<b>1,812</b>

### 5. Technical reserves

CHF'000	2025	2024
Gross unearned premium reserves	40,894	31,482
Reinsurers' share of unearned premium reserves	(18,263)	(13,901)
<b>Net unearned premium reserves</b>	<b>22,631</b>	<b>17,581</b>
Gross Claims reserves	185,531	161,208
Reinsurers' share of claims reserves	(53,756)	(46,792)
<b>Net claims reserves</b>	<b>131,775</b>	<b>114,416</b>
Equalisation reserves	30,080	26,668
<b>Total gross technical reserves</b>	<b>256,505</b>	<b>219,358</b>
<b>Total reinsurers share of technical reserves</b>	<b>(72,019)</b>	<b>(60,693)</b>
<b>Total net technical reserves</b>	<b>184,486</b>	<b>158,665</b>

### 6. Statement of changes in equity

CHF'000	2025	2024
<b>Liaison account with head office as at 1 January</b>	<b>228,517</b>	<b>162,765</b>
Net transfers to and from Head Office	973	65,752
<b>Liaison account with head office as at 31 December</b>	<b>229,490</b>	<b>228,517</b>
Revaluation Reserve	979	(1,701)
Prior period result brought forward	19,161	9,981
Result for the period	(3,901)	9,180
<b>Balance as at 31 December</b>	<b>245,729</b>	<b>245,977</b>

The financial statements for the year ended 31 December 2025 are prepared on a consistent basis with the regulatory return on a prospective basis.

### 7. Changes in technical reserves

CHF'000	2025	2024
Change in gross unearned premium reserves	8,745	840
Change in reinsurer's share of unearned premium reserves	(4,792)	(2,099)
<b>Change in net unearned premium reserves</b>	<b>3,953</b>	<b>(1,259)</b>
Change in gross claims reserves	22,877	(16,826)
Change in reinsurer's share of claims reserves	(10,875)	5,626
<b>Change in net claims reserves</b>	<b>12,002</b>	<b>(11,200)</b>
<b>Change in equalisation reserves</b>	<b>2,755</b>	<b>1,827</b>

## Notes to the Financial Statements

for the year ended 31 December 2025

### 8. Administrative expenses

<b>CHF'000</b>	<b>2025</b>	<b>2024</b>
Other operating expenses	4,381	2,222
<b>Total administrative expenses</b>	<b>4,381</b>	<b>2,222</b>
Total net acquisition costs	8,265	6,296
<b>Total net acquisition costs and administrative expenses</b>	<b>12,646</b>	<b>8,518</b>

The Branch had no employees in 2025 (2024: nil). All Zurich staff are employed by LSME.

### 9. Other Income

<b>CHF'000</b>	<b>2025</b>	<b>2024</b>
Foreign exchange gains/(losses)	15,450	(5,986)
Allocated investment return	3,293	2,453
<b>Total Other Income</b>	<b>18,743</b>	<b>(3,533)</b>

Financial investments are held by the head office on behalf of the Branch. Earnings from these investments are allocated to the Branch based on net technical reserves.

### 10. Audit fees

<b>CHF'000</b>	<b>2025</b>	<b>2024</b>
Audit services	84	88
<b>Total fees for audit services and other services</b>	<b>84</b>	<b>88</b>

Audit fees are included within Administrative expenses.

### 11. Related Parties

During the year, the Branch entered into transactions in the ordinary course of business with other related parties. Trading balances outstanding at 31 December are as follows:

<b>CHF'000</b>	<b>2025</b>	<b>2024</b>
Inter-Company (payable)/receivable	(11,497)	9,094
Reinsurance recoverable	17,171	8,652
Allocated investment return	3,293	2,453

Inter-Company payable/receivable balances with related parties are included within Other Liabilities/Receivables.

Reinsurance recoverable balances with related parties form part of the Reinsurers' share in technical provisions.

Allocated investment return balance with related parties is included within Other Income.

## Notes to the Financial Statements

### for the year ended 31 December 2025

#### 12. Prior year correction

The prior year correction relates to the result of policies with a Swiss location exposure that were not previously reported. These policies were underwritten in previous years, and the breakdown below represents their cumulative impact up till 31 December 2024. This is a non-recurring adjustment recognised in the current period. All associated earning and loss developments in 2025 have been reported in the regular profit and loss line items.

<b>CHF'000</b>	<b>2025</b>
Gross Written Premiums	13,982
Reinsurers' share of written premiums	(8,663)
<b>Net Written Premiums</b>	<b>5,319</b>
Gross change in unearned premiums	(701)
Reinsurers' share of change in unearned premiums	77
<b>Net Earned Premiums</b>	<b>4,695</b>
<b>Total Income from insurance business</b>	<b>4,695</b>
Gross change in claims and equalisation reserve	(8,388)
Reinsurers' share of changes in claims reserves	893
<b>Net Claims Incurred</b>	<b>(7,494)</b>
Acquisition costs	(4,216)
Reinsurers' share of acquisition costs	2,750
<b>Net Acquisition costs</b>	<b>(1,466)</b>
Administrative expenses	(599)
<b>Total expenses from insurance business</b>	<b>(9,560)</b>
Other financial income	(8)
<b>Operating result</b>	<b>(4,872)</b>
<b>Result before taxes</b>	<b>(4,872)</b>

#### 13. Subsequent events

At a meeting held on 2 April 2026, the Board of Directors of LMIE declared a final dividend of \$300m.

The Board has considered the recent escalation of hostilities in the Middle East following the US invasion of Iran and the potential implications for LMIE. Management has reviewed underwriting exposures, reinsurance protections, liquidity and capital resources. At the reporting date, underwriting exposures remain within LMIE's approved risk appetites and tolerances. Taking into account available reinsurance, liquidity, capital buffers and planned contingency measures, the Board has concluded that LMIE have adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements.

#### 14. Ultimate parent company

The ultimate parent Company is LMHC, 175 Berkeley Street, Boston, Massachusetts 02116, U.S.A., a company incorporated in the United States of America. The smallest higher group of companies for which group accounts are drawn up and of which this Company is a member is Liberty International Holdings Incorporated, a company incorporated and registered in the U.S.A.

The immediate parent company is LSMH which redomiciled to Luxembourg on 8 August 2024.

Copies of the group accounts of LMHC are available from the ultimate parent companies' registered office, 175 Berkeley Street, Boston, Massachusetts 02116, U.S.A.