

Validus Reinsurance (Switzerland) Ltd Zürich

Report of the statutory auditor
to the General Meeting

on the financial statements 2021

Report of the statutory auditor

to the General Meeting of Validus Reinsurance (Switzerland) Ltd

Zürich

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Validus Reinsurance (Switzerland) Ltd, (the 'Company') which comprise the balance sheet, income statement and notes, for the year ended 31 December 2021.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the Company's preparation of the financial statements 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 system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2021 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Martin Schwörer
Audit expert
Auditor in charge

Enrico Grazzi

Zürich, 26 April 2022

Enclosures:

- Financial statements (balance sheet, income statement and notes)
- Proposed appropriation of the available earnings

BALANCE SHEET

In USD '000

31 December
202131 December
2020

ASSETS

Fixed income securities		1,639,501	1,161,372
Other Investments		5,105	151,512
Investments in subsidiary		401,913	401,913
Total Investments	4	2,046,519	1,714,797
Cash and cash equivalents	4	301,683	179,681
Funds withheld		135,594	123,860
Reinsurance recoveries	5	158,460	70,226
Deferred acquisition costs		216,953	137,200
Receivables from reinsurance operations	6	642,920	521,805
Other receivables	7	7,839	13,073
Prepayments and accruals		6,554	6,269
TOTAL ASSETS		3,516,524	2,766,911

LIABILITIES AND SHAREHOLDER'S EQUITY

Liabilities

Reserves for losses and loss expenses	5	1,432,736	1,062,591
Unearned premium reserves	5	776,163	516,736
Liabilities from reinsurance operations	8	14,917	16,566
Other liabilities	9	49,495	21,954
Accrued liabilities		7,162	4,504
Total liabilities		2,280,473	1,622,351

Shareholder's Equity

Share capital		71,565	71,565
Statutory capital reserves:			
Legal reserves from capital contributions		35,782	35,782
Other reserves from capital contributions		889,077	889,077
Organisation fund from capital contributions		7,407	7,407
Accumulated Income		232,220	140,729
Total shareholder's equity	10	1,236,051	1,144,560
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		3,516,524	2,766,911

INCOME STATEMENT

For the years ended		31 December 2021	31 December 2020
in USD '000			
Gross premiums written		1,613,067	1,214,320
Reinsurer's share of gross premiums written		(54,377)	(52,653)
Net premiums written	11	1,558,689	1,161,667
Change in unearned premiums		(259,427)	(158,733)
Reinsurer's share of change in unearned premiums		3,296	2,023
Net premiums earned		<u>1,302,558</u>	<u>1,004,958</u>
Gross paid losses		(732,501)	(505,828)
Reinsurer's share of paid losses		15,095	16,354
Change in reinsurance reserves		(385,594)	(347,589)
Reinsurer's share of change in reinsurance reserves		84,993	(8,547)
Claims incurred, net of reinsurance		<u>(1,018,007)</u>	<u>(845,610)</u>
Acquisition expenses		(334,115)	(233,106)
Reinsurer's share of acquisition expenses		5,939	3,585
Administrative expenses	12	(33,697)	(27,523)
Acquisition and administrative expenses, net of reinsurance		<u>(361,873)</u>	<u>(257,044)</u>
Underwriting result		<u>(77,322)</u>	<u>(97,696)</u>
Investment income	4	66,794	29,677
Realised gains / (losses)	4	(6,767)	13,924
Unrealised gains / (losses)	4	(12,909)	(6,745)
Asset management costs		(2,957)	(2,375)
Investment result		<u>44,161</u>	<u>34,481</u>
Other financial expenses		(80)	(107)
Operating result		<u>(33,241)</u>	<u>(63,322)</u>
Other income	13	125,000	612
Net income / (loss) before tax		<u>91,759</u>	<u>(62,711)</u>
Tax expenses		(268)	(2,555)
NET INCOME / (LOSS) FOR THE YEAR		<u>91,491</u>	<u>(65,266)</u>

NOTES TO THE FINANCIAL STATEMENTS

1. General

Validus Reinsurance (Switzerland) Ltd (hereafter referred to as "the Company" or "VRS") is part of the American International Group ("AIG"), a leading global insurance organisation. Its top parent company American International Group, Inc. is listed on the New York Stock Exchange. VRS is a direct subsidiary of Validus Holdings (UK) Ltd, which is a wholly-owned subsidiary of Validus Reinsurance, Ltd., a Bermuda based reinsurance company.

The Company is domiciled at Talstrasse 83, 8001 Zurich, Switzerland. It is licensed by the Swiss Financial Market Supervisory Authority ("FINMA") in Switzerland. The Company is also a licensed permit company through its Bermuda branch, registered as a Class 4 insurer under the Bermuda Insurance Act.

The Company's primary lines of business are Property, Marine & Energy, Agriculture, Casualty and Specialty. Those primary lines of business include the following main types of business:

- *Property:* Property catastrophe reinsurance, property per risk reinsurance and property pro rata reinsurance.
- *Marine & Energy:* Reinsurance on excess of loss or pro rata basis for damage to or loss of marine vessels or cargo, marine accidents and offshore energy properties.
- *Agriculture:* Multiple Peril Crop Insurance ("MPCI"), Crop Hail, Dairy Revenue Protection and Livestock. MPCI, Dairy Revenue Protection and Livestock business is generally written on a pro rata basis and Crop Hail on an excess of loss basis.
- *Casualty:* Directors and Officers liability, Error and Omissions, Medical Malpractice and Other Casualty, with the majority being written on a pro rata basis.
- *Specialty:* Other specialty lines including technical lines, financial lines, terrorism, trade credit and composite lines. Trade credit is generally written on a pro rata basis while other lines are written on both pro rata and excess of loss basis.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (art. 957 to 963b Swiss Code of Obligations, effective since 1 January 2013). Amounts are presented in thousands of U.S. Dollars ("USD") for both current and prior period, except for share amounts in Note 10 and proposed appropriation of available earnings. Certain amounts may not sum to their total due to rounding.

The following is a summary of the significant accounting policies adopted by the Company:

(a) Premiums

Premiums are recognised rateably over the terms of the related contracts and policies. The gross premiums written are based on policy and contract terms and include estimates based on information received from both insured and ceding companies.

Premiums on excess of loss contracts are recorded in accordance with contract terms and earned over the contract period. Since premiums for excess of loss contracts are usually established with some certainty at the outset of the contract and the reporting lag for such premiums is minimal, estimates for premiums written for these contracts are usually not significant. The minimum and deposit premiums on excess of loss contracts are usually set forth in the language of the contract and are used to record premiums on these contracts. Actual premiums are determined in subsequent periods based on actual exposures and any adjustments are recorded in the period in which they are identified.



For pro rata contracts, gross premiums written are normally estimated on a quarterly basis based on discussions with ceding companies, together with historical experience and management's judgement. Premiums written on pro rata contracts are earned over the risk periods of the underlying policies issued and renewed. As a result, the earning pattern of pro rata contracts may extend up to 24 months. This is generally twice the contract period due to the fact that some of the underlying exposures may attach towards the end of our contracts (i.e. risks attaching basis), and such underlying exposures generally have a one year coverage period.

Reinsurance ceded is accounted for on a consistent basis as that of the assumed.

(b) Unearned premiums

Premiums are earned over a period that is consistent with the risks covered under the terms of the contract, which is generally one to two years. The portion of the premium related to the unexpired portion of the risk period is reflected in unearned premiums reserve.

(c) Deferred acquisition costs

Cedent reported commissions and other costs that vary with and are primarily related to the production of insurance business are deferred and amortized over the terms of the underlying policies.

Provisions for commissions are determined the same way as the corresponding acquisition costs.

Deferred acquisition costs are shown net of commissions on reinsurance ceded.

(d) Loss reserves and loss adjustment expenses

Loss and loss adjustment expense reserves, including losses incurred but not reported ("IBNR") and provisions for settlement expenses, include amounts determined from loss reports on individual cases, independent actuarial determinations and amounts based on the Company's own historical experience. To the extent that the Company's own historical experience is inadequate for estimating reserves, such estimates may be determined based upon industry data and management estimates.

IBNR reserves are estimated by management using various actuarial methods as well as a combination of the Company's loss experience, insurance industry loss experience, underwriters' experience, general market trends and management's judgement.

(e) Investments in subsidiaries

Investments in subsidiaries are carried at cost less other than temporary impairments, if any.

(f) Investments in fixed income securities

Investments in fixed income securities are carried at the lower of amortised cost or fair market value per individual security.

(g) Other investments

Other investments, comprised of investment funds, are carried at the lower of cost or fair value.

(h) Foreign currency translation

As permitted by Swiss law, the Company's accounting records are maintained in USD, which is the currency of the Company's primary business activities and also the Company's functional currency for group consolidation purposes.

Assets and liabilities in foreign currencies are translated into USD at year-end exchange rates, while income and expenses have been translated at the exchange rates at the date the transaction occurred. Both the Company's Swiss head office and its Bermuda branch maintain their books and records in USD.

Swiss law requires companies presenting their statutory financial statements in a currency other than CHF to present the foreign currency values also in CHF for illustrative purposes. The corresponding CHF values are presented in the notes to these financial statements under Note 16, applying the 2021 year-end spot rate of USD/CHF 1.097525 (as published by the Swiss Federal Tax Authority) for balance sheet positions and the 2021 average rate of USD/CHF 1.093723 (as published by the Swiss Federal Tax Authority) for income statement positions. Share capital and capital contribution reserves as at the end of the financial year 2016 are translated using the historic exchange rate of USD/CHF 0.980681 applicable at the time of transition to the new reporting currency. For any subsequent changes in share capital and capital contribution reserves, the spot rate at the transaction date is used. Any translation gain or loss from the translation is directly recorded in equity.

3. *Contingent obligations*

The Company has no material contingent obligations as at 31 December 2021 and 2020, respectively.

4. *Investments*

The total amortised cost and estimated fair value of investments in fixed income securities as at 31 December 2021 and 2020, respectively, were as follows. Amounts recorded in the balance sheet as at 31 December 2021 and 2020, respectively, differ from the below as the fixed income securities are valued at the lower of amortised cost or fair value on an individual security basis, amounting to USD 1,639,501,272 as at 31 December 2021 (USD 1,161,372,345 as at 31 December 2020).

In USD '000	2021	2020
Amortised cost	1,656,012	1,164,553
Difference	(4,424)	32,272
Estimated fair value	1,651,588	1,196,825

Pledged Investments

The Company established a Multi-Beneficiary Reinsurance Trust to collateralize its reinsurance liabilities associated with and for the benefit of U.S. domiciled cedents, and was approved as a trustee reinsurer in the State of New Jersey in December 2015.

As at 31 December 2021, fixed income securities with an estimated fair value of USD 456.5 million were pledged as part of the Company's participation in a Multi-Beneficiary Reinsurance Trust during the normal course of business (2020: USD 336.9 million). Pledged assets are generally for the benefit of the Company's cedents and policyholders, and to facilitate the accreditation of the Company as non-admitted reinsurer by certain regulators.

Net investment result

The following tables show the income and expenses on investments by investment category:

2021	Income/(Expenses)	Realised gain/(losses)	Unrealised (losses)	Total
In USD '000				
Fixed income securities	25,937	3,458	(12,909)	16,486
Other investments	516	(10,224)	-	(9,708)
Cash and cash equivalents	(429)	-	-	(429)
Investments in subsidiary	40,770	-	-	40,770
Total	66,794	(6,767)	(12,909)	47,118

2020	Income	Realised gains	Unrealised gains/(losses)	Total
In USD '000				
Fixed income securities	28,097	256	1,607	29,960
Other investments	580	13,668	(8,352)	5,896
Cash and cash equivalents	1,000	-	-	1,000
Investments in subsidiary	-	-	-	-
Total	29,677	13,924	(6,745)	36,856

Investments in subsidiaries

In 2019, the Company received a capital contribution in kind from its parent company in the form of an investment in subsidiary of Flagstone Reinsurance (Luxembourg) Sàrl. The investment in subsidiary was contributed at a value of USD 401.9 million, which is not higher than the estimated fair value of Flagstone Reinsurance (Luxembourg) Sàrl at the time of contribution.

The investment in subsidiary continues to be recorded at acquisition cost in 2021.

5. Reinsurance reserves

The details of gross and ceded insurance reserves by classification as at 31 December 2021 and 2020, respectively, were as follows:

2021	Gross	Ceded	Net
In USD '000			
Unearned premium reserves	776,163	(8,856)	767,307
Reserves for losses and loss expenses	1,432,736	(149,604)	1,283,131
Total	2,208,899	(158,460)	2,050,438

2020	Gross	Ceded	Net
In USD '000			
Unearned premium reserves	516,736	(5,560)	511,176
Reserves for losses and loss expenses	1,062,591	(64,666)	997,925
Total	1,579,327	(70,226)	1,509,101

6. Receivables from reinsurance operations

The details of the account as at 31 December 2021 and 2020, respectively, were as follows.

In USD '000	2021	2020
Third parties	641,653	513,410
Related parties	1,267	8,396
Total	642,920	521,805

All reinsurance receivable balances are receivables from Insurance companies (rather than individual policyholders or Insurance brokers/agents).

7. Other receivables

The details of the account as at 31 December 2021 and 2020, respectively, were as follows:

In USD '000	2021	2020
Third parties	3,622	11,849
Related parties	4,217	1,224
Total	7,839	13,073

8. Liabilities from reinsurance operations

The details of the account as at 31 December 2021 and 2020, respectively, were as follows:

In USD '000	2021	2020
Third parties	14,917	8,932
Related parties	-	7,635
Total	14,917	16,566

All reinsurance payable balances are payables towards insurance companies (rather than individual policyholders or insurance brokers/agents).

9. Other liabilities

The details of the account as at 31 December 2021 and 2020, respectively, were as follows:

In USD '000	2021	2020
Thrd parties	-	249
Related parties	49,495	21,705
Total	49,495	21,954

10. Shareholder's equity

In USD '000	Share capital and Statutory Capital Reserves	Accumulated Income	Total
Balances as at 31 December 2019	1,103,831	205,995	1,309,826
Dividends paid	(100,000)	-	(100,000)
Loss for the year	-	(65,266)	(65,266)
Balances as at 31 December 2020	1,003,831	140,729	1,144,560
Profit for the year	-	91,491	91,491
Balances as at 31 December 2021	1,003,831	232,220	1,236,051

The details of statutory share capital and capital reserves as at 31 December 2021 and 2020 were as follows:

In USD	2021	2020
Share capital	71,564,626	71,564,626
Statutory capital reserves		
Legal reserves from capital contributions	35,782,313	35,782,313
Other reserves from capital contributions	889,077,154	889,077,154
Organisation fund from capital contributions	7,407,215	7,407,215
Total	1,003,831,308	1,003,831,308

Under Swiss tax law, effective 1 January 2011 repayments of capital contribution reserves established since 1997 are no longer subject to withholding tax deduction. Capital contribution reserves of USD 924.9 million and the organisation fund from capital contributions of USD 7.4 million would not be subject to the withholding tax deduction in case of repayment.

11. Premiums written

The details of gross and ceded premiums written for the years ended 31 December 2021 and 2020, respectively, were as follows:

In USD '000	2021			2020		
	Gross	Ceded	Net	Gross	Ceded	Net
Property	295,989	(38,978)	257,012	213,562	(39,894)	173,668
Marine & Energy	101,086	(1,870)	99,216	51,424	(922)	50,502
Agriculture	477,667	(7,303)	470,364	510,736	(9,981)	500,756
Casualty	623,507	(93)	623,413	293,688	41	293,729
Specialty	114,817	(6,133)	108,684	144,909	(1,897)	143,012
Total	1,613,067	(54,377)	1,558,689	1,214,320	(52,653)	1,161,667

12. Administrative expenses

The Company's administrative expenses for the years ended 31 December 2021 and 2020, respectively, are as follows:

In USD '000	2021	2020
Staff, office and service costs	33,602	27,467
Information Technology expenses	95	56
Total	33,697	27,523

Audit fees during the year 2021 amounted to USD 326,854 (2020: USD 278,923).

13. Other income

The Company received a direct cash contribution of USD 125 million in 2021 from its indirect parent Validus Reinsurance, Ltd., which was recorded as other income.

14. Other disclosures in accordance with art. 959c of the Swiss Code of Obligations

During the year, the Company employed an average of less than 50 full time employees in Switzerland and Bermuda.

There are no other disclosures required according to art. 959c of the Swiss Code of Obligations and the Insurance Supervisory Ordinance ISO-FINMA, except for the disclosure of CHF amounts according to art. 958d para. 3 as included in Note 15 and 16.

15. Subsequent events

The Russia/Ukraine conflict began in February 2022. The conflict has and may continue to have a significant impact on the global macroeconomic and geopolitical environments, including increased volatility in capital and commodity markets, rapid changes to regulatory conditions around the globe including the use of sanctions, operational challenges for multinational corporations, inflationary pressures and an increased risk of cybersecurity incidents.

The conflict is evolving and has the potential to adversely affect the Company's business and results of operations from an investment, underwriting and operational perspective. While management believe they have taken appropriate actions to minimize related risk, management continues to monitor potential exposure and operational impacts, as well as any actual and potential claims activity. The ultimate impact will depend on future developments that are uncertain and cannot be predicted, including scope, severity and duration, the governmental, legislative and regulatory actions taken (including the application of sanctions), and court decisions, if any, rendered in response to those actions.

16. Translation of USD presentation currency values to CHF in accordance with art. 958d para. 3 Swiss Code of Obligations

BALANCE SHEET

In CHF '000	31 December 2021	31 December 2020
ASSETS		
Fixed income securities	1,493,817	1,026,588
Other investments	4,652	133,928
Investments in subsidiary	366,199	355,269
Total Investments	1,864,668	1,515,785
Cash and cash equivalents	274,876	158,828
Funds withheld	123,545	109,485
Reinsurance recoveries	144,380	62,076
Deferred acquisition costs	197,675	121,277
Receivables from reinsurance operations	585,791	461,247
Other receivables	7,143	11,556
Prepayments and accruals	5,972	5,541
TOTAL ASSETS	3,204,049	2,445,795
LIABILITIES AND SHAREHOLDER'S EQUITY		
<u>Liabilities</u>		
Reserves for losses and loss expenses	1,305,424	939,271
Unearned premium reserves	707,194	456,765
Liabilities from reinsurance operations	13,592	14,644
Other liabilities	45,097	19,406
Accrued liabilities	6,525	3,981
Total liabilities	2,077,832	1,434,068
<u>Shareholder's Equity</u>		
Share capital	72,974	72,974
Statutory capital reserves		
Legal reserves from capital contributions	36,487	36,487
Other reserves from capital contributions	898,605	898,605
Organisation fund from capital contributions	7,553	7,553
Accumulated income / (loss)	110,598	(3,892)
Total shareholder's equity	1,126,217	1,011,727
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	3,204,049	2,445,795

INCOME STATEMENT

For the years ended	31 December 2021	31 December 2020
in CHF '000		
Gross premiums written	1,474,840	1,139,132
Reinsurer's share of gross premiums written	(49,718)	(49,393)
Net premiums written	1,425,122	1,089,739
Change in unearned premiums	(237,196)	(148,904)
Reinsurer's share of change in unearned premiums	3,014	1,898
Net premiums earned	1,190,940	942,733
Gross paid losses	(669,732)	(474,509)
Reinsurer's share of paid losses	13,801	15,342
Change in reinsurance reserves	(352,552)	(326,067)
Reinsurer's share of change in reinsurance reserves	77,710	(8,017)
Claims incurred, net of reinsurance	(930,772)	(793,251)
Acquisition expenses	(305,484)	(218,672)
Reinsurer's share of acquisition expenses	5,430	3,363
Administrative expenses	(30,810)	(25,819)
Acquisition and administrative expenses, net of reinsurance	(330,863)	(241,128)
Underwriting result	(70,696)	(91,647)
Interest income	61,070	27,839
Realised gains	(6,187)	13,062
Unrealised gains / (losses)	(11,803)	(6,327)
Asset management costs	(2,704)	(2,228)
Investment result	40,376	32,346
Other financial expenses	(73)	(100)
Operating result	(30,392)	(59,401)
Other income	114,289	574
Net Income / (loss) before tax	83,896	(58,828)
Tax expenses	(245)	(2,397)
NET INCOME / (LOSS) FOR THE YEAR	83,651	(61,225)

Fixed Income securities in CHF '000	2021	2020
Amortised cost	1,508,860	1,029,400
Difference	(4,031)	28,527
Estimated fair value	1,504,830	1,057,926

2021	Income/(Expense)	Realised gains/(losses)	Unrealised (losses)	Total
In CHF '000				
Fixed Income securities	23,714	3,162	(11,803)	15,073
Other investments	472	(9,348)	-	(8,876)
Cash and cash equivalents	(392)	-	-	(392)
Investments in subsidiary	37,276	-	-	37,276
Total	61,070	(6,187)	(11,803)	43,080

2020	Income	Realised gains	Unrealised gains/(losses)	Total
In CHF '000				
Fixed Income securities	26,357	240	1,338	27,935
Other investments	544	12,822	(7,665)	5,701
Cash and cash equivalents	938	-	-	938
Investments in subsidiary	-	-	-	-
Total	27,839	13,062	(6,327)	34,574

CHF 403.5 million of fixed maturities were pledged as at 31 December 2021 (2020: CHF 297.8 million).

Reinsurance Reserves in CHF '000			
2021	Gross	Ceded	Net Reserve
Unearned premium reserves	707,194	(8,069)	699,125
Reserves for losses and loss expenses	1,305,425	(136,310)	1,169,113
Total	2,012,619	(144,379)	1,868,238
2020	Gross	Ceded	Net Reserve
Unearned premium reserves	456,765	(4,915)	451,851
Reserves for losses and loss expenses	939,271	(57,161)	882,110
Total	1,396,037	(62,076)	1,333,961

Receivables from reinsurance operations in CHF '000	2021	2020
Third parties	584,636	453,826
Related parties	1,154	7,422
Total	585,791	461,247

Other receivables in CHF '000	2021	2020
Third parties	3,300	10,474
Related parties	3,842	1,082
Total	7,142	11,556

Liabilities from reinsurance operations in CHF '000	2021	2020
Third parties	13,591	7,895
Related parties	-	6,749
Total	13,591	14,644

Other liabilities in CHF '000	2021	2020
Third parties	-	220
Related parties	45,097	19,186
Total	45,097	19,406

Shareholder's equity in CHF '000	Share Capital and Statutory Capital Reserves	Accumulated Income	Total
Balances as at 1 January 2020	1,112,975	155,427	1,268,401
Dividends paid	(97,356)	-	(97,356)
Loss for the year	-	(61,225)	(61,225)
Loss from translation recorded directly in equity	-	(98,094)	(98,094)
Balances as at 31 December 2020	1,015,619	(3,892)	1,011,727
Profit for the year	-	83,651	83,651
Gain from translation recorded directly in equity	-	30,839	30,839
Balances as at 31 December 2021	1,015,619	110,598	1,126,217

Shareholder's equity in CHF	2021	2020
Share capital	72,974,418	72,974,418
Statutory capital reserves		
Legal reserves from capital contributions	36,487,209	36,487,209
Other reserves from capital contributions	898,604,546	898,604,546
Organisation fund from capital contributions	7,553,134	7,553,134
Total	1,015,619,307	1,015,619,307

Premiums written in CHF '000	2021			2020		
	Gross	Ceded	Net	Gross	Ceded	Net
Property	270,625	(35,638)	234,988	200,339	(37,424)	162,915
Marine & Energy	92,424	(1,710)	90,714	48,240	(865)	47,375
Agriculture	436,735	(6,677)	430,058	479,112	(9,363)	469,750
Casualty	570,078	(85)	569,992	275,503	38	275,542
Specialty	104,978	(5,607)	99,371	135,937	(1,780)	134,157
Total	1,474,840	(49,717)	1,425,122	1,139,132	(49,393)	1,089,739

Administrative expenses in CHF '000	2021	2020
Staff, office and service costs	30,723	25,766
Depreciation expenses	0	-
Information Technology expenses	87	53
Total	30,809	25,819

Audit fees during the year 2021 amounted to CHF 298,845 (2020: CHF 261,653).

The Company received a direct cash contribution of CHF 114.3 million in 2021 from its Indirect parent Validus Reinsurance, Ltd., which was recorded as other income.

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

The Company's Board of Directors proposes that the available earnings as at 31 December 2021 of USD 232,219,993 (CHF 110,597,710) be carried forward to the succeeding financial year.

Since the Company's legal reserves from capital contributions amount to 50% of the share capital, no further allocation to legal reserves is required in accordance with art. 671 Swiss Code of Obligations.