ANNUAL REPORT

W. R. Berkley Europe AG

For the year ended 31 December 2019

Definitions

- 31 December 2019 "the reporting date"
- Period from 1 January to 31 December 2019 "the reporting period"
- Period from 1 January to 31 December 2018 "the prior period"
- "The Company" or "WRBEAG" W. R. Berkley Europe AG
- "WRBIE" W. R. Berkley Insurance (Europe), SE (merged with WRBEAG on January 1st, 2019)
- "WRBC" W. R. Berkley Corporation
- "AFR" Actuarial Function Report
- "FMA" Financial Market Supervisory Authority Liechtenstein
- "BRUK" Berkley Re UK Limited
- "BOUM" Berkley Offshore Underwriting Managers UK, Limited
- "Nordic branches" The Company's branches in Norway and Sweden
- "BIC" Berkley Insurance Company
- "BEU" Berkley European Underwriters AS
- "The Group" WRBC and its subsidiaries
- "EU UK Branch" EU Freedom of Service Branches in the UK
- "m" million

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1 Management Report 2019

1.1 Annual Review 2019

2019 was a year of change. The company continued to review and re-evaluate its branches business objectives and business mix. The Company's Continental European branch operations progressed in their journey towards developing profitable business and achieving critical mass; with Spain leading the cycle and having managed the turnaround, the Nordic branches emerging from a restructuring phase and Germany having entered in the first half of 2019 into a massive repositioning exercise. The Spanish branch continued to show strong growth in premiums, fuelled by the broker portal BE-Net, and related service enhancing features, with more and more brokers accessing the portal facilities. Despite exiting the Property insurance class, Spain achieved its premium targets. In Nordic, a new Head of Claims joined in Oslo and completed the revamping of the local management team. The refocusing of the Norwegian and Swedish portfolios away from stand-alone Property, Motor and Employee Benefits and more towards Casualty, Financial Lines and Swedish SME Property and Casualty package business continued. The underwriting results of the Nordic branch were better than expected. In Germany, a thorough review led to the conclusion that the German Motor business could not meet the targeted loss ratios. As a result, it was decided to exit all Motor business, which contributed more than 60% of GWP at the beginning of the reporting period. José David Jimenez Garcia, the new Head of the Germany, started the repositioning of the branch, with the focus on General Liability, Financial Lines and with Property as a supporting line. A new German Target Operating Model is being implemented, with right-sizing and re-structuring of the organization and allocation of new roles and responsibilities.

The shift in W. R. Berkley Europe AG's sourcing of business towards WRBC owned underwriting agencies Berkley Offshore Underwriting Managers UK, Limited ("BOUM") and Berkley Re UK Limited ("BRUK") has increased in the year under review. Whereas in 2018 Gross Written Premium ("GWP") from BOUM and BRUK were basically on par with those from the Company's Continental European branches, at the end of 2019 BOUM and BRUK's combined GWP reached 62% of the Company's total GWP.

With BOUM and BRUK being insurance intermediaries domiciled in the United Kingdom and regulated by British authorities, BREXIT contingency measures to allow BOUM and BRUK to underwrite business on the Company's paper in a similar way as before the UK left the European Union were high on the agenda during 2019. In this context and as described in section 1.2 below, the Company's insurance regulator Financial Market Authority ("FMA") Liechtenstein approved a delegated underwriting authority with Berkley European Underwriters AS ("BEU"), a WRBC owned and Norwegian FSA authorized insurance intermediary domiciled in Oslo, Norway. The FMA further approved the opening of EU Freedom of Services Branch in the UK (the "EU UK Branch"). Currently, and with post-BREXIT transitional arrangements in place, the Company is working with UK regulatory authorities to transition the current EU UK Branch into a UK Third Country Branch, from which BOUM and BRUK will operate once the implementation period comes to an end.

BOUM ended the reporting period slightly behind its premium target, but showed positive underwriting results thank to its client focus, cautious underwriting approach, rigorous risk selection and the ability to capitalize on rate increase opportunities in a hardening market, in particular as regards Energy Liability. BRUK's top line income almost reached plan. Underwriting results remained below expectations for Casualty Treaty and even more for Motor Treaty, where a change in the UK Ogden rate had impacted results. Property Treaty, however, delivered better outcomes whilst Property Fac and reinsurance business from Sub Saharan Africa stayed in line with expectations.

Following regulatory approval received on 16 December 2019, an Extraordinary General Meeting took place on 19 December 2019 and approved to return excess capital of USD 100 million, paid out of capital reserves, to the shareholder.

The Company closed the financial year 2019 with a loss of USD 1.2m. The result is positively impacted by net investment income of USD 18.2m.

1.2 Business Overview

The Company sources business through its branches in Germany, Norway, Spain and Sweden (the Norwegian and Swedish branches referred to as "Nordic branches") and through the binding authority agreements entered into with BOUM and BRUK respectively. Additionally, as part of BREXIT contingency measures, regulatory authorities in Liechtenstein and UK approved the establishment of a WRBEAG branch in the UK, which is expected to become operative during the implementation period of BREXIT, subject to any related transitional arrangements. Also, in the context of BREXIT contingency plans the FMA approved that the Company entered into a binding authority agreement with BEU.

WRBEAG's branches write a mixed portfolio of insurance classes, with a focus on their domestic country market place. Each branch has a distinctive product mix and strategy as detailed below, which generates a broadly diverse portfolio at the consolidated level.

BOUM specialises in Energy Property (construction, control of well, drilling and operating contractors, on- and offshore operating packages) as well as Energy Liability (primary and excess general, products and employer's liability, on- and offshore). From 2020 onwards and provided regulatory approval is received, BOUM will integrate underwriters specialising in Asset Protection and Political Risk cover in a newly created segment called Specialty Lines.

Post BREXIT, BEU is expected to be used to write international energy property and energy liability accounts as well as Specialty Lines business with risks located in the EU / EEA area. Business model, strategy, underwriting and claims handling approach as well as system and processes used at BEU will be congruent with those of BOUM.

BRUK writes international property and casualty treaty reinsurance as well as facultative property reinsurance.

WRBIE was a wholly owned subsidiary of WRBEAG at year-end 2018. As a consequence, the two companies issued two separate Financial Statements 2018, which were approved by the AGM held on April 12th, 2019. The merger was completed pursuant to PGR Art. 351 (1)(1) on March 1st, 2019 through the registration at the Liechtenstein Commercial Registry. The Company's management has proposed and the Board has approved that the accounting effective date of this merger to be as of 1 January 2019 retrospectively.

With the completion of the WRBEAG – WRBIE merger, the legacy liabilities of WRBIE became part of WRBEAG. Claims handling of the UK & Ireland legacy business remains in the UK under an outsourcing run-off services agreement with W. R. Berkley Syndicate Limited.

1.3 Governing Bodies during the 2019 Reporting Period

Board Members	
William R. Berkley - Chairman	Ira Lederman
Rob Hewitt	James Bronner
Javier Esteban	Michael Grabher
Mark Talbot	
Members of Management	
Hans-Peter Naef – General Manager	Barbara Hirzel – Deputy General Manager
Enzo Gianluca Piscopo – Head Spanish Branch	Carl-Johan Nilsson – Head Nordic Branches
Until 11.10.2019 Bernhard Wiemann – Head German Branch	From 11.10.2019 José David Jiménez García
Other Key Function Holders	
Anne Chevalier – Responsible Actuary	Szabolcs Banhidi – Actuarial Function
Dagmar Varinska – Risk and Compliance	
External Auditors	
KPMG (Liechtenstein) AG, Vaduz	
Internal Auditors	
Until 14.06.2019 Denise Davies, WRBC	From 14.06.2019 Julie Woodward, WRBC

1.4 Profit and Loss Account

The gross written premiums, as disclosed in section "2.3.3.1Technical Account" on page 16, are at USD 275.9m (2018: USD 271.3m) as at the reporting date. The Company shows gross earned premium of USD 277.5m (2018: USD 252.6m) and a net earned premium of USD 21.4m (2018: USD 18.5m) in the reporting period. Gross claims incurred are at USD 195.6m (2018: USD 183.8m) as at the reporting date. The gross loss ratio remained fairly stable and was adversely impacted by the abovementioned German Motor reserve increases. The net loss ratio is at 66.7% (2018: 76.4%) as at the reporting.

The Company is ceding 90% of the net retained premium and claims via a Fixed Quota Share reinsurance agreement with Berkley Insurance Company ("BIC") and has entered into a number of proportional third party reinsurance agreements, from which it is entitled to ceding commissions. Unlike gross commissions and administrative expenses that are expensed when occurred, the recognition of these reinsurance ceding commissions gets deferred in proportion to the business ceded. As the Company's book continues to grow, the Company experiences an adverse impact on its result due to this accounting treatment.

As the 2018 comparative information only include the WRBEAG standalone Profit and Loss Account prior to the merger, the administrative expense are higher due to the inclusion of the cost in relation to the WRBIE run-off book.

Net investment income was USD 18.2m for the reporting period (2018: USD 4.7m), which is higher than in the prior year due to merger with WRBIE and higher than plan due to very strong performance of the global stock markets.

1.5 Balance Sheet

As of 1st of January 2019, WRBIE was consolidated into WRBEAG, which led to a merger gain of USD 4.3m. This merger gain was recognised in capital reserves. The Company's capital was reduced by the dividend approved on the 19th of December 2019 resulting in a decrease of USD 100m. The dividend payment was completed on February 24th 2020.

The investments held by WRBEAG are in highly rated government and corporate bonds, which have over the past 12 month performed positively due to good market conditions throughout 2019. Further, WRBEAG has an investment in a loan of USD 21m.

Overall, the Assets and Liabilities have seen an increase due to continued increase of the business and the merged accounts.

1.6 Branch Offices / Subsidiary Companies

The Company operates through branches in Germany, Norway, Spain and Sweden. On April 3rd, 2019, the FMA informed the Company that there were no objections to establish a WRBEAG Branch in the United Kingdom ("UK") based on EU Freedom of Establishment rights and that the British regulatory authorities had been informed accordingly. The UK branch was set up as part of BREXIT contingency measures and did not transact any business in 2019.

On 11 July 2018, the Company became the 100% owner of WRBIE. The Company and WRBIE merged effective March 1, 2019 with the registration in the Liechtenstein Commercial Registry.

1.7 Personnel

As at reporting date the Company had 121 (full-time equivalent) employees, compared to 119 employees in the previous year.

1.8 Risk Management

The Company actively seeks to underwrite insurance risk, which it manages appropriately to produce a return to shareholders on capital employed. The Company does not actively seek risks with regard to the non-insurance risks (such as credit, market, currency, liquidity and operational risks) and therefore manages and controls these risks within an acceptable tolerance.

The Company measures and quantifies material risks to which it is exposed. In order to monitor the Company's capital requirements the Standard Formula Model is in use. The minimum goal, which must be met at all times under a wide range of circumstances, is a capital adequacy ratio above 1.20 times the Solvency Capital Requirement.

The Risk Management Framework is a consolidation of numerous activities, which work together to identify, assess, control and manage risks that have the potential (either individually or combined) to threaten the Company's ability to achieve its objectives and threaten the capital adequacy.

If any of the events or circumstances described as risks below occur, the Company's business results of operations and/or financial conditions could be adversely affected.

- **Risks related to the insurance industry** - cyclical changes in the insurance industry, natural and man-made catastrophes, significant competitive pressure on premium rates, claims losses exceed our reserves for claims, effects of emerging claim and coverage issues;

- **Risks related to the Company's business** - political, economic risks including foreign currency and credit risk, inability to attract key personnel, we might experience difficulties with our information technology, we could be adversely affected if our controls and standards are not effective;

- **Risks related to the Company's investments** - market fluctuations of our assets invested in fixed maturity securities.

Management of the risks described above as well as uncertainties not currently known is a continuous and developing process, which runs throughout the Company's strategy and is part of the implementation of that strategy. The effective management of risk is a central principle of the Group, its culture and philosophy.

1.9 Events following the Balance Sheet Date

On February 24, 2020 WRBEAG has repaid the capital of USD 100m, to its parent company, W.R. Berkley European Holdings AG.

1.10 Outlook for 2020

At the time of writing this report, the Company continues to monitor the emergence of the Covid-19 outbreak and assess the potential exposure. It is too early to estimate the possible impact on results of operations and the financial position.

For a number of reasons the Continental European economy is facing high uncertainty, a much less supportive external environment and structural shifts, mainly affecting the manufacturing sector. This uncertainty and structural shifts should keep Continental European GDP growth subdued and trade less intensive. Whilst risks to economic growth are tilted to the downside overall, there is more optimism with regard to the Nordics and Spain relative to Germany. Insurance premium and rate growth in Continental Europe will be less strong than in the US and Canada; with Germany having the largest risk of stagnating, the Nordics with a tendency to rise and Spain growing less than neighbouring Portugal. Prospects for Casualty and Financial Lines will depend on how well economies develop in the various jurisdictions. Growth opportunities can be discerned in the area of cyber insurance, in particular for small and mid-sized commercial customers. Demand for Marine Hull and Marine Cargo insurance in Norway will be driven by the strength of its oil and resources sector.

For BOUM and BRUK the changing market is expected to firm further in 2020 and this will continue to allow for potential opportunities, where risks satisfy the Company's underwriting criteria.

In Energy Property, BOUM's management forecasts the general trend of small increases to continue; however, most probably not across the board, as there continues to be excess market capacity. No significant deterioration in deductibles or cover provided despite the increased competition are expected. In Energy Liability, the improved market dynamic with that rate firming is deemed to be sustainable through the coming year and beyond. Competition is more limited, as some markets pull out of International Casualty and others reduce capacity in play and / or restrict their appetite in certain geographies / trade groups. This will create new or expanded opportunities for BOUM in this area.

BRUK's management views the 2020 business environment with optimism. Better terms and conditions indicate that the reinsurance market is improving with opportunities to benefit from these changes. Property Facultative will see further beneficial developments in 2020. Other classes will also benefit from rate hardening. BRUK's executives believe this hardening will be sustained for BRUK's business for some time to come.

We would like to thank our loyal customers and our shareholders for their support and also our entire staff for their tireless work and commitment during the past year.

W. R. Berkley Europe AG
Vaduz, April 2020

William R. Berkley	Hans-Peter Naef
Chairman of the Board	General Manager

2 Financial Statements

2.1 Income Statement

	Notes	2019 in USD	2018 in USD
I. Technical Account	2.3.3.1		
1. Net earned premium			
a. Gross written premium	2.3.3.2	275,855,111	271,252,878
b. Premiums ceded		(255,282,032)	(250,779,102)
c. Change in unearned premium		1,666,197	(18,683,679)
d. Change in unearned premium ceded		(824,604)	16,755,921
Total		**21,414,672**	**18,546,018**
2. Other underwriting income (net)		**-**	**1,467,436**
3. Loss and loss adjustment expenses (net)			
a. Claims paid			
aa. Gross		(182,645,417)	(77,028,162)
bb. Ceded		142,466,795	71,563,038
Total		(40,178,622)	(5,465,124)
b. Change in reserve for loss and loss adjustment expenses (net)			
aa. Gross		(12,967,283)	(106,738,026)
bb. Ceded		38,861,921	98,029,375
Total		25,894,638	(8,708,651)
Total		**(14,283,984)**	**(14,173,775)**
3. Underwriting expenses			
a. Acquisition cost		(41,017,100)	(36,668,754)
b. Administrative expenses		(61,615,911)	(52,577,584)
c. Commissions received	2.3.3.4	75,245,140	65,278,488
Total		**(27,387,870)**	**(23,967,850)**
4. Technical result		**(20,257,183)**	**(18,128,171)**

	2019 in USD	2018 in USD
Technical result	(20,257,183)	(18,128,171)

II. Non-Technical Result

	2019 in USD	2018 in USD
1. Investment income		
a. Income from other investments	15,946,373	5,924,138
b. Income from reversal of impairments	7,111,343	248,692
Total	**23,057,716**	**6,172,830**
2. Investment expense		
a. Investment management and interest expenses	(1,917,942)	(312,183)
b. Depreciation and impairments of investments	(1,996,894)	(1,065,926)
c. Realised losses on investments	(969,372)	(69,429)
Total	**(4,884,208)**	**(1,447,538)**
3. Other expenses	(861,552)	(291,605)
4. Result on ordinary activities	**(2,945,227)**	**(13,694,484)**
5. Taxes		
a. Income Taxes	2,134,501	-
b. Other Taxes	(365,524)	(470,403)
6. Loss for the year	**(1,176,250)**	**(14,164,887)**

2.2 Balance Sheet

Assets

	Notes	31 December 2019 in USD	31 December 2018 in USD
A. Investments			
I Investment in subsidiaries			
1. Investment in affiliated companies		-	169,692,000
Total		-	169,692,000
II Other investments	2.3.4.1		
1. Bonds and fixed income securities		474,621,474	248,200,352
2. Other loans		21,437,528	-
Total		496,059,001	248,200,352
Total		**496,059,001**	**417,892,352**
B. Other receivables			
I Receivables from direct insurance business			
1. Receivables from policyholders		95,091,616	75,638,758
Total		95,091,616	75,638,758
II Reinsurance business receivables			
1. from affiliated companies		34,823,933	64,957,898
2. from other parties		35,950,002	22,093,066
Total		70,773,935	87,050,964
III Other receivables			
1. Receivables from affiliated companies		16,158,672	1,973,627
2. Receivables from other parties		77,591	395,959
Total		16,236,263	2,369,586
Total		**182,101,814**	**165,059,308**
C. Other assets			
I Fixed assets	2.3.4.2	602,658	520,992
II Cash on hand and at bank		64,183,810	35,393,056
Total		**64,786,467**	**35,914,048**
D. Accrued items			
I Accrued interest and rent		3,936,872	1,083,566
II Other accrued items		831,331	141,033
Total		**4,768,203**	**1,224,599**
Total Assets		**747,715,485**	**620,090,307**

Liabilities and Equity

	Notes	31 December 2019 in USD	31 December 2018 in USD
A. Equity			
I Called up share capital	2.3.4.3	8,327,625	8,327,625
II Organisation Fund	2.3.4.4	4,198,125	4,198,125
III Capital reserves	2.3.4.5	325,520,068	421,220,195
V Loss carryforward		(43,608,622)	(29,443,735)
VI Net Loss for the year		(1,176,250)	(14,164,887)
Total		**293,260,946**	**390,137,323**
B. Technical Reserve			
I Unearned premium reserve			
1. Gross		92,933,799	92,784,676
2. Less amounts ceded		(88,190,816)	(85,199,594)
Total		4,742,983	7,585,082
II Reserves for loss and loss adjustment expenses			
1. Gross		553,872,474	190,207,763
2. Less amounts ceded		(435,413,503)	(174,948,998)
Total		118,458,971	15,258,765
Total		**123,201,954**	**22,843,847**
C. Other payables			
I Payables on reinsurance business			
1. Payable to affiliated companies		117,100,708	145,366,592
2. Payable to other creditors		37,801,274	34,718,642
Total		154,901,982	180,085,234
II Other liabilities			
1. Liabilities arising from social security		254,932	256,995
2. Other payables to affiliated companies		141,160,988	18,124,161
3. Other liabilities against third parties		20,845,893	5,136,171
Total		162,261,813	23,517,327
Total		**317,163,795**	**203,602,561**
D. Other provision			
I Other provision		10,975,610	-
Total		**10,975,610**	**-**
E. Accruals			
I Other accruals		3,113,180	3,506,576
Total		**3,113,180**	**3,506,576**
Total Liabilities and Equity		**747,715,485**	**620,090,307**

2.3 Notes to the Financial Statements

2.3.1 General

The accounts have been set up in accordance with the provisions of the Liechtenstein Persons and Company Act (PGR) and the Insurance Regulatory Act; "VersAG" and the related Decree (insurance regulatory Decree; "VersAV").

The merger between WRBEAG and its fully owned subsidiary WRBIE has been accounted for as of January 1st, 2019, leading to merger gain of USD 4.3m, which was recognized in the capital reserves.

2.3.2 Accounting and Valuation Standards

The following principal accounting policies have been applied consistently in dealing with items, which are considered material in relation to the Company's annual accounts.

2.3.2.1 Foreign currencies

The accounting currency of the Company is the United States Dollar (USD). The assets and liabilities of the branches in Germany, Norway and Sweden and Spain are translated using the current/non-current method, considering the lower of cost or market principle for non-current assets and liabilities. Equity is translated at historical rates and exchange differences are recognized in profit or loss.

2.3.2.2 Investments

Fixed income securities and Loans are valued at the lower of amortised cost or market value.

2.3.2.3 Tangible fixed assets

Fixed assets are capitalised and are depreciated on a straight-line basis over the following periods:

Furniture and fittings	-	10 years
Computer equipment	-	3 to 5 years

2.3.2.4 Cash at bank

Cash at bank comprise cash balances and call deposits with maturities of nine months or less from the acquisition date that are subject to an insignificant risk of changes in fair value, and are used by the Company in the management of its short-term commitments.

Cash at bank are carried at nominal value in the balance sheet.

2.3.2.5 Technical provisions

Reserves for loss and loss adjustment expenses are accrued when insured events occur and are based on the estimated ultimate cost of settling the claims, using claims adjuster reports and individual case estimates.

A provision is also included for claims incurred but not reported, which is developed on the basis of past experience adjusted for current trends and other factors that modify past experience.

The establishment of the appropriate level of reserves is an inherently uncertain process involving estimates and judgments made by management, and therefore there can be no assurance that ultimate claims and claim adjustment expenses will not exceed the loss reserves currently established. These estimates are regularly reviewed, and adjustments for differences between estimates and actual payments for claims and for changes in estimates are reflected in income in the period in which the estimates are changed or payments are made.

2.3.3 Income Statement

2.3.3.1 Technical Account

2019 USD	Motor Insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Other Direct	Casualty Reinsurance Proportional	Property Reinsurance Proportional	Total
Gross written premium	27,545,779	47,725,625	24,942,375	73,554,238	5,499,036	57,544,832	39,043,226	275,855,111
Gross earned premium	32,413,029	47,954,540	25,598,756	69,623,820	6,009,288	58,778,752	37,143,123	277,521,309
Claims Incurred	(49,742,288)	(13,102,114)	(15,541,432)	(32,165,076)	(901,439)	(70,126,958)	(14,033,393)	(195,612,700)
Expenses Incurred	(14,937,541)	(10,191,457)	(11,804,495)	(29,383,029)	(2,648,143)	(20,978,103)	(12,690,242)	(102,633,012)
Total Gross	***(32,266,801)***	***24,660,969***	***(1,747,171)***	***8,075,715***	***2,459,706***	***(32,326,309)***	***10,419,488***	**(20,724,403)**
Ceded earned premium	(28,553,054)	(46,358,988)	(23,554,486)	(64,589,369)	(5,283,602)	(53,393,758)	(34,373,377)	(256,106,636)
Ceded claims recovered	42,375,772	18,186,373	14,639,009	27,834,116	1,483,243	63,723,146	13,087,058	181,328,716
Reinsurance commission earned	7,934,450	13,383,520	8,586,813	18,975,034	1,566,081	15,525,921	9,273,322	75,245,140
Reinsurer's share	***21,757,167***	***(14,789,095)***	***(328,665)***	***(17,780,220)***	***(2,234,279)***	***25,855,308***	***(12,012,996)***	***467,220***
Technical Result	**(10,509,634)**	**9,871,874**	**(2,075,836)**	**(9,704,505)**	**225,427**	**(6,471,002)**	**(1,593,508)**	**(20,257,183)**

2018 USD	Motor Insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Other Direct	Casualty Reinsurance Proportional	Property Reinsurance Proportional	Total
Gross written premium	48,266,182	58,691,229	23,808,836	49,248,723	9,177,433	51,725,192	30,335,282	271,252,878
Gross earned premium	48,944,822	55,651,554	22,350,931	45,234,733	8,618,966	43,287,923	28,480,270	252,569,199
Claims Incurred	(33,962,917)	(33,654,363)	(49,132,333)	(23,298,280)	(4,983,354)	(30,225,574)	(8,509,367)	(183,766,188)
Expenses Incurred*	(19,166,743)	(13,571,303)	(7,289,127)	(23,378,684)	(3,109,316)	(12,733,156)	(8,530,574)	(87,778,902)
Total Gross	***(4,184,837)***	***8,425,888***	***(34,070,529)***	***(1,442,231)***	***526,296***	***329,193***	***11,440,330***	**(18,975,891)**
Ceded earned premium	(42,554,638)	(53,643,358)	(21,285,264)	(42,750,123)	(8,187,959)	(39,213,143)	(26,388,695)	(234,023,181)
Ceded claims recovered	29,001,303	31,900,041	47,176,679	22,065,061	4,747,701	27,022,479	7,679,148	169,592,413
Reinsurance commission earned	7,173,300	12,571,260	6,912,404	17,906,276	3,302,405	11,576,701	5,836,141	65,278,488
Reinsurer's share	***(6,380,036)***	***(9,172,058)***	***32,803,820***	***(2,778,786)***	***(137,852)***	***(613,962)***	***(12,873,406)***	***847,720***
Technical Result	**(10,564,873)**	**(746,170)**	**(1,266,709)**	**(4,221,017)**	**388,443**	**(284,769)**	**(1,433,076)**	**(18,128,171)**

* net of other technical income

2.3.3.2 Premium written by region

The Company's branches in Germany, Norway, Spain and Sweden (EEA) generated gross written premiums of USD 104.5m for the reporting period (2018: USD 132.8m) .

In addition, WRBEAG entered into binding authority agreements with BOUM and BRUK respectively, generating additional gross written premiums of USD 171.1m for the reporting (2018: USD 138.4m). BRUK writes international property, casualty treaty reinsurance and facultative reinsurance. BOUM specialises in Energy Property (construction, control of well, drilling and operating contractors, on- and offshore operating packages) and Energy Liability (primary and excess general, products and employer's liability, on- and offshore).

The remaining USD 0.3m in gross written premium are from the former WRBIEL branches, which are in run-off.

2.3.3.3 Related party transactions

The Company has a 90:10 fixed quota share reinsurance agreement with BIC. The impact of that agreement is as follows:

	Total USD 2019	of which internal QS	Total USD 2018	of which internal QS
Gross written premium	275,855,111	-	271,252,878	-
Gross earned premium	277,521,309	-	252,569,199	-
Claims Incurred	(195,612,700)	-	(183,766,188)	-
Expenses Incurred	(102,633,012)		(89,246,338)	
Total Gross	***(20,724,403)***	**-**	***(20,443,327)***	**-**
Ceded earned premium	(256,106,636)	(181,858,370)	(234,023,179)	(161,206,712)
Ceded claims recovered	181,328,716	152,532,256	169,592,412	108,289,853
Reinsurance commission earn	75,245,140	61,343,113	65,278,487	52,518,936
Reinsurer's share	***467,220***	***32,016,999***	***847,720***	***(397,924)***
Other underwriting income (n	**-**	**-**	***1,467,436***	**-**
Technical Result	**(20,257,183)**	**32,016,999**	**(18,128,171)**	**(397,924)**

2.3.3.4 Commissions received

The Company has entered into a number of proportional reinsurance agreements and is entitled to commissions on the business ceded to reinsurers. The recognition of these commissions is deferred in proportion to the business ceded. The impact of the deferral is presented in the table below.

	31 December 2019 in USD	31 December 2018 in USD
Ceded commissions	76,628,922	72,511,811
Deferral of ceded commissions	-1,383,782	-7,233,322
	75,245,140	**65,278,488**

2.3.4 Balance Sheet

2.3.4.1 Other Investments

The Company has invested in a portfolio of fixed income securities. The amount of appreciation from initial cost to book value as at the reporting date is USD 1'761'803 (2018: USD 106'782). The table provides an overview by category and the book and market values.

	31 December 2019 in USD		31 December 2018 in USD	
Category	**Book Value**	**Market Value**	**Book Value**	**Market Value**
Government Securities	225,067,609	226,191,602	51,337,009	51,400,507
Corporate Bonds	216,756,601	218,186,508	161,525,377	161,659,265
Asset Backed Securities	29,210,231	29,378,474	35,337,966	35,340,929
Liquidity Funds	3,587,032	3,587,032		
Other Loans	21,437,528	21,437,528	-	-
Total	**496,059,001**	**498,781,144**	**248,200,352**	**248,400,701**

The Company maintains a trust fund in favor of the National Association of Insurance Commissioners (NAIC). This trust fund is funded with USD 10.9m of the Company's corporate bonds pursuant to the regulatory requirements to retain the Company's International Insurers Department listing in the United States.

2.3.4.2 Fixed assets

The net value of assets and depreciation as at reporting date is as follows:

2019	Furniture & Fittings in USD	Computer Equipment in USD	Total in USD
at cost			
Opening balance	775,212	486,387	1,261,599
Additions	92,043	55,672	147,715
Disposals	-	-	-
Closing as per 31 Dec 2019	867,255	542,059	1,409,314
Depreciation			
Opening balance	(322,791)	(345,516)	(668,307)
Additions	(123,040)	(46,439)	(169,479)
Disposals	29,901	1,229	31,130
Closing as per 31 Dec 2019	(415,930)	(390,726)	(806,656)
Net book value as per 31 Dec 2019	**451,325**	**151,333**	**602,659**

2018	Furniture & Fittings in USD	Computer Equipment in USD	Total in USD
at cost			
Opening balance	775,212	486,387	1,261,599
Additions	-	-	-
Disposals	(23,394)	(48,906)	(72,300)
Closing as per 31 Dec 2018	751,818	437,481	1,189,299
Depreciation			
Opening balance	(458,139)	(320,634)	(778,773)
Additions	(146,865)	(145,340)	(292,205)
Disposals	282,213	120,459	402,671
Closing as per 31 Dec 2018	(322,791)	(345,516)	(668,307)
Net book value as per 31 Dec 2018	**429,027**	**91,966**	**520,992**

2.3.4.3 Share capital

The share capital of EUR 7'500'000 (USD 8'327'625) consists of 5'000 shares with a nominal value of EUR 1'500 and is fully paid up.

2.3.4.4 Organization fund

According to the Liechtenstein Insurance Law, the Financial Market Authority can require an insurance company to setup a special fund within equity for organisational setup. The Organization fund has been set at EUR 3'750'000 (USD 4'198'125).

2.3.4.5 Capital reserves

As discussed above, the merger gain resulted in an increase of Capital reserves by USD 4.3m. This was reduced by USD 100m due to the declaration of the repayment of the reserves. As of December 31st 2019 the dividend payable is under Other liabilities to affiliated. The payment was completed on February 24th 2020. The table provides capital reserves for the Company as a result of the merger:

	31 December 2018			1 January 2019
	WRBEAG Equity in USD	WRBIEL Equity in USD	WRBEAG Investment in USD	Adjusted Equity in USD
A. Equity				
I Called up share capital	8'327'625	212'914'000	(212'914'000)	8'327'625
II Organisation Fund	4'198'125	-	-	4'198'125
III Capital reserves	421'220'195	-	4'299'873	425'520'068
V Loss carryforward	(29'443'735)	(14'585'515)	14'585'515	(29'443'735)
VI Net Loss for the year 2018	(14'164'887)	(24'336'612)	24'336'612	(14'164'887)
Total	**290'137'323**	**173'991'873**	**(169'692'000)**	**394'437'196**

2.3.5 Other Annotations

2.3.5.1 Remuneration of the supervisory board members and executives

The total remuneration in 2019 of the supervisory board was USD 2.7k and USD 1'242k to the executives registered in the trade register Liechtenstein.

2.3.5.2 Remuneration of the auditors

The remuneration of the auditor, KPMG (Liechtenstein) AG, is USD 434'424 for the reporting period (2018: USD 359'580).

2.3.5.3 Employees

At reporting date the Company had 121 employees. The following table provides an overview of employees by category:

Full Time Equivalent	**Employees** 31.12.2019	**Employees** 31.12.2018
Underwriting	53	55
Claims	15	17
All other	53	47
Total	**121**	**119**

2.3.5.4 Leasing commitments

The total amount of leasing and other commitments at the end of the year was USD 7.4m for the reporting period (2018: USD 4.5m).

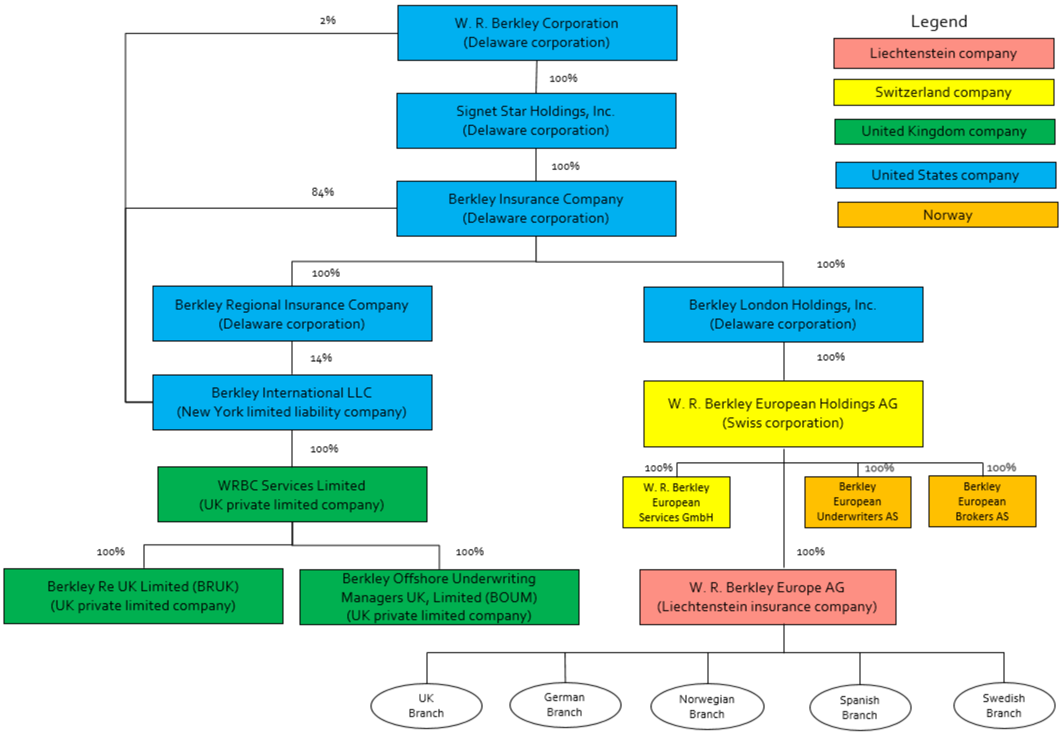
2.3.5.5 Events following the Balance Sheet Date

On February 24, 2020, WRBEAG has repaid capital of USD 100m, to W.R. Berkley European Holding AG.

The Company continues to monitor the emergence of the Covid-19 outbreak and assess the potential exposure. It is too early to estimate possible impact on the results of the operations and the financial position of the Company. The Company is also continuing to monitor the impact to customers, suppliers and other key stakeholders and reviewing business continuity plans as appropriate.

2.3.5.6 Group structure

The structure chart below explains the ownership and legal links between the Company, its ultimate parent undertaking WRBC and its related undertakings BOUM and BRUK:



WRBEAG is an indirectly wholly owned subsidiary of W.R. Berkley Corporation, Delaware, United States of America. As of 31 December, 2019 W.R. Berkley Corporation prepares consolidated Annual Report consisting of the Financial Statements and Financial Report, in which WRBEAG is included. The consolidated Annual Report is published and available under https://www.berkley.com/. This releases WRBEAG from preparing consolidated financial accounts.

3 Actuarial Report

Referring to Art. 36c sub 1) b) first sentence of the Liechtenstein Law on Supervision of Insurance Undertakings (Versicherungsaufsichtsgesetz, "VersAG") I confirm as Accountable Actuary of WRBEAG, as defined in Art. 18b of the VersAG, that the technical reserves as set out below have been calculated on the basis of generally accepted actuarial principles and are in line with Liechtenstein regulatory requirements detailed in the VersAG and Art.29 of the Liechtenstein Ordinance on the Law on Supervision of Insurance Undertakings (Versicherungsaufsichtsverordnung, "VersAV").

WRBEAG is licensed to underwrite direct insurance in several lines of business. WRBEAG is not licensed to underwrite credit insurance. Therefore, Equalization Reserves are not required.

This statement is subject to the Reliance and Limitations as detailed in the Reserve Report.

The technical reserves below were booked in line with the recommendation in the Reserve Report and the Update Memo as listed above.

B. Technical Reserve	**31 December 2019 in USD**
I Unearned premium reserve	
1. Gross	92,933,799
2. Less amounts ceded	(88,190,816)
Total	4,742,983
II Reserve for loss and loss adjustment expenses (including IBNR)	
1. Gross	553,872,474
2. Less amounts ceded	(435,413,503)
Total	118,458,971

Anne Chevalier
Responsible Actuary of W. R. Berkley Europe AG

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FL-0001.548.458-1

Report of the Statutory Auditor on the Financial Statements to the General Meeting of Shareholders of

W. R. Berkley Europe AG, Vaduz

As statutory auditor, we have audited the financial statements (balance sheet, income statement and notes) and the management report of W. R. Berkley Europe AG for the year ended 31 December 2019.

These financial statements and the management report are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Liechtenstein profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements and the management report are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position and the results of operations in accordance with Liechtenstein law. Furthermore, the financial statements and the management report comply with Liechtenstein law and the company's articles of incorporation.

The management report is consistent with the financial statements. In our opinion, the management report does not include material misleading information.

We recommend that the financial statements submitted to you be approved.

KPMG (Liechtenstein) AG

Lars Klossack
Chartered Accountant
Auditor in Charge

Benjamin Marte

Vaduz, 1 April 2020