

ANNUAL REPORT | 2021



Squarelife Insurance AG FL-000.2.197.226-9

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1 Board of directors, management and auditors

As of 31 December 2021

1.1 Board of directors

Hansueli Edelmann - President

Fabio Doninelli

Alberto De Lorenzi

Oliver Ohl

1.2 Management

Dr Elias Vicari - CEO

Jörg Dreisow

1.3 Auditors

Grant Thornton AG

Bahnhofstrasse 15

FL-9494 Schaan

2 Board of directors report

Squarelife Insurance AG increased its premium income by 20% and achieved a profit of around 631K francs (compared to 616K francs in the previous year). The policy portfolio increased by 30% to almost 50,000 policies. The solvency ratio, a measure of an insurer's solvency, is also at a very high level for 2021. All in all, Squarelife has achieved a good result.

This could be the end of the Board of Directors' report. However, it is the primary duty of the board to present a longer report. Every year, at the appropriate time, the rule is: after the report is before the report. Again and again the question arises, what could be of interest to the interested reader? But who are these readers, assuming that there are such readers?

Some of our 50,000 customers who want to know something about the insurance company they are insured with? They also know however that the board of directors' reports often gloss over things and say nothing with unctuous words.

Shareholders? In the case of Squarelife, which is not listed on the stock exchange, these are a dozen private individuals who occupy key positions in the sister company Lifeware and no longer need to be convinced of Squarelife's qualities.

Journalists? What could they possibly care about an insurance company that is tiny in terms of premiums collected compared to the giants of the industry, has its domicile in a village of one of the smallest countries on earth, is not "systemically relevant", has no public shareholders and is scandal-free?

Regulators? They know their insurers, their strengths and weaknesses well enough from the countless reports that the supervisors and auditors have to file. They could at least smile now and then at the attempts of the insurance companies to conceal unpleasant facts in the reports or to twist them into successes.

Recent times have been marked by two epochal events, the COVID-19 pandemic and the invasion of Ukraine. Should or must an insurance company that is only slightly affected, report on these events? Is it qualified or at least competent to do so? Probably not. Nevertheless, we take the liberty of expressing an opinion here.

The pandemic is a global tragedy with 450 million infections and 6 million deaths. It has brought untold suffering to victims, families, communities and countries. At present, it has all but disappeared from the headlines, seemingly defeated. This is deceptive. Further waves of mutated viruses cannot be ruled out. Even if they fail to materialise, the consequences of the pandemic such as Long Covid, divided societies, conspiracy theories, disunited science, social developments will keep us busy for a long time to come.

One lesson must definitely be learned: a global pandemic must be fought globally. The private sector has sent a strong signal with the rapid development of vaccines. But otherwise, measures around the world were anything but coordinated. Some countries rigorously contained their populations, others glossed over the virus. Certain nations closed borders, others left them open. Some countries tested and vaccinated consistently, many dithered and hesitated. Even within countries, there was often disagreement about measures.

The invasion of Ukraine is a war that cannot be justified by anything (if there are any just wars at all), neither by the alleged threat to the by far largest country on earth with one of the strongest armies nor by distant historical claims. According to Max Frisch, the most heavily armed always feel most threatened. The immediate consequences of the attack by the lone ruler in Moscow are the dead, the injured, the traumatised, the starving, the fleeing, the destruction. The indirect consequences are incalculable: nuclear escalation, new cold war, sanctions and trade disputes, cyber battles, energy crises, impaired global economy. More important initiatives such as climate protection, the fight against poverty or the promotion of education are being slowed down. International peacekeeping has failed once again.

From the narrow perspective of the global insurance industry, the effects of both events are manifold, but do not threaten the existence of the industry. The number of insurance claims is increasing, the risks on insurers' and pension funds' investments are rising, insurance markets are dropping due to sanctions or voluntary withdrawals. On the other hand, new insurance markets open up, new insurance needs arise, new distribution channels develop.

Neither the pandemic nor the war against Ukraine with all its consequences are pushing us to change our business model. This is based on the technical platform of the sister company Lifeware and the focus on core competences. Lifeware's platform enables the rapid development of new products and the purely digital administration of all policies. Every policy with all its personal and technical data, incoming and produced physical or electronic documents can be viewed and processed by authorised staff. Core competences do not include the company's sales force and asset management. Squarelife does not offer interest rate guarantees on products with an investment component until further notice.

Squarelife differentiates between its own and third-party's insurance products. Squarelife's intentions and ideas are realised first. Partner products are designed for banks, specialised sales organisations, brokers, asset managers and other insurers according to their needs and wishes - Squarelife acts as a product factory. The services and conditions of partner products may differ from Squarelife's own products, whereby Squarelife sets minimum requirements. In any case, Squarelife remains the insurance provider.

In only a few days, the product for the partner is developed and presented on the screen in the form of prototypes. If a partner decides to go this route, the product is given the partner's corporate identity, incorporated into its offer systems and managed by Squarelife. Even today, product development in most insurance companies takes several months, if not years. With Squarelife, our partners reach their goal much faster and more cost-effectively.

There is hardly an insurer today that is not committed to digitalisation. It is primarily used to reduce costs and offer products online. Squarelife has long since reached this level of digitalisation. Beyond pure cost reductions, digitalisation offers new and unimagined opportunities to further improve products and services and to interact with customers. "Crazy" ideas are allowed, experiments are encouraged, prototypes are tested.

Digitalisation is often experienced as dehumanising. We want to be close to people, especially, but not only, in claims. This orientation, internally called human touch, is important to Squarelife. We are at the beginning of the path to a new generation of insurance solutions.

The board of directors sincerely thanks all employees for their enormous commitment and great dedication.

3 Annual report

Introduction

Squarelife's 6th new business year was again concluded with a substantial profit, for the third time in a row with a profit of more than CHF 500,000. The equity capital was thus significantly increased in the last few years. The equity ratio is a very respectable 15%.

Squarelife is thus one of the most solvent insurers in Europe, not only from a solvency point of view, but also according to classic accounting ratios.

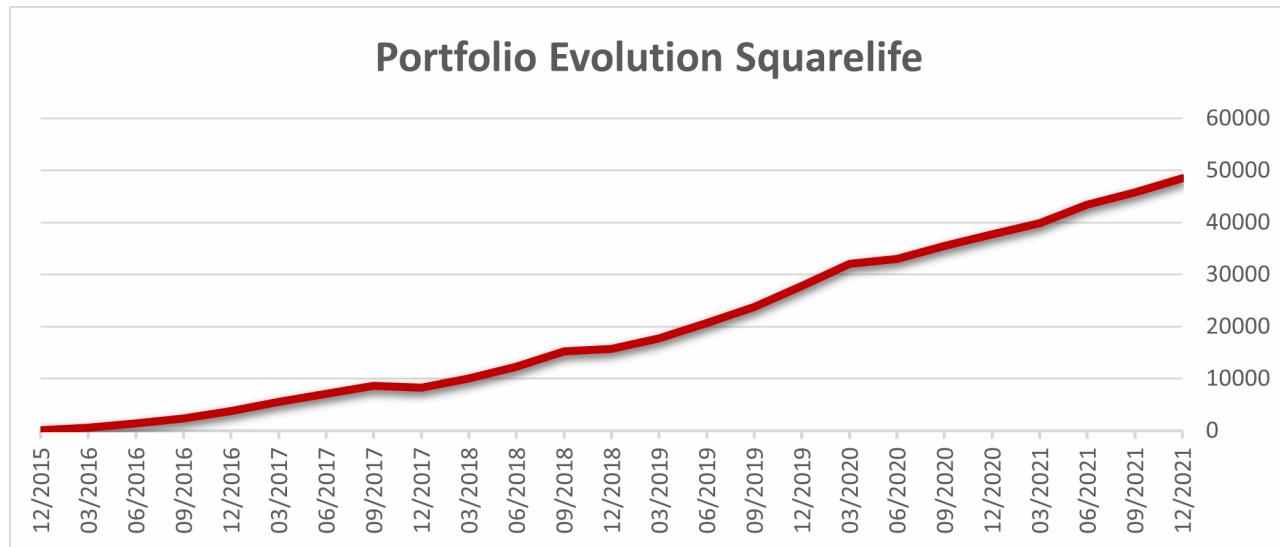
For a company this young, to have achieved this very solid position without any kind of external or advance financing is very encouraging and confirms the company's strategic orientation.

Review 2021

Even though Squarelife was able to operate without any restrictions in 2021, the year and the development continued to be noticeably influenced by the COVID-19 pandemic and the resulting measures. For example, personal meetings with existing and potential business partners were not possible to the desirable extent in order to be able to generate the best possible results from business relationships for all parties involved.

Nevertheless, a portfolio growth of 28.7% was achieved as of December 31, 2021 compared to December 31, 2020, which in absolute terms means an increase slightly higher than in 2020: 10,833 in 2021 vs. 9,869 in 2020.

The portfolio growth since the start of new business in 2016 remains noticeably stable:



Service and customer satisfaction in claims settlement are of particular importance to Squarelife. We take our customers' expectations of qualified claims settlement as a source of constant motivation to improve our services and our tariffs. Even if it is inherently difficult to fulfil all customer wishes, we see this as a fundamental confirmation that we have objectively fulfilled all performance requirements.

As in previous years, almost a thousand claims were reported in 2021. On a positive note, only one lawsuit - which was settled - and no supervisory complaints were filed.

Since December 2020, Squarelife has also been writing contracts in the "health insurance" sector. The sales expectations were not met in 2021. The portfolio of health insurance contracts as of December 31, 2021 amounts to 1,281 policies. Primarily due to the COVID-19 pandemic, business contacts could not be realised and pursued as planned. Therefore, a loss of 68,000 francs was achieved for this insurance line exclusively.

Prospect for 2022

Alongside the continuing difficulty in assessing the impact of the COVID-19 pandemic, the outbreak of war in Ukraine is another factor for which it is not possible to estimate what the impact on the insurance sector will be and to what extent Squarelife and its products and markets will be affected.

Squarelife's conservative underwriting policy of focusing on European core markets has proven to be generally crisis-proof. Squarelife's portfolio is not affected by the first sanctions against Russia.

Squarelife is confident of being able to continue the growth path of the past years without restrictions.

Squarelife would like to thank all customers and partners for the trust they have placed in us.

4 Balance sheet and income statement

4.1 Balance sheet

4.1.1 Assets

Balance sheet	Appendix	31.12.2021	31.12.2020
		CHF	CHF
B Investments	5.2.1		
III. Other investments			
1) Equity, other variable-income securities and shares in investment funds		5,217,838	5,609,675
2) Debt securities and other fixed-income securities		4,501,721	4,382,571
		9,719,559	9,992,246
C Capital investments for the account and risk of life insurance policyholders	5.2.2		
Capital investments for the account and risk of life insurance policyholders		66,801,722	64,847,641
		66,801,722	64,847,641
D Additional receivables			
I. Receivables from self-concluded business			
C) from insurance policyholders		221,601	193,501
II. Receivables from reinsurance business			
3) from other debtors		1,796,120	943,403
III. Other receivables			
3) from other debtors		446,993	410,340
		2,464,714	1,547,244
E Other assets			
I. Property, plant and equipment (apart from plots of land and buildings) and inventory stocks		0	0
II. Current credits with banks, giro cheque credits, cheques and cash-in-hand		7,372,705	4,656,689
		7,372,705	4,656,689
F Prepaid expenses			
I. Prepaid interest payments and rents		16,721	14,185
III. Other prepaid expenses		0	0
		16,721	14,185
Total assets		86,375,421	81,058,004

4.1.2 Liabilities

Balance sheet	Appendix	31.12.2021	31.12.2020
		CHF	CHF
A Shareholders' equity			
I. Subscribed capital		7,000,000	7,000,000
II. Organisation funds		7,800,000	7,800,000
V. Profit/loss carried forward		-3,061,050	-3,677,943
VI. Annual profit/loss		631,167	616,892
		12,370,116	11,738,950
D Technical provisions			
I. Prepayments of insurance premiums		378,316	159,658
II. Insurance provision			
1) Gross amount		3,893,778	1,906,787
2) Reinsurers' share		-3,158,188	-1,580,267
III. Provision for unsettled insurance claims		3,289,046	1,665,249
V. Equalisation reserve		1,630,120	1,415,461
		6,033,073	3,566,889
E Technical provisions for life insurance contracts, insofar as the investment risk is borne by the insurance policyholders	5.2.2		
Technical provisions for life insurance contracts, insofar as the investment risk is borne by the insurance policyholders		66,801,722	64,847,641
		66,801,722	64,847,641
F Other provisions			
II. Tax provisions		58,387	38,307
		58,387	38,307
H Other liabilities			
I. Accounts payable arising out of direct insurance business			
3. to other creditors		605,602	494,728
V. Other liabilities			
1. Liabilities from taxes		-1	11,550
2. Liabilities within the framework of social security		22,337	15,460
3. Other liabilities to affiliated companies	5.2.3	-9,592	52,506
5. Other liabilities to other creditors		388,078	213,746
		1,006,424	787,991

I Deferred charges

Deferred charges	105,699	78,227
	105,699	78,227
Total liabilities	86,375,421	81,058,004

4.2 Income statement

	I. Actuarial accounting for life insurance	Appendix	01.01.2021 -	01.01.2020 -
			31.12.2021	31.12.2020
			CHF	CHF
1 Premiums earned for own account		5.3.1/2		
a) Gross premiums booked			11,673,972	7,233,853
b) Reinsurance premiums ceded			-4,073,834	-2,979,125
c) Change in gross unearned premiums			-208,415	-100,204
			7,391,723	4,154,524
2 Income from investments		5.3.3		
c) Current income from other capital investments			197,291	81,147
e) Gains on the disposal of capital investments			184,930	42,505
			382,221	123,652
3 Unrealised gains from capital investments				
Unrealised gains from capital investments			9,231,052	9,864,327
			9,231,052	9,864,327
4 Other underwriting income for own account		5.3.4		
Other underwriting income for own account			312,259	299,030
			312,259	299,030
5 Claims expenses for expenditures for insurance claims				
a) Claims paid				
aa) Gross amount			-8,211,944	-14,246,939
bb) Reinsurers' share			1,941,981	1,511,241
b) Change in the provision for unsettled claims			-269,080	-111,655
			-6,539,043	-12,847,353
6 Change in the remaining actuarial net provisions				
a) Change in insurance provision				
aa) Gross amount			-4,100,397	10,331,965
bb) Reinsurers' share			1,743,780	1,604,035
b) Change in other technical provisions			-209,931	-294,873
			-2,566,547	11,641,127

8 Operating expenses for own account		
a) Acquisition costs	-826,960	-764,007
b) Administration expenses	-1,546,889	-1,193,484
	-2,373,849	-1,957,491
9 Expenses for capital investments		
a) Expenses for the administration of capital investments and interest expenses	-83,589	-31,284
b) Amortization on investments	-129,851	-195,931
c) Losses on the realisation of investments	-4	-69
	-213,444	-227,284
10 Unrealised losses from capital investment		
Unrealised losses from capital investment	-4,940,648	-10,469,549
	-4,940,648	-10,469,549
11 Other technical expenses for own account		
Other technical expenses for own account	0	-3
	0	-3
Results of the actuarial account for life insurance	683,723	580,980

II. Actuarial accounting for health insurance	Appendix	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
		CHF	CHF
1 Premiums earned for own account	5.3.1/2		
a) Gross premiums booked		199,637	0
b) Reinsurance premiums ceded		-22,985	0
c) Change in gross unearned premiums		-10,243	0
		166,410	0
4 Claims expenses for expenditures for insurance claims			
a) Claims paid - aa) Gross amount		-68,072	0
a) Claims paid - bb) Reinsurers' share		13,814	0
b) Change in the provision for unsettled claims		-49,383	0
		-103,640	0
7 Operating expenses for own account			
a) Acquisition costs		-50,320	0
b) Administration expenses		-80,953	0
		-131,273	0
9 Change in security and equalization reserve and in equalization reserves			
Change in security and equalization reserve and in equalization reserves		1	0
		1	0
Results of the actuarial account for health insurance		-68,503	0

III. Non-actuarial account	Appendix	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
		CHF	CHF
14 Results of the actuarial account for insurance			
Results of the actuarial account for life insurance		683,723	580,980
Results of the actuarial account for health insurance		-68,503	0
		615,220	580,980
7 Other income from usual business activity	5.3.4		
Other income from usual business activity		312,660	316,301
		312,660	316,301
8 Other expenses from usual business activity	5.3.4		
Other expenses from usual business activity		-274,410	-271,750
		-274,410	-271,750
13 Taxes on income and on earnings			
Taxes on income and on earnings		-22,304	-8,639
		-22,304	-8,639
Annual profit/loss		631,167	616,892

5 Appendix to the balance sheet and income statement

5.1 Basic accounting principles

5.1.1 Accounting principles

The Financial Statement is based on the basic principles of the Liechtenstein Law on Persons and Companies (PGR). It also meets the following legal requirements: Law of December 6, 1995 regarding supervision of insurance companies (Insurance Supervision Law; VersAG) and the Ordinance issued to accompany it (Insurance Supervision Ordinance; VersAV) in the respectively valid versions.

5.1.2 Reporting date

The insurance companies in the Principality of Liechtenstein are legally required to prepare the balance sheet for December 31.

5.1.3 Conversion of foreign currencies

Credits, receivables, proportional interest payments, liabilities and actuarial provisions etc. issued in foreign currencies are, as a basic principle, converted at the rate on the exchange rate table below. The same also applies to securities issued in a foreign currency. Any possible currency differences are recorded so as to book their effect on net income.

The following reporting date exchange rates were applied in the reporting year:

Exchange rate on reporting date	
US Dollar (USD)	0.9110 CHF/USD
Euro (EUR)	1.0358 CHF/EUR
Swedish Krona (SEK)	0.1006 CHF/SEK
Czech Koruna (CZK)	0.0417 CHF/CZK
British Pound (GBP)	1.2339 CHF/GBP
Polish Zloty (PLN)	0.2259 CHF/PLN
Danish Krone (DKK)	0.1393 CHF/DKK
Japanese yen (JPY)	0.0079 CHF/JPY

5.1.4 Debt securities and other fixed-income securities

Debt securities and other fixed-income securities are valued at the lower of cost or fair value in the event of permanent impairment. If the acquisition costs exceed the repayment amount, the difference is depreciated. The corresponding valuation correction is shown under the item "Investment expenses".

5.1.5 Equity, other variable-income securities, shares in investment funds

The shares and units in investment funds in Swiss and foreign portfolios are valued according to the lowest value principle (acquisition costs or lower fair value).

5.1.6 Capital investments for the account and risk of life insurance policyholders

Capital investments for the account and risk of insurance policyholders are valued at their market value on the reporting date or, if the reporting date is not a trading day, at the exchange rate on the last trading day preceding the reporting date.

5.1.7 Technical provisions

The actuarial provision comprises the actuarial value of the insurance company's obligations. The actuarial reserve was calculated in accordance with the applicable regulations and actuarial principles. For insurance policies that are linked to investment funds (the risk is borne by the policyholder), the policy reserve corresponds to the value of the investments for the account and risk of the policyholder (item 5.1.6) on the reporting date.

The reserves contain an equalization reserve to stabilize the risk compensation for smaller sub-portfolios or innovative product portfolios with little historical calculation basis.

5.1.8 TBD

TBD

5.2 Notes to the balance sheet

5.2.1 Investments

Equity, variable-income securities, shares in investment funds	31.12.2021	31.12.2020
Opening balance	5,609,675	1,266,059
Additions	758,343	5,039,362
Disposals	-1,214,767	-637,721
Interest on zero-coupon bonds	0	0
Amortisation and impairment	0	0
Realised		
Rate differences	183,576	33,882
Exchange rate differences	0	0
Unrealised		
Rate differences	-95,900	-45,857
Exchange rate differences	-23,088	-46,051
Total	5,217,838	5,609,675

The fair value of stocks, other variable income securities and investment fund shares on December 31, 2021 amounts to CHF 6,073,278.

With regard to its own investments, Squarelife pursues a conservative "capital preservation strategy".

Debt securities, fixed-income securities	31.12.2021	31.12.2020
Opening balance	4,382,571	2,324,286
Additions	550,182	2,544,554
Disposals	-401,350	-530,144
Interest on zero-coupon bonds	0	0
Amortisation and impairment	0	0
Realised		
Rate differences	1,350	8,554
Exchange rate differences	0	0
Unrealised		
Rate differences	-182	36,216
Exchange rate differences	-30,850	-895
Total	4,501,721	4,382,571

The fair value of bonds and fixed income securities on December 31, 2021 amounts to CHF 4,556,283.

5.2.2 Technical provisions, policyholder's investment risk

Technical provisions, policyholders' investment risk	31.12.2021	31.12.2020
Capital investments for the account and risk of life insurance policyholders	66,801,722	64,847,641
Total technical provisions, policyholders' investment risk	66,801,722	64,847,641

5.2.3 Liabilities to affiliated companies

As of December 31, 2021, there was a liability of CHF -9,592 and deferred income in the amount of CHF 54,185 for services rendered to affiliated companies (Lifeware SA). In 2021, expenses of CHF 517,462 were due to affiliated companies.

Essentially, it concerns IT services and administrative support.

5.3 Disclosures to the income statement

5.3.1 Allocation by premiums

Allocation by premiums	31.12.2021	31.12.2020
Single premium	4,960,939	2,616,871
Current premiums	6,912,670	4,616,983
Total premiums	11,873,609	7,233,853

5.3.2 Allocation of the gross premiums booked according to countries

Allocation of the gross premiums booked according to countries	31.12.2021	31.12.2020
Austria	218,950	177,504
Czech Republic	221,392	148,362
Denmark	150,252	65,788
France	240	0
Germany	6,045,279	5,064,652
Italy	723,737	303,254
Netherlands	1,628,736	1,082,709
Other countries	2,214	0
Poland	456,354	252,658
Spain	142,901	64,647
Sweden	45,778	0
Switzerland	237,777	74,279
United Kingdom	2,000,000	0
Total premiums	11,873,609	7,233,853

5.3.3 Income from investments

Income from investments	31.12.2021	31.12.2020
Debt securities interest	197,291	81,147
Allocated sales taxes	0	0
Gains on the disposal of capital investments	184,930	42,505
Total	382,221	123,652

5.3.4 Active reinsurance with an associated service contract

Within the framework of active reinsurance, there is an associated service contract that is inseparably linked to the reinsurance contract. Income related to reinsurance business is reported in the technical account (section "Other underwriting income for own account"). The income and expenses associated with the service contract are reported in the non-technical account (sections "Other income from usual business activity" / "Other expenses from usual business activity").

5.4 Other disclosures

5.4.1 Employees

An average of 1.50 employees were employed in the reporting year (previous year: 1.50 employees).

5.4.2 Fixed remuneration of the administrative and managerial organs

Members of the Administrative Board were granted total remuneration totaling CHF 30,000 in the year under review.

Members of the Executive Board were granted total remuneration totaling CHF 155,000 in the year under review.

5.4.3 Share capital

As of December 31, 2021, the share capital totaled CHF 7 Millionen.. It consists of 7,000 registered shares with a nominal value of CHF 1,000 each.

5.4.4 Name and registered office of the parent company

The shares of Squarelife Insurance AG, Ruggell are 100% owned by Squarelife Holding SA, 6934 Bioggio, Switzerland.

5.4.5 Auditor's fees

The auditing services provided for the 2021 business year amount to CHF 78,468.

5.4.6 New Class of Insurance

On 7 September 2020, Squarelife received the approval for the insurance class "health insurance". Due to the sales preparations, it was not yet possible to generate any substantially significant new business in 2020. In December 2020 were underwritten the first 37 health insurance contracts. A technical account for the non-life insurance (health insurance) has therefore been made for the first time for 2021. With 166,410 francs written premiums, the underwriting result was negative, as expected. The acquisition and administrative expenses of 131,273 francs include both the costs directly attributable to the insurance class "health insurance" and a share of the costs not directly attributable to an insurance class.

5.4.7 Events after the reporting date

There were no significant events.

6 Actuarial confirmation

Actuarial confirmation of Squarelife Insurance AG as of December 31, 2021.

As the responsible actuary according to Art. 41 Para. 1) VersAG, and within the meaning of Art. 41 Para. 2) b) first sentence VersAG I confirm that the technical provisions listed below specifically in accordance with the applicable statutory provisions of the Liechtenstein Insurance Supervision Act and the associated ordinance Art. 36 VersAV life insurance and recognized actuarial principles are correctly calculated and adequately endowed:

D I. Prepayments of unearned premiums	378,315.85 CHF
D II. Insurance provision	735,590.81 CHF
D III. Provision for unsettled insurance claims	3,289,046.08 CHF
D V. Equalisation reserve	1,630,120.27 CHF
E Technical provisions for life insurance contracts, insofar as the investment risk is borne by the insurance policyholders	66,801,721.74 CHF

A minimal part of business in reinsurance was written (5% quota participation). The gross premium received was 7,333.13 CHF.

The capital requirements for the insurance company were met as of December 31, 2021.

Ruggell, April 19, 2022



Jörg Dreisow
Responsible actuary
Actuary (German Actuarial Society), statistics graduate