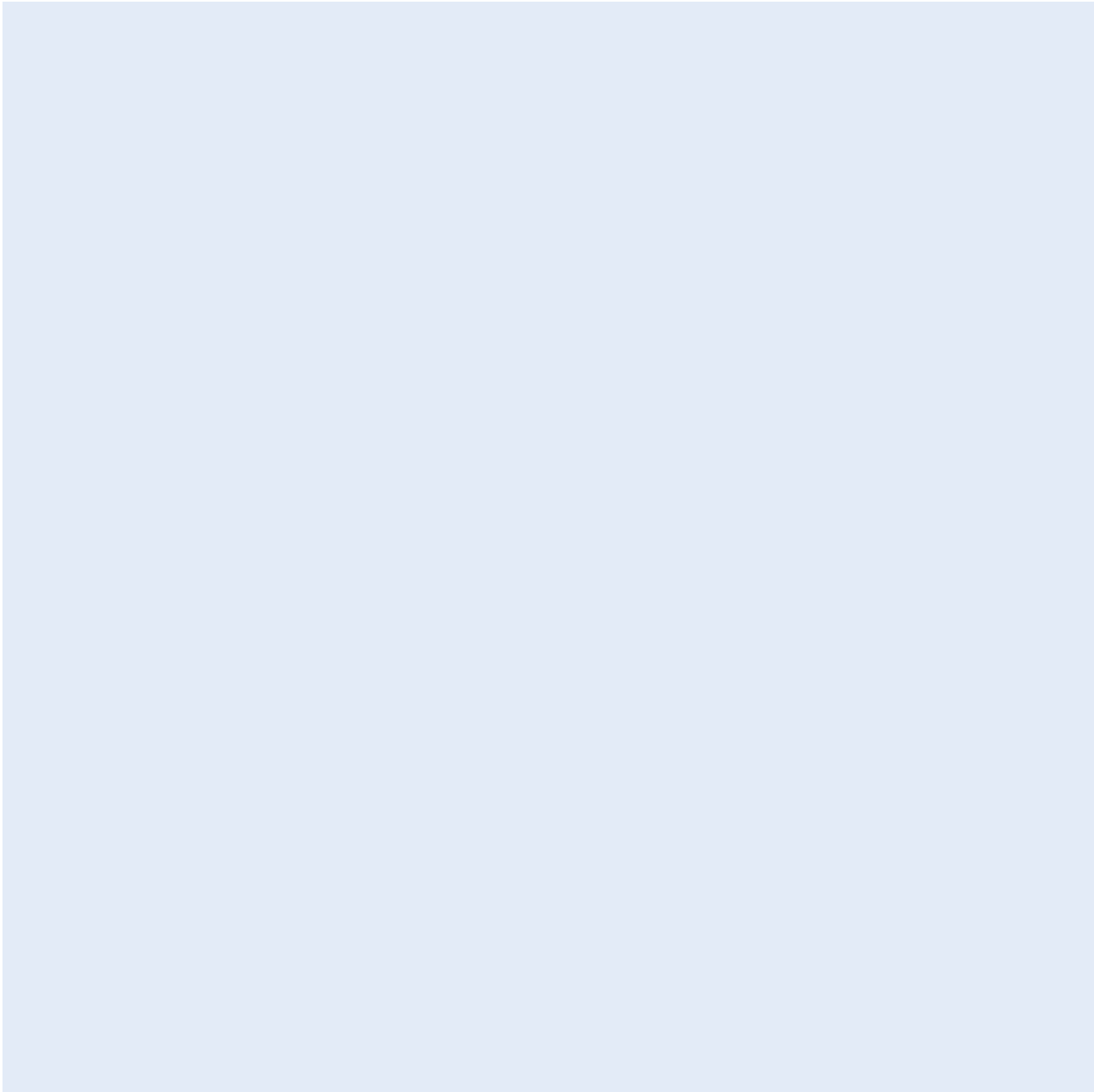




# Annual Report 2019



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## Financial statements

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## Financial statements (continued)

### Management report

Zurich Reinsurance Company Ltd (ZRe or the Company) is a reinsurance company domiciled in Zurich, Switzerland. The Company was licensed in Switzerland on December 15, 2016. The Company is a standalone legal entity that has both a reinsurance and a direct non-life insurance license issued by FINMA. The Company belongs to the Zurich Insurance Group (ZIG or the Group). ZRe's focus is on providing reinsurance solutions to affiliated companies of the Group, primarily to branches of Zurich Insurance Company Ltd (ZIC). To date, the retained business is predominantly from ZIC's operations in Asia Pacific. ZRe's has a direct book, which has been in run-off for over 20 years.

#### Financial review

ZRe reported a net income after taxes of CHF 44 million for the twelve months to December 31, 2019. The results were driven by the strong performance of some of the assumed reinsurance.

Gross written premiums and policy fees were generated primarily by two sources:

- ▶ Reinsurance of the Group's entities in Asia Pacific, which accounts for 71 percent of the Company's gross written premiums and policy fees. Of this business assumed, the majority is retained by ZRe and is comprised mainly of quota share reinsurance from ZIC's Japan branch on the personal accident and motor business, and whole account reinsurance of ZIC's Hong Kong branch.
- ▶ International program business, which is 28 percent of total gross written premiums and policy fees, through which ZRe supports the Group's international programs propositions for its corporate and commercial clients. None of this insurance risk is retained in ZRe as it is retroceded to ZIC.

#### Business overview

From an underwriting perspective, the active business performed well in the twelve months to December 31, 2019. The run-off business continues to be managed carefully as consistent with previous years and has a minimal impact on the overall underwriting performance. The investment income result was driven by a combination of third-party invested assets and Group internal loans. The net investment result for 2019 developed in line with management's expectations.

As of September 30, 2019, the Japan personal accident (PA) Quota Share treaty was commuted and renewed on different terms. The reinsurance was previously a multi-year treaty reinsurance contract at a 90 percent quota share and now it is a single year treaty reinsurance contract at a 60 percent quota share (the assumed premium volume remains stable as the protected PA business in the new treaty contains more sub-lines of business, e.g. kids PA). The revenues from the commutation of the multi-year Japan PA business were offset by a reduction of the capitalized renewal rights on ZRe's balance sheet.

#### Risk review

ZRe is fully integrated into the Group-wide risk assessment process and follows the same approach to risk as the Group. This risk process also addresses the nature and scope of business activities and the specific risks of ZRe. For more information on this approach to risk management, please refer to the risk review section in the Zurich Insurance Group Annual Report 2019, which describes the Group's risk management framework and risk governance, reports on capital management and capital adequacy, and presents an analysis of the main risks.

ZRe filed with FINMA in January 2020 the Own Risk and Solvency Assessment report (ORSA), that summarizes ZRe's risk and solvency assessment. In-depth discussions and reviews of the ORSA were performed with the ZRe Executive Management and the ZRe Board during 2019 and the Board approved the ORSA prior to filing. Throughout the year, quarterly risk reports give updates of the risk and solvency topics.

#### Outlook

The business written by the Company in 2020 is expected to be similar to 2019. The only exception is the restructured Japan PA Quota Share (as mentioned above, the assumed premium volume remains stable as within the commuted treaty). Otherwise, the Company is expecting to continue to assume the same risks in 2020 as it did in 2019, with the primary retained exposures being on the Company's reinsurance of the Japan motor and PA business and the Hong Kong Whole Account Quota Share (WAQS). The underwriting results are expected to be driven by the profitability of these retained contracts.

## Financial statements (continued)

## Board of Directors, management and auditors

Board of Directors, management and auditors	Residence	Expiration of current term of office
<b>Board of Directors as of December 31, 2019</b>		
Juan José Beer, Chairman of the Board	Möriken-Wildegg, Switzerland	2020
Christian Carl	Hünenberg, Switzerland	2020
Christian Felderer	Zurich, Switzerland	2020
Andrea Stürmer	Vienna, Austria	2020
Andres Christen, Secretary of the Board of Directors		
<b>Chief Executive Officer</b>		
Felix R. Kuhn		
<b>Chief Financial Officer</b>		
Elena Kuratli		
<b>Auditors</b>		
PricewaterhouseCoopers AG		

As of January 1, 2019, the Board of Directors Zurich Reinsurance Company Ltd (ZRe) was chaired by Juan José Beer. Andrea Stürmer was elected to the Board of Directors on November 5, 2019.

The Annual General Meeting was held on April 12, 2019.

As of January 1, 2019, the CEO of ZRe was Felix Kuhn. The Management also included Elena Kuratli and Roger Oberholzer.

Juan José Beer

Christian Carl

Chairman of the Board

Member of the Board

Zurich, March 24, 2020

## Financial statements (continued)

## Income statements

Income statements	in CHF millions, for the years ended December 31	Notes	2019	2018
		3	960	862
	Gross written premiums and policy fees		(379)	(284)
	Premiums ceded to reinsurers		580	578
	Net written premiums and policy fees		(29)	(60)
	Change in reserves for unearned premiums, gross		(3)	(33)
	Change in reserves for unearned premiums, ceded		548	486
	Net earned premiums and policy fees		–	–
	Other income		<b>549</b>	<b>486</b>
	<b>Total technical income</b>		<b>(1)</b>	<b>(2)</b>
	Claims paid, annuities and loss adjustment expenses, direct business, gross		(423)	(334)
	Claims paid, annuities and loss adjustment expenses, assumed		198	208
	Claims paid, annuities and loss adjustment expenses, ceded		8	(131)
	Change in insurance reserves, gross	11	(19)	29
	Change in insurance reserves, ceded	11	(237)	(229)
	Insurance benefits and losses, net of reinsurance		(307)	(267)
	Underwriting & policy acquisition costs, assumed, gross		51	56
	Underwriting & policy acquisition costs, ceded		(255)	(211)
	Underwriting & policy acquisition costs, net of reinsurance		(17)	(4)
	Administrative and other expense	4	<b>(510)</b>	<b>(444)</b>
	<b>Total technical expense</b>		14	11
	Investment income	5	(1)	(12)
	Investment expenses	6	13	(1)
	Net investment result		12	9
	Other financial income		<b>63</b>	<b>50</b>
	<b>Operating result</b>		(6)	(6)
	Interest expense on debt and other interest expense		<b>57</b>	<b>44</b>
	<b>Net income before taxes</b>		(13)	(10)
	Direct tax expenses		<b>44</b>	<b>34</b>
	<b>Net income after taxes</b>			

The notes to the financial statements are an integral part of these financial statements.

## Financial statements (continued)

## Balance sheets

Assets	in CHF millions, as of December 31	Notes	2019	2018
<b>Investments</b>				
	Investments in subsidiaries and associates	7	–	–
	Debt securities		358	352
	Other loans		80	89
	<b>Total investments</b>		<b>437</b>	<b>441</b>
<b>Other assets</b>				
	Derivative assets		1	1
	Deposits made under assumed reinsurance contracts		53	–
	Cash and cash equivalents		747	572
	Insurance reserves, ceded	12	711	742
	Deferred acquisition costs, net of reinsurance	8	92	266
	Intangible assets	9	24	82
	Receivables from insurance and reinsurance business	10	183	110
	Other receivables		12	18
	Accrued assets		6	12
	<b>Total other assets</b>		<b>1,829</b>	<b>1,803</b>
	<b>Total assets</b>		<b>2,266</b>	<b>2,244</b>

The notes to the financial statements are an integral part of these financial statements.

## Financial statements (continued)

<b>Liabilities and shareholder's equity</b>	in CHF millions, as of December 31	Notes	<b>2019</b>	2018
<b>Liabilities</b>				
Insurance reserves, gross		12	1,273	1,267
Provisions		13	4	11
Senior and other debt		14	199	206
Derivative liabilities			–	2
Deposits received under ceded reinsurance contracts			–	–
Liabilities from insurance and reinsurance business		15	75	31
Other liabilities			5	16
Accrued liabilities			4	9
<b>Total liabilities</b>			<b>1,560</b>	<b>1,543</b>
<b>Shareholder's equity (before appropriation of available earnings)</b>				
		18		
Share capital			12	12
Capital contribution reserve			616	616
Organizational fund			11	14
Retained earnings:				
<i>Beginning of year</i>			59	83
<i>Dividend paid</i>			(36)	(58)
<i>Net income after taxes</i>			44	34
Retained earnings, end of year			68	59
<b>Total shareholder's equity (before appropriation of available earnings)</b>			<b>706</b>	<b>701</b>
<b>Total liabilities and shareholder's equity</b>			<b>2,266</b>	<b>2,244</b>

The notes to the financial statements are an integral part of these financial statements.

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## Financial statements (continued)

### Notes to the financial statements

#### 1. Basis of presentation

The Company's financial statements are presented in accordance with the Swiss Code of Obligations and relevant insurance supervisory law, including the FINMA Insurance Supervision Ordinance (ISO-FINMA), revised December 15, 2015.

All amounts in the financial statements, unless otherwise stated, are shown in Swiss Francs (CHF), rounded to the nearest million, with the consequence that the rounded amounts may not add up to the rounded total in all cases. All variances are calculated using the actual figures rather than the rounded amounts.

#### 2. Summary of significant accounting policies

##### Investments

**Investments in subsidiaries and associates** are held at acquisition cost less necessary impairments.

**Debt securities** are carried at amortized cost using the effective interest rate method.

**Other loans** are carried at nominal value less impairments as necessary.

##### Other investments

The Company sold all its other investments in 2018. Before that, other investments were valued at amortized cost using the effective interest rate method.

##### Other assets

###### Derivative financial instruments

Derivative financial instruments held for purposes of economic hedging are carried at fair value.

###### Deposits made under assumed reinsurance contracts

Reinsurance deposits consist of funds deposited with ceding insurers to guarantee contractual liabilities for assumed reinsurance.

###### Deferred acquisition costs

Acquisition costs related to reinsurance business are deferred. The deferred costs are subsequently amortized over the period in which the related assumed premiums are earned.

###### Accrued assets

This amount relates primarily to interest income accruals, other accrued income and other prepaid expenses.

##### Insurance reserves

**Reserves for unearned premiums** represent the portion of the premiums written relating to the unexpired term of insurance coverage as of the balance sheet date. In many insurance contracts, the insurance period for which the insurance company assumes a risk against a premium paid does not correspond to the Company's financial year. Thus, an amount equivalent to the unearned portion of the premium is set up as a reserve at the end of the financial year.

**Reserves for losses and loss adjustment expenses** represent reserves for reported claims and reserves for losses incurred but not yet reported (IBNR). In addition, equalization reserves are included if these are accepted or required by the Swiss regulator FINMA. The reserves represent estimates of future payments of reported and unreported claims for losses and related expenses with respect to insured events that have occurred. Reserving is a complex process dealing with uncertainty, requiring the use of informed estimates and judgments. Any changes in estimates are reflected in the income statements in the period in which estimates are changed.

##### Other income and administrative and other expense

Other income includes interest income on deposits received under ceded reinsurance contracts as well as other technical and other non-technical income. Administrative and other expense represent primarily technical expense in connection with the operation of the insurance business.

##### Investment income and expense

**Realized capital gains/losses on investments** occur when the sales price or redemption value is higher or lower than the carrying value at the time of sale. The gain/loss is the difference between carrying value and the sales price.



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## Financial statements (continued)

**Write-downs and write-ups on investments** include losses arising from a decrease in the fair value below cost or the carrying value at the previous year-end and necessary impairments of debt securities and investments in subsidiaries and associates.

**Other financial income**

Other financial income includes interest income on cash and cash equivalent.

**Direct tax expenses**

Direct tax expenses include Swiss income and capital tax expense as well as foreign withholding tax expense on investment income.

## Financial statements (continued)

## 3. Gross written premiums and policy fees

Gross written premiums and policy fees by type of business	in CHF millions, for the years ended December 31	2019	2018
		Personal accident	267
Health		4	5
Motor		266	254
Marine, Aviation, Transport		12	14
Property		285	257
Casualty		107	45
Miscellaneous		18	24
<b>Gross written premiums and policy fees</b>		<b>960</b>	<b>862</b>

Gross written premiums and policy fees totaled CHF 960 million. As ZRe's direct business is all in run-off, the gross written premiums and policy fees reflect only assumed business. The majority of the assumed business originates from ZIC's Japan branch (personal accident and motor business) and international program business written in the Asia Pacific region (property business).

## 4. Administrative and other expense

Administrative and other expense	in CHF millions, for the years ended December 31	2019	2018
		Operating and administrative expenses	(7)
Amortization of intangible assets		(9)	(10)
Gains and losses on foreign currency derivatives		(1)	(1)
Foreign currency transaction gains and losses		–	11
<b>Administrative and other expense</b>		<b>(17)</b>	<b>(4)</b>
of which personnel expenditure		(1)	–

In 2019, a contribution of CHF 7 million to the Z Zurich Foundation is included in operating and administrative expenses. No such contribution was paid in 2018.

## 5. Investment income

Investment income by category	in CHF millions, for the years ended December 31	Current income		Realized capital gains		Write-ups		Totals	
		2019	2018	2019	2018	2019	2018	2019	2018
		Debt securities	7	6	3	–	–	–	10
Other loans	3	4	–	–	–	–	3	4	
Other investments	–	–	–	–	–	–	–	–	
<b>Investment income</b>		<b>11</b>	<b>10</b>	<b>3</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>14</b>	<b>11</b>

## 6. Investment expenses

Investment expenses by category	in CHF millions, for the years ended December 31	Realized capital losses		Write-downs		Totals	
		2019	2018	2019	2018	2019	2018
		Debt securities	(1)	(12)	–	–	(1)
Other loans	–	–	–	–	–	–	
Other investments	–	–	–	–	–	–	
<b>Subtotal investment expenses</b>		<b>(1)</b>	<b>(12)</b>	<b>–</b>	<b>–</b>	<b>(1)</b>	<b>(12)</b>
Investment general expenses		n.a.	n.a.	n.a.	n.a.	–	–
<b>Investment expenses</b>		<b>(1)</b>	<b>(12)</b>	<b>–</b>	<b>–</b>	<b>(1)</b>	<b>(12)</b>

Realized capital losses on debt securities in 2018 were mainly due to Group internal sales.

## Financial statements (continued)

**7. Investments in subsidiaries and associates**

ZRe has a minority stake in Zurich Risk Management Services (India) Private Limited. The book value for this investment is CHF 1 for the years ended December 31, 2019 and 2018, respectively.

**Significant indirect subsidiaries**

Zurich Reinsurance Company Ltd holds no indirect subsidiaries.

**8. Deferred acquisition costs**

		2019	2018
<b>Deferred acquisition costs, net of reinsurance</b>	in CHF millions, as of December 31		
	Deferred acquisition costs, assumed reinsurance	114	296
	Deferred acquisition costs, retroceded reinsurance	(22)	(30)
	<b>Deferred acquisition costs, net of reinsurance</b>	<b>92</b>	<b>266</b>

The decrease in deferred acquisition costs in 2019 was mainly driven by the commutation of the Japan personal accident Quota Share treaty as of September 30, 2019.

**9. Intangible assets**

Intangible assets consist of renewal rights of CHF 24 million, which are amortized over a period of ten years. In 2019, the intangible assets were reduced by the revenues from the commutation of the Japan PA Quota Share treaty. End of 2018, the intangible assets totaled to CHF 82 million.

**10. Receivables from insurance and reinsurance business**

		2019	2018
<b>Receivables from insurance and reinsurance business</b>	in CHF millions, as of December 31		
	Receivables from insurance and reinsurance companies	183	110
	<b>Receivables from insurance and reinsurance business</b>	<b>183</b>	<b>110</b>

## Financial statements (continued)

**11. Change in insurance reserves, net**

in CHF millions, for the years ended December 31		2019	2018
<b>Change in insurance reserves, net</b>	<b>Gross</b>		
	Change in reserves for losses and loss adjustment expenses, direct business	1	9
	Change in reserves for losses and loss adjustment expenses, assumed business	7	(140)
	<b>Change in insurance reserves, gross</b>	<b>8</b>	<b>(131)</b>
	<b>Ceded</b>		
	Change in reserves for losses and loss adjustment expenses, direct business	–	(4)
	Change in reserves for losses and loss adjustment expenses, assumed business	(18)	33
	<b>Change in insurance reserves, ceded</b>	<b>(19)</b>	<b>29</b>
	<b>Net</b>		
	Change in reserves for losses and loss adjustment expenses, direct business	1	5
	Change in reserves for losses and loss adjustment expenses, assumed business	(11)	(107)
	<b>Change in insurance reserves, net of reinsurance</b>	<b>(10)</b>	<b>(102)</b>

**12. Insurance reserves, net**

in CHF millions, as of December 31		2019	2018
<b>Insurance reserves, net</b>	<b>Gross</b>		
	Reserves for unearned premiums	348	321
	Reserves for losses and loss adjustment expenses	924	944
	Other technical reserves	2	2
	<b>Insurance reserves, gross</b>	<b>1,273</b>	<b>1,267</b>
	<b>Ceded</b>		
	Reserves for unearned premiums	(131)	(135)
	Reserves for losses and loss adjustment expenses	(579)	(607)
	<b>Insurance reserves, ceded</b>	<b>(711)</b>	<b>(742)</b>
	<b>Net</b>		
	Reserves for unearned premiums	216	186
	Reserves for losses and loss adjustment expenses	344	337
	Other technical reserves	2	2
<b>Insurance reserves, net of reinsurance</b>	<b>562</b>	<b>525</b>	

Total net insurance reserves increased by CHF 37 million to CHF 562 million in 2019 from CHF 525 million in 2018. The net reserves are primarily related to the Japan personal accident and motor business and to the Hong Kong Quota Share business as well as to run-off business.

**13. Provisions**

Provisions include unrealized foreign exchange gains that were not included in the Company's income statements as well as general provisions for disputable claims.

**14. Senior and other debt**

Senior and other debts are all due in less than twelve months.

## Financial statements (continued)

## 15. Liabilities from insurance and reinsurance business

		2019	2018
<b>Liabilities from insurance and reinsurance business</b>	in CHF millions, as of December 31		
	Amounts due to reinsurers	62	7
	Amounts due to other insurance companies	14	23
	<b>Liabilities from insurance and reinsurance business</b>	<b>75</b>	<b>31</b>

## 16. Assets and liabilities relating to ZIC Ltd and ZIG Ltd

		2019	2018
<b>Assets and liabilities relating to ZIC Ltd</b>	in CHF millions, as of December 31		
	<b>Assets</b>		
	Other loans	80	89
	Derivative assets	1	1
	Deposits made under assumed reinsurance contracts	53	–
	Cash and cash equivalents	731	549
	Insurance reserves, ceded	645	655
	Deferred acquisition costs, net of reinsurance	91	264
	Receivables from insurance and reinsurance business	174	91
	Other receivables	10	13
	Accrued assets	4	9
	<b>Total assets</b>	<b>1,787</b>	<b>1,672</b>
	<b>Liabilities</b>		
	Insurance reserves, gross	1,076	1,022
	Senior and other debt	199	206
	Derivative liabilities	–	2
	Deposits received under ceded reinsurance contracts	–	–
	Liabilities from insurance and reinsurance business	68	22
	Other liabilities	3	3
	Accrued liabilities	3	8
	<b>Total liabilities</b>	<b>1,349</b>	<b>1,262</b>

There are no assets or liabilities relating to Zurich Insurance Group Ltd (ZIG Ltd) on the Company's balance sheet as of December 31, 2019 and 2018, respectively.

## 17. Supplementary information

		2019	2018
<b>Supplementary information</b>	in CHF thousands, for the years ended December 31		
	Audit fees	199	199
	Other service fees	–	–
	Number of employees – average full time equivalents	1	1

According to regulatory requirements, CHF 91 million and CHF 90 million are attributed to tied assets as of December 31, 2019 and 2018, respectively.

To secure the insurance reserves of the assumed reinsurance business, investments with a value of CHF 188 million and of CHF 181 million as of December 31, 2019, respectively 2018, were deposited in favor of ceding companies.

ZRe had an employment services agreement in place with ZIC. Under this agreement, ZIC committed to make available certain services of identified staff to the Company.

## Financial statements (continued)

## 18. Shareholder's equity

Shareholder's equity	in CHF millions, as of December 31	2019	2018	Change
		Share capital	12	12
Capital contribution reserve		616	616	–
Organizational fund		11	14	(3)
Retained earnings:				
<i>Beginning of year</i>		59	83	(24)
<i>Dividend paid</i>		(36)	(58)	22
<i>Net income after taxes</i>		44	34	10
<i>Retained earnings, end of year</i>		68	59	8
<b>Total shareholder's equity</b>		<b>706</b>	<b>701</b>	<b>5</b>

The Company's only shareholder is Zurich Insurance Company Ltd.

The organizational fund which was setup in 2016 amounting to CHF 20 million was reduced as per December 31, 2019, to CHF 11 million according to FINMA regulations.

## 19. Exchange rates

The presentation currency for ZRe is CHF. The functional currency is the currency of the primary economic environment in which the business unit operates. Assets and liabilities of those business units with functional currencies other than CHF are translated into the presentation currency at end-of-period exchange rates, except for investments in subsidiaries and associates, where historical exchange rates are used. Revenues and expenses are translated using the average exchange rate for the year. The resulting exchange differences are recorded in the income statements, whereas the unrealized foreign exchange gains are deferred and recorded in the balance sheet.

The table below summarizes the exchange rates that have been used for translation purposes.

Principal exchange rates	CHF per 100 foreign currency unit	Balance sheets		Income statements	
		31/12/2019	31/12/2018	2019	2018
USD		96.84	98.40	99.37	97.81
GBP		128.25	125.41	126.82	130.61

## Financial statements (continued)

**Proposed appropriation of available earnings**

number of shares, as of December 31	<b>2019</b>	2018
<b>Registered shares eligible for dividends</b>		
Eligible shares	11,676,271	11,676,271

The Board of Directors proposes to the Annual General Meeting to be held on March 24, 2020, to appropriate the available earnings for 2019 as follows:

in CHF	<b>Available earnings</b>
<b>Available earnings</b>	
As of January 1, 2019	59,351,274
Dividend paid	(36,000,000)
Net income after taxes	44,191,865
<b>Available earnings as of December 31, 2019</b>	<b>67,543,139</b>

in CHF	<b>Available earnings</b>
<b>Appropriation of available earnings</b>	
As of January 1, 2020	67,543,139
Dividend payment out of available earnings	(38,000,000)
<b>Balance carried forward</b>	<b>29,543,139</b>

The Board of Directors proposes to the Annual General Meeting to be held on March 24, 2020, that the Company pay a dividend of CHF 38,000,000 out of available earnings for 2019 and to carry forward the remaining available earnings for 2019 in the amount of CHF 29,543,139 as shown in the above table.

Zurich, March 24, 2020

On behalf of the Board of Directors of Zurich Reinsurance Company Ltd

Juan José Beer

Chairman

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## Report of the statutory auditor

### Report of the statutory auditor

#### To the General Meeting of Zurich Reinsurance Company Ltd, Zurich

#### Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Zurich Reinsurance Company Ltd, which comprise the income statement, balance sheet and notes (pages 3-12), for the year ended December 31, 2019.

#### *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 association. 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 entity'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 entity'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 December 31, 2019, comply with Swiss law and the Company's articles of association.

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

PricewaterhouseCoopers AG

Ray Kunz  
Audit expert  
Auditor in charge

Andrea Chlustova

Zurich, March 24, 2020



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## Disclaimer and cautionary statement

Certain statements in this document are forward-looking statements, including, but not limited to, statements that are predictions of or indicate future events, trends, plans or objectives of Zurich Reinsurance Company Ltd. Forward-looking statements include statements regarding the Zurich Reinsurance Company Ltd's targeted profit, return on equity targets, expenses, pricing conditions, dividend policy and underwriting and claims results, as well as statements regarding the Zurich Reinsurance Company Ltd's understanding of general economic, financial and insurance market conditions and expected developments. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and plans and objectives of Zurich Reinsurance Company Ltd to differ materially from those expressed or implied in the forward-looking statements (or from past results). Factors such as (i) general economic conditions and competitive factors, particularly in key markets; (ii) the risk of a global economic downturn; (iii) performance of financial markets; (iv) levels of interest rates and currency exchange rates; (v) frequency, severity and development of insured claims events; (vi) mortality and morbidity experience; (vii) policy renewal and lapse rates; and (viii) changes in laws and regulations and in the policies of regulators may have a direct bearing on the results of operations of Zurich Reinsurance Company Ltd and on whether the targets will be achieved. Zurich Reinsurance Company Ltd undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

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