



Annual Report 2023

Financial statements

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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 Swiss Financial Market Supervisory Authority (FINMA). The Company belongs to the Zurich Insurance Group (Group). ZRe's focus is on providing reinsurance solutions primarily to affiliated companies of the Group, in particular to branches of Zurich Insurance Company Ltd (ZIC). To date, the retained business is predominantly from ZIC's operations in United Kingdom and Asia Pacific. ZRe has a direct book, which has been in run-off for over 35 years.

Financial review

ZRe reported a net loss after taxes of CHF 17 million for the twelve months to December 31, 2023. The loss is mainly driven by the adverse FX-development of the U.S. dollar compared to the Swiss Franc (presentation currency). The underwriting result has mainly developed as planned. Gross written premiums and policy fees were generated primarily by two regions/sources:

United Kingdom (UK) and the Asia Pacific region account for 72 percent and 17 percent, respectively, of the Company's gross written premiums and policy fees. The remaining 11 percent is with the rest of the world. Gross written premiums and policy fees are generated through non-International Programs Zurich (non-IPZ) business (58 percent) and International Programs Zurich (IPZ)-processed business (42 percent). The IPZ assumed business from ZIC branches is being retroceded to ZIC and the non-IPZ assumed business is mostly retained by ZRe. The non-IPZ business is mainly comprised of quota share reinsurance from ZIC branches, in Japan (motor and personal accident (PA) business), in UK (Whole Account Quota Share (WAQS)) and in Hong Kong (WAQS). It grew mainly due to the new UK contracts.

Business overview

The business opportunity triggered by the UK business following Brexit has materialized as per January 1, 2023, and on the gross side, ZRe has grown substantially in 2023. From an underwriting perspective, the active business performed mainly as expected in the twelve months ended December 31, 2023. As of January 1, 2023, the Company has started to write business from ZIC's branch in the UK, which is only partially retained, but the majority is retroceded to ZIC. In November 2023, ZRe has started to assume a small portion of a WAQS treaty with a Group entity in the United States (U.S.), which is fully retained. The run-off business continues to be managed carefully as consistent with previous years. During 2023, ZRe maintained its prudent policy regarding reserving for this portfolio. Overall, it evolves as expected. The investment income result was driven by a combination of third-party invested assets and Group internal loans and partially also driven by the overall rising interest rates. The net investment result for 2023 developed in line with management's expectations.

Risk review

ZRe has a risk management framework under the lead of ZRe's Chief Risk Officer (CRO) which is fully integrated into Zurich's Group-wide risk process. For closer information on ZRe's overall approach to risk management, please refer to the risk review section in the Zurich Insurance Group Annual Report 2023.

ZRe uses two key sources for the identification and assessment of risks. One is the risk and capital model as required by Swiss Solvency Test (SST). This model quantifies financial risks which threaten the capital of the Company over a one-year time horizon. The significant risks for ZRe, as measured by capital metrics, are premium and reserve risk, market and credit risk. The other source is the Total Risk Profiling™ (TRP) methodology which identifies all risks that threaten capital, earnings and reputation over a three-year planning horizon. The TRP process is applied to identify, evaluate, control and monitor these risks. Mitigation actions are defined for key risks. The TRP is completed at least annually with management's participation. Key risks identified and assessed during the TRP conducted in 2023 included: dependency on counterparties, key-people dependency, underwriting, reserve adequacy and currency risk, but all managed and within the Company's risk appetite.

Throughout the year, quarterly risk reports to the ZRe Management Board and the ZRe Board of Directors (BoD) provide updates of the risk and solvency situation as well as on Internal Control System related matters. Annually, an Own Risk and Solvency Assessment (ORSA) for ZRe is completed and was submitted to FINMA at the beginning of 2024. To ensure the BoD is adequately involved in the ORSA process, ZRe's CRO provides regular update, thus allowing the BoD to challenge findings and consider its views in its decision making process.

Management report (continued)

Outlook

The business written by the Company in 2024 is structurally expected to be similar to 2023. The overall appetite of ZRe to retain, on a net base, business out of portfolios with low volatility will remain unchanged. Consequently, ZRe will continue focusing on a stable portfolio and similar risks in 2024 as it did in 2023, with the primary retained exposures being on ZRe's reinsurance of the Japan motor and personal accident business and the UK, U.S., Hong Kong as well as Singapore WAQS treaties. The underwriting results are expected to be driven by the profitability of these retained contracts and the stability and homogeneity of the underlying portfolios, where the new WAQS treaties in UK and U.S. fit very well into and contribute to ZRe's further diversification.

On January 1, 2024, the revised Insurance Supervision Act (ISA) and the revised Insurance Supervision Ordinance (ISO) have entered into force. Following this revision, the requirements resulting from the delegation provisions will now be implemented at FINMA level. The total revision of the FINMA Insurance Supervision Ordinance (ISO-FINMA) and the revision of a series of FINMA circulars for insurance companies cover various points, including

- Regulation on technical details of the SST;
- Implementation of the provisions on technical reserves;
- Additional regulation in the area of supervision of insurance intermediaries.

The Company's management continues to carefully monitor any development of regulatory and legal requirements.

Board of Directors, management and auditors

Board of Directors, management and auditors

	Residence	Expiration of current term of office
Board of Directors as of December 31, 2023		
Juan José Beer, Chairman of the Board of Directors	Möriken-Wildegg, Switzerland	2024
Christian Carl	Hünenberg, Switzerland	2024
Christian Felderer	Zurich, Switzerland	2024
Andrea Stürmer	Vienna, Austria	2024
Andres Christen, Secretary of the Board of Directors		
Chief Executive Officer		
Felix R. Kuhn		
Chief Financial Officer		
Elena Kuratli		
Chief Underwriting Officer		
Roger Oberholzer		
Auditors		
Ernst & Young Ltd		

As of December 31, 2023, the Board of Directors (BoD) for Zurich Reinsurance Company Ltd was chaired by Juan José Beer. There have been no changes to the BoD and the Chairperson of the BoD during the reporting period.

The Annual General Meeting was held on April 13, 2023.

The Audit & Risk Committee of Zurich Reinsurance Company Ltd as of December 31, 2023, consisted of Christian Felderer (Chair), Christian Carl and Andrea Stürmer.

As of December 31, 2023, the CEO of ZRe was Felix R. Kuhn. The management also included Elena Kuratli and Roger Oberholzer.

Juan José Beer

Christian Carl

Chairman of the Board of Directors

Member of the Board of Directors

Zurich, April 19, 2024

Income statements

Income statements	in CHF millions, for the years ended December 31	Notes	2023	2022
		3	4,216	1,125
			(3,578)	(594)
			638	530
			(928)	(49)
			908	41
			618	522
			4	1
			622	524
			(3)	(9)
			1,267	(338)
			(1,486)	133
		12	(3,201)	(83)
		12	3,110	66
			(313)	(231)
			(1,045)	(350)
			760	102
			(285)	(248)
		4	(46)	(9)
			(645)	(487)
		5	22	13
		6	(2)	(5)
			20	7
			25	7
			(9)	-
			13	51
			(29)	(10)
			(16)	41
			(1)	(9)
			(17)	32

Balance sheets

Assets	in CHF millions, as of December 31	Notes	2023	2022
Investments				
Investments in subsidiaries and associates		7	–	–
Debt securities			813	626
Other loans			41	53
Total investments			855	679
Other assets				
Derivative assets			1	1
Deposits made under assumed reinsurance contracts		8	164	177
Cash and cash equivalents			2	2
Insurance reserves, ceded		13	4,647	848
Deferred acquisition costs, net of reinsurance		9	82	83
Intangible assets		10	9	13
Receivables from insurance and reinsurance business		11	252	163
Other receivables			717	815
Accrued assets			60	14
Total other assets			5,934	2,117
Total assets			6,788	2,796

Balance sheets (continued)

Liabilities and shareholder's equity	in CHF millions, as of December 31	Notes	2023	2022
Liabilities				
	Insurance reserves, gross	13	5,289	1,447
	Senior and other debt	14	529	415
	Derivative liabilities		1	1
	Deposits received under ceded reinsurance contracts	8	80	97
	Liabilities from insurance and reinsurance business	15	207	144
	Other liabilities		39	26
	Accrued liabilities		53	17
	Total liabilities		6,198	2,147
Shareholder's equity (before appropriation of available earnings)				
	Share capital		12	12
Capital contribution reserve:				
	<i>Beginning of year</i>		551	576
	<i>Dividend paid</i>		(43)	(25)
	Capital contribution reserve, end of year		508	551
Retained earnings:				
	<i>Beginning of year</i>		87	55
	<i>Net income after taxes</i>		(17)	32
	Retained earnings, end of year		70	87
	Total shareholder's equity (before appropriation of available earnings)		590	649
	Total liabilities and shareholder's equity		6,788	2,796

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 ISO-FINMA of 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 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 estimates for losses incurred but not yet reported (IBNR). 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. In addition, equalization reserves are included where these are accepted or required by the regulator in the country where such reserves are held. 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 or redemption value.

Notes to the financial statements (continued)

Write-downs 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 and expense

Other financial income and expense include interest income on cash and cash equivalents as well as realized gains and losses on senior debt.

Direct tax expenses

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

Notes to the 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	2023	2022
		Personal accident	287
Workers' compensation		31	31
Health		6	5
Motor		727	252
Marine, Traffic, Transport		100	20
Property		1,690	436
Casualty		1,344	180
Credit & Deposits		11	–
Miscellaneous financial loss		19	1
Gross written premiums and policy fees		4,216	1,125

Gross written premiums and policy fees totaled CHF 4,216 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 in 2023 originates from ZIC's UK business, ZIC's Japan branch (personal accident and motor business) and reinsurance business written in Canada. The assumed gross written premiums and policy fees increased by CHF 3,091 million in 2023 due to the new UK business.

4. Administrative and other expense

Administrative and other expense	in CHF millions, for the years ended December 31	2023	2022
		Operating and administrative expenses	(6)
Amortization of intangible assets		(3)	(3)
Foreign currency transaction gains and losses		(37)	8
Gains and losses on foreign currency derivatives		1	–
Administrative and other expense		(46)	(9)
of which personnel expenditure		(1)	(1)

In 2023, a contribution of CHF 4 million to the Z Zurich Foundation was included in operating and administrative expenses. In 2022, the contribution to Z Zurich Foundation was CHF 10 million. Foreign currency transaction gains and losses are mainly driven by the net FX-losses of CHF 37 million following the weaker U.S. dollar exchange rate in 2023, whereas in 2022, the net FX-gains of CHF 8 million were driven by the the stronger U.S. dollar exchange rate.

5. Investment income

Investment income by category	in CHF millions, for the years ended December 31	Current income		Realized capital gains		Write-ups		Total	
		2023	2022	2023	2022	2023	2022	2023	2022
		Debt securities	19	10	1	–	–	–	21
Other loans	2	2	–	–	–	–	2	2	
Investment income		21	12	1	–	–	22	13	

Investment income on debt securities increased in 2023 to CHF 21 million compared to CHF 10 million in 2022 due to the higher volume of investments following the growing business and higher reinvestment rates on debt securities.

Notes to the financial statements (continued)

6. Investment expenses

Investment expenses by category	in CHF millions, for the years ended December 31					
	Realized capital losses		Write-downs		Total	
	2023	2022	2023	2022	2023	2022
Debt securities	(2)	(5)	–	–	(2)	(5)
Other loans	–	–	–	–	–	–
Subtotal investment expenses	(2)	(5)	–	–	(2)	(5)
Investment general expenses	n.a.	n.a.	n.a.	n.a.	–	–
Investment expenses	(2)	(5)	–	–	(2)	(5)

Realized capital losses on debt securities of CHF 2 million and CHF 5 million in 2023 and 2022, respectively, were mainly due to the sale of Canadian government bonds in order to reposition the portfolios and reinvest them at the higher market interest rate.

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, 2023 and 2022, respectively.

Significant indirect subsidiaries

Zurich Reinsurance Company Ltd holds no indirect subsidiaries.

8. Deposit made under assumed reinsurance contracts/Deposits received under ceded reinsurance contracts

ZRe reported deposits made under assumed reinsurance contracts of CHF 164 million and CHF 177 million as of December 31, 2023 and 2022, respectively, to comply with regulatory requirements in the Asia Pacific region for the assumed business from ZIC and Zurich General Insurance Company (China) Limited. For the retroceded part of this business, ZRe recorded deposits received of CHF 80 million and CHF 97 million as of December 31, 2023 and 2022, respectively.

9. Deferred acquisition costs

Deferred acquisition costs, net of reinsurance	in CHF millions, as of December 31	
	2023	2022
Deferred acquisition costs, assumed reinsurance	413	126
Deferred acquisition costs, retroceded reinsurance	(331)	(43)
Deferred acquisition costs, net of reinsurance	82	83

Deferred acquisition costs increased on a gross and ceded basis in 2023 compared to December 31, 2022, mainly related to the new UK business.

10. Intangible assets

Intangible assets consist of renewal rights of CHF 9 million and CHF 13 million as of December 31, 2023 and 2022, respectively, which are amortized over a period of ten years.

11. Receivables from insurance and reinsurance business

Receivables from insurance and reinsurance business	in CHF millions, as of December 31	
	2023	2022
Receivables from insurance and reinsurance business	252	163
Receivables from insurance and reinsurance business	252	163

Receivables from insurance and reinsurance business increased in 2023 compared to December 31, 2022, mainly related to the reinsurance business which is fully fronted and not retained.

Notes to the financial statements (continued)

12. Change in insurance reserves (excluding change in reserves for unearned premiums), net

Change in insurance reserves (excluding change in reserves for unearned premiums), net	in CHF millions, for the years ended December 31	
	2023	2022
Gross		
Change in reserves for losses and loss adjustment expenses, direct business	(12)	8
Change in reserves for losses and loss adjustment expenses, indirect business	(3,189)	(91)
Change in other technical reserves	–	–
Change in reserves for PH's dividends	–	–
Change in insurance reserves, gross	(3,201)	(83)
Ceded		
Change in reserves for losses and loss adjustment expenses, direct business	4	(4)
Change in reserves for losses and loss adjustment expenses, indirect business	3,106	70
Change in other technical reserves	–	–
Change in reserves for PH's dividends	–	–
Change in insurance reserves, ceded	3,110	66
Net		
Change in reserves for losses and loss adjustment expenses, direct business	(8)	4
Change in reserves for losses and loss adjustment expenses, indirect business	(83)	(22)
Change in other technical reserves	–	–
Change in reserves for PH's dividends	–	–
Change in insurance reserves, net of reinsurance	(91)	(17)

The negative impact in the income statement due to the change in net insurance reserves increased by CHF 74 million to CHF 91 million in 2023 from CHF 17 million in 2022. The main driver for this increase is the new UK business with a net change in insurance reserves of CHF 52 million (gross: CHF 3,001 million) in 2023.

13. Insurance reserves, net

Insurance reserves, net	in CHF millions, as of December 31	
	2023	2022
Gross		
Reserves for unearned premiums	1,289	437
Reserves for losses and loss adjustment expenses	3,999	1,008
Other technical reserves	–	2
Reserves for policyholders' dividends	2	–
Insurance reserves, gross	5,289	1,447
Ceded		
Reserves for unearned premiums	(1,084)	(231)
Reserves for losses and loss adjustment expenses	(3,563)	(617)
Reserves for policyholders' dividends	–	–
Insurance reserves, ceded	(4,647)	(848)
Net		
Reserves for unearned premiums	206	206
Reserves for losses and loss adjustment expenses	436	391
Other technical reserves	–	2
Reserves for policyholders' dividends	2	–
Insurance reserves, net of reinsurance	643	599

Total net insurance reserves increased by CHF 44 million to CHF 643 million in 2023 from CHF 599 million in 2022. The net reserves are primarily related to the Japan personal accident and motor business, the new UK and the Hong Kong WAQS business as well as the run-off business. Due to the the new UK business, the gross insurance reserves increased by CHF 3,797 million and the ceded insurance reserves by CHF 3,694 million in 2023.

Notes to the financial statements (continued)

14. Senior and other debt

The senior and other debt is held as collateral funding for Canadian business.

Senior and other debt	in CHF millions, as of December 31	2023	2022
	Zurich Insurance Company Ltd	529	415
	Total senior and other debt	529	415
	<i>thereof due in one to five years</i>	386	–
	<i>thereof due in more than five years</i>	–	–

15. Liabilities from insurance and reinsurance business

Liabilities from insurance and reinsurance business	in CHF millions, as of December 31	2023	2022
	Liabilities from insurance and reinsurance business	207	144
	Liabilities from insurance and reinsurance business	207	144

Liabilities from insurance and reinsurance business increased in 2023 compared to December 31, 2022, by CHF 63 million mainly related to the reinsurance business which is fully fronted and not retained.

16. Assets and liabilities relating to Zurich Insurance Company Ltd and Zurich Insurance Group Ltd

Assets and liabilities relating to ZIC	in CHF millions, as of December 31	2023	2022
	Assets		
	Other loans	41	53
	Derivative assets	1	1
	Deposits made under assumed reinsurance contracts	159	177
	Insurance reserves, ceded	4,609	802
	Deferred acquisition costs, net of reinsurance	81	82
	Receivables from insurance and reinsurance business	238	143
	Other receivables	704	815
	Accrued assets	55	4
	Total assets	5,889	2,078
	Liabilities		
	Insurance reserves, gross	5,116	1,268
	Senior and other debt	529	415
	Derivative liabilities	1	1
	Deposits received under ceded reinsurance contracts	80	97
	Liabilities from insurance and reinsurance business	203	141
	Other liabilities	25	19
	Accrued liabilities	53	9
	Total liabilities	6,006	1,951

There are no assets or liabilities relating to Zurich Insurance Group Ltd on the Company's balance sheet as of December 31, 2023 and 2022, respectively.

Notes to the financial statements (continued)

17. Supplementary information

Supplementary information	in CHF thousands, for the years ended December 31	2023	2022
		Audit fees	177
Other service fees		–	–
Number of employees – average full time equivalents		2	2

According to regulatory requirements, CHF 108 million and CHF 117 million are attributed to tied assets as of December 31, 2023 and 2022, respectively.

To secure the insurance reserves of the assumed reinsurance business, investments with a value of CHF 571 million and of CHF 430 million as of December 31, 2023, respectively 2022, were deposited in favor of ceding companies. The increase in 2023 of CHF 141 million was mainly due to IPZ related Canadian business.

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.

ZRe is a member of the Zurich VAT group and is therefore jointly and severally liable for the VAT debts of the entire Group to the Swiss Federal Tax Administration. In addition, the Company has provided two unlimited guarantees and is not aware of any event or default that would require it to satisfy any of these guarantees.

18. Shareholder's equity

Shareholder's equity	in CHF millions, as of December 31	2023	2022	Change
		Share capital	12	12
Capital contribution reserve:				
<i>Beginning of year</i>		551	576	(25)
<i>Dividend paid</i>		(43)	(25)	(18)
Capital contribution reserve, end of year		508	551	(43)
Retained earnings:				
<i>Beginning of year</i>		87	55	32
<i>Net income after taxes</i>		(17)	32	(49)
Retained earnings, end of year		70	87	(17)
Total shareholder's equity		590	649	(60)

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

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.

Exchange rates	CHF per 1 foreign currency unit	Balance sheets		Income statements	
		31/12/2023	31/12/2022	2023	2022
		British pound	1.0726	1.1143	1.1170
U.S. dollar	0.8422	0.9248	0.8983	0.9540	

Proposed appropriation of available earnings and capital contribution reserve

The available earnings for 2023 originate as follows:

in CHF	Available earnings
Available earnings	
As of January 1, 2023	86,846,380
Net income after taxes	(16,677,722)
Available earnings as of December 31, 2023	70,168,658

The Board of Directors proposes to the Annual General Meeting to be held on April 19, 2024, to appropriate the available earnings and a part of the capital contribution reserve as follows:

in CHF	Available earnings
Appropriation of available earnings	
As of January 1, 2024	70,168,658
Balance carried forward	70,168,658

in CHF	Capital contribution reserve
Appropriation of capital contribution reserve	
As of January 1, 2024	507,807,652
Dividend of CHF 420,000,000	(420,000,000)
Balance carried forward¹	87,807,652

¹ These figures are based on the share capital issued on December 31, 2023, of CHF 11,676,271 divided into 11,676,271 registered shares with a nominal value of CHF 1 each.

Zurich, April 19, 2024

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

Juan José Beer

Chairman

Report of the statutory auditor



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To the General Meeting of
Zurich Reinsurance Company Ltd, Zurich

Zurich, April 19, 2024

Report of the statutory auditor

Report on the audit of the financial statements



Opinion

We have audited the financial statements of Zurich Reinsurance Company Ltd (hereinafter referred to as “the Company”), which comprise the balance sheet as at December 31, 2023, the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 4 to 13) comply with Swiss law and the Company’s articles of association.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the financial statements” section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Other information

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

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

Report of the statutory auditor (continued)



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

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



Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of association, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report of the statutory auditor (continued)



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Report on other legal and regulatory requirements



In accordance with Art. 728a para. 1 item 3 CO and SA-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Furthermore, we 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.

Ernst & Young Ltd

Philip Kirkpatrick
Licensed audit expert
(Auditor in charge)

Thomas Lussiez
Certified Public Accountant (U.S.)

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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, in the financial services industries in particular; (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; (viii) increased litigation activity and regulatory actions; and (ix) 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 on whether the targets will be achieved. Specifically in relation with the COVID-19 related statements, such statements were made on the basis of circumstances prevailing at a certain time and on the basis of specific terms and conditions (in particular applicable exclusions) of insurance policies as written and interpreted by Zurich Reinsurance Company Ltd and may be subject to regulatory, legislative, governmental and litigation-related developments affecting the extent of potential losses covered by a member of Zurich Reinsurance Company Ltd or potentially exposing Zurich Reinsurance Company Ltd to additional losses if terms or conditions are retroactively amended by way of legislative or regulatory action. 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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Persons requiring advice should consult an independent adviser.

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