



ANNUAL REPORT 2017

SI Re – Mutually yours
Sustainable, agile, committed

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SI Re at a glance

SIGNAL IDUNA Reinsurance Ltd (SIRe) is a Swiss reinsurer based in Zug, operational since 2004. We primarily serve mutual insurance companies and focus on selected European countries. Sustainability, agility and commitment are the building blocks of our franchise. We are strongly capitalized as evidenced by an «A-» financial strength rating from Fitch.

Board of Directors

Dr. Klaus Sticker, Chairman
Martin Berger
Dr. Otto Bruderer
Dr. Stefan Kutz
Armin Landtwing
Peter Schmid (until 2 June 2017)
Carl Mäder (since 2 June 2017)

Executive Board

Bertrand R. Wollner, Chief Executive Officer
Andreas Gadmer, Chief Risk Officer

Executive Management

Adrian Suter, Head of Finance

Shareholders

SIGNAL IDUNA Allgemeine Versicherung AG,
Dortmund

Rating

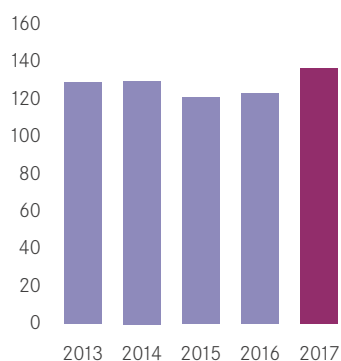
Fitch: A- «Outlook stable»

Auditors

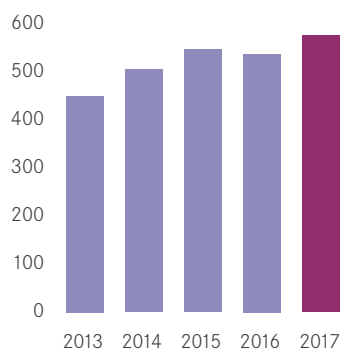
PricewaterhouseCoopers AG, Zurich

Key figures

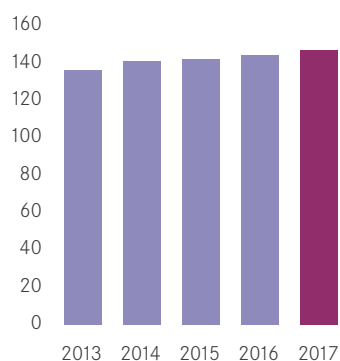
Gross Written Premiums
(in mio. EUR)



Investments
(in mio. EUR)



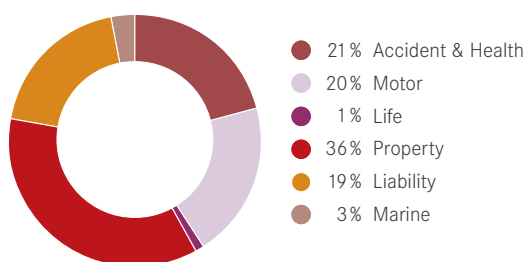
Shareholders' equity
before dividend distribution
(in mio. EUR)



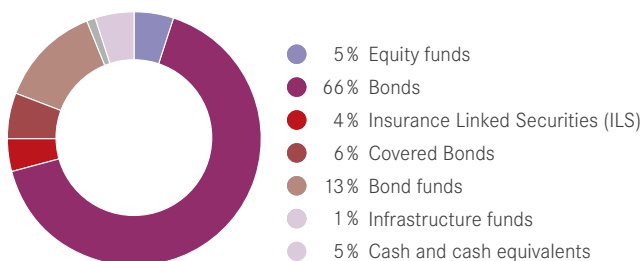
	2017 (in mio. EUR)	2016 (in mio. EUR)
Net written premiums	135.7	122.4
Net earned premiums	136.2	121.9
Technical result	4.9	4.9
Net investment income, before deduction of technical interest	11.0	12.1
Annual result after taxes	7.0	7.0
Net technical provisions	473.0	448.7
Investments	575.8	538.3
Shareholders' equity (before dividend distribution)	145.2	143.2

Portfolio composition 2017

Business lines (Gross Written Premiums)



Investments incl. cash and cash equivalents





Dr. Klaus Sticker

Bertrand R. Wollner

Report of the Board of Directors and the Executive Board

Dear readers

SIRe has once again achieved an extraordinarily satisfying result in its now fourteenth financial year. The market environment in 2017 was marked by record-level losses from natural catastrophes as well as significant repercussions from the Ogden interest rate change on the liability business in Great Britain. However, both events influenced our business results only marginally. Therefore, we once more see ourselves confirmed in our prudent and cautious underwriting policy.

In 2017, we recorded a net income of EUR 7.03 million, up 0.8% over the previous year's results of EUR 6.98 million. Moreover, our balance sheet total increased by EUR 21.2 million to EUR 660.5 million. Our total reported shareholder equity of EUR 145.2 million remains unchanged at a comfortable 22.0% of the balance sheet total. These results demonstrate how successfully SIRe is facing the challenges of the reinsurance market.

During the past financial year we expanded our client base by a gratifying 16.5%. As a result, our net earned premiums rose to EUR 136.2 million, a significant growth of 11.7%. Group business decreased from 39.2% in the previous year to 35.7%. A breakdown of the business by individual lines shows no substantial changes. A disproportionate increase in premiums in the General Liability and Motor lines led to a slight proportional decrease in the Property and Accident lines. The other lines showed little change. The net combined ratio improved slightly during the year under review to 98.1% as against 98.6% in the previous year.

We also maintained our conservative reserving approach during the past year. The coverage ratio, the ratio of technical provisions to premiums earned, remained at a very high level of 347% (prior year 368%).

As in the previous year, the technical account closed with a gain of EUR 4.9 million. This represents 3.6% of net earned premiums (prior year 4.0%).

Total investment holdings at 31 December 2017 amounted to EUR 575.8 million, which represents a significant increase of 7.0% compared to the previous year. The quality of our portfolio, including liquidities, remained unchanged at a high rating of A- according to the WARF approach. Fixed-income investments constitute the largest share at 72.5%. These are followed by bond funds, which make up 12.6% of the investments. In the absence of suitable investment opportunities, the share of Insurance Linked Securities (ILS) decreased again and now accounts for 4.2% (prior year 5.3%) of the investment holdings. This development however should not obscure the fact that these securitisations continue to constitute an important component of our risk diversification in the insurance business. We expect that in the foreseeable future the ILS share will rise again substantially.

As a result of realised losses from ILS sales, equalisation provisions in the same amount were dissolved during the year under review. Simultaneously, we were able to increase the equalisation provision for fixed-income investments by a further EUR 1.5 million. At the end of the year, the two equalisation provisions accounted for 6.0% (prior year 6.2%) of the fixed-interest securities reported on the balance sheet.

The cheap money policy of the central banks as well as the QE programme of the European Central Bank left their mark this year again on the investment assets. In the year under review we earned current income of EUR 13.3 million. Measured in terms of average investment levels, this corresponds to a return of 2.4% (prior year 2.3%).

Our administrative costs remained practically unchanged at EUR 6.2 million (prior year EUR 6.0 million). While the acquisition costs of EUR 33.0 million (prior year EUR 31.9 million) increased in absolute terms, measured against earned premiums they decreased from 26.2% in the previous year to 24.3% in 2017. Both positions meet our expectations.

SIRe has had an «A-» rating from Fitch since 2008, which was reconfirmed in 2017. Our solvency ratio continues to stand well above the requirements of the Swiss Financial Market Supervisory Authority (FINMA).

The Board of Directors is proposing an unchanged dividend of EUR 5.1 million to the General Meeting. After adjustment for this sum, our shareholder equity will amount to EUR 140.1 million. We would like to take this opportunity and thank both our cedents and our employees for their dedication and support.



Dr. Klaus Sticker
Chairman of the Board of Directors



Bertrand R. Wollner
Chief Executive Officer

Review of the 2017 financial year

Business performance

Once again SIRe achieved a gratifying result in 2017. The insurance industry worldwide and in particular reinsurers suffered heavily from the effects caused by record-level losses from natural catastrophes and adjustments to the Ogden interest rates in the liability business in Great Britain. SIRe, however, improved its result across all of its key performance indicators.

Net income rose by 0.8% from EUR 6.98 million to EUR 7.03 million. At the same time, the balance sheet total increased by EUR 21.2 million to EUR 660.5 million. At year's end, the recorded shareholder equity of EUR 145.2 million also remained at a high level compared to the previous year. In relation to the balance sheet total it stood at 22.0% as against 22.4% in the preceding year.

Rising premiums thanks to a broader client base

Net earned premiums increased significantly. Due to a substantial broadening of the client base by 16.5%, earned premiums rose by 11.7% to EUR 136.2 million – a remarkable increase compared with the figure of EUR 121.9 million in 2016. This growth resulted from a mixture of new business with clients SIRe was able to acquire in Central and Eastern Europe due to its sustained presence in the region, as well as higher shares written with existing cedents. Half of the growth was based on large-volume individual contracts. Altogether in 2017, SIRe wrote 29% additional client contracts, thus keeping in line with its strategy of maintaining a broad portfolio based predominantly on a variety of smaller and middle-sized cedents. In 2017, the share of this client segment stood at 71% of the external business.

As a result of the increased premiums in SIRe's external business, the share of Group business diminished from 39.2% to 35.7% at the end of the year. The line of business mix remained virtually unchanged. While the share of Property as well as Accident and Health decreased from 39% and 23% to their current levels of 36% and 21% respectively, Liability and Motor lines rose from 17% to 19% and 20% respectively.

SIRe also continued its course toward a further geographic diversification of its portfolio. The business with cedents from Germany, Austria, Scandinavia and the Baltics largely developed at stable levels. SIRe registered higher shares particularly in Germany. In Austria, it gained access to the panel of an important new client. Furthermore, in Poland, where just recently the national insurance supervisory authority recognized the equivalence of the Swiss Solvency Test (SST) to the EU-wide Solvency II standard, SIRe succeeded in concluding a large-volume contract. In France and in the Benelux countries, the price pressure abated following discounts in the previous year. In addition, SIRe received a considerable increase in quotation requests from the Iberian peninsula as well as from Italy, Switzerland and Eastern Europe. In Spain and Italy, this led to additional individual contracts being concluded.

Gross written premiums (in mio. EUR)



Despite a fierce market environment SI Re improves its net combined ratio

The double-digit premium growth had a positive effect on the technical profitability of the portfolio. In the existing business, SI Re was able to maintain prior year's rates while increasing its shares slightly.

The net combined ratio improved in 2017 for the second time in a row to 98.1% from 98.6% in 2016. SI Re underwrites only very few risks in North and Central America and offers hardly any natural catastrophe cover. For this reason, the company recorded only minor losses from the three hurricanes Harvey, Irma and Maria. On the other hand, the Italian agricultural business affected the balance sheet negatively due to a large number of hail events. SI Re did not effect any retrocession in 2017.

The massive lowering of the Ogden discount rate by the British government from +2.5% to -0.75% in February 2017 also affected the portfolio of SI Re. Already in the financial year 2016, additional technical provisions had been set aside, which were raised again slightly in 2017. This was offset partially by slight run-off profits from earlier loss years, which affected the net combined ratio positively.

Technical result (in mio. EUR)



SI Re pursues a conservative reserving approach. The technical provisions increased by EUR 24.3 million to EUR 473.0 million. The coverage ratio stood at a comfortable 347%, after 368% in the previous year.

Once again SI Re closed the technical account with net income of EUR 4.9 million. After deduction of the technical interest for the non-life insurance line, the earnings totaled EUR 3.0 million. This result corresponds to 3.6% of net earned premiums and, due to growth, stands slightly lower than the previous year's figure of 4.0%.

The broadly diversified investment portfolio delivers reliable yields despite a low interest environment

Along with the general business development, total investment holdings also increased in comparison with the previous year. At 31 December 2017 SI Re held investments of EUR 575.8 million, some 7.0% higher than the total of EUR 538.3 million in 2016.

The quality of the portfolio, including liquidities, remained unchanged at a high credit rating of «A-» based on the WARF approach. No substantial changes to the composition of the portfolio were taken. The share of bonds and bond funds increased from 64% to 66% and from 11% to 13% respectively. At the end of 2016, SI Re had liquidated shares in bond funds, which were reinvested this year. As a result, the share of liquidities decreased from 9% to 5% at 31 December 2017. Holdings of covered bonds and equity funds remained unchanged at 6% and 5% respectively.

The insurance industry continues to suffer from the consequences of the monetary policy of the central banks, which supply the capital markets with cheap money. SIRe has now decided to include infrastructure and real estate funds in its portfolio that offer attractive yields. However, the share of these investment categories, which at the end of the year stood at 1%, will be built up only moderately and selectively over time.

In the run-up to the hurricanes heading towards the east coast of the United States, SIRe transacted two selective sales in the third quarter in its Insurance Linked Securities (ILS) portfolio. Since these precautionary sales could only be realized at a discount, SIRe dissolved equalisation provisions during the year under review in the same amount as the company had established for this purpose in previous years. At the same time, the equalisation provisions for fixed-income investments could be increased by EUR 1.5 million, with the result that these reserves once again made up 6.0% of the fixed income securities reported on the balance sheet at the end of the year.

The share of ILS in the SIRe investment portfolio currently stands at 4.2% – after 5.3% in the previous year – thus having dropped for the second time in a row. Suitable investment opportunities in this asset class corresponding to the security and return requirements of SIRe are presently few and far between. This however should not obscure the fact that, due to its risk diversification potential on the liabilities side of the balance sheet, ILS is of strategic importance for SIRe. Consequently, the share of this asset class may rise again significantly in the foreseeable future.

Overall, despite the adverse environment of the capital markets and the strict requirement for the security of its own portfolio, SIRe achieved an attractive return of 2.4% on the invested capital, generating current income amounting to EUR 13.3 million. In the previous year, the company recorded an investment return of 2.3%.

Stable administrative costs and a moderate decrease in acquisition costs

The administrative costs of SIRe remained largely stable in 2017. Comprising personnel expenses, depreciation and other administrative expenses, these costs rose slightly from EUR 6.0 million last year to EUR 6.2 million in 2017. While currency effects and a slightly lower number of employees from 19 to 18 persons reduced costs, the depreciation allowance increased, since SIRe is planning to expand its office space in 2018. The acquisition costs also rose slightly from EUR 31.9 million in 2016 to EUR 33.0 million in 2017. Measured in terms of the growth in earned premiums, however, these costs remained below the average development; in fact, proportionally they decreased from 26.2% in the preceeding year to 24.3% in 2017. The net cost ratio, i.e. the ratio of acquisition and administrative costs to earned premiums, improved compared to the previous year from 31.1% to now 28.9%.

Investments
(in mio. EUR)



Net technical provisions
(in mio. EUR)



Shareholders' equity before dividend distribution

(in mio. EUR)



Dividends

The Board of Directors is proposing an unchanged dividend of EUR 5.1 million to the General Meeting. After adjustment for this sum, our shareholder equity will amount to EUR 140.1 million.

Corporate governance

On 1 January 2017, several circular letters issued by the Swiss Financial Market Supervisory Authority (FINMA) came into effect. As a result, the FINMA reduced the number of its circulars, but not the scope of its regulation. The changes in FINMA Circular 2017/02, Corporate Governance Insurers have been incorporated into existing corporate governance structures and processes. Notably, personnel resources in the area of compliance have been increased.

Risk management assessment

SIRe employs modern company-specific risk management and internal control systems. The risk management is structured to reflect the complexity and size of the company. At the same time, it is geared towards the Swiss Solvency Test as well as the internal control system. Furthermore, there is a close alignment with the SIGNAL IDUNA Group's central risk management system.

The risk management process is the responsibility of the company's Risk Manager, who provides the Executive Board with a half-yearly report based on information contained in the risk catalogue. The risk report analyzes the company's overall risk position and examines the development and quantification of technical, financial and company-wide risks.

The Executive Board reports twice a year on the findings of the report to the Board of Directors at its regular board meetings.

Exceptional events

No exceptional events occurred at SIRe during the financial year.

Outlook: a strengthened portfolio and reduced risk

Following a year marked by above-average premium growth, in the 2018 yearly renewals SIRe was keen to consolidate the expanded portfolio, thereby strengthening the company's position in existing programmes and optimising risks. In particular, considering the record-level losses from natural catastrophes that negatively affected the balance sheets of insurance companies in 2017 by some USD 130 billion, SIRe sought to reduce its exposure to such events.

SIRe renewed almost 100% of its existing book at the turn of the year. Premiums in the amount of EUR 132 million were up for renewal in 2018. Some 8.7% of the existing book was terminated or restructured, mostly at the initiative of SIRe. However, it was possible to offset this reduction through volume and share increases as well as to implement price increases of 0.1% on average (or even 0.3% in the external business). Moreover, SIRe was able to expand its shares in business with existing clients by 1.5%. Additional growth resulted from new business with existing clients. Overall in the renewals, SIRe achieved a volume growth of 1.2% and wrote premiums of EUR 133.6 million – an increase of EUR 1.6 million over the volume to be renewed.

The company had decreased the probability of natural catastrophes affecting the portfolio of SIRe by shifting its coverage wherever possible into higher risk levels. This reduces the potential frequency of relevant loss events occurring.

The further pillars of SIRe's portfolio remain largely unchanged: SIRe generates a good 60% of its premiums in external business. Over 80% of its clients are mutual insurance companies, with whom a great «natural» affinity exists. The share of large relationships within the external business is decreasing steadily and currently stands at barely 19%. More than 70% of the book is based on proportional reinsurance contracts. All of the business in the renewals was written in Continental Europe, with Germany at 19% constituting the largest single market for SIRe.



Balance sheet

(EUR)

Assets

	Notes	31. 12. 2017 EUR	31. 12. 2016 EUR
Fixed-income securities	9	464'751'061	446'976'804
Other investments	10	111'019'650	91'342'907
Total investments		575'770'712	538'319'711
Deposits on ceded reinsurance business		16'042'261	15'829'078
Cash and cash equivalents		30'413'919	51'859'477
Tangible assets		0	234'020
Intangible assets		149'356	481'309
Receivables from insurance operations	6	32'854'576	26'944'899
Other receivables		17'577	15'868
Accrued income and prepaid expenses		5'220'635	5'579'430
Total assets		660'469'037	639'263'792

Liabilities and shareholders' equity

Technical provisions	11	472'997'869	448'689'870
Non-technical provisions	12	32'240'780	34'826'513
Liabilities from insurance operations	7	9'704'035	11'285'591
Other liabilities	8	258'075	1'135'764
Accrued expenses and deferred income		113'765	106'454
Total liabilities		515'314'524	496'044'192
Share capital		83'166'999	83'166'999
Legal capital reserves		44'190'127	44'190'127
General legal reserves		4'998'337	4'998'337
Free reserves		12'799'051	10'864'137
Total shareholders' equity	3	145'154'513	143'219'600
Total liabilities and shareholders' equity		660'469'037	639'263'792

Income statement

(EUR)

	Notes	2017 EUR	2016 EUR
Gross written premiums		135'667'052	122'390'692
Reinsurer's share of gross written premiums		-	-
Net written premiums		135'667'052	122'390'692
Net changes in reserves for unearned premiums		496'919	-515'025
Reinsurer's share of net changes in reserves for unearned premiums		-	-
Net earned premiums		136'163'971	121'875'667
Other income from insurance operations - technical interest		2'412'750	3'179'918
Total income from technical insurance operations		138'576'721	125'055'585
Payments for insurance claims, gross		-69'462'376	-58'616'350
Reinsurer's share of payments for insurance claims		-	-
Net change in technical provisions	13	-30'220'246	-28'856'728
Reinsurer's share of change in technical provisions		-	-
Total expenses on insurance claims for own account		-99'682'622	-87'473'078
Acquisition costs and administration expenses	14	-39'292'396	-37'932'992
Reinsurer's share of acquisition costs and administration expenses		-	-
Acquisition costs and administration expenses for own account		-39'292'396	-37'932'992
Other technical expenses for own account		-910'637	-836'801
Total expenses due to technical insurance operations		-139'885'655	-126'242'871
Income from investments	15	16'855'972	18'368'166
Expenses on investments	16	-7'778'907	-9'024'642
Investment result		9'077'065	9'343'524
Other financial income		219'194	16'818
Other financial expenses		-32'086	-175'872
Operating result		7'955'239	7'997'184
Other income		4'087	3'191
Other expenses		-157'495	-179'834
Net income before tax		7'801'831	7'820'541
Direct tax		-766'917	-840'000
Net income		7'034'913	6'980'541

Cash flow statement

(EUR)

	2017 EUR	2016 EUR
Net income	7'034'913	6'980'541
Accrual of technical provisions	24'307'999	22'504'716
Valuation adjustments on tangible and intangible assets	750'799	353'861
Realised gains and losses on fixed-income securities	-513'946	-1'138'379
Valuation adjustments on fixed-income securities	10'108'834	-671'025
Write-ups and write-downs on other investments	-2'045'190	-1'543'732
Change in equalisation provisions on investments	452'819	2'900'000
Change in non-technical provisions	-3'038'552	618'203
Change in balances resulting from technical accounts	-7'704'417	-2'778'576
Changes in other assets	-1'709	1'440
Change in accrued income	358'795	305'840
Change in other liabilities	-877'689	-53'756
Change in accrued expenses	7'311	-8'576
Cash flow from operating activities	28'839'968	27'470'557
Fixed-income securities	-24'326'392	-23'601'993
Other investments	-20'674'307	35'933'918
Tangible and intangible assets	-184'827	-96'739
Cash flow from investment activities	-45'185'526	12'235'186
Dividend distribution	-5'100'000	-5'100'000
Capital contribution	-	-
Cash flow from financing activities	-5'100'000	-5'100'000
Net cash flow	-21'445'558	34'605'743
Cash on 1 January	51'859'477	17'253'734
Cash on 31 December	30'413'919	51'859'477
Change in cash	-21'445'558	34'605'743

Notes to the financial statements

(EUR)

The following notes are an integral part of the income statement and balance sheet. Unless stated otherwise below, SIGNAL IDUNA Reinsurance Ltd has disclosed all information required for compliance with Art. 959c, paragraphs 1 and 2, and Art. 961a of the Swiss Code of Obligations (CO), and with the provisions of the FINMA Insurance Supervision Ordinance.

1. General

SIGNAL IDUNA Reinsurance Ltd of Zug (Switzerland) is a subsidiary of SIGNAL IDUNA Group, Dortmund/Hamburg. 100% of the shares are owned by SIGNAL IDUNA Allgemeine Versicherung AG, Dortmund. The annual average number of full-time posts (FTE) at SIGNAL IDUNA Reinsurance Ltd is less than 50 persons.

Book-keeping and accounting are presented in Euros for the first time in 2015. Pursuant to Art. 958d, paragraph 3, CO, figures must also be presented in Swiss Francs.

2. Accounting and valuation principles

Time period

Reinsurance business comprises the cedants' 2017 financial year. Cedant accounts not available at the time of closing have been estimated. General income and expenses are congruent with the 2017 financial year.

Foreign currency translation

As is common practice in the international reinsurance business, accounts are denominated in the original currencies. For the purposes of the balance sheet, translations are made into Euros at year-end exchange rates; income statement amounts are translated at the relevant quarterly exchange rates. The resulting exchange-rate differences are recognised in the income statement. Net non-realised gains derived from foreign-currency translations are reserved. The main rates are:

<i>Currency</i>	<i>31. 12. 2017</i>	<i>31. 12. 2016</i>
EUR/USD	1.20048	1.05197
EUR/GBP	0.88810	0.85244
EUR/CHF	1.16973	1.07170

Investments

Bonds, covered bonds and Insurance Linked Securities (ILS) are valued using the linear cost amortisation method. The difference between the purchase price and the redemption value is distributed evenly over the remaining time to maturity and is recorded in the income statement as write-ups or write-downs. Shares in bond, equity and real estate funds are carried at fair value on the balance sheet date. Infrastructure funds are recorded at acquisition cost or at the net investment value, if lower.

Receivables

Receivables, deposits and other assets are carried at nominal value. In questionable cases, the value of the positions is reduced as appropriate.

Net technical provisions

Unearned premiums, provisions for future insurance benefits and other technical provisions are based on information supplied by cedants. Final calculations conducted internally may result in the original reported provisions being strengthened. Additional provisions are created based on estimates for claims incurred but not yet reported. In addition, equalization provisions are accrued to offset business volatility.

Premium and claim portfolio movements

Premiums consist of premium portfolio inflows and outflows, and claims paid consist of the corresponding claims portfolio inflows and outflows.

Non-technical provisions

In the spirit of prudent risk management – and in order to ensure the long-term health of the company against a backdrop of rising investment risk – provisions are established for:

- Fixed equalisation provision for fixed-income investments. This provision will be built up prudently and over a long time horizon.
- Provisions for real estate funds. The build-up of this provision is oriented toward the development of the net investment value and is based on an assessment of the risks in the real estate market.
- The equalisation provision on Insurance Linked Securities (ILS) is designed to cover a large loss event on one of the ILS investments in our portfolio.
- The provision for taxes includes liabilities relating to taxes on income and capital at year-end as well as estimated income tax on years that have not yet been assessed for tax purposes.

Technical interest, non-life reinsurance

The interest recorded in the technical income statement corresponds to the income from technical interest calculated in the pricing for the entire portfolio of reinsurance contracts. It is calculated by currency and as accrued, using the risk-free interest rate curve in effect at the time of pricing.

NOTES TO THE FINANCIAL STATEMENTS (EUR)

3. Statement of shareholders' equity

	<i>Share capital</i>	<i>Legal capital reserves</i>	<i>General legal reserves</i>	<i>Free reserves</i>	<i>Total</i>
	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>
As at 31. 12. 2015	83'166'999	44'190'127	4'998'337	8'983'596	141'339'059
Movements during 2016					
– Appropriation of profits from prior year – dividend	-	-	-	-5'100'000	-5'100'000
– Result for 2016	-	-	-	6'980'541	6'980'541
As at 31. 12. 2016	83'166'999	44'190'127	4'998'337	10'864'137	143'219'600
Movements during 2017					
– Appropriation of profits from prior year – dividend	-	-	-	-5'100'000	-5'100'000
– Result for 2017	-	-	-	7'034'913	7'034'913
As at 31. 12. 2017	83'166'999	44'190'127	4'998'337	12'799'051	145'154'513

4. Total amount of equities used to secure own liabilities and assets under reservation of ownership

Technical provisions and other liabilities secured by pledged securities or current accounts:

	<i>31. 12. 2017</i>	<i>31. 12. 2016</i>
	<i>EUR</i>	<i>EUR</i>
Securities	214'475'884	210'620'825
Current account	72'667	79'314
Total book value of pledged assets	214'548'551	210'700'139

The Zürcher Kantonalbank, Zurich, has granted SIGNAL IDUNA Reinsurance Ltd a credit facility of up to EUR 106.9 million (CHF 125 million). The credit facility is available in various currencies and secures deposits, guarantees and letters of credit issued by this credit institution on our behalf. On the balance sheet date, 31 December 2017, EUR 74.2 million (CHF 86.8 million) of the above credit facility had been used.

A number of securities are held at BNP Paribas and HSBC, which are used to guarantee the technical provisions. This amount totalled EUR 95.1 million on the balance sheet date, 31 December 2017.

5. Off-balance-sheet leasing commitments

Rental contract for office space with a set term until 30 September 2020: EUR 417'767 (CHF 488'675)
(previous year EUR 621'792 and CHF 663'375 respectively)

6. Receivables from insurance operations

	31. 12. 2017 EUR	31. 12. 2016 EUR
Receivables from agents, brokers and intermediaries	25'232'412	20'107'463
Receivables from insurance companies (third parties)	6'776'657	5'502'391
Receivables from Group companies	845'507	1'335'045
Total receivables from insurance operations	32'854'576	26'944'899

7. Liabilities from insurance operations

	31. 12. 2017 EUR	31. 12. 2016 EUR
Liabilities to agents, brokers and intermediaries	-7'010'380	-5'224'620
Liabilities to insurance companies (third parties)	-1'970'640	-3'240'055
Liabilities to Group companies	-723'015	-2'820'916
Total liabilities from insurance operations	-9'704'035	-11'285'591

8. Other liabilities

	31. 12. 2017 EUR	31. 12. 2016 EUR
Other liabilities to third parties	-256'248	-377'771
Other liabilities to Group companies	-1'827	-757'993
Total other liabilities	-258'075	-1'135'764

9. Fixed-income securities

	31. 12. 2017 EUR	31. 12. 2016 EUR
Bonds	402'196'813	379'946'199
Covered bonds	37'271'899	35'584'835
Insurance Linked Securities (ILS)	25'282'350	31'445'770
Total fixed-income securities	464'751'061	446'976'804

NOTES TO THE FINANCIAL STATEMENTS
(EUR)

10. Other investment assets

	31. 12. 2017 EUR	31. 12. 2016 EUR
Bond funds	76'225'942	62'254'722
Equity funds	29'793'708	29'088'185
Infrastructure funds	5'000'000	-
Real estate funds	-	-
Total other investment assets	111'019'650	91'342'907

11. Technical provisions

2017	EUR Brutto	EUR Retro	EUR Netto
Unearned premiums	-10'729'846	-	-10'729'846
Provision for outstanding claims	-399'335'766	-	-399'335'766
Other technical provisions	-48'824'071	-	-48'824'071
Provision for future life benefits	-14'108'187	-	-14'108'187
Total technical provisions	-472'997'869	-	-472'997'869
	EUR Brutto	EUR Retro	EUR Netto
2016			
Unearned premiums	-11'783'282	-	-11'783'282
Provision for outstanding claims	-369'986'050	-	-369'986'050
Other technical provisions	-52'752'644	-	-52'752'644
Provision for future life benefits	-14'167'894	-	-14'167'894
Total technical provisions	-448'689'870	-	-448'689'870

12. Non-technical provisions

	31. 12. 2017 EUR	31. 12. 2016 EUR
Equalisation provision for fixed-income investments	-26'807'000	-25'357'000
Equalisation provision for Insurance Linked Securities (ILS)	-1'281'677	-2'278'858
Unrealised foreign exchange gains	-2'700'461	-5'580'625
Tax	-844'235	-863'732
Miscellaneous	-607'406	-746'298
Total non-technical provisions	-32'240'780	-34'826'513

13. Changes to technical provisions

	EUR Gross	EUR Retro	EUR Net
2017			
Provision for outstanding claims	-28'819'562	-	-28'819'562
Other technical provisions	-1'460'391	-	-1'460'391
Provision for future life benefits	59'707	-	59'707
Total changes to technical provisions	-30'220'246	-	-30'220'246
	EUR Gross	EUR Retro	EUR Net
2016			
Provision for outstanding claims	-15'938'903	-	-15'938'903
Other technical provisions	-12'298'805	-	-12'298'805
Provision for future life benefits	-619'020	-	-619'020
Total changes to technical provisions	-28'856'728	-	-28'856'728

14. Acquisition costs and administration expenses

	2017 EUR	2016 EUR
Commissions and profit commissions	-33'048'773	-31'893'491
Personnel expenses	-3'620'880	-3'723'767
Depreciation	-751'649	-353'861
Other administrative expenses	-1'871'094	-1'961'873
Total acquisition costs and administration expenses	-39'292'396	-37'932'992

NOTES TO THE FINANCIAL STATEMENTS
(EUR)

15. Information regarding income from investments, per reported asset class

	<i>Bonds</i>	<i>Covered bonds</i>	<i>Insurance Linked Securities</i>	<i>Bond funds</i>	<i>Equity funds</i>	<i>Real estate funds</i>	<i>Infra- structure funds</i>	<i>Total</i>
	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>
2017								
Current income	8'959'379	918'534	1'210'526	1'240'320	452'486	-	5'521	12'786'767
Write-ups	-	-	-	88'852	1'956'339	-	-	2'045'191
Realised gains	1'283'693	-	3'754	-	223'679	-	-	1'511'127
Other income								512'888
Total income from investments								16'855'972
2016								
Current income	9'460'093	1'148'775	1'307'875	384'150	107'214	-	-	12'408'107
Write-ups	-	-	-	2'191'764	1'862'446	-	-	4'054'210
Realised gains	1'462'886	-	11'005	86'250	-	-	-	1'560'141
Other income								345'708
Total income from investments								18'368'166

16. Information regarding expenses on investments, per reported asset class

	<i>Bonds</i>	<i>Covered</i>	<i>Insurance</i>	<i>Bond</i>	<i>Equity</i>	<i>Real</i>	<i>Infra-</i>	<i>Total</i>
		<i>bonds</i>	<i>Linked</i>	<i>funds</i>	<i>funds</i>	<i>estate</i>	<i>structure</i>	
	<i>EUR</i>	<i>EUR</i>	<i>Securities</i>	<i>EUR</i>	<i>EUR</i>	<i>funds</i>	<i>funds</i>	<i>EUR</i>
2017	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>
Write-downs and valuation adjustments	-	-	-	-3'266'434	-	-	-	-3'266'434
Accrual of equalisation provision	-1'450'000	-	997'181	-	-	-	-	-452'819
Realised losses	-	-	-997'181	-	-	-	-	-997'181
Technical interest debited Non-life insurance								-1'941'045
Asset management expenses								-1'121'428
Total expenses on investments								-7'778'907
2016								
Write-downs and valuation adjustments	-	-	671'025	-432'957	-2'077'521	-	-	-1'839'453
Accrual of equalisation provision	-2'900'000	-	-	-	-	-	-	-2'900'000
Realised losses	-	-	-335'512	-229'139	-	-	-	-564'651
Technical interest debited Non-life insurance								-2'722'995
Asset management expenses								-997'543
Total expenses on investments								-9'024'642

NOTES TO THE FINANCIAL STATEMENTS
(EUR)

17. Information on the auditor's fee

	<i>2017</i> <i>EUR</i>	<i>2016</i> <i>EUR</i>
Audit services	61'125	79'489
Other services	-	-

18. Information on gross premiums

	<i>2017</i> <i>%</i>	<i>2016</i> <i>%</i>
Motor Liability	15.6	13.6
Motor Hull	3.9	3.6
General Liability	19.2	17.3
Property / Fire / BI / Engineering	36.4	39.3
Accident	19.6	21.3
Marine	2.9	2.3
Health	1.2	1.3
Life	1.2	1.3
Total	100.0	100.0
Group business accounts for percentage of total gross premiums	35.7	39.2

19. Information on the technical result

	<i>2017</i>	<i>2016</i>
	<i>EUR</i>	<i>EUR</i>
Net earned premiums	136'163'971	121'875'667
Technical interest	2'412'750	3'179'919
Commissions and profit commissions	-33'048'773	-31'893'491
Expenses on insurance claims for own account	-99'682'622	-87'473'078
Other technical income and expenses	-910'637	-836'801
Total technical result	4'934'689	4'852'216
Combined Ratio (without technical interest)	98.1%	98.6%

20. Significant events after the balance sheet date

There were no significant events after the balance sheet date which have a material impact on the financial statements.



Balance sheet

(CHF)

Assets

	Notes	31. 12. 2017 CHF	31. 12. 2016 CHF
Fixed-income securities	9	543'633'259	479'025'041
Other investments	10	129'863'015	97'892'193
Total investments		673'496'274	576'917'234
Deposits on ceded reinsurance business		18'765'114	16'964'023
Cash and cash equivalents		35'576'074	55'577'802
Tangible assets		-	250'799
Intangible assets		174'706	515'819
Receivables from insurance operations	6	38'430'984	28'876'848
Other receivables		20'560	17'006
Accrued income and prepaid expenses		6'106'734	5'979'475
Total assets		772'570'447	685'099'006

Liabilities and shareholders' equity

Technical provisions	11	553'279'798	480'860'934
Non-technical provisions	12	37'713'007	37'323'574
Liabilities from insurance operations	7	11'351'101	12'094'768
Other liabilities	8	301'878	1'217'198
Accrued expenses and deferred income		133'074	114'087
Total liabilities		602'778'858	531'610'561
Share capital		100'000'000	100'000'000
Legal capital reserves		53'134'208	53'134'208
General legal reserves		6'010'000	6'010'000
Free reserves		14'406'375	11'707'859
Conversion difference		-3'758'994	-17'363'622
Total shareholders' equity	3	169'791'589	153'488'445
Total liabilities and shareholders' equity		772'570'447	685'099'006

Income statement

(CHF)

	Notes	2017 CHF	2016 CHF
Gross written premiums		158'693'821	131'166'105
Reinsurer's share of gross written premiums		-	-
Net written premiums		158'693'821	131'166'105
Net changes in reserves for unearned premiums		581'261	-551'952
Reinsurer's share of net changes in reserves for unearned premiums		-	-
Net earned premiums		159'275'082	130'614'152
Other income from insurance operations - technical interest		2'822'266	3'407'918
Total income from technical insurance operations		162'097'347	134'022'070
Payments for insurance claims, gross		-81'252'225	-62'819'142
Reinsurer's share of payments for insurance claims		-	-
Net change in technical provisions	13	-35'349'528	-30'925'755
Reinsurer's share of change in technical provisions		-	-
Total expenses on insurance claims for own account		-116'601'753	-93'744'898
Acquisition costs and administration expenses	14	-45'961'495	-40'652'788
Reinsurer's share of acquisition costs and administration expenses		-	-
Acquisition costs and administration expenses for own account		-45'961'495	-40'652'788
Other technical expenses for own account		-1'065'199	-896'800
Total expenses due to technical insurance operations		-163'628'447	-135'294'485
Income from investments	15	19'716'936	19'685'164
Expenses on investments	16	-9'099'221	-9'671'709
Investment result		10'617'716	10'013'455
Other financial income		256'398	18'024
Other financial expenses		-37'532	-188'482
Operating result		9'305'482	8'570'582
Other income		4'780	3'420
Other expenses		-184'227	-192'728
Net income before tax		9'126'035	8'381'274
Direct tax		-897'086	-900'228
Net income		8'228'949	7'481'046

Cash flow statement

(CHF)

	2017 CHF	2016 CHF
Net income	8'228'949	7'481'046
Accrual of technical provisions	28'433'796	24'118'304
Valuation adjustments on tangible and intangible assets	878'233	379'233
Realised gains and losses on fixed-income securities	-601'178	-1'220'001
Valuation adjustments on fixed-income securities	11'824'607	-719'137
Write-ups and write-downs on other investments	-2'392'320	-1'654'418
Change in equalisation provisions on investments	529'676	3'107'930
Change in non-technical provisions	-3'554'286	662'528
Change in balances resulting from technical accounts	-9'012'087	-2'977'800
Changes in other assets	-1'999	1'543
Change in accrued income	419'693	327'769
Change in other liabilities	-1'026'659	-57'610
Change in accrued expenses	8'552	-9'191
Cash flow from operating activities	33'734'976	29'440'196
Fixed-income securities	-28'455'310	-25'294'256
Other investments	-24'183'357	38'510'380
Tangible and intangible assets	-216'198	-103'675
Cash flow from investment activities	-52'854'865	13'112'449
Dividend distribution	-5'965'623	-5'465'670
Capital contribution	-	-
Cash flow from financing activities	-5'965'623	-5'465'670
Net cash flow	-25'085'512	37'086'975
Cash on 1 January	55'577'802	18'778'552
Exchange rate difference on cash and cash equivalents	-5'083'784	287'725
Cash on 31 December	35'576'074	55'577'802
Change in cash	-25'085'512	37'086'975

Notes to the financial statements

(CHF)

The following notes are an integral part of the income statement and balance sheet. Unless stated otherwise below, SIGNAL IDUNA Reinsurance Ltd has disclosed all information required for compliance with Art. 959c, paragraphs 1 and 2, and Art. 961a of the Swiss Code of Obligations (CO), and with the provisions of the FINMA Insurance Supervision Ordinance.

1. General

SIGNAL IDUNA Reinsurance Ltd of Zug (Switzerland) is a subsidiary of SIGNAL IDUNA Group, Dortmund/Hamburg. 100% of the shares are owned by SIGNAL IDUNA Allgemeine Versicherung AG, Dortmund. The annual average number of full-time posts (FTE) at SIGNAL IDUNA Reinsurance Ltd is less than 50 persons.

Book-keeping and accounting are presented in Euros for the first time in 2015. Pursuant to Art. 958d, paragraph 3, CO, figures must also be presented in Swiss Francs.

2. Accounting and valuation principles

Time period

Reinsurance business comprises the cedants' 2017 financial year. Cedant accounts not available at the time of closing have been estimated. General income and expenses are congruent with the 2017 financial year.

Foreign currency translation

As is common practice in the international reinsurance business, accounts are denominated in the original currencies. For the purposes of the balance sheet, translations are made into Euros at year-end exchange rates; income statement amounts are translated at the relevant quarterly exchange rates. The resulting exchange-rate differences are recognised in the income statement. Net non-realised gains derived from foreign-currency translations are reserved. The main rates are:

<i>Currency</i>	<i>31. 12. 2017</i>	<i>31. 12. 2016</i>
EUR/USD	1.20048	1.05197
EUR/GBP	0.88810	0.85244
EUR/CHF	1.16973	1.07170

Investments

Bonds, covered bonds and Insurance Linked Securities (ILS) are valued using the linear cost amortisation method. The difference between the purchase price and the redemption value is distributed evenly over the remaining time to maturity and is recorded in the income statement as write-ups or write-downs. Shares in bond, equity and real estate funds are carried at fair value on the balance sheet date. Infrastructure funds are recorded at acquisition cost or at the net investment value, if lower.

Receivables

Receivables, deposits and other assets are carried at nominal value. In questionable cases, the value of the positions is reduced as appropriate.

Net technical provisions

Unearned premiums, provisions for future insurance benefits and other technical provisions are based on information supplied by cedants. Final calculations conducted internally may result in the original reported provisions being strengthened. Additional provisions are created based on estimates for claims incurred but not yet reported. In addition, equalization provisions are accrued to offset business volatility.

Premium and claim portfolio movements

Premiums consist of premium portfolio inflows and outflows, and claims paid consist of the corresponding claims portfolio inflows and outflows.

Non-technical provisions

In the spirit of prudent risk management – and in order to ensure the long-term health of the company against a backdrop of rising investment risk – provisions are established for:

- Fixed equalisation provision for fixed-income investments. This provision will be built up prudently and over a long time horizon.
- Provisions for real estate funds. The build-up of this provision is oriented toward the development of the net investment value and is based on an assessment of the risks in the real estate market.
- The equalisation provision on Insurance Linked Securities (ILS) is designed to cover a large loss event on one of the ILS investments in our portfolio.
- The provision for taxes includes liabilities relating to taxes on income and capital at year-end as well as estimated income tax on years that have not yet been assessed for tax purposes.

Technical interest, non-life reinsurance

The interest recorded in the technical income statement corresponds to the income from technical interest calculated in the pricing for the entire portfolio of reinsurance contracts. It is calculated by currency and as accrued, using the risk-free interest rate curve in effect at the time of pricing.

NOTES TO THE FINANCIAL STATEMENTS (CHF)

3. Statement of shareholders' equity

	<i>Share capital</i>	<i>Legal capital reserves</i>	<i>General legal reserves</i>	<i>Free reserves</i>	<i>Conversion difference</i>	<i>Total</i>
	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>
As at 31. 12. 2015	100'000'000	53'134'208	6'010'000	10'026'975	-15'341'123	153'830'060
Movements during 2016						-
- Appropriation of profits from prior year - dividend	-	-	-	-5'800'162	-	-5'800'162
- Result for 2016	-	-	-	7'481'046	-	7'481'046
Conversion difference					-2'022'499	-2'022'499
As at 31.12. 2016	100'000'000	53'134'208	6'010'000	11'707'859	-17'363'622	153'488'445
Movements during 2017						
- Appropriation of profits from prior year - dividend	-	-	-	-5'530'433	-	-5'530'433
- Result for 2017	-	-	-	8'228'949	-	8'228'949
Conversion difference					13'604'627	13'604'627
As at 31.12. 2017	100'000'000	53'134'208	6'010'000	14'406'375	-3'758'994	169'791'589

4. Total amount of equities used to secure own liabilities and assets under reservation of ownership

Technical provisions and other liabilities secured by pledged securities
or current accounts:

	<i>31. 12. 2017 CHF</i>	<i>31. 12. 2016 CHF</i>
Securities	250'878'876	225'722'338
Current account	85'000	85'000
Total book value of pledged assets	250'963'877	225'807'339

The Zürcher Kantonalbank, Zurich, has granted SIGNAL IDUNA Reinsurance Ltd a credit facility of up to EUR 106.9 million (CHF 125 million). The credit facility is available in various currencies and secures deposits, guarantees and letters of credit issued by this credit institution on our behalf. On the balance sheet date, 31 December 2017, EUR 74.2 million (CHF 86.8 million) of the above credit facility had been used.

A number of securities are held at BNP Paribas and HSBC, which are used to guarantee the technical provisions. This amount totalled CHF 111.2 million on the balance sheet date, 31 December 2017.

5. Off-balance-sheet leasing commitments

Rental contract for office space with a set term until 30 September 2020: CHF 488'675 (previous year: CHF 663'375)

6. Receivables from insurance operations

	31. 12. 2017 CHF	31. 12. 2016 CHF
Receivables from agents, brokers and intermediaries	29'515'110	21'549'168
Receivables from insurance companies (third parties)	7'926'859	5'896'912
Receivables from Group companies	989'015	1'430'768
Total receivables from insurance operations	38'430'984	28'876'848

7. Liabilities from insurance operations

	31. 12. 2017 CHF	31. 12. 2016 CHF
Liabilities to agents, brokers and intermediaries	-8'200'251	-5'599'225
Liabilities to insurance companies (third parties)	-2'305'117	-3'472'367
Liabilities to Group companies	-845'732	-3'023'176
Total liabilities from insurance operations	-11'351'101	-12'094'768

8. Other liabilities

	31. 12. 2017 CHF	31. 12. 2016 CHF
Other liabilities to third parties	-299'742	-404'857
Other liabilities to Group companies	-2'137	-812'341
Total other liabilities	-301'878	-1'217'198

9. Fixed-income securities

	31. 12. 2017 CHF	31. 12. 2016 CHF
Bonds	470'461'678	407'188'341
Covered bonds	43'598'058	38'136'268
Insurance Linked Securities (ILS)	29'573'523	33'700'432
Total fixed-income securities	543'633'259	479'025'041

NOTES TO THE FINANCIAL STATEMENTS (CHF)

10. Other investment assets

	31. 12. 2017 CHF	31. 12. 2016 CHF
Bond funds	89'163'771	66'718'386
Equity funds	34'850'594	31'173'808
Infrastructure funds	5'848'650	-
Real estate funds	-	-
Total other investment assets	129'863'015	97'892'193

11. Technical provisions

2017	CHF Brutto	CHF Retro	CHF Netto
Unearned premiums	-12'551'023	-	-12'551'023
Provision for outstanding claims	-467'115'025	-	-467'115'025
Other technical provisions	-57'110'980	-	-57'110'980
Provision for future life benefits	-16'502'770	-	-16'502'770
Total technical provisions	-553'279'798	-	-553'279'798
2016	CHF Brutto	CHF Retro	CHF Netto
Unearned premiums	-12'628'143	-	-12'628'143
Provision for outstanding claims	-396'514'050	-	-396'514'050
Other technical provisions	-56'535'009	-	-56'535'009
Provision for future life benefits	-15'183'732	-	-15'183'732
Total technical provisions	-480'860'934	-	-480'860'934

12. Non-technical provisions

	31. 12. 2017 CHF	31. 12. 2016 CHF
Equalisation provision for fixed-income investments	-31'356'952	-27'175'097
Equalisation provision for Insurance Linked Securities (ILS)	-1'499'216	-2'442'252
Unrealised foreign exchange gains	-3'158'811	-5'980'756
Tax	-987'527	-925'662
Miscellaneous	-710'502	-799'808
Total non-technical provisions	-37'713'007	-37'323'574

13. Changes to technical provisions

	CHF Brutto	CHF Retro	CHF Netto
2017			
Provision for outstanding claims	-33'711'106	-	-33'711'106
Other technical provisions	-1'708'263	-	-1'708'263
Provision for future life benefits	69'841	-	69'841
Total changes to technical provisions	-35'349'528	-	-35'349'528
2016			
Provision for outstanding claims	-17'081'722	-	-17'081'722
Other technical provisions	-13'180'629	-	-13'180'629
Provision for future life benefits	-663'404	-	-663'404
Total changes to technical provisions	-30'925'755	-	-30'925'755

14. Acquisition costs and administration expenses

	2017 CHF	2016 CHF
Commissions and profit commissions	-38'658'142	-34'180'254
Personnel expenses	-4'235'452	-3'990'761
Depreciation	-879'227	-379'233
Other administrative expenses	-2'188'675	-2'102'539
Total acquisition costs and administration expenses	-45'961'495	-40'652'788

NOTES TO THE FINANCIAL STATEMENTS
(CHF)

15. Information regarding income from investments, per reported asset class

	<i>Bonds</i>	<i>Covered bonds</i>	<i>Insurance Linked Securities</i>	<i>Bond funds</i>	<i>Equity funds</i>	<i>Real estate funds</i>	<i>Infra- structure funds</i>	<i>Total</i>
	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>
2017								
Current income	10'480'055	1'074'437	1'415'989	1'450'840	529'286	-	6'458	14'957'065
Write-ups	-	-	-	103'933	2'288'388	-	-	2'392'321
Realised gains	1'501'575	-	4'391	-	261'644	-	-	1'767'610
Other income								599'940
Total income from investments								19'716'936
2016								
Current income	10'138'382	1'231'142	1'401'650	411'694	114'901	-	-	13'297'768
Write-ups	-	-	-	2'348'913	1'995'983	-	-	4'344'897
Realised gains	1'567'775	-	11'794	92'434	-	-	-	1'672'003
Other income								370'495
Total income from investments								19'685'164

16. Information regarding expenses on investments, per reported asset class

	<i>Bonds</i>	<i>Covered</i>	<i>Insurance</i>	<i>Bond</i>	<i>Equity</i>	<i>Real</i>	<i>Infra-</i>	<i>Total</i>
		<i>bonds</i>	<i>Linked</i>	<i>funds</i>	<i>funds</i>	<i>estate</i>	<i>structure</i>	
	<i>CHF</i>	<i>CHF</i>	<i>Securities</i>	<i>CHF</i>	<i>CHF</i>	<i>funds</i>	<i>funds</i>	<i>CHF</i>
2017	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>
Write-downs and valuation adjustments	-	-	-	-3'820'846	-	-	-	-3'820'846
Accrual of equalisation provision	-1'696'109	-	1'166'433	-	-	-	-	-529'676
Realised losses	-	-	-1'166'433	-	-	-	-	-1'166'433
Technical interest debited Non-life insurance								-2'270'499
Asset management expenses								-1'311'768
Total expenses on investments								-9'099'221
2016								
Write-downs and valuation adjustments	-	-	719'137	-464'000	-2'226'479	-	-	-1'971'342
Accrual of equalisation provision	-3'107'930	-	-	-	-	-	-	-3'107'930
Realised losses	-	-	-359'568	-245'568	-	-	-	-605'136
Technical interest debited Non-life insurance								-2'918'234
Asset management expenses								-1'069'067
Total expenses on investments								-9'671'709

NOTES TO THE FINANCIAL STATEMENTS
(CHF)

17. Information on the auditor's fee

	<i>2017</i> <i>CHF</i>	<i>2016</i> <i>CHF</i>
Audit services	71'500	85'188
Other services	-	-

18. Information on gross premiums

	<i>2017</i> <i>%</i>	<i>2016</i> <i>%</i>
Motor Liability	15.6	13.6
Motor Hull	3.9	3.6
General Liability	19.2	17.3
Property / Fire / BI / Engineering	36.4	39.3
Accident	19.6	21.3
Marine	2.9	2.3
Health	1.2	1.3
Life	1.2	1.3
Total	100.0	100.0
Group business accounts for percentage of total gross premiums	35.7	39.2

19. Information on the technical result

	<i>2017</i>	<i>2016</i>
	<i>CHF</i>	<i>CHF</i>
Net earned premiums	159'275'082	130'614'152
Technical interest	2'822'266	3'407'919
Commissions and profit commissions	-38'658'142	-34'180'254
Expenses on insurance claims for own account	-116'601'753	-93'744'898
Other technical income and expenses	-1'065'199	-896'800
Total technical result	5'772'253	5'200'120
Combined Ratio (without technical interest)	98.1 %	98.6 %

20. Significant events after the balance sheet date

There were no significant events after the balance sheet date which have a material impact on the financial statements.



Proposal for the appropriation of profits

(EUR)

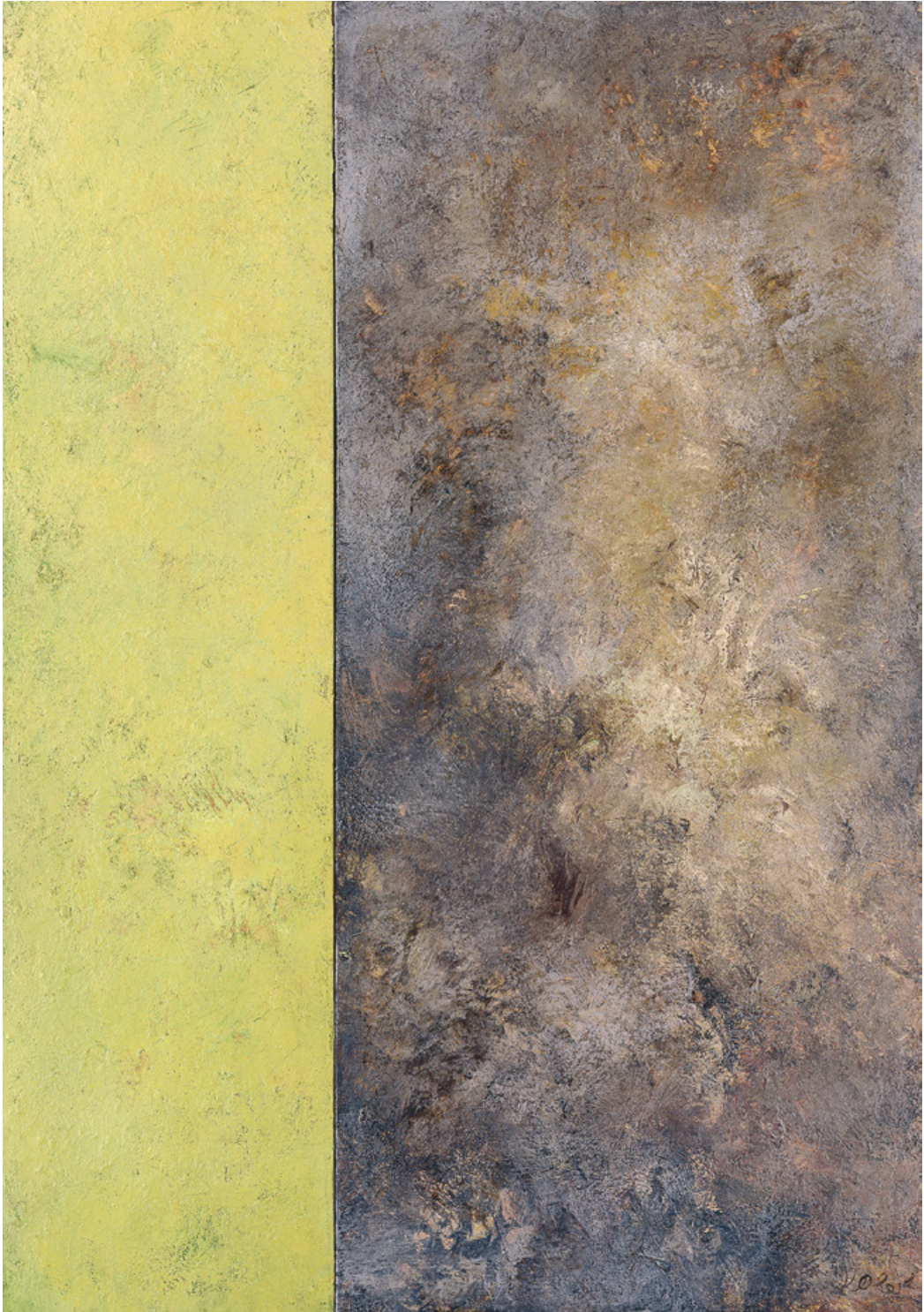
EUR

Voluntary profit reserves after appropriation of profits for 2016	5'764'137
Net income for 2017	7'034'913
Free reserves available to the General Meeting	12'799'050

The Board of Directors proposes to the General Meeting that the available free reserves be appropriated as follows:

Dividend distribution	5'100'000
Free reserves carried forward to new account	7'699'050

Note: The amount of the dividend is limited to the total in Swiss Francs of the free reserves available to the General Meeting. This amount is CHF 14'406'375.



Proposal for the appropriation of profits

(CHF)

CHF

Voluntary profit reserves after appropriation of profits for 2016	6'177'426
Net income for 2017	8'228'949
Free reserves available to the General Meeting	14'406'375

The Board of Directors proposes to the General Meeting that the available free reserves be appropriated as follows:

Dividend distribution	5'465'670
Free reserves carried forward to new account	8'940'705

Note: The amount of the dividend is limited to the total in Swiss Francs of the free reserves available to the General Meeting. This amount is CHF 14'406'375.

Auditor's report

Report of the statutory auditor
to the General Meeting of
SIGNAL IDUNA Reinsurance Ltd
Zug

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of SIGNAL IDUNA Reinsurance Ltd, which comprise the balance sheet, income statement, cash flow statement and notes for the year ended 31 December 2017.

Board of Directors' responsibility

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the 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 31 December 2017 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

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

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

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

PricewaterhouseCoopers AG

Michael Stämpfli
Audit expert
Auditor in charge

Angela Marti
Audit expert

Zurich, 28 March 2018





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Photographs:
© Susanne Keller

Cover picture: detail of «Ithaka revisited»
Page 14: «So far away»
Page 28: «Es sieht nicht so aus, als rühre er sich überhaupt – und hackt doch sein Feld»
Page 42: «Bodies of Light – red/gold»
Page 44: «Tender Animal»
Page 48: «Ithaka revisited»
Page 49: «Fields»

All pictures are represented in the catalogue «Passagen & Crossings», 2003.

Born in 1954, Susanne Keller is a freelance artist living and working in the old town of Zurich, Switzerland. After studying at the School of Art and Design in Zurich, she completed her degree in Art History in Florence in 1982. Upon graduation, Susanne moved into her first studio in Winterthur. She has been working in Zurich since 1983.

Her passion, talent and ability find expression in her creations, in expressive composition and layering of colours, in tension and in depth as well as the interplay of the elements of her work with the mysterious and the dynamic. Her positive personality grants her pictures a wealth of strength, thereby evoking unforeseen emotions.

Since 1991, she has increasingly been managing larger projects and her work can be found in public spaces (KiöR, Kunst am Bau) in Switzerland and its neighbouring countries. Since 1982 she has also presented her work in numerous exhibitions in the USA, Korea, Belgium, France and Germany, etc.

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