



ANNUAL REPORT 2018

SI Re – Mutually yours
Sustainable, agile, committed

Table of contents

SIRe at a glance	4
Key figures	5
Report of the Board of Directors and the Executive Board	7
Review of the 2018 financial year	9
Balance sheet in EUR	15
Income statement in EUR	16
Cash flow statement in EUR	17
Notes to the financial statements in EUR	18
Balance sheet in CHF	29
Income statement in CHF	30
Cash flow statement in CHF	31
Notes to the financial statements in CHF	32
Proposal for the appropriation of profits in EUR	43
Proposal for the appropriation of profits in CHF	45
Auditor's report	46

SI Re at a glance

SIGNAL IDUNA Reinsurance Ltd (SI Re) 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
Carl Mäder

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

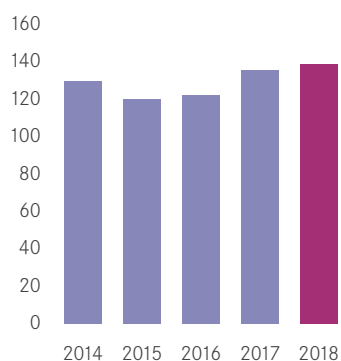
Fitch: A- «Outlook stable»

Auditors

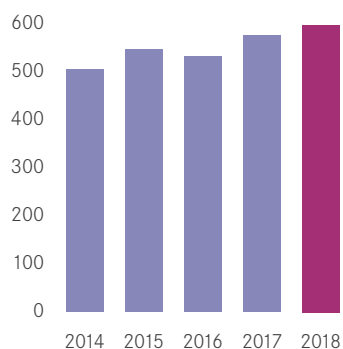
PricewaterhouseCoopers AG, Zurich

Key figures

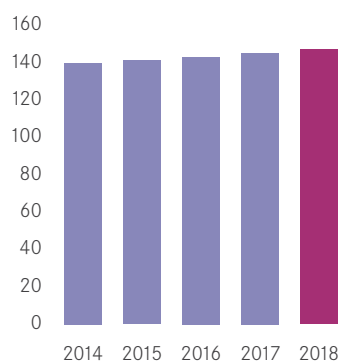
Gross Written Premiums
(in mio. EUR)



Investments
(in mio. EUR)



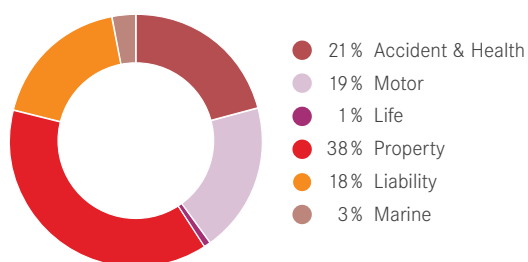
Shareholders' equity
before dividend distribution
(in mio. EUR)



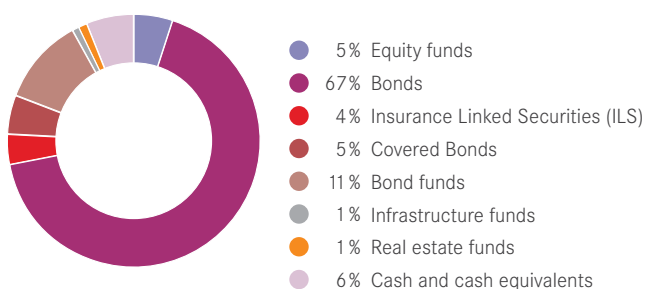
	2018 (in mio. EUR)	2017 (in mio. EUR)
Net written premiums	139.1	135.7
Net earned premiums	138.5	136.2
Technical result	5.5	4.9
Net investment income, before deduction of technical interest	10.3	11.0
Annual result after taxes	7.1	7.0
Net technical provisions	509.1	473.0
Investments	598.0	575.8
Shareholders' equity (before dividend distribution)	147.1	145.2

Portfolio composition 2018

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 now spent 15 years charting a successful course of sustainable and consistent expansion. In 2018, we again improved our annual result. Net income rose by 0.5% to EUR 7.07 million. As the balance sheet total increased by EUR 34.9 million to EUR 695.3 million, reported shareholder equity remained at a comfortable 21.2% of the balance sheet total at EUR 147.1 million.

Moreover, we increased our net earned premiums by 1.7% to EUR 138.5 million and improved our net combined ratio from 98.1% to 97.6%. Following the allocation of technical interest, this resulted in underwriting profit of EUR 5.5 million or 4.0% of premiums earned.

Investments were valued at EUR 598.0 million at the year-end, thus, they were 3.9% higher than the previous year. We achieved a net return of 1.8% (2.0% in 2017) in a turbulent year for the capital markets, featuring geopolitical uncertainty and the continuation of the European Central Bank's liquidity policy.

In view of this highly satisfactory result, the Board of Directors proposes to the General Meeting a dividend of EUR 5.2 million, following EUR 5.1 million in the previous year. Following payment of the dividend, SIRe's shareholder equity will total EUR 141.9 million.

We regularly revise our strategy and adapt it to changes in market conditions to ensure we maintain our reliable business development going forward. We therefore decided last year to increase our underwriting limits as part of our new five-year strategy. Furthermore, we started writing cyber risks for the first time. This new cover is available to existing clients on a proportional basis as a standalone business line.

In addition, we will offer agricultural insurance in all our core markets. At the same time, we expand our geographic scope to cover all European Union (EU) member states.

SIRe believes that insurance-linked securities (ILS) are well established in the market and will offer a genuine alternative to traditional reinsurance in the future. As we have a successful track record in ILS since 2010, we will further diversify our risk and country allocation respectively.

Last year, SIRe moved its head office within Zug to new premises that provide our employees with a modern and comfortable working environment. Headcount grew from 18 to 20 people over the previous year.

Our clients and our team form the basis for our success. We would like to thank our cedants and business partners for their continued loyalty and our employees for their commitment and support.



Dr. Klaus Sticker
Chairman of the Board of Directors



Bertrand R. Wollner
Chief Executive Officer

Review of the 2018 financial year

Business performance

SIRe again achieved an extremely pleasing result in the 2018 financial year. Net income of EUR 7.07 million was 0.5% higher than the previous year (EUR 7.03 million). In addition, the balance sheet total increased by EUR 34.9 million to EUR 695.3 million. Total reported shareholder equity remained at a comfortable level of 21.2% of the balance sheet total at EUR 147.1 million.

This result illustrates how SIRe is consistently meeting the challenges of the reinsurance market. The insurance industry again had to contend with very high losses in 2018, with natural catastrophes accounting for USD 85 billion. Cumulative losses for 2017 and 2018 totalled in the region of USD 230 billion. However, the impact on the amount of global capital available to write reinsurance risks was rather limited. The continued influx of risk capital to the converging markets resulted in capacity of approximately USD 595 billion at the end of 2018, just slightly lower than the previous year (USD 605 billion).

However, the turbulence was not only restricted to insurance business but investments also proved volatile. At the start of 2018, the economy was still at risk of overheating; however, that sentiment had changed by the end of the year. The year 2018 turned out to be the poorest investment year since 2008, with some heavy losses on the investment markets.

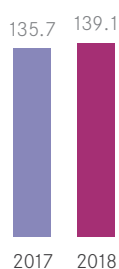
Solid premium development due to a stable client base

In spite of the high losses incurred in 2017, there were no significant rate increases for reinsurance business in the 2018 renewal season. Prices remained unchanged for the most part, particularly for those contracts that did not incur any losses. Against this backdrop, SIRe took steps to consolidate the above-average growth achieved in 2017 in terms of volume and new cedents and thereby strengthening its own position with existing clients. This strategy proved a resounding success over the year, with a 1.7% increase in net earned premiums from EUR 136.2 million to EUR 138.5 million. This growth stemmed almost entirely from new business with existing clients.

On a full-year basis, the share of external business increased slightly from 64.3% in 2017 to 65.0%. SIRe writes 19% of its premiums in Germany, followed by France and the Benelux countries with a solid 14% and Austria at just 11%. There were practically no significant changes among these markets in 2018. Proportional business accounts for over 70% of the SIRe book, while over 80% of all client relationships are with mutual insurance companies, with which SIRe has a natural affinity through its parent company.

The breakdown by lines of business was also practically unchanged. Shifts in shares were under one percentage point. Long-tail business remains the central component of SIRe's business strategy with a portion of over 60%. SIRe deliberately reduced those exposures that were too close to natural catastrophe risk. This was done in response to the consistent increase in natural catastrophes and the absence of a corresponding increase in rates.

Gross written premiums (in mio. EUR)



Improved combined ratio in spite of higher technical provisions

The net combined ratio improved slightly during the year under review, from 98.1% in the previous year to 97.6% in 2018. This was due to a slightly lower cost ratio, down from 24.3% in 2017 to 23.4% in 2018, combined with a minor increase in the claims ratio from 73.9% to 74.3%.

The claims ratio benefited from relatively high run-off profits resulting from SIRe's conservative reserving approach. In addition, SIRe decided to continue this policy in the 2018 accident year and strengthened its equalisation provisions to approximately the same extent.

Technical provisions rose from EUR 473.0 million to EUR 509.1 million due to the continuation of this cautious reserving approach. That equates to a coverage ratio, which is the ratio of technical provisions to premiums earned, of a comfortable 367%, compared to 347% in 2017.

SIRe closed the technical account with a gain of EUR 5.5 million, an increase of a good 12% over the prior-year result of EUR 4.9 million. That gives a technical result of 4.0% on net earned premiums, a slight improvement on the 3.6% in the previous year.

Technical result (in mio. EUR)



Investment return almost unchanged

The capital markets experienced a turbulent and ultimately weak 2018. Having reached its 2% inflation target, the USA began to normalize its monetary policy by introducing incremental interest rate increases following an extended period of record-low rates and reducing its balance sheet. In Europe, however, interest rates did not rise. The mixed performance of the money markets and uncertainty over further growth caused equity market reversals such as in Europe. The Stoxx Europe 600 was down by over 10% at the end of the year.

SIRe did not manage to fully extricate itself from this situation. Over the year, the company posted an investment result of EUR 8.5 million, compared to EUR 9.1 million in the previous year. Measured in terms of average investment levels, this corresponded to a return of 1.8%, slightly lower than 2.0% in 2017.

SIRe's investments increased in line with premium growth. At the end of 2018, investment totalled EUR 598.0 million, which was 3.9% higher than 2017 (EUR 575.8 million). The quality of the portfolio, including liquidities, remained at a high credit rating of A- according to the WARF approach.

There were no major adjustments to the SIRe investment portfolio in 2018 compared to the previous year. The largest segment remains fixed-income investments at 77.0%. They were followed by bond funds with a 11.1% share of investments. The equity fund holding was unchanged at 5% of capital. Liquidities retained their 6% share of the portfolio, slightly higher than 2017 (5%). SIRe started investing in real estate funds in 2018 with a holding of just under 1%.

The company currently invests 4.2% or EUR 26.4 million of its investment capital in Insurance-Linked Securities (ILS). This was just slightly higher than the previous year, as SIRe is very cautious in selecting investments into ILS. However, the Board of Directors has authorised the management to place up to USD 50 million in this asset class.

Following unrealised losses on equity and bond funds, SIRe dissolved EUR 3.4 million from the equalisation provisions during the reporting year. At the same time, the equalisation provision for ILS was increased from EUR 1.3 million to EUR 1.8 million. An additional small provision was formed for the new real estate fund holdings. At year-end, SIRe's total equalisation provisions accounted for EUR 25.1 million or 4.2% of reported investments, compared to EUR 28.1 million or 4.9% of investments in 2017.

Stable administrative costs and a moderate decrease in acquisition costs

The administrative costs of SIRe fell slightly in 2018 against the previous year. Overall, costs comprising personnel expenses, depreciation and other administrative expenses came to EUR 6.0 million, compared to EUR 6.2 million in 2017. The number of employees rose from 18 to 20 people and depreciation fell, having increased in 2017 following the company's move to new premises in 2018.

Increased dividend

The Board of Directors is proposing a slightly higher dividend of EUR 5.2 million (EUR 5.1 million in 2017) to the General Meeting. After adjustment for this sum, SIRe shareholder equity will increase to EUR 141.9 million, from EUR 140.1 million in 2018.

Investments
(in mio. EUR)



Net technical provisions
(in mio. EUR)



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



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 analyses 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

SIRe renewed its strategic five-year plan in 2018 and decided, against a backdrop of further market concentration, to expand its market presence through the addition of underwriters and actuaries in combination with underwriting a broader range of business lines and more geographic diversification. Going forward, SIRe will write agricultural risks in all its markets and it will manage this line as part of its Property-Catastrophe business. Another new line is Cyber reinsurance, which SIRe will write on a proportional basis for existing clients with narrowly defined underwriting limits. Moreover, SIRe is further expanding its geographic reach in Europe and will cover all European Union member states in future. Furthermore, South American non-proportional Property-Catastrophe business will be conducted in selected countries.

The new strategic targets already delivered their first results in the January renewals, when SI Re traditionally renews almost 100% of its business. Excluding agricultural business, which is negotiated later, premium volume increased by 4.5% from EUR 133.5 million in 2018 to EUR 139.4 million in 2019. On a positive note, the external business advanced by 6.6% over the previous year; thus, the share of group business of the total premium volume slightly decreased. The growth stems mainly from new business with existing or new clients. Price and share increases only played a subordinate role. Changes were made in most cases to those programmes that incurred losses, while loss-free programmes were renewed at stable or slightly lower rates.

Following 2018, which was a year of consolidating the client business after the above average gains of 2017, SI Re again increased its client base by just under 10% in the 2019 renewals. There were hardly any shifts within the individual insurance lines. SI Re still writes 95% of its business in the standard lines. Long-tail business accounts for the majority of risks at over 60% of premiums. Mutual insurance companies still comprise over 75% of cedants.

The insurance markets were also largely unchanged. The share of Italy in the portfolio rose from 3.2% to 4.6%. Central and Eastern Europe also increased from 3.8% to 4.5%, as Bulgaria was added to the portfolio. In this market SI Re established five new client relationships. The company thus again proved the consistency of its approach to market development, since SI Re had already been visiting Bulgaria for a number of years to offer its expertise to potential cedants. SI Re will focus more closely on the Central and Eastern European markets going forward.

Renewals
(in mio. EUR)





Balance sheet

(EUR)

Assets

	Notes	31. 12. 2018 EUR	31. 12. 2017 EUR
Fixed-income securities	9	486'869'336	464'751'061
Other investments	10	111'094'257	111'019'650
Total investments		597'963'593	575'770'712
Deposits on ceded reinsurance business		16'160'987	16'042'261
Cash and cash equivalents		34'516'397	30'413'919
Tangible assets		1'149'727	-
Intangible assets		140'639	149'356
Receivables from insurance operations	6	40'305'096	32'854'576
Other receivables		46'061	17'577
Accrued income and prepaid expenses		5'058'561	5'220'635
Total assets		695'341'060	660'469'037

Liabilities and shareholders' equity

Technical provisions	11	509'107'335	472'997'869
Non-technical provisions	12	29'904'904	32'240'780
Liabilities from insurance operations	7	8'785'196	9'704'035
Other liabilities	8	167'880	258'075
Accrued expenses and deferred income		253'533	113'765
Total liabilities		548'218'848	515'314'524
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		14'766'750	12'799'051
Total shareholders' equity	3	147'122'212	145'154'513
Total liabilities and shareholders' equity		695'341'060	660'469'037

Income statement

(EUR)

	Notes	2018 EUR	2017 EUR
Gross written premiums		139'108'252	135'667'052
Reinsurer's share of gross written premiums		-	-
Net written premiums		139'108'252	135'667'052
Net changes in reserves for unearned premiums		-642'779	496'919
Reinsurer's share of net changes in reserves for unearned premiums		-	-
Net earned premiums		138'465'473	136'163'971
Other income from insurance operations - technical interest		2'241'191	2'412'750
Total income from technical insurance operations		140'706'664	138'576'721
Payments for insurance claims, gross		-65'235'388	-69'462'376
Reinsurer's share of payments for insurance claims		-	-
Net change in technical provisions	13	-36'792'283	-30'220'246
Reinsurer's share of change in technical provisions		-	-
Total expenses on insurance claims for own account		-102'027'672	-99'682'622
Acquisition costs and administration expenses	14	-38'376'811	-39'292'396
Reinsurer's share of acquisition costs and administration expenses		-	-
Acquisition costs and administration expenses for own account		-38'376'811	-39'292'396
Other technical expenses for own account		-810'918	-910'637
Total expenses due to technical insurance operations		-141'215'400	-139'885'655
Income from investments	15	13'138'249	16'855'972
Expenses on investments	16	-4'609'340	-7'778'907
Investment result		8'528'909	9'077'065
Other financial income		-	219'194
Other financial expenses		-116'054	-32'086
Operating result		7'904'119	7'955'239
Other income		26'117	4'087
Other expenses		-104'797	-157'495
Net income before tax		7'825'438	7'801'831
Direct tax		-757'739	-766'917
Net income		7'067'699	7'034'913

Cash flow statement

(EUR)

	2018 EUR	2017 EUR
Net income	7'067'699	7'034'913
Accrual of technical provisions	36'109'466	24'307'999
Valuation adjustments on tangible and intangible assets	177'264	750'799
Realised gains and losses on fixed-income securities	172'863	-513'946
Valuation adjustments on fixed-income securities	3'911'215	10'108'834
Write-ups and write-downs on other investments	-28'651	-2'045'190
Change in equalisation provisions on investments	-2'947'407	452'819
Change in non-technical provisions	611'532	-3'038'552
Change in balances resulting from technical accounts	-8'488'084	-7'704'417
Changes in other assets	-28'484	-1'709
Change in accrued income	162'074	358'795
Change in other liabilities	-90'195	-877'689
Change in accrued expenses	139'768	7'311
Cash flow from operating activities	36'769'058	28'839'968
Fixed-income securities	-21'615'855	-24'326'392
Other investments	-4'632'453	-20'674'307
Tangible and intangible assets	-1'318'273	-184'827
Cash flow from investment activities	-27'566'581	-45'185'526
Dividend distribution	-5'100'000	-5'100'000
Capital contribution	-	-
Cash flow from financing activities	-5'100'000	-5'100'000
Net cash flow	4'102'478	-21'445'558
Cash on 1 January	30'413'919	51'859'477
Cash on 31 December	34'516'397	30'413'919
Change in cash	4'102'478	-21'445'558

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' 2018 financial year. Cedant accounts not available at the time of closing have been estimated. General income and expenses are congruent with the 2018 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. 2018</i>	<i>31. 12. 2017</i>
EUR/USD	1.14653	1.20048
EUR/GBP	0.89912	0.88810
EUR/CHF	1.12689	1.16973

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. 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
Movements during 2018					
– Appropriation of profits from prior year – dividend	-	-	-	-5'100'000	-5'100'000
– Result for 2018	-	-	-	7'067'699	7'067'699
As at 31.12. 2018	83'166'999	44'190'127	4'998'337	14'766'751	147'122'212

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. 2018</i>	<i>31. 12. 2017</i>
	<i>EUR</i>	<i>EUR</i>
Securities	183'075'334	214'475'884
Current account	224'186	72'667
Total book value of pledged assets	183'299'520	214'548'551

The Zürcher Kantonalbank, Zurich, has granted SIGNAL IDUNA Reinsurance Ltd a credit facility of up to EUR 110.9 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 2018, EUR 68.0 million (CHF 76.6 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 115.1 million on the balance sheet date, 31 December 2018.

5. Off-balance-sheet leasing commitments

Rental contract for office space with a set term until 30 September 2023: EUR 1'340'673 (CHF 1'510'791)
(previous year EUR 417'767 and CHF 488'675 respectively)

6. Receivables from insurance operations

	31. 12. 2018 EUR	31. 12. 2017 EUR
Receivables from agents, brokers and intermediaries	31'529'098	25'232'412
Receivables from insurance companies (third parties)	5'585'567	6'776'657
Receivables from Group companies	3'190'431	845'507
Total receivables from insurance operations	40'305'096	32'854'576

7. Liabilities from insurance operations

	31. 12. 2018 EUR	31. 12. 2017 EUR
Liabilities to agents, brokers and intermediaries	-8'166'199	-7'010'380
Liabilities to insurance companies (third parties)	-494'521	-1'970'640
Liabilities to Group companies	-124'476	-723'015
Total liabilities from insurance operations	-8'785'196	-9'704'035

8. Other liabilities

	31. 12. 2018 EUR	31. 12. 2017 EUR
Other liabilities to third parties	-167'880	-256'248
Other liabilities to Group companies	-	-1'827
Total other liabilities	-167'880	-258'075

9. Fixed-income securities

	31. 12. 2018 EUR	31. 12. 2017 EUR
Bonds	426'600'961	402'196'813
Covered bonds	33'910'675	37'271'899
Insurance Linked Securities (ILS)	26'357'700	25'282'350
Total fixed-income securities	486'869'336	464'751'061

NOTES TO THE FINANCIAL STATEMENTS
(EUR)

10. Other investment assets

	31. 12. 2018 EUR	31. 12. 2017 EUR
Other investments – recorded at fair values	106'094'257	106'019'650
Bond funds	70'395'943	76'225'942
Equity funds	31'675'507	29'793'708
Real estate funds	4'022'808	-
Other investments – valued at the lower of cost or market	5'000'000	5'000'000
Infrastructure funds	5'000'000	5'000'000
Total other investments	111'094'257	111'019'650

11. Technical provisions

31. 12. 2018	EUR Brutto	EUR Retro	EUR Netto
Unearned premiums	-9'413'335	-	-9'413'335
Provision for outstanding claims	-426'151'052	-	-426'151'052
Other technical provisions	-58'939'541	-	-58'939'541
Provision for future life benefits	-14'603'407	-	-14'603'407
Total technical provisions	-509'107'335	-	-509'107'335
31. 12. 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

12. Non-technical provisions

	31. 12. 2018 EUR	31. 12. 2017 EUR
Equalisation provision for fixed-income investments	-23'387'000	-26'807'000
Equalisation provision for Insurance Linked Securities (ILS)	-1'750'000	-1'281'677
Equalisation reserve for real estate funds	-4'270	-
Unrealised foreign exchange gains	-3'248'878	-2'700'461
Tax	-854'974	-844'235
Miscellaneous	-659'782	-607'406
Total non-technical provisions	-29'904'904	-32'240'780

In the 2018 financial year, net hidden reserves to the value of EUR 3,415,730 were released in accordance with Art. 960a para. 4 CO.

13. Changes to technical provisions

2018	EUR Gross	EUR Retro	EUR Net
Provision for outstanding claims	-26'706'825	-	-26'706'825
Other technical provisions	-9'590'238	-	-9'590'238
Provision for future life benefits	-495'220	-	-495'220
Total changes to technical provisions	-36'792'283	-	-36'792'283
2017	EUR Gross	EUR Retro	EUR Net
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

14. Acquisition costs and administration expenses

	2018 EUR	2017 EUR
Commissions and profit commissions	-32'360'004	-33'048'773
Personnel expenses	-3'631'725	-3'620'880
Depreciation	-177'264	-751'649
Other administrative expenses	-2'207'818	-1'871'094
Total acquisition costs and administration expenses	-38'376'811	-39'292'396

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>
2018								
Current income	8'352'440	853'302	1'257'398	1'500'840	422'822	83'082	96'416	12'566'300
Write-ups	-	-	-	-	-	28'651	-	28'651
Realised gains	-	-	203	-	-	-	-	203
Other income								543'095
Total income from investments								13'138'249
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

16. Information regarding expenses on 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>
2018								
Write-downs and valuation adjustments	-	-	-	-754'799	-3'676'536	-24'381	-	-4'455'717
Accrual of equalisation provision	3'420'000	-	-468'323	-	-	-4'270	-	2'947'407
Realised losses	-42'285	-	-	-108'940	-21'840	-	-	-173'065
Technical interest debited								
Non-life insurance								-1'751'648
Asset management expenses								-1'176'317
Total expenses on investments								-4'609'340
2017								
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

NOTES TO THE FINANCIAL STATEMENTS
(EUR)

17. Information on the auditor's fee

	<i>2018</i> <i>EUR</i>	<i>2017</i> <i>EUR</i>
Audit services	69'367	61'125
Other services	-	-

18. Information on gross premiums

	<i>2018</i> <i>%</i>	<i>2017</i> <i>%</i>
Property / Fire / BI / Engineering	38.3	36.4
Accident	19.4	19.6
General Liability	17.8	19.2
Motor Liability	15.6	15.6
Motor Hull	3.8	3.9
Marine	2.9	2.9
Health	1.1	1.2
Life	1.1	1.2
Total	100.0	100.0
Group business accounts for percentage of total gross premiums	35.0	35.7

19. Information on the technical result

	<i>2018</i>	<i>2017</i>
	<i>EUR</i>	<i>EUR</i>
Net earned premiums	138'465'473	136'163'971
Technical interest	2'241'191	2'412'750
Commissions and profit commissions	-32'360'004	-33'048'773
Expenses on insurance claims for own account	-102'027'672	-99'682'622
Other technical income and expenses	-810'918	-910'637
Total technical result	5'508'070	4'934'689
Combined Ratio (without technical interest)	97,6%	98,1%

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. 2018 CHF	31. 12. 2017 CHF
Fixed-income securities	9	548'648'186	543'633'259
Other investments	10	125'191'008	129'863'015
Total investments		673'839'193	673'496'274
Deposits on ceded reinsurance business		18'211'654	18'765'114
Cash and cash equivalents		38'896'183	35'576'074
Tangible assets		1'295'616	-
Intangible assets		158'484	174'706
Receivables from insurance operations	6	45'419'410	38'430'984
Other receivables		51'905	20'560
Accrued income and prepaid expenses		5'700'442	6'106'734
Total assets		783'572'888	772'570'447

Liabilities and shareholders' equity

Technical provisions	11	573'707'965	553'279'798
Non-technical provisions	12	33'699'537	37'713'007
Liabilities from insurance operations	7	9'899'949	11'351'101
Other liabilities	8	189'182	301'878
Accrued expenses and deferred income		285'704	133'074
Total liabilities		617'782'338	602'778'858
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		16'905'225	14'406'375
Conversion difference		-10'258'883	-3'758'994
Total shareholders' equity	3	165'790'550	169'791'589
Total liabilities and shareholders' equity		783'572'888	772'570'447

Income statement

(CHF)

	Notes	2018 CHF	2017 CHF
Gross written premiums		156'759'698	158'693'821
Reinsurer's share of gross written premiums		-	-
Net written premiums		156'759'698	158'693'821
Net changes in reserves for unearned premiums		-724'342	581'261
Reinsurer's share of net changes in reserves for unearned premiums		-	-
Net earned premiums		156'035'356	159'275'082
Other income from insurance operations – technical interest		2'525'576	2'822'266
Total income from technical insurance operations		158'560'932	162'097'347
Payments for insurance claims, gross		-73'513'107	-81'252'225
Reinsurer's share of payments for insurance claims		-	-
Net change in technical provisions	13	-41'460'856	-35'349'528
Reinsurer's share of change in technical provisions		-	-
Total expenses on insurance claims for own account		-114'973'963	-116'601'753
Acquisition costs and administration expenses	14	-43'246'444	-45'961'495
Reinsurer's share of acquisition costs and administration expenses		-	-
Acquisition costs and administration expenses for own account		-43'246'444	-45'961'495
Other technical expenses for own account		-913'815	-1'065'199
Total expenses due to technical insurance operations		-159'134'222	-163'628'447
Income from investments	15	14'805'362	19'716'936
Expenses on investments	16	-5'194'219	-9'099'221
Investment result		9'611'143	10'617'716
Other financial income		-	256'398
Other financial expenses		-130'780	-37'532
Operating result		8'907'072	9'305'482
Other income		29'431	4'780
Other expenses		-118'095	-184'227
Net income before tax		8'818'408	9'126'035
Direct tax		-853'889	-897'086
Net income		7'964'519	8'228'949

Cash flow statement

(CHF)

	2018 CHF	2017 CHF
Net income	7'964'519	8'228'949
Accrual of technical provisions	40'691'396	28'433'796
Valuation adjustments on tangible and intangible assets	199'757	878'233
Realised gains and losses on fixed-income securities	194'797	-601'178
Valuation adjustments on fixed-income securities	4'407'509	11'824'607
Write-ups and write-downs on other investments	-32'287	-2'392'320
Change in equalisation provisions on investments	-3'321'404	529'676
Change in non-technical provisions	689'129	-3'554'286
Change in balances resulting from technical accounts	-9'565'137	-9'012'087
Changes in other assets	-32'098	-1'999
Change in accrued income	182'640	419'693
Change in other liabilities	-101'640	-1'026'659
Change in accrued expenses	157'503	8'552
Cash flow from operating activities	41'434'684	33'734'976
Fixed-income securities	-24'358'691	-28'455'310
Other investments	-5'220'265	-24'183'357
Tangible and intangible assets	-1'485'549	-216'198
Cash flow from investment activities	-31'064'504	-52'854'865
Dividend distribution	-5'747'139	-5'965'623
Capital contribution	-	-
Cash flow from financing activities	-5'747'139	-5'965'623
Net cash flow	4'623'041	-25'085'512
Cash on 1 January	35'576'074	55'577'802
Exchange rate difference on cash and cash equivalents	1'302'932	-5'083'784
Cash on 31 December	38'896'183	35'576'074
Change in cash	4'623'041	-25'085'512

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' 2018 financial year. Cedant accounts not available at the time of closing have been estimated. General income and expenses are congruent with the 2018 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. 2018</i>	<i>31. 12. 2017</i>
EUR/USD	1.14653	1.20048
EUR/GBP	0.89912	0.88810
EUR/CHF	1.12689	1.16973

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. 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
Movements during 2018						
- Appropriation of profits from prior year – dividend	-	-	-	-5'465'670	-	-5'465'670
- Result for 2018	-	-	-	7'964'519	-	7'964'519
Conversion difference					-6'499'888	-6'499'888
As at 31.12. 2018	100'000'000	53'134'208	6'010'000	16'905'225	-10'258'883	165'790'550

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. 2018 CHF</i>	<i>31. 12. 2017 CHF</i>
Securities	206'305'763	250'878'876
Current account	252'633	85'000
Total book value of pledged assets	206'558'397	250'963'877

The Zürcher Kantonalbank, Zurich, has granted SIGNAL IDUNA Reinsurance Ltd a credit facility of up to EUR 110.9 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 2018, EUR 68.0 million (CHF 76.6 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 115.1 million (CHF 129.7 million) on the balance sheet date, 31 December 2018.

5. Off-balance-sheet leasing commitments

Rental contract for office space with a set term until 30 September 2023: CHF 1'510'791 (previous year: CHF 488'675)

6. Receivables from insurance operations

	31. 12. 2018 CHF	31. 12. 2017 CHF
Receivables from agents, brokers and intermediaries	35'529'826	29'515'110
Receivables from insurance companies (third parties)	6'294'320	7'926'859
Receivables from Group companies	3'595'265	989'015
Total receivables from insurance operations	45'419'410	38'430'984

7. Liabilities from insurance operations

	31. 12. 2018 CHF	31. 12. 2017 CHF
Liabilities to agents, brokers and intermediaries	-9'202'408	-8'200'251
Liabilities to insurance companies (third parties)	-557'271	-2'305'117
Liabilities to Group companies	-140'270	-845'732
Total liabilities from insurance operations	-9'899'949	-11'351'101

8. Other liabilities

	31. 12. 2018 CHF	31. 12. 2017 CHF
Other liabilities to third parties	-189'182	-299'742
Other liabilities to Group companies	-	-2'137
Total other liabilities	-189'182	-301'878

9. Fixed-income securities

	31. 12. 2018 CHF	31. 12. 2017 CHF
Bonds	480'732'357	470'461'678
Covered bonds	38'213'600	43'598'058
Insurance Linked Securities (ILS)	29'702'229	29'573'523
Total fixed-income securities	548'648'186	543'633'259

NOTES TO THE FINANCIAL STATEMENTS (CHF)

10. Other investment assets

	31. 12. 2018 CHF	31. 12. 2017 CHF
Other investments – recorded at fair values	119'556'558	124'014'365
Bond funds	79'328'484	89'163'771
Equity funds	35'694'813	34'850'594
Real estate funds	4'533'262	-
Other investments – valued at the lower of cost or market	5'634'450	5'848'650
Infrastructure funds	5'634'450	5'848'650
Total other investments	125'191'008	129'863'015

11. Technical provisions

31. 12. 2018	CHF Brutto	CHF Retro	CHF Netto
Unearned premiums	-10'607'793	-	-10'607'793
Provision for outstanding claims	-480'225'359	-	-480'225'359
Other technical provisions	-66'418'380	-	-66'418'380
Provision for future life benefits	-16'456'433	-	-16'456'433
Total technical provisions	-573'707'965	-	-573'707'965
31. 12. 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

12. Non-technical provisions

	31. 12. 2018 CHF	31. 12. 2017 CHF
Equalisation provision for fixed-income investments	-26'354'576	-31'356'952
Equalisation provision for Insurance Linked Securities (ILS)	-1'972'058	-1'499'216
Equalisation reserve for real estate funds	-4'812	-
Unrealised foreign exchange gains	-3'661'129	-3'158'811
Tax	-963'462	-987'527
Miscellaneous	-743'502	-710'502
Total non-technical provisions	-33'699'537	-37'713'007

In the 2018 financial year, net hidden reserves to the value of CHF 3,849,152 were released in accordance with Art. 960a para. 4 CO.

13. Changes to technical provisions

2018	CHF Brutto	CHF Retro	CHF Netto
Provision for outstanding claims	-30'095'655	-	-30'095'655
Other technical provisions	-10'807'143	-	-10'807'143
Provision for future life benefits	-558'058	-	-558'058
Total changes to technical provisions	-41'460'856	-	-41'460'856
2017	CHF Brutto	CHF Retro	CHF Netto
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

14. Acquisition costs and administration expenses

	2018 CHF	2017 CHF
Commissions and profit commissions	-36'466'165	-38'658'142
Personnel expenses	-4'092'554	-4'235'452
Depreciation	-199'757	-879'227
Other administrative expenses	-2'487'968	-2'188'675
Total acquisition costs and administration expenses	-43'246'444	-45'961'495

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>
2018								
Current income	9'412'281	961'578	1'416'950	1'691'282	476'474	93'624	108'650	14'160'838
Write-ups	-	-	-	-	-	32'287	-	32'287
Realised gains	-	-	229	-	-	-	-	229
Other income								612'008
Total income from investments								14'805'362
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

16. Information regarding expenses on 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>
2018								
Write-downs and valuation adjustments	-	-	-	-850'576	-4'143'051	-27'475	-	-5'021'103
Accrual of equalisation provision	3'853'964	-	-527'749	-	-	-4'812	-	3'321'404
Realised losses	-47'651	-	-	-122'763	-24'611	-	-	-195'026
Technical interest debited Non-life insurance								-1'973'915
Asset management expenses								-1'325'580
Total expenses on investments								-5'194'219
2017								
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

NOTES TO THE FINANCIAL STATEMENTS
(CHF)

17. Information on the auditor's fee

	<i>2018</i> <i>CHF</i>	<i>2017</i> <i>CHF</i>
Audit services	78'169	71'500
Other services	-	-

18. Information on gross premiums

	<i>2018</i> <i>%</i>	<i>2017</i> <i>%</i>
Property / Fire / BI / Engineering	38.3	36.4
Accident	19.4	19.6
General Liability	17.8	19.2
Motor Liability	15.6	15.6
Motor Hull	3.8	3.9
Marine	2.9	2.9
Health	1.1	1.2
Life	1.1	1.2
Total	100.0	100.0
Group business accounts for percentage of total gross premiums	35.0	35.7

19. Information on the technical result

	<i>2018</i>	<i>2017</i>
	<i>CHF</i>	<i>CHF</i>
Net earned premiums	156'035'356	159'275'082
Technical interest	2'525'576	2'822'266
Commissions and profit commissions	-36'466'165	-38'658'142
Expenses on insurance claims for own account	-114'973'963	-116'601'753
Other technical income and expenses	-913'815	-1'065'199
Total technical result	6'206'989	5'772'253
Combined Ratio (without technical interest)	97,6 %	98,1 %

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 2017	7'699'050
Net income for 2018	7'067'699
Free reserves available to the General Meeting	14'766'749

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

Dividend distribution	5'200'000
Free reserves carried forward to new account	9'566'749

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 16'905'224.



Proposal for the appropriation of profits

(CHF)

CHF

Voluntary profit reserves after appropriation of profits for 2017	8'940'705
Net income for 2018	7'964'519
Free reserves available to the General Meeting	16'905'224

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

Dividend distribution	6'038'604
Free reserves carried forward to new account	10'866'620

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 16'905'224.

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 2018.

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 2018 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 reserves complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Nebojsa Baratovic
Audit expert
Auditor in charge

Angela Marti
Audit expert

Zurich, 1 April 2019





Publisher's imprint

Publisher:
SIGNAL IDUNA Reinsurance Ltd, Zug

Concept and text:
Dr. Schanz, Alms & Company Ltd, Zurich

Design and typesetting:
Screenlounge AG, Zurich

Translation:
John Knox, Langnau am Albis

April 2019

The Annual Report is published in German, English and French.
In the case of inconsistencies in the English and French translations,
the German original version shall prevail.

Picture credits:
© Susanne Keller

Cover picture: «flame», detail
Page 14: «speed»
Page 28: «hands», detail
Page 42: «flame», detail
Page 44: «sky I», detail
Page 48 + 49: «glut»

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.

SIGNAL IDUNA
Reinsurance Ltd

A subsidiary of
SIGNAL IDUNA Group

Bundesplatz 1
Postfach 7737
CH-6302 Zug
Switzerland
Telephone +41 41 709 05 05
Fax +41 41 709 05 00
www.sire.ch