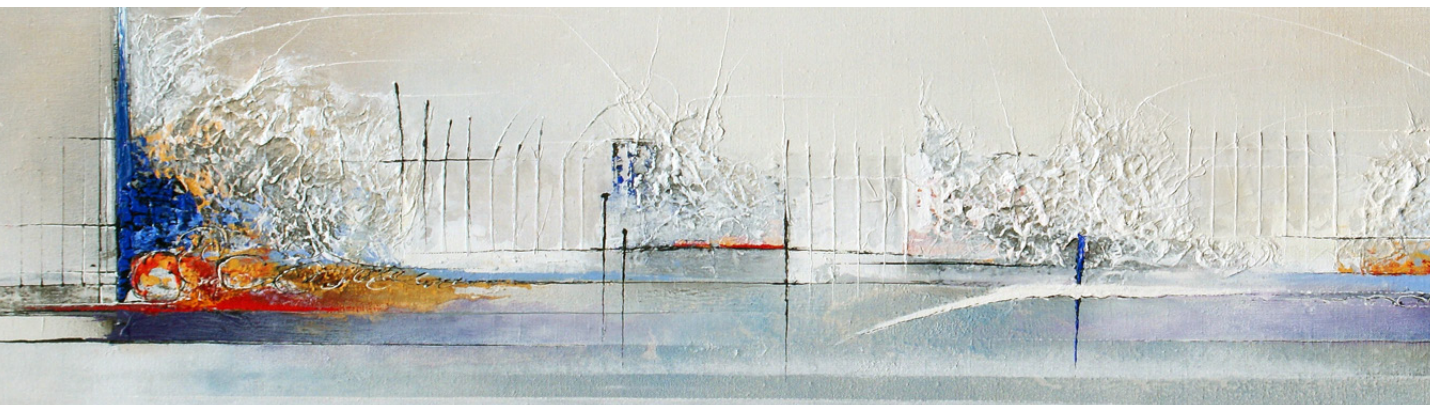




ANNUAL REPORT 2011

SI Re – Mutually yours
Sustainable, agile, committed



© Armin Strittmatter, detail of «Weitblick»

Table of contents

SI Re at a glance	4
Key figures	5
Report of the Board of Directors	7
The financial year 2011	9
Balance sheet	14
Income statement	16
Notes to the financial statements	19
Appropriation of available earnings	27
Auditor's report	28
Publisher's imprint	31

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
Ulrich Leitermann
Dr. Otto Bruderer
Armin L. Landtwing
Rainer Schönberg
Peter Schmid
Bertrand R. Wollner, Executive Member

EXECUTIVE BOARD

Bertrand R. Wollner, Chief Executive Officer
Beat Landtwing, Chief Financial Officer

SHAREHOLDERS

100% SIGNAL IDUNA Allgemeine Versicherung AG,
Dortmund

RATING

Fitch: A- «Outlook stable»

AUDITORS

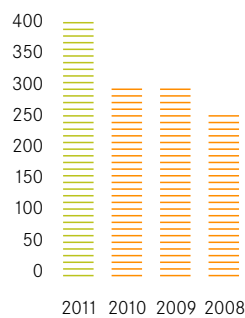
PricewaterhouseCoopers AG, Zurich

Key figures

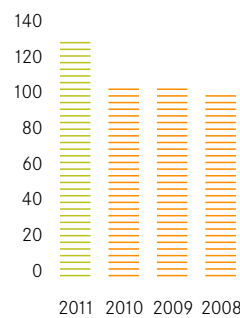
GROSS WRITTEN PREMIUMS
(in mio. CHF)



INVESTMENTS
(in mio. CHF)

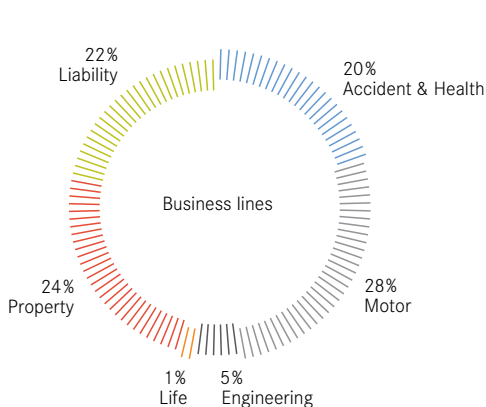


SHAREHOLDERS' EQUITY
AFTER DIVIDEND DISTRIBUTION
(in mio. CHF)

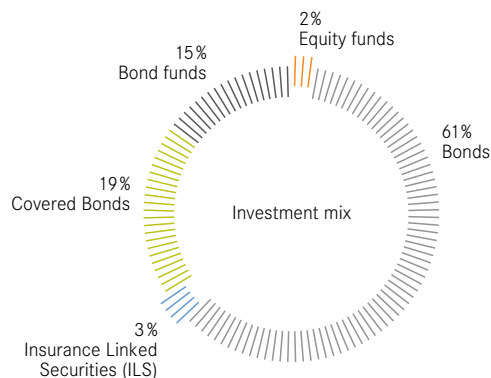


	2011 (in mio. CHF)	2010 (in mio. CHF)	Change (in mio. CHF)
Net premiums written	140.7	120.0	20.7
Net premiums earned	139.3	118.5	20.8
Technical result	6.5	7.8	-1.3
Net investment income	10.6	9.0	1.6
Result for the year	5.7	5.4	0.3
Net technical provisions	279.8	228.2	51.6
Investments	375.7	292.8	82.9
Shareholders' equity (before dividend distribution)	136.5	110.0	26.5

PORTFOLIO COMPOSITION 2011
BASED ON GROSS PREMIUMS



INVESTMENTS 2011





Dr. Klaus Sticker



Bertrand R. Wollner

Report of the Board of Directors

Dear Readers

SIRe can look back on 2011 as an extremely successful financial year. Against a backdrop of turbulent market conditions, our company delivered an improvement to its key numbers. We reported a year-on-year increase of 23% total assets from CHF 348 million to CHF 429 million. Gross premiums booked grew by 16.7%, from CHF 121 million to CHF 141 million. In line with premium growth, our capital investments rose by 28%, from CHF 293 million to CHF 376 million, and we also increased our technical provisions by 22%, from CHF 228 million to CHF 280 million, equivalent to 200% of net premiums booked. Moreover, we posted a year-on-year profit increase of 5.8%, from CHF 5.4 million to CHF 5.7 million. In response to these positive business developments, the SIGNAL IDUNA Group, our parent company, decided to increase our shareholders' equity by CHF 25 million. Therefore, at the end of the year, shareholders' capital of 136 million was available to us before allocation of profit, an increase of 24%.

2011 was another «annus horribilis» for the global insurance industry following 2005. With insured natural catastrophe losses of some USD 116 billion, 2011 went down in history as the second most expensive claims year ever. According to data collected by AonBenfield from almost 30 of the world's leading reinsurers, the sector reported an average combined ratio of 108.2%. However, in our case, this ratio increased by a mere 1.1 percentage points, from 96.9% to 98.0%, enabling us to close our technical income statement (for own account) with a profit of CHF 6.5 million. This figure corresponds to 4.7% of premiums earned, making it clear that SIRe's performance is based on a sustainable and long-term approach.

Our substantial premium growth can essentially be attributed to two quota share treaties, which we concluded in the liability and accident business lines. The percentage of external business decreased slightly to 62%. Within the business lines, reductions of more than 10 percentage points for the motor business occurred, both motor liability and accidental damage, which contracted to 28.0%. At the same time, the proportion of liability business grew by almost 4 percentage points to 22.4%, while the accident business line expanded by 6 percentage points to 17.5%.

SIRe's investment portfolio amounts to CHF 376 million and is of above-average quality. We have set great store by credit quality. About 80% of our capital investments bear interest at a fixed rate, whereas the equity component accounts for a mere 2%. Income rose by 18% to CHF 11.2 million keeping in line with the growth of our investment portfolio. At the same time, the earthquake in Japan triggered a net loss of CHF 0.3 million on an insurance-linked securities bond. If this event and the ensuing changes in provisions were excluded, we achieved a return on investments of 3.3%.

As a proportion of net premiums earned, our administrative expenses of CHF 5.7 million decreased from 4.4% to 4.1%. In overall terms, we increased our profit to the current level of CHF 5.7 million. The General Meeting therefore approved the proposal from our Board of Directors that a dividend of CHF 4.2 million should be paid out again this year.

We would like to thank our clients for their trust and express our gratitude to our employees for their on-going commitment. Their support is the foundation of our success.



Dr. Klaus Sticker
Chairman of the Board



Bertrand R. Wollner
Executive Member of the Board

The 2011 financial year

SI RE ACHIEVES CONSISTENT SUCCESS DESPITE MARKET TURMOIL

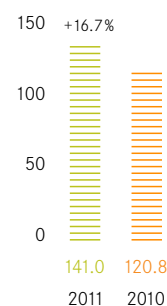
2011 was the fourth successive year of turmoil for the insurance sector. Along with persistent uncertainties on the financial markets and the sovereign debt crisis in the euro zone, the US and Japan, the economic environment was also characterized by continued low interest rates and a re-assessment of the risk profile for government bonds. Difficult overall conditions on the assets side of insurance balance sheets were compounded further by the challenges on the liabilities side: over-capitalisation in the reinsurance sector, growing competitive pressure, especially in the saturated insurance markets, and continuing aggressive pricing for reinsurance cover in Europe. In addition to all this, 2011 brought natural catastrophe losses of about USD 116 billion, making it the second most costly claims year in the history of the insurance industry. SI Re's successes should be assessed against the backdrop of these developments.

SI Re increased its net premiums earned from CHF 118.5 million to CHF 139.3 million in the 2011 financial year, a growth of 17.5%. This above-average increase was essentially the result of two quota share transactions, which SI Re was able to acquire thanks to the long-term nature of its client relationships. This new business boosted the share of liability business from 18.5% to 22.4%, while the accident line rose from 11.3% to 17.5%. At the same time, SI Re was able to reduce the share of its motor liability and accidental damage business from almost 40% to 28%, giving the company a more balanced portfolio mix in its main business lines, i.e. property, liability, motor and accident/health. 2011 also saw an increase in the proportion of internal reinsurance business for the SIGNAL IDUNA Group from 34.4% to the current level of 38.1%.

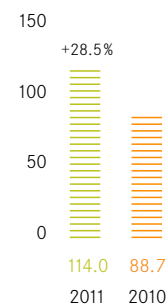
COMBINED RATIO BELOW 100% IN A YEAR OF RECORD NATURAL CATASTROPHE LOSSES

In 2011, the average combined ratio for almost 30 companies analysed in the Aon-Benfield Aggregate was 108.2%. Released reserves accounted for an additional 5.9 percentage points. This technical result reflects the record loss burden caused in the main by natural disasters in the Pacific region. SI Re has no exposure in this region, since it concentrates deliberately on the European markets. In these markets it is far easier for a focused reinsurer such as our company to assess the risks than on the Asian markets with their variety of unmodelled and underestimated risks. Accordingly, SI Re's combined ratio increased by a mere 1.1 percentage points to 98% in the 2011 claims year. This means that SI Re was again able to achieve a positive technical result of CHF 6.5 million – only slightly below the previous year's result of CHF 7.8 million. During the reporting period, SI Re also increased its technical provisions by CHF 50 million to the new level of CHF 280 million, placing reserves at its disposal which are twice as high as the firm's net premiums booked. In the Swiss Solvency Test, SI Re achieved a solvency coefficient of over 280%.

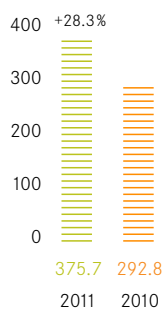
PREMIUMS WRITTEN GROSS
(in mio. CHF)



PREMIUMS WRITTEN GROSS
(in mio. EUR)



INVESTMENTS (in mio. CHF)



Despite substantial double-digit premium growth, SIRe pursued a conservative growth policy in 2011. Underwriting criteria were geared towards strict profitability requirements. Whenever possible, SIRe attempts to implement improved conditions. Clients acknowledge this accountability on the part of our company. They appreciate the long-term approach, especially in the long-tail business where experience of underwriting and pricing are essential, and cedants are interested in a stable capacity ratio. In the 2011 renewal season, SIRe received well over 20% more new enquiries from clients, although we declined most of the offered business since it did not meet our internal underwriting requirements. Thus, 10% of these enquiries resulted in a deal being concluded.

STRONG GROWTH IN INVESTMENTS

Our investments grew from CHF 292.8 million in 2010 to CHF 375.7 million in 2011. This increase of 28% reflects strong growth not only for the reinsurance business but also in our shareholders' equity. The market value of the investments of CHF 387 million exceeded their book value, resulting in added value of CHF 11.4 million. In parallel with the increase of investments, current income rose by 18% to CHF 11.2 million. The Tohoku earthquake in Japan caused the total default of an insurance-linked securities bond, leading to a loss of CHF 0.9 million which was reduced to CHF 0.3 million following the release of a fluctuation reserve formed specifically for such a case. After taking this loss into account, SIRe achieved a return on investments of 3.22%, as compared to 3.16% in 2010.

SIRe's portfolio is of above-average quality with 83% of the investments placed in fixed-interest paper. The equity component is a mere 2%, while bonds, bond funds and covered bonds account for 95% of the investments. According to their issue ratings, two thirds of these investments are rated AA or better. Insurance-linked security bonds amounting to CHF 10.3 million were added to the portfolio in 2010. They account for only 2.7% of our investments. SIRe holds very small positions in the GIIPS countries. It is SIRe's declared policy to avoid foreign-exchange risks and to use forward exchange transactions for hedging purposes. In September 2011, the Swiss National Bank decided to implement a fixed exchange rate of CHF 1.20 to the Euro which it intends to defend. Thus, SIRe decided to suspend hedging of its Euro position at the end of the year.

LOW ADMINISTRATIVE COSTS, GROWING PROFIT AND INCREASING SHAREHOLDERS' EQUITY

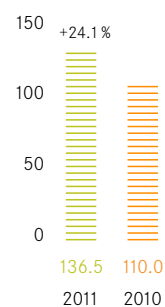
SI Re's administrative costs rose from CHF 5.2 million to CHF 5.7 million in 2011 due to the company's on-going growth. In relative terms, however, these costs fell from 4.4% of net premiums earned in 2010 to 4.1% in 2011.

Thanks to the positive evolution of business, SI Re's profit rose to CHF 5.7 million in 2011 from CHF 5.4 million in 2010, equivalent to a growth rate of 5.8%. This new increase in profit clearly attests the success of SI Re's consistent growth policy.

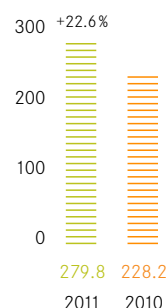
In recognition of SI Re's sustained success, our parent company decided to expand its exposure at year-end, and to increase the company's equity capital by CHF 25 million, paid into the legal reserve. This move increased our own funds before allocation of profits from CHF 110 million to CHF 136 million.

Since our Board of Directors has decided to propose to the General Meeting that a dividend of CHF 4.2 million should be distributed on the third successive occasion in the company's short history, shareholders' capital will be reduced to CHF 132 million after allocation of profit.

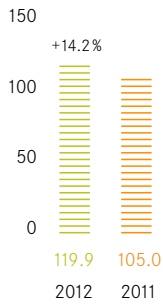
SHAREHOLDERS' EQUITY (in mio. CHF)



NET TECHNICAL PROVISIONS (in mio. CHF)



RENEWALS (in mio. EUR)



OUTLOOK FOR THE 2012 FINANCIAL YEAR

SI Re started out successfully into the 2012 financial year. The 2012 renewals season with EUR 114 million up for renewal was concluded with premium growth of 5.2% to a total of EUR 119.9 million. It is particularly encouraging to note price increases of 3% in non-proportional business and the further reduction of 7.1 percentage points in the share of motor insurance in the renewed portfolio, which now stands at 20.8%. On the other hand, SI Re was able to expand its quotas in the liability business in engineering insurance and in the accident/health line. The proportion of business with the SIGNAL IDUNA Group decreased to 35.6% of premiums.

This renewals season again underscores that SI Re's brand awareness is continuing to increase, and in particular that we enjoy a growing reputation as a reliable partner for our clients. The company received 63% more requests to provide quotations. The proportion of deals concluded rose slightly to 12%, and the number of client relationships increased by 16%.

Despite the encouraging start to the year, SI Re remains cautious about developments in the rest of 2012. Overall conditions are difficult, particularly in the company's core markets within the euro zone, and they have continued to deteriorate in the last few months. Both the assets and liabilities sides of insurance balance sheets are weighed down by the turmoil on the capital markets and the pressure to implement drastic austerity programmes in debt-ridden euro countries which – given the lack of economic growth and rising unemployment – are facing less and less acceptance from the general public. Another factor is the intense competition on the insurance market. On the one hand, there is overcapacity in the reinsurance sector while on the other hand, cedants are increasing deductibles and reinsurance programmes are being optimised through pricing. Since a significant portion of our portfolio consists of proportional business where SI Re underwrites large quotas, the restructuring of reinsurance programmes could have a corresponding impact on our premium volume.

Nevertheless, this challenging market environment also offers some opportunities. First, direct insurers in many euro markets are suffering because their countries' creditworthiness has declined. They are confronted with a growing need for write-downs in their investment portfolios, so there is potential that clients might increase their reinsurance cover. Second, more and more cedants want to keep their options open during this phase of economic uncertainty, thus they are buying additional reinsurance cover. SIRe will pay close attention to on-going developments and will continue to focus on building up its long-term relationships with its clients.

Balance sheet

Assets

	31.12.2011 CHF	31.12.2010 CHF
INVESTMENTS		
Fixed-income securities	310 168 043	244 866 290
Shares in investment funds	65 513 768	47 949 881
Tangible assets	481 111	514 961
Intangible assets	300 881	270 293
	376 463 803	293 601 425
CURRENT ASSETS		
Cash	12 559 478	18 610 468
Receivables from insurance operations – Group	2 567 785	6 265 731
Receivables from insurance operations – Third parties	20 413 581	14 101 007
Deposits	10 389 615	9 796 388
Other assets	77 959	19 307
Accrued income	6 204 290	5 500 363
	52 212 708	54 293 264
Total assets	428 676 511	347 894 689

Liabilities and shareholders' equity

	31.12.2011 CHF	31.12.2010 CHF
LIABILITIES		
Net technical provisions		
Unearned premiums	5 134 582	3 892 984
Provision for annuity contracts	9 818 521	7 828 747
Provision for future life benefits	10 090 175	9 486 767
Provision for outstanding claims	254 799 495	206 993 214
	279 842 773	228 201 712
Other liabilities		
Liabilities from insurance operations – Group	1 108 572	887 131
Liabilities from insurance operations – Third parties	8 397 987	5 743 982
Other liabilities – Group	494 410	388 549
Other liabilities – Third parties	346 820	309 392
Other provisions	1 878 000	2 241 500
Accrued expenses	78 049	89 635
	12 303 838	9 660 189
	292 146 611	237 861 901

SHAREHOLDERS' EQUITY		
Share capital	100 000 000	100 000 000
Legal reserve		
- Thereof capital contribution reserve	26 184 000	1 184 000
- Thereof profit reserve	2 154 000	1 076 000
Other reserves	2 296 692	2 296 692
Retained earnings		
Retained earnings brought forward from previous year	198 096	89 199
Result for the year	5 697 112	5 386 897
	136 529 900	110 032 788
Total liabilities and shareholders' equity	428 676 511	347 894 689

Income statement

Technical income statement

(for own account)

	2011 CHF	2010 CHF
NON-LIFE REINSURANCE		
Net premiums written	138 990 330	118 158 219
Change in unearned premiums	-1 405 240	-1 494 198
Premiums earned	137 585 090	116 664 021
Income from technical interest	4 099 458	4 425 940
Commissions and profit commissions	-32 977 497	-30 806 503
Claims paid	-45 325 013	-33 277 127
Change in provision for outstanding claims	-56 255 916	-48 547 920
Incurred claims	-101 580 929	-81 825 047
Other technical expenses	-678 201	-566 568
Non-life reinsurance result	6 447 921	7 891 843
LIFE REINSURANCE		
Net premiums written	1 737 538	1 851 584
Premiums earned	1 737 538	1 851 584
Income from technical interest	322 557	325 147
Commissions and profit commissions	-295 624	-301 333
Life benefits	-778 791	-726 487
Change in provision for future life benefits	-913 161	-1 192 334
Total life benefits	-1 691 952	-1 918 821
Life reinsurance result	72 519	-43 423
Overall technical result	6 520 440	7 848 420

Non-technical income statement

	2011 CHF	2010 CHF
NON-TECHNICAL INCOME		
Investment income	11 169 473	9 480 674
Capital gains	1 298 770	2 107 443
Capital losses	-2 503 351	-1 360 144
Equalisation provision – investments	600 000	-1 200 000
Income from technical interest, non-life reinsurance	-4 099 458	-4 425 940
Exchange-rate differences	-368 972	-838 767
Other income	6 446	5 626
Total non-technical income	6 102 908	3 768 892
NON-TECHNICAL EXPENSES		
Personnel expenses	-3 091 970	-2 864 829
Financial expenses	-913 604	-627 074
Other administrative expenses	-1 696 167	-1 747 302
Total administrative expenses	-5 701 741	-5 239 205
Valuation adjustments	-211 724	-229 597
Other expenses	-354 298	-136 484
Total non-technical expenses	-6 267 763	-5 605 286
Non-technical result	-164 855	-1 836 394
Pre-tax result for the year	6 355 585	6 012 026
Taxes	-658 473	-625 129
Result for the year	5 697 112	5 386 897



© Armin Strittmatter, detail of «Fern-Sehen»

Notes to the financial statements



The following notes are an integral part of the income statement and balance sheet. Below SIGNAL IDUNA Reinsurance Ltd has disclosed all details required for compliance with Art. 663b of the Swiss Code of Obligations.

1. GENERAL

SIGNAL IDUNA Reinsurance Ltd is a subsidiary of SIGNAL IDUNA Group, Dortmund/Hamburg. 100% of the shares are owned by SIGNAL IDUNA Allgemeine Versicherung AG, Dortmund.

2. ACCOUNTING AND VALUATION PRINCIPLES

Time period

Reinsurance business comprises the cedants' 2011 financial year. Cedant accounts that are not available at the time of closing have been estimated. General income and expenses are congruent with the financial year 2011.

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 Swiss francs 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.

Investments

Fixed-income securities are valued at amortised cost 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. Value adjustments are made to reflect any decline in credit rating. Shares in investment funds are carried at fair value on the balance sheet date.

Current assets

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, the provision for outstanding claims 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.

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.

Change in unearned premiums

The change in the provision for performance-related premium rebates is contained in the position «Change in unearned premiums».

Other provisions

The «equalisation provision – investments» is designed to cover a large loss event on our Insurance-Linked Securities (ILS) portfolio.

Other provisions for taxes include 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.

Deposit accounting

Contracts without risk transfer are not included in the technical account but are accounted for using the deposit accounting method.

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.

3. OWNERSHIP RESTRICTIONS ON RECORDED ASSETS PLEDGED TO SECURE OWN LIABILITIES

	2011 CHF	2010 CHF
Technical provisions and other liabilities secured by pledged securities or current accounts		
Securities	116 938 498	81 321 164
Current account	85 000	85 000
Total book value of pledged assets	117 023 498	81 406 164

The Zürcher Kantonalbank, Zurich, have granted SIGNAL IDUNA Reinsurance Ltd a credit facility of CHF 35 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 2011, EUR 15 000 000 and GBP 4 550 000 of the above credit facility had been used (31 December 2010: EUR 15 000 000, USD 5 000 000 and GBP 1 050 000).

4. FIRE INSURANCE VALUE OF TANGIBLE ASSETS

	2011 CHF	2010 CHF
Tangible assets	1 100 000	900 000

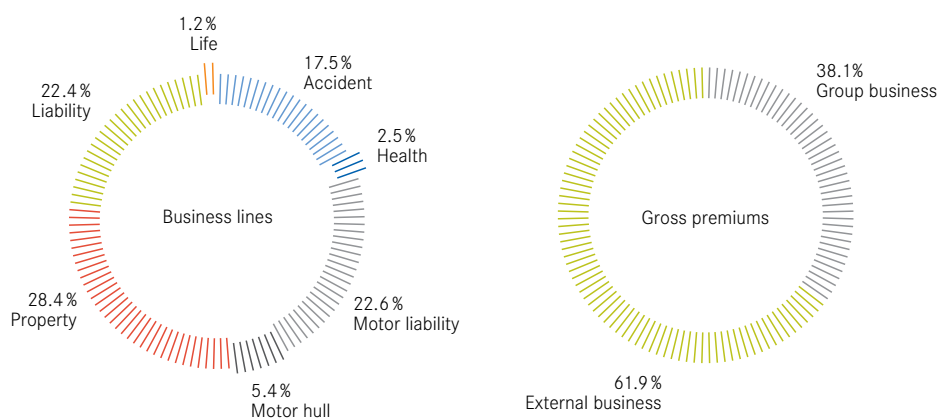
5. OFF-BALANCE SHEET LEASING COMMITMENTS

Rental contract for office space with an earliest possible termination date 30 September 2015 – CHF 739 000.

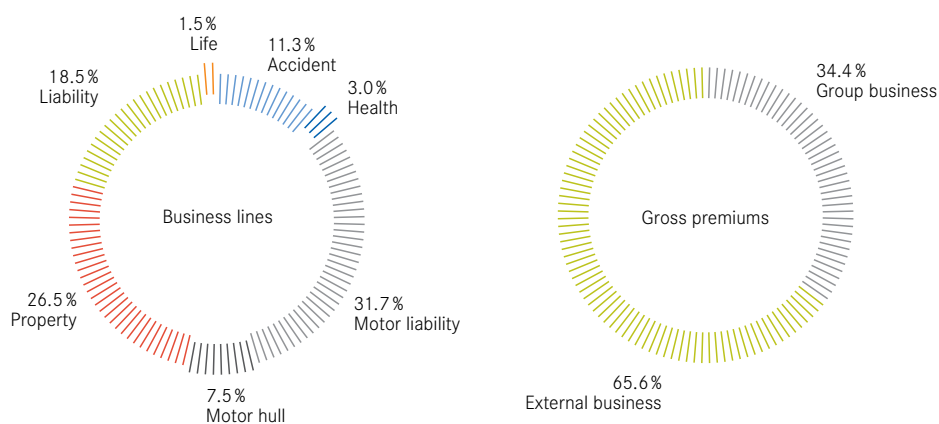
6. ADDITIONAL INFORMATION ON SPECIFIC INCOME-STATEMENT POSITIONS

The technical income statement shows net technical positions, which are subdivided into non-life and life reinsurance. The reconciliation of gross to net for the business as a whole is set out in the table below:

2011	CHF Gross	CHF Retro	CHF Net
Premiums written	140 992 677	-264 809	140 727 867
Change in unearned premiums	-1 405 240	-	-1 405 240
Premiums earned	139 587 437	-264 809	139 322 627
Technical interest	4 422 015	-	4 422 015
Commissions and profit commissions	-33 273 121	-	-33 273 121
Claims paid / life benefits	-46 103 804	-	-46 103 804
Change in provision for outstanding claims and future life benefits	-57 169 077	-	-57 169 077
Incurred claims and life benefits	-103 272 881	-	-103 272 881
Other technical expenses	-678 201	-	-678 201
Technical result	6 785 249	-264 809	6 520 440



2010	CHF Gross	CHF Retro	CHF Net
Premiums written	120 810 868	-801 065	120 009 803
Change in unearned premiums	-1 494 198	-	-1 494 198
Premiums earned	119 316 670	-801 065	118 515 605
Technical interest	4 751 087	-	4 751 087
Commissions and profit commissions	-31 107 836	-	-31 107 836
Claims paid / life benefits	-34 003 615	-	-34 003 615
Change in provision for outstanding claims and future life benefits	-49 740 254	-	-49 740 254
Incurred claims and life benefits	-83 743 868	-	-83 743 868
Other technical expenses	-566 568	-	-566 568
Technical result	8 649 485	-801 065	7 848 420



7. ADDITIONAL INFORMATION ON SPECIFIC BALANCE-SHEET POSITIONS

Technical provisions gross and for own account are as follows:

	2011 Gross CHF	2011 Net CHF	2010 Gross CHF	2010 Net CHF
Unearned premiums	5 134 582	5 134 582	3 892 984	3 892 984
Provision for annuity contract	9 818 521	9 818 521	7 828 747	7 828 747
Provision for future life benefits	10 090 175	10 090 175	9 486 767	9 486 767
Provision for outstanding claims	254 799 495	254 799 495	206 993 214	206 993 214
Total technical provisions	279 842 773	279 842 773	228 201 712	228 201 712

«Other provisions» contains the following amounts:

	2011 CHF	2010 CHF
Equalisation provision – investments	600 000	1 200 000
Taxes	670 000	628 000
Other	608 000	413 500
Total other provisions	1 878 000	2 241 500

8. RISK MANAGEMENT ASSESSMENT

SIGNAL IDUNA Reinsurance Ltd has a modern and company-specific risk management and internal control system. The resulting risk management system is structured to reflect the complexity and size of the company and dovetails with the Swiss Solvency Test and the internal control system. Furthermore, the risk management system has been integrated into the SIGNAL IDUNA Group's central risk management system.

The risk management process is the responsibility of the company's risk manager who supplies the Executive Board with a half-yearly risk 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. It also gives details of any corporate governance incidents.

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



© Armin Strittmatter, detail of «Über die Brücke»

Appropriation of available earnings



	CHF
Retained earnings brought forward from previous year	198 096
Result for the year	5 697 112
Retained earnings as per 31 December 2011 available to the Annual General Meeting	5 895 208

The Board of Directors proposes to the Annual General Meeting to appropriate available earnings as follows:

	CHF
Dividend	4 200 000
Allocation to legal reserve	1 140 000
Retained earnings carried forward	555 208
	5 895 208



TRANSFER FOLLOWING IMPLEMENTATION OF CAPITAL CONTRIBUTION PRINCIPLE

Furthermore, the Board of Directors proposes to the Annual General Meeting that CHF 1 700 208 be transferred from the «General reserve» to the «Legal reserve – Thereof capital contribution reserve».

Zug, 2 March 2012

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 and notes (pages 14-27), for the year ended 31 December 2011.

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 the 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 2011 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

Ivana Lazic
Audit expert

Zurich, 18 April 2012



© Armin Strittmatter, detail of «Chiringuito»

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: MOTIF Executive Communications
July 2012

Photographs: © Armin Strittmatter; cover picture: detail of «Seele klingt».

The painter Armin Strittmatter (b. 1959) lives and works in Gebenstorf in the Swiss canton of Aargau. Fascinated by the world of colour since childhood, he began to paint at an early age and while the first few years saw him creating mainly landscapes and portraits, he eventually distanced himself from representational art entirely and turned to abstraction. This enabled him to constrain and release form and colour in equal measure, creating images of compelling power and aesthetic impact. His work ranges from the subtly vibrant to the disturbingly powerful.

The pictures he has created have cast their spell on gallery visitors at countless exhibitions at home and abroad and in 2000, Armin Strittmatter was awarded the «Diplôme de Médaille d'Argent» by the Académie Française for his work. Discover the magic and power of Armin Strittmatter's expressive colours for yourself.

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.

www.sire.ch

SIGNAL IDUNA Reinsurance Ltd

A subsidiary of
SIGNAL IDUNA Group

Bundesplatz 1
CH-6300 Zug
Switzerland

Telephone +41 41 709 05 05
Fax +41 41 709 05 00
info@sire.ch