Financial Condition Report 2024

Zurich Reinsurance Company Ltd

Zurich Reinsurance Company Ltd

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The information published in this report is consistent with the information in the Annual Report 2023 and 2024 of Zurich Reinsurance Company Ltd and the regulatory reporting of Zurich Reinsurance Company Ltd, including the regulatory reporting to the Swiss Financial Market Supervisory Authority (FINMA) on the Swiss Solvency Test, in accordance with Art. 25 ISA and Art. 50 ISO. While the financial statements and the information therein were subject to audit by the statutory auditor of Zurich Reinsurance Company Ltd, Ernst & Young Ltd (see Appendix 2), there was no external audit or review of this report.

Please further note that while this report has been filed with FINMA, FINMA has not reviewed this report.

Zurich Reinsurance Company Ltd (continued)

Overview

Business profile

Zurich Reinsurance Company Ltd (ZRe or the company) is a reinsurance company domiciled in Zurich, Switzerland. The company is a standalone legal entity that has both a reinsurance and a direct non-life insurance license issued by Swiss Financial Market Supervision Authority FINMA (FINMA). The company belongs to the Zurich Insurance Group (Group). ZRe's focus is on providing reinsurance solutions primarily to affiliated companies of the Group, in particular to branches of Zurich Insurance Company Ltd (ZIC). ZRe's net retained buisiness is predominantly originated from ZIC's operations in the UK and Asia Pacific.

ZRe has a direct book, which has been in run-off for over 35 years. ZRe does not write any new direct business.

System of governance

Good corporate governance enables ZRe to create sustainable value for its shareholder, customers, employees and other stakeholders.

ZRe's Enterprise Risk Management (ERM) framework supports achievement of ZRe's strategy and helps protect capital, liquidity, earnings and reputation.

Risk profile

ZRe identifies, assesses, manages, monitors and reports risks that have an impact on the achievement of its business strategy and objectives by applying the Group's proprietary Total Risk Profiling™ (TRP) methodology.

The methodology allows ZRe to assess risks in terms of severity and likelihood and supports the definition and implementation of mitigating actions.

Financial condition

ZRe reported a net income after taxes of CHF 23 million for the twelve months to December 31, 2024, compared to a net loss after taxes of CHF 17 million for 2023. The income is mainly driven by the positive development of the U.S. dollar versus the Swiss franc (presentation currency).

Net income after taxes 2024

CHF 23 million

Shareholder's equity as of December 31, 2024

CHF 193 million

Swiss Solvency Test (SST) ratio as of December 31, 2024

192%

Acronyms

AER	administration expense ratio
AFR	Available Financial Resources
AG	Aktiengesellschaft (stock company)
AGM	Annual General Meeting
ALQS	All Lines Quota Share
ALV	Arbeitslosenversicherung (Swiss unemployment insurance)
APAC	Asia Pacific
ARC	Audit and Risk Committee of the ZRe Board
BEL	best estimate liabilities
Board	Board of Directors
CAD	Canadian dollar
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHF	Swiss franc
CO	Swiss Code of Obligations
company	Zurich Reinsurance Company Ltd
CRO	Chief Risk Officer
DAC	deferred acquisition costs
DF	discount factor
DDMM	Dynamic Default and Migration Model
EMEA	Europe, Middle East & Africa
ERM	enterprise risk management
EUR	euro
EY	Ernst & Young Ltd
FCR	Financial Condition Report
FINMA	Swiss Financial Market Supervisory Authority FINMA
GA	Group Audit
GBP	Great Britain pound
Group	Zurich Insurance Group Ltd and its subsidiaries
GWP	gross written premiums and policy fees
HKD	Hong Kong dollar
ICS	internal control system
IFRS	International Financial Reporting Standards
IIA	Institute of Internal Auditors
IPZ	International Programs Zurich (also known as Multinational business)
ISA	Swiss Insurance Supervision Act
ISO	Swiss Insurance Supervision Ordinance
m	million
MVM	market value margin
MCBS	market-consistent balance sheet
nat cat	natural catastrophe
LAE	loss adjustment expenses
ORSA	own risk and solvency assessment
Q	quarter
RBC	Risk-Bearing Capital
SFCR	Solvency and Financial Condition Report
SST	Swiss Solvency Test
TRP	Total Risk Profiling™
UK	United Kingdom
UPR	unearned premium reserves
U.S.	United States of America
USD	United States dollar
WAQS	Whole Account Quota Share
ZAIC	Zurich American Insurance Company
ZGL	Zurich Global, Ltd.
ZIC	Zurich Insurance Company Ltd
ZRe	Zurich Reinsurance Company Ltd
Zurich	Zurich Insurance Group Ltd and its subsidiaries

Introduction

1. How to read the report

Zurich Reinsurance Company Ltd (ZRe or the company)'s financial condition report is prepared in compliance with the Swiss Insurance Supervision Act (ISA) Article 25, the Insurance Supervision Ordinance (ISO) Article 111a and FINMA's Circular 2016/2 'Disclosure – insurers'. The report focuses on the 2024 financial year and should be read in conjunction with ZRe's annual report 2024 (available on https://www.zurich.com/investor-relations/results-and-reports/other-statutory-filings). Wherever applicable, this report refers to the Group's financial condition report or the Group's Annual Report for more information.

The report covers ZRe's business activities, performance, corporate governance and risk management, risk profile, valuation, capital management and solvency.

Quantitative information refers to different frameworks applicable or mandatory to the company:

- 'Business activities'-related and 'Performance' results are presented based on the Swiss statutory reporting standards applicable to ZRe (Swiss Code of Obligations (CO) and relevant insurance supervisory law).
- The 'Risk profile' section presents information based on the Swiss statutory reporting standards for insurance risk, and a net economic asset value-based analysis of the market and credit risk.
- 'Valuation' presents the market-consistent balance sheet (MCBS) of ZRe following the Swiss Solvency Test (SST) principles. The SST MCBS is compared with the balance sheet based on the Swiss statutory reporting standards of ZRe as of December 31, 2024.
- The 'Solvency' section shows the regulatory capital adequacy of the company based on SST.

Risk and capital are managed at ZRe according to the Group's risk and capital management framework. The principles of the Group's enterprise risk mangement (ERM) described in the 'Corporate governance and risk management' section and in the 'Risk profile' section are applicable to ZRe.

FINMA mandates the disclosure of quantitative templates for insurance entities that are presented in Appendix 1.

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

2. Executive summary

Business activities

ZRe is a reinsurance company domiciled in Zurich, Switzerland. The company was licensed in Switzerland on December 15, 2016. The company is a fully capitalized Swiss legal entity that has both a reinsurance and a direct non-life insurance license issued by FINMA. The company belongs to the Zurich Insurance Group (Group) and is 100-percent owned by Zurich Insurance Company Ltd (ZIC). ZRe's focus is on providing reinsurance solutions primarily to affiliated companies of the Group, in particular to branches of ZIC. To date, the retained business is predominantly from ZIC's operations in Asia Pacific and the United Kingdom (UK). During 2024, ZRe's geographical diversification has grown further. On January 1, 2024, the Whole Account Quota Share (WAQS) reinsurance treaties for the accident years 2018 to 2022 with a Group entity in the U.S. were novated to ZRe, whereas in 2023, the accident year 2023 of this WAQS was already novated to the company. These reinsurance treaties are fully retained with a 1 percent share and renewals 2024 onwards are considered to be within ZRe's strategy and risk appetite. ZRe still has a direct book, which has been in run-off for over 35 years.

Company results

ZRe reported a net income after taxes of CHF 23 million for the 12 months to December 31, 2024. The gain is mainly driven by the positive development of the U.S. dollar versus the Swiss franc (presentation currency). The business relationship starting in November 2023 with a Group entity in the U.S. has developed in 2024 as expected, further contributing to ZRe's overall portfolio diversification. Overall, the net retained portfolio did slightly underperform relative to the company's expectations, in particular because of adverse loss development as well as negative impact on claims driven by inflation. As all the treaties are concluded for one year only, corrective measures were taken at the recent renewals resulting in a positive outlook for 2025. The run-off business continues to be managed carefully as consistent with previous years. During 2024, ZRe maintained its prudent policy regarding reserving for this portfolio. The investment income result was driven by a combination of third-party invested assets and Group internal loans and partially also driven by the overall stable interest rates and the general positive investment climate. The net investment result for 2024 developed in line with management's expectations.

Corporate governance and risk management

ZRe belongs to the Zurich Insurance Group. The Group is committed to effective corporate governance for the benefit of its shareholders, customers, employees and other stakeholders based on the principles of fairness, transparency and accountability. Structures, rules and processes are designed to enable proper conduct of business by defining the powers and responsibilities of its corporate bodies and employees. These principles are applicable as well to ZRe.

Introduction (continued)

Risk profile
ZRe identifies, assesses, manages, monitors and reports risks that have an impact on the achievement of its business strategy and objectives by applying the TRP methodology. This methodology allows ZRe to assess risks in terms of severity and likelihood, and supports the definition and implementation of mitigating actions. At ZRe, this is an annual process, followed by regular reviews and updates by management.

Taking and managing risk is an integral part of the insurance business. ZRe takes risks in order to support the achievement of its strategy. Risk management contributes to enhancing the value of ZRe by embedding disciplined and conscious risk taking, where risk-reward trade-offs are transparent and understood, and risks are appropriately rewarded.

To foster transparency about risk, ZRe regularly reports on its risk profile. ZRe has procedures to refer risk topics to management, the ARC, and the Board in a timely manner.

In 2024, ZRe produced an own risk and solvency assessment (ORSA), as required by the Swiss regulator FINMA, which was submitted to FINMA at the beginning of 2025.

Valuation
ZRe's market-consistent assets and liabilities are derived and valued in accordance with FINMA guidelines and are used to calculate the risk-bearing capital from ZRe's market-consistent balance sheet MCBS.

Solvency
The Swiss Solvency Test (SST) adopts a risk-based and total balance sheet approach. Insurance companies are required to provide a market-consistent assessment of the value of their assets and liabilities. Potential changes to these balance sheet positions are modelled over a one-year period to arrive at the total required capital.

Under SST, insurance companies and insurance groups can apply to use company-specific internal models to calculate risk-bearing and target capital, as well as the SST ratio. The SST ratio must be calculated as per December 31 and submitted to FINMA.

For the SST 2024 calculation, ZRe uses an internal model approved by FINMA following an internal model approval process (IMAP) in 2020.

The SST ratio as of December 31, 2024, stands at 192 percent. It is filed with FINMA at the end of April 2025 and is subject to review by FINMA. ZRe met the regulatory solvency requirements in Switzerland throughout 2024.

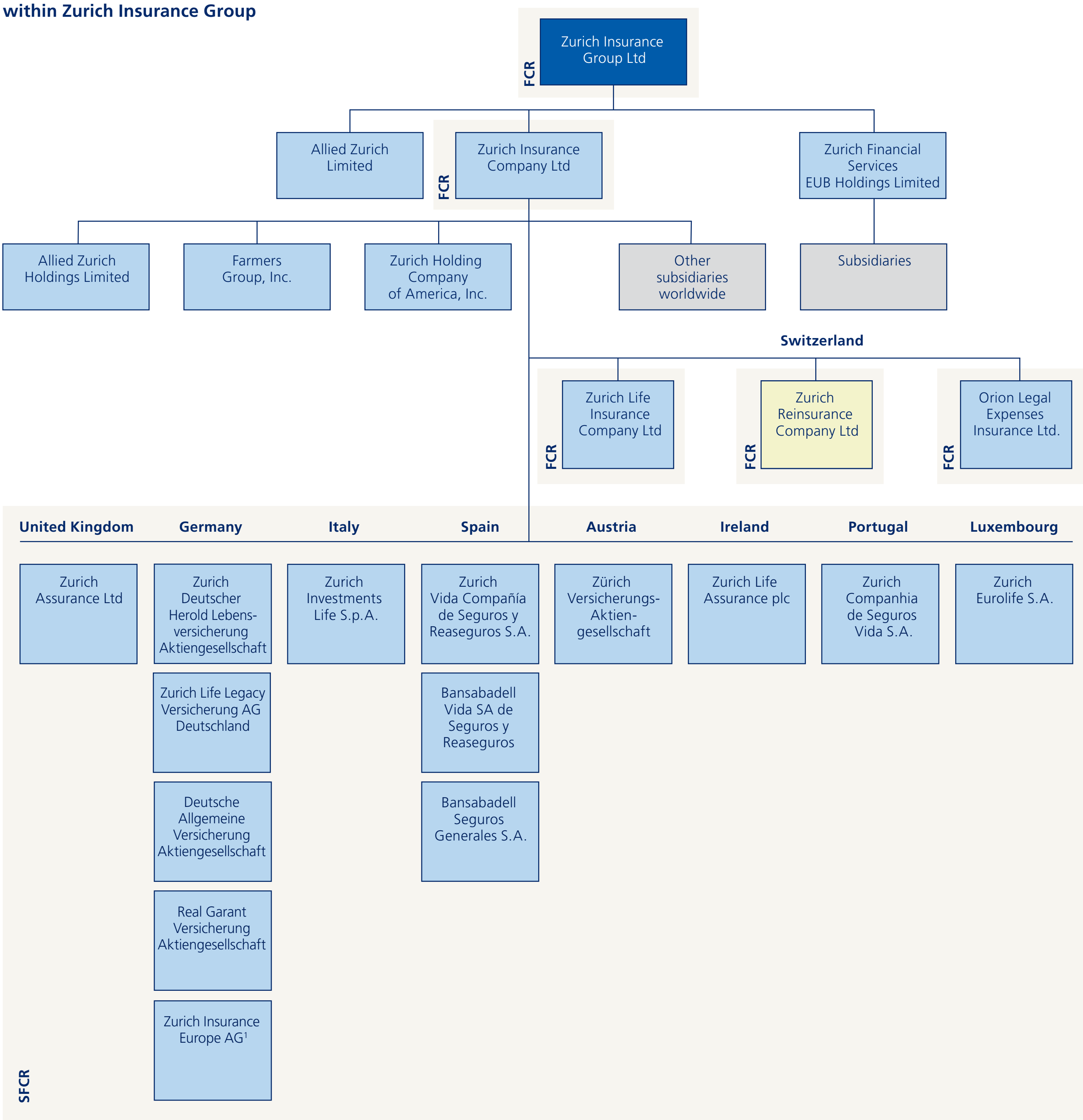
3. Approval of the Financial Condition Report
This report was reviewed and signed off by the Board of ZRe on April 25, 2025.

A. Business activities

A.1 Legal structure and major subsidiaries and branches

ZRe is part of the Zurich Insurance Group (Group), a leading multi-line insurer that serves its customers in global and local markets.

Public reporting on solvency and financial condition within Zurich Insurance Group



SFCR: Solvency and Financial Condition Report (local regulation based on Solvency II; from 2016 except Zurich Assurance Ltd)
FCR: Financial Condition Report (Swiss regulation; from 2017)

Subsidiary　Group of subsidiaries　Current disclosure

Note: The purpose of the chart above is to provide a simplified overview of the Group's major subsidiaries (as of December 31, 2024), with special focus on the public reporting of their solvency and financial condition. Please note that this is a simplified representation showing entities that must publish such a report and therefore it may not comprehensively reflect the detailed legal ownership structure of the entities included in the overview. The ordering of the legal entities under each country is not indicative of ownership; these are independent legal entities.

1 Effective January 2, 2024, the registered head office of Zurich Insurance plc (ZIP) was moved from Dublin, Ireland to Frankfurt, Germany by means of a cross-border conversion under the European Directive on cross-border conversions, mergers and divisions. While ZIP has converted to a German AG known as Zurich Insurance Europe AG (ZIE), it has preserved its legal personality in the conversion (i.e., no transfer of assets, dissolution or winding up were involved in this move).

A. Business activities (continued)

ZRe is a 100-percent subsidiary of ZIC, which in turn is fully owned by Zurich Insurance Group Ltd, the ultimate holding company of the Group.

A.2 Information about the company's strategy, objectives and key business segments

ZRe's strategy is to actively facilitate an optimal capital and risk management strategy through intragroup reinsurance. It aims to provide capacity for customers while protecting the balance sheet, managing earnings volatility and achieving capital efficiency.

ZRe's main activity is assuming property and casualty risks from affiliated companies of the Group. ZRe retains partially or entirely a certain number of treaties.

ZRe's strategy is tailored to customers and product propositions as follows:

- Provides risk and solvency relief to Zurich branches and subsidiaries by way of treaty reinsurance.
- Supports the Group's international program business by assuming reinsurance from mostly local Zurich branch offices issuing local policies and retroceding such business to the Zurich 'producing company' or to a central Zurich balance sheet (the 'clearing house').
- Participates in the Group's own insurance programs.
- Manages the run-off of a clearly identified book of businesses that is no longer written by ZRe.

ZRe and ZIC have an employment services agreement ('Personalverleihvertrag'), under which ZIC is committed to providing defined services. The key roles and responsibilities subject to this employment services agreement are the ZRe Management Board Members, the Appointed Actuary, the head of Risk Management and the head of Compliance. This employment services agreement is continuously updated/adapted as the individuals in charge of the function change (subject to FINMA approval as required). ZRe draws on ZIC and other affiliated Zurich companies to provide all other services not subject to the employment services agreement based on outsourcing agreements between ZRe, ZIC and affiliates.

A.3 Information about the company's external auditors as per Article 28 ISA 8

Ernst & Young Ltd (EY), Maagplatz 1, in 8005 Zurich, were re-elected as ZRe's external auditors for the financial year 2024 by the AGM on April 19, 2024.

EY assumes all auditing functions which are required by law and the Articles of Association. EY is responsible for auditing ZRe's financial statements and for auditing its compliance with specific regulatory requirements. The external auditors are appointed by the shareholder of ZRe annually.

A.4 Significant unusual events

There have been no significant unusual events in 2023 or in 2024.

B. Performance

ZRe reported a net income after taxes of CHF 23 million for 2024 and a net loss after taxes of CHF 17 million for 2023. The gain in 2024 was mainly driven by the positive FX-development of the U.S. dollar compared to the Swiss franc (presentation currency). The technical underwriting result has not developed as expected, however, it has materialized within fluctuation and volatility ratio acceptable to ZRe's core business activities.

The investment income result was driven by a combination of third-party invested assets and Group-internal loans and developed in line with expectations.

B.1 Underwriting performance

The business relationship starting in November 2023 with a Group entity in the United States (U.S.) developed in 2024 as expected, further contributing to ZRe's portfolio diversification. Overall, the net retained portfolio did slightly underperform compared to the company's expectations, in particular because of adverse loss development as well as negative impact on claims driven by inflation. As all the treaties are concluded for one year duration only, corrective measures were taken at the recent renewals resulting in a positive outlook for 2025.

Business primarily has resulted from five sources:

- Reinsurance of the Group's entities in Asia Pacific, mainly business assumed from ZIC's Japan branch, which primarily originated from quota share reinsurance for the motor and personal accident business which is mainly retained by ZRe.
- Reinsurance of the Group's UK portfolio where ZRe retains a 10 percent share out of the WAQS business, starting with accident year 2023.
- Reinsurance of the Group's U.S. portfolio (WAQS and ALQS) with a 1 percent share retained net by ZRe.
- IPZ business, through which ZRe supports the Group's international program business propositions for its corporate and commercial clients. This insurance risk is retroceded to ZIC and not retained in ZRe.
- The run-off business continued to be managed carefully.

Key markets

Gross written premiums and policy fees totaled CHF 3,491 million. United Kingdom (UK) and the Asia Pacific region account for 65 percent and 22 percent, respectively, of the company's gross written premiums and policy fees. The remaining 13 percent is with the rest of the world. Gross written premiums and policy fees are generated through non-IPZ business (58 percent) and IPZ-processed business (42 percent). The IPZ assumed business from ZIC branches is being retroceded to ZIC and the non-IPZ assumed business is partially retained by ZRe. The non-IPZ business is mainly comprised of quota share reinsurance from ZIC branches, in Japan (motor and personal accident business), in the UK (Whole Account Quota Share (WAQS)) and in Hong Kong (WAQS). The decrease in the gross written premiums and policy fees of CHF 724 million in 2024 was mainly due to the portfolio entry for the UK business as of January 1, 2023.

B.2 Investment performance

Investment income by category

in CHF millions, for the years ended December 31	Current income		Realized capital gains		Write-ups		Totals	
	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**
Debt securities	19	29	1	–	–	–	21	29
Other loans	2	2	–	–	–	–	2	2
Investment income	**21**	**31**	**1**	**–**	**–**	**–**	**22**	**31**

Investment expenses by category

in CHF millions, for the years ended December 31	Realized capital losses		Write-downs		Total	
	2023	**2024**	2023	**2024**	2023	**2024**
Debt securities	(2)	(9)	–	–	(2)	(9)
Other loans	–	–	–	–	–	–
Subtotal investment expenses	**(2)**	**(9)**	**–**	**–**	**(2)**	**(9)**
Investment general expenses	n.a.	n.a.	n.a.	n.a.	–	(1)
Investment expenses					**(2)**	**(10)**

B. Performance (continued)

ZRe's net investment result for the period January 1, 2024, to December 31, 2024, was CHF 20.5 million and it developed in line with management's expectations. The result is the aggregation of six investment portfolios denominated in Canadian Dollar (CAD), U.S. dollar (USD), Hong Kong Dollar (HKD) and British Pound (GBP). The result was underpinned by volatile but high level of interest rates globally. The U.S. 10-year U.S. government bond yields ended the year 2024 at 4.6 percent. while reaching highs of 4.7 percent in April and lows of 3.6 percent in September. Within the CAD portfolios, interest rate dynamics on the sovereign curve were similar to those of the USD curve with the 10-year CAD government bond yields ending the year at 3.2 percent. GBP 10-year bonds increased by over 100 basis points in 2024, from 3.5 percent in January to 4.6 percent towards the end of 2024. For the Hong Kong dollar portfolio, the reference yield (Hong Kong sovereign curve), the 7-year yield increased from 2.9 percent at the beginning of the year to 3,4 percent at the end of 2024.

In the aggregate, realized capital losses amounted to CHF 9.5 million, mainly due to the sale of Canadian government bonds to reposition the portfolios and reinvest at the higher market interest rate. In addition, repositioning the U.S. dollar investment portfolio led to a Group internal sale of U.S. government bonds with a realized capital loss of CHF 3.7 million in 2024. As in prior years, the management of the invested assets remained outsourced to external asset managers.

B.3 Intragroup events and transactions

Transactions in 2024

On January 1, 2024, the WAQS reinsurance treaty for the accident years 2018 to 2022 with a Group entity in the U.S. was novated to ZRe. In addition, as of December 31, 2024, ZRe entered into a further agreement with another Group entity in the U.S. to accept an additional portfolio known under ALQS contributing to ZRe's diversification.

Transactions in 2023

ZRe entered successfully into a broad novation and reinsurance treaty relationship with ZIC's branch in UK with effective date January 1, 2023, and further entered into a novation with ZGL to assume a minor co-reinsurance share from ZAIC's WAQS, effective date November 1, 2023. There were no other material intragroup events and transactions not mentioned otherwise in this report in 2023.

C. Corporate governance and risk management

C.1 Corporate governance

The Group including ZRe is committed to effective corporate governance to the benefit of all its shareholders, customers, employees and other stakeholders based on the principles of fairness, transparency and accountability. Structures, rules and processes are designed to provide proper organization and enable proper conduct of business by the powers and responsibilities of its corporate bodies and employees.

ZRe uses the Group's three-lines-of-defense model in its approach to governance and enterprise risk management. The three-lines-of-defense approach runs through the Group's governance structure, so that risks are clearly identified, assessed, owned, managed and monitored. For further information, please read the Zurich Insurance Group's Annual Report 2024, pages 68 to 70 (https://www.zurich.com/investor-relations/results-and-reports/other-statutory-filings).

At ZRe, various governance and control functions help to ensure that risks are identified and appropriately managed and covered by adequate internal controls. Although each governance and control function maintains its distinct mandate and responsibilities, the functions are closely aligned and co-operate with each other through a regular exchange of information, planning and other activities. This approach supports management in its responsibilities and provides confidence that risks are appropriately addressed and that adequate mitigation actions are implemented.

Management is responsible for preparing ZRe's financial statements, managing risk, developing and maintaining internal controls and ensuring appropriate governance processes. The ARC serves as a focal point for discussion and for the communication of matters related to financial reporting oversight, internal control compliance and risk management, and reports on these matters to the Board. For this purpose, the ARC receives regular information about important audit or compliance findings, including adverse opinions, mitigation actions and management concerns. Internal audit, risk management and compliance function as well as ZRe's management ensure that issues affecting ZRe's operations are brought to ARC's attention, and that action is taken as necessary.

The Board, under the leadership of its chair, is responsible for determining the overall strategy of ZRe and the supervision of management. Except for decisions on matters reserved for the shareholder's general meeting, it holds the ultimate decision-making authority for ZRe. The Board members are elected by the Annual General Meeting (AGM) in accordance with article 698 CO. The Board constitutes itself in its first meeting after the AGM.

Board of Directors (as of December 31, 2024)

Board of Directors	Expiration of current term of office
Juan Beer, Chairman	2025
Thomas Hull	2025
Christian Carl	2025

Shayan Mirabi, Secretary of the Board of Directors	

Management	Position held
Felix R. Kuhn	Chief Executive Officer
Elena Kuratli	Chief Financial Officer
Roger Oberholzer	Chief Underwriting Officer

Changes to the composition to the Board in 2024

As of December 31, 2024, the Board of Directors (BoD) of ZRe was chaired by Juan Beer. At the Annual General Meeting (AGM) on April 19, 2024, Thomas Hull was elected as a new BoD member. Christian Felderer did not stand for reelection at the AGM 2024, and Andrea Stürmer resigned from the BoD effective September 19, 2024.

C. Corporate governance and risk management (continued)

C.2 Risk management

C.2.1 Objectives of risk management

ZRe's major risk management objectives are to:

- Support achievement of its business strategy and objectives, and protect capital, liquidity, earnings and reputation by identifying, assessing, responding to, monitoring and reporting risks in line with the Group's and ZRe's risk appetite and tolerance.
- Enable the Board of Directors, senior management and other stakeholders charged with governance and oversight, to discharge their risk management responsibilities, including risk and reporting and external disclosures.
- Support transparency in decision-making processes by providing consistent, reliable and timely risk information.
- Embed risk culture by promoting risk awareness, and disciplined and informed risk-taking.

C.2.2 Enterprise risk management framework

The risk management framework is fully integrated into Zurich's Group-wide risk process and based on a governance process that sets forth clear responsibilities for identifying, taking, managing, monitoring and reporting risks.

The ZRe's risk appetite and tolerance statement reflects ZRe's willingness and capacity to take risks in pursuit of value creation and sets boundaries within which the businesses act. ZRe protects its capital, liquidity, earnings, and reputation by monitoring that risks are taken within agreed risk appetite levels and tolerance limits. ZRe regularly assesses and, as far as possible, quantifies material risks to which it is exposed.

The Zurich Risk Policy (ZRP) is a Group policy that articulates Zurich's approach to risks and sets mandatory requirements for risk management throughout the Group and fully applies to ZRe. The policy describes the Group's ERM framework) and provides a standardized set of risk types. Risk-specific policy manuals, supported by local governance documents, provide requirements and procedures to implement the principles outlined in the ZRP on a legal entity level. Ongoing assessments verify that requirements are met.

ZRe identifies, assesses, manages, monitors and reports risks that have an impact on the achievement of its business strategy and objectives by applying its proprietary Total Risk Profiling™ (TRP) methodology. The methodology allows ZRe to assess risks in terms of severity and likelihood, and supports the definition and implementation of mitigating actions. At ZRe, this is an annual process, followed by regular reviews and updates by management.

To foster transparency about risk, ZRe regularly reports on its risk profile at management and Board levels. ZRe has procedures in place to refer risk topics to management, the ARC and the Board in a timely manner.

C.2.3 Risk management organization

The ZRe Chief Risk Officer (CRO) leads the risk management function. The ZRe CRO is responsible for the risk oversight and regular reporting on risk matters to the ZRe CEO, ZRe management, the ARC and the Board.

The ZRe risk management function is part of the Group's risk management organization. The risk function is independent of the business by being a vertically integrated function. The ZRe CRO has a functional reporting line into Group Risk Management and an administrative reporting line to the ZRe CEO. The ZRe CRO regularly provides risk updates to the Management Board and the ARC of ZRe.

C. Corporate governance and risk management (continued)

C.3 Internal control system

ZRe considers internal controls to be essential for managing operational risk. The Board, assisted by its ARC, has overall responsibility for ZRe's risk management and internal control framework. The objectives of the ZRe's internal control system are to provide reasonable assurance that ZRe's financial statements and disclosures are materially correct, support reliable operations, and ensure legal and regulatory compliance. The internal control system is designed to mitigate rather than eliminate risks that could impact the achievement of business objectives.

ZRe promotes risk awareness and encourages understanding of controls through communication and training. Risk management and internal control systems are designed at Group level and implemented across the Group, while being adopted to legal entity necessities.

Management, as the first line of defense, is responsible for identifying, evaluating and managing risks, and designing, implementing and maintaining internal controls. Testing of the relevant internal controls also forms part of the control life cycle.

Key processes and controls are subject to regular review and challenge by the second and third lines of defense. The second and third lines of defense regularly report on observations, conclusions and recommendations that arise from their independent examination of internal controls. Control issues and associated mitigation actions are reported regularly to management, the ARC and the Board. ZRe risk management has assessed the effectiveness of the risk management framework, including the internal control system for the calendar year 2024 and presented its report to the Board.

C.4 Compliance

ZRe is committed to complying with all applicable laws, regulations, internal requirements, Zurich's Code of Conduct and corporate values.

ZRe Compliance is a second-line control function independent from the business (first line) and its operational controls and takes an objective approach. Independence and objectivity mean that no undue influence is exercised over ZRe Compliance, e.g., reporting lines, objective, compensation, etc.

The function enables business management to manage its compliance risks by providing compliance solutions and independent challenge, compliance risk monitoring and assurance related to relevant processes and controls, new business opportunities, and complexity of the business and the type of compliance activity at stake. ZRe Compliance mandate includes:

- Enabling the business to manage its compliance risks.
- Being a trusted advisor.
- Providing independent challenge, compliance monitoring and assurance.
- Assisting management in promoting the ethics-based foundation of Zurich's corporate culture.

ZRe Compliance is led by the appointed ZRe Chief Compliance Officer. The ZRe Chief Compliance Officer reports directly to the ZRe CEO while maintaining functional independence as second line of defense. The ZRe Chief Compliance Officer has direct access to the Chair of the ARC and appropriate access to the Chairman of the Board.

ZRe Compliance performs its activities according to the risk-based annual compliance plan, prepared based on an independent forward-looking compliance risk assessment, considering both the internal and external environment's key risk drivers.

ZRe Compliance also provides compliance risks insights through relevant and targeted reporting to management and the ARC to enable the members of the respective bodies to take informed business decisions. The reporting includes insights into key compliance risks and trends, compliance issues in the areas they occur, compliance assurance work results and progress of compliance activities.

The Group Chief Compliance Officer defines and issues compliance policies relevant to the Group and establishes appropriate processes and guidance. ZRe implements such Group Compliance policies and issues additional compliance policies if required to cover local legal and regulatory requirements. ZRe Compliance supports a strong compliance culture within ZRe through training and awareness initiatives and an integrity concerns reporting mechanism.

C. Corporate governance and risk management (continued)

Zurich is committed to fostering a ‘speak up’ culture across the organization: a culture marked by an inclusive workplace where employees feel a sense of belonging, are free to express their views and opinions without fear of retaliation, and confident that their voices will be heard. Employees are encouraged to constructively express their opinions, speak up promptly and report alleged wrongdoing or suspected or actual illegal, fraudulent, improper or unethical conduct, violating Zurich Code of Conduct or policies. Employees are free to report their integrity concerns to management, human resources, the legal department, its compliance function, or through the Zurich Ethics Line (or similar service provided locally), a phone and web-based service run by an external specialist provider. Reports can also be made anonymously. Zurich does not tolerate retaliation against any employee or other person who reports a concern in good faith. Protection against retaliation is also extended to those who assist in any investigation of such concerns and, where applicable, to other persons.

C.5 Internal audit

The primary role of the internal audit function, Group Audit (GA), is to help the ZRe’s Board, CEO and management to protect the assets, reputation and sustainability of ZRe. GA does this by performing independent, risk-based and objective audit activities to systematically evaluate and challenge the adequacy and effectiveness of ZRe’s governance, risk management, and internal controls.

GA develops and delivers an annual risk-based audit plan, which is updated as risks change. The audit plan covers the key risks, including concerns and issues raised by the ARC, management and other stakeholders. The ARC is responsible for approving the annual plan and any changes to it.

GA executes the plan in accordance with GA’s methodologies, processes and procedures, conforming with Global Internal Audit Standards, issued by the Institute of Internal Auditors (IIA), and in line with recognized best practices.

Audit staff are expected to be independent and objective in all assignments and to do nothing that might prejudice or be perceived as prejudicing independence or objectivity. Audit staff have no direct operational responsibility or authority over any business activities, day-to-day risk management or control activities and, to ensure independence, all GA staff ultimately report (via senior audit staff) to the Group Chief Auditor, reporting to the Chair of the Group Audit Committee.

GA is authorized to review all areas and has full, free and unrestricted access to all activities, accounts, records, property and personnel necessary to fulfill its duties. GA coordinates with internal and external providers of assurance services to align the timing of activities. This minimizes business impact, duplication of effort, highlights gaps in coverage of key risks, and enhances the overall value added.

GA executes the plan and reports the results of its work, in writing, to the ARC. The same report is provided to CEO and management prior to the ARC, unless a conflict of interest exists. The reporting includes, as relevant, details of the status of the plan execution, the results of audit activities performed, insights on significant audit issues raised and the status of management’s corrective actions. A member of GA attends each ARC meeting.

The ARC obtains an independent and objective external quality assessment of GA at appropriate intervals. GA as a whole is, subject to a review at least every five years or more frequently, assessing its conformance to the Global Internal Audit Standards. An external quality assessment was conducted most recently in 2021. The results confirmed that GA’s practices comply with all IIA standards.

Risk and capital are managed at ZRe according to the Group’s framework. The principles of the Zurich’s ERM described in this chapter are equally applicable to ZRe.

The significant risks for ZRe, as measured by the SST target capital, are premium and reserve, market and credit risk (see chapter G). ZRe’s risk profile is largely a function of the risks written by the assumed business from other Group entities. The reinsurance credit risk is mainly related to the retrocession to ZIC.

D. Risk profile

D.1 Insurance risk

Insurance risk is the risk of deviations from what is expected in the timing, frequency or severity of (re-) insured events, leading to loss, including adverse change in the value of insurance liabilities. This may result from inherent uncertainty of (re-) insured events or losses, inadequate or ineffective underwriting, pricing, claims management, reserving or retrocession. The profitability of insurance business is also susceptible to business risk in the form of unexpected changes in expenses, policyholders' behavior, and fluctuations in new business volumes. As part of the underwriting process of affiliated companies, part of the exposure is transferred to ZRe. ZRe actively seeks to write those risks it understands and that provide a reasonable opportunity to earn an acceptable profit. ZRe manages the customer risks it assumes, and minimizes unintended underwriting risks, through such means as:

- Establishing limits for underwriting authority.
- Requiring specific approvals for transactions above established limits or new products.
- Using a variety of reserving and modeling methods.
- Ceding insurance risk through external proportional or non-proportional reinsurance treaties and facultative single-risk placement. The Group centrally manages third-party reinsurance treaties.

ZRe writes property and casualty business only. Property and casualty insurance risk comprises premium and reserve risk and business risk. Premium and reserve risk covers uncertainties in the frequency of the occurrence of the insured events as well as in the severity of the resulting claims. Business risk for property and casualty insurance predominantly relates to unexpected increases in the expenses relating to claims handling, underwriting and administration. The following provides an overview of ZRe's main lines of business:

- Motor includes automobile physical damage, loss of the insured vehicle and automobile third-party liability insurance.
- Property includes fire risks (e.g., fire, explosion but also business interruption), natural perils (e.g., earthquake, windstorm and flood), engineering lines (e.g., boiler explosion, machinery breakdown and construction) and marine (e.g., cargo and hull).
- Liability includes general/public and product liability, excess and umbrella liability, professional liability including medical malpractice, and errors and omissions liability.
- Special lines/other lines include directors and officers, credit and surety, crime and fidelity, accident and health, workers' compensation and employer's liability.

ZRe's underwriting strategy aims to take advantage of the diversification of property and casualty insurance risks across lines of business and geographic regions.

Underwriting discipline is a fundamental part of managing insurance risk. ZRe sets limits on underwriting capacity, and delegates authority to individuals based on their specific expertise.

Actual losses on claims provisions may be higher or lower than anticipated. Property and casualty insurance reserves are therefore regularly estimated, reviewed and monitored. The total loss and loss adjustment expense reserves are based on work performed by qualified and experienced actuaries.

To arrive at their reserve estimates, the actuaries take into consideration, among other things, the latest available facts, historical trends and patterns of loss payments, exposure growth, court decisions, economic conditions, inflation, and public attitudes that may affect the ultimate cost of claim settlement.

To ensure a common understanding among the functions for financial, underwriting and pricing decisions, ZRe has established continuous cross-functional collaboration between underwriting, actuarial (pricing and reserving), finance and risk management, underpinned by quarterly meetings.

In most cases, these actuarial analyses are conducted at least twice a year for ongoing business and annually for business in run-off according to agreed timetables. Analyses are performed by treaty types and terms, ceding countries, lines of business and year of occurrence. As with any projection, claim reserve estimates are inherently uncertain since the ultimate liability for claims will be affected by trends as yet unknown, including future changes in the likelihood of claimants bringing suit, the size of court awards, and claimants' attitudes toward settlement of their claims.

In addition to the specific risks insured, ZRe is exposed to losses that could arise from natural and man-made catastrophes. The main concentrations of risks arising from such potential catastrophes are regularly reported to management, ARC and the Board. For ZRe the most important peril region on a net basis is Japan, mainly related to personal accident and motor business.

D. Risk profile (continued)

The table shows ZRe's concentration of risk by region and line of business based on assumed written premiums and policy fees for the year 2024, before retrocession. Retroceded premiums amounted to CHF 2,816.6 million for the same period.

Concentration of risk

in CHF millions, for the year ended December 31, 2024	Accident	Property	Motor	Liability	Other lines	Total
Japan	160.2	35.6	202.7	9.8	1.7	410.1
Rest of Asia	50.1	205.0	15.5	64.5	16.1	351.2
Canada/U.S.	7.1	263.5	19.3	149.4	19.8	459.1
UK	199.5	900.9	404.7	643.4	116.3	2,264.9
Others	(0.0)	1.2	0.4	4.3	–	5.8
Total	416.9	1,406.3	642.6	871.4	153.9	3,491.2

D.2 Market risk including investment credit risk

Market risk relates to the possibility of loss of value due to changes in financial market conditions.

Risk factors include:

- Interest rate changes
- Credit and swap spread changes
- Defaults of issuers
- Changes in currency exchange rates

ZRe has outsourced investment management to ZIC, which manages the market risk of assets relative to liabilities on an economic total balance sheet basis. This is done to achieve the maximum risk-adjusted excess return on assets relative to the liability benchmark, while considering ZRe's risk appetite and tolerance and local regulatory constraints.

ZRe's Asset/Liability Management Investment Committee reviews and monitors ZRe's strategic asset allocation and tactical boundaries, and monitors asset/liability exposure. The economic effect of potential extreme market moves is regularly examined and considered when setting the asset allocation.

Risk from interest rates and credit spreads

Interest rate risk is the risk of an adverse economic impact resulting from changes in interest rates, including changes in the shape of yield curves. Yield curve changes affect the value of interest rate-sensitive investments and derivatives, as well as the fair value of insurance liabilities. ZRe is exposed to interest rate risk including from debt securities, reserves for insurance contracts and loans and receivables.

ZRe has limits on deviations of asset interest rate sensitivities from liability interest rate sensitivities. ZRe also manages credit spread risk, which is the variation in economic value due to changes in the level or the volatility of credit spreads over the risk-free interest rate. Movements of credit spreads are driven by several factors including changes in default probabilities, liquidity and other variables.

D. Risk profile (continued)

D.2.1 Analysis of market risk sensitivities for interest rate, equity and credit spread risks

Basis of presentation

The basis of the presentation for the following tables is an economic valuation represented by the fair value for investments. IFRS insurance liabilities are discounted at risk-free market rates to reflect the present value of insurance liability cash flows and other liabilities; assets are also reported on an IFRS basis.

The tables show the estimated economic market risk sensitivities of the net impact for ZRe. Positive values represent an increase in the balance, and values in parentheses represent a decrease. Mismatches in changes in value of assets relative to liabilities represent an economic risk to ZRe. The net impact – the difference between the impact on investments and liabilities – represents the economic risk that ZRe faces related to changes in market risk factors. In determining sensitivities, investments and liabilities are fully re-valued in given scenarios. Each instrument is re-valued separately, taking the relevant product features into account. Non-linear effects, where they exist, are reflected in the model. Sensitivities are shown gross of tax.

Analysis of economic sensitivities for interest rate risk

The following table shows the estimated impact of a 100 basis point increase/decrease in yield curves after consideration of hedges in place, as of December 31, 2024 and 2023.

Economic interest rate sensitivities

in USD millions as of December 31	2023	**2024**
100-basis point increase in the interest rate yield curves		
Property and casualty business		
Net impact before tax	(5.2)	(12.5)
100-basis point decrease in the interest rate yield curves		
Property and casualty business		
Net impact before tax	5.1	13.4

Analysis of economic sensitivities for equity risk

Not applicable as there is no equity exposure.

Analysis of economic sensitivities for credit spread risk

The following table shows the estimated impacts from a 100 basis points increase in corporate credit spreads, as of December 31, 2024 and 2023. The sensitivities apply to all fixed income instruments, excluding government, supranational and similar debt securities.

Economic credit spread sensitivities

in USD millions as of December 31	2023	**2024**
100-basis point increase in credit spread		
Property and casualty business		
Net impact before tax	(13.2)	(18.4)

D. Risk profile (continued)

D.2.2 Risk from defaults of counterparties

Debt securities

ZRe is exposed to credit risk from third-party counterparties where the company holds securities issued by those entities.

Debt securities by rating of issuer

as of December 31	2023		**2024**	
	CHF millions	% of total	CHF millions	% of total
Rating				
AA– and higher	625	77%	738	79%
A– up to including A+	150	18%	132	14%
BBB+ and lower	38	5%	69	7%
Unrated	–	–	–	–
Total	**813**	**100%**	**939**	**100%**

The table shows the credit risk exposure of debt securities, by issuer credit rating. As of December 31, 2024, 100 percent of the ZRe's debt securities were investment grade with 43.0 percent rated 'AAA'.

The risk-weighted average issuer credit rating of ZRe's debt securities portfolio was 'AA' on December 31, 2024, and 'AA' on December 31, 2023.

As of December 31, 2024, the largest concentration in the ZRe's debt securities portfolio, on a market value basis, was in governments, government agencies and supranationals (54 percent) including CAD government securities (33 percent).

Cash and cash equivalents

To reduce concentration, settlement and operational risks, ZRe limits the amount of cash that can be deposited with a single external counterparty as per its individual portfolio guidelines. ZRe applies the authorized list of acceptable cash counterparties maintained by the Group.

Cash and cash equivalents amounted to CHF 11.6 million as of December 31, 2024, and CHF 1.6 million as of December 31, 2023.

D.2.3 Risk from currency exchange rates

Currency risk is the risk of loss resulting from changes in exchange rates. Management deems that the risk from currency exchange rates is moderate based on the following:

- ZRe aims to have matching assets to liabilities with respect to currencies.
- ZRe's retrocession arrangements are for the most part aligned with the currency of the business assumed.
- ZRe mitigates foreign exchange risk by hedging material foreign exchange risks using forward contracts with ZIC.

The foreign exchange risk management policy for ZRe is consistent with the policies in all other Group subsidiaries and follows a standardized process aimed at mitigating and managing the foreign currency exposures at Group level and the legal entity level.

The Group, as outlined in its risk policy manual, defines clear responsibilities, rules, limits and reporting requirements for managing foreign exchange risk. ZRe is a Swiss legal entity regulated in Switzerland and reports in Swiss francs to FINMA. ZRe is part of the Zurich Insurance Group, which reports its consolidated results according to IFRS in U.S. dollars.

ZRe measures its foreign exchange exposures in accordance with the following Group principles:

- All assets and liabilities are valued in the balance sheet at their IFRS accounting values – attributed to their transaction currency. That means that the Swiss local statutory balance sheet and the SST MCBS are not actively hedged, which can lead to a foreign exchange risk.
- ZRe only hedges foreign exchange risk with ZIC as a counterparty.
- All Group-internal hedges are performed back to the currency of the underlying reporting unit.

D. Risk profile (continued)

D.3 Other credit risk

Credit risk is the risk associated with a loss or potential loss from counterparties failing to fulfill their financial obligations. ZRe's exposure to other credit risk is derived from the following main categories of assets:

- Reinsurance assets
- Receivables

ZRe's objective in managing credit risk exposures is to maintain these exposures within parameters that reflect the Group's strategic objectives, risk appetite and tolerance. Credit risk sources are assessed and monitored.

ZRe's primary reinsurer is its parent ZIC which maintains a strong capital position. As of December 31, 2024, the insurance financial strength rating of ZIC was 'AA/Stable' by Standard and Poor's Global Ratings, 'Aa2/Stable' by Moody's, and A+(superior)/Stable by AM Best. AM Best's Issuer Credit rating[1] is aa/Stable.

ZRe has minimal third-party reinsurance, the majority of which is placed with well-capitalized global reinsurers.

ZRe has no history of having material impairment issues related to reinsurance assets and receivables. Management reviews all third-party balances for impairment on a quarterly basis, and a credit impairment allowance has been booked accordingly.

D.4 Operational risk

Operational risk is the risk of financial loss or gain, adverse reputational, legal or regulatory impact, resulting from inadequate or failed processes, people, systems or from external events, including external fraud, catastrophes or failure in outsourcing arrangements.

The Group has a framework to identify, assess, manage, monitor and report operational risk within the Group. Within this framework, ZRe:

- Documents and reviews operational events exceeding a threshold determined by the ZRP. Remedial action is taken to avoid the recurrence of such operational loss events.
- Conducts risk assessments where operational risks are identified for key business areas. Risks identified and assessed above a certain threshold must have a risk response. Risk mitigation plans are documented and tracked on an ongoing basis. In the assessments, ZRe uses sources of information such as the Total Risk Profiling™ process, internal control effectiveness, and audit findings, as well as scenario modeling and operational event data.

ZRe management has specific processes and systems in place to focus on key operational matters such as the dependency on service providers,

D.5 Liquidity risk

Liquidity risk is the risk that ZRe may not have sufficient liquid financial resources to meet its obligations when they fall due or would have to incur excessive costs to do so. ZRe's policy is to maintain adequate liquidity and contingent liquidity to meet its liquidity needs under normal conditions and in times of stress. To achieve this, ZRe assesses, monitors and manages its liquidity needs on an ongoing basis.

ZRe has material cash pooling balances with ZIC that can be drawn upon immediately to meet liquidity needs. Additionally, ZRe's investment portfolios are primarily invested in highly liquid securities.

1 AM Best differentiates between the issuer credit rating and the less granular financial strength rating in their proprietary methodology.

D. Risk profile (continued)

D.6 Other material risks

D.6.1 Strategic risk

ZRe defines strategy as the long-term plan of action designed to allow it to achieve its goals and aspirations. Strategic risk is defined as the risk that the strategy, or parts of it, may become sub-optimal or unachievable.

Strategic risks can arise from:

– Internal triggers such as inadequate risk-reward assessment of strategic plans or changes to underlying assumptions.
– External triggers including macroeconomic or geopolitical events or trends, regulatory or legal changes, or developments in the competitive landscape.

ZRe manages risks associated with strategic business decisions through its risk assessment processes and tools, including the Total Risk Profiling™ (TRP) process. As part of the annual assessment of strategic risks, the management assesses potential risk from both external and internal factors, looking at the current year and beyond. Management defines appropriate response actions and reviews the status of these actions, along with changes to the key risks, at least quarterly.

D.6.2 Risk to ZRe's reputation

Many factors can affect ZRe's reputation including ZRe's market conduct, workplace culture, entity strategy, underwriting practices, claims handling, entity responsibility, regulatory compliance, financial performance, communications and crisis management. Every risk type has potential consequences for ZRe's reputation. Effectively managing these risks supports the prevention of adverse reputation outcomes.

ZRe aims to preserve its reputation by

– Adhering to applicable laws and regulations,
– Following the core values and principles of the Group's code of conduct that promote integrity and good business practice.

Potential risks to ZRe's reputation are included in its risk assessment processes and tools, including the TRP process.

E. Valuation

E.1 Overarching market-consistent valuation principle

As an overarching principle, for SST purposes, all assets and liabilities are valued in accordance with economic principles in a market-consistent manner including market-consistent discounting of insurance liabilities and their valuation is presented in the MCBS. In general, unless stated otherwise, the MCBS applies the same fair value measurement and hierarchy as the Group IFRS consolidated annual financial statements. In such cases, fair value is determined on a best estimate valuation using assumptions and parameters as defined by FINMA or based on management's judgment.

In summary, the following valuation applies for assets:

i. Mark-to-market: for third-party assets
ii. Mark-to-model: in case mark-to-market cannot be applied
iii. IFRS/Swiss local statutory accounting principles carrying value

FINMA stipulates that the SST MCBS value of all insurance and non-insurance liabilities shall be determined under the assumption that ZRe will fulfill its obligation in full, thus, own credit risk is not considered.

E.2 Market-consistent balance sheet following SST principles

Following 2023 revision of the ISO, market value margin (MVM) forms part of the SST market-consistent valuation of insurance liabilities and thus SST AFR. Market value margin, also known as risk margin, is the cost of future regulatory risk capital stemming from the present portfolio of assets and liabilities.

Asset valuation MCBS vs Swiss local statutory

In CHF millions, as of December 31	2023 (SST)	**2024 (SST)**	Evolution 2023–2024 (SST)	**2024 (local Swiss statutory)**	Difference SST to local Swiss statutory (2024)
Market conform value of investments					
Real estate	–	–	–	–	–
Participations	0.0	0.0	–	0.0	0.0
Fixed-income securities	797.4	929.6	132.2	938.5	(8.9)
Loans	41.5	37.1	(4.4)	37.1	(0.0)
Mortgages	–	–	–	–	–
Equities	–	–	–	–	–
Other investments	–	–	–	–	–
Collective investment schemes	–	–	–	–	–
Alternative investments	–	–	–	–	–
Structured products	–	–	–	–	–
Other investments	–	–	–	–	–
Total investments	**838.9**	**966.7**	**127.8**	**975.6**	**(8.9)**
Market conform value of other assets					
Receivables from derivative financial instruments	1.3	2.0	0.6	2.0	–
Deposits made under assumed reinsurance contracts	163.8	186.6	22.9	186.6	–
Cash and cash equivalents	705.1	443.5	(261.6)	11.6	431.9
Reinsurers' share of best estimate of provisions for insurance liabilities	3,845.6	4,267.6	422.0	5,169.9	(902.3)
Direct insurance: non-life insurance business.	19.1	21.6	2.5	30.2	(8.6)
Direct insurance: health insurance business	–	–	–	–	–
Reinsurance: non-life insurance business	3,826.5	4,246.0	419.5	5,139.6	(893.6)
Direct insurance: other business.	–	–	–	–	–
Reinsurance: other business	–	–	–	–	–
Fixed assets	–	–	–	–	–
Deferred acquisition costs	–	–	–	91.3	(91.3)
Intangible assets	–	–	–	6.5	(6.5)
Receivables from insurance business	252.1	309.4	57.3	309.7	(0.3)
Other receivables	13.5	0.1	(13.4)	432.0	(431.9)
Other assets	–	–	–	–	–
Accrued assets	59.9	59.0	(0.8)	59.0	–
Total other assets	**5,041.3**	**5,268.2**	**226.9**	**6,268.5**	**(1,000.3)**
Total market conform value of assets	**5,880.1**	**6,234.9**	**354.8**	**7,244.1**	**(1,009.2)**

E. Valuation (continued)

MCBS vs Swiss local statutory – best estimate liabilities and risk-bearing capital

In CHF millions, as of December 31	2023 (SST)	**2024 (SST)**	Evolution 2023–2024 (SST)	**2024 (local Swiss statutory)**	Difference SST to local Swiss statutory (2024)
BEL: Best estimate liabilities					
Best estimate of provisions for insurance liabilities	**4,357.5**	**4,912.8**	**555.3**	**5,976.4**	**(1,063.6)**
Direct insurance: non-life insurance business	51.6	58.4	6.9	92.8	(34.4)
Reinsurance: non-life insurance business	4,305.9	4,854.3	548.4	5,883.5	(1,029.2)
Direct insurance: other business	–	–	–	–	–
Reinsurance: other business	–	–	–	–	–
Market value margin	22.2	19.9	(2.3)	–	19.9
Market conform value of other liabilities					
Non-technical provisions	–	–	–	–	–
Interest-bearing liabilities	561.9	715.7	153.8	564.0	151.7
Liabilities from derivative financial instruments	0.8	1.0	0.1	1.0	–
Deposits retained on ceded reinsurance	80.1	88.7	8.6	88.7	–
Liabilities from insurance business	207.0	227.4	20.4	227.4	–
Other liabilities	14.1	4.5	(9.6)	140.4	(135.9)
Accrued liabilities	53.2	53.2	0.0	53.2	–
Total BEL plus market conform value of other liabilities	5,296.9	6,023.2	726.4	7,051.1	(1,027.9)
Market conform value of assets minus total from BEL plus market conform value of other liabilities	**583.2**	**211.7**	**(371.6)**	**193.0**	**18.7**

E.2.1 Market-consistent value of assets

Market-consistent value of investments

Debt securities are carried at amortized cost using the effective interest rate method under Swiss local statutory accounting principles. The carrying value as of December 31, 2024, amounted to CHF 938.5 million. As of December 31, 2023, ZRe held debt securities in the amount of CHF 813.1 million.

Loans in ZRe amounted to CHF 37.1 million as of December 31, 2024, and CHF 41.5 million as of December 31, 2023, under Swiss local statutory accounting principles and consist only of loans with other Group companies. Loans are carried at nominal value less impairments as necessary.

Under MCBS, the value of investments reflects fair value determined in accordance with the overarching valuation principles outlined in section E.1.

Market-consistent value of other assets

Derivative financial instruments are measured at fair value under both Swiss local statutory accounting principles and MCBS.

Cash and cash equivalents are presented at Swiss local statutory carrying value because such balances are current and solely held for the purpose of meeting short-term (operational) cash commitments. As of December 31, 2024, there were intragroup balances related to the Group's internal cash pooling facility of CHF 431.9 million. As of December 31, 2023, ZRe had CHF 703.5 million in the cash pooling. The significant reduction compared to the previous year was due to the dividend payment to ZIC in April 2024.

Receivables from insurance business and other receivables are valued at Swiss local statutory carrying value, provided this is a reasonable proxy for fair value (i.e., the balances are subject to only insignificant risk of changes in value and settlement is expected to occur within three months and no more than twelve months). In this case, the carrying value is reported net of credit impairment allowance. Otherwise, the value is based on fair value (including credit risk).

Under Swiss local statutory accounting principles, other assets include deferred acquisition costs (DAC) and intangible assets related to renewal rights, which are both valued at zero in the MCBS.

Accrued assets related to interest income accruals, other accrued income and other prepaid expenses are presented at Swiss local statutory carrying value because the balances are expected to be subject to insignificant risk of changes in value and are settled within a relatively short period.

E. Valuation (continued)

E.2.2 Market-consistent value of liabilities

Best-estimate of insurance liabilities

For the calculation of the best-estimate values of the insurance liabilities, ZRe uses common actuarial practices.

The reserves cover expected future losses, loss adjustment and policy administration expenses as well as underwriting profits for contracts in force. ZRe recognizes unearned premium reserves (UPR) upon start of the coverage period. To arrive at the MCBS value for UPR, the following adjustments are made:

- Expected future losses (including loss adjustment expenses) are discounted;
- Underwriting profits are not included, as these do not represent future cash flows; and
- Future administration expenses only encompass the estimated costs to administer and maintain the insurance policy over the remaining coverage period. Consequently, any deferred or non-deferred acquisition-related costs (such as commissions, sales and distribution management, underwriting, risk engineering, and marketing costs) are excluded. Further, claims settlements costs are not included in administration expenses as such costs are typically part of future losses. Similarly, amortization of DAC and intangible assets is not included because DAC and intangible assets are set to zero in MCBS.

Best estimates of loss reserves

Reserves for losses under Swiss local statutory accounting principles represent estimates of future payments of reported and unreported claims for losses and related expenses, with respect to insured events that have occurred. Such reserves are not discounted, except reserves for claims with payment patterns that are fixed and reasonably determinable. Reserves are held at best estimate including recoverable for salvage and subrogation, supplemented by the regulatory equalization provisions.

In order to derive a market-consistent value, best estimate loss reserves are discounted using a risk-free rate whereby the cash-flow pattern (i.e., timing of the estimated future cash flows) is adequately considered. In cases where the reserves are already presented on a discounted basis under Swiss local statutory accounting principles, the discounting is reversed and re-performed using the risk-free rate.

Other reserves (e.g., unearned premium reserves)

Under IFRS and Swiss local statutory accounting principles, ZRe recognizes unearned premium reserves (UPR) upon start of the coverage period. Typically, this includes one year of premiums invoiced (i.e., also for multi-year policies generally only the first-year premium is recognized and not the entire contractual future premium volume due in future reporting periods).

The MCBS value for UPR reflects the discounted costs of insurance. Costs of insurance includes expected future loss reserves (including loss adjustment expenses) and administration expenses that can arise from the unexpired risk.

Reinsurers' share of best-estimate of insurance liabilities

Ceded/retroceded reinsurance balances

For SST MCBS, the calculation of the best estimate for reinsurance assets and insurance liabilities is performed on a gross basis (i.e., no offsetting of assets with liabilities). The MCBS valuation is based on the actuarial discounted best estimate of future cash flows, considering the expected credit losses. The calculation of the expected credit loss allowance considers the rating of the reinsurance counterparty, the expected timing of future recoveries and the expected value of any collateral held.

Evolution since December 31, 2023

The best estimate insurance liabilities increased by CHF 555.3 million from CHF 4,357.5 million as of December 31, 2023, to CHF 4,912.8 million as of December 31, 2024. The reinsurers' share of best estimate of insurance liabilities increased by CHF 422.0 million from CHF 3,845.6 million as of December 31, 2023, to CHF 4,267.6 million as of December 31, 2024.

E. Valuation (continued)

Market value margin

Following the 2023 revision of the ISO, market value margin (MVM) forms part of the SST market-consistent valuation of insurance liabilities and thus SST AFR. Market value margin, also known as risk margin, is the cost of future regulatory risk capital stemming from the present portfolio of assets and liabilities. MVM as of December 31, 2024, was USD 22.0 million, a decrease of USD 4.4 million compared to prior year. The decrease was mainly driven by a model change of the Dynamic Default and Migration Model (DDMM) in turn impacting the MVM model through a reduction of the DDMM scaling factor.

Market-consistent value of other liabilities

Under Swiss local statutory accounting principles, non-technical provisions include provisions for disputable claims and unrealized foreign exchange gains that were not included in the company's income statements. As of December 31, 2024, were no such provisions on ZRe's balance sheet.

Interest-bearing liabilities are held as collateral funding for the Canadian business and are all due in less than five years.

Liabilities from insurance business are valued at Swiss local statutory carrying value as the balances are expected to be subject to only insignificant risk of changes in value and settled within a relatively short time frame (generally, within three months and under no circumstances exceeding twelve months).

The market-consistent value of other liabilities is generally determined using Swiss local statutory carrying value in accordance with the overarching valuation principles outlined in section E.1. As of December 31, 2024, intragroup balances related to the Group's internal cash pooling facility were CHF 135.9 million and CHF 24.7 million as of December 31, 2023. The increase was driven by the payment of the dividend to ZIC in April 2024.

Derivatives financial instruments are measured at fair value under both Swiss local statutory accounting principles and MCBS.

E.2.3 Other information

In 2024, ZRe used yield curves according to the internal model in line with the ISO-FINMA 2024.

F. Capital management

Objectives of capital management

ZRe's capital management and planning approach is embedded in the overall Group's capital management policy. The policy is defined to maximize long-term shareholder value by optimizing capital allocation while managing the balance sheet in accordance with regulatory and solvency requirements. This includes the management and monitoring of local statutory capital adequacy.

As a legal entity, ZRe is obliged to plan the development of its regulatory solvency position as part of its business plans, considering planned dividends and cash remittances to ZIC, including possible risks to its ability to pay these amounts. The capital planning horizon is set in line with the overall Group planning cycle.

ZRe must monitor that it remains within the solvency and capital requirement targets set in accordance with ZRe's risk appetite statement and ensure adherence to local laws and applicable regulatory requirements. In particular, ZRe must ensure compliance with regulatory capital reporting standards.

ZRe is subject to FINMA's SST and tied assets regulations. Both are considered when planning capital or cash repatriations to the Group. Internal target ratios and/or thresholds are considered when assessing and defining the potential to repatriate cash or capital to the Group.

Tied asset requirements are calculated and tracked according to FINMA guidelines, and their development is analyzed on a monthly basis. ZRe's Board will be informed whenever any transaction will cause ZRe's tied assets ratio to fall below defined thresholds.

The valuation of ZRe's shareholder's equity follows the Swiss local statutory accounting principles described in Chapter E-Valuation.

The following table shows the composition of ZRe's shareholder's equity as of December 31, 2024, before appropriation of available earnings:

Shareholder's equity

in CHF millions, as of December 31	2023	**2024**	Change
Share capital	12	12	–
Capital contribution reserve:			
Beginning of year	*551*	*508*	*(43)*
Dividend paid	*(43)*	*(420)*	*(377)*
Capital contribution reserve, end of year	508	88	(420)
Retained earnings:			
Beginning of year	*87*	*70*	*(17)*
Net income after taxes	*(17)*	*23*	*40*
Retained earnings, end of year	70	94	23
Total shareholder's equity	**590**	**193**	**(397)**

There have been no changes in ZRe's shareholder's equity other than the ordinary dividend payment and the net income after taxes in 2024.

F. Capital management (continued)

Appropriation of available earnings and capital contribution reserve

The available earnings for 2024 originate as follows:

in CHF	Available earnings
Available earnings	
As of January 1, 2024	70,168,658
Net income after taxes	23,334,685
Available earnings as of December 31, 2024	**93,503,343**

in CHF	Available earnings
Appropriation of available earnings	
As of December 31, 2024	93,503,343
Balance carried forward	**93,503,343**

in CHF	Capital contribution reserve
Appropriation of capital contribution reserve	
As of December 31, 2024	87,807,652
Dividend of CHF 32,000,000	(32,000,000)
Balance carried forward	**55,807,652**

On March 19, 2025, the Board proposed and the Annual General Meeting resolved to appropriate the available earnings and to carry forward available earnings of CHF 93,503,343 as set out in the table above.

Further, the Board proposed and the Annual General Meeting resolved to appropriate a part of the capital contribution reserve and to pay a dividend of CHF 32,000,000 from the capital contribution reserve as set out in the table above.

Regulatory capital adequacy

ZRe manages its capital so that it meets local regulatory capital requirements at all times.

Comparison between SST market-consistent net values and Swiss statutory net assets

The market-consistent value of assets minus BEL and MVM and other liabilities of CHF 211.7 million is slightly higher than Swiss local statutory total shareholder's equity of CHF 193.0 million. The most important drivers are: Net deferred acquisition costs (CHF 91.3 million), equalization provisions (CHF 12.1 million) and intangible assets related to renewal rights (CHF 6.5 million) – all have zero value for MCBS. Furthermore, the discount of best estimates of net provisions for insurance liabilities (CHF 149.2 million) under MCBS, the market value margin (CHF 19.9 million) as well as different asset valuation basis need to be considered.

G. Solvency

Swiss Solvency Test

The Swiss Solvency Test (SST) is a principle-based, risk sensitive supervision framework reflecting:

- A market-consistent view of the financial resources available to meet policyholder obligations – referred to as risk-bearing capital or RBC. The risk-bearing capital consist of net assets (core capital) and Tier 2 risk-absorbing capital instruments as outlined further below.
- A view of the impact of the potential risks inherent to the regulated business – referred to as target capital and defined as the expected shortfall at a 99 percent confidence level over a one-year time horizon.

The SST compares risk-bearing capital with target capital through the calculation of a ratio (the SST ratio). This solvency test indicates whether the level of risk-bearing capital is sufficient to reduce the probability of policyholder impairment to a level consistent with regulatory requirements.

ZRe is part of the Zurich Insurance Group which maintains a strong capital position. As of December 31, 2024, the insurance financial strength rating of ZIC was 'AA/Stable' by Standard and Poor's Global Ratings, 'Aa2/stable' by Moody's, and 'A+(Superior)/Stable' by A.M. Best.

The model used is in accordance with the FINMA supervisory letter (Schlussbrief Berichterstattung) of August 30, 2024, stipulating the model to be used for the SST 2025. In addition, on October 31, 2024, ZRe received the approval from FINMA of a major model change of the 'Module I: Aggregation – Submodule DDMM' through a decree concerning 'Summarische Prüfung wesentlicher Änderungen an einem internen Modell, speziell Modul I: Aggregation, Submodul DDMM'.

For the calculation of the SST ratio as of December 31, 2024, ZRe uses the approved internal model. SST target capital, being prospective, fully reflects the inclusion of the US ALQS portfolio assumed on December 31, 2024. ZRe's net retained share out of this transaction is 1 percent.

ZRe's SST ratio stood at 192 percent as of December 31, 2024. It increased by 44 percentage points compared with the SST ratio as of December 31, 2023, of 148 percent. The increase in SST ratio was driven by a decrease in target capital of USD 27.7 million compared with 2023. The target capital as of December 31, 2024, was USD 103.0 million compared with USD 130.8 million as of December 31, 2023. The decrease was mainly driven by a reduction in the nat cat (USD 14.5 million) and DDMM (USD 18.7 million) risk type only partly offset by an increase in P&R (USD 8.3 million).

The risk-bearing capital remained relatively stable at USD 198.3 million as of December 31, 2024, compared with USD 193.8 million as of December 31, 2023, representing an increase of USD 4.4m.

Solvency

in USD millions	December 31, 2023	Adjustments previous year	**December 31, 2024**
Derivation of RBC			
Market conform value of assets minus market conform value of liabilities	692.6		233.6
Deductions	(498.7)		(35.3)
Tier 1 risk-absorbing capital instruments (RAC) counted towards core capital	–		–
Core capital	**193.8**		**198.3**
Supplementary capital	–		–
Risk-bearing capital	**193.8**		**198.3**
Derivation of target capital			
Insurance risk	122.0		124.8
Market risk	47.8		52.5
Credit risk[1]	10.6		13.0
Diversification effects	(31.3)		(44.3)
Other effects on target capital[2]	(18.4)		(43.1)
Target capital	**130.8**		**103.0**
SST ratio[3]	**148%**		**192%**

1 Credit risk includes investment credit risk, reinsurance and receivables credit risk.
2 Other effects on target capital include expected business development over the forecasting horizon, and other risk models.
3 SST ratio is defined in the Swiss Insurance Supervision Ordinance as a ratio of risk-bearing capital to target capital.

G. Solvency (continued)

Target capital by risk type

in USD millions	December 31, 2023	Adjustments previous period	**December 31, 2024**
Insurance risk derivation of target capital			
Premium and reserve risk (including UPR risk)	112.4		120.8
Nat cat	35.3		20.8
Diversification	(25.7)		(16.8)
Total	**122.0**		**124.8**
Market risk derivation of target capital			
Equity risk	0.0		0.0
Interest rate risk	22.3		35.4
Exchange rate risk	49.1		23.5
Credit spread risk	11.1		14.2
Other	15.6		18.2
Diversification	(46.5)		(46.5)
Total (including investment credit risk)	**51.7**		**44.8**
thereof			
Market risk (excluding investment credit risk)	47.8		52.5
Investment credit risk	10.0		11.9
Credit risk derivation of target capital			
Investment credit risk	10.0		11.9
Reinsurance credit risk & receivables	2.7		3.0
Diversification	(1.9)		(1.9)
Total	**10.7**		**13.0**

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Appendix 1: Quantitative templates

Performance

in CHF millions, for the years ended December 31

		Total		Direct Swiss business							
				Personal Accident		Motor		Property		Financial Lines	
		2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**
1	Gross written premiums and policy fees	4,216	3,491	–	–	–	–	–	–	–	–
2	Premiums ceded to reinsurers	(3,578)	(2,817)	–	–	–	–	–	–	–	–
3	Net written premiums and policy fees (1 + 2)	638	675	–	–	–	–	–	–	–	–
4	Change in reserves for unearned premiums, gross	(928)	(43)	–	–	–	–	–	–	–	–
5	Change in reserves for unearned premiums, ceded	908	25	–	–	–	–	–	–	–	–
6	Net earned premiums and policy fees (3 + 4 + 5)	618	657	–	–	–	–	–	–	–	–
7	Other income[2]	4	4	–	–	–	–	–	–	–	–
8	**Total technical income (6 + 7)**	**622**	**661**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
9	Claims paid, annuities and loss adjustment expenses, gross	1,264	(1,636)	–	–	–	–	–	–	–	–
10	Claims paid, annuities and loss adjustment expenses, ceded	(1,486)	1,389	–	–	–	–	–	–	–	–
11	Change in insurance reserves, gross	(3,201)	(388)	–	–	–	–	–	–	–	–
12	Change in insurance reserves, ceded	3,110	265	–	–	–	–	–	–	–	–
13	Change in actuarial provisions for unit-linked contracts	–	–	–	–	–	–	–	–	–	–
14	**Insurance benefits and losses, net of reinsurance (9 + 10 + 11 + 12 + 13)**	**(313)**	**(371)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
15	Underwriting & policy acquisition costs, gross	(1,045)	(1,086)	–	–	–	–	–	–	–	–
16	Underwriting & policy acquisition costs, ceded	760	790	–	–	–	–	–	–	–	–
17	Underwriting & policy acquisition costs, net of reinsurance (15 + 16)	(285)	(296)	–	–	–	–	–	–	–	–
18	Administrative and other expense[2]	(46)	27	–	–	–	–	–	–	–	–
19	**Total technical expense (14 + 17 + 18) (non-life insurance only)**	**(645)**	**(640)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
20	Investment income	22	31	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
21	Investment expenses	(2)	(10)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
22	**Net investment result (20 + 21)**	**20**	**21**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
23	Net investment result on unit-linked investments	–	–	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
24	Other financial income	25	22	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
25	Other financial expense	(9)	–	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
26	**Operating result (8 + 14 + 17 + 18 + 22 + 23 + 24 + 25)**	**13**	**64**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
27	Interest expense on debt and other interest expense	(29)	(35)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
28	Other income	–	–	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
29	Other expense	–	–	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
30	Extraordinary income/expense	–	–	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
31	**Net income before taxes (26 + 27 + 28 + 29 + 30)**	**(16)**	**28**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
32	Direct tax expense	(1)	(5)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
33	**Net income after taxes (31 + 32)**	**(17)**	**23**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**

1 In 2023, LoB 'traffic' was reported under 'marine, aviation, transport' and was re-mapped to 'miscellaneous' in 2024 (GWP 2023: CHF 14.7 million).
2 Line items 7, 18: LoB allocated according to gross written premiums and policy fees.

Appendix 1: Quantitative templates (continued)

						Indirect business													
General Liability		Other		Direct non-Swiss business		Accident		Health		Motor		Marine, aviation, transport[1]		Property		Casualty		Miscellaneous	
2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**
–	–	–	–	–	–	318	417	6	7	727	643	100	67	1,690	1,406	1,344	871	31	80
–	–	–	–	–	–	(104)	(183)	–	–	(487)	(384)	(90)	(59)	(1,588)	(1,303)	(1,282)	(826)	(27)	(61)
–	–	–	–	–	–	214	234	6	7	240	259	9	8	102	103	62	46	4	18
–	–	–	–	–	–	1	(31)	–	–	(147)	(15)	(42)	4	(377)	(11)	(355)	(15)	(9)	25
–	–	–	–	–	–	12	27	–	–	156	7	39	(4)	352	4	342	15	8	(23)
–	–	–	–	–	–	227	229	6	7	250	251	6	8	76	96	49	46	4	21
–	–	–	–	–	–	–	–	–	–	1	1	–	–	2	2	1	1	–	–
–	**–**	**–**	**–**	**–**	**–**	**227**	**229**	**6**	**7**	**251**	**252**	**6**	**8**	**78**	**97**	**50**	**47**	**4**	**21**
(3)	(2)	–	–	–	–	(95)	(160)	1	(4)	(39)	(357)	7	(28)	87	(718)	1,278	(337)	29	(31)
1	1	–	–	–	–	20	92	–	–	(89)	219	(10)	24	(103)	686	(1,276)	343	(29)	24
(12)	(7)	–	–	–	–	(14)	(71)	(5)	–	(401)	(104)	(69)	12	(785)	(42)	(1,888)	(203)	(26)	27
4	3	–	–	–	–	12	37	–	–	376	80	67	(14)	759	28	1,861	159	31	(28)
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(10)	**(5)**	**–**	**–**	**–**	**–**	**(77)**	**(102)**	**(4)**	**(4)**	**(153)**	**(162)**	**(5)**	**(6)**	**(42)**	**(46)**	**(25)**	**(38)**	**4**	**(8)**
–	–	–	–	–	–	(173)	(195)	(2)	(3)	(213)	(230)	(17)	(21)	(300)	(323)	(333)	(276)	(7)	(39)
–	–	–	–	–	–	36	59	–	–	121	136	15	18	269	285	313	259	6	33
–	–	–	–	–	–	(137)	(136)	(2)	(3)	(91)	(94)	(3)	(3)	(31)	(37)	(20)	(17)	(1)	(6)
–	–	–	–	–	–	(3)	3	–	–	(8)	5	(1)	1	(18)	11	(15)	7	–	1
(10)	**(5)**	**–**	**–**	**–**	**–**	**(218)**	**(234)**	**(7)**	**(7)**	**(253)**	**(251)**	**(9)**	**(8)**	**(91)**	**(73)**	**(59)**	**(48)**	**3**	**(14)**
n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
n.a.	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
n.a.	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
n.a.	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
n.a.	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**

Appendix 1: Quantitative templates (continued)

Market conform balance sheet

in CHF millions, as of December 31	2023	Adjustments previous period	2024
Market conform value of investments			
Real estate	–	–	–
Participations	0	–	0
Fixed-income securities	797	–	930
Loans	41	–	37
Mortgages	–	–	–
Equities	–	–	–
Other investments	–	–	–
Collective investment schemes	–	–	–
Alternative investments	–	–	–
Structured products	–	–	–
Other investments	–	–	–
Total investments	**839**	**–**	**967**
Market conform value of other assets			
Receivables from derivative financial instruments	1	–	2
Deposits made under assumed reinsurance contracts	164	–	187
Cash and cash equivalents	705	–	444
Share of technical provisions from reinsurance	**3,846**	**–**	**4,268**
Direct insurance: non-life insurance business	19	–	22
Reinsurance: non-life insurance business	3,827	–	4,246
Direct insurance: health insurance business	–	–	–
Reinsurance: health insurance business	–	–	–
Direct insurance: other business	–	–	–
Reinsurance: other business	–	–	–
Fixed assets	–	–	–
Deferred acquisition costs	–	–	–
Intangible assets	–	–	–
Receivables from insurance business	252	–	309
Other receivables	13	–	0
Other assets	–	–	–
Unpaid share capital	–	–	–
Accrued assets	60	–	59
Total other assets	**5,041**	**–**	**5,268**
Total market conform value of assets	5,880	–	6,235
Market conform value of liabilities			
Best estimate of insurance liabilities	**4,357**	**–**	**4,913**
Direct insurance: non-life insurance business	52	–	58
Reinsurance: non-life insurance business	4,306	–	4,854
Direct insurance: health insurance business	–	–	–
Reinsurance: health insurance business	–	–	–
Direct insurance: other business	–	–	–
Reinsurance: other business	–	–	–
Market value margin	**22**	**–**	**20**
Market conform value of other liabilities			
Non-technical provisions	–	–	–
Interest-bearing liabilities	562	–	716
Liabilities from derivative financial instruments	1	–	1
Deposits retained on ceded reinsurance	80	–	89
Liabilities from insurance business	207	–	227
Other liabilities	14	–	4
Accrued liabilities	53	–	53
Total market conform value of liabilities	5,297	–	6,023
Market conform value of assets minus market conform value of liabilities	583	–	212

Appendix 2: Report of the statutory auditor on the ZRe financial statements

The Financial Condition Report is not audited.

The financial statements of Zurich Reinsurance Company Ltd, which comprise the income statement, balance sheet and notes to the financial statements for the year ended December 31, 2024, are audited. Please refer to the report of the auditor in the Zurich Reinsurance Company Ltd Annual Report 2024, pages 15–17.

https://www.zurich.com/en/investor-relations/results-and-reports/other-statutory-filings

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