Zurich Insurance Group

ZURICH®

Consolidated financial statements (unaudited)

Results for the three months ended March 31, 2016

Consolidated financial statements (unaudited)

Contents

Consolidated income statements

in USD millions, for the three months ended March 31	Notes	2016	2015
Revenues			
Gross written premiums		12,760	13,767
Policy fees		644	645
Gross written premiums and policy fees		13,404	14,411
Less premiums ceded to reinsurers		(1,584)	(1,624)
Net written premiums and policy fees		11,820	12,787
Net change in reserves for unearned premiums		(1,369)	(1,726)
Net earned premiums and policy fees		10,451	11,061
Farmers management fees and other related revenues		707	688
Net investment result on Group investments	3	1,734	2,133
Net investment income on Group investments		1,339	1,331
Net capital gains/(losses) and impairments on Group investments		395	802
Net investment result on unit-linked investments		570	8,673
Net gain/(loss) on divestments of businesses		47	–
Other income		319	352
Total revenues		13,828	22,907
Benefits, losses and expenses			
Insurance benefits and losses, gross of reinsurance		8,474	8,684
Less ceded insurance benefits and losses		(911)	(823)
Insurance benefits and losses, net of reinsurance		7,563	7,861
Policyholder dividends and participation in profits, net of reinsurance	5	754	8,898
Underwriting and policy acquisition costs, net of reinsurance		2,167	2,158
Administrative and other operating expense		1,813	1,882
Interest expense on debt		97	113
Interest credited to policyholders and other interest		111	115
Total benefits, losses and expenses		12,504	21,027
Net income before income taxes		1,324	1,880
Income tax (expense)/benefit	9	(398)	(609)
attributable to policyholders	9	(11)	(197)
attributable to shareholders	9	(388)	(412)
Net income after taxes		**926**	**1,271**
attributable to non-controlling interests		51	52
attributable to shareholders		875	1,219
in USD			
Basic earnings per share		5.86	8.21
Diluted earnings per share		5.85	8.14
in CHF			
Basic earnings per share		5.83	7.82
Diluted earnings per share		5.81	7.75

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

Consolidated financial statements (unaudited) *continued*

Consolidated statements of comprehensive income

in USD millions, for the three months ended March 31

	Net income attributable to shareholders	Net unrealized gains/(losses) on available-for-sale investments	Cash flow hedges
2015			
Comprehensive income for the period	1,219	863	91
Details of movements during the period			
Change (before reclassification, tax and foreign currency translation effects and after allocation to policyholders)		1,982	36
Reclassification to income statement (before tax, foreign currency translation effects and allocation to policyholders)		(644)	78
Deferred income tax (before foreign currency translation effects)		(329)	(27)
Foreign currency translation effects		(146)	4
2016			
Comprehensive income for the period	875	1,048	170
Details of movements during the period			
Change (before reclassification, tax and foreign currency translation effects and after allocation to policyholders)		1,278	186
Reclassification to income statement (before tax, foreign currency translation effects and allocation to policyholders)		(62)	(3)
Deferred income tax (before foreign currency translation effects)		(261)	(31)
Foreign currency translation effects		92	18

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

Cumulative foreign currency translation adjustment	Total other comprehensive income recycled through profit or loss	Revaluation reserve	Net actuarial gains/(losses) on pension plans	Total other comprehensive income not recycled through profit or loss	Total other comprehensive income attributable to shareholders	Total comprehensive income attributable to shareholders	Total comprehensive income attributable to non-controlling interests	Total comprehensive income
(1,455)	(501)	–	(104)	(105)	(605)	613	(139)	475
(1,455)	563	–	(313)	(313)	250			
	(566)	–	–	–	(566)			
–	(356)	–	76	76	(280)			
–	(142)	–	132	132	(9)			
416	1,634	4	(274)	(270)	1,364	2,238	150	2,388
440	1,904	5	(331)	(326)	1,578			
(24)	(89)	–	–	–	(89)			
–	(291)	(1)	80	79	(212)			
–	111	–	(23)	(23)	87			

Consolidated financial statements (unaudited) *continued*

Consolidated balance sheets

Assets

in USD millions, as of

	Notes	03/31/16	12/31/15
Investments			
Total Group investments	3	203,350	191,238
Cash and cash equivalents		11,402	8,159
Equity securities		18,365	18,873
Debt securities		145,713	137,730
Investment property		10,607	9,865
Mortgage loans		7,344	7,024
Other loans		9,900	9,569
Investments in associates and joint ventures		19	18
Investments for unit-linked contracts		127,620	126,728
Total investments		330,970	317,966
Reinsurers' share of reserves for insurance contracts	4	18,134	17,774
Deposits made under assumed reinsurance contracts		1,803	1,708
Deferred policy acquisition costs	6	17,987	17,677
Deferred origination costs	6	501	506
Accrued investment income [1]		1,712	1,727
Receivables and other assets		19,390	14,930
Deferred tax assets		1,248	1,455
Assets held for sale [2]		134	10
Property and equipment		1,076	1,140
Attorney-in-fact contracts		1,025	1,025
Goodwill	7	1,678	1,289
Other intangible assets	7	4,970	4,766
Total assets		**400,630**	**381,972**

[1] Accrued investment income on unit-linked investments amounted to USD 148 million and USD 106 million as of March 31, 2016 and December 31, 2015, respectively.
[2] March 31, 2016 included land and buildings formerly classified as investment property and held for own use amounting to USD 20 million and USD 115 milion, respectively. December 31, 2015 included land and buildings formerly classified as investment property amounting to USD 10 million.

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

Liabilities and equity

in USD millions, as of

	Notes	03/31/16	12/31/15
Liabilities			
Reserve for premium refunds		502	537
Liabilities for investment contracts		71,301	70,627
Deposits received under ceded reinsurance contracts		929	903
Deferred front-end fees		5,317	5,299
Reserves for insurance contracts	4	248,310	237,622
Obligations to repurchase securities		1,492	1,596
Accrued liabilities		2,695	2,849
Other liabilities		21,017	15,051
Deferred tax liabilities		4,714	4,498
Senior debt	10	4,680	4,471
Subordinated debt	10	6,970	5,614
Total liabilities		**367,928**	**349,069**
Equity			
Share capital		11	11
Additional paid-in capital		1,342	3,245
Net unrealized gains/(losses) on available-for-sale investments		3,603	2,556
Cash flow hedges		464	294
Cumulative foreign currency translation adjustment		(8,932)	(9,347)
Revaluation reserve		232	228
Retained earnings		34,148	34,192
Shareholders' equity		30,869	31,178
Non-controlling interests		1,833	1,725
Total equity		**32,702**	**32,904**
Total liabilities and equity		**400,630**	**381,972**

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

Consolidated financial statements (unaudited) *continued*

Consolidated statements of cash flows

in USD millions, for the three months ended March 31	**2016**	2015
Cash flows from operating activities		
Net income attributable to shareholders	875	1,219
Adjustments for:		
Net (gain)/loss on divestments of businesses	(47)	–
(Income)/expense from equity method accounted investments	–	(1)
Depreciation, amortization and impairments of fixed and intangible assets	182	197
Other non-cash items	255	(18)
Underwriting activities:	2,155	10,968
Reserves for insurance contracts, gross	*2,012*	*6,297*
Reinsurers' share of reserves for insurance contracts	*(62)*	*(204)*
Liabilities for investment contracts	*464*	*5,176*
Deferred policy acquisition costs	*(191)*	*(393)*
Deferred origination costs	*9*	*11*
Deposits made under assumed reinsurance contracts	*(75)*	*110*
Deposits received under ceded reinsurance contracts	*(3)*	*(29)*
Investments:	(1,082)	(8,350)
Net capital (gains)/losses on total investments and impairments	*(598)*	*(9,073)*
Net change in derivatives	*(99)*	*109*
Net change in money market investments	*(33)*	*617*
Sales and maturities		
Debt securities	*18,275*	*23,086*
Equity securities	*11,761*	*16,938*
Other	*1,549*	*2,150*
Purchases		
Debt securities	*(18,420)*	*(22,697)*
Equity securities	*(11,770)*	*(17,555)*
Other	*(1,747)*	*(1,925)*
Net changes in sale and repurchase agreements	(99)	279
Movements in receivables and payables	676	(148)
Net changes in other operational assets and liabilities	(784)	(335)
Deferred income tax, net	66	149
Net cash provided by/(used in) operating activities	2,196	3,959

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

in USD millions, for the three months ended March 31	**2016**	2015
Cash flows from investing activities		
Disposals of tangible and intangible assets	6	4
Additions to tangible and intangible assets	(123)	(126)
Acquisitions of companies, net of cash acquired	(527)	–
Divestments of companies, net of cash divested	(48)	–
Net cash provided by/(used in) investing activities	(692)	(122)
Cash flows from financing activities		
Dividends paid	–	(2)
Issuance of share capital	13	33
Net movement in treasury shares	7	10
Issuance of debt	1,207	–
Net cash provided by/(used in) financing activities	1,227	41
Foreign currency translation effects on cash and cash equivalents	329	(415)
Change in cash and cash equivalents	3,060	3,463
Cash and cash equivalents as of January 1	9,193	8,776
Cash and cash equivalents as of March 31	**12,253**	**12,239**
of which:		
– Group investments	11,402	11,051
– Unit-linked	852	1,188
Other supplementary cash flow disclosures		
Other interest income received	1,332	1,391
Dividend income received	344	339
Other interest expense paid	(123)	(123)
Income taxes paid	(236)	(176)

Cash and cash equivalents

in USD millions, as of March 31	**2016**	2015
Cash and cash equivalents comprise the following:		
Cash at bank and in hand	10,515	9,633
Cash equivalents	1,738	2,606
Total[1]	**12,253**	**12,239**

[1] Includes cash and cash equivalents for unit-linked contracts of USD 852 million and USD 1,188 million as of March 31, 2016 and 2015, respectively.

As of March 31, 2016 and 2015, cash and cash equivalents held to meet local regulatory requirements were USD 763 million and USD 690 million, respectively.

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

Consolidated financial statements (unaudited) *continued*

Consolidated statements of changes in equity

in USD millions

	Share capital	Additional paid-in capital
Balance as of December 31, 2014	11	4,843
Issuance of share capital[1]	–	180
Dividends to shareholders	–	–
Share-based payment transactions	–	(129)
Treasury share transactions[2]	–	2
Total comprehensive income for the period, net of tax	–	–
Net income	–	–
Net unrealized gains/(losses) on available-for-sale investments	–	–
Cash flow hedges	–	–
Cumulative foreign currency translation adjustment	–	–
Revaluation reserve	–	–
Net actuarial gains/(losses) on pension plans	–	–
Net changes in capitalization of non-controlling interests	–	–
Balance as of March 31, 2015	11	4,895
Balance as of December 31, 2015	11	3,245
Issuance of share capital[1]	–	16
Dividends to shareholders[3]	–	(1,949)
Share-based payment transactions	–	12
Treasury share transactions[2]	–	19
Change in ownership interests with no loss of control	–	–
Total comprehensive income for the period, net of tax	–	–
Net income	–	–
Net unrealized gains/(losses) on available-for-sale investments	–	–
Cash flow hedges	–	–
Cumulative foreign currency translation adjustment	–	–
Revaluation reserve	–	–
Net actuarial gains/(losses) on pension plans	–	–
Net changes in capitalization of non-controlling interests	–	–
Balance as of March 31, 2016	**11**	**1,342**

[1] The number of common shares issued as of March 31, 2016 was 150,479,943 (March 31, 2015: 150,320,897, December 31, 2015: 150,404,964, December 31, 2014: 149,636,836).
[2] The number of treasury shares deducted from equity as of March 31, 2016 amounted to 1,233,571 (March 31, 2015: 1,272,711, December 31, 2015: 1,243,931, December 31, 2014: 1,292,220).
[3] As approved by the Annual General Meeting on March 30, 2016, the dividend of CHF 17 per share was paid out of the capital contribution reserve on April 5, 2016. The difference between the respective amounts of the dividend at transaction day exchange rate amounting to USD 2,643 million and at historical exchange rates are reflected in the cumulative foreign currency translation adjustment.

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

Net unrealized gains/(losses) on available-for-sale investments	Cash flow hedges	Cumulative foreign currency translation adjustment	Revaluation reserve	Retained earnings	Shareholders' equity	Non-controlling interests	Total equity
4,068	306	(6,313)	218	31,602	34,735	2,095	36,830
–	–	–	–	–	180	–	180
–	–	–	–	–	–	(2)	(2)
–	–	–	–	–	(129)	–	(129)
–	–	–	–	8	10	–	10
863	91	(1,455)	–	1,114	613	(139)	475
–	–	–	–	*1,219*	*1,219*		
863	–	–	–	–	*863*		
–	*91*	–	–	–	*91*		
–	–	*(1,455)*	–	–	*(1,455)*		
–	–	–	–	–	–		
–	–	–	–	*(104)*	*(104)*		
–	–	–	–	–	–	–	–
4,931	397	(7,768)	218	32,726	35,410	1,953	37,363
2,556	294	(9,347)	228	34,192	31,178	1,725	32,904
–	–	–	–	–	16	–	16
–	–	–	–	(653)	(2,602)	–	(2,602)
–	–	–	–	–	12	–	12
–	–	–	–	6	25	–	25
–	–	–	–	2	2	–	2
1,048	170	416	4	601	2,238	150	2,388
–	–	–	–	*875*	*875*		
1,048	–	–	–	–	*1,048*		
–	*170*	–	–	–	*170*		
–	–	*416*	–	–	*416*		
–	–	–	*4*	–	*4*		
–	–	–	–	*(274)*	*(274)*		
–	–	–	–	–	–	(42)	(42)
3,603	**464**	**(8,932)**	**232**	**34,148**	**30,869**	**1,833**	**32,702**

Consolidated financial statements (unaudited) *continued*

Zurich Insurance Group Ltd and its subsidiaries (collectively the Group) is a provider of insurance products and related services. The Group mainly operates in Europe, North America, Latin America and Asia Pacific through subsidiaries, as well as branch and representative offices.

Zurich Insurance Group Ltd, a Swiss corporation, is the holding company of the Group and its shares are listed on the SIX Swiss Exchange. Zurich Insurance Group Ltd was incorporated on April 26, 2000, in Zurich, Switzerland. It is recorded in the Commercial Register of the Canton of Zurich under its registered address at Mythenquai 2, 8002 Zurich.

1. Basis of presentation

General information

The unaudited consolidated financial statements for the three months to March 31, 2016 of the Group have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting". The accounting policies used to prepare the unaudited consolidated financial statements comply with International Financial Reporting Standards (IFRS), and are consistent with those set out in the notes to the consolidated financial statements in the Annual Report 2015 of the Group.

The accounting policies applied by the reportable segments are the same as those applied by the Group. The Group accounts for inter-segment revenues and transfers as if the transactions were with third parties at current market prices. Dividends, realized capital gains and losses as well as gains and losses on the transfer of net assets, are eliminated within the segment, whereas all other intercompany gains and losses are eliminated at Group level. In the consolidated financial statements, inter-segment revenues and transfers are eliminated.

The unaudited consolidated financial statements for the three months to March 31, 2016 should be read in conjunction with the Group's Annual Report 2015.

Certain amounts recorded in the unaudited consolidated financial statements reflect estimates and assumptions made by management about insurance liability reserves, investment valuations, interest rates and other factors. Actual results may differ from the estimates and assumptions made. Interim results are not necessarily indicative of full year results.

All amounts in the consolidated financial statements, unless otherwise stated, are shown in U.S. dollars, rounded to the nearest million with the consequence that the rounded amounts may not add to the rounded total in all cases. All ratios and variances are calculated using the underlying amounts rather than the rounded amounts.

Table 1.1 summarizes the principal exchange rates used for translation purposes. Net gains/(losses) on foreign currency transactions included in the consolidated income statements were USD 36 million and USD 133 million for the three months ended March 31, 2016 and 2015, respectively. Foreign currency exchange forward and swap gains/(losses) included in these amounts were USD (33) million and USD 210 million for the three months ended March 31, 2016 and 2015, respectively.

Principal exchange rates

Table 1.1

USD per foreign currency unit	Consolidated balance sheets at end-of-period exchange rates		Consolidated income statements and cash flows at average exchange rates	
	03/31/16	12/31/15	**03/31/16**	03/31/15
Euro	1.1389	1.0862	1.1023	1.1291
Swiss franc	1.0434	0.9988	1.0061	1.0504
British pound	1.4400	1.4749	1.4302	1.5157
Brazilian real	0.2818	0.2525	0.2567	0.3519

Standards, amendments and interpretations effective or early adopted as of January 1, 2016 and relevant for the Group's operations

Table 1.2 shows new accounting standards or amendments to and interpretations of standards relevant to the Group that have been implemented for the financial year beginning January 1, 2016, with no material impact on the Group's financial position or performance. In addition to the standards and amendments listed in table 1.2 the Group also incorporated amendments resulting from the IASB annual improvements project, which relate primarily to disclosure enhancements.

Table 1.2

Standard/Interpretation

		Effective date
Amended Standards		
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	January 1, 2016
IAS 1	Disclosure initiative	January 1, 2016
IAS 16/IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	January 1, 2016

Standards, amendments and interpretations issued that are not yet effective nor yet adopted by the Group

Table 1.3 shows new accounting standards or amendments to and interpretations of standards relevant to the Group, which are not yet effective and are not expected to have a material impact on the Group's financial position or performance unless stated otherwise.

Table 1.3

Standard/Interpretation

		Effective date
New Standards		
IFRS 9	Financial Instruments	January 1, 2018
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
IFRS 16	Leases	January 1, 2019
Amended Standards		
IAS 7	Disclosure Initiative	January 1, 2017
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	January 1, 2017

The implementation of IFRS 9 is expected to result in a significant portion of financial assets currently classified as available-for-sale being re-classified as at fair value through profit or loss. Credit allowances for financial assets carried at amortized cost and debt securities measured at fair value, with changes in fair value recognized in other comprehensive income (OCI), are expected to increase due to the introduction of the expected credit loss methodology. Upon implementation of the revised standard IFRS 4 'Insurance Contracts', more assets may be classified as at fair value through profit or loss under the fair value option.

The Group expects IFRS 16 to impact the accounting of contracts where it acts as a lessee (and intermediate lessor), especially on real estate, which is not expected to have a material impact on the total amount of liabilities.

Consolidated financial statements (unaudited) *continued*

2. Acquisitions and divestments

Transactions in 2016

Acquisitions

Rural Community Insurance Services (RCIS)

On March 31, 2016 the Group completed the acquisition of 100 percent of Rural Community Insurance Agency, Inc. (RCIA) and its fully owned subsidiary Rural Community Insurance Company (RCIC) from Wells Fargo & Company (Wells Fargo). RCIA and RCIC are collectively known as Rural Community Insurance Services (RCIS), a provider of agricultural insurance in the United States through a federal crop insurance program and other private crop insurance products.

The initial consideration paid in cash by the Group amounted to USD 698 million, which is subject to final purchase price and other adjustments.

Based on the initial purchase accounting, the fair value of net tangible assets acquired is estimated to be approximately USD 239 million and identifiable intangible assets estimated at USD 101 million which mainly consists of the agent relationships. Residual goodwill amounted to USD 359 million, which will be deductible for tax purposes.

The goodwill represents the value of the RCIS workforce and management, the capabilities and related know-how of RCIS to participate in the federal crop insurance program and future growth opportunities. A 25 percent quota share reinsurance contract was in place between RCIS and the Group before the transaction.

Table 2.1 shows the main balance sheet line items as of the acquisition date, representing the preliminary fair value of RCIS net tangible assets acquired, intangible assets and goodwill gross of the 25 percent quota share reinsurance contract.

RCIS preliminary Balance Sheet as of the acquisition date

Table 2.1

in USD millions, as of	03/31/16
Cash and cash equivalents	183
Reinsurers' share of reserves for insurance contracts	130
Receivables and other assets	3,164
Deferred tax assets	3
Goodwill	359
Other intangible assets	101
Total assets	**3,939**
Reserves for insurance contracts	1,288
Other Liabilities	1,952
Liabilities acquired	**3,241**
Total acquisition costs	**698**

The Group consolidated income statement for the three month period ended March 31, 2016, includes no results related to the acquisition. Table 2.2 represents proforma unaudited US GAAP results of RCIS on a full year basis, as IFRS information is not available. The information is deemed to be a reasonable approximation to using IFRS standards, and does not adjust for the impact of the 25 percent quota share reinsurance contract between RCIS and the Group that existed prior to the acquisition.

Proforma unaudited US GAAP results of RCIS on a full year basis

Table 2.2

in USD millions, for the year ended December 31	2015
Gross written premium for 12 months	1,940
Net income after taxes for 12 months	32

In addition, transaction related costs of USD 1 million are included in other administrative expenses for the three months ended March 31, 2016, and have been excluded from BOP. Similarly, for the year ended December 31, 2015, USD 6 million transaction related costs have been excluded from BOP.

Macquarie Life Insurance Business

On March 4, 2016, the Group signed an agreement to acquire the Australian Macquarie Life insurance business from the Macquarie Group, a financial group based in Australia. The transaction involves the transfer of Macquarie's retail life insurance protection business together with its assets, liabilities and employees for a total consideration of approximately USD 307 million subject to a price adjustment mechanism. The transaction is subject to regulatory and court approvals and is expected to complete in the second half of 2016.

Kono Insurance Limited

On January 29, 2016, the Group completed the acquisition of 100 percent of Kono Insurance Limited, a general insurance company incorporated in Hong Kong, for approximately USD 27 million subject to a purchase price adjustment post closing. Based on the preliminary purchase accounting, net tangible assets acquired amounted to USD 13 million and identifiable intangible assets amounted to USD 1 million. Residual goodwill of USD 13 million reflects the expected future growth opportunities.

Loss of control

On February 12, 2016, the Group entered into a forward sale agreement, to sell its controlling interest in a UK based distributor of the Global Life business, for a fixed sales price of USD 1 by March 1, 2020 at the latest. Therefore, the Group is deemed to have lost control from an accounting perspective and has derecognized the assets and liabilities at their carrying amount. A USD 47 million gain has been recorded within net gain on divestments of businesses.

Transactions in 2015

In September 2015, the Group increased its shareholding in Zurich Insurance Company South Africa Limited (ZICSA) from 84.05 percent to 100 percent for a total consideration of approximately USD 34 million. Subsequently the ZICSA shares were delisted from the Johannesburg Stock Exchange.

Consolidated financial statements (unaudited) *continued*

3. Group investments

Group investments are those for which the Group bears part or all of the investment risk. They also include investments related to investment contracts with discretionary participation features.

Net investment result on Group investments

Table 3.1

in USD millions, for the three months ended March 31	Net investment income		Net capital gains/(losses) and impairments		Net investment result		of which impairments	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
Cash and cash equivalents	2	9	–	–	2	9	–	–
Equity securities	96	87	(79)	292	17	379	(68)	(34)
Debt securities	1,000	994	259	558	1,259	1,552	–	(2)
Investment property	132	122	160	9	292	131	–	–
Mortgage loans	55	64	–	(15)	56	49	–	(15)
Other loans	108	115	–	4	108	119	(1)	–
Investments in associates and joint ventures	–	1	–	–	–	1	–	–
Derivative financial instruments[1]	–	–	56	(46)	56	(46)	–	–
Investment result, gross, for Group investments	1,394	1,392	395	802	1,790	2,194	(68)	(51)
Investment expenses for Group investments[2]	(56)	(61)	–	–	(56)	(61)	–	–
Investment result, net, for Group investments	1,339	1,331	395	802	1,734	2,133	(68)	(51)

[1] Net capital gains/(losses) on derivative financial instruments attributable to cash flow hedge ineffectiveness amounted to USD (21) million and USD (8) million for the three months ended March 31, 2016 and 2015, respectively.
[2] Rental operating expenses for investment property included in investment expenses for Group investments amounted to USD 16 million and USD 15 million for the three months ended March 31, 2016 and 2015, respectively.

Details of Group investments by category

Table 3.2

as of	03/31/2016		12/31/2015	
	USD millions	**% of total**	USD millions	% of total
Cash and cash equivalents	11,402	5.6	8,159	4.3
Equity securities:				
Fair value through profit or loss	3,260	1.6	3,519	1.8
Available-for-sale	15,105	7.4	15,354	8.0
Total equity securities	18,365	9.0	18,873	9.9
Debt securities:				
Fair value through profit or loss	6,077	3.0	6,180	3.2
Available-for-sale	136,758	67.3	128,181	67.0
Held-to-maturity	2,879	1.4	3,369	1.8
Total debt securities	145,713	71.7	137,730	72.0
Investment property	10,607	5.2	9,865	5.2
Mortgage loans	7,344	3.6	7,024	3.7
Other loans	9,900	4.9	9,569	5.0
Investments in associates and joint ventures	19	0.0	18	0.0
Total Group investments	**203,350**	**100.0**	**191,238**	**100.0**

Investments (including cash and cash equivalents) with a carrying value of USD 6,930 million and USD 6,492 million were held to meet local regulatory requirements as of March 31, 2016 and December 31, 2015, respectively.

Net unrealized gains/(losses) on Group investments included in equity

Table 3.3

in USD millions, as of	Total 03/31/2016	12/31/2015
Equity securities: available-for-sale	749	1,219
Debt securities: available-for-sale	12,575	8,724
Other	574	366
Gross unrealized gains/(losses) on Group investments	13,898	10,309
Less amount of unrealized gains/(losses) on investments attributable to:		
Life policyholder dividends and other policyholder liabilities	(7,607)	(5,814)
Life deferred acquisition costs and present value of future profits	(879)	(654)
Deferred income taxes	(1,302)	(968)
Non-controlling interests	(43)	(23)
Total[1]	**4,068**	**2,850**

[1] Net unrealized gains/(losses) on Group investments include net gains arising on cash flow hedges of USD 464 million and USD 294 million as of March 31, 2016 and December 31, 2015, respectively.

Securities lending, repurchase and reverse repurchase agreements

Table 3.4

in USD millions, as of	03/31/2016	12/31/2015
Securities lending agreements		
Securities lent under securities lending agreements[1]	4,033	4,527
Collateral received for securities lending	4,377	4,909
of which: Cash collateral	110	93
of which: Non cash collateral[2]	4,267	4,815
Liabilities for cash collateral received for securities lending	110	93
Repurchase agreements		
Securities sold under repurchase agreements[3]	1,499	1,596
Obligations to repurchase securities	1,492	1,596
Reverse repurchase agreements		
Securities purchased under reverse repurchase agreements[4]	113	194
Receivables under reverse repurchase agreements	110	193

[1] The Group's counterparties had the right to sell or repledge, in the absence of default, assets pledged as collateral with a fair value of USD 4,033 million and USD 4,527 million as of March 31, 2016 and December 31, 2015, respectively. The majority of these assets were debt securities.
[2] The Group had the right to sell or repledge, in the absence of default by its counterparties, securities received as collateral with a fair value of USD 3,969 million and USD 4,573 million as of March 31, 2016 and December 31, 2015, respectively.
[3] The Group's counterparties had the right to sell or repledge, in the absence of default, assets pledged as collateral with a fair value of USD 906 million and USD 997 million as of March 31, 2016 and December 31, 2015, respectively. The majority of these assets were debt securities.
[4] The Group had the right to sell or repledge, in the absence of default by its counterparties, securities received as collateral with a fair value of nil and USD 99 million as of March 31, 2016 and December 31, 2015, repectively.

Consolidated financial statements (unaudited) *continued*

4. Reserves for insurance contracts and reinsurers' share of reserves for insurance contracts

Reserves for insurance contracts

Table 4.1

in USD millions, as of	Gross		Ceded		Net	
	03/31/16	12/31/15	**03/31/16**	12/31/15	**03/31/16**	12/31/15
Reserves for losses and loss adjustment expenses[1]	64,811	62,971	(9,340)	(9,231)	55,471	53,739
Reserves for unearned premiums	17,965	16,230	(2,900)	(2,681)	15,065	13,549
Future life policyholder benefits	75,922	71,952	(4,032)	(4,016)	71,891	67,935
Policyholder contract deposits and other funds	24,045	22,076	(1,964)	(1,956)	22,081	20,121
Reserves for unit-linked contracts	65,566	64,393	–	–	65,566	64,393
Total reserves for insurance contracts[2]	**248,310**	**237,622**	**(18,235)**	**(17,885)**	**230,075**	**219,737**

[1] Includes on a net basis USD 2.6 billion and USD 2.5 billion of discounted reserves for losses and loss adjustment expenses as of March 31, 2016 and December 31, 2015, respectively.
[2] Total reserves for insurance contracts ceded are gross of allowances for uncollectible amounts of USD 101 million and USD 111 million as of March 31, 2016 and December 31, 2015, respectively.

Development of reserves for losses and loss adjustment expenses

Table 4.2

in USD millions	Gross		Ceded		Net	
	2016	2015	**2016**	2015	**2016**	2015
As of January 1	62,971	64,472	(9,231)	(9,770)	53,739	54,703
Losses and loss adjustment expenses incurred:						
Current year	5,323	5,693	(680)	(693)	4,643	5,000
Prior years	(60)	(129)	(21)	19	(81)	(111)
Total incurred	5,263	5,564	(701)	(674)	4,562	4,890
Losses and loss adjustment expenses paid:						
Current year	(890)	(978)	85	33	(805)	(945)
Prior years	(4,263)	(4,586)	600	709	(3,663)	(3,877)
Total paid	(5,153)	(5,564)	685	742	(4,468)	(4,822)
Acquisitions/(divestments) and transfers[1]	922	–	(4)	(44)	918	(44)
Foreign currency translation effects	809	(1,957)	(89)	249	720	(1,707)
As of March 31	**64,811**	**62,516**	**(9,340)**	**(9,497)**	**55,471**	**53,019**

[1] The 2016 net movement includes USD 878 million relating to the acquisition of RCIS, net of a 25% quota share reinsurance contract (see note 2) and USD 40 million relating to the acquisition of Kono Insurance Limited (see note 2). The 2015 net movement includes USD (44) million relating to a reinsurance agreement which transferred the benefits and risks of some of the Group's general insurance portfolio to a third party.

The Group establishes loss reserves, which are estimates of future payments of reported and unreported claims for losses and related expenses, with respect to insured events that have occurred. Reserving is a complex process dealing with uncertainty, requiring the use of informed estimates and judgments. Any changes in estimates or judgments are reflected in the results of operations in the period in which estimates and judgments are changed.

Significant delays may occur in the notification and settlement of claims, and a substantial measure of experience and judgment is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as of the balance sheet date. The reserves for losses and loss adjustment expenses are determined on the basis of information currently available. However, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent developments.

The increase of USD 1,732 million during the first three months of 2016 in net reserves for losses and loss adjustment expenses is mostly driven by an increase of USD 878 million relating to the acquisition of RCIS and USD 720 million for foreign currency translation effects. Favorable reserve development arising from reserves established in prior years amounted to USD 81 million for the first three months of 2016, mainly driven by North America Commercial and Global Corporate, partially offset by strengthening in Group Reinsurance.

The decrease of USD 1,683 million during the first three months of 2015 in net reserves for losses and loss adjustment expenses is mostly driven by a decrease of USD 1,707 million for foreign currency translation effects. Favorable reserve development arising from reserves established in prior years amounted to USD 111 million for the first three months of 2015, mainly driven by a reduction in large losses in the UK, a reduction in case reserves in motor third party liability in Switzerland and favorable claims experience in Italy. In addition, there is favorable prior year development relating to large losses in surety in North America Commercial.

Table 4.3

Development of future life policyholder benefits

in USD millions	Gross		Ceded		Net	
	2016	2015	**2016**	2015	**2016**	2015
As of January 1	71,952	77,652	(4,016)	(2,441)	67,935	75,211
Premiums	3,265	3,078	(151)	(148)	3,114	2,929
Claims	(2,289)	(2,316)	161	122	(2,129)	(2,194)
Fee income and other expenses	(833)	(724)	11	17	(822)	(707)
Interest and bonuses credited to policyholders	721	703	(49)	(31)	673	672
Changes in assumptions	–	80	–	–	–	80
Acquisitions/(divestments) and transfers[1]	–	(899)	–	–	–	(899)
Increase/(decrease) recorded in other comprehensive income	153	387	–	–	153	387
Foreign currency translation effects	2,953	(5,134)	13	95	2,965	(5,039)
As of March 31	**75,922**	**72,827**	**(4,032)**	**(2,385)**	**71,891**	**70,442**

[1] The 2015 net movement relates to USD (490) million transferred to Banco Santander S.A., which was previously managed on a fiduciary and ring-fenced basis, and USD (409) million reclassified to policyholder contract deposits and other funds.

Table 4.4

Policyholder contract deposits and other funds gross

in USD millions, as of	**03/31/2016**	12/31/2015
Universal life and other contracts	12,407	12,120
Policyholder dividends	11,638	9,957
Total	**24,045**	**22,076**

Table 4.5

Development of policyholder contract deposits and other funds

in USD millions	Gross		Ceded		Net	
	2016	2015	**2016**	2015	**2016**	2015
As of January 1	22,076	23,415	(1,956)	(1,994)	20,121	21,421
Premiums	277	270	(14)	(14)	263	256
Claims	(314)	(298)	48	47	(266)	(251)
Fee income and other expenses	(93)	(102)	(23)	(1)	(116)	(102)
Interest and bonuses credited to policyholders	158	335	(19)	(18)	139	317
Acquisitions/(divestments) and transfers[1]	–	409	–	–	–	409
Increase/(decrease) recorded in other comprehensive income	1,213	1,807	–	–	1,213	1,807
Foreign currency translation effects	727	(1,551)	–	–	727	(1,551)
As of March 31	**24,045**	**24,285**	**(1,964)**	**(1,979)**	**22,081**	**22,305**

[1] The 2015 net movement relates to USD 409 million reclassified from future life policyholder benefits.

Consolidated financial statements (unaudited) *continued*

5. Policyholder dividends and participation in profits

Policyholder dividends and participation in profits

Table 5

in USD millions, for the three months ended March 31	**2016**	2015
Change in policyholder contract deposits and other funds	137	294
Change in reserves for unit-linked products	552	4,169
Change in liabilities for investment contracts – unit-linked	30	4,525
Change in liabilities for investment contracts – other	52	70
Change in unit-linked liabilities related to UK capital gains tax	(17)	(159)
Total policyholder dividends and participation in profits	**754**	**8,898**

6. Deferred policy acquisition costs and deferred origination costs

Development of deferred policy acquisition costs

Table 6.1

in USD millions	General Insurance		Global Life		Other segments[1]		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
As of January 1	4,226	3,984	13,298	13,584	153	182	17,677	17,750
Acquisition costs deferred	1,086	1,040	408	478	97	111	1,590	1,628
Amortization	(939)	(829)	(358)	(290)	(102)	(116)	(1,399)	(1,235)
Amortization (charged)/ credited to other comprehensive income	–	–	(183)	(254)	–	–	(183)	(254)
Acquisitions/(divestments) and transfers[2]	(4)	–	(16)	–	20	–	–	–
Foreign currency translation effects	97	(115)	205	(910)	1	–	302	(1,026)
As of March 31	**4,465**	**4,078**	**13,353**	**12,607**	**168**	**177**	**17,987**	**16,862**

[1] Net of eliminations from inter-segment transactions.
[2] The 2016 General Insurance movement of USD 4 million relates to a portfolio transfer of Zurich Australian Insurance Limited to Non-Core Business and the 2016 Global Life movement of USD 16 million relates to the portfolio transfer of Zurich Life Insurance Singapore Pte Ltd to Non-Core Business.

As of March 31, 2016, December 31, 2015 and March 31, 2015, deferred policy acquisition costs relating to non-controlling interests were USD 367 million, USD 326 million and USD 372 million, respectively.

Development of deferred origination costs

Table 6.2

in USD millions	**2016**	2015
As of January 1	506	595
Origination costs deferred	9	11
Amortization	(18)	(22)
Foreign currency translation effects	4	(43)
As of March 31	**501**	**541**

Consolidated financial statements (unaudited) *continued*

7. Attorney-in-fact contracts, goodwill and other intangible assets

Intangible assets – current period

Table 7.1

in USD millions	Attorney-in-fact relationships	Goodwill	PVFP	Distribution agreements	Software	Other	Total
Gross carrying value as of January 1, 2016	**1,025**	**1,667**	**2,501**	**3,715**	**4,672**	**173**	**13,753**
Less: accumulated amortization/ impairments	–	(378)	(2,035)	(963)	(3,167)	(130)	(6,673)
Net carrying value as of January 1, 2016	**1,025**	**1,289**	**466**	**2,752**	**1,505**	**43**	**7,080**
Additions and transfers	–	372	–	3	76	100	550
Divestments and transfers	–	–	–	(2)	(10)	–	(13)
Amortization[1]	–	–	(19)	(45)	(78)	(1)	(143)
Amortization charged to other comprehensive income	–	–	(8)	–	–	–	(8)
Foreign currency translation effects	–	18	12	153	24	–	207
Net carrying value as of March 31, 2016	**1,025**	**1,678**	**451**	**2,860**	**1,517**	**142**	**7,674**
Plus: accumulated amortization/ impairments	–	344	2,075	1,063	3,106	132	6,720
Gross carrying value as of March 31, 2016	**1,025**	**2,023**	**2,526**	**3,923**	**4,623**	**274**	**14,394**

[1] Amortization of distribution agreements is included within underwriting and policy acquisition costs.

As of March 31, 2016, intangible assets relating to non-controlling interests were USD 91 million for the present value of future profits (PVFP) of acquired insurance contracts, USD 1,267 million for distribution agreements and USD 15 million for software.

As a result of the acquisition of RCIS intangible assets of USD 459 million were acquired, thereof goodwill of USD 359 million and other intangible assets of USD 101 million (see note 2). An additional increase of goodwill of USD 13 million relates to the acquisition of Kono Insurance Limited (see note 2).

Intangible assets by segment – current period

Table 7.2

in USD millions, as of March 31, 2016	Attorney-in-fact relationship	Goodwill	PVFP	Distribution agreements	Software	Other	Total
General Insurance	–	854	–	733	646	141	2,374
Global Life	–	5	451	2,127	388	1	2,972
Farmers	1,025	819	–	–	357	–	2,201
Other Operating Businesses	–	–	–	–	126	–	126
Net carrying value as of March 31, 2016	**1,025**	**1,678**	**451**	**2,860**	**1,517**	**142**	**7,674**

Intangible assets – prior period

Table 7.3

in USD millions	Attorney-in-fact relationships	Goodwill	PVFP	Distribution agreements	Software	Other	Total
Gross carrying value as of January 1, 2015	**1,025**	**1,778**	**2,701**	**4,480**	**4,588**	**186**	**14,760**
Less: accumulated amortization/ impairments	–	(117)	(2,145)	(903)	(3,046)	(133)	(6,344)
Net carrying value as of January 1, 2015	**1,025**	**1,661**	**556**	**3,577**	**1,543**	**53**	**8,415**
Additions and transfers	–	–	–	4	72	–	76
Amortization	–	–	(17)	(57)	(80)	(1)	(155)
Amortization charged to other comprehensive income	–	–	(15)	–	–	–	(15)
Foreign currency translation effects	–	(78)	(40)	(395)	(49)	(4)	(566)
Net carrying value as of March 31, 2015	**1,025**	**1,583**	**484**	**3,129**	**1,484**	**48**	**7,755**
Plus: accumulated amortization/ impairments	–	108	2,052	853	2,983	125	6,121
Gross carrying value as of March 31, 2015	**1,025**	**1,691**	**2,537**	**3,982**	**4,467**	**173**	**13,876**

As of March 31, 2015, intangible assets relating to non-controlling interests were USD 103 million for the present value of future profits (PVFP) of acquired insurance contracts, USD 1,356 million for distribution agreements and USD 14 million for software.

Intangible assets by segment – prior period

Table 7.4

in USD millions, as of December 31, 2015	Attorney-in-fact relationships	Goodwill	PVFP	Distribution agreements	Software	Other	Total
General Insurance	–	465	–	713	629	42	1,849
Global Life	–	5	466	2,039	394	1	2,905
Farmers	1,025	819	–	–	353	–	2,197
Other Operating Businesses	–	–	–	–	129	–	129
Net carrying value as of December 31, 2015	**1,025**	**1,289**	**466**	**2,752**	**1,505**	**43**	**7,080**

Consolidated financial statements (unaudited) *continued*

8. Restructuring provisions

Restructuring provisions

Table 8

in USD millions	2016	2015
As of January 1	386	125
Provisions made during the period	24	–
Increase of provisions set up in prior years	34	4
Provisions used during the period	(83)	(24)
Provisions reversed during the period	(7)	(3)
Foreign currency translation effects	22	(5)
As of March 31	**376**	**95**

During the three months ended March 31, 2016, restructuring programs with estimated costs of USD 24 million were announced and impacted mainly General Insurance in North America and Europe. USD 27 million related to net increases of provisions for restructuring which were initiated in prior years.

During the three months ended March 31, 2015, no new restructuring programs were initiated. Net increases of provisions for restructuring which were initiated in prior years were nil.

9. Income taxes

Income tax expense – current/deferred split

Table 9.1

in USD millions, for the three months ended March 31	2016	2015
Current	332	461
Deferred	66	149
Total income tax expense/(benefit)	**398**	**609**

Expected and actual income tax expense

Table 9.2

in USD millions, for the three months ended March 31	Rate	2016	Rate	2015
Net income before income taxes		1,324		1,880
less: income tax (expense)/benefit attributable to policyholders		(11)		(197)
Net income before income taxes attributable to shareholders		1,314		1,683
Expected income tax expense attributable to shareholders computed at the Swiss statutory tax rate	22.0%	289	22.0%	370
Increase/(reduction) in taxes resulting from:				
Tax rate differential in foreign jurisdictions		*84*		*77*
Tax exempt and lower taxed income		*(8)*		*(28)*
Non-deductible expenses		*19*		*14*
Tax losses not recognized		*(20)*		*(3)*
Prior year adjustments and other		*24*		*(18)*
Actual income tax expense attributable to shareholders	**29.5%**	**388**	**24.5%**	**412**
plus: income tax expense/(benefit) attributable to policyholders		11		197
Actual income tax expense	30.1%	398	32.4%	609

Table 9.2 sets out the factors that cause the actual income tax expense to differ from the expected expense computed by applying the Swiss statutory tax rate of 22.0 percent, which is the rate applicable in the jurisdiction where the ultimate parent company is resident.

The Group is required to record taxes on policyholder earnings for life insurance policyholders in certain jurisdictions. Accordingly, the income tax expense or benefit attributable to these life insurance policyholder earnings is included in income tax expense. In certain jurisdictions an accrual for future policy fees that will cover the tax charge is included in insurance benefits and losses.

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10. Senior and subordinated debt

Senior and subordinated debt

Table 10

in USD millions, as of March 31		03/31/16	12/31/15
Senior debt			
Zurich Insurance Company Ltd	Floating rate CHF 200 million notes, due June 2016[3]	209	200
	2.25% CHF 500 million notes, due July 2017[3]	521	498
	2.375% CHF 525 million notes, due November 2018[3]	545	522
	1.50% CHF 400 million notes, due June 2019[2,3]	435	415
	1.125% CHF 400 million notes, due September 2019[2,3]	440	420
	0.625% CHF 250 million notes, due July 2020[2,3]	273	259
	2.875% CHF 250 million notes, due July 2021[3]	258	247
	3.375% EUR 500 million notes, due June 2022[2,3,4]	614	587
	1.875% CHF 100 million notes, due September 2023[2,3]	119	111
	1.750% EUR 500 million notes, due September 2024[2,3,4]	582	545
	1.500% CHF 150 million notes, due July 2026[2,3]	178	164
Zurich Holding Comp. of America Inc	Euro Commercial Paper Notes, due in less than 3 months	399	400
Zurich Santander Insurance America S.L.	7.5% EUR 68 million loan, due December 2035	77	74
Other	Various debt instruments	29	29
Senior debt		4,680	4,471
Subordinated debt			
Zurich Insurance Company Ltd	4.25% CHF 700 million perpetual notes, first callable May 2016[3]	730	698
	8.25% USD 500 million perpetual capital notes, first callable January 2018[3,4]	498	498
	4.625% CHF 500 million perpetual notes, first callable May 2018[3]	519	496
	2.75% CHF 225 million perpetual capital notes, first callable June 2021[3]	234	–
	7.5% EUR 425 million notes, due July 2039, first callable July 2019[3,4]	482	460
	2.75% CHF 200 million perpetual capital notes, first callable September 2021[2,3]	221	209
	4.25% EUR 1 billion notes, due October 2043, first callable October 2023[3,4]	1,128	1,075
	5.625% USD 1 billion notes, due June 2046, first callable June 2026[3]	995	–
	4.25% USD 300 million notes, due October 2045, first callable October 2025[3,4]	298	298
Zurich Finance (UK) plc	6.625% GBP 450 million perpetual notes, first callable October 2022[3]	642	658
ZFS Finance (USA) Trust II	Series II 6.45% USD 700 million Trust Preferred Securities (ECAPS), due December 2065, first callable June 2016	680	680
ZFS Finance (USA) Trust V	Series V 6.5% USD 1 billion Trust Preferred Securities, due May 2067, first callable May 2017[1]	501	501
Other	Various debt instruments	41	41
Subordinated debt		6,970	5,614
Total senior and subordinated debt		**11,649**	**10,086**

[1] The holders of these notes benefit from the Replacement Capital Covenant which states that if Series V Fixed/Floating Trust Preferred Securities, issued by ZFS Finance (USA) Trust V, are called before 2047, the Group will issue a replacement debt instrument with terms and provisions that will be as or more equity-like than the replaced notes.
[2] The Group applied the fair value hedge methodology either partially or in full to hedge the interest rate exposure.
[3] Issued under the Group's Euro Medium Term Note Programme (EMTN Programme).
[4] These bonds are part of a qualifying net investment hedge to hedge the foreign currency exposure.

None of the debt instruments listed in table 10 were in default as of March 31, 2016 or December 31, 2015.

11. Commitments and contingencies, legal proceedings and regulatory investigations

The Group has provided contractual commitments and financial guarantees to external parties, associates and joint ventures as well as partnerships. These arrangements include commitments under certain conditions to make liquidity advances to cover default principal and interest payments, make capital contributions or provide equity financing.

Quantifiable commitments and contingencies

Table 11

in USD millions, as of	**03/31/16**	12/31/15
Remaining commitments under investment agreements	1,390	1,431
Guarantees and letters of credit[1]	862	895
Future operating lease commitments	1,485	1,512
Undrawn loan commitments	15	8
Other commitments and contingent liabilities	554	574

[1] Guarantee features embedded in life insurance products are not included.

Legal, compliance and regulatory developments

In recent years there has been an increase in the number of legislative initiatives that require information gathering and tax reporting regarding the Group's customers and their contracts, including the U.S. Foreign Account Tax Compliance Act ("FATCA") and the expected introduction of other automatic tax information exchange regimes based on the Common Reporting Standard ("CRS"). The Group's compliance activities in this area could result in higher compliance costs, remedial actions and other related expenses for its life insurance, savings and pension business. There has also been increased scrutiny by various tax and law enforcement officials into cross-border business activities, including in particular by U.S. government authorities looking into U.S. taxpayers with investments held outside the United States and the non-U.S. financial institutions that hold such investments.

The Group, on its own initiative, undertook an internal review of the life insurance, savings and pension business sold by its non-U.S. operating companies with relevant cross-border business to customers with a nexus to the United States. The Group engaged outside counsel and other advisors to assist in this review, which was focused on assessing compliance with relevant U.S. tax laws. The review confirmed that the Group's cross-border business with U.S. persons was very limited and of a legacy nature, with the large majority of sales having occurred more than a decade ago. The review also confirmed that the Group's U.S. operating companies were not involved in or connected to those activities.

The Group has voluntarily disclosed the results of the review and the regulatory issues presented by sales to U.S. residents to the Swiss Financial Market Supervisory Authority (FINMA), the U.S. Department of Justice (DOJ) and other authorities. The Group is cooperating with these authorities.

While at this stage in the process, it is unclear whether the Group will have any liability related to these matters, the Group does not currently believe this matter will have a material adverse effect on the Group's business or the Group's consolidated financial condition.

Legal proceedings and regulatory investigations

The Group's business is subject to extensive supervision, and the Group is in regular contact with various regulatory authorities. The Group is continuously involved in legal proceedings, claims and regulatory investigations arising, for the most part, in the ordinary course of its business operations. Specifically, certain companies within the Group are engaged in the following legal proceedings:

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An action entitled Fuller-Austin Asbestos Settlement Trust, et al. v. Zurich American Insurance Company (ZAIC), et al., was filed in May 2004 in the Superior Court for San Francisco County, California. Three other similar actions were filed in 2004 and 2005 and have been coordinated with the Fuller-Austin action (collectively, the Fuller-Austin Case). In addition to ZAIC and four of its insurance company subsidiaries, Zurich Insurance Company Ltd and Orange Stone Reinsurance Dublin (Orange Stone) are named as defendants. The plaintiffs, who are historical policyholders of the Home Insurance Company (Home), plead claims for, inter alia, fraudulent transfer, tortious interference, unfair competition, alter ego and agency liability relating to the recapitalization of Home, which occurred in 1995 following regulatory review and approval. The plaintiffs allege that pursuant to the recapitalization and subsequent transactions, various Zurich entities took assets of Home without giving adequate consideration in return, and contend that this forced Home into liquidation. The plaintiffs further allege that the defendants should be held responsible for Home's alleged obligations under their Home policies. The trial judge designated the plaintiffs' claims for constructive fraudulent transfer for adjudication before all other claims; he subsequently ordered an initial bench trial on certain threshold elements of those fraudulent transfer claims and on certain of defendants' affirmative defenses (Phase 1).

The Phase 1 trial commenced on November 1, 2010 and the court issued its Statement of Decision for Phase 1 on December 27, 2013. While the court found that the plaintiffs had established that Home transferred certain assets to one of the defendants in connection with the 1995 recapitalization transaction, it held that the plaintiffs' fraudulent transfer claims, which all related to transfers allegedly made as part of the 1995 recapitalization, were time-barred. The court further held that Home's liquidator had exclusive standing to bring fraudulent transfer claims involving Home's assets. In addition, the court accepted the defendants' arguments that the findings made by the regulators in approving the recapitalization transaction are binding on the plaintiffs in the Fuller-Austin Case.

Following a hearing to consider the effect of the initial decision on the plaintiffs' remaining claims, on February 27, 2015, the court issued its Statement of Decision for Phase 1A. The court ruled that all of the plaintiffs' fraudulent transfer causes of action were barred, and plaintiffs later confirmed on the record that their unfair competition claims were also barred as a result of the Decision for Phase 1A). The court allowed the plaintiffs' remaining claims to proceed, but held that the plaintiffs are bound by the insurance regulators' determinations that the 1995 recapitalization was fair and in the best interests of Home's policyholders, including the plaintiffs. Beginning in early 2015, certain plaintiffs voluntarily dismissed their claims with prejudice in exchange for an agreement that the defendants will not pursue them for litigation costs and such dismissals have been filed with the Court. The Group maintains that the Fuller-Austin Case is without merit and intends to continue to defend itself vigorously against the claims of any plaintiff that remains in the case.

While the Group believes that it is not a party to, nor are any of its subsidiaries the subject of, any unresolved current legal proceedings, claims, litigation and investigations that will have a material adverse effect on the Group's consolidated financial condition, proceedings are inherently unpredictable, and it is possible that the outcome of any proceeding could have a material impact on results of operations in the particular reporting period in which it is resolved.

12. Fair value measurement

This note excludes financial liabilities relating to unit-linked contracts. Table 12.1 compares the fair value of financial assets and financial liabilities with their carrying value. Certain financial instruments are not included within this table as their carrying value is a reasonable approximation of their value. Such instruments include cash and cash equivalents, obligations to repurchase securities, deposits made under assumed reinsurance contracts and deposits received under ceded reinsurance contracts and other financial assets and liabilities.

Fair value and carrying value of financial assets and financial liabilities

Table 12.1

in USD millions, as of	Total fair value		Total carrying value	
	03/31/16	12/31/15	**03/31/16**	12/31/15
Available-for-sale securities				
Equity securities	15,105	15,354	15,105	15,354
Debt securities	136,758	128,181	136,758	128,181
Total available-for-sale securities	151,863	143,535	151,863	143,535
Fair value through profit or loss securities				
Equity securities	3,260	3,519	3,260	3,519
Debt securities	6,077	6,180	6,077	6,180
Total fair value through profit or loss securities	9,337	9,699	9,337	9,699
Derivative assets	1,568	1,120	1,568	1,120
Held-to-maturity debt securities	3,733	4,086	2,879	3,369
Investments in associates and joint ventures	19	18	19	18
Mortgage loans	8,051	7,603	7,344	7,024
Other loans	11,976	11,279	9,900	9,569
Total financial assets	**186,547**	**177,341**	**182,909**	**174,335**
Derivative liabilities	(390)	(362)	(390)	(362)
Financial liabilities held at amortized cost				
Liabilities related to investment contracts	(946)	(913)	(763)	(754)
Liabilities related to investment contracts with DPF	(7,373)	(6,447)	(8,621)	(7,629)
Senior debt	(4,820)	(4,596)	(4,680)	(4,471)
Subordinated debt	(7,321)	(5,983)	(6,970)	(5,614)
Total financial liabilities held at amortized cost	(20,460)	(17,940)	(21,033)	(18,468)
Total financial liabilities	**(20,850)**	**(18,302)**	**(21,424)**	**(18,830)**

Recurring fair value measurements of assets and liabilities

Fair value hierarchy – non unit-linked – current period

Table 12.2a

in USD millions, as of March 31, 2016	Level 1	Level 2	Level 3	Total
Available-for-sale securities				
Equity securities	11,707	2,441	958	15,105
Debt securities	450	130,074	6,234	136,758
Total available-for-sale securities	12,157	132,515	7,192	151,863
Fair value through profit or loss securities				
Equity securities	963	82	2,215	3,260
Debt securities	–	5,936	141	6,077
Total fair value through profit or loss securities	964	6,018	2,355	9,337
Derivative assets	–	890	677	1,568
Total	**13,121**	**139,422**	**10,224**	**162,767**
Derivative liabilities	(12)	(317)	(61)	(390)
Total	**(12)**	**(317)**	**(61)**	**(390)**

For the three months ended March 31, 2016 no material transfers between level 1 and level 2 occurred.

Consolidated financial statements (unaudited) *continued*

Fair value hierarchy – non unit-linked – prior period

Table 12.2b

in USD millions, as of December 31, 2015	Level 1	Level 2	Level 3	Total
Available-for-sale securities				
Equity securities	12,143	2,252	959	15,354
Debt securities	495	121,724	5,962	128,181
Total available-for-sale securities	**12,638**	**123,977**	**6,921**	**143,535**
Fair value through profit or loss securities				
Equity securities	1,017	82	2,419	3,519
Debt securities	–	6,034	146	6,180
Total fair value through profit or loss securities	**1,017**	**6,116**	**2,565**	**9,699**
Derivative assets	1	591	529	1,120
Total	**13,656**	**130,683**	**10,015**	**154,354**
Derivative liabilities	(5)	(258)	(99)	(362)
Total	**(5)**	**(258)**	**(99)**	**(362)**

For the year ended December 31, 2015 no material transfers between level 1 and level 2 occurred.

Development of assets and liabilities classified within level 3 – non unit-linked – current period

Table 12.3a

in USD millions	Available-for-sale securities		Fair value through profit or loss securities			
	Equity securities	Debt securities	Equity securities	Debt securities	Derivative assets	Derivative liabilities
As of January 1, 2016	959	5,962	2,419	146	529	(99)
Realized gains/(losses) recognized in income[1]	16	4	(7)	–	–	–
Unrealized gains/(losses) recognized in income[1,2]	–	(16)	(78)	(1)	(12)	7
Unrealized gains/(losses) recognized in other comprehensive income	(15)	21	–	–	134	32
Purchases	32	452	71	–	2	–
Settlements/sales/redemptions	(45)	(254)	(213)	(2)	–	–
Transfers into level 3	–	30	–	–	–	–
Transfers out of level 3	–	(6)	–	–	–	–
Foreign currency translation effects	11	41	23	(2)	25	(1)
As of March 31, 2016	**958**	**6,234**	**2,215**	**141**	**677**	**(61)**

[1] Presented as net capital gains/(losses) and impairments on Group investments in the consolidated income statements.
[2] Unrealized gains/(losses) recognized in income for available-for-sale securities relate to impairments.

Table 12.3b

Development of assets and liabilities classified within level 3 – non unit-linked – prior period

in USD millions	Available-for-sale securities		Fair value through profit or loss securities			
	Equity securities	Debt securities	Equity securities	Debt securities	**Derivative assets**	**Derivative liabilities**
As of January 1, 2015	929	2,764	2,417	185	375	(61)
Realized gains/(losses) recognized in income[1]	24	3	30	–	(6)	–
Unrealized gains/(losses) recognized in income[1,2]	(5)	(20)	22	–	96	(46)
Unrealized gains/(losses) recognized in other comprehensive income	(5)	21	–	–	–	–
Purchases	47	1,509	89	–	–	–
Settlements/sales/redemptions	(49)	(320)	(126)	(4)	–	–
Transfers into level 3	–	1	–	–	–	–
Transfers out of level 3	–	(149)	–	–	–	–
Foreign currency translation effects	(14)	(48)	1	(6)	3	4
As of March 31, 2015	**927**	**3,761**	**2,433**	**175**	**468**	**(103)**

[1] Presented as net capital gains/(losses) and impairments on Group investments in the consolidated income statements.
[2] Unrealized gains/(losses) recognized in income for available-for-sale securities relate to impairments.

For the three months ended March 31, 2015, the Group transferred USD 149 million of available-for-sale debt securities out of level 3. The transfers were mainly the result of credit rating upgrades of certain asset-backed securities, resulting in an increase of market activity in the instruments.

Non-recurring fair value measurements of assets and liabilities

In particular circumstances, the Group may measure certain assets or liabilities at fair value on a non-recurring basis when an impairment charge is recognized.

The Group has valued USD 4 million of mortgage loans at fair value on a non-recurring basis as of both March 31, 2016 and December 31, 2015, respectively. These are classified within level 3 as the fair value measurement is based on internal pricing models, using significant unobservable inputs.

Sensitivity of fair values reported for level 3 instruments to changes to key assumptions

Within level 3, the Group classified non-agency ABS/MBS, CLOs, and private debt placements amounting to USD 6,374 million and USD 6,108 million for Group investments as of March 31, 2016 and December 31, 2015, respectively.

Within level 3, the Group also classified investments in private equity funds, certain hedge funds and other securities which are not quoted on an exchange amounting to USD 3,173 million and USD 3,378 million for Group investments as of March 31, 2016 and December 31, 2015, respectively. These investments are valued based on regular reports from the issuing funds, and their fair values are reviewed by a team of in-house investment professionals and may be adjusted based on their understanding of the circumstances of individual investments.

The key assumptions driving the valuation of these investments include equity levels, discount rates, credit spread rates and prepayment rates. The effect on reported fair values of using reasonably possible alternative values for each of these assumptions, while the other key assumptions remain unchanged, is disclosed in tables 12.4a and 12.4b. While these tables illustrate the overall effect of changing the values of unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances. Inter-relationships between those unobservable inputs are disclosed in tables 12.5a and 12.5b. The correlation is based on the historical correlation matrix derived from the risk factors which are assigned to each of the level 3 exposures (equity and debt securities). The main market drivers are equity markets and rate indicators and the impact of such changes on the other factors. The spread scenario has been added to analyze the impact of an increase of borrowing cost for entities.

Consolidated financial statements (unaudited) *continued*

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Group's view of expected future changes in the fair value of these investments. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

Table 12.4a

Sensitivity analysis of level 3 investments to changes in key assumptions – current period

as of March 31, 2016	Less favorable values (relative change)	Decrease in reported fair value (in USD millions)	More favorable values (relative change)	Increase in reported fair value (in USD millions)
Key assumptions				
Equity levels	–20%	(635)	+20%	635
Discount rates	+20%	(153)	–20%	154
Spread rates	+20%	(160)	–20%	161
Prepayment rates	–20%	(2)	+20%	2

Table 12.4b

Sensitivity analysis of level 3 investments to changes in key assumptions – prior period

as of March 31, 2015	Less favorable values (relative change)	Decrease in reported fair value (in USD millions)	More favorable values (relative change)	Increase in reported fair value (in USD millions)
Key assumptions				
Equity levels	–20%	(672)	+20%	672
Discount rates	+20%	(86)	–20%	90
Spread rates	+20%	(70)	–20%	72
Prepayment rates	–20%	(2)	+20%	2

Table 12.5a

Inter-relationship analysis of level 3 investments to changes in key assumptions – current period

as of March 31, 2016	Key assumptions				Increase/decrease in reported fair value (in USD millions)
	Equity Levels	Discount Rates	Spread rates	Prepayment rates	
Scenarios					
Equity levels +10%	+10.0%	+8.9%	+8.9%	+8.9%	190
Equity levels –10%	–10.0%	-8.9%	-8.9%	-8.9%	(193)
Discount rates +10%	+0.7%	+10.0%	+7.5%	–2.0%	(113)
Discount rates –10%	-0.7%	–10.0%	–7.5%	+2.0%	113
Spread rates +10%	+0.7%	+7.5%	+10.0%	+0.2%	(114)

Table 12.5b

Inter-relationship analysis of level 3 investments to changes in key assumptions – prior period

as of March 31, 2015	Key assumptions				Increase/decrease in reported fair value (in USD millions)
	Equity Levels	Discount Rates	Spread rates	Prepayment rates	
Scenarios					
Equity levels +10%	+10.0%	+1.3%	+1.3%	+1.3%	323
Equity levels –10%	–10.0%	–1.0%	–1.0%	–1.0%	(325)
Discount rates +10%	+0.2%	+10.0%	+15.0%	–2.0%	(88)
Discount rates –10%	–0.2%	–10.0%	–7.5%	+2.0%	75
Spread rates +10%	+0.2%	+7.0%	+10.0%	+0.2%	(67)

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Consolidated financial statements (unaudited) *continued*

13. Segment Information

Business operating profit by segment

Table 13.1

in USD millions, for the three months ended March 31	General Insurance		Global Life	
	2016	2015	**2016**	2015
Revenues				
Direct written premiums[1]	8,679	9,621	3,142	3,007
Assumed written premiums	436	482	116	95
Gross Written Premiums	9,115	10,103	3,258	3,102
Policy fees	–	–	572	575
Gross written premiums and policy fees	9,115	10,103	3,830	3,677
Less premiums ceded to reinsurers	(1,439)	(1,482)	(158)	(159)
Net written premiums and policy fees	7,676	8,620	3,672	3,518
Net change in reserves for unearned premiums	(1,224)	(1,669)	(170)	(74)
Net earned premiums and policy fees	6,452	6,951	3,502	3,444
Farmers management fees and other related revenues	–	–	–	–
Net investment result on Group investments	425	537	873	1,202
Net investment income on Group investments	488	475	798	807
Net capital gains/(losses) and impairments on Group investments	(63)	61	74	395
Net investment result on unit-linked investments	–	–	382	8,450
Other income	139	221	258	267
Total BOP revenues	7,016	7,709	5,014	13,363
of which: inter-segment revenues	*(79)*	*(141)*	*(87)*	*(101)*
Benefits, losses and expenses				
Insurance benefits and losses, net[1]	4,265	4,541	2,769	2,768
Losses and loss adjustment expenses, net	4,265	4,540	–	–
Life insurance death and other benefits, net[1]	–	–	2,769	2,768
Policyholder dividends and participation in profits, net	2	1	535	8,653
Income tax expense/(benefit) attributable to policyholders	–	–	11	197
Underwriting and policy acquisition costs, net	1,400	1,406	646	579
Administrative and other operating expense (excl. depreciation/amortization)	720	860	567	576
Interest credited to policyholders and other interest	26	29	103	93
Restructuring provisions and other items not included in BOP	(41)	40	(37)	26
Total BOP benefits, losses and expenses (before interest, depreciation and amortization)	6,372	6,877	4,594	12,892
Business operating profit (before interest, depreciation and amortization)	**644**	**832**	**420**	**471**
Depreciation and impairments of property and equipment	22	22	6	7
Amortization and impairments of intangible assets	26	53	40	71
Interest expense on debt	24	27	3	19
Business operating profit before non-controlling interests	572	730	370	374
Non-controlling interests	30	24	53	55
Business operating profit	**542**	**706**	**317**	**319**

[1] Global Life included approximately USD 672 million and USD 427 million of gross written premiums and future life policyholder benefits for certain universal life-type contracts in the Group's Spanish operations for the three months ended March 31, 2016 and 2015, respectively (see note 3 of the consolidated financial statements 2015).

Farmers		Other Operating Businesses		Non-Core Businesses		Eliminations		Total	
2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
–	–	–	–	19	16	–	–	11,840	12,644
360	539	14	14	22	24	(27)	(31)	921	1,123
360	539	14	14	41	41	(27)	(31)	12,760	13,767
–	–	–	–	72	70	–	–	644	645
360	539	14	14	113	111	(27)	(31)	13,404	14,411
–	–	(10)	(10)	(3)	(4)	27	31	(1,584)	(1,624)
360	539	3	3	109	106	–	–	11,820	12,787
14	18	(2)	(2)	13	–	–	–	(1,369)	(1,726)
374	558	2	2	122	106	–	–	10,451	11,061
707	688	–	–	–	–	–	–	707	688
11	13	71	113	234	182	(99)	(161)	1,514	1,886
11	13	71	113	70	84	(99)	(161)	1,339	1,331
–	–	–	–	164	98	–	–	175	555
–	–	–	–	188	223	–	–	570	8,673
18	17	239	221	11	15	(346)	(388)	319	352
1,110	1,275	311	335	555	526	(444)	(549)	13,561	22,660
(5)	*(4)*	*(273)*	*(293)*	*(1)*	*(9)*	*444*	*549*		
276	346	–	–	254	207	–	–	7,563	7,861
276	346	–	–	21	4	–	–	4,562	4,890
–	–	–	–	232	203	–	–	3,001	2,972
–	–	–	–	218	244	–	–	754	8,898
–	–	–	–	–	–	–	–	11	197
120	173	–	–	3	2	(2)	(2)	2,167	2,158
343	338	280	249	31	23	(264)	(359)	1,677	1,686
–	–	32	–	22	23	(73)	(30)	111	115
(1)	–	(43)	(5)	–	–	–	–	(121)	62
736	857	268	245	528	498	(340)	(391)	12,160	20,978
373	**418**	**43**	**91**	**27**	**28**	**(105)**	**(157)**	**1,401**	**1,682**
9	9	2	2	–	–	–	–	39	41
21	17	10	14	–	–	–	–	98	156
–	–	172	222	2	2	(105)	(157)	97	113
343	391	(141)	(148)	24	25	–	–	1,168	1,373
–	–	(1)	(2)	–	–	–	–	81	78
343	**391**	**(139)**	**(146)**	**24**	**25**	**–**	**–**	**1,087**	**1,295**

Consolidated financial statements (unaudited) *continued*

Reconciliation of BOP to net income after income taxes

Table 13.2

in USD millions, for the three months ended March 31	General Insurance		Global Life	
	2016	2015	**2016**	2015
Business operating profit	**542**	**706**	**317**	**319**
Revenues/(expenses) not included in BOP:				
Net capital gains/(losses) on investments and impairments, net of policyholder allocation	80	157	124	39
Net gain/(loss) on divestments of businesses[1]	–	–	47	–
Restructuring provisions	(32)	–	(6)	(1)
Net income/(expense) on intercompany loans[2]	(3)	(5)	(4)	(4)
Change in estimates of earn-out liabilities	2	1	(7)	(6)
Other adjustments	(7)	45	(20)	37
Add back:				
Business operating profit attributable to non-controlling interests	30	24	53	55
Net income before shareholders' taxes	611	928	505	439
Income tax expense/(benefit) attributable to policyholders	–	–	11	197
Net income before income taxes	**611**	**928**	**515**	**636**
Income tax (expense)/benefit				
attributable to policyholders				
attributable to shareholders				
Net income after taxes				
attributable to non-controlling interests				
attributable to shareholders				

[1] The 2016 gain of USD 47 million relates to a forward sale agreement of a UK based distributor of Global Life business (see note 2).
[2] The impact on Group level relates to foreign currency translation differences.

Farmers		Other Operating Businesses		Non-Core Businesses		Total	
2016	2015	2016	2015	2016	2015	2016	2015
343	**391**	**(139)**	**(146)**	**24**	**25**	**1,087**	**1,295**
2	7	13	41	1	5	220	247
–	–	–	–	–	–	47	–
(1)	1	(12)	–	–	–	(51)	–
–	–	7	8	–	–	–	(1)
–	–	–	–	–	–	(5)	(5)
–	(1)	(38)	(13)	–	–	(65)	69
–	–	(1)	(2)	–	–	81	78
343	398	(171)	(111)	25	30	1,314	1,683
–	–	–	–	–	–	11	197
343	**398**	**(171)**	**(111)**	**25**	**30**	**1,324**	**1,880**
						(398)	(609)
						(11)	(197)
						(388)	(412)
						926	**1,271**
						51	52
						875	1,219

Consolidated financial statements (unaudited) *continued*

14. Events after the balance sheet date

On May 4, 2016, the Group signed an agreement with MAA Group Berhad (MAA) and Solidarity Group Holding BSC (Closed) for the acquisition of 100 percent of MAA Takaful Berhad, a family and general takaful operator incorporated in Malaysia. The purchase price amounts to approximately USD 135 million subject to a purchase price adjustment post closing, of which approximately USD 32 million will be held-back for three years. The transaction is subject to MAA's shareholder approval, customary closing conditions and is expected to complete within three months after signing.

On May 2, 2016, the Group announced that it intends to exercise its option to redeem CHF 700 million of subordinated notes. Following the exercise of the redemption option, the notes are expected to be redeemed on May 26, 2016, at par plus accrued interest.

On April 19, 2016, the Group announced that it intends to exercise its option to redeem USD 700 million of subordinated debt prior to its scheduled maturity date. The USD 700 million Trust Preferred Securities, issued in 2005 by ZFS Finance (USA) Trust II (the "Issuer"), are expected to be redeemed by the Issuer on June 15, 2016, at par plus accrued interest.

Disclaimer and Cautionary Statements

Certain statements in this document are forward-looking statements, including, but not limited to, statements that are predictions of or indicate future events, trends, plans or objectives of Zurich Insurance Group Ltd or the Zurich Insurance Group (the Group). Forward-looking statements include statements regarding the Group's targeted profit, return on equity targets, expenses, pricing conditions, dividend policy and underwriting and claims results, as well as statements regarding the Group's understanding of general economic, financial and insurance market conditions and expected developments. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and plans and objectives of Zurich Insurance Group Ltd or the Group to differ materially from those expressed or implied in the forward-looking statements (or from past results). Factors such as (i) general economic conditions and competitive factors, particularly in key markets; (ii) the risk of a global economic downturn; (iii) performance of financial markets; (iv) levels of interest rates and currency exchange rates; (v) frequency, severity and development of insured claims events; (vi) mortality and morbidity experience; (vii) policy renewal and lapse rates; and (viii) changes in laws and regulations and in the policies of regulators may have a direct bearing on the results of operations of Zurich Insurance Group Ltd and its Group and on whether the targets will be achieved. Zurich Insurance Group Ltd undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

All references to "Farmers Exchanges" mean Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange and their subsidiaries and affiliates. The three Exchanges are California domiciled interinsurance exchanges owned by their policyholders with governance oversight by their Boards of Governors. Farmers Group, Inc. and its subsidiaries are appointed as the attorneys-in-fact for the Farmers Exchanges and in that capacity provide certain non-claims administrative and management services to the Farmers Exchanges. Neither Farmers Group, Inc., nor its parent companies, Zurich Insurance Company Ltd and Zurich Insurance Group Ltd, have any ownership interest in the Farmers Exchanges. Financial information about the Farmers Exchanges is proprietary to the Farmers Exchanges, but is provided to support an understanding of the performance of Farmers Group, Inc. and Farmers Reinsurance Company.

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