Swiss Re

We make the world more resilient.

2015 Financial Report

Financial highlights

In a challenging business environment, our Group earned a strong 2015 net income of USD 4.6 billion.

Financial highlights
For the years ended 31 December

USD millions, unless otherwise stated	2014	2015	Change in %
Group			
Net income attributable to common shareholders	3 500	**4 597**	31
Premiums earned and fee income	31 262	**30 214**	–3
Earnings per share in CHF	9.33	**12.93**	39
Common shareholders' equity	34 828	**32 415**	–7
Return on equity[1] in %	10.5	**13.7**	
Return on investments in %	3.7	**3.5**	
Number of employees[2]	12 224	**12 767**	4
Property & Casualty Reinsurance			
Net income attributable to common shareholders	3 564	**2 977**	–16
Premiums earned	15 598	**15 090**	–3
Combined ratio in %	83.7	**86.0**	
Return on equity[1] in %	26.7	**22.2**	
Life & Health Reinsurance			
Net income attributable to common shareholders	–462	**939**	
Premiums earned and fee income	11 265	**10 963**	–3
Operating margin in %	2.6	**9.9**	
Return on equity[1] in %	–7.9	**15.7**	
Corporate Solutions			
Net income attributable to common shareholders	319	**340**	7
Premiums earned	3 444	**3 379**	–2
Combined ratio in %	93.0	**93.8**	
Return on equity[1] in %	12.5	**14.8**	
Admin Re®			
Net income attributable to common shareholders	34	**422**	
Premiums earned and fee income	955	**782**	–18
Gross cash generation[3]	945	**543**	–43
Return on equity[1] in %	0.6	**7.5**	

[1] Return on equity is calculated by dividing net income attributable to common shareholders by average common shareholders' equity.
[2] Regular staff
[3] Gross cash generation is the change in excess capital available over and above the target capital position, with the target capital being the minimum statutory capital plus the additional capital required by Admin Re®'s capital management policy.

In this report

We present our business performance and economic position over 2015. The Annual Report serves as the Management Report in compliance with current Swiss accounting and financial reporting law.

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More information online:
reports.swissre.com

Business Units at a glance

Swiss Re is a leader in wholesale reinsurance, insurance and risk transfer solutions.

BUSINESS UNIT | NET PREMIUMS EARNED AND FEE INCOME (USD billions) | NET INCOME (USD millions)

Reinsurance

Reinsurance is Swiss Re's largest business in terms of income and the foundation of our strength, providing about 85% of gross premiums and fee income through two segments — Property & Casualty and Life & Health. The unit aims to extend Swiss Re's industry-leading position with disciplined underwriting, prudent portfolio management and diligent client service.

Property & Casualty

	NET PREMIUMS EARNED AND FEE INCOME (USD billions)	NET INCOME (USD millions)
2015	15.1	2977
2014	15.6	3564

Life & Health

	NET PREMIUMS EARNED AND FEE INCOME (USD billions)	NET INCOME (USD millions)
2015	11.0	939
2014	11.3	–462

Corporate Solutions

Corporate Solutions serves mid-sized and large corporations, with product offerings ranging from traditional property and casualty insurance to highly customised solutions. Corporate Solutions serves customers from over 50 offices worldwide.

	NET PREMIUMS EARNED AND FEE INCOME (USD billions)	NET INCOME (USD millions)
2015	3.4	340
2014	3.4	319

Admin Re®

Admin Re® provides risk and capital management solutions by which Swiss Re acquires closed books of in-force life and health insurance business, entire lines of business, or the entire capital stock of life insurance companies. As of 1 January 2016, the open and closed life insurance books of the Group, including Admin Re®, are managed under a new Business Unit called Life Capital.

	NET PREMIUMS EARNED AND FEE INCOME (USD billions)	NET INCOME (USD millions)
2015	0.8	422
2014	1.0	34

Total

(After consolidation)

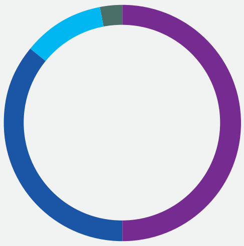
	NET PREMIUMS EARNED AND FEE INCOME (USD billions)	NET INCOME (USD millions)
2015	30.2	4597
2014	31.3	3500

RETURN ON EQUITY	OPERATING PERFORMANCE
22.2% (26.7% 2014)	86.0% (83.7% 2014) **Combined ratio**
15.7% (–7.9% 2014)	9.9% (2.6% 2014) **Operating margin**
14.8% (12.5% 2014)	93.8% (93.0% 2014) **Combined ratio**
7.5% (0.6% 2014)	543m (USD 945m 2014) **Gross cash generation**
13.7% (10.5% 2014)	

Diversified and global

Net premiums earned and fee income by Business Unit
(Total USD 30.2 billion)

- 50% P&C Reinsurance
- 36% L&H Reinsurance
- 11% Corporate Solutions
- 3% Admin Re®



Net premiums earned and fee income by region
(Total USD 30.2 billion)

- 34% EMEA
- 44% Americas
- 22% Asia Pacific

Keeping the long term in view

The strategic priorities that will shape our future

"Three things set us apart: capital strength, client relationships and knowledge."

Dear shareholders,
Another very successful year for your company has just ended and this report will explain it in great detail. For this success to happen we needed, of course, benign circumstances, but we also needed the full effort of dedicated employees, our loyal clients and, last but not least, the support of our shareholders. To the many that contributed throughout the year, my sincere thanks.

The conundrum: lower prices, but ever-higher margins and less demand
In 2015 we again observed high margins, and as a consequence high returns. The most significant were in Property & Casualty Reinsurance, but also in our life and health businesses, which have recovered from difficult results the year before.

At the same time many market participants speak about a significant erosion of pricing levels across all businesses. They complain about this and about a further reduction in investment returns. The relationship between demand and available capacity seems out of balance — and while we all complain, margins have remained strong for quite a few years now.

Particularly amazing is that the high margins are achieved despite continuously decreasing investment returns which in our business have always been an important contributor to margins. Central banks' extremely easy monetary policies in our main markets are certainly a challenge for an industry which carries large balance sheets full of financial assets.

What leaves me perplexed is, in addition, that our clients (the insurance industry and large corporate clients) are not taking advantage of this market. Quite the opposite: the lower prices get, the less reinsurance cover they buy. This is a period of high uncertainty (just to mention some: climate change, geopolitical security challenges, technology developments with huge consequences, economic growth is very unstable, and financial markets face the biggest monetary policy experiment ever). So what should a company like Swiss Re do in this situation?

Just to avoid any misunderstanding: we are clearly positive about the longer-term prospects for our business. Many trends in the world — in society, in science and in the economy — are positive for demand for our business: risk underwriting. But we have to successfully deal with important adverse forces in the short term.

Therefore we have presented an update last December on the strategic direction and priorities which should allow us both to succeed in the short term and not lose sight of long-term strategic direction.

Be quick on your feet!

In risk underwriting and in asset management, value is created by allocating capital to where pricing inefficiencies can be detected and exploited. There is nothing new in this really. The present situation, however, requires us to identify inefficient pricing in the risk markets quickly and react decisively by either investing or, more likely at present, withdrawing capital. Doing this systematically will move the needle.

Capital allocation matters, we all know that. But you have to be in a position to actually execute on your analysis. In this respect the reinsurance industry is in a better situation than primary insurers, who have to invest significantly in building the infrastructure in markets they operate in. Their flexibility is limited. Reinsurance on the other hand can react fairly quickly, not only on the asset side, but also on the underwriting side of the house. So we'll aim to take advantage of this and be quick on our feet.

Of course we spend a lot of time researching investible ideas in all our businesses. Sometimes with more success (like the acquisition of the Guardian life portfolio last year), sometimes with less … and if we don't find a good place to invest, then we can also distribute more money back to you. To some degree that has been the case this year, so we plan to propose a regular dividend of CHF 4.60 per share, as well as a new share buy-back programme of up to CHF 1 billion.

Proposed regular dividend per share for 2015

(CHF)

4.60

(CHF 4.25 for 2014)

Secure access to business opportunities!

Reinsurers traditionally have access to the risks they underwrite through intermediaries: direct insurance companies, brokers and others. However, and today more than ever, some of these intermediaries run the risk of getting disintermediated sooner rather than later because they are unable to adapt their business model, disruptors are penetrating their markets or technology is changing the entire industry.

Therefore for us it is of vital importance: don't let traditional distribution channels make efficient capital allocation impossible. Swiss Re has to have access to the risks it wants to underwrite. In this context we have built our Global Partnerships business, which is trying to develop opportunities with governments and supranational institutions. And we have just created our Life Capital Business Unit, which is underwriting individual and group life risks through and with the help of distribution partners or by acquiring closed life books.

Put your money where your mouth is!

A third pillar of our strategy is about resource allocation. Allocate resources to where you see the opportunities; reallocate radically. Again, this sounds trivial, but it is not.

Take the example of emerging markets. Our own projections show that about 50% of the top-line growth and incremental capital requirements over the next ten years will come from emerging markets. Not a big surprise if we think of topics like protection gaps, urbanisation, formation of middle classes and the build-up of sophisticated industries in these parts of the world.

At present only about 15% of our global resources are allocated to these markets, even less than that if we think of senior management, research and local footprint. Change is required.

Resources in our business are people and systems. Once you have made up your mind where you want to allocate the capital, develop them so that they can match the challenges. Maintain this even and deliberately when the margin pressure is intense. It will ultimately produce a high return for shareholders. Inadequate resource has never been a recipe for success, certainly not in our business of risk underwriting and tough investment decisions.

Be different and — of course — better than the others

We are convinced that the strength of the Swiss Re brand and reputation lies in a very clear development of three elements of differentiation: capital strength, client relationships and knowledge. These principal differentiation factors have been with our company since its foundation more than 150 years ago. Apparently it has been a great success. Let me quickly address what I sometimes call the wallet, the heart and the brain.

We are quite open about what we consider an adequate capital underpinning of our underwriting and investment activities. This gives our clients real peace of mind when they allocate large chunks of their reinsurance business with one provider: Swiss Re. Visibly and in addition we keep more free capital at the holding company level, at some short-term cost to you, our shareholders. We however are convinced that this strong capital position and the resulting financial flexibility is of great value in the longer term. It is there for the moment it can be deployed with great benefit for both the client and for you.

"I believe the outlook is very positive indeed."

Clients in reinsurance are partners. Our clients regularly put us at the top of the league tables as best reinsurer, in all parts of the world and nearly all lines of business. We are enthusiastic about our clients and will continue to be so. This allows us to fix problems with our clients instead of abandoning them at a crucial moment. Our portfolio of reinsurance business is therefore superior in quality.

And last but not least: we are here to develop the body of knowledge available within the firm and share it with our clients. This allows us to develop better products with and for them and allows us to learn from each other. We spend a significant amount for research both at the product development level and at the portfolio level, supporting our capital allocation. It might lead to a higher operating cost than some of our peers have. But it should also lead to overall higher margins. No surprise. It would be strange if superior insight were not relevant to risk underwriting and investment decisions.

Christian Mumenthaler to become Group CEO on 1 July 2016, Michel M. Liès to retire

Finally, I must share some important news. Christian Mumenthaler, currently CEO of Reinsurance, will become our Group Chief Executive Officer on 1 July 2016, and Michel M. Liès will retire. On behalf of the entire Board I extend our warmest thanks to Michel for his more than 35 years of service to Swiss Re. Throughout his career, Michel has lived Swiss Re's highest values and been key to our Group's continued strong performance. Under his leadership net income has almost doubled, the capital base has increased significantly and we have distributed more than USD 12 billion of excess capital back to you, our shareholders. It is fitting that we make this announcement at the end of a successful 2011–2015 financial target period, and after having introduced a new strategic framework. We wish him the very best.

The good news is that we have a highly qualified successor. In Christian we have a candidate who can both transition smoothly into this new role and who brings an intimate understanding of our Group's strategy. Christian has been with us for 17 years, and for nearly the last five, as CEO of Reinsurance, and therefore responsible for approximately 85% of our revenue. He has been the driving spirit behind P&C Re's continued outperformance and a key figure in getting L&H Re back on track. His nomination demonstrates both the depth of Swiss Re's talent and the importance of maintaining Swiss Re's distinctive culture. I wish Christian every success in the new role.

Dear shareholders, I hope you share my confidence for the future. Our strategic priorities are confirmed and we welcome Christian to implement them together with his team and the 12 000 colleagues at Swiss Re. I believe the outlook is very positive indeed and I look forward to continuing our success story together.

Zurich, 23 February 2016

Walter B. Kielholz
Chairman of the Board of Directors

A solid foundation for the road ahead

A strong 2015 performance and a new strategic framework set the foundation for 2016 and beyond.

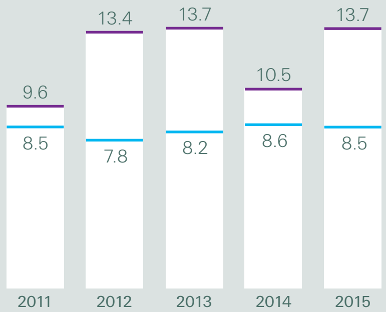
"All three Business Units contributed to our strong performance."

Dear shareholders,
Since Swiss Re was founded in 1863, we have managed risk and absorbed extreme events in many forms. From earthquakes to terrorism, we have enabled society to thrive and progress. However, protection alone is not enough — resilience is our ultimate goal. This vision permeates our daily actions and continues to inform our strategy.

It also contributed to our success in 2015: I am very pleased to report that we managed to navigate the challenging environment and can report another positive set of results, driven by strong performances from all three of our Business Units. Group net income reached USD 4.6 billion — one of our highest ever — up from USD 3.5 billion in 2014. These results clearly differentiate us in the industry. With the updated strategic framework we unveiled in December 2015, we believe we are well placed to continue to focus on profitable growth, strong capitalisation and unique client experience.

Our 2011–2015 Group financial targets

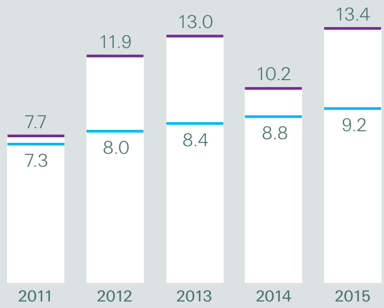
Return on equity
(in %)



– reported ROE
– 700 bps above US Gov 5yrs

700 bps above risk free average over five years

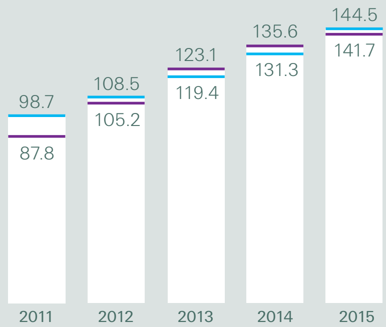
Earnings per share
(in USD*)



– reported EPS
– EPS @ 10% avg. annual growth (base: 2010)
* assumes constant foreign exchange rate

10% average annual growth rate, adjusted for special dividends

Economic net worth per share



– reported ENWPS including cumulative dividends in USD
– ENWPS @ 10% avg. annual growth (base: 2010)

10% average per share growth plus dividends over five years

"We remain confident that we will continue to capture attractive business opportunities."

Property & Casualty Reinsurance portfolio delivers; Life & Health Reinsurance meets target
The underwriting performance of P&C Re remained solid in 2015, generating USD 3.0 billion in net income and reflecting the underlying quality of our portfolio, as well as a relatively benign natural catastrophe experience. L&H Re has met the return on equity target we set for it at the June 2013 Investors' Day, in turn delivering strong net income of USD 939 million.

Corporate Solutions continues to deliver in challenging market conditions and remains committed to disciplined underwriting, generating USD 340 million of net income for the year. The focus on high growth markets is as strong as ever, notably with the acquisition of Sun Alliance Insurance China Limited, which enables us to operate in mainland China, one of the world's most promising markets.

In 2015, we took an important step to tap into a growing market segment with the creation of the Life Capital Business Unit. Life Capital is managing closed and open life and health insurance books since 1 January 2016, including our Admin Re® business. We believe that consolidating these activities will fit our goal of diversifying our business and providing our clients with the expertise and capabilities they need to help them seize new opportunities. Admin Re®, which is the cornerstone of Life Capital, delivered a strong performance in 2015, with strong gross cash generation and a net income of USD 422 million. In January 2016, it completed the acquisition of UK-based Guardian Financial Services, a move that is in line with our strategy to become a leading closed life book consolidator in the UK.

Our new financial targets

Looking at 2016 and beyond, our new Group targets are focused on profitability and economic growth.

—

The 'over the cycle' timeframe provides a long-term goal, without being distorted by outlying years.

—

The new targets are fully consistent with Swiss Re's capital priorities.

Return on equity

At least 700 basis points greater than the risk-free rate, as measured by ten-year US government bonds.

Economic net worth per share

10% growth per annum, using year-end Economic Net Worth (ENW) plus dividends, divided by previous year-end ENW.

Delivering on our targets

Over the last five years, we have grown the regular dividend and we have executed our internal growth initiatives while making sensible acquisitions. At the same time we distributed excess capital to our shareholders and maintained our very strong capital position. We have successfully reached the return on equity (ROE) and earnings per share (EPS) targets we set five years ago in very different circumstances. This is an impressive achievement under any conditions, though especially so in light of the turbulent markets and uncertain macroeconomic conditions that prevailed during much of the 2011–2015 target period. At 9.6%, we almost achieved our economic net worth per share (ENWPS) average annual growth target of 10%, following the previously announced agreement to acquire Guardian Financial Services.

Where do we go from here?
Our vision "We make the world more resilient" is supported by our mission — to create smarter solutions for our clients through fresh perspectives, knowledge and capital. The combination of these strengths makes Swiss Re a partner of choice for our clients. Together, we believe we can close the gap between the rising costs of natural disasters and other hazards and the share of those costs that is covered by re/insurance solutions.

In 2015, the world experienced some tragic events and great uncertainty — an evolving terrorism threat, wars and epidemics, a fragile global economy. Against this backdrop, the re/insurance industry needs to step up its game and extend the boundaries of insurability, building a safety net around those who need it most.

2016 has been off to a volatile start amid concerns about the strength of the global economy. Many of the challenges we've experienced over the past years, such as continued low interest rates and ample capital in our core business areas, will continue to exist. As communicated in December 2015, we believe our four pillar strategic framework equips us with an agile business model that makes us able to respond more quickly and effectively to change and to drive change ourselves. This is why we remain confident that we will continue to capture attractive business opportunities and we thank you, our shareholders, for placing your confidence in us.

No strategic framework can be put to good use without the help and dedication of our people. We need our employees' enthusiasm and commitment to bring our vision closer to reality. We'd like to thank them for their hard work: without them, we couldn't celebrate another successful year.

As you can see I am passionate about Swiss Re's future. I am convinced that Christian Mumenthaler and his team will further strengthen the role of Swiss Re in our industry and our society more generally. It is an honour and a privilege to work for this great company. I will always be proud to have been part of Swiss Re.

Zurich, 16 March 2016

Michel M. Liès
Group Chief Executive Officer

Amid challenging conditions we had a strong performance in 2015, delivering a strong net income of USD 4.6 billion and setting a path for the future by updating our strategic framework.

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Market environment

Global growth improved in 2015 but developed unevenly across regions. The US economy grew at a solid pace, while growth in China slowed. Monetary policies of major central banks remained accommodative and government bond yields were low. Equity markets performed moderately in the first half of the year and declined in the second half.

The global economy and financial markets
The US and UK economies continued to expand at a solid pace, driven by investments and robust consumer spending. In contrast, the recovery in the Eurozone remained weak. While low interest rates, low oil prices and a relatively weak euro contributed to the Eurozone's highest growth since 2011, its growth rate was still about one percentage point below the US and the UK. Among the Eurozone's southern and other peripheral countries, Ireland and Spain experienced the strongest expansion, while recovery was sluggish in Italy and especially in Greece. Unemployment in the Eurozone decreased slightly but remained significantly above the pre-crisis level. The Japanese economy grew modestly with the Bank of Japan (BoJ) continuing its quantitative easing programme. Falling commodity prices, fears of a Chinese hard landing and the expectation of monetary tightening in the US created uncertainty for the global economy.

Headline inflation fell in many countries due to lower oil prices. In the US, the Eurozone and the UK, it dropped close to zero. However, core inflation, which excludes food and energy prices, was basically unchanged in the US at 1.8%. Inflation in Japan also dropped below 1% after rising to 2.8% in 2014 due to the sales tax increase in April 2014.

Economic performance in emerging markets was disappointing overall but varied across regions. China's economic growth in 2015 fell almost one-half percentage point below the level of 2014, driven by lower exports and modest investment growth. India's performance was stronger, with business and consumer sentiment improving significantly on expectations of a strong push towards economic reform and liberalisation. India was the world's fastest-expanding large economy in 2015.

Growth in Latin America was disappointing with deep recessions in Brazil and Venezuela and below-trend growth in the rest of the region. Brazil's economy contracted by more than 3%, suffering from lower consumer spending and a large drop in investments. The Mexican economy was hampered by low industrial activity and falling oil and gas production while private consumption remained healthy. In Southeast Asia, economic activity was robust, with strong growth in the Philippines, Malaysia and Vietnam. In contrast, Russia's economy fell into a deep recession due mainly to low oil prices and sanctions.

Major economies in Africa and the Middle East developed unevenly, driven largely by political developments and lower oil and commodity prices. Growth in South Africa was sluggish, as companies dealt not only with lower commodity prices but also with weak domestic and foreign demand, electrical outages, union actions and rising input costs. Saudi Arabia experienced solid growth, though the central government's fiscal balance deteriorated sharply due to lower oil prices.

2.3%

US 10-year treasury bond yield

1.5%

Eurozone real GDP growth, 2015 (est.)

Interest rates

The monetary policies of the major central banks remained accommodative, but diverged according to their different economic growth rates. The European Central Bank (ECB) and the BoJ continued their quantitative easing programmes as Eurozone and Japanese economies were still fragile and deflation remained a risk. In contrast, the US Federal Reserve Board (the US Fed) moved towards monetary policy normalisation and finally increased the target range for the federal funds rate in December.

Market expectations for the interest rate hike kept yields for US and UK ten-year government bonds about 1.5 percentage points above German and Japanese bond yields. Despite the start of monetary policy normalisation in the US, interest rates remained historically low in the advanced economies (including the US).

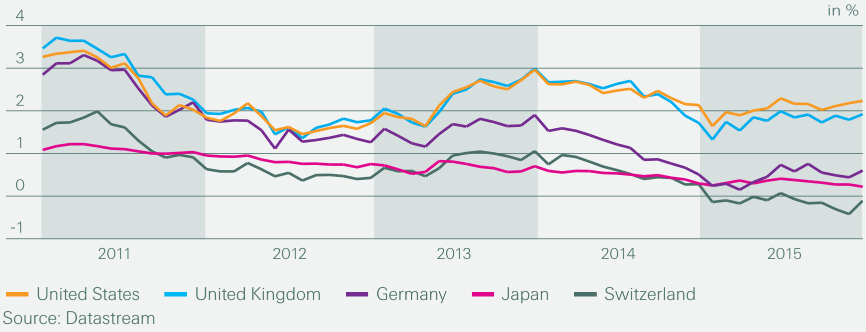
In an attempt to contain inflation and to stop the depreciation of the real, Brazil increased its interest rate to double digits, while China and India both reduced rates.

Stock market performance

Global stock market performance was mixed: the US S&P 500 was down 1%, the Swiss Market Index 2% and the MSCI UK 6%. The Japanese TOPIX was up 8% and the Euro Stoxx 50 4% (see stock markets chart). After three years in which major markets ended in positive territory, equity market development slowed down due to increased uncertainty, weak profit growth and investors caution.

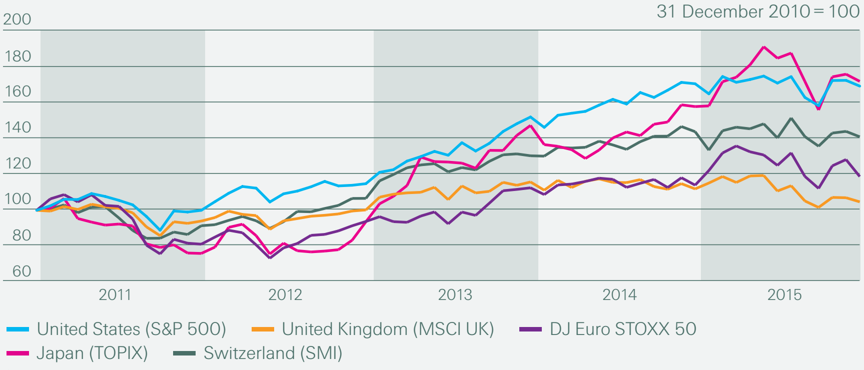
Investor risk aversion was driven by concerns of reform fatigue in the Eurozone, instability in Iraq and Syria and uncertainties about the effect, especially on emerging markets, of the interest rate hike by the US Fed. Investors were also concerned about declining growth prospects in China and the sluggish growth of global trade.

Interest rates for ten-year government bonds 2011–2015



Source: Datastream

Stock markets 2011–2015



Source: Datastream

Currency movements

The ECB's announcement of a quantitative easing programme and fears about the stability of the Eurozone caused the euro to depreciate against the US dollar and other major currencies during the first quarter of the year. The Swiss franc appreciated strongly after the Swiss National Bank (SNB) removed the exchange rate floor of 1.20 francs per euro in January. Against the background of slower growth, persistent pressure on the export industry and the divergence between spot and forward exchange rates, the People's Bank of China (PBoC) devalued the Chinese renminbi to around 6.4 per US dollar in August, surprising the markets. Against the US dollar, the renminbi, euro, pound and Swiss franc ended the year down 4%, 10%, 6% and 1% respectively, while the yen remained unchanged.

Economic risks affecting re/insurers

Many risks could derail global growth and adversely impact financial markets and re/insurers.

Concerns remain about the effect of US monetary policy normalisation on emerging markets. In recent years, their economies have been supported by rapid credit growth (especially in the private sector) due to inexpensive and abundant domestic and external liquidity. Higher interest rates in the US and a subsequent reduction in global liquidity now may lead to further capital outflows. In addition emerging market debt is often denominated in US dollars rather than in local currencies. A further appreciation of the US dollar would therefore cause the debt ratios of many countries to increase.

Economic indicators 2014–2015

	USA		Eurozone		UK		Japan		China	
	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**
Real GDP growth[1]	2.4	2.4	0.9	1.5	2.9	2.2	-0.1	0.7	7.4	6.9
Inflation[1]	1.6	0.1	0.4	0.0	1.5	0.0	2.8	0.8	2.0	1.4
Long-term interest rate[2]	2.2	2.3	0.5	0.6	1.8	2.0	0.3	0.3	3.7	2.9
USD exchange rate[2,3]	-	-	121	109	156	147	0.83	0.83	16.1	15.4

[1] Yearly average
[2] Year-end
[3] USD per 100 units of foreign currency

Source: Swiss Re Economic Research & Consulting, Datastream, CEIC

One of the major concerns for the global economy stems from a pronounced slowdown in Chinese economic growth. Investment could also drop sharply if China's debt markets were disrupted by large defaults. This 'hard landing' scenario would put further pressure on commodity prices and global trade.

The risks for Europe are manifold. The threat of a Greek debt default could flare up again. Coupled with the contagion risk to other Eurozone members, this could put European leaders in the dilemma of taking unpopular actions to avoid the collapse of the euro. Europe also awaits the UK referendum on the EU membership to be held on 23 June 2016. In addition, instability in Syria and Iraq is likely to remain a serious challenge, with corresponding heightened concerns over migration and terrorism.

These risks would affect re/insurers mainly via adverse asset price movements and slower growth potential in the affected markets. In addition, a "flight to quality" could lead to a drop in interest rates and exacerbate the challenges from the current low yield environment.

Persistently low interest rates

Policy rates set by the major central banks have been close to zero for about seven years. In this context, speculation over the starting point and consequences of the interest rate hike by the US Fed dominated financial markets throughout 2015. While interest rates affect all re/insurers, not all lines of business are affected to the same degree. Short-term business can usually be re-priced on an annual basis, thereby making its sensitivity to interest rate fluctuations marginal. By contrast, interest rates have a significant impact on long-term lines of business, such as life insurance and casualty products, where investment income is a significant source of earnings. Although the timing of US rate increases received a lot of attention, the re/insurance industry remains very focused on where they will end up in the long run.

While recent low interest rates are primarily connected to the financial crisis, the decline in both short- and long-term yields had already started in the 1980s. A number of economists attribute the current low yield environment not only to the financial crisis and its aftermath but also to this long-term trend towards lower equilibrium rates. This trend is associated with both a decline in real interest rates (nominal interest rates adjusted by inflation expectations), and also with lower inflation expectations. However, there is no consensus on the equilibrium real interest rate nor why it has been declining.

While a frequently mentioned determinant of long-run trends in real interest rates is economic growth, the relationship is more tenuous than widely believed. A recently published Geneva Report on the World Economy[1] mentions other key factors. An ageing population in most parts of the world led to an increase in the aggregate propensity to save, some of which went into fixed income assets, lowering interest rates. Another contributing factor has been the increase in Chinese savings. The higher savings levels, coupled with China's increased financial integration, led to large capital outflows into global financial markets. Finally a shift in investor preferences away from risky assets towards safe bonds is another likely driver for lowering interest rates.

Since these factors may persist for some time, re/insurers need to be prepared to cope with ongoing low interest rates. However, the report also mentions that, with time, interest rates could increase as the causes of the downward trend reverse. First, aggregate savings levels could decrease as the cohort of current savers continues to move towards retirement. Second, with the shift in China from investment and export-led growth to a more consumption-driven economy, the Chinese outflow of capital into global financial markets may also stabilise. Finally, a gradual return of investor confidence into more risky assets could also alleviate pressure on interest rates.

[1] "Low for Long? Causes and Consequences of Persistently Low Interest Rates," October 2015, International Center for Monetary and Banking Studies (ICMB) and Centre for Economic Policy Research (CEPR).

Primary non-life

2 000

Market size in USD billions

Estimated global premium income in 2015

–4%

Market performance

Estimated global premium growth in 2015

Market overview
The global non-life industry generated around USD 2 000 billion of premium income in 2015, of which 19% came from emerging markets. Non-life insurance ranges from standardised motor and household insurance to sophisticated tailor-made liability and property covers, including specialty commercial and industrial risk insurance.

Market performance
Primary non-life premium growth was slower in 2015 than in 2014, in both advanced and emerging markets. Global primary non-life premiums are estimated to have risen by 2.5% in real terms in 2015, after a 2.8% increase in 2014. However, in US dollar terms, premium income declined by almost 4% as many currencies weakened against the US dollar (see section on macroeconomic developments).

In mature markets, premium growth declined to 1.7% from 2.0% last year. Western European markets slowed marginally despite moderate rate increases in Germany, France and the UK. In Italy, premium income continued to fall sharply due largely to shrinking demand for motor insurance, while the Spanish and Portuguese markets are coming off their lows. Larger markets with accelerating growth include Japan, South Korea, Spain and the Netherlands.

Primary non-life premiums in the emerging markets grew by an estimated 5.6% in 2015, also slower than in previous years. This was mainly due to economic slowdown in Latin America and Central and Eastern Europe. However, there was strong growth in emerging Asia (12%) and in China in particular, based on strong demand in motor. Premiums in other emerging Asia markets, and in the Middle East and North Africa, grew by around 6%. In Sub-Saharan Africa, premiums were up 4.5%.

In terms of underwriting profitability, the US P&C industry's combined ratio deteriorated slightly from 97% in 2014 to 98% in 2015, while again aided by comparably low catastrophe losses, claims costs in motor insurance, both personal and commercial, and in general liability were incrementally rising again.

Underwriting profitability in Europe[1] was about the same in 2015 as in 2014, with an average combined ratio of about 94%. Underwriting results were stable to slightly stronger across the board, based on a low loss burden from natural catastrophes and solid technical results. In Germany and Italy, underwriting results in motor are moderating. This year's large winter storms mostly affected Northern Europe, especially windstorm Elon-Felix and winter storm Niklas, which triggered more than EUR 1 billion in insured losses. The Nordic countries in particular suffered from windstorm Elon-Felix, which drove their combined ratio up by 6.5 percentage points in the first quarter. Germany was also affected by the two storms, which in part explains its higher combined ratio of 98%. In December, several storms induced heavy rains in the UK and Ireland which led to insured flood losses of around GBP 1.3 billion in the UK alone.

Underwriting results in Japan and Australia, the biggest mature markets in Asia Pacific, have been mixed this year. In Japan, overall underwriting results improved across all lines, although the combined ratio in the compulsory motor line remains high. Underwriting performance in Australia, however, deteriorated due largely to poor property risk (homeowners, fire & industrial special risks) offsetting improvements in compulsory motor. The voluntary motor and liability lines have been relatively stable.

Investment returns for primary non-life insurers remain under pressure as average yields are stalling and operating cash flows are weak. Eight years after the financial crisis, the investment environment remains challenging for fixed income securities, the main asset class in insurance, with low yields and exposure to mark-to-market losses when interest rates rise again. Portfolio yields are close to bottoming out, but even with market rates forecast to rise, insurers' running yields will improve only gradually. For 2015, investment returns in non-life are estimated to have been about 11% of net premiums earned, down from 11.4% in 2014, and well below the 14% annual average of 1999–2007. Overall industry profitability has declined with return on equity (ROE) estimated to be 7% in 2015, down from around 9% in 2013 and 2014.[2]

Outlook
The global economic outlook for 2016 and 2017 is more positive and demand for primary non-life insurance is expected to increase. The emerging markets will be the main driver with an estimated strong improvement to 8%–9% premium growth in real terms expected in 2016 and 2017. Growth in mature markets is expected to slow slightly since rates are expected to moderate further and macro conditions will only improve modestly. Global premium growth is forecast to improve from 2.5% in 2015 to 3.0% in 2016 and 3.2% in 2017.

[1] Based on an aggregated sample of large European insurers active in Germany, France, the UK, Italy, Spain, Switzerland and the Nordic countries.
[2] The calculation of the industry average profitability is based on data for the following eight leading non-life insurance markets: Australia, Canada, France, Germany, Italy, Japan, the UK and the US.

170

Market size in USD billions

Estimated global premium income in 2015

–5%

Market performance

Estimated global premium growth in 2015

Market overview
Global non-life reinsurance premiums in 2015 totalled about USD 170 billion, 26% of which stemmed from ceding companies in emerging markets. In general, reinsurance demand is a function of the size and capital resources of primary insurance companies, as well as of the risk profile of the insurance products provided.

Market performance
Non-life reinsurance premium growth was about -5% in US dollar terms, impacted mainly by adverse currency developments. However even in real terms, revenue growth was strongly limited by soft reinsurance market conditions and weak premium growth in the primary market (see above). Reinsurance prices have been softening since US property catastrophe rates started to weaken in mid-2013. This trend has since spilled over into other lines of business. In general, rates in casualty have been more stable than in property.

In contrast, the industry saw a fourth year of strong underwriting results amidst an absence of large natural catastrophe losses. Preliminary data indicate a combined ratio of around 90% for 2015. However, this does not reflect underlying underwriting profitability, because natural catastrophe losses have been lower than anticipated and the claims ratio has been reduced by positive reserve releases from redundant reserves for prior years' claims.[3] Excluding these factors, the underlying combined ratio would be around 100% for 2015.

The investment environment for reinsurers is the same as it is for insurers: challenging. The industry achieved a mere 3% in its average annualised investment yield in 2015, down from 2014. Nevertheless, based on the strong underwriting results, an overall ROE of around 13% was achieved for non-life reinsurance for 2015. Adjusted for the special factors that boost the underwriting result such as low natural catastrophe losses and reserve releases, the average ROE would be around 6%-7%.

The reinsurance industry's capital base remains strong. The capital position of global reinsurers, the traditional source of capital, weakened by 6% in the first half of 2015. The main reasons were currency fluctuations, which contributed to a decline in US dollar-denominated reinsurance capital, continued strong capital management, which returned much of the industry's net income to shareholders, and unrealised capital losses on bond and equity portfolios. Comparing capital and premium developments in non-life reinsurance shows that premiums — as a proxy for insured exposures — have roughly traced capital development since 2009. Capital growth has been managed increasingly via dividend payments and share buy-back programmes in recent years.

One important source of capital in the non-life reinsurance segment and a contributor to the softening of the market has been the expansion of alternative capacity (AC) into the peak risk segment of the industry. By end of 2015, aggregate capacity of AC amounted to USD 65–70 billion, equivalent to a 16% share of the global property catastrophe market. However, after three years of rapid expansion, the development of AC moderated, as risk spreads declined in parallel with the softening of rates in the traditional sector.

Outlook
Real premium growth in the non-life reinsurance sector is expected to weaken in 2016. Mature markets are expected to be impacted by the current rate softening. In the emerging markets (with the exception of China), premium growth is expected to improve on the back of macroeconomic recovery, particularly in Latin America. In China, reinsurance demand is expected to decline following the introduction of C-ROSS, its new solvency regime. For 2017, a recovery of the growth trend is expected, driven by stronger sales in primary insurance in all regions.

Given the strong erosion of profit margins over the last two years, property catastrophe reinsurance rates are close to bottoming out. Across lines of business, the softening of average rates is expected to moderate. For casualty and specialty lines, significant differences in pricing developments by market and line of business are expected.

[3] Claims reserve releases lower the amount of claims incurred which are booked in a certain financial year, thus positively impacting underwriting results and net income. Claims reserve additions add to the reported claims burden in a financial year, with the opposite effect on the P&L. For a more detailed discussion, see also http://media.swissre.com/documents/sigma4_2014_en.pdf

Primary life

2 500

Market size in USD billions

Estimated global premium income in 2015

–5%

Market performance

Estimated global premium growth in 2015

Market overview
The global life insurance industry generated about USD 2 500 billion in premium income in 2015, of which 17% came from emerging markets. Around 85% of premium income in life insurance derives from savings and retirement products. The protection business, which covers mortality and morbidity risks, has a declining share of premium income.

Market performance
Global life insurance premium income declined by 5% in US dollar terms in 2015 due to adverse currency developments. In inflation- and currency-adjusted terms, premium income was up 3%.

In mature markets, real premium income growth is estimated to have slowed to 2% in 2015 from 4.2% in 2014. The slowdown would have been more pronounced if not for the overall benign inflation environment, driven by the sharp decline in energy prices. Growth decelerated or continued to decline in most continental European markets, and premiums grew at a slower pace in Canada and Japan. In Australia, premium income contracted following robust growth in 2014, the weakness stemming mainly from volatility in investment-linked products and also poor performance of disability and income protection products. In the US and the UK, premium income returned to growth in 2015 following contraction in the previous two years.

In emerging markets, premium income rose by an estimated 11% in 2015 after a 7.4% gain in 2014. Growth was strongest in the emerging Asian countries (up 13%). In China, premiums were up 12% and in India 8%, the latter after five years of contraction and stagnation due primarily to regulatory changes. Premium growth strengthened to 8% in Latin America while in Central and Eastern Europe, premiums were down 2% in real terms, led by a decline in Russia because of the economic recession, high inflation, unfavourable currency moves and weakening credit which had fuelled growth before.

Life insurance is a long-term business and new business is an important contributor to industry growth. New business in seven major markets representing about 60% of global premium income is expected to have risen by 2% in 2015 (after inflation), following a 9%-increase in 2014. The more modest increase this year was mainly due to improving sales of protection products in most markets. In the US, sales of term insurance products increased 2% in the first half of 2015, after declining slightly in the previous year. Sales of disability insurance have improved also, while new business demand for long-term care continued to weaken due to higher prices. In Canada, term sales recovered modestly (up 3%) in the first half of 2015 after a dip in 2014.

The protection business in the UK is growing again after a long period of contraction. In the first half of the year, protection sales rose by 3.7% following annual declines of close to 4% in both 2013 and 2014. In Germany, term sales were down 4.4% in the first two quarters of the year, while sales of disability products grew by 5.8%. Long-term care insurance sales in Germany also improved. In Italy, protection sales are projected to have grown marginally.

The savings business contracted or slowed due to low interest rates, equity market volatility, and the impact of pension reforms in some markets (eg, the UK). Low interest rates have made it harder for insurers to earn enough investment income and in many countries, guarantees and profit sharing have been reduced. Savings-type insurance has also become more expensive for regulatory reasons (eg, higher capital requirements for long-term guarantees, or asset/liability mismatches). This has made savings-type insurance less attractive for both policyholders and suppliers. Together with adjusting their products and offering more flexible guarantees, insurers are introducing new concepts such as a guarantee of a certain return over the full duration of the contract, rather than an annual return.

Outlook
There is significant potential for sales growth in mortality and health protection given the large protection gap in many markets and growing consumer awareness of underinsurance. Downside risks from the modest global growth outlook, persistently low interest rates, volatility in financial markets and regulatory changes remain significant in the short to medium term. Global real premium income is forecast to rise by 4% annually in both 2016 and 2017.

65

Market size in USD billions

Estimated global premium income in 2015

–3%

Market performance

Estimated global premium growth in 2015

Market overview

The size of the global life reinsurance business was around USD 65 billion in 2015. Most (70%) of this stems from the US, Canada and the UK. Ceding companies from emerging countries accounted for only 6% of global demand. Life reinsurers are increasingly diversifying away from traditional mortality business.

Market performance

The life reinsurance industry registered a currency-driven decline of 3%. Currency- and inflation-adjusted premium income rose by 3% in 2015. The Accident & Health business supported some premium growth, as did large annuity and longevity contracts. Meanwhile, other business lines had weak organic growth and some treaties were cancelled. Health and annuity transactions are expected to continue to drive growth in the coming years and also help reinsurers in the UK and North America diversify away from traditional mortality business.

Global premiums in traditional life reinsurance, consisting of mortality and morbidity, are estimated to have grown by 2% in real terms in 2015. In mature markets, a 1% increase was driven by positive developments in the UK and the large continental European markets, while premiums in the US continued to contract as a result of lower cession rates and still-weak protection sales. In the emerging markets, premiums grew by 8%. Growth in Asia (particularly China) and Latin America was strong, mirroring the primary market.

The operating margin of the life reinsurance industry was 8% of net premiums earned in 2015, compared to 7% in 2014, based on improvements in the underwriting results. The contribution from investments further declined, due to the ongoing low interest rate environment.

Outlook

Traditional life reinsurance is expected to continue to stagnate in the next few years, driven by ongoing contraction of this segment in the US and UK, while other mature markets will record moderate growth in line with the growth of protection business on the primary side. In emerging markets, life reinsurance is expected to increase by about 6%–7%. By contrast, the pressure on a number of primary life insurers will likely generate steady demand for capital solutions and other forms of non-traditional reinsurance.

Group strategy

A strategy to help meet our financial targets and to make the world more resilient.

Over the past five years our strategy has worked — and now we have the chance to build on it.

At our December 2015 Investors' Day we introduced the next phase in our Group's strategic framework. It has four key areas, each of which we will emphasise even more strongly to better position ourselves for continued success.

The strategic framework shown to the right represents the next phase of a transformation journey that we accelerated in 2012, when we completed our Business Unit structure. Our aim then was to become the most successful capital allocator in insurance and associated asset risks while maintaining our strong balance sheet.

The framework is our roadmap for continuing on that path, focusing on four key areas.

The first area for strategic action is to systematically allocate capital to risk pools and revenue streams. Capital allocation is at the core of our Group's strategy. We allocate capital to risk pools and measure performance over time. Disciplined and agile capital allocation is the key to outperformance and the engine to pursue our strategic ambitions.

The second area is to broaden and diversify our client base. Many lines of business face shrinking cession rates and competition is increasing overall. At the same time, new risks (such as cyber) are emerging while other underinsured risks continue to grow. We believe new client segments and distribution channels can strengthen our position as the supply and demand equilibrium shifts.

The third area is the optimisation of resources and platforms. We have more than doubled our workforce in high growth markets since 2011 and invested in strengthening our IT architecture, adding smart analytics and cognitive computing to our toolset.

Lastly, it is important to emphasise differentiation. This strategic priority builds on what makes us who we are: our financial strength, our client relationships and our status as a knowledge company. We must continue to offer superior service and a differentiated and unique approach to our clients.

We believe these four areas of strategic action will better position us to deliver on our new Group financial targets, which we communicated in February 2015.

This strategy is also designed to meet a larger goal: to make the world more resilient. Success in our industry means protecting society. That is why we claim "We make the world more resilient" as our vision for the future. We provide both the necessary risk management expertise and the re/insurance coverage to absorb risks and rebuild after a disaster strikes.

The strategy supports our overall mission: together, we apply fresh perspectives, knowledge and capital to anticipate and manage risk. That's how we create smarter solutions for our clients, helping the world rebuild, renew and move forward.

Swiss Re's strategic framework

I. Systematically **allocate capital** to risk pools/revenue streams	
II. Broaden and diversify **client base** to increase access to risk	III. Optimise **resources and platforms** to support capital allocation
IV. Emphasise **differentiation**	

AREAS OF STRATEGIC ACTION		FINANCIAL TARGETS
Systematically allocate capital to risk pools/ revenue streams	We have a defined target portfolio of asset and liability risks. Risks can always be added to this target portfolio, and they may also be withdrawn. Flexible capital allocation among these portfolios — and taking advantage of the diversification benefits — is what drives value creation at Swiss Re. We aim to make our decisions based on capital usage and returns from each portfolio, balancing cash flow, Economic Value Management (EVM) and US GAAP metrics.	**Return on equity** At least 700 basis points greater than the risk-free rate, as measured by ten-year US government bonds.
Broaden and diversify client base to increase access to risk	New markets, new clients and new risks: these are the three primary ways to achieve this strategic objective. We aim to generate 30% of premiums and fee income from targeted high growth markets by 2020. We also aim to serve broader client segments, such as expanding our regional and national insurer client base and even expanding to work with governments and multilateral institutions. We can also find new opportunities — helping clients deal with new risks such as cyber threats or taking on different risks through our investments, such as infrastructure debt.	
Optimise resources and platforms to support capital allocation	Our capital allocation strategy requires us to attract the right talent and to equip them with the right resources, platforms and processes. Reaching new markets, for example, often requires local expertise. For this reason our local talent pool in high growth markets has more than doubled between 2011 and 2015. This strategic focus goes beyond talent and geographies. Smart analytics and cognitive computing, for example, have the potential to change our industry. Our initiatives focus on concrete applications with direct business impact, such as in sales and contracts.	**Economic net worth per share** 10% growth per annum, using year-end ENW plus dividends, divided by previous year-end ENW.
Emphasise differentiation	Financial strength, client relationships, and being a knowledge company are the main components of our differentiation. All three have underpinned our strong performance. They remain pivotal going forward. Our clients take comfort in our financial strength. This helps form direct client relationships through which we can deliver large and tailored transactions. As part of our offer we bring top talent and a deep understanding of market dynamics — the practical benefit of being a knowledge company.	

Group results

Our Group delivered a strong net income of USD 4.6 billion.

"Our Business Units reported multiple successes across 2015."

Michel M. Liès
Group Chief Executive Officer

Swiss Re reported a strong net income of USD 4.6 billion for 2015, compared to USD 3.5 billion for 2014. Earnings per share were USD 13.44 or CHF 12.93, up from USD 10.23 (CHF 9.33) for 2014. All three Business Units contributed to this result. The underwriting performance of Property & Casualty Reinsurance and Corporate Solutions remained solid, reflecting the high quality of those portfolios. Life & Health Reinsurance met its return on equity target after the management actions of 2014. Admin Re® again generated significant gross cash for the Group.

Net income for Reinsurance was USD 3.9 billion in 2015, compared to USD 3.1 billion in 2014. Property & Casualty Reinsurance contributed USD 3.0 billion, a modest decrease from the prior-year period, reflecting continued solid underwriting performance supported by benign natural catastrophe experience and favourable prior-year development. Life & Health Reinsurance reported net income of USD 939 million, reflecting a strong operating result, net realised gains and lower interest charges, compared to a loss of USD 462 million for 2014, which was mainly due to management actions addressing the pre-2004 US individual life business.

Corporate Solutions delivered net income of USD 340 million in 2015, compared to USD 319 million in 2014, reflecting continued profitable business performance across most lines of business and investment activities.

Admin Re® reported net income of USD 422 million for 2015, compared to USD 34 million for 2014, driven mainly by higher realised gains, favourable UK linked investment performance and one-off tax benefits, partially offset by costs for the acquisition of Guardian Financial Services. The 2014 result was impacted by the loss of USD 203 million on the sale of Aurora National Life Assurance Company (Aurora).

Common shareholders' equity, excluding non-controlling interests and the impact of contingent capital instruments, decreased to USD 32.4 billion at the end of 2015 from USD 34.8 billion at the end of 2014. The decrease was due to the distribution of the 2014 regular and special dividends of USD 2.6 billion, the launch of the share buy-back programme in mid-November, unrealised losses on fixed income securities and unfavourable foreign exchange rate movements, partially offset by higher net income. Book value per common share decreased to USD 95.98 or CHF 96.04 at the end of 2015 compared to USD 101.78 (CHF 101.12) 12 months earlier. Return on equity increased to 13.7% for 2015 from 10.5% for 2014.

Business performance

Premiums earned and fee income for the Group totalled USD 30.2 billion for 2015, compared to USD 31.3 billion for 2014, mainly reflecting unfavourable foreign exchange rate movements. At constant exchange rates, premiums and fees increased by 3.7%.

Premiums earned by Property & Casualty Reinsurance in 2015 were USD 15.1 billion, compared to USD 15.6 billion in the same period last year. At constant exchange rates, premiums earned increased by 3.4%, driven by increased premiums in casualty and specialty, partly offset by decreases in property. The Property & Casualty Reinsurance combined ratio was 86.0% in 2015, compared to 83.7% in 2014. Both periods benefited from a better than expected natural catastrophe experience and favourable prior-year reserve developments.

Life & Health Reinsurance premiums earned and fee income were USD 11.0 billion, compared to USD 11.3 billion in 2014. At constant exchange rates, premiums and fees increased by 6.1%. The operating margin for Life & Health Reinsurance was 9.9% in 2015, compared to 2.6% in 2014, mainly reflecting the improvement in operating income in both life and health segments.

Corporate Solutions premiums earned were USD 3.4 billion. At constant exchange rates, premiums earned increased by 1.7%. The Corporate Solutions combined ratio was 93.8% in 2015, compared to 93.0% in 2014, impacted by higher large man-made losses.

Admin Re® generated gross cash of USD 543 million in 2015, down from USD 945 million in 2014. Gross cash generation in 2015 was driven by UK assumption updates, primarily to annuitant mortality rates, and by the UK half-year valuation. The 2014 amount included a release of USD 225 million in surplus reserves held against the risk of credit default, a one-time benefit of USD 234 million following the finalisation of the 2013 year-end UK statutory valuation and proceeds of USD 217 million from the sale of Aurora.

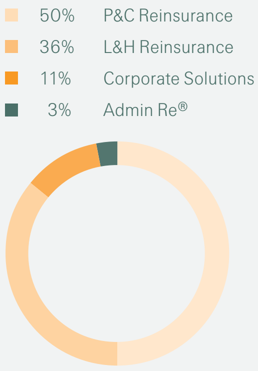
Investment result and expenses

The return on investments was 3.5% for 2015, compared to 3.7% for 2014, with the decrease mainly attributable to lower net investment income from equity-accounted investments.

The Group's non-participating net investment income was USD 3.4 billion for 2015, compared to USD 4.1 billion for 2014. The decrease mainly related to net asset outflows and lower market value gains on equity-accounted investments. The Group's fixed income running yield for 2015 was 3.0%, compared to 3.3% for 2014.

The Group reported non-participating net realised investment gains of USD 1.2 billion for 2015, compared to USD 567 million for 2014. The current period result was primarily driven by sales of government bonds and equity securities, partly offset by impairments.

Net premiums and fees earned by Business Unit, 2015
(Total: USD 30.2 billion)



Acquisition costs for the Group slightly decreased to USD 6.4 billion in 2015. At constant foreign exchange rates, acquisition costs increased by 4.0% due to a higher share of proportional business written.

Other expenses were USD 3.3 billion in 2015, a slight increase from the previous period, fully accounted for by the release of a premium tax provision in Asia in the third quarter of 2014.

Interest expenses amounted to USD 579 million in 2015, down from USD 721 million in 2014, mainly due to the unwinding of an asset funding structure supporting a longevity transaction in Life & Health Reinsurance in the fourth quarter of 2014.

The Group reported a tax charge of USD 651 million on a pre-tax income of USD 5.3 billion for 2015, compared to a charge of USD 658 million on a pre-tax income of USD 4.2 billion for 2014. This translated into an effective tax rate in the current and prior-year reporting periods of 12.2% and 15.6%, respectively. The lower tax rate in 2015 was largely driven by a tax benefit arising from a local statutory accounting adjustment for restructuring of subsidiaries, higher tax benefits from foreign currency translation differences between statutory and US GAAP accounts, and the release of valuation allowances partially offset by tax on profits earned in higher tax jurisdictions.

Group Underwriting

"Long-term trends are driving demand for knowledge-based re/insurance solutions."

Matthias Weber
Group Chief Underwriting Officer

Underwriters quantify the risk of providing insurance protection for homes, cars, ships, health expenses and many other risks. They determine the premium that is commensurate with each risk and set the terms and conditions of insurance policies and reinsurance contracts. They decide which risks are acceptable and which risks are not. Our underwriters seek to protect Swiss Re's book of business from exposures they feel will make a loss or put too much of Swiss Re's capital at risk. Underwriting is a cornerstone of our long-term success and one of Swiss Re's core competencies.

Underwriting, a source of competitive advantage

Re/insurance is a knowledge business. As the expected profitability of individual risks can vary widely, superior risk selection is key to outperformance. To deliver such outperformance Swiss Re relies on highly developed underwriting expertise, cutting-edge capabilities in data analytics, more than 150 years of experience, and sufficient scale to invest in research and development, all of which are aimed at creating a competitive advantage.

Steering risk globally across all Business Units and product types is key to optimising capital allocation. Specifically, our underwriting teams analyse and predict loss, exposure and premium trends by portfolio segment. A central unit then determines the optimal portfolio mix by taking into account future expected cash flow, EVM and US GAAP profiles by portfolio segment, leveraging the advantages of our multi-line book to deliver more than just the capital-related diversification benefits. Knowing these cash flow, EVM and US GAAP profiles allows us then to formulate an ambition for a future desired book of business and create a plan to achieve it.

Our underwriters can respond to our clients' often heterogeneous needs with innovative and tailored solutions such as multi-line deals with structural elements, longevity swaps, external run-off transactions or insurance-linked securities. Our ability to write bespoke transactions leads to deals that deliver better economics than commoditised open-market business.

Underwriting performance in 2015

The Group's overall underwriting performance was strong with technical profitability across all businesses supporting the 31% increase in net income from USD 3.5 billion in 2014 to USD 4.6 billion in 2015. The Group's claims ratio for property and casualty decreased from 55.4% in 2014 to 53.3% in 2015.

Both periods benefited from a lower than expected level of natural catastrophe losses. The 2015 natural catastrophe loss burden amounted to USD 0.2 billion, significantly below the expected value of USD 1.7 billion, while the 2014 burden amounted to USD 0.5 billion, also significantly below the expected value of USD 1.6 billion. The largest natural catastrophe losses in 2015 were caused by the floods in Chennai, India, and storms on Australia's east coast.

However, 2015 was impacted by an above average amount of large man-made losses, while in 2014 large man-made losses came in close to expected. The 2015 man-made large loss burden included the explosion in the port of Tianjin, China (USD 250 million), a dam burst in Brazil and a fire on an oil platform in the Gulf of Mexico.

Both periods benefited from prior-year development: USD 950 million in 2015 compared to USD 673 million in 2014. It is important to note that these prior-year developments were not 'one-offs' caused by good luck, but valuable earnings contributions from effective risk selection and disciplined underwriting in prior accident years.

The total life and health benefits decreased from USD 10.6 billion in 2014 to USD 9.1 billion in 2015. That result was strongly influenced by the successful completion of management actions in Reinsurance in 2014 in relation to the US pre-2004 individual life business. In 2015, mortality experience was favourable compared to expectations mainly from good experience in the US post-2004 business. Morbidity was unfavourable by about the same amount, driven by adverse experience in the critical illness business in the UK and Asia. Model and assumption changes were favourable, driven by interest rate updates of the valuation of disabled life reserves.

For more on the underwriting performance of all Business Units, see pages 34–45.

Market environment

Hedge funds, pension funds and other capital market participants have been supplying 'alternative' capital to re/insurance markets in recent years as they search for higher returns. Primary insurers are also by and large well-capitalised after several years of generally benign loss experience, leading some of them to retain more risk than has normally been the case.

These forces have been depressing prices, especially in short-tail lines, making disciplined and selective underwriting ever more critical for re/insurers. For the January 2016 renewals we observed a continued general price softening in property and specialty lines of business. Casualty has been relatively stable, with significant differences by segment. The softening in the important US natural catastrophe market has started to ease and there is evidence that it is approaching an inflection point.

Inflation is currently well contained and will continue to keep property and casualty claims severity increases generally low for a while. The long-term outlook for inflation is more uncertain.

Exposure growth should continue to accelerate gradually in line with the economy. In high growth markets, and especially in Asia, we expect to see strong exposure growth for both life and non-life insurance, further accelerated by urbanisation and increasing insurance penetration among the growing middle classes. Fiscal austerity is expected to drive risks from the public to the private sector, creating opportunities in infrastructure, pensions, healthcare and natural catastrophes. More immediate opportunities exist in other areas with insurance protection gaps.

Outlook

In the short term we expect challenging conditions to persist until demand and supply of capacity start to balance. In such an environment underwriting outperformance remains key. We will therefore seek to continue to exploit our competitive advantage in risk selection and capital allocation to protect our bottom line. We will reduce capacity for flow business in Property & Casualty Reinsurance and focus on large and tailored transactions for all lines. In addition, we will be pursuing opportunities presented by major demographic, socioeconomic and technological trends, including the rise of high growth markets, where growth remains dynamic; or where the need for health protection is expanding, as in ageing societies. Last but not least, we will also focus on areas where protection gaps threaten resilience.

Group Investments

"We continue to focus on a high-quality, sustainable investment performance."

Guido Fürer
Group Chief Investment Officer

Strategy

During 2015 Swiss Re continued to maintain a balanced asset allocation with a steady allocation to government bonds and cash. We selectively added corporate bonds and loans across multiple currencies to further diversify our credit portfolio. We also significantly expanded our real estate allocation by 0.7% after a reduction in equity and hedge fund exposures during 2014.

Financial markets overview

During the first half of 2015, equity prices held up well while government bond yields moved higher and credit spreads widened driven by heavy supply. The risk of Greece leaving the Eurozone resulted in significant market nervousness around mid-year. Additionally, the surprise change in the Chinese exchange rate regime in August, amid already growing concern about economic slowdown, significantly influenced market sentiment and pushed equity market volatility to its highest level since the Eurozone crisis began in 2011. Sentiment subsequently recovered in the final quarter of the year.

The 2015 market movements occurred against a backdrop of improving economic growth across developed economies, albeit with weaker external demand from the emerging economies. Labour markets in the US and UK have become increasingly tight as unemployment rates approach the natural rate, as evidenced by rising wages in the closing stages of the year. However, pass-through to headline inflation has been exceptionally low as commodity price weakness has continued to weigh on prices. Heading into 2016 these base effects may reverse and inflation could steadily rise again. Markets ended 2015 with strong expectations that the ultra-accommodative monetary policy in the US was coming to an end.

3.4

Net investment income

in USD billion, 2015
(2014: USD 4.1 billion)

3.5%

Group return on investments

2015
(2014: 3.7%)

Investment result

The Group's investment portfolio, excluding unit-linked and with-profit investments, decreased to USD 116.8 billion at the end of 2015, compared to USD 125.4 billion at the end of 2014. The decrease was due to the impact of rising interest rates, net asset outflows and foreign exchange translation.

The return on investments for 2015 was 3.5%, compared to 3.7% in 2014, with the decrease mainly attributable to lower net investment income from equity-accounted investments.

The Group's non-participating net investment income decreased to USD 3.4 billion in 2015 compared to USD 4.1 billion in 2014, largely driven by net asset outflows, reducing the size of the fixed income portfolio, as well as lower earnings from equity-accounted positions. The Group's fixed income running yield of 3.0% was lower than 3.3% for 2014, driven by recent net purchases in a lower yield environment, net outflows of higher yielding assets and a lower impact from extraordinary paydowns.

The Group reported non-participating net realised investment gains of USD 1.2 billion in 2015, mainly as a result of gains from sales of fixed income and equity securities, as well as gains on insurance-related items. The result was significantly higher than USD 567 million in 2014, which was impacted by the unwinding of an asset-funding structure in Life & Health Reinsurance and the sale of Aurora in Admin Re®.

The total return on investments was flat in 2015, reflecting the impact of rising interest rates and credit spread widening over the year.

Outlook

Overall, the outlook for 2016 is one of moderate growth, but financial market risks remain skewed to the downside. Central bank policy divergence will remain a key theme as the US and UK are expected to begin raising policy rates, while the European Central Bank (ECB) and Bank of Japan (BoJ) are expected to extend their quantitative easing programmes. The US Federal Reserve (US Fed) and Bank of England (BoE) have emphasised that the path of rate increases will be very gradual, as inflationary pressure will remain fairly muted and will occur against the backdrop of steadily slowing emerging market economies (including China). The UK has the additional headwind of the referendum on its membership in the EU. Depending on the outcome, this could remain a key theme for the UK and Europe over the coming years.

Against this backdrop, the Group will seek to maintain a balanced and high-quality investment portfolio. The acquisition of Guardian Financial Services is expected to increase the Group's overall allocation to credit by approximately 6%, consistent with the change in Admin Re®'s investment portfolio and business mix. The quality of the credit portfolio remains high.

Strengthening the role of long-term investors

Unprecedented official policies have helped to restore financial market stability. However, more than seven years after the financial crisis it is questionable whether the benefits still outweigh the costs, such as asset bubbles, economic inequality, reputational damage for central banks and a "tax" on savers. Swiss Re has identified three policy areas where reform could mitigate these effects and significantly enhance the long-term growth outlook.

The first is to strengthen private capital market intermediation. In the EU up to 80% of financial intermediation takes place through banks, which due to regulatory pressure have been reducing their balance sheets. This directly impacts their ability to lend, with clear implications for growth. Furthermore, the significant central bank holdings of various debt securities has created significant price distortions.

The second area is public sector support for the development of tradeable asset classes, specifically in relation to infrastructure investing. In 2013 just 24% of infrastructure finance was through tradeable project bonds with the rest in illiquid bank loans. Greater emphasis on project bonds in tradeable form, achieved with standardisation, as well as strengthening investor rights more generally to tackle well-known policy risks, would significantly enhance accessibility of the asset class.

Finally, a conducive regulatory and policy environment would allow long-term investors to exert their natural role of acting as a financial market stabilizer and channel funds to the real economy. Policymakers need to prevent short-termism and support economic growth and job creation. The table below shows that long-term investors hold assets worth 91% of global GDP, giving them the potential to be key financiers of growth and development projects.

Some progress has been made on these issues. In 2015 the Juncker Commission on Capital Markets Union (CMU) proposed changes that directly address infrastructure investing and securitisation:

- On infrastructure, the Solvency II framework for insurance regulation has a new concept of 'qualifying infrastructure investments' for a defined set of safer investments. These will benefit from a lower capital charge, making the asset class more attractive for insurers.
- On securitisation, the CMU has proposed a new regulatory framework, aimed at rebuilding trust in the market and improving the financing of the EU economy.

While these initiatives are very welcome, there remain significant policy changes which could help mitigate the effects of financial repression and promote a more resilient and sustainable growth outlook.

Assets under management (AuM) of long-term investors, USD trillion	Global	% of global GDP	Europe	% of EU GDP	Europe % of global
Long-term investors*	70	91%	16	88%	23%
Thereof: Insurers	27	35%	10	51%	35%

* Includes insurance companies, pension funds, sovereign wealth funds, endowments and foundations.

Source: IMF (GDP figures), Towers Watson, SR ER&C, Sovereign Wealth Funds Institute, Insurance Europe.

Summary of financial statements

Income statement

USD millions	2014	**2015**	Change in %
Revenues			
Premiums earned	30 756	29 751	–3
Fee income from policyholders	506	463	–8
Net investment income – non-participating business	4 103	3 436	–16
Net realised investment gains/losses – non-participating business	567	1 206	113
Net investment result – unit-linked and with-profit business	1 381	814	–41
Other revenues	34	44	29
Total revenues	37 347	**35 714**	–4
Expenses			
Claims and claim adjustment expenses	–10 577	–9 848	–7
Life and health benefits	–10 611	–9 080	–14
Return credited to policyholders	–1 541	–1 166	–24
Acquisition costs	–6 515	–6 419	–1
Administrative expenses	–3 056	–3 039	–1
Other expenses	–99	–264	167
Interest expenses	–721	–579	–20
Total expenses	–33 120	**–30 395**	–8
Income before income tax expense	4 227	**5 319**	26
Income tax expense	–658	–651	–1
Net income before attribution of non-controlling interests	3 569	**4 668**	31
Income attributable to non-controlling interests		–3	–
Net income after attribution of non-controlling interests	3 569	**4 665**	31
Interest on contingent capital instruments	–69	–68	–1
Net income attributable to common shareholders	3 500	**4 597**	31

Changes in equity

USD millions	2014	**2015**	Change in %
Total shareholders' equity as of 1 January	32 952	35 930	9
Net income attributable to common shareholders	3 500	4 597	31
Change in unrealised gains/losses on securities, net	3 796	–2 670	–
Change in other-than-temporary impairment, net of tax	3	–8	–
Change in foreign currency translation	–778	–1 012	30
Dividends	–3 129	–2 608	–17
Purchase/sale of treasury shares and shares issued under employee plans	–114	–521	–
Other changes in equity	–300	–191	–36
Total shareholders' equity as of 31 December	35 930	**33 517**	–7
Non-controlling interests	111	89	–20
Total equity as of 31 December	36 041	**33 606**	–7

Summary balance sheet

USD millions	2014	**2015**	Change in %
Assets			
Investments			
Fixed income securities	86 669	82 331	–5
Equity securities	4 089	4 787	17
Policy loans, mortgages and other loans	3 205	3 123	–3
Investment real estate	888	1 556	75
Short-term investments	14 127	7 405	–48
Other invested assets	9 684	10 367	7
Investments for unit-linked and with-profit business	25 325	28 241	12
Total investments	143 987	**137 810**	–4
Cash and cash equivalents	7 471	8 204	10
Reinsurance assets	30 437	28 157	–7
Deferred acquisition costs and other intangible assets	8 137	8 435	4
Goodwill	4 025	3 862	–4
Other assets	10 404	9 667	–7
Total assets	204 461	**196 135**	–4
Liabilities and equity			
Unpaid claims and claim adjustment expenses	57 954	55 518	–4
Liabilities for life and health policy benefits	33 605	30 131	–10
Policyholder account balances	29 242	31 422	7
Unearned premiums	10 576	10 869	3
Funds held under reinsurance treaties	3 385	3 320	–2
Reinsurance balances payable	2 115	1 928	–9
Income taxes payable	909	488	–46
Deferred and other non-current taxes	9 445	8 093	–14
Short-term debt	1 701	1 834	8
Accrued expenses and other liabilities	6 873	7 948	16
Long-term debt	12 615	10 978	–13
Total liabilities	168 420	**162 529**	–3
Total shareholders' equity	35 930	**33 517**	–7
Non-controlling interests	111	89	–20
Total equity	36 041	**33 606**	–7
Total liabilities and equity	204 461	**196 135**	–4

Reinsurance

Our 2015 performance was driven by solid underwriting and progress on strategic goals.

"We're focused on portfolio steering, transactions and underwriting discipline."

Christian Mumenthaler
CEO, Reinsurance

Strategy and priorities
Our Reinsurance Business Unit strategy focuses on differentiation and profitable growth through a dedicated emphasis on profitable risk pools, enabled by a strong operating platform and talent base.

Systematically allocate capital to risk pools/revenue streams
By applying metrics based on cash flow, US GAAP and our integrated Economic Value Management (EVM) framework we seek to steer both Property & Casualty (P&C) and Life & Health (L&H) Reinsurance businesses to the most profitable risk pools. As a result we've been shifting the weighting of our lines of business in line with our underwriting framework and growth strategy. In P&C, we prioritised high growth markets and have been reducing property business since 2013 where prices have become increasingly challenging. In L&H we continued to grow the contribution from high growth markets and from health, in particular.

We allocate capital to the most attractive lines of business and steer it toward the business that is most relevant for our clients. We have been emphasising transactions, which are tailored, complex solution structures that efficiently fit client needs and bring unique added value. Demand for such structures is being driven especially by more stringent solvency and capital standards, often in L&H.

Broadening and diversifying our client base to increase access to risk

We have continued to work on expanding our client base through a dedicated focus on specific client segments (such as regionals and nationals, or R&N), lines of business (such as casualty and health) and geography (especially high growth markets).

In the R&N segment, we have been investing significant effort to understand the needs of our clients and tailoring our offerings accordingly since 2011. As a result, we have won an average of more than one hundred new P&C clients per year and improved the retention of existing ones.

In casualty, we proactively manage our business according to the cycle, aiming for a disciplined expansion. Growth has been significant since 2011, particularly in the US. At the same time we make significant investments to understand the impact of new risks in the casualty book, such as cyber risks or driverless cars; furthermore, our Liability Risk Driver (LRD) model gives us a new way to systematically, objectively, and transparently assess liability risks.

In health, we address the needs of ageing populations and are capitalising on the opportunities from increasing demand for primary health products, particularly in Asia and the US. We expect cessions to the reinsurance market to grow along with demand in the primary market.

Finally, we continue to expand geographically. High growth markets now account for about 20% of our premiums. Our focus in high growth markets is to establish high-performing local teams, further enhance client loyalty and support efforts to increase overall market penetration.

Optimising resources and platforms

The Reinsurance Business Unit is continuously improving its operations and processes. We have systematically relocated client-facing functions to high growth markets, particularly Asia. By combining client management and underwriting responsibility, we have become more effective for our R&N clients. We have also continued to invest in IT platform optimisation in both P&C and L&H.

Emphasising differentiation

Differentiation in Reinsurance is based on financial strength, strong client relationships and our knowledge company approach. Our financial strength is reflected by the ratings on page 54. Our close relationships allow us to better understand clients' needs through regular exchange with key decision makers and tailor solutions specifically for them. As a result we achieve remarkable client retention and premium growth. Today clients rank Swiss Re first or second in all markets except in Latin America, where we rank third, according to Flaspöhler ratings.

Such relationships are supported by our knowledge company approach, which allows us to deliver a wide spectrum of products and services. We help our clients grow through, for example, new or co-product development, portfolio/risk analysis, catastrophe modelling advisory, Solvency II consulting and rating exposure support. We also share knowledge with our clients through client workshops and training — in 2015 we delivered on-site client training for more than 600 participants from over 40 countries and for more than 800 others through eLearning. We also provide unique systems and simulation tools to clients, such as CatNet, a natural hazard information and mapping system; SwiftRe, our online self-service facultative reinsurance platform; and Magnum, our automated underwriting system for L&H.

Property & Casualty Reinsurance

Performance

Net income for 2015 was USD 3.0 billion. The result reflected solid underwriting results supported by benign natural catastrophe experience and net reserve releases from prior accident years. The overall result was impacted by a large man-made loss burden, notably the explosion in Tianjin, China, estimated to impact the property and marine business lines by USD 235 million.

The combined ratio was slightly higher at 86.0%, compared to 83.7% in 2014.

The underwriting result for 2015 decreased by USD 433 million largely due to the impact of foreign exchange rate movements and lower prices for reinsurance. This also reflects a shift towards more proportional business and more casualty business, both of which typically result in a higher combined ratio. These shifts were partly offset by better than expected natural catastrophe experience and positive prior-year development.

Property & Casualty results

USD millions	2014	**2015**	Change in %
Premiums earned	15 598	**15 090**	–3
Expenses			
Claims and claim adjustment expenses	–8 493	–7 892	–7
Acquisition costs	–3 382	–3 836	13
Other expenses	–1 175	–1 247	6
Total expenses before interest expenses	–13 050	**–12 975**	–1
Underwriting result	2 548	**2 115**	–17
Net investment income	1 076	1 097	2
Net realised investment gains/losses	699	445	–36
Other revenues	69	45	–35
Interest expenses	–255	–262	3
Income before income tax expense	4 137	**3 440**	–17
Income tax expense	–552	–443	–20
Income attributable to non-controlling interests	–1	–1	0
Interest on contingent capital instruments	–20	–19	–5
Net income attributable to common shareholders	3 564	**2 977**	–16
Claims ratio in %	54.5	52.3	
Expense ratio in %	29.2	33.7	
Combined ratio in %	83.7	86.0	

Major natural catastrophes in 2015 included storms on Australia's east coast, storm Niklas in Europe, a sandstorm in Saudi Arabia, and floods in India and the UK in December. Large man-made losses included the explosion in Tianjin, China, a fire on an oil platform in the Gulf of Mexico, a dam burst in Brazil, a credit loss in India, an engineering loss in France and a fire at a South Korean warehouse.

Net premiums earned

Net premiums earned were USD 15.1 billion in 2015, compared to USD 15.6 billion for 2014. The decrease was mainly driven by foreign exchange rate movements. At constant exchange rates, premiums earned increased by USD 497 million, driven by increased premiums in casualty and specialty, partly offset by decreases in property.

The composition of gross premiums earned by region changed year on year, with the Americas having a higher share of premiums in 2015 compared to 2014. The balance between proportional and non-proportional reinsurance business moved towards proportional business in 2015. Based on gross premiums written before intra-Group retrocession, the share of proportional business was 69% in 2015, compared to 64% in 2014.

Combined ratio

Property & Casualty Reinsurance reported a solid combined ratio of 86.0% in 2015, compared to 83.7% in the previous year. Both periods benefited from a better than expected natural catastrophe experience and favourable prior-year reserve developments.

The impact from natural catastrophes in 2015 was 8.7 percentage points below the expected level of 9.9 percentage points. Favourable development from prior accident years improved the 2015 combined ratio by 5.1 percentage points compared to 3.9 percentage points in 2014.

Administrative expense ratio

The administrative expense ratio increased to 8.3% in 2015, compared to 7.5% in 2014. The prior year ratio benefited by one percentage point due to a release of a premium tax provision in Asia in the third quarter of 2014.

Lines of business

Property

The property combined ratio was 73.1% in 2015, in line with 69.7% in 2014, supported by benign natural catastrophe loss experience and favourable prior-year claims experience.

Casualty

The casualty combined ratio for 2015 was 99.9%, compared to 104.1% in 2014. This is mainly due to higher net reserve releases compared to last year.

Specialty lines

The specialty combined ratio increased to 80.5% in 2015, compared to 68.1% in 2014, reflecting the impact of the explosion in Tianjin, China, and significantly lower net reserve releases compared to 2014.

Investment result
The return on investments for 2015 was 3.5% compared to 3.7% in 2014, reflecting a decrease in the investment result of USD 212 million. The decrease was driven by reduced net realised gains from the sale of equity securities in the current period.

Net investment income increased by USD 37 million to USD 1 036 million in 2015, mainly due to additional income from duration lengthening in the second half of 2014 as well as in 2015.

Net realised gains were USD 497 million in 2015 compared to USD 730 million in 2014, as the prior period included additional gains from the sale of equity securities and alternative investments, which were partially offset by additional gains from the sale of government bonds in the current period.

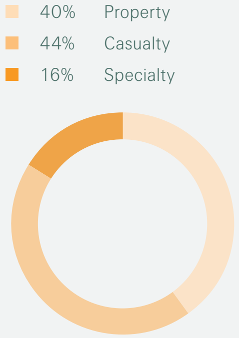
Insurance-related investment results are not included in the figures above.

Shareholders' equity
The return on equity for 2015 was 22.2% compared to 26.7% in 2014, mainly due to lower earnings in 2015. Common shareholders' equity for the business segment was USD 13.0 billion at the end of 2015 compared to USD 13.9 billion at the end of 2014. The decrease was driven by dividend payments to the Group, unrealised losses and lower 2015 net income.

Outlook
Price erosion due to abundant capital and low loss occurrence continues for property, except for some loss-affected programmes. For special lines, rates are also under pressure, with significant differences by markets and lines of business. Casualty markets also saw rate decreases but overall remain more stable, with significant differences by segment.

Successful differentiation will remain the key for new business wins, large and tailored transactions and differential pricing.

Premiums earned by line of business, 2015
(Total: USD 15.1 billion)

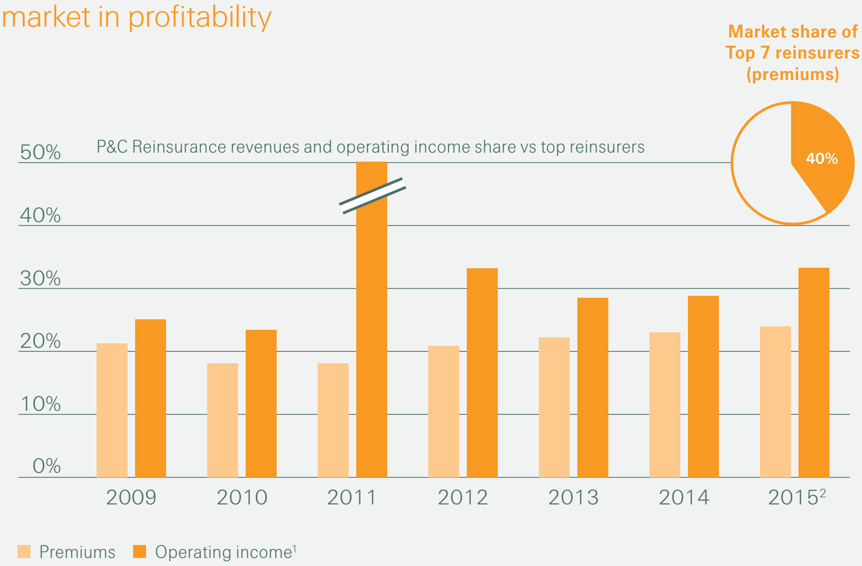


Our differentiation strategy is successful and well-acknowledged by our clients. We continue to execute this strategy while focusing on the bottom line in a softening market environment. We will reduce capacity for flow business and focus on large and tailored transactions.

Consistently outperforming the market in profitability

Property & Casualty Reinsurance has consistently outperformed the market. Combining the results from Swiss Re and six of our peers, the results show that we have extracted a higher share of the industry's profits than our market share would suggest — meaning principally that solid underwriting has been a key driver of shareholder value.

This also applies, coincidentally, in 2011, when our industry experienced extraordinarily high natural catastrophe losses but the impact on Swiss Re was relatively smaller compared to peers.



[1] Operating income is income before interest for financial debt, excludes realised capital gains/losses.
[2] Data for Munich Re and Hannover Re extrapolated from 9 months results.

Top 7 reinsurers include: Swiss Re, Munich Re, Hannover Re, Partner Re, SCOR, Everest Re, Alleghany

Source: Swiss Re Economic Research and Consulting

Life & Health Reinsurance

Life & Health results

USD millions	2014	**2015**	Change in %
Revenues			
Premiums earned	11 212	10 914	–3
Fee income from policyholders	53	49	–8
Net investment income – non-participating business	1 544	1 331	–14
Net realised investment gains/losses – non-participating business	–255	310	–
Net investment result – unit-linked and with-profit business	75	42	–44
Other revenues		5	–
Total revenues	12 629	**12 651**	0
Expenses			
Life and health benefits	–9 194	–8 290	–10
Return credited to policyholders	–99	–60	–39
Acquisition costs	–2 489	–1 986	–20
Other expenses	–885	–903	2
Interest expenses	–438	–278	–37
Total expenses	–13 105	**–11 517**	–12
Income/loss before income tax expense	–476	**1 134**	–
Income tax expense/benefit	63	–146	–
Interest on contingent capital instruments	–49	–49	0
Net income/loss attributable to common shareholders	–462	**939**	–
Management expense ratio in %	6.9	7.3	
Operating margin in %	2.6	9.9	

Performance

Life & Health Reinsurance met its return on equity target of 10%–12% for 2015 which was announced at the Investors' Day in June 2013. The management actions taken in relation to the pre-2004 US individual life business, the unwinding of an asset funding structure for a longevity transaction, as well as capital optimisation and asset rebalancing have all contributed to help Life & Health meet the target and set the foundation for future profitable growth. Managing the in-force business will continue to be a key priority for Swiss Re while growing new business in 2016 and beyond.

Net income

Net income for 2015 was USD 939 million, compared to a net loss of USD 462 million in 2014. The strong performance in 2015 reflects significant improvement in operating results, net realised gains and lower interest charges.

The loss in 2014 was mainly due to the management actions in respect of the pre-2004 US individual life business, as well as to net realised losses driven by the unwinding of the asset funding structure.

Net premiums earned and fee income

Net premiums earned and fee income decreased by 2.7% to USD 11.0 billion in 2015, compared to USD 11.3 billion in 2014. At constant exchange rates, premiums earned and fee income were 6.1% higher in 2015. The 2015 figure benefited from several longevity deals in the UK, and large transactions in Australia, Europe and South Africa contributed towards new business growth. In addition, rate increases in the yearly renewable term business in the Americas contributed to the 2015 result.

Operating margin ratio

The operating margin for 2015 was 9.9% compared to 2.6% for 2014. The higher margin stems from the significant improvement in life and health operating income along with lower premiums earned and fee income. The prior-year margin was substantially lower due to the management actions in relation to pre-2004 US individual life business.

Administrative expense ratio

The administrative expense ratio was 7.3% for 2015 compared to 6.9% in 2014 due to an increase in variable compensation.

Operating income

The life segment reported operating income of USD 641 million compared to a loss of USD 66 million in 2014. The current year results benefited from the management actions taken in the prior year in relation to the pre-2004 US individual life business, and a less unfavourable pre-2004 US post-level term business result in the current period. These were partly offset by lower investment income following the unwinding of an asset funding structure supporting a longevity transaction. The loss in 2014 was mainly due to management actions in respect of the pre-2004 US individual life business.

Operating income for the health segment increased to USD 593 million compared to USD 397 million in 2014. The 2015 results benefited from interest rate updates in the valuation of disabled life reserves, and were adversely impacted by reserve strengthening for UK critical illness business. The 2014 results were impacted by an increase in disabled life reserves in the US and UK.

The 2014 operating income of Life & Health does not include the pre-tax charge on the unwinding of the asset funding structure. This charge was included under non-participating realised gains/losses.

Investment result

The return on investments for 2015 was 3.4% compared to 3.2% in 2014, reflecting a lower invested asset base alongside a slight increase in the investment result of USD 2 million. The change in the investment result was driven by an improved result from derivatives and additional gains from sales which were offset by lower net investment income due to net asset outflows from the unwinding of a funding structure in 2014.

Net investment income of USD 1.1 billion in 2015 was lower than USD 1.2 billion in 2014 mainly due to net asset outflows related to the unwinding of a funding structure. The fixed income running yield was 3.5% in the reporting period.

Net realised gains were USD 85 million in 2015 compared to net losses of USD 72 million in 2014, as the prior year included losses from an interest rate hedge.

Insurance-related investment results are not included in the figures above.

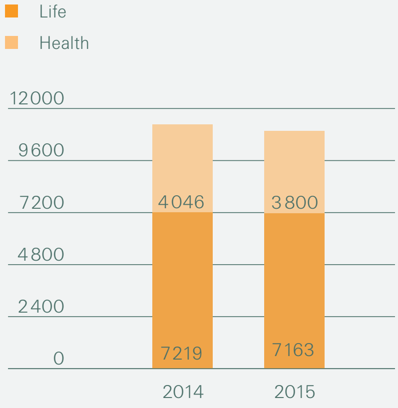
Shareholders' equity

Common shareholders' equity was USD 5.8 billion at the end of 2015, slightly below the shareholders' equity at the end of 2014. Net income of USD 939 million was offset by unrealised losses, the impact of foreign exchange rate movements and a dividend payment. The return on equity for 2015 was 15.7%. After adjusting for realised gains and one-off model adjustments, and using the equity capital of USD 5.5 billion announced as the basis for our 2015 target at the June 2013 Investors' Day, return on equity was 11.8%, meeting the target of 10%–12%.

Outlook

In mature markets, the low interest rate environment will continue to have an unfavourable impact on long-term life business. In addition, cession rates in the US are expected to decrease as primary insurers retain more risk. However, high growth markets will see stronger increases in life and health businesses and primary insurers' cession rates are expected to be stable. As a result, we expect life and health reinsurance business to be relatively flat in mature markets and to increase in high growth markets.

Premiums earned and fee income by L&H segment, 2014–2015
(USD millions)

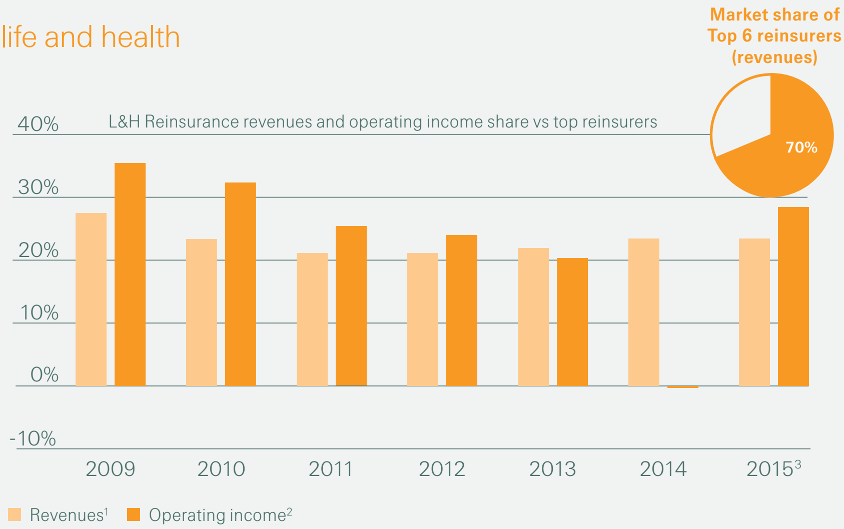


We will continue to pursue growth opportunities in high growth markets and apply our experience to help reduce the protection gap in all regions. We are responding to the expanding need for health protection driven by ageing societies and we are pursuing large transaction opportunities, including longevity deals.

A significant portion of profits in life and health

As with Property & Casualty, the data show that Life & Health Reinsurance retains a significant portion of the industry's profits. In this comparison with five peers, we have used operating income to measure profits to get around differences caused by accounting treatment.

While the data for 2014 show the impact of our management actions with respect to the pre-2004 US individual life business and the unwinding of an asset funding structure, the results show us quickly back on track in 2015. This year we met the return on equity target we set for ourselves in 2013 of 10%–12%, ending at 11.8% for 2015, using the terms set for that target.



[1] Limited comparability due to different accounting standards; Top 6 reinsurers include: Swiss Re, Munich Re, Hannover Re, PartnerRe, SCOR, RGA.
[2] Operating income is income before tax and before interest for financial debt; excludes realised capital gains/losses.
[3] Data for Munich Re and Hannover Re extrapolated from 9 months results.

Source: Swiss Re Economic Research & Consulting

Corporate Solutions

Corporate Solutions continued to invest in future profitable growth by further expanding its primary lead capabilities and broadening its distribution network.

"In 2015 we actively managed the cycle and delivered a strong return on equity."

Agostino Galvagni
CEO, Corporate Solutions

Strategy and priorities
At the Swiss Re Investors' Day in December 2015, the Corporate Solutions CEO presented the strategic initiatives for growth beyond 2015, communicating the intent to focus on further expansion into primary lead and to broaden the footprint. In 2015, Corporate Solutions developed primary lead capabilities and rolled out primary lead products in additional markets across all regions.

In addition, Corporate Solutions started operations in Johannesburg, Madrid, Melbourne, and Osaka, expanding the distribution network to 52 offices in 20 countries.

In January 2016, Corporate Solutions announced the agreement to acquire a leading US employer stop loss underwriter, IHC Risk Solutions, LLC, subject to regulatory approval. The transaction includes IHC Risk Solutions' operations, its team of experts and business portfolio, including in-force, new and renewal business written with IHC subsidiaries. This acquisition will broaden Corporate Solutions current employer stop loss capabilities in the small- and middle-market self-funded healthcare benefits segment.

Corporate Solutions results

USD millions	2014	**2015**	Change in %
Revenues			
Premiums earned	3 444	3 379	–2
Net investment income	94	135	44
Net realised investment gains	168	142	–15
Other revenues	3	9	–
Total revenues	3 709	**3 665**	–1
Expenses			
Claims and claim adjustment expenses	–2 054	–1 955	–5
Acquisition costs	–463	–459	–1
Other expenses	–687	–756	10
Interest expenses	–8	–24	–
Total expenses	–3 212	**–3 194**	–1
Income before income tax expense	497	**471**	–5
Income tax expense	–179	–129	–28
Income attributable to non-controlling interests	1	–2	–
Net income attributable to common shareholders	319	**340**	7
Claims ratio in %	59.6	57.8	
Expense ratio in %	33.4	36.0	
Combined ratio in %	93.0	93.8	

Performance

Net income was USD 340 million in 2015, an increase of 6.6% compared to USD 319 million in 2014. The 2015 result was driven by continued profitable business performance across most lines of business and investment activities.

Net premiums earned

Net premiums were USD 3.4 billion in 2015, a decrease of 1.9% compared to 2014, driven by the challenging market, most notably in property in North America and Latin America, and foreign exchange rate movements. At constant exchange rates, net premiums increased by 1.7%. Gross premiums written and premiums for insurance in derivative form, net of internal fronting for the Reinsurance Business Unit, decreased 7.9%, or 4.3% at constant exchange rates, to USD 3.9 billion in 2015 compared to USD 4.2 billion in 2014.

Combined ratio

The combined ratio increased by 0.8 percentage point to 93.8% in 2015 compared to 93.0% in 2014, impacted by higher large man-made losses and higher expenses as a result of investment in long-term growth.

The quality of the book remained consistently high year on year, with better than expected natural catastrophe experience.

Lines of business

The property combined ratio for 2015 improved by 4.1 percentage points to 77.0%, reflecting continued profitable business performance in most regions and lower large loss frequency compared to 2014. Both periods benefited from the absence of major natural catastrophe losses.

The casualty combined ratio improved by 6.6 percentage points to 104.1% in 2015, mainly due to successful business growth and favourable prior-year development on liability business in North America, partially offset by two large man-made losses.

The credit combined ratio increased to 91.1% in 2015 compared to 72.3% in 2014, driven by large surety losses in Latin America and Asia.

In other specialty lines, the combined ratio deteriorated by 9.6 percentage points to 110.2% in 2015, mainly due to large aviation and satellite losses.

Investment result
The return on investments for 2015 was 3.0% compared to 2.6% in 2014, reflecting an increase in the net investment income of USD 36 million and net realised gains of USD 13 million.

Net investment income increased to USD 149 million in 2015 compared to USD 113 million in 2014, in part due to business growth and an ensuing increase in the investment portfolio. Net realised gains were USD 107 million in 2015 compared to USD 94 million in 2014, as the current year included additional net realised gains on sales of equity securities.

Insurance-related derivative results are not included in the investment figures above.

Corporate Solutions offers insurance protection against weather perils and other risks, which are accounted for as derivatives. The insurance in derivative form reported net realised gains of USD 33 million in 2015 compared to USD 53 million in 2014. The 2015 period was impacted by mild weather in December.

Shareholders' equity
Common shareholders' equity remained stable at USD 2.3 billion since the end of 2014, with a USD 200 million dividend paid to the Group, offset by net income for the year. The return on equity was 14.8% in 2015, compared to 12.5% in 2014.

Outlook
Prices for commercial insurance are under significant pressure, with a growing number of segments operating at unattractive rate levels. Corporate Solutions has maintained its commitment to underwriting discipline while achieving its return on equity ambition for 2015. Corporate Solutions believes that it is well positioned to successfully navigate an increasingly challenging market thanks to its value proposition, strong balance sheet and selective underwriting approach, but is not fully insulated from the general market environment.

Not enough sunshine? No worries

The Environmental and Commodity Markets (ECM) team of Corporate Solutions offers insurance and derivative contracts covering weather perils and other risks, contributing approximately 8% of total premium.

Solar-generated energy is environmentally friendly and, potentially, unlimited. But it can not be produced continuously. Fluctuating levels of sunshine mean that photovoltaic power producers may be unable to meet their production plans. As a result, their cash flow may be volatile, which jeopardises the power producers' ability to meet their financial commitments and secure credit.

The ECM team of Swiss Re Corporate Solutions developed an innovative solution that may help overcome this problem and successfully offered the product to clients in China. The country's first solar radiation index transaction helps clients hedge against the risk that solar radiation falls below an agreed level. If it does, the client gets a payment in compensation for lost revenue. The scheme was recognised as the Weather Deal of the Year by Environmental Finance in 2015.

In a growing industry that requires multi-billion dollar investments, the benefits of cash flow stability can not be underestimated.

The solar radiation index solution is just one of the risk-transfer products developed by the ECM team. Similar products help clients in sectors as diverse as food, tourism and power to hedge their exposure to fluctuating supply and demand, and protect their cash flows. Such solutions are of strategic importance as we increasingly record unseasonal weather patterns that can affect many industry sectors.

Admin Re®

In 2015 Admin Re® made a strong contribution to the Group and delivered against its strategy. Since 1 January 2016 it has become part of Life Capital.

"At Admin Re® we achieved a strong performance across all metrics."

Bob Ratcliffe
CEO, Admin Re®

Strategy and priorities
As part of Life Capital from 1 January 2016, Admin Re® aims to enhance profitability by leveraging its core competencies of selective growth, value extraction and operational excellence.

Admin Re®'s strategy of selective growth means pursuing opportunities to build and enhance the franchise in the UK market. All transactions need to meet Swiss Re's Group investment criteria and hurdle rates.

Value extraction relates to the active management of the portfolios of assets and blocks of businesses and a focus on consistently creating value through capital and tax synergies.

Operational excellence involves continuous improvement of the operating platform. It also means focusing on transformation and management actions, including business efficiency and cost reductions.

For future periods, Admin Re® will be reported as part of the Life Capital Business Unit.

Performance
Admin Re® announced the acquisition of Guardian Financial Services (Guardian) in September 2015, which closed in January 2016 following regulatory approval. The acquisition is a strong demonstration of progress against Admin Re®'s strategy to be a leading closed life book consolidator in the UK. The sale of Aurora National Life Assurance Company (Aurora) closed in April 2015, continuing Admin Re®'s exit from the US market; in the third quarter, HSBC policies were successfully migrated to Admin Re® platforms.

Admin Re® generated gross cash of USD 543 million in 2015 compared to USD 945 million in the prior year. The 2015 result includes the positive impact of USD 231 million primarily from updates to UK annuitant mortality assumptions and USD 80 million from the UK half year statutory valuation. The 2014 result included USD 217 million from the sale of Aurora and USD 225 million release of surplus reserves held against the risk of credit default. In addition, the prior year included USD 234 million following the finalisation of the UK statutory valuations. A dividend of USD 401 million was paid to the Group in June 2015.

Admin Re® reported net income of USD 422 million in 2015 compared to USD 34 million in 2014. The 2014 result included a USD 203 million loss from the sale of Aurora. Excluding this loss, the 2014 net income would have been USD 237 million. The increase in the current year was driven by higher realised gains from sales of government bonds as part of the preparation for Solvency II and tax credits following the finalisation of the UK year-end statutory results and changes to the UK corporation tax rate.

Investment result

The return on investments was 4.7% for 2015 compared to 4.6% for 2014, reflecting a lower average invested asset base, which more than offset the impact of the decrease in the investment result of USD 156 million. The decrease in the investment result was mainly attributable to a reduced asset base, following the sale of Aurora.

Net investment income of USD 656 million in 2015 was lower than USD 901 million in 2014 mainly due to the net asset outflows related to the sale of Aurora and the impact of foreign exchange rate movements. The fixed income running yield was 3.6% in the reporting period. Net realised gains were USD 264 million in 2015 compared to USD 175 million in 2014, as the current period included additional net realised gains from sales of government bonds related to the preparation for Solvency II.

Insurance-related investment results are not included in the figures above.

Admin Re® results

USD millions	2014	**2015**	Change in %
Revenues			
Premiums earned	502	368	–27
Fee income from policyholders	453	414	–9
Net investment income – non-participating business	1 256	938	–25
Net realised investment gains/losses – non-participating business	–114	275	–
Net investment result – unit-linked and with-profit business	1 306	772	–41
Other revenues	1	0	–100
Total revenues	3 404	**2 767**	–19
Expenses			
Life and health benefits	–1 415	–790	–44
Return credited to policyholders	–1 442	–1 106	–23
Acquisition costs	–181	–138	–24
Other expenses	–359	–320	–11
Interest expenses	–25	–16	–36
Total expenses	–3 422	**–2 370**	–31
Income/loss before income tax benefit	–18	**397**	–
Income tax benefit	52	25	–52
Net income attributable to common shareholders	34	**422**	–

Expenses

Expenses were USD 320 million in 2015 compared to USD 359 million in 2014. Admin Re® delivered against its strategy with cost reductions in 2015 and lower deal-related costs.

Shareholders' equity

Common shareholders' equity at the end of 2015 was USD 4.9 billion or USD 1.5 billion lower than as of 31 December 2014. The decrease was mainly due to dividends paid to the Group and a USD 1.0 billion decrease in unrealised gains, driven by increasing interest rates in the UK and the US during 2015, partially offset by net income.

The return on equity was 7.5% for 2015, compared to 0.6% for 2014. The 2014 result included the loss following the sale of Aurora. Excluding this loss, the return on equity would have been 3.8% for 2014. The year-on-year increase was mainly due to higher net income and lower average equity in 2015.

Outlook

As part of the Life Capital Business Unit, Admin Re® will continue to pursue selective growth opportunities in the UK closed book market and potentially in continental Europe. All transactions must meet Group strategic and investment criteria as well as hurdle rates. Overall Admin Re® aims to improve efficiency, to achieve capital and operational synergies and to continue to actively manage its asset portfolios and blocks of business. From 2016 through 2018, Life Capital aims to generate significant cash for the Group and to invest into its open life strategy.

Introducing Life Capital

In October 2015, we announced a new Business Unit, Life Capital, which is managing closed and open life and health insurance books, including the existing Admin Re® business, since 1 January 2016. This streamlined approach is helping us diversify our business, generate stable returns and seize new opportunities. For our clients, Life Capital provides a pool of primary talent and expertise, including new tools and insights to reach new markets and offer new products. Life Capital gives us a better framework to systematically allocate capital to attractive and growing life and health risk pools.

Share performance

Swiss Re shares

Swiss Re had a market capitalisation of CHF 36.4 billion on 31 December 2015, with 370.7 million shares outstanding, of which 337.7 million are entitled to dividends. Swiss Re shares are listed in accordance with the main standard on the SIX Swiss Exchange (SIX) and are traded under the ticker symbol SREN.

American Depositary Receipts (ADR)

In the US Swiss Re maintains an ADR level I programme (OTC symbol SSREY). In June 2015 Swiss Re changed the ratio of American Depositary Shares (ADS) to Swiss Re shares from 1:1 to 4:1, increasing liquidity and bringing the ADS trading price closer to typical trading prices of U.S. securities.

Share price performance

Swiss Re shares opened the year at CHF 83.65. On 15 January 2015, the day on which the Swiss National Bank discontinued the CHF to EUR exchange rate floor, the shares experienced an intra-day low of CHF 74.95. An intra-day high of CHF 99.75 was achieved on 29 December 2015. The year-end share price was CHF 98.15.

During 2015 the STOXX Europe 600 Insurance index (SXIP) increased by 14.0% and the broader index of Swiss blue chips (SMI) decreased by 1.8%. The Swiss Re share increased by 17.3%.

Share trading

The average on-exchange daily trading volume for 2015 was 1.5 million shares. Trading volume peaked at 10.0 million shares on 15 January 2015.

Swiss Re's dividend policy

Swiss Re's dividend policy is a central element of Swiss Re's capital management priorities. The Group aims to ensure a superior capitalisation at all times and maximise financial flexibility, growing the regular dividend with long-term earnings and at a minimum maintaining it. Swiss Re will then deploy capital for business growth where it meets its strategy and profitability requirements and repatriate further excess capital to shareholders, with the preferred form of future capital repatriation being share buy-back progammes.

Dividends are typically paid out of current earnings and Swiss Re pays its dividend annually. Shares are ex-dividend two working days after the Annual General Meeting (AGM). Dividend payment is typically two working days after the ex-dividend date. The corresponding dates in 2016 are 26 and 28 April.

Dividends

The Board of Directors proposes a regular dividend of CHF 4.60 per share for 2015. As the tax privileged legal reserves from capital contributions were exhausted with the payment of the 2014 dividend, the dividend paid for 2015 will be subject to 35% Swiss withholding tax.

Public share buy-back programme

The Board of Directors launched on 12 November 2015 the public share buy-back programme authorised by the AGM 2015. This programme was completed on 2 March 2016. For further information please visit www.swissre.com/investors/shares/share_buyback/

The Board of Directors proposes to authorise the company to repurchase own shares for the purpose of cancellation by way of a public share buy-back programme of up to CHF 1.0 billion at any time ahead of the 2017 AGM. Swiss Re will ask the AGM in April 2017 permission to cancel the repurchased shares.

Index representation

In addition to its relevant industry indices, Swiss Re is also represented in various Swiss, European and global indices, including the SMI and the SXIP.

Swiss Re is also a member of various sustainability indices, including the Dow Jones Sustainability and FTSE4Good index families. Swiss Re has been named as the insurance industry sector leader in the Dow Jones Sustainability indices for 2015. This is the ninth time since 2004 that Swiss Re has led the insurance sector in these rankings.

Information for investors

More information on Swiss Re's shares is available in the Investor Relations section on Swiss Re's website at: www.swissre.com/investors

General information on Swiss Re shares

Identification numbers	Share	ADR
Swiss Security Number (Valorennummer)	12688156	–
ISIN (International Securities Identification Number)	CH0126881561	US8708861088

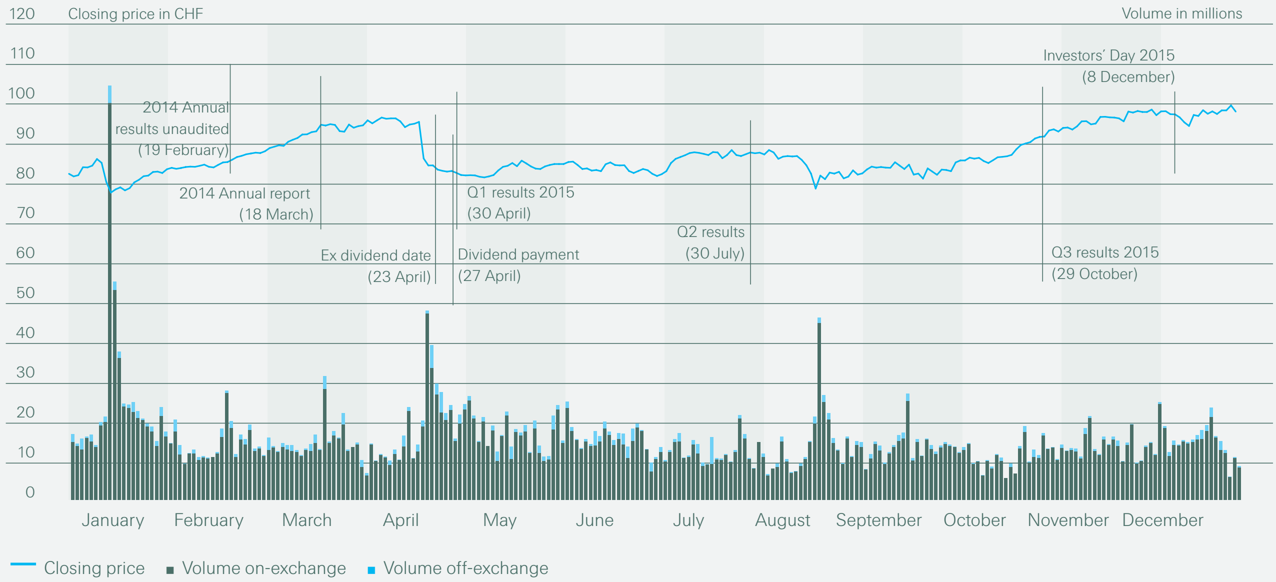
Ticker symbols	Bloomberg	Telekurs	Reuters
Share	SREN:VX	SREN	SREN.VX
ADR[1]	SSREY:US	SSREY	SSREY.PK

[1] Swiss Re's ADRs are not listed but traded over the counter; four ADRs correspond to one Swiss Re share

Weighting in indices

As of 31 December 2015	Index weight (in %)
Swiss/blue chip indices	
SMI	2.61
SPI	3.13
Insurance indices	
STOXX Europe 600 Insurance	6.09
Bloomberg Europe 500 Insurance	6.37
FTSEurofirst 300 Insurance	7.24
Dow Jones Insurance Titans 30	2.92
Sustainability indices	
Dow Jones Sustainability Europe	0.41
Dow Jones Sustainability World	0.90
FTSE4Good Global	0.19

Swiss Re share price and trading volume in 2015



Key share statistics 2011–2015[1]

As of 31 December 2015	2011	2012	2013	2014	2015
Shares outstanding[2]	370 706 931	370 706 931	370 706 931	370 706 931	370 706 931
of which Treasury shares and shares reserved for corporate purposes	27 970 432	27 537 673	28 511 298	28 507 491	32 967 226[3]
Shares entitled to dividend	342 736 499	343 169 258	342 195 633	342 199 440	337 739 705

CHF unless otherwise stated	2011	2012	2013	2014	2015
Dividend paid per share	2.75	3.00	3.50[4]	3.85[5]	4.25[6]
Dividend yield[7] (in %)	5.70	4.60	4.30	4.60	4.33
Earnings per share[8]	6.79	11.13	12.04	9.33	12.93
Book value per share[9]	80.74	87.76	82.76	101.12	96.04
Price per share year-end	47.87	65.90	82.05	83.65	98.15
Price per share year high (intra-day)	60.75	68.10	84.75	86.55	99.75
Price per share year low (intra-day)	35.12	47.25	66.10	69.25	74.95
Daily trading volume (in CHF millions)	73.00	58.00	78.00	95.00	134.00
Market capitalisation[10] (in CHF millions)	17 746.00	24 430.00	30 417.00	31 010.00	36 385.00
ADR price at year-end (in USD)	50.55	72.30	92.38	84.57	24.53[11]

[1] Due to the implementation of a new holding structure as of 23 May 2011, references to Swiss Re shares refer to shares of Swiss Reinsurance Company Ltd (ticker symbol: RUKN) for the period until 20 May 2011 and to shares of Swiss Re Ltd (ticker symbol: SREN) as of 23 May 2011.
[2] Nominal value of CHF 0.10 per share.
[3] Includes 4.4m shares repurchased under the share buy-back programme launched on 12 November 2015, which concluded on 2 March 2016.
[4] In addition to the regular dividend of CHF 3.50 per share a special dividend of CHF 4.00 per share was paid in 2013.
[5] In addition to the regular dividend of CHF 3.85 per share a special dividend of CHF 4.15 per share was paid in 2014.
[6] In addition to the regular dividend of CHF 4.25 per share a special dividend of CHF 3.00 per share was paid in 2015.
[7] Dividend divided by year-end share price of corresponding year.
[8] Calculated by dividing net income by the weighted average number of common shares outstanding.
[9] Based on shareholders' equity (excluding convertible perpetual capital instruments) divided by the number of external common shares entitled to dividend.
[10] Based on shares outstanding.
[11] Since 15 June 2015 every Swiss Re ADR represents one quarter of a Swiss Re share. Prior to close of business on 12 June 2015, one ADR represented one Swiss Re share.

Our capital strength and financial flexibility enable us to profitably grow our business within the boundaries set by our risk appetite and risk tolerance.

CONTENTS

Overview

A solid capital position combined with financial flexibility

"Our Group capitalisation remains very strong."

David Cole
Group Chief Financial Officer

"Risk Management is key to controlled risk-taking that underpins our financial strength."

Patrick Raaflaub
Group Chief Risk Officer

In 2015 we continued to be very strongly capitalised and to apply our risk appetite framework, which establishes the overall approach through which we practise controlled risk-taking throughout our Group.

Capitalisation

Throughout 2015 we held capital well in excess of applicable external capital adequacy requirements. Under the Swiss Solvency Test (SST), the Group's regulatory capitalisation was 223%, as submitted to the Swiss Financial Market Supervisory Authority (FINMA) in April 2015. The Group SST economic capitalisation at the end of 2015 is estimated at above 200%. Rating agencies A.M. Best, Moody's and Standard & Poor's (S&P) rated Swiss Re's financial strength 'superior,' 'excellent' and 'very strong', respectively (see page 54).

Our overall goal for capital management is to maintain a capital structure that operates efficiently within the above constraints and maximises our financial flexibility. Our underwriting and investment decisions are steered to make capital and liquidity fungible to the Group wherever possible, while complying with local regulations and client needs. Cash dividends paid to the Group's parent holding company, Swiss Re Ltd, totalled USD 3.7 billion in 2015.

In 2015 we also passed two major milestones in optimising the capital structure of our Business Units and the Group:

- Swiss Re Ltd established a USD 700 million subordinated debt facility in November 2015, further enhancing the Group's financial flexibility (see page 52).
- Secondly, we achieved USD 6 billion of net deleveraging ahead of our 2016 target of USD 4 billion announced at the June 2013 Investors' Day.

Based on the Group's capital strength, the Board of Directors propose an 8.2% increase in the 2015 regular dividend to CHF 4.60 per share. In addition, the Board of Directors proposes a public share buy-back programme of up to CHF 1.0 billion purchase value, exercisable until the AGM in 2017.

Liquidity

Our core insurance and reinsurance operations generate liquidity primarily through premium income. Our exposure to liquidity risk stems mainly from two sources: the need to cover potential extreme loss events and regulatory constraints that limit the flow of funds within the Group.

The amount of liquidity held is largely determined by internal liquidity stress tests, which estimate the potential funding requirements stemming from extreme loss events. Based on these internal liquidity stress tests, we estimate that the Swiss Reinsurance Company Ltd liquidity pool, the primary liquidity pool of the Group, holds surplus liquidity. Swiss Re also provides FINMA with a yearly report on its liquidity position, in accordance with FINMA's circular 13/5, "Liquidity – Insurers".

Our risk profile in 2015

Throughout 2015, our overall risk exposure increased by 3% to USD 19.6 billion, compared to USD 19.1 billion in 2014. The increase was mainly driven by higher financial market and credit risk exposure as a result of the inclusion of Guardian Financial Services. The agreement to acquire Guardian Financial Services was announced on 23 September 2015 (subject of regulatory and competition authority clearance). The acquisition was completed on 6 January 2016. As Swiss Re applies an economic-based risk and solvency assessment, asset and liability risk impacts of the acquisition are taken into account in 2015.

On the insurance risk side, our property and casualty risk slightly increased due to continued reductions in our external hedging. At the same time, our overall life and health risk decreased, mainly driven by the strengthening of the US dollar.

Risk Management

Our proprietary integrated risk model provides a meaningful assessment of the risks to which the Group is exposed and represents an important tool for managing our business. It determines the capital requirements for internal purposes and forms the basis for regulatory reporting under the SST and Solvency II for our legal entities in continental Europe.

We continuously review and update our internal model and its parameters to reflect our experiences and changes in the risk environment and current best practice.

Risk Management is embedded throughout our business. For each Business Unit, we have dedicated Chief Risk Officers and risk experts who analyse and challenge business decisions. They apply a consistent Enterprise Risk Management approach across the Group to ensure a fully integrated view of risk, and enable sustainable commercial success for Swiss Re. The independence of the Business Unit CROs is maintained by a direct reporting line to the Group Chief Risk Officer.

Swiss Re's Risk Management function is an integral part of our business model and key to the controlled risk-taking that underpins our financial strength. Risk Management is mandated to ensure that the Group and its Business Units have the necessary expertise, frameworks and infrastructure to support good risk-taking. In addition, it monitors and ensures adherence to applicable frameworks and also performs reserving and reporting activities.

Capital management

We have already achieved USD 6 billion of deleveraging ahead of our 2016 target of USD 4 billion.

During 2015, Swiss Re continued deleveraging, maintained its strong capitalisation and further directed excess capital from its Business Units to the Group's holding company, Swiss Re Ltd.

Optimised Group capital structure

Swiss Re's level of capitalisation and its capital structure are driven by regulatory and rating capital requirements, and management's view of risks and opportunities arising from our underwriting and investing activities. As announced at the June 2013 Investors' Day, we set a target capital structure objective that aims to operate efficiently within these constraints by maximising financial flexibility. The structure focuses on the reduction of senior leverage, including letters of credit (LOCs), the issuance of contingent capital to replace traditional subordinated debt and extending the Group's funding platform.

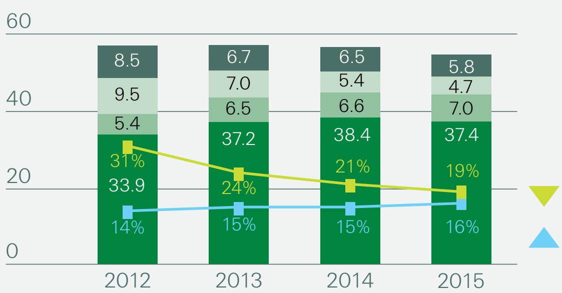
Key milestones achieved in 2015

Two further important milestones towards full implementation of the target capital structure were achieved in 2015:

In November 2015, Swiss Re Ltd established a USD 700 million subordinated debt facility at an attractive interest rate of 5.75%. The transaction establishes a funding platform at the holding company and brings the Group closer to its target capital structure objective in contingent capital form, further enhancing the Group's financial flexibility. Unlike previous contingent capital transactions, this platform allows Swiss Re to decide when to reinforce its capital position at locked-in rates.

Overall Group deleveraging has totalled USD 6 billion since year-end 2012, and achieved the deleveraging target of USD 4 billion ahead of 2016. Net senior deleveraging in 2015 amounted to USD 1.2 billion, driven by USD 0.7 billion senior debt maturities and redemptions and a net USD 0.7 billion reduction in LOCs and related instruments, offset by new senior issuances and bank funding of USD 0.2 billion.

Target deleveraging achieved



■ Core capital[1] ■ Senior debt[2] ■ LOC[3]
■ Total hybrid incl. contingent capital[4]

— Senior leverage plus LOC ratio[5] (target range: 15%–25%)
— Subordinated leverage ratio[6] (target range: 15%–20%)

[1] Core capital of Swiss Re Group is defined as economic net worth (ENW).
[2] Senior debt excluding non-recourse positions.
[3] Unsecured LOC capacity and related instruments (usage is lower).
[4] Includes subordinated debt facility by Swiss Re Ltd.
[5] Senior debt plus LOCs divided by total capital.
[6] Subordinated debt divided by sum of subordinated debt and ENW.

	Established funding platforms in all Business Units to fund ongoing capital and liquidity requirements			Innovative capital instruments to strengthen Group capital base
	Letters of credit	Senior debt	Subordinated debt	Contingent capital
Reinsurance	▽ ✓ ◿	▽ ✓ ◿	▽ ✓ ◿	△ ✓ ▷
Corporate Solutions			△ ✓ ◹	
Life Capital		△ ✓ ◹		
Group				△ ✓ ◹
Outlook	Further reduction in line with reducing requirements in Reinsurance	Support business growth in Life Capital in line with leverage targets	Further optimisation of capital structure and cost of capital	Continue to implement contingent capital roadmap focusing on Group holding level

✓ Subject to FINMA approval
✓ Significant progress or fully realised
▷ Change since 2012
▷ Outlook

Achievements since year-end 2012

- Letters of Credit reduction of net USD 2.7 billion.
- USD 4.7 billion deleveraging of senior debt.
- Entry into GBP 550 million revolving credit facility for Admin Re®.
- First Corporate Solutions subordinated debt issuance of USD 500 million.
- First Group holding company subordinated debt facility of USD 700 million.

6 billion

Net deleveraging since year-end 2012 (USD)

The Group capital structure is comfortably within our senior leverage (15%–25%) and subordinated leverage (15%–20%) target ranges, providing further financial flexibility.

In addition we managed our subordinated debt maturity profile by replacing part of the EUR 1 billion subordinated perpetual loan notes issued by Swiss Reinsurance Company Ltd in 2006 with new EUR 750 million perpetual subordinated callable loan notes with a first call date in 2025 at a coupon of 2.6%.

Legal entity capital management

Our regulated subsidiaries are subject to local regulatory requirements, which for our EU subsidiaries include Solvency II. At the subsidiary level we set the target capital at a level tailored to each entity's business and the market environment in which it operates. Our underwriting and investment decisions are steered so as to make capital and liquidity fungible to the Group wherever possible, while complying with local regulations and client needs.

Cash dividends paid to Swiss Re Ltd totalled USD 3.7 billion in 2015.

External dividends to shareholders

Based on the Group's capital strength, the Board of Directors proposes an 8.2% increase in the 2015 regular dividend to CHF 4.60 per share, up from CHF 4.25 in 2014. In addition, the Board of Directors proposes a public share buy-back programme of up to CHF 1.0 billion purchase value, exercisable until the AGM in 2017. The programme will only be launched if excess capital is available, no major loss event has occurred, other business opportunities do not meet Swiss Re's strategic and financial objectives and the necessary regulatory approvals have been obtained.

These capital measures are expected to bring the total amount of capital returned to shareholders to USD 12.1 billion since the implementation of the new Group structure in 2012, even excluding the upcoming proposed share buy-back.

Swiss Re Group's capital adequacy

Regulatory capital requirements

Swiss Re is supervised at Group level and for its regulated legal entities domiciled in Switzerland by FINMA. FINMA supervision comprises minimum solvency requirements, along with a wide range of qualitative assessments and governance standards.

Swiss Re provides regulatory solvency reporting to FINMA under the rules of the Insurance Supervision Ordinance. This SST report is based on an economic view. We calculate available capital based on our Economic Value Management (EVM) framework and required capital under the SST using our internal risk model (see pages 55–56 for further information on EVM). The minimum requirement for the SST is a ratio of 100%. Swiss Re's SST ratio materially exceeds the minimum requirement.

Swiss Re's capital management aims to ensure our ability to continue operations following an extremely adverse year of losses from insurance and/or financial market events.

Rating agency capital requirements

Rating agencies assign credit ratings to the obligations of Swiss Re and its rated subsidiaries.

The agencies evaluate Swiss Re based on a set of criteria that include an assessment of our capital adequacy.

Each rating agency uses a different methodology for this assessment; A.M. Best and S&P base their evaluation on proprietary capital models.

A.M. Best, Moody's and S&P rate Swiss Re's financial strength based upon interactive relationships. The insurance financial strength ratings are shown in the table below.

On 30 November 2015, S&P affirmed the AA- financial strength of Swiss Re and its core subsidiaries. The outlook on the rating is "stable". S&P revised upward its assessment of Swiss Re's management and governance score. S&P believes that Swiss Re's management team has established a track record of strong execution against its strategy and groupwide financial targets.

On 11 December 2015, A.M. Best affirmed the A+ financial strength rating of Swiss Re and its core subsidiaries. The outlook for the rating is "stable". The rating reflects Swiss Re Group's excellent consolidated risk-adjusted capitalisation, strong operating performance and superior business profile as a leading global reinsurer.

On 15 December 2015, Moody's affirmed Swiss Re's insurance financial strength rating and outlook at "Aa3" stable. The rating affirmation reflects Swiss Re's excellent market position, very strong business and geographic diversification and strong balance sheet in terms of capital and financial flexibility.

Swiss Re's financial strength ratings

As of 15 December 2015	Financial strength rating	Outlook	Last update
Moody's	Aa3	Stable	15 December 2015
Standard & Poor's	AA–	Stable	30 November 2015
A.M. Best	A+	Stable	11 December 2015

Economic Value Management

EVM is an integrated economic accounting and steering framework based on market-consistent valuations and defines the method for measuring value creation for all business activities of Swiss Re.

Economic Value Management (EVM) is Swiss Re's integrated economic valuation framework for planning, pricing, reserving and steering the business. Since 2003, Swiss Re has used the EVM framework as a tool to support business and strategic financial decisions, including compensation. EVM also provides the basis for determining available capital under the SST and, in the future, under Solvency II.

The key EVM valuation principles are summarised below.

Market-consistent valuations

All traded assets and liabilities are marked to market, based on quoted prices in active markets or observable inputs. Assets and liabilities that are not traded are valued consistently with market prices. The Group's insurance liabilities are valued on a market-consistent basis by replicating future expected cash flows with liquid financial market instruments. As the majority of the Group's insurance liabilities do not contain embedded financial market risk exposure other than to interest rates, the market-consistent value can be determined by discounting future cash flows using prevailing risk-free interest rates. If insurance liabilities include embedded options or guarantees (eg, variable annuities or interest-rate-sensitive life business), they are valued on a market-consistent basis using stochastic models and other appropriate valuation techniques.

Performance split of underwriting and investment activities

EVM values insurance underwriting and investment activities separately. Underwriting activities create value by raising funds in insurance markets at a lower cost than through other sources. The investment functions are assessed on a risk-adjusted basis. This makes possible a like-for-like comparison of underwriting and investment activities.

Closed-book approach

EVM recognises all cash flows associated with a new contract at inception, and any changes in estimates as they occur. In comparison, the deferral and matching principle under US GAAP postpones recognition of revenues until they are earned and matches expenses to those revenues. EVM excludes the recognition of all potential future new business activities, as well as potential renewals.

Best estimates
Swiss Re values assets and liabilities based on best estimates of underlying cash flows — premiums, claims, expenses, taxes, capital costs, etc — taking into consideration all the information available at inception of a contract. As with other valuation methods that depend on projections of future cash flows, EVM involves a significant degree of judgement in establishing what assumptions should be used. Swiss Re actively and carefully reviews its assumptions, seeking both to achieve consistency across business activities and to reflect all available information.

Performance measurement after capital costs
EVM explicitly recognises opportunity costs for shareholder capital. Cost-of-capital charges include the base cost of capital and frictional capital costs. The base cost of capital is reflected through a charge for risk-free returns on available capital and market risk premiums. Market risk premiums compensate for systematic, non-diversifiable risk exposure, mainly assumed through investing activities. Frictional capital costs compensate for agency costs, costs of potential financial distress and regulatory (illiquidity) costs; they are reflected through a 4% charge on available capital and an average 2% charge on leverage.

EVM results for 2015
The 2015 EVM Report, showing Swiss Re's results for the full year 2015, is available on swissre.com/investors/financial_information

Economic net worth in 2015

Economic net worth (ENW) is defined as the difference between the market value of assets and the market-consistent value of liabilities. ENW is the EVM measure of shareholders' equity and the starting point in determining available capital for SST calculations.

In 2015, ENW decreased by USD 1.0 billion to USD 37.4 billion at the end of December 2015. 2015 EVM income of USD 3.7 billion was more than offset by the Swiss Re Group's dividend payments and foreign exchange rate movements.

Economic net worth

USD billions	2014	**2015**	Change in %
Property & Casualty	16.6	**16.1**	–3
Life & Health	9.5	**10.2**	7
Reinsurance	26.1	**26.3**	1
Corporate Solutions	3.0	**3.0**	0
Admin Re®	3.3	**3.6**	9
Group items	5.9	**4.5**	–24
Total	38.4	**37.4**	–3

Liquidity management

We actively manage liquidity risks to ensure that we can satisfy the financial obligations of the Group.

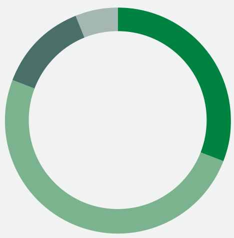
As a re/insurance group, our core business generates liquidity primarily through premium income. Our exposure to liquidity risk stems mainly from two sources: the need to cover potential extreme loss events and regulatory constraints that limit the flow of funds within the Group.

To manage these risks, we have a range of liquidity policies and measures in place. In particular, we aim to ensure that:

- sufficient liquidity is held to meet funding requirements under current conditions as well as adverse circumstances;
- funding is charged and credited at an appropriate market rate through our internal transfer pricing;
- diversified sources are used to meet our residual funding needs; and
- long-term liquidity needs are taken into account, both in our planning process and in our management of financial market risk.

Composition of spot liquidity in the SRZ liquidity pool
as of 31 December 2015
(Total USD 13.7 billion)

- 31% Cash, short-term investments and reverse repos
- 50% Government bonds AAA rated & US
- 13% Other developed market government bonds investment grade
- 6% Developed market supranational, agencies and municipal bonds



Liquidity risk management
Our core liquidity policy is to retain sufficient liquidity in the form of unencumbered liquid assets and cash to meet potential funding requirements arising from a range of possible stress events. To allow for regulatory restrictions on intra-group funding, liquidity is managed within groups of entities known as liquidity pools. Swiss Re is served by four main liquidity pools representing the parent companies of the Group and each of the three Business Units. Each liquidity pool comprises the respective parent company and its unregulated subsidiaries whose funds are freely transferable to the parent company. The amount of liquidity held is largely determined by internal liquidity stress tests, which estimate the potential funding requirements stemming from extreme loss events. The funding requirements under stress include:

- cash and collateral outflows, as well as potential capital and funding support required by subsidiaries as a result of loss events;
- repayment or loss of all maturing unsecured debt and credit facilities;
- additional collateral requirements associated with a potential ratings downgrade;
- further contingent funding requirements related to asset downgrades; and
- other large committed payments, such as expenses, commissions and tax.

The stress tests also assume that funding from assets is subject to conservative haircuts, that intra-Group funding is not available if it is subject to regulatory approval, that no new unsecured funding is available, and that funding from new re/insurance business is reduced.

The primary liquidity stress test is based on a one-year time horizon, a loss event corresponding to 99% Tail Value at Risk (see pages 64–65), and a three-notch ratings downgrade.

Swiss Re's liquidity stress tests are reviewed regularly and their main assumptions are approved by the Group Executive Committee. Swiss Re provides FINMA with a yearly report on its liquidity position, in accordance with FINMA's circular 13/5,"Liquidity — Insurers."

Liquidity position of the Swiss Reinsurance Company Ltd (SRZ) liquidity pool

The SRZ liquidity pool is the primary liquidity pool of the Group. The estimated total liquidity sources in the SRZ liquidity pool available within one year, after haircuts and net of short-term loans from Swiss Re Ltd, amounted to USD 19.6 billion as of 31 December 2015, compared with USD 20.4 billion as of 31 December 2014. The 2015 total includes USD 13.7 billion of liquid assets and cash, referred to as "spot liquidity", compared with USD 15.0 billion in 2014. Based on the internal liquidity stress tests described above, we estimate that the SRZ liquidity pool holds surplus liquidity after dividends to Swiss Re Ltd.

In 2015, the amount of surplus liquidity improved slightly. The reduction of liquidity due to the payment of the dividend for 2014 to Swiss Re Ltd and repayments of external debt was more than offset by positive operating cash flows, dividends from subsidiaries as well as a reduction in contingent funding requirements stemming from extreme stress loss events.

Risk management

Risk management is integrated into the Group's key business decisions and promotes a forward-looking awareness of our risk profile.

Embedded throughout the business, our Group Risk Management function ensures an integrated approach to managing current and emerging threats. Risk Management plays an integral role in business strategy and planning discussions, where our risk appetite framework facilitates risk-return discussions and sets boundaries to Group-wide risk-taking.

At Swiss Re, all risk-taking activities are subject to our Group Risk Policy. The policy describes Swiss Re's risk mandate, including our Group risk appetite framework (see page 60), and articulates the Group's four fundamental risk management principles. We strive to apply these four principles consistently across all risk categories at Group, Business Unit and legal entity level:

- Controlled risk-taking: financial strength and sustainable value creation are central to Swiss Re's value proposition. We thus operate within a clearly defined risk policy and risk control framework.
- Clear accountability: our operations are based on the principle of delegated and clearly defined authority. Individuals are accountable for the risks they take on, and their incentives are aligned with Swiss Re's overall business objectives.
- Independent risk controlling: dedicated specialised units within Risk Management monitor all risk-taking activities. They are supported by independent Compliance and Group Internal Audit functions.
- Open risk culture: risk transparency, knowledge sharing and responsiveness to change are integral to our risk control process.

Controlled risk-taking

The Swiss Re Group operates within a clearly defined risk policy and risk control framework, which comprises a body of standards that establishes an internal control system for managing risk. It defines key tasks, which represent the five core components of Swiss Re's risk management cycle:

- Risk oversight of planning — ensures that the risk implications of plans are understood and determines whether the business and investment plans at Group and Business Unit level adhere to Swiss Re's risk tolerance.
- Risk identification — ensures that all risks to which Swiss Re is exposed are transparent in order to make them controllable and manageable.
- Risk measurement — enables the Group to understand the magnitude of its risks and to set quantitative controls that limit its risk-taking.
- Risk exposure control — allows Swiss Re to control its risk-taking decisions and total risk accumulations, including the passive risk we are exposed to through our operations.
- Risk reporting — creates internal risk transparency and enables Swiss Re to meet external disclosure requirements.

The Risk Management function facilitates risk awareness by promoting a forward-looking assessment of the Group's risk profile. The function is integrated into the Group's key business decisions, seeking to be a trusted partner within Swiss Re as well as for our external stakeholders.

The Group's risk-taking is steered by our risk appetite and risk tolerance (see Swiss Re's risk appetite framework below).

While the risk appetite guides what types of risk the Group aims to write, risk tolerance is an expression of the extent to which the Group Board of Directors has authorised the Group Executive Committee (Group EC) and Business Unit management teams to assume risk. Risk tolerance criteria are specified for the Group and Business Units, as well as for Swiss Re's major legal entities. Furthermore, Swiss Re uses a limit framework to limit its risk exposure accumulations at different levels.

Swiss Re's risk appetite framework

Our risk appetite framework establishes the overall approach through which we practice controlled risk-taking throughout the Group. The framework is set out in our **Group Risk Policy** and consists of two inter-linked components:

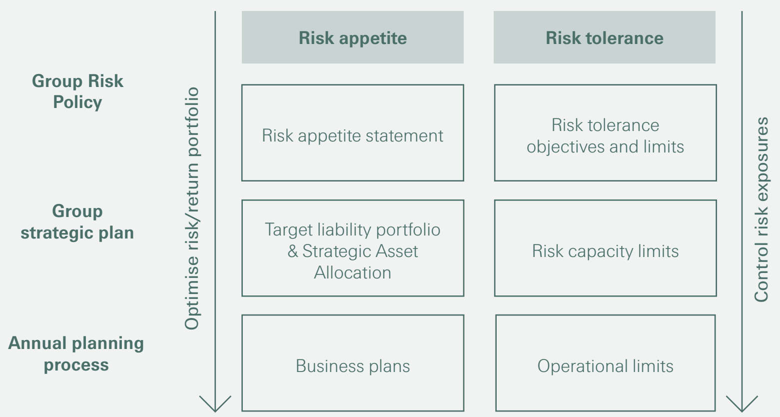
- Risk appetite provides guiding principles on acceptable risks and describes the aggregate level and types of risk that we wish to take or avoid in pursuit of the Group's strategy.
- Risk tolerance represents the aggregate amount of risk that the Group is willing to accept within the constraints imposed by its capital and liquidity resources, strategy, risk appetite and regulatory and rating agency requirements.

The risk appetite framework plays a particularly important role in the context of business strategy and planning discussions: the risk appetite statement facilitates discussions about where and how the Group should deploy its capital, liquidity and other resources under a risk-return view, while the risk tolerance sets clear boundaries to risk-taking.

During **strategic planning** and target-setting, Risk Management provides an opinion on the proposed strategy and targets to the Group EC and ultimately the Group Board of Directors. The opinion focuses on the risk impact of the proposed strategy and the risks related to its implementation. The strategic plan, risk appetite and capital allocation ambition are expressed in a target portfolio for the Group's assets and liabilities, which should ultimately deliver the Group's targeted performance.

In the context of the **annual planning process**, ie during the phase of operational and financial planning, Risk Management reviews and challenges plan assumptions and assesses the risks and feasibility related to implementing the proposed plan. It provides transparency on the detailed risk implications of the plan and tests its adherence to risk appetite and risk tolerance.

In addition, Risk Management proposes risk capacity limits that ensure compliance with the overall risk appetite and tolerance. The risk capacity limits represent an aggregated constraint to risk-taking and seek to ensure that Group-wide accumulation risks remain within acceptable levels. They allow for risk monitoring and hence also for risk controlling during the subsequent execution of the plan. In addition to the risk capacity limits proposed by Risk Management, the Group EC also sets operational limits, which the business monitors and controls in day-to-day management.



Our risk governance is defined in the policies and standards that describe Swiss Re's risk management framework and establish risk management practices throughout the Group and its subsidiaries over four hierarchical levels (see below).

The top of Swiss Re's Group Risk Governance Documentation Hierarchy is comprised of risk management related parts of the Corporate Bylaws. The SRL Bylaws establish the ultimate responsibility for risk management activities across the Group by assigning responsibilities between the Group Board of Directors and the Group EC.

The detailed aspects of the Group's risk governance are defined in the Group Risk Policy (Level 1), Swiss Re's core Risk Management document. It outlines how the Group organises and applies its risk management practices. The policy is owned by the Group Board of Directors and is binding for all Swiss Re employees.

On Level 2 and 3, the Group Risk Management Standards and the Group Risk Category Standards define the key concepts and tasks that comprise risk governance at the Group or the specific risk category. Level 4 of the Risk Governance Documentation Hierarchy is comprised of risk management related method and process documentation.

Additional governance for Business Units and legal entities is prepared as required and represents an addendum to the respective Group or Business Unit documents.

Clear accountability

In order to ensure clear control, accountability and independent monitoring for all risks, our risk governance distinguishes between three fundamental roles in the risk-taking process:

- Risk owner — establishes a strategy, assumes responsibility for achieving the objectives and maintains ultimate responsibility for the outcomes.
- Risk taker — executes an objective within the authority delegated by the risk owner; risk takers are required to provide the respective risk controller with all information required to monitor and control their risks.
- Risk controller — is tasked by the risk owner with independent oversight of risk-taking activities to mitigate potential conflicts of interest between the risk owner and risk taker; risk controllers are responsible for escalating relevant concerns.

Risk-taking activities are typically subject to three lines of control. The first comprises the day-to-day risk management activities by front-line employees (risk takers) in the Business Units as well as in corporate and enabling functions. The second line of control is formed by independent oversight functions, such as Risk Management and Compliance. The third consists of independent audits of processes and procedures carried out by our Group Internal Audit.

Group Risk Governance Documentation Hierarchy

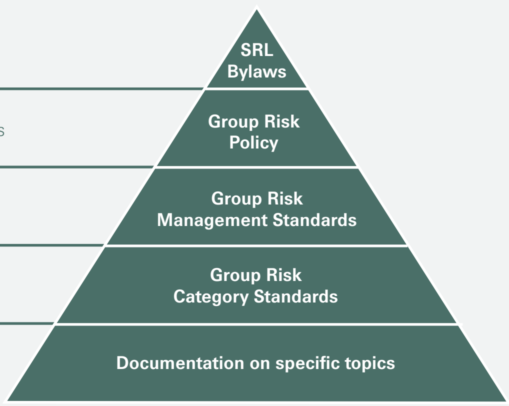
Risk Management tasks of the Group Board of Directors

Level 1 – Risk selection criteria, Risk Appetite Framework, Risk Management principles

Level 2 – Risk-taking oversight throughout the Group

Level 3 – Risk-taking oversight for specific risk categories

Level 4 – Method and process documentation



Key Risk Management Bodies and Responsibilities

Board of Directors
Responsible for Group's governance principles and policies, acting through the Finance and Risk Committee, the Investment Committee and the Audit Committee

Group Executive Committee
Develops and implements the Group risk management framework, sets and monitors risk capacity limits; some responsibilities are delegated to the Group CRO and the Business Units

Group CRO
Leads the Risk Management function and represents it within the Group EC; advises the Board and the Finance and Risk Committee

Central Risk Management units
Manage financial market and credit risk; provide shared risk management services such as risk modelling, risk governance, political risks and emerging risks; maintain Group frameworks for liquidity, operational and regulatory risks

Group Internal Audit
Performs independent, objective assessments of adequacy and effectiveness of internal control systems

Business Unit Executive Teams
Ensure that risk-taking decisions in their area conform to the Risk Control Framework

Business Unit CROs
Responsible for risk oversight and establishing risk governance in their respective Business Units; supported by functional, regional and legal entity CROs and risk teams

Compliance
Manages compliance risks, and oversees compliance with applicable laws, regulations, rules and Swiss Re's Code of Conduct

Independent risk controlling

Swiss Re's Board of Directors is ultimately responsible for the Group's governance principles and policies, including approval of the Group's overall risk tolerance. It mainly performs risk oversight and governance through three committees:

- The Finance and Risk Committee defines the Group Risk Policy and reviews risk capacity limits, monitors adherence to risk tolerance, and reviews top risk issues and exposures.
- The Investment Committee reviews the financial risk analysis methodology and valuation related to each asset class and ensures that the relevant management processes and controlling mechanisms are in place.
- The Audit Committee oversees internal controls and compliance procedures.

The Group EC is responsible for developing and implementing Swiss Re's Group-wide risk management framework. It also sets and monitors risk capacity limits, oversees the Economic Value Management framework (see page 55), determines product policy and underwriting standards, and manages regulatory interactions and legal obligations. The Group EC has delegated various risk management responsibilities to the Group Chief Risk Officer (CRO) as well as to the Business Units.

The Group CRO, who is a member of the Group EC, reports directly to the Group CEO, and advises the Group EC, the Chairman or the respective Group Board Committees, in particular the Finance and Risk Committee, on significant matters arising in his area of responsibility. The Group CRO leads the Group Risk Management function, which is responsible for risk oversight and control across Swiss Re. The Group Risk Management function is comprised of central risk management units providing shared services, along with dedicated teams for Reinsurance, Corporate Solutions and Admin Re® (Life Capital since 1 January 2016) Business Units.

The three Business Unit risk teams are led by dedicated Chief Risk Officers, who report directly to the Group CRO, and have a secondary reporting line to their respective Business Unit CEO.

The Business Unit CROs are responsible for risk oversight in their respective Business Unit, as well as for establishing proper risk governance to ensure efficient risk identification, assessment and control. They are supported by functional, regional and legal entity CROs, who are responsible for overseeing risk management issues that arise in their respective areas.

While the risk management organisation is closely aligned to the business organisation in order to ensure effective risk oversight, all embedded teams and CROs remain part of the Group Risk Management function under the Group CRO. This ensures their independence as well as a consistent Group-wide approach to oversee and control risk.

The central risk management units support the CROs at Group, Business Unit and lower levels in discharging their oversight responsibilities. They do so by providing services such as:

- Financial risk management
- Specialised risk category expertise and accumulation control
- Risk modelling and analytics
- Regulatory relations management
- Maintaining the central risk governance framework

The central teams also oversee Group liquidity and capital adequacy and maintain the Group frameworks for controlling these risks throughout Swiss Re.

Group Risk Management is also in charge of actuarial reserving and monitoring of the reserve holdings of Corporate Solutions and Admin Re®, whereas in Reinsurance the setting of the reserves is performed by valuation actuaries within the P&C and L&H Business Management units.

Risk management activities are supported by Group Internal Audit and Compliance units. Group Internal Audit performs independent, objective assessments of adequacy and effectiveness of internal control systems. It evaluates the execution of processes including those within Risk Management. The Compliance function oversees Swiss Re's compliance with applicable laws, regulations, rules and Swiss Re's Code of Conduct. In addition, it assists the Board of Directors, the Group EC and management in identifying, mitigating and managing compliance risks. For more information on our audit and compliance functions, see page 101.

Open risk culture

Swiss Re fosters and maintains a strong risk culture to promote risk awareness and support appropriate attitudes and behaviours towards risk-taking and risk management. Our risk culture provides the foundation for the efficient and effective application of our Risk Management framework. Risk Management reinforces the Group's risk culture by ensuring risk transparency, and fostering open discussion and challenge in the Group's risk-taking and risk management processes.

In regular training programmes, our employees are sensitised in key areas of risk culture, such as in taking accountability for decisions, learning from past actions and applying risk behaviours in daily work situations. In addition, Swiss Re's annual Risk Dialogue Days create a platform where Risk Management exchanges and discusses with the business current and future risk themes and related risk strategies.

Risk assessment

Overall risk remained within our risk tolerance despite higher financial market and credit risk due to inclusion of Guardian Financial Services.

In 2015, Swiss Re's overall risk increased by 3% mainly driven by higher financial market and credit risk exposure related to the portfolio of Guardian Financial Services (see page 51). Property and casualty risk also increased while the decrease in life and health risk partly alleviated the development.

Swiss Re's internal risk model (see box on page 70) is used to measure the Group's capital requirements and for defining the risk tolerance, risk limits, and liquidity stress tests. Based on the internal risk model, our overall risk exposure in terms of 99% tail value at risk (tail VaR) increased to USD 19.6 billion in 2015, up 3% from USD 19.1 billion in 2014. 99% tail VaR (also known as expected shortfall) represents an estimate of the average annual unexpected loss likely to occur with a frequency of less than once in 100 years.

Alternative risk measures — 99% and 99.5% VaR — showed an increase of our risk by 1% to USD 14.5 billion and by 2% to USD 17.4 billion, respectively.

The Group capital requirement table on page 65 shows the 99% tail VaR on a standalone basis for each of Swiss Re's core risk categories:

- Financial market risk increased by 4% to USD 12.6 billion in 2015, mainly driven by the additional credit spread risk related to the assets of Guardian Financial Services. This is slightly offset by the reduction in equity risk reflecting negative market movements.
- Credit risk was 29% higher at USD 3.4 billion, mainly reflecting the additional default and migration risk of the corporate bonds acquired with the Guardian Financial Services portfolio.
- Property and casualty risk increased by 4% to USD 9.4 billion, net of risk mitigating measures, reflecting growth in natural catastrophe business and continued reductions in our external hedging in the year.
- Life and health risk decreased by 10% to USD 7.2 billion. This drop was mainly driven by the depreciation of several currencies against the US dollar.

Swiss Re's risk landscape

The risk categories shown in the table on the right are discussed on the following pages. Across these categories we identify and evaluate emerging threats and opportunities through a systematic framework that includes the assessment of potential surprise factors that could affect known loss potentials. Liquidity risk management is discussed above, on page 57.

Core modelled risks

Property and casualty
- Costing and reserving
- Inflation
- Man-made risks
- Natural catastrophes

Life and health
- Lethal pandemic
- Longevity
- Mortality trend

Financial market and credit
- Credit (default and migration)
- Credit spread
- Equity market
- Foreign exchange
- Interest rate
- Real estate
- FM inflation

Other significant risks

Operational	**Liquidity**	**Strategic**
Regulatory	**Political**	**Sustainability**

Emerging risks

Group capital requirement based on one-year 99% tail VaR

USD billions, as of 31 December	2014	**2015**	Change in %	cross reference information
Property and casualty	9.1	9.4	4	see page 66
Life and health	8.0	7.2	–10	see page 67
Financial market	12.2	12.6	4	see page 68
Credit[1]	2.6	3.4	29	see page 69
Simple sum	**31.9**	**32.7**	**2**	
Diversification effect	–12.9	–13.1		
Swiss Re Group	**19.1**	**19.6**	**3**	

[1] Credit comprises credit default and credit migration risk from both asset management and underwriting. Credit spread risk falls under financial market risk.

Our internal risk model takes account of the accumulation and diversification between individual risks. The effect of diversification at the category level is demonstrated in the table above, which represents the difference between the Group 99% tail VaR and the sum of standalone tail VaR amounts in the individual risk categories. The extent of diversification is largely determined by the selected level of aggregation — the higher the aggregation level, the lower the diversification effect.

Insurance Risk

Insurance (or underwriting) risk is the risk of incurring a financial loss from coverage provided for both property and casualty and life and health risks. Insurance risk management includes overseeing risk-taking activities, as well as ensuring that an appropriate risk governance framework is defined and applied.

Our Risk Management function is embedded in Swiss Re's business processes and follows the business cycle. Before any business is written, Risk Management is involved in the Group-wide annual business planning; it also reviews underwriting standards, pricing models, and large individual transactions. Risk exposure is monitored against agreed risk limits.

Swiss Re's Risk Management function monitors reserving levels; it provides information to the risk-taking functions on trends to ensure appropriate pricing. Underwriting systems across the Group provide timely information on risks assumed and capacity committed. Regular internal risk and issue reporting ensures transparency at all stages.

Property and casualty risk

Change from 2014 99% tail VaR ↗

Description

Property and casualty (P&C) insurance risk arises from the coverage that Swiss Re provides for property, liability, motor, and accident risks through its Reinsurance and Corporate Solutions Business Units, as well as for specialty risks such as engineering, aviation, and marine. We classify and model our property and casualty risks in three categories at Group and Business Unit level: natural catastrophes (eg, earthquakes and windstorms), man-made risks (eg, liability and fire), and geopolitical risks (eg, terrorism). We also monitor and manage underlying risks inherent in the business we underwrite, such as inflation or uncertainty in pricing and reserving.

Developments in 2015

Swiss Re's overall property and casualty risk increased slightly by 4%, mainly driven by higher natural catastrophe risk resulting from our strategic decision to reduce external hedging as well as from new business. The increase was partly offset by foreign exchange developments.

The higher natural catastrophe risk can also be seen in the stress results on page 67. The table shows Swiss Re's exposure to a set of major natural catastrophe scenarios, net of retrocession and securitisation. These risk exposures take into account the fact that such a scenario will trigger claims in other lines of business in addition to the most affected property line.

While our exposure to Californian and Japanese earthquake remained broadly stable (–4% and +2%, respectively), our Atlantic hurricane exposure showed a significant increase (+31%). This is driven by business growth and a reduction in external hedges as mentioned above. Our exposure to European windstorm risk decreased (–17%) in 2015, mainly due to model enhancement and the US dollar appreciation against the euro, partly offset by growth in risk due to expiry of several external hedges.

Management

Swiss Re writes property and casualty business using the four-eye principle: every transaction must be reviewed by at least two authorised individuals. An exception to this procedure are single risk acceptances, which can be authorised by one underwriter whereby the four-eye principle is applied by spot checks after acceptance. Each underwriter is assigned an individual underwriting authority based on technical skills and experience; any business exceeding this authority triggers a defined escalation process.

Large and complex individual transactions that could materially affect the Group's and Business Units' risk exposure require independent review and sign-off by Risk Management before authorisation. This is part of our three-signature approval process (involving Swiss Re's underwriting, client management and risk management functions) that establishes the accountability of each of the parties for significant transactions.

We monitor accumulated exposure to single risks or to an underlying risk factor (such as Californian earthquake) on a Group-wide basis. We further manage our risk by external retrocession, risk swaps, or transferring risk to capital markets through insurance-linked securities (such as the Successor and Mythen cat bond programmes).

Insurance risk stress tests: Single event losses with a 200-year return period[1]

Pre-tax impact on economic capital in USD billions, as of 31 December	2014	2015	Change in %
Natural catastrophes			
Atlantic hurricane	–4.3	**–5.6**	31
Californian earthquake	–4.0	**–3.8**	–4
European windstorm	–3.1	**–2.6**	–17
Japanese earthquake	–3.1	**–3.2**	2
Life insurance			
Lethal pandemic	–2.4	**–2.4**	0

[1] Single event losses with a 200-year return period show for example that there is a 0.5% probability over the next year that the loss from a single Atlantic hurricane event could exceed USD 5.6 billion. The impact excludes earned premiums for the business written and reinstatement premiums that could be triggered as a result of the event.

Life and health risk

Change from 2014 99% tail VaR ↘

Description

Swiss Re's life and health (L&H) insurance risk arises from the business we take on when providing mortality (death), longevity (annuity), and morbidity (illness and disability) coverage through both the Reinsurance Business Unit, and when acquiring run-off business through the Admin Re® (Life Capital since 1 January 2016) Business Unit.
In addition to potential shock events, such as a severe pandemic, we monitor and manage underlying risks inherent in life and health contracts (eg, pricing and reserving risks) that arise when mortality, morbidity, or lapse experience deviates from expectations. The investment risk that is part of some life and health business is monitored and managed as financial market risk.

Developments in 2015

Swiss Re's overall life and health risk decreased by 10% to USD 7.2 billion. The decrease was to a large extent driven by foreign exchange movements, as the depreciation of several currencies (in particular the Canadian dollar and Australian dollar) against the US dollar had a significant impact on the present value of our liabilities.

The decline in the overall L&H shortfall was further amplified by a large exposure decrease in mortality trend risk (death) mainly due to lower mortality assumptions and model improvements for several markets. This was partly offset by higher morbidity (illness and disability) and lethal pandemic risk, where we experienced more business. The inclusion of the Guardian Financial Services portfolio (see page 51) substantially increased our longevity exposure thus leading to a further decline in overall L&H shortfall, as longevity risk provides a natural hedge to some of the mortality trend risk (due to diversification).

The 200-year pandemic event shown in the table above remained stable at USD 2.4 billion.

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Management

To control risk exposure, we have an aggregate Group limit governing the acceptance of all life and health risks, with separate individual limits for mortality, longevity and lethal pandemic risk.

At the Business Unit level, acceptance of life and health risks is governed by aggregated Business Unit limits. Local teams can write reinsurance within their allocated capacity and clearly defined boundaries.

Market exposure limits, which are regularly monitored, are in place for catastrophe and stop-loss business. We pay particular attention to accumulation risk in densely populated areas and apply limits for individual buildings.

As in property and casualty, all large, complex or unusual transactions are reviewed and require individual approval from Swiss Re's underwriting, client management and risk management functions.

We further manage the risk exposure of Swiss Re's life and health book by external retrocession and also issue insurance-linked securities to reduce peak exposures (eg, vita bond programme).

Financial Market and Credit Risk

Financial market and credit risk management involves identifying, assessing and controlling risks inherent in the financial markets as well as counterparty risks, while monitoring compliance with our risk management standards. Both risk categories are managed centrally by our Financial Risk Management team.

Our central Financial Risk Management team oversees activities generating financial market and/or credit risk, proposes limits, provides quantitative risk assessment across financial risk factors, and monitors portfolio risk. It also develops considerations for risk mitigation or risk reduction, reviews risk and valuation models, assesses asset valuations, and approves transactions and new products. These responsibilities are exercised through defined governance procedures, including regular reviews by our Senior Risk Council. Financial Risk Management is responsible for both internally and externally managed assets, principal investments and all liability-based business generating financial market and/or credit risk, including credit and surety.

Financial market risk

Change from 2014 99% tail VaR

Description

Financial market risk is the risk that assets or liabilities may be impacted by movements in financial market prices or rates – such as equity prices, interest rates, credit spreads, foreign exchange rates or real estate prices. Financial market risk originates from two main sources: our own investment activities and the sensitivity of the economic value of liabilities to financial market fluctuations. Swiss Re actively manages the potential mismatch in financial market risk between its liabilities and the assets that it holds.

Developments in 2015

The overall financial market risk increased by 4% to USD 12.6 billion (see table on page 65). The increase reflects the inclusion of Guardian Financial Services (Guardian) as well as changes to Swiss Re's asset allocation increasing in particular our credit spread risk. This increase is partly offset by a decrease in equity and interest rate risk.

The table on page 69 shows Swiss Re's sensitivity to various market scenarios. The potential loss from credit spread widening increased in 2015, reflecting the inclusion of the Guardian portfolio (see page 51). Without the Guardian transaction, the sensitivity of the portfolio to changes in credit spread would have decreased. The decrease in equity stress is driven by the impact of negative market movements on our equity portfolio as well as by the sale of hedge fund positions. The increase in real estate risk reflects additional investments mainly in US real estates. The decrease in the interest rate scenario resulted from the reduction of Swiss Re's net short duration position to an almost balanced portfolio.

Management

Financial market risk is subject to limits at various levels of the organisation (eg, Group, Business Units, lines of business and legal entities). Individual limits are expressed in terms of stress, VaR and risk factor sensitivities. Asset Management determines a more detailed set of risk limits for its portfolio mandates.

Financial Risk Management regularly reviews and updates the risk framework and is also responsible for monitoring financial market risk in accordance with our risk management standards. The unit provides daily and weekly Group-level reports on risks and on specific limits for internally and externally managed investment mandates as well as for the Business Units. These reports track exposures, document limit usage (which is independently monitored by Financial Risk Management) and provide information on key risks that could affect the portfolio. Specific limits are assigned to the line of business heads, who seek to optimise their portfolios within those limits. The reports are normally presented and discussed with the relevant business line responsibles at weekly meetings.

This process is complemented by regular risk discussions between Financial Risk Management, Asset Management, Business Units and the Group's external investment managers.

Financial market and credit risk stress tests

Pre-tax impact on economic capital in USD billions, as of 31 December	2014	**2015**	Change in %
Market scenarios			
100bp increase in credit spreads	−3.8	**−4.4**	18
30% fall in equity markets (incl. hedge funds)	−3.2	**−2.9**	−10
15% fall in real estate markets	−0.6	**−0.6**	9
100bp parallel increase in global yield curves	0.4	**0.1**	−70
Credit stress test			
Credit default stress	−2.3	**−2.8**	22

Credit risk

Change from 2014 99% tail VaR

Description

Credit risk is the risk of incurring a financial loss due to diminished creditworthiness or default of Swiss Re's counterparties or of third parties (credit spread risk falls under financial market risk). Credit risk arises primarily from our investment activities as well as from liabilities underwritten by our Business Units, such as credit, surety and from retrocession. We distinguish between three types of credit exposure: the risk of issuer default from instruments in which Swiss Re invests or trades; counterparty exposure in a direct contractual relationship; and risk assumed by Swiss Re through reinsurance contracts.

Developments in 2015

In 2015, Swiss Re's credit risk — which includes default and migration (deterioration in credit rating) risk — increased by 29% to USD 3.4 billion (see table on page 65) and the credit default stress test increased by 22% (see table above).

The changes reflect the inclusion of the Guardian Financial Services portfolio (see page 51) and growth in the underwriting portfolio.

Management

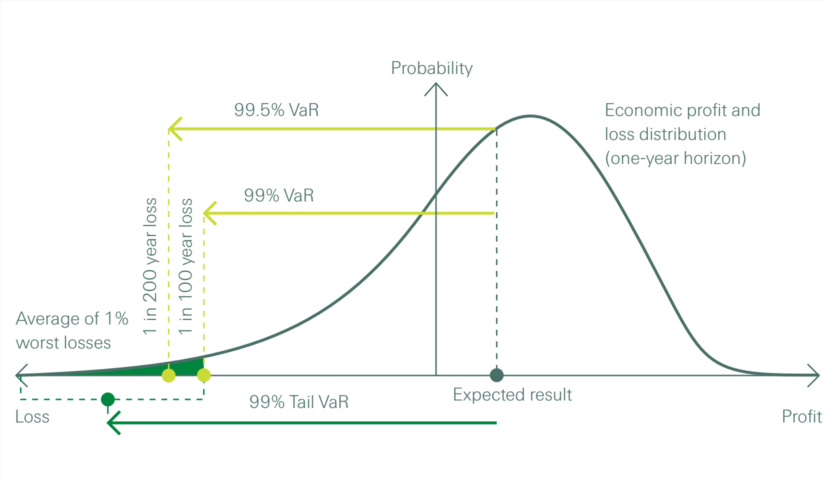
Credit risk is managed and monitored by our Credit Risk Management unit within the central Financial Risk Management team.

An aggregate credit stress limit is set by the Group Executive Committee. In addition, we assign aggregate credit limits by Business Unit, corporate counterparty and country. These limits are based on multiple factors, including the prevailing economic environment, the nature of the underlying credit exposures and a detailed internal assessment of the counterparty's financial strength, industry position and other qualitative factors. Financial Risk Management is also responsible for regularly monitoring corporate counterparty credit quality and exposures, and compiling watch lists of cases that merit close attention.

Financial Risk Management monitors and reports credit exposure and limits for the Group and its Business Units on a weekly basis. The reporting process is supported by a Group-wide credit exposure information system that contains all relevant data, including corporate counterparty details, ratings, credit risk exposures, credit limits, and watch lists. All credit practitioners in the Group and Business Units have access to this system, thus providing the necessary transparency to implement exposure management strategies for individual counterparties, industry sectors, and geographic regions.

To take account of country risks other than from credit default, Swiss Re's Political and Sustainability Risk Management unit prepares specific country ratings in addition to the sovereign ratings used by the Group and the Business Units. These ratings are considered in the decision-making process, and cover political, economic and security-related country risks.

Risk modelling and risk measures



Swiss Re uses a proprietary integrated risk model to determine the economic capital required to support the risks on the company's books, as well as to allocate risk-taking capacity to the different lines of business. The Group's internal risk model provides a meaningful assessment of the risks to which the company is exposed and is an important tool for managing the business. It is used for determining capital requirements for internal purposes as well as for regulatory reporting under the Swiss Solvency Test (SST) and Solvency II for our legal entities in continental Europe. The model provides the basis for capital cost allocation in Swiss Re's Economic Value Management (EVM) framework, which is used for pricing, profitability evaluation and compensation decisions (see pages 55–56 for further information on EVM).

Swiss Re's internal model is based on two important principles. First, it applies an asset-liability management approach, which measures the net impact of risk on the economic value of both assets and liabilities. Second, it adopts an integrated perspective, recognising that a single risk factor can affect different sub-portfolios and that different risk factors can have mutual dependencies.

The model generates a probability distribution for the Group's economic profit and loss over a one-year time horizon, specifying the likelihood that the outcome will fall within a given range. The risk measures derived from the model are expressed as economic loss severities taken from the total economic profit and loss distribution.

In line with the SST, the Group measures its total risk capital requirement at the 99% shortfall (tail VaR) level. This represents an estimate of the average annual loss likely to occur with a frequency of less than once in one hundred years, thus capturing the potential for severe, but rare, aggregate losses.

In addition, the model is used to calculate value at risk (VaR) measures including 99.5% VaR, which is used in other regulatory regimes such as Solvency II. 99.5% VaR represents the loss likely to be exceeded in only one year out of two hundred and is thus more severe than the 99% VaR measure, which estimates the loss likely to be exceeded in one year out of one hundred.

Swiss Re's risk model assesses the potential economic loss at a specific confidence level. There is thus a possibility that actual losses may exceed the selected threshold. In addition, the reliability of the model may be limited when future conditions are difficult to predict. For this reason, the model and its parameters are continuously reviewed and updated to reflect changes in the risk environment and current best practice. In addition, the Group complements its risk models by ensuring a sound understanding of the underlying risks within the company and by applying robust internal controls.

In November, the Luxembourg regulator approved our internal model to be used for our legal entities in continental Europe, which report under the Solvency II regime.

A major enhancement in 2015 was the development of a new model for European winter storm risk. This proprietary model is used for underwriting, business steering and risk management purposes. It draws on state-of-the-art research and technology with a particular emphasis on expanding the knowledge of historical winter storms over the past 140 years.

Operational risk

Operational risk represents the potential economic, reputational or regulatory impact of inadequate or failed internal processes, people and systems, or from external events. Operational risks include legal and compliance risks and the risk of a material misstatement in Swiss Re's financial reporting.

Operational risk is inherent within Swiss Re's business processes. As the company does not receive an explicit financial return for such risks, the approach to managing operational risk differs from the approach applied to other risk classes. The purpose of operational risk management is not to eliminate operational risks but rather to identify and assess them, in order to cost-effectively manage risks that exceed Swiss Re's tolerance for operational losses.

The Group's framework for mitigating operational risk is based on its three lines of defence, assigning primary responsibility for identifying and managing risks to individual risk takers (first line of defence), with independent oversight and control by the second (Risk Management and Compliance) and third line of defence (Group Internal Audit). This approach is designed to achieve a strong, coherent and Group-wide operational risk culture built on the overriding principles of ownership and accountability.

Management is responsible for assessing operational risks based on a centrally coordinated methodology. Members of Swiss Re's Group Executive Committee are required to assess and certify the effectiveness of the internal control system for their respective function or unit on a quarterly basis. All operational losses and incidents are reported and tracked in a central system to ensure that they are resolved as well as to avoid the recurrence of the same or similar events.

Strategic risk

Strategic risk represents the possibility that poor strategic decision-making, execution, or response to industry changes or competitor actions could harm Swiss Re's competitive position and thus its franchise value.

Overall responsibility for managing strategic risk lies with Swiss Re's Board of Directors, which establishes the Group's overall strategy. The Board of Directors of the holding companies of the respective Business Units are responsible for the strategic risk inherent in their specific strategy development and execution.

Strategic risks are addressed by examining multi-year scenarios, considering the related risks, as well as monitoring the implementation of the chosen strategy year-by-year in terms of the annual business plan.

As part of their independent oversight role, Risk Management, Compliance and Group Internal Audit are responsible for controlling the risk-taking arising from the implementation of the strategy.

Regulatory risk

Regulatory risk represents the potential impact of changes in the regulatory and supervisory regimes of the jurisdictions, in which Swiss Re operates.

Swiss Re is strongly engaged in the regulatory debate, striving to mitigate potentially negative impacts while supporting reforms that could enhance the overall health of the sector, facilitate convergence of regulatory standards or generate business opportunities.

Regulatory developments and related risks that may affect Swiss Re and its Business Units are monitored as part of regular oversight activities and reported to the executive management and Board of Directors at Group, Business Unit and legal entity level in regular risk reports.

In 2015, the global regulatory agenda continued to accelerate. Governments and regulators rolled out new policies and conducted numerous consultations and field tests on regulations with direct impact on the insurance sector. Many reform proposals reflect the financial supervision agenda set by the G-20, which includes a focus on internationally active insurance groups (IAIGs) and global systemically important insurers (G-SIIs). Furthermore, regulators are increasing their work on compliance and market conduct issues.

Swiss Re is actively engaged in dialogue on these initiatives and supports regulatory convergence as well as increased application of economic and risk-based principles. At the same time, we share the broad concerns of the insurance industry around the cumulative and cross-sectoral impacts of the reforms. Some proposed regulations are more appropriate for the banking industry and do not adequately take into account the nature and benefits of insurance and reinsurance. Regulatory fragmentation is another key concern — particularly in Europe, with the challenges in introducing Solvency II, but also in the context of cross-border business and protectionist measures introduced in several growth and mature markets.

After more than ten years of development, Solvency II became effective across the European Economic Area on 1 January 2016. Swiss Re has been actively engaged in the implementation process, particularly in supporting the equivalence for the Swiss insurance supervisory system. The European Commission has recognised the Swiss system, including the SST, as fully equivalent. Switzerland and Bermuda are currently the only jurisdictions worldwide that have obtained this status. As a next step, industry-wide public disclosure of companies' solvency and financial condition will become mandatory in 2017 for both Solvency II and the SST. Furthermore, in China the main rules of the new China Risk Oriented Solvency System (C-ROSS) were published in February 2015. With this, China undertakes an important step towards an economic, risk-based system, similar to SST and Solvency II.

Under the guidance of the Financial Stability Board, the International Association of Insurance Supervisors (IAIS) continues its work of refining the designation methodology for G-SIIs, and is elaborating corresponding policy measures, especially in the areas of international capital standards, including higher loss absorbency (HLA), recovery and resolution planning and enhanced group-wide supervision.

The IAIS decided to adjust its delivery process for ComFrame, the common framework for the supervision of IAIGs. ComFrame includes a global insurance capital standard (ICS), which will be adopted in 2019 — one year later than originally planned — leading to its implementation in 2020. Until the adoption, the IAIS might substantially revise the ICS.

Many countries impose restrictions on the transaction of reinsurance business. The Global Reinsurance Forum, which Swiss Re is currently chairing, actively promotes the advantages of open and competitive markets, in particular the greater choice of reinsurers, products and prices, as well as benefits from diversification through the spreading of risk and increased financial stability.

Political risk

Political risk comprises the consequences of political events or actions that could have an adverse impact on Swiss Re's business or operations.

Political developments can threaten Swiss Re's operating model but also open up opportunities for developing the business. The Group adopts a holistic view of political risk and analyses developments in individual markets and jurisdictions, as well as cross-border issues such as war, terrorism, energy-related issues and international trade controls.

A dedicated political risk team identifies, assesses and monitors political developments worldwide. Swiss Re's political risk experts also exercise oversight and control functions for related risks, such as political risk insurance business; this includes monitoring political risk exposures, providing recommendations on particular transaction referrals, or risk reporting. They also provide specific country ratings that cover political, economic and security-related country risks; these ratings complement sovereign credit ratings and are used to support underwriting as well as other decision-making processes throughout the Group.

In 2015, key issues addressed by dedicated task forces included the potential impact on Swiss Re of the ongoing Eurozone crisis, the UK referendum on EU membership and the conflict between Russia and Ukraine.

Swiss Re seeks to raise awareness of political risk within the insurance industry and the broader public, and actively engages in dialogue with clients, media and other stakeholders. We also build relationships that expand our access to information and intelligence, and allow us to further enhance our methodologies and standards. For example, we participate in specialist events hosted by institutions such as the International Institute for Strategic Studies, the International Studies Association and the Risk Management Association, and maintain relationships with political risk specialists in other industries, think tanks and universities, as well as with governmental and non-governmental organisations.

Sustainability risk

Sustainability risk comprises current and emerging environmental, social and ethical risks that may arise from individual business transactions or the way Swiss Re conducts its operations and manages operational failures.

Swiss Re's continued business success depends on the successful management of such risks, thus helping to maintain the trust of its stakeholders. The Group has a long-standing commitment to sustainable business practices, active corporate citizenship and good, transparent governance. All employees are required to commit to and comply with Swiss Re's values and sustainability policies.

Potential sustainability risks are mitigated through clear corporate values and active dialogue and engagement with affected external stakeholders, as well as robust internal controls. These include a Group-wide Sustainability Risk Framework to identify and address sustainability risks across Swiss Re's business activities. The framework comprises sustainability-related policies – with pre-defined exclusions, underwriting criteria and quality standards – as well as a central due diligence process for related transactional risks.

Sustainability risks are monitored and managed by dedicated experts in Swiss Re's Group Sustainability Risk team, which is also responsible for maintaining the Sustainability Risk Framework. In addition, this unit supports Swiss Re's risk management and business strategy through tailored risk assessments and risk portfolio reviews, fosters risk awareness through internal training, and facilitates development of innovative solutions to address sustainability issues. Finally, it represents and advocates Swiss Re's position on selected sustainability risk topics to external stakeholders.

Swiss Re is a founding signatory to the UN Principles for Sustainable Insurance (UN PSI) and is currently a board member of this initiative. The UN PSI provide a global framework for managing environmental, social and governance challenges. Swiss Re has been actively contributing to the initiative for several years, co-chaired it from 2013 to 2015 and publicly reports progress against the principles in its annual Corporate Responsibility Report; the 2015 report is expected to be published in May 2016.

In 2015, Swiss Re was again recognised as "insurance industry sector leader" in the Dow Jones Sustainability Indices. This is the ninth time since 2004 that Swiss Re has led the insurance sector in these rankings. The award highlights Swiss Re's long-term commitment to sustainable business and our efforts to further embed sustainability into key business processes and operations.

For more information on our sustainability practices, see also the Corporate Responsibility section on page 116.

Emerging risks

Anticipating possible developments in Swiss Re's risk landscape is an important element of our integrated approach to Enterprise Risk Management. We encourage pre-emptive thinking on risk in all areas of our business, combining our broad claims experience and risk expertise with a structured horizon-scanning process. The key objectives are to reduce uncertainty and help diminish the volatility of the Group's results, while also identifying new business opportunities and raising awareness of emerging risks, both within the Group and across the industry.

The Group's risk identification processes are supported by a systematic framework that identifies and assesses emerging risks and opportunities across all risk categories, including potential surprise factors that could affect known loss potentials. This internal SONAR system gives Swiss Re employees a forum to raise ideas on emerging risks and report early signals using an interactive platform. This information is complemented with insights from collaboration with think tanks, academic networks and international organisations and institutions. Findings are shared with senior management and other internal stakeholders, providing them with a prioritised overview of newly identified emerging risks and an estimate of their potential impact on Swiss Re's business.

We also publish an annual emerging risk report to share findings, raise awareness and initiate a risk dialogue with key external stakeholders.

To further advance risk awareness across the industry and beyond, Swiss Re continues to participate actively in strategic risk initiatives such as the International Risk Governance Council, and the CRO Forum's Emerging Risk Initiative. Over the past year, we contributed to several publications on emerging risk topics, including the International Risk Governance Council guidelines for emerging risk governance and a CRO Forum position paper "The Smart Factory — Risk Management Perspectives".

The Board of Directors assesses Swiss Re's corporate governance on a regular basis to ensure its alignment with best practice.

CONTENTS

Overview

The Board of Directors assesses the Group's corporate governance on a regular basis with the aim to align to new stakeholder demands.

Swiss Re's corporate governance adheres to the SIX Swiss Exchange's Directive on Information Relating to Corporate Governance, including its annex. It is also in line with the principles of the Swiss Code of Best Practice for Corporate Governance (Swiss Code) of September 2014, issued by economiesuisse, the Swiss business federation. Swiss Re, moreover, conforms to the Swiss Financial Market Supervisory Authority (FINMA) provisions on corporate governance, risk management and internal control systems, which came into effect on 1 January 2009. Swiss Re's corporate governance also complies with applicable local rules and regulations in all jurisdictions where it conducts business.

The Board of Directors assesses the Group's corporate governance on an annual basis against relevant best practice standards. It monitors corporate governance developments globally. It receives updates on developments affecting corporate governance and considers the relevant studies and surveys on corporate governance. Information on compensation of and loans to members of the Board of Directors and the Group Executive Committee (Group EC) is included in the Compensation Report beginning on page 130 and their shareholdings in Swiss Re are listed in the notes to the Swiss Re Ltd financial statements.

Swiss Re's corporate governance framework

Swiss Re's Board of Directors is responsible for oversight, while the Group EC is responsible for managing operations. This structure maintains effective mutual checks and balances between the top corporate bodies. Our corporate governance principles and procedures are defined in a series of documents governing the organisation and management of the company. These include at the Group level:

- the Group Code of Conduct, outlining our compliance framework and setting out the basic legal and ethical principles and policies we apply globally;
- the Corporate Governance Guidelines (Guidelines), setting forth the Group's governance framework, principles and processes, ensuring efficient and consistent corporate governance across the Group;
- the Articles of Association, defining the legal and organisational framework of the Group's holding company (available at http://www.swissre.com/about_us/corporate_governance/corporate_regulations.html);
- the Group Bylaws, defining the governance structure within the Group as well as the responsibilities of the Board of Directors, Chairman, Vice Chairman, Lead Independent Director, Board committees, Group EC, Group CEO and of the further individual Group EC members including the Regional Presidents; furthermore they describe the relevant reporting procedures;
- the Board Committee Charters, outlining the duties and responsibilities of the Board committees; and
- the instructions and guidelines describing working methods, governance processes and timetables of the Board of Directors and Board committees.

In addition, they include at the Business Unit level:

- Business Unit Bylaws, defining the governance structure and principles within the Business Units Reinsurance, Corporate Solutions and Life Capital in line with the Group Bylaws.

2015 Key focus areas

Binding AGM votes on Board of Directors and Group EC compensation

The Annual General Meeting 2014 had approved the amendments to the Articles of Association required to comply with the "Ordinance Against Excessive Compensation at Public Corporations" (Ordinance) which became effective on 1 January 2014. Based on the new provisions, the Annual General Meeting 2015 was asked to vote with a binding effect on the compensation for the Board of Directors and the Group EC. Proposals with respect to the following three motions were submitted to the Annual General Meeting 2015 for binding votes: 1. the maximum aggregate amount of the compensation of the Board of Directors for the next term of office; 2. the maximum aggregate amount for the fixed and variable long-term compensation of the Group EC for the financial year 2016; and 3. the aggregate amount of variable short-term compensation of the Group EC for the financial year 2014. The Annual General Meeting 2015 approved the compensation motions with overwhelming majorities of 86% and two times 90% of the votes validly cast. For the detailed voting results of the Annual General Meeting 2015 please refer to: http://www.swissre.com/investors/events/151st_Annual_General_Meeting.html

Group and Business Unit Bylaws: comprehensive revision

The Board of Directors decided to review the Group and the BU Bylaws comprehensively in 2015 with the following aims: 1. the implementation of corporate governance changes which occurred based on the new Group Target Operating Model and 2. the alignment with the latest best practice corporate governance standards and with new stakeholders' demands.

Key developments in 2015/beginning of 2016

Board of Directors and Group EC

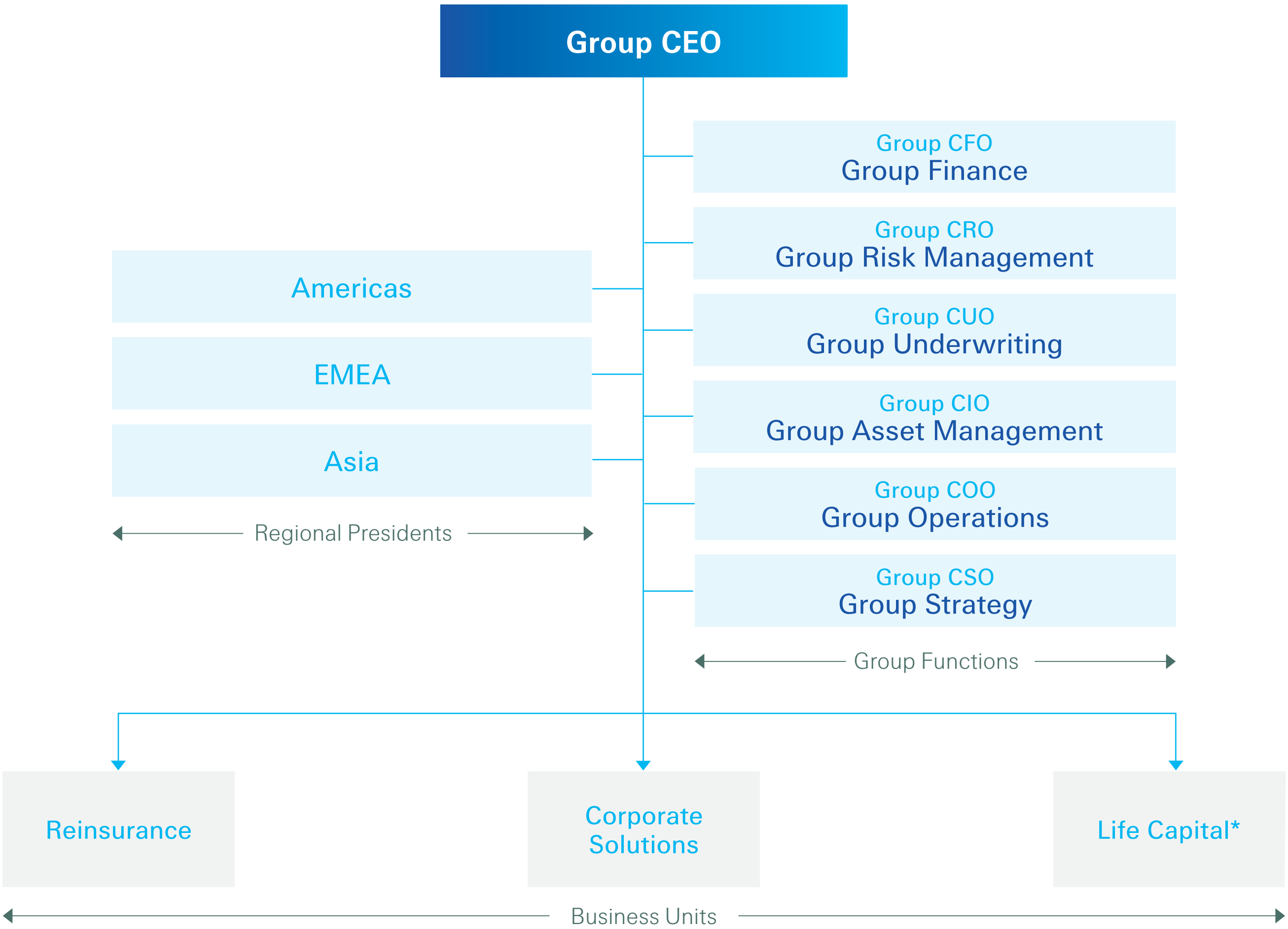
- Trevor Manuel and Philip K. Ryan were elected as new members to the Board of Directors by the shareholders at the Annual General Meeting which took place in Zurich on 21 April 2015, whereas Raymund Breu did not stand for re-election.
- The Annual General Meeting 2015 elected Walter B. Kielholz for a further one-year term of office as Chairman of the Board of Directors.
- Mathis Cabiallavetta, Raymond K.F. Ch'ien, Renato Fassbind, Mary Francis, Rajna Gibson Brandon, C. Robert Henrikson, Hans Ulrich Maerki, Carlos E. Represas, Jean-Pierre Roth and Susan L. Wagner were individually re-elected by the Annual General Meeting 2015 for a further one-year term of office as members of the Board of Directors.
- Renato Fassbind, C. Robert Henrikson, Hans Ulrich Maerki and Carlos E. Represas were elected by the Annual General Meeting 2015 for a further one-year term of office as members of the Compensation Committee.
- The Board of Directors nominated Sir Paul Tucker to be proposed to the Annual General Meeting 2016 for election as a new member to the Board of Directors, whereas Mathis Cabiallavetta, Hans Ulrich Maerki and Jean-Pierre Roth will not stand for re-election.
- No changes occurred in 2015 in the composition of the Group EC and the roles of the Group EC members.
- As of 1 January 2016, Thierry Léger was appointed CEO Life Capital and a member of the Group EC.
- As of 1 July 2016, Christian Mumenthaler, currently CEO Reinsurance, will become Group CEO, succeeding Michel M. Liès who will retire.

Binding votes on Board of Directors and Group EC compensation

- "The Ordinance Against Excessive Compensation at Public Corporations" (Ordinance) became effective on 1 January 2014.
- The Annual General Meeting 2014 approved the required amendments to the Articles of Association with 93.71% of the votes validly cast.
- In line with the Ordinance's requirements and the amended Articles of Association, the shareholders were asked at the Annual General Meeting 2015 to approve the compensation of both the Board of Directors and the Group EC.
- Proposals with respect to the following three motions were submitted to the Annual General Meeting 2015 for binding votes: 1. the maximum aggregate amount of the compensation of the Board of Directors for the next term of office; 2. the maximum aggregate amount for the fixed and variable long-term compensation of the Group EC for the financial year 2016; and 3. the aggregate amount of variable short-term compensation of the Group EC for the financial year 2014.
- The Annual General Meeting 2015 approved the three compensation motions with overwhelming majorities of the votes validly cast.

Group Structure and Shareholders

Operational Group structure



Legal structure — listed and non-listed Group companies
Swiss Re Ltd, the Group's holding company, is a joint stock company, listed in accordance with the International Reporting Standard on the SIX Swiss Exchange (ISIN CH0126881561), domiciled at Mythenquai 50/60 in 8022 Zurich, and organised under the laws of Switzerland. Information on its market capitalisation is provided on page 47 of this Financial Report. No other Group companies have shares listed. More information on the Group companies is provided in Note 19 to the Group financial statements on pages 237–239.

Swiss Re Ltd has a level I American Depositary Receipts (ADRs) programme in the US. The ADRs are traded over the counter (ISIN US8708861088, OTC symbol SSREY). Following a split in 2015, one Swiss Re Ltd share equals four ADRs. Neither the ADRs, nor the underlying Swiss Re shares, are listed on a securities exchange in the US.

Significant shareholders and shareholder structure
Under the Swiss Federal Act on Stock Exchanges and Securities Trading (SESTA), anyone holding shares in a company listed on the SIX Swiss Exchange is required to notify the company and the SIX Swiss Exchange if its direct or indirect holding reaches, falls below or exceeds the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 33⅓%, 50% or 66⅔% of the voting rights pursuant to the entry into the commercial register, whether

* Since 1 January 2016 Admin Re is part of the Business Unit Life Capital.

or not the voting rights can be exercised. Notifications must also include financial instruments, regardless of whether cash or physically settled, constituting a purchase or a sale position. Since 1 January 2016, this provision has been transferred from SESTA to the Swiss Financial Markets Infrastructure Act (FMIA)*. Upon receipt of such notifications, the company is required to inform the public by publishing within two trading days the notification on the electronic platform of the SIX Swiss Exchange. The following table provides a summary of the current disclosure notifications of major shareholders holding more than 3% of the voting rights:

Significant shareholders

Shareholder[1]	Number of shares	% of voting rights and share capital	Creation of the obligation to notify
BlackRock, Inc.	18 300 365[2]	4.96	30 April 2015

[1] In the context of Swiss Reinsurance Company Ltd's issuance of Perpetual Subordinated Capital Instruments in 2012 with a face value of USD 750 million with a stock settlement in registered shares of Swiss Re Ltd, Aquarius + Investments plc ("Aquarius") reported in compliance with SESTA and the Ordinance of the Swiss Financial Market Supervisory Authority on Stock Exchanges and Securities Trading (Stock Exchange Ordinance – FINMA, SESTO-FINMA) a disclosable purchase and a sales position, each corresponding to 6.32% of the voting rights. Aquarius does not hold any registered shares of Swiss Re Ltd.

[2] BlackRock, Inc. reported on 6 May 2015 that it holds directly and indirectly through a number of its Group companies, in the capacity of investment manager for funds and clients 18 300 365 registered shares of Swiss Re Ltd, and contracts for difference conferring a total of 78 229 voting rights in Swiss Re. BlackRock, Inc.'s reported holding as of 30 April 2015 was 18 378 594 voting rights, corresponding to 4.96% of the voting rights which can be exercised autonomously of the beneficial owners.

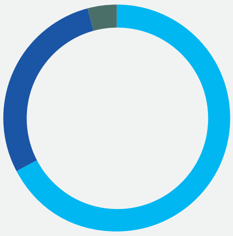
In addition, Swiss Re Ltd and Group companies held, as of 31 December 2015, directly and indirectly, 32 967 226 shares, which includes 4 420 000 shares repurchased under the public share buy-back programme Swiss Re launched on 12 November 2015. This represents 8.9% of voting rights and share capital. Neither Swiss Re Ltd nor the Group companies can exercise the voting rights of these shares.

All notifications received in 2015 are published at http://www.swissre.com/investors/shares/disclosure_of_shareholdings/

* According to Article 120 (1) FMIA anyone who directly or indirectly or acting in concert with third parties acquires or disposes shares or acquisition or sale rights relating to shares of a company with its registered office in Switzerland whose equity securities are listed in whole or in part in Switzerland, or of a company with its registered office abroad whose equity securities are mainly listed in whole or in part in Switzerland, and thereby reaches, falls below or exceeds the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 33⅓%, 50% or 66⅔% of the voting rights, whether exercisable or not, must notify this to the company and to the stock exchanges on which the equity securities are listed. According to Article 120 (3) FMIA, anyone who has the discretionary power to exercise the voting rights associated with equity securities in accordance with Article 120 (1) FMIA is also subject to the notification. The person or group is obliged to make a notification in writing to the company (issuer) and the stock exchange no later than four trading days after the creation of the obligation to notify (conclusion of a contract).

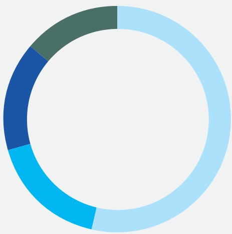
Registered shareholders by type
as of 31 December 2015

- 68.5% Institutional shareholders
- 27.6% Individual shareholders
- 3.9% Swiss Re employees



Registered shareholdings by country
as of 31 December 2015

- 50.9% Switzerland
- 18.1% United Kingdom
- 14.2% USA
- 16.8% Other registered shareholders



Shareholder structure
Registered — unregistered shares

As of 31 December 2015	Shares	in %
Registered shares[1]	203 670 968	54.9
Unregistered shares[1]	134 068 737	36.2
Shares held by Swiss Re	28 547 226	7.7
Share Buy-back Programme	4 420 000	1.2
Total shares issued	**370 706 931**	**100.0**

[1] Without Swiss Re's holdings.

Registered shares with voting rights by shareholder type

As of 31 December 2015	Shareholders	in %	Shares	in %
Individual shareholders	75 988	88.0	56 221 386	27.6
Swiss Re employees	6 327	7.3	7 977 396	3.9
Total individual shareholders	**82 315**	**95.3**	**64 198 782**	**31.5**
Institutional shareholders	**4 062**	**4.7**	**139 472 186**	**68.5**
Total	**86 377**	**100.0**	**203 670 968**	**100.0**

Registered shares with voting rights by country

As of 31 December 2015	Shareholders	in %	Shares	in %
Switzerland	75 149	87.0	103 670 976	50.9
United Kingdom	1 189	1.4	36 892 810	18.1
USA	1 391	1.6	28 952 661	14.2
Other	8 648	10.0	34 154 521	16.8
Total	**86 377**	**100.0**	**203 670 968**	**100.0**

Registered shares with voting rights by size of holding

As of 31 December 2015	Shareholders	in %	Shares	in %
Holdings of 1–2 000 shares	79 745	92.3	31 865 894	15.7
Holdings of 2 001–200 000 shares	6 543	7.6	60 732 944	29.8
Holdings of > 200 000 shares	89	0.1	111 072 130	54.5
Total	**86 377**	**100.0**	**203 670 968**	**100.0**

Cross-shareholdings
Swiss Re has no cross-shareholdings in excess of 5% of capital or voting rights with any other company.

Capital Structure

Capital

As of 31 December 2015, the fully paid-in share capital of Swiss Re Ltd amounted to CHF 37 070 693.10. It is divided into 370 706 931 registered shares, each with a par value of CHF 0.10.

The table on page 82 provides an overview of the issued, conditional and authorised capital of Swiss Re Ltd as of 31 December 2015 and 31 December 2014, respectively.

More information is provided in the sections "Conditional and authorised capital in particular" below and "Changes in capital" on page 82.

Conditional and authorised capital in particular

Conditional capital

As of 31 December 2015, the conditional capital of Swiss Re Ltd consisted of the following categories:

Conditional capital for Equity-Linked Financing Instruments

The share capital of the company may be increased up to CHF 5 000 000 by issuing a maximum of 50 000 000 registered shares, payable in full, each with a nominal value of CHF 0.10. Such shares are issued through the voluntary or mandatory exercise of conversion and/or option rights granted by the company or Group companies in connection with bonds or similar instruments, including loans or other financial instruments (Equity-Linked Financing Instruments).

Existing shareholders' subscription rights are excluded. The then current holders of the conversion and/or option rights granted in connection with Equity-Linked Financing Instruments shall be entitled to subscribe for the new registered shares. Subject to the Articles of Association, the Board of Directors may decide to restrict or exclude existing shareholders' advance subscription rights with regard to these Equity-Linked Financing Instruments. Such a decision may be made in order to issue Equity-Linked Financing Instruments on national and/or international capital markets (including private placements to selected strategic investors), and/or to finance or re-finance the acquisition of companies, parts of companies, participations or new investments planned by the company and/or Group companies.

If advance subscription rights are excluded, then the Equity-Linked Financing Instruments are to be placed at market conditions, the exercise period is not to exceed ten years for option rights and 20 years for conversion rights, and the conversion or exercise price for the new registered shares is to be set at least in line with the market conditions prevailing at the date on which the Equity-Linked Financing Instruments are issued.

The acquisition of registered shares through the exercise of conversion or option rights and any further transfers of registered shares shall be subject to the restrictions specified in the Articles of Association.

Authorised capital
As of 31 December 2015, the authorised capital of Swiss Re Ltd was as presented in the table below.

According to the Articles of Association, the Board of Directors is authorised to increase the share capital of the company at any time up to 21 April 2017 by an amount not exceeding CHF 8 500 000 through the issue of up to 85 000 000 registered shares, payable in full, each with a nominal value of CHF 0.10. Increases by underwriting as well as partial increases are permitted. The Board of Directors determines the date of issue, the issue price, the type of contribution and any possible acquisition of assets, the date of dividend entitlement as well as the expiry or allocation of non-exercised subscription rights.

The subscription rights of existing shareholders may not be excluded with respect to a maximum of CHF 5 000 000 through the issue of up to 50 000 000 registered shares, payable in full, each with a nominal value of CHF 0.10, out of the total amount of authorised capital.

The Board of Directors may exclude or restrict the subscription rights of existing shareholders with respect to a maximum of CHF 3 500 000 through the issue of up to 35 000 000 registered shares, payable in full, each with a nominal value of CHF 0.10, out of the total amount of authorised capital. Such exclusion or restriction relates to the use of shares in connection with mergers, acquisitions (including take-over) of companies, parts of companies or holdings, participations or new investments planned by the company and/or Group companies, financing or re-financing of such mergers, acquisitions or new investments, the conversion of loans, securities or equity securities. Exclusion and restriction may also relate to improving the regulatory capital position of the company or Group companies, including private placements, in a fast and expeditious manner if the Board of Directors deems it appropriate or prudent to do so.

The subscription and acquisition of the new registered shares, as well as each subsequent transfer of registered shares, shall be subject to the restrictions specified in the Articles of Association.

Joint provision for conditional capital for Equity-Linked Financing Instruments and for the above-mentioned authorised capital
The total of registered shares issued from the authorised capital, where the existing shareholders' subscription rights were excluded, and from the shares issued from conditional capital, where the existing shareholders' advance subscription rights on the Equity-Linked Financing Instruments were excluded, may not exceed 74 000 000 registered shares up to 21 April 2017.

Changes in capital
Changes in 2015
The Annual General Meeting 2015 approved that the authority to issue registered shares from authorised capital as set forth in the Articles of Association be extended to 21 April 2017 and that the limitation included in the Articles of Association to issue registered shares from authorised capital where the existing shareholders' subscription rights are excluded, be extended to 21 April 2017.

The Annual General Meeting 2015 also approved that the limitation included in the provisions of the Articles of Association to issue shares from conditional capital, where the existing shareholders' advance subscription rights on the Equity-Linked Financing Instruments are excluded, be extended to 21 April 2017.

Changes in 2014
No changes in share capital occurred during 2014.

Changes in 2013 and previous years
The Annual General Meeting 2013 approved that the limitation included in the provisions of the Articles of Association to issue registered shares from conditional capital, where the existing shareholders' advance subscription rights on the Equity-Linked Financing Instruments are excluded, be extended to 10 April 2015 and the maximum number of shares under the same paragraph be set to 74 000 000 from 74 140 927 previously.

The Annual General Meeting 2013 also approved that the authority to issue registered shares from authorised capital as set forth in the Articles of Association be extended to 10 April 2015 and that the limitation included in the Articles of Association to issue registered shares from authorised capital where the existing shareholders' subscription rights are excluded, be extended to 10 April 2015 and the maximum number of registered shares under that provision be set to 74 000 000 from 74 140 927 previously.

The Annual General Meeting 2013 further approved the cancellation of the authorised capital created for the use as consideration for any remaining minority shareholders of Swiss Reinsurance Company Ltd for any voluntary or mandatory surrendering of their shares in Swiss Reinsurance Company Ltd after the execution of the public exchange offer at any time up to

	31 December 2014		**31 December 2015**	
	Capital in CHF	Shares	**Capital in CHF**	**Shares**
Share capital	37 070 693.10	370 706 931	37 070 693.10	370 706 931
Conditional capital				
for Equity-Linked Financing Instruments	5 000 000.00	50 000 000	5 000 000.00	50 000 000
Authorised capital				
regular	8 500 000.00	85 000 000	8 500 000.00	85 000 000

20 May 2013 by an amount not exceeding CHF 4 005 061.30 through the issue of up to 40 050 613 registered shares, payable in full, each with a nominal value of CHF 0.10.

No changes in the share capital of Swiss Re Ltd occurred during 2012.

Information about changes in share capital of our former parent company Swiss Reinsurance Company Ltd for earlier years is provided in the Annual Reports of this company for the respective years.

Shares

All shares issued by Swiss Re Ltd are fully paid-in registered shares, each with a par value of CHF 0.10. Each share carries one vote. There are no categories of shares with a higher or limited voting power, privileged dividend entitlement or any other preferential rights, nor are there any other securities representing a part of the company's share capital.

The company cannot exercise the voting rights of treasury shares. As of 31 December 2015, shareholders had registered 203 670 968 shares for the purpose of exercising their voting rights, out of a total of 370 706 931 shares issued. As of 31 December 2015, 337 739 705 shares were entitled to dividend payment.

Profit-sharing and participation certificates

Swiss Re Ltd has not issued any profit-sharing and participation certificates.

Limitations on transferability and nominee registrations

Free transferability

The company maintains a share register for the registered shares, in which owners and usufructuaries are entered.

The company may issue its registered shares in the form of single certificates, global certificates and intermediated securities. The company may convert its registered shares from one form into another at any time and without the approval of the shareholders. The shareholders have no right to demand a conversion into a specific form of registered shares.

Each shareholder may, however, at any time request a written confirmation from the company of the registered shares held by such shareholder, as reflected in the company's share register.

The registered shares are administered as intermediated securities. The transfer of intermediated securities and furnishing of collateral in intermediated securities must conform to the Intermediary-Held Securities Act. The transfer and furnishing of collateral by assignment is excluded.

Persons acquiring registered shares will, upon application, be entered in the share register without limitation as shareholders with voting power if evidence of the acquisition of the shares is provided and if they expressly declare that they have acquired the shares in their own name and for their own account and, where applicable, that they are compliant with the disclosure requirement stipulated by the Federal Act on Stock Exchanges and Securities Trading (SESTA). The Board of Directors is allowed to remove the entry of a shareholder with voting rights from the share register retroactively from the date of entry if the entry was obtained under false pretences or if the owner, whether acting alone or as part of a group, has breached notification rules.

Admissibility of nominee registrations

Persons not expressly declaring in their application for entry in the share register that they are holding shares for their own account (nominees) are entered without further inquiry in the share register of Swiss Re Ltd as shareholders with voting rights of up to a maximum of 2% of the outstanding share capital available at the time. Additional shares held by such nominees that exceed the limit of 2% of the outstanding share capital are entered in the share register with voting rights only if such nominees disclose the names, addresses and shareholdings of any persons for whose account the nominee is holding 0.5% or more of the outstanding share capital. In addition, such nominees must comply with the disclosure requirements of the SESTA.

Convertible bonds and options

Convertible bonds

As of 31 December 2015, neither Swiss Re Ltd nor any of its subsidiaries has any bonds outstanding that are convertible into equity securities of Swiss Re Ltd solely at the option of bondholders. The same applied as of 31 December 2014 and 31 December 2013.

In 2012, Swiss Reinsurance Company Ltd issued CHF 320 000 000 of 7.25% perpetual subordinated notes and USD 750 000 000 of 8.25% perpetual subordinated capital instruments both with stock settlement (collectively the "subordinated securities"), which provide Swiss Reinsurance Company Ltd with options to initiate settlement of the subordinated securities by delivery of shares of Swiss Re Ltd.

Options

Valid exercise of stock options granted to Swiss Re employees are either cash or physically settled (with treasury shares). The number of issued shares will not be affected.

For details on stock options granted to Swiss Re employees, see Note 15 to the Group financial statements on pages 231–233.

Board of Directors

The Board of Directors decides on strategy and exercises ultimate supervision over the Group EC.

Members of the Board of Directors

According to the Articles of Association, the Board of Directors of Swiss Re Ltd, the holding company of the Swiss Re Group, consists of at least seven members. As of 31 December 2015 the Board of Directors consisted of the following members:

Name	Nationality	Age	Initial election[1]
Walter B. Kielholz (Chairman)	Swiss	64	1998
Renato Fassbind (Vice Chairman, Lead Independent Director)	Swiss	60	2011
Mathis Cabiallavetta	Swiss	70	2008
Raymond K.F. Ch'ien	Chinese	63	2008
Mary Francis	British	67	2013
Rajna Gibson Brandon	Swiss	53	2000
C. Robert Henrikson	American	68	2012
Hans Ulrich Maerki	Swiss	69	2007
Trevor Manuel	South African	59	2015
Carlos E. Represas	Mexican	70	2010
Jean-Pierre Roth	Swiss	69	2010
Philip K. Ryan	American	59	2015
Susan L. Wagner	American	54	2014

[1] The members were initially elected to the Board of Directors of Swiss Reinsurance Company Ltd, the Group's former parent company. All members were subsequently elected to the Board of Directors of the Group's new holding company, Swiss Re Ltd, on 17 February 2011 with the exception of the following members who were elected to the Board of Directors of Swiss Re Ltd as follows: Renato Fassbind was elected on 15 April 2011, C. Robert Henrikson was elected on 13 April 2012, Mary Francis was elected on 10 April 2013, Susan L. Wagner was elected on 11 April 2014, and Trevor Manuel and Philip K. Ryan were elected on 21 April 2015.

Company Secretary
Felix Horber

Independence

Swiss Re's Group Bylaws stipulate that at least three-quarters of the members of the Board of Directors must be independent. Independence is defined in line with best practice corporate governance standards. To be considered independent a Group Board member may not be, and may not have been in the past three years, employed as a member of the Group EC, or by any Subsidiary of the Swiss Re Group or may not have a material relationship with any part of the Swiss Re Group (either directly or as a partner, director or shareholder of an organisation that has a material relationship with the Swiss Re Group) other than serving as an independent board member in any Subsidiary.
In addition, the Group Board agrees on other criteria that disqualify a Group Board member from being considered independent, taking into consideration provisions of applicable law, regulations and best practice. All the members of the Board of Directors meet our independence criteria with the exception of our Chairman. As a full-time Chairman he is not considered independent.

Conflicts of interest

The members of the Board of Directors are also subject to procedures to avoid any action, position or interest that conflicts with an interest of Swiss Re Ltd or the Swiss Re Group or gives the appearance of a conflict.

Walter B. Kielholz

Chairman, non-executive

Born: 1951

Nationality: Swiss

Career

Walter B. Kielholz began his career at the General Reinsurance Corporation, Zurich, in 1976 where he held several positions in the US, UK and Italy before assuming responsibility for the company's European marketing. In 1986, he joined Credit Suisse, where he was responsible for relationships with large insurance groups. He joined Swiss Re in 1989 where he became an Executive Board member in 1993 and was Chief Executive Officer from 1997 to 2002. He was Vice Chairman from 2003 until he was nominated Chairman in 2009. In addition, he chairs the Chairman's and Governance Committee of the Swiss Re Board. Walter B. Kielholz was also a member of the Board of Directors of Credit Suisse Group AG from 1999 to May 2014 and served as Chairman from 2003 to 2009.

External appointments

- Vice Chairman of the Institute of International Finance
- Member of the European Financial Services Round Table
- Member of the Board of Trustees of Avenir Suisse
- Chairman of the Zurich Art Society

Educational background

- Business finance and accounting degree, University of St. Gallen, Switzerland

Renato Fassbind

Vice Chairman and Lead Independent Director, non-executive and independent

Born: 1955

Nationality: Swiss

Career

After two years with Kunz Consulting AG, Renato Fassbind joined F. Hoffmann-La Roche AG in 1984, becoming Head of Internal Audit in 1988. From 1986 to 1987, he worked as a public accountant with Peat Marwick in New Jersey, USA. In 1990, he joined ABB Ltd as Head of Corporate Staff Audit and, from 1997 to 2002, was Chief Financial Officer and member of the Group Executive Committee. In 2002, he joined Diethelm Keller Holding Ltd as Group Chief Executive Officer. From 2004 to 2010, he was Chief Financial Officer and member of the Executive Board of Credit Suisse Group AG. Renato Fassbind was elected to Swiss Re's Board of Directors in 2011. He became Vice Chairman in April 2012 and Lead Independent Director in April 2014. He chairs the Audit Committee and is a member of the Chairman's and Governance Committee and the Compensation Committee.

External appointments

- Board member of Nestlé S.A. and Kühne + Nagel International Ltd
- Board member of the Swiss Federal Audit Oversight Authority

Educational background

- PhD in Economics, University of Zurich, Switzerland
- Certified Public Accountant (CPA), Denver, USA

Mathis Cabiallavetta

Member, non-executive and independent

Born: 1945

Nationality: Swiss

Career

Mathis Cabiallavetta held several positions at UBS AG from 1971, including President of the Group Executive Board in 1996 and Chairman in 1998. He joined Marsh & McLennan Companies in 1999 and was Vice Chairman of the company from 2001 to 2004. He is a former member of the Bank Council of the Swiss National Bank and a past Vice Chairman of the Board of Directors of the Swiss Bankers Association. He was also a member of the Committee of the Board of Directors of the Swiss Stock Exchange and the International Capital Markets Advisory Committee of the Federal Reserve Bank of New York. Mathis Cabiallavetta was elected to Swiss Re's Board of Directors in 2008 and was its Vice Chairman from March 2009 to April 2015. He is a member of the Finance and Risk Committee and the Investment Committee.

External appointments

- Board member of BlackRock, Inc.
- Executive Advisory Board member of General Atlantic Partners (GAP)

Educational background

- Bachelor's degree in Economics, University of Montreal, Canada

Raymond K.F. Ch'ien

Member, non-executive and independent
Born: 1952
Nationality: Chinese

Career
Raymond K.F. Ch'ien was Group Managing Director of Lam Soon Hong Kong Group from 1984 to 1997 and Chairman of CDC Corporation from 1999 to 2011. He was elected to Swiss Re's Board of Directors in 2008 and is a member of the Audit Committee and the Investment Committee.

External appointments
- Chairman of the Boards of Directors of MTR Corporation Ltd and Hang Seng Bank Ltd
- Board member of China Resources Power Holdings Company Ltd, The Wharf (Holding) Ltd and the Hong Kong and Shanghai Banking Corporation Ltd
- Member of the Economic Development Commission of the Government of the Hong Kong SAR
- Honorary president of the Federation of Hong Kong Industries
- Trustee of the University of Pennsylvania

Educational background
- PhD in Economics, University of Pennsylvania, USA

Mary Francis, CBE

Member, non-executive and independent
Born: 1948
Nationality: British

Career
Mary Francis joined the UK Civil Service in 1971, focusing on financial and economic policy. She held a number of senior positions including Financial Counsellor at the British Embassy in Washington DC from 1990 to 1992, Private Secretary to the Prime Minister from 1992 to 1995 and Deputy Private Secretary to the Queen from 1995 to 1999. Between 1999 and 2005 she was Director General of the Association of British Insurers. She was a non-executive director of the Bank of England from 2001 to 2007 and a member of the board of directors of Aviva plc from 2005 to 2012. Mary Francis was elected to Swiss Re's Board of Directors in 2013 and is a member of the Audit Committee and the Finance and Risk Committee.

External appointments
- Board member of Ensco plc
- Senior advisor to Chatham House

Educational background
- Master of Arts, Newnham College, University of Cambridge, United Kingdom

Rajna Gibson Brandon

Member, non-executive and independent
Born: 1962
Nationality: Swiss

Career
Rajna Gibson Brandon is a Professor of Finance at the University of Geneva and Director of the Geneva Finance Research Institute. She held professorships at the University of Lausanne from 1991 to 2000 and the University of Zurich from 2000 to 2008. She was a member of the Swiss Federal Banking Commission from 1997 to 2004. She was elected to Swiss Re's Board of Directors in 2000 and is a member of the Finance and Risk Committee and the Investment Committee.

External appointments
- President of the Scientific Council of the Swiss Training Centre for Investment Professionals/AZEK

Educational background
- PhD in Economics and social sciences, University of Geneva, Switzerland

C. Robert Henrikson

Member, non-executive and independent

Born: 1947

Nationality: American

Career

C. Robert Henrikson was Chairman and Chief Executive Officer of MetLife, Inc. from 2006 to 2011. Before, he held senior positions in MetLife's individual, group and pension businesses and became Chief Operating Officer of the company in 2004. He is a former Chairman of the American Council of Life Insurers, a former Chairman of the Financial Services Forum, Director Emeritus of the American Benefits Council and a former member of the U.S. President's Export Council. He was elected to Swiss Re's Board of Directors in 2012 and chairs the Compensation Committee. In addition, he is a member of the Chairman's and Governance Committee and the Finance and Risk Committee.

External appointments

- Board member of Invesco Ltd
- Board member of AmeriCares
- Member of the Boards of Trustees of Emory University, S.S. Huebner Foundation for Insurance Education and Indian Springs School

Educational background

- Bachelor of Arts, University of Pennsylvania, USA
- Juris Doctorate, Emory University, USA

Hans Ulrich Maerki

Member, non-executive and independent

Born: 1946

Nationality: Swiss

Career

Hans Ulrich Maerki worked for IBM for 35 years, starting in 1973. From 1993 to 1995, he was General Manager of IBM Switzerland. He was appointed Chairman of the Board of Directors of IBM Europe, Middle East and Africa (EMEA) in 2001 and was Chief Executive Officer of IBM EMEA from 2003 to 2005. Hans Ulrich Maerki was elected to Swiss Re's Board of Directors in 2007 and is a member of the Audit Committee and the Compensation Committee.

External appointments

- Board member of Mettler-Toledo International Inc.
- Member of the Foundation Board of the Schulthess-Klinik Zurich
- Member of the international advisory boards of the École des Hautes Études Commerciales (EDHEC), Paris, the IESE Business School University of Navarra and Bocconi University Milan

Educational background

- Master of Science in Business Administration, University of Basel, Switzerland
- Senior Fellow of Advanced Leadership, Harvard University, Cambridge, USA

Trevor Manuel

Member, non-executive and independent

Born: 1956

Nationality: South African

Career

Trevor Manuel was a Minister in the South African government for more than 20 years, serving under the presidents Mandela, Mbeki, Motlanthe and Zuma. He served as Finance Minister from 1996 to 2009. Before his retirement from public office in 2014, he was Minister in the Presidency responsible for South Africa's National Planning Commission. He also assumed a number of ex officio positions on international bodies, including the United Nations Commission for Trade and Development, the World Bank, the International Monetary Fund, the G20, the African Development Bank and the Southern African Development Community. Trevor Manuel was elected to Swiss Re's Board of Directors in April 2015. He is a member of the Investment Committee.

External appointments

- Board member of SABMiller plc
- Member of the International Advisory Board of Rothschild Group
- Deputy Chairman of Rothschild South Africa
- Chancellor of the Cape Peninsula University of Technology
- Professor Extraordinaire at the University of Johannesburg
- Honorary Professor at the University of Cape Town
- Trustee of the Allan Gray Orbis Foundation Endowment

Educational background

- National Diploma in Civil and Structural Engineering, Peninsula Technikon, South Africa
- Executive Management Programme, Stanford University, USA

Carlos E. Represas

Member, non-executive and independent
Born: 1945
Nationality: Mexican

Career
Between 1968 and 2004, Carlos E. Represas held various senior positions at Nestlé in the US, Latin America and Europe, including Executive Vice President and Head of the Americas of Nestlé S.A. in Switzerland from 1994 to 2004. He was Chairman of the Board of Nestlé Group Mexico from 1983 to 2010. Carlos E. Represas was elected to Swiss Re's Board of Directors in 2010 and is a member of the Compensation Committee.

External appointments
- Board member of Bombardier Inc. and Merck & Co. Inc.
- Non-Executive Chairman Latin America, Bombardier Inc.
- President of the Mexico Chapter of the Latin American Chamber of Commerce in Switzerland
- Member of the Latin America Business Council (CEAL)

Educational background
- Economics degree, National University of Mexico, Mexico
- Industrial economics degree, National Polytechnic Institute, Mexico

Jean-Pierre Roth

Member, non-executive and independent
Born: 1946
Nationality: Swiss

Career
Jean-Pierre Roth joined the Swiss National Bank (SNB) in 1979. He was Chairman of the SNB Governing Board from 2001 to 2009, during which time he also served as the Swiss governor of the International Monetary Fund. From 2001, he was also a member and, from 2006, Chairman of the Board of the Bank for International Settlements. He was a Swiss Representative on the Financial Stability Board from 2007 to 2009. Jean-Pierre Roth was elected to Swiss Re's Board of Directors in 2010 and is a member of the Investment Committee.

External appointments
- Chairman of the Board of Directors of Geneva Cantonal Bank
- Board member of Nestlé S.A., Swatch Group AG and MKS (Switzerland) SA

Educational background
- Economics degree, University of Geneva, Switzerland
- PhD in Political Science, Graduate Institute of International Studies, Geneva, Switzerland

Philip K. Ryan

Member, non-executive and independent
Born: 1956
Nationality: American

Career
Philip K. Ryan held various positions with Credit Suisse from 1985 until 2008, including Chairman of the Financial Institutions Group (UK), Chief Financial Officer of Credit Suisse Group (Switzerland), Chief Financial Officer of Credit Suisse Asset Management (UK) and Managing Director of CSFB Financial Institutions Group (USA/UK). He was Chief Financial Officer of the Power Corporation of Canada from January 2008 until May 2012. In that capacity, he was a director of IGM Financial Inc., Great-West Lifeco Inc., and several of their subsidiaries, including Putnam Investments. Philip K. Ryan was elected to Swiss Re's Board of Directors in April 2015. He chairs the Finance and Risk Committee and is a member of the Chairman's and Governance Committee and the Audit Committee.

External appointments
- Board member of Medley Management, Inc.
- Adjunct Professor at NYU Stern School of Business
- Member of the Smithsonian National Board

Educational background
- MBA, Kelley School of Business, Indiana University, USA
- Bachelor of Industrial Engineering, University of Illinois, USA

Susan L. Wagner

Member, non-executive and independent

Born: 1961

Nationality: American

Career

Susan L. Wagner is a co-founder of BlackRock, where she served as Vice Chairman and a member of the Global Executive and Operating Committees before retiring in mid-2012. Over the course of her nearly 25 years with the firm, Susan L. Wagner served in several roles such as Chief Operating Officer, Head of Strategy, Corporate Development, Investor Relations, Marketing and Communications, Alternative Investments and International Client Businesses. Prior to founding BlackRock, Susan L. Wagner was a Vice President at Lehman Brothers supporting the investment banking and capital markets activities of mortgage and savings institutions. Susan L. Wagner was elected to Swiss Re's Board of Directors in 2014. She chairs the Investment Committee and is a member of the Chairman's and Governance Committee and the Finance and Risk Committee.

External appointments

- Board member of BlackRock, Inc. and Apple Inc.
- Member of the Boards of Trustees of the Hackley School and Wellesley College

Educational background

- BA in English and economics, Wellesley College, USA
- MBA in Finance, University of Chicago, USA

Information about managerial positions and significant business connections of non-executive directors

Walter B. Kielholz, Chairman of the Board of Directors since 1 May 2009, was Swiss Re's CEO from 1 January 1997 to 31 December 2002. In line with Swiss Re's revised independence criteria, Walter B. Kielholz, being a full-time Chairman, is not considered independent. No other director has ever held a management position within the Group. None of the members of the Board of Directors has any significant business connections with Swiss Re Ltd or any of the Group companies.

Other mandates, activities and functions

In line with Swiss Re Ltd's Articles of Association the members of the Board of Directors may not hold more than ten additional mandates of which no more than four additional mandates can be with listed companies. Mandates (i) in companies which are controlled by Swiss Re Ltd or which control Swiss Re Ltd, (ii) mandates held at the request of Swiss Re Ltd or by companies controlled by Swiss Re Ltd as well as (iii) mandates in associations, charitable organisations, foundations, trusts, employee welfare foundations, investment companies, equity partnerships or limited liability partnerships are not subject to the above limitations. No member of the Board of Directors may hold more than five mandates as set out in (ii) above and not more than 15 mandates as set out in (iii) above. Mandates shall mean mandates in the supreme governing body of a legal entity which is required to be registered in the commercial register or a comparable foreign register. Mandates in different legal entities that are under joint control are deemed one mandate.

In addition, no member of the Board of Directors shall serve on the board of directors of a listed company in which another member of the Board of Directors holds an executive function, or where a member of the Board of Directors is able to determine the compensation of another member of the Board of Directors.

The Board of Directors ensures that in any event the number of external mandates held by members of the Board of Directors does not conflict with their commitment, availability, capacity and independence required in fulfilling their role as Board member.

All Board members comply with the requirements on external mandates set out in the Articles of Association.

Any activities of Board members in governing and supervisory bodies of important Swiss and foreign organisations, institutions and foundations, as well as permanent management and consultancy functions for important Swiss and foreign interest groups and official functions and political posts, which are material, are stated in each of the directors' biographies, which can be found on pages 85–89.

Changes in 2015

At the Annual General Meeting on 21 April 2015, Trevor Manuel and Philip K. Ryan were elected as new non-executive and independent members of the Board of Directors for a one-year term of office. At the same time, the shareholders re-elected Walter B. Kielholz (Chairman), Mathis Cabiallavetta, Raymond K.F. Ch'ien, Renato Fassbind, Mary Francis, Rajna Gibson Brandon, C. Robert Henrikson, Hans Ulrich Maerki, Carlos E. Represas, Jean-Pierre Roth and Susan L. Wagner for a one-year term of office as members of the Board of Directors. Raymund Breu did not stand for re-election.

Election, qualifications and term of office

Election procedure

Members of the Board of Directors and the Chairman of the Board of Directors are elected individually by the General Meeting of shareholders for a term of office until completion of the next General Meeting of shareholders.

The Chairman's and Governance Committee evaluates candidates for Board membership and makes recommendations to the Board of Directors for election or re-election proposals. The Board of Directors nominates candidates for Board membership for election at the General Meeting of shareholders, ensuring that the Board retains an adequate size and well-balanced composition and that at least three-quarters of its members are independent.

Qualifications
The Board of Directors must assemble among its members the balance of managerial expertise and knowledge from different fields required for the fulfilment of the oversight responsibility as well as for sound independent decision-making in line with the needs of the business. Membership on the Board of Directors requires a special skill set including international, national, industry or sector specific experience. The prevalence of these skills ensures that Swiss Re Ltd has the relevant expertise required for active involvement and supervision of an international listed company. The Board of Directors needs to assemble the necessary qualifications, skills and diversity to perform all required responsibilities.

Selection criteria
The Board of Directors defines the selection criteria against which candidates for Board membership are assessed. Membership on the Board of Directors requires experience in key sectors such as insurance and reinsurance, finance, accounting, capital markets, risk management and regulatory matters as well as leadership and decision-making experience in a large, complex financial institution. The mandate also demands significant commitment, integrity and intercultural communication competence.
The principles of gender and age diversity, inclusion, regional representation, transparency and the avoidance of conflicts of interest are also considered in the nomination process.
As determined by applicable law, a Board member may not have any management or executive function within the Swiss Re Group.

Board members' training
The company aims to constantly develop further the abilities of its Board members. Newly elected Board members receive a comprehensive introduction in order to gain a sound understanding of the Group's organisation and business, allowing them to perform their duties effectively. All Board members update and enhance their knowledge of emerging business trends and risks through regular meetings with internal and external experts throughout the year.

Term of office
Effective since the Annual General Meeting 2014, the members of the Board of Directors are elected for a term of office until completion of the next General Meeting of shareholders. Members whose term has expired are immediately eligible for re-election.

The term of office of a committee member is described in the section on the committees of the Board of Directors.

First election date
The initial election year of each member is stated in the table on page 84.

Nominations for re-election and election by the Annual General Meeting on 22 April 2016
On 1 January 2014 the Ordinance Against Excessive Compensation at Public Corporations entered into effect. It provides that, as of the Annual General Meeting 2014, the shareholders will annually elect the members of the Board of Directors, the Chairman of the Board of Directors, as well as the members of the Compensation Committee, individually and separately, for one-year terms.

The Board of Directors proposes that the following Board members be re-elected for a one-year term:
- Walter B. Kielholz
- Renato Fassbind
- Raymond K.F. Ch'ien
- Mary Francis
- Rajna Gibson Brandon
- C. Robert Henrikson
- Trevor Manuel
- Carlos E. Represas
- Philip K. Ryan
- Susan L. Wagner

Furthermore, the Board of Directors proposes:
- Sir Paul Tucker

to the Annual General Meeting 2016 for first-time election as a member of the Board of Directors for a one-year term as part of the continued aim to further diversify and renew its composition.

Sir Paul Tucker is Chairman of the Systemic Risk Council, and a fellow at the Harvard Kennedy School of

Government. He is also a member of the board of the Financial Services Volunteers Corps, and a member of the Advisory Committee of Autonomous Research. He was the Deputy Governor of the Bank of England from 2009 to 2013. He held various senior roles at the Bank from 1980 onwards, including as a member of the Monetary Policy Committee, Financial Policy Committee, Prudential Regulatory Authority Board and Court of Directors. He also served as a member of the Steering Committee of the G20 Financial Stability Board and as a member of the Board of the Bank for International Settlements. Sir Paul Tucker is a British citizen, born in 1958. He graduated from Trinity College, Cambridge, with a BA in Mathematics and Philosophy. In 2014, he was granted a knighthood for his services to central banking.

The Board of Directors proposes that the following Board member be re-elected as Chairman of the Board of Directors, for a one-year term:

- Walter B. Kielholz

The Board of Directors also proposes that the following Board members be re-elected as members/be elected as new member of the Compensation Committee, for a one-year term:

- Renato Fassbind
- C. Robert Henrikson
- Carlos E. Represas
- Raymond K.F. Ch'ien (new member)

Organisational structure of the Board of Directors

The Board of Directors constitutes itself at the first meeting following the General Meeting of shareholders. With the exception of the Chairman and the members of the Compensation Committee who are elected at the Annual General Meeting of shareholders, the Board of Directors elects among its members a Vice Chairman and a Lead Independent Director, who may be the same member acting in both roles as well as the Chairpersons and members of the Group Board Committees as proposed by the Chairman's and Governance Committee. The Vice Chairman and the Lead Independent Director are appointed amongst the independent members of the Board of Directors. The Board of Directors may remove the members from any such special function at any time. The Board of Directors also appoints its secretaries who do not need to be members of the Board.

The organisation of the Board of Directors is set forth in the Group Bylaws, which define the organisational structure and function of Swiss Re Ltd and the responsibilities and authorities of the Board of Directors, its committees and the Group Executive Committee (Group EC) and their members. The Group Bylaws also provide an overview on periodic reports to be submitted to the Board of Directors and its committees.

The Chairman's and Governance Committee and the full Board review at least annually the Group Bylaws to ensure their continued effectiveness and compliance with the Articles of Association, applicable laws, regulations and best practice.

Allocation of tasks within the Board of Directors

Chairman of the Board of Directors

The Chairman of the Board of Directors leads the Board of Directors, convenes the Board and committee meetings, establishes the agendas and presides over Board meetings. The Chairman coordinates the work of the Board committees together with the respective Chairpersons and ensures that the Board is kept informed about the committees' activities and findings. In cases of doubt, the Chairman makes decisions about the authority of the Board or its committees and about interpreting and applying the Group Bylaws.

The Chairman chairs the Chairman's and Governance Committee and develops and continually adapts Swiss Re's governance to regulatory and corporate requirements. He keeps himself informed about the activities within the Group and may sit on Group and Business Unit Executive Committee meetings as he deems necessary. He also has access to all corresponding documentation and minutes. He ensures adequate reporting by the Group EC and the Group CEO to the Board of Directors and facilitates their communication with the Board. He annually assesses the Group CEO's performance and discusses with the Group CEO the annual performance assessment of the Group EC members.

The Chairman presides over General Meetings of shareholders and represents the Swiss Re Group towards its shareholders, in industry associations and in the interaction with other stakeholders such as the media, political and regulatory authorities, governmental officials and the general public. Specifically, the Chairman keeps regular contact with our Group regulator (FINMA).

The Chairman arranges introduction for new Board members and appropriate training for all Board members.

If the office of the Chairman is vacant, the Board of Directors may appoint a new Chairman from among its members for the remaining term of office. Such a resolution requires both the presence of all remaining members of the Board of Directors, physically or by telephone or video conference, and a majority of at least three-quarters.

Vice Chairman

The Vice Chairman deputises, if the Chairman is prevented from performing his duties or in a potential conflict of interest situation. The Vice Chairman may prepare and execute Board resolutions on request of the Board and liaises between the Board and the Group EC in matters not reserved to the Chairman.

Lead Independent Director

The Vice Chairman may also assume the role of the Lead Independent Director. The Lead Independent Director shall act as an intermediary between the Swiss Re Group and its shareholders and stakeholders in the absence of the Chairman or in particular when a senior independent member of the Board is required. He may convene and chair sessions where the Chairman is not present. He will communicate the outcome of these sessions to the Chairman.

Committees of the Board of Directors

As determined by applicable law and the Articles of Association, the Board of Directors has non-transferable responsibilities and authorities. The Board of Directors has established Board committees to assist it in fulfilling its duties and has delegated certain responsibilities, including the preparation and execution of its resolutions, to the following five committees: the Chairman's and Governance Committee, the Audit Committee, the Compensation Committee, the Finance and Risk Committee and the Investment Committee.

Each committee consists of a chairperson and at least three other members elected from among the Board of Directors. The members of the Compensation Committee are elected by the Annual General Meeting of shareholders.

The term of office of a Board committee member is one year, beginning with the appointment at the constituting Board meeting following an Annual General Meeting and ending at the Board meeting following the subsequent Annual General Meeting. For the Compensation Committee members the term of office begins with the election at the Annual General Meeting until completion of the next Annual General Meeting.

Each committee is governed by a Charter which defines the committee's responsibilities. The committees operate in line with the Group Bylaws and according to their respective Charters.

The committees have the following overall responsibilities:

Chairman's and Governance Committee

Responsibilities

The Chairman's and Governance Committee's primary function is to act as advisor to the Chairman and to address corporate governance issues affecting the Group and impacting the legal and organisational structure. It is in charge of the succession planning process at the Board of Directors level and oversees the annual performance assessment and self-assessment at both the Board of Directors and Group EC level.

Board Committee memberships

Name	Chairman's and Governance Committee	Audit Committee	Compensation Committee	Finance and Risk Committee	Investment Committee
Walter B. Kielholz	X (chair)				
Mathis Cabiallavetta				X	X
Renato Fassbind	X	X (chair)	X		
Raymond K.F. Ch'ien		X			X
Mary Francis		X		X	
Rajna Gibson Brandon				X	X
C. Robert Henrikson	X		X (chair)	X	
Hans Ulrich Maerki		X	X		
Trevor Manuel					X
Carlos E. Represas			X		
Jean-Pierre Roth					X
Philip K. Ryan	X	X		X (chair)	
Susan L. Wagner	X			X	X (chair)

Members

- Walter B. Kielholz, Chair
- Renato Fassbind
- C. Robert Henrikson
- Philip K. Ryan (since 21 April 2015)
- Susan L. Wagner (since 21 April 2015)
- Mathis Cabiallavetta (until 21 April 2015)

Audit Committee

Responsibilities

The central task of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities as they relate to the integrity of Swiss Re's and the Group's financial statements, the Swiss Re Group's compliance with legal and regulatory requirements, the external auditor's qualifications and independence, and the performance of GIA and the Group's external auditor. The Audit Committee serves as an independent and objective monitor of Swiss Re's and the Group's financial reporting process and system of internal control, and facilitates ongoing communication between the external auditor, Group EC, Business Units, GIA, and the Board with regard to the Swiss Re Group's financial situation.

Members

- Renato Fassbind, Chair
- Raymond K.F. Ch'ien
- Mary Francis
- Hans Ulrich Maerki
- Philip K. Ryan (since 21 April 2015)

Independence and other qualifications

All members of the Audit Committee are non-executive and independent. In addition to the independence criteria applicable to Board members in general, additional independence criteria apply to members of the Audit Committee. They are required to possess such additional attributes as the Board of Directors may, from time to time, specify. Each member of the Audit Committee has to be financially literate. At least one member must possess the attributes to qualify as an Audit Committee financial expert, as determined appropriate by the Board of Directors. Members of the Audit Committee should not serve on audit committees of more than four listed companies outside the Swiss Re Group. Audit Committee members have to advise the Chairman of Swiss Re Ltd before accepting any further invitation to serve on an audit committee of another listed company outside the Group and observe the limitations set in the Articles of Association in relation to external mandates (see other mandates, activities and functions on page 90).

Compensation Committee

Responsibilities

The Compensation Committee supports the Board of Directors in establishing and reviewing Swiss Re Ltd's compensation strategy and guidelines and performance criteria as well as in preparing the proposals to the General Meeting of shareholders regarding the compensation of the Board of Directors and of the Group EC. It proposes compensation principles in line with legal and regulatory requirements and the Articles of Association for the Swiss Re Group to the Board of Directors for approval and, within those approved principles, determines the establishment of new (and amendments to existing) compensation plans, and determines, or proposes as appropriate, individual compensation as outlined in its Charter. The Compensation Committee also ensures that compensation plans do not encourage inappropriate risk-taking within the Swiss Re Group and that all aspects of compensation are fully compliant with remuneration disclosure requirements.

Members

- C. Robert Henrikson, Chair
- Renato Fassbind
- Hans Ulrich Maerki
- Carlos E. Represas

Finance and Risk Committee

Responsibilities

The Finance and Risk Committee annually reviews the Group Risk Policy and proposes it for approval to the Board of Directors, reviews risk and capacity limits and the Risk Control Framework and important risk exposures, including new products, strategic expansions, and compensation related risks. It reviews critical underwriting standards as well as principles used in internal risk measurement, asset and liability valuation, capital and liquidity adequacy assessment, and economic performance management. In addition, it reviews the Group's funding structure, as well as capital and liquidity management activities.

Members

- Philip K. Ryan, Chair (since 21 April 2015)
- Mathis Cabiallavetta (Chair until 21 April 2015)
- Mary Francis
- Rajna Gibson Brandon
- C. Robert Henrikson
- Susan L. Wagner
- Raymund Breu (until 21 April 2015)

Investment Committee

Responsibilities

The Investment Committee approves the strategic asset allocation and reviews tactical asset allocation decisions. It reviews the monthly performance of all financial assets of the Swiss Re Group and endorses or is being informed on Participations and Principal Investments. It reviews the risk analysis methodology as well as the valuation methodology related to each asset class and ensures that the relevant management processes and controlling mechanisms in Asset Management are in place.

Members

- Susan L. Wagner, Chair (Chair since 21 April 2015)
- Mathis Cabiallavetta (Chair until 21 April 2015)
- Raymond K.F. Ch'ien
- Rajna Gibson Brandon
- Trevor Manuel (since 21 April 2015)
- Jean-Pierre Roth
- Raymund Breu (until 21 April 2015)

Work methods of the Board of Directors and its committees

Convening meetings and invitation

Swiss Re's Board of Directors oversees governance, audit, compensation, finance and risk, and investment and is supported in this responsibility by its committees. The full Board and its committees meet at the invitation of the Chairman of the Board of Directors as often as business requires or at least quarterly. Any member of the Board of Directors or the Group EC may, for a specific reason, require the Chairman to call an extraordinary Board of Directors or committee meeting. The members of the Board of Directors ensure that they are able to fulfil the responsibilities of their position even in periods when there are increased demands on their time. The Chairman defines the agenda for each meeting and therefore works closely with the chairpersons of the committees and the Group CEO. The agenda, along with any supporting documents, is delivered to the participants as a rule at least ten calendar days in advance of a meeting in order to allow enough preparation time. The Chairman may determine a Board of Directors meeting be held on an ad hoc basis, if circumstances require.

Resolutions and quorum

With regard to Board meetings, a quorum is constituted if at least either the Chairman or the Vice Chairman or the Lead Independent Director are present in person or participate by telephone or video conference, as well as the majority of the members of the Board of Directors. As regards Board committee meetings, a quorum shall be constituted if the majority of the Board committee members are present or participate by telephone or video conference. Resolutions are adopted by majority vote. At Board meetings, in the event of a tie, the Chairman's vote is decisive. In the event of a tie at Board committee meetings, the item shall be submitted to a vote by the full Board. Board and committee meetings consider and discuss the items on the agenda incorporating presentations by members of the Group EC and, where needed, by other specialist employees or outside advisers. It is contemplated for every meeting that an executive session is held for discussions between the Board of Directors and the Group CEO. Furthermore, private sessions are held for discussions involving all members of the Board of Directors only.

The Board of Directors and its committees can also adopt resolutions by written agreement if no member of the Board of Directors requests a discussion of the topic. A circular resolution may be adopted only, if all the members sign the circular resolution or answer the e-mail respectively. A circular resolution shall be passed if the majority of the total number of Board members (or Board committee members) express their agreement or disagreement with the resolution.

Each committee provides a report of its activities and recommendations following a committee meeting at the next Board of Directors meeting. If any significant topic comes up, the committees contact the Board of Directors immediately. It is the responsibility of each committee to keep the full Board of Directors informed on a timely basis as deemed appropriate.

Minutes are kept of the discussions and resolutions taken at each meeting of the Board of Directors and its committees.

The table below provides an overview of the meetings of the Board of Directors and its committees held in 2015.

Board of Directors and Board Committee meetings in 2015

Body	Number of meetings Average duration Average attendance	Invitees in advisory capacity, in addition to members
Board of Directors	13 meetings 4 hours 93.7%	Group EC members, Group Chief Legal Officer, Company Secretary
Chairman's and Governance Committee	7 meetings 2 hours 100%	Group CEO, Company Secretary
Audit Committee	8 meetings 3 hours 100%	Group CEO, Group CFO, Group CRO, Group COO, Group Chief Legal Officer, Chief Compliance Officer, Head Group Internal Audit, Chief Accounting Officer, Lead auditors of external auditor, Company Secretary
Compensation Committee	6 meetings 3 hours 100%	Group CEO, Group COO, Chief Human Resource Officer, Head Reward, Advisers[1]
Finance and Risk Committee	6 meetings 4 hours 93.9%	Group CEO, Group CFO, Group CRO, Group Chief Strategy Officer, Group Chief Underwriting Officer, Group Chief Investment Officer, Group COO, Group Treasurer, CEO Reinsurance, CEO Corporate Solutions, Company Secretary
Investment Committee	6 meetings 2.5 hours 96.4%	Group CEO, Group CFO, Group CRO, Group Chief Strategy Officer, Group Chief Investment Officer, Head Group Financial Risk Management, CFO Asset Management, Global Head of Rates, Company Secretary

[1] The human resources consulting firm Mercer and the law firm Niederer Kraft & Frey AG (NKF) provided support and advice for compensation issues during the reporting year. Mercer organised benchmark studies and NKF provided support in disclosure matters. Representatives of Mercer and of NKF participated in six committee meetings each in 2015.

Self-Assessment

The Board of Directors annually reviews its own performance and effectiveness. From time to time it may consult external advisors for the self-assessments. In addition, each Board committee shall annually review and assess the adequacy of the scope of the committee's responsibilities and how it carries out those responsibilities, including structure, processes and membership requirements, and evaluate its performance.

Board of Directors and Group EC: areas of responsibility

Non-transferable duties

The Board of Directors has the ultimate responsibility for the success and for delivering the sustainable interests of the Swiss Re Group within a framework of effective and prudent controls. It is responsible for the overall direction, supervision and control of the Swiss Re Group and the Group EC as well as for supervising compliance with applicable laws, rules and regulations. Such responsibility is non-transferable and rests with the entire Board.

Delegation of management

The Board of Directors has delegated the management of Swiss Re Ltd and the Swiss Re Group to the Group EC (see section Executive Management, starting on page 102). Such delegated tasks are within the responsibility of the entire Group EC.

The Group EC also supports the Board of Directors in fulfilling its duties and prepares proposals for consideration and decision-making by the Board of Directors related to the following key responsibilities with Group relevance: strategy, the business plan, organisational structure, accounting principles, risk tolerance levels, share capital and any share repurchase programme, along with principles of financing through capital markets as well as for important strategic transactions. The following tables provide a summary of the key responsibilities of the Board of Directors and delegations to the Group EC. They are not to be understood as exhaustive.

Key responsibilities of the Board of Directors

Strategy and overall direction of the company

- defines the strategy of the Swiss Re Group based on proposals by the Group EC;
- approves the capital allocation plan for both Underwriting and Asset Management;
- approves the Swiss Re Group Risk Strategy, Risk Limits and Risk Management Framework;
- approves the entry into new business activities and the exit of existing activities, provided they are of strategic relevance;
- approves significant Corporate Transactions, Participations and Principal Investments and approves an annual capital expenditure plan;
- approves the financial objectives and the means necessary to achieve them; and
- approves all matters where such decisions exceed the authorities delegated to the Board committees, the Group CEO and the Group EC and overrules decisions if necessary.

Governance and organisation

- determines the operating model of the Swiss Re Group and the organisational structure commensurate with this model and the strategy;
- issues and regularly reviews the Group Bylaws, necessary policies and directives, including governance standards and the Group Code of Conduct;
- regulates and supervises internal control; and
- regulates the compensation framework of the Swiss Re Group as well as the Board of Directors and Group EC compensation for ultimate approval by the General Meeting of shareholders.

Accounting, financial control and financial planning

- approves the applicable accounting standard for external reporting, budgeting and financial control and planning;
- approves the applicable proprietary economic reporting and performance measurement standard (EVM);
- approves an annual budget and a mid-term financial plan based on both the accounting and the internal economic standards;
- approves the annual financial statements for both Swiss Re Ltd and the Swiss Re Group;
- is informed of the quarterly and semi-annual financial statements for both Swiss Re Ltd and the Swiss Re Group, which are approved by the Audit Committee; and
- approves the Annual Report of Swiss Re Ltd and the Swiss Re Group.

Appointment and removal of Group EC members and further key executives, Human Capital

- appoints and removes Group EC members and the Company Secretary; reviews their performance and plans their succession;
- approves the Human Capital Strategy of the Group and, on an annual basis, reviews progress towards this strategy; and
- annually reviews with the Group EC the Swiss Re Group's overall Human Capital situation, strength of management and issues like diversity and inclusion, performance process and quality of succession planning.

Capital

- takes decisions regarding equity and equity-linked issuances and reductions of equity in line with applicable law; and
- approves annually a debt funding plan, and, if required, approves individual debt issuances.

General Meetings of shareholders

- convenes General Meetings of shareholders and decides on proposals to be brought forward to the shareholders; and
- implements resolutions taken by the shareholders.

Key responsibilities of the Group Executive Committee

Under the leadership of the Group CEO, the Group EC has management responsibility for Swiss Re Ltd and the Swiss Re Group. It supports the Board of Directors in its decision-making process and prepares any proposals for the Board of Directors in the Group EC's area of responsibility. With respect to, in particular, it:

Governance
- has overall responsibility for managing operations, subject to delegation by the Board of Directors
- issues guidelines relating to the delegation of decision-making authority within the Group

Strategy and structure
- ensures implementation of the Group's strategy
- decides on legal, financial and management structures, as delegated by the Board of Directors

Planning
- prepares and proposes the Group business plan to the Board of Directors for approval and reviews the Business Units' business plans

Financial Reporting
- prepares and presents to the Board of Directors the annual and interim financial statements of the Group together with segment reporting on the Business Units

Capital Management
- establishes principles on financing through capital markets and the allocation of financial resources within the Group
- establishes the principles for Intra-Group Transactions and funding

Risk Management
- establishes the principles for external retrocession and the balancing of Group-wide catastrophe and accumulated risk
- supervises the Group's internal control evaluation and certification process

Business transactions
- decides on certain strategic transactions and proposes important strategic transactions to the Board of Directors for discussion and decision

Legal, regulatory and compliance matters
- oversees implementation of Group-wide compliance procedures and monitors remediation of any regulatory and compliance deficiencies

Human Resources
- has responsibility for the Group's talent management, subject to the authority of the Board of Directors

Compensation
- makes proposals for the individual compensation of selected members of senior management
- proposes benefit plans to the Compensation Committee for decision

The Group EC discharges its responsibilities as a joint body, except for responsibilities delegated to the Group CEO and further individual Group EC members as outlined in the Group Bylaws.

Key responsibilities of individual members of the Group Executive Committee

Group Chief Executive Officer
The Group CEO is responsible for overseeing the operational management of the Group. This responsibility covers the Group Functions and the three Business Units Reinsurance, Corporate Solutions and Life Capital. He leads and manages the Group EC, its processes, including succession planning, cost and is responsible for its performance. He oversees the work of the Business Unit CEOs and the Group Function heads and gives them guidance on the execution of their tasks. He develops the Group Strategy together with the Group EC and submits it to the Board of Directors for approval. Once approved he focuses on its implementation and further development.

Group Chief Financial Officer
The Group CFO is responsible for the Group-wide Finance function with a focus on steering and achieving the company's financial targets. He provides guidance to the Business Unit CFOs, and gives input on the financial aspects of strategic projects and transactions. The Group CFO provides the Audit Committee and Finance and Risk Committee with regular and ad hoc financial reporting that allow the committees to fulfil their respective authorities as per the Group Board Committee Charter.

Group Chief Investment Officer
The Group CIO is responsible for the Group-wide Asset Management function and its investment results. He manages the investment portfolio, advises the Business Units on defining their strategic asset allocation (SAA), and implements the Group and Business Units SAAs within the risk limits set by the Group EC. The Group CIO retains responsibility for decisions on investment tactics and also provides financial market advice on strategic projects and transactions. In addition, the Group CIO is responsible for the Asset Management organisation, operational and compliance risks pertinent to his responsibilities.

Group Chief Operating Officer
The Group COO is responsible for exercising governance and oversight of all Operations functions. This responsibility includes exercising governance on behalf of the Group in the functions under his responsibility, being a strategic partner to the Group and the Business Units in all operational matters, and providing a high quality, cost effective and differentiating operating platform for the whole Group.

Group Chief Risk Officer
The Group CRO is responsible for providing the Board of Directors and Group EC with independent assurance that all of Swiss Re's risks are being appropriately modelled, governed, managed and that adequate control instruments are in place. As part of executing these responsibilities, the Group CRO is charged with establishing the Group's Risk Management Framework for financial, insurance and operational risk (comprising people, system, internal process and external event risk).

Group Chief Strategy Officer
The Group CSO is responsible for the Group strategic process and initiates the respective discussions in the Group EC as preparation for submission of strategic content to the Group Board for approval. The Group CSO supports and advises the Group Board and the Group EC by developing and articulating a Group strategy in close cooperation with the Business Units and Group Functions. He augments the Business Unit's activities with targeted initiatives including direct investments. He also systematically monitors and steers Group Strategy implementation.

Group Chief Underwriting Officer
The Group CUO is responsible for steering capital to the most attractive areas in underwriting leading themes that are of strategic importance for Swiss Re Group's underwriting, and providing Research & Development that improves both capital allocation and risk selection.

Regional Presidents
The Regional Presidents for the areas Americas, Asia and EMEA are responsible for representing the Swiss Re Group externally and internally, as well as enhancing the Swiss Re brand and safeguarding the Group's reputation in the geographies for which they are responsible.
The Regional Presidents also assume responsibility for oversight of the Group's operating platform and coordinate activities across the Business Units in their regions.

The Business Unit Chief Executive Officers
The BU CEOs are responsible for the management and performance of the respective Business Unit holding company as well as the respective Business Unit. The BU CEOs set the business and corporate agenda of the respective Business Unit, ensure high quality, performance-oriented and timely decision-making. They oversee the implementation of the decisions made and ensure the Business Unit Executive Committees fulfil their responsibilities.

Board supervision of executive management

Swiss Re's Board of Directors maintains effective and consistent oversight and monitors the execution of responsibilities it has delegated to executive management through the following control and information instruments.

Participation of Board members at executive management meetings

The Chairman of the Board is invited to all meetings of the Group EC and Business Unit Executive Committees and receives the corresponding documentation and minutes.

Special investigations

The Board committees are entitled to conduct or authorise special investigations at any time and at their full discretion into any matters within their respective scope of responsibilities, taking into consideration relevant peer group practice and general best practice. The committees are empowered to retain independent counsel, accountants or other experts if deemed necessary.

Involvement of executive management in meetings of the Board of Directors

As a matter of principle, some (or all) members of the Group EC are requested to attend the meetings of the Board of Directors as advisers. The members of the Group EC do not attend the constitutional meeting of the Board of Directors following the Annual General Meeting and the Board self-assessment session.

The presence of the entire Group EC was required for five Board meetings in 2015. All Group EC members attended these meetings. Selected Group EC members were invited to six further Board meetings. All of these Group EC members participated in the meetings, with the exception of two meetings where one member was excused each time.

Involvement of executive management in Board committee meetings

As a matter of principle, selected members of the Group EC as well as further senior management members participate at Board committee meetings as advisers. The charter of the Board committees specifies management participation at committee meetings.

A detailed summary of executive management participation in Board committee meetings is provided on page 95.

Periodic reports to Board of Directors and its committees

The executive management regularly provides the Board of Directors with different types of reports, in particular the following reports:

Executive Report

This comprehensive report gives an update on current business developments, covering the Business Units and the Group Functions, including major business transactions, claims, corporate development and key projects.

US GAAP Board Report

The report provides factual financial highlights from an accounting perspective, with a focus on historical development of the business as an informational basis before the publication of results.

EVM Board Report

The report provides factual financial highlights from an economic perspective, with a focus on historical value creation.

Group Performance Management Report

The report tracks actual performance of the Group and the segments against pre-defined financial targets, analyses the impact of management actions and provides information on current challenges.

Global Outlook for Insurance, Reinsurance and Financial Markets

The report describes trends and provides forecasts regarding the economic environment, the Property & Casualty/ Life & Health (re)insurance markets and the financial markets.

Benchmarking of Swiss Re against selected peers

The report provides an analysis of the performance of the Swiss Re Group compared to the performance of selected peers.

Swiss Solvency Test Report
The report provides the legally required update on the assessment of the solvency according to the Swiss Solvency Test (SST) of the Swiss Re Group, Swiss Reinsurance Company Ltd, European Reinsurance Company Ltd and Swiss Re Corporate Solutions Ltd.

Swiss Re Liquidity Report
The report describes the liquidity position of the Swiss Re Group in current and in stressed market conditions.

In addition, reports are submitted to the Board committees, such as:

- Actuarial Report
- Claims Report
- Legal Report
- Compliance Report
- Group Internal Audit Report
- Group Tax Report
- Group Risk Report
- Derivative Use Update
- Report on Capital, Liquidity and Treasury Activities
- Group Regulatory Risk Report
- Financial Risk Management Update
- Own Risk and Solvency Assessment

Risk management
Swiss Re's Risk Management function provides regular risk reports to the Board of Directors, which are discussed in depth by the Finance and Risk Committee. These reports cover Swiss Re's compliance with the Group's risk tolerance criteria, major changes in risk and capital adequacy measures and a description of the Group's main risk issues, including related risk management actions. The Finance and Risk Committee regularly reports to the full Board of Directors.

Duty to inform on extraordinary events
As soon as the Group CEO or the Group EC becomes aware of any significant extraordinary business development or event, it is obliged to inform the Board of Directors immediately. The Board has specific respective reporting procedures in place.

Right to obtain information
The Board of Directors has complete and open access to the Group CEO and the other members of the Group EC, the Group Chief Legal Officer, the Chief Compliance Officer and the Head of GIA. Any member of the Board of Directors who wishes to have access to any other officer or employee of the Group will coordinate such access through the Chairman. The Chairpersons may approach the Group EC members as well as further key executives directly should they require information supporting the respective Board committee's duties.

Any member of the Board of Directors may demand at Board meetings to obtain information on any aspect of the Group's business. Outside Board meetings, any member can direct a request for production of information and business records to the Chairman.

Group Internal Audit

GIA is an independent assurance function, assisting the Board of Directors and Group EC to protect the assets, reputation and sustainability of the organisation. GIA assesses the adequacy and effectiveness of the Group's internal control system, and adds value through improving the Group's operations.

GIA applies a risk-based approach, performing its own risk assessment as well as making use of risk assessments performed by the Group's Risk Management and other assurance functions (after reviewing the quality of the assurance work performed). Based on the results of the risk assessment, GIA produces an annual Audit Plan for review and approval by the Audit Committee. The Audit Plan is updated on a quarterly basis according to the Group's evolving needs. GIA provides formal quarterly updates on its activities to the Audit Committee, which include audit results, the status of management actions required, the appropriateness of the resources and skills of GIA and any changes in the tools and methodologies it uses.

The Head of GIA meets at least once per quarter with the Audit Committee, and immediately reports any issue which could have a potentially material impact on the business of the Group to the Chairman of the Audit Committee.

GIA has unrestricted access to any of the Group's property and employees relevant to any function under review. All employees are required to assist GIA in fulfilling its duty. GIA has no direct operational responsibility or authority over any of the activities it reviews.

GIA staff govern themselves by following the Code of Ethics issued by the Institute of Internal Auditors (IIA). The IIA's International Standards for the Professional Practice of Internal Auditing constitute the operating guidance for the department.

External auditor

For information regarding the external auditors, please refer to pages 110–111.

Executive Management

The Group Executive Committee manages Swiss Re Ltd and steers the Swiss Re Group including its Business Units as delegated by the Board of Directors.

Members of the Group Executive Committee

The Group Executive Committee (Group EC) consisted of the following members as of 31 December 2015:

Name	Nationality	Age	Function
Michel M. Liès	Luxembourg	61	Group Chief Executive Officer
David Cole	Dutch, American	54	Group Chief Financial Officer
John R. Dacey	American	55	Group Chief Strategy Officer
Guido Fürer	Swiss	52	Group Chief Investment Officer
Agostino Galvagni	Italian, Swiss	55	CEO Corporate Solutions
Jean-Jacques Henchoz	Swiss	51	CEO Reinsurance Europe, Middle East and Africa (EMEA)/Regional President EMEA
Christian Mumenthaler	Swiss	46	CEO Reinsurance
Moses Ojeisekhoba	Nigerian, British	49	CEO Reinsurance Asia/Regional President Asia
Patrick Raaflaub	Swiss, Italian	50	Group Chief Risk Officer
J. Eric Smith	American	58	CEO Swiss Re Americas/Regional President Americas
Matthias Weber	Swiss, American	54	Group Chief Underwriting Officer
Thomas Wellauer	Swiss	60	Group Chief Operating Officer

Michel M. Liès

Group Chief Executive Officer
Born: 1954
Nationality: Luxembourg

Professional experience

Michel M. Liès joined Swiss Re in 1978, working initially for the life markets in Latin America and then Europe from 1983 to 1993. Moving to the non-life sector in 1994, he took responsibility for the Southern Europe/Latin America Division. In 2000, he was appointed Head of the Europe Division of the Property & Casualty Business Group. In 2005, he assumed the position of Head Client Markets and was appointed member of the Group Executive Committee. Michel was Chairman Global Partnerships from October 2010 until becoming Group CEO in February 2012.

External appointments

- Chairman of the Global Reinsurance Forum
- Board member of Geneva Association
- Member of Insurance Europe's Reinsurance Advisory Board (RAB)
- Member of Pan-European Insurance Forum (PEIF)
- Member of the Board of Directors Swiss American Chamber of Commerce
- Voting member of The Conference Board
- Member of IMD Foundation Board
- Board member of the Society for the Promotion of the Institute of Insurance Economics, St. Gallen

Educational background

- Master of Science in Mathematics, Swiss Federal Institute of Technology (ETH), Zurich, Switzerland
- Stanford Executive Program 1991, Stanford University, USA
- Senior Executive Program 1995–1996, Harvard University, USA

David Cole

Group Chief Financial Officer
Born: 1961
Nationality: Dutch and American

Professional experience

David Cole began his career in 1984 with ABN AMRO. In 1999, he was appointed Executive Vice President and regional Head of Risk Management for Latin America, located in Brazil. In 2001, he returned to Amsterdam to assume Corporate Centre responsibility within Group Risk Management. He became Chief Financial Officer of Wholesale Clients (WCS) in 2002 and was appointed Senior Executive Vice President and Chief Operating Officer of WCS in 2004. In January 2006, he became Head of Group Risk Management for ABN AMRO Bank and in 2008 was named Chief Financial Officer and Chief Risk Officer. David joined Swiss Re in November 2010 as Deputy Chief Risk Officer and was appointed Group Chief Risk Officer and member of the Group Executive Committee in March 2011. He was appointed Group Chief Financial Officer as of May 2014.

External appointments

- Member of the Board of Directors FWD Group
- Member of the Supervisory Board IMC B.V.

Educational background

- Bachelor of Business Administration, University of Georgia, USA
- International Business Program, Nyenrode Universiteit, The Netherlands

John R. Dacey

Group Chief Strategy Officer
Born: 1960
Nationality: American

Professional experience

John R. Dacey started his career in 1986 at the Federal Reserve Bank of New York. From 1990 to 1998, he was a consultant and subsequently Partner at McKinsey & Company. He joined Winterthur Insurance in 1998 and was its Chief Financial Officer from 2000 to 2004 as well as member of their Group Executive Board until 2007. From 2005 to 2007, he was Chief Strategy Officer and member of their risk and investment committees. He joined AXA in 2007 as Group Regional CEO and Group Vice Chairman for Asia-Pacific as well as member of their Group Executive Committee. John joined Swiss Re in October 2012 and was appointed Group Chief Strategy Officer and member of the Group Executive Committee as of November 2012. He also served as Chairman Admin Re® from November 2012 to May 2015.

Educational background

- Bachelor of Arts in Economics, Washington University, St. Louis, USA
- Master in Public Policy, Harvard University, Cambridge, USA

Guido Fürer

Group Chief Investment Officer

Born: 1963

Nationality: Swiss

Professional experience

Before joining Swiss Re, Guido Fürer worked for eight years in leading positions for the Swiss Bank Corporation/O'Connor & Associates in option trading and structured capital markets transactions. Guido joined the New Markets Division of Swiss Re in 1997, focusing on Alternative Risk Transfer. Between 2001 and 2004, he worked for Swiss Re Capital Partners with responsibility for European strategic participations. He was named Head of the Chief Investment Office in 2008, with responsibility for Global Asset Allocation, Portfolio Steering and Portfolio Analytics. Guido became Group Chief Investment Officer and member of the Group Executive Committee as of November 2012.

Educational background

- Master's Degree in Economics, University of Zurich, Switzerland
- PhD in Financial Risk Management, University of Zurich, Switzerland
- Executive MBA, INSEAD, France

Agostino Galvagni

Chief Executive Officer Corporate Solutions

Born: 1960

Nationality: Italian and Swiss

Professional experience

Agostino Galvagni joined Bavarian Re, a former Swiss Re subsidiary, in 1985 as a trainee in the fields of underwriting and marketing. He joined Swiss Re New Markets in New York in 1998. Agostino returned to Bavarian Re in 1999 as a member of the Management Board. In 2001, he joined Swiss Re in Zurich as Head of the Globals Business, and in 2005 was appointed to the Executive Board to head the Globals & Large Risks Division within Client Markets. In 2009, Agostino was appointed Chief Operating Officer and member of the Group Executive Committee. He was made CEO Corporate Solutions in October 2010.

Educational background

- Master's Degree in Economics, Bocconi University, Milan, Italy

Jean-Jacques Henchoz

Chief Executive Officer Reinsurance Europe, Middle East and Africa (EMEA)/Regional President EMEA

Born: 1964

Nationality: Swiss

Professional experience

Jean-Jacques Henchoz started his career in 1988 at the Swiss Federal Department of Economic Affairs and the European Bank for Reconstruction and Development. Jean-Jacques joined Swiss Re in 1998 and worked in several underwriting roles in the Europe Division until becoming Head of Strategy for Property & Casualty in 2003. From 2005 to 2010, he was Chief Executive Officer of Swiss Re Canada. Jean-Jacques assumed leadership of the Europe Division in March 2011. He was appointed Chief Executive Officer Reinsurance EMEA, Regional President EMEA and member of the Group Executive Committee in January 2012.

Educational background

- Master's Degree in Political Science, University of Lausanne, Switzerland
- MBA, International Institute for Management Development (IMD), Switzerland

Christian Mumenthaler

Chief Executive Officer Reinsurance

Born: 1969

Nationality: Swiss

Professional experience

Christian Mumenthaler started his career in 1997 as associate with the Boston Consulting Group. He joined Swiss Re in 1999 and was responsible for key company projects. In 2002, he established and headed the Group Retro and Syndication unit. He served as Group Chief Risk Officer between 2005 and 2007 and was Head of Life & Health between 2007 and 2010. In January 2011, Christian was appointed Chief Marketing Officer Reinsurance and member of the Group Executive Committee until he became Chief Executive Officer Reinsurance that October. Christian will become Group CEO as of 1 July 2016.

External appointments

- Board member of International Risk Governance Council (IRGC)

Educational background

- PhD in Molecular Biology and Biophysics, Swiss Federal Institute of Technology (ETH), Zurich, Switzerland

Moses Ojeisekhoba

Chief Executive Officer Reinsurance Asia/Regional President Asia

Born: 1966

Nationality: Nigerian and British

Professional experience

Moses Ojeisekhoba started his career in insurance as a registered representative and agent of The Prudential Insurance Company of America in 1990. From 1992 to 1996, he was a Risk and Underwriting Manager at Unico American Corporation. He then joined the Chubb Group of Insurance Companies as regional Underwriting Manager and in 1999 became Corporate Product Development Manager in New Jersey and thereafter moved to London as Strategic Marketing Manager for Chubb Europe. In 2002, he was appointed International Field Operations Officer for Chubb Personal Insurance before becoming Head Asia Pacific in 2009, a position he remained in until he joined Swiss Re. Moses joined Swiss Re in February 2012 and was appointed Chief Executive Officer Reinsurance Asia, Regional President Asia and member of the Group Executive Committee in March 2012.

Educational background

- Master's Degree in Management, London Business School, United Kingdom
- Bachelor of Science in Statistics, University of Ibadan, Nigeria

Patrick Raaflaub

Group Chief Risk Officer

Born: 1965

Nationality: Swiss and Italian

Professional experience

Patrick Raaflaub began his career as a research fellow at the University of St. Gallen and then worked for Credit Suisse and a consulting start-up. He joined Swiss Re in 1994 and was appointed Chief Financial Officer of Swiss Re Italia SpA in 1997, and then was Divisional Controller Americas Division from 2000. He worked as Head of Finance Zurich from 2003, then Regional Chief Financial Officer Europe and Asia from 2005. From 2006, he was Head of Group Capital Management, where he was responsible for capital management at Group level and global regulatory affairs. In 2008 he joined the Swiss Financial Markets Supervisory Authority FINMA as Chief Executive Officer. Patrick Raaflaub returned to Swiss Re as Group Chief Risk Officer and member of the Group Executive Committee as of September 2014.

Educational background

- PhD in Political Science, University of St. Gallen, Switzerland

J. Eric Smith

Chief Executive Officer Swiss Re Americas/Regional President Americas

Born: 1957

Nationality: American

Professional experience

J. Eric Smith worked in various roles in property and casualty insurance with Country Financial for more than 20 years, then joined Allstate in 2003 where he rose to the rank of President, Financial Services. He moved to USAA in 2010 as President USAA Life Insurance Co. Eric joined Swiss Re in July 2011 as Chief Executive Officer of Swiss Re Americas and as a member of the Group Management Board. Eric was appointed Regional President Americas and member of the Group Executive Committee in January 2012.

Educational background

- Bachelor's Degree in Finance, University of Illinois, USA
- MBA, Kellogg School of Management, Northwestern University, USA

Matthias Weber

Group Chief Underwriting Officer

Born: 1961

Nationality: Swiss and American

Professional experience

Matthias Weber started his career at Swiss Re in Zurich in 1992 as an expert for natural perils. He moved to the Swiss Re Americas Division in 1998 and in 2000 became Regional Executive for the Western Region of the United States located in San Francisco. From 2001, he was responsible for property underwriting in the US Direct Business Unit, and in 2005 was named Head of the Americas Property Hub in Armonk. From 2008, Matthias served as Division Head of Property & Specialty. Matthias was appointed Group Chief Underwriting Officer and member of the Group Executive Committee in April 2012.

Educational background

- Master's Degree in Physics, Swiss Federal Institute of Technology (ETH), Zurich, Switzerland
- PhD in Natural Sciences, Swiss Federal Institute of Technology (ETH), Zurich, Switzerland

Thomas Wellauer

Group Chief Operating Officer

Born: 1955

Nationality: Swiss

Professional experience

Thomas Wellauer started his career with McKinsey & Company, specialising in the financial services and pharmaceutical industry sectors, and became a Partner in 1991 and Senior Partner in 1996. In 1997, he was named Chief Executive Officer of the Winterthur Insurance Group, which was later acquired by Credit Suisse. At Credit Suisse he was a member of the Group Executive Board, initially responsible for the group's insurance business before becoming Chief Executive Officer of the Financial Services division in 2000. From 2003 to 2006, he headed the global turnaround project at Clariant. In 2007, he joined Novartis as Head of Corporate Affairs and became member of the Executive Committee of Novartis. From April 2009 until September 2010, he was a member of the Supervisory Board of Munich Re. Thomas joined Swiss Re in October 2010 as Group Chief Operating Officer and member of the Group Executive Committee.

External appointments

- Chairman of the Swiss Chapter of the International Chamber of Commerce (ICC) since 2013
- Member of the global Executive Board of the International Chamber of Commerce (ICC) since 2014

Educational background

- PhD in Systems Engineering, Swiss Federal Institute of Technology (ETH), Zurich, Switzerland
- MBA, University of Zurich, Switzerland

Changes in the years 2015/2016
No changes have occurred in the composition of the Group EC during 2015.

Thierry Léger was appointed CEO Life Capital and a member of the Group EC as of 1 January 2016.

Christian Mumenthaler, currently CEO Reinsurance, will become Group CEO as of 1 July 2016, succeeding Michel M. Liès who will retire.

Other mandates, activities and vested interests
In line with Swiss Re Ltd's Articles of Association the members of the Group EC may not hold more than five additional mandates of which no more than one additional mandate can be with listed companies. Mandates (i) in companies which are controlled by Swiss Re Ltd or which control Swiss Re Ltd, (ii) mandates held at the request of Swiss Re Ltd or companies controlled by Swiss Re Ltd as well as (iii) mandates in associations, charitable organisations, foundations, trusts, employee welfare foundations, investment companies, equity partnerships or limited liability partnerships are not subject to the above limitations. No member of the Group EC may hold more than five mandates as set out in (ii) above and not more than 15 mandates as set out in (iii) above. Mandates shall mean mandates in the supreme governing body of a legal entity which is required to be registered in the commercial register or a comparable foreign register. Mandates in different legal entities that are under joint control are deemed one mandate.

All Group EC members comply with the requirements on external mandates set out in the Articles of Association.

Any activities of members of the Group EC in governing and supervisory bodies of important Swiss and foreign organisations, institutions and foundations as well as permanent management and consultancy functions for important Swiss and foreign interest groups and official functions and political posts, which are material, are stated in each of the Group EC members' biographies on pages 103–106.

Management contracts
Swiss Re has not entered into any management contract with any third party.

Shareholder's Participation Rights

The Independent Proxy is elected by the General Meeting of shareholders for a term of office until completion of the next ordinary General Meeting of shareholders.

Voting right restrictions, statutory group clauses and exception rules
There are no voting right restrictions and no statutory group clauses (other than the limitations on nominee registrations, page 83). Therefore, there are no procedures or conditions for cancelling restrictions and no rules on making exceptions to them. Accordingly, no such exceptions were made in 2015.

Statutory rules on participating in the General Meeting of shareholders
The share whose owner, usufructuary or nominee is entered in the share register as having voting rights on a specific qualifying day determined by the Board of Directors entitles its holder to one vote at the General Meeting of shareholders.

Swiss Re's Articles of Association allow any shareholder with voting rights to have his or her shares represented at any General Meeting of shareholders by another person authorised in writing or by the Independent Proxy. Such representatives need not be shareholders.

The Independent Proxy is elected by the General Meeting of shareholders for a term of office until completion of the next ordinary General Meeting of shareholders. The Independent Proxy whose term of office has expired is immediately eligible for re-election.

The duties of the Independent Proxy are determined by applicable laws, rules and regulations. The General Meeting of shareholders may remove the Independent Proxy with effect as per the end of the General Meeting of shareholders. If the company does not have an Independent Proxy, the Board of Directors shall appoint the Independent Proxy for the next General Meeting of shareholders.

Business firms, partnerships and corporate bodies may be represented by legal or authorised representatives or other proxies, married persons by their spouses, minors and wards by their guardians, even though such representatives are not shareholders.

Statutory quorums
The General Meeting of shareholders may pass resolutions regardless of the number of shareholders present or shares represented by proxy. Resolutions pass by an absolute majority of votes validly cast (excluding blank and invalid ballots), except where the law requires otherwise.

The Chairman of the General Meeting of shareholders determines the voting procedure. Provided that the voting is not done electronically, voting shall take place openly on show of hands or by written ballot.

Convocation of the General Meeting of shareholders
In accordance with Swiss Re Ltd's Articles of Association, the Board of Directors convenes the General Meeting of shareholders through a notice published in the Swiss Official Gazette of Commerce at least 20 days before the date of the meeting. The notice must state the day, time and place of the General Meeting of shareholders, along with the agenda and proposals, which will be submitted by the Board of Directors.

Extraordinary General Meetings of shareholders may be called by a resolution of the General Meeting of shareholders or the Board of Directors, or by one or more shareholders with voting powers whose combined holdings represent at least 10% of the share capital.

Agenda
The Board of Directors announces the agenda for the General Meeting of shareholders. Shareholders with voting power whose combined holdings represent shares with a nominal value of at least CHF 100 000 may, no later than 45 days before the date of the meeting, request that further matters be included in the agenda. Such requests must be in writing and must specify the items and the proposals to be submitted.

Registrations in the share register
In recent years, Swiss Re has recognised the voting rights of shares registered no later than two working days before the General Meeting of shareholders.

Changes of Control and Defence Measures

Upon a change of control the rights of the members of the Board of Directors and Group EC are identical to those of all other employees.

Duty to make an offer

Swiss Re has not put in place any specific measures to defend against potential unfriendly takeover attempts. The Board of Directors believes that the company's best protection is a fair valuation of its shares, and that the efficiency of a free market is preferable to artificial obstacles, which can have a negative impact on the share price in the long term.

In accordance with the Federal Act on Stock Exchanges and Securities Trading (SESTA), whosoever acquires equity securities, which added to equity securities already owned, exceed the threshold of 33⅓% of Swiss Re shares with voting rights, either directly, indirectly or in concert with third parties, and regardless of whether these rights are exercisable or not, triggers a mandatory takeover offer for the outstanding Swiss Re shares owned by all other shareholders.

The SESTA allows companies to include an "opting up" provision in their articles of association, which raises the mandatory takeover offer threshold up to 49%, or an "opting out" provision, which waives the mandatory offer. Swiss Re's Articles of Association contain neither of these provisions.

Change of control clauses

Unvested incentive shares, share options and certain other employee benefit programmes would vest upon a change of control. In such an event, the rights of members of the Board of Directors and the Group Executive Committee (Group EC) as well as of further members of senior management are identical to those of all other employees.

The Articles of Association provide that the Board of Directors or, to the extent delegated to it, the Compensation Committee may decide on continuation, acceleration or removal of vesting, blocking or exercise conditions for the payment or grant of compensation based upon assumed target achievement, or for forfeiture.

The mandates and employment contracts of the members of the Board of Directors and of the Group EC do not contain any provisions such as severance payments, notice periods of more than 12 months or additional pension fund contributions that would benefit them in a change of control situation.

Auditors

The external auditor is elected by the General Meeting of shareholders for a term of office until completion of the next ordinary General Meeting of shareholders.

Duration of the mandate and term of office of the lead auditors

PricewaterhouseCoopers Ltd (PwC) was appointed as the external auditor of Swiss Re Ltd when the company was founded on 2 February 2011. PwC had been elected as the external auditor of the previous parent company of the Group, Swiss Reinsurance Company Ltd, at its Annual General Meeting 1991 and had been re-elected annually since then. The Annual General Meeting 2015, following the proposal of the Board of Directors based on the recommendation of the Audit Committee, re-elected PwC for a term of one year as auditors.

Alex Finn became lead auditor responsible for the auditing mandate of the former parent company, Swiss Reinsurance Company Ltd, on 23 September 2011. With Swiss Re Ltd becoming the new holding company of the Group, he also became lead auditor for the Swiss Re Ltd audit mandate. Bret Griffin was appointed as further new lead auditor following the election of PwC as auditors by the Annual General Meeting 2014.

Auditing fees

PwC fees (excluding value add taxes) for professional services during the year ended 31 December 2015 were:

- Audit fees: USD 33.2 million
- Audit-related fees: USD 3.1 million
- Corporate Finance Services: USD 0.2 million

Audit-related fees (apart from corporate finance due diligence services) include, among other tasks, Solvency II model validation, accounting advice and regulatory reports.

Corporate Finance Services include due diligence and post-acquisition services.

Additional fees

In addition to the auditing fees, PwC fees totaled USD 5.2 million (excluding value add taxes) during the year ended 31 December 2015, primarily relating to:

- Income tax compliance and related tax services: USD 1.9 million
- Other fees: USD 3.3 million

Other fees include permitted advisory work related to a range of projects.

Information tools pertaining to the external audit

Responsibilities

The external auditor is accountable to the Audit Committee, the Board of Directors and ultimately to the shareholders. The Board of Directors reviews the external auditor's professional credentials, assisted in its oversight by the Audit Committee.

Cooperation and flow of information between the auditor and the Audit Committee

The Audit Committee liaises closely with the external auditor; the lead auditors participate as advisers at all the Audit Committee's meetings. For more information, see page 95.

The external auditor provides the Audit Committee with regular updates on the audit work and related issues as well as with reports on topics requested by the Audit Committee.

The Audit Committee reviews and approves in advance all planned audit services and any non-audit services provided by the external auditor. It discusses the results of annual audits with the external auditor, including reports on the financial statements, necessary changes to the audit plans and critical accounting issues.

The external auditor shares with the Audit Committee its findings on the adequacy of the financial reporting process and the efficacy of the internal controls.

It informs the Audit Committee about any differences of opinion between the external auditor and management encountered during the audits or in connection with the preparation of the financial statements.

Evaluation of the external auditor

The Audit Committee, which is responsible for recommending an audit firm to the Board of Directors for election at the Annual General Meeting of shareholders, assesses the performance of the external auditor annually and presents its findings to the Board. This assessment is based on the external auditor's qualifications, independence and performance.

Qualifications

At least once a year, the external auditor submits a report to the Audit Committee describing the external auditor's own quality control procedures, including any material issues raised by its most recent internal reviews or inquiries or investigations by governmental or professional authorities within the preceding five years, as well as any steps taken to deal with any such issues.

Independence

At least once a year, the external auditor provides a formal written statement delineating all relationships with the company that might affect its independence. Any disclosed relationships or services that might bear on the external auditor's objectivity and independence are reviewed by the Audit Committee, which then recommends appropriate action to be taken by the Board.

In accordance with the Swiss Code of Obligations and to foster external auditor independence, the lead audit partner rotates out from his or her role after seven years.

Performance

This assessment measures the external auditor's performance against a number of criteria, including: understanding of Swiss Re's business; technical knowledge and expertise; comprehensiveness of the audit plans; quality of the working relationship with management; and clarity of communication. It is compiled based on the input of key people involved in the financial reporting process and the observations of the Audit Committee members.

Audit fees

The Audit Committee reviews annually the audit fees as well as any fees paid to the external auditor for non-audit services, based on recommendations by the Group CFO.

Special Auditor

Swiss Re Ltd's Articles of Association foresee that the Annual General Meeting may elect a Special Auditor for a term of three years which will be responsible for the special audit reports that are required by law in connection with changes in capital. Currently there is no Special Auditor elected.

Information Policy

Investors and other stakeholders can subscribe to receive ad hoc disclosures and further corporate news automatically at swissre.com/media.

Swiss Re's core business — managing global risk — makes us by necessity an information company. Our information policy therefore goes well beyond legal requirements in establishing transparency in our communications and equal access to the facts for all investors and the public.

The official medium for publications of the company is the Swiss Official Gazette of Commerce (*Schweizerisches Handelsamtsblatt*). In addition, we use our website to provide comprehensive, timely news and information on our activities as well as background discussion and analysis of issues relating to Swiss Re's business and the broader insurance and reinsurance industries. Investors and other stakeholders can subscribe to receive ad hoc disclosures and further corporate news automatically at swissre.com/media. Our contact details are provided on page 280.

Our Investor Relations team holds regular meetings with institutional investors and analysts. At the 2015 Investors' Day in Zurich in December, Swiss Re unveiled its strategic framework equipping the company to position itself strongly vis-à-vis the current and future opportunities and challenges facing the insurance industry. At the heart of the framework is the effective and systematic allocation of capital to access new and existing risk pools and revenue streams. Swiss Re also detailed how the framework will lay the foundation to meet its financial targets over the cycle. The presentations and conference call recordings from this event are also available on our website: http://www.swissre.com/investors/presentations

Swiss Re observes strict close periods around the publications of the Group's quarterly and annual results. The close periods apply throughout the preparation of the results and provide for an appropriate cooling-off period after the release of the results. During such close periods, employees of Swiss Re and members of the Board of Directors are prohibited from trading in Swiss Re securities.

Corporate news in 2015

Date	News	Method of dissemination
19 February	Swiss Re delivers strong 2014 net income of USD 3.5 billion; proposes CHF 4.25 regular, CHF 3.00 special dividend per share and a share buy-back of up to CHF 1.0 billion	News release, press conference
18 March	Swiss Re proposes to return CHF 2.5 billion to shareholders via dividends and up to CHF 1.0 billion in a share buy-back programme	News release
21 April	Swiss Re shareholders approve all proposals put forward by the Board of Directors at Swiss Re's Annual General Meeting	News release, AGM in Zurich
30 April	Swiss Re delivers 17% rise in first-quarter 2015 net income to USD 1.4 billion; strong underwriting and investment results	News release, media conference call
20 May	Swiss Re SONAR update report highlights new and emerging risks the re/insurance industry expects to face over the next few years	News release
30 July	Swiss Re reports half-year net income of USD 2.3 billion on solid underwriting and a strong investment result; on track to reach 2011–2015 financial targets	News release, press conference
11 August	Preliminary sigma estimates for first-half 2015: global catastrophes cause economic losses of USD 37 billion; number of victims rises	News release, sigma study
10 September	Swiss Re remains top in its industry in sustainability, according to 2015 Dow Jones Sustainability Indices	News release
23 September	Admin Re® to buy Guardian Financial Services for GBP 1.6 billion, extending its position as a leading closed life book consolidator in the UK	News release
22 October	Swiss Re to work with IBM Watson to harness the power of Big Data for Reinsurance	News release
29 October	Swiss Re reports very strong 12% rise in net income to USD 3.7 billion for the first nine months of 2015	News release, media conference call
11 November	Swiss Re's share buy-back programme to begin on 12 November 2015	News release
8 December	Swiss Re confirms commitment to deliver long-term profitability and economic growth	News release, media call
18 December	Preliminary sigma estimates for 2015: global catastrophes cause economic losses of USD 85 billion	News release, sigma study

Important dates for 2016

Date	Event
23 February	2015 annual results
16 March	Publication of 2015 Annual Report and 2015 EVM results as well as of AGM 2016 invitation
22 April	152nd Annual General Meeting
29 April	First quarter 2016 results
29 July	Second quarter 2016 results
3 November	Third quarter 2016 results
2 December	Investors' Day in Zurich

Our actions are guided by sustainable, long-term value creation and have a tangible link to our financial performance.

CONTENTS

Overview

Sustainable, long-term value creation serves as a guiding principle for our actions.

Swiss Re has a long-standing commitment to being a responsible company. A key element in our understanding of what this means is the desire to contribute to sustainable, long-term value creation. Or as we express it in our values:

"Taking the long-term view, and playing our part in enabling sustainable progress — for stakeholders and society in general."

Reflecting the long-term view of our business, we seek to identify environmental and social issues that may undermine sustainable progress, and explore effective ways to address them. To do so, we use the deep understanding of re/insurance markets and the extensive risk expertise embedded in our company. In many parts of our business (eg client-facing units, risk management, stakeholder dialogue, logistics etc.), we have specific teams and processes to identify relevant sustainability-related challenges in these areas.

In other words, we have been using a decentralised approach to determine "material" sustainability issues. We present all these issues and our efforts to address them in our annual Corporate Responsibility Reports (the 2015 edition will be published in May 2016). In this chapter of the Annual Report we use a narrower definition of materiality and focus on topics which we perceive as having a tangible link to our financial performance. Thus, our Corporate Responsibility Report addresses all our stakeholders on a wide range of topics they might take an interest in, while this chapter of the Financial Report aims to speak more specifically to our investors and other members of the financial community.

Sector leader in the Dow Jones Sustainability Indices
Swiss Re has been named as the insurance industry sector leader in the Dow Jones Sustainability Indices for 2015. This is the ninth time since 2004 that we have led the sector in these rankings. The award highlights our long-term commitment to sustainable business and our efforts to continuously and progressively embed sustainability into key business processes and operations.

Natural catastrophes and climate change

Natural catastrophes are a key risk in our Property & Casualty (P&C) business. The damage caused by floods, storms, earthquakes and other natural disasters can affect millions of lives and the economies of entire countries. In 2015, the total worldwide economic losses from natural and man-made catastrophes were estimated at USD 92 billion – of these, USD 37 billion were insured.

Having access to effective re/insurance protection against natural catastrophes creates significant benefits for our clients – as well as society at large. In 2015, we received USD 2.6 billion of P&C Reinsurance premiums for natural catastrophe covers (for losses larger than USD 20 million); this was equivalent to 17% of total premiums in this business segment.

The impact of climate change

On average, both economic and insured losses caused by natural catastrophes have increased steadily over the past 20 years. The key reasons have been economic development, population growth, urbanisation and a higher concentration of assets in exposed areas.

This general trend will continue. But crucially, losses will be further aggravated by climate change. The scientific consensus is that a continued rise in average global temperatures will have a significant effect on weather-related natural catastrophes. According to the Special Report on Extremes (SREX, 2012) and the Fifth Assessment Report (AR5, 2014) published by the Intergovernmental Panel on Climate Change (IPCC), a changing climate gradually leads to shifts in the frequency, intensity, spatial extent, duration and timing of extreme weather events.

If climate change remains unchecked, the relative importance of the main drivers will thus gradually shift, with climate change accounting for an increasingly large share of natural catastrophe losses.

In view of the potential impact of climate change on our business in the medium- to long-term, we made it a priority issue more than 20 years ago and formed a comprehensive climate change strategy with four pillars:

- Advancing our knowledge and **understanding** of climate change risks, quantifying and integrating them into our risk management and underwriting frameworks where relevant;
- Developing **products and services** to mitigate — or adapt to — climate risk;
- Raising **awareness** about climate change risks through dialogue with clients, employees and the public, and advocacy of a worldwide policy framework for climate change;
- Tackling our own **carbon footprint** and ensuring transparent annual emissions reporting.

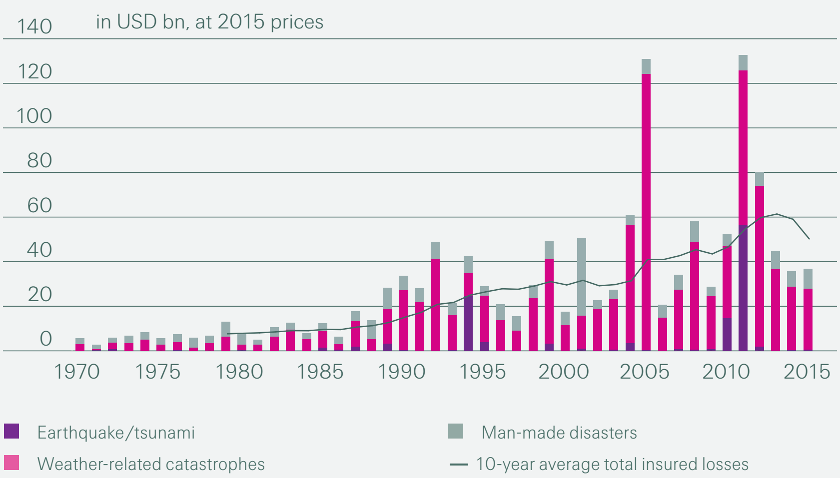
—

USD 2.6 billion

Natural catastrophe premiums in our P&C Reinsurance business

(2014: USD 2.9 billion)

Insured catastrophe losses, 1970–2015



Source: Swiss Re Economic Research & Consulting

First offshore wind farm in the US

In 2015, we insured a number of offshore wind projects in different countries, including the Block Island Wind Farm in the US (dwwind.com/project/block-island-wind-farm). Developed by Deepwater Wind, this is the country's first-ever offshore wind facility. The project is situated in the Atlantic Ocean, approximately three miles from Block Island, Rhode Island, where there are strong and steady winds. Thanks to its expertise and proximity to the client, Swiss Re Corporate Solutions was appointed as the project's lead insurer and provides both a Construction All Risk (CAR) and a Delay in Start-Up (DSU) cover.

Construction of the wind farm is underway and is scheduled to be completed by the end of 2016. Our client, GE Wind (formerly Alstom), is building five powerful, highly efficient turbines that will generate a total capacity of 30 megawatts. The wind farm will give the inhabitants of Block Island access to reliable as well as renewable electricity for the first time. So far, they have had to use diesel generators, which are inefficient and cause substantial air pollution. The power not used on Block Island will be transmitted to the mainland through a 21-mile long cable under the ocean floor.

Understanding the risk

To assess our Property & Casualty business accurately and to structure sound risk transfer solutions, we need to clearly understand the economic impact of natural catastrophes and the effect of climate change. This is why we invest in proprietary, state-of-the-art natural catastrophe models and regularly collaborate with universities and scientific institutions.

While the effect of climate change will increase gradually over the coming decades, most of our business is renewed annually and our risk models are refined every few years. Risks are normally covered for 12 months (up to five years for cat bonds). Thus, reinsurance premiums do not reflect expected loss trends over the next decades. Rather, for underwriting and risk management purposes, our models provide an estimate of the current risk. But as natural catastrophe losses continue to rise as a result of the different factors described above, our forward-looking models will gradually reflect this trend, since they are updated and refined at regular intervals.

Through the Economics of Climate Adaptation (ECA) methodology we also analyse the effects of climate change on a longer timescale, which enables us to provide our clients with strategic advice and integral risk assessments of natural disasters and climate adaptation. ECA studies quantify today's climate risks, the potential increase of populations and assets at risk due to economic development, plus the additional risk posed by climate change, with a time horizon of up to 30 years. In a second step, our studies identify cost-effective measures to adapt to these risks.

In 2015, we completed two new ECA studies, both at the request of the German Development Bank (KfW). For San Salvador, El Salvador, we found that strengthening the buffer capacity of ecosystems through reforestation can reduce flood risk in poorer neighbourhoods by up to USD 50 million over three decades. The study for the city of Barisal, Bangladesh revealed that reinforcing river embankments effectively protects citizens and reduces local flood risks by more than 50%, also under future climate scenarios. Both ECA studies thus give decision-makers important information needed to integrate climate adaptation with economic development, paving the way for sustainable growth.

Developing products and services

With some of our re/insurance products we aim to support two objectives: mitigation of climate change and adaptation to it.

Mitigation: By "mitigation" we mean efforts to reduce CO_2 emissions. Renewable energy projects are key to this. To date our product development has focused on offshore wind, which is considered one of the most promising renewable energy sources. However, these infrastructures present highly complex risks because the technology is developing rapidly and there is little loss history to rely upon for underwriting purposes. Our Corporate Solutions Business Unit takes a special interest in offshore wind, as we have both the large capacity and the technical expertise to assess and manage the complex risks associated with it (see example on the left).

Adaptation to climate change requires effective risk transfer instruments that help our clients to cope with some of its effects. As we continuously adjust our natural catastrophe and weather solutions to reflect changes in the underlying risk, both are suitable for this purpose. On pages 121–122 we describe some recent examples of such products, along with two corresponding commitments we have made.

Key environmental data, Swiss Re Group

		2013	2014	2015	Change in % since 2013
Total CO_2 emissions per employee	kg/FTE[1]	6 645	6 723	6 433	–3.2%
Energy intensity (power consumption & heating)	kWh/FTE[1]	6 515	6 019	5 442	–16.5%

[1] FTE = full-time equivalent

Awareness raising and advocacy

We regularly share our insights into the risks created by climate change through our publications and stakeholder events, and support efforts to form a reliable international policy framework, eg by taking part in the United Nations' COP conferences.

In 2015, we also partnered with Standard & Poor's in a special project to quantify the impact of natural catastrophes and climate change on sovereign ratings. Based on a sample of 38 countries, our simulations indicate that natural disasters (earthquakes, tropical storms, floods and winter storms) of a severity that is likely to occur once every 250 years can indeed weaken the affected sovereign's rating. Moreover, climate change can be expected to increase this impact by 20% on average. The expected effect is strongest in emerging countries and especially in the event of earthquakes and tropical storms: the most severe of these disasters could lead to a downgrade of around 1.5 notches. However, the study also found that this potential effect can be significantly reduced by catastrophe insurance.

Tackling our carbon footprint

The fourth pillar of our climate strategy focuses on the emissions from our own operations. Through our pioneering Greenhouse Neutral Programme we halved our emissions per employee between 2003 and 2013 and set off all remaining emissions. Our new commitment, valid until 2020, is to keep our per capita emissions stable at the 2013 level even as we continue to pursue an ambitious strategy in high growth markets. As part of our new commitment, we have also extended the scope of our emissions accounting and reporting to include five additional emission sources.

After an increase in 2014, total CO_2 emissions per employee (FTE, full-time equivalent) dropped by 4% during 2015, mainly driven by a further reduction in the energy intensity of our offices and decreases in the emissions from commuting and business travel. The latter was due to the fact that our employees made fewer business trips in carbon-intense flight classes, even though the total distances they travelled increased slightly on average. (Detailed data for all reported emission sources will be disclosed in the 2015 Corporate Responsibility Report.)

Switching to renewable energy is one of two main measures we have taken to reach our emissions reduction goals. Approximately 87% of the power we purchased in 2015 across the Group came from renewable energy sources. We are committed to raising this figure to 100%, but in some of the countries where we want to grow, reliable supplies of renewable energy are lacking. As a founding member of the RE100 initiative (theRE100.org) we work together with a number of like-minded companies to improve this situation, by talking to policy-makers and regulators at the national and sub-national level. The RE100 group grew substantially in 2015 and now includes some of the largest companies in the world.

Becoming more energy efficient in our own operations has been the second key measure of our Greenhouse Neutral Programme. Our goal is to continuously reduce energy intensity by at least 2% per year. Recently we stepped up our efforts to create flexible office environments that offer our employees optimal working conditions while at the same time using space and resources more effectively. In combination with moving into more energy-efficient buildings, this enabled us to further reduce our energy intensity by 16% between 2013 and 2015. In 2015, the two measures contributed to workplace cost savings of 4%.

Expanding re/insurance protection

Throughout our long history, we have provided our clients with financial protection against risk. Traditionally, our most important client groups are insurers and large corporations. We offer them a wide range of products covering many different types of losses.

However, there remains significant unmet demand for effective, commercially viable re/insurance protection. As the graph below illustrates, the gap between insured and uninsured losses remains substantial. Given this protection gap, we look beyond our established client base and traditional business model. In particular, we aim to expand re/insurance protection by focusing on underinsured risks, new markets, different clients and innovative risk transfer products.

Some of the pioneering transactions we completed in 2015 are outlined below, ranging from large state-subsidised insurance funds to pilot projects in uncharted territory.

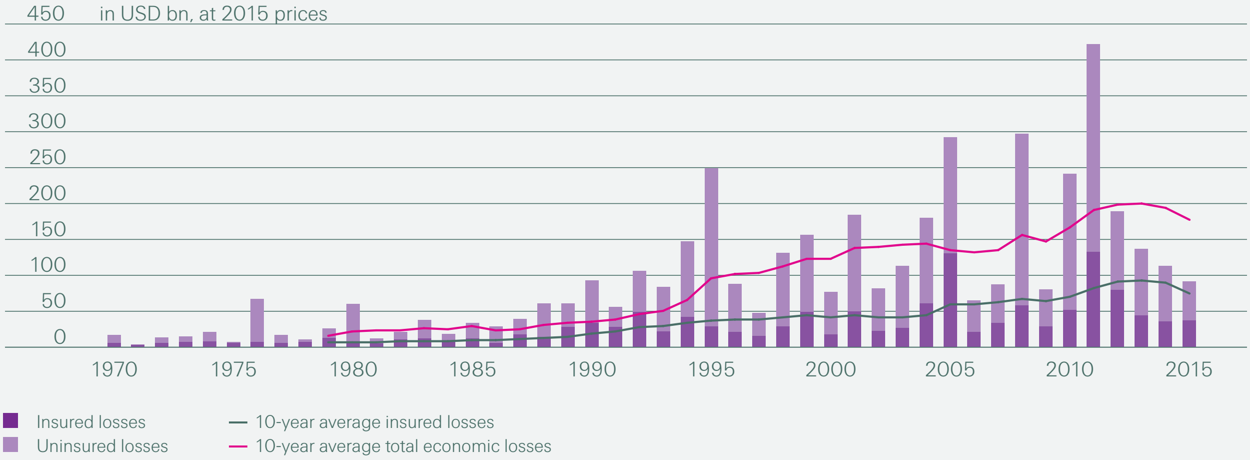
Protecting the Florida Hurricane Catastrophe Fund

The State of Florida has over USD 3 trillion of coastal assets, one of the highest concentrations anywhere in the world. But as the State lies within the infamous "hurricane alley," its population faces a latent disaster risk. In response, the state-run Florida Hurricane Catastrophe Fund (FHCF) established its first-ever reinsurance programme in 2015 and chose Swiss Re as one of its leaders.

Although ten years have passed since a major hurricane last made landfall in Florida, the FHCF recognises that it is only a matter of time until one strikes again. As the 2005 hurricane season showed, the financial consequences for local insurers, and ultimately homeowners, can be severe. It is the task of the FHCF to ensure that insurers can pay claims from such extreme events and to reduce the impact on taxpayers.

This is why the FHCF has purchased reinsurance protection for the first time in its 22-year history: by adding USD 1 billion of private capital it can further build the financial stability it needs to ensure Florida's economic resilience in the face of disasters.

Insured losses vs uninsured losses, 1970–2015



Source: Swiss Re Economic Research & Consulting

Strengthening earthquake resilience in Turkey

In Turkey, we supported the Turkish Catastrophe Insurance Pool (TCIP) to further improve insurance protection against earthquakes in Istanbul. With a population of 14 million, the metropolis generates a significant share of Turkey's GDP while living under the constant threat of severe earthquakes.

Originally set up in response to the strong Kocaeli and Düzce earthquakes of 1999, TCIP has done much over the years to improve insurance protection in the country. In addition to the support we provide through traditional reinsurance, in 2015 Swiss Re Capital Markets co-structured a USD 100 million catastrophe bond sponsored by the TCIP. Covering Istanbul's large metropolitan area, the three-year bond has a parametric trigger that will pay out if the specified earthquake conditions are met. It was well received by investors and ensures that TCIP will have access to additional reconstruction funds in the event of a major earthquake.

Supporting the African Risk Capacity

As a provider of reinsurance capacity and expertise, we helped to launch the African Risk Capacity (ARC) in 2014, the continent's first parametric natural disaster insurance pool. It offers governments insurance protection against drought, which poses a recurring threat in large parts of Africa and puts the livelihoods of millions of citizens at risk. Through ARC's in-house risk modelling platform, *Africa RiskView*, the participating governments can assess the drought risk they face and decide how much they want to insure at what loss threshold. Based on satellite rainfall data, payouts are then made automatically to the governments when the agreed drought thresholds are exceeded.
To take part in the scheme, countries need to have contingency plans in place that show how payouts will be used to support the affected population.

In its initial 2014/2015 season, ARC offered drought insurance for a total of USD 129 million to four governments: Kenya, Mauritania, Niger and Senegal. Less than a year into the programme, the latter three received payouts totaling more than USD 26 million, following a severe drought in the Sahel. In the 2015/16 season, further countries joined the risk pool, thereby increasing total coverage.

Helping to develop insurance markets in China

Throughout 2015, we continued to take an active role in the expanding insurance markets of China. For example, we helped to develop China's first weather index insurance programme to protect cotton production against low temperatures. It was launched as a pilot in the Xinjiang region, which grows 60% of the country's cotton. While perils such as drought, hail and wind are covered by a government-subsidised agricultural insurance programme, this has not been the case for yield losses due to low temperatures. If the pilot providing protection of RMB 7.6 million (USD 1.2 million) proves to be effective, it will be expanded to the whole region.

We also signed a Memorandum of Cooperation with the provincial government of Heilongjiang on the future roll out of a pilot index-based insurance programmes covering natural disaster risks to its agricultural sector. This builds on previous efforts we have undertaken to improve insurance protection in Heilongjiang, which, as China's biggest crop producer, is key to its food security.

Protecting Vietnamese farmers against livestock loss

We also helped to relaunch an important agricultural insurance pilot in Vietnam. It will protect the livelihoods of poor smallholder farmers in the two provinces of Vinh Phuc and Ha Giang by insuring them against the effects a major natural catastrophe or disease may have on their livestock. In total, the scheme covers more than 150 000 head of cattle and buffalo.

To develop a sustainable product that meets actual needs, the scheme has pursued a holistic approach from the beginning, involving all key stakeholders in a public-private partnership. Stakeholders include various government ministries, the Vietnam National Reinsurance Corporation (in the role of aggregator and bridge between the government and local insurers), local insurers and their branch offices, as well as local people's committees and authorities. The scheme has got off to a promising start and the intention is to expand it rapidly to other provinces.

Our Commitments …

USD 2.1 billion

Total amount of climate protection offered to sovereigns and sub-sovereigns since 2014

1.6 million

Smallholder farmers benefiting from the Grow Africa Partnership

(2 million* in 2014)
* See comment in text

… to the United Nations

Many of our recent efforts to expand insurance protection cover losses from natural catastrophes and weather volatility (eg drought or excessive rainfall). As climate change is predicted to increase these losses, such transactions also help communities to strengthen their climate resilience. Furthermore, we have found that partnering with public sector clients, especially national and regional governments, is an effective way to develop solutions.

Building on these experiences, we made a significant commitment to the United Nations at its Climate Summit in September 2014. Personally addressing the government leaders present at the summit, Group CEO Michel M. Liès made the following pledge: "By the year 2020, Swiss Re commits to having advised 50 sovereigns and sub-sovereigns on climate risk resilience, and to have offered them USD 10 billion against this risk."

We have agreed with the United Nations to report publicly on the progress we make on this commitment. By the end of 2015, we had advised 13 sovereigns and sub-sovereigns on climate risk resilience and offered them a total of USD 2.1 billion in re/insurance protection.

… to the Grow Africa Partnership

In our efforts to bring risk protection to underinsured communities, the African continent — Sub-Saharan Africa in particular — has been a focus area in recent years. Reflecting this engagement, we made an important commitment to the Grow Africa Partnership (www.growafrica.org) in 2012. This initiative was launched by a number of organisations to promote public-private collaboration and investment in African agriculture. As most smallholder farmers in Sub-Saharan Africa have lacked access to insurance protection so far, addressing this problem is crucial to protect families' livelihoods, facilitate economic development and reduce poverty.

Our commitment to the Grow Africa Partnership thus includes the following three elements:
- Give farmers in Sub-Saharan Africa access to tools such as weather and yield index insurance products;
- Invest in resources equivalent to about USD 2 million per year to support the development of sustainable agricultural risk management markets;
- Provide agricultural insurance for up to 1.4 million smallholder farmers.

Working together with different partners, we helped to bring weather insurance to 1.6 million smallholder farmers in 11 Sub-Saharan countries by the end of 2015. The fact that the total has fallen from the 2 million recorded in the previous year is mainly due to changes in how one country participating in the African Risk Capacity has structured its coverage under the programme: it has substantially revised its assumptions on the drought exposure of its farmers and reduced the percentage of farmers covered by the scheme.

Our Sustainability Risk Framework

Sometimes, business transactions that create economic value and are perfectly fine from a legal perspective may also have negative impacts on the environment or certain vulnerable groups. Furthermore, such transactions may damage our brand and/or reputation.

Based on our long-standing commitment to enabling sustainable progress, we believe that it is important to recognise and address such dilemmas. Doing so requires a well-defined approach and the willingness to make decisions based on ethical principles.

Our Sustainability Risk Framework is an advanced risk management instrument specifically designed to identify and address potentially negative effects of our transactions on local communities, workforces and the environment — helping us to safeguard our reputation in the process. The framework applies to all of our business transactions, re/insurance as well as investments, to the extent that we can influence their various aspects.

The Sustainability Risk Framework consists of:

- Eight policies on sensitive sectors or issues;
- The Sensitive Business Risk (SBR) process with an online assessment tool and a referral tool — due diligence mechanisms to assess our business transactions;
- Company exclusions; and
- Country exclusions beyond mere compliance with international trade controls.

Policies

Our Sustainability Risk Framework is based on the principles of respecting human rights and protecting the environment. Through detailed policies, the framework applies these principles to seven sectors in which we perceive major sustainability risks: the defence industry, oil and gas (including oil sands and hydraulic fracturing), mining, dams, animal testing, forestry, pulp & paper and oil palm, and nuclear weapons proliferation. (The list of key concerns addressed by the eight policies can be viewed at media.swissre.com/documents/Swiss_Re_SBR_policy_concerns.pdf)

The Sensitive Business Risks process

Each of the eight policies of our Sustainability Risk Framework contains criteria and qualitative standards which define precisely when a transaction may present a "sustainability risk". In 2015, we introduced a new online tool which enables our underwriters to screen all transactions for their possible impacts on the local environment and on the human rights of the affected people and workforces.

When the screening reveals any potential issues, the underwriters carry out further due diligence. Finally, the most critical transactions are referred to our team of sustainability experts, who then conduct targeted research to decide whether the transaction at hand is acceptable on ethical grounds.

This decision takes the form of a binding recommendation either to go ahead with the transaction, to go ahead with certain conditions attached or to abstain from it. If there is disagreement about the recommendation, the case can be escalated to the next management level, ultimately to the Group Chief Risk Officer and the Group Executive Committee.

When making these decisions, we refer to internationally recognised ethical principles. Swiss Re is a signatory to the UN Global Compact, which derives its human rights principles from the Universal Declaration of Human Rights, its labour principles from the ILO Declaration on Fundamental Principles and Rights at Work, its environment principles from the Rio Declaration on Environment and Development and its anti-corruption principles from the United Nations Convention against Corruption.

After continuously rising for several years, the number of transactions referred to the SBR process fell to 309 in 2015. Of those we issued negative recommendations in 32 cases and positive recommendations with conditions in 24 cases. The fall in referrals is due to the introduction of our SBR assessment tool, which enables our underwriters to carry out due diligence checks themselves. In 2015, they used the new tool for a total of 3 550 cases.

3 550

Number of sensitive business transactions assessed by our underwriters

309

Number of sensitive business transactions referred to our sustainability expert team

(454 in 2014)

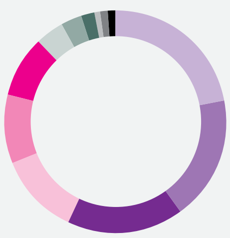
Company exclusions

The policies of our Sustainability Risk Framework specify certain criteria that may lead to the exclusion of a company from both our re/insurance transactions and our investments, to the extent that such an exclusion is permissible (eg by virtue of mandatory law or internal policies) and possible (eg if existing documentation relating to such re/insurance transactions and investments provide for it). These criteria include: involvement in prohibited war material; verifiable complicity in systemic, repeated and severe human rights violations; causing repeated, severe and unmitigated damage to the environment; proliferation of nuclear weapons; and unethical/cruel animal testing practices.

Country exclusions

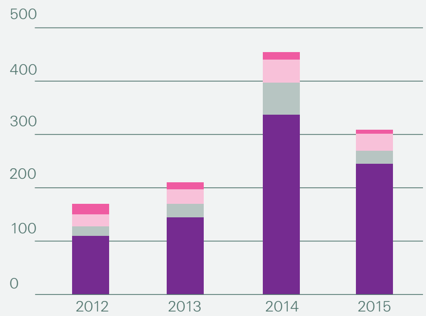
Swiss Re also excludes certain countries from its business, beyond compliance with international trade controls (ITCs). The criterion for these country exclusions is a particularly poor human rights record. Our goal is not to directly underwrite risks or make investments in entities that are based in these countries. At the end of 2015, the countries excluded from our business for human rights reasons were North Korea, Somalia, Sudan (North only) and Syria. The underlying methodology has recently been revised and is being implemented in 2016.

Sensitive Business Risks referred to our expert team in 2015



- 22% Mining
- 18% Excluded/critical country
- 17% Oil and gas
- 12% Dams
- 10% Other industry/issue
- 9% Defence
- 4% Human rights
- 3% Forestry, pulp & paper and oil palm
- 2% Animal testing
- 1% Environmental degradation
- 1% Multi-issue
- 1% Nuclear weapons proliferation

Number of Sensitive Business Risk referrals



- Proceed
- Proceed with conditions
- Abstain
- Not materialised

Diversity and inclusion in our workforce

The commitment and expertise of our employees is the foundation of our continued success. We aim to be a leading employer that attracts talented people from a broad range of disciplines and backgrounds. By fostering a culture of inclusion, we can leverage and grow the diversity of our workforce. Our diversity & inclusion (D&I) vision is to "see, feel and live diversity — diversity of gender, race, ethnicity, generation, sexual orientation (LGBT), physical (dis)abilities and experiences – at all levels, functions and regions of Swiss Re".

Such an inclusive corporate culture is essential for a diverse workforce. Inclusion is about respecting the uniqueness of every individual and about providing an atmosphere in which everyone feels valued and empowered to perform at a consistently high level. Being a diverse and inclusive company motivates our employees, helps to attract fresh talent and is good for bottom-line results.

There is strong evidence that diverse teams outperform non-diverse ones. As diverse teams avoid group think — and therefore institutional blindness — they can respond more quickly to changes in the external environment. Furthermore, a strong representation of local talent is crucial to developing new markets, which is one of our strategic priorities.

To foster diversity and inclusion across the whole organisation, we have set up a comprehensive strategic framework. Backed by the Group CEO and the Group Executive Committee, our diversity & inclusion agenda is driven forward by a network of 35 D&I Champions, who are senior managers from a wide range of business areas, in addition to multiple geographically-based D&I Councils and 25 inclusive employee networks at grassroots level worldwide.

Women in management positions (in %)

	2013	2014	2015
Total workforce	46.8	46.3	46.4
Executive/senior management positions[1]	21.5	21.4	22.1
All management positions[1]	31.1	31.5	32.2

[1] "Executive/senior management positions" comprises the management levels of Director/Senior Vice President upwards.
"All management positions" refers to Vice President and above.

Our Global Inclusion Framework

Our "Global Inclusion Framework" rests on three pillars:

The first pillar focuses on "Inclusive Leadership". We have developed Inclusive Leader Principles that describe the behaviours we expect of our leaders and managers to foster an inclusive work environment. These are firmly embedded in our Leadership Imperatives — our behavioural framework for leaders that support our strategy, values and brand attributes — and in our leadership development curriculum. To make these principles tangible for all our employees, we have also included them in our Personal Imperatives — our behavioural framework for all employees without line management responsibilities. At the end of each year, their performance evaluations and subsequent reward decisions are in part based on "how" they have demonstrated these desired behaviours, in addition to "what" they have accomplished.

The second pillar "Smashing Stereotypes, Opening Minds" tackles stereotyping of any kind. It centres on raising awareness of the "unconscious bias" that every one of us has and which can unintentionally influence decision-making and behaviour.

Through awareness events as well as face-to-face and web-based training, employees participate in dialogues that increase self-awareness of unconscious biases such as those related to age, sexual orientation and gender. Training on inclusive leadership and how to overcome these unconscious biases has also been incorporated into our leadership development and manager training. Last but not least, we have embedded "nudges" into our talent management toolkits for line managers: their purpose is to disrupt unconscious bias at each step in the decision-making process.

Our third pillar is "Own the Way You Work"™. This is a cultural change initiative, which gives managers and employees more autonomy to decide how, when and where work is carried out, within applicable laws, rules and regulations. Our future success depends on our ability to create a flexible, global workforce that is responsive to the needs of our business.

The “Own the Way You Work” ™ philosophy has not only become a distinctive element of our brand, it also plays an important part in our efforts to make our offices more flexible and productive, and to reduce our energy intensity (see “Tackling our carbon footprint” on page 119).

Advancing gender equality is an essential part of our Human Capital Strategy. The initiatives described above support this goal by increasing awareness of unconscious bias and by fostering open-mindedness on how, when and where work gets done. This strategic component is benefiting both women and men, as it helps to improve productivity and work/life balance.

With regard to increasing women’s representation in management, we have recently conducted country-based analyses of our talent flows and assessed ourselves against external best practices. A formal approach is currently being developed as part of our Group Talent Strategy, and progress will be closely monitored by the Group Executive Committee and the Board of Directors.

At our Switzerland headquarters, we have committed to a number of actions we expect will qualify us for certification by the industry-leading EDGE (Economic Dividends for Gender Equality) organisation. And across the Group, we introduced a new Employer Brand, *We're smarter together*, which emphasises gender-neutral visuals, messaging and job advertisements.

Swiss Re is committed to a compensation framework that is balanced and performance-oriented, and that aligns the interests of employees and shareholders.

CONTENTS

Report from the Compensation Committee

Dear shareholders,
I am pleased to share with you the Compensation Report from the Compensation Committee for the financial year ended 31 December 2015, which has been prepared in accordance with all applicable laws, rules and regulations.

Within this Compensation Report we give an overview of the compensation context and highlights in 2015 and then further detail the compensation policy and principles that underpin our compensation framework. Following this we set out how compensation is effectively governed within Swiss Re including the procedure for determining compensation and the roles and accountabilities of the responsible parties. Finally we detail the compensation decisions taken in 2015 including those for the Group Executive Committee and the Board of Directors.

Swiss Re's compensation framework is designed to promote long-term sustainable performance for the Group and its shareholders through a mix of fixed and variable compensation components. It comprises core components such as base salary, pensions and other benefits, as well as a combination of variable short- and long-term incentives as outlined later in this Compensation Report.

The Compensation Committee continues to review and monitor the compensation framework of Swiss Re considering business strategy, targets, risk awareness and corporate values. External factors with respect to regulatory requirements and legal developments, the international context and relevant market data are also taken into account.

During the financial year 2015, the following activities and key decisions took place:

- As part of the continued focus on the effectiveness and business alignment of existing compensation components, a review of the Leadership Performance Plan was completed considering the strategy going forward and the new financial targets for 2016 and beyond. As a consequence, the risk-free rate of the Restricted Share Unit component of the Leadership Performance Plan for the 2016 award will be set at the 10-year US government bond rate (as opposed to the 5-year US government bond rate used in previous years), in alignment with the external return on equity target.

- Key considerations for annual compensation decisions continue to cover a combination of US GAAP and Economic Value Management based business results, qualitative factors and Swiss Re's pay-for-performance approach. Compensation decisions were made considering Swiss Re's overall performance in the reported year in which the Group delivered very strong US GAAP and solid economic results. All three Business Units contributed to this outcome. The underwriting performance of Property & Casualty Reinsurance and Corporate Solutions remained strong, reflecting the high quality of those portfolios. Life & Health Reinsurance exceeded its return on equity targets after the management actions of 2014 addressing the pre-2004 US individual life business. Admin Re® generated significant gross cash for the Group.

- The Compensation Committee again conducted a self-assessment of its effectiveness. Regular interactions with the Swiss Financial Market Supervisory Authority FINMA, shareholders and other key stakeholders were maintained.

- At the 2015 Annual General Meeting, under the Swiss Ordinance Against Excessive Compensation at Public Corporations (the Ordinance), Swiss Re's shareholders for the first time voted on and approved the proposed compensation of the members of the Group Executive Committee as well as the compensation of the Board of Directors. Additionally, all the members of the Compensation Committee were re-elected. Separate to this and as in the past, the 2014 Compensation Report received a positive outcome in the consultative vote. I would like to thank all our shareholders for these positive votes.

The Compensation Committee is satisfied that this Compensation Report complies with all applicable laws, rules and regulations and provides a comprehensive view of the compensation framework at Swiss Re and the 2015 compensation decisions.

We remain committed to providing compensation policies and programmes that support our business strategy and align the interests of our employees with those of our shareholders.

Zurich, 16 March 2016

C. Robert Henrikson

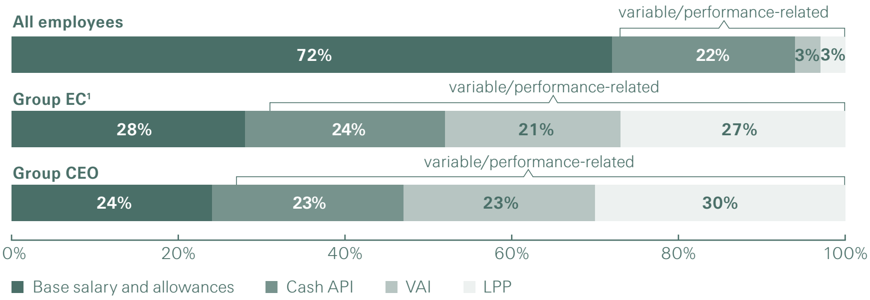
C. Robert Henrikson
Chairman of the Compensation Committee

Compensation context and highlights in 2015

Pay for performance

The Compensation Committee ensures that executive management compensation is linked to the business performance of Swiss Re by delivering a substantial portion of compensation in the form of variable and performance-related incentives.

	Fixed	Variable/performance-related	of which deferred
All employees	72%	28%	22%
Group EC[1]	28%	72%	66%
Group CEO	24%	76%	69%



[1] Including Group CEO.

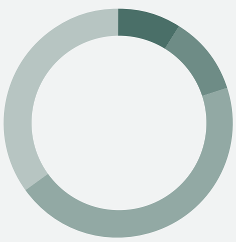
The Compensation Committee monitors how compensation is aligned with specific business metrics, including US GAAP net income and EVM profit.

USD millions (unless otherwise stated)	2013	2014	change	**2015**	change
US GAAP net income	4 444	3 500	–21%	4 597	31%
EVM profit	4 007	1 336	–67%	480	–64%
Regular dividend payments (CHF)[1]	3.85	4.25	10%	4.60	8%
Financial Strength Rating (Standard & Poor's)	AA-	AA-		AA-	
Total equity	32 977	36 041	9%	33 606	–7%
Regular staff worldwide	11 574	12 224		12 767	
Aggregate compensation for all employees (CHFm)[2]	2 065	2 081	1%	2 213	6%
Group EC members[3,4]	12	13		12	
Aggregate Group EC compensation (CHF thousands)[2]	45 902	42 612	–7%	47 360	11%

[1] Dividend payments are made in April of the following year. For 2015 an ordinary dividend of CHF 4.60 is proposed. Special dividends per share for 2013 and 2014 were CHF 4.15 and CHF 3.00, respectively.
[2] Disclosure includes all awards for a reporting year, ie the 2015 aggregated compensation values include the fair value of the Leadership Performance Plan (LPP) granted in April 2015. The API for 2015 for members of the Group EC is subject to approval by the shareholders at the 2016 Annual General Meeting (AGM).
[3] Represents incumbents and not positions.
[4] Including Group CEO.

Attribution of 2015 Group income (in USD millions)

- 9% Variable compensation
- 11% Income tax expense
- 45% Net income paid out as dividend
- 35% Net income added to retained earnings



Attribution of Group income to key stakeholders

USD millions (unless otherwise stated)	2013	%	2014	%	**2015**	%
Income before tax and variable compensation	5 262	100%	4 629	100%	5 758	100%
Variable compensation	506	10%	471	10%	510	9%
Income tax expense	312	6%	658	14%	651	11%
US GAAP net income attributable to shareholders	4 444		3 500		4 597	
of which paid out as dividend[1]	3 129	59%	2 608	57%	1 549	27%
of which share buyback[2]					1 040	18%
of which added to retained earnings within shareholders' equity	1 315	25%	892	19%	2 008	35%

[1] FY 2013 and 2014 include special dividends of approximately USD 1.6 billion and USD 1.1 billion. FY 2015 is estimated based on average year-to-date CHF/USD FX rates as of February 2016. The dividend is subject to AGM approval and the amount depends on the final number of dividend eligible shares and FX rates upon dividend pay out.
[2] Includes shares bought back between 12 November 2015 and 2 March 2016 as part of the buyback programme authorised at the 2015 AGM. The total amount represents an estimate converted at the 2015 average CHF/USD exchange rate.

Key Developments

In addition to a continued focus on linking pay to performance, changes in 2015 mainly related to the implementation of the simplified Value Alignment Incentive (VAI) as well as the review of the performance conditions for the Leadership Performance Plan (LPP).

Activities in 2015

Performance and compensation

- Implementation of the simplified VAI structure.
- The risk-free rate of the Restricted Share Unit (RSU) component of the LPP for the 2016 award will be set at the 10-year US government bond rate.
- Continued embedding of the two-dimensional performance rating on the 'what' and the 'how' (achievements and behaviours) for all employees.

Legal and regulatory oversight

Regulatory aspects covered the continued interaction with FINMA and the monitoring of Solvency II developments to ensure alignment of the compensation framework with the new requirements which entered into force on 1 January 2016.

Additionally, reviews of compliance with new local legal and regulatory requirements were conducted.

Annual General Meeting (AGM)

- At the AGM on 21 April 2015, shareholders voted for the first time on the aggregate prospective compensation of the members of the Board of Directors (86.74% approval). Shareholders voted also on the aggregate prospective fixed compensation and variable long-term compensation and aggregate retrospective variable short-term compensation of the Group Executive Committee (Group EC). The vote outcomes were 90.37% and 90.00% approval respectively.
- As in previous years, the 2014 Compensation Report was subject to a consultative vote and was approved by 88.64% of the shareholder votes.
- The members of the Compensation Committee were re-elected with an average of 97.87% of the shareholder votes.

Outlook 2016

The Compensation Committee will continue focusing on legal and regulatory oversight in addition to monitoring and further improving the overall compensation framework and plans.

The interaction with key shareholders and regulators will also be maintained in 2016.

The binding votes on the compensation proposals for the Group EC and the members of the Board of Directors and the consultative vote on the 2015 Compensation Report are taking place at the AGM on 22 April 2016.

Compensation framework

Compensation Policy
Building on the overarching compensation principles included in Swiss Re's Articles of Association, the compensation framework is captured within the Swiss Re Group Compensation Policy (the Compensation Policy). The Compensation Policy governs the compensation structure and processes across all functions and locations at Swiss Re and is reviewed regularly.

The Compensation Policy also contains guidance for the execution of individual compensation actions. The Compensation Committee has approved an authority matrix that defines the limits to which each level of management can authorise compensation payments. Separate limits apply to each compensation element, thereby ensuring that all payments receive the appropriate level of approval. The Group CEO or the Compensation Committee, as applicable, approves all compensation that exceeds the pre-set limits. The Group CEO is not involved in his own pay decisions.

The Human Resources function conducts a regular self-assessment of Swiss Re's compliance with the Compensation Policy. The Compensation Committee reviews this self-assessment and identifies potential areas of improvement. The Compensation Committee receives reports on compensation decisions as appropriate, including a comprehensive review of the effectiveness of the annual compensation review cycle.

Swiss Re is required to assess the compliance of the Compensation Policy with the requirements of FINMA. As part of this process, the Board's Finance and Risk Committee is required to review risks related to the Compensation Policy. To facilitate the compliance certification process, a comprehensive risk analysis of the Compensation Policy is conducted on an annual basis.

To reflect best practices, the Compensation Policy prohibits the use of any personal hedging strategies or remuneration and liability-related insurance that could undermine the risk alignment effects and economic exposure embedded in compensation arrangements.

Guiding principles
Swiss Re's compensation framework is designed to attract, motivate and retain the qualified talent the Group needs to succeed globally and to create a tangible link between performance and pay.

The aim is to provide compensation that is competitive in local labour markets and to ensure that employees focus on delivering outstanding results while supporting appropriate and controlled risk-taking. A balanced compensation package is complemented by competitive pension plans and benefits.

This approach adds to the success of the business by:
- supporting a culture of high performance with a focus on risk-adjusted financial results;
- ensuring alignment of compensation to business results, individual contribution and compliance;
- supporting Swiss Re's commitment to attract, motivate and retain key talent;
- aligning the interests of employees with those of Swiss Re's shareholders; and
- fostering compliance and supporting appropriate and controlled risk-taking.

Swiss Re has several incentive programmes that reflect the long-term nature of the business: both the VAI as the deferred part of the Annual Performance Incentive (API) and the LPP aim to reward sustained performance rather than short-term results. These programmes support closer alignment of the interests of shareholders and employees.

Overview of the compensation components

Swiss Re aims for total compensation that is competitive in the market.

In addition, Swiss Re aims to ensure that total compensation is well-balanced in terms of fixed versus variable compensation and in terms of short-term versus long-term incentives. This is to encourage sustainable performance and appropriate risk-taking.

The illustration below shows a summary of Swiss Re's compensation and benefit components which are now further described.

Base salary

Base salary is the fixed compensation paid to employees for carrying out their role and is established based on the following factors:

- scope and responsibilities of the role, and qualifications required to perform the role;
- market value of the role in the location in which Swiss Re competes for talent; and
- skills and expertise of the individual in the role.

Annual Performance Incentive

Purpose

The API is a discretionary, variable component of compensation. Combined with the base salary, it provides competitive total cash compensation when both business and individual performance targets are achieved.

Structure

Swiss Re operates a Target API (TAPI) system along with a performance management framework that provides equal weighting to results-oriented and behavioural related performance criteria for all employees. API is awarded for both objectives achieved and the demonstration of desired behaviours.

A TAPI is set based on multiple factors, but primarily on the role being performed and market benchmarks. Similar to the determination of the base salary, the employee's total compensation and overall pay-mix are taken into account, when setting the TAPI. The possible payout for the API ranges from 0 to 2x TAPI.

Settlement

API is generally settled in cash. When the total API level for an employee exceeds a pre-defined amount, the award is split into two components: an immediate cash incentive payment (cash API) and a deferred API (VAI).

Summary of compensation and benefit components

	Fixed (short-term)	Variable compensation (short-term)		(long-term)	Participation plans (long-term)		Benefits (long-term)
	Base salary	**Cash API**	**VAI (deferred API)**	**LPP**	**GSPP**	**ISP**	**Benefits**
Eligibility	All employees	All employees	Employees with an API at or above USD 100 000	Upon Group CEO invitation	All employees	All employees	All employees
Purpose	Attract and retain	Pay for performance	Pay for sustained performance	Alignment with future performance	Alignment to shareholders	Alignment to shareholders	Risk protection, market compe-titiveness, connection to Swiss Re values
Plan duration			3 years	5 years for Group EC members and GMDs* and 3 years for the majority of participants	3 years	1 year	
Drivers	Role and experience	Company, Business Unit and individual performance	Business performance	Business performance			Market practice
Settlement	Cash (immediate)	Cash and/or shares (under the ISP)	Cash (deferred)	Shares	Shares	Shares	Pension, insurances, cash
Performance KPIs		Business and individual performance	Measurement of the economic impact of profit/loss from previous years' business	Relative TSR ROE			
Performance period		1 year	3 years	3 years			
Payout range		0 to 2x TAPI	50%–150% of deferred API	RSUs: 0%–100% PSUs: 0%–200%			
Impact of share price on payout	no	no	no	yes	yes	yes	no
Forfeiture rules	no	yes	yes	yes	yes (on match)	no	yes

* Group Managing Directors

Employees can invest some or all of their cash API in shares under the Incentive Share Plan (ISP).

Value Alignment Incentive

Purpose

The VAI is a mandatory deferral of a portion of the API and introduces a time component to this discretionary, variable compensation. This supports the Group's business model by aligning a portion of variable compensation with sustained long-term results. The aim is to ensure that the ultimate value of the deferred variable compensation through VAI is affected by the longer-term performance of the relevant Business Unit and the Group.

Plan duration

The VAI supports a longer-term perspective by linking awards to performance over a three-year period.

Performance measurement

Starting with the 2015 award, the performance measurement calculation has been simplified to increase transparency. This was achieved by using fewer performance factors (at the Business Unit and Group level) and, where possible, published EVM information.

Structure

The higher the API granted, the greater the amount of compensation that remains at risk through deferral into the VAI, as shown in the table below.

The payout factor of the VAI is calculated based on the three-year average EVM previous years' business profit margin for all prior underwriting years. EVM is Swiss Re's integrated economic valuation and reporting framework for planning, pricing, reserving, and steering the business (please refer to the EVM section on pages 55–56 of this Financial Report). The EVM previous years' business profit margin is the ratio of EVM previous years' business profit to EVM capital allocated to previous years' business in the current year.

A higher EVM previous years' profit margin (for all prior underwriting years) results in a higher payout factor. Conversely, a lower EVM previous years' profit margin results in a lower payout factor. The payout factor is a linear function that ranges from 50% to 150%.

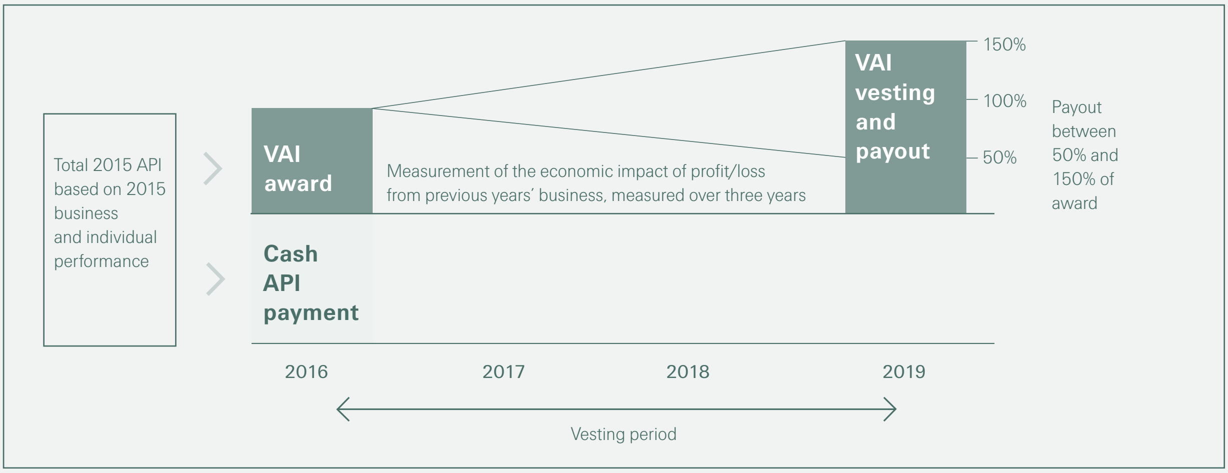
Settlement

At the end of the deferral period, VAI will be settled in cash. For the full three-year performance measurement period, forfeiture conditions apply.

Additionally, clawback provisions apply in a range of events as defined in the VAI plan rules, enabling Swiss Re to seek repayment of settled awards. Examples of events are the participant's conduct or acts which can be considered as malfeasance, fraud or misconduct.

Portion of API that is deferred

	Deferral into VAI
Group CEO	50% of API
Group EC members	45% of API
Group Managing Directors	40% of API
All other employees	50% of the amount at or above USD 100 000 up to a maximum of 40% of API



Leadership Performance Plan

Purpose

The purpose of the LPP is to provide an incentive for Swiss Re's senior management to create successful and sustainable company performance over the long-term. The LPP is a forward-looking instrument awarded to participants with an objective to incentivise decision-making that is also in the shareholders' interest.

The intention of the LPP is to:
- focus participants' energies on earnings, capital efficiency and Swiss Re's position against peers, all of which are critical to sustained shareholder value creation;
- focus participants on long-term goals;
- attract and retain individuals of exceptional skill; and
- provide competitive compensation that rewards long-term performance.

Plan duration

For Group EC members and GMDs, the duration of the LPP is five years comprising a three-year vesting and performance measurement period and an additional two-year holding requirement. For all other participants, the vesting and performance measurement period is three years with no additional holding requirement.

Structure

At the grant date, the award amount is split into two underlying components, Restricted Share Units (RSUs) and Performance Share Units (PSUs), using a fair market value methodology executed by a third party.

Restricted Share Units

The performance condition for RSUs is return on equity (ROE) with a linear vesting line. Vesting is at 0% for an ROE at the risk-free rate* and at 100% for an ROE at a predefined premium above the risk-free rate. The premium is set at the beginning of the plan period and for LPP 2015 this premium has been set at 900 basis points above the risk-free rate. At the end of each year, the performance against the ROE condition is assessed and one third of the RSUs are locked in within a range of 0% to 100%. At the end of the three-year period, the total number of units locked in at each measurement period will vest (capped at 100%**).

Performance Share Units

The performance condition for PSUs is relative total shareholder return (TSR) measured over three years. The PSUs vest within a range of 0% to 200%. The vesting curve starts with 50% vesting at the 50th percentile TSR relative to peers and is capped at 200%** vesting at the 75th percentile relative to peers. In case of a negative TSR over three years, the Compensation Committee retains the discretion to reduce the level of vesting.

Swiss Re's TSR performance is assessed relative to the TSR of the pre-defined peer group. This peer group consists of companies that are similar in scale, have a global footprint or a similar business mix as Swiss Re. The peer group which is set at the beginning of the plan period includes ACE Ltd, Allianz SE, American International Group Inc, Amlin PLC, AXA SA, Everest Re Group Ltd, Hannover Rueck SE, Muenchener Rueckversicherungs-Gesellschaft AG, PartnerRe Ltd, Reinsurance Group of America Inc, RenaissanceRe Holding Ltd, SCOR SE, XL Group PLC*** and Zurich Insurance Group Ltd.

Settlement

At the end of the three-year measurement period, both RSUs and PSUs will typically be settled in Swiss Re Ltd shares. For Group EC members and GMDs, an additional two-year holding is required. For the full three-year performance measurement period, forfeiture conditions apply.

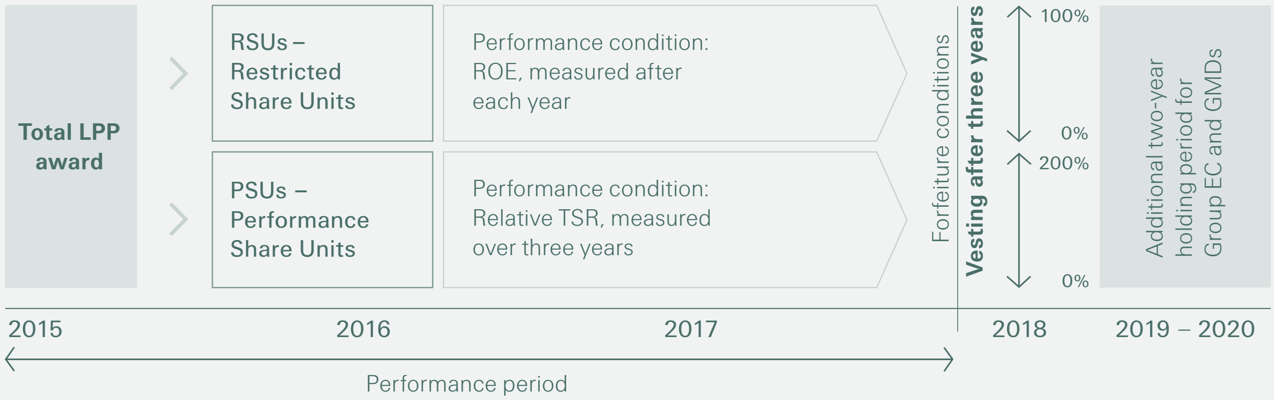
Additionally, clawback provisions apply in a range of events (the same as outlined under the VAI section) as defined in the plan rules, enabling Swiss Re to seek repayment of settled awards.

Grant

The amounts disclosed under LPP in the section compensation decisions in 2015 reflect the grants made in April 2015. This LPP award will be measured over the period 2015 to 2017 and will vest in 2018.

* The annual risk-free rate is determined as the average of 12 monthly rates for 5-year US Treasury Bonds of the corresponding performance year and 10-year US Treasury Bonds for the LPP 2016 and onwards.
** Maximum vesting percentage excludes share price fluctuation until vesting.
*** Catlin Group Ltd has now been integrated into XL Group PLC.

Leadership Performance Plan



Swiss Re also makes it possible for all LPP participants to have shares sold or automatically settled on a net basis as applicable, to cover statutory tax and social security liabilities that may arise at vesting.

Funding of the Annual Performance Incentive and Leadership Performance Plan pools

The Compensation Committee focuses on both financial results and qualitative criteria in determining global variable compensation pools.

The Compensation Committee receives proposals from management requesting the total funding for variable compensation pools for both API and LPP. The management proposal for the annual API pool is generally based on the Group's overall performance for the year. The LPP pool is reviewed in the context of sustainable business performance and affordability. The Compensation Committee considers these proposals and recommends a total pool to the full Board of Directors for approval. The Compensation Committee and the Chairman of the Board of Directors also propose an individual award for the Group CEO within this overall pool. The VAI is not funded as a separate pool: the API pool will include amounts paid in immediate cash and amounts to be deferred into the VAI.

Swiss Re uses a three-step process to assess business performance to help determine the overall Group API pool. The process comprises a financial, a qualitative and an overall assessment. The financial assessment covers US GAAP EPS/net income*, ROE, EVM profit and economic net worth measures for both the Group and each Business Unit individually. Also, multi-year comparisons and an assessment of the quality of earnings are considered. The chart below gives more detail on the criteria used to determine the size of the pool. The Business Units then allocate their pools following a similar assessment.

Global Share Participation Plan

Swiss Re offers its employees an opportunity to directly participate in the long-term success of the company by purchasing Swiss Re Ltd shares (up to a maximum of CHF 7 000 per year and capped at 10% of base salary), through the Global Share Participation Plan (GSPP). The company provides a 30% match on the number of shares held by employees at the end of the three-year plan cycle. The match is subject to forfeiture rules in case of termination of employment before the end of the plan cycle. The GSPP has the same core design in all locations.

Incentive Share Plan

The Incentive Share Plan (ISP) provides employees with an opportunity to receive some or all of their immediate cash API in the form of Swiss Re Ltd shares. Shares are offered with a 10% discount on the Fair Market Value (FMV) and are subject to a one-year blocking period. Full shareholder rights apply during this blocking period. The ISP encourages alignment with shareholder interests. At the end of the one-year period, the employee assumes full ownership of the shares.

Benefits

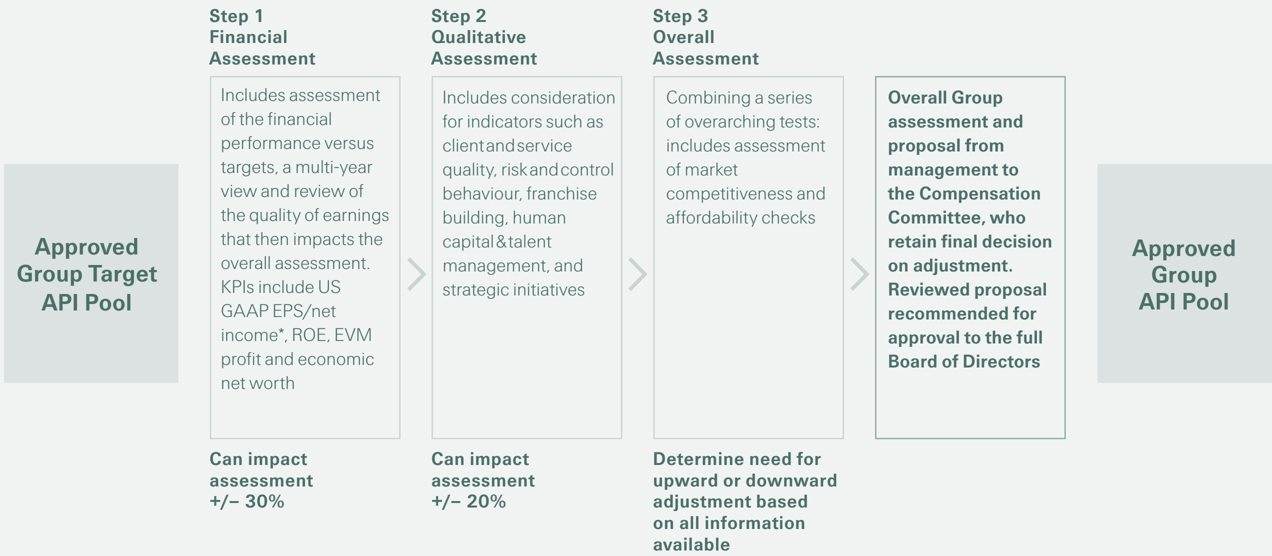
Swiss Re aims to provide a competitive package of employee benefits. Benefits are designed and implemented under a global framework, while appropriately reflecting differing local employment market conditions.

The key objectives of Swiss Re's benefits packages are to:

- provide a degree of security for employees as they relate to pension, health matters, disability and death;
- be competitive in the markets where Swiss Re competes for talent, as such perquisites are generally provided where these are market driven; and
- connect with Swiss Re values and enhance engagement.

* EPS for the Group and net income for the Business Units.

Group API pool funding process



Compensation framework for Group EC members

The Group EC including the Group CEO are remunerated under the same compensation framework as all other Swiss Re employees, except for the following:

- Compensation approval: the aggregate compensation is subject to AGM approval as outlined in the Articles of Association.
- Caps on API: two caps apply to actual API awards which are 2x TAPI and 3x annual base salary.
- LPP plan duration: the LPP plan duration is five years comprising a three-year vesting and performance measurement period, and an additional two-year holding requirement.
- Stock ownership guidelines: the Group EC including the Group CEO are subject to the Stock Ownership Guidelines (covered below).

In 2015, for the members of the Group EC including the Group CEO, the total of the aggregate TAPIs was CHF 15.9 million and the aggregate LPP 2015 award was CHF 12.2 million. For the Group CEO the TAPI was CHF 2.5 million and the LPP award was CHF 2.0 million.

The Compensation Committee assesses the performance of the Group EC including the Group CEO against a set of quantitative and qualitative objectives. The main financial performance indicators are based on US GAAP EPS/net income, ROE, EVM profit and economic net worth. The qualitative criteria include client and service quality, franchise building, human capital and talent management as well as risk- and control-related behavioural objectives. These objectives are agreed at the beginning of the year and are aligned with the Group's strategy.

Benchmarking

The external compensation advisor to the Compensation Committee conducts an annual review of the compensation for the Group EC relative to a group of reference companies in the financial services industry to ensure that market competitiveness is maintained. The reference companies are regularly reviewed by the Compensation Committee to ensure their continued relevance. The core peer group consists of the following globally active primary insurance and reinsurance firms: ACE Ltd, Allianz SE, American International Group Inc, Aviva PLC, AXA SA, Generali, Hannover Rueck SE, Metlife Inc, Muenchener Rueckversicherungs-Gesellschaft AG, PartnerRe Ltd, QBE Insurance Group Ltd, Reinsurance Group of America Inc, SCOR SE, XL Group PLC* and Zurich Insurance Group Ltd.

Employment conditions

The Group EC including the Group CEO have employment contracts with notice periods of 12 months and no severance clauses. Information on "change of control" clauses is covered in the Corporate Governance section on page 109 of this Financial Report. Group EC members are covered by the Group's standard defined-contribution pension plans.

Stock Ownership Guidelines

Swiss Re has Stock Ownership Guidelines which articulate the levels of stock ownership expected of the Group EC including the Group CEO. The guidelines are designed to increase the alignment of individual members of senior management with shareholders.

The guidelines define target ownership by role and the ownership levels required are:

- Group CEO — 3x annual base salary; and
- Group EC members — 2x annual base salary.

Members have a five-year timeframe to achieve these targets. In addition, because Swiss Re believes that a meaningful stock ownership position is essential, restrictions on the immediate cash portion of API delivered will apply if these levels are not met within the specified timeframe.

The determination for whether a Group EC member has met the guidelines will include all vested shares that are owned directly or indirectly by the relevant members and related parties.

Compensation framework for the Board of Directors

The objective in compensating members of the Board of Directors is to attract and retain experienced individuals who are highly motivated to perform a critical role in the strategic oversight of the company and to contribute their individual business experience and expertise. The structure of compensation for members of the Board of Directors must, however, take account of the way their contribution to the success of Swiss Re differs from that of the Group EC.

It is important that the compensation components are structured to achieve a strong alignment with the interests of the other shareholders of Swiss Re. In line with best practice, a significant portion (40%) of the compensation for the Board of Directors consists of Swiss Re Ltd shares.

The fees for the Board of Directors are approved by the AGM in advance of the term of office for which the Board of Directors are elected. The Board of Directors receive no variable or performance-based compensation. The fee level for each Board member, subject to their re-election, is reviewed annually to ensure that it remains appropriate.

* Catlin Group Ltd has now been integrated into XL Group PLC.

Compensation structure

Group fees for the members of the Board of Directors are delivered 60% in cash, and a mandatory 40% in Swiss Re Ltd shares, with a four-year blocking period.

Roles and time commitment

The fees for the members of the Board of Directors reflect different responsibilities and committee memberships. The individual levels of pay therefore vary. Certain committees, such as the Audit Committee as well as the Finance and Risk Committee, meet more frequently with longer meetings and hence have higher workloads. Chairpersons of these committees have to devote even more time to their tasks.

The Chairman of the Board of Directors devotes himself full-time to his role. In defining the position of Chairman as a full-time role, Swiss Re applies best practice for highly regulated, complex financial institutions. The Chairman participates in developing the firm's strategy, supervises the implementation of the agreed strategy and organises the work of the Board of Directors and its committees so these bodies can fulfill their responsibilities and authorities. The Chairman also has the important task, together with the Group CEO, in representing the firm to outside parties including shareholders, industry associations, the media, political and regulatory authorities (including the Group regulator FINMA), government officials and the general public, in all key locations where Swiss Re operates.

Swiss Re's Vice Chairman was appointed in 2012, acting also as the Lead Independent Director since 2014. He is a member of the Chairman's and Governance Committee, chairs the Audit Committee and is a member of the Compensation Committee. His overall responsibility is to act as a deputy of the Chairman, if the Chairman is prevented from performing his duties or if a conflict of interest situation arises. The Board of Directors may assign further tasks to the Vice Chairman.

The degree of in-depth oversight requires a high level of professional experience and expertise from each Board member in their field. Swiss Re is confident that the skill set of its Board of Directors is well balanced, which in turn ensures an effective level of supervision.

Valid cross-border comparisons of the roles and responsibilities of the Swiss Re Board against the boards of other international companies are clearly difficult to make, given both the differing legal environment and operating context within each country. Nevertheless, it is apparent that the demands on the Swiss Re Board members continue to be high. In addition to their core responsibilities, Board members, similar to the Chairman, are regularly asked to meet with external stakeholders including regulators and investors, all of which warrant additional time, dedication and commitment from the individuals concerned.

Fee approval

The aggregate compensation of the Board of Directors for the term of office between two subsequent AGMs is subject to shareholder approval at the AGM as outlined in the Articles of Association.

Subsidiary boards of directors

The majority of the members of the boards at the subsidiary level are Swiss Re executives and they receive no additional fees for their services in this role. The non-executive members of the subsidiary boards receive their fees 100% in cash.

Compensation governance

Roles and Responsibilities

Authority for decisions related to compensation at the Board level are governed by the Articles of Association and the Corporate Bylaws including the Compensation Committee Charter (Charter). The main responsibilities of the Compensation Committee are summarised in the table on the right.

The Articles of Association of Swiss Re Ltd (AoA) include rules on:
- the approval of compensation at the AGM (Art. 22);
- the supplementary amount for changes in the Group EC (Art. 23);
- the compensation principles for both the members of the Board of Directors and the Group EC covering short-term and long-term elements, performance related pay, payment in shares, financial instruments or units, compensation in kind or other types of benefits (Art. 24); and
- the agreements with members of the Board of Directors and the Group EC, external mandates and credits and loans (Arts. 25 to 27).

Full details on these rules are available on the Swiss Re website: www.swissre.com — About us — Corporate governance — Corporate regulations — Articles of Association of Swiss Re Ltd.

Function	Description of role and responsibilities
Board of Directors	■ Is supported by the Compensation Committee in establishing and reviewing the Company's compensation strategy and guidelines and performance criteria as well as in preparing the proposals to the AGM regarding the compensation of the members of the Board of Directors and the Group EC. ■ Further details can be found in the Corporate Governance section on pages 84–101.
Compensation Committee	■ Consists of at least three independent members of the Board of Directors, and each member of the Compensation Committee is elected individually at the AGM for a term of office until completion of the next AGM. ■ Assesses the individual performance of the Group EC including the Group CEO and periodically review the effectiveness of the performance management process. ■ Is governed by a Charter approved by the Board of Directors, which defines the purpose, composition and procedural rules of the Compensation Committee, including its responsibilities and authorities for making proposals and decisions related to compensation of the members of the Board of Directors and the Group EC. ■ Is responsible for making recommendations and overseeing the design and implementation of compensation principles, policy, framework, plans and disclosure. ■ Reviews compensation principles, policies and share-based plans annually to ensure that they remain in line with Swiss Re's objectives and strategy, shareholders' interests, and legal and regulatory requirements. ■ Further details can be found in the Corporate Governance section on page 94.
Management	■ The Group CEO, the Group Chief Operating Officer and the Chief Human Resources Officer participate in the Compensation Committee meetings. ■ Other members of senior management may attend as deemed appropriate by the Compensation Committee and upon invitation by the Chair of the Compensation Committee. ■ No individual may attend any part of a meeting where their own compensation is discussed.
Secretary	■ The Head Reward serves as the Secretary to the Compensation Committee and attends its meetings (apart from the executive sessions).
External Advisors	■ Mercer provides information about remuneration trends, market benchmarking and advice on executive compensation issues. ■ Niederer Kraft & Frey AG provides legal advice, mainly about specific aspects of compliance and disclosure matters regarding compensation. These advisors are retained by the Compensation Committee. They provide the Compensation Committee with an external perspective and from time to time provide other services to Swiss Re.

Compensation approval

The table below shows the role of the Compensation Committee in approving compensation.

Decision on	Proposed	Endorsed	Approved
Maximum aggregate amount of compensation of Group Board members for the next term of office[1]	Compensation Committee, Chairman of the Board of Directors, Board of Directors (to the AGM)		Board of Directors, AGM
Individual compensation of Group Board members	Compensation Committee, Chairman of the Board of Directors[2]		Board of Directors[3]
Maximum aggregate amount of fixed and long-term compensation of Group EC members	Group CEO, Board of Directors (to the AGM)	Chairman of the Board of Directors	Compensation Committee, Board of Directors, AGM
Aggregate amount of variable short-term compensation of Group EC members	Group CEO, Board of Directors (to the AGM)	Chairman of the Board of Directors	Compensation Committee, Board of Directors, AGM
Compensation of Group CEO	Compensation Committee, Chairman of the Board of Directors		Board of Directors[4]
Individual compensation of Group EC members (excl. Group CEO)	Group CEO	Chairman of the Board of Directors	Compensation Committee[4,5]
Short-term compensation pools and long-term incentive pools for the Group and Group EC (incl. Group CEO)	Group CEO	Chairman of the Board of Directors, Compensation Committee	Board of Directors[3]

[1] Board members concerned abstain from voting.
[2] Other than the Chairman's compensation.
[3] Within the maximum aggregate amount of compensation approved by the AGM.
[4] Within the maximum aggregate amount of compensation approved by the AGM and the supplementary amount available for changes in the Group EC as per the AoA respectively.
[5] Board of Directors informed.

Compensation Committee's time allocation to key topics in 2015

- 23% Variable compensation for the Group
- 9% Review of compensation framework
- 18% Compliance and regulatory
- 12% Compensation and performance of Group EC members
- 19% Executive sessions
- 19% Other topics

Compensation Committee activities

The Compensation Committee has an annual agenda to ensure that important reviews take place at the appropriate times throughout the year. The Compensation Committee also commits time to executive sessions and conducts periodic self-assessments to ensure its continued high level of effectiveness. It held six meetings during 2015 and provided an update to the Board of Directors on topics discussed, decisions made and items for approval after each of these meetings. A summary of the topics dealt with by the Compensation Committee during the year is shown on page 142.

High-level overview of topics discussed

Variable compensation for the Group
At Swiss Re, the compensation cycle begins in December and runs through to March/April of the following year. The Compensation Committee oversees each stage of the process, starting with deciding on the variable compensation pool for the prior performance year, reviewing these decisions, and setting targets for the upcoming year.

Outlined below is an overview of the topics discussed during 2015:

Items relating to the past performance cycle	Meeting
■ Performance assessment process and proposal of the variable compensation pool	January and February
■ Approval of performance factors for deferred compensation awards	February and April
■ Review of the decisions made during the prior compensation cycle	June
Items relating to the upcoming performance cycle	
■ Review and recommendation of the LPP pool for the upcoming year	January and February
■ Setting of the performance targets for variable compensation for the upcoming year	February

Compensation and performance of the Group EC
The review of the Group EC compensation follows the same cycle as that for the Group. Again, the Compensation Committee is fully involved through all stages of the process, and all decisions are taken by the Compensation Committee and the Board of Directors.

■ Performance assessment of the prior year	January and February
■ Approval of individual compensation proposals for the Group EC[1]	February and April
■ Review and confirm reference companies for the Group EC compensation benchmarking	April
■ Analysis of Group EC members' compensation relative to external peers	June

Compensation of the Board of Directors
The compensation of the Board of Directors is reviewed annually and the Compensation Committee formulates proposals for the approval of the Board of Directors accordingly[2].

■ Fees of the Board of Directors for the following compensation period	February and April
■ Approval of the Board of Directors compensation policy	April
■ Analysis of compensation practices for non-executive directors relative to the market	September

Compensation principles and plans

■ Review and update of the LPP principles	February
■ Annual benefits review	June
■ Review of the Compensation Policy	September
■ Review and update of the VAI plan	January, February and April

Compliance and regulatory
The Compensation Committee spends time reviewing materials relating to regulatory or statutory reporting. In addition, the structure of the Compensation Committee and its advisors is reviewed on an ongoing basis.

■ Review and endorsement of the Compensation Report	December, January and February
■ Compliance and regulatory developments	All meetings
■ Review of the role and mandate of external advisors	June

[1] Within the maximum aggregate amount of compensation approved by the AGM and the supplementary amount available for changes in the Group EC as per the Articles of Association respectively.
[2] Within the maximum aggregate amount of compensation approved by the AGM.

The role of the Control Functions in compensation

The role of Swiss Re's Control Functions (defined as Group Risk Management, Compliance and Group Internal Audit) in compensation matters is well established.

Risk and Control Related Behaviour assessment of Group and business functions

Focus on the link between compensation and risk and control related behaviours continues. The Control Functions annually perform a quantitative and qualitative assessment of each of these behaviours independently and summarise the outcomes in a consolidated Group report.

Risk and Control Related Behaviour assessment of Key Risk Takers

Key Risk Takers are defined as individuals who, by the nature of their role, can materially commit or control Swiss Re's resources, or influence its risk profile. Swiss Re bears risks in the course of its business activities, including market, credit and liquidity, underwriting, operational (including legal and compliance) and reputational risk.

In 2015, Swiss Re has identified 213 positions that qualify as Key Risk Takers. This group consists of the members of the Group EC, GMDs and other roles with significant risk taking authority. The list of Key Risk Takers is reviewed on an annual basis.

The reason for the increase in the number of Key Risk Takers (141 in 2014) is driven by the need to introduce more sustainable and repeatable selection criteria based on clear rules rather than judgements. This revised definition ensures that all individuals with first line of defence activities that could significantly influence the risk profile of Swiss Re are part of the assessment process.

Influence of the behavioural assessment on compensation

The risk and control related behaviour assessment of Group and business functions provides additional input for helping determine the Group API pool and its allocation to each business function.

The Control Functions assess the risk and control related behaviour of each Key Risk Taker and deliver a report to the business, the Group Chief Risk Officer and the Chief Human Resources Officer on an annual basis. This assessment serves as an additional factor when considering individual performance and compensation outcomes.

Independence of the Control Functions

In order to ensure the continued independence of Control Functions, their compensation approval processes differ in that the annual compensation decisions for these functions are approved at the Board level.

This includes the approval by the Chairmen of the Audit and the Finance and Risk Committees, of the aggregate API pool of their respective Control Functions, and the approval of the individual compensation for the head of each respective Control Function.

Compensation decisions in 2015

Compensation decisions for employees

Payouts of variable compensation plans

Annual Performance Incentive

Swiss Re Group and Business Units
The Group delivered very strong US GAAP and solid economic results. All three Business Units contributed to this result. The underwriting performance of Property & Casualty Reinsurance and Corporate Solutions remained strong, reflecting the high quality of those portfolios. Life & Health Reinsurance exceeded its ROE targets after the management actions of 2014 addressing the pre-2004 US individual life business. Admin Re® again generated significant gross cash for the Group.

US GAAP financial performance
Property & Casualty Reinsurance achieved an excellent result reflecting continued good underwriting performance supported by benign natural catastrophe experience and favourable prior-year development. Life & Health Reinsurance reported a strong operating result following the management actions addressing the pre-2004 US individual life business. The result benefited from lower interest charges and net realised gains.

Corporate Solutions delivered good results in 2015, reflecting continued profitable business performance across most lines of business and increased investment income. Premiums earned decreased slightly compared to 2014, driven by the challenging market, most notably in property in North and Latin America, and foreign exchange rate movements. After successful acquisitions and the start of new operations worldwide, Corporate Solutions continues to focus on expansion into primary lead and to further broaden the distribution network.

Admin Re® reported strong results, driven by realised gains and one-off tax benefits. Gross cash generation was strong, with benefits from mortality assumption updates. Admin Re® demonstrated strong progress against its strategy of being a leading closed life book consolidator in the UK through the acquisition of Guardian Financial Services (Guardian) and the migration of HSBC policies to Admin Re® platforms.

For further details on the US GAAP financial performance, refer to page 24–45 in this Financial Report.

Economic value management financial performance
The economic results in 2015 reflected solid underwriting performance in Property & Casualty Reinsurance. The Life & Health Reinsurance underwriting result was also strong, driven by large transactions and favourable assumption changes. Corporate Solutions generated a small EVM new business loss more than offset by previous years' business profit from favourable prior-year development from the two most recent underwriting years. Admin Re® reported an EVM loss mainly driven by the provision for the expected loss on the Guardian transaction, although this transaction is expected to generate a positive contribution to economic net worth over time, supporting Swiss Re's focus on long-term value generation. Investment activities generated an EVM loss mainly driven by losses in Principal Investments and the impact of credit spread widening on the broader fixed income portfolio, primarily in Life & Health Reinsurance and Admin Re®, where the focus is steady income as opposed to managing short-term volatility.

For further details on the economic financial performance, refer to the EVM section on pages 55–56 of this Financial Report.

Qualitative and overall assessment

Qualitatively, Swiss Re has made some noticeable improvements in 2015. The new branding, mission and vision have positively redefined the Group. Employee Engagement Survey scores are in aggregate above relevant external benchmarks in the majority of the business and core IT capabilities are market leading. Client centric behaviour continues to improve in all areas and the business structure and organisational set-up position Swiss Re effectively for future challenges.

Both the Compensation Committee and the full Board of Directors assessed the overall performance of Swiss Re Group as having been markedly stronger in 2015 compared to 2014. Consequently, compensation pools for the Group Executive Committee and other employees were set at higher levels than in 2014.

Value Alignment Incentive

VAI performance is measured for the Group and each underlying business area. The performance factor for each participant is determined based on the business area that the participant was in at the time of award. In March 2015, the Group VAI 2011 (awarded in 2012) vested with a performance factor of 103%.

VAI plan year	Performance measurement period elapsed as of 31 December 2015	Performance factor
2009 (awarded 2010)	3 years (closed)	104.00%
2010 (awarded 2011)	3 years (closed)	105.90%
2011 (awarded 2012)	3 years (closed)	103.00%
2012 (awarded 2013)	3 years	to be determined
2013 (awarded 2014)	2 years	to be determined
2014 (awarded 2015)	1 year	to be determined

The VAI 2011 performance factor of 103%, which applies to all Group functions, was mainly driven by positive investment performance in 2012 and 2013 and partially offset by adverse business development in 2012 for the relevant performance year.

Leadership Performance Plan

The LPP award is generally part of total target compensation and is consistently linked to Swiss Re Group's future achievement of multi-year performance conditions (ROE and relative TSR), keeping the focus on the long-term success of the company. Swiss Re made LPP grants in 2015 consistent with this rationale.

The LPP 2012 plan was granted on 1 April 2012 and vested on 31 March 2015. The RSU component is measured against an ROE performance condition. At the end of each year, the performance is assessed and one third of the RSUs are locked in within a range of 0% to 100%. At the end of the three-year period, the total number of units locked in vests. For the LPP 2012 the average performance factor for the RSUs was just under 100% for the three-year period.

The PSUs are based on relative TSR, measured against a pre-defined basket of peers and vest within a range of 0% to 200%. For the LPP 2012 the performance factor for the PSUs was 200% for the three-year period.

Aggregate variable compensation expense

The Compensation Committee takes its decisions to award variable compensation on an economic value basis at the time of grant. In the financial statements, the recognition of deferred compensation follows the accrual principles as defined under US GAAP. The financial statements reflect the aggregate value of variable compensation for the year under review as follows:

CHF millions	Economic value at grant	US GAAP accounting year 2015 Accrued grant value	Fair value mark-up	Total expense
Cash API 2015	372	372		372
VAI 2015 (awarded 2016)	61			
LPP 2015 (granted 2015)	44	11	–1	10
Cash API 2014[1]			14	14
VAI 2011 - 2014 (awarded 2012 - 2015)	n/a	61	–3	58
LPP 2012 - 2014 (granted 2012 - 2014)	n/a	31	1	32
Total		**475**	**11**	**486**

[1] Accrual related to prior performance year.

Aggregate compensation of the Swiss Re Group

The aggregate compensation for the performance years 2014 and 2015 for all employees was as follows:

Category	Type of plan	Performance Year 2014 Number of participants	Performance Year 2014 Values (in CHF millions)	**Performance Year 2015** Number of participants	**Performance Year 2015** Values (in CHF millions)
Fixed compensation	Base salaries	12 224	1 169	12 767	1 228
	Pensions, social security and benefits	12 224	464	12 767	473
Annual Performance Incentive	Cash Annual Performance Incentive	10 356	329	11 575	372
	Value Alignment Incentive	828	51	918	61
Long-term variable compensation	Leadership Performance Plan	278	45	286	44
Other payments	Severance payments[1]	397	22	346	33
	Sign-on payments	55	1	67	2

[1] Severance payments in the table above include (i) payments under standard severance packages, (ii) other payments that are over and above what is contractually or legally required, and (iii) voluntary supplementary departure payments, but exclude similar legally permitted payments or garden leave which are aligned with local market practice for comparable positions in respect of amount, nature or duration. No severance payments were made to members of the Group EC.

As of 31 December 2015 Swiss Re Group employed 12 767 regular staff worldwide, compared to 12 224 employees at the end of 2014.

Aggregate compensation for Key Risk Takers

The aggregate compensation of the individuals that held a key risk-taking position during the performance years 2014 and 2015 was as follows:

Category	Type of plan	Performance Year 2014 Number of participants	Performance Year 2014 Values (in CHF millions)	**Performance Year 2015** Number of participants	**Performance Year 2015** Values (in CHF millions)
Fixed compensation	Base salaries	141	57	213	77
	Pensions, social security and benefits	141	31	213	39
Annual Performance Incentive	Cash Annual Performance Incentive	140	45	212	64
	Value Alignment Incentive	139	28	211	40
Long-term variable compensation	Leadership Performance Plan	126	32	185	39
Other payments	Severance payments[1]	1	0	1	0
	Sign-on payments	0	0	3	0

[1] Severance payments in the table above include (i) payments under standard severance packages, (ii) other payments that are over and above what is contractually or legally required, and (iii) voluntary supplementary departure payments, but exclude similar legally permitted payments or garden leave which are aligned with local market practice for comparable positions in respect of amount, nature or duration. No severance payments were made to members of the Group EC.

Compensation mix for Group EC 2015

- 28% Base salary and allowances
- 24% Cash API
- 21% VAI (paid after 3 years)
- 27% LPP (paid after 5 years)

2014

- 31% Base salary and allowances
- 22% Cash API
- 19% VAI (paid after 3 years)
- 28% LPP (paid after 5 years)

Compensation decisions for members of governing bodies

The section below is in line with Swiss law and specifically with Articles 14 to 16 of the Swiss Ordinance Against Excessive Compensation at Public Corporations (the Ordinance) which require disclosure of compensation paid to members of the Board of Directors and the Group EC. Compensation to members of the Board of Directors and the highest paid member of the Group EC is shown individually. This section (pages 147 to 151) is audited as required by the Ordinance.

Compensation decisions for the Group EC

The variable compensation awarded to all members of the Group EC (including the Group CEO) totalled CHF 32.5 million for 2015, compared to CHF 28.1 million for 2014. The following table covers payments to 12 members for 2015 who were all employed for the full year. The 2014 payments cover 13 members, of whom 11 were employed for the full year.

CHF thousands	13 members[7] 2014	12 members **2015**
Base salary and allowances[1]	12 711	12 905
Funding of pension benefits	1 845	1 913
Total fixed compensation	14 556	**14 818**
Cash Annual Performance Incentive[2]	9 036	11 028
Value Alignment Incentive[2]	7 620	9 314
Leadership Performance Plan[3]	11 400	12 200
Total variable compensation	28 056	**32 542**
Total fixed and variable compensation[4]	42 612	**47 360**
Compensation due to members leaving[5]		
Total compensation[6]	42 612	**47 360**

[1] Consisting of housing, schooling, lump sum expenses, child and similar allowances.
[2] For 2015, subject to shareholder approval at the AGM 2016. For 2014, as part of the aggregate amount of short-term variable compensation approved by the shareholders at the AGM 2015.
[3] Disclosure reflects all awards for a reporting year, ie the 2014 value reflects the fair value of LPP awards granted in April 2014 and the 2015 value reflects the fair value of LPP granted in April 2015.
[4] Covers payments reflecting the time in the role as Group EC members.
[5] For members leaving during the reporting period, this covers only legally or contractually required payments for the period when the member was no longer in the role (eg base salary when on garden leave).
[6] Amounts are gross and include social security contributions of the employees. Additionally and not included are company contributions to social security systems paid by Swiss Re in line with applicable laws which amounted to CHF 3 802 474 in 2014 and CHF 3 755 675 in 2015.
[7] Represents incumbents and not positions.

Compensation decisions for the Group CEO

Michel M. Liès, Group CEO since February 2012

CHF thousands	2014	**2015**
Base salary and allowances	1 651	1 638
Funding of pension benefits	177	178
Total fixed compensation	1 828	**1 816**
Cash Annual Performance Incentive[1]	1 250	1 600
Value Alignment Incentive[1]	1 250	1 600
Leadership Performance Plan[2]	2 000	2 000
Total variable compensation	4 500	**5 200**
Total compensation[3]	6 328	**7 016**

[1] For 2015, subject to shareholders approval at the AGM 2016. For 2014, as part of the aggregate amount of short-term variable compensation approved by the shareholders at the AGM 2015.
[2] Disclosure reflects all awards for a reporting year, ie the 2014 value reflects the fair value of the LPP award granted in April 2014 and the 2015 value reflects the fair value of the LPP award granted in April 2015.
[3] Amounts are gross and include social security contributions of the employee. Additionally and not included are company contributions to social security systems paid by Swiss Re in line with applicable laws which amounted to CHF 359 721 in 2014 and CHF 813 446 in 2015.

Additional information on compensation decisions

Amounts reported under base salary and allowances include the base salary which is paid in cash, and benefits or allowances paid in cash.

For US GAAP and statutory reporting purposes, VAI and long-term incentive awards are accrued over the period during which they are earned. For the purpose of the disclosure required in this Compensation Report, the value of awards granted is included as compensation in the year of performance for the years 2014 and 2015 respectively.

Each member of the Group EC including the Group CEO participates in a defined-contribution pension scheme. The funding of pension benefits shown in the two tables on page 147 reflects the actual employer contributions.

Other payments to members of the Group EC

During 2015, no payments (or waivers of claims) other than those set out in the section compensation decisions in 2015 were made to current members of the Group EC or persons closely related.

Shares held by members of the Group EC

The following table reflects total current Swiss Re share ownership by members of the Group EC as of 31 December:

Members of the Group EC	2014	**2015**
Michel M. Liès, Group CEO	187 690	262 808
David Cole, Group Chief Financial Officer	28 755	54 207
John Dacey, Group Chief Strategy Officer, Chairman Admin Re®[1]	45	171
Guido Fürer, Group Chief Investment Officer	32 315	42 302
Agostino Galvagni, CEO Corporate Solutions	64 860	65 816
Jean-Jacques Henchoz, CEO Reinsurance EMEA	38 280	35 476
Christian Mumenthaler, CEO Reinsurance	40 000	50 000
Moses Ojeisekhoba, CEO Reinsurance Asia	14 369	26 404
J. Eric Smith, CEO Swiss Re Americas	0	16 990
Matthias Weber, Group Chief Underwriting Officer	57 649	25 410
Thomas Wellauer, Group Chief Operating Officer	75 973	116 111
Total	539 936	**695 695**

[1]Chairman Admin Re® until May 2015.

Vested options held by members of the Group EC

The following table reflects total vested option ownership by members of the Group EC as of 31 December:

Members of the Group EC	2014	**2015**
Weighted average strike price in CHF	74.34	**n/a**
Michel Liès, Group CEO	15 000	0
Matthias Weber, Group Chief Underwriting Officer	3 500	0
Total	18 500	**0**

Swiss Re granted options to senior management in the past and the last grant was made in 2006. The underlying strike price for the outstanding option series has been adjusted for special dividend payouts. The remaining vested options held by active members of the Group EC expired in 2015.

Leadership Performance Plan units held by members of the Group EC

The following table reflects total unvested LPP units (RSUs and PSUs) held by members of the Group EC as of 31 December:

	2014	2015
Michel Liès, Group CEO	133 290	99 490
David Cole, Group Chief Financial Officer	60 160	49 755
John R. Dacey, Group Chief Strategy Officer, Chairman Admin Re®	34 210	49 755
Guido Fürer, Group Chief Investment Officer	47 190	49 755
Agostino Galvagni, CEO Corporate Solutions	60 160	49 755
Jean-Jacques Henchoz, CEO Reinsurance EMEA	48 135	39 805
Christian Mumenthaler, CEO Reinsurance	60 160	49 755
Moses Ojeisekhoba, CEO Reinsurance Asia	48 135	39 805
J. Eric Smith, CEO Swiss Re Americas	48 135	39 805
Matthias Weber, Group Chief Underwriting Officer	60 160	49 755
Thomas Wellauer, Group Chief Operating Officer	60 160	49 755
Patrick Raaflaub, Group Chief Risk Officer	0	12 435
Total	659 895	**579 625**

Loans to members of the Group EC

As per Art. 27 of the Articles of Association, credits and loans to members of the Group EC may be granted at employee conditions applicable for the Swiss Re Group, with a cap on the total amount of such credits and loans outstanding per member.

In general, credit is secured against real estate or pledged shares. The terms and conditions of loans and mortgages are typically the same as those available to all employees of Swiss Re Group in their particular locations to the extent possible. For example, in Switzerland fixed-rate mortgages have a maturity of five years and interest rates that correspond to the five-year Swiss franc swap rate plus a margin of 10 basis points.

Swiss-based variable-rate mortgages have no agreed maturity dates. The basic preferential interest rates equal the corresponding interest rates applied by the Zurich Cantonal Bank minus one percentage point. Where fixed or floating interest rates are preferential, the value of this benefit has been included in the line item "base salary and allowances" on page 147.

The following table reflects total mortgages and loans for members of the Group EC as of 31 December:

CHF thousands	2014	2015
Total mortgages and loans to members of the Group EC	2 411	420
Highest mortgages and loans to an individual member of the Group EC[1]:		
Christian Mumenthaler	1 895	n/a
J. Eric Smith	n/a	420
Total mortgages and loans not at market conditions to former members of the Group EC	4 300	4 300

[1] The member of the Group EC having the highest mortgage in 2014 transferred the mortgage to a bank in 2015.

Compensation for the members of the Board of Directors

The following two tables illustrate (1) the individual compensation for the members of the Board of Directors for the reported financial years 2014 and 2015 and (2) the individual compensation for the members of the Board of Directors paid or payable for the term of office from AGM 2015 to AGM 2016.

(1) Individual Board compensation for the reported financial years 2014 and 2015 was:

CHF thousands	Total 2014	Fees and allowances in cash	Fees in blocked shares	**Total 2015**
Walter B. Kielholz, Chairman	4 895	2 866	1 906	4 772
Renato Fassbind, Vice Chairman, Chairman of the Audit Committee[1]	789	525	350	875
Jakob Baer, former Chairman of the Audit Committee[2]	217	n/a	n/a	n/a
Raymund Breu, former Member[3]	331	53	36	89
Mathis Cabiallavetta, Member[4]	2 451	548	359	907
Raymond K.F. Ch'ien, Member	349	204	136	340
John R. Coomber, former Member[2]	113	n/a	n/a	n/a
Mary Francis, Member[5]	444	319	136	455
Rajna Gibson Brandon, Member	332	190	126	316
C. Robert Henrikson, Chairman of the Compensation Committee	460	277	185	462
Malcolm D. Knight, former Member[2]	95	n/a	n/a	n/a
Hans Ulrich Maerki, Member	350	207	136	343
Trevor Manuel, Member[6]		115	77	192
Carlos E. Represas, Member[7]	379	271	107	378
Jean-Pierre Roth, Member	274	160	107	267
Philip K. Ryan, Chairman of the Finance and Risk Committee[6,7]		540	168	708
Susan L. Wagner, Chairman of the Investment Committee[8]	236	294	197	491
Total compensation for the reported financial years[9,10]	11 715	**6 569**	**4 026**	**10 595**

[1] Acting as the Lead Independent Director. Chairman of the Audit Committee since 11 April 2014.
[2] Term of office expired as of 11 April 2014 and did not stand for re-election.
[3] Term of office expired as of 21 April 2015 and did not stand for re-election.
[4] Vice Chairman until 21 April 2015.
[5] Includes fees received for duties on the board of Luxembourg Group companies.
[6] Elected to Swiss Re's Board of Directors at the Annual General Meeting of 21 April 2015.
[7] Includes fees received for duties on the board of US Group companies.
[8] Elected to Swiss Re's Board of Directors at the Annual General Meeting of 11 April 2014.
[9] Compensation for the members of the Board of Directors includes fixed fees and allowances both in cash and shares. No sign-on or severance payments have been or are made.
[10] Amounts are gross and include social security contributions of the member. Additionally and not included are company contributions to social security systems paid by Swiss Re in line with applicable laws which amounted to CHF 598 083 in 2014 and CHF 478 385 in 2015. For Board members domiciled outside of Switzerland, company social security contributions are refunded, if bilateral social security agreements between Switzerland and the country of domicile apply and provide for such refund.

(2) Individual Board compensation for the term of office between the AGM 2015 and the AGM 2016.

The table below provides more detailed information on the compensation paid or payable to each Board member against the maximum aggregate amount of CHF 10 600 000 as approved by the AGM 2015 (figures in CHF thousands):

Name, function	Audit Committee	Compensation Committee	Finance and Risk Committee	Investment Committee	Base Fees	Committee Fees	Additional Fees[1]	**Total**[2]
Walter B. Kielholz, Chairman								4 900
Renato Fassbind, Vice Chairman	C	M			225	500	175	900
Mathis Cabiallavetta, Member			M	M	225	100		325
Raymond K.F. Ch'ien, Member	M			M	225	125		350
Mary Francis, Member	M		M		225	125	115	465
Rajna Gibson Brandon, Member			M	M	225	100		325
C. Robert Henrikson, Member		C	M		225	250		475
Hans Ulrich Maerki, Member	M	M			225	125		350
Trevor Manuel, Member				M	225	50		275
Carlos E. Represas, Member		M			225	50	111	386
Jean-Pierre Roth, Member				M	225	50		275
Philip K. Ryan, Member	M		C		225	375	288	888
Susan L. Wagner, Member			M	C	225	350		575
Total compensation for the term of office from AGM 2015 to AGM 2016								**10 507**[3]

Legend: C = Chairperson of the respective Committee, M = Member of the respective Committee

[1] Includes Vice Chairman fees and subsidiary fees.
[2] Excluding company contributions to social security systems paid by Swiss Re in line with applicable laws.
[3] Including an amount of approximately CHF 18 000 for minimal benefits.

Shares held by members of the Board of Directors
The number of shares held by members of the Board of Directors as of 31 December were:

Members of the Board of Directors	2014	2015
Walter B. Kielholz, Chairman	425 710	447 241
Renato Fassbind, Vice Chairman and Chairman of the Audit Committee	11 889	15 844
Raymund Breu, former Member[1]	37 764	n/a
Mathis Cabiallavetta, Member	92 287	71 346
Raymond K.F. Ch'ien, Member	16 921	18 459
Mary Francis, Member	2 791	4 329
Rajna Gibson Brandon, Member	27 787	20 216
C. Robert Henrikson, Chairman of the Compensation Committee	6 808	8 896
Hans Ulrich Maerki, Member	27 431	28 969
Trevor Manuel, Member[2]		868
Carlos E. Represas, Member	10 372	11 581
Jean-Pierre Roth, Member	8 234	8 443
Philip K. Ryan, Chairman of the Finance and Risk Committee[2]		3 394
Susan L. Wagner, Chairman of the Investment Committee[3]	1 267	3 485
Total	669 261	**643 071**

[1] Term of office expired as of 21 April 2015 and did not stand for re-election.
[2] Elected to Swiss Re's Board of Directors at the Annual General Meeting of 21 April 2015.
[3] Elected to Swiss Re's Board of Directors at the Annual General Meeting of 11 April 2014.

Vested options held by members of the Board of Directors
Swiss Re does not grant employee stock options to members of the Board of Directors. The stock options shown in the table below were awarded at a time when the recipients were still members of Swiss Re's executive management. The following table reflects vested options held by members of the Board of Directors as of 31 December:

Member of the Board of Directors	2014	2015
Weighted average strike price in CHF	74.34	**n/a**
Walter B. Kielholz, Chairman	20 000	0
Total	20 000	**0**

The underlying exercise prices for the outstanding option series have been adjusted for special dividend payouts. The vested options held by members of the Board of Directors expired in 2015.

Loans to members of the Board of Directors
No loans were granted to current or former members of the Board in 2015 and no loans were outstanding as of 31 December 2015.

Related parties transactions
Disclosure on compensation decisions in 2015 covers members of the Group EC and the Board of Directors as indicated, and for both include related parties to the extent applicable. Such related parties cover spouses, partners, children and other dependents or closely linked persons. In 2015 no compensation was paid to any related party.

Compensation for former members of governing bodies
During 2015, payments in the total amount of CHF 0.2 million were made to six former members of the Group EC. This amount is made up of company contributions to social security paid by Swiss Re in line with applicable laws, benefits in the context of the outstanding mortgages and loans not at market rates above, risk benefits as well as company commitments for tax related services.

Report of the statutory auditor

Report of the statutory auditor
to the General Meeting on the
Compensation Report 2015

We have audited pages 147 to 151 of the accompanying Compensation Report included in this 2015 Financial Report of Swiss Re Ltd for the year ended 31 December 2015.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation and overall fair presentation of the Compensation Report in accordance with Swiss law and the Ordinance Against Excessive Compensation at Public Corporations (the Ordinance). The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibility
Our responsibility is to express an opinion on the accompanying Compensation Report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Compensation Report complies with Swiss law and articles 14 to 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the Compensation Report with regard to compensation, loans and credits in accordance with articles 14 to 16 of the Ordinance. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the Compensation Report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the Compensation Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the Compensation Report included in the 2015 Financial Report of Swiss Re Ltd for the year ended 31 December 2015 complies with Swiss law and articles 14 to 16 of the Ordinance.

PricewaterhouseCoopers Ltd

Alex Finn

Alex Finn
Audit expert
Auditor in charge

Bret M. Griffin

Bret Griffin

Zurich, 15 March 2016

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Income statement

For the years ended 31 December

USD millions	Note	2014	2015
Revenues			
Premiums earned	3	30 756	**29 751**
Fee income from policyholders	3	506	**463**
Net investment income – non-participating business[1]	7	4 103	**3 436**
Net realised investment gains/losses – non-participating business[2]	7	567	**1 206**
Net investment result – unit-linked and with-profit business	7	1 381	**814**
Other revenues		34	**44**
Total revenues		37 347	**35 714**
Expenses			
Claims and claim adjustment expenses	3	–10 577	**–9 848**
Life and health benefits	3	–10 611	**–9 080**
Return credited to policyholders		–1 541	**–1 166**
Acquisition costs	3	–6 515	**–6 419**
Other expenses		–3 155	**–3 303**
Interest expenses		–721	**–579**
Total expenses		–33 120	**–30 395**
Income before income tax expense		4 227	**5 319**
Income tax expense	13	–658	**–651**
Net income before attribution of non-controlling interests		3 569	**4 668**
Income attributable to non-controlling interests			**–3**
Net income after attribution of non-controlling interests		3 569	**4 665**
Interest on contingent capital instruments		–69	**–68**
Net income attributable to common shareholders		3 500	**4 597**
Earnings per share in USD			
Basic	12	10.23	**13.44**
Diluted	12	9.39	**12.28**
Earnings per share in CHF[3]			
Basic	12	9.33	**12.93**
Diluted	12	8.56	**11.81**

[1] Total impairments for the years ended 31 December were nil in 2014 and USD 83 million in 2015, of which nil and USD 83 million, respectively, were recognised in earnings.
[2] Total impairments for the years ended 31 December were USD 40 million in 2014 and USD 57 million in 2015, of which USD 40 million and USD 57 million, respectively, were recognised in earnings.
[3] The translation from USD to CHF is shown for informational purposes only and has been calculated using the Group's average exchange rates.

The accompanying notes are an integral part of the Group financial statements.

Statement of comprehensive income

For the years ended 31 December

USD millions	2014	2015
Net income before attribution of non-controlling interests	3 569	**4 668**
Other comprehensive income, net of tax:		
Change in unrealised investment gains/losses	3 796	**–2 670**
Change in other-than-temporary impairment	3	**–8**
Change in foreign currency translation	–778	**–1 012**
Change in adjustment for pension benefits	–291	**–191**
Total comprehensive income before attribution of non-controlling interests	6 299	**787**
Interest on contingent capital instruments	–69	**–68**
Comprehensive income attributable to non-controlling interests		**–3**
Total comprehensive income attributable to common shareholders	6 230	**716**

Reclassification out of accumulated other comprehensive income

For the years ended 31 December

2014 USD millions	Unrealised investment gains/losses[1]	Other-than-temporary impairment[1]	Foreign currency translation[1,2]	Adjustment from pension benefits[3]	Accumulated other comprehensive income
Balance as of 1 January	1 622	–6	–3 897	–534	–2 815
Change during the period	6 479	4	–523	–422	5 538
Amounts reclassified out of accumulated other comprehensive income	–1 398		–41	36	–1 403
Tax	–1 285	–1	–214	95	–1 405
Balance as of period end	5 418	–3	–4 675	–825	–85

2015 USD millions	Unrealised investment gains/losses[1]	Other-than-temporary impairment[1]	Foreign currency translation[1,2]	Adjustment from pension benefits[3]	**Accumulated other comprehensive income**
Balance as of 1 January	5 418	–3	–4 675	–825	**–85**
Change during the period	–2 166	–10	–870	–310	**–3 356**
Amounts reclassified out of accumulated other comprehensive income	–1 523			74	**–1 449**
Tax	1 019	2	–142	45	**924**
Balance as of period end	**2 748**	**–11**	**–5 687**	**–1 016**	**–3 966**

[1] Reclassification adjustment included in net income is presented in the "Net realised investment gains/losses – non-participating business" line.
[2] Reclassification adjustment is limited to translation gains and losses realised upon sale or upon complete or substantially complete liquidation of an investment in a foreign entity.
[3] Reclassification adjustment included in net income is presented in the "Other expenses" line.

The accompanying notes are an integral part of the Group financial statements.

Balance sheet

As of 31 December

Assets

USD millions	Note	2014	2015
Investments	7, 8, 9		
Fixed income securities:			
Available-for-sale, at fair value (including 12 677 in 2014 and 11 897 in 2015 subject to securities lending and repurchase agreements) (amortised cost: 2014: 77 867; 2015: 76 155)		84 450	**79 435**
Trading (including 645 in 2014 and 1 729 in 2015 subject to securities lending and repurchase agreements)		2 219	**2 896**
Equity securities:			
Available-for-sale, at fair value (including 311 in 2014 and 605 in 2015 subject to securities lending and repurchase agreements) (cost: 2014: 3 133; 2015: 4 294)		4 024	**4 719**
Trading		65	**68**
Policy loans, mortgages and other loans		3 205	**3 123**
Investment real estate		888	**1 556**
Short-term investments, at fair value (including 3 217 in 2014 and 1 278 in 2015 subject to securities lending and repurchase agreements)		14 127	**7 405**
Other invested assets		9 684	**10 367**
Investments for unit-linked and with-profit business (including fixed income securities trading: 3 680 in 2014 and 4 069 in 2015, equity securities trading: 20 045 in 2014 and 22 783 in 2015)		25 325	**28 241**
Total investments		143 987	**137 810**
Cash and cash equivalents (including 65 in 2014 and 319 in 2015 subject to securities lending)		7 471	**8 204**
Accrued investment income		1 049	**983**
Premiums and other receivables		12 265	**11 709**
Reinsurance recoverable on unpaid claims and policy benefits		6 950	**6 578**
Funds held by ceding companies		11 222	**9 870**
Deferred acquisition costs	6	4 840	**5 471**
Acquired present value of future profits	6	3 297	**2 964**
Goodwill		4 025	**3 862**
Income taxes recoverable		212	**191**
Deferred tax assets		6 118	**5 970**
Other assets		3 025	**2 523**
Total assets		204 461	**196 135**

The accompanying notes are an integral part of the Group financial statements.

Liabilities and equity

USD millions	Note	2014	2015
Liabilities			
Unpaid claims and claim adjustment expenses		57 954	**55 518**
Liabilities for life and health policy benefits	8	33 605	**30 131**
Policyholder account balances		29 242	**31 422**
Unearned premiums		10 576	**10 869**
Funds held under reinsurance treaties		3 385	**3 320**
Reinsurance balances payable		2 115	**1 928**
Income taxes payable		909	**488**
Deferred and other non-current tax liabilities		9 445	**8 093**
Short-term debt	11	1 701	**1 834**
Accrued expenses and other liabilities		6 873	**7 948**
Long-term debt	11	12 615	**10 978**
Total liabilities		168 420	**162 529**
Equity			
Contingent capital instruments	11	1 102	**1 102**
Common shares, CHF 0.10 par value 2014: 370 706 931; 2015: 370 706 931 shares authorised and issued		35	**35**
Additional paid-in capital		1 806	**482**
Treasury shares, net of tax		–1 185	**–1 662**
Accumulated other comprehensive income:			
Net unrealised investment gains/losses, net of tax		5 418	**2 748**
Other-than-temporary impairment, net of tax		–3	**–11**
Foreign currency translation, net of tax		–4 675	**–5 687**
Adjustment for pension and post-retirement benefits, net of tax		–825	**–1 016**
Total accumulated other comprehensive income		–85	**–3 966**
Retained earnings		34 257	**37 526**
Shareholders' equity		35 930	**33 517**
Non-controlling interests		111	**89**
Total equity		36 041	**33 606**
Total liabilities and equity		204 461	**196 135**

The accompanying notes are an integral part of the Group financial statements.

Statement of shareholders' equity

For the years ended 31 December

USD millions	2014	2015
Contingent capital instruments		
Balance as of 1 January	1 102	**1 102**
Issued		
Balance as of period end	1 102	**1 102**
Common shares		
Balance as of 1 January	35	**35**
Issue of common shares		
Balance as of period end	35	**35**
Additional paid-in capital		
Balance as of 1 January	4 963	**1 806**
Share-based compensation	–34	**17**
Realised gains/losses on treasury shares	6	**–61**
Dividends on common shares[1]	–3 129	**–1 280**
Balance as of period end	1 806	**482**
Treasury shares, net of tax		
Balance as of 1 January	–1 099	**–1 185**
Purchase of treasury shares	–223	**–584**
Issuance of treasury shares, including share-based compensation to employees	137	**107**
Balance as of period end	–1 185	**–1 662**
Net unrealised investment gains/losses, net of tax		
Balance as of 1 January	1 622	**5 418**
Changes during the period	3 796	**–2 670**
Balance as of period end	5 418	**2 748**
Other-than-temporary impairment, net of tax		
Balance as of 1 January	–6	**–3**
Changes during the period	3	**–8**
Balance as of period end	–3	**–11**
Foreign currency translation, net of tax		
Balance as of 1 January	–3 897	**–4 675**
Changes during the period	–778	**–1 012**
Balance as of period end	–4 675	**–5 687**
Adjustment for pension and other post-retirement benefits, net of tax		
Balance as of 1 January	–534	**–825**
Changes during the period	–291	**–191**
Balance as of period end	–825	**–1 016**
Retained earnings		
Balance as of 1 January	30 766	**34 257**
Net income after attribution of non-controlling interests	3 569	**4 665**
Interest on contingent capital instruments, net of tax	–69	**–68**
Purchase of non-controlling interests	–9	
Dividends on common shares[1]		**–1 328**
Balance as of period end	34 257	**37 526**
Shareholders' equity	35 930	**33 517**
Non-controlling interests		
Balance as of 1 January	25	**111**
Changes during the period	86	**–25**
Income attributable to non-controlling interests		**3**
Balance as of period end	111	**89**
Total equity	36 041	**33 606**

[1] Dividends to shareholders were paid in the form of a withholding tax-exempt repayment of legal reserves from capital contributions.

The accompanying notes are an integral part of the Group financial statements.

Statement of cash flow

For the years ended 31 December

USD millions	2014	2015
Cash flows from operating activities		
Net income attributable to common shareholders	3 500	**4 597**
Add net income attributable to non-controlling interests		**3**
Adjustments to reconcile net income to net cash provided/used by operating activities:		
Depreciation, amortisation and other non-cash items	458	**594**
Net realised investment gains/losses	–1 059	**–1 221**
Income from equity-accounted investees, net of dividends received	–66	**202**
Change in:		
Technical provisions and other reinsurance assets and liabilities, net[2]	–34	**–121**
Funds held by ceding companies and under reinsurance treaties	433	**764**
Reinsurance recoverable on unpaid claims and policy benefits	1 273	**670**
Other assets and liabilities, net[2]	–323	**87**
Income taxes payable/recoverable	134	**–567**
Trading positions, net[1,2]	81	**404**
Net cash provided/used by operating activities	4 397	**5 412**
Cash flows from investing activities		
Fixed income securities:		
Sales	55 297	**45 552**
Maturities	4 315	**4 529**
Purchases	–67 447	**–55 360**
Net purchases/sales/maturities of short-term investments[2]	5 921	**6 103**
Equity securities:		
Sales	6 894	**1 790**
Purchases	–2 918	**–2 717**
Securities purchased/sold under agreement to resell/repurchase, net[1]	331	**–2 089**
Cash paid/received for acquisitions/disposal and reinsurance transactions, net	–257	**404**
Net purchases/sales/maturities of other investments[1,2]	–1 642	**2 264**
Net purchases/sales/maturities of investments held for unit-linked and with-profit business[2]	791	**1 218**
Net cash provided/used by investing activities	1 285	**1 694**
Cash flows from financing activities		
Policyholder account balances, unit-linked and with-profit business:[2]		
Deposits	250	**518**
Withdrawals	–1 695	**–2 383**
Issuance/repayment of long-term debt	1 438	**199**
Issuance/repayment of short-term debt	–2 584	**–1 155**
Purchase/sale of treasury shares	–197	**–579**
Dividends paid to shareholders	–3 129	**–2 608**
Net cash provided/used by financing activities	–5 917	**–6 008**
Total net cash provided/used	–235	**1 098**
Effect of foreign currency translation	–366	**–365**
Change in cash and cash equivalents	–601	**733**
Cash and cash equivalents as of 1 January	8 072	**7 471**
Cash and cash equivalents as of 31 December	7 471	**8 204**

[1] The Group reviewed the nature of certain items within the statement of cash flow. "Securities purchased/sold under agreement to resell/repurchase, net" were reclassified from the operating cash flow to the investing cash flow, and certain investment related cash flows were reclassified from "Trading positions, net" in the operating cash flow to "Net purchases/sales/maturities of other investments" in the investing cash flow. Comparatives are adjusted accordingly.

[2] The Group changed the presentation of its investments related to unit-linked and with-profit business, and related deposits and withdrawals were reclassified from "Technical provisions, net" in the operating cash flow to "Policyholder account balances, unit-linked and with-profit business" in the financing cash flow. Comparatives are adjusted accordingly.

Interest paid was USD 885 million and USD 672 million for the years ended 31 December 2014 and 2015, respectively.
Tax paid was USD 509 million and USD 1 190 million for the years ended 31 December 2014 and 2015, respectively.
The accompanying notes are an integral part of the Group financial statements.

Notes to the Group financial statements

1 Organisation and summary of significant accounting policies

Nature of operations
The Swiss Re Group, which is headquartered in Zurich, Switzerland, comprises Swiss Re Ltd (the parent company) and its subsidiaries (collectively, the "Swiss Re Group" or the "Group"). The Swiss Re Group is a wholesale provider of reinsurance, insurance and other insurance-based forms of risk transfer. Working through brokers and a network of offices around the globe, the Group serves a client base made up of insurance companies, mid- to large-sized corporations and public sector clients.

Basis of presentation
The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP) and comply with Swiss law. All significant intra-group transactions and balances have been eliminated on consolidation.

Principles of consolidation
The Group's financial statements include the consolidated financial statements of Swiss Re Ltd and its subsidiaries. Voting entities which Swiss Re Ltd directly or indirectly controls through holding a majority of the voting rights are consolidated in the Group's accounts. Variable interest entities (VIEs) are consolidated when the Swiss Re Group is the primary beneficiary. The Group is the primary beneficiary when it has power over the activities that impact the VIE's economic performance and at the same time has the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. Companies which the Group does not control, but over which it directly or indirectly exercises significant influence, are accounted for using the equity method or the fair value option and are included in other invested assets. The Swiss Re Group's share of net profit or loss in investments accounted for under the equity method is included in net investment income. Equity and net income of these companies are adjusted as necessary to be in line with the Group's accounting policies. The results of consolidated subsidiaries and investments accounted for using the equity method are included in the financial statements for the period commencing from the date of acquisition.

Use of estimates in the preparation of financial statements
The preparation of financial statements requires management to make significant estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as the related disclosure, including contingent assets and liabilities. The Swiss Re Group's liabilities for unpaid claims and claim adjustment expenses and policy benefits for life and health include estimates for premium, claim and benefit data not received from ceding companies at the date of the financial statements. In addition, the Group uses certain financial instruments and invests in securities of certain entities for which exchange trading does not exist. The Group determines these estimates based on historical information, actuarial analyses, financial modelling and other analytical techniques. Actual results could differ significantly from the estimates described above.

Foreign currency remeasurement and translation
Transactions denominated in foreign currencies are remeasured to the respective subsidiary's functional currency at average exchange rates. Monetary assets and liabilities are remeasured to the functional currency at closing exchange rates, whereas non-monetary assets and liabilities are remeasured to the functional currency at historical rates. Remeasurement gains and losses on monetary assets and liabilities and trading securities are reported in earnings. Remeasurement gains and losses on available-for-sale securities, investments in consolidated subsidiaries and investments accounted for using the equity method are reported in shareholders' equity.

For consolidation purposes, assets and liabilities of subsidiaries with functional currencies other than US dollars are translated from the functional currency to US dollars at closing rates. Revenues and expenses are translated at average exchange rates. Translation adjustments are reported in shareholders' equity.

Valuation of financial assets
The fair value of the majority of the Group's financial instruments is based on quoted prices in active markets or observable inputs. These instruments include government and agency securities, commercial paper, most investment-grade corporate debt, most high-yield debt securities, exchange-traded derivative instruments, most mortgage- and asset-backed securities and listed equity securities. In markets with reduced or no liquidity, spreads between bid and offer prices are normally wider compared to spreads in highly liquid markets. Such market conditions affect the valuation of certain asset classes of the Group, such as some asset-backed securities as well as certain derivative structures referencing such asset classes.

The Group considers both the credit risk of its counterparties and own risk of non-performance in the valuation of derivative instruments and other over-the-counter financial assets. In determining the fair value of these financial instruments, the assessment of the Group's exposure to the credit risk of its counterparties incorporates consideration of existing collateral and netting arrangements entered into with each counterparty. The measure of the counterparty credit risk is estimated with incorporation of the observable credit spreads, where available, or credit spread estimates derived based on the benchmarking techniques where market data is not available. The impact of the Group's own risk of non-performance is analysed in the manner consistent with the aforementioned approach, with consideration of the Group's observable credit spreads. The value representing such risk is incorporated into the fair value of the financial instruments (primarily derivatives), in a liability position as of the measurement date. The change in this adjustment from period to period is reflected in realised gains and losses in the income statement.

For assets or derivative structures at fair value, the Group uses market prices or inputs derived from market prices. A separate internal price verification process, independent of the trading function, provides an additional control over the market prices or market input used to determine the fair values of such assets. Although management considers that appropriate values have been ascribed to such assets, there is always a level of uncertainty and judgement over these valuations. Subsequent valuations could differ significantly from the results of the process described above. The Group may become aware of counterparty valuations, either directly through the exchange of information or indirectly, for example, through collateral demands. Any implied differences are considered in the independent price verification process and may result in adjustments to initially indicated valuations. As of 31 December 2015, the Group has not provided any collateral on financial instruments in excess of its own market value estimates.

Investments

The Group's investments in fixed income and equity securities are classified as available-for-sale (AFS) or trading. Fixed income securities AFS and equity securities AFS are carried at fair value, based on quoted market prices, with the difference between the applicable measure of cost and fair value being recognised in shareholders' equity. Trading fixed income and equity securities are carried at fair value with unrealised gains and losses recognised in earnings. A trading classification is used for securities that are bought and held principally for the purpose of selling them in the near term or for securities where the Group has decided to apply the fair value option.

The cost of equity securities AFS is reduced to fair value, with a corresponding charge to realised investment losses if the decline in value, expressed in functional currency terms, is other-than-temporary. Subsequent recoveries of previously recognised impairments are not recognised in earnings.

For fixed income securities AFS that are other-than-temporary impaired and there is not an intention to sell, the impairment is separated into (i) the estimated amount relating to credit loss, and (ii) the amount relating to all other factors. The estimated credit loss amount is recognised in earnings, with the remainder of the loss amount recognised in other comprehensive income. In cases where there is an intention or requirement to sell, the accounting of the other-than-temporary impairment is the same as for equity securities AFS described above.

Interest on fixed income securities is recorded in net investment income when earned and is adjusted for the amortisation of any purchase premium or discount. Dividends on equity securities are recognised as investment income on the ex-dividend date. Realised gains and losses on sales are included in earnings and are calculated using the specific identification method.

Policy loans, mortgages and other loans are carried at amortised cost. Interest income is recognised in accordance with the effective yield method.

Investment in real estate that the Group intends to hold for the production of income is carried at depreciated cost, net of any write-downs for impairment in value. Depreciation on buildings is recognised on a straight-line basis over the estimated useful life of the asset. Land is recognised at cost and not depreciated. Impairment in value is recognised if the sum of the estimated future undiscounted cash flows from the use of the real estate is lower than its carrying value. Impairment in value, depreciation and other related charges or credits are included in net investment income. Investment in real estate held for sale is carried at the lower of cost or fair value, less estimated selling costs, and is not depreciated. Reductions in the carrying value of real estate held for sale are included in realised investment losses.

Short-term investments are measured at fair value with changes in fair value recognised in net income. The Group considers highly liquid investments with a remaining maturity at the date of acquisition of one year or less, but greater than three months, to be short-term investments.

Other invested assets include affiliated companies, equity accounted companies, derivative financial instruments, collateral receivables, securities purchased under agreement to resell, deposits and time deposits, and investments without readily determinable fair value (including limited partnership investments). Investments in limited partnerships where the Group's interest equals or exceeds 3% are accounted for using the equity method. Investments in limited partnerships where the Group's interest is below 3% and equity investments in corporate entities which are not publicly traded are accounted for at estimated fair value with changes in fair value recognised as unrealised gains/losses in shareholders' equity.

The Group enters into securities lending arrangements under which it loans certain securities in exchange for collateral and receives securities lending fees. The Group's policy is to require collateral, consisting of cash or securities, equal to at least 102% of the carrying value of the securities loaned. In certain arrangements, the Group may accept collateral of less than 102% if the structure of the overall transaction offers an equivalent level of security. Cash received as collateral is recognised along with an obligation to return the cash. Securities received as collateral that can be sold or repledged are also recognised along with an obligation to return those securities. Securities lending fees are recognised over the term of the related loans.

Derivative financial instruments and hedge accounting
The Group uses a variety of derivative financial instruments including swaps, options, forwards and exchange-traded financial futures for the Group's trading and hedging strategy in line with the overall risk management strategy. Derivative financial instruments are primarily used as a means of managing exposure to price, foreign currency and/or interest rate risk on planned or anticipated investment purchases, existing assets or existing liabilities and also to lock in attractive investment conditions for funds which become available in the future. The Group recognises all of its derivative instruments on the balance sheet at fair value. Changes in fair value on derivatives that are not designated as hedging instruments are recorded in income.

If the derivative is designated as a hedge of the fair value of assets or liabilities, changes in the fair value of the derivative are recognised in earnings, together with changes in the fair value of the related hedged item. If the derivative is designated as a hedge of the variability in expected future cash flows related to a particular risk, changes in the fair value of the derivative are reported in other comprehensive income until the hedged item is recognised in earnings. The ineffective portion of the hedge is recognised in earnings. When hedge accounting is discontinued on a cash flow hedge, the net gain or loss remains in accumulated other comprehensive income and is reclassified to earnings in the period in which the formerly hedged transaction is reported in earnings. When the Group discontinues hedge accounting because it is no longer probable that a forecasted transaction will occur within the required time period, the derivative continues to be carried on the balance sheet at fair value, and gains and losses that were previously recorded in accumulated other comprehensive income are recognised in earnings.

The Group recognises separately derivatives that are embedded within other host instruments if the economic characteristics and risks are not clearly and closely related to the economic characteristics and risks of the host contract and if it meets the definition of a derivative if it were a free-standing contract.

Derivative financial instrument assets are generally included in other invested assets and derivative financial instrument liabilities are generally included in accrued expenses and other liabilities.

The Group also designates non-derivative and derivative monetary financial instruments as hedges of the foreign currency exposure of its net investment in certain foreign operations. From the inception of the hedging relationship, remeasurement gains and losses on the designated non-derivative and derivative monetary financial instruments and translation gains and losses on the hedged net investment are reported as translation gains and losses in shareholders' equity.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, short-term deposits, certain short-term investments in money market funds, and highly liquid debt instruments with a remaining maturity at the date of acquisition of three months or less.

Deferred acquisition costs
The Group incurs costs in connection with acquiring new and renewal reinsurance and insurance business. Some of these costs, which consist primarily of commissions, are deferred as they are directly related to the successful acquisition of such business.

Deferred acquisition costs for short-duration contracts are amortised in proportion to premiums earned. Future investment income is considered in determining the recoverability of deferred acquisition costs for short-duration contracts. Deferred acquisition costs for long-duration contracts are amortised over the life of underlying contracts. Deferred acquisition costs for universal-life and similar products are amortised based on the present value of estimated gross profits. Estimated gross profits are updated quarterly.

Modifications of insurance and reinsurance contracts
The Group accounts for modifications of insurance and reinsurance contracts that result in a substantially unchanged contract as a continuation of the replaced contract. The associated deferred acquisition costs and present value of future profits (PVFP) will continue to be amortised. The Group accounts for modifications of insurance and reinsurance contracts that result in a substantially changed contract as an extinguishment of the replaced contract. The associated deferred acquisition costs or PVFP are written off immediately through income and any new deferrable costs associated with the replacement contract are deferred.

Business combinations
The Group applies the acquisition method of accounting for business combinations. This method allocates the cost of the acquired entity to the assets and liabilities assumed based on their estimated fair values at the date of acquisition.

Admin Re® blocks of business can be acquired in different legal forms, either through an acquisition of an entity's share capital or through a reinsurance transaction. The Group's policy is to treat these transactions consistently regardless of the legal form of the acquisition. Accordingly, the Group records the acquired assets and liabilities directly to the balance sheet. Premiums, life and health benefits and other income statement items are not recorded in the income statement on the date of the acquisition.

The underlying assets and liabilities acquired are subsequently accounted for according to the relevant GAAP guidance. This includes specific requirements applicable to subsequent accounting for assets and liabilities recognised as part of the acquisition method of accounting, including present value of future profits, goodwill and other intangible assets.

Acquired present value of future profits
The acquired present value of future profits (PVFP) of business in force is recorded in connection with the acquisition of life and/or health business. The initial value is determined actuarially by discounting estimated future gross profits as a measure of the value of business acquired. The resulting asset is amortised on a constant yield basis over the expected revenue recognition period of the business acquired, generally over periods ranging up to 30 years, with the accrual of interest added to the unamortised balance at the earned rate. The earned rate corresponds to either the current earned rate or the original earned rate depending on the business written. The rate is consistently applied for the entire life of the applicable business. For universal-life and similar products, PVFP is amortised in line with estimated gross profits, and estimated gross profits are updated quarterly. The carrying value of PVFP is reviewed periodically for indicators of impairment in value. Adjustments to reflect impairment in value are recognised in earnings during the period in which the determination of impairment is made or in other comprehensive income for shadow loss recognition.

Goodwill
The excess of the purchase price of acquired businesses over the estimated fair value of net assets acquired is recorded as goodwill, which is reviewed periodically for indicators of impairment in value. Adjustments to reflect impairment in value are recognised in earnings in the period in which the determination of impairment is made.

Other assets
Other assets include deferred expenses on retroactive reinsurance, prepaid reinsurance premiums, receivables related to investing activities, real estate for own use, other classes of property, plant and equipment, accrued income, certain intangible assets and prepaid assets.

The excess of estimated liabilities for claims and claim adjustment expenses payable over consideration received in respect of retroactive property and casualty reinsurance contracts is recorded as a deferred expense. The deferred expense on retroactive reinsurance contracts is amortised through earnings over the expected claims-paying period.

Real estate for own use as well as other classes of property, plant and equipment are carried at depreciated cost. Depreciation on buildings is recognised on a straight-line basis over the estimated useful life. Land is recognised at cost and not depreciated.

Capitalised software costs
External direct costs of materials and services incurred to develop or obtain software for internal use, payroll and payroll-related costs for employees directly associated with software development and interest cost incurred while developing software for internal use are capitalised and amortised on a straight-line basis through earnings over the estimated useful life.

Income taxes
Deferred income tax assets and liabilities are recognised based on the difference between financial statement carrying amounts and the corresponding income tax bases of assets and liabilities using enacted income tax rates and laws. A valuation allowance is recorded against deferred tax assets when it is deemed more likely than not that some or all of the deferred tax asset may not be realised.

The Group recognizes the effect of income tax positions only if sustaining those positions is more likely than not. Changes in recognition or measurement are reflected in the period in which a change in judgement occurs.

Unpaid claims and claim adjustment expenses
Liabilities for unpaid claims and claim adjustment expenses for property and casualty and life and health insurance and reinsurance contracts are accrued when insured events occur and are based on the estimated ultimate cost of settling the claims, using reports and individual case estimates received from ceding companies. A provision is also included for claims incurred but not reported, which is developed on the basis of past experience adjusted for current trends and other factors that modify past experience. The establishment of the appropriate level of reserves is an inherently uncertain process involving estimates and judgements made by management, and therefore there can be no assurance that ultimate claims and claim adjustment expenses will not exceed the loss reserves currently established. These estimates are regularly reviewed, and adjustments for differences between estimates and actual payments for claims and for changes in estimates are reflected in income in the period in which the estimates are changed or payments are made.

The Group does not discount liabilities arising from prospective property and casualty insurance and reinsurance contracts, including liabilities which are discounted for US statutory reporting purposes. Liabilities arising from property and casualty insurance and reinsurance contracts acquired in a business combination are initially recognised at fair value in accordance with the acquisition method of accounting. The Group does not discount life and health claim reserves except for disability income claims in payment which are recognised at the estimated present value of the remaining ultimate net costs of the incurred claims.

Experience features which are directly linked to a reinsurance asset or liability are classified in a manner that is consistent with the presentation of that asset or liability.

Liabilities for life and health policy benefits
Liabilities for life and health policy benefits from reinsurance business are generally calculated using the net level premium method, based on assumptions as to investment yields, mortality, withdrawals, lapses and policyholder dividends. Assumptions are set at the time the contract is issued or, in the case of contracts acquired by purchase, at the purchase date. The assumptions are based on projections from past experience, making allowance for possible adverse deviation. Interest rate assumptions for life and health (re)insurance benefit liabilities are based on estimates of expected investment yields. Assumed mortality rates are generally based on experience multiples applied to the actuarial select and ultimate tables based on industry experience.

Liabilities for life and health policy benefits are increased with a charge to earnings if it is determined that future cash flows, including investment income, are insufficient to cover future benefits and expenses. Where assets backing liabilities for policy benefits are held as AFS these liabilities for policyholder benefits are increased by a shadow adjustment, with a charge to other comprehensive income, where future cash flows at market rates are insufficient to cover future benefits and expenses.

Policyholder account balances
Policyholder account balances relate to universal life-type contracts and investment contracts.

Universal life-type contracts are long-duration insurance contracts, providing either death or annuity benefits, with terms that are not fixed and guaranteed.

Investment contracts are long-duration contracts that do not incorporate significant insurance risk, ie there is no mortality and morbidity risk, or the mortality and morbidity risk associated with the insurance benefit features offered in the contract is of insignificant amount or remote probability. Amounts received as payment for investment contracts are reported as policyholder account balances. Related assets are included in general account assets except for investments for unit-linked and with-profit business, which are presented in a separate line item on the face of the balance sheet.

Amounts assessed against policyholders for mortality, administration and surrender are shown as fee income. Amounts credited to policyholders are shown as interest credited to policyholders. Investment income and realised investment gains and losses allocable to policyholders are included in net investment income and net realised investment gains/losses except for unit-linked and with-profit business, which is presented in a separate line item on the face of the income statement.

Unit-linked and with-profit business are presented together as they are similar in nature. For unit-linked contracts, the investment risk is borne by the policyholder. For with-profit contracts, the majority of the investment risk is also borne by the policyholder, although there are certain guarantees that limit the down-side risk for the policyholder, and a certain proportion of the returns may be retained by Swiss Re Group (typically 10%). Additional disclosures are provided in Note 7.

Funds held assets and liabilities
On the asset side, funds held by ceding companies' consist mainly of amounts retained by the ceding company for business written on a funds withheld basis. In addition, the account also includes amounts arising from the application of the deposit method of accounting to ceded retrocession or reinsurance contracts.

On the liability side, funds held under reinsurance treaties' consist mainly of amounts arising from the application of the deposit method of accounting to inward insurance and reinsurance contracts. In addition, the account also includes amounts retained from ceded business written on a funds withheld basis.

Funds withheld assets are assets that would normally be paid to the Group but are withheld by the cedent to reduce a potential credit risk or to retain control over investments. In case of funds withheld liabilities, it is the Group that withholds assets related to ceded business in order to reduce its credit risk or retain control over the investments.

The deposit method of accounting is applied to insurance and reinsurance contracts that do not indemnify the ceding company or the Group against loss or liability relating to insurance risk. Under the deposit method of accounting, the deposit asset or liability is initially measured based on the consideration paid or received. For contracts that transfer neither significant timing nor underwriting risk, and contracts that transfer only significant timing risk, changes in estimates of the timing or amounts of cash flows are accounted for by recalculating the effective yield. The deposit is then adjusted to the amount that would have existed had the new effective yield been applied since the inception of the contract. The revenue and expense recorded for such contracts is included in net investment income. For contracts that transfer only significant underwriting risk, once a loss is incurred, the deposit is adjusted by the present value of the incurred loss. At each subsequent balance sheet date, the portion of the deposit attributable to the incurred loss is recalculated by discounting the estimated future cash flows. The resulting changes in the carrying amount of the deposit are recognised in claims and claim adjustment expenses.

Funds withheld balances are presented together with assets and liabilities arising from the application of the deposit method because of their common deposit type character.

Shadow adjustments
Shadow adjustments are recognised in other comprehensive income reflecting the offset of adjustments to deferred acquisition costs and PVFP, typically related to universal life-type contracts, and policyholder liabilities. The purpose is to reflect the fact that certain amounts recorded as unrealised investment gains and losses within shareholders' equity will ultimately accrue to policyholders and not shareholders.

Shadow loss recognition testing becomes relevant in low interest rate environments. The test considers whether the hypothetical sale of AFS securities and the reinvestment of proceeds at lower yields would lead to negative operational earnings in future periods, thereby causing a loss recognition event. For shadow loss recognition testing, the Group uses current market yields to determine best estimate GAAP reserves rather than using locked in or current book yields. If the unlocked best estimate GAAP reserves based on current market rates are in excess of reserves based on locked in or current book yields, a shadow loss recognition reserve is set up. These reserves are recognised in other comprehensive income and do not impact net income. In addition, shadow loss recognition reserves can reverse up to the amount of losses recognised due to past loss events.

Premiums
Property and casualty reinsurance premiums are recorded when written and include an estimate for written premiums receivable at period end. Premiums earned are generally recognised in income over the contract period in proportion to the amount of reinsurance provided. Unearned premiums consist of the unexpired portion of reinsurance provided. Life reinsurance premiums are earned when due. Related policy benefits are recorded in relation to the associated premium or gross profits so that profits are recognised over the expected lives of the contracts.

Life and health reinsurance premiums for group coverages are generally earned over the term of the coverage. For group contracts that allow experience adjustments to premiums, such premiums are recognised as the related experience emerges.

Reinstatement premiums are due where coverage limits for the remaining life of the contract are reinstated under pre-defined contract terms. The recognition of reinstatement premiums as written depends on individual contract features. Reinstatement premiums are either recognised as written at the time a loss event occurs or in line with the recognition pattern of premiums written of the underlying contract. The accrual of reinstatement premiums is based on actuarial estimates of ultimate losses. Reinstatement premiums are generally earned in proportion to the amount of reinsurance provided.

Insurance and reinsurance ceded
The Group uses retrocession arrangements to increase its aggregate underwriting capacity, to diversify its risk and to reduce the risk of catastrophic loss on reinsurance assumed. The ceding of risks to retrocessionaires does not relieve the Group of its obligations to its ceding companies. The Group regularly evaluates the financial condition of its retrocessionaires and monitors the concentration of credit risk to minimise its exposure to financial loss from retrocessionaires' insolvency. Premiums and losses ceded under retrocession contracts are reported as reductions of premiums earned and claims and claim adjustment expenses. Amounts recoverable for ceded short- and long-duration contracts, including universal life-type and investment contracts, are reported as assets in the accompanying consolidated balance sheet.

The Group provides reserves for uncollectible amounts on reinsurance balances ceded, based on management's assessment of the collectability of the outstanding balances.

Receivables
Premium and claims receivables which have been invoiced are accounted for at face value. Together with assets arising from the application of the deposit method of accounting that meet the definition of financing receivables they are regularly assessed for impairment. Evidence of impairment is the age of the receivable and/or any financial difficulties of the counterparty. Allowances are set up on the net balance, meaning all balances related to the same counterparty are considered. The amount of the allowance is set up in relation to the time a receivable has been due and financial difficulties of the debtor, and can be as high as the outstanding net balance.

Pensions and other post-retirement benefits
The Group accounts for its pension and other post-retirement benefit costs using the accrual method of accounting. Amounts charged to expense are based on periodic actuarial determinations.

Share-based payment transactions
As of 31 December 2015, the Group has a Leadership Performance Plan, stock option plans, restricted shares, an Employee Participation Plan, and a Global Share Participation Plan. These plans are described in more detail in Note 15. The Group accounts for share-based payment transactions with employees using the fair value method. Under the fair value method, the fair value of the awards is recognised in earnings over the vesting period.

For share-based compensation plans which are settled in cash, compensation costs are recognised as liabilities, whereas for equity-settled plans, compensation costs are recognised as an accrual to additional paid-in capital within shareholders' equity.

Treasury shares
Treasury shares are reported at cost in shareholders' equity. Treasury shares also include stand-alone derivative instruments indexed to the Group's shares that meet the requirements for classification in shareholders' equity.

Earnings per common share
Basic earnings per common share are determined by dividing net income available to shareholders by the weighted average number of common shares entitled to dividends during the year. Diluted earnings per common share reflect the effect on earnings and average common shares outstanding associated with dilutive securities.

Subsequent events
Subsequent events for the current reporting period have been evaluated up to 15 March 2016. This is the date on which the financial statements are available to be issued.

Recent accounting guidance
In January 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-01, "Accounting for Investments in Qualified Affordable Housing Projects (a consensus of the FASB Emerging Issues Task Force)",

an update to topic 323, "Investments — Equity Method and Joint Ventures". The Low Income Housing Tax Credit, a program created under the US Tax Reform Act of 1986, offers US federal tax credits to investors that provide capital to facilitate the development, construction, and rehabilitation of low-income rental property. ASU 2014-01 modifies the conditions that must be met to present the pre-tax effects and related tax benefits of investments in qualified affordable housing projects as a component of income. Investors that do not qualify for "net" presentation under the new guidance will continue to account for such investments under the equity method or cost method, which results in losses recognised in pre-tax income and tax benefits recognised in income taxes. For investments that qualify for the "net" presentation of investment performance, the ASU introduces a "proportional amortization method" that can be elected to amortise the investment basis. The Group adopted ASU 2014-01 on 1 January 2015. The adoption did not have a material effect on the Group's financial statements.

In January 2014, the FASB issued ASU 2014-04, "Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure (a consensus of the FASB Emerging Issues Task Force)", an update to subtopic 310-40, "Receivables — Troubled Debt Restructurings by Creditors". ASU 2014-04 applies to creditors who obtain physical possession resulting from an in substance repossession or foreclosure of residential real estate property collateralising a consumer mortgage loan in satisfaction of a receivable. Existing guidance requires a creditor to reclassify a collateralised mortgage loan with the result that the loan is derecognised and the collateral asset recognised when there has been in substance repossession or foreclosure by the creditor. The ASU provides additional guidance on when a creditor is considered to have received physical possession from an in substance repossession. The Group adopted ASU 2014-04 on 1 January 2015. The adoption did not have an effect on the Group's financial statements.

In April 2014, the FASB issued ASU 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity", an update to topics 205, "Presentation of Financial Statements" and 360, "Property, Plant and Equipment". ASU 2014-08 amends the definition of a discontinued operation and requires entities to provide additional disclosures about disposal transactions that do not meet the discontinued-operations criteria. The new guidance eliminates two of the three existing criteria for classifying components of an entity as discontinued operations and instead requires discontinued operations treatment for disposals of a component or group of components that represents a strategic shift that has or will have a major impact on an entity's operations or financial results. The ASU also expands the discontinued operations classification to include disposals of equity method investments and acquired businesses held for sale. The ASU also requires entities to reclassify assets and liabilities of a discontinued operation for all comparative periods presented in the statement of financial position. The Group is applying the new requirements on a prospective basis to transactions occurring after 1 January 2015. The adoption did not have an effect on the Group's financial statements.

In June 2014, the FASB issued ASU 2014-11, "Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures", an update to topic 860, "Transfers and Servicing". ASU 2014-11 requires entities to account for repurchase-to-maturity transactions as secured borrowings rather than as sales with forward repurchase agreements and eliminates previously issued accounting guidance on linked repurchase financing transactions. The ASU includes new disclosure requirements for transactions economically similar to repurchase agreements in which the transferor retains substantially all of the exposure to the economic return on the transferred financial assets throughout the term of the transaction. These requirements of ASU 2014-11 were adopted on 1 January 2015 and the adoption did not have an effect on the Group's financial statements. In addition, for transactions accounted for as secured borrowings, including repurchase agreements and securities lending transactions, the ASU requires entities to provide disclosures that disaggregate the related gross obligation by class of collateral pledged, disclose the remaining contractual maturity of the agreements and to provide information on the potential risks of these arrangements and related collateral pledged. In line with the specific effective date provided in the ASU, the Group adopted the new disclosure requirements for the interim period ending 30 June 2015 and applicable portions of the new disclosure requirements are provided in Note 7.

In June 2014, the FASB issued ASU 2014-12, "Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period", an update to topic 718, "Compensation – Stock Compensation". ASU 2014-12 states that a performance target that affects vesting of a share-based payment and that could be achieved after the requisite service period is a performance condition, and therefore, the target is not reflected in the estimation of the award's grant date fair value. Compensation cost for such an award would be recognised over the required service period if it is probable that the performance condition will be achieved. The Group adopted ASU 2014-12 on 1 January 2015. The adoption did not have an effect on the Group's financial statements.

In August 2014, the FASB issued ASU 2014-14, "Classification of Certain Government-Guaranteed Mortgage Loans upon Foreclosure", an update to subtopic 310-40, "Receivables — Troubled Debt Restructurings by Creditors". ASU 2014-14 affects creditors that hold government-guaranteed mortgage loans. The ASU requires that a mortgage loan be derecognised and that a separate other receivable be recognised upon foreclosure if specific conditions are met, including that the guarantee is not separable from the loan before foreclosure. Upon foreclosure, the separate other receivable should be measured based on the amount of the loan balance expected to be recovered from the guarantor. The Group adopted ASU 2014-14 on 1 January 2015. The adoption did not have an effect on the Group's financial statements.

In May 2015, the FASB issued ASU 2015-09, "Disclosures about Short-Duration Contracts", an update to topic 944, "Financial Services — Insurance". ASU 2015-09 requires an insurance entity to provide additional information about insurance liabilities, including information on the nature, amount, timing, and uncertainty of future cash flows related to insurance liabilities and the effect of those cash flows on the statement of comprehensive income. Requirements include disaggregated incurred and paid claims development information by accident year, on a net basis after risk mitigation, for at least the most recent 10 years with the periods preceding the current period considered required supplementary information. In addition, for each accident year presented in the claims development tables, an insurer has to provide disaggregated information about claim frequency (unless impracticable) and the amounts of incurred-but-not-reported (IBNR) liabilities plus the expected development on reported claims. Required disclosures also include a description of the methods for determining both IBNR and expected development on reported claims as well as information about any significant changes in methods and assumptions used in the computation of the liability for unpaid claims and claim adjustment expenses, including reasons for the changes and the impact of the changes on the most recent reporting period in the financial statements. All aforementioned disclosures have to be provided on an annual basis. In addition, insurance entities must disclose the roll-forward of the liability for unpaid claims and claim adjustment expenses in both interim and annual periods. The Group will adopt the annual disclosure requirements for the annual reporting period ending on 31 December 2016, and the interim disclosure requirements for the quarter ending on 31 March 2017. The Group has set up a project to implement the new requirements.

In January 2016, the FASB issued ASU 2016-01, "Recognition and Measurement of Financial Assets and Financial Liabilities", an update to subtopic 825-10, "Financial Instruments – Overall". The ASU requires an entity to carry investments in equity securities, including other ownership interests and limited liability companies at fair value through net income, with the exception of equity method investments, investments that result in consolidation or investments for which the entity has elected the practicability exception to fair value measurement. The practicability exception can only be applied by certain entities and only to equity investments without a readily determinable fair value. Investments under the practicability exception will be subject to an indicator-based impairment test. For financial liabilities to which the fair value option has been applied, the ASU also requires an entity to separately present the change in fair value attributable to instrument-specific credit risk in other comprehensive income rather than in net income. Specific exceptions apply to this requirement. In addition, the ASU requires an entity to assess whether a valuation allowance is needed on a deferred tax asset (DTA) related to fixed income securities AFS in combination with the entity's other DTA's rather than separately from other DTAs. The ASU also introduces changes to disclosure requirements for financial instruments not measured at fair value and introduces new requirements for equity instruments where the practicability exception to fair value measurement is applied. The new requirements are effective for annual and interim periods beginning after 15 December 2017 with early adoption permitted for requirements relating to the presentation of the impact of instrument-specific credit risk on qualifying financial liabilities in other comprehensive income. The Group is currently assessing the impact of the new requirements.

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2 Information on business segments

The Group provides reinsurance and insurance throughout the world through its business segments. The business segments are determined by the organisational structure and by the way in which management reviews the operating performance of the Group.

The Group presents four core operating business segments: Property & Casualty Reinsurance, Life & Health Reinsurance, Corporate Solutions and Admin Re®. The presentation of each segment's balance sheet is closely aligned to the segment legal entity structure. The assignment of assets and liabilities for entities that span more than one segment is determined by considering local statutory requirements, legal and other constraints, the economic view of duration and currency requirements of the reinsurance business written, and the capacity of the segments to absorb risks. Interest expense is based on the segment's capital funding position. The tax impact of a segment is derived from the legal entity tax obligations and the segmentation of the pre-tax result. While most of the tax items can be directly attributed to individual segments, the tax which impacts two or more segments is allocated to the segments on a reasonable basis. Property & Casualty Reinsurance and Life & Health Reinsurance share the same year-to-date effective tax rate as both business segments belong to the Reinsurance Business Unit.

Accounting policies applied by the business segments are in line with those described in the summary of significant accounting policies (please refer to Note 1).

The Group operating segments are outlined below.

Property & Casualty Reinsurance and Life & Health Reinsurance
Reinsurance consists of two segments, Property & Casualty and Life & Health. The Reinsurance Business Unit operates globally, both through brokers and directly with clients, and provides a large range of solutions for risk and capital management. Clients include stock and mutual insurance companies as well as public sector and governmental entities. In addition to traditional reinsurance solutions, Reinsurance offers insurance-linked securities and other insurance-related capital market products in both Property & Casualty and Life & Health.

Property & Casualty includes the business lines property, casualty (including motor), and specialty. Life & Health includes the life and health lines of business.

Corporate Solutions
Corporate Solutions offers innovative insurance capacity to mid-sized and large multinational corporations across the globe. Offerings range from standard risk transfer covers and multi-line programmes, to customised solutions tailored to the needs of clients. Corporate Solutions serves customers from over 52 offices worldwide.

Admin Re®
Through Admin Re®, Swiss Re acquires closed blocks of in-force life and health insurance business, either through reinsurance or corporate acquisition, and typically assumes responsibility for administering the underlying policies. The administration of the business may be managed directly or, where appropriate, in partnership with a third party. Since 1998, Swiss Re has acquired more than 50 blocks of business spanning a range of product types. It currently operates in the UK, US and the Netherlands.

In the fourth quarter of 2014, the Group entered into an agreement to sell Aurora National Life Assurance Company (Aurora), a US subsidiary, to Reinsurance Group of America, Incorporated (RGA). The sale was completed in the second quarter of 2015. For more details on the transaction and its impact on the Swiss Re Group financial statements, please refer to Note 10.

During 2015, a new Business Unit, Life Capital, was announced. This Business Unit includes the existing Admin Re® segment and will manage closed and open life and health insurance books. The change in segmentation is effective from 1 January 2016. The Group financial statements and related notes presented in this report are not impacted. For more details, please refer to the Q3 2015 news release of 29 October 2015 and the Investors' Day presentation of 8 December 2015.

Group items
Items not allocated to the business segments are included in the "Group items" column, which encompasses Swiss Re Ltd, the Groups' ultimate parent company, the former Legacy business in run-off, Principal Investments and certain Treasury units. Swiss Re Ltd charges trademark licence fees to the business segments which are reported as other revenues. Certain administrative expenses of the corporate centre functions that are not recharged to the operating segments are reported as Group items.

Consolidation
Segment information is presented net of external and internal retrocession and other intra-group arrangements. The Group total is obtained after elimination of intra-group transactions in the "Consolidation" column. This includes significant intra-group reinsurance arrangements, recharge of trademark licence fees, and intersegmental funding.

a) Business segments – income statement
For the year ended 31 December

2014 USD millions	Property & Casualty Reinsurance	Life & Health Reinsurance	Corporate Solutions	Admin Re®	Group items	Consolidation	Total
Revenues							
Premiums earned	15 598	11 212	3 444	502			30 756
Fee income from policyholders		53		453			506
Net investment income – non-participating business	1 076	1 544	94	1 256	115	18	4 103
Net realised investment gains/losses – non-participating business	699	–255	168	–114	69		567
Net investment result – unit-linked and with-profit business		75		1 306			1 381
Other revenues	69		3	1	340	–379	34
Total revenues	17 442	12 629	3 709	3 404	524	–361	37 347
Expenses							
Claims and claim adjustment expenses	–8 493		–2 054		–32	2	–10 577
Life and health benefits		–9 194		–1 415		–2	–10 611
Return credited to policyholders		–99		–1 442			–1 541
Acquisition costs	–3 382	–2 489	–463	–181			–6 515
Other expenses	–1 175	–885	–687	–359	–384	335	–3 155
Interest expenses	–255	–438	–8	–25	–21	26	–721
Total expenses	–13 305	–13 105	–3 212	–3 422	–437	361	–33 120
Income/loss before income tax expense	4 137	–476	497	–18	87	0	4 227
Income tax expense/benefit	–552	63	–179	52	–42		–658
Net income/loss before attribution of non-controlling interests	3 585	–413	318	34	45	0	3 569
Income/loss attributable to non-controlling interests	–1		1				0
Net income/loss after attribution of non-controlling interests	3 584	–413	319	34	45	0	3 569
Interest on contingent capital instruments	–20	–49					–69
Net income/loss attributable to common shareholders	3 564	–462	319	34	45	0	3 500
Claims ratio in %	54.5		59.6				55.4
Expense ratio in %	29.2		33.4				30.0
Combined ratio in %	83.7		93.0				85.4
Management expense ratio in %		6.9					
Operating margin in %		2.6					

Business segments – income statement
For the year ended 31 December

2015 USD millions	Property & Casualty Reinsurance	Life & Health Reinsurance	Corporate Solutions	Admin Re®	Group items	Consolidation	Total
Revenues							
Premiums earned	15 090	10 914	3 379	368			29 751
Fee income from policyholders		49		414			463
Net investment income – non-participating business	1 097	1 331	135	938	–70	5	3 436
Net realised investment gains/losses – non-participating business	445	310	142	275	34		1 206
Net investment result – unit-linked and with-profit business		42		772			814
Other revenues	45	5	9		332	–347	44
Total revenues	**16 677**	**12 651**	**3 665**	**2 767**	**296**	**–342**	**35 714**
Expenses							
Claims and claim adjustment expenses	–7 892		–1 955		–1		–9 848
Life and health benefits		–8 290		–790			–9 080
Return credited to policyholders		–60		–1 106			–1 166
Acquisition costs	–3 836	–1 986	–459	–138			–6 419
Other expenses	–1 247	–903	–756	–320	–395	318	–3 303
Interest expenses	–262	–278	–24	–16	–23	24	–579
Total expenses	**–13 237**	**–11 517**	**–3 194**	**–2 370**	**–419**	**342**	**–30 395**
Income/loss before income tax expense	**3 440**	**1 134**	**471**	**397**	**–123**	**0**	**5 319**
Income tax expense/benefit	–443	–146	–129	25	42		–651
Net income/loss before attribution of non-controlling interests	**2 997**	**988**	**342**	**422**	**–81**	**0**	**4 668**
Income attributable to non-controlling interests	–1		–2				–3
Net income/loss after attribution of non-controlling interests	**2 996**	**988**	**340**	**422**	**–81**	**0**	**4 665**
Interest on contingent capital instruments	–19	–49					–68
Net income/loss attributable to common shareholders	**2 977**	**939**	**340**	**422**	**–81**	**0**	**4 597**
Claims ratio in %	52.3		57.8				53.3
Expense ratio in %	33.7		36.0				34.1
Combined ratio in %	86.0		93.8				87.4
Management expense ratio in %		7.3					
Operating margin in %		9.9					

Business segments – balance sheet
As of 31 December

2014 USD millions	Property & Casualty Reinsurance	Life & Health Reinsurance	Corporate Solutions	Admin Re®	Group items	Consolidation	Total
Assets							
Fixed income securities	31 853	29 073	5 148	20 566	29		86 669
Equity securities	1 497	965	732		895		4 089
Other investments	9 185	1 814	47	1 769	7 037	–6 075	13 777
Short-term investments	6 397	3 725	2 348	1 400	257		14 127
Investments for unit-linked and with-profit business		894		24 431			25 325
Cash and cash equivalents	5 069	574	737	1 029	62		7 471
Deferred acquisition costs	1 756	2 723	360	1			4 840
Acquired present value of future profits		1 294		2 003			3 297
Reinsurance recoverable	3 648	1 689	7 674	281		–6 342	6 950
Other reinsurance assets	10 500	8 424	2 662	3 595	1	–1 695	23 487
Goodwill	1 950	1 966	109				4 025
Other	8 890	3 980	958	1 065	516	–5 005	10 404
Total assets	80 745	57 121	20 775	56 140	8 797	–19 117	204 461
Liabilities							
Unpaid claims and claim adjustment expenses	41 233	10 177	11 720	1 132	38	–6 346	57 954
Liabilities for life and health policy benefits		16 442	241	16 922			33 605
Policyholder account balances		1 473		27 769			29 242
Other reinsurance liabilities	10 893	1 968	4 733	526	9	–2 053	16 076
Short-term debt	503	4 530			544	–3 876	1 701
Long-term debt	4 494	6 779	496	855		–9	12 615
Other	9 389	8 836	1 162	2 548	2 121	–6 829	17 227
Total liabilities	66 512	50 205	18 352	49 752	2 712	–19 113	168 420
Shareholders' equity	14 211	6 916	2 334	6 388	6 085	–4	35 930
Non-controlling interests	22		89				111
Total equity	14 233	6 916	2 423	6 388	6 085	–4	36 041
Total liabilities and equity	80 745	57 121	20 775	56 140	8 797	–19 117	204 461

Business segments – balance sheet

As of 31 December

2015 USD millions	Property & Casualty Reinsurance	Life & Health Reinsurance	Corporate Solutions	Admin Re®	Group items	Consolidation	Total
Assets							
Fixed income securities	32 146	28 976	5 888	15 303	18		82 331
Equity securities	2 231	921	935		700		4 787
Other investments	12 105	1 976	162	1 524	6 077	–6 798	15 046
Short-term investments	3 458	1 069	1 256	571	1 051		7 405
Investments for unit-linked and with-profit business		818		27 423			28 241
Cash and cash equivalents	4 282	433	680	1 433	1 376		8 204
Deferred acquisition costs	2 051	3 032	387	1			5 471
Acquired present value of future profits		1 134		1 830			2 964
Reinsurance recoverable	2 872	1 652	6 438	895		–5 279	6 578
Other reinsurance assets	8 879	8 057	2 296	3 479	3	–1 135	21 579
Goodwill	1 873	1 883	106				3 862
Other	8 279	5 752	917	1 023	397	–6 701	9 667
Total assets	**78 176**	**55 703**	**19 065**	**53 482**	**9 622**	**–19 913**	**196 135**
Liabilities							
Unpaid claims and claim adjustment expenses	39 366	9 653	10 619	1 022		–5 142	55 518
Liabilities for life and health policy benefits		15 472	257	14 408		–6	30 131
Policyholder account balances		1 368		30 187		–133	31 422
Other reinsurance liabilities	10 597	2 342	4 178	433	3	–1 436	16 117
Short-term debt	1 001	2 612			515	–2 294	1 834
Long-term debt	4 074	8 770	496	808		–3 170	10 978
Other	9 799	8 936	1 187	1 684	2 652	–7 729	16 529
Total liabilities	**64 837**	**49 153**	**16 737**	**48 542**	**3 170**	**–19 910**	**162 529**
Shareholders' equity	**13 316**	**6 550**	**2 262**	**4 940**	**6 452**	**–3**	**33 517**
Non-controlling interests	23		66				89
Total equity	**13 339**	**6 550**	**2 328**	**4 940**	**6 452**	**–3**	**33 606**
Total liabilities and equity	**78 176**	**55 703**	**19 065**	**53 482**	**9 622**	**–19 913**	**196 135**

b) Property & Casualty Reinsurance business segment – by line of business
For the year ended 31 December

2014 USD millions	Property	Casualty	Specialty	Total
Premiums earned	6 783	6 437	2 378	15 598
Expenses				
Claims and claim adjustment expenses	–3 013	–4 513	–967	–8 493
Acquisition costs	–1 049	–1 831	–502	–3 382
Other expenses	–669	–355	–151	–1 175
Total expenses before interest expenses	–4 731	–6 699	–1 620	–13 050
Underwriting result	2 052	–262	758	2 548
Net investment income				1 076
Net realised investment gains/losses				699
Other revenues				69
Interest expenses				–255
Income before income tax expense				4 137
Claims ratio in %	44.4	70.1	40.6	54.5
Expense ratio in %	25.3	34.0	27.5	29.2
Combined ratio in %	69.7	104.1	68.1	83.7

Property & Casualty Reinsurance business segment – by line of business
For the year ended 31 December

2015 USD millions	Property	Casualty	Specialty	Total
Premiums earned	**6 092**	**6 602**	**2 396**	**15 090**
Expenses				
Claims and claim adjustment expenses	–2 567	–4 139	–1 186	–7 892
Acquisition costs	–1 198	–2 053	–585	–3 836
Other expenses	–689	–401	–157	–1 247
Total expenses before interest expenses	**–4 454**	**–6 593**	**–1 928**	**–12 975**
Underwriting result	**1 638**	**9**	**468**	**2 115**
Net investment income				1 097
Net realised investment gains/losses				445
Other revenues				45
Interest expenses				–262
Income before income tax expense				**3 440**
Claims ratio in %	42.1	62.7	49.5	52.3
Expense ratio in %	31.0	37.2	31.0	33.7
Combined ratio in %	73.1	99.9	80.5	86.0

c) Life & Health Reinsurance business segment – by line of business
For the year ended 31 December

2014 USD millions	Life	Health	Total
Revenues			
Premiums earned	7 166	4 046	11 212
Fee income from policyholders	53		53
Net investment income – non-participating business	944	600	1 544
Net investment income – unit-linked and with-profit business	37		37
Net realised investment gains/losses – unit-linked and with-profit business	38		38
Net realised investment gains/losses – insurance-related derivatives	121	–7	114
Total revenues before non-participating realised gains/losses	8 359	4 639	12 998
Expenses			
Life and health benefits	–5 890	–3 304	–9 194
Return credited to policyholders	–99		–99
Acquisition costs	–1 808	–681	–2 489
Other expenses	–628	–257	–885
Total expenses before interest expenses	–8 425	–4 242	–12 667
Operating income/loss	–66	397	331
Net realised investment gains/losses – non-participating business and excluding insurance-related derivatives			–369
Interest expenses			–438
Loss before income tax benefit			–476

Management expense ratio in %	7.7	5.5	6.9
Operating margin[1] in %	–0.8	8.6	2.6

[1] Operating margin is calculated as operating income divided by total operating revenues. Total operating revenues are total revenues excluding unit-linked and with-profit revenues.

Life & Health Reinsurance business segment – by line of business
For the year ended 31 December

2015 USD millions	Life	Health	Total
Revenues			
Premiums earned	7 114	3 800	10 914
Fee income from policyholders	49		49
Net investment income – non-participating business	866	465	1 331
Net investment income – unit-linked and with-profit business	38		38
Net realised investment gains/losses – unit-linked and with-profit business	4		4
Net realised investment gains/losses – insurance-related derivatives	90	42	132
Other revenues	3	2	5
Total revenues before non-participating realised gains/losses	**8 164**	**4 309**	**12 473**
Expenses			
Life and health benefits	–5 563	–2 727	–8 290
Return credited to policyholders	–60		–60
Acquisition costs	–1 258	–728	–1 986
Other expenses	–642	–261	–903
Total expenses before interest expenses	**–7 523**	**–3 716**	**–11 239**
Operating income	**641**	**593**	**1 234**
Net realised investment gains/losses – non-participating business and excluding insurance-related derivatives			178
Interest expenses			–278
Income before income tax expense			**1 134**
Management expense ratio in %	8.0	6.1	7.3
Operating margin[1] in %	7.9	13.8	9.9

[1] Operating margin is calculated as operating income divided by total operating revenues. Total operating revenues are total revenues excluding unit-linked and with-profit revenues.

d) Net premiums earned and fee income from policyholders by geography

Net premiums earned and fee income from policyholders by regions for the years ended 31 December

USD millions	2014	2015
Americas	12 199	13 230
Europe (including Middle East and Africa)	11 316	10 333
Asia-Pacific	7 747	6 651
Total	31 262	**30 214**

Net premiums earned and fee income from policyholders by country for the years ended 31 December

USD millions	2014	2015
United States	9 422	10 259
United Kingdom	3 620	3 516
China	3 059	2 516
Australia	2 132	1 639
Germany	1 429	1 217
Canada	1 383	1 190
Japan	1 034	960
Ireland	903	782
France	948	755
Switzerland	743	745
Republic of Korea	436	466
Other	6 153	6 169
Total	31 262	**30 214**

Net premiums earned and fee income from policyholders are allocated by country based on the underlying contract.

3 Insurance information

Premiums earned and fees assessed against policyholders

For the year ended 31 December

2014 USD millions	Property & Casualty Reinsurance	Life & Health Reinsurance	Corporate Solutions	Admin Re®	Group items	Total
Premiums earned, thereof:						
Direct		758	2 745	651		4 154
Reinsurance	16 233	11 431	705	165		28 534
Intra-group transactions (assumed and ceded)	–157	272	157	–272		0
Premiums earned before retrocession to external parties	16 076	12 461	3 607	544		32 688
Retrocession to external parties	–478	–1 249	–163	–42		–1 932
Net premiums earned	15 598	11 212	3 444	502	0	30 756
Fee income from policyholders, thereof:						
Direct				363		363
Reinsurance		54		90		144
Intra-group transactions (assumed and ceded)						0
Gross fee income before retrocession to external parties		54		453		507
Retrocession to external parties		–1				–1
Net fee income	0	53	0	453	0	506

Premiums earned and fees assessed against policyholders

For the year ended 31 December

2015 USD millions	Property & Casualty Reinsurance	Life & Health Reinsurance	Corporate Solutions	Admin Re®	Group items	Total
Premiums earned, thereof:						
Direct		736	2 732	500		3 968
Reinsurance	15 301	11 354	872	142		27 669
Intra-group transactions (assumed and ceded)	57	244	–57	–244		0
Premiums earned before retrocession to external parties	15 358	12 334	3 547	398		31 637
Retrocession to external parties	–268	–1 420	–168	–30		–1 886
Net premiums earned	**15 090**	**10 914**	**3 379**	**368**	**0**	**29 751**
Fee income from policyholders, thereof:						
Direct				323		323
Reinsurance		50		91		141
Intra-group transactions (assumed and ceded)						0
Gross fee income before retrocession to external parties		50		414		464
Retrocession to external parties		–1				–1
Net fee income	**0**	**49**	**0**	**414**	**0**	**463**

Claims and claim adjustment expenses

For the year ended 31 December

2014 USD millions	Property & Casualty Reinsurance	Life & Health Reinsurance	Corporate Solutions	Admin Re®	Group items	Total
Claims paid, thereof:						
Gross claims paid to external parties	–10 176	–9 120	–2 068	–2 153	–9	–23 526
Intra-group transactions (assumed and ceded)	–427	–238	428	238	–1	0
Claims before receivables from retrocession to external parties	–10 603	–9 358	–1 640	–1 915	–10	–23 526
Retrocession to external parties	1 022	1 162	345	68		2 597
Net claims paid	–9 581	–8 196	–1 295	–1 847	–10	–20 929
Change in unpaid claims and claim adjustment expenses; life and health benefits, thereof:						
Gross – with external parties	1 662	–967	–136	459	–22	996
Intra-group transactions (assumed and ceded)	395	8	–395	–8		0
Unpaid claims and claim adjustment expenses; life and health benefits before impact of retrocession to external parties	2 057	–959	–531	451	–22	996
Retrocession to external parties	–969	–39	–228	–19		–1 255
Net unpaid claims and claim adjustment expenses; life and health benefits	1 088	–998	–759	432	–22	–259
Claims and claim adjustment expenses; life and health benefits	–8 493	–9 194	–2 054	–1 415	–32	–21 188

Acquisition costs

For the year ended 31 December

2014 USD millions	Property & Casualty Reinsurance	Life & Health Reinsurance	Corporate Solutions	Admin Re®	Group items	Total
Acquisition costs, thereof:						
Gross acquisition costs with external parties	–3 514	–2 681	–462	–184		–6 841
Intra-group transactions (assumed and ceded)	25	–1	–25	1		0
Acquisition costs before impact of retrocession to external parties	–3 489	–2 682	–487	–183		–6 841
Retrocession to external parties	107	193	24	2		326
Net acquisition costs	–3 382	–2 489	–463	–181	0	–6 515

Claims and claim adjustment expenses

For the year ended 31 December

2015 USD millions	Property & Casualty Reinsurance	Life & Health Reinsurance	Corporate Solutions	Admin Re®	Group items	Total
Claims paid, thereof:						
Gross claims paid to external parties	–8 651	–9 415	–2 726	–1 826	–38	–22 656
Intra-group transactions (assumed and ceded)	–739	–214	739	214		0
Claims before receivables from retrocession to external parties	–9 390	–9 629	–1 987	–1 612	–38	–22 656
Retrocession to external parties	540	1 168	278	54		2 040
Net claims paid	**–8 850**	**–8 461**	**–1 709**	**–1 558**	**–38**	**–20 616**
Change in unpaid claims and claim adjustment expenses; life and health benefits, thereof:						
Gross – with external parties	567	148	754	796	37	2 302
Intra-group transactions (assumed and ceded)	941	–3	–941	3		0
Unpaid claims and claim adjustment expenses; life and health benefits before impact of retrocession to external parties	1 508	145	–187	799	37	2 302
Retrocession to external parties	–550	26	–59	–31		–614
Net unpaid claims and claim adjustment expenses; life and health benefits	**958**	**171**	**–246**	**768**	**37**	**1 688**
Claims and claim adjustment expenses; life and health benefits	**–7 892**	**–8 290**	**–1 955**	**–790**	**–1**	**–18 928**

Acquisition costs

For the year ended 31 December

2015 USD millions	Property & Casualty Reinsurance	Life & Health Reinsurance	Corporate Solutions	Admin Re®	Group items	Total
Acquisition costs, thereof:						
Gross acquisition costs with external parties	–3 898	–2 229	–492	–141		–6 760
Intra-group transactions (assumed and ceded)	–6	–1	6	1		0
Acquisition costs before impact of retrocession to external parties	–3 904	–2 230	–486	–140		–6 760
Retrocession to external parties	68	244	27	2		341
Net acquisition costs	**–3 836**	**–1 986**	**–459**	**–138**	**0**	**–6 419**

Reinsurance recoverable on unpaid claims and policy benefits
As of 31 December 2014 and 2015, the Group had a reinsurance recoverable of USD 6 950 million and USD 6 578 million, respectively. The concentration of credit risk is regularly monitored and evaluated. The reinsurance programme with Berkshire Hathaway and subsidiaries accounted for 60% of the Group's reinsurance recoverable as of year-end 2014 and 52% as of year-end 2015.

Reinsurance receivables
Reinsurance receivables as of 31 December were as follows:

USD millions	2014	**2015**
Premium receivables invoiced	1 355	1 441
Receivables invoiced from ceded re/insurance business	341	201
Assets arising from the application of the deposit method of accounting and meeting the definition of financing receivables	779	171
Recognised allowance	–86	–56

Policyholder dividends
Policyholder dividends are recognised as an element of policyholder benefits. The relative percentage of participating insurance of the life and health policy benefits in 2014 and 2015 was 8% and 8%, respectively. The amount of policyholder dividend expense in 2014 and 2015 was USD 113 million and USD 126 million, respectively.

4 Premiums written

For the years ended 31 December

2014 USD millions	Property & Casualty Reinsurance	Life & Health Reinsurance	Corporate Solutions	Admin Re®	Group items	Consolidation	Total
Gross premiums written, thereof:							
Direct		768	2 996	662			4 426
Reinsurance	16 308	11 393	984	165			28 850
Intra-group transactions (assumed)	342	273	303			–918	0
Gross premiums written	16 650	12 434	4 283	827		–918	33 276
Intra-group transactions (ceded)	–303		–342	–273		918	0
Gross premiums written before retrocession to external parties	16 347	12 434	3 941	554			33 276
Retrocession to external parties	–206	–1 243	–145	–42			–1 636
Net premiums written	16 141	11 191	3 796	512	0	0	31 640

2015 USD millions	Property & Casualty Reinsurance	Life & Health Reinsurance	Corporate Solutions	Admin Re®	Group items	Consolidation	Total
Gross premiums written, thereof:							
Direct		748	2 905	495			4 148
Reinsurance	15 811	11 303	845	142			28 101
Intra-group transactions (assumed)	288	244	192			–724	0
Gross premiums written	16 099	12 295	3 942	637		–724	32 249
Intra-group transactions (ceded)	–192		–288	–244		724	0
Gross premiums written before retrocession to external parties	15 907	12 295	3 654	393			32 249
Retrocession to external parties	–204	–1 413	–160	–30			–1 807
Net premiums written	**15 703**	**10 882**	**3 494**	**363**	**0**	**0**	**30 442**

5 Unpaid claims and claim adjustment expenses

The liability for unpaid claims and claim adjustment expenses as of 31 December is analysed as follows:

USD millions	2014	2015
Non-Life	46 633	44 835
Life & Health	11 321	10 683
Total	57 954	**55 518**

A reconciliation of the opening and closing reserve balances for non-life unpaid claims and claim adjustment expenses for the period is presented as follows:

USD millions	2014	2015
Balance as of 1 January	50 392	46 633
Reinsurance recoverable	–6 029	–4 746
Deferred expense on retroactive reinsurance	–56	–14
Net balance as of 1 January	44 307	**41 873**
Incurred related to:		
Current year	11 298	11 127
Prior year	–838	–1 394
Amortisation of deferred expense on retroactive reinsurance and impact of commutations	17	27
Total incurred	10 477	**9 760**
Paid related to:		
Current year	–2 193	–2 245
Prior year	–8 693	–8 352
Total paid	–10 886	**–10 597**
Foreign exchange	–2 224	–1 892
Effect of acquisitions, disposals, new retroactive reinsurance and other items	199	1 433
Net balance as of 31 December	41 873	**40 577**
Reinsurance recoverable	4 746	3 918
Deferred expense on retroactive reinsurance	14	340
Balance as of 31 December	46 633	**44 835**

The Group does not discount liabilities arising from prospective property and casualty insurance and reinsurance contracts, including liabilities which are discounted for US statutory reporting purposes. Liabilities arising from property and casualty insurance and reinsurance contracts acquired in a business combination are initially recognised at fair value in accordance with the purchase method of accounting.

Prior-year development

In 2015, claims development on prior years was driven by favourable experience on most lines of business. In particular liability, within the casualty line of business, showed a consistent level of releases throughout the year and across all regions. Favourable development on more recent accident years more than offset increases for US asbestos and environmental losses. Following large commutation and positive claim experience, accident and health claims developed favourably, contributing to the overall positive claims development on casualty. This was partially offset by the motor line of business, which experienced adverse trends in the US on most recent underwriting years. The European motor claims were also adversely impacted following improvements to the reserving models for French and German business. On property, claims development was favourable across all regions. Similar to last year, specialty lines showed a favourable trend. Experience has been significantly below what was expected, enabling reserves to be released.

A summary of prior-year claims development by lines of business is shown below:

USD millions	2014	**2015**
Line of business:		
Property	–277	–539
Casualty	–62	–571
Specialty	–499	–284
Total	–838	**–1 394**

US asbestos and environmental claims exposure

The Group's obligation for claims payments and claims settlement charges also includes obligations for long-latent injury claims arising out of policies written prior to 1986, in particular in the area of US asbestos and environmental liability.

At the end of 2015 the Group carried net reserves for US asbestos and environmental liabilities equal to USD 2 094 million. During 2015, the Group incurred net losses of USD 128 million and paid net against these liabilities of USD 173 million.

Note that during 2015, USD 76 million of existing reserves were reclassified as asbestos following a detailed review of historic cedent accounts by our claims department. The above mentioned incurred amount (USD 128 million) does not show this amount as incurred during 2015.

Estimating ultimate asbestos and environmental liabilities is particularly complex for a number of reasons relating in part to the long period between exposure and manifestation of claims, and in part to other factors, which include risks and lack of predictability inherent in complex litigation, changes in projected costs to resolve, and in the projected number of, asbestos and environmental claims, the effect of bankruptcy protection, insolvencies, and changes in the legal, legislative and regulatory environment. As a result, the Group believes that projection of exposures for asbestos and environmental claims is subject to far less predictability relative to non-environmental and non-asbestos exposures. Management believes that its reserves for asbestos and environmental claims are appropriately established based upon known facts and the current state of the law. However, reserves are subject to revision as new information becomes available and as claims develop. Additional liabilities may arise for amounts in excess of reserves, and the Group's estimate of claims and claim adjustment expenses may change. Any such additional liabilities or increases in estimates cannot be reasonably estimated in advance but could result in charges that could be material to operating results.

6 Deferred acquisition costs (DAC) and acquired present value of future profits (PVFP)

As of 31 December, the DAC were as follows:

2014 USD millions	Property & Casualty Reinsurance	Life & Health Reinsurance	Corporate Solutions	Admin Re®	Total
Opening balance as of 1 January	1 591	2 845	319	1	4 756
Deferred	3 563	490	507		4 560
Effect of acquisitions/disposals and retrocessions		–28			–28
Amortisation	–3 332	–448	–463		–4 243
Effect of foreign currency translation	–66	–136	–3		–205
Closing balance as of 31 December	1 756	2 723	360	1	4 840

2015 USD millions	Property & Casualty Reinsurance	Life & Health Reinsurance	Corporate Solutions	Admin Re®	Total
Opening balance as of 1 January	1 756	2 723	360	1	4 840
Deferred	4 132	1 053	486		5 671
Effect of acquisitions/disposals and retrocessions	7	2			9
Amortisation	–3 793	–594	–459		–4 846
Effect of foreign currency translation	–51	–152			–203
Closing balance as of 31 December	**2 051**	**3 032**	**387**	**1**	**5 471**

Retroceded DAC may arise on retrocession of reinsurance portfolios, including reinsurance undertaken as part of a securitisation. The associated potential retrocession recoveries are determined by the nature of the retrocession agreements and by the terms of the securitisation.

As of 31 December, the PVFP was as follows:

			2014			**2015**
USD millions	Life & Health Reinsurance	Admin Re®	Total	Life & Health Reinsurance	Admin Re®	Total
Opening balance as of 1 January	1 451	2 086	3 537	1 294	2 003	3 297
Effect of acquisitions/disposals and retrocessions		165	165		2	2
Amortisation	–156	–261	–417	–159	–191	–350
Interest accrued on unamortised PVFP	44	103	147	40	84	124
Effect of foreign currency translation	–45	–90	–135	–41	–77	–118
Effect of change in unrealised gains/losses			0		9	9
Closing balance as of 31 December	1 294	2 003	3 297	**1 134**	**1 830**	**2 964**

Retroceded PVFP may arise on retrocession of reinsurance portfolios, including reinsurance undertaken as part of a securitisation. The associated potential retrocession recoveries are determined by the nature of the retrocession agreements and by the terms of the securitisation.

The percentage of PVFP which is expected to be amortised in each of the next five years is 9%, 9%, 8%, 8% and 7%.

7 Investments

Investment income

Net investment income by source (excluding unit-linked and with-profit business) was as follows:

USD millions	2014	2015
Fixed income securities	2 798	2 553
Equity securities	100	105
Policy loans, mortgages and other loans	133	128
Investment real estate	144	158
Short-term investments	111	77
Other current investments	127	155
Share in earnings of equity-accounted investees	321	52
Cash and cash equivalents	42	35
Net result from deposit-accounted contracts	149	95
Deposits with ceding companies	571	462
Gross investment income	4 496	**3 820**
Investment expenses	–358	–362
Interest charged for funds held	–35	–22
Net investment income – non-participating business	4 103	**3 436**

Dividends received from investments accounted for using the equity method were USD 277 million and USD 254 million for 2014 and 2015, respectively.

Share in earnings of equity-accounted investees includes an impairment of the carrying amount of an equity-accounted investee of USD 83 million for 2015.

Realised gains and losses

Realised gains and losses for fixed income, equity securities and other investments (excluding unit-linked and with-profit business) were as follows:

USD millions	2014	2015
Fixed income securities available-for-sale:		
Gross realised gains	814	889
Gross realised losses	–231	–283
Equity securities available-for-sale:		
Gross realised gains	686	372
Gross realised losses	–84	–69
Other-than-temporary impairments	–40	–57
Net realised investment gains/losses on trading securities	46	64
Change in net unrealised investment gains/losses on trading securities	120	–30
Net realised/unrealised gains/losses on other investments	–340	85
Net realised/unrealised gains/losses on insurance-related activities	–331	143
Gain/Loss related to sale of Aurora National Life Assurance Company	–247	9
Foreign exchange gains/losses	174	83
Net realised investment gains/losses – non-participating business	567	**1 206**

Investment result – unit-linked and with-profit business

For unit-linked contracts, the investment risk is borne by the policyholder. For with-profit contracts, the majority of the investment risk is also borne by the policyholder, although there are certain guarantees that limit the down-side risk for the policyholder, and a certain proportion of the returns may be retained by the Group (typically 10%).

Net investment result on unit-linked and with-profit business credited to policyholders was as follows:

USD millions	2014 Unit-linked	2014 With-profit	2015 Unit-linked	2015 With-profit
Investment income – fixed income securities	109	92	90	77
Investment income – equity securities	621	32	556	28
Investment income – other	22	13	32	16
Total investment income – unit-linked and with-profit business	752	137	**678**	**121**
Realised gains/losses – fixed income securities	132	168	–75	–58
Realised gains/losses – equity securities	206	–1	124	–19
Realised gains/losses – other	5	–18	28	15
Total realised gains/losses – unit-linked and with-profit business	343	149	**77**	**–62**
Total net investment result – unit-linked and with-profit business	1 095	286	**755**	**59**

Impairment on fixed income securities related to credit losses

Other-than-temporary impairments for debt securities are bifurcated between credit and non-credit components, with the credit component recognised through earnings and the non-credit component recognised in other comprehensive income. The credit component of other-than-temporary impairments is defined as the difference between a security's amortised cost basis and the present value of expected cash flows. Methodologies for measuring the credit component of impairment are aligned to market observer forecasts of credit performance drivers. Management believes that these forecasts are representative of median market expectations.

For securitised products, a cash flow projection analysis is conducted by integrating forward-looking evaluation of collateral performance drivers, including default rates, prepayment rates and loss severities, and deal-level features, such as credit enhancement and prioritisation among tranches for payments of principal and interest. Analytics are differentiated by asset class, product type and security-level differences in historical and expected performance. For corporate bonds and hybrid debt instruments, an expected loss approach based on default probabilities and loss severities expected in the current and forecasted economic environment is used for securities identified as credit-impaired to project probability-weighted cash flows. Expected cash flows resulting from these analyses are discounted, and the present value is compared to the amortised cost basis to determine the credit component of other-than-temporary impairments.

A reconciliation of other-than-temporary impairments related to credit losses recognised in earnings was as follows:

USD millions	2014	2015
Balance as of 1 January	228	137
Credit losses for which an other-than-temporary impairment was not previously recognised	9	30
Reductions for securities sold during the period	–78	–23
Increase of credit losses for which an other-than-temporary impairment has been recognised previously, when the Group does not intend to sell, or more likely than not will not be required to sell before recovery		7
Impact of increase in cash flows expected to be collected	–23	–10
Impact of foreign exchange movements	1	–5
Balance as of 31 December	137	**136**

Investments available-for-sale

Amortised cost or cost, estimated fair values and other-than-temporary impairments of fixed income securities classified as available-for-sale as of 31 December were as follows:

2014 USD millions	Amortised cost or cost	Gross unrealised gains	Gross unrealised losses	Other-than-temporary impairments recognised in other comprehensive income	Estimated fair value
Debt securities issued by governments and government agencies:					
US Treasury and other US government corporations and agencies	11 639	960	–9		12 590
US Agency securitised products	3 212	47	–23		3 236
States of the United States and political subdivisions of the states	1 047	80	–2		1 125
United Kingdom	8 224	1 259	–2		9 481
Canada	2 944	626	–17		3 553
Germany	4 521	369	–30		4 860
France	2 889	355	–19		3 225
Other	7 902	405	–103		8 204
Total	42 378	4 101	–205		46 274
Corporate debt securities	29 750	2 622	–139	–2	32 231
Mortgage- and asset-backed securities	5 739	231	–23	–2	5 945
Fixed income securities available-for-sale	77 867	6 954	–367	–4	84 450
Equity securities available-for-sale	3 133	959	–68		4 024

2015 USD millions	Amortised cost or cost	Gross unrealised gains	Gross unrealised losses	Other-than-temporary impairments recognised in other comprehensive income	Estimated fair value
Debt securities issued by governments and government agencies:					
US Treasury and other US government corporations and agencies	12 212	612	–92		12 732
US Agency securitised products	2 937	29	–28		2 938
States of the United States and political subdivisions of the states	1 236	55	–10		1 281
United Kingdom	7 514	773	–54		8 233
Canada	3 943	520	–38		4 425
Germany	2 920	239	–31		3 128
France	2 065	223	–18		2 270
Other	7 818	262	–146		7 934
Total	40 645	2 713	–417		42 941
Corporate debt securities	30 540	1 448	–530	–11	31 447
Mortgage- and asset-backed securities	4 970	118	–38	–3	5 047
Fixed income securities available-for-sale	**76 155**	**4 279**	**–985**	**–14**	**79 435**
Equity securities available-for-sale	**4 294**	**632**	**–207**		**4 719**

The "Other-than-temporary impairments recognised in other comprehensive income" column includes only securities with a credit-related loss recognised in earnings. Subsequent recovery in fair value of securities previously impaired in other comprehensive income is also presented in the "Other-than-temporary impairments recognised in other comprehensive income" column.

Investments trading
The carrying amounts of fixed income securities and equity securities classified as trading (excluding unit-linked and with-profit business) as of 31 December were as follows:

USD millions	2014	2015
Debt securities issued by governments and government agencies	1 997	2 710
Corporate debt securities	60	52
Mortgage- and asset-backed securities	162	134
Fixed income securities trading – non-participating	2 219	**2 896**
Equity securities trading – non-participating	65	**68**

Investments held for unit-linked and with-profit business
The carrying amounts of investments held for unit-linked and with-profit business as of 31 December were as follows:

		2014		2015
USD millions	Unit-linked	With-profit	Unit-linked	With-profit
Fixed income securities trading	1 870	1 810	2 410	1 659
Equity securities trading	19 054	991	21 894	889
Investment real estate	736	429	691	366
Other invested assets	435		332	
Total investments for unit-linked and with-profit business	22 095	3 230	**25 327**	**2 914**

Maturity of fixed income securities available-for-sale
The amortised cost or cost and estimated fair values of investments in fixed income securities available-for-sale by remaining maturity are shown below. Fixed maturity investments are assumed not to be called for redemption prior to the stated maturity date. As of 31 December 2014 and 2015, USD 11 579 million and USD 12 725 million, respectively, of fixed income securities available-for-sale were callable.

		2014		2015
USD millions	Amortised cost or cost	Estimated fair value	Amortised cost or cost	Estimated fair value
Due in one year or less	4 749	4 757	4 874	4 911
Due after one year through five years	17 920	18 459	19 370	19 671
Due after five years through ten years	17 300	18 329	16 577	17 101
Due after ten years	32 334	37 137	30 611	32 952
Mortgage- and asset-backed securities with no fixed maturity	5 564	5 768	4 723	4 800
Total fixed income securities available-for-sale	77 867	84 450	**76 155**	**79 435**

Assets pledged
As of 31 December 2015, investments with a carrying value of USD 6 914 million were on deposit with regulatory agencies in accordance with local requirements, and investments with a carrying value of USD 9 601 million were placed on deposit or pledged to secure certain reinsurance liabilities, including pledged investments in subsidiaries.

As of 31 December 2014 and 2015, securities of USD 16 915 million and USD 15 828 million, respectively, were transferred to third parties under securities lending transactions and repurchase agreements on a fully collateralised basis. Corresponding liabilities of USD 1 951 million and USD 995 million, respectively, were recognised in accrued expenses and other liabilities for the obligation to return collateral that the Group has the right to sell or repledge.

As of 31 December 2015, a real estate portfolio with a carrying value of USD 224 million serves as collateral for short-term senior operational debt of USD 250 million.

Collateral accepted which the Group has the right to sell or repledge
As of 31 December 2014 and 2015, the fair value of the equity securities, government and corporate debt securities received as collateral was USD 3 907 million and USD 7 030 million, respectively. Of this, the amount that was sold or repledged as of 31 December 2014 and 2015 was USD 494 million and USD 2 429 million, respectively. The sources of the collateral are securities borrowing, reverse repurchase agreements and derivative transactions.

Offsetting of derivatives, financial assets and financial liabilities

Offsetting of derivatives, financial assets and financial liabilities as of 31 December was as follows:

2014 USD millions	Gross amounts of recognised financial assets	Collateral set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Related financial instruments not set off in the balance sheet	Net amount
Derivative financial instruments - assets	4 371	–3 530	841	–188	653
Reverse repurchase agreements	3 254	–1 303	1 951	–1 951	0
Securities borrowing	87		87	–87	0
Total	7 712	–4 833	2 879	–2 226	653

2014 USD millions	Gross amounts of recognised financial liabilities	Collateral set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Related financial instruments not set off in the balance sheet	Net amount
Derivative financial instruments - liabilities	–3 877	2 969	–908	149	–759
Repurchase agreements	–1 353	1 003	–350	350	0
Securities lending	–1 901	300	–1 601	1 475	–126
Total	–7 131	4 272	–2 859	1 974	–885

2015 USD millions	Gross amounts of recognised financial assets	Collateral set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Related financial instruments not set off in the balance sheet	Net amount
Derivative financial instruments - assets	2 713	–1 953	760	–13	**747**
Reverse repurchase agreements	6 401	–3 000	3 401	–3 394	**7**
Securities borrowing	452		452	–452	**0**
Total	**9 566**	**–4 953**	**4 613**	**–3 859**	**754**

2015 USD millions	Gross amounts of recognised financial liabilities	Collateral set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Related financial instruments not set off in the balance sheet	Net amount
Derivative financial instruments - liabilities	–2 179	1 477	–702	81	**–621**
Repurchase agreements	–2 844	2 475	–369	369	**0**
Securities lending	–1 151	525	–626	582	**–44**
Total	**–6 174**	**4 477**	**–1 697**	**1 032**	**–665**

Collateral pledged or received between two counterparties with a master netting arrangement in place, but not subject to balance sheet netting is disclosed at fair value. The fair values represent the gross carrying value amounts at the reporting date for each financial instrument received or pledged by the Group. Management believes that master netting agreements provide for legally enforceable set-off in the event of default, which substantially reduces credit exposure. Upon occurrence of an event of default the non-defaulting party may set off the obligation against collateral received regardless if offset on the balance sheet prior to the defaulting event. The net amounts of the financial assets and liabilities presented on the balance sheet were recognised in "Other invested assets", and "Accrued expenses and other liabilities", respectively.

Recognised gross liability for the obligation to return collateral that the Group has the right to sell or repledge

As of 31 December 2015, the gross amounts of liabilities related to repurchase agreements and securities lending by the class of securities transferred to third parties and by the remaining maturity are shown below. The liabilities are recognised for the obligation to return collateral that the Group has the right to sell or repledge.

2015 USD millions	Remaining contractual maturity of the agreements Overnight and continuous	Up to 30 days	30–90 days	Greater than 90 days	Total
Repurchase agreements					
Debt securities issued by governments and government agencies	370	2 136	176	135	2 817
Corporate debt securities	3	24			27
Total repurchase agreements	**373**	**2 160**	**176**	**135**	**2 844**
Securities lending					
Debt securities issued by governments and government agencies	217		501	433	1 151
Total securities lending	**217**	**0**	**501**	**433**	**1 151**
Gross amount of recognised liabilities for repurchase agreements and securities lending					3 995

The programme is structured in a conservative manner within a clearly defined risk framework. Yield enhancement is conducted on a non-cash basis, thereby taking no re-investment risk.

Unrealised losses on securities available-for-sale

The following table shows the fair value and unrealised losses of the Group's fixed income securities, aggregated by investment category and length of time that individual securities were in a continuous unrealised loss position as of 31 December 2014 and 2015. As of 31 December 2014 and 2015, USD 52 million and USD 161 million, respectively, of the gross unrealised loss on equity securities available-for-sale relates to declines in value for less than 12 months and USD 16 million and USD 46 million, respectively, to declines in value for more than 12 months.

2014 USD millions	Less than 12 months Fair value	 Unrealised losses	12 months or more Fair value	 Unrealised losses	Total Fair value	 Unrealised losses
Debt securities issued by governments and government agencies:						
US Treasury and other US government corporations and agencies	1 637	5	265	4	1 902	9
US Agency securitised products	1 069	12	483	11	1 552	23
States of the United States and political subdivisions of the states	117	1	32	1	149	2
United Kingdom	129	2	33		162	2
Canada	358	6	88	11	446	17
Germany	836	27	67	3	903	30
France	317	18	15	1	332	19
Other	1 360	75	802	28	2 162	103
Total	5 823	146	1 785	59	7 608	205
Corporate debt securities	3 884	95	917	46	4 801	141
Mortgage- and asset-backed securities	1 506	12	329	13	1 835	25
Total	11 213	253	3 031	118	14 244	371

2015 USD millions	Less than 12 months Fair value	 Unrealised losses	12 months or more Fair value	 Unrealised losses	Total Fair value	 Unrealised losses
Debt securities issued by governments and government agencies:						
US Treasury and other US government corporations and agencies	5 993	91	11	1	6 004	92
US Agency securitised products	1 503	23	223	5	1 726	28
States of the United States and political subdivisions of the states	325	9	6	1	331	10
United Kingdom	1 551	52	56	2	1 607	54
Canada	976	14	96	24	1 072	38
Germany	860	25	131	6	991	31
France	502	13	23	5	525	18
Other	3 113	111	202	35	3 315	146
Total	14 823	338	748	79	15 571	417
Corporate debt securities	11 246	481	365	60	11 611	541
Mortgage- and asset-backed securities	2 419	32	225	9	2 644	41
Total	**28 488**	**851**	**1 338**	**148**	**29 826**	**999**

Mortgages, loans and real estate

As of 31 December, the carrying values of investments in mortgages, policy and other loans, and real estate (excluding unit-linked and with-profit business) were as follows:

USD millions	2014	2015
Policy loans	252	91
Mortgage loans	1 888	1 946
Other loans	1 065	1 086
Investment real estate	888	1 556

The fair value of the real estate as of 31 December 2014 and 2015 was USD 2 482 million and USD 3 211 million, respectively. The carrying value of policy loans, mortgages and other loans approximates fair value.

Depreciation expense related to income-producing properties was USD 26 million and USD 36 million for 2014 and 2015, respectively. Accumulated depreciation on investment real estate totalled USD 539 million and USD 504 million as of 31 December 2014 and 2015, respectively.

Substantially all mortgages, policy loans and other loan receivables are secured by buildings, land or the underlying policies.

8 Fair value disclosures

Fair value, as defined by the Fair Value Measurements and Disclosures Topic, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Fair Value Measurements and Disclosures Topic requires all assets and liabilities that are measured at fair value to be categorised within the fair value hierarchy. This three-level hierarchy is based on the observability of the inputs used in the fair value measurement. The levels of the fair value hierarchy are defined as follows:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the Group has the ability to access. Level 1 inputs are the most persuasive evidence of fair value and are to be used whenever possible.

Level 2 inputs are market-based inputs that are directly or indirectly observable, but not considered level 1 quoted prices. Level 2 inputs consist of (i) quoted prices for similar assets or liabilities in active markets; (ii) quoted prices for identical assets or liabilities in non-active markets (eg markets which have few transactions and where prices are not current or price quotations vary substantially); (iii) inputs other than quoted prices that are observable (eg interest rates, yield curves, volatilities, prepayment speeds, credit risks and default rates); and (iv) inputs derived from, or corroborated by, observable market data.

Level 3 inputs are unobservable inputs. These inputs reflect the Group's own assumptions about market pricing using the best internal and external information available.

The types of instruments valued, based on unadjusted quoted market prices in active markets, include most US government and sovereign obligations, active listed equities and most money market securities. Such instruments are generally classified within level 1 of the fair value hierarchy.

The types of instruments that trade in markets that are not considered to be active, but are valued based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency, include most government agency securities, investment-grade corporate bonds, certain mortgage- and asset-backed products, less liquid listed equities, and state, municipal and provincial obligations. Such instruments are generally classified within level 2 of the fair value hierarchy.

Exchange-traded derivative instruments typically fall within level 1 or level 2 of the fair value hierarchy depending on whether they are considered to be actively traded or not.

Certain financial instruments are classified within level 3 of the fair value hierarchy, because they trade infrequently and therefore have little or no price transparency. Such instruments include private equity, less liquid corporate debt securities and certain asset-backed securities. Certain over-the-counter (OTC) derivatives trade in less liquid markets with limited pricing information, and the determination of fair value for these derivatives is inherently more difficult. Such instruments are classified within level 3 of the fair value hierarchy. Pursuant to the election of the fair value option, the Group classifies certain liabilities for life and health policy benefits in level 3 of the fair value hierarchy. When appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads, and credit considerations. Such adjustments are generally based on available market evidence. In the absence of such evidence, management's best estimate is used.

The fair values of assets are adjusted to incorporate the counterparty risk of non-performance. Similarly, the fair values of liabilities reflect the risk of non-performance of the Group, captured by the Group's credit spread. These valuation adjustments from assets and liabilities measured at fair value using significant unobservable inputs are recognised in net realised gains and losses. For 2015, these adjustments were not material. Whenever the underlying assets or liabilities are reported in a specific business segment, the valuation adjustment is allocated accordingly. Valuation adjustments not attributable to any business segment are reported in Group items.

In certain situations, the Group uses inputs to measure the fair value of asset or liability positions that fall into different levels of the fair value hierarchy. In these situations, the Group will determine the appropriate level based on the lowest level input that is significant to the determination of the fair value.

Valuation techniques

US government securities typically have quoted market prices in active markets and are categorised as level 1 instruments in the fair value hierarchy. Non-US government holdings are generally classified as level 2 instruments and are valued on the basis of the quotes provided by pricing services, which are subject to the Group's pricing validation reviews and pricing vendor challenge process. Valuations provided by pricing vendors are generally based on the actual trade information as substantially all of the Group's non-US government holdings are traded in a transparent and liquid market.

Corporate debt securities mainly include US and European investment-grade positions, which are priced on the basis of quotes provided by third-party pricing vendors and first utilise valuation inputs from actively traded securities, such as bid prices, bid spreads to Treasury securities, Treasury curves, and same or comparable issuer curves and spreads. Issuer spreads are determined from actual quotes and traded prices and incorporate considerations of credit/default, sector composition, and liquidity and call features. Where market data is not available, valuations are developed based on the modelling techniques that utilise observable inputs and option-adjusted spreads and incorporate considerations of the security's seniority, maturity and the issuer's corporate structure.

Values of mortgage- and asset-backed securities are obtained both from third-party pricing vendors and through quoted prices, some of which may be based on the prices of comparable securities with similar structural and collateral features. Values of certain asset-backed securities (ABS) for which there are no significant observable inputs are developed using benchmarks to similar transactions or indices. For both residential mortgage-backed securities (RMBS) and commercial mortgage-backed securities (CMBS), cash flows are derived based on the transaction-specific information, which incorporates priority in the capital structure, and are generally adjusted to reflect benchmark yields, market prepayment data, collateral performance (default rates and loss severity) for specific vintage and geography, credit enhancements, and ratings. For certain RMBS and CMBS with low levels of market liquidity, judgements may be required to determine comparable securities based on the loan type and deal-specific performance. CMBS terms may also incorporate lock-out periods that restrict borrowers from prepaying the loans or provide disincentives to prepay and therefore reduce prepayment risk of these securities, compared to RMBS. The factors specifically considered in valuation of CMBS include borrower-specific statistics in a specific region, such as debt service coverage and loan-to-value ratios, as well as the type of commercial property. Mortgage- and asset-backed securities also includes debt securitised by credit card, student loan and auto loan receivables. Pricing inputs for these securities also focus on capturing, where relevant, collateral quality and performance, payment patterns, and delinquencies.

The Group uses third-party pricing vendor data to value agency securitised products, which mainly include collateralised mortgage obligations (CMO) and mortgage-backed government agency securities. The valuations generally utilise observable inputs consistent with those noted above for RMBS and CMBS.

Equity securities held by the Group for proprietary investment purposes are mainly classified in level 1. Securities classified in level 1 are traded on public stock exchanges for which quoted prices are readily available.

The category "Other invested assets" includes the Group's private equity and hedge fund investments which are made directly or via ownership of funds. Substantially all of these investments are classified as level 3 due to the lack of observable prices and significant judgement required in valuation. Valuation of direct private equity investments requires significant management judgement due to the absence of quoted market prices and the lack of liquidity. Initial valuation is based on the acquisition cost, and is further refined based on the available market information for the public companies that are considered comparable to the Group's holdings in the private companies being valued, and the private company-specific performance indicators; both historic and projected. Subsequent valuations also reflect business or asset appraisals, as well as market transaction data for private and public benchmark companies and the actual companies being valued, such as financing rounds and mergers and acquisitions activity. The Group's holdings in the private equity and hedge funds are generally valued utilising net asset values (NAV), subject to adjustments, as deemed necessary, for restrictions on redemption (lock-up periods and amount limitations on redemptions).

The Group holds both exchange-traded and (OTC) interest rate, foreign exchange, credit and equity derivative contracts for hedging and trading purposes. The fair values of exchange-traded derivatives measured using observable exchange prices are classified in level 1. Long-dated contracts may require adjustments to the exchange-traded prices which would trigger reclassification to level 2 in the fair value hierarchy. OTC derivatives are generally valued by the Group based on the internal models, which are consistent with industry standards and practices, and use both observable (dealer, broker or market consensus prices, spot and forward rates, interest rate and credit curves and volatility indices) and unobservable inputs (adjustments for liquidity, inputs derived from the observable data based on the Group's judgements and assumptions).

The Group's OTC interest rate derivatives primarily include interest rate swaps, futures, options, caps and floors, and are valued based on the cash flow discounting models which generally utilise as inputs observable market yield curves and volatility assumptions.

The Group's OTC foreign exchange derivatives primarily include forward, spot and option contracts and are generally valued based on the cash flow discounting models, utilising as main inputs observable foreign exchange forward curves.

The Group's investments in equity derivatives primarily include OTC equity option contracts on single or baskets of market indices and equity options on individual or baskets of equity securities, which are valued using internally developed models (such as the Black-Scholes type option pricing model and various simulation models) calibrated with the inputs, which include underlying spot prices, dividend curves, volatility surfaces, yield curves, and correlations between underlying assets.

The Group's OTC credit derivatives can include index and single-name credit default swaps, as well as more complex structured credit derivatives. Plain vanilla credit derivatives, such as index and single-name credit default swaps, are valued by the Group based on the models consistent with the industry valuation standards for these credit contracts, and primarily utilise observable inputs published by market data sources, such as credit spreads and recovery rates. These valuation techniques warrant classification of plain vanilla OTC derivatives as level 2 financial instruments in the fair value hierarchy.

Governance around level 3 fair valuation
The Asset Valuation Committee, endorsed by the Group Executive Committee, has a primary responsibility for governing and overseeing all of the Group's asset and derivative valuation policies and operating parameters (including level 3 measurements). The Asset Valuation Committee delegates the responsibility for implementation and oversight of consistent application of the Group's pricing and valuation policies to the Pricing and Valuation Committee.

The Pricing and Valuation Committee, which is a joint Risk Management & Finance management control committee, is responsible for the implementation and consistent application of the pricing and valuation policies. Key functions of the Pricing and Valuation Committee include: oversight over the entire valuation process, approval of internal valuation methodologies, approval of external pricing vendors, monitoring of the independent price verification (IPV) process and resolution of significant or complex valuation issues.

A formal IPV process is undertaken monthly by members of the Valuation Risk Management team within the Financial Risk Management function. The process includes monitoring and in-depth analyses of approved pricing methodologies and valuations of the Group's financial instruments aimed at identifying and resolving pricing discrepancies.

The Risk Management function is responsible for independent validation and ongoing review of the Group's valuation models. The Product Control group within Finance is tasked with reporting of fair values through the vendor- and model-based valuations, the results of which are also subject to the IPV process.

Assets and liabilities measured at fair value on a recurring basis

As of 31 December, the fair values of assets and liabilities measured on a recurring basis by level of input were as follows:

2014 USD millions	Quoted prices in active markets for identical assets and liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Impact of netting[1]	Total
Assets					
Fixed income securities held for proprietary investment purposes	12 530	73 738	401		86 669
Debt securities issued by US government and government agencies	12 530	1 797			14 327
US Agency securitised products		3 252			3 252
Debt securities issued by non-US governments and government agencies		30 692			30 692
Corporate debt securities		31 903	388		32 291
Mortgage- and asset-backed securities		6 094	13		6 107
Fixed income securities backing unit-linked and with-profit business		3 680			3 680
Equity securities held for proprietary investment purposes	4 050		39		4 089
Equity securities backing unit-linked and with-profit business	20 034	11			20 045
Short-term investments held for proprietary investment purposes	6 407	7 720			14 127
Short-term investments backing unit-linked and with-profit business		20			20
Derivative financial instruments	40	3 810	521	–3 530	841
Interest rate contracts		2 621			2 621
Foreign exchange contracts		272			272
Equity contracts	40	892	396		1 328
Credit contracts		1			1
Other contracts		24	125		149
Other invested assets	907	562	1 812		3 281
Funds held by ceding companies[2]		273			273
Total assets at fair value	43 968	89 814	2 773	–3 530	133 025
Liabilities					
Derivative financial instruments	–13	–3 107	–757	2 969	–908
Interest rate contracts	–5	–2 113			–2 118
Foreign exchange contracts		–407			–407
Equity contracts	–8	–564	–130		–702
Credit contracts		–1	–11		–12
Other contracts		–22	–616		–638
Liabilities for life and health policy benefits			–187		–187
Accrued expenses and other liabilities	–1 035	–864			–1 899
Total liabilities at fair value	–1 048	–3 971	–944	2 969	–2 994

[1] The netting of derivative receivables and derivative payables is permitted when a legally enforceable master netting agreement exists between two counterparties. A master netting agreement provides for the net settlement of all contracts, as well as cash collateral, through a single payment, in a single currency, in the event of default or on the termination of any one contract.
[2] The Group revised the scope of the fair value option disclosure to include certain assets held under three of its reinsurance agreements. These assets have been managed on a fair value basis since inception.

2015 USD millions	Quoted prices in active markets for identical assets and liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Impact of netting[1]	Total
Assets					
Fixed income securities held for proprietary investment purposes	12 900	69 038	393		82 331
Debt securities issued by US government and government agencies	12 900	1 922			14 822
US Agency securitised products		2 952			2 952
Debt securities issued by non-US governments and government agencies		27 877			27 877
Corporate debt securities		31 119	380		31 499
Mortgage- and asset-backed securities		5 168	13		5 181
Fixed income securities backing unit-linked and with-profit business		4 069			4 069
Equity securities held for proprietary investment purposes	4 753		34		4 787
Equity securities backing unit-linked and with-profit business	22 783				22 783
Short-term investments held for proprietary investment purposes	3 438	3 967			7 405
Short-term investments backing unit-linked and with-profit business		64			64
Derivative financial instruments	25	2 241	447	–1 953	760
Interest rate contracts	6	1 300			1 306
Foreign exchange contracts		318			318
Equity contracts	16	617	334		967
Credit contracts		1	1		2
Other contracts	3	5	112		120
Other invested assets	579	50	1 595		2 224
Funds held by ceding companies[2]		245			245
Total assets at fair value	**44 478**	**79 674**	**2 469**	**–1 953**	**124 668**
Liabilities					
Derivative financial instruments	–24	–1 574	–581	1 477	–702
Interest rate contracts	–5	–786			–791
Foreign exchange contracts		–201			–201
Equity contracts	–12	–582	–38		–632
Credit contracts			–19		–19
Other contracts	–7	–5	–524		–536
Liabilities for life and health policy benefits			–165		–165
Accrued expenses and other liabilities	–812	–2 524			–3 336
Total liabilities at fair value	**–836**	**–4 098**	**–746**	**1 477**	**–4 203**

[1] The netting of derivative receivables and derivative payables is permitted when a legally enforceable master netting agreement exists between two counterparties. A master netting agreement provides for the net settlement of all contracts, as well as cash collateral, through a single payment, in a single currency, in the event of default or on the termination of any one contract.
[2] The Group revised the scope of the fair value option disclosure to include certain assets held under three of its reinsurance agreements. These assets have been managed on a fair value basis since inception.

Assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (level 3)

As of 31 December, the reconciliation of the fair values of assets and liabilities measured on a recurring basis using significant unobservable inputs were as follows:

2014 USD millions	Fixed income securities	Equity securities	Derivative assets	Other invested assets	Total assets	Derivative liabilities	Liabilities for life and health policy benefits	Total liabilities
Assets and liabilities								
Balance as of 1 January	662	49	505	2 256	3 472	–993	–145	–1 138
Realised/unrealised gains/losses:								
Included in net income	2	2	15	175	194	328	–39	289
Included in other comprehensive income	5	–5		–18	–18			0
Purchases	10		14	81	105			0
Issuances			28		28	–126		–126
Sales	–31	–4	–59	–524	–618	73		73
Settlements	–246		–25	–2	–273	–39		–39
Transfers into level 3[1]		2	43	33	78			0
Transfers out of level 3[1]		–4		–131	–135			0
Impact of foreign exchange movements	–1	–1		–58	–60		–3	–3
Closing balance as of 31 December	401	39	521	1 812	2 773	–757	–187	–944

[1] Transfers are recognised at the date of the event or change in circumstances that caused the transfer.

2015 USD millions	Fixed income securities	Equity securities	Derivative assets	Other invested assets	**Total assets**	Derivative liabilities	Liabilities for life and health policy benefits	**Total liabilities**
Assets and liabilities								
Balance as of 1 January	401	39	521	1 812	**2 773**	–757	–187	**–944**
Realised/unrealised gains/losses:								
Included in net income	4		–12	–2	**–10**	190	22	**212**
Included in other comprehensive income	–14	–5		–42	**–61**			**0**
Purchases	31		30	156	**217**			**0**
Issuances					**0**	–90		**–90**
Sales	–47		–21	–380	**–448**	15		**15**
Settlements	–46		–79		**–125**	62		**62**
Transfers into level 3[1]	65		8	70	**143**	–1		**–1**
Transfers out of level 3[1]					**0**			**0**
Impact of foreign exchange movements	–1			–19	**–20**			**0**
Closing balance as of 31 December	**393**	**34**	**447**	**1 595**	**2 469**	**–581**	**–165**	**–746**

[1] Transfers are recognised at the date of the event or change in circumstances that caused the transfer.

Gains and losses on assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (level 3)

The gains and losses relating to the assets and liabilities measured at fair value using significant unobservable inputs (level 3) for the years ended 31 December were as follows:

USD millions	2014	2015
Gains/losses included in net income for the period	483	202
Whereof change in unrealised gains/losses relating to assets and liabilities still held at the reporting date	167	–12

Assets and liabilities measured at fair value on a non-recurring basis

In accordance with the provisions of FASB Codification Topic 323, Investments-Equity Method and Joint Ventures, an equity method investment with a carrying amount of USD 268 million was written down to its fair value of USD 185 million resulting in an impairment charge of USD 83 million, which was included in earnings for the period in "Net investment income – non-participating business". This non-recurring fair value measurement was based on level 3 unobservable inputs using a discounted cash flow approach. The Group has performed an impairment analysis which suggests that, although the expected future cash flows (i.e. future dividend payments) could ultimately recover the current carrying value over approximately ten years, the recent decline in dividends as well as the forward outlook indicate that the decline in fair value is not temporary.

Quantitative information about level 3 fair value measurements

Unobservable inputs for major level 3 assets and liabilities as of 31 December were as follows:

USD millions	2014 Fair value	2015 Fair value	Valuation technique	Unobservable input	Range (weighted average)
Assets					
Corporate debt securities	388	**380**			
Private placement corporate debt	317	241	Corporate Spread Matrix	Illiquidity premium	5 bps–186 bps (49 bps)
Private placement credit tenant leases	71	51	Discounted Cash Flow Model	Illiquidity premium	75 bps–175 bps (132 bps)
Infrastructure loan		86	Discounted Cash Flow Model	Valuation spread	176 bps–191 bps (180 bps)
Derivative equity contracts	396	**334**			
OTC equity option referencing correlated equity indices	396	334	Proprietary Option Model	Correlation	–60%–100% (20%)[1]
Liabilities					
Derivative equity contracts	–130	**–38**			
OTC equity option referencing correlated equity indices	–46	–38	Proprietary Option Model	Correlation	–60%–100% (20%)[1]
Other derivative contracts and liabilities for life and health policy benefits	–803	**–689**			
Variable annuity and fair valued GMDB contracts	–639	–567	Discounted Cash Flow Model	Risk margin	4% (n.a.)
				Volatility	4%–42%
				Lapse	0.5%–33%
				Mortality adjustment	–10%–0%
				Withdrawal rate	0%–90%
Weather contracts	–40	–82	Proprietary Option Model	Risk Margin	8%-11% (10%)
				Correlation	–90%–80% (21%)
				Volatility (power/gas)	28%–115% (53%)
				Volatility (temperature)	0–356 (140) HDD/CAT[2]
				Index value (temperature)	6–6032 (1969) HDD/CAT[2]

[1] Represents average input value for the reporting period.
[2] Heating Degree Days (HDD); Cumulative Average Temperature (CAT).

Sensitivity of recurring level 3 measurements to changes in unobservable inputs

The significant unobservable input used in the fair value measurement of the Group's private placement corporate debt securities and private placement credit tenant leases is illiquidity premium. A significant increase (decrease) in this input in isolation would result in a significantly lower (higher) fair value measurement. The significant unobservable input used in the fair value measurement of the Group's infrastructure loan is valuation spread. A significant increase (decrease) in this input in isolation would result in a significantly lower (higher) fair value measurement.

The significant unobservable input used in the fair value measurement of the Group's OTC equity option referencing correlated equity indices is correlation. Where the Group is long correlation risk, a significant increase (decrease) in this input in isolation would result in a significantly higher (lower) fair value measurement. Where the Group is short correlation risk, a significant increase (decrease) in this input in isolation would result in a significantly lower (higher) fair value measurement.

The significant unobservable inputs used in the fair value measurement of the Group's variable annuity and fair valued guaranteed minimum death benefit (GMDB) contracts are: risk margin, volatility, lapse, mortality adjustment rate and withdrawal rate. A significant increase (decrease) in isolation in each of the following inputs: risk margin, volatility and withdrawal rate would result in a significantly higher (lower) fair value of the Group's obligation. A significant increase (decrease) in isolation in a lapse rate for in-the-money contracts would result in a significantly lower (higher) fair value of the Group's obligation, whereas for out-of-the-money contracts, an isolated increase (decrease) in a lapse assumption would increase (decrease) fair value of the Group's obligation. Changes in the mortality adjustment rate impact fair value of the Group's obligation differently for living-benefit products, compared to death-benefit products. For the former, a significant increase (decrease) in the mortality adjustment rate (ie increase (decrease) in mortality, respectively) in isolation would result in a decrease (increase) in fair value of the Group's liability. For the latter, a significant increase (decrease) in the mortality adjustment rate in isolation would result in an increase (decrease) in fair value of the Group's liability.

The significant unobservable inputs used in the fair value measurement of the Group's weather contracts are risk margin, correlation, volatility and index value. Where the Group has a long position, a significant increase (decrease) in the risk margin input in isolation would result in a significantly higher (lower) fair value measurement. Where the Group has a long volatility or correlation position Swiss Re a significant increase (decrease) in the correlation and volatility inputs would result in a significantly higher (lower) fair value measurement. Where the Group has a long index position, an increase (decrease) in the index value input in isolation would result in a significantly higher (lower) fair value measurement. Where the Group has a short position, a significant increase (decrease) in the risk margin input in isolation would result in a significantly lower (higher) fair value measurement. Where the Group has a short volatility or correlation position a significant increase (decrease) in the correlation and volatility inputs would result in a significantly lower (higher) fair value measurement. Where the Group has a short index position, an increase (decrease) in the index value input in isolation would result in a significantly lower (higher) fair value measurement.

Other invested assets measured at net asset value

Other invested assets measured at net asset value as of 31 December, respectively, were as follows:

USD millions	2014 Fair value	2015 Fair value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Private equity funds	710	686	150	non-redeemable	n.a.
Hedge funds	344	135		redeemable[1]	45–95 days[2]
Private equity direct	109	121		non-redeemable	n.a.
Real estate funds	203	203	57	non-redeemable	n.a.
Total	1 366	**1 145**	**207**		

[1] The redemption frequency varies by position.
[2] Cash distribution can be delayed for an extended period depending on the sale of the underlyings.

The hedge fund investments employ a variety of strategies, including global macro, relative value, event-driven and long/short equity across various asset classes.

The private equity direct portfolio consists of equity and equity-like investments directly in other companies. These investments have no contractual term and are generally held based on financial or strategic intent.

Private equity and real estate funds generally have limitations imposed on the amount of redemptions from the fund during the redemption period due to illiquidity of the underlying investments. Fees may apply for redemptions or transferring of interest to other parties. Distributions are expected to be received from these funds as the underlying assets are liquidated over the life of the fund, which is generally from 10 to 12 years.

The redemption frequency of hedge funds varies depending on the manager as well as the nature of the underlying product. Additionally, certain funds may impose lock-up periods and redemption gates as defined in the terms of the individual investment agreement.

Fair value option

The fair value option under the Financial Instruments Topic permits the choice to measure specified financial assets and liabilities at fair value on an instrument-by-instrument basis.

The Group elected the fair value option for positions in the following line items in the balance sheet:

Other invested assets

The Group elected the fair value option for certain investments classified as equity method investees within other invested assets in the balance sheet. The Group applied the fair value option, as the investments are managed on a fair value basis. The changes in fair value of these elected investments are recorded in earnings.

Funds held by ceding companies

For operational efficiencies, the Group elected the fair value option for funds held by the cedent under three of its reinsurance agreements. The assets are carried at fair value and changes in fair value are reported as a component of earnings.

Liabilities for life and health policy benefits

The Group elected the fair value option for existing GMDB reserves related to certain variable annuity contracts which are classified as universal life-type contracts. The Group has applied the fair value option, as the equity risk associated with those contracts is managed on a fair value basis and it is economically hedged with derivative options in the market.

Assets and liabilities measured at fair value pursuant to election of the fair value option

Pursuant to the election of the fair value option for the items described, the balances as of 31 December were as follows:

USD millions	2014	2015
Assets		
Other invested assets	9 684	10 367
of which at fair value pursuant to the fair value option	444	449
Funds held by ceding companies	11 222	9 870
of which at fair value pursuant to the fair value option[1]	273	245
Liabilities		
Liabilities for life and health policy benefits	–33 605	–30 131
of which at fair value pursuant to the fair value option	–187	–165

[1] The Group revised the scope of the fair value option disclosure to include certain assets held under three of its reinsurance agreements. These assets have been managed on a fair value basis since inception.

Changes in fair values for items measured at fair value pursuant to election of the fair value option

Gains/losses included in earnings for items measured at fair value pursuant to election of the fair value option including foreign exchange impact for the years ended 31 December were as follows:

USD millions	2014	2015
Other invested assets	50	–32
Funds held by ceding companies[1]	1	7
Liabilities for life and health policy benefits	–41	21
Total	10	**–4**

[1] The Group revised the scope of the fair value option disclosure to include certain assets held under three of its reinsurance agreements. These assets have been managed on a fair value basis since inception.

Fair value changes from other invested assets and funds held by ceding companies are reported in “Net investment income — non-participating business”. Fair value changes from the GMDB reserves are shown in “Life and health benefits”.

Assets and liabilities not measured at fair value but for which the fair value is disclosed

Assets and liabilities not measured at fair value but for which the fair value is disclosed as of 31 December, were as follows:

2014 USD millions	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets			
Policy loans		252	252
Mortgage loans		1 888	1 888
Other loans		1 065	1 065
Investment real estate		2 482	2 482
Total assets	0	5 687	5 687
Liabilities			
Debt	–9 934	–6 291	–16 225
Total liabilities	–9 934	–6 291	–16 225

2015 USD millions	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets			
Policy loans		91	91
Mortgage loans		1 946	1 946
Other loans		1 086	1 086
Investment real estate		3 211	3 211
Total assets	**0**	**6 334**	**6 334**
Liabilities			
Debt	–8 681	–5 674	–14 355
Total liabilities	**–8 681**	**–5 674**	**–14 355**

Policy loans, other loans and certain mortgage loans are classified as level 3 measurements, as they do not have an active exit market. Some of these positions need to be assessed in conjunction with the corresponding insurance business. Considering these circumstances, the Group presents the carrying amount as an approximation for the fair value.

Investments in real estate are fair valued primarily by external appraisers based on proprietary discounted cash flow models that incorporate applicable risk premium adjustments to discount yields and projected market rental income streams based on market-specific data. These fair value measurements are classified in level 3 in the fair value hierarchy.

Debt positions, which are fair valued based on executable broker quotes or based on the discounted cash flow method using observable inputs, are classified as level 2 measurements. Fair value of the majority of the Group's level 3 debt positions is judged to approximate carrying value due to the highly tailored nature of the obligation and short-notice termination provisions.

9 Derivative financial instruments

The Group uses a variety of derivative financial instruments including swaps, options, forwards, credit derivatives and exchange-traded financial futures in its trading and hedging strategies, in line with the Group's overall risk management strategy. The objectives include managing exposure to price, foreign currency and/or interest rate risk on planned or anticipated investment purchases, existing assets or liabilities, as well as locking in attractive investment conditions for future available funds.

The fair values represent the gross carrying value amounts at the reporting date for each class of derivative contract held or issued by the Group. The gross fair values are not an indication of credit risk, as many over-the-counter transactions are contracted and documented under ISDA master agreements or their equivalent. Management believes that such agreements provide for legally enforceable set-off in the event of default, which substantially reduces credit exposure.

Fair values and notional amounts of derivative financial instruments
As of 31 December, the fair values and notional amounts of the derivatives outstanding were as follows:

2014 USD millions	Notional amount assets/liabilities	Fair value assets	Fair value liabilities	Carrying value assets/liabilities
Derivatives not designated as hedging instruments				
Interest rate contracts	80 449	2 621	–2 118	503
Foreign exchange contracts	12 924	223	–400	–177
Equity contracts	20 462	1 328	–702	626
Credit contracts	450	1	–12	–11
Other contracts	21 247	149	–638	–489
Total	135 532	4 322	–3 870	452
Derivatives designated as hedging instruments				
Foreign exchange contracts	2 770	49	–7	42
Total	2 770	49	–7	42
Total derivative financial instruments	138 302	4 371	–3 877	494
Amount offset				
Where a right of set-off exists		–2 554	2 554	
Due to cash collateral		–976	415	
Total net amount of derivative financial instruments		841	–908	–67

2015 USD millions	Notional amount assets/liabilities	Fair value assets	Fair value liabilities	Carrying value assets/liabilities
Derivatives not designated as hedging instruments				
Interest rate contracts	63 485	1 306	–791	515
Foreign exchange contracts	14 230	281	–201	80
Equity contracts	16 374	967	–632	335
Credit contracts	188	2	–19	–17
Other contracts	18 113	120	–536	–416
Total	**112 390**	**2 676**	**–2 179**	**497**
Derivatives designated as hedging instruments				
Foreign exchange contracts	2 151	37		37
Total	**2 151**	**37**	**0**	**37**
Total derivative financial instruments	**114 541**	**2 713**	**–2 179**	**534**
Amount offset				
Where a right of set-off exists		–1 162	1 162	
Due to cash collateral		–791	315	
Total net amount of derivative financial instruments		**760**	**–702**	**58**

The notional amounts of derivative financial instruments give an indication of the Group's volume of derivative activity. The fair value assets are included in "Other invested assets" and the fair value liabilities are included in "Accrued expenses and other liabilities". The fair value amounts that were not offset were nil as of 31 December 2014 and 2015.

Non-hedging activities

The Group primarily uses derivative financial instruments for risk management and trading strategies. Gains and losses of derivative financial instruments not designated as hedging instruments are recorded in "Net realised investment gains/losses — non-participating business" in the income statement. For the years ended 31 December, the gains and losses of derivative financial instruments not designated as hedging instruments were as follows:

USD millions	2014	**2015**
Derivatives not designated as hedging instruments		
Interest rate contracts	–225	51
Foreign exchange contracts	42	435
Equity contracts	–172	–192
Credit contracts	9	–5
Other contracts	–312	247
Total gain/loss recognised in income	–658	**536**

Hedging activities

The Group designates certain derivative financial instruments as hedging instruments. The designation of derivative financial instruments is primarily used for overall portfolio and risk management strategies. As of 31 December 2014 and 2015, the following hedging relationships were outstanding:

Fair value hedges

The Group enters into foreign exchange swaps to reduce the exposure to foreign exchange volatility for certain of its issued debt positions and fixed income securities. These derivative instruments are designated as hedging instruments in qualifying fair value hedges. Gains and losses on derivative financial instruments designated as fair value hedging instruments are recorded in "Net realised investment gains/losses — non-participating business" in the income statement. For the years ended 31 December, the gains and losses attributable to the hedged risks were as follows:

		2014		**2015**
USD millions	Gains/losses on derivatives	Gains/losses on hedged items	Gains/losses on derivatives	Gains/losses on hedged items
Fair value hedging relationships				
Foreign exchange contracts	122	–120	119	–119
Total gain/loss recognised in income	122	–120	**119**	**–119**

Hedges of the net investment in foreign operations

The Group designates derivative and non-derivative monetary financial instruments as hedging the foreign currency exposure of its net investment in certain foreign operations.

For the years ended 31 December 2014 and 2015, the Group recorded an accumulated net unrealised foreign currency remeasurement gain of USD 894 million and a gain of USD 1 631 million, respectively, in shareholders' equity. These offset translation gains and losses on the hedged net investment.

Maximum potential loss
In consideration of the rights of set-off and the qualifying master netting arrangements with various counterparties, the maximum potential loss as of 31 December 2014 and 2015 was approximately USD 1 817 million and USD 1 551 million, respectively. The maximum potential loss is based on the positive market replacement cost assuming non-performance of all counterparties, excluding cash collateral.

Credit risk-related contingent features
Certain derivative instruments held by the Group contain provisions that require its debt to maintain an investment-grade credit rating. If the Group's credit rating were downgraded or no longer rated, the counterparties could request immediate payment, guarantee or an ongoing full overnight collateralisation on derivative instruments in net liability positions.

The total fair value of derivative financial instruments containing credit risk-related contingent features amounted to USD 112 million and USD 106 million as of 31 December 2014 and 2015, respectively. For derivative financial instruments containing credit risk-related contingent features, the Group posted collateral of USD 6 million and nil as of 31 December 2014 and 2015, respectively. In the event of a reduction of the Group's credit rating to below investment grade, a fair value of USD 106 million additional collateral would have had to be posted as of 31 December 2015. The total equals the amount needed to settle the instruments immediately as of 31 December 2015.

10 Acquisitions and disposals

Acquisitions

On 6 January 2016, the Group acquired 100% of the shares of Guardian Holdings Europe Limited, the holding company for operations trading under the name Guardian Financial Services ("Guardian") from private equity company Cinven. The total cost of acquisition was GBP 1.6 billion in cash. Guardian provides life insurance solutions to financial institutions and insurance companies, either through the acquisition of closed books of business or through entering reinsurance agreements with its customers.

The transaction has enhanced the position of the Group's Business Unit Admin Re® as a leading closed life book consolidator in the UK, adding approximately 900 000 policies including a mixture of annuities, life insurance and pensions. As a result, the policyholder and asset base of the Group has expanded and Admin Re® has diversified its current business mix, with a total of over four million policies in force.

Guardian previously prepared its financial statements in accordance with International Financial Reporting Standards (IFRS). Given the unavailability of US GAAP financial information prior to the issuance of this report, pro forma financial statements and other US GAAP financial information are not presented in the Group financial statements and related notes for 2015. The Purchase GAAP process is in progress and is expected to be completed and reflected in the first quarter 2016 financial statements.

Apart from transaction costs of USD 21 million, the Group financial statements and related notes presented in this report are not impacted.

Disposals

In the fourth quarter of 2014, the Group entered into an agreement to sell Aurora National Life Assurance Company (Aurora), a US subsidiary, to Reinsurance Group of America, Incorporated (RGA). Aurora primarily consists of bonds and policyholder liabilities. An expected pre-tax loss of USD 247 million (including the impact of net unrealised gains and shadow loss reserve that will be reclassified from equity into the income statement) on the disposition of the net assets was recognised in the fourth quarter of 2014.

In the second quarter of 2015, the Group completed the sale following the receipt of all necessary regulatory approvals. The purchase price included a cash payment of USD 184 million. The Group adjusted the initial loss on the transaction by a pre-tax gain of USD 9 million on a year to date basis. The gain was reflected in "Net realised investment gains/losses — non-participating" in the income statement of the Admin Re® segment.

The major classes of assets and liabilities held for sale as of 31 December 2014 and disposed during the second quarter of 2015 were as follows:

USD millions	2014	**2015**
Assets		
Fixed income securities available-for-sale	3 456	3 496
Policy loans, mortgages and other loans	157	154
Short-term investments	6	1
Cash and cash equivalents	23	19
Accrued investment income	37	33
Premiums and other receivables	6	9
Reinsurance recoverable on unpaid claims and policy benefits	7	8
Other assets	1	1
Total assets	3 693	**3 721**
Liabilities		
Unpaid claims and claim adjustment expenses	15	22
Liabilities for life and health policy benefits	1 494	1 479
Policyholder account balances	1 151	1 130
Accrued expenses and other liabilities	292	315
Total liabilities	2 952	**2 946**

11 Debt and contingent capital instruments

The Group enters into long- and short-term debt arrangements to obtain funds for general corporate use and specific transaction financing. The Group defines short-term debt as debt having a maturity at the balance sheet date of not greater than one year and long-term debt as having a maturity of greater than one year. For subordinated debt positions, maturity is defined as the first optional redemption date (notwithstanding that optional redemption could be subject to regulatory consent). Interest expense is classified accordingly.

The Group's debt as of 31 December was as follows:

USD millions	2014	**2015**
Senior financial debt	654	
Senior operational debt	1 047	765
Subordinated financial debt		1 069
Short-term debt – financial and operational debt	1 701	**1 834**
Senior financial debt	3 513	3 688
Senior operational debt	713	467
Subordinated financial debt	5 486	4 103
Subordinated operational debt	2 903	2 720
Long-term debt – financial and operational debt	12 615	**10 978**
Total carrying value	14 316	**12 812**
Total fair value	16 225	**14 355**

The Group uses debt for general corporate purposes and to fund discrete pools of operational leverage and financial intermediation assets. Operational leverage and financial intermediation are subject to asset and liability matching, resulting in little to no risk that the assets will be insufficient to service and settle the liabilities. Debt used for operational leverage and financial intermediation is treated as operational debt and excluded by the rating agencies from financial leverage calculations. Certain debt positions are limited- or non-recourse, meaning the debtors' claims are limited to assets underlying the financing. As of 31 December 2014 and 2015, debt related to operational leverage and financial intermediation amounted to USD 4.7 billion (thereof USD 3.4 billion limited- or non-recourse) and USD 4.0 billion (thereof USD 3.0 billion limited- or non-recourse), respectively.

Maturity of long-term debt

As of 31 December, long-term debt as reported above had the following maturities:

USD millions	2014	**2015**
Due in 2016	1 984	0[1]
Due in 2017	1 215	1 143
Due in 2018	854	0
Due in 2019	1 922	2 663
Due in 2020	212	204
Due after 2020	6 428	6 968
Total carrying value	12 615	**10 978**

[1] Balance was reclassified to short-term debt.

Senior long-term debt

Maturity	Instrument	Issued in	Currency	Nominal in millions	Interest rate	Book value in USD millions
2017	EMTN	2011	CHF	600	2.13%	599
2019	Syndicated revolving credit facility	2014	GBP	550	variable	808
2019	Senior notes[1]	1999	USD	234	6.45%	263
2022	Senior notes	2012	USD	250	2.88%	248
2024	EMTN	2014	CHF	250	1.00%	248
2026	Senior notes[1]	1996	USD	397	7.00%	508
2027	EMTN	2015	CHF	250	0.75%	251
2030	Senior notes[1]	2000	USD	193	7.75%	274
2042	Senior notes	2012	USD	500	4.25%	489
Various	Payment undertaking agreements	various	USD	383	various	467
Total senior long-term debt as of 31 December 2015						**4 155**
Total senior long-term debt as of 31 December 2014						4 226

[1] Assumed in the acquisition of GE Insurance Solutions.

Subordinated long-term debt

Maturity	Instrument	Issued in	Currency	Nominal in millions	Interest rate	first call in	Book value in USD millions
2024	Subordinated contingent write-off loan note	2013	USD	750	6.38%	2019	813
2042	Subordinated fixed-to-floating rate loan note	2012	EUR	500	6.63%	2022	537
2044	Subordinated fixed rate resettable callable loan note	2014	USD	500	4.50%	2024	496
2045	Subordinated contingent write-off securities	2013	CHF	175	7.50%	2020	204
2057	Subordinated private placement (amortising, limited recourse)	2007	GBP	1 845	4.87%		2 720
	Subordinated perpetual loan note	2007	GBP	500	6.30%	2019	736
	Subordinated perpetual loan note	2007	AUD	300	7.64%	2017	218
	Subordinated perpetual loan note	2007	AUD	450	6 months BBSW + 1.17%	2017	327
	Perpetual subordinated fixed-to-floating rate callable loan note	2015	EUR	750	2.60%	2025	772
Total subordinated long-term debt as of 31 December 2015							**6 823**
Total subordinated long-term debt as of 31 December 2014							8 389

Interest expense on long-term debt and contingent capital instruments

Interest expense on long-term debt for the years ended 31 December was as follows:

USD millions	2014	2015
Senior financial debt	120	118
Senior operational debt	16	13
Subordinated financial debt	300	236
Subordinated operational debt	231	137
Total	667	**504**

In addition to the above, interest expense on contingent capital instruments classified as equity was USD 69 million and USD 68 million for the years ended 31 December 2014 and 2015, respectively.

Long-term debt issued in 2015

In January 2015, Swiss Reinsurance Company Ltd issued senior notes due 2027. The notes have a face value of CHF 250 million, with a fixed coupon of 0.75% per annum.

In April 2015, Swiss Reinsurance Company Ltd issued EUR 750 million face amount of perpetual subordinated fixed-to-floating rate callable loan notes with a first optional redemption date on 1 September 2025. The notes bear interest through the first optional redemption date at 2.60% per annum. The notes were issued in connection with a concurrent exchange of part of the EUR 1 billion 5.252% Perpetual Subordinated Step-Up Loan Notes issued by Swiss Reinsurance Company Ltd.

Subordinated debt facility established in 2015

In November 2015, Swiss Re Ltd established a subordinated debt facility with a termination date of 15 August 2025. The facility allows Swiss Re Ltd to issue at any time subordinated fixed-to-floating rate callable notes with a face value of up to USD 700 million, having a first optional redemption date of 15 August 2025 and a maturity date of 15 August 2050. Swiss Re Ltd pays a fee of 3.53% per annum on the available commitment under the facility. Notes issued under the facility have a fixed coupon of 5.75% per annum until the first optional redemption date.

In these financial statements, the facility fee is classified as interest expense. Notes, when issued under the facility, will be classified as subordinated debt. As of 31 December 2015, no notes have been issued under the facility.

Contingent capital instruments

In February 2012, Swiss Reinsurance Company Ltd issued a perpetual subordinated instrument with stock settlement. The instrument has a face value of CHF 320 million, with a fixed coupon of 7.25% per annum until the first optional redemption date (1 September 2017).

In March 2012, Swiss Reinsurance Company Ltd issued a perpetual subordinated capital instrument with stock settlement. The instrument has a face value of USD 750 million, with a fixed coupon of 8.25% per annum until the first optional redemption date (1 September 2018).

Both instruments may be converted, at the option of the issuer, into Swiss ReSwiss Re Ltd shares at any time through at market conversion using the retrospective five-day volume weighted average share price with a 3% discount or within six months following a solvency event at a pre-set floor price (CHF 26 for the instrument with face value of CHF 320 million and USD 32 for the instrument with face value of USD 750 million, respectively). These instruments are referred to in these financial statements as “contingent capital instruments”.

12 Earnings per share

All of the Group's companies prepare statutory financial statements based on local laws and regulations. Most jurisdictions require reinsurers to maintain a minimum amount of capital in excess of statutory definition of net assets or maintain certain minimum capital and surplus levels. In addition, some jurisdictions place certain restrictions on amounts that may be loaned or transferred to the parent company. The Group's ability to pay dividends may be restricted by these requirements.

Dividends are declared in Swiss francs. During the years ended 31 December 2014 and 2015, the Group declared regular dividends per share of CHF 3.85 and CHF 4.25, respectively, as well as additional special dividends of CHF 4.15 and CHF 3.00, respectively. All dividends were paid in the form of withholding tax exempt repayments of legal reserves from capital contributions.

Earnings per share for the years ended 31 December were as follows:

USD millions (except share data)	2014	2015
Basic earnings per share		
Net income	3 569	**4 668**
Non-controlling interests	0	**–3**
Interest on contingent capital instruments[1]	–69	**–68**
Net income attributable to common shareholders	3 500	**4 597**
Weighted average common shares outstanding	342 213 498	**341 951 654**
Net income per share in USD	10.23	**13.44**
Net income per share in CHF[2]	9.33	**12.93**
Effect of dilutive securities		
Change in income available to common shares due to contingent capital instruments[1]	69	**68**
Change in average number of shares due to contingent capital instruments	35 745 192	**35 745 192**
Change in average number of shares due to employee options	2 198 904	**2 241 636**
Diluted earnings per share		
Net income assuming debt conversion and exercise of options	3 569	**4 665**
Weighted average common shares outstanding	380 157 594	**379 938 482**
Net income per share in USD	9.39	**12.28**
Net income per share in CHF[2]	8.56	**11.81**

[1] Please refer to Note 11 "Debt and contingent capital instruments".
[2] The translation from USD to CHF is shown for informational purposes only and has been calculated using the Group's average exchange rates.

At the 151st Annual General Meeting held on 21 April 2015, the Group's shareholders authorised the Group Board of Directors to repurchase up to a maximum CHF 1 billion purchase value of the Group's own shares prior to the 2016 Annual General Meeting by way of a buy-back programme for cancellation purposes. As of 31 December 2015, 4.4 million shares were repurchased.

13 Income taxes

The Group is generally subject to corporate income taxes based on the taxable net income in various jurisdictions in which the Group operates. The components of the income tax charge were:

USD millions	2014	2015
Current taxes	1 072	582
Deferred taxes	–414	69
Income tax expense	658	**651**

Tax rate reconciliation

The following table reconciles the expected tax expense at the Swiss statutory tax rate to the actual tax expense in the accompanying income statement:

USD millions	2014	2015
Income tax at the Swiss statutory tax rate of 21.0%	888	1 117
Increase (decrease) in the income tax charge resulting from:		
Foreign income taxed at different rates	137	303
Impact of foreign exchange movements	–86	–180
Tax exempt income/dividends received deduction	–105	–93
Change in valuation allowance	99	–72
Basis differences in subsidiaries	–155	–306
Change in liability for unrecognised tax benefits including interest and penalties	–207	–126
Other, net	87	8
Total	658	**651**

The Group reported a tax charge of USD 651 million on a pre-tax income of USD 5 319 million for 2015, compared to a charge of USD 658 million on a pre-tax income of USD 4 227 million for 2014. This translates into an effective tax rate in the current and prior-year reporting periods of 12.2% and 15.6%, respectively. The lower tax rate in 2015 was largely driven by a tax benefit arising from a local statutory adjustment for the restructuring of subsidiaries, higher tax benefits from foreign currency translation differences between statutory and GAAP accounts, and the release of valuation allowances partially offset by tax on profits earned in higher tax jurisdictions.

Deferred and other non-current taxes

The components of deferred and other non-current taxes were as follows:

USD millions	2014	2015
Deferred tax assets		
Income accrued/deferred	291	295
Technical provisions	620	685
Pension provisions	289	330
Benefit on loss carryforwards	3 980	3 467
Currency translation adjustments	412	394
Unrealised gains in income	422	226
Other	1 063	1 397
Gross deferred tax asset	7 077	6 794
Valuation allowance	–935	–789
Unrecognised tax benefits offsetting benefits on loss carryforwards	–24	–35
Total deferred tax assets	6 118	**5 970**
Deferred tax liabilities		
Present value of future profits	–640	–514
Income accrued/deferred	–929	–923
Bond amortisation	–374	–639
Deferred acquisition costs	–730	–914
Technical provisions	–3 104	–2 685
Unrealised gains on investments	–1 657	–702
Untaxed realised gains	–394	–224
Foreign exchange provisions	–279	–352
Other	–671	–760
Total deferred tax liabilities	–8 778	**–7 713**
Liability for unrecognised tax benefits including interest and penalties	–667	–380
Total deferred and other non-current tax liabilities	–9 445	**–8 093**
Net deferred and other non-current taxes	–3 327	**–2 123**

As of 31 December 2015, the aggregate amount of temporary differences associated with investment in subsidiaries, branches and associates and interests in joint ventures, for which deferred tax liabilities have not been recognised amount to approximately USD 4.4 billion. In the remote scenario in which these temporary differences were to reverse simultaneously, the resulting tax liabilities would be very limited due to participation exemption rules.

As of 31 December 2015, the Group had USD 10 200 million net operating tax loss carryforwards, expiring as follows: USD 26 million in 2018, USD 54 million in 2019, USD 14 million in 2020, USD 8 123 million in 2021 and beyond, and USD 1 983 million never expire.

The Group also had capital loss carryforwards of USD 1 266 million, expiring as follows: USD 82 million in 2019, USD 71 million in 2020 and USD 1 113 million never expire.

Net operating tax losses of USD 1 424 million and net capital tax losses of USD 321 million were utilised during the period ended 31 December 2015.

Income taxes paid in 2014 and 2015 were USD 509 million and USD 1 190 million, respectively.

Unrecognised tax benefits

A reconciliation of the opening and closing amount of gross unrecognised tax benefits (excluding interest and penalties) is as follows:

USD millions	2014	2015
Balance as of 1 January	1 013	579
Additions based on tax positions related to current year	26	35
Additions based on tax positions related to prior years	71	115
Reduction for tax positions of current year	–137	–1
Reductions for tax positions of prior years	–248	–265
Settlements	–90	–98
Other (including foreign currency translation)	–56	–22
Balance as of 31 December	579	**343**

The amount of gross unrecognised tax benefits within the tabular reconciliation that, if recognised, would affect the effective tax rate were approximately USD 539 million and USD 345 million at 31 December 2014 and 31 December 2015, respectively.

Interest and penalties related to unrecognised tax benefits are recorded in income tax expense. Such expense in 2015 was USD 35 million (USD 19 million in 2014). As of 31 December 2014 and 31 December 2015, USD 112 million and USD 72 million, respectively, were accrued for the payment of interest (net of tax benefits) and penalties. The accrued interest balance as of 31 December 2015 is included within the deferred and other non-current taxes section reflected in the balance sheet.

The balance of gross unrecognised tax benefits as of 31 December 2015 presented in the table above excludes accrued interest and penalties (USD 72 million).

During the year, certain tax positions and audits in Switzerland, France, Italy and Germany were effectively settled.

The Group continually evaluates proposed adjustments by taxing authorities. The Group believes that it is reasonably possible (more than remote and less than likely) that the balance of unrecognised tax benefits could increase or decrease over the next 12 months due to settlements or expiration of statutes. However, quantification of an estimated range cannot be made at this time.

The following table summarises jurisdictions and tax years that remain subjects to examination:

Australia	2010-2015
Belgium	2013-2015
Brazil	2011-2015
Canada	2011-2015
China	2005-2015
Colombia	1999, 2009, 2013-2015
Denmark	2010-2015
France	2008-2009, 2012-2015
Germany	2007-2015
Hong Kong	2009-2015
India	2005-2015
Ireland	2010-2015
Israel	2008-2015
Italy	2011-2015
Japan	2009-2015
Korea	2013-2015
Luxembourg	2011-2015
Malaysia	2013-2015
Mexico	2009-2015
Netherlands	2011-2015
New Zealand	2009-2015
Singapore	2011-2015
Slovakia	2011-2015
South Africa	2011-2015
Spain	2011-2015
Switzerland	2012-2015
United Kingdom	2008, 2011-2015
United States	2009-2015

14 Benefit plans

Defined benefit pension plans and post-retirement benefits

The Group sponsors various funded defined benefit pension plans. Employer contributions to the plans are charged to income on a basis which recognises the costs of pensions over the expected service lives of employees covered by the plans. The Group's funding policy for these plans is to contribute annually at a rate that is intended to maintain a level percentage of compensation for the employees covered. A full valuation is prepared at least every three years.

The Group also provides certain healthcare and life insurance benefits for retired employees and their dependants. Employees become eligible for these benefits when they become eligible for pension benefits.

The measurement date of these plans is 31 December for each year presented.

2014 USD millions	Swiss plan	Foreign plans	Other benefits	Total
Benefit obligation as of 1 January	3 531	2 305	341	6 177
Service cost	100	8	5	113
Interest cost	76	98	12	186
Amendments	–90	1		–89
Actuarial gains/losses	587	226	52	865
Benefits paid	–129	–75	–17	–221
Employee contribution	27			27
Acquisitions/disposals/additions		–4		–4
Effect of settlement, curtailment and termination	1	–24		–23
Effect of foreign currency translation	–418	–146	–22	–586
Benefit obligation as of 31 December	3 685	2 389	371	6 445
Fair value of plan assets as of 1 January	3 661	2 245	0	5 906
Actual return on plan assets	281	266		547
Company contribution	101	91	17	209
Benefits paid	–129	–76	–17	–222
Employee contribution	27			27
Acquisitions/disposals/additions				0
Effect of settlement, curtailment and termination	1	–23		–22
Effect of foreign currency translation	–407	–149		–556
Fair value of plan assets as of 31 December	3 535	2 354	0	5 889
Funded status	–150	–35	–371	–556

2015 USD millions	Swiss plan	Foreign plans	Other benefits	Total
Benefit obligation as of 1 January	3 685	2 389	371	6 445
Service cost	111	8	5	124
Interest cost	42	79	10	131
Amendments				0
Actuarial gains/losses	236	–67	–2	167
Benefits paid	–189	–74	–16	–279
Employee contribution	26			26
Acquisitions/disposals/additions		2		2
Effect of settlement, curtailment and termination	2			2
Effect of foreign currency translation	–36	–131	–5	–172
Benefit obligation as of 31 December	**3 877**	**2 206**	**363**	**6 446**
Fair value of plan assets as of 1 January	3 535	2 354	0	5 889
Actual return on plan assets	36	7		43
Company contribution	94	85	16	195
Benefits paid	–189	–74	–16	–279
Employee contribution	26			26
Acquisitions/disposals/additions		1		1
Effect of settlement, curtailment and termination	2			2
Effect of foreign currency translation	–25	–138		–163
Fair value of plan assets as of 31 December	**3 479**	**2 235**	**0**	**5 714**
Funded status	**–398**	**29**	**–363**	**–732**

Amounts recognised in "Other assets" and "Accrued expenses and other liabilities" in the Group's balance sheet as of 31 December were as follows:

2014 USD millions	Swiss plan	Foreign plans	Other benefits	Total
Non-current assets		208		208
Current liabilities		–3	–15	–18
Non-current liabilities	–150	–240	–356	–746
Net amount recognised	–150	–35	–371	–556

2015 USD millions	Swiss plan	Foreign plans	Other benefits	Total
Non-current assets		232		232
Current liabilities		–3	–15	–18
Non-current liabilities	–398	–200	–348	–946
Net amount recognised	**–398**	**29**	**–363**	**–732**

Amounts recognised in accumulated other comprehensive income, gross of tax, as of 31 December were as follows:

2014 USD millions	Swiss plan	Foreign plans	Other benefits	Total
Net gain/loss	896	407	–45	1 258
Prior service cost/credit	–87	2	–77	–162
Total	809	409	–122	1 096

2015 USD millions	Swiss plan	Foreign plans	Other benefits	Total
Net gain/loss	1 133	384	–43	1 474
Prior service cost/credit	–78	2	–67	–143
Total	**1 055**	**386**	**–110**	**1 331**

Components of net periodic benefit cost

The components of pension and post-retirement cost for the years ended 31 December were as follows:

2014 USD millions	Swiss plan	Foreign plans	Other benefits	Total
Service cost (net of participant contributions)	100	8	5	113
Interest cost	76	98	12	186
Expected return on assets	–112	–111		–223
Amortisation of:				
Net gain/loss	43	24	–12	55
Prior service cost	–5	–3	–11	–19
Effect of settlement, curtailment and termination	1	–2		–1
Net periodic benefit cost	103	14	–6	111

2015 USD millions	Swiss plan	Foreign plans	Other benefits	Total
Service cost (net of participant contributions)	111	8	5	124
Interest cost	42	79	10	131
Expected return on assets	–113	–95		–208
Amortisation of:				
Net gain/loss	76	22	–4	94
Prior service cost	–9		–10	–19
Effect of settlement, curtailment and termination	2			2
Net periodic benefit cost	**109**	**14**	**1**	**124**

Other changes in plan assets and benefit obligations recognised in other comprehensive income for the years ended 31 December were as follows:

2014 USD millions	Swiss plan	Foreign plans	Other benefits	Total
Net gain/loss	418	71	52	541
Prior service cost/credit	–90	–3		–93
Amortisation of:				
Net gain/loss	–43	–24	12	–55
Prior service cost	5	3	11	19
Effect of settlement, curtailment and termination				0
Exchange rate gain/loss recognised during the year		–25		–25
Total recognised in other comprehensive income, gross of tax	290	22	75	387
Total recognised in net periodic benefit cost and other comprehensive income, gross of tax	393	36	69	498

2015 USD millions	Swiss plan	Foreign plans	Other benefits	Total
Net gain/loss	313	21	–2	332
Prior service cost/credit				0
Amortisation of:				
Net gain/loss	–76	–22	4	–94
Prior service cost	9		10	19
Effect of settlement, curtailment and termination				0
Exchange rate gain/loss recognised during the year		–22		–22
Total recognised in other comprehensive income, gross of tax	**246**	**–23**	**12**	**235**
Total recognised in net periodic benefit cost and other comprehensive income, gross of tax	**355**	**–9**	**13**	**359**

The estimated net loss and prior service credit for the defined benefit pension plans that will be amortised from accumulated other comprehensive income into net periodic benefit cost in 2016 are USD 87 million and USD 9 million, respectively. The estimated net gain and prior service credit for the other defined post-retirement benefits that will be amortised from accumulated other comprehensive income into net periodic benefit cost in 2016 are USD 4 million and USD 9 million, respectively.

The accumulated benefit obligation (the current value of accrued benefits excluding future salary increases) for pension benefits was USD 5 980 million and USD 6 016 million as of 31 December 2014 and 2015, respectively.

Pension plans with an accumulated benefit obligation in excess of plan assets as of 31 December were as follows:

USD millions	2014	**2015**
Projected benefit obligation	4 771	4 883
Accumulated benefit obligation	4 722	4 843
Fair value of plan assets	4 379	4 283

Principal actuarial assumptions

	Swiss plan		Foreign plans weighted average		Other benefits weighted average	
	2014	**2015**	2014	**2015**	2014	**2015**
Assumptions used to determine obligations at the end of the year						
Discount rate	1.1%	0.8%	3.5%	3.7%	2.7%	2.7%
Rate of compensation increase	2.3%	2.0%	2.9%	2.9%	2.1%	2.1%
Assumptions used to determine net periodic pension costs for the year ended						
Discount rate	2.3%	1.1%	4.4%	3.5%	3.5%	2.7%
Expected long-term return on plan assets	3.3%	3.3%	5.2%	4.3%		
Rate of compensation increase	2.3%	2.3%	3.4%	2.9%	2.1%	2.1%
Assumed medical trend rates at year end						
Medical trend – initial rate					6.0%	6.1%
Medical trend – ultimate rate					4.5%	4.6%
Year that the rate reaches the ultimate trend rate					2019	2020

The expected long-term rates of return on plan assets are based on long-term expected inflation, interest rates, risk premiums and targeted asset category allocations. The estimates take into consideration historical asset category returns.

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plans. A one percentage point change in assumed healthcare cost trend rates would have had the following effects for 2015:

USD millions	1 percentage point increase	1 percentage point decrease
Effect on total of service and interest cost components	1	–1
Effect on post-retirement benefit obligation	26	–22

Plan asset allocation by asset category

The actual asset allocation by major asset category for defined benefit pension plans as of the respective measurement dates in 2014 and 2015 was as follows:

	Swiss plan allocation			Foreign plans allocation		
	2014	**2015**	**Target allocation**	2014	**2015**	**Target allocation**
Asset category						
Equity securities	28%	26%	25%	29%	26%	26%
Debt securities	46%	47%	47%	66%	68%	68%
Real estate	18%	21%	20%	0%	0%	1%
Other	8%	6%	8%	5%	6%	5%
Total	100%	**100%**	**100%**	100%	**100%**	**100%**

Actual asset allocation is determined by a variety of current economic and market conditions and considers specific asset class risks.

Equity securities include Swiss Re common stock of USD 6 million (0.1% of total plan assets) and USD 6 million (0.1% of total plan assets) as of 31 December 2014 and 2015, respectively.

The Group's pension plan investment strategy is to match the maturity profiles of the assets and liabilities in order to reduce the future volatility of pension expense and funding status of the plans. This involves balancing investment portfolios between equity and fixed income securities. Tactical allocation decisions that reflect this strategy are made on a quarterly basis.

Assets measured at fair value

For a description of the different fair value levels and valuation techniques see Note 8 "Fair value disclosures".

Certain items reported as pension plan assets at fair value in the following table are not within the scope of Note 8, namely two positions: real estate and an insurance contract.

Real estate positions classified as level 1 and level 2 are exchange traded real estate funds where a market valuation is readily available. Real estate reported on level 3 is property owned by the pension funds. These positions are accounted for at the capitalised income value. The capitalisation based on sustainable recoverable earnings is conducted at interest rates that are determined individually for each property, based on the property's location, age and condition. If properties are intended for disposal, the estimated selling costs and taxes are recognised in provisions. Sales gains or losses are allocated to income from real estate when the contract is concluded.

The fair value of the insurance contract is based on the fair value of the assets backing the contract.

Other assets classified within level 3 mainly consist of private equity investments valued with the same methodology as mentioned in Note 8.

As of 31 December, the fair values of pension plan assets by level of input were as follows:

2014 USD millions	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets				
Fixed income securities:				
Debt securities issued by the US government and government agencies	9	146		155
Debt securities issued by non-US governments and government agencies		890		890
Corporate debt securities		2 150		2 150
Residential mortgage-backed securities		22		22
Commercial mortgage-backed securities		2		2
Other asset-backed securities		1		1
Equity securities:				
Equity securities held for proprietary investment purposes	976	684		1 660
Derivative financial instruments	–3			–3
Real estate	53	10	578	641
Other assets	21	59	139	219
Total assets at fair value	1 056	3 964	717	5 737
Cash	148	4		152
Total plan assets	1 204	3 968	717	5 889

2015 USD millions	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets				
Fixed income securities:				
Debt securities issued by the US government and government agencies	34	149		183
Debt securities issued by non-US governments and government agencies		799		799
Corporate debt securities		2 179		2 179
Residential mortgage-backed securities		16		16
Commercial mortgage-backed securities		1		1
Other asset-backed securities		4		4
Equity securities:				
Equity securities held for proprietary investment purposes	917	572		1 489
Derivative financial instruments	–9			–9
Real estate	129	9	596	734
Other assets	19	79	142	240
Total assets at fair value	**1 090**	**3 808**	**738**	**5 636**
Cash	82	–4		78
Total plan assets	**1 172**	**3 804**	**738**	**5 714**

Assets measured at fair value using significant unobservable inputs (Level 3)

For the years ended 31 December, the reconciliation of fair value of pension plan assets using significant unobservable inputs were as follows:

2014 USD millions	Real estate	Other assets	Total
Balance as of 1 January	631	132	763
Realised/unrealised gains/losses:			
Relating to assets still held at the reporting date		5	5
Relating to assets sold during the period		14	14
Purchases, issuances and settlements	13	–4	9
Impact of foreign exchange movements	–66	–8	–74
Closing balance as of 31 December	578	139	717

2015 USD millions	Real estate	Other assets	Total
Balance as of 1 January	578	139	717
Realised/unrealised gains/losses:			
Relating to assets still held at the reporting date	10	–13	–3
Relating to assets sold during the period		17	17
Purchases, issuances and settlements	12	6	18
Impact of foreign exchange movements	–4	–7	–11
Closing balance as of 31 December	**596**	**142**	**738**

Expected contributions and estimated future benefit payments

The employer contributions expected to be made in 2016 to the defined benefit pension plans are USD 158 million and to the post-retirement benefit plan are USD 16 million.

As of 31 December 2015, the projected benefit payments, which reflect expected future service, not adjusted for transfers in and for employees' voluntary contributions, are as follows:

USD millions	Swiss plan	Foreign plans	Other benefits	Total
2016	204	74	16	294
2017	197	78	16	291
2018	196	81	17	294
2019	195	84	18	297
2020	191	86	19	296
Years 2021–2025	905	462	104	1471

Defined contribution pension plans

The Group sponsors a number of defined contribution plans to which employees and the Group make contributions. The accumulated balances are paid as a lump sum at the earlier of retirement, termination, disability or death. The amount expensed in 2014 and in 2015 was USD 79 million and USD 77 million, respectively.

15 Share-based payments

As of 31 December 2014 and 2015, the Group had the share-based compensation plans as described below.

Total compensation cost for share-based compensation plans recognised in net income was USD 76 million and USD 61 million in 2014 and 2015, respectively. The related tax benefit was USD 17 million and USD 13 million, respectively.

Stock option plans

No options were granted under stock option plans from 2007 onwards. Options issued vest at the end of the fourth year and have a maximum life of ten years.

A summary of the activity of the Group's stock option plans for the year ended 31 December 2015 is as follows:

	Weighted average exercise price in CHF	Number of options
Outstanding as of 1 January	84	100 000
Outstanding as of 31 December	**82**	**100 000**
Exercisable as of 31 December	**82**	**100 000**

The weighted remaining contractual life is 0.3 years and all stock options outstanding are also exercisable. The fair value of each option grant was estimated on the date of grant using a binomial option-pricing model. The underlying strike price for the outstanding options has been adjusted for the special dividend payout in 2013, 2014 and 2015.

Restricted shares

The Group granted 25 153 and 7 776 restricted shares to selected employees in 2014 and 2015, respectively. Moreover, as an alternative to the Group's cash bonus programme, 302 260 and 288 125 shares were delivered during 2014 and 2015, respectively, which are not subject to forfeiture risk.

A summary of the movements in shares relating to outstanding awards granted under the restricted share plans for the year ended 31 December 2015 is as follows:

	Weighted average grant date fair value in CHF[1]	Number of shares
Non-vested at 1 January	73	578 836
Granted	87	295 901
Delivery of restricted shares	75	–343 719
Outstanding as of 31 December	**79**	**531 018**

[1] Equal to the market price of the shares on the date of grant.

Leadership Performance Plan

The Leadership Performance Plan (LPP) awards are expected to be settled in shares, and the requisite service as well as the maximum contractual term are three years. For LPP 2014 and LPP 2015 awards, an additional two-year holding period applies for all members of the Group EC and GMDs. At grant date the award is split equally into two underlying components — Restricted Share Units (RSUs) and Performance Share Units (PSUs). The RSUs are measured against a ROE performance condition and will vest within a range of 0–100%. The PSUs are based on relative total shareholder return, measured against a pre-defined group of peers and will vest within a range of 0–200%. The fair values of both components are measured separately, based on stochastic models.

The fair value assumptions included in the grant valuation are based on market estimates for dividends (and an additional special dividend of CHF 4.00 for the LPP 2013, a special dividend of CHF 4.15 for the LPP 2014, and a special dividend of CHF 3.00 for the LPP 2015 respectively) and the risk free rate based on the average of the 5-year US government bond rate taken monthly over each annual period in the performance period. This resulted in risk free rates between 1.0 and 3.1% for all LPP plans.

For the year ended 31 December 2015, the outstanding units were as follows:

RSUs	LPP 2012	LPP 2013	LPP 2014	LPP 2015
Non-vested at 1 January	439 870	334 650	359 620	
Granted				327 875
Forfeitures	–1 610	–4 790	–5 530	–3 185
Vested	–438 260			
Outstanding as of 31 December	**0**	**329 860**	**354 090**	**324 690**
Grant date fair value in CHF	**42.00**	**61.19**	**60.85**	**67.65**

PSUs				
Non-vested at 1 January	518 585	389 465	363 430	
Granted				361 590
Forfeitures	–1 900	–5 585	–5 590	–3 510
Vested	–516 685			
Outstanding as of 31 December	**0**	**383 880**	**357 840**	**358 080**
Grant date fair value in CHF	**35.60**	**52.59**	**60.21**	**61.37**

Unrecognised compensation costs

As of 31 December 2015, the total unrecognised compensation cost (net of forfeitures) related to non-vested, share-based compensation awards was USD 56 million and the weighted average period over which that cost is expected to be recognised is 1.8 years.

The number of shares authorised for the Group's share-based payments to employees was 3 930 229 and 3 554 592 as of 31 December 2014 and 2015, respectively. The Group's policy is to ensure that sufficient treasury shares are available at all times to settle future share-based compensation plans.

Employee Participation Plan

The Group's Employee Participation Plan consists of a savings scheme lasting two or three years. Employees combine regular savings with the purchase of either actual or tracking options. The Group contributes to the employee savings over the period of the plan.

At maturity, either the employee receives shares or cash equal to the accumulated savings balance, or the employee may elect to exercise the options.

From 2013 onwards, the Employee Participation Plan was discontinued and no more options were issued. In 2014 and 2015, the Group contributed USD 12 million and USD 1 million, respectively, to the outstanding plans.

Global Share Participation Plan

In June 2013, Swiss Re introduced the Global Share Participation Plan, which is a share purchase plan that was rolled out for the benefit of employees of companies within the Group. Swiss Re makes a financial contribution to participants in the Plan, by matching the commitment that they make during the plan cycle with additional Swiss Re shares.

If the employee is still employed by Swiss Re at the end of a plan cycle, the employee will receive an additional number of shares equal to 30% of the total number of purchased and dividend shares held at that time. In 2014 and 2015, Swiss Re contributed USD 7 million and USD 10 million to the plans and authorised 109 461 and 211 472 shares as of 31 December 2014 and 2015, respectively.

16 Compensation, participations and loans of members of governing bodies

The disclosure requirements under Swiss Company Law in respect of compensation and loans to the members of the Board of Directors and of the Group Executive Committee, as well as closely related persons, are detailed in the Compensation report on pages 147–151 of the Financial Report of the Swiss Re Group.

The disclosure requirements under Swiss Company Law in respect of participations of members of the Board of Directors and the Group Executive Committee, as well as closely related persons, are detailed on pages 260–261 of the Annual Report of Swiss Re Ltd.

17 Related parties

The Group defines the following as related parties to the Group: subsidiaries of Swiss Re Ltd, entities in which the Group has significant influence, pension plans, members of the Board of Directors (BoD) and the Group Executive Committee (EC) and their close family members, and entities which are directly and indirectly controlled by members of governing bodies of the Group and their close family members.

As part of the consolidation process, transactions between Swiss Re Ltd and subsidiaries are eliminated in consolidation and are not disclosed in the notes.

As of 31 December 2014 and 2015, the Group's investment in mortgages and other loans included USD 285 million and USD 287 million, respectively, of loans due from employees, and USD 210 million and USD 196 million, respectively, due from officers. These loans generally consist of mortgages offered at variable and fixed interest rates.

Contributions made to defined benefit pension plans and post-retirement benefit plans are disclosed in Note 14 Benefit plans. Plan assets of the defined benefit pension plans include Swiss Re common stock of USD 6 million (0.1% of total plan assets) and USD 6 million (0.1% of total plan assets) as of 31 December 2014 and 2015, respectively.

Share ownership and loans extended to members of BoD and Group EC are disclosed in Note 16 Compensation, participations and loans of members of governing bodies. The total number of shares, options and related instruments held by members of the BoD and the Group EC and persons closely related to, amounts to less than 1% of the shares issued by Swiss Re Ltd. None of the members of BoD and the Group EC has any significant business connection with Swiss Re Ltd or any of its Group companies. The Group BoD members Mathis Cabiallavetta and Susan L. Wagner are also board members of BlackRock, Inc. BlackRock, Inc is acting as external asset manager for the Group.

Share in earnings and dividends received from equity-accounted investees for the years ended 31 December, were as follows:

USD millions	2014	**2015**
Share in earnings of equity-accounted investees	321	52
Dividends received from equity-accounted investees	277	254

18 Commitments and contingent liabilities

Leasing commitments

As part of its normal business operations, the Group enters into a number of lease agreements. As of 31 December, such agreements, which are operating leases, total the following obligations for the next five years and thereafter:

USD millions	2015
2016	88
2017	81
2018	64
2019	48
2020	42
After 2020	261
Total operating lease commitments	**584**
Less minimum non-cancellable sublease rentals	30
Total net future minimum lease commitments	**554**

The following schedule shows the composition of total rental expenses for all operating leases as of 31 December (except those with terms of a month or less that were not renewed):

USD millions	2014	2015
Minimum rentals	69	63
Sublease rental income	0	0
Total	69	**63**

Other commitments

As a participant in limited and other investment partnerships, the Group commits itself to making available certain amounts of investment funding, callable by the partnerships for periods of up to ten years. The total commitments remaining uncalled as of 31 December 2015 were USD 1 557 million.

The Group enters into a number of contracts in the ordinary course of reinsurance and financial services business which, if the Group's credit rating and/or defined statutory measures decline to certain levels, would require the Group to post collateral or obtain guarantees. The contracts typically provide alternatives for recapture of the associated business.

Legal proceedings

In the normal course of business operations, the Group is involved in various claims, lawsuits and regulatory matters. In the opinion of management, the disposition of these matters is not expected to have a material adverse effect on the Group's business, consolidated financial position or results of operations.

19 Significant subsidiaries and equity investees

Significant subsidiaries and equity investees		Share capital (millions)	Affiliation in % as of 31.12.2015	Method of consolidation
Europe				
Belgium				
Swiss Re Treasury (Belgium) N.V., Brussels	EUR	426	100	f
Germany				
Swiss Re Germany AG, Munich	EUR	45	100	f
Guernsey				
Pension Corporation Group Limited, St. Peter Port	GBP	925	5	fv
Liechtenstein				
Elips Life AG, Triesen	CHF	12	100	f
Elips Versicherungen AG, Triesen	CHF	5	100	f
Luxembourg				
Swiss Re Europe Holdings S.A., Luxembourg	EUR	105	100	f
Swiss Re Europe S.A., Luxembourg	EUR	350	100	f
Swiss Re Finance (Luxembourg) S.A., Luxembourg	EUR	0	100	f
Swiss Re Funds (Lux) I, Senningerberg[1]	EUR	11 345	100	f
Swiss Re International SE, Luxembourg	EUR	182	100	f
Netherlands				
Algemene Levensherverzekering Maatschappij N.V., Amstelveen	EUR	1	100	f
Switzerland				
European Reinsurance Company of Zurich Ltd, Zurich	CHF	312	100	f
Swiss Re Asset Management Geneva S.A., Carouge	CHF	0	100	f
Swiss Re Corporate Solutions Ltd, Zurich	CHF	100	100	f
Swiss Re Direct Investments Company Ltd, Zurich	CHF	0	100	f
Swiss Re Investments Company Ltd, Zurich	CHF	0	100	f
Swiss Re Investments Holding Company Ltd, Zurich	CHF	0	100	f
Swiss Re Investments Ltd, Zurich	CHF	1	100	f
Swiss Re Life Capital Ltd, Zurich	CHF	0	100	f
Swiss Re Management Ltd, Adliswil	CHF	0	100	f
Swiss Re Principal Investments Company Ltd, Zurich	CHF	0	100	f
Swiss Re Reinsurance Holding Company Ltd, Zurich	CHF	0	100	f
Swiss Reinsurance Company Ltd, Zurich	CHF	34	100	f
United Kingdom				
Admin Re UK Limited, Shropshire	GBP	73	100	f
Admin Re UK Finance Limited, Shropshire	GBP	0	100	f
Reassure Limited, Shropshire	GBP	289	100	f
Swiss Re Services Limited, London	GBP	2	100	f
Swiss Re Specialised Investments Holdings (UK) Limited, London	GBP	1	100	f

Method of consolidation

f full
e equity
fv fair value
[1] Net asset value instead of share capital

Significant subsidiaries and equity investees		Share capital (millions)	Affiliation in % as of 31.12.2015	Method of consolidation
Americas and Caribbean				
Barbados				
European Finance Reinsurance Company Ltd., Bridgetown	USD	5	100	f
European International Reinsurance Company Ltd., Bridgetown	USD	1	100	f
Milvus I Reassurance Limited, Bridgetown	USD	397	100	f
Swiss Re (Barbados) Finance Limited, Bridgetown	GBP	0	100	f
Bermuda				
Ark Insurance Holdings Limited, Hamilton	USD	6	4	fv
CORE Reinsurance Company Limited, Hamilton	USD	0	100	f
Swiss Re Global Markets Limited, Hamilton	USD	0	100	f
Brazil				
Swiss Re Brasil Resseguros S.A., São Paulo	BRL	194	100	f
Cayman Islands				
Ampersand Investments (UK) Limited, George Town	GBP	0	100	f
FWD Group Ltd, George Town	USD	0	15	e
PEP SR I Umbrella L.P., George Town	USD	750	100	f
Swiss Re Strategic Investments UK Limited, George Town	GBP	0	100	f
Colombia				
Compañía Aseguradora de Fianzas S.A. Confianza, Bogota	COP	224 003	51	f

Significant subsidiaries and equity investees		Share capital (millions)	Affiliation in % as of 31.12.2015	Method of consolidation
United States				
Claret Re Inc., Burlington	USD	5	100	f
Facility Insurance Holding Corporation, Dallas	USD	0	100	f
First Specialty Insurance Corporation, Jefferson City	USD	5	100	f
North American Capacity Insurance Company, Manchester	USD	4	100	f
North American Elite Insurance Company, Manchester	USD	4	100	f
North American Specialty Insurance Company, Manchester	USD	5	100	f
Pillar RE Holdings LLC, Wilmington	USD	0	100	f
SR Corporate Solutions America Holding Corporation, Wilmington	USD	0	100	f
Sterling Re Inc., Burlington	USD	218	100	f
Swiss Re America Holding Corporation, Wilmington	USD	0	100	f
Swiss Re Capital Markets Corporation, New York	USD	0	100	f
Swiss Re Corporate Solutions Global Markets Inc., New York	USD	0	100	f
Swiss Re Financial Markets Corporation, Wilmington	USD	0	100	f
Swiss Re Financial Products Corporation, Wilmington	USD	2 116	100	f
Swiss Re Life & Health America Holding Company, Wilmington	USD	0	100	f
Swiss Re Life & Health America Inc., Jefferson City	USD	4	100	f
Swiss Re Partnership Holding, LLC, Dover	USD	368	100	f
Swiss Re Risk Solutions Corporation, Wilmington	USD	0	100	f
Swiss Re Treasury (US) Corporation, Wilmington	USD	0	100	f
Swiss Reinsurance America Corporation, Armonk	USD	10	100	f
Washington International Insurance Company, Manchester	USD	4	100	f
Westport Insurance Corporation, Jefferson City	USD	6	100	f
Africa				
South Africa				
Swiss Re Life and Health Africa Limited, Cape Town	ZAR	2	100	f
Asia-Pacific				
Australia				
Swiss Re Australia Ltd, Sydney	AUD	845	100	f
Swiss Re Life & Health Australia Limited, Sydney	AUD	980	100	f
China				
Alltrust Insurance Company of China Limited, Shanghai	CNY	2 178	5	fv
Swiss Re Corporate Solutions Insurance China Ltd, Shanghai	CNY	500	100	f
Vietnam				
Vietnam National Reinsurance Corporation, Hanoi	VND	1 310 759	25	e

20 Variable interest entities

The Group enters into arrangements with variable interest entities (VIEs) in the normal course of business. The involvement ranges from being a passive investor to designing, structuring and managing the VIEs. The variable interests held by the Group arise as a result of the Group's involvement in certain insurance-linked and credit-linked securitisations, swaps in trusts, debt financing and other entities which meet the definition of a VIE.

When analysing the status of an entity, the Group mainly assesses if (1) the equity is sufficient to finance the entity's activities without additional subordinated financial support, (2) the equity holders have the right to make significant decisions affecting the entity's operations and (3) the holders of the voting rights substantively participate in the gains and losses of the entity. When one of these criteria is not met, the entity is considered a VIE and needs to be assessed for consolidation under the VIE section of the Consolidation Topic.

The party that has a controlling financial interest is called the primary beneficiary and consolidates the VIE. An enterprise is deemed to have a controlling financial interest if it has both of the following:
- the power to direct the activities of the VIE that most significantly impact the entity's economic performance; and
- the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE.

The Group assesses for all its variable interests in VIEs whether it has a controlling financial interest in these entities and, thus, is the primary beneficiary. For this, the Group identifies the activities that most significantly impact the entity's performance and determines whether the Group has the power to direct those activities. In conducting the analysis, the Group considers the purpose, the design and the risks that the entity was designed to create and pass through to its variable interest holders. In a second step,
the Group assesses if it has the obligation to absorb losses or if it has the right to receive benefits of the VIE that could potentially be significant to the entity. If both criteria are met, the Group has a controlling financial interest in the VIE and consolidates the entity.

Whenever facts and circumstances change, a review is undertaken of the impact these changes could have on the consolidation assessment previously performed. When the assessment might be impacted, a reassessment to determine the primary beneficiary is performed.

Insurance-linked and credit-linked securitisations

The insurance-linked and credit-linked securitisations transfer pre-existing insurance or credit risk to the capital markets through the issuance of insurance-linked or credit-linked securities. In insurance-linked securitisations, the securitisation vehicle assumes the insurance risk from a sponsor through insurance or derivative contracts. In credit-linked securitisations, the securitisation vehicle assumes the credit risk from a sponsor through credit default swaps. The securitisation vehicle generally retains the issuance proceeds as collateral. The collateral held predominantly consists of investment-grade securities.

Typically, the variable interests held by the Group arise through ownership of insurance-linked and credit-linked securities, in which case maximum loss equals to the Group's investment balance.

Generally, the activities of a securitisation vehicle are pre-determined at formation. There are substantially no ongoing activities during the life of the VIE that could significantly impact the economic performance of the vehicle. Consequently, the main focus to identify the primary beneficiary is on the activities performed and decisions made when the VIE was designed.

Life and health funding vehicles

The Group participates in certain structured transactions that retrocede longevity and mortality risks to captive reinsurers with an aim to provide regulatory capital credit to a transaction sponsor through creation of funding notes by a funding vehicle which is generally considered a VIE. The Group's participation in these transactions is generally limited to providing contingent funding support via a financial contract to a funding vehicle, which represents a potentially significant variable interest. The Group does not have power to direct activities of the funding vehicles and therefore is not a primary beneficiary of the funding vehicles in these transactions. The Group's maximum exposure in these transactions equals either the total contract notional or funding notes issued by the vehicle, depending on the specific contractual arrangements.

Swaps in trusts

The Group provides risk management services to certain asset securitisation trusts which qualify as VIEs. As the involvement of the Group is limited to interest rate and foreign exchange derivatives, it does not have power to direct any activities of the trusts and therefore does not qualify as primary beneficiary of any of these trusts. These activities are in run-off.

Debt financing vehicles

Debt financing vehicles issue preference shares or loan notes to provide the Group with funding. The Group is partially exposed to the asset risk by holding equity rights or by protecting some of the assets held by the VIEs via guarantees or derivative contracts. The assets held by the VIEs consist primarily of investment-grade securities, but also structured products, hedge fund units and derivatives.

The Group consolidates a debt financing vehicle as it has power over the investment management in the vehicle, which is considered to be the activity that most significantly impacts the entities' economic performance. In addition, the Group absorbs the variability of the investment return so that both criteria for a controlling financial interest are met.

Investment vehicles

Investment vehicles are private equity limited partnerships, in which the Group is invested as part of its investment strategy. Typically, the Group's variable interests arise through limited partner ownership interests in the vehicles. The Group does not own the general partners of the limited partnerships, and does not have any significant kick-out or participating rights. Therefore the Group lacks power over the relevant activities of the vehicles and, consequently, does not qualify as the primary beneficiary. The Group is exposed to losses when the values of the investments held by the vehicles decrease. The maximum exposure to loss equals the carrying amount of the ownership interest.

Other

The VIEs in this category were created for various purposes. Generally, the Group is exposed to the asset risk of the VIEs by holding an equity stake in the VIE or by guaranteeing a part or the entire asset value to third-party investors. A significant portion of the Group's exposure is either retroceded or hedged. The assets held by the VIEs consist mainly of residential real estate and other.

The Group did not provide financial or other support to any VIEs during 2015 that it was not previously contractually required to provide.

Consolidated VIEs

The following table shows the total assets and liabilities on the Group's balance sheet relating to VIEs of which the Group is the primary beneficiary as of 31 December:

USD millions	2014 Carrying value	2014 Whereof restricted	2015 Carrying value	2015 Whereof restricted
Fixed income securities available-for-sale	4 200	4 200	3 876	3 876
Short-term investments	95	95	88	88
Other invested assets	16		26	
Cash and cash equivalents	25	25	147	147
Accrued investment income	38	38	42	42
Premiums and other receivables			34	34
Deferred acquisition costs			9	9
Deferred tax assets	19	19	38	38
Other assets	16		8	
Total assets	4 409	4 377	**4 268**	**4 234**

	2014 Carrying value	2014 Whereof limited recourse	2015 Carrying value	2015 Whereof limited recourse
Unpaid claims and claim adjustment expenses			53	53
Unearned premiums			26	26
Reinsurance balances payable			2	2
Deferred and other non-current tax liabilities	177	177	96	96
Accrued expenses and other liabilities	7	7	17	17
Long-term debt	2 903	2 903	2 720	2 720
Total liabilities	3 087	3 087	**2 914**	**2 914**

Non-consolidated VIEs

The following table shows the total assets and liabilities in the Group's balance sheet related to VIEs in which the Group held a variable interest but was not the primary beneficiary as of 31 December:

USD millions	2014	**2015**
Fixed income securities available-for-sale	69	52
Policy loans, mortgages and other loans	84	1
Other invested assets	1 451	1 706
Total assets	1 604	**1 759**
Accrued expenses and other liabilities	167	45
Total liabilities	167	**45**

The following table shows the Group's assets, liabilities and maximum exposure to loss related to VIEs in which the Group held a variable interest but was not the primary beneficiary as of 31 December:

				2014				**2015**
USD millions	Total assets	Total liabilities	Maximum exposure to loss[1]	Difference between exposure and liabilities	Total assets	Total liabilities	Maximum exposure to loss[1]	Difference between exposure and liabilities
Insurance-linked/credit-linked securitisations	70		68	68	52		52	52
Life and health funding vehicles			1 683	1 683	2	1	1 777	1 776
Swaps in trusts	35	82	–[2]	–	146	44	–[2]	–
Debt financing	378		28	28	361		27	27
Investment vehicles	845		845	845	1 009		1 011	1 011
Other	276	85	1 076	991	189		189	189
Total	1 604	167	–[2]	–	**1 759**	**45**	**–[2]**	**–**

[1] Maximum exposure to loss is the loss the Group would absorb from a variable interest in a VIE in the event that all of the assets of the VIE are deemed worthless.
[2] The maximum exposure to loss for swaps in trusts cannot be meaningfully quantified due to their derivative character.

The assets and liabilities for the swaps in trusts represent the positive and negative fair values of the derivatives the Group has entered into with the trusts. Liabilities are recognised for certain debt financing VIEs when losses occur. To date, the respective debt financing VIEs have not incurred any losses.

21 Restructuring provision

In 2015, the Group set up a provision of USD 13 million for restructuring costs, and released USD 2 million.

The increase of the provision in the Property & Casualty Reinsurance business segment of USD 11 million is mostly related to leaving benefits.

Changes in restructuring provisions are disclosed in the "Other expenses" line in the Group's income statement.

For the years ended 31 December, restructuring provision developed as follows:

2014 USD millions	Property & Casualty Reinsurance	Corporate Solutions	Admin Re®	Group items	Total
Balance as of 1 January	64	0	10	0	74
Increase in provision	16				16
Release of provision	–3				–3
Costs incurred	–15		–3		–18
Effect of foreign currency translation	–5		–1		–6
Balance as of 31 December	57	0	6	0	63

2015 USD millions	Property & Casualty Reinsurance	Corporate Solutions	Admin Re®	Group items	Total
Balance as of 1 January	57	0	6	0	63
Increase in provision	11	1		1	13
Release of provision	–2				–2
Costs incurred	–28	–1	–1	–1	–31
Effect of foreign currency translation	–3				–3
Balance as of 31 December	**35**	**0**	**5**	**0**	**40**

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Report of the statutory auditor

Report of the statutory auditor
to the General Meeting of
Swiss Re Ltd
Zurich

Report of the statutory auditor on the consolidated financial statements
As statutory auditor, we have audited the accompanying consolidated financial statements of Swiss Re Ltd and its subsidiaries (the "Company"), which comprise the consolidated balance sheet as of 31 December 2015, and the related consolidated income statement, statement of comprehensive income, statement of shareholders' equity, statement of cash flow and notes (pages 156 to 244) for the year ended 31 December 2015.

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

Auditor's responsibility
Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law, Swiss Auditing Standards and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made, as well as evaluating the over-all presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company at 31 December 2015, the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America and comply with Swiss law.

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

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

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd

Alex Finn

Bret M. Griffin

Alex Finn
Audit expert
Auditor in charge

Bret Griffin

Zürich, 15 March 2016

Group financial years 2006–2015

USD millions	2006[1]	2007[1]	2008[1]
Income statement			
Revenues			
Premiums earned	23 526	26 337	23 577
Fee income	701	794	746
Net investment income	6 370	8 893	7 331
Net realised investment gains/losses	1 679	–615	–8 677
Other revenues	223	251	249
Total revenues	32 499	35 660	23 226
Expenses			
Claims and claim adjustment expenses	–9 405	–10 035	–9 222
Life and health benefits	–7 647	–9 243	–8 381
Return credited to policyholders	–2 253	–1 763	2 611
Acquisition costs	–4 845	–5 406	–4 950
Other operating costs and expenses	–3 679	–4 900	–4 358
Total expenses	–27 829	–31 347	–24 300
Income/loss before income tax expense	4 670	4 313	–1 074
Income tax expense	–1 033	–853	411
Net income/loss before attribution of non-controlling interests	3 637	3 460	–663
Income/loss attributable to non-controlling interests			
Net income after attribution of non-controlling interests	3 637	3 460	–663
Interest on contingent capital instruments			
Net income/loss attributable to common shareholders	3 637	3 460	–663
Balance sheet			
Assets			
Investments	167 303	201 221	154 053
Other assets	71 317	70 198	71 322
Total assets	238 620	271 419	225 375
Liabilities			
Unpaid claims and claim adjustment expenses	77 829	78 195	70 944
Liabilities for life and health policy benefits	36 779	44 187	37 497
Unearned premiums	6 574	6 821	7 330
Other liabilities	80 802	95 172	73 366
Long-term debt	11 337	18 898	17 018
Total liabilities	213 321	243 273	206 155
Shareholders' equity	25 299	28 146	19 220
Non-controlling interests			
Total equity	25 299	28 146	19 220
Earnings/losses per share in USD	10.75	9.94	–2.00
Earnings/losses per share in CHF	13.49	11.95	–2.61

[1] The Group changed its reporting currency from CHF into USD in 2010. Periods prior to 2010 have been translated to USD for informational purposes only based on the Group's average exchange rates for the income statements and year-end rates for the balance sheets.
[2] The Group updated its balance sheet presentation of deferred tax assets and liabilities. Deferred tax assets and liabilities are presented on a gross basis as per the first quarter 2013. The comparative period has been adjusted accordingly and is consistent with the relevant income tax disclosure in the notes to the financial statements in the prior year.

	2009[1]	2010	2011	2012[2]	2013	2014	**2015**
	22 664	19 652	21 300	24 661	28 276	30 756	**29 751**
	847	918	876	785	542	506	**463**
	6 399	5 422	5 469	5 302	4 735	4 992	**4 236**
	875	2 783	388	2 688	3 325	1 059	**1 220**
	178	60	50	188	24	34	**44**
	30 963	28 835	28 083	33 624	36 902	37 347	**35 714**
	–8 336	–7 254	–8 810	–7 763	–9 655	–10 577	**–9 848**
	–8 639	–8 236	–8 414	–8 878	–9 581	–10 611	**–9 080**
	–4 597	–3 371	–61	–2 959	–3 678	–1 541	**–1 166**
	–4 495	–3 679	–4 021	–4 548	–4 895	–6 515	**–6 419**
	–3 976	–3 620	–3 902	–3 953	–4 268	–3 876	**–3 882**
	–30 043	–26 160	–25 208	–28 101	–32 077	–33 120	**–30 395**
	920	2 675	2 875	5 523	4 825	4 227	**5 319**
	–221	–541	–77	–1 125	–312	–658	**–651**
	699	2 134	2 798	4 398	4 513	3 569	**4 668**
		–154	–172	–141	–2	0	**–3**
	699	1 980	2 626	4 257	4 511	3 569	**4 665**
	–203	–1 117	0	–56	–67	–69	**–68**
	496	863	2 626	4 201	4 444	3 500	**4 597**
	151 341	156 947	162 224	152 812	150 075	143 987	**137 810**
	81 407	71 456	63 675	68 691	63 445	60 474	**58 325**
	232 748	228 403	225 899	221 503	213 520	204 461	**196 135**
	68 412	64 690	64 878	63 670	61 484	57 954	**55 518**
	39 944	39 551	39 044	36 117	36 033	33 605	**30 131**
	6 528	6 305	8 299	9 384	10 334	10 576	**10 869**
	73 336	72 524	65 850	62 020	57 970	53 670	**55 033**
	19 184	18 427	16 541	16 286	14 722	12 615	**10 978**
	207 404	201 497	194 612	187 477	180 543	168 420	**162 529**
	25 344	25 342	29 590	34 002	32 952	35 930	**33 517**
		1 564	1 697	24	25	111	**89**
	25 344	26 906	31 287	34 026	32 977	36 041	**33 606**
	1.46	2.52	7.68	11.85	12.97	10.23	**13.44**
	1.49	2.64	6.79	11.13	12.04	9.33	**12.93**

Annual Report Swiss Re Ltd

Swiss Re Ltd (the Company), domiciled in Zurich, Switzerland, is the ultimate holding company of the Swiss Re Group. Its principal activity is the holding of investments in Swiss Re Group companies.

Income statement

Net income for 2015 amounted to CHF 3 865 million (2014: CHF 4 110 million) and was mostly driven by cash dividends from subsidiaries and affiliated companies of CHF 3 539 million.

The Company earned trademark licence fees of CHF 306 million and other revenues of CHF 156 million, mainly consisting of net realised foreign exchange gains of CHF 143 million. In addition, the Company incurred administrative expenses of CHF 112 million, of which CHF 107 million were charges for services provided by Swiss Reinsurance Company Ltd, and other expenses of CHF 20 million, due to financing costs of CHF 11 million and capital and indirect taxes of CHF 9 million.

Assets

Total assets increased from CHF 20 843 million as of 31 December 2014 to CHF 21 840 million as of 31 December 2015.

Short-term investments increased from CHF 159 million as of 31 December 2014 to CHF 1 917 million as of 31 December 2015 mainly due to reinvestment of dividends and loan repayments received from subsidiaries.

Loans to subsidiaries and affiliated companies, which consist of loans granted to Swiss Reinsurance Company Ltd, decreased from CHF 3 250 million as of 31 December 2014 to CHF 2 287 million as of 31 December 2015, mainly to contribute to the funding of the share buy-back programme and a capital contribution to Swiss Re Capital Ltd related to the acquisition of Guardian Financial Services in January 2016.

Investments in subsidiaries and affiliated companies increased from CHF 17 340 million as of 31 December 2014 to CHF 17 561 million as of 31 December 2015 due to capital contributions made to a subsidiary of Swiss Re Investments Holding Company Ltd of CHF 129 million and subsidiaries of Swiss Re Principal Investments Company Ltd of CHF 92 million.

Liabilities

Total liabilities increased from CHF 340 million as of 31 December 2014 to CHF 371 million as of 31 December 2015.

Short-term liabilities increased from nil as of 31 December 2014 to CHF 118 million as of 31 December 2015, mainly due to withholding tax payable of CHF 89 million related to the share buy-back programme and deferred income of CHF 25 million. Provisions decreased by CHF 87 million, mainly due to a reduction in the provision for currency fluctuations of CHF 102 million, partly offset by an increase in the tax provision of CHF 15 million.

Shareholders' equity

Shareholders' equity increased from CHF 20 503 million as of 31 December 2014 to CHF 21 469 million as of 31 December 2015, mainly due to net income of CHF 3 865 million and net gains from transactions in own shares of CHF 65 million, partly offset by dividends to shareholders of CHF 2 490 million and net purchases of own shares of CHF 474 million.

Legal reserves from capital contributions decreased from CHF 2 682 million as of 31 December 2014 to CHF 192 million as of 31 December 2015, reflecting the payment of dividends to shareholders of CHF 2 490 million.

Own shares (directly held by the Company) increased from CHF 956 million as of 31 December 2014 to CHF 1 430 million as of 31 December 2015 which was mainly due to a share buy-back programme of CHF 430 million and other net purchases of own shares of CHF 44 million.

Income statement Swiss Re Ltd

For the years ended 31 December

CHF millions	Notes	2014	2015
Revenues			
Investment income	2	3 974	**3 563**
Trademark licence fees		306	**306**
Other revenues		0	**156**
Total revenues		4 280	**4 025**
Expenses			
Administrative expenses	3	–142	**–112**
Investment expenses	2	0	**–1**
Other expenses		–16	**–20**
Total expenses		–158	**–133**
Income before income tax expense		4 122	**3 892**
Income tax expense		–12	**–27**
Net income		4 110	**3 865**

The accompanying notes are an integral part of Swiss Re Ltd's financial statements.

Balance sheet Swiss Re Ltd

As of 31 December

Assets

CHF millions	Notes	2014	2015
Current assets			
Cash and cash equivalents		30	**26**
Short-term investments	4	159	**1 917**
Receivables from subsidiaries and affiliated companies		64	**49**
Other receivables and accrued income		0	**0**
Loans to subsidiaries and affiliated companies		3 250	**2 287**
Total current assets		3 503	**4 279**
Non-current assets			
Investments in subsidiaries and affiliated companies	5	17 340	**17 561**
Total non-current assets		17 340	**17 561**
Total assets		20 843	**21 840**

The accompanying notes are an integral part of Swiss Re Ltd's financial statements.

Liabilities and shareholders' equity

CHF millions	Notes	2014	2015
Liabilities			
Short-term liabilities			
Payables to subsidiaries and affiliated companies		–	**0**
Other liabilities and accrued expenses		0	**118**
Total short-term liabilities		0	**118**
Long-term liabilities			
Provisions		340	**253**
Total long-term liabilities		340	**253**
Total liabilities		340	**371**
Shareholders' equity	7		
Share capital	9	37	**37**
Legal reserves from capital contributions	*10*	*2 682*	***192***
Other legal capital reserves		*–*	***65***
Legal capital reserves		2 682	**257**
Legal profit reserves		9 177	**9 168**
Reserve for own shares (indirectly held by subsidiaries)		9	**18**
Voluntary profit reserves		5 440	**9 550**
Retained earnings brought forward		4	**4**
Net income for the financial year		4 110	**3 865**
Own shares (directly held by the Company)	8	–956	**–1 430**
Total shareholders' equity		20 503	**21 469**
Total liabilities and shareholders' equity		20 843	**21 840**

The accompanying notes are an integral part of Swiss Re Ltd's financial statements.

Notes Swiss Re Ltd

1 Significant accounting principles

Basis of presentation
On 1 January 2013, new Swiss accounting and financial reporting legislation entered into force based on partial revision of the Swiss Code of Obligations which required implementation in 2015. Swiss Re Ltd adopted the new regulation for the financial statements 2015 and chose to adopt the presentation of the 2014 financial statements to be comparable with 2015. This resulted in changes to the presentation of the balance sheet and the notes as well as a reclassification of own shares from assets to shareholders' equity. This reclassification reduced the 2014 previously reported total non-current assets, total assets, total shareholders' equity and total liabilities and shareholders' equity by CHF 956 million.

Time period
The financial year 2015 comprises the accounting period from 1 January 2015 to 31 December 2015.

Use of estimates in the preparation of annual accounts
The preparation of the annual accounts requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as the related disclosures. Actual results could differ from these estimates.

Foreign currency translation
Assets and liabilities denominated in foreign currencies are converted into Swiss francs at year-end exchange rates with the exception of participations, which are maintained in Swiss francs at historical exchange rates. Income and expenses in foreign currencies are converted into Swiss francs at average exchange rates for the reporting year.

Cash and cash equivalents
Cash and cash equivalents include cash at bank, short-term deposits and certain investments in money market funds with an original maturity of three months or less. Such current assets are held at nominal value.

Short-term investments
Short-term investments contain investments with an original maturity between three months and one year. Such investments are carried at cost, less necessary and legally permissible depreciation.

Receivables from subsidiaries and affiliated companies/Other receivables
These assets are carried at nominal value. Value adjustments are recorded where the expected recovery value is lower than the nominal value.

Accrued income
Accrued income consists of both other expenditures incurred during the financial year but relating to a subsequent financial year, and revenues relating to the current financial year but receivable in a subsequent financial year.

Loans to subsidiaries and affiliated companies
Loans to subsidiaries and affiliated companies are carried at nominal value. Value adjustments are recorded where the expected recovery value is lower than the nominal value.

Investments in subsidiaries and affiliated companies
These assets are carried at cost, less necessary and legally permissible depreciation.

Payables to subsidiaries and affiliated companies/Other liabilities
These liabilities are carried at nominal value.

Accrued expenses
Accrued expenses consist of both income received before the balance sheet date but relating to a subsequent financial year, and charges relating to the current financial year but payable in a subsequent financial year.

Provisions
Provisions contain provision for currency fluctuation and provision for taxation.

The provision for currency fluctuation comprises the net effect of foreign exchange gains and losses arising from the yearly revaluation of the opening balance sheet and the translation adjustment of the income statement from average to closing exchange rates at year-end. These net impacts are recognised in the income statement over a period of up to three years. Where the provision for currency fluctuation is insufficient to absorb net foreign exchange losses for the financial year, the provision for currency fluctuation is reduced to zero and the excess foreign exchange loss is recognised in the income statement.

The provision for taxation represents an estimate of taxes payable in respect of the reporting year.

Other legal capital reserves
Other legal capital reserves reflect gains and losses from sale of own shares (directly held by the Company).

Reserve for own shares (indirectly held by subsidiaries)
Reserve for own shares is accounted for at the book value of those shares in the statutory financial statements of the respective subsidiary.

Own shares (directly held by the Company)
Own shares are carried at cost and presented as a deduction in shareholders' equity.

Foreign exchange transaction gains and losses
Foreign exchange gains and losses arising from foreign exchange transactions are recognised in the income statement and reported in other expenses or other revenues, respectively.

Dividends from subsidiaries and affiliated companies
Dividends from subsidiaries and affiliated companies are recognised as investment income in the year in which they are declared.

Trademark licence fees
Trademark licence fees are charged by the Company to its direct and indirect subsidiaries and their branches that benefit from the use of the Swiss Re brand.

Capital and indirect taxes
Capital and indirect taxes related to the financial year are included in other expenses. Value-added taxes are included in the respective expense lines in the income statement.

Income tax expense
As a holding company incorporated in Switzerland, Swiss Re Ltd is exempt from income taxation at cantonal/communal level. On the federal level, dividends from subsidiaries and affiliated companies are indirectly exempt from income taxation (participation relief). However, income tax is payable on trademark licence fees charged to certain subsidiaries and affiliated companies.

Subsequent events
Subsequent events for the current reporting period have been evaluated up to 15 March 2016. This is the date on which the financial statements are available to be issued.

2 Investment income and expenses

CHF millions	2014	2015
Cash dividends from subsidiaries and affiliated companies	3 964	**3 539**
Realised gains on sale of investments	1	**4**
Income from short-term investments	0	**2**
Income from loans to subsidiaries and affiliated companies	9	**17**
Investment management income	0	**1**
Other interest revenues	0	**0**
Investment income	3 974	**3 563**

CHF millions	2014	2015
Realised losses on sale of investments	0	**0**
Investment management expenses	0	**1**
Other interest expenses	0	**0**
Investment expenses	0	**1**

3 Administrative expenses and personnel information

Swiss Re Ltd receives management and other services from Swiss Reinsurance Company Ltd and has no employees of its own.

4 Securities lending

As of 31 December 2015, securities of CHF 545 million were lent to Group companies under securities lending agreements, whereas in 2014 securities of CHF 117 million were lent to Group companies. As of 31 December 2015 and 2014, there were no securities lent to third parties.

5 Investments in subsidiaries and affiliated companies

As of 31 December 2015 and 2014, Swiss Re Ltd held directly the following investments in subsidiaries and affiliated companies:

As of 31 December 2015	Domicile	Currency	Share capital (millions)	Affiliation in %	Voting interest in %
Swiss Reinsurance Company Ltd	Zurich	CHF	34.4	100	100
Swiss Re Corporate Solutions Ltd	Zurich	CHF	100.0	100	100
Swiss Re Life Capital Ltd	Zurich	CHF	0.1	100	100
Swiss Re Investments Holding Company Ltd	Zurich	CHF	0.1	100	100
Swiss Re Principal Investments Company Ltd	Zurich	CHF	0.1	100	100
Swiss Re Specialised Investments Holdings (UK) Ltd	London	GBP	1.0	100	100

As of 31 December 2014	Domicile	Currency	Share capital (millions)	Affiliation in %	Voting interest in %
Swiss Reinsurance Company Ltd	Zurich	CHF	34.4	100	100
Swiss Re Corporate Solutions Ltd	Zurich	CHF	100.0	100	100
Swiss Re Life Capital Ltd	Zurich	CHF	0.1	100	100
Swiss Re Investments Holding Company Ltd	Zurich	CHF	0.1	100	100
Swiss Re Principal Investments Company Ltd	Zurich	CHF	0.1	100	100
Swiss Re Specialised Investments Holdings (UK) Ltd	London	GBP	1.0	100	100

Further disclosures in respect of investments in significant indirect subsidiaries and affiliated companies are detailed in note 19 "Significant subsidiaries and equity investees" on pages 237 to 239 in the notes to the Group financial statements, where the voting interests are equal to the affiliations disclosed.

6 Commitments

In November 2015, the Company established a subordinated debt facility with a termination date of 15 August 2025. The facility allows the Company to issue at any time subordinated fixed-to-floating rate callable notes with a face value of up to USD 700 million, having a first optional redemption date of 15 August 2025 and a maturity date of 15 August 2050. The Company pays a fee of 3.53% per annum on the available commitment under the facility. Notes issued under the facility have a fixed coupon of 5.75% per annum until the first optional redemption date. Notes, when issued under the facility, will be classified as subordinated debt. As of 31 December 2015, no notes have been issued under the facility.

In November 2015, the Company entered into a subordinated funding facility with its subsidiary Swiss Reinsurance Company Ltd under which Swiss Reinsurance Company Ltd has the right, among others, to issue subordinated notes to the Company of up to USD 700 million at any time before August 2030. For its various rights, Swiss Reinsurance Company Ltd owes the Company an unconditional fixed commitment fee, payable in annual instalments calculated as 5.80% on the total facility amount. Annually, Swiss Reinsurance Company Ltd receives a partial reimbursement of the commitment fee equal to 2.22% per annum on the undrawn facility amount. As of 31 December 2015, the facility was undrawn.

7 Change in shareholders' equity

CHF millions	2014	2015
Opening balance of shareholders' equity	19 349	**20 503**
Share buy-back programme	-	**–430**
Other movements in own shares	–215	**–44**
Net realised gains from sale of own shares	-	**65**
Dividend payments for the previous year	–2 741	**–2 490**[1]
Net income for the financial year	4 110	**3 865**
Shareholders' equity as of 31 December before proposed dividend payment	20 503	**21 469**
Proposed dividend payment	–2 481	**–1 554**[2]
Shareholders' equity as of 31 December after proposed dividend payment	18 022	**19 915**

[1] Since the Board of Directors' proposal for allocation of disposable profit, included in the Annual Report 2014, the number of registered shares eligible for dividend, at the dividend payment date of 27 April 2015, increased due to the transfer of 1 180 649 shares for employee participation purposes from not eligible to eligible for dividend. This resulted in a higher dividend of CHF 9 million, compared to the Board of Directors' proposal, and in lower legal reserves from capital contributions by the same amount.
[2] Details on the proposed dividend payments for the financial year 2015 are disclosed on page 262.

8 Own shares (directly and indirectly held by the Company)

As of 31 December 2015, Swiss Re Ltd and its subsidiaries held 32 967 226 (2014: 28 508 013) of Swiss Re Ltd's own shares, of which Swiss Re Ltd owned directly 32 755 754 (2014: 28 395 225) shares.

In the year under report, 6 035 389 (2014: 4 348 768) own shares were purchased at an average price of CHF 92.91 (2014: CHF 74.66); thereof 4 420 000 own shares are related to the share buy-back programme which were purchased at an average price of CHF 97.27. In the same time period 1 575 654 (2014: 4 352 775) own shares were sold at an average price of CHF 93.31 (2014: CHF 79.99).

9 Major shareholders

As of 31 December 2015, there was one shareholder with a participation exceeding the 3% threshold of Swiss Re Ltd's share capital:

Shareholder	Number of shares	% of voting rights and share capital[1]	Creation of the obligation to notify
BlackRock, Inc.	18 300 365	4.96	30 April 2015

[1] The percentage of voting rights is calculated at the date the obligation was created and notified.

In addition, Swiss Re Ltd held, as of 31 December 2015, directly and indirectly 32 967 226 (2014: 28 508 013) own shares, representing 8.89% (2014: 7.69%) of voting rights and share capital. Swiss Re Ltd cannot exercise the voting rights of own shares held.

10 Legal reserves from capital contributions

CHF millions	2014	2015
Opening balance of legal reserves from capital contributions	5 423	**2 682**
Reclassification to voluntary profit reserves for dividend payments	–2 741	**–2 490**
Legal reserves from capital contributions as of 31 December	2 682	**192**
thereof confirmed by the Swiss Federal Tax Administration[1]	*2 490*	***1***

[1] Under current Swiss tax legislation, the amount of legal reserves from capital contributions, which has been confirmed by the Swiss Federal Tax Administration, can be paid out as dividends exempt from Swiss withholding tax, and for Swiss resident individual shareholders holding shares in private wealth also exempt from Swiss income taxes.

11 Release of undisclosed reserves

In 2015, no net undisclosed reserves were released. In 2014, the net release of undisclosed reserves amounted to CHF 426 million.

12 Share ownership, options and related instruments of governing bodies

The section below is in line with articles 663c para. 3 and 959c para. 2 cif. 11 of the Swiss Code of Obligations, which requires disclosure of shareholdings, options and related instruments held by Swiss Re's members of the Board of Directors and Group Executive Committee (Group EC) at the end of the reporting year and of share-based compensation for the Board of Directors during the reporting year. Further disclosures in respect of board and management compensation, and persons closely related, are detailed in the Compensation Report on pages 147 to 151 of the Financial Report of the Swiss Re Group.

Share ownership

The number of shares held as of 31 December were:

Members of the Group EC	2014	**2015**
Michel M. Liès, Group CEO	187 690	262 808
David Cole, Group Chief Financial Officer	28 755	54 207
John Dacey, Group Chief Strategy Officer, Chairman Admin Re®[1]	45	171
Guido Fürer, Group Chief Investment Officer	32 315	42 302
Agostino Galvagni, CEO Corporate Solutions	64 860	65 816
Jean-Jacques Henchoz, CEO Reinsurance EMEA	38 280	35 476
Christian Mumenthaler, CEO Reinsurance	40 000	50 000
Moses Ojeisekhoba, CEO Reinsurance Asia	14 369	26 404
J. Eric Smith, CEO Swiss Re Americas	0	16 990
Matthias Weber, Group Chief Underwriting Officer	57 649	25 410
Thomas Wellauer, Group Chief Operating Officer	75 973	116 111
Total	539 936	**695 695**

[1]Chairman Admin Re® until May 2015.

Members of the Board of Directors	2014	**2015**
Walter B. Kielholz, Chairman	425 710	447 241
Renato Fassbind, Vice Chairman and Chairman of the Audit Committee	11 889	15 844
Raymund Breu, former Member[1]	37 764	n/a
Mathis Cabiallavetta, Member	92 287	71 346
Raymond K.F. Ch'ien, Member	16 921	18 459
Mary Francis, Member	2 791	4 329
Rajna Gibson Brandon, Member	27 787	20 216
C. Robert Henrikson, Chairman of the Compensation Committee	6 808	8 896
Hans Ulrich Maerki, Member	27 431	28 969
Trevor Manuel, Member[2]		868
Carlos E. Represas, Member	10 372	11 581
Jean-Pierre Roth, Member	8 234	8 443
Philip K. Ryan, Chairman of the Finance and Risk Committee[2]		3 394
Susan L. Wagner, Chairman of the Investment Committee[3]	1 267	3 485
Total	669 261	**643 071**

[1] Term of office expired as of 21 April 2015 and did not stand for re-election.
[2] Elected to Swiss Re's Board of Directors at the Annual General Meeting of 21 April 2015.
[3] Elected to Swiss Re's Board of Directors at the Annual General Meeting of 11 April 2014.

Share-based compensation

The share-based compensation for the members of the Board of Directors for 2014 and 2015 was:

Members of the Board of Directors	2014 Fees in blocked shares[1] (CHF thousands)	2014 Number of shares[2]	**2015 Fees in blocked shares[1] (CHF thousands)**	**2015 Number of shares[2]**
Walter B. Kielholz, Chairman	1 955	26 220	1 906	21 531
Renato Fassbind, Vice Chairman and Chairman of the Audit Committee[3]	316	4 234	350	3 955
Jakob Baer, former Chairman of the Audit Committee[4]	87	1 165	n/a	n/a
Raymund Breu, former Member[5]	130	1 740	36	403
Mathis Cabiallavetta, Member[6]	977	13 110	359	4 059
Raymond K.F. Ch'ien, Member	140	1 873	136	1 538
John R. Coomber, former Member[4]	43	583	n/a	n/a
Mary Francis, Member[7]	132	1 764	136	1 538
Rajna Gibson Brandon, Member	130	1 740	126	1 429
C. Robert Henrikson, Chairman of the Compensation Committee	184	2 469	185	2 088
Malcolm D. Knight, former Member[4]	38	510	n/a	n/a
Hans Ulrich Maerki, Member	137	1 837	136	1 538
Trevor Manuel, Member[8]			77	868
Carlos E. Represas, Member[9]	110	1 472	107	1 209
Jean-Pierre Roth, Member	110	1 472	107	1 209
Philip K. Ryan, Chairman of the Finance and Risk Committee[8,9]			168	1 894
Susan L. Wagner, Chairman of the Investment Committee[10]	94	1 267	197	2 218
Total	**4 583**	**61 456**	**4 026**	**45 477**

[1] Represents the portion (40%) of the total fees for the members of the Board of Directors that is delivered in Swiss Re Ltd shares, with a four-year blocking period.
[2] The number of shares is calculated by dividing the 40% portion of the total fees with the average closing price of the shares on the SIX Swiss Exchange during the ten trading days preceding the AGM less the amount of any dividend resolved by the AGM.
[3] Acting as the Lead Independent Director. Chairman of the Audit Committee since 11 April 2014.
[4] Term of office expired as of 11 April 2014 and did not stand for re-election.
[5] Term of office expired as of 21 April 2015 and did not stand for re-election.
[6] Vice Chairman until 21 April 2015.
[7] Includes fees received for duties on the board of Luxembourg Group companies.
[8] Elected to Swiss Re's Board of Directors at the Annual General Meeting of 21 April 2015.
[9] Includes fees received for duties on the board of US Group companies.
[10] Elected to Swiss Re's Board of Directors at the Annual General Meeting of 11 April 2014.

Restricted shares

For the year ended 31 December 2014 and 2015, neither the members of the Group EC nor the members of the Board of Directors held any restricted shares.

Vested options

The following vested options were held by members of Group governing bodies as of 31 December:

Members of the Group EC	2014	**2015**
Weighted average strike price in CHF	74.34	**n/a**
Michel Liès, Group CEO	15 000	0
Matthias Weber, Group Chief Underwriting Officer	3 500	0
Total	18 500	**0**

Member of the Board of Directors	2014	**2015**
Weighted average strike price in CHF	74.34	**n/a**
Walter B. Kielholz, Chairman	20 000	0
Total	20 000	**0**

The vested options held by members of Group governing bodies as of 31 December 2014 expired in 2015. The underlying strike price for the outstanding option series has been adjusted for special dividend payouts. The stock options shown in the table above for the member of the Board of Directors was awarded at a time when the recipient was still a member of Swiss Re's executive management.

Proposal for allocation of disposable profit

The Board of Directors proposes to the Annual General Meeting to be held in Zurich on 22 April 2016 to approve the following allocations and dividend payment:

CHF millions	2014[1]	2015
Retained earnings brought forward	4	**4**
Net income for the financial year	4 110	**3 865**
Disposable profit	4 114	**3 869**
Allocation to voluntary profit reserves	–4 110	**–3 865**
Retained earnings after allocation	4	**4**

CHF millions	2014[1]	2015
Voluntary profit reserves brought forward	5 440	**9 550**
Allocation from retained earnings	4 110	**3 865**
Reclassification of legal reserves from capital contributions into voluntary profit reserves	2 481[2]	-
Ordinary dividend payment out of voluntary profit reserves	–1 454[2]	**–1 554[3]**
Special dividend payment out of voluntary profit reserves	–1 027[2]	-
Voluntary profit reserves after allocation and dividend payment	9 550	**11 861**

[1] Some line items in the above table have been renamed based on the adoption of the new provisions of the Swiss Code of Obligations.
[2] Since the Board of Directors' proposal for allocation of disposable profit, included in the Annual Report 2014, the number of registered shares eligible for dividend, at the dividend payment date of 27 April 2015, increased due to the transfer of 1 180 649 shares for employee participation purposes from not eligible to eligible for dividend. This resulted in a higher dividend of CHF 9 million, compared to the Board of Directors' proposal, and in lower legal reserves from capital contributions by the same amount.
[3] The Board of Directors' proposal to the Annual General Meeting of 22 April 2016, is subject to the actual number of shares outstanding and eligible for dividend.

Dividend

If the Board of Directors' proposal for allocations and dividend payment is accepted, an ordinary dividend of CHF 4.60 per share will be paid on 28 April 2016 from voluntary profit reserves.

Share structure per 31 December 2015	Number of registered shares	Nominal capital in CHF
eligible for dividend[1]	337 739 705	**33 773 970**
not eligible for dividend	32 967 226	**3 296 723**
Total shares issued	370 706 931	**37 070 693**

[1] The Board of Directors' proposal to the Annual General Meeting of 22 April 2016 is subject to the actual number of shares outstanding and eligible for dividend.

Zurich, 15 March 2016

Report of the statutory auditor

Report of the statutory auditor
to the General Meeting of
Swiss Re Ltd
Zurich

Report of the statutory auditor on the Financial Statements
As statutory auditor, we have audited the financial statements of Swiss Re Ltd (the "Company"), which comprise the income statement, balance sheet and notes (pages 251 to 261), for the year ended 31 December 2015.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the Company's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2015 comply with Swiss law and the Company's Articles of Association.

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

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

We further confirm that the proposal for allocation of disposable profit complies with Swiss law and the Company's Articles of Association. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd

Alex Finn

Alex Finn
Audit expert
Auditor in charge

Bret M. Griffin

Bret Griffin

Zurich, 15 March 2016

Headquartered in Zurich, Switzerland, Swiss Re has operations across the globe. Our success is built on our solid client relationships, capital strength and knowledge company approach. We make the world more resilient.

CONTENTS

Glossary

Acquisition costs
That portion of an insurance premium which represents the cost of obtaining the insurance business: it includes the intermediaries' commission, the company's sales expense and other related expenses.

Admin Re®
Business Unit through which Swiss Re acquires closed blocks of in-force life and health insurance business, either through reinsurance or corporate acquisition, and typically assumes responsibility for administering the underlying policies.

Asset-backed securities
Securities backed by notes or receivables against financial assets such as auto loans, credit cards, royalties, student loans and insurance profits.

Asset-liability management (ALM)
Management of an insurance business in a way that coordinates investment-related decisions on assets and liabilities. Specifically, the ongoing process of formulating, implementing, monitoring and revising investment strategies related to assets and liabilities in an attempt to achieve financial objectives, while managing exposure to financial market risks, such as interest rates, credit spreads and currency movements.

Aviation insurance
Insurance of accident and liability risks, as well as hull damage, connected with the operation of aircraft.

Book value per share
The ratio of ordinary shareholders' equity to the number of common shares entitled to dividend.

Business interruption
Insurance covering the loss of earnings resulting from, and occurring after, destruction of property; also known as "loss of profits" or "business income protection insurance".

Capacity
Maximum amount of risk that can be accepted in insurance. Capacity also refers to the amount of insurance coverage allocated to a particular policyholder or in the marketplace in general.

Type of insurance – mainly comprising accident and liability business – which is separate from property, engineering and life insurance.

Catastrophe bonds
Securities used by insurance and reinsurance companies to transfer peak insurance risks, including natural catastrophes, to the capital markets. Catastrophe bonds help to spread peak exposures (see insurance-linked securities).

Cession
Insurance that is reinsured: the passing of the insurer's risks to the reinsurer against payment of a premium. The insurer is referred to as the ceding company or cedent.

Claim
Demand by an insured for indemnity under an insurance contract.

Claims handling
Activities in connection with the investigation, settlement and payment of claims from the time of their occurrence until settlement.

Claims incurred and claim adjustment expenses
All claims payments plus the adjustment in the outstanding claims provision of a business year and claim adjustment expenses.

Claims ratio
Sum of claims paid and change in the provisions for unpaid claims and claim adjustment expenses in relation to premiums earned.

Coinsurance	Arrangement by which a number of insurers and/or reinsurers share a risk.
Combined ratio	The ratio is a combination of the non-life claims ratio and the expense ratio.
Commission	Remuneration paid by the insurer to its agents, brokers or intermediaries, or by the reinsurer to the insurer, for costs in connection with the acquisition and administration of insurance business.
Commutation	The termination of a reinsurance contract by agreement of the parties on the basis of one or more lump sum payments by the reinsurer which extinguish its liability under the contract. The payment made by the reinsurer commonly relates to incurred losses under the contract.
Cover	Insurance and reinsurance protection of one or more specific risk exposures based on a contractual agreement.
Credit insurance	Insurance against financial losses sustained through the failure, for commercial reasons, of policyholders' clients to pay for goods or services supplied to them.
Credit spreads	Difference in yield between a fixed income security which has default risk and one which is considered to be risk-free, such as U.S. Treasury securities.
Directors' and officers' liability insurance (D&O)	Liability insurance for directors and officers of an entity, providing cover for their personal legal liability towards shareholders, creditors, employees and others arising from wrongful acts such as errors and omissions.
Disability insurance	Insurance against the incapacity to exercise a profession as a result of sickness or other infirmity.
Earnings per share (EPS)	Portion of a company's profit allocated to each outstanding share of common stock. Earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding during the period.
Expense ratio	Sum of acquisition costs and other operating costs and expenses, in relation to premiums earned.
Guaranteed minimum death benefit (GMDB)	A feature of variable annuity business. The benefit is a predetermined minimum amount that the beneficiary will receive upon the death of the insured.
G-SIIs	Globally systemically important insurers.
Health insurance	Generic term applying to all types of insurance indemnifying or reimbursing for losses caused by bodily injury or sickness or for expenses of medical treatment necessitated by sickness or accidental bodily injury.
Incurred but not reported (IBNR)	Provision for claims incurred but not reported by the balance sheet date. In other words, it is anticipated that an event will affect a number of policies, although no claims have been made so far, and is therefore likely to result in liability for the insurer.

Insurance-linked securities (ILS)	Security for which the payment of interest and/or principal depends on the occurrence or severity of an insurance event. The underlying risk of the security is a peak or volume insurance risk.
Layer	Section of cover in a non-proportional reinsurance programme in which total coverage is divided into a number of consecutive layers starting at the retention or attachment point of the ceding company up to the maximum limit of indemnity. Individual layers may be placed with different insurers or reinsurers.
Liability insurance	Insurance for damages that a policyholder is obliged to pay because of bodily injury or property damage caused to another person or entity based on negligence, strict liability or contractual liability.
Life insurance	Insurance that provides for the payment of a sum of money upon the death of the insured, or upon the insured surviving a given number of years, depending on the terms of the policy. In addition, life insurance can be used as a means of investment or saving.
Longevity risk	The risk to which a pension fund or life insurance company could be exposed as a result of higher-than-expected payout ratios. Increasing life expectancy trends among policyholders and pensioners can result in payout levels that are higher than originally expected.
Marine insurance	Line of insurance which includes coverage for property in transit (cargo), means of transportation (except aircraft and motor vehicles), offshore installations and valuables, as well as liabilities associated with marine risks and professions.
Mark-to-market	Adjustment of the book value or collateral value of a security, portfolio or account to current fair market value.
Motor insurance	Line of insurance which offers coverage for property, accident and liability losses involving motor vehicles.
Net reinsurance assets	Receivables related to deposit accounting contracts (contracts which do not meet risk transfer requirements) less payables related to deposit contracts.
Non-life insurance	All classes of insurance business excluding life insurance.
Non-proportional reinsurance	Form of reinsurance in which coverage is not in direct proportion to the original insurer's loss; instead the reinsurer is liable for a specified amount which exceeds the insurer's retention; also known as "excess of loss reinsurance".
Operating margin ratio	The operating margin is calculated as operating result divided by total operating revenues. The operating result is before interest expenses, taxes and net realised gains/losses.
Operating revenues	Premiums earned plus net investment income plus other revenues.
Operational risk	Risk arising from failure of operational processes, internal procedures and controls leading to financial loss.
Premium	The payment, or one of the periodical payments, a policyholder agrees to make for an insurance policy.
Premiums earned	Premiums an insurance company has recorded as revenues during a specific accounting period.

Premiums written	Premiums for all policies sold during a specific accounting period.
Principal Investments and Acquisitions	Principal Investments and Acquisitions is a unit of Swiss Re that manages all strategic acquisition activities of the Group as well as a portfolio of minority holdings in primarily insurance and insurance-related businesses with the goal of generating long-term value.
Product liability insurance	Insurance covering the liability of the manufacturer or supplier of goods for damage caused by their products.
Professional indemnity insurance	Liability insurance cover which protects professional specialists such as physicians, architects, engineers, lawyers, accountants and others against third-party claims arising from activities in their professional field; policies and conditions vary according to profession.
Property insurance	Collective term for fire and business interruption insurance as well as burglary, fidelity guarantee and allied lines.
Proportional reinsurance	Form of reinsurance arrangement in which the premiums earned and the claims incurred of the cedent are shared proportionally by the cedent and the reinsurer.
Present value of future profits (PVFP)	Intangible asset primarily arising from the purchase of life and health insurance companies or portfolios.
Quota share reinsurance	Form of proportional reinsurance in which a defined percentage of the premiums earned and the claims incurred by the cedent in a specific line is reinsured for a given period. Quota share reinsurance arrangements represent a sharing of business in a fixed ratio or proportion.
Reinsurance	Insurance which lowers the risk carried by primary insurance companies. Reinsurance includes various forms such as facultative, financial, non-proportional, proportional, quota share, surplus and treaty reinsurance.
Reserves	Amount required to be carried as a liability in the financial statements of an insurer or reinsurer to provide for future commitments under outstanding policies and contracts.
Retention	Amount of risk which the policyholder or insurer does not insure or reinsure but keeps for its own account.
Retrocession	Amount of the risk accepted by the reinsurer which is then passed on to other reinsurance companies.
Return on equity	Net income as a percentage of time-weighted shareholders' equity.
Return on investments	Investment related operating income as a percentage of invested assets. Invested assets include investments, securities in transit, certain financial liabilities and exclude policy loans, minority interests, cash and cash equivalents, as well as assets related to securities lending, repurchase agreements and collateral balances.
Risk	Condition in which there is a possibility of injury or loss; also used by insurance practitioners to indicate the property insured or the peril insured against.
Risk management	Management tool for the comprehensive identification and assessment of risks based on knowledge and experience in the fields of natural sciences, technology, economics and statistics.

Running yield	Net investment income on long-term fixed income positions, including coupon income and amortisation, as a percentage of the average market value of the long-term fixed income portfolio.
Securitisation	Financial transaction in which future cash flows from financial assets (or insurable risks) are pooled, converted into tradable securities and transferred to capital market investors. The financial assets are commonly sold to a special-purpose entity, which purchases them with cash raised through the issuance of beneficial interests (usually debt instruments) to third-party investors.
Solvency II	New regulatory framework for EU re/insurance solvency rules that introduces comprehensive, economic and risk-based regulation and includes prudential requirements on solvency capital, risk modelling, supervisory control and disclosure.
Stop-loss reinsurance	Form of reinsurance that protects the ceding insurer against an aggregate amount of claims over a period, in excess of either a stated amount or a specified percentage of estimated benefit costs. An example of this is employer stop-loss (ESL) coverage, which is used by US companies to cap losses on self-funded group health benefit programmes. The stop-loss can apply to specific conditions or aggregate losses.
Surety insurance	Sureties and guarantees issued to third parties for the fulfilment of contractual liabilities.
Surplus reinsurance	Form of proportional reinsurance in which risks are reinsured above a specified amount.
Swiss Solvency Test (SST)	An economic and risk-based insurance regulation, similar to the objectives of Solvency II to which all insurance and reinsurance companies writing business in Switzerland are subject. Since 1 January 2011, the SST-based target capital requirement is in force and companies must achieve economic solvency.
Tail VaR	See "Value at risk".
Top-down investment strategy approach	An investment strategy process which analyses trends in the global economy and the associated impact on financial markets to assess the overall financial market outlook as well as their implications for various asset classes and risk exposures.
Total return on investments	Investment related operating income plus the change in unrealised gains/losses on available-for-sale securities as well as the fair value of real estate and certain loans as a percentage of invested assets. Invested assets include investments, securities in transit, certain financial liabilities and exclude policy loans, minority interests, cash and cash equivalents, as well as assets related to securities lending, repurchase agreements and collateral balances.
Treaty reinsurance	Participation of the reinsurer in certain sections of the insurer's business as agreed by treaty, as opposed to single risks.
Underwriting result	Premiums earned less the sum of claims paid, change in the provision for unpaid claims and claim adjustment expenses and expenses (acquisition costs and other operating costs and expenses).
Unearned premium	Part of written premium (paid or owed) which relates to future coverage and for which services have not yet been provided; this is carried in an unearned premium reserve and may be refundable if the contract is cancelled before expiry.

Unit-linked policy	A life insurance contract which provides policyholder funds linked to an underlying investment product or fund. The performance of the policyholder funds is for the account of the policyholder.
US GAAP	United States generally accepted accounting principles.
Value at risk (VaR)	Maximum possible loss in market value of an asset portfolio within a given time span and at a given confidence level. 99% VaR measures the level of loss likely to be exceeded in only one year out of a hundred, while 99.5% VaR measures the loss likely to be exceeded in only one year out of two hundred. 99% tail VaR estimates the average annual loss likely to occur with a frequency of less than once in one hundred years.
With-profit policy	An insurance contract that has additional amounts added to the sum insured, or paid/credited separately to the policyholder as a bonus, which result from a share of the profit generated by the with-profits insurance funds, including these funds' interests in other blocks of business.

Some of the terms included in the glossary are explained in more detail in Note 1 to the Group financial statements.

Swiss Re uses some of the term definitions provided by the glossary of the International Association of Insurance Supervisors (IAIS).

Cautionary note on forward-looking statements

Certain statements and illustrations contained herein are forward-looking. These statements (including as to plans, objectives, targets and trends) and illustrations provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to a historical fact or current fact.

Forward-looking statements typically are identified by words or phrases such as "anticipate", "assume", "believe", "continue", "estimate", "expect", "foresee", "intend", "may increase" and "may fluctuate" and similar expressions or by future or conditional verbs such as "will", "should", "would" and "could". These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause Swiss Re's actual results of operations, financial condition, solvency ratios, capital or liquidity positions or prospects to be materially different from any future results of operations, financial condition, solvency ratios, capital or liquidity positions or prospects expressed or implied by such statements or cause Swiss Re to not achieve its published targets.

Such factors include, among others:

- instability affecting the global financial system and developments related thereto;
- deterioration in global economic conditions;
- Swiss Re's ability to maintain sufficient liquidity and access to capital markets, including sufficient liquidity to cover potential recapture of reinsurance agreements, early calls of debt or debt-like arrangements and collateral calls due to actual or perceived deterioration of Swiss Re's financial strength or otherwise;
- the effect of market conditions, including the global equity and credit markets, and the level and volatility of equity prices, interest rates, credit spreads, currency values and other market indices, on Swiss Re's investment assets;
- changes in Swiss Re's investment result as a result of changes in its investment policy or the changed composition of its investment assets, and the impact of the timing of any such changes relative to changes in market conditions;
- uncertainties in valuing credit default swaps and other credit-related instruments;
- possible inability to realise amounts on sales of securities on Swiss Re's balance sheet equivalent to their mark-to-market values recorded for accounting purposes;
- the outcome of tax audits, the ability to realise tax loss carryforwards and the ability to realise deferred tax assets (including by reason of the mix of earnings in a jurisdiction or deemed change of control), which could negatively impact future earnings;
- the possibility that Swiss Re's hedging arrangements may not be effective;
- the lowering or loss of one of the financial strength or other ratings of one or more Swiss Re companies, and developments adversely affecting Swiss Re's ability to achieve improved ratings;
- the cyclicality of the reinsurance industry;

- uncertainties in estimating reserves;
- uncertainties in estimating future claims for purposes of financial reporting, particularly with respect to large natural catastrophes, as significant uncertainties may be involved in estimating losses from such events and preliminary estimates may be subject to change as new information becomes available;
- the frequency, severity and development of insured claim events;
- acts of terrorism and acts of war;
- mortality, morbidity and longevity experience;
- policy renewal and lapse rates;
- extraordinary events affecting Swiss Re's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- current, pending and future legislation and regulation affecting Swiss Re or its ceding companies and the interpretation of legislation or regulations by regulators;
- legal actions or regulatory investigations or actions, including those in respect of industry requirements or business conduct rules of general applicability;
- changes in accounting standards;
- significant investments, acquisitions or dispositions, and any delays, unexpected costs or other issues experienced in connection with any such transactions;
- changing levels of competition; and
- operational factors, including the efficacy of risk management and other internal procedures in managing the foregoing risks.

These factors are not exhaustive. Swiss Re operates in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on forward-looking statements. Swiss Re undertakes no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.

This communication is not intended to be a recommendation to buy, sell or hold securities and does not constitute an offer for the sale of, or the solicitation of an offer to buy, securities in any jurisdiction, including the United States. Any such offer will only be made by means of a prospectus or offering memorandum, and in compliance with applicable securities laws.

Note on risk factors

General impact of adverse market conditions

The operations of Swiss Re Ltd ("Swiss Re") and its subsidiaries (the "Group") as well as its investment returns are subject to market volatility and macro-economic factors, which are outside of the Group's control and are often inter-related.

Despite signs of moderate increase in global growth forecasts and positive macro-economic trends in the United States, growth forecasts among the principal global economies remain uneven and uncertain, and that uncertainty has been compounded by significant volatility in equity, currency and commodities markets. Slower growth rates in China, together with the actions taken on its currency, and drastic reductions in the price of oil, together with volatility in foreign currency and investment markets caused by interest rate action in the United States; continued concerns over the implications of austerity-driven economic policies in Europe and the ability of the European Union to address significant ongoing structural challenges; concerns over a possible exit of the United Kingdom from the European Union; deceleration in GDP growth and other negative trends in emerging markets; and geopolitical instability, reflecting the political and military situations in the Middle East and North Africa, the rise of the Islamic State, concerns over further terrorist attacks across the globe and the political, economic and social crises caused by massive waves of migration into and through Europe, have contributed to downward pressure on the capital markets and in turn on market capitalization of many listed companies, call into question the likelihood of continued recovery of the global economies and are beginning to raise the spectre of another global recession.

With fewer options available to policymakers and concerns generally over the absence of realistic confidence-building measures, and with heightened risk that volatility or depressed conditions in one sector, one market, one country or one region could have far broader implications, volatility can be expected to continue. Further adverse developments or the continuation of adverse trends that in turn have a negative impact on financial markets and economic conditions could limit our ability to access the capital markets and bank funding markets, could adversely affect the ability of counterparties to meet their obligations to us and could adversely affect the confidence of the ultimate buyers of insurance. Any such developments and trends could also have an adverse effect on the Group's investment results, which in the current low interest rate environment and soft insurance cycle could have a material adverse effect on the Group's overall results, make it difficult to determine the value of certain assets in the Group's portfolio and/or make it difficult to acquire suitable investments to meet the Group's risk and return criteria.

Regulatory changes

Swiss Re and its subsidiaries operate in a highly regulated environment and are subject to group supervision. Swiss Re's subsidiaries are subject to applicable regulation in each of the jurisdictions in which they conduct business, particularly Switzerland, the United States, the United Kingdom, Luxembourg and Germany. The regulatory regimes to which members of the Group are subject have changed significantly in recent years and are expected to continue to evolve as a result of global efforts following the credit crisis.

Although early regulatory efforts following the credit crisis were focused primarily on banking institutions, there has been a noticeable trend in recent years to extend the scope of reforms and oversight beyond such institutions to cover insurance and reinsurance operations. Legislative initiatives directly impacting the Group's industry include the establishment of a pan-European regulator for insurance companies, the European Insurance and Occupational Pension Authority (the "EIOPA"), which has the power to overrule national regulators in certain circumstances. In addition, the Group is subject to the Swiss Solvency Test and, through its legal entities organised in the European Economic Area, Solvency II, which entered into force on 1 January 2016. The Group is also monitoring the impact of the Swiss Federal Act on Financial Market Infrastructure (which became effective 1 January 2016 and introduced new regulations for over-the-counter derivatives trading in line with international standards) and the proposed Swiss Federal Financial Services Act and Financial Institutions Act (which contain rules for financial services providers that are based on the EU Markets in Financial Instruments Directive ("MiFID") regulations). In the United States, as a possible step towards federal oversight of insurance, the US Congress created the Federal Insurance Office within the Department of Treasury. In addition, provisions of the Wall Street Reform and Consumer Protection Act of 2010, as well as provisions in the proposed European Market Infrastructure Regulation and proposed changes to MiFID, in respect of derivatives could have a significant impact on the Group.

Other changes are focused principally on banking institutions, but some could have direct applicability to insurance or reinsurance operations and others could have a general impact on the regulatory landscape for financial institutions, which might indirectly impact capital requirements and/or required reserve levels or have other direct or indirect effects on the Group or its securities. Changes are particularly likely to impact financial institutions designated as "systemically important," a designation which is expected to result in enhanced regulatory supervision and heightened capital, liquidity and diversification requirements under evolving reforms.

There is an emerging focus on classifying certain insurance companies as systemically important as well. The Group could be designated as a global systemically important financial institution (SIFI) under the framework for systemically important financial institutions developed by the Financial Stability Board, or as a systemically important non-bank financial company by the Financial Stability Oversight Council (the FSOC) in the United States. Separately, the International Association of Insurance Supervisors, an international body that represents insurance regulators and supervisors, published a methodology for identifying global systemically important insurers ("G-SIIs") and on a framework for supervision of internationally active insurance groups. Initial designation of insurers as G-SIIs took place in July 2013, and initial designation of reinsurers as G-SIIs has been postponed pending further development of the methodology due by November 2015, to be applied to new designations in 2016. If and when reinsurers are included in the list of G-SIIs, the Group could be so designated. Were the Group to be designated as a G-SII, it could be subject to one or both of the resulting regimes, once implemented, including capital standards under both regimes (the Basic Capital Requirement for G-SIIs and the Insurance Capital Standard for Internationally Active Insurance Groups). In addition, the Group ultimately will be subject to oversight of its Swiss regulator in respect of recovery and resolution planning.

Significant policy decisions on a range of regulatory changes that could affect the Group and its operations remain undecided. The Group cannot predict which legislative and regulatory initiatives ultimately will be enacted or promulgated, what the scope and content of these initiatives ultimately will be, when they will be effective and what the implications will be for the industry, in general, and for the Group, in particular. Certain of these initiatives could have a material impact on the Group's business.

In addition, regulatory changes could occur in areas of broader application, such as competition policy and tax laws. Changes in tax laws, for example, could increase the taxes the Group pays, the attractiveness of products offered by the Group, the Group's investment activities and the value of deferred tax assets. Any number of these changes could apply to the Group and its operations. These changes, or inconsistencies between the various regimes that apply to the Group, could increase the costs of doing business, reduce access to liquidity, limit the scope of business or affect the competitive balance, or could make reinsurance less attractive to primary insurers.

Market risk
Volatility and disruption in the global financial markets can expose the Group to significant financial and capital markets risk, including changes in interest rates, credit spreads, equity prices and foreign currency exchange rates, which may adversely impact the Group's financial condition, results of operations, liquidity and capital position. The Group's exposure to interest rate risk is primarily related to the market price and cash flow variability associated with changes in interest rates. In general, a low interest rate environment, such as the one experienced in recent years, poses significant challenges to the insurance and reinsurance industries, with earnings capacity under stress unless lower investment returns from fixed income assets can be offset by lower combined ratios or higher returns from other asset classes. Economic weakness, fiscal tightening and monetary policies are keeping government yields low, which impacts investment yields and affects the profitability of life savings products with interest rate guarantees. Exposure to credit spreads primarily relates to market price and cash flow variability associated with changes in credit spreads. When credit spreads widen, the net unrealised loss position of the Group's investment portfolio can increase, as could other-than-temporary impairments.

The Group is exposed to changes in the level and volatility of equity prices, as they affect the value of equity securities themselves as well as the value of securities or instruments that derive their value from a particular equity security, a basket of equity securities or a stock index. The Group is also subject to equity price risk to the extent that the values of life-related benefits under certain products and life contracts, most notably variable annuity business, are tied to financial market values; to the extent market values fall, the financial exposure on guarantees related to these contracts would increase to the extent this exposure is not hedged. While the Group has discontinued writing new variable annuity business and has an extensive hedging programme covering its existing variable annuity business that it believes is sufficient, certain risks cannot be hedged, including actuarial risks, basis risk and correlation risk. Exposure to foreign exchange risk arises from exposures to changes in spot prices and forward prices as well as to volatile movements in exchange rates.

These risks can have a significant effect on investment returns and market values of securities positions, which in turn may affect both the Group's results of operations and financial condition. The Group continues to focus on asset-liability management for its investment portfolio, but pursuing even this strategy has its risks – including possible mismatch – that in turn can lead to reinvestment risk. The Group seeks to manage the risks inherent in its investment portfolio by repositioning the portfolio from time to time, as needed, and to reduce risk and fluctuations through the use of hedges and other risk management tools.

Credit risk
If the credit markets were again to deteriorate and further asset classes were to be impacted, the Group could experience further losses. Changes in the market value of the underlying securities and other factors impacting their price could give rise to market value losses. If the credit markets were to deteriorate again, the Group could also face further write-downs in other areas of its portfolio, including other structured instruments, and the Group and its counterparties could once again face difficulties in valuing credit-related instruments. Differences in opinion with respect to valuations of credit-related instruments could result in legal disputes among the Group and its counterparties as to their respective obligations, the outcomes of which are difficult to predict and could be material.

The Group is also subject to credit and other risks in its credit business, including reliance on banks that underwrite and monitor facilities in with the Group participates and potential default by borrowers under those facilities.

Liquidity risks
The Group's business requires, and its clients expect, that it has sufficient capital and sufficient liquidity to meet its re/insurance obligations, and that this would continue to be the case following the occurrence of any foreseeable event or series of events, including extreme catastrophes, that would trigger insurance or reinsurance coverage

obligations. The Group's uses of funds include obligations arising in its reinsurance business (including claims and other payments as well as insurance provision repayments due to portfolio transfers, securitisations and commutations), which may include large and unpredictable claims (including catastrophe claims), funding of capital requirements and operating costs, payment of principal and interest on outstanding indebtedness and funding of acquisitions. The Group also has unfunded capital commitments in its private equity and hedge fund investments, which could result in funding obligations at a time when it is subject to liquidity constraints. In addition, the Group has potential collateral requirements in connection with a number of reinsurance arrangements, the amounts of which may be material and the meeting of which could require the Group to liquidate cash equivalents or other securities.

The Group manages liquidity and funding risks by focusing on the liquidity stress that is likely to result from extreme capital markets scenarios or from extreme loss events or combinations of the two. Generally, the ability to meet liquidity needs could be adversely impacted by factors that the Group cannot control, such as market dislocations or interruptions, adverse economic conditions, severe disruption in the financial and worldwide credit markets and the related increased constraints on the availability of credit; changes in interest rates, foreign exchange rates and credit spreads; or by perceptions among market participants of the extent of the Group's liquidity needs.

The Group may not be able to secure new sources of liquidity or funding, should projected or actual liquidity fall below levels it requires. The ability to meet liquidity needs through asset sales may be constrained by market conditions and the related stress on valuations, and through third-party funding may be limited by constraints on the general availability of credit and willingness of lenders to lend. In addition, the Group's ability to meet liquidity needs may also be constrained by regulatory requirements that require regulated entities to maintain or increase regulatory capital, or that restrict intra-group transactions, the timing of dividend payments from subsidiaries or the fact that certain assets may be encumbered or otherwise non-tradable. Failure to meet covenants in lending arrangements could give rise to collateral posting or defaults, and further constrain access to liquidity. Finally, any adverse ratings action could trigger a need for further liquidity (for example, by triggering termination provisions or collateral delivery requirements in contracts to which the Group is a party) at a time when the Group's ability to obtain liquidity from external sources is limited by such ratings action.

Counterparty risks

The Group is exposed to the risk of defaults, or concerns about defaults, by its counterparties. Securities trading counterparties, counterparties under swaps and other derivative contracts, and financial intermediaries may default on their obligations due to bankruptcy, insolvency, lack of liquidity, adverse economic conditions, operational failure, fraud or other reasons, which could have a material adverse effect on the Group.

The Group could also be adversely affected by the insolvency of, or other credit constraints affecting, counterparties in its reinsurance operations. Moreover, the Group could be adversely affected by liquidity issues at ceding companies or at third parties to whom the Group has retroceded risk, and such risk could be exacerbated to the extent any such exposures are concentrated.

Risks relating to credit rating downgrades

Ratings are an important factor in establishing the competitive position of reinsurance companies, and market conditions could increase the risk of downgrade. Third-party rating agencies assess and rate the financial strength of reinsurers and insurers. These ratings are intended to measure a company's ability to repay its obligations and are based upon criteria established by the rating agencies.

The Group's ratings reflect the current opinion of the relevant rating agencies. One or more of its ratings could be downgraded or withdrawn in the future. Rating agencies may increase the frequency and scope of ratings reviews, revise their criteria or take other actions that may negatively impact the Group's ratings. In addition, changes to the process or methodology of issuing ratings, or the occurrence of events or developments affecting the Group, could make it more difficult for the Group to achieve improved ratings which it would otherwise have expected.

As claims paying and financial strength ratings are key factors in establishing the competitive position of reinsurers, a decline in ratings alone could make reinsurance provided by the Group less attractive to clients relative to reinsurance from competitors with similar or stronger ratings. A decline in ratings could also cause the loss of clients who are required by either policy or regulation to purchase reinsurance only from reinsurers with certain ratings. Certain larger reinsurance contracts contain terms that would allow the ceding companies to cancel the contract if the Group's ratings or those of its subsidiaries are downgraded beyond a certain threshold. Moreover, a decline in ratings could impact the availability and terms of unsecured financing and obligate the Group to provide collateral or other guarantees in the course of its reinsurance business or trigger early termination of funding arrangements potentially resulting in a need for additional liquidity. As a ratings decline could also have a material adverse impact on the Group's costs of borrowing or ability to access the capital markets, the adverse implications of a downgrade could be more severe.

Legal and regulatory risks
In the ordinary course of business, the Group is involved in lawsuits, arbitrations and other formal and informal dispute resolution procedures, the outcomes of which determine rights and obligations under insurance, reinsurance and other contractual agreements. From time to time, the Group may institute, or be named as a defendant in, legal proceedings, and the Group may be a claimant or respondent in arbitration proceedings. These proceedings could involve coverage or other disputes with ceding companies, disputes with parties to which the Group transfers risk under reinsurance arrangements, disputes with other counterparties or other matters. The Group cannot predict the outcome of any of the foregoing, which could be material for the Group.

The Group is also involved, from time to time, in investigations and regulatory proceedings, certain of which could result in adverse judgements, settlements, fines and other outcomes. The number of these investigations and proceedings involving the financial services industry has increased in recent years, and the potential scope of these investigations and proceedings has also increased, not only in respect of matters covered by the Group's direct regulators, but also in respect of compliance with broader business conduct rules, including those in respect of market abuse, bribery, money laundering, trade sanctions and data protection and privacy.
The Group also is subject to audits and challenges from time to time by tax authorities, which could result in increases in tax costs, changes to internal structures and interest and penalties. The Group could be subject to risks arising from alleged, or actual, violations of any of the foregoing, and could also be subject to risks arising from potential employee misconduct, including non-compliance with internal policies and procedures and malfeasance, such as undertaking or facilitating cyber attacks on internal systems. Substantial legal liability could materially adversely affect the Group's business, financial condition or results of operations or could cause significant reputational harm, which could seriously affect its business.

Insurance, operational and other risks
As part of the Group's ordinary course operations, the Group is subject to a variety of risks, including risks that reserves may not adequately cover future claims and benefits, risks that catastrophic events (including hurricanes, windstorms, floods, earthquakes, acts of terrorism, man-made disasters such as industrial accidents, explosions, and fires, and pandemics) may expose the Group to unexpected large losses (and related uncertainties in estimating future claims in respect of such events); changes in the insurance industry that affect ceding companies, particularly those that further increase their sensitivity to counterparty risk; competitive conditions (including as a result of consolidation and the availability of significant levels of alternative capacity); cyclicality of the industry; risks related to emerging claims and coverage issues (including, for example, trends to establish stricter building standards, which can lead to higher industry losses for earthquake cover based on higher replacement values);

risks arising from the Group's dependence on policies, procedures and expertise of ceding companies; risks related to investments in emerging markets; and risks related to the failure of, or attacks directed at, the Group's operational systems and infrastructure. Any of the foregoing, as well the occurrence of future risks that the Group's risk management procedures fail to identify or anticipate, could have a material adverse effect on the Group, and could also give rise to reputational risk.

Use of models; accounting matters

The Group is subject to risks relating to the preparation of estimates and assumptions that management uses, for example, as part of its risk models as well as those that affect the reported amounts of assets, liabilities, revenues and expenses in the Group's financial statements, including assumed and ceded business. For example, the Group estimates premiums pending receipt of actual data from ceding companies, which actual data could deviate from the estimates. In addition, particularly with respect to large natural catastrophes, it may be difficult to estimate losses, and preliminary estimates may be subject to a high degree of uncertainty and change as new information becomes available. Deterioration in market conditions could have an adverse impact on assumptions used for financial reporting purposes, which could affect possible impairment of present value of future profits, fair value of assets and liabilities, deferred acquisition costs or goodwill. To the extent that management's estimates or assumptions prove to be incorrect, it could have a material impact on underwriting results (in the case of risk models) or on reported financial condition or results of operations, and such impact could be material.

The Group's results may be impacted by changes in accounting standards, or changes in the interpretation of accounting standards. The Group's results may also be impacted if regulatory authorities take issue with any conclusions the Group may reach in respect of accounting matters. Changes in accounting standards could impact future reported results or require restatement of past reported results.

The Group uses non-GAAP financial measures in its external reporting, including in this report. These measures are not prepared in accordance with US GAAP or any other comprehensive set of accounting rules or principles, and should not be viewed as a substitute for measures prepared in accordance with US GAAP. Moreover, these may be different from or otherwise inconsistent with non-GAAP financial measures used by other companies. These measures have inherent limitations, are not required to be uniformly applied and are not audited.

The Group also publishes, on an annual basis, a report of its results, including financial statements and an accompanying independent assurance report, prepared in accordance with the Group's proprietary economic value management ("EVM") principles ("EVM report"). Financial information included in the EVM report contains non-GAAP financial measures. The EVM principles differ significantly from US GAAP and, accordingly, the Group's results prepared in accordance with US GAAP will differ from its EVM results, and those differences could be material. The Group's annual EVM results are available after release of its annual audited US GAAP results and can be more volatile than the US GAAP results because, among other things, assets and liabilities are measured on a market-consistent basis, profit recognition on new contracts is recognised at inception rather than over the life time of the contract, and life and health actuarial assumptions are on a best estimate basis as opposed to generally being locked-in. The Group's EVM financial statements should not be viewed as a substitute for the Group's US GAAP financial statements.

Risks related to the Swiss Re corporate structure

Swiss Re is a holding company, a legal entity separate and distinct from its subsidiaries, including Swiss Reinsurance Company Ltd. As a holding company with no operations of its own, Swiss Re is dependent upon dividends and other payments from Swiss Reinsurance Company Ltd and its other principal operating subsidiaries.

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Corporate calendar

22 April 2016
152nd Annual General Meeting

29 April 2016
First quarter 2016 results

29 July 2016
Second quarter 2016 results

3 November 2016
Third quarter 2016 results

2 December 2016
Investors' Day in Zurich

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