Swiss Re

2014
Financial Review

We're smarter together.

Key information

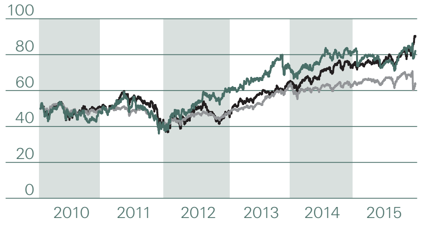
Financial highlights

For the years ended 31 December

USD millions, unless otherwise stated	2013	2014	Change in %
Group			
Net income attributable to common shareholders	4 444	**3 500**	–21
Premiums earned and fee income	28 818	**31 262**	8
Earnings per share in CHF	12.04	**9.33**	–23
Common shareholders' equity	31 850	**34 828**	9
Return on equity[1] in %	13.7	**10.5**	
Return on investments in %	3.6	**3.7**	
Number of employees[2] (31.12.2013/31.12.2014)	11 574	**12 224**	6
Property & Casualty Reinsurance			
Net income attributable to common shareholders	3 228	**3 564**	10
Premiums earned	14 542	**15 598**	7
Combined ratio in %	83.8	**83.7**	
Return on equity[1] in %	26.0	**26.7**	
Life & Health Reinsurance			
Net income attributable to common shareholders	420	**–462**	
Premiums earned and fee income	10 023	**11 265**	12
Operating margin in %	5.8	**2.6**	
Return on equity[1] in %	6.4	**–7.9**	
Corporate Solutions			
Net income attributable to common shareholders	279	**319**	14
Premiums earned	2 922	**3 444**	18
Combined ratio in %	95.1	**93.0**	
Return on equity[1] in %	9.6	**12.5**	
Admin Re®			
Net income attributable to common shareholders	423	**34**	–92
Premiums earned and fee income	1 330	**955**	–28
Return on equity[1] in %	6.8	**0.6**	

[1] Return on equity is calculated by dividing net income attributable to common shareholders by average common shareholders' equity.
[2] Regular staff.

Share information



— Swiss Re
— Swiss Market Index
— STOXX Europe 600 Insurance Index

Financial strength ratings

As of 13 February 2015	Standard & Poor's	Moody's	A.M.Best
Rating	AA-	Aa3	A+
Outlook	Stable	Stable	Stable
Last update	28 November 2014	10 December 2013	6 November 2014

Share information

As of 13 February 2015	
Share price in CHF	84.85
Market capitalisation in CHF millions	29 036

Share performance

in %	1 January 2010 – 13 February 2015 (p.a.)	2014
Swiss Re	10.9	2.0
Swiss Market Index	5.6	9.5
STOXX Europe 600 Insurance Index	12.5	9.8

Content

This 2014 Financial Review of the Swiss Re Group contains updates on our business and results and preliminary unaudited financial information for 2014. The updates on our business and results will be included in our 2014 Annual Report, together with our audited financial statements for 2014 and other disclosures we are required to include or historically have included in an annual report. This Financial Review is not intended to be a substitute for the full 2014 Annual Report, which will be published on the Swiss Re website on 18 March 2015.

Fresh perspectives

The issues before us require fresh perspectives, open minds and courageous solutions.

"Our business has never been in a better position to deliver on the promise of supporting progress."

Dear shareholders,
Even before 2014 was over, it was clear that the year would be remembered as one of 'war, terror and epidemic.' Unfortunately there's some justification for that. Still, I wonder if this misses some of the bigger forces at work. Extremists and extreme cases are simply that — extreme. However, I've been with Swiss Re for 24 years and on its Board of Directors for the last 17. And looking at 2014 from that perspective, I can say that the overall outlook is mixed but not all bad. Indeed there are some tough problems to solve, but there are also many bright spots. The key in my view is to always stay focused and not lose sight of the overall picture. See the challenges as well as the opportunities — opportunities which Group CEO Michel Liès and the Executive Committee are in good position to seize.

The new normal is getting old

After the financial crisis, central banks did a commendable job of contributing to the stabilisation of financial markets and restoring confidence. Yet seven years later, the crisis response has almost become the norm. Interest rates remain at historically low levels, as does inflation. I am convinced that this still remains the single biggest threat to our industry.

Low interest rates are, however, not only an issue for the financial services industry. Low rates represent a de facto tax on all savers and result in low government funding costs which, coincidentally, make it easier to delay hard public policy decisions. Low interest rates also threaten to distort financial markets in important ways, such as by affecting the supply of capital for investments. Leaders in both the public and private sector need to address the problem underlying historically low interest rates, which is clearly low economic growth.

What is Swiss Re's ongoing strategic response?

The longer the low interest rate environment lasts, the more it erodes the running investment income from our very large asset base and depresses gross margins, in particular in the Life & Health Reinsurance segment, but also in Property & Casualty. Swiss Re's response has been to maintain historically high margins from underwriting also for 2014. This combined with exceptionally low losses from natural disasters has allowed Reinsurance CEO Christian Mumenthaler and his team at P&C Re to produce another outstanding year in 2014.

We all have read a lot about alternative capital forcing its way into reinsurance and trying to substitute for traditional reinsurance. I do not think that Swiss Re is particularly vulnerable to such market forces and that the market available to us remains as large as it ever was. It is our strategy to maintain a global footprint and to do business virtually in all countries open to us, to maintain long-standing relationships with our thousands of clients, to diversify the distribution channels and not be dependent on a small number of intermediaries. We want to differentiate our offering to clients by adding value through sharing expert knowledge and our high credit quality.

In addition, we also experience once again a time where large insurance companies retain larger shares of their business and reduce cessions to the reinsurance market. With our Business Unit Corporate Solutions we underwrite risks of large non-insurance corporates and their captive insurance companies directly. For our globally diversified book of large risks we need access to such risks on a continuous basis and cannot depend entirely on the short-term reinsurance programmes of a small number of global insurers. Agostino Galvagni, our CEO in Corporate Solutions, has achieved a lot with his team: he has grown the business significantly over the past few years, has maintained strong underwriting standards at the same time, and has expanded the Unit's global footprint, staff and business infrastructure. Corporate Solution's contribution is growing and gives us strategic flexibility.

But back to Life & Health Reinsurance

As mentioned, Life & Health Reinsurance is suffering most from the low interest environment: some of this pain is due to accounting effects as the ever-lower rates produce significant unrealised capital gains in the equity of the segment which in turn make it very difficult to achieve a high ROE.

In the case of Swiss Re we also had some homemade problems in our very large in-force life books from contracts going back 10 years or more. In 2013 we committed to our shareholders that we would fix the issues with these long-running contracts in cooperation with our clients. Together with her team, that is what Alison Martin, the Head of Business Management in this segment, has achieved. This largely explains the partial revaluation of contracts in our in-force life book that burdened the 2014 results, which in turn, however, eliminates a drag on our future results in the segment. We are optimistic about future returns in Life & Health.

Where is the growth?

Several years ago we pointed out to you that the company will experience a shift of business gravity towards emerging markets, in particular Asia. This process is well underway and those in charge of all segments are continuously refocusing their efforts. By the end of this year, we expect 25% of our premiums to be generated in High Growth Markets but only less than 20% of our present resources are deployed there. This will require ongoing attention by both Reinsurance and Corporate Solutions — less so for Admin Re® which is focused now on Europe — and will help to further diversify our sources of revenue. This is good for Swiss Re as we have built relationships in the new markets for many years.

Well diversified asset allocation

Guido Fürer, our Group Chief Investment Officer, is in charge of managing our portfolio investments along with his team. In addition, our Treasury Department manages our considerable cash position and the team under John Dacey, our Group Chief Strategy Officer and Chairman of Admin Re®, is managing our book of private equity and Principal Investments. I am very proud that the contribution to profits from our asset base remains significant despite the difficult investment environment. We are convinced that a well-diversified asset allocation is the safest way to achieve a good risk/return profile even in those circumstances.

We have been advocating one specific change that could mitigate some of the negative impacts while enhancing growth. Infrastructure investment should become a viable asset class for institutional investors like Swiss Re. This would give long-term investors some relief from the low yield environment and at the same time give a boost to the real economy.

Regardless of whether the goal with infrastructure investment can be achieved, ultra-low interest rates can't go on indefinitely. Sooner or later policymakers will have to let go of the support and address the hard business of structural reforms.

As I write this, we are just a few weeks past the Swiss National Bank's decision to end the Franc's minimum exchange rate against the euro. Shortly after that the ECB announced its own multi-billion euro agenda of quantitative easing. While these decisions have little impact on Swiss Re itself given our natural hedge of keeping premium and liabilities in the same currency, it is likely to have an impact on the overall Swiss economy. And the experienced volatility in the markets gives us a bit of a hint how disruptive a shift away from the ultra accommodative monetary policy might be if and when it comes.

4.25

Proposed regular dividend in CHF for 2014*

(CHF 3.85 in 2013)

3.00

Proposed special dividend in CHF for 2014*

(CHF 4.15 in 2013)

Some words about capital, dividend and share buy-back

Our core business is to enable risk-taking. And economic growth depends on exactly that: on risk-taking. We provide confidence and counsel for economic activity to proceed despite uncertainties such as climate change, or new developments like the digital revolution. However, our business has never been in a better position to deliver on the promise of supporting economic progress — despite a softening market environment. Our solid 2014 results confirm just that.

Risk-taking, however, requires a solid base of risk capital exactly for the moment when you have to be able to fund and digest large losses and that moment will come, it always does and it is our business. Our target capital structure is designed to achieve exactly that.

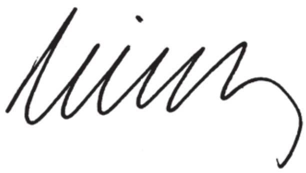
However, over the past few years the frequency and severity of large losses was below expectation, which in turn led to higher profits. For the company it was and still is difficult to find attractive opportunities to reinvest all of this additionally available capital in new insurance risks at returns in excess of our hurdle rates. We extensively used the tool of extraordinary capital repayments, which are tax advantageous particularly for Swiss retail shareholders. And we propose to do this again this year. Then, unfortunately, these reserves are exhausted. As we of course hope that the benign loss trend will continue we propose to establish a share buy-back programme for the next twelve months which we will use to achieve a similar objective: to repatriate capital that we cannot reinvest in the business at our hurdle rates.

There is however another reason that speaks for buying our own shares. Whilst over the past few years the economic value (according to our Economic Value Management (EVM) framework which assesses assets and liabilities on a true economic basis) was close to the market value, we have now seen for some time a trend of economic value significantly exceeding the market value. It makes therefore a lot of sense for the company to invest in its own shares and benefit from the discount. I hope you will support these capital motions at the upcoming AGM.

The year ahead is bound to be at least equally challenging but Swiss Re is very well positioned. The Board of Directors and I would like to thank all our employees for making this possible and giving us the confidence to meet the numerous opportunities and challenges with optimism — as we are committed to continue delivering shareholder value to you.

Thank you for your trust, loyalty and continuous support.

Zurich, 19 February 2015



Walter B. Kielholz
Chairman of the Board of Directors

* Swiss withholding tax exempt distribution out of legal reserves from capital contributions.

Achieving our strategic goals

Now in even stronger position to reach our 2011–2015 financial targets.

"In an increasingly global and interconnected environment, we are well positioned to capture opportunities the market offers."

Dear shareholders,
As we start into the last year of our five-year financial target period, we can look back at 2014 as a successful year. Even though we've had other strong earnings years over this period, 2014 stands out. Why? These results were generated in a much more challenging environment. We maintained our underwriting discipline and could — as shown — actively differentiate ourselves via our services and our knowledge. In addition, we decisively addressed problematic areas in our Life & Health business and took important steps to ensure our future success.

Strong P&C underwriting drives net income
Our Group's full-year net income was USD 3.5 billion. Property & Casualty Reinsurance remains our strongest earnings pillar. Our 2014 results in this segment were strong, with net income of USD 3.6 billion, or 10% above 2013. Successful underwriting, reserve releases and benign natural catastrophe levels drove this strong result.

If you follow the industry closely, you will know that capital in various forms in the reinsurance market is abundant these days. That fact underlines the significance of our strong 2014 performance and demonstrates that we go beyond providing pure capacity. Our success lies in putting Swiss Re's expertise and capital strength to work in solving problems together with our clients. We continue to innovate in traditional areas such as natural catastrophe and liability lines and are active in game-changing, long-term developments such as big data and cyber-risk. This means, looking ahead, that we will stay committed to delivering continued profitability through disciplined underwriting and a systematic allocation of capital to risk portfolios.

An area that we believe has turned a corner in 2014 is Life & Health Reinsurance. The segment delivered a net loss of USD 462 million for 2014. This negative bottom-line result was in large part a clear reflection of the decisive actions we took to enhance profitability going forward. Over the last two years we identified and analysed, in close collaboration with our clients, the problematic pre-2004 life business in the US. The problems had to do with underperforming yearly renewable term business in which the under-performance was expected to continue. This year we actively addressed these issues with the clients concerned. The other action we took was to unwind the asset funding structure supporting a longevity transaction. Our aim is to arrive at a more sustainable solution for all. I'm pleased to report that the outcomes of both, as negative as they look today, are ultimately positive for clients, for Swiss Re, and especially for you, our shareholders and they enhance the sustainability of our business long-term. These measures were also essential to keep us on track to achieve the target of 10%–12% return on equity for Life & Health by the end of 2015. Life & Health continues to be an attractive business with great growth potential in both mature and developing markets.

Corporate Solutions continued to deliver profitable growth, with net income of USD 319 million and an annual increase in net earned premiums of 18%. Two developments in 2014 will support expansion into high growth markets. The acquisition of Sun Alliance Insurance in China — once approved by the regulator — will enable us to offer corporate insurance directly from mainland China. In Latin America, we acquired 51% ownership of Colombian insurer Confianza, providing us with another foothold in the region in addition to our offices in Mexico and Brazil.

Admin Re® had a good year as well. The unit walked the talk and continued on its path to exit the US market, as evidenced by the sale of the Aurora block of business in the US in October 2014. The sale has a one-time negative impact on our bottom line, but it supports our vision to redeploy capital to areas where we see growth opportunities and attractive shareholder returns.

Finding solutions — together

I hope you share my confidence in our company. In an increasingly global and interconnected environment, we are well positioned to capture opportunities the market offers. We are equally well positioned to rise to meet challenges such as the abundance of capital or the more over-arching challenges of climate change and the insurance protection gap. Our differentiated position, our strong capitalisation, our disciplined underwriting and, last but far from least, our strong client relationships are all the foundation of Swiss Re's profitability. They are the key to our sustainability and, therefore, to Swiss Re generating long-term shareholder value.

With our focus on sustainability it was a particular pleasure that Swiss Re was again named as the insurance sector leader in the 2014 Dow Jones Sustainability Indices, showcasing that sustainability is built into all facets of our management approach.

All these achievements wouldn't be possible if we didn't have the right talent and employees. Please join me in thanking them for their hard work, great engagement and strong 2014 results. Our people are the reason we have a seat at the table with our clients, brokers and business partners. They are also the force for delivering shareholder value to you.

I'd also like to take the opportunity to thank you, dear shareholders, for your confidence in Swiss Re and your trust in us as we continue to plan our way forward. One important step is the introduction of two financial targets which will guide us as of 2016 and beyond (for more information see the box below). They are chosen to continue to focus our efforts on profitability and economic growth and will provide you with the right metrics to measure our success.

Zurich, 19 February 2015

Michel M. Liès
Group Chief Executive Officer

Our next financial targets

Looking at 2016 and beyond, we remain committed to a strong capital position. We will introduce two financial targets for the Group in 2016, focusing on profitability and economic growth.

The first is to deliver a return on equity of 700 basis points above risk-free (as measured by 10-year US Treasury bonds and a basket of rates reflecting our business mix) over the cycle.

The second target is to grow economic net worth (ENW) per share by 10% per annum, also over the cycle.

This timeframe provides a long-term aspiration without being distorted by outlying individual results.

Group strategy

Swiss Re delivered strong results in 2014 and remains well on track to meet its 2011–2015 financial targets. We aim to outperform our peers in Reinsurance and Admin Re®, and through our balanced asset management approach. We also aim to achieve smart expansion in Corporate Solutions, in high growth markets and in longevity and health. This strategy has been successful and remains unchanged. In 2015 our Business Units will be approaching opportunities and market conditions as follows:

Property & Casualty Reinsurance

We believe that maintaining a diversified portfolio of growth opportunities and differentiating our knowledge and services are key to success for Property & Casualty Reinsurance in the current market environment. We aim to maintain earnings quality through disciplined underwriting and superior service. Our product offerings go beyond pure capacity, with customised solutions that complement traditional reinsurance. We have the expertise, knowledge and services to meet the increased demand for innovative and tailored solutions and we are well positioned to support clients in both developed and high growth markets.

Life & Health Reinsurance

Despite challenging market conditions for Life & Health Reinsurance, we also recognise that it is a knowledge- and service-intensive business. Barriers to entry are high, and only a handful of relevant players work in the space. We will aim to use our superior tools and capabilities to capture an over-proportionate share of the life and health risk pools and outperform our competitors in terms of profitable growth. This will mainly be achieved through superior client services in traditional life; innovation and product development in health; know-how and capital strength in structured solutions and longevity transactions; and finally through pro-active portfolio steering and capital management. We are committed to meeting the segment's 10%–12% return on equity target by 2015.

Corporate Solutions

Corporate Solutions' strategy is to serve mid-sized and large corporations. The product offerings range from traditional property and casualty insurance to highly customised solutions tailored to the needs of clients globally. In 2015, Corporate Solutions intends to expand its capabilities to act as a lead insurer in primary business programmes, to build on recent acquisitions in high growth markets and to maintain a selective underwriting approach. By executing this strategy, Corporate Solutions aims to continue on its successful growth path that started off in 2010.

Admin Re®

Admin Re® aims to enhance business profitability by leveraging its core competencies of selective growth, value extraction and operational excellence. Selective growth means pursuing opportunities to build and enhance the franchise through transactions that 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 scalable operating platform. It also means focusing on transformation and management actions, including business efficiency and cost reductions.

The Swiss Re Group

The priority for the Group is to allocate capital to risk pools that meet our strategic and financial targets. We are on track to implement our target capital structure. This structure reduces our cost of capital and optimises our financial flexibility.

We continue to look systematically for opportunities to deploy our capital through smart acquisitions while remaining committed to paying a strong and sustainable dividend. Reinsurance and Corporate Solutions can quickly deploy capital to correctly priced risk, as can Admin Re® within its specific focus.

Acquisitions must meet our standards for economic rate of return and will be handled mainly through Principal Investments, which has a mandate to generate long-term economic value via investments in insurance-related businesses. Principal Investments is focused exclusively on the insurance sector, and especially on providing equity capital financing to primary insurers in high growth markets and complementing our reinsurance activities and generating long-term value for our shareholders.

Given our baseline of moderate global growth recovery and the start of US Fed policy normalisation in 2015, government bond yields are expected to move modestly higher from current levels. Swiss Re maintains a balanced investment portfolio with a focus on high-quality credit investments. We are focused on expert and disciplined underwriting, which will remain a key driver of performance in the sector.

Our ambition for 2015 will be to continue executing the current strategy and to successfully position the Group to meet the newly announced financial targets for 2016 and beyond.

STRATEGIC PRIORITIES	ACTIONS AND PROGRESS IN 2014	PRIORITIES FOR 2015
Focus on strategy execution across the Swiss Re Group.	■ Strong performances across the Group support return on equity of 10.5% and earnings per share of USD 10.23. ■ Consistent underwriting performance continues through disciplined underwriting and differentiation of knowledge and services. ■ Continued expansion into high growth markets across Reinsurance, Corporate Solutions and Principal Investments.	■ Meet our 2011–2015 financial targets. ■ Maintain focus on underwriting discipline and productivity measures. ■ Continue to shift capital and talent to high growth markets. ■ Focus on differentiation to generate value for clients and shareholders.
To outperform our peers in property and casualty re/insurance businesses.	■ Group combined ratio of 85.4%. ■ Property & Casualty Reinsurance underwriting results remain strong; rebalancing portfolio through casualty expansion. ■ Corporate Solutions continues profitable growth; strengthened presence in high growth markets; subordinated bond issuance.	■ Provide differentiated solutions through unique client access and offerings. ■ Maintain diversified portfolio and underwriting track record. ■ In Corporate Solutions, build on recent acquisitions in high growth markets and maintain selective underwriting approach.
To perform in our life and health businesses.	■ Effective implementation of in-force management actions, setting the foundation for future profitable growth. ■ Admin Re® delivers excellent gross cash generation; strengthens UK franchise and continues exit of US business to extract capital.	■ Meet return on equity target of 10%–12% in Life & Health. ■ Continue to grow new life business and further develop health opportunities. ■ Pursue selective growth and operational excellence in Admin Re®.
To deliver on performance and capital management priorities.	■ Target capital structure on track and Group capitalisation very strong across all metrics. ■ Business performance and strong balance sheet to support proposal of regular dividend, special dividend and share buy-back programme.	■ Keep growing regular dividends and profitable business. ■ Deploy capital at return that meets our strategic and financial targets.

Group results

Swiss Re reported net income of USD 3.5 billion for 2014, compared to USD 4.4 billion for 2013. Earnings per share were USD 10.23 or CHF 9.33, compared to USD 12.97 (CHF 12.04) in 2013. Book value per common share increased to USD 101.78 or CHF 101.12 at the end of 2014 from USD 93.08 (CHF 82.76) twelve months earlier. The year was characterised by strong underwriting by Property & Casualty and Corporate Solutions, a series of previously announced management actions aimed at improving Life & Health's profitability going forward and a solid performance by Admin Re®.

Net income for Reinsurance was USD 3.1 billion in 2014, compared to USD 3.6 billion in 2013. Property & Casualty Reinsurance contributed USD 3.6 billion, compared to USD 3.2 billion in the prior-year period. The increase was driven by strong underwriting results and supported by net reserve releases from prior accident years and benign natural catastrophe experience. Life & Health Reinsurance reported a loss of USD 462 million, compared to a profit of USD 420 million in 2013, mainly reflecting the impact from previously announced management actions addressing the pre-2004 US individual life business.

Corporate Solutions delivered net income of USD 319 million in 2014, compared to USD 279 million in 2013, reflecting continued profitable growth across most lines of business.

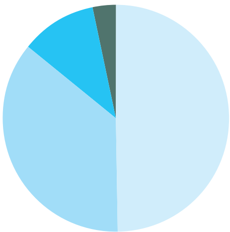
Admin Re® reported net income of USD 34 million for 2014, compared to USD 423 million for 2013. The 2014 result includes a loss of USD 203 million on the sale of Aurora National Life Insurance Company (Aurora). The 2013 result was supported by higher realised gains following the re-balancing of the investment portfolio and favourable investment market movements in the UK.

Common shareholders' equity, excluding non-controlling interests and the impact of contingent capital instruments, rose to USD 34.8 billion at the end of 2014 from USD 31.9 billion at the end of 2013. The increase reflected continued strong earnings and higher unrealised investment gains, partially offset by the 2013 regular and special dividends of USD 3.1 billion. Return on equity was 10.5% for 2014 compared to 13.7% for 2013.

Technical result

Premiums earned and fee income for the Group totalled USD 31.3 billion in 2014, compared to USD 28.8 billion in 2013. The increase reflected growth across all regions in both Reinsurance segments, driven by the USD 15.6 billion contribution from Property & Casualty Reinsurance, up from USD 14.5 billion in 2013, and USD 11.3 billion from Life & Health Reinsurance, compared to USD 10.0 billion in 2013. Corporate Solutions' premiums earned increased to USD 3.4 billion from USD 2.9 billion in 2013, reflecting continued successful organic growth across most business lines and across all regions.

Net premiums and fees earned by Business Unit, 2014
(Total: USD 31.3 billion)



The Property&Casualty Reinsurance combined ratio was 83.7% in 2014, compared to 83.8% in 2013. The strong results continued to be driven by good underwriting, favourable loss experience and positive prior accident year development.

The Corporate Solutions combined ratio was 93.0% and 95.1% in 2014 and 2013, respectively. The improvement year-on-year was mainly due to lower than expected natural catastrophe experience in 2014, partially offset by a larger number of man-made losses.

The operating margin for Life&Health Reinsurance was 2.6% in 2014, compared to 5.8% in 2013. The 2014 result reflects an impact of USD 623 million from the management actions addressing the pre-2004 US individual life business, while the 2013 result was impacted by reserve strengthening for group disability business in Australia.

Admin Re® generated gross cash of USD 945 million in 2014, compared to USD 521 million in 2013. The increase was mainly driven by the Aurora sale, the release of surplus reserves and favourable mortality and longevity experience.

Investment result and expenses

The return on investments was 3.7% for 2014, compared to 3.6% for 2013.

The Group's non-participating investment income was USD 4.1 billion in 2014, compared to USD 3.9 billion in 2013. The increase largely related to the re-balancing of the investment portfolio across the Group. The fixed income running yield for 2014 was 3.3%, compared to 3.2% for 2013.

The Group reported non-participating net realised investment gains of USD 567 million for 2014, compared to USD 766 million for 2013. The current year was driven by gains from active management of the listed equity portfolio, partially offset by losses from the unwinding of an asset funding structure in Life&Health Reinsurance and the Aurora sale in Admin Re®.

Acquisition costs for the Group increased to USD 6.5 billion in 2014 from USD 4.9 billion in 2013 as a result of higher business volumes.

Other expenses were USD 3.2 billion in 2014, down from USD 3.5 billion in 2013. A number of smaller individual items led to the reduction, including the release of a provision for premium tax in Asia in the third quarter of 2014.

Interest expenses amounted to USD 721 million in 2014, 5% lower than in 2013.

The Group reported a tax charge of USD 658 million on a pre-tax income of USD 4.2 billion for 2014, compared to a charge of USD 312 million on a pre-tax income of USD 4.8 billion for 2013. This translates into an effective tax rate in the current and prior year reporting periods of 15.6% and 6.5%, respectively. The higher tax rate in 2014 results from profits earned in higher tax jurisdictions and lower one-off tax benefits, partially offset by a higher tax benefit from foreign currency translation differences between statutory and GAAP accounts. The particularly low effective tax rate in 2013 was also driven by the conclusion of audits, rulings and revised tax opinions, as well as the implementation of lower tax rates and the transition to a new tax regime in the UK.

GROUP INVESTMENTS

Strategy

Swiss Re allocated its investments in 2014 in a manner consistent with an economic outlook of moderate global economic growth with increased downside risks. The portfolio changes during 2014 saw the reduction of the listed equities portfolio as well as hedge fund redemptions, both realising gains. At the same time, there was a net increase in government bonds driven by net purchases to lengthen the duration. The allocation to corporate bonds and securitised products remained steady, while the allocation to infrastructure loans increased.

Financial markets overview for 2014

Global central banks were one of the key market drivers in 2014. While the US Federal Reserve (Fed) steadily reduced its asset purchases and ended its quantitative easing programme in October, the ECB cut interest rates to zero and introduced additional unconventional measures. The Bank of Japan eased monetary policy further. The diverging monetary policies were largely a reflection of different growth and inflation dynamics, as the US economy posted solid growth after the weather-related slowdown in the first quarter, while Eurozone growth remained weak with inflation falling further. Japan fell back into recession.

Continued low policy rates supported government bonds, with German 10-year Bund yields falling to record lows. Most major equity markets posted gains in 2014 despite geopolitical tensions, political uncertainties in Europe and concerns about China's property market. Financial market volatility has remained relatively subdued, though it spiked in mid-October amid growth concerns and the US Treasury bond 'flash crash'. Credit spreads continued to tighten during the first half of the year amid investors' search for yield, but widened in the second half (high-yield in particular), driven largely by the fall in oil and energy prices, which accelerated sharply in the fourth quarter.

4.1

Net investment income

in USD billion, 2014
(2013: USD 3.9 billion)

3.7%

Group return on investments

2014
(2013: 3.6%)

Investment result

The size of the Group's investment portfolio, excluding unit-linked and with-profit investments, decreased to USD 125.4 billion at the end of 2014 compared to USD 130.1 billion at the end of 2013. The decrease was impacted by the unwinding of an asset funding structure in L&H Reinsurance as well as other outflows, partially offset by increases stemming from lower interest rates and positive equity markets.

The return on investments for 2014 was 3.7% compared to 3.6% in 2013, with the difference mainly attributable to increased net investment income in 2014, in part due to the asset re-balancing completed in 2013.

The Group's non-participating net investment income increased to USD 4.1 billion compared to USD 3.9 billion in 2013, largely driven by asset re-balancing in 2013 as well as duration lengthening in 2014. On a full year basis, the Group's fixed income running yield of 3.3% was slightly higher than 3.2% for 2013.

The Group reported non-participating net realised investment gains of USD 567 million in 2014, mainly as a result of gains from sales of equities and alternative investments, partially offset by losses on interest rate derivatives, management actions in L&H Reinsurance and the sale of Aurora in the US. This compares to net realised gains of USD 766 million in 2013.

The total return on investments in 2014 was 8.2% as a result of market value gains arising from lower interest rates as well as a rise in equity markets during the year.

Outlook

We expect the moderate economic recovery to continue, with the US economy leading the way. In contrast, Eurozone growth is forecast to remain weak. The divergence in monetary policies is likely to widen further. We believe that in this environment, a top-down investment approach will continue to be of greatest value, including an increasing focus on China as it aims to further liberalise its economic policies.

Summary of financial statements

Income statement

USD millions	2013	2014	Change in %
Revenues			
Premiums earned	28 276	30 756	9
Fee income from policyholders	542	506	–7
Net investment income – non-participating	3 947	4 103	4
Net realised investment gains/losses – non-participating	766	567	–26
Net investment result – unit-linked and with-profit	3 347	1 381	–59
Other revenues	24	34	42
Total revenues	36 902	**37 347**	1
Expenses			
Claims and claim adjustment expenses	–9 655	–10 577	10
Life and health benefits	–9 581	–10 611	11
Return credited to policyholders	–3 678	–1 541	–58
Acquisition costs	–4 895	–6 515	33
Administrative expenses	–3 159	–3 056	–3
Other expenses	–349	–99	–72
Interest expenses	–760	–721	–5
Total expenses	–32 077	**–33 120**	3
Income before income tax expense	4 825	4 227	–12
Income tax expense	–312	–658	111
Net income before attribution of non-controlling interests	4 513	**3 569**	–21
Income attributable to non-controlling interests	–2	0	–
Net income after attribution of non-controlling interests	4 511	**3 569**	–21
Interest on contingent capital instruments	–67	–69	3
Net income attributable to common shareholders	4 444	**3 500**	–21

Changes in equity

USD millions	2013	2014	Change in %
Total shareholders' equity as of 1 January	34 002	32 952	–3
Net income attributable to common shareholders	4 444	3 500	–21
Change in unrealised gains/losses on securities, net	–2 785	3 796	–
Change in other-than-temporary impairment, net of tax	22	3	–86
Change in foreign currency translation	–288	–778	–170
Dividends	–2 760	–3 129	–13
Purchase/sale of treasury shares and shares issued under employee plans	–102	–114	–12
Other changes in equity	419	–300	–
Total shareholders' equity as of 31 December	32 952	**35 930**	9
Non-controlling interests	25	111	344
Total equity as of 31 December	32 977	**36 041**	9

Summary balance sheet

USD millions	2013	2014	Change in %
Assets			
Investments			
Fixed income securities	79 296	86 669	9
Equity securities	7 691	4 089	–47
Policy loans, mortgages and other loans	2 895	3 205	11
Investment real estate	825	888	8
Short-term investments, at amortised cost which approximates fair value	20 989	14 127	–33
Other invested assets	11 164	9 684	–13
Investments for unit-linked and with-profit business	27 215	25 325	–7
Total investments	150 075	**143 987**	–4
Cash and cash equivalents	8 072	7 471	–7
Reinsurance assets	33 003	30 437	–8
Deferred acquisition costs and other intangible assets	8 293	8 137	–2
Goodwill	4 109	4 025	–2
Other assets	9 968	10 404	4
Total assets	213 520	**204 461**	–4
Liabilities and equity			
Unpaid claims and claim adjustment expenses	61 484	57 954	–6
Liabilities for life and health policy benefits	36 033	33 605	–7
Policyholder account balances	31 177	29 242	–6
Unearned premiums	10 334	10 576	2
Funds held under reinsurance treaties	3 551	3 385	–5
Reinsurance balances payable	2 370	2 115	–11
Income taxes payable	660	909	38
Deferred and other non-current taxes	8 242	9 445	15
Short-term debt	3 818	1 701	–55
Accrued expenses and other liabilities	8 152	6 873	–16
Long-term debt	14 722	12 615	–14
Total liabilities	180 543	**168 420**	–7
Total shareholders' equity	32 952	**35 930**	9
Non-controlling interests	25	111	344
Total equity	32 977	**36 041**	9
Total liabilities and equity	213 520	**204 461**	–4

Reinsurance

Strategy and priorities

Our Reinsurance strategy is to achieve excellence in our core business, continuously improve the value provided by our products and services, and expand selectively in target areas.

Excellence in our core businesses relies on underwriting as a key differentiator, based on cycle management and portfolio steering. This includes the steering of peak perils, our risk transformation capabilities and research and development. In property, an in-house research team develops and maintains proprietary models for storm, earthquake and flood. In casualty, we are developing an equivalent forward-looking model based on a systematic assessment of risk drivers. In Life & Health, the breadth and depth of our experience data give us an advantage in pricing and managing risks for our clients and on our own balance sheet.

Our key value drivers are large capacity, technical expertise and the ability to develop tailored solutions to meet clients' needs, for example in the area of solvency relief. The development of new solvency regimes in many markets, such as Europe, China and Mexico, provides attractive opportunities over the next few years. We continue to see growth opportunities in health, casualty and high growth markets, particularly in the focus countries China, India, Indonesia, Brazil and Mexico, as well as in Sub-Saharan Africa and Vietnam. We are continuing to expand our presence in these markets through a combination of organic growth and direct investment, and building expertise by hiring and developing local talent.

There is still a large protection gap in both mature and high growth countries which provides a good opportunity in Property & Casualty and Life & Health lines for Swiss Re, given our knowledge and underwriting expertise and ability to structure solutions and transfer risk to the capital markets.

Property & Casualty

We believe that maintaining a diversified portfolio of growth opportunities and differentiating our services and knowledge are key to success for Property & Casualty Reinsurance (P&C) in the current market environment. We aim to maintain earnings quality through disciplined underwriting and superior service. Our product offerings go beyond pure capacity, with customised solutions that complement traditional reinsurance.

Natural catastrophe prices have come under increasing pressure due to benign loss experience and abundant capacity. Over 2014 we were able to defend our leading position. Profit margins have been declining; however, Swiss Re's underlying earnings were still strong. Property and specialty contributed significantly in 2014. Casualty price levels were softer overall, while terms and conditions were mostly stable. We continued to be successful in differentiating our business through tailored deals and large transactions.

Life & Health

In 2014, Swiss Re set the foundations for delivering 10%–12% RoE in the Life & Health Reinsurance (L&H) business by 2015: we addressed the negative profitability of US pre-2004 portfolios, grew in profitable and attractive new business lines and built market presence in Asia.

We have successfully executed agreements with targeted clients to address and resolve the performance issues related to pre-2004 US individual life business. Furthermore, we continue with the implementation of other management actions, such as the 2014 unwinding of an asset funding structure supporting a longevity transaction, that will provide a significant contribution to meeting our financial targets.

Alongside this, we selectively grew in profitable lines of business and completed a number of large deals in health, structured solutions and longevity.

In terms of geography, L&H in Asia continues to enjoy strong profitable growth and to provide increasingly meaningful diversification to the earnings from our more mature markets. Our client franchise in Asia has also been confirmed by a strong showing in external market surveys, including Asia Insurance Review's Life Reinsurer of the Year for the second year running, and best overall reinsurer in China and Asia-wide, according to the Flaspöhler survey.

We continue to believe that L&H is strategically attractive, as it adds to the profits and diversification of the Group, enhances the value proposition to core clients and represents an attractive growth opportunity. Due to our recognised expertise, strong balance sheet, excellent track record and dedicated teams, we are the ideal partner for product development, large capital-driven transactions, longevity deals and structured solutions tailored to client needs.

Outlook

We believe that we are well positioned to capture the market opportunities ahead of us. We are strongly positioned for continued business growth and the payment of dividends to the holding company.

We expect natural catastrophe business to grow globally. Despite an increase in alternative capacity, particularly in the US, we believe we will continue to achieve attractive returns on the property business we write. We also see growth opportunities in casualty.

The traditional mortality business environment for life and health reinsurance continues to be highly competitive, with low margins and a low yield environment. We continue to find opportunities to leverage our expertise, capacity and brand to select the best deals. Life and health reinsurance is a knowledge- and service-intensive business with high entry barriers and only a handful of relevant players in the space. We aim to use our superior tools and capabilities to capture an over-proportionate share of life and health risk pools and outperform our competitors in terms of profitable growth. This will mainly be achieved through superior client services in traditional life, innovation and product development in health, know-how and capital strength in structured solutions and longevity transactions, but also through pro-active portfolio steering and capital management.

See below for further views on the outlook for P&C and L&H Reinsurance segments.

PROPERTY & CASUALTY REINSURANCE

Performance

Net income for 2014 was USD 3.6 billion. The result was mainly driven by good underwriting results supported by benign natural catastrophe experience and better man-made loss experience, as well as net reserve releases from prior accident years. The 2014 result also benefited from a release of a premium tax provision in Asia in the third quarter.

Compared to 2013, the underwriting result for 2014 increased by USD 192 million largely due to better-than-expected natural catastrophe experience and lower expenses, partially offset by lower net reserve releases.

Major natural catastrophes in 2014 included hailstorms in Europe, a snowstorm in Japan, hurricane Odile in Mexico and floods in India and Pakistan. Large man-made losses included a large specialty loss in Asia, an explosion at a refinery in Russia and losses for Malaysian Airline flights MH370 and MH17.

Property & Casualty results

USD millions	2013	2014	Change in %
Premiums earned	14 542	**15 598**	7
Expenses			
Claims and claim adjustment expenses	–7 884	–8 493	8
Acquisition costs	–2 761	–3 382	22
Other expenses	–1 541	–1 175	–24
Total expenses before interest expenses	–12 186	**–13 050**	7
Underwriting result	2 356	2 548	8
Net investment income	1 098	1 076	–2
Net realised investment gains/losses	184	699	280
Other revenues	61	69	13
Interest expenses	–207	–255	23
Income before income tax expenses	3 492	4 137	18
Income tax expense	–244	–552	126
Income attributable to non-controlling interests	–1	–1	0
Interest on contingent capital instruments	–19	–20	5
Net income attributable to common shareholders	3 228	**3 564**	10
Claims ratio in %	54.2	54.5	
Expense ratio in %	29.6	29.2	
Combined ratio in %	83.8	83.7	

Net premiums earned

Net premiums earned increased by 7% to USD 15.6 billion in 2014, compared to USD 14.5 billion in 2013. The growth was mainly driven by the expiry of a major quota share retrocession agreement at the end of 2012 and growth in Asia stemming from large quota share treaties written at the end of 2013. This was partially offset by the non-renewal of a large European transaction.

The composition of gross premiums earned by region changed slightly year on year, with Asia having a higher share of premiums in 2014 compared to 2013.

The balance between proportional and non-proportional reinsurance business moved towards proportional business in 2014. Based on gross premiums written before intra-Group retrocession, the share of proportional business was 64% in 2014, compared to 61% in 2013.

Combined ratio

Property & Casualty Reinsurance reported a strong combined ratio of 83.7% in 2014, compared to 83.8% 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 2014 was 6.5 percentage points below the expected level of 9.3 percentage points. The favourable development of prior accident years improved the 2014 combined ratio by 3.9 percentage points compared to 7.4 percentage points in 2013.

Lines of business

Property

The property combined ratio improved to 69.7 % in 2014, compared to 72.3% in 2013, supported by benign natural catastrophe loss experience and favourable prior-year claims experience.

Casualty

The casualty combined ratio for 2014 was 104.1 %, compared to 102.3% in 2013. 2014 included lower net reserve releases compared to 2013.

Specialty lines

The specialty combined ratio improved to 68.1% in 2014, compared to 75.0% in 2013, reflecting favourable prior-year developments.

Expense ratio

The administrative expense ratio decreased to 7.5% in 2014, compared to 10.6% in 2013, mainly driven by the release of a premium tax provision in Asia in the third quarter of 2014 and by premium growth year on year.

Investment result

The return on investments for 2014 was 3.7% compared to 2.8% in 2013, reflecting an increase in the investment result of USD 405 million. The increase was mainly driven by net realised gains from the sale of listed equities and alternative investments in the current period.

Net investment income increased by USD 53 million to USD 999 million in 2014, mainly from re-balancing activities completed in 2013 as well as additional income resulting from bond purchases to lengthen duration during 2014.

Net realised gains were USD 730 million compared to USD 380 million in 2013, mainly due to additional gains from the sale of listed equities as well as from the negative impact of losses from foreign exchange re-measurement in the prior year.

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

Return on equity

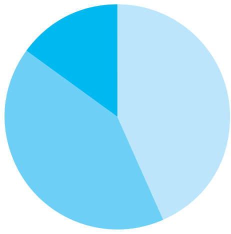
Common shareholders' equity for the business segment increased to USD 13.9 billion in 2014 from USD 12.8 billion in 2013, mainly due to unrealised gains. The return on equity for 2014 was 26.7%, compared to 26.0% in 2013, mainly due to higher earnings in 2014, partially offset by the increased equity base.

Outlook

We observed further softening of property reinsurance rates for all regions due to the absence of losses and to abundant capital. Swiss Re maintained large shares of catastrophe business at profitable levels. Most special lines are experiencing moderate rate reductions, with the exception of aviation, where some market hardening was seen. Differences in price development by casualty segment were observed. Opportunities for new, attractive casualty business present themselves in selected markets.

We have the expertise, knowledge and services to meet the increased demand for innovative and tailored solutions and we are well positioned to support clients in both developed and high growth markets. Our superior risk selection remains a key value driver in this environment.

Premiums earned by line of business, 2014
(Total: USD 15.6 billion)



44% Property
41% Casualty
15% Specialty

UNDERSTANDING CASUALTY RISK

Through careful risk selection we're growing our casualty share of business. To understand the drivers of casualty claims, we're developing forward-looking models to systematically assess liability risk — for both our clients and ourselves.

Casualty insurers and reinsurers have often been caught out by relying on predominantly backward-looking models to price and manage the business. While acquiring more risk, some of the real drivers of eventual claims — such as tort reform, social norms and other 'human' factors — remain ignored by such models.

As part of our commitment to industry-leading R&D we're developing forward-looking models (Swiss Re Liability Risk Drivers™) that anticipate the impact of such trends early on without having to wait for claims to emerge. This is just one way we seek to enhance underwriting quality as we grow our casualty share of business. Today we share a suite of services based on our knowledge of such 'risk drivers' with selected clients. Further applications of forward-looking models beyond risk selection (eg, in risk accumulation) are in development.

LIFE & HEALTH REINSURANCE

Life & Health results

USD millions	2013	2014	Change in %
Revenues			
Premiums earned	9 967	11 212	12
Fee income from policyholders	56	53	–5
Net investment income – non-participating	1 442	1 544	7
Net realised investment gains/losses – non-participating	269	–255	–
Net investment result – unit-linked and with-profit	249	75	–70
Total revenues	11 983	**12 629**	5
Expenses			
Life and health benefits	–8 075	–9 194	14
Return credited to policyholders	–286	–99	–65
Acquisition costs	–1 698	–2 489	47
Other expenses	–1 421	–1 323	–7
Total expenses	–11 480	**–13 105**	14
Income before income tax expenses	503	–476	–
Income tax expense	–35	63	–
Interest on contingent capital instruments	–48	–49	2
Net income attributable to common shareholders	420	**–462**	–
Management expense ratio in %	7.6	6.9	
Operating margin in %	5.8	2.6	

As previously reported, Swiss Re has been focusing on a number of management actions to improve the profitability of its in-force Life & Health business. We concluded transactions with several clients in respect of the pre-2004 US individual life business during the fourth quarter which have resulted in a pre-tax charge of USD 623 million, slightly higher than previously communicated according to the ultimate form and structure established in the actual settlement agreements. In addition, Swiss Re unwound an asset funding structure supporting a longevity transaction which resulted in a pre-tax charge of USD 344 million. Swiss Re took advantage of an opportunity to unwind the structure as it was earning lower returns than the interest payable on the related debt. The unwinding created economic benefits and removed debt from Swiss Re's balance sheet. The longevity part of the transaction remains unchanged. This transaction generated a tax benefit of USD 149 million which, following the established principle of applying a unified tax rate, was allocated to both Reinsurance segments. Along with other initiatives these actions are expected to support higher earnings and enable us to achieve our return on equity target of 10%–12% for 2015.

Net income

Net loss for 2014 was USD 462 million compared to a net income of USD 420 million in 2013. The loss was mainly due to the management actions in respect of the pre-2004 US individual life business, as well as to realised losses driven by the unwinding of the asset funding structure and non-economic losses on interest rate hedges in the first half of 2014. Excluding the management actions and the unwinding of the asset funding structure, net income would have been USD 358 million.

Net premiums earned and fee income

Net premiums earned and fee income increased by 12.4% to USD 11.3 billion in 2014, compared to USD 10.0 billion in 2013. The increase was driven by volume growth and new business in Asia, longevity transactions in the UK and regular rate increases in the US yearly-renewable term business.

Operating margin ratio

The operating margin for 2014 was 2.6% compared to 5.8% for 2013. The decrease was mainly due to management actions in respect of the pre-2004 US individual life business. Excluding the impact of these management actions, the 2014 operating margin would have been 7.4%. Note that 2013 was negatively impacted by the reserve strengthening in Australia group disability business.

Administrative expense ratio

The administrative expense ratio improved to 6.9% for 2014 compared to 7.6% in 2013, mainly due to volume growth year on year.

Operating income

The Life segment reported an operating loss of USD 66 million compared to a profit of USD 430 million in 2013. The loss was mainly due to management actions described above, partly offset by more favourable mortality experience in the US and Canada and strong growth in Asia.

Operating income for the Health segment increased to USD 397 million, compared to USD 231 million in 2013. The 2014 results were impacted by unfavourable experience in the UK and increased disabled life reserves reflecting latest experience studies and interest rate movements. The prior-year result included reserves strengthening for the Australia group disability business of USD 369 million.

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

Investment result

The return on investments for 2014 was 3.2% compared to 4.1% in 2013, reflecting a decrease in the investment result of USD 317 million. The decrease was driven by mark-to-market losses on certain hedging positions during 2014 as well as by foreign exchange gains in the prior year.

Net investment income increased by USD 141 million to USD 1.2 billion in 2014 mainly due to additional income stemming from the asset re-balancing completed in 2013.

Net realised losses were USD 72 million for 2014, mainly due to mark-to-market losses on hedging positions. This compares to net realised gains of USD 386 million in the prior year, which were driven by mark-to-market gains on hedging positions as well as a positive impact from foreign exchange re-measurement.

Insurance-related investment results, including the realised losses on the unwinding of the asset funding structure, are not included in the figures above.

Shareholders' equity

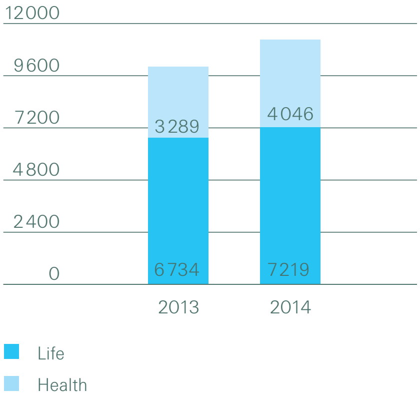
Common shareholders' equity stands at USD 6.2 billion at the end of 2014 compared to USD 5.5 billion as of the end of 2013. The increase was mainly attributable to an increase in unrealised gains, partly offset by operating and foreign exchange losses. Return on equity was negative 7.9% for 2014 compared to a positive 6.4% for 2013.

Outlook

Life & Health Reinsurance business is expected to grow modestly in the medium term. Cession rates in mature markets are decreasing as primary insurers retain more risk. In addition the low interest rate environment will continue to have an unfavourable impact on the long-term life business growth for our cedents. As a result we expect reinsurance volumes from these markets to be flat.

To manage these challenges we are pursuing opportunities presented by major demographic and socioeconomic trends, such as in high growth markets where growth remains dynamic, and particularly in health. We will continue to pursue large transaction opportunities, including longevity deals, which we believe will allow us to write new business at attractive returns. We are also improving our capabilities to help close the protection gap. We continue to aim that our future new business meets the Group's return on equity hurdle rates.

Premiums earned and fee income by L&H segment, 2013–2014
(USD millions)



UNDERSTANDING TRENDS IN HEALTH

The growing challenge to health care systems around the world will come from non-communicable diseases such as diabetes and stroke. Swiss Re and the Harvard School of Public Health (HSPH) have just completed a two-year programme to improve our understanding of the risk factors behind these trends.

The programme is called SEARCH: Systematic Explanatory Analyses of Risk factors affecting Cardiovascular Health. It focuses on four countries — Brazil, China, India and Mexico — that account for nearly three billion people.

Funds support 11 post-doctoral fellows who have strong ties to the focus countries and an intimate grasp of the cultural context of observed trends in risk factors. They also have a deep understanding of the data sources.

SEARCH is a clear example of how Swiss Re's R&D activities lead to new knowledge on future risks, especially in health. The research helps us work together with our insurance clients to better define how insurers — as well as society at large — can meet the challenge of non-communicable diseases.

Please visit cgd.swissre.com for papers and videos generated by SEARCH.

Corporate Solutions

Strategy and priorities
At the Swiss Re Investors' Day, Corporate Solutions presented its strategic initiatives for growth beyond 2015, communicating the intent to focus on expansion into Primary Lead and moving more significantly into High Growth Markets. As part of the High Growth Markets strategic initiative, Corporate Solutions announced two acquisitions during the year.

In July 2014, Corporate Solutions signed an agreement to acquire Sun Alliance Insurance (China) Limited, subject to regulatory approval. Once closed, the acquisition will enable Corporate Solutions to offer corporate insurance directly from mainland China. China will be the fourth market in which Corporate Solutions is licensed as a commercial insurer in the Asia Pacific region, joining Australia, Japan and Singapore.

In November 2014, Corporate Solutions completed the previously announced acquisition of a 51% stake in Compañía Aseguradora de Fianzas S.A. Confianza ("Confianza"). Confianza is a Colombian insurer that offers a broad range of surety insurance products, third-party liability and all-risk construction insurance solutions to local corporations. Confianza is Corporate Solutions' second locally licensed insurance carrier in Latin America and will complement existing teams in Mexico City, Miami, Rio de Janeiro and São Paulo.

Corporate Solutions also successfully issued subordinated debt of USD 500 million in the third quarter of 2014, in line with implementation of the Group target capital structure.

Performance
Net income was USD 319 million in 2014, an increase of 14.3% compared to USD 279 million in 2013. The 2014 result was driven by continued profitable business growth across most lines of business, primarily property and credit.

Net premiums earned
Net premiums earned increased by 17.9% to USD 3.4 billion in 2014 compared to USD 2.9 billion in 2013, driven by continued successful organic growth across most lines of business, especially property, casualty and credit, and across all regions, with the highest growth in Europe and Latin America. Gross premiums written, net of internal fronting for the Reinsurance Business Unit, increased 6.8% to USD 4.0 billion in 2014 compared to 2013.

Combined ratio
The combined ratio improved by 2.1 percentage points to 93.0% in 2014 from 95.1% in 2013. The quality of the book remained consistently high year on year with natural catastrophe experience lower than expected, offset by a larger number of man-made losses.

Lines of business
The property combined ratio improved by 8.2 percentage points to 81.1% for 2014, compared to 89.3% in 2013, reflecting continued profitable growth across all regions, with the highest growth in Latin America and Asia, lower than expected natural catastrophe losses and favourable prior-year development.

The casualty combined ratio deteriorated by 2.3 percentage points to 110.7% in 2014, mainly due to unfavourable prior-year development on liability losses in North America.

The credit combined ratio improved to 72.3% in 2014 compared to 74.5% in 2013. The result was driven by a significant expansion of the book and continued strong business performance across all regions, especially in Europe and Latin America.

In other specialty lines, the combined ratio deteriorated by 5.3 percentage points to 100.6% in 2014 from 95.3% in 2013. The deterioration was due to higher man-made losses, including a large Asian satellite loss, and a reduction in favourable prior-year development in North America.

Investment result
The return on investments for 2014 was 2.6% compared to 2.4% in 2013, driven by net realised gains.

Net investment income for 2014 was USD 113 million, consistent with the prior year, with additional income related to the asset re-balancing completed in 2013, offset by reduced income from alternative investments.

Net realised gains increased by USD 35 million to USD 94 million in 2014, primarily due to unfavourable movements in foreign exchange rates in the prior year.

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

Corporate Solutions offers insurance protection against weather perils and other risks which are accounted for as derivatives. Insurance in derivative form, which reported realised gains of USD 53 million in 2014 compared to a gain of USD 91 million in 2013, was impacted by the 2013–2014 unusually cold winter in the US and the mild winter in Europe.

Shareholders' equity

Common shareholders' equity decreased to USD 2.3 billion, primarily due to USD 700 million in dividends paid to the Group. Return on equity was 12.5% in 2014, compared to 9.6% in 2013.

Outlook

Overall, prices for commercial insurance are expected to continue softening. Corporate Solutions believes it is well positioned to navigate an increasingly challenging market thanks to its value proposition, strong balance sheet and selective underwriting approach.

Corporate Solutions results

USD millions	2013	2014	Change in %
Revenues			
Premiums earned	2 922	3 444	18
Net investment income	98	94	–4
Net realised investment gains	150	168	12
Other revenues	2	3	50
Total revenues	3 172	**3 709**	17
Expenses			
Claims and claim adjustment expenses	–1 773	–2 054	16
Acquisition costs	–406	–463	14
Other expenses	–601	–687	14
Interest expenses	–1	–8	–
Total expenses	–2 781	**–3 212**	15
Income before income tax expense	391	497	27
Income tax expense	–111	–179	61
Income attributable to non-controlling interests	–1	1	–
Net income attributable to common shareholders	279	**319**	14
Claims ratio in %	60.6	59.6	
Expense ratio in %	34.5	33.4	
Combined ratio in %	95.1	93.0	

CREDIT & SURETY

Credit & surety is part of Corporate Solutions specialty business, contributing approximately 10% to annual gross premium earned. The focus is on two distinct offerings.

In **Trade & Infrastructure,** we insure trade credits and political risks, which is a well-established commercial insurance line, serving a broad range of commercial clients, such as financial institutions, industrial corporates, commercial traders and multilateral agencies. The main risks insured are performance and credit risks associated with international commercial trade and project financing, as well as political risks resulting from government intervention. Our Trade & Infrastructure book is well-diversified and it aligns strongly with the interests of our clients through meaningful risk retention. Historical loss experience has been benign. Swiss Re has been active in this line of business for over a decade.

Surety Insurance is a well-established product which covers contractual, legal and/or regulatory obligations, such as the completion of privately or publicly funded projects. For this, we issue contract and commercial surety bonds in many forms, under which both Corporate Solutions and the contractor/principal are liable. In case of a loss we are entitled to full recourse to the contractor/principal for the amount paid under the bond. Corporate Solutions writes surety insurance through its network of local offices, benefiting from a solid market position and track record, as well as providing meaningful capacity as a risk taker.

The global annual market premium from the combined **Trade & Infrastructure** and **Surety Insurance** business is estimated at more than USD 10 billion.

Admin Re®

Strategy and priorities
Admin Re® aims to enhance business profitability by applying a three-pronged strategy to leverage 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 scalable operating platform. It also means focusing on transformation and management actions, including business efficiency and cost reductions.

Performance
In June 2014, Admin Re® announced that it had entered into a transaction with HSBC to acquire individual and group pension and related annuity policies from HSBC Life (UK) Limited. As part of the transaction, a reinsurance agreement was signed with HSBC. The economic risks and rewards of the business were transferred to Admin Re® starting 1 January 2014 until completion of the legal transfer of the business, which is expected in the second half of 2015. In October 2014 Admin Re® also announced the sale of Aurora National Life Insurance Company (Aurora). Both transactions underline the focus on the UK market as part of Admin Re®'s overall strategy.

Admin Re® generated gross cash of USD 945 million in 2014 compared to USD 521 million generated in 2013. The 2014 amount included USD 217 million relating to the sale of Aurora. The strong performance in 2014 was also driven by the release of USD 225 million in surplus reserves held against the risk of credit default. Another USD 234 million was recognised following the finalisation of the 2013 year-end and 2014 half-year UK statutory valuation, owing to favourable mortality and longevity experience.

Admin Re® reported net income of USD 34 million in 2014 compared with USD 423 million in 2013. The 2014 result includes a USD 203 million loss from the sale of Aurora. Excluding this loss, net income was USD 237 million. Net income in 2014 benefited from realised gains, income recognised from the HSBC transaction and lower finance costs following the establishment of an external credit facility in April 2014. The 2013 result included higher realised gains following the re-balancing of the investment portfolio and favourable investment market movements in the UK.

Investment result
The return on investments was 4.6% for 2014 compared to 5.1% for 2013, reflecting a decrease in the investment result of USD 95 million primarily driven by lower net realised gains. As the portfolio is primarily comprised of fixed income assets, the result for 2014 was driven by net investment income on corporate and government bonds.

Net investment income increased by USD 12 million to USD 901 million in 2014, mainly due to additional income related to the asset re-balancing completed in 2013.

Net realised gains decreased by USD 108 million to USD 175 million in 2014 primarily due to fewer realised gains from sales in 2014.

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

Admin Re® results

USD millions	2013	2014	Change in %
Revenues			
Premiums earned	844	502	–41
Fee income from policyholders	486	453	–7
Net investment income – non-participating	1 180	1 256	6
Net realised investment gains/losses – non-participating	201	–114	–
Net investment result – unit-linked and with-profit	3 098	1 306	–58
Other revenues	1	1	0
Total revenues	5 810	**3 404**	–41
Expenses			
Life and health benefits	–1 506	–1 415	–6
Return credited to policyholders	–3 392	–1 442	–57
Acquisition costs	–30	–181	–
Other expenses	–441	–359	–19
Interest expenses	–46	–25	–46
Total expenses	–5 415	**–3 422**	–37
Income before income tax benefit	395	**–18**	–
Income tax benefit	28	52	86
Net income attributable to common shareholders	423	**34**	–92

Expenses
Expenses were USD 359 million in 2014 compared to USD 441 million in 2013. Admin Re® delivered against its strategy with cost reductions in 2014, and lower deal-related costs.

Shareholders' equity
Common shareholders' equity increased by USD 0.6 billion to USD 6.4 billion compared to 31 December 2013. The increase was mainly due to higher unrealised gains, driven by decreasing interest rates in the UK and the US during 2014, partially offset by the USD 407 million dividend paid to the Group in June 2014 and foreign exchange movements during 2014. The return on equity was 0.6% for 2014 compared to 6.8% for 2013. Excluding the loss on the Aurora sale, the return on equity was 3.8% for the year. The year-over-year decrease was mainly due to lower net income in 2014.

Outlook
Admin Re® aims to pursue selective growth opportunities in the UK. All transactions must meet Group investment criteria and hurdle rates. Admin Re® has benefited from greater financial flexibility and a lower weighted average cost of capital following the establishment of a credit facility of GBP 550 million in April 2014. Overall Admin Re® aims to improve efficiency, to achieve capital and tax synergies, and to actively manage its asset portfolios and blocks of business. Through these actions Admin Re® aims to generate approximately USD 500 million in cash from 2015 through 2016 and approximately USD 600 million of dividends to be paid to Group in the corresponding period.

Income statement

For the years ended 31 December

USD millions	Note	2013	2014
Revenues			
Premiums earned	3	28 276	**30 756**
Fee income from policyholders	3	542	**506**
Net investment income – non-participating	8	3 947	**4 103**
Net realised investment gains/losses – non-participating business (total impairments for the years ended 31 December were 41 in 2013 and 40 in 2014, of which 41 and 40, respectively, were recognised in earnings)	8	766	**567**
Net investment result – unit-linked and with-profit	8	3 347	**1 381**
Other revenues		24	**34**
Total revenues		36 902	**37 347**
Expenses			
Claims and claim adjustment expenses	3	–9 655	**–10 577**
Life and health benefits	3	–9 581	**–10 611**
Return credited to policyholders		–3 678	**–1 541**
Acquisition costs	3	–4 895	**–6 515**
Other expenses		–3 508	**–3 155**
Interest expenses		–760	**–721**
Total expenses		–32 077	**–33 120**
Income before income tax expense		4 825	**4 227**
Income tax expense		–312	**–658**
Net income before attribution of non-controlling interests		4 513	**3 569**
Income attributable to non-controlling interests		–2	
Net income after attribution of non-controlling interests		4 511	**3 569**
Interest on contingent capital instruments		–67	**–69**
Net income attributable to common shareholders		4 444	**3 500**
Earnings per share in USD			
Basic	12	12.97	**10.23**
Diluted	12	11.89	**9.39**
Earnings per share in CHF[1]			
Basic	12	12.04	**9.33**
Diluted	12	11.04	**8.56**

[1] 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	2013	2014
Net income before attribution of non-controlling interests	4513	**3569**
Other comprehensive income, net of tax:		
Change in unrealised gains/losses	–2785	**3796**
Change in other-than-temporary impairment	22	**3**
Change in foreign currency translation	–288	**–778**
Change in adjustment for pension benefits	419	**–291**
Total comprehensive income before attribution of non-controlling interests	1881	**6299**
Interest on contingent capital instruments	–67	**–69**
Comprehensive income attributable to non-controlling interests	–2	
Total comprehensive income attributable to common shareholders	1812	**6230**

Reclassification out of accumulated other comprehensive income

For the years ended 31 December

2013 USD millions	Unrealised 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	4407	–28	–3609	–953	–183
Change during the period	–3057	34	–327	479	–2871
Amounts reclassified out of accumulated other comprehensive income	–834			59	–775
Tax	1106	–12	39	–119	1014
Balance as of period end	1622	–6	–3897	–534	–2815

2014 USD millions	Unrealised 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	1622	–6	–3897	–534	**–2815**
Change during the period	6479	4	–523	–422	**5538**
Amounts reclassified out of accumulated other comprehensive income	–1398		–41	36	**–1403**
Tax	–1285	–1	–214	95	**–1405**
Balance as of period end	**5418**	**–3**	**–4675**	**–825**	**–85**

[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	2013	2014
Investments	8, 9, 10		
Fixed income securities:			
Available-for-sale, at fair value (including 11 720 in 2013 and 12 677 in 2014 subject to securities lending and repurchase agreements) (amortised cost: 2013: 76 349; 2014: 77 867)		77 761	**84 450**
Trading (including 1 in 2013 and 645 in 2014 subject to securities lending and repurchase agreements)		1 535	**2 219**
Equity securities:			
Available-for-sale, at fair value (including 65 in 2013 and 311 in 2014 subject to securities lending and repurchase agreements) (cost: 2013: 6 110; 2014: 3 133)		7 076	**4 024**
Trading		615	**65**
Policy loans, mortgages and other loans		2 895	**3 205**
Investment real estate		825	**888**
Short-term investments, at fair value (including 4 425 in 2013 and 3 217 in 2014 subject to securities lending and repurchase agreements)		20 989	**14 127**
Other invested assets		11 164	**9 684**
Investments for unit-linked and with-profit business (including fixed income securities trading: 4 585 in 2013 and 3 680 in 2014, equity securities trading: 21 180 in 2013 and 20 045 in 2014)		27 215	**25 325**
Total investments		150 075	**143 987**
Cash and cash equivalents (including 4 in 2013 and 65 in 2014 subject to securities lending)		8 072	**7 471**
Accrued investment income		1 018	**1 049**
Premiums and other receivables		12 276	**12 265**
Reinsurance recoverable on unpaid claims and policy benefits		8 327	**6 950**
Funds held by ceding companies		12 400	**11 222**
Deferred acquisition costs	6	4 756	**4 840**
Acquired present value of future profits	6	3 537	**3 297**
Goodwill		4 109	**4 025**
Income taxes recoverable		490	**212**
Deferred tax assets		5 763	**6 118**
Other assets		2 697	**3 025**
Total assets		213 520	**204 461**

The accompanying notes are an integral part of the Group financial statements.

Liabilities and equity

USD millions	Note	2013	2014
Liabilities			
Unpaid claims and claim adjustment expenses		61 484	**57 954**
Liabilities for life and health policy benefits	9	36 033	**33 605**
Policyholder account balances		31 177	**29 242**
Unearned premiums		10 334	**10 576**
Funds held under reinsurance treaties		3 551	**3 385**
Reinsurance balances payable		2 370	**2 115**
Income taxes payable		660	**909**
Deferred and other non-current tax liabilities		8 242	**9 445**
Short-term debt	11	3 818	**1 701**
Accrued expenses and other liabilities		8 152	**6 873**
Long-term debt	11	14 722	**12 615**
Total liabilities		180 543	**168 420**
Equity			
Contingent capital instruments	11	1 102	**1 102**
Common shares, CHF 0.10 par value 2013: 370 706 931; 2014: 370 706 931 shares authorised and issued[1]		35	**35**
Additional paid-in capital		4 963	**1 806**
Treasury shares, net of tax		–1 099	**–1 185**
Accumulated other comprehensive income:			
Net unrealised investment gains/losses, net of tax		1 622	**5 418**
Other-than-temporary impairment, net of tax		–6	**–3**
Cumulative translation adjustments, net of tax		–3 897	**–4 675**
Accumulated adjustment for pension and post-retirement benefits, net of tax		–534	**–825**
Total accumulated other comprehensive income		–2 815	**–85**
Retained earnings		30 766	**34 257**
Shareholders' equity		32 952	**35 930**
Non-controlling interests		25	**111**
Total equity		32 977	**36 041**
Total liabilities and equity		213 520	**204 461**

[1] Please refer to Note 12 "Earnings per share" for details on the number of shares authorised and issued.

The accompanying notes are an integral part of the Group financial statements.

Statement of shareholders' equity

For the years ended 31 December

USD millions	2013	2014
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	7 721	**4 963**
Share-based compensation	14	**–34**
Realised gains/losses on treasury shares	–12	**6**
Dividends on common shares[1]	–2 760	**–3 129**
Balance as of period end	4 963	**1 806**
Treasury shares, net of tax		
Balance as of 1 January	–995	**–1 099**
Purchase of treasury shares	–290	**–223**
Issuance of treasury shares, including share-based compensation to employees	186	**137**
Balance as of period end	–1 099	**–1 185**
Net unrealised gains/losses, net of tax		
Balance as of 1 January	4 407	**1 622**
Changes during the period	–2 785	**3 796**
Balance as of period end	1 622	**5 418**
Other-than-temporary impairment, net of tax		
Balance as of 1 January	–28	**–6**
Changes during the period	22	**3**
Balance as of period end	–6	**–3**
Foreign currency translation, net of tax		
Balance as of 1 January	–3 609	**–3 897**
Changes during the period	–288	**–778**
Balance as of period end	–3 897	**–4 675**
Adjustment for pension and other post-retirement benefits, net of tax		
Balance as of 1 January	–953	**–534**
Changes during the period	419	**–291**
Balance as of period end	–534	**–825**
Retained earnings		
Balance as of 1 January	26 322	**30 766**
Net income after attribution of non-controlling interests	4 511	**3 569**
Interest on contingent capital instruments, net of tax	–67	**–69**
Purchase of non-controlling interests		**–9**
Balance as of period end	30 766	**34 257**
Shareholders' equity	32 952	**35 930**
Non-controlling interests		
Balance as of 1 January	24	**25**
Changes during the period	–1	**86**
Income attributable to non-controlling interests	2	
Balance as of period end	25	**111**
Total equity	32 977	**36 041**

[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	2013	2014
Cash flows from operating activities		
Net income attributable to common shareholders	4 444	**3 500**
Add net income attributable to non-controlling interests	2	
Adjustments to reconcile net income to net cash provided/used by operating activities:		
Depreciation, amortisation and other non-cash items[1]	403	**458**
Net realised investment gains/losses	–3 324	**–1 059**
Income from equity-accounted investees, net of dividends received	–152	**–66**
Change in:		
Technical provisions and other reinsurance assets and liabilities, net[1]	–935	**–1 479**
Funds held by ceding companies and under reinsurance treaties[1]	850	**433**
Reinsurance recoverable on unpaid claims and policy benefits	1 179	**1 273**
Other assets and liabilities, net[1]	269	**–334**
Income taxes payable/recoverable	–162	**134**
Trading positions, net	–263	**283**
Securities purchased/sold under agreement to resell/repurchase, net	–28	**331**
Net cash provided/used by operating activities	2 283	**3 474**
Cash flows from investing activities		
Fixed income securities:		
Sales	80 675	**55 297**
Maturities	3 498	**4 315**
Purchases	–79 382	**–67 447**
Net purchase/sale/maturities of short-term investments	–2 017	**5 900**
Equity securities:		
Sales	2 603	**6 894**
Purchases	–5 625	**–2 918**
Cash paid/received for acquisitions/disposal and reinsurance transactions, net		**–257**
Net purchases/sales/maturities of other investments	–96	**–1 021**
Net cash provided/used by investing activities	–344	**763**
Cash flows from financing activities		
Issuance/repayment of long-term debt	40	**1 438**
Issuance/repayment of short-term debt	–1 593	**–2 584**
Purchase/sale of treasury shares	–227	**–197**
Dividends paid to shareholders	–2 760	**–3 129**
Net cash provided/used by financing activities	–4 540	**–4 472**
Total net cash provided/used	–2 601	**–235**
Effect of foreign currency translation	–164	**–366**
Change in cash and cash equivalents	–2 765	**–601**
Cash and cash equivalents as of 1 January	10 837	**8 072**
Cash and cash equivalents as of 31 December	8 072	**7 471**

[1] The Group revised the definition of certain items within the operating cash flow with no impact on "Net cash provided/used by operating activities". The amortisation of deferred acquisition costs and present value for future profits is reclassified from "Depreciation, amortisation and other non-cash items" and the changes in certain other reinsurance assets and liabilities are reclassified from "Funds held by ceding companies and under reinsurance treaties" and "Other assets and liabilities, net" to "Technical provisions and other reinsurance assets and liabilities, net". Comparatives are adjusted accordingly.

Interest paid was USD 929 million and USD 885 million for the years ended 31 December 2013 and 2014, respectively.

Tax paid was USD 447 million and USD 509 million for the years ended 31 December 2013 and 2014, 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.

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 transaction is expected to close in the first quarter of 2015 and, therefore, the subject business was still within the scope of the consolidated Swiss Re Group as of 31 December 2014. For more details on the transaction and its impact on the Swiss Re Group financial statements, please refer to Note 7.

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.

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 judgment 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 2014, the Group has not provided any collateral on financial instruments in excess of its own market value estimates.

Subsequent events

Subsequent events for the current reporting period have been evaluated up to 18 February 2015. This is the date on which the condensed unaudited financial statements are available to be issued.

Recent accounting guidance

In February 2013, the FASB issued ASU 2013-04, "Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date", an update to Topic 405, "Liabilities". ASU 2013-04 requires an entity to measure obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. The Group adopted ASU 2013-04 on 1 January 2014. The adoption did not have an effect on the Group's financial statements.

In March 2013, the FASB issued ASU 2013-05, "Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity", an update to Topic 830, "Foreign Currency Matters". ASU 2013-05 precludes the release of the cumulative translation adjustment into net income for derecognition events that occur within a foreign entity, unless such events represent a complete or substantially complete liquidation of the foreign entity. Derecognition events related to investments in a foreign entity result in the release of the entire cumulative translation adjustment related to the derecognised foreign entity, even when a non-controlling financial interest is retained. The Group adopted ASU 2013-05 on 1 January 2014. The adoption did not have an effect on the Group's financial statements.

In June 2013, the FASB issued ASU 2013-08, "Amendments to the Scope, Measurement, and Disclosure Requirements", an update to Topic 946, "Financial Services - Investment Companies". ASU 2013-08 changes the approach to the investment company assessment in Topic 946, clarifies the characteristics of an investment company, and provides comprehensive guidance for assessing whether an entity is an investment company. The Group adopted ASU 2013-08 on 1 January 2014. The adoption did not have an effect on the Group's financial statements.

In July 2013, the FASB issued ASU 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists", an update to Topic 740, "Income Taxes". ASU 2013-11 requires an entity to present an unrecognised tax benefit as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, subject to some exceptions. The Group adopted ASU 2013-11 on 1 January 2014 on a prospective basis. The financial statement presentation of unrecognised tax benefits was adjusted accordingly.

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 insurance companies and mutual 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.

In the second quarter of 2014, the Reinsurance Business Unit revised the allocation of certain intra-group cost recharges between Property & Casualty and Life & Health. The comparative periods have been adjusted accordingly. The revision had no impact on net income and shareholders' equity of the Group.

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 40 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). For more details on the transaction and its impact on the Swiss Re Group financial statements, please refer to Note 7.

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.

In the fourth quarter of 2014, the Group revised the allocation of certain project costs from the Reinsurance and Corporate Solutions Business Units to Group items. The comparative periods have not been adjusted as the costs relate primarily to projects launched in 2014. The revision had no impact on net income and shareholders' equity of the Group.

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

2013 USD millions	Property & Casualty Reinsurance	Life & Health Reinsurance	Corporate Solutions	Admin Re®	Group items	Consolidation	Total
Revenues							
Premiums earned	14 542	9 967	2 922	844	1		28 276
Fee income from policyholders		56		486			542
Net investment income – non-participating	1 098	1 442	98	1 180	150	–21	3 947
Net realised investment gains/losses – non-participating	184	269	150	201	–38		766
Net investment result – unit-linked and with-profit		249		3 098			3 347
Other revenues	61		2	1	307	–347	24
Total revenues	15 885	11 983	3 172	5 810	420	–368	36 902
Expenses							
Claims and claim adjustment expenses	–7 884		–1 773		2		–9 655
Life and health benefits		–8 075		–1 506			–9 581
Return credited to policyholders		–286		–3 392			–3 678
Acquisition costs	–2 761	–1 698	–406	–30			–4 895
Other expenses	–1 541	–877	–601	–441	–356	308	–3 508
Interest expenses	–207	–544	–1	–46	–22	60	–760
Total expenses	–12 393	–11 480	–2 781	–5 415	–376	368	–32 077
Income before income tax expense	3 492	503	391	395	44	0	4 825
Income tax expense/benefit	–244	–35	–111	28	50		–312
Net income before attribution of non-controlling interests	3 248	468	280	423	94	0	4 513
Income attributable to non-controlling interests	–1		–1				–2
Net income after attribution of non-controlling interests	3 247	468	279	423	94	0	4 511
Interest on contingent capital instruments	–19	–48					–67
Net income attributable to common shareholders	3 228	420	279	423	94	0	4 444
Claims ratio in %	54.2		60.6				55.3
Expense ratio in %	29.6		34.5				30.4
Combined ratio in %	83.8		95.1				85.7
Management expense ratio in %		7.6					
Operating margin in %		5.8					

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	1 076	1 544	94	1 256	115	18	4 103
Net realised investment gains/losses – non-participating	699	–255	168	–114	69		567
Net investment result – unit-linked and with-profit		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 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 – balance sheet

As of 31 December

2013 USD millions	Property & Casualty Reinsurance	Life & Health Reinsurance	Corporate Solutions	Admin Re®	Group items	Consolidation	Total
Assets							
Fixed income securities	24 986	29 588	4 644	20 014	64		79 296
Equity securities	4 017	1 333	981		1 360		7 691
Other investments	10 080	3 179	169	1 800	5 561	–5 905	14 884
Short-term investments	13 297	4 113	1 595	1 474	510		20 989
Investments for unit-linked and with-profit business		988		26 227			27 215
Cash and cash equivalents	5 288	166	562	1 748	308		8 072
Deferred acquisition costs	1 591	2 845	319	1			4 756
Acquired present value of future profits		1 451		2 086			3 537
Reinsurance recoverable	4 752	1 756	8 228	323		–6 732	8 327
Other reinsurance assets	11 457	9 286	2 422	3 475	3	–1 967	24 676
Goodwill	2 057	2 035	17				4 109
Other	8 869	3 759	988	919	207	–4 774	9 968
Total assets	86 394	60 499	19 925	58 067	8 013	–19 378	213 520
Liabilities							
Unpaid claims and claim adjustment expenses	45 578	9 869	11 549	1 205	15	–6 732	61 484
Liabilities for life and health policy benefits		17 392	232	18 415		–6	36 033
Policyholder account balances		1 595		29 582			31 177
Other reinsurance liabilities	11 591	2 116	4 355	620	6	–2 433	16 255
Short-term debt	798	3 730		646	1 285	–2 641	3 818
Long-term debt	4 700	10 627				–605	14 722
Other	10 518	8 876	1 010	1 795	1 775	–6 920	17 054
Total liabilities	73 185	54 205	17 146	52 263	3 081	–19 337	180 543
Shareholders' equity	13 192	6 294	2 771	5 804	4 932	–41	32 952
Non-controlling interests	17		8				25
Total equity	13 209	6 294	2 779	5 804	4 932	–41	32 977
Total liabilities and equity	86 394	60 499	19 925	58 067	8 013	–19 378	213 520

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**

b) Property & Casualty Reinsurance business segment – by line of business

For the year ended 31 December

2013 USD millions	Property	Casualty	Specialty	Total
Premiums earned	6 945	5 366	2 231	14 542
Expenses				
Claims and claim adjustment expenses	–3 342	–3 563	–979	–7 884
Acquisition costs	–883	–1 408	–470	–2 761
Other expenses	–796	–520	–225	–1 541
Total expenses before interest expenses	–5 021	–5 491	–1 674	–12 186
Underwriting result	1 924	–125	557	2 356
Net investment income				1 098
Net realised investment gains/losses				184
Other revenues				61
Interest expenses				–207
Income before income tax expenses				3 492
Claims ratio in %	48.1	66.4	43.9	54.2
Expense ratio in %	24.2	35.9	31.1	29.6
Combined ratio in %	72.3	102.3	75.0	83.8

Property & Casualty Reinsurance business segment – by line of business

For the year ended 31 December

2014 USD millions	Property	Casualty	Specialty	Total
Premiums earned	**6783**	**6437**	**2378**	**15598**
Expenses				
Claims and claim adjustment expenses	–3013	–4513	–967	–8493
Acquisition costs	–1049	–1831	–502	–3382
Other expenses	–669	–355	–151	–1175
Total expenses before interest expenses	**–4731**	**–6699**	**–1620**	**–13050**
Underwriting result	**2052**	**–262**	**758**	**2548**
Net investment income				1076
Net realised investment gains/losses				699
Other revenues				69
Interest expenses				–255
Income before income tax expenses				**4137**
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

c) Life & Health Reinsurance business segment – by line of business

For the year ended 31 December

2013 USD millions	Life	Health	Total
Revenues			
Premiums earned	6 678	3 289	9 967
Fee income from policyholders	56		56
Net investment income – non-participating	915	527	1 442
Net investment income – unit-linked and with-profit	39		39
Net realised investment gains/losses – unit-linked and with-profit	210		210
Net realised investment gains/losses – insurance-related derivatives	–123	6	–117
Total revenues before non-participating realised gains/losses	7 775	3 822	11 597
Expenses			
Life and health benefits	–5 216	–2 859	–8 075
Return credited to policyholders	–286		–286
Acquisition costs	–1 207	–491	–1 698
Other expenses	–636	–241	–877
Total expenses before interest expenses	–7 345	–3 591	–10 936
Operating income	430	231	661
Net realised investment gains/losses – non-participating and excluding insurance-related derivatives			386
Interest expenses			–544
Income before income tax expenses			503
Management expense ratio in %	8.3	6.3	7.6
Operating margin[1] in %	5.7	6.0	5.8

[1] Operating margin is calculated as operating result 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

2014 USD millions	Life	Health	Total
Revenues			
Premiums earned	7166	4046	11212
Fee income from policyholders	53		53
Net investment income – non-participating	944	600	1544
Net investment income – unit-linked and with-profit	37		37
Net realised investment gains/losses – unit-linked and with-profit	38		38
Net realised investment gains/losses – insurance-related derivatives	121	–7	114
Total revenues before non-participating realised gains/losses	**8359**	**4639**	**12998**
Expenses			
Life and health benefits	–5890	–3304	–9194
Return credited to policyholders	–99		–99
Acquisition costs	–1808	–681	–2489
Other expenses	–628	–257	–885
Total expenses before interest expenses	**–8425**	**–4242**	**–12667**
Operating income	**–66**	**397**	**331**
Net realised investment gains/losses – non-participating and excluding insurance-related derivatives			–369
Interest expenses			–438
Income before income tax expenses			**–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 result 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	2013	2014
Americas	11 468	12 199
Europe (including Middle East and Africa)	11 347	11 316
Asia-Pacific	6 003	7 747
Total	28 818	**31 262**

Net premiums earned and fee income from policyholders by country for the years ended 31 December

USD millions	2013	2014
United States	9 084	9 422
United Kingdom	3 466	3 620
China	2 045	3 059
Australia	2 056	2 132
Germany	1 296	1 429
Canada	1 379	1 383
Japan	764	1 034
France	1 624	948
Ireland	832	903
Switzerland	446	743
Italy	547	528
Other	5 279	6 061
Total	28 818	**31 262**

Net premiums earned and fee income from policyholders are allocated by country based on the underlying contract.

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3 Insurance information

Premiums earned and fees assessed against policyholders

For the year ended 31 December

2013 USD millions	Property & Casualty Reinsurance	Life & Health Reinsurance	Corporate Solutions	Admin Re®	Group items	Total
Premiums earned, thereof:						
Direct		624	2 564	946		4 134
Reinsurance	16 594	10 481	473	191	1	27 740
Intra-group transactions (assumed and ceded)	–228	254	228	–254		0
Premiums earned before retrocession to external parties	16 366	11 359	3 265	883	1	31 874
Retrocession to external parties	–1 824	–1 392	–343	–39		–3 598
Net premiums earned	14 542	9 967	2 922	844	1	28 276
Fee income from policyholders, thereof:						
Direct				401		401
Reinsurance		56		85		141
Intra-group transactions (assumed and ceded)						0
Gross fee income before retrocession to external parties		56		486		542
Retrocession to external parties						0
Net fee income	0	56	0	486	0	542

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**

Claims and claim adjustment expenses

For the year ended 31 December

2013 USD millions	Property & Casualty Reinsurance	Life & Health Reinsurance	Corporate Solutions	Admin Re®	Group items	Total
Claims paid, thereof:						
Gross claims paid to external parties	–10 421	–8 564	–3 086	–2 269	–2	–24 342
Intra-group transactions (assumed and ceded)	–1 417	–334	1 422	331	–2	0
Claims before receivables from retrocession to external parties	–11 838	–8 898	–1 664	–1 938	–4	–24 342
Retrocession to external parties	1 713	1 230	425	65		3 433
Net claims paid	–10 125	–7 668	–1 239	–1 873	–4	–20 909
Change in unpaid claims and claim adjustment expenses; life and health benefits, thereof:						
Gross – with external parties	1 581	–482	1 189	511	6	2 805
Intra-group transactions (assumed and ceded)	1 695	121	–1 698	–118		0
Unpaid claims and claim adjustment expenses; life and health benefits before impact of retrocession to external parties	3 276	–361	–509	393	6	2 805
Retrocession to external parties	–1 035	–46	–25	–26		–1 132
Net unpaid claims and claim adjustment expenses; life and health benefits	2 241	–407	–534	367	6	1 673
Claims and claim adjustment expenses; life and health benefits	–7 884	–8 075	–1 773	–1 506	2	–19 236

Acquisition costs

For the year ended 31 December

2013 USD millions	Property & Casualty Reinsurance	Life & Health Reinsurance	Corporate Solutions	Admin Re®	Group items	Total
Acquisition costs, thereof:						
Gross acquisition costs with external parties	–3 429	–2 005	–432	–34		–5 900
Intra-group transactions (assumed and ceded)	49	–2	–49	2		0
Acquisition costs before impact of retrocession to external parties	–3 380	–2 007	–481	–32		–5 900
Retrocession to external parties	619	309	75	2		1 005
Net acquisition costs	–2 761	–1 698	–406	–30	0	–4 895

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**

Reinsurance recoverable on unpaid claims and policy benefits

As of 31 December 2013 and 2014, the Group had a reinsurance recoverable of USD 8 327 million and USD 6 950 million, respectively. The concentration of credit risk is regularly monitored and evaluated. The reinsurance programme with Berkshire Hathaway and subsidiaries accounted for 62% of the Group's reinsurance recoverable as of yearend 2013 and 60% as of yearend 2014.

Reinsurance receivables

Reinsurance receivables as of 31 December were as follows:

USD millions	2013	**2014**
Premium receivables invoiced	1 482	1 355
Receivables invoiced from ceded re/insurance business	446	341
Assets arising from the application of the deposit method of accounting and meeting the definition of financing receivables	1 273	779
Recognised allowance	–101	–86

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 2013 and 2014 was 7% and 8%, respectively. The amount of policyholder dividend expense in 2013 and 2014 was USD 139 million and USD 113 million, respectively.

4 Premiums written

For the years ended 31 December

2013 USD millions	Property & Casualty Reinsurance	Life & Health Reinsurance	Corporate Solutions	Admin Re®	Group items	Consolidation	Total
Gross premiums written, thereof:							
Direct		643	2 870	973			4 486
Reinsurance	17 243	10 458	557	190			28 448
Intra-group transactions (assumed)	328	254	549			–1 131	0
Gross premiums written	17 571	11 355	3 976	1 163		–1 131	32 934
Intra-group transactions (ceded)	–549		–328	–254		1 131	0
Gross premiums written before retrocession to external parties	17 022	11 355	3 648	909			32 934
Retrocession to external parties	–865	–1 383	–169	–39			–2 456
Net premiums written	16 157	9 972	3 479	870	0	0	30 478

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**

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	2013	**2014**
Non-Life	50 392	46 633
Life & Health	11 092	11 321
Total	61 484	**57 954**

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	2013	**2014**
Balance as of 1 January	53 010	50 392
Reinsurance recoverable	–7 101	–6 029
Deferred expense on retroactive reinsurance	–229	–56
Net balance as of 1 January	45 680	**44 307**
Incurred related to:		
Current year	10 765	11 298
Prior year	–1 371	–838
Amortisation of deferred expense on retroactive reinsurance and impact of commutations	151	17
Total incurred	9 545	**10 477**
Paid related to:		
Current year	–2 103	–2 193
Prior year	–9 265	–8 693
Total paid	–11 368	**–10 886**
Foreign exchange	211	–2 224
Effect of acquisitions, disposals, new retroactive reinsurance and other items	239	199
Net balance as of 31 December	44 307	**41 873**
Reinsurance recoverable	6 029	4 746
Deferred expense on retroactive reinsurance	56	14
Balance as of 31 December	50 392	**46 633**

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 2014, claims development on prior years was driven by favourable experience in all lines of business. For property, releases on recent years more than offset increases for the earthquakes in New Zealand. Within casualty, favourable experience in liability across all regions more than offset increases for asbestos and environmental losses and increases elsewhere in the portfolio. Unfavourable experience in motor in France and UK were offset by good claims experience in other countries. In addition, releases in accident and health due to positive experience combined with some favourable commutations contributed to the overall improvement on casualty. Favourable development in engineering contributed to the overall reserve releases on specialty lines due to a reassessment of reserves relating to Spain and France combined with very good claims experience.

A summary of prior-year claims development by lines of business is shown below:

USD millions	2013	**2014**
Line of business:		
Property	–441	–277
Casualty	–455	–62
Specialty	–475	–499
Total	–1 371	**–838**

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 2014, the Group carried net reserves for US asbestos and environmental liabilities equal to USD 2 063 million. During 2014, the Group incurred net losses of USD 291 million and paid net against these liabilities USD 177 million.

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.

The Group maintains an active commutation strategy to reduce exposure. When commutation payments are made, the traditional "survival ratio" is artificially reduced by premature payments which should not imply a reduction in reserve adequacy.

6 Deferred acquisition costs (DAC) and acquired present value of future profits (PVFP)

As of 31 December, the DAC were as follows:

2013 USD millions	Property & Casualty Reinsurance	Life & Health Reinsurance	Corporate Solutions	Admin Re®	Group items	Total
Opening balance as of 1 January 2013	1 103	2 713	219	2	2	4 039
Deferred	3 217	491	504			4 212
Effect of acquisitions/disposals and retrocessions		57				57
Amortisation	–2 710	–397	–406			–3 513
Effect of foreign currency translation	–19	–19	2	–1	–2	–39
Closing balance as of 31 December 2013	1 591	2 845	319	1	0	4 756

2014 USD millions	Property & Casualty Reinsurance	Life & Health Reinsurance	Corporate Solutions	Admin Re®	Group items	Total
Opening balance as of 1 January 2014	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 2014	**1 756**	**2 723**	**360**	**1**	**0**	**4 840**

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:

USD millions	Life & Health Reinsurance	Admin Re®	2013 Total	Life & Health Reinsurance	Admin Re®	**2014** Total
Opening balance as of 1 January	1 358	1 665	3 023	1 451	2 086	3 537
Effect of acquisitions/disposals and retrocessions	206	–30	176		165	165
Amortisation	–151	–184	–335	–156	–261	–417
Interest accrued on unamortised PVFP	35	186	221	44	103	147
Effect of foreign currency translation	3	44	47	–45	–90	–135
Effect of change in unrealised gains/losses		405	405			0
Closing balance as of 31 December	1 451	2 086	3 537	**1 294**	**2 003**	**3 297**

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 7%, 7%, 7%, 7% and 6%.

7 Assets held for sale

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 preliminary purchase price includes a cash payment of USD 183 million, subject to finalisation at closing. 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. The sale will only be effective upon the receipt of all required regulatory approvals, which is expected in the first quarter of 2015. The definitive purchase price will be adjusted at closing of the transaction based upon the difference in yields of the transferred investments and a representative basket of investments.

Aurora primarily consists of bonds and policyholder liabilities. The expected loss on the disposition of the net assets has been reflected in "Net realised investment gains/losses – non-participating" in the 2014 income statement of the Admin Re® segment. This loss will be adjusted principally, for the definitive purchase price to be determined as of the closing of the transaction.

The major classes of assets and liabilities held for sale as of 31 December 2014 are listed below.

USD millions	2014
Assets	
Fixed income securities available-for-sale	3 456
Policy loans, mortgages and other loans	157
Short-term investments	6
Cash and cash equivalents	23
Accrued investment income	37
Premiums and other receivables	6
Reinsurance recoverable on unpaid claims and policy benefits	7
Other assets held for sale	1
Total assets	**3 693**
Liabilities	
Unpaid claims and claim adjustment expenses	15
Liabilities for life and health policy benefits	1 494
Policyholder account balances	1 151
Accrued expenses and other liabilities held for sale	292
Total liabilities	**2 952**

8 Investments

Investment income

Net investment income by source (excluding unit-linked and with-profit business) was as follows:

USD millions	2013	2014
Fixed income securities	2 626	2 798
Equity securities	143	100
Policy loans, mortgages and other loans	119	133
Investment real estate	139	144
Short-term investments	109	111
Other current investments	93	127
Share in earnings of equity-accounted investees	350	321
Cash and cash equivalents	48	42
Net result from deposit-accounted contracts	154	149
Deposits with ceding companies	595	571
Gross investment income	4 376	**4 496**
Investment expenses	–406	–358
Interest charged for funds held	–23	–35
Net investment income – non-participating	3 947	**4 103**

Dividends received from investments accounted for using the equity method were USD 198 million and USD 277 million for 2013 and 2014, respectively.

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	2013	2014
Fixed income securities available-for-sale:		
Gross realised gains	1 215	814
Gross realised losses	–689	–231
Equity securities available-for-sale:		
Gross realised gains	349	686
Gross realised losses	–46	–84
Other-than-temporary impairments	–41	–40
Net realised investment gains/losses on trading securities	–4	46
Change in net unrealised investment gains/losses on trading securities	–38	120
Other investments:		
Net realised/unrealised gains/losses	301	–340
Net realised/unrealised gains/losses on insurance-related activities	–306	–331
Loss related to sale of Aurora National Life Assurance Company[1]		–247
Foreign exchange gains/losses	25	174
Net realised investment gains/losses – non-participating	766	**567**

[1] Please refer to Note 7 "Assets held for sale" for more information.

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	Unit-linked	2013 With-profit	Unit-linked	2014 With-profit
Investment income – fixed income securities	117	97	109	92
Investment income – equity securities	511	26	621	32
Investment income – other	25	13	22	13
Total investment income – unit-linked and with-profit business	653	136	**752**	**137**
Realised gains/losses – fixed income securities	–133	–105	132	168
Realised gains/losses – equity securities	2711	136	206	–1
Realised gains/losses – other	1	–52	5	–18
Total realised gains/losses – unit-linked and with-profit business	2579	–21	**343**	**149**
Total net investment result – unit-linked and with-profit business	3232	115	**1095**	**286**

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, 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 impairment related to credit losses recognised in earnings was as follows:

USD millions	2013	2014
Balance as of 1 January	310	228
Credit losses for which an other-than-temporary impairment was not previously recognised	1	9
Reductions for securities sold during the period	–57	–78
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	11	
Impact of increase in cash flows expected to be collected	–37	–23
Impact of foreign exchange movements		1
Balance as of 31 December	228	**137**

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:

2013 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	6 027	143	–113		6 057
US Agency securitised products	3 970	36	–75		3 931
States of the United States and political subdivisions of the states	953	10	–48		915
United Kingdom	11 255	344	–351		11 248
Canada	3 063	315	–67		3 311
Germany	4 386	96	–37		4 445
France	2 727	113	–12		2 828
Other	7 185	181	–274		7 092
Total	39 566	1 238	–977		39 827
Corporate debt securities	30 464	1 477	–528	–4	31 409
Mortgage- and asset-backed securities	6 319	284	–74	–4	6 525
Fixed income securities available-for-sale	76 349	2 999	–1 579	–8	77 761
Equity securities available-for-sale	6 110	1 047	–81		7 076

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**

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	2013	**2014**
Debt securities issued by governments and government agencies	1 202	1 997
Corporate debt securities	145	60
Mortgage- and asset-backed securities	188	162
Fixed income securities trading – non-participating	1 535	**2 219**
Equity securities trading – non-participating	615	**65**

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:

		2013		**2014**
USD millions	Unit-linked	With-profit	Unit-linked	With-profit
Fixed income securities trading	2 541	2 044	1 870	1 810
Equity securities trading	20 252	928	19 054	991
Investment real estate	517	386	736	429
Short-term investments	547		435	
Total investments for unit-linked and with-profit business	23 857	3 358	**22 095**	**3 230**

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 2013 and 2014, USD 11 476 million and USD 11 579 million, respectively, of fixed income securities available-for-sale were callable.

		2013		**2014**
USD millions	Amortised cost or cost	Estimated fair value	Amortised cost or cost	Estimated fair value
Due in one year or less	3 308	3 305	4 749	4 757
Due after one year through five years	19 308	19 697	17 920	18 459
Due after five years through ten years	14 243	14 522	17 300	18 329
Due after ten years	33 370	33 911	32 334	37 137
Mortgage- and asset-backed securities with no fixed maturity	6 120	6 326	5 564	5 768
Total fixed income securities available-for-sale	76 349	77 761	**77 867**	**84 450**

Assets pledged

As of 31 December 2014, investments with a carrying value of USD 8 114 million were on deposit with regulatory agencies in accordance with local requirements, and investments with a carrying value of USD 10 191 million were placed on deposit or pledged to secure certain reinsurance liabilities, including pledged investments in subsidiaries.

As of 31 December 2013 and 2014, securities of USD 16 215 million and USD 16 915 million, respectively, were transferred to third parties under securities lending transactions and repurchase agreements on a fully collateralised basis. Corresponding liabilities of USD 1 991 million and USD 1 951 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 2014, a real estate portfolio with a carrying value of USD 230 million serves as collateral for short-term senior operational debt of USD 503 million.

Collateral accepted which the Group has the right to sell or repledge

As of 31 December 2013 and 2014, the fair value of the equity securities, the government and corporate debt securities received as collateral was USD 4 367 million and USD 3 907 million, respectively. Of this, the amount that was sold or repledged as of 31 December 2013 and 2014 was USD 1 472 million and USD 494 million, respectively. The sources of the collateral are 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:

2013 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	4 099	–2 877	1 222	–380	842
Reverse repurchase agreements	4 064	–1 811	2 253	–2 253	0
Securities borrowing			0		0
Total	8 163	–4 688	3 475	–2 633	842

2013 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	–4 104	2 656	–1 448	157	–1 291
Repurchase agreements	–2 009	1 811	–198	198	0
Securities lending	–1 792		–1 792	1 655	–137
Total	–7 905	4 467	–3 438	2 010	–1 428

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**

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 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.

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 2013 and 2014. As of 31 December 2013 and 2014, USD 77 million and USD 52 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 4 million and USD 16 million, respectively, to declines in value for more than 12 months.

2013 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	2874	113			2874	113
US Agency securitised products	2248	71	41	4	2289	75
States of the United States and political subdivisions of the states	703	48			703	48
United Kingdom	6973	351			6973	351
Canada	938	65	11	2	949	67
Germany	1697	33	199	4	1896	37
France	506	10	47	2	553	12
Other	3392	198	646	76	4038	274
Total	19331	889	944	88	20275	977
Corporate debt securities	12189	494	319	38	12508	532
Mortgage- and asset-backed securities	1834	47	565	31	2399	78
Total	33354	1430	1828	157	35182	1587

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	1637	5	265	4	1902	9
US Agency securitised products	1069	12	483	11	1552	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	1360	75	802	28	2162	103
Total	5823	146	1785	59	7608	205
Corporate debt securities	3884	95	917	46	4801	141
Mortgage- and asset-backed securities	1506	12	329	13	1835	25
Total	**11213**	**253**	**3031**	**118**	**14244**	**371**

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	2013	2014
Policy loans	270	252
Mortgage loans	1 801	1 888
Other loans	824	1 065
Investment real estate	825	888

The fair value of the real estate as of 31 December 2013 and 2014 was USD 2 551 million and USD 2 482 million, respectively. The carrying value of policy loans, mortgages and other loans approximates fair value.

Depreciation expense related to income-producing properties was USD 25 million and USD 26 million for 2013 and 2014, respectively. Accumulated depreciation on investment real estate totalled USD 577 million and USD 539 million as of 31 December 2013 and 2014, respectively.

Substantially all mortgages, policy loans and other loan receivables are secured by buildings, land or the underlying policies.

9 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 2014, 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. The two primary categories of mortgage- and asset-backed securities are residential mortgage-backed securities (RMBS) and commercial mortgage-backed securities (CMBS). For both RMBS and 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, judgments 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 levels 1 and 2. Securities classified in level 1 are traded on public stock exchanges for which quoted prices are readily available. Level 2 equities include equity investments fair valued pursuant to the fair value option election and certain hedge fund positions; all valued based on primarily observable inputs.

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 these investments are classified as level 3 due to the lack of observable prices and significant judgment required in valuation. Valuation of direct private equity investments requires significant management judgment 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 judgments 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 utilising 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 Senior Risk Committee, chaired by the Group Chief Risk Officer, 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 Senior Risk 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 a 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:

2013 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	5 454	73 180	662		79 296
Debt securities issued by US government and government agencies	5 454	1 537			6 991
US Agency securitised products		3 946			3 946
Debt securities issued by non-US governments and government agencies		30 092			30 092
Corporate debt securities		30 904	650		31 554
Mortgage- and asset-backed securities		6 701	12		6 713
Fixed income securities backing unit-linked and with-profit business		4 585			4 585
Equity securities	28 257	565	49		28 871
Equity securities backing unit-linked and with-profit business	21 169	11			21 180
Equity securities held for proprietary investment purposes	7 088	554	49		7 691
Derivative financial instruments	31	3 563	505	–2 877	1 222
Interest rate contracts	8	2 372			2 380
Foreign exchange contracts		267			267
Derivative equity contracts	23	842	401		1 266
Credit contracts		18	28		46
Other contracts		64	76		140
Other invested assets	1 476	210	2 256		3 942
Total assets at fair value	35 218	82 103	3 472	–2 877	117 916
Liabilities					
Derivative financial instruments	–14	–3 097	–993	2 656	–1 448
Interest rate contracts		–2 123			–2 123
Foreign exchange contracts		–428			–428
Derivative equity contracts	–14	–527	–190		–731
Credit contracts		–11	–38		–49
Other contracts		–8	–765		–773
Liabilities for life and health policy benefits			–145		–145
Accrued expenses and other liabilities	–1 634	–1 271			–2 905
Total liabilities at fair value	–1 648	–4 368	–1 138	2 656	–4 498

[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.

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	24 084	11	39		24 134
Equity securities backing unit-linked and with-profit business	20 034	11			20 045
Equity securities held for proprietary investment purposes	4 050		39		4 089
Short-term investments held for proprietary investment purposes[2]	6 407	7 720			14 127
Short-term investments backing unit-linked and with-profit business[2]		20			20
Derivative financial instruments	40	3 810	521	–3 530	841
Interest rate contracts		2 621			2 621
Foreign exchange contracts		272			272
Derivative 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
Total assets at fair value	**43 968**	**89 541**	**2 773**	**–3 530**	**132 752**
Liabilities					
Derivative financial instruments	–13	–3 107	–757	2 969	–908
Interest rate contracts	–5	–2 113			–2 118
Foreign exchange contracts		–407			–407
Derivative 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] In the first quarter 2014, the Group changed the valuation of short-term investments from amortised cost to fair value. There is no material impact to net income, total assets or shareholders' equity.

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:

2013 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	698	74	1 010	2 098	3 880	–2 865	–272	–3 137
Realised/unrealised gains/losses:								
Included in net income	–4	4	–330	108	–222	1 724	131	1 855
Included in other comprehensive income		1		12	13			0
Purchases	53		25	346	424			0
Issuances			100		100	–62		–62
Sales	–39	–30	–233	–462	–764	210		210
Settlements	–46		–67		–113			0
Transfers into level 3[1]				419	419			0
Transfers out of level 3[1]				–292	–292			0
Impact of foreign exchange movements				27	27		–4	–4
Closing balance as of 31 December	662	49	505	2 256	3 472	–993	–145	–1 138

[1] Transfers are recognised at the date of the event or change in circumstances that caused the transfer.

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.

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	2013	2014
Gains/losses included in net income for the period	1 633	483
Whereof change in unrealised gains/losses relating to assets and liabilities still held at the reporting date	1 484	167

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	2013 Fair value	**2014 Fair value**	Valuation technique	Unobservable input	Range (weighted average)
Assets					
Corporate debt securities	650	**388**			
Private placement corporate debt	383	317	Corporate Spread Matrix	Illiquidity premium	15 bps–186 bps (65 bps)
Private placement credit tenant leases	68	71	Discounted Cash Flow Model	Illiquidity premium	75 bps–175 bps (98 bps)
Derivative equity contracts	401	**396**			
OTC equity option referencing correlated equity indices	401	396	Proprietary Option Model	Correlation	–20%–100% (40%)[1]
Liabilities					
Derivative equity contracts	–190	**–130**			
OTC equity option referencing correlated equity indices	–49	–46	Proprietary Option Model	Correlation	–20%–100% (40%)[1]
Other derivative contracts and liabilities for life and health policy benefits	–910	**–803**			
Variable annuity and fair valued GMDB contracts	–677	–639	Discounted Cash Flow Model	Risk margin	4% (n.a.)
				Volatility	4%–42%
				Lapse	0.5%–33%
				Mortality adjustment	–10%–0%
				Withdrawal rate	0%–90%
Embedded derivatives in Mod-Co and Coinsurance with Funds Withheld treaties	–125	–22	Discounted Cash Flow Model	Lapse	3%–10%
				Mortality adjustment	80% (n.a.)

[1] Represents average input value for the reporting period.

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 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 (i.e. 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 underlying the fair valuation of an embedded derivative bifurcated from the Group's modified coinsurance (Mod-Co) and Coinsurance with Funds Withheld treaties are lapse and mortality adjustment to published mortality tables; both are applied to build an expectation of cash flows associated with the underlying block of term business. Both inputs are not expected to significantly fluctuate over time.

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	2013 Fair value	2014 Fair value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Private equity funds	735	710	278	non-redeemable	n.a.
Hedge funds	749	344		redeemable[1]	45–95 days[2]
Private equity direct	138	109		non-redeemable	n.a.
Real estate funds	231	203	74	non-redeemable	n.a.
Total	1 853	**1 366**	**352**		

[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:

Equity securities trading

The Group elected the fair value option for an investment previously classified as available-for-sale within other invested assets in the balance sheet. The Group economically hedges the investment with derivative instruments that offset this exposure. The changes in fair value of the derivatives are recorded in earnings. Electing the fair value option eliminates the mismatch previously caused by the economic hedging of the investment and reduces the volatility in the income statement. Over the first six months of 2014, these equity securities were redeemed.

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.

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	2013	2014
Assets		
Equity securities trading	615	65
of which at fair value pursuant to the fair value option	544	0
Other invested assets	11 164	9 684
of which at fair value pursuant to the fair value option	403	444
Liabilities		
Liabilities for life and health policy benefits	–36 033	–33 605
of which at fair value pursuant to the fair value option	–145	–187

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	2013	2014
Equity securities trading	35	2
Other invested assets	72	50
Liabilities for life and health policy benefits	125	–41
Total	232	**11**

Fair value changes from equity securities trading are reported in “Net realised investment gains/losses – non-participating business”. Fair value changes from other invested assets 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:

2013 USD millions	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets			
Policy loans		270	270
Mortgage loans		1 801	1 801
Other loans		824	824
Investment real estate		2 551	2 551
Total assets	0	5 446	5 446
Liabilities			
Debt	–10 998	–7 528	–18 526
Total liabilities	–10 998	–7 528	–18 526

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	–5 126	–15 060
Total liabilities	**–9 934**	**–5 126**	**–15 060**

Policy loans, other loans and certain mortgage loans are classified as level 3 measurements, as they do not have an active exit market. The majority 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.

10 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:

2013 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	81 197	2 380	−2 123	257
Foreign exchange contracts	15 580	252	−417	−165
Equity contracts	20 111	1 266	−731	535
Credit contracts	2 676	46	−49	−3
Other contracts	23 055	140	−773	−633
Total	142 619	4 084	−4 093	−9
Derivatives designated as hedging instruments				
Foreign exchange contracts	1 472	15	−11	4
Total	1 472	15	−11	4
Total derivative financial instruments	144 091	4 099	−4 104	−5
Amount offset				
Where a right of set-off exists		−2 353	2 353	
Due to cash collateral		−524	303	
Total net amount of derivative financial instruments		1 222	−1 448	−226

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**

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 2013 and 2014.

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	2013	2014
Derivatives not designated as hedging instruments		
Interest rate contracts	–241	–225
Foreign exchange contracts	–584	42
Equity contracts	–962	–172
Credit contracts	–71	9
Other contracts	1 728	–312
Total gain/loss recognised in income	–130	**–658**

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 2013 and 2014, 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. Previously, the Group has entered into interest rate swaps to reduce the exposure to interest rate volatility. 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:

		2013		2014
USD millions	Gains/losses on derivatives	Gains/losses on hedged items	Gains/losses on derivatives	Gains/losses on hedged items
Fair value hedging relationships				
Interest rate contracts	–240	255		
Foreign exchange contracts	2	–1	122	–120
Total gain/loss recognised in income	–238	254	**122**	**–120**

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 2013 and 2014, the Group recorded an accumulated net unrealised foreign currency remeasurement gain of USD 29 million and a gain of USD 894 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 2013 and 2014 was approximately USD 1 746 million and USD 1 817 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[1]

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 305 million and USD 112 million as of 31 December 2013 and 2014, respectively. For derivative financial instruments containing credit risk-related contingent features, the Group posted collateral of USD 2 million and USD 6 million as of 31 December 2013 and 2014, 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 2014. The total equals the amount needed to settle the instruments immediately as of 31 December 2014.

Credit derivatives written/sold

In 2013, the Group has substantially completed the unwinding and de-risking activities and reduced its exposure in credit derivatives written/sold which decreased the related notional amount and fair values materially. As of 31 December 2014, the Group had no significant exposure in credit derivatives written/sold. The maximum potential payout, which is based on notional values, as of 31 December 2013 and 2014, was USD 640 million and nil, respectively.

[1] During 2014, the Group revised the disclosure on contracts that contain credit risk related contingent features. The revision had no impact on net income and shareholder's equity of the Group.

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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. Interest expense is classified accordingly.

The Group's debt as of 31 December was as follows:

USD millions	2013	**2014**
Senior financial debt	901	654
Senior operational debt	2917	1047
Short-term debt – financial and operational debt	3818	**1701**
Senior financial debt	3233	3513
Senior operational debt	708	713
Subordinated financial debt	5367	5486
Subordinated operational debt	5414	2903
Long-term debt – financial and operational debt	14722	**12615**
Total carrying value	18540	**14316**
Total fair value	18526	**15060**

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 2013 and 2014, debt related to operational leverage and financial intermediation amounted to USD 9.0 billion (thereof USD 6.1 billion limited- or non-recourse) and USD 4.7 billion (thereof USD 3.4 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	2013	**2014**
Due in 2015	730	0[1]
Due in 2016	2151	1984
Due in 2017	1341	1215
Due in 2018	0	854
Due in 2019	1981	1922
Due after 2019	8519	6640
Total carrying value	14722	**12615**

[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%	601
2018	Syndicated revolving credit facility	2014	GBP	550	variable	854
2019	Senior notes[1]	1999	USD	234	6.45%	272
2022	Senior notes	2012	USD	250	2.88%	249
2024	EMTN	2014	CHF	250	1.00%	250
2026	Senior notes[1]	1996	USD	397	7.00%	519
2030	Senior notes[1]	2000	USD	193	7.75%	279
2042	Senior notes	2012	USD	500	4.25%	489
Various	Payment undertaking agreements	various	USD	579	various	713
Total senior long-term debt as of 31 December 2014						**4 226**
Total senior long-term debt as of 31 December 2013						3 941

[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	829
2042	Subordinated fixed-to-floating rate loan note	2012	EUR	500	6.63%	2022	597
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	212
2057	Subordinated private placement (amortising, limited recourse)	2007	GBP	1 862	4.83%		2 903
	Subordinated perpetual loan note	2006	EUR	1 000	5.25%	2016	1 209
	Subordinated perpetual loan note	2006	USD	752	6.85%	2016	752
	Subordinated perpetual loan note	2007	GBP	500	6.30%	2019	778
	Subordinated perpetual loan note	2007	AUD	300	7.64%	2017	245
	Subordinated perpetual loan note	2007	AUD	450	6 months BBSW +1.17%	2017	368
Total subordinated long-term debt as of 31 December 2014							**8 389**
Total subordinated long-term debt as of 31 December 2013							10 781

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	2013	2014
Senior financial debt	148	120
Senior operational debt	48	16
Subordinated financial debt	286	300
Subordinated operational debt	246	231
Total	728	**667**

Interest expense on contingent capital instruments was USD 67 million and USD 69 million for the years ended 31 December 2013 and 2014, respectively.

Long-term debt issued in 2014

In April 2014, Swiss Re Life Capital Ltd entered into a GBP 550 million revolving credit facility with a syndicate of banks. The facility has an expiry date of 7 April 2018. At 31 December 2014, the facility was fully drawn.

In September 2014, Swiss Re Corporate Solutions Ltd issued a 30-year subordinated fixed rate resettable callable loan note with a first optional redemption date on 11 September 2024 and a scheduled maturity in 2044. The note has a face value of USD 500 million, with a fixed coupon of 4.5% per annum until the first optional redemption date.

In September 2014, Swiss Reinsurance Company Ltd issued 10-year senior notes maturing in 2024. The notes have a face value of CHF 250 million, with a fixed coupon of 1% per annum.

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 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 2013 and 2014, the Group declared regular dividends per share of CHF 3.50 and CHF 3.85, respectively, as well as additional special dividends of CHF 4.00 and CHF 4.15, 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)	2013	2014
Basic earnings per share		
Net income	4 513	**3 569**
Non-controlling interests	–2	**0**
Interest on contingent capital instruments[1]	–67	**–69**
Net income attributable to common shareholders	4 444	**3 500**
Weighted average common shares outstanding	342 764 609	**342 213 498**
Net income per share in USD	12.97	**10.23**
Net income per share in CHF[2]	12.04	**9.33**
Effect of dilutive securities		
Change in income available to common shares due to contingent capital instruments[1]	69	**69**
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	1 094 715	**2 198 904**
Diluted earnings per share		
Net income assuming debt conversion and exercise of options	4 513	**3 569**
Weighted average common shares outstanding	379 604 516	**380 157 594**
Net income per share in USD	11.89	**9.39**
Net income per share in CHF[2]	11.04	**8.56**

[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.

13 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	2014
2015	79
2016	76
2017	68
2018	54
2019	40
After 2019	269
Total operating lease commitments	**586**
Less minimum non-cancellable sublease rentals	42
Total net future minimum lease commitments	**544**

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	2013	2014
Minimum rentals	64	69
Sublease rental income	–1	0
Total	63	**69**

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 10 years. The total commitments remaining uncalled as of 31 December 2014 were USD 2 034 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.

14 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 certain debt financing vehicles as it has power over the investment management in the vehicles, 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 2014 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	2013 Carrying value	2013 Whereof restricted	2014 Carrying value	2014 Whereof restricted
Fixed income securities available-for-sale	6 490	6 490	4 200	4 200
Short-term investments	61	61	95	95
Other invested assets	8		16	
Cash and cash equivalents	162	162	25	25
Accrued investment income	60	60	38	38
Deferred tax assets			19	19
Other assets	17		16	
Total assets	6 798	6 773	**4 409**	**4 377**

	Carrying value	Whereof limited recourse	Carrying value	Whereof limited recourse
Deferred and other non-current tax liabilities			177	177
Short-term debt	62	62		
Accrued expenses and other liabilities	20	20	7	7
Long-term debt	5 414	5 414	2 903	2 903
Total liabilities	5 496	5 496	**3 087**	**3 087**

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	2013	2014
Fixed income securities:		
Available-for-sale	71	69
Trading	15	
Policy loans mortgages and other loans		84
Other invested assets	1 568	1 451
Total assets	1 654	**1 604**
Short-term debt	417	
Accrued expenses and other liabilities	422	167
Total liabilities	839	**167**

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:

USD millions	Total assets	Total liabilities	Maximum exposure to loss[1]	2013 Difference between exposure and liabilities	Total assets	Total liabilities	Maximum exposure to loss[1]	**2014** Difference between exposure and liabilities
Insurance-linked/credit-linked securitisations	72		90	90	70		68	68
Life and health funding vehicles	18		792	792			1 683	1 683
Swaps in trusts	96	284	– [2]	–	35	82	– [2]	–
Debt financing	407		30	30	378		28	28
Investment vehicles	853		853	853	845		845	845
Other	208	555	1 105	550	276	85	1 076	991
Total	1 654	839	– [2]	–	**1 604**	**167**	**– [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. Liabilities of USD 85 million recognised for the "Other" category relate mainly to a guarantee granted.

15 Restructuring provision

In 2014, the Group set up a provisions of USD 16 million for restructuring costs, and released USD 3 million.

The increase of the provision in the Property & Casualty Reinsurance business segment of USD 16 million is mostly related to office structure simplification costs and 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:

2013 USD millions	Property & Casualty Reinsurance	Life & Health Reinsurance	Admin Re®	Total
Balance as of 1 January	32	1	11	44
Increase in provision	46			46
Release of provision	–2			–2
Costs incurred	–12	–1	–1	–14
Balance as of 31 December	64	0	10	74

2014 USD millions	Property & Casualty Reinsurance	Life & Health Reinsurance	Admin Re®	Total
Balance as of 1 January	64	0	10	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**	**63**

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, liquidity position or prospects to be materially different from any future results of operations, financial condition, solvency ratios, liquidity position 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

Pessimistic global growth forecasts, particularly in respect of Europe, and heightened volatility due to the constraints inherent in current monetary policies of the world's principal central banks, among other factors, highlight the continued uncertainties around the post-crisis recovery and the risks that the world economy continues to face, notwithstanding positive macro-economic trends in the United States. The International Monetary Fund recently reduced its forecast for global economic growth and reports that the risk of a recession and deflation in the eurozone has risen sharply. In the European Union, it remains unclear whether proposals for a single resolution mechanism and other components of a banking union in the European Union, as well as actions of the European Central Bank, will create the conditions necessary for increased bank lending and greater economic growth. Uncertainty around economic growth could be compounded by domestic political considerations in various EU member states.

Countries in emerging market regions in Asia and Latin America recently have experienced deceleration in GDP growth. Policy uncertainty and volatile, negative or uncertain economic conditions in developed markets could also adversely impact economies in Asia and Latin America, undermining business confidence. Periods of economic upheaval could also result in sudden government actions such as imposition of capital, price or currency controls, or changes in legal and regulatory requirements.

Political or geopolitical developments, and international responses thereto, also can have an adverse impact on global financial markets and economic conditions.

Further adverse developments or the continuation of adverse trends that in turn have a negative impact on financial markets and economic conditions could limit the ability of Swiss Re Ltd ("Swiss Re") and its subsidiaries (collectively, the "Group") to access the capital markets and bank funding markets, and could adversely affect the ability of counterparties to meet their obligations. 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 overall results.

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. New legislation as well as changes to existing legislation have been proposed and/or recently adopted in a number of jurisdictions that are expected to alter, in a variety of ways, the manner in which the financial services industry is regulated. Although it is difficult to predict which proposals will become law and when and how new legislation ultimately will be implemented by regulators (including in respect of the extraterritorial effect of reforms), it is likely that significant aspects of existing regulatory regimes governing financial services will change. These may include changes as to which governmental bodies regulate financial institutions, changes in the way financial institutions generally are regulated, increased regulatory capital requirements, enhanced governmental authority to take control over operations of financial institutions, restrictions on the conduct of certain lines of business, changes in the way financial institutions account for transactions and securities positions, changes in disclosure obligations and changes in the way rating agencies rate the creditworthiness and financial strength of financial institutions.

Although early regulatory efforts following the credit crisis in 2008 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 will be subject to Solvency II, which will enter into force on 1 January 2016. The Group is also monitoring the proposed Swiss Federal Act on Financial Market Infrastructure (which will introduce 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. 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 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 ("IAIGs")). 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.

With respect to equity prices, 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 which the Group participates and potential default by borrowers.

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 judgments, 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. 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 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. In addition, 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. Any of the foregoing, as well as other concerns in respect of the Group's business, 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.

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.

Contacts

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Swiss Re has about 70 office locations in more than 30 countries. For a full list of our office locations and service offerings, please visit www.swissre.com.

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Corporate calendar

KEY DATES

18 March 2015
Publication of Annual Report 2014 and
2014 EVM Results

21 April 2015
151st Annual General Meeting

30 April 2015
First quarter 2015 results

30 July 2015
Second quarter 2015 results

29 October 2015
Third quarter 2015 results

Title:
2014 Financial Review

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