



** tailor-made*



Annual Report 2017
Local GAAP format
(Swiss Code of Obligations)

new/re



Who we are

128 CHFm
annual result

218%
SST solvency ratio

over
90
years of experience

Key figures

in CHFm	2017	2016
Gross premiums written	4,337.3	3,955.5
Net earned premiums	4,403.3	3,914.4
Overall technical result – Life & Non-life (incl. interest, after management expenses)	69.5	66.7
Investment result (excl. interest on techn. prov., before mgmt exp.)	29.4	61.4
Management expenses – investments	-21.7	-23.0
Profit for the year	128.0	113.3
Investments	2,549.6	2,387.9
Technical provisions (net)	4,247.4	2,497.2
Shareholder's equity*	834.4	819.7

*before appropriation of available earnings

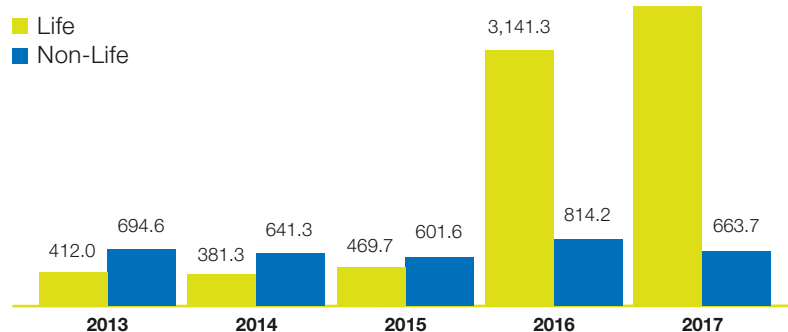
120
specialists in Zurich

Rating
A+
A.M. Best

AA-
Standard & Poor's

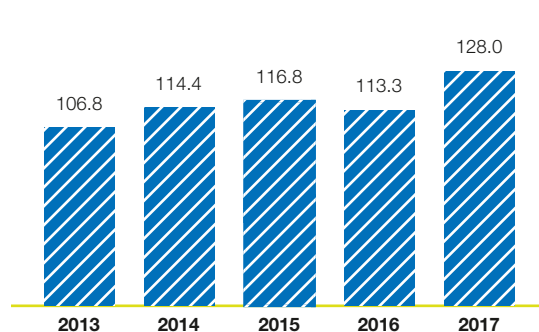
Gross premiums written

CHFm



Profit for the year

CHFm



NewRe has dedicated itself to developing state-of-the-art reinsurance solutions. Our employees apply solid expertise and reliability in creating tailor-made offers to cover your risks.

We possess the ideal size and required agility to react quickly and competently to changes in the market.



Contents

<i>NewRe at a glance</i>	<i>05</i>
Overview	05
Board of Management	06
Letter from the CEO	09
Business segments	12
<i>Management report</i>	<i>15</i>
<i>Financial statements</i>	<i>20</i>
Balance sheet as at 31 December 2017	20
Income statement for 2017	21
Cash flow statement	26
Notes to the financial statements	27
<i>Proposed appropriation of the 2017 earnings</i>	<i>31</i>
<i>Report of the statutory auditor</i>	<i>32</i>



NewRe at a glance

Overview

New Reinsurance Company Ltd. (NewRe) is a Swiss reinsurer founded in Zurich in 1926. In 1988, NewRe became part of Munich Re Group, one of the world's leading reinsurers.

NewRe is a property and casualty reinsurance company, a leading underwriter of structured reinsurance solutions and an active reinsurer in the fields of insurance derivatives and parametric trigger covers. The company also specialises in variable annuity reinsurance and capital management solutions for life business. NewRe is considered a core company of Munich Re Group and combines exceptional financial strength with the efficiency and creativity of a medium-sized reinsurer.

We want to be a reliable partner for our clients. We think beyond traditional models and design tailor-made reinsurance solutions with the aim of enhancing our clients' capital structure, earnings stability and liquidity. Working with our broker partners, we offer mono-line and multi-line solutions, including life and specialty classes of business, in the form of both prospective and retrospective covers.

Board of Directors

Dr. Thomas Blunck,
President until 28 February 2017
Dr. Doris Höpke,
President as of 1 March 2017
Claus-Ulrich Kroll, Vice-President
Dr. Konrad Annasohn, until 1 June 2017
Dr. René Schnieper, as of 16 March 2017
Bruno Meyenhofer

Board of Management

Dr. Renate Strasser,
Chief Executive Officer
Dr. Jürgen Kammerlohr,
Chief Financial Officer
Jean-Luc Bourgault, Chief Underwriting
Officer Property & Casualty
Paolo Monticolo,
Chief Risk Officer, until 31 December 2017
Dr. Christian Dahmen,
Chief Risk Officer, as of 1 January 2018

Shareholder

100% Munich Reinsurance Company,
Munich

Rating

AA- by Standard & Poor's
A+ by A.M. Best

Auditors

KPMG AG, Zurich

Board of Management

Dr. Renate Strasser, Chief Executive Officer

Before joining Munich Re, Renate Strasser spent six years as an Assistant Professor for Corporate Finance at the University of Klagenfurt. She joined Munich Re in 2004 as Consultant Pricing for Aviation, developing aviation pricing tools and pricing complex aviation risks. From 2007 onwards, she took over the role of Head of Aviation Facultative, where she was responsible for the worldwide portfolio.

In January 2016, Renate Strasser was appointed CEO of NewRe. In this function, she has responsibility for the entire legal entity operating out of Zurich, including traditional property and casualty reinsurance business, structured reinsurance solutions, weather derivative business and life business.

Renate Strasser holds a Master of Business Administration from the University of Graz, Austria and a PhD in Business Administration with a focus on Corporate Finance from the University of Klagenfurt, Austria.

Dr. Jürgen Kammerlohr, Chief Financial Officer

After eight years as an attorney at an international law firm in Germany focusing on corporate, commercial and insurance law, Jürgen Kammerlohr joined Munich Re in 1998 as a Senior Consultant in the Finance Department. He was Head of M&A/Group Investments (Europe) from 2004 to 2007, where he was primarily responsible for group-wide M&A work as well as debt and equity capital market transactions.

From 2008 until 2012, Jürgen Kammerlohr was Chief Financial Officer and member of the Board of Directors of American Modern Insurance Group. American Modern was acquired by Munich Re in early 2008 and Jürgen Kammerlohr was responsible for integrating American Modern into the Munich Re America Group.

In January 2013, Jürgen Kammerlohr was nominated Chief Financial Officer and member of the Board of Management of NewRe.

He holds a doctorate in German law and a US Master of Law degree.

Jean-Luc Bourgault, Chief Underwriting Officer Property & Casualty

Jean-Luc Bourgault started his career at SCOR in Paris and then moved to MMA Re (Covea Group), where he spent 20 years with various underwriting responsibilities in international markets, including Managing Director of the Canadian Branch from 1985 to 1990 and Chief Underwriting Officer Life and Non-life from 1990 to 1998. In 1998, he was appointed General Manager of Le Mans Re, a joint venture between MMA and XL Capital (now XL Re Europe).



Members of the Board of Management (from left):
Dr. Christian Dahmen, Chief Risk Officer
Dr. Renate Strasser, Chief Executive Officer
Dr. Jürgen Kammerlohr, Chief Financial Officer
Jean-Luc Bourgault, Chief Underwriting Officer Property & Casualty

He joined NewRe in 2000 and was appointed to the Board of Management as Chief Underwriting Officer responsible for all life and non-life business in 2001. He oversaw the strategic refocusing of NewRe in European markets and non-proportional business and built the analytics capabilities of the company. From 2008 onwards, he focused on developing the Property & Casualty operations and positioned NewRe as a leading market player for innovative non-standard and structured solutions.

He holds a Master of Business Administration from ESCP Europe Business School in Paris, a Master of Economics from Sorbonne University and an MBA from the University of Toronto, Canada.

Paolo Monticolo, Chief Risk Officer (until 31 December 2017)

Paolo Monticolo began his career at SCOR in Paris in 1996 and moved to the Italian subsidiary in Milan in 1997 where he was responsible for pricing and reserving.

He joined NewRe in 2001 as a Senior Life and Non-Life Underwriter. In 2002, he moved to the newly created risk management department, initially in charge of life and non-life reserving. He was appointed Head of Department in 2004 and became Appointed Actuary in 2008. In this function, Paolo Monticolo developed the internal risk management model in parallel with the development of the Swiss Solvency Test (SST) framework.

In 2013, Paolo Monticolo became Chief Risk Officer and was promoted to the Board of Management.

Paolo Monticolo studied actuarial sciences in Trieste, Italy and London, United Kingdom, and is a member of the Italian Institute of Actuaries.

Dr. Christian Dahmen, Chief Risk Officer (as of 1 January 2018)

Following several years in financial risk consulting with d-fine in Germany, Christian Dahmen joined Munich Re in 2009 as Risk Analyst for market and credit risk modelling. In the preparation phase for Solvency II, Christian Dahmen managed Munich Re's group-wide internal model application project.

Since then, he has held several management positions in risk management across the Munich Re Group. Most recently, he headed the risk management organisation of the health primary and reinsurance segment within the Group.

In January 2018, Christian Dahmen was appointed Chief Risk Officer and member of the Board of Management of NewRe.

Christian Dahmen holds a doctorate degree in Physics from the Technical University Aachen, Germany, and a M.Sc. in Mathematical Finance from the University of Oxford, United Kingdom.

Letter from the CEO

NewRe closed its 2017 financial year successfully with gross premiums written up from CHF 4.0bn in 2016 to CHF 4.3bn in 2017. This increase in gross premiums written was mainly driven by new life reinsurance business acquired on a world-wide scope. The overall result for the year increased compared to 2016 from CHF 113m to CHF 128m. While the weather and agricultural business saw negative results in 2017 and UK motor business required reserve strengthening, the natural catastrophe business benefitted from very benign losses. The drivers of our 2017 performance are explained in more detail in our financial statements and in the Management Report.

NewRe's continues to nurture a business model that is built on four strategic pillars (cf. also p. 12 "Business segments"). The effect of this diversification reflects positively in our 2017 numbers.

We pursue a second-brand strategy operating independently from Munich Re Group in our Property & Casualty business. Additionally, we complement the Group's offering with the other three segments, Capital Partners, Weather & Agro and Life reinsurance, where we work in group-wide teams and act as a specialised risk carrier for Munich Re.

Please join me in looking at some important business themes from 2017:

- we further intensified working with innovative start-up companies and virtual insurers in the Property & Casualty segment.
- this year also saw the development of innovative parametric covers in the public sector: we helped shape the World Bank's Pandemic Emergency Financing Facility (PEF) and partnered with the International Committee of the Red Cross to launch their Humanitarian Impact Bond (HIB) to name but a few.
- in the Weather segment added diversification across both regions and clients in Europe has been achieved. Furthermore, we ramped up our efforts in the renewable energy space with successful closures of wind- and solar-related deals.

The year has clearly highlighted that NewRe's strategic approach has paid off well in challenging times. For 2018, we are dedicated to build upon this strong momentum and reach out for new opportunities.

For the company, 2017 was a year of change on its Board of Management. After 5 years as Chief Risk Officer, Paolo Monticolo decided to step down from this role within which he fundamentally shaped NewRe. He was instrumental in developing the internal risk management model in parallel with the development of the Swiss Solvency Test (SST) framework. NewRe was one of the first companies to obtain approval for a full internal risk model in 2011. We thank him profusely for his immense dedication and contribution to NewRe's success during his time as CRO.

On 1 January 2018, Dr. Christian Dahmen was appointed Chief Risk Officer and member of the Board of Management. Mr. Dahmen takes on the function after many years within the Munich Re Group where he acquired extensive enterprise risk management and prudential oversight expertise. We are very pleased to have secured a well-recognised expert of risk management for NewRe.

2017 was a remarkable and demanding year in the reinsurance world on many fronts. This called for sterling effort and commitment by our employees. We are proud to be able to say that the year has proven more than ever that we have the best possible team and skill set in place to tackle these challenges. We sincerely thank our staff as none of what we have achieved would be possible without their dedication and hard work.

Today, NewRe stands out as the premium reinsurer that combines solidity with flexibility and innovative capacity in order to create sustainable added value for its clients. We believe that with these capabilities our clients can profit in the best possible fashion: we have demonstrated that we possess the ideal size and required flexibility to react quickly and competently to changes in the market. We handle complex business in an agile and lean manner – and we are bold in exploring new paths. At the same time, we can tap into the expertise and strength of Munich Re, one of the world's leading reinsurers.

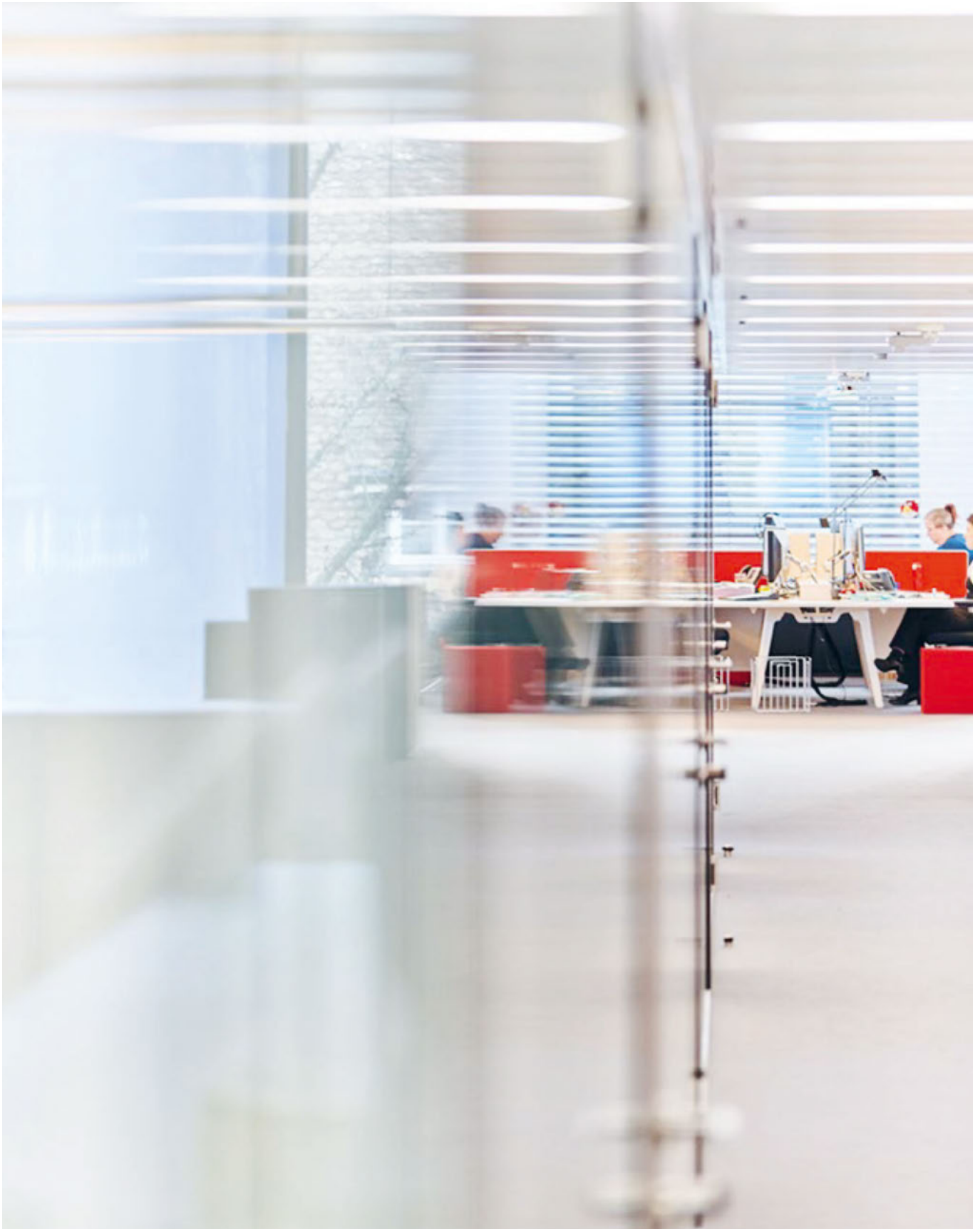
As we look to the future, we are committed to doing what is right for our clients and their long-term interests. At the core of our business lies our mission to remain the reliable partner for you, dear clients. We thank you for your trust, confidence and loyalty and look forward to prospering together in the years to come.

Yours respectfully,



Renate Strasser

Our far-reaching expertise and ongoing optimisation of our processes form the basis of our tailor-made solutions.



Business segments

Property & Casualty reinsurance

NewRe offers treaty reinsurance solutions operating as a separate brand within the Munich Re Group and thus complementing Munich Re's Property and Casualty offerings. We are a transaction oriented reinsurer delivering client value by providing high quality financial rating and large capacities paired with our ability to structure and evaluate tailor-made solutions.

We focus on European-based cedants and trade mainly with brokers. Not only because this is how most clients buy reinsurance today, but also because we think of the broker as business facilitator with whom we can work together to find the best suitable solutions.

Our pan-European team set-up enables us to allocate resources where they are best utilised and ensure swift response times. Our underwriters are also client managers who provide our business partners with transparency concerning decision making processes.

We operate in three distinct areas that enable the optimal combination to deliver an ongoing solid performance within challenging market conditions:

- We write traditional Property and Casualty treaty excess of loss reinsurance which remains the core of our activity.
- During the last decade we have developed and successfully grown recognised competencies in non-traditional reinsurance such as Solvency Q/S, Multi-Line Aggregate XL and retrospective reinsurance. Of late, these competencies have been further strengthened benefitting from our close cooperation with Capital Partners.
- More recently and on a selective basis, we support specific virtual insurance models either with reinsurance capacity or on a direct basis using our group-internal insurance paper via Great Lakes.

Capital Partners

We believe reinsurance offers complementary value for our clients. Our agile Deal Teams consisting of experts from NewRe in Zurich as well as Munich Re in Munich, New York, Singapore and Beijing are dedicated to making sure that it does. We work closely with clients to jointly develop and structure unconventional risk transfer solutions around their needs.

The results are highly flexible, turnkey packages that support the fulfilment of solvency requirements, optimise capital management or ensure business plan protection. Relying on our support in structuring risk transfer solutions ensures fitting these to specific solvency and rating models. In a low-yield environment with increasing shareholder expectations locked-up capital can be freed up using reinsurance. And when business plans encounter disruptions or surprises, a tailor-made reinsurance solution can limit the impact of distressed situations and protect our clients' business plan capital base.

Our solutions include structured prospective and retroactive reinsurance, as well as alternative risk transfer instruments like Insurance Linked Securities (ILS) and derivatives. The team in Zurich specialises in broker-sourced business in Continental Europe, the Middle East and Africa, and in public-sector business and captives.

Weather & Agro

Weather has a substantial financial impact on business in wealthy industrialised economies. The affected sectors include not only energy and agriculture, but also travel, entertainment, construction and many more. While companies have long used insurance to manage the risk of catastrophic weather events, weather-index-linked covers have more recently grown to become an important risk management tool.

We develop bespoke risk transfer solutions for all industry sectors impacted by increased weather variability. Our financial hedging instruments are used to manage non-catastrophic weather-related risks, i.e. high-frequency, low-impact occurrences. The global Weather & Agro unit of Munich Re with teams in Zurich, Houston and Munich offers tailor-made solutions to minimise our clients' weather-related risk.

The NewRe based team's main focus is energy clients (both conventional as well as renewable production) in Europe, Latin America and parts of Asia. The main exposures covered are temperature, rainfall, sunshine and wind risks. The key strategy remains to develop new client relationships in all markets. The focus in 2018 will be to further expand and intensify business in Europe as well as concentrate on opportunities in Latin America.

Life

In the context of today's strong competition and exacting rating and solvency requirements, active capital management is increasingly important for life insurers. NewRe writes structured reinsurance solutions to address such corporate risk management, corporate finance and business development needs of our clients.

Together with the specialists in the Munich Re Group we identify client needs and develop robust solution proposals. The life segment today calls for comprehensive know-how and knowledge of individual solutions. With our established approach, clients benefit from an expert team of actuaries, business analysts and client managers who conduct comprehensive business analyses as the basis of strategic implementations that will address the identified client needs.

NewRe as a financially solid, globally diversified reinsurer and core subsidiary of Munich Re is a specialised risk carrier in the Group for structured reinsurance solutions balancing a central approach with proximity to the markets.

NewRe's Life team is an integral part of Munich Re's Life Division which not only has successfully positioned itself as a premium provider of corporate risk management, particularly where management of market risk, credit risk, behaviour risk, complex biometric risk or structuring capabilities are key, but is in a position to offer the technology and resources required to seize business opportunities on a worldwide geographical scope.



Management report

General overview

In 2017, NewRe's top-line developed positively again and the company achieved strong financial results. Primarily driven by life business, premium volume rose from CHF 4.0bn in 2016 to CHF 4.3bn in 2017.

While the natural catastrophe reinsurance business produced favourable results again, the bottom line of our weather/agricultural segment was negative for the year. Life business was profitable and exceeded expectations.

At CHF 128m, NewRe's overall 2017 result compares favourably to the previous year's figure of CHF 113m.

Market conditions, competition, supply and demand

The non-life reinsurance market showed mixed trends. In the United Kingdom, the discount rate applicable to lump sum payments for personal injury claims (the so-called "Ogden rate") was revised in late February 2017 from a previous rate of 2.5% to a negative rate of 0.75%. This change had a significant impact on the cost of personal injury claims. As a result, motor reinsurance in the UK has seen substantial price increases during 2017. Further developments in the UK motor market will depend to a substantial degree on the evolution of this rate.

In property reinsurance, the prices have remained relatively soft across Europe and all lines of business. The main cause for these continued low price levels is an ample supply of risk capital in the market. In life reinsurance, market conditions continued to be favourable. Solvency II requirements led to a continuing demand for traditional financing as well as structured life reinsurance solutions. NewRe has been able to benefit from this positive environment and several new life transactions have been written.

Staff

The total workforce of NewRe was 112 FTEs at the beginning and 113 FTEs at the end of 2017, with an average of 112.5 FTEs during the year.

A change in the set-up of NewRe's Board of Management became effective at year-end 2017. Paolo Monticolo stepped down from his position as member of the Board of Management and Chief Risk Officer. Dr. Christian Dahmen was appointed as his successor and took on both roles effective 1 January 2018.

Innovation and development

In non-life reinsurance, we continue to work with innovative start-up companies and virtual insurers. In life reinsurance, our focus has been to support primary insurance companies in offering innovative products to their clients and to cover the risks associated with these new products.

Significant events

New life reinsurance transactions have added a premium volume of roughly CHF 450m during 2017. Across all segments (including life), gross premiums written grew to nearly CHF 4.3bn, compared to CHF 4.0bn in 2016.

In UK motor liability business, the aforementioned Ogden rate change necessitated a strengthening of our UK motor reserves by somewhat less than CHF 50m. Conversely, this change had a significant positive impact on our 2017 pricing in the UK Motor segment.

The NewRe natural catastrophe reinsurance business experienced another year of relatively benign losses. The Atlantic hurricanes of Harvey, Irma and Maria have only had a minor impact on NewRe. This was due to our European focus in the property and casualty reinsurance segment.

After a positive result in 2016, NewRe's weather derivatives business has seen negative results in 2017 due to periods of unusually warm weather during the year.

Risk management

Due to the volatile nature of the reinsurance business, and the potential for significant losses, NewRe has a dedicated risk policy and maintains a tight risk management system. The features of this risk management system are explained in more detail in the respective section of this report (see p. 17).

All events and impacts experienced in 2017 were within the expected range

Outlook

In NewRe's non-life reinsurance business, 1 January 2018 is the date on which a significant portion of the book is due for renewal. Despite the continuing soft market, the overall outcome of the 1 January 2018 business renewals was positive, both with respect to new business volume and price levels.

All in all, the outlook for NewRe's business in 2018 is favourable. However, reinsurance business is by nature highly volatile. The natural catastrophe reinsurance segment and the parametric weather business in particular may be affected by large loss events and weather extremes.

Risk assessment – addendum to the Management report

Governance and responsibilities

The Board of Directors is responsible for the risk management principles and policies, as well as for approving the overall risk tolerance. The operational risk processes are delegated to an independent risk function that is responsible for risk assessment, reporting and escalation. NewRe's risk management function is fully embedded in the Group risk management framework. As one of their risk management tools, NewRe operates an efficient Internal Control System (ICS) to promote and enhance the risk and control culture at NewRe in all areas and at all levels. All staff are instructed to proactively report deficiencies and risks in their areas of activity to enable timely action to be taken to remedy them.

Risk management objectives and methodology

The careful selection of reinsurance risks is at the core of NewRe's business model. The company deploys a variety of risk management tools, processes and functions to manage its operational and financial risks, and seeks to optimise the balance between risks taken and earnings opportunities.

NewRe's risk management strategy is aimed at

- maintaining NewRe's financial strength,
- safeguarding the reputation of NewRe and Munich Re (Group),
- enabling NewRe to protect and generate sustainable shareholder value.

The two main elements of NewRe's risk management approach are:

- a system of internal controls aimed at avoiding and reducing undesired risk
- the regular and structured analysis and measurement of risks.

The primary tool for measuring and quantifying risks at the legal-entity level is the internal risk modelling framework developed for the Swiss Solvency Test (SST) and based on the Munich Re (Group) capital model.

Risk identification

Risk is defined as the possibility of a future deviation from a predefined goal, which can, individually or cumulatively, significantly affect the financial situation of NewRe. Risks are identified and classified according to their potential exposure to one or a combination of the following risk types: underwriting, market, credit, operational, liquidity, reputational and strategic risks.

The majority of NewRe's risk and control activities are in the area of underwriting risks, focusing on the correct assessment of risk, exposure, price, wording and guidelines.

Risk evaluation and measurement

The evaluation and quantitative measurement of the risks are documented in the regular Internal Risk Report. NewRe determines the economic capital required to carry its risks by using a stochastic internal risk model as developed for the Swiss Solvency Test (SST). The economic risk capital corresponds to the 99% Tail Value at Risk (TVaR) over a one-year time horizon. This represents an estimate of the expected annual loss likely to occur with a frequency of less than once in one hundred years.

Internal Control System (ICS)

NewRe has a holistic approach to the ICS and its application is a continuous process, mainly based on the segregation of duties. The ICS is refined periodically to reflect changes in the business and control environment. As part of Munich Re (Group), NewRe adheres to the Group framework of regulations and policies.



We combine solidity with flexibility and innovative capacity to offer our clients added value.



Financial statements

Balance sheet as at 31 December

before appropriation of available earnings
in CHF

Assets	2017		2016	
Investments				
Real estate		44,174,508		44,517,761
Fixed interest securities		503,855,370		503,419,887
Shares		5,196,798		5,417,972
Other investments		1,996,398,138		1,834,542,666
Receivables from derivative financial instruments		876,291,218		1,029,395,758
Deposits retained on assumed reinsurance business		2,521,794,398		932,088,876
Cash and cash equivalent		215,992,090		254,906,201
Underwriting provisions ceded		10,254,985		10,558,234
Tangible assets		670,691		1,103,809
Deferred acquisition costs		426,526,717		424,081,524
Accounts receivable from insurance and reinsurance companies		66,540,119		70,839,025
Other accounts receivable		397,310,375		447,276,503
		7,065,005,407		5,558,148,216
Liabilities and equity		2017		2016
Technical provisions		4,257,664,476		2,507,788,064
Non-technical provisions		160,083,814		164,638,617
Liabilities due to derivative financial instruments		771,013,072		932,723,118
Deposits retained on ceded reinsurance business		1,670,397		2,434,954
Accounts payable on insurance and reinsurance business		308,141,528		291,791,638
thereof due to brokers	2,241,764		1,270,931	
thereof due to insurance and reinsurance companies	305,899,764		290,520,707	
Other liabilities		732,081,094		839,102,474
Total liabilities		6,230,654,381		4,738,478,865
Share capital		260,000,000		260,000,000
Legal reserves from capital		122,687		122,687
Legal reserves from profit		129,877,313		129,877,313
Free reserves		316,374,351		316,373,214
Profit for the year		127,976,675		113,296,137
Total equity		834,351,026		819,669,351
		7,065,005,407		5,558,148,216

Income statement for the year

Technical accounts

in CHF

Life	2017		2016	
Gross premiums	3,673,620,869		3,141,343,012	
Premiums ceded	-882,406		-680,580	
Premiums for own account		3,672,738,463		3,140,662,432
Change in unearned premiums gross	4,142,736		7,523,906	
Change in unearned premiums ceded	0		0	
Change in unearned premiums for own account		4,142,736		7,523,906
Net earned premiums for own account		3,676,881,199		3,148,186,338
Interest for own account – on premium funds		40,323,535		15,444,279
Interest for own account – on other technical provisions		3,073,059		10,181,473
Interest on own account		43,396,594		25,625,752
Total technical income for own account		3,720,277,793		3,173,812,090
Claims payment gross	-1,236,694,618		-1,302,368,648	
Claims payment ceded	716,070		941,575	
Claims payment for own account		-1,235,978,548		-1,301,427,073
Change in provision gross	-15,696,618		-71,034,392	
Change in provision ceded	-903,520		-744,569	
Change in provision for own account		-16,600,138		-71,778,961
Expenditure for incurred claims for own account		-1,252,578,686		-1,373,206,034
Commissions expenses gross	-2,408,019,048		-1,788,560,915	
Commissions expenses ceded	354,885		-243,375	
Commissions expenses for own account		-2,407,664,163		-1,788,804,290
Management expenses – life for own account		-6,056,287		-4,922,325
Total technical expenses for own account		-3,666,299,136		-3,166,932,649
Technical result for Life		53,978,657		6,879,441

Technical accounts

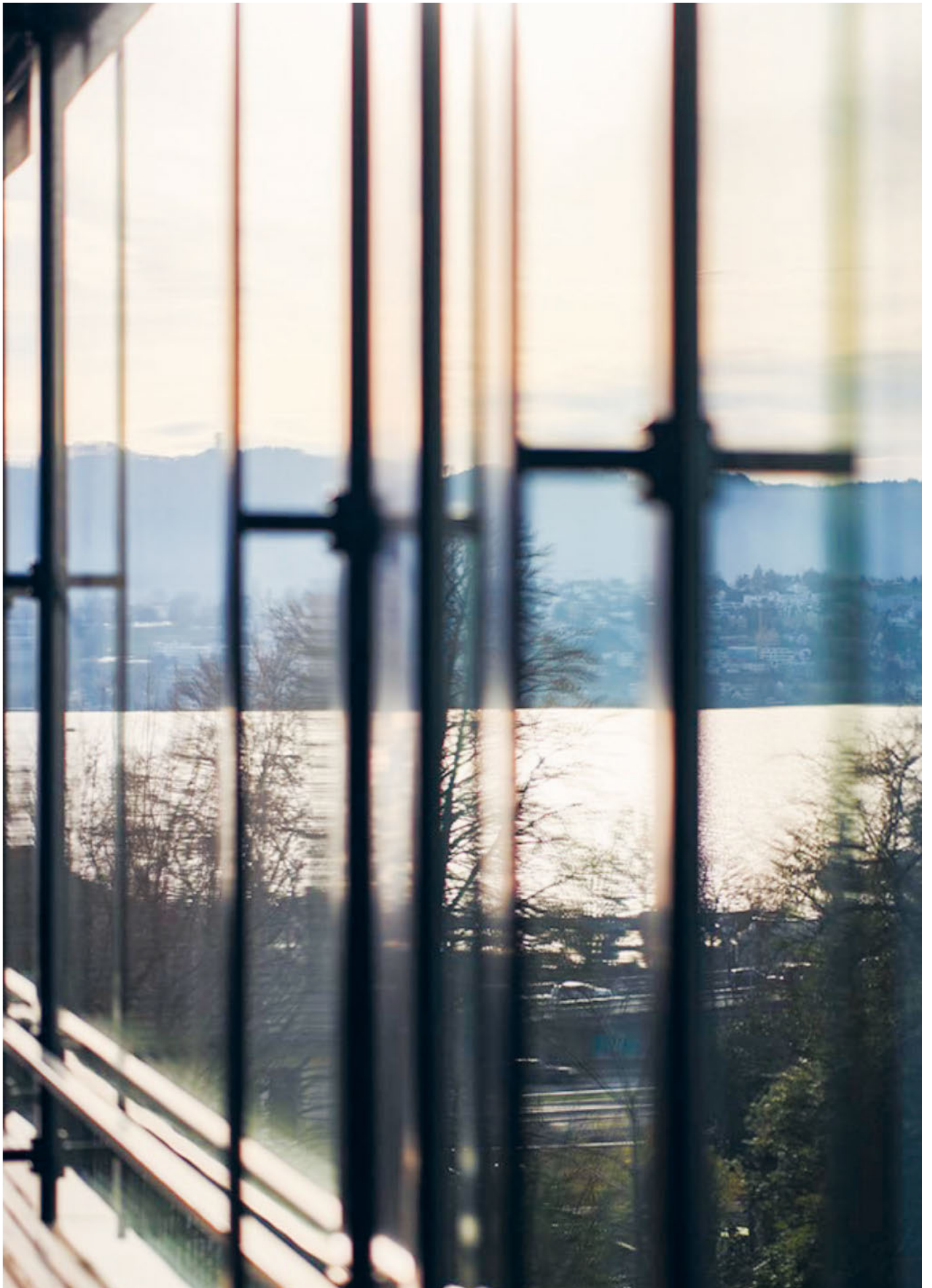
in CHF

Non-Life	2017		2016	
Gross premiums	663,649,778		814,201,930	
Premiums ceded	-14,309,287		-14,769,922	
Premiums for own account		649,340,491		799,432,008
Change in unearned premiums gross	78,314,743		-34,107,681	
Change in unearned premiums ceded	-235,130		849,678	
Change in unearned premiums for own account		78,079,613		-33,258,003
Net earned premiums for own account		727,420,104		766,174,005
Interest on technical provisions for own account		21,736,190		16,735,650
Total technical income for own account		749,156,294		782,909,655
Claims payment gross	-404,029,769		-525,048,706	
Claims payment ceded	2,889,766		11,373,370	
Claims payment for own account		-401,140,003		-513,675,336
Change in provision gross	-159,918,633		-55,269,455	
Change in provision ceded	130,677		-11,725,030	
Change in provision for own account		-159,787,956		-66,994,485
Expenditure for incurred claims for own account		-560,927,959		-580,669,821
Commissions expenses gross		-155,702,777		-124,123,395
Commissions expenses ceded		4,633,355		2,840,280
Commissions expenses for own account		-151,069,422		-121,283,115
Management expenses – other classes for own account		-21,644,078		-21,142,017
Total technical expenses for own account		-733,641,459		-723,094,953
Technical result for Non-Life		15,514,835		59,814,702
Overall technical result		69,493,492		66,694,143

General accounts

in CHF

	2017		2016	
Investment income	98,466,385		113,584,146	
Investment expenses	-3,946,365		-9,876,996	
Investment result		94,520,020		103,707,150
Interest on technical provisions – life	-43,396,594		-25,625,752	
Interest on technical provisions – other classes	-21,736,190		-16,735,650	
Interest on technical provisions		-65,132,784		-42,361,402
Investment result excluding interest on technical provisions		29,387,236		61,345,748
Net result from derivative financial instruments		39,623,634		65,641,334
Management expenses		-49,362,574		-49,096,253
Management expenses – life for own account		6,056,287		4,922,325
Management expenses – other classes for own account		21,644,078		21,142,017
Management expenses – investments		-21,662,209		-23,031,911
Operating Result (overall techn. result and investment result incl. management expenses)		116,842,153		170,649,314
Other income		25,506,567		2,612,244
Other expenses		-12,133,870		-43,373,469
Profit before taxes		130,214,850		129,888,089
Direct taxes		-2,238,175		-16,591,952
Profit for the year		127,976,675		113,296,137



We handle complex business in an agile and lean manner – and we are bold in exploring new paths.



Cash flow statement

in CHFm

	2017	2016
Profit for the year	128	113
Net change in technical provisions	1,748	484
Change in deposits retained and accounts receivable and payable	-1,595	-463
Change in other receivables and liabilities	-219	128
Gains and losses on the disposal of investments	-29	-1
Change in derivative from reinsurance business	79	-200
Change in other balance sheet items	-6	65
Other income/expenses without impact on cash flow	91	26
I. Cash flows from operating activities	197	152
Change in affiliated companies and participating interests	-127	22
Change from acquisition, sale and maturities of other investments	3	39
Other	1	1
II. Cash flows from investing activities	-123	62
Inflows from increases in capital	0	0
Outflows from share buy-backs	0	0
Dividend payments	-113	-117
III. Cash flows from financing activities	-113	-117
Cash flows for the financial year (I.+II.+III.)	-39	97
Cash at the beginning of the financial year	255	158
Cash at the end of the financial year	216	255
Change in cash for the financial year	-39	97

Notes to the financial statements

1. Accounting principles

The company's accounting principles are in line with those prescribed by the Swiss Code of Obligations (OR) and the Insurance Supervisory Ordinance (AVO). They are consistent with those applied in the previous year. The accounting and valuation principles applied for the main balance sheet items are as follows:

Investments

Buildings are valued at the lower of original acquisition cost (including capitalised cost for improvements) less amortisation or market value. Amortisation is at a rate of 2% on a straight-line basis.

Equity investments and investment funds are valued at the lower of cost or market value.

Fixed-interest securities are valued at amortised cost less required impairments. The annual amortisation amount is recognised within the investment result.

Receivables from and liabilities due to derivative financial instruments

Derivative assets and liabilities are accounted for at their fair value.

Tangible assets

All fixed assets are amortised on a straight-line basis.

Deferred acquisition costs

Acquisition costs that are directly attributable to reinsurance contracts are capitalised and amortised over the lifetime of the contract in proportion to the premium income earned. These costs are regularly tested for impairment using a liability adequacy test.

Accounts receivable

Receivables are booked at nominal values and adjusted if there is a risk of their not being fully recoverable. The adjustment is calculated on the basis of individual exposures and a general allowance based on analysis of the receivables.

Other assets and liabilities

These are shown at their nominal value.

Commissions paid in respect of financing-type life reinsurance contracts are capitalised and amortised in proportion to the gross profit amounts expected to be realised over the life of the contract.

Claims expenses and claims reserves

Case reserves are created for the amounts reported by ceding companies. At year-end closing, most statements of account received for recent underwriting years are incomplete and are subject to estimates. The claims reserves are valued at the expected ultimate cost – including reserves for incurred but not reported claims – either reported by ceding companies or estimated by underwriters and the actuarial department, less claims paid.

Premiums

Premiums are earned on a pro-rata-temporis basis over the period of the risk, or in proportion to the cover provided.

2. Transactions conducted in foreign currencies

All balance sheet items are translated from their original currency into CHF using the year-end exchange rate. The company books a provision for net unrealised foreign exchange gains.

3. Other information according to the Swiss Code of Obligations (OR) and Insurance Supervisory Ordinance-FINMA (AVO-FINMA)

Affiliated companies

At the balance sheet date there were receivables and liabilities in respect of other affiliated companies belonging to the Munich Re (Group), as follows:

in CHF	2017	2016
Amount due from companies for reinsurance business		
Deposits retained on assumed reinsurance business	1,532,124,713	502,921,786
Accounts receivable	11,818,314	5,632,088
Total receivables	1,543,943,027	508,553,874
Amount due to companies for reinsurance business		
Deposits retained on ceded reinsurance business	0	0
Accounts payable	4,034,108	4,980,597
Total liabilities	4,034,108	4,980,597

Contingencies

The assets pledged or assigned to secure NewRe's commitments, plus the assets under reservation of ownership, amounted to CHF 803m as at 31 December 2017 (2016: CHF 595m). The increase was mainly due to two life treaties.

Auditors' fees

The fees for the audit of the 2017 financial statements amount to CHF 280k. CHF 19k related to other services. In each case, fees exclude outlays and VAT.

Full-time equivalents

During the year an average of 112.5 FTEs worked at NewRe.

Technical provisions

in CHF

Technical provisions	2017			2016		
	Gross	Retro	Net	Gross	Retro	Net
Unearned premiums	179,929,977	4,877,748	175,052,229	254,759,591	4,732,675	250,026,916
Loss reserves	1,801,529,570	3,744,453	1,797,785,117	1,551,889,729	3,456,647	1,548,433,082
Other technical reserves	10,283,852	3,721	10,280,131	0	0	0
Future policy benefits reserves	2,265,921,077	1,629,063	2,264,292,014	701,138,744	2,368,912	698,769,832
Total	4,257,664,476	10,254,985	4,247,409,491	2,507,788,064	10,558,234	2,497,229,830

Changes of the technical provisions	2017		2016	
	Net		Net	
Changes in loss reserves	149,432,668		65,138,736	
Other technical reserves	11,000,219		0	
Changes in future policy benefits reserves *)	1,493,298,583		541,450,684	
Total	1,653,731,470		606,589,420	

*) Including portfolio movements the changes in future policy benefits reserves lead to CHF 15,955,207

Statement of changes in equity

in CHF

	Share capital	Legal reserves	Free reserves from profit	Profit for the year	Total equity
Year ended December 2017					
Balances as at 31 December 2016	260,000,000	130,000,000	316,373,214	113,296,137	819,669,351
Appropriation of earnings					
Dividend payment				-113,295,000	-113,295,000
Allocation to free reserves			1,137	-1,137	0
Profit for the year 2017				127,976,675	127,976,675
Balances as at 31 December 2017	260,000,000	130,000,000	316,374,351	127,976,675	834,351,026
Year ended December 2016					
Balances as at 31 December 2015	260,000,000	130,000,000	316,334,064	116,779,150	823,113,214
Appropriation of earnings					
Dividend payment				-116,740,000	-116,740,000
Allocation to free reserves			39,150	-39,150	0
Profit for the year 2016				113,296,137	113,296,137
Balances as at 31 December 2016	260,000,000	130,000,000	316,373,214	113,296,137	819,669,351

Investment result

in CHF

							2017
	Current income	Write-ups	Realised gains	Total investment income	Write-downs and value adjustments	Realised losses	Total investment expenses
Real estate	1,150,982	0	0	1,150,982	-75,919	0	-75,919
Fixed interest securities	12,534,599	0	4,529,373	17,063,972	-2,323,327	25,888	-2,297,439
Other investments	73,864,120	0	6,387,311	80,251,431	-1,573,007	0	-1,573,007
			Total	98,466,385		Total	-3,946,365

							2016
	Current income	Write-ups	Realised gains	Total investment income	Write-downs and value adjustments	Realised losses	Total investment expenses
Real estate	900,181	0	0	900,181	-84,095	0	-84,095
Fixed interest securities	13,814,001	0	1,659,167	15,473,168	-5,450,387	-32,412	-5,482,799
Other investments	96,182,252	0	1,028,545	97,210,797	-2,154,247	-2,155,855	-4,310,102
			Total	113,584,146		Total	-9,876,996

Net result from derivative financial instruments

This item mainly includes income and expenses from insurance-related derivative financial instruments.

Shareholder

The shareholder of New Reinsurance Company Ltd., Zurich is Munich Reinsurance Company (Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München) which holds 100% of the shares in the Company.

The share capital consists of 1.3 million shares, each with a nominal value of CHF 200.

Proposed appropriation of the 2017 available earnings

The Board of Directors proposes to the Annual General Meeting that a dividend of CHF 98.40 per share be paid, resulting in the following appropriation of available earnings of CHF 127,976,675:

in CHF	2017
Allocation to free reserves	56,675
Dividend	127,920,000
Profit for the year	127,976,675

As the general reserve fund meets the regulatory requirement, no further allocations to the fund will be made.

Zurich, 23 April 2018

President
of the Board of Directors



Dr. Doris Höpke

Chairman
of the Board of Management



Dr. Renate Strasser

Report of the Statutory Auditor to the General Meeting of Shareholders of New Reinsurance Company Ltd., Zurich

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of New Reinsurance Company Ltd, which comprise the balance sheet, income statement, cash flow statement and notes for the year ended 31 December 2017.

Board of Directors' Responsibility

The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2017 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Bill Schiller
Licensed Audit Expert
Auditor in Charge

Patrick Scholz
Licensed Audit Expert

Zurich, 23 April 2018

Imprint

Published by New Reinsurance Company Ltd., Zurich,
www.newre.com

Realisation: Linkgroup AG, Zurich,
www.linkgroup.ch

Photography (inside front cover, p. 3–25): Zeljko Gataric,
www.gataric-fotografie.ch

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