

\* *reliable*



***Annual Report 2015***  
Local GAAP format  
(Swiss Code of Obligations)

**new/re**

90 years new.

*NewRe is your reliable and responsive partner for reinsurance. With skilled employees and a forward-looking attitude, we offer standard and tailored solutions to cover your risks.*

*We love challenges and flexibly bundle our skills, experience and personalities to deliver outstanding results.*



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*By questioning each other's ideas  
we gain valuable new findings.*

# *NewRe at a glance*

## **Overview**

New Reinsurance Company Ltd. (NewRe) was founded 90 years ago in Zurich and has been part of Munich Re, the world's leading reinsurer, since 1988.

NewRe is a professional 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.

Our goal is to be considered an important partner by our clients. We therefore think beyond traditional models and design tailor-made reinsurance solutions that aim to enhance our clients' capital structure, earnings stability or liquidity. Working with our broker partners, we offer monoline 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, Chairman  
Claus-Ulrich Kroll, Vice-Chairman  
Dr. Konrad Annasohn  
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  
Dr. Artur Klinger, Managing Director Capital Partners Zurich  
Paolo Monticolo, Chief Risk Officer

### **Shareholders**

100% Munich Reinsurance Company, Munich

### **Rating**

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

### **Auditors**

KPMG AG, Zurich

90 years new.

## ***Board of Management***

### ***Dr. Renate Strasser, Chief Executive Officer***

Before joining Munich Re eleven years ago, Renate Strasser worked as an Assistant Professor for Corporate Finance at the University of Klagenfurt for six years. 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 world-wide portfolio.

In January 2016, Renate Strasser assumed the role of 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 focus on Corporate Finance from the University of Klagenfurt, Austria.

### ***Dr. Jürgen Kammerlohr, Chief Financial Officer***

After working for 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 Mergers & Acquisitions/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, Chief Legal Officer and member of the Board of Directors of American Modern Insurance Group. American Modern was acquired by Munich Re in early 2008. During a comprehensive nine-month project, Jürgen 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 as a life underwriter at SCOR in Paris and then moved to MMA Re (Covea Group), where he spent twenty 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 1988, he was appointed general manager of Le Mans Re, a joint venture between MMA and XL Capital (now XL Re Europe).

He joined NewRe in 2000 and was appointed in 2001 to the Board of Management as Chief Underwriting Officer responsible for all life and non-life business. 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 and 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 Toronto University, Canada.

### ***Dr. Artur Klinger, Managing Director Capital Partners Zurich***

From 1994 to 1999, Artur Klinger held various research positions at the Department for Statistics, University of Munich, Germany. In 1999, he joined the Business Economics Department of Swiss Re Germany (formerly Bavarian Re), where he was in charge of setting up a risk management function and developing an economic value framework. In 2001, he joined Alea Europe Ltd. in Basle, Switzerland as Chief Actuary,



Members of the Board of Management: Jean-Luc Bourgault, Chief Underwriting Officer Property & Casualty; Dr. Renate Strasser, Chief Executive Officer; Dr. Jürgen Kammerlohr, Chief Financial Officer; Dr. Artur Klinger, Managing Director Capital Partners Zurich; Paolo Monticolo, Chief Risk Officer

where he was appointed Member of the Executive Board responsible for Underwriting and Life. From 2006 until 2007, he worked as Global Chief Actuary at Allianz Risk Transfer (ART) in Zurich, Switzerland.

Artur Klinger joined NewRe as Head of Analytics, Pricing & Structuring in 2008. In that role, he shaped NewRe's portfolio of structured reinsurance solutions. In 2013, Artur was appointed Chief Underwriting Officer Specialties and became a member of the Board of Management. Since July 2015, Artur Klinger has been Managing Director of Capital Partners Zurich, where he has global responsibilities within Munich Re Group for prospective structured solutions.

Artur Klinger holds a Master in Statistics and Biology, and a Doctor's degree in Statistics from the University of Munich, Germany.

#### ***Paolo Monticolo, Chief Risk Officer***

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 framework. NewRe was one of the first companies to obtain a full internal risk model approval in 2011.

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, UK, and is a member of the Italian Institute of Actuaries.

## ***Developments and notable events***

NewRe is pleased to again report solid results. In a market environment that remains challenging, we managed to close the year 2015 with a slightly better result than in 2014. This is the fruit of our continuous efforts to adhere to our strict underwriting policy and, at the same time, to work on innovative solutions and diversify our business segments to be well positioned for future challenges and opportunities. Our aim is to remain a reliable partner for our clients.

### ***Diversifying the portfolio***

NewRe started to offer tailored solutions to respond to specific client needs in 2008. We successfully concluded a variety of transactions and positioned ourselves as a respected market player. The success was due to flexibility and swift response times, and the excellent cooperation between the teams involved. In July 2015, Munich Re created the Capital Partners business unit to provide tailor-made products for capital optimisation and other complex reinsurance solutions from a single group-wide source. Experts from NewRe in Zurich and Munich Re in Munich and North America work in deal teams to develop unconventional risk transfer solutions for clients' specific requirements.

In addition, also in July 2015, Munich Re's global Agro and Weather unit established a dedicated Weather team at NewRe, which is responsible for the Group's parametric weather business for Europe, Africa and Asia. There too, the idea was to bundle expertise and resources. The clients in the Americas are served by the Group's office in Houston supporting companies in safeguarding their profits against the whims of nature. NewRe has offered weather derivatives since 2013.

Nevertheless, traditional property and casualty business remains a strong earning pillar for NewRe. Our 2015 result was again very good against the background of the prevailing difficult market environment. We withdrew from business that we no longer deemed profitable and wrote new business where rates are more promising.

### ***Renate Strasser appointed as new CEO***

Renate Strasser was appointed CEO of NewRe as of 1 January 2016. She has been with Munich Re for eleven years and headed up the Aviation Facultative Department. She succeeds Andreas Molck-Ude, who – after seven years with NewRe – moved back to Munich to take on a new role. He successfully led NewRe's relocation from Geneva to Zurich and drove the expansion of product segments to include tailored capital optimisation transactions. The Board of Directors and the Board of Management thank Andreas Molck-Ude for his high level of commitment during his time at NewRe.

### ***90 years new***

In 2016, NewRe celebrates its 90th anniversary. The past decade was the most successful in NewRe's history, with stable premium income and improved results. With our unique business model focusing on traditional reinsurance and acting as a special purpose vehicle, NewRe's target is to enhance the profitability of Munich Re Group. Skilled employees who work hard at finding the best solution and continuously adapt to a changing environment are the cornerstones of our success.



## ***Business segments***

Our business model is based on four strategic business segments.

### ***Traditional Property & Casualty treaty reinsurance***

Reinsurance solutions for property and casualty are our core business. With a geographical focus on Europe, we deliver high-performance traditional non-life treaty reinsurance. Our approach is broker-focused and transaction-oriented. In property, we concentrate on excess-of-loss business. In casualty, our established core strengths are motor third-party liability excess-of-loss, structured motor quota share and personal accident treaties.

### ***Capital Partners for tailored solutions***

Capital Partners was set up in 2015. The goal of this new unit is to bundle our Group's expertise and resources to offer comprehensive and tailor-made products for capital optimisation and other complex reinsurance solutions from a single source. Alternative solutions include ART, ILS, derivatives, retrospective, structured multi-line and multi-year covers. Experts from NewRe in Zurich and Munich Re in Munich and North America work in deal teams to develop unconventional risk transfer solutions for clients' specific requirements. The dedicated team offers broker support, analytics, structuring and portfolio management within one team. These solutions are developed in close collaboration with our existing client and underwriting teams.

### ***Agro and Weather***

The volatility of weather can have a big impact on a company's profits. Worldwide, the recent past has shown that unfavourable weather conditions are tending to become more and more frequent. This can be observed over short time scales as well as in seasonal periods such as exceptionally mild winters or cool summers. The newly created global Agro and Weather team with offices in Zurich, Houston and Munich offers tailor-made solutions to minimise our clients' weather-related risks. On the basis of a detailed analysis of the client's weather exposure and risk appetite, the team proposes a solution. Thus, the client company's results will be less exposed to unfavourable weather. The team also structures weather hedges to save costs in project financing and stabilise the client's balance sheet.

### ***Life***

Our life unit cooperates with a wide range of specialists within Munich Re Group, enabling us to exploit the profound knowledge of the world's leading reinsurer. Moreover, since NewRe is a core member of the Group, every solution benefits from its solid financial strength. Writing business in the developed life insurance markets, we offer structured reinsurance solutions as well as reinsurance of financial market risks (e.g. variable annuity reinsurance). Thanks to our experts' in-depth knowledge of life insurance, reinsurance and modern financial engineering techniques, we are able to address a wide range of challenges efficiently and comprehensively.



## Key figures

in CHFm	2015	2014
Gross premiums written	1,071.3	1,022.6
Net earned premiums	1,082.5	1,046.5
Investment result	41.1	91.2
Management expenses	-40.0	-46.3
Result for the year	116.8	114.4
Investments	2,447.0	2,598.6
Technical provisions (net)	2,046.8	2,180.0
<b>Shareholder's equity*</b>	<b>823.1</b>	820.7

\*before appropriation of available earnings

# Management report

## **General overview**

2015 was marked by a continuing difficult market environment. Developments significantly impacting the financial result were the SNB's abolition of the CHF 1.20 cap on the CHF/EUR exchange rate, negative results from business with weather derivatives, and – positively – the absence of major natural catastrophe losses.

The 2015 result of CHF 116.8m was slightly higher than the result of CHF 114.4m achieved in 2014.

## **Competition, supply and demand**

The non-life reinsurance market remained very soft. This led to both price reductions and a broadening of terms and conditions, with the scope of cover provided by the reinsurance treaties becoming wider. The main driver of this market environment was a high supply of reinsurance capacity across all markets and all lines of business.

Solvency II regulations have been a driver of positive market development in the non-life reinsurance business. The conversion to Solvency II permits insurance companies to make greater use of reinsurance to manage their capital situation. Furthermore, Solvency II captures risk more accurately, thereby better quantifying the reduction of risk at the primary insurance company as well as the risk transfer to the reinsurer. This has shifted demand to reinsurance solutions that contain substantial amounts of risk transfer. NewRe expects continued demand for tailor-made reinsurance solutions that directly address capital management issues at insurance companies.

Competition, supply and demand in life reinsurance business remained stable. In this market environment, NewRe managed to acquire a large new life reinsurance treaty. This new transaction inceptioned on 1 January 2016.

In the relatively new field of business of weather protection derivatives, there has been strong demand, and a sophisticated market with utilities and energy companies has developed. NewRe business in this segment has been growing. In addition, business development focuses on widening the client base to other types of industry and client.

## **Staff**

During 2015, NewRe operated with an average workforce of 118.8 full-time equivalent employees (FTEs). While staffing in central functions has remained stable, the front office has undergone organisational changes. Reflecting the market opportunities seen for capital management solutions and for weather derivatives business, specialised teams for those two segments have been set up. As a result of this, a larger portion of the client-facing staff is now dedicated to innovative products targeted at clients' capital management needs and weather derivatives.

### ***Innovation and development***

The focus of new product development pursued in 2015 was on parametric insurance solutions, mainly for weather and atmospheric risks. In contrast to classic insurance products covering the actual losses suffered, parametric products are triggered if pre-defined parameters, such as temperatures measured, reach or exceed set values. To build expertise, these activities have been bundled into a separate and dedicated team.

### ***Extraordinary events***

There were three developments in 2015 that had a significant impact on NewRe:

In January 2015, the Swiss National Bank abandoned the 1.20 CHF/EUR limit. As a result, the Swiss franc appreciated considerably against all currencies. NewRe's assets and liabilities are currency-matched across most of the balance sheet, which ensures that exchange-rate movements do not create gains or losses. However, to a limited extent, conscious investment decisions have been taken, for example to invest in emerging market bonds. The sudden appreciation of the Swiss franc led to exchange losses in these investment positions.

Secondly, in the autumn of 2015 the temperatures in Europe and especially the UK were significantly warmer than in an average year. In fact, those months saw record temperatures. As a result of this, financials for the parametric weather business were negative.

On the positive side, the natural catastrophe reinsurance business written by NewRe was not affected by any major events in 2015. Claims in this segment were consequently substantially below the expected level.

### ***Risk management***

Due to the volatile nature of 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 next section (see page 13). All events and impacts seen in 2015 have been within the expected range.

### ***Outlook***

In non-life reinsurance business, 1 January is the date when a significant portion of the book is due for renewal. Despite the continuing soft market, the outcome of the renewals as at 1 January 2016 was stable. Results will now primarily depend on losses incurred.

In the life reinsurance business, a contract with a significant premium volume has recently been acquired; under the current accounting treatment it will more than double the overall premium written by NewRe.

All in all, the outlook for the development of NewRe's business in 2016 is promising. However, reinsurance business is by nature highly volatile. The natural catastrophe reinsurance segment and the parametric weather business in particular can be affected by large loss events and weather extremes.

## ***Risk assessment – addendum to 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. One of the objectives of an effective Internal Control System (ICS) is 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 and
- the regular analysis and measurement (quantification) 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***

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 quarterly Internal Risk Report.

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.

NewRe determines the economic capital required to carry its risks by using the 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 adjusted 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.

# Financial statements

## Balance sheet as at 31 December 2015

before appropriation of available earnings

in CHF

<b>Assets</b>	<b>2015</b>		<b>2014</b>	
Investments				
Real estate		44,902,606		45,288,739
Fixed interest securities		544,141,683		620,181,145
Shares		2,666,601		2,647,969
Other investments		1,855,264,808		1,930,467,428
Receivables from derivative financial instruments		851,964,543		865,321,731
Deposits retained on assumed reinsurance business		460,547,794		518,287,037
Cash and cash equivalent		157,799,373		299,060,262
Underwriting provisions ceded		21,123,951		34,108,793
Tangible assets		1,742,391		2,356,241
Deferred acquisition costs		457,458,223		566,193,550
Accounts receivable from reinsurance business		52,014,496		63,750,928
thereof due from brokers	0		0	
thereof due from insurance companies	52,014,496		63,750,928	
Other accounts receivable		304,757,547		230,696,174
		<b>4,754,384,016</b>		<b>5,178,359,997</b>
<b>Liabilities and equity</b>		<b>2015</b>		<b>2014</b>
Technical provisions		2,067,930,450		2,214,113,418
Non-technical provisions		97,934,851		109,516,774
Liabilities due to derivative financial instruments		791,604,576		756,568,449
Deposits retained on ceded reinsurance business		9,859,029		12,411,446
Accounts payable on reinsurance business		259,799,896		394,286,013
thereof due to brokers	1,627,271		1,895,079	
thereof due to insurance companies	258,172,625		392,390,934	
Other liabilities		704,142,000		870,729,833
<b>Total liabilities</b>		<b>3,931,270,802</b>		<b>4,357,625,933</b>
Share capital		260,000,000		260,000,000
Legal reserves from profit		130,000,000		130,000,000
Free reserves		316,334,064		316,328,786
Retained earnings		116,779,150		114,405,278
<b>Total equity</b>		<b>823,113,214</b>		<b>820,734,064</b>
		<b>4,754,384,016</b>		<b>5,178,359,997</b>

## Income statement for 2015

### Technical accounts

in CHF

Life	2015		2014	
Gross premiums	469,682,182		381,263,955	
Premiums ceded	- 496,285		1,453,178	
Premiums for own account		469,185,897		382,717,133
Change in unearned premiums gross	11,663,229		12,622,565	
Change in unearned premiums ceded	0		0	
Change in unearned premiums for own account		11,663,229		12,622,565
Net earned premiums for own account		480,849,126		395,339,698
Interest for own account – on premium funds		460,322		18,717,573
Interest for own account – on other technical provisions		10,103,901		10,979,153
Interest on own account		10,564,223		29,696,726
<b>Total technical income for own account</b>		<b>491,413,349</b>		<b>425,036,424</b>
Claims payment gross	- 343,311,363		- 282,152,430	
Claims payment ceded	2,712,013		- 2,596,691	
Claims payment for own account		- 340,599,350		- 284,749,121
Change in provision gross	3,770,762		24,216,609	
Change in provision ceded	- 3,515,051		- 1,354,915	
Change in provision for own account		255,711		22,861,694
Expenditure for incurred claims for own account		- 340,343,639		- 261,887,427
Commissions expenses gross	- 108,156,417		- 96,289,481	
Commissions expenses ceded	95,556		2,861,280	
Commissions expenses for own account		- 108,060,861		- 93,428,201
Management expenses – life f.o.a.		- 2,770,962		- 2,362,546
<b>Total technical expenses for own account</b>		<b>-451,175,462</b>		<b>-357,678,174</b>
<b>Technical result for Life</b>		<b>40,237,887</b>		<b>67,358,250</b>

## Technical accounts

in CHF

Non-Life	2015		2014	
Gross premiums	601,584,192		641,292,775	
Premiums ceded	-10,559,758		-16,175,980	
Premiums for own account		591,024,434		625,116,795
Change in unearned premiums gross	11,998,918		30,665,864	
Change in unearned premiums ceded	-1,386,782		-4,623,705	
Change in unearned premiums for own account		10,612,136		26,042,159
Net earned premiums for own account		601,636,570		651,158,954
Interest on technical provisions for own account		11,994,355		28,422,376
<b>Total technical income for own account</b>		<b>613,630,925</b>		<b>679,581,330</b>
Claims payment gross	-343,152,106		-549,525,036	
Claims payment ceded	2,637,253		6,704,777	
Claims payment for own account		-340,514,853		-542,820,259
Change in provision gross	-50,055,652		84,118,598	
Change in provision ceded	-1,490,370		-5,979,459	
Change in provision for own account		-51,546,022		78,139,139
Expenditure for incurred claims for own account		-392,060,875		-464,681,120
Commissions expenses gross		-84,970,720		-118,731,430
Commissions expenses ceded		683,747		969,309
Commissions expenses for own account		-84,286,973		-117,762,121
Management expenses – other classes f.o.a.		-24,914,009		-27,774,224
<b>Total technical expenses for own account</b>		<b>-501,261,857</b>		<b>-610,217,465</b>
<b>Technical result for Non-Life</b>		<b>112,369,068</b>		<b>69,363,865</b>
<b>Overall technical result</b>		<b>152,606,955</b>		<b>136,722,115</b>



## General accounts

in CHF

Investment income	47,511,228		99,996,216	
Investment expenses	-6,363,465		-8,751,170	
Investment result		41,147,763		91,245,046
Interest on technical provisions – life	-10,564,223		-29,696,726	
Interest on technical provisions – other classes	-11,994,355		-28,422,376	
Interest on technical provisions		-22,558,578		-58,119,102
<b>Investment result excluding interest on technical provisions</b>		<b>18,589,185</b>		<b>33,125,944</b>
Net result from derivative financial instruments			-28,558,889	-24,779,047
Management expenses		-39,952,424		-46,287,562
Management expenses – life f.o.a.		2,770,962		2,362,546
Management expenses – other classes f.o.a.		24,914,009		27,774,224
Management expenses – investments			-12,267,453	-16,150,792
<b>Operating Result (overall techn. result and investment result incl. management expenses)</b>		<b>130,369,798</b>		<b>128,918,220</b>
Other income			89,657,308	31,696,104
Other expenses			-81,787,654	-40,001,424
<b>Profit before taxes</b>			<b>138,239,452</b>	<b>120,612,900</b>
Direct taxes			-21,460,302	-6,207,622
<b>Result for the year</b>			<b>116,779,150</b>	<b>114,405,278</b>
Profit/loss brought forward from previous year			0	0
<b>Retained earnings</b>			<b>116,779,150</b>	<b>114,405,278</b>

*We closely collaborate to realise shared goals.*



## Cash flow statement

in CHFm

	<b>2015</b>	<b>2014</b>
Profit for the year	117	114
Net change in technical provisions	-24	-607
Change in deposits retained and accounts receivable and payable	-79	716
Change in other receivables and liabilities	-180	262
Gains and losses on the disposal of investments	-12	1
Change in derivative from reinsurance business	-40	-269
Change in other balance sheet items	-31	10
Other income/expenses without impact on cash flow	53	19
<b>I. Cash flows from operating activities</b>	<b>-196</b>	<b>246</b>
Change in affiliated companies and participating interests	76	-13
Change from acquisition, sale and maturities of other investments	93	-66
Other	0	2
<b>II. Cash flows from investing activities</b>	<b>169</b>	<b>-77</b>
Inflows from increases in capital	0	0
Outflows from share buy-backs	0	0
Dividend payments	-114	-107
<b>III. Cash flows from financing activities</b>	<b>-114</b>	<b>-107</b>
<b>Cash flows for the financial year (I.+II.+III.)</b>	<b>-141</b>	<b>62</b>
Cash at the beginning of the financial year	299	237
Cash at the end of the financial year	158	299
<b>Change in cash for the financial year</b>	<b>-141</b>	<b>62</b>

## ***Notes to the financial statements***

To ensure comparability, the previous year's figures in the balance sheet, income statement and notes have been adjusted to reflect the new classification requirements.

### ***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. The amortisation is at 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 as current income.

#### ***Receivables from and liabilities due to derivative financial instruments***

Derivative assets and liabilities are booked at their fair value.

#### ***Tangible assets***

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

#### ***Deferred acquisition cost***

Acquisition costs that are directly attributable to non-life 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)**

#### **Contingencies**

The assets pledged or assigned to secure NewRe's commitments, plus the assets under reservation of ownership, amounted to CHF 501m as at 31 December 2015 (2014: CHF 775m). The reduction is mainly due to guarantees given to third parties in respect of the weather business.

#### **Auditors' fees**

The fees for the audit of the 2015 financial statements amount to CHF 314k. CHF 60k related to other services. In each case, fees exclude outlays and VAT.

#### **Full-time equivalents**

During the year an average of 118.8 FTEs worked at NewRe.

#### **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	<b>2015</b>	<b>2014</b>
Amount due from companies for reinsurance business		
Deposits retained on assumed reinsurance business	0	426,934
Accounts receivable	883,339	1,474,585
<b>Total receivables</b>	<b>883,339</b>	<b>1,901,519</b>
Amount due from companies for reinsurance business		
Deposits retained on ceded reinsurance business	0	0
Accounts payable	5,358,571	16,748,613
<b>Total liabilities</b>	<b>5,358,571</b>	<b>16,748,613</b>

## Technical provisions

in CHF

Technical provisions	2015			2014		
	Gross	Retro	Net	Gross	Retro	Net
Unearned premiums	256,681,790	3,718,837	252,962,953	314,637,603	6,840,801	307,796,802
Loss reserves	1,614,809,689	14,314,139	1,600,495,550	1,680,000,944	20,035,000	1,659,965,944
Future policy benefits reserves	196,438,971	3,090,975	193,347,996	219,474,871	7,232,992	212,241,879
<b>Total</b>	<b>2,067,930,450</b>	<b>21,123,951</b>	<b>2,046,806,499</b>	<b>2,214,113,418</b>	<b>34,108,793</b>	<b>2,180,004,625</b>

Changes of the technical provisions	2015		2014	
	Net		Net	
Changes in loss reserves	39,882,048		-99,258,133	
Changes in future policy benefits reserves	11,408,263		-1,742,701	
<b>Total</b>	<b>51,290,311</b>		<b>-101'000'834</b>	

## Statement of changes in equity

in CHF

Year ended December 2015	Share capital	Legal reserves from profit	Free reserves from profit	Profit for the year	Total equity
Balances as at 31 December 2014	260,000,000	130,000,000	316,328,786	114,405,278	<b>820,734,064</b>
Appropriation of earnings					
Dividend payment				-114,400,000	<b>-114,400,000</b>
Allocation to free reserves			5,278	-5,278	0
<b>Profit for the year 2015</b>				116,779,150	<b>116,779,150</b>
<b>Balances as at 31 December 2015</b>	<b>260,000,000</b>	<b>130,000,000</b>	<b>316,334,064</b>	<b>116,779,150</b>	<b>823,113,214</b>

Year ended December 2014	Share capital	Legal reserves from profit	Free reserves from profit	Profit for the year	Total equity
Balances as at 31 December 2013	260,000,000	130,000,000	316,274,082	106,784,704	<b>813,058,786</b>
Appropriation of earnings					
Dividend payment				-106,730,000	<b>-106,730,000</b>
Allocation to free reserves			54,704	-54,704	0
<b>Profit for the year 2014</b>				114,405,278	<b>114,405,278</b>
<b>Balances as at 31 December 2014</b>	<b>260,000,000</b>	<b>130,000,000</b>	<b>316,328,786</b>	<b>114,405,278</b>	<b>820,734,064</b>

## Investment result

in CHF

							2015
	Current income	Write-ups	Realised gains	Total investment income	Write-downs and value adjustments	Realised losses	Total investment expenses
Real estate	1,164,682	0	0	<b>1,164,682</b>	-85,383	0	<b>-85,383</b>
Fixed interest securities	31,639,497	0	12,242,902	<b>43,882,399</b>	-5,318,530	0	<b>-5,318,530</b>
Other investments	2,464,147	0	0	<b>2,464,147</b>	-959,552	0	<b>-959,552</b>
			<b>Total</b>	<b>47,511,228</b>		<b>Total</b>	<b>-6,363,465</b>

  

							2014
	Current income	Write-ups	Realised gains	Total investment income	Write-downs and value adjustments	Realised losses	Total investment expenses
Real estate	1,040,595	0	0	<b>1,040,595</b>	0	0	<b>0</b>
Fixed interest securities	77,319,165	0	1,493,805	<b>78,812,970</b>	-5,022,009	-25,129	<b>-5,047,138</b>
Other investments	20,142,652	0	0	<b>20,142,652</b>	-3,704,032	0	<b>-3,704,032</b>
			<b>Total</b>	<b>99,996,216</b>		<b>Total</b>	<b>-8,751,170</b>

## Net result from derivative financial instruments

This item mainly includes income and expenses from insurance-related derivative financial instruments. Due to the historically high temperatures in the last three months of 2015, the company's weather risk business was a significant factor in the negative result.

## 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 2015 available earnings

Retained earnings for 2015 amounted to CHF 116,779,150 (2014: CHF 114,405,278).

The Board of Directors proposes to the Annual General Meeting that a dividend of CHF 89.80 per share be paid, resulting in the following appropriation of the retained earnings of CHF 116,779,150 (2014: CHF 114,405,278) :

in CHF	2015
Allocation to free reserve	39,150
Dividend	116,740,000
<b>Retained earnings</b>	<b>116,779,150</b>

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

Zurich, 21 June 2016

Chairman  
of the Board of Directors



Dr. Thomas Blunck

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 (page 14), income statement (pages 15 to 17), cash flow statement (page 19) and notes (pages 20 to 23) for the year ended 31 December 2015.

### ***Board of Directors' responsibility***

The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of 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 2015 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, 21 June 2016



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