

Annual Report 2015 /

AXA Insurance Ltd

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Management Report /

Introduction

With 1.9 million clients, AXA Winterthur is the overall market leader in Switzerland with a market share of approximately 21% in total, 13% in Property & Casualty¹ and 27% in Life & Savings². AXA Winterthur insures 40% of companies in Switzerland and is positioned as a reliable, innovative partner offering high-quality services to its customers. The company offers its customers a total of 91 products in core business areas (e.g. motor, property, liability, and workers compensation), specialty lines (e.g. transport and credit & surety), Group Life, Individual Life and autonomous markets. AXA Winterthur has been providing comprehensive financial protection to its customers since 1875.

AXA Winterthur brand awareness is among the highest in the market, supported by a track record in launching innovative insurance solutions. Moreover, AXA Winterthur is the only Swiss insurance company with its own accident research center and has been promoting safety in road traffic for many years.

Since 2007 AXA Winterthur has been a member of AXA Group, which is the leading global insurance brand. The company has strengthened its position continuously over the last few years by improving cost efficiency and focusing on sustainable and profitable growth. Its large customer base in both the private and the commercial segments, its remarkable market penetration, and the fact that it has the largest and densest distribution network, have been major competitive advantages. Offers, services and processes are underpinned by exceptional expertise, notably in asset management, pricing, risk management, and claims management.

Current market situation

Following the Swiss National Bank's decision of January 15, 2015, to discontinue the minimum exchange rate of 1.20 Franc per Euro and to introduce negative interest on sight deposit balances, the Swiss Franc rose sharply against the Euro. The decisions taken by the Swiss National Bank had a significant impact on the overall financial and economic environment, affecting long-term government bond yields, stock market performance, and economic growth in Switzerland.

The Swiss economy grew by 0.8% during 2015, according to estimates published by the Federal Department of Economic Affairs. The slowdown in growth is mainly due to the increased strength of the Swiss Franc from mid-January 2015 onward. Long-term interest rates³ fell from 0.38% in December 2014 to -0.04% in December 2015, and are currently at a very low – even negative – level. The number of start-ups fell by 2% compared to the previous year, while the number of insolvencies rose by 7% over the same period.

The Property & Casualty market grew by 0.5%⁴. The Swiss market is saturated and very competitive with ongoing pressure on prices, especially in commercial lines. AXA Insurance Ltd maintained its position as market leader in Property & Casualty with a market share of 13%¹.

¹ Incl. all Swiss legal entities belonging to the AXA Group; Source: Swiss Insurance Association (SIA)

² Source: SIA; market share is based on statutory gross written premiums

³ 10 year Swiss government bonds

⁴ Source: SIA

Business performance, full-time equivalent employees and risk assessment

Despite the challenging market environment with declining economic growth, AXA Insurance Ltd generated a net income of CHF 650 million, compared with CHF 772 million in 2014. The decrease of CHF 122 million (-15.8%) is mainly due to non-recurring higher dividend payments from AXA Life Ltd and AXA Life Japan in 2014, which was partially offset by an improved technical result.

Gross written premiums decreased by 1.5% to CHF 3.26 billion, while the underwriting result increased by CHF 128 million (+38,6%) compared to the previous year. The portfolio in personal motor and personal household grew by a net total of 8,988 contracts (+13.2%) compared to the previous year.

The claims/cost rate (combined ratio) improved by 3.6 percentage points compared to the previous year. This was due to the small number of large losses and to systematic efforts made to improve efficiency and cost discipline. Furthermore, operating expenses could be reduced by 2.2%.

AXA Insurance Ltd is able to grow because it continuously launches new attractive and innovative products such as the “rental guarantee” insurance, the “Drive Recorder” in motor vehicle insurance, eBusiness (Cyber), and the updated motor vehicle fleet product.

Long-term stability is also crucial in AXA Insurance's risk and financial management. Systematic hedging of currency risks prevented the company from suffering large losses as the Swiss National Bank discontinued the minimum exchange rate in January. Future market trends remain unpredictable, but AXA Insurance Ltd has again optimized its hedging strategy during recent months and is therefore prepared for every possible scenario.

The annual average of full-time equivalent employees for 2015 is 3,618.

AXA Insurance Ltd has performed a risk assessment in compliance with current regulatory and professional standards as outlined in Note 2 to the financial statements.

Challenges and outlook

From a strategic perspective, AXA Insurance Ltd faces challenges from slower economic development, which goes hand in hand with the prevailing and persistent low interest rate environment, further regulatory tightening, changing value propositions towards its customers, and new market players.

Furthermore, technological transformation and technological change, smart data, increased demands for transparency in the market, new disruptive competitors, and new values (e.g. sharing economy) are forcing the company to change the way it does business. To fuel transformation the company is focusing on customer-centricity – in other words, helping its customers to live their lives with greater peace of mind and allow them to feel free to progress. The company-wide strategy, aimed at making this vision a reality and thereby ensuring to remain relevant to its customers in the long run, is intended to add value beyond financial protection and to deliver a positive customer experience at all points of contact.

AXA Insurance Ltd intends to grow faster than the market while safeguarding its profitability. Within its personal lines the company aims to defend its leading market position, continuously developing the market and preserving its margins. At the same time, the company will continue to intensify its digital transformation to become a simplicity leader and provide an end-to-end customer interface. Within its commercial lines, AXA Insurance Ltd intends to grow faster than the market on a sustainable basis. The company aims to defend its leading market position through simple and innovative offers in SME mass business, while also exploiting its expertise to offer customized solutions in SME complex business and specialty lines.

Corporate governance /

Board of Directors as of December 31, 2015

Name	Year of birth	Nationality	Position	Period of office until
Jacques de Vaucleroy ¹	1961	Belgian	Chairman	AGM 2016
Franz K. von Meyenburg ²	1949	Swiss	Vice Chairman	AGM 2018
Wanda Eriksen-Grundbacher ²	1967	Swiss/American	Member	AGM 2018
Patrick Lemoine ²	1958	French	Member	AGM 2016
Ruth Metzler-Arnold ¹	1964	Swiss	Member	AGM 2018
Felix Gutzwiller ¹	1948	Swiss	Member	AGM 2018
Ulrich Gygi ²	1946	Swiss	Member	AGM 2016
François Robinet ²	1967	French	Member	AGM 2018
Julia Ender Amacker			Secretary (non-member)	

¹ Member of the Nomination and Compensation Committee, chaired by J. de Vaucleroy

² Member of the Audit and Risk Committee, chaired by U. Gygi

CEO and Executive Committee Members as of December 31, 2015

Name	Year of birth	Nationality	Position
Antimo Perretta	1962	Swiss/Italian	Chief Executive Officer
Mirjam Bamberger	1974	German	Head of Human Resources
Michele Bernasconi	1966	Swiss	Head of Distribution
Thomas Gerber	1964	Swiss	Head of Life Business
Markus Keller	1968	Swiss	Head of Customer Operations
Andreas Krümmel	1968	German	Head of Property & Casualty
Andreas Maier	1963	Swiss	Chief Information Officer
Fabrizio Petrillo	1969	Swiss/Italian	Chief Financial Officer

Statutory auditors

The audit mandate was entrusted to PricewaterhouseCoopers Ltd, Zurich, and Mazars Ltd, Zurich.

Financial statements /

Statement of income

December 31, in CHF 1,000	Notes	2015	2014
Premiums gross		3,264,025	3,313,801
Premiums ceded		-70,866	-73,968
Premiums written		3,193,159	3,239,833
Change in provisions for unearned premiums		12,934	-9,453
Premiums earned	3	3,206,093	3,230,380
Other income from insurance activities		15,342	873
Total income from insurance activities		3,221,435	3,231,253
Claims and annuities paid		-1,980,860	-2,035,559
Claims ceded		19,218	38,126
Change in technical provisions		70,535	-19,063
Change in technical provisions – ceded		-15,317	-18,431
Policyholder bonus expenses		-56,222	-43,942
Total claims paid and changes in technical provisions	4	-1,962,646	-2,078,869
Operating expenses		-801,426	-818,576
Operating expenses – ceded		4,372	3,858
Operating expenses net	5	-797,054	-814,718
Other expenses from insurance activities		-736	-5,045
Total expenses from insurance activities		-2,760,436	-2,898,632
Underwriting result		460,999	332,621
Income from investment activities		1,754,128	1,348,326
Expenses from investment activities		-1,407,107	-783,581
Investment result including financial derivatives	6	347,021	564,745
Other financial income		240	1,595
Operating income		808,260	898,961
Interest expenses		-3,719	-3,543
Other income		694	6,902
Other expenses		-9,712	-3,164
Net profit before tax		795,523	899,156
Tax		-145,935	-127,459
Net profit after tax		649,588	771,697

³⁻⁶ See notes to the financial statements pages 14–15

Statement of financial position

Assets

December 31, in CHF 1,000	Notes	2015	2014
Real estate		877,271	882,808
Participations	18	2,293,468	2,401,362
Fixed-income securities		5,972,282	5,926,732
Loans	10	271,457	377,102
Mortgages		1,411,036	1,397,533
Equity securities		418,115	428,760
Other investments	7	1,712,125	1,688,562
Total investments		12,955,754	13,102,859
Receivables from derivatives		111,078	61,593
Deposits from assumed reinsurance	10	27,756	41,298
Cash and cash equivalents		407,127	445,786
Technical provisions for ceded reinsurance	8/10	118,204	133,760
Tangible assets		27,691	31,025
Intangible assets		4,209	5,102
Receivables from insurance activities	9/10	213,563	202,355
Sundry debtors	10	161,667	593,589
Accrued income and prepaid expenses	10	290,617	302,368
Total assets		14,317,666	14,919,735

⁷⁻¹⁰ See notes to the financial statements pages 16 – 17

¹⁸ See notes to the financial statements page 19

Statement of financial position

Liabilities

December 31, in CHF 1,000	Notes	2015	2014
Technical provisions	8/10	8,878,185	8,983,988
Non technical provisions		167,665	160,919
Interest-bearing payables	10/17	326,600	340,800
Liabilities for derivatives		324,934	260,548
Payables from insurance activities	9/10	228,310	250,362
Other liabilities	10	206,067	600,334
Accrued expenses and deferred income	10	1,118,159	1,194,626
Total liabilities		11,249,920	11,791,577
Share capital		168,705	168,705
Legally required capital reserves		782,861	782,861
Legally required profit reserves		168,705	168,705
Free reserves			
Free profit reserves		849,655	849,655
Retained earnings brought forward		448,232	386,535
Net profit		649,588	771,697
Total shareholders' equity		3,067,746	3,128,158
Total liabilities and shareholders' equity		14,317,666	14,919,735

⁸⁻¹⁰ See notes to the financial statements pages 16–17

¹⁷ See notes to the financial statements page 19

Statement of cash flows

December 31, in CHF 1,000	2015	2014
Cash received from premiums	3,266,598	3,313,754
Cash paid for claims	-1,909,385	-1,947,957
Net cash flow from reinsurance activities	-47,275	-31,985
Cash paid for operating expenses	-925,738	-947,302
Cash paid for tax	-124,721	-116,156
Net cash flow on other receivables and payables	498,294	-682,912
Net cash flow on investments and derivative financial instruments	481,881	571,981
Net operating cash flow on real estate	36,395	29,124
Net operating cash flow on participations	188,226	267,542
Net operating cash flow on fixed-income securities	239,810	229,971
Net operating cash flow on loans	6,873	9,628
Net operating cash flow on mortgages	26,033	27,310
Net operating cash flow on equity securities	52,246	51,070
Net operating cash flow on derivatives	-59,416	-51,681
Net operating cash flow on other investments	-8,286	9,017
Net cash flow provided by operating activities	1,239,654	159,423
Cash received from investing activities	2,578,464	1,936,109
Sale of real estate	13,000	4,947
Sale of fixed-income securities	1,455,431	900,297
Sale of loans	92,141	91,306
Sale of mortgages	178,414	150,231
Sale of equity securities	279,969	142,270
Sale of derivatives	162,037	-70,713
Sale of other investments	397,472	717,771
Cash used in investing activities	-3,148,471	-1,706,236
Purchase of real estate	-14,497	-50,336
Purchase of participations	-1,058	-255,415
Purchase of fixed-income securities	-1,591,595	-726,809
Purchase of loans	-6,000	-16,000
Purchase of mortgages	-191,039	-123,112
Purchase of equity securities	-282,149	-163,929
Purchase of derivatives	-21,479	10,233
Purchase of other investments	-1,040,654	-380,868
Net cash flow provided by investing activities	-570,007	229,873
Dividends paid	-710,000	-730,000
Cash used for financial debts repayment	-14,200	-14,200
Interest on financing debt paid	-3,344	-3,642
Net cash flow provided by financing activities	-727,544	-747,842
Change in cash	-57,897	-358,546

Cash reconciliation

December 31, in CHF 1,000	2015	2014
Cash as of January 1	254,813	613,360
Cash as of December 31	196,916	254,814
Change in cash	-57,897	-358,546

December 31, in CHF 1,000		
Cash and cash equivalents as in statement of financial position	407,127	445,786
Bank overdrafts	-4,911	-2
Collaterals	-205,300	-190,970
Cash as in statement of cash flows as of December 31	196,916	254,814

Statement of changes in equity

in CHF 1,000	Share capital	Legally required capital reserves	Legally required profit reserves	Free reserves	Total
As of December 31, 2013	168,705	782,861	168,705	1,966,190	3,086,461
Ordinary dividend paid				-620,000	-620,000
Extraordinary dividend paid				-110,000	-110,000
Net profit				771,697	771,697
As of December 31, 2014	168,705	782,861	168,705	2,007,887	3,128,158
Ordinary dividend paid				-710,000	-710,000
Net profit				649,588	649,588
As of December 31, 2015	168,705	782,861	168,705	1,947,475	3,067,746

Notes to the financial statements /

1 Principles of accounting

The financial statement covers all the minimum requirements in line with the Swiss Code of Obligations (CO).

Zero and negative messages are not listed.

The following are the most important accounting principles for AXA Insurance Ltd.

Basis for accounting

The financial statements for AXA Insurance Ltd are prepared in accordance with the Swiss Code of Obligations (CO) and relevant regulatory insurance legislation. The financial year ends on December 31.

First application of the new accounting law and classification requirements

The financial statements 2015 have been prepared for the first time in accordance with the new regulations of the Swiss Code of Obligations (32. Part of the Swiss Code of Obligations) and the AVO-FINMA. The prior year numbers of the statement of financial positions and statement of income have been adapted to the new classification requirements for comparability.

Investments

The various investment positions are valued separately.

Real estate is valued at the purchase price, net of any provisions for impairment based on a lower close to the market price.

Participations are valued at the purchase price, net of any provisions for impairment based on a sustainable lower market price.

Fixed income securities are valued no higher than according to the scientific amortized cost method. Further credit risks are taken into account by means of impairments.

Loans are reported at amortized cost. Credit risks are taken into account by means of allowance on the individual loans.

Mortgages are reported at nominal value, net of any provisions for impairment.

Equity securities and other investments are carried at the lower of cost or market value (LOCOM).

Receivables and liabilities from derivatives

Receivables and liabilities from derivatives are reported at fair value with gains and losses recorded in the statement of income.

Technical provisions

Provisions for unearned premiums represent the unearned portion of premiums written.

Provisions for unpaid losses and loss adjustment expenses are based on estimates on the unpaid portion of all reported claims as well as on estimates on the amount of losses that have occurred but that have not yet been reported to the insurer.

Actuarial provisions for annuities related to the accident and health business are based on the actuarial calculations of net present value.

Provisions for future dividends to policyholders are delineated separately due to separate contractual agreements.

The calculation formulae for the technical provisions are fixed in the business plan and have been approved by the supervisory authorities.

Non technical provisions

The non technical provisions are recognized at nominal value.

Foreign currency translation

Participations are measured at historical exchange rates; any other balance sheet items requiring translation are measured at closing rates at balance sheet date. Transactions in the income statement are recorded at current exchange rates. Foreign exchange rate impacts are recognized in the income statement.

2 Risk management and internal control system

Risk management

AXA Insurance Ltd manages risks employing a three tier approach, with the first tier relying on risk owners in our lines of business, while the second and third tiers are centralized in dedicated risk management functions, and assurance functions, respectively. The local risk policy specifies these comprehensive activities, and defines the various risk measurement, management processes and governance structures across the three tiers and for quantifiable risks (such as insurance, market or credit risks) and other risk categories. AXA Insurance Ltd takes as its premier risk management objectives the defense of its financial strength and reputation, and the safeguarding policyholders' and shareholders' interests. Of specific importance in this respect is the compliance with regulatory capital under Swiss Solvency Test (SST). The SST, which is embedded in the risk appetite framework, is performed with an internal model.

Risk assessment

Within AXA Insurance Ltd various risk assessments are being conducted. The Executive Board has performed a comprehensive, structured risk assessment in fall 2015. Based on risk assessments provided by risk control functions, the Executive Board has discussed the risk situation and defined the key risks. The Board of Directors has taken note of the results of the Executive Board's risk assessment. Updates of the risk profile, including mitigation measures and status, are reflected in the quarterly risk reports, presented to the Risk Management Committee, the Audit and Risk Committee and the Board of Directors.

Internal control system

AXA Insurance Ltd's internal control system, related to the categories of objective financial reporting, operations, and compliance, contains internally defined, performed and documented procedures, methods and tools that serve to identify and assess risks, to define controls for relevant risks, and to perform these controls.

3 Premiums earned

December 31, in CHF 1,000	Gross 2015	Ceded 2015	Net 2015	Gross 2014	Ceded 2014	Net 2014
Direct business	3,250,944	-70,866	3,180,078	3,294,794	-73,968	3,220,826
Assumed business	13,081	-	13,081	19,007	-	19,007
Total premiums written	3,264,025	-70,866	3,193,159	3,313,801	-73,968	3,239,833
Direct business	12,700	-	12,700	-9,032	-	-9,032
Assumed business	234	-	234	-421	-	-421
Total change in provisions for unearned premiums	12,934	-	12,934	-9,453	-	-9,453
Total premiums earned	3,276,959	-70,866	3,206,093	3,304,348	-73,968	3,230,380

4 Claims paid and changes in technical provisions

December 31, in CHF 1,000	Gross 2015	Ceded 2015	Net 2015	Gross 2014	Ceded 2014	Net 2014
Direct business	-1,959,731	19,218	-1,940,513	-2,018,209	38,126	-1,980,083
Assumed business	-21,129	-	-21,129	-17,350	-	-17,350
Total claims and annuities paid	-1,980,860	19,218	-1,961,642	-2,035,559	38,126	-1,997,433
Direct business	19,514	-15,317	4,197	80,362	-18,431	61,931
Assumed business	37,434	-	37,434	9,142	-	9,142
Total change in actuarial provisions	56,948	-15,317	41,631	89,504	-18,431	71,073
Direct business	13,587	-	13,587	-108,567	-	-108,567
Total change in provisions for annuity reserves	13,587	-	13,587	-108,567	-	-108,567
Policyholder bonus payments	-60,967	-	-60,967	-48,985	-	-48,985
Change in provisions for policyholder bonus fund	4,745	-	4,745	5,043	-	5,043
Total policyholder bonus expenses	-56,222	-	-56,222	-43,942	-	-43,942
Total claims paid and changes in technical provisions	-1,966,547	3,901	-1,962,646	-2,098,564	19,695	-2,078,869

5 Operating expenses and employee full-time equivalents

December 31, in CHF 1,000	2015	2014
Commissions – direct business	-422,086	-430,092
Commissions – assumed business	-1,138	-1,836
Commissions – ceded business	4,372	3,858
Total commissions	-418,852	-428,070
Personnel expenses	-205,447	-204,590
Other operating expenses	-163,687	-174,289
Depreciation on tangible assets	-8,175	-6,876
Depreciation on intangible assets	-893	-893
Total operating expenses	-797,054	-814,718

The annual average of full-time equivalent employees for the year 2015 amounts to 3,618.

6 Investment result including financial derivatives

Income from investment activities

December 31, in CHF 1,000	Income		Appreciation		Realized gains		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Real estate	42,465	44,976	-	-	2,363	3,000	44,828	47,976
Participations	188,226	267,542	-	-	5,180	14,903	193,406	282,445
Fixed-income securities	195,296	209,060	-	-	23,979	16,593	219,275	225,653
Loans	6,602	7,090	-	-	127	18	6,729	7,108
Mortgages	26,008	27,341	54	29	28	130	26,090	27,500
Equity securities	14,377	12,376	1,569	1,652	40,547	24,604	56,493	38,632
Other investments including foreign exchange impacts	57,980	54,593	95,817	332,667	53,988	24,870	207,785	412,130
Derivative financial instruments	-19,355	-29,888	25,230	17,008	993,647	319,762	999,522	306,882
Income from investment activities	511,599	593,090	122,670	351,356	1,119,859	403,880	1,754,128	1,348,326

Expenses from investment activities

December 31, in CHF 1,000	Depreciation		Realized losses		Total	
	2015	2014	2015	2014	2015	2014
Real estate	-16,061	-36,877	-46	-4,848	-16,107	-41,725
Participations	-108,695	-	-	-270	-108,695	-270
Fixed-income securities	-5,000	-4,000	-8,994	-1,399	-13,994	-5,399
Loans	-	-	-	-	-	-
Mortgages	-162	-210	-	-33	-162	-243
Equity securities	-14,250	-17,222	-12,137	-7,145	-26,387	-24,367
Other investments including foreign exchange impacts	-193,568	-64,656	-130,857	-24,380	-324,425	-89,036
Derivative financial instruments	-55,389	-217,254	-840,306	-381,245	-895,695	-598,499
Total	-393,125	-340,219	-992,340	-419,320	-1,385,465	-759,539
Investment management expenses					-21,642	-24,042
Expenses from investment activities					-1,407,107	-783,581

Total investment result including financial derivatives	347,021	564,745
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7 Other investments

December 31, in CHF 1,000	2015	2014
Asset backed securities	449,848	466,252
Private equity	205,797	208,947
Hedge funds	460,244	433,583
Investment funds	596,236	579,780
Total other investments	1,712,125	1,688,562

8 Technical provisions

December 31, in CHF 1,000	Gross 2015	Ceded 2015	Net 2015	Gross 2014	Ceded 2014	Net 2014
Provisions for unearned premiums	198,131	–	198,131	211,122	–	211,122
Actuarial provisions	7,180,341	–118,204	7,062,137	7,254,821	–133,760	7,121,061
Provisions for annuity reserves	1,273,007	–	1,273,007	1,286,595	–	1,286,595
Provisions for bonus fund	226,706	–	226,706	231,450	–	231,450
Total technical provisions	8,878,185	–118,204	8,759,981	8,983,988	–133,760	8,850,228

9 Receivables and payables from insurance activities

December 31, in CHF 1,000	2015	2014
Receivables from policyholders	86,884	74,499
Receivables from agents	52,367	54,165
Receivables from insurance companies	74,312	73,691
Total receivables from insurance activities	213,563	202,355
Payables to policyholders	86,699	95,727
Payables to agents	85,863	86,832
Payables to insurance companies	55,748	67,803
Total payables from insurance activities	228,310	250,362

10 Related party balances

December 31, in CHF 1,000	Other	Shareholder	Participations	2015
Loans	4,000	–	–	4,000
Deposits from assumed reinsurance	27,756	–	–	27,756
Technical provisions for ceded reinsurance	66,048	–	–	66,048
Receivables from insurance activities	49,914	–	–	49,914
Sundry debtors	5,116	–	111,308	116,424
Accrued income and prepaid expenses	–	–	1,269	1,269
Total receivables from related parties	152,834	–	112,577	265,411

Technical provisions	35,004	–	–	35,004
Interest-bearing payables	–	–	326,600	326,600
Payables from insurance activities	38,848	–	–	38,848
Other liabilities	9,328	–	11,365	20,693
Accrued expenses and deferred income	1,828	–	787	2,615
Total payables to related parties	85,008	–	338,752	423,760

December 31, in CHF 1,000	Other	Shareholder	Participations	2014
Loans	8,000	–	600	8,600
Deposits from assumed reinsurance	37,742	–	–	37,742
Technical provisions for ceded reinsurance	29,516	–	–	29,516
Receivables from insurance activities	49,438	–	–	49,438
Sundry debtors	924	–	540,973	541,897
Accrued income and prepaid expenses	–	–	4,779	4,779
Total receivables from related parties	125,620	–	546,352	671,972

Technical provisions	96,215	–	–	96,215
Interest-bearing payables	–	–	340,800	340,800
Payables from insurance activities	53,469	–	–	53,469
Other liabilities	9,323	–	423	9,746
Accrued expenses and deferred income	8,858	–	905	9,763
Total payables to related parties	167,865	–	342,128	509,993

Various members of the Company's Board of Directors as well as various other executive officers and directors may purchase insurance, wealth management or other products or services offered by AXA in the ordinary course of its business. As of December 31, 2015, there were no substantial payables or receivables outstanding from the Company to the Company's executive officers or to any member of the Company's Board of Directors.

11 Events after the balance sheet date

There are no material events after the balance sheet date. Subsequent events for the current reporting period have been evaluated up to April 14, 2016. This is the date on which the annual report and the financial statements are approved by the general assembly of AXA Insurance Ltd.

12 Contingent liabilities

December 31, in CHF 1,000	2015	2014
Guarantees and contingent liabilities	1,128,650	128,620
Irrevocable commitments in respect to letters of credit	13,130	15,464
Total contingent liabilities	1,141,780	144,084

The company belongs to the Swiss value-added tax (VAT) group of AXA Insurance Ltd, and thus carries joint liability to the Swiss federal tax authority for value-added debts of the entire group.

13 Assets pledged

December 31, in CHF 1,000	2015	2014
Fixed-income securities	16,105	412,570
whereof security deposits in favour of reinsurers	16,105	17,816
Total assets pledged	16,105	412,570

14 Liabilities due to own pension funds

December 31, in CHF 1,000	2015	2014
Liabilities due to own pension funds	13,600	1,372

15 Fees paid to statutory auditors

December 31, in CHF 1,000	2015	2014
Statutory audit and certification of local financial statements	1,049	1,141
Total fees paid to statutory auditors	1,049	1,141

The fees invoiced to AXA Insurance Ltd and AXA Life Ltd for legal and regulatory audit services are generally paid by AXA Insurance Ltd, which allocates the cost to the originating entities. The elected audit firms did not supply any services other than audit.

16 Lease liabilities

December 31, in CHF 1,000	2015	2014
Lease liabilities with maturity date between 1–5 years	5,155	6,151
Lease liabilities with maturity date > 5 years	157	559
Total lease liabilities	5,312	6,710

17 Long-term interest-bearing payables

December 31, in CHF 1,000	2015	2014
Long-term interest-bearing payables with maturity date > 5 years	326,600	340,800
Total long-term interest-bearing payables	326,600	340,800

18 Significant participations and own shares

Participation	Domicile	Capital share CHF 2015	Capital share/ Voting share % 2015	Capital share CHF 2014	Capital share/ Voting share % 2014
December 31, in CHF 1,000					
AXA Life Ltd	Winterthur	175,000	100%	175,000	100%
AXA-ARAG Legal Protection Ltd	Zurich	6,000	67%	6,000	67%
AXA Tian Ping Property & Casualty Insurance Company Ltd ¹	Shanghai	65,224	50%	67,765	50%
AXA Life Insurance Co. Ltd	Tokyo	142,512	20%	141,100	20%

¹ AXA Tian Ping P&C Insurance Co. Ltd is a Joint Venture between AXA and a Chinese investor

No own shares are held at the reporting date by the company itself or the companies in which it participates.

There are no further legal requirements to the notes of the financial statement.

Proposed appropriation of retained earnings /

December 31, in CHF 1,000	2015
Net profit	649,588
Retained earnings brought forward	448,232
Retained earnings available for appropriation	1,097,820
Motion by Board of Directors	
Dividends	720,000
Carried forward	377,820
Total	1,097,820

Legally required profit reserves already exceed the legal requirement of 50% of the share capital. Therefore no further reserve allocation is required.

Winterthur, April 14, 2016

On behalf of the Board of Directors
and the Executive Board

Jacques de Vaucleroy
Chairman of the Board

Antimo Perretta
Chief Executive Officer

Report of the statutory auditor to the General Meeting on the financial statements 2015 /

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of AXA Insurance Ltd, which comprise the statement of income, balance sheet, statement of cash flows, change in shareholder's equity and notes to the financial statements 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.

PricewaterhouseCoopers Ltd

Enrico Strozzi
Audit expert
Auditor in charge

Leonardo Bloise
Audit expert

Mazars Ltd

Denise Wipf
Audit Expert
Auditor in charge

Martin Rüegg
Audit Expert

Zurich, April 14, 2016

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