



Annual Report 2019

AXA Insurance Ltd

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Management report

Introduction

With 1.9 million clients, AXA is the overall market leader in Switzerland with a market share of approximately 12% in total¹, 13% in Property & Casualty and 10% in Life & Savings. AXA insures around 40% of companies in Switzerland and is positioned as a reliable, innovative partner offering high quality services to its customers. The company offers a broad range of products in core business areas (e.g. motor, property, liability, and workers compensation), specialty lines (e.g. transport and credit & surety), Individual Life, Group Life and Autonomous Markets. AXA has been providing comprehensive financial protection to its customers since 1875.

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

AXA Insurance Ltd is a member of AXA Group, which is a 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 retail 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

Regardless of many uncertainties, the stock markets performed very positively in the first few months of 2019, catching up on the losses from late 2018 by mid-year. Swiss equities reached new all-time highs during the year, although political challenges such as Brexit and the global trade disputes created uncertainty. Both the Swiss National Bank and the European Central Bank continued with their expansive monetary policies and supplied the markets with cheap money. In 2019, the US central bank FED also reduced their base rate by 75 basis points in three steps.

The Property & Casualty market grew by 1.7%¹. The Swiss market is very competitive with ongoing pressure on

prices, especially in commercial lines. AXA maintained its position as market leader in the Property & Casualty insurance business with a market share of 13%.

Business performance, full-time equivalent employees and risk assessment

Despite the challenging market environment and the persistently low level of interest rates, AXA Insurance Ltd generated a net income of CHF 1,938 million, compared to CHF 822 million in the previous year. The increase of CHF 1,116 million (+136%) is mainly due to a higher investment result because of an extraordinary dividend from AXA Life Ltd. Additionally, the positive result was supported by an improvement of the technical result by CHF 46 million.

Gross premiums increased by 2.3% to around CHF 3,471 million, driven by the strong growth in commercial lines (+3.9%). The combined ratio improved by 1.4 percentage points to an excellent level of 87.0%, mainly because of a lower loss ratio, favoured by lower large losses. Driven by higher volumes, acquisition and administrative expenses increased slightly. This was mostly offset by the ongoing efforts to improve the efficiency and cost discipline. The expense ratio decreased by 0.3 percentage points compared to the previous year.

In July 2017, AXA entered the health care market with supplementary health insurance products. In 2019, the corresponding premiums grew threefold. With additional services (such as an automated change service for the basic insurance coverage), the company creates real added value for its customers, underscoring its ambition as a provider of new, attractive and innovative products. Through the combination of personal provision and health care, AXA became the first full-range provider on the Swiss life and health market. To increase the market presence even more, AXA expanded the consultant network and launched new products in 2019.

The annual average of full-time employee equivalent for 2019 is 3,888.

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.

Long-term stability is crucial for AXA's risk and financial management. Systematic hedging of currency risks

¹ Source: Forecast by the Swiss Insurance Association (SIA) as per January 30th, 2020; market shares are based on statutory gross written premiums incl. all Swiss legal entities belonging to the AXA Group

prevented the company from suffering large losses in the past. Future market trends remain unpredictable, but AXA Insurance Ltd is constantly reviewing and optimising its hedging strategy and is therefore well prepared for every possible scenario.

Sustainability in asset management

Sustainability criteria play a key role in the management of investments within AXA Insurance Ltd. In the context of ESG standards (environment, social and governance) AXA Insurance Ltd weighs up risks and manages opportunities. The ESG standards are systematically implemented and partially or completely exclude investments in certain economic sectors. In line with this approach, no investments are made in companies with the following scope of activity:

- Tobacco production
- Companies related to the development, production, storage or trade of weapons
- Palm oil producers
- Tar sand and shale oil companies
- Coal mining or coal-fired power generation companies (turnover more than 20%)
- Financial assets based on agricultural commodities

In addition to compliance with ESG standards, AXA Insurance Ltd has set itself the goal of having 75% of its real estate portfolio certified by recognised sustainability labels by 2030. The contribution of AXA and the AXA Group in general to a more sustainable future is constantly being monitored by various independent valuation institutions – for example, AXA has been awarded the top rating "AAA" by MSCI ESG Research.

Challenges and outlook

From a strategic perspective, AXA Insurance Ltd faces challenges from the prevailing low interest rate environment, further regulatory tightening, changing value propositions towards its customers and new market players.

Furthermore, technological transformation, 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 push forward transformation, the company is focusing even more on customer centricity. The companywide strategy, which makes this vision a reality and thereby ensures 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 sustainable profitability. In the retail customer segment, the company aims to maintain its leading market position, continuously developing the market by introducing innovative products such as the new modular household offer and preserving its margins. At the same time, the company will continue to intensify its digital transformation to become a simplicity leader and to establish an end-to-end-customer interface.

In the commercial lines, AXA Insurance Ltd targets for sustainable growth above the market. The company aims to maintain its leading market position with simple and innovative offerings in the SME mass business, while acting as an expert in the development of customized solutions in the SME complex business and specialty lines. As part of its corporate strategy, AXA Insurance Ltd is also increasingly developing services for SMEs that go beyond classic insurance coverage, namely in the areas of fringe benefits, accounting services and employee health.

Corporate governance

Board of Directors as of December 31, 2019

Name	Year of birth	Nationality	Position	Period of office until
Antimo Perretta ¹	1962	Swiss/Italian	Chairman	AGM 2021
Ruth Metzler-Arnold ^{1,2}	1964	Swiss	Vice-Chairwoman	AGM 2021
Matthieu André ³	1966	French	Member	AGM 2021
Wanda Eriksen-Grundbacher ²	1967	Swiss/American	Member	AGM 2021
Max E. Katz ³	1955	Swiss	Member	AGM 2022
Hans Lauber ^{2,3}	1962	Swiss	Member	AGM 2022
Patrick Lemoine ^{2,3}	1958	French	Member	AGM 2022
Patrick Warnking ¹	1967	German	Member	AGM 2021
Julia Ender Amacker			Secretary (non-member)	

¹ Member of the Nomination & Compensation Committee, chaired by A. Perretta

² Member of the Audit Committee, chaired by W. Eriksen-Grundbacher

³ Member of the Risk Committee, chaired by M. E. Katz

CEO and Executive Committee Members as of December 31, 2019

Name	Year of birth	Nationality	Position
Fabrizio Petrillo	1969	Swiss/Italian	Chief Executive Officer
Mirjam Bamberger	1974	Swiss/German	Head of Customer Experience & Strategy
Michele Bernasconi	1966	Swiss	Head of Distribution
Daniela Fischer	1976	German	Head of HR, Public Affairs & Corporate Responsibility
Thomas Gerber	1964	Swiss	Head of Life, Savings & Health
Dominique Kasper	1971	Swiss	Head of Property & Casualty
Markus Keller	1968	Swiss	Head of Customer Operations
Andreas Maier	1963	Swiss	Head of IT
Alain Zweibrucker	1974	French	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	2019	2018
Premiums gross		3,471,498	3,393,589
Premiums ceded		-141,596	-123,719
Premiums written		3,329,902	3,269,870
Change in provisions for unearned premiums		154	5,092
Change in provisions for unearned premiums ceded		2,123	2,890
Premiums earned	3	3,332,179	3,277,852
Other income from insurance activities		2,364	7,716
Total income from insurance activities		3,334,543	3,285,568
Claims and annuities paid		-2,130,313	-2,259,259
Claims ceded		71,597	63,743
Change in technical provisions		33,268	162,240
Change in technical provisions ceded		-10,865	2,935
Policyholder bonus expenses		-29,012	-35,526
Total claims paid and changes in technical provisions	4	-2,065,326	-2,065,867
Operating expenses		-864,080	-846,872
Operating expenses ceded		30,401	15,378
Operating expenses net	5	-833,679	-831,494
Other expenses from insurance activities		-4,303	-2,851
Total expenses from insurance activities		-2,903,308	-2,900,212
Underwriting result		431,234	385,356
Income from investment activities		2,381,438	1,209,103
Expenses from investment activities		-777,021	-640,300
Investment result including financial derivatives	6	1,604,417	568,803
Other financial income		165	4,995
Other financial expenses		-3,192	-2,004
Operating income		2,032,624	957,150
Interest expenses		-3,131	-3,034
Other income		46,867	666
Other expenses		-9,584	-4,214
Net profit before tax		2,066,776	950,568
Tax		-128,878	-128,923
Net profit after tax		1,937,899	821,645

Statement of financial position

Assets

December 31, in CHF 1,000	Notes	2019	2018
Real estate		1,195,861	993,315
Participations	19	2,961,314	2,309,263
Fixed-income securities		4,221,651	4,740,113
Loans	10	415,762	592,793
Mortgages		1,802,743	1,660,758
Equity securities		530,440	482,397
Other investments	7	2,669,634	2,455,670
Total investments		13,797,405	13,234,309
Receivables from derivatives		57,047	114,651
Deposits from assumed reinsurance	10	25,772	25,754
Cash and cash equivalents		636,654	596,845
Technical provisions for ceded reinsurance	8/10	126,944	126,946
Tangible assets		27,225	27,737
Intangible assets		40,583	29,247
Receivables from insurance activities	9/10	323,257	233,921
Sundry debtors	10	82,909	80,650
Accrued income and prepaid expenses	10	72,581	67,036
Total assets		15,190,376	14,537,096

Statement of financial position

Liabilities

December 31, in CHF 1,000	Notes	2019	2018
Technical provisions	8/10	8,459,226	8,499,783
Non technical provisions		160,235	159,435
Interest-bearing payables	10/18	428,283	284,000
Liabilities for derivatives		291,195	283,286
Payables from insurance activities	9/10	307,506	250,679
Other liabilities	10	428,234	540,217
Accrued expenses and deferred income	10	1,353,012	1,274,910
Total liabilities		11,427,691	11,292,310
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		269,655	849,655
Retained earnings brought forward		434,860	453,215
Net profit		1,937,899	821,645
Total shareholders' equity		3,762,685	3,244,786
Total liabilities and shareholders' equity		15,190,376	14,537,096

Statement of cash flows

December 31, in CHF 1,000	2019	2018
Cash received from premiums	3,476,971	3,400,561
Cash paid for claims	-2,044,512	-2,147,044
Net Cash flow from reinsurance activities	-42,328	-44,598
Cash paid for operating expenses	-1,028,505	-992,814
Cash paid for tax	-133,414	-140,185
Net cash flow on other receivables and payables	24,474	179,166
Net cash flow on investments	1,703,679	615,043
Net cash flow provided by operating activities	1,956,364	870,129
Sale / purchase of real estate	-237,203	-57,768
Sale / purchase of participations	-652,969	-22,918
Sale / purchase of fixed-income securities	378,167	756,803
Sale / purchase of loans	177,038	-425,509
Sale / purchase of mortgages	-95,522	-237,538
Sale / purchase of equity securities	-56,725	46,288
Sale / purchase of derivatives	60,491	-45,769
Sale / purchase of other investments	-324,154	127,275
Net cash flow provided by investing activities	-750,878	140,864
Dividends paid	-1,420,000	-830,000
Cash used / provided for financial debts	146,107	-14,200
Interest on financing debts paid	-2,962	-3,018
Net cash flow provided by financing activities	-1,276,855	-847,218
Change in cash	-71,369	163,775

Cash reconciliation

December 31, in CHF 1,000	2019	2018
Cash as of January 1	373,766	209,991
Cash as of December 31	302,397	373,766
Change in cash	-71,369	163,775
December 31, in CHF 1,000	2019	2018
Cash and cash equivalents as in statement of financial position	636,654	596,845
Bank overdrafts	-4,232	-5,789
Collaterals	-330,025	-217,290
Cash as in statement of cash flows as of December 31	302,397	373,766

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, 2017	168,705	782,861	168,705	1,532,871	2,653,142
Ordinary dividend paid				-230,000	-230,000
Net profit				821,645	821,645
As of December 31, 2018	168,705	782,861	168,705	2,124,516	3,244,787
Ordinary dividend paid				-840,000	-840,000
Extraordinary dividend paid				-580,000	-580,000
Net profit				1,937,899	1,937,899
As of December 31, 2019	168,705	782,861	168,705	2,642,415	3,762,686

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 CO and relevant regulatory insurance legislation. The financial year ends on December 31. All figures have been rounded individually.

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 allowance.

Loans are reported at amortized cost. Mortgages are reported at nominal value. Credit risks are taken into account by means of allowance.

Equity securities and other investments (except asset backed securities) are carried at the lower of cost or market value (LOCOM). Asset backed securities are valued no higher than according to the scientific amortized cost method.

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 indicators framework, is performed with a standard 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 2019. 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 are reflected in risk reports, presented to the Audit and Risk Management Committee and the Risk Committee.

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	Ceded	Net	Gross	Ceded	Net
	2019	2019	2019	2018	2018	2018
Direct business	3,425,339	-141,476	3,283,863	3,367,533	-123,719	3,243,814
Assumed business	46,159	-120	46,039	26,056	-	26,056
Total premiums written	3,471,498	-141,596	3,329,902	3,393,589	-123,719	3,269,870
Direct business	141	2,123	2,264	5,091	2,890	7,981
Assumed business	13	-	13	1	-	1
Total change in provisions for unearned premiums	154	2,123	2,277	5,092	2,890	7,982
Total premiums earned	3,471,652	-139,473	3,332,179	3,398,681	-120,829	3,277,852

4 Claims paid and changes in technical provisions

December 31, in CHF 1,000	Gross	Ceded	Net	Gross	Ceded	Net
	2019	2019	2019	2018	2018	2018
Direct business	-2,110,396	70,526	-2,039,870	-2,237,970	63,743	-2,174,227
Assumed business	-19,917	1,071	-18,846	-21,289	-	-21,289
Total claims and annuities paid	-2,130,313	71,597	-2,058,717	-2,259,259	63,743	-2,195,516
Direct business	-5,841	-1,418	-7,259	109,104	2,935	112,039
Assumed business	11,088	-9,447	1,640	20,482	-	20,482
Total change in actuarial provisions	5,247	-10,865	-5,619	129,586	2,935	132,521
Direct business	28,021	-	28,021	32,654	-	32,654
Total change in provisions for annuity reserves	28,021	-	28,021	32,654	-	32,654
Policyholder bonus payments	-40,242	-	-40,242	-33,411	-	-33,411
Change in provisions for policyholder bonus fund	3,714	7,516	11,230	-6,391	4,276	-2,115
Total policyholder bonus expenses	-36,528	7,516	-29,012	-39,802	4,276	-35,526
Total claims paid and changes in technical provisions	-2,133,574	68,248	-2,065,326	-2,136,821	70,954	-2,065,867

5 Operating expenses and employee full-time equivalents

December 31, in CHF 1,000	2019	2018
Commissions - direct business	-462,130	-435,568
Commissions - assumed business	-10,711	-7,246
Commissions - ceded business	30,401	15,378
Total commissions	-442,440	-427,436
Personnel expenses	-247,855	-258,546
Other operating expenses	-135,749	-137,512
Depreciation on tangible assets	-5,227	-5,593
Depreciation on intangible assets	-2,407	-2,407
Total operating expenses	-833,679	-831,494

The annual average of full-time equivalent employees for the year 2019 amounts to 3,888.

6 Investment result including financial derivatives

Income from investment activities

December 31, in CHF 1,000	Income		Appreciation		Realized gains		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Real estate	53,368	47,154	-	-	-	-	53,368	47,154
Participations	1,471,314	316,058	-	-	5	279	1,471,319	316,337
Fixed-income securities	108,364	125,947	9,000	35,000	272	1,597	117,636	162,544
Loans	3,299	3,114	-	-	-	-	3,299	3,114
Mortgages	25,868	24,166	46,020	8	-	1	71,888	24,175
Equity securities	15,333	14,596	12,119	79	9,864	81,227	37,316	95,902
Other investments ¹	76,853	108,555	35,718	49,163	95,659	38,299	208,230	196,017
Derivative financial instruments	-18,380	-12,800	33,634	108,718	403,127	267,942	418,381	363,860
Income from investment activities	1,736,019	626,790	136,491	192,968	508,928	389,345	2,381,438	1,209,103

Expenses from investment activities

December 31, in CHF 1,000	Depreciation		Realized losses		Total	
	2019	2018	2019	2018	2019	2018
Real estate	-23,219	-4,610	-	-	-23,219	-4,610
Participations	-	-	-1	-	-1	-
Fixed-income securities	-	-	-4,418	-1,763	-4,418	-1,763
Loans	-	-	-	-	-	-
Mortgages	-7	-24	-	-	-7	-24
Equity securities	-973	-22,854	-4,324	-26,435	-5,297	-49,289
Other investments ¹	-257,381	-143,474	-62,069	-55,304	-319,450	-198,778
Derivative financial instruments	-17,990	-3,856	-376,546	-347,518	-394,536	-351,374
Total	-299,571	-174,818	-447,358	-431,020	-746,929	-605,838
Investment management expenses					-30,092	-34,462
Expenses from investment activities					-777,021	-640,300

Total investment result including financial derivatives	1,604,417	568,803
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¹ including foreign exchange impacts

7 Other investments

December 31, in CHF 1,000	2019	2018
Asset backed securities	911,431	854,755
Private equity	1,137,747	957,060
Hedge funds	498,587	529,341
Investment funds	121,869	114,514
Total other investments	2,669,634	2,455,670

8 Technical provisions

December 31, in CHF 1,000	Gross 2019	Ceded 2019	Net 2019	Gross 2018	Ceded 2018	Net 2018
Provisions for unearned premiums	177,102	-5,012	172,090	177,256	-983	176,273
Actuarial provisions	6,858,838	-99,223	6,759,615	6,867,507	-110,770	6,756,737
Provisions for annuities reserves	1,191,530	-	1,191,530	1,219,551	-	1,219,551
Provisions for contractual bonuses	231,755	-22,709	209,046	235,469	-15,193	220,276
Total technical provisions	8,459,226	-126,944	8,332,282	8,499,783	-126,946	8,372,837

9 Receivables and payables from insurance activities

December 31, in CHF 1,000	2019	2018
Receivables from policyholders	112,088	92,338
Receivables from agents	64,187	50,823
Receivables from insurance companies	146,982	90,760
Total receivables from insurance activities	323,257	233,921
Payables to policyholders	88,619	79,156
Payables to agents	91,515	88,111
Payables to insurance companies	127,372	83,412
Total payables from insurance activities	307,506	250,679

10 Related party balances

December 31, in CHF 1,000	Other	Shareholder	Participations	2019
Loans	-	218,000	8,271	226,271
Deposits from assumed reinsurance	25,723	-	-	25,723
Technical provisions for ceded reinsurance	46,640	-	-	46,640
Receivables from insurance activities	111,337	-	-	111,337
Sundry debtors	868	-	38,172	39,040
Accrued income and prepaid expenses	-	-	1,932	1,932
Total receivables from related parties	184,568	218,000	48,375	450,943
Technical provisions	52,630	-	-	52,630
Interest-bearing payables	-	-	269,800	269,800
Payables from insurance activities	91,984	-	-	91,984
Other liabilities	13,348	-	19,471	32,819
Accrued expenses and deferred income	2,053	-	2,621	4,674
Total payables to related parties	160,015	-	291,892	451,907
December 31, in CHF 1,000	Other	Shareholder	Participations	2018
Loans	-	420,000	5,509	425,509
Deposits from assumed reinsurance	25,704	-	-	25,704
Technical provisions for ceded reinsurance	50,373	-	3,284	53,657
Receivables from insurance activities	72,973	-	-	72,973
Sundry debtors	1,096	-	29,196	30,292
Accrued income and prepaid expenses	-	-	2,447	2,447
Total receivables from related parties	150,146	420,000	40,436	610,582
Technical provisions	41,764	-	-	41,764
Interest-bearing payables	-	-	284,000	284,000
Payables from insurance activities	60,534	-	-	60,534
Other liabilities	7,521	-	15,943	23,464
Accrued expenses and deferred income	3,219	-	755	3,974
Total payables to related parties	113,038	-	300,698	413,736

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, 2019, 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

Since December 2019, a significant number of cases of pneumonia associated with the Coronavirus (COVID-19) has been reported worldwide. Initially reported in the People's Republic of China, it has spread across other countries, resulting in reported infections and deaths in numerous countries, including Switzerland.

Although no material claims have been reported at this stage, AXA is closely monitoring the potential exposure, including (i) the operational impact on its business, (ii) the consequences of a deterioration in macroeconomic conditions or of a slowdown in the flow of people, goods and services, (iii) the extent of insurance coverage impacted, and (iv) change in asset prices and financial conditions (including interest rates).

12 Contingent liabilities

December 31, in CHF 1,000	2019	2018
Guarantees and contingent liabilities	-	1,124,887
Irrevocable commitments in respect to letters of credit	12,054	12,240
Total contingent liabilities	12,054	1,137,127

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	2019	2018
Fixed-income securities	263,878	402,206
whereof security deposits in favour of reinsurers	9,026	9,372
Total assets pledged	263,878	402,206

14 Liabilities due to own pension funds

December 31, in CHF 1,000	2019	2018
Liabilities due to own pension funds	1,931	4

15 Release of management reserves

December 31, in CHF 1,000	2019	2018
Release of management reserves	55,000	35,000

16 Fees paid to statutory auditors

December 31, in CHF 1,000	2019	2018
Statutory audit and certification of local financial statements	1,075	1,113
Total auditor fees	1,075	1,113

The elected audit firms did not supply any services other than audit.

17 Lease liabilities

December 31, in CHF 1,000	2019	2018
Lease liabilities with maturity date between 1 - 5 years	2,161	2,348
Total lease liabilities	2,161	2,348

18 Long-term interest-bearing payables

December 31, in CHF 1,000	2019	2018
Interest-bearing payables with maturity date < 1 year	158,483	-
Interest-bearing payables with maturity date > 5 years	269,800	284,000
Total interest-bearing payables	428,283	284,000

19 Significant participations and own shares

Participation	Domicile	Capital share CHF	Capital share/ Voting share %	Capital share CHF	Capital share/ Voting share %
		2019	2019	2018	2018
December 31, in CHF 1,000					
AXA Life Ltd	Winterthur	175,000	100%	175,000	100%
AXA Japan Holding Co., Ltd	Tokyo	152,594	20%	153,793	20%
AXA Tianping Property & Casualty Insurance Company Ltd	Shanghai	117,641	100%	60,750	50%
AXA-ARAG Legal Protection Ltd	Zurich	6,000	67%	6,000	67%
AXA Mobility Services AG	Winterthur	3,300	100%	3,300	100%
Interterra Parking SA	Lausanne	424	47%	424	47%
Sobrado Software AG	Cham	195	30%	213	36%
AXA Pension Solutions AG	Winterthur	150	100%	150	100%
Silencio SA	Zurich	58	38%	-	-
Accounto AG	Root	52	31%	-	-
Car for you AG	Zurich	50	50%	50	50%
Swibeco SA	Zug	48	33%	-	-
Ryd Suisse AG	Illnau-Effretikon	25	25%	25	25%

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	2019
Net profit	1,937,899
Retained earnings brought forward	434,860
Retained earnings available for appropriation	2,372,759

Motion by Board of Directors

Dividends	1,220,000
Allocation to free profit reserves	1,150,000
Carried forward	2,759
Total	2,372,759

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

Winterthur, April 30, 2020

On behalf of the Board of Directors
and the Executive Board

Antimo Perretta
Chairman of the Board

Fabrizio Petrillo
Chief Executive Officer

Report of the statutory auditor to the General Meeting on the financial statements 2019

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 income statement, balance sheet, cash flow statement, change in shareholder's equity and notes to the financial statements (pages 7-20), for the year ended December 31, 2019.

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 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 December 31, 2019 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 (page 21) complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd

Ray Kunz
Audit expert
Auditor in charge

Zurich, April 30, 2020

Mazars Ltd

Severin Merkle
Audit expert

Denise Wipf
Audit expert
Auditor in charge

Daniel Müller
Audit expert



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