



# **Annual Report 2020**

**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 11%<sup>1</sup> in total, 13% in Property & Casualty and 8% in Life & Savings. AXA insures around 40% of companies in Switzerland and is positioned as a reliable and 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 developing and launching innovative insurance solutions. Moreover, AXA is the only Swiss insurance company with its own accident research centre 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, are 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

The COVID-19 pandemic caused a dramatic decline in the global economy in spring 2020. As in other countries, rigorous measures and a nationwide lockdown were decided in Switzerland too, severely restricting social and economic life. The financial markets worldwide suffered massive price collapses and the economy experienced the strongest recession of the post-war period. The economy recovered slightly in the second half of the year thanks to massive monetary and fiscal policy measures. The stock markets recovered as well, especially in the fourth quarter, and in many cases were able to catch up the decline in spring.

The European Central Bank as well as most central banks worldwide continued with their expansive monetary policies and supplied the markets with cheap money.

The Property & Casualty market grew by 1.4%<sup>1</sup>. 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 in Switzerland with a market share of 13%.

## Business performance, full-time equivalent employees and risk assessment

Despite the challenging market environment, AXA Insurance Ltd generated a net profit of CHF 1,581 million. The decrease of CHF 357 million (-18%) is mainly due to a lower investment result driven by lower dividend payments from AXA Life Ltd and higher claims expenses caused by the COVID-19 pandemic.

Gross premiums increased by 1.3% to CHF 3,516 million, with the development in the SME segment in particular boosting the corporate business, while premiums in the private client business fell slightly driven by the decrease in the motor business following the sharp decline in new registrations of vehicles.

The combined ratio increased by 5.0 percentage points to 92.0% due to the Corona crisis. Additional claims particularly incurred in the travel and epidemic insurance lines. Ongoing efforts in the areas of efficiency and cost discipline, as well as lower event and marketing spendings led to a decrease in the expense ratio of 0.9 percentage points compared to the previous year.

In 2017, AXA entered the health care market with supplementary health insurance products. In 2020 the volume increased significantly by more than 80% and the customer base was further expanded to over 75,000 clients. With its supplementary health insurance products, AXA became the first full-range provider on the Swiss life and health market.

The annual average of full-time employee equivalent for 2020 is 3,902.

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.

<sup>1</sup> Source: Market shares are based on the statutory gross premiums of all Swiss business units belonging to the AXA Group and the market estimation by the Swiss Insurance Association (SIA) of 4 February 2021

Long-term stability is crucial for AXA's risk and financial management. Systematic hedging of currency risks prevented the company from suffering large losses in the past. Future market developments 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 associated with the development, production, storage or trade of outlawed weapons
- Producers of palm oil without RSPO certification
- Tar sands and shale oil companies (turnover more than 20%)
- Coal mining or coal-fired power generation companies (turnover more than 30%)
- Financial investments 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 Insurance Ltd and the AXA Group in general to a more sustainable future is constantly being monitored by various independent valuation institutions – for example, AXA was awarded the top rating "AAA" by MSCI ESG Research and ranks 2nd out of a total of 129 insurers worldwide in the Dow Jones Sustainability Index. AXA has been honoured as sustainability champion for having the most comprehensive coal phase-out policy by the NPO coalition "Insure our Future" in its report. AXA has set itself the target of reducing the CO<sub>2</sub> emissions of its facilities by 20% by 2025 and – in line with the Paris Agreement – to net-zero by 2050.

### **Challenges and outlook**

From a strategic perspective, AXA Insurance Ltd still faces challenges from the prevailing low interest rate environment, further regulatory tightening, changing customer expectations and new market players.

Additionally, COVID-19 affected the past business year, mainly in the epidemic and travel insurance lines. The consequences of the economic environment affected by COVID-19 will continue to accompany AXA beyond 2020. However, AXA Insurance Ltd is solidly positioned with its holistic spectrum of products and services.

The company is forced by technological change, smart data, increasing transparency requirements, new competitors as well as social trends (e.g. sharing economy in mobility or sustainability / sustainable finance) to continuously adapt the business model to the present circumstances. With the vision "From Payer to Partner", the company is pursuing the goal of becoming more relevant to its customers and creating added value beyond financial security and traditional insurance services, thereby enabling a positive customer experience at all points of contact ("Customer First"). COVID-19 has given a strong boost to the digitalisation component in particular and is very likely to have a lasting impact on customer behaviour as well.

AXA Insurance Ltd intends to continue to grow while achieving sustainable profitability and a high level of customer satisfaction. In the private client segment, AXA intends to maintain its leading market position in the future and to further develop the market by launching innovative products and services (e.g. modular covers in household insurance). At the same time, it plans to profit from the digital opportunities and momentum provided by COVID-19 to become simpler and easier for its customers to understand. AXA already has more than 500,000 users on its digital insurance portal "myAXA". In addition, more than 450,000 consultations took place with the digital advice tool "AXA Advice" in 2020.

AXA also aims to defend its leading position in the corporate client segment. The focus is on simple and innovative offers for the SME mass business such as the introduction of a modular SME insurance product, while attractive and customer-specific insurance solutions can be offered in speciality lines thanks to cross-sector expertise and close cooperation with AXAXL. In addition, AXA is launching new services for SMEs in cooperation with various start-up partners going beyond classic insurance cover, particularly in the areas of fringe benefits, accounting and employee health care.

# Corporate governance

## Board of Directors as of December 31, 2020

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

<sup>1</sup> Member of the Nomination & Compensation Committee, chaired by A. Perretta

<sup>2</sup> Member of the Audit Committee, chaired by W. Eriksen-Grundbacher

<sup>3</sup> Member of the Risk Committee, chaired by H. Lauber

## CEO and Executive Committee Members as of December 31, 2020

Name	Year of birth	Nationality	Position
Fabrizio Petrillo	1969	Swiss/Italian	Chief Executive Officer
Michele Bernasconi	1966	Swiss	Head of Distribution
Daniela Fischer	1976	German	Head Human 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 Data, Technology & Innovation (DTI)
Andreea Prange	1978	German/Romanian	Head of Customer Experience & Strategy
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	2020	2019
Premiums gross		3,516,374	3,471,498
Premiums ceded		-145,946	-141,596
<b>Premiums written</b>		<b>3,370,428</b>	<b>3,329,902</b>
Change in provisions for unearned premiums		6,651	154
Change in provisions for unearned premiums ceded		-672	2,123
<b>Premiums earned</b>	<b>3</b>	<b>3,376,407</b>	<b>3,332,179</b>
Other income from insurance activities		10,754	2,364
<b>Total income from insurance activities</b>		<b>3,387,161</b>	<b>3,334,543</b>
Claims and annuities paid		-2,205,608	-2,130,313
Claims ceded		54,204	71,597
Change in technical provisions		-165,708	33,268
Change in technical provisions ceded		51,249	-10,865
Policyholder bonus expenses		-27,463	-29,012
<b>Total claims paid and changes in technical provisions</b>	<b>4</b>	<b>-2,293,327</b>	<b>-2,065,326</b>
Operating expenses		-840,416	-864,080
Operating expenses ceded		27,343	30,401
<b>Operating expenses net</b>	<b>5</b>	<b>-813,074</b>	<b>-833,679</b>
Other expenses from insurance activities		-852	-4,303
<b>Total expenses from insurance activities</b>		<b>-3,107,253</b>	<b>-2,903,308</b>
<b>Underwriting result</b>		<b>279,908</b>	<b>431,234</b>
Income from investment activities		2,395,288	2,381,438
Expenses from investment activities		-1,046,153	-777,021
<b>Investment result including financial derivatives</b>	<b>6</b>	<b>1,349,135</b>	<b>1,604,417</b>
Other financial income		2,981	165
Other financial expenses		-3,161	-3,192
<b>Operating income</b>		<b>1,628,864</b>	<b>2,032,624</b>
Interest expenses		-4,757	-3,131
Other income		57,545	46,867
Other expenses		-27,509	-9,584
<b>Net profit before tax</b>		<b>1,654,142</b>	<b>2,066,776</b>
Tax		-73,142	-128,878
<b>Net profit after tax</b>		<b>1,581,001</b>	<b>1,937,899</b>

## Statement of financial position

### Assets

December 31, in CHF 1,000	Notes	2020	2019
Real estate		1,189,094	1,195,861
Participations	19	2,958,625	2,961,314
Fixed-income securities		3,900,840	4,221,651
Loans	10	211,793	415,762
Mortgages		1,767,117	1,802,743
Equity securities		361,027	530,440
Other investments	7	2,711,430	2,669,634
<b>Total investments</b>		<b>13,099,926</b>	<b>13,797,405</b>
Receivables from derivatives		164,376	57,047
Deposits from assumed reinsurance	10	22,118	25,772
Cash and cash equivalents		692,780	636,654
Technical provisions for ceded reinsurance	8/10	185,347	126,944
Tangible assets		25,866	27,225
Intangible assets		40,993	40,583
Receivables from insurance activities	9/10	281,425	323,257
Sundry debtors	10	79,331	82,909
Accrued income and prepaid expenses	10	68,321	72,581
<b>Total assets</b>		<b>14,660,482</b>	<b>15,190,376</b>

## Statement of financial position

### Liabilities

December 31, in CHF 1,000	Notes	2020	2019
Technical provisions	8/10	8,601,507	8,459,226
Non technical provisions		143,256	160,235
Interest-bearing payables	10/18	255,600	428,283
Liabilities for derivatives		63,686	291,195
Payables from insurance activities	9/10	250,118	307,506
Other liabilities	10	268,903	428,234
Accrued expenses and deferred income	10	1,353,728	1,353,012
<b>Total liabilities</b>		<b>10,936,797</b>	<b>11,427,691</b>
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		1,019,655	269,655
Retained earnings brought forward		2,759	434,860
Net profit		1,581,001	1,937,899
<b>Total shareholders' equity</b>		<b>3,723,686</b>	<b>3,762,685</b>
<b>Total liabilities and shareholders' equity</b>		<b>14,660,482</b>	<b>15,190,376</b>

## Statement of cash flows

December 31, in CHF 1,000	2020	2019
Cash received from premiums	3,501,447	3,476,971
Cash paid for claims	-2,127,406	-2,044,512
Net Cash flow from reinsurance activities	-64,211	-42,328
Cash paid for operating expenses	-1,002,764	-1,028,505
Cash paid for tax	-92,261	-133,414
Net cash flow on other receivables and payables	467,086	24,474
Net cash flow on investments	1,282,618	1,703,679
<b>Net cash flow provided by operating activities</b>	<b>1,964,509</b>	<b>1,956,364</b>
Sale / purchase of real estate	-11,850	-237,203
Sale / purchase of participations	2,688	-652,969
Sale / purchase of fixed-income securities	53,893	378,167
Sale / purchase of loans	203,975	177,038
Sale / purchase of mortgages	-21,589	-95,522
Sale / purchase of equity securities	171,570	-56,725
Sale / purchase of derivatives	71,065	60,491
Sale / purchase of other investments	-637,111	-324,154
<b>Net cash flow provided by investing activities</b>	<b>-167,359</b>	<b>-750,878</b>
Dividends paid	-1,620,000	-1,420,000
Cash used / provided for financial debts	-168,551	146,107
Interest on financing debts paid	-7,591	-2,962
<b>Net cash flow provided by financing activities</b>	<b>-1,796,142</b>	<b>-1,276,855</b>
<b>Change in cash</b>	<b>1,008</b>	<b>-71,369</b>

## Cash reconciliation

December 31, in CHF 1,000	2020	2020
Cash as of January 1	302,397	373,766
Cash as of December 31	303,405	302,397
<b>Change in cash</b>	<b>1,008</b>	<b>-71,369</b>
December 31, in CHF 1,000	2020	2020
Cash and cash equivalents as in statement of financial position	692,780	636,654
Bank overdrafts	-8,117	-4,232
Collaterals	-381,258	-330,025
<b>Cash as in statement of cash flows as of December 31</b>	<b>303,405</b>	<b>302,397</b>

## Statement of changes in equity

in CHF 1,000	Share capital	Legally required capital reserves	Legally required profit reserves	Free reserves	Total
<b>As of December 31, 2018</b>	<b>168,705</b>	<b>782,861</b>	<b>168,705</b>	<b>2,124,515</b>	<b>3,244,786</b>
Ordinary dividend paid				-840,000	-840,000
Extraordinary dividend paid				-580,000	-580,000
Net profit				1,937,899	1,937,899
<b>As of December 31, 2019</b>	<b>168,705</b>	<b>782,861</b>	<b>168,705</b>	<b>2,642,414</b>	<b>3,762,685</b>
Ordinary dividend paid				-1,220,000	-1,220,000
Extraordinary dividend paid				-400,000	-400,000
Net profit				1,581,001	1,581,001
<b>As of December 31, 2020</b>	<b>168,705</b>	<b>782,861</b>	<b>168,705</b>	<b>2,603,414</b>	<b>3,723,686</b>

# 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 2020. 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
	2020	2020	2020	2019	2019	2019
Direct business	3,469,958	-145,877	3,324,081	3,425,339	-141,476	3,283,863
Assumed business	46,416	-69	46,346	46,159	-120	46,039
<b>Total premiums written</b>	<b>3,516,374</b>	<b>-145,946</b>	<b>3,370,428</b>	<b>3,471,498</b>	<b>-141,596</b>	<b>3,329,902</b>
Direct business	6,695	-672	6,023	141	2,123	2,264
Assumed business	-43	-	-43	13	-	13
<b>Total change in provisions for unearned premiums</b>	<b>6,651</b>	<b>-672</b>	<b>5,979</b>	<b>154</b>	<b>2,123</b>	<b>2,277</b>
<b>Total premiums earned</b>	<b>3,523,026</b>	<b>-146,619</b>	<b>3,376,407</b>	<b>3,471,652</b>	<b>-139,473</b>	<b>3,332,179</b>

### 4 Claims paid and changes in technical provisions

December 31, in CHF 1,000	Gross	Ceded	Net	Gross	Ceded	Net
	2020	2020	2020	2019	2019	2019
Direct business	-2,190,758	54,140	-2,136,618	-2,110,396	70,526	-2,039,870
Assumed business	-14,850	64	-14,786	-19,917	1,071	-18,846
<b>Total claims and annuities paid</b>	<b>-2,205,608</b>	<b>54,204</b>	<b>-2,151,404</b>	<b>-2,130,313</b>	<b>71,597</b>	<b>-2,058,717</b>
Direct business	5,198	49,562	54,761	-5,841	-1,418	-7,259
Assumed business	5,774	1,687	7,461	11,088	-9,447	1,640
<b>Total change in actuarial provisions</b>	<b>10,972</b>	<b>51,249</b>	<b>62,221</b>	<b>5,247</b>	<b>-10,865</b>	<b>-5,619</b>
Direct business	-176,681	-	-176,681	28,021	-	28,021
<b>Total change in provisions for annuity reserves</b>	<b>-176,681</b>	<b>-</b>	<b>-176,681</b>	<b>28,021</b>	<b>-</b>	<b>28,021</b>
Policyholder bonus payments	-45,873	-	-45,873	-40,242	-	-40,242
Change in provisions for policyholder bonus fund	8,065	10,345	18,410	3,714	7,516	11,230
<b>Total policyholder bonus expenses</b>	<b>-37,808</b>	<b>10,345</b>	<b>-27,463</b>	<b>-36,528</b>	<b>7,516</b>	<b>-29,012</b>
<b>Total claims paid and changes in technical provisions</b>	<b>-2,409,125</b>	<b>115,798</b>	<b>-2,293,327</b>	<b>-2,133,574</b>	<b>68,248</b>	<b>-2,065,326</b>



## 5 Operating expenses and employee full-time equivalents

December 31, in CHF 1,000	2020	2019
Commissions - direct business	-457,476	-462,130
Commissions - assumed business	-9,330	-10,711
Commissions - ceded business	27,343	30,401
<b>Total commissions</b>	<b>-439,463</b>	<b>-442,440</b>
Personnel expenses	-252,327	-247,855
Other operating expenses	-114,704	-135,749
Depreciation on tangible assets	-4,172	-5,227
Depreciation on intangible assets	-2,407	-2,407
<b>Total operating expenses</b>	<b>-813,074</b>	<b>-833,679</b>

The annual average of full-time equivalent employees for the year 2020 amounts to 3,902.

## 6 Investment result including financial derivatives

### Income from investment activities

December 31, in CHF 1,000	Income		Appreciation		Realized gains		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Real estate	52,356	53,368	-	-	-	-	52,356	53,368
Participations	1,281,336	1,471,314	-	-	1,441	5	1,282,777	1,471,319
Fixed-income securities	96,288	108,364	-	9,000	1,318	272	97,607	117,636
Loans	3,005	3,299	-	-	-	-	3,005	3,299
Mortgages	24,610	25,868	7	46,020	2	-	24,619	71,888
Equity securities	10,276	15,333	-	12,119	27,493	9,864	37,770	37,316
Other investments <sup>1</sup>	86,071	76,853	203,436	35,718	28,910	95,659	318,417	208,230
Derivative financial instruments	-9,145	-18,380	165,236	33,634	422,645	403,127	578,736	418,381
<b>Income from investment activities</b>	<b>1,544,800</b>	<b>1,736,019</b>	<b>368,680</b>	<b>136,491</b>	<b>481,809</b>	<b>508,928</b>	<b>2,395,288</b>	<b>2,381,438</b>

### Expenses from investment activities

December 31, in CHF 1,000	Depreciation		Realized losses		Total	
	2020	2019	2020	2019	2020	2019
Real estate	-16,335	-23,219	-	-	-16,335	-23,219
Participations	-	-	-3	-1	-3	-1
Fixed-income securities	-	-	-7,783	-4,418	-7,783	-4,418
Mortgages	-57,025	-7	-	-	-57,025	-7
Equity securities	-1,054	-973	-16,896	-4,324	-17,949	-5,297
Other investments <sup>1</sup>	-247,582	-257,381	-307,968	-62,069	-555,550	-319,450
Derivative financial instruments	-21,893	-17,990	-347,546	-376,546	-369,439	-394,536
<b>Total</b>	<b>-343,889</b>	<b>-299,571</b>	<b>-680,197</b>	<b>-447,358</b>	<b>-1,024,086</b>	<b>-746,929</b>
<b>Investment management expenses</b>					<b>-22,067</b>	<b>-30,092</b>
<b>Expenses from investment activities</b>					<b>-1,046,153</b>	<b>-777,021</b>
<b>Total investment result including financial derivatives</b>					<b>1,349,135</b>	<b>1,604,417</b>

<sup>1</sup> including foreign exchange impacts

## 7 Other investments

December 31, in CHF 1,000	2020	2019
Asset backed securities	1,025,244	911,431
Private equity	1,210,103	1,137,747
Hedge funds	389,796	498,587
Investment funds	86,286	121,869
<b>Total other investments</b>	<b>2,711,430</b>	<b>2,669,634</b>

## 8 Technical provisions

December 31, in CHF 1,000	Gross 2020	Ceded 2020	Net 2020	Gross 2019	Ceded 2019	Net 2019
Provisions for unearned premiums	170,435	-4,340	166,096	177,102	-5,012	172,090
Actuarial provisions	6,839,170	-147,953	6,691,218	6,858,838	-99,223	6,759,615
Provisions for annuities reserves	1,368,211	-	1,368,211	1,191,530	-	1,191,530
Provisions for contractual bonuses	223,690	-33,054	190,636	231,755	-22,709	209,046
<b>Total technical provisions</b>	<b>8,601,507</b>	<b>-185,347</b>	<b>8,416,160</b>	<b>8,459,226</b>	<b>-126,944</b>	<b>8,332,282</b>

## 9 Receivables and payables from insurance activities

December 31, in CHF 1,000	2020	2019
Receivables from policyholders	99,004	112,088
Receivables from agents	76,889	64,187
Receivables from insurance companies	105,531	146,982
<b>Total receivables from insurance activities</b>	<b>281,425</b>	<b>323,257</b>
Payables to policyholders	60,149	88,619
Payables to agents	96,056	91,515
Payables to insurance companies	93,912	127,372
<b>Total payables from insurance activities</b>	<b>250,118</b>	<b>307,506</b>

## 10 Related party balances

December 31, in CHF 1,000	Other	Shareholder	Participations	2020
Loans	2,782	-	15,775	18,556
Deposits from assumed reinsurance	22,074	-	-	22,074
Technical provisions for ceded reinsurance	93,142	-	-	93,142
Receivables from insurance activities	80,690	-	-	80,690
Sundry debtors	1,223	-	39,015	40,238
Accrued income and prepaid expenses	31	-	834	865
<b>Total receivables from related parties</b>	<b>199,942</b>	<b>-</b>	<b>55,624</b>	<b>255,565</b>
Technical provisions	40,016	-	-	40,016
Interest-bearing payables	-	-	255,600	255,600
Payables from insurance activities	62,314	-	-	62,314
Other liabilities	13,458	15,028	3,177	31,663
Accrued expenses and deferred income	1,226	-	2,540	3,766
<b>Total payables to related parties</b>	<b>117,014</b>	<b>15,028</b>	<b>261,317</b>	<b>393,359</b>
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
<b>Total receivables from related parties</b>	<b>184,568</b>	<b>218,000</b>	<b>48,375</b>	<b>450,943</b>
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
<b>Total payables to related parties</b>	<b>160,015</b>	<b>-</b>	<b>291,892</b>	<b>451,907</b>

Members of the board of directors, executive board and senior management may purchase insurance products, asset management products or other products and services of AXA. As at December 31, 2020, there were no substantial receivables or payables outstanding with regard to the board of directors, executive board and senior management.

## 11 Events after the balance sheet date

In the period between the balance sheet date and the meeting of the Board of Directors on April 15, 2021, no significant events have taken place that have an impact on the 2020 financial statements.

## 12 Contingent liabilities

December 31, in CHF 1,000	2020	2019
Guarantees and contingent liabilities	900,000	-
Irrevocable commitments in respect to letters of credit	11,003	12,054
<b>Total contingent liabilities</b>	<b>911,003</b>	<b>12,054</b>

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	2020	2019
Fixed-income securities	96,281	263,878
whereof security deposits in favour of reinsurers	-	9,026
<b>Total assets pledged</b>	<b>96,281</b>	<b>263,878</b>

## 14 Liabilities due to own pension funds

December 31, in CHF 1,000	2020	2019
<b>Liabilities due to own pension funds</b>	<b>65</b>	<b>1,931</b>

## 15 Release of management reserves

December 31, in CHF 1,000	2020	2019
<b>Release of management reserves</b>	<b>-</b>	<b>55,000</b>

## 16 Fees paid to statutory auditors

December 31, in CHF 1,000	2020	2019
Statutory audit and certification of local financial statements	1,129	1,075
<b>Total auditor fees</b>	<b>1,129</b>	<b>1,075</b>

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

## 17 Lease liabilities

December 31, in CHF 1,000	2020	2019
Lease liabilities with maturity date between 1 - 5 years	2,947	2,161
Lease liabilities with maturity date > 5 years	158	-
<b>Total lease liabilities</b>	<b>3,105</b>	<b>2,161</b>

## 18 Interest-bearing payables

December 31, in CHF 1,000	2020	2019
Interest-bearing payables with maturity date < 1 year	-	158,483
Interest-bearing payables with maturity date > 5 years	255,600	269,800
<b>Total interest-bearing payables</b>	<b>255,600</b>	<b>428,283</b>

## 19 Significant participations and own shares

Direct participations	Domicile	Capital share CHF	Capital share/ Voting share %	Capital share CHF	Capital share/ Voting share %
December 31, in CHF 1,000		2020	2020	2019	2019
AXA Life Ltd	Winterthur	175,000	100%	175,000	100%
AXA Japan Holding Co., Ltd	Tokyo	146,633	20%	152,594	20%
AXA Tianping Property & Casualty Insurance Company Ltd	Shanghai	114,378	100%	117,641	100%
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 S.A.	Lausanne	424	47%	424	47%
AXA Pension Solutions AG	Winterthur	150	100%	150	100%
Sobrado Software AG	Cham	142	22%	195	30%
Silencio SA	Zurich	58	38%	58	38%
Accounto AG	Zurich	52	31%	52	31%
Car for you AG	Zurich	50	50%	50	50%
Swibeco SA	Lausanne	48	33%	48	33%
Ryd Suisse AG	Illnau-Effretikon	25	25%	25	25%
<b>Indirect participations</b>	<b>Domicile</b>	<b>Capital share CHF</b>	<b>Capital share/ Voting share %</b>	<b>Capital share CHF</b>	<b>Capital share/ Voting share %</b>
December 31, in CHF 1,000		2020	2020	2019	2019
Zürcher Freilager Ltd held by AXA Life Ltd	Zurich	1,000	100%	1,000	100%

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

### Translation

This annual report is a free translation into English from the original German text. In the event of differing interpretations, the German version shall take precedence.

## Proposed appropriation of retained earnings

December 31, in CHF 1,000	2020
Net profit	1,581,001
Retained earnings brought forward	2,759
<b>Retained earnings available for appropriation</b>	<b>1,583,759</b>

### Motion by Board of Directors

Dividends	1,120,000
Allocation to free profit reserves	460,000
Carried forward	3,759
<b>Total</b>	<b>1,583,759</b>

Legally required profit reserves already exceed the legal requirement of 50% of the share capital.

Winterthur, April 15, 2021

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 2020

## 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, cash flow statement, change in shareholder's equity and notes to the financial statements (pages 7-20), for the year ended December 31, 2020.

### 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, 2020 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 15, 2021

Mazars Ltd

Severin Merkle  
Audit expert

Denise Wipf  
Audit expert  
Auditor in charge

Daniel Müller  
Audit expert



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