**From the President**

Dear associates,

With time flying, the first decade of Zurich in China has already left us, and in 2017, we are about to embrace the next one!

In 2016, Zurich China had great success in its performance in China. Local performance is particularly outstanding with 27% increase from previous year, and the annual net insurance premium has risen by 44%.

Early in the year, the China Insurance Regulatory Commission (“CIRC”) published the scores of regulatory evaluation on Solvency Aligned Risk Management Requirements and Assessment (SARMRA) 2016, in which Zurich China has obtained 84.62, 13.9 higher than the average level of 70.72 in the industry, ranking the 2nd among the 77 general insurance companies and the top in foreign invested general insurance companies. This has improved our solvency by 4.3%. Meanwhile, Zurich China has also won the highest scores under the subjects of “Fundament & Environment”, “Objectives & Tools” and “Market Risk” (total 9 subjects) in the industry. We are also validated as Class A Company in recent evaluation of General Risk Ratings (regulation by category). This is our best results since we were founded in 2006.

SARMRA regulatory assessment is made by CIRC against the integrity of solvency risk management for insurance companies and effectiveness of their performance for compliance to these rules by reference to the Solvency Gen.2 Code No.11, representing the ability of dealing with its own risk for an insurance company. Since pilot operation of Solvency Gen.2 from 2015, implementation works for regulatory requirements of Solvency Gen.2 have been properly pushed forward under high attention paid by the management and close collaborations among all departments according to overall plan of our company. With available advantage and established framework in risk management from our corporate, we have created a series of effective local-compatible risk management procedures in compliance to regulatory requirements, and have further defined and refined goals of risk management by using a set of risk management tools in combination with work process of individual departments to implement the risk management requirements to our daily works successfully. The results of this regulatory assessment show that our risk management system and established risk management process have been recognized by the authority, which is a proof of our good culture and advanced philosophy in risk management as well as high sense of responsibility in our Zurich China team. Meanwhile, the assessment results have also raised our brand reputation and corporate image in regulators, clients and channel partners, which is significantly beneficial to our business development in China.

We are willing to face challenges and are good at undertaking risks. As an insurance company living on running business of risks, success in our our own risk management is the root of our life, and excellence in risk management practice is the the origin of our sustainable development. And now our success in risk management sector will encourage us to achieve more. From one side, we’ll continue to explore the quick-developing market in China, and from the other side, we have to stress on implemetation of all risk management works by turning to positive management from negative regulation to reinforce our capablity in risk prevention and management.

I believe that our solid risk management works will continue to safeguard our business development and add move value to our company buildup. And I also wish you keeping to work hard in the future, continue to refine our culture and improve our capability in risk management.

Michael Yu

Zurich China CEO

**Company News**

**Hey Guangdong, here we are!**

December 27, Zurich General Insurance Company (China) Limited, Guangdong Branch, has completed administrative registration and come into operation officially. Zurich China (Guangdong) is created under the care and support from Guangdong provincial and Guangzhou municipal governments. December 2016, after obtaining approval from CIRC, Zurich China has completed administrative registration only in 3 days, a typical example of “Guangzhou Efficiency”. Such passionate, efficient and professional service is a solid story of sincerity to attract investment for the locals and their capability to run business. This makes Zurich China to have full confidence for its success in Guangdong Province.

Guangdong Branch is the 3rd unit of Zurich China following Shanghai and Beijing. So far, the branches of Zurich China has spread in Beijing, Shanghai and the Pearl Delta area. The expansion Zurich China shows long-term commit to Chinese market by Zurich Insurance Group and their positive perspective.

(Please use a picture of Guangzhou landscape)

**Innovation and All-Win by Engagement** **- A successful opening ceremony of Zurich China (Guangdong) and Risk Management Innovation Seminar**

 Mar. 21, 2017, the opening ceremony of Zurich China (Guangdong) and Risk Management Innovation Seminar were held in Guangzhou Four Seasons Hotel. Mr. Didier Boschung, General Consul of Switzerland Consulate in Guangzhou, Mr. Fan Xiao Guo, Deputy Chief Secretary of Guangdong Provincial Insurance Association, representatives of leaders from Guangzhou Financial Bureau of Tianhe District and Management Committee of Central Business District, the Yuexiu Group as representative enterprises in Guangdong, and financial/insurance media journalists were gathering together with Mr. Jack Howell, CEO of Zurich Insurance Group in Asia Pacific , Mr. Michael Yu, General Manager of Zurich China and the principals of Zurich China (Guangdong) to witness the moment as milestone of development in China for Zurich.

At first, Mr. Jack Howell, CEO of Zurich Insurance Group (Asia Pacific) expressed his admiration and gratitude to the CIRC, CIRC Guangdong Branch, Guangdong provincial and Guangzhou municipal governments for their efficiency, strong support and favorable instructions during the preparation of Zurich China (Guangdong). Mr. Howell said that Zurich Insurance Group has a long-term commit and positive perspective to Chinese market, and the Belt and Road Initiative (BAR) strategy promoted by Chinese government has provided great business opportunities of successful development for Zurich Insurance. Guangdong is a strong province of economy in China, and will provide vast space of business for Zurich Insurance in China.

Mr. Michael Yu, General Manager of Zurich China said that the Proposal on Creating the 13th Five-Year Plan of National Economy and Social Development From Guangdong Province Committee of Chinese Communist Party had suggested 2018 as the target year for Guangdong to be the first stepping into a well-off society. The word “first” has shown the advantage and feature of Guangdong Province in development and innovation. This will provide Zurich China more business opportunities for its development in Guangdong. Zurich China hope to provide professional risk management service for entities and individual clients in Guangdong with the advantage in global network and strong financial capability of the group with combination of local resources and experiences to realize an all-win result in promoting social and economical development in Guangdong.

In order to provide better service for customers in Guangdong while presenting our advantages in risk management services, Zurich China (Guangdong) hosted a seminar on risk management innovation during the meeting with peers from insurance sector and representative enterprises from Guangdong presented the event. In the seminar, Michael Yu, General Manager of Zurich China interpreted the Global Risk Report 2017 for present guests, and the principal of financial insurance department of Zurich China introduced the risks in network safety and related knowledge of insurance focusing on information safety, a hot topic today. The present guests had a warm discussion on the two topics in combination with local market features and risk management status in Guangdong.

Mr. Jack Howell, CEO of Zurich Insurance Group (Asia Pacific) and Mr. Michael Yu, General Manager of Zurich China, also interviewed journalists from domestic and local financial & insurance media and Guangzhou TV.

After the event, all guests presented the cocktail party to congratulate the grand opening of Zurich China (Guangdong), and wish it to have great success in the future.

Business of Zurich China (Guangdong) in Guangdong provincial jurisdiction covers: (1) General insurance such as property loss insurance, liability insurance, credit insurance, bond insurance etc.; (2) short-term health insurance, accident Injury Insurance. Zurich China (Guangdong) is not allowed to operate compulsory insurance business except compulsory traffic accident liability insurance for motorcycles.

**Mr. Mark Heasman, leader of Zurich Z Foundation, visited Shanghai**

On mid March, 2017, Mr. Mark Heasman, leader of Zurich Z Foundation, visited Shanghai. The aim of his visit is to inspect the public service activities of Zurich China and find out how to provide more support from the point of foundation. Mr. Gu Xue Bin, Vice General Manager of Zurich China (Shanghai) and principal of Market & Corporate Communication Department of Zurich China, accompanied Mark to visit Shanghai Charity Foundation, which has good relationship with Zurich China for a long time, and met Mr. Qi Shen, Vice Chief Secretary and leader of Fundraising Department, to have a discussion on both interested topics such as youth education, emergency medical equipment, and they expressed that both parties agree to each other on many points about public service, and wish to have more effective cooperation in the future.

Mark also visited Shanghai Kangqiao GongYouZiDi Primary School afterwards. Zurich China bought teaching and learning supplies worth RMB5,000 for the school, and Mark represent Zurich China for supply donation to the students from the school. at At the begging, children seemed to be shy and were curious to see the big foreigners. But soon they showed their lively side and interact with Mark actively in English, and give him the greeting cards fabricated with their hands. Mark said he was deeply moved, and shared these cards with his friends and colleagues after returning Switzerland.

Mark expressed that his visit to China made him understand deeply about the efforts and achievements by Zurich China in corporate social responsibility, and wish to provide more strong support from the side of Z foundation.

**Business Development**

**2016 PARIMA Roundtable Meeting for Chinese Risk Managers Closed in Beijing and Shanghai**

The 2016 PARIMA Roundtable Meeting for Chinese Risk Managers hosted by Pan Asia Risk Management Company and Insurance Association of China and sponsored by Zurich General Insurance Company (China) Limited (Zurich China) and Aon-COFCO was closed successfully in Beijing and Shanghai at the end of 2016.

About 50 risk managers including financial and legal chiefs of many companies from Beijing and Shanghai, including BMW-Brilliance, IHG, ABB, Ford Motor, thyssenkrupp, Ctrip, Johnson & Johnson Medical, Swire Group, CNPC and other famous domestic enterprises participated the event. During the meeting, the topics such as insurance claim practice for disaster accident risk, arrangement of linkage between global and local insurance policy and safety on warehouse loss prevention, all incurred from explosion at Tianjin Port on 2015, were brought into deep discussion among the present risk managers.

Mr. Mei Wei, principal of Claim Settlement Department of Zurich China, Mr. Zhou Zhi Xiang, Senior underwriter of Zurich China, Mr. Xiang Di, who has just won the prize of Claim Settlement Team in the Asian Insurance Broker of the Year, principal of Claim Settlement Department of Aon-COFCO Insurance Brokers, Mr. Tao Lei, principal of Consulting Department of Aon Global Risk Management (China), and Mr. Chen Zong Tai, senior loss-prevention engineer, grouped into a luxury team of lecture. They provided abundant information to the roundtable meeting from the rich experience and authoritative theoretical data.

After the meeting, the guests all reflected that they felt from heart that it was a rare opportunity to interact with risk management professionals, and were grateful for PARIMA to provide this prestigious platform of communication, and praised Zurich China and Aon Insurance Brokers for their efforts to push forward domestic risk management development, making it possible for them to direct their specific demands and concerns from practice with the insurance company and broker through sharing and discussion. The understanding and agreement on related concerns is a good start for working on risk management in the future.

(insert picture here 1)

*People above from left to right: Mr. Zhou Zhi Xiang, Senior underwriter of Zurich China, Mr. Chen Zong Tai, CTO of Consulting Department of Aon Global Risk Management, Mr. Xia Chen, Principal of Domestic Sales of Aon-COFCO Insurance Brokers, Ms. Shi Wen, Director of PARIMA (China) and Senior Manager of BMW-Brilliance Insurance and Risk Management, Li Yan Qiu, Principal of Channel Department of Aon-COFCO insurance Brokers, and Mr. Mei Wei, principal of Claim Settlement Department of Zurich China*

(insert picture here 2)

*People above from left to right: Mr. Mei Wei, principal of Claim Settlement Department of Zurich China, Mr. Xia Qing Ren, Director of PARIMA (China) and principal of risk management of IHG, Li Yan Qiu, Principal of Channel Department of Aon-COFCO insurance Brokers, Mr. Tao Lei, principal of Consulting Department of Aon Global Risk Management (China),* *Mr. Zhou Zhi Xiang, Senior underwriter of Zurich China*

**Openness and Innovation – Forum for Dialogue between Guangzhou Entities and Fortune World Top 500**

Dec.6, 2016, the Guangzhou government hosted a Forum titled as Dialogue between Guangzhou Entities and Fortune World Top 500. About 250 people from world top 500 and Guangzhou entities participated the forum. All participated guests joined active discussion and communication under the subject of “open mind and innovative gene”.

This dialogue is consisted of two topics, which are “New Model: Open Thought of Enterprises” and “New Drive: Gene of Innovation for Cities” respectively. As a special guest invited by the host, Michael Yu, General Manager of Zurich General Insurance Company (China) Limited, joined the discussion in the first group with other present guest regarding on the development of foreign invested insurance business and risk management in the process of openness and innovation.

Openness and Innovation are the most frequent words appeared in the forum. We can feel deeply that: the government was sincere, and entrepreneurs are passionate and confident. Communication between local government and entrepreneurs with wisdom triggered a lot of ideas and opportunities.   All participants agreed that “combine action with knowledge” is the key to realize openness and innovation, and how to foresee risk and plan management is the main string to link every detail of “action and knowledge”.

**Zurich China (Guangdong) settling down in Guangzhou attracted interest from media**

Nov. 11, 2016, a roundtable meeting of Davos World Economic Form was held in Guangzhou. Mr. Michael Yu, General Manager of Zurich China, attended the meeting and joined a special interview invited by five local financial media. Questions from journalist are focused on the preparation of Zurich China (Guangdong) as well as Zurich strategy and deployment in China.

Mr. Michael Yu, General Manager of Zurich China, indicated that: Guangzhou is the 3rd largest city, the south door and a central city of China, one of the top 3 composite gateway and international metropolitan designated by the state council, a world famous port, a finance, trade, economy, shipping, logistics, politics, military affairs, culture, science and education in south China, and a hub of domestic traffic. The reason for Zurich China to settle down in Guangzhou, the capital city of Guangdong province, is to provide its risk management service oriented to the whole province and south China region. Zurich China has received a lot of care and support from leaders of Guangdong provincial and Guangzhou municipal governments in the process to enter Guangdong. And Zurich China wish to use its experience and advantage in risk management to safeguard the outbound enterprises from Guangdong and south China by facilitating the advantage of global resource and service network from parent company and combination with local economic features by following national Belt and Road Initiative (BAR) strategy.

**Mr. Michael Yu, General Manager of Zurich China, in an interview with the Phoenix international think-tank**

* **Environment for foreign invested insurance business is becoming better, domestic and foreign capital may seek to an all-win scenario (picture N/A, custom design)**

Jan. 6, 2017, the research team of Phoenix international think-tank officially published the Observation on Global Development of Chinese Insurance Industry 2016 on the Forum of Global Development of Chinese Insurance Industry jointly with the School of Insurance, UIBE. The report provided analysis on the status of global development for Chinese insurance industry from four aspects: the status of globalization for Chinese insurance industry, analysis on opportunities and risks in Chinese market for foreign insurance companies, analysis on opportunities and risks for outbound domestic insurance companies, comments and recommendations on globalization for domestic insurance industry. The research showed that a lot of foreign insurance companies have entered China due to attraction of the huge market after China was accepted by GATT. However, they encountered extensive challenges despite of the prosperity in Chinese insurance market. Therefore, the Phoenix international think-tank met Mr. Michael Yu, General Manager of Zurich China in an interview.

Mr. Michael Yu indicated that one significant corner stone of foreign investment regulation is a series of rules from WTO regarding foreign investment allowance and operation in China, as foreign investment must follow the rules that China had agreed when accepted by WTO. From evolution of regulating trend, the market is becoming more open. The environment of business operation is gradually favorable for foreign investment, and is becoming closer to international standards.

Development of Zurich in China clearly represented three stages, including: 1. Providing service to global customers of Zurich who have investment in China. 2. Exploring local business. 3. Managing to provide global insurance for outbound Chinese enterprises. Global service network and experience in risk management of foreign insurance companies including Zurich are of significant advantage in this area. This depends largely on the features of customer demands and overseas investment.

Michael Yu indicated that localization is a big challenge for global enterprises, while developing a team of Chinese talents with globe view is the top priority for many insurance companies. He appeal that talent reserve of insurance professionals must be accelerated. Michael Yu also point out that there’s competition between foreign and domestic companies, but cooperation between them is also in depth. As their business are of different sectors with different focus on development, so they have developed into different capabilities. So either on the aspect of domestic business or globalization for Chinese insurance companies, there’s a vast space of cooperation between domestic and foreign invested companies.

Speaking of influence on insurance industry by the Belt and Road Initiative (BAR), Michael Yu thinks that BAR might be one of the greatest project in the history of world economic development. It involves in about 1/2 global population, 1/3 world GDP and 1/3 of global trade volume. For insurance industry, the drive by BAR and its implementation will have positive effect on global insurance market. However, there’re conflicts between insurance demand and supply in Chinese insurance industry, which means that a large risk-related demands cannot be met in the process of overseas investment by Chinese enterprises. From this aspect, both domestic insurance companies and foreign invested insurance companies in China have a lot to do and can be very fruitful.

**Zurich China has obtained excellent scores in regulatory evaluation on solvency risk management (picture N/A, custom design)**

Just after the beginning of the new year 2017, the China Insurance Regulatory Commission (“CIRC”) published the scores of regulatory evaluation on Solvency Aligned Risk Management Requirements and Assessment (SARMRA) 2016, in which Zurich China has obtained 84.62, 13.9 higher than the average level of 70.72 in the industry, ranking the 2nd among the 77 general insurance companies and the top in foreign invested general insurance companies. This has improved our solvency by 4.3%. Zurich China won the highest scores in the industry under the evaluated subjects of “Fundament & Environment”, “Objectives & Tools” and “Market Risk” (total 9 subjects). We are also validated as Class A Company in recent evaluation of General Risk Ratings (regulation by category). This is our best results since we were founded in 2006.

**Life of employees**

**Volunteers from Zurich China caring rural women**

Women undertake the responsibility of family-holding and children-raising in families. To improve the quality of rural women and help them to fight against poverty and develop knowledge and skills may not only change their fate, but can also change the fate of a family or even their decedents.

For this purpose, the Beijing Changping Practical Skills Training Center for Rural Women was founded on October 1998 after approval by education council and registration with the bureau of civil affairs of Changping district, Beijing. It is a philanthropic, non-profit and diploma-free training school dedicated to rural women. All students of this school are girls between 16-20 from poor areas over the country. The school is committed to provide practical skill and composite quality training for rural women and elder girls out of school from poor areas before job, so as to create necessary conditions for them to be independent and become a part of economical development.

Most teachers of the school are volunteer students from college, and every year between June to September, when it is the time of summer vacation, it will be lack of teachers. After the associates of Zurich Beijing office came to know this , they took the job without hesitation, and there have been 19 people altogether who actively joined the team of volunteer teachers. Mr. Michael Yu, General Manager of Zurich China, acted as the team leader and gave English lessons to the students.

The time from June to September is exactly the hot summer in Beijing. And a ceiling fan is the only thing in the classroom to make cooling. The shirt often became all wet after a class. But the volunteers from Zurich China had no complaints at all to contribute their weekends to teach the students English and computer. They also made preparations in spare time to make their lessons easier to learn by creating cartoons, presentation plugins and singing English songs to develop the learning interest of students.  During the period of teaching, volunteers from Zurich China built a deep friendship with the students.

 Considering the school is short of necessary English reference books, Zurich China donated 50 copies of English-Chinese dictionary for English lecturing in the future, and donated a youth motivational book to each graduated student within the greetings from volunteers written on each book.

On December, when the students graduated from the Kindergarten Teacher Class 44, and led by General Manager Michael Yu, volunteers from Zurich China (Beijing) collected spare toys from their home and donated them to the students to support them starting a successful job in kindergarten when they return home. Yu Jie Jie, one of these students from Liuzhou, opened her own kindergarten after returning to her village, and brought the presents from the volunteers to the children. The volunteers’ hearts were so warm when they saw the children holding the toys and smile on their face.

**Warm Christmas carnival in Zurich China (Beijing)**

With Christmas and new year coming close, Zurich China (Beijing) hosted a warm and happy birthday party for employees and an event of parents-children day specially on Dec.22, 2016 in order to express the company’s gratitude to all employees for their hard work and efforts as well as the support from their families over the year.

To prepare for the event, the HR department led the colleagues to decorate the front door desk and conference room elegantly. Bright color balls, elegant decorative wares, creative decals, smiling greeting snowman, beautiful Christmas tree, suddenly filled the office with sweet happiness of holidays, making every colleague and visitor feel amazing with a “wow” when they came into the room before showing a smile.

Chinese dumpling is the main diet for lunch. It was made by the colleagues with their own hands, making the skin, stuff and wrapping into shape completely told the story of their skills in family kitchen. All participated colleague were apparently masters both at home and at work, and the result were quiet satisfying - no leak at all after several times of boiling. Both the shape and the taste were truly great!

Just before noon, the lively babies of the employees came to stage, aged from 9 months to 7-8 years. Most of they were shy when they came in, just staring curiously at the place where their mom working. But after seeing bananas, oranges, pizza and dumpling, they became activated. When Mr. Chen Li Xiao, general manager of Zurich China (Beijing) showed up in the dress of Santa and distributed presents, the event went to a climax. And the children also sang Christmas song in English with no shy. This brought all into the atmosphere of Christmas day.

After lunch, the children acted as Christmas to distribute apples standing for peace and lucky to each colleague, and hanged the greeting card drawn by themselves onto the Christmas tree. The office, usually busy and serious, was suddenly filled with laugh of children, feeling as sweet as at home. This was what exactly expected by the HR and company leaders, Zurich should be a large family in which everyone feels love and help. Both for your small family and this large one, we have to work hard together.

**Developing employee activities, enhancing team engagement**

In 2016, Zurich China created its employee club for the purpose of “passion, health, collaboration, development and build better life for employees”. The club has provided a platform of communication for employees. People can do a lot here such as making handcraft, cuisine and enjoying film. Colleagues of handcraft group have shown their brilliant talents with excellent painting, calligraphy and marvelous creation in their works, while the cuisine and film group also are also in hot interaction after every event to learn from each other. This not only has improved team engagement and team awareness, but also brought diversity into our work and life.

**Win - Wonderful time in 2017 annual meeting and team-building event**

To improve engagement in Zurich China and embracing the Chinese new year, colleagues of Zurich China from Beijing and Shanghai office organized a new year party respectively at the beginning of 2017.

Zurich China (Beijing) also organized its team-building event along with the party. From collaboration among team members, group competition to cooperation by all members, everyone has deeply understood the importance of working as one team through a series of games requiring practicing and problem-solving. All smiled in proud and happiness after completing the “Win” puzzle with everyone’s involvement. The team-building event was a great help to bring colleagues of different departments closer emotionally and consolidate their daily links, as most people are usually busy at work and confined in their own team.

And Shanghai office held its Family Day event on the same day of the annual party. To appreciate the support from the family of employees, the company invited their children and family to join the party and celebrate new year together.

In the annual party in Beijing and Shanghai, the company announce the names of outstanding employees winning the StartZ 2016 prize, and the company leaders award them the diploma at scene. To the astonishment of these StarZ winners - the prize is a hand-painted portrait based on their own photos. The comfortable presents and praises from company leaders were a great encourage to them.

List of StarZ winners: (to be provided by HR)

**Corporate Honor**

**Zurich’s “Lifetime of Millions” personal accident insurance won “Excellent User Experience” prize**

Dec. 12, 2016, the results of Top 10 Brands of Beijing Financial Industry 2016 rating were announced on the Beijing Finance Forum 2016 hosted by Beijing Brand Association and Beijing Business Today. Zurich’s “Lifetime of Millions” personal accident insurance won the “Excellent User Experience” prize.

With its global product resources, experiences and advantages, Zurich Insurance tailored the “Lifetime of Millions” personal accident insurance product for high-end customer populations by selecting elements suitable for Chinese market from its product base of successful accident insurance cases in developed countries, which has won positive reaction from the market and users since introduction.

Congratulates to the accident insurance team of Zurich China, and appreciate your support from all of us to Zurich China as well. We will continue to work harder than ever to strive for higher achievements in order to provide more and better insurance service and products to our customers.

**Zurich China becomes member of Guangzhou Expert Base Think-Tank after being invited as a Invest-in-Guangzhou Professional Service Agency**

Dec. 20, 2016, Zurich General Insurance Company (China) Limited (Zurich China) attended the Invest-in-Guangzhou Expert Base Communication 2016 event and the ceremony of Guangzhou Expert Base invitation taken place in Guangzhou hosted by Guangzhou International Investment Promotion Center. On the ceremony , Zurich China was invited as a Invest-in-Guangzhou Professional Service Agency 2017-2018, and became a member of Guangzhou Expert Base Think-Tank.

The Guangzhou Expert Base of Guangzhou International Investment Promotion Center was founded on April 2013, consisted of individuals and agencies with rich experiences in professional areas of industry caring Guangzhou’s economical development and supporting business & investment promotion. The professionals and service agencies are outstanding members from industries of law, accounting, tax, finance, insurance etc. The Invest-in-Guangzhou Expert Base is a service platform to attract foreign invested professional resources to push through business & invest promotion service such as attracting investors from the front end and promoting project launch at the back end by leveraging professional resources, so as to help entities deal with the key points and troubles in project landing and on-going operation.

Being invited to be a Invest-in-Guangzhou Professional Service Agency is the fruit for Zurich China’s persistence and efforts in China, meaning the recognition on its expertise and service in risk management by Guangzhou municipal government.