FC 025710 005953/20

In accordance with Regulation 32 of the Overseas Companies Regulations 2009

OS AA01

Statement of details of parent law and other information for an overseas company

Companies House

✓ **What this form is for**
You may use this form to accompany your accounts disclosed under parent law

✗ **What this form is NOT for**
You cannot use this form to an alteration of manner of with accounting requireme

WEDNESDAY

A3LYE9YO
A22 03/12/2014 #111
COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of overseas company ❶	ZURICH INSURANCE PUBLIC LIMITED COMPANY
UK establishment number	B R 0 0 7 9 8 5

→ **Filling in this form**
Please complete in typescript or in bold black capitals
All fields are mandatory unless specified or indicated by *

❶ This is the name of the company in its home state

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and, if applicable, the legislation under which the accounts have been audited

Legislation ❷ IRISH COMPANIES ACT 1963-2013, EUROPEAN COMMUNITIES (INSURANCE UNDERTAKINGS ACCOUNTS) 1996

❷ This means the relevant rules or legislation which regulates the preparation and, if applicable, the audit of accounts

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted accounting principles?
Please tick the appropriate box
☐ **No** Go to **Section A3**
☑ **Yes** Please enter the name of the organisation or other body which issued those principles below, and then go to **Section A3**

Name of organisation or body ❸ Institute of Chartered Accountants In Ireland

❸ Please insert the name of the appropriate accounting organisation or body

A3 Accounts

Accounts

Have the accounts been audited? Please tick the appropriate box
☐ **No** Go to **Section A5**
☑ **Yes** Go to **Section A4**

A4 Audited accounts

Audited accounts

Have the accounts been audited in accordance with a set of generally accepted auditing standards?

Please tick the appropriate box

☐ **No** Go to **Part 3 'Signature'**

☑ **Yes** Please enter the name of the organisation or other body which issued those standards below, and then go to **Part 3 'Signature'**

Name of organisation or body ❶ Auditing Practices Board

❶ Please insert the name of the appropriate accounting organisation or body

A5 Unaudited accounts

Unaudited accounts

Is the company required to have its accounts audited?

Please tick the appropriate box

☐ **No**

☑ **Yes**

Part 3 Signature

I am signing this form on behalf of the overseas company

Signature

Signature

X X

This form may be signed by
Director, Secretary, Permanent representative

OS AA01

Statement of details of parent law and other information for an overseas company

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form The contact information you give will be visible to searchers of the public record

Contact name PHILIP LAMPSHIRE

Company name ZURICH INSURANCE PLC

(UK BRANCH)

Address THE ZURICH CENTRE

3000 PARKWAY

Post town WHITELEY, FAREHAM

County/Region ENGLAND

Postcode P O 1 5 7 J Z

Country UNITED KINGDOM

DX

Telephone

Checklist

We may return forms completed incorrectly or with information missing

Please make sure you have remembered the following

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register
- ☐ You have completed all sections of the form, if appropriate
- ☐ You have signed the form

Important information

Please note that all this information will appear on the public record

Where to send

You may return this form to any Companies House address

England and Wales
The Registrar of Companies, Companies House, Crown Way, Cardiff, Wales, CF14 3UZ
DX 33050 Cardiff

Scotland
The Registrar of Companies, Companies House, Fourth floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, Scotland, EH3 9FF
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post)

Northern Ireland
The Registrar of Companies, Companies House, Second Floor, The Linenhall, 32-38 Linenhall Street, Belfast, Northern Ireland, BT2 8BG
DX 481 N R Belfast 1

Further information

For further information, please see the guidance notes on the website at www companieshouse gov uk or email enquiries@companieshouse gov uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk

Co No : FC025710
Branch No . BR007985

Registered number
13460

Zurich Insurance plc

Annual Report and Financial Statements

31 December 2013

Zurich Insurance plc
Annual Report and Financial Statements
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Zurich Insurance plc
Board of Directors and Other Information

Chief Executive Officer
P Manley

Other Directors
R D Campbell (British) - (Independent Non Executive Director)
J Deiss (Swiss) - (Independent Non Executive Director)
T De Swaan (Dutch) - (Independent Non Executive Director)
A. Lehmann (Swiss) - (Non Executive Director)
R M Reid (British) - (Chief Financial Officer)
T Sepp (German) - Resigned 30th July 2013 (Non Executive Director)
E Ward - Resigned 22nd May 2013 (Non Executive Director)
Y Hausmann (Swiss) - Appointed 30th July 2013 (Non Executive Director)

Secretary
S Madden (left position 22nd April 2014)
J Harper (appointed 22nd April 2014)

Auditors
Pricewaterhouse Coopers - Chartered Accountants & Statutory auditors
One Spencer Dock, North Wall Quay, Dublin 1

Registered Office
Zurich House, Ballsbridge Park, Dublin 4

Head Office
La Touche House, IFSC, Dublin 1

Branch Offices
Zurich Insurance plc, UK Branch,
The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire, England P015 7JZ

Zurich Insurance plc, France Branch,
112 Avenue de Wagram, 75017 Paris, France

Zurich Insurance plc, Sweden Branch,
Zurich-Huset, Linnegatan 5, SE 102 42 Stockholm, Sweden

Zurich Insurance plc, Finland Branch,
Tammasaarenkatu 3, FI-00180 Helsinki, Finland

Zurich Insurance plc, Italy Branch,
23 Via Benigno Crespi, 20159 Milan, Italy

Zurich Insurance plc, Belgium Branch,
Lloyd Georgelann 7, 1000 Brussels, Belgium

Zurich Insurance plc, Netherlands Branch,
Muzenstraat 31, 2511 VW The Hague, The Netherlands

Zurich Insurance plc, Denmark Branch,
Edvard Thomsens vej 10, DK-2300 Copenhagen, Denmark

Zurich Insurance plc, Norway Branch,
Drammensveien 149, P O Boks 574 Skøyen, NO-0214 Oslo, Norway

Zurich Insurance plc, Spain Branch,
Via Augusta 200, 08021 Barcelona, Spain

Zurich Insurance plc, Portugal Branch,
Rua Barata Salgueno, no 41, 1269-058 Lisbon, Portugal

Zurich Insurance plc, Germany Branch,
Solmstrasse 27 - 37, 60486 Frankfurt on Main, Germany

Zurich Insurance plc, Slovakia Branch, Nam 1, Maja 18,
Bratislava, 81106, Slovakia

Zurich Insurance plc
Directors' Report

The Directors submit their Report together with the Financial Statements of the Company for the year ended 31 December 2013

1 Principal Activity

The activities of the Company consist of the underwriting of non-life risks for personal and commercial customers The Company is the principal underwriter for Zurich's EU business and is authorised to operate in the European Union through a network of branches The Company has a credit rating from Standard and Poor's of AA- to support this business

2 Business Review

Results and Performance

The results of the Company for the year, as set out on pages 8 and 9, show a profit on ordinary activities before tax of €187m compared to €235m in 2012

The Company generated gross written premium of €8,502m in 2013, compared to €8,813m in 2012 Using constant exchange rates between 2012 and 2013 there was a decrease of 5% in gross written premium in 2013

The 2013 underwriting profit of €26m was €185m better than 2012, mainly due to lower underwriting and administration expenses and increased favourable prior year development

The Company generated investment returns of €353m in 2013, compared to €658m in 2012 The investment return in 2013 includes €438m of investment income and €85m of unrealised losses This compares with investment return in 2012 of €340m and €318m of unrealised gains The increased investment income in 2013 included significant realised gains on sale of equities, bonds and real estate The unrealised losses in 2013 were driven by increased yields on UK sovereign debt offset partially by decreasing yields on peripheral Europe sovereign debt. The unrealised gains in 2012 were driven by yield decreases on sovereign debt across both UK and Eurozone countries

Key performance indicators summarising the results and performance of the Company are detailed below

	2013	2012
	€m	€m
Gross Written Premiums	8,502	8,813
Loss Ratio	76 6%	79 3%
Expense Ratio	22 4%	25 1%
Combined Operating Ratio	99 0%	104 4%
Underwriting profit/(loss)	26	(159)
Profit before tax	187	235

Zurich Insurance plc
Directors' Report

Principal Risks and Uncertainties
The principal risks from the Company's business arise from inaccurate pricing, fluctuations in the timing, frequency and severity of claims compared to expectations, inadequate reinsurance protection and inadequate reserving

In addition, the Company is exposed to financial risks arising primarily from the investments that it holds These risks are outlined and quantified in note 1 to the financial statements

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls All policies are subject to Board approval and ongoing review by Management Compliance with regulation, legal and ethical standards is a high priority for the Company and the compliance and finance functions take on an important oversight role in this regard The Audit Committee is responsible for satisfying itself that a proper internal control framework exists to manage financial risks and that internal controls operate effectively

The Company has developed a framework for identifying the risks it is exposed to and their potential impact on capital resources This process is designed to monitor potential impacts on capital and take consequent actions in order to ensure the Company has the financial strength and capital adequacy to support the growth of the business and to meet the requirements of policyholders, regulators and rating agencies

Future Outlook
The macroeconomic outlook is expected to improve further in 2014 following increased economic activity in the second half of 2013, although downside risks remain Advanced European economies are expected to return to growth as governments turn their focus towards growth and recovery rather than austerity

Solvency II
A new European Union solvency and risk management framework for insurers, known as Solvency II is continuing to be developed This will require EU insurers to meet defined requirements in relation to solvency and governance arrangements The Company is actively involved in the planning for adherence to these requirements, working with European and Irish regulators The Company is also undertaking a significant project to prepare for the implementation of these new requirements

3 Financial Risk Management
The Company is exposed to financial risk through its financial assets, financial liabilities, insurance assets and insurance liabilities In particular, the key financial risk is that the proceeds from assets are not sufficient to fund the obligations arising from insurance policies as they fall due and free reserves are not sufficient to cover regulatory solvency requirements The most significant components of this financial risk are price risk, liquidity risk and credit risk Details of the Company's exposures to and objectives, policies and processes for managing and measuring each category of risk are detailed in note 1 to the financial statements

The Company is also exposed to operational risk Operational risk represents the risk that processes, systems or people, or exposure to external events could result in unexpected losses The Company has risk identification, assessment and monitoring systems in place to manage this risk These systems are implemented by accountable members of management Potential risks are assessed and appropriate controls are then put in place to manage the risks

4 Directors

The names of the persons who were Directors at any time during the year ended 31 December 2013 are set out on page 1 Unless otherwise stated, they served for the entire year

5 Directors' and Secretary's Interests

The beneficial interests of the Directors and Secretary in office at 31 December 2013 in the share capital of the Company's parent company, Zurich Insurance Group (previously Zurich Financial Services), were as follows

Share holdings of the Directors and Secretary

	Holdings at 31st December 2013	Holdings at 31st December 2012
R.D Campbell	-	-
J Deiss	100	100
T De Swaan	2,597	2,079
A. Lehmann	27,955	23,128
S Madden	157	158
P Manley	3,218	2,504
R.M Reid	2 474	2,159
Y Hausmann	5,644	3,728

Y Hausmann held 5,644 shares in Zurich Insurance Group (previously Zurich Financial Services) on the date of his appointment to the Zurich Insurance plc (ZIP) Board

Share option holdings of the Directors and Secretary

	Holdings at 31st December 2013	Holdings at 31st December 2012
A. Lehmann	79,559	84,640
R.M. Reid	9,521	10,835
Y Hausmann	10,193	7,301

Y Hausmann held 10,193 share options in Zurich Insurance Group (previously Zurich Financial Services) on the date of his appointment to the Zurich Insurance plc (ZIP) Board

The Directors and Secretary and their respective spouses and minor children had no other beneficial interests in the shares of any other group company at 31 December 2013 (2012 Nil)

6 Directors' Responsibilities Statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with Irish law

Irish law requires the directors to prepare financial statements giving a true and fair view of the state of the Company's affairs and of its profit or loss for the year then ended Under that law the directors have elected to prepare the financial statements in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland)

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements have been properly prepared in accordance with the requirements of the Companies Acts 1963 to 2013 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

7 Books of Account
The measures taken by the Directors to secure compliance with the Company's obligation to keep proper books of account are the use of appropriate systems and procedures and the employment of competent persons The legal entity books of account are kept at La Touche House, IFSC, Dublin 1 In respect of the Company's branches the books of account are maintained at the addresses as set out on Page 1

8 Political Donations
The Company did not make any political donations during the year (2012 Nil)

9 Events since the year end
There have been no significant events since the year-end

10 Ultimate Holding Company
The ultimate holding company at the 31 December 2013 was Zurich Insurance Group (previously Zurich Financial Services), a company incorporated in Switzerland

11 Auditors
The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office in accordance with the provisions of Section 160 of the Companies Act, 1963

12 Dividends
During the year, the Directors declared and paid a dividend of €380m (2012 Nil)

13 Compliance with 2010 Corporate Governance Code for Credit Institutions and Insurance Undertakings ("the Code")
The Directors confirm that the Company is subject to the requirements of the Central Bank of Ireland's Corporate Governance Code The Directors have confirmed that they have complied with the Code including additional requirements for major institutions

On behalf of the Board

P. Manley, Director

Date 24/04/2014

R.M Reid, Director

pwc

Independent auditors' report to the members of Zurich Insurance plc (the "company")

We have audited the financial statements of Zurich Insurance plc for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Statement of Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Section 193 of the Companies Act, 1990 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts, 1963 to 2013 and the European Communities (Insurance Undertakings. Accounts) Regulations, 1996.

PricewaterhouseCoopers, One Spencer Dock, North Wall Quay, Dublin 1, Ireland, I D E Box No 137
T· +353 (0) 1 792 6000, F +353 (0) 1 792 6200, www pwc.com/ie

Chartered Accountants

pwc

Independent auditors' report to the members of Zurich Insurance plc – continued

Matters on which we are required to report by the Companies Acts 1963 to 2013

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper books of account have been kept by the company and proper returns adequate for our audit have been received from branches of the company not visited by us.
- The financial statements are in agreement with the books of account.
- In our opinion the information given in the directors' report is consistent with the financial statements.
- The net assets of the company, as stated in the balance sheet are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2013 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Acts 1963 to 2013 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Brian Neilan
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

24 April 2014

Zurich Insurance plc

Profit and Loss Account
for the year ended 31 December 2013

Technical Account . Non Life Insurance Business		Notes	2013	2012
			€m	€m
Earned premium, net of reinsurance				
Gross premium written			8,502	8,813
		3	**8,502**	**8,813**
Outwards reinsurance premium			(5,240)	(5,410)
Net premiums written			**3,262**	**3,403**
Change in the provision for unearned premium				
	- gross amount	4	138	228
	- reinsurers' share	4	(42)	(65)
	- net		96	163
Earned premium, net of reinsurance			**3,358**	**3,566**
Allocated investment return transferred from the non-technical account		8	272	301
Other Technical Income, net of reinsurance		11	38	29
Total Technical Income			**3,668**	**3,896**
Claims incurred, net of reinsurance				
Claims paid	- gross amount	5	(6,000)	(6,261)
	- reinsurers' share	5	3,153	3,273
	- net		**(2,847)**	**(2,988)**
Change in provision for claims				
	- gross amount	5	269	(84)
	- reinsurers' share	5	0	243
	- net		**269**	**159**
Claims incurred, net of reinsurance			**(2,578)**	**(2,829)**
Changes in other technical provisions, net of reinsurance		6	1	0
Net operating expenses		7	**(793)**	**(925)**
Total Technical Charges			**(3,370)**	**(3,754)**
Balance on the Technical Account for Non Life Insurance Business			**298**	**142**

Zurich Insurance plc

Profit and Loss Account
for the year ended 31 December 2013

Non Technical Account	Notes	2013	2012
		€m	€m
Balance on the technical account : non life insurance business		**298**	**142**
Investment return			
- Income from financial assets	8	353	411
- Gains/(Losses) on the realisation of financial assets	8	114	(51)
- Exchange (losses)/gains	8	(6)	4
- Investment expenses	8	(23)	(24)
Allocated investment return transferred to the technical account non-life insurance business	8	(272)	(301)
Unrealised (losses)/gains on financial assets	8	(85)	318
Other income		32	37
Other charges	12	(224)	(301)
Profit on Ordinary Activities before Tax		**187**	**235**
Tax (charge)/credit on profit on ordinary activities	14	(35)	16
Profit for the financial year		**152**	**251**

All premiums and results have been generated from continuing operations

The notes set out on pages 18 to 35 ~~form~~ an integral part of these financial statements

P. Manley, Director **Date:** 24/04/2014

R M Reid, Director

Zurich Insurance plc

Balance Sheet
as at 31 December 2013

	Notes	2013	2012
Assets		**€m**	**€m**
Intangible assets			
Intangible assets	15	101	81
		101	**81**
Financial assets			
Land and Buildings	16	458	517
Investment in group undertakings	17	150	358
Other financial assets	18	11,052	10,956
		11,660	**11,831**
Reinsurers' Share of Technical Provisions			
Provision for unearned premiums	4	2,027	2,089
Claims outstanding	5	7,885	7,976
		9,912	**10,065**
Debtors			
Debtors arising out of direct insurance operations	19	1,960	2,167
Debtors - amounts due from reinsurers		418	332
Other debtors	20	499	550
		2,877	**3,049**
Other assets			
Tangible assets	21	17	24
Cash at bank and in hand		277	415
Deferred tax	24	135	76
		429	**515**
Prepayments and Accrued Income			
Accrued interest		123	129
Deferred acquisition costs	25	146	159
		269	**288**
Total Assets		**25,248**	**25,829**

Zurich Insurance plc

Balance Sheet
as at 31 December 2013

Liabilities	Notes	2013 €m	2012 €m
Capital and Reserves			
Called up share capital	22	8	8
Share premium account	23	2,872	2,872
Capital contribution	23	433	633
Revaluation reserve	23	9	45
Exchange reserve	23	47	77
Profit and loss	23	388	225
Other reserves	23	(1,346)	(1,346)
Shareholders' Funds		**2,411**	**2,514**
Technical Provisions - Gross			
Provision for unearned premiums	4	3,856	4,033
Claims outstanding	5	15,903	16,370
Other technical provisions	6	5	6
		19,764	**20,409**
Provision for Other Risks and Charges			
Deferred tax	24	56	48
Other provisions	24	130	115
		186	**163**
Creditors			
Creditors arising out of insurance operations	26	457	410
Creditors - amounts due to reinsurers	26	316	362
Others creditors including tax and social security	27	822	788
Bank overdraft		33	45
		1,628	**1,605**
Financial Liabilities			
Subordinated loan	28	104	104
Other financial liabilities	28	1,098	965
		1,202	**1,069**
Total Liabilities excluding pension liabilities		**25,191**	**26,760**
Pension liability	31	57	69
Total Liabilities		**25,248**	**26,829**

The notes set out on pages 18 to 35 form an integral part of these financial statements

P Manley, Director **Date:** 24/04/2014

R M Reid, Director

Zurich Insurance plc

Statement of total recognised gains and losses for the year ended 31 December 2013

	Notes	2013	2012
		€m	€m
Profit for the financial year	23	152	251
Currency translation (losses)/gains	23	(20)	18
Actuarial gains/(losses) in respect of pension schemes	23,31	19	(134)
Deferred tax on pension schemes actuarial (gains)/losses	23,31	(18)	24
Revaluation of investments in group undertakings	23	(35)	5
Total Recognised Gains Relating to the Year		**98**	**164**
Prior year adjustment		-	(113)
Total Recognised Gains since last annual report		**98**	**51**

The principal accounting policies adopted by the Company are as follows

A Basis of Preparation

The financial statements have been prepared on a going concern basis and in accordance with the Companies Acts, 1963 to 2013, the European Communities (Insurance Undertakings Accounts) Regulations, 1996 and Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland)

B Basis of Accounting

General Information

The financial statements are prepared in accordance with the historical cost convention, modified by the revaluation to market value of investments in accordance with the provisions of the European Communities (Insurance Undertakings Accounts) Regulations, 1996 They have also been prepared in accordance with the ABI SORP on Accounting for Insurance Business, with the exception of the treatment of provisions in respect of the Company's share of outstanding claims of the Motor Insurers' Bureau of Ireland, which have been accounted for in line with Irish market practice as outlined in the Company's accounting policy on claims

C Underwriting result

The underwriting result is determined on an annual basis after making full allowance for unearned premiums, unexpired risk reserve, deferred acquisition costs, outstanding claims and commissions

(i) *Provision for unearned premiums*

Unearned premiums are the proportion of premiums written in the current year which relate to cover provided in following periods They are calculated on a daily pro-rata basis.

(ii) *Unexpired risk reserve*

Provision has been made for any deficiencies arising when unearned premiums, net of associated acquisition costs, are insufficient to meet expected claims and expenses after taking into account future investment return on the investments supporting the unearned premiums provision

(iii) *Deferred acquisition costs*

Deferred acquisition costs represent commission and other acquisition costs deferred and amortised in line with the premium earnings pattern Deferred acquisition costs are presented net of deferred reinsurance commission income and are recoverable in line with the earning pattern for Unearned premium reserves

(iv) *Claims outstanding and reinsurers share of technical provisions*

Provision is made at the year-end for the estimated cost of claims incurred but not settled at the Balance Sheet date, including the cost of claims incurred but not yet reported to the Company ('IBNR'), expenses to be incurred in settling claims, less a deduction taken for the expected value of salvage and other recoveries

The Company takes all reasonable steps to ensure that it has appropriate information regarding its future claims expenses

In estimating the cost of claims notified but not settled at the Balance Sheet date, the Company has regard to the claim circumstances as reported Whilst the Company deals with a number of different lines of business, the broad principle remains that the case reserve should reflect the best estimate of the likely outcome cost of the claim at settlement. This will take in to account, first party insured loss, (e g physical damage or business interruption claims on property claims, vehicle repairs on motor claims etc), third party loss (e g bodily injury or physical damage where our policyholder is legally liable on liability lines of business or motor business etc), third party costs (e g legal costs incurred for making a claim on behalf of a third party) and the Company's own claims costs

The Company has a claim reserving quality assurance function, that provides technical assessments of a number of different aspects of claims handling including, but not limited to, accuracy of reserving and adherence to local branch reserving guidelines and the Company claims policy

In calculating the estimated cost of unsettled/outstanding claims, the Company uses a variety of estimation techniques, generally based upon statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience Allowance is made however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims, including the effects of inflation, the impact of large losses and changes in the mix of business underwritten, company processes or the legal environment

Where possible the Company adopts multiple techniques to estimate the required level of provisions This assists in giving greater understanding of the trends inherent in the data being projected The projections given by the various methodologies also assist in setting the range of possible outcomes The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year and having regard to the greater uncertainty in estimating the cost of claims arising on a "long-tail" liability business compared with claims arising on "short-tail" business such as property and motor damage Explicit discounting has been approved for certain workers compensation and personal injury claims which are settled by annuity payments and where the expected final settlement date is at least four years after the accounting date Permission to use explicit discounting has been received as required by the European Communities (Insurance Undertakings Accounts) Regulations, 1996

A provision for the costs to be incurred in settling claims is calculated by reference to the level of outstanding claims numbers (whether reported or not), and based on current activity levels, the estimated average settlement periods and associated costs of handling claims to point of settlement

Provision is also made for the Company's market share of the total estimated outstanding claims liability of the Motor Insurers' Bureau of Ireland at the Balance Sheet date

The estimation of IBNR claims is evidently subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where more information about the claim event is available

Provisions are calculated gross of any reinsurance recoveries A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability

Reinsurance recoveries in respect of estimated claims incurred but not reported are assumed to be consistent with the historical pattern of such recoveries, adjusted to reflect changes in the nature and extent of the Company's reinsurance programme over time An assessment is also made of the recoverability of reinsurance assets having regard to market data on the financial strength of each of the reinsurance companies who are in the programme

(v) *Commissions*
With the exception of the amount carried forward in deferred acquisition costs as mentioned in note (iv), all outward commissions are charged in the year in which they are incurred Inwards commissions are recorded as income in the year incurred except for the portion relating to future premiums which is netted against the deferred acquistion cost asset

D Financial assets

(i) *Land and Buildings*
Land and buildings comprises real estate, split between owner occupied properties and properties held for investment. Real estate is initially recorded at cost (including transaction costs) and is subsequently measured at fair value with changes in fair value recognised in income Fair value is based on active market prices, adjusted if necessary for differences in the nature, location or condition of the property If active market prices are not available, alternative valuation methods are used, for example discounted cash flow projections Valuations are performed annually by external valuers No depreciation is recorded for real estate held for investment, however depreciation is charged on own use properties over 50 years (with regular impairment review) The gain or loss on disposal of land and buildings is based on the difference between the proceeds received and the carrying value and is recognised in the non-technical profit and loss account when the disposal is completed

(ii) *Other Financial Assets*
Other financial assets comprise shares and other variable yield securities (including units in unit trusts), debt securities, other fixed income securities, derivatives and loans and receivables

The Company uses trade date accounting when recording financial asset transactions Collateral financial assets furnished by the Company under standard repurchase agreements ("Repos") are not derecognised because the Company retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

Shares, other variable yield securities, debt securities and other fixed income securities
Shares and other variable yield securities (including units in unit trusts), debt securities and other fixed income securities are principally designated as held for trading with some assets designated at fair value through profit or loss on initial recognition and held to maturity A financial asset is designated at fair value through profit or loss on inception if they are acquired principally for the purpose of selling in the short term, if they form part of a portfolio of financial assets in which there is evidence of short term profit-taking, or if so designated by management to minimise any measurement or recognition inconsistency with the associated liabilities

Derivative financial instruments
Derivatives, which are designated as held for trading, are initially recognised at fair value on the date on which a derivative is entered into and are subsequently re-measured at their fair value All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative Changes in the fair value are recognised immediately in the profit and loss account

Derivative financial instruments that qualify for hedge accounting
In limited circumstances derivative instruments are designated as hedging instruments for accounting purposes such as hedges of the net investments in a foreign currency domiciled branch All hedge relationships are formally documented, including the risk management objectives and strategy for undertaking the hedge transaction At inception of a hedge and on an on-going basis, the hedge relationship is formally assessed in order to determine whether the hedging instruments are highly effective in offsetting changes in fair values or cash flows of hedged items attributable to the hedged risk If these conditions are not met, then the relationship does not qualify for hedge accounting in which case the hedging instrument and the hedged item are reported independently in accordance with the respective accounting policy as if there was no hedging designation

Where hedge accounting conditions are met, the measurement of hedge effectiveness of hedges of the net investment in foreign branches is based on changes in forward rates, gains and losses of the designated hedging derivative relating to the effective portion of the hedge are directly recognised in the statements of total recognised gains and losses whereas the ineffective portion is immediately recognised in the profit and loss account. The accumulated gains and losses on the hedging instrument in the statement of total recognised gains and losses are reclassified to the profit and loss account on disposal of the foreign branch

Fair value valuation techniques
The fair values of financial instruments traded in active markets are based on quoted bid prices on the balance sheet date A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis

The fair value of financial instruments that are not traded in an active market (for example unlisted equities and over-the-counter derivatives), are established using valuation techniques which seek to arrive at the price at which an orderly transaction would take between market participants The specific valuation techniques used are described in Note 30 to the financial statements

Net gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in the profit and loss account within 'Unrealised gains on investments' or 'Unrealised losses on investments' in the period in which they arise

Debt securities and other fixed income securities - held to maturity
Redeemable fixed interest securities, in respect of which there is a positive intention to hold to maturity, are valued at amortised cost. The amortisation is calculated so as to write off the difference between the purchase price and the maturity value over the life of the security, using the effective interest method

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than held for trading or designated on initial recognition as assets at fair value through profit or loss Loans and receivables are carried at amortised cost using the effective interest rate method, less any charges for impairment.

(iii) ***Investment in Group undertakings***
The investments in Group undertakings are carried at net asset value with changes in the net asset value of the investments included within the revaluation reserve

(iv) *Investment return*
Investment return in the non-technical profit or loss account comprises interest income, dividends and realised and unrealised investment gains and losses and is the total amount receivable for the year before deduction of taxes.

(v) *Transfer of Investment Return*
Investment return, including realised and unrealised gains and losses, is initially recorded in the non-technical account A transfer is made from the non-technical to the technical account non-life insurance business to reflect the return arising from funds generated from technical activity The transfer is based on the longer term investment return (as estimated by the Board) The longer term rate is used so that the balance on the technical account is not subject to distortion from short term fluctuations in investment returns

Consistent with the ABI SORP on Accounting for Insurance Business, investment expenses are included in the non-technical account and are then allowed for in determining the transfer of the longer term investment return to the technical account.

E Financial Liabilities
Borrowings are recognised initially at fair value, net of transaction costs incurred They are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method

Other financial liabilities include obligations to repurchase securities Obligation to repurchase securities through repurchase arrangements are based on the fair value of the security sold for repurchase.

F Impairment of Financial Assets
For financial assets not at fair value through profit and loss, the Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that loss event (events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company as a result of one or more of the following events

(a) significant financial difficulty of the issuer or debtor

(b) a breach of contract, such as a default or delinquency in payment

(c) it becomes probable that the issuer or debtor will enter bankruptcy or other financial reorganisation

(d) the disappearance of an active market for that financial asset because of financial difficulties and

(e) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in that group, including

- adverse changes in the payment status of issuers or debtors in that group, or
- national or local economic conditions that correlate with defaults on the assets in that group

The Company first assesses whether objective evidence of impairment exists for financial assets

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held to maturity investments carried at amortised cost, then the amount of the loss is recognised in the profit and loss account for the period

G Pensions
The Company operates defined benefit pension schemes for its employees in the Republic of Ireland, Germany, Portugal, the Netherlands, Belgium and Italy A full actuarial valuation of the schemes is undertaken every three years and is updated to reflect current conditions in the intervening periods Scheme assets are valued at market value and scheme liabilities are measured on an actuarial basis The surplus or deficit on the schemes is shown in the financial statements as an asset or liability, net of the deferred tax impact Actuarial gains and losses are recognised immediately in the statement of the recognised gains and losses.

The current service and past service cost of the schemes and the expected return on assets net of the change in the present value of the scheme liabilities arising from the passage of time, are charged to operating profit

The schemes in Republic of Ireland, the Netherlands, Belgium, Portugal and Germany (partially) are funded with assets held separate from those of the Company The scheme in Italy is unfunded

H Depreciation

Tangible and Intangible assets are depreciated over their estimated useful lives The estimated useful life is between two and five years

I Foreign Currencies

The Euro is the functional currency of the Company's branches, with the main exception of the UK branch, whose functional currency is Sterling The financial statements are presented in Euros, which is the Company's presentation currency Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account for the period The results and financial position of those branches whose functional currency is not Euro are translated into the presentation currency as follows

(a) assets and liabilities are translated at the closing rate at the balance sheet date,

(b) income and expenses are translated at the average rate of exchange during the year; and

(c) all resulting exchange differences, including the impact of holding capital in the branches in a currency other than Euro, are recognised through the statement of total recognised gains and losses, as a separate component of equity

J Taxation

The Company provides for current tax expense according to the tax laws of each jurisdiction in which it operates The tax payable is based on the taxable profit for the year Taxable profit differs from profit as reported in the profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible

Deferred tax is provided for on all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date

Timing differences are temporary differences between profits as computed for tax purposes and profits as stated in the financial statements, which arise because certain items of income and expenditure in the financial statements are dealt with in different years for tax purposes

Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is not discounted

A net deferred tax asset is recorded as recoverable by jurisdiction and therefore recognisable only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits in the relevant jurisdiction from which the future reversal of the underlying differences can be deducted

K Dividends

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the period in which the dividends are declared

L Share Based Payments

The Company participates in Zurich Insurance Group's (previously Zurich Financial Services) equity settled share based payment schemes, which consist of a senior executive plan, a general employee share option plan and cash incentive plans for employees The fair value of the services is measured by reference to the fair value of the shares and share options granted on the date of the grant The cost of the employee services received in respect of the shares and the share options granted is recognised in the profit and loss account over the period that the services are received, which is the vesting period

The total amount to be expensed over the vesting period is determined by reference to the fair value of the instruments granted, excluding the impact of any non-market vesting conditions

Non-market vesting conditions are taken into account by adjusting the number of shares or share options included in the measurement of the cost of employee services so that ultimately, the amount recognised in the profit and loss account reflects the number of vested shares or share options

M Debtors and Creditors

Debtors and creditors are all valued at cost or amounts due from or payable to affiliates and third parties Impairment provisions for debtors are established within each branch on a case by case basis

N Operating leases

Rentals payable under operating leases are charged to the technical account as incurred over the life of the lease term

1 Management of Financial Risk for Financial Instruments

Financial risk management - objectives
The Company has in place a Risk Management Framework with the objectives of
- Protecting the capital base by monitoring that risk tolerances are not exceeded
- Supporting the Company's decision making processes by providing consistent, reliable and timely risk information; and
- Protecting its reputation and brand by promoting a sound culture of risk awareness and disciplined risk taking

At the heart of the risk management framework is a robust governance process with clear responsibilities for taking, managing, monitoring and reporting risks The Company articulates the roles and responsibilities for risk management throughout the organisation, from the Board of Directors and Chief Executive Officer of the Company's branches, thus embedding risk management in the business The Board of Directors has established various Committee structures including Audit, Board Risk, and Asset and Liability Matching Investment Committees ("ALMIC") to support its responsibilities

The Company has in place policies that specify risk limits and authorities, reporting requirements procedures to approve any exceptions and procedures for referring risk issues to senior management and to the Board of Directors

The key financial risks that the Company is exposed to are market risk (including interest rate risk, equity and real estate price risk and currency risk), liquidity risk and credit risk The ALMIC regularly reviews exposure to each category of risk.

Market risk
The main drivers of market risk for the Company are
- Interest rate risk
- Equity price and real estate risk
- Currency risk

These risks are assessed in the ALMIC

The Company has limits to manage market risk and its strategic asset allocation is aligned to its risk taking capacity The Company diversifies portfolios, investments and asset managers and regularly measures and manages market risk exposures The Company has established limits on its concentration in investments by single issuers and certain asset classes, as well as having maximum deviations of asset interest rate sensitivities from liability interest rate sensitivities, and also has limits on investments that are illiquid. The ALMIC reviews and monitors the Company's strategic asset allocation and its tactical boundaries and monitors the Company's asset and liability exposure The economic effect of potential extreme market movements is regularly examined and considered when setting the strategic asset allocation

Interest rate risk
Interest rate risk is the risk of loss resulting from changes in interest rates including changes in the shape of the yield curve The Company balance sheet is exposed to interest rate risk principally in regard to debt securities with the resultant valuation changes reported in the profit and loss account.

On an economic basis the insurance liabilities are also subject to valuation changes arising from interest rate fluctuations

An increase of 100 basis points in the relevant interest rates (assuming a parallel shift in the yield curve) would have the following net impact on the Company's economic position

	2013	2012
	€m	€m
Impact on financial assets (sensitive to interest rate movements)	(401)	(430)
Impact on insurance liabilities	332	381
Net impact on economic basis	(69)	(49)

A 20 basis points increase/decrease in relevant interest rates during 2014 is considered to be a realistic scenario

Equity Price and Real Estate Risk
The Company is exposed to risks resulting from price fluctuations on equity securities and real estate Changes in the value of equity securities and real estate are recognised through the profit and loss account. The Company manages its risk from equity securities and real estate as part of the overall investment risk management process and applies limits to holdings as expressed in its policies and guidelines An increase/decrease of 30% in the Equity and Real Estate markets would cause a movement in the net assets of the Company of €200m (2012 €149m) and €157m (2012 €177m) respectively A 30% sensitivity test is considered realistic in light of equity and real estate valuation changes in the last 5 years

Currency Risk
The Company manages currency risk through holding foreign currency assets to match the foreign currency insurance liabilities The Company will also hold foreign currency assets to match the foreign currency element of regulatory solvency capital requirements Changes in currency exchange rates will affect the value of foreign currency assets and liabilities within the balance sheet, changes in the value of assets and liabilities will be reflected through the profit and loss account Changes in the value of capital held in foreign currencies will be reflected through the exchange reserve The ALMIC will monitor the level of currency exposure to limits according to its policies and guidelines

The sensitivity analysis for currency risk illustrates how changes in currency exchange rates affect the value of the currency assets and liabilities held within the balance sheet. The major currencies the Company trades in other than Euro are Sterling and US Dollars A 20% depreciation in the exchange rate of Sterling and US Dollars would cause a decrease in the net assets of the Company of €136m (2012 €156m), principally related to the Sterling capital position This Sterling capital is held to match the Sterling input to the regulatory solvency capital requirement.

Liquidity Risk
Liquidity risk is the risk that the Company may not have sufficient liquid financial resources to meet its obligations when they fall due or would have to incur significant expenses to do so The Company's policy is to maintain adequate liquidity and contingent liquidity to meet its liquidity needs To achieve this, the Company monitors and manages its needs on an ongoing basis As part of the strategic asset allocation the Company limits the percentage of the investment portfolio that is not readily realisable The Company also actively manages cash balances to meet operating requirements

The Company held assets valued at €5 5bn (2012 €5 4bn) in excess of Technical provisions at year end all of which are available to meet other liabilities and solvency capital requirements

The duration of assets and liabilities was 3 6 yrs (2012 3 9 yrs) and 3 5 yrs (2012 3 9 yrs) respectively as at 31 December 2013 The lower the duration gap of assets and liabilities the reduced sensitivity of the Company to movements in interest rates This duration gap is monitored by the management

The Company has pledged government bonds of €1 088m (2012 €951m) in support of the loans arising from securities sold under repurchase agreements and pledged government bonds of €13m (2012 €16m) to support reinsurance liabilities in Canada.

Credit Risk
Credit risk is the risk associated with a loss from counterparties failing to fulfil their financial obligations This risk is managed through the setting of strategic asset allocation limits per type of financial instrument The measure of credit risk is based on external ratings and internal assessments

The majority of the Company's exposure to credit risk is from holdings in fixed income securities with an associated upper limit for investment in fixed income securities being 90% (2012 90%) of financial assets, the latter equal to €11 6bn (2012 €11 8bn) at year end The asset allocation is monitored on a continual basis, in particular exposures to the European sovereign bond market and any change in credit quality of the underlying portfolio Stress testing is performed for possible haircut scenarios

The Company does not have inward collateral to support financial assets other than a guarantee received from its parent company in regard to Preference shares with a value of €197m

The table below analyses the credit rating of the Company's other financial assets including debt securities, other fixed and floating income securities deposits with credit institutions and units in unit trusts The shift from AAA to AA rated assets during 2013 is due to a downgrade in the UK credit rating from AAA to AA+
The Company does not hold any other financial assets which are either past due or impaired

Rating	2013	2012
	€m	€m
AAA	2,513	5,137
AA	3,743	1 589
A	1 842	1,691
BBB	1 912	1,471
Less than BBB	168	316
Not Rated	20	4
Not Applicable (Equities and Loans)	854	768
Total	11,052	10,956

(ii) Reinsurance and Other non financial assets
As part of its overall risk management strategy the Company cedes insurance risk through proportional, non-proportional and specific risk reinsurance treaties While these cessions mitigate insurance risk the recoverables from reinsurers and receivables arising from ceded insurance expose the Company to credit risk.

The following table analyses the credit rating of the reinsurance premiums ceded and reinsurance assets Reinsurance assets are shown before taking into account collateral provided such as cash or letters of credit (from banks rated at least "A") which can be converted into cash and deposits received under reinsurance contracts inwards

	2013	2013	2012	2012
	€m	€m	€m	€m
Non Group counterparties	Premiums Ceded	Reinsurance Assets	Premiums Ceded	Reinsurance Assets (as restated)
AAA	59	23	52	25
AA	54	519	52	522
A	66	409	133	512
BBB	13	68	16	60
Below BBB or not rated	102	222	85	239
Total Non Group	294	1,241	338	1,358
Group counterparties				
AA-	4,946	9,089	5,072	9,039
	5,240	10,330	5,410	10,397

2 ***Capital Management***
The Company is regulated by the Central Bank of Ireland, and is subject to the insurance regulations which specify the minimum amount of solvency cover that must be held The Company manages capital in accordance with these regulations and has put in place processes to regularly assess the solvency position of the Company in accordance with these regulations

As at 31 December 2013 the Company was required to maintain a level of capital at 200% (2012 200%) of the minimum requirement under Solvency I This Solvency I capital requirement was reduced to 150% coverage with effect from 13 February 2014

At 31 December 2013 the Company reported a Solvency I ratio of 231% (2012 233%) with assets available to cover solvency margin of €1 99bn (2012 €2 11bn) over a minimum solvency capital requirement of €0 860bn (2012 €0 906bn) This reported Solvency I ratio is before a deduction of €140m (2012 €80m) applied by the CBI for an intercompany loan provided to ZIC

3 **(a) Segmental Information**

2013	Gross Premiums Written	Gross Premiums Earned	Gross Claims Incurred	Gross Operating Expenses	Other Technical Income	Reinsurance	Total
	€m	€m	€m	€m	€m	€m	€m
Motor	2 469	2,550	(1,924)	(594)	79	(29)	82
Marine Aviation and Transport	350	357	(202)	(80)	6	(69)	12
Fire and Other Damage to Property	2,782	2,813	(1,542)	(749)	50	(474)	98
Third Party Liability	1,902	1 880	(1,546)	(429)	149	24	78
Other	999	1 040	(517)	(302)	26	(219)	28
Total	8,502	8,640	(5,731)	(2,154)	310	(767)	298

2012	Gross Premiums Written €m	Gross Premiums Earned €m	Gross Claims Incurred €m	Gross Operating Expenses €m	Other Technical Income €m	Reinsurance €m	Total €m
Motor	2 635	2 717	(2 145)	(819)	86	29	68
Marine, Aviation and Transport	396	379	(201)	(88)	6	(67)	29
Fire and Other Damage to Property	2,815	2,871	(1 625)	(820)	53	(476)	3
Third Party Liability	1 900	1 906	(1 749)	(465)	160	148	-
Other	1 067	1,168	(625)	(344)	25	(182)	42
Total	8,813	9,041	(6,345)	(2,336)	330	(548)	142

(b) Geographical Segments

The Company's operations are located in Ireland and in the rest of the European Union

The following table provides an analysis of the Company's revenue by geographical market.

2013	Gross Premiums Written €m	Gross Premiums Earned €m	Gross Claims Incurred €m	Gross Operating Expenses €m	Other Technical Income €m	Reinsurance €m	Total €m
Ireland	269	275	(172)	(71)	12	(42)	2
Germany	1,903	1 979	(1,547)	(564)	47	(56)	(141)
UK	2,985	2,978	(1,698)	(736)	171	(452)	263
Spain	1,020	1,049	(719)	(255)	21	(50)	46
Portugal	246	252	(185)	(54)	9	(13)	9
Italy	1,300	1,347	(844)	(344)	39	(113)	85
Other branches	779	760	(566)	(130)	11	(41)	34
Total	8,502	8,640	(5,731)	(2,154)	310	(767)	298
	-	-	-	-	-	-	-

2012	Gross Premiums Written €m	Gross Premiums Earned €m	Gross Claims Incurred €m	Gross Operating Expenses €m	Other Technical Income €m	Reinsurance €m	Total €m
Ireland	274	279	(177)	(73)	12	(20)	21
Germany	2 012	2,088	(1 759)	(593)	43	57	(164)
UK	3 081	3,162	(2 017)	(845)	193	(326)	167
Spain	1,075	1,114	(733)	(274)	20	(72)	55
Portugal	263	272	(202)	(57)	10	(14)	9
Italy	1 343	1,384	(942)	(361)	41	(100)	22
Other branches	765	742	(515)	(133)	11	(73)	32
Total	8,813	9,041	(6,345)	(2,336)	330	(548)	142

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4 Provision for unearned premium

	2013 €m Gross Amount	2013 €m Reinsurance Amount	2013 €m Net Amount
Balance at start of year	4,033	(2,089)	1,944
Liabilities assumed under portfolio transfer	8	(6)	2
Movements during the year	(138)	42	(96)
Exchange rate adjustments	(47)	26	(21)
Balance at end of year	3,856	(2,027)	1,829

	2012 €m Gross Amount	2012 €m Reinsurance Amount	2012 €m Net Amount
Balance at start of year	4,225	(2 135)	2,090
Liabilities assumed under portfolio transfer	-	-	-
Movements during the year	(228)	65	(163)
Exchange rate adjustments	36	(19)	17
Balance at end of year	4,033	(2,089)	1,944

5 Claims outstanding

	2013 €m Gross amount (Excl MIBI*)	2013 €m MIBI *	2013 €m Reinsurance Amount	2013 €m Net Amount
Balance at start of year	16,335	35	(7,976)	8,394
Liabilities assumed under portfolio transfer	43	2	(29)	16
Reclassification from provision for unearned premium	-	-	-	-
Payments during year	(5,994)	(6)	3,153	(2,847)
Incurred during year – current year	6 052	6	(3,369)	2,689
Incurred during year – prior year	(327)	-	216	(111)
Exchange rate adjustment	(243)	-	120	(123)
Balance at end of year	15,866	37	(7,885)	8,018

	2012 €m Gross amount (Excl MIBI*)	2012 €m MIBI *	2012 €m Reinsurance Amount	2012 €m Net Amount
Balance at start of year	16 058	38	(7 663)	8 433
Liabilities assumed under portfolio transfer	-	-	-	-
Reclassification from provision for unearned premium	-	-	-	-
Payments during year	(6,255)	(6)	3,273	(2,988)
Incurred during year – current year	6 324	3	(3,492)	2,835
Incurred during year – prior year	18	-	(24)	(6)
Exchange rate adjustment	190	-	(70)	120
Balance at end of year	16,335	35	(7,976)	8,394

* This is the Company's share of the cost of uninsured and untraced drivers incurred via the Motor Insurance Bureau of Ireland (MIBI)

Claims outstanding include claims in respect of certain workers compensation and personal injury claims giving rise to annuity payments which have been discounted using actuarial methods The effect of discounting the provision is

	2013 €m	2012 €m
Gross claims before discounting	690	613
Impact of discounting	(326)	(265)
Gross claims after discounting	364	348
Net Claims before discounting	583	495
Impact of discounting	(296)	(222)
Net claims after discounting	287	273

An average rate of 2 79% (2012 2 71%) has been used to calculate the net present value of these outstanding claims provisions The rate is below the 2013 return on investments and also the 5 year average past return.

Corresponding balances for 2012 have been adjusted in accordance with FRS 18 to ensure the amounts are comparable with 2013 balances

6 Other technical provisions

Other technical provisions consists of the unexpired risk reserve

	2013	2012
	€m	€m
Balance at start of year	6	6
Reclassification to other provisions	-	-
Movements during the year	(1)	-
Exchange rate movements	-	-
Balance at end of year	5	6

7 Net Operating Expenses

	2013	2012
	€m	€m
Paid commission on written premiums	1 068	995
Received commission on reinsured written premiums	(1,359)	(1,432)
Amortisation - deferred acquisition costs	19	192
Amortisation - deferred reinsurance commission	(4)	20
Administrative and underwriting expenses	1 069	1 150
Net operating expenses	793	925

The total charge for operating leases during the year was €7m (2012 €7m)

8 Investment Income

A Investment Activity Account

	2013	2012
Investment Income and Gains	€m	€m
Income from financial assets at fair value through profit and loss		
- designated on initial recognition	2	2
- held for Trading	338	345
- Loans and receivables	13	64
	353	411
Net gains/(losses) on the realisation of investments		
- held for trading	75	(53)
- loans and receivables	39	2
	114	(51)
Foreign exchange gains	17	6
Foreign exchange losses	(23)	(2)
	(6)	4
Investment Expenses and Charges		
Interest payable on financial liabilities at amortised cost	(6)	(6)
Other investment management expenses	(17)	(18)
	(23)	(24)
Net unrealised (losses)/gains on investments	(85)	318
Total investment return	353	658
Investment return is analysed between		
Allocated investment return transferred to the technical account	272	301
Total investment return included in the non-technical account	81	357
Total investment return	353	658

Income from financial investments includes €307m (2012 €356m) from listed investments Interest payable on loans was €6m (2012 €6m)

B Longer Term Investment Return

The longer term investment return, net of expenses, allocated to the technical account was €272m (2012 €301m) The principal assumptions underlying the calculation of the longer term investment return are

	2013	2012
	%	%
Equities	6 0	6 0
Fixed interest securities	3 0	3 2
Property	5 0	5 0
Cash and cash equivalents	2 0	2 0

C Comparison of Longer Term Investments Return with Actual Returns

A comparison of the actual return on investments with the longer term return is set out below

	2013	2012
	€m	€m
Actual return	359	654
Longer term return	351	389
Excess of actual return over long term return	8	265

9 Employee Information

The average number of persons (including executive directors and temporary staff) employed by the Company during the year was

	2013	2012
Average number of employees during the year	Number	Number
By activity		
Underwriting	981	970
Claims	621	638
Investments	23	58
Administration and finance	1,255	1,188
	2,880	2,854

In addition to the employees included above there were an additional 7,280 (2012 7 817) people employed in service companies

	2013	2012
Staff cost for the above persons were	€m	€m
Wages and salaries	162	159
Social security costs	40	37
Pension costs	17	22
Share based payments expense	9	6
	228	224

10 Directors Emoluments

	2013	2012
	€m	€m
- for services as Directors	2	2
- for other services	-	-
- compensation for loss of office	-	-
	2	2

11 Other technical income

Other technical income comprises risk management fees engineering inspection fees and service fee income

12 Other charges

Other charges primarily relate to Central expense allocations €179m (2012 €197m) restructuring costs €nil (2012 €43m) and other 3rd party expenses of €45m (2012. €61m)

13 Profit on Ordinary Activities After Tax

	2013	2012
Profit on ordinary activities after tax is stated after	€m	€m
Depreciation charge for year		
Tangible fixed assets	8	11
Auditor's remuneration		
- Statutory audit fees	0.2	0 2
- Non audit fees	-	-

Fees paid to PwC affiliates overseas were €2 4m (2012 €2 4m) for the year ended 31 December 2013

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14 Tax on Profit on Ordinary Activities

	2013	2012
Tax charge/(credit) on profit on ordinary activities		
Current tax charge for the year	134	90
Deferred tax (credit) for the year	(99)	(106)
	35	(16)

The current tax charge for the year is higher than the charge that would result from applying the standard rate of Irish corporation tax to profit on ordinary activities as local tax rates apply to profits earned in ZIP branches The current tax charge is due to taxable profits across most ZIP Branches also provisions for specific tax settlements in certain ZIP Branches The deferred tax credit is driven by taxable losses carried forward principally in Germany and movements in claim reserves and bad debt provisions across ZIP Branches

The analysis of current taxes is explained below

	2013	2012
	€m	€m
Profit on ordinary activities before tax	187	235
Profit on ordinary activities at the standard tax rate for the year of 12 5% (2012 12.5%)	23	29
Effects of		
Higher tax rates on overseas earnings	4	49
Disallowable expenses	10	6
Utilisation of branch tax losses brought forward	(1)	(5)
(Over)/Under provision in prior years	(5)	(7)
Other timing differences and loss carry forward	67	23
Items not subject to tax	(3)	(12)
Credit for withholding tax	-	(1)
Other local taxes and provisions	39	8
	134	90

15 Other Intangible Assets

	2013
Cost	€m
Brought forward at 1 January 2013	265
Transfers (out) during year	(7)
Additions during the year	42
Impairment	-
Foreign exchange	(3)
Carried forward at 31 December 2013	297
Amortisation	
Brought forward at 1 January 2013	184
Transfers in during year	-
Amortisation during the year	12
Carried forward at 31 December 2013	196
Net book value at 31 December 2013	101

	2012
Cost	€m
Brought forward at 1 January 2012	268
Transfers (out) during year	(7)
Additions during the year	9
Impairment	(7)
Foreign exchange	2
Carried forward at 31 December 2012	265
Amortisation	
Brought forward at 1 January 2012	191
Transfers in during year	-
Amortisation during the year	(7)
Carried forward at 31 December 2012	184
Net book value at 31 December 2012	81

Intangible assets consist predominantly of computer software which is amortised using the straightline method over its useful life The useful life of computer software generally does not exceed 5 years.

16 Land and Buildings

	2013	2012
	€m	€m
Real estate held for investment	358	419
Own use property	100	98
	458	517

Real estate held for investment was revalued on an open market existing use basis during the year (performed by Cushmann & Wakefield - a firm of independent Chartered Surveyors) This resulted in a €1m increase (2012 €105m reduction) in the values of real estate held for investment. Real estate was disposed during the year for €64m (2012 disposals of €24m) The real estate disposals in 2013 were of property located in Italy, Spain and UK

The cost of real estate held for investment was €264m (2012 €298m) The cost of own use property was €115m (2012 €105m) The €10m increase in the cost of own use property was driven by leasehold improvement costs.

The depreciation charge for own use property was €9m (2012 €8m) and is driven by the depreciation of leasehold improvement costs in 2013

17 Investment in Group Undertakings

	Class of share held	Nature of business	Percentage of Nominal Value and Voting Rights 2013	2012
Irish National Insurance Company plc	Ordinary	Insurance	100%	100%
Ballykilliane Holdings Limited	Ordinary	Holding Company	100%	100%
Ashdale Land & Property Company Limited	Ordinary	Pension Trustee	100%	100%
Eagle Star Securities Limited	Ordinary	Finance (Dormant)	100%	100%
Navigators and General Insurance Company Limited	Ordinary	Insurance (Dormant)	100%	100%
Sunley Homes Limited	Ordinary	Property (Dormant)	100%	100%
The Trust Company of Scotland Limited	Ordinary	Property	100%	100%
ZGEE3 Limited	Ordinary	Finance (Dormant)	100%	100%
Zurich Whiteley Investment Trust Limited	Deferred & Ordinary	Property	100%	100%
Aide Asistencia, Seguros y Reaseguros, S.A	Ordinary	Insurance	100%	100%
Servizurich S.A.	Ordinary	Service Company	100%	100%
Zurich Services AIE	Ordinary	Service Company	97 18%	97 18%
Zurich Consortium S C A.R.L	Ordinary	Property	99 95%	99 95%
Zurich Pension Trustees Ireland Limited	Ordinary	Pension Trustee	50%	50%

Investment in group undertakings is stated at net asset value in the balance sheet of €150m (2012 €358m) The original cost of these investments was €175m (2012 €288m) Eagle Star Insurance Ltd was sold during the year for €198m (Cost €113m) Zurich Consortium S C.A.R L was merged with ZIP in March 2014 resulting in all assets and liabilities transferring to the ZIP Italy branch

18 Other financial assets

	2013 Market Value €m	2013 Cost €m	2012 Market Value €m	2012 Cost €m
Shares and other variable yield securities and units in unit trusts				
- Designated at fair value through profit & loss upon initial recognition	140	140	281	281
- Held for trading financial assets	710	569	515	468
Debt securities and other fixed income securities				
- Held for trading financial assets	10 034	9,770	10,127	9,684
Derivative securities	1	1	1	1
Loans and Receivables				
Loans secured by mortgages	5	5	5	5
Other loans	140	140	6	6
Deposits with credit institutions	22	22	21	21
Total Other financial assets	11,052	10,647	10,956	10,466

Included in the financial assets above are amounts in respect of listed and unlisted investments as follows

	2013 €m	2012 €m
Listed investments		
Shares and other variable-yield securities and units in unit trusts	823	768
Debt securities and other fixed-income securities	9,842	9,930
	10,665	10 698
Unlisted investments		
Shares and other variable-yield securities and units in unit trusts	27	28
Debt securities and other fixed-income securities	192	197
	219	225

The unlisted shares relate to private equity holdings and unlisted stock €12m (2012 €16m) and non-redeemable preference shares €15m (2012 €12m) The unlisted fixed income security relates to preference shares held in the UK of £160m The change in value of this investment in 2013 is only due to currency exchange rate movements

The Company had pledged investments of €13m (2012 €16m) that are held to support reinsurance liabilities in Canada

19 Debtors arising out of direct insurance operations

	2013	2012
	€m	€m
Policyholders	1 137	1 321
Intermediaries	704	726
Other insurance companies	168	118
Amounts due from group undertakings	(49)	2
	1,960	2,167

Values reported are net of impairment allowances of €42m (2012 €42m)

20 Other Debtors

	2013	2012
	€m	€m
Amounts owed by Group companies	114	127
Current Income Tax	111	104
Other receivables	259	244
Receivables under reverse repos	-	52
Prepayments	15	23
	499	550

€142m (2012 €179m) is considered due in greater than 1 year These amounts are reported within other receivables and relate to prepaid corporation tax in Italy Income tax recoverable and capitalised software costs in Germany

21 Tangible Assets

	Fixtures & Fittings	Computer & office equipment	Other (including Motor)	Total
2013				
Cost	€m	€m	€m	€m
As 1 January 2013	58	46	48	152
Additions	1	2	3	6
Revaluation and Transfers out	(27)	-	(1)	(28)
Disposals	(7)	(3)	(1)	(11)
Foreign exchange	(2)	-	-	(2)
As at 31 December 2013	23	45	49	117
Depreciation				
As 1 January 2013	44	45	39	128
Charge for the year	2	1	3	6
Disposals and Transfers out	(30)	(2)	(1)	(33)
Foreign exchange	(1)	-	-	(1)
As at 31 December 2013	15	44	41	100
Net book value as at 31 December 2013	8	1	8	17

	Fixtures & Fittings	Computer & office equipment	Other (including Motor)	Total
2012				
Cost	€m	€m	€m	€m
As 1 January 2012	49	46	72	167
Additions	3	-	3	6
Revaluation	11		(12)	(1)
Disposals	(5)	-	(15)	(20)
As at 31 December 2012	58	46	48	152
Depreciation				
As 1 January 2012	42	45	50	137
Charge for the year	7	-	4	11
Disposals	(5)	-	(15)	(20)
As at 31 December 2012	44	45	39	128
Net book value as at 31 December 2012	14	1	9	24

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22 Called Up Share Capital	2013	2012
	€m	€m
Authorised		
100,000,000 ordinary shares of €1 25 each	125	125
Issued and fully paid		
6 526,528 (2012 6 526 528) ordinary shares of €1.25 each	8	8

23 Reserves 2013	Share Capital €m	Share Premium €m	Capital Contribution €m	Revaluation Reserve €m	Foreign Exchange Reserve €m	Profit and Loss account €m	Other Reserve €m	Total €m
Balance at 1 January 2013	8	2,872	633	45	77	225	(1,346)	2,514
Profit on Ordinary Activities after Tax	-	-	-	-	-	152	-	152
Transfer from Capital Contribution to Profit & Loss Account	-	-	(380)	-	-	380	-	-
Dividend paid	-	-	-	-	-	(380)	-	(380)
Exchange differences arising during the year	-	-	-	-	(30)	10	-	(20)
Actuarial gain in respect of Ireland pension scheme	-	-	-	-	-	18	-	18
Actuarial gain in respect of non-Ireland pension schemes	-	-	-	-	-	3	-	3
Deferred tax on Irish pension scheme actuarial gain	-	-	-	-	-	(17)	-	(17)
Deferred tax on non-Irish pension scheme actuarial gain	-	-	-	-	-	(1)	-	(1)
Investment in group undertakings revaluation	-	-	-	(35)	-	-	-	(35)
Capital contribution	-	-	180	-	-	-	-	180
Balance at 31 December 2013	8	2,872	433	9	47	388	(1,346)	2,411

Reserves 2012	Share Capital €m	Share Premium €m	Capital Contribution €m	Revaluation Reserve €m	Foreign Exchange Reserve €m	Profit and Loss account €m	Other Reserve €m	Total €m
Balance at 1 January 2012	8	2,872	633	40	55	88	(1,346)	2,350
Profit on Ordinary Activities after Tax	-	-	-	-	-	251	-	251
Transfer from Capital Contribution to Profit & Loss Account	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-
Exchange differences arising during the year	-	-	-	-	22	(4)	-	18
Actuarial loss in respect of Ireland pension scheme	-	-	-	-	-	(86)	-	(86)
Actuarial loss in respect of non-Ireland pension schemes	-	-	-	-	-	(48)	-	(48)
Deferred tax on Irish pension scheme actuarial loss	-	-	-	-	-	11	-	11
Deferred tax on non-Irish pension scheme actuarial loss	-	-	-	-	-	13	-	13
Investment in group undertakings revaluation	-	-	-	5	-	-		5
Capital contribution	-	-	-	-	-	-	-	-
Balance at 31 December 2012	8	2,872	633	45	77	225	(1,346)	2,514

Dividend per share on dividends paid during 2013 was €58 22 (2012 €nil)

24 Provisions for other risks and charges

(a) Net Deferred Tax

	2013	2012
	€m	€m
Opening Asset/(Liability)	28	(88)
Credit to the profit and loss account	99	106
Other movements	(48)	10
Closing Asset	79	28

Deferred tax balances are netted to an asset or liability balance at Branch level (aligned with tax jurisdiction), and then reported in the Balance Sheet as the aggregate of net asset balances of €135m and the aggregate of net liability balances of €56m Therefore within the net balances reported there are offsetting gross deferred tax asset and liability balances within Branches Of the gross deferred tax asset balances a total of €228m (2012: €145m) deferred tax asset has been recognised in relation to the value of carried forward tax losses. This amount is expected to be recovered out of future profits and relates principally to the Germany branch
A previously reported deferred tax asset with a value of €31m was transferred to an affiliated company in Italy for €39m after the year end A profit of €8m was recorded for this transaction and the €39m receivable is recorded in Other debtors at 31st December 2013

A deferred tax asset has been recognised and relates to:		
Deferred acqusition costs	(42)	(42)
Reserves for unearned premium	13	(33)
Reserves for losses	(121)	(107)
Other provisions	28	57
Unrealised gains on investments and property	(83)	(79)
Tax loss carryforwards	228	145
Other timing differences	49	83
Capital allowances less than depreciation	7	4
	79	28

(b) Other Provisions

Opening Liability	115	126
Payments during the year	(51)	(81)
Additional provisions during the year	66	70
Closing Liability	130	115

Other provisions include restructuring provisions of €29m (2012 €60m) and provisions held for dealings with third parties of €101m (2012 €55m)

25 Deferred acquisition costs

	2013	2012
	€m	€m
Opening deferred acquisition costs	159	231
Change during the year	(13)	(72)
Closing deferred acquisition costs	146	159

Deferred acquisition costs of €695m (2012 €717m)are reported net of deferred reinsurance commission income of €549m (2012 €556m) These net deferred acquisition costs are recoverable in line with the earning pattern for the Unearned premium reserves

26 Creditors arising out of insurance and amounts due to reinsurers

	2013	2012
Creditors - Insurance Operations	€m	€m
Amounts due to policyholders	119	64
Amounts due to agents and insurance companies	201	221
Commission inwards and other technical expense	122	111
Prepaid premiums	15	14
	457	410

Creditors arising out of insurance operations include claims outstanding payment to policyholders and intermediaries accrued commission and prepaid policy premiums

Creditors - Due to reinsurers	2013	2012
	€m	€m
Amounts due to group undertakings	172	257
Other creditors	144	105
	316	362

27 Other creditors including tax and social security

	2013 €m	2012 €m
Amounts due to group undertakings	265	195
Other creditors	557	593
	822	788

Other creditors include Non technical expenses payable of €279m (2012 €299m), tax and social security payables of €259m (2012 €277m) and bonus accurals €19m (2012 €19m) Non technical expenses payable include accruals for invoices due from third parties (third party suppliers government and regulatory bodies), staff expenses and other miscellaneous liabilities

Tax and Social Security included in Other Creditors

	2013 €m	2012 €m
VAT	(1)	6
Social security and income tax	6	5
Corporation tax	148	109
Insurance premium tax	104	152
Other	2	5
	259	277

28 Financial Liabilities

	2013 €m	2012 €m
Debenture and other loans, repayable otherwise than by instalments, at amortised cost		
In less than five years		
Unsecured loan	8	12
In more than five years		
Subordinated loan	104	104
Total borrowings - financial liabilities at amortised cost	112	116
Other financial liabilities at fair value through profit and loss		
Loans arising from securities sold under repurchase agreements	1,088	951
Derivatives	2	2
Total financial liabilities at fair value through profit and loss	1,090	953
Total financial liabilities	1,202	1,069

The Company has pledged government bonds of €1,088m (2012 €951m) in support of the loans arising from securities sold under repurchase agreements

The carrying amounts and fair value of the non-current borrowings are as follows

	Carrying Amount		Fair Value	
	2013	2012	2013	2012
	€m	€m	€m	€m
Non-current borrowings				
Subordinated loan	104	104	98	92

The subordinated loan arises on the acquisition by the Company of Zurich International (France) Compagnies d'Assurances S.A. The loan was originally issued by Assuricum Company Limited, a company incorporated in Switzerland which previously owned 22% of the share capital of Zurich International (France) Compagnies d'Assurances S.A. On 1st November, 2008 Assuricum merged with Zurich Insurance Company (ZIC) and the loan was reassigned to ZIC on that date The loan agreement does not specify an agreed repayment date

29 Share Based Compensation and Cash Incentive Plans

The Company's ultimate parent Zurich Insurance Group (ZIG), (previously known as Zurich Financial Services (ZFS)) has adopted various share-based payment plans to attract, retain and motivate executives and employees The plans are designed to reward employees for their contribution to the performance of the Group and to encourage employee share ownership Share-based payment plans include plans under which shares and options to purchase shares based on the performance of the businesses, are awarded Actual plans are tailored to meet local market requirements

(a) The expense recognised for employee services receivable during the year is shown below

	2013	2012
	€m	€m
Expense arising from equity-settled share based payment transactions	40	47

The expense shown above includes the costs of both the direct employees and those employed by service companies

The share-based payment plans are described below

Senior Executive Plan

The Company's ultimate parent ZIG, operates long-term incentive plans for selected executives These plans comprise the allocation of a target number of share grants with the vesting of these share grants being subject to the achievement of specific financial performance goals The Company can also make restricted share grants to selected employees, which provide share awards if the individual remains employed with ZIG on selected dates in the future

General Employee Share-Option Plan

Share-based payment plan for Employees

The Share Participation Plan is a vehicle which facilitates employee participation and provides tax efficient incentives to hold and retain shares in ZIG In order to avail of this income tax relief shares must be retained for a period of three years The employees are the beneficial owners of these shares and receive all the benefits of share ownership This participation plan is not available in all ZIP Branches

Cash Incentive plans for Employees

Short-term incentive programs exist for employees in line with the group scheme Awards are made in cash, based on the accomplishment of both Company and individual performance objectives

(b) Further information on performance share and options plans

Movements in options granted under the various equity participation plans

	No of shares under option	Weighted average exercise price in EUR	No of shares under option	Weighted average exercise price in EUR
	2013	2013	2012	2012
As at 1 January	153,256	291	175,887	231
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	(13'478)	215	(17,621)	198
Expired during the year	(45,780)	282	(5,010)	215
As at 31 December	93,998	306	153,256	291
Exercisable at the end of the year	93 998	n/a	137,852	n/a

Share options exercised during the year

	Amount 2013	Weighted share price in EUR 2013	Amount 2012	Weighted share price in EUR 2012
Exercise date				
January to April 2013	12,838	216	15 982	198
May to August 2013	-	-	739	198
September to December 2013	640	203	900	198
Total	13,478	215	17,621	198

Range of exercise prices of options outstanding

	Number of options 2013	Weighted average contractual life in years 2013	Weighted average remaining expected life in years 2013	Number of options 2012	Weighted average contractual life in years 2012	Weighted average remaining expected life in years 2012
Exercise price (€)						
101 to 200	11,194	7	1	20,438	7	3
201 to 300	82,804	7	2	132,820	7	3
Total	93,998	7	2	153,258	7	3

Options and shares granted during year	Number 2013	Number 2012	Weighted average fair value at grant date (in EUR) 2013	Weighted average fair value at grant date (in EUR) 2012
Shares granted during the year	33,726	43 670	267	188
Options granted during the year	-		-	-

30 Fair value of financial assets and financial liabilities

The following table compares the fair value of financial assets and financial liabilities with their carrying value

	Fair Value 2013	Fair Value 2012	Carrying value 2013	Carrying value 2012
Fair value through profit or loss				
Held for trading				
Debt securities	10,034	10,127	10 034	10,127
Equity securities	710	515	710	515
Designated at fair value				
Equity securities	140	281	140	281
Total fair value through profit or loss	10,884	10,923	10,884	10,923
Derivative assets	1	1	1	1
Loans and receivables				
Mortgage loans	5	5	5	5
Other loans	140	6	140	6
Deposits with credit institutions	22	21	22	21
Total loans and receivables	168	33	168	33
Total financial assets	11,052	10,956	11,052	10,956
Financial liabilities at fair value through profit or loss				
Trading				
Derivative liabilities	(2)	(2)	(2)	(2)
Loans arising from securities sold under repurchase agreements	(1 088)	(951)	(1,088)	(951)
Financial liabilities held at amortized cost				
Debt	(98)	(92)	(112)	(116)
Total financial liabilities	(1,188)	(1,045)	(1,202)	(1,069)

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Fair Value Hierarchy of Investments carried at Fair Value

Financial instruments carried at fair value are classified under the following three levels (the Fair Value Hierarchy).

Level 1

This category includes financial assets for which fair values are determined based on quoted prices (unadjusted) in active markets for identical instruments A market is considered active only if transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis Within Level 1, the Company has classified common stocks, exchange traded derivative financial instruments, investments in unit trusts that are actively traded in an exchange market and highly liquid debt securities

Level 2

This category includes financial assets and liabilities for which fair values are determined using valuation techniques with all significant inputs based on observable market data Depending on the nature of the instruments and the market in which they are traded, examples of observable market data may include quoted prices, broker quotes, interest rates yield curves etc. Within Level 2 the Company has classified government and corporate bonds, investments in unit trusts, agency backed and senior tranches of asset-backed securities, and derivatives traded over-the-counter where quotes are obtained from independent pricing providers The fair value received from these pricing providers may be based on quoted prices in an active market for similar assets or alternative pricing methods While many of these securities may qualify for Level 1 classification based on ordinary transactions in identical instruments, it has been assumed as a practical expedient, that such instruments would predominantly be valued based on a mix of observable inputs The Company has also classified under Level 2 liabilities related to securities sold under repurchase agreements

Level 3

This category includes financial assets and liabilities for which fair values are determined using valuation techniques with at least one significant input not being based on observable market data In circumstances when there is little, if any market activity for a certain instrument. It is required to develop internal valuation inputs based on the best information available about the assumptions that market participants would use when pricing the asset or liability This would normally apply in the case of investments in hedge funds, private equity funds asset backed securities for which currently very little current market activity is observed and long derivatives

Fair Value Hierarchy of Investments Held at Fair Value	2013 €m Level 1	2013 €m Level 2	2013 €m Level 3	2013 €m Total
Shares and other variable yield securities and units in unit trusts				
- Designated at fair value through profit & loss upon initial recognition	140	-	-	140
- Held for trading financial assets	668	32	10	710
Debt securities and other fixed income securities				
- Held for trading financial assets	-	9,424	610	10,034
Financial assets at fair value through profit & loss	808	9,456	620	10,884
Derivative assets	-	1	-	1
Total	808	9,457	620	10,885
Financial Liabilities at fair value through profit & loss				
Trading				
Derivative liabilities	-	2	-	2
Loans arising from securities sold under repurchase agreements	-	1 088	-	1,088
Financial Liabilities at fair value through profit & loss	-	1,090	-	1,090

Fair Value Hierarchy of Investments Held at Fair Value	2012 €m Level 1	2012 €m Level 2	2012 €m Level 3	2012 €m Total
Shares and other variable yield securities and units in unit trusts				
- Designated at fair value through profit & loss upon initial recognition	-	281	-	281
- Held for trading financial assets	443	68	4	515
Debt securities and other fixed income securities				
- Held for trading financial assets	-	9,461	666	10 127
Financial assets at fair value through profit & loss	443	9,810	670	10,923
Derivative assets	-	1	-	1
Total	443	9,811	670	10,924
Financial Liabilities at fair value through profit & loss				
Trading				
Derivative liabilities	-	2	-	2
Loans arising from securities sold under repurchase agreements	-	951	-	951
Financial Liabilities at fair value through profit & loss	-	953	-	953

Debt securities have been re-presented for the 31 December 2012 year end to take account of developments in accounting standards whereby valuations must be directly linked to trades for identical instruments. Land and Buildings and Investment in Group undertakings are considered Level 3 Financial assets

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Roll forward analysis for financial investments classified under Level 3

	2013 €m	2013 €m	2013 €m	2013 €m	2013 €m
	Held for Trading Financial Investments		Fair Value through Profit and Loss		Total
	Equities	Debt	Equities	Debt	
Balance at 1 January 2013	4	666	-	-	670
Realised Gains/(losses) recognised in income	-	5	-	-	5
Unrealised (losses)/Gains recognised in income	-	20	-	-	20
Purchases	-	148	-	-	148
Sales/Redemptions/Settlements	-	(224)	-	-	(224)
Net transfers from Level 3	-	3	-		3
Transfer in due to Group restructuring	-	-	-	-	
Foreign currency translation effects	-	4	-	-	4
Opening Balance Adjustment	5	(12)	-	-	(7)
Balance at 31 December 2013	9	610	-	-	619

	2012 €m	2012 €m	2012 €m	2012 €m	2012 €m
	Held for Trading Financial Investments		Fair Value through Profit and Loss		Total
	Equities	Debt	Equities	Debt	
Balance at 1 January 2012	6	443	-	-	449
Realised Gains/(losses) recognised in income	2	(8)	-	-	(6)
Unrealised (losses)/Gains recognised in income	(2)	18	-	-	16
Purchases	-	43	-	-	43
Sales/Redemptions/Settlements	(2)	(137)	-	-	(139)
Net transfers from Level 3	-	295	-	-	295
Transfer in due to Group restructuring	-	-	-	-	-
Foreign currency translation effects	-	12	-	-	12
Opening Balance Adjustment	-	-	-	-	
Balance at 31 December 2012	4	656	-	-	670

31 FRS17 Retirement Benefits Pension Scheme

The Company operates Defined Benefit Pension Schemes for employees in Ireland, Italy, Belgium, Germany, Portugal and the Netherlands The funds are separate from those of the Company Independent actuarial valuations, which are not available for public inspection are obtained triennially

The valuation of the defined benefit schemes for the purposes of FRS17 disclosures has been based on data supplied by the schemes' administrators The valuation has been performed by an independent actuary to take account of the requirements of FRS17 In order to assess the liabilities at the balance sheet date Scheme assets are stated at their market value at the balance sheet date

The actuarial gain credited to the Statement of total recognised gains or losses is €19m before tax (2012 €134m Loss) Of this gain, €16m relates to the Ireland scheme (2012 €86m loss) and €3m to the Germany scheme (2012 €36m loss) The pension schemes have as a result changed from a liability position as at 31 December 2012 totalling €89m to a liability as at 31 December 2013 totalling €68m

Ireland pension scheme

The discount rate applied to the Ireland pension scheme liabilities has been increased by 0 1% (2012 reduced by 2 2%) to reflect the long term return available on an asset base deemed to support the pension liabilities There has been a 0 6% decrease (2012 increased by 0 45%) in the rate of compensation for inflation and pensions in payment Both assumption changes have resulted in a reduction to the pension scheme liability of €18m (2012 Increase of €104m) The Ireland pension scheme as at 31 December 2013 reports a deficit of €12m (2012 Deficit €26m)

Netherlands pension scheme

The discount rate on the Netherlands pension scheme has been increased by 0 1% (2012 reduced by 2 1%) to reflect the long term return available on an asset base deemed to support the pension liabilities The Netherlands pension scheme as at 31 December 2013 reports a deficit of €17m (2012 Deficit €17m)

Germany pension scheme

The discount rate on the Germany pension scheme has been increased by 0 1% (2012 reduced by 2%) to reflect the long term return available on an asset base deemed to support the pension liabilities There has been a 0 6% decrease (2012 0 6% increase) to the rate of compensation for inflation and pensions in payment. Both of these assumption changes have resulted in a decrease to the pension liability of €3m (2012 Increase of €72m) The Germany pension scheme as at 31 December 2013 reports a deficit of €24m (2012 Deficit €31m)

Other pension schemes

Pension schemes other than those mentioned above had pension deficits as at 31 December 2013 of €15m (2012 €15m) These schemes have experienced €2m (2012 €3m losses) in actuarial gains which have been offset by increased current service costs

The financial assumptions used to calculate the retirement liabilities under FRS17 were as follows

	2013	2012
	%	%
Rate of increase in salaries	2 - 4 1	2 - 4 1
Rate of increase of pensions in payments	1 5 - 3	1 5 - 3
Rate of inflation	2 - 2.3	2 - 2 3
Discount rate	2 8 - 4 5	2 8 - 4 5
Mortality assumptions		
Longevity at age 65 for current pensioners		
- Men	18 7 - 23 3	18 6 - 23 2
- Women	22 7 - 24 8	22 7 - 24 6
Longevity at age 65 for future pensioners		
- Men	21 3 - 26 4	21 3 - 26 3
- Women	25 1 - 27 4	25 1 - 27.3

The expected rate of return and assets in the schemes were	Total	Total
	2013	2012
Long term asset return expected	%	%
Equities	5 6% - 7.3%	4 7% - 7 3%
Bonds	2% - 3 9%	0 9% - 4 8%
Other	3% - 3 5%	3.2% - 4 0%

	Total 2013	Total 2012
Assets	€m	€m
Equities	135	125
Bonds	394	406
Other	81	82
Total market value of assets	610	613
Actuarial value of liability	(678)	(702)
(Deficit) in the schemes	(68)	(89)
Related deferred tax asset	11	20
Net pension (liability)	(57)	(69)

Reconciliation of present value of schemes liabilities	Total 2013	Total 2012
	€m	€m
At 1 January 2013	702	501
Current service cost	7	4
Past service cost	(2)	1
Interest cost	24	27
Benefits paid	(29)	(28)
Net actuarial loss	(26)	198
Member contributions	1	1
Curtailments	1	(2)
At 31 December 2013	678	702

Sensitivity analysis of schemes liabilities

The sensitivity of the present value of schemes liabilities to changes in the principal assumptions is set out below

	Change in assumptions	Impact on schemes liabilities
Discount rate	Increase/decrease in 1%	Increase/decrease by 14% (2012 17%)
Rate of inflation	Increase/decrease in 1%	Increase/decrease by 11% (2012 13%)
Rate of increase in salaries	Increase/decrease in 1%	Increase/decrease by 13% (2012 3%)
Rate of increase in pension payments	Increase/decrease in 1%	Increase/decrease by 13% (2012 11%)
Mortality	Increase/decrease in 1%	Increase/decrease by 4% (2012 3%)

Reconciliation of fair value of schemes assets	Total 2013	Total 2012
	€m	€m
At 1 January	613	543
Expected return on schemes assets	20	23
Contributions paid by employer	9	10
Benefits paid	(29)	(28)
Actual return less expected return on pension schemes assets	(4)	64
Member contributions	1	1
At 31 December	610	613

Analysis of amount charged to operating profit (included in net operating expenses)	Total 2013	Total 2012
	€m	€m
Current service cost	7	4
Past service cost	(2)	1
Total operating charge	5	5

Analysis of amount (charged) to operating profit		
	€m	€m
Expected return on pension schemes assets	20	23
Interest cost on pension schemes liabilities	(24)	(27)
(Loss) due to curtailments	-	(2)
	(4)	(6)

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Analysis of amount recognised in statement of total recognised gains and losses

	Total 2013	Total 2012
	€m	€m
Actual return less expected return on pension schemes assets	(3)	64
Experience gains and losses arising on the schemes liabilities	(5)	5
Changes in assumptions underlying the present value of the schemes liabilities	27	(203)
Actuarial (loss)/gain	19	(134)

The estimate of contributions payable in 2013 is as follows

	€m
Employer	10
Employee	1

Amounts for current year and previous four years

	Total 2013	Total 2012	Total 2011	Total 2010	Total 2009
	€m	€m	€m	€m	€m
Defined benefit obligation	678	702	501	498	236
Plan assets	610	613	543	520	213
Surplus/(deficit)	(68)	(89)	42	22	(23)
Experience adjustments on plan assets	(4)	64	(6)	(6)	19
Experience adjustments on plan liabilities	(6)	5	(8)	3	(10)
Total actuarial gains/(losses) recognised in statement of total recognised gains and losses	1	(134)	(2)	2	5

The actual return on Pension scheme assets was €16m (2012 €87m) Scheme assets do not include any own financial instruments held in Zurich Insurance plc The cumulative amount of pre-tax actuarial gains/(losses) recognised in the statement of total recognised gains and losses is a gain of €19m (2012· €134m loss) The majority of this actuarial gain/(loss) is held within the Ireland and Germany branches The post tax actuarial gain is €1m due to a €15m deferred tax correction on the Irish pension scheme

32 Contingent liabilities, contractual commitments and financial guarantees

The Company has a financial guarantee relating to a £475m guarantee provided to directors of a previously owned subsidiary (Eagle Star Insurance Company Limited - UK) in connection with a past repatriation of capital by Eagle Star Insurance The Company knows of no event of default that would require it to satisfy this guarantee The Company has a contingent liability relating to a reinsurance contract it holds in Germany and the value of the contingent liability is €2m (2012 €2m)

33 Holding Company

The Company is a subsidiary of Zurich Holding Ireland Limited which is incorporated in Ireland No consolidated accounts are prepared for Zurich Holding Ireland Limited

The ultimate holding company is Zurich Insurance Group Ltd (previously Zurich Financial Services AG) which is incorporated in Switzerland The smallest and largest group into which the results of the Company are consolidated is that headed by Zurich Insurance Group Ltd Copies of Zurich Financial Services AG Consolidated Financial Statements for the year ended 2013 may be obtained from the Secretary, Zurich Insurance Group Limited, Mythenquai 2, 8022 Zurich, Switzerland

34 Consolidated Accounts

Zurich Insurance plc has not prepared consolidated accounts for the year ended 31 December 2013 as being a subsidiary of Zurich Insurance Group Ltd (previously Zurich Financial Services AG) It is exempted from doing so under the FRS 2 amendment which is accommodated under Irish Company Law and its reference to the EU 7th Directive equivalence.

35 Cash Flow Statement

Consolidated Financial Statements of the ultimate holding company have been separately prepared and contain a consolidated cash flow statement The Company has therefore availed of the exemption under Financial Reporting Standard No 1 (Revised) "Cash Flow Statements" not to prepare a cash flow statement

36 Related Party Disclosures

The Company has availed of the exemption under Financial Reporting Standard No 8 "Related Party Disclosures" which permits qualifying subsidiaries of an undertaking not to disclose details of transactions between group entities that are eliminated on group consolidation.

37 Approval of Financial Statements

The Financial Statements are authorised for issue by the Board of Directors on the 24 April 2014