



Bundesamt für Privatversicherungen  
Office fédéral des assurances privées  
Ufficio federale delle assicurazioni private  
Federal Office of Private Insurance

## DECREE

of the Federal Office of Private Insurance  
(hereinafter "BPV")

addressed to

Zurich Financial Services  
Mythenquai 2, PO Box, 8022 Zurich

concerning

### **Consolidated Supervision of the Zurich Financial Services Group**

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#### **Facts:**

A.- The ultimate holding company of the Zurich Financial Services Group is Zurich Financial Services, a company incorporated in Zurich. ...

The Zurich Financial Services Group is active in five sectors: non-life and life insurance, Farmers management services, reinsurance and asset management. In 2000, the Group employed more than 68,000 staff, was active in over 60 countries and had approximately 35 million customers. ...

B.- ...

C.- In Switzerland, Zurich Financial Services conducts insurance business through the following companies:

- Alpina Versicherungs-Aktiengesellschaft;
- Genfer Allgemeine Versicherungs-Gesellschaft;
- Genfer Lebensversicherungs-Gesellschaft;
- Orion Rechtsschutz-Versicherungsgesellschaft;
- Turegum Versicherungsgesellschaft AG;
- "Zürich Versicherungs-Gesellschaft" (Zurich Insurance Company);
- "Zürich" Lebensversicherungs-Gesellschaft.

D.- In Switzerland, Zurich Insurance Company, a subsidiary of Zurich Financial Services, owns two banks: the bank Rüd, Blass & Cie. AG, Zurich, which engages in the investment advice and asset management business, and the Zurich Invest Bank AG, Effretikon, whose main activities are in the area of the savings and investment business. ...

In the course of the licensing procedure with respect to the Zurich Invest Bank AG, the EBK and the Federal Office of Private Insurance (BPV) reached an agreement with Zurich Financial Services that consolidated supervision corresponding to the size and structure of Zurich Financial Services, as an international financial conglomerate, should be implemented. ...

E.- ...

F.- Zurich Financial Services, having been informed of the exact wording of the draft of the BPV, has declared that it approves of the content of this Decree and has waived its right to appeal it.

### **Grounds:**

1.- The subject matter of consolidated supervision is cross-sector supervision of a group of economically related companies with activities in various financial service sectors.

a) The Zurich Financial Services Group constitutes a group of such companies, placed under common control (unified management). Zurich Financial Services, as the strategic holding company, controls the other legally-independent Group companies within the scope permitted by law. It does not limit its activities to the mere holding of participations, but also carries out the operative management and control functions for the entire Group.

b) Insurance business represents the main activity of the Group. In addition to this, the Group's activities extend to other financial service sectors. Thus, with 6 banking licenses and, in particular, with USD 442.2 billion of assets under management, Zurich Financial Services has an important presence in the sectors of banking, securities-trading and asset management. Outside the insurance and financial business, the Zurich Financial Services Group is active only in a supportive role. It can therefore be described as a financial conglomerate. This term is understood - based on accepted principles - as a group of companies under common control whose exclusive or predominant activity consists of the provision of financial services in at least two financial service sectors (banks, securities dealing or insurance).

c) At present, the Swiss insurance supervisory regime does not provide a explicit legal basis for consolidated supervision, neither with respect to a pure insurance group nor with respect to a financial conglomerate. Pursuant to Art. 17 Para. 1 of

the Federal Law on the Supervision of Private Insurance dated 23 June 1978 (ISL, SR 961.01.) however, the supervisory authority supervises the entire business operations of the insurance institutions, including any activities abroad and, pursuant to Art. 10 ISL, the insurance institutions must offer the necessary assurances with respect to the insured parties, in particular with respect to solvency, organisation and management. Finally, Art. 12 ISL, in conjunction with the Ordinance on the Operation of Non-Insurance Transactions by Private Insurance Companies, dated 3 December 1979 (SR 961.13), includes a duty to obtain a license to hold a significant participation in a non-insurance company. In connection with the authorisation of this so-called "indirect operation of non-insurance business", the impact of such business on the insurance company must be examined. Although the impact of the new business being applied for is at the forefront this procedure also permits the BPV in each case to review the entire non-insurance business of an applicant. Moreover, the granting of a license can be made subject to conditions. The BPV, therefore, may make its authorisation of the acquisition of a significant bank participation by Zurich Financial Services dependent on consolidated supervision of the Zurich Financial Services Group.

d) The EBK, in accordance with Art. 3bis Para. 1bis of the Swiss Federal Banking Act dated 8 November 1934 (BankG, SR 952.0), can also make a banking license dependent, for Swiss financial groups, on the bank's being subject to "appropriate supervision" when it is part of a group active in the financial sector. A corresponding condition was formally set forth in the order of the EBK relating to the commencement of the business activities of the Zurich Invest Bank AG as a bank and securities dealer, under paragraph 3 of the Decree.

2.- Consolidated supervision is a complement to traditional supervision of a legal entity regulated on an individual basis (insurance company or bank/securities dealer) by the competent Swiss or foreign financial market supervisory authority. Consolidated supervision is not intended to replace the sector-specific supervision of the Group companies active in the insurance or bank sector in the relevant jurisdiction, nor does it mean that the parts of the group not individually subject to a licensing requirement will thereby be subjected to individual supervision on the same basis as the licensed institutions.

Based on these premises, the implementation of consolidated supervision over the Zurich Financial Services Group should take place in accordance with the following guiding considerations: the proposed cross-sector supervision is intended to place the supervisory authorities, in particular, in the position of being able to supervise whether Zurich Financial Services as a group:

- is appropriately organised;
- appropriately records, limits and monitors the risks that arise in its overall business activities;
- is managed by persons who fulfil the "fit and proper" requirement, and
- fulfils capital resources and risk distribution requirements on a consolidated basis.

3.- The companies covered by the consolidated supervision are identified based on the organisational and legal structure of the relevant conglomerate. In connection

therewith, all directly or indirectly controlled companies must, as a rule, be included in the scope of the consolidated supervision.

In the case of the Zurich Financial Services Group, the starting point for the consolidated supervision is the ultimate holding company Zurich Financial Services. The focus on the ultimate holding company is intended to ensure that, with a view to any restructurings or new acquisitions, all directly or indirectly controlled companies are always included in the consolidated supervision. Zurich Financial Services has assumed obligations vis-à-vis the supervisory authorities for the entire Group and will fulfil the requirements of this Decree both with respect to itself and with respect to the Group companies.

4.- Consolidated supervision shall be carried out by a supervisory authority that is the most appropriate, both geographically and with respect to the subject matter, for this purpose. Zurich Financial Services is active on a worldwide basis and, because it has its legal and operating headquarters in Switzerland, will be identified as a Swiss group of companies. Furthermore, because Zurich Financial Services is, as a group, active mainly in the insurance sector, the primary responsibility in its worldwide consolidated supervision rests with the Swiss insurance supervisory authority, the BPV, as Lead Coordinator.

In the case of the Zurich Financial Services Group, a financial conglomerate that is active beyond the insurance sector, it is appropriate in connection with consolidated supervision to appoint a Sub-Coordinator for the financial sector described below. The Sub-Coordinator will support the Lead Coordinator with resources and know-how in its special supervisory area. In the present case, the EBK will assume the role of a Sub-Coordinator, such that the Zurich Financial Services Group will be supervised by two financial market supervisory authorities located in Switzerland.

5.- It is appropriate to have the division of responsibilities between the EBK and the BPV guided by a functional differentiation for each company within the Zurich Financial Services Group. The Group companies of the Zurich Financial Services Group will therefore be broken down into companies belonging to the "insurance sector" and companies belonging to the "financial sector" based on their main activity (regardless of their jurisdiction).

Group companies that do not engage neither in one or more classic insurance activities nor in one or more financial activities or primarily service such activities will be added to the insurance sector, in accordance with the main focus of the activities of the Zurich Financial Services Group. This principle shall apply so long as the existing business operations of the Zurich Financial Services Group continue to have insurance as their main focus. The division into the "insurance sector" and the "financial sector" has substantive implications, in particular, in connection with the requirements concerning capital resources and in connection with the notifications of risk positions (cf. Considerations 13 and 14 below).

For purposes of consolidated supervision, the BPV may actively involve the EBK in the supervision at any time. This shall apply with respect to all questions concerning the financial sector and the overall consolidation, to the extent that this is necessary for the carrying out of consolidated supervision by both Authorities. Cooperation

between the BPV and the EBK shall be based on the principles of relevance and proportionality.

6.- Cooperation between the BPV and the EBK in their capacities as Lead Coordinator and Sub-Coordinator shall include exchanges of information which is relevant and appropriate for this purpose. Both the BPV and the EBK are bound by official secrecy.

7.- For the consolidated supervision of a financial conglomerate that is active on a worldwide basis in various supervised sectors, there is a general need for the exchange of information between the BPV and the relevant foreign supervisory authorities, provided that certain conditions are fulfilled. The Swiss legal system, through the respective provisions of Art. 38 Paragraph. 2 of the Federal Act on Stock Exchanges and Securities Trading dated 23 March 1995 (BEHG, SR 954.1) and Art. 23sexies Paragraph. 2 of the Federal Banking Act, makes the exchange of information with foreign supervisory authorities contingent on the fulfilment of certain conditions. Unless Zurich Financial Services agrees otherwise, information may only be forwarded under the same conditions as set out in paragraph 2.2 a) - c) of the Decree.

8.- Swiss insurance supervisory law does not provide for an explicit fit and proper requirement with respect to the management of supervised insurance institutions. Pursuant to Article 10 of the ISL, however, the insurance institutions must guarantee the appropriate conduct of business, including with respect to management, for the benefit of the insured persons.

In connection with this requirement at the Group level, it is not intended that a directly applicable Swiss provisions be created for every entity of the Group, i.e., for each Group company. What is important is that the members of the Group Management Board fulfil the internationally accepted requirements which are described by the terms "fit and proper". These terms will be more concretely defined by the BPV with regard to character and subject-specific knowledge and experience.

9.- Organisation: In view of the complexity of the business activities and the risks assumed, Zurich Financial Services – not least of all, in its own interest – shall provide for an organisation for its business operations which corresponds to the high standards required thereby.

As a basic prerequisite for an assessment of this organisation, it is necessary that the BPV have at its disposal precise knowledge of the current operational structure, the decision-making competence and the responsible persons within the Zurich Financial Services Group. Furthermore, the BPV must be informed of all the significant changes in the organisation, control and management structures. For this purpose, the Decree imposes a notification requirement on Zurich Financial Services within one month of the effective date of such change.

10.- In an internal document concerning risk management ..., Zurich Financial Services has developed principles of risk management for the Group in the areas of insurance business (life, non-life and reinsurance), investment risk, credit risk and operating risk. ...

Based on the ...(*internal document*)..., Zurich Financial Services will draw up a ...(*Guidance*)..., which shall present the method for controlling the above-referenced risks in a condensed format and serve as the basis for the annual spot checks of the risk management processes by an external auditor for the information of the BPV. In light of the limited resources of the BPV and the EBK, a stronger involvement of the external auditor appears appropriate. Zurich Financial Services will define the specific scope and content of the audit review based on the ...(*Guidance*)... in agreement with the BPV and submit the corresponding report within four months of the closure of the annual and interim accounts. The BPV and the EBK will analyse the results with Zurich Financial Services and the external auditor.

11.- With respect to its activities, a supervisory authority must, naturally, be informed of the current structure of the group. This requires the provision of information to the BPV on a more timely and precise basis than previously required for an insurance group. At the same time, in order to keep the administrative burden on the Zurich Financial Services Group within reasonable limits, Zurich Financial Services is required to submit an organisation chart to the BPV on an annual basis, for the first time on 1 July 2001 (...).

Significant changes in the participations in the financial or insurance sector are to be notified to the BPV no later than the date of the acquisition. ... According to Paragraph 6.2 of the Decree, participations that have the characteristics of investment are excluded from the reporting obligation. Participation will have the characteristics of an investment if investments are made for the purpose of obtaining as high a yield as possible. In contrast, participations will not have the characteristics of an investment if the acquisition furthers the purpose of the company and is intended to develop a market segment or supplement the core business.

12.- In the case of groups that are active on an international basis, the rules of the International Accounting Standards Committee (IAS) and the US Generally Accepted Accounting Principles (US GAAP) are of central importance with respect to financial reporting. Zurich Financial Services currently draws up its accounts on the basis of IAS. Accordingly, account consolidation shall be governed by these accounting standards.

The option referred to in this Decree, to base accounting on another comparable internationally recognised accounting standard, is to be understood as prospective in nature. Additional recognised standards could result if, for example, the European Union were to develop its own set of accounting standards.

13.- The contemplated compulsory own-funds requirements take into account the size and complexity of a financial conglomerate such as Zurich Financial Services and limit themselves to principles that can be implemented in practice in accordance with the principle of proportionality. In particular, the administrative burden on

Zurich Financial Services in connection with their implementation should remain within limits as long as the minimum own-funds I required by the supervisory regime is lower than the Group's independent internal capital resources calculation (Decree, paragraph 8.7). The degree of detail contained in the "Zurich Financial Services Group Capital Adequacy Statement" should therefore be governed by the principle of proportionality.

a) Paragraph 8.1 of this Decree sets forth the principle, which is central and compelling with respect to the supervision of a financial conglomerate, that Zurich Financial Services shall be required to continually maintain an appropriate consolidated capital resources structure as defined in the following paragraphs. With respect to the determination of the required capital resources, the "block-building approach" is applied. The sum of the requirements for the insurance sector and for the financial sector result in the capital resources that are required on an overall basis for the Zurich Financial Services Group.

b) The eligible own funds consist of the shareholder equity according to consolidated accounting, plus minority participations and subordinated loans, but minus dividends, goodwill and deferred policy acquisition costs in the non-life sector.

c) At its option, Zurich Financial Services may calculate the solvency requirements for the insurance sector (Paragraph 1.3 a) and c)) based on Swiss rules and regulations or based on the relevant EU rules and regulations. Moreover, Zurich Financial Services has the option of using other equivalent methods provided they do not result in a reduction of either of the two above-mentioned solvency requirements.

d) With respect to the financial sector defined in accordance with paragraph 1.3 b) of the Decree, the own fund requirements under the applicable Swiss banking supervisory law (specified in the Ordinance to the Swiss Federal Banking Act dated 17 May 1972, Bank Ordinance, SR 952.02) shall generally apply.

Where - as in the area of securities trading and investment funds - special Swiss regulations exist (even if they are substantively identical), such special regulations shall apply to the corresponding Group entities of the Zurich Financial Services Group. In anticipation of the adoption of special regulations for third party asset management, a special solution is foreseen. Swiss banking law shall apply so long as no special Swiss regulations exist. However, because under currently applicable banking law, no own funds requirements are triggered by third party asset management, the inclusion of these activities shall be reported in a simplified manner, thus keeping the administrative burden of Zurich Financial Services within appropriate limits.

e) The results of the own funds calculation of the Group are to be submitted to the BPV within a maximum period of 4 months. The Zurich Financial Services Group shall immediately inform the BPV in the event that it has knowledge during the course of the year that the own fund requirements are no longer fulfilled on a consolidated basis.

f) Zurich Financial Services applies its own internal group method to calculate the required consolidated own fund I resources. This method will be internally adjusted to the needs of the Group and to new developments on an ongoing basis and is aimed at a high-quality own fund resources structure. Because this goal sets a sig-

nificantly stricter standard than the solvency and own funds requirements under supervisory law, the periodic reporting of this calculation results shall be for informational purposes only and serve as a comparative calculation, with no compliance obligation. It was agreed that Zurich Financial Services will periodically make this calculation available to the supervisory authorities for information purposes.

14.- In connection with the notification of risk positions, the functional separation based on the respective business sectors shall be applied according to the principle of "insurance rules for the insurance sector and banking rules for the financial sector".

a) In the insurance sector, a distinction is drawn between, on the one hand, semi-annual reports to the BPV with respect to disaster risks and the ten leading treaty reinsurers and, on the other hand, an annual review of the other material technical insurance risks. The reason for this difference in treatment is based on the fact that the meaning of the "other material technical insurance risks" cannot be precisely defined at the outset. Therefore, it was viewed as appropriate not to require a formal report, but to conduct an annual review concerning these risks, based on previously provided documents.

b) With respect to the notification of large exposures pursuant to Swiss banking law, the financial sector is limited to banks and securities dealers. For the time being, as an administrative simplification, it is not required to calculate or notify the respective positions with third party asset managers. In accordance with the Group companies covered by the notification, the eligible own funds must also be adjusted. Reference shall therefore be made to the sum of the eligible own funds of all companies within the financial sector.

c) Notifications concerning the risk positions must be submitted every six months within four months of their calculation.

15.- In order to fulfil its duties, the BPV, as Lead Coordinator, must be entitled to procure or request all information required for this purpose. Accordingly, in order to achieve the goals of consolidated supervision, Zurich Financial Services is required to submit to the BPV all information that the BPV deems relevant in connection therewith. For purposes of expediency, Zurich Financial Services assumes this obligation for the entire Zurich Financial Services Group. Accordingly, if Zurich Financial Services does not itself have direct access to the relevant information, it must procure such information from the relevant Group company or companies and forward it to the BPV.

Paragraph 10.2 of the Decree expresses the general rule whereby all requests for information of the BPV will generally be directed to Zurich Financial Services which will make all notifications and report through the same channel. The BPV may pass on information to the EBK insofar as such information is required for purposes of consolidated supervision by both authorities.

16.- In connection with the supervisory activities of the BPV, the external auditor of Zurich Financial Services, which is also the Group auditor of the Zurich Financial



Services Group, is explicitly integrated into the consolidated supervision. The external auditor will, at the expense of Zurich Financial Services, review the compliance with the obligations imposed on Zurich Financial Services within the scope of this Decree. A report in this regard is to be submitted to the BPV annually.

In addition, the BPV may directly commission the external auditor to conduct special audits, and the costs of such special audits will likewise be assumed by Zurich Financial Services. The BPV will exercise this prerogative in compliance with the general principle of relevance and proportionality.

Zurich Financial Services shall be required to notify the BPV of a change of auditor as soon as it proposes such a change to the General Meeting of shareholders.

17.- This decree shall come into force on 1 July 2001.

...

***On these grounds, the Federal Office of Private Insurance  
decrees:***

**1. Scope of application**

1.1 Zurich Financial Services is required, for the purposes of consolidated supervision, to fulfil the requirements according to Paragraph 3 et seq. of this Decree vis-à-vis the BPV as Lead Coordinator and the EBK as Sub-Coordinator both for itself and for its subsidiaries within the Zurich Financial Services Group.

1.2 All subsidiaries of the Zurich Financial Services Group shall be covered by consolidated supervision. They include, in addition to Zurich Financial Services, all the companies in which Zurich Financial Services possesses majority voting rights or over which it exerts some other form of control.

1.3 The subsidiaries shall be divided into the insurance and financial sectors.

The insurance sector shall include all insurance companies (life, non-life and reinsurance) and all subsidiaries whose main purpose is to service the insurance business.

b) The financial sector shall include all banks, securities dealers, investment funds and asset managers for third parties as well as all subsidiaries whose main purpose is to service these businesses.

c) All other subsidiaries shall be allocated to the insurance sector for so long as the main focus of the activities of the Zurich Financial Services Group continues to be the insurance business.

1.4 Consolidated supervision shall be carried out in addition to the existing sector-

specific supervision exercised by the BPV and the EBK over companies of the Zurich Financial Services Group in the insurance and financial sectors, respectively.

## **2. Cooperation between the supervisory authorities**

2.1 The BPV shall involve the EBK as Sub-Coordinator with respect to consolidated supervision of the Zurich Financial Services Group in the financial sector.

2.2 The BPV may cooperate with foreign supervisory authorities in carrying out consolidated supervision. The BPV shall only pass on information which is not accessible to the public if the foreign authorities:

- a) use this information exclusively for the direct consolidated supervision of the subsidiaries within the Zurich Financial Services Group;
- b) are bound by official or professional secrecy and treat the information passed on to them as strictly confidential;
- c) refrain from passing this information on to third authorities without the prior consent of the BPV. The passing on of information to criminal authorities is impermissible if legal assistance in criminal matters cannot be given.

## **3. Fit and proper requirement**

Zurich Financial Services shall entrust the administration and management of the Zurich Financial Services Group (Group Management Board) to persons who fulfil the fit and proper requirement as defined by the BPV.

## **4. Organisation**

Zurich Financial Services shall provide for an organisation which corresponds and is appropriate to the business activities and risks of the Zurich Financial Services Group. It shall inform the BPV of any amendments to the articles of incorporation or the organisation, control or management structure of Zurich Financial Services within one month of their entry into force.

## **5. Risk management**

5.1 Zurich Financial Services shall lay down the risk management procedures used in the context of its business activities in an internal document (...).

5.2 Zurich Financial Services shall submit the *...(internal document)...* to the BPV and shall inform the latter of any amendments within one month of their entry into force.

5.3 Zurich Financial Services shall provide for the verification of the existence and implementation of the risk management processes described in the *...(internal*

*document*)... through annual spot checks by external audit on the basis of a ...(*Guidance*)... for the information of the BPV.

## **6. Group structure**

6.1 Zurich Financial Services shall annually provide the BPV with a comprehensive organisation chart including all active subsidiaries within the Zurich Financial Services Group.

6.2 Upon conclusion of the respective agreement, Zurich Financial Services shall notify the BPV of the acquisition of a significant participation in the financial or insurance sector or the establishment of such participation by Zurich Financial Services or one of its group companies. A participation shall be considered significant if the net assets acquired by the Zurich Financial Services Group exceed CHF 300 million and this participation does not have the characteristics of a mere investment.

## **7. Accounting**

Zurich Financial Services shall draw up the consolidated accounts of the Zurich Financial Services Group in accordance with the accounting standards of the IAS or in accordance with US GAAP or similar internationally recognised accounting standards and shall provide them to the BPV. Zurich Financial Services shall also forward its semi-annual reports to the BPV.

## **8. Solvency and capital adequacy requirements**

8.1 Zurich Financial Services shall continually maintain an appropriate consolidated capital resources structure in accordance with paragraphs 8.2 to 8.6 hereinafter for the Zurich Financial Services Group.

8.2 The solvency requirements for the insurance sector according to paragraph 8.4 and the capital adequacy requirements for the financial sector according to paragraph 8.5 shall be calculated on the basis of the consolidated accounts of the Zurich Financial Services Group. The sum shall be covered with own funds.

8.3 The following are eligible as own funds: shareholder equity according to consolidated accounting plus minority participations and subordinated loans; dividends, goodwill and deferred policy acquisition costs in the non-life sector shall be deducted from this amount.

8.4 Swiss rules and regulations shall apply to the solvency calculation in the insurance sector. The calculation shall be conducted as if the entire insurance sector was one enterprise governed by Swiss law. Instead of establishing calculations on the basis of Swiss rules and regulations, Zurich Financial Services may establish calculations on the basis of the relevant EU rules and regulations or other at least equivalent methods.

8.5 The basis for the requirements in the financial sector are the activities of all subsidiaries mentioned in paragraph 1.3 b worldwide. They shall be governed by the applicable Swiss banking law regulations, which require own funds corresponding to the business risks. Participation in insurance companies need not be covered with own funds.

The corresponding special provisions of Swiss law shall apply to securities dealers and fund management instead of the provisions of the Swiss banking law.

Third party asset management shall be governed by the applicable special provisions regulations of Swiss law once they have been adopted. For the time being, the Zurich Financial Services Group shall apply the appropriate rules of Swiss banking law in a simplified form and shall include them in the capital resources statement in accordance with paragraph 8.6.

8.6 The capital resources cover required shall be stated in a consolidated capital adequacy statement, which includes the calculations according to paragraphs 8.3 to 8.5. The capital adequacy statement must be provided to the BPV every six months within four months of closure of the annual or interim accounts. Zurich Financial Services shall immediately inform the BPV in the event of non-compliance with the capital resources requirements.

8.7 In addition, Zurich Financial Services shall provide the BPV annually with the group's internal capital resources calculation for information purposes.

## **9. Notification of risk positions**

9.1. Zurich Financial Services shall provide the BPV with the following documents on a consolidated basis for the Zurich Financial Services Group:

- a) a report on disaster risks and the ten leading treaty reinsurers in the insurance sector;
- b) the basis for an annual review of the remaining significant technical insurance risks.

9.2. As far as large exposures are concerned, provisions of the Swiss banking law shall generally apply to companies in the financial sector in accordance with paragraph 1.3 b. At present, large exposures shall be calculated for all banks and securities dealers. By way of derogation from paragraph 8.3., the reference for the capital adequacy calculation shall be the accumulated own funds of these companies.

9.3 The two reports on risk positions according to paragraphs 9.1 a and 9.2. must be provided every six months within four months of closure of the annual or interim accounts.

## **10. Duty to disclose information**

10.1 Zurich Financial Services shall provide the BPV with all the information and documentation required for the implementation of consolidated supervision of the Zurich Financial Services Group in accordance with this Decree.

10.2 The BPV may pass on the information thus obtained to the EBK insofar as it is required by both authorities for the purposes of the consolidated supervision. Zurich Financial Services shall, as a matter of principle, direct its notifications and information to the BPV.

## **11. External audit**

11.1 Zurich Financial Services shall appoint an internationally recognised audit firm to check and draw up a report on compliance with the obligations of this decree for the information of the BPV on an annual basis.

11.2 The BPV may commission the external auditor of Zurich Financial Services to conduct special checks for the purposes of consolidated supervision.

11.3 Zurich Financial Services shall immediately notify the BPV if the Board of Directors proposes to the General Meeting of shareholders to elect a different external auditor.

## **12. Effective Date**

12.1 This order shall enter into force on 1 July 2001.

...

The German text shall prevail

Berne, 23 April 2001

FEDERAL OFFICE OF  
PRIVATE INSURANCE