

Annual Report 2015



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Message from the BOC and BOD

Dear Shareholder,

With the close of 2015, PT. Zurich Topas Life ("ZTL") has completed another year in the business. Achieving scale has been the focus for the company which mainly conducts its business through two distribution channels: Agency and Bancassurance. The agency channel has been the predominant channel with 74% of the gross premium contribution. The bancassurance channel has two bank partners Bank Mayapada ("BMI") and Bank Tabungan Negara ("BTN").

Throughout 2015, the focus within the agency channel was on increasing productivity of the agents and managing the persistency. Preparation was done in 2015 to launch an 'agent activation program' in the beginning of 2016 and is expected to contribute in increasing the agent productivity and agent skills through training programs. In line with a shift to the affluent market, specific tools and training have also been provided to select agents on activity management and selling. Stringent measures were also put in place to manage persistency and improve the quality of the business the benefit of which is expected to become visible over the coming months.

The Bancassurance channel growing at a steady rate did well from the growth of new business from BTN. Sales from BMI were slow although premium size remained robust. Efforts continue to explore the future opportunities from the partner banks to grow the scale. Search to expand the list of bank partners have resulted in new partnerships to be activated in 2016.

October 2015 saw the culmination of the 'strategy refresh' an exercise undertaken by the business to re-assess and set the path for sustainable growth. The detailed strategy refresh identified a number of opportunities and the areas of focus for organic and inorganic growth which upon execution are set to deliver KPIs that will make PT. Zurich Topas Life a relevant player within the Zurich Group.

Gross premiums in 2015 registered an increase of 39% year-on-year, growth in new business was flat. On the positive side efforts made to improve the persistency of the business has helped the renewal premiums which grew more than 150%. Notably efforts to grow new business were rewarded in the last quarter from the launch of the new hybrid product 'MahaCita' which accompanied by a customer campaign provided a stronger quarter for 2015.

Net investment income was lower by 63% from prior year. Although the interest income from the shareholders' funds was better year-on-year this was offset by weaker performance from the Unit Linked portfolio impacted by the market conditions. Better yields and higher invested assets were not enough to absorb the mark to market movement of the Unit Linked funds.

Operating expenses grew by 24% year-on-year. Headcount grew by 38 in 2015 (versus 16 in 2014) and investments in projects such as product developments including the successfully launched hybrid product, underwriting automation, management reporting tools, and other automation projects required funding. The focus of these projects is mainly on distribution support and back-office efficiencies. As these projects are realized and benefits obtained, we expect the cost base to improve.

Zurich Insurance Co. Ltd ("ZIC") injected capital (IDR 160billion) in 2015 to support the operational and regulatory needs of the business. As at 31 December 2015, the percentage of ownership was 80% with Zurich Insurance Co. Ltd. and 20% with PT Mayapada Prasetya Prakarsa, the minority shareholder. PT. Zurich Topas Life's investment strategy continues follow the pattern of the past years and is weighed towards money market investments in the short term to manage liquidity and ensure stable returns. Where required, the long term liabilities are matched according to the needs of the business through the purchase of bonds. The Company's Risk Based Capital ("RBC") as at 31 December was 682% providing adequate buffer against the local regulatory minimum requirement of 120%.

PT. Zurich Topas Life played its part in supporting its community through various means. In 2015, In line with the OJK's focus on financial literacy, PT. Zurich Topas Life sponsored events for 8 schools across Jakarta, Surabaya and Yogyakarta to distribute books to school children. Furthermore, PT. Zurich Topas Life also raised funds to aid Yayasan Kasih Anak Kanker, a children cancer foundation, through its annual CSR program, Global Community Week.

2015 has proven to be a challenging year for PT. Zurich Topas Life in terms of growth and the business is in a state of transformation. Building and investing for a quality business in Indonesia remains central to the current work being done. With the overall outlook for Indonesia remaining favorable and the systematic execution of the strategy, over the longer term PT. Zurich Topas Life is poised to deliver on its commitments to its stakeholders.

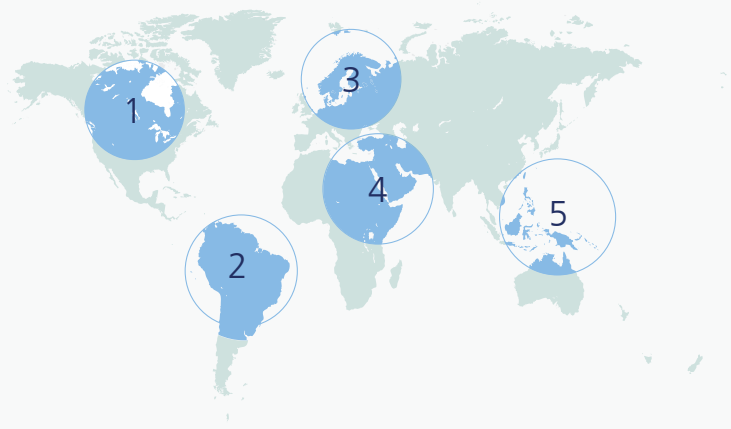
The Board of Commissioners and Board of Directors

PT. Zurich Topas Life

Company Profile

A global presence

Zurich operates globally and locally, according to our customers' needs.



1

North America

In North America, Zurich is a leading commercial property-casualty insurance provider serving the global corporate, large corporate, middle market, specialties and programs sectors. It also serves life customers in the retail, affluent and corporate markets.

2

Latin America

Zurich operates in Argentina, Brazil, Chile, Colombia, Mexico and Venezuela.

3

Europe

Zurich has major operations in Germany, Italy, Spain, Switzerland, and the UK and a significant presence in other countries.

4

Middle East & Africa

Our business spans the region with key operations in the Middle East, South Africa, Morocco and Turkey.

5

Asia Pacific

Zurich has operations in Australia, China, Hong Kong, Indonesia, Japan, Malaysia, New Zealand, Singapore and Taiwan.

Zurich

Zurich is a leading multi-line insurer that serves its customers in global and local markets. With about 55,000 employees, we provide a wide range of general insurance and life insurance products and services. We serve individuals, small businesses, and mid-sized and large companies, including multinational corporations, in more than 170 countries. Zurich Group was founded in 1872 and headquartered in Zurich, Switzerland. Zurich Insurance Group Ltd (ZURN), as the parent company, is listed on the SIX Swiss Exchange and has a level I certification in American Depositary Receipt program (ZURVY) that can be traded over-the-counter on OTCQX.

PT. Zurich Topas Life

PT. Zurich Topas Life is headquartered in Jakarta, and is the subsidiary of Zurich Insurance Group who extended its presence in Indonesia in November 2010. PT. Zurich Topas Life formed partnership with PT. Mayapada Prasetya as the local partner. Ever since, PT. Zurich Topas Life continue to develop Life Insurance business through multi distribution channels.

PT. Zurich Topas Life has 200 employees and a network of more than 4,000 sales professionals as well as bank partners.

PT. Zurich Topas Life is committed to be the leading life insurer in Indonesia for all our customers, employees, shareholders and business partners. PT. Zurich Topas Life is fully supported by Zurich Insurance Group has the backing of the Group's global capabilities and expertise.

PT. Zurich Topas Life is a registered insurance company and under the supervision of the Financial Services Authority (OJK).

Company Profile

Zurich's Aspiration

We aspire to become the leading global insurance group in our chosen general and life insurance markets, consistently delivering top-tier results for our shareholders.

By doing so, we will create strong relations with our customer, agents and brokers and provide rewarding opportunities for employees.

Company's Values

We aim to create sustainable value for all our stakeholders: our customers, employees, shareholders and the communities in which we live and work.

At Zurich, our ambition is to be the best global insurer, as measured by our customers, employees, investors and the communities in which we live and work. Our business model creates value for all our stakeholders.

Value creation begins with our service to customers: through our brand promise of intelligent protection, we help them understand and protect themselves from risk. We create value for our employees by investing in their skills and expertise so that each may fulfill his or her potential.

We create value for our shareholders by delivering good business, and seeking to increase the value of the company by carrying out our strategy. And we create value for the communities in which we live and work, both through insurance business, which supports economic growth and social welfare, and by including corporate responsibility in everything we do.

Any action or business objectives to be achieved by the Company must be consistent and in accordance with the core values of the company. Zurich Basics is a set code of conduct adopted by the company. These guidelines describe the basic values of the company to ensure that business activities align with ethical standards, laws, and professionalism.

The core values in Zurich Basic cover:

Integrity

We treat everyone in a fair and honest manner. We comply with all applicable laws, regulations and internal policies.

Sustainability

We create value for our shareholders, customers, employees, for our company and for society by proactively addressing social environmental and governance issues. Prioritize issues based on the potential impact on the business, level of societal concern and our ability to make a difference. We aspire to long-term success over short-term gains

Customer Centricity

We put our customer at the heart of all we do. We deliver when it matters.

Excellence

We aim for the highest quality and strive for continuous improvement. We test what we do and how we do it for fairness, diversity, trust and mutual respect.

Teamwork

We work together as one team. We share and communicate openly and fairly. We value our diverse, talented workforce, and support them so that they can contribute to their full potential.



Company Profile

Year 2015 Highlights

March 2015

The launch of Srikandi Protection Amani through Customer Value Proposition Program. We proudly offer an innovative protection for the women segment.

June 2015

Global Community Week is part of an annual Corporate Social Responsibility. Zurich took part to serve its community, pursuing our passion to make a difference to the society. This year, Zurich Topas Life held a fundraising for Young Children Cancer Foundation Indonesia (YKAKI) in Jakarta.

August 2015

Zurich Group appointed Peter Huber as the new CEO and President Director of PT Zurich Topas Life, who until July 2015 was a CEO for Zurich Life Singapore. Peter brings 15 years extensive experience in the insurance industry across Europe and Asia.

October 2015

As part of our focus on affluent segment, Zurich proudly launched a new product Mahacita Protection, a hybrid unit link product that covers optimum investment returns.

November 2015

The opening of sales offices in Bali, Makassar, Lampung, Surabaya, Banjarmasin, and Surabaya. Expanding our network coverage and increasing number of customers.

December 2015

We introduced new unit-linked product named Prestigio for BTN. This initiative is aimed to provide additional protection solution to BTN customers and strengthen our partnership with BTN.

We aimed to extend our network with new opportunities across Indonesia. Several general agency offices are opened in Makassar, Lampung, Banten, Purworejo, Serpong, Balikpapan, Sidoarjo, Pekanbaru, Medan, Bontang and Sangata. These can make it easier to serve our customers and support our growing business.

Awards and Achievement



Marketing Award 2014

"The first insurance program for woman with feminine brand identity (Srikandi Protection)"



Rekor Bisnis Award 2014

"The first woman focused life insurance company (Srikandi Protection)"



Marketing Awards 2015

"The best marketing campaign with story telling integrated campaign"

Board of Commissioners

Board of Commissioners 2015



Wong Budi Setiawan

President Commissioner

Citizenship: Indonesia
Domicile: Jakarta, Indonesia

Mr. Wong Budi Setiawan, MM is a permanent board member of Mayapada Group. He started his career in Mayapada Group in 1999. From May 2004 until recently, he served as President Director of PT. Sona Topas Tourism Industry Tbk. In 2010, he was appointed as President Commissioner of PT. Graha Intan Creative. In addition to serving as Commissioner of PT. Zurich Topas Life, he also serves as Commissioner in PT. BPR Acacia Mas and CEO at PT. Karya Prima. He holds a Bachelor degree in Civil Engineering University of Petra Christian in Surabaya and holds a Master degree in Management from the University of Indonesia in Jakarta.



Lucyana Pandjaitan

Independent Commissioner

Citizenship: Indonesia
Domicile: Jakarta, Indonesia

Lucyana Pandjaitan is an Independent Commissioner of PT. Zurich Topas Life since August 2011. Prior to joining Zurich, she was a Director of AIA, Lippo Karawaci and Vice President at Rabobank International Indonesia. Lucyana graduated from School of Business and Economics, De La Salle University, Philippines majoring in Business and Economics with a Doctorate degree in Business Administration.



Philip Wallace Smith

Commissioner

Citizenship: Great Britain
Domicile: Kuala Lumpur,
Malaysia

Philip Wallace Smith is a professional in insurance and has been with Zurich for more than twenty years. His extensive experience covered Zurich business in the Asia Pacific region including in Sydney, Beijing and Hong Kong. In February 2014, he served as Head of Business Development and Strategy for Zurich Global Life business sectors in Asia Pacific and the Middle East where he was responsible as interim General Manager and also responsible for managing the daily business operation in Malaysia. Currently, Philip is the CEO of Zurich Insurance Malaysia Berhad. In recognition of his leadership and services to company, he is also appointed as the commissioner of PT. Zurich Topas Life.



Harry Sasongko

Independent Commissioner

Citizenship: Indonesia
Domicile: Jakarta, Indonesia

Harry Sasongko, armed with experience in various industries, was appointed to be the Independent Commissioner of PT. Zurich Topas Life since October 2015. He is currently active in various organizations as an Advisory Board Member of Powerstorm ESS (Energy Storage Solutions) Corp., USA. Harry is also a Chairman and Co-founder of PT.BVitek, Indonesia.

Harry holds a Master degree from Ohio State University, USA and a Masters Degree from Bandung Institute of Technology. He was appointed as The CEO of PT. Indosat, Tbk in 2009 - 2012. He also served as Vice President & Director at Citibank, NA in 1988-1995. Managing Director at CIMB Bank in the year 1998 - 2005; and President & CEO of PT. GE Finance Indonesia in 2005-2009.

SWA magazine named him as one of the 10 best CEOs Indonesia and earned a nomination for the Asia Business Leader of the Year Award to 11th organized by CNBC (CNBC's 11th Annual Asian Business Leaders Awards).

Board of Directors

Board of Directors 2015



Peter Huber

President Director &
Chief Executive Officer

Citizenship: Switzerland
Domicile: Jakarta, Indonesia

Peter Huber started his career as a business consultant at Arthur Andersen in 1996 - 2001. His interest to explore insurance field, successfully lead him to become a CEO of Swiss Life International in a period of 10 years.

Peter began his career in Asia by becoming Regional Manager for Life & Health Allianz SE Asia Pacific, followed by leading as Managing Director for the Swiss Reinsurance Company Ltd. He joined Zurich as CEO of Zurich Global Life in Singapore in 2013, followed as the CEO of PT. Zurich Topas Life Indonesia and President Director in 2015.

He holds a Master Degree in Commercial Law from the University of St. Gallen in Switzerland and a Master degree in Finance from London Business School. In 2005, he attended the Advanced Management Program at Harvard Business School.



Hoshang Madon

Director & Chief Financial
Officer

Citizenship: New Zealand
Domicile: Jakarta, Indonesia

Hoshang Madon joined PT. Zurich Topas Life in September 2011 as Chief Financial Officer, responsible for managing the Finance, Actuarial (Valuation) and Investment functions. He has worked within the Financial Services industry in India, New Zealand and Indonesia for close to twenty years. Prior to joining Zurich, he has worked for Barclays bank, Banque Nationale de Paris, HSBC and AIG/AIA. He is a member of Chartered Accountants Australia and New Zealand and the Institute of Chartered Accountants of India.



Oemin Handajanto

Director

Citizenship: Indonesia
Domicile: Jakarta, Indonesia

Oemin Handajanto joined PT. Zurich Topas Life since December 2010 as President until mid of 2015. He began his career in 1989 at Sewu New York Life (known as Sequis Life) as General Manager Sales and Marketing. In 1997, he joined BDNI Life (also known as Equity Financial) as the President Director. He served as the President Director in numerous well known insurance companies, from AXA Life, AIG Life, and Mega Life from 1998 until 2008. Oemin actively participates as speaker in Insurance Forums. He holds Certified Financial Planner and Chartered Financial Consultant.



Kumaran Chinan

Director & Chief Distribution
Officer

Citizenship: Malaysia
Domicile: Jakarta, Indonesia

Kumaran Chinan joined PT. Zurich Topas Life in October 2014 as Chief Distribution Officer, responsible for managing the agency and bancassurance distribution channels. Previously, he worked in Asia Life (M) Berhad, which is now known as Tokio Marine Life Insurance Berhad. Then he was appointed as General Manager for MCIS Insurance Berhad (formerly known as MCIS Zurich Insurance Berhad).

Kumaran has broad experiences in several life insurance business lines with 23 years of experience. He was leading insurance operations, agency training, sales management and management agency distributions in Malaysia.

He holds a Bachelor of Economic degree from the National University of Malaysia and a Registered Financial Planner (RFP). He is also a certified trainer with a Certificate in Training and Development from the Institute of Personnel & Development of UK, 1995.

Financial Performance

Financial Review

PT. Zurich Topas Life's performance in 2015 reflected overall gross premium growth by 39% year-on-year supported by steady renewal premiums and annualized premium equivalent (APE) increasing by 10.4%. Agency Business contributed 77% of APE and Bancassurance contributed 23% of APE.

Total income accordingly was higher 30.6% compared to prior year.

Unit Link continued to be the most attractive product to customers, contributing IDR128.73 billion or 90.9% of APE.

Net investment income was lower by 63.1% from last year. Although the net investment income from money markets and bonds from shareholders' funds was better year-on-year, the Indonesian Capital Market impacted the weaker performance of the unit link portfolio, affecting overall net investment income.

Net Claims and Benefits were higher by 36% compared to prior year. The increase was mainly from an increase in the medical claims, especially in the first quarter where there was an upward trend of the medical claims paid.

Operational expenditure increased 24% year-on-year. With growth in the business, investments in personnel, infrastructure and technology were the main drivers of higher operational expenses. New headcounts and enhanced technology for operational improvements accounted for the increase in the operational spending.

Total assets of the company at IDR384.16 billion were higher by 5.7% than 2014. Investment management funds with the amount of IDR142.09 billion are reflected within the increase in assets.

Local solvency margin (RBC) stood at 682% as of 31 December 2015. Capital injections influence the RBC ratio which is comfortably positioned above the regulatory minimum of 120% with sufficient buffer.



Financial Performance

Financial Highlights 2011-2015

	2011 <i>in IDR million</i>	2012 <i>in IDR million</i>	2013 <i>in IDR million</i>	2014 <i>in IDR million</i>	2015 <i>in IDR million</i>
Gross Written Premium	5,686	7,378	84,837	162,170	225,608
Annualized Premium Equivalent	1,310	7,330	124,833	128,255	141,568
Net Claims and Benefits	8,322	3,975	35,641	83,629	113,526
Net Investment Income	4,533	5,883	3,299	17,468	6,447
Operational Expenditure	62,744	73,427	95,753	173,114	214,814
Loss Before Tax	(59,054)	(71,293)	(116,561)	(209,422)	(254,925)
Net Loss	(59,982)	(72,426)	(136,050)	(190,921)	(254,748)
Total Assets	91,475	126,075	218,529	363,610	384,161
Total Liabilities (including Technical Reserve)	21,457	29,065	94,670	159,976	249,180
Equity	70,018	97,010	123,859	203,633	134,981
RBC	3222%	2460%	2552%	1913%	682%

Financial Performance

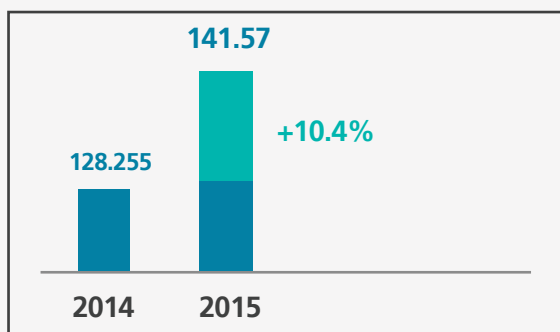
Financial Highlights 2015

Gross Written Premium

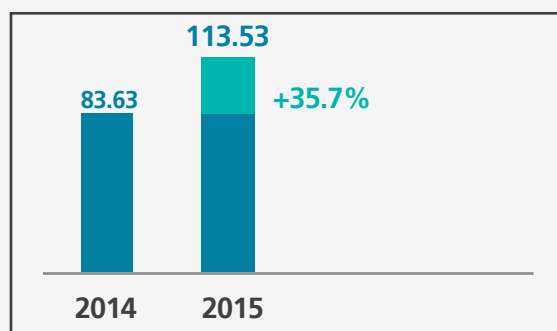
+39.1%

IDR 225.61 billion

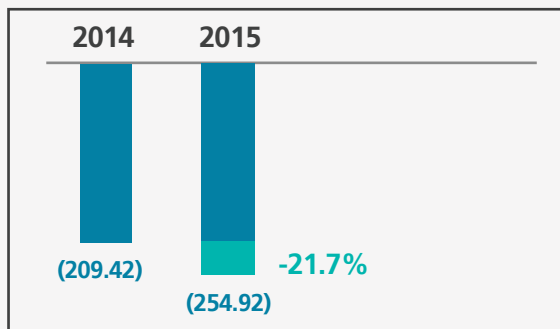
Annualized Premium Equivalent



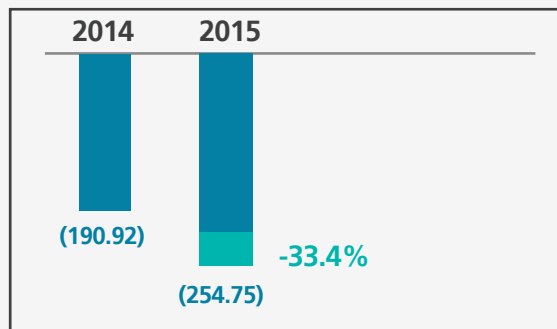
Claims & Benefit Payment



Loss Before Tax



Net Loss



Business Activity

Distribution Channels

Agency

PT. Zurich Life Topas successfully developed agency business and acquired about 4000 licensed sales force in 2015 spearheading the company's business moves. The Agency contributed annualized premium equivalent amounted to IDR108.3 billion.

By the end of 2015, the company had 4 Sales Offices in Jakarta, Surabaya, Bandung and Medan and numerous General Agency offices spread throughout Indonesia. In the near future, PT. Zurich Topas Life plans to expand its business and work on new opportunities by adding new General Agency Offices.

In the midst of growing competition, we inspired to work better and keep improving our capabilities. We invested heavily in our agency development. We aimed to build trusted professional insurance agents through Agents Activation Program (AAP).

The AAP program consists of 4 main work streams as follows:

1. Selective mode of recruitment infrastructure (process/skills/culture)
2. More impactful and pragmatic sales-skills upgrade of Financial Consultants and coaching competencies of agency leaders
3. KPIs progress and monitoring of active ratio, persistency and activity management system
4. Competency improvement of Agency Sales and Training Department

The company believes that comprehensive training and development modules are the tools needed to develop professional agents.

Bancassurance

The Bancassurance channel is growing at a steady rate and did well from the growth of new business from our two bank partners, Bank Tabungan Negara (BTN) and Bank Mayapada. Through these two banks, Zurich Topas Life recorded an annualized premium equivalent worth IDR33.2 billion for 2015, 42% increase from previous year.

Throughout 2015, we continually supported collaboration with our partners through numerous sales campaign and contests. As part of our commitment to support the partnership, we deployed Wealth Management Advisors (WMA) in numerous branches. WMA roles are expected to give sufficient solutions from our product suite for customers needs. With a growing demand for WMA placement, within only a year the number of WMA increased by 300%.

We continue strengthen our partnership with BTN. We participated in BTN's event to break the national record for most mortgages signed within one day. In 2015, we launched Prestigio, our unit linked product that accounted for 24% fee income with its one month production. Together with BTN, PT. Zurich Topas Life aim to explore business opportunities through their extensive networks and customer base.

Our moving forward strategy is to expand our list of partnership with banks, multifinance and other financial institutions.



Business Activity

Proposition

Zurich Topas Life continues to offer a range of competitive propositions to its customers. We continuously look to innovate in our proposition offering to help our customers protect themselves and what they truly love.

In October 2015 we launched Mahacita Protection. This is a new protection solution specifically designed for the more affluent target segment. This contract can protect individuals from death, critical illness, accidents and health and surgical costs. This is a unit linked plan and allows the policy holder to invest into 5 different fund options giving a cash value over the term of the contract.

The addition of Mahacita Protection complements our existing Prestigio product offering. Prestigio is our highest selling product. It is a unit linked protection contract covering death, disability, critical illness, accidents and health and surgical costs risks. However, this is positioned with a more affordable minimum premium for a more mass market offering.

In 2015 we improved risk coverage we offer by extending the number of critical illnesses covered to age 85 and by extending the entry age and coverage period for our accident and medical risks.

In 2015, we made some changes to our propositions for a better customer experience. In August, we launched Automatic Premium Holiday feature, which will help to prevent the lapse of the policy due to the absence of a premium payment. In October, we launched the Paid in Advanced Premium, the feature that allows customers to pay the future premium (maximum until 24 months premium) with an upfront lumpsum payment.

For the customers of our banking partners, Bank Tabungan Negara (BTN) and Bank Mayapada, we also offer a range of propositions. These range from simple life insurance, credit insurance for loans and mortgages as well as our flagship unit linked offerings.

In order to wider the fund offering under both Mahacita and Prestigio, we added the Zurich Link Rupiah Amani Fund in February 2015. This is a sharia compliant fund giving our customers a broader investment choice.

In total, we have five fund options available for our customers. We picked the best of fund performers that are managed by Schroders Asset Management Indonesia. The table below provides details of the fund performance and information on our assets under management (AUM).

No.	Fund Name	YTD Return as of December 31, 2015		
		AUM (%)	Zurichlink	Benchmark
1	Money Market Fund IDR	0.07	4.62%	5.42%
2	Fixed Income Fund IDR	1.53	0.21%	3.56%
3	Flexible Fund IDR	3.87	-4.29%	-4.28%
4	Equity Fund IDR	134.24	-5.95%	-12.13%
5	Amani Equity Fund IDR	2.37	-24.49%	-12.69%

Business Activity

Marketing

PT. Zurich Life Topas actively held various branding activities to build strong awareness to the public. The company also creates various creative campaigns on numerous social networks, strengthening our presence within the digital society.

We believe that relationship needs to be built and maintained, therefore we highly involve participation from our customers, partners and also media for all campaign activities. The company also focuses on educating the public about the importance of financial literacy and also participated in several corporate social responsibility for the events community.

a. Srikandi Protection Amani – February 2015

As part of the launch of our new sharia fund, "Amani Equity", the Company developed a program called "Srikandi Protection Amani". This is a unit link product with a list of riders attached to the new sharia fund. With support from our distribution, the campaign successfully contributed about 30% of unit link sales within a 3 month period.



b. MahaCita Protection – October 2015

We answered customers' enthusiasm for hybrid unit-linked products, by launching Mahacita Protection. This new product has a premium starting from IDR 15 million, targeting the affluent and high net worth customer segments. ('A lucky draw with mini cooper as a prize was held as a campaign to attract customers attention').



To enhance the company's brand awareness, the company organizes several activities namely as:

a. Brand Day and Brand Workshop

A one day event when all employees fully participated in series of events. Through this event, we educate and improve the knowledge of employees on the Zurich brand and share views to optimize the Company brand and build a collaborative team.



b. Various events involving the participation of media and sponsorship



c. Media advertisement and published articles

The company cooperates with numerous media to publish articles in the print media containing information on financial management and smart investment.



Business Activity

Digital Activation

In 2015 we launched our first social media platforms which consist of Facebook, Twitter and Instagram. Through various digital campaigns and social media platforms, we aim to increase our brand awareness and community engagement through informative and creative content.

Media Relations

The company understands the importance of the media as the center of information exchange between the public and companies.

We continue fostering good relationship with media and engaging our customer through regular advertisements and by publishing informative articles. Zurich also focuses on accelerating financial literacy through a variety of educational articles as well as promoting its range of products in different media. The overall value of media was reached worth IDR51 billion and was covered by 159 media.

The company actively monitored all marketing and media activities through Zurich annual surveys, namely Global Brand Survey and Relationship Net Promoter Score (R-NPS).



Business Activity

Operations Excellence

The Primary focus for operations functions will be on assessing and improving the customer and distributor experience at all interactions along the customer journey. We aim to build operational excellence as the foundation for service and process improvement. Hence following initiatives and projects were undertaken:

Customer Services and Distribution

Customer service focus in 2015 will be tailored to enhance the customer centric services. Strengthening the transparent communication with customers through several media i.e. email, SMS services, notifications, statement report and company bulletin are important to engage our customers. Campaign on email registration awareness is remained as our focus in order to support more environmental friendly activities and build efficient communication. Increment on e-statement and other paperless initiatives are expected as the result.

In 2015, leveraging Distribution capabilities through Sales Portal and system enhancements in many areas have become development focus in order to provide services excellence to both customers and agents. In the near future, Sales Mobility will be established to support our agents and provide seamless application submission process.

Automation

In order to support business achievement, New Business has gone through transformation to paperless process in Q2 2015. By improving scalability of New Business, the imaging project and Auto Underwriting project will leverage the efficiency and improve the quality as it reduces error and eliminate data entry. Setting up two Document Management Centers in Jakarta and Surabaya to improve efficiency and increase service level on application inception, both in East and West areas.



Regulatory Implementation

I. Consumer Protection Update & Implementation

New Consumer Protection Regulations were effectively implemented in the company during 2014. The aim of the regulation is to create a reliable system of consumer protection, increase consumer empowerment, and increase business communities awareness of the importance of Consumer Protection in Financial Services so as to increase confidence in the financial sector. Throughout 2015, the company continues to improve the effectiveness of Consumer Protection Regulations implementation in the company. Implementation included the following:

Documentation

We provided an accurate, fair, clear and not misleading customer-related document, policy wording, policy schedule, clauses which stipulated in Bahasa Indonesia and are in line with the requirement of standard agreement based on Customer Protection Regulation.

Disclosure

We already have our product summaries in line with Customer Protection Regulation. The product summary provides information about the company, the product, insurance premium, other charges, claims, cancellations, inquiries and complaints, and frequently asked questions.

Sales Process

We ensure, by having a written confirmation from sales force and customer, that explains and customer understand our products including benefits, premium, terms & conditions, claims process, and how to get further details and complaints before confirming buy our products. The training materials for our sales force also included the material on the importance and necessity for sales force to deliver a clear and detail information about the products to the customer.

Complaints

We have proper procedures and controls in line with customer complaint handling regulation.

Customer complaints are handled by our Customer Care Center based on consideration and decisions that have been made resulting from escalation to the management creating a simple, fast, affordable cost process and appropriate decision. We also reported our complaints log and status report to the regulator on regular basis.

Consumer Education

We educated consumers through various educative articles publications and thought leadership in newspapers. We held Financial Literacy programs which is one of the main areas of government focus in order to increase the financial literacy rate of Indonesian people through various financial education programs.

Regulatory Implementation

II. Risk Management Implementation

The company already complies with Risk Level Assessment as mandated by OJK. In 2015, OJK requires insurance company to have a guideline of risk management implementation and also obligation to report the annual self assessment on risk management implementation to OJK.

The company has implemented risk management practices within risk tolerance as determined by the shareholders. Such risk management practices cover active supervisions of Board of Commissioners and Board of Directors; the establishments of policies, procedures, and risk limits for various functions in the company; risk identification, measurement, monitoring and control processes conducted by functional and business units; risk management information system to support the risk measurement, monitoring and reporting purposes; and comprehensive internal control systems built in the risk taking units.

III. Self Retention and Domestic Reinsurance Support

Automatic reinsurance program is based on proportional treaty with own retention using surplus for life products and quota share for medical. The company has appointed local reinsurer to provide reinsurance back up for all products and one foreign reinsurer to provide additional support for Hospitalization and Surgery product. Rating of the reinsurer as well as access to obtain the support of experts from the reinsurer in terms of product development and underwriting are a few factors amongst others when selecting the reinsurers.

Own retention limit is established considering few aspects such as:

- Meeting the applicable insurance regulations
- Managing risk exposure in accordance with company's risk appetite
- Helping company in managing its capital

IV. Anti Money Laundering and Counter Financing Terrorism

The Company always seeks to comply with prevailing rules and regulations on Anti Money Laundering and Counter Financing Terrorism, realized that the existing complexity could potentially be an opportunity for certain parties to make financial companies as a means of money laundering and terrorism. We also committed to fight against money laundering and financing of terrorism and has made preparation to revise the guideline of Anti Money Laundering and Counter Financing Terrorism as required by POJK No.39/POJK.05/2015 issued by Financial Services Authority. As a customer centric company, we want to know its customers and other relevant parties, but we do not engage in business or transactions that could be illegal or compromise our values.

V. Good Corporate Governance Implementation

On 8 April 2014, OJK issued POJK No. 2/POJK.05/2014 on Good Corporate Governance for Insurance Companies which supersedes the old regulation concerning the same matter. The implementation of good corporate governance reflected in a number of frameworks defines the relationship between the company and its shareholders and other stakeholders, and the relationship between the General Meeting of Shareholders, the Board of Commissioners and the Board of Directors which is detailed in a later section of this Annual Report.

People and Culture

I. People Development

PT. Zurich Topas Life is committed to developing its people. We continuously invest in our people as we believe that they are our most important asset. Regular technical and leadership trainings as well as talent management and management trainee programs are among the investments that we have delivered and will continue to enhance.

Talent Management

Continuous development of our people becomes a crucial part in order to have a sustainable future for the company. Talent management focuses on the talent review process where we identify successors and talents to prepare them to be our future leaders. The company works together with the Regional and Global Home Office on our Talent Roadmap to ensure that our talents receive the right development programs, ranging from online training, foreign expert training and coaching, leadership training to rotation or short term assignment to other countries within the Zurich Group. We also look to leverage our global talents to work alongside with us and develop our local talents.

MT Program

Talent scarcity particularly in the insurance industry in Indonesia has been acknowledged by The company. In the effort to secure talents, the company developed a Management Trainee Program. The program was launched in October 2015 and aims to develop young talents through in-class basic insurance trainings and on the job rotation programs as part of our overall talent management outlined above.

II. Corporate Culture

Aligning with Zurich values, PT. Zurich Topas Life aims to create a culture of high performance where people is given empowerment, having accountability, having a clear outcome, exercising Meritocracy (pay & promotions based on performance & result), market focused and motivated by a common purpose . Voice of Employees (VoE) is one of the tools the company is using to facilitate employee's feedback to the organisation and to measure our engagement with the high norm.

Innovations has also become our corporate culture, we continuously creating culture to innovate in every line of business function. We held "Zurich Innovation Award" annually as the competition for all employees to create any business innovation that might give additional value for the business and the company.



Corporate Social and Environmental Responsibility Implementation Report

a. Global Community Week, a joint Corporate Social Responsibility activity between the company and Zurich Insurance Indonesia took place in June 2015. We visited the Children with Cancer Foundation (YKAKI) in Jakarta where about 50 employees volunteered in the event. Prior to the event, we did fund raising activities among our employees where the funds collected were fully donated to the foundation.

b. We continue to educate our community about financial literacy, during 2015 our target were the high school students. Together we Financial Service Authority (OJK), we held several activities such as 1000 Financial Literacy book distributions to 8 high schools in 3 cities and joint the People's Financial Market that was managed by OJK on November 2015.



Good Corporate Governance

PT. Zurich Topas Life is committed to implement Good Corporate Governance ("GCG"). The Company has taken considerable measures to instill GCG as a corporate culture embedded in every employee, and made the efforts known to all stakeholders. High standards of GCG is aimed to support the Company to succeed in the competitive environment and to create sustainable value for the benefit of its Shareholders, customers, employees and other stakeholders by implementing five GCG principles: transparency, accountability, responsibility, independency and fairness.

Regulation on GCG for insurance company is formalized by the issuance of Regulation of Financial Services Authority No. 2/POJK.05/2014 dated 28 March 2014 concerning Good Corporate Governance for Insurance Companies and ZTL aimed to improve all corporate documents to fulfill the standards as set forth in the regulation.

The Company is committed to develop and maintain effective systems, mechanism and practices that ensure that the principles of good corporate governance are applied in every aspect of the business and in accordance with the applicable laws and regulations as well as the Zurich Group Governance Principles. Through the implementation of good corporate governance, the Company aims to create a fair, accountable, healthy and transparent business climate that is based on good business ethics and contributes to building trust with shareholders, customers, employees and other stakeholders.

Meeting of the Board of Commissioners

During 2015, the implementation of supervisory activities was conducted through the Company's Board of Commissioners meetings which were held four times on the following dates:

- March 20, 2015,
- May 27, 2015,
- August 19, 2015 and
- December 7, 2015.

During the period, the subjects discussed during the meetings focused on the Quarterly Performance Report delivered by the Board of Directors, in which the reports covered:

- Board of Directors Report;
- Agency Channel Report;
- Alternative Distribution Report;
- Financial Report; and
- Operations Report

Meeting of the Board of Directors

During 2015, the Board of Directors conducted regular meetings to discuss business performance. The meeting was held once per month and is attended by all Directors and other senior executive team members if required.



Good Corporate Governance

Company's Committee

Risk Management Committee

Being part of Zurich Group's overall governance structure, the Risk Management Committee (RMC)'s purpose is to assist Board of Commissioners in carrying out its responsibilities with regard to supervising and oversight the implementation of risk management throughout the Company. The RMC's role is one of oversight, recognizing that management is responsible for preparing and implementing the risk management, development and maintenance of appropriate governance processes.

The RMC consists of:

- The Independent Commissioner (Chairperson)
- Other Board of Commissioners' members

Standing invitees to the RMC meetings include:

- Risk Officer
- Member of Board of Directors
- Audit representative(s)
- General Council
- Finance Representative
- Other executives as needed.

Standing invitees have no voting rights.

The Committee convenes at least twelve times per year and meets in person at least four times per year. Other meetings can be held in whole or in part by telephone or video-conferencing or by circular resolution. The presence of a majority of all the members of the Committee where one of them must be an Independent Commissioner constitutes a quorum. Resolutions are taken by a majority vote the members to the Committee present and voting.

The Chairperson regularly discusses with the Chairman of Zurich APAC on significant risk issues, serious regulatory or compliance issues and major fraud/deliberate misstatements of accounts, or concerns with regard to the state of controls or governance in general.

Audit Committee

The Audit Committee ("The Committee") is committee under the Board of Commissioner (the "BOC") of PT. Zurich Topas Life (the "Company") that shall have the following Charter and Rules based on the prevailing laws and regulations including Indonesia Good Corporate Governance Code.

The Committee's purpose is to:

- Assist the BOC in carrying out its responsibilities with regard to:
 - Oversight of the Company's financial statements suitability with the prevailing accounting standard.
 - The maintenance of sound internal controls and of the governance of the Company, in accordance with law and regulations.

- Act as a focal point for discussion and communication of matters regarding the oversight of financial reporting, internal control and compliance.
- Provide oversight and guidance to the Company and its management with regard to the above matters and to assist in identifying issues requiring management's attention.
- Give sufficient attention to presented issues and information to determine what might require further review, additional attention and escalation.

The Committee's role is one of oversight, recognizing that management is responsible for preparing the financial statements of the Company, development and maintenance of internal controls and appropriate governance processes.

The Committee is responsible for providing recommendation to appoint the External Auditors, and also responsible for the oversight of the External Auditors.

The Committee is authorized to review, investigate and comment on any activity of the Company within the scope of its responsibilities as set forth in this Charter. It may seek any information it requires from any employee and all employees are directed to co-operate with any request of The Committee. It shall have direct access to, and receive regular reports from Internal Audit and the External Auditors. It shall have the power to conduct or authorize investigations into any matter within the Committee's scope of responsibilities.

The members of the Committee are appointed by the BOC. The Committee shall consists of at least 3 (three) permanent members where one of them must be Independent Commissioner whom also become the chairperson. Permanent member of the Committee include:

- Independent Commissioner (Chairperson).
- 1 member expert in internal audit or finance or accounting,
- 1 member expert in law or insurance

Standing invitees to The Committee meetings include:

- Other Member of The BOC.
- Risk Officer.
- Legal Representative.
- Finance Representative.
- CEO.
- Other Executives as Needed.
- External Auditors (annually or where required).

Standing invitees have no voting rights.

The appointment of Committee's member shall be stipulated in a BOC resolution that signed by all BOC member, which can be change at any time with approval of BOC.

Good Corporate Governance

If any of the committee member is dismissed or resigned, then the appointment of new member must be took place within at least 1 month, except for the Chairperson.

If the Chairperson is dismissed or resigned, then the other Independent commissioner shall become the Chairperson until the new appointment of independent commissioner took place.

The committee of the Company assumes the following responsibilities:

- Finance
- Internal Control
- Internal Audit
- Compliance
- Legal
- External Audit
- Other Matters

The committee will provide a quarterly and annual report to the BOC at the following board meeting. The report must be signed by at least the chairperson and one member of the committee.

The chairperson, with support from Internal Audit, will also regularly report to the relevant Group Governance Committees on significant risk issues, ineffective audit opinions and serious overdue actions, serious regulatory or compliance issues and major fraud/deliberate misstatements of accounts, or concerns with regard to the state of controls or governance in general.

The internal audit function, will inform the Company's CEO and the Company's CFO on material matters or deviations.

The Chairperson or a member of The Committee may convene meetings of the Audit Committee whenever the need arises, by preference before the meetings of the BOC.

The Committee shall have a meeting once a month, which comprising at least four times face to face meeting per year before the BOC meetings and the other eight meetings which can be conducted either face to face or by circular resolution. In exceptional cases meetings can be held in whole or in part by telephone or video-conferencing.

The presence of a majority of all the members of the Committee where one of them must be an Independent Commissioner shall constitute a quorum.

Resolutions, for the avoidance of doubt including proposals, recommendations etc. ("Resolutions"), are taken by a majority vote of the members to the Committee present and voting.

Resolutions of the committee may also be made in writing, by telefax or e-mail unless any member to the committee requests oral deliberations within 5 days of notification of the proposal.

A proposal for a circular Resolution shall be communicated to all members of the committee and shall be deemed adopted if a majority of all the members cast a vote or give written notice to the Secretary that they abstain, and a simple majority of those members casting a vote approve the Resolution.

The chairperson may on his or her own, or upon request by a member of the committee, invite other persons as non-voting observers.

The committee shall offer the opportunity to the executive management of the company, the external auditors and representatives of the company's internal audit function to meet with it without other persons present.

The committee must be act independently in carrying out its purpose, roles and responsibilities and must be free from any conflict of interest. If any member of the Committee is in a conflict of interest related to matters under his/her responsibilities and/or discussed in the Committee meetings, then such member shall be obliged to inform in an initial Committee meeting that he/she has conflict of interest. The said member cannot perform his/her responsibilities and/or shall be excluded in discussion in the Committee meetings where he/she has conflict of interest. The initial Committee meeting shall approve other member of the Committee to replace him/her to perform and decide on the same.

Asset Liability Management Investment Committee

The Asset/Liability Management Investment Committee ("ALMIC") for PT ZTL is a management body whose main objective is to prepare and take decisions on matters related to the management of the invested assets of the entities in its scope, while taking into account their liabilities.

The purpose of the ALMIC Charter is to define general governance principles for the ALMIC. It is based on the Zurich Financial Services Group's ("the Group") governance rules and is aligned with the Zurich Risk Policy and the Mandate of Investment Management and is designed to satisfy local statutory and regulatory requirements.

ALMIC comprises of:

- President Director (Chairperson)
- A Member of the Board of Directors
- Company's Appointed Actuary
- Head of Investment
- Head of Risk Management

Good Corporate Governance

Product Development Committee

The committee has primary responsibility in reviewing and providing recommendations to the relevant functions and management of the new products, the revision of existing products as well as the duty to assess the suitability and the profitability of the product to be marketed, including assessing the risk profile of a product.

Product Development Committee consists of:

Permanent members:

- Head of Proposition (Chairperson)

Permanent members:

- Company's Appointed Actuary (the position as deputy chairman of the committee)
- Director of Finance
- Head of the Department of distribution lines related products that are being reviewed
- Head of Risk Management
- Head of Investment
- Chief Marketing Officer

Invitees:

- Chief Underwriting Officer
- Head of Legal and Compliance
- Head of Tax
- Head of Claims

Regulatory Committee

The Regulatory Committee (the "Committee") is enacted by the Board of Directors to oversee the regulatory compliance, regulatory risk identification and mitigation of PT Zurich Topas Life (the "Company").

The Committee shall be composed of at least the following permanent members (herein referred to as the Members):

- Senior Management team members who are responsible for business, finance and operation area;
- Risk Management Head; and
- General Counsel.

The Members and Chairperson of the Committee shall be appointed by the Board of Directors.

The responsibilities and authorities of the Committees are as follows:

- To ensure the Company is always in compliance with the regulatory requirements including but not limited to laws and regulations issued by Otoritas Jasa Keuangan ("OJK"), other regulator bodies (such as Tax Office, PPATK), and Indonesia Life Insurance Association.

- To monitor new laws and regulation, perform preliminary assessment of their impact to the company, prepare action plan and monitor the implementation of the action plan;

- To escalate significant regulatory compliance issue to the Board of Directors as appropriate;

- To develop and propose regulatory compliance management, including this Charter, to the Board of Directors and to review them from time to time;

- To act as a focal point for discussion and communication of regulatory compliance matters, furthermore establish specific rules regarding participants to be invited to the meeting;

- To set up working group(s) that can comprise of representatives from relevant departments to assist the Committee to carry out certain tasks such as reviewing current practices, assessing the impact of new laws and regulations, providing gap analysis between current practices and practices as per new laws and regulations; and conduct the implementation of new laws and regulations;

- To provide guidance and support to working group(s) in coordinating enterprise-wide initiatives and implementing action plans;

- To appoint one or more technical expert to assist them in providing advice and other works that are required by the Committee from time to time

Good Corporate Governance

Risk Review

The Company has adopted the Zurich Group's coordinated and formalized approach to risk management and internal control systems. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable, not absolute, assurance against material financial misstatement or loss. Risk Management framework, systems and policies are established at the Zurich Group level with subsequent implementation in local subsidiary. The approach is to focus on major risks that might impact the achievement of the business objectives and on the activities to monitor and manage these risks.

Effectively managing risks is core to managing the business. Management is responsible for the identification, evaluation and management of significant risks. They meet frequently with the risk and assurance functions to ensure an effective system of risk identification, mitigation and maintenance of sound internal controls.

Utilizing Zurich Group risk management policies, methods and tools for assessing and modelling risks, the Company risk assessment is conducted periodically using Zurich's Total Risk Profiling™ tool to review key risks and implement action plans to mitigate them. Significant risks, the results of the assessment, and the relevant actions arising are reported regularly to the Risk Management Committee.

Statement of BoC and BoD

The Board of Commissioners and The Boards of Directors Statement for the responsibility of the 2015 Annual Report for PT. Zurich Topas Life

The undersigned parties hereby declare that all information presented in the annual report of PT Zurich Life Topas 2015 is accurate and complete. We take full responsibility for the contents of the Annual Report of the company.

This statement is hereby made in all truthfulness.

Jakarta, June 2016

Board of Commissioners



Yuliana

President Commissioner



Philip Wallace Smith

Commissioner



Lucyana Pandjaitan

Independent Commissioner



Harry Sasongko

Independent Commissioner

Board of Directors



Peter Huber

President Director



Hoshang Madon

Director



Kumaran Chinan

Director

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