

Zurich Insurance Group

Martin Senn, Chief Executive Officer
September 29, 2015, London

20th Annual Banking, Insurance & Diversified Financials CEO Conference



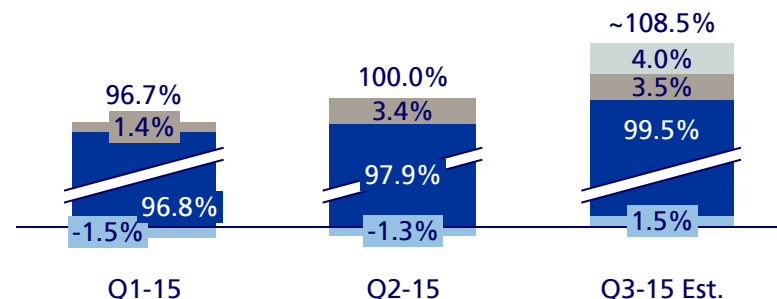
General Insurance

Our view of GI has changed since H1 results

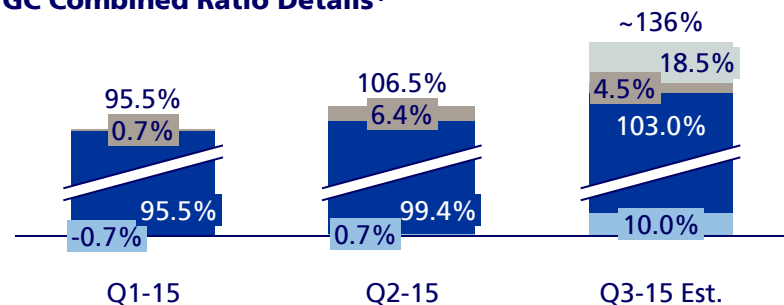
DRIVERS OF ADVERSE EXPERIENCE

- H1 results below expectations:
 - Partly attributable to normal claims volatility, such as major UK fire loss
 - Global Corporate (GC) results impacted by high levels of large losses
 - Higher NA auto liability loss ratio
- Further deterioration in Q3:
 - Tianjin port explosions
 - Continued high levels of reported large losses in Global Corporate
 - Further deterioration in North America auto liability loss ratio, more prudent view taken given recent experience
 - Some smaller other adjustments

GI Combined Ratio Details¹



GC Combined Ratio Details¹



Tianjin Loss
 AY CR (excl. catastrophes)
 Catastrophes²
 PYD

¹ Q3-15 results are a preliminary and approximated view only, and are subject to change.

² Catastrophes includes major and mid-sized catastrophes including significant weather related events.

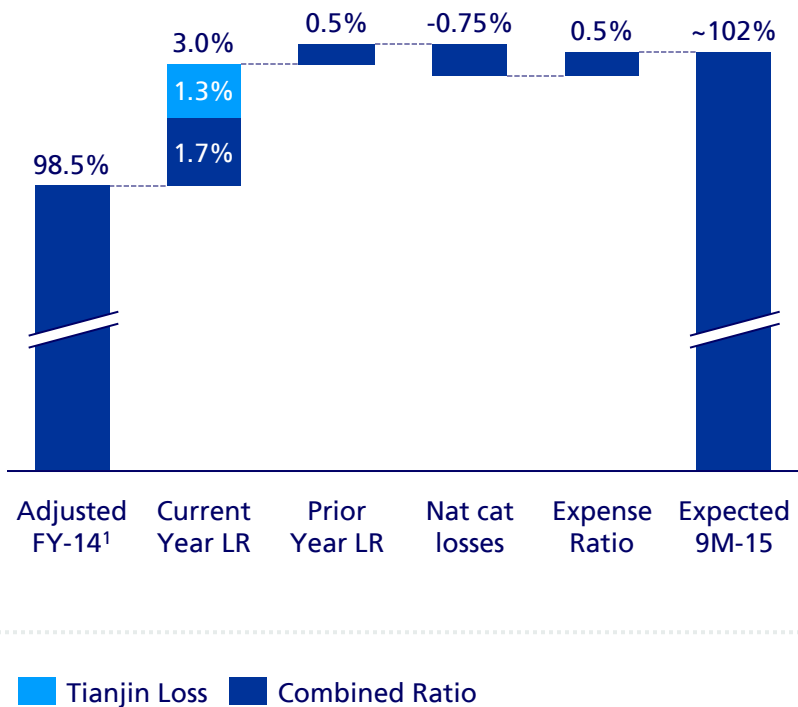
Explaining General Insurance results

Identifying causes of recent underperformance



WALK FROM FY-14 NORMALIZED CR TO EXPECTED 9M-15

Preliminary and approximated view, subject to change



- 9M combined ratio estimated to be ~3.5pts higher than the adjusted 2014 starting point²
- Partly due to non-recurring factors, such as Tianjin loss, small adverse PYD and short-term higher expense ratio
- PYD still expected to be positive in 9M results, even with Q3 adjustments
- Main focus is on current year loss ratio, with majority of increase due to ongoing higher than expected large losses

¹ Normalizations include adjustment to the planned catastrophe level, positive and negative one-offs.

² Preliminary estimated Q3 combined ratio of ~108.5% corresponds to provisional estimate of GI Q3 operating loss of ~\$200m.

Clear path to address profitability challenges

Review followed by immediate implementation of actions



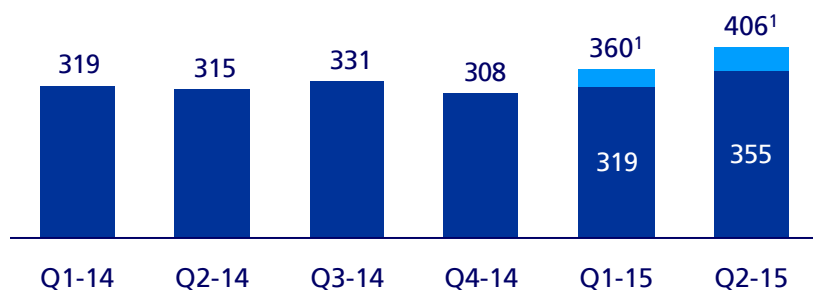
FURTHER PROFITABILITY IMPROVEMENTS NEEDED

- Review of GI business underway, results to be announced on 5 November
- Preliminary view of key actions:
 - Implement targeted measures in Underwriting and Claims, focused on problem areas, such as GC North America Property and Auto Liability
 - Further action on expenses
 - Bring greater focus to change activities
- Review is not focused on reserves
- Much of the GI business is in good shape
- Remain confident that a 2-3ppt combined ratio improvement can be achieved in 2016, although likely starting from higher baseline

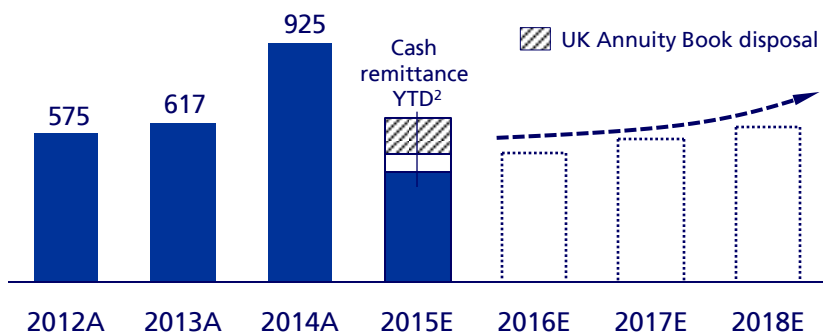
¹ Normalizations include adjustment to the planned catastrophe level, large losses, positive and negative one-offs.

EXECUTING CLEAR AND FOCUSED LIFE INSURANCE STRATEGY

Global Life BOP (USDm)



Cash Remittance (USDm)



- Clear line of sight to >USD 50m BOP improvement per quarter
- In-force management achieved USD 33m of run-rate BOP improvement in 2014
- Strong growth in Bank Distribution profits and Corporate Life and Pensions top line
- Continuing strong cash remittance and focus on products with shorter paybacks
- Structural actions taken to release capital and increase cash, such as disposal of UK annuity book

¹ 2015 BOP figures shown as reported and also restated at 2014 constant FX.

² Cash remitted to the Group in Q1-15.

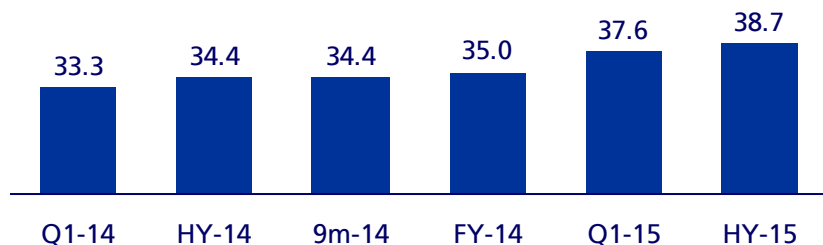
Farmers¹



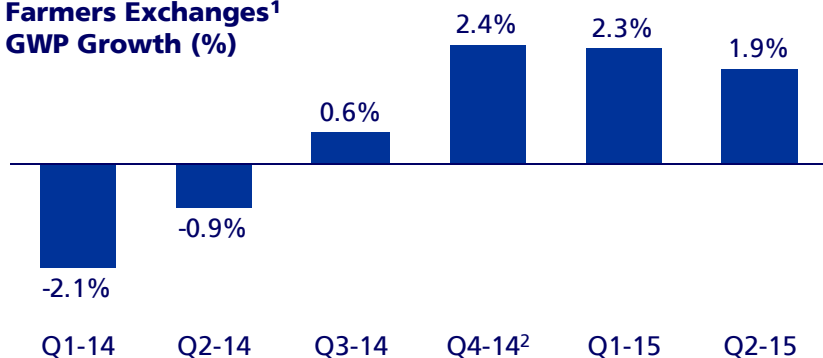
Back to growth and executing on omni-channel approach

IMPROVED NET PROMOTER SCORE DRIVES GROWTH AT FARMERS EXCHANGES¹

Farmers Exchanges¹
Net Promoter Score (%)²



Farmers Exchanges¹
GWP Growth (%)



- Consumer strategy focuses on value conscious customers
- Evolving into a modern exclusive agency model via omni-channel approach, with customers choosing how and when to interact
- Customer experience improving, driving retention and ultimately growth for Farmers Exchanges and Farmers Management Services
- Potential to free up capital in Farmers Re

¹ Provided for informational purposes only. Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides administrative and management services to the Farmers Exchanges as its attorney-in-fact and receives fees for its services.

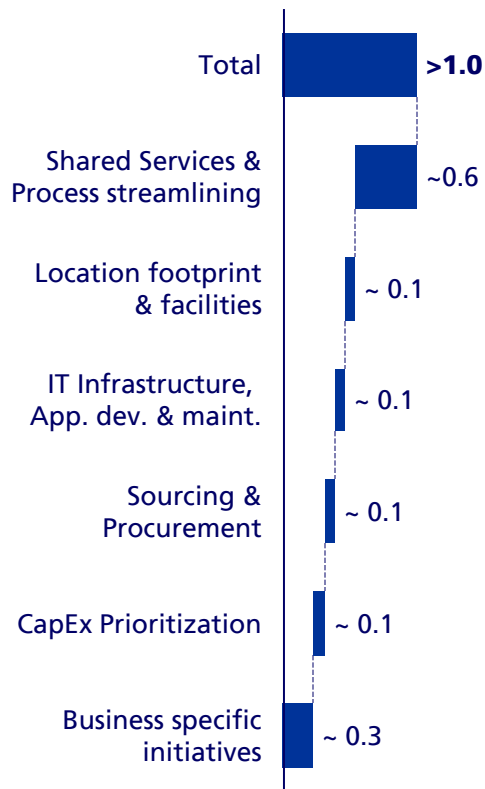
² Survey based measure of customer loyalty (for Farmers Auto and Farmers Home only). Figures are reported on a YTD basis.

Improving efficiency

Aim to achieve at least USD 1bn underlying savings¹ by end 2018



EXPECTED UNDERLYING SAVINGS BY END 2018 (USDbn)



- Baseline general expenses² of ~USD 10bn in 2014 encompassing support functions, information technology, claims handling, marketing, etc.
- Significant scope to expand shared services from ~3% of total workforce (ex Farmers)
- Target USD 0.3bn efficiencies in 2016, but with focus on driving additional expense reductions given current results
- Further USD 0.7bn+ savings by end of 2018 through streamlined objectives with less operational infrastructure (buildings, systems, FTE in expensive locations)

¹ Net of inflation, excluding one-offs. Assuming 2014 business volume and mix.

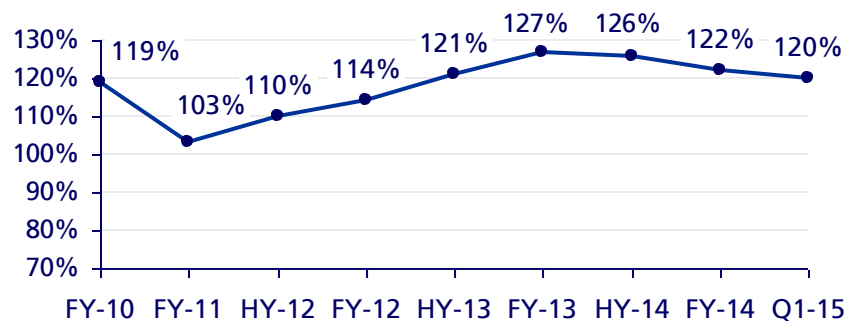
² Excluding Farmers and restructuring charges. All figures rounded to one decimal point.

Strong capital position & cash generation

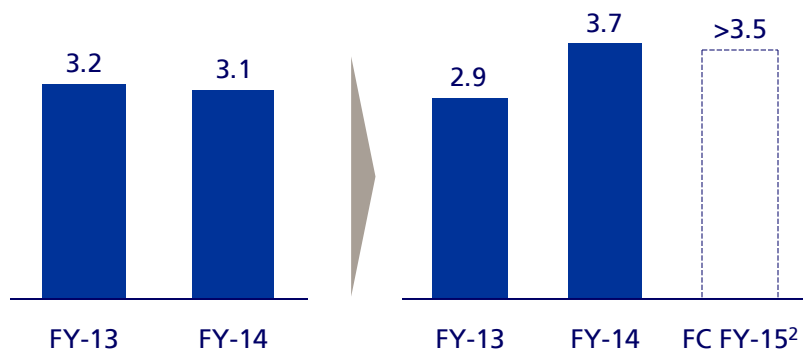
USD 3bn of capital to be deployed by end of 2016

CONSISTENTLY STRONG SOLVENCY POSITION

Z-ECM¹



Free Capital Generation & Cash Remittance (USDbn)



- Z-ECM at 120% as of end-March, top-end of target range
- Efficient use of capital is key to achieving our 12-14% BOPAT ROE target
- Still expect to deploy USD 3bn of capital by end 2016
 - Lower 2015 earnings likely to impact 2016 cash remittances
 - But reunderwriting will free up capital
 - Levers at our disposal, as set out at the May investor day

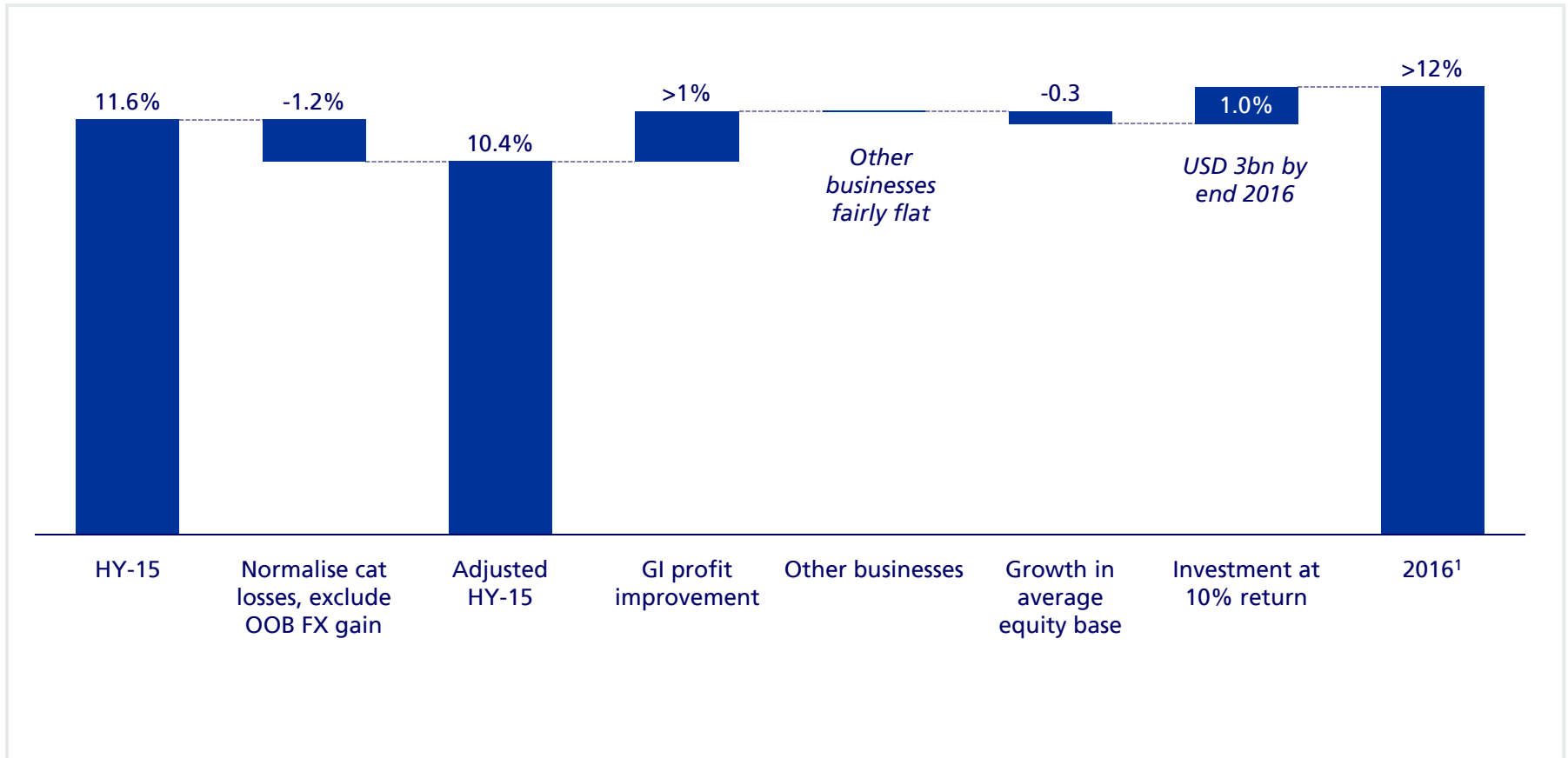
¹ Zurich Economic Capital Model (Z-ECM) is Zurich's proprietary economic capital model calibrated at AA-level.

² Estimated full year 2015 cash remittances, subject to change.

We remain committed to delivering the 12-14% ROE target



BOPAT ROE (%)



¹ Indicative and directional view of 2016 BOPAT ROE only; actual target ROE range for 2014-2016 is 12-14%.

Key messages



General Insurance

Disappointing General Insurance underwriting results, review underway to define actions required

Global Life & Farmers

Global Life and Farmers on track

Operations

Achieve at least USD 1bn cost savings by end 2018

Capital

Strong capital position with USD 3bn to deploy by end 2016

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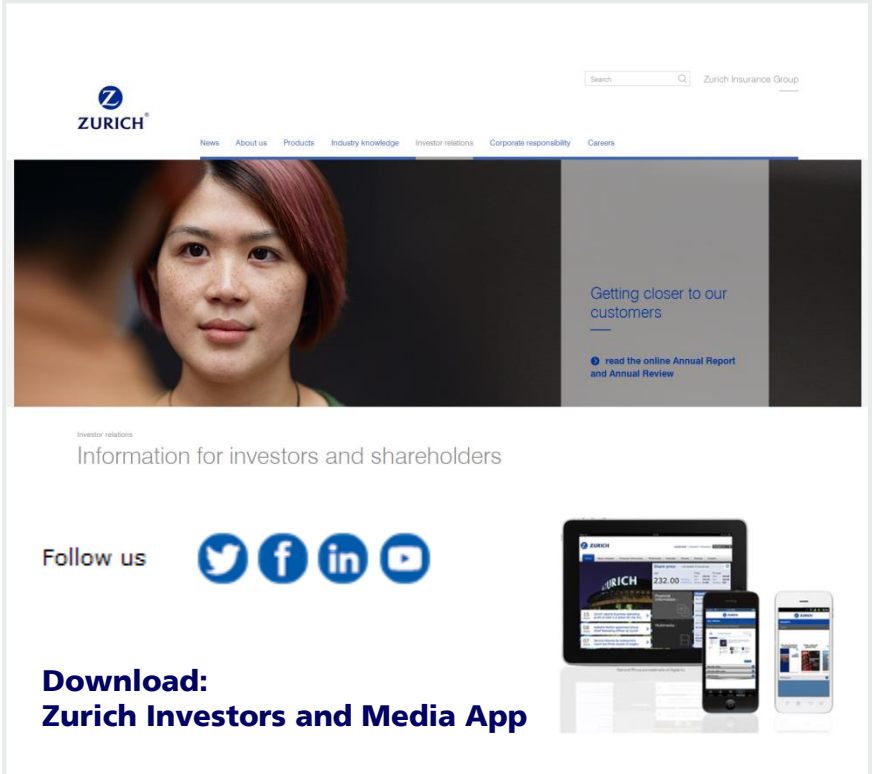
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