



Zurich Insurance Group - “Low rates and heavy regulation: how to deliver shareholder returns”

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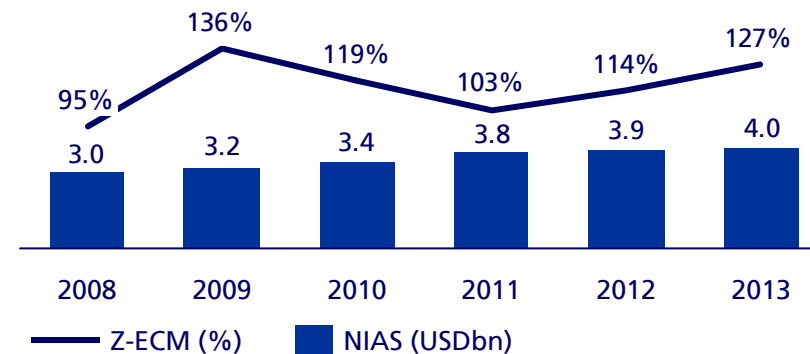
Group Strategy



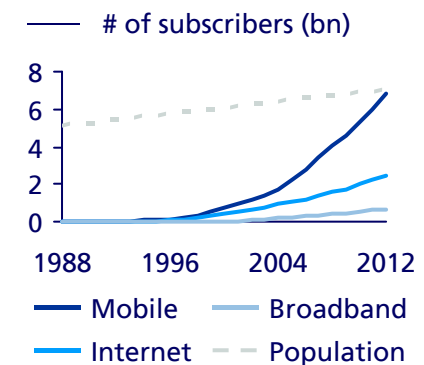
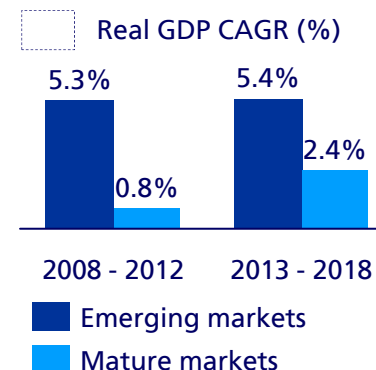
Building on our strengths as we move into a new phase

WHERE WE ARE COMING FROM...

- Persistent underwriting focus and investment discipline
- Strong balance sheet and cash returns
- Solid operating ROE with room to improve
- Strong position in Corporate and Commercial



- Global economy is improving
- Globalization drives the growth of cross border insurance
- Technology creates new opportunities for the insurance industry
- Customer needs are changing



Source: IMF "World Economic Outlook" (October 2013), World Bank (2012)

Group Strategy



We execute on three strategic cornerstones

GROUP STRATEGY

KEY FOCUS AREAS

1

Prioritizing investment in distinctive positions

- Corporate
- Commercial mid-market
- Select retail

2

Managing other businesses for value

- Extract value from Global Life back books
- Continue to capture value from profitable, smaller General Insurance markets
- Turnaround/exit non-performing businesses

3

Growing our operating earnings

- Efficiency
- Value extraction
- Investment risk return

Key targets for 2014 - 2016

On track with our targets



	ZURICH'S TARGETS FOR 2014 - 2016	ACTUAL
Improving return on equity	BOPAT ROE target 12 - 14% ¹	12.5% (HY-14)
Maintaining a very strong capital position	Z-ECM ² ratio 100 - 120%	128% (Q1-14)
Generating high levels of free cash flow	Net cash remittances to Group ³ > USD 9bn	> USD 3.5bn (FCST FY-14)

¹ Business operating profit after tax return on equity (annualized), excluding unrealized gains and losses.

² Zurich Economic Capital Model (Z-ECM).

³ Cumulative net cash remittances to Zurich Insurance Company Ltd, after deducting central costs, in 2014-2016.

Report card – Group

Early days, but good progress



GROUP STRATEGY

1

Prioritizing investment in distinctive positions

ACTIONS UNDERWAY IN HY-14

- Corporate: further enhancing combined GC / CLP model, on track to achieve >100 new common customers in 2014
- Commercial: customer segmentation and analytics initiatives at NAC
- Select retail: completed segmentation in 5 markets, extension of Banco Sabadell exclusive distribution agreement

2

Managing other businesses for value

- Good progress with GI turnaround/exits
- Holistic approach to in-force management developed for UK, Germany and US Life operations, including structural options

3

Growing our operating earnings

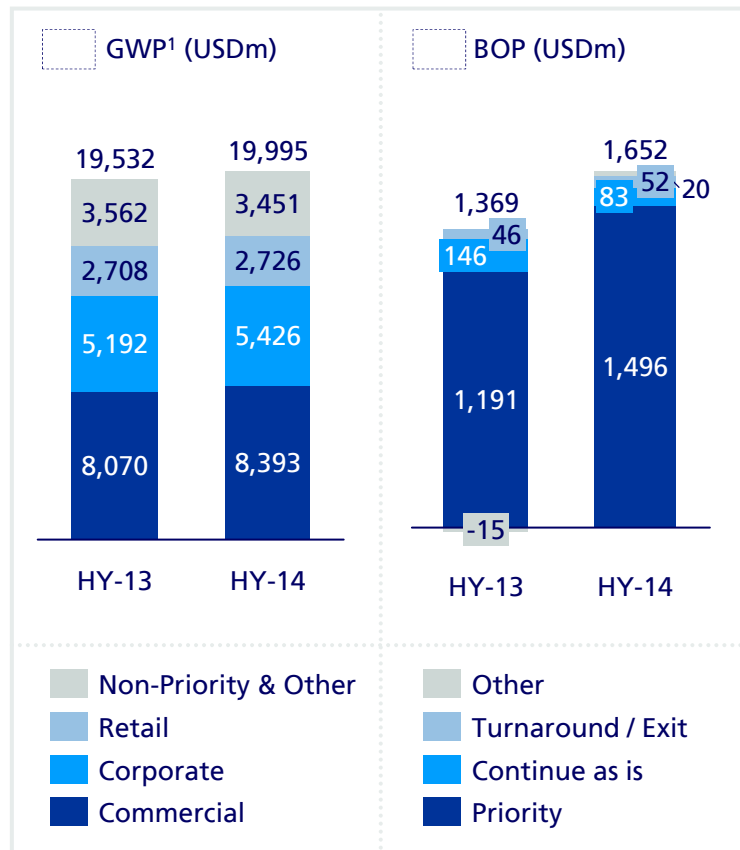
- Streamlining of organizational structure largely complete, USD 250m run-rate cost savings to be achieved by end of 2015
- Additional risk capital deployed in Investment Management

Report card – General Insurance



Improving AY profitability, executing on “turnarounds”

PRIORITY MARKETS



MANAGE FOR VALUE

- Exit from Zurich-branded UK aggregator distribution in April
- Sale of Russia retail business in July
- Turnaround actions progressing in other markets

NEXT STEPS

- Continue to drive improved accident year profitability
- Complete improvement plans
- Prioritize initiatives to deliver growth in select markets

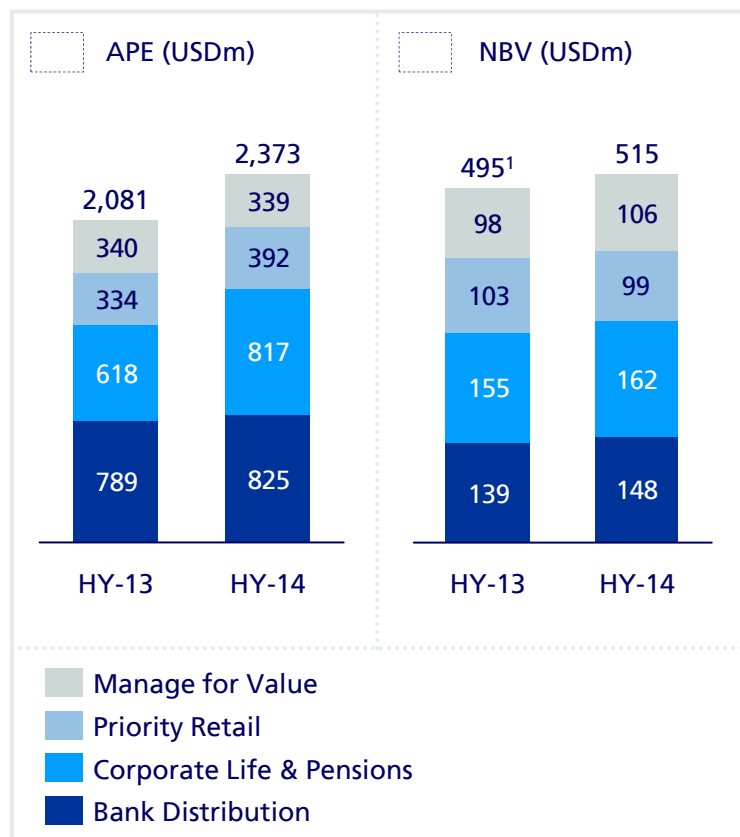
¹ GWP adjusted for discontinued large fronting contract.

Report card – Global Life



Growing in priority markets, in-force management initiatives underway

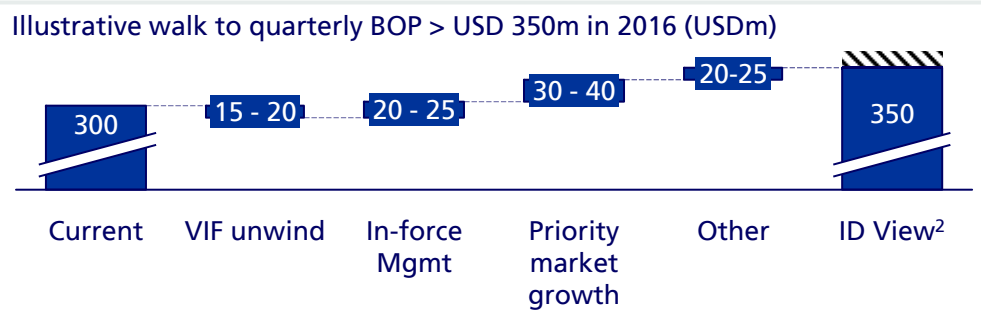
PRIORITY MARKETS



MANAGE FOR VALUE

- Exit of marginal positions (Taiwan, CLP Australia, Luxembourg)
- Initiatives underway to deliver up to USD 100m BOP increase from in-force management initiatives in Germany, the UK and the US

NEXT STEPS



- Complete phase 1 of in-force management initiatives
- Enhance external reporting

¹ Actual reported HY-13 NBV was USD 547 million; pro-forma HY-13 figure of USD 495 million is normalized for 2014 assumption changes.

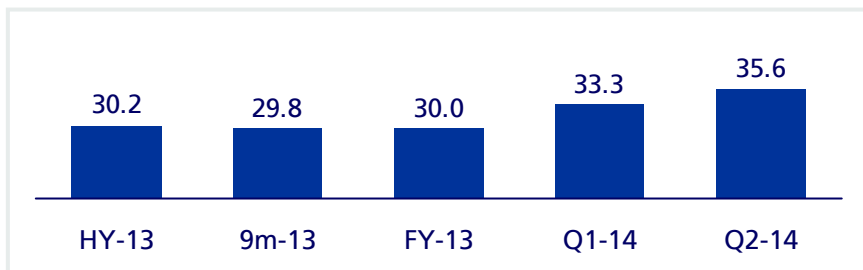
² Directional view from 2013 Investor Day (ID) does not represent a financial target.

Report card – Farmers Exchanges¹

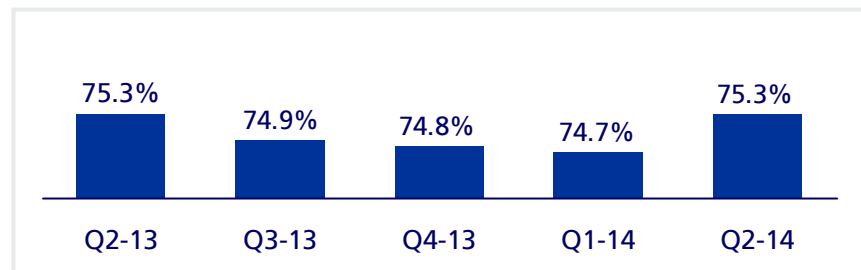
Positive momentum continues



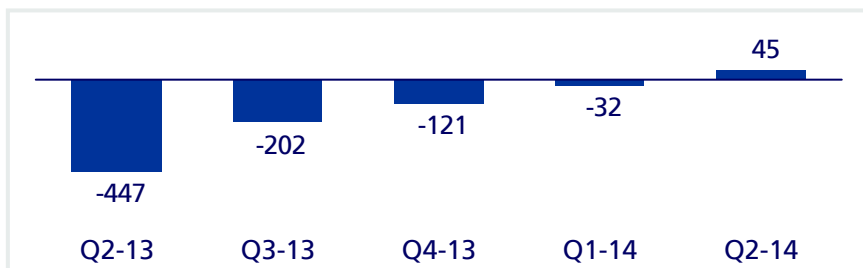
NET PROMOTER SCORE²



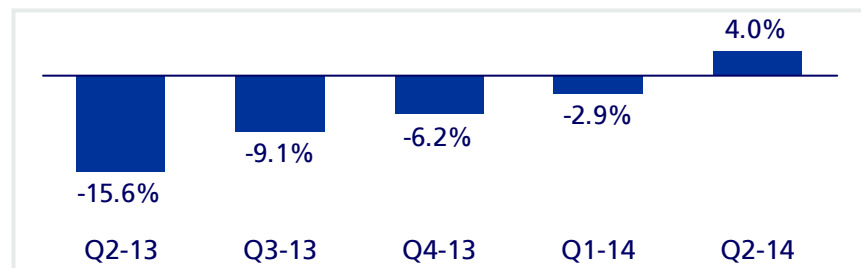
RETENTION³



NET GAIN / LOSS OF AGENTS⁴



NEW BUSINESS COUNT GROWTH⁵



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). 2013 figures shown are calculated on YTD basis.

³ Reflects rolling 3-month 13/1 survival rate for Farmers Exchanges, based on trailing 12-month weighted average GWP.

⁴ Change in total number of exclusive Farmers agents including full time and career agents.

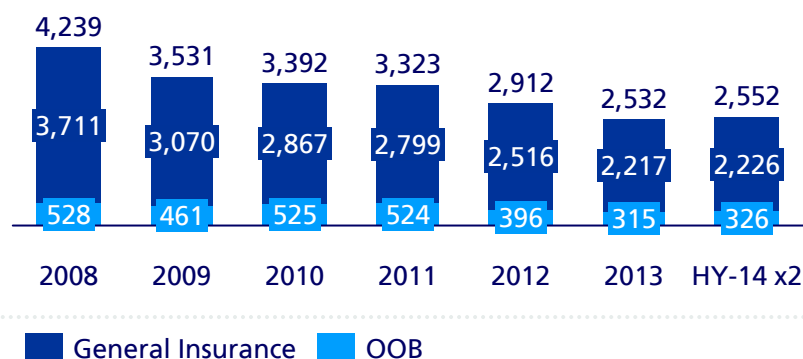
⁵ Quarterly YoY change in new business counts for all books of business. Farmers and Bristol West Auto reflects New Business/New Household.

Development of investment income



Low rate environment has mostly worked through our numbers

INVESTMENT INCOME¹ (USDm)



SPLIT OF GL BOP REVENUES (%)



OUR ACTIONS

- Consistent and disciplined ALM approach
- Lower yields have significantly impacted General Insurance profitability, but actions taken to re-price the portfolio
- Life business with relatively low exposure to spread business and guaranteed interest rate products
- Farmers Group, Inc.'s business is predominantly fee based
- Modest deployment of additional risk capital in Investment Management

¹ Investment income, excl. Hedge Fund gains and net capital gains/losses outside of BOP.

² Includes Zurich Santander.

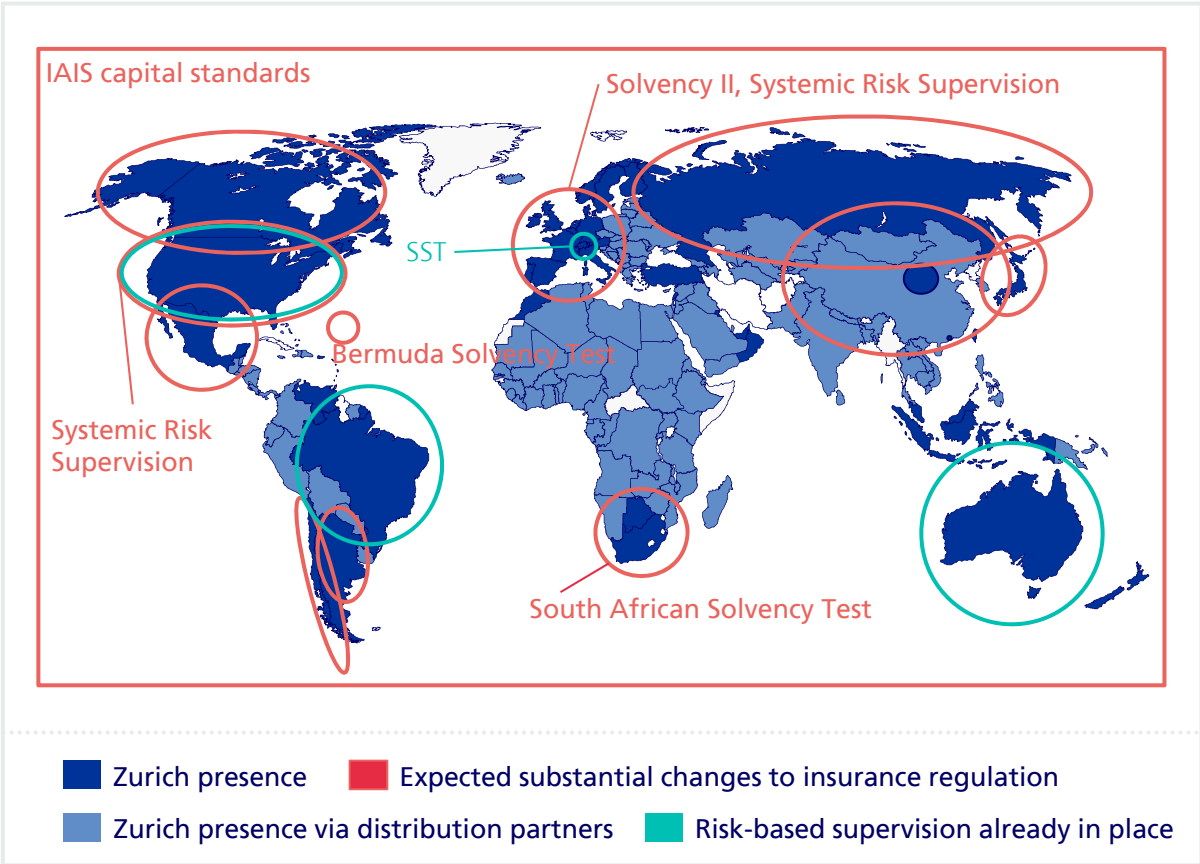
Insurance regulatory environment

Zurich well positioned in increasing regulatory heat



REGULATORY LANDSCAPE

OUR POSITION



- Operating under SST, one of the most modern and onerous risk-based regulatory frameworks
- Rigorous internal risk based capital approach
- Global company with global standards and processes already in place
- Current fragmented system of solvency regulation for internationally active insurance groups bears risks

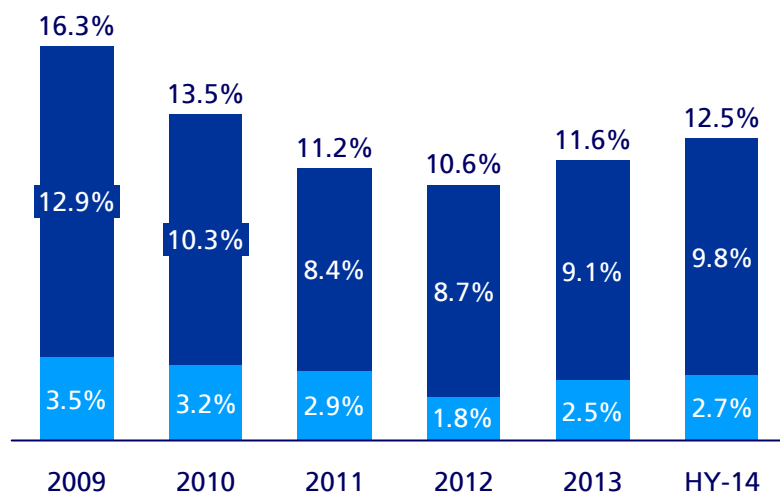
Note: The blue dot in China represents the Zurich office in Beijing; in China, contracts are issued by both Zurich and distribution partners.

Operating ROE and Total Shareholder Return



Delivering good ROE and total returns to investors even with rate and regulatory challenges

BOPAT ROE¹ (%)



■ BOPAT-ROE above risk free¹ ■ US 10 yr swap rate

TOTAL SHAREHOLDER RETURN (USD)



¹ Business operating profit after tax return on equity, excluding unrealized gains and losses, annualized for HY-14.

Key messages



Early days but good progress on strategic execution

Low rate environment has mostly worked through our numbers

Well positioned for more challenging regulatory environment

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