

Credit investor introduction 2017

September 19, 2017

Christian Carl, Group Head of Treasury & Capital Management

Zurich Insurance Group



Our proposition to investors

HIGHLY CASH GENERATIVE BUSINESS MODEL SUPPORTING AN ATTRACTIVE AND GROWING DIVIDEND, UNDERLINED BY:

A balanced
and diverse
global business



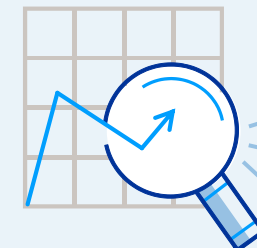
Industry leading
capital levels



Stable, consistent
and conservatively
managed balance
sheet



Opportunities to
enhance returns
through improved
efficiency and
capital allocation



One of few genuinely global insurers

KEY FACTS¹

USD 67bn total revenues

USD 382bn total group and unit linked investments

USD 4.5bn business operating profit (BOP)

USD 3.2bn net income attributable to shareholders (NIAS)

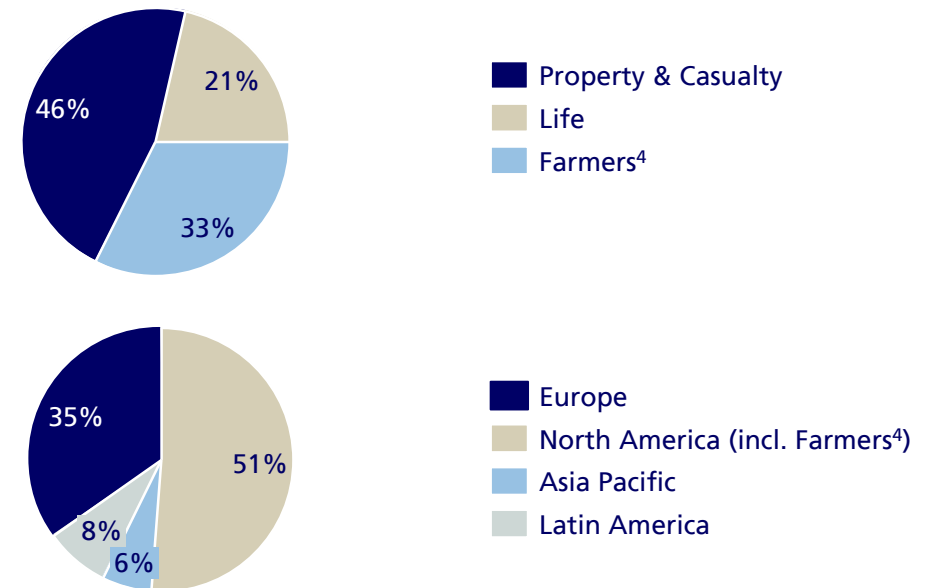
125% Zurich Economic Capital (Z-ECM) ratio calibrated to 'AA' rating (1 in 2000 year event)

227% SST regulatory solvency ratio²

USD 30.7bn shareholders' equity

USD 43.0bn market cap

BOP BY BUSINESS AND REGION³



¹ Values are for the full year 2016 unless otherwise noted. Investments, Shareholders' equity and market cap are as of December 31, 2016.

² The Swiss Solvency Test (SST) ratio is calculated based on the Group's internal model, which is subject to the review and approval of the Group's regulator, the Swiss Financial Market Supervisory Authority (FINMA). The ratio is filed with FINMA at the full year and is subject to its approval.

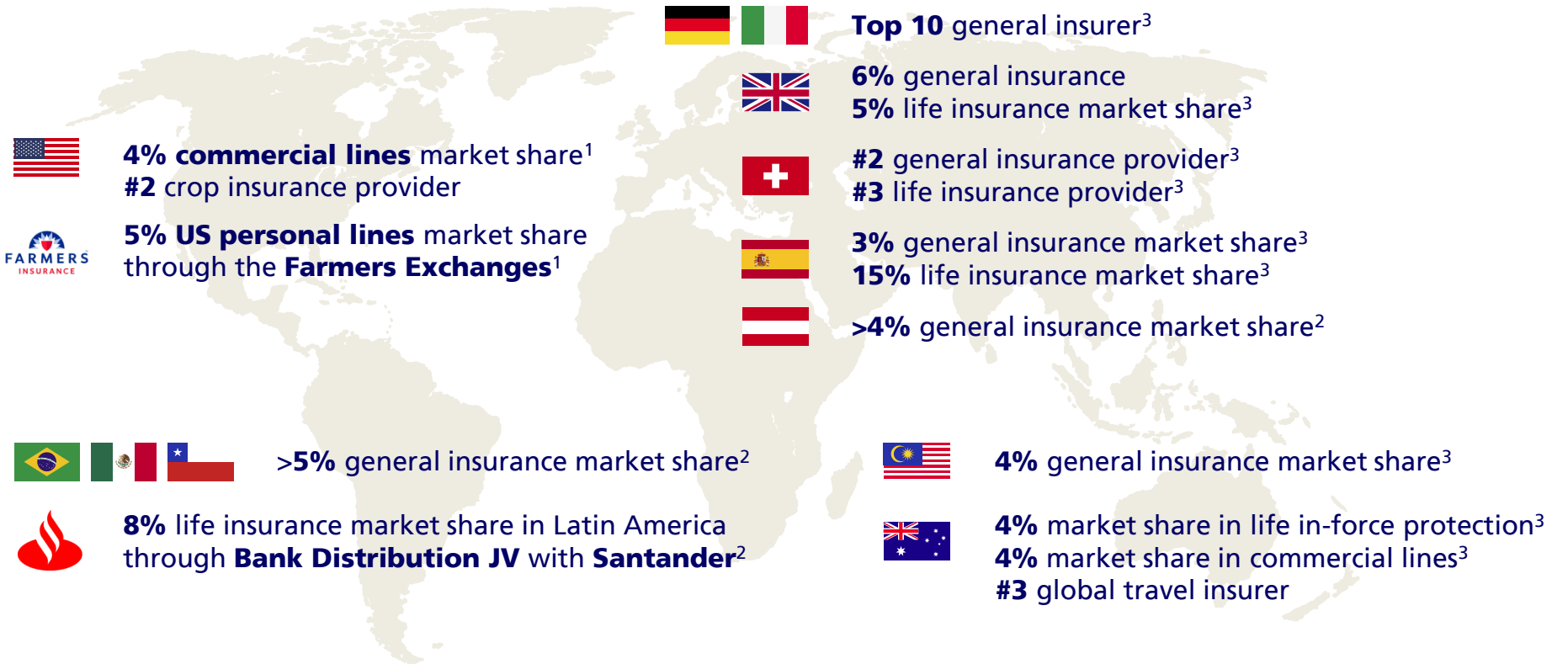
³ BOP splits per business and region exclude Group Reinsurance, Group Functions and Operations and Non-Core Businesses.

⁴ 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. Farmers BOP consists of Farmers Management Services and Farmers Re.

Genuinely global franchise with distinct capabilities

Top 3

cross-border
insurer to
multinational
corporations⁴



¹ Source: 2015 SNL Data.

² Source: 2015 AXCO data, Zurich internal data and estimates.

³ Source: National Statistics 2015 or latest available, Zurich internal data.

⁴ Estimated based on annual reports and investor presentations.

Strong capital position and cash generation



VERY STRONG FINANCIAL STRENGTH



AA- / outlook 'stable'



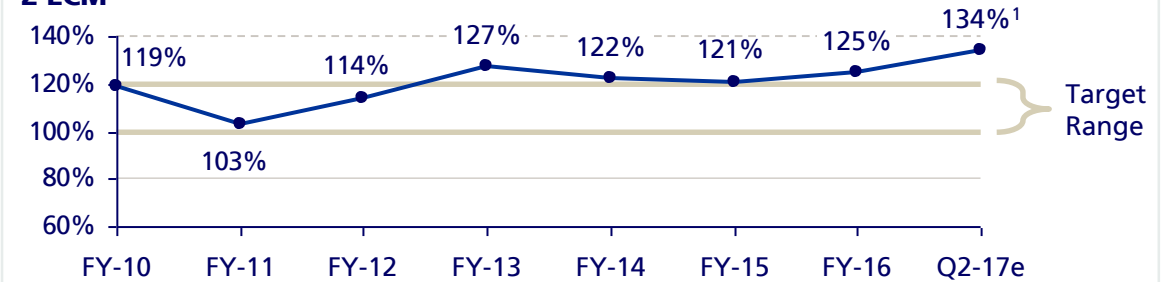
Aa3 / outlook 'stable'



A+ (Superior) / outlook 'negative'

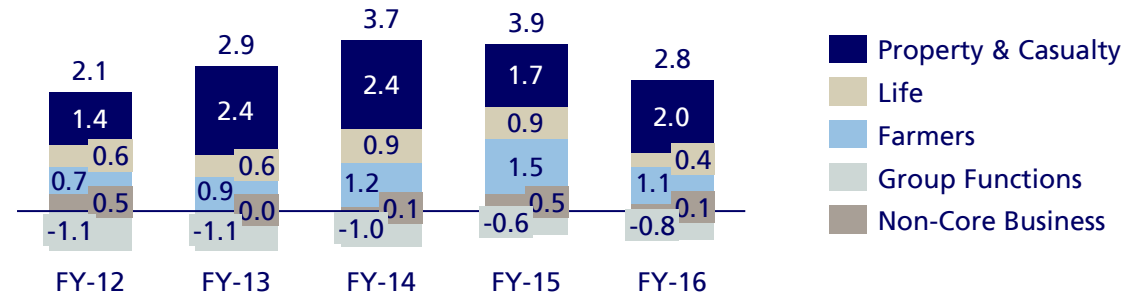
STRONG CAPITAL POSITION

Z-ECM



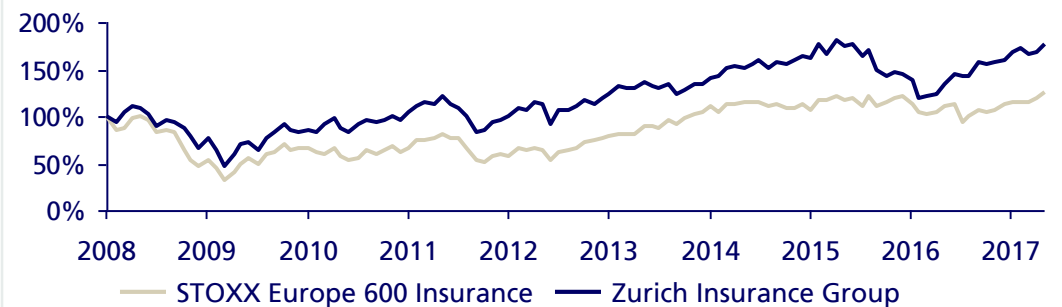
HIGHLY CASH GENERATIVE

Cash remittance in USDbn



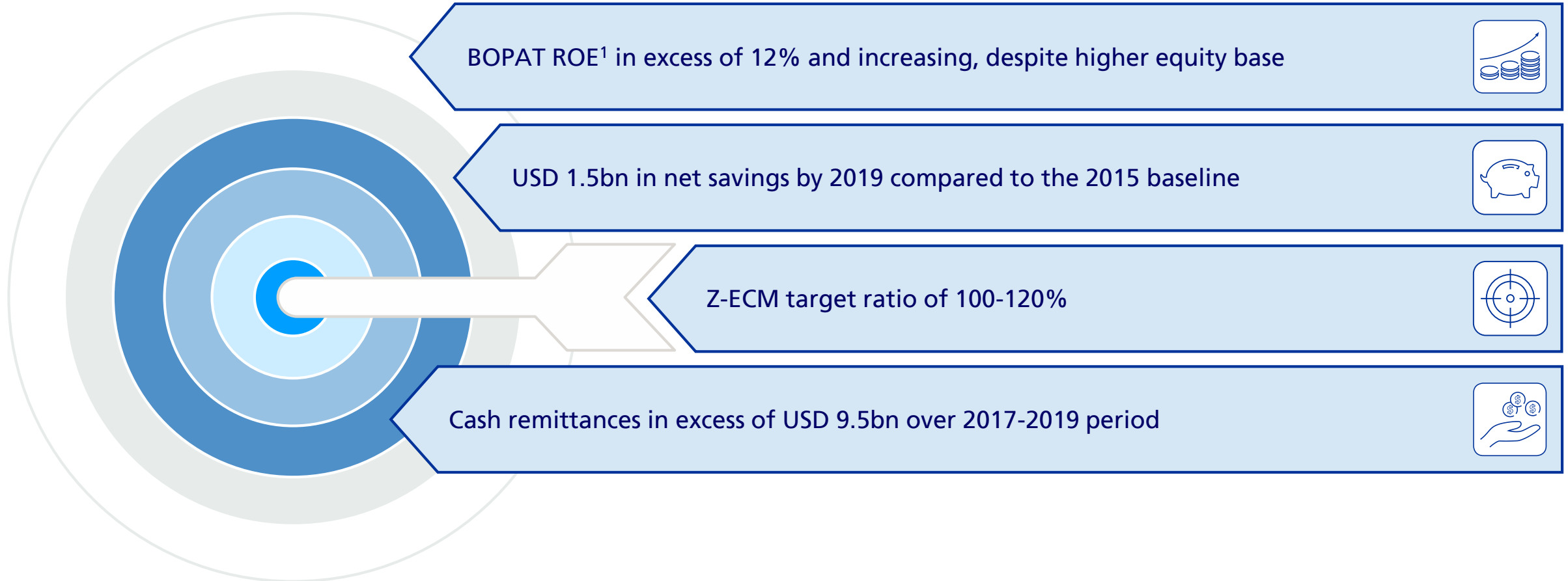
DIVIDEND A KEY PART OF TSR

Total shareholder return in USD



¹ Q2-17 Zurich Economic Capital Model (Z-ECM) reflects midpoint estimate with an error margin of +/-5ppts.

2017-2019 Financial targets

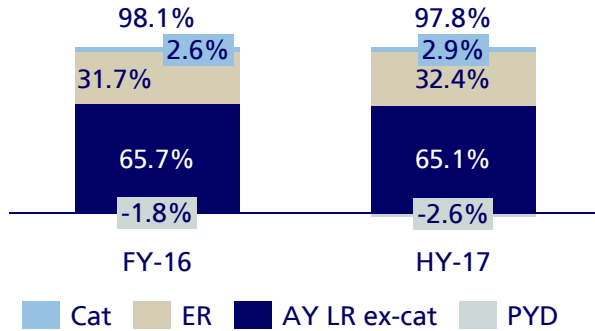


¹ Business Operating Profit after tax return on equity, excluding unrealized gains and losses.

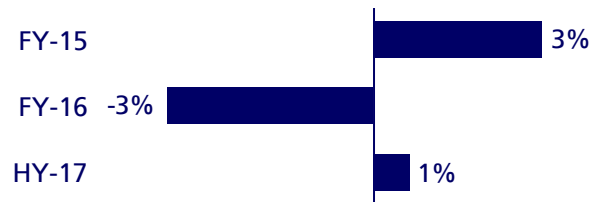
Continued delivery across all businesses

P&C

COMBINED RATIO (%)¹

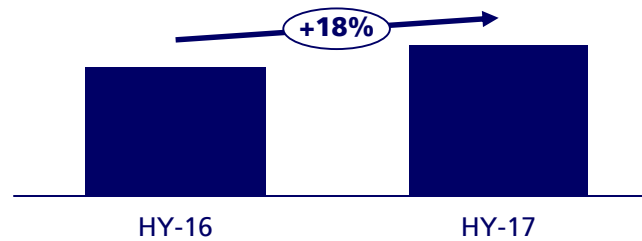


LIKE-FOR-LIKE GWP GROWTH (%)

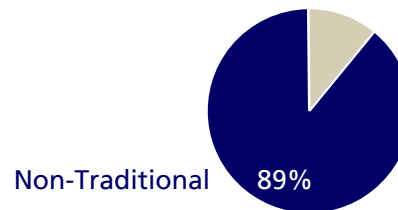


LIFE

BOP GROWTH IN LOCAL CURRENCY (%)

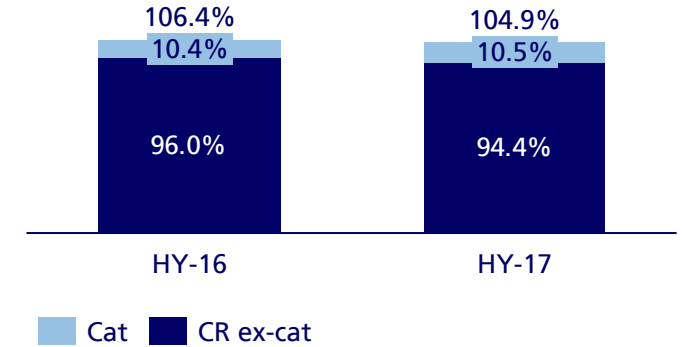


HY-17 APE SHARE OF NON-TRADITIONAL PRODUCTS

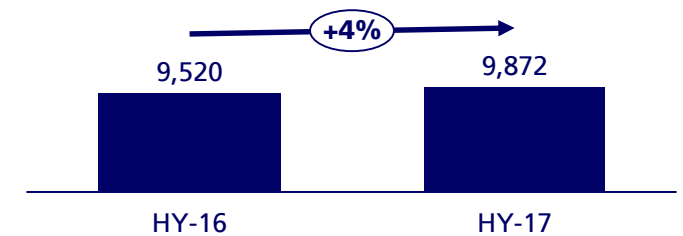


FARMERS EXCHANGES²

COMBINED RATIO (%)



GWP GROWTH (USDm)³



¹ HY-17 excludes the impact from the change in the Ogden discount rate, booked in Q1-17.

² 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 certain non-claims administrative and management services to the Farmers Exchanges as its attorney-in-fact and receives fees for its services.

³ Continuing operations only, excludes discontinued operations (21st Century business outside of California and Hawaii mainly).

Investment and Capital Management



ALM-focused strategy delivering consistent and sustainable excess returns

PROFILE

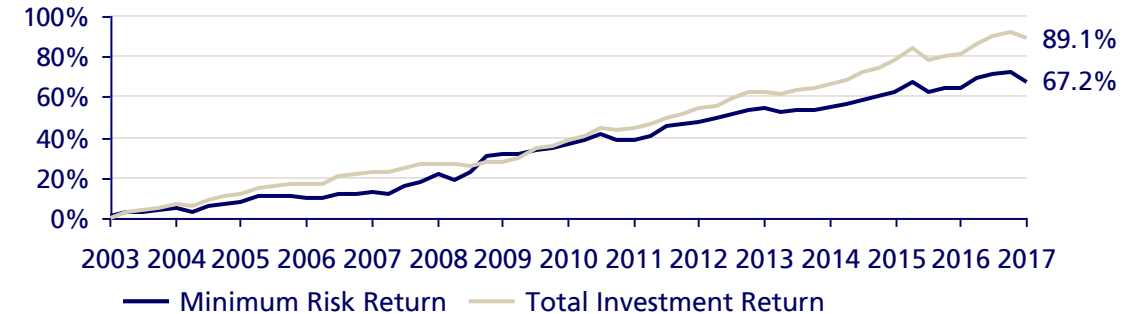
~70% of group investments are managed by third parties

ALM focused investment strategy

Generally lower risk investment portfolio than peers, with clear focus on avoiding pro-cyclical actions

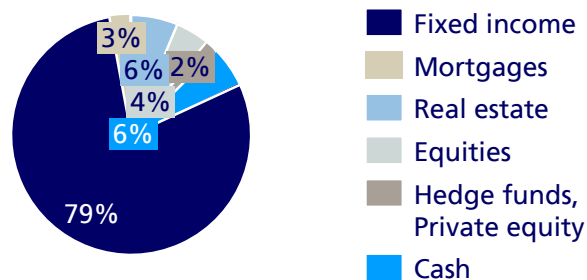
Emerged well from credit crisis

CONSERVATIVE APPROACH¹



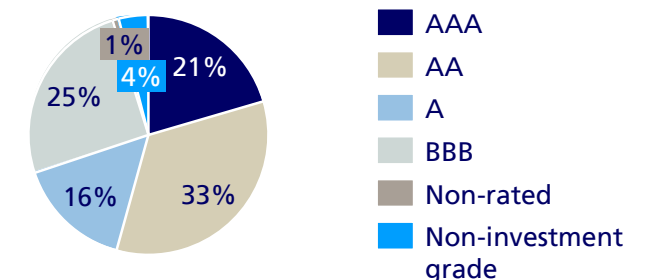
ASSET ALLOCATION

FY-16 total Group investments of USD 190bn



ASSET QUALITY

FY-16 Group debt investments of USD 140bn



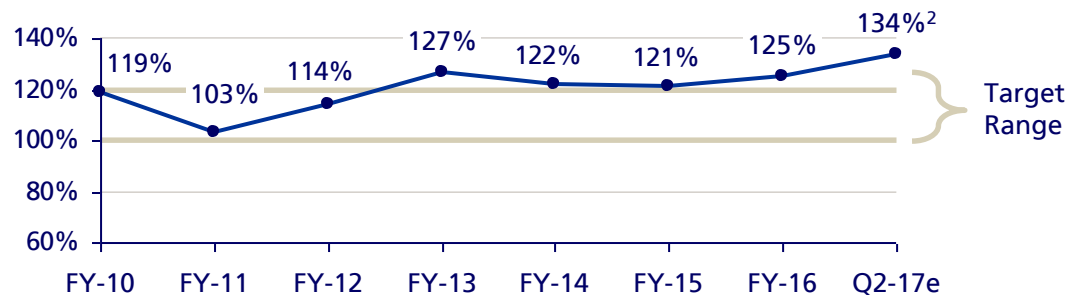
¹ Through December 31, 2016.

Managing our risks conservatively to AA financial strength

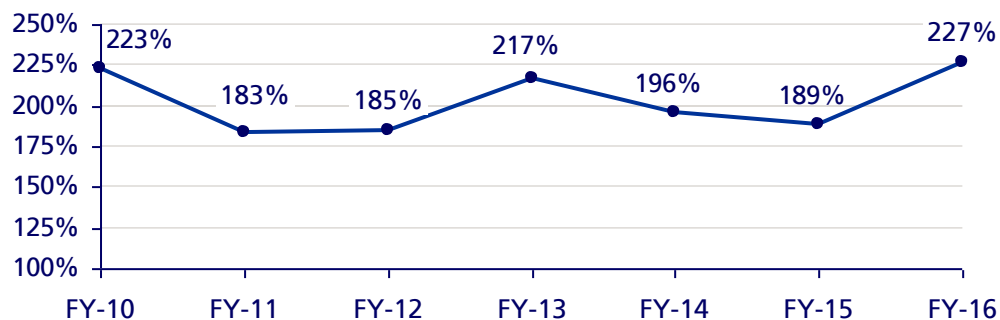


GROUP SOLVENCY

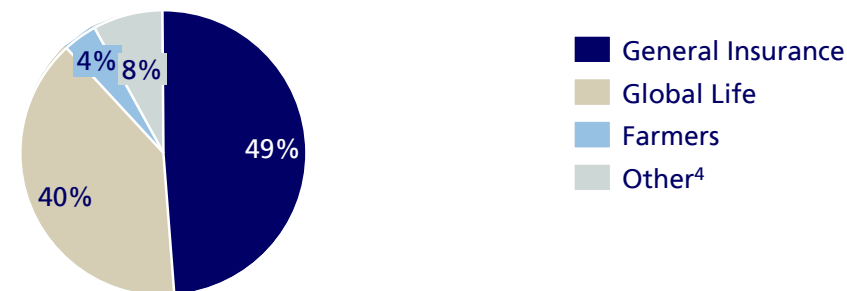
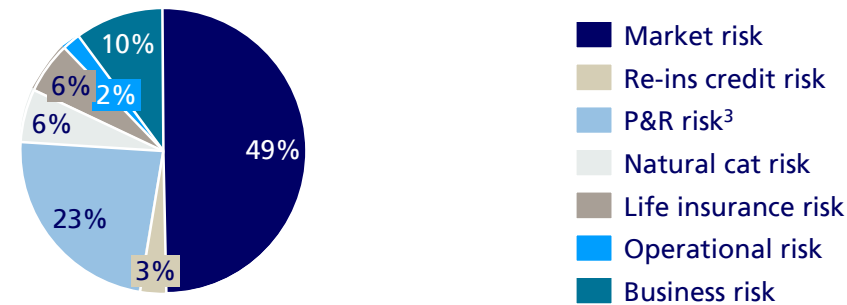
Z-ECM



SST¹



Z-ECM RBC BY RISK TYPE AND BUSINESS



¹ The Swiss Solvency Test (SST) ratio is calculated based on the Group's internal model, which is subject to the review and approval of the Group's regulator, the Swiss Financial Market Supervisory Authority (FINMA). Only the full year ratio is filed with FINMA and is subject to its approval.

² Q2-17 Zurich Economic Capital Model (Z-ECM) reflects midpoint estimate with an error margin of +/-5ppts.

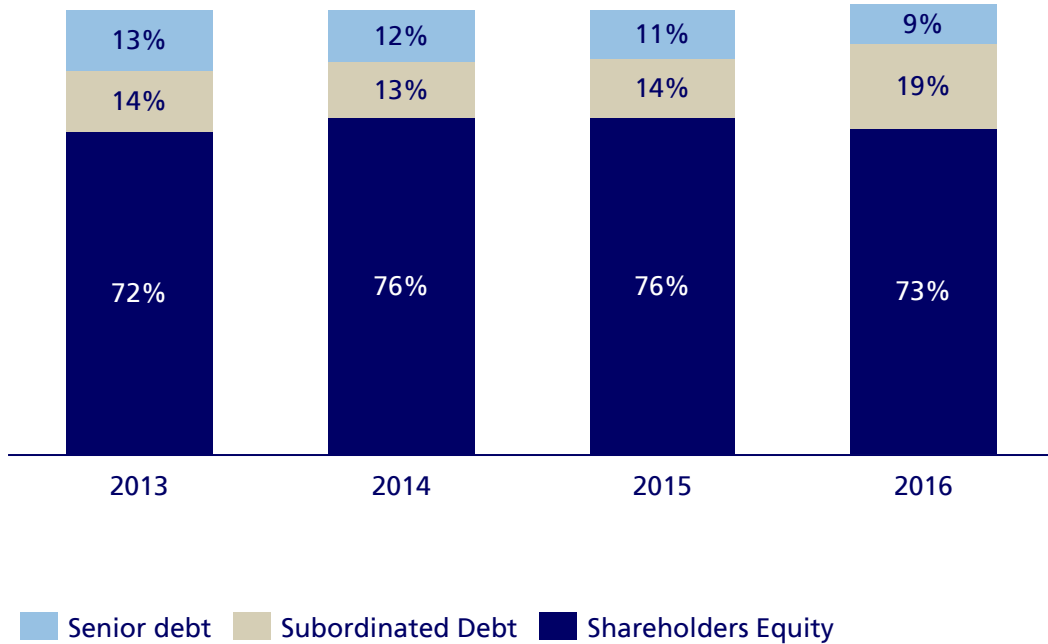
³ Premium & reserving risk.

⁴ Includes Other Operating Businesses and Non-Core Businesses.

Proven balance sheet flexibility through leverage and coverage at AA levels



GROUP CAPITAL STRUCTURE¹

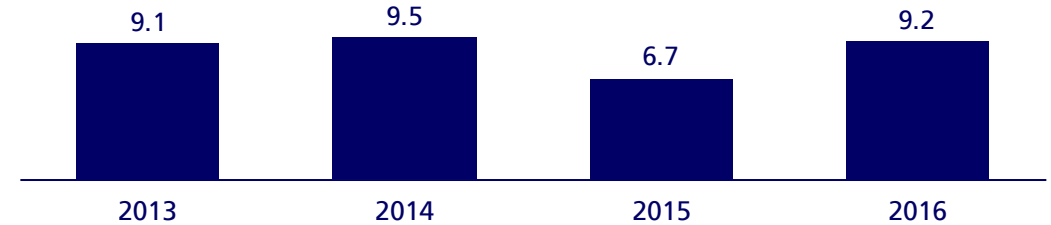


MOODY'S LEVERAGE & COVERAGE

Financial leverage = Aa at 15-30%

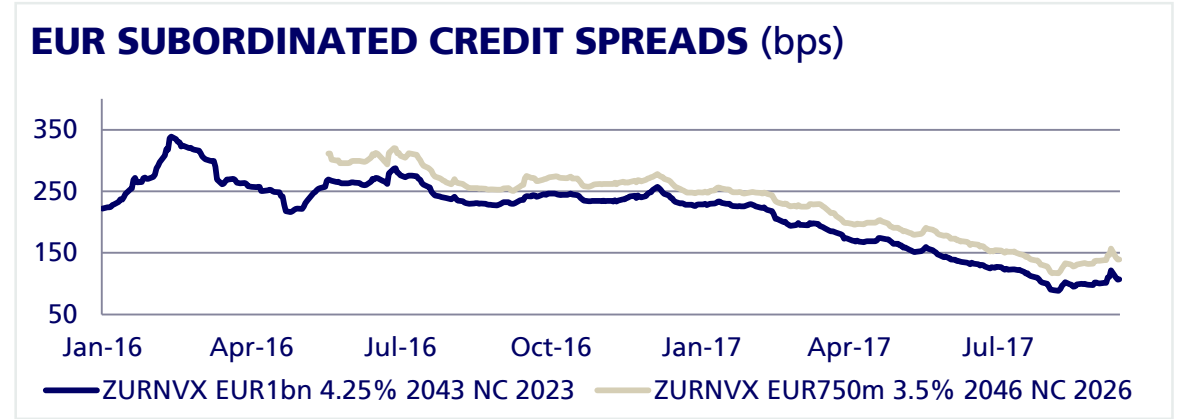
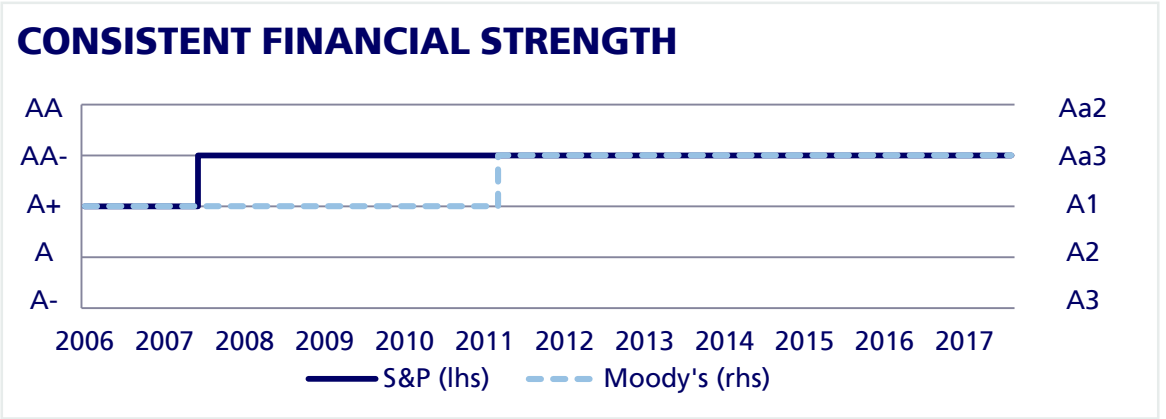
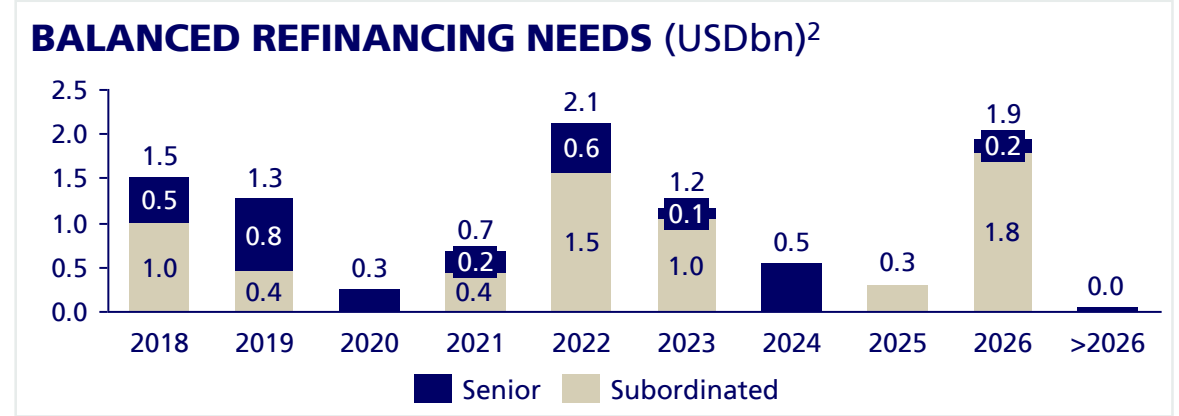
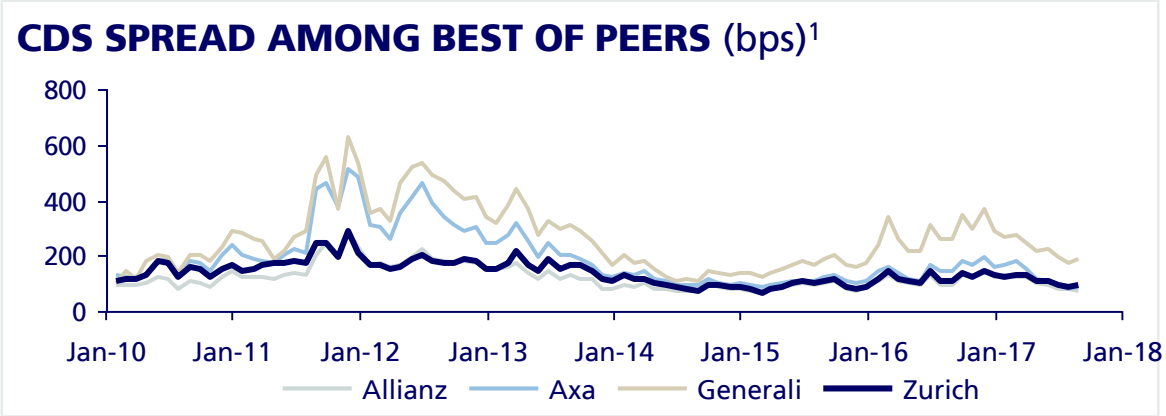


Earnings coverage = Aa at 8-12x



© Zurich
¹ Capital Structure shown using accounting view.

Low cost of risk, strong ratings and balanced maturity profile



© Zurich

¹ 5yEUR sub CDS.
² Maturity profile based on first call date for subordinated debt and maturity date for senior debt.

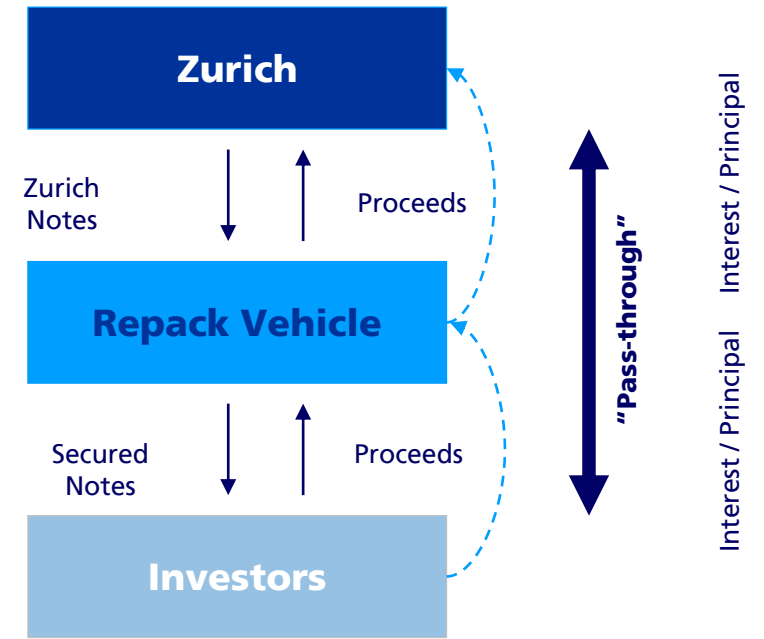
Repackaging structure

BACKGROUND

- Under Swiss tax legislation securities issued by a borrower resident in Switzerland would carry 35% Swiss withholding tax which may not be recoverable by international investors. Using a repackaging vehicle allows a Swiss borrower to tap international capital markets without negative tax consequences.
- Many Swiss issuers make use of this repackaging structure when issuing internationally. Zurich has so far raised senior and subordinated debt via four different repackaging vehicles (Acquarius, Cloverie, Willow and Demeter).

STRUCTURAL OVERVIEW

- The Zurich Notes are held by the Repack Vehicle
- Investors hold Secured Notes issued by the Repack Vehicle, which are secured over the Zurich Notes
- The Secured Notes pass through the risk and returns on the underlying Zurich Notes
- Using such a Repack Vehicle structure allows Zurich to pay the gross coupon on the Zurich Notes



Z-ECM and SST are more conservative than SII

PRIMARY DIFFERENCES – REQUIRED CAPITAL

	Z-ECM	SST ¹	SII (PILLAR 1)
<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> Most onerous impact on ratio </div>			
RISK MEASURE	VaR 99.95% (~AA)	ES 99% (~BBB)	VaR 99.5% (~BBB), usually < ES 99%
RISK-TYPES COVERED	<ul style="list-style-type: none"> Market Risk (including investment credit) Premium and Reserve Risk NatCat Risk Life Liability Risk Business Risk Operational Risk Reinsurance Credit Risk 	<ul style="list-style-type: none"> Market Risk Investment Credit Risk Premium, Reserve and UPR Risk NatCat Risk Life Liability Risk Life Business Risk Reinsurance Credit Risk Farmers Management Services 	<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Internal model (ZIP):</p> <ul style="list-style-type: none"> Market Risk (including investment credit) Premium, Reserve and UPR Risk NatCat Risk Business Risk Operational Risk Reinsurance Credit Risk Receivables Credit Risk Scenarios </div> <div style="width: 45%;"> <p>Standard Formula (all other entities):</p> <ul style="list-style-type: none"> Market risk Counterparty default risk Life underwriting risk Health underwriting risk Non-life underwriting risk (including premium, reserve and NatCat) Intangible asset risk Operational risk </div> </div>
EQUIVALENCE	No concept of equivalence, ZECM applied to the entire Group	No concept of equivalence, SST applied to the entire Group	Possibility to use local regimes for subsidiaries in equivalent third countries. Not applicable for Zurich

¹ Regarding Swiss Solvency Test (SST) ratio see footnote on slide 3.

Z-ECM and SST are more conservative than SII

PRIMARY DIFFERENCES – YIELD CURVES AND TRANSITIONALS

	Z-ECM	SST ¹	SII (PILLAR 1)
<div style="border: 1px solid gray; padding: 2px; display: inline-block;">Most onerous impact on ratio</div>			
BASE RISK-FREE YIELD-CURVE	Swaps	Swaps for USD, EUR, GBP Government bonds for CHF, other	Swaps
ENTRY-POINT TO EXTRAPOLATION OF YIELD-CURVE	Use all available market data CHF: 30 years EUR, USD, GBP: 50 years	CHF: 15 years (Zurich uses 30) EUR: 30 years USD, GBP: 50 years	CHF: 25 years EUR: 20 years USD, GBP: 50 years
ULTIMATE FORWARD RATE	Flat extrapolation from last observable data point	CHF: 2.7% EUR, USD, GBP: 4.0%	CHF: 3.2% EUR, USD, GBP: 4.2%
ADJUSTMENTS TO YIELD-CURVE	None (no liquidity premium)	-30bps for swap based curves (credit)	-10bps (credit) + volatility adjustment (between 9 bps (CHF) and 78bps (USD) at Q4-16) + matching adjustment (currently not used by Zurich)
TRANSITIONAL REQUIREMENTS	n/a		Various transitional measures, especially for yield-curves and technical provisions, lasting until 2032. Zurich does not make use of these.

¹ Regarding Swiss Solvency Test (SST) ratio see footnote on slide 3.

Z-ECM and SST are more conservative than SII

PRIMARY DIFFERENCES – OTHER KEY ELEMENTS

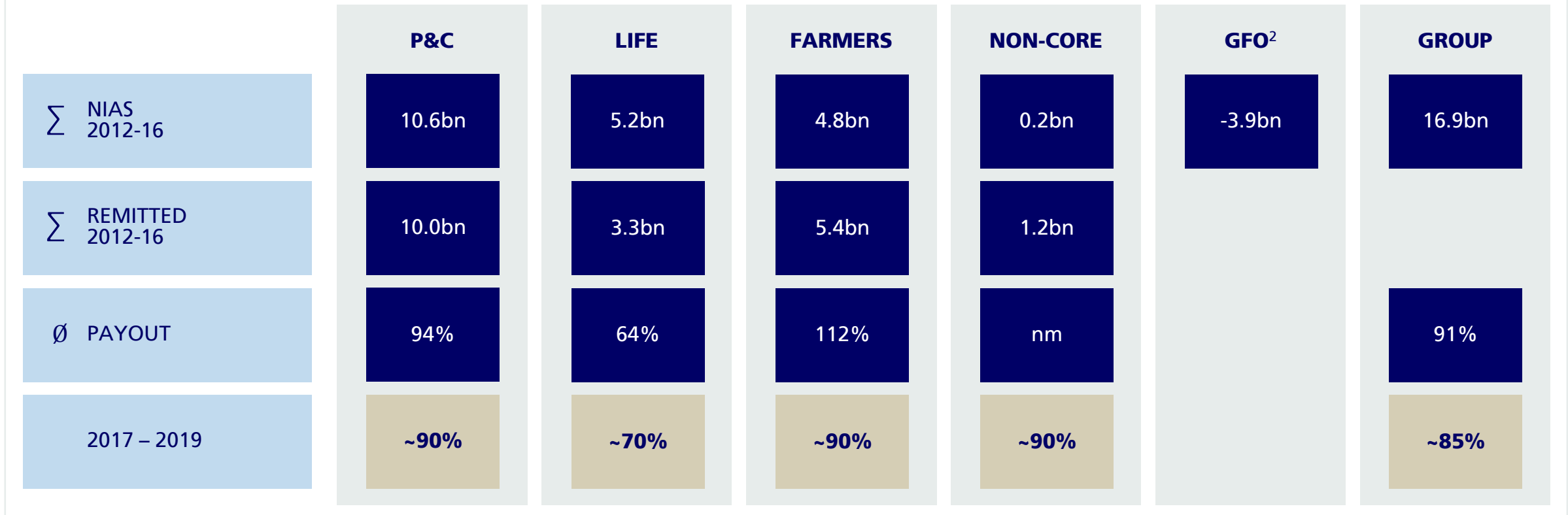
	Z-ECM	SST ¹	SII (PILLAR 1)
<div style="display: flex; align-items: center;"> <div style="width: 20px; height: 20px; background-color: #d9e1f2; margin-right: 5px;"></div> <div>Most onerous impact on ratio</div> </div>			
SENIOR DEBT	Available Capital	Liability	Liability
TAX	Pre-tax	Pre-tax	Post-tax
GRANULARITY	Management view <ul style="list-style-type: none"> Internal reinsurance not relevant Full Group diversification taken into account and allocated back to business units 	Legal entity view <ul style="list-style-type: none"> Internal reinsurance considered Only legal entity diversification taken into account Risk of subsidiaries included (with limited liability) 	Legal entity view <ul style="list-style-type: none"> Internal reinsurance considered Only legal entity diversification taken into account
RISK MARGIN	Cost of residual non hedgeable risk (CRNHR) considered in AFR for Life	Risk Margin as part of insurance liabilities	Risk Margin as part of insurance liabilities

¹ Regarding Swiss Solvency Test (SST) ratio see footnote on slide 3.

We have a strongly cash generative business reflected in high cash remittance



NET INCOME AND REMITTANCES 2012-2016¹ (USD)



¹ Based on 2012-16 reporting structure.
² Group Functions and Operations.

We are focused on continuing to reward our shareholders



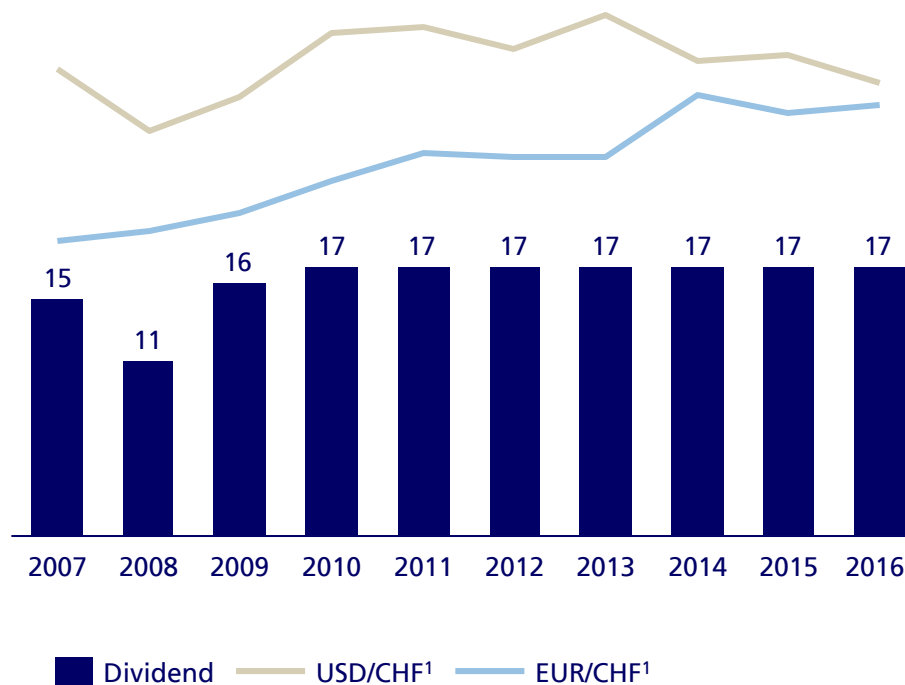
ZURICH'S DIVIDEND POLICY

NIAS payout ratio of approximately 75%

Dividend increases based on sustainable earnings growth

Target minimum CHF 17 per share dividend

DIVIDEND PER SHARE (CHF)



¹ Based on exchange rates around respective dividend payment dates.

Annual results 2016



Property & Casualty



Leading commercial insurer, and one of the few genuinely global players



PROFILE

Top three insurer to multi-nationals, with proven differentiated capabilities and global scale

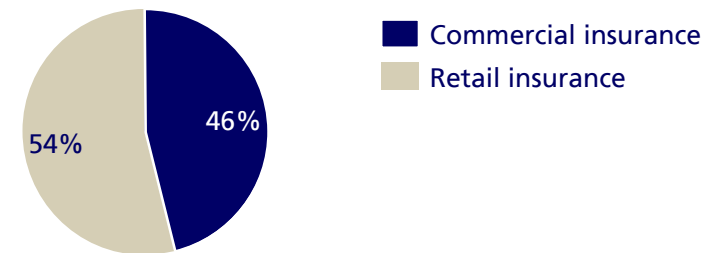
Strong positions in many commercial insurance markets, notably US, UK and Switzerland

Good positions in a number of developed retail markets

Growing presence in Latin America

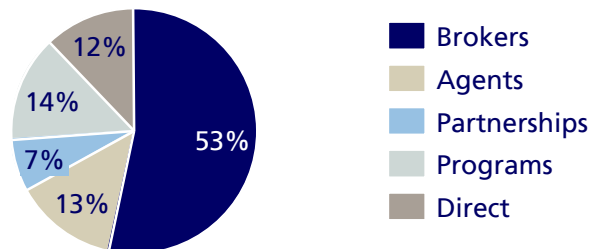
CUSTOMER UNITS

FY-16 Gross Written Premiums, total of USD 33.1bn



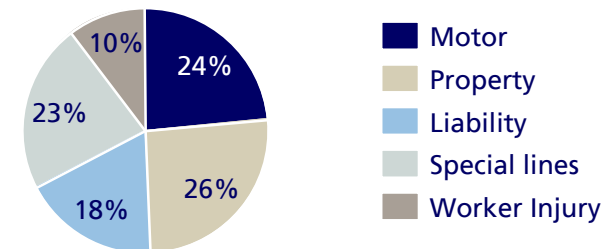
DISTRIBUTION CHANNELS

FY-16 Gross Written Premiums, total of USD 33.1bn



LINES OF BUSINESS

FY-16 Gross Written Premiums, total of USD 33.1bn

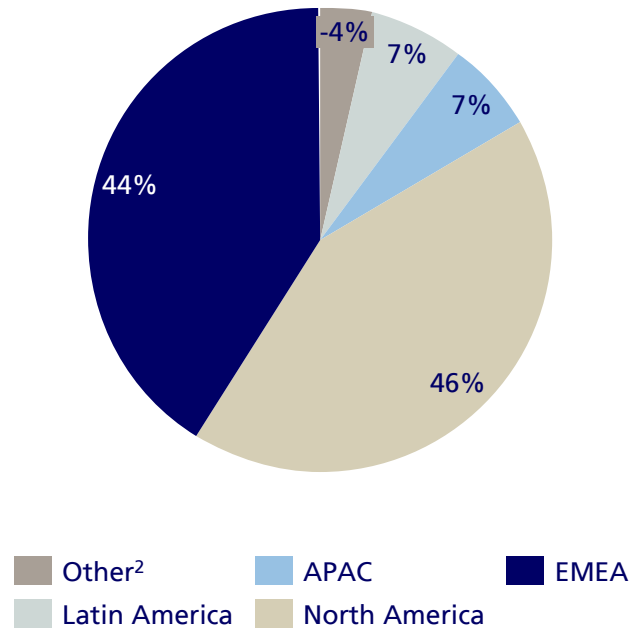


Balanced footprint, stable and positive rates

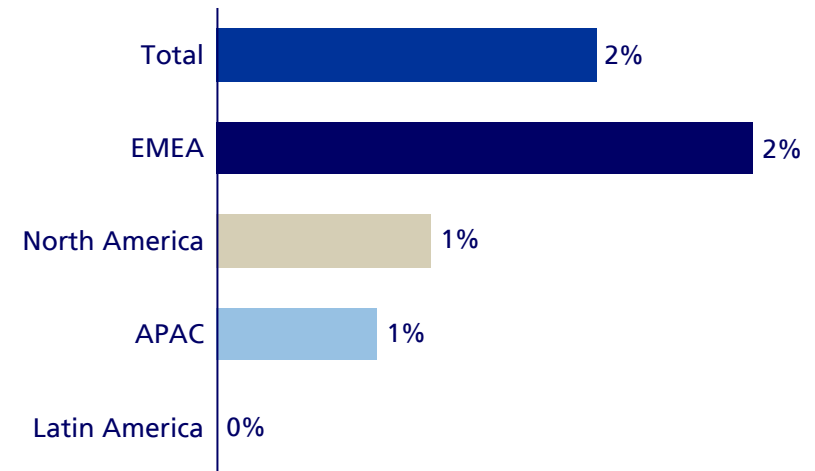


P&C REGIONAL SPLIT

FY-16 Gross Written Premiums, total of USD 33.1bn



FY-16 RATE CHANGE (%)¹

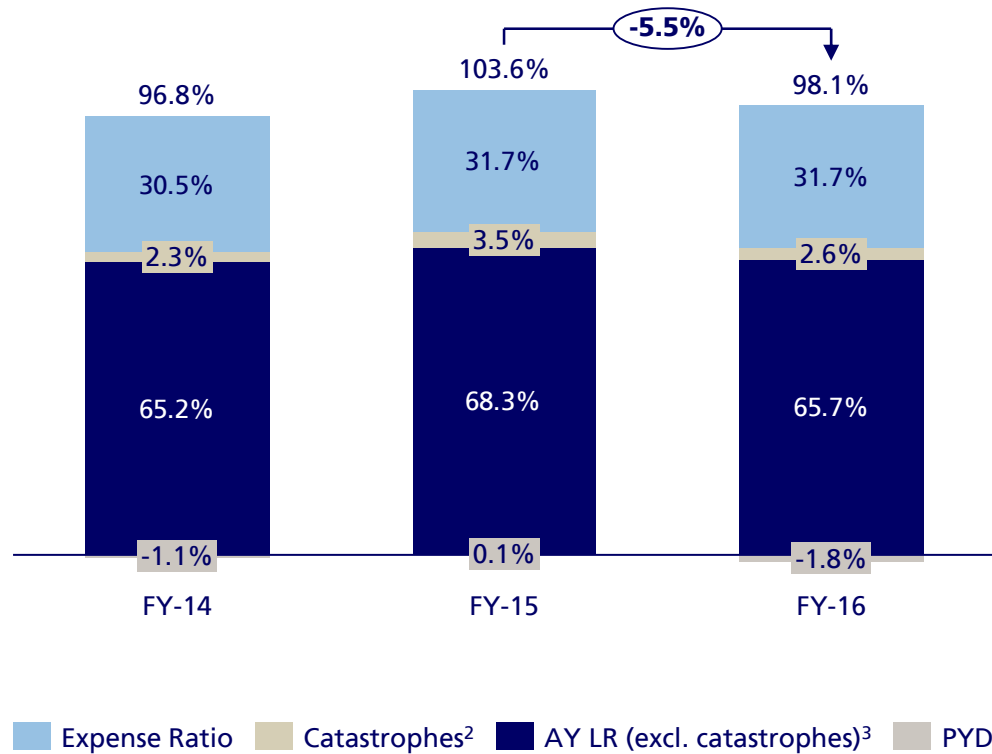


¹ GWP development due to premium rate change as a percentage of the renewed portfolio against the comparable prior year period.

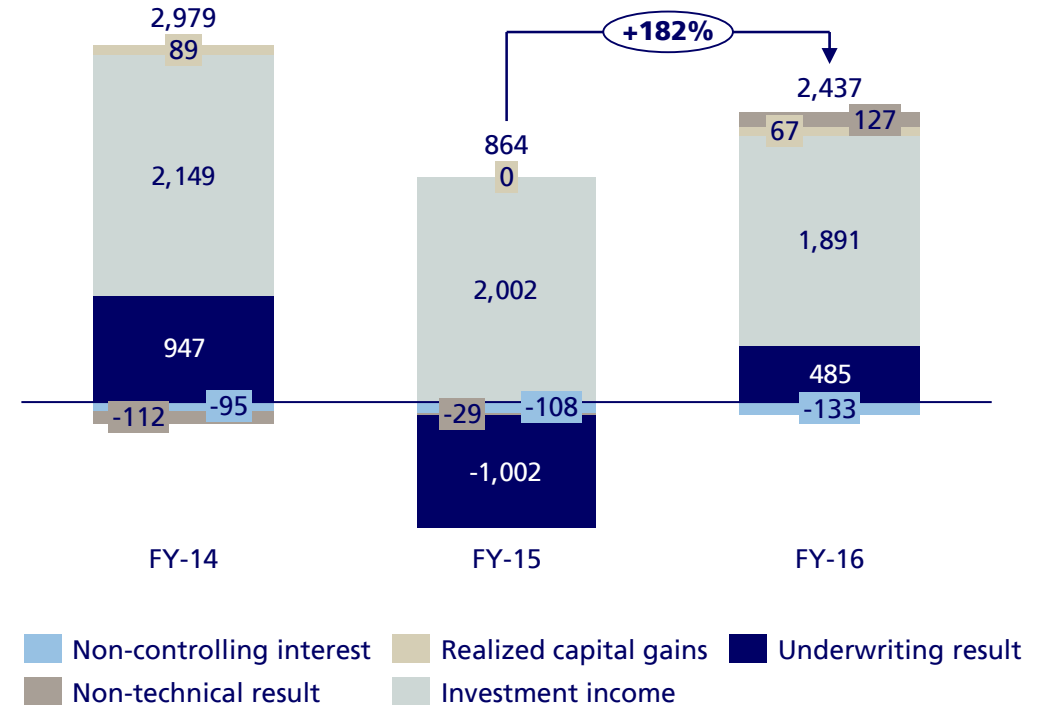
² Includes Group Reinsurance and Eliminations.

BOP significantly improved in 2016

COMBINED RATIO SPLIT (%)¹



BOP SPLIT (USDm)¹



¹ FY-14 and FY-15 have not been restated.

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

³ Accident year combined ratio (AY CR) excludes prior year reserve development (PYD).

Life



Lower risk life business, focused on protection and Corporate Life & Pensions

PROFILE

Consistent BOP contributor for the Group with focus on capital-light protection and unit-linked products

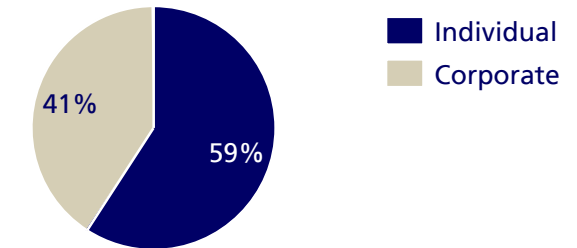
Strong partnership capabilities as illustrated by our differentiated and growing bank distribution franchises

Continued focus on our Corporate Life & Pensions business with leading positions in Corporate Risk

Leading positions in many retail markets while unlocking value from our back books, incl. Farmers New World Life (reported under Farmers)

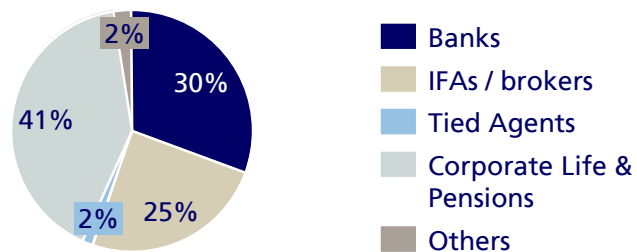
CUSTOMER SEGMENTS

FY-16 New Business Value of USD 782m



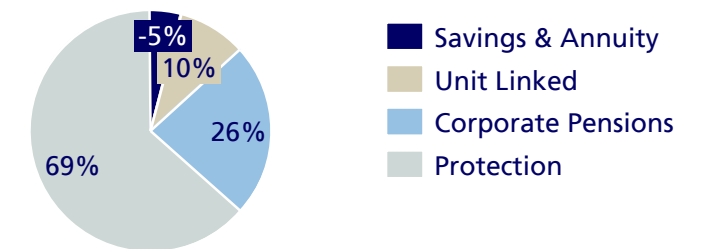
CHANNELS AND PILLARS

FY-16 New Business Value of USD 782m



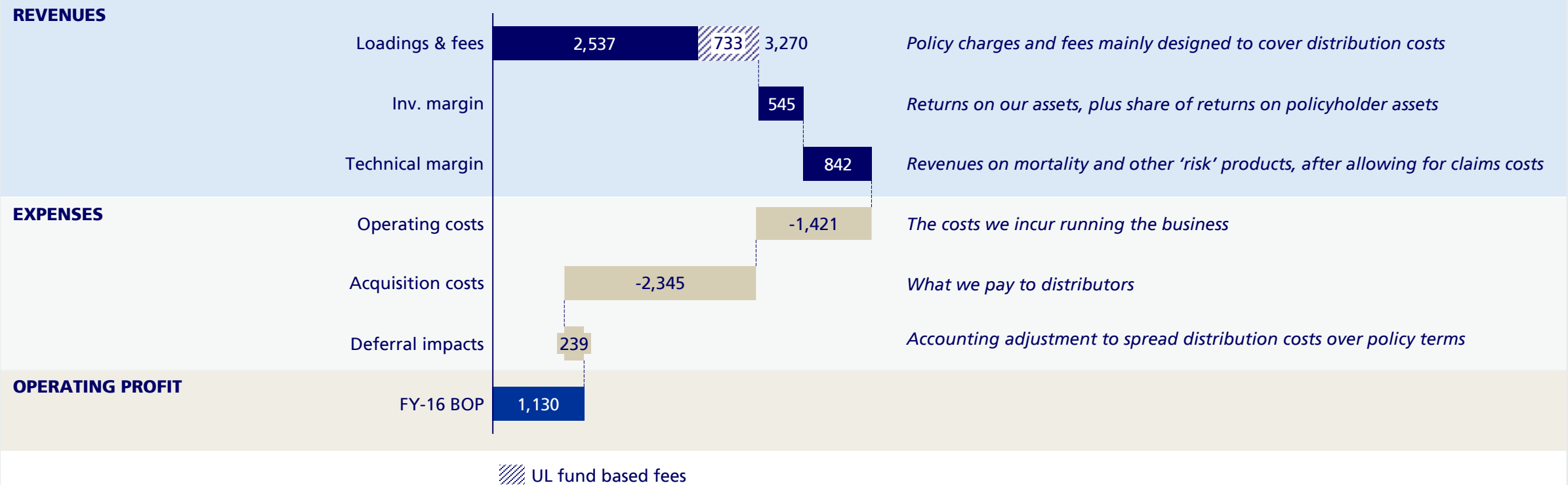
LINES OF BUSINESS

FY-16 New Business Value of USD 782m



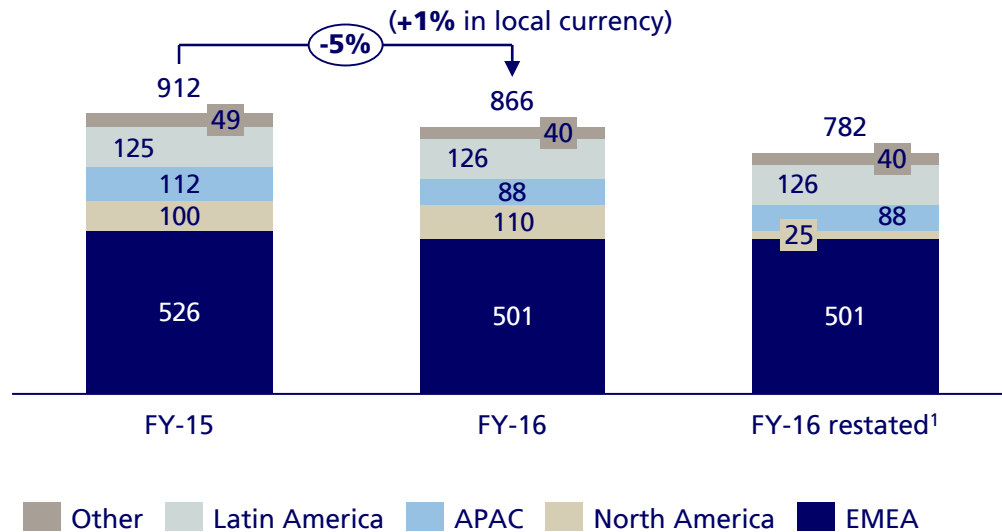
Revenue streams have low market dependency

DRIVERS OF OUR IFRS PROFITABILITY (USDm)



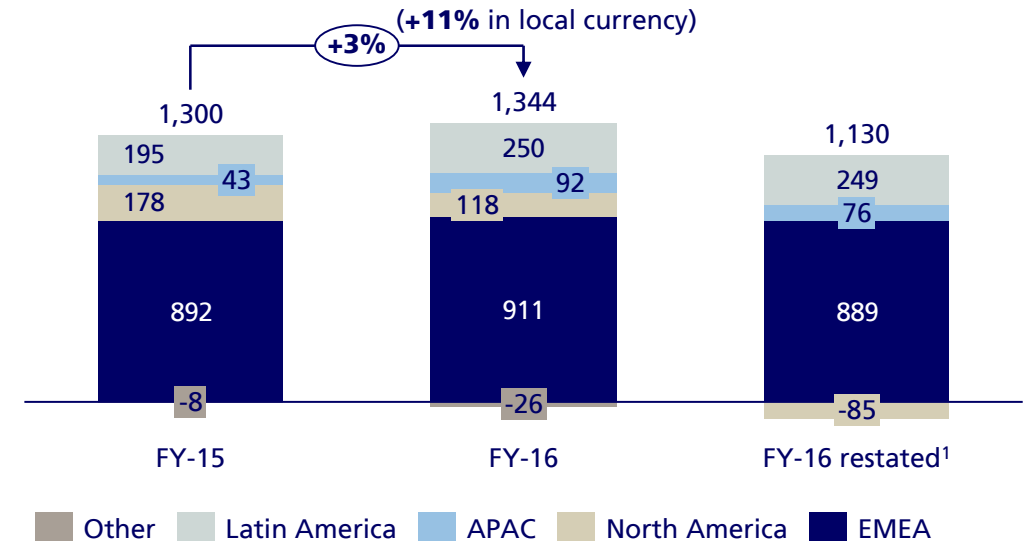
Focus on translating new business growth into tangible measures of value

NEW BUSINESS VALUE (USDm)



- Strong value creation in recent years in Europe, Middle East and Africa (EMEA) and Asia Pacific (APAC)
- FX headwinds mask local currency growth

GLOBAL LIFE BOP (USDm)



- Lower yields and investment in start up businesses has impacted operating profits
- But lower risk profile vs. peers given limited product mix
- Aim to significantly improve profitability through in-force management activities

¹ With the full year 2016, Farmers New World Life (FNWL) new business value of USD 85m and BOP of USD 202m were moved from Life to Farmers, to reflect new management structure.



Farmers



A unique structure



MAINLY A FEE BUSINESS TO ZURICH

The Farmers Exchanges are a group of US insurance companies, which are owned by their policyholders

Zurich owns Farmers Management Services (FMS), which manages the Farmers Exchanges on behalf of the policyholders in an arrangement known as an "attorney-in-fact"

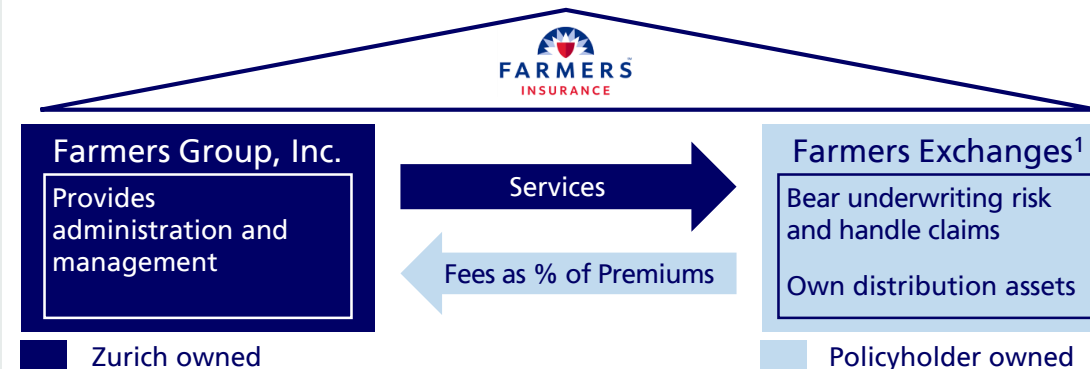
FMS receives fees from Farmers Exchanges for the services it provides

The fee based nature of the business model allows FMS to generate stable earnings and high cash remittances

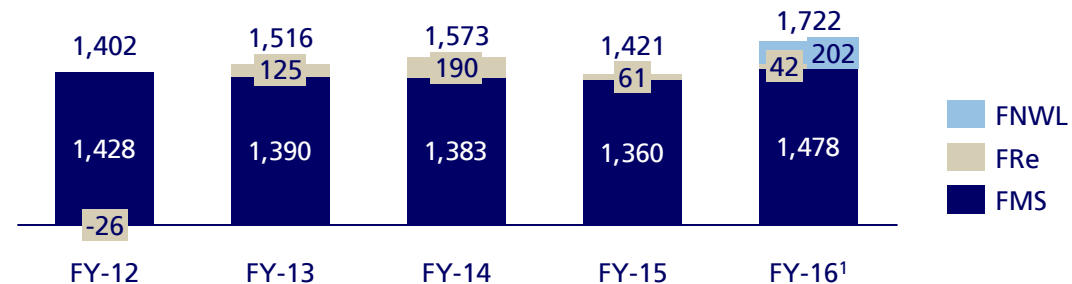
Farmers New World Life manufactures life products sold through the Farmers distribution channels

Zurich also provides capital support to the Farmers Exchanges through Farmers Re

FARMERS' UNIQUE STRUCTURE



FARMERS BOP HISTORY (USDm)



¹ With the full year 2016, Farmers New World Life (FNWL) business was moved from Life to Farmers, to reflect new management structure.

Leading player in US personal lines insurance



PROFILE

Farmers Exchanges is the #3 personal lines insurer in 29 'core' states in the Western US

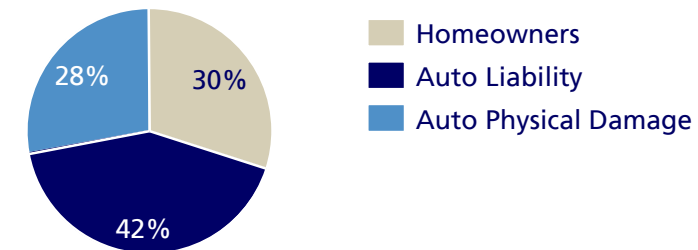
Split of business is predominantly personal lines, but also offer commercial lines products for small businesses

Primary distribution through ~13,700+ Exclusive Agents, under Farmers brand

Growing business in Eastern US

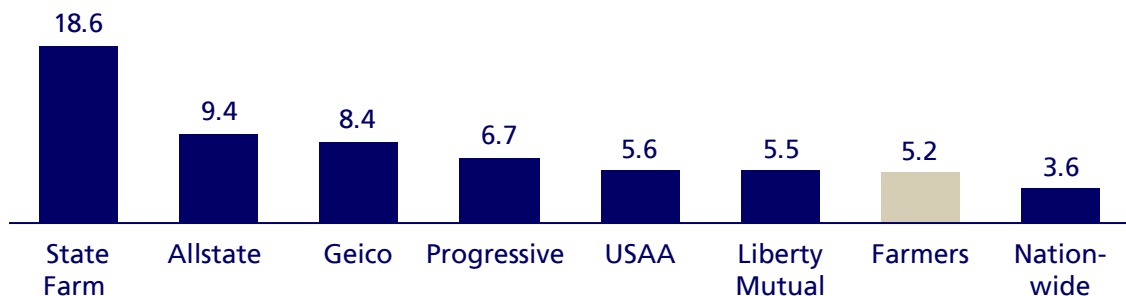
US PERSONAL LINES MARKET

2016 Personal Lines Direct Premiums of USD 306bn



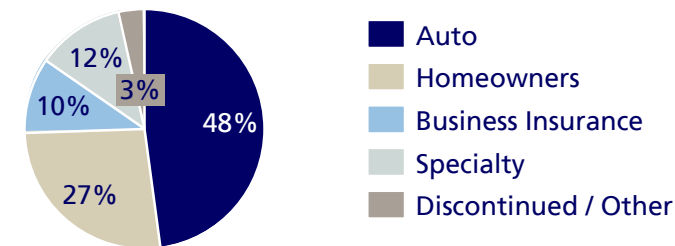
PERSONAL LINES MARKET SHARE (%)

Based on 2016 Personal Lines Direct Premiums of USD 306bn

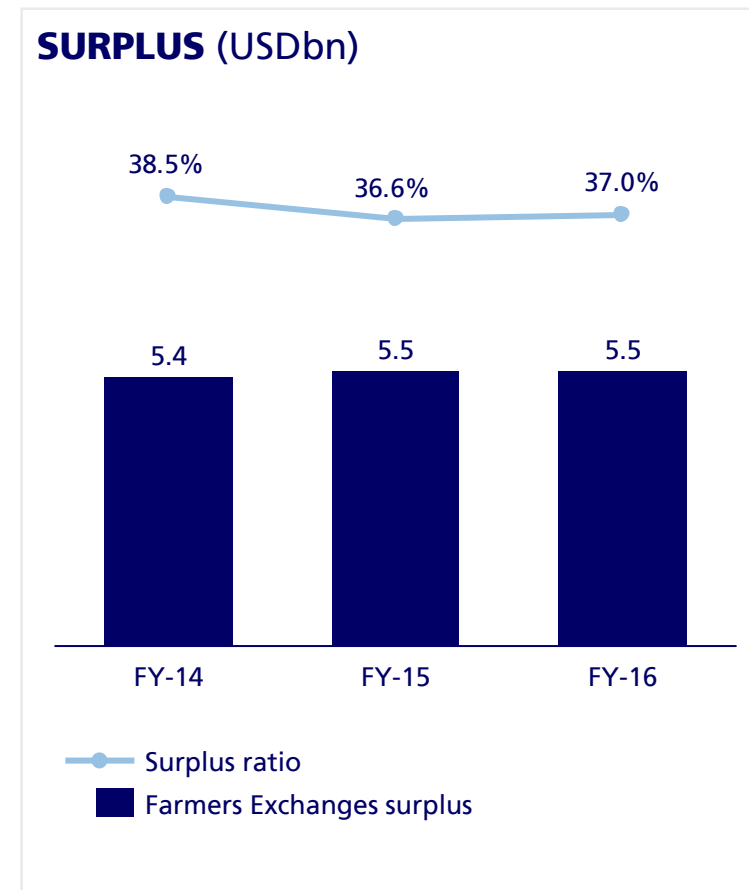
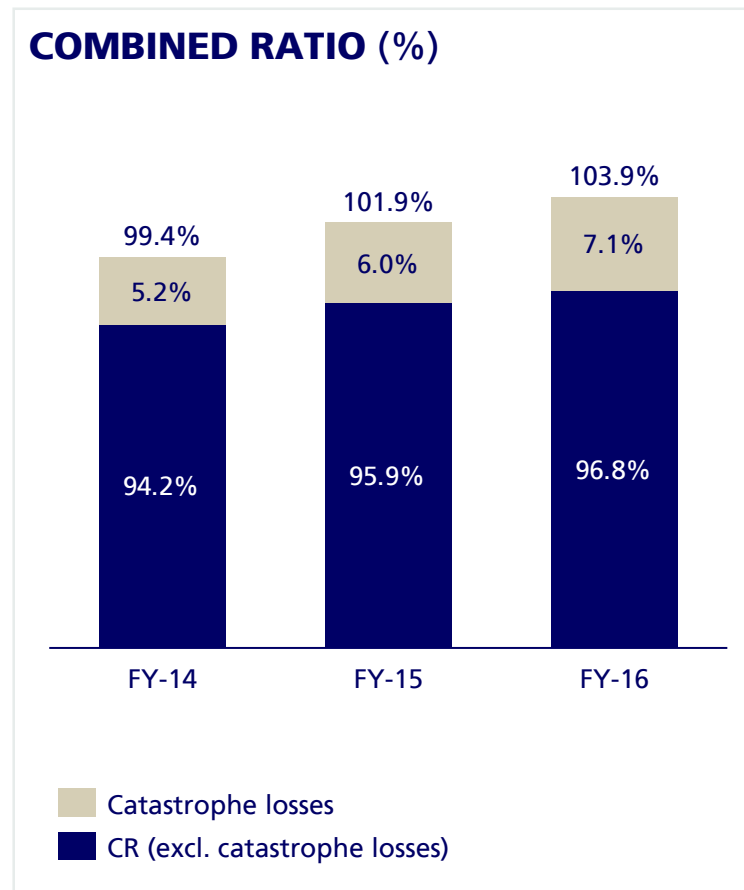
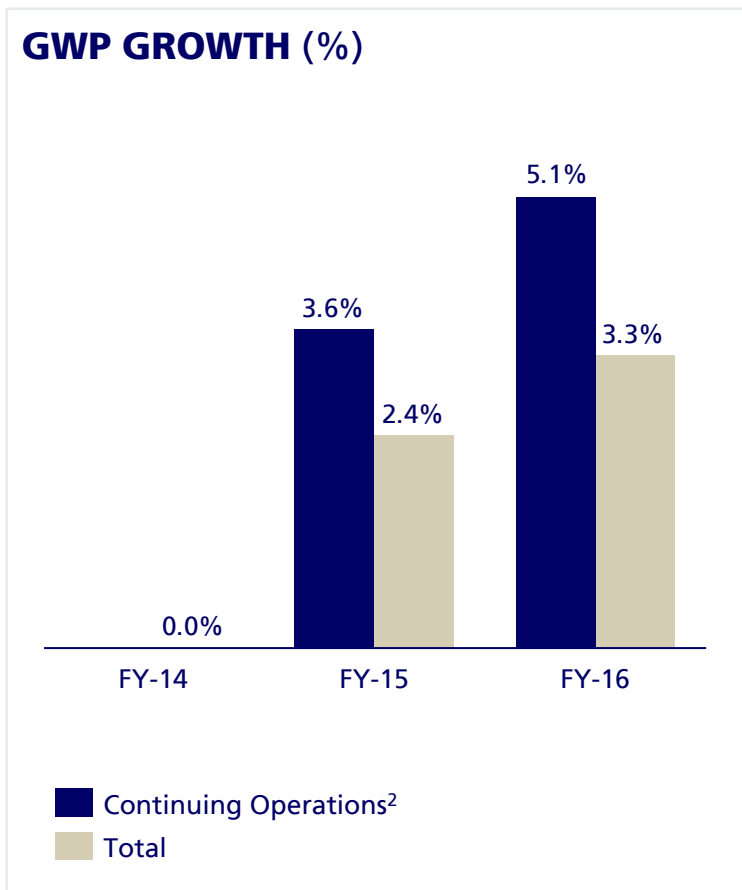


FARMERS PREMIUM SPLIT

FY-16 Gross Written Premiums of USD 19.7bn



Back to growth, industry-wide unfavorable claims trends in Auto¹



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 certain non-claims administrative and management services to the Farmers Exchanges as its attorney-in-fact and receives fees for its services.

² Excludes 21st Century business outside of California and Hawaii reflecting the decision made in October 2015 to retire the 21st Century brand from all states excluding California and Hawaii and other discontinued operations.

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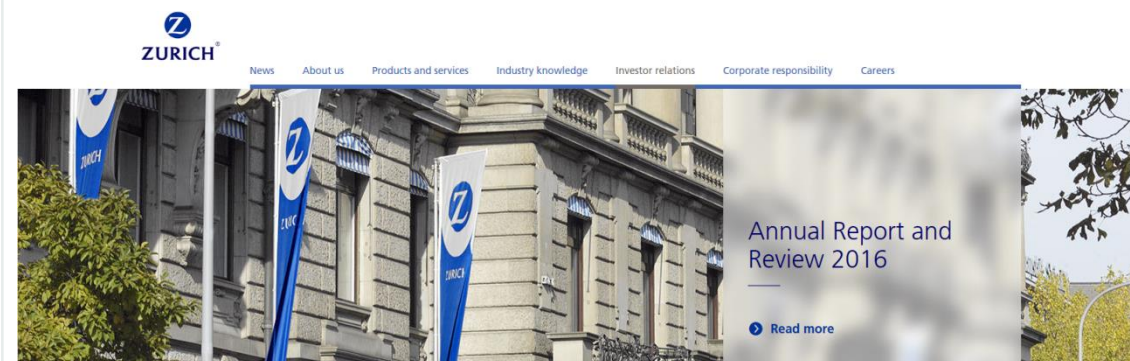
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CALENDAR:

- November 9, 2017, Update for the nine months ended September 30, 2017
- November 15, 2017, Investor Day, London

