

# Investor Day

May 21, 2015  
Zurich

**Zurich Insurance Group**



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# Agenda

TIMING	TITLE	SPEAKERS
09.45 – 10.00	On track to deliver our objectives	Martin Senn
10.00 – 11.00	Global Life	Kristof Terryn, Gary Shaughnessy & Nick Burnet
11.00 – 11.15	Break	
11.15 – 12.05	General Insurance	Mike Kerner & Thomas Hürlimann
12.05 – 12.45	Group Operations	Robert Dickie
12.45 – 14.00	Demonstrations and lunch	
14.00 – 15.45	Q&A sessions	Kristof Terryn, Mike Kerner & Robert Dickie
15.45 – 16.00	Break	
16.00 – 16.25	Finance update	George Quinn
16.25 – 17.00	Q&A session	Martin Senn & George Quinn
17.00 – 17.05	Wrap-up	Martin Senn

# On track to deliver our objectives

Martin Senn, Chief Executive Officer



# On track to deliver our objectives

Our strategy remains the right one

We expect to meet our targets

Further actions under way across each of the three strategic cornerstones

## 2014-2016 TARGETS

**BOPAT ROE<sup>1</sup>**

**Target**

**12 - 14%**

**Z-ECM<sup>2</sup>**

**Target**

**100 – 120%**

**Net cash remittances**

**Cumulative 3-year target**

**> USD 9bn**

<sup>1</sup> Business operating profit after tax return on equity, excluding unrealized gains and losses.

<sup>2</sup> Zurich Economic Capital Model (Z-ECM).

# Clear strategy set out in 2013

## GROUP STRATEGY

1

**Prioritizing investment  
in distinctive positions**

2

**Managing other  
businesses for value**

3

**Growing our  
operating earnings**

## KEY FOCUS AREAS

- Corporate
- Commercial mid-market
- Select retail

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

- Efficiency
- Value extraction
- Investment risk return

# Updating the value proposition we set out at the 2013 investor day

## CORE PRINCIPLES

- Lower capital allocation to investment risks compared to peers
- Continued strong capital position
- Growing share in priority markets
- Efficiency a key focus
- Cash generation on track for 2016 target

## ZURICH ACTIONS

- Actions to focus retail footprint
- Life targets for 2016 focused on BOP and cash delivery
- Put Farmers back on track
- Aim to grow operating earnings, even with low yield and FX headwinds

## INVESTORS LIKE...

- Solid defensive stock
- Strong franchises, especially in General Insurance corporate and commercial
- Farmers business model
- Focus on efficiency and technical discipline
- Solid cash generation and dividend

## INVESTORS QUESTION...

- Positioning in retail markets
- Translating higher life new business value into growth in BOP and Cash
- Farmers growth potential
- Sustainability of high dividend pay-out ratio

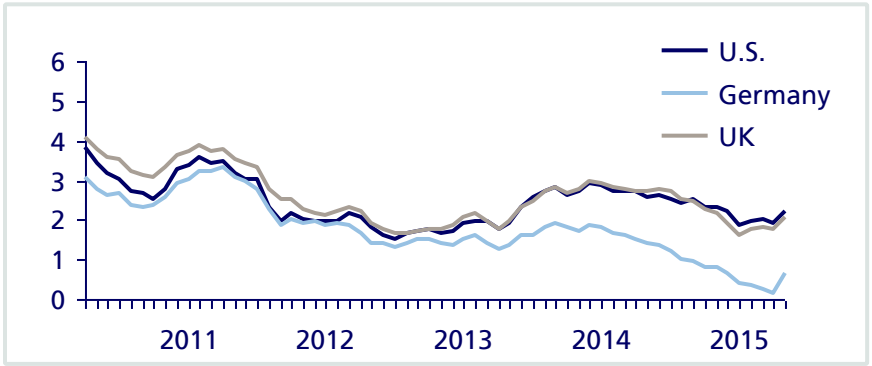
# External environment remains challenging



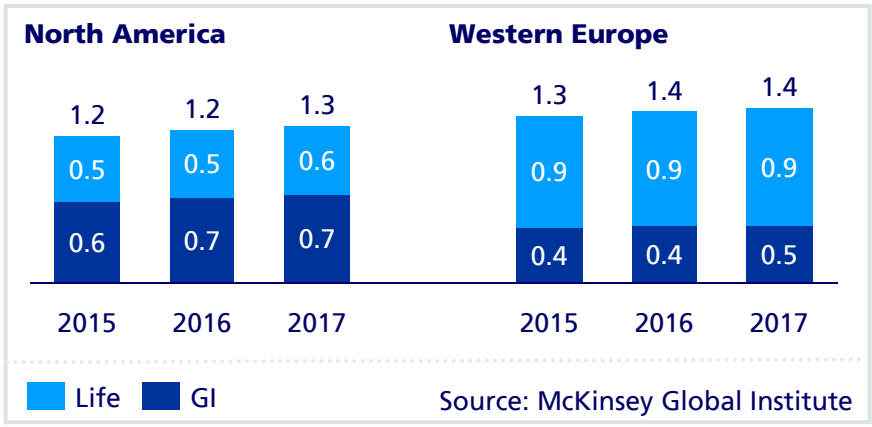
## KEY FACTORS FOR INDUSTRY

- Continued low bond yields, especially in Europe
- Organic top-line outlook is fairly muted in key markets
- Capital is fairly plentiful
- Regulatory environment is evolving

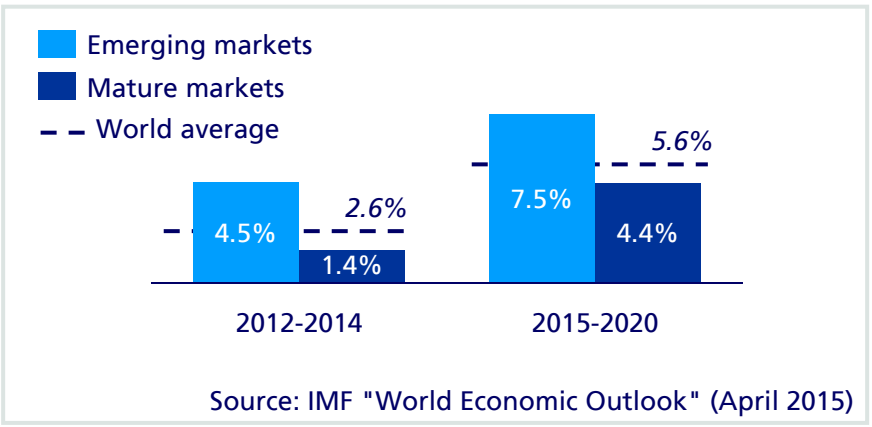
## 10 YR GOVT BOND YIELDS (%)



## INDUSTRY TOPLINE (USDtr)



## NOMINAL GDP GROWTH (CAGR %)





# In a strong position to deal with financial implications

## DISCUSSION AREAS

Target ROE range harder to achieve given low yield & GI growth outlook

Capital ratios impacted by low yield environment

Regulatory environment still evolving

## WHAT THIS MEANS FOR US

- Still expect to achieve our 12-14% ROE target in 2016
- Capital remains very strong on all key metrics
- Established economic solvency regime in Switzerland, minor impact from Solvency II at group level

# No major strategic implications, but we need to be adaptable

First step taken in manage for value capital release, with more to come

Lower growth means that we need to focus more on efficiency

Data and digital will be key to the coming years, but linked also to efficiency

# Clear and focused priorities for the next 18 months

## GROUP STRATEGY

1

### Prioritizing investment in distinctive positions

- Investments in corporate, commercial and select retail markets
- Extension of Bansabadell JV, new distribution agreement in Brazil

2

### Managing other businesses for value

- GI 'turnarounds' progressing, exit from Russia retail and a number of other smaller positions
- Implement in-force initiatives, capital release from UK life

3

### Growing our operating earnings

- Completed additional allocation of risk capital to investment management
- Completed organizational streamlining above BU level

## PROGRESS TO DATE

## NEXT 18 MONTHS

- Continue actions under way in Global Corporate, North America Commercial and select retail markets
- Step up pace of change in relation to data and digital as a key enabler

- Further actions to focus our geographic footprint
- Continue to free up capital from manage for value operations

- Expense savings of ~USD 300m in 2015-2016, focused on helping to deliver 12-14% ROE
- Aim to achieve at least USD 1bn efficiency improvements by 2018

## TODAY'S TOPICS

### GLOBAL LIFE

- Progress in growth markets, and approach to in-force management
- New financial reporting, aligned to priorities; additional information on cash and actions to deliver >USD 50m BOP quarterly improvement

### GENERAL INSURANCE

- Strategic update plus levers to improve combined ratio by 2-3ppts
- Additional focus on our Global Corporate business, an example of a distinctive position with unique capabilities

### GROUP OPERATIONS

- Actions to generate USD 300m savings in 2016, and at least USD 1bn by 2018 under efficiency transformation
- How we are changing approach to data and digital

### FINANCE UPDATE

- How we will achieve 12-14% BOPAT ROE
- Capital position and deployment
- Focusing our retail footprint

*Plus* demonstrations of customer-facing capabilities

# 18 months review: how we are executing the strategy we set out in 2013

We expect to deliver on our 2014-2016 targets

We have made progress, but more actions needed in next 18 months

Opportunities in efficiency will support our earnings growth ambitions

Data and digital will be central to the coming years

# Global Life update

Kristof Terry, CEO Global Life



# Key messages

## Strategy/ trends

Executing clear and focused Life insurance strategy;  
well positioned to respond to major trends

## Priority investments

Achieving strong growth in Bank Distribution and Corporate Life & Pensions: FY-14 APE up 10% and 37% resp. vs. FY-13

## Manage for value

Clear actions taken to unlock additional value from in-force book – BOP run rate improvement of USD 33m in 2014

## Operating earnings

Further efficiency enhancements required to adjust to market realities, targeting USD 100m of cost savings by end of 2016

## Cash remittance

USD 925m of cash delivery in 2014; line of sight to increasing underlying cash generation

# At the 2013 Investor Day we shared our strategic pillars...

## GROUP STRATEGY

1

**Prioritizing investment in distinctive positions**

## WHAT IT MEANS FOR GLOBAL LIFE

- Focusing on two global businesses
  - Bank Distribution and Corporate Life & Pensions and
  - Targeted local opportunities

2

**Managing other businesses for value**

- Building global capabilities for In-force Management and turnaround / exiting businesses where appropriate

3

**Growing our operating earnings**

- Continuing strong cash remittance and focus on products with shorter paybacks



# ...and we executed

## GROUP STRATEGY

1

### Prioritizing investment in distinctive positions

## WHAT WE HAVE DONE

- Extended partnership with Banco Sabadell to reach an additional 2.4m customers
- Investing into new markets for CLP

## PROOF POINTS

- ✓ Bank Distribution APE up 10% in 2014 vs. 2013
- ✓ CLP<sup>1</sup> APE up 37% in 2014 vs. 2013

2

### Managing other businesses for value

- Introduced In-force Management pilots in 2014
- Reviewed structural options

- ✓ USD 33m of run-rate BOP year-on-year
- ✓ Sale of UK annuity book

3

### Growing our operating earnings

- Additional efficiency actions offsetting macro headwinds
- Continuing strong cash remittance and focus on products with shorter paybacks

- ✓ Line of sight to USD 50m+ BOP improvement per quarter
- ✓ USD 925m cash remittance in 2014

<sup>1</sup> Corporate Life & Pensions.

# Our strategy positions us well to respond to major trends

## DEMAND



- Government/ corporate retrenchment
- Widening protection gap
- Aging population

## CUSTOMER BEHAVIOR & SEGMENTS



- Hybrid customers / generations Y and Z
- Emerging middle class
- Specific segments

## REGULATION



- Decreasing tax benefits
- Commissions
- Prudential regulation

## TECHNOLOGY



- Digitization
- Ubiquity of data
- Genomics

# Well positioned to address the challenges Life insurers are facing today

## MACRO CHALLENGES

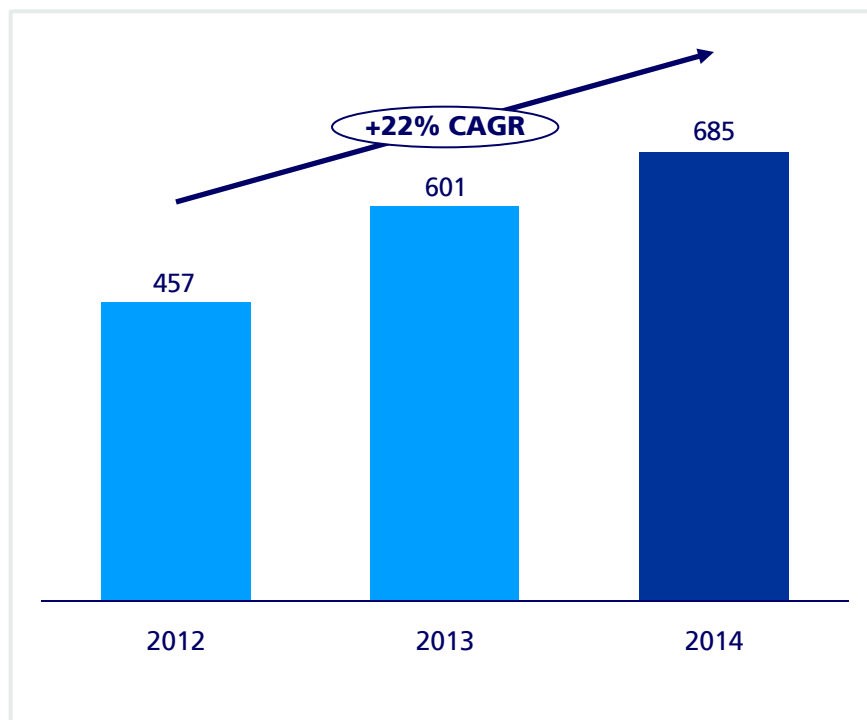
- Low yield environment
- Margin pressure and declining demand for savings products
- Increased competitive pressure
- Pressure on distribution channels with respect to commissions and quality of advice
- Management attention required to respond to regulatory changes (e.g., UK Pension Reform)

## ZURICH STRENGTHS

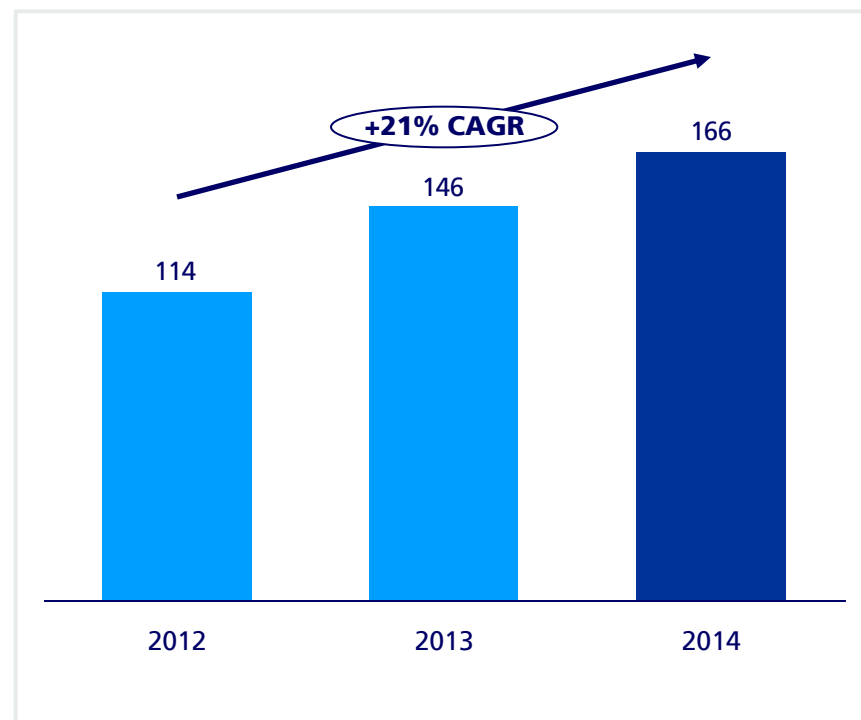
- Largely matched ALM position / low duration gap
- High share of unit-linked, protection and fee based products
- Strong brand and deep customer understanding
- A global leader in bank distribution, strong market position in CLP
- Opportunity in the UK in response to the Pension Reform

# Continuous profitable growth in Bank Distribution...

## ZURICH SANTANDER JV PROFITS<sup>1,2</sup> (USDm)



## ZURICH BANSABADELL JV PROFITS<sup>1</sup> (USDm)

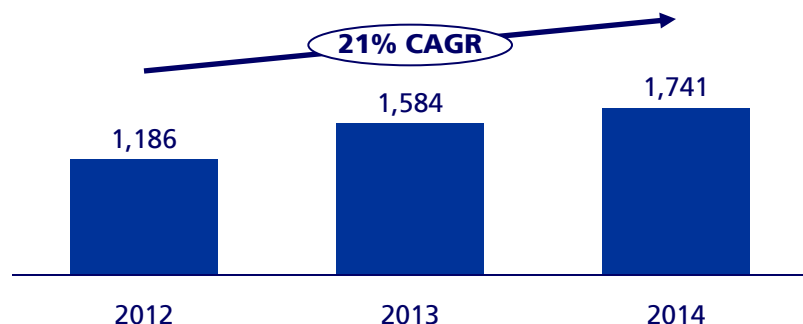


<sup>1</sup> Profit before tax (local stat.), at 100%; Zurich stake in Zurich Santander Joint Venture (JV) is 51% and in Zurich Bansabadell JV companies it is 50%.

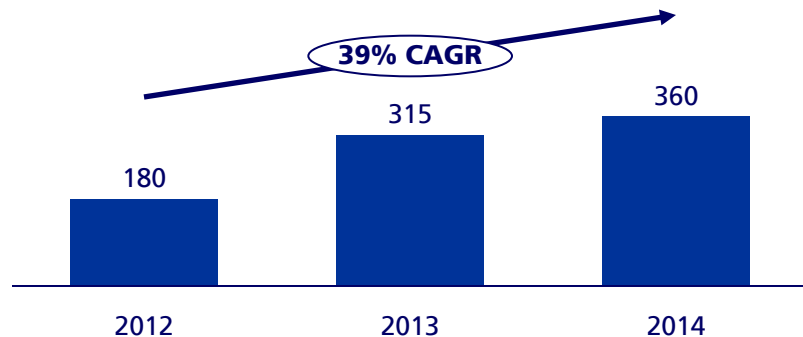
<sup>2</sup> At average annual FX rates.

## WE HAVE ACHIEVED OUR AMBITION...

Bank Distribution APE<sup>1</sup>, USDm



Bank Distribution BOP (after minorities)<sup>2</sup>, USDm



## ...AND WE CAN ACHIEVE MORE

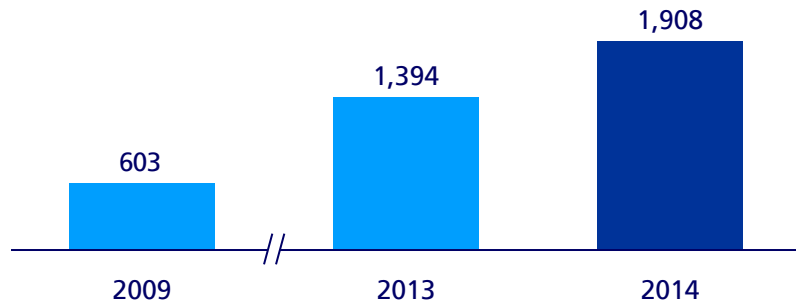
- Bank Distribution 2016 Ambition
- Double digit top line (APE) and bottom line (BOP) growth per annum
- Select inorganic additions/new deals
- Leveraging global best practices to continue driving results
- Increasing contribution to Global Life BOP

<sup>1</sup> All business distributed through banks globally, incl. JVs, but also pure distribution agreements.

<sup>2</sup> Pillar results (management view) for ZSIA, Zurich JV and Deutsche Bank distribution agreement, not audited.

# In CLP we have a focused strategy

## CLP HISTORY (APE, USDm)



- Corporate Life & Pensions was a collection of local businesses up to 2007
- Became a Zurich pillar in 2008-2010 leveraging global proposition, distribution and cross-sell capabilities

## CLP STRATEGY

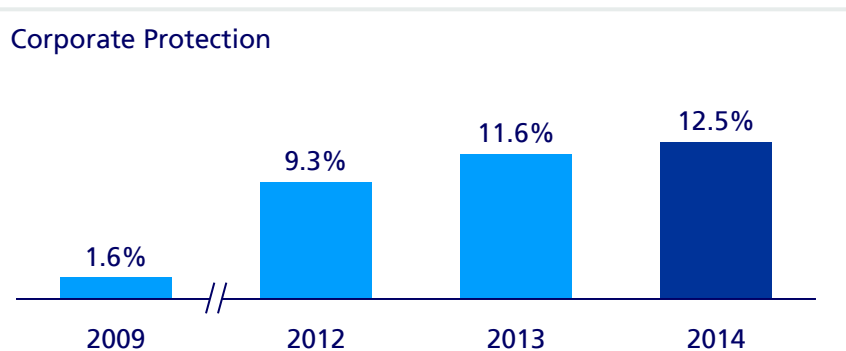
- Go-to-market approach based on:
  - Focused distribution relationships with EBCs<sup>1</sup>
  - Premium service proposition
  - Holistic approach to customer and distributors in collaboration with Global Corporate
- Product focus on Corporate Protection and on defined contribution pension plans in select geographies
- Distinctive international solutions for expat and mobile employees
- Geographic expansion to markets where Global Corporate has a strong customer base
- Growing customer base building on high retention

<sup>1</sup> Employee Benefits Consultant.

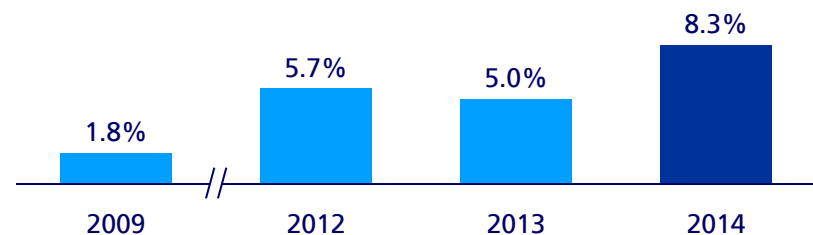
# Gain in market share in CLP in the UK and Ireland



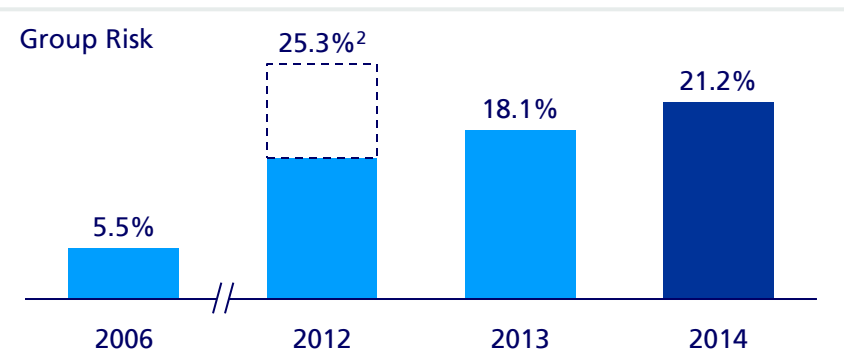
## UK CORPORATE TARGET MARKET<sup>1</sup>



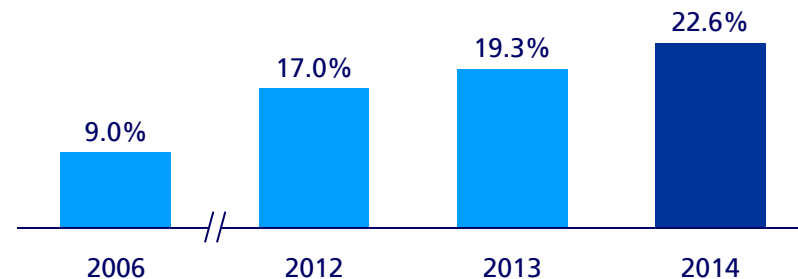
### Corporate Pensions



## IRELAND DOMESTIC CORPORATE MARKET<sup>1</sup>



### Group Pensions, insured market



<sup>1</sup> Zurich new business market share.

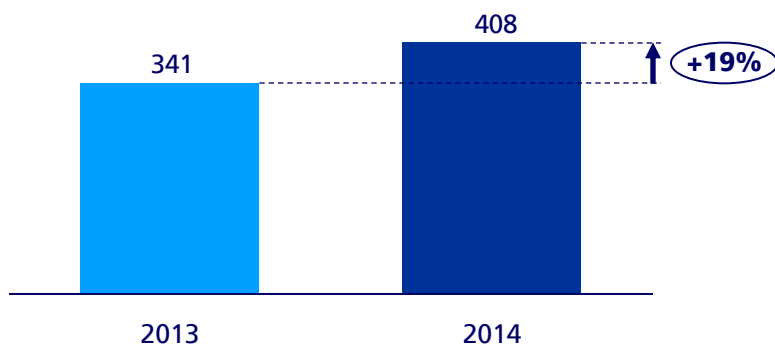
<sup>2</sup> High market share driven by a large industry Group Risk plan win.

Source: Association of British Insurers; Milliman.

# Local market opportunities show mixed results

## US AND UK IFA

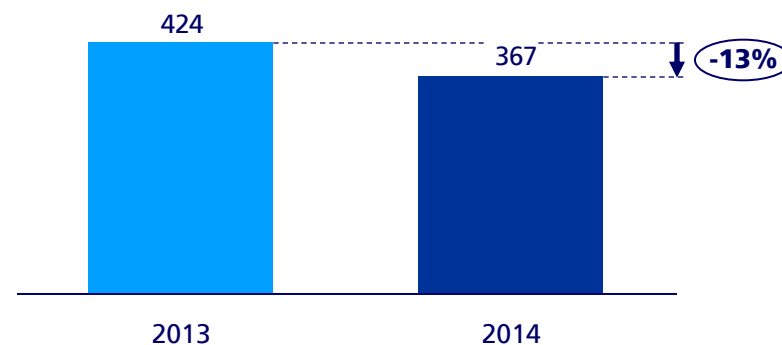
Combined APE, USDm



- Strong growth of US IFA business
- UK growth driven by IFA business and opportunity through regulatory changes (Pension Reform)

## EMERGING MARKETS GROWTH<sup>1</sup>

Combined APE, USDm



- Strengthening of management teams and restructuring distribution network in APAC
- Refocus of activities in Brazil and Mexico





<sup>1</sup> Excluding Bank Distribution.



# We have established In-force Management across markets and levers

## THE ZURICH WAY OF IN-FORCE MANAGEMENT

### Management structure and reporting

In-force value creation levers	Examples				
<b>1</b> <b>Financial</b>	<ul style="list-style-type: none"> <li>• Profit sharing</li> <li>• Reserves</li> <li>• Fees</li> </ul>	✓	✓	✓	✓
<b>2</b> <b>Operational</b>	<ul style="list-style-type: none"> <li>• Claims</li> <li>• IT</li> <li>• Processes</li> </ul>	✓	✓	✓	✓
<b>3</b> <b>Persistency &amp; growth</b>	<ul style="list-style-type: none"> <li>• Retention</li> <li>• Maturities</li> <li>• Cross/up-sell</li> </ul>	✓	✓	✓	✓
<b>4</b> <b>Structural</b>	<ul style="list-style-type: none"> <li>• Sale/run-off of closed books</li> </ul>	✓	✓	✓	✓
✓ Primary focus      ✓ Secondary focus					

# In-force Management is business-as-usual in our four core markets



- A balanced approach to value management between In-force and New Business
- Additional, sustainable value
- Improved customer experience as well as shareholder return
- Actions taken in context of local market competition but sharing best practices

## DEDICATED MANAGEMENT STRUCTURE

- Dedicated team with strong cross-functional collaboration<sup>1</sup>
- Local Head of In-force is a member of the Executive Team

## EXECUTION FOCUS

- BOP and cash delivery
- Clarity on delivery levers
- Ongoing search for new opportunities
- Ongoing reporting

<sup>1</sup> Actuarial, Finance, Investment Management, Market Management, Claims, Operations.

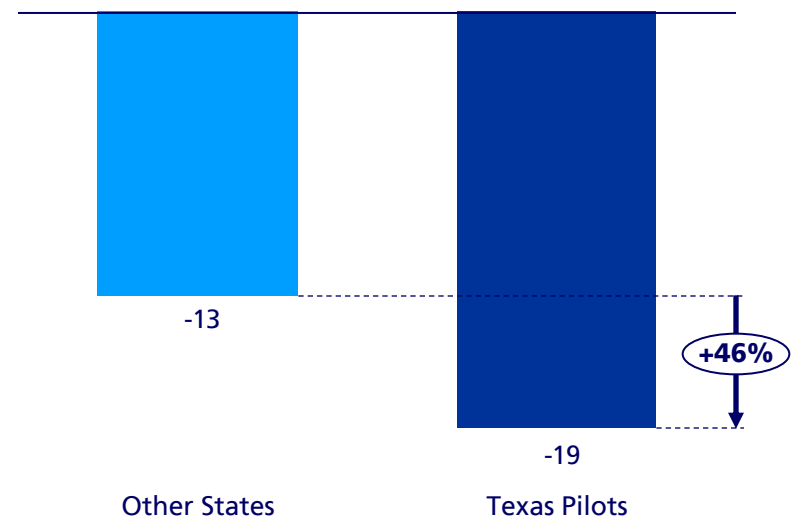
# FNWL<sup>1</sup> Pilot is showing positive results

## FNWL RETENTION PILOT



- Successful **dedicated approach for customer retention across all states**
  - Commission structure promoting portfolio persistency
  - Sales quality training program
- **Additional initiatives piloted in Texas**, being rolled-out nationally from H2-15
  - Inbound call center saves
  - Emotionalize relationship
  - Targeted cross sell / upsell initiatives
  - Review of customer communication
  - Active contacting of in-grace customers

### FNWL lapse rate reduction<sup>2</sup> 2014 vs. 2013, %



<sup>1</sup> Farmers New World Life.

<sup>2</sup> Percentage change in first year lapse rate based on policy value.

# We will continuously review structural options following the recent transaction in the UK

## DISPOSAL OF UK ANNUITY BOOK



### Transaction description

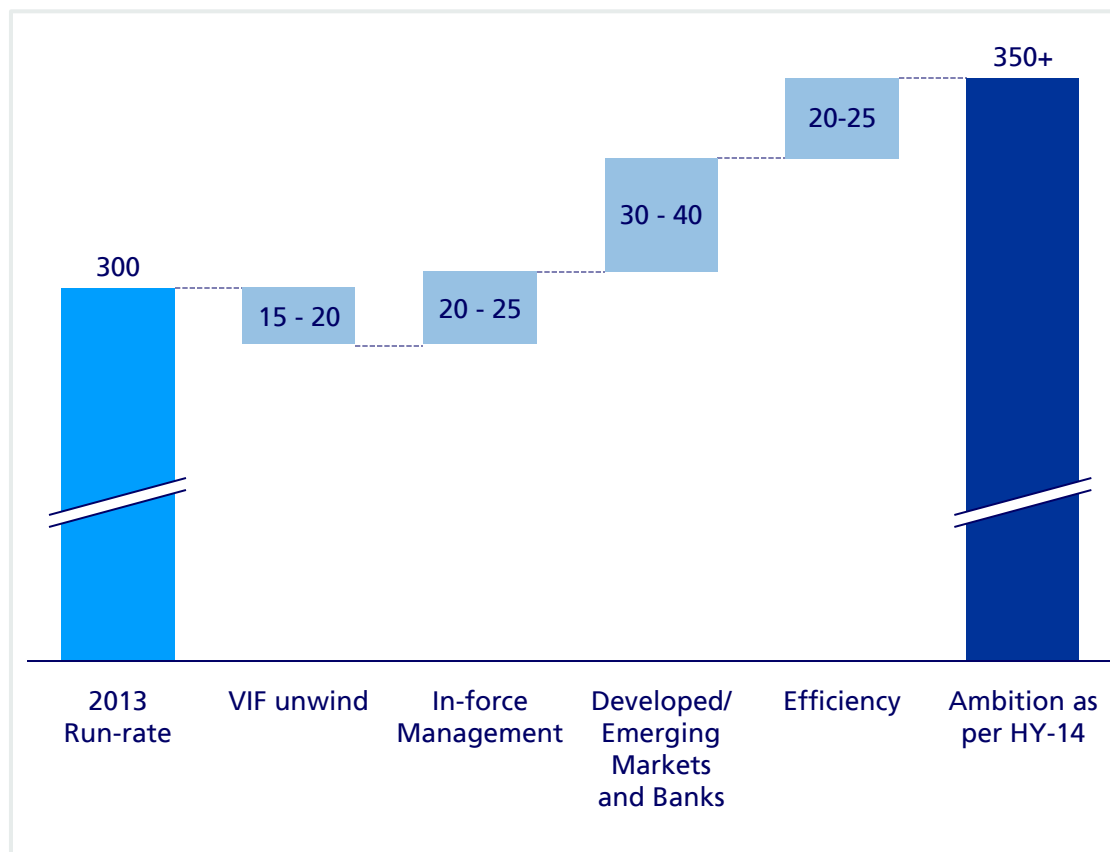
- Sale of a portfolio of UK annuities in payment
- Non-strategic portfolio
  - Zurich is not a specialist annuity player
  - Transaction reduces credit and longevity risk and releases cash
- Favorable market conditions due to recent legislative change and presence of UK specialists

**Group Capital Impact<sup>1</sup>**  
**USD 208m**

<sup>1</sup> Z-ECM Risk Based Capital.

# Despite economic headwinds, we have line of sight to USD 50m+ of quarterly BOP improvement

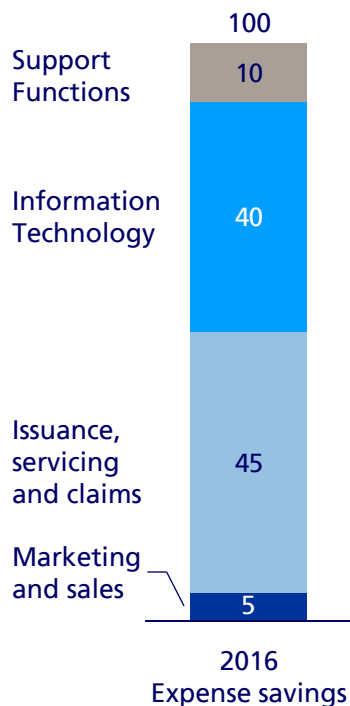
## ILLUSTRATIVE WALK TO QUARTERLY BOP > USD 350m IN 2016 (USDm)



- Line of sight to USD 80-100m p.a. from In-force Management
- Bank Distribution double digit BOP growth to contribute substantially
- Planned efficiency actions targeting USD 100m of run-rate BOP impact p.a. by end of 2016

# Further efficiency enhancements required to adjust to market realities

## TARGETED GENERAL EXPENSE SAVINGS BY END OF 2016 (USDm)



### Key initiatives

- Procurement management
- Property rationalization
- Investment prioritization
- Automation and digitalization
- LEAN and process streamlining
- Outsourcing and shared services
- Branding

### Proof point: Process optimization, incl. software robotics – UK Corporate Pensions pilot

- ~30% cost reduction
- Improved customer satisfaction
- Reduces core system change pressure
- Accelerate product and service innovation by 9-12 months

# Key messages

## Strategy/ trends

Executing clear and focused Life insurance strategy;  
well positioned to respond to major trends

## Priority investments

Achieving strong growth in Bank Distribution and Corporate Life & Pensions: FY-14 APE up 10% and 37% resp. vs. FY-13

## Manage for value

Clear actions taken to unlock additional value from in-force book – BOP run rate improvement of USD 33m in 2014

## Operating earnings

Further efficiency enhancements required to adjust to market realities, targeting USD 100m of cost savings by end of 2016

## Cash remittance

USD 925m of cash delivery in 2014; line of sight to increasing underlying cash generation

# The Zurich Way of In-force Management

Gary Shaughnessy, CEO UK Life





# Key messages

## Strategy

Our In-force Management (IFM) strategy has identified ways to unlock significant and sustainable value

## Global approach

The Zurich Way of IFM applies global levers to local markets and has been rolled-out to our Top 4 Business Units

## Results to date

2014 actions have already generated USD 33m of run-rate BOP improvements with further upside potential

## BOP

We remain confident in our ambition to increase run-rate BOP by USD 80-100m by 2016

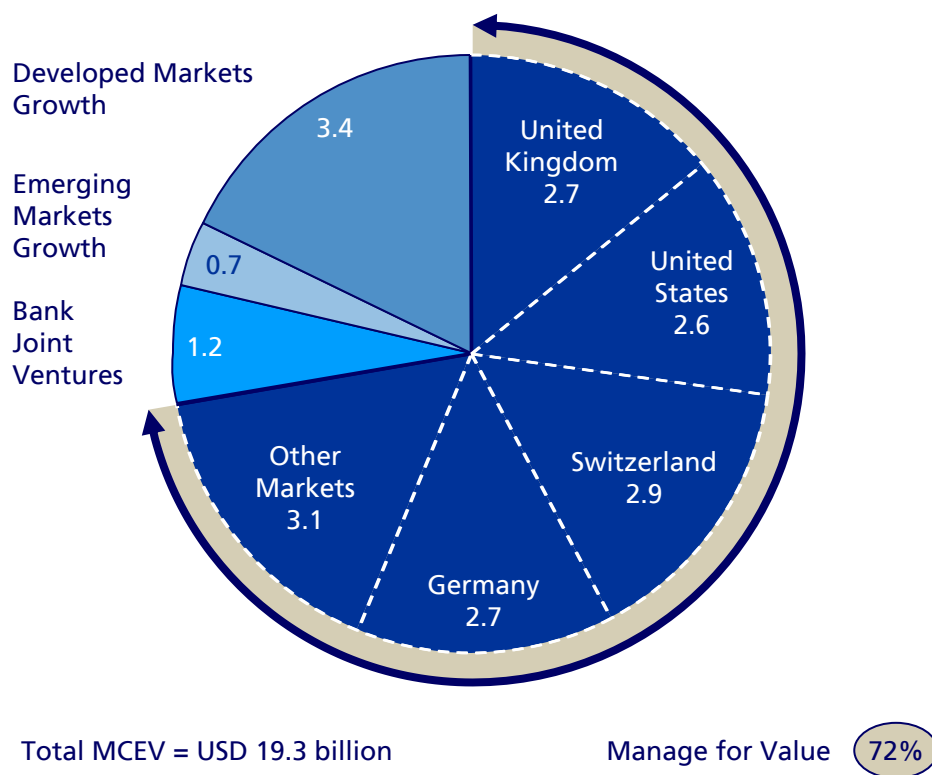
## Cash

We are also focused on cash remittance with an additional USD 24m in 2014 and increasing benefits expected going forward

# Leveraging global capability to sustain value from our substantial in-force book

## MARKET CONSISTENT EMBEDDED VALUE

FY-14 (USDbn)



### In-force Management (IFM) is key to 'Managing for value'

- In 2014, we developed a unified approach to IFM and rolled it out to UK, Germany, Switzerland and US
- We have established a comprehensive and globally consistent definition of 'in-force'
- We have clear, granular and structured insights into the value drivers of our in-force books by market
- In 2015 we are expanding IFM to include Ireland and Isle of Man and informally transfer our learnings to all other markets

# IFM is business-as-usual in our four core markets

## THE ZURICH WAY OF IFM

- A balanced approach to value management between In-force and New Business
- Additional, sustainable value
- Improved customer experience as well as shareholder return
- Actions taken in the context of the local market competition but sharing best practices globally

- Already implemented in:



## GLOBAL FRAMEWORK

1

Structural

2

Financial

3

Operational

4

Persistency &amp; growth

## EXECUTION FOCUS

- BOP and Cash delivery
- Ongoing search for new opportunities
- Ongoing reporting

## DEDICATED MANAGEMENT STRUCTURE

- Dedicated team with strong cross-functional collaboration<sup>1</sup>
- Local Head of In-force Management is a member of the Executive Team

<sup>1</sup> Actuarial, Finance, Investment Management, Market Management, Claims, Operations.

# 1. Structural

## Identified disposal opportunities for sub-scale legacy books

### DISPOSAL OF UK ANNUITY BOOK



#### Transaction description/rationale

- Sale of a non strategic portfolio of UK annuities in payment
- Combination of credit and longevity risk does not match our appetite
- Specialist players prepared to pay a higher value than we believe we expect to realize from the business
- Insignificant impact on UK operational scale

#### Transaction highlights and financial impact (as of 2014 year end)

- Statutory reserves, USDbn **1.7**
- No. of members, thousands **~28**
- Z-ECM Capital release, USDm **208**
- Free Surplus Generation, USDm **~140**



## 2. Financial

### Enhanced value from asset management

#### ASSET MANAGEMENT REVIEW

- Full review of asset management delivery across USD 23bn AuM including performance, risk and cost
- Supported by scale of the Group
- Introduced passive component to managed funds
- Enhanced investment income through Securities Lending of Shareholder assets<sup>1</sup>

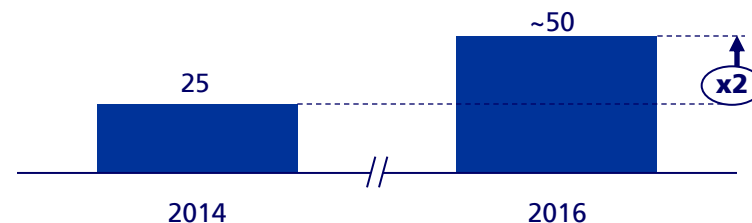
#### CREDITING RATES

-  Dynamic management of crediting rates by block of business and select fees realignment to market levels
-  Adapting crediting rates to a zero/negative interest rate environment

#### Customer benefits from UK in-force asset management review

- Sustained and competitive risk adjusted returns going forward (top quartile performance in peer group over the last 10 years)
- Unchanged customer charges

#### Incremental annual run-rate BOP from above actions (UK, Germany, CH<sup>2</sup>), USDm



<sup>1</sup> On Gilts.

<sup>2</sup> Switzerland set-up IFM in 2014. BOP generation from IFM specific actions starting from 2015.

# 3. Operational

Improving our service quality and operational efficiency

## OPERATIONS AND CLAIMS



Reducing process redundancy through six-sigma approach (Lean)



Increasing automation and customer self-servicing capabilities

- 75% reduction in handling time of unit-linked annuity conversion process
- Up to **25% reduction in policy IT unit costs<sup>1</sup>** until 2017

## TEST & LEARN APPROACH



- Successful Zurich Way of Working (ZWoW) and Robotics Pilot wave 1 (test phase) in Corporate Savings Operations
- Wave 2 roll-outs in H2-15 (learn phase) in Retail Protection

- Estimated combined **30% efficiency gain** in core processing functions through ZWoW and Robotics
- 80 processes identified for automation from robotics in Corporate Savings Operations

<sup>1</sup> Cost savings to be shared equally between policyholder and shareholder under German regulation.

# 4. Persistency & growth

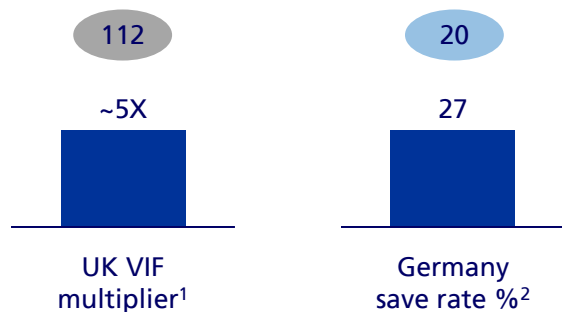
## Getting closer to our customers (1/2)



### CUSTOMER OPTIONS TEAMS (COT)

- Dedicated in-force COT, using policy level VIF data to prioritize retention
- Successfully extending dedicated Bank Distribution COT to tied agents

#### 2014 COT results



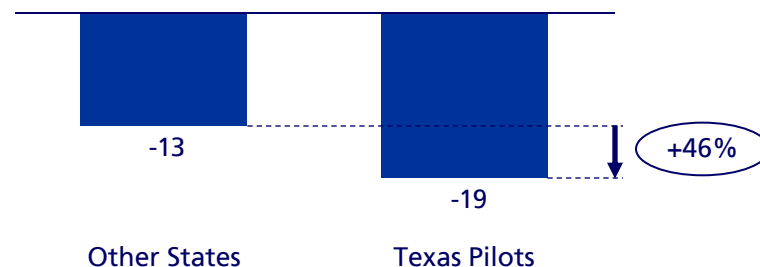
1 Ratio between VIF increase and COT costs.  
 2 Percent of policies saved from cancellation requests.  
 3 Farmers New World Life.  
 4 Percentage change in first year lapse rate based on policy value.

### FNWL<sup>3</sup> RETENTION PILOT



- Successful dedicated approach for customer retention across all states with additional initiatives being piloted in FNWL<sup>3</sup> Texas

#### FNWL<sup>3</sup> lapse rate reduction<sup>4</sup> 2014 vs. 2013, %



AuM from UK saved policies, USDm  
 APE from Germany saved policies, USDm

# 4. Persistency & growth

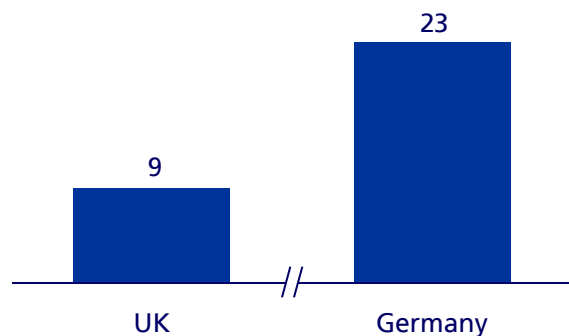
## Getting closer to our customers (2/2)

### UP-SELL



- Pilot activity – successful direct mailing allowing clients to increase cover through a Guaranteed Insurability Option
- Pilot activity – successfully offering risk top-ups without medical UW through tied agents

#### 2014 take-up rate<sup>1</sup>, %



<sup>1</sup> Percent of targeted customers accepting the increase cover offer.

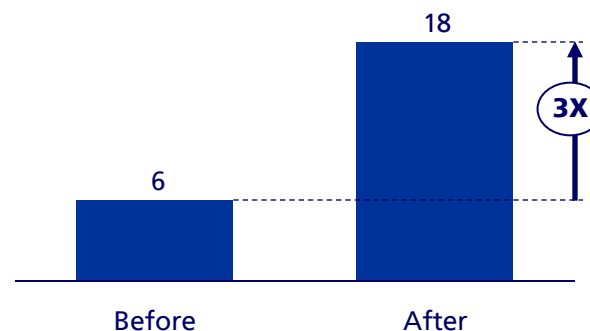
<sup>2</sup> Percent of targeted maturing assets reinvested.

### MATURITY MANAGEMENT



- Targeting high sum maturing policies with simple reinvestment options

#### Reinvestment ratio<sup>2</sup> 2014, %





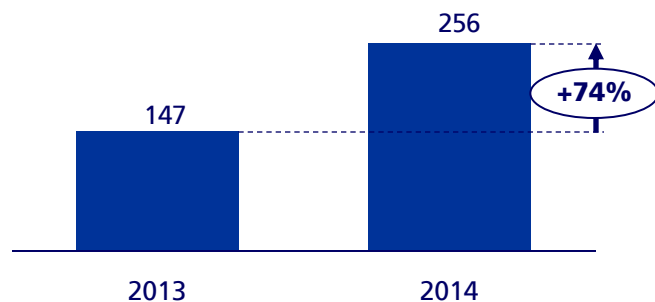
# 4. Persistence & growth

Translating the in-force skills into UK Corporate Savings growth (1/2)

## MORE VALUE FROM EXISTING PLANS

- Dedicated Relationship Management Team driving increases in member contributions from existing portfolio
- Successful approach to adding value via employee engagement strategies, including worksite presenters and digital

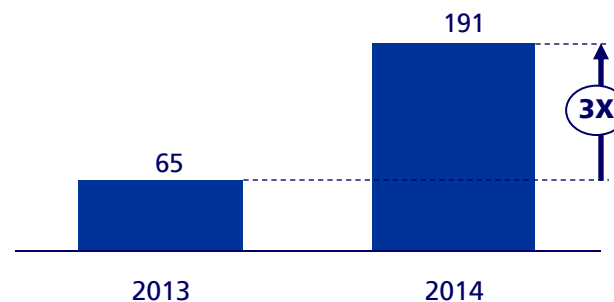
### APE from increments in existing plans, USDm



## MORE VALUE FROM EXISTING MEMBERS

- Pension market changes have reinforced customer awareness
- Combining multiple plans improves the value for clients and margin for Zurich
- Our proactive approach increases transfers-in, total AuA<sup>1</sup>, customer engagement and potentially extends customer loyalty

### Assets gained from retirement fund consolidation initiative, USDm

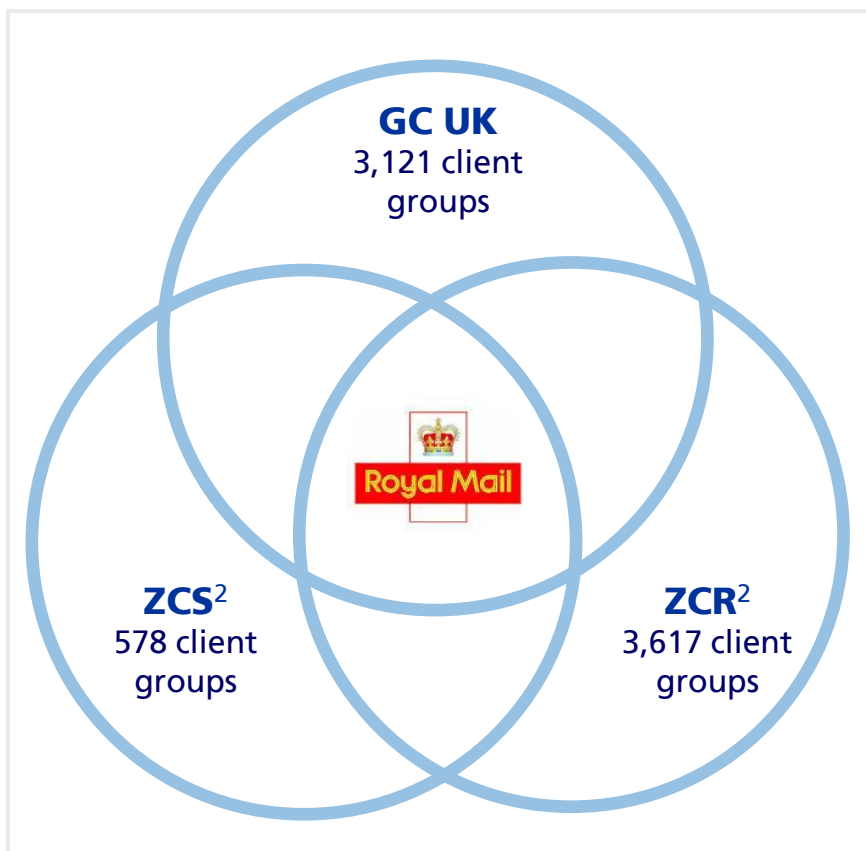


<sup>1</sup> Assets under Administration.

# 4. Persistency & growth

Translating the in-force skills into UK Corporate Savings growth (2/2)

## A PORTFOLIO APPROACH



## WORKPLACE/RETIREMENT CROSS-SELL

- We are leveraging our retail and corporate capabilities to deliver distinctive life/non-life workplace benefits packages<sup>1</sup>
- Structural changes such as Auto Enrolment and Pension Freedoms play to our strengths
- Technology enables stronger engagement and deeper relationships with employees in workplace plans, starting with savings

Personalised

Empowering

In partnership

For Life

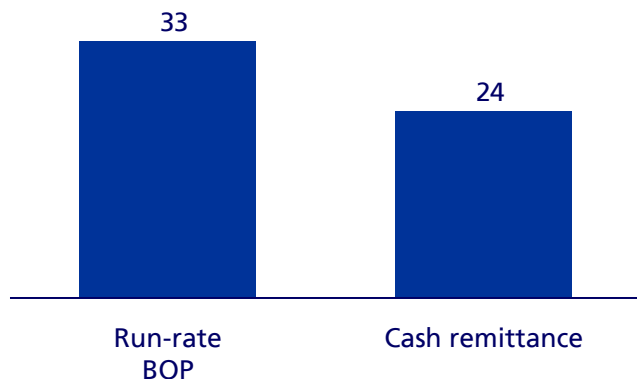
<sup>1</sup> To employers, trustees, intermediaries, employees and deferred members.

<sup>2</sup> Zurich Corporate Savings (ZCS); Zurich Corporate Risks (ZCR).

# We remain confident to deliver USD 80-100m run-rate BOP by 2016

## TANGIBLE ADDITIONAL DELIVERY IN 2014

### 2014 extra value from IFM actions in two out of four core markets, USDm



- 2014 BOP and cash remittance from UK and Germany only<sup>1</sup>

## ACCELERATING EXECUTION

- 2016 target: USD 80-100m BOP run-rate from IFM actions in Germany, Switzerland, the UK and the US
- Delivered through
  - Execution of current actions
  - Piloting and expansion of 'test and learn'
  - Sharing best practice across countries
- Additional value from structural actions such as the UK annuity transaction

<sup>1</sup> Switzerland and US set-up IFM in 2014. BOP and cash generation from IFM specific actions starting from 2015.

# Key messages

## Strategy

Our In-force Management (IFM) strategy has identified ways to unlock significant and sustainable value

## Global approach

The Zurich Way of IFM applies global levers to local markets and has been rolled-out to our Top 4 Business Units

## Results to date

2014 actions have already generated USD 33m of run-rate BOP improvements with further upside potential

## BOP

We remain confident in our ambition to increase run-rate BOP by USD 80-100m by 2016

## Cash

We are also focused on cash remittance with an additional USD 24m in 2014 and increasing benefits expected going forward

# Global Life finance update

Nick Burnet, CFO Global Life



# Key messages

## BOP

On track to achieve USD 50m quarterly run rate BOP improvement

## Operating Cash

Operating cash will continue to improve with current Global Life strategy

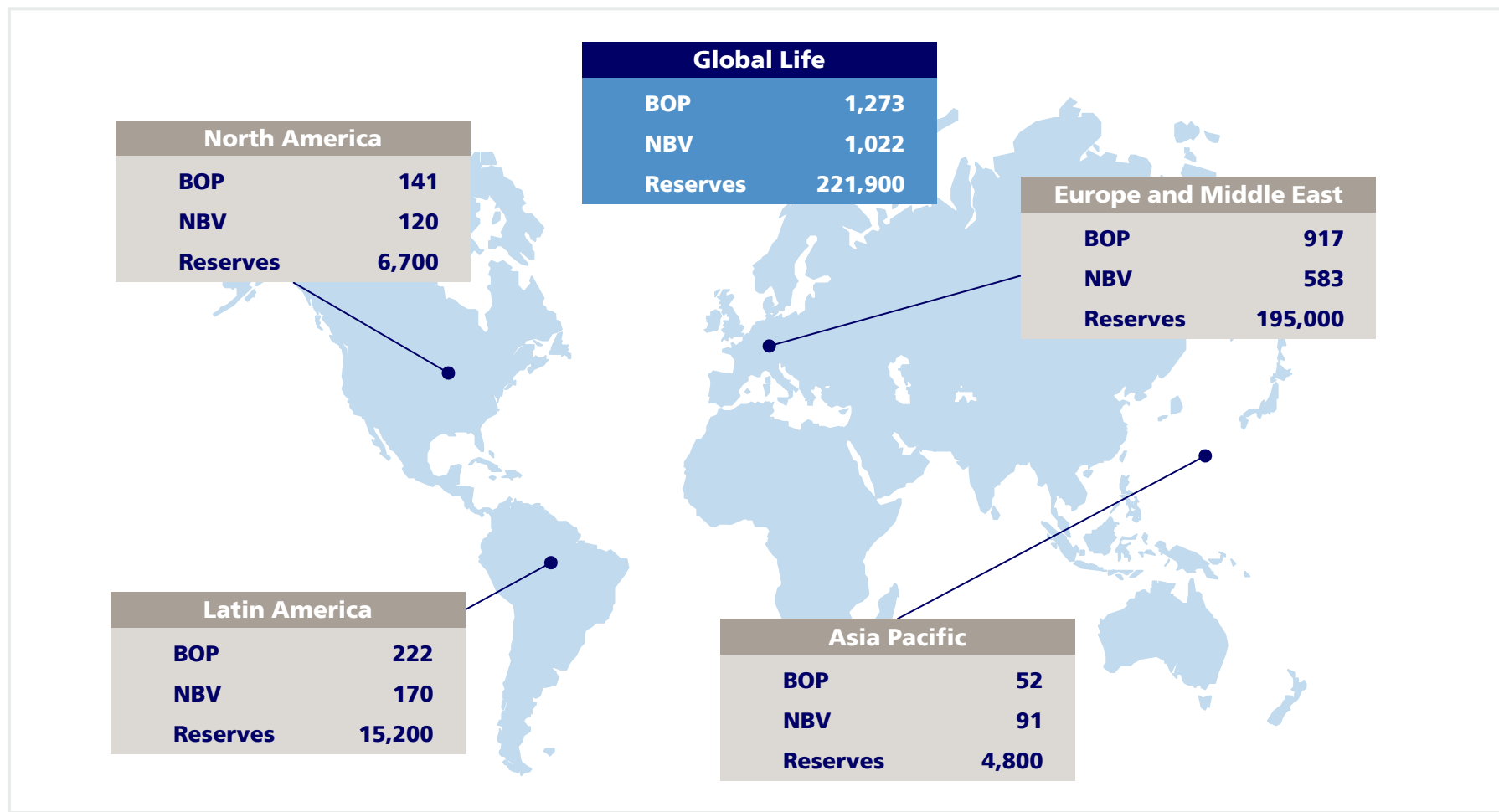
## Cash Remittance

Strong cash remittance in 2014 and structural actions could free up additional USD 500m over the next two years

## Operational Efficiency

Additional operational efficiency required to align with market realities, we aim to deliver an additional USD 100m of run-rate BOP expense savings by 2016

# Geographic overview of the Global Life Segment<sup>1</sup>

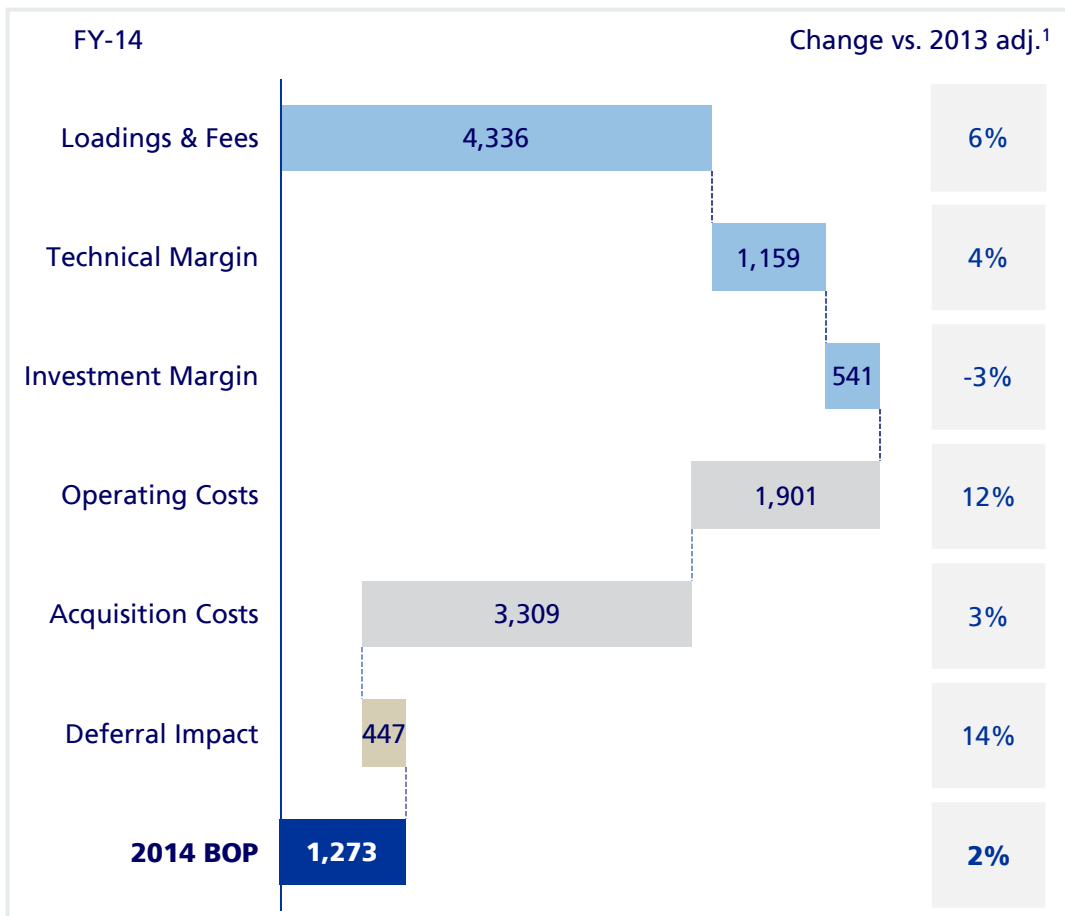


<sup>1</sup> FY-14 (USDm), geographic breakdown excludes Other region.

# Segment overview of GL Key Metrics



## SOURCE OF EARNINGS (USDm)



## COMMENTARY FOR TOTAL

- Source of Earnings results support the Global Life Strategy
- Focus on Unit-Linked and Protection
- Reduced focus on spread business
- Increased operating expenses support investments
- Segmentation of these results further demonstrates the contribution to life results

<sup>1</sup> Adjusted for distorting impacts – Refer to FY-14 Global Life Source of Earnings document.



# Global Life has segmented the way we evaluate our business opportunities

## BLOCK OF BUSINESS

### Manage for Value

Accounted for **80%**  
2014 **Cash** Remittance

### Bank Joint Ventures

~**20% APE** Growth and  
~**15% NBV** Growth in 2014

### Developed Markets Growth

Accounted for **36%**  
of our 2014 **APE**

### Emerging Markets Growth

~**10%** of our 2014 **NBV**

## KEY CHARACTERISTICS

- Large back books
- Largest contributor of Cash and BOP

- Large contributor to APE, NBV and BOP
- Self-funding growth

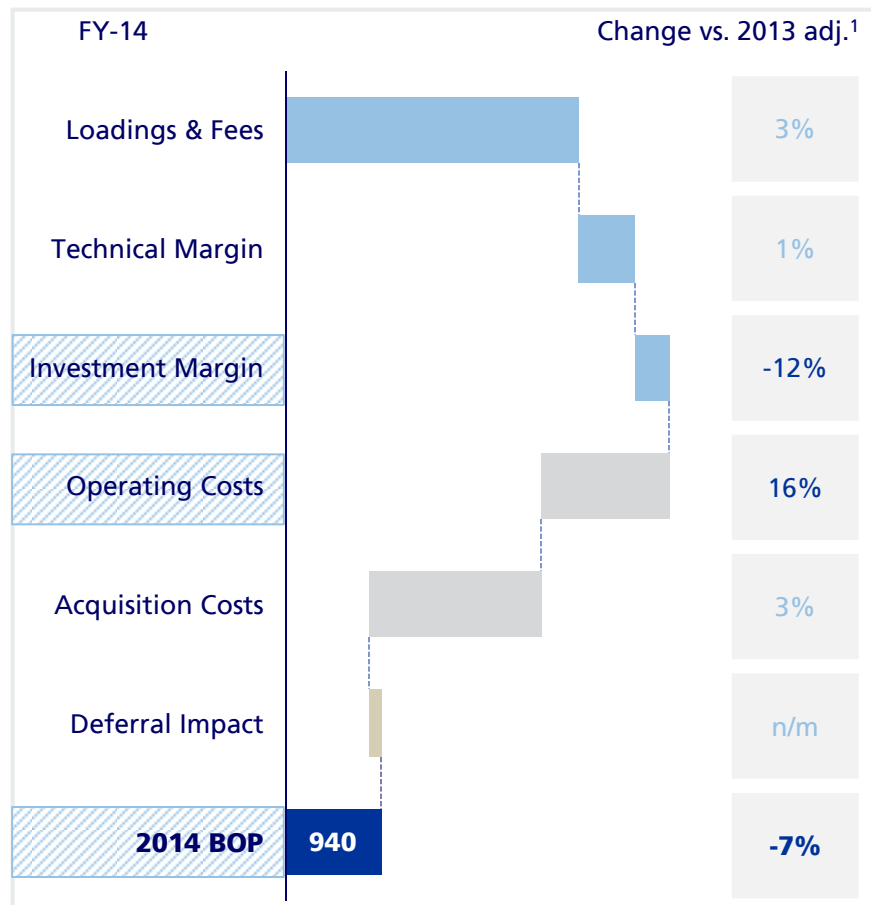
- Includes large CLP markets
- Should generate NBV and self-fund growth in the near-term

- Greenfield operations
- Should generate NBV and attract investment

# The Overview of GL Key Metrics

## Manage for Value

### SOURCE OF EARNINGS (USDm)



<sup>1</sup> Adjusted for distorting impacts – Refer to FY-14 Global Life Source of Earnings document.

<sup>2</sup> Excluding Expense & Other Variances of USD -226m in 2013 and USD -227m in 2014.

### MAIN KPIs (USDm)

USDm	2013	2014	Change
APE	1,716	1,832	7%
NBV	353	350	-1%
MCEV	14,247	13,938	-2%
Expected Free Surplus Generation <sup>2</sup>	654	709	8%
Cash Remittance	567	745	31%

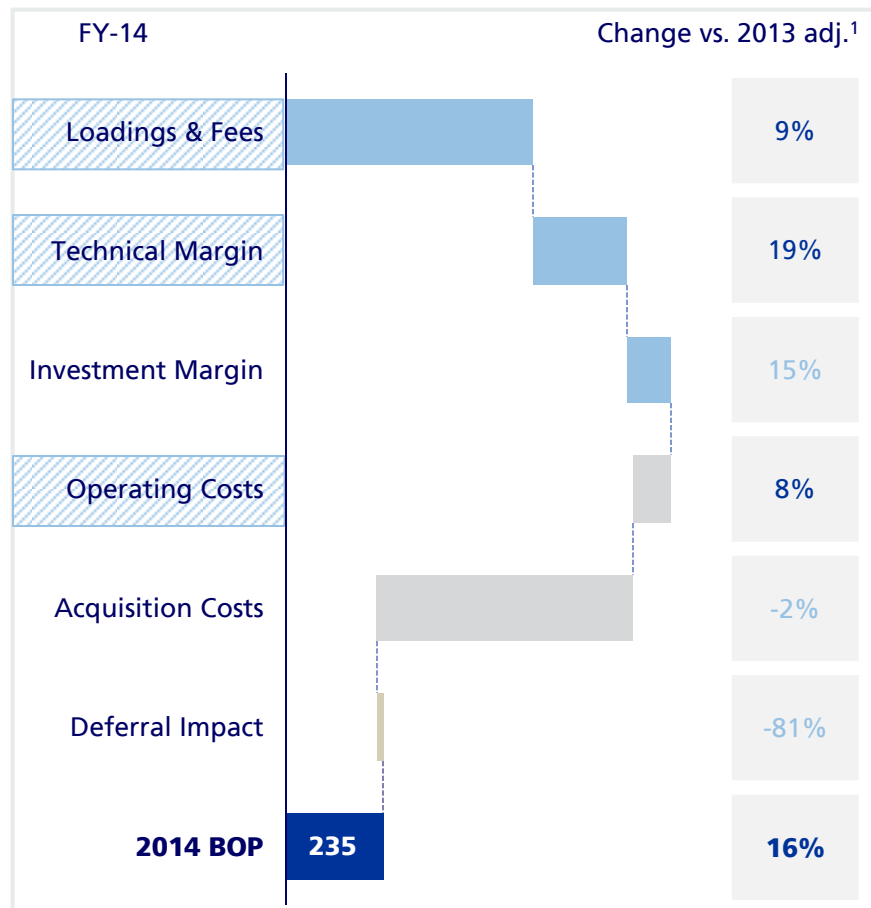
### COMMENTARY FOR MANAGE FOR VALUE

- Majority of traditional business
- BOP will reduce with the VIF unwind but in-force management will mitigate the decline
- Modest volume growth, driven in part by additional premiums from existing policies
- Strong free surplus generation, funding dividend and reinvestment

# The Overview of GL Key Metrics

## Bank Joint Ventures

### SOURCE OF EARNINGS (USDm)



### MAIN KPIs (USDm)

USDm	2013	2014	Change
APE	946	1,140	21%
NBV	167	195	17%
MCEV	1,294	1,242	-4%
Expected Free Surplus Generation <sup>2</sup>	50	56	13%
Cash Remittance	204	298	46%

### COMMENTARY FOR BANK JOINT VENTURES

- Key performance indicators align well with growth pattern
- Focused on protection, unit-linked, and short-term savings
- Strong growth is self-funded
- Short payback periods help maintain strong cash remittance

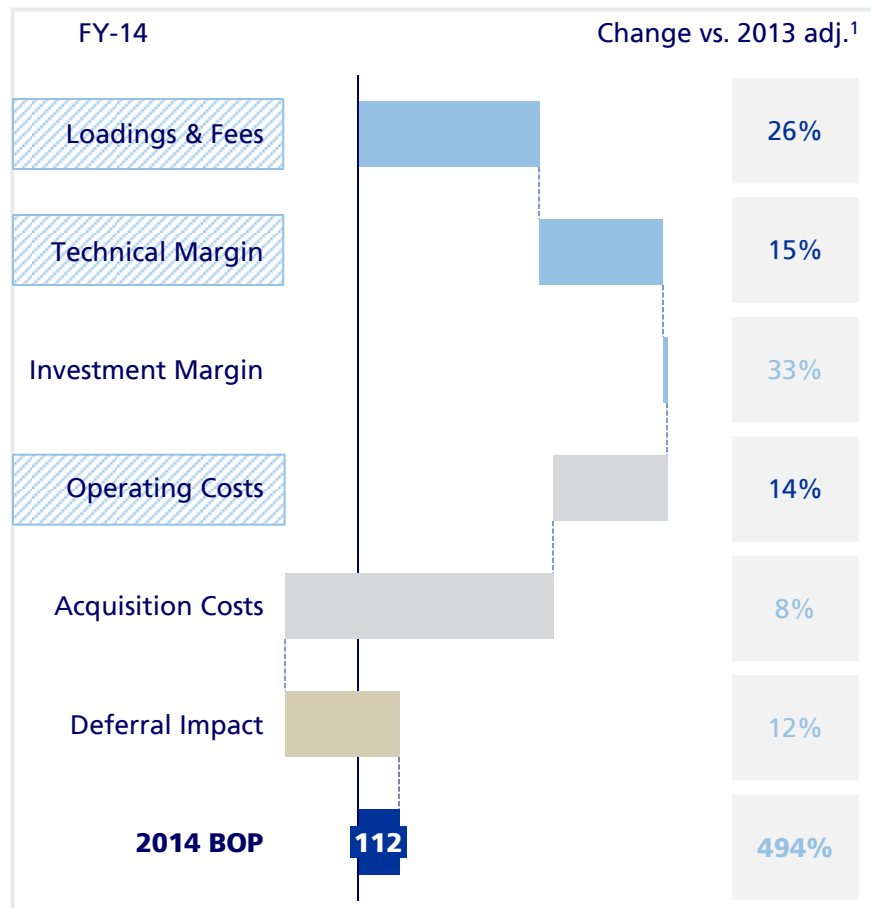
<sup>1</sup> Adjusted for distorting impacts – Refer to FY-14 Global Life Source of Earnings document.

<sup>2</sup> Excluding Expense & Other Variances of USD 59m in 2013 and USD 83m in 2014.

# The Overview of GL Key Metrics

## Developed Markets Growth

### SOURCE OF EARNINGS (USDm)



<sup>1</sup> Adjusted for distorting impacts – Refer to FY-14 Global Life Source of Earnings document.

<sup>2</sup> Excluding Expense & Other Variances of USD -46m in 2013 and USD -49m in 2014.

### MAIN KPIs (USDm)

USDm	2013	2014	Change
APE	1,332	1,865	40%
NBV	348	396	14%
MCEV	3,194	3,435	8%
Expected Free Surplus Generation <sup>2</sup>	-177	-201	<i>n.m.</i>
Cash Remittance	-52	-125	<i>n.m.</i>

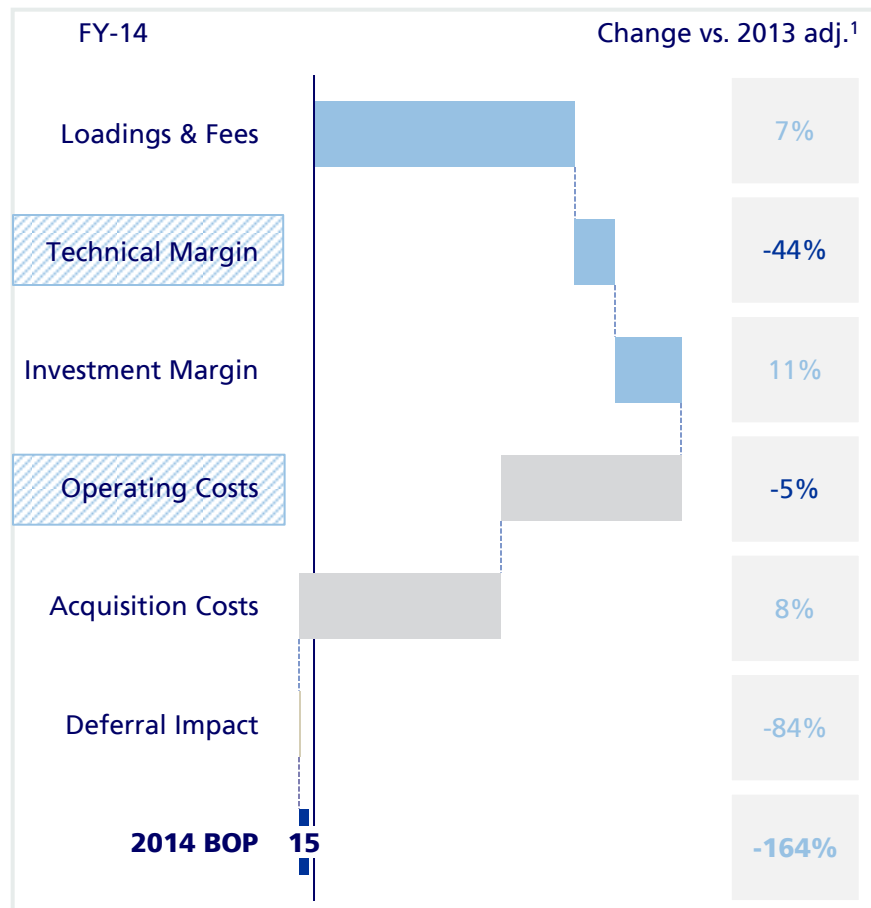
### COMMENTARY FOR DEVELOPED MARKETS GROWTH

- Supports our targeted growth strategies for retail and CLP, where we have a distinctive advantage
- We are showing growth from our desired sources loading and fees (unit-linked) and technical margin (protection)
- Investment required in growth phase, as evidenced by the increased cash consumption and operating expenses
- Strategy should become self-funding over the mid-term period

# The Overview of GL Key Metrics

## Emerging Markets Growth

### SOURCE OF EARNINGS (USDm)



<sup>1</sup> Adjusted for distorting impacts – Refer to FY-14 Global Life Source of Earnings document.

<sup>2</sup> Excluding Expense & Other Variances of USD -74m in 2013 and USD -67m in 2014.

### MAIN KPIs (USDm)

USDm	2013	2014	Change
APE	424	367	-13%
NBV	91	81	-11%
MCEV	764	676	-11%
Expected Free Surplus Generation <sup>2</sup>	5	49	<i>n.m.</i>
Cash Remittance	-101	7	<i>n.m.</i>

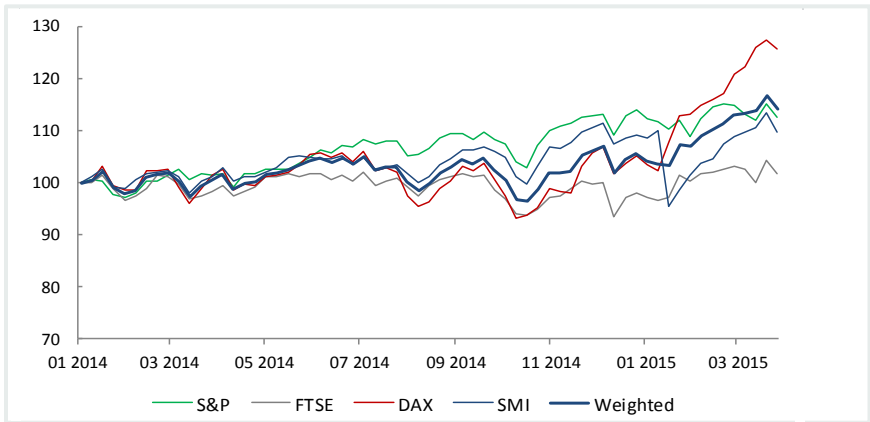
### COMMENTARY FOR EMERGING MARKETS GROWTH

- The expectation for the Emerging Markets Growth Segment is to be key growth engine contributor for Global Life
- Investments in Priority Markets has shown some signs of improvement but generally off to a slow start (FX adjusted growth slightly positive)
- Further management actions required to get back on growth track
- Operating costs are being aligned to new market reality

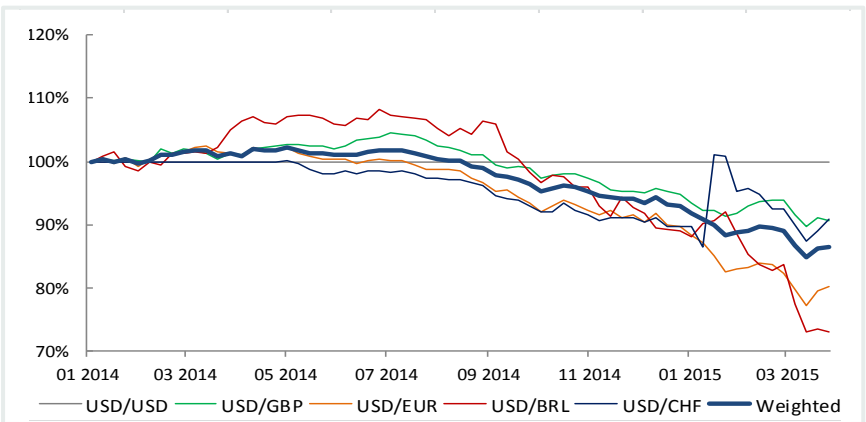
# We have seen further economic headwinds since the last Investor Day ...



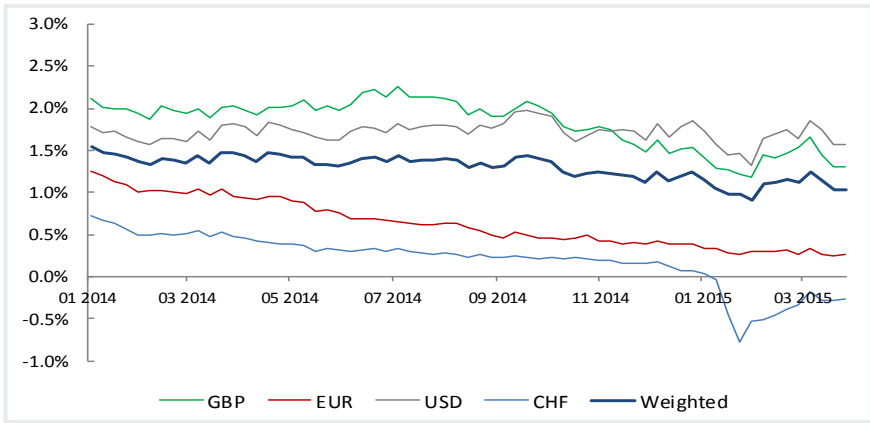
## EQUITY MARKETS CONTINUE GROWTH



## STRENGTHENING DOLLAR



## RATES ARE STILL CONTRACTING



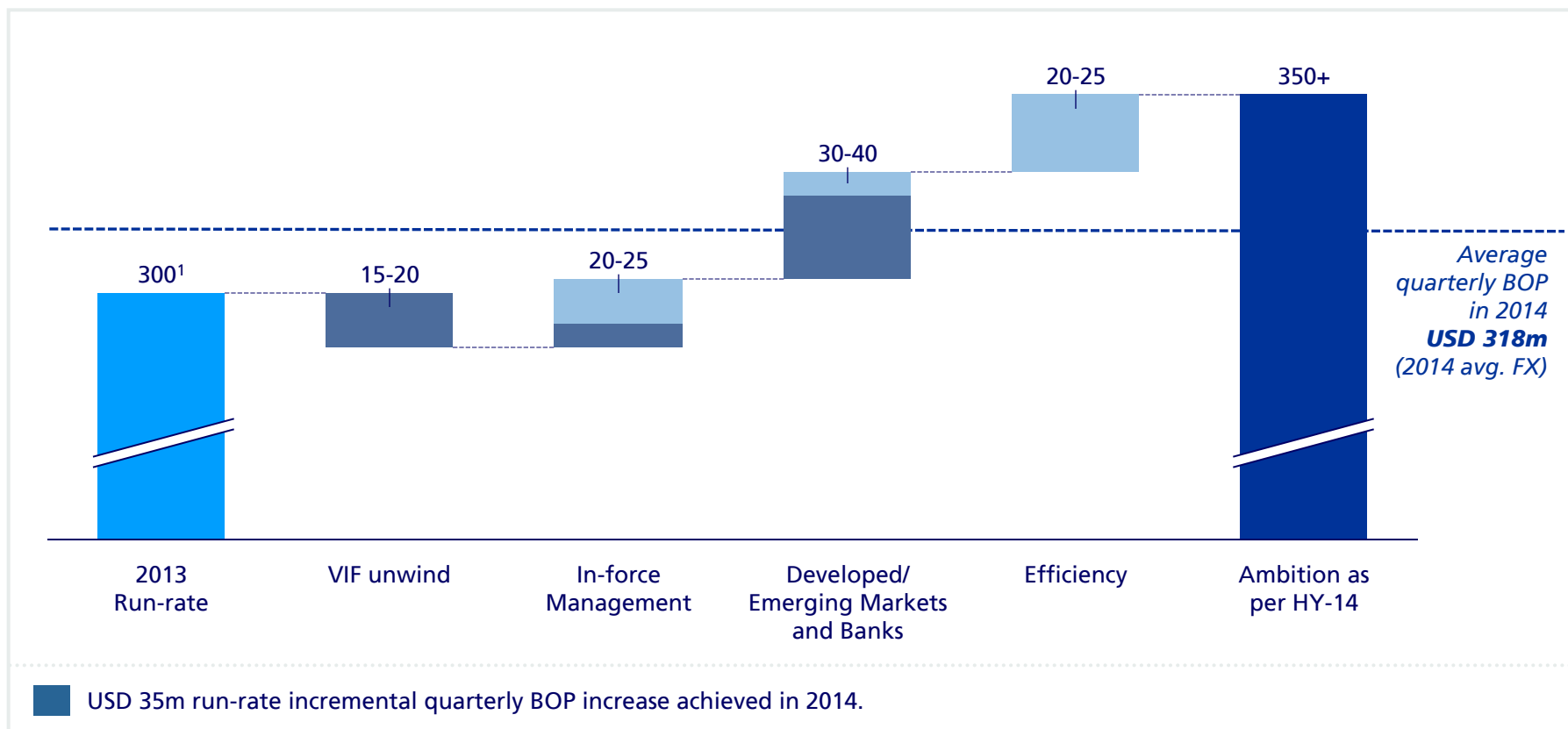
## COMMENTARY FOR MACRO ENVIRONMENT

- All major stock indices have improved and enhanced fee income
- Our investment margins continue to contract
- A strengthening US Dollar and Swiss Franc put pressure on costs and earnings

# ... and we still have line-of-sight to 350m USD on a local currency basis



## ILLUSTRATIVE WALK TO QUARTERLY BOP > USD 350m IN 2016 (USDm)

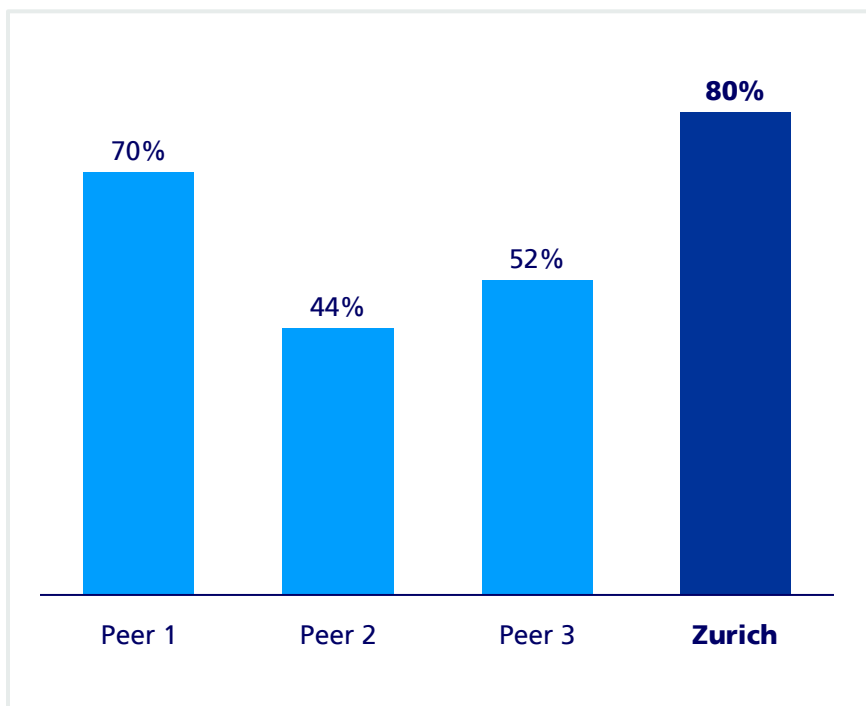


<sup>1</sup> Our run-rate quarterly BOP in local currency as observed in 2013.

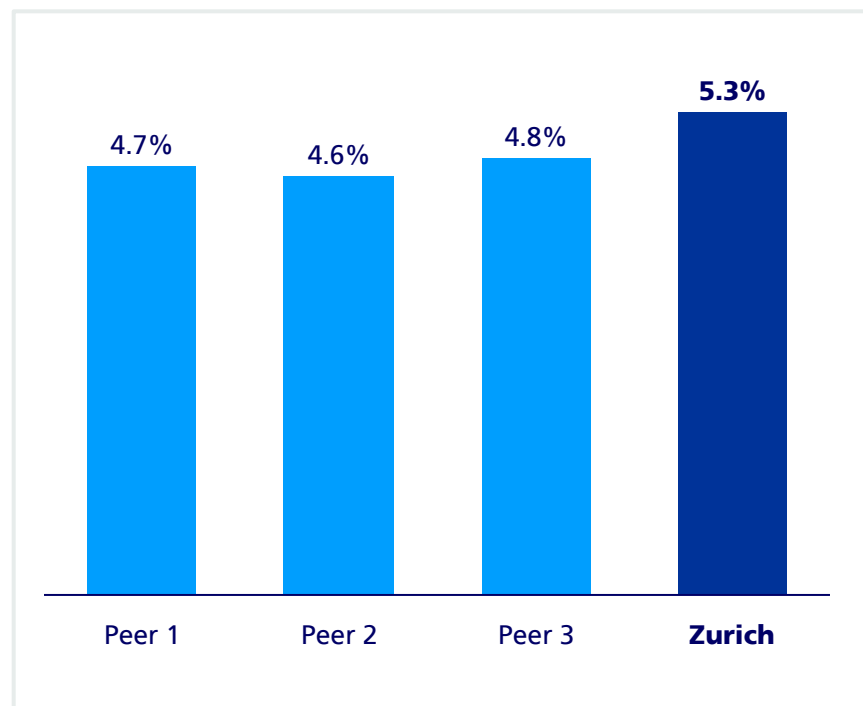
# Relative to competitors, our new business investments remain high ...



## RE-INVESTMENT RATE 2014



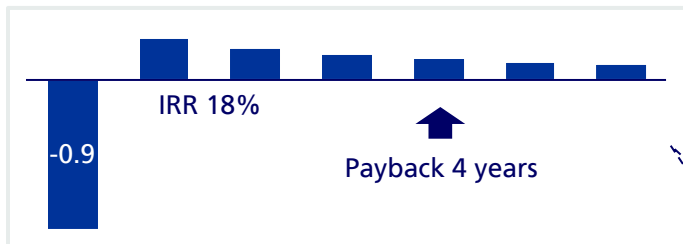
## NBV AS A % OF AVERAGE FY-14 EV



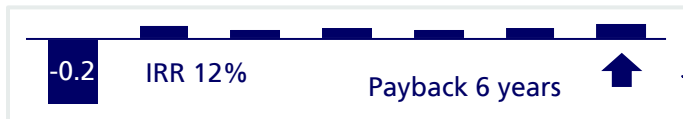


# ... as we focus on new markets and products with shorter payback but higher new business strain

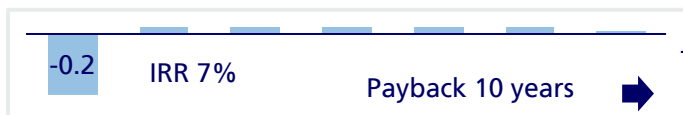
## ✓ PROTECTION



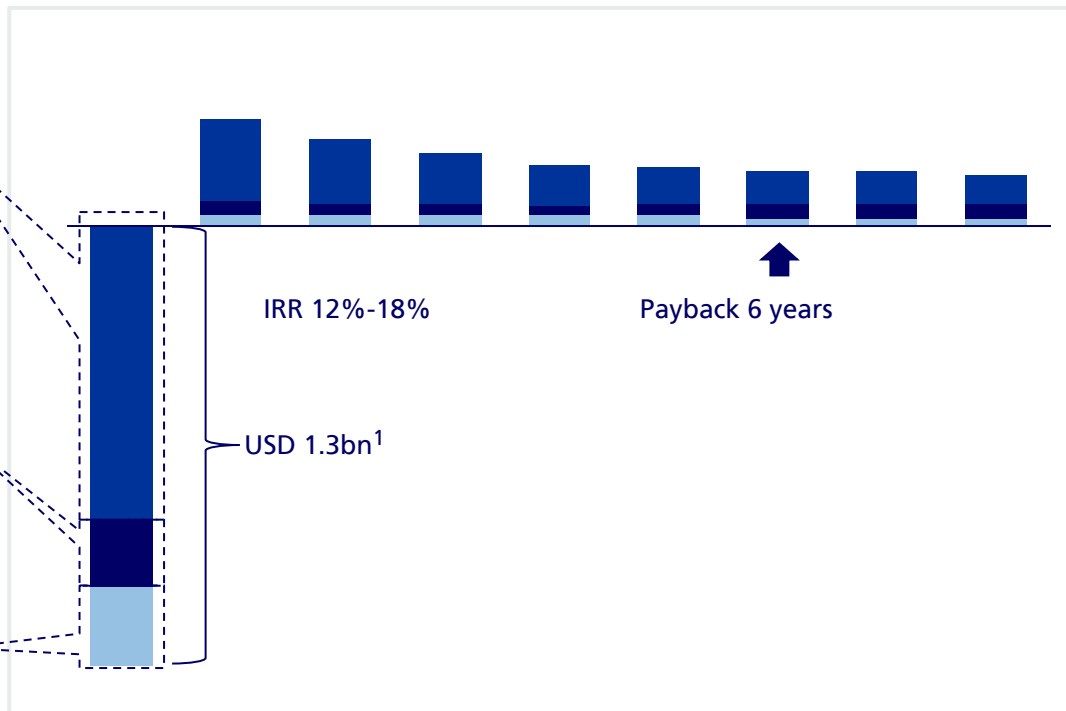
## ✓ UNIT LINKED



## ✗ TRADITIONAL



## NEW BUSINESS CASH FLOWS

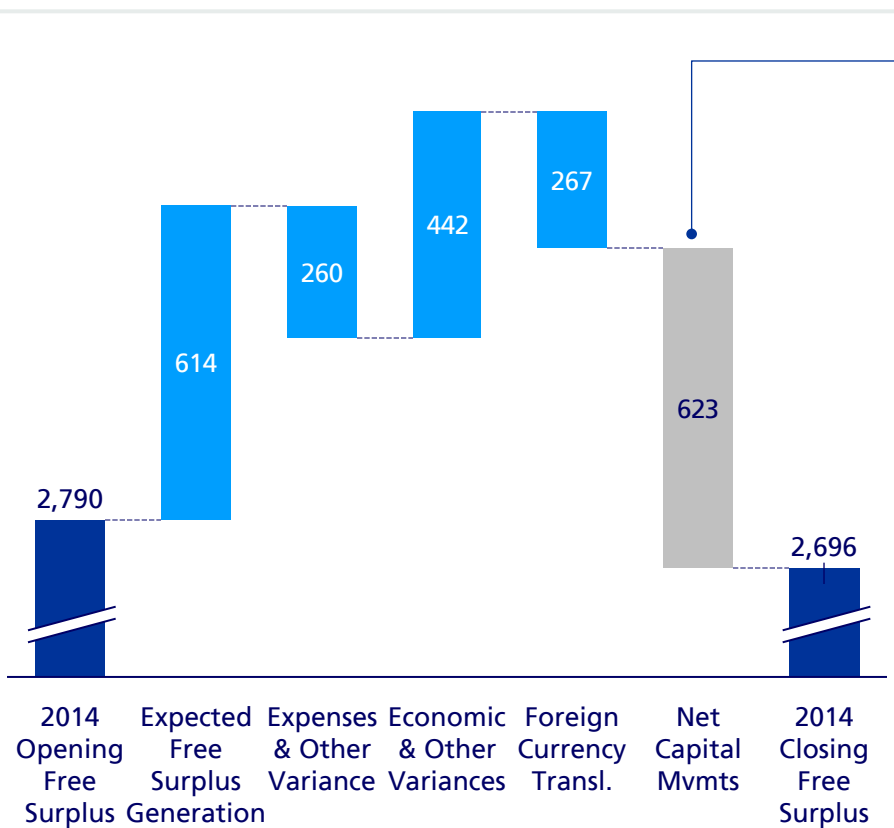


- **Growth in protection leads** to high new business investments, but attractive returns and short paybacks
- **Unit-linked** expected to deliver solid and stable profits with medium-term paybacks
- **De-emphasis of traditional business** provides additional investment capacity to write target products

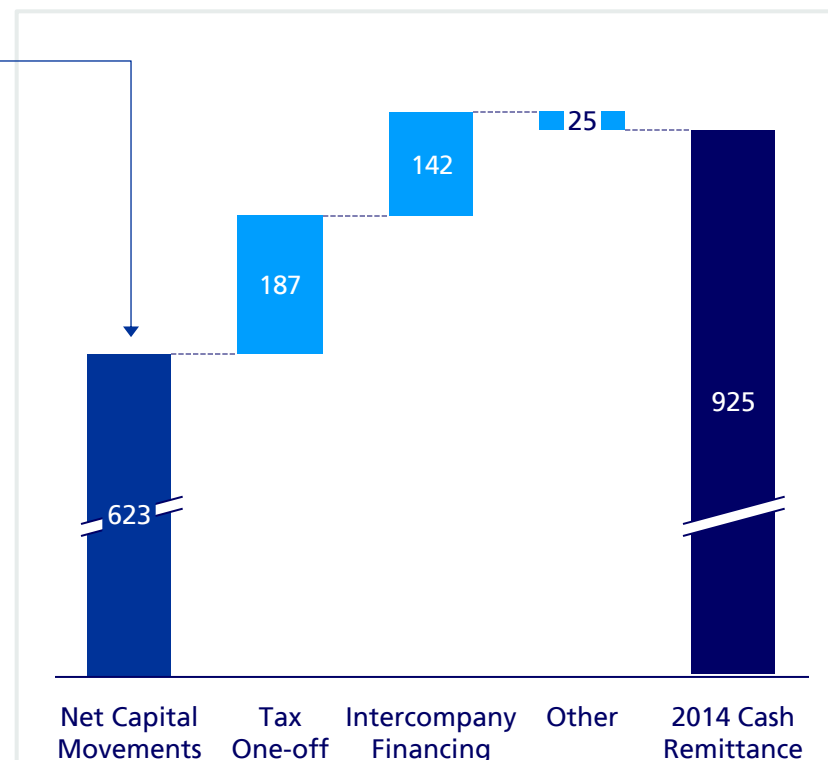
<sup>1</sup> Including 1<sup>st</sup>-year profits.

# Operating Free Surplus generation to cash remittance

## MCEV FREE SURPLUS MOVEMENT IN 2014 (USDm)



## RECONCILIATION TO CASH REMITTANCE (USDm)



# Track record of delivery above USD 500m commitment, line of sight to increasing cash generation<sup>1</sup>

## 2012 – 2014

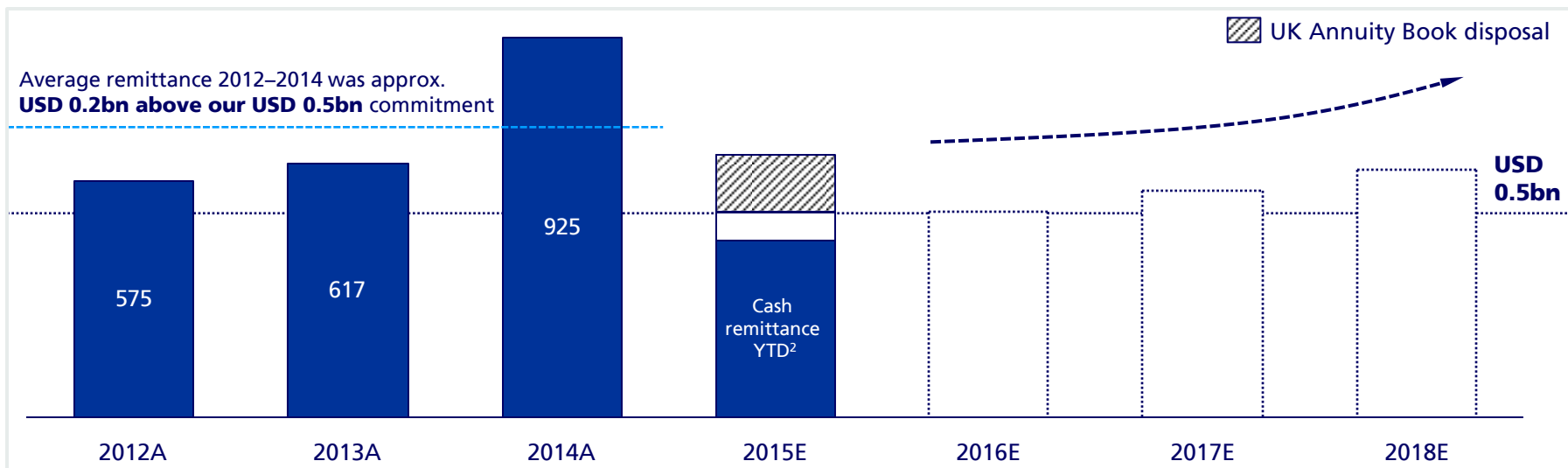
## 2015 & 2016

## 2017 ONWARDS

We have exceeded the run rate in prior years through a strong underlying run rate and additional management actions.

Run rate reduces with new business strain and investments in emerging markets and infrastructure. This will be offset by increased in-force management actions.

The inflection point is expected to be reached in 2016, with strong improvement from 2017 onwards as cash returns from new product strategy and in-force run rate actions emerge.



<sup>1</sup> Projected cash remittance numbers at September 30, 2014 FX rates.

<sup>2</sup> Cash remitted to the Group in Q1-15.

# Key messages

## BOP

On track to achieve USD 50m quarterly run rate BOP improvement

## Operating Cash

Operating cash will continue to improve with current Global Life strategy

## Cash Remittance

Strong cash remittance in 2014 and structural actions could free up additional USD 500m over the next two years

## Operational Efficiency

Additional operational efficiency required to align with market realities, we aim to deliver an additional USD 100m of run-rate BOP expense savings by 2016

# General Insurance update

Michael Kerner, CEO General Insurance



# Key messages



## Strategy remains the same

Our 2014 – 2016 strategy is confirmed, with global, regional and local initiatives underway

## Execution amid challenges

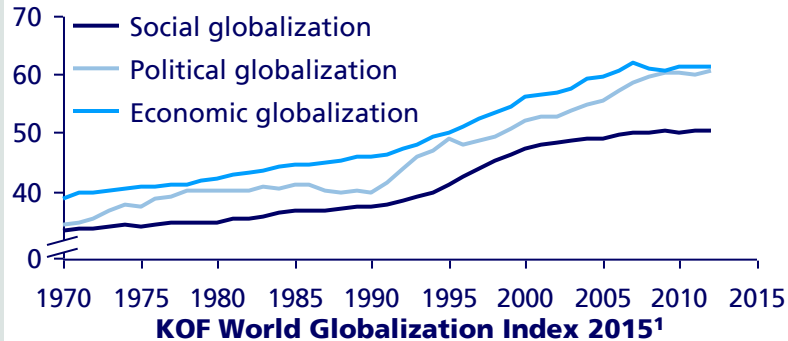
Strategy execution shows strong evidence of delivery, even in the face of operational and market challenges

## On track to deliver 2016

Additional actions have been identified to overcome challenges, and we are confident on 2016 directional view

# Key industry trends remain unchanged

## Evolving nature of globalization



## Ubiquity of data and accessible analytics

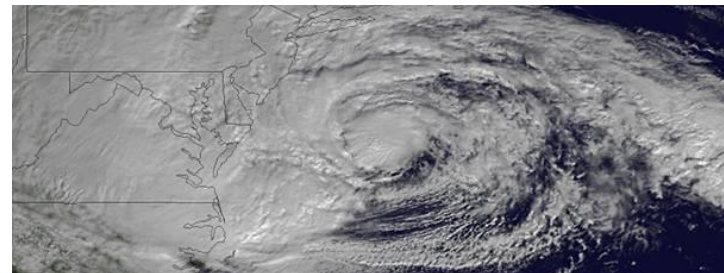
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## Retail revolution and individual empowerment



## Climate change and increasing urbanization<sup>2</sup>



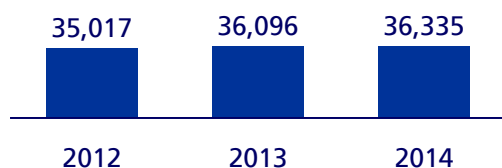
<sup>1</sup> KOF 2015 dataset from the Swiss Federal Institute of Technology, Zurich, based upon Axel Dreher, "Does Globalization Affect Growth?", Applied Economics 38, 2006.

<sup>2</sup> Superstorm Sandy picture from National Oceanic and Atmospheric Administration.

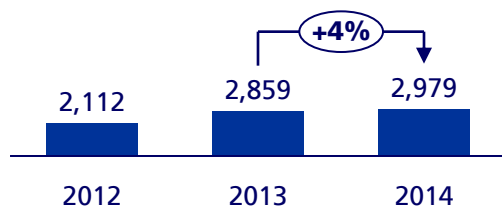
# Clear evidence of execution against 2014 – 2016 strategy

## GWP<sup>1</sup>, USDm

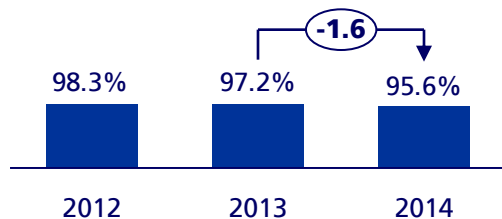
Underlying growth<sup>2</sup> in 2014 = 2.6%



## BOP, USDm



## CR UNDERLYING<sup>3</sup>, %



## WHAT WENT WELL

Underwriting excellence

Customer strategies

Extended warranty transaction in Brazil

Turnarounds and exits

Rationalization of management structure

Corporate responsibility external recognition

## ONGOING CHALLENGES

Further profitability improvements

Continuing low interest rate environment

Soft reinsurance market and reduced rate increases in primary market

Turnaround in Brazil

<sup>1</sup> Gross Written Premium adjusted for discontinuation of a large fronting contract in NAC.

<sup>2</sup> FY-14 growth of adjusted GWP measured in local currency terms.

<sup>3</sup> Current accident year combined ratio (excluding catastrophes).



# How General Insurance will continue to deliver the Group's strategy

## GROUP STRATEGY 2014-2016

1

**Prioritizing investment in distinctive positions**

2

**Managing other businesses for value**

3

**Growing our operating earnings**

## WHAT DOES IT MEAN FOR GENERAL INSURANCE

- Further execute customer strategies in priority markets, based on learnings from pilots
  - Prioritized upskilling of workforce, and culture change
- Particular focus on turning around Brazil business
  - Continue maximizing extraction of value from profitable, smaller GI businesses
- Pursue further profitable growth opportunities
  - Expense management across the board
  - Portfolio management, with a focus on loss ratio improvements in Global Corporate

# Retail strategy founded on deep customer understanding

## GAINED DETAILED INSIGHTS INTO RETAIL CUSTOMERS

- Understanding of differentiated needs, behaviors and moments of truth by customer segment
- Estimation of relative value and attractiveness of customer segments
- Analysis and assessment of Zurich's ability to compete
- Consistent prioritization of 'Confident Planners' as our target segment

## DEFINED ZURICH DIFFERENTIATORS



**Simple & Accessible**



**Personal & Empowering**



**Engaging**

## INITIATED DELIVERY OF THE ENVISAGED CUSTOMER EXPERIENCE

- Omni-channel and self-service capabilities
- Modular solutions, user friendly configurators
- Proactive, hassle-free and accurate services
- Knowledgeable advice and easy to understand language
- Technology-based product innovation
- Visible and trustworthy brand, active on social media

# Back to growth in Switzerland

## CUSTOMER ENHANCEMENTS

### Simple & Accessible



- Enhanced claims journey
- Award winning web re-launch
- Agency development program

### Personal & Empowering



- Customer Relationship analytics
- Simpler customer communication

### Engaging

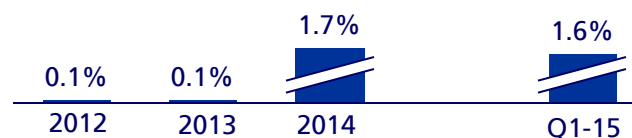


- 360° brand campaigns
- Enhanced customer service levels

## PROOF POINTS OF IMPACT

### Increased growth

GWP personal lines (PL) local business growth, LC view



### Strengthened customer base

Increased new customers by 3.0%<sup>1</sup>  
 Reduced multi-policy churn by 29.5%<sup>1</sup>

### Enhanced digitalization

Web lead generation up by 70%<sup>2</sup>

### Improved brand

Brand consideration up +4ppts<sup>3</sup>

<sup>1</sup> Q1-14 vs. Q1-15, PL only; multi-policy churn = customers with multiple policies who have cancelled at least one contract within this period.

<sup>2</sup> Campaign Management Tool (CMT) leads via zurich.ch 2014 vs 2013 (Feb - Dec).

<sup>3</sup> Increase over the period Dec-14 to baseline of Aug-13.

# Customer focus impact starting to show in Italy

## CUSTOMER ENHANCEMENTS

### Simple & Accessible



- Full claims experience redesign
- Expansion of advisory network
- Digital enhancements

### Personal & Empowering



- Innovative Telematics proposition
- Enhanced advisory experience through mobility tools

### Engaging

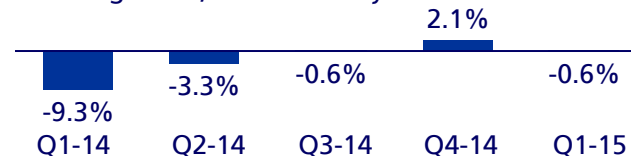


- Multimedia brand campaign
- Gamification

## PROOF POINTS OF IMPACT

### Increased growth

GWP YoY growth, local currency view



### Strengthened customer base

+1.9% customer count (Q4-14 vs Q4-13)  
 +0.9% points motor policy retention<sup>1</sup>

### Enhanced digitalization

Increased quotes via mobile devices  
 Telematics app and Gamification leads

### Improved brand

Brand consideration up +3ppts<sup>2</sup>  
 Claims TNPS<sup>3</sup> up by +6ppts (in FY-14)

<sup>1</sup> Q4-14 vs Q4-13, non-direct channels.

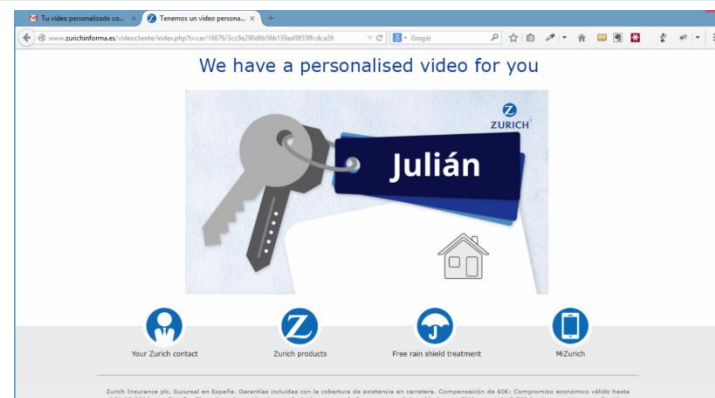
<sup>2</sup> Nov-14 to Jan-15 versus base of average of Jun-13 to Jan-14.

<sup>3</sup> Transactional net promoter score.

# Award-winning practice from Spain embodies our brand attributes

## FROM OLD, BORING SNAIL MAIL TO PERSONALIZED, ANIMATED CONTENT...

- Launched in February 2014 for Motor and Home, to improve customer service, retention and brand awareness
- Emails opened improved<sup>1</sup> from 17% to 40.5%, with 85.5% actually playing the video
- Won the ICEA Accenture insurance innovation award in 2014<sup>2</sup>



## ...WITH IMPROVEMENTS REFLECTED IN KEY PERFORMANCE INDICATORS

- +17ppts improvement in transactional NPS<sup>3</sup>
- +4ppts increase in retention<sup>4</sup>

<sup>1</sup> Measured in Feb-15 vs Feb-14.

<sup>2</sup> Annual award hosted by Spanish National Insurance & Pensions companies research organization (ICEA) and Accenture.

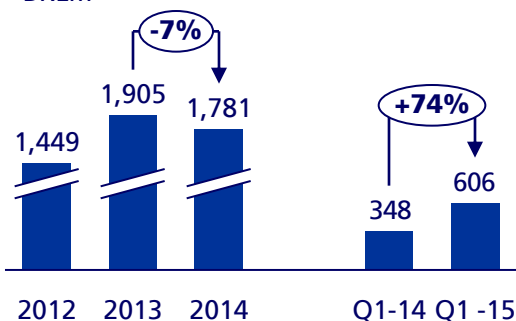
<sup>3</sup> Measured in Feb-15, since Jul-14.

<sup>4</sup> Measured over the period Feb – Sep 2014 (updated every six months, latest update is from Sep-14).

# In Brazil, we remain focused on optimizing portfolio profitability

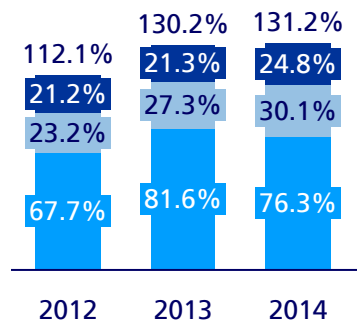
## GI BRAZIL KEY PERFORMANCE INDICATORS<sup>1</sup>

Zurich GI Brazil GWP  
BRLm



Q1-15 like-on-like growth = +5.1%<sup>3</sup>

Zurich GI Brazil combined ratio<sup>2</sup>  
%



■ Commissions ■ Losses  
■ OUE

- Market leader in mass consumer business, typically with stable underwriting results, and high commission but low loss ratios
- Re-underwriting in Motor continues to improve and balance the portfolio
- Operational priorities are:
  - Broker management
  - Infrastructure and systems landscape improvements
  - Rationalization of regional structure

## GI BRAZIL MOTOR<sup>1</sup>, FY-14 VS. FY-13

Growth LC  
-28.7%

Portfolio weight  
-11.7% pts

CAY LR  
-3.9% pts

<sup>1</sup> Financials excl. Zurich Santander.

<sup>2</sup> 2013 and 2014 saw adverse PYD, and OUE (Other Underwriting Expenses) includes premium tax.

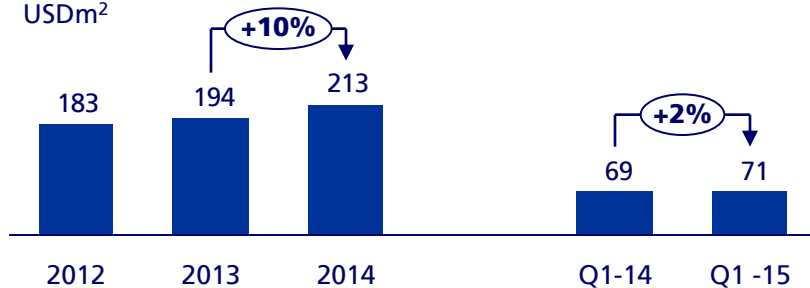
<sup>3</sup> Excluding major extended warranty distribution agreement.

# Middle East has achieved significant portfolio improvements, now positioned for sustainable growth

## GI MIDDLE EAST<sup>1</sup> KEY PERFORMANCE INDICATORS

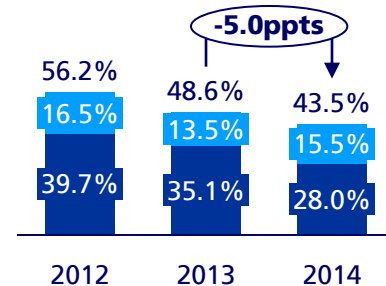
### Gross Written Premium

USDm<sup>2</sup>



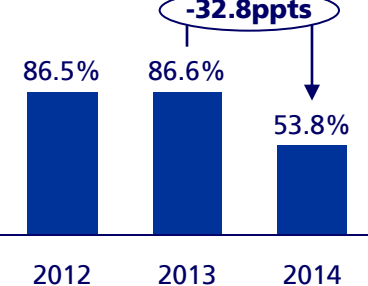
### Expense ratio

%



### Loss ratio

%



■ Commissions ■ OUE

- Significant loss ratio improvements driven by focus on risk quality, and improved claims management capabilities
- OUE<sup>3</sup> improvements driven by:
  - workforce optimization
  - ‘hub and spoke’ operating model
  - reduction in real estate footprint
- Enhanced propositions, including digital offerings for retail, being built off recently implemented, modern IT infrastructure
- Market-leading pricing engine for personal lines Motor

<sup>1</sup> Figures include Zurich Middle East Global Corporate business.

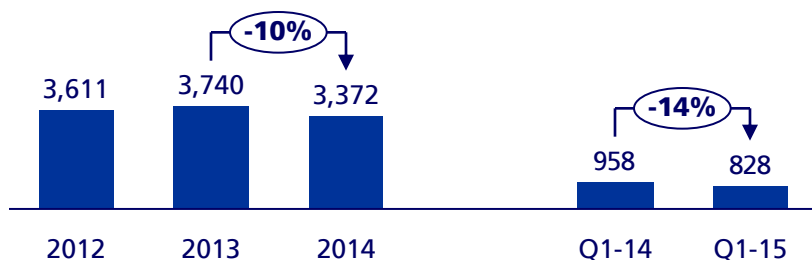
<sup>2</sup> GI Middle East's income consists of a basket of local currencies, USD shown as this is the management view.

<sup>3</sup> Other Underwriting Expenses.

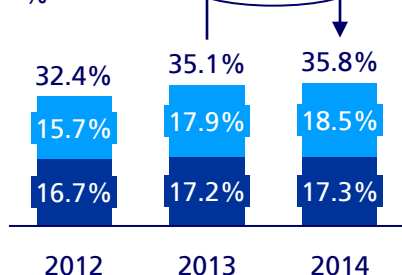
# Turnaround in South Africa is driven through underwriting and operational improvements

## GI SOUTH AFRICA KEY PERFORMANCE INDICATORS

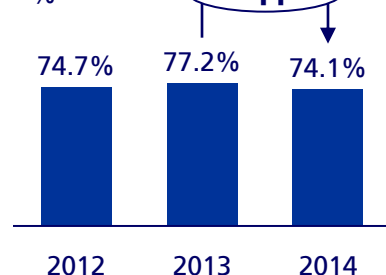
### Gross Written Premium ZARm



### Expense ratio %



### Loss ratio %



■ Commissions ■ OUE

- Attritional loss ratio improved 5.7ppts<sup>1</sup>
  - Improved pricing consistency and accuracy facilitated corrective underwriting action
  - More efficient claims handling through preferred-supplier agreements
- Growth focused on commercial lines
  - Personal lines GWP in 2014 down 16%, average premium increased by 9%<sup>2</sup>
  - Alternative distribution channels being developed
- Expense management will be driven through
  - Technology transformation
  - Review of FTE and non-FTE costs based on activity value analysis

<sup>1</sup> FY-14, attritional loss ratio is the loss ratio excl. catastrophes, large losses, and prior year development.

<sup>2</sup> Average premium per policy, measured over Mar-15 – Mar-14 for personal lines business administered by the company.

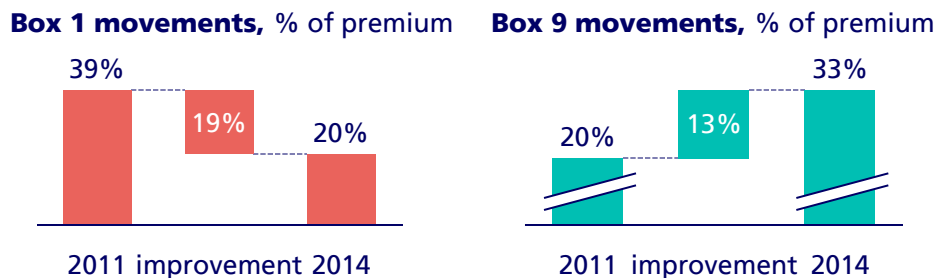


# One of our key portfolio management tools is the tactical 9 box grid

## TACTICAL 9 BOX GRID

		CAY Combined Ratio		
		U/W <sup>2</sup> loss	U/W <sup>2</sup> break-even	U/W <sup>2</sup> profit
RBRM <sup>1</sup>	High			<b>9</b>
	Medium			
	Low	<b>1</b>		

## IMPROVEMENTS<sup>3</sup> 2011 – 2014



## PORTFOLIO MANAGEMENT

- Tactical 9 Box Grid used to gain deep insights on each portfolio
- Examples of portfolios successfully turned around
  - Italy PL Motor, Germany PL Motor, UK Commercial Property
- Examples of portfolios exited
  - Hospital Liability in Germany, Agency based Architects & Engineers business in Germany, Retail business in Russia

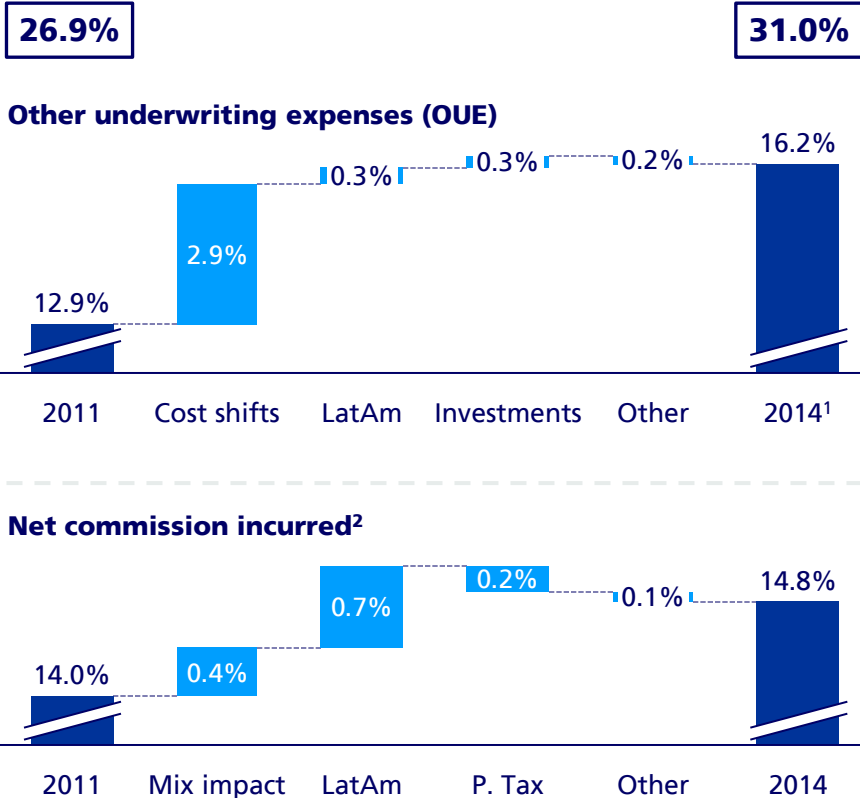
<sup>1</sup> Internal Zurich measure of economic profitability of new business written or earned in a given accident year (typically made at a granular, portfolio level), against the risk taken in underwriting that business, and expressed as a percentage.

<sup>2</sup> Underwriting.

<sup>3</sup> Comparison not precisely like-for-like, because of FX, difference in premium base and impact of 2014 non-technical expense restatement.

# Expense ratio increase mainly driven by non-technical expense shift and mix effects

## EXPENSE RATIO DEVELOPMENT 2011 – 2014 (%)



### Other underwriting expenses

- Cost shifts include 2.5ppts from reclassification of non-technical expenses, and 0.4ppts of cost reallocations
- Investments includes expenses related to the 2013-2016 strategic cycle

### Commission

- Mix impact relates to changes in business mix
- Growth in the higher commission LatAm business is driving an increase in the overall GI commission ratio
- Both reflected in lower loss ratio

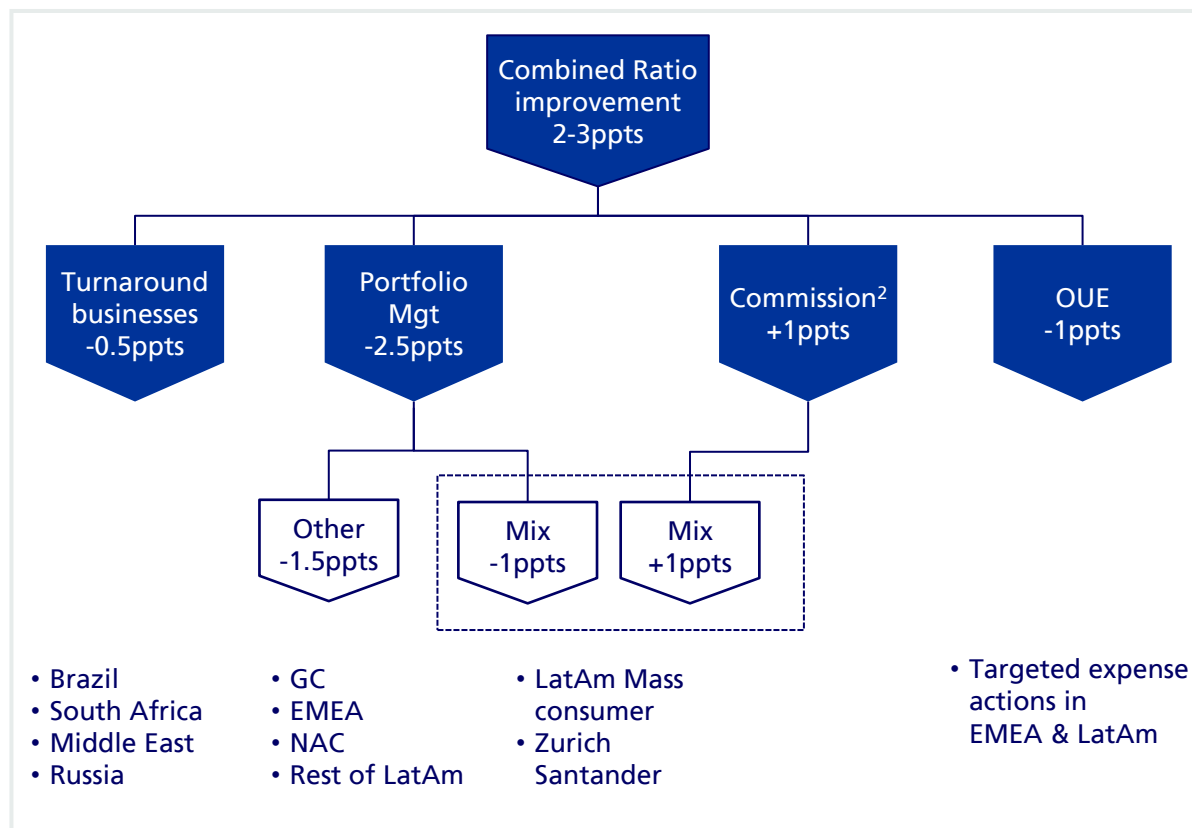
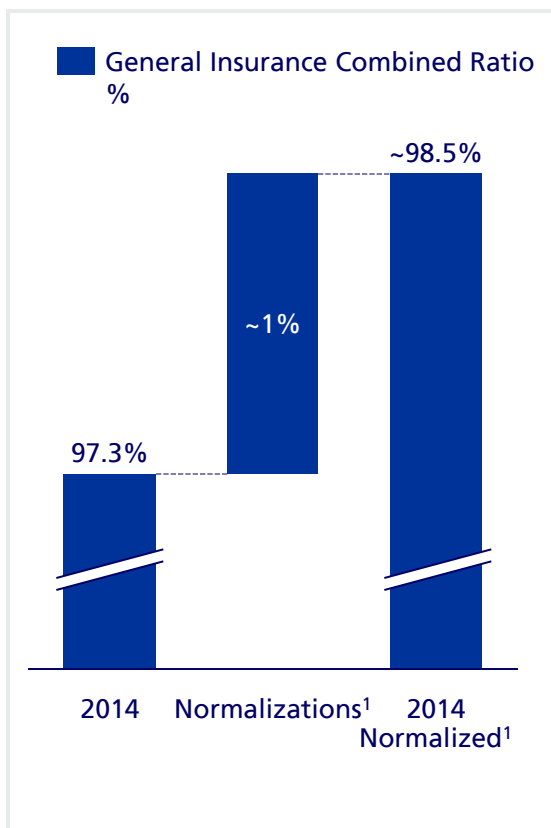
<sup>1</sup> Adjusted to exclude 0.5ppts one-off benefits from 2014 expense ratio.

<sup>2</sup> Net commission incurred include premium tax.

# We are confident of achieving targeted profitability improvements



## DIRECTIONAL COMBINED RATIO PROGRESSION 2014 – 2016



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

<sup>2</sup> Including change in premium taxes of -0.2ppts.

# Key messages

## Strategy remains the same

Our 2014 – 2016 strategy is confirmed, with global, regional and local initiatives underway

## Execution amid challenges

Strategy execution shows strong evidence of delivery, even in the face of operational and market challenges

## On track to deliver 2016

Additional actions have been identified to overcome challenges, and we are confident on 2016 directional view

# Global Corporate

Thomas Hürlimann, CEO Global Corporate



# Key messages



## Track record of profitable growth

Consistent topline growth, and healthy returns on capital based on delivering superior service to our customers

## Industry-leading capabilities

Customer focus, international program capabilities, and state-of-the-art risk insight tools

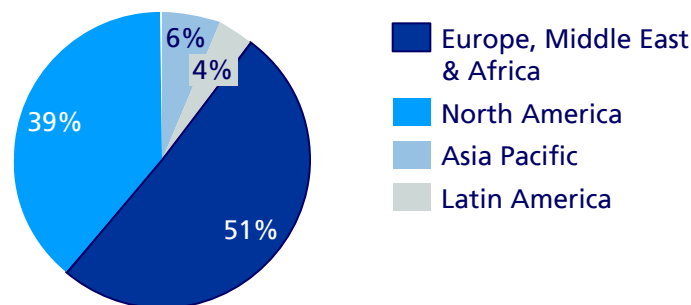
## Clear plan to outperform

Continue significant contribution to GI's results, with a focus on improving product density and loss ratio by 2016

# Well diversified business with distinctive strengths

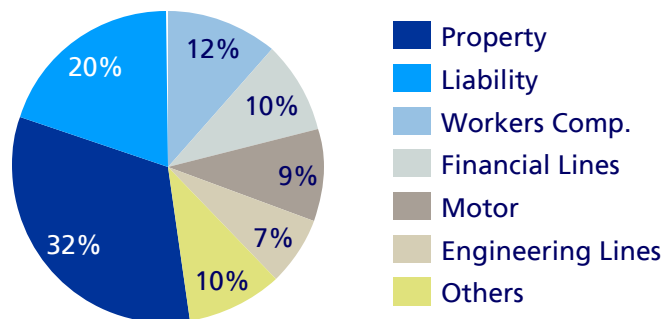
## OVERVIEW OF GLOBAL CORPORATE

### GWP<sup>1</sup> split (by geography)



- Delivering over 25% of GI's BOP in 2014
- More than 80% of employees are market-facing
- Serving ~25,000 customers through more than 9,000 claims experts and 900 risk engineers
- Broad product and service offering
- Joint market approach with Zurich's Corporate Life and Pensions team
- Market-leading go-to-market approach for Relationship Customers<sup>2</sup>
- Innovation:
  - In the International Program market
  - Won the Business Insurance 'Innovation Award' five times in a row (2011-2015)

### GWP<sup>1</sup> split (by product)



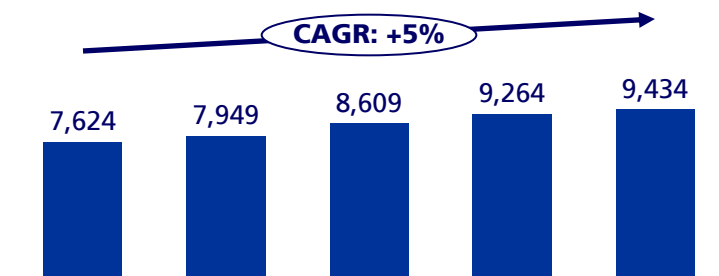
<sup>1</sup> FY-14 data.

<sup>2</sup> Relationship Customers form one of our customer segments.

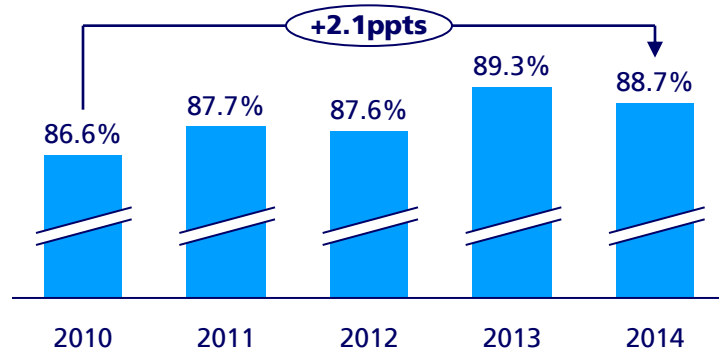
# A history of growing our book...

## TOP-LINE GROWTH AND RETENTION EVIDENCE OF SUCCESSFUL EXECUTION

GWP<sup>1</sup> 2010-2014 (USDm)



Retention 2010-2014



Strong, consistent growth driven by:

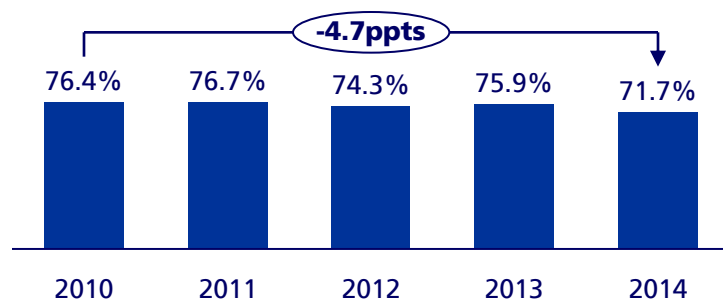
- Increase in customer satisfaction (Q1-15 retention: 90.5%)
- Strong increase in our international program GWP (CAGR 2010-2014: 7%)
- Growth is supported by all regions

<sup>1</sup> As reported.

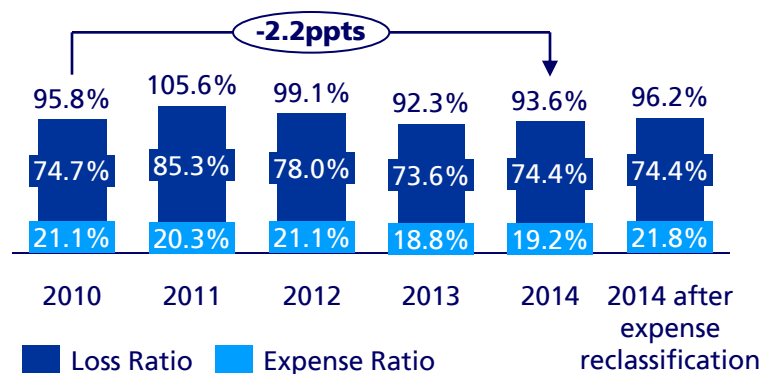


## FOCUS ON PROFITABILITY AND UNDERWRITING DISCIPLINE

### AY loss ratio (excl. catastrophes) 2010-2014



### Calendar year combined ratio 2010-2014<sup>1</sup>



Strong underlying profitability improvement driven by:

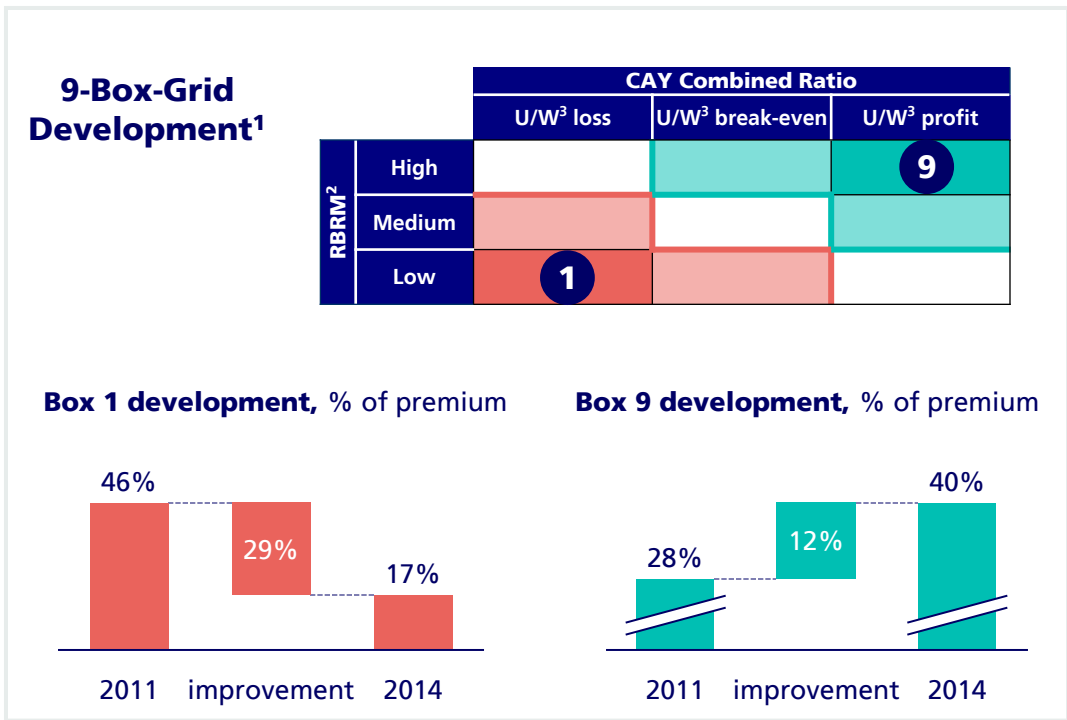
- Underwriting excellence
- Strong portfolio management execution
- Positive rate changes for the last 26 quarters

Market-leading expense ratio as a result of leveraging Group shared services.

<sup>1</sup> 2010 to 2014 figures are before the shift from non-technical to technical expenses (apart of the last bar). All figures are not restated for the transfer of certain General Insurance business to Non-Core Business (NCB) in 2015.

# ...through rigorous portfolio management

## 9 BOX GRID SHOWS CLEAR PORTFOLIO IMPROVEMENTS



- Re-underwriting actions on specific books of business
- Disciplined tiering<sup>4</sup> execution
- Portfolio optimization and shift to lines/markets with the most favorable risk adjusted returns

<sup>1</sup> Comparison not precisely like-for-like, because of FX, difference in premium base and impact of 2014 non-technical expense restatement.  
<sup>2</sup> Internal Zurich measure of economic profitability of new business written or earned in a given accident year (typically made at a granular, portfolio level), against the risk taken in underwriting that business, and expressed as a percentage.  
<sup>3</sup> Underwriting.  
<sup>4</sup> Tiering is a portfolio management technique.

# Global Corporate has a clear customer focus

## CUSTOMER FOCUS DEMONSTRATED ACROSS THREE DIMENSIONS

### Deliver superior service

- **Serving customers' most complex needs**  
USD 3.6bn GWP from International Programs
- **Partnering with customers to create expert knowledge**  
~60,000 Risk Engineering site visits annually

### Global consistency and reach

- **Holistic market approach across life and non-life insurance**  
> USD 700m cross-sell premium<sup>1</sup> GC/CLP since 2010
- **Consistent global customer segmentation in the corporate space**

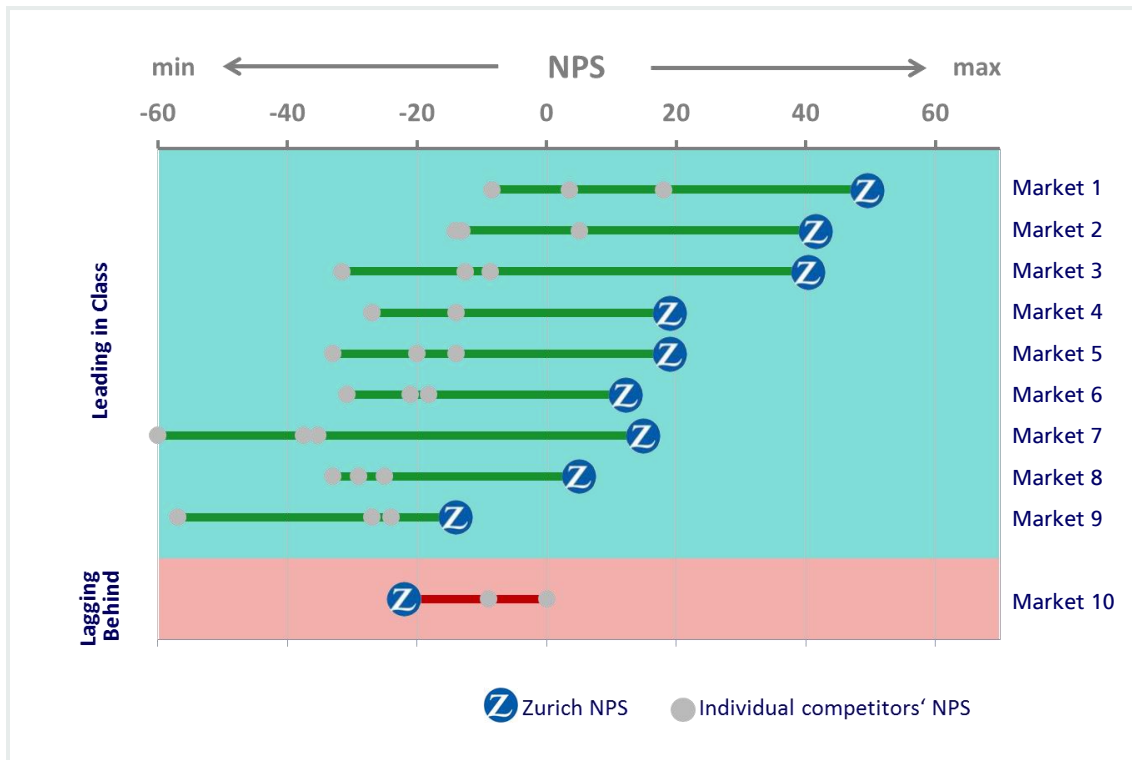
### Focus on existing customers

- **Industry-leading customer relationship model**  
95% retention with Relationship Customers
- **We have served two of our customers continuously for over 100 years**

<sup>1</sup> Cross-sell premium is measured as a combination of APE and GWP to reflect the financial reporting of each segment.

# Customer satisfaction is at the core of our value proposition

## CUSTOMER NET PROMOTER SCORE RESULTS BY MARKET<sup>1</sup>

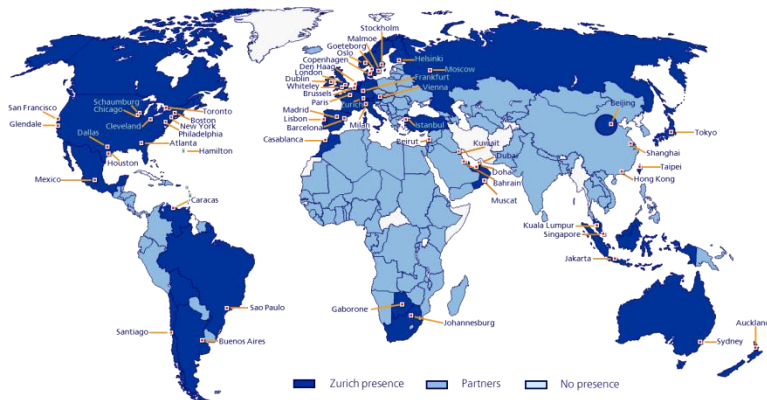


- Regular stewardship meetings with our largest customers ensure swift resolution of any issues
- Each international program customer receives detailed customer service reports
- Annual Customer Advisory Board meetings foster exchange between customers and us
- Continuous review of broker satisfaction

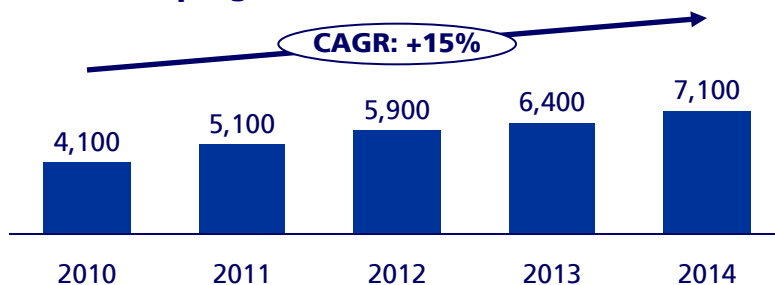
<sup>1</sup> Reflects view of Zurich customers and those who use competitors beyond Zurich. Market comparison vs. the Top-3 global competitors in each market. Due to cultural differences between markets, comparability of NPS scores across markets is not meaningful.

# We offer market leading International Program Business capabilities

## INTERNATIONAL PROGRAM OVERVIEW



### Number of programs



- Offering International Program capabilities in 211 countries (61 countries with Zurich presence, 150 with distribution partners)
- Transformed the industry to structure compliant programs with our free, award-winning Multinational Insurance Application (Zurich MIA)
- Handling 143,000 claims every year
- Spearheading International Program Reform initiative

# Through My Zurich we offer unrivaled digital capabilities to our customers

## MY ZURICH – FACTS & FIGURES

GWP on  
My Zurich

USD 1.3bn

Customers  
on My Zurich

240

Using My Zurich our customers can:

- Globally manage their claims and international policies online and in real time
- Run analytics on their experiences to identify trends and mitigate risks
- Manage their risk improvement programs worldwide
- Get early warning of potential risks such as tropical storms approaching their operations

	All Global Corporate Customers	Customers on My Zurich
Number of Products / Customer	2.2	7.4
Retention <sup>1</sup>	90.6%	>95%

<sup>1</sup> As of Q1-15.

# Zurich Risk Room delivers insights into risks for our customers and us

## ZURICH RISK ROOM – FACTS & FIGURES



- 563 users, 96 companies, covering GWP in excess of USD 1bn
- Over 180 customer and broker presentations in 2014
- Unique differentiator for Zurich and a powerful tool for engaging with C-suite audiences
- Established a university competition for Master's and MBA students, using the Zurich Risk Room as a basis

# Zurich Onsite – changing the way we work with customers

## ZURICH ONSITE – HOW WE DELIVER TO THE CUSTOMER

### Zurich Onsite in action

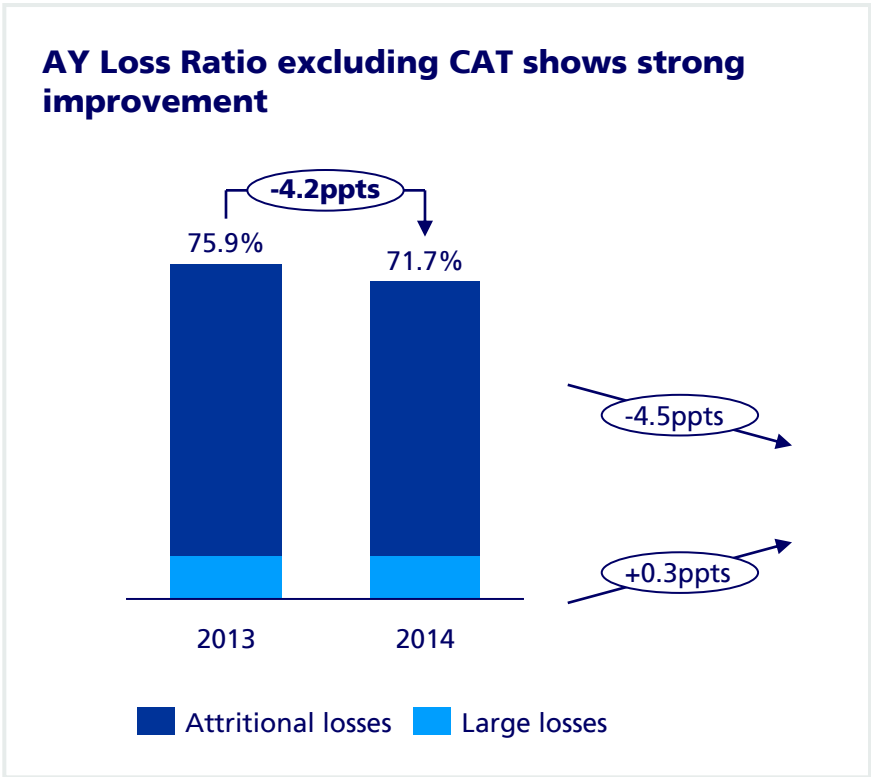
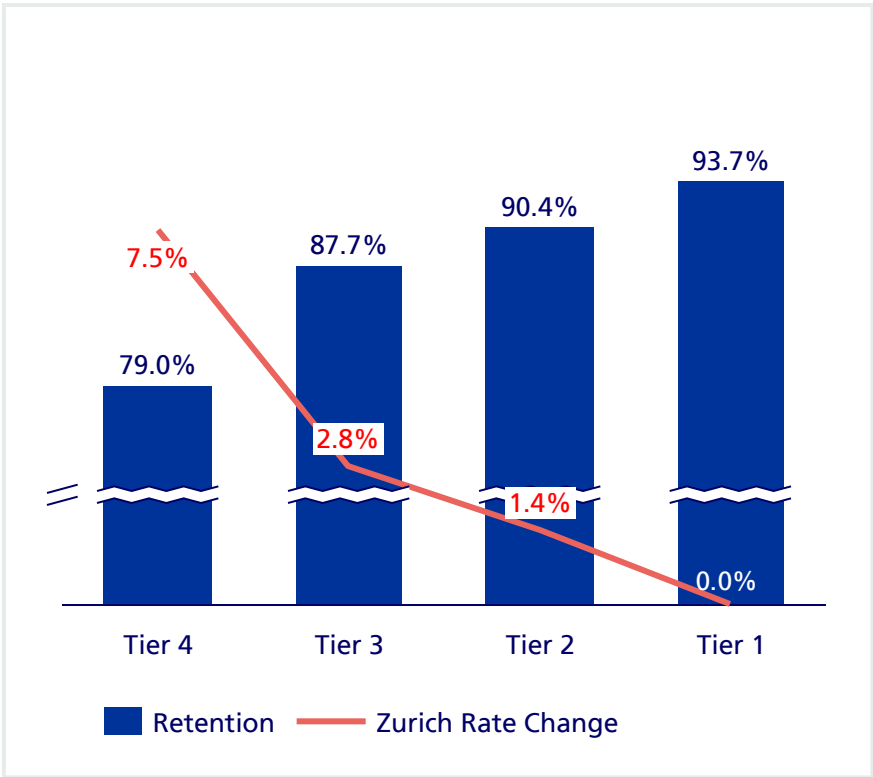




# We continue to improve the profitability of our book while growing

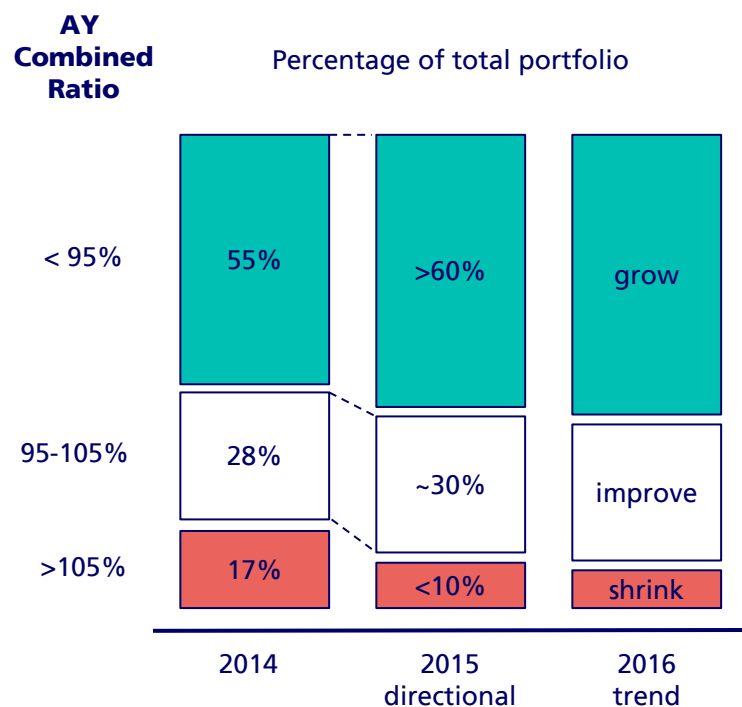


## TIERING RESULTS 2014



# Further Combined Ratio improvements through clear underwriting focus

## ACCIDENT YEAR COMBINED RATIO OUTLOOK

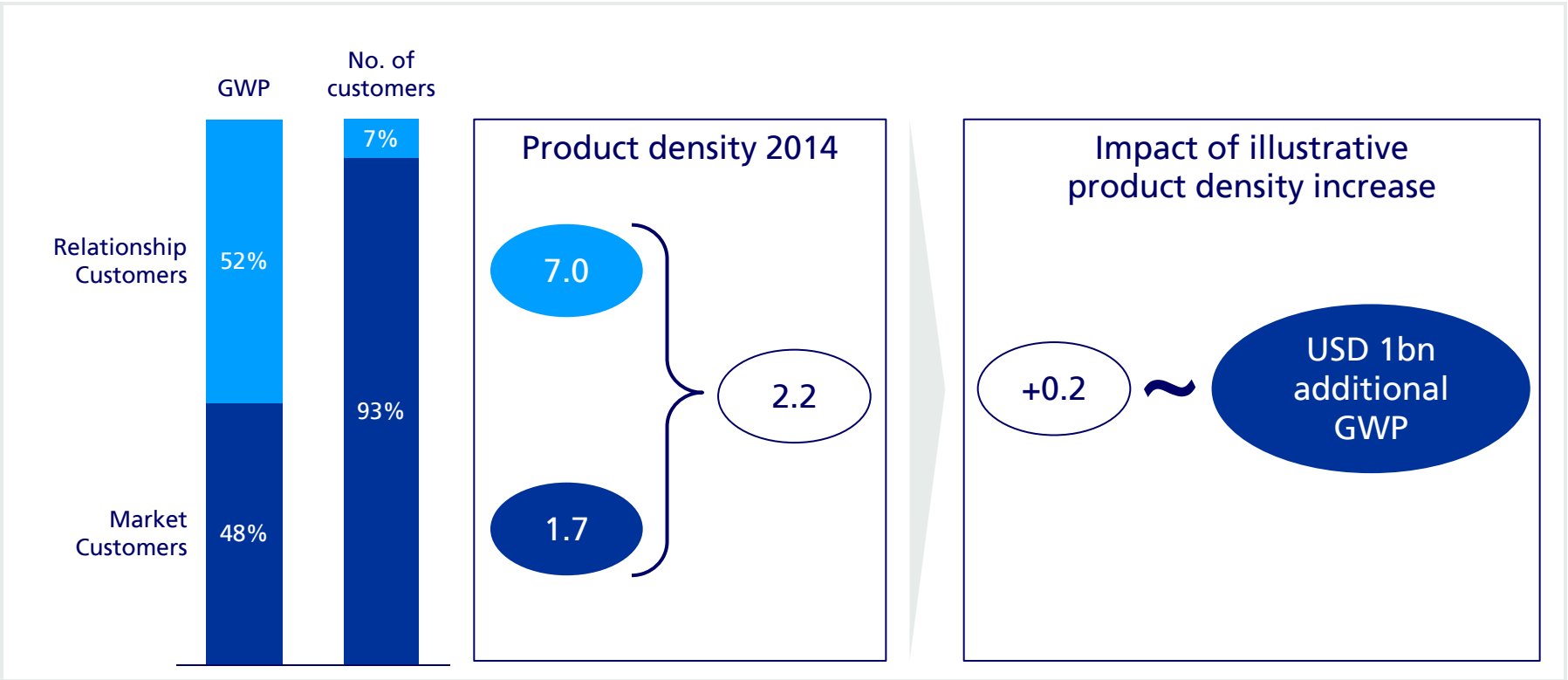


Further improvement of Combined Ratio driven by:

- Further tiering improvements
- Continuous refinement of our technical underwriting approach
- Continue to improve customer services and optimize fee income
- Further improve contract specifications, thereby minimizing leakage and increasing clarity for our customers

# Increased focus on existing customers leads to strong growth potential

**SELLING ONE PRODUCT MORE TO EVERY FIFTH CUSTOMER CREATES USD 1bn GWP**



# Becoming more efficient through the use of predictive analytics

## STEERING OUR PIPELINE TRIAGING PROCESS THROUGH THE POWER OF DATA

Probability to win

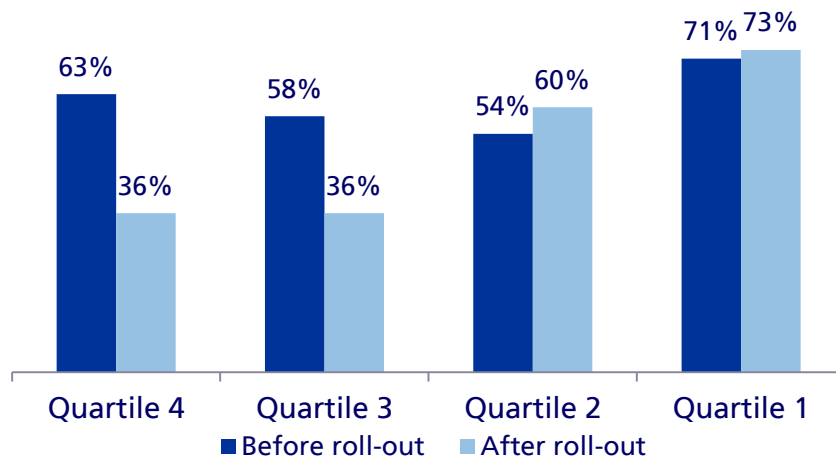
very low

low

medium

high

Quote Ratio<sup>1</sup>



- We developed a predictive model to improve our understanding of the likelihood to win a submission
- Freeing up time of our underwriters for improved broker/customer engagement
- Refined broker conversations due to improved understanding of our pipeline
- Growth with existing customers

<sup>1</sup> Quote ratio = Number of submissions quoted / Number of all submissions.

# Key messages



## Track record of profitable growth

Consistent topline growth, and healthy returns on capital based on delivering superior service to our customers

## Industry-leading capabilities

Customer focus, international program capabilities, and state-of-the-art risk insight tools

## Clear plan to outperform

Continue significant contribution to GI's results, with a focus on improving product density and loss ratio by 2016

# Efficiency & Technology

Robert S. Dickie, Chief Operations & Technology Officer



# Key messages



Opportunity to improve Zurich's expense position by at least USD 1bn identified; work under way since Q3 2014

We aim to achieve this by end 2018, with at least USD 300m delivered by end 2016

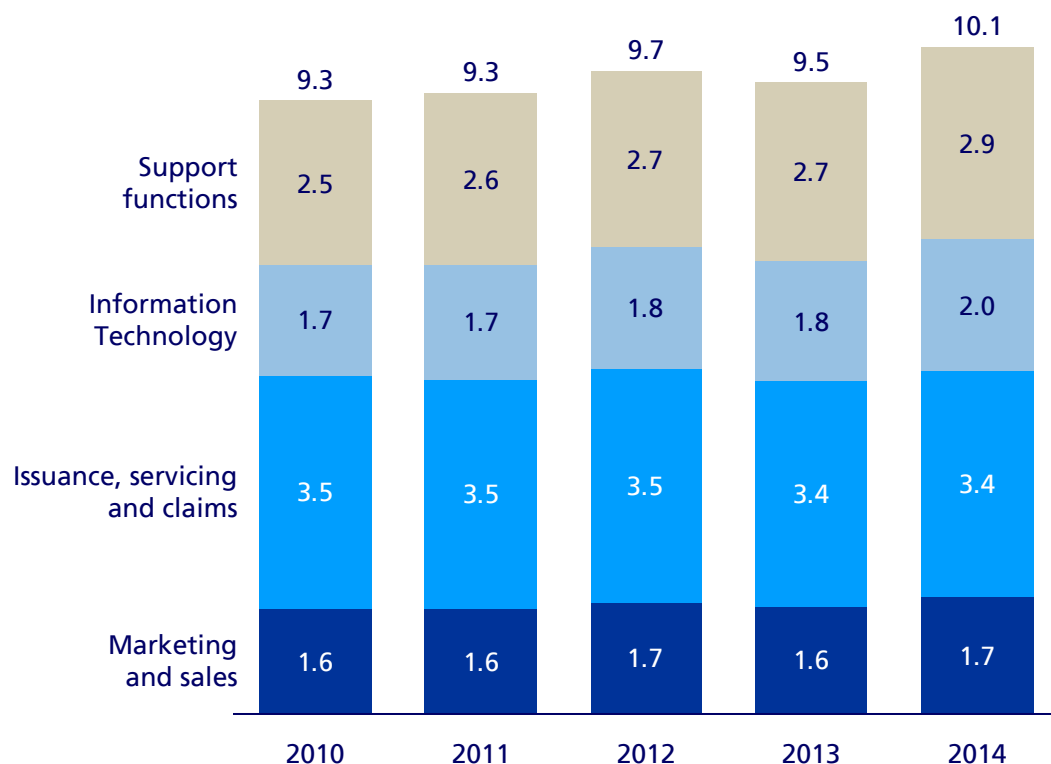
Prioritize investments in new technologies

We are already taking action to position Zurich for the challenges and opportunities from Disruptive Technologies

# Despite prior expense programs Zurich still has an expense improvement opportunity



## ZURICH'S GENERAL EXPENSES<sup>1</sup> (USDbn)



## KEY TRENDS

In support functions and IT:

- Prior savings initiatives have helped to offset the impact of inflation and increased regulatory expense
- 2014 saw increased investment in technology and costs of supporting growth in existing and developing markets

<sup>1</sup> Excluding Farmers and restructuring charges. All figures rounded to one decimal point.



# Our expense improvement opportunity is at least USD 1bn

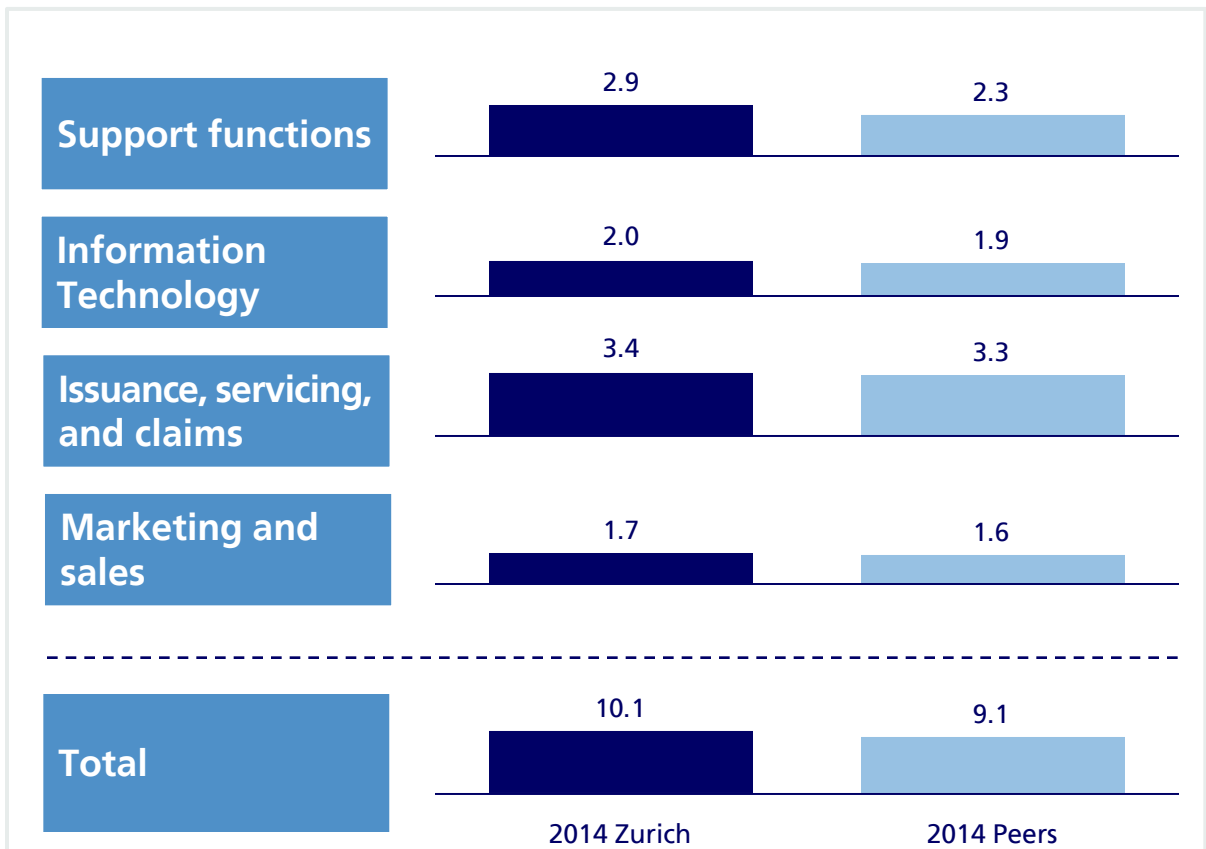


## COMMENTS

Our 2014 General Expenses compared to a sample of 10-12 peers in Europe and US remain high due to:

- Complex middle-office processes & systems
- Too many FTEs in high cost locations
- Ongoing investment in growth opportunities

## COMPARISON BY STEP OF THE VALUE CHAIN<sup>1</sup> (USDbn)

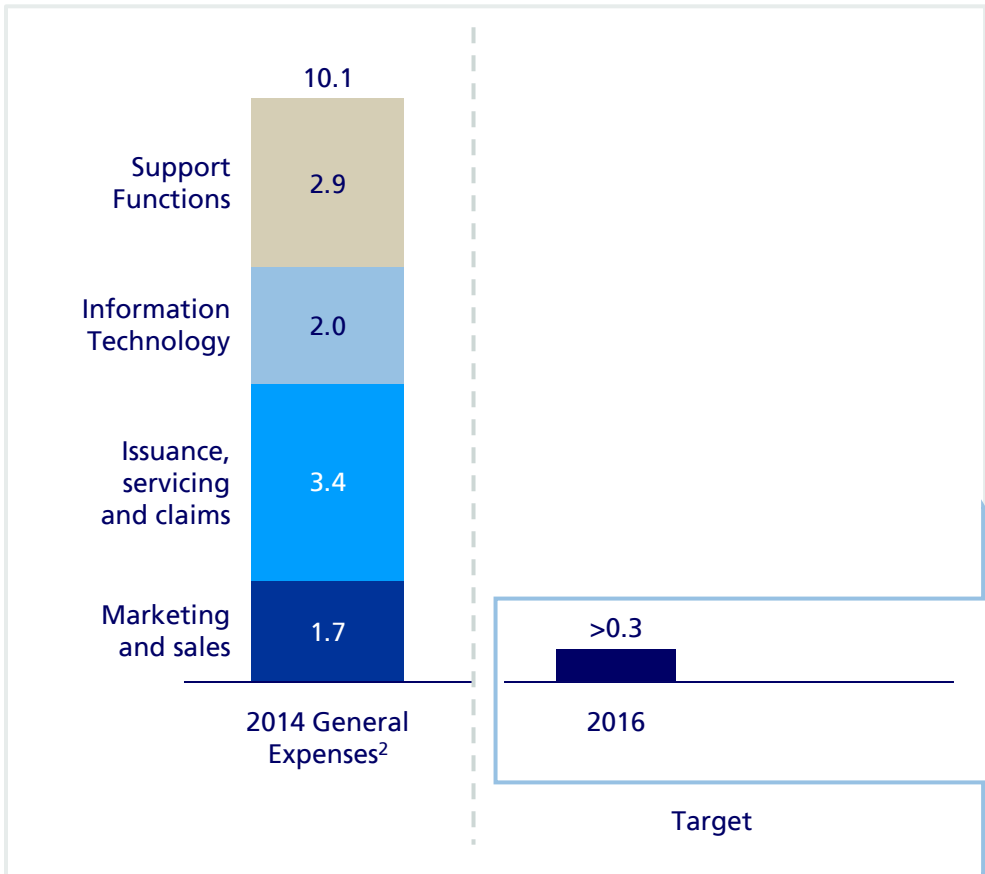


<sup>1</sup> Zurich numbers exclude Farmers and restructuring charges. Peer numbers are based on McKinsey Insurance Cost Benchmarking, are adjusted for Zurich business size (GWP) and mix. All figures rounded to one decimal point.

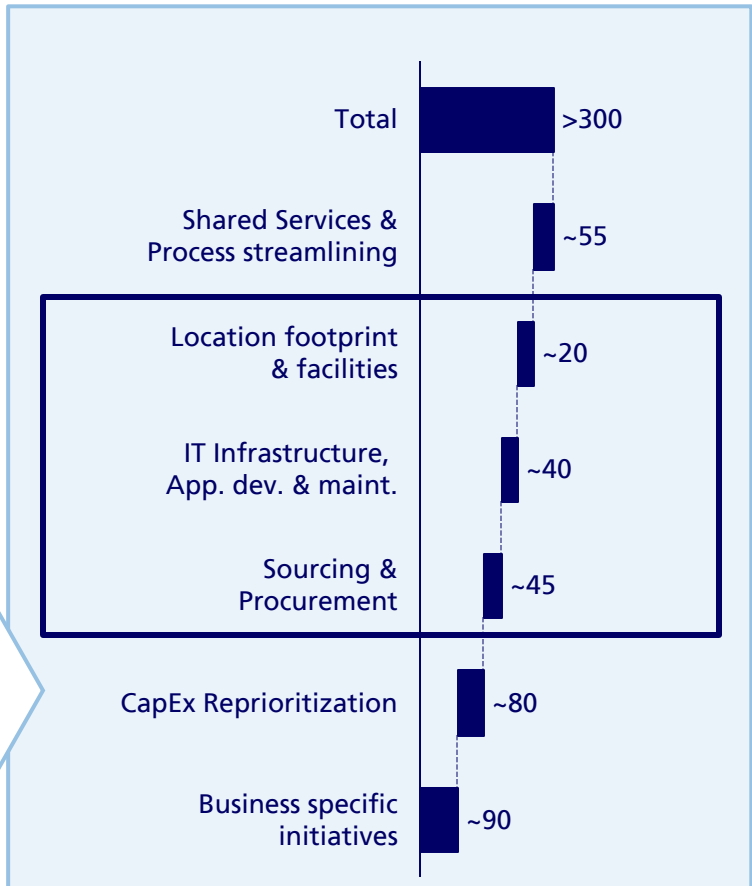
# Actions underway since Q3 2014 to achieve at least USD 300m underlying<sup>1</sup> savings by end 2016



## BASELINE AND TARGET SAVINGS<sup>2</sup> (USDbn)



## EXPECTED SAVINGS BY END 2016 (USDm)



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

<sup>2</sup> Excluding Farmers and restructuring charges. All figures rounded to one decimal point.

# Operations & Technology is driving efficiency & effectiveness initiatives

## SOURCING & PROCUREMENT

- USD ~45m savings
- Expanding spend actively managed by procurement
- First successful e-auctions and collaboration with claims in France and US

## LOCATION FOOTPRINT & FACILITIES

- USD ~20m CRE&FM savings
- Reducing number of properties & renegotiating leases
- Optimizing space use with the aim to exit 2-3% of the portfolio (up to 30,000 Sq.M)

## IT INFRASTRUCTURE

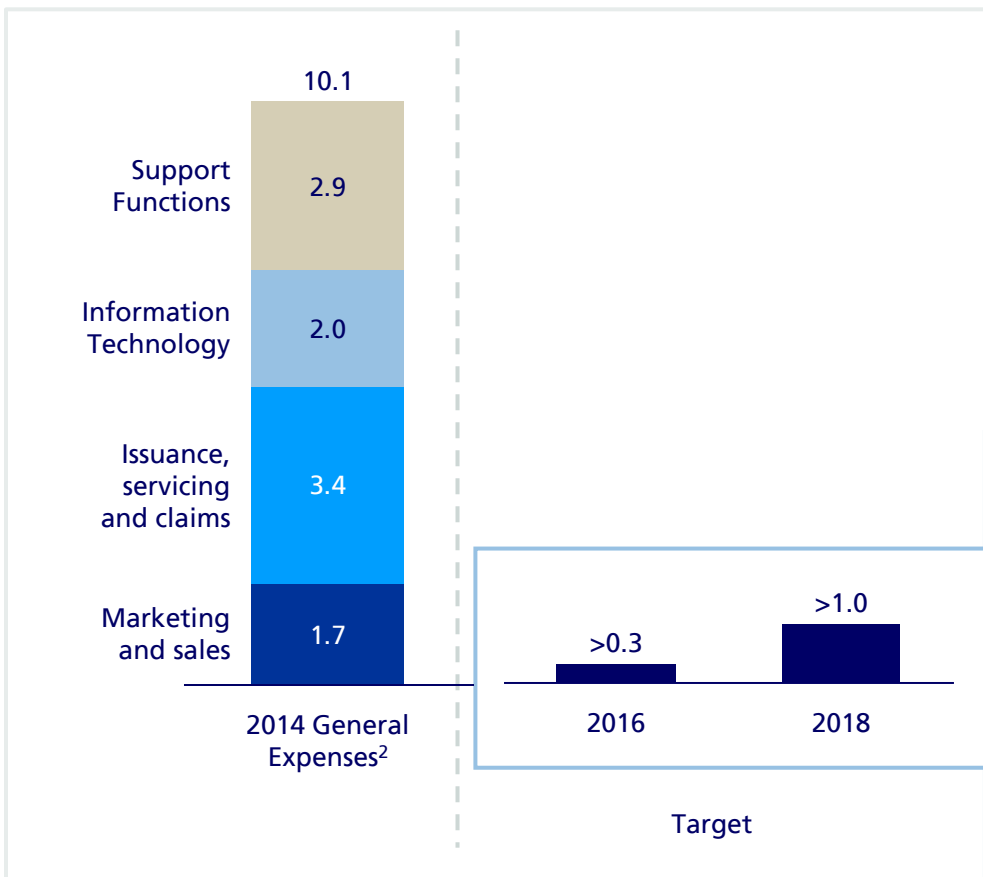
- USD ~25m savings
- Network & telecoms consolidation from 150 suppliers to 1 global supplier (target state)
- Consolidating from 70 Data Centers to 8 Strategic Data Centers (target state)

## APPLICATION DEVELOPMENT & MAINTENANCE

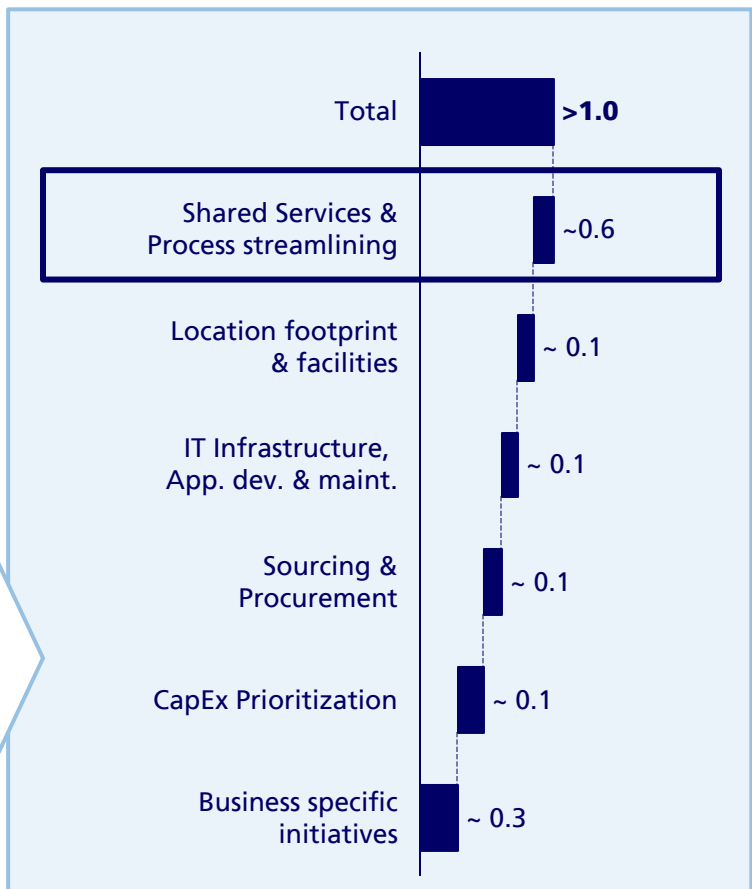
- USD ~15m savings
- Bringing selected software development, testing and support back in house
- Leveraging cost arbitrage through increased use of delivery centers in Spain, Poland and Slovakia

# We aim to achieve at least USD 1bn underlying<sup>1</sup> savings by end 2018

## BASELINE AND TARGET SAVINGS<sup>2</sup> (USDbn)



## EXPECTED SAVINGS BY END 2018 (USDbn)



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

<sup>2</sup> Excluding Farmers and restructuring charges. All figures rounded to one decimal point.

# Shared service center development

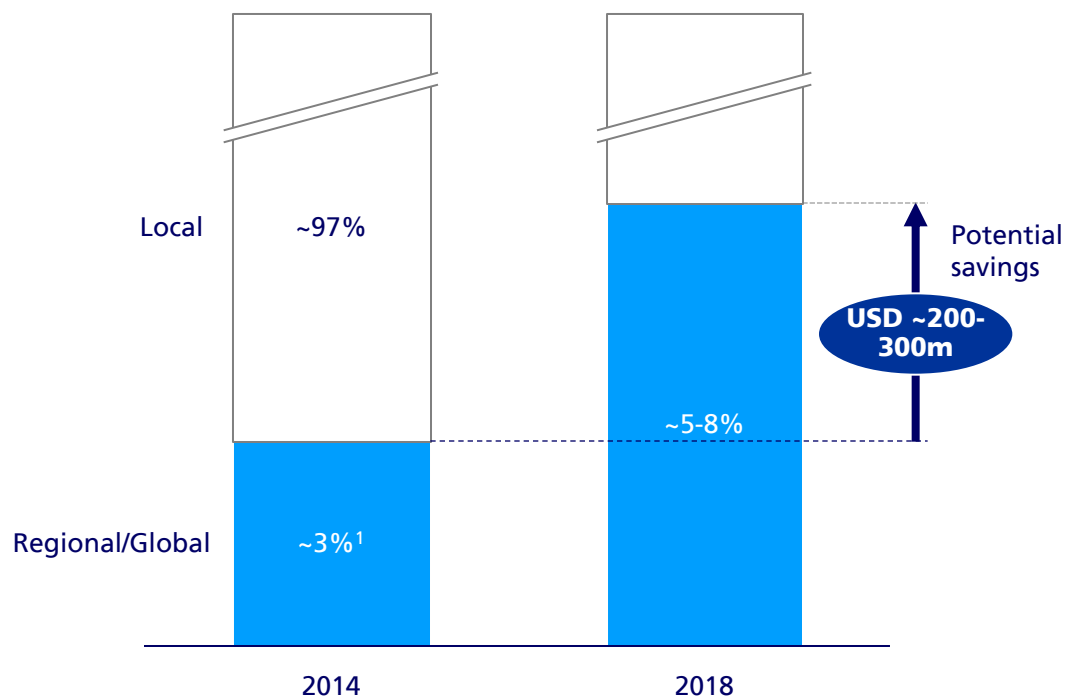
## SHARED SERVICE CENTER APPROACH

Create at-scale 5-6 global shared service centers

- Improve quality of service
- Standardize the processes
- Improve cost efficiency
- Increase process automation

## ZURICH'S FTEs: SHARED SERVICES VS. TOTAL

FTEs (excluding Farmers)

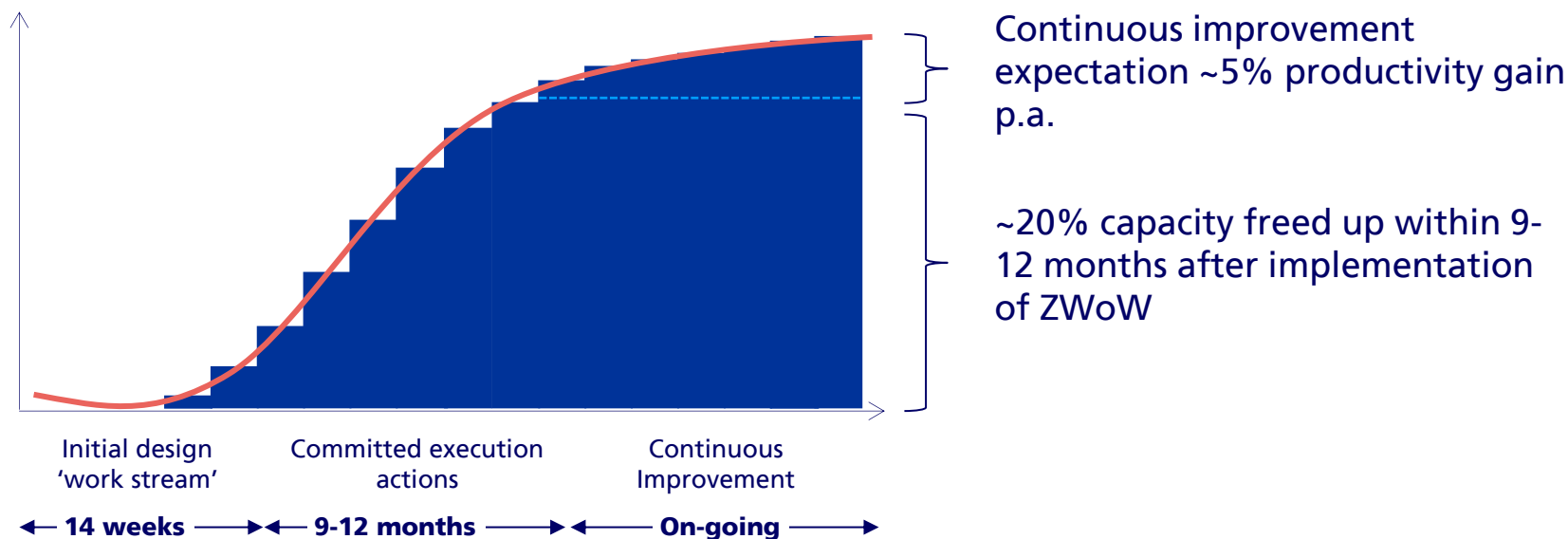


<sup>1</sup> Shared Services FTEs include Mphasis (India), Capgemini, internal Bratislava resources and the US printing center; but exclude external resources from Capita, Procurian, CSC.

# Process streamlining to increase productivity and change our way of working

## ZURICH WAY OF WORKING PROGRAM (ZWOW)

### Productivity Streamlining Process



- 11 work streams completed to date (3 in 2014), further 33 planned in 2015
- ~15k FTEs involved in the program by end 2018 (with potential to extend to ~40k FTEs)
- Savings of USD 200-300m by end 2018

# Focus of Zurich's current technology strategy goes beyond efficiency improvements



## KEY ELEMENTS OF MID-TERM TECHNOLOGY STRATEGY

**Customer / Agent / Broker Interface**

**Data & Analytics**

**Applications**

**IT Infrastructure**

**IT & Operations Talent Development**

**Information Security**

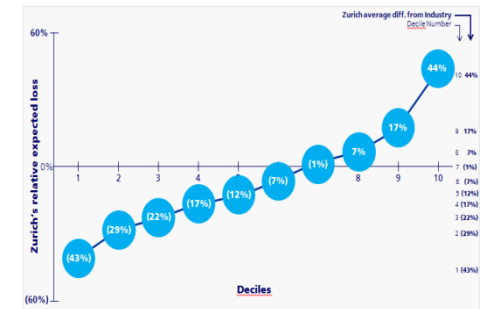
**Process Streamlining  
(ZWOW, Shared Services)**

# Three technologies are changing the way we support customer/ agent/ broker interface

## Big data / Risk insights in Commercial Insurance

Utilizing new sources of data other than just industry data allows to price risks significantly better.

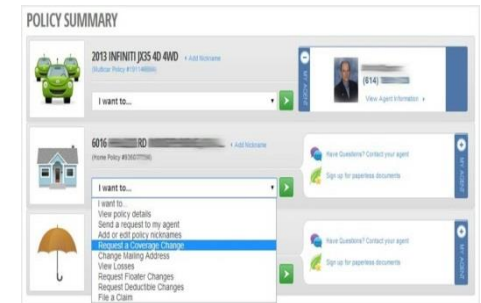
See NAC section of December 2014 Investor Update



## Omni-channel in Farmers

Digital is foundational to omni-channel and the customer experience. The top consumer need in the digital channel is service (e.g. policy look up, etc.)

See Farmers section of December 2014 Investor Update



## My Zurich platform in Global Corporate

Providing customers with single point of information on their international insurance programs and Risk Engineering activities

See booth over lunch





# Zurich's response to disruptive technologies

**100+**  
Technologies

In 2014 we reviewed 100+ technologies

**12**  
Disruptive  
technologies

We identified 12 disruptive technologies that would disrupt the insurance business model in the coming decade

**4**  
Technologies  
to focus on

Of the 12, 4 disruptive technologies will have an impact on the current and future insurance value chain and business model

## Silicon Valley "Accelerator"

- 20+ Zurich's experts
- 4 weeks in Palo Alto
- 50+ companies visited incl. Venture Capital firms
- 100+ business ideas were generated
- 8 ideas prototyped being piloted in 3 Business Units in multiple geographies

# Zurich focuses on 4 technology areas impacting the insurance value chain and business model



## PERSISTENT CONTEXTUALITY AND CONNECTIVITY

Ubiquitous network connectivity is changing the way insurers interact with their customers



## UBIQUITY OF DATA AND ANALYTICS

Deep-dive on next pages

Data-enhanced insights allow improvement in customer propositions and process efficiencies, but also create opportunities to connect with non-traditional players



## TELEMATICS (HOME & CAR) AND AUTONOMOUS VEHICLES

Telematics create opportunities for quicker/better underwriting and value-added customer services



## AUTOMATION OF KNOWLEDGE WORK

Deep-dive on next pages

Automation of knowledge work will transform the efficiency and effectiveness of many insurance processes



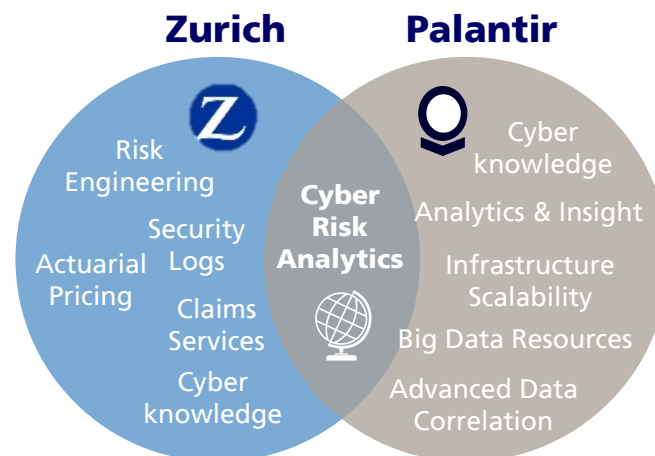
# Ubiquity of Data and Analytics

## ZURICH'S FOCUS

- Build an industry-leading enterprise data and analytics capability
- Further enforce uniform data policies and standards across Business Units and create a global data store for customer/ product/ claims data
- Build additional predictive analytics capabilities and visualization tools
- Collaborate with global data and analytics leaders to accelerate and enhance our data offerings

## OUR ACTIONS

- Currently collaborating with Palantir across seven pilots leveraging key competencies of both companies
- Examples: Cyber Risk, Big Data, overcoming legacy IT



# Automation of Knowledge Work

## ZURICH'S FOCUS

- Leverage 'machine learning' to improve both risk pricing and claims assessments, reduce cost through more accurate damage estimates, and offer our customers continuous risk management services
- Increase the level of digitalization across our process value chain, thus improving the efficiency and effectiveness of business processes
- Continuously review opportunities arising from the wide adoption of automation by our corporate and commercial customers, brokers and agents

## OUR ACTIONS

Exploration teams currently deployed to prototype:

- Automation across operations through software robotics
- Leveraging machine learning to analyze structured and unstructured data for quicker and more accurate pricing of risk

# Zurich's response to disruptive technologies

**100+**  
Technologies

In 2014 we reviewed 100+ technologies

**12**  
Disruptive  
technologies

We identified 12 disruptive technologies that would disrupt the insurance business model in the coming decade

**4**  
Technologies  
to focus on

Of the 12, 4 disruptive technologies will have an impact on the current and future insurance value chain and business model

**Silicon Valley  
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- 20+ Zurich's experts
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- 8 ideas prototyped being piloted in 3 Business Units in multiple geographies

# Example of Prototype (1/2)

## CONCEPT

- **Concept:** Digitize existing legacy applications
- **Pilot BU/ Function locations:** United States, United Kingdom, Italy, Spain, Switzerland, Farmers
- **Cost to date:** USD 300,000

## CHALLENGE

- Highly complex processes and systems make customer/ broker/ agent interface slow, expensive and difficult to change
- Traditional application development solutions take too long to adapt to changes and do not support current devices and mobile applications

# Example of Prototype (2/2)

## SOLUTION

- Provide seamless access to devices and applications from customer/ agent/ broker/ staff
- Utilize software robotics to reduce dependency on “legacy” application development change processes

## BENEFITS



### Flexibility

- Enable agents/ employees to work anytime, anywhere, on any device



### Transformation

- Simplify existing complex applications into dynamic/ flexible business workflows



### Rationalization

- Extend life of legacy applications to bridge the technology change gap

# Key messages



Opportunity to improve Zurich's expense position by at least USD 1bn identified; work under way since Q3 2014

We aim to achieve this by end 2018, with at least USD 300m delivered by end 2016

Prioritize investments in new technologies

We are already taking action to position Zurich for the challenges and opportunities from Disruptive Technologies



# Demonstrations & Lunch

James Quin, Head of Investor Relations & Group Performance Management



## LOGISTICS

- We have 5 demonstrations in the lunch breakout room:
  - MyZurich portal
  - Zurich Risk Room
  - UK Corporate Savings
  - GI retail: Examples of innovation
  - Zurich's approach to Corporate & Social Responsibility
- Each demonstration will be run by a member of Zurich management, with a short presentation followed by Q&A
- We will run each demonstration up to 5 times over the course of the next 75 minutes, first demonstration will start at 12:50pm
- We'd like you to circulate around these demonstrations over lunch – its an informal session, and intended to be interactive!

# 5 demonstrations

## SHORT SUMMARY

- |                                   |  |
|-----------------------------------|--|
| MyZurich portal                   | <ul style="list-style-type: none"><li>• Live demo of unique customer portal</li><li>• One tool to oversee and manage policy data, claims and emerging risks</li></ul>                                    |
| Zurich Risk Room                  | <ul style="list-style-type: none"><li>• Live demo of portal to understand impact of global risks</li><li>• Award-winning tool demonstrating Zurich's thought leadership and deep risk insights</li></ul> |
| UK Corporate Savings              | <ul style="list-style-type: none"><li>• Corporate savings platform supporting growth of UK CLP</li><li>• Our responses to UK legislative changes introduced in April</li></ul>                           |
| GI retail: Examples of innovation | <ul style="list-style-type: none"><li>• Austria digital customer services</li><li>• Spain personalized renewal videos</li></ul>  |
| Corporate & Social Responsibility | <ul style="list-style-type: none"><li>• Zurich's approach to CSR</li><li>• CSR part of how we do business</li></ul>  |

## SCHEDULE

1. Please **pick up a lunch bag** outside the auditorium.
2. First demonstration starts at **12.50pm**. We will let you know when we will restart each demonstration (approximately every 15 minutes).
3. At **2pm** we will start the Q&A sessions:
  - We've divided you into 3 groups – please go to your **assigned room** – either A, B or C, as shown on the back of your name label
  - Members of management will rotate between each of the rooms
4. At **3.45pm** we will have a short break, followed by the finance session and then a wrap-up Q&A with Martin Senn and George Quinn in the main auditorium.
5. Formal sessions finish at around **5pm**, when we will hold a short apéro.

# Finance update

George Quinn, Chief Financial Officer



# Key messages

Our capital position remains very strong, and Zurich operates in a stable regulatory environment

We expect to deploy USD 3bn of excess capital in the next 18 months

We will continue to focus our retail footprint

We expect to achieve an ROE within our target range in 2016

# Recap on 2014 results

## FY-14 KEY RESULTS

### BOP

USD 4.6bn (-1%)

### NIAS

USD 3.9bn (-3%)

## TARGET METRICS OVER STRATEGIC PERIOD

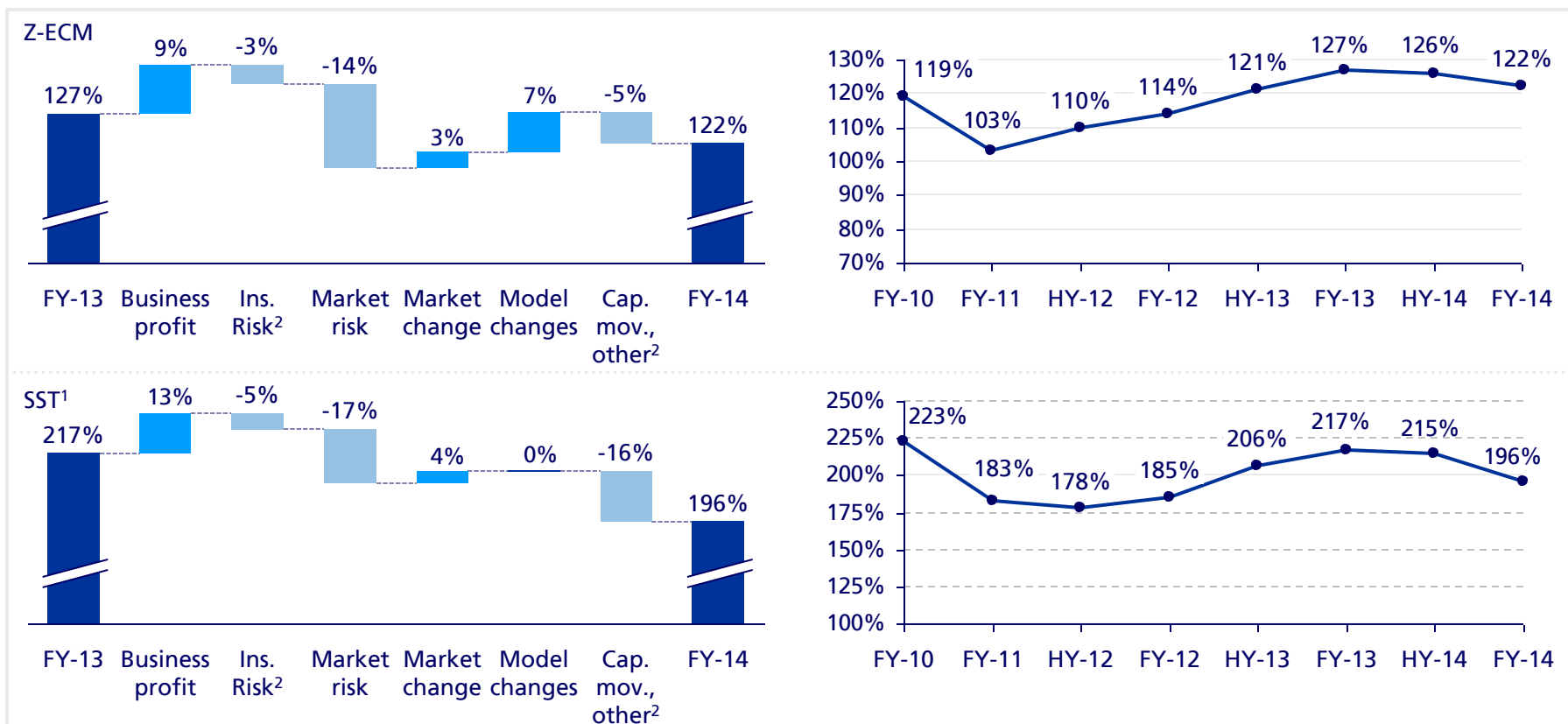
<b>BOPAT ROE<sup>1</sup></b>	<b>FY-14</b>	<b>Target</b>
	11.1%	12 - 14%
<b>Z-ECM<sup>2</sup></b>	<b>FY-14</b>	<b>Target</b>
	122%	100 - 120%
<b>Net cash remittances</b>	<b>FY-14</b>	<b>Cumulative 3-year target</b>
	USD 3.7bn	> USD 9bn

<sup>1</sup> Business operating profit after tax return on equity, excluding unrealized gains and losses.

<sup>2</sup> Zurich Economic Capital Model (Z-ECM).

# Consistently strong solvency position

## FY-14 SOLVENCY RATIO DEVELOPMENT & HISTORICAL VIEW



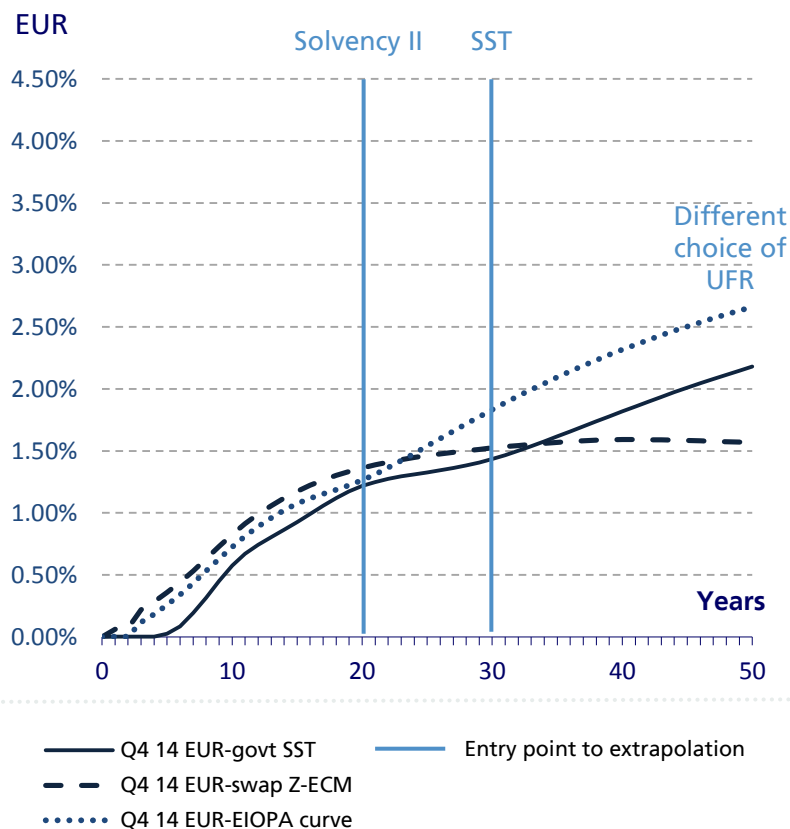
<sup>1</sup> The Swiss Solvency Test (SST) ratio is calculated based on the Group's internal model, and both are subject to the review and approval of the Group's regulator, the Swiss Financial Market Supervisory Authority (FINMA). The ratio is filed with FINMA bi-annually.

<sup>2</sup> Insurance risk, Capital movements & Other.



# SST is more conservative than Solvency II

## MORE CONSERVATIVE APPROACH



## SST & SOLVENCY II COMPARED

- The SST framework is on average more stringent compared to Solvency II
- For our entities in the EU, we estimate that Solvency II ratios will be on average ~70ppts higher than the corresponding SST ratio
- Key differences include yield curves, choice of risk measure, treatment of market value margin, tax and sovereign credit risk
- No benefit from equivalence of foreign subsidiaries in SST

## OPERATING UNDER SST – A WELL-ESTABLISHED AND STABLE FRAMEWORK

- The SST framework has been well established for several years. We do not expect that the introduction of Solvency II will have any immediate implications on the SST framework
- Recent changes to the supervisory regime in Switzerland will not have a material impact for Zurich. Specifically, we do not expect that a standard formula will be required for us
- For our EU carriers, we aim to use the Solvency II Standard Formula for Pillar I for Life companies and smaller GI carriers
- Cash remittances are not expected to be greatly impacted by Solvency II in the near term. In the future, we expect Solvency II to have some potential upside

# Resilient position in stress scenarios



SCENARIO <sup>1</sup>	IMPACT	ACTIONS	RESULT	Z-ECM RATIO IMPACT
<b>Slow burn recovery</b> <ul style="list-style-type: none"> <li>• Projected base case as at end 16, plus:</li> <li>• Lower growth than planned</li> </ul>	<ul style="list-style-type: none"> <li>• Limited impact on both Z-ECM AFR and RBC</li> </ul> <p>Z-ECM 120%</p>	<ul style="list-style-type: none"> <li>• No corporate actions required</li> </ul> <p>Z-ECM 120%</p>	<p><b>USD 3bn available for deployment</b></p>	<p>122% 120% 115% 105%</p> <p>Q4 2014 Q4 2016</p> <ul style="list-style-type: none"> <li>■ Z-ECM Q4 14</li> <li>■ Scenario 1</li> <li>■ Scenario 2</li> <li>■ Scenario 3</li> </ul>
<b>Challenging period</b> <ul style="list-style-type: none"> <li>• Scenario 1, plus:</li> <li>• 100bps corporate spread widening</li> <li>• Equities down by 20%</li> <li>• 1/10 Nat Cat event</li> </ul>	<ul style="list-style-type: none"> <li>• Moderate impact on both Z-ECM AFR and RBC</li> </ul> <p>Z-ECM 106%</p>	<ul style="list-style-type: none"> <li>• Moderate de-risking</li> <li>• Moderate hybrid issuance</li> </ul> <p>Z-ECM 115%</p>	<p><b>USD 3bn available for deployment</b></p>	
<b>Market dislocation</b> <ul style="list-style-type: none"> <li>• Scenario 2, plus:</li> <li>• Zero growth</li> <li>• 100bps sovereign spread widening</li> <li>• Equities down by 30%</li> <li>• 1/50 Nat Cat event</li> </ul>	<ul style="list-style-type: none"> <li>• Significant impact on both Z-ECM AFR and RBC</li> </ul> <p>Z-ECM 96%</p>	<ul style="list-style-type: none"> <li>• Moderate de-risking</li> <li>• Moderate hybrid issuance</li> </ul> <p>Z-ECM 105%</p>	<p><b>Retain excess capital</b></p>	

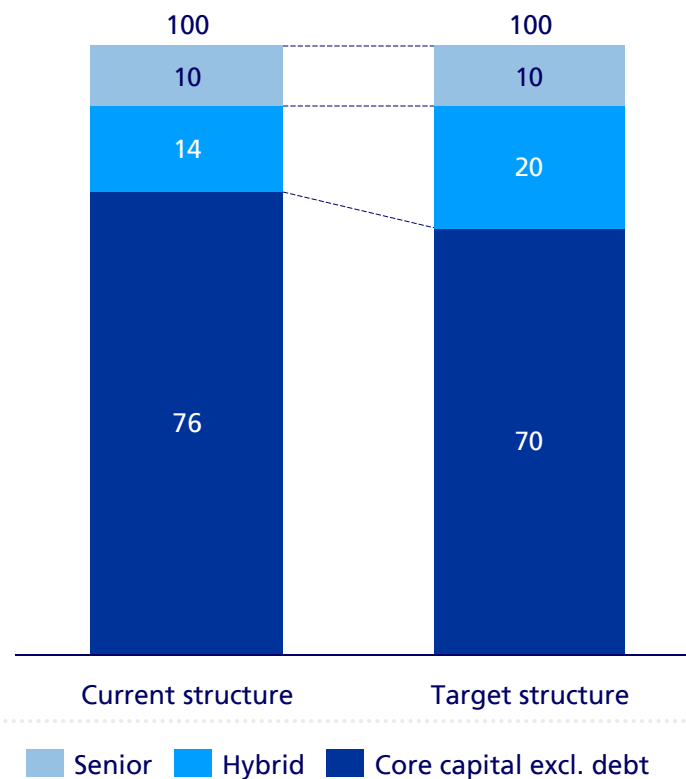
<sup>1</sup> Scenarios base case integrate the best estimate of market movements as of Q1-15.

# Target capital structure

## OVERVIEW AND RATIONALE

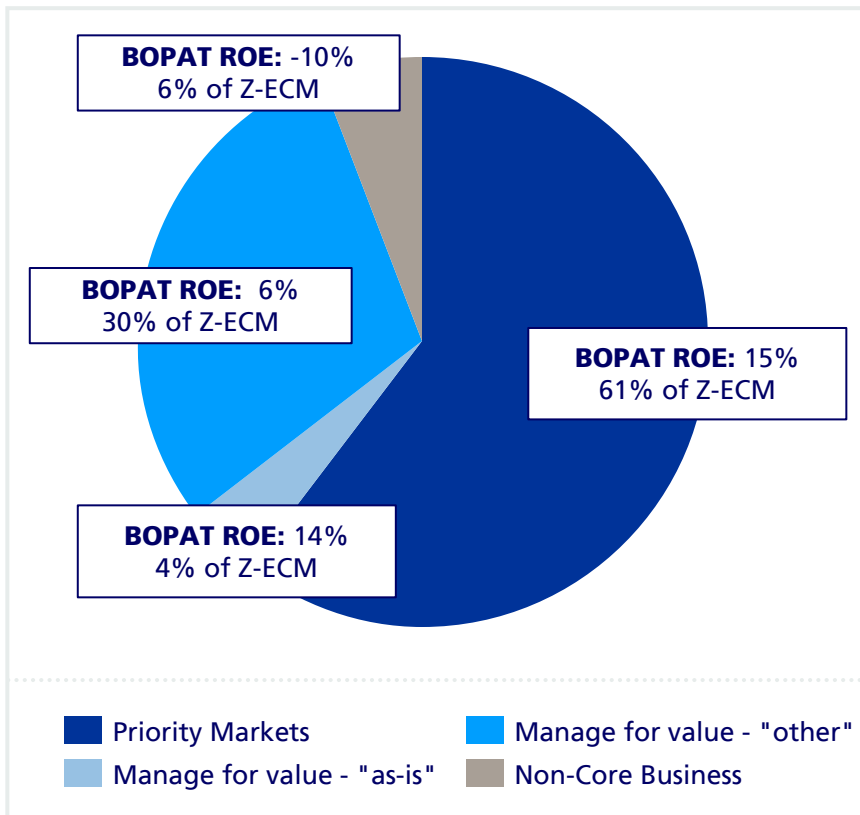
- Target capital structure minimizes total cost of capital subject to maintaining our AA rating and internal liquidity targets
- Capacity to increase leverage according to our capital and rating agency models
- Most likely step is to rebalance the mix of equity and hybrid capital
- Allow for volatility buffer in future target structure (+/-5%)

## CURRENT AND TARGET STRUCTURE OF Z-ECM AFR (%)



# Group portfolio review: 2014 data

## GROUP PORTFOLIO REVIEW<sup>1,2</sup>



- Non-Core Business shown separately
- Manage for value capital slightly lower than in 2013 as % of total, mainly due to FX
- First step announced with UK annuity transaction; more to come
- Manage for value ROE impacted by management actions – expect to see improvement from 2015 onwards

<sup>1</sup> BOPAT ROE for 2014.

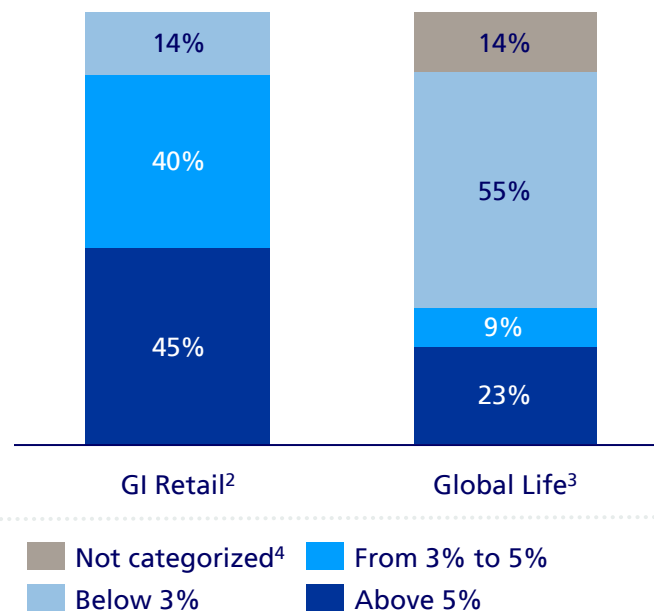
<sup>2</sup> Z-ECM for Zurich Economic Capital Model, based on end 2014 data, using March 31, 2015 spot FX rates.

# Focusing our retail footprint

## ZURICH'S RETAIL FOOTPRINT

- Currently in 27 markets
- Leaders in only a few markets
- Largest 5 positions account for ~2/3rds retail GWP/APE for both GI and GL respectively
- GI: USD 0.6bn BOP, ~25% GWP
- GL: ~30% APE, ~40% NBV

Breakdown of Zurich's Retail top-line by market share<sup>1</sup>  
(GI GWP, Global Life APE), %



<sup>1</sup> Market share based on GWP except for Germany Life which is based on APE.

<sup>2</sup> GI Retail excludes Sabadell and Zurich Santander Bank Distribution.

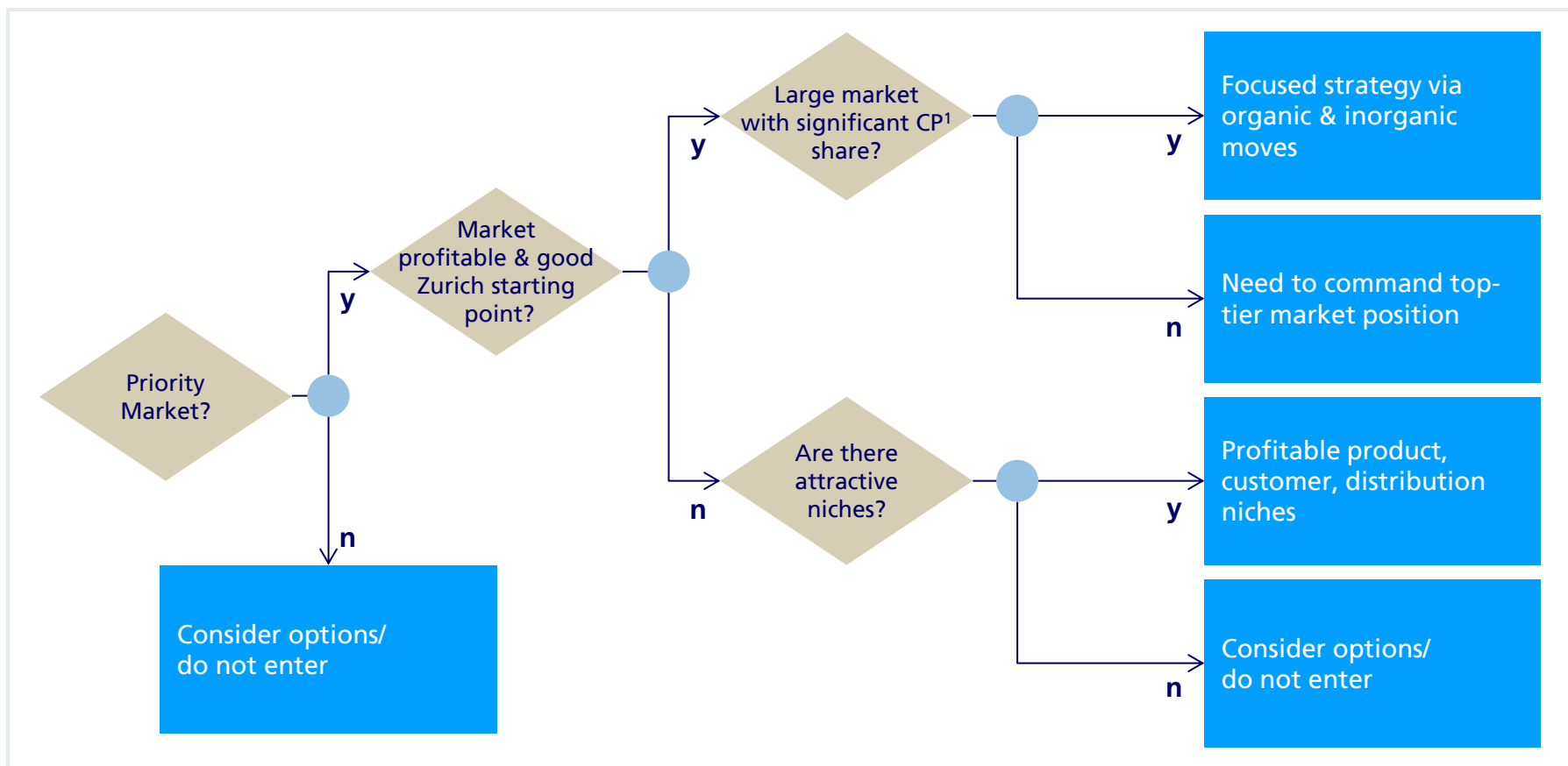
<sup>3</sup> Global Life business excludes Bank Distribution but includes Corporate Life and Pensions.

<sup>4</sup> Includes ZIS, IGRS and Private Banking Solutions.

Source: McKinsey 'Global Insurance Pools', Axco, Swiss Re, Zurich internal data and estimates.

# How we evaluate our retail footprint

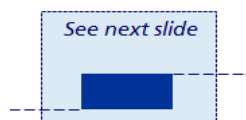
## RETAIL INVESTMENT DECISION TREE



<sup>1</sup> Confident Planner.

# Drivers of profit improvement actions

	FY-14	ACTION	FX / YIELD	2016
<b>General Insurance</b>	97.3% reported CR, but ~98.5% ex cats/pension gain USD 2.45bn BOP <sup>1</sup>	2-3pt better combined ratio USD +0.6 to 0.9bn	~5% FX impact plus lower yields USD -0.3bn	<b>+0.3bn to +0.6bn BOP vs FY-14</b>
<b>Global Life</b>	As reported FY-14 USD 1.27bn BOP	Get to north of USD 350m per quarter at old FX >USD 0.2bn	~10% FX impact plus lower yields USD -0.15bn	<b>&gt;0.05bn BOP vs FY-14</b>



Profit improvement actions

**= Profit improvement potential in range of 160bps to 250bps, on constant FX basis**

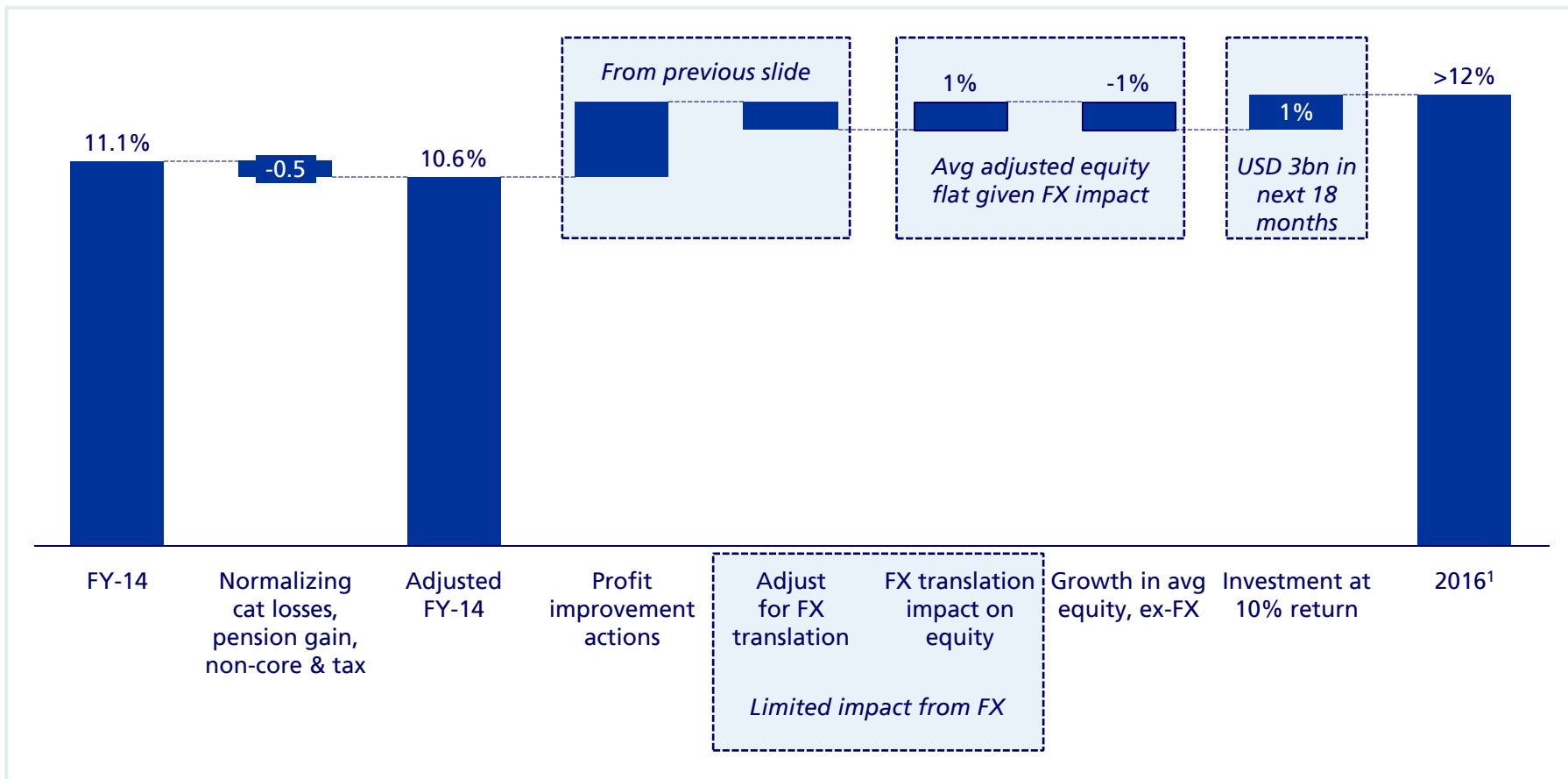
<sup>1</sup> Normalizations included adjustment to the planned catastrophe level and 2014 Swiss pension gain.



# We expect to deliver on the 12-14% ROE target



## BOPAT ROE (%)



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

# Opportunity to improve efficiency

## 2015-2016

## 2017-2018

### Objectives

- USD 300m cost savings
- Support delivery of 12-14% ROE
- Implement first phase of 2018 transformation

- At least further USD 700m savings
- Streamlined objectives with less operational infrastructure (building, systems, FTE in expensive locations)
- Adoption of new digital business models

### Accounting and restructuring charges

- USD 400m - 600m in one-off charges expected
- Setting up new shared service hubs, lease discontinuation, decommissioning of IT systems
- Aim to take >60% of the charges in 2015, but some will fall in 2016
- Expected to be largely outside of BOP

- Further ~USD 500m one-off investments and charges possible, but more detailed analysis required
- Will be incorporated into 2017 targets

# Key messages

Our capital position remains very strong, and Zurich operates in a stable regulatory environment

We expect to deploy USD 3bn of excess capital in the next 18 months

We will continue to focus our retail footprint

We expect to achieve an ROE within our target range in 2016

# Closing remarks

Martin Senn  
Chief Executive Officer



# Biographies



# Biography Martin Senn

## Chief Executive Officer



### Skills and experience

Martin Senn (born 1957, Swiss citizen) has more than 35 years of experience in the insurance and finance industry, having held various senior executive positions across Europe, the U.S. and the Asia-Pacific region.

Mr. Senn joined Zurich Insurance Group in 2006 as Chief Investment Officer, serving on its Group Executive Committee, and became Chief Executive Officer, effective January 1, 2010. From 2003 until 2006, he worked for Swiss Life Group, both as a member of its Corporate Executive Board and as Chief Investment Officer. From 1994 until 2001, Mr. Senn was a senior executive with Credit Suisse, where his roles included those of treasurer for the Head Office and Europe and Chairman of Credit Suisse Group, Japan. In 2001, he became a member of the Credit Suisse Banking executive board and was appointed head of its Trading and Investment Services Division. Mr. Senn worked for the former Swiss Bank Corporation from 1976 to 1994 in various positions including treasurer in Hong Kong and regional treasurer for Asia and the Pacific region in Singapore before managing the company's Tokyo office.

### External appointments

Mr. Senn is active in business and industry organizations based in Switzerland and other European countries, China and the U.S. He is a member of the international advisory board of the Atlantic Council and the advisory board of Tsinghua School of Economics and Management. He is a representative of the Property and Casualty CEO Roundtable and a member of the Pan European Insurance Forum (PEIF). He serves in a senior capacity with the Institute of International Finance (IIF), Avenir Suisse, the Zurich Association of Economics, the Swiss-American Chamber of Commerce, the Swiss Institute of International Studies and the Geneva Association. He is a member of the board of trustees for the Lucerne Festival and serves as a Honorary Consul for the Republic of Korea in Zurich.

### Educational background

Mr. Senn received a Commercial and Banking diploma from the Business School in Basel, Switzerland and completed an International Executive Program at INSEAD in Fontainebleau as well as an Advanced Management Program at Harvard Business School.

# Biography Kristof Terryn

## CEO Global Life



### Skills and experience

Kristof Terryn (born 1967, Belgian citizen) began his career in 1993 in the banking industry, where he worked in capital markets. In 1997, he joined McKinsey & Company where he held various positions within the financial services practice in Brussels and Chicago. He joined Zurich in 2004 as Head of Planning and Performance Management. In 2007, he became Chief Operating Officer for the Global Corporate business division and in 2009 was named Chief Operating Officer for General Insurance. Mr. Terryn became a member of the Group Executive Committee in 2010 on his appointment as Group Head of Operations. He assumed his current role as CEO Global Life in August 2013.

### Educational background

Mr. Terryn holds a law degree and a degree in economics from the University of Leuven, Belgium, as well as an MBA from the University of Michigan.

# Biography Gary Shaughnessy

## UK Country Head & CEO UK Life



### Skills and experience

Gary Shaughnessy (born 1966, British citizen) joined Zurich in June 2012 as CEO of UK Life and in August 2014 was appointed as UK Country Head. He also sits on the board of Zurich Life Insurance Company (ZLIC).

Gary's background is in marketing and distribution with nearly 30 years of experience working across the life insurance market, asset management industry and consumer engagement. Prior to joining Zurich, Gary Shaughnessy was at Fidelity Worldwide Investment where he was Managing Director, UK Defined Contribution and Retail Business.

From 1999 to 2008, Gary Shaughnessy worked for Prudential Group including time as UK Managing Director, Retail Life & Pensions and CEO UK Retail at M&G Investments. He has also held senior roles at AXA and Bank of Scotland.

### External appointments

Gary Shaughnessy holds a number of Industry Board and company memberships across the UK insurance market. He is a member of the Association of British Insurers (ABI) Board and is the chairperson of the ABI Protection Committee. He serves as a Co-opted Adviser to the Personal Finance Society (PFS). He has previously been a member of the Tax Incentivised Savings Association (TISA) Board and Chaired the Investment Management Association (IMA) Investment Funds Committee.



# Biography Nick Burnet

## CFO Global Life



### Skills and experience

Nicolas Burnet (born 1968, U.S. citizen) is a member of the Zurich Insurance Group's Leadership Team and is the Chief Financial Officer (CFO) of the Global Life Segment. In this role he is responsible for leading the Global Life finance team to effectively support the delivery of Global Life's strategic aspirations. Prior to his current role he was the Chief Risk Officer (CRO) for Zurich's Global Life Segment.

Mr. Burnet joined Zurich in 2004 from Neuberger Berman and prior to that worked for JP Morgan and Price Waterhouse. He has held a number of senior executive positions for Zurich, most notably; he was Chief Operating Officer for Zurich's Centrally Managed Businesses from 2007-2010 in New York.

### Educational background

Mr. Burnet holds a bachelor's degree in finance from Saint Joseph's University and a master's degree in business administration from Cornell University's Johnson Graduate School of Management.

# Biography Michael Kerner

CEO General Insurance



## Skills and experience

Michael Kerner (born 1965, U.S. citizen) joined Zurich in 1992 from the Continental Insurance Company and since then he has held a number of senior executive positions. These include Chief Operations Officer for Zurich North America Specialties and Head of Ceded Reinsurance for Zurich North America from 2002 to 2005. From January 2006 to June 2007, he served as the Global Head of Group Reinsurance and between 2007 and 2009, Mr. Kerner was Global Chief Underwriting Officer for General Insurance and Head of Group Strategy in Zurich. Prior to his current role, he was Chief Executive Officer for Zurich Global Corporate in North America. He became a member of the General Executive Committee and CEO General Insurance in September 2012.

## Educational background

Mr. Kerner holds a Bachelor of Science in Mathematics and Economics from the State University of New York at Binghamton. Mr. Kerner is a Fellow of the Casualty Actuarial Society and a member of the American Academy of Actuaries.

# Biography Thomas Hürlimann

## CEO Global Corporate



### Skills and experience

Thomas Hürlimann (born 1963, Swiss citizen), is Chief Executive Officer (CEO) of the Global Corporate business at the Zurich Insurance Group (Zurich). He joined Zurich in March 2003 as Global Head of Group Reinsurance. In 2005, he became Chief Operating Officer for Zurich Global Corporate, and was appointed as CEO Global Corporate in Europe in June 2006. Five years later, in March 2011, he assumed his current role. Mr. Hürlimann began his career in banking, working in treasury and corporate finance as well as on strategic projects. He then moved into the insurance sector, spending seven years with Swiss Re where he led the Insurance Practice of Swiss Re New Markets. He was also Managing Director of Fox-Pitt Kelton. Throughout his career, Mr. Hürlimann has gained international experience in Central and Eastern Europe, North and South America, South East Asia and West Africa.

### Educational background

Thomas Hürlimann holds a degree in business administration and economics from the University of Zurich and an MBA from IMD, Lausanne, Switzerland.

# Biography Robert Dickie

## Chief Operations and Technology Officer



### Skills and experience

Robert Dickie (born 1959, British citizen) held various senior positions with National Australia Bank Group in Australia and the UK from 1994 to 2000. From 2000 to 2002, he served as Managing Director, UK Enterprise, for Zurich in the UK. From 2003 to 2008 Mr. Dickie was Group Operations Director and a member of the executive committee of the UK-based bank Bradford & Bingley plc. In 2008 he joined American International Group, Inc. (AIG) where he served as Chief Operations and Systems Officer and was a member of the global leadership team. He joined Zurich in March 2014 as Chief Operations and Technology officer and member of the Group Executive Committee (GEC) responsible for Zurich's shared services, information technology (IT), procurement and sourcing and operational transformation initiatives.

### External appointments

Mr. Dickie is a fellow of the Chartered Institute of Bankers in Scotland and a fellow of the Royal Society for the encouragement of Arts, Manufactures and Commerce.

### Educational background

Robert Dickie holds an MBA from the University of Strathclyde Graduate Business School, Glasgow, Scotland.

# Biography George Quinn

## Chief Financial Officer



### Skills and experience

George Quinn (born 1966, British citizen) started his career at KPMG 1988 in London where he held several positions working with the insurance and reinsurance industry. He joined Swiss Re in 1999 as Chief Accounting Officer based in Zurich and later served as CFO for Swiss Re Group's Financial Services. Mr. Quinn became the Regional CFO for Swiss Re Americas based in New York in 2003. Since March 2007 he served as Swiss Re Group's Chief Financial Officer. Mr. Quinn joined Zurich in May 2014 as Chief Financial Officer.

### External appointments

Mr. Quinn is a member of the Board of Trustees of the Zurich International School and a member of the Finance Chapter of the Swiss American Chamber of Commerce.

### Educational background

Mr. Quinn holds a degree in engineering from the University of Strathclyde. Mr. Quinn is a member of the Institute of Chartered Accountants in England and Wales.

# For further information

## CALL US

### Investor Relations

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Aaron Beharelle	+41 44 625 25 50
André Meier	+41 44 625 37 75
Gianni Vitale	+41 44 625 48 26

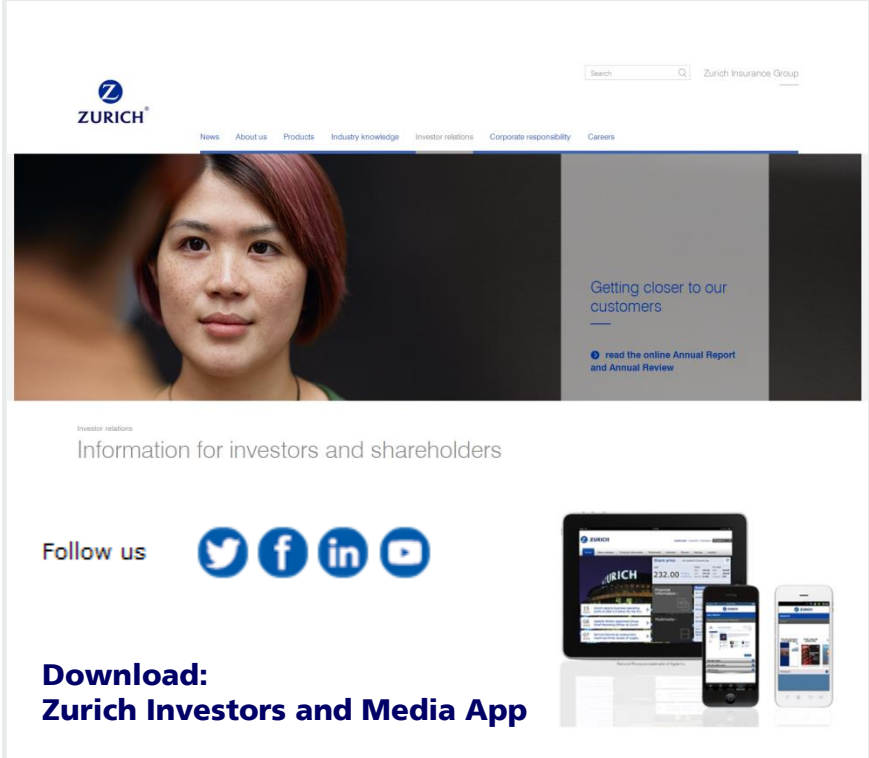
### Rating Agency Management

Michèle Matlock	+41 44 625 28 50
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### Events

Patricia Heina	+41 44 625 38 44
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## VISIT OR FOLLOW US



The screenshot shows the Zurich Investor Relations website. At the top left is the Zurich logo. To the right is a search bar and the text "Zurich Insurance Group". Below this is a navigation menu with links for "News", "About us", "Products", "Industry knowledge", "Investor relations", "Corporate responsibility", and "Careers". The main content area features a large image of a woman's face on the left and a grey box on the right with the text "Getting closer to our customers" and a link "read the online Annual Report and Annual Review". Below this is a section titled "Investor relations" with the subtitle "Information for investors and shareholders". Further down, there is a "Follow us" section with icons for Twitter, Facebook, LinkedIn, and YouTube. At the bottom, there is a "Download: Zurich Investors and Media App" section with images of a tablet, a smartphone, and a smartphone displaying the app interface.

**Calendar:**

- June 2 - 3, DB Global Financials Conference 2015, New York
- August 6, Half year results 2015
- September 29 - October 1, BoAML Conference, London
- November 5, Results for the nine months to September 30, 2015

