

Credit investor update

November 2019

Zurich Insurance Group



Our proposition to investors

HIGHLY CASH GENERATIVE BUSINESS MODEL, SUPPORTED BY:

A balanced and diverse global business



Industry leading capital levels



Stable, consistent and conservatively managed balance sheet



Consistent growth with scope to enhance returns through capital re-deployment



We have fully delivered on 2017 – 2019 targets and have ambitious new targets for 2020 – 2022

2017 – 2019 DELIVERED

BOPAT ROE¹ in excess of 12% and increasing

Cumulative cash remittances in excess of USD 9.5bn over 2017-2019

USD 1.5bn in net savings by 2019 compared to the 2015 baseline

Z-ECM ratio to remain in 100-120% range

2020 – 2022 AMBITION

BOPAT ROE¹ in excess of 14% and increasing

Cumulative cash remittances in excess of USD 11.5bn over 2020-2022

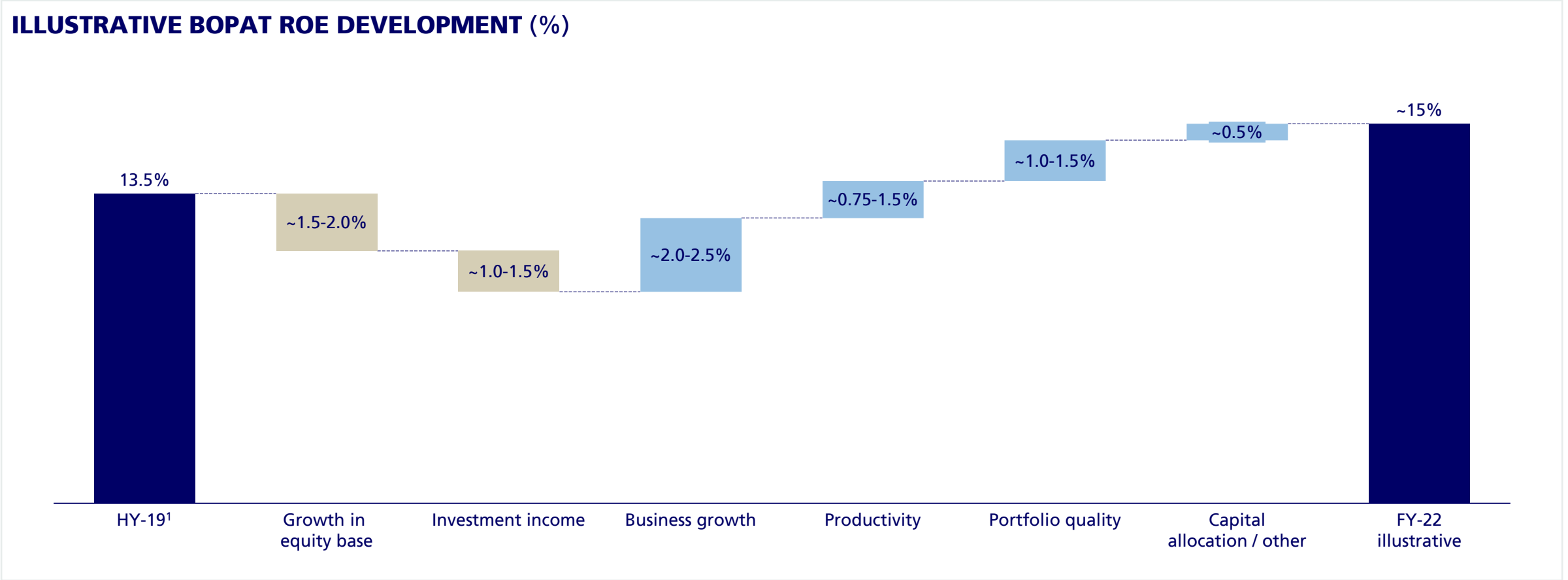
Compound organic earnings per share growth² of at least 5% p.a.

Z-ECM ratio to remain in 100-120% range

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

² Before capital deployment.

We will use all levers to drive further ROE expansion

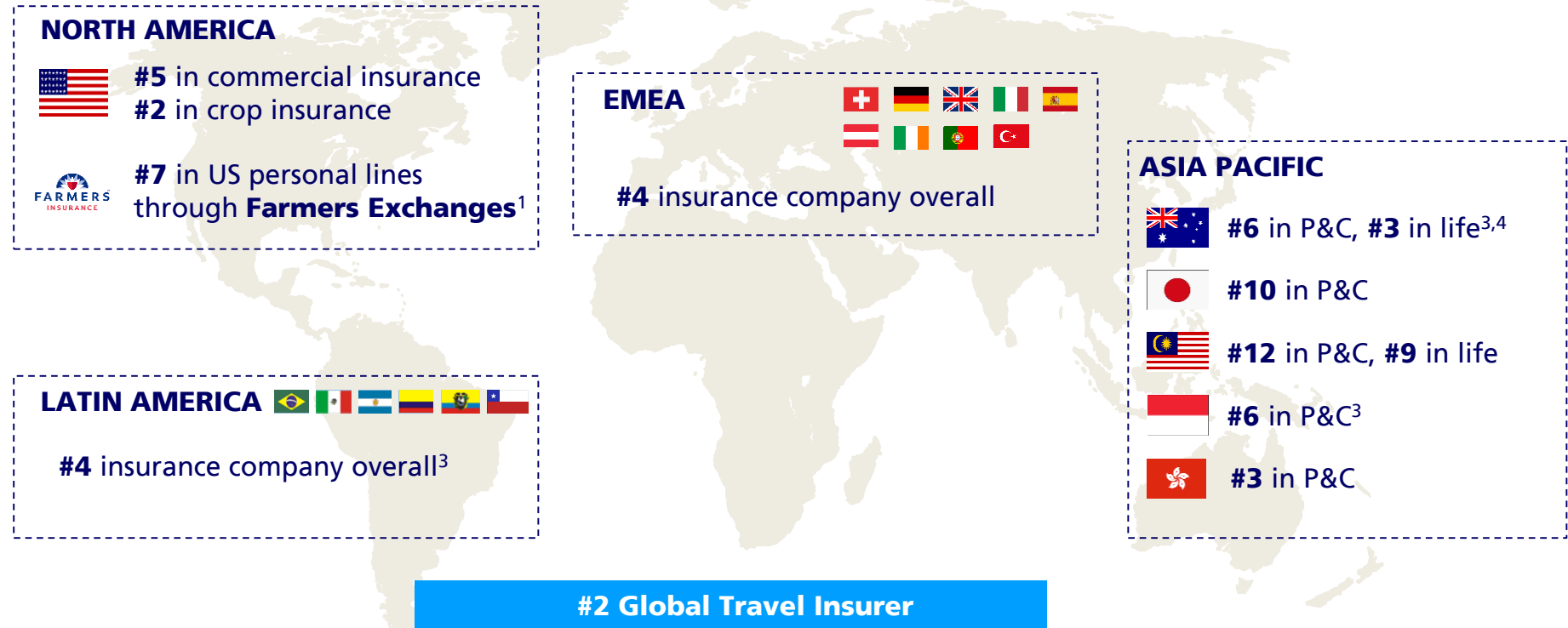


¹ HY-19 adjusted for timing of dividend payment and normalization of natural catastrophe losses and hedge fund performance.

Genuinely global franchise with distinct capabilities

Top 3

cross-border insurer to multinational corporations²



Source: Axco, Company reports and presentations, local statistics (2017 or most recent available), SNL Financial, Strategic Insight, Zurich internal data.

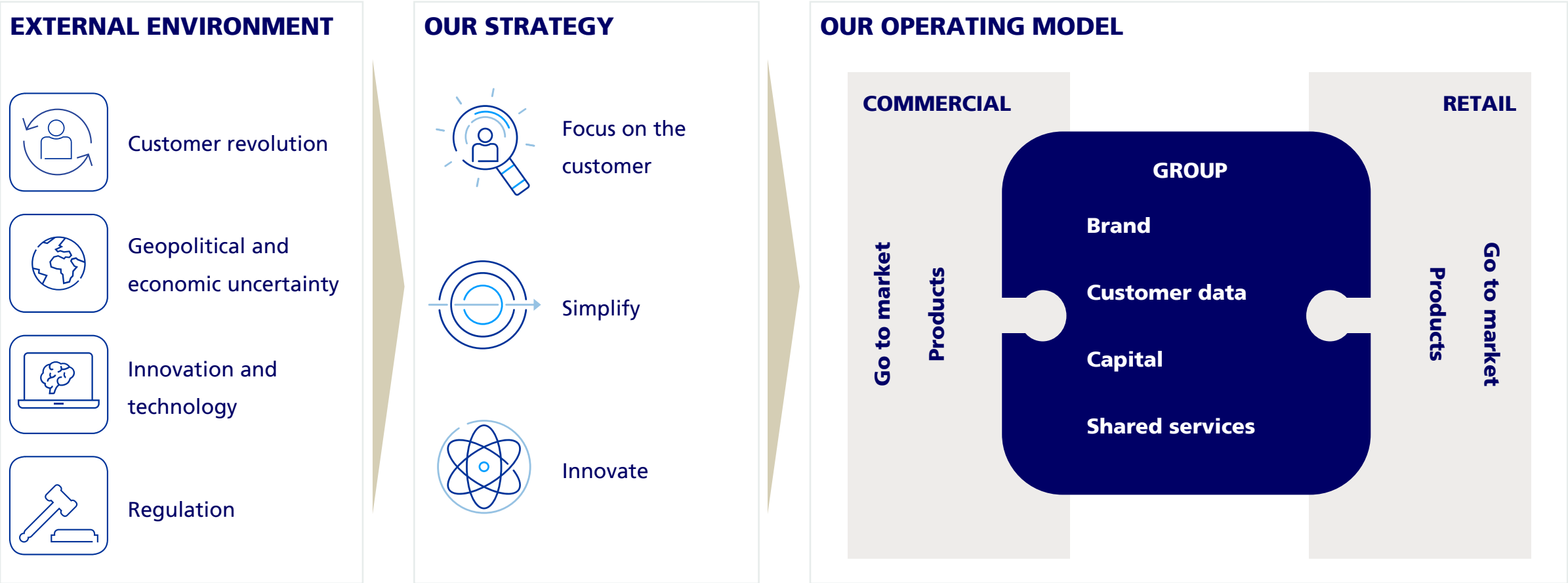
¹ See disclaimer.

² Estimate based on annual reports and investor presentations.

³ Pro-forma for the acquisition of the QBE operations in Latin America, OnePath Life in Australia and Adira Insurance in Indonesia.

⁴ #2 in individual Life, #6 in group life.

Our strategy and flexible operating model position us to take advantage of industry change



Continuing to grow our access to customers through new bank and non-bank partners

ACCESS TO OVER 66 MILLION CUSTOMERS IN 20¹ COUNTRIES THROUGH OVER 70 BANK AGREEMENTS























WE CONTINUE TO BUILD ON OUR SUCCESS WITH NON-BANK PARTNERS



¹ Selected bancassurance agreements. Australia subject to regulatory approvals, expected during first half of 2019.

We have strengthened our businesses and extracted capital from non-core portfolios

MAIN DIVESTMENTS AND CAPITAL ACTIONS	MAIN ACQUISITIONS	TYPE OF DEAL	BUSINESS	STRATEGIC RATIONALE								
				Skills	Distribution	Scale						
2017  Sale of P&C business in Middle East  Sale of P&C business in Taiwan  Reinsurance of a closed annuity book  Reinsurance of an individual Life risk portfolio  Sale of workplace pensions and savings business  Sale of a MedMal legacy portfolio	2017  Cover-More / Halo  Standard Chartered  OnePath (ANZ Life)  Bright Box	M&A D.A. ² M&A M&A	P&C Retail - Travel Life Retail Life Retail - Protection Connected cars	✓								
				2018  Sale of a Singapore Life portfolio  Sale of Endsleigh  Sale of NSW CTP ¹ run-off  Sale of Venezuela  Sale of employers' liability legacy portfolio	2018  QBE Latam  Travel Ace/ Universal Travel  EuroAmerica  Adira Insurance  Blue Insurance	M&A M&A M&A/P.T. ² M&A/D.A. ² M&A	P&C P&C Retail - Travel Life Retail P&C Retail P&C Retail - Travel			✓		
										✓		
									✓		✓	
											✓	
										✓		

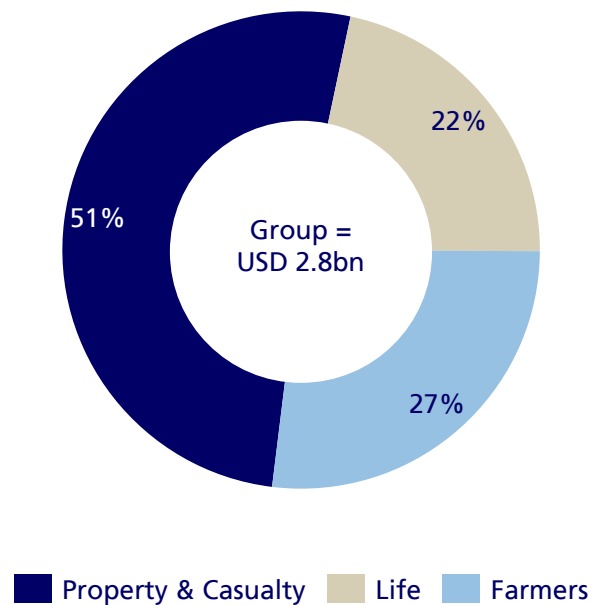
¹ New South Wales Compulsory Third Party motor liability.

² D.A. = Distribution agreement. P.T. = Portfolio transfer.

A well diversified business with high quality sources of earnings

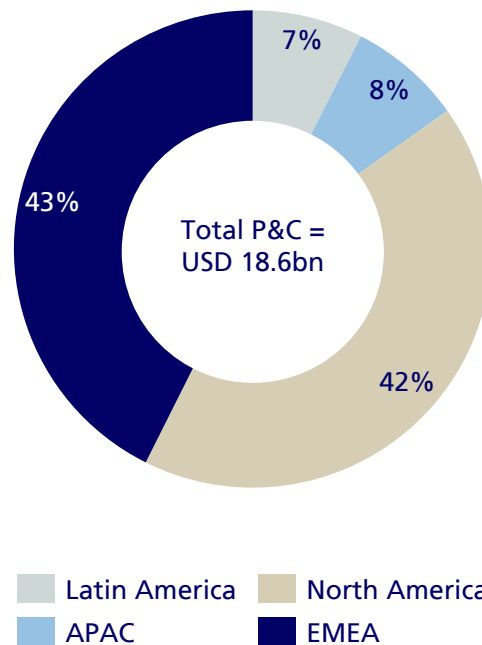
A TRULY COMPOSITE INSURER

HY-19 Business Operating Profit by business (%)¹



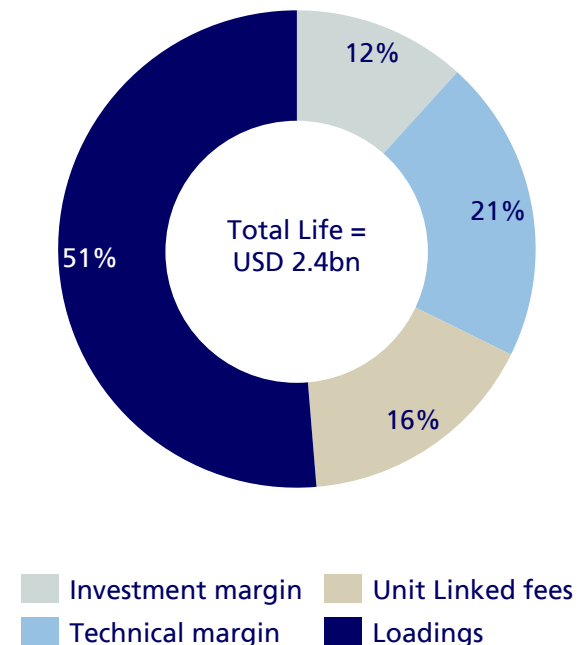
BALANCED P&C FOOTPRINT

HY-19 P&C GWP by region (%)²



HIGH QUALITY LIFE EARNINGS MIX

HY-19 Life gross margin breakdown (%)³

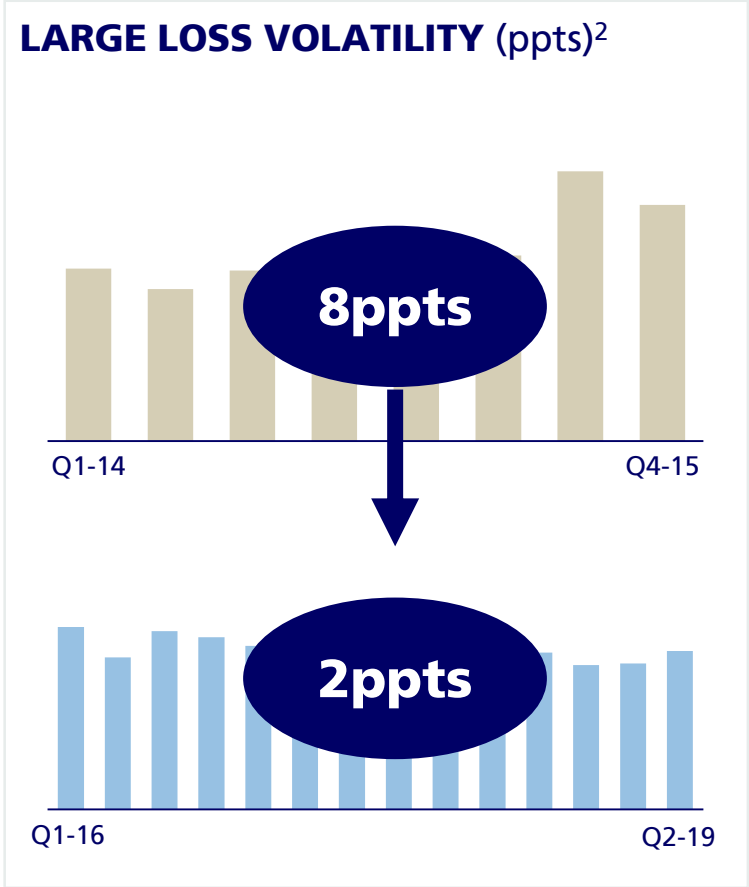
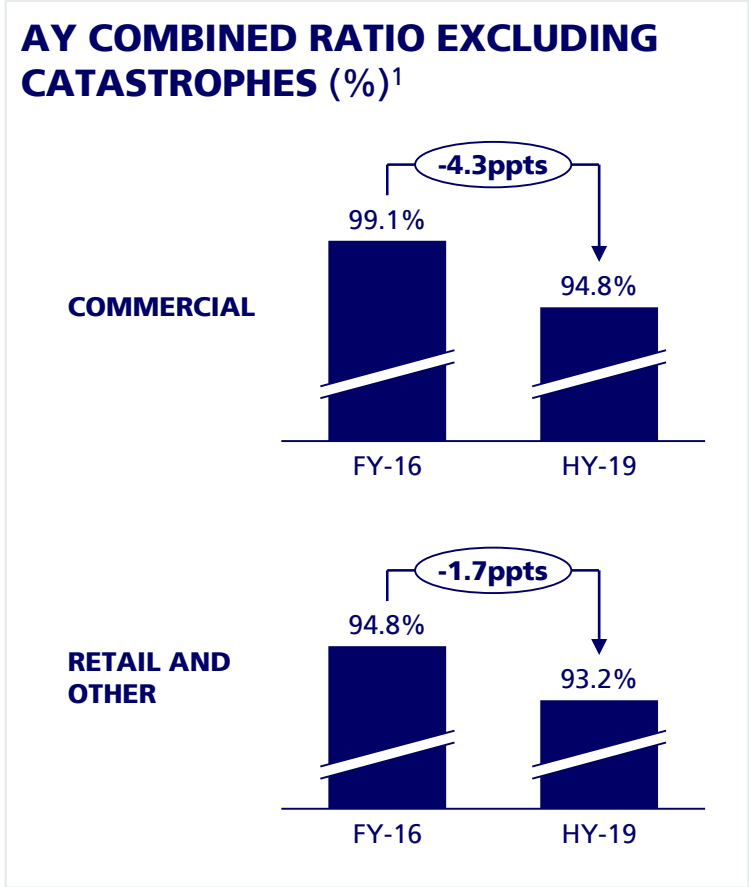
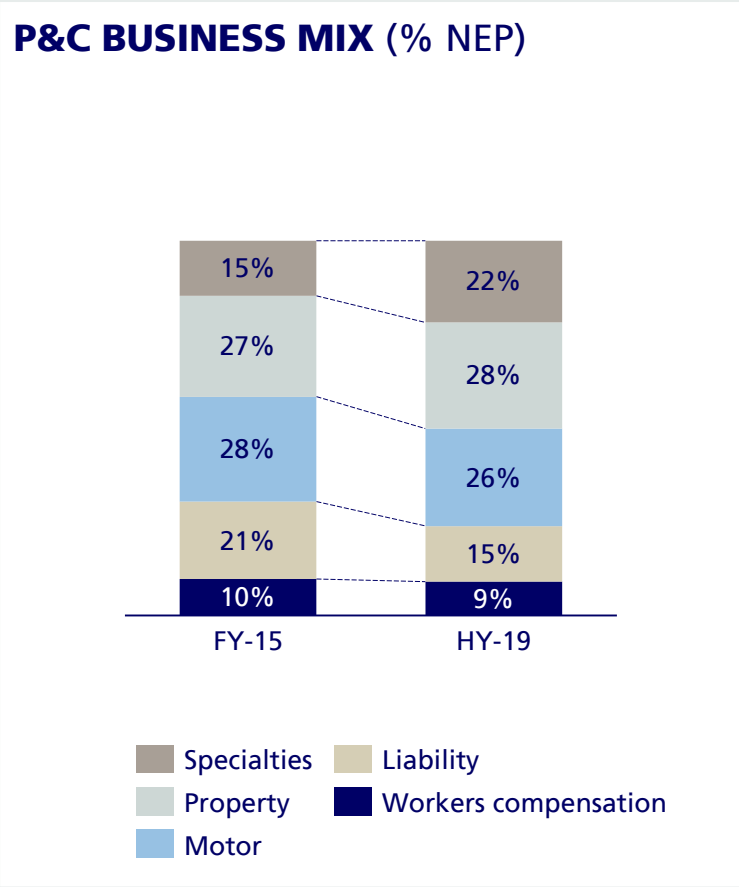


¹ The split by business excludes Group Functions & Operations and Non-Core Businesses.

² The split by region excludes Group Reinsurance and Eliminations.

³ Excluding Farmers Life.

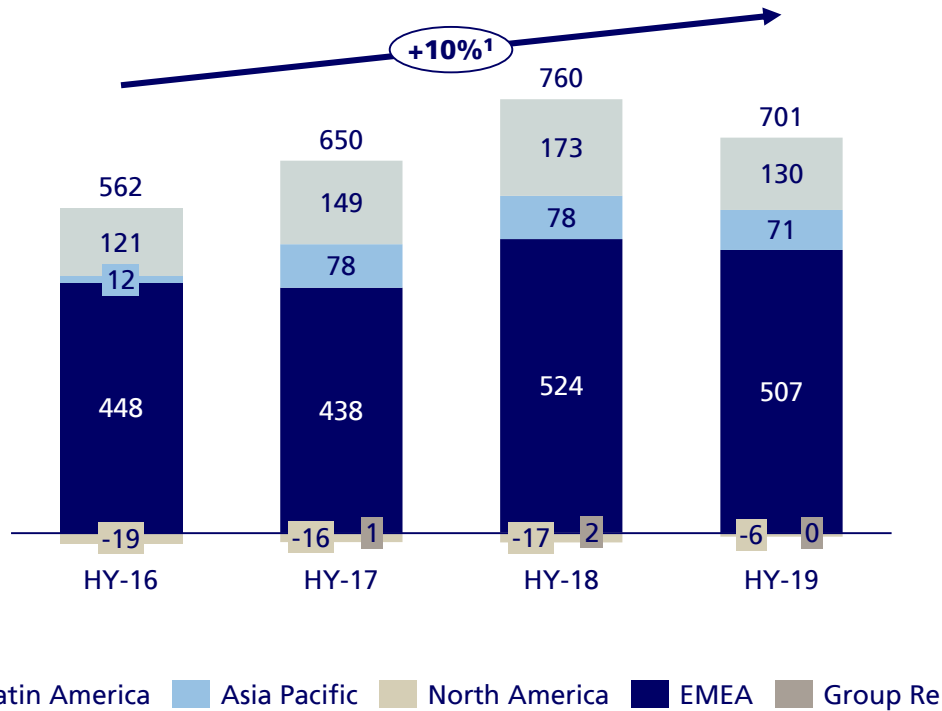
The P&C strategy is working with improved profitability and reduced volatility



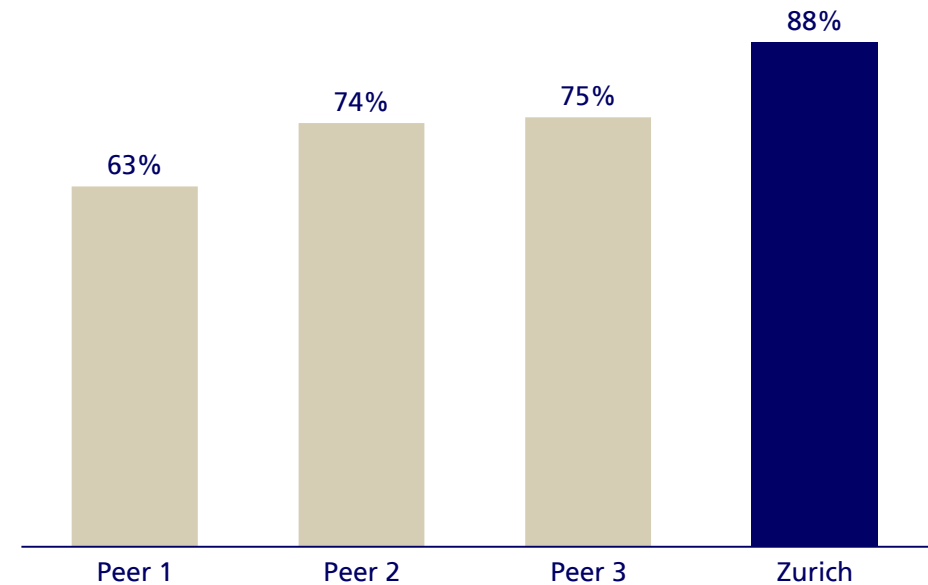
¹ Accident year combined ratio excludes prior year reserve development (PYD). Catastrophes (Cat) include major and mid-sized catastrophes including significant weather-related events.
² Volatility is measured as difference between lowest and highest ratio for the indicated period.

We have a growing Life business with less reliance on investment margins

LIFE BOP (USDbn)



SHARE OF REVENUES FROM FEES, LOADINGS AND TECHNICAL MARGINS (% , AVERAGE FY16-18)²



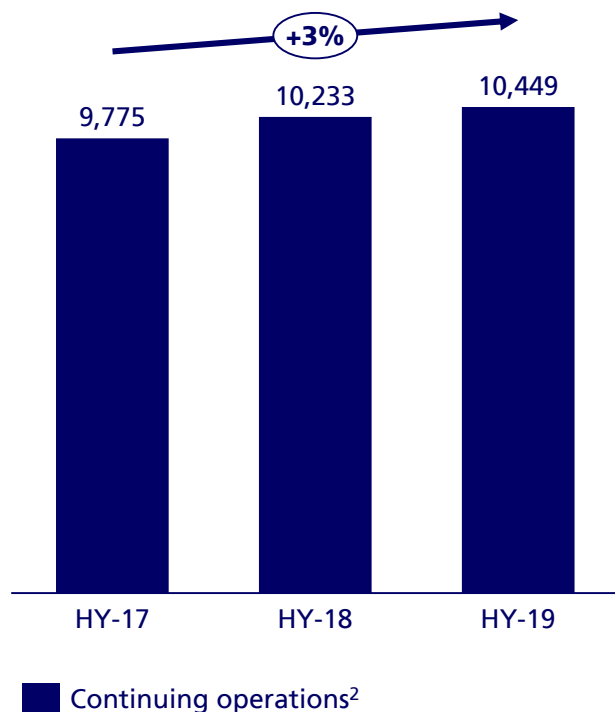
¹ CAGR in constant FX (HY-19).

² Based on source of earnings disclosures. Peers: Allianz, Axa, Generali.

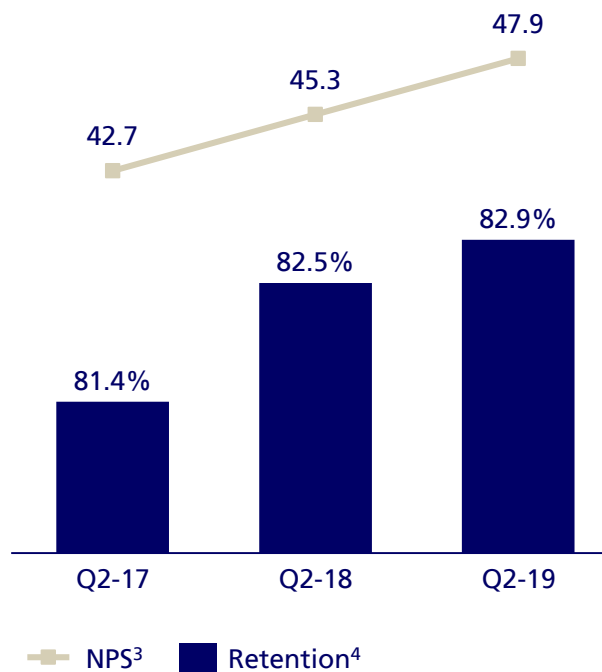
Farmers is delivering consistent growth and progressing on key strategic priorities



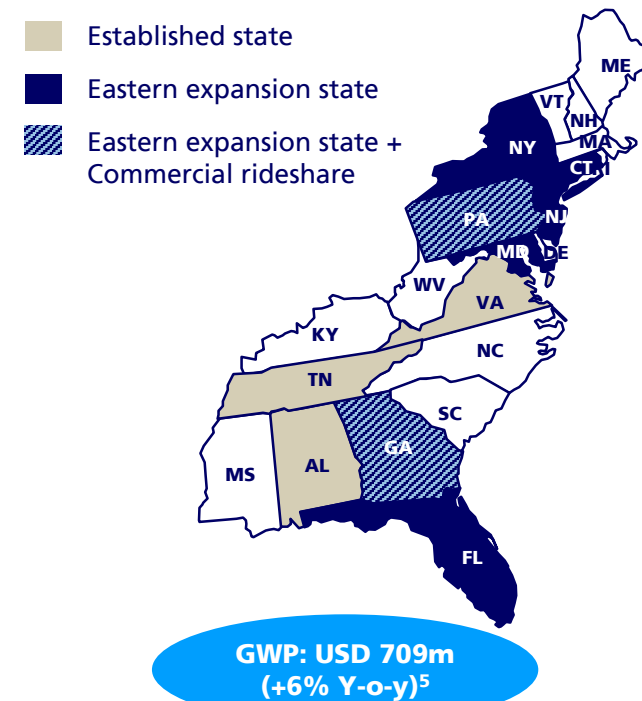
FARMERS EXCHANGES GWP (USDm)¹



NPS³ AND RETENTION⁴



EASTERN EXPANSION



¹ For all references to Farmers Exchanges see the disclaimer and cautionary statement.

² Excludes discontinued operations (21st Century outside of California and Hawaii, business insurance independent agents, and other businesses).

³ Net Promoter Score. Survey based measure of customer loyalty for Farmers exclusive agent customers (personal lines and business insurance) on a YTD average basis.

⁴ Reflects rolling 3-months 13/1 combined policy survival rate for the Farmers exclusive agent channel, excluding Bristol West and Farmers Specialty Auto; based on weighted average GWP.

⁵ Farmers Exchanges continuing operations GWP in the Eastern expansion states, including Commercial rideshare.

Strong capital position and cash generation

VERY STRONG FINANCIAL STRENGTH



AA- (very strong) / outlook 'positive'

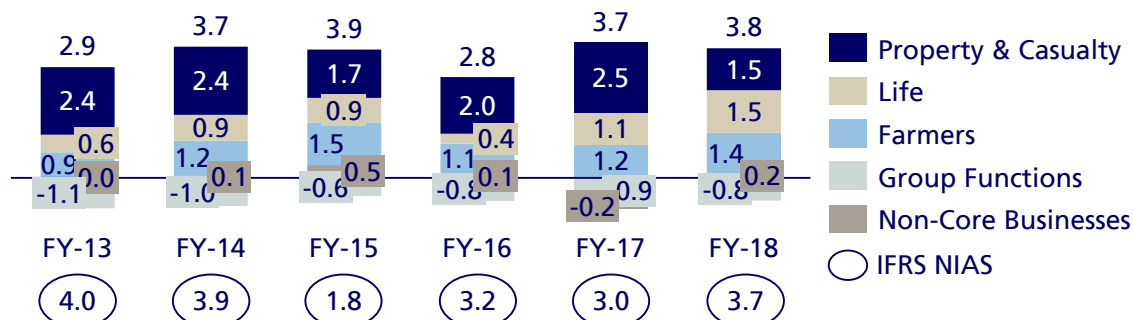


Aa3 (excellent) / outlook 'stable'

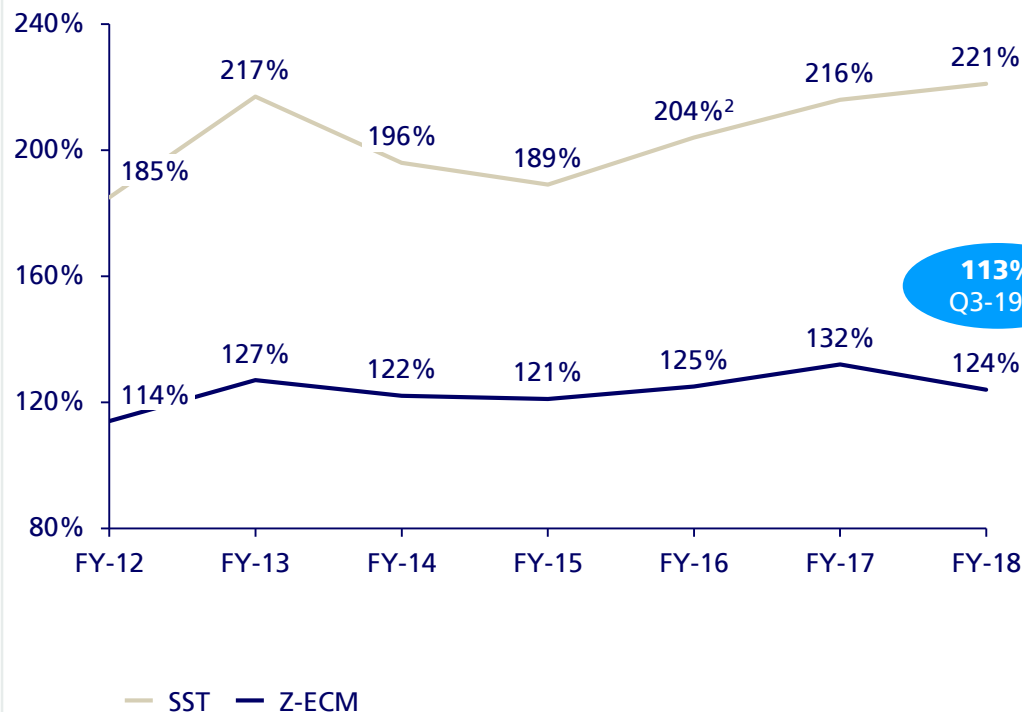


A+ (superior) / outlook 'stable'

HIGHLY CASH GENERATIVE, CASH REMITTANCE (USDbn)



Z-ECM AND SST RATIO¹ (%)



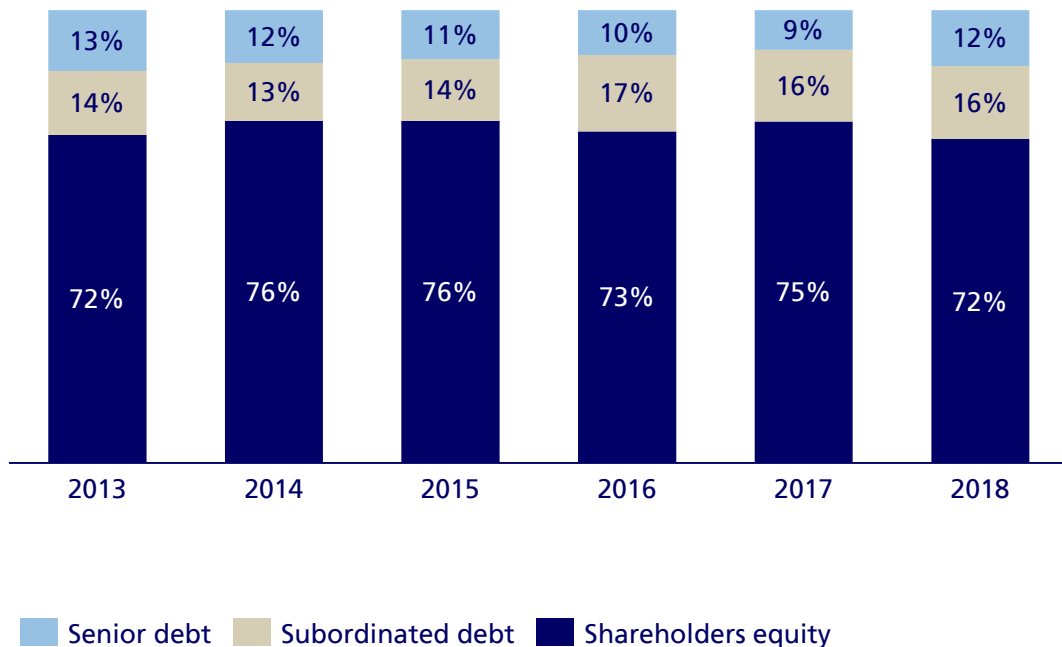
¹ The Swiss Solvency Test (SST) ratio is calculated based on the Group's internal model, as agreed with the Swiss Financial Market Supervisory Authority (FINMA).

² After restatement for model changes (FY-16 SST ratio of 227% before restatements).

³ Q3-19 Z-ECM reflects midpoint estimate with an error margin of +/- 5pts.

Proven balance sheet flexibility through leverage and coverage at Aa levels

GROUP CAPITAL STRUCTURE (%)¹

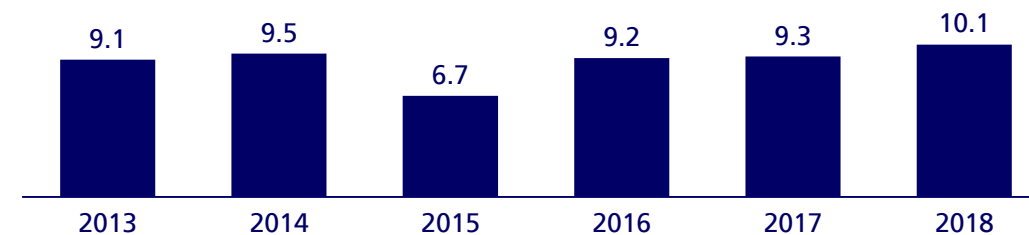


MOODY'S LEVERAGE & COVERAGE

FINANCIAL LEVERAGE: Aa = 15-30%



EARNINGS COVERAGE: Aa = 8-12x

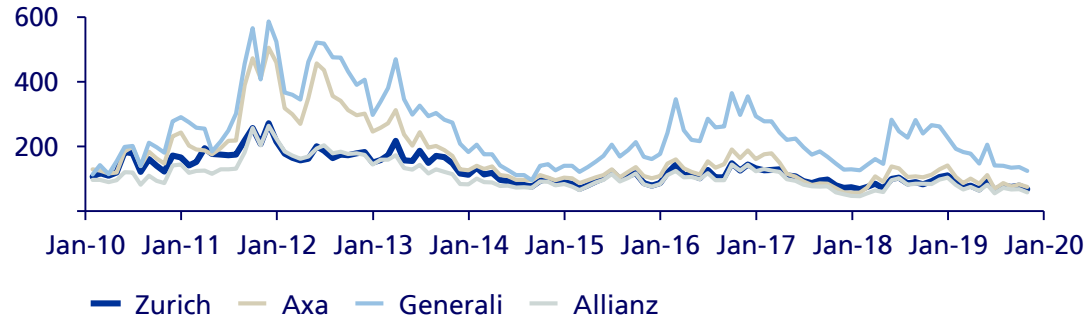


¹ Capital Structure shown using accounting view.

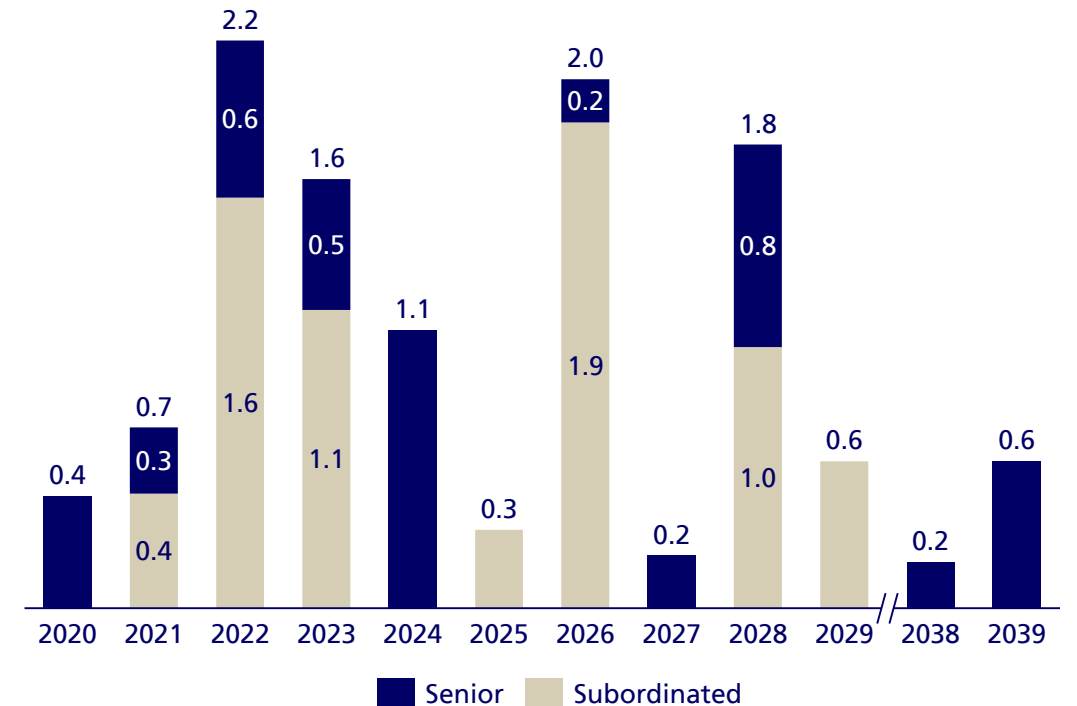
Low cost of risk, strong ratings and balanced maturity profile



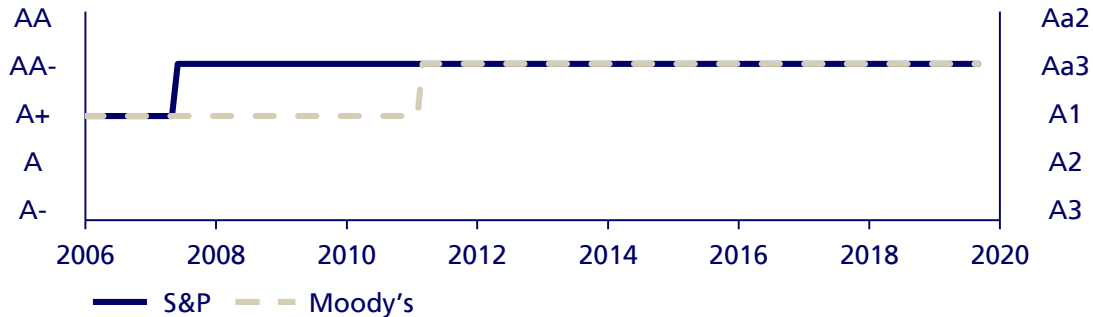
CDS SPREAD AMONG BEST OF PEERS (bps)¹



BALANCED REFINANCING NEEDS (USDbn)²



CONSISTENT FINANCIAL STRENGTH



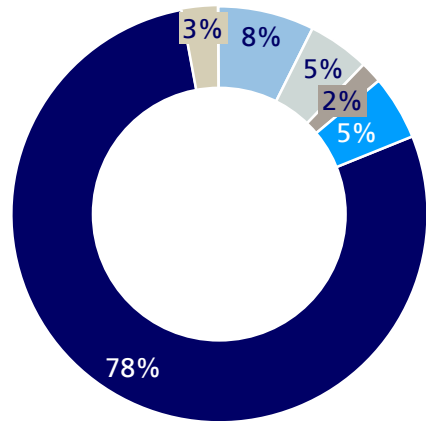
¹ 5y EUR sub CDS. Source: Bloomberg.

² Maturity profile based on first call date for subordinated debt and maturity date for senior debt.

ALM-focused and lower risk strategy delivering consistent and sustainable excess returns

ASSET ALLOCATION

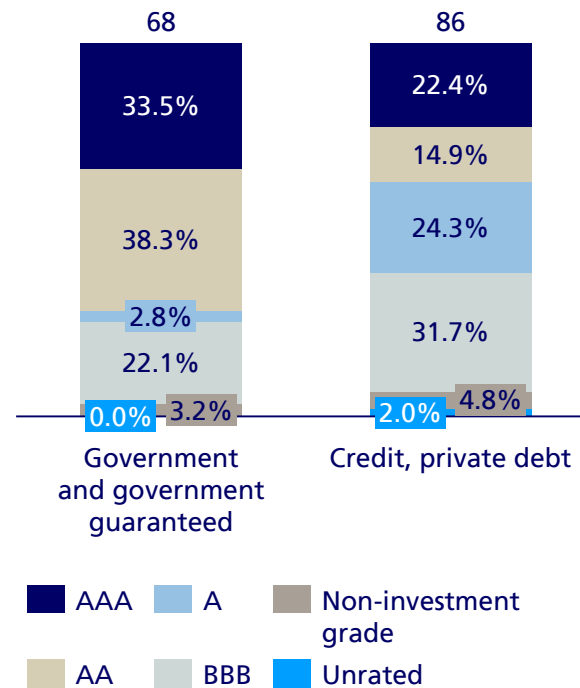
FY-18 TOTAL GROUP INVESTMENTS OF USD 195bn



- Fixed income
- Mortgages
- Real estate
- Equities
- Hedge funds, Private equity
- Cash

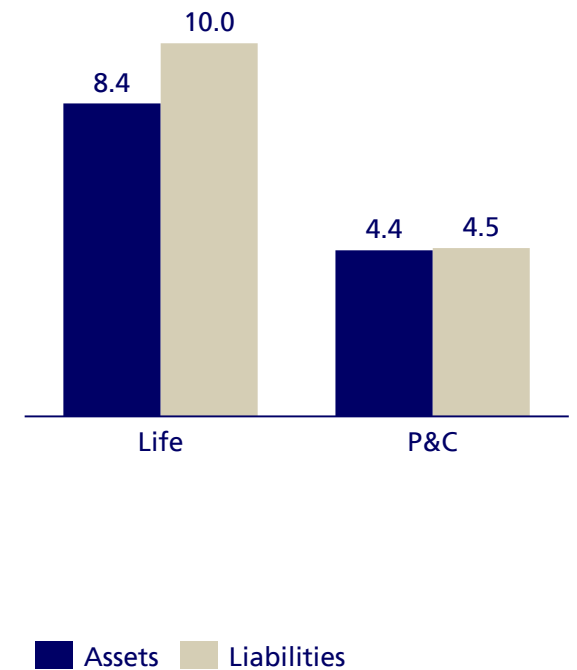
ASSET QUALITY

FY-18 GROUP DEBT INVESTMENTS (USDbn)



DURATION¹



FY-18 (#years)



¹ For fixed income investments only.

The Group's focus and achievements on sustainability is widely recognized by external bodies

OUR RATINGS¹

	<p>'AA' rating¹</p>
<p>MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM</p>	<p>#2 in insurance group²</p>
	<p>Leader, #4 in insurance group³</p>
 <p>FTSE4Good</p>	<p>Absolute Score of 4.2 (out of 5.0)⁴</p>

OUR LONG TERM COMMITMENT



BUSINESS AMBITION FOR 1.5°C



¹ MSCI ESG Rating Report, April 2019.

² RobecoSAM Company Benchmarking Scorecard, September 2019.

³ Sustainalytics ESG rating Report, July 2019.

⁴ FTSE Industry Classification Benchmark (ICB), June 2019.

Zurich embeds environmental, social and governance issues in all aspects of the business

 Corporate governance	<p>An independent and diverse Board ensuring effective corporate governance and strategic oversight, and fostering ESG integration in the business</p> <hr/> <p>A remuneration architecture ensuring outcomes in sync with business performance results including financial, customer and people metrics</p>
 Employer	<p>Pro-active promotion of diversity at the workplace with 11 countries EDGE certified</p> <hr/> <p>Focus on employee engagement resulting in strong employee net promoter score (ENPS) improvement</p>
 Insurer	<p>Delivering solutions to customers that create positive social and environmental impact</p> <hr/> <p>Proactive engagement with customers to support their transition to a low carbon economy</p>
 Investor	<p>Impact investment portfolio of USD 4.5bn per Sep 2019, with an ambition of USD 5bn to help avoid 5m tons of CO2 and benefit 5m people</p>
 Community member	<p>Investing in local and global community programs to create social impact, enhance resilience and engage employees in skills based volunteering</p>

Appendix



Z-ECM and SST are more conservative than Solvency II

PRIMARY DIFFERENCES – REQUIRED CAPITAL

	Z-ECM	SST	Solvency II (Pillar 1)
<div style="border: 1px solid gray; padding: 2px; width: fit-content; margin-bottom: 5px;">Most onerous impact on ratio</div>			
RISK MEASURE	VaR 99.95% (~AA)	ES 99% (~BBB)	VaR 99.5% (~BBB), usually < ES 99%
RISK-TYPES COVERED	<ul style="list-style-type: none"> Market Risk (including investment credit) Premium and Reserve Risk NatCat Risk Life Liability Risk Business Risk Operational Risk Reinsurance Credit Risk 	<ul style="list-style-type: none"> Market Risk (including investment credit) Premium, Reserve and UPR Risk NatCat Risk Life Liability Risk Life Business Risk Reinsurance Credit Risk Receivables Credit Risk 	<div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p>Internal model (ZIP):</p> <ul style="list-style-type: none"> Market Risk (including investment credit) Premium, Reserve and UPR Risk NatCat Risk Business Risk Operational Risk Reinsurance Credit Risk Receivables Credit Risk Scenarios </div> <div style="width: 48%;"> <p>Standard Formula (all other entities):</p> <ul style="list-style-type: none"> Market risk Counterparty default risk Life underwriting risk Health underwriting risk Non-life underwriting risk (including premium, reserve and NatCat) Intangible asset risk Operational risk </div> </div>
EQUIVALENCE	No concept of equivalence, Z-ECM applied to the entire Group		Possibility to use local regimes for subsidiaries in equivalent third countries, not applicable for Zurich

Z-ECM and SST are more conservative than Solvency II

PRIMARY DIFFERENCES – YIELD CURVES AND TRANSITIONALS

<div style="background-color: #e0e0e0; padding: 5px; display: inline-block; width: 20px; height: 15px; margin-right: 5px;"></div> Most onerous impact on ratio	Z-ECM / SST ¹	Solvency II (Pillar 1)
BASE RISK-FREE YIELD-CURVE	Swaps	Swaps
ENTRY-POINT TO EXTRAPOLATION OF YIELD-CURVE	Use all available market data CHF: 30 years EUR, USD, GBP: 50 years	CHF: 25 years EUR: 20 years USD, GBP: 50 years
ULTIMATE FORWARD RATE	Flat extrapolation from last observable data point	CHF: 2.90% (as of September 30, 2019) EUR, USD, GBP: 3.90% (as of September 30, 2019)
ADJUSTMENTS TO YIELD-CURVE	None (no liquidity premium)	- credit risk adjustment (between 10bps (EUR/CHF) and 13bps (USD) at Q3-19) + volatility adjustment (between 10bps (CHF) and 42bps (USD) at Q3-19) + matching adjustment (currently not used by Zurich)
TRANSITIONAL REQUIREMENTS	n/a	Various transitional measures, especially for yield-curves and technical provisions, lasting until 2032. Zurich does not make use of these.

¹ We applied for usage of our own yield curves in the SST, which was granted by FINMA subject to certain conditions.

Z-ECM and SST are more conservative than Solvency II

PRIMARY DIFFERENCES – OTHER KEY ELEMENTS

	Z-ECM	SST	Solvency II (Pillar 1)
<div style="display: flex; align-items: center;"> <div style="width: 20px; height: 20px; background-color: #e0e0e0; margin-right: 5px;"></div> <div>Most onerous impact on ratio</div> </div>			
SENIOR DEBT	Available capital (since Q2-18, excluding net new issued senior debt)	Liability	Liability
TAX	Pre-tax	Pre-tax	Post-tax
GRANULARITY	Management view <ul style="list-style-type: none"> Internal reinsurance not relevant Full Group diversification taken into account and allocated back to business units 	Legal entity view <ul style="list-style-type: none"> Internal reinsurance considered Only legal entity diversification taken into account Risk of subsidiaries included (with limited liability) 	Legal entity view <ul style="list-style-type: none"> Internal reinsurance considered Only legal entity diversification taken into account
RISK MARGIN	Risk Margin as part of insurance liabilities	Risk Margin as part of insurance liabilities	Risk Margin as part of insurance liabilities

Other important information



Disclaimer and cautionary statement



Certain statements in this document are forward-looking statements, including, but not limited to, statements that are predictions of or indicate future events, trends, plans or objectives of Zurich Insurance Group Ltd or the Zurich Insurance Group (the 'Group').

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CALENDAR:

- February 13, 2020, Annual results 2019
- April 1, 2020, Annual General Meeting
- May 14, 2020, Update for the three months ended March 31, 2020
- May 19, 2020, Zurich Insights – Investor Event
- August 13, 2020, Half year results 2020

