

# Investors' intro pack 2019

April 2019

**Zurich Insurance Group**



## MAIN SECTIONS

(Use symbols to navigate through the document)



Group overview, strategy and financial targets



Property & Casualty (P&C)



Life



Farmers



Investment and capital management



Sustainability

## OTHER IMPORTANT INFORMATION

(Use symbols to navigate through the document)



Disclaimer



Contacts



Calendar

Other symbols



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# Our proposition to investors

**HIGHLY CASH GENERATIVE BUSINESS MODEL** SUPPORTING AN ATTRACTIVE AND GROWING DIVIDEND, 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



# One of few genuinely global insurers

## KEY FACTS<sup>1</sup>

**USD 52bn** total revenues (excl. result on UL investments)

**USD 195bn** total group investments (economic view)

**USD 4.6bn** business operating profit (BOP)

**USD 3.7bn** net income attributable to shareholders (NIAS)

**221%** SST regulatory solvency ratio<sup>2</sup>

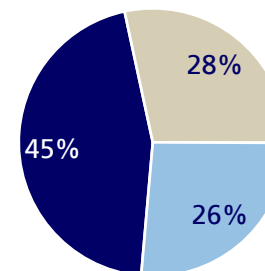
**124%** Zurich Economic Capital (Z-ECM) ratio

**USD 30bn** shareholders' equity

**CHF 44bn** market cap

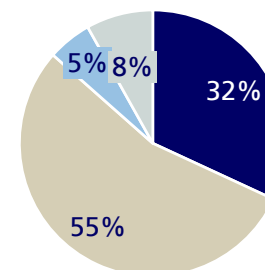
## A BALANCED GLOBAL BUSINESS<sup>3</sup>

**BOP BY BUSINESS (%)**



- Property & Casualty (incl. Farmers Re)
- Life
- Farmers Management Services

**BOP BY REGION (%)**



- Europe
- North America (incl. Farmers)
- Asia Pacific
- Latin America

<sup>1</sup> Values are for the full year 2018 unless otherwise noted. Investments, solvency ratios, shareholders' equity and market cap are as of December 31, 2018.

<sup>2</sup> The Swiss Solvency Test (SST) ratio as of January 1, 2019 has been calculated based on the Group's internal model, as agreed with FINMA. The full year ratio has to be filed with FINMA by end of April of each year and is subject to review by FINMA.

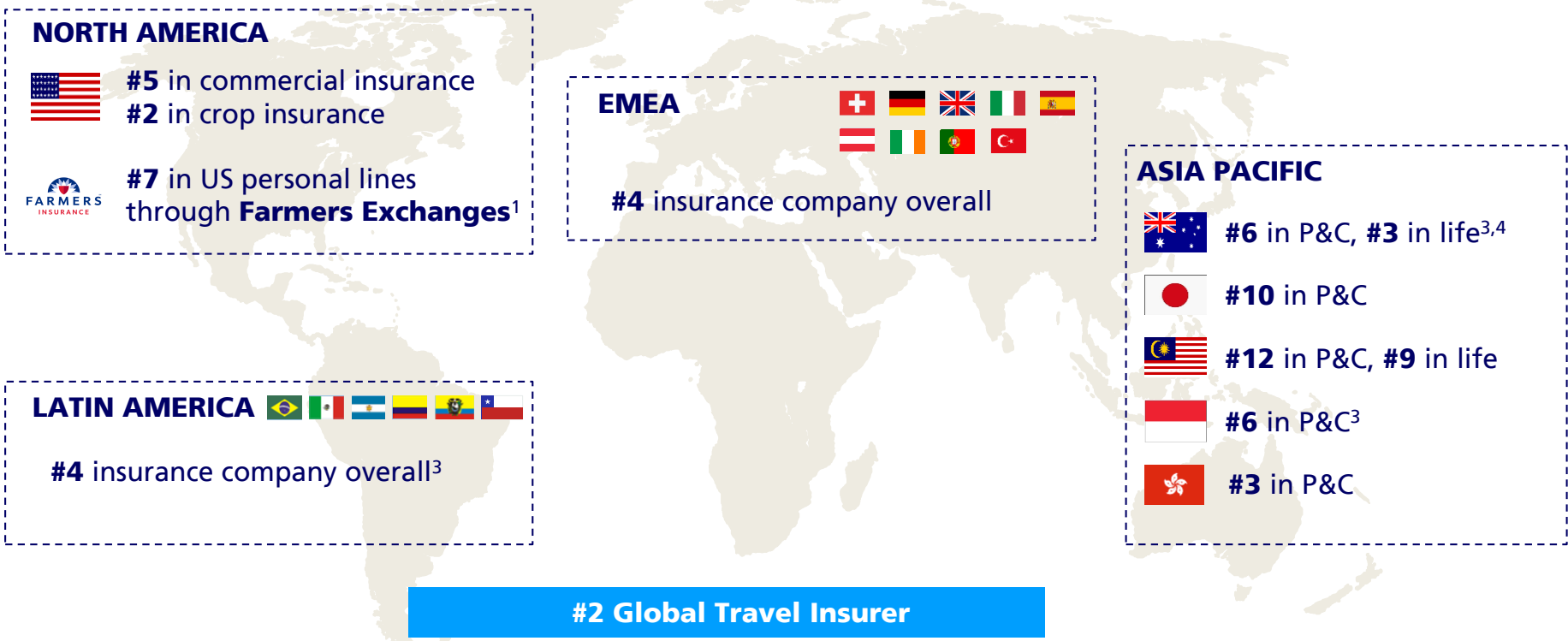
<sup>3</sup> BOP values used are on an adjusted basis and an average for full years 2016, 2017 and 2018. BOP split by business excludes Group Functions & Operations and Non-Core Businesses. BOP split by region excludes additionally Group Reinsurance.



# Genuinely global franchise with distinct capabilities

## Top 3

cross-border insurer to multinational corporations<sup>2</sup>



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

<sup>1</sup> See footnote 1 on page 28.

<sup>2</sup> Estimate based on annual reports and investor presentations.

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

<sup>4</sup> #2 in individual Life, #6 in group life.

# Strong capital position and cash generation



## VERY STRONG FINANCIAL STRENGTH



AA- (very strong) / outlook 'stable'

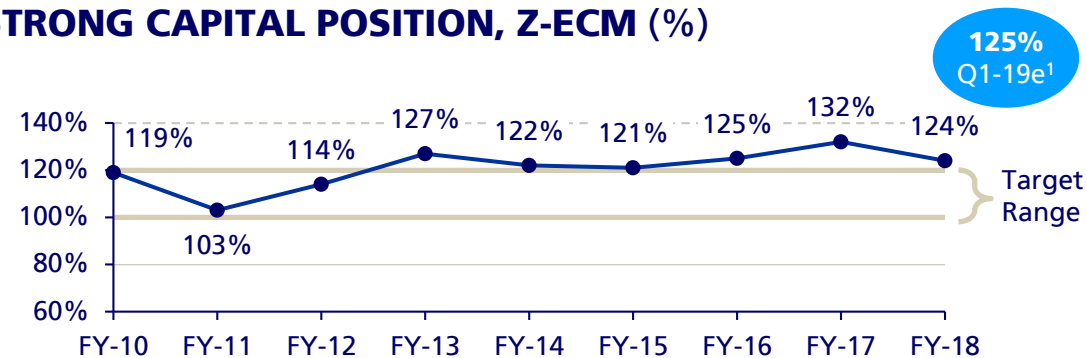


Aa3 (excellent) / outlook 'stable'

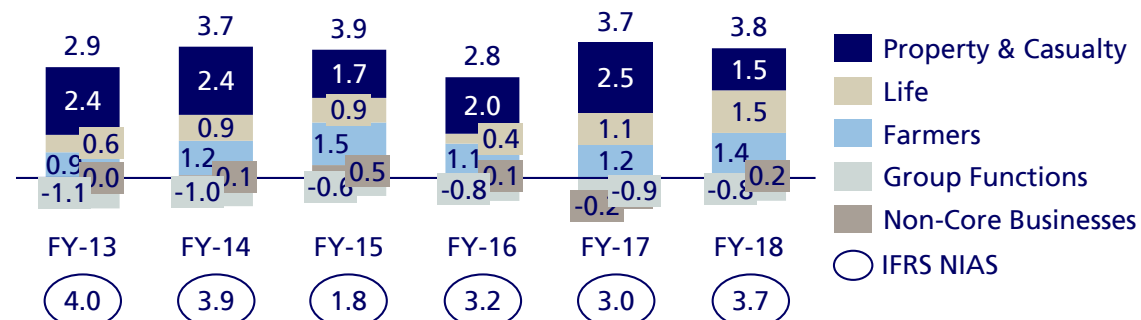


A+ (superior) / outlook 'stable'

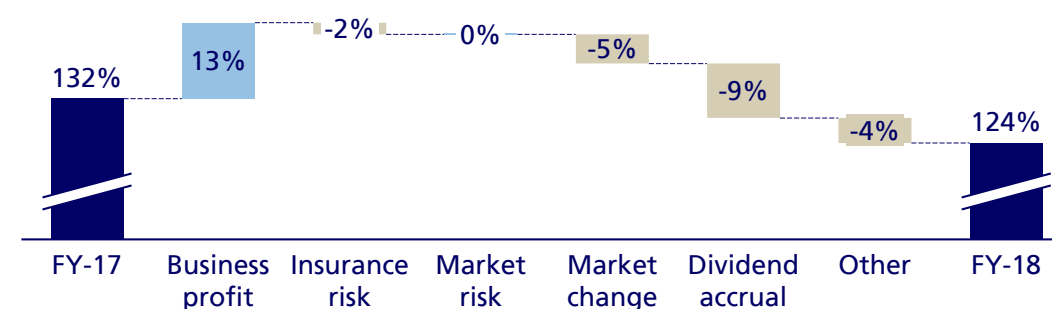
## STRONG CAPITAL POSITION, Z-ECM (%)



## HIGHLY CASH GENERATIVE, CASH REMITTANCE (USDbn)



## Z-ECM RATIO DEVELOPMENT (%)



<sup>1</sup> Q1-19 Z-ECM reflects midpoint estimate with an error margin of +/- 5pts.



# Strategy fit for purpose, now and in the future



**Focus on the customer:** We will focus our significant investments on improving our quality of service and the experience of our customers. A laser focus on investing for the benefit of our customers will guide all that we do.

**Simplify:** We aim to become a more agile and more responsive organization, better able to serve our customers and respond to their needs. We will strive to put the customer at the center of everything we do.

**Innovate:** We will prioritize innovation – in products, services and customer care – to give us even more of a leading edge over our competitors.

# Key businesses strengthened while exiting non-core activities; Customer focus improved with tangible results



Leading position to be achieved in the attractive Indonesian market

Leadership in Latin America strengthened

Cover-More's global footprint and capabilities further increased

Innovative customer solutions delivered

Further focus with non-core businesses exited

### CUSTOMER FOCUS YIELDING POSITIVE RESULTS IN RETAIL

	NPS (FY-18 vs. FY-17, ppts)	Retention (FY-18 vs. FY-17, ppts)	New customers <sup>3</sup> (FY-18, 000's)
<sup>2</sup>	▲ +3	▲ +1.2	3,268
	▲ +5	▼ -3.7	115
	▲ +12	▼ -0.8	254
	▲ +3	▼ -0.7	339
	▲ +15	▲ +0.6	271
	▲ +7	▲ +0.5	113

<sup>1</sup> Compulsory third-party liability.

<sup>2</sup> See footnote 2 on slide 3. Retention refers to the rolling 3-months periods (i.e. discrete Q4-18 vs. Q4-17). New customers refers to continuing operations new business count.

<sup>3</sup> For Germany, the number of new customers includes retail and commercial business. Based on policy count for the UK.





# With Cover-More we are building a great platform for future growth in travel insurance and assistance

## TOP 3 GLOBAL PLAYER IN TRAVEL INSURANCE AND MEDICAL ASSISTANCE SERVICES

Expanded footprint



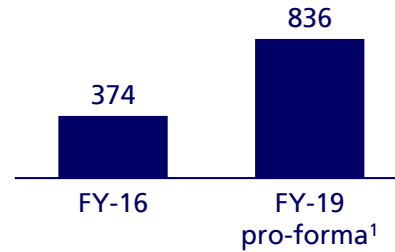
Expanded services



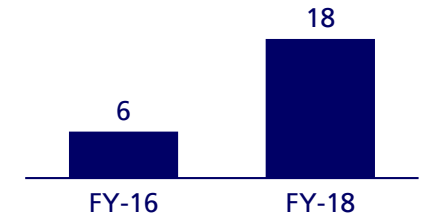
Expanded distribution



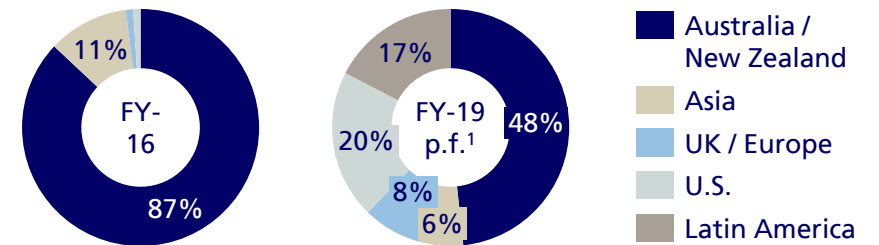
GROSS SALES (USDm)



CUSTOMER COUNT (millions)



GEOGRAPHIC MIX BY GWP (%)



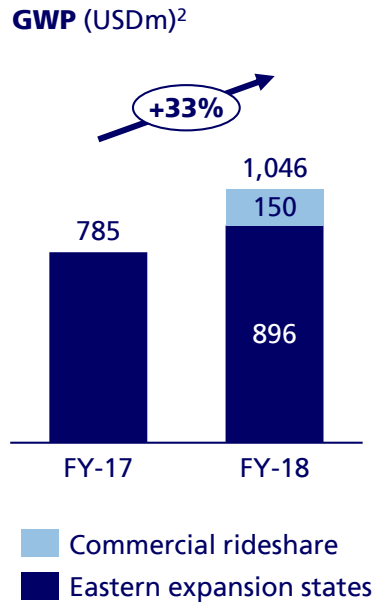
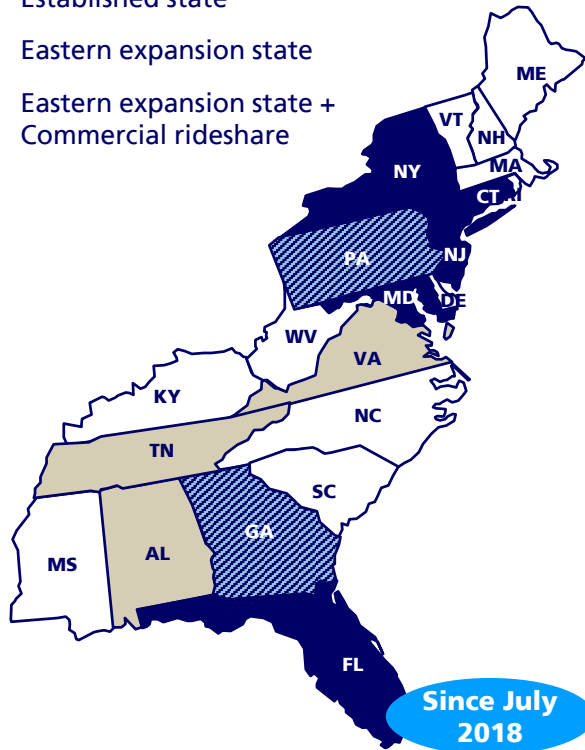
<sup>1</sup> Pro-forma for full year of ownership of Travel Ace, Universal Assistance and Blue Insurance.

# Consistent progress against key strategic priorities



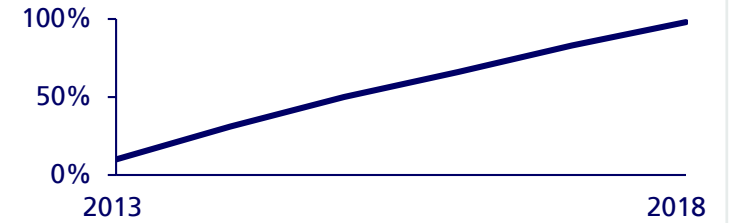
## EASTERN EXPANSION

- Established state
- Eastern expansion state
- Eastern expansion state + Commercial rideshare



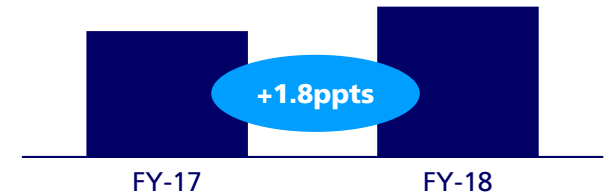
## AGENCY MODEL

**CAPITALIZED AGENTS**  
(% of new appointments)



## CUSTOMER RELATIONSHIPS

**NEW BUSINESS HOUSEHOLDS PURCHASING A SECOND PRODUCT IN FIRST 30 DAYS (%)**



## INNOVATION



<sup>1</sup> See footnote 1 on page 28.

<sup>2</sup> GWP in the eastern expansion states, excluding discontinued operations.

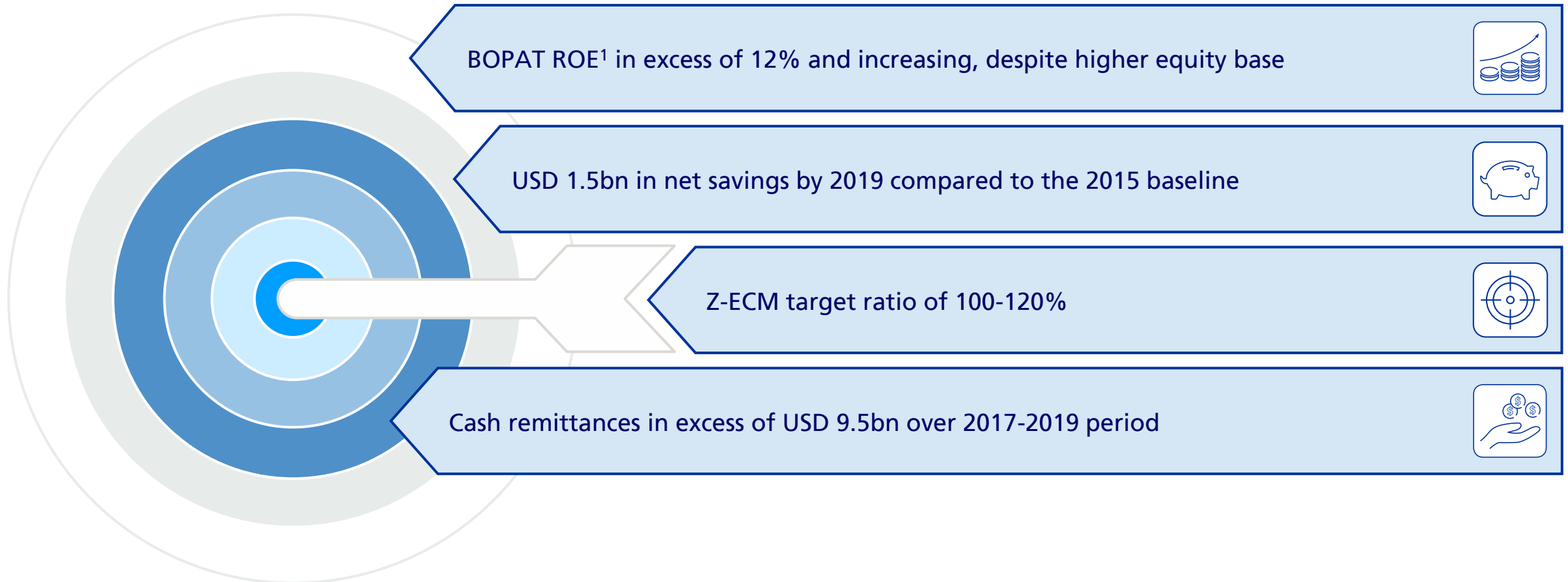


# We have strengthened our businesses and extracted capital from non-core portfolios

MAIN DIVESTMENTS AND CAPITAL ACTIONS	MAIN ACQUISITIONS	TYPE OF DEAL	BUSINESS	STRATEGIC RATIONALE			
				Skills	Distribution	Scale	
<b>2017</b> 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	<b>2017</b> Cover-More / Halo Standard Chartered OnePath (ANZ Life) Bright Box	M&A D.A. <sup>2</sup> M&A M&A	P&C Retail - Travel Life Retail Life Retail - Protection Connected cars	✓			
						✓	
						✓	
						✓	
	<b>2018</b> Sale of a Singapore Life portfolio Sale of Endsleigh Sale of NSW CTP <sup>1</sup> run-off Sale of Venezuela Sale of employers' liability legacy portfolio	<b>2018</b> QBE Latam Travel Ace/ Universal Travel EuroAmerica Adira Insurance Blue Insurance	M&A M&A M&A/P.T. <sup>2</sup> M&A/D.A. <sup>2</sup> M&A	P&C P&C Retail - Travel Life Retail P&C Retail P&C Retail - Travel			✓
							✓
						✓	
					✓	✓	
					✓	✓	
					✓	✓	

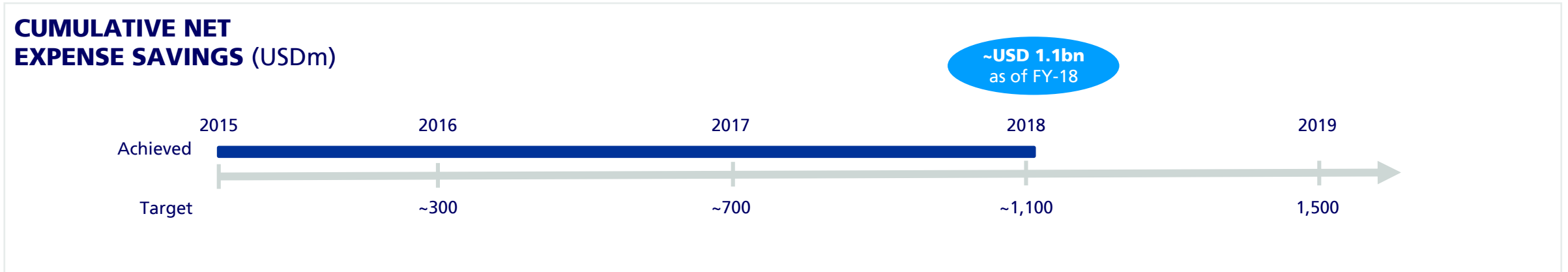
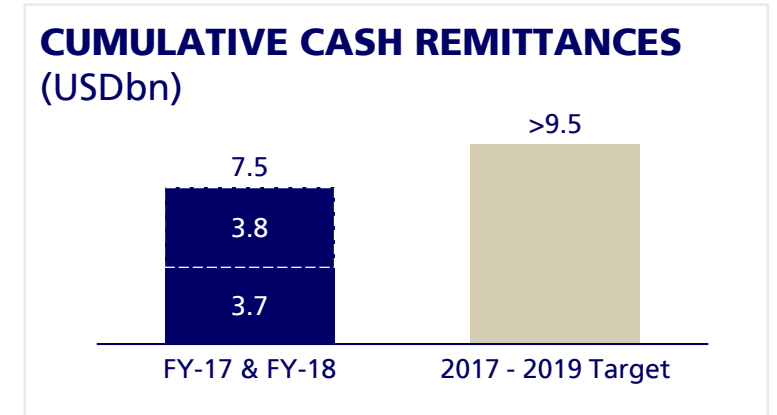
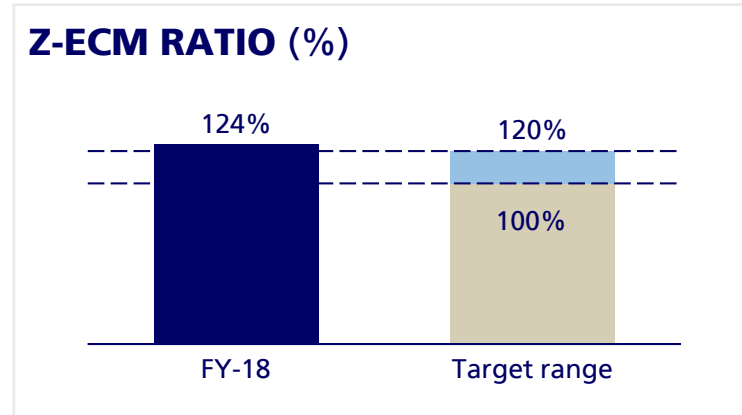
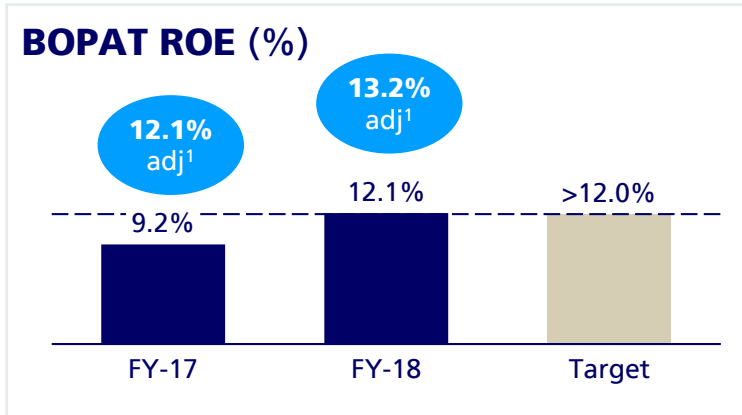
<sup>1</sup> New South Wales Compulsory Third Party motor liability.  
<sup>2</sup> D.A. = Distribution agreement. P.T. = Portfolio transfer.

# 2017-2019 financial targets are aligned with shareholder interests



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

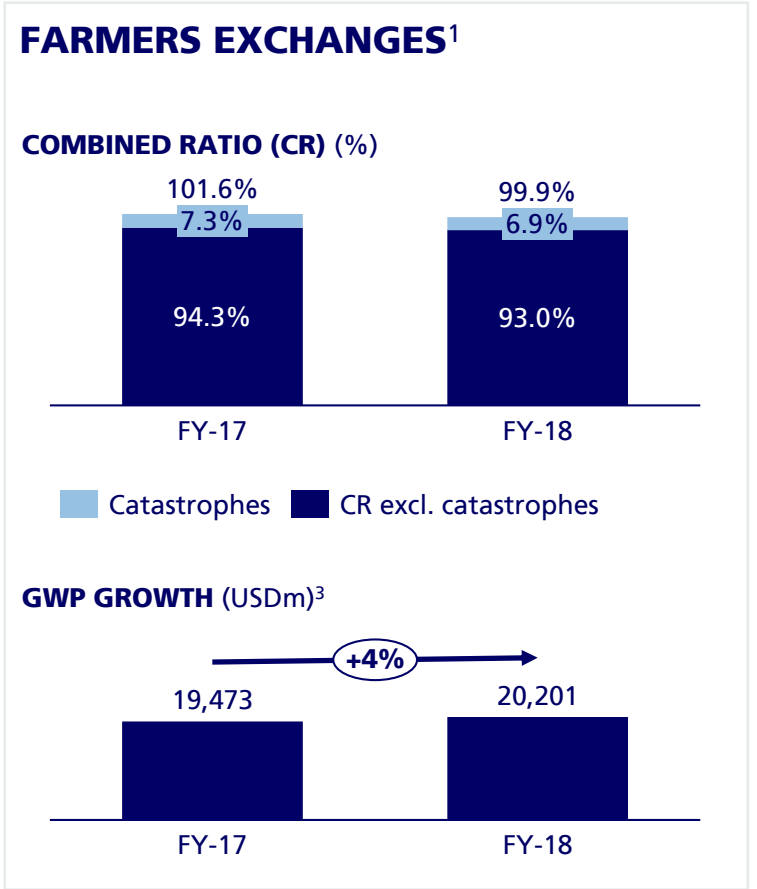
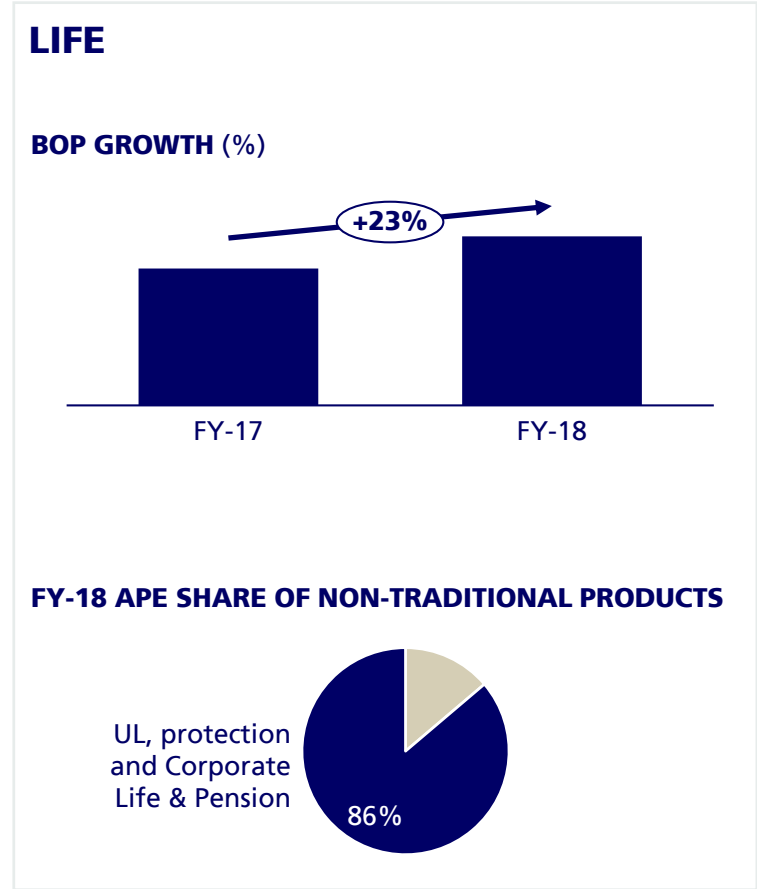
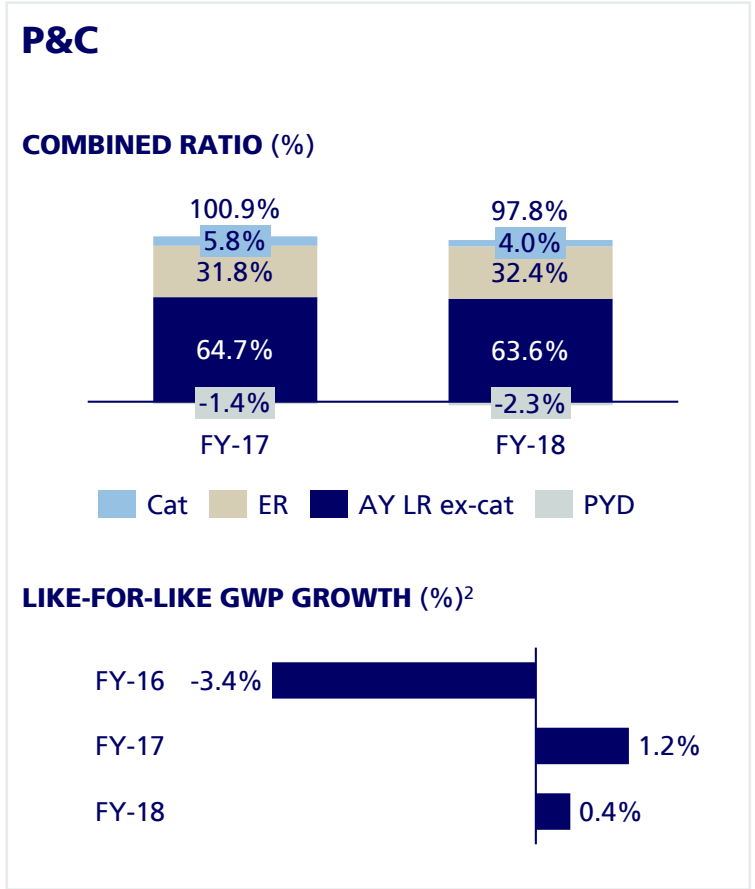
# Delivering on our 2017-2019 targets



<sup>1</sup> Business Operating Profit after tax return on equity, excluding unrealized gains and losses. Adjusted for the impact of excessive natural catastrophes, charges related to the Group's restructuring recognized through BOP and the FY-17 change to the UK capital gains tax indexation relief.



# Continued strong performance across all businesses



<sup>1</sup> See footnote 1 on page 28.

<sup>2</sup> In local currency and adjusted for closed acquisitions and disposals.

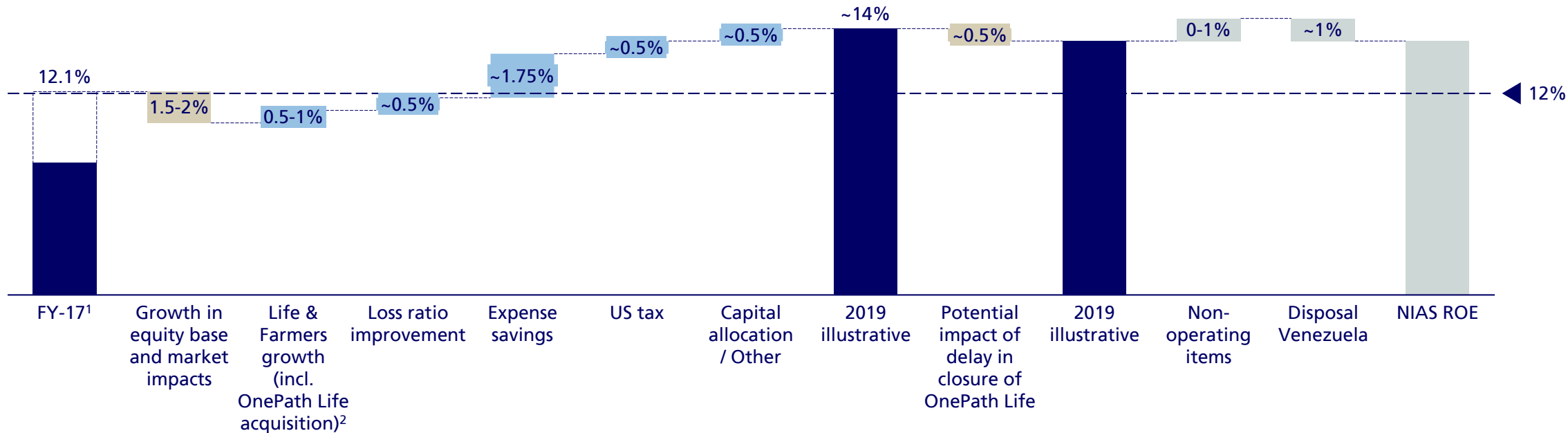
<sup>3</sup> Continuing operations only, excludes discontinued operations (21<sup>st</sup> Century outside of California and Hawaii, Business Insurance Independent Agents, and other businesses).



# Unchanged attractive ROE development



ILLUSTRATIVE BOPAT ROE DEVELOPMENT (%)



<sup>1</sup> FY-17 adjusted for the impact of the hurricanes Harvey, Irma and Maria, charges related to the Group's restructuring recognized through BOP and the change to the UK capital gains tax indexation relief.

<sup>2</sup> Including expected impact of OnePath Life acquisition in Australia, subject to regulatory approval.



# Property & Casualty



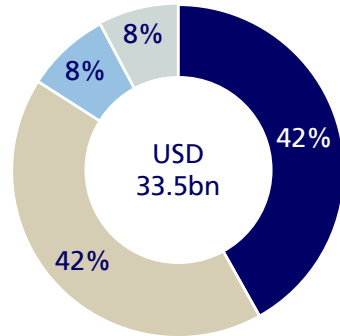


# Leading commercial insurer, and one of the few genuinely global players



## FOOTPRINT

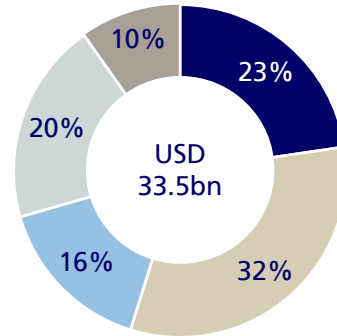
FY-18 GROSS WRITTEN PREMIUMS BY REGION (%)<sup>1</sup>



- EMEA
- APAC
- North America
- Latin America

## BUSINESS MIX

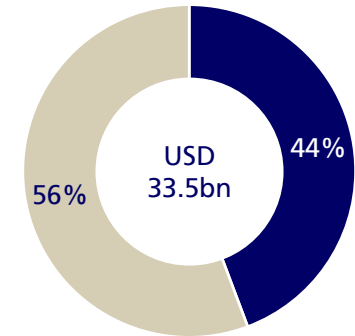
FY-18 GROSS WRITTEN PREMIUMS BY LINE OF BUSINESS (%)



- Motor
- Special lines
- Property
- Worker Injury
- Liability

## CUSTOMER UNITS

FY-18 GROSS WRITTEN PREMIUMS BY CUSTOMER UNIT (%)<sup>1</sup>



- Commercial insurance
- Retail insurance

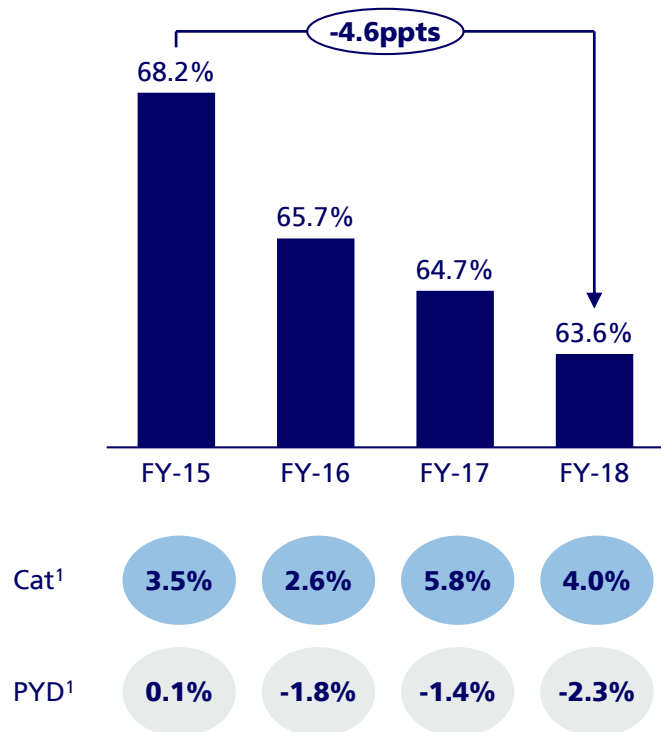
<sup>1</sup> The split by region and customer unit excludes Group Reinsurance and Eliminations.



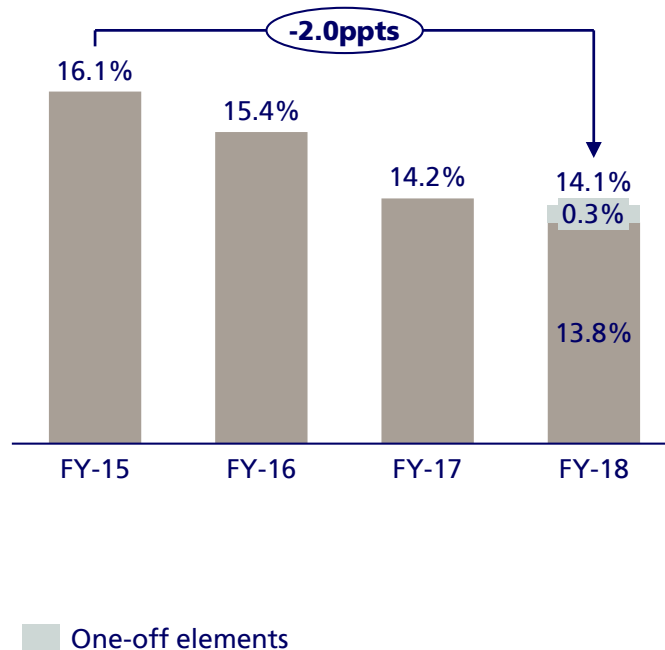
# We have stabilized our P&C business and show continuous improvement in the P&C combined ratio



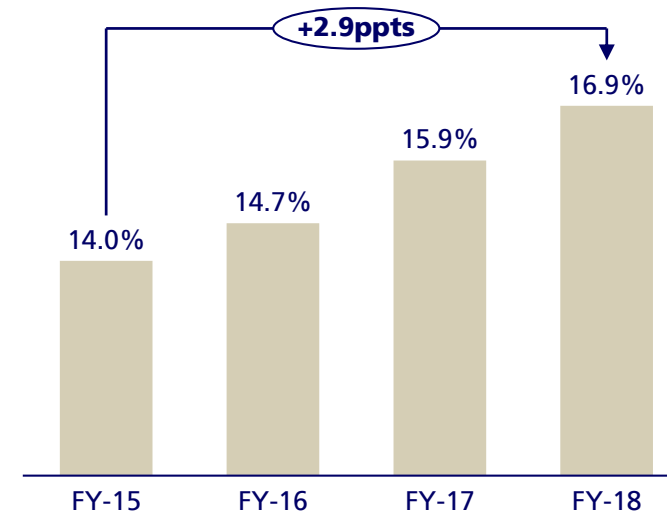
**AY LOSS RATIO EXCLUDING CATASTROPHES (%)<sup>1</sup>**



**OTHER UNDERWRITING EXPENSE (OUE) RATIO (%)<sup>2</sup>**



**COMMISSION RATIO (%)<sup>2</sup>**



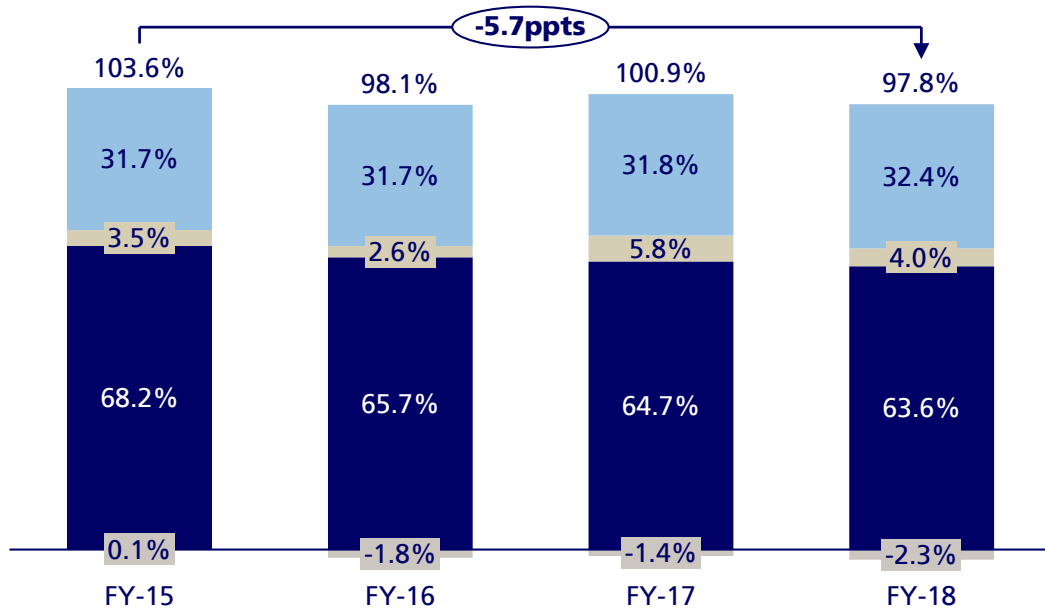
<sup>1</sup> Accident year loss ratio (AY LR) excludes prior year reserve development (PYD). Catastrophes (Cat) include major and mid-sized catastrophes including significant weather-related events.  
<sup>2</sup> Excludes premium tax and levies.



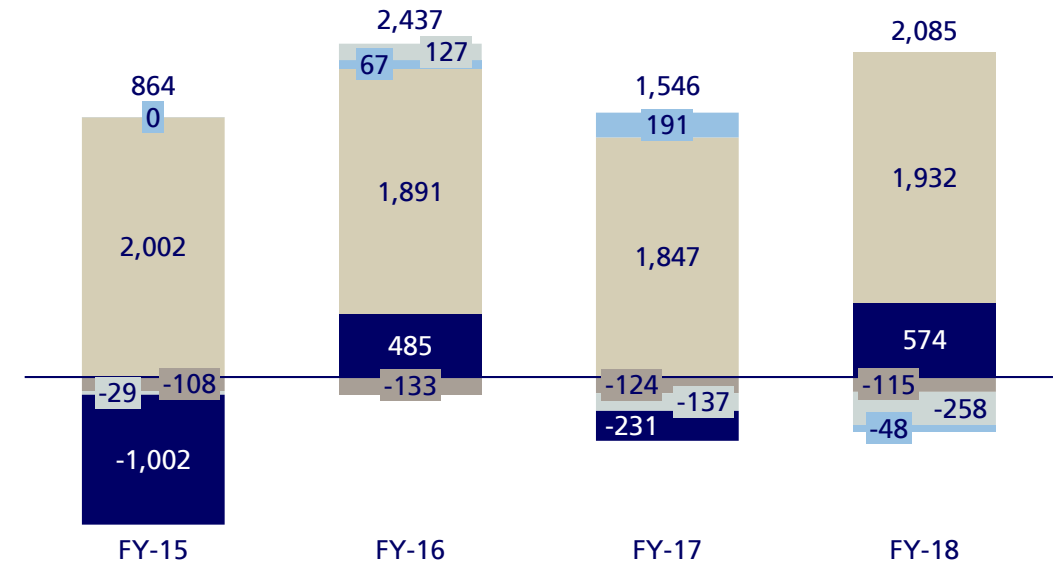
# Combined ratio and BOP improved strongly



**COMBINED RATIO SPLIT (%)<sup>1</sup>**



**BOP SPLIT (USDm)<sup>1</sup>**



■ Expense Ratio   
 ■ Catastrophes<sup>2</sup>   
 ■ AY LR (excl. catastrophes)<sup>3</sup>   
 ■ PYD   
 ■ Non-controlling interest   
 ■ Realized capital gains   
 ■ Underwriting result   
 ■ Non-technical result   
 ■ Investment income

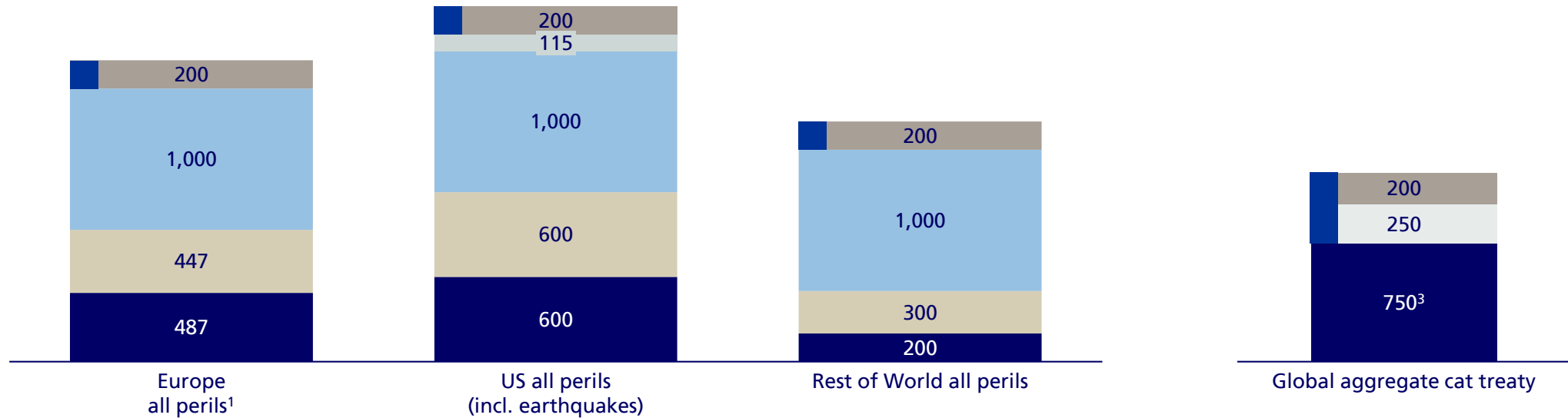
<sup>1</sup> FY-15 has not been restated.  
<sup>2</sup> Catastrophes include major and mid-sized catastrophes, including significant weather related events.  
<sup>3</sup> Accident year combined ratio (AY CR) excludes prior year reserve development (PYD).



# Reinsurance program in line with Group risk appetite



## GROUP CATASTROPHE REINSURANCE PROTECTION (USDm)



Global aggregate cat treaty
  Combined global cat treaty<sup>2</sup>
 US wind swap
  Global cat treaty
  Regional cat treaties
  Retention
  10% co-participation

<sup>1</sup> Europe cat treaty calculated with EUR/USD exchange rate as of January 31, 2019.

<sup>2</sup> This USD 200m cover can be used only once, either for aggregated losses or for an individual occurrence or event.

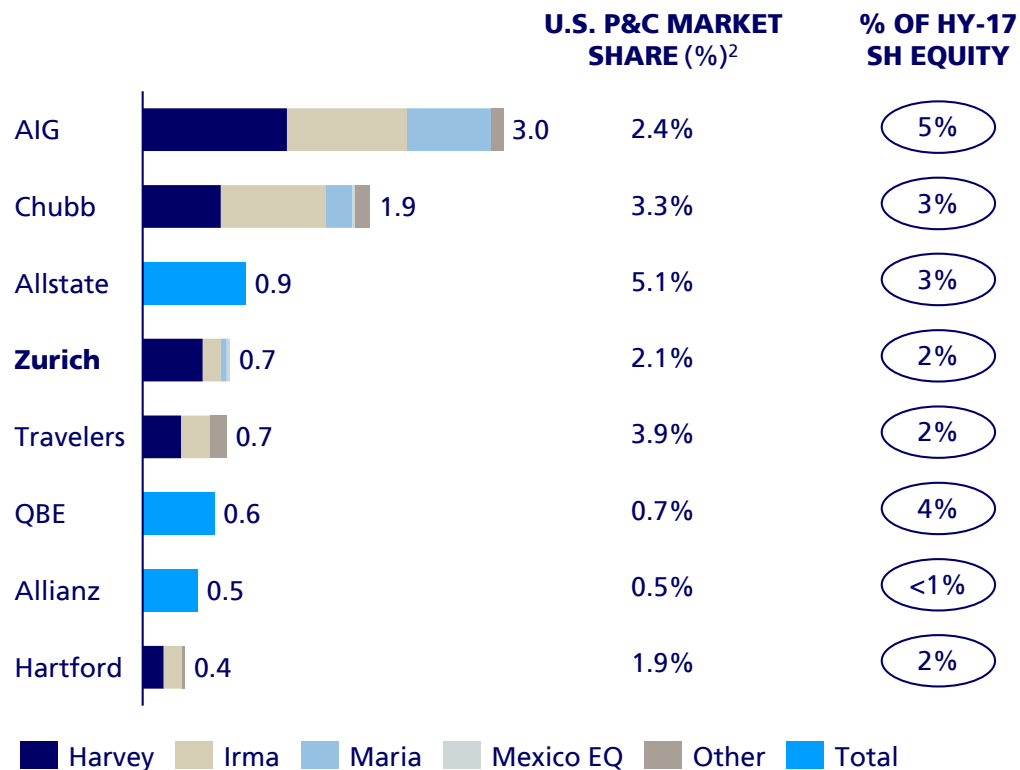
<sup>3</sup> Franchise deductible of USD 25m, i.e., losses greater than USD 25m count towards erosion of the retention (annual aggregate deductible).



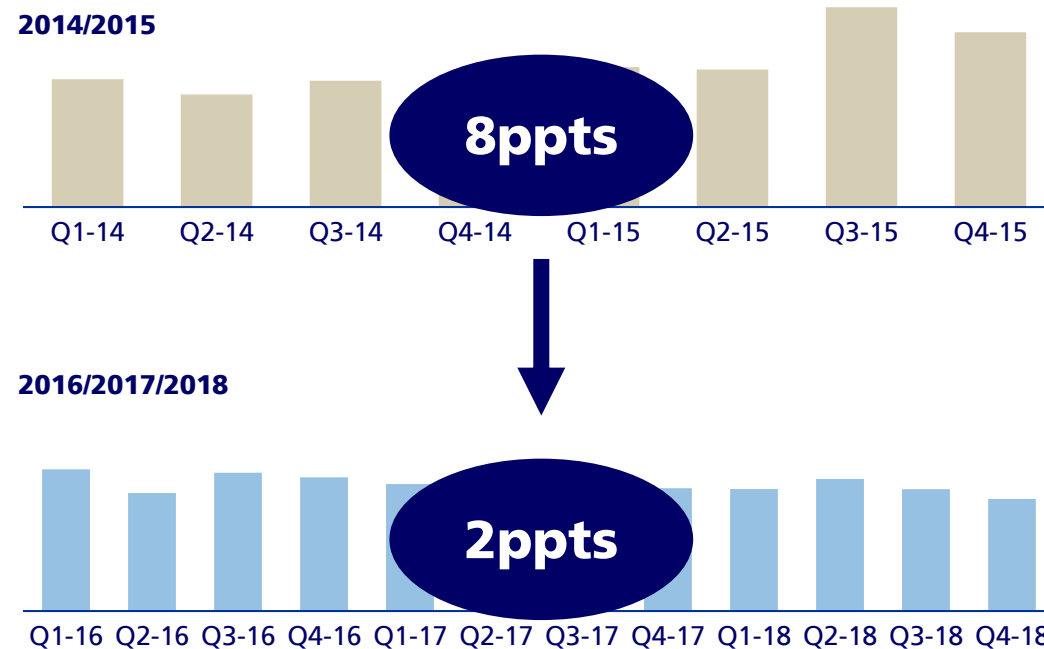
# Our reinsurance has been effective in protecting earnings and reducing earnings volatility



## Q3-17 NET IMPACT FROM SIGNIFICANT CAT (USDbn)<sup>1</sup>



## LOWER LARGE LOSS VOLATILITY (ppts)<sup>3</sup>



<sup>1</sup> Impacts are net of reinsurance and pre-tax. Source: Company reports, AM Best, IR analysis.

<sup>2</sup> Based on FY 2016 Direct Written Premiums (excluding accepted reinsurance), including Retail and Commercial business.

<sup>3</sup> Volatility is measured as difference between lowest and highest ratio for the indicated period.



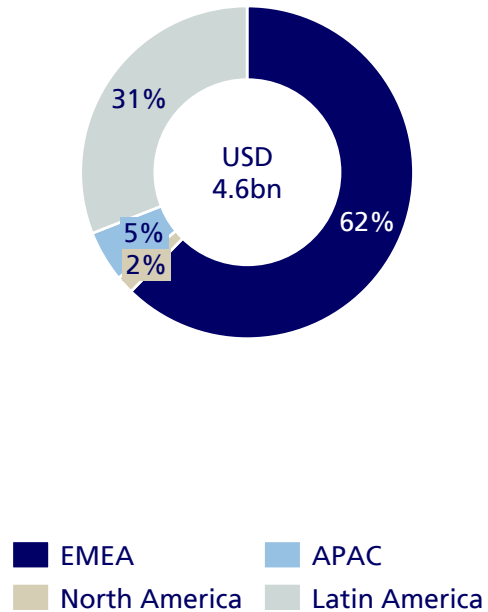
**Life**



# Our Life business is where others want to be; low risk and focused on protection and unit-linked business

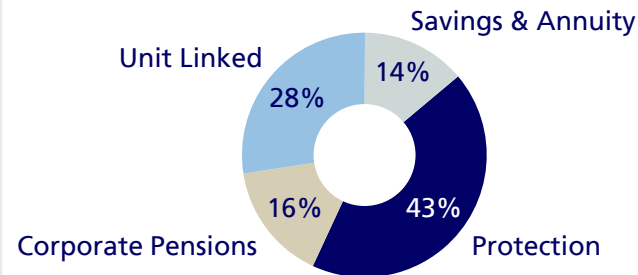
## FOOTPRINT

FY-18 ANNUAL PREMIUM EQUIVALENT BY REGION (%)

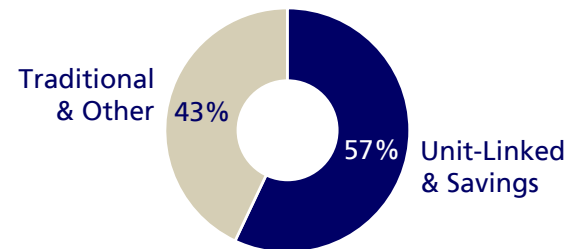


## BUSINESS MIX

FY-18 ANNUAL PREMIUM EQUIVALENT BY LINE OF BUSINESS (%)

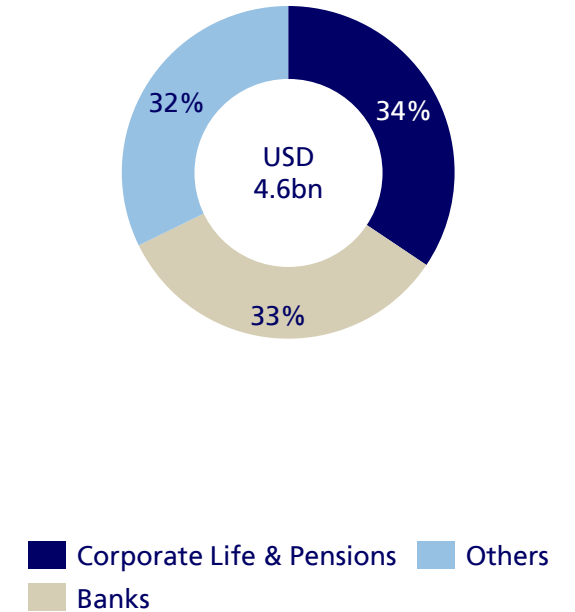


FY-18 Technical reserves by line of business (%)



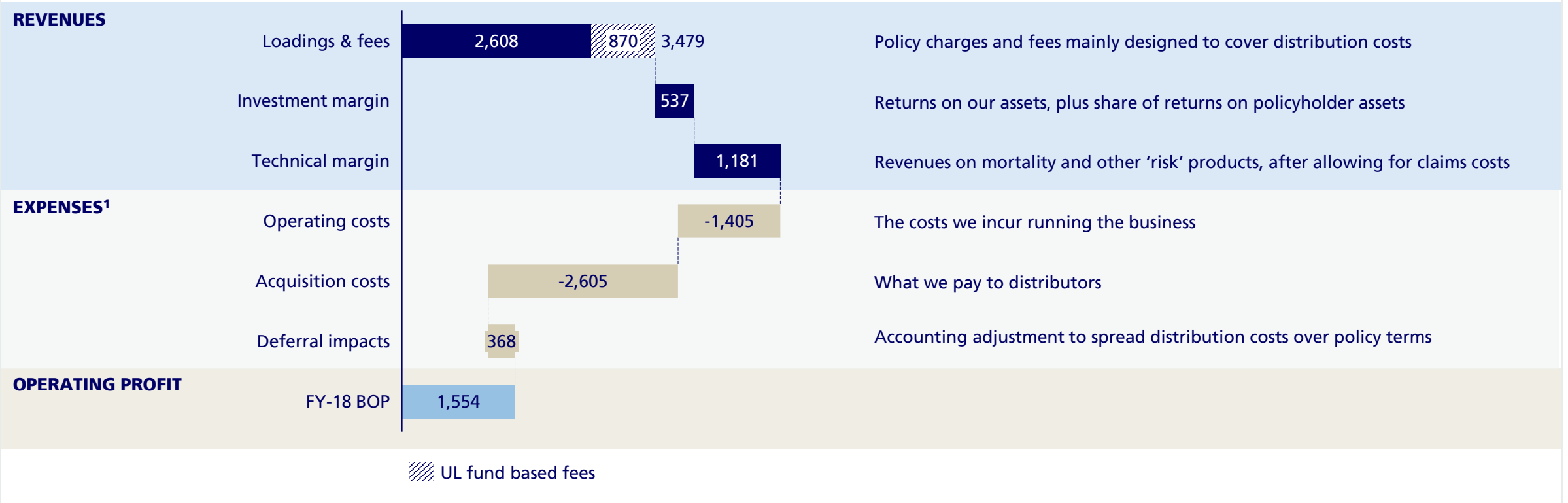
## DISTRIBUTION MIX

FY-18 ANNUAL PREMIUM EQUIVALENT BY PILLAR (%)



# Revenue streams have low market dependency

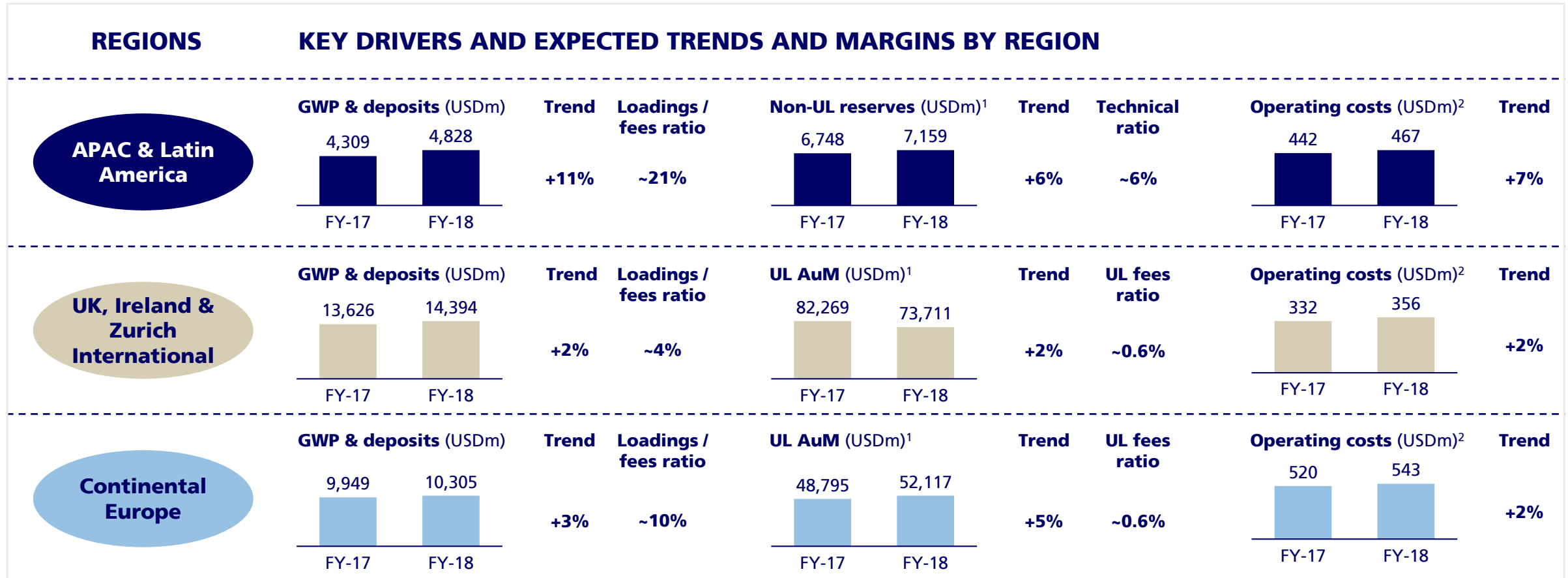
## DRIVERS OF OUR IFRS PROFITABILITY (USDm)



<sup>1</sup> Acquisition costs and deferral impacts include an upfront reinsurance commission for the acquisition of OnePath Life from ANZ.



# Underlying favorable development across all Life businesses expected to continue

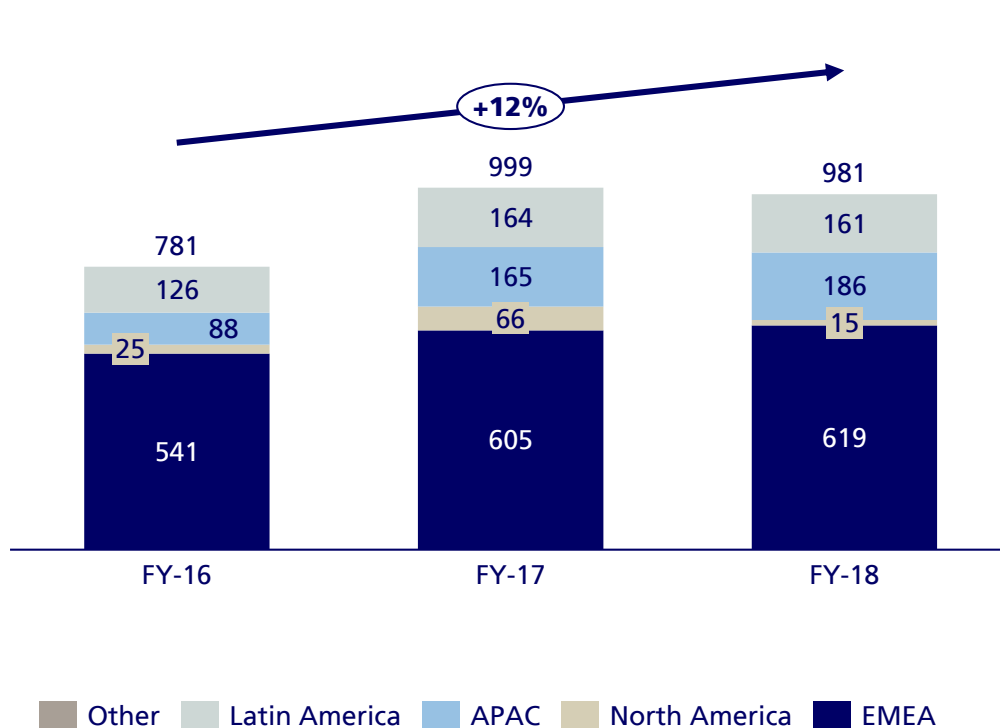


<sup>1</sup> UL = Unit-linked.

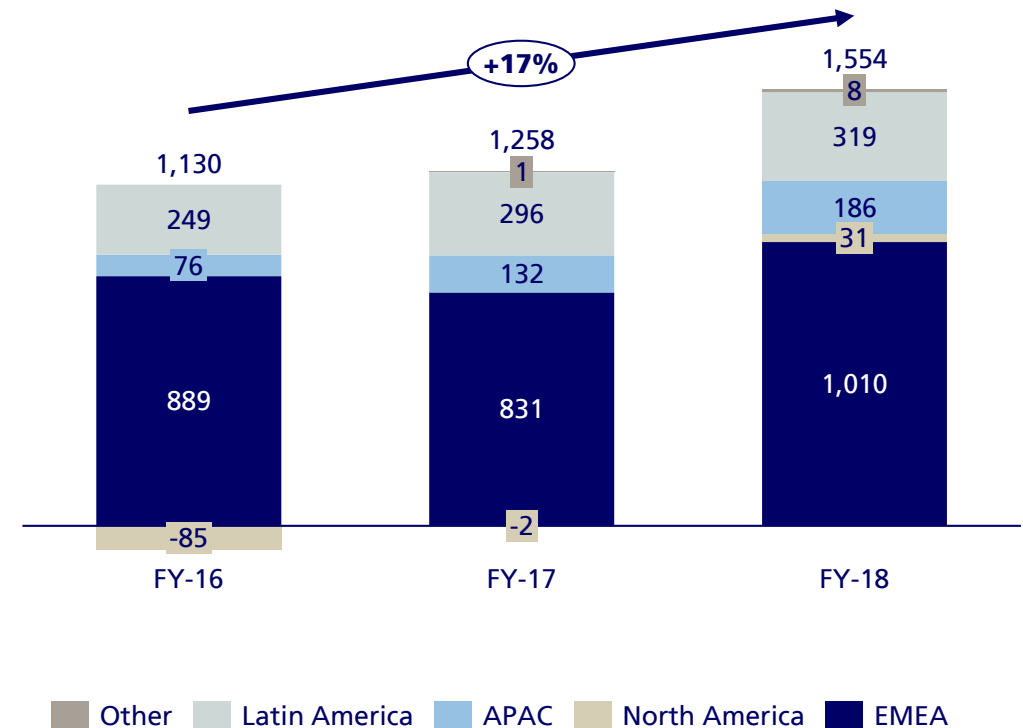
<sup>2</sup> Acquisition costs and FY-17 one-off impact of the change to the UK capital gains tax indexation relief are not included.

# Focus on translating new business growth into tangible measures of value

## NEW BUSINESS VALUE (USDm)



## GLOBAL LIFE BOP (USDm)





**Farmers**



# A unique structure



## MAINLY A FEE BUSINESS TO ZURICH

The Farmers Exchanges<sup>1</sup> are a group of US insurance companies, which are owned by their policyholders

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

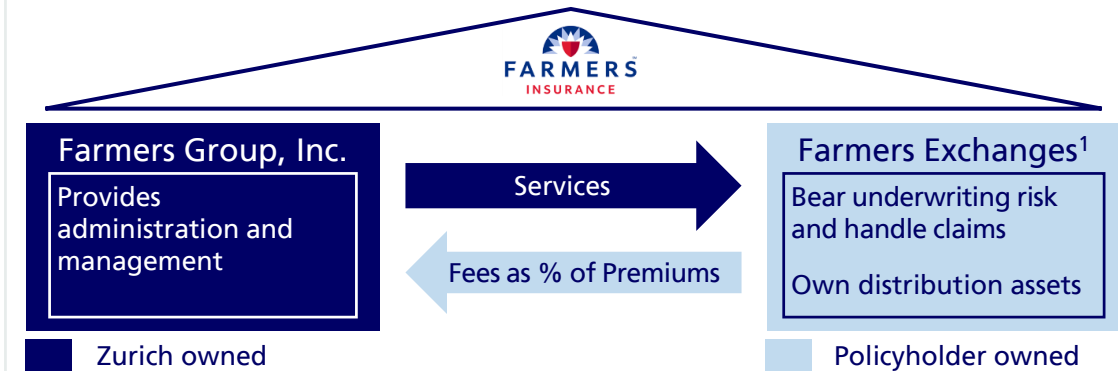
FMS receives fees from Farmers Exchanges for the services it provides

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

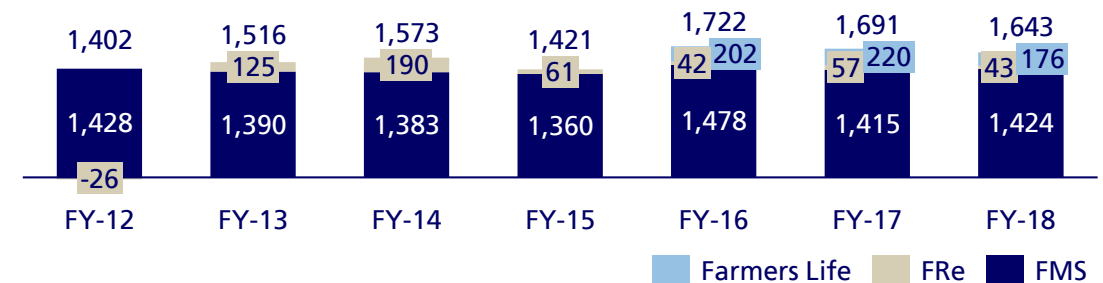
Farmers Life manufactures life products sold through Farmers exclusive agents

Zurich also provides quota share reinsurance to the Farmers Exchanges through Farmers Re

## FARMERS' UNIQUE STRUCTURE



## FARMERS BOP HISTORY (USDm)<sup>2</sup>



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

<sup>2</sup> With the full year 2016, Farmers Life business was moved from Life to Farmers, to reflect new management structure.



# Leading player in US personal lines insurance



## PROFILE

Farmers Exchanges is the #4 personal lines insurer<sup>2</sup> in 29 'core' states in the Western US

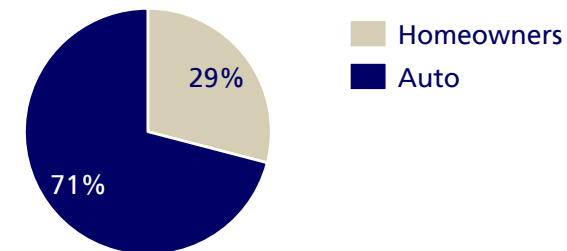
Split of business is predominantly personal lines, with some commercial lines product offerings for small businesses

Distribution primarily through >12,400 exclusive agents and >33,200 independent agents

Growing business in the Eastern US

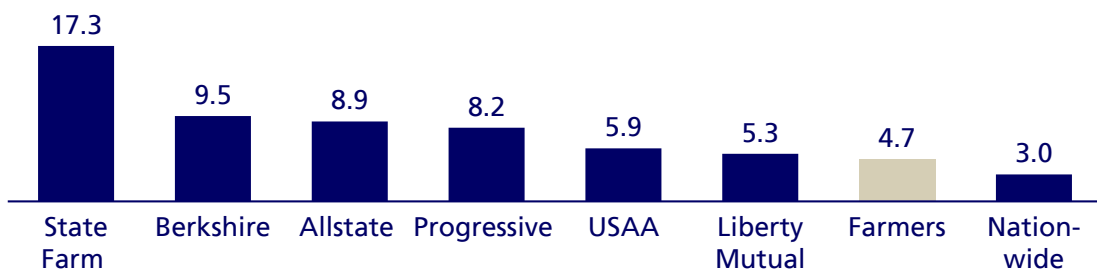
## US PERSONAL LINES MARKET (%)<sup>2</sup>

2018 PERSONAL LINES DIRECT PREMIUMS OF USD 349bn



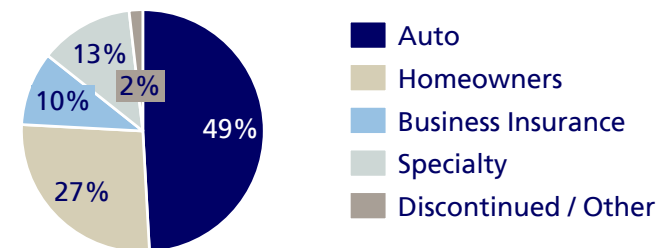
## PERSONAL LINES MARKET SHARE (%)<sup>2</sup>

BASED ON 2018 PERSONAL LINES DIRECT PREMIUMS OF USD 349bn



## FARMERS PREMIUM SPLIT (%)

FY-18 GROSS WRITTEN PREMIUMS OF USD 20.3bn



<sup>1</sup> See footnote 1 on slide 28.

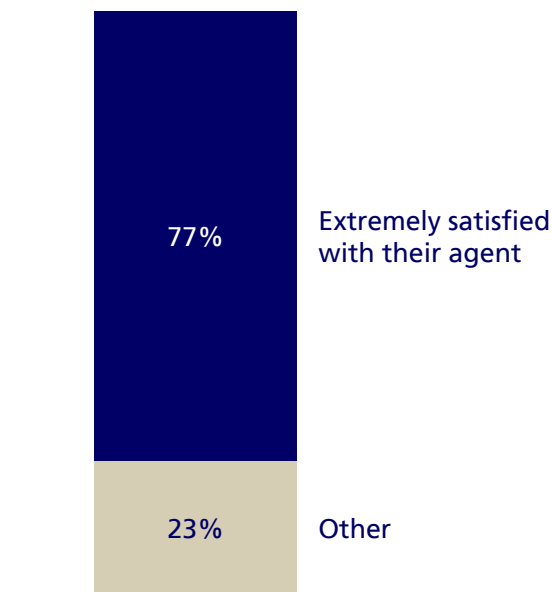
<sup>2</sup> SNL data for 2018, as of March 28, 2019 - Personal lines defined as private auto and homeowners & farmowners multi peril for United States excluding territories.



# Customer centered, agent powered



## NET PROMOTER SCORE SURVEY RESPONSES (%)



Average NPS

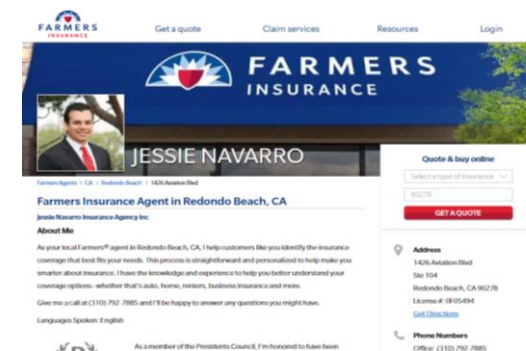
**+72**

**-43**

## ~11K LOCAL STOREFRONTS



## ~14K DIGITAL STOREFRONTS



## BROAD PRODUCT SUITE<sup>2</sup>



<sup>1</sup> See footnote 1 on slide 28.

<sup>2</sup> Life, Pet and Financial products administered by Farmers Life and third party servicers.

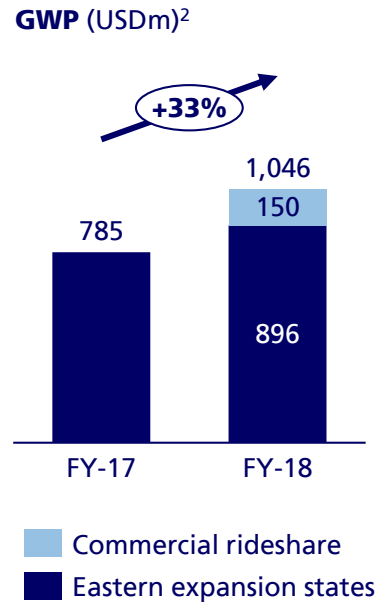
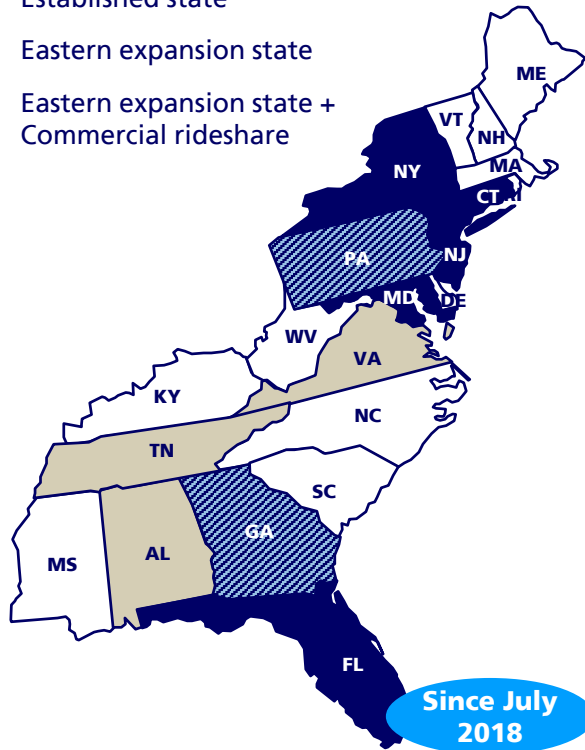


# Consistent progress against key strategic priorities



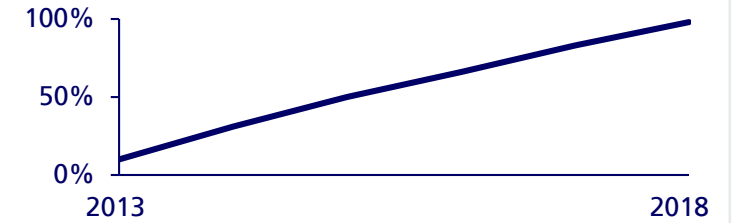
## EASTERN EXPANSION

- Established state
- Eastern expansion state
- Eastern expansion state + Commercial rideshare



## AGENCY MODEL

**Capitalized agents**  
(% of new appointments)



## CUSTOMER RELATIONSHIPS

**New business households purchasing a second product in first 30 days (%)**



## INNOVATION

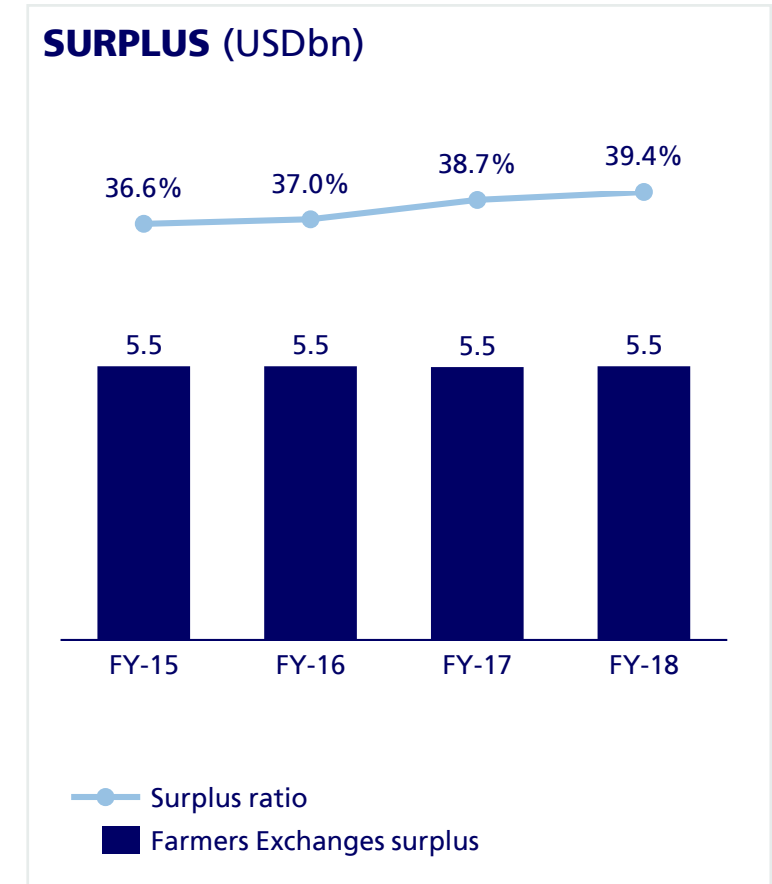
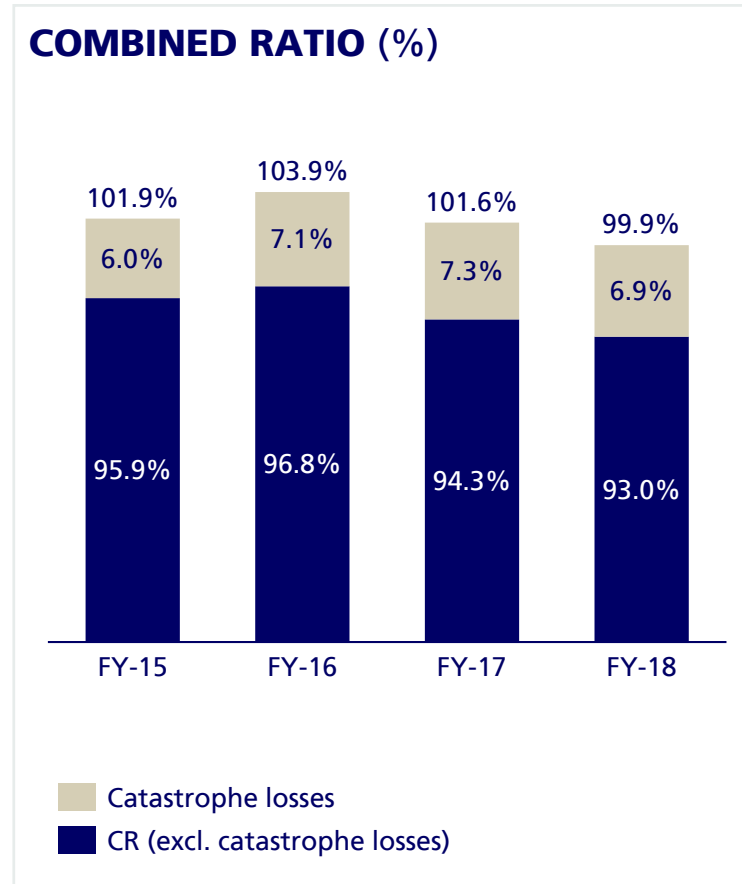
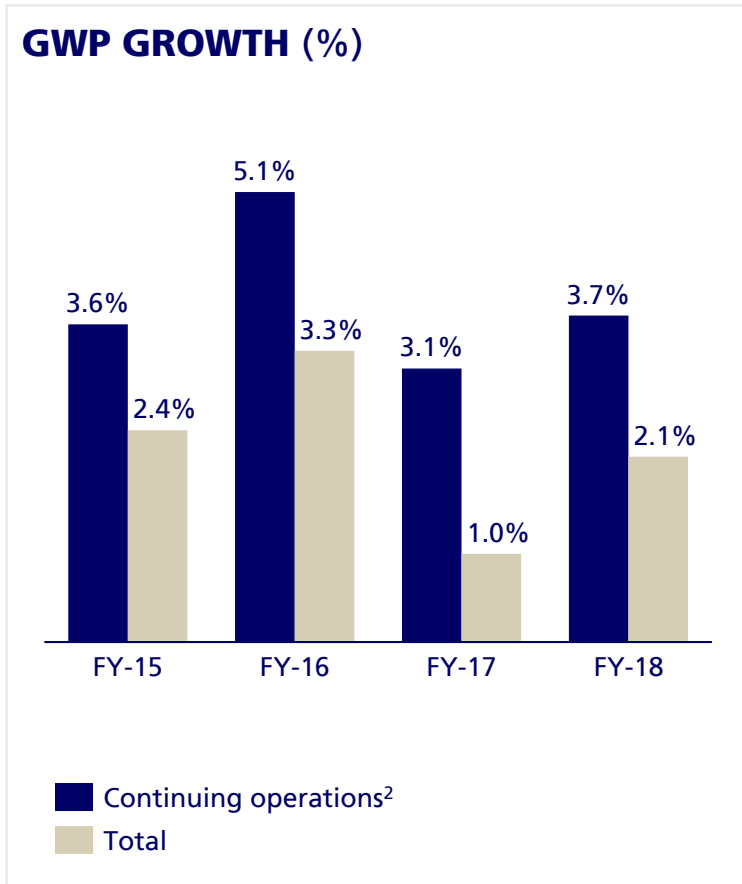


<sup>1</sup> See footnote 1 on slide 28.

<sup>2</sup> GWP in the eastern expansion states, excluding discontinued operations.



# Improving underlying performance at the Farmers exchanges with top-line growth



<sup>1</sup> See footnote 1 on slide 28.

<sup>2</sup> Excludes discontinued operations such as 21<sup>st</sup> Century business outside of California and Hawaii, Business Insurance Independent Agents, and other businesses.





# Investment and Capital Management

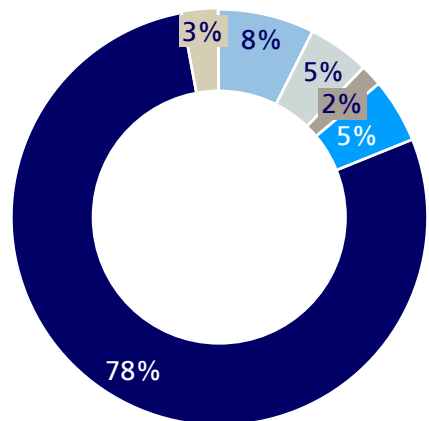


# ALM-focused and lower risk strategy delivering consistent and sustainable excess returns



## ASSET ALLOCATION

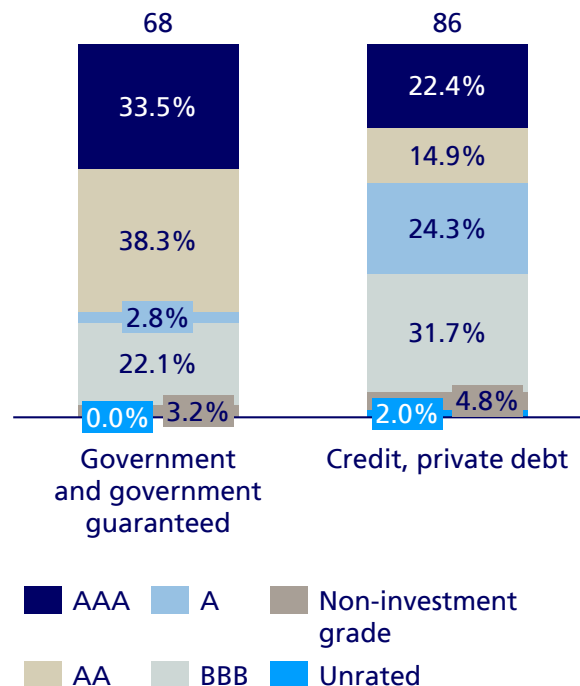
FY-18 TOTAL GROUP INVESTMENTS OF USD 195bn



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

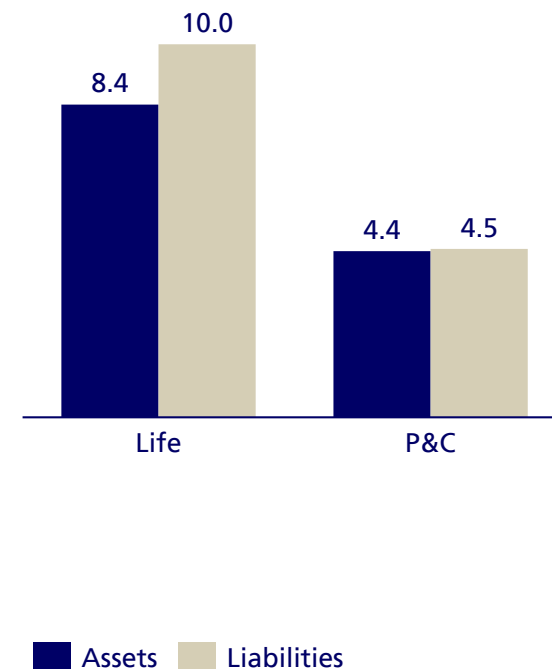
## ASSET QUALITY

FY-18 GROUP DEBT INVESTMENTS (USDbn)



## DURATION<sup>1</sup>

FY-18 (#years)



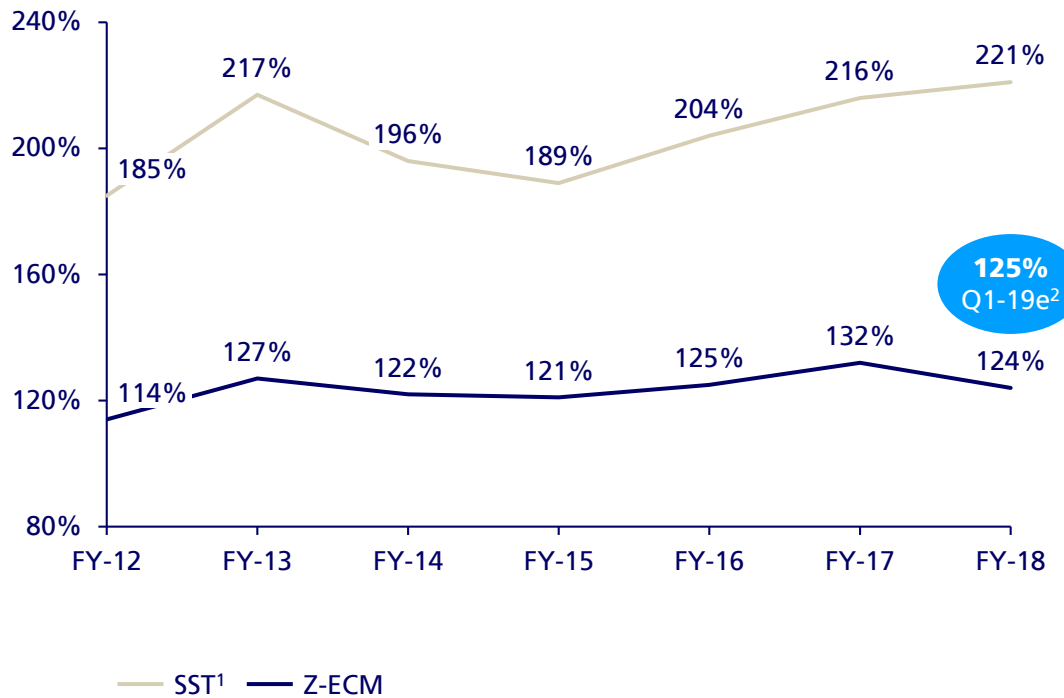
<sup>1</sup> for fixed income investments only.



# Managing our risks conservatively to AA financial strength



## GROUP SOLVENCY



## CAPITAL MANAGEMENT POLICY (Z-ECM RATIO, %)



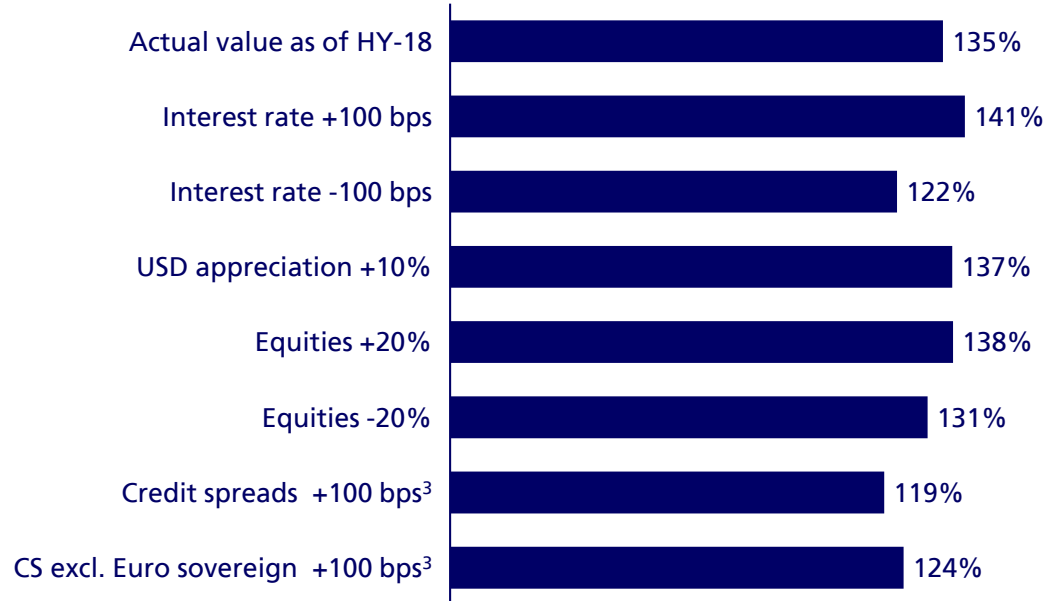
<sup>1</sup> The Swiss Solvency Test (SST) ratio as of January 1, 2019 has been calculated based on the Group's internal model, as agreed with FINMA. The full year ratio has to be filed with FINMA by end of April of each year and is subject to review by FINMA. 2015 and prior years not restated for latest methodology and model changes.

<sup>2</sup> Q1-19 Z-ECM reflects midpoint estimate with an error margin of +/- 5ppts.

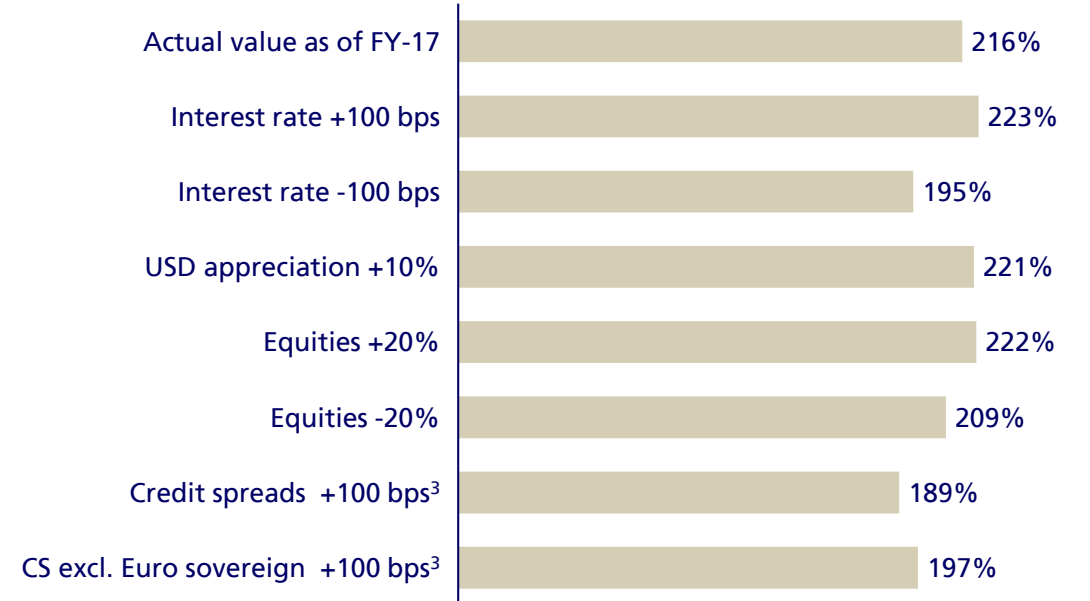


# Solvency ratios resilient to market movements

## Z-ECM SENSITIVITY IMPACT<sup>1,2</sup>



## SST SENSITIVITY IMPACT<sup>1,2</sup>



<sup>1</sup> Sensitivities are best estimate and linear, i.e. will vary depending on prevailing market conditions at the time. Z-ECM is calibrated at 99.95% Value at Risk (equivalent to an 'AA' rating); SST is calibrated at 99.0% Expected Shortfall.

<sup>2</sup> The impact of the changes to the required capital is approximated and takes into account market and insurance risks.

<sup>3</sup> Credit Spreads (CS) include mortgages and including/excluding Euro sovereign spreads. Z-ECM sensitivity is net of profit sharing with policyholders.



# 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;"> <span style="background-color: #e0e0e0; padding: 2px;">Most onerous impact on ratio</span> </div>			
<b>RISK MEASURE</b>	VaR 99.95% (~AA)	ES 99% (~BBB)	VaR 99.5% (~BBB), usually < ES 99%
<b>RISK-TYPES COVERED</b>	<ul style="list-style-type: none"> <li>Market Risk (including investment credit)</li> <li>Premium and Reserve Risk</li> <li>NatCat Risk</li> <li>Life Liability Risk</li> <li>Business Risk</li> <li>Operational Risk</li> <li>Reinsurance Credit Risk</li> </ul>	<ul style="list-style-type: none"> <li>Market Risk (including investment credit)</li> <li>Premium, Reserve and UPR Risk</li> <li>NatCat Risk</li> <li>Life Liability Risk</li> <li>Life Business Risk</li> <li>Reinsurance Credit Risk</li> <li>Receivables Credit Risk</li> </ul>	<div style="display: flex;"> <div style="flex: 1;"> <p>Internal model (ZIP):</p> <ul style="list-style-type: none"> <li>Market Risk (including investment credit)</li> <li>Premium, Reserve and UPR Risk</li> <li>NatCat Risk</li> <li>Business Risk</li> <li>Operational Risk</li> <li>Reinsurance Credit Risk</li> <li>Receivables Credit Risk</li> <li>Scenarios</li> </ul> </div> <div style="flex: 1;"> <p>Standard Formula (all other entities):</p> <ul style="list-style-type: none"> <li>Market risk</li> <li>Counterparty default risk</li> <li>Life underwriting risk</li> <li>Health underwriting risk</li> <li>Non-life underwriting risk (including premium, reserve and NatCat)</li> <li>Intangible asset risk</li> <li>Operational risk</li> </ul> </div> </div>
<b>EQUIVALENCE</b>	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 <sup>1</sup>	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: 3.05% (as of December 31, 2018) EUR, USD, GBP: 4.05% (as of December 31, 2018)
ADJUSTMENTS TO YIELD-CURVE	None (no liquidity premium)	-10bps (credit) + volatility adjustment (between 4 bps (CHF) and 56bps (USD) at Q4-18) + 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.

<sup>1</sup> 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

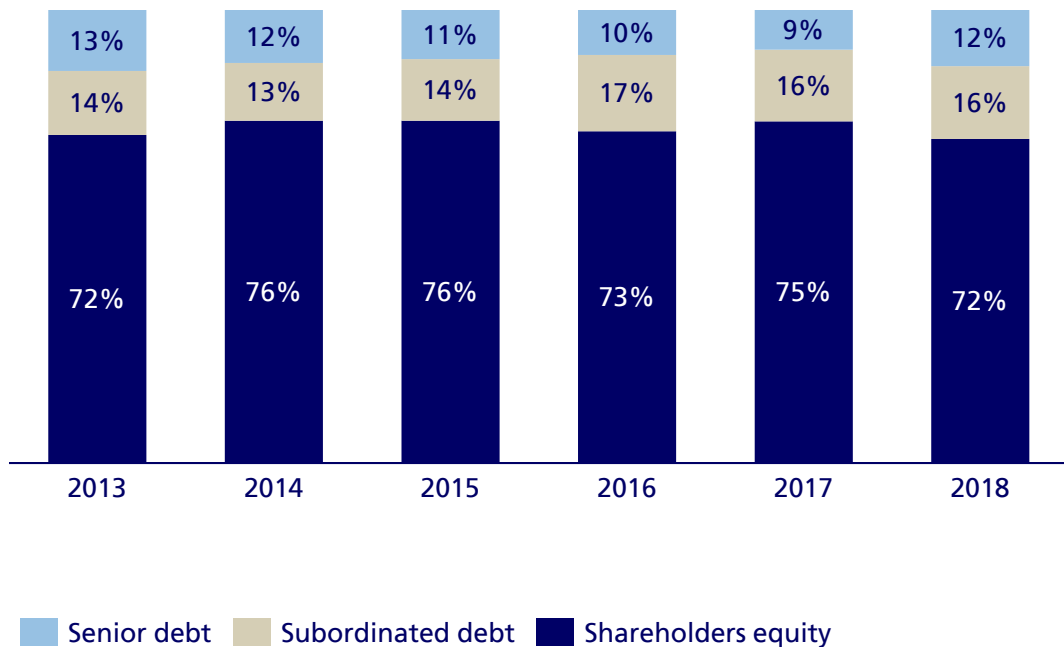
## PRIMARY DIFFERENCES – OTHER KEY ELEMENTS

	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"> <li>Internal reinsurance not relevant</li> <li>Full Group diversification taken into account and allocated back to business units</li> </ul>	Legal entity view <ul style="list-style-type: none"> <li>Internal reinsurance considered</li> <li>Only legal entity diversification taken into account</li> <li>Risk of subsidiaries included (with limited liability)</li> </ul>	Legal entity view <ul style="list-style-type: none"> <li>Internal reinsurance considered</li> <li>Only legal entity diversification taken into account</li> </ul>
RISK MARGIN	Risk Margin as part of insurance liabilities	Risk Margin as part of insurance liabilities	Risk Margin as part of insurance liabilities

# Proven balance sheet flexibility through leverage and coverage at Aa levels



**GROUP CAPITAL STRUCTURE (%)<sup>1</sup>**

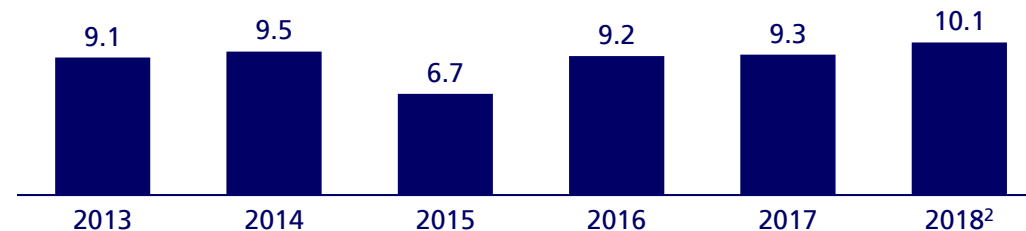


**MOODY'S LEVERAGE & COVERAGE**

**FINANCIAL LEVERAGE:** Aa = 15-30%



**EARNINGS COVERAGE:** Aa = 8-12x



<sup>1</sup> Capital Structure shown using accounting view.  
<sup>2</sup> Estimated by Zurich.

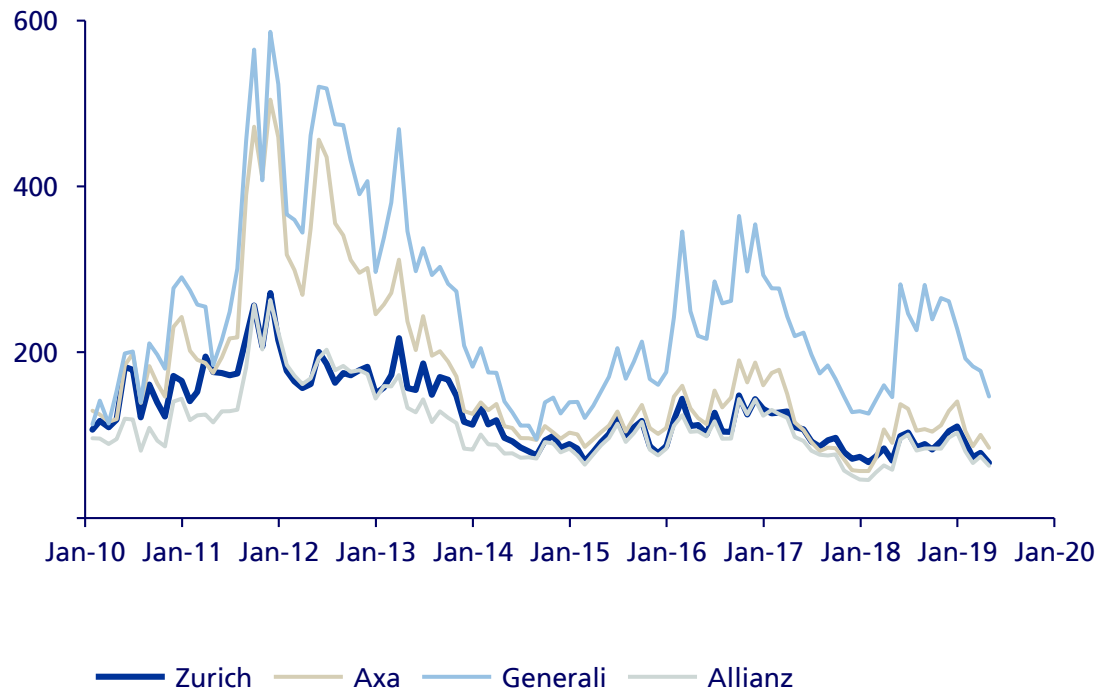




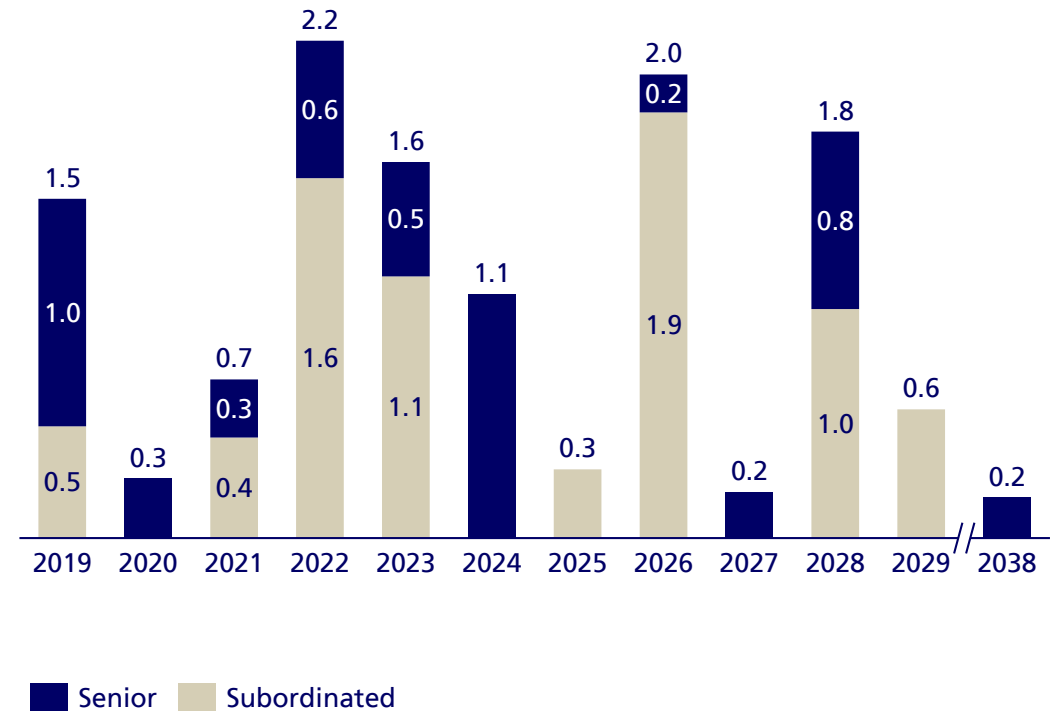
# Low cost of risk and balanced maturity profile



**CDS SPREAD AMONG BEST OF PEERS (bps)<sup>1</sup>**



**BALANCED REFINANCING NEEDS (USDbn)<sup>2</sup>**



<sup>1</sup> 5y EUR sub CDS; source: Bloomberg.

<sup>2</sup> As of May 2019; maturity profile based on first call dates for subordinated debt and maturity date for senior debt.



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



## NET INCOME AND REMITTANCES 2012-2018<sup>1</sup> (USD)

	P&C	LIFE	FARMERS	NON-CORE	GF&O <sup>2</sup>	GROUP
∑ BOP 2012-18	14.9bn	9.1bn	11.0bn	0.1bn	-5.9bn	29.2bn
∑ NIAS 2012-18	13.9bn	7.4bn	7.9bn	0.3bn	-5.8bn	23.7bn
∑ REMITTED 2012-18	14.0bn	5.9bn	8.1bn	1.2bn		
∅ PAYOUT	101%	80%	103%			96%
2017 – 2019	~90%	~70% <sup>3</sup>	~90%	~90%		~85%

<sup>1</sup> All figures as reported.

<sup>2</sup> Group Functions and Operations.

<sup>3</sup> Based on disclosure at 2016 Investor Day. For 2018 – 2021 cash remittances of > USD 1.0bn p.a. expected.



# We are focused on continuing to reward our shareholders, ~76% NIAS payout ratio proposed for 2018 dividend



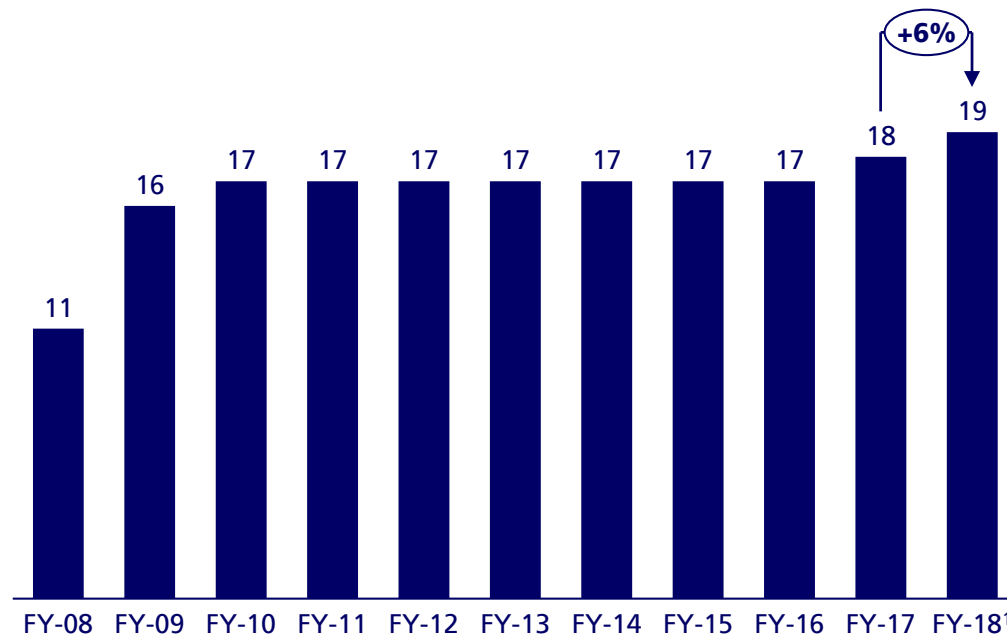
## ZURICH'S DIVIDEND POLICY

NIAS payout ratio of approximately 75%

Dividend increases based on sustainable earnings growth

Target minimum of prior year dividend per share

## DIVIDEND PER SHARE (CHF)



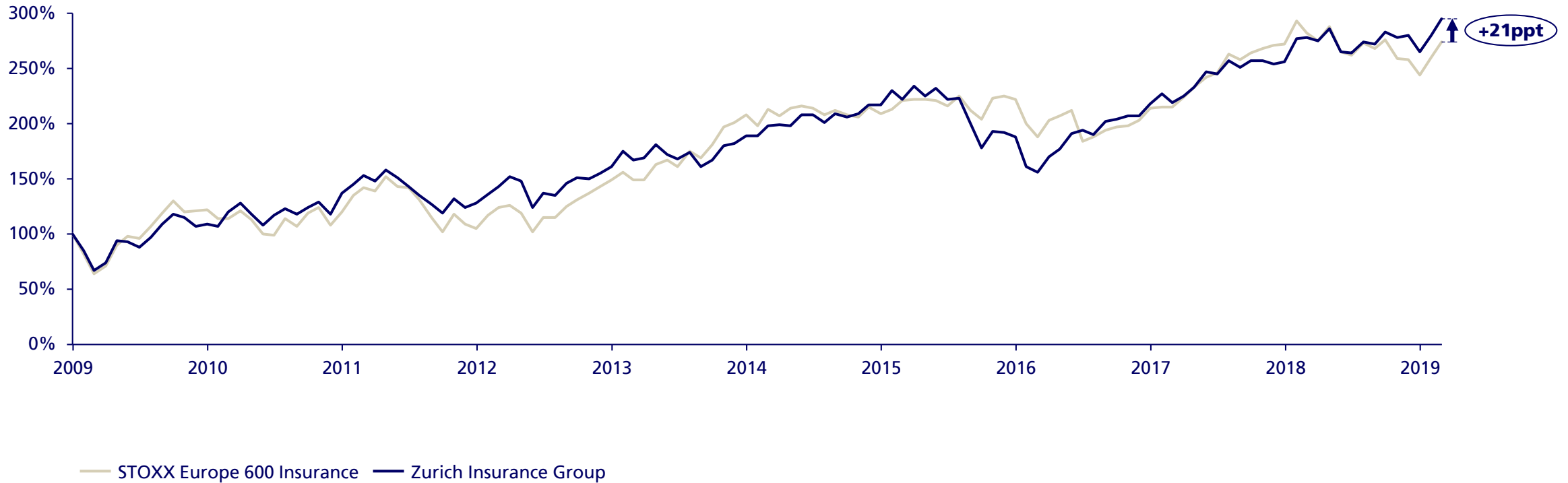
<sup>1</sup> Proposed dividend, subject to approval by shareholders at the Annual General Meeting 2019.



# Long term value creation, driven by consistent dividend policy



**TOTAL SHAREHOLDER RETURN IN USD** (indexed to 100% at January 1, 2009)



# Sustainability



# Group's focus on sustainability widely recognized by external bodies

## OUR RATINGS<sup>1</sup>



**'AA' rating<sup>1</sup>**



**Outperformed 93% of other companies in peer group<sup>2</sup>**



**Leader, #2 in peer group<sup>3</sup>**



**Absolute Score of 4.2 (out of 5.0)<sup>4</sup>**

## OUR LONG TERM COMMITMENT



**BUSINESS AMBITION FOR 1.5°C**



1 MSCI ESG Rating Report, April 2019.  
 2 RobecoSAM Company Benchmarking Scorecard, 2018.  
 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

 <b>Corporate governance</b>	<p>An independent and diverse Board ensuring effective corporate governance and strategic oversight and fostering ESG integration in the business</p>
 <b>Remuneration</b>	<p>A remuneration architecture ensuring outcomes in sync with business performance results including financial, customer and people metrics</p>
 <b>Role as employer</b>	<p>Pro-active promotion of diversity at the workplace with 11 countries EDGE certified Focus on employee engagement resulting in strong employee net promoter score (ENPS) improvement in 2018</p>
 <b>Role as insurer</b>	<p>Delivering solutions to customers that create positive social and environmental impact Systematic identification of sustainability risk issues</p>
 <b>Role as investor</b>	<p>Impact investment portfolio of USD 3.8bn in 2018, with an ambition of USD 5bn to help avoid 5m tons of CO2 and benefit 5m people</p>
 <b>Role in communities</b>	<p>Driving the Zurich Flood Resilience Alliance, aiming to increase the investment going into pre-event risk reduction and fast recovery from floods by USD 1bn</p>

## Other important information





# Disclaimer



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').

Forward-looking statements include statements regarding the Group's targeted profit, return on equity targets, expenses, pricing conditions, dividend policy and underwriting and claims results, as well as statements regarding the Group's understanding of general economic, financial and insurance market conditions and expected developments. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and plans and objectives of Zurich Insurance Group Ltd or the Group to differ materially from those expressed or implied in the forward looking statements (or from past results). Factors such as (i) general economic conditions and competitive factors, particularly in key markets; (ii) the risk of a global economic downturn; (iii) performance of financial markets; (iv) levels of interest rates and currency exchange rates; (v) frequency, severity and development of insured claims events; (vi) mortality and morbidity experience; (vii) policy renewal and lapse rates; and (viii) changes in laws and regulations and in the policies of regulators may have a direct bearing on the results of operations of Zurich Insurance Group Ltd and its Group and on whether the targets will be achieved. Zurich Insurance Group Ltd undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

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## SIX SWISS EXCHANGE

- Listing: SIX Swiss Exchange, Switzerland
- Product type: Swiss Blue Chip Shares
- Ticker symbol: ZURN
- Swiss security number (Valorenummer): 1107539
- ISIN: CH0011075394
- Bloomberg symbol: ZURN VX Equity
- Reuters symbol: ZURN.VX
- Trading currency: CHF

## US AMERICAN DEPOSITARY RECEIPT PROGRAM

- Depository: The Bank of New York Mellon
- Nature: ADR
- Symbol: ZURVY
- For further information:

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+1-888-BNY-ADRS

outside the USA

+1 201 680 6825

E-mail

shrrelations@bnymellon.com

Website

www.adrbnymellon.com



# For further information

## CALL US

### Investor Relations & Rating Agency Management

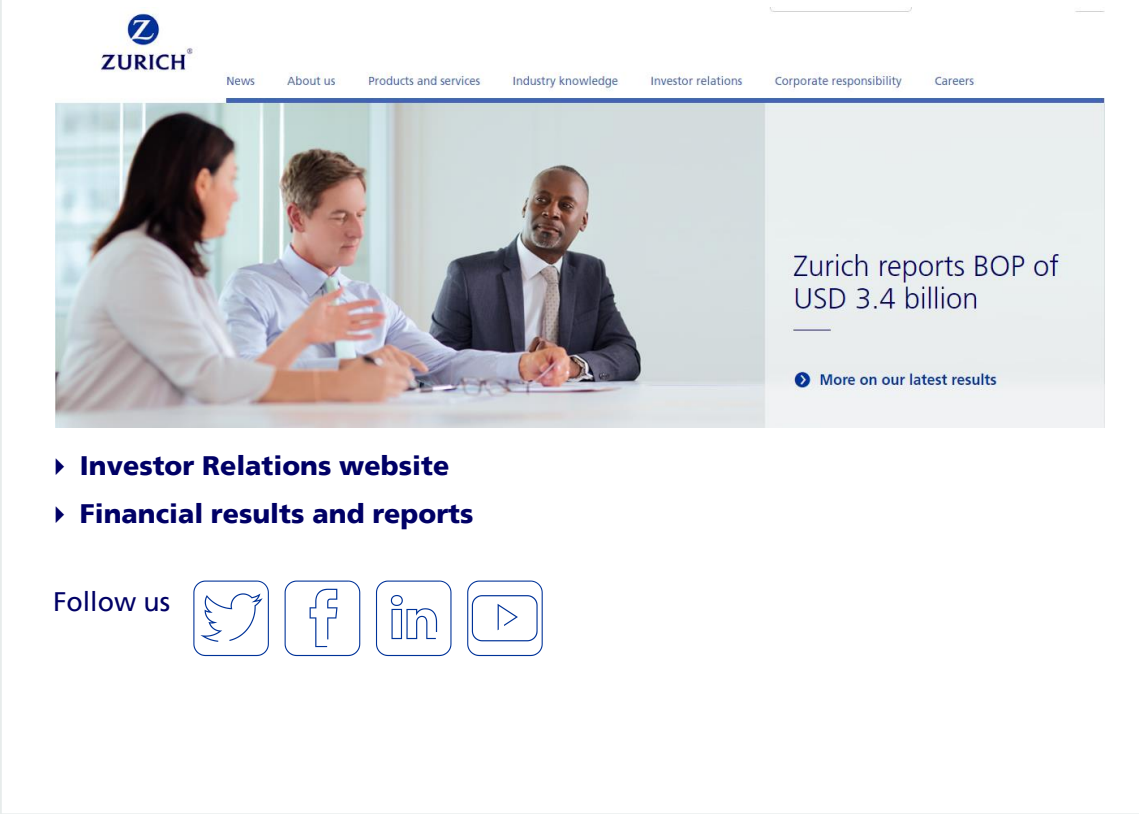
Richard Burden	+41 44 628 96 40
Francesco Bonsante	+41 44 628 00 68
Michèle Matlock	+41 44 625 28 50
Samuel Han	+41 44 625 32 57
Gianni Vitale	+41 44 625 48 26

### Events

Patricia Heina	+41 44 625 38 44
----------------	------------------

Phone +41 (0) 44 625 22 99  
investor.relations@zurich.com

## VISIT OR FOLLOW US



The screenshot shows the Zurich Investor Relations website. At the top is the Zurich logo and a navigation menu with links for News, About us, Products and services, Industry knowledge, Investor relations, Corporate responsibility, and Careers. Below the menu is a large image of three business professionals in a meeting. To the right of the image, the text reads 'Zurich reports BOP of USD 3.4 billion' with a link 'More on our latest results'. Below the image, there are two call-to-action buttons: 'Investor Relations website' and 'Financial results and reports'. At the bottom, there is a 'Follow us' section with icons for Twitter, Facebook, LinkedIn, and YouTube.

**CALENDAR:**

- May 9, 2019, Update for the three months ended March 31, 2019
- May 28-29 2019, Deutsche Bank Global Financials Conference, New York
- August 8, 2019, Half year results 2019
- September 24-25, 2019, BoAML Conference, London
- November 7, 2019, Update for the nine months ended September 30, 2019
- November 14, 2019, Investor Day, London

