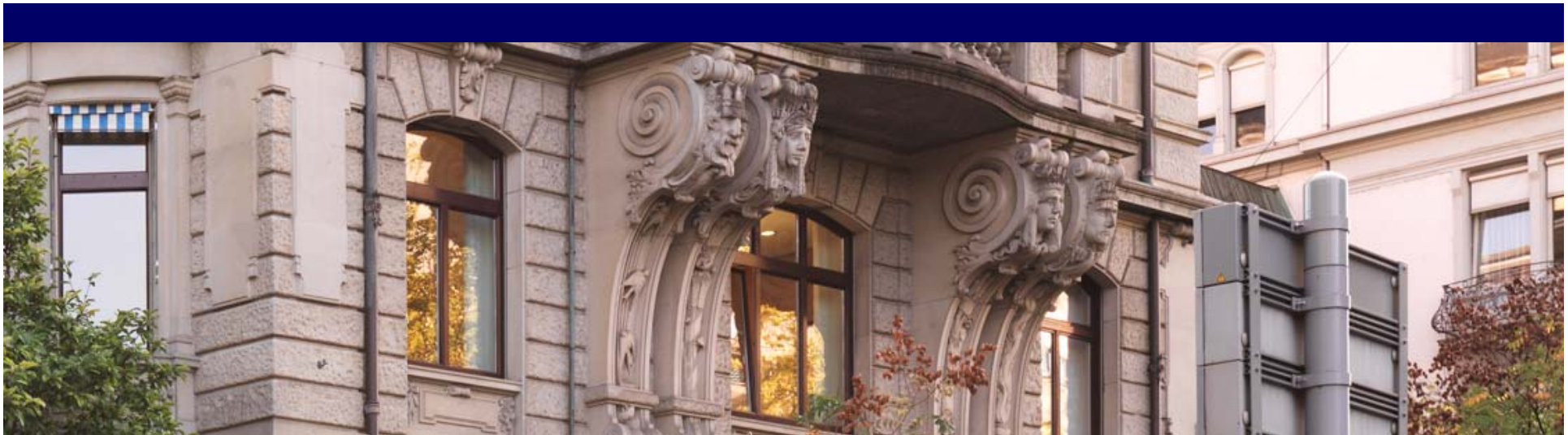




# Annual Results 2013

**Analysts Presentation  
February 13, 2014**



# 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"). 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, in the financial services industries in particular; (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.

All references to "Farmers Exchanges" mean Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange and their subsidiaries and affiliates. The three Exchanges are California domiciled interinsurance exchanges owned by their policyholders with governance oversight by their Boards of Governors. Farmers Group, Inc. and its subsidiaries are appointed as the attorneys-in-fact for the Farmers Exchanges and in that capacity provide certain non-claims administrative and management services to the Farmers Exchanges. Neither Farmers Group, Inc., nor its parent companies, Zurich Insurance Company Ltd and Zurich Insurance Group Ltd, have any ownership interest in the Farmers Exchanges. Financial information about the Farmers Exchanges is proprietary to the Farmers Exchanges, but is provided to support an understanding of the performance of Farmers Group, Inc. and Farmers Reinsurance Company.

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# Martin Senn

Chief Executive Officer



# Solid results underpin high cash returns



<b>BOP</b>	<b>NIAS</b>	<b>NIAS ROE<sup>2</sup></b>	
<b>USD 4.7bn</b>	<b>USD 4.0bn</b>	<b>12.0%</b>	
For year ended 31 December 2013	For year ended 31 December 2013	For year ended 31 December 2013	
<b>BOPAT ROE<sup>1</sup></b>	<b>Z-ECM<sup>3</sup></b>	<b>Net cash remittances</b>	
<b>10.5%</b>	<b>120%</b>	<b>USD 2.9bn</b>	
For year ended 31 December 2013	As of 30 September 2013	For year ended 31 December 2013	
			<b>Dividend per share proposal<sup>4</sup></b>
			<b>CHF 17</b>
			to be paid in April 2014

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- 1 Business operating profit after tax return on equity, including unrealized gains and losses (11.6% excluding unrealized gains)
- 2 Net income attributable to shareholders divided by average reported equity, including unrealized gains and losses in shareholders' equity
- 3 Zurich economic capital model, SST Ratio at 206% (as of July 1, 2013 calculated on the Group's internal model, which is subject to the review and approval of the Group's regulator, the Swiss Financial Market Supervisory Authority (FINMA))
- 4 Subject to approval at the Annual General Meeting in April 2014

# Drivers of our 2013 performance



## General Insurance

- Good growth in priority markets and continued rate increases
- Most of the portfolio is delivering hurdle returns
- Some areas not performing to expectations

## Global Life

- Strong growth in protection business, mainly in Emerging Markets
- Higher risk margins, offset by build-out costs and lower investment margins

## Farmers

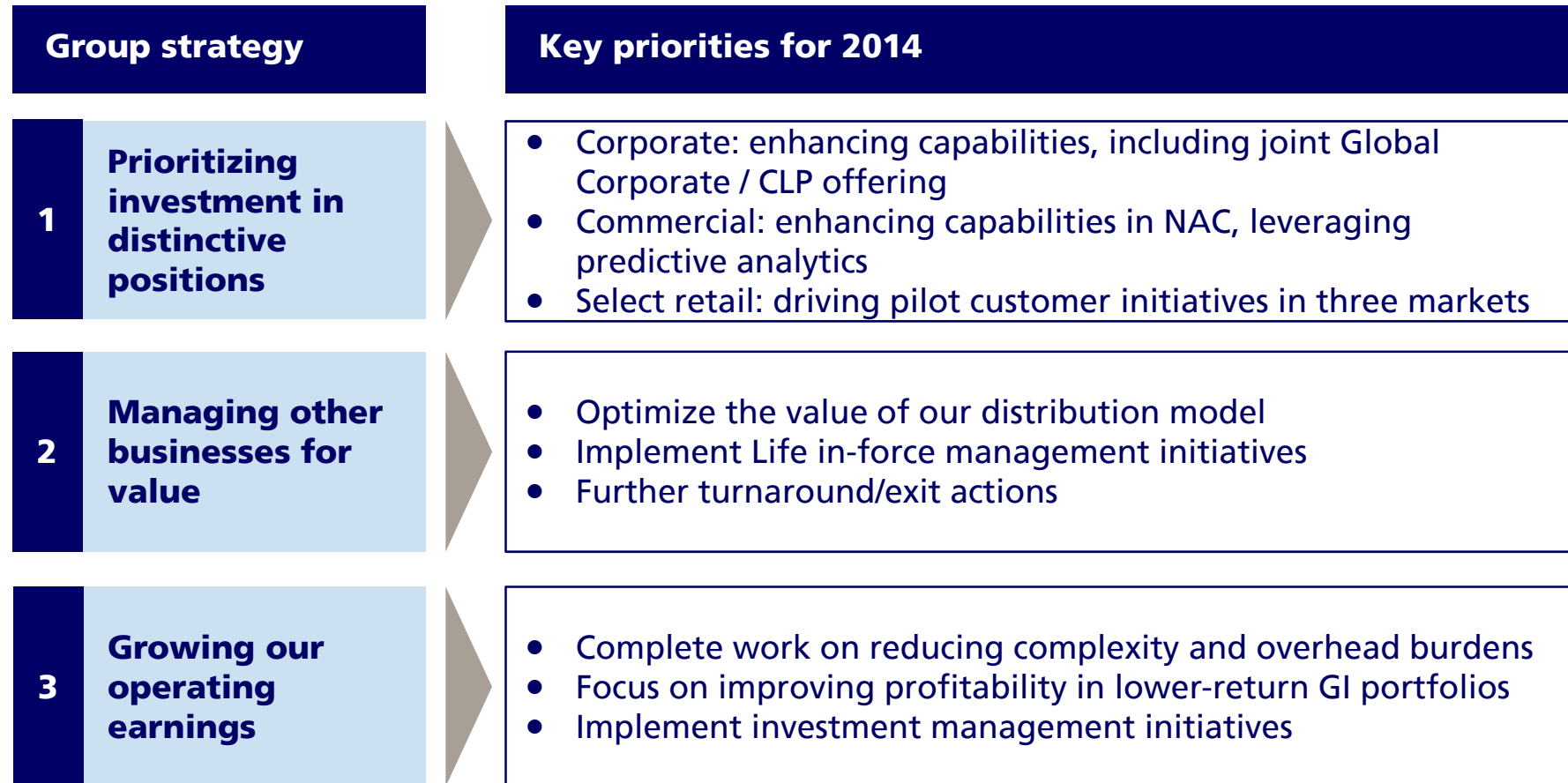
- Challenging year for Farmers Exchanges<sup>1</sup> in terms of the top-line
- FMS margins resilient and with continued strong cash generation
- Big improvement in Farmers Re combined ratio

## Non-operating items

- USD 0.7bn gain on sale of stake in New China Life
- USD 0.3bn restructuring and accounting charges in Q4

<sup>1</sup> Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides administrative and management services to the Farmers Exchanges and receives fees for its services.

# Key priorities for 2014



# Key messages



- Solid operating profit in all core businesses
- Good growth in priority GI and Life markets, Farmers continues transition
- Strong cash remittances and capital position underpin CHF 17 per share dividend proposal
- 2014 priorities driven by new strategy



# Vibhu Sharma

**Interim Chief Financial Officer**





# Business operating profit by segment



in USD millions

	Q4-13	Q4-12 <sup>1</sup>	Change	2013	2012 <sup>1</sup>	Change
General Insurance	736	27	nm	2,859	2,112	35%
Global Life	294	385	-24%	1,272	1,351	-6%
Farmers (incl. Farmers Re)	408	411	-1%	1,516	1,402	8%
Other Operating Businesses	-356	-260	-37%	-1,039	-910	-14%
<b>Total BOP Operating business segments</b>	<b>1,081</b>	<b>563</b>	<b>92%</b>	<b>4,607</b>	<b>3,955</b>	<b>16%</b>
Non-Core Businesses	32	10	nm	73	129	-44%
<b>Total BOP</b>	<b>1,113</b>	<b>573</b>	<b>94%</b>	<b>4,680</b>	<b>4,084</b>	<b>15%</b>

<sup>1</sup> Throughout this document, certain comparatives have been restated as set out in note 1 of the Consolidated financial statements.

# Reconciliation from BOP to NIAS



in USD millions

	Q4-13	Q4-12 <sup>1</sup>	Change	2013	2012 <sup>1</sup>	Change
Business Operating Profit	1,113	573	94%	4,680	4,084	15%
BOP attr. to Non-contr. int.	66	80	-18%	288	164	76%
Net capital gains/losses	578	947	-39%	1,143	1,278	-11%
Restructuring provisions <sup>2</sup>	-212	-72	nm	-250	-211	19%
Other <sup>3</sup>	-37	-45	-18%	-188	-38	nm
Profit before SH taxes	1,508	1,483	2%	5,674	5,277	8%
Shareholder taxes	-386	-430	-10%	-1,415	-1,302	9%
Non-controlling interests	-48	-65	-26%	-231	-89	nm
Net income attributable to shareholders	1,074	988	9%	4,028	3,887	4%

<sup>1</sup> Throughout this document, certain comparatives have been restated as set out in note 1 of the Consolidated financial statements.

<sup>2</sup> Includes impairments

<sup>3</sup> USD 37m in restructuring charges in Q4 2013 are included within 'other'.

# General Insurance – Key performance indicators



in USD millions

	<b>Q4-13</b>	<b>Q4-12</b>	<b>Change</b>	<b>2013</b>	<b>2012</b>	<b>Change</b>
GWP and policy fees	8,256	8,301	-1%	36,438	35,610	2% <sup>1</sup>
Rate change <sup>2</sup>	4.2%	4.3%	-0.1pts	3.7%	3.8%	-0.1pts
Loss ratio	68.6%	75.5%	6.8pts	68.3%	70.3%	2.0pts
Expense ratio	27.4%	28.7%	1.3pts	27.2%	28.0%	0.8pts
Combined ratio	96.0%	104.2%	8.1pts	95.5%	98.4%	2.9pts
Business operating profit	736	27	nm	2,859	2,112	35%

<sup>1</sup> Equivalent to 3% in local currency

<sup>2</sup> For details, please refer to specific notes on slide 12 with the “Rate Change Monitor”

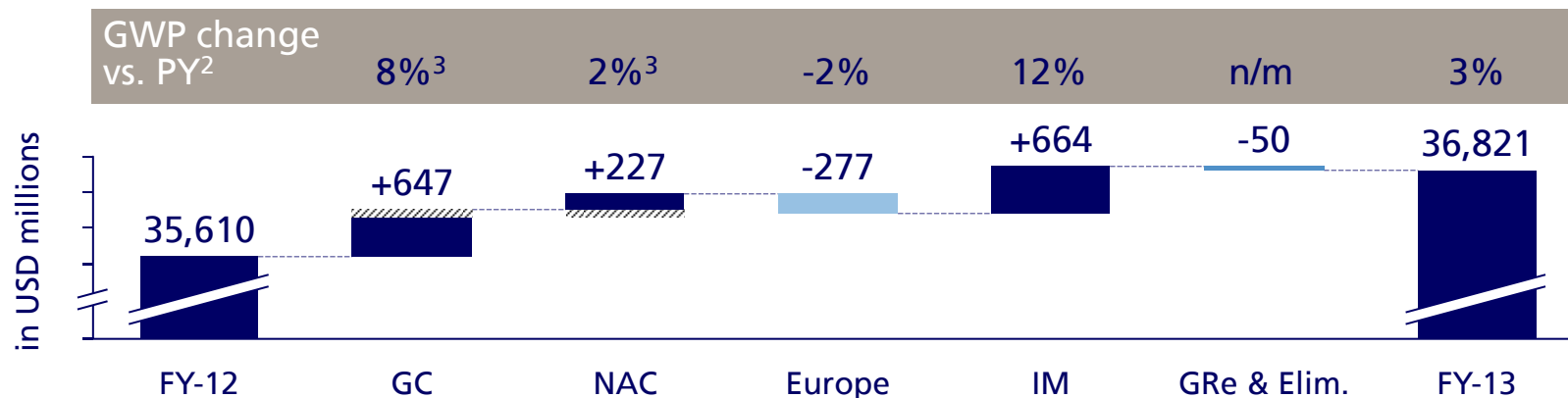
# General Insurance – Rate Change Monitor<sup>1</sup> and GWP performance



## Rate Change Monitor<sup>1</sup>

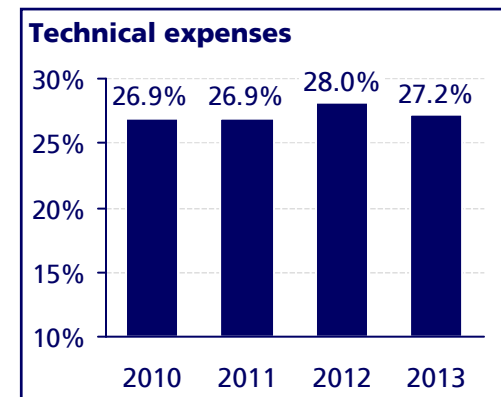
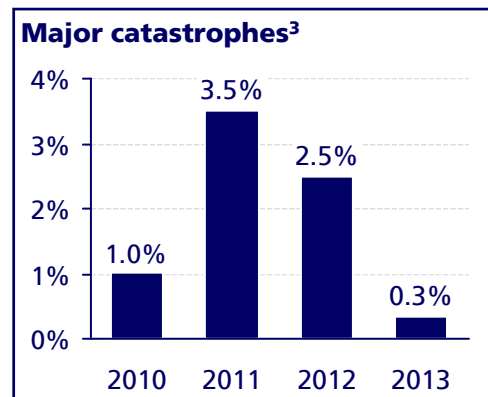
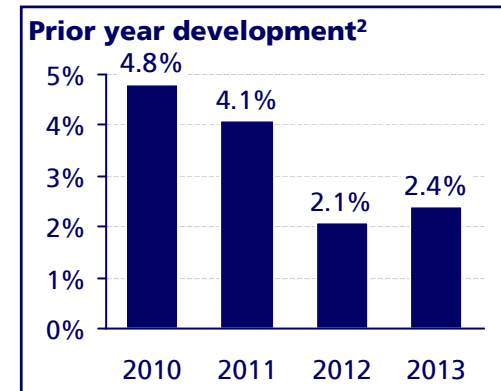
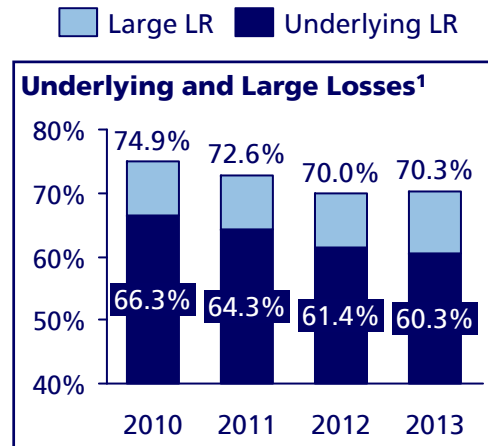
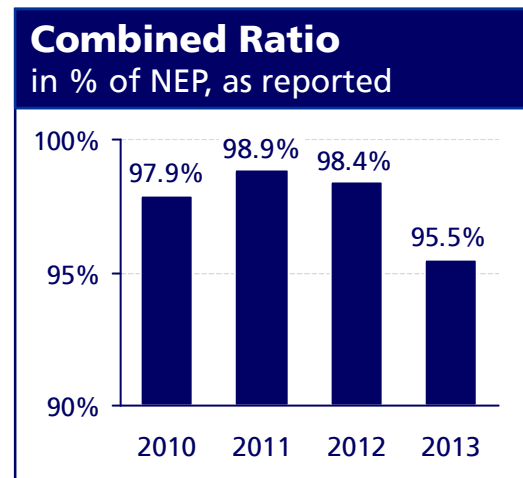
	FY-13					Discrete Q4-13				
	GC	NAC	Europe	Int'l Markets	Total GI	GC	NAC	Europe	Int'l Markets	Total GI
Personal Lines	n/a	n/a	3%	4%	3%	n/a	n/a	2%	5%	3%
Commercial Lines	4%	5%	3%	3%	4%	5%	4%	3%	3%	5%

## Gross Written Premiums, translated at constant FX rates



- <sup>1</sup> The Zurich Rate Change Monitor expresses the GWP development due to premium rate change as a percentage of the renewed portfolio against a comparable prior period. In this slide, the periods shown for 2013 are compared with the same periods of 2012.
- <sup>2</sup> GWP change in 2013 over prior year, in local currency
- <sup>3</sup> Apart of the discontinuation of a large fronting contract, growth impacted by net business transfers from NAC to GC. Comparable growth is 6% for GC and 6% for NAC.

# General Insurance – Combined ratio trends



<sup>1</sup> Includes individual large losses, other catastrophes/weather related losses (not included in major catastrophes) and for 2011 the aggregate catastrophe recovery of 0.6%  
<sup>2</sup> Prior year development ratio includes impact of prior year premiums  
<sup>3</sup> Major catastrophes (potential USD 100m or larger)

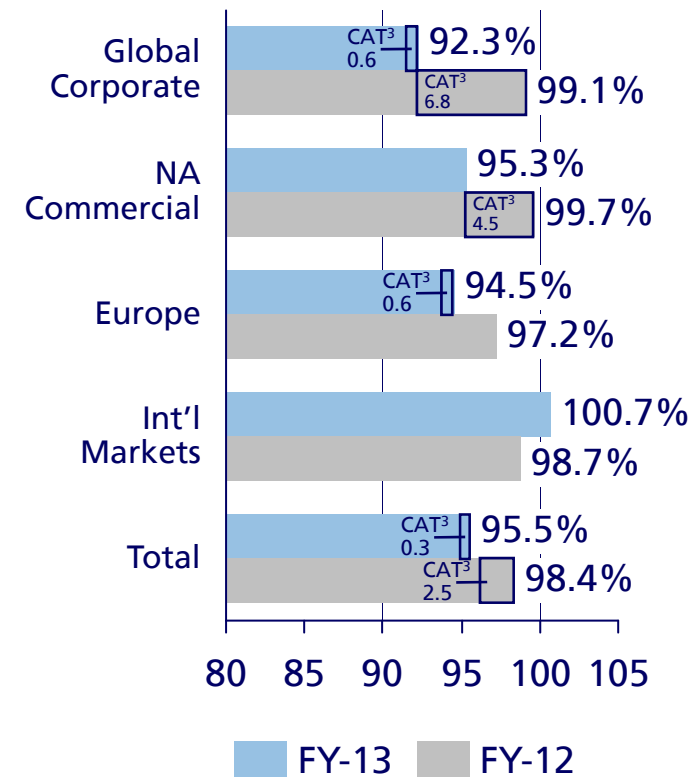
# General Insurance – BOP and combined ratio by business



## Business operating profit

in USD millions for the years ended December 31	2013	2012	Change
Global Corporate	879	498	77%
North America Commercial	972	699	39%
Europe	1,009	702	44%
International Markets	115	165	-30%
GI Global Functions & GRe <sup>1</sup>	-116	49	nm
<b>Total</b>	<b>2,859</b>	<b>2,112</b>	<b>35%<sup>2</sup></b>

## Combined ratio (%)



<sup>1</sup> GI Global Functions incl. Group Reinsurance

<sup>2</sup> Equivalent to 35% in local currency

<sup>3</sup> Major catastrophes (potential USD 100m or larger). 2013 relates to the floods in Europe in Q2. 2012 includes Storm Sandy in Q4.

# Global Life – Key performance indicators



in USD millions

for the years ended December 31

	2013	2012	Change	Change in LC <sup>1</sup>
GWP and policy fees (incl. insurance deposits)	27,095	30,259	-10%	-10%
Net inflows to Assets under Mgmt.	-2,694	1,431	nm	nm
Annual Premium Equivalent (APE) <sup>2</sup>	4,418	4,767	-7%	-6%
New business margin, after tax	28.3%	22.8%	5.5pts	5.5pts
New business value, after tax <sup>2</sup>	1,251	1,085	15%	17%
Business operating profit	1,272	1,351	-6%	-4%

<sup>1</sup> Local currency

<sup>2</sup> NBV and APE are calculated before the effect of non-controlling interests. Non-controlling interests added USD 190 million and USD 135 million to NBV in 2013 and 2012 respectively, and USD 487 million and USD 426 million to APE in 2013 and 2012 respectively.

# Global Life – Business operating profit: Profit by Source



in USD millions for the years ended December 31	New Business		Business in Force		Total	
	2013	2012	2013	2012	2013	2012
Net Expense margin	-1,340	-1,434	1,523	1,410	183	-23
Net Risk margin			821	769	821	769
Net Investment margin			579	716	579	716
Other profit margins <sup>1</sup>			19	27	19	27
BOP before deferrals	-1,340	-1,434	2,942	2,923	1,602	1,489
Impact of acquisition deferrals	1,074	1,167	-886	-903	188	264
BOP before interest, depreciation and amortization	-266	-266	2,056	2,019	1,790	1,753
Interest, depreciation, amortization and non controlling interest	0	0	-524	-420	-524	-420
BOP before special operating items	-266	-266	1,532	1,600	1,267	1,333
Special operating items	0	0	5	18	5	18
Business operating profit	-266	-266	1,537	1,617	1,272	1,351

<sup>1</sup> Includes gross contribution in 2012 (USD 225m) and 2013 (USD 387m), before minority interests, to BOP from Zurich Santander  
 Note: Following a change in the mix of margins in Germany, policyholder impacts which relate to more than one margin have been reclassified from investment margin into other profit margin. Figures for the same period of 2012 have been restated for comparative purposes



# Farmers – Key performance indicators



in USD millions	Q4-13	Q4-12	Change	2013	2012	Change
<b>Farmers Management Services</b>						
Management fees and other related revenues	697	712	-2.0%	2,810	2,846	-1.3%
Managed gross earned premium margin <sup>1</sup>	7.1%	7.3%	-0.2pts	7.2%	7.3%	-0.1pts
Business operating profit	340	369	-7.8%	1,390	1,428	-2.6%
<b>Farmers Re<sup>2</sup></b>						
Gross written premiums <sup>3</sup>	951	980	-2.9%	4,045	4,361	-7.3%
Combined ratio	96.7%	99.3%	-2.6pts	100.2%	103.7%	-3.5pts
Catastrophe impact <sup>4</sup>	1.6%	3.6%	-2.0pts	5.6%	5.9%	-0.3pts
Business operating profit	68	42	63%	125	-26	nm

<sup>1</sup> Margin on gross earned premiums of the Farmers Exchanges. Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides administrative and management services to the Farmers Exchanges and receives fees for its services.

<sup>2</sup> Farmers Re business includes all reinsurance assumed from the Farmers Exchanges by the Group (i.e. Farmers Reinsurance Company and Zurich Insurance Company Ltd).

<sup>3</sup> Effective December 31, 2012, the All Lines quota share reinsurance treaty participation rate with the Farmers Exchanges was reduced to 18.5% from 20%, and effective December 31, 2013, was reduced further from 18.5% to 18.0%. In addition, effective January 1, 2013, the Auto Physical Damage quota share reinsurance treaty was reduced from USD 1bn to USD 925m, per calendar year, and effective January 1, 2014, was reduced further from USD 925m to USD 900m.

<sup>4</sup> As defined by the All Lines quota share reinsurance treaty.

# Farmers Exchanges<sup>1</sup> – Key performance indicators



in USD millions	Q4-13	Q4-12	Change	2013	2012	Change
Gross written premiums, excl. SoT impact <sup>2</sup>	4,367	4,533	-3.7%	18,643	19,009	-1.9%
Net underwriting result <sup>3</sup>	302	-38	nm	-59	-1,062	94.4%
Expense ratio <sup>3</sup>	33.9%	33.0%	-0.9pts	33.1%	32.9%	-0.2pts
Loss ratio <sup>3</sup>	61.5%	69.4%	7.9pts	67.4%	72.5%	5.2pts
Combined ratio, excl. Fogel/SoT impact <sup>3</sup>	95.4%	102.4%	7.0pts	100.5%	105.4%	4.9pts
Combined ratio, as reported <sup>4</sup>	95.4%	104.5%	9.1pts	100.5%	104.4%	3.9pts
Catastrophe impact	1.8%	3.1%	1.3pts	6.0%	6.1%	0.1pts
Surplus ratio <sup>5,6</sup>				36.6%	33.3%	3.3pts

<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 administrative and management services to the Farmers Exchanges and receives fees for its services.

<sup>2</sup> Q4-12 and FY-12 exclude the return of USD 74m GWP as a result of the anticipated settlement of a lawsuit with the State of Texas (SoT).

<sup>3</sup> Before quota share treaties with Farmers Reinsurance Company, Zurich Insurance Company Ltd, and a third counterpart and excludes the impact of the Fogel settlement and the anticipated settlement of a lawsuit with the State of Texas (SoT).

<sup>4</sup> Per the terms of the Fogel settlement, unclaimed funds totaling USD 275m were paid to the Farmers Exchanges.

<sup>5</sup> 2013 surplus figures are estimated.

<sup>6</sup> Excludes surplus of Farmers Reinsurance Company.

# Investment performance of Group Investments



in USD millions	Q4-13	Q4-12	Change	2013	2012	Change
Net investment income	1,582	1,629	-3%	6,240	6,782	-8%
Net capital gains/(losses) on investments and impairments <sup>1</sup>	552	1,213	-54%	1,157	2,201	-47%
<i>of which attributable to shareholders</i>	465	1,037	-55%	588	1,687	-65%
Net investment result	2,134	2,842	-25%	7,398	8,983	-18%
Net investment result in % <sup>2</sup>	1.0%	1.4%	-0.3pts	3.5%	4.4%	-0.9pts
Movements in net unrealized gains on investments included in total equity <sup>3</sup>	(551)	798	nm	(4,670)	5,349	nm
Total return on Group investments <sup>2</sup>	0.8%	1.8%	-1.0pts	1.3%	7.0%	-5.7pts
Total Group Investments	207,280	209,582	-1%	207,280	209,582	-1%

<sup>1</sup> Including impairments of USD 75m in Q4-13 (USD 56m in Q4-12) and USD 201m in 2013 (USD 208m in 2012)

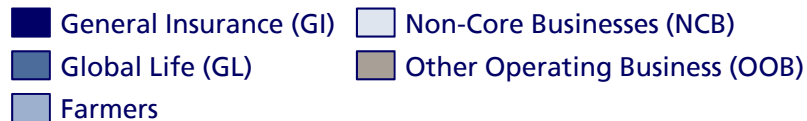
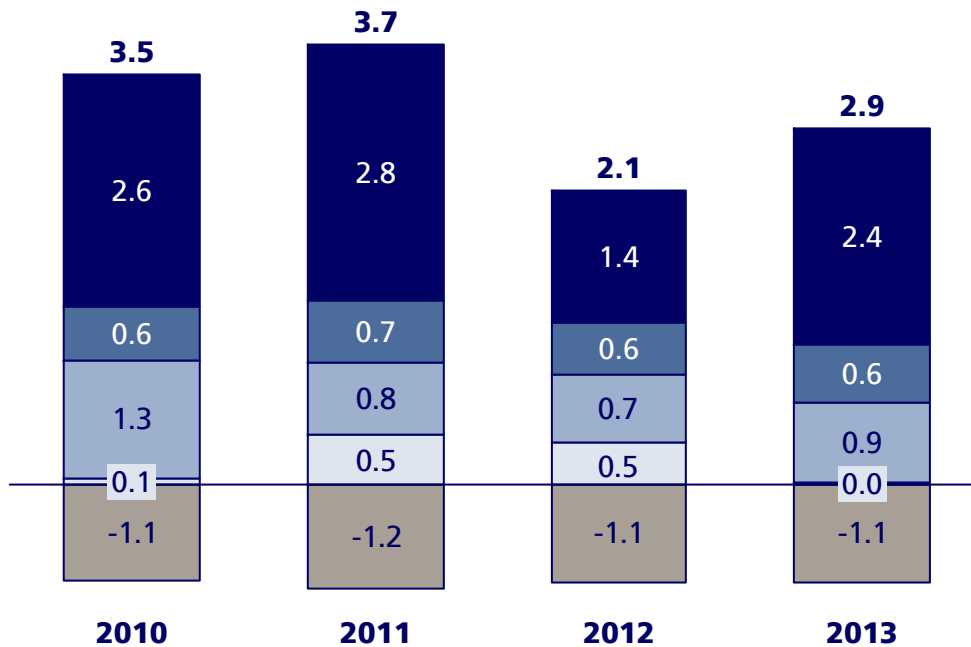
<sup>2</sup> As % of average investments of USD 207,064m in Q4-13 (USD 207,449m in Q4-12) and USD 208,431m in 2013 (USD 204,066m in 2012)

<sup>3</sup> Before attribution to policyholders and other. Gross unrealized gains on investments amounted to USD 6.0bn at 31 December 2013

# Cash and capital



Net cash remittances  
in USD billions



## Key messages

- Strong FY-13 net cash remittances, materially unchanged from Investor Day disclosure
- Central liquidity buffers increased in all years presented
- Picture excludes large positive one off capital projects
- ZECM ratio at the top of the range as at 9m-13 at 120%
- FY-13 free Capital Generation and HY-14 cash remittance to be updated with HY-14 results presentation

# Outlook for 2014



<b>General Insurance</b>	<ul style="list-style-type: none"><li>• Improved combined ratio<sup>1</sup></li><li>• Headwinds from low yields should be a much smaller issue than in 2013</li><li>• Non-tech expenses likely to be higher, and hedge fund gains lower</li></ul>
<b>Global Life</b>	<ul style="list-style-type: none"><li>• Growth in risk margin, slower decline in investment margin</li><li>• Continued strong performance from Zurich Santander</li><li>• Implement in-force management initiatives</li></ul>
<b>Farmers</b>	<ul style="list-style-type: none"><li>• Transitional year for Farmers Exchanges in terms of volumes</li><li>• Improved Farmers Re combined ratio, barring exceptional catastrophe losses</li></ul>
<b>Other factors</b>	<ul style="list-style-type: none"><li>• Focus on reducing complexity and overhead burdens</li><li>• Investment in priority markets</li><li>• Q1 pension gain estimated at USD 100m - USD 200m</li><li>• Remaining accounting and restructuring charges likely to be taken in H1</li></ul>

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<sup>1</sup> Assuming large and catastrophe loss experience in line with 5 year averages.

# Key messages

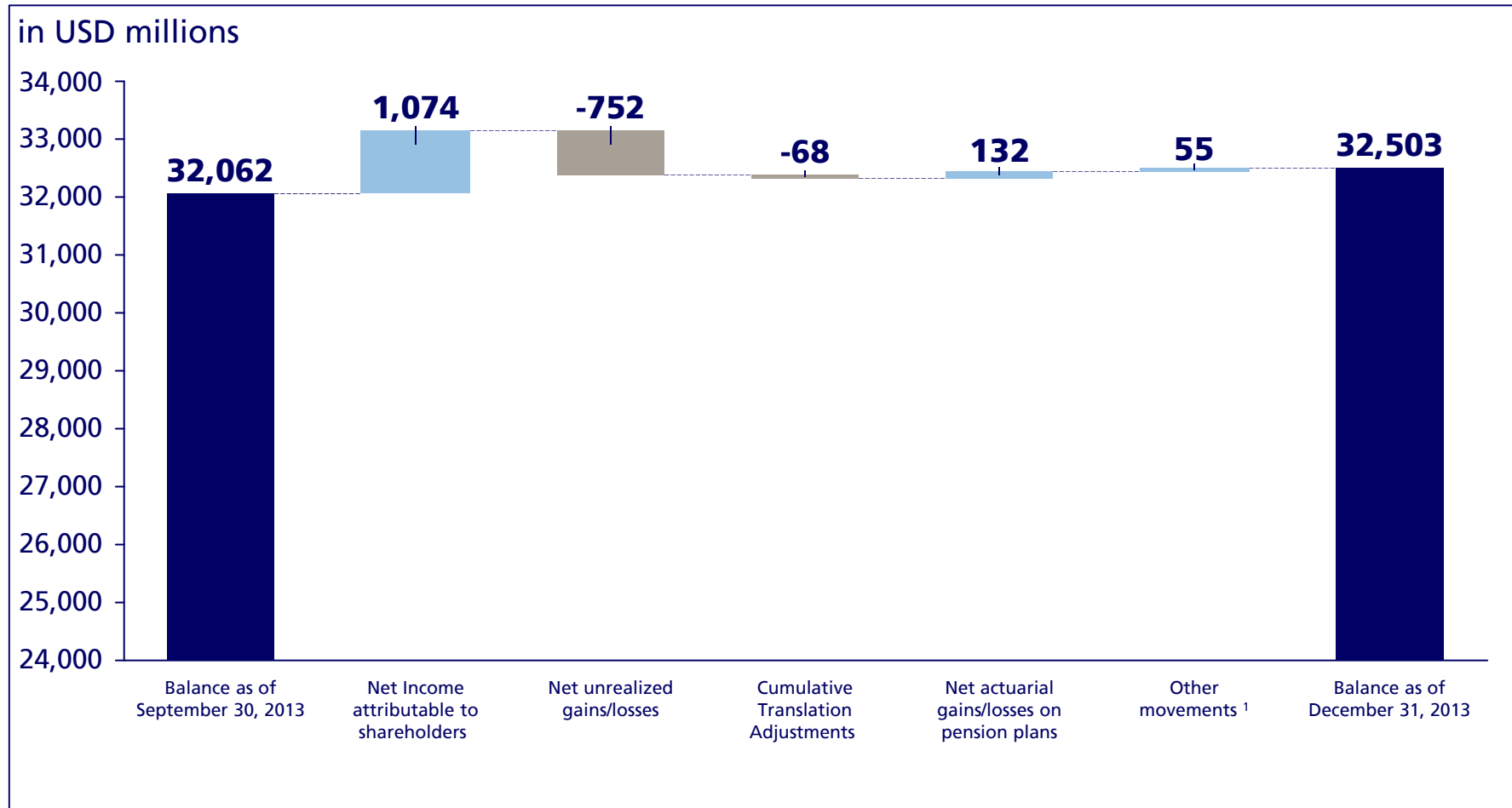


- Solid operating profit in all core businesses
- Good growth in priority GI and Life markets, Farmers continues transition
- Strong cash remittances and capital position underpin CHF 17 per share dividend proposal
- 2014 priorities driven by new strategy

# Appendix



# Development of shareholders' equity in Q4-13

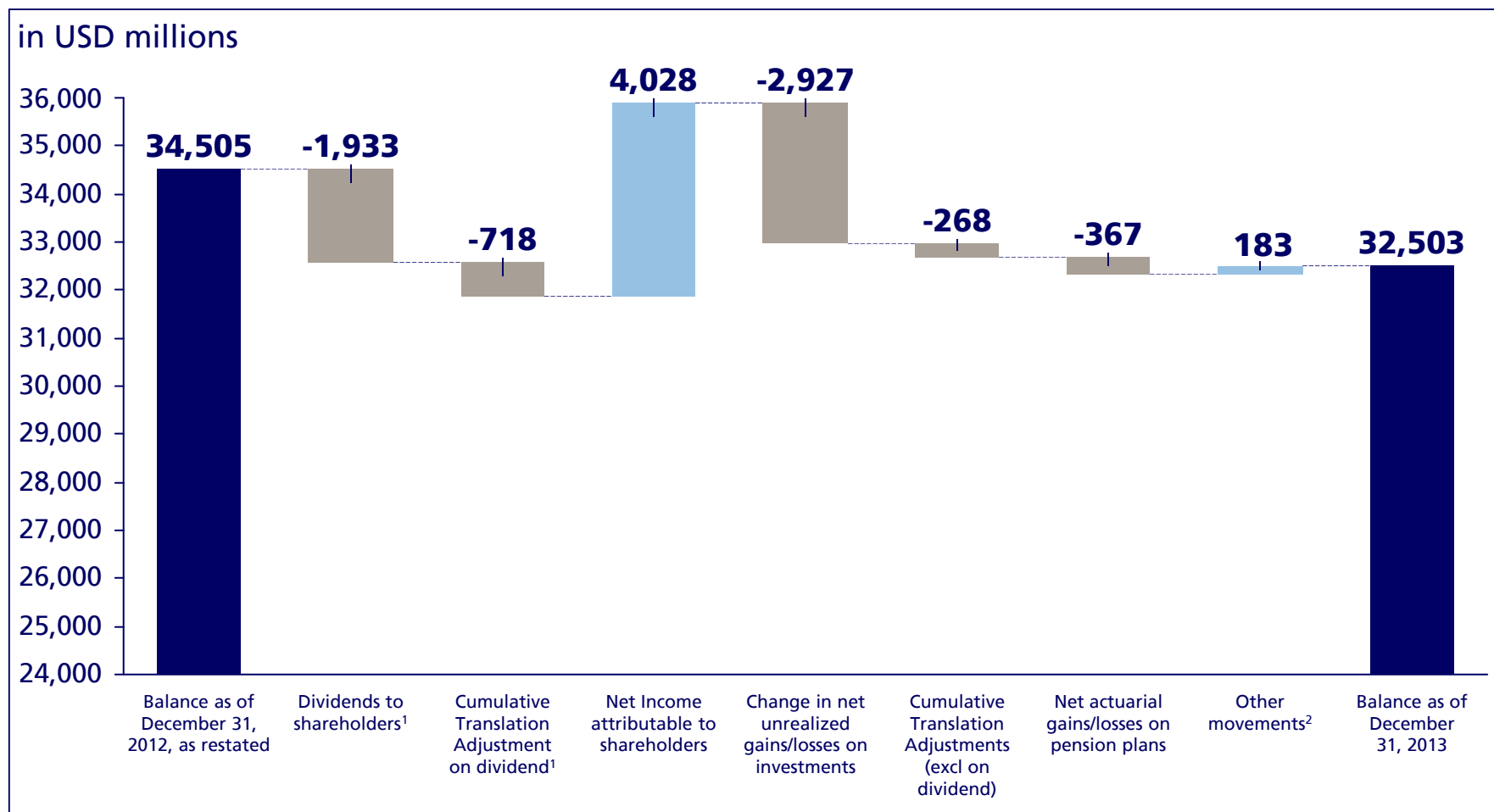


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<sup>1</sup> Includes issuance of share capital, share-based payment transactions and other.



# Development of shareholders' equity in FY-13

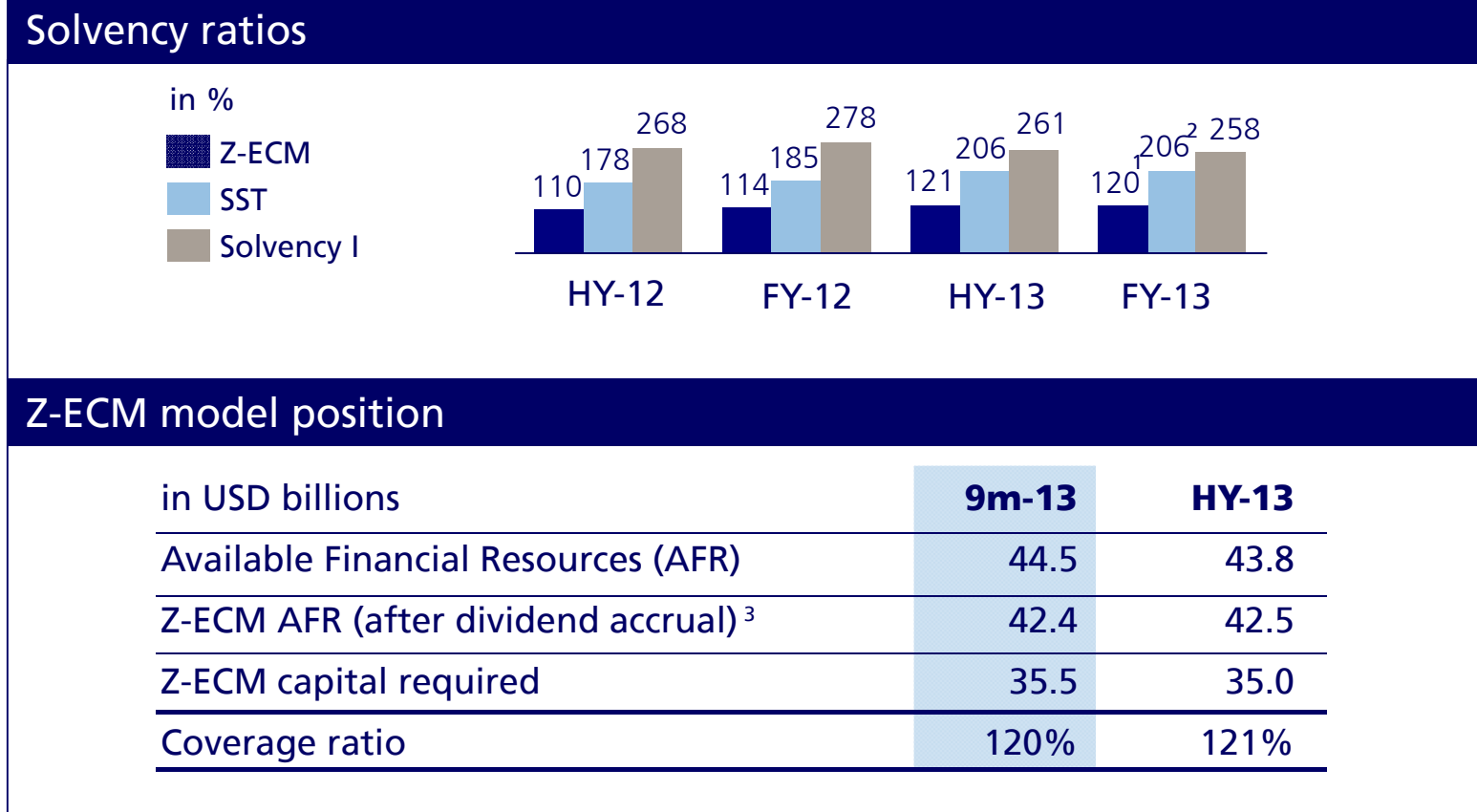


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<sup>1</sup> Of the USD 2.65bn dividend, USD 1.93bn is shown as dividend and USD 0.72bn has been included in the cumulative currency translation adjustments

<sup>2</sup> Includes issuance of share capital, share-based payment transactions and other.

# Solvency calculations

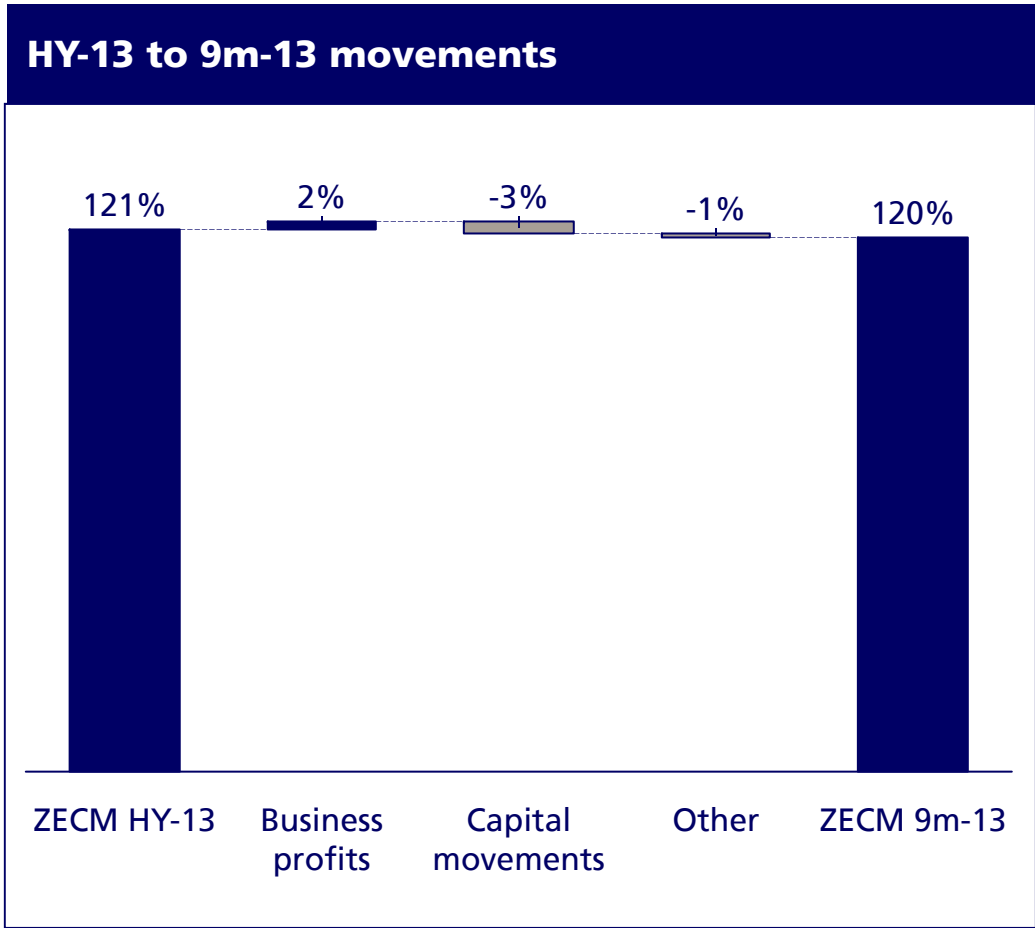


<sup>1</sup> Zurich Economic Capital Model as of October 1, 2013.

<sup>2</sup> SST ratio as of July 1, 2013 calculated on the Group's internal model, which is subject to the review and approval of the Group's regulator, the Swiss Financial Market Supervisory Authority (FINMA)

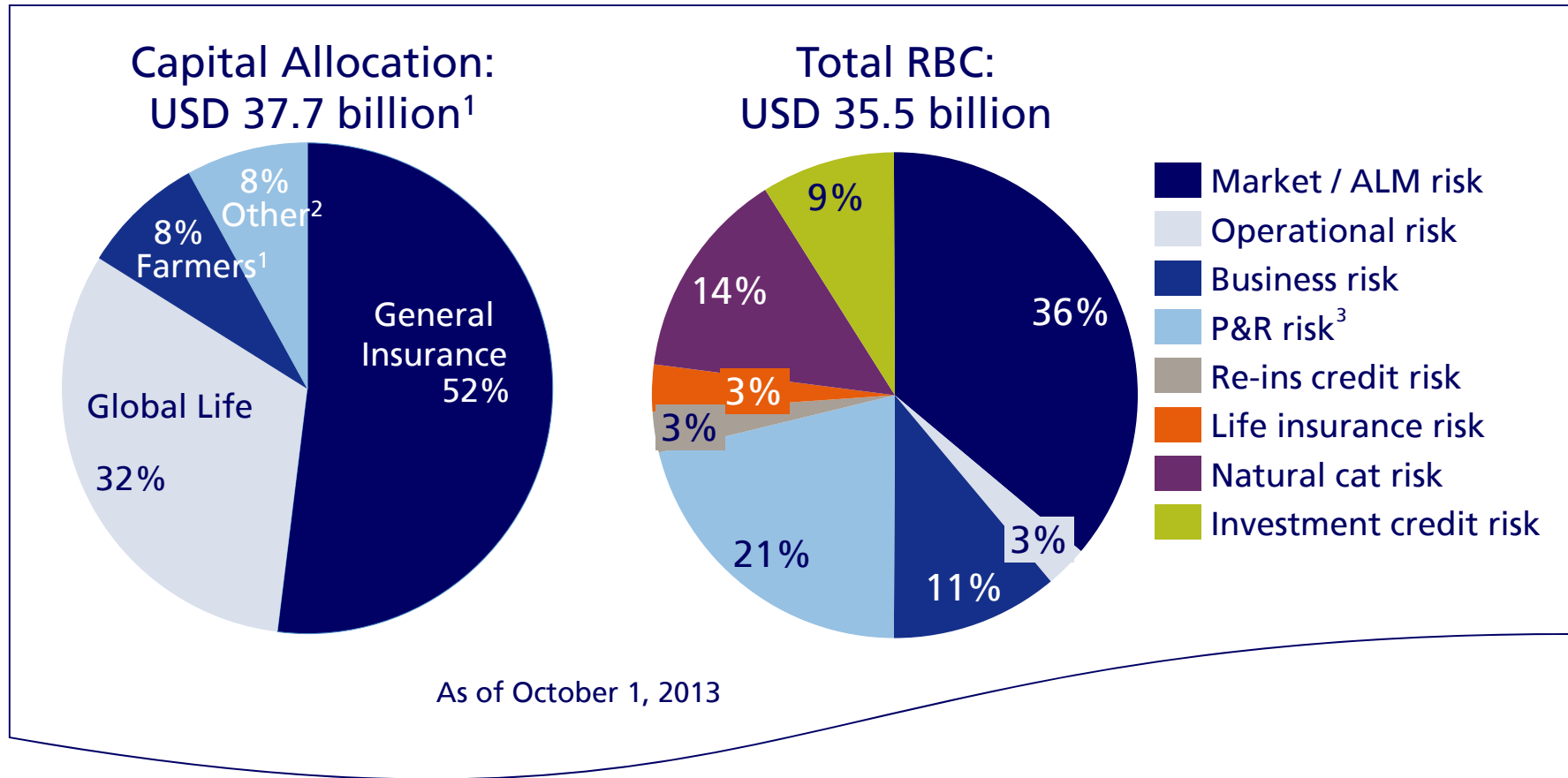
<sup>3</sup> The accrual for a future dividend, which is calculated as a proportional fraction of the 2013 dividend, does not represent an obligation to pay a particular amount.

# Capital model developments



- ### Key messages
- ZECM ratio at the top of the 100% - 120% range
  - Positive contribution from GI IFRS profit and Life new business generation
  - Capital movements reflect dividend accrual and senior debt maturing within one year
  - Other includes MCEV modelling refinements and insignificant market movements in the quarter

# Z-ECM capital required by segment and risk type as of 9m-13



Z-ECM = Internal Economic Capital Model; ALM = Asset Liability Mismatch; P&R = Premium & Reserve; Re-ins = Reinsurance

<sup>1</sup> Total allocated capital = USD 35.5bn RBC plus USD 2.2 bn direct allocation to Farmers

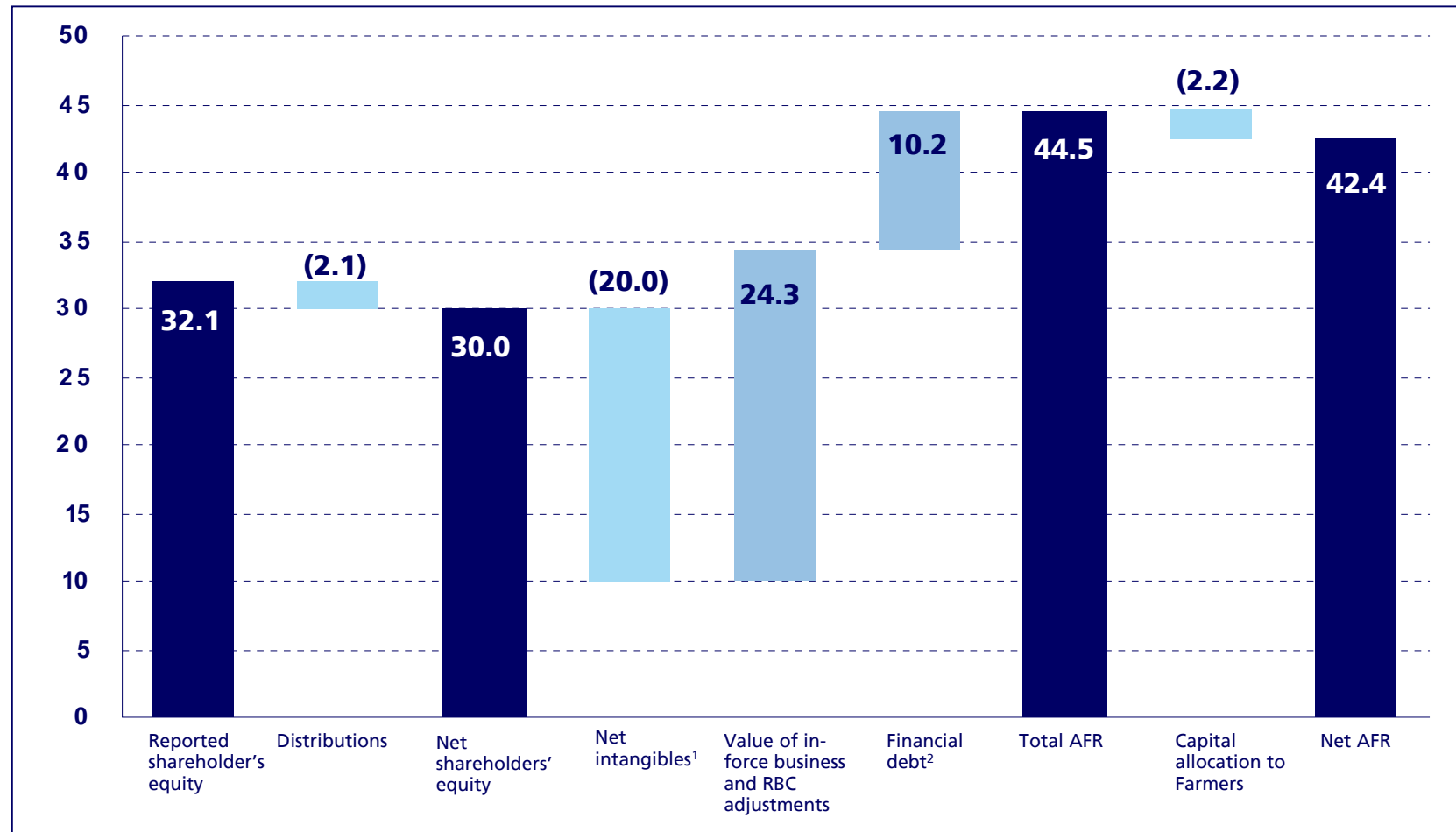
<sup>2</sup> Includes Other Operating Businesses and Non-Core Businesses

<sup>3</sup> Premium & reserving risk

# Estimation of Available Financial Resources (AFR) as of 9m-13



in USD billions (rounded)



<sup>1</sup> Shareholders' net intangibles according to the consolidated Balance Sheet.

<sup>2</sup> All debt issues (senior and subordinated) excluding senior debt classified as operational or maturing within one year. In addition, the refinanced 5.75% EUR 500m notes called on October 2<sup>nd</sup> 2013 were removed to reduce artificial volatility in the AFR position.

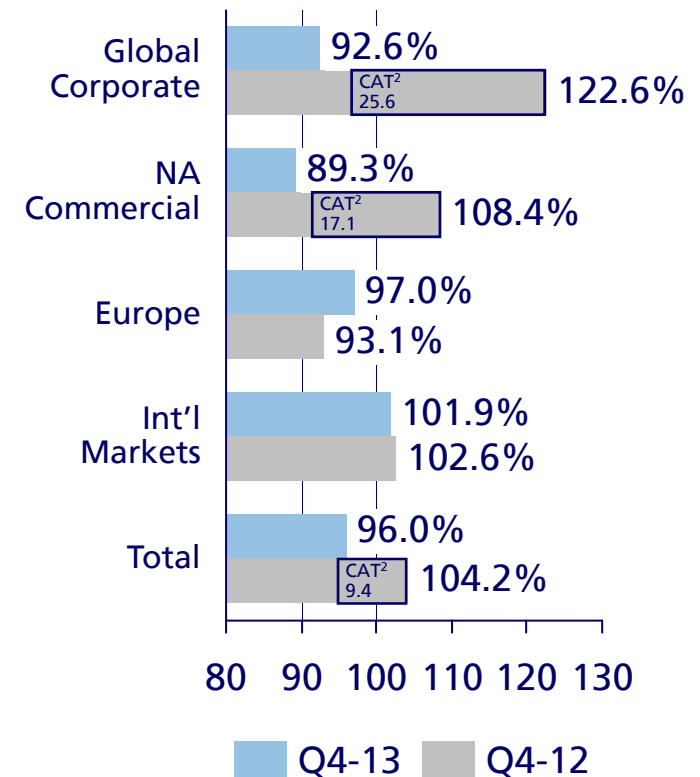
# General Insurance – BOP and Combined ratio by business



## Business operating profit

in USD millions for the three months to December 31	Q4-13	Q4-12	Change
Global Corporate	234	-236	nm
North America Commercial	406	-21	nm
Europe	211	257	-18%
International Markets	-6	25	nm
GI Global Functions & GRe <sup>1</sup>	-110	3	nm
<b>Total</b>	<b>736</b>	<b>27</b>	<b>nm</b>

## Combined ratio (%)



<sup>1</sup> GI Global Functions incl. Group Reinsurance

<sup>2</sup> Major catastrophes (potential USD 100m or larger). 2012 includes Storm Sandy in Q4.

# General Insurance – Gross written premiums and policy fees



In USD millions  
for the years ended December 31

	2013	2012	Change	Change in LC <sup>1</sup>
Global Corporate	9,264	8,609	8%	8% <sup>2</sup>
North America Commercial	10,215	10,003	2%	2% <sup>2</sup>
Europe	11,799	11,882	-1%	-2%
International Markets	5,700	5,603	2%	12%
GI Global Functions incl. Group Reinsurance <sup>3</sup>	390	345	13%	10%
<b>Total</b>	<b>36,438</b>	<b>35,610</b>	<b>2%</b>	<b>3%</b>

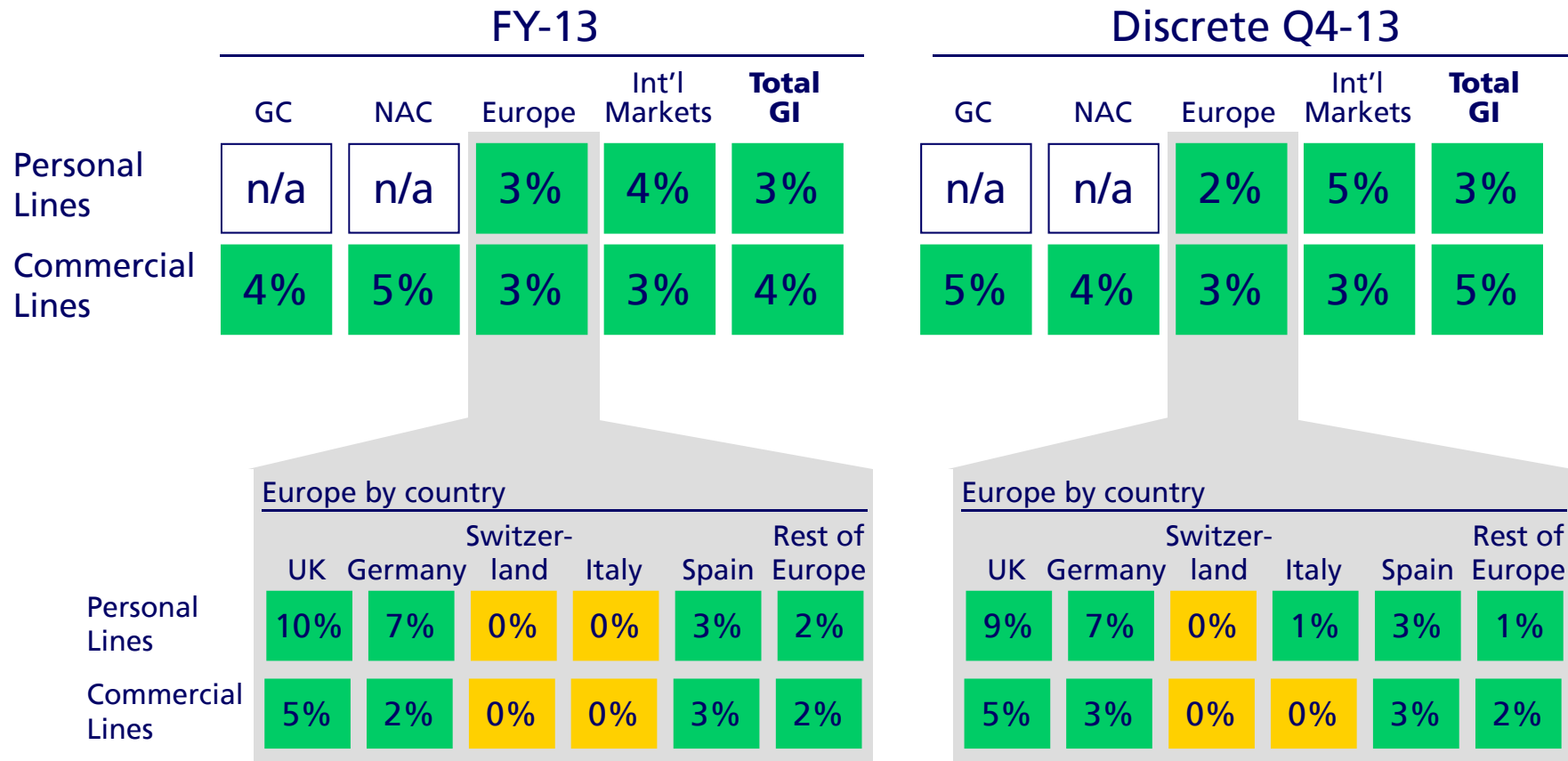
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<sup>1</sup> Local currency

<sup>2</sup> Apart of the discontinuation of a large fronting contract, growth impacted by net business transfers from NAC to GC. Comparable growth is 6% for GC and 6% for NAC.

<sup>3</sup> Excluding intra-segment eliminations

# General Insurance – Rate Change Monitor<sup>1</sup> for European countries

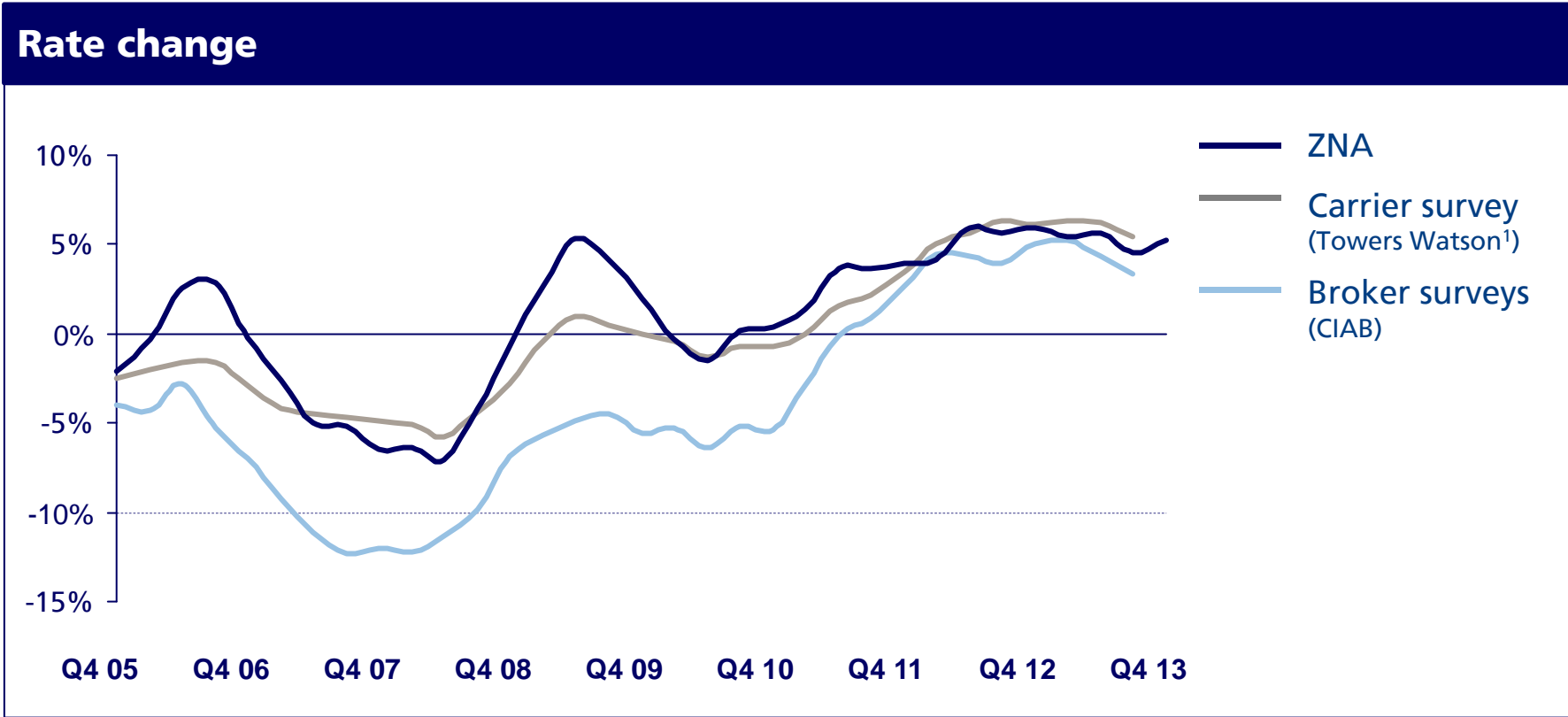


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<sup>1</sup> The Zurich Rate Change Monitor expresses the Gross Written Premium development due to premium rate change as a percentage of the renewed portfolio against a comparable prior period. In this slide, the shown periods 2013 are compared with the same periods 2012.



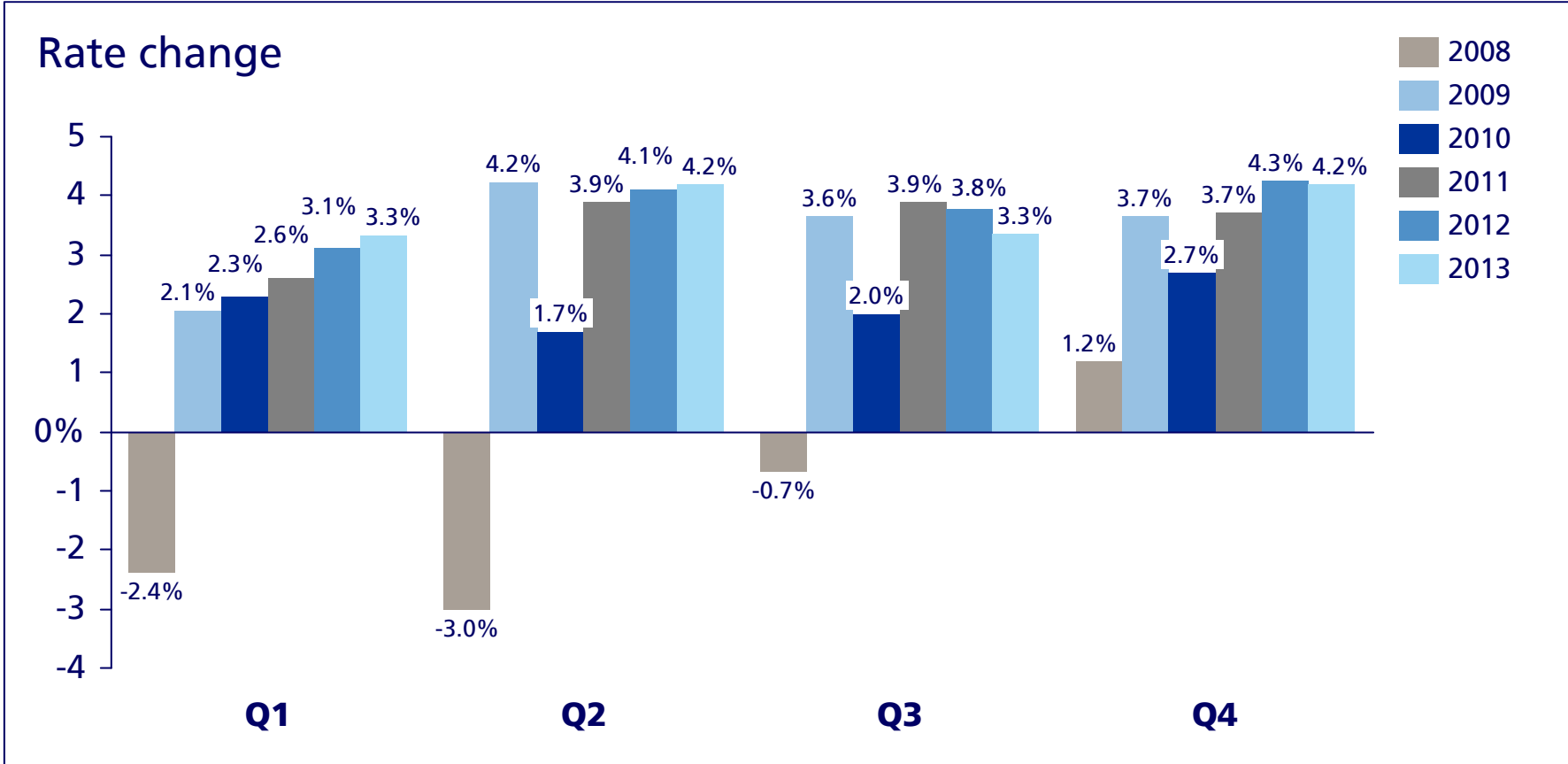
# Zurich North America – Rate change vs. industry



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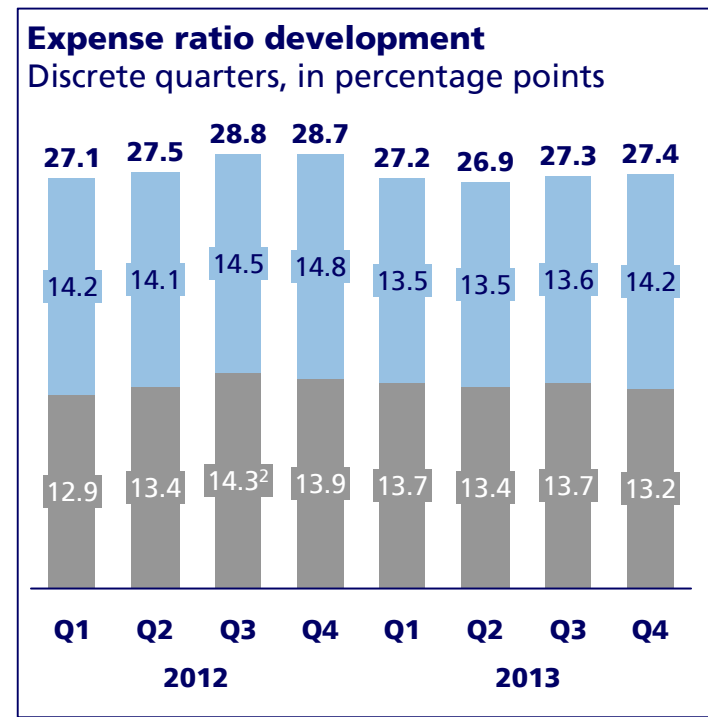
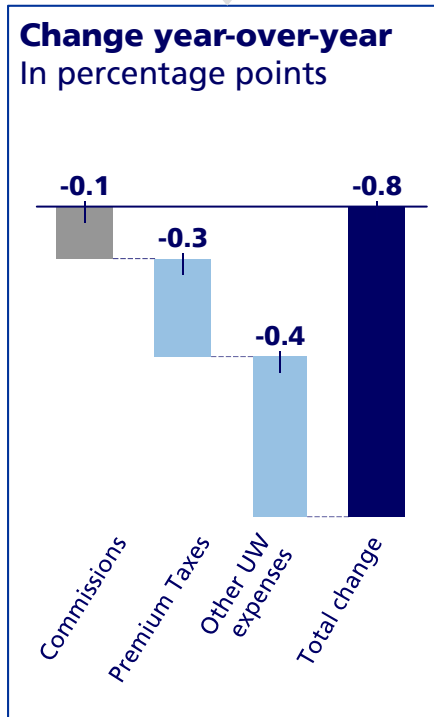
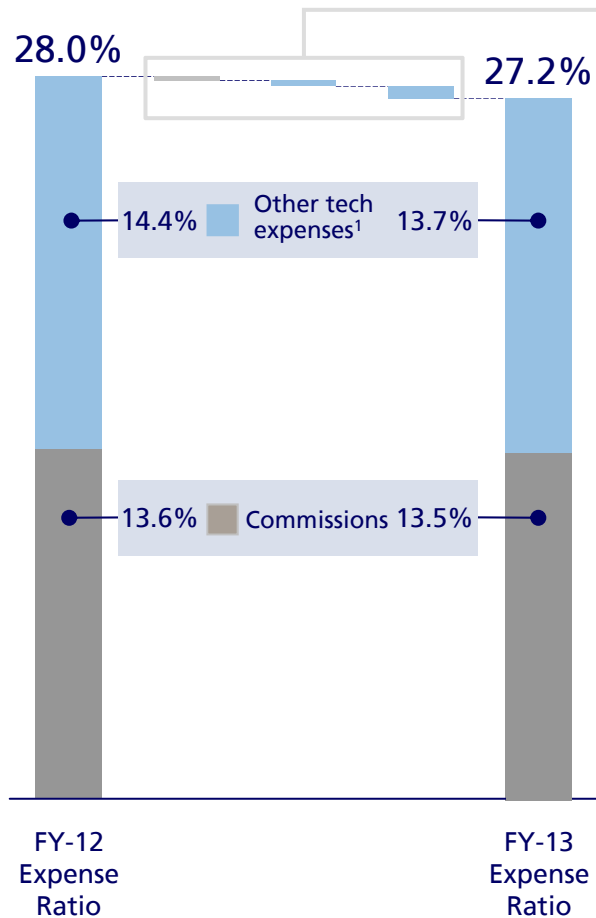
<sup>1</sup> Towers Watson – carrier survey estimated at ZNA mix of business  
 Note: Q3-05 to Q4-08 policy year, from Q1-09 onwards calendar year

# General Insurance – Written rate change Q1-08 through Q4-13



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# General Insurance – Comparison of expense ratio

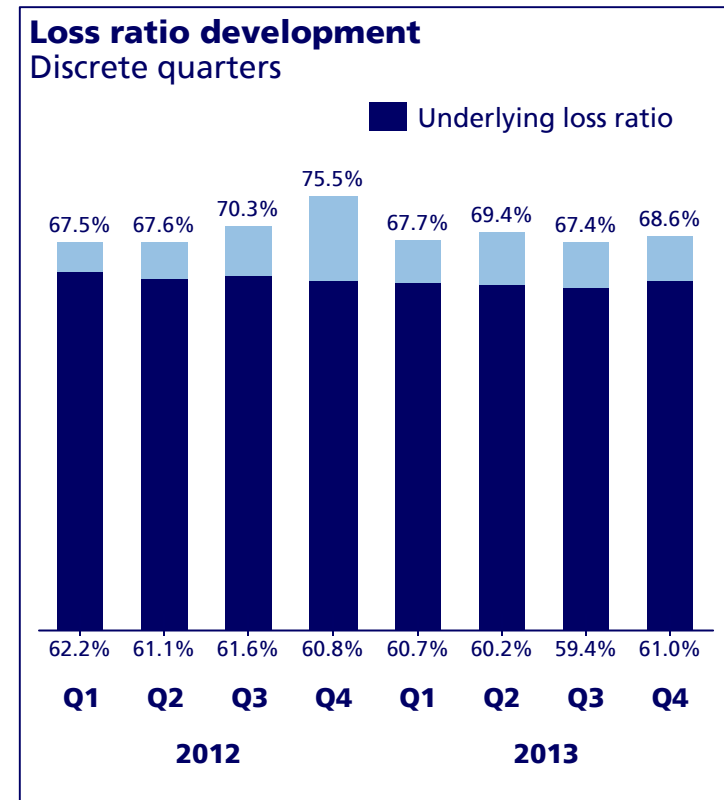
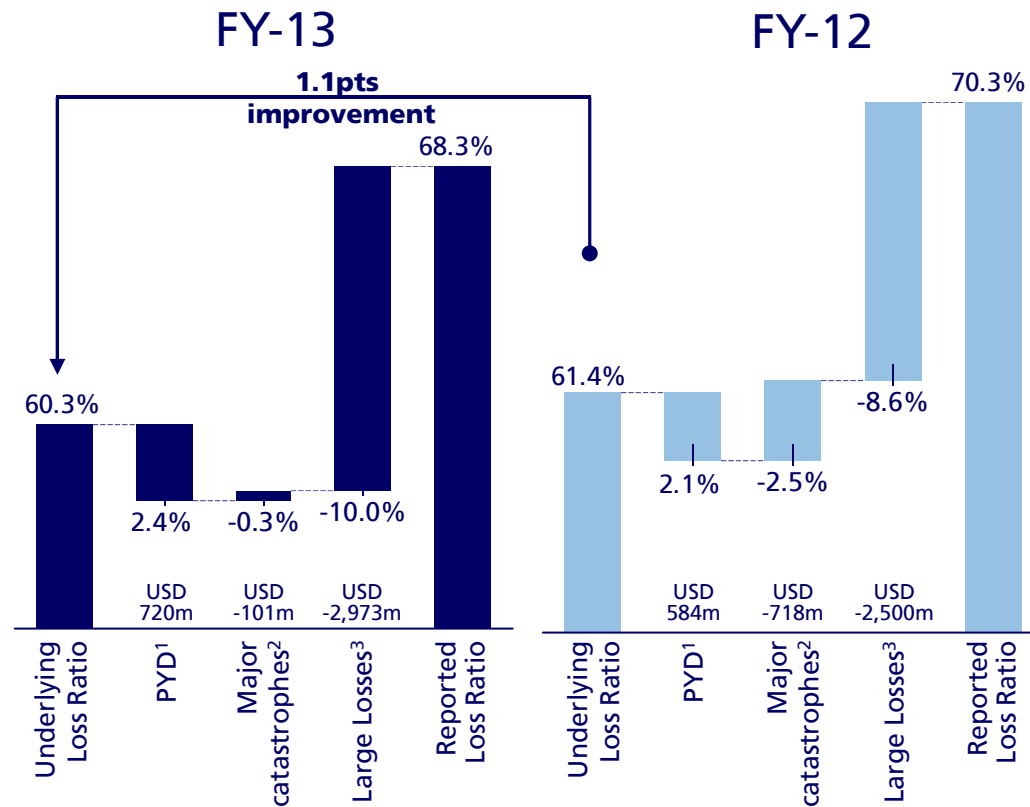


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<sup>1</sup> Including premium taxes

<sup>2</sup> Commissions include the impact of the DAC reassessment in Germany that was not restated

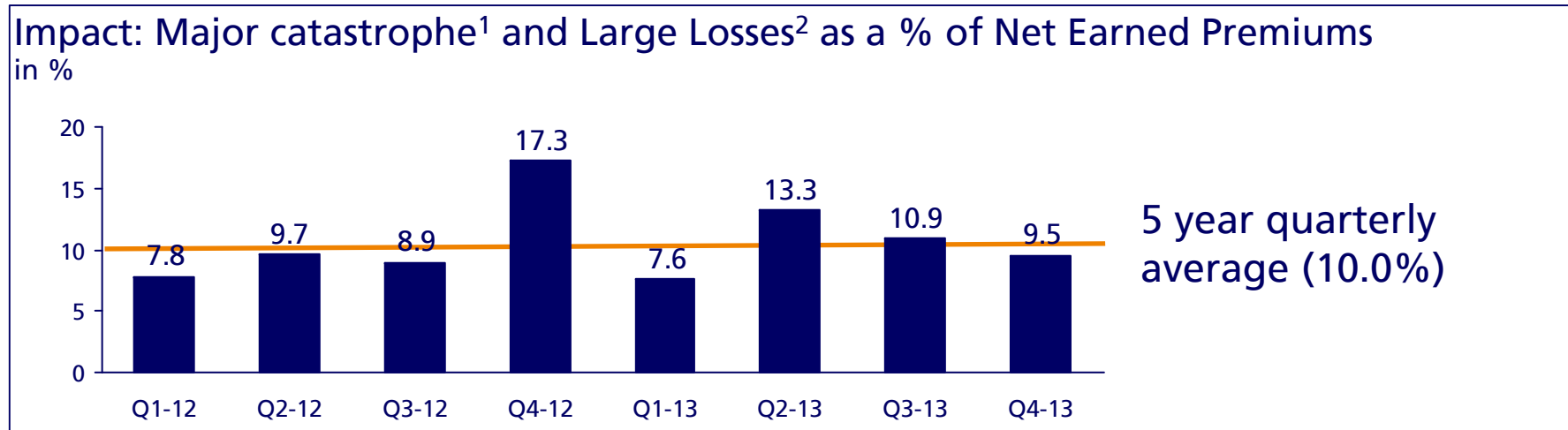
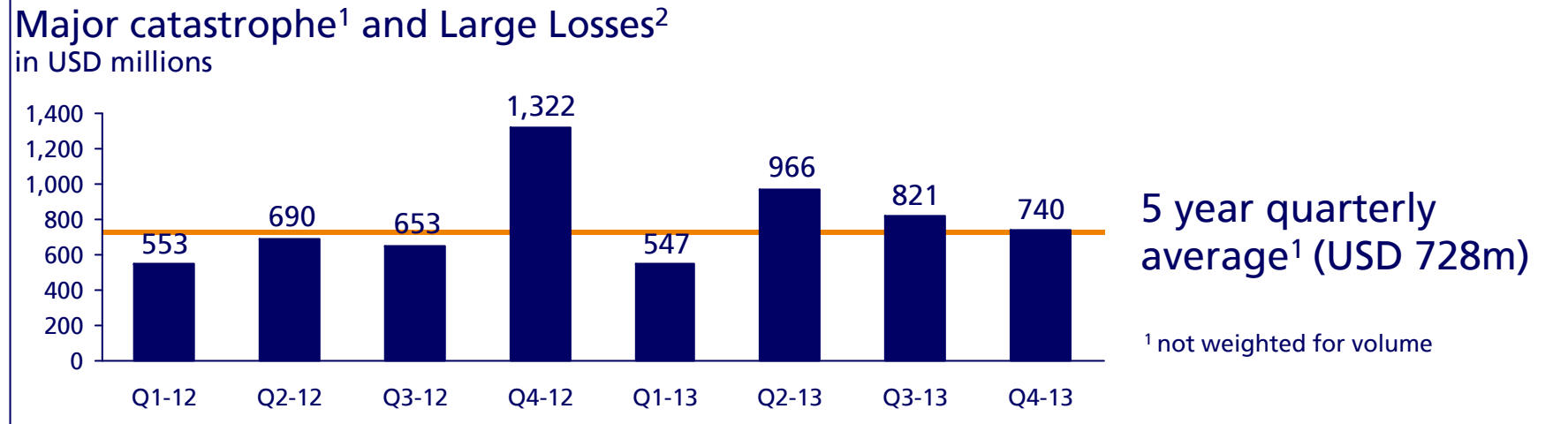
# General Insurance – Comparison of loss ratio



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1 Prior year development ratio includes impact of PY premiums while the absolute figure reflects the booked PYD  
 2 Major catastrophes (potential USD 100m or larger). 2013 relates to the floods in Europe in Q2. 2012 includes Storm Sandy in Q4.  
 3 Large losses are defined individually by our GI Market-Facing Units, consistently applied over time, and exclude major catastrophes

# General Insurance – Major catastrophe and large losses



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<sup>1</sup> Major catastrophes (potential USD 100m or larger). 2013 relates to the floods in Europe in Q2. 2012 includes Storm Sandy in Q4.

<sup>2</sup> Large losses are defined individually by our GI Market-Facing Units, consistently applied over time, and exclude major catastrophes

# Non-life ultimate loss ratios by accident year

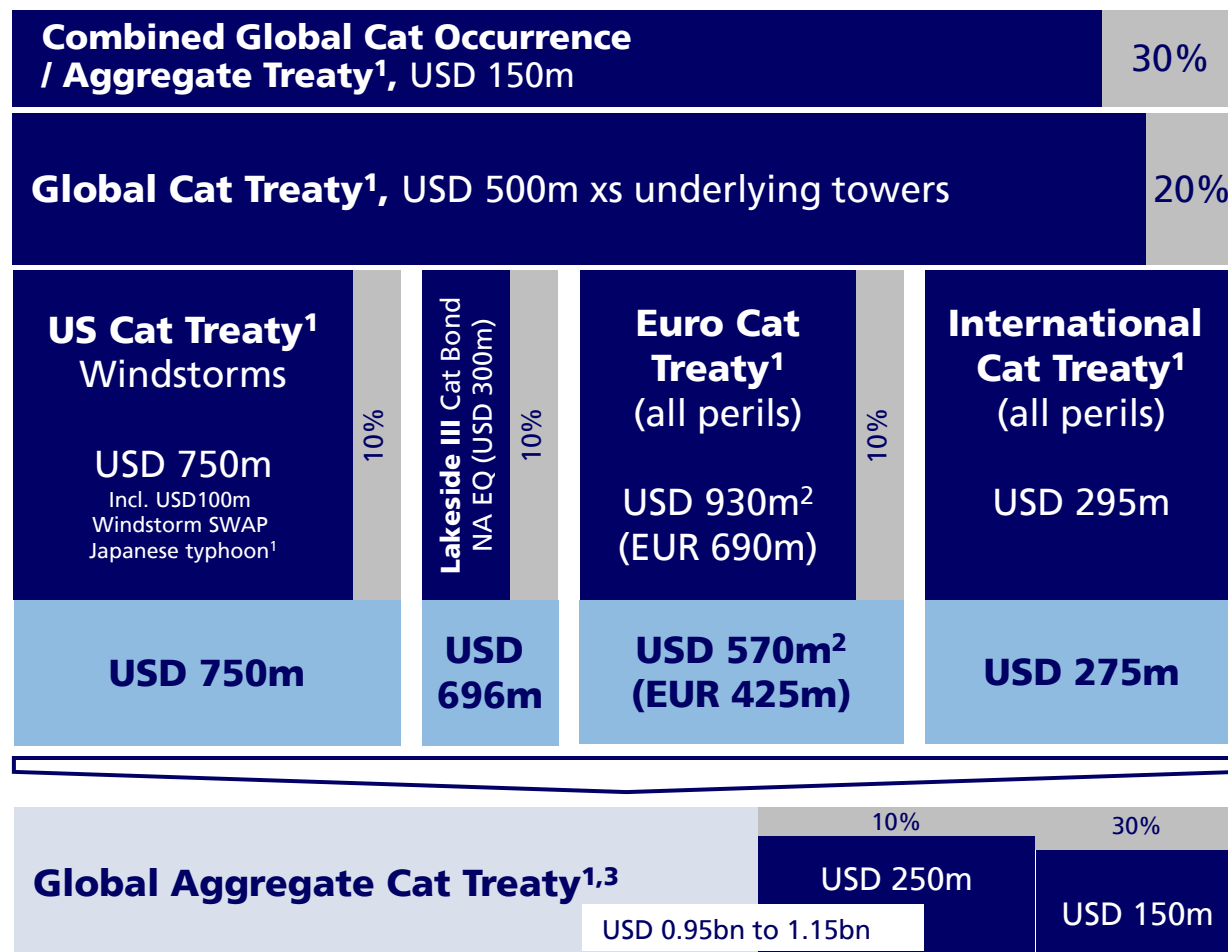


Cumulative incurred net loss ratios <sup>1</sup>	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
In the year	68.3 %	73.3 %	69.6 %	72.7 %	74.6 %	72.3 %	73.5 %	74.2 %	71.3 %	69.4 %
1 year later	64.2 %	68.1 %	66.2 %	71.7 %	74.1 %	72.0 %	73.2 %	74.0 %	70.0 %	
2 years later	63.5 %	66.6 %	64.8 %	70.6 %	72.4 %	70.7 %	72.1 %	73.7 %		
3 years later	63.7 %	65.0 %	63.3 %	69.4 %	72.3 %	70.6 %	71.6 %			
4 years later	62.9 %	63.8 %	62.6 %	68.6 %	72.1 %	70.6 %				
5 years later	62.2 %	63.2 %	61.6 %	68.0 %	71.6 %					
6 years later	62.1 %	62.6 %	61.0 %	67.9 %						
7 years later	61.9 %	62.3 %	60.9 %							
8 years later	61.9 %	62.4 %								
9 years later	61.9 %									

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<sup>1</sup> In % of net earned premiums in that year

# General Insurance – Reinsurance program for natural catastrophes



■ Excess of loss protection  
■ Retention  
■ Co-Participation

Major changes as of January 1, 2014:

- **US Cat:** Renewed with co-participation of 10%
- **Global Aggregate Cat:** Reduced co-participation of first layer from 25% to 10% and reduced floating attachment point from USD 1.05bn to USD 0.95bn
- **Lakeside III:** Adjustment of attachment point to USD 696m (from USD 650m) due to increased exposure
- **Cost:** Increased coverage at similar cost

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<sup>1</sup> US Cat Treaty and Global Aggregate Cat Treaty renewed on January 1, 2014; Euro Cat Treaty, US Windstorm SWAP and Global Cat Treaty renewed on April 1, 2013; and International Cat Treaty renewed on July 1, 2013

<sup>2</sup> Foreign exchange rate EUR/USD used: 1.345, original cover in EUR and GBP

<sup>3</sup> Franchise deductible – losses in excess of USD 35m contribute to erosion of cover deductible from ground up

# Global Life – Business operating profit: Regional Profit by Source (1/4)



in USD millions  
for the years ended December 31

	North America		Latin America		Europe	
	2013	2012	2013	2012	2013	2012
Net Expense margin	73	54	-22	-29	258	50
Net Risk margin	109	97	91	52	476	494
Net Investment margin	43	70	33	46	485	556
Other profit margins <sup>1</sup>	-57	-25	327	200	-171	-111
BOP before deferrals	168	196	429	268	1,047	990
Impact of acquisition deferrals	37	49	27	11	1	102
BOP before interest, depreciation and amortization	205	245	456	279	1,049	1,092
Interest, depreciation, amortization and non controlling interest	-32	-18	-210	-124	-280	-275
BOP before special operating items	173	228	245	155	769	817
Special operating items	0	15	0	0	9	3
Business operating profit	173	243	245	155	778	819

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<sup>1</sup> Includes gross contribution in 2012 (USD 225m) and 2013 (USD 387m), before minority interests, to BOP from Zurich Santander



# Global Life – Business operating profit: Regional Profit by Source (2/4)



in USD millions

for the years ended December 31

	APME		Other		Total	
	2013	2012	2013	2012	2013	2012
Net Expense margin	-98	-78	-28	-20	183	-23
Net Risk margin	98	84	47	42	821	769
Net Investment margin	9	36	9	8	579	716
Other profit margins	-45	-6	-34	-30	19	27
BOP before deferrals	-36	35	-7	-0	1,602	1,489
Impact of acquisition deferrals	124	102	0	0	188	264
BOP before interest, depreciation and amortization	88	137	-7	-0	1,790	1,753
Interest, depreciation, amortization and non controlling interest	-1	-3	-0	0	-524	-420
BOP before special operating items	87	134	-7	-0	1,267	1,333
Special operating items	-4	0	0	0	5	18
Business operating profit	83	134	-7	-0	1,272	1,351

# Global Life – Business operating profit: Europe Profit by Source (3/4)



in USD millions

for the years ended December 31

	UK		Germany		Switzerland	
	2013	2012	2013	2012	2013	2012
Net Expense margin	22	2	286	139	11	8
Net Risk margin	120	131	81	72	121	136
Net Investment margin	32	49	156	214	134	146
Other profit margins <sup>1</sup>	44	3	-207	-110	0	0
BOP before deferrals	218	185	315	316	266	291
Impact of acquisition deferrals	-8	32	-33	28	-22	-29
BOP before interest, depreciation and amortization	210	217	283	344	244	262
Interest, depreciation, amortization and non controlling interest	-50	-55	-98	-86	-3	-3
BOP before special operating items	160	162	185	258	241	259
Special operating items	9	144	0	-117	0	0
Business operating profit	169	306	185	140	241	259

<sup>1</sup> Following a change in the mix of margins in Germany, policyholder impacts which relate to more than one margin have been reclassified from investment margin into other profit margin. Figures for the same period of 2012 have been restated for comparative purposes

# Global Life – Business operating profit: Europe Profit by Source (4/4)



in USD millions  
for the years ended December 31

	Ireland		Spain		Rest of Europe	
	2013	2012	2013	2012	2013	2012
Net Expense margin	-68	-109	57	61	-49	-51
Net Risk margin	72	69	60	60	22	26
Net Investment margin	8	9	44	39	110	98
Other profit margins	-5	-0	0	0	-4	-4
BOP before deferrals	7	-31	161	160	79	69
Impact of acquisition deferrals	45	58	-1	-2	20	15
BOP before interest, depreciation and amortization	52	27	160	158	99	84
Interest, depreciation, amortization and non controlling interest	-1	-1	-117	-120	-11	-10
BOP before special operating items	51	26	42	38	88	74
Special operating items	0	0	0	-24	0	0
Business operating profit	51	26	42	14	88	74

# Global Life – New business by pillar



in USD millions  
for the years ended December 31

	<b>NBV<sup>2</sup> 2013</b>	<b>NBV<sup>2</sup> 2012</b>	<b>Change in LC<sup>1</sup></b>	<b>APE<sup>2</sup> 2013</b>	<b>APE<sup>2</sup> 2012</b>	<b>Change in LC<sup>1</sup></b>
Bank Distribution	435	316	44%	1,348	1,187	19%
IFA/Brokers	274	233	20%	1,003	972	4%
Agents	203	165	23%	473	463	2%
<b>Total Retail Pillars</b>	<b>912</b>	<b>714</b>	<b>31%</b>	<b>2,824</b>	<b>2,622</b>	<b>10%</b>
Corporate Life & Pensions	293	285	3%	1,409	1,703	-17%
Private Banking Client Solutions	4	24	-83%	118	319	-64%
Direct and Central Initiatives	41	61	-30%	68	122	-40%
<b>Total</b>	<b>1,251</b>	<b>1,085</b>	<b>17%</b>	<b>4,418</b>	<b>4,767</b>	<b>-6%</b>

<sup>1</sup> Local currency

<sup>2</sup> NBV and APE are calculated before the effect of non-controlling interests. Non-controlling interests added USD 190 million and USD 135 million to NBV in 2013 and 2012 respectively, and USD 487 million and USD 426 million to APE in 2013 and 2012 respectively.

# Global Life – New business by region/country



in USD millions  
for the years ended December 31

	<b>NBV<sup>2</sup> 2013</b>	<b>NBV<sup>2</sup> 2012</b>	<b>Change in LC<sup>1</sup></b>	<b>APE<sup>2</sup> 2013</b>	<b>APE<sup>2</sup> 2012</b>	<b>Change in LC<sup>1</sup></b>
North America	117	109	7%	162	125	29%
Latin America	368	282	40%	1,178	1,457	-14%
<i>Of which:</i>						
Zurich Santander	268	182	52%	821	701	26%
Europe	490	453	6%	2,376	2,538	-7%
United Kingdom	167	195	-13%	1,019	1,194	-14%
Germany	43	37	12%	363	453	-22%
Switzerland	60	25	nm	225	220	1%
Ireland	68	66	0%	420	355	15%
Spain	117	94	20%	155	149	0%
Rest of Europe	35	36	-5%	195	167	13%
APME	177	138	33%	530	499	9%
Other	99	103	-5%	173	147	15%
<b>Total</b>	<b>1,251</b>	<b>1,085</b>	<b>17%</b>	<b>4,418</b>	<b>4,767</b>	<b>-6%</b>

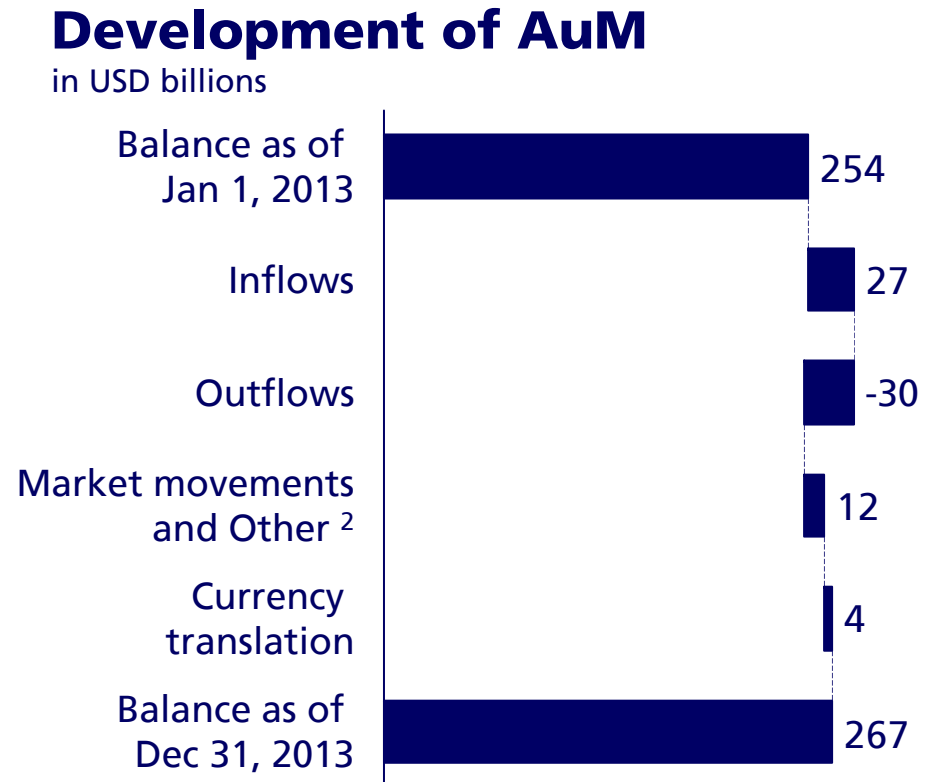
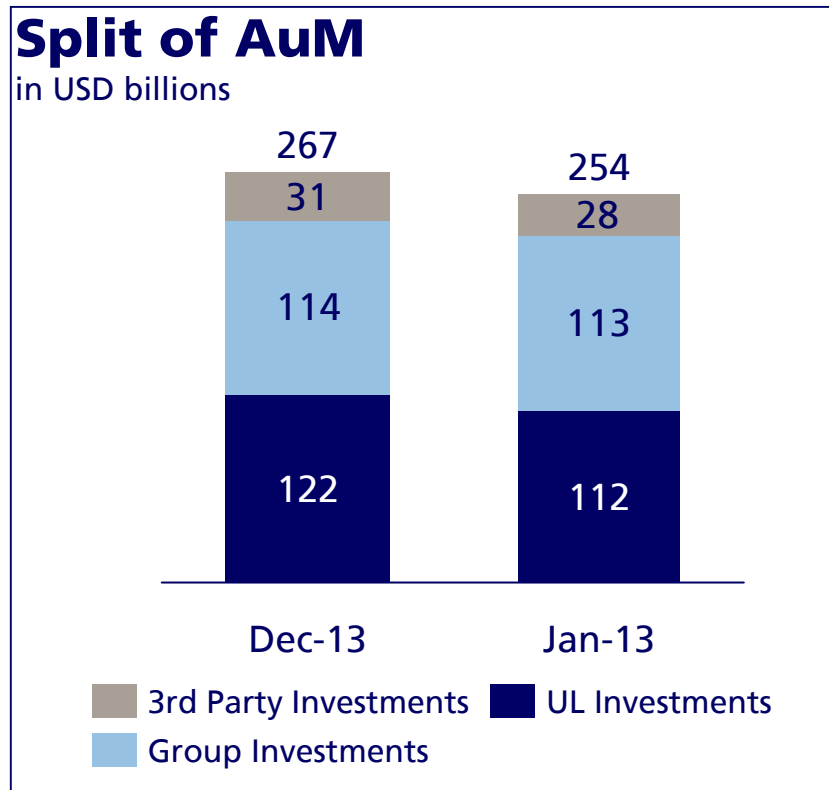
<sup>1</sup> Local currency

<sup>2</sup> NBV and APE are calculated before the effect of non-controlling interests. Non-controlling interests added USD 190 million and USD 135 million to NBV in 2013 and 2012 respectively, and USD 487 million and USD 426 million to APE in 2013 and 2012 respectively.

# Global Life – Assets under Management<sup>1</sup>



AuM increased marginally by 5% compared to January 1, 2013 US dollar basis



<sup>1</sup> Assets under Management comprise Group and unit-linked investments that are included in the Global Life balance sheet plus assets that are managed by third parties, on which the Group earns fees.

<sup>2</sup> Other includes dividends, charges levied on Assets under Management, and other changes in invested assets including reinsurance impact.

# Global Life – Embedded value result



in USD millions

for the years ended December 31

	2013	2012
<b>Opening embedded value</b>	<b>18,861</b>	<b>15,846</b>
<b>New business value<sup>1</sup></b>	<b>1,251</b>	<b>890<sup>4</sup></b>
Expected contribution from in-force <sup>2</sup>	689	954
Operating variances <sup>3</sup>	-1,084	-105
<b>Embedded value operating earnings<sup>1</sup></b>	<b>855</b>	<b>1,739</b>
Economic variances and other non-operating variances	384	411
<b>Embedded value earnings<sup>1</sup></b>	<b>1,240</b>	<b>2,150</b>
Dividends and capital and other movements <sup>4</sup>	-483	525
Foreign currency translation effects and new business value non-controlling interests	-119	341
<b>Closing embedded value</b>	<b>19,499</b>	<b>18,861</b>

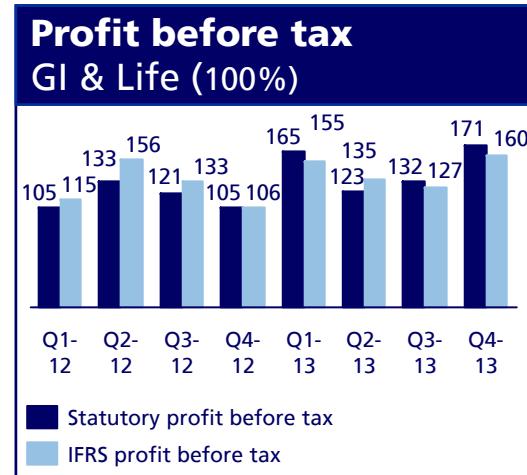
<sup>1</sup> Embedded value operating earnings and embedded value earnings are gross of new business value non-controlling interests. Net of new business value non-controlling interests, embedded value operating earnings is reduced to USD 665 million and USD 1,693 million in 2013 and 2012, respectively, and embedded value earnings is reduced to USD 1,049 million and USD 2,104 million in 2013 and 2012, respectively. New business value non-controlling interests was USD 190 million and USD 46 million in 2013 and 2012, respectively.

<sup>2</sup> Operating earnings expected from business in-force and net assets.

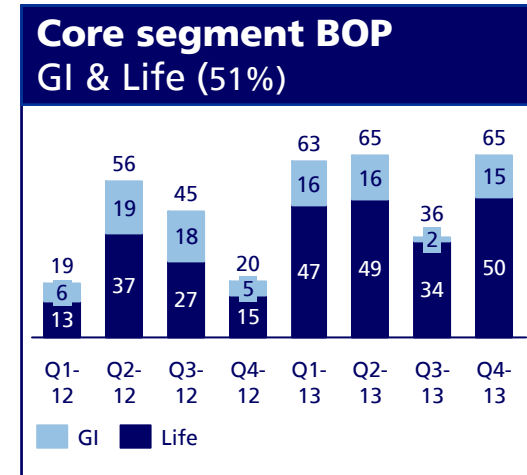
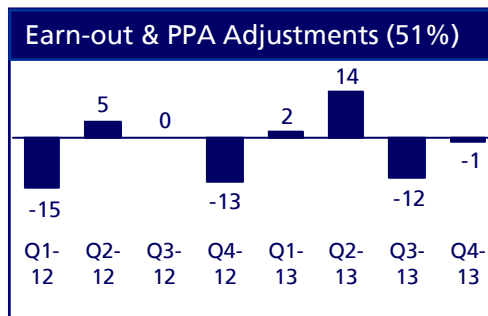
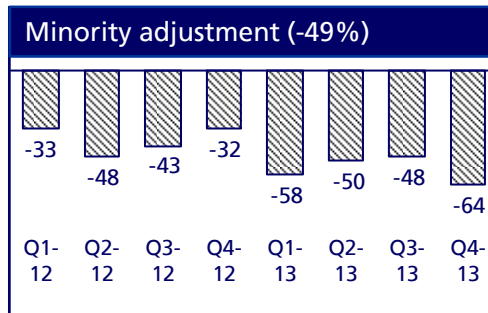
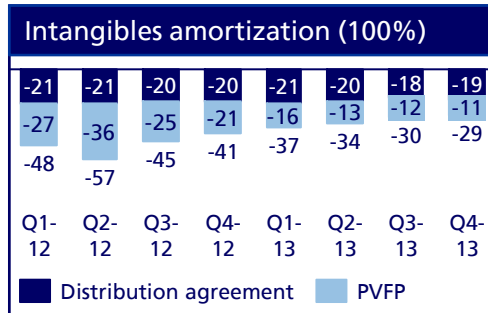
<sup>3</sup> Operating variances are operating experience variances, impact of operating assumption changes, and other operating variances. During 2013 they included the impact of changes to expense methodology with a notable impact included in development expenses.

<sup>4</sup> As of December 31, 2012, Zurich Santander businesses were included in embedded value for the first time through dividends and capital and other movements, creating an increase in capital. However, new business for 2012 did not include contributions from Zurich Santander or new operations in Asia.

# Zurich Santander quarterly results



- ### FY-13 local performance
- +27% local statutory profit
  - ~430m of dividends paid in 2013 on a 100% basis
  - +10% GWP and Insurance deposits
  - +52% increase in NBV to USD 268m



- ### IFRS accounting considerations
- Volatility in IFRS profits expected to reduce as PPA adjustments slow
  - Some volatility from earn-out expected as the business continues to perform
  - Intangible amortization impact slowing as PVFP unwinds



# Farmers relationship to Zurich



## What is “Farmers”?

- Farmers is a brand name beneficially owned by the Farmers Exchanges.
- The “Farmers Exchanges” are Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange and their subsidiaries and affiliates. The three Exchanges are California domiciled interinsurance exchanges owned by their policyholders with governance oversight by their Boards of Governors.
- Farmers Group, Inc. and its subsidiaries are wholly owned subsidiaries of Zurich Insurance Group Ltd. They form part of the “Farmers” reporting segment in Zurich financial statements with the exception of the life operations. Neither Farmers Group, Inc., nor Zurich has any ownership interest in the Farmers Exchanges.

## Relationships Among the Farmers Exchanges, Farmers Group, Inc. and Zurich

- Farmers Group, Inc. and its subsidiaries are appointed as the attorneys-in-fact for the three Exchanges and in that capacity provide certain non-claims administrative and management services to the Farmers Exchanges for a fee.
- Zurich owns Farmers Group, Inc. but does not manage the Farmers Exchanges, and there is no reporting by Farmers Exchange officers, management or personnel to Zurich.

## Farmers Exchanges Strategy

- The Boards of Governors of the Farmers Exchanges approve or ratify Farmers Exchanges financial plans and strategies, rate activity, investment strategies and mergers and acquisitions, among other things.
- References to financial information about the Farmers Exchanges is proprietary to the Farmers Exchanges, but is provided with the consent of the Farmers Exchanges to support an understanding of the performance of Farmers Group, Inc. and Farmers Reinsurance Company.

# Farmers: Farmers Management Services – Key performance indicators



in USD millions for the years ended December 31	2013	2012	Change
Management fees and other related revenues	2,810	2,846	-1.3%
Management and other related expenses	-1,457	-1,480	1.5%
Gross management result	1,353	1,366	-1.0%
Managed gross earned premium margin <sup>1</sup>	7.2%	7.3%	-0.1pts
Business operating profit	1,390	1,428	-2.6%

<sup>1</sup> Gross management result of Farmers Management Services in relation to gross earned premiums of the Farmers Exchanges. Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides administrative and management services to the Farmers Exchanges and receives fees for its services.

# Farmers: Farmers Re<sup>1</sup> – Key performance indicators



in USD millions  
for the years ended December 31

	2013	2012	Change
Gross written premiums <sup>2</sup>	4,045	4,361	-7%
Net underwriting result	-9	-163	94%
Combined ratio	100.2%	103.7%	-3.5pts
Catastrophe impact <sup>3</sup>	5.6%	5.9%	-0.3pts
Business operating profit	125	-26	nm

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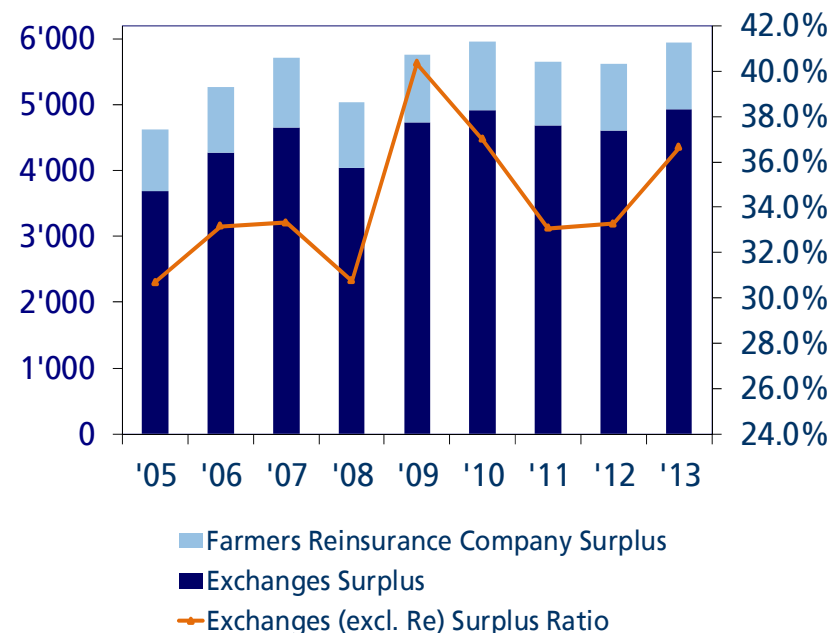
- 1 Farmers Re business includes all reinsurance assumed from the Farmers Exchanges by the Group (i.e. Farmers Reinsurance Company and Zurich Insurance Company Ltd).
- 2 Effective December 31, 2012, the All Lines quota share reinsurance treaty participation rate with the Farmers Exchanges was reduced to 18.5% from 20%, and effective December 31, 2013, was reduced further from 18.5% to 18.0%. In addition, effective January 1, 2013, the Auto Physical Damage quota share reinsurance treaty was reduced from USD 1bn to USD 925m per year, and effective January 1, 2014, was further reduced from USD 925m to USD 900m.
- 3 As defined by the All Lines quota share reinsurance treaty.

# Farmers Exchanges<sup>1</sup> – Financial highlights



in USD millions  
for the years ended December 31

	2013	2012
Gross written premiums <sup>2</sup>	18,643	18,935
Net underwriting result <sup>3</sup>	-59	-1,062
Beginning surplus <sup>4,5</sup>	5,626	5,656
Net surplus growth <sup>4,5</sup>	321	-30
Ending surplus <sup>4,5</sup>	5,947	5,626
Surplus Ratio <sup>5,6</sup>	36.6%	33.3%



<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 administrative and management services to the Farmers Exchanges and receives fees for its services.

<sup>2</sup> FY-12 includes the return of USD 74m GWP as a result of the anticipated settlement of a lawsuit with the State of Texas.

<sup>3</sup> Before quota share treaties with Farmers Reinsurance Company, Zurich Insurance Company Ltd, and a third counterpart and excluding the impact of the Fogel and SoT settlements in FY-12.

<sup>4</sup> Includes the impact of the Fogel settlement in FY-12 and includes surplus of Farmers Reinsurance Company as prescribed by NAIC guidelines.

<sup>5</sup> 2013 surplus figures are estimated.

<sup>6</sup> Excludes surplus of Farmers Reinsurance Company.

# Farmers Exchanges – Gross written premiums by line of business (1/2)



in USD millions  
for the years ended December 31

	2013	2012	Change
<b>Auto</b>	9,507	9,938	-4.3%
of which standard Auto	8,560	8,765	-2.3%
of which non-standard Auto <sup>1</sup>	947	1,173	-19.2%
<b>Homeowners<sup>2</sup></b>	4,796	4,687	2.3%
<b>Business Insurance</b>	2,134	2,327	-8.3%
of which Business Insurance EA <sup>3</sup>	1,680	1,728	-2.7%
of which Business Insurance IA <sup>3</sup>	454	599	-24.6%
<b>Specialty</b>	2,078	1,919	8.3%
<b>Other</b>	128	137	-6.1%
<b>Total<sup>2,4</sup></b>	<b>18,643</b>	<b>19,009</b>	<b>-1.9%</b>

<sup>1</sup> Non-standard Auto written by Bristol West

<sup>2</sup> Excludes the return of USD 74m GWP in FY-12 as a result of the anticipated settlement of a lawsuit with the State of Texas.

<sup>3</sup> EA: Exclusive Agent; IA: Independent Agent

<sup>4</sup> GWP of business in transition comprised by non-standard Auto, Business Insurance IA, Auto IA and Homeowners IA growth decreased 1.9% while remaining businesses increased 0.4%.

# Farmers Exchanges – Gross written premiums by line of business (2/2)



in USD millions

for the three months to December 31

	Q4-13	Q4-12	Change
<b>Auto</b>	2,233	2,384	-6.3%
of which standard Auto	2,012	2,126	-5.4%
of which non-standard Auto <sup>1</sup>	221	258	-14.3%
<b>Homeowners<sup>2</sup></b>	1,134	1,138	-0.3%
<b>Business Insurance</b>	516	553	-6.7%
of which Business Insurance EA <sup>3</sup>	417	425	-1.7%
of which Business Insurance IA <sup>3</sup>	99	128	-23.3%
<b>Specialty</b>	459	428	7.3%
<b>Other</b>	26	30	-15.5%
<b>Total<sup>2,4</sup></b>	<b>4,367</b>	<b>4,533</b>	<b>-3.7%</b>

<sup>1</sup> Non-standard Auto written by Bristol West

<sup>2</sup> Excludes the return of USD 74m GWP in Q4-12 as a result of the anticipated settlement of a lawsuit with the State of Texas.

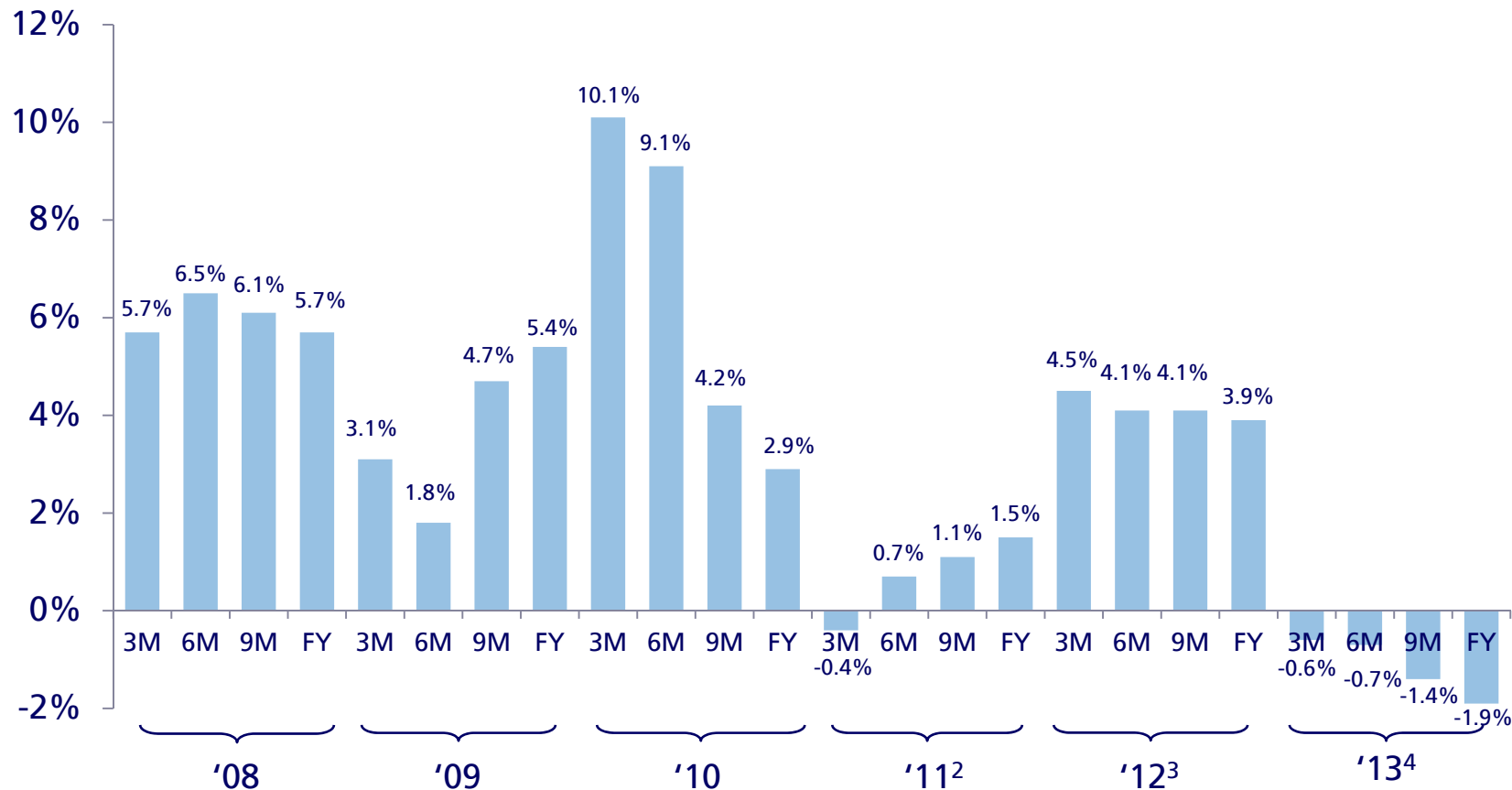
<sup>3</sup> EA: Exclusive Agent; IA: Independent Agent

<sup>4</sup> GWP of business in transition comprised by non-standard Auto, Business Insurance IA, Auto IA and Homeowners IA growth decreased 2.0% while remaining businesses decreased 3.7%.

# Farmers Exchanges – Premium growth



GWP growth<sup>1</sup>



<sup>1</sup> Excludes pre-acquisition premiums and portfolio transfers in 2008 and 2009 related to the Zurich Small Business and 21<sup>st</sup> Century acquisitions, respectively.

<sup>2</sup> Excludes 21<sup>st</sup> Century Agency Auto in run-off.

<sup>3</sup> Excludes the impact of Auto rebates and the anticipated settlement of a lawsuit with the State of Texas.

<sup>4</sup> Excludes the impact of the anticipated settlement of a lawsuit with the State of Texas.

# Farmers Exchanges – Policies in force (1/2)



in thousand policies for the years ended December 31	2013	Change		2012
		#	%	
<b>Auto</b>	10,552	-1,036	-8.9%	11,633
of which standard Auto	9,666	-784	-7.5%	10,495
of which non-standard Auto <sup>1</sup>	886	-252	-22.1%	1,138
<b>Homeowners</b>	4,914	-217	-4.2%	5,131
<b>Business Insurance</b>	569	-58	-9.2%	627
of which Business Insurance EA <sup>2</sup>	414	-19	-4.3%	433
of which Business Insurance IA <sup>2</sup>	155	-39	-20.2%	194
<b>Specialty</b>	2,941	60	2.1%	2,881
<b>Other</b>	315	-1	0.0%	316
<b>Total</b>	<b>19,291</b>	<b>-1,251</b>	<b>-6.1%</b>	<b>20,542</b>

<sup>1</sup> Non-standard Auto written by Bristol West

<sup>2</sup> EA: Exclusive Agent; IA: Independent Agent



# Farmers Exchanges – Policies in force (2/2)



in thousand policies

	Dec 2013 Ending	Q4-13 Change		Sept 2013 Ending
		#	%	
Auto	10,552	-227	-2.1%	10,779
of which standard Auto	9,666	-196	-2.0%	9,862
of which non-standard Auto <sup>1</sup>	886	-31	-3.8%	917
Homeowners	4,914	-47	-1.0%	4,961
Business Insurance	569	-13	-2.2%	581
of which Business Insurance EA <sup>2</sup>	414	-3	-0.6%	417
of which Business Insurance IA <sup>2</sup>	155	-10	-5.9%	164
Specialty	2,941	-6	-0.2%	2,947
Other	315	2	0.6%	314
<b>Total</b>	<b>19,291</b>	<b>-291</b>	<b>-1.4%</b>	<b>19,581</b>

<sup>1</sup> Non-standard Auto written by Bristol West

<sup>2</sup> EA: Exclusive Agent; IA: Independent Agent

# Farmers Exchanges – Combined ratio<sup>1</sup> (1/2)



for the years ended December 31

	2013	2012	Change
Auto	99.8%	105.5%	5.7pts
of which standard Auto	99.8%	103.9%	4.1pts
of which non-standard Auto <sup>2</sup>	99.9%	116.2%	16.3pts
Homeowners	101.2%	102.7%	1.5pts
Business Insurance	107.6%	110.6%	3.0pts
of which Business Insurance EA <sup>3</sup>	105.3%	104.9%	-0.4pts
of which Business Insurance IA <sup>3</sup>	115.4%	127.0%	11.6pts
Specialty	93.4%	95.1%	1.7pts
<b>Total, excl. Fogel/SoT impact</b>	<b>100.5%</b>	<b>105.4%</b>	<b>4.9pts</b>
<b>Total, as reported</b>	<b>100.5%</b>	<b>104.4%</b>	<b>3.9pts</b>
<b>Catastrophe impact</b>	<b>6.0%</b>	<b>6.1%</b>	<b>0.1pts</b>

<sup>1</sup> Before quota share treaties with Farmers Reinsurance Company, Zurich Insurance Company Ltd, and a third counterparty.

<sup>2</sup> Non-standard Auto written by Bristol West.

<sup>3</sup> EA: Exclusive Agent; IA: Independent Agent.

<sup>4</sup> Excludes the impact of the Fogel settlement and the anticipated settlement of a lawsuit with the State of Texas (SoT) affecting the expense ratio and GWP respectively.

# Farmers Exchanges – Combined ratio<sup>1</sup> (2/2)



for the three months to December 31

	Q4-13	Q4-12	Change
<b>Auto</b>	100.5%	104.2%	3.7pts
of which standard Auto	100.5%	101.5%	1.0pts
of which non-standard Auto <sup>2</sup>	100.3%	125.0%	24.7pts
<b>Homeowners</b>	83.2%	86.7%	3.5pts
<b>Business Insurance</b>	99.8%	103.3%	3.5pts
of which Business Insurance EA <sup>3</sup>	96.4%	95.8%	-0.6pts
of which Business Insurance IA <sup>3</sup>	112.4%	125.8%	13.4pts
<b>Specialty</b>	84.9%	91.3%	6.4pts
<b>Total, excl. Fogel/SoT impact</b>	95.4%	102.4%	7.0pts
<b>Total, as reported</b>	95.4%	104.5%	9.1pts
<b>Catastrophe impact</b>	1.8%	3.1%	1.3pts

<sup>1</sup> Before quota share treaties with Farmers Reinsurance Company, Zurich Insurance Company Ltd, and a third counterparty.

<sup>2</sup> Non-standard Auto written by Bristol West.

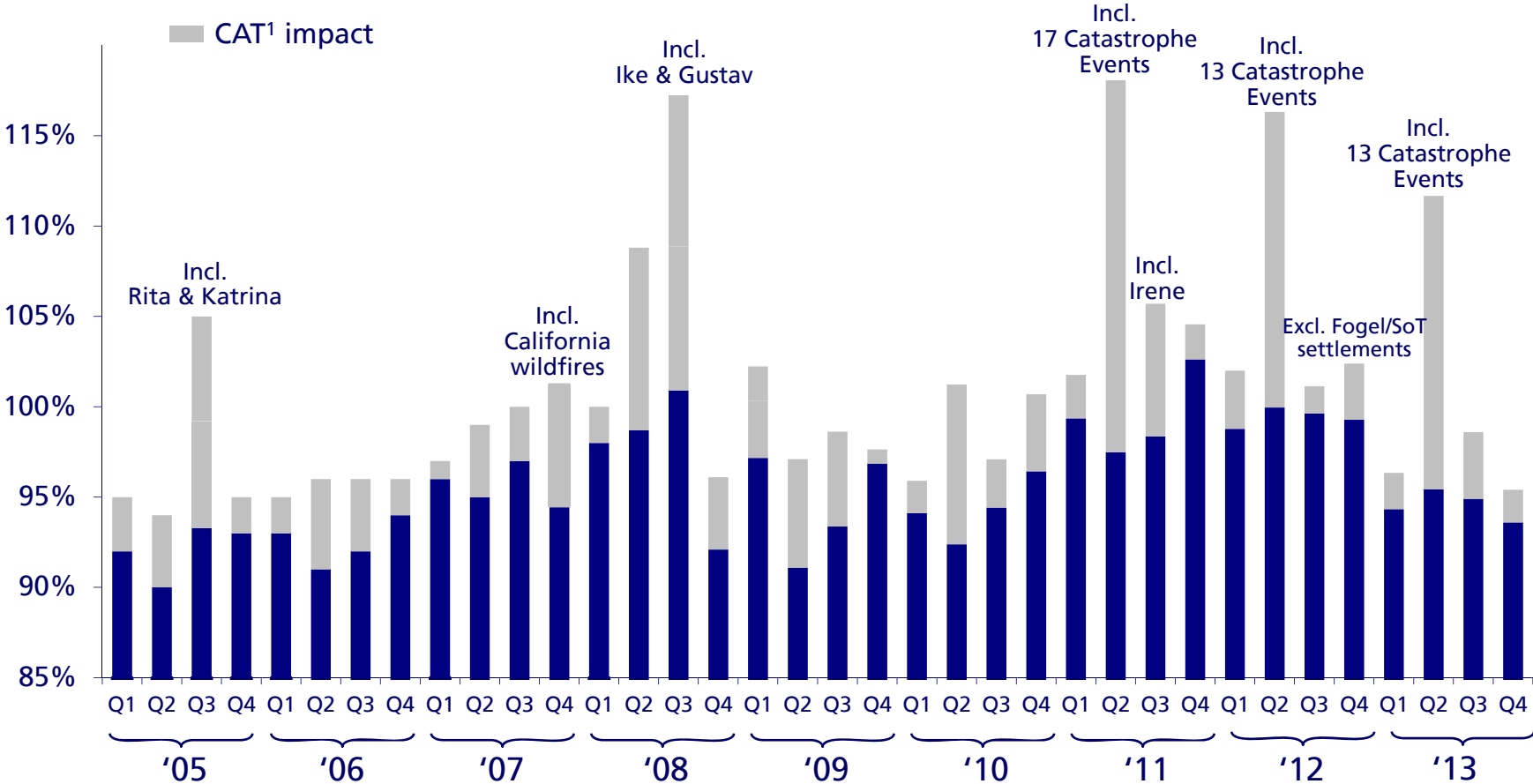
<sup>3</sup> EA: Exclusive Agent; IA: Independent Agent.

<sup>4</sup> Excludes the impact of the Fogel settlement and the anticipated settlement of a lawsuit with the State of Texas (SoT) affecting the expense ratio and GWP respectively.

# Farmers Exchanges – Development of the combined ratio



## Quarterly combined ratio

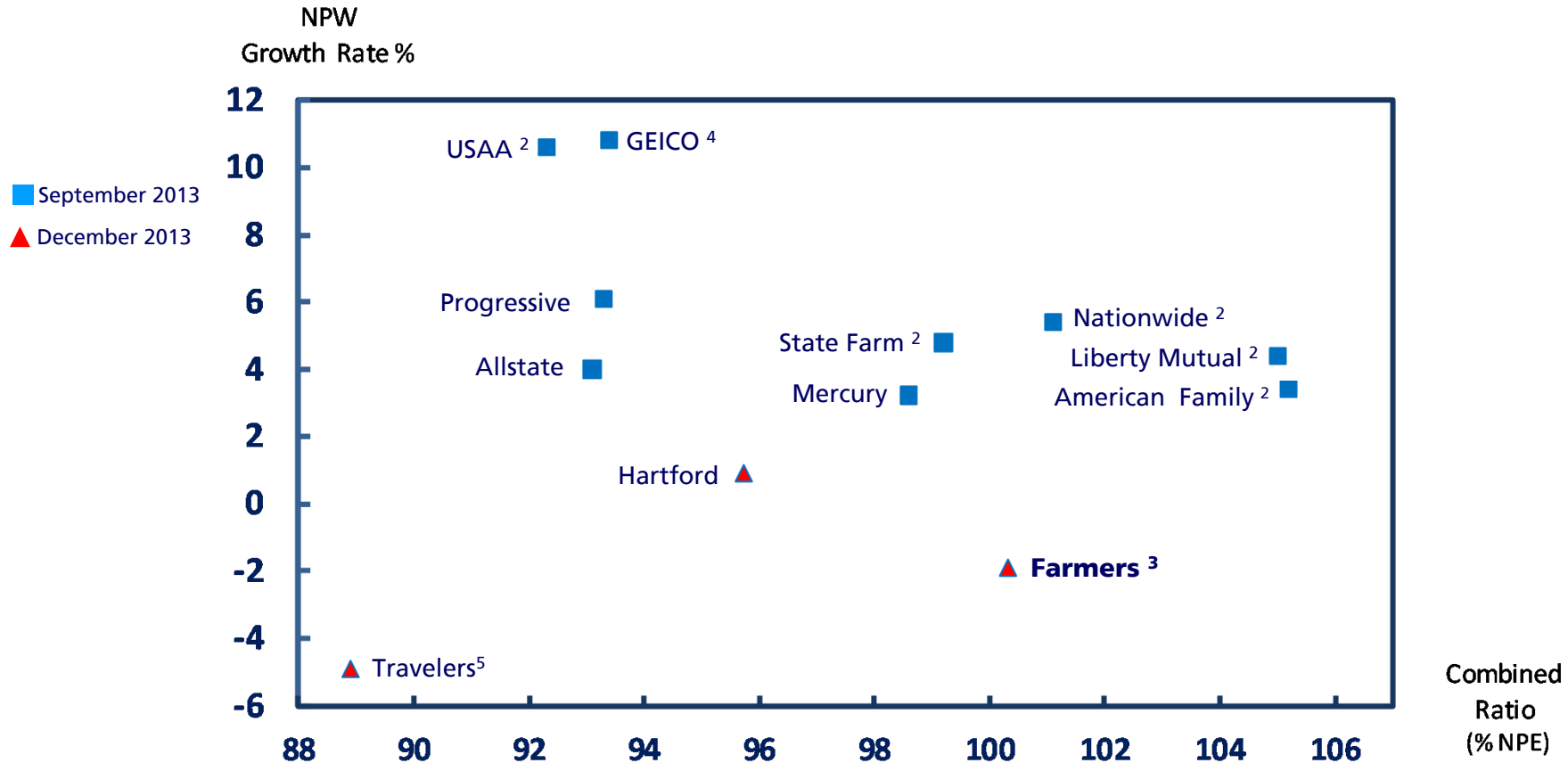


<sup>1</sup> Farmers Exchanges adopted industry standard ISO defined catastrophes as per July 2011.

# Farmers Exchanges – Competitor Snapshot



Growth vs. GAAP Combined Ratio – Overall P&C<sup>1, 2</sup>



<sup>1</sup> Source: Press releases and investor supplements, except for Farmers and non-public competitors.

<sup>2</sup> Source for non-public competitor data: AM Best database. CRs on STAT basis.

<sup>3</sup> Reflects GPW before APD and Quota Share treaties. Estimated GAAP combined ratio excludes APD and Quota Share reinsurance agreements and is not adjusted for Farmers Management Services' profit portion and management fees.

<sup>4</sup> Based on NPE. GEICO does not report NPW on a quarterly basis.

<sup>5</sup> Travelers NPW growth rate and CR are presented for Personal Lines only.

# Other Operating and Non-Core Businesses – Business operating profit contribution

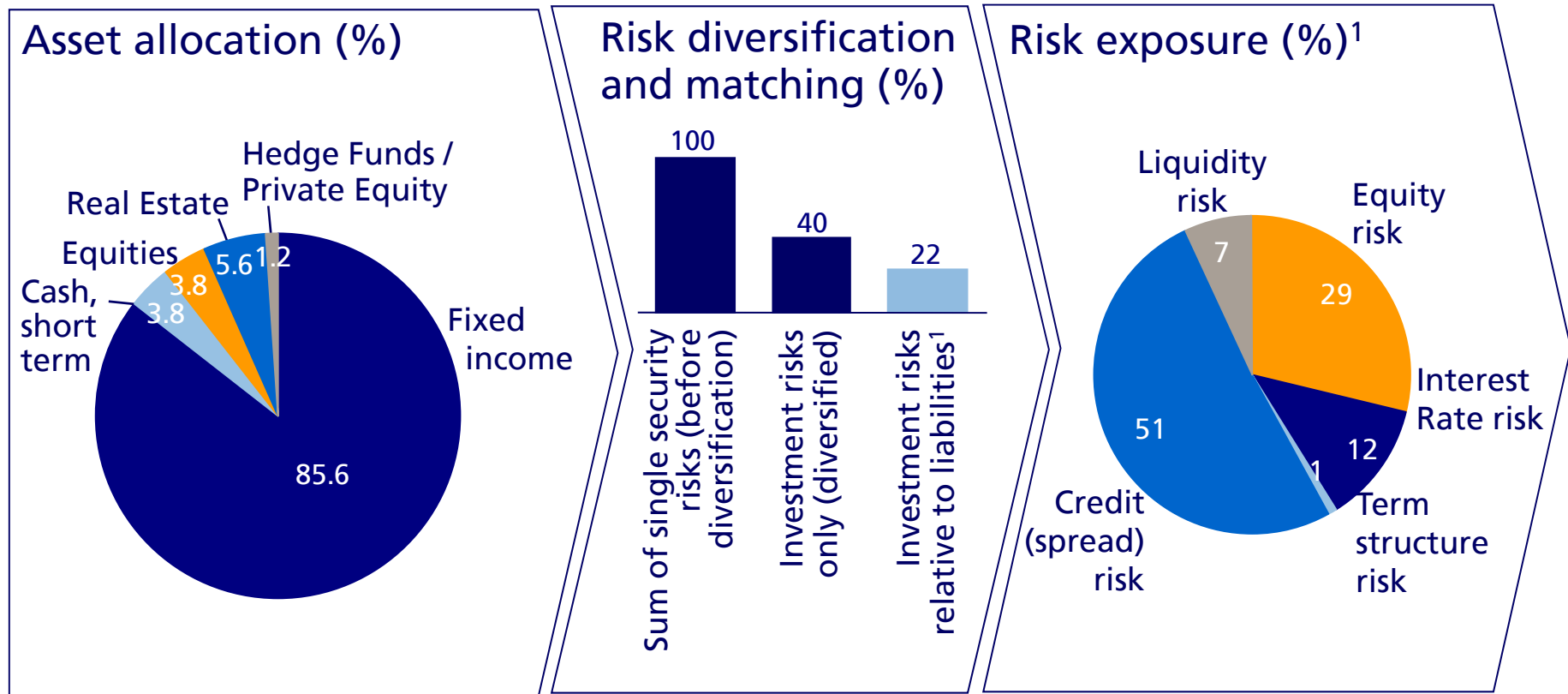


in USD millions	Q4-13	Q4-12	Change	2013	2012	Change
Other Operating Businesses						
- Holding and financing	-213	-206	-3%	-843	-735	-15%
- Headquarters	-143	-54	nm	-196	-175	-12%
<b>Total Other Operating Businesses</b>	<b>-356</b>	<b>-260</b>	<b>-37%</b>	<b>-1,039</b>	<b>-910</b>	<b>-14%</b>
Non-Core Businesses						
- Centrally managed businesses	13	18	-28%	27	29	-8%
- Other run-off	18	-8	nm	46	100	-54%
<b>Total Non-Core Businesses</b>	<b>32</b>	<b>10</b>	<b>nm</b>	<b>73</b>	<b>129</b>	<b>-44%</b>

# Zurich's investment portfolio benefits greatly from diversification and is balanced in terms of risk



Risk Allocation of Zurich's investment portfolio  
As of December 31, 2013



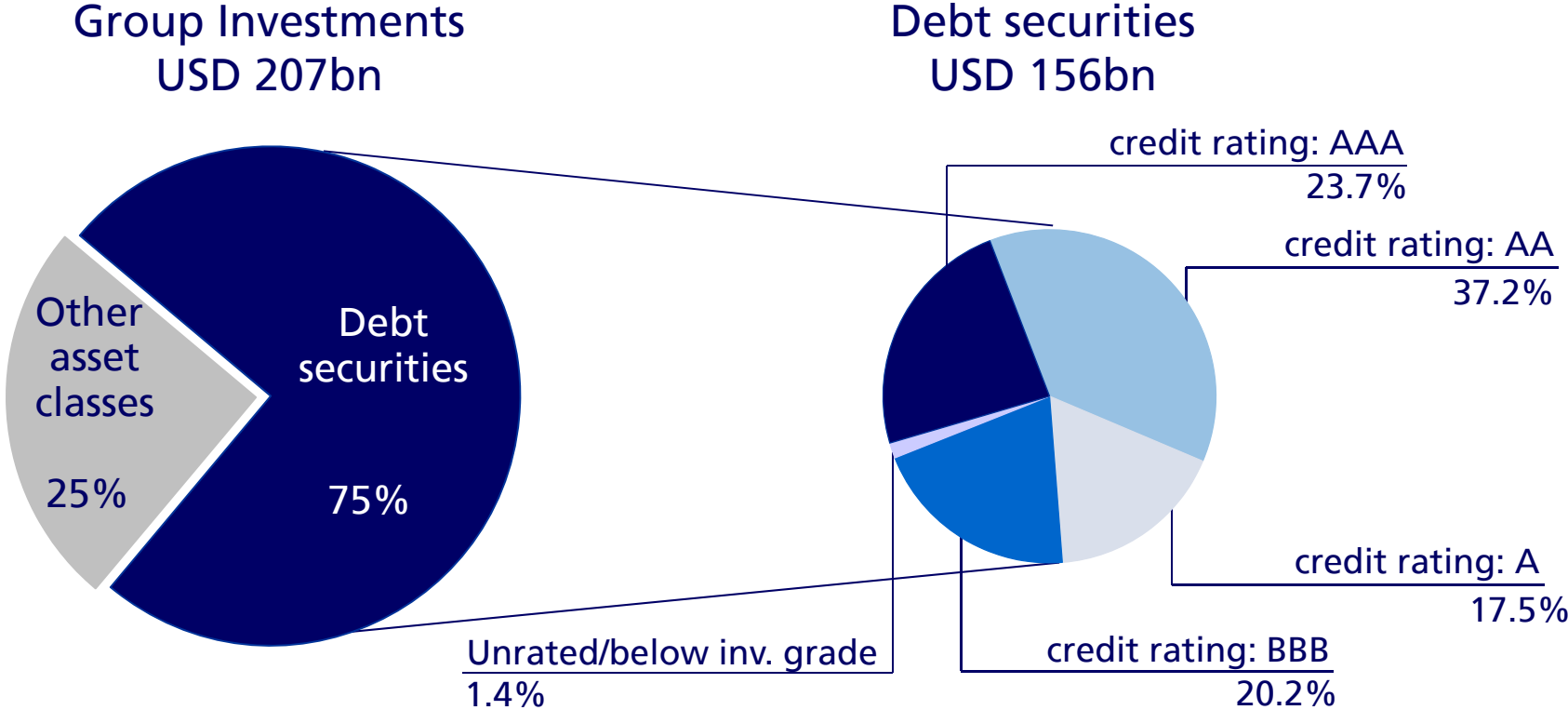
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<sup>1</sup> Simplified asset/liability risk factor decomposition

# Group Investments – Zurich’s debt securities are of high credit quality (98.5% investment grade)



As of December 31, 2013



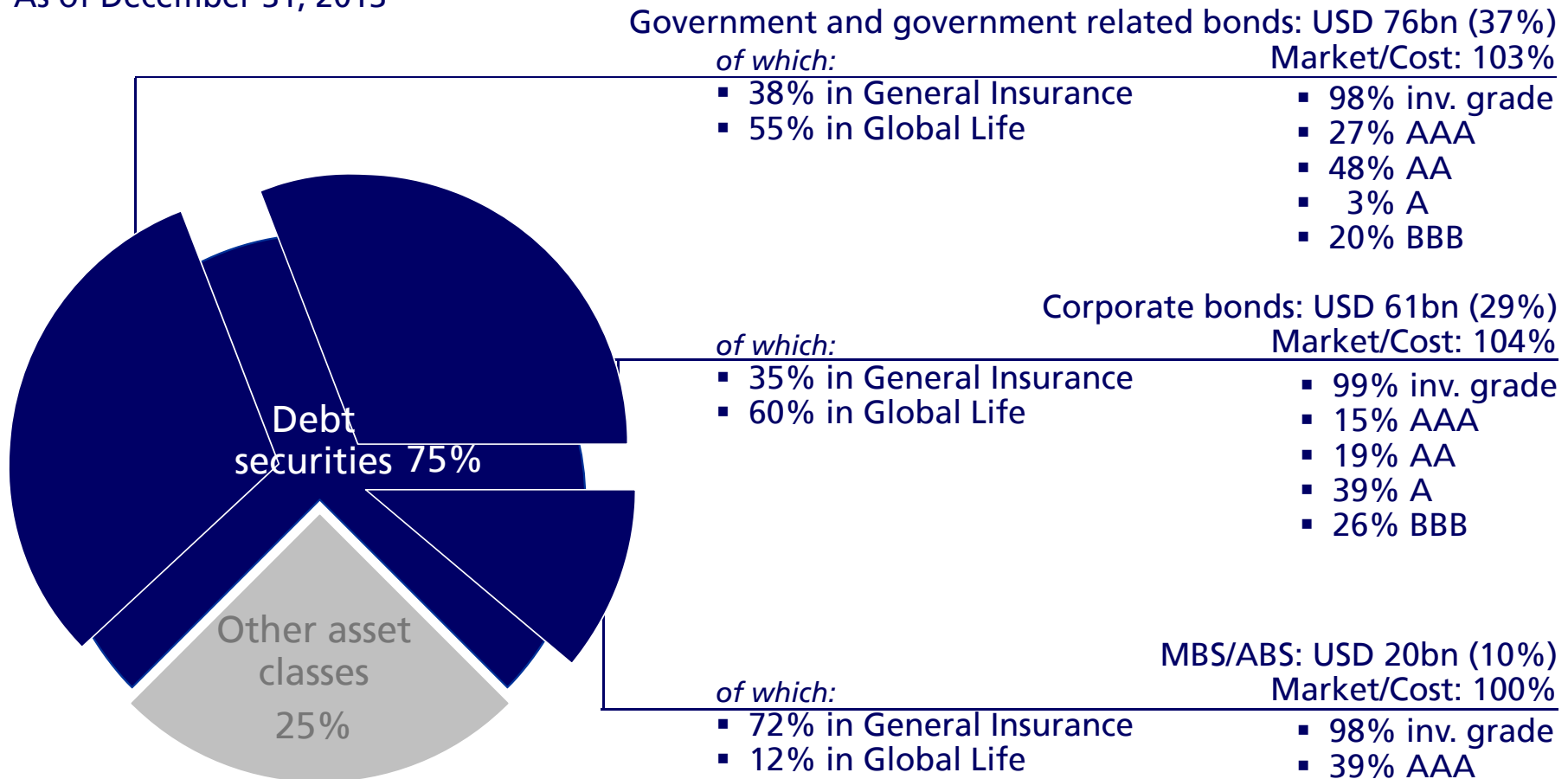
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# Group Investments – Zurich’s debt securities are well balanced



Group Investments - USD 207bn (100%)  
As of December 31, 2013

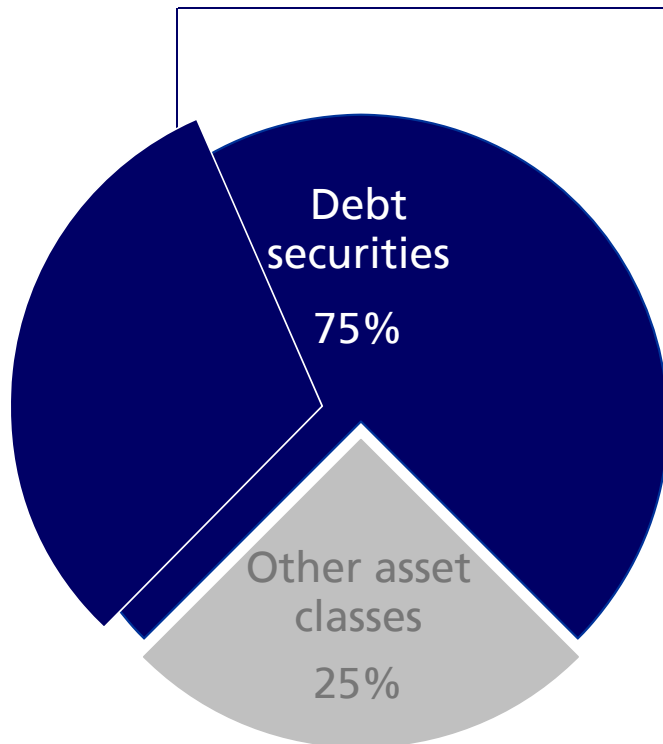


# Group Investments – Government & government related bonds are well diversified



Group Investments - USD 207bn (100%)  
As of December 31, 2013

Government and government related bonds: USD 76bn<sup>1</sup> (37%)  
Market/Cost: 103%



*of which:*

- 38% in General Insurance
- 55% in Global Life

Split by countries

- 19% US
- 12% UK
- 12% Italy
- 10% Germany<sup>2</sup>
- 9% Switzerland
- 7% France
- 6% Spain
- 4% Austria
- 3% Belgium
- 3% Netherlands
- 2% Canada
- 2% Australia
- 2% Brazil

- 98% inv. grade
- 27% AAA
- 48% AA
- 3% A
- 20% BBB

Split by category

- 4% Supranational
- 81% Government
- 15% Cities, Agencies, Cantons, Provinces

<sup>1</sup> This excludes MBS/ABS issued by GNMA, FNMA, FHLM and other agencies.

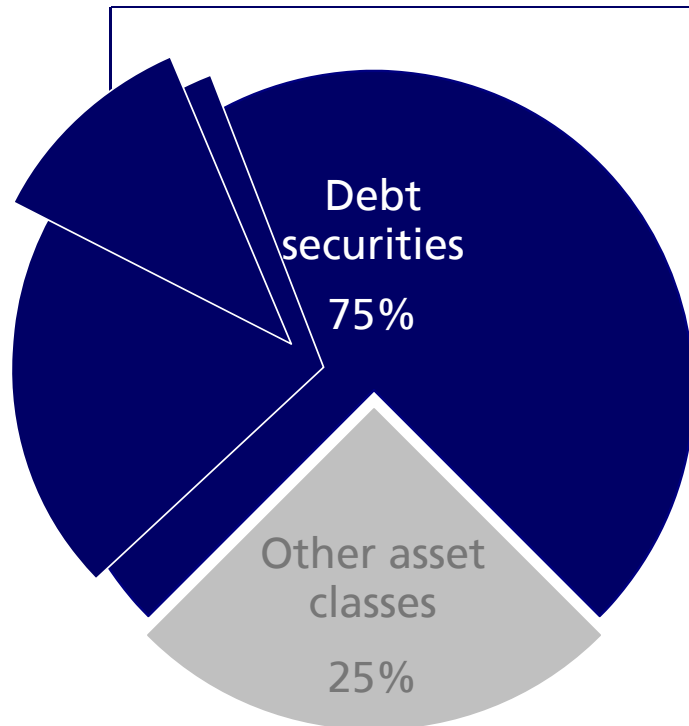
<sup>2</sup> In addition to the 10% holding in Germany above, the balance sheet item "Other loans" includes USD 4.2bn of "Schuldscheindarlehen" issued by the Federal Republic of Germany, bringing the total for Germany to USD 12.1bn.

# Group Investments – Eurozone government & government related bonds are well diversified



Group Investments - USD 207bn (100%)  
As of December 31, 2013

Eurozone Government and government related bonds: USD 37bn (18%)  
Market/Cost: 106%



*of which:*

- 25% in General Insurance
- 73% in Global Life

Split by credit rating

- 98% inv. grade
- 31% AAA
- 30% AA
- 36% BBB

Split and M/C by countries

- 24% Italy<sup>2</sup>, 105%
- 21% Germany<sup>1</sup>, 105%
- 14% France, 108%
- 12% Spain<sup>2</sup>, 105%
- 8% Austria, 107%
- 6% Belgium, 108%
- 6% Netherlands, 104%
- 3% Luxemburg, 102%
- 2% Finland, 100%
- 1% Portugal<sup>2</sup>, 99%
- 1% Ireland<sup>2</sup>, 105%

<sup>1</sup> In addition to the 21% holding in Germany above, the balance sheet item "Other loans" includes USD 4.2bn of "Schuldscheindarlehen" issued by the Federal Republic of Germany, bringing the total for Germany to USD 12.1bn

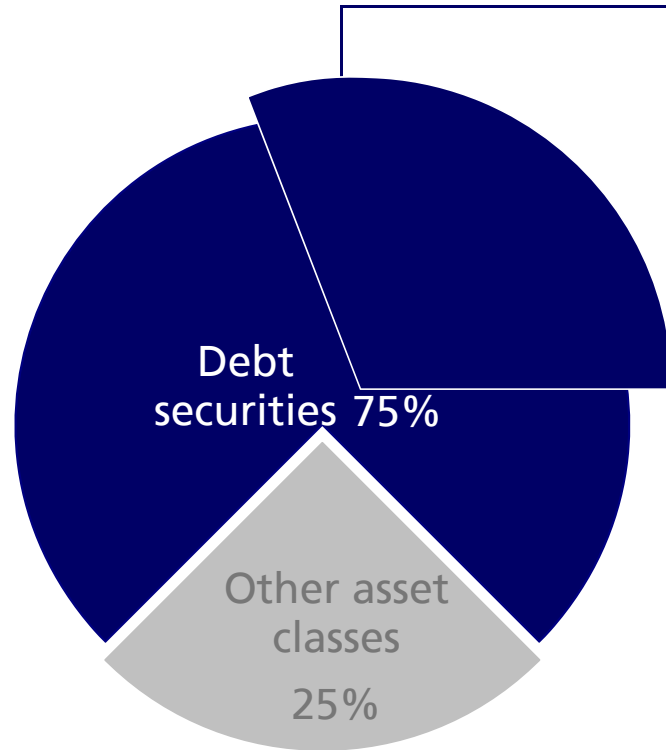
<sup>2</sup> Peripheral Eurozone government and government related bonds total USD 14.4bn, of which: USD 1.2bn relates to Cities, Agencies, Cantons and Provinces and USD 0.2bn to Supranationals

# Group Investments – Corporate bonds are of high credit quality



Group Investments - USD 207bn (100%)  
As of December 31, 2013

Corporate bonds: USD 61bn (29%)  
Market/Cost: 104%



### Split by industries

- 43% Banks, including 18%<sup>1</sup> covered bonds
- 8% Utilities
- 7% Financial Institutions, including 2%<sup>1</sup> covered bonds
- 5% Oil & Gas
- 4% Insurance
- 4% Telecom
- 2% Conglomerates
- 2% Transportation
- 2% Pharmaceuticals

### Split by credit rating

- 99% inv. grade
- 15% AAA
- 19% AA
- 39% A
- 26% BBB

### Split by country/region

- 24% US
- 13% UK
- 12% Germany
- 8% France
- 7% Switzerland
- 6% Spain
- 4% Netherlands
- 4% Australia
- 10% Rest of Europe

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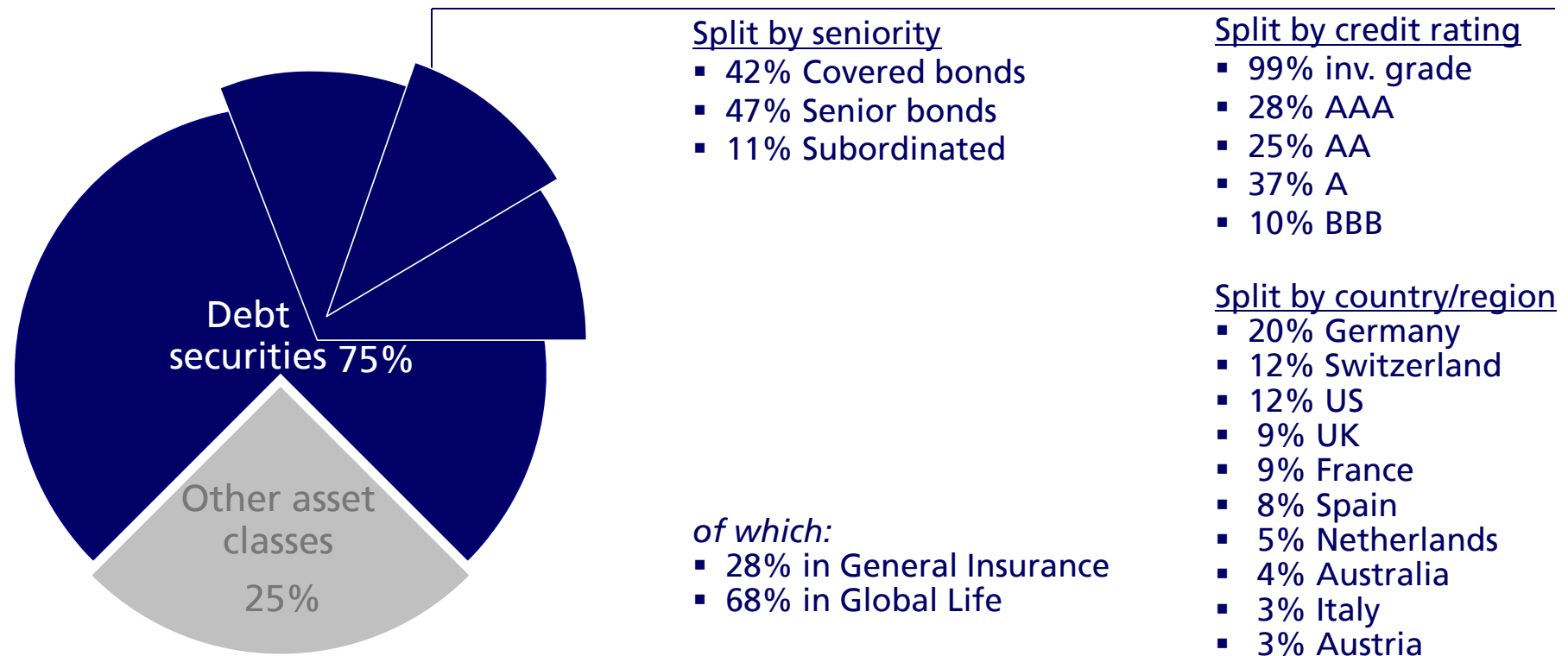
<sup>1</sup> 100% = USD 61bn

# Group Investments – Banks corporate bonds are of high credit quality and well diversified



Group Investments - USD 207bn (100%)  
As of December 31, 2013

Banks Corporate bonds: USD 26bn (13%)  
Market/Cost: 105%



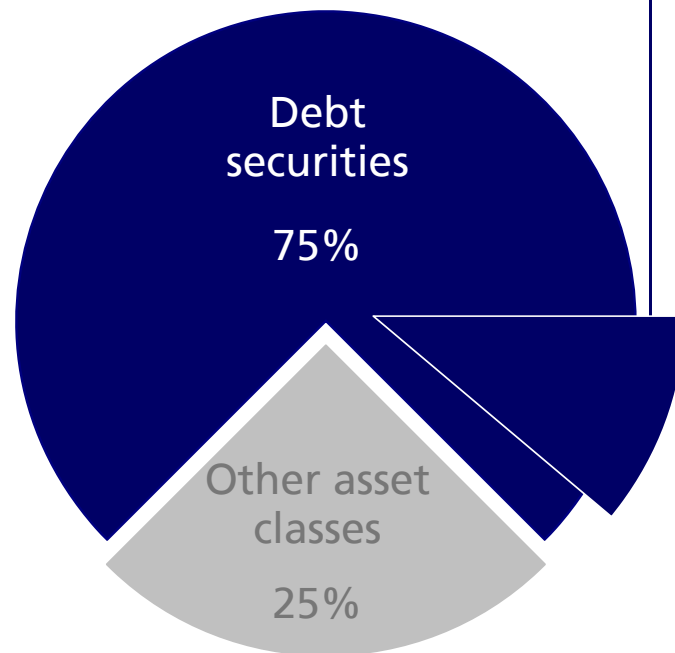
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# Group Investments – MBS/ABS are of high credit quality



Group Investments - USD 207bn (100%)  
As of December 31, 2013

MBS/ABS: USD 20bn (10%)  
Market/Cost: 100%



<i>includes:</i>	<ul style="list-style-type: none"> <li>▪ 98% inv. grade</li> <li>▪ 39% AAA</li> </ul>
	<p><i>US MBS: USD 13.7bn (6.6%)</i> Market/Cost: 100%</p> <ul style="list-style-type: none"> <li>▪ 98% inv. grade; 22% AAA</li> </ul>
	<p><i>US ABS<sup>1</sup>: USD 3.7bn (1.8%)</i> Market/Cost: 101%</p> <ul style="list-style-type: none"> <li>▪ 99% inv. grade, 91% AAA</li> <li>▪ e.g. Automobile and Credit Card ABS</li> </ul>
	<p><i>UK MBS/ABS: USD 1.8bn (0.9%)</i> Market/Cost: 99%</p> <ul style="list-style-type: none"> <li>▪ 97% inv. grade; 55% AAA</li> <li>▪ Commercial MBS of USD 0.2bn (4% AAA)</li> <li>▪ "Whole Loan" Residential MBS USD 1.4bn (65% AAA)</li> </ul>

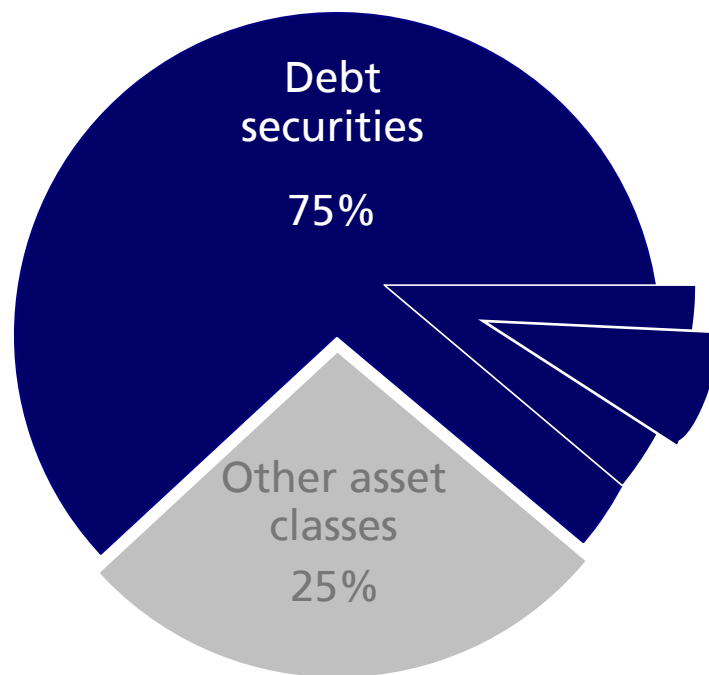
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<sup>1</sup> US ABS in addition to the US MBS mentioned above.

# Group Investments – US MBS are of high credit quality



Group Investments - USD 207bn (100%)  
As of December 31, 2013



US MBS: USD 13.7bn (6.6%)  
Market/Cost: 100%

- 98% inv. grade
- 22% AAA

of which:

US "Agency" MBS: USD 9.1bn (4.4%)  
Market/Cost: 99%

- 100% AA+
- USD 2.2bn backed by GNMA
- USD 6.9bn backed by FNMA and FHLMC

US Commercial MBS: USD 4.3bn (2.1%)  
Market/Cost: 102%

- 98% inv. grade
- 69% AAA

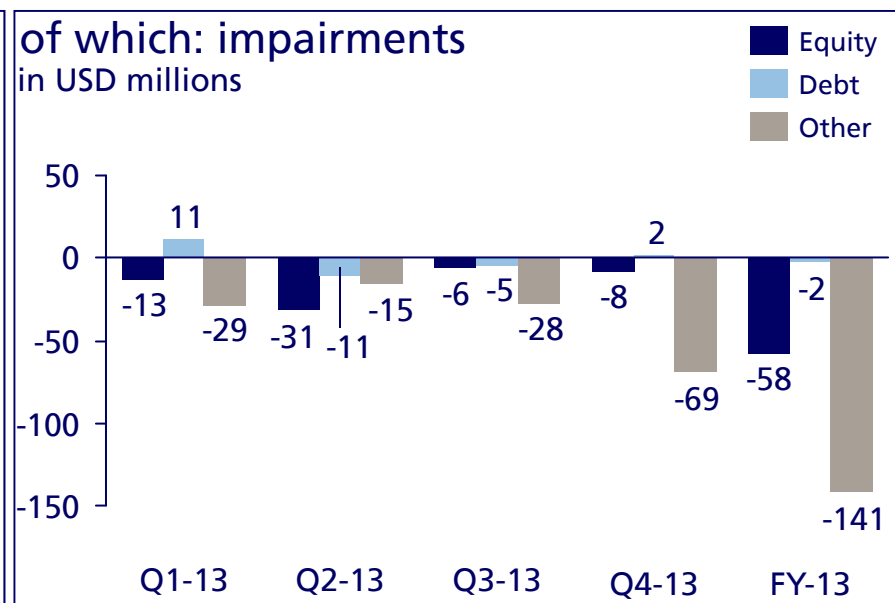
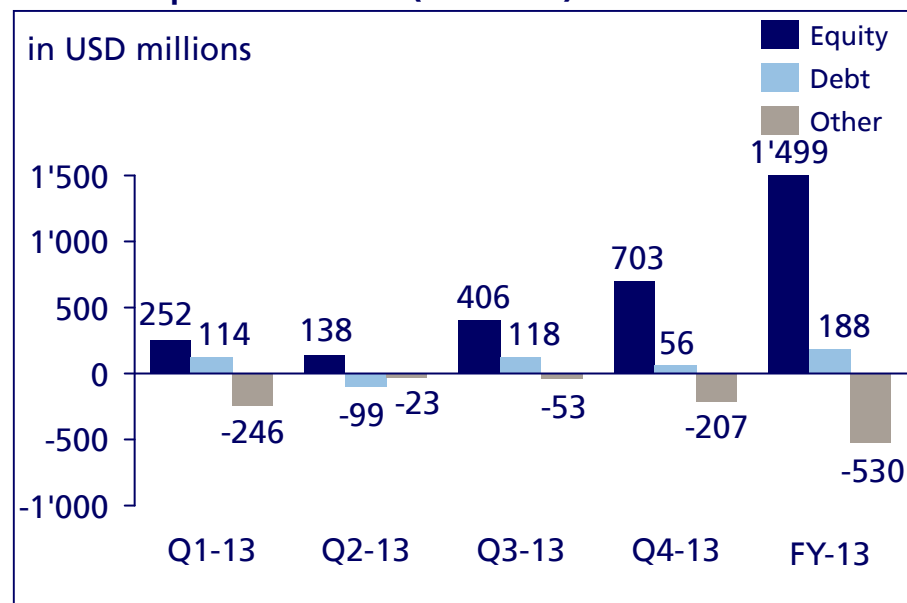
US "Whole Loan" Residential MBS: USD 0.3bn (0.1%)  
Market/Cost: 110%

- 40% inv. grade
- 1% AAA

# Group Investments – Net capital gains / losses



Net capital losses/gains on investments and impairments (in P&L)



	Q1-13	Q2-13	Q3-13	Q4-13	FY-13
<b>Total</b>	<b>120</b>	<b>15</b>	<b>470</b>	<b>552</b>	<b>1,157</b>
<i>of which in:</i>					
- GI	122%	1059%	39%	29%	56%
- Global Life	139%	767%	61%	5%	51%
<i>of which:</i>					
- attributable to shareholders	-70	-137	331	465	588

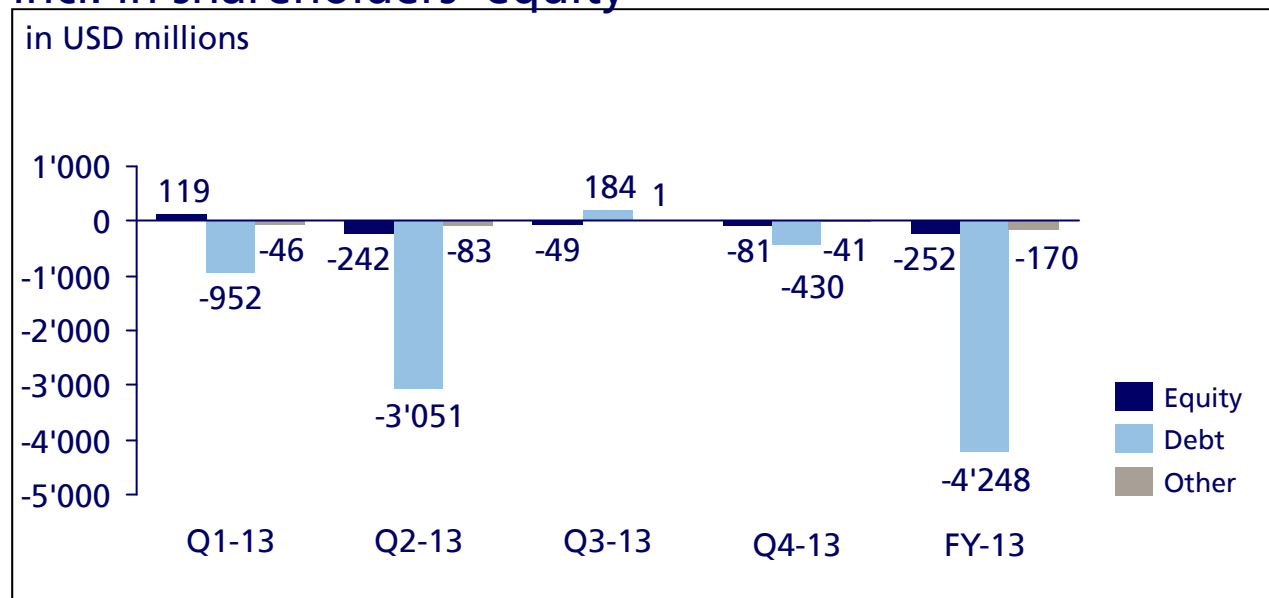
	Q1-13	Q2-13	Q3-13	Q4-13	FY-13
<b>Total</b>	<b>-31</b>	<b>-58</b>	<b>-38</b>	<b>-75</b>	<b>-201</b>
<i>of which in:</i>					
- GI	31%	19%	9%	2%	12%
- Global Life	-10%	57%	18%	5%	20%



# Group investments – Movements in net unrealized gains / losses



Change in net unrealized gains / losses on investments incl. in shareholders' equity<sup>1</sup>



<b>Total<sup>1</sup></b>	<b>-879</b>	<b>-3,376</b>	<b>136</b>	<b>-551</b>	<b>-4,670</b>
<i>of which in:</i>					
- GI	9%	38%	134%	26%	29%
- Global Life	70%	50%	138%	-21%	43%
<i>of which:</i>					
- attributable to shareholders <sup>2</sup>	-375	-1,834	35	-752	-2,927

<sup>1</sup> Before attribution to policyholders and other

<sup>2</sup> After attribution to policyholders and other