

Zurich Insurance Group



Letter to Shareholders 2013

Results for the nine months to September 30, 2013



Dear Shareholder,

Zurich delivered a solid operating profit in all core business segments for the first nine months of 2013. Business operating profit¹ was USD 3.6 billion, an increase of 2 percent compared with the same period of 2012.

This performance was achieved through continued focus on profitability, underpinned by the Group's product, underwriting and pricing strategies.

The sustained execution of these strategies has resulted in improved underlying loss ratios in General Insurance and Farmers, as well as increased new business value in Global Life. This offset the decrease in investment income resulting from persistent low investment yields. The results were affected by a high level of severe weather-related losses and other large losses, which included those caused by floods in Central and Eastern Europe, and tornadoes in the U.S.

Our capital position remains strong. Solvency based on the Swiss Solvency Test improved by 21 percentage points to 206 percent as of July 1, 2013. Shareholders' equity decreased by USD 2.4 billion to USD 32.1 billion from December 31, 2012 reflecting USD 2.7 billion paid for the dividend of CHF 17.00 per share, as approved by shareholders at the Annual General Meeting on April 4, 2013.

Risk expertise helps customers and communities

Natural disasters such as floods are one area in which we use our expertise as insurers to help our customers understand and protect themselves from risk. As part of our corporate responsibility, we are also using this knowledge to help communities become more resilient to floods.



Tom de Swaan and Martin Senn

¹ Business operating profit indicates the underlying performance of the Group's business units by eliminating the impact of financial market volatility and other non-operational variables.

The first nine months saw convincing evidence of the results our risk engineers can help achieve for customers. One example was at a German plant of Bombardier Transportation, one of the world's largest manufacturers of light rail vehicles. After the plant in the town of Bautzen suffered heavy losses during a flood in 2010, Zurich's risk engineers helped it to reduce flood risks. Despite severe floods in the area in June 2013, the measures it took meant that this time the plant proved to be more resilient and as a consequence did not need to submit any flood claims.

Zurich's risk engineers also contribute their expertise to our global flood resilience program. In July, we signed an agreement with the Palang Merah Indonesia (Indonesian Red Cross Society) to find ways of making specific communities in that country more resilient to floods. The knowledge gained will be used to help flood-prone communities throughout Indonesia. Zurich's risk engineers are taking part in this initiative. In a further development of the flood resilience program, in September we announced an alliance with Practical Action, a UK-based international non-governmental organization, which will collaborate with us on projects in Nepal and Peru.

Board and senior management changes

On the Board of Directors, Josef Ackermann announced his resignation as Chairman in August. Tom de Swaan, who served as Vice-Chairman since 2012 and has been a member of Zurich's board since 2006, was appointed as Chairman. Fred Kindle, who has also served on the board since 2006, was appointed Vice-Chairman.

We were deeply saddened by the unexpected death of Pierre Wauthier, our Chief Financial Officer, in August. We are grateful for the many messages of support we received from customers, business partners, the

financial community and others, and we are proud of the way our employees came together to help us come to terms with this tragedy. In November, Zurich received the results of two independent investigations conducted under the direction of the Swiss Financial Market Supervisory Authority (FINMA) following Pierre's death. The investigations found no indication that he was subjected to any undue or inappropriate pressure, and furthermore, the presentation of the financial figures was confirmed as appropriate.

Our Group Controller Vibhu Sharma has stepped in as CFO ad interim while we search for a permanent successor to Pierre Wauthier. In August, Kristof Terryn, formerly Group Head of Operations, was named Chief Executive Officer Global Life to replace Kevin Hogan, who left Zurich to pursue other opportunities. Markus Nordlin, Chief Information Technology Officer, has assumed in addition the responsibility for Group Operations on an ad interim basis.

Looking ahead

Global economic activity has accelerated and the outlook continues to be positive, reflecting better growth in mature economies.

Before the partial government shutdown, the U.S. economy was holding up well and the direct impact of the shutdown on economic activity is likely to have been limited. The Eurozone returned to growth, while momentum in China has slowed. This was one of the factors causing activity to be subdued in Latin America.

China is expanding at a pace consistent with the government's target. This should lead to an improvement in the global trade cycle, benefiting exporting nations. But while economic conditions may improve, we expect competition to intensify.

In recent years, we have navigated Zurich through a period of global economic uncertainty and prepared a robust platform for growth. As communicated during the half year results, the Group remains on track to achieve some of its three-year targets set in 2010, such as those for Global Life and expense savings, while some in General Insurance and for Farmers remain challenging and as of now, will not be achieved.

We are now working on the next phase of our strategy, which we will present at our Investor Day on December 5, 2013. We will also provide an update on our three-year targets set in 2010 and our new strategic goals.

In closing, we would like to thank our customers, employees and shareholders for their trust and support, which has been especially important to us during the last few months.

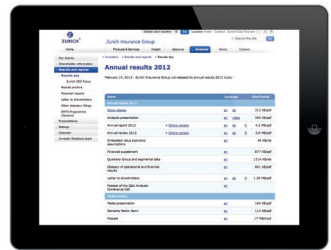
Yours sincerely,



Tom de Swaan
Chairman of the Board of Directors



Martin Senn
Chief Executive Officer



Annual Results 2013		March 31, 2013		March 31, 2012	
		in million Swiss francs		in million Swiss francs	
		2013	2012	2013	2012
Operating Results					
Revenue		10,212	10,147	10,147	10,147
Operating Profit		1,100	1,100	1,100	1,100
Operating Profit per Share		1.10	1.10	1.10	1.10
Operating Profit Margin		10.8%	10.8%	10.8%	10.8%
Financial Results					
Net Income		1,100	1,100	1,100	1,100
Net Income per Share		1.10	1.10	1.10	1.10
Net Income Margin		10.8%	10.8%	10.8%	10.8%
Balance Sheet					
Assets		10,212	10,147	10,147	10,147
Liabilities		10,212	10,147	10,147	10,147
Equity		1,100	1,100	1,100	1,100

For more information on Zurich's financial performance, please go to the 'Results for the nine months to September 30, 2013' section of our website. It contains a detailed press release in German and English as well as financial reports and presentations (in English only). You can find it by going to the 'Investor' section of www.zurich.com and selecting 'Results and reports.'

 www.zurich.com

Please note the following changes to our financial calendar. The Annual General Meeting 2014 will now take place on April 2, 2014. The half year results will be announced on August 7 and the results for the nine months to September 30 will be announced on November 6, 2014. The revised calendar is on the reverse of this Letter.

Shareholder information

Financial highlights (unaudited)

in USD millions, for the nine and three months ended September 30, unless otherwise stated	9m 2013	9m 2012 ¹	Change in USD ²	Q3 2013	Q3 2012 ¹	Change in USD ²
Business operating profit	3,567	3,510	2%	1,279	998	28%
Net income attributable to shareholders	2,954	2,898	2%	1,103	672	64%
General Insurance gross written premiums and policy fees	28,182	27,309	3%	8,412	8,156	3%
Global Life gross written premiums, policy fees and insurance deposits	19,578	21,140	(7%)	6,549	6,422	2%
Farmers Management Services management fees and other related revenues	2,113	2,134	(1%)	705	714	(1%)
Farmers Re gross written premiums and policy fees	3,094	3,382	(9%)	1,060	1,171	(10%)
General Insurance business operating profit	2,124	2,085	2%	755	449	68%
General Insurance combined ratio	95.3%	96.3%	1.0 pts	94.7%	99.1%	4.4 pts
Global Life business operating profit	978	966	1%	318	308	4%
Global Life new business annual premium equivalent (APE) ³	3,230	2,973	9%	1,148	1,180	(3%)
Global Life new business margin, after tax (as % of APE) ³	28.9%	21.4%	7.6 pts	25.0%	17.9%	7.1 pts
Global Life new business value, after tax ³	935	635	47%	287	211	36%
Farmers business operating profit	1,108	991	12%	412	394	4%
Farmers Management Services gross management result	1,023	1,024	(0%)	354	340	4%
Farmers Management Services managed gross earned premium margin	7.3%	7.3%	(0.0 pts)	7.5%	7.2%	0.4 pts
Average Group investments	208,216	201,932	3%	204,359	202,650	1%
Net investment result on Group investments	5,264	6,141	(14%)	1,941	2,007	(3%)
Net investment return on Group investments ⁴	2.5%	3.0%	(0.5 pts)	0.9%	1.0%	(0.0 pts)
Total return on Group investments ⁴	0.5%	5.3%	(4.7 pts)	1.0%	2.2%	(1.2 pts)
Shareholders' equity ⁵	32,062	34,505	(7%)			
Swiss Solvency Test capitalization ratio ⁶	206%	185%	21 pts			
Diluted earnings per share (in CHF)	18.65	18.49	1%	6.93	4.38	58%
Book value per share (in CHF) ⁵	196.49	214.86	(9%)			
Return on common shareholders' equity (ROE)	11.8%	11.8%	0.0 pts	14.0%	8.1%	5.9 pts
Business operating profit (after tax) return on common shareholders' equity (BOPAT ROE)	10.8%	11.0%	(0.2 pts)	11.7%	9.1%	2.7 pts

The table above presents the summarized consolidated results of the Group for the three months ended September 30, 2013 and 2012, and for the nine months ended September 30, 2013 and 2012, and the financial position as of September 30, 2013 and December 31, 2012, respectively. Interim results are not necessarily indicative of full year results. All amounts are shown in USD millions and rounded to the nearest million unless otherwise stated with the consequence that the rounded amounts may not add to the rounded total in all cases. All ratios and variances are calculated using the underlying amount rather than the rounded amount. This document should be read in conjunction with the Annual Report 2012 for Zurich Insurance Group available on www.zurich.com and with its unaudited Consolidated financial statements for the nine months ended September 30, 2013.

¹ September 30, 2012 and December 31, 2012 have been restated as set out in note 1 of the unaudited Consolidated financial statements.

² Parentheses around numbers represent an adverse variance.

³ New business amounts are calculated on embedded value principles before the effect of non-controlling interests. See unaudited New business overview for details of these principles. New business amounts for the first nine months of 2012 do not include Zurich Santander or new operations in Asia (including Zurich Insurance Malaysia Berhad – ZIMB).

⁴ Not annualized and calculated on average Group investments.

⁵ As of September 30, 2013 and December 31, 2012, respectively.

⁶ Ratios as of July 1, 2013 and January 1, 2013, respectively, are calculated based on the Group's internal model which is subject to the review and approval of the Group's regulator, the Swiss Financial Market Supervisory Authority (FINMA).

Contact

For more information please visit:
[www.zurich.com/investors/
shareholderinformation](http://www.zurich.com/investors/shareholderinformation)

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Financial Calendar

Investor Day – December 5, 2013
Annual results 2013 – February 13, 2014
Annual General Meeting 2014 – April 2, 2014
Results for the three months
to March 31, 2014 – May 15, 2014
Half year results 2014 – August 7, 2014
Results for the nine months
to September 30, 2014 – November 6, 2014
Annual results 2014 – February 12, 2015

Note: all dates are subject to change

Disclaimer & 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; (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.

It should be noted that past performance is not a guide to future performance. Please also note that interim results are not necessarily indicative of full year results.

Persons requiring advice should consult an independent advisor. This communication does not constitute an offer or an invitation for the sale or purchase of securities in any jurisdiction.

THIS COMMUNICATION DOES NOT CONTAIN AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES; SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR EXEMPTION FROM REGISTRATION, AND ANY PUBLIC OFFERING OF SECURITIES TO BE MADE IN THE UNITED STATES WILL BE MADE BY MEANS OF A PROSPECTUS THAT MAY BE OBTAINED FROM THE ISSUER AND THAT WILL CONTAIN DETAILED INFORMATION ABOUT THE COMPANY AND MANAGEMENT, AS WELL AS FINANCIAL STATEMENTS.

The Letter to Shareholders is published in English, German and French. In the event of inconsistencies in the German and French translations, the English original version shall prevail.

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