

Dear Shareholder,

We are pleased to propose a stable dividend of CHF 20 per share despite a year marred by the COVID-19 pandemic. While the Group reported a decline in profit for 2020, the second half of the year saw a strong rebound. We grew our customer base and attained record levels of customer and employee satisfaction thanks to our rapid response to their needs throughout this challenging year. We stood by our commitments to people and planet through sponsoring reforestation in Brazil. And, with the creation of the Global Business Platforms unit, we expanded our digital strategy, an area in which we will continue to build momentum.

Zurich Insurance Group (Zurich) profit declined in 2020, driven by COVID-19-related impacts and higher catastrophe losses, with a return to growth in the second half. Our business performed well during the year, with strong growth in commercial insurance. And we continued to execute against our strategic priorities.

Our achievements included the renewal of our distribution partnership with Deutsche Bank and the agreement by Zurich subsidiary Farmers Group, Inc. (FGI) together with the Farmers Exchanges⁴ to acquire MetLife's property and casualty business in the U.S., which lays the foundations for further growth. We are proud of the way we acted in 2020 and the results we achieved, and remain confident in the strength of our business, strategy and employees to deliver on our goals.



Michel M. Liès
Chairman of the Board
of Directors



Mario Greco
Group Chief Executive
Officer

USD 4.2bn
Business operating profit¹
(2019: USD 5.3bn)

USD 3.8bn
Net income attributable
to shareholders
(2019: USD 4.1bn)

182%
Swiss Solvency Test ratio²
(Dec 31, 2019: 222%)

11.0%
Business operating profit
after tax return on common
shareholders' equity³
(2019: 14.2%)

CHF 20
Proposed dividend
per share
(2019: CHF 20)

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.

² Estimated Swiss Solvency Test (SST) ratio as of January 1, 2021, has been calculated based on the Group's Internal Model, which has been approved by the Swiss Financial Market Supervisory Authority FINMA. The SST ratio as of January 1 has to be filed with FINMA by end of April each year and is subject to review by FINMA. FINMA agreed to the use of standard yield curves for the main currencies to calculate the SST, starting end of Q1 2020.

³ Shareholders' equity used to determine ROE and BOPAT ROE is adjusted for unrealized gains/(losses) on available-for-sale investments and cash flow hedges.

⁴ 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 services and ancillary services to the Farmers Exchanges as its attorney-in-fact and receives fees for its services.

Our 2020 results

Full-year 2020 business operating profit (BOP) was USD 4.2 billion, a decline of 20 percent compared with 2019. The COVID-19-related impact was USD 852 million⁵, including USD 450 million in the property and casualty business as previously reported. In addition, catastrophe losses were USD 588 million higher than in 2019. An improved underlying performance, particularly in the property and casualty business, partially offset these losses.

Net income after tax attributable to shareholders was USD 3.8 billion, a decline of 8 percent compared with the prior year. This reflects the decline in business operating profit, which was partially offset by higher levels of realized capital gains.

Zurich's capital position remains strong. The Group estimates its year-end solvency based on the Swiss Solvency Test (SST) at 182 percent.² As communicated at the time of the nine-month update, the Group will focus on the SST for communicating on solvency going forward. It will target a ratio based on the SST of 160 percent or above.⁶

Commercial insurance gross written premiums, which make up around two-thirds of the Group's Property & Casualty (P&C) premiums, grew by 7 percent on a like-for-like basis⁷ in 2020. This was supported by significant rate increases in North America and Europe, as well as by improved customer retention. Following improvements to the commercial portfolio during 2016–2019, the Group is well placed to benefit further from the continuation of these trends in 2021.

Property & Casualty

P&C results demonstrated a strong underlying performance with growth in gross written premiums and higher pricing. BOP of USD 2.1 billion was USD 797 million lower than in 2019. Stronger underlying performance was more than offset by the impact of the COVID-19 outbreak, higher catastrophe losses than in the previous year, as well as lower investment income.

Life

Life BOP was USD 1.4 billion, USD 63 million below the prior year on a reported basis. Excluding USD 173 million⁵ of COVID-19-related items, business operating profit was 7 percent above the prior-year level.

Farmers

Farmers BOP of USD 1.5 billion was USD 206 million lower than in 2019. The decrease was driven by higher mortality and assumption updates in the life business, as well as reduced fee revenues as a result of premium credits to customers at the Farmers Exchanges⁴ and lower investment income as a result of decreasing investment yields at Farmers Management Services.

Acquisitions

In December 2020, Zurich subsidiary Farmers Group, Inc. and the Farmers Exchanges⁴ agreed to acquire MetLife's property and casualty business in the U.S. for USD 3.94 billion. The transaction, which is expected to be completed in the first half of 2021, gives the Farmers Exchanges⁴ a truly nationwide presence and access to new distribution channels with the potential to accelerate growth.

It will deepen the presence of the Farmers Exchanges⁴ in the independent agent channel and provides entry into the worksite marketing channel through a 10-year exclusive distribution agreement through MetLife Group Benefits.

⁵ Based on current assessments, subject to some degree of uncertainty considering the continuing nature of the event.

⁶ From FY-20 the basis for the Group's target capital has been changed to the Swiss Solvency Test (SST). Previously the target was based on the Group's internal Z-ECM basis. For more detailed information, visit the shareholder area on www.zurich.com.

⁷ In local currencies and adjusted for closed acquisitions and disposals.

Building trust and driving digital transformation

In the face of the pandemic, our digital transformation that started several years ago proved to be an important asset for employees working from home, allowing them to deliver fully digitalized services to customers. This included providing video-based claims reporting, the use of electronic signatures, and remote risk assessments for businesses by Zurich's risk engineers.

We grew our customer base in 2020 and customer satisfaction, as measured by net promoter scores, increased across our major retail markets, reflecting the rapid and flexible payment of claims and delivery of financial relief measures.

We also established the Global Business Platforms unit to develop innovative services and product offerings. The first of these is LiveWell, a global platform providing health and wellbeing services, which was launched during 2020.

Appointments

We announced the appointment of Jack Howell, previously Chief Executive Officer (CEO) Asia Pacific (APAC), to lead the Global Business Platforms unit, while Ericson Chan joined Zurich in October 2020 as Group Chief Information and Digital Officer. Additionally, Kathleen Savio, formerly CEO North America, was named Group Chief Transformation Officer. We also announced changes in our regional leadership: Tulsi Naidu in APAC, Laurence Maurice in Latin America and Kristof Terryn in North America.

Additionally, we announced in February 2021 that the Board of Directors will propose the election of Sabine Keller-Busse to the Group's Board. Ms. Keller-Busse's extensive experience in the fields of people management, operations and digitalization complements our Board in an ideal way.

Sustainability

In line with our ambition to become one of the most responsible and impactful businesses in the world, we took a range of initiatives to progress our environmental, social and governance strategy.

In September 2020, we launched the Zurich Forest, a program sponsoring reforestation in Brazil, as part of our commitment to climate action. The project, which aims to convert farmland back into native forest, foresees planting one million seedlings in collaboration with non-profit Instituto Terra.

That Zurich can achieve all this during a tumultuous year is testament to the efforts of our employees, the loyalty of our customers – and to the trust that you, our shareholders, place in us to do the right thing.

We thank you for your continued engagement and support.

Yours sincerely,



Michel M. Liès
Chairman of the
Board of Directors



Mario Greco
Group Chief
Executive Officer

Financial calendar

Annual General Meeting

April 07, 2021

Dividend payable from

April 13, 2021

Half-year results

August 12, 2021

Note: all dates are subject to change

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; (viii) increased litigation activity and regulatory actions; and (ix) 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. Specifically in relation with the COVID-19 related statements, such statements were made on the basis of circumstances prevailing at a certain time and on the basis of specific terms and conditions (in particular applicable exclusions) of insurance policies as written and interpreted by the Group and may be subject to regulatory, legislative, governmental and litigation-related developments affecting the extent of potential losses covered by a member of the Group or potentially exposing the Group to additional losses if terms or conditions are retroactively amended by way of legislative or regulatory action. 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 inter-insurance 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 three Exchanges and in that capacity provide certain non-claims services and ancillary 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 adviser.

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 and German. In the event of inconsistencies in the German translation, the English original version shall prevail.

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