

Dear Shareholder,

We are pleased to propose a dividend of CHF 22 per share, an increase of 10 percent on prior year. This reflects our 2021 operating results, which were among the best in our history, our excellent balance sheet and our financial flexibility. Zurich is in outstanding health as we celebrate our 150th anniversary this year and we have every confidence of meeting or exceeding all of our 2022 targets.

Zurich Insurance Group (Zurich) reported very strong profits for the full year 2021. Business operating profit and net income attributable to shareholders were the highest since 2007, with growth achieved in all segments. This performance demonstrates the strength of our franchise, the quality and commitment of our people, and the benefits of repositioning the business in recent years.

The Property & Casualty (P&C) business achieved the best combined ratio in 15 years and double digit top-line growth. Commercial insurance in particular benefited from disciplined underwriting, higher prices and an increase in new business. Higher risk-adjusted prices and continued measured progress towards our growth ambitions took P&C gross written premiums to more than USD 40 billion for the first time.



Michel M. Liès
Chairman of the Board
of Directors



Mario Greco
Group Chief Executive
Officer

USD 5.7bn

Business operating profit
(2020: USD 4.2bn)

USD 5.2bn

Net income attributable
to shareholders
(2020: USD 3.8bn)

212%

Swiss Solvency Test ratio¹
(January 1, 2021: 182%)

14.0%

Business operating profit
after tax return on common
shareholders' equity
(2020: 11.0%)

CHF 22

Proposed dividend
per share
(2020: CHF 20)

¹ Estimated Swiss Solvency Test ratio (SST) ratio, calculated based on the Group's internal model 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.

Strong performance

Full-year 2021 business operating profit (BOP) was USD 5.7 billion, an increase of 35 percent compared with USD 4.2 billion in 2020. Growth was driven by an underlying improvement across all businesses and reduced claims from COVID-19, which more than offset higher levels of natural catastrophe and weather-related claims.

Net income after tax attributable to shareholders was USD 5.2 billion, an increase of 36 percent compared with the prior-year period. This reflects the improvement in BOP, supported by higher levels of realized capital gains.

The Group's capital position is very strong. The Swiss Solvency Test (SST)¹ ratio was estimated at 212 percent, an increase of 31 percentage points over the prior year and well in excess of the Group's target for an SST ratio of 160 percent or above. The planned sale to GamaLife of a life and pension back book in Italy, which we announced in January 2022, is expected to add 11 percentage points to the Group's SST ratio. The transaction, which demonstrates our commitment to improving capital utilization across our life back book, is expected to be completed in the second half of the year, subject to regulatory approval.

Property & Casualty

Property & Casualty BOP of USD 3.1 billion was 50 percent higher than in the previous year. The result benefited from a combined ratio of 94.3 percent, which was 4.1 percentage points below the previous-year period. The reduction was driven by an underlying increase in underwriting profitability, as higher prices fed into the results, increased reserve releases, as well as an improved net impact from COVID-19, more than offsetting the impact of higher catastrophe and weather-related claims.

The Group achieved price increases of 7 percent in the year, driven by commercial insurance across all regions, with the level of price increases well above claims cost inflation.

Life

The Group's Life business delivered a strong performance over 2021, with continued focus on the execution of its long-term strategy to grow protection and capital-light savings products. Full-year BOP of USD 1.8 billion was up 27 percent compared with the prior-year period, due to improved margin, profitable growth and favorable investment return.

Life new business annual premium equivalent (APE) sales returned to growth, with a 5 percent increase on a like-for-like² basis. The rise in sales reflects favorable growth momentum in unit-linked and protection products.

Farmers

Gross written premiums of the Farmers Exchanges³ increased 20 percent in the year. Excluding the contribution of the MetLife U.S. P&C transaction, which closed at the beginning of April 2021, gross written premiums increased 7 percent. The Farmers Exchanges³ combined ratio increased 3.6 percentage points to 104.3 percent, mainly driven by an increase in losses due to higher severity. This was partially offset by lower expenses.

Farmers BOP of USD 1.6 billion was 8 percent higher compared with the prior-year period. A 12 percent increase in BOP at Farmers Management Services (FMS) was offset by higher mortality in the life business, including USD 121 million of claims related to COVID-19 and a small loss at Farmers Re.

A strong franchise

Throughout 2021, the Group continued to advance its customer-focused strategy, increasing the use of customer insights to improve their experience. This is reflected in continued improvements in customer satisfaction (as measured by net promoter system scores) in most of the Group's retail markets.

These improvements, together with demand through partnership distribution channels, supported further growth in the number of retail customers⁴ by 2.2 million to 55.4 million, despite ongoing uncertainty from the pandemic.

² Like-for-like comparisons represent the change in local currencies and are adjusted for the SME portfolio transfer of CSS Versicherung AG in Switzerland, the portion of Adira Insurance business in Indonesia written in 2019 after the deal completion in November 28, 2019, but booked in 2020, the sale of the UK retail wealth business, the sale of group life business in the U.S., the acquisition of the MetLife U.S. P&C business, and the reclassification of Zurich Global Employee Benefit Solutions from Life to Zurich Global Ventures in Group Functions and Operations.

³ 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.

⁴ Based on 8 retail markets, i.e., Australia, Brazil, Germany, Japan, Italy, Santander JV, Spain, Switzerland.

Technology is also playing a critical role in maintaining Zurich's position as a provider of choice. Through the acquisition of AlphaChat, which provides conversational artificial intelligence (AI) technology for customer service automation, Zurich is strengthening the foundations for improving customer experience, streamlining interactions and meeting increasing, round-the-clock demand for personalized products and services.

With many customers in the U.S. and Europe impacted by extreme weather, Zurich provided consistent and proactive help. In Germany, for example, employees volunteered in the affected areas and led fundraising campaigns that collected 1 million euros in aid.

Sharpening our focus on sustainability

The extreme weather events of 2021 again highlight the pressing need to take collective action to address climate change. The insurance industry has a natural alignment with the sustainability agenda, and we are particularly proud of our work in this area throughout the past year as we continue to reinforce Zurich's leadership position.

The Group has established ambitious decarbonization goals for its operations and investment portfolios and has strengthened its ambition to reduce exposure to the industries that emit the most CO₂. Zurich will fully phase out thermal coal from its insurance portfolio by 2030 in the developed world and by 2040 in emerging economies and will no longer underwrite new greenfield oil exploration.

Employee satisfaction remains at its highest level since 2017, thanks in part to the support provided to employees during the ongoing pandemic and the Group's long-term goal to enhance training, provide career opportunities and increase diversity. As part of this priority, Zurich joined the 'The Valuable 500' – a global initiative that puts disability inclusion firmly on the agenda of businesses and their senior management.

The Z Zurich Foundation, a charitable foundation funded by various Group members, led the biggest fundraising campaign since its establishment in 1973, raising enough for UNICEF (the United Nations Children's Fund) and ACT-A/COVAX to deliver two doses of COVID-19 vaccine to more than 1.7 million people.

Board nomination

The Board of Directors will propose the election of Peter Maurer to the Board at Zurich's Annual General Meeting on April 6, 2022. Mr. Maurer has served as President of the International Committee of the Red Cross (ICRC) for the past 10 years. Prior to that, he had a career in the Swiss diplomatic service, with roles including Secretary of State for Foreign Affairs and Swiss Ambassador to the United Nations. Once elected, Mr. Maurer will assume his role on Zurich's Board as of October 1, 2022, after having stepped down from his position at the ICRC.

Looking ahead

In November 2022, we will chart our course for the next three years, setting targets for a new strategic cycle. As we take stock of how far Zurich has come, we feel optimistic about the business's momentum, the skills and enthusiasm of our people and the opportunities that lie ahead of us.

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 06, 2022

Dividend payable from

April 12, 2022

Half-year results

August 11, 2022

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 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 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.

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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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