

Dear Shareholder,

We are pleased to report that Zurich delivered one of its strongest ever first-half results, with a strong rebound in profit despite elevated levels of natural catastrophes. With growth in all businesses, our results show that Zurich is healthy, sustainable, and well positioned for the future. This is a historic performance in challenging times and we remain on track to achieve our 2022 targets.

Zurich Insurance Group (Zurich) business operating profit (BOP) rose 60 percent to USD 2.7 billion in the first six months of 2021, compared with USD 1.7 billion in the same period of 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.

Our first-half performance is the result of the focused execution of our strategy, with contributions from all parts of the business. Our combined ratio in property and casualty insurance, now at its lowest in more than 20 years, is testament to the improvements made to underwriting since 2016. And we added more than 600,000 retail customers during a period of continued uncertainty and restrictions related to the pandemic.

USD 2.7bn

Business operating profit
(June 30, 2020: USD 1.7bn)

USD 2.2bn

Net income attributable
to shareholders
(June 30, 2020: USD 1.2bn)

206%

Swiss Solvency Test ratio¹
(December 31, 2020: 182%)

13.0%

Business operating profit
after tax return on common
shareholders' equity
(June 30, 2020: 8.5%)



Michel M. Liès
Chairman of the Board
of Directors



Mario Greco
Group Chief Executive
Officer

In our Life business, margins improved as we continued to focus on protection and capital-light savings products, while the Farmers Exchanges² benefited from efforts to diversify and strengthen distribution channels.

Net income after tax attributable to shareholders was USD 2.2 billion, an increase of 86 percent compared with the prior-year period. This reflects the improvement in BOP, supported by higher levels of realized capital gains.

We reported a very strong capital position with the Group's Swiss Solvency Test (SST) ratio estimated at 206 percent¹, well above the Group's target for an SST ratio of 160 percent or above.

Property & Casualty

Property & Casualty (P&C) BOP more than doubled to USD 1.6 billion in the first half compared with the prior-year period. The Group achieved a combined ratio of 93.9 percent, the lowest level in more than 20 years and six percentage points below the prior-year period, despite higher-than-normal catastrophe and weather-related claims. The reduction was driven by an underlying improvement in underwriting profitability, as higher prices feed into the results, as well as a favorable net impact from COVID-19 compared with the adverse impact recorded in the prior-year period.

Gross written premiums grew 12 percent on a like-for-like basis³, adjusting for currency movements, acquisitions, and disposals, with growth in both retail and commercial insurance. All regions contributed to growth.

The Group achieved price increases of about 8 percent in the first half, with most regions seeing a higher level of increases compared with the previous year. Price increases were driven largely by commercial insurance and were well above claims cost inflation.

Life

First-half BOP of USD 802 million was up 44 percent compared with the prior-year period, despite a slightly higher impact from COVID-19 of USD 137 million.⁴ On a like-for-like³ basis, Life BOP improved by 31 percent, driven by higher fee revenues and investment results, and improved claims experience excluding COVID-19, mainly in APAC and EMEA.

Life new business annual premium equivalent (APE) sales returned to growth, with an 11 percent increase on a like-for-like³ basis. The rise in sales reflects favorable growth momentum in unit-linked business and protection products. Together with the corporate savings business, these products accounted for 90 percent of APE sales over the first half of the year.

Farmers

Farmers BOP of USD 778 million was flat compared to the prior-year period. A 10 percent increase in BOP at Farmers Management Services (FMS) was offset by higher mortality in the life business, including USD 42 million⁴ of claims related to COVID-19 and a small loss at Farmers Re.

Gross written premiums of the Farmers Exchanges² increased 16 percent in the first half of the year. Excluding the contribution of the MetLife transaction, which closed at the beginning of April 2021, gross written premiums increased 7 percent.

FMS management fees and other related revenues increased 11 percent compared with the prior year. This was mainly driven by growth in the fee base following the MetLife acquisition.

Senior appointments

In July, Group Chief Investment Officer Urban Angehrn stepped down from his role following his appointment as Chief Executive Officer of the Swiss Financial Market Supervisory Authority FINMA. We would like to thank Mr. Angehrn for his long-standing service and for the key role he played in helping Zurich become a leading responsible investor. Group Chief Risk Officer Peter Giger has assumed the additional responsibilities of Group Chief Investment Officer on an interim basis until a successor for Mr. Angehrn has been identified.

In March, we announced the appointment of Sierra Signorelli, formerly Group Chief Underwriting Officer, to the role of Chief Executive Officer for Commercial Insurance and a member of the Executive Committee. Ms. Signorelli succeeded James Shea, who decided to leave Zurich to pursue opportunities outside the company and whom we thank for his dedication and contribution to our business.

Doing the right thing

This year's extreme weather events – from winter storms in the southern United States to the more recent flooding in South East Asia and Europe – underscore society's vulnerability to the risks of climate change and the need for businesses to take action.

We are supporting our customers with new services to improve resilience to climate risks and are acting to mitigate the climate impact of our activities. In March, we announced intermediate emissions targets for our operations and investments in real estate, corporate credit and equities, as we set the Group on a course to achieve net-zero emissions by 2050. Further, Zurich became a founding member of the Net-Zero Insurance Alliance, which aims to define a methodology to measure emissions from underwriting portfolios.

As part of these commitments to tackling climate change, we are also planning new actions to reduce emissions related to travel, vehicle fleets, paper, food and real estate.

We continued to support customers, colleagues and communities through the challenges of the pandemic. The Group contributed to government campaigns to accelerate COVID-19 vaccination by setting up vaccination centers for employees in several countries in Asia, Europe and the Americas.

To champion the need to provide equal access to COVID-19 vaccines worldwide, the Z Zurich Foundation⁵ pledged to support UNICEF's global efforts to help deliver COVID-19 vaccines to low- and middle-income countries. The campaign, which began in April, will run until the end of the year. As of June 30, the amount raised will help UNICEF deliver over 2.5 million vaccine doses to the most vulnerable.

Looking ahead

As economies emerge from the COVID-19 pandemic, Zurich is fitter, faster, and more resilient than ever. Our work in the last five years to simplify and strengthen the business, combined with the continuing upturn in commercial insurance pricing, positions us well for the future.

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

**Update for the nine
months ended
September 30, 2021**
November 11, 2021

Annual results 2021
February 10, 2022

**Annual General
Meeting 2022**
April 6, 2022

Note: all dates are subject to change

¹ Estimated Swiss Solvency Test (SST) ratio, calculated based on the Group's internal model approved by the Swiss Financial Market Supervisory Authority FINMA.

² 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.

³ 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 on 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 Global Business Platforms in Group Functions and Operations.

⁴ Based on current assessments, subject to some degree of uncertainty considering the continuing nature of the event.

⁵ The Z Zurich Foundation is a charitable foundation funded by various members of the Group. It is the main vehicle by which the Group delivers on its global community investment strategy.

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.

Contact information

Registered Office

Zurich Insurance Group Ltd
Mythenquai 2, 8002 Zurich,
Switzerland

For more information please visit:

[www.zurich.com/
shareholder-area](http://www.zurich.com/shareholder-area)

[www.zurich.com/en/
investor-relations/calendar](http://www.zurich.com/en/investor-relations/calendar)