

News Release

December 11, 2020



Zurich and Farmers Exchanges to buy MetLife's property and casualty business in U.S.

- **Zurich subsidiary Farmers Group, Inc. and Farmers Exchanges¹ agree to acquire MetLife's U.S. property and casualty business for USD 3.94 billion²**
- **Transaction to give Farmers Exchanges¹ nationwide presence and access to new distribution channels that provide strong platform for accelerated growth**
- **Purchase to further increase Zurich's stable, fee-based earnings streams and add to earnings from first full year after completion**
- **Acquisition expected to support delivery of Zurich's growth targets for 2022**

Zurich Insurance Group (Zurich) subsidiary Farmers Group, Inc. (FGI) has agreed to acquire MetLife's property and casualty (P&C) business in the U.S. together with the Farmers Exchanges¹ for USD 3.94 billion². Zurich will contribute USD 2.43 billion through FGI and the Farmers Exchanges¹ USD 1.51 billion.

The transaction gives the Farmers Exchanges¹ a truly nationwide presence and access to new distribution channels with the potential to accelerate growth. This includes a 10-year exclusive distribution agreement through which the Farmers Exchanges¹ will offer their personal lines products on MetLife's industry-leading U.S. Group Benefits platform, which today reaches 3,800 companies and 37 million employees.

Farmers Exchanges¹ expects to become the sixth-largest personal lines insurer in the U.S. with access to MetLife's network of agents. The business to be acquired includes 2.4 million policies, USD 3.6 billion net written premiums in 2019 and 3,500 employees.

"The acquisition significantly increases the potential for growth at the Farmers Exchanges and will further boost the share of Zurich's profits linked to stable fee-based earnings," said Zurich Group Chief Executive Officer Mario Greco. "Together with the continued increase in rates in commercial insurance, this transaction will strengthen our ability to achieve our 2022 targets."



”The acquisition of MetLife’s P&C business is a unique opportunity to accelerate growth and to achieve a significant presence in all 50 states,” said Jeff Dailey, Chief Executive Officer of Farmers Group, Inc. “MetLife’s distribution channels complement the Farmers Exchanges’ existing strength in the exclusive agent channel, deepen their presence in the fast-growing independent agent channel and provides entry into the worksite marketing channel via a leading platform, with the 10-year exclusive distribution agreement through MetLife Group Benefits.”

The acquisition is expected to contribute to Zurich’s earnings from the first full year after completion and is expected to deliver Zurich a return on investment of approximately 10% from 2023.

Zurich expects to fund Farmers Group, Inc.’s portion of the acquisition through a roughly equal combination of internal resources and hybrid debt. Following the transaction, Zurich’s capital position is expected to remain strong with the pro-forma Swiss Solvency Test ratio³ as of September 30, 2020, at around 190%.

Completion of the transaction is subject to regulatory approvals and is anticipated to occur in the second quarter of 2021. The purchase price is subject to certain adjustments.

¹ Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Zurich Insurance Group, provides certain non-claims services and ancillary services to the Farmers Exchanges as its attorney-in-fact and receives fees for its services.

² As part of the transaction, FGI acquires 100% of the MetLife U.S. P&C business and immediately sells the U.S. P&C business less certain assets and liabilities to the Farmers Exchanges. Further details of the structure of the transaction are available on slide 5 of an investor presentation on our website.

³ Estimated Swiss Solvency Test ratio, after application of standard yield curves as allowed by FINMA.

Further information

An investor presentation will be available from 06:00 CET on our [webpage](#).



Q&A session for media

There will be a conference call Q&A session for media starting at 08:30 CET. Media may dial in using the details provided below.

Q&A session for analysts and investors

There will be a conference call Q&A session for analysts and investors starting at 13:00 CET. Media may listen in.

Dial-in numbers for both Q&A sessions

Switzerland	+41 58 310 50 00
UK	+44 207 107 0613
U.S.	+1 631 570 5613

Zurich Insurance Group (Zurich) is a leading multi-line insurer that serves its customers in global and local markets. With about 55,000 employees, it provides a wide range of property and casualty, and life insurance products and services in more than 215 countries and territories. Zurich's customers include individuals, small businesses, and mid-sized and large companies, as well as multinational corporations. The Group is headquartered in Zurich, Switzerland, where it was founded in 1872. The holding company, Zurich Insurance Group Ltd (ZURN), is listed on the SIX Swiss Exchange and has a level I American Depositary Receipt (ZURVY) program, which is traded over-the-counter on OTCQX. Further information about Zurich is available at www.zurich.com.

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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 Farmers 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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