News Release

February 11, 2021

BOP down 20% with strong rebound in second half; Strong commercial insurance performance and record-high customer satisfaction

- **Business operating profit (BOP) of USD 4.2 billion, down 20%, driven by COVID-19-related impact and higher catastrophe losses**
- **Property & Casualty (P&C) claims related to COVID-19, net of reduced claims frequency, unchanged at USD 450 million. Overall COVID-19 impact on Group including life and other business of USD 852 million[1]**
- **Strong performance in commercial insurance, leaving Group well placed to benefit further from improved prices**
- **Customer and employee satisfaction rise to record high, reflecting quick adaptation to new ways of providing services and protecting employees**
- **Net income attributable to shareholders USD 3.8 billion, down 8%**
- **Capital position remains strong with Swiss Solvency Test (SST) ratio at 182%[2], new SST target[3] of 160% or above**
- **Stable proposed dividend of CHF 20 per share**

Zurich Insurance Group (Zurich) reported a decline in profit for the full year 2020, with the first half impacted by COVID-19 and a return to growth in the second half. Throughout the year, Zurich focused on supporting customers and colleagues, earning their trust and achieving record levels of satisfaction.

Group Chief Executive Officer Mario Greco said: “Our results confirm the strength of our business, the agility of our people and the timeliness of our digital strategy. We kept our business fully operational throughout the year and our actions underlined our strong sense of social responsibility.

We stayed closer to our customers than ever before, helping them beyond our contractual obligations, including refunds and discounts, waiving exclusions for pandemics, adjusting premiums, suspending cancellations and working with them to change payment plans or providing tenants with partial rent relief.

Together with the Z Zurich Foundation, we assisted front-line medical teams, supported production of hospital ventilators and continued to support charities caring for the vulnerable as donations were drying up due to the crisis.

We acted as a responsible employer, protecting our people and their families with free health benefits, including COVID-19 hospitalization coverage, testing and flu vaccinations, and will extend this to COVID-19 vaccination as it becomes more widely available.

At the same time, we continued fighting climate change, including through impact investing, new resilience services for commercial customers and the Zurich Forest, a project in Brazil to restore a biodiverse habitat and mobilize employees for climate action. More than 100,000 seedlings have already been planted.

Our business performed well, with strong growth in commercial insurance. And we continued to execute against strategic priorities. Our achievements include the renewal of our distribution partnership with Deutsche Bank, the creation of Global Business Platforms to drive innovation, and the Farmers agreement to acquire MetLife's property and casualty business in the U.S., which lays the foundations for further growth.

I am proud of the way we acted in 2020 and the results we achieved, and looking ahead I'm confident in the strength of our business, our strategy and our employees to deliver on our goals."

Select financial highlights (unaudited)
(For a more comprehensive set of financial highlights see page 9)

in USD millions, for the 12 months ended December 31, unless otherwise stated	2020	2019	Change in USD[4]
Business operating profit (BOP)	**4,241**	5,302	(20%)
Net income after tax attributable to shareholders (NIAS)	**3,834**	4,147	(8%)
Business operating profit (after tax) return on common shareholders' equity (BOPAT ROE)	**11.0%**	14.2%	(3.3pts)

Full-year 2020 business operating profit (BOP) was USD 4.2 billion, a decline of 20% compared with USD 5.3 billion in 2019. The COVID-19-related impact was USD 852 million[1], 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% compared with the prior year. This reflects the decline in business operating profit, which was partially offset by higher levels of realized capital gains.

Building trust and driving digital transformation

In the face of the pandemic, the Group's 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 the Group's risk engineers.

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

Further, the Group 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 the year.

Well positioned to benefit from improved commercial pricing

Commercial insurance gross written premiums, which make up around two-thirds of the Group's P&C premiums, grew by 7% on a like-for-like basis[6] in 2020. This was supported by significant rate increases in North America and Europe, as well as by improved customer retention. These trends led to a further improvement in underlying profitability, adjusted for COVID-19 and catastrophes. 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 claims related to COVID-19, net of reinsurance and related reductions in claim frequency, were USD 450 million for the full year, in line with the level reported at the first half of the year.

Delivering on environmental and societal ambitions

In line with the ambition to become one of the most responsible and impactful businesses in the world, Zurich took a range of initiatives to progress its environmental, social and governance (ESG) strategy.

The Group launched the Zurich Forest, a program sponsoring the not-for-profit organization Instituto Terra to plant one million seedlings and restore biodiversity across 1,730 acres of Brazil's Atlantic Forest. New services were also launched to support customers with the transition to a low-carbon economy.

Zurich rapidly rolled out initiatives to provide employees with the skills to manage a changing work environment, introducing work-from-home policies, ensuring close communication and providing support for wellbeing and mental health. The proactive response to protect employees through the pandemic led to record levels of employee satisfaction.

Additionally, to ease financial concerns during difficult times, a special one-time payment related to the COVID-19 situation will be made to the lowest-paid employees in each country across the Group.

In recognition of the delivery of the Group's ESG strategy, Zurich was recognized as the number one insurer in the Dow Jones Sustainability Indices, while retaining leading ratings from a range of other ESG-focused organizations.

Business performance

Property & Casualty

in USD millions, for the 12 months ended December 31, unless otherwise stated	2020	2019	Change in USD[4]	Change like-for-like[4,6]
P&C gross written premiums and policy fees	**35,518**	34,184	4%	4%
P&C business operating profit (BOP)	**2,080**	2,878	(28%)	(27%)
P&C combined ratio	**98.4%**	96.4%	(2.0pts)	

- **Property & Casualty (P&C) results demonstrate a strong underlying performance with growth in gross written premiums and higher pricing**

Gross written premiums grew 4% in U.S. dollars and on a like-for-like basis[6], adjusting for currency movements, acquisitions and disposals. Growth was primarily driven by commercial insurance in Europe, Middle East and Africa (EMEA) and North America.

The Group achieved price increases of about 8% overall, with higher increases across all regions compared with the previous year, driven by commercial insurance. Notably, commercial insurance premium rates increased 17% in North America, with most lines of business seeing significant increases. In EMEA, price increases in commercial insurance also accelerated and continued to broaden across the region during the year, having been led by the UK.

P&C BOP of USD 2.1 billion was USD 797 million lower than in the prior year. 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.

The combined ratio of 98.4% was 2.0 percentage points higher year-on-year. The deterioration was entirely driven by the impact of COVID-19 and the higher level of catastrophes, while the underlying performance improved by around 2.6 percentage points.

Life

in USD millions, for the 12 months ended December 31, unless otherwise stated	**2020**	**2019**	**Change in USD[4]**	**Change like-for-like[4,6]**
Life gross written premiums, policy fees and insurance deposits	**27,616**	33,479	(18%)	(4%)
Life business operating profit (BOP)	**1,423**	1,486	(4%)	(3%)
Life new business annual premium equivalent (APE)	**3,625**	4,331	(16%)	(7%)
Life new business margin, after tax (as % of APE)	**25.1%**	25.8%	(0.8pts)	(2.3pts)
Life new business value, after tax	**788**	976	(19%)	(16%)

- **Recovery in Life BOP growth in second half of the year; focus on protection and capital-light savings business continues**

Life business operating profit (BOP) for 2020 was USD 1.4 billion, USD 63 million below the prior year on a reported basis. Excluding USD 173 million[1] of COVID-19-related items, business operating profit was 7% above the prior-year level.

The protection, unit-linked and corporate savings business accounted for 88% of new business production. The long-term strategy of focusing on protection and capital light savings business continues to position the Group's life business well for the prevailing low-yield environment.

Life new business annual premium equivalent (APE) sales decreased 7% on a like-for-like basis[6], adjusting for currency movements, acquisitions and disposals. The decline in sales was largely driven by government-imposed restrictions related to the COVID-19 outbreak and expected reductions in several markets from exceptional levels in 2019. On a reported basis APE was 16% lower.

New business value (NBV) decreased 16% on a like-for-like basis[6], driven by lower new business volumes, unfavorable economic assumption changes due to lower yields in EMEA and operating assumption changes impacting mainly Australia and Japan. On a reported basis NBV declined 19%.

The new business margin remained on an attractive level at 25.1% as reported or 24.9% on a like-for-like basis. [6]

Farmers

in USD millions, for the 12 months ended December 31, unless otherwise stated	**2020**	**2019**	**Change in USD[4]**
Farmers Exchanges[5]			
Gross written premiums	**20,108**	20,656	(3%)
Gross earned premiums	**20,109**	20,441	(2%)
Combined ratio	**100.7%**	100.0%	(0.7pts)
Surplus ratio	**43.3%**	41.5%	1.8pts
Farmers			
Farmers business operating profit (BOP)	**1,501**	1,707	(12%)
Farmers Management Services (FMS) management fees and related revenues	**3,703**	3,780	(2%)
Farmers Life annual premium equivalent (APE)	**75**	82	(9%)
Farmers Life new business value (NBV)	**121**	93	31%

- **Stable gross written premiums at Farmers Exchanges[5] before customer rebates; rebates drive lower fees at Farmers**

Gross written premiums of the Farmers Exchanges[5] were broadly stable at an underlying level, before COVID-19-related premium credits and lower volumes of commercial rideshare business, which were impacted by lockdown measures across U.S. states in response to the pandemic. The Farmers Exchanges'[5] combined ratio increased 0.7 percentage points to 100.7% mainly driven by a 3.7 percentage-point increase in catastrophe losses partially offset by frequency reductions. The surplus ratio increased 1.8 percentage points to 43.3% due to the strong performance of financial markets over the second half of the year.

In December, Zurich subsidiary Farmers Group, Inc. and the Farmers Exchanges[5] agreed to acquire MetLife's property and casualty business in the U.S., a transaction that is expected to be completed in the first half of 2021. The transaction gives the Farmers Exchanges[5] a truly nationwide presence and access to new distribution channels with the potential to accelerate growth.

It will deepen the presence of the Farmers Exchanges[5] in the independent agent channel and provides entry into the worksite marketing channel through a 10-year exclusive distribution agreement through MetLife Group Benefits.

Farmers BOP of USD 1.5 billion was USD 206 million lower than in the prior year. 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 Exchanges[5] and lower investment income as a result of decreasing investment yields at Farmers Management Services.

Farmers Management Services (FMS) management fees and other related revenues decreased 2% compared with the prior year. This was mainly driven by reduced fee revenues as a result of the premium credits to customers at the Farmers Exchanges[5] in the first half of the year.

Farmers Life new business APE was 9% lower than in the prior-year period, while new business value increased 31% mainly driven by lower swap rates.

Group Functions & Operations had net expenses of USD 709 million, which was USD 7 million lower than in the prior-year period. The improvement was driven by a reduction in Holding and Financing costs due to lower interest expenses. This was partially offset by an increase in headquarter expenses compared with the prior-year period as a result of investments in innovative new business propositions, and cyber security.

The Group's **Non-Core Businesses**, which comprise run-off portfolios that are managed with the intention of proactively reducing risk and releasing capital, reported an operating loss of USD 54 million. This was driven by adverse developments in a legacy life portfolio as a result of the COVID-19 outbreak.

The **net investment result on Group investments**, which includes net investment income, realized net capital gains, and losses and impairments, contributed USD 6.9 billion to the Group's total revenues, down 6% on the prior-year period. The net return on Group investments was 3.4%.

Shareholders' equity increased by USD 3.3 billion mainly driven by an increase of USD 1.8 billion in net unrealized gains and net income of USD 3.8 billion, partly offset by the payment of the Group dividend of USD 3.1 billion in the second quarter. Other items including foreign currency translation adjustments contributed a further USD 0.7 billion to shareholders' equity for FY-20.

The Group estimates its year-end solvency based on the Swiss Solvency Test (SST) at 182%.[2] The Group has revised its nine-month estimate of the SST ratio from 193% to 185%. The revision is primarily attributable to a change in the process in the fourth quarter that improved the accuracy of the estimate. Over the quarter, positive developments from operating earnings and financial markets were more than offset by a combination of increased capital consumption in anticipation of higher expected growth over 2021, underlying assumption changes and the fourth-quarter accrual of the Group's dividend.

As communicated at the time of the nine-month update, the Group will focus on the SST for communicating on solvency going forward. The Group will target a ratio based on the SST of 160 percent or above.[3]

[1] Based on current assessments, subject to some degree of uncertainty considering the continuing nature of the event.
[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] 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, see slide 33 of the Group's FY-20 Investor & Media presentation.
[4] Parentheses around numbers represent an adverse variance.
[5] 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.
[6] In local currencies and adjusted for closed acquisitions and disposals.

ZURICH

Financial highlights (unaudited)

The following table presents the summarized consolidated results of the Group for the twelve months ended December 31, 2020, and December 31, 2019, and the financial position as of December 31, 2020, and December 31, 2019, respectively. All amounts are shown in U.S. dollars and rounded to the nearest million unless otherwise stated, with the consequence that the rounded amounts may not add up to the rounded total in all cases. All ratios and variances are calculated using the underlying amounts rather than the rounded amounts. This document should be read in conjunction with other financial reports published by Zurich Insurance Group on zurich.com. In addition to the figures stated in accordance with International Financial Reporting Standards (IFRS), the Group uses business operating profit (BOP), new business measures and other performance indicators to enhance the understanding of its results. Details of these measures are set out in the separately published Glossary. These should be viewed as complementary to, and not as substitutes for the IFRS figures.

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Life new business annual premium equivalent (APE)[2]	**3,625**	4,331	(16%)
Life new business margin, after tax (as % of APE)[2]	**25.1%**	25.8%	(0.8pts)
Life new business value, after tax[2]	**788**	976	(19%)
Farmers business operating profit (BOP)	**1,501**	1,707	(12%)
Farmers Management Services management fees and related revenues	**3,703**	3,780	(2%)
Farmers Management Services managed gross earned premium margin	**6.8%**	7.0%	(0.2pts)
Farmers Life new business annual premium equivalent (APE)[2]	**75**	82	(9%)
Average Group investments[3]	**204,639**	190,237	8%
Net investment result on Group investments[3]	**6,950**	7,391	(6%)
Net investment return on Group investments[3,4]	**3.4%**	3.9%	(0.5pts)
Total return on Group investments[3,4]	**6.4%**	8.2%	(1.8pts)
Shareholders' equity	**38,278**	35,004	9%
Swiss Solvency Test[5]	**182%**	222%	(40pts)
Diluted earnings per share (in CHF)	**23.98**	27.51	(13%)
Book value per share (in CHF)	**228.04**	228.95	(0%)
Return on common shareholders' equity (ROE)[6]	**13.0%**	14.4%	(1.3pts)
Business operating profit (after tax) return on common shareholders' equity (BOPAT ROE)[6]	**11.0%**	14.2%	(3.3pts)

1 Parentheses around numbers represent an adverse variance.
2 Details of the principles for calculating new business are included in the embedded value report in the annual report 2020. New business value and new business margin are calculated after the effect of non-controlling interests, whereas APE is presented before non-controlling interests.
3 Including investment cash.
4 Calculated on average Group investments.
5 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. The ratio as of January 1, 2020, has been re-calculated on the same basis for disclosure purposes in order to allow better comparison.
6 Shareholders' equity used to determine ROE and BOPAT ROE is adjusted for unrealized gains/(losses) on available-for-sale investments and cash flow hedges.

Further information

Supplemental financial information and written comments to accompany the investor presentation will be available from 06:45 CET on our webpage.

The Annual Report 2020, with detailed information about Zurich's financial performance, will be published on Zurich's webpage on March 12, 2021.

Q&A session for media

There will be a conference call Q&A session for media starting at 08:30 CET with Group Chief Executive Officer Mario Greco and Group Chief Financial Officer George Quinn. Media may dial in using the details provided below. The call will be held in English. Please dial in approximately 10 minutes prior to the start of the conference call.

Switzerland	+41 58 310 50 00
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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. A podcast of this Q&A session will be available from 17:00 CET.

Participants who wish to attend the Live Q&A session will need to register ahead of the call under this link Zurich Q&A call registration and follow the on screen instructions. Following registration, you will receive details of the call, together with your personal access details (PIN) for the event by email. At the time of the event, you will need to choose the dial in number and call it, enter the Passcode of the Event (9638451#) and your personalized Pin followed by the # sign.

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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