



# Financial Condition Report 2024

# Zurich Insurance Company Ltd

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The information published in this report is consistent with the information published in the Annual Reports 2024 of Zurich Insurance Group and Zurich Insurance Company Group, as well as the regulatory reporting of Zurich Insurance Company Ltd for the year 2024, including the regulatory reporting to the Swiss Financial Market Supervisory Authority FINMA (FINMA) on the Swiss Solvency Test, in accordance with Art. 25 ISA and Art. 50 ISO. While the financial statements and the information therein were subject to audit by the statutory auditor of Zurich Insurance Company Ltd, Ernst & Young Ltd (see Appendix 2), there was no external audit or review of this report.

Please further note that while this report has been filed with FINMA, FINMA has not reviewed the report.

# Zurich Insurance Company Ltd (continued)

## Overview

### Business profile

Zurich Insurance Company Ltd (ZIC or the Company) is the main operating carrier of Zurich Insurance Group (Zurich or the Group). Zurich is a global multi-line insurer serving people and businesses in more than 200 countries and territories. With more than 63,000 employees, it provides a wide range of property and casualty and life insurance products and services.

The results of ZIC include the direct Property & Casualty (P&C) and assumed P&C and Life insurance business in Switzerland. ZIC operates in Europe, Middle East & Africa, North America and Asia Pacific through its main branches located in United Kingdom, Canada, Japan and Hong Kong as well as assumed P&C and Life reinsurance business from its subsidiaries and the Farmers Exchanges<sup>1</sup>.

Total gross written premiums and policy fees

**CHF 27.5bn**

Net income after taxes

**CHF 3.0bn**

Net investment result

**CHF 4.8bn**

### Risk profile

Zurich identifies, assesses, manages, monitors and reports risks that have an impact on the achievement of its business strategy and objectives by applying its proprietary Total Risk Profiling™ methodology.

The methodology allows Zurich to assess risks in terms of severity and likelihood and supports the definition and implementation of mitigating actions.

### System of governance and enterprise risk management

Good corporate governance enables ZIC to create sustainable value for its shareholder, customers, employees and other stakeholders.

Zurich's Enterprise Risk Management framework supports the achievement of Zurich's strategy and helps protect capital, liquidity, earnings, and reputation across all of its entities, including ZIC.

### Financial condition

ZIC's balance sheet remains very strong. As of December 31, 2024 the insurance financial strength rating of ZIC was 'AA/Stable' by Standard and Poor's Global Ratings, 'Aa2/stable' by Moody's, and 'A+(Superior)/Stable' by A.M. Best.

Shareholder's equity (statutory accounts)

**CHF 19.5bn**

Swiss Solvency Test (SST) ratio for ZIC Group as of December 31, 2024

**SST 234%**

Standard and Poor's financial strength rating as of December 21, 2024

**AA/Stable**

<sup>1</sup> Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Group, and certain of its subsidiaries, provide certain non-claims and ancillary services to the Farmers Exchanges as their attorney-in-fact and receive fees for their services.

## Acronyms

AG	Aktiengesellschaft (stock company)
AGM	Annual General Meeting
APAC	Asia Pacific
Board	Board of Directors
BEL	best estimate liability
bn	billion
BS	Balance Sheet
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHF	Swiss franc
CRO	Chief Risk Officer
CSM	contractual service margin
EMEA	Europe, Middle East & Africa
ERM	Enterprise Risk Management
ExCo	Executive Committee
EY	Ernst & Young Ltd
FCR	Financial Condition Report
FINMA	Swiss Financial Market Supervisory Authority FINMA
Group	Zurich Insurance Group Ltd and its subsidiaries
IACF	insurance acquisition cash flows
ICR	issuer credit rating
ISA	Swiss Insurance Supervision Act
ISO	Swiss Insurance Supervision Ordinance
LRC	liability for remaining coverage
Ltd	company limited by shares
MCBS	market-consistent balance sheet
MVM	market value margin
Nat Cat	natural catastrophes
P&C	property and casualty
SFCR	Solvency and Financial Condition Report
SR	Sustainability Report
SST	Swiss Solvency Test
TRP	Total Risk Profiling™
TCFD	Financial Stability Board's Taskforce on Climate-related Financial Disclosure
UK	United Kingdom
UPR	unearned premium reserves
U.S.	United States
USD	United States dollar
WAQS	Whole Account Quota Share
Z-ECM	Zurich Economic Capital Model
ZIC Group	Zurich Insurance Company Ltd and its subsidiaries
ZIC	Zurich Insurance Company Ltd
Zurich	Zurich Insurance Group Ltd and its subsidiaries

# Introduction

## How to read the report

The financial condition report of ZIC is prepared in compliance with Art. 25 ISA and FINMA's Circular 2016/2 'Disclosure – insurers' (FINMA circular).

The report focuses on the 2024 financial year, and should be read in conjunction with the ZIC Group's Annual Report 2024 (available on [www.zurich.com/investor-relations/results-and-reports/other-statutory-filings](http://www.zurich.com/investor-relations/results-and-reports/other-statutory-filings)). Wherever applicable, this report also makes reference to the Zurich Insurance Group's Annual Report (available on [www.zurich.com/investor-relations](http://www.zurich.com/investor-relations)) or the ZIC Group's Annual Report for more information.

This report is prepared on a consolidated basis, using a look-through approach that captures the entire ZIC Group. With this approach:

- ZIC evaluates assets and liabilities of subsidiaries and participations by 'looking through' to their balance sheets. This view is possible as subsidiaries are wholly owned and deliver detailed information about the risk profile and valuation of these assets and liabilities (e.g., an equity exposure held in the balance sheet of a subsidiary is presented in the 'equity' line in the consolidated ZIC Group balance sheet, and therefore subsidiaries are not presented under 'investments in subsidiaries'),
- ZIC aggregates assets and liabilities by type or line items to create a consolidated view.

The consolidated, look-through approach results, in particular under the Swiss Solvency Test (SST), in an equivalent level of protection of policyholders and equivalent prudential outcome. Only the presentation differs, as it focuses on a ZIC Group view, rather than a ZIC legal entity view. This approach is consistent with our regulatory SST submissions to FINMA. See section E.2 for more information.

The report presents information following the structure given in the FINMA circular. It covers Zurich's business activities, performance, corporate governance and risk management, climate-related financial risks, risk profile, valuation, capital management and solvency. Quantitative information supporting the presentation of the information refers to different frameworks applicable or mandatory to the Company:

- 'Business activities' information is presented for the consolidated ZIC Group based on IFRS Accounting Standards.
- 'Performance results' are presented with Swiss statutory reporting standards as the basis for ZIC results. The disclosure is complemented with information in the quantitative reporting templates (see Appendix 1) based on the Swiss statutory reporting standards applicable to ZIC.
- The 'Risk profile' section presents information for the ZIC Group under IFRS Accounting Standards for insurance and credit risk, and a net economic asset value-based analysis of the market risk.
- 'Valuation' presents the market-consistent balance sheet (MCBS) of the ZIC Group following the SST principles. The SST MCBS is compared with the balance sheet prepared in accordance with IFRS Accounting Standards of the ZIC Group as of December 31, 2024.
- Finally, the 'solvency' section shows the regulatory capital adequacy of the Company, supported by the results of the SST.

In accordance with the ZIC Group's Annual Report 2024, the reference currency is the U.S. dollar, except for disclosures presented in accordance with Swiss statutory reporting standards for which CHF is the reference currency (i.e., section on 'Performance overview of ZIC' and related quantitative reporting templates in Appendix 1).

Risk and capital are managed at the Group, region and business unit level according to Zurich's risk and capital management framework. The principles of the Zurich's Enterprise Risk Management described in the section 'Corporate governance and risk management' and in the section 'Risk profile' are equally applicable to ZIC Group. There is no material difference between how risk and capital are managed at the Group and the ZIC Group. The same applies to the approach to sustainability and climate-related financial risks, which is very closely aligned between the Group and ZIC Group.

FINMA mandates the disclosure of quantitative templates for insurance groups that are presented in Appendix 1.

# Introduction (continued)

## 1 Executive summary

### Business activities

ZIC Group is the main operating carrier of Zurich. Zurich is a leading multi-line insurer that serves its customers in global and local markets. With more than 63,000 employees, it provides a wide range of property and casualty and life insurance products and services in more than 200 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 Depository Receipt (ZURVY) program, which is traded over-the-counter on OTCQX.

### Performance: ZIC's financial results overview in 2024

ZIC reported a net income after taxes (NIAT) of CHF 3.0 billion in 2024, a 46 percent increase compared to 2023. The main reasons for this increase were the higher net investment result and net underwriting result, partially offset by higher administrative and other expenses. In 2023, the NIAT was negatively impacted by the novation of the Whole Account Quota Share (WAQS) reinsurance treaty for the accident year 2023 with Zurich American Insurance Company (ZAIC), as well as by the inclusion of the new UK branch.

### Corporate governance and risk management

Zurich is committed to effective corporate governance for the benefit of its shareholders, customers, employees and other stakeholders based on the principles of fairness, transparency and accountability. Structures, rules and processes are designed to enable proper conduct of business by defining the powers and responsibilities of its corporate bodies and employees. These principles are applicable as well to ZIC Group.

The members of the Zurich Insurance Group Ltd Board of Directors (Board) and Executive Committee (ExCo) equally serve as members of the Board of Directors and Executive Committee of Zurich Insurance Company Ltd.

In 2024, the world continued to evolve at an accelerated pace with the Group's risk landscape being shaped by persistent geopolitical tensions, the rapid emergence of new technologies and shifting global dynamics.

Despite this, Zurich continued to deliver on its strategic objectives and maintained both financial and operational robustness, thanks to the Group's deep-rooted experience in navigating volatile conditions. Zurich's risk management system plays a pivotal role in identifying, assessing and managing threats, ultimately allowing the Group to stay ahead in a changing and uncertain world.

Informed risk-taking requires a thorough understanding of risks and transparency on risk-reward trade-offs. By equipping employees with the knowledge to take calculated risks within the Group's appetite, it is ensured that, in times of change, the Group's capital, liquidity, earnings, reputation and customers are protected. Zurich's Total Risk Profiling™ methodology, a key part of its Enterprise Risk Management framework, enables the Group to identify critical risks and focus on what matters.

This proactive risk management strategy establishes a robust foundation of resilience for the Group's and its customers, ensuring continued success despite external challenges.

### Sustainability and climate-related financial risks

While environmental topics beyond climate are considered as part of our approach to sustainability, understanding and managing climate change impacts remains a particular focus. Our business strategy calls on us to deliver in our various roles as an insurer:

- as a risk manager, helping customers to understand, prevent and reduce climate-related risks.
- as a risk carrier, protecting households, companies and communities by absorbing the financial shocks from increasingly extreme weather.
- as an institutional investor, financing the transition of companies and scaling capital towards climate.

The Group continues to report in line with the recommendations of the Financial Stability Board's Taskforce on Climate-Related Financial Disclosures (TCFD). The sustainability report (SR), which is part of the Annual Report, outlines the Group's understanding of potential climate risk impacts to its insurance and investment activities as well as its own operations including supply chain and an assessment of the resilience of its strategy (see Group's Annual Report on [pages 137-179](#)). In line with previous cycles, analysis concludes that the Group's customer-focused approach and diversified portfolios, supported by strong risk management practices, continue to provide the resilience and flexibility necessary to be able to adapt to the climate change impacts observed. Analysis outcomes do not suggest impacts to access to capital over the medium term.

# Introduction (continued)

## Risk profile

The Group identifies, assesses, manages, monitors and reports risks that have an impact on the achievement of its business strategy and objectives by applying its proprietary Total Risk Profiling™ methodology. This methodology allows Zurich to assess risks in terms of severity and likelihood, and supports the definition and implementation of mitigating actions. At Group level, this is an annual process, followed by regular reviews and updates by management.

Taking and managing risk is an integral part of the insurance business. Zurich takes risks in order to support the achievement of its strategy and serve its customers in global and local markets. Risk management contributes to enhancing the value of Zurich by embedding disciplined and conscious risk taking, where risk-reward trade-offs are transparent and understood, and risks are appropriately rewarded.

To foster transparency about risk, the Group regularly reports on its risk profile at business, Group and Board levels. The Group has procedures to refer risk topics to senior management and the Board in a timely manner.

ZIC's solvency position is disclosed on the basis of the SST ratio. The Group's SST internal model is approved by the Swiss Financial Supervisory Authority (FINMA). Zurich's goal is to maintain capital consistent with a 'AA' financial strength rating for the Group.

The Group applies the Zurich Economic Capital Model (Z-ECM) as an internal metric. The Z-ECM provides a key input into the Group's planning process as an assessment of the Group's economic risk profile.

## Valuation for SST purposes

Under the SST, the market-consistent balance sheet (MCBS) represents a listing of all rights and obligations that are valued in accordance with economic principles in a market-consistent manner unless specified otherwise in the Swiss Insurance Supervision Ordinance (ISO).

A market-consistent valuation is based on, and does not contradict, the most recent information that can be obtained from trading in liquid and transparent financial markets, and reflects the price at which independent, knowledgeable and willing business partners would normally purchase or sell the assets or transfer the liabilities in an arm's length transaction. The market-consistent value principles and valuation methods applied by the Group to determine the SST market-consistent balance sheet is detailed in sections E.1 and E.2.4 to E.2.5 of this report.

The SST net assets, which represent the difference between the SST market-consistent value of the assets and liabilities, form the starting point for the calculation of the risk-bearing capital, supplemented by the risk-absorbing capital instruments.

During 2024, the ZIC Group's SST risk-bearing capital increased by USD 2.4 billion to USD 34.1 billion as of December 31, 2024, compared to USD 31.7 billion as of December 31, 2023.

## Capital management

The Group manages capital to maximize long-term value while maintaining financial strength within its 'AA' target range, and meeting regulatory, solvency and rating agency requirements.

As of December 31, 2024, shareholders' equity based on IFRS Accounting Standards of USD 25.6 billion and subordinated debt of USD 11.1 billion were part of the capital available in the ZIC SST available financial resources (AFR). Further adjustments to derive SST AFR typically include deductions for proposed dividends and share buybacks, goodwill and intangible assets and deferred tax assets and liabilities, as well as the market-consistent valuation of insurance liabilities, which includes the market value margin (MVM) and the value of in-force business. The MVM, also known as risk margin, is the cost of future regulatory risk capital stemming from the present portfolio of assets and liabilities.

Zurich reached the top of the league table of European peers for its financial strength rating across the three rating agencies with which it had interactive relations in 2024, following upgrades by Moody's and AM Best.

ZIC's Moody's rating was upgraded to 'Aa2' from 'Aa3' in September 2024 as a reflection of the "Group's track record of strong and stable earnings along with its conservative risk and capital management, which support the Group's balance sheet resilience and enhance its financial flexibility".

In November 2024, ZIC's AM Best Long Term Issuer Credit Rating (ICR) was upgraded to 'aa' from 'aa-' as a result of "continued resilience of the Group's balance sheet strength, underpinned by excellent financial flexibility, and strong operating returns from its diverse profit centers". AM Best's Financial Strength Rating, which is on a less granular scale, is at 'A+ (Superior)'.

## Introduction (continued)

S&P's insurance financial strength rating (IFSR) rating remained at the 'AA' level.

As of December 31, 2024, the IFSR of ZIC was 'AA/Stable' by S&P Global Ratings, 'Aa2/Stable' by Moody's, and 'A+(Superior)/Stable' by AM Best. The AM Best ICR was 'aa/Stable'.

### **Solvency**

The Swiss Solvency Test (SST) adopts a risk-based and total balance sheet approach. Insurance companies are required to provide a market-consistent assessment of the value of their assets and liabilities. Possible changes to these balance sheet positions are modelled over a one-year period to arrive at the total required capital.

Under the SST, insurance companies and insurance groups can apply to use company-specific internal models to calculate risk-bearing and target capital, as well as the SST ratio. The SST ratio must be calculated as per December 31 and submitted to FINMA.

The SST ratio as of December 31, 2024, stands at 234 percent (unaudited). It is filed with FINMA at the end of April 2024 and is subject to review by FINMA. ZIC met the regulatory solvency requirements in Switzerland throughout 2024.

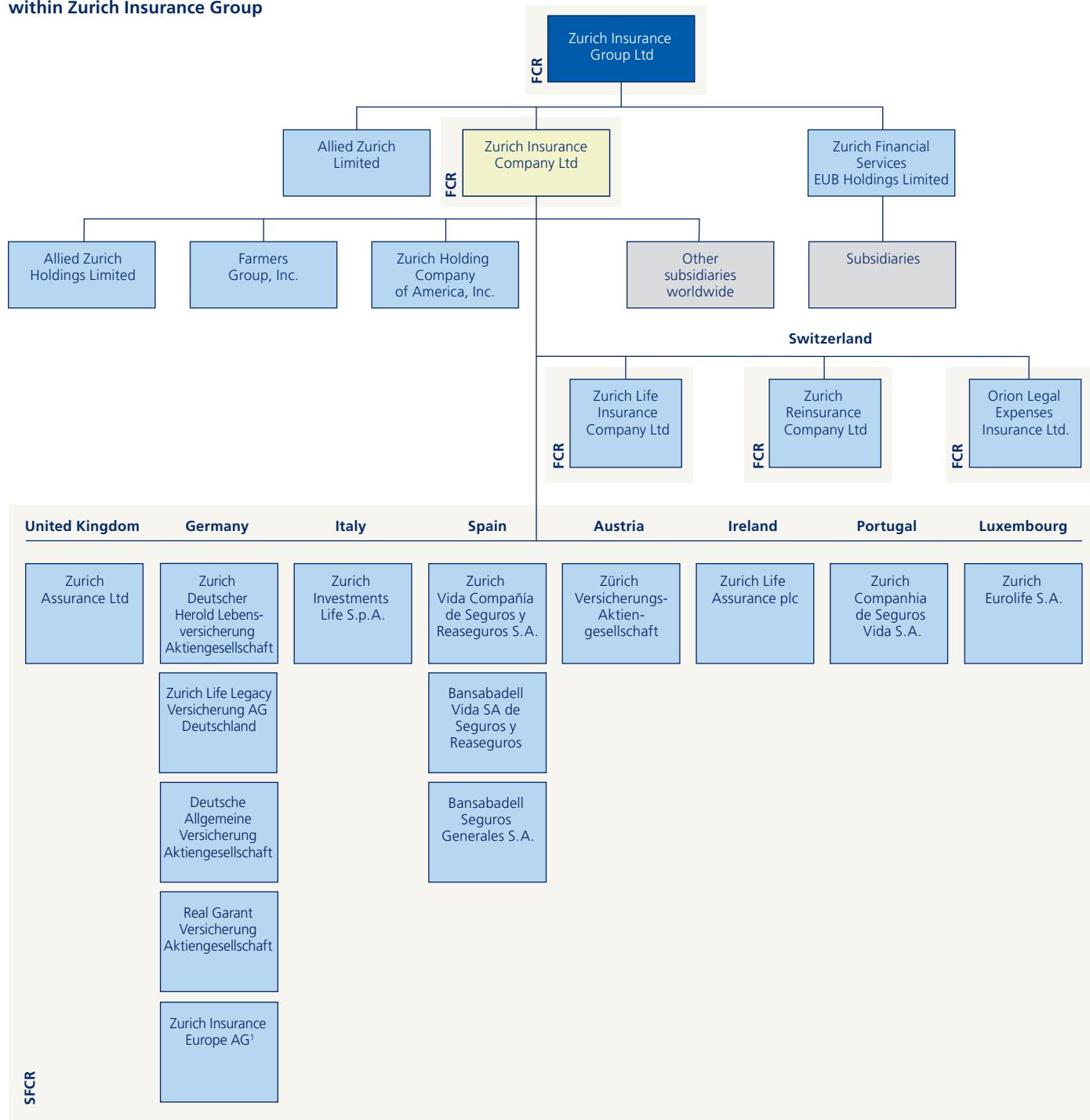
### **2 Approval of the Financial Condition Report**

This Report was reviewed and signed off by the Board of Directors of ZIC on April 10, 2025.

## A. Business activities

### A.1 Company structure and major subsidiaries

#### Public reporting on solvency and financial condition within Zurich Insurance Group



**SFCR:** Solvency and Financial Condition Report (local regulation based on Solvency II; from 2016 except Zurich Assurance Ltd)

**FCR:** Financial Condition Report (Swiss regulation; from 2017)

Subsidiary

Group of subsidiaries

Current disclosure

Note: The purpose of the chart above is to provide a simplified overview of the Group's major subsidiaries (as of December 31, 2024), with special focus on the public reporting of their solvency and financial condition. Please note that this is a simplified representation showing entities that must publish such a report and therefore it may not comprehensively reflect the detailed legal ownership structure of the entities included in the overview. The ordering of the legal entities under each country is not indicative of ownership; these are independent legal entities.

<sup>1</sup> Effective January 2, 2024, the registered head office of Zurich Insurance plc (ZIP) was moved from Dublin, Ireland to Frankfurt, Germany by means of a cross-border conversion under the European Directive on cross-border conversions, mergers and divisions. While ZIP has converted to a German AG known as Zurich Insurance Europe AG (ZIE), it has preserved its legal personality in the conversion (i.e., no transfer of assets, dissolution or winding up were involved in this move).

## A. Business activities (continued)

ZIC Group is a corporation domiciled in Zurich, Switzerland and is the principal operating insurance company of Zurich. With more than 63,000 employees, it provides a wide range of property and casualty and life insurance products and services in more than 200 countries and territories. Zurich's customers include individuals, small businesses, and mid-sized and large companies, as well as multinational corporations.

As well as being an insurance company, ZIC also acts as the holding company for the majority of subsidiaries of the Group. ZIC pools internal reinsurance and ensures pooling of capital within Zurich. In addition, it is Zurich's main issuer or guarantor of debt. It also carries the cost of the Corporate Center. Its main subsidiaries include Zurich Holding Company of America, Inc., Farmers Group, Inc., Zurich Financial Services Australia Limited, Zurich Holding Ireland Limited (Ireland), Zurich Beteiligungs-Aktiengesellschaft (Deutschland) and Zurich Life Insurance Company Ltd.

The ZIC subsidiaries regulated in Switzerland produce their own Financial Condition Reports:

- Zurich Life Insurance Company Ltd
- Zurich Reinsurance Company Ltd
- Orion Legal Expenses Insurance Ltd.

The ZIC subsidiaries based in the European Union produce their own Solvency and Financial Condition Reports under Solvency II regulation. All reports are available on Zurich's website: <https://www.zurich.com/investor-relations/results-and-reports/other-statutory-filings>.

**Significant acquisition and divestment transactions** in 2024 impacting the ZIC Group structure are detailed in the note 4 of the audited consolidated financial statement in ZIC Group's Annual report 2024 on [pages 64–65](#).

Also, a list of the **significant subsidiaries of ZIC Group** can be found in note 27 of the audited consolidated financial statements of ZIC Group's Annual Report 2024 on [pages 159–161](#).

### A.2 Information about the company's strategy, objectives and key business segments

ZIC Group's business is focused on providing best-in-class insurance products and services to individuals, small businesses, and mid-sized and large companies. Zurich's strategy focuses on:

- Customers, with the ambition to be the insurer of choice by building meaningful relationships with customers and earning their loyalty,
- Simplification, by reducing unnecessary complexity to make better use of resources, and
- Innovation, by evolving to make sure Zurich continues to meet customers' expectations and needs.

In 2024, Zurich presented a new 2025–2027 three-year plan. To reflect a growing confidence, and to seize opportunities in the market, the new three-year plan comprises the most ambitious targets in Zurich's history. It comprises new business priorities that will raise the bar across the Commercial, Retail, Life and Farmers businesses. The priorities build on several years of successful execution and growth, leveraging Zurich's unique market position and capitalizing on its underwriting expertise to ensure it stays ahead of market.

For additional information on the **Group's strategy** and 2025–2027 financial targets, see [pages 16–18](#) of the Group's Annual Report 2024.

The results of ZIC include the direct Property & Casualty (P&C) and assumed P&C and Life insurance business in Switzerland. ZIC operates in Europe, Middle East & Africa, North America and Asia Pacific through its main branches located in United Kingdom, Canada, Japan and Hong Kong as well as assumes P&C and Life reinsurance business from its subsidiaries and the Farmers Exchanges<sup>1</sup>. It includes the Corporate Center as well as most of the Group's debt financing.

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

## A. Business activities (continued)

### Group structure

ZIC Group consists of ZIC and its subsidiaries.

The operational group structure reflects both ZIC Group's businesses and geographical regions. ZIC Group pursues a customer-centric strategy, with the P&C and Life businesses which are managed through a regional structure. For details on the activities of the various businesses, refer to note 26 of the ZIC Group's audited consolidated financial statements on [pages 144–158](#) of ZIC Group Annual Report 2024.

ZIC Group further divides its P&C business into Retail and Commercial customer units. ZIC Group has identified the following 13 reportable segments.

### Group structure

Businesses	Property & Casualty (P&C)	Life	Farmers	Non-Core Businesses	Group Functions and Operations
Reportable segments	Europe, Middle East & Africa (EMEA) North America Asia Pacific (APAC) Latin America (LatAm) Group Reinsurance	Europe, Middle East & Africa (EMEA) North America Asia Pacific (APAC) Latin America (LatAm) Group Reinsurance	Farmers	Non-Core Businesses	Group Functions and Operations
Customer units	Commercial Retail				

### Operating insurance branches of ZIC

as of December 31, 2024		Segment
<a href="#">Bahrain</a>	Zurich Insurance Company Ltd (Bahrain Branch)	Bahrain
<a href="#">Canada</a>	Zurich Insurance Company Ltd, Canadian Branch	Canada
<a href="#">Hong Kong</a>	Zurich Insurance Company Ltd, Hong Kong Branch	Hong Kong
<a href="#">Israel</a>	Zurich Insurance Company Ltd, Israel Branch	Israel
<a href="#">Italy</a>	Zurich Insurance Company Limited – Rappresentanza Generale per l'Italia	Italy
<a href="#">Japan</a>	Zurich Insurance Company Limited	Japan
<a href="#">Qatar</a>	Zurich Insurance Company Ltd. QFC Branch	Qatar
<a href="#">Singapore</a>	Zurich Insurance Company Ltd, Singapore Branch	Singapore
<a href="#">Switzerland</a>	Zürich Versicherungs-Gesellschaft AG, Regionalsitz Zürich Zürich Versicherungs-Gesellschaft AG, Regionalsitz Bern/Mittelland Zürich Versicherungs-Gesellschaft AG, Regionalsitz Zentral- und Nordwestschweiz Zurigo Compagnia di Assicurazioni SA, Sede regionale per il Ticino Zurich Compagnie d'Assurances SA, siège régional pour la Suisse romande	Switzerland
<a href="#">United Arab Emirates</a>	Zurich Insurance Company Ltd. (DIFC Branch)	United Arab Emirates
<a href="#">United Kingdom</a>	Zurich Insurance Company Ltd, UK Branch	United Kingdom

## A. Business activities (continued)

### **A.3 Information about the company's external auditors as per Article 28 ISA**

Ernst & Young Ltd (EY), Maagplatz 1, in 8005 Zurich, were re-elected as ZIG's external auditors for the financial year 2024 by the AGM on April 10, 2024.

EY assumes all auditing functions which are required by law and the Articles of Association (<http://www.zurich.com/investor-relations/our-shares/articles-of-association>). EY is responsible for auditing the Group's financial statements and for auditing Zurich's compliance with specific regulatory requirements.

For additional information on the Group's external auditors, refer to [pages 71–72](#) of the Group's Annual Report 2024.

### **A.4 Significant unusual events**

For significant events during 2024 and thereafter until March 26, 2025, please refer to the ZIC Group Annual Report 2024, as well as to the news releases available at <https://www.zurich.com/en/media/news-releases>.

## B. Performance

### B.1 Most important markets

In 2024, the most important markets for ZIC according to premium income (direct business, excluding subsidiaries) were United Kingdom, Switzerland, Japan and Canada.

### B.2 Performance overview of ZIC (legal entity)

As complementary to the consolidated, look-through perspective presented for ZIC Group, FINMA and the Swiss statutory accounting standards mandate the disclosure of statutory information prepared from ZIC stand-alone perspective, under local reporting requirements (Swiss Code of Obligations and relevant supervisory law) in Swiss francs (CHF). Based on this perspective, ZIC presents performance information, differentiating between the direct Property & Casualty business written by ZIC in Switzerland and its branches located mainly in United Kingdom, Canada, Japan and Hong Kong as well as assumed reinsurance business, reflecting primarily business assumed from ZIC's subsidiaries. ZIC provides this information in Appendix 1. The main factors affecting performance are outlined below.

On January 1, 2024, the Whole Account Quota Share (WAQS) reinsurance treaty for the accident years 2018 to 2022 with Zurich American Insurance Company (ZAIC) was novated to ZIC and had a material impact on the Company's result in 2024. In 2023, the accident year 2023 of this WAQS was novated to the Company. This portfolio was earlier ceded to the Group's Bermuda-based entity Zurich Global, Ltd.

ZIC reported a NIAT of CHF 3.0 billion in 2024, a 46 percent increase compared to 2023. The main reasons for this increase were the higher net investment result and net underwriting result, partially offset by higher administrative and other expenses. In 2023, the NIAT was negatively impacted by the novation of the WAQS reinsurance treaty for the accident year 2023 with ZAIC as well as by the inclusion of the new UK branch.

Total gross written premiums and policy fees increased by CHF 5.1 billion or 23 percent to CHF 27.5 billion for the year ended December 31, 2024. Direct gross written premiums and policy fees increased by CHF 45 million to CHF 9.3 billion mainly due to the ongoing growth in Switzerland. Assumed gross written premiums and policy fees increased by CHF 5.0 billion to CHF 18.2 billion, mainly due to additional Group internal reinsurance of the U.S. business.

Net investment result increased by CHF 1.5 billion to CHF 4.8 billion for the year ended December 31, 2024, mainly due to higher net realized capital gains as well as higher net write-ups on equity securities and debt securities, both following the overall improvement in the financial markets during 2024. Furthermore, the increase is due to higher dividend income from subsidiaries and associates and higher interest income on debt securities. The increase was partially offset by higher write-downs on investments in subsidiaries and associates in 2024 compared to 2023.

Net insurance reserves increased by CHF 6.7 billion compared with the year ended December 31, 2023, following the increase in the Group internal U.S. reinsurance business as well as the ongoing overall increase in the Group internal reinsurance business in 2024. Furthermore, the increase in net insurance reserves was driven by the impact of the foreign currency translation, in particular of the U.S. dollar and British pound appreciation against CHF.

Shareholder's equity decreased by CHF 1.8 billion to CHF 19.5 billion for the year ended December 31, 2024. This decrease reflects the dividend payment to Zurich Insurance Group Ltd of CHF 4.8 billion in 2024, which was approved at the Annual General Meeting on April 10, 2024, partially offset by the net income after taxes of CHF 3.0 billion.

## B. Performance (continued)

### Direct Swiss Business

The underwriting result for the direct business in Switzerland decreased by CHF 292 million to an underwriting loss of CHF 58 million in 2024. The gross written premiums and policy fees increased by CHF 88 million. The underwriting result decrease is driven by the general third-party liability and the fire, natural hazards and property damage business.

### Direct Non-Swiss Business

The net underwriting result increased by CHF 57 million to a profit of CHF 4 million in 2024. Net earned premiums and policy fees increased by CHF 687 million, whereas the net technical expenses increased by CHF 550 million, with the following contribution from the ZIC branches:

#### United Kingdom

On January 1, 2023, the UK business of ZIC's subsidiary in Ireland, Zurich Insurance plc UK branch (ZIP UK), has been transferred to ZIC. This ZIC UK branch includes direct as well as assumed business with third parties and had a material impact on the Company's result in 2024 and in 2023.

Despite an increase of CHF 119 million compared to 2023, the underwriting result for the direct business in ZIC's UK branch resulted in a net loss of CHF 172 million, mainly driven by the fire, natural hazards and property damage and the general third-party liability business.

#### Japan

The underwriting result in Japan increased by CHF 7 million with the net earned premiums decreasing by CHF 17 million solely driven by foreign currency movements, whereas the underlying business was growing mainly in the motor vehicle business.

#### Canada

In 2024, the underwriting result in Canada decreased from a profit of CHF 105 million in 2023 to a loss of CHF 6 million in 2024, despite an increase of the net earned premiums by CHF 14 million to CHF 472 million in 2024. The reason for the decreased underwriting result is the increase in the net insurance benefits and losses by CHF 77 million, most notably in the fire, natural hazards and property damage business.

#### Italy

The underwriting result in ZIC's Italy branch, which mainly writes motor business, increased by CHF 18 million, resulting in a profit of CHF 14 million.

#### Hong Kong

The underwriting result in Hong Kong increased by CHF 5 million to CHF 30 million in 2024 following the growth of the business, with an increase in gross written premiums of CHF 16 million.

#### Other branches

In Liechtenstein, the underwriting result increased by CHF 19 million compared to 2023 mainly driven by lower net insurance benefits and losses in the general liability and accident business. ZIC's business in Singapore reported a negative underwriting result of CHF 7 million in 2024 compared to a loss of CHF 5 million in 2023.

### Indirect Business

ZIC acts as an internal reinsurer to the other subsidiaries of the Group. Reinsurance programs are structured to support and enable the Group's risk management, capital management, underwriting and customer strategy. In the indirect business, the underwriting result improved by CHF 38 million in 2024, from a net loss of CHF 562 million in 2023 to a net loss of CHF 524 million in 2024, mainly due to the improved underwriting result in the casualty and property business, offset by a decreased underwriting result in the Group internal accident and life business.

Detailed financial results are disclosed in ZIC Group's Annual Report 2024. In particular, additional information on **Overall performance** of ZIC are provided in the Management Report section in ZIC Group's Annual Report 2024 on [pages 174–175](#).

For information on **Investment performance** of ZIC Group, please see notes 5 and 6 of ZIC Group's Annual Report 2024 on [page 182](#).

## C. Corporate governance and risk management

### C.1 Composition of the Board of Directors and Executive Committee

ZIC Group's and ZIC's corporate governance follows the principles of the Group.

The **Board of Directors** (Board), under the leadership of the Chairman, is responsible for determining the Group's overall strategy and supervising senior management. It holds the ultimate decision-making authority for ZIC and ZIC Group.

All Directors of Zurich Insurance Group Ltd equally serve as members of the ZIC Board. Mr. Liès has served as Chairman of that Board since the Annual General Meeting (AGM) of April 4, 2018. Further information about the composition of the Board, as well as changes during 2024 and since January 1, 2025, are disclosed in the Corporate Governance Report section in the Group's Annual Report on [pages 40–55](#).

The ZIC **Executive Committee** (ExCo) is headed by Mario Greco who also serves as Group CEO for Zurich Insurance Group Ltd. The ZIC ExCo composition is equivalent to Zurich Insurance Group Ltd ExCo. Information about the composition of the ExCo, as well as changes during 2024 and since January 1, 2025, are disclosed in the Corporate Governance Report section in the Group's Annual Report on [pages 56–67](#).

### C.2 Corporate governance and risk management

To achieve its risk management objectives, the Group manages risk according to an established Enterprise Risk Management (ERM) framework. The principles of corporate governance and risk management described in the Group's Annual Report are equally applicable to the ZIC Group.

All information in relation to the ZIC corporate governance and risk management is available in the Risk Review of ZIC Group's Annual Report 2024 and include notably the following information:

- The major **risk management objectives** at ZIC Group are described in the Risk Review in ZIC Group's Annual Report 2024 on [page 3](#).
- The **Group's ERM framework** is the structure to manage risks within the organization. It is comprised of six components: risk governance and risk culture, risk appetite and tolerance, risk identification and risk assessment, risk response, risk monitoring, and risk reporting, as further detailed in ZIC Group's Annual Report 2024 on [page 3](#).
- The **internal control system** implemented by the Group is considered essential for managing operational risk. The Board has overall responsibility for the Group's risk management and internal control frameworks. The objectives of the Group's internal control system are to provide reasonable assurance that Zurich's consolidated financial statements and disclosures are materially correct, support reliable operations, and ensure legal and regulatory compliance. The internal control system is designed to mitigate rather than eliminate risks that could impact the achievement of business objectives. For additional information on risk management and internal controls, please see [page 250](#) of the Group's Annual Report 2024.
- The **Group compliance** function is a control function responsible for enabling the business to manage its compliance risks, being a trusted advisor, providing independent challenge, monitoring and assurance and assisting management to promote compliance culture and ethics. For additional information on Group Compliance and its operational controls, please see [page 69](#) of the Group's Annual Report 2024.
- The Group's **internal audit function**, Group Audit, is tasked with providing independent and objective assurance on the adequacy and effectiveness of the Group's risk management, internal control and governance processes to the Board, the Audit Committee, the Group CEO and management, and to the boards and audit committees of subsidiary companies. For additional information on Group Audit, please see [page 70](#) of the Group's Annual Report 2024.

## C. Corporate governance and risk management (continued)

### C.3 Management of climate-related risks and opportunities

Zurich has implemented an integrated approach, where sustainability, including climate-related risks and opportunities, is embedded in the existing governance framework, where both on the Board and management level, accountability for different areas, including sustainability aspects related to each of these areas, is assigned according to the respective field of expertise. As part of its strategic responsibility, the Board approves sustainability strategy and objectives, with the support from the Board Committees according to their respective core mandates. In particular, the Governance, Nominations and Sustainability Committee (GNSC) has been mandated by the Board to oversee the Group's approach and conduct with regards to sustainability. Oversight with respect to sustainability risks, including risks associated with environmental topics such as climate change and nature loss, is achieved through regular updates from the Group Chief Sustainability Officer on material topics and on the performance against, among others, climate-related targets. Outcomes of scenario-based climate risk assessments were discussed with management as part of strategy setting processes. In addition to this, the GNSC was engaged on several strategic topics throughout 2024, including operational emissions, sustainability performance management and recommending the Board to approve the Group's first transition plan.

Further information on sustainability risk and its governance is set out in the Risk Review (see Group's Annual Report on [pages 252–253](#), the Corporate Governance Report (see Group's Annual Report on [pages 40–55](#)) and the Sustainability Report (see Group's Annual Report on [pages 134–136](#)). On the reporting side, the procedures and governance of the Sustainability Report is aligned with the financial reporting processes and governance

The below table summarizes the FINMA circular requirements on climate-related risk disclosures and references to the relevant sections in the Group's Annual Report where these requirements are addressed.

FINMA Circular reference		Disclosure details/splits	Disclosure reference
The main features of the governance structure at the insurance company to enable it to identify, evaluate, manage, monitor and report on climate-related financial risks	13.3	Overall governance	Group Annual Report <a href="#">pages 28–73</a>
		Sustainability related governance	Group Annual Report <a href="#">pages 134–136</a>
		Climate-risk related governance	Group Annual Report <a href="#">pages 135–136</a>
Description of the short-, medium- and long-term climate-related financial risks and their impact on the insurance company's business and risk strategy and any effects on existing risk categories	13.4	Approach & Scenario used Conclusion	Group Annual Report <a href="#">pages 142–144</a> and <a href="#">156–157</a>
		Underwriting	Group Annual Report <a href="#">pages 142–148</a>
		Investment Management	Group Annual Report <a href="#">pages 142–144</a> and <a href="#">149–154</a>
		Own operations and supply chain	Group Annual Report <a href="#">pages 142–144</a> and <a href="#">154–156</a>
Risk management structures and processes in place to identify, evaluate and manage climate-related financial risks	13.5		Group Annual Report <a href="#">pages 157–159</a> and <a href="#">pages 252–253</a>
Quantitative information (targets and key data) on climate-related financial risks including the methodology used	13.6	Roadmap	Group Annual Report <a href="#">pages 129–130</a> and <a href="#">159–160</a>
		Underwriting	Group Annual Report <a href="#">pages 160–162</a>
		Investment management	Group Annual Report <a href="#">pages 163–176</a>
		Own operations and supply chain	Group Annual Report <a href="#">pages 176–179</a>
Insurance companies must disclose the criteria and methods used to evaluate the materiality of climate-related financial risks	13.7		Group Annual Report <a href="#">pages 145, 150, 152, 155–156</a> , and <a href="#">157–179</a>

## D. Risk profile

The Group's ERM framework sets forth clear responsibilities for identifying, assessing, managing, monitoring and reporting risks.

The Group's risk appetite and tolerance statement reflects Zurich's willingness and capacity to take risks in pursuit of value creation and sets boundaries within which the businesses act. Zurich protects its capital, liquidity, earnings, and reputation by monitoring that risks are taken within agreed risk appetite levels and tolerance limits. The Group regularly assesses and, as far as possible, quantifies material risks to which it is exposed.

Additional qualitative and quantitative information about ZIC Group risk profile, can be found in the Risk Review of the ZIC Group Annual Report 2024, for each of the following risk categories:

- Insurance risk, see [pages 9–15](#);
- Market risk, including investment credit risk, see [pages 16–19](#);
- Other credit risk including credit risk related to reinsurance assets and receivables, see [pages 19–21](#);
- Operational risk, see [page 21](#);
- Liquidity risk, see [pages 21–22](#);
- Strategic risk and risks to the Group's reputation, see [page 22](#);

For additional information on sustainability risk, please see [pages 252–253](#) of the Group's Annual Report 2024.

## E. Valuation

### E.1 Overarching market-consistent valuation principle

The following section presents the Group's market-consistent balance sheet (MCBS) which is essential in determining the Group's risk-bearing capital.

As an overarching principle, all assets and liabilities are valued in accordance with economic principles in a market-consistent manner including market-consistent discounting of insurance liabilities. A market-consistent valuation is based on, and does not contradict, the most recent information that can be obtained from trading in liquid and transparent financial markets.

FINMA stipulates that the SST market-consistent balance sheet value of all insurance and non-insurance liabilities (with the exception of instruments eligible for risk-bearing capital) shall be determined under the assumption that the Group will fulfill its obligation in full; thus, own credit risk is not considered.

The Group uses its audited consolidated balance sheet prepared in accordance with IFRS Accounting Standards as a starting point for the MCBS. In summary, the following valuation methods apply:

<b>MCBS valuation principles</b>	<b>Mark-to-market</b>	Highest priority for third-party assets, equities and risk-absorbing capital instruments	Fair value as defined under IFRS Accounting Standards.
	<b>Mark-to-model</b>	If mark-to-market cannot be applied	Fair value as defined under IFRS Accounting Standards; or Best estimate valuation using parameter or assumptions explicitly stipulated by FINMA (e.g., liabilities valued at discounted cash flows using risk-free rate, thus without consideration of own credit risk).
	<b>Same carrying value as under IFRS Accounting Standards</b>		As a practical expedient, a carrying value other than fair value is used as proxy to market-consistent valuation provided such measurement can be considered reasonable. For example, same carrying value as under IFRS Accounting Standards may be considered as a reasonable proxy based on the following considerations: <ul style="list-style-type: none"> <li>– It represents current balances (e.g., cash accounts); or</li> <li>– It involves high-frequency turnover with daily settlements (e.g., operational clearing accounts); or</li> <li>– It is expected to be settled/realized within relatively short period after origination (generally, within three months and always less than twelve months) and is exposed to only insignificant risk of changes in value.</li> </ul>

When applying the mark-to-model method, adequate and best-practice valuation models and methodologies are used and sufficiently documented.

For more information on fair value measurement, see notes 5, 6 and 22 of the consolidated financial statements in the ZIC Group's Annual Report 2024, [pages 66–68, 69–72](#), and [130–136](#), respectively. The summary of accounting policies underlying IFRS Accounting Standards valuations, as well as significant judgments and assumptions, are included in note 3 of the consolidated financial statements in the ZIC Group's Annual Report 2024, [pages 45–63](#).

## E. Valuation (continued)

### **E.2 Market-consistent balance sheet following SST principles**

The Swiss Solvency Test requires to assess risk quantitatively. SST calculations are based on a market-consistent valuation of balance sheet positions. The following tables show the main drivers for the differences in valuation between MCBS (used for SST purposes) and the values included in the balance sheet prepared in accordance with IFRS Accounting Standards, where certain amounts have been reclassified in order to comply with FINMA disclosure requirements.

Following the 2023 revision of the ISO, the Market Value Margin (MVM) forms part of the SST market-consistent valuation of insurance liabilities and thus the SST AFR. Market value margin, also known as risk margin, is the cost of future regulatory risk capital stemming from the present portfolio of assets and liabilities.

As of December 31, 2024, the ZIC Group had USD 1.2 billion of assets held for sale and USD 1.2 billion of liabilities held for sale based on agreements signed to sell portfolios of Zurich Insurance plc (known now as Zurich Insurance Europe AG) and ZIC, UK Branch. These assets and liabilities are presented separately in the audited balance sheet and shown under 1.12 Other assets and 2.8 Other Liabilities. This reclassification is not applicable in the SST MCBS; therefore, presentation differences arise in multiple line items (e.g., Best estimate of non-life insurance liabilities and Best estimate of share of technical provisions from reinsurance).

In the following sections, all amounts, unless otherwise stated, are shown in U.S. dollars rounded to the nearest million, with the consequence that the rounded amounts may not add to the rounded total in all cases. All ratios and variances are calculated using the underlying amounts rather than the rounded amounts.

## E. Valuation (continued)

Assets MCBS vs audited balance sheet	In USD millions, as of December 31	Evolution		2024 (audited BS)	Difference 2024 (audited BS - SST)
		2023–2024	(SST)		
		2023 (SST)	2024 (SST)		
<b>Market conform value of investments</b>					
Real estate	14,045	11,782	(2,264)	11,782	(0)
Participations	135	146	11	146	(0)
Fixed-income securities	110,701	104,201	(6,500)	104,199	2
Loans	2,748	3,003	255	2,632	371
Mortgages	4,580	3,896	(684)	4,047	(151)
Equities	4,735	4,639	(95)	5,738	(1,099)
Other investments	25,480	24,868	(612)	25,176	(308)
Collective investment schemes	4,244	4,442	198	4,442	(0)
Alternative investments	9,600	9,656	56	9,964	(308)
Structured products	–	–	–	–	–
Other investments	11,636	10,770	(867)	10,770	0
<b>Total investments</b>	<b>162,424</b>	<b>152,535</b>	<b>(9,889)</b>	<b>153,718</b>	<b>(1,184)</b>
<b>Market conform value of other assets</b>					
Financial investments from unit-linked life insurance	141,315	148,535	7,221	148,535	0
Receivables from derivative financial instruments	960	885	(75)	885	(0)
Deposits made under assumed reinsurance contracts	1,816	2,030	214	2,043	(13)
Cash and cash equivalents	7,360	6,762	(598)	6,762	(0)
Share of technical provisions from reinsurance	20,646	21,194	547	27,009	(5,816)
Direct insurance: life insurance business (excluding unit-linked life insurance)	3,417	3,282	(135)	6,029	(2,747)
Reinsurance: life insurance business (excluding unit-linked life insurance)	315	382	67	466	(84)
Direct insurance: non-life insurance business	11,462	10,990	(472)	11,127	(138)
Reinsurance: non-life insurance business	5,677	6,955	1,278	8,120	(1,166)
Direct insurance: health insurance business	–	–	–	–	–
Reinsurance: health insurance business	–	–	–	–	–
Direct insurance: other business	–	–	–	–	–
Reinsurance: other business	–	–	–	–	–
Direct insurance: unit-linked life insurance business	(224)	(414)	(190)	1,267	(1,681)
Reinsurance: unit-linked life insurance business	–	–	–	–	–
Fixed assets	2,460	2,226	(234)	1,867	360
Deferred acquisition costs	–	–	–	–	–
Intangible assets	–	–	–	11,432	(11,432)
Receivables from insurance business	12,689	13,674	985	13,638	36
Other receivables	5,785	6,245	460	6,245	(0)
Other assets	1,053	1,109	56	3,337	(2,227)
Unpaid share capital	–	–	–	–	–
Accrued assets	3,986	4,025	39	5,728	(1,703)
<b>Total other assets</b>	<b>198,071</b>	<b>206,685</b>	<b>8,614</b>	<b>227,481</b>	<b>(20,796)</b>
<b>Total market conform value of assets</b>	<b>360,495</b>	<b>359,220</b>	<b>(1,275)</b>	<b>381,200</b>	<b>(21,979)</b>

## E. Valuation (continued)

Best estimate liabilities and risk- bearing capital MCBS vs audited balance sheet	In USD millions, as of December 31	Evolution		2024 (audited) BS)	Difference 2024 (audited BS - SST)
		2023 (SST)	2024 (SST)		
		(SST)			
<b>Market conform value of liabilities (including unit-linked life insurance)</b>					
<b>Best estimate of insurance liabilities</b>	<b>(147,425)</b>	<b>(139,794)</b>	<b>7,631</b>	<b>(153,632)</b>	<b>13,838</b>
Direct insurance: life insurance business (excluding unit-linked life insurance)	(73,714)	(65,116)	8,598	(73,592)	8,476
Reinsurance: life insurance business (excluding unit-linked life insurance)	(1,525)	(1,433)	93	(1,379)	(53)
Direct insurance: non-life insurance business	(66,819)	(68,034)	(1,216)	(72,550)	4,516
Reinsurance: non-life insurance business	(5,367)	(5,211)	156	(6,111)	899
Direct insurance: health insurance business	—	—	—	—	—
Reinsurance: health insurance business	—	—	—	—	—
Direct insurance: other business	—	—	—	—	—
Reinsurance: other business	—	—	—	—	—
<b>Best estimate of unit-linked life insurance liabilities</b>	<b>(136,865)</b>	<b>(143,749)</b>	<b>(6,884)</b>	<b>(157,774)</b>	<b>14,025</b>
Direct insurance: unit-linked life insurance business	(136,865)	(143,749)	(6,884)	(157,774)	14,025
Reinsurance: unit-linked life insurance business	—	—	—	—	—
<b>Market value margin</b>	<b>(6,670)</b>	<b>(5,890)</b>	<b>780</b>	<b>—</b>	<b>(5,890)</b>
<b>Market conform value of other liabilities</b>					
Non-technical provisions	(2,404)	(1,877)	526	(2,498)	620
Interest-bearing liabilities	(5,140)	(4,099)	1,040	(4,174)	74
Liabilities from derivative financial instruments	(1,252)	(840)	412	(840)	—
Deposits retained on ceded reinsurance	(686)	(1,212)	(526)	(1,379)	167
Liabilities from insurance business	(5,793)	(5,749)	43	(5,707)	(43)
Other liabilities	(11,770)	(12,377)	(608)	(13,577)	1,200
Accrued liabilities	(5,103)	(5,162)	(58)	(7,157)	1,996
Subordinated debts	(10,695)	(11,075)	(380)	(8,871)	(2,204)
<b>Total market conform value of liabilities</b>	<b>(333,803)</b>	<b>(331,825)</b>	<b>1,978</b>	<b>(355,610)</b>	<b>23,785</b>
<b>Market conform value of assets minus market conform value of liabilities</b>	<b>26,692</b>	<b>27,395</b>	<b>703</b>	<b>25,590</b>	<b>1,805</b>

## E. Valuation (continued)

### E.2.1 Evolution of assets in 2024

#### Total investments

The market-consistent value of **Total investments** decreased by USD 9.9 billion from USD 162.4 billion in 2023 to USD 152.5 billion in 2024.

This is mostly driven by a decrease of USD 6.5 billion in **Fixed-income securities** from USD 110.7 billion in 2023 to USD 104.2 billion in 2024. Currency translation resulted in a decrease of USD 5.6 billion due to U.S. dollar strengthening against other major currencies. Net sales primarily in Germany, Italy, Bermuda and Ireland as well as the disposal of the annuities book in Chile contributed to a reduction of USD 1.4 billion. This was partially offset by an increase of USD 0.4 billion due to market valuation effects related to yield curve and credit spread movements, primarily in Switzerland and Spain.

**Real estate** decreased by USD 2.2 billion from USD 14.0 billion in 2023 to USD 11.8 billion in 2024. Net sales of buildings and land primarily in Switzerland, Chile, Austria, Spain and the U.S. contributed a reduction of USD 1.3 billion. Currency translation resulted in a decrease of USD 0.8 billion.

**Mortgages** decreased by USD 0.7 billion from USD 4.6 billion in 2023 to USD 3.9 billion in 2024, mainly due to Chile Zurich related to the disposal of the annuities book, currency translation effects and loan maturities primarily in Switzerland and Germany.

**Other investments** decreased by USD 0.6 billion from USD 25.5 billion in 2023 to USD 24.9 billion in 2024, mainly due to currency translation effects. Net sales of USD 0.2 billion, driven by the U.S and Germany are offset by positive market valuations of USD 0.2 billion primarily in Switzerland across hedge funds, index funds and private equity.

**Loans** increased by USD 0.3 billion from USD 2.7 billion in 2023 to USD 3.0 billion in 2024, mainly driven by an increase in short-term deposits aimed at investing the short-term liquidity surplus, primarily in Spain, Switzerland and Chile, partially offset by currency translation effects and reduction in finance lease receivables.

#### Total other assets

The market-consistent value of **Total other assets** increased by USD 8.6 billion from USD 198.1 billion in 2023 to USD 206.7 billion in 2024.

**Financial investments from unit-linked life insurance** increased by USD 7.2 billion from USD 141.3 billion in 2023 to USD 148.5 billion in 2024. This was driven by a significant increase in equity market value mainly from Ireland, U.S. and Isle of Man, with growth in existing funds and new business partially offset by UK net outflows and currency translation effects in Brazil Santander.

**Receivables from insurance business** increased by USD 1.0 billion from USD 12.7 billion in 2023 to USD 13.7 billion in 2024. The increase was observed across receivables from policyholders, agents and intermediaries and other insurance companies, mainly due to the Zurich American Insurance Company's crop business and due to the impact from the reinsurance of the in-force life insurance book of Zurich Life Insurance Japan Company Ltd.

**Other receivables** increased by USD 0.4 billion from USD 5.8 billion in 2023 to USD 6.2 billion in 2024, mainly driven by the reverse repo business used as an instrument for active cash management.

**Deposits made under assumed reinsurance contracts** increased by USD 0.2 billion from USD 1.8 billion in 2023 to USD 2.0 billion in 2024, mainly due to the participation of Farmers Re in a quota share reinsurance agreement with Farmers Exchanges<sup>1</sup>.

**Cash and cash equivalents** decreased by USD 0.6 billion from USD 7.4 billion in 2023 to USD 6.8 billion in 2024, primarily due to currency translation effects and movements in operational cash across different countries.

**Fixed assets** decreased by USD 0.3 billion from USD 2.5 billion in 2023 to USD 2.2 billion in 2024 mainly within commercial insurance, driven by a market value reduction mainly in Switzerland, Germany and the U.S.

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

## E. Valuation (continued)

The market-consistent value of **Share of technical provisions from reinsurance** increased by USD 0.6 billion from USD 20.6 billion in 2023 to USD 21.2 billion in 2024. The increase is mostly driven by the non-life business:

- **Direct insurance: non-life insurance business** decreased by USD 0.5 billion from USD 11.5 billion in 2023 to USD 11.0 billion in 2024, driven by the higher interest rates increasing the discount and currency translation effects, both explaining USD 0.3 billion, with underlying nominal reserve changes driving the remaining decrease.
- **Reinsurance: non-life insurance business** increased by USD 1.3 billion from USD 5.7 billion in 2023 to USD 7.0 billion in 2024, primarily driven by USD 0.7 billion in UPR related to auto-warranty business in Zurich North America. An increase of USD 0.5 billion is driven by claim reserves.
- **Direct insurance: life insurance business (excluding unit-linked life insurance)** decreased by USD 0.1 billion from USD 3.4 billion in 2023 to USD 3.3 billion in 2024, driven by a decrease in reinsurance assets in the U.S. mostly due to the run-off of a closed portfolio, partially offset by a model refinement in Farmers New World Life resulting in a re-classification to unit-linked with no overall AFR impact.
- **Direct insurance: unit-linked life insurance business** decreased by USD 0.2 billion from USD (0.2) billion in 2023 to USD (0.4) billion in 2024, driven by the transfer of unit-linked fees from Farmers New World Life to external reinsurer Resolution Life under a reinsurance agreement entered into on August 1, 2023 which, does not involve a transfer of underlying unit-linked assets. The decrease from prior year is driven by model refinements resulting in a reclassification from non-unit linked with no overall AFR impact.

### E.2.2 Evolution of liabilities in 2024

#### Best estimate of insurance liabilities

The market-consistent value of **Best estimate of insurance liabilities (including unit-linked life insurance)** decreased by USD 0.8 billion from USD 284.3 billion in 2023, to USD 283.5 billion in 2024.

- **Direct insurance: life insurance business (excluding unit-linked life insurance)** decreased by USD 8.6 billion from USD 73.7 billion in 2023 to USD 65.1 billion in 2024, whereby the **Best estimate of insurance liabilities (life): gross** decreased by USD 8.6 billion from USD 72.1 billion in 2023 to USD 63.5 billion in 2024. The decrease is primarily driven by USD 4.0 billion of FX movements (mainly appreciation of USD against EUR and CHF). Further decreases are driven by the disposal of the annuities book in Chile by USD 2.5 billion and run-off of a closed portfolio in Germany.
- **Direct insurance: unit-linked life insurance business** increased by USD 6.8 billion from USD 136.9 billion in 2023 to USD 143.7 billion in 2024. The increase is mainly driven by Ireland, U.S. and Isle of Man, with growth in existing contract in-flows and new business growth, partially offset by UK net outflows and currency translation effects in Brazil Santander.
- **Direct insurance: non-life insurance business** increased by USD 1.2 billion from USD 66.8 billion in 2023 to USD 68.0 billion in 2024, mainly due to higher discounted reserves in the Europe and Zurich North America, by growth in the auto-warranty business in Zurich North America and a new engagement with Kotak Mahindra General Insurance. These increases were partially offset by currency translation effects and higher interest rates
- **Reinsurance: non-life insurance business** decreased by USD 0.2 billion from USD 5.4 billion in 2023 to USD 5.2 billion in 2024, primarily driven by a decrease of the assumed business in Zurich North America.

#### Total other liabilities

The market-consistent value of **Total other liabilities** has decreased by USD 0.4 billion from USD 42.8 billion in 2023 to USD 42.4 billion in 2024. The decrease was primarily driven by **Interest-bearing liabilities** of USD 1.0 billion related to redemptions in Switzerland and market movements. **Liabilities from derivative financial instruments** decreased by USD 0.4 billion related to FX contracts impacted by the stronger position of USD and EUR against CHF and a decrease in interest rate risk derivatives due to falling interest rates. **Non-technical provisions** decreased by USD 0.5 billion, mainly driven by a decrease in the defined benefit obligation from retirement plans in the UK. This was partially offset by an increase in **Deposits retained from ceded reinsurance** of USD 0.5 billion, related to the reinsurance of the in-force life insurance book of Zurich Life Insurance Japan Company Ltd. **Subordinated debts** increased by USD 0.4 billion, mainly driven by the issuance of a new subordinated note. **Other liabilities** increased by USD 0.6 billion, mainly driven by the repo business used as an instrument for active cash management.

### E.2.3 Changes in MCBS valuation methodology

In 2024, there were no significant changes to the MCBS valuation methodology.

## E. Valuation (continued)

### E.2.4 Market-consistent value of assets

#### Market-consistent value of investments

According to IFRS Accounting Standards, investments are measured at fair value, amortized cost or using the equity method. In addition, IFRS Accounting Standards requires fair value disclosures for financial assets that are not measured at fair value. The MCBS value of investments reflects fair value determined in accordance with the overarching valuation principles outlined in section E.1. Therefore, valuation differences arise, specifically, from loans and other investments measured at amortized cost under IFRS Accounting Standards.

Valuation difference on investments	in USD millions, as of December 31, 2024	
<b>Total value of investments (audited BS)</b>		<b>153,718</b>
Loans	Policy loans reclassification from life insurance liabilities	375
Mortgages	Mortgage loans measured at fair value in MCBS	(151)
Equities	Own shares are not recognised in SST	(1,099)
Other Investments	Other investments measured at fair value in MCBS	(310)
<b>Total market-consistent value of investments (SST)</b>		<b>152,535</b>

#### Market-consistent value of financial investments from unit-linked life insurance

The investments for unit-linked insurance are measured at fair value under both IFRS Accounting Standards and MCBS. Therefore, no measurement difference arises in MCBS.

#### Market-consistent value of best estimate of share of technical provisions from reinsurance

Similar to IFRS Accounting Standards, the calculation of the best estimate of share of technical provisions from reinsurance as well as best estimate insurance liabilities is performed on a gross basis in MCBS (i.e., no offsetting of assets with liabilities). However, under IFRS Accounting Standards, certain insurance and reinsurance transactions need to be combined and presented on a net basis to the extent such transactions are entered into with the same counterparty and are designed to achieve an overall commercial effect (e.g., certain captive arrangements). Such transactions are presented gross in MCBS.

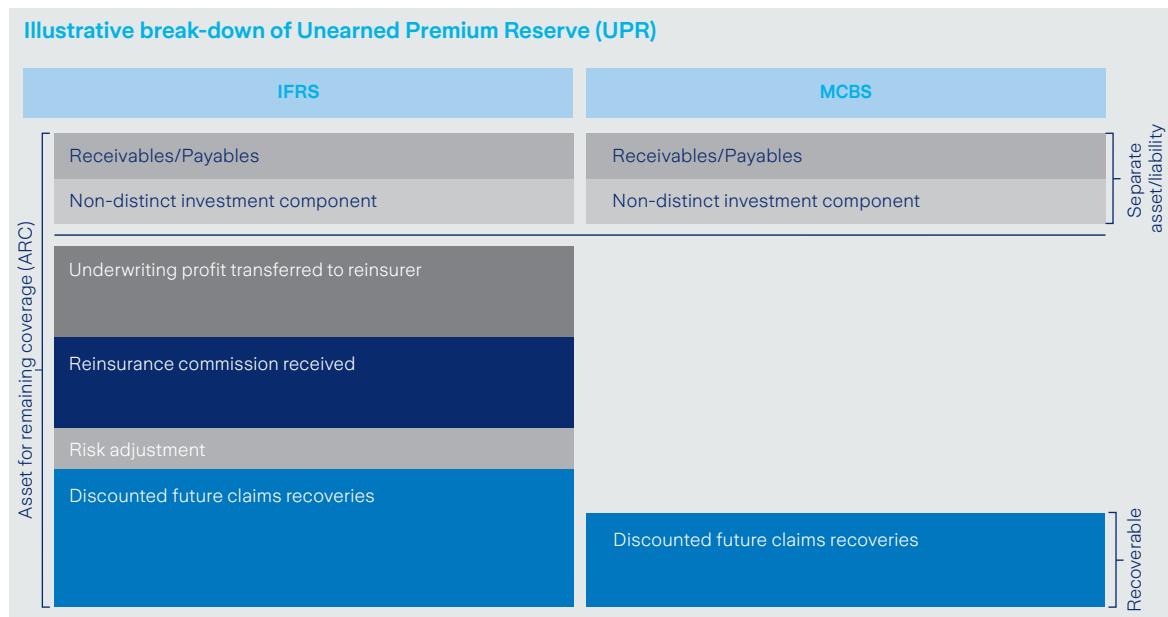
The MCBS valuation is based on the actuarial discounted best estimate of future cash flows, taking into account the lifetime expected credit losses from reinsurer non-performance. The calculation of the expected credit loss allowance considers the rating of the reinsurance counterparty, the expected timing of future recoveries and the expected value of any collateral held.

Under IFRS Accounting Standards, the actuarial best estimate is supplemented by a risk adjustment to reflect the uncertainty in the amount and timing of future cash flows. The risk adjustment is set to zero in SST.

#### Reinsurers' share of best estimate unearned premium reserve

Under IFRS Accounting Standards, the reinsurers' share of unearned premium reserve (UPR) or asset for remaining coverage (ARC) represents the portion of the ceded premiums related to the unexpired coverage period. Under MCBS, the ceded UPR shall only reflect a market-consistent value of future claims recoveries. The illustration below provides the breakdown of ceded UPR where ceded UPR under IFRS Accounting Standards reflects the premium paid (less commission received) for the remaining bound period and the adjustments performed to arrive at the MCBS value for ceded UPR.

## E. Valuation (continued)



### *Reinsurers' share of property and casualty loss reserves*

Under IFRS Accounting Standards, reinsurance assets for ceded loss reserves are already held at best estimate (i.e., sum of all expected future recoveries) supplemented by risk adjustment and discounted taking into account the timing of future cash flows and expected credit losses. Valuation differences compared to the audited balance sheet predominantly relate to difference in yield curves used under IFRS Accounting Standards and SST risk-free rates and risk adjustment.

### *Reinsurers' share of life benefits*

In order to determine the SST MCBS value of best estimate ceded reserves of life insurance and investment contracts, the following generally applies:

- The best estimate of future cash flows is based on the principles discussed in the section 'Best estimate of life investment and insurance liabilities';
- The SST MCBS value for ceded reserves only reflects the market-consistent value for future claims recoveries, i.e., only the present value of future cash flows to be reimbursed by the reinsurer; and
- If the reinsurer's credit risk is not included in the best-estimate future cash flows, the expected credit loss allowance is considered.

Under IFRS Accounting Standards, the best estimate ceded reserves are supplemented by a risk adjustment and a contractual service margin (CSM). The risk adjustment and the CSM are set to zero in SST MCBS.

### Valuation difference on Best estimate of share of technical provisions from reinsurance

in USD millions, as of December 31, 2024

<b>Total Best estimate of share of technical provisions from reinsurance (audited BS)</b>		<b>27,009</b>
	Valuation differences	(1,765)
	Contractual service margin (CSM)	(3,848)
Share of technical provisions from reinsurance	Risk adjustment	(1,328)
	The reclassification to held for sale is not applicable in MCBS	1,126
<b>Total Best estimate of share of technical provisions from reinsurance (SST)</b>		<b>21,194</b>

## E. Valuation (continued)

### Market-consistent value of other assets

Under IFRS Accounting Standards, other assets include deferred tax assets, goodwill and other intangible assets, as well as deferred origination costs for investment contracts, which are valued at zero in the MCBS. Real estate held for own use is measured at cost less depreciation and impairment, whereas the MCBS value reflects fair value. Right-of-use assets are reported at carrying value as per IFRS Accounting Standards (i.e., cost less depreciation and impairment) provided this is a reasonable proxy for fair value. Otherwise, if there is a major change in the market prices for comparable leases observed since inception, the MCBS value is determined considering current rental prices for comparable property and current interest rates for high-quality corporate bonds.

Cash and cash equivalents are presented at carrying value as per IFRS Accounting Standards because such balances are current and solely held for the purpose of meeting short-term (operational) cash commitments.

In the audited balance sheet, certain amounts related to (re-)insurance business (e.g., deposits made under assumed reinsurance contracts, receivables from policyholders) are presented as part of the best estimate liabilities or reinsurers' share of best estimate insurance liabilities. In SST MCBS, these amounts are reclassified to other assets but valued at the carrying value as per IFRS Accounting Standards, provided this is a reasonable proxy for fair value (i.e., the balances are subject to only insignificant risk of changes in value and settlement is expected to occur generally within three months and no more than twelve months). In this case, the carrying value as per IFRS Accounting Standards is reported net of credit impairment allowance. Otherwise, the value is based on fair value (including credit risk) using the IFRS Accounting Standards valuation principles.

Derivative financial instruments are measured at fair value under both IFRS Accounting Standards and MCBS.

The reclassification of assets of USD 1.2 billion as held for sale, presented within other assets under IFRS Accounting Standards, is not applicable in MCBS.

### Valuation difference on other assets

in USD millions, as of December 31, 2024

<b>Total value of other assets (audited BS) (excluding Financial investments from unit-linked life insurance &amp; Share of technical provisions from reinsurance)</b>		<b>51,936</b>
Fixed assets: Real estate held for own use is at fair value in MCBS		360
Deferred origination costs: Value set to zero in MCBS		(463)
Deferred tax assets: Value set to zero in MCBS		(1,703)
Goodwill and other intangible assets: Value set to zero in MCBS		(12,094)
The reclassification to held for sale is not applicable in MCBS		(1,119)
Other assets	Other	40
<b>Total market-consistent value of other assets (SST) (excluding Financial investments from unit-linked life insurance &amp; Share of technical provisions from reinsurance)</b>		<b>36,957</b>

## E. Valuation (continued)

### E.2.5 Market-consistent value of liabilities

#### Best estimate of non-life insurance liabilities

##### Best estimate of unearned premium reserves

Under IFRS Accounting Standards, the unearned premium reserve (UPR) or liability for remaining coverage (LRC) represents the portion of the premiums received related to the unexpired coverage period. The UPR typically relates to one year of premiums invoiced, which is also the case for multi-year contracts where only the first year of premium is recognized and not the entire contractual future premium volume due in future periods. This reserve covers expected future losses, loss adjustment and policy administration expenses as well as underwriting profits for contracts in force. To arrive at the MCBS value for UPR, the following adjustments are made:

- Expected future losses (including loss adjustment expenses) are discounted;
- Underwriting profits are not included, as these do not represent future cash flows; and
- Future administration expenses only encompass the estimated costs to administer and maintain the insurance policy over the remaining coverage period. Consequently, any deferred or non-deferred acquisition-related costs (such as marketing, customer/market research, product development, sales commission, sales and distribution management, or underwriting policy issuance related) are excluded. Furthermore, claims settlement costs are not included in administration expenses as such costs are typically part of future losses. Similarly, amortization of IACF and intangible assets is not included because IACF and intangible assets are set to zero in MCBS.

The illustration below provides the breakdown of the UPR, where UPR under IFRS Accounting Standards reflects the unearned premium for the remaining bound period and the adjustments performed to arrive at the MCBS value for UPR:

Illustrative break-down of Unearned Premium Reserve (UPR)		
	IFRS	MCBS
Liability for remaining coverage (LRC)	Receivables/Payables	Receivables/Payables
	Non-distinct investment component	Non-distinct investment component
	Underwriting profit, including non-qualifying expenses	
	Significant financing component	
	Insurance acquisition cash flows	
	Risk adjustment	
	Qualifying expenses	Qualifying expenses
	Discounted future loss reserves (i.e., losses and allocated/unallocated loss adjustment expenses)	Discounted future loss reserves (i.e., losses and allocated/unallocated loss adjustment expenses)
	Separate asset/liability	
	Cost of insurance	

For multi-year contracts, the determination of the best estimate of UPR requires an additional adjustment to reflect the net present value of the future cash flows from the bound multi-year contracts. The adjustment is determined using all unearned premiums (invoiced and not invoiced) as a volume metric, with the best estimate of the cost of insurance discounted using a discount factor reflective of the expected cash flows over the duration of the underlying insurance contracts and the discounted future premium not yet invoiced (less attributable future acquisition expenses) included as an inflow.

Some individual accident and health products included in the non-life insurance liabilities are valued based on the same principles as life insurance liabilities under IFRS Accounting Standards as described below. Additional valuation differences in SST MCBS for these contracts arise in the liability for remaining coverage (LRC) due to the contractual service margin (CSM), which is set to zero in SST.

## E. Valuation (continued)

### *Best estimate of loss reserves*

Reserves for losses under IFRS Accounting Standards represent estimates of future payments of reported and unreported claims for losses and related expenses, with respect to insured events that have occurred. Reserves are held at best estimate including recoverable for salvage and subrogation, supplemented by a provision for model and parameter uncertainty and risk adjustment under IFRS Accounting Standards, and discounted whereby the cash-flow pattern (i.e., timing of the estimated future cash flows) is adequately considered.

The valuation differences in SST MCBS arise due to difference in the yield curves used under IFRS Accounting Standards and SST risk-free rates, as well as the provision for model and parameter uncertainty and risk adjustment which are set to zero in SST.

Valuation difference on Best estimate of non-life insurance liabilities	in USD millions, as of December 31, 2024	
<b>Total Best estimate of non-life insurance liabilities (audited BS)</b>		<b>(78,661)</b>
Valuation differences		4,395
Contractual service margin (CSM)		653
Risk adjustment		1,493
Non-life insurance liabilities	The reclassification to held for sale is not applicable in MCBS	(1,126)
<b>Total Best estimate of non-life insurance liabilities (SST)</b>		<b>(73,246)</b>

### **Best estimate of life investment and insurance liabilities (including unit-linked life insurance liabilities)**

Generally, the SST MCBS value of all unit-linked and non-unit-linked investments, as well as life insurance liabilities, is based on a bottom-up best estimate projection of future cash flows excluding any expected non-guaranteed surpluses or discretionary benefits. Any options and guarantees provided to the policyholder are valued on a market-consistent basis. Specifically, cash flow projections are made over the estimated contract period for the in-force portfolio (i.e., current policyholder base at valuation date) subject to the contractual contract boundary and in line with the principles for best estimate:

- Economic assumptions: expected asset return, discount rate, inflation rate and stochastic economic simulations.
- Non-economic assumptions: demographic assumptions (mortality, morbidity), persistency, expense assumptions and dynamic bonus rates/profit sharing rates (where legally or contractually obligated).

Cash flow projections may vary, depending on the product. Contractually guaranteed benefits to be paid to policyholders – whether on surrender, maturity, death, morbidity or disability – increase the best estimate of life investment and insurance liabilities, as do taxes paid on behalf of policyholders, maintenance expenses and future commissions. Projected future premiums, fees and charges expected to be received from policyholders for existing business reduce the best estimate of life investment and insurance liabilities.

The Best estimate of life insurance liabilities can be negative, for example, in protection business where projected regular premiums may often exceed expected death benefits and expenses on a best-estimate basis. Because the own fulfilment value of an insurance or reinsurance obligation may be lower than the surrender values of the underlying contracts, no implicit or explicit surrender value floor is assumed for the market-consistent value.

Realistic assumptions about management's behavior are used, e.g., assuming management discretion when capital gains on invested assets are realized or changes in asset allocation are made. In cases where management actions, as considered in the scenario modelling, would be subject to regulatory approval (e.g., potential cancellation of policyholder dividends), the assumptions used when interpreting local supervisory guidance are verified by the local regulator or external audit.

The main valuation differences compared to the audited balance sheet relate to future discretionary benefits, which are included in the best estimate liabilities under IFRS Accounting Standards but contribute to AFR in SST. Additional valuation differences stem from differences in the estimated contract period for projections (contract boundary), risk adjustment and CSM, as well as differences in yield curves used under IFRS Accounting Standards and SST risk-free rates. Furthermore, under SST, the investment contract liabilities are valued in a similar way as insurance contract liabilities, which results in a positive contribution to the value of in-force investment contracts to SST AFR.

Within the IFRS Accounting Standards, policyholder loans are part of life insurance liabilities whereas these are reclassified to investments within the SST balance sheet.

## E. Valuation (continued)

<b>Valuation difference on Total Best estimate of life insurance liabilities</b>	in USD millions, as of December 31, 2024	
	<b>Total Best estimate of life insurance liabilities (audited BS)</b>	<b>(232,746)</b>
	Life insurance liabilities	Valuation differences (4,259)
	Unit-linked life insurance business	Valuation differences 8,020
		Contractual service margin (CSM) 16,247
		Risk adjustment 2,440
	<b>Total Best estimate of life insurance liabilities (SST)</b>	<b>(210,297)</b>

### Market value margin

Following the 2023 revision of the ISO, which entered into force on January 1, 2024, the Market Value Margin (MVM) forms part of the SST market-consistent valuation of insurance liabilities and thus SST AFR. Market value margin, also known as risk margin, is the cost of future regulatory risk capital stemming from the present portfolio of assets and liabilities. MVM as of December 31, 2024 was USD 5.9 billion, a decrease of USD 0.8 billion compared to prior year. The decrease is mainly driven by favorable impacts of market movements on underlying risk types, mainly from USD appreciation and favorable interest rate movements.

### Market-consistent value of other liabilities

Non-technical provisions include liabilities for defined benefit pension plans measured using actuarial techniques under IFRS Accounting Standards. Such liabilities are held at the carrying value as per IFRS Accounting Standards in the MCBS.

Interest-bearing liabilities are measured in the MCBS based on risk-free rates where the future cash flows are considered over the remaining period until the earliest contractual redemption date. In cases where a quoted market price is available and used, the market price is adjusted to eliminate own credit spread. Accrued interests on interest-bearing liabilities are reported as a separate position in the MCBS.

Derivative financial instruments are measured at fair value under both IFRS Accounting Standards and MCBS.

Deposits retained on ceded reinsurance are presented as part of the reinsurers' share of best estimate liabilities in the audited balance sheet but are reclassified to other liabilities in SST MCBS. Such deposits are valued at the carrying value as per IFRS Accounting Standards, provided this is a reasonable proxy for fair value (i.e., the balances are subject to only insignificant risk of changes in value and settlement is expected to occur generally within three months and no more than twelve months). Otherwise, the value is based on fair value using the IFRS Accounting Standards valuation principles, excluding own credit risk.

The market-consistent value of other liabilities is generally determined using carrying value as per IFRS Accounting Standards in accordance with the overarching valuation principles outlined in section E.1, except for the following differences:

- The market-consistent valuation of non-controlling interests is determined based on the MCBS of the underlying entities and presented separately as a liability position, whereas under IFRS Accounting Standards non-controlling interests are presented within equity.
- Lease liabilities are measured as the present value of future lease payments for the remaining lease term, discounted at risk-free rates without consideration of own credit risk.

Furthermore, the reclassification of liabilities for USD 1.2 billion as held for sale, presented within other liabilities under IFRS Accounting Standards, is not applicable in MCBS.

Accrued liabilities under IFRS Accounting Standards include deferred front-end fees and deferred taxes (other than deferred tax on Swiss real estate transfers attributable to shareholders) that are valued at zero in the MCBS.

Subordinated debt instruments eligible as risk-absorbing capital instruments under SST are measured at market-consistent value using the IFRS Accounting Standards valuation principles. In cases where a quoted market price is available and used, the market price is not adjusted to eliminate own credit spread. The accrued interest is not reported separately and is included in the MCBS carrying value.

## E. Valuation (continued)

<b>Valuation difference on other liabilities</b>	in USD millions, as of December 31, 2024	
	<b>Total value of other liabilities (audited BS)</b>	<b>(44,203)</b>
	Non-technical provisions: Long-term incentive plan	620
	Interest-bearing liabilities: Valuation differences	74
	Deposit retained on ceded reinsurance: Valuation differences	167
	Deferred taxes (other than deferred tax on Swiss real estate transfers attributable to shareholders): Value set to zero in MCBS	1,839
	The reclassification to held for sale is not applicable in MCBS	1,119
	Subordinated debts: Valuation differences	321
	Subordinated debts: Presented within equity in the audited balance sheet	(2,525)
Other liabilities	Other	194
	<b>Total market-consistent value of other liabilities (SST)</b>	<b>(42,393)</b>

## F. Capital management

### F.1 Capital management objectives

The Group's capital management framework forms the basis for actively managing capital within Zurich. The Group uses a number of different capital models, taking into account economic, regulatory and rating agency constraints.

The Group's capital management program comprises various actions to optimize shareholders' total return and to meet capital needs, while enabling Zurich to take advantage of growth opportunities.

For additional information regarding the **Capital structure**, please see the Corporate Governance Report section in the Group's Annual Report 2024 on [pages 35-39](#).

For more details on **Capital management framework** and **Capital management program**, see the Risk Review in the ZIC Group's Annual Report 2024 on [page 5](#).

For details on **issuances and redemptions of debt**, see note 17 of the ZIC Group consolidated financial statements on [pages 115-116](#).

The following risk-absorbing capital instrument has a repayment option in the next twelve months and contributes to the risk-bearing capital: 4.250% USD 300 million subordinated notes, due October 2045, first callable October 2025, issued by Zurich Insurance Company Ltd with a market value of USD 300 million as of December 31, 2024.

### F.2 Regulatory capital adequacy

The Group endeavors to manage its capital so that its regulated entities meet local regulatory capital requirements. In each country in which the Group operates, the local regulator specifies the minimum amount and type of capital that each of the regulated entities must hold in addition to their liabilities. In addition to the minimum capital required to comply with the solvency requirements, the Group aims to hold an adequate buffer under local solvency requirements to ensure regulated subsidiaries can absorb a level of volatility and meet local capital requirements.

Additional information related to Regulatory solvency regimes are disclosed in ZIC Group's Annual Report 2024 on [page 6](#).

## G. Solvency

### G.1 Swiss Solvency Test ratio

The Swiss Solvency Test (SST) is a principle-based, risk-sensitive supervision framework reflecting:

- A market-consistent view of the financial resources available to meet policyholder obligations—referred to as risk-bearing capital. The risk-bearing capital consist of net assets (core capital) and Tier 2 risk-absorbing capital instruments. As of December 31, 2024, the Group did not have outstanding instruments that fulfil the definition of Tier 1 capital.
- A view of the impact of the potential risks inherent to the regulated business – referred to as target capital and defined as an expected shortfall at a 99-percent confidence level over a one-year time horizon.

The SST compares risk-bearing capital with target capital through calculation of a ratio (the 'SST ratio'). The solvency test indicates whether the level of risk-bearing capital is sufficient to reduce the probability of policyholder impairment to a level consistent with regulatory objectives.

In 2024, the ZIC SST ratio was driven by favourable market developments (+18 percentage points) and strong operational capital generation (+36 percentage points, net of capital required for growth). The issuance of USD 500 million subordinated debt in October added 3 percentage points to the ZIC SST ratio. Management actions contributed an additional +8 percentage points mostly from tactical changes to the asset allocation. These movements more than offset an unfavourable impact from model and assumption changes (-16 percentage points) and the accrual of the proposed 2024 fiscal year dividend (-32 percentage points). Portfolio management actions had an overall positive impact of 5 percentage points, mainly driven by the Chile Life annuity sale (+9 percentage points), and the acquisition of Kotak Mahindra General Insurance in India and AIG's global personal travel business (-3 percentage points and -4 percentage points, respectively). A reduction in the risk relief from the affiliated credit risk model leads to a -14 percentage point impact, mostly driven by portfolio management actions.

Solvency	in USD millions	December 31, 2023	Adjustments Previous year	December 31, 2024
<b>Derivation of RBC</b>				
Market conform value of assets minus market conform value of liabilities	26,692			27,395
Deductions	(5,700)			(4,414)
Tier 1 risk-absorbing capital instruments (RAC) counted towards core capital	–			–
<b>Core capital</b>	<b>20,992</b>			<b>22,981</b>
Supplementary capital	10,695			11,075
<b>Risk-bearing capital</b>	<b>31,687</b>			<b>34,056</b>
<b>Derivation of target capital</b>				
Insurance risk	11,235			10,854
Market risk	9,979			9,574
Credit risk <sup>1</sup>	4,528			4,839
Diversification effects	(5,629)			(5,676)
Other effects on target capital <sup>2</sup>	(6,114)			(5,021)
<b>Target capital</b>	<b>14,000</b>			<b>14,569</b>
<b>SST ratio<sup>3</sup></b>	<b>226%</b>			<b>234%</b>

1 Credit risk includes investment credit risk, reinsurance and receivables credit risk.

2 Other effects on target capital include expected business development over the forecasting horizon, and other risk models.

3 SST ratio is defined in the Swiss Insurance Supervision Ordinance as a ratio of risk-bearing capital to target capital.

## G. Solvency (continued)

Target capital by risk type	in USD millions	December 31,	Adjustments	December 31,
		2023	previous period	2024
<b>Insurance risk derivation of target capital</b>				
Premium and reserve risk (including UPR risk)	7,978			7,985
Nat Cat	4,354			4,179
Life insurance liabilities	2,934			2,377
Business risk	3,374			3,371
Diversification	(7,405)			(7,058)
<b>Total</b>	<b>11,235</b>			<b>10,854</b>
<b>Market risk derivation of target capital</b>				
Equity risk	3,589			3,732
Interest rate risk	3,206			2,973
Exchange rate risk	1,805			1,987
Credit spread risk	3,756			3,283
Other	10,174			9,330
Diversification	(9,710)			(8,750)
<b>Total (including investment credit risk)</b>	<b>12,821</b>			<b>12,555</b>
thereof				
Market risk (excluding investment credit risk)	9,979			9,574
Investment credit risk	4,307			4,582
<b>Credit risk derivation of target capital</b>				
Investment credit risk	4,307			4,582
Reinsurance credit risk & receivables	920			951
Diversification	(699)			(694)
<b>Total</b>	<b>4,528</b>			<b>4,839</b>

## Appendix 1: Quantitative templates

Income Statement		In CHF millions, for the years ended December 31			
		Total	2024	2023	2024
<b>Zurich Insurance Company Ltd</b>					
<b>Total and Direct Swiss Business</b>					
1	Gross written premiums and policy fees	22,464	27,521	475	499
2	Premiums ceded to reinsurers	(7,550)	(7,586)	(9)	(9)
3	Net written premiums and policy fees (1 + 2)	14,914	19,935	465	490
4	Change in reserves for unearned premiums, gross	(1,982)	(981)	1	1
5	Change in reserves for unearned premiums, ceded	1,196	207	—	—
6	Net earned premiums and policy fees (3 + 4 + 5)	14,128	19,161	466	491
7	Other income <sup>1</sup>	1,247	1,169	26	21
<b>8</b>	<b>Total technical income (6+7)</b>	<b>15,375</b>	<b>20,330</b>	<b>492</b>	<b>512</b>
9	Claims paid, annuities and loss adjustment expenses, gross	(4,291)	(12,501)	(366)	(394)
10	Claims paid, annuities and loss adjustment expenses, ceded	(667)	3,444	5	10
11	Change in insurance reserves, gross	(10,118)	(5,207)	(19)	(104)
12	Change in insurance reserves, ceded	4,735	642	(5)	(4)
13	Change in actuarial provisions for unit-linked contracts	—	—	—	—
<b>Insurance benefits and losses, net of reinsurance</b>					
<b>14</b>	<b>(9 + 10 + 11 + 12 + 13)</b>	<b>(10,341)</b>	<b>(13,622)</b>	<b>(386)</b>	<b>(492)</b>
15	Underwriting & policy acquisition costs, gross	(4,785)	(6,033)	(48)	(48)
16	Underwriting & policy acquisition costs, ceded	1,396	1,436	2	2
17	Underwriting & policy acquisition costs, net of reinsurance (15 + 16)	(3,390)	(4,597)	(46)	(46)
18	Administrative and other expense <sup>1</sup>	(2,024)	(2,690)	(43)	(49)
<b>Total technical expense</b>					
<b>19</b>	<b>(14 + 17 + 18) (non-life insurance only)</b>	<b>(15,755)</b>	<b>(20,908)</b>	<b>(474)</b>	<b>(587)</b>
20	Investment income	4,478	5,670	—	—
21	Investment expenses	(1,165)	(875)	—	—
<b>22</b>	<b>Net investment result (20 + 21)</b>	<b>3,314</b>	<b>4,795</b>	—	—
23	Net investment result on unit-linked investments	—	—	—	—
24	Other financial income	417	314	—	—
25	Other financial expense	(196)	(200)	—	—
<b>26</b>	<b>Operating result (8 + 14 + 17 + 18 + 22 + 23 + 24 + 25)</b>	<b>3,155</b>	<b>4,330</b>	—	—
27	Interest expense on debt and other interest expense	(888)	(952)	—	—
28	Other income	—	—	—	—
29	Other expense	—	—	—	—
30	Extraordinary income/expense	—	—	—	—
<b>31</b>	<b>Net income before taxes (26 + 27 + 28 + 29 + 30)</b>	<b>2,267</b>	<b>3,378</b>	—	—
32	Direct tax expenses	(215)	(379)	—	—
<b>33</b>	<b>Net income after taxes (31 + 32)</b>	<b>2,052</b>	<b>2,999</b>	—	—

1 Line items 7 and 18: lines of business allocated according to the gross written premium.

## Appendix 1: Quantitative templates (continued)

## Appendix 1: Quantitative templates (continued)

Income Statement Zurich Insurance Company Ltd Direct Foreign Business and Assumed Business	In CHF millions, for the years ended December 31	
	Direct non-Swiss business, total	
	2023	2024
1 Gross written premiums and policy fees	6,036	5,993
2 Premiums ceded to reinsurers	(3,944)	(3,610)
3 Net written premiums and policy fees (1 + 2)	2,092	2,382
4 Change in reserves for unearned premiums, gross	(1,403)	(118)
5 Change in reserves for unearned premiums, ceded	979	90
6 Net earned premiums and policy fees (3 + 4 + 5)	1,667	2,355
7 Other income <sup>1</sup>	335	255
<b>8 Total technical income (6+7)</b>	<b>2,002</b>	<b>2,609</b>
9 Claims paid, annuities and loss adjustment expenses, gross	2,839	(3,185)
10 Claims paid, annuities and loss adjustment expenses, ceded	(2,022)	1,808
11 Change in insurance reserves, gross	(6,422)	(488)
12 Change in insurance reserves, ceded	4,305	168
13 Change in actuarial provisions for unit-linked contracts		
<b>Insurance benefits and losses, net of reinsurance</b>		
<b>14 (9 + 10 + 11 + 12 + 13)</b>	<b>(1,300)</b>	<b>(1,697)</b>
15 Underwriting & policy acquisition costs, gross	(1,291)	(1,378)
16 Underwriting & policy acquisition costs, ceded	1,081	1,056
17 Underwriting & policy acquisition costs, net of reinsurance (15 + 16)	(211)	(322)
18 Administrative and other expense <sup>1</sup>	(544)	(586)
<b>Total technical expense</b>		
<b>19 (14 + 17 + 18) (non-life insurance only)</b>	<b>(2,055)</b>	<b>(2,605)</b>
20 Investment income		
21 Investment expenses		
<b>22 Net investment result (20 + 21)</b>		
23 Net investment result on unit-linked investments		
24 Other financial income		
25 Other financial expense		
<b>26 Operating result (8 + 14 + 17 + 18 + 22 + 23 + 24 + 25)</b>		
27 Interest expense on debt and other interest expense		
28 Other income		
29 Other expense		
30 Extraordinary income/expense		
<b>31 Net income before taxes (26 + 27 + 28 + 29 + 30)</b>		
32 Direct tax expenses		
<b>33 Net income after taxes (31 + 32)</b>		

1 Line items 7 and 18: lines of business allocated according to the gross written premium.

## Appendix 1: Quantitative templates (continued)

## Appendix 1: Quantitative templates (continued)

<b>Market conform Balance Sheet</b>	in USD millions, for the years ended December 31	Adjustments	
		2023	previous period
<b>Market conform value of investments</b>			
Real estate	14,045	–	11,782
Participations	135	–	146
Fixed-income securities	110,701	–	104,201
Loans	2,748	–	3,003
Mortgages	4,580	–	3,896
Equities	4,735	–	4,639
Other investments	25,480	–	24,868
Collective investment schemes	4,244	–	4,442
Alternative investments	9,600	–	9,656
Structured products	–	–	–
Other investments	11,636	–	10,770
<b>Total investments</b>	<b>162,424</b>	–	<b>152,535</b>
<b>Market conform value of other assets</b>			
Financial investments from unit-linked life insurance	141,315	–	148,535
Receivables from derivative financial instruments	960	–	885
Deposits made under assumed reinsurance contracts	1,816	–	2,030
Cash and cash equivalents	7,360	–	6,762
Share of technical provisions from reinsurance	20,646	–	21,194
Direct insurance: life insurance business (excluding unit-linked life insurance)	3,417	–	3,282
Reinsurance: life insurance business (excluding unit-linked life insurance)	315	–	382
Direct insurance: non-life insurance business	11,462	–	10,990
Reinsurance: non-life insurance business	5,677	–	6,955
Direct insurance: health insurance business	–	–	–
Reinsurance: health insurance business	–	–	–
Direct insurance: other business	–	–	–
Reinsurance: other business	–	–	–
Direct insurance: unit-linked life insurance business	(224)	–	(414)
Reinsurance: unit-linked life insurance business	–	–	–
Fixed assets	2,460	–	2,226
Deferred acquisition costs	–	–	–
Intangible assets	–	–	–
Receivables from insurance business	12,689	–	13,674
Other receivables	5,785	–	6,245
Other assets	1,053	–	1,109
Unpaid share capital	–	–	–
Accrued assets	3,986	–	4,025
<b>Total other assets</b>	<b>198,071</b>	–	<b>206,685</b>
<b>Total market conform value of assets</b>	<b>360,495</b>	–	<b>359,220</b>

## Appendix 1: Quantitative templates (continued)

Market conform Balance Sheet	in USD millions, for the years ended December 31	Adjustments		
		2023	previous period	2024
<b>Market conform value of liabilities (including unit linked life insurance)</b>				
<b>Best estimate of insurance liabilities</b>	<b>(147,425)</b>	<b>–</b>	<b>(139,794)</b>	
Direct insurance: life insurance business (excluding unit-linked life insurance)	(73,714)	–	(65,116)	
Reinsurance: life insurance business (excluding unit-linked life insurance)	(1,525)	–	(1,433)	
Direct insurance: non-life insurance business	(66,819)	–	(68,034)	
Reinsurance: non-life insurance business	(5,367)	–	(5,211)	
Direct insurance: health insurance business	–	–	–	
Reinsurance: health insurance business	–	–	–	
Direct insurance: other business	–	–	–	
Reinsurance: other business	–	–	–	
<b>Best estimate of unit-linked life insurance liabilities</b>	<b>(136,865)</b>	<b>–</b>	<b>(143,749)</b>	
Direct insurance: unit-linked life insurance business	(136,865)	–	(143,749)	
Reinsurance: unit-linked life insurance business	–	–	–	
<b>Market value margin</b>	<b>(6,670)</b>	<b>–</b>	<b>(5,890)</b>	
<b>Market conform value of other liabilities</b>				
Non-technical provisions	(2,404)	–	(1,877)	
Interest-bearing liabilities	(5,140)	–	(4,099)	
Liabilities from derivative financial instruments	(1,252)	–	(840)	
Deposits retained on ceded reinsurance	(686)	–	(1,212)	
Liabilities from insurance business	(5,793)	–	(5,749)	
Other liabilities	(11,770)	–	(12,377)	
Accrued liabilities	(5,103)	–	(5,162)	
Subordinated debts	(10,695)	–	(11,075)	
<b>Total market conform value of liabilities</b>	<b>(333,803)</b>	<b>–</b>	<b>(331,825)</b>	
<b>Market conform value of assets minus market conform value of liabilities</b>	<b>26,692</b>	<b>–</b>	<b>27,395</b>	

## Appendix 2: Report of the statutory auditor on the Group consolidated financial statements 2024

The Financial Condition Report is not audited.

The consolidated financial statements of ZIC Group, which comprise the consolidated income statements, consolidated statements of comprehensive income, consolidated balance sheets, consolidated statements of cash flows, consolidated statements of changes in equity and notes to the consolidated financial statements for the year ended December 31, 2024 are audited. Please refer to the report of the statutory auditor of ZIC Group and ZIC on [pages 164–171](#) and [pages 194–202](#), respectively, which can be found at: [www.zurich.com/investor-relations/results-and-reports/other-statutory-filings](http://www.zurich.com/investor-relations/results-and-reports/other-statutory-filings).

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