Risk review

Annual results 2024

Zurich Insurance Group

Message from our Group Chief Risk Officer

Fostering resilience in a dynamic environment

In 2024, the world around us continued to evolve at an accelerated pace, shaping the Group's risk landscape in sometimes unpredictable ways. Persistent geopolitical tensions, the rapid emergence of new technologies and shifting global dynamics underscored the importance to our customers of enhancing their resilience and innovating responsibly, to thrive not only in the current environment, but in the years to come.

Throughout these turbulent times, Zurich continued to deliver on its strategic objectives and maintained both financial and operational robustness. This persistent strength stems from our deep-rooted experience in navigating volatile conditions. Our risk management system plays a pivotal role in identifying, assessing and managing threats, ultimately allowing us to stay ahead in a changing and uncertain world.

"Risk management cultivates an environment for informed, appropriate risk-taking and resilience, enabling Zurich and its customers to innovate and be ready for the future."

Peter Giger
Group Chief Risk Officer

At Zurich, risk management is more than just a function; it is a cornerstone of our culture. Informed risk-taking requires a thorough understanding of risks and transparency on risk-reward trade-offs. By equipping our employees with the knowledge to take calculated risks within the Group's appetite, we ensure that, in times of change, we protect our capital, liquidity, earnings, reputation and customers. Our Total Risk Profiling™ methodology, a key part of Zurich's Enterprise Risk Management framework, enables us to identify critical risks and focus on what matters. This proactive risk management strategy establishes a robust foundation of resilience for us and our customers, ensuring continued success despite external challenges, even the existential ones like climate change.

Responding to global challenges

Zurich's operational risk landscape in 2024 was shaped by several geopolitical conflicts. That included wars in Ukraine and the Middle East, coupled with persistent tensions in the East and South China Sea. This added to the complexities Zurich and our customers faced, and the necessity to assess business and supply chain resilience. Moreover, some nations turned to protectionist measures, rebalancing trade accounts, striving to reduce their interdependence, potentially disrupting the global balance of power, and risking a division of the global economy into geopolitical blocs.

International dynamics and financial markets struggled with uncertainty. Domestically, many countries grappled with internal destabilization. However, interest rates started to decline, and inflation in many countries approached target levels across most industries.

Promoting innovation

In the face of global challenges, building resilience and managing uncertainty are critical components of our business growth strategy. Guided by the principles of safety, transparency, accountability and reliability, we innovate responsibly to foster sustainable growth while enhancing our customers' experience and delivering value to our stakeholders.

Managing climate transition

Climate models indicate that rising global temperatures contribute to more severe and potentially more frequent extreme weather events. Proprietary insights derived from climate models, alongside actual loss experience, have informed the Group's approach to managing climate transition, as outlined in our recently published climate transition plan. As the climate landscape continues to evolve, we remain vigilant, closely monitoring our exposures and making necessary adjustments.

Strong financial position

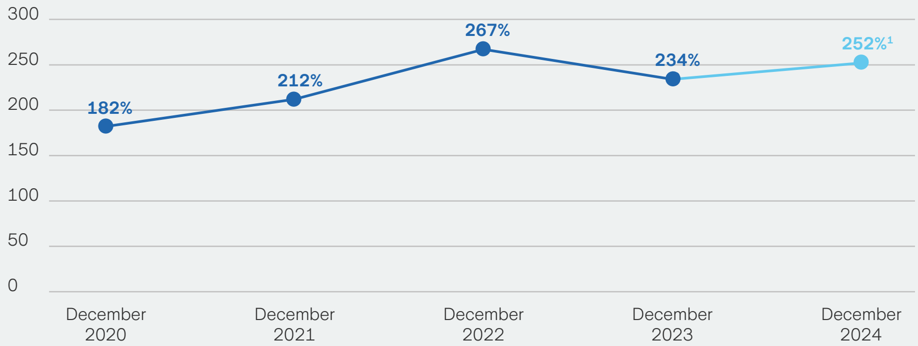
Supported by the robust management of risks, in 2024, our financial strength remained at very strong levels (see page 9 for Swiss Solvency Test results), reaffirming our resilience and our ability to support our customers even through uncertain and volatile times.

Peter Giger
Group Chief Risk Officer

Development of Swiss Solvency Test (SST) ratio

The Group Swiss Solvency Test (SST) ratio increased to 252 percent as of December 31, 2024 from 234 percent as of December 31, 2023. The development of the SST ratio in 2024 reflects strong underlying capital generation and favorable market movements, partially offset by assumption and model changes.

SST ratio
in %



1 The SST results as of December 31, 2024 are estimated and may differ from the final SST results, which will be presented in the Financial Condition Report at the end of April 2025.

Analysis of Group total risk capital
in %, as of December 31, 2024

Insurance risk	44%
Market risk, including investment credit risk	54%
Other credit risk	2%

Highlights by risk type

Insurance risk

The Group's insurance risk is diversified by geography, line of business, product and customer, supported by our centralized purchase of reinsurance which led to continued sound insurance outcomes in 2024 in the face of natural catastrophes and the inflationary environment.

Read more:
▶ Pages 13–19

Market risk

Required capital held by the Group for investment risk taking decreased slightly during 2024. This was largely driven by improved market conditions, including higher yields and a stronger USD against major currencies. Model and assumption changes contributed to an increase in risk. Market volatilities have remained relatively stable against the prior year. The Group's investment portfolio remains well diversified across risk drivers and geographies.

Read more:
▶ Pages 20–25

Other credit risk

Credit quality remained stable despite challenging macroeconomic and geopolitical conditions.

Read more:
▶ Pages 25–26

Operational risk

Zurich's operational risk management approach enables the Group to focus on high-priority matters under demanding circumstances and to maintain operational risk within acceptable levels.

Read more:
▶ Pages 27–28

Risk review

Contents

The risk review information marked 'audited' is an integral part of the consolidated financial statements.

Risk management

Audited

The risk review information marked 'audited' is an integral part of the consolidated financial statements.

Audited

Objectives of risk 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.

The Group's objectives in managing risks are to:

- Support achievement of its business strategy and objectives, and protect capital, liquidity, earnings and reputation by identifying, assessing, responding to, monitoring and reporting risks in line with the Group's risk appetite and tolerance.
- Enable the Board of Directors (the 'Board'), senior management and other stakeholders charged with governance and oversight to discharge their risk management responsibilities, including risk reporting and external disclosures.
- Support transparency in decision-making processes by providing consistent, reliable and timely risk information.
- Embed risk culture by promoting risk awareness, and disciplined and informed risk-taking.

Enterprise Risk Management framework

To achieve its risk management objectives, the Group manages risk according to an established Enterprise Risk Management (ERM) framework, which 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. The Group's ERM framework is documented by both policy and non-policy documents, including the Zurich Risk Policy (ZRP) and related risk policy manuals, and is complemented by training and guidance materials.

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.

The ZRP is a Group policy that articulates Zurich's approach to risks and sets mandatory requirements for risk management throughout the Group. The policy describes the Group's ERM framework and provides a standardized set of risk types. Risk-specific policy manuals provide requirements and procedures to implement the principles outlined in the ZRP.

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.

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.

The Group's solvency position is disclosed on the basis of the Swiss Solvency Test (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, which translates into an SST ratio target of 160 percent or above.

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.

Risk-based remuneration

Based on the Group's remuneration rules, the Board approves the design and structure of remuneration arrangements that support the achievement of strategic and financial objectives, without encouraging inappropriate risk-taking.

Group Risk Management's role in respect of remuneration and its interaction with Board committees is described in the remuneration report.

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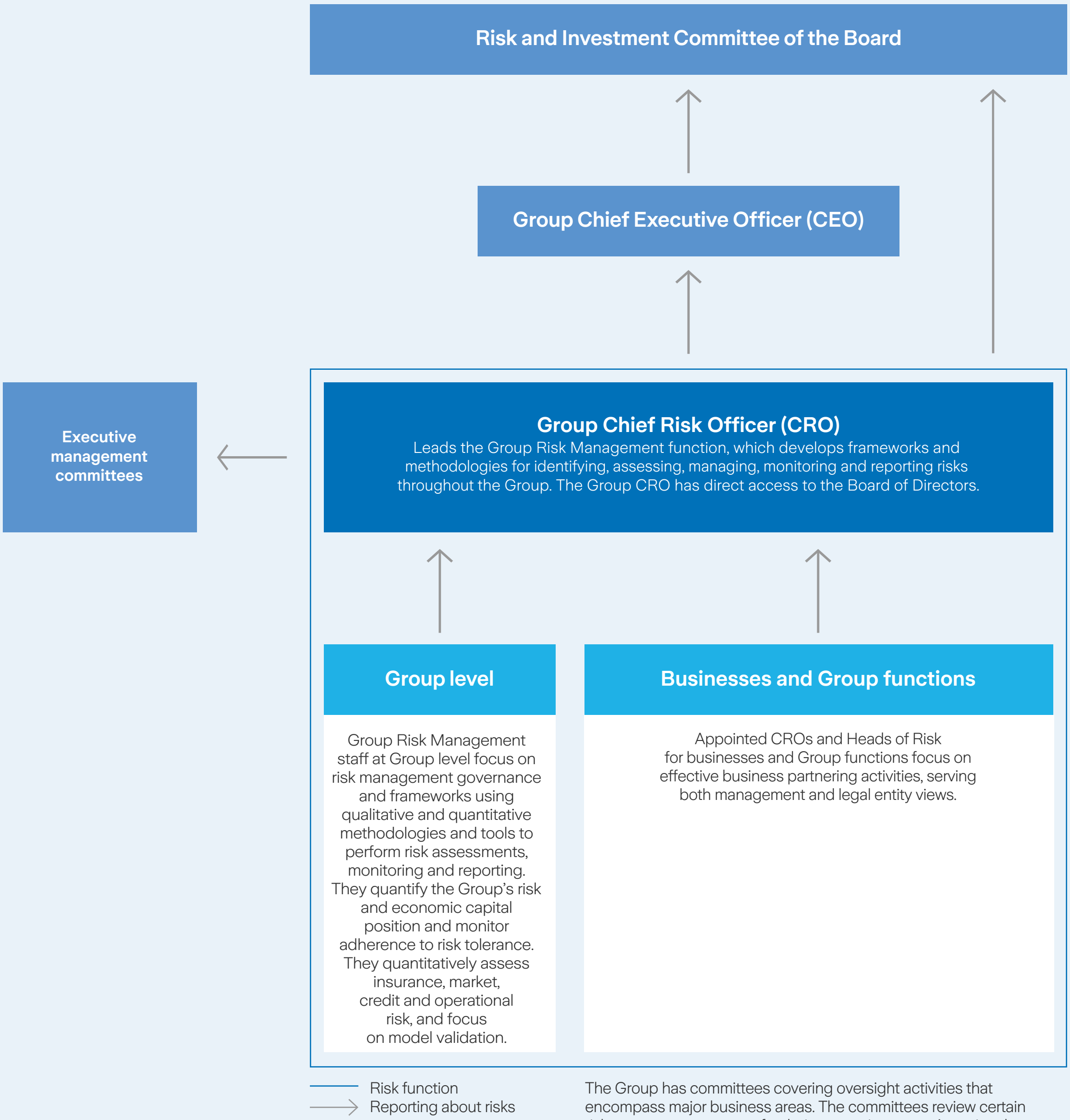
Risk governance and risk management organization

For information on the Group's overall governance, including the Board and Group executive level, see the corporate governance report (unaudited).

Risk management organization

The Group Risk Management function is a global function, led by the Group Chief Risk Officer (CRO).



The Group has committees covering oversight activities that encompass major business areas. The committees review certain risk management matters for their respective areas. At regional and country level, these oversight activities are conducted through risk and control committees.

The risk function is independent of the business by being a vertically integrated function. Unless otherwise required by local laws or regulations, CROs and Heads of Risk report into the Group CRO, except for the Farmers CRO, who has a matrix reporting line to the Group CRO. They independently challenge, support and advise management on business decisions from a risk perspective.

Capital management

Audited

Objectives of 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 International Financial Reporting Standards (IFRS) Accounting Standards of USD 25.5 billion and subordinated debt of USD 8.9 billion were part of the capital available in the Group's Swiss Solvency Test (SST) available financial resources (AFR). Further adjustments to derive SST AFR typically include deductions for proposed dividends and share buybacks, goodwill and intangible assets, deferred tax assets and liabilities, as well as the market-consistent valuation of insurance liabilities, which includes 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 strives to simplify the Group's legal entity structure to reduce complexity and increase fungibility of capital.

Capital management framework

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 and solvency position is monitored and regularly reported to the Executive Committee (ExCo) and Board of Directors.

Zurich's policy is to allocate capital to businesses earning the highest risk-adjusted returns, and to pool risks and capital as much as possible to operationalize its risk diversification.

The Group's executive management determines the capital management strategy and sets the principles, standards and policies to execute the strategy. Group Treasury and Capital Management executes the strategy.

Capital management program

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. Such actions include paying and receiving dividends, capital repayments, share buybacks, issuance of shares, issuance of senior and hybrid debt, securitization and purchase of reinsurance.

The Group seeks to maintain a balance between returns for shareholders and the security that a sound capital position provides, also for its customers. Dividends, share buybacks, and issuances and redemption of debt have a significant influence on capital levels. During 2024, the Group:

- paid a dividend out of retained earnings,
- bought own shares, and
- issued senior and subordinated debt to refinance maturing and callable debt.

The Swiss Code of Obligations stipulates that dividends may only be paid out of freely distributable reserves or retained earnings. Apart from what is specified by the Swiss Code of Obligations, Zurich Insurance Group Ltd faces no legal restrictions on dividends it may pay to its shareholders. As of December 31, 2024, the amount of the statutory general legal reserve was more than 46 times the paid-in share capital. The ability of the Group's subsidiaries to pay dividends may be restricted or indirectly influenced by minimum capital and solvency requirements imposed by insurance and other regulators in the countries in which the subsidiaries operate. Other limitations or considerations include foreign exchange control restrictions in some countries, and rating agencies' methodologies.

For more information on issuances and redemptions of debt, see note 17 of the consolidated financial statements. For more information on acquisitions and divestments, see note 4 of the consolidated financial statements.

Risk and solvency assessment

Audited

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.

Regulatory solvency regimes

Regulatory requirements in Switzerland

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 results as per December 31 must be submitted to the Swiss Financial Market Supervisory Authority (FINMA) annually. Zurich filed with FINMA an SST ratio of 234 percent (unaudited) as of December 31, 2023. The Group monitors its solvency position on a regular basis and discloses it quarterly. Zurich met the regulatory solvency requirements in Switzerland throughout 2024.

The estimated SST ratio as of December 31, 2024 stood at 252 percent (unaudited). The final SST ratio as of December 31, 2024 will be filed with FINMA by the end of April 2025 and is subject to review by FINMA.

Regulatory requirements in the European Economic Area (EEA)

The main regulatory framework governing the Group's subsidiaries in the EEA is Solvency II. This is an economic and risk-based framework which covers assets and liabilities valuation as well as capital requirements (pillar 1), governance and risk management (pillar 2), and supervisory reporting and public disclosure (pillar 3). All EEA-based legal entities of the Group use the Solvency II standard formula for their pillar 1 requirements with the exception of Zurich Insurance Europe AG (ZIE), which applies an approved internal model.

Effective January 2, 2024, Zurich Insurance plc moved to Germany, by means of a cross-border conversion under the European Directive on cross-border conversions, mergers and divisions, and changed the name to Zurich Insurance Europe AG (ZIE). The head office move had no material impact on ZIE's organization, customer-facing and business activities in the local markets ZIE operates in.

Starting in 2020, the European Commission has undertaken a review of the Solvency II Directive based on technical advice provided by the European Insurance and Occupational Pensions Authority (EIOPA). The amended text to the Solvency II Directive has been published in the EU Official Journal on January 8, 2025. Member States of the EU must transpose the amending Directive into their national laws by January 29, 2027, and apply the measures from January 30, 2027.

Regulatory requirements in the United Kingdom (UK)

The UK operates under the Solvency UK regime which is tailored to the UK market. The regime has been simplified and allows more flexibility to UK firms while maintaining strong prudential standards. The Solvency UK and Solvency II regimes are still substantially aligned but divergences could be expected over the coming years.

Regulatory requirements in the U.S.

In the U.S., required capital is determined using the National Association of Insurance Commissioners' risk-based capital model. This method, which builds on statutory accounts, measures the minimum amount of capital for an insurance company to support its overall business operations by taking into account its size and risk profile.

Regulatory requirements in other jurisdictions

Every country has a capital standard for insurance companies. Several jurisdictions (e.g., Brazil, Mexico, and Hong Kong) have implemented approaches similar to Solvency II.

Swiss Solvency Test (SST)

SST ratio

The SST ratio is calculated as the Group's SST available financial resources (AFR) divided by the SST target capital (TC). The SST ratio of 252 percent as of December 31, 2024, is well above the Group's SST target of 160 percent. The development of the SST ratio in 2024 reflects strong underlying capital generation and portfolio management actions. Favorable market movements were partially offset by model and assumption changes.

SST available financial resources (AFR)

The Group's AFR are derived from the SST net assets. The net assets represent the difference between the value of assets and liabilities according to the market-consistent valuation methodology under SST.

During 2024, the Group's AFR increased by USD 2.1 billion to USD 36.4 billion as of December 31, 2024, compared to USD 34.3 billion as of December 31, 2023. The main drivers of the AFR increase in 2024 were the strong capital generation and favorable market movements as well as issuance of subordinated debt. Merger and acquisition (M&A) activities decreased the AFR.

SST target capital (TC)

The Group uses an internal risk model to determine the required TC.

The Group's TC as of December 31, 2024 amounted to USD 14.4 billion, a decrease of USD 0.3 billion compared with USD 14.7 billion as of December 31, 2023, driven by a decrease in market risk and insurance risks following M&A activities and favorable market movements. Model and assumption changes increased the TC.

Table 1

Group Swiss Solvency Test (SST) ratio and underlying components

in USD billions	**December 31, 2024**[1]	December 31, 2023
Total risk capital	19.6	20.1
Other effects on target capital (TC)[2]	(5.2)	(5.4)
Target Capital	**14.4**	**14.7**
Available financial resources (AFR)	**36.4**	**34.3**
Of which Market value margin (MVM)	(3.7)	(4.1)
Group SST ratio	**252%**	**234%**

1 The SST results as of December 31, 2024 are estimated and may differ from the final SST results, which will be presented in the Financial Condition Report at the end of April 2025.
2 Other effects are expected business development over the forecasting horizon, additional business costs and FINMA requirements.

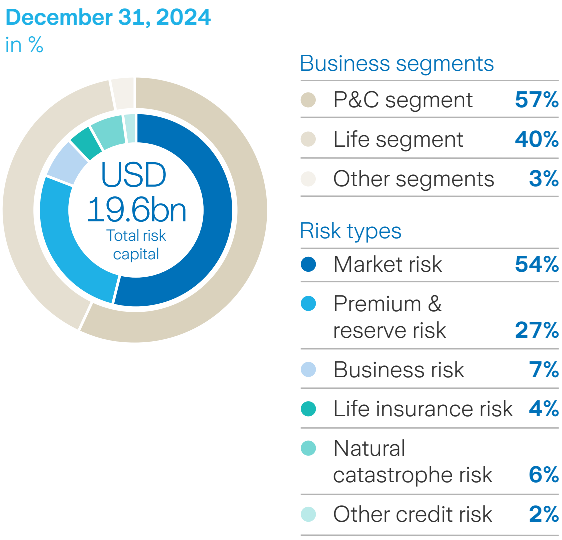
Total risk capital by risk type and business segment

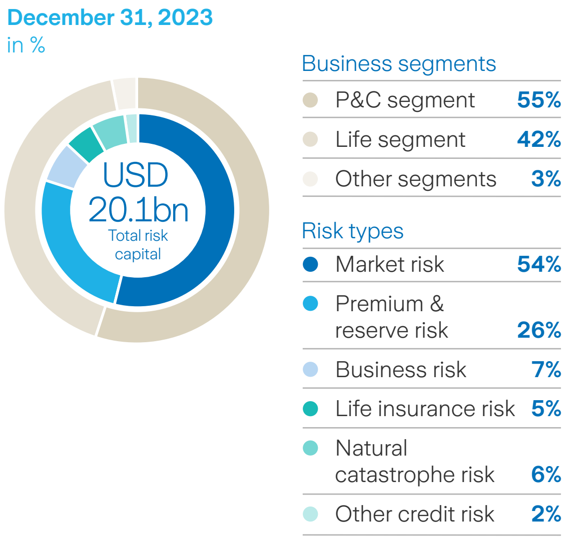
The chart below shows the total risk capital, split by risk type and business segment, as of December 31, 2024, and 2023, respectively. As of December 31, 2024, the largest components of total risk were market risk and premium and reserve risk, comprising 54 percent and 27 percent of the total risk capital, respectively.

The decrease in total risk capital as of December 31, 2024 compared to December 31, 2023 was driven by a decrease in market risk and insurance risks following favorable market movements and impact from portfolio management actions. Model changes partially offset the reduction in total risk capital.

The contribution of the risk types as of December 31, 2024 remained relatively unchanged compared to December 31, 2023.

Total risk capital, split by risk type and business segment





Audited

Methods and assumptions used in the SST sensitivity analysis

The use of SST sensitivities for assessing the nature and extent of risks arising from insurance contracts is deemed appropriate as the SST represents a comprehensive framework that takes into account the interdependencies between risks and is used by the Group to assess and manage risks.

The sensitivity analysis provides information on how the Group's SST available financial resources (AFR) and solvency ratio are affected by changes in risk variables. The SST AFR and solvency ratio sensitivities are presented before tax and net of external reinsurance.

The SST AFR and related sensitivities are evaluated as instantaneous market or insurance shocks. All elements of the economic balance sheet and the required capital sensitive to a market or insurance parameter shock are recalculated. For example, values of all balance sheet and risk components change in the event of foreign exchange moves of 10 percent. However, in the event of a shock to equity markets, the Property & Casualty (P&C) net insurance liabilities and risks remain constant.

To assess the SST AFR and ratio sensitivities, the SST balance sheet positions are fully revalued under the specific shock scenarios. Each instrument is revalued separately, taking relevant product features into account. Non-linear valuation effects, where they exist, are reflected in the calculations. Valuation of the insurance liabilities under the shock scenarios is based on the replicating portfolios representing the insurance liabilities in the SST market risk model. Life business replicating portfolios are portfolios of assets that replicate the cash flows or present values of the life insurance liabilities under stochastic scenarios from the local life valuation models, according to the methodology approved by FINMA. The replicating portfolios are calibrated to match dependencies of life insurance liabilities on financial market developments in respect of interest rates, equity and property. The options and guarantees of the underlying life insurance liabilities are captured through inclusion of options in the replicating portfolios. The P&C replicating portfolios are represented by zero coupon bonds and are sensitive to interest rate shocks.

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The SST required capital and market value margin (MVM) are fully recalculated using parameters of a market shock as input to the risk calculations and taking into account impact of the market parameters on the base exposure, e.g., impact of the interest rate shocks on the insurance risk is reflected via revaluation of the risk exposure due to discounting effect.

In calculating the impact of a shock on the SST AFR and ratio, insurance liabilities' replicating portfolios, risk exposure (where not dependent on market parameters), and model parameters remain unchanged from the base case.

The SST AFR and related sensitivities aim to provide Zurich's investors with guidance on how its AFR and solvency ratio would move in a different economic environment. Such shocks are linear, and they are a simplified representation of reality as the various market parameters never move in isolation or in sync within the same market class (e.g., equites).

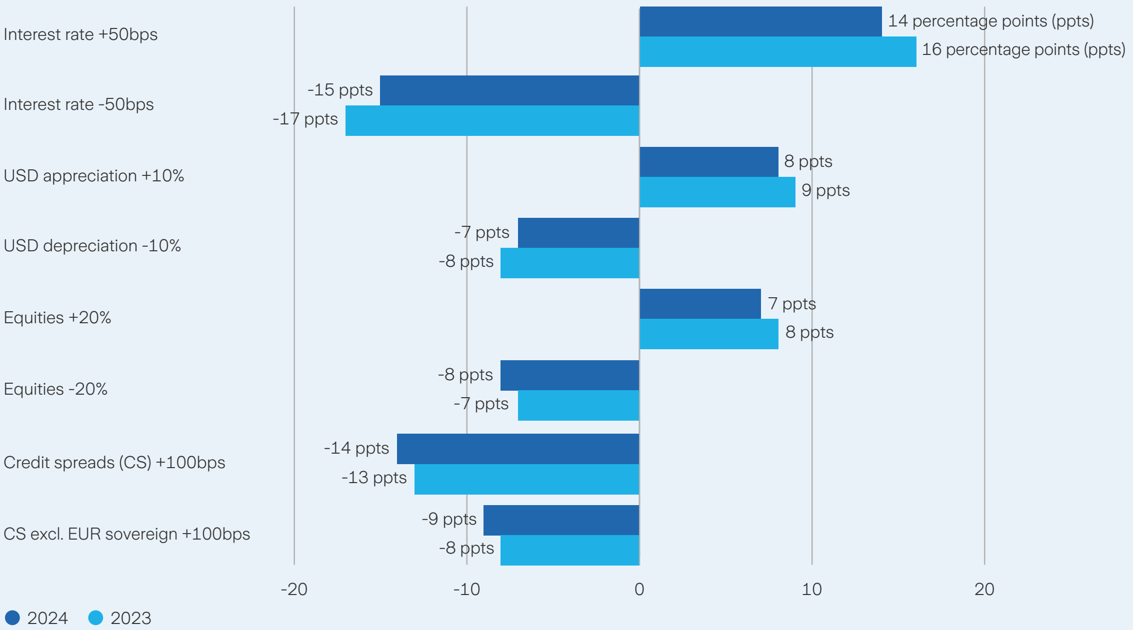
Sensitivity and scenario analysis

The Group evaluates sensitivities to, and stress scenarios on, the SST ratio, and assesses results relative to Zurich's risk appetite and tolerance. The sensitivities in the chart below capture impact on the Group SST ratio due to sensitivities to financial market movements.

Market risk sensitivities show the estimated impact on the Group's SST ratio of a half percentage-point (50 basis points, or bps) increase or decrease in yield curves, a 10 percent appreciation or depreciation in the U.S. dollar, a 20 percent rise or decline in all stock markets, and a 100 bps increase in credit spreads, with and without euro-denominated sovereign bonds. The sensitivities are considered as separate but instantaneous shocks. They are a best estimate and non-linear, for example, a change to the size of the market movement could result in disproportionally higher or lower impact on the SST ratio depending on the prevailing market conditions at the time.

SST sensitivities
as of September 30[1]

Impact on the SST ratio due to sensitivities to financial market conditions:[2]



1 Base ratio and sensitivities as of September 30, 2024 are calculated reflecting the Chile Life annuity transaction completed in the fourth quarter of 2024. Base ratio and sensitivities as of September 30, 2023 are calculated reflecting the separation of the legacy traditional back book in Germany.
2 Sensitivities are best estimates and reflect the impact on the pension plans in the UK. For the interest rate sensitivities, shocks are applied to the liquid part of the yield curve. Credit spreads (CS) include mortgages, including and excluding euro sovereign spreads. CS sensitivities of available capital include changes to the volatility adjustment applied to interest rate curves.

Audited

Insurance financial strength rating (IFSR)

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.

The insurance financial strength rating (IFSR) of the Group's main operating entity, Zurich Insurance Company Ltd (ZIC), is an important indicator of Zurich's competitive position, while the Group's credit ratings also affect the cost of debt capital.

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)'.

S&P's IFSR remained at the 'AA' level.

As of January 2025, 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'.

Analysis by risk type

Audited

Insurance risk

Insurance risk is the risk of deviations from what is expected in the timing, frequency or severity of insured events, leading to loss, including adverse change in the value of insurance liabilities (Life and Property & Casualty (P&C)). This may result from inherent uncertainty of insured events or losses, inadequate or ineffective underwriting or accumulation management, inappropriate product development, pricing, claims management, reserving or reinsurance. The profitability of insurance business is also susceptible to business risk in the form of unexpected changes in expenses, policyholders' behavior, and fluctuations in new business volumes. Zurich manages insurance risk through:

- Specific underwriting and claims standards and controls
- Robust reserving processes
- External reinsurance

Property & Casualty (P&C) insurance risk

P&C insurance risk arises from coverage provided for motor, property, liability, special lines and worker injury. It comprises premium and reserve (P&R) risk, catastrophe risk, and business risk. P&R risk covers uncertainties in the frequency of the occurrence of the insured events as well as in the severity of the resulting claims. Catastrophe risk predominantly relates to uncertainty around natural catastrophes. Business risk predominantly relates to unexpected increases in the expenses relating to claims handling, underwriting, and administration.

Management of Property & Casualty (P&C) insurance risk

The Group's underwriting strategy takes advantage of the diversification of property and casualty risks across lines of business, customers and geographic regions. Zurich defines Group-wide governance for insurance risk including for new products. Underwriting discipline is a fundamental part of managing insurance risk. The Group sets limits on underwriting capacity and delegates authority to individuals based on their specific expertise and sets appropriate underwriting and pricing guidelines. Technical reviews assure that underwriters perform within authorities and adhere to underwriting policies.

P&C insurance reserves are regularly estimated, reviewed and monitored by qualified and experienced actuaries at local, regional and Group levels. To arrive at their reserve estimates, the actuaries take into consideration, among other things, the latest information regarding loss payments, as well as related trends and patterns.

Economic inflation has generally softened during 2024; however, it continues to pose challenges in some areas, including motor portfolios. Inflation is monitored with insights feeding into actuarial reserving models as well as Zurich's underwriting processes and pricing, and the monitoring of and response to loss trends are a key focus. Additionally, the potential increase in litigation abuse is a risk that the Group closely follows. The Group's existing risk management and governance processes continue to monitor and respond to developments in the environment. Several actions related to inflation, identified through the Group's Total Risk Profiling™, have been implemented, including the enhancement of virtuous circle discussions. Moreover, measures beyond rate changes, such as in claims and portfolio management, continue.

Additionally, there is a concerted effort to foster communication between functions that extends beyond inflation challenges. To ensure a common understanding of business insights and new trends for reserve analysis, financial plans, underwriting and pricing decisions, the Group has established a culture of continuous cross-functional collaboration. For this, underwriting, actuarial (pricing and reserving), claims, finance, sales and distribution, risk engineering and risk management contribute to quarterly meetings at local and Group levels.

Zurich's Emerging and Sustainability Risk Committee (ESRC) – with cross-functional expertise from core insurance functions such as underwriting, claims and risk management – identifies, assesses and recommends actions for emerging risks.

Governance is in place to ensure appropriate focus on top-line targets and profitability. Reinsurance is deployed to help manage insurance risk. Group Risk Management also provides independent assurance through risk reviews.

The Group is exposed to losses that could arise from natural and man-made catastrophes. The main concentrations of risks arising from such potential catastrophes are regularly reported to executive management.

Audited

Natural catastrophes

The Group uses third-party models, adjusted to Zurich's view, to manage its underwriting, monitor accumulations relative to intended exposure limits, and assess the capital requirement for natural catastrophes. Consistent with this view on natural catastrophes, Zurich performs profitability assessments and strategic capacity allocations, which inform the type and quantity of reinsurance it buys.

To ensure global consistency, exposures to natural catastrophes are modeled by a dedicated Group function. Potential losses from property, engineering, motor and marine policies with material exposure in hazard-prone geographical areas are probabilistically modeled, as are worker injury policies with material exposure in U.S. seismic zones. Where material, losses for other lines of business are estimated based on adjustments to these modeled results. Risk modeling mainly addresses weather-induced perils such as wind, flood, tornado, and hail, and geologically-induced perils such as earthquake. The most important peril regions for natural catastrophes are North Atlantic hurricane, California earthquake and European windstorm.

Zurich regularly reviews and expands the scope and sophistication of its modeling and strives to improve data quality. Zurich continues to invest in a diversified, multi-vendor-based catastrophe modeling ecosystem and in expanding its catastrophe research and development capabilities to complement existing expertise in natural catastrophe risk management. This applies for example to a shifting risk landscape due to climate change.

Zurich supplements internal know-how with external knowledge (e.g., the Advisory Council for Catastrophes) and is a shareholder of PERILS AG, Switzerland, a catastrophe exposure and loss data aggregation and estimation firm. Zurich is a governor sponsor of the Global Earthquake Model (GEM) Foundation and is also a member of the open-source initiative, Oasis Loss Modelling Framework.

For further details on the integration of climate risks into Zurich's modeling approach, refer to the section 'managing risks from climate-related natural catastrophes' in the Group's sustainability report (unaudited). For more information on the assessment of the resilience of Zurich's business model to potential climate risks beyond the financial cycle, refer to the section 'portfolio level, scenario-based climate risk analysis' of the Group's sustainability report (unaudited).

Man-made catastrophes

Man-made catastrophes include events such as industrial accidents, terrorism and cyber-attacks. For terrorism, worker injury and property risk exposures are analyzed to identify areas with significant risk concentration. Other lines of business are assessed, although the potential exposure is not as significant. An internal scenario model is used to evaluate potential exposures in every major U.S. city. The Group's analysis for the P&C business has shown that its exposures outside of North America are lower, in a large part due to government-provided pools. Outside the modeled areas, exposure concentrations are identified in Zurich's Risk Exposure Data Store (REDS). Exposure concentrations for location-based man-made scenarios, other than terrorism, are also identified in REDS, for example, industrial explosions at global ports.

The Group uses third-party and internally developed models through a dedicated Group function to manage its underwriting and accumulations for cyber and casualty catastrophe risks. The Group actively monitors and manages its cyber exposure, assessing accumulations against intended limits, and continues to refine products to ensure their appropriateness. Improving modeling capabilities and data quality for cyber and casualty catastrophe risks remain key focus areas.

Concentration of Property & Casualty (P&C) insurance risk

The Group defines concentration risk in the P&C business as the risk of increased losses resulting from exposure aggregation. Concentration risk for a P&C insurer may arise due to a concentration of business written within a geographical area or of underlying risks covered.

The P&C business segment constitutes the largest overall allocation of risk capital, with U.S. and Caribbean hurricane consuming the most risk capital in terms of SST ratio sensitivity.

The relative significance of premium and reserve (P&R) risk (unaudited) marginally increased from 26 percent of the total SST risk capital as of December 31, 2023, to 27 percent as of December 31, 2024.

The relative significance of natural catastrophe risk (unaudited) has remained stable at 6 percent of the total SST risk capital as of December 31, 2023, and 2024, respectively. However, some portfolio actions and the reduction of exposure in high accumulation zones have led to a more favorable view on U.S. hurricane and California earthquake.

Audited

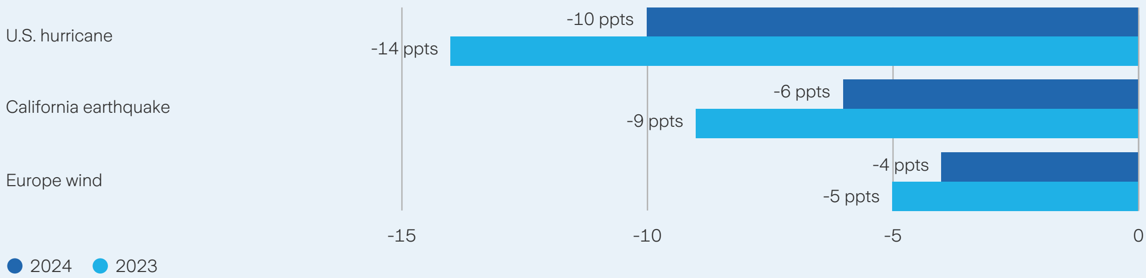
For more information about the Group's P&C business by geographic region, using International Financial Reporting Standards (IFRS) Accounting Standards as a basis, see the segment information in note 26 of the Group's consolidated financial statements as of December 31, 2024.

Analysis of sensitivities for Property & Casualty (P&C) risks

The chart below shows the three largest natural catastrophe events to which the Group is exposed. Insurance risk scenarios are defined as events that have a small probability of occurring but could, if realized, negatively affect the Group's SST ratio. The impact of insurance-specific scenarios on the target capital is not taken into account.

SST P&C-specific scenarios
as of September 30

Impact on the SST ratio due to P&C risk-specific scenarios:[1]



1 Scenario impact comparable to the modeled 250-year net occurrence loss for the respective peril (equivalent to a 99.6 percent probability of non-exceedance.)

Tables 2.a and 2.b show the sensitivity of net income before tax and net assets based on IFRS Accounting Standards, using the Group effective income tax rate, as a result of adverse development in the net loss ratio by one percentage point. The sensitivities do not indicate the probability of such an event and do not consider any non-linear effects of reinsurance. Based on the assumptions applied in the sensitivity analysis in tables 2.a and 2.b, each additional percentage-point increase in the loss ratio would have a linear impact on net income before tax and net assets.

The Group also monitors insurance risk by evaluating extreme scenarios, taking into account the non-linear effects of reinsurance contracts.

For further information about the development of net insurance losses by financial year, see note 7 of the Group's consolidated financial statements.

Table 2.a

Insurance risk sensitivity for the Property & Casualty business – current period

in USD millions, for the year ended December 31, 2024	**Europe, Middle East & Africa**	**North America**	**Asia Pacific**	**Latin America**	**Reinsurance**	**Total**[2]
+1% in loss ratio[1]						
Net income before tax	(187)	(210)	(38)	(32)	(8)	(448)
Net assets	(140)	(157)	(28)	(24)	(6)	(335)

Table 2.b

Insurance risk sensitivity for the Property & Casualty business – prior period

in USD millions, for the year ended December 31, 2023	Europe, Middle East & Africa	North America	Asia Pacific	Latin America	Reinsurance	Total[2]
+1% in loss ratio[1]						
Net income before tax	(172)	(206)	(34)	(28)	(8)	(423)
Net assets	(129)	(155)	(26)	(21)	(6)	(317)

1 The 1 percent change in net loss ratio is defined as a 1 percent change in the insurance revenue.
2 Total is inclusive of consolidation eliminations.

Audited

Life insurance risk

The risks associated with Life insurance include:

Life liability risk

- Mortality risk: when, on average, the death incidence among policyholders is higher than expected.
- Longevity risk: when, on average, annuitants live longer than expected.
- Morbidity risk: when, on average, the incidence of disability due to sickness or accident among policyholders is higher than expected, or recovery from disability is lower than expected.

Life business risk

- Policyholder behavior risk: when, on average, policyholders discontinue or reduce contributions, or withdraw benefits prior to the maturity of contracts at a rate that is different from expected.
- Expense risk: when expenses incurred in acquiring and administering policies are higher than expected.
- New business risk: when volumes of new business are insufficient to cover fixed acquisition expenses.

Market risk

- Market risk: the risk associated with the Group's balance sheet positions where the value or cash flow depends on financial markets, which is analyzed in the 'market risk, including investment credit risk' section.

Credit risk

- Credit risk: the risk associated with a loss or potential loss from counterparties failing to fulfill their financial obligations, which is analyzed in the 'market risk, including investment credit risk' and 'other credit risk' sections.

Management of Life insurance risk

The Group's Life underwriting results are based on the assumptions relating to life insurance risks. The actual experience may differ to that expected at the time of writing the business. For example, mortality could be either higher or lower than anticipated due to an unexpectedly harsh or benign flu season.

To understand the potential impact of experience differing from expectations, Zurich uses models to perform sensitivity analyses. The impact of changing the assumptions is considered under different scenarios across the risk types and products. Changes relating to absolute level and trend development in assumptions are considered by product category. For example, Zurich looks at the impact of an increase in morbidity rates for protection products or changes in the level and trend of longevity for annuity products. These analyses assist in understanding how sensitive the business is to changes in various assumptions and where there are benefits of having a diversified portfolio of risks and products. Changes in the same assumption can have a positive impact on one product and a negative impact on another. For example, people living longer than expected may have a positive impact on products that offer life cover, as claims are then paid later than expected, but could have a negative impact on annuity products as payments are made for longer than expected. At Zurich, Life liability risks are managed through established processes with requirements described in the Zurich Risk Policy (ZRP).

The Group has local product development and approval committees and a Group-level committee to review potential new life products that could significantly increase or change the nature of the risks or introduce new risks. The Group also regularly reviews the continued suitability and the potential risks of existing life products open to new business to ensure sustainability of the business.

Product pricing involves setting assumptions relating to life insurance risks. Local teams have the responsibility for the pricing of the products in line with the experience and emerging trends observed in each market. The emerging experience is regularly monitored and compared against expectations. Where permitted, premiums are adjusted for factors such as age, gender, and health-related conditions to reflect the corresponding risks. Policy terms and conditions and disclosure requirements are designed to mitigate the risk arising from non-standard and unpredictable risks that could result in a severe financial loss.

The underwriting process forms an important part of risk management and risk selection for life insurance risks. This process is supported through setting standards in the ZRP and providing support through additional underwriting guidelines.

Where required and appropriate, life insurance risks are also managed using reinsurance.

Audited

Unit-linked products are designed to reduce much of the market and credit risk associated with the Group's traditional business offerings. Risks that are inherent in these products are largely passed on to the policyholder, although a portion of the Group's management fees is linked to the value of funds under management, and hence is at risk if fund values decrease. Contracts may have minimum guaranteed death benefits where the sum at risk depends on the fair value of the underlying investments. Other life insurance liabilities include conventional life insurance products, such as protection and life annuity products.

Protection products (including disability products) provide benefits linked to policyholders' life and health and mainly carry mortality and morbidity risks. Changes in, and availability of, medical treatments and lifestyle changes are among the most significant factors that could result in earlier or more claims than expected or customers claiming for longer than expected. The risk selection process is informed by medical, lifestyle and financial parameters of applicants. Access to health information can potentially be restricted through regulation or undocumented health results. Advancements in biological and genetic testing may give individuals health information inaccessible to insurers. This in turn could lead to an inability to reflect the true risk profile in pricing products, adverse claims experience and a reduced product offering. Disability, when defined in terms of the ability to perform an occupation, could also be affected by adverse economic conditions. This impact could come through, for example, an increase in claims relating to mental health conditions triggered by an economic downturn.

Life annuity products provide benefits that are paid to the customer either for a certain number of years, or until they die. Therefore, these products carry longevity risk as people living longer than expected can have a material impact on these products. Medical advances and improved social conditions that lead to increased longevity are significant risk drivers for these products. Annuitant (beneficiary) mortality assumptions include allowance for future mortality improvements. The trends in mortality improvements are monitored to ensure that changes in experience are considered. The exposure to longevity risk at a Group level is measured regularly and compared against the limit set by the Group.

The Group is exposed to risks posed by policyholder behavior and fluctuating expenses. These are mitigated by designing products that, as closely as possible, match revenue and expenses associated with the contract.

The Group is also exposed to investment and surrender risks related to bank-owned Life insurance contracts sold in the U.S. See heading 'other assets at amortized cost' in note 5 of the consolidated financial statements for more information.

In the past, low interest rates have led to an increase in both Life business risks and Life liability risks (especially longevity risk). Furthermore, interest rate guarantees (with concentration in traditional guaranteed business in Germany and Switzerland) expose Zurich to financial losses that may arise as a result of adverse movements in interest rates combined with potential increases in policyholders surrendering their policies. These guarantees are managed through a combination of asset-liability management and hedging.

The Group has a dynamic hedging strategy to reduce the investment risk associated with the closed book of variable annuities written by its U.S. subsidiary, Zurich American Life Insurance Company.

Higher than expected inflation could affect Life insurance business through, for example, customer affordability issues and reduced demand. The expenses to administer Life insurance business could be higher than expected, leading to higher product expense loads. This could result in a combination of higher customer premiums and reduced profitability. Potential actions to manage the effects of higher-than-expected inflation include assumption updates, customer behavior monitoring, product reviews, as well as design and customer retention initiatives.

Diversification across regions and businesses, as further described, contributes to reducing the impacts of the risks associated with the Life business described above.

Concentration of Life insurance risk

The Group defines concentration risk in the Life business as the risk of increased losses resulting from exposure aggregation. Concentration risk for a life insurer may arise with respect to investments in a geographical area, economic sector, or individual issuers, or due to a concentration of business written within a geographical area, of a product type, or of underlying risks covered. The Group's exposure to life insurance risks varies significantly by geographic region and line of business and may change over time.

In respect of the Life liability risk profile, on a non-diversified basis, mortality risk accounts for almost half, concentrated predominantly in the EMEA region, morbidity risk accounts for over one third, with roughly equal concentrations in the APAC and EMEA regions, and longevity risk accounts for approximately a fifth, concentrated predominantly in the EMEA region.

Audited

In respect of the Life business risk profile, on a non-diversified basis, lapse up risk accounts for almost three quarters, concentrated predominantly in the EMEA region, expense risk accounts for approximately one fifth, concentrated predominantly in the EMEA region, and lapse down risk accounts for less than a tenth, with roughly equal concentrations in EMEA and APAC regions.

For more information about the Group's concentration of risk within the Life business by geographic region, on an International Financial Reporting Standards (IFRS) Accounting Standards basis, see the segment information in note 26 of the consolidated financial statements as of December 31, 2024.

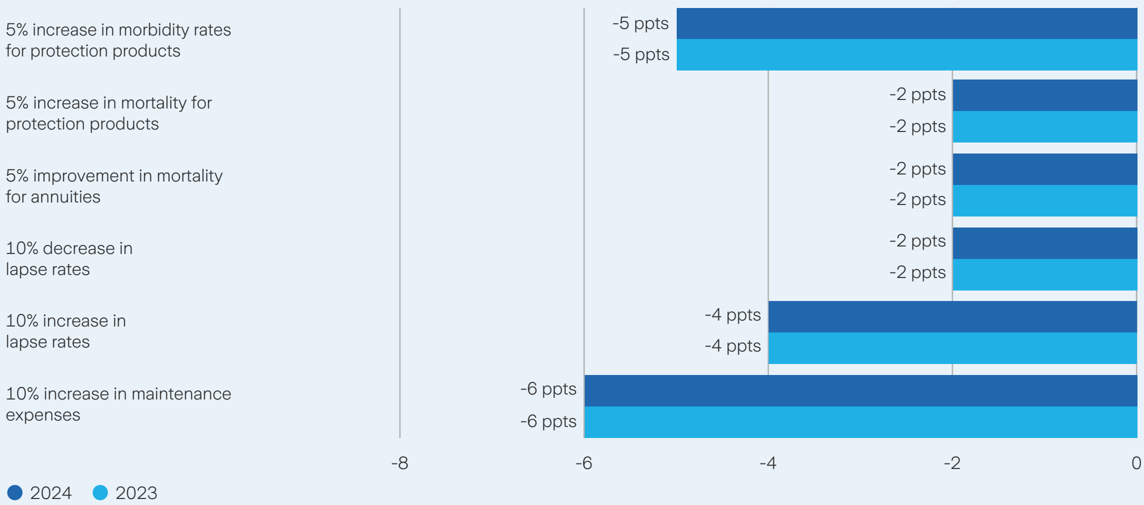
Analysis of sensitivities for Life insurance risks

The chart below shows the sensitivity of the SST ratio to changes in the key risk drivers.

SST life-specific scenarios

as of September 30

Impact on the SST ratio due to Life risk-specific scenarios:[1, 2]



1 SST ratios under sensitivities do not include recalculated target capital under the scenarios.
2 Sensitivities are calculated analogous to those sensitivities used to calculate SST Risk Capital. For increased and decreased lapse rate sensitivities, only policies for which there is a reduction in the available capital due to the change in lapse rate, are subjected to the sensitivity and contribute to the change in the SST ratio shown. Policies which will show an increase in available capital due to the change in lapse rate, are not considered in the respective sensitivities and do not contribute to the change in SST ratio shown.

Reinsurance for Property & Casualty (P&C) and Life businesses

The Group's objective in purchasing reinsurance is to provide market-leading capacity for customers while protecting the balance sheet, supporting management of earnings volatility, and achieving capital efficiency. In addition, reinsurance supports the Group underwriting strategy and risk appetite. The Group follows a centralized reinsurance purchasing strategy for both P&C and Life, and bundles programs, where appropriate, to benefit from diversification and economies of scale. To align country capacity with the Group's risk appetite and tolerance, internal reinsurance is applied.

The Group has specific facultative P&C reinsurance facilities to actively manage and reduce potential claims-recovery risks on facultative cessions and to support the strategy on operational excellence.

The Group uses traditional and collateralized reinsurance to protect itself against extreme single events, multiple event occurrences across regions, and increased frequency of events.

The Group participates in the underlying risks through its retention and co-participation in excess layers. The Group reviews its reinsurance programs on an annual basis to reflect its risk appetite and market conditions.

A global property catastrophe program is in place and includes both regional and global capacity as well as both annual and multi-year capacity.

To complement existing treaties, the Group purchases catastrophe reinsurance specific to life insurance for its exposure to natural and man-made catastrophes.

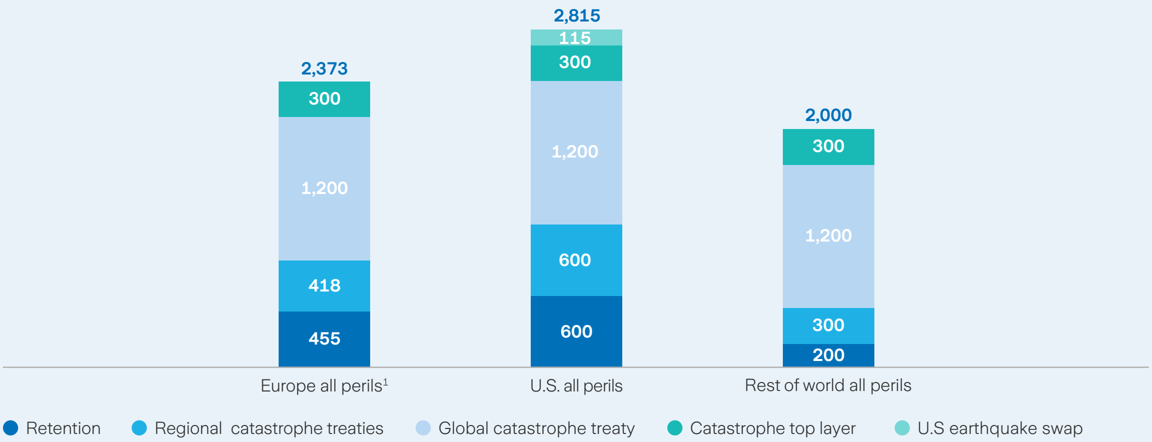
Audited

While property catastrophe and property per risk treaties continue to face pricing pressure, this has somewhat eased for property catastrophe treaties, particularly for most extreme events. When it comes to liability, reinsurers remain concerned about U.S. casualty risk. While reinsurance capacity is generally accessible, reinsurers are selectively deploying their capacity to the best and most sophisticated insurance companies.

Strategic partnerships and long-term relationships continue to provide an effective path for Zurich to execute on its reinsurance strategy.

Zurich follows a strategy of diversification of reinsurance placements in order to manage its counterparty exposure. The Group's reinsurance counterparty exposure as of December 31, 2024 was within the Group's risk tolerance. For further information on these counterparty limits, refer to section 'other credit risk'.

Group catastrophe reinsurance protection
as of July 1, 2024 (in USD millions)



1 Calculated with EUR/USD exchange rate of EUR 1 = USD 1.0715 as of July 1, 2024.

Audited

Market risk, including investment credit risk

Market risk relates to the possibility of loss of value due to changes in financial market conditions.

Risk factors include:

- Equity market price changes
- Real estate market price changes
- Interest rate changes
- Credit and swap spread changes
- Defaults of issuers
- Changes in currency exchange rates

The Group manages the market risk of assets relative to liabilities on an economic total balance sheet basis. This is done to achieve the maximum risk-adjusted excess return on assets relative to the liability benchmark, while also taking into account the Group's risk tolerance and local regulatory constraints.

The Group has policies and limits to manage market risk and keep its strategic asset allocation in line with its risk capacity. Zurich centrally manages certain asset classes to control aggregation of risk and provides a consistent approach to constructing portfolios and selecting external asset managers. It diversifies portfolios, investments and asset managers, and regularly measures and manages market risk exposure. The Group defines limits on concentration of investments in single issuers and certain asset classes, as well as the degree to which asset interest rate sensitivities may deviate from liability interest rate sensitivities. The Group regularly reviews its capacity to hold illiquid investments.

The Asset/Liability Management Investment Committee reviews and monitors the Group's strategic asset allocation and tactical boundaries, and monitors Group asset/liability exposure. The Group oversees the activities of local asset/liability management investment committees and regularly assesses market risks at both Group and local business levels. The economic effect of potential extreme market moves is regularly examined and considered when setting the asset allocation.

Risk assessment reviews include the analysis of the management of interest rate risk for each major maturity bucket and adherence to the aggregate positions with risk limits. The Group follows processes to manage market risks and to analyze market risk hotspots. Actions to mitigate risks are taken, if necessary, to manage fluctuations affecting asset/liability mismatch and risk-based capital.

The Group may use derivative financial instruments to mitigate market risks arising from changes in currency exchange rates, interest rates and equity prices, from credit quality of assets, and from commitments to third parties. The Group enters into derivative financial instruments mostly for economic hedging purposes and, in limited circumstances, the instruments may also meet the definition of an effective hedge for accounting purposes.

In compliance with Swiss insurance regulation, the Group's policy prohibits speculative trading in derivatives, meaning a pattern of so-called 'in-and-out trading' activity without any reference to an underlying position. The Group addresses the risks arising from derivatives through a stringent policy that requires approval of a derivative program before transactions are initiated, and by subsequent regular monitoring by Group Risk Management of open positions and annual reviews of derivative programs.

For more information on the Group's investment result, including the treatment of selected financial instruments, see note 5 of the consolidated financial statements. For more information on derivative financial instruments and hedge accounting, see note 6 of the consolidated financial statements. For more information on the development of expected credit loss allowance by type of financial asset, see note 23 of the consolidated financial statements.

Audited

Risk from equity securities and real estate

The Group is exposed to risks from price fluctuations on equity securities and real estate. These could affect the Group's liquidity, reported income, economic surplus and regulatory capital position. Equity risk exposure includes common stocks (including equity unit trusts), private equity, common stock portfolios backing participating-with-profit policyholder contracts, and equities held for employee benefit plans. Exposure to real estate risk includes direct holdings in property and property company shares and funds. Returns on unit-linked contracts, whether classified as insurance or investment contracts, may be exposed to risks from equity and real estate, but these risks are borne by policyholders. The Group is however indirectly exposed to market movements from unit-linked contracts with respect to both earnings and economic capital; market movements affect the amount of fee income earned when the fee income level is dependent on the valuation of the asset base. Therefore, the value of in-force business for unit-linked business can be negatively affected by adverse movements in equity and real estate markets.

The Group manages its risks related to equity securities and real estate as part of the overall investment risk management process and applies limits as expressed in policies and guidelines. Specifically, Zurich limits holdings in equities, real estate and alternative investments. To realize an optimal level of risk diversification, the strategy for equities is defined through a composite of market benchmark indices. The Group has the capability and processes in place to change the exposure to key equity markets via the use of derivatives, or purchase or sale of securities within a short time frame.

For additional information on equity securities and investment property, see note 5 of the consolidated financial statements.

Risk from interest rates and credit spreads

Interest rate risk is the risk of an adverse economic impact resulting from changes in interest rates, including changes in the shape of yield curves. Yield curve changes affect the value of interest rate-sensitive investments and derivatives as well as the fair value of insurance liabilities. Other balance sheet items, such as liability investment contracts, debt issued by the Group, commercial and residential mortgages, employee benefit plans, loans and receivables, are also affected.

The Group manages credit spread risk, which is the variation in economic value due to changes in the level or the volatility of credit spreads over the risk-free interest rate. Movements of credit spreads are driven by several factors including changes in expected default probability, default losses, risk premium, liquidity and other effects.

Returns on unit-linked contracts, whether classified as insurance or investment contracts, are at the risk of the policyholder; however, the Group is exposed to fluctuations in interest rates and credit spreads insofar as they affect the amount of fee income earned if the fee income level is dependent on the valuation of the asset base.

Audited

Analysis of market risk sensitivities for interest rate, equity and credit spread risks

Group SST available financial resources sensitivities

The following section presents the sensitivities of Group available financial resources (AFR) under SST assumptions with respect to certain standard financial market scenarios.

The SST AFR impact – the difference between the impact on Group SST assets and liabilities – represents the economic risk related to changes in market risk factors to which the Group is exposed. Positive values represent an increase in the SST AFR, and values in parentheses represent a decrease.

SST AFR sensitivities are shown split by segment. The heading 'Rest of the business' includes Farmers, Group Finance and Operations, and Non-Core Businesses.

Analysis of economic sensitivities for interest rate risk

Table 3 shows the estimated impact on SST AFR of a 50 basis point (bps) increase or decrease in yield curves after consideration of hedges in place.

Table 3

Economic interest rate sensitivities on SST AFR

in USD millions, as of September 30	**2024**	2023
50 bps increase in the interest rate yield curves		
Property & Casualty	(91)	(88)
Life	250	260
Rest of the business	80	61
50 bps decrease in the interest rate yield curves		
Property & Casualty	87	109
Life	(356)	(410)
Rest of the business	(87)	(62)

Audited

Analysis of economic sensitivities for equity risk

Table 4 shows the estimated impact on SST AFR from a 20 percent decline in stock markets, after consideration of hedges in place.

Table 4

Economic equity price sensitivities on SST AFR

in USD millions, as of September 30	**2024**	2023
20% decline in stock markets		
Property & Casualty	(1,356)	(1,183)
Life	(1,464)	(1,168)
Rest of the business	(71)	(81)

Analysis of economic sensitivities for credit spread risk

Table 5 shows the estimated impact on SST AFR from a 100 basis point increase in corporate credit spreads. The sensitivities apply to all fixed-income instruments, excluding government, supranational and similar debt securities.

Table 5

Economic credit spread sensitivities on SST AFR

in USD millions, as of September 30	**2024**	2023
100 bps increase in credit spreads		
Property & Casualty	(1,656)	(1,404)
Life	(1,676)	(1,449)
Rest of the business	(185)	(169)

Risks from defaults of counterparties

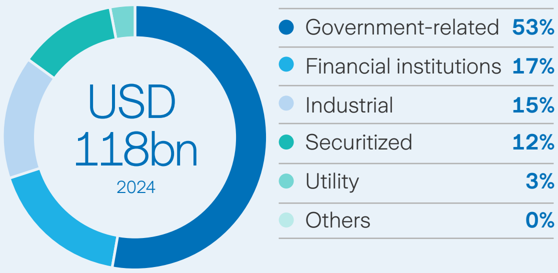
Debt securities

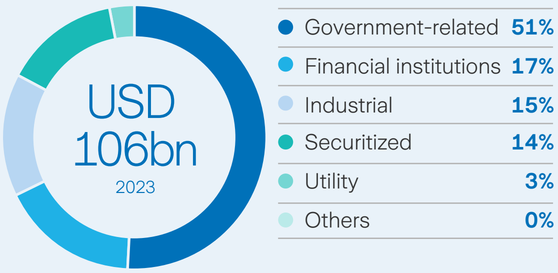
The Group is exposed to credit risk from third-party counterparties where the Group holds securities issued by those entities. Default risk is controlled by Group counterparty concentration risk limits which aim to keep the size of potential losses to an acceptable level.

Exposure level limits are in place and are based on default and recovery rates. Limits tighten progressively for lower-rated exposures. Where the Group identifies investments that are expected to trigger limit breaches, appropriate mitigating actions are implemented.

For information on the Group's debt securities by rating of issuer and the corresponding allowance for expected credit losses, see note 23 of the consolidated financial statements.

Debt securities – credit risk concentration by industry
in %, as of December 31





As of December 31, 2024, the largest concentration in the Group's debt securities portfolio was government-related at 53 percent of all debt securities. In all other categories, a total of USD 20 billion (36 percent) was secured. As of December 31, 2023, 51 percent of the Group's debt portfolio was invested in government-related securities. In all other categories, a total of USD 20 billion (38 percent) was secured.

The second-largest concentration in the Group's debt securities portfolio was financial institutions, comprising investments mainly in banking, finance companies and insurance.

Audited

Cash and cash equivalents

To reduce credit concentration, settlement and operational risks, the Group limits the amount of cash that can be deposited with a single counterparty. The Group also maintains an authorized list of acceptable cash counterparties.

Cash and cash equivalents amounted to USD 6.8 billion as of December 31, 2024 and USD 7.3 billion as of December 31, 2023. The risk-weighted average rating of the overall cash portfolio was 'A–' as of both December 31, 2024, and December 31, 2023. The 10 largest bank exposures represented 52 percent of the total cash and cash equivalents amount, of which the risk-weighted average rating was 'A–' as of both December 31, 2024, and December 31, 2023.

Mortgage loans and other loans

Mortgage loans amounted to USD 4.0 billion as of December 31, 2024 and USD 4.3 billion as of December 31, 2023. The Group's largest mortgage loan portfolios are held in Switzerland (USD 2.7 billion), in Italy (USD 0.5 billion) and in Germany (USD 0.6 billion); these are predominantly secured against residential property but also include mortgages secured by commercial property.

Derivatives

The replacement value of outstanding derivatives represents a credit risk to the Group. These instruments include interest rate and cross-currency swaps, forward contracts and purchased options. A potential exposure could also arise from possible changes in replacement values. The Group regularly monitors credit risk exposures arising from derivative transactions. To limit credit risk, derivative financial instruments are executed with counterparties rated 'BBB' or higher as per Zurich Risk Policy (ZRP) requirements. The Group's standard practice is to only transact derivatives with those counterparties for which the Group has in place an International Swaps and Derivatives Association (ISDA) Master Agreement, with a Credit Support Annex. This mitigates credit exposures from over-the-counter transactions due to close-out netting and requires the counterparty to post collateral when the derivative position exceeds an agreed threshold. The Group further mitigates credit exposures from derivative transactions by using exchange-traded or centrally cleared instruments whenever possible.

Risk from currency exchange rates

The Group operates internationally and is therefore exposed to the financial impact of changes in the exchange rates of various currencies.

Assets, liabilities, income and expenses are denominated in multiple currencies, predominantly the euro, Swiss franc, British pound and U.S. dollar. On entity balance sheets, a currency mismatch may cause a balance sheet's net asset value to fluctuate, either through income or directly through equity. The Group manages this risk by matching foreign currency positions on entity balance sheets within prescribed limits. Residual mismatches are reported centrally to take advantage of netting effects across the Group. Zurich hedges these residual mismatches within an established limit through a central balance sheet. For information on net gains/losses on foreign currency transactions included in the consolidated income statements, see notes 1 and 3 of the consolidated financial statements. The monetary currency risk exposure on entity balance sheets is considered immaterial.

Additionally, the Group applies net investment hedge accounting to mitigate translation differences that arise when the results and positions of selected net investments are translated into the Group's presentation currency, the U.S. dollar.

Table 6 shows the sensitivity of total equity based on International Financial Reporting Standards (IFRS) Accounting Standards to changes in exchange rates for the main functional currencies to which the Group is exposed. Positive values represent an increase in the value of the Group's total equity.

Audited

Table 6

Sensitivity of the Group's total equity to exchange rate fluctuations

in USD millions, as of December 31	**2024**	2023
10% increase in		
EUR/USD rate	440	313
GBP/USD rate	33	17
CHF/USD rate	(327)	(591)
BRL/USD rate	94	128
AUD/USD rate	284	311
JPY/USD rate	96	104
Other currencies/USD rates	577	472

The sensitivities show only the effects of a change in exchange rates, while other assumptions remain unchanged. The sensitivity analysis does not consider management actions that might be taken to mitigate such changes. The sensitivities do not indicate the likelihood of such events occurring in the future and do not necessarily represent Zurich's expectations of future market changes. While table 6 shows the effect of a 10 percent increase in exchange rates, a 10 percent decrease would have the converse effect.

For additional information about foreign currency translation and transactions, see notes 1, 3 and 6 of the consolidated financial statements.

Other credit risk

Credit risk is the risk associated with a loss or potential loss from counterparties failing to fulfill their financial obligations. See section 'risks from defaults of counterparties' for more information. The Group's exposure to other credit risk is derived from the following main categories of assets:

- Reinsurance assets
- Receivables

The Group's objective in managing credit risk exposures is to maintain them within parameters that reflect the Group's strategic objectives, and its risk appetite and tolerance. Sources of credit risk are assessed and monitored, and the Group has policies to manage specific risks within various subcategories of credit risk. To assess counterparty credit risk, the Group uses ratings assigned by external rating agencies, qualified third parties, such as asset managers, and internal rating assessments. If the ratings of external rating agencies differ, the Group generally applies the lowest, unless other indicators justify an alternative, which may be an internal credit rating.

The Group actively uses collateral to mitigate credit risks. Underlying credit risks are managed independently from the collateral. The Group has limits and quality criteria to identify acceptable letter of credit providers. Letters of credit enable Zurich to limit the risks embedded in reinsurance, captives, deductible programs, trade credit and surety.

The Group has counterparty limits which are regularly monitored. Exposure to counterparties' parent companies and subsidiaries is aggregated to include reinsurance assets, investments, derivatives, and certain insurance products. Group aggregate concentration limits and relevant exception approvals are monitored in line with risk policy requirements.

On-balance sheet exposures are the main source of credit risk. Off-balance sheet credit exposures are related primarily to certain insurance products, reinsurance and collateral used to protect underlying credit exposures on the balance sheet. The Group had no material amount of off-balance sheet exposures related to undrawn loan commitments as of December 31, 2024. See note 21 of the consolidated financial statements for undrawn loan commitments.

Audited

Credit risk related to reinsurance assets

The Group's Corporate Reinsurance Security Committee oversees the credit quality of cessions and reinsurance assets. The Group typically only cedes new business to authorized reinsurers with a minimum rating of 'A–'. Of the exposure ceded to reinsurers that are rated below 'A–' or are not rated, 52 percent was collateralized as of December 31, 2024 and 60 percent as of December 31, 2023. Of the exposure ceded to reinsurers that are rated below 'A–' or are not rated, 69 percent was ceded to captive insurance companies in 2024, and 62 percent in 2023.

Reinsurance assets included reinsurance recoverables (the reinsurers' share of reserves for insurance contracts) of USD 27.9 billion and USD 27.1 billion, and receivables arising from ceded reinsurance of USD 2.5 billion and USD 2.1 billion as of December 31, 2024 and 2023, respectively, gross of allowance for impairment. Reserves for potentially uncollectible reinsurance assets amounted to USD 98 million as of December 31, 2024 and USD 117 million as of December 31, 2023. The Group's policy on impairment charges takes into account both specific charges for known situations (e.g., financial distress or litigation) and a general, prudent provision for unanticipated impairments.

Reinsurance recoverables in table 7 are shown before taking into account collateral, such as cash or bank letters of credit, and deposits received under ceded reinsurance contracts. Unsecured reinsurance recoverables shown are after deducting collateral. Bank issuing letters of credit for the benefit of Zurich are, on average, 'A' rated. The value of the collateral received amounts to USD 18.5 billion and USD 17.2 billion as of December 31, 2024 and 2023, respectively.

Table 7 shows reinsurance recoverables and unsecured reinsurance recoverables split by rating.

Table 7

Reinsurance recoverable and unsecured reinsurance recoverable by rating of reinsurer and captive

as of December 31	**2024**				2023			
	Reinsurance recoverable		**Unsecured reinsurance recoverable**		Reinsurance recoverable		Unsecured reinsurance recoverable	
	USD millions	**% of total**	**USD millions**	**% of total**	USD millions	% of total	USD millions	% of total
Rating								
AAA	4	0.0%	1	0.0%	5	0.0%	–	0.0%
AA	5,870	21.0%	4,832	28.7%	4,969	18.4%	4,493	29.4%
A	12,988	46.5%	7,599	45.2%	14,669	54.2%	7,804	51.1%
BBB	3,990	14.3%	2,250	13.4%	2,563	9.5%	586	3.8%
BB	437	1.6%	225	1.3%	822	3.0%	419	2.7%
B and below	296	1.0%	116	0.7%	172	0.6%	70	0.5%
Unrated	4,354	15.6%	1,801	10.7%	3,873	14.3%	1,915	12.5%
Total	**27,939**	**100.0%**	**16,824**	**100.0%**	**27,073**	**100.0%**	**15,287**	**100.0%**

Credit risk related to receivables

The largest amount of the Group's credit risk exposure to receivables is related to third-party agents, brokers and other intermediaries.

Receivables are diversified across a large number of counterparties and do not pose significant single name concentration risk. The biggest individual exposures are related to the large global insurance brokers; however, exposure to these brokers is small if compared to total receivables, and these brokers are not among the top individual counterparties where the Group has significant concentration of credit risk.

The Group has policies and standards to manage and monitor credit risk related to intermediaries.

The Group strives to keep the balance of past-due positions as low as possible.

Receivables from ceded reinsurance are part of reinsurance assets and managed accordingly. For more information about receivables, see note 14 of the Group's consolidated financial statements, and for more information about the calculation of expected credit losses, see notes 3 and 23 of the Group's consolidated financial statements. For information about reinsurance assets, see note 7 of the Group's consolidated financial statements.

Audited

Operational risk

Operational risk is the risk of financial loss, adverse reputational, legal or regulatory impact, resulting from inadequate or failed processes, people, systems or from external events, including external fraud, catastrophes, or failure in outsourcing arrangements. Zurich has a framework to identify, assess, manage, monitor, and report operational risk within the Group. Within this framework, the Group:

- Uses a scenario-based approach to assess, model and quantify the capital required for operational risk for business units under extreme circumstances. This approach allows information to be compared across the Group and highlights the main scenarios contributing to the capital required under Zurich Economic Capital Model (Z-ECM).
- Documents and reviews operational events exceeding a threshold determined by the Zurich Risk Policy (ZRP). Remedial action is taken to avoid the recurrence of such operational events.
- Conducts risk assessments where operational risks are identified for key business areas. Risks identified and assessed to be above a certain threshold must have a risk response. Risk mitigation plans are documented and tracked on an ongoing basis. In the assessments, the Group uses sources of information such as the Total Risk Profiling™ process, internal control effectiveness, and audit findings, as well as scenario modeling and operational event data.

The Group has specific processes and systems in place to focus on high-priority operational matters such as managing information security and business resilience, as well as combating fraud.

Preventing, detecting and responding to fraud are embedded in Zurich's business processes. Both claims and non-claims fraud are included in the common framework for assessing and managing operational risks. For Zurich's internal model calculations, claims fraud is part of insurance risk and non-claims fraud is part of operational risk.

Group own insurance

Zurich sets up and maintains insurance programs to protect the Group from the risk of adverse financial consequences of insurable events. They comprise global insurance programs and local insurance policies.

Zurich global insurance programs are managed centrally and cover risk exposures such as:

- Property damage and business interruption/terrorism and political violence
- Commercial general liabilities including risks related to environmental accidents
- Professional indemnity and commercial crime
- Directors and officers liability
- Cyber-network security and privacy insurance

Local insurance policies are managed locally and include coverage to meet mandatory local requirements or for country-specific risks that are not part of the global insurance programs.

Data risk

The strategic relevance of data as a business asset is rising at a rapid pace and the risks associated with data management are becoming increasingly prominent. Preventing risks such as data losses and privacy breaches, and assessing and monitoring the potential misuse of data and losses triggered by failures in data management remain in focus. Specifically, appropriate governance of data for business purposes and decision-making processes, including automation, machine learning techniques and other advanced technologies, remains a priority. As Zurich strives to inspire confidence in a digital society with its Data and Responsible AI Commitment, assurance on the ethical use of advanced technologies is provided from a risk management perspective for the protection and privacy of data of the Group's customers and other stakeholders.

The relevance of technological risks, such as cyber risk, is rapidly increasing across all data-driven industries. Exposure to these risks has grown in lockstep with the significant rise in digital services provided directly to customers and the increasing prevalence of digital ecosystems and cloud solutions in today's interconnected world.

Third-party risk

Outsourcing and engagement with third parties introduces risks relevant to the delivery of Zurich's strategy, such as data loss or disclosure, disruption to critical customer services and regulatory compliance. Digitalization has increased the complexity and accelerated the pace of change within the Group's third-party ecosystem. The Group addresses risks associated with third-party engagements along its supply and value chain. Applying a consistent Group-wide approach to third-party governance is among Zurich's key priorities.

Business resilience risk

Zurich, along with the rest of the insurance industry, is going through a period of transformation in order to meet changing customer and regulatory expectations. In addition, the increasing automation of processes, the development of advanced analytics capabilities, and fragmented supply chains have contributed to an increasingly complex operating environment. In response to these challenges, and to better protect the interests of stakeholders, the Group continues to evolve its business resilience capability through a number of ongoing initiatives related to the protection and recovery of critical services and by enhancing transparency related to associated risks such as pandemics, technology failure, and potential supply chain/power interruptions.

Model risk

At Zurich, models are employed to support the Group's subject matter experts in areas such as pricing of insurance policies, risk and investment management, fraud detection, predicting customer behaviors and providing insights that enable informed decision-making. Such models are powerful tools for managing the business as well as the risks faced by the Group. However, their effectiveness is highly dependent on inputs, methodologies, and model implementation. For this reason, Group-wide model risk governance is in place to effectively protect the Group's financial, strategic and reputational interests.

Risk management and internal controls

The Group considers internal controls to be essential for managing operational risk. The Board of Directors (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.

The Group promotes risk awareness and understanding of controls through communication and training. Risk management and internal control systems are designed at Group level and implemented across the Group. Management, as the first line of defense, is responsible for identifying, evaluating and managing risk, and designing, implementing and maintaining internal controls. Testing of the relevant internal controls also forms part of the control life cycle.

Key processes and controls in the organization are subject to review and challenge by the second and third lines of defense. The second and third lines of defense regularly report on observations, conclusions and recommendations that arise from their independent examination of internal controls. Control issues of Group-level significance and associated mitigation actions are reported regularly to the Audit Committee of the Board. The Risk and Investment Committee of the Board reviews the effectiveness of the Group's risk management system, including the Group's risk tolerance and enterprise-wide risk governance framework, in accordance with the charter for each committee.

The Group's Disclosure Committee, chaired by the Head of Group Financial Accounting and Reporting, reviews the accuracy, completeness and timeliness and compliance with legal and regulatory requirements of external disclosures and the effectiveness of the respective internal controls. The conclusions result in a recommendation to the Group Chief Financial Officer (CFO) to release the disclosures to the Audit Committee of the Board, who may then challenge the disclosures further. The Board reviews and approves the announcement of the results and the annual report before they are made public.

Audited

Liquidity risk

Liquidity risk is the risk that an entity within the Group may not have sufficient liquid financial resources to meet its obligations when they fall due or would have to incur excessive costs to do so. Zurich's policy is to maintain adequate liquidity and contingent liquidity to meet its liquidity needs under normal conditions and in times of stress. To achieve this, the Group assesses, monitors and manages its liquidity needs on an ongoing basis.

Group-wide liquidity management policies and specific guidelines govern how entities plan, manage and report their entity liquidity and include regular stress tests for all major legal entities and branches within the Group. The stress tests use a standardized set of internally defined stress events, and are designed to provide an overview of the potential drain on liquidity should the Group have to recapitalize entity balance sheets. Similar guidelines apply at the Group level, and detailed liquidity forecasts are regularly conducted, based on entities' input and the Group's forecasts. As part of its liquidity management, the Group maintains sufficient cash and cash equivalents and high-quality, liquid investment portfolios to meet outflows under expected and stressed conditions.

The Group also maintains internal liquidity sources that cover the potential liquidity needs within the Group, including those that might arise in times of stress. The Group takes into account the amount, availability and speed at which these sources can be accessed. The Group has access to diverse funding sources to cover contingencies, including asset sales, external debt issuance and making use of committed borrowing facilities or letters of credit. The Group maintains a range of maturities for external debt securities. A potential source of liquidity risk is the effect of a downgrade of the credit rating of the Group. This could affect the Group's commitments and guarantees, potentially increasing liquidity needs. This risk – and mitigating actions that might be employed – are assessed on an ongoing basis within the Group's liquidity framework.

The Group regularly analyzes the liquidity of the investment assets and ensures that the liquidity of assets remains in line with liquidity requirements. In 2024, the Group's holdings in illiquid assets were within its capacity.

For more information on debt obligation maturities, see note 17 of the consolidated financial statements, and for information on commitments and guarantees, see note 21 of the consolidated financial statements.

The Group's ongoing liquidity monitoring includes regular reporting to the executive management and quarterly reporting to the Risk and Investment Committee of the Board, covering aspects such as the Group's liquidity, possible adverse scenarios that could affect the Group's liquidity and possible liquidity needs from the Group's main subsidiaries, including under conditions of stress.

For more information on the Group's other financial liabilities, see note 15 of the consolidated financial statements. See note 5 of the consolidated financial statements for information on the maturity of debt securities.

The Group has committed to contribute capital to subsidiaries and third parties that engage in making investments in direct private equity and private equity funds. Commitments may be called by the counterparty during the term of the investment (generally three to five years) and must be funded by the Group on a timely basis. See note 21 of the consolidated financial statements for more information.

Audited

Strategic risk and risks to the Group's reputation

Strategic risk

Zurich defines strategy as the long-term plan of action designed to position the Group to achieve its goals and aspirations, aligned with Zurich's purpose and values. Strategic risk is defined as the risk that the strategy, or parts of it, may become sub-optimal or unachievable.

Strategic risks can arise from:

- Internal triggers, such as inadequate risk-reward assessments of strategic plans or changes to underlying assumptions.
- External triggers, including macroeconomic or geopolitical events or trends, regulatory or legal changes, or developments in the competitive landscape.

The Group manages risks associated with strategic business decisions through its risk assessment processes and tools, including the Total Risk Profiling™ process. As part of the annual assessment of strategic risks, the Executive Committee (ExCo) assesses potential risks from both external and internal factors, looking at the current year and beyond. The ExCo members define appropriate response actions and review the status of these actions, along with changes to key risks, at least quarterly.

The Group evaluates the risks of mergers and acquisitions (M&A) transactions both from a quantitative and a qualitative perspective. The Group conducts risk assessments of M&A transactions to evaluate risks specifically related to integrating acquired businesses.

Risks to the Group's reputation

Many factors can affect Zurich's reputation including the Group's market conduct, relationship with customers, brand image, workplace culture, corporate strategy, underwriting practices, marketing efforts, claims handling, corporate responsibility, regulatory compliance, financial performance, communications, and crisis management.

Every risk type has potential consequences for Zurich's reputation. Effectively managing these risks supports the prevention of adverse reputational outcomes.

The Group aims to preserve its reputation by:

- Adhering to applicable laws and regulations.
- Following the core values and principles of the Group's code of conduct, which promote integrity and good business practice.

The Group centrally manages certain aspects of risk to reputation, for example, communications, through functions with the appropriate expertise. Potential risks to Zurich's reputation are included in its risk assessment processes and tools, including the Total Risk Profiling™ process.

Sustainability risk

Zurich defines sustainability risks as those arising from events or conditions related to topics or trends relevant to the Group's Sustainability Framework and which adversely impact the achievement of Zurich's business strategy or targets.

Sustainability risks often possess time horizons that extend beyond a strategic cycle, which results in a higher degree of uncertainty regarding their potential consequences. Zurich manages sustainability risks using two complementary perspectives, namely 'outside-in', where risks associated with sustainability issues and topics affect the Group, and 'inside-out', which considers the risks resulting where Zurich's own activities have an influence on those issues and topics. Risks of the latter type typically have reputational consequences. A variety of risk management approaches is used to support identification, assessment, and responses to these risks.

The selection of approaches is informed by whether the sustainability risk is:

- An emerging outside-in risk: e.g., risks associated with climate change.
- An emerging inside-out risk: e.g., risks associated with fossil fuels or deforestation.
- A current outside-in risk: e.g., risks associated with severe weather.
- A current inside-out risk: e.g., risks associated with thermal coal, human rights (child labor, forced labor), or banned weapons.

Sustainability topics are often a driver for other risk types (e.g., sustainability topics with respect to underwriting or investment management risks) and these are managed in accordance with the principles and requirements of the respective business and/or functions policies. For more information about how climate-related risks, in particular, are identified, assessed, and managed, refer to the section 'risk management' of the Group's sustainability report.

Sustainability risk approach

To carry out effective sustainability risk management, the Group follows its Enterprise Risk Management (ERM) framework and selects different approaches to support, for example, the identification, assessment, monitoring and response to those risks according to their relevant perspective and time horizon.

The Group's ERM framework helps to protect the Group against natural, societal, economic and financial risks, and supports the identification of potential business opportunities. The framework also helps the Group to recommend proper response strategies, which can include the development of new products and services that support Zurich's customers in managing their sustainability risks.

Risk identification and assessment: Emerging sustainability risks are identified and assessed at least annually through the update of the Emerging Risk Radar. For risks that extend beyond the strategic cycle, scenario analysis is performed. For current sustainability risks, the identification and assessment is done in accordance with the process defined by the Emerging and Sustainability Risk Committee (ESRC) and the potential impact to the Group in line with the Total Risk Profiling™ methodology.

Risk response: For emerging risks, risk responses can include the adoption of sustainability positions that articulate Zurich's appetite for a sustainability risk, and may also trigger the development of new policies, guidelines, products, processes, projects or other management actions. For current risks, it can entail a new Group strategic sustainability priority in line with the Total Risk Profiling™ methodology.

Examples of sustainability positions:

- Zurich will not enter into new business relationships with companies that produce, stockpile, distribute, market, or sell banned cluster munitions or anti-personnel landmines.
- Where permissible by law or regulation, Zurich will not insure or invest in companies that generate more than 30 percent of their revenue from thermal coal, or produce more than 20 million tons of thermal coal per year.

For further information on Zurich's sustainability positions, refer to the Group's sustainability report.

Another example of a risk response is the environmental, social, and governance (ESG) integration in the Group's investment management activities. The ESG integration across asset classes, and alongside traditional financial metrics and risk management practices, helps Zurich achieve superior risk-adjusted, long-term financial returns. At Zurich, ESG integration is defined along the lines of four basic requirements: training, data, investment process, and active ownership. These four requirements not only help Zurich integrate ESG factors within its investment decisions, but also to understand and monitor where the Group or its asset managers stand in terms of ESG-related capabilities.

Risk monitoring: Emerging sustainability risks are monitored at least annually through the emerging risk process, while current sustainability risks are monitored through the Group-mandated strategic Total Risk Profiling™.

Risk reporting: Emerging and current sustainability risks are reported internally and externally as required.

For more information about the sustainability risk approach, refer to the section 'risk management' of the Group's sustainability report.

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Certain statements in this document are forward-looking statements, including, but not limited to, statements that are predictions of or indicate future events, trends, plans or objectives of Zurich Insurance Group Ltd or the Zurich Insurance Group (the Group). Forward-looking statements include statements regarding the Group's targeted profit, return on equity targets, expenses, pricing conditions, dividend policy, underwriting and claims results, business initiatives (including, but not limited to, sustainability matters), as well as statements regarding the Group's understanding of general economic, financial and insurance market conditions and expected developments. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and plans, policies, initiatives and objectives of Zurich Insurance Group Ltd or the Group to differ materially from those expressed or implied in the forward-looking statements (or from past results). Factors such as (i) general economic conditions and competitive factors, particularly in key markets; (ii) the risk of a global economic downturn, in the financial services industries in particular; (iii) performance of financial markets; (iv) levels of interest rates and currency exchange rates; (v) frequency, severity and development of insured claims events; (vi) mortality and morbidity experience; (vii) policy renewal and lapse rates; (viii) increased litigation activity and regulatory actions; and (ix) changes in laws and regulations and in the policies of regulators, and the possibility of conflict between different governmental standards and regulatory regimes may have a direct bearing on the results of operations of Zurich Insurance Group Ltd and the Group and on whether the targets will be achieved. Zurich Insurance Group Ltd undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

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