News release

ZURICH

Zurich update on UK business interruption

- **Zurich welcomes the UK Financial Conduct Authority (FCA) actions aimed at bringing clarity to policyholders and insurers on coverage issues relating to business interruption stemming from the COVID-19 outbreak**
- **To date the Group has received limited claims in relation to the policies to be tested by the FCA, and based on received legal opinion remains confident in its interpretation of UK policy wordings**
- **The Group remains confident in the approximately USD 750 million cost for COVID-19 related claims for the full year 2020 as announced on May 14, though uncertainty exists given the continuing nature of the event**
- **Throughout the current crisis the Group has provided a wide range of support and relief to customers including the prompt payment of claims where coverage exists, resulting in a limited level of disputes over coverage**

Zurich, June 1, 2020 – Zurich Insurance Group (Zurich) welcomes today's announcement by the UK's Financial Conduct Authority to test policy wordings from across the UK insurance industry in the UK High Court, with the aim of bringing clarity to policyholders and insurers over coverage issues relating to business interruption stemming from the unprecedented outbreak of the COVID-19 virus.

The FCA said its selection of a representative sample of wordings from across the UK industry is intended to clarify which business interruption policies respond to the pandemic and which do not. The Zurich UK wordings put forward by the FCA represent Zurich's version of standard industry provisions which are not designed to provide cover for pandemics such as COVID-19. Based on the Group's own review of wordings and legal opinion received from external counsel, Zurich believes that the Zurich UK wordings do not provide cover for business interruption in relation to the

COVID-19 outbreak. This view is further supported by the limited numbers of claims received to date by Zurich's UK business in relation to business interruption, and the very low level of disputes over coverage experienced by the Group.

On the basis of this opinion, experience to date and Zurich's scenario analysis, the Group remains confident that the total P&C claims cost for the full year will remain in line with the approximately USD 750 million disclosed with the first-quarter update on May 14, 2020, though the continuing nature of the event means that this is subject to significant uncertainty.

Throughout the current health emergency, Zurich has continued to deliver on its commitment to customers and to the communities in which it operates. As part of this commitment the Group has provided a range of financial relief through premium rebates, payment holidays and extensions of coverage, as well as additional support to commercial customers through knowledge sharing on how best to manage risk and to protect their employees and customers. This commitment also extends to the prompt payment of claims where coverage exists. The Group's additional measures to support customers and its commitments to communities totaled more than USD 90 million in the first quarter.

In the unlikely event that the UK High Court were to judge that all industry wordings reviewed in the FCA process do provide cover for business interruption in relation to COVID-19, then Zurich estimates that this would result in approximately USD 200 million of claims net of reinsurance in addition to the scenario for full-year 2020 claims related to COVID-19 presented on May 14. This amount includes assessment of the potential impact to all Zurich UK business, not limited to SME. The continuing nature of the event means that this is subject to significant uncertainty.

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

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