

# Zurich Insurance Group – Building momentum

Mario Greco, Group Chief Executive Officer  
Frankfurt, June 6, 2018

**Goldman Sachs 22nd Annual European Financials Conference**



# Key messages

## A strong global franchise

We have a uniquely diversified business with strong franchises and well balanced access to distribution backed by a strong balance sheet

## Delivering on our targets

Well on track to deliver on our Group financial targets and have reduced volatility within the business

## Focused on customers

We have strengthened our customer focus and are actively leveraging technology to provide new and innovative solutions

## Fit for the future

Our customer focus combined with improved efficiency and strong distribution capabilities positions us well to take advantage of future growth opportunities

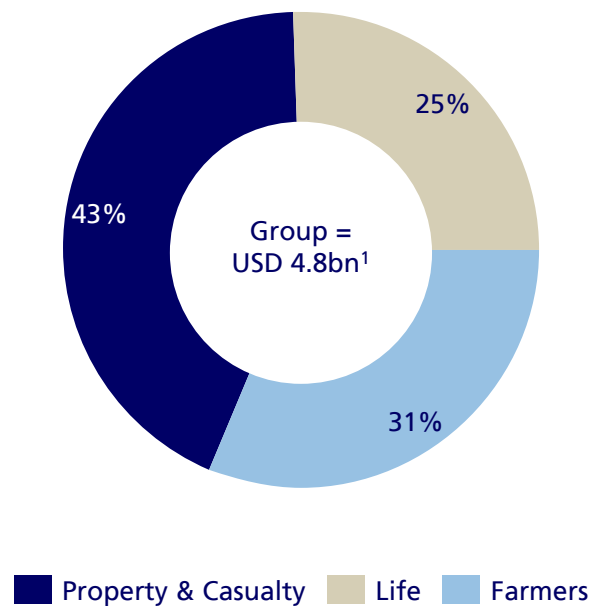
## Capital management

Continued active and efficient capital management while keeping the disciplined approach to investments, the strong balance sheet and high focus on rewarding shareholders

# A strong globally diversified business with high quality earnings

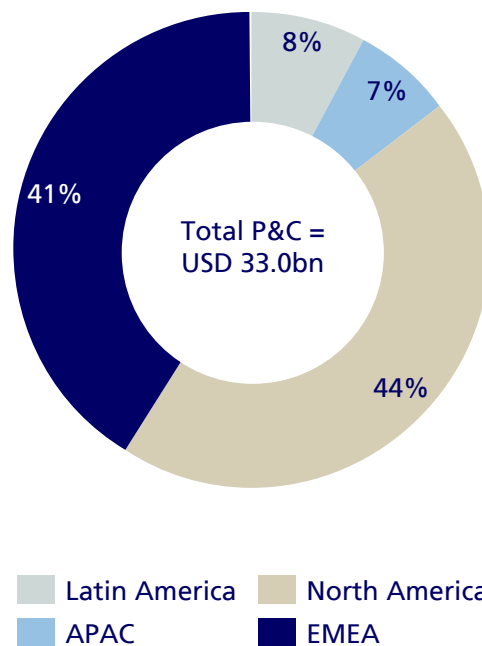
## A TRULY COMPOSITE INSURER

FY-17 Business Operating Profit by business (%)<sup>1</sup>



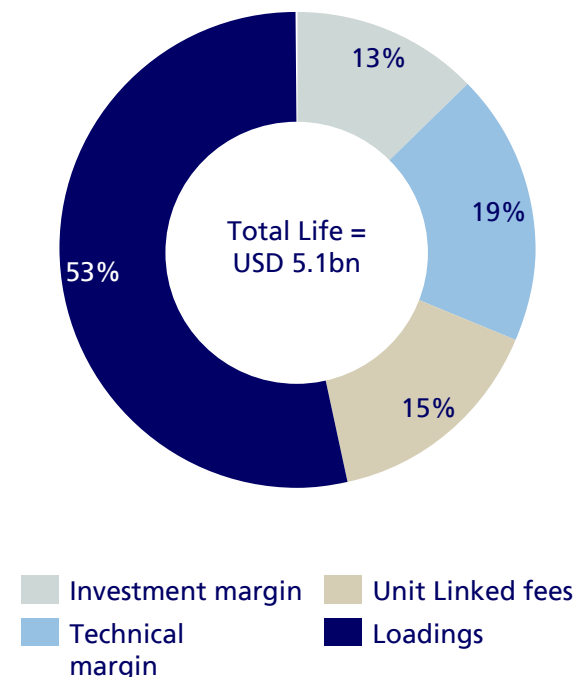
## BALANCED P&C FOOTPRINT

FY-17 P&C GWP by region (%)<sup>2</sup>



## HIGH QUALITY LIFE EARNINGS MIX

FY-17 Life gross margin breakdown (%)<sup>3</sup>

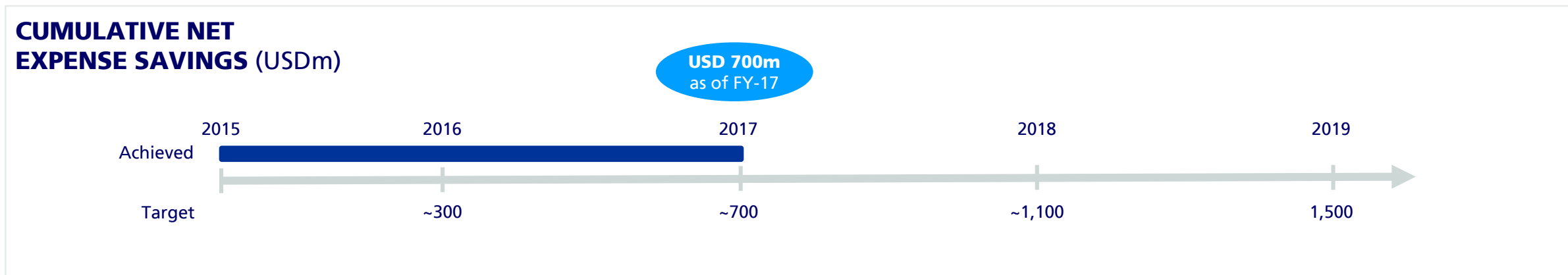
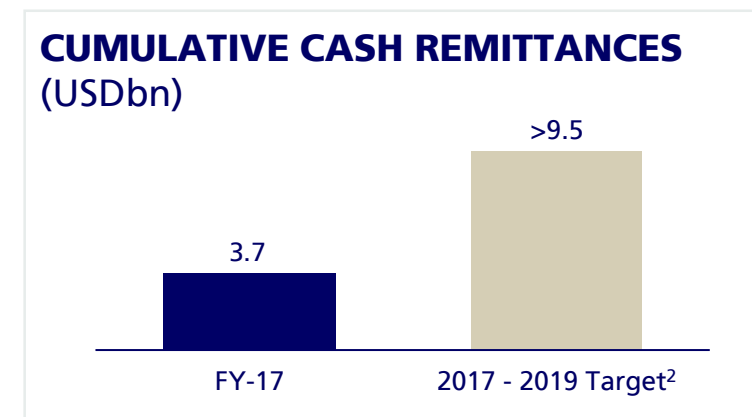
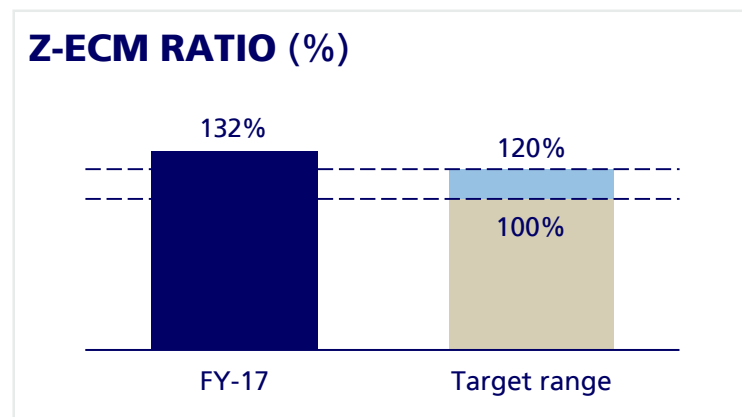
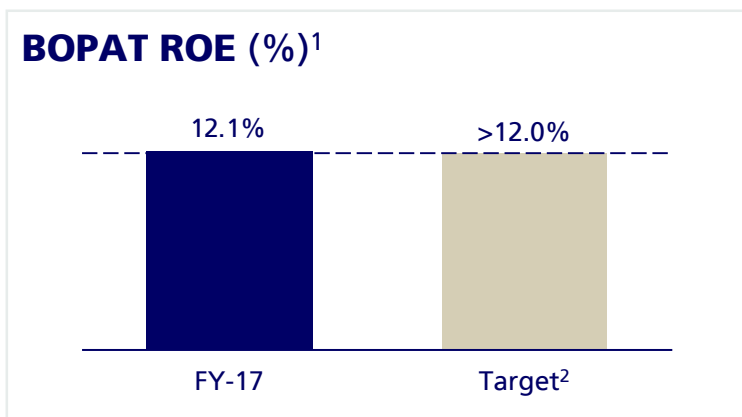


<sup>1</sup> Adjusted for the impact of the hurricanes Harvey, Irma and Maria, charges related to the Group's restructuring recognized through BOP and the change to the UK capital gains tax indexation relief (reported BOP of USD 3.8bn). The split by business excludes Group Functions & Operations and Non-Core Businesses.

<sup>2</sup> The split by region excludes Group Reinsurance and Eliminations.

<sup>3</sup> Excluding Farmers Life.

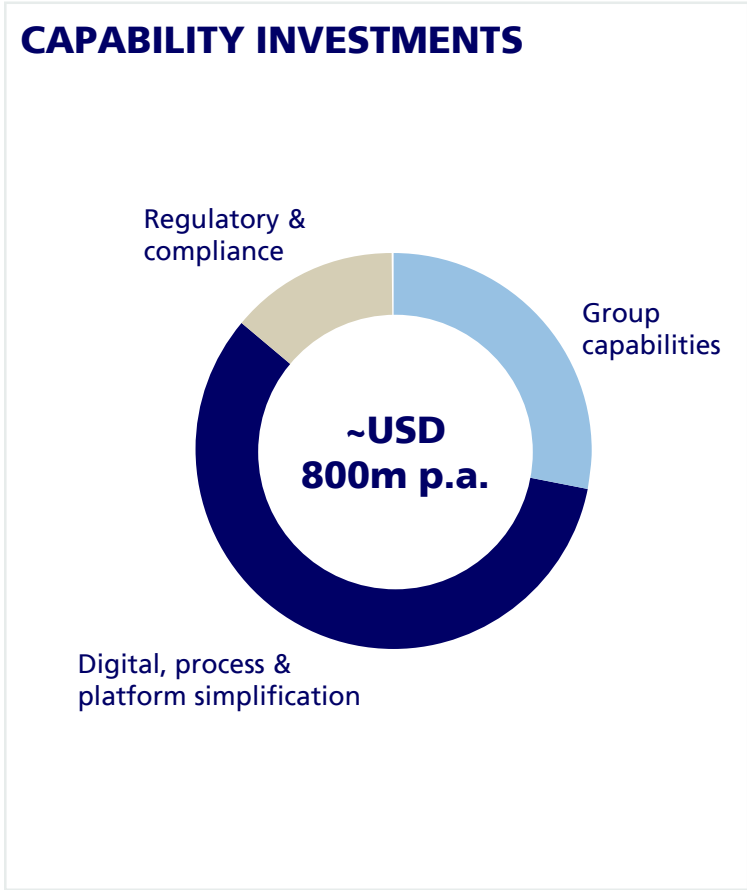
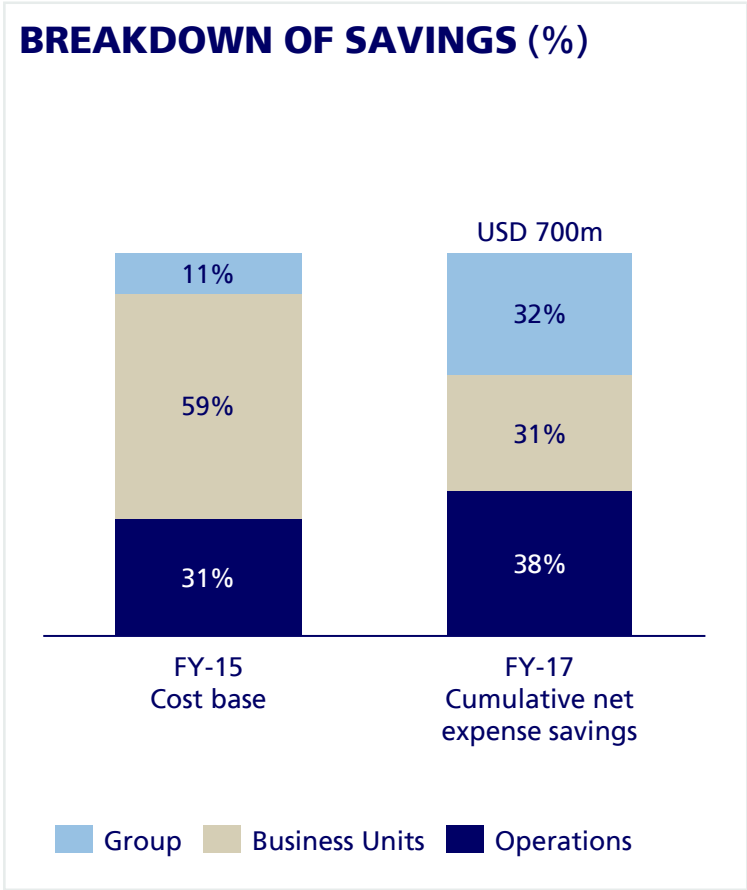
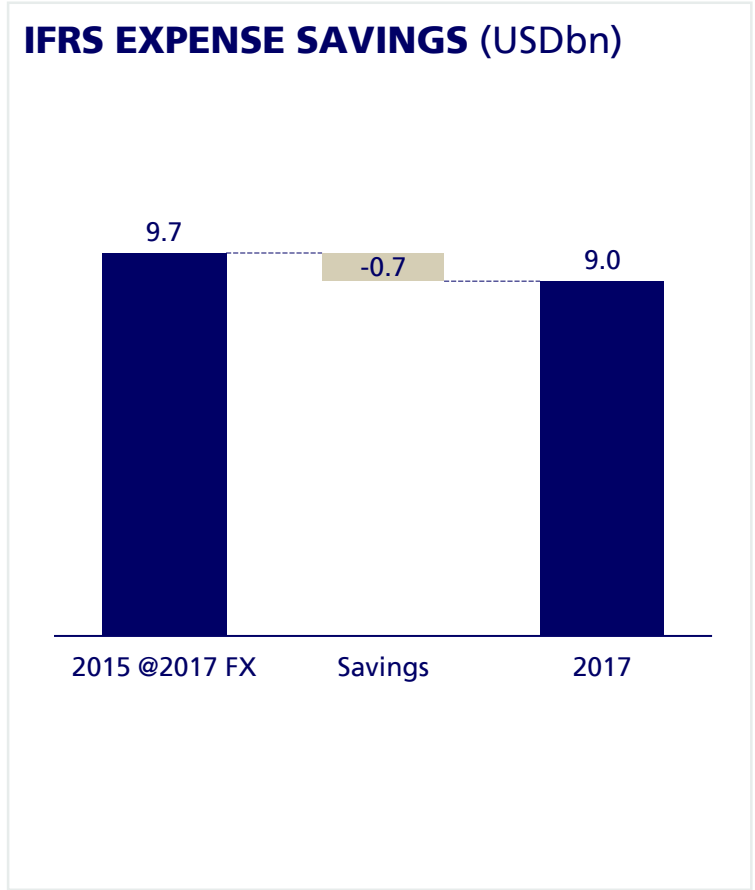
# On track to deliver our 2017-2019 targets



<sup>1</sup> Business Operating Profit after tax return on equity, excluding unrealized gains and losses. FY-17 adjusted for the impact of the hurricanes Harvey, Irma and Maria, charges related to the Group's restructuring recognized through BOP and the change to the UK capital gains tax indexation relief.

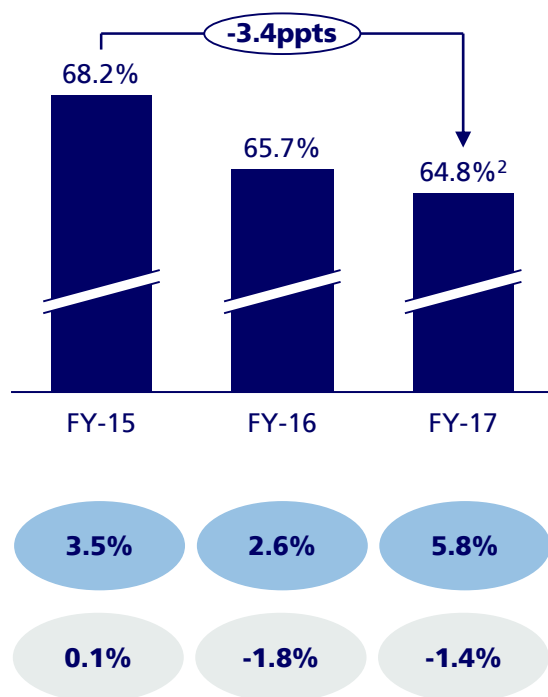
<sup>2</sup> Target unadjusted for OnePath Life acquisition which is expected to close in November 2018 (see news release of December 11, 2017).

# USD 700m of expense savings delivered to date while continuing to invest in capabilities

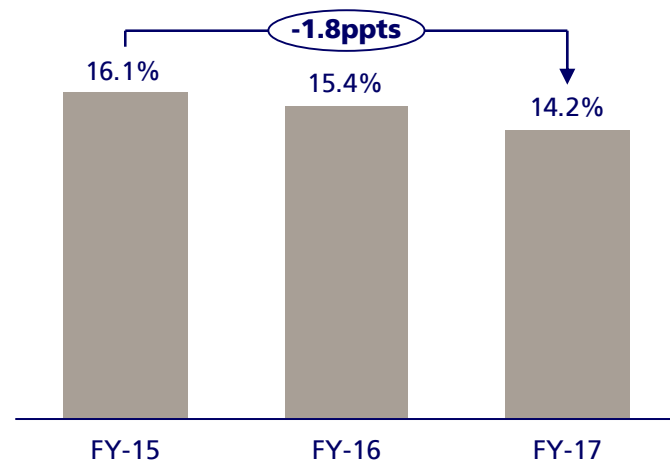


# Continuous improvement in accident year loss ratio ex-cat and other underwriting expense ratio

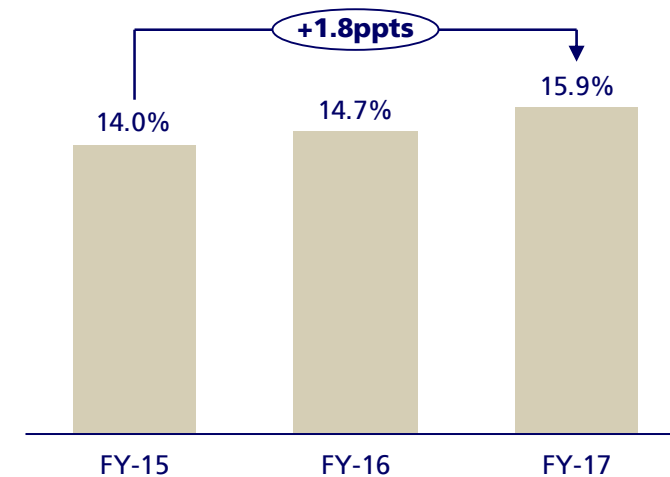
## AY LOSS RATIO EXCLUDING CATASTROPHES (%)<sup>1</sup>



## OTHER UNDERWRITING EXPENSE (OUE) RATIO (%)<sup>2</sup>



## COMMISSION RATIO (%)<sup>2</sup>



<sup>1</sup> Accident year loss ratio (AY LR) excludes prior year reserve development (PYD).

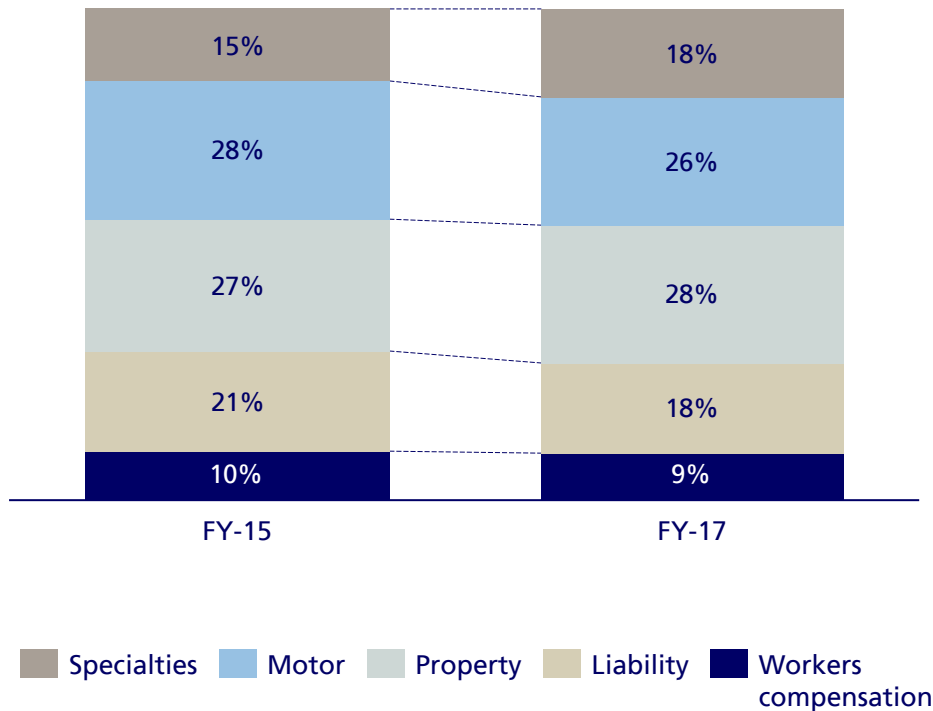
<sup>2</sup> FY-15 has not been restated. FY-17 adjusted for the impact of the hurricanes Harvey, Irma and Maria.

<sup>3</sup> Catastrophes include major and mid-sized catastrophes including significant weather-related events. FY-17 includes the impact of the hurricanes Harvey, Irma and Maria.

# We are rebalancing the portfolio and reducing volatility in our P&C book

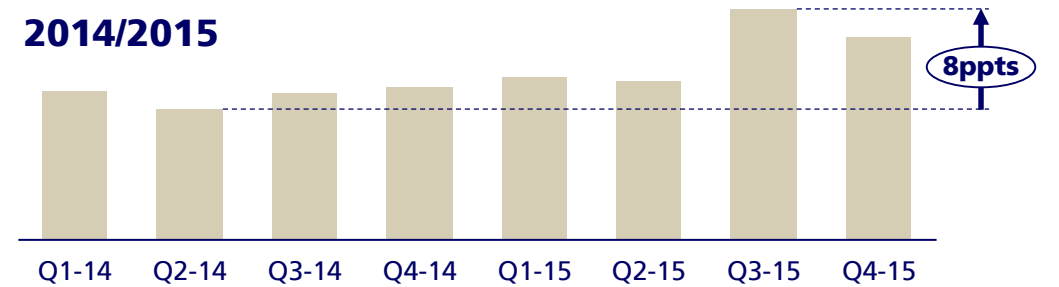


## BUSINESS MIX (% of NEP)

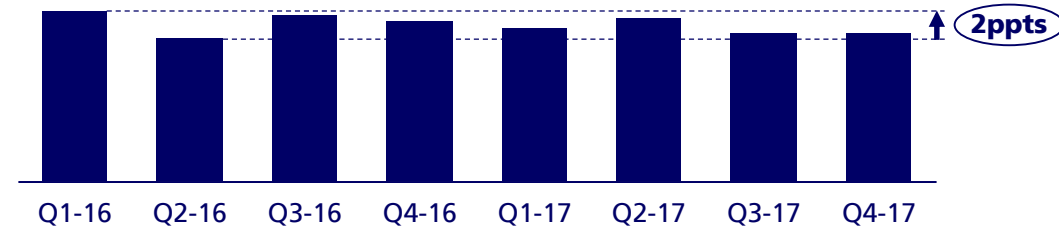


## LARGE LOSS VOLATILITY

### 2014/2015

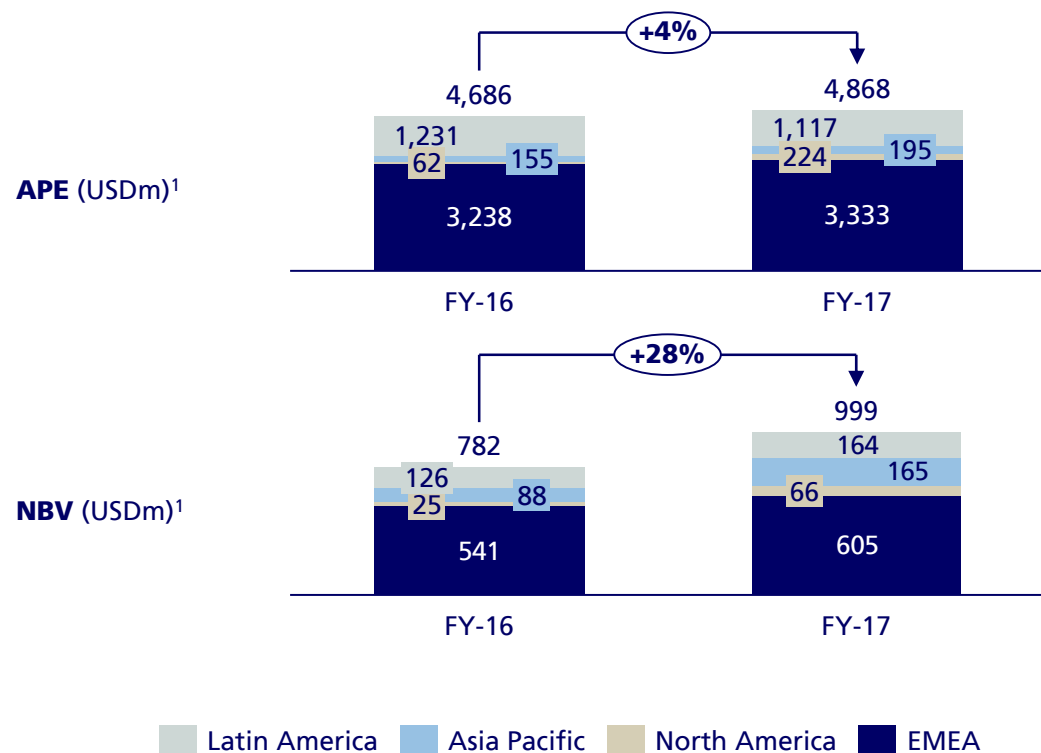


### 2016/2017

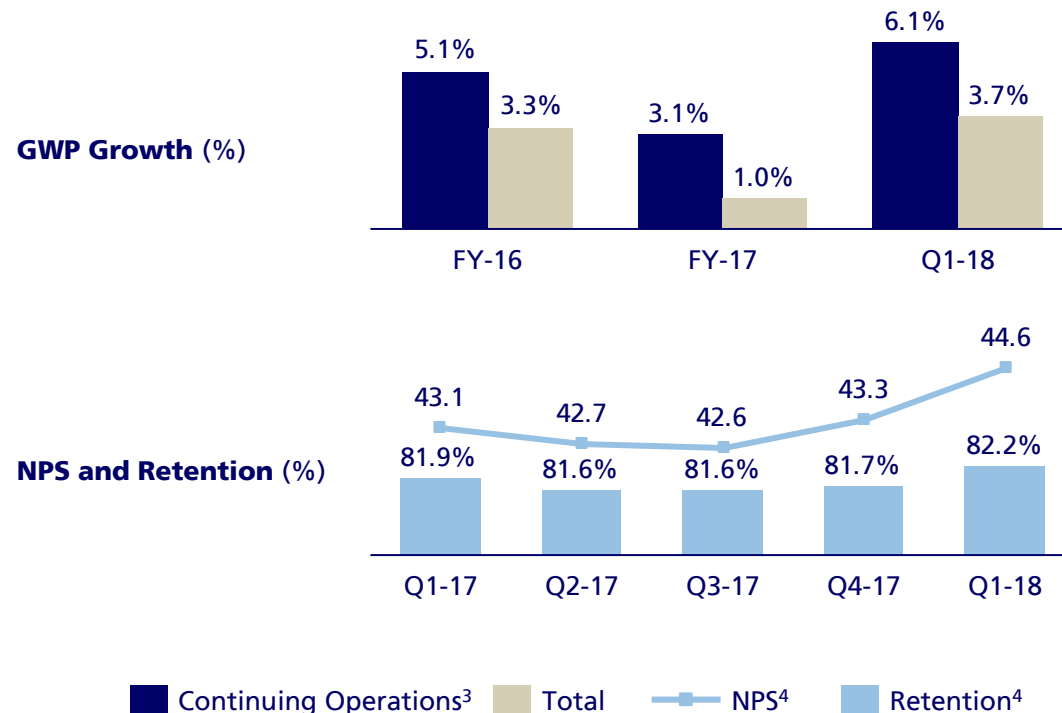


# Life and Farmers show continued growth

## LIFE NEW BUSINESS



## FARMERS EXCHANGES<sup>2</sup> TOPLINE



<sup>1</sup> Annual Premium Equivalent (APE) is reported before non-controlling interests. New Business Value (NBV) are reported net of non-controlling interests.

<sup>2</sup> Provided for informational purposes only. Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides certain non-claims administrative and management services to the Farmers Exchanges as its attorney-in-fact and receives fees for its services.

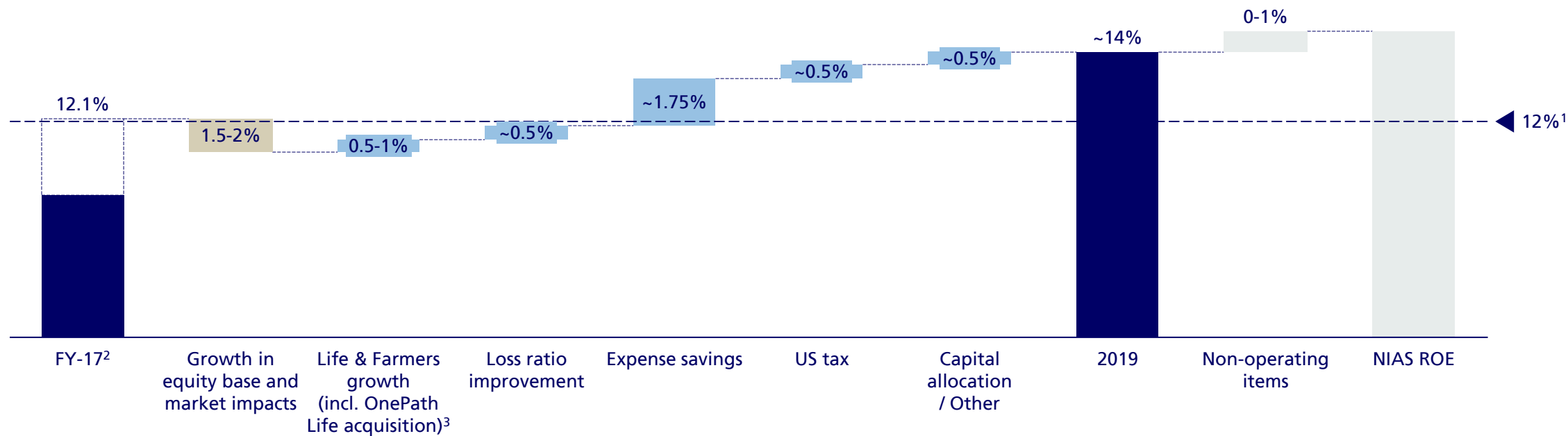
<sup>3</sup> Excludes discontinued operations such as 21st Century business outside of California and Hawaii.

<sup>4</sup> For Farmers exclusive agent channel only. NPS is on a YTD basis. Retention is based on a weighted average GWP and excludes Bristol West and Farmers specialty auto.



# Indicative ROE development enhanced by OnePath life acquisition, US tax reform and capital return

## ILLUSTRATIVE BOPAT ROE DEVELOPMENT



<sup>1</sup> Target to be increased by ~50bps for OnePath Life acquisition which is expected to close in November 2018 (see news release of December 11, 2017).

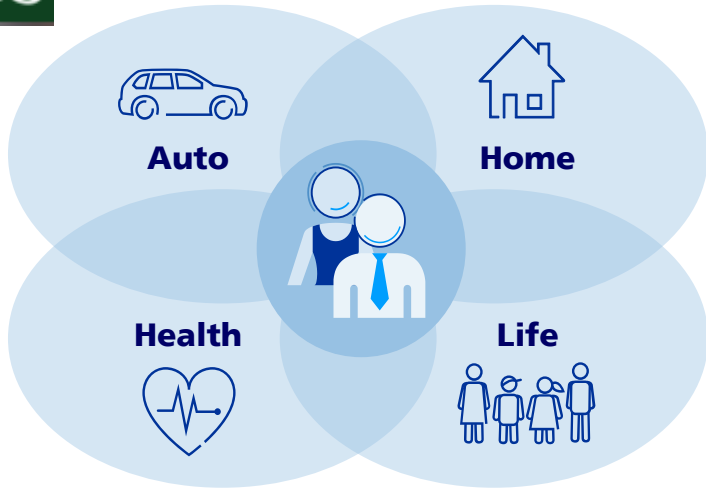
<sup>2</sup> FY-17 adjusted for the impact of the hurricanes Harvey, Irma and Maria, charges related to the Group's restructuring recognized through BOP and the change to the UK capital gains tax indexation relief.

<sup>3</sup> Including expected impact of OnePath Life acquisition in Australia subject to regulatory approval.

# We are expanding distribution capabilities and leveraging technology to further improve the customer experience

## CUSTOMER FOCUS

ZURICH  
Smart Home



Cover-More  
GROUP LIMITED

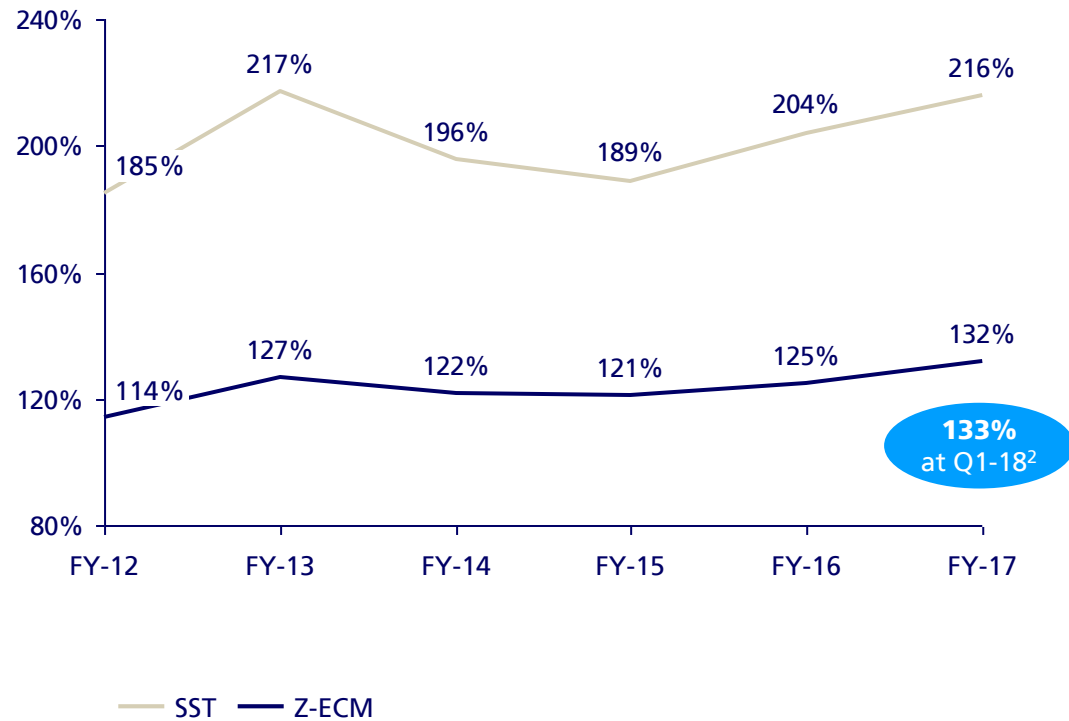
FIT SENSE

## BANK DISTRIBUTION AGREEMENTS

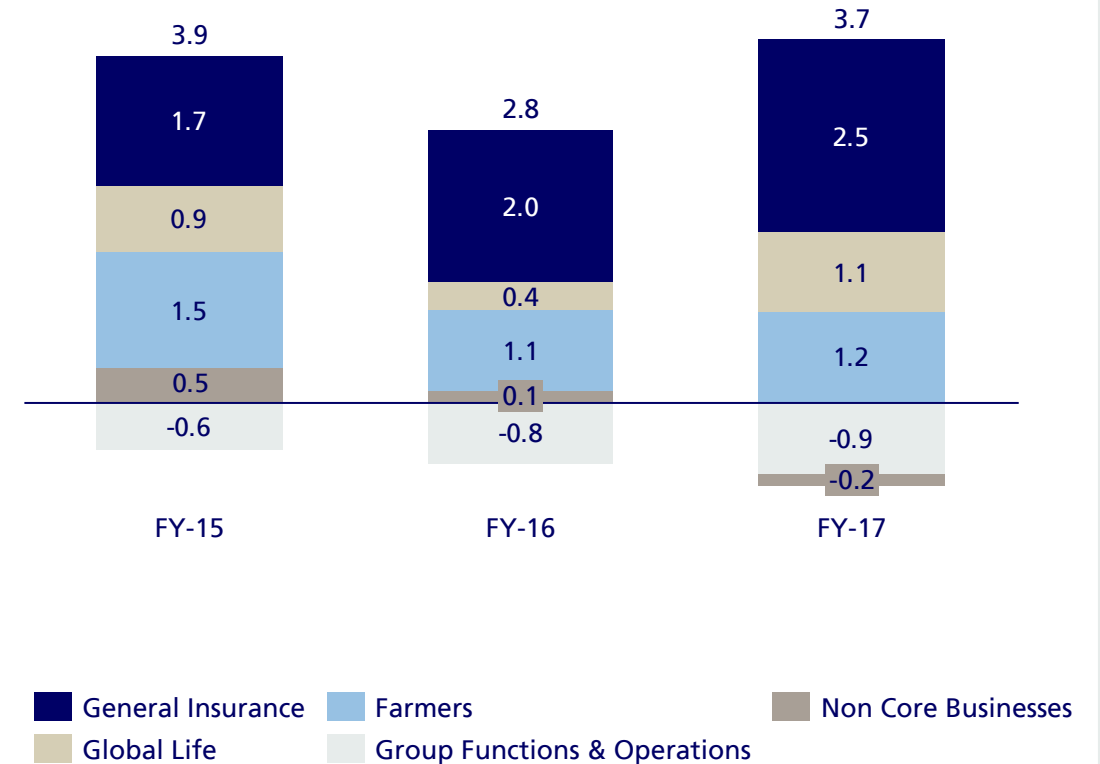


# Very strong capital position and a high level of conversion of earnings to cash remittances supporting our attractive payout

### Z-ECM AND SST<sup>1</sup> RATIO (%)



### NET CASH REMITTANCES (USDbn)



<sup>1</sup> The Swiss Solvency Test (SST) ratio as of January 1, 2018 is calculated based on the Group's internal model, which is subject to the review and approval of the Group's regulator, the Swiss Financial Market Supervisory Authority (FINMA). 2015 and prior years not restated for latest methodology and model changes.

<sup>2</sup> Q1-18 Z-ECM reflects midpoint estimate with an error margin of +/- 5ppts.

# We have strengthened our businesses while extracting capital from non-core portfolios and returning ~USD 3.8bn to shareholders



	MAIN DIVESTMENTS AND CAPITAL ACTIONS	MAIN ACQUISITIONS	TYPE OF DEAL	BUSINESS	STRATEGIC RATIONALE		
					Skills	Distribution	Scale
2017	Sale of P&C business in Middle East	Cover-More/ Halo	M&A	P&C Retail - Travel	✓		
	Sale of P&C business in Taiwan	Standard Chartered	D.A. <sup>2</sup>	Life Retail		✓	
	Reinsurance of a closed annuity book	OnePath (ANZ Life)	M&A	Life Retail - Protection		✓	
	Reinsurance of an individual Life risk portfolio	Bright Box	M&A	Connected cars	✓		
	Sale of workplace pensions and savings business						
	Sale of a MedMal legacy portfolio						
2018	Sale of a Singapore Life portfolio	QBE Latam	M&A	P&C			✓
	Sale of Endsleigh	Travel Ace/ Universal Travel	M&A	P&C Retail - Travel			✓
	Sale of NSW CTP <sup>1</sup> run-off	EuroAmerica	M&A/P.T. <sup>2</sup>	Life Retail			✓

<sup>1</sup> New South Wales Compulsory Third Party motor liability.

<sup>2</sup> D.A. = Distribution agreement. P.T. = Portfolio transfer.

# Our proposition to investors

## AN ATTRACTIVE AND GROWING DIVIDEND, UNDERPINNED BY:

A balanced and diverse global business



Industry leading capital levels



Stable, consistent and conservatively managed balance sheet



Consistent growth with scope to enhance returns through capital re-deployment



# Disclaimer and cautionary statement



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 and underwriting and claims results, 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 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; (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; and (viii) changes in laws and regulations and in the policies of regulators may have a direct bearing on the results of operations of Zurich Insurance Group Ltd and its 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.

All references to 'Farmers Exchanges' mean Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange and their subsidiaries and affiliates. The three Exchanges are California domiciled interinsurance exchanges owned by their policyholders with governance oversight by their Boards of Governors. Farmers Group, Inc. and its subsidiaries are appointed as the attorneys-in-fact for the Farmers Exchanges and in that capacity provide certain non-claims administrative and management services to the Farmers Exchanges. Neither Farmers Group, Inc., nor its parent companies, Zurich Insurance Company Ltd and Zurich Insurance Group Ltd, have any ownership interest in the Farmers Exchanges. Financial information about the Farmers Exchanges is proprietary to the Farmers Exchanges, but is provided to support an understanding of the performance of Farmers Group, Inc. and Farmers Reinsurance Company.

It should be noted that past performance is not a guide to future performance. Please also note that interim results are not necessarily indicative of full year results.

Persons requiring advice should consult an independent adviser.

This communication does not constitute an offer or an invitation for the sale or purchase of securities in any jurisdiction.

**THIS COMMUNICATION DOES NOT CONTAIN AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES; SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR EXEMPTION FROM REGISTRATION, AND ANY PUBLIC OFFERING OF SECURITIES TO BE MADE IN THE UNITED STATES WILL BE MADE BY MEANS OF A PROSPECTUS THAT MAY BE OBTAINED FROM THE ISSUER AND THAT WILL CONTAIN DETAILED INFORMATION ABOUT THE COMPANY AND MANAGEMENT, AS WELL AS FINANCIAL STATEMENTS**

# For further information



## CALL US

### Investor Relations

Richard Burden +41 44 628 96 40  
Francesco Bonsante +41 44 628 00 68  
Samuel Han +41 44 625 32 57  
Gianni Vitale +41 44 625 48 26

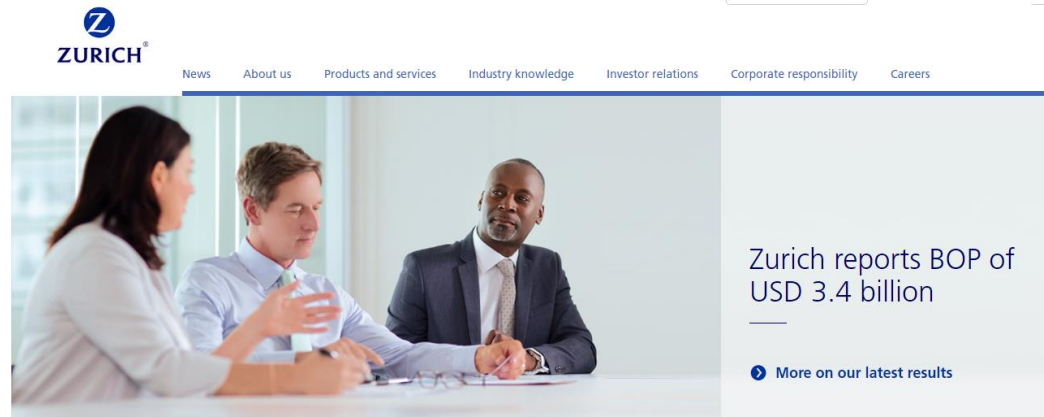
### Rating Agency Management

Michèle Matlock +41 44 625 28 50

### Events

Patricia Heina +41 44 625 38 44

## VISIT OR FOLLOW US



- ▶ [Investor Relations website](#)
- ▶ [Financial results and reports](#)



**CALENDAR:**

- August 9, 2018, Half year results 2018
- September 6-7, 2018, UBS Best of Switzerland Conference 2018, Opfikon-Glattbrugg
- September 25-26, 2018, Bank of America Merrill Lynch Conference 2018, London
- November 8, 2018, Update for the nine months ended September 30, 2018
- December 5, 2018, Investor Day 2018

