

Check against delivery.



Annual General Meeting - Wednesday, April 4, 2018
Speech by Mario Greco, Group Chief Executive Officer

Ladies and Gentlemen, good afternoon. Welcome to Zurich's 2018 Annual General Meeting. It's great to see all of you here.

As you know, today Tom de Swaan steps down after 5 years as Chairman and 12 years on the Board. His contribution has been truly impressive and we're profoundly grateful for his efforts. Please join me in thanking Tom for a job very well done.

Now let me address the 2017 results, which have been achieved against an otherwise challenging year.

First, I am very pleased with the strong progress that we have made against all of the three-year targets we set out for 2019.

Our underlying Business Operating Profit return on equity reached 12.1 percent. Our key measure of capital strength stood at 132%, well beyond our 120% max target. Cash remittances of USD 3.7 billion ensured deep liquidity and support attractive shareholder returns. And we have achieved cumulative nominal expense savings of USD 700 million, well on track to reach the USD 1.5bn promised. Together, these results demonstrate the focus and commitment that position us to meet or exceed our three-year financial targets by the end of 2019.

I said before that 2017 was a challenging year. A year when extraordinary weather events in the US, and certain policy decisions in the UK, negatively affected our results by over USD 800 million.

Despite these challenges, our Property & Casualty business has returned to growth while also improving the underlying accident year loss ratio. Our reinsurance programs also demonstrated their effectiveness, reducing our net exposure to the US storm losses.



In Life, successful growth initiatives in Asia-Pacific and Latin America and in our bancassurance partnerships, fueled double-digit increases in premiums, operating profit and new business value.

And at the Farmers Exchanges, which we do not own, the trend of top-line growth continued, and the combined ratio for Motor, its largest business line, improved by six points.

Our core businesses are healthy and growing stronger, and are well-positioned to capitalize on improving market conditions.

Based on these strengths and on the steps we are taking to build on those strengths, the Board today proposes an increase of the dividend to CHF 18. In addition, we have announced a new capital management policy to ensure that existing shareholdings are not diluted by any of our compensation funding arrangements. These are testaments to our commitments to ensure high shareholder returns. And they reflect our confidence that earnings – and shareholder returns – will continue to grow in 2018 and beyond.

Ladies and Gentlemen, the environment in which we all operate is fundamentally changing, and will demand that Zurich change too.

Firstly, the insurance sector is rapidly evolving to adapt to a new world of digitally empowered, globally mobile customers. Insurance is an industry where very little has changed for three centuries. In fact, Franz Kafka worked in insurance in 1907 before he became a writer. Until recently he could have come back to the industry and found his old job, if not his old desk. Not anymore.

- Homes will become smarter and more digitally connected, opening up creative new ways to manage and mitigate risk.
- The tracking of vital health indicators will open up new ways to make people healthier and live longer.
- And connected cars will dominate the roads, changing the risk profiles of every driver and passenger – behind the wheel or not.



We at Zurich understand these changes and we want to anticipate them to benefit customers. We believe that all of these connected devices are transforming risk models, and that risk pooling is slowly losing relevance. We are preparing to use large amounts of data, generated in real time, to provide new risk-mitigating services, and to better understand and price risks on an individual basis.

When we look at connected homes, wearables and telematics we see new ecosystems developing, allowing us to reimagine our role from one limited to risk transfer to one extending to risk mitigation and advice.

Finally, Zurich wants to be the steward of customer data, helping to protect sensitive personal information from cyber risks and using it responsibly to enrich customers' lives.

Ladies and Gentlemen, Zurich is leading this massive industry transformation and will continue to do so over the coming years.

That is why 2017 saw us systematically expand our capabilities and our distribution footprint through targeted acquisitions and collaboration agreements, while exiting non-core businesses.

For example, we completed the acquisition of Cover-More and recently accelerated its growth with a series of acquisitions in Latin America. This makes Zurich the world's third largest travel insurance and assistance provider. With Cover-More we move beyond financial compensation after damages occur, and toward services that enhance and enrich people's lives.

In the world of telematics, we acquired BrightBox, a pioneer in connected car technology. What they do is connect the various links in the mobility chain – auto manufacturers, car dealerships, drivers – serving as the interconnected tissue that binds the new mobility ecosystem together.

Within the Group, we established a new unit – Zurich Insurance Mobile Solutions – to accelerate mobile-enabled solutions for our retail and commercial businesses.



On distribution, we entered into an agreement to purchase Australia New Zealand Bank's Life insurance business. This includes a 20-year agreement to distribute our products and services through ANZ's bank channel, positioning Zurich as the largest retail life insurer in Australia, one of the most stable and profitable markets in the world.

We also announced new sales arrangements with companies like Miles & More, Porsche, Standard Chartered, EasyJet and others. And we entered into a new collaboration with CoverWallet to launch a digital platform for small and medium sized businesses in Spain. That's a first of its kind there and a model for the rest of Europe.

These are concrete examples of Zurich's deeply rooted customer-focused strategy. By transforming ourselves to align with this new era of the empowered customer, we will drive solid profitable growth in the years to come.

And reimagining this company goes even further. Because change is happening beyond the insurance sector. Society itself is transforming.

Forces like globalization, the mobility of talent and funds, shifting geopolitics, reskilling for a digital workforce, demographics, climate change... each of these poses immensely complex social issues that demand solutions from an increasingly stretched set of governmental and multi-lateral institutions.

We can no longer expect the responsibility to fall on our political leaders alone. As business leaders, we must step up and take actions – individually and collectively – to be agents of change and play a more impactful role in addressing these societal issues.

This requires further creative and bold thinking at Zurich.

It's also why our Executive Team, in collaboration with the Board, has reset our ambition level on sustainability issues. We want to be known as one of the most responsible and impactful businesses in the world. It's a longer-term ambition, but it's based on our understanding that the world is undergoing a transformation, and that Zurich can have a positive impact. From climate change and responsible investment to workforce protection and digital skills, we have the knowledge, capabilities and spirit to make a difference.



But Ladies and Gentlemen, all of the progress and achievements I have cited – from financial results and business performance to industry transformation and social impact – are only possible if we match our leadership capabilities to the changes we want to see. That is why on the Executive Committee I'm very pleased to have welcomed Kathleen Savio as CEO Zurich North America and Alison Martin as Group Chief Risk Officer. Both are proven business leaders with strong records of accomplishment, and both have already begun to shape our future. Beyond the Executive Committee, though, we are systematically strengthening the management team at the functional and country level, setting new expectations for leadership, customer focus and employee engagement.

And, as one very valuable Chairman departs, we look forward to welcoming another. Michel Lies possesses deep knowledge of our industry and society. He knows what it takes for a major Swiss company to be successful in a global market. And we look forward to working with him.

Concluding Remarks

In closing, Ladies and Gentlemen, I hope you share our excitement about Zurich's future. In society, in our industry and at Zurich, you're witnessing fundamental change. But we are not mourning the end of an era, we are welcoming a new one. We are not being disrupted and reacting to technology, we are anticipating what customers expect of us and leading the change. We are systematically adding service capabilities and distribution platforms that build on our core strengths. And we are future proofing this organization with a renewed culture and revamped leadership team.

As our 2017 results show, we are doing all of this while progressing on our three-year targets, improving our business performance and delivering an increased and sustainable dividend.

This is the Zurich you can come to expect. This is the Zurich you can be proud of. Thank you very much and I look forward to a rewarding 2018.