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Annual General Meeting 2014

Speech by Tom de Swaan

Chairman

April 2, 2014

Assessment – Chairman of the Board of Directors

Ladies and Gentlemen,

The long-standing shareholders among you have known me since 2006, when you first elected me to the Board of Directors. From 2012, I held the post of Vice-Chairman of the Board of Directors and last summer, I became Chairman.

It is a great honour for me to serve Zurich in this role. I am following in the footsteps of a long line of chairmen, and this traditional role must be respected and developed. I will do everything that I can to fulfil this task to the best of my knowledge and belief.

We all remember the tragic circumstances that arose at the end of August last year: after the suicide of our Chief Financial Officer, Pierre Wauthier, when the then Chairman Josef Ackermann resigned from his post. The Board of Directors respected this decision and appointed me as the new Chairman. On behalf of my colleagues and myself, I would like to take this opportunity to thank Dr Ackermann for the work he did.

Over the past year, I have once again been able to witness how people in difficult situations can rise to the occasion. We stood together – the Board of Directors and Management, our employees, the entire company. We stood by each other and overcame this tragedy together.

Even if we never find out what drove Pierre Wauthier to take this tragic decision, I am grateful that we, and the relevant authorities, felt it important to investigate the circumstances conscientiously and thoroughly.

Ladies and Gentlemen

Before we address the items on the agenda, I would like to say a few words about the past financial year and the future position of our Group.

We continued to deliver a solid performance in 2013 – although the economic environment was tumultuous and political uncertainties were great, primarily in Europe and the U.S.. Record low interest rates continued to affect the entire insurance industry.

Despite these unfavourable circumstances, we also generated 4 billion U.S. dollars in net profit in the 2013 financial year. Zurich has generated a profit in every single quarter in the past eleven years, even at the height of the financial crisis. There are not many companies in the financial sector that can say the same.

We have therefore been able to pay you very attractive dividends. We are proposing to do the same this year, as we have confidence in the stability of our profits. We are also convinced that the measures we have introduced to improve profitability have been implemented effectively.

However, we do not merely want to celebrate our successes with you today, but also to clarify openly and transparently where we can still make improvements: looking back over the past three years, we have not achieved all of the goals that we had set for ourselves.

Against this backdrop, the Board of Directors, together with the Executive Committee, has been working intensively to secure the future course of our company. We are all convinced that the underlying business strategy is correct. This has been proven by our sustained earnings year after year and our strong capital base. However, it is necessary to make certain adjustments in three areas, with the goal of improving the good and eliminating the bad. Allow me to summarise the results of our consultations.

- First of all, we want to build upon our strengths in areas where we already occupy leading market positions. This includes our business with large corporations active worldwide, our medium-sized corporate customers as well as our work with select private customers.
- Secondly, we want to continue to operate in a consciously value-oriented way in areas in which our growth potential has flattened out. And we will systematically withdraw from areas that no longer satisfy our internal target returns.
- Thirdly, we have initiated a whole range of measures to increase efficiency, and thereby to strengthen our operating income for the long term.

Ladies and Gentlemen

We have worked on this strategic adjustment in open and constructive discussions. I have a great deal of experience with international Groups and can tell you that this is one of Zurich's greatest strengths: the Board of Directors and the Executive Committee maintain a very good and productive relationship and provide each other with constructive criticism. We wish to maintain this open company culture and further build upon it as best we can.

Based on this strategy, we believe today that Zurich can grow to be even stronger and improve its profitability. We will also be able to gain additional momentum through the fact that the financial environment is slowly improving in industrial nations. This is where we also generate the lion's share of our premiums. Growth has slowed somewhat in emerging countries, but is likely to remain solid. Finally, we can safely assume that the long downward trend in interest rates has reached an end after many years. Nevertheless, we have to prepare for potentially damaging regulatory interventions, which could make life difficult for large, international insurance companies in particular.

Focusing on strategy alone is not enough, however. Of equal importance, if not more so, is a positive company culture. The financial crisis has brought to light obvious deficiencies that a number of companies have in this area. Strategy and culture must be coordinated and complement each other. For change to be truly effective, it has to begin at the top. It is therefore important that we lead by example when it comes to integrity and striving for quality.

Closely related to this is the identification and promotion of our future management talent. We need to spend more time and energy on putting the right person into the right position at the right time. This applies to the entire company and at all levels, from trainees to the upper ranks of

leadership, and for succession planning on the Executive Committee. The Board of Directors is fully committed to supporting these tasks. We and the Executive Committee are pulling together.

Ladies and Gentlemen

Allow me, as a man from the Netherlands, to say a little about Switzerland's economic success model. As is the case in the Netherlands, the success of this wonderful country is due not least to cosmopolitanism. And cosmopolitanism is a two-way street. As much as it is the export of goods and services that has made Switzerland rich, these services would not have been made possible without an influx of talent from all over the world.

The best example is our own company, Zurich. As a global company directly represented in 47 countries and providing services in over 170 countries, we are fully dependent on the specific skills of our foreign colleagues. 73 different nationalities are represented among our roughly 5,400 employees in Switzerland, and 30% of all employees are foreigners. Any restriction of the number of employees from outside Switzerland or extensive administrative processes in the dealing with dossiers would present us with serious problems.

Against this background, we are following the implementation of mass immigration initiatives with great interest. Of course, we will fully accept the result of the vote, but now the policy is to implement the initiative prudently and with sound judgement, given the fact that there is clearly large scope for interpretation. As an economic player, we must convince voters that the whole of society will benefit from an open and liberal market economy.

It is only when we are united that we can be successful.

Finally, I would like to extend warm thanks to my colleagues on the Board of Directors for their fantastic cooperation. Your support during the transition was very important to me.

I would also like to say a huge thank you to our CEO Martin Senn and the members of the Executive Committee. They have managed Zurich very well during these challenging times. And, last but not least, we would like to thank all of our employees. Their daily efforts have been crucial for the success of our company.