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**Annual General Meeting - Wednesday, April 4, 2018**  
***Speech by Tom de Swaan, Chairman***

Dear Ladies and Gentlemen

As you can imagine, today holds a range of emotions for me.

Pride at being part of this wonderful company for the past 12 years. Sadness as our time together comes to a close. But more than anything else, confidence.

Confidence that Zurich is - and will remain - a successful global insurer.

In this, my final address to you, I'd like to explain why that is the case.

**Annual results 2017**

Let us begin with a recap of 2017's financial results.

Ladies and Gentlemen, over this past year, our focus and discipline has delivered a strong positive outcome. There has been meaningful progress across our Property and Casualty, Life and Farmers businesses. This was driven by improved underwriting, reduced costs and expanded service offerings. At the same time, premiums grew and customer retention levels are improving.

We are also on track to meet our 2017 to 2019 targets. By the end of last year, cost savings reached USD 700 million. So we are well on the way to our overall target of USD 1.5 billion by the end of 2019. Cash remittances and underlying return on equity levels were also on target. And at the same time, our capital position remains strong.

This performance is particularly impressive when you consider the global context:

- Our results were delivered in a year when the hurricane season in North America was one of the worst on record. The devastation of storms Harvey, Irma and Maria highlighted the increasing impact and frequency of extreme weather risks.
- Our results were delivered despite a challenging macroeconomic environment. Interest rates still linger near historic lows, insurance rates are still intensely competitive, and global growth is still not back to historic norms
- And our results were delivered despite regulatory and political challenges. In 2017, this included one-off changes to the taxation of Life insurance policies and accident pay-outs in the UK. More broadly, the future of Britain in Europe, the changing role of the United States in global affairs and persistent protectionism continue to cause concern.

Dear Shareholders, Zurich's ability to embrace this changing environment is not by chance. It is through the vigilant oversight of a management team that understands the realities of these markets today, has a vision for where these markets are going in the future, and has a proven capability to drive necessary change. This is why I and my fellow Board members feel such confidence in the future earnings potential of the Zurich Group.

And it is why we stand before you today proposing to increase the dividend to CHF 18 per share.

### **Insights from the past**

Ladies and Gentlemen, I am privileged to have served on your Board, and for the last five years as your Chairman. Particularly so at such a key point in economic, political



and technological history. Much has changed over the period as a whole. At the start of my journey here, I'm not sure I could ever have predicted a world of negative interest rates, where investors were prepared to pay to lend governments money!

I've witnessed both the Zurich and external events unfold. I've seen first-hand the inherent strengths of this company. And I've recognised that seismic changes in society have introduced new imperatives for success in modern business.

Let me briefly outline two important and connected imperatives here:

**Imperative 1: Businesses must regain trust by being customer centric and addressing wider challenges**

The first imperative relates to trust.

During my time with Zurich, there has been a cracking in the bond of trust between societies and global institutions.

Dear Shareholders, recall that I joined Zurich's Board in 2006. Global growth averaged 5.6% in 06/07 - the highest level since 1973. World trade grew by 8.7% during the same time, marking the peak of the globalisation period. This was a "rosy" period for the macroeconomic environment, with US interest rates at around 5.25%. There was little signal, if any, that the world was dancing on the edge of a volcano.

But then came the Global Financial Crisis. A great many people saw their savings wiped out, jobs disappear and household incomes depleted. According to Edelman's "trust barometer" in 2009, only 17% of those surveyed trusted business leaders to tell the truth.

In response to the crisis, some policymakers closed off domestic markets, hoping to protect their economies from contagion. Public appetite for greater regulation and government control of businesses also increased. Global trade collapsed as trade credit vanished and uncertainty hit supply chains.

Low levels of public trust persisted into the first half of this decade. Many questioned the merits of globalisation - a trend that had lifted millions out of poverty. They were emboldened by a sluggish recovery and events such as the European sovereign debt crisis. People wondered what was to be gained from allowing others to dictate their choices.

In some areas, the threat of protectionism progressed to populism.

The most obvious examples were the United Kingdom's decision to exit the European Union and the victory of Donald Trump in the 2016 presidential election.

Dear Shareholders, the point of this brief narrative is to highlight the extent and impact of the loss of public trust. We feel its legacy in the present day:

- It's this lack of trust which drives today's challenging regulatory environment.
- It's this lack of trust which drives the continued doubt of globalisation in some quarters, an unpredictable political climate in certain countries and threats to global trade.
- And it's this lack of trust which creates the imperative that, to succeed, business must regain trust by recommitting itself to the customers' interests and addressing wider societal challenges.

**Imperative 2: Businesses must embrace technological advance and use it to better serve customers**

Ladies and Gentlemen. The second imperative I would like to address – and one that is inherently linked with trust – concerns technology.

The advance of technology in recent years has been dramatic. There are many ways to illustrate this. But let me use just one example today.



Shortly after I joined Zurich, rumors began to fly about a new innovation. A few months later, Apple aired a commercial titled “Hello” during the 79<sup>th</sup> Academy awards, setting the stage for the release of the first iPhone. The iPhone was hailed as revolutionary, with its user-friendly touchscreen design and 2G internet capability.

Just one year later, the Apple app store was launched, unleashing the creative energies of coders, entrepreneurs and visionaries across the planet, and in the process igniting a customer revolution fueled by true empowerment and seamless engagement. In its first weekend, 10 million apps were downloaded; within a year 1.5 billion had been downloaded. Today, over 2.2 million apps are available and have been downloaded more than 130 billion times.

But these were not all games, social media platforms or other activities that many in our generation may consider frivolous. They included new ways to connect people with common interests, spawning the creation of new business models never before imagined. For example, today the world’s largest fleet company doesn’t own a single vehicle, the world’s largest retailer doesn’t own a single store, and the world’s largest hospitality company doesn’t own a single hotel room. These truths – and the countless other ingenious improvements in life like mobile payments, voice-activated assistants and the ability to video-chat with grandchildren – were unfathomable when I first joined Zurich’s Board. But today we take them for granted, and expect all aspects of our lives to be as simple, intuitive and value-adding as our favorite Apps.

There is a clear point to this, which goes far beyond the smartphone: The rapid growth of technology has transformed, and indeed created, entire industries.

It has also transformed customers’ expectations of products and services. The power is literally in their hands. This is multiplied by the growth in significance of peer-to-peer reviewing.

I’m convinced that technology, and the use of it, will increasingly shape the fate of insurers. In fact, technology will transform the entire insurance value chain; from automating processes and changing the nature of products to individualizing risk



assessments and changing market players. You'll hear more about this from Mario Greco, who has systematically engaged the Board on not only the challenges that these forces present, but the opportunities they create to fundamentally redefine the role of insurance in people's lives.

The key, though, is not using technology for its own sake. Businesses must instead harness innovation to improve customer products, services and outcomes. In this way, it's a further means to rebuild trust.

### **Zurich's resilience**

Dear Shareholders, in a moment, I will tell you how Zurich is responding to these imperatives of rebuilding trust and harnessing technology.

But first, let me tell you about an innate strength of this company. Something I have seen again and again during my time here. A strength that has seen us through the challenges of the past.

That strength is our resilience.

Right from the beginning, in 2006, this was clear.

The company was emerging from the most severe financial crisis in its history.

It wasn't an easy process. But decisive actions and the underlying strength of our core business led to the return of good financial performance, strong return on equity and excellent investment results.

And when the Global Financial Crisis began to hit in 2007, these actions meant that Zurich was able to get through relatively smoothly. We had very limited exposure to devalued assets.

Zurich is justifiably proud that we were the only large quoted financial company that did not have a single quarter in negative territory.



It's that resilient strength which has seen us through some difficult moments in subsequent years and drives strong performance in today's challenging operating environment.

And our resilience goes beyond the financials. It's also about the remarkable unity, commitment and team ethic this company displays, even in the toughest of times. This was particularly true in occasions marked by personal tragedy, such as 2013 and 2015.

### **The global renewal**

Ladies and gentlemen, now I want to tell you why Zurich fills me with confidence for the future.

For context, let me give some predictions on the future external environment:

- I believe the rise of new global powers in the East and South will be opportunities to capture ever larger pools of new customers and markets.
- I believe technological advance, the "fourth industrial revolution", will bring great advantages, but primarily to the brands that view it as a means to deepen their customer focus.
- I believe that Europe and the Euro are here to stay.
- And I believe the threat of protectionism will ultimately not prevail. There are many cases where free and open trade continues to prosper. Note, for example, the completion of TPP, the EU-Mercosur agreement and the European Union's recent agreements with Canada and Japan. These are good news stories, and I believe there is more to come. The enormous benefits global trade has delivered to the world will not be severed by one or two nations

That doesn't mean we won't be challenged to the extreme by regulatory complexity, low public trust, populism and technological advance.

But there is a world of opportunity for those who can navigate successfully.



### Zurich's renewal

And that, Ladies and Gentlemen, is exactly what I see happening at Zurich.

We have understood and recognised the imperatives for success.

I said earlier that regaining public trust demands a relentless focus around the customer.

Let me tell you that our clear and maintained focus on the customer today is different from anything I have seen previously during my journey with Zurich.

One example has been the work of our outstanding Group Strategy Task Force. In 2017, this group of 40 of our brightest talents helped to develop Zurich's Purpose and Values. These let customers know, in a clear and simple way, why we are relevant to their lives and how we deliver on that relevance.

We've also made a number of acquisitions to expand our service offering, across an even broader range of areas, such as ANZ's Australian Life Insurance arm and travel insurance provider Cover-More.

I also mentioned that regaining customers' trust means showing a spirit of empathy and addressing wider societal concerns. Zurich's continued corporate responsibility focus ensures we meet these expectations. We've committed to further actions on our flood resilience program; divestment, disengagement and dialogue around thermal coal and reduction of our own carbon footprint. But we are going further too: we have become a signatory to the United Nations Principles for Sustainable Insurance, and we've recommitted to our responsible investment program, where we will be increasing our impact investments to USD 5 billion. And in 2017, Zurich was extremely proud to be one of only six companies worldwide to achieve a prestigious EDGE 'Move' certification – in both Switzerland and Austria - for Gender Equality.

Dear Friends, the second imperative I told you about was the need to harness technological innovation to improve customer experiences.

Once again, I can report real and tangible action.

We've made acquisitions targeting key capabilities and targeted points in the value chain, and established internal mechanisms aimed at fostering the creative fast-paced decision-making so necessary in today's rapidly changing markets. We have also initiated discussions at the Board level regarding the skills and mindsets that will set the stage for how we embrace these new opportunities. And we have engaged in a series of innovative collaborations that demonstrate our ability to work in the ecosystems of the future.

In short, Zurich is not passive in the face of fundamental change, it is embracing that change and setting its own course for future success.

Let me reiterate:

My confidence in Zurich's future is based on how we've responded to external imperatives. But it also stems from the inherent qualities I see in this company.

I have mentioned our financial strength and resilience. And I have highlighted the skills, commitment and focus of our people.

Finally, let me add world class leadership, both at Board and Executive Committee level.

Great leadership is required to galvanize, direct and inspire. Only then can a company reach its full potential.

On that note, I would like to pay tribute to some departing Board members:

Susan Bies brought a wealth of knowledge, judgment and integrity to her role as Chair of the Risk and Investment Committee, and I thank her for her grace, insight and commitment.

Similarly, Fred Kindle was a strong partner as Vice Chair of the Board, and his deep understanding of markets – both here in Switzerland and around the world – contributed greatly to our success over the past decade.



I also wish to fully endorse the nomination of Michel Lies as my successor. Michel is a proven industry leader with a keen sense of the positive role insurance can play in society. He understands the nuances of risk, but as importantly he understands people and is not intimidated by change.

All of these attributes are why I'm very pleased with the choice of Michel and am convinced that he is the right choice to ensure Zurich's Board remains a world class asset.

Dear Shareholders, this concludes my review and outlook, thank you for your attention. I now hand over to our CEO Mario Greco for his thoughts. Mario, the floor is yours.

#### **Concluding remarks at end of AGM meeting**

Dear Shareholders, this brings us to the end of today's AGM. Indeed, the end of my time as your Chairman. What a remarkable journey it has been.

All that remains is to thank you for your time and support.

Let me reiterate: I'm proud to have been associated with this great organization. I'm sad that our time together has come to a close.

But I'm confident, ladies and gentlemen, in this company.

Confident because of our present performance. Confident for the future, because we have recognised, and acted upon, imperatives for success. Confident in Zurich's great strengths: financially resilient, with talented and committed people and world class leadership.

It has been my honor to serve you all. Thank you.