Half Year Report 2021

Report for the six months ended June 30, 2021

Zurich Insurance Group

Contents

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Welcome

About us

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.

Message from the Chairman and Group CEO

Dear Shareholder,

We are pleased to report that Zurich delivered one of its strongest ever first-half results, with a strong rebound in profit despite elevated levels of natural catastrophes. With growth in all businesses, our results show that Zurich is healthy, sustainable, and well positioned for the future. This is a historic performance in challenging times and we remain on track to achieve our 2022 targets.

Zurich Insurance Group (Zurich) business operating profit (BOP) rose 60 percent to USD 2.7 billion in the first six months of 2021, compared with USD 1.7 billion in the same period of 2020. Growth was driven by an underlying improvement across all businesses and reduced claims from COVID-19, which more than offset higher levels of natural catastrophe and weather-related claims.

Our first-half performance is the result of the focused execution of our strategy, with contributions from all parts of the business. Our combined ratio in property and casualty insurance, now at its lowest in more than 20 years, is testament to the improvements made to underwriting since 2016. And we added more than 600,000 retail customers during a period of continued uncertainty and restrictions related to the pandemic.

In our Life business, margins improved as we continued to focus on protection and capital-light savings products, while the Farmers Exchanges[1] benefited from efforts to diversify and strengthen distribution channels.

Net income after tax attributable to shareholders was USD 2.2 billion, an increase of 86 percent compared with the prior-year period. This reflects the improvement in BOP, supported by higher levels of realized capital gains.

We reported a very strong capital position with the Group's Swiss Solvency Test (SST) ratio estimated at 206 percent[2], well above the Group's target for an SST ratio of 160 percent or above.

Property & Casualty

Property & Casualty (P&C) BOP more than doubled to USD 1.6 billion in the first half compared with the prior-year period. The Group achieved a combined ratio of 93.9 percent, the lowest level in more than 20 years and six percentage points below the prior-year period, despite higher-than-normal catastrophe and weather-related claims. The reduction was driven by an underlying improvement in underwriting profitability, as higher prices feed into the results, as well as a favorable net impact from COVID-19 compared with the adverse impact recorded in the prior-year period.

Gross written premiums grew 12 percent on a like-for-like basis[3], adjusting for currency movements, acquisitions, and disposals, with growth in both retail and commercial insurance. All regions contributed to growth.

The Group achieved price increases of about 8 percent in the first half, with most regions seeing a higher level of increases compared with the previous year. Price increases were driven largely by commercial insurance and were well above claims cost inflation.

Michel M. Liès
Chairman of the Board of Directors

Mario Greco
Group Chief Executive Officer

Message from the Chairman and Group CEO (continued)

Life

First-half BOP of USD 802 million was up 44 percent compared with the prior-year period, despite a slightly higher impact from COVID-19 of USD 137 million.[4] On a like-for-like[3] basis, Life BOP improved by 31 percent, driven by higher fee revenues and investment results, and improved claims experience excluding COVID-19, mainly in APAC and EMEA.

Life new business annual premium equivalent (APE) sales returned to growth, with an 11 percent increase on a like-for-like[3] basis. The rise in sales reflects favorable growth momentum in unit-linked business and protection products. Together with the corporate savings business, these products accounted for 90 percent of APE sales over the first half of the year.

Farmers

Farmers BOP of USD 778 million was flat compared to the prior-year period. A 10 percent increase in BOP at Farmers Management Services (FMS) was offset by higher mortality in the life business, including USD 42 million[4] of claims related to COVID-19 and a small loss at Farmers Re.

Gross written premiums of the Farmers Exchanges[1] increased 16 percent in the first half of the year. Excluding the contribution of the MetLife transaction, which closed at the beginning of April 2021, gross written premiums increased 7 percent.

FMS management fees and other related revenues increased 11 percent compared with the prior year. This was mainly driven by growth in the fee base following the MetLife acquisition.

Senior appointments

In July, Group Chief Investment Officer Urban Angehrn stepped down from his role following his appointment as Chief Executive Officer of the Swiss Financial Market Supervisory Authority FINMA. We would like to thank Mr. Angehrn for his long-standing service and for the key role he played in helping Zurich become a leading responsible investor. Group Chief Risk Officer Peter Giger has assumed the additional responsibilities of Group Chief Investment Officer on an interim basis until a successor for Mr. Angehrn has been identified.

In March, we announced the appointment of Sierra Signorelli, formerly Group Chief Underwriting Officer, to the role of Chief Executive Officer for Commercial Insurance and a member of the Executive Committee. Ms. Signorelli succeeded James Shea, who decided to leave Zurich to pursue opportunities outside the company and whom we thank for his dedication and contribution to our business.

Doing the right thing

This year's extreme weather events – from winter storms in the southern United States to the more recent flooding in South East Asia and Europe – underscore society's vulnerability to the risks of climate change and the need for businesses to take action.

We are supporting our customers with new services to improve resilience to climate risks and are acting to mitigate the climate impact of our activities. In March, we announced intermediate emissions targets for our operations and investments in real estate, corporate credit and equities, as we set the Group on a course to achieve net-zero emissions by 2050. Further, Zurich became a founding member of the Net-Zero Insurance Alliance, which aims to define a methodology to measure emissions from underwriting portfolios.

As part of these commitments to tackling climate change, we are also planning new actions to reduce emissions related to travel, vehicle fleets, paper, food and real estate.

We continued to support customers, colleagues and communities through the challenges of the pandemic. The Group contributed to government campaigns to accelerate COVID-19 vaccination by setting up vaccination centers for employees in several countries in Asia, Europe and the Americas.

To champion the need to provide equal access to COVID-19 vaccines worldwide, the Z Zurich Foundation[5] pledged to support UNICEF's global efforts to help deliver COVID-19 vaccines to low- and middle-income countries. The campaign, which began in April, will run until the end of the year. As of June 30, the amount raised will help UNICEF deliver over 2.5 million vaccine doses to the most vulnerable.

Looking ahead

As economies emerge from the COVID-19 pandemic, Zurich is fitter, faster, and more resilient than ever. Our work in the last five years to simplify and strengthen the business, combined with the continuing upturn in commercial insurance pricing, positions us well for the future.

We thank you for your continued engagement and support.

Yours sincerely,

Michel M. Liès
Chairman of the Board of Directors

Mario Greco
Group Chief Executive Officer

[1] 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 services and ancillary services to the Farmers Exchanges as its attorney-in-fact and receives fees for its services.

[2] Estimated Swiss Solvency Test (SST) ratio, calculated based on the Group's internal model approved by the Swiss Financial Market Supervisory Authority FINMA.

[3] Like-for-like comparisons represent the change in local currencies and are adjusted for the SME portfolio transfer of CSS Versicherung AG in Switzerland, the portion of Adira Insurance business in Indonesia written in 2019 after the deal completion on November 28, 2019, but booked in 2020, the sale of the UK Retail Wealth Business, the sale of group life business in the U.S., the acquisition of the MetLife U.S. P&C business, and the reclassification of Zurich Global Employee Benefit Solutions from Life to Global Business Platforms in Group Functions and Operations.

[4] Based on current assessments, subject to some degree of uncertainty considering the continuing nature of the event.

[5] The Z Zurich Foundation is a charitable foundation funded by various members of the Group. It is the main vehicle by which the Group delivers on its global community investment strategy.

Financial overview

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The information contained within the financial review is unaudited and is based on the consolidated results of the Group for the six months ended June 30, 2021 and 2020. All amounts are shown in U.S. dollars and rounded to the nearest million unless otherwise stated, with the consequence that the rounded amounts may not always add up to the rounded total. All ratios and variances are calculated using the underlying amounts rather than the rounded amounts. This document should be read in conjunction with the annual results 2020 of the Group and in particular with its consolidated financial statements and embedded value report for the year ended December 31, 2020.

In addition to the figures stated in accordance with International Financial Reporting Standards (IFRS), the Group uses business operating profit (BOP), new business metrics and other performance indicators to enhance the understanding of its results. Details of these additional measures are set out in the separately published glossary. These should be viewed as complementary to, and not as substitutes for, the IFRS figures. For a reconciliation of BOP to net income attributable to shareholders (NIAS), see note 14 (table 14.4) of the unaudited consolidated financial statements for the six months ended June 30, 2021.

Certain comparatives have been revised as a result of reclassifications and other adjustments. For details refer to note 1 of the audited consolidated financial statements.

Financial overview (continued)

Financial highlights

in USD millions, for the six months ended June 30, unless otherwise stated	2021	2020	Change[1]
Business operating profit	**2,714**	1,702	60%
Net income attributable to shareholders	**2,193**	1,181	86%
P&C business operating profit	**1,559**	751	108%
P&C gross written premiums and policy fees	**22,034**	18,937	16%
P&C combined ratio	**93.9%**	99.8%	6.0 pts
Life business operating profit	**802**	559	44%
Life gross written premiums, policy fees and insurance deposit	**14,603**	13,008	12%
Life new business annual premium equivalent (APE)[2]	**1,911**	1,673	14%
Life new business margin, after tax (as % of APE)[2]	**30.5%**	23.9%	6.5 pts
Life new business value, after tax[2]	**500**	348	44%
Farmers business operating profit	**778**	779	(0%)
Farmers Management Services management fees and other related revenues	**2,004**	1,807	11%
Farmers Management Services managed gross earned premium margin	**6.8%**	6.6%	0.2 pts
Farmers Life new business annual premium equivalent (APE)[2]	**38**	35	8%
Average Group investments[3]	**210,694**	196,188	7%
Net investment result on Group investments[3]	**3,110**	2,762	13%
Net investment return on Group investments[3,4]	**1.5%**	1.4%	0.1 pts
Total return on Group investments[3,4]	**(0.8%)**	2.0%	(2.8 pts)
Shareholders' equity[5]	**36,448**	38,278	(5%)
Swiss Solvency Test ratio[5,6]	**206%**	182%	24 pts
Return on common shareholders' equity (ROE)[7]	**14.0%**	8.1%	5.9 pts
Business operating profit (after tax) return on common shareholders' equity (BOPAT ROE)[7]	**13.0%**	8.5%	4.5 pts

1 Parentheses around numbers represent an adverse variance.
2 Details of the principles for calculating new business are included in the embedded value report in 2020. New business value and new business margin are calculated after the effect of non-controlling interests, whereas APE is presented before non-controlling interests.
3 Including investment cash.
4 Calculated on average Group investments.
5 As of June 30, 2021 and as of December 31, 2020, respectively.
6 Estimated Swiss Solvency Test ratio (SST) ratio, calculated based on the Group's internal model approved by the Swiss Financial Market Supervisory Authority FINMA.
7 Shareholders' equity used to determine ROE and BOPAT ROE is adjusted for net unrealized gains/(losses) on available-for-sale investments and cash flow hedges.

Overall Group business operating profit increased strongly in the first half of the year, growing 60 percent. This was driven by underlying growth as well as a reduced impact from the COVID-19 pandemic more than offsetting higher weather and natural catastrophe losses.

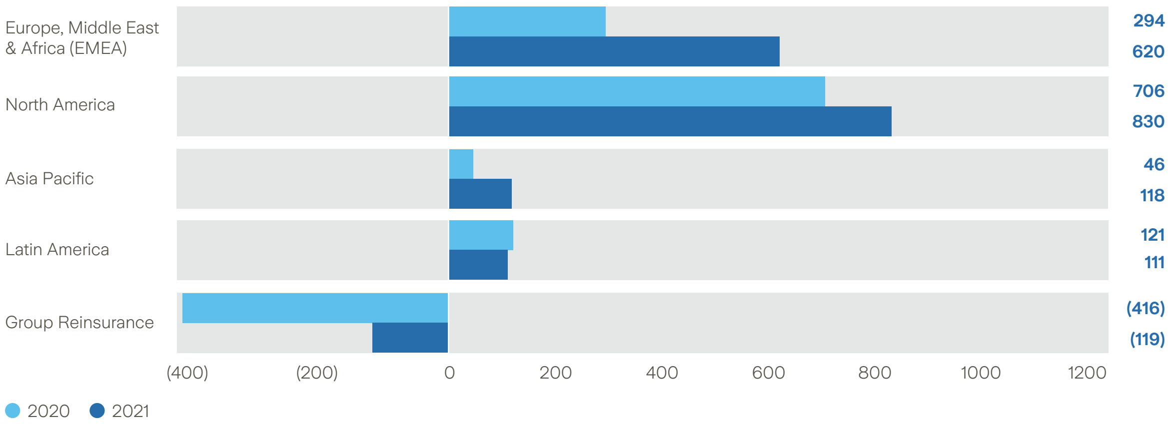
Net income attributable to shareholders increased by 86 percent in the first half year, supported by the growth in business operating profit and higher net realized gains on equities and real estate. Charges for other items excluded from business operating profit increased slightly compared with the prior year.

Financial overview (continued)

Property & Casualty (P&C)

in USD millions, for the six months ended June 30			Total
	2021	2020	Change
Gross written premiums and policy fees	22,034	18,937	16%
Net earned premiums and policy fees	14,081	12,612	12%
Insurance benefits and losses, net of reinsurance	8,811	8,460	(4%)
Net underwriting result	865	22	nm
Net investment result	899	943	(5%)
Business operating profit	**1,559**	**751**	**108%**
Loss ratio	62.6%	67.1%	4.5 pts
Expense ratio	31.3%	32.8%	1.5 pts
Combined ratio	**93.9%**	**99.8%**	**6.0 pts**

P&C business operating profit (BOP)
in USD millions, for the six months ended June 30



Gross written premiums in Property & Casualty (P&C) for the first half of 2021 rose 12 percent compared with the previous year on a like-for-like basis, after adjusting for currency movements and closed acquisitions and disposals. In U.S. dollars, gross written premiums rose 16 percent.

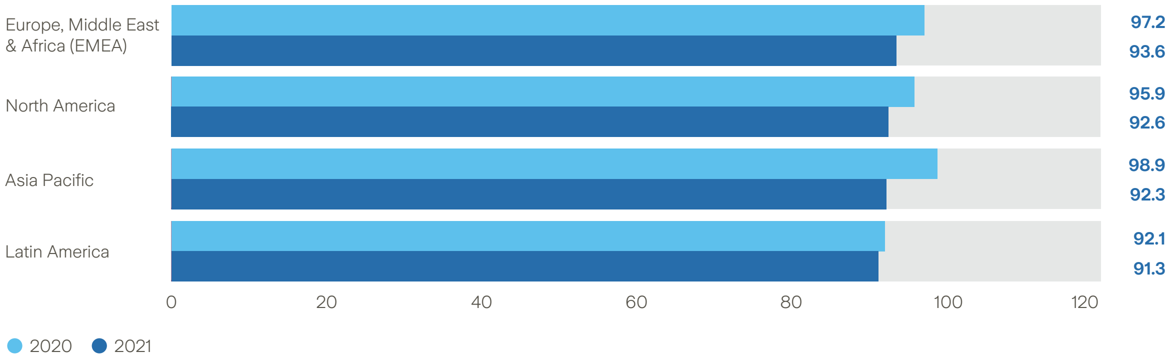
Business operating profit in 2021 was USD 1.6 billion, 108 percent higher than in the previous year. The increase was driven by underlying improvement as well as a benefit from lower claims frequency due to COVID-19 restrictions compared with the unfavorable impact in the previous year from COVID-19 claims and associated financial market developments.

The net investment result declined 5 percent compared with the previous year. Lower net investment income, driven by lower investment yields was partially offset by a higher performance from hedge funds.

The contribution of other items, which include the net non-technical result and non-controlling interests, improved by USD 8 million compared with the previous year, driven by a favorable change in the net non-technical result partially offset by higher non-controlling interests.

Financial overview (continued)

P&C combined ratio
%, for the six months ended June 30



The combined ratio of 93.9 percent in the first half of 2021 was 6 percentage points better than in the prior-year period. Both loss ratio and expense ratio contributed to the improvement. The loss ratio was 4.5 percentage points below prior year, driven by underlying improvement, a more favorable impact of the COVID-19 pandemic and prior-year development, which more than offset increased weather and natural catastrophe losses. The expense ratio was 1.5 percentage points below the prior year, reflecting continued expense discipline and top-line growth.

In EMEA, the combined ratio improved by 3.5 percentage points, benefiting from both improved loss ratio and expense ratio. The lower loss ratio was driven by underlying improvement and a reduced impact of the COVID-19 pandemic more than offsetting higher weather and natural catastrophe losses. The improvement in the expense ratio reflected continued expense discipline and top-line growth.

In North America, the combined ratio improved by 3.4 percentage points, driven by a lower loss ratio, which benefited from the earn through of rate increases, while the expense ratio remained broadly in line with the previous year.

The Asia Pacific combined ratio improved 6.6 percentage points, driven by both the loss ratio and expense ratio. The loss ratio benefited from a favorable prior-year development compared with an adverse development in the prior year. The expense ratio improvement was mainly driven by a reduction of other underwriting expenses.

The Latin America combined ratio was 0.8 percentage points better than in the previous year, with the improvement driven by the expense ratio, reflecting business mix shifts and a reduction of other underwriting expenses.

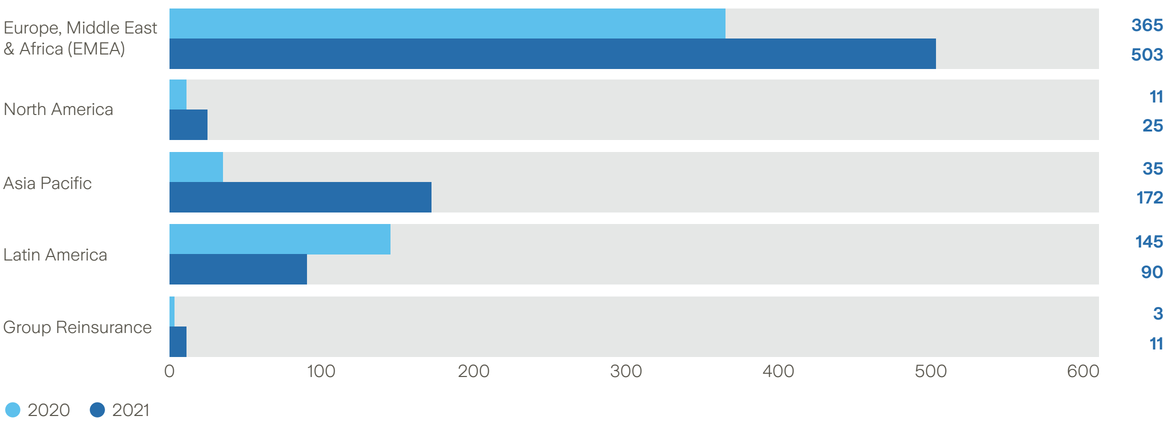
Financial overview (continued)

Life

in USD millions, for the six months ended June 30	**2021**	2020	Change
Insurance deposits	7,318	6,209	18%
Gross written premiums and policy fees	7,285	6,799	7%
Net investment income on Group investments	1,487	1,360	9%
Insurance benefits and losses, net of reinsurance	4,785	4,609	(4%)
Business operating profit	**802**	**559**	**44%**
Net policyholder flows[1]	2,111	2,088	1%
Assets under management[2,3]	304,583	303,433	0%
Total reserves for life insurance contracts, net of reinsurance, and liabilities for investment contracts (net reserves)[3]	246,936	247,439	(0%)

1 Net policyholder flows are defined as the sum of gross written premiums and policy fees and deposits, less policyholder benefits.
2 Assets under management comprise balance sheet Group investments and unit-linked investments plus assets that are managed by third parties, on which fees are earned.
3 As of June 30, 2021 and December 31, 2020, respectively.

Life business operating profit (BOP)
in USD millions, for the six months ended June 30



The Group's Life business delivered a business operating profit of USD 802 million in the first half of the year, 44 percent ahead of the prior year, despite a slightly higher impact from COVID-19 of USD 137 million. Excluding COVID-19 effects, Life business operating profit grew 38 percent, driven by underwriting result improvements and favorable financial markets mainly in Asia Pacific and EMEA.

In EMEA, business operating profit improved by 38 percent to USD 503 million on a reported basis. Adjusted for COVID-19, business operating profit increased by 12 percent compared with the prior year to USD 564 million, benefiting from underlying volume growth and margin expansion together with favorable market developments and foreign exchange rates, with main contributors being the UK, Italy and Switzerland.

In Latin America, business operating profit decreased 37 percent on a reported basis, mainly due to elevated mortality claims in Zurich Santander, Brazil and Mexico. Excluding COVID-19 effects, business operating profit grew 29 percent, driven by profitable sales growth at Zurich Santander as well as a positive run-off development of a large corporate protection scheme in Chile, which benefited from a favorable interest rate environment.

Asia Pacific contributed a business operating profit of USD 172 million, USD 137 million higher compared with prior year. The performance improved significantly due to favorable claims experience as well as persistency in Australia and profitable in-force growth in Japan.

In North America, which excludes Farmers Life, business operating earnings increased by USD 14 million due to better claims experience and positive one-offs, including the sale of the group life business.

Financial overview (continued)

Net inflows of USD 2.1 billion were 1 percent higher than in the prior year, mainly benefiting from growth in EMEA and Asia Pacific. Net inflows were up by 5 percent on a like-for-like basis, adjusting for currency movements, acquisitions and disposals and the reclassification of Zurich Global Employee Benefit Solutions from Life to Global Business Platforms in Group Functions and Operations.

Assets under management (AuM) increased by around half a percentage point, driven by favorable market developments and a positive net inflow contribution of close to 1 percent, with offsetting impacts from currency movements.

NBV, APE and NBM by Segment

in USD millions, for the six months ended June 30	New business value, after tax (NBV)[1]		New business annual premium equivalent (APE)[2]		New business margin, after tax (as % of APE) (NBM)[3]	
	2021	2020	**2021**	2020	**2021**	2020
Europe, Middle East & Africa (EMEA)	366	219	1,277	1,042	30.4%	21.9%
North America	9	23	45	57	20.9%	39.9%
Asia Pacific	45	44	96	100	47.3%	44.7%
Latin America	80	62	492	474	26.7%	21.0%
Total	**500**	**348**	**1,911**	**1,673**	**30.5%**	**23.9%**

1 New business value is calculated on embedded value principles net of non-controlling interests.
2 APE is shown gross of non-controlling interests.
3 New business margin is calculated using new business value as a percentage of APE based on figures net of non-controlling interests for both metrics.

During the first half of 2021, Life new business annual premium equivalent (APE) sales returned to growth with an 11 percent increase on a like-for-like basis. The growth in sales reflects favorable growth in unit-linked business and protection products in EMEA and Latin America. On a reported basis APE was 14 percent higher.

In EMEA, APE sales increased by 14 percent on a like-for-like basis, compared with the same period in 2020. This was mainly driven by strong growth of unit-linked business in Ireland and Italy and favorable APE sales of protection products in Spain, UK and Switzerland. These factors were partially offset by the reduction in corporate pensions business in Switzerland due to the COVID-19-related economic slowdown and competitive market conditions, as well as by lower sales of traditional life products in Germany.

APE sales in Latin America increased 11 percent on a like-for-like basis, reflecting higher sales volumes of individual protection products at Zurich Santander and strong growth of unit-linked business in Chile and Brazil. These were partially offset by the non-renewal of a large corporate life and protection account in Chile.

In North America, APE sales increased 4 percent on a like-for-like basis, excluding the group life business which was sold in the prior year. In Asia Pacific, lower sales in Australia, Japan and Indonesia led to a decline of 11 percent on a like-for-like basis. The decline in Australia was due to repricing actions to improve margins.

The new business margin increased to an attractive level at 30.5 percent as reported and on a like-for-like basis. New business value (NBV) went up 37 percent on a like-for-like basis, driven by more favorable sales mix and higher volumes in EMEA and Latin America. On a reported basis, NBV improved by 44 percent. The Group continues to focus on protection, unit-linked and corporate savings business, with these products accounting for 90 percent of APE sales. Protection business contributed 75 percent of the overall NBV.

Financial overview (continued)

Farmers

in USD millions, for the six months ended June 30	2021	2020	Change
Farmers Management Services (FMS)	728	662	10%
Farmers Re	(10)	10	nm
Farmers Life	60	106	(43%)
Total business operating profit	**778**	**779**	**–**

Farmers Management Services (FMS) business operating profit increased 10 percent compared with the prior year and 5 percent on a like-for-like basis after adjusting for the first-time inclusion of the acquired MetLife U.S. P&C business. This was mainly driven by growth of premium base of the Farmers Exchanges.

Farmers Re reported an operating loss of USD 10 million compared with an operating profit of USD 10 million in the prior year. The loss was driven by elevated catastrophe losses and unfavorable prior-year development related to older accident years, when Farmers Re had a higher proportion of ceded business from the Farmers Exchanges under the all lines quota share.

Farmers Life business operating profit of USD 60 million was 43 percent lower than in the prior year. The result was mainly driven by higher mortality claims, including USD 42 million of claims related to COVID-19.

Farmers Exchanges

The Farmers Exchanges are owned by their policyholders. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides certain non-claims services and ancillary services to the Farmers Exchanges as attorney-in-fact and receives fees for its services.

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 Re.

in USD millions, for the six months ended June 30	2021	2020	Change
Gross written premiums	11,726	10,103	16%
Gross earned premiums	11,160	9,923	12%

Gross written premiums at the Farmers Exchanges increased 16 percent. Excluding the contribution of the MetLife transaction, which closed at the beginning of April 2021, gross written premiums increased 7 percent.

Financial overview (continued)

Group Functions and Operations

in USD millions, for the six months ended June 30	**2021**	2020	Change
Holding and Financing	(232)	(167)	(38%)
Headquarters	(192)	(153)	(26%)
Global Business Platforms[1]	(22)	(28)	21%
Total business operating profit	**(446)**	**(348)**	**(28%)**

1 Includes Zurich Global Employee Benefit Solutions, new ventures and initiatives.

Group Functions and Operations reported a loss of USD 446 million in the first six months of 2021 compared with USD 348 million in the prior year. This was mainly driven by an increase in charges related to Holding and Financing, due largely to financing and foregone investment income related to the acquisition of the MetLife U.S. P&C business, higher management fees charged out in 2020, and unfavorable currency movements.

Non-Core Businesses

in USD millions, for the six months ended June 30	**2021**	2020	Change
Zurich Legacy Solutions	25	4	nm
Other run-off	(5)	(43)	89%
Total business operating profit	**21**	**(39)**	**nm**

The Group's Non-Core Businesses, which comprises run-off portfolios that are managed with the intention of proactively reducing risk and releasing capital, reported an operating profit of USD 21 million for the first half of 2021. The result benefited from the absence of adverse developments in a legacy life portfolio linked to the COVID-19 outbreak in the prior-year period.

Consolidated financial statements

Contents

Consolidated financial statements (continued)

Consolidated income statements

in USD millions, for the six months ended June 30	Notes	2021	2020
Revenues			
Gross written premiums		28,850	25,135
Policy fees		1,256	1,136
Gross written premiums and policy fees		30,106	26,271
Less premiums ceded to reinsurers		(5,692)	(5,214)
Net written premiums and policy fees		24,414	21,058
Net change in reserves for unearned premiums		(3,250)	(1,846)
Net earned premiums and policy fees		21,164	19,212
Farmers management fees and other related revenues		2,004	1,807
Net investment income on Group investments		2,523	2,486
Net capital gains/(losses) and impairments on Group investments		586	276
Net investment result on Group investments	4	3,110	2,762
Net investment result on unit-linked investments		8,098	(1,715)
Net gains/(losses) on divestment of businesses	3	(39)	(18)
Other income		570	479
Total revenues		34,905	22,527
Benefits, losses and expenses			
Insurance benefits and losses, gross of reinsurance		16,595	17,344
Less ceded insurance benefits and losses		(2,649)	(3,689)
Insurance benefits and losses, net of reinsurance		13,947	13,654
Policyholder dividends and participation in profits, net of reinsurance	6	8,372	(1,377)
Underwriting and policy acquisition costs, net of reinsurance		4,581	4,301
Administrative and other operating expense		4,217	3,847
Interest expense on debt		237	188
Interest credited to policyholders and other interest		303	267
Total benefits, losses and expenses		31,658	20,880
Net income before income taxes		3,248	1,646
of which: Attributable to non-controlling interests		168	184
Income tax (expense)/benefit	10	(940)	(341)
attributable to policyholders	10	(170)	155
attributable to shareholders	10	(769)	(496)
of which: Attributable to non-controlling interests		(53)	(59)
Net income after taxes		**2,308**	**1,305**
attributable to non-controlling interests		115	124
attributable to shareholders		2,193	1,181
in USD			
Basic earnings per share		14.74	7.98
Diluted earnings per share		14.63	7.90
in CHF			
Basic earnings per share		13.38	7.70
Diluted earnings per share		13.28	7.63

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

Consolidated financial statements (continued)

Consolidated statements of comprehensive income

in USD millions, for the six months ended June 30

	Net income attributable to shareholders	Net unrealized gains/(losses) on available-for-sale investments	Cash flow hedges
2020			
Comprehensive income for the period	1,181	623	44
Details of movements during the period			
Change (before reclassification, tax and foreign currency translation effects and after allocation to policyholders)		925	63
Reclassification to income statement (before tax, foreign currency translation effects and allocation to policyholders)		(123)	(20)
Reclassification to retained earnings		–	–
Deferred income tax (before foreign currency translation effects)		(126)	(9)
Foreign currency translation effects		(53)	10
2021			
Comprehensive income for the period	2,193	(764)	(105)
Details of movements during the period			
Change (before reclassification, tax and foreign currency translation effects and after allocation to policyholders)		(267)	(88)
Reclassification to income statement (before tax, foreign currency translation effects and allocation to policyholders)		(673)	(14)
Reclassification to retained earnings		–	–
Deferred income tax (before foreign currency translation effects)		250	19
Foreign currency translation effects		(74)	(21)

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

Consolidated financial statements (continued)

Cumulative foreign currency translation adjustment	Total other comprehensive income recycled through profit or loss	Revaluation reserve	Net actuarial gains/(losses) on pension plans	Total other comprehensive income not recycled through profit or loss	Total other comprehensive income attributable to shareholders	Total comprehensive income attributable to shareholders	Total comprehensive income attributable to non-controlling interests	Total comprehensive income
(880)	(214)	–	269	269	55	1,236	(39)	1,198
(863)	124	–	158	158	282			
(17)	(160)	–	–	–	(160)			
–	–	–	–	–	–			
–	(135)	–	1	1	(134)			
	(43)	–	110	110	67			
(481)	(1,350)	(23)	531	508	(842)	1,351	54	1,405
(474)	(830)	–	470	470	(360)			
(7)	(694)	–	–	–	(694)			
–	–	(9)	–	(9)	(9)			
–	268	(14)	67	53	321			
	(95)	–	(6)	(6)	(101)			

Consolidated financial statements (continued)

Consolidated balance sheets

Assets

in USD millions, as of	Notes	06/30/21	12/31/20
Assets:			
Cash and cash equivalents		**7,418**	**11,106**
Total Group investments	4	205,690	210,398
Equity securities		21,086	19,493
Debt securities		155,848	161,710
Investment property		14,568	14,749
Mortgage loans		6,165	5,783
Other loans		7,953	8,620
Investments in associates and joint ventures		69	43
Investments for unit-linked contracts		141,886	135,058
Total investments		**347,576**	**345,456**
Reinsurers' share of liabilities for insurance contracts	5	25,798	25,523
Deposits made under reinsurance contracts		474	503
Deferred policy acquisition costs	7	20,680	20,021
Deferred origination costs	7	434	426
Receivables and other assets		22,957	20,362
Deferred tax assets		1,487	1,314
Assets held for sale[1]	3	2,426	2,538
Property and equipment		2,538	2,705
Attorney-in-fact contracts	8	2,650	1,025
Goodwill	8	4,288	4,089
Other intangible assets	8	4,700	4,230
Total assets		**443,425**	**439,299**

1 As of June 30, 2021, the Group had USD 2.4 billion of assets held for sale based on agreements signed to sell business of Zurich Insurance plc and Zurich International Life Limited (see note 3). In 2020, the Group reclassified USD 2.5 billion of assets to held for sale business of Zurich Insurance plc and Zurich International Life Limited (see note 3).

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

Consolidated financial statements (continued)

Liabilities and equity

in USD millions, as of	Notes	06/30/21	12/31/20
Liabilities			
Liabilities for investment contracts		72,439	69,507
Deposits received under ceded reinsurance contracts		891	910
Deferred front-end fees		5,285	5,372
Liabilities for insurance contracts	5	283,908	283,497
Obligations to repurchase securities		2,307	784
Other liabilities[1]	9, 12	18,181	17,992
Deferred tax liabilities		5,060	5,136
Liabilities held for sale[2]	3	2,394	2,477
Senior debt	11	5,285	5,470
Subordinated debt	11	9,670	8,306
Total liabilities		**405,420**	**399,453**
Equity			
Share capital		11	11
Additional paid-in capital		1,333	1,438
Net unrealized gains/(losses) on available-for-sale investments		4,938	5,701
Cash flow hedges		420	526
Cumulative foreign currency translation adjustment		(9,096)	(8,698)
Revaluation reserve		262	284
Retained earnings		38,580	39,016
Shareholders' equity		36,448	38,278
Non-controlling interests		1,557	1,568
Total equity		**38,005**	**39,846**
Total liabilities and equity		**443,425**	**439,299**

1 Includes restructuring provisions (see note 9), litigation and regulatory provisions (see note 12) and other provisions.
2 As of June 30, 2021, the Group had USD 2.4 billion of liabilities held for sale based on agreements signed to sell business of Zurich Insurance plc and Zurich International Life Limited (see note 3). In 2020, the Group reclassified USD 2.5 billion of liabilities to held for sale business of Zurich Insurance plc and Zurich International Life Limited (see note 3).

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

Consolidated financial statements (continued)

Consolidated statements of cash flows

in USD millions, for the six months ended June 30	2021	2020
Cash flows from operating activities		
Net income attributable to shareholders	2,193	1,181
Adjustments for:		
Net (gains)/losses on divestment of businesses	39	18
(Income)/expense from equity method accounted investments	9	(1)
Depreciation, amortization and impairments of fixed and intangible assets	413	410
Other non-cash items	(244)	(105)
Underwriting activities:	10,988	1,391
Liabilities for insurance contracts, gross	7,647	3,868
Reinsurers' share of liabilities for insurance contracts	(355)	(1,508)
Liabilities for investment contracts	4,288	(998)
Deferred policy acquisition costs	(586)	(213)
Deferred origination costs	(17)	2
Deposits made under assumed reinsurance contracts	25	162
Deposits received under ceded reinsurance contracts	(13)	77
Investments:	(10,911)	772
Net capital (gains)/losses on total investments and impairments	(7,935)	2,057
Net change in derivatives	431	(121)
Net change in money market investments	(485)	(585)
Sales and maturities		
Debt securities	21,179	26,244
Equity securities	27,286	29,790
Other	4,678	2,796
Purchases		
Debt securities	(24,169)	(26,182)
Equity securities	(27,238)	(30,821)
Other	(4,659)	(2,406)
Net changes in sale and repurchase agreements	1,566	299
Movements in receivables and payables	(2,471)	(457)
Net changes in other operational assets and liabilities	(533)	(285)
Deferred income tax, net	195	(253)
Net cash provided by/(used in) operating activities	1,244	2,971

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

Consolidated financial statements (continued)

in USD millions, for the six months ended June 30	2021	2020
Cash flows from investing activities		
Additions to tangible and intangible assets	(276)	(281)
Disposals of tangible and intangible assets	12	9
(Acquisitions)/disposals of equity method accounted investments, net	(29)	(5)
Acquisitions of companies, net of cash acquired[1]	(2,444)	(12)
Divestments of companies, net of cash divested	16	8
Net cash provided by/(used in) investing activities	(2,719)	(281)
Cash flows from financing activities		
Dividends paid	(3,270)	(3,083)
Net movement in treasury shares	(193)	(214)
Issuance of debt	1,743	2,196
Repayment of debt	(249)	(226)
Lease principal repayments	(116)	(108)
Net cash provided by/(used in) financing activities	(2,085)	(1,435)
Foreign currency translation effects on cash and cash equivalents	(261)	(25)
Change in cash and cash equivalents	(3,821)	1,230
Cash and cash equivalents as of January 1	11,726	8,527
Total cash and cash equivalents as of June 30	**7,905**	**9,757**
of which: Cash and cash equivalents	7,418	9,252
of which: Unit-linked	488	505
Other supplementary cash flow disclosures[2]		
Other interest income received	2,427	2,399
Dividend income received	860	694
Other interest expense paid	(435)	(397)
Income taxes paid	(698)	(450)

1 Relates to the acquisition of MetLife (see note 3).
2 These amounts are primarily included in the operating activities of the Cash flow statement.

Cash and cash equivalents

in USD millions, as of June 30	2021	2020
Cash and cash equivalents comprise the following:		
Cash at bank and in hand	7,451	9,307
Cash equivalents	454	451
Total	**7,905**	**9,757**

For the periods ended June 30, 2021 and 2020, cash and cash equivalents held to meet local regulatory requirements were USD 400 million and USD 563 million, respectively.

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

Consolidated financial statements (continued)

Consolidated statements of changes in equity

in USD millions

	Share capital	Additional paid-in capital
Balance as of December 31, 2019 as previously reported	11	1,235
Issuance of share capital	–	233
Dividends to shareholders	–	–
Share-based payment transactions	–	(30)
Treasury share transactions	–	–
Change in ownership interests with no loss of control	–	–
Cumulative foreign currency translation adjustment due to hyperinflation	–	–
Reclassification from revaluation reserves	–	–
Total comprehensive income for the period, net of tax	–	–
Net income	–	–
Net unrealized gains/(losses) on available-for-sale investments	–	–
Cash flow hedges	–	–
Cumulative foreign currency translation adjustment	–	–
Revaluation reserve	–	–
Net actuarial gains/(losses) on pension plans	–	–
Net changes in capitalization of non-controlling interests	–	–
Balance as of December 31, 2020	11	1,438
Balance as of December 31, 2020 as previously reported	11	1,438
Issuance of share capital	–	–
Dividends to shareholders	–	–
Share-based payment transactions	–	(104)
Treasury share transactions	–	–
Change in ownership interests with no loss of control	–	–
Cumulative foreign currency translation adjustment due to hyperinflation[1]	–	–
Reclassification from revaluation reserves	–	–
Total comprehensive income for the period, net of tax	–	–
Net income	–	–
Net unrealized gains/(losses) on available-for-sale investments	–	–
Cash flow hedges	–	–
Cumulative foreign currency translation adjustment	–	–
Revaluation reserve	–	–
Net actuarial gains/(losses) on pension plans	–	–
Net changes in capitalization of non-controlling interests	–	–
Balance as of June 30, 2021	**11**	**1,333**

1 Current year effect of IAS 29 'Financial Reporting in Hyperinflationary Economies'.

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

Consolidated financial statements (continued)

Net unrealized gains/(losses) on available-for-sale investments	Cash flow hedges	Cumulative foreign currency translation adjustment	Revaluation reserve	Retained earnings	Shareholders' equity	Non-controlling interests	Total equity
3,985	454	(9,349)	223	38,445	35,004	1,545	36,549
–	–	–	–	–	233	–	233
–	–	–	–	(3,080)	(3,080)	(152)	(3,232)
–	–	–	–	50	20	–	20
–	–	–	–	(157)	(157)	–	(157)
–	–	–	–	(3)	(3)	–	(3)
–	–	67	–	–	67	6	73
–	–	–	–	17	17	–	17
1,716	71	585	61	3,742	6,176	211	6,387
–	–	–	–	3,834	3,834		
1,716	–	–	–	–	1,716		
–	71	–	–	–	71		
–	–	585	–	–	585		
–	–	–	61	–	61		
–	–	–	–	(91)	(91)		
–	–	–	–	–	–	(42)	(42)
5,701	526	(8,698)	284	39,016	38,278	1,568	39,846
5,701	526	(8,698)	284	39,016	38,278	1,568	39,846
–	–	–	–	–	–	–	–
–	–	–	–	(3,199)	(3,199)	(71)	(3,270)
–	–	–	–	(54)	(159)	–	(159)
–	–	–	–	91	91	–	91
–	–	–	–	–	–	–	–
–	–	83	–	(7)	77	6	83
–	–	–	–	9	9	–	9
(764)	(105)	(481)	(23)	2,724	1,351	54	1,405
–	–	–	–	2,193	2,193		
(764)	–	–	–	–	(764)		
–	(105)	–	–	–	(105)		
–	–	(481)	–	–	(481)		
–	–	–	(23)	–	(23)		
–	–	–	–	531	531		
–	–	–	–	–	–	(1)	(1)
4,938	**420**	**(9,096)**	**262**	**38,580**	**36,448**	**1,557**	**38,005**

Zurich Insurance Group Ltd and its subsidiaries (collectively the Group) is a provider of insurance products and related services. The Group operates in Europe, Middle East & Africa (EMEA), North America, Latin America and Asia Pacific through subsidiaries, as well as branch and representative offices.

Zurich Insurance Group Ltd, a Swiss corporation, is the holding company of the Group and its shares are listed on the SIX Swiss Exchange. Zurich Insurance Group Ltd was incorporated on April 26, 2000, in Zurich, Switzerland. It is recorded in the Commercial Register of the Canton of Zurich under its registered address at Mythenquai 2, 8002 Zurich.

1. Basis of presentation

General information

The unaudited consolidated financial statements for the six months ended June 30, 2021, of the Group have been prepared in accordance with International Accounting Standards 34, "Interim Financial Reporting." The accounting policies used to prepare the unaudited consolidated financial statements comply with International Financial Reporting Standards (IFRS) and are consistent with those set out in the notes to the consolidated financial statements in the Annual Report 2020 of the Group, except for the adoption of new accounting standards and amendments as set out in note 2.

The accounting policies applied by the reportable segments are the same as those applied by the Group. The Group accounts for inter-segment revenues and transfers as if the transactions were with third parties at current market prices. Dividends, realized capital gains and losses as well as gains and losses on the transfer of net assets are eliminated within the segment, whereas all other intercompany gains and losses are eliminated at Group level. In the unaudited consolidated financial statements, inter-segment revenues and transfers are eliminated.

The unaudited consolidated financial statements for the six months ended June 30, 2021, should be read in conjunction with the Group's Annual Report 2020.

Certain amounts recorded in the unaudited consolidated financial statements reflect estimates and assumptions made by management about insurance liability reserves, investment valuations, interest rates and other factors.

The COVID-19 pandemic continues to evolve globally and has impacted the insurance industry and the global economy overall. Though most of the impacts of the pandemic on the Group's businesses, especially in the P&C business is already known, and management's best estimate of claims is reflected in the loss reserves and loss adjustment expenses, some uncertainties still remain. The Group is closely monitoring the potential for exposure to develop including (i) the claims litigation on policy coverage, (ii) impact of extended localized or generalized lockdowns in some of the regions where the Group operates and the vaccination penetration continues to be low, (iii) regulator and market-led test-case or legislative developments that could impact on the scope of intended coverage, (iv) potential second order impact on health which could have mortality or morbidity effects, and (v) other macroeconomic impacts around the pandemic including governmental action and support activities. While expected to be very remote, any extreme outcomes on the foregoing could have a material adverse impact on the Group's business, financial condition, results of operations or growth. For additional information on insurance liabilities, please refer to note 5.

Investment valuations and interest rates incorporate market conditions as of June 30, 2021 and recoverability of intangible assets has been tested where the value of these intangible assets, including goodwill, is sensitive to prevailing economic conditions. For more information on investments and fair value, please see note 4 and 13, respectively. For more information on intangible assets, please see note 8. Management has also implemented amendments to IFRS 16 Leases which allow lessees not to account for rent concessions as lease modifications if they are a direct consequence of COVID-19 and meet certain conditions. The impact of the amendments to IFRS 16 Leases are immaterial to the Group. Actual results may differ from the estimates and assumptions made. Interim results are not necessarily indicative of full-year results.

All amounts in the unaudited consolidated financial statements, unless otherwise stated, are shown in U.S. dollars, rounded to the nearest million with the consequence that the rounded amounts may not add to the rounded total in all cases. All ratios and variances are calculated using the underlying amounts rather than the rounded amounts.

Consolidated financial statements (continued)

Table 1 summarizes the principal exchange rates used for translation purposes. Net gains/(losses) on foreign currency transactions included in the consolidated income statements were USD (74) million and USD 21 million for the six months ended June 30, 2021 and 2020, respectively. Foreign currency exchange forward and swap gains/(losses) included in these amounts were USD (46) million and USD (54) million for the six months ended June 30, 2021 and 2020, respectively.

Principal exchange rates

Table 1

USD per foreign currency unit	Consolidated balance sheets at end-of-period exchange rates		Consolidated income statements and cash flows at average exchange rates	
	06/30/21	12/31/20	**06/30/21**	06/30/20
Euro	1.1856	1.2231	1.2054	1.1017
Swiss franc	1.0815	1.1304	1.1016	1.0353
British pound	1.3811	1.3656	1.3886	1.2609
Brazilian real	0.1994	0.1924	0.1860	0.2061
Australian dollar	0.7497	0.7716	0.7715	0.6578

Consolidated financial statements (continued)

2. New accounting standards and amendments to published accounting standards

Standards, amendments and interpretations effective or early-adopted as of January 1, 2021 and relevant for the Group's operations

Table 2.1 shows new accounting standards or amendments to, and interpretations of, standards relevant to the Group that have been implemented for the financial year beginning January 1, 2021, with no impact on the Group's financial position or performance.

Standard/ Interpretation

Table 2.1

		Effective date
Amended standards		
IFRS 16	COVID-19-Related Rent Concessions	April 1, 2021[1]
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	June 1, 2021[2]

1 The Group early-adopted the amendment to IFRS 16 'Covid-19-Related Rent Concessions beyond 30 June 2021' to extend by one year the practical expedient to account for all lessees' rent concession occurring as a direct consequence of the COVID-19 pandemic in the same way as if the changes in lease payments were not lease modifications. The amendment has no material impact on the Group's financial statements.
2 The Group early-adopted the amendments to IAS 12 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'. The amendment has no impact on the Group's financial statements as the requirements of the amendment are consistent with the approach the Group applied at initial application of IFRS 16 'Leases' as of January 1, 2019.

Standards, amendments and interpretations issued that are not yet effective or adopted by the Group

Table 2.2 shows new accounting standards or amendments to, and interpretations of, standards relevant to the Group, which are not yet effective or adopted by the Group. Amendments resulting from the annual improvements to IFRS Standards 2018–2020 have no impact on the Group's financial statements.

Standard/ Interpretation

Table 2.2

		Effective date
New standards/interpretations		
IFRS 9	Financial Instruments	January 1, 2023
IFRS 17	Insurance Contracts	January 1, 2023
Amended standards		
IFRS 3	Reference to the Conceptual Framework	January 1, 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	January 1, 2022
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022
IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023
IAS 1	Disclosure of Accounting Policies	January 1, 2023
IAS 8	Definition of Accounting Estimates	January 1, 2023

IFRS 17 'Insurance contracts' and IFRS 9 'Financial Instruments'

IFRS 17 'Insurance contracts' provides comprehensive guidance on accounting for insurance contracts and investment contracts with discretionary participation features and is expected to have a significant impact on accounting for insurance contracts and presentation of the insurance revenue and insurance service result. IFRS 9 'Financial Instruments' introduces a classification and measurement concept for financial assets that is based on the contractual cash flow characteristics and the holding intent. Furthermore, IFRS 9 introduces a requirement to recognize expected credit losses for financial assets carried at amortized cost or at fair value, with changes in fair value recognized in other comprehensive income (OCI). The Group decided to defer the full implementation of IFRS 9 until IFRS 17 becomes effective on January 1, 2023 to better align the measurement approaches for the financial assets held and the insurance liabilities where appropriate. The Group presents additional disclosures of indicative effects from adoption of IFRS 9 required by IFRS 4 'Applying IFRS 9 with IFRS 4' during the period of deferral (see note 24 of the Annual Report 2020).

The Group continues to assess the impact of the application of both IFRS 17 and IFRS 9 as well as the impact of the limited amendments on the implementation to date. As of June 30, 2021, it was not practicable to quantify what the potential impact would be on the Group's financial position or performance once these standards are adopted.

Other standards, amendments and interpretations shown in table 2.2 are expected to have no, or an insignificant, impact on the Group's financial position or performance.

Consolidated financial statements (continued)

Interest rate benchmark reform (including Phase 2 amendments to IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The ongoing market-wide reform targets replacement of some interbank offered rates (IBORs) with alternative reference rates (ARRs). To ensure an orderly transition to ARRs, the Group launched a cross functional IBOR transition working group that has analyzed the exposure and defined mitigating actions, for example, by adhering to the ISDA fallback protocols for derivatives, amending terms and conditions of new debt issuances and entering into bilateral negotiations with counterparties. Overall good progress has been made, even though the Group ability to transition further depends on external factors, including market readiness, liquidity and availability of ARR-based products. Currently, the Group expects a smooth transition for the vast majority of the positions held with a low amount of tough legacy contracts representing no material risk for the Group. The reform has not resulted in changes to the Group risk management strategy.

The IASB addressed the financial reporting implications of the IBOR reform through IFRS amendments, which were fully adopted by the Group on January 1, 2020. Specifically, the phase 2 amendments introduce a practical expedient to account prospectively for a change in the basis for determining the contractual cash flows of a financial instrument attributable to the replacement of IBORs with ARR and relieves from specific hedge accounting requirements. Overall, the IBOR reform has no material effect on the Group's financial statements and the effectiveness of Group's hedging relationships.

Consolidated financial statements (continued)

3. Acquisitions and divestments

Transactions in 2021

Acquisitions

My Policy Group

On May 18, 2021, the Group acquired a 19.99% share in Project Policy Bidco Limited, the owner of MyPolicy Limited, a UK usage-based insurance managing general agent, and Minerva. Science Limited. As part of the acquisition Zurich contributed Bright Box Hong Kong Limited and its subsidiaries as well as USD 10 million in cash. The investment is valued at USD 28 million. As a result of the transaction, the Group recognized a USD 33 million loss on sale of Bright Box Hong Kong Limited.

MetLife Property and Casualty business

On December 11, 2020, Zurich Insurance Group (Zurich) subsidiary Farmers Group, Inc. (FGI) and Farmers Exchanges announced the acquisition of MetLife's property and casualty (P&C) business in the U.S. for a purchase price of USD 3.96 billion. The acquisition successfully closed on April 7, 2021. As part of the transaction in effect, FGI acquired MetLife P&C's management and administrative-related assets and liabilities to conduct its responsibilities as attorney-in-fact of the Farmers Exchanges and the Farmers Exchanges' underlying insurance business. Zurich contributed USD 2.44 billion through FGI and the Farmers Exchanges USD 1.52 billion. Farmers Group Inc., a wholly owned subsidiary of the Group, provides certain non-claims services and ancillary services to the Farmers Exchanges as its attorney-in-fact and receives fees for its services. Attorney-in-fact services primarily include risk selection, preparation and mailing of policy documents and invoices, premium collection, management of the investment portfolios and certain other administrative and managerial functions. Fees for these services are primarily determined as a percentage of gross premiums earned by the Farmers Exchanges. Ancillary services primarily include information technology, brand advertising and certain distribution-related services that are not covered under the attorney-in-fact contracts for which FGI acts as a principal in arranging for those services to the Exchanges.

The acquisition gives the Farmers Exchanges a truly nationwide presence and access to new distribution channels. This includes a 10-year exclusive distribution agreement through which the Farmers Exchanges will offer their personal lines products on MetLife's industry-leading U.S. Group Benefits platform, which today reaches 3,800 companies and 37 million employees.

Table 3.1 shows the preliminary balance sheet line items as of the Metlife P&C acquisition date, representing the fair value of tangible and intangible assets:

Table 3.1

MetLife balance sheet as of the acquisition date

in USD millions, as of April 7, 2021	**Total**
Receivables and other assets	8
Deferred tax assets	6
Property and equipment	1
Goodwill	285
Attorney-in-fact contracts	1,625
Software	153
Other intangible assets	375
Assets acquired	**2,453**
Other liabilities	9
Liabilities acquired	**9**
Net assets acquired	2,444
Cash consideration	**2,444**

1 As of June 30, 2021, the assets and liabilities of MetLife are recognized at acquisition date, April 7, 2021.

Management fees and other related revenues generated from MetLife P&C and net income after taxes for the period April 7, 2021, to June 30, 2021, were USD 168 million and USD 22 million, respectively. The Group incurred transaction-related costs of approximately USD 20 million, the majority of which were incurred in 2021.

Consolidated financial statements (continued)

Divestments

Held for sale

As of June 30, 2021, the total assets reclassified to held for sale were USD 2.4 billion and the total liabilities reclassified to held for sale were USD 2.4 billion, as per transactions below.

Zurich International Life portfolio

On December 22, 2020, Zurich International Life Limited entered into an agreement to sell an insurance portfolio. The transaction is subject to regulatory and court approvals and is expected to be completed in Q4 2021. As of June 30, 2021, assets reclassified to held for sale were USD 790 million and liabilities reclassified to held for sale were USD 766 million.

UK Employers' liability portfolio

On December 14, 2018, Zurich Insurance plc entered into an agreement with Catalina Holdings (Bermuda) Ltd and certain of its subsidiaries to transfer a portfolio of pre-2007 United Kingdom legacy employers' liability policies to Catalina London Limited, subject to regulatory and court approvals. The transfer is expected to be completed in 2024. As of June 30, 2021, assets reclassified to held for sale were USD 1.6 billion and liabilities reclassified to held for sale were USD 1.6 billion.

Transactions in 2020

Acquisitions

Healthinsite

On December 15, 2020, Zurich Insurance Company Ltd completed the acquisition of Healthinsite Proprietary Limited and Insite Holding Pty Limited (collectively referred to as Healthinsite). Healthinsite provides innovative health and behavioral risk management solutions internationally to corporate clients and is the owner of proprietary software.

Swiss Commercial Accident and Health business

On May 29, 2020, after receiving regulatory approval, Zurich Insurance Company Ltd acquired the Commercial Accident and Health business from CSS Versicherung AG.

Divestments

Divested

UK International Portfolio Bond

On November 30, 2020, Zurich Life Assurance plc completed the sale of its UK international Bond Portfolio to Monument Re, with a pre-tax loss of USD 14 million, recognized in the income statement.

US Corporate Life & Pensions (CLP)

On March 19, 2020, Zurich Holding Company of America, Inc., Zurich American Life Insurance Company and Zurich American Life Insurance Company of New York signed an agreement to sell the Corporate Life and Pensions (CLP) business to Aflac Incorporated (Aflac) and its insurance subsidiaries, American Family Life Assurance Company of Columbus and American Family Life Assurance Company of New York. On November 2, 2020, the Group completed the sale with a pre-tax gain of USD 115 million, recognized in the income statement.

UK Retail Wealth Business

On November 19, 2019, Zurich Financial Services (UKISA) Limited and Allied Zurich Holdings Limited (AZH) entered into an agreement with Embark Group Limited (Embark) to sell the UK Retail Wealth business, which includes an Investment and Retail Wealth Platform business, Sterling ISA Managers Limited (SIML), and an Investment Management business, Zurich Investment Services (UK) Limited (ZISUK). On May 1, 2020, the Group completed the sale with a pre-tax loss of USD 143 million, of which USD 123 million was recognized in December 2019, in the income statement, including an impairment of assets of USD 210 million.

Germany Architects & Engineers portfolio

On September 5, 2019, Zurich Insurance plc entered into an agreement to transfer the German Architects & Engineers portfolio to Darag Deutsche Versicherungs- und Rückversicherungs-AG. On June 30, 2020, the Group completed the sale of the portfolio with a pre-tax gain of USD 22 million, recorded in the income statement.

Consolidated financial statements (continued)

4. Group investments

Group investments are those for which the Group bears part or all of the investment risk. They also include investments related to investment contracts with discretionary participation features. Net investment result on Group investments includes returns on investment-related cash, which is included in cash and cash equivalents on the consolidated balance sheets.

Table 4.1

Net investment result on Group investments

in USD millions, for the six months ended June 30	Net investment income		Net capital gains/(losses) and impairments		Net investment result		of which impairments	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
Investment cash	1	9	–	–	1	9	–	–
Equity securities	261	197	829	(261)	1,090	(64)	(11)	(221)
Debt securities	1,926	1,903	(45)	509	1,882	2,411	1	15
Investment property[1]	243	263	92	9	335	272	–	–
Mortgage loans	72	72	–	7	72	79	–	–
Other loans	167	172	–	3	167	175	1	(1)
Investments in associates and joint ventures	(9)	1	(1)	–	(9)	1	–	–
Derivative financial instruments	–	–	(289)	8	(289)	8	–	–
Investment result, gross, on Group investments	2,661	2,616	586	276	3,248	2,892	(9)	(207)
Investment expenses on Group investments	(138)	(130)	–	–	(138)	(130)	–	–
Investment result, net, on Group investments	**2,523**	**2,486**	**586**	**276**	**3,110**	**2,762**	**(9)**	**(207)**

1 Rental operating expenses for investment property amounted to USD 74 million and USD 63 million for the six months ended June 30, 2021 and 2020, respectively.

Table 4.2

Details of Group investments by category

as of	06/30/21		12/31/20	
	USD millions	**% of total**	USD millions	% of total
Equity securities:				
Fair value through profit or loss	4,855	2.4	4,714	2.2
Available-for-sale	16,232	7.9	14,779	7.0
Total equity securities	21,086	10.3	19,493	9.3
Debt securities:				
Fair value through profit or loss	7,270	3.5	7,115	3.4
Available-for-sale	146,461	71.2	152,330	72.4
Held-to-maturity	2,117	1.0	2,265	1.1
Total debt securities	155,848	75.8	161,710	76.9
Investment property	14,568	7.1	14,749	7.0
Mortgage loans	6,165	3.0	5,783	2.7
Other loans	7,953	3.9	8,620	4.1
Investments in associates and joint ventures	69	0.0	43	0.0
Total Group investments	**205,690**	**100.0**	**210,398**	**100.0**

Investments with a carrying value of USD 6.3 billion and USD 6.6 billion are held to meet local regulatory requirements as of June 30, 2021 and December 31, 2020, respectively.

Consolidated financial statements (continued)

Net unrealized gains/(losses) on Group investments included in equity

Table 4.3

in USD millions, as of	06/30/21	Total 12/31/20
Equity securities: available-for-sale	2,862	1,679
Debt securities: available-for-sale	13,001	18,911
Other	466	585
Gross unrealized gains/(losses) on Group investments	16,328	21,176
Less amount of unrealized gains/(losses) on investments attributable to:		
Life policyholder dividends and other policyholder liabilities	(8,814)	(12,119)
Life deferred acquisition costs and present value of future profits	(938)	(1,242)
Deferred income taxes	(1,164)	(1,481)
Non-controlling interests	(53)	(107)
Total[1]	**5,358**	**6,227**

1 Net unrealized gains/(losses) on Group investments include net gains arising on cash flow hedges of USD 420 million and USD 526 million as of June 30, 2021 and December 31, 2020, respectively.

Securities lending, repurchase and reverse repurchase agreements

Table 4.4

in USD millions, as of	06/30/21	12/31/20
Securities lending agreements		
Securities lent under securities lending agreements[1]	173	329
Collateral received for securities lending	182	360
of which: Cash collateral	142	111
of which: Non-cash collateral[2]	40	248
Liabilities for cash collateral received for securities lending	142	111
Repurchase agreements		
Securities sold under repurchase agreements[3]	2,310	787
Obligations to repurchase securities	2,307	784

1 The Group's counterparties had the right to sell or repledge, in the absence of default, assets pledged as collateral with a fair value of USD 173 million and USD 329 million as of June 30, 2021 and December 31, 2020, respectively. The majority of these assets were debt securities.
2 The Group had the right to sell or repledge, in the absence of default by its counterparties, securities received as collateral with a fair value of USD 40 million and USD 248 million as of June 30, 2021 and December 31, 2020, respectively.
3 The Group's counterparties had the right to sell or repledge, in the absence of default, assets pledged as collateral with a fair value of USD 351 million and USD 346 million as of June 30, 2021 and December 31, 2020, respectively. The majority of these assets were debt securities.

Under the terms of securities lending or repurchase agreements, the Group retains substantially all the risks and rewards of ownership of the transferred securities, and also retains contractual rights to the cash flows from these securities. These securities are therefore not derecognized from the Group's consolidated balance sheet. Cash received as collateral is recorded as an asset, and a corresponding liability is established. Interest expense is charged to income using the effective interest rate method over the life of the agreement.

Under a reverse repurchase agreement, the securities received are not recognized on the Group's consolidated balance sheet, as long as the risk and rewards of ownership have not been transferred to the Group. The cash delivered by the Group is derecognized and a corresponding receivable is recorded within receivables and other assets. Interest income is recognized in income using the effective interest rate method over the life of the agreement.

Consolidated financial statements (continued)

5. Liabilities for insurance contracts and reinsurers' share of liabilities for insurance contracts

Table 5.1

Liabilities for insurance contracts

in USD millions, as of June 30	Gross		Ceded		Net	
	06/30/21	12/31/20	**06/30/21**	12/31/20	**06/30/21**	12/31/20
Reserves for losses and loss adjustment expenses	63,594	63,327	(14,232)	(14,375)	49,362	48,951
Reserves for unearned premiums	22,196	18,724	(4,289)	(3,716)	17,907	15,009
Future life policyholder benefits	80,594	83,958	(4,113)	(4,256)	76,481	79,703
Policyholder contract deposits and other funds	29,068	31,497	(3,200)	(3,236)	25,868	28,261
Reserves for unit-linked insurance contracts	83,835	81,157	–	–	83,835	81,157
Other insurance liabilities	4,621	4,834	(1)	(1)	4,620	4,832
Total liabilities for insurance contracts[1]	**283,908**	**283,497**	**(25,836)**	**(25,584)**	**258,072**	**257,913**

1 Total liabilities for insurance contracts ceded are gross of allowances for uncollectible amounts of USD 38 million and USD 61 million as of June 30, 2021 and December 31, 2020, respectively.

Table 5.2

Development of reserves for losses and loss adjustment expenses

in USD millions	Gross		Ceded		Net	
	2021	2020	**2021**	2020	**2021**	2020
As of January 1	63,327	59,165	(14,375)	(12,137)	48,951	47,028
Losses and loss adjustment expenses incurred:						
Current year	11,563	11,011	(2,345)	(2,351)	9,218	8,660
Prior years[1]	(611)	514	268	(695)	(343)	(182)
Total incurred	10,952	11,524	(2,076)	(3,046)	8,876	8,478
Losses and loss adjustment expenses paid:						
Current year	(2,461)	(2,342)	291	259	(2,170)	(2,084)
Prior years	(7,784)	(8,395)	1,955	2,226	(5,829)	(6,168)
Total paid	(10,245)	(10,737)	2,246	2,485	(8,000)	(8,252)
Interest effects of discounted reserves	84	83	(3)	(3)	81	81
Acquisitions/(divestments) and transfers[2]	123	638	(102)	(558)	20	79
Foreign currency translation effects	(646)	(493)	79	140	(567)	(353)
As of June 30	**63,594**	**60,180**	**(14,232)**	**(13,119)**	**49,362**	**47,061**

1 In 2020, changes to incurred gross prior year losses and loss adjustment expenses relate largely to business with limited net impact to the Group such as liabilities related to captive business, development in losses related to 2017 catastrophe events that are substantially reinsured, and participation in large claims related to business where the Group retains only a portion of the overall loss.
2 In 2020, net reserves increased by USD 305 million following the acquisition of the CSS Versicherung AG Commercial Accident and Health business and USD 23 million following the acquisition of Adira Insurance (see note 3). Additionally, Zurich North America entered into an agreement with Lyft, a ride-sharing provider, which resulted in an increase in ceded reserves of USD 144 million. The increase in reserves is partially offset by the transfer of a portfolio in Brazil of USD 108 million to DPVAT, a motor insurance pool.

The Group establishes loss reserves, which are estimates of future payments of reported and unreported claims for losses and related expenses, with respect to insured events that have occurred. Reserving is a complex process dealing with uncertainty, requiring the use of informed estimates and judgments. Any changes in estimates or judgments are reflected in the results of operations in the period in which estimates and judgments are changed.

Significant delays may occur in the notification and settlement of claims, and a substantial measure of experience and judgment is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as of the balance sheet date. The reserves for losses and loss adjustment expenses are determined on the basis of the information available. However, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent developments.

The increase of USD 411 million in net reserves for losses and loss adjustment expenses during the first six months of 2021 mainly relates to seasonal Crop losses in North America and natural catastrophe losses in North America and Europe, Middle East and Africa (EMEA), partially offset by currency movements. Net favorable reserves development from reserves established in prior years amounted to USD 343 million. The main reductions were in North America and EMEA.

The increase of USD 33 million in net reserves for losses and loss adjustment expenses during the first six months of 2020 mainly relates to the acquisition of the CSS Versicherung AG Commercial Accident and Health business and claims related to the COVID-19 pandemic, mostly offset by seasonal Crop claim payments in North America and currency movements. Net favorable reserves development from reserves established in prior years amounted to USD 182 million. The main reductions were Europe Middle East & Africa (EMEA).

Consolidated financial statements (continued)

Table 5.3

Development of future life policyholder benefits

in USD millions	Gross		Ceded		Net	
	2021	2020	**2021**	2020	**2021**	2020
As of January 1	83,958	77,756	(4,256)	(3,978)	79,703	73,778
Premiums	6,630	6,139	(773)	(683)	5,858	5,456
Claims	(5,729)	(5,098)	673	571	(5,056)	(4,527)
Fee income and other expenses	(2,002)	(1,723)	216	75	(1,786)	(1,648)
Interest and bonuses credited to policyholders	811	1,246	(34)	(72)	777	1,174
Changes in assumptions	4	4	–	–	4	4
Acquisitions/(divestments) and transfers[1]	–	24	–	39	–	63
Increase/(decrease) recorded in other comprehensive income	(920)	174	–	–	(920)	174
Foreign currency translation effects	(2,158)	(543)	59	69	(2,099)	(475)
As of June 30	**80,594**	**77,980**	**(4,113)**	**(3,979)**	**76,481**	**74,000**

1 The 2020 net movement is mainly related to adjustments to the acquisition of OnePath.

Table 5.4

Policyholder contract deposits and other funds gross

in USD millions, as of	**06/30/2021**	12/31/2020
Universal life and other contracts	14,639	14,622
Policyholder dividends	14,430	16,875
Total	**29,068**	**31,497**

Table 5.5

Development of policyholder contract deposits and other funds

in USD millions	Gross		Ceded		Net	
	2021	2020	**2021**	2020	**2021**	2020
As of January 1	31,497	27,480	(3,236)	(3,285)	28,261	24,195
Premiums	679	594	(40)	(35)	639	559
Claims	(613)	(589)	130	123	(483)	(466)
Fee income and other expenses	(240)	(221)	2	(1)	(238)	(222)
Interest and bonuses credited to policyholders	507	320	(56)	(61)	451	259
Acquisitions/(divestments) and transfers[1]	–	16	–	–	–	16
Increase/(decrease) recorded in other comprehensive income	(2,020)	181	–	1	(2,020)	182
Foreign currency translation effects	(743)	(46)	–	–	(743)	(47)
As of June 30	**29,068**	**27,735**	**(3,200)**	**(3,258)**	**25,868**	**24,477**

1 The 2020 net movement is mainly related to the acquisition of Adira Insurance (see note 3).

Consolidated financial statements (continued)

6. Policyholder dividends and participation in profits

Table 6

Policyholder dividends and participation in profits

in USD millions, for the six months ended June 30	**2021**	2020
Change in policyholder contract deposits and other funds	324	179
Change in reserves for unit-linked insurance contracts	3,591	(699)
Change in liabilities for investment contracts – unit-linked	4,509	(982)
Change in liabilities for investment contracts – other	94	72
Change in unit-linked liabilities related to UK capital gains tax	(146)	53
Total policyholder dividends and participation in profits	**8,372**	**(1,377)**

Consolidated financial statements (continued)

7. Deferred policy acquisition costs and deferred origination costs

Table 7.1

Development of deferred policy acquisition costs

in USD millions	Property & Casualty		Life		Other businesses[1]		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
As of January 1	5,984	5,694	12,248	11,695	1,789	1,818	20,021	19,207
Acquisition costs deferred	2,734	2,246	809	745	96	64	3,640	3,056
Amortization	(2,305)	(2,083)	(695)	(722)	(48)	(38)	(3,048)	(2,843)
Impairments	–	–	(6)	–	–	–	(6)	–
Amortization (charged)/credited to other comprehensive income	–	–	270	(88)	23	(32)	293	(120)
Acquisitions/(divestments) and transfers[2]	–	52	9	–	–	(4)	9	48
Foreign currency translation effects	(77)	(140)	(153)	(513)	1	(1)	(229)	(654)
As of June 30	**6,335**	**5,769**	**12,483**	**11,118**	**1,862**	**1,808**	**20,680**	**18,694**

1 Net of eliminations from inter-segment transactions.
2 In 2021, Life movement of USD 9 million is mainly related to an agreement entered by Zurich International Life Limited to sell an insurance portfolio (see note 3). In 2020, Property & Casualty movement of USD 52 million is mainly related to the acquisition of Adira Insurance for USD 33 million and CSS Versicherung AG Commercial Accident and Health business for USD 5 million (see note 3).

Table 7.2

Development of deferred origination costs

in USD millions	**2021**	2020
As of January 1	426	400
Origination costs deferred	52	25
Amortization	(35)	(28)
Foreign currency translation effects	(9)	(7)
As of June 30	**434**	**391**

Consolidated financial statements (continued)

8. Attorney-in-fact contracts, goodwill and other intangible assets

Table 8.1

Intangible assets – current period

in USD millions	Attorney-in-fact contracts	Goodwill	PVFP	Distribution agreements	Software	Other	Total
Gross carrying value as of January 1, 2021	1,025	4,412	2,649	4,273	5,030	340	17,730
Less: accumulated amortization/impairments	–	(323)	(2,236)	(1,885)	(3,810)	(131)	(8,385)
Net carrying value as of January 1, 2021	1,025	4,089	413	2,388	1,221	209	9,345
Additions and acquisitions	1,625	285	–	71	322	375	2,679
Divestments and transfers	–	(19)	–	–	(18)	–	(37)
Amortization[1]	–	–	(21)	(58)	(140)	(15)	(233)
Amortization charged to other comprehensive income	–	–	19	–	–	–	19
Impairments	–	–	–	(1)	–	(3)	(4)
Foreign currency translation effects	–	(67)	(7)	(35)	(17)	(2)	(129)
Net carrying value as of June 30, 2021	**2,650**	**4,288**	**404**	**2,365**	**1,368**	**564**	**11,639**
Plus: accumulated amortization/impairments	–	284	2,227	1,910	3,811	126	8,359
Gross carrying value as of June 30, 2021	2,650	4,573	2,631	4,275	5,178	691	19,998

1 Amortization of distribution agreements is included within underwriting and policy acquisition costs.

As of June 30, 2021, intangible assets related to non-controlling interests were USD 46 million for present value of future profits (PVFP) of acquired insurance contracts, USD 944 million for distribution agreements, USD 10 million for software, USD 42 million for goodwill and USD 2 million for other intangible assets.

As a result of the acquisition of MetLife's property and casualty (P&C) business in the U.S., intangible assets increased by USD 2.438 billion, of which USD 1.625 billion is Attorney-in-fact relationships, USD 285 million is goodwill, USD 153 million is software and USD 375 million is other intangible assets (see note 3).

Table 8.2

Intangible assets by business – current period

in USD millions, as of June 30, 2021	Attorney-in-fact contracts	Goodwill	PVFP	Distribution agreements	Software	Other	Total
Property & Casualty	–	1,848	–	790	764	174	3,575
Life	–	1,327	369	1,575	57	25	3,353
Farmers	2,650	1,104	35	–	503	366	4,658
Group Functions and Operations	–	10	–	–	43	–	53
Net carrying value	**2,650**	**4,288**	**404**	**2,365**	**1,368**	**564**	**11,639**

Consolidated financial statements (continued)

Table 8.3

Intangible assets – prior period

in USD millions	Attorney-in-fact contracts	Goodwill	PVFP	Distribution agreements	Software	Other	Total
Gross carrying value as of January 1, 2020	1,025	3,883	2,556	4,286	5,059	331	17,140
Less: accumulated amortization/impairments	–	(274)	(2,116)	(1,752)	(3,917)	(113)	(8,171)
Net carrying value as of January 1, 2020	1,025	3,610	440	2,534	1,141	218	8,968
Additions and acquisitions	–	370	1	38	158	4	571
Divestments and transfers	–	–	–	(4)	(1)	–	(5)
Amortization[1]	–	–	(21)	(59)	(145)	(6)	(231)
Amortization charged to other comprehensive income	–	–	(8)	–	–	–	(8)
Impairments	–	–	–	(8)	(4)	–	(12)
Foreign currency translation effects	–	(87)	(12)	(249)	(9)	(6)	(364)
Net carrying value as of June 30, 2020	**1,025**	**3,893**	**399**	**2,252**	**1,139**	**210**	**8,918**
Plus: accumulated amortization/impairments	–	267	2,060	1,673	4,017	115	8,132
Gross carrying value as of June 30, 2020	1,025	4,161	2,459	3,925	5,156	325	17,051

1 Amortization of distribution agreements is included within underwriting and policy acquisition costs.

As of June 30, 2020, intangible assets related to non-controlling interests were USD 49 million for present value of future profits (PVFP) of acquired insurance contracts, USD 896 million for distribution agreements, USD 8 million for software, USD 48 million for goodwill and USD 4 million for other intangible assets.

As a result of the acquisition of Adira Insurance in Indonesia, intangible assets increased by USD 253 million, of which USD 212 million is goodwill, USD 35 million is distribution agreements and USD 6 million is other intangible assets. Goodwill further increased following the acquisition of the CSS Versicherung AG Commercial Accident and Health portfolio in Switzerland and also as a result of post-acquisition adjustments related to the OnePath acquisition (see note 3).

The Group performs quantitative tests of goodwill recoverability annually during the third quarter. In light of the widespread decline in economic activity resulting from global efforts to contain COVID-19, the Group moved forward the quantitative testing of goodwill recoverability in its cash generating units (CGUs) where there is a particular sensitivity to business projections and broader macro-economic factors, specifically the APAC and LatAm Property & Casualty (P&C) CGUs. The Group's quantitative tests support the carrying value of the goodwill in these CGUs but recoverability of LatAm P&C CGU continues to be sensitive to changes in expectations about the timing of return to the normal economic activity. The Group will perform quantitative tests for all CGUs, including APAC and LatAm, in the third quarter as per the standard timeline.

Table 8.4

Intangible assets by business – prior period

in USD millions, as of December 31, 2020	Attorney-in-fact contracts	Goodwill	PVFP	Distribution agreements	Software	Other	Total
Property & Casualty	–	1,876	–	762	749	183	3,570
Life	–	1,365	381	1,625	57	26	3,455
Farmers	1,025	819	32	–	351	–	2,228
Group Functions and Operations	–	29	–	–	64	–	92
Net carrying value	**1,025**	**4,089**	**413**	**2,388**	**1,221**	**209**	**9,345**

Consolidated financial statements (continued)

9. Restructuring provisions

Restructuring provisions

Table 9

in USD millions	2021	2020
As of January 1	167	106
Provisions made during the period	22	7
Increase of provisions set up in prior years	7	4
Provisions used during the period	(81)	(38)
Provisions reversed during the period	(6)	(5)
Foreign currency translation effects	(1)	(2)
Other changes	(1)	–
As of June 30	**107**	**72**

During the six months ended June 30, 2021, the Group incurred total restructuring costs of USD 41 million, of which USD 23 million is due to net increases in restructuring provisions, affecting mainly Property & Casualty in Europe, Middle East & Africa (EMEA), North America and Life in Europe, Middle East & Africa (EMEA).

During the six months ended June 30, 2020, the Group incurred total restructuring costs of USD 19 million, of which USD 6 million is due to net increases in restructuring provisions, affecting mainly Property & Casualty in Europe, Middle East & Africa (EMEA) and North America.

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10. Income taxes

Table 10.1

Income tax expense – current/deferred split

in USD millions, for the six months ended June 30	2021	2020
Current	745	594
Deferred	195	(253)
Total income tax expense/(benefit)	**940**	**341**

Table 10.2

Expected and actual income tax expense

in USD millions, for the six months ended June 30	Rate	2021	Rate	2020
Net income before income taxes		3,248		1,646
less: income tax (expense)/benefit attributable to policyholders		(170)		155
Net income before income taxes attributable to shareholders		3,077		1,802
Expected income tax expense attributable to shareholders computed at the Swiss statutory tax rate	20.0%	615	21.0%	378
Increase/(reduction) in taxes resulting from:				
Tax rate differential in foreign jurisdictions		(23)		14
Tax exempt and lower taxed income		(67)		(59)
Non-deductible expenses		68		62
Tax losses not recognized		12		59
Prior year adjustments and other		164		43
Actual income tax expense attributable to shareholders	**25.0%**	**769**	**27.5%**	**496**
plus: income tax expense/(benefit) attributable to policyholders		170		(155)
Actual income tax expense	28.9%	940	20.7%	341

Table 10.2 sets out the factors that cause the actual income tax expense to differ from the expected expense computed by applying the Swiss statutory tax rate of 20.0 percent, which is the rate applicable in the jurisdiction where the ultimate parent company is resident.

The UK tax reform had an adverse impact on the Group's shareholder income tax position in 2021, which is included in the line "Prior year adjustments and other".

The Group is required to record taxes on policyholder earnings for life insurance policyholders in certain jurisdictions. Accordingly, the income tax expense or benefit attributable to these life insurance policyholder earnings is included in income tax expense. In certain jurisdictions an accrual for future policy fees that will cover the tax charge is included in insurance benefits and losses.

Taxes paid by certain of the Group's life insurance businesses are based on the investment result less allowable expenses. To the extent these taxes exceed the amount that would have been payable in relation to the shareholders' share of taxable profits, it is normal practice for certain of the Group's businesses to recover this portion from policyholders. While the relevant company has the contractual right to charge policyholders for the taxes attributable to their share of the investment result less expenses, the obligation to pay the tax authority rests with the company and therefore, the full amount of tax including the portion attributable to policyholders is accounted for as income tax. Income tax expense, therefore, includes an element attributable to policyholders.

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11. Senior and subordinated debt

Table 11

Senior and subordinated debt

in USD millions, as of		06/30/21	12/31/20
Senior debt			
Zurich Insurance Company Ltd	2.875% CHF 250 million notes, due July 2021[1]	270	282
	3.375% EUR 500 million notes, due June 2022[1,3]	600	623
	1.875% CHF 100 million notes, due September 2023[1]	114	121
	1.750% EUR 500 million notes, due September 2024[1,3]	606	627
	0.500% CHF 350 million notes, due December 2024[1]	379	396
	0.510% CHF 120 million loan, due December 2024	130	136
	1.500% CHF 150 million notes, due July 2026[1]	178	188
	0.750% CHF 200 million notes, due October 2027[1]	216	226
	1.000% CHF 200 million notes, due October 2028[1]	217	226
	1.500% EUR 500 million notes, due December 2028[1,3]	589	607
	0.100% CHF 250 million notes, due August 2032[1]	271	283
Zurich Holding Comp. of America Inc	2.300% USD 400 million notes, due February 2030[1]	400	400
Zurich Finance (Australia) Limited	3.271% AUD 200 million loan, due May 2023	150	154
	3.477% AUD 350 million notes, due May 2023[1]	262	270
	4.500% AUD 375 million notes, due July 2038[1]	298	308
Zurich Finance (Ireland) DAC	1.625% EUR 500 million notes, due June 2039[1,3]	591	610
Other	Various debt instruments	14	14
Senior debt		5,285	5,470
Subordinated debt			
Zurich Insurance Company Ltd	2.750% CHF 225 million perpetual capital notes, first callable June 2021[1]	–	254
	2.750% CHF 200 million perpetual capital notes, first callable September 2021[1]	217	229
	4.750% USD 1 billion perpetual capital notes, first callable January 2022[1,3]	999	999
	4.250% EUR 1 billion notes, due October 2043, first callable October 2023[1,3]	1,182	1,219
	4.250% USD 300 million notes, due October 2045, first callable October 2025[1,3]	299	299
	5.625% USD 1 billion notes, due June 2046, first callable June 2026[1,3]	998	997
	3.500% EUR 750 million notes, due October 2046, first callable October 2026[1,2,3]	904	939
	5.125% USD 500 million notes, due June 2048, first callable June 2028[1,3]	499	498
	4.875% USD 500 million notes, due October 2048, first callable October 2028[1,3]	498	498
	2.750% EUR 500 million notes, due February 2049, first callable February 2029[1,3]	588	606
Zurich Finance (Ireland) DAC	1.875% EUR 750 million notes, due September 2050, first callable June 2030[1,3]	884	912
	3.000% USD 1.75 billion notes, due April 2051, first callable January 2031[1,3]	1,745	–
	1.600% EUR 200 million notes, due December 2052, first callable September 2032[1,3]	236	244
Zurich Finance (UK) plc	6.625% GBP 450 million perpetual notes, first callable October 2022[1]	620	613
Subordinated debt		9,670	8,306
Total senior and subordinated debt		**14,955**	**13,777**

1 Issued under the Group's Euro Medium Term Note Programme (EMTN Programme).
2 The Group applied the fair value hedge methodology either partially or in full to hedge the interest rate exposure.
3 These bonds are part of a qualifying net investment hedge to hedge the foreign currency exposure.

None of the debt instruments listed in table 11 were in default as of 30 June 2021 or 31 December 2020.

Consolidated financial statements (continued)

12. Commitments and contingencies, legal proceedings and regulatory investigations

The Group has provided contractual commitments and financial guarantees to external parties, associates and joint ventures as well as partnerships. These arrangements include commitments under certain conditions to make liquidity advances to cover default principal and interest payments, make capital contributions or provide equity financing.

Quantifiable commitments and contingencies, litigation and regulatory provisions

Table 12

in USD millions	06/30/2021	12/31/2020
Remaining commitments under investment agreements	2,867	3,695
Guarantees and letters of credit[1]	1,012	974
Undrawn loan commitments	1	1
Other commitments and contingent liabilities[2,3]	350	306
Litigation and regulatory provisions[4]	152	142

1 Guarantee features embedded in life insurance products are not included.
2 Includes USD 92 million future cash outflows, that the Group as lessee is potentially exposed to which are not reflected in the measurement of lease liabilities in the balance sheet.
3 Of which USD 48 million represents a lease agreement in UK commencing in 2022 (sale and leaseback of a new building)
4 Excluding restructuring provisions (see note 9), other provisions and any claims or coverage related litigation which is included in loss reserves and loss adjustment expenses.

Legal, compliance and regulatory developments

The Group's business is subject to extensive supervision, and the Group is in regular contact with various regulatory authorities. The Group is also involved in legal and arbitration proceedings and regulatory investigations arising, for the most part, in the ordinary course of its business operations in various jurisdictions where it operates. In addition, the Group and/or its subsidiaries are involved in legal matters arising out of transactions involving the transfer of portfolios or businesses. These legal matters can include claims brought by purchasers or other parties asserting claims for damages on various theories, including failure to disclose material information, failure to perform contractual duties or otherwise seeking to impose liability on the Group and/or its subsidiaries. With respect to significant legal or regulatory matters, the Group considers the likelihood of a negative outcome and when the likelihood of a negative outcome is probable, and the amount of the loss can be reliably estimated, a reserve or provision is established to record the estimated loss for the expected outcome. While the Group believes that it is not a party to, nor are any of its subsidiaries the subject of, any unresolved current legal proceedings, claims, litigation and investigations that will have a material adverse effect on the Group's consolidated financial condition, proceedings are inherently unpredictable, and it is possible that the outcome of any proceeding could have a material impact on results of operations in the particular reporting period in which it is resolved.

Specifically, COVID-19-related coverage litigation: Several of the Group's subsidiaries as well as other insurance companies are involved in litigation relating to the extent to which COVID-19 was intended to be covered under Property Damage Business Interruption policies. A limited number of class actions have also been initiated. To date, most of the litigation has been filed in United States courts, which have predominantly found in favor of insurers. The final determination of outcomes may take many years as appeals are pursued by the plaintiffs and insurers, including the Group or its subsidiaries.

Compliance and regulatory matters

The Group, on its own initiative, undertook an internal review of the life insurance, savings and pension business sold by its non-U.S. operating companies with relevant cross-border business to customers with a nexus to the U.S. The review confirmed that the Group's cross-border business with U.S. persons was very limited and of a legacy nature, with the large majority of sales having occurred more than a decade ago. The review also confirmed that the Group's U.S. operating companies were not involved in or connected to those activities.

The Group voluntarily disclosed the results of the review and the regulatory issues presented by sales to U.S. residents to the Swiss Financial Market Supervisory Authority (FINMA), the U.S. Department of Justice (DOJ) and other authorities. The Group continues to cooperate with these authorities.

In April 2019, the DOJ announced that Zurich Life Insurance Company Ltd (ZLIC) and Zurich International Life Limited (ZILL) entered into a non-prosecution agreement (NPA) with the DOJ, which memorializes the DOJ's decision not to prosecute these entities for any U.S. tax-related offenses in connection with legacy cross-border sales to U.S. persons. Under the terms of the NPA, ZLIC and ZILL have agreed to comply with certain specified conditions during the four-year term of the NPA.

This resolution has not had, and will not have, an adverse effect on the Group's business or consolidated financial condition.

Consolidated financial statements (continued)

13. Fair value measurement

This note excludes financial assets and financial liabilities relating to unit-linked contracts. Table 13.1 compares the fair value with the carrying value of financial assets and financial liabilities. Certain financial instruments are not included in this table as their carrying value is a reasonable approximation of their fair value. Such instruments include cash and cash equivalents, obligations to repurchase securities, deposits made under assumed reinsurance contracts, deposits received under ceded reinsurance contracts and other financial assets and liabilities.

For details on the fair value measurement framework and sensitivities of level 3 instruments, refer to note 23 of the consolidated financial statements 2020.

Table 13.1

Fair value and carrying value of financial assets and financial liabilities

in USD millions, as of	Total fair value		Total carrying value	
	2021	2020	**2021**	2020
Available-for-sale securities				
Equity securities	16,232	14,779	16,232	14,779
Debt securities	146,461	152,330	146,461	152,330
Total available-for-sale securities	162,693	167,109	162,693	167,109
Fair value through profit or loss securities				
Equity securities	4,855	4,714	4,855	4,714
Debt securities	7,270	7,115	7,270	7,115
Total fair value through profit or loss securities	12,125	11,829	12,125	11,829
Derivative assets	1,138	1,763	1,138	1,763
Held-to-maturity debt securities	2,694	2,991	2,117	2,265
Mortgage loans	6,510	6,205	6,165	5,783
Other loans	9,376	10,412	7,953	8,620
Total financial assets	**194,535**	**200,311**	**192,191**	**197,369**
Derivative liabilities	(787)	(481)	(787)	(481)
Financial liabilities held at amortized cost				
Liabilities related to investment contracts	(1,071)	(1,134)	(860)	(878)
Senior debt	(5,538)	(5,851)	(5,285)	(5,470)
Subordinated debt	(10,428)	(9,204)	(9,670)	(8,306)
Total financial liabilities held at amortized cost	(17,036)	(16,189)	(15,815)	(14,655)
Total financial liabilities	**(17,823)**	**(16,669)**	**(16,602)**	**(15,135)**

Recurring fair value measurements of assets and liabilities

Table 13.2a

Fair value hierarchy – non-unit-linked – current period

in USD millions, as of June 30, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale securities				
Equity securities	10,522	3,562	2,148	16,232
Debt securities	–	138,152	8,309	146,461
Total available-for-sale securities	10,522	141,715	10,456	162,693
Fair value through profit or loss securities				
Equity securities	1,956	578	2,321	4,855
Debt securities	–	7,188	82	7,270
Total fair value through profit or loss securities	1,956	7,766	2,403	12,125
Derivative assets	3	1,005	130	1,138
Total	**12,480**	**150,486**	**12,989**	**175,955**
Derivative liabilities	(4)	(578)	(205)	(787)
Total	**(4)**	**(578)**	**(205)**	**(787)**

For the six months ended June 30, 2021, no material transfers between level 1 and level 2 occurred.

Consolidated financial statements (continued)

Fair value hierarchy – non-unit-linked – prior period

Table 13.2b

in USD millions, as of December 31, 2020	Level 1	Level 2	Level 3	Total
Available-for-sale securities				
Equity securities	9,742	3,291	1,746	14,779
Debt securities	–	144,354	7,976	152,330
Total available-for-sale securities	9,742	147,645	9,722	167,109
Fair value through profit or loss securities				
Equity securities	1,835	561	2,318	4,714
Debt securities	–	7,033	83	7,115
Total fair value through profit or loss securities	1,835	7,594	2,400	11,829
Derivative assets	6	1,404	353	1,763
Total	**11,583**	**156,643**	**12,476**	**180,701**
Derivative liabilities	(6)	(423)	(52)	(481)
Total	**(6)**	**(423)**	**(52)**	**(481)**

Development of assets and liabilities classified within level 3 – non-unit-linked – current period

Table 13.3a

in USD millions	Available-for-sale securities		Fair value through profit or loss securities			
	Equity securities	Debt securities	Equity securities	Debt securities	Derivative assets	Derivative liabilities
As of January 1, 2021	1,746	7,976	2,318	83	353	(52)
Realized gains/(losses) recognized in income[1]	237	7	19	–	2	5
Unrealized gains/(losses) recognized in income[1,2]	–	34	121	–	15	(58)
Unrealized gains/(losses) recognized in other comprehensive income	389	(117)	–	–	(225)	(96)
Purchases	135	1,089	223	44	2	(6)
Settlements/sales/redemptions	(347)	(739)	(344)	(45)	(11)	–
Transfers into level 3	14	183	14	–	–	(1)
Transfers out of level 3	–	(39)	–	–	–	–
Foreign currency translation effects	(28)	(84)	(29)	–	(6)	3
As of June 30, 2021	**2,148**	**8,309**	**2,321**	**82**	**130**	**(205)**

1 Presented as net capital gains/(losses) and impairments on Group investments in the unaudited consolidated income statements (see note 4).
2 Unrealized gains/(losses) recognized in income for available-for-sale securities relate to impairments.

For the six months ended June 30, 2021, the Group transferred USD 183 million of available-for-sale debt securities from level 2 to level 3. The transfers were mainly driven by a decrease in the degree of observability of inputs from private debt instruments following an enhanced price transparency assessment process. Partially offsetting this is the transfer of USD 39 million in securities out of level 3 into level 2 resulting from the upgrade of credit ratings to 'AAA' for certain non-agency asset/mortgage-backed securities.

The Group also transferred USD 28 million of available-for-sale and fair value through profit or loss equity securities from level 2 to level 3 as new information has become available that confirms their unlisted status.

Consolidated financial statements (continued)

Table 13.3b

Development of assets and liabilities classified within level 3 – non-unit-linked – prior period

in USD millions	Available-for-sale securities		Fair value through profit or loss securities			
	Equity securities	Debt securities	Equity securities	Debt securities	Derivative assets	Derivative liabilities
As of January 1, 2020	1,417	7,713	2,179	81	132	(42)
Realized gains/(losses) recognized in income[1]	62	2	7	–	1	–
Unrealized gains/(losses) recognized in income[1,2]	(5)	(42)	25	(1)	(8)	18
Unrealized gains/(losses) recognized in other comprehensive income	(75)	84	–	–	69	2
Purchases	140	664	191	–	(5)	(16)
Settlements/sales/redemptions	(126)	(307)	(180)	(1)	(6)	–
Transfers into level 3	–	128	–	19	–	–
Transfers out of level 3	–	(699)	–	(7)	–	–
Foreign currency translation effects	(7)	(9)	13	(2)	1	(1)
As of June 30, 2020	**1,406**	**7,534**	**2,235**	**89**	**184**	**(38)**

1 Presented as net capital gains/(losses) and impairments on Group investments in the unaudited consolidated income statements (see note 4).
2 Unrealized gains/(losses) recognized in income for available-for-sale securities relate to impairments.

For the six months ended June 30, 2020, the Group transferred USD 699 million of available-for-sale debt securities out of level 3 into level 2. The transfers were mainly driven by a rating upgrading of non-agency asset/mortgage-backed securities to 'AAA' and private debt priced by a central vendor. Partially offsetting this is the transfer of USD 128 million in securities from level 2 to level 3 resulting from the downgrade of ratings for certain non-agency asset/mortgage-backed securities and private debt priced by an asset manager.

Non-recurring fair value measurements of assets and liabilities

Under certain circumstances, the Group may measure certain assets or liabilities at fair value on a non-recurring basis when an impairment charge is recognized.

14. Segment information

The Group pursues a customer-centric strategy, where the Property & Casualty (P&C) and Life businesses are managed on a regional basis. The Group's reportable segments have been identified on the basis of the businesses operated by the Group and how these are strategically managed to offer different products and services to specific customer groups. The Group has identified 13 reportable segments in accordance with IFRS 8 'Operating Segments' and segment information is presented accordingly as follows:

- Property & Casualty regions
- Life regions
- Farmers
- Group Functions and Operations
- Non-Core Businesses

The Group's reportable segments comprise the following:

Property & Casualty and Life regions

- Europe, Middle East & Africa
- North America
- Asia Pacific
- Latin America
- Group Reinsurance

Property & Casualty regions provide a variety of motor, home and commercial products and services for individuals as well as small and large businesses on both a local and global basis. Products are sold through multiple distribution channels including agents, brokers and bank distribution.

Life regions provide a comprehensive range of life and health insurance products on both an individual and a group basis, including annuities, endowment and term insurance, unit-linked and investment-oriented products, as well as full private health, supplemental health and long-term care insurance. In addition to the agent distribution channel, certain of these products are offered via bank distribution channels.

Farmers, through Farmers Group, Inc. and its subsidiaries (FGI), provides certain non-claims services and ancillary services to the Farmers Exchanges, which are owned by their policyholders. This segment also includes all reinsurance assumed from the Farmers Exchanges by the Group. Farmers Exchanges are prominent writers of personal and small commercial lines of business in the U.S. In addition, this segment includes the activities of Farmers Life, a writer of individual life insurance business in the U.S.

Group Functions and Operations comprise the Group's Holding and Financing, Headquarters and the new digital ventures of the Global Business Platforms. Certain alternative investment positions not allocated to business operating segments are included within Holding and Financing. In addition, this segment includes operational technical governance activities relating to technology, underwriting, claims, actuarial and pricing.

Non-Core Businesses include insurance and reinsurance businesses that the Group does not consider core to its operations and that are therefore mostly managed to achieve a beneficial run-off. Non-Core Businesses are mainly situated in the U.S., Bermuda, and in Europe.

Consolidated financial statements (continued)

Aggregations and additional information

Regional Property & Casualty and Life results are further aggregated to show a total Property & Casualty and total Life business view.

- Property & Casualty – total
- Life – total

For additional informational purposes, the Group also discloses income statement information for Property & Casualty Commercial Insurance and Property & Casualty Retail and Other Insurance results. Other Insurance includes SME, direct market and other program business.

- Property & Casualty Commercial Insurance
- Property & Casualty Retail and SME

Business operating profit

The segment information includes the Group's internal performance measure, business operating profit (BOP). This measure is the basis on which the Group manages all of its business units. It indicates the underlying performance of the Group's business units, after non-controlling interests, by eliminating the impact of financial market volatility and other non-operational variables. BOP reflects adjustments for shareholders' taxes, net capital gains/(losses) and impairments on investments (except for certain non-insurance operations included in Non-Core Businesses, investments in hedge funds as at fair value through profit or loss, certain securities held for specific economic hedging purposes and policyholders' share of investment results for the life businesses) and non-operational foreign exchange movements. Significant items arising from special circumstances, including restructuring charges, legal matters or large one-off regulatory projects outside the ordinary course of business, gains and losses on divestment of businesses, certain business combination integration costs and impairments of goodwill are also excluded from BOP.

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Consolidated financial statements (continued)

Property & Casualty – Overview by segment

Table 14.1

in USD millions, for the six months ended June 30	Europe, Middle East & Africa		North America	
	2021	2020	**2021**	2020
Revenues				
Direct written premiums	8,920	7,518	9,487	8,144
Assumed written premiums	1,318	1,262	474	402
Gross written premiums and policy fees	10,238	8,780	9,961	8,546
Less premiums ceded to reinsurers	(1,961)	(1,735)	(3,391)	(3,170)
Net written premiums and policy fees	8,277	7,045	6,570	5,376
Net change in reserves for unearned premiums	(1,539)	(1,218)	(1,445)	(746)
Net earned premiums and policy fees	6,739	5,827	5,125	4,630
Net investment income on Group investments	267	252	436	512
Net capital gains/(losses) and impairments on Group investments	13	2	49	40
Net investment result on Group investments	280	254	485	552
Other income	188	180	96	34
Total BOP revenues	7,206	6,262	5,706	5,216
Benefits, losses and expenses				
Insurance benefits and losses, net	4,331	3,908	3,241	3,089
Policyholder dividends and participation in profits, net	4	3	5	4
Underwriting and policy acquisition costs, net	1,378	1,159	1,324	1,223
Administrative and other operating expense (excl. depreciation/amortization)	702	719	231	114
Interest credited to policyholders and other interest	89	86	30	31
Restructuring costs and other items not included in BOP	(18)	(20)	(10)	(2)
Total BOP benefits, losses and expenses (before interest, depreciation and amortization)	6,487	5,856	4,821	4,459
Business operating profit (before interest, depreciation and amortization)	**719**	**406**	**885**	**757**
Depreciation and impairments of property and equipment	54	53	31	32
Amortization and impairments of intangible assets	34	45	24	19
Interest expense on debt	2	7	–	–
Business operating profit before non-controlling interests	630	301	830	706
Non-controlling interests	10	7	–	–
Business operating profit	**620**	**294**	**830**	**706**

Consolidated financial statements (continued)

Asia Pacific		Latin America		Group Reinsurance		Eliminations		Total	
2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
1,459	1,281	1,138	1,027	–	–	–	–	21,004	17,970
103	93	28	26	406	353	(1,299)	(1,168)	1,030	967
1,562	1,374	1,166	1,053	406	353	(1,299)	(1,168)	22,034	18,937
(310)	(251)	(281)	(257)	(277)	(286)	1,299	1,168	(4,920)	(4,531)
1,252	1,122	885	795	129	67	–	–	17,114	14,406
–	110	28	127	(77)	(66)	–	–	(3,033)	(1,794)
1,252	1,232	913	922	52	1	–	–	14,081	12,612
42	46	85	84	7	6	–	–	837	901
–	–	–	–	–	–	–	–	62	42
42	46	85	84	7	6	–	–	899	943
43	72	18	26	17	3	–	–	361	315
1,336	1,349	1,017	1,033	76	10	–	–	15,341	13,870
694	723	359	334	187	405	–	–	8,811	8,460
1	–	1	–	–	–	–	–	10	8
285	304	349	378	(15)	(4)	–	–	3,322	3,060
204	246	140	130	19	19	–	–	1,296	1,229
2	1	18	17	3	4	–	–	142	140
(6)	(3)	(18)	6	–	–	–	–	(53)	(19)
1,179	1,272	849	866	194	424	–	–	13,529	12,877
157	**77**	**168**	**167**	**(118)**	**(414)**	**–**	**–**	**1,812**	**993**
25	21	8	8	1	1	–	–	119	115
12	10	6	5	–	–	–	–	76	78
–	–	–	–	–	1	–	–	2	8
120	46	154	154	(119)	(416)	–	–	1,615	791
2	–	43	33	–	–	–	–	55	40
118	**46**	**111**	**121**	**(119)**	**(416)**	**–**	**–**	**1,559**	**751**

Consolidated financial statements (continued)

Life – Overview by segment

Table 14.2

in USD millions, for the six months ended June 30	Europe, Middle East & Africa		North America	
	2021	2020	**2021**	2020
Revenues				
Life insurance deposits	5,217	4,132	407	364
Gross written premiums	3,886	3,568	72	69
Policy fees	764	682	184	199
Gross written premiums and policy fees	4,651	4,250	256	268
Net earned premiums and policy fees	4,229	3,882	194	259
Net investment income on Group investments	1,174	1,104	14	16
Net capital gains/(losses) and impairments on Group investments	265	14	9	(11)
Net investment result on Group investments	1,439	1,117	23	4
Net investment income on unit-linked investments	527	492	–	–
Net capital gains/(losses) and impairments on unit-linked investments	6,663	(2,566)	112	233
Net investment result on unit-linked investments	7,190	(2,073)	112	233
Other income	158	179	16	20
Total BOP revenues	13,017	3,106	345	517
Benefits, losses and expenses				
Insurance benefits and losses, net	3,641	3,397	143	197
Policyholder dividends and participation in profits, net	7,461	(1,749)	112	233
Income tax expense/(benefit) attributable to policyholders	152	(137)	–	–
Underwriting and policy acquisition costs, net	526	515	19	29
Administrative and other operating expense (excl. depreciation/amortization)	557	527	20	46
Interest credited to policyholders and other interest	116	110	27	–
Restructuring costs and other items not included in BOP	(31)	(7)	(1)	–
Total BOP benefits, losses and expenses (before interest, depreciation and amortization)	12,422	2,655	320	506
Business operating profit (before interest, depreciation and amortization)	**595**	**450**	**25**	**11**
Depreciation and impairments of property and equipment	12	12	–	–
Amortization and impairments of intangible assets	22	22	–	–
Interest expense on debt	–	–	–	–
Business operating profit before non-controlling interests	561	415	25	11
Non-controlling interests	57	51	–	–
Business operating profit	**503**	**365**	**25**	**11**

Life includes approximately USD 709 million and USD 445 million of gross written premiums and future life policyholder benefits for certain universal life-type contracts in the Group's Spanish operations for the six months ended June 30, 2021 and 2020, respectively.

Consolidated financial statements (continued)

	Asia Pacific		Latin America		Group Reinsurance		Eliminations		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	53	63	1,641	1,650	–	–	–	–	7,318	6,209
	1,218	1,038	1,033	1,168	27	23	(26)	(27)	6,210	5,840
	92	52	35	26	–	–	–	–	1,075	959
	1,310	1,090	1,068	1,194	27	23	(26)	(27)	7,285	6,799
	1,083	928	951	1,059	16	12	–	–	6,472	6,140
	91	79	209	163	–	–	(1)	(1)	1,487	1,360
	(29)	(7)	1	(1)	–	–	–	–	246	(6)
	62	71	210	162	–	–	(1)	(1)	1,733	1,354
	54	43	12	16	–	–	–	–	593	552
	75	(139)	366	159	–	–	–	–	7,216	(2,312)
	129	(95)	378	175	–	–	–	–	7,809	(1,761)
	11	10	50	34	–	–	(1)	(1)	235	242
	1,285	914	1,588	1,430	16	12	(1)	(2)	16,249	5,976
	537	572	464	439	–	4	–	–	4,785	4,609
	105	(103)	380	174	–	–	–	–	8,057	(1,444)
	19	(18)	–	–	–	–	–	–	170	(155)
	159	159	470	473	5	4	(1)	(1)	1,178	1,179
	291	246	108	54	–	1	–	–	977	873
	6	6	15	9	–	–	–	–	164	126
	(18)	3	(8)	38	–	–	–	–	(58)	33
	1,099	864	1,429	1,187	5	9	(1)	(1)	15,273	5,220
	186	**49**	**159**	**243**	**11**	**3**	**(1)**	**(1)**	**976**	**756**
	4	4	5	3	–	–	–	–	22	19
	4	4	4	4	–	–	–	–	30	31
	6	7	–	–	–	–	(1)	(1)	5	7
	171	34	150	234	11	3	–	–	918	698
	(1)	(1)	60	90	–	–	–	–	116	139
	172	**35**	**90**	**145**	**11**	**3**	**–**	**–**	**802**	**559**

Consolidated financial statements (continued)

Business operating profit by business

Table 14.3

in USD millions, for the six months ended June 30

	Property & Casualty		Life	
	2021	2020	**2021**	2020
Revenues				
Direct written premiums	21,004	17,970	6,200	5,740
Assumed written premiums	1,030	967	10	100
Gross Written Premiums	22,034	18,937	6,210	5,840
Policy fees	–	–	1,075	959
Gross written premiums and policy fees	22,034	18,937	7,285	6,799
Less premiums ceded to reinsurers	(4,920)	(4,531)	(702)	(604)
Net written premiums and policy fees	17,114	14,406	6,584	6,195
Net change in reserves for unearned premiums	(3,033)	(1,794)	(111)	(55)
Net earned premiums and policy fees	14,081	12,612	6,472	6,140
Farmers management fees and other related revenues	–	–	–	–
Net investment income on Group investments	837	901	1,487	1,360
Net capital gains/(losses) and impairments on Group investments	62	42	246	(6)
Net investment result on Group investments	899	943	1,733	1,354
Net investment result on unit-linked investments	–	–	7,809	(1,761)
Other income	361	315	235	242
Total BOP revenues	15,341	13,870	16,249	5,976
of which: inter-business revenues	1	(12)	(3)	(85)
Benefits, losses and expenses				
Losses and loss adjustment expenses, net	8,812	8,458	–	–
Life insurance death and other benefits, net	–	1	4,785	4,609
Insurance benefits and losses, net	8,811	8,460	4,785	4,609
Policyholder dividends and participation in profits, net	10	8	8,057	(1,444)
Income tax expense/(benefit) attributable to policyholders	–	–	170	(155)
Underwriting and policy acquisition costs, net	3,322	3,060	1,178	1,179
Administrative and other operating expense (excl. depreciation/amortization)	1,296	1,229	977	873
Interest credited to policyholders and other interest	142	140	164	126
Restructuring costs and other items not included in BOP	(53)	(19)	(58)	33
Total BOP benefits, losses and expenses (before interest, depreciation and amortization)	13,529	12,877	15,273	5,220
Business operating profit (before interest, depreciation and amortization)	**1,812**	**993**	**976**	**756**
Depreciation and impairments of property and equipment	119	115	22	19
Amortization and impairments of intangible assets	76	78	30	31
Interest expense on debt	2	8	5	7
Business operating profit before non-controlling interests	1,615	791	918	698
Non-controlling interests	55	40	116	139
Business operating profit	**1,559**	**751**	**802**	**559**

Life includes approximately USD 709 million and USD 445 million of gross written premiums and future life policyholder benefits for certain universal life-type contracts in the Group's Spanish operations for the six months ended June 30, 2021 and 2020, respectively.

Consolidated financial statements (continued)

Farmers 2021	Farmers 2020	Group Functions and Operations 2021	Group Functions and Operations 2020	Non-Core Businesses 2021	Non-Core Businesses 2020	Eliminations 2021	Eliminations 2020	Total 2021	Total 2020
316	302	1	–	15	12	–	–	27,536	24,024
152	24	196	–	27	28	(101)	(8)	1,314	1,111
468	326	197	–	41	40	(101)	(8)	28,850	25,135
166	166	–	–	15	12	–	–	1,256	1,136
634	491	197	–	56	52	(101)	(8)	30,106	26,271
(86)	(86)	(79)	–	(6)	(1)	101	8	(5,692)	(5,214)
548	405	118	–	50	51	–	–	24,414	21,058
(81)	–	(31)	–	6	3	–	–	(3,250)	(1,846)
467	405	88	–	56	54	–	–	21,164	19,212
2,004	1,807	–	–	–	–	–	–	2,004	1,807
88	99	83	87	73	99	(44)	(59)	2,523	2,486
2	(2)	–	–	(132)	252	–	–	178	287
90	97	83	87	(60)	351	(44)	(59)	2,701	2,773
132	(32)	–	–	157	78	–	–	8,098	(1,715)
29	42	59	67	18	(13)	(134)	(175)	570	479
2,723	2,319	230	155	172	470	(178)	(234)	34,536	22,556
(3)	(11)	(169)	(119)	(3)	(6)	178	234	–	–
66	15	1	–	(2)	5	–	–	8,876	8,478
280	220	63	–	(56)	346	–	–	5,071	5,176
346	235	63	–	(58)	351	–	–	13,947	13,654
137	(27)	4	–	163	87	–	–	8,372	(1,377)
–	–	–	–	–	–	–	–	170	(155)
65	55	17	2	3	5	(4)	–	4,581	4,301
1,254	1,153	303	231	30	49	2	(36)	3,860	3,500
55	51	62	62	12	13	(131)	(125)	303	267
(9)	(5)	(58)	(59)	–	–	–	–	(178)	(50)
1,848	1,462	390	236	149	505	(133)	(161)	31,057	20,140
874	**857**	**(160)**	**(81)**	**22**	**(35)**	**(45)**	**(72)**	**3,480**	**2,417**
29	31	6	5	–	–	–	–	177	170
63	47	11	20	–	–	–	–	180	177
4	–	269	242	1	4	(45)	(72)	237	188
778	779	(446)	(349)	21	(39)	–	–	2,886	1,881
–	–	–	–	–	–	–	–	172	180
778	**779**	**(446)**	**(348)**	**21**	**(39)**	**–**	**–**	**2,714**	**1,702**

Consolidated financial statements (continued)

Reconciliation of BOP to net income after income taxes

Table 14.4

in USD millions, for the six months ended June 30

	Property & Casualty		Life	
	2021	2020	**2021**	2020
Business operating profit	**1,559**	**751**	**802**	**559**
Revenues/(expenses) not included in BOP:				
Net capital gains/(losses) on investments and impairments, net of policyholder allocation	555	14	73	69
Net gains/(losses) on divestment of businesses[1]	–	–	(6)	(26)
Restructuring costs	(21)	(8)	(16)	(10)
Other adjustments[2]	(31)	(12)	(42)	43
Add back:				
Business operating profit attributable to non-controlling interests	55	40	116	139
Net income before shareholders' taxes	2,117	786	927	775
Income tax expense/(benefit) attributable to policyholders	–	–	170	(155)
Net income before income taxes	**2,117**	**786**	**1,098**	**620**
Income tax (expense)/benefit				
attributable to policyholders				
attributable to shareholders				
Net income after taxes				
attributable to non-controlling interests				
attributable to shareholders				

1 In 2021, Life included losses of USD 6 million as Zurich International Life Limited entered into an agreement to sell an insurance portfolio, Group Functions included losses of USD 33 million related of the sale of Bright Box (see note 3). In 2020, Life included losses of USD 19 million and Group Functions gains of USD 7 million respectively related to the sale of the UK Retail Wealth business. Life included losses of USD 7 million related to the sale of the UK Life portfolio

2 Other adjustments in 2021 and 2020 include charges related to the implementation of IFRS 17 and business combination integration costs.

Consolidated financial statements (continued)

	Farmers		Group Functions and Operations		Non-Core Businesses		Total
2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
778	**779**	**(446)**	**(348)**	**21**	**(39)**	**2,714**	**1,702**
2	6	(228)	(105)	7	5	408	(11)
–	–	(34)	7	–	–	(39)	(18)
(2)	2	(1)	(4)	–	–	(41)	(19)
(6)	(6)	(57)	(56)	–	–	(137)	(31)
–	–	–	–	–	–	172	180
772	780	(766)	(506)	27	(34)	3,077	1,802
–	–	–	–	–	–	170	(155)
772	**780**	**(766)**	**(506)**	**27**	**(34)**	**3,248**	**1,646**
						(940)	(341)
						(170)	155
						(769)	(496)
						2,308	**1,305**
						115	124
						2,193	1,181

Consolidated financial statements (continued)

Property & Casualty – Commercial and Retail Insurance overview[1]

Table 14.5

in USD millions, for the six months ended June 30	Commercial Insurance		Retail and SME	
	2021	2020	**2021**	2020
Gross written premiums and policy fees	15,520	13,306	7,416	6,470
Net earned premiums and policy fees	7,821	6,947	6,208	5,665
Insurance benefits and losses, net	4,952	4,819	3,673	3,236
Policyholder dividends and participation in profits, net	6	5	5	3
Total net technical expenses	2,257	2,041	2,160	2,079
Net underwriting result	606	82	371	347
Net investment income	587	651	244	244
Net capital gains/(losses) and impairments on investments	55	42	6	–
Net non-technical result (excl. items not included in BOP)	(58)	(48)	(77)	(111)
Business operating profit before non-controlling interests	1,190	726	544	481
Non-controlling interest	–	(1)	55	41
Business operating profit	**1,190**	**726**	**489**	**440**

1 Commercial and Retail Insurance overview exclude Group Reinsurance.

Consolidated financial statements (continued)

15. Events after the balance sheet date

No events after the balance sheet date.

Review report of the auditors

EY
Building a better working world

Ernst & Young Ltd
Maagplatz 1
P.O. Box
CH-8010 Zurich

Phone: +41 58 286 31 11
Fax: +41 58 286 30 04
www.ey.com/ch

To the Board of Directors of
Zurich Insurance Group Ltd, Zurich

Zurich, August 11, 2021

Report on the review of interim condensed consolidated financial statements

Introduction

We have reviewed the interim condensed consolidated financial statements (income statement, statement of comprehensive income, balance sheet, statement of cash flows, statements of changes in equity and notes), pages 13 to 55, of Zurich Insurance Group Ltd for the period from January 1, 2021 to June 30, 2021. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

Other matter

The Interim Condensed Consolidated Financial Statements for the period ended June 30, 2020 and the Consolidated Financial Statements for the year ended December 31, 2020 were reviewed and audited, respectively, by another auditor who expressed an unmodified conclusion on the Interim Condensed Consolidated Financial Statements on August 12, 2020 and an unmodified opinion on the Consolidated Financial Statements on February 10, 2021.

Ernst & Young Ltd

Isabelle Santenac Licensed audit expert (Auditor in charge)	Thomas Fiepke CPA (USA)

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Additional information

Contents

Additional information (continued)

Zurich Insurance Group Ltd registered share data

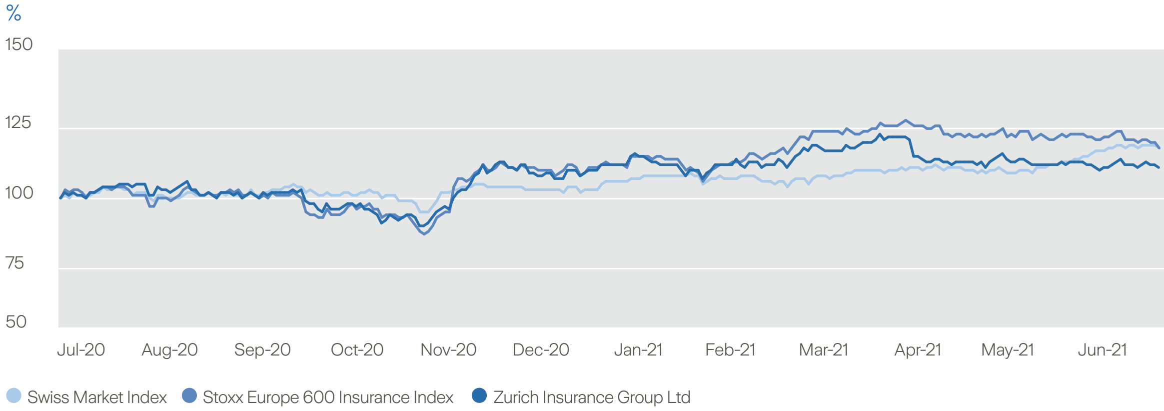
Zurich shares

Zurich had a market capitalization of CHF 56 billion on June 30, 2021. The shares are listed on the SIX Swiss Exchange and traded on the SIX Swiss Exchange Blue Chip Segment; ticker symbol: ZURN; the Swiss security number (Valorennummer) is 1107539. Trading in Zurich Insurance Group Ltd shares on the Blue Chip Segment is conducted in Swiss francs.

Share price performance

The share price at the end of June 2021 was CHF 371.20. The lowest price during the first half year in 2021 was CHF 356.20 on January 29, while the highest price was CHF 410.10 on March 30.

Zurich share performance (indexed) over one year, ending June 2021



Dividend

Financial Year	Payment date as from	Total dividend per registered share in CHF	Paid from available earnings[1] in CHF	Paid from capital contribution reserve in CHF
2020	April 13, 2021	20.00	20.00	--
2019	April 7, 2020	20.00	20.00	--
2018	April 9, 2019	19.00	19.00	--
2017	April 10, 2018	18.00	16.60	1.40
2016	April 4, 2017	17.00	11.30	5.70
2015	April 5, 2016	17.00	--	17.00
2014	April 9, 2015	17.00	--	17.00
2013	April 9, 2014	17.00	--	17.00
2012	April 11, 2013	17.00	--	17.00
2011	April 5, 2012	17.00	--	17.00

1 Gross dividend, subject to 35% Swiss withholding tax

Glossary

Group

Book value per share

is a measure that is calculated by dividing shareholders' equity by the number of shares issued less the number of treasury shares as of the period end.

Business operating profit (BOP)

is the Group's internal performance measure, on which the Group manages all of its business units. It indicates the underlying performance, after non-controlling interests, by eliminating the impact of financial market volatility and other non-operational variables. BOP reflects adjustments for shareholders' taxes, net capital gains/(losses) and impairments on investments (except for certain non-insurance operations included in Non-Core Businesses, investments in hedge funds as at fair value through profit or loss, certain securities held for specific economic hedging purposes and policyholders' share of investment results for the life businesses) and non-operational foreign exchange movements. Significant items arising from special circumstances, including restructuring charges, legal matters or large one-off regulatory projects outside the ordinary course of business, gains and losses on divestment of businesses, certain business combination integration costs and impairments of goodwill are also excluded from BOP. **Business operating profit before interest, depreciation and amortization (BOPBIDA)** excludes interest expense on debt, depreciation and impairments of property and equipment and amortization and impairments of intangible assets. BOPBIDA includes amortization of deferred policy acquisition costs, deferred origination costs and distribution agreements. Please refer to the 'consolidated financial statements, Note 14. Segment information, Table 14.4' for further information.

Business operating profit (after-tax) return on shareholders' equity (BOPAT ROE)

indicates the level of BOP relative to resources provided by shareholders. It is calculated as BOP, annualized on a linear basis and adjusted for taxes, divided by the average value of shareholders' equity, adjusted for net unrealized gains/(losses) on available-for-sale investments and cash flow hedges, using the value at the beginning and end of each quarter within the period. The average shareholders' equity for each quarter is then added together and divided by the number of quarters. If the dividend is approved at the Annual General Meeting within the first ten working days in April, then the dividend is deducted from the second quarter opening shareholders' equity. Please refer to the 'supplementary information (unaudited)/ROE, EPS and BVPS' for further information.

Cash remittances

is the net extraction of capital from each of the business units (P&C, Life, Farmers and Non-Core Business) to Group Functions & Operations (GF&O) and after all central costs in GF&O. Cash remittances are typically extracted from subsidiaries by way of dividends, capital reductions, repayment of intragroup debt and reinsurance profits.

Investments

Total investments in the consolidated balance sheets include **Group investments** and investments for unit-linked contracts. Group investments are those for which the Group bears part or all of the investment risk. They also include investments related to investment contracts with discretionary participation features. Average invested assets include investment cash, but exclude cash collateral received for securities lending. The Group manages its diversified investment portfolio to optimize benefits for both shareholders and policyholders while ensuring compliance with local regulatory and business requirements under the guidance of the Group's Asset/Liability Management and Investment Committee. **Investments for unit-linked contracts** include investments where the policyholder bears the investment risk, and are held for liabilities related to unit-linked investment contracts and reserves for unit-linked contracts. They are managed in accordance with the investment objectives of each unit-linked fund. The investment result for unit-linked products is passed to policyholders through a charge to policyholder dividends and participation in profits.

Like-for-like

is the change in the underlying metric over a period of time and after removing the impact of foreign exchange movements and the impact of acquisitions and disposals.

Return on shareholders' equity (ROE)

is a measure that indicates the level of profit or loss relative to resources provided by shareholders. It is calculated as net income after taxes attributable to shareholders, annualized on a linear basis, divided by the average value of shareholders' equity, adjusted for net unrealized gains/(losses) on available-for-sale investments and cash flow hedges, using the value at the beginning and end of each quarter within the period. The average shareholders' equity for each quarter is then added together and divided by the number of quarters. If the dividend is approved at the Annual General Meeting within the first ten working days in April, then the dividend is deducted from the second quarter opening shareholders' equity. Please refer to the 'supplementary information (unaudited)/ROE, EPS and BVPS' for further information.

Zurich Economic Capital Model (Z-ECM)

is an internal economic capital model which defines the Z-ECM capital required to protect the Group's policyholders in order to meet all of their claims with a confidence level of 99.95 percent over a one-year time horizon. The Z-ECM ratio is defined as the ratio of the Group's available financial resources defined under the Z-ECM to the required capital under the Z-ECM model. Please refer to the 'Annual Report/risk review' for further information.

Glossary (continued)

Property & Casualty

The following Property & Casualty (P&C) measures are net of reinsurance.

Net underwriting result
is calculated as the difference between net earned premiums and policy fees and the sum of net insurance benefits and losses and net technical expenses. Please refer to the 'supplementary information (unaudited)/P&C by segment & customer units' for further information.

Total net technical expenses
includes underwriting and policy acquisition costs, as well as the technical elements of administrative and other operating expenses, amortization of intangible assets, interest credited to policyholders and other interest, and other income. Please refer to the 'supplementary information (unaudited)/P&C by segment & customer units' for further information.

Combined ratio
is a measure that indicates the level of claims and net technical expenses during the period, relative to net earned premiums and policy fees. It is calculated as the sum of the loss ratio and the expense ratio. Please refer to the 'supplementary information (unaudited)/P&C by segment & customer units' for further information.

Loss ratio
is a measure that indicates the level of claims during the period relative to net earned premiums and policy fees. It is calculated as insurance benefits and losses net, which include incurred claims, both paid and reserved, and claims handling costs, divided by net earned premiums and policy fees. Please refer to the 'supplementary information (unaudited)/P&C by segment & customer units' for further information.

Expense ratio
is a measure that indicates the level of technical expenses during the period relative to net earned premiums and policy fees. It is calculated as the sum of net technical expenses and policyholder dividends and participation in profits, divided by net earned premiums and policy fees. Please refer to the 'Supplementary information (unaudited)/P&C by segment & customer units' for further information.

Net non-technical result
includes expenses or income not directly linked to insurance operating performance, such as gains/losses on foreign currency translation and interest expense on debt. It includes the impact of financial market volatility and other non-operational variables that distort the ongoing business performance. Please refer to the 'supplementary information (unaudited)/P&C by segment & customer units' for further information.

Life

Embedded value (EV) principles
is a methodology using a 'bottom-up' market consistent approach, which explicitly allows for market risk. In particular, asset and liability cash flows are valued using risk discount rates consistent with those applied to similar cash flows in the capital markets. Options and guarantees are valued using market consistent models calibrated to observable market prices. Please refer to the 'embedded value report/ embedded value methodology' for further information.

Insurance deposits
are deposits, similar to customer account balances, not recorded as revenues. However, the fees charged on insurance deposits are recorded as revenue within gross written premiums and policy fees. These deposits arise from investment contracts and insurance contracts that are accounted for under deposit accounting. They represent the pure savings part, which is invested.

New business annual premium equivalent (APE)
is a sales index that reflects the volume of life new business sales during the period. APE is calculated as the value of new annual premiums plus 10 percent of new single premiums sold in the period and is stated before the effect of non-controlling interests. **Present value of new business premiums (PVNBP)** is calculated as the present value of new business premiums discounted at the risk-free rate, before the effect of non-controlling interests.

New business margin (NBM)
is a measure that reflects the profitability of new business and is calculated as the new business value divided by APE after the effect of non-controlling interests.

New business value (NBV), after tax
is a measure that reflects the value added by new business written during the period, including allowances for frictional costs, time value of options and guarantees, and the cost of non-market risk, and is valued at the point of sale. It is calculated as the present value of the projected after-tax profit from life insurance contracts sold during the period using a valuation methodology consistent with the EV principles, after the effect of non-controlling interests.

Glossary (continued)

Farmers

Gross management result
is a measure of Farmers Management Services calculated as management fees and other related revenues minus management and other related expenses, including amortization and impairments of intangible assets. Please refer to the 'supplementary information (unaudited)/ Farmers' for further information.

Managed gross earned premium margin
is a measure calculated as the gross management result of Farmers Management Services divided by the gross earned premiums of the Farmers Exchanges, which are owned by their policyholders. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides certain non-claims services and ancillary services to the Farmers Exchanges.

Financial calendar

For more information please visit our website: www.zurich.com/en/investor-relations/calendar

Update for the nine months ended September 30, 2021
November 11, 2021

Annual results 2021
February 10, 2022

Annual General Meeting 2022
April 6, 2022

Update for the three months ended March 31, 2022
May 12, 2022

Half year results 2022
August 11, 2022

Note: all dates are subject to change.

Contact information

For more information please contact the appropriate office below, or visit our website at www.zurich.com

Registered Office
Zurich Insurance Group Ltd
Mythenquai 2
8002 Zurich, Switzerland

Media Relations
Zurich Insurance Group Ltd, Switzerland
Telephone: +41 (0)44 625 21 00
Email: media@zurich.com

Investor Relations
Zurich Insurance Group Ltd, Switzerland
Telephone: +41 (0)44 625 22 99
Email: investor.relations@zurich.com

Share Register Services
Zurich Insurance Group Ltd, Switzerland
Telephone: +41 (0)44 625 22 55
Email: shareholder.services@zurich.com
Website: www.zurich.com/shareholder-area

Sustainability
Zurich Insurance Group Ltd, Switzerland
Email: sustainability@zurich.com

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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, in the financial services industries in particular; (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; (viii) increased litigation activity and regulatory actions; and (ix) 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. Specifically in relation with the COVID-19 related statements, such statements were made on the basis of circumstances prevailing at a certain time and on the basis of specific terms and conditions (in particular applicable exclusions) of insurance policies as written and interpreted by the Group and may be subject to regulatory, legislative, governmental and litigation-related developments affecting the extent of potential losses covered by a member of the Group or potentially exposing the Group to additional losses if terms or conditions are retroactively amended by way of legislative or regulatory action. 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 inter-insurance 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 three Exchanges and in that capacity provide certain non-claims services and ancillary 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.

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Zurich Insurance Group
Mythenquai 2
8002 Zurich, Switzerland
Phone +41 (0) 44 625 25 25

www.zurich.com

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