

Global Life

Source of earnings – Briefing document
Annual results 2015



SOURCE OF EARNINGS

What is the purpose of source of earnings?

- Sources of Earnings (SoE) reporting presents the key drivers of life IFRS results in more detail than the traditional insurance profit and loss account. This information is a shareholder view of earnings, generally excluding the components that are attributable to policyholders.

Why have you taken a regional rather than product split approach, as with some peers?

- The regional view aligns with how we manage our business and SoE illustrates the regional variations in terms of underlying margin generation, growth investment and level of maturity. Our reporting systems do not provide margins by product type, however, along with the KPIs and new business analysis, we can see the variations in product focus across regions.

How are the KPIs calculated?

- The KPIs help to understand the progression of the results by comparing margins against key drivers. To aid comparability we show all margins (and denominators) net of non-controlling interests for our major bank distribution agreements. Alongside longer term KPI trends that will become visible over time there are also variations from one reporting period to the next from non-recurring items. "Adjusted KPIs" show the KPI after adjustment for the most material items.

Why have some of the figures changed vs. 2014 source of earnings?

- There have been no significant changes to approach, however we continue to refine the reporting structure and adjust historical figures to help understand progression of margins which led to an adjustment increasing the FY 2014 technical margin by USD 59m, with an offset in Loadings and Fees and Acquisition Costs.

Margin overview

Key components



REVENUES	COMPONENTS	DESCRIPTION
Loadings & Fees	Unit linked (UL) fund based fees net of investment expense Premium based and other fees Continental European business expense fees Risk expense loadings	<ul style="list-style-type: none"> For UL contracts, fund based fees are one of the main sources of income and we show these separately within Loadings and Fees. Investment management charges are set off against the gross fees to show the net return. Fees derived from UL off-balance sheet business are also included here. Premium based and other UL charges which cover expenses are included in this category together with lapse charges on unit linked contracts. Traditional continental European contracts have an explicit expense premium which can be subject to policyholder participation when aggregate expense premiums exceed expenses. These expense premiums are included here, net of any direct policyholder participation in the margin. The expense loading in protection contract premiums is reflected in Fees and Loadings. Any charges related to risk cover on unit linked contracts are included within the Technical Margin.
Investment margin	Policyholder spread return Return on shareholder free surplus Continental European business discretionary allocation	<ul style="list-style-type: none"> ~80% of the total is driven by investment income on group investments net of policyholder participation ("spread return"). Policyholder participation includes guaranteed dividends, declared dividends and other crediting of interest to reserves, minimum participation required by law, changes to terminal bonus reserve and discretionary dividends funded from shareholder margin. Return on shareholder free surplus represents investment income, and excludes capital gains or losses, in line with the Group BOP policy. Investment management expenses are also included within the investment margin.
Technical margin	Risk result (UL& non UL) Lapse result	<ul style="list-style-type: none"> The technical margin reflects the net margin on life insurance contracts, for example protection and annuity products, and includes the lapse result on insurance contracts. Charges on UL contracts where related to risk cover are included as well as premiums charged to cover risk on protection contracts. The margin is shown net of claims experience.

Margin overview

Key components



EXPENSES	COMPONENTS	DESCRIPTION
Operating costs	Overheads & Admin Depreciation of property & equipment Amortization of software Unallocated policyholder Tax	<ul style="list-style-type: none"> • These are the regular expenses of the business including depreciation and amortization of software and intangibles. It excludes acquisition costs and expenses directly related to income (e.g. investment expenses). • Policyholder tax is generally allocated against the income item it relates to within the relevant revenue margin. Any unallocated policyholder tax is reflected in operating costs, but is typically small.
Acquisition costs	Initial & renewal commission Fund based commission Other acquisition costs Business combination costs	Acquisition costs include three main elements: <ul style="list-style-type: none"> • Commissions (~75% of the total) – initial, renewal and fund based. • Other acquisition costs (~15% of the total) – the part of administration expenses related to acquiring business. • Business combination costs (~10% of the total) – Amortization of Value of Business Acquired (VOBA) and Distribution Agreements plus BOP impacts from earn-outs (liability interest unwind & fair value adjustments) and purchase price adjustments.
Deferral impacts	Deferred Acquisition & Origination Cost impacts (DAC/DOC) Deferred Front End & Origination Fee impacts (DFEF/DOF)	<ul style="list-style-type: none"> • Deferral impacts from both fees and commissions are dealt with in this section. This includes initial deferral, regular amortization, impairment if relevant and changes to intangible balances resulting from changes to estimates and assumptions (for example lapse rate changes or market movements impacting future fee income levels).

Key performance indicators

How to interpret and use the KPIs (1/2)



Adjusted KPIs	H1 2014	H2 2014	H1 2015	H2 2015	DESCRIPTION
UL fund based fees Av. UL AUM	0.7%	0.7%	0.6%	0.7%	<p>Interpretation</p> <ul style="list-style-type: none"> This KPI is based on fund based fees generated from both on and off-balance sheet unit linked funds, and compared against a simple average of the start of period/end of period unit linked fund values. The KPI illustrates the average fee on unit linked funds allowing comparability between regions and also trending over time. <p>Development</p> <ul style="list-style-type: none"> Two factors we note are a long term trend towards lower fund based fees as a proportion of unit linked funds under management, and that fees earned on high volume pension business, particularly in the UK, are considerably lower than those earned on retail business. <p>Sensitivities</p> <ul style="list-style-type: none"> To business mix changes (e.g. corporate pension vs. retail).
Other loadings GWP & Deposits	13%	11%	12%	12%	<p>Interpretation</p> <ul style="list-style-type: none"> This KPI highlights the proportion of the premium or deposit charged to cover expenses (note that a proportion of unit linked fund based fees is also intended to cover expenses). In regions like North America or Latin America, where protection sales dominate new business sales, they tend to have higher expense loadings in the product structure to cover the higher acquisition costs. In contrast, a region like Europe, where there is a larger in-force business and a proportionally higher weighting of business that attracts less commission, there would typically be a lower ratio. <p>Development</p> <ul style="list-style-type: none"> Should be relatively stable over time depending on the developments of the sensitivities below. <p>Sensitivities</p> <ul style="list-style-type: none"> Mainly to acquisition costs, particularly commission fee structures, either due to distribution channel or to regulatory change. Significant variations in deposits, particularly large corporate pensions contracts, can cause variability.

Key performance indicators

How to interpret and use the KPIs (2/2)



Adjusted KPIs	H1 2014	H2 2014	H1 2015	H2 2015	DESCRIPTION
Investment Margin Av. NL reserves	0.7%	0.7%	0.7%	0.8%	<p>Interpretation</p> <ul style="list-style-type: none"> The investment margin mostly comprises spread return on assets backing non unit-linked-policyholder reserves. The discretionary policyholder allocation in Germany is excluded from the KPI to allow better comparability. <p>Development</p> <ul style="list-style-type: none"> Spread compression between asset returns and allocations to policyholders in Europe and North America has been negatively impacting the investment margin over the last few years. <p>Sensitivities</p> <ul style="list-style-type: none"> Mainly to asset returns vs. guarantee levels.
Operating costs Total reserves	0.8%	0.9%	0.8%	1.0%	<p>Interpretation</p> <ul style="list-style-type: none"> Useful for assessing historic trends within a region rather than comparability between regions due to varying product mix driving different levels of reserves. <p>Development</p> <ul style="list-style-type: none"> Regions with a high savings element in reserves will have a lower KPI, whilst regions which are biased towards protection contracts (with relatively lower reserves) will have a higher KPI. Start-up operations will have higher costs compared with mature operations. <p>Sensitivities</p> <ul style="list-style-type: none"> Product mix, absolute operating costs and the maturity of the business.
Acquisition costs APE	77%	69%	69%	72%	<p>Interpretation</p> <ul style="list-style-type: none"> Acquisition costs as a % of APE is a measure of the cost to acquire business. <p>Development</p> <ul style="list-style-type: none"> The overall ratio has been reducing in H2 2014 and H1 2015 following the seasonal growth in CLP, which typically has lower acquisition costs and higher APE than products such as retail protection. <p>Sensitivities</p> <ul style="list-style-type: none"> Mainly to business mix changes & related acquisition costs.

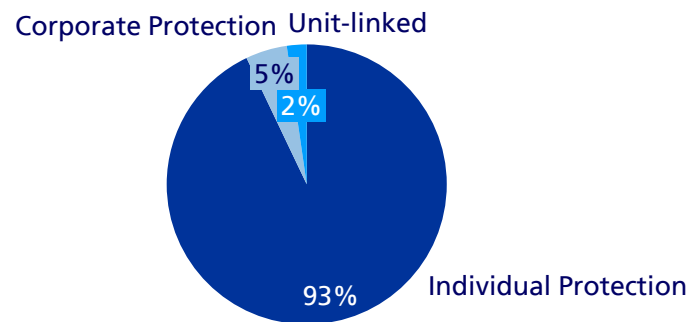
Analysis by region

North America

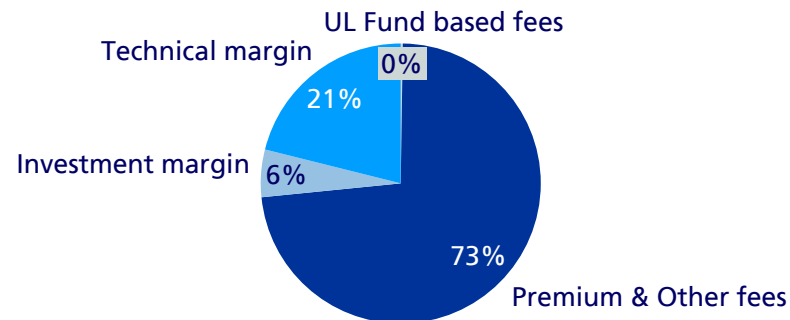


NEW BUSINESS SALES & EARNINGS¹

New business value product split



Source of earnings by revenue margin



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¹ FY-15 figures used in the new business value and sources of earnings charts.

ADJUSTED KPIs & OVERVIEW

KPIs	2014	2015	As a % of
UL fund based fees	0.1%	0.1%	Average UL AuM
Other loadings	26%	28%	GWP & Deposits
Investment margin	0.8%	0.5%	Average NL reserves
Operating costs	2.1%	2.0%	Average reserves
Acquisition costs	178%	176%	APE

- The Farmers New World Life (FNWL) business serving Farmers Agents is very mature and writes primarily protection products – simple protection and universal life where there is a savings component that funds risk and expense charges. This is split between premium & other fees and the technical margin.
- Along side FNWL we have a fast growing IFA business and are also developing our proposition in the Corporate market. As with FNWL, protection products are the main source of new business, although there are also small volumes of unit-linked business.

In the context of KPIs :

- UL fund based fees – small ratio as main source of earnings from protection components.
- Other loadings – as is typical of US protection products, universal life fees are based on deposit account balances rather than premium and therefore the ratio is not directly comparable with other regions such as Europe where fees are rather premium based.
- Investment margin – mainly reflecting returns on shareholder surplus, with a decrease in the KPI due to lower reinvestment yields.
- Operating costs – KPI substantially flat.
- Acquisition costs – Lower acquisition costs due to lower APE with a marginal KPI improvement due to business mix effects

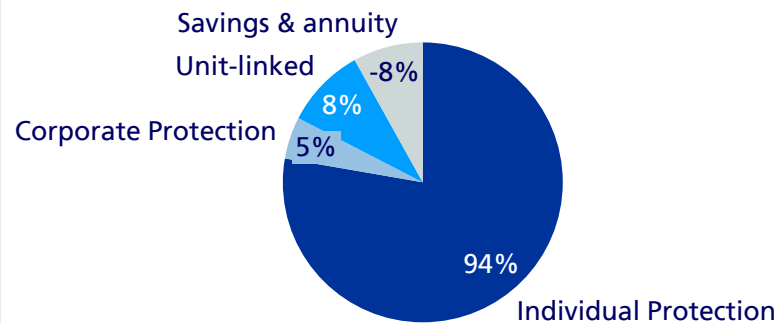
Analysis by region

Latin America

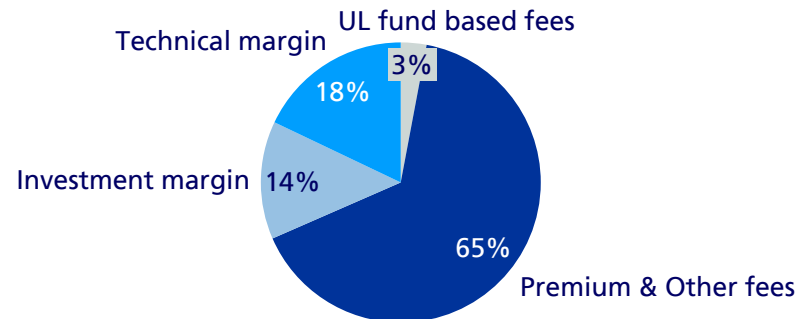


NEW BUSINESS SALES & EARNINGS¹

New business value product split



Source of earnings by revenue margin



ADJUSTED KPIs & OVERVIEW

KPIs	2014	2015	As a % of
UL fund based fees	0.6%	0.6%	Average UL AuM
Other loadings	27%	28%	GWP & Deposits
Investment margin	3.2%	3.8%	Average NL reserves
Operating costs	2.7%	2.7%	Average reserves
Acquisition costs	102%	98%	APE

- Zurich Santander is a fast growing but established business writing primarily protection products with some unit linked business in Brazil. Our other operations in Latin America are at different stages of development and also focus mainly on protection business (including Corporate/Affinity schemes) and to a lesser extent unit linked business.

In the context of KPIs :

- UL fund based fees – KPI in line with average and remained stable, in spite of a slight reduction in fees on UL business in Zurich Santander.
- Other loadings – high ratio due to expense loading covering higher acquisition costs in the region.
- Investment margin – higher asset yields in LatAm and positive FX movements lead to highest KPI versus other regions.
- Operating costs – relatively high costs for the developing Latin American operations.
- Acquisition costs – higher commission rates from the strong focus on protection lead to a relatively high ratio. The inclusion of business combination costs for Zurich Santander also creates some volatility. The lower KPI is driven by business mix.

¹ FY-15 figures used in the new business value and sources of earnings charts.

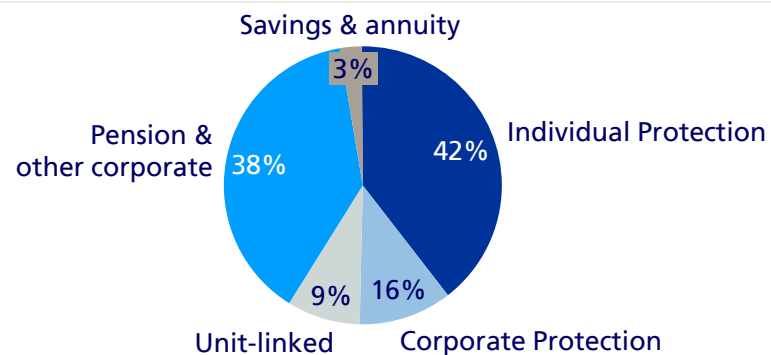
Analysis by region

EMEA

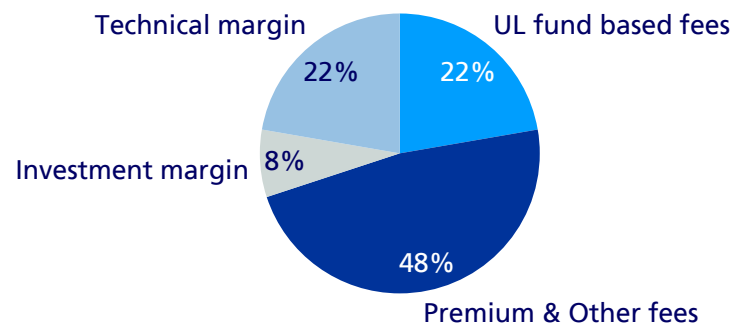


NEW BUSINESS SALES & EARNINGS¹

New business value product split



Source of earnings by revenue margin



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¹ FY-15 figures used in the new business value and sources of earnings charts.

ADJUSTED KPIs & OVERVIEW

KPIs	2014	2015	As a % of
UL fund based fees	0.7%	0.6%	Average UL AuM
Other loadings	8%	8%	GWP & Deposits
Investment margin	0.6%	0.5%	Average NL reserves
Operating costs	0.6%	0.6%	Average reserves
Acquisition costs	52%	49%	APE

- Approximately two thirds of the total BOP generation is from the three largest in-force balance sheets in UK, Switzerland and Germany. The UK has significant UL AuM and is growing fast in CLP (protection & pension). It also sells retail protection and UL new business through IFA/Brokers. Germany and Switzerland have a large in-force traditional product base, whereas new business is focused on UL components for savings. Zurich International Life and Ireland focus on UL and protection contracts while Spain writes protection business with some volume increases from individual savings contracts.

In the context of KPIs :

- UL fund based fees – stable over the short term, but expected to reduce over the long term due to increased Corporate weighting and pressure on retail margins.
- Other loadings – dominated by premium based fees in continental European countries. Fees increase driven by higher volumes, leaving the KPI flat.
- Investment margin – large traditional books with high policyholder participation lead to lower than average KPI s compared with other regions. The low yield environment continues to put spreads under pressure in continental Europe.
- Operating costs – high level of both traditional and unit-linked savings reserves lead to the lowest level of this KPI compared with other regions.
- Acquisition costs – influenced by UK market where commissions are not paid on retail and corporate savings, reducing the average for this KPI.

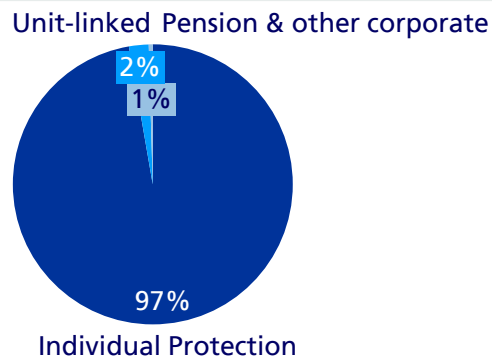
Analysis by region

APAC

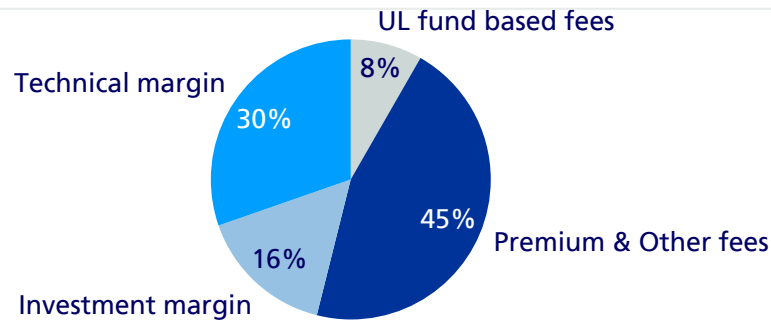


NEW BUSINESS SALES & EARNINGS¹

New business value product split



Source of earnings by revenue margin



ADJUSTED KPIs & OVERVIEW

KPIs	2014	2015	As a % of
UL fund based fees	0.9%	0.7%	Average UL AuM
Other loadings	16%	18%	GWP & Deposits
Investment margin	2.1%	1.8%	Average NL reserves
Operating costs	3.3%	3.7%	Average reserves
Acquisition costs	152%	159%	APE

- The largest Life business unit in this region is the domestic Australian business unit with new business being primarily protection. HK is closed to new business but is generating a healthy BOP result from the in-force book. Growth in the region is fuelled by Japan, writing protection products, and there are also smaller developing operations.

In the context of KPIs :

- UL fund based fees – slightly lower margins in Australia impact the KPI.
- Other loadings – lower premium based fees lead to a lower KPI when compared with other regions. The year-on-year increase is due to volume growth in Japan.
- Investment margin – comparatively high compared with the average, reflecting higher yield environment in certain APAC countries.
- Operating costs – start-up operations lead to a higher than average KPI due to scale and investing in building the business. The KPI increased following high growth in Japan which led to an increase in Operating costs.
- Acquisition costs – relatively high commissions payable on average and protection growth in Japan.

¹ FY-15 figures used in the new business value and sources of earnings charts.

Analysis by region

Other



NEW BUSINESS SALES & EARNINGS¹

OVERVIEW



Other region mirrors the segmental reporting in the Group Annual Report. Global Life manages its business through four main regions and the residual “Other” region includes business units that do not fall within the management responsibility of those regions. The three main units contributing to the Other result are:

- International Group Risk Solutions which writes high margin group risk protection and pooling business.
- The expense result from the Global Life Central team which is net of recharges out to the Global Life business units. The core expenses are relatively stable, however there can be more variation in the level and timing of recharges, which net out in total across all regions, but can create volatility in Other region. 2014 included additional costs related to development of the in-force strategy, corporate business expansion and a write-off of software intangibles.
- A distribution company in the UK where commission received from non Zurich Insurance Group manufacturers is included in Premium & Other fees.

Due to the very different natures of the businesses included in Other region the KPIs are not meaningful and are therefore not presented.

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¹ FY-15 figures used in the new business value and sources of earnings charts.

Appendix



Historical margins & KPIs

Highlighting distorting impacts



MARGIN HISTORY (USDm)

Business Operating Profit	H1-14	H2-14	H1-15	H2-15
UL fund based fees	438	449	406	431
Premium & Other loadings	1,654	1,760	1,558	1,548
Investment margin	280	263	226	254
Technical margin	560	652	664	671
Operating costs	-877	-1,018	-857	-990
Acquisition costs	-1,584	-1,751	-1,506	-1,481
Impact of deferrals	163	284	182	194
Total BOP	634	639	673	627

IMPACTS (USDm)

H1-14 ¹	H2-14	H1-15 ²	H2-15 ³
0	0	0	0
10	0	0	0
-1	0	-24	35
84	0	-31	-72
-46	0	0	0
-32	0	0	0
4	0	0	0
19	0	-55	-36

ADJ. MARGIN (USDm)

H1-14	H2-14	H1-15	H2-14
438	449	406	431
1'663	1'760	1'558	1'548
279	263	203	289
644	652	632	599
-923	-1'018	-857	-990
-1'615	-1'751	-1'506	-1'481
166	284	182	194
652	639	618	591

KPIs	H1-14	H2-14	H1-15	H2-15
UL fund based fees	0.7%	0.7%	0.6%	0.7%
Other loadings	13%	11%	12%	12%
Investment margin ⁴	0.7%	0.7%	0.7%	0.7%
Operating costs	0.8%	0.9%	0.8%	1.0%
Acquisition costs	76%	69%	69%	72%

H1-14	H2-14	H1-15	H2-15
0.7%	0.7%	0.6%	0.7%
13%	11%	12%	12%
0.7%	0.7%	0.7%	0.8%
0.8%	0.9%	0.8%	1.0%
77%	69%	69%	72%

¹ H1 2014 – Technical margin includes impacts from a transfer of annuity portfolio to Non-Core Business segment and a German law change (“LVRG”). Operating costs includes a positive policyholder tax item in the UK and an IAS 19 pension charge benefit in Switzerland, partly offset by software impairments in North America and Other Region. Actuarial model changes in Germany positively impacted acquisition costs and technical margin.

² H1 2015 – Investment margin includes negative impacts stemming from the SNB actions related to the Swiss Franc and the positive effect from a review of terminal bonus reserves in Germany. Technical margin includes distorting impacts related to the settlement of prior years items arising in current year.

³ H2 2015 – Technical and investment margin include the net positive impact from in-force management initiatives in Switzerland.

⁴ Adjusted for the impact of Germany discretionary dividends.

Total margins by region

As reported and adjusted for distorting impacts



USDm	As reported			Adjusted		
Total Global Life	2014	2015	Delta	2014	2015	Delta
UL fund based fees	886	837	-6%	886	837	-6%
Premium & Other loadings	3,414	3,106	-9%	3,423	3,106	-9%
Investment margin	544	480	-12%	542	492	-9%
Technical margin	1,212	1,334	10%	1,296	1,232	-5%
Operating costs	-1,895	-1,847	3%	-1,941	-1,847	5%
Acquisition costs	-3,335	-2,988	10%	-3,366	-2,988	11%
Impact of deferrals	447	376	-16%	451	376	-16%
Total BOP	1,273	1,300	2%	1,291	1,209	-6%
North America	2014	2015	Delta	2014	2015	Delta
UL fund based fees	1	1	11%	1	1	11%
Premium & Other loadings	377	392	4%	377	392	4%
Investment margin	44	30	-31%	44	30	-31%
Technical margin	67	113	68%	124	113	-9%
Operating costs	-150	-134	10%	-139	-134	3%
Acquisition costs	-372	-314	15%	-372	-314	15%
Impact of deferrals	173	90	-48%	173	90	-48%
Total BOP	141	178	26%	208	178	-14%
Latin America	2014	2015	Delta	2014	2015	Delta
UL fund based fees	32	30	-6%	32	30	-6%
Premium & Other loadings	812	648	-20%	812	648	-20%
Investment margin	130	135	4%	130	135	4%
Technical margin	242	179	-26%	242	179	-26%
Operating costs	-256	-230	10%	-256	-230	10%
Acquisition costs	-755	-586	22%	-755	-586	22%
Impact of deferrals	17	19	10%	17	19	10%
Total BOP	222	195	-12%	222	195	-12%

USDm	As reported			Adjusted		
EMEA	2014	2015	Delta	2014	2015	Delta
UL fund based fees	813	758	-7%	813	758	-7%
Premium & Other loadings	1,819	1,643	-10%	1,829	1,643	-10%
Investment margin	302	255	-16%	300	266	-11%
Technical margin	734	871	19%	762	758	-1%
Operating costs	-1,149	-1,167	-2%	-1,219	-1,167	4%
Acquisition costs	-1,794	-1,591	11%	-1,825	-1,591	13%
Impact of deferrals	191	123	-35%	195	123	-37%
Total BOP	917	892	-3%	855	790	-8%
APAC	2014	2015	Delta	2014	2015	Delta
UL fund based fees	40	27	-33%	40	27	-33%
Premium & Other loadings	142	145	2%	142	145	2%
Investment margin	62	51	-18%	62	51	-18%
Technical margin	97	87	-10%	97	97	0%
Operating costs	-165	-164	0%	-165	-164	0%
Acquisition costs	-190	-246	-30%	-190	-246	-30%
Impact of deferrals	66	144	119%	66	144	119%
Total BOP	52	43	-18%	52	53	2%
Other	2014	2015	Delta	2014	2015	Delta
UL fund based fees	0	21	0%	0	21	0%
Premium & Other loadings	263	278	6%	263	278	6%
Investment margin	6	9	47%	6	9	47%
Technical margin	72	85	19%	72	85	19%
Operating costs	-176	-151	14%	-162	-151	7%
Acquisition costs	-224	-250	-11%	-224	-250	-11%
Impact of deferrals	0	0	0%	0	0	0%
Total BOP	-59	-8	87%	-46	-8	83%

Key performance indicators¹

Key financial data used in the calculations (net of minorities)



USDm

Total Global Life	H1-14	H2-14	H1-15	H2-15
Average total unit-linked AuM	131'326	131'844	130'291	129'296
Average total reserves	220'773	218'995	210'797	204'336
Average non-linked reserves	102'056	99'939	93'264	89'436
GWP & Deposits	13'120	16'001	13'480	12'470
APE	2'096	2'536	2'173	2'048

North America	H1-14	H2-14	H1-15	H2-15
Average total unit-linked AuM	782	928	1,077	1,197
Average total reserves	6,492	6,520	6,749	6,930
Average non-linked reserves	5,710	5,592	5,673	5,733
GWP & Deposits	743	727	689	729
APE	104	104	88	91

Latin America	H1-14	H2-14	H1-15	H2-15
Average total unit-linked AuM	5,651	5,789	5,453	4,946
Average total reserves	9,941	9,891	9,083	8,266
Average non-linked reserves	4,287	4,099	3,625	3,311
GWP & Deposits	1,533	1,502	1,185	1,124
APE	396	342	305	290

USDM

EMEA	H1-14	H2-14	H1-15	H2-15
Average total unit-linked AuM	120,040	120,534	119,477	118,369
Average total reserves	198,738	197,155	189,875	184,463
Average non-linked reserves	88,605	86,844	80,724	77,341
GWP & Deposits	10,275	13,271	11,048	10,180
APE	1,504	1,999	1,675	1,560

APAC	H1-14	H2-14	H1-15	H2-15
Average total unit-linked AuM	4,853	4,593	4,284	3,921
Average total reserves	5,256	5,068	4,728	4,344
Average non-linked reserves	3,108	3,043	2,882	2,716
GWP & Deposits	445	424	397	401
APE	61	64	72	83

Other	H1-14	H2-14	H1-15	H2-15
Average total unit-linked AuM	0	0	0	863
Average total reserves	346	361	361	333
Average non-linked reserves	346	361	361	333
GWP & Deposits	195	88	220	68
APE	31	26	34	24

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¹ Figures above have been adjusted to remove the effective minority interests in the total for Zurich Santander and Banco Sabadell.

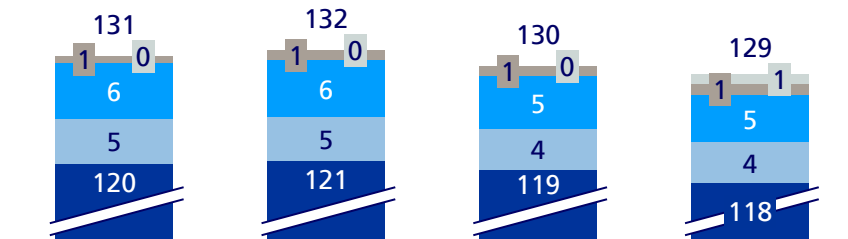
Key performance indicators

Key financial data used in the calculations (net of minorities)

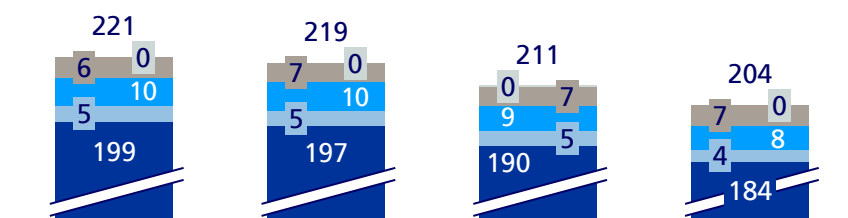


USDBN

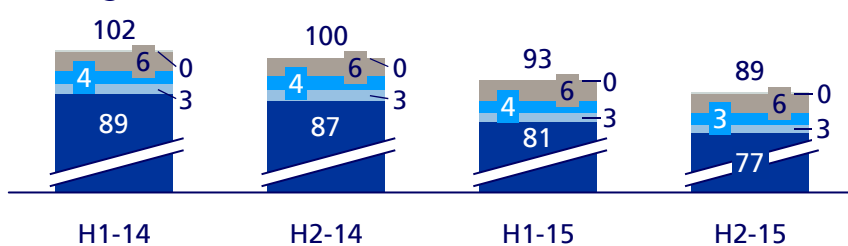
Average unit-linked AuM



Average total reserves

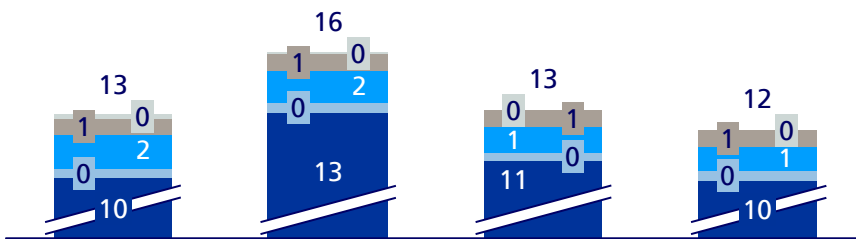


Average non-linked reserves

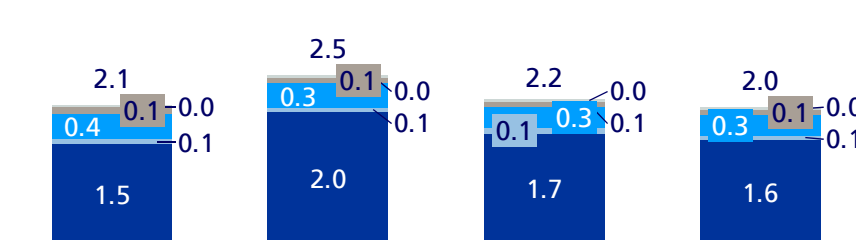


USDBN

GWP & Deposits



APE



H1 2014

H2 2014

H1 2015

H2 2015

- Other
- North America
- Latin America
- APME
- Europe

Movements from 2014 to 2015

Commentary on key variances



ADJUSTED MARGIN MOVEMENTS

Business Operating Profit ¹	2014	2015	Change
UL fund based fees	886	837	-6%
Premium & Other loadings	3,423	3,106	-9%
Investment margin	542	492	-9%
Technical margin	1,296	1,232	-5%
Operating costs	-1,941	-1,847	-5%
Acquisition costs	-3,366	-2,988	-11%
Impact of deferrals	451	376	-16%
Total BOP excluding impacts	1,291	1,209	-6%

KPIs	2014	2015	Change ²
UL fund based fees	0.7%	0.7%	-0.04
Other loadings	12%	12%	0.21
Investment margin ³	0.7%	0.7%	-0.01
Operating costs	0.9%	0.9%	-0.01
Acquisition costs	73%	71%	-1.90

¹ BOP and margin values are as reported and exclude distorting impacts (see Slide 15, footnotes 1-3).

² Change in percentage points.

³ Adjusted for the impact of Germany discretionary dividends.

COMMENTARY

The weakening of Latin American and European currencies against the U.S. dollar compared with 2014 had a significant impact on the reported results, hence the following commentary focus on variances at constant FX

UL fund based fees

- 7% growth in fund based fees in local currency driven by growth in UL AuM in EMEA, particularly in Ireland.

Premium & Other loadings

- 5% growth in local currency across all regions, mostly driven by growing sales.

Investment margin

- 6% local currency increase driven by improving margin and positive FX movements in Latin America, partly offset by the effect of persistently low yields in EMEA and North America.

Technical margin

- 7% increase in local currency reflects positive developments in most regions, except Latin America, which was impacted by the non-renewal of a material contract, and North America, due to adverse claims experience.

Operating costs

- Operating costs increased 7% in local currency over half of which related to investments in growth markets.

Acquisition costs

- Acquisition costs increase in local currency following volumes growth, though at a slower pace than APE reducing the KPI due to product mix EMEA, partly offset by an increase in APAC driven by protection growth in Japan.

Impact of deferrals

- Deferral impacts deteriorated 6% in local currency mainly reflecting business mix.

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