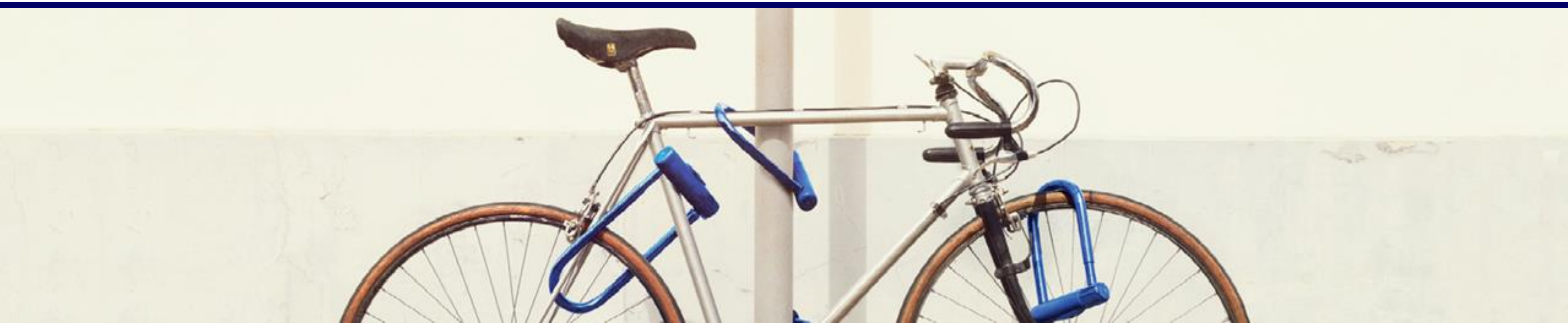
Annual results 2019 – Simple execution, higher ambition

Investor presentation
February 13, 2020

Zurich Insurance Group



Content

MAIN SECTION (use symbols to navigate through the document)

Other symbols

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APPENDIX (use symbols to navigate through the document)

2017-2019 targets exceeded

Execution	2017-2019 targets exceeded, best net income result of the last decade, simplified and more flexible operating model delivered
Group	BOP up 16% with BOPAT ROE of 14.2% driven by improved P&C performance
P&C	BOP up 38%, with improved accident year combined ratio ex-cat, favorable reserve development and investment result; improved top-line growth and pricing
Life	Like-for-like[1] BOP up 2%; focus on protection and capital efficient savings products positions business well for ongoing low yield environment
Farmers	BOP up 4%; steady and consistent growth at Farmers Exchanges[2]
Capital and dividend	Strong balance sheet with Z-ECM of 129%[3]; Proposed dividend increase of 5% to CHF 20

1 In local currency and after adjusting for closed acquisitions and disposals.
2 For all references to Farmers Exchanges see the disclaimer and cautionary statement.
3 FY-19 Z-ECM reflects midpoint estimate with an error margin of +/- 5ppts.

We have exceeded all our targets and created significant value for shareholders

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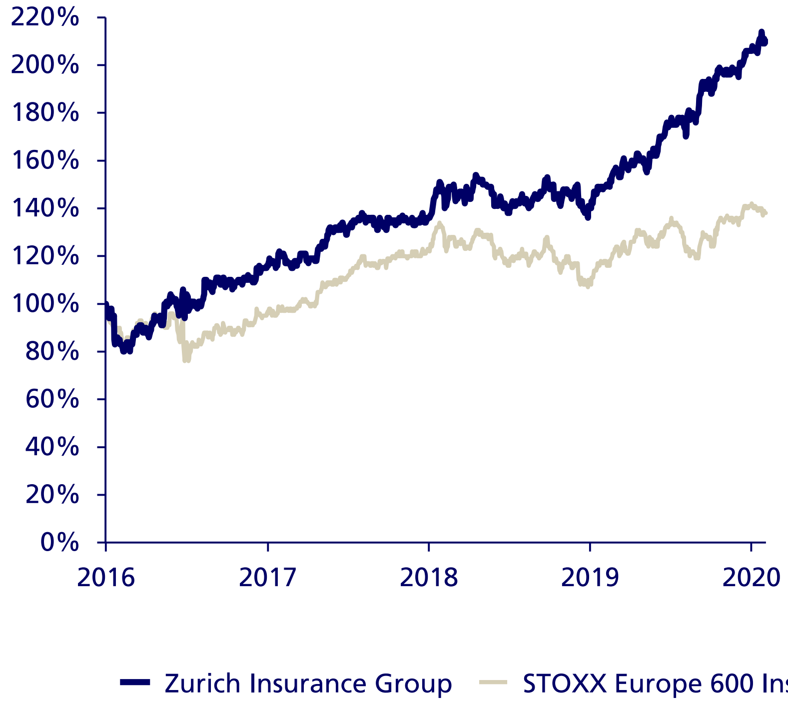
TOTAL SHAREHOLDER RETURN IN USD (SINCE JAN 1, 2016)[1]



	TOTAL (%)	CAGR (%)
Zurich Insurance Group	110%	20%
STOXX Europe 600 Insurance	38%	8%

2017 – 2019 TARGETS

	TARGET	FY-19	
BOPAT ROE	>12%	14.2%	✓
EXPENSE SAVINGS	USD 1.5bn	USD 1.6bn	✓
Z-ECM	100-120%	129%[2]	✓
CASH REMITTANCES	USD >9.5bn	USD 10.9bn	✓

1 Source: Datastream, as of February 3, 2020.
2 FY-19 Z-ECM reflects midpoint estimate with an error margin of +/- 5ppts.

Continued strong performance across all businesses

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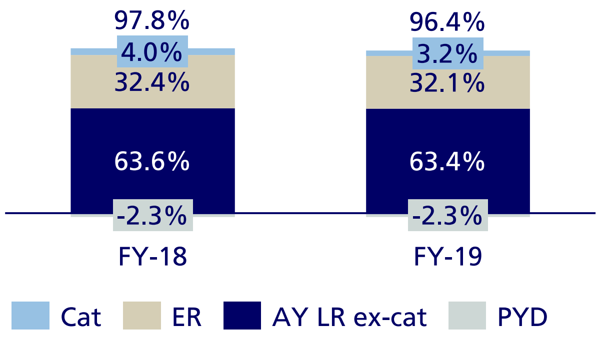
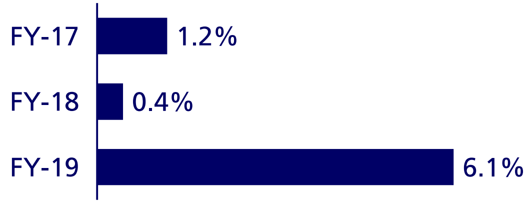
P&C

COMBINED RATIO (%)

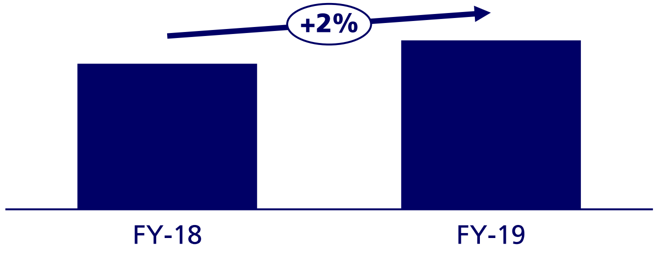


LIKE-FOR-LIKE GWP GROWTH (%)[1]

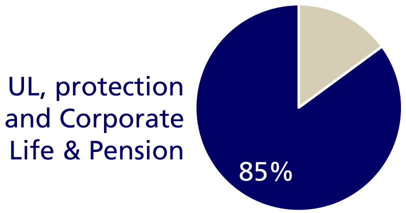


LIFE

LIKE-FOR-LIKE BOP GROWTH (%)[1]

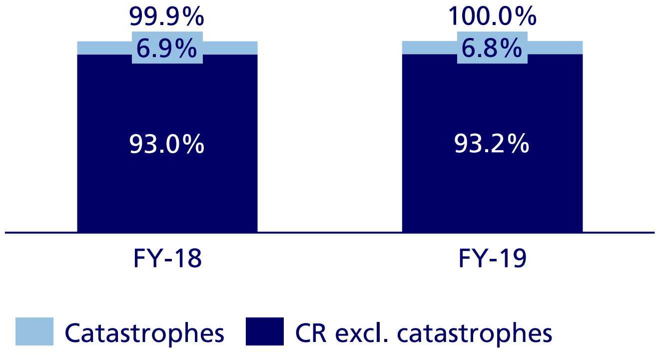


FY-19 APE SHARE OF NON-TRADITIONAL PRODUCTS

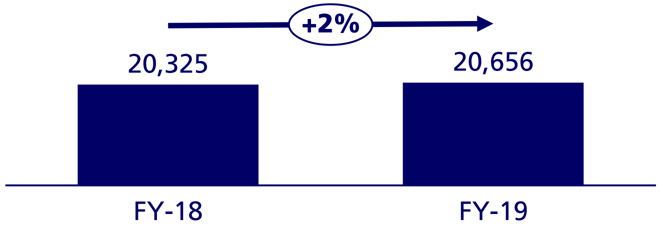


FARMERS EXCHANGES[2]

COMBINED RATIO (CR) (%)



GWP GROWTH (USDm)



1 In local currency and after adjusting for closed acquisitions and disposals.
2 For all references to Farmers Exchanges see the disclaimer and cautionary statement.

Continued execution on all strategic priorities

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STRENGTHENED CUSTOMER FOCUS

	NPS[1]	RETENTION[1]
FARMERS INSURANCE[2]	+2	0
	+3	+5
	n.m.[3]	+4
	-3	+3
	+5	-1
	+4	+1
	+13	-1

NEW DISTRIBUTION PARTNERSHIPS

ANZ
ALLIANCE BANK
autoSense
ADIRA FINANCE
Danamon
HAVAN .com.br
MediaMarkt
SATURN
TOKYO GAS
UBS

REALLOCATION OF CAPITAL

ACQUISITIONS

OnePath
ADIRA INSURANCE

DISPOSALS

Legacy liabilities
Life and P&C
Retail wealth

INNOVATIVE PROPOSITIONS

Cover-More

+25% Sales[1]

HomeFlix by Zurich Connect

LiveWell

Winner of Gold award – Efma Accenture Innovation in Insurance Awards

SUPPORTING A BETTER SOCIETY

BUSINESS AMBITION FOR 1.5°C

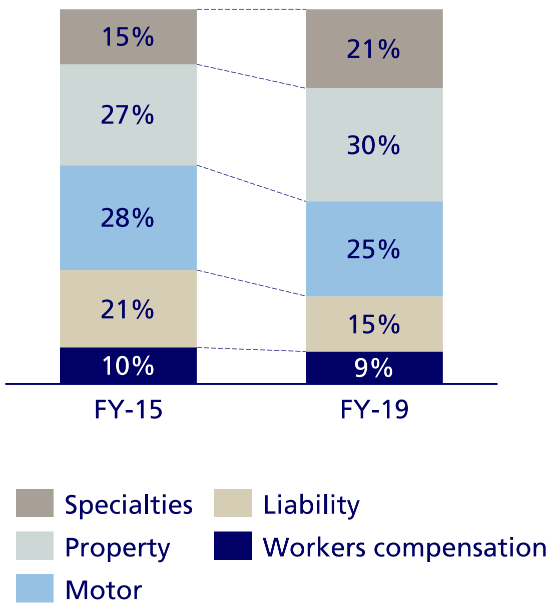
UNEP FINANCE INITIATIVE

PRI Principles for Responsible Investment

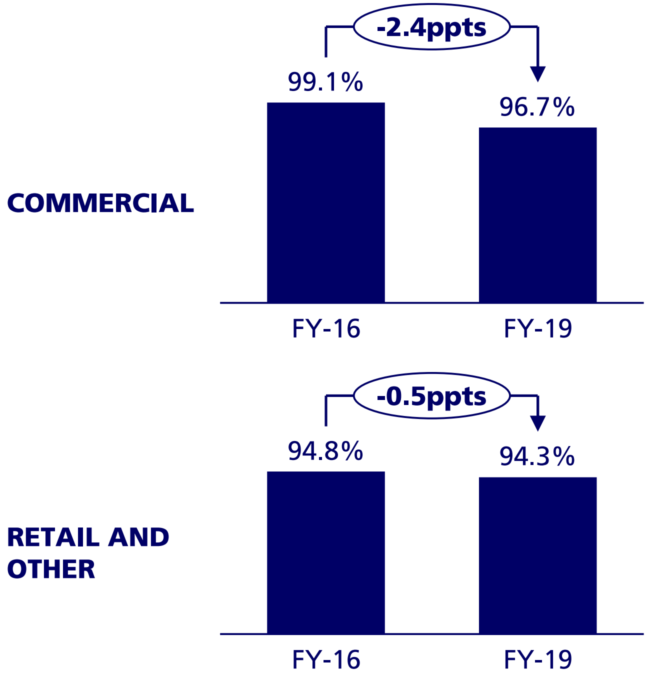
1 FY-19 vs FY-18.
2 For all references to Farmers Exchanges see the disclaimer and cautionary statement.
3 Comparison not meaningful as the program was partially suspended in 2018.

Improved P&C profitability and reduced volatility, with strong improvement in Commercial

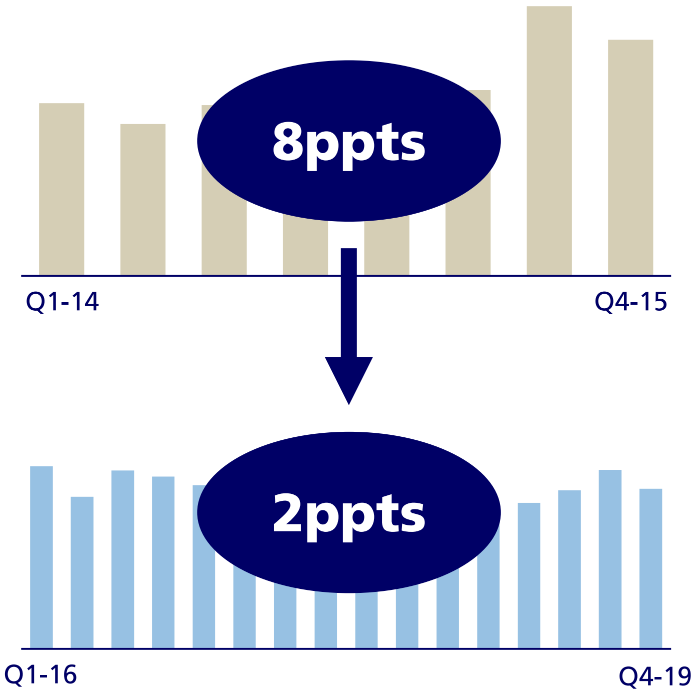
P&C BUSINESS MIX (% NEP)



AY COMBINED RATIO EXCLUDING CATASTROPHES (%)[1]



LARGE LOSS VOLATILITY (ppts)[2]



1 Accident year combined ratio excludes prior year reserve development (PYD). Catastrophes (Cat) include major and mid-sized catastrophes including significant weather-related events.

2 Volatility is measured as difference between lowest and highest ratio for the indicated period.

Our focus on protection business positions our life business well for ongoing low yields

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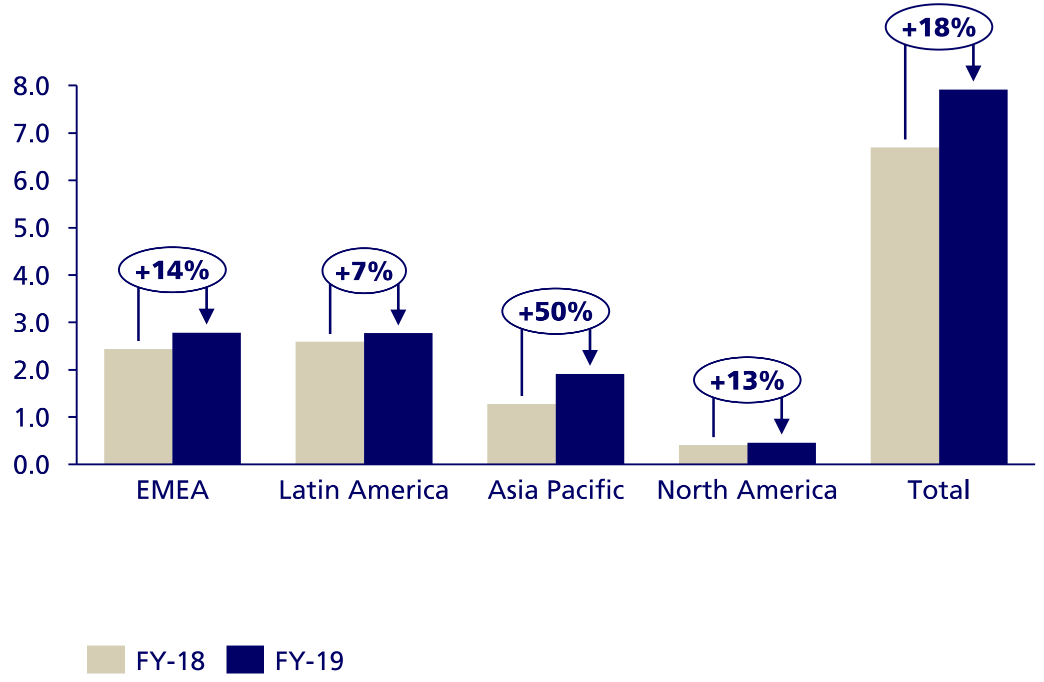
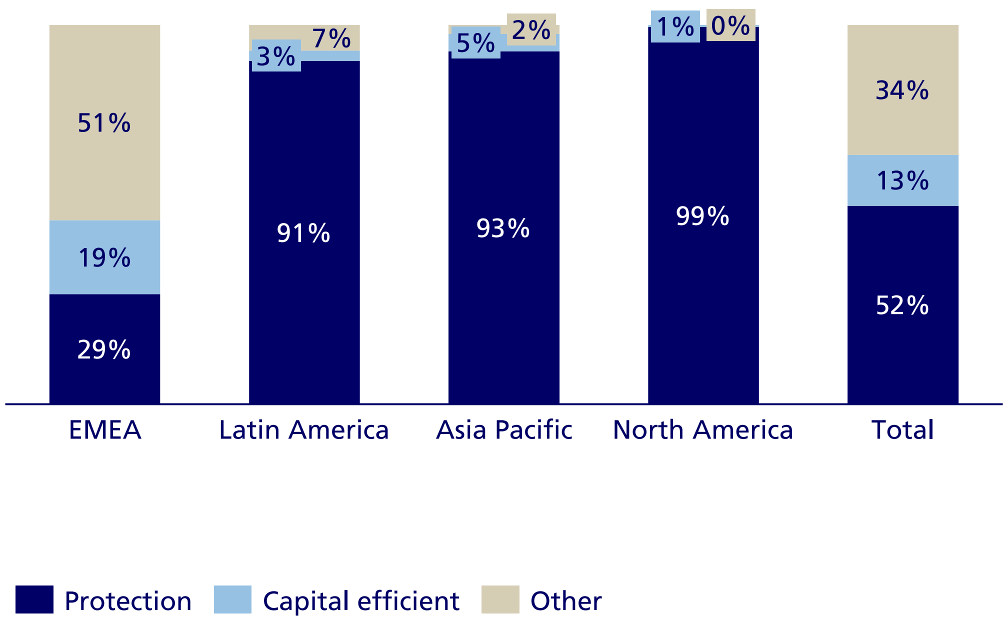
PROTECTION GWP (USDbn)



LIFE GWP SPLIT (%)

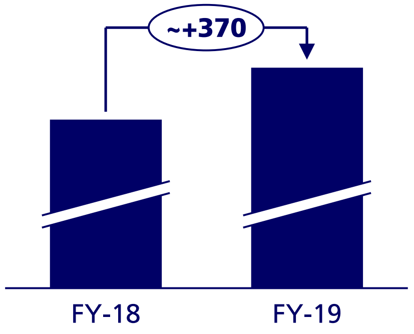


Consistent progress against key strategic priorities

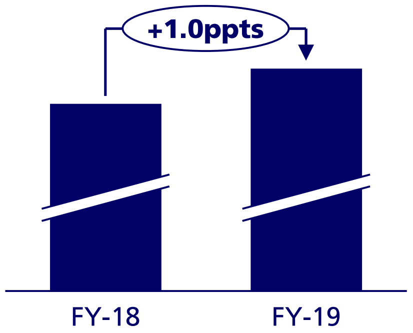
FARMERS INSURANCE

CUSTOMER FOCUS AND AGENT PRODUCTIVITY

CAPITALIZED AGENTS (number)



NEW BUSINESS HOUSEHOLDS PURCHASING A SECOND PRODUCT IN FIRST 30 DAYS (%)

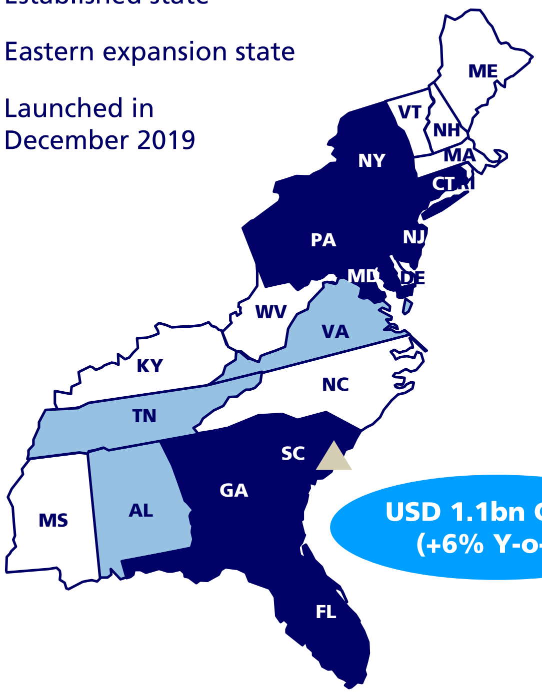


EASTERN EXPANSION

Established state

Eastern expansion state

Launched in December 2019



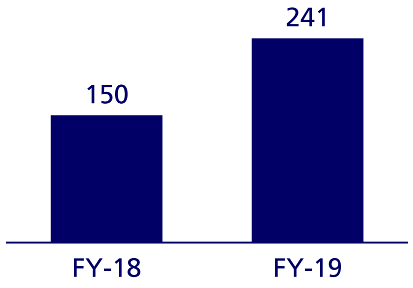
USD 1.1bn GWP[2] (+6% Y-o-Y)

INNOVATION

COMMERCIAL RIDESHARE & DELIVERY

	FY-18	FY-19
# OF STATES	2	15[3]

GWP (USDm)



Toggle A Farmers Company

~15,000 policies in-force

25 states

1 For all references to Farmers Exchanges see the disclaimer and cautionary statement.
2 Excluding commercial rideshare & delivery and discontinued operations.
3 Including the District of Columbia.

Simple execution, higher ambition

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ACHIEVEMENTS

SIMPLIFIED AND FLEXIBLE ORGANIZATION
- ✓ Delayered structure
- ✓ Simplified IT landscape
- ✓ Simplified products and services

IMPROVED EFFICIENCY
- ✓ Over-delivered on USD 1.5bn savings program
- ✓ Reduced corporate center expenses

STRENGTHENED BUSINESS AND CULTURE
- ✓ Strengthened position of our key countries
- ✓ Improved the Commercial profitability
- ✓ Built culture of customer focus and innovation
- ✓ Reinvigorated growth with low earnings volatility

2020 – 2022 AMBITION

	TARGET
BOPAT ROE[1]	>14%
CASH REMITTANCES	USD >11.5bn
Z-ECM	100-120%
EARNINGS PER SHARE GROWTH[2]	>5% p.a.

1 Business Operating Profit after tax return on equity, excluding unrealized gains and losses.
2 Before capital deployment.

FY-19 CFO update

Strong performance with Group BOP up 16%

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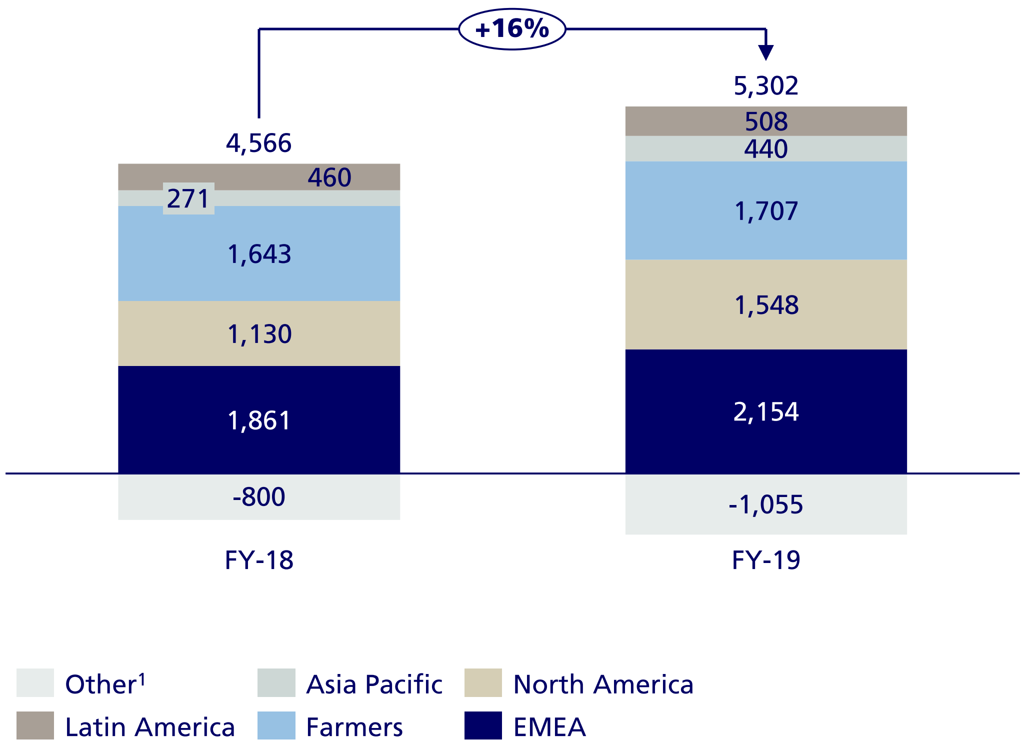
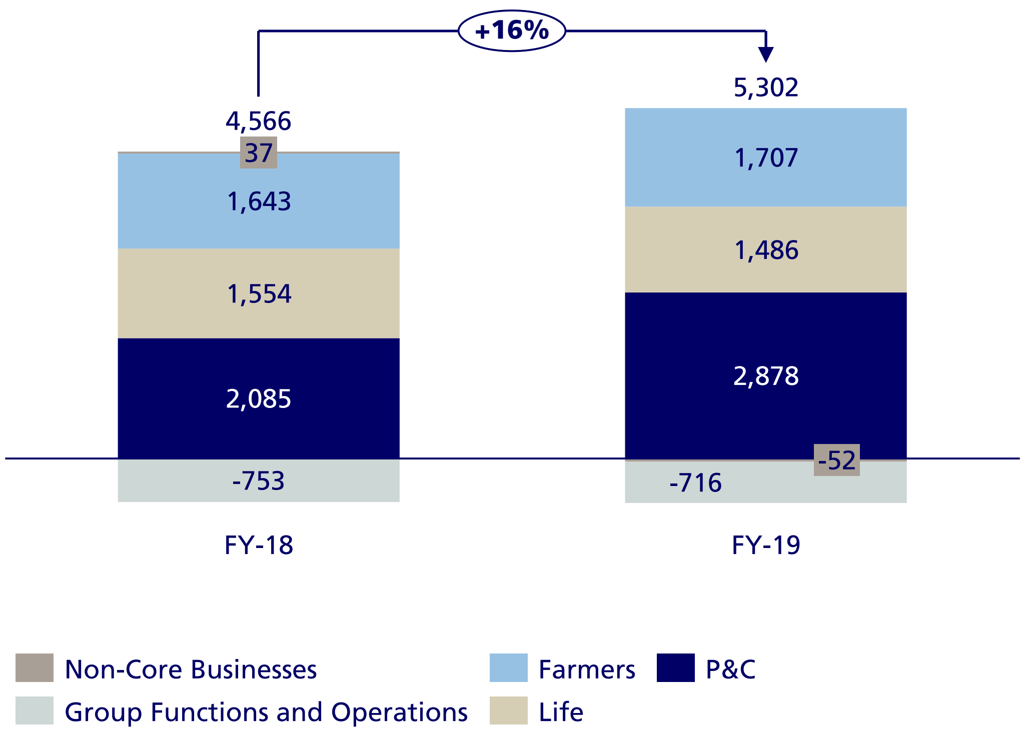
BOP BY REGION (USDm)



BOP BY BUSINESS (USDm)



1 Includes Group Functions and Operations, Non-Core Businesses and Group Reinsurance.

Best net income attributable to shareholders of the last decade

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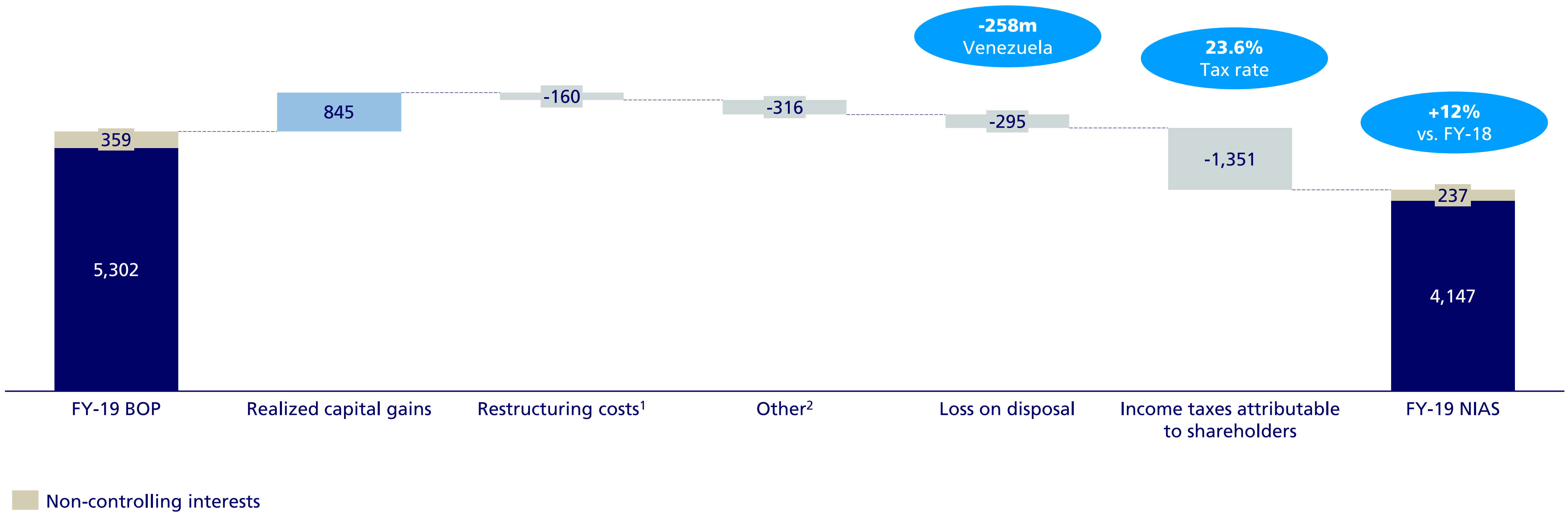
BOP TO NIAS WALK (USDm)



1 Restructuring costs include restructuring provisions and other restructuring charges.
2 Other adjustments in 2019 include charges related to implementation of IFRS17, business combination integration costs and monetary losses related to hyperinflation accounting in relation to the Group's operations in Argentina.

2020 outlook

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P&C	• Pricing expected to harden further in 2020 and to exceed loss cost inflation • Mid-single digit growth in NEP expected before FX movements • Investment income (excluding fair value gains) expected to decline modestly
Life	• Life BOP expected to grow in high single digits, including a full year of OnePath Life
Farmers	• Steady growth expected in Farmers Exchanges[1] GWP • Stable managed gross earned premium margin at Farmers Management Services
Other	• Group Functions and Operations loss expected to be around USD 750 – 800m • Restructuring and other costs expected to be around USD 250m • Effective tax rate expected to be around 24 – 25%

1 For all references to Farmers Exchanges see the disclaimer and cautionary statement.

Strong GWP growth and continued acceleration of rate increases particularly in North America

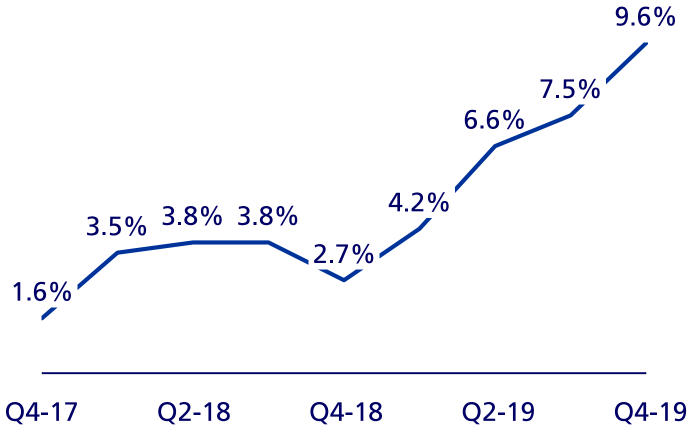
FY-19 TOPLINE DEVELOPMENT

	GWP (USDm)	Like-for-like GWP growth (%)[2]
EMEA	14,558	6%
North America	15,223	4%
APAC	3,030	7%
Latin America	2,871	23%
Total[3]	34,184	6%

RATE CHANGE (%)[1]

FY-19	Rate change outlook
2%	Hardening
7%	Q4 hardening to continue
4%	Slightly moderating
1%	Increasing
4%	Hardening

NORTH AMERICA RATE CHANGE (%)[1]



1 GWP development due to premium rate change as a percentage of the renewed portfolio (excl. the crop business) against the comparable prior year period.
2 In local currency and after adjusting for closed acquisitions and disposals.
3 Total includes Group Reinsurance and Eliminations.

Strong performance in P&C driven by improved underwriting result and positive investment performance

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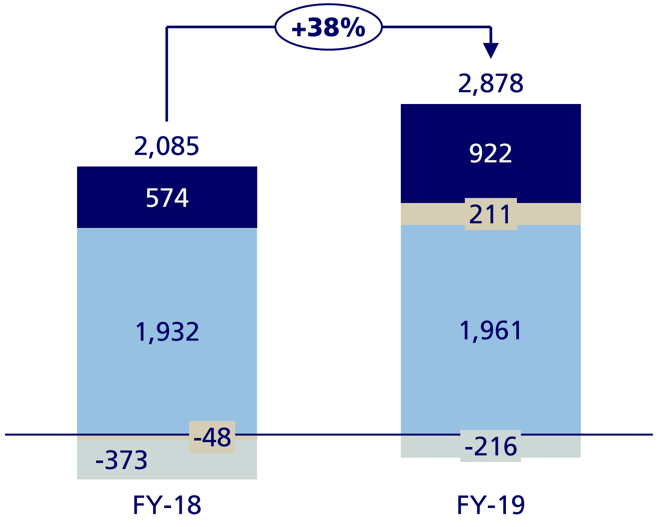
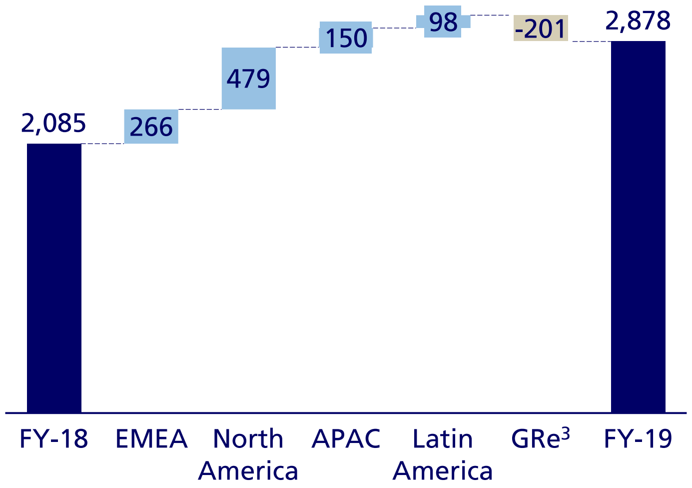
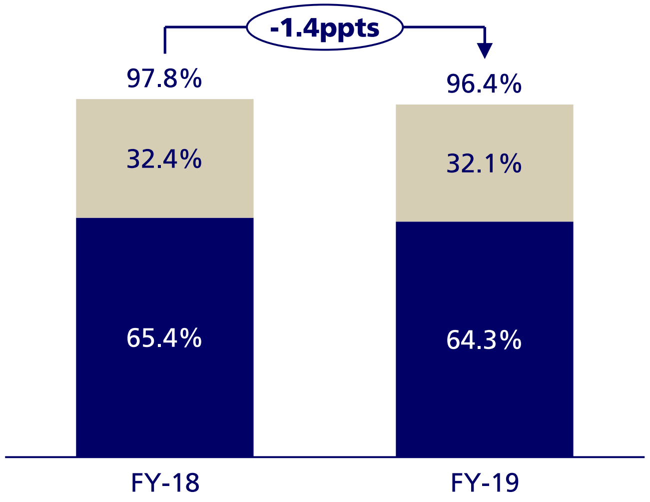
BOP BREAK DOWN (USDm)



BOP CHANGE BY SEGMENT (USDm)



COMBINED RATIO (%)



1 Includes non-technical result and non-controlling interest.
2 Expense ratio includes premium tax and levies (1.6% for FY-19).
3 Group Reinsurance.

Lower accident year loss ratio and reduced other underwriting expense ratio drive improvement

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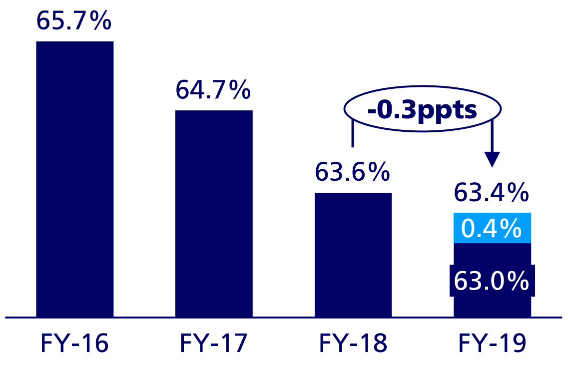
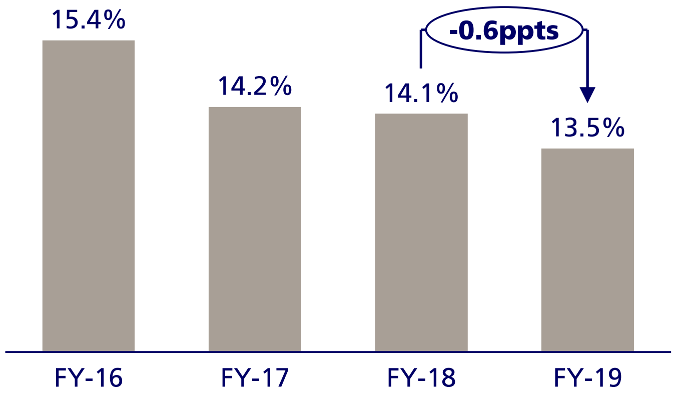
AY LOSS RATIO EXCLUDING CATASTROPHES (%)[1]



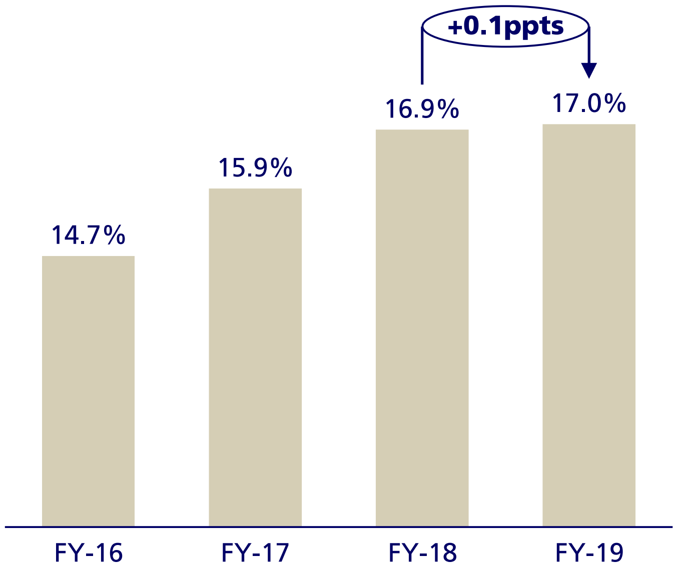
	FY-16	FY-17	FY-18	FY-19
Cat[1]	2.6%	5.8%	4.0%	3.2%
PYD[1]	-1.8%	-1.4%	-2.3%	-2.3%

Crop impact[2]

OTHER UNDERWRITING EXPENSE (OUE) RATIO (%)[3]



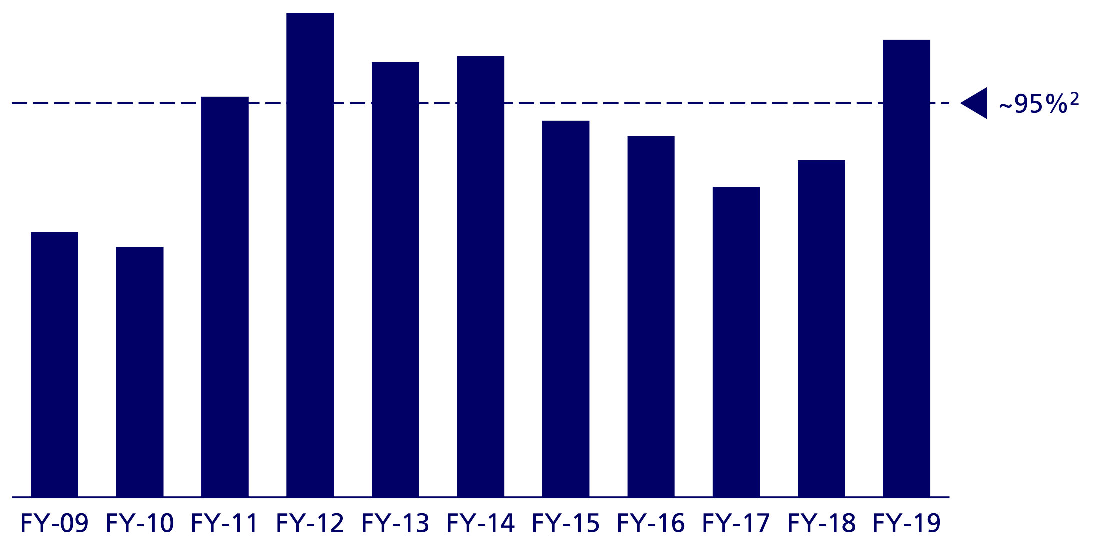
COMMISSION RATIO (%)[3]



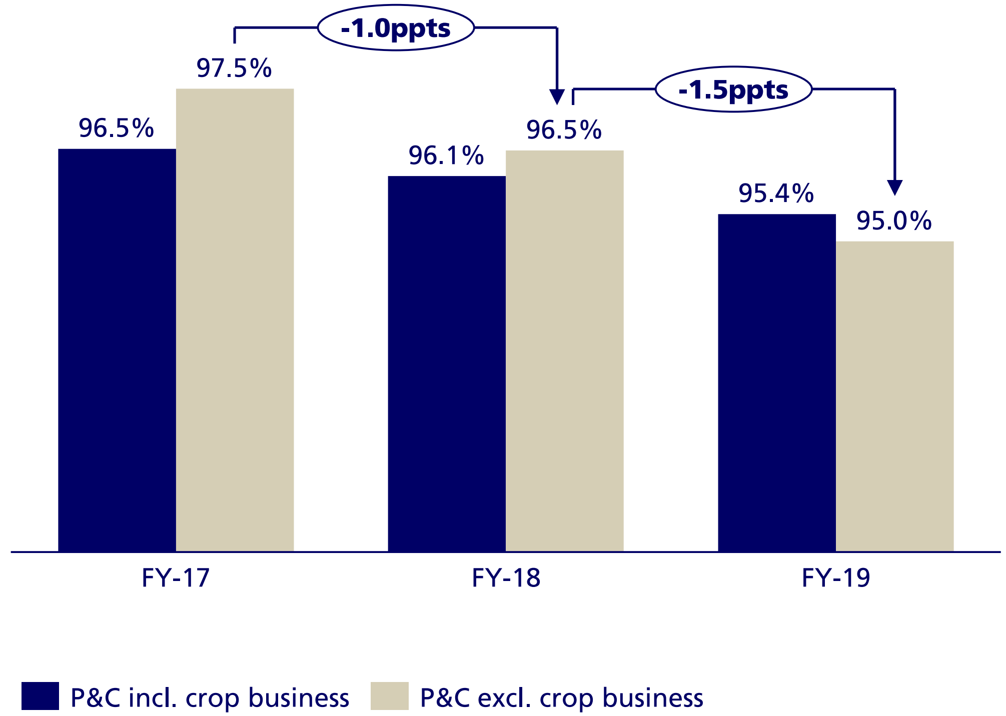
1 Accident year loss ratio (AY LR) excludes prior year reserve development (PYD). Catastrophes (Cat) include major and mid-sized catastrophes including significant weather-related events.
2 Crop impact reflects difference to a normalized combined ratio for the crop business in North America. Additionally, catastrophes loss ratio includes a 0.2 percentage points impact from the challenging year for the crop business.
3 Excludes premium tax and levies.

Excluding elevated crop losses, P&C showed further strong improvement in the accident year combined ratio ex-cat

COMBINED RATIO CROP BUSINESS IN NORTH AMERICA (%)[1]



P&C AY COMBINED RATIO EXCLUDING CATASTROPHES (%)



1 Based on RCIS gross of any third-party commercial quota share reinsurance.
2 Expectation of a normalized combined ratio for the crop business in North America.

Improvement in underlying combined ratio across all regions, with particularly strong improvement in Commercial

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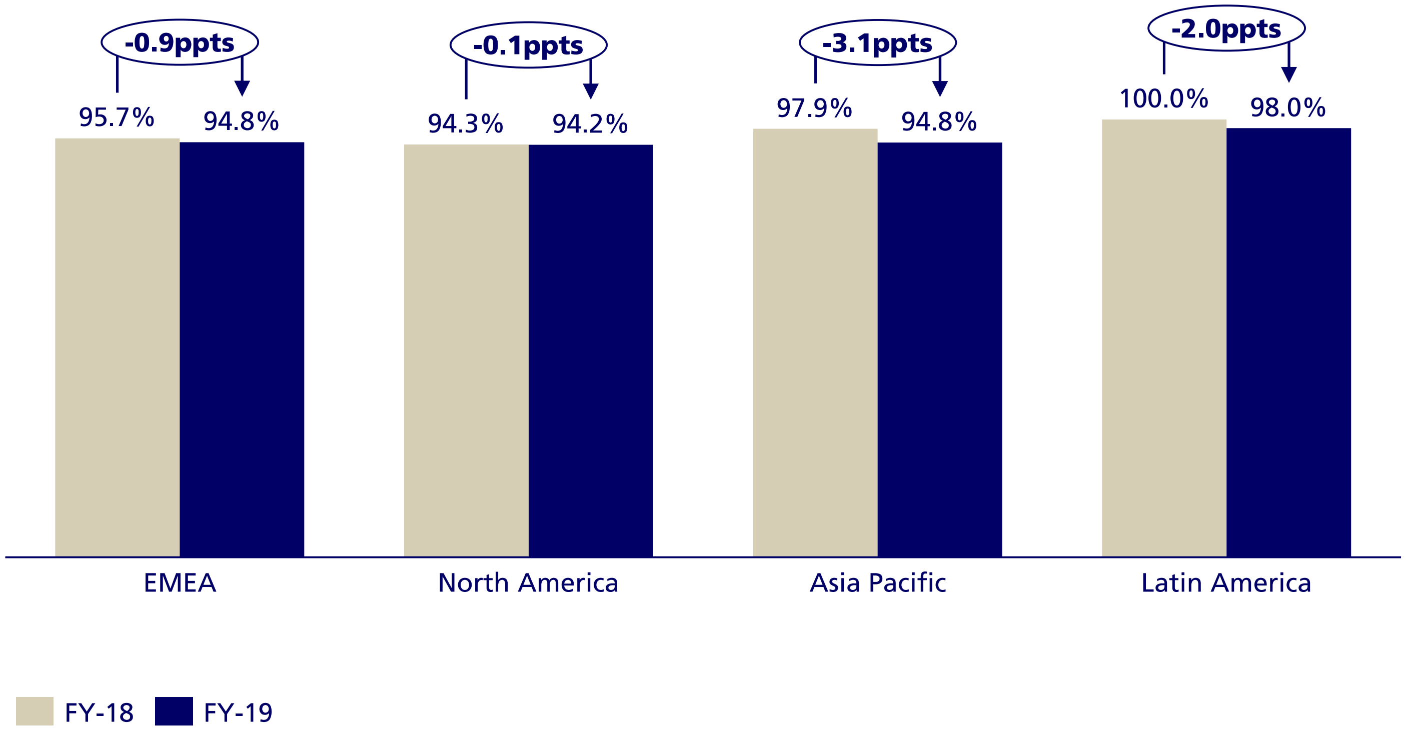
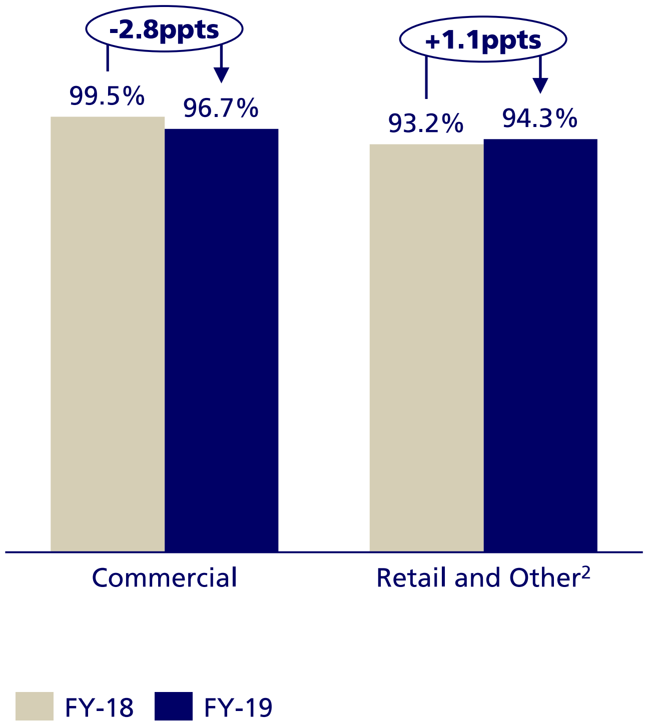
AY COMBINED RATIO (CR) EXCLUDING CATASTROPHES BY SEGMENT (%)[1]



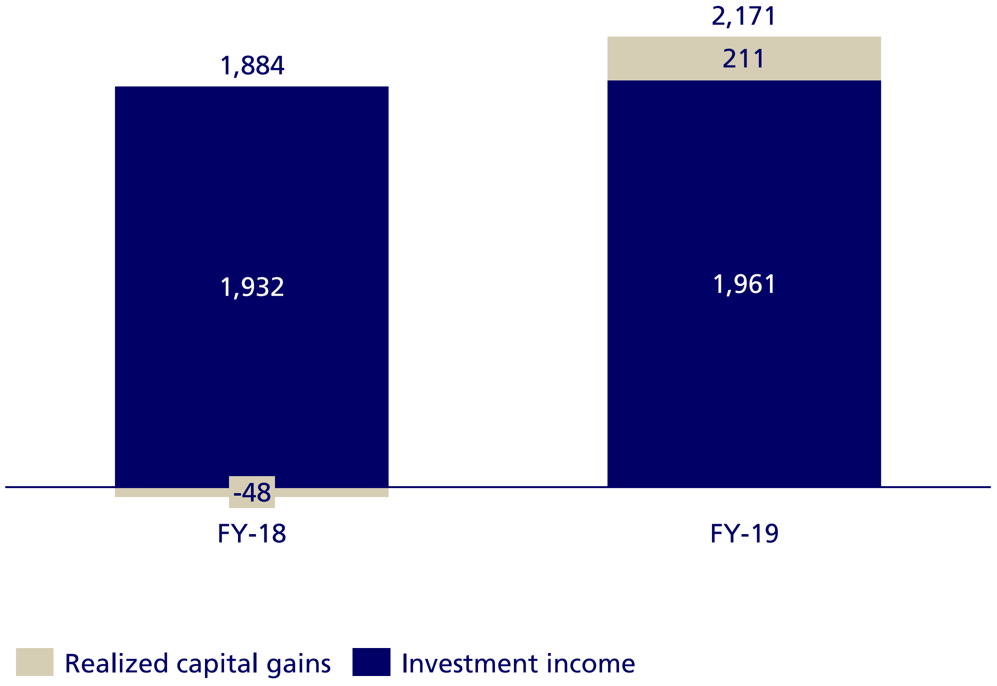
AY CR EXCL. CATASTROPHES BY CUSTOMER UNIT (%)[1]



1 Excludes Group Reinsurance and Eliminations.
2 Other includes small & medium enterprises, direct market and other program business.

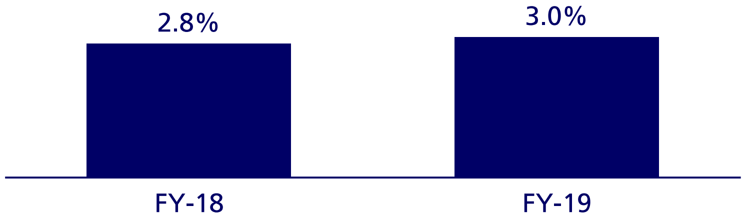
Positive investment performance with an improved running yield

INVESTMENT RESULT IN BOP (USDm)

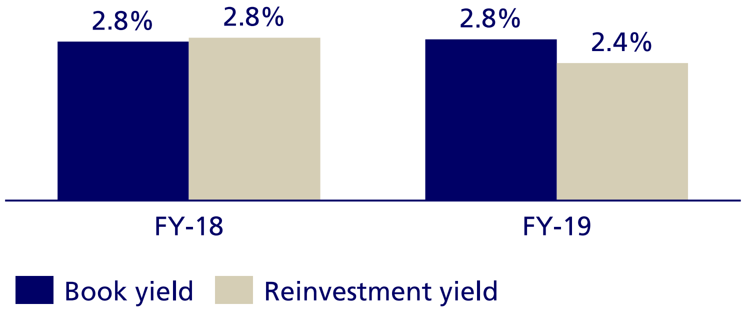


INVESTMENT INCOME YIELD

INVESTMENT INCOME YIELD OF GROUP INVESTMENTS (%)[1]



BOOK & REINVESTMENT YIELD OF DEBT SECURITIES (%)[2]



1 Net of investment expenses, investment income yield calculated based on average Group Investments (accounting view).
2 Book yield calculated as weighted-average portfolio yield of debt securities during the period on an annual basis, 2018 figures have been restated. Reinvestment yield calculated as a weighted-average trade yield of purchased debt securities with maturity >90 days during the period on an annual basis.

Continued strong underlying life performance

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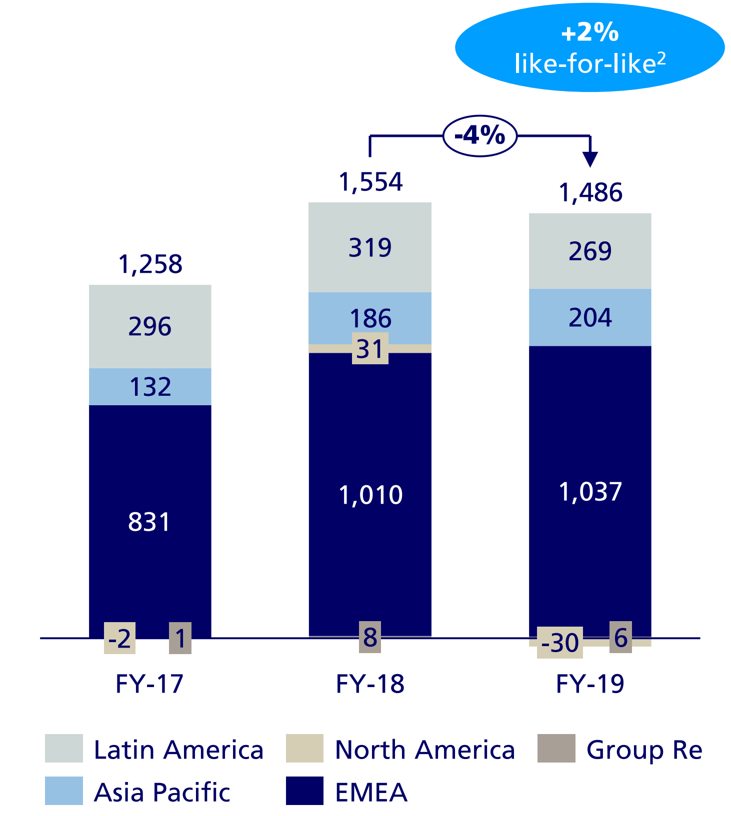
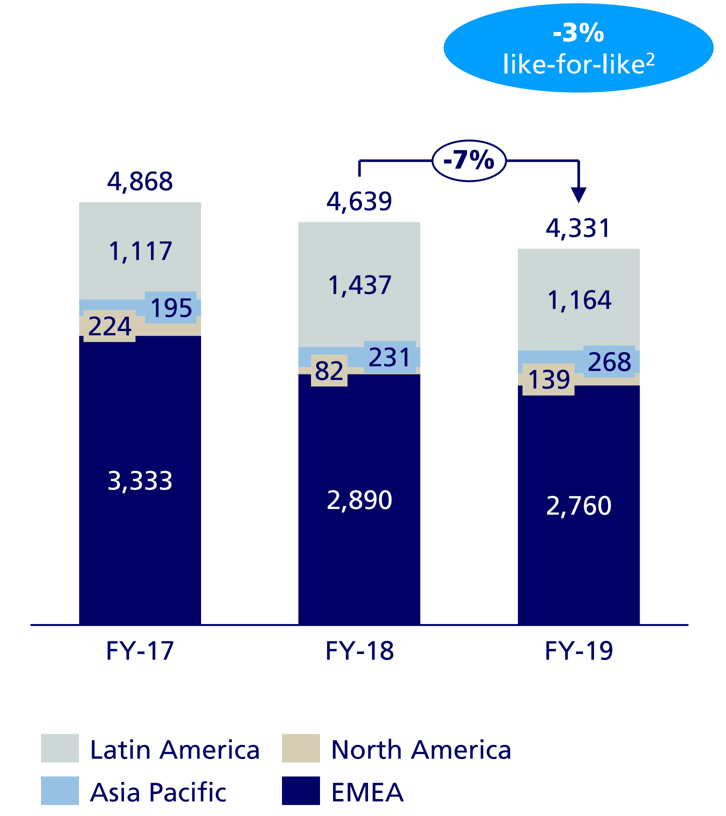
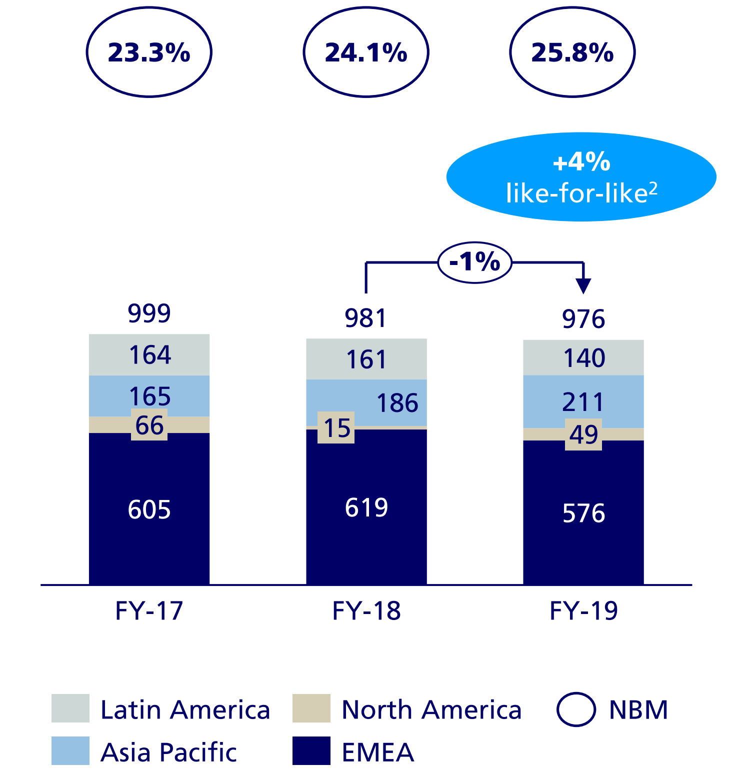
BOP (USDm)



APE (USDm)[1]



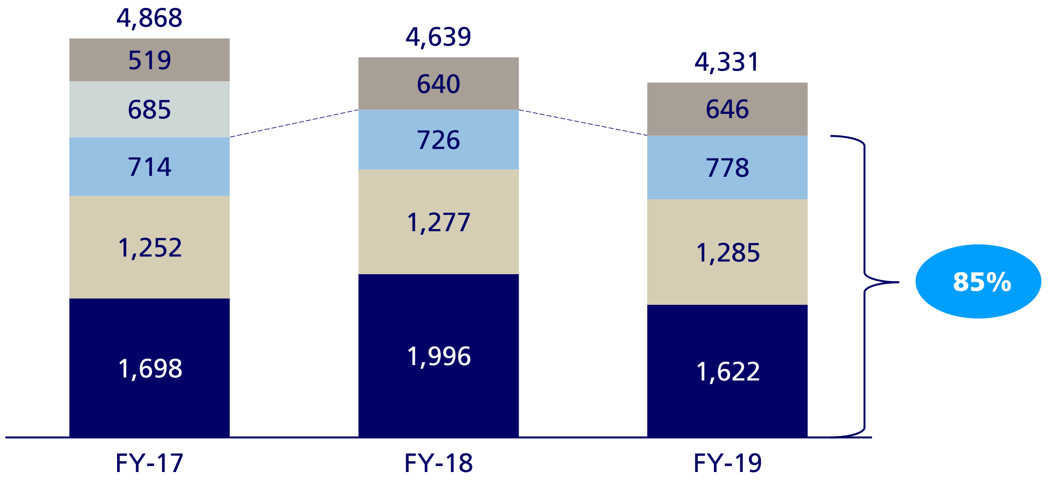
NBM (%) **& NBV** (USDm)[1]



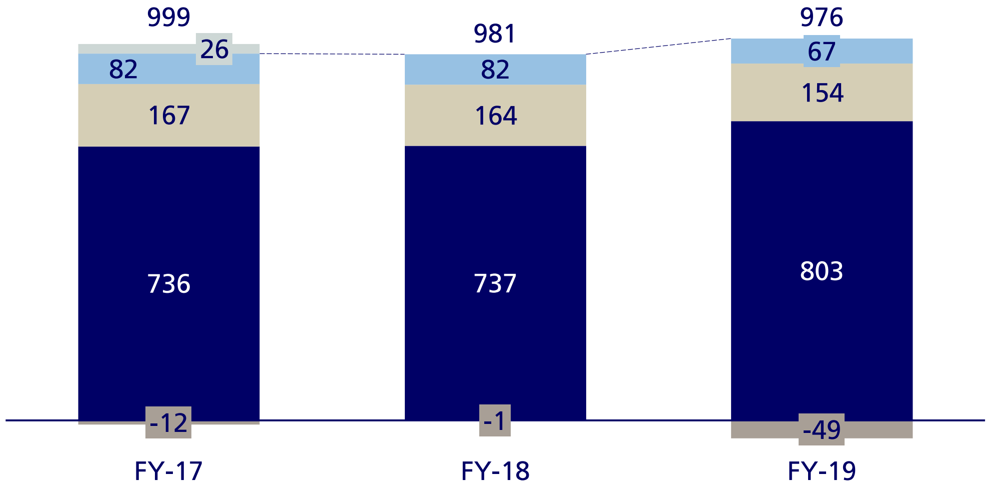
1 Annual premium equivalent (APE) is reported before non-controlling interests. New business margin (NBM) and value (NBV) are reported net of non-controlling interests.
2 In local currency and after adjusting for closed acquisitions and disposals.

Protection and capital efficient savings products account for 85% of APE and 100% of NBV

APE PRODUCT MIX (USDm)[1]



NBV PRODUCT MIX (USDm)[1]

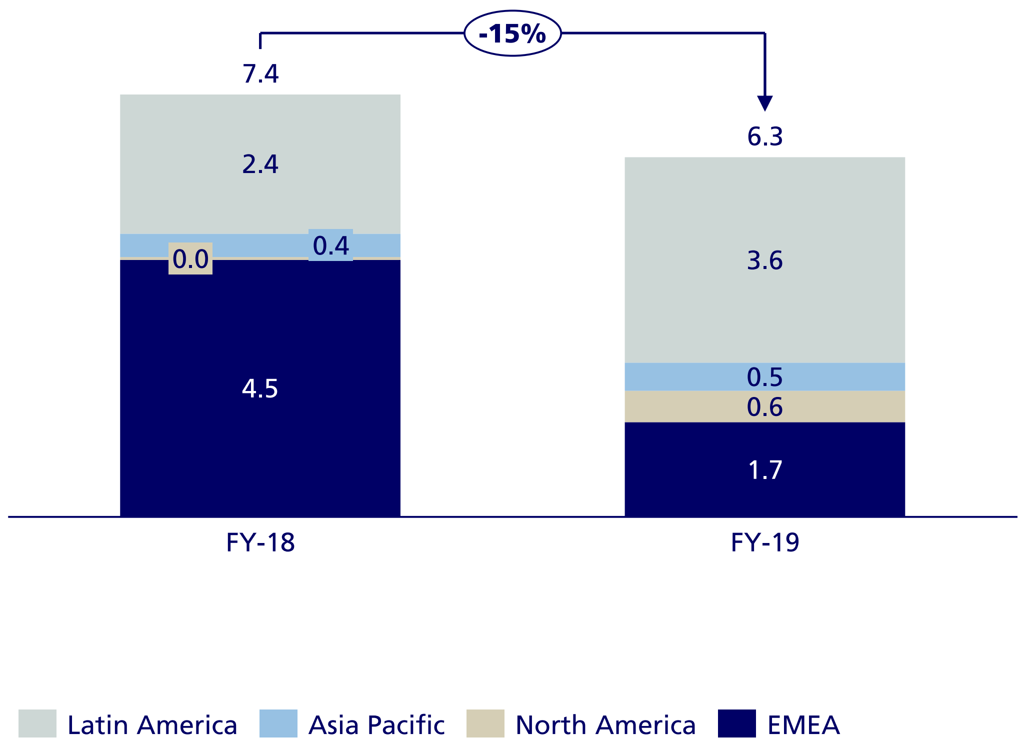


Savings & Annuity | UK workplace pensions and savings | Corporate pensions and savings | Unit-linked | Protection

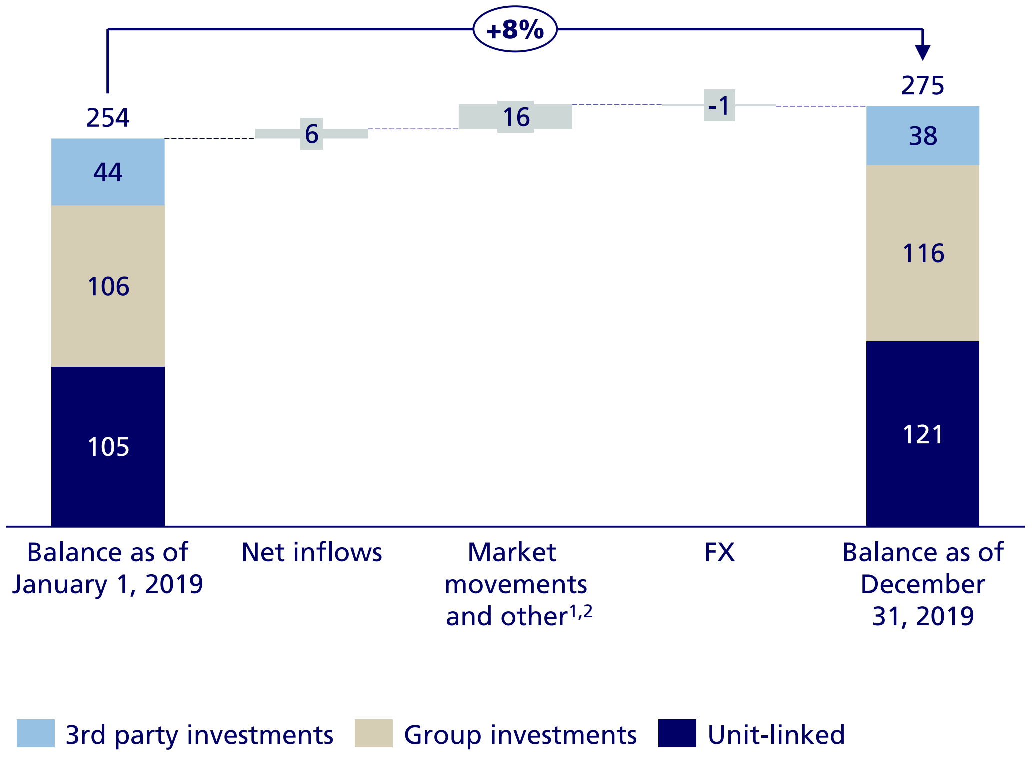
[1] Annual premium equivalent (APE) is reported before non-controlling interests. New business value (NBV) is reported net of non-controlling interests.

Net inflows impacted by lower volumes; higher AUM balances driven by market movements

NET INFLOWS BY SEGMENT (USDbn)



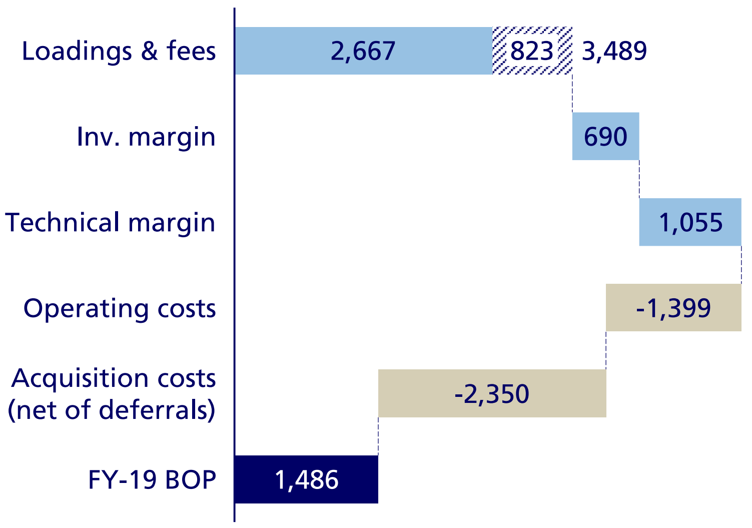
AUM DEVELOPMENT (USDbn)



1 Includes USD 16bn reclassification from AuM to assets held for sale due to disposal of the UK retail wealth business.
2 Includes USD 3bn of acquired AuM from the completion of the OnePath Life acquisition.

Underlying growth in BOP driven by improved margins

BOP BY SOURCE OF EARNINGS (USDm)



	FY-19 vs. FY-18 Actual[1]	FY-19 vs. FY-18 L-for-L[2]
Loadings & fees	0%	4%
Inv. margin	29%	38%
Technical margin	-11%	-11%
Operating costs	0%	-2%
Acquisition costs (net of deferrals)	-5%	-7%
FY-19 BOP	-4%	2%

Expenses | Income | Unit-linked fund based fees

KEY DRIVERS[2]

Income from loadings & fees and technical margins	86%
Unit-linked fund based fees	-1%
Technical margin ratio	-0.2ppts
Average non unit-linked reserves	+1%

1 Prior year acquisition costs and deferral impact adjusted by an upfront reinsurance commission paid in 2018 for the acquisition of OnePath Life from ANZ.
2 Like-for-like (L-for-L) is in local currency and after adjusting for closed acquisitions and disposals.

Investment result driven by favorable market environment; ongoing pressure on portfolio yield

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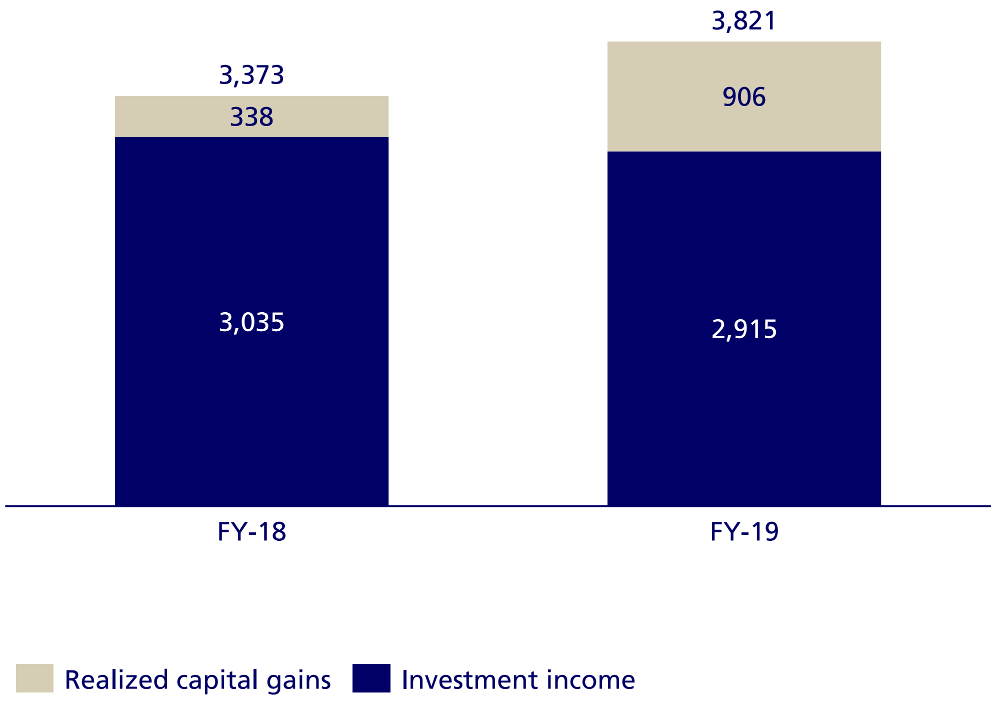
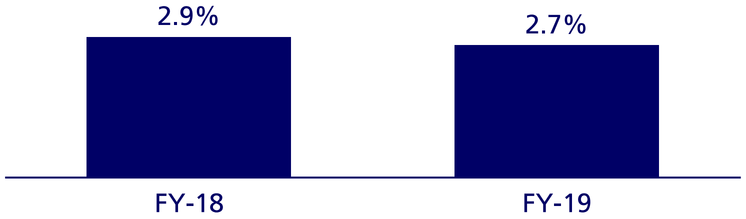
INVESTMENT RESULT IN BOP GROSS OF PH (USDm)[1]

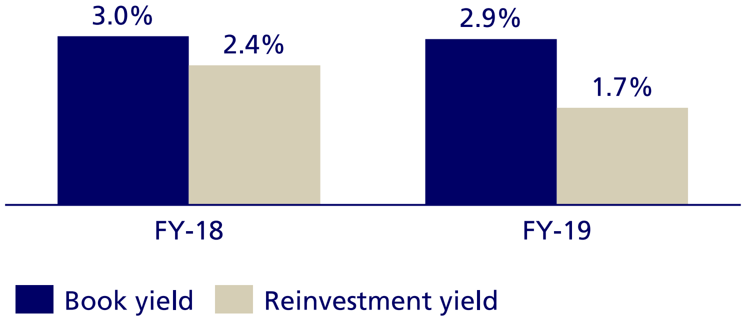


INVESTMENT INCOME YIELD

INVESTMENT INCOME YIELD OF GROUP INVESTMENTS (%)[2]



BOOK & REINVESTMENT YIELD OF DEBT SECURITIES (%)[3]

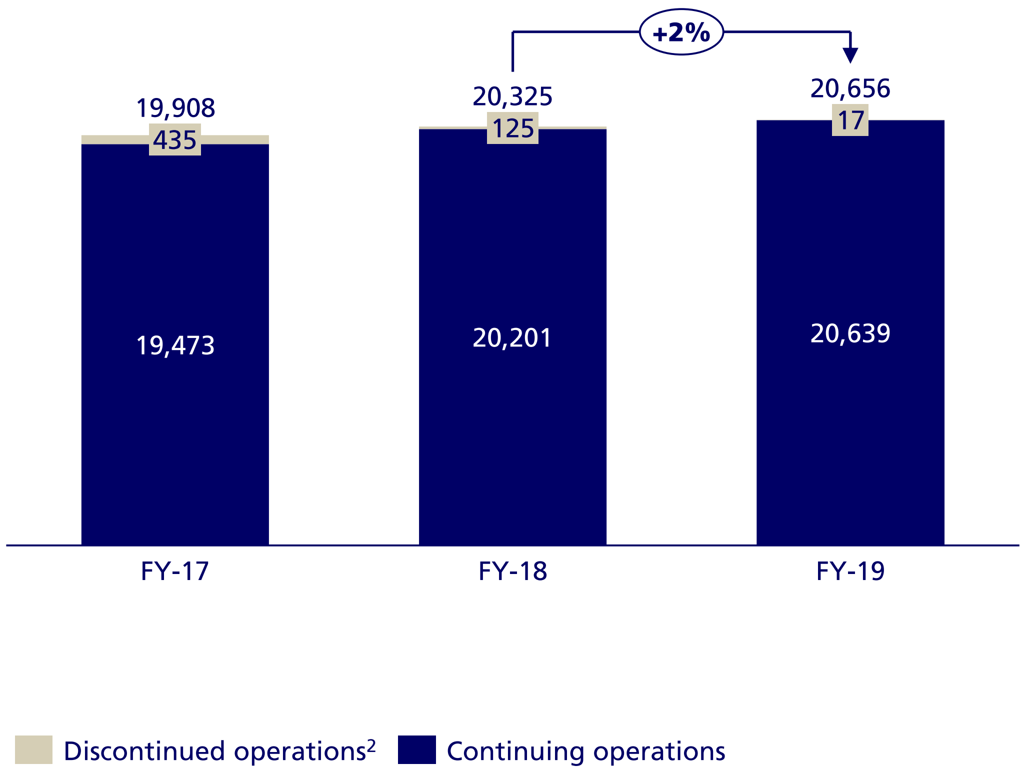


1 Gross of policyholder participation (PH).
2 Net of investment expenses, investment income yield calculated based on average Group Investments (accounting view).
3 Book yield calculated as weighted-average portfolio yield of debt securities during the period on an annual basis, 2018 figures have been restated. Reinvestment yield calculated as a weighted-average trade yield of purchased debt securities with maturity >90 days during the period on an annual basis.

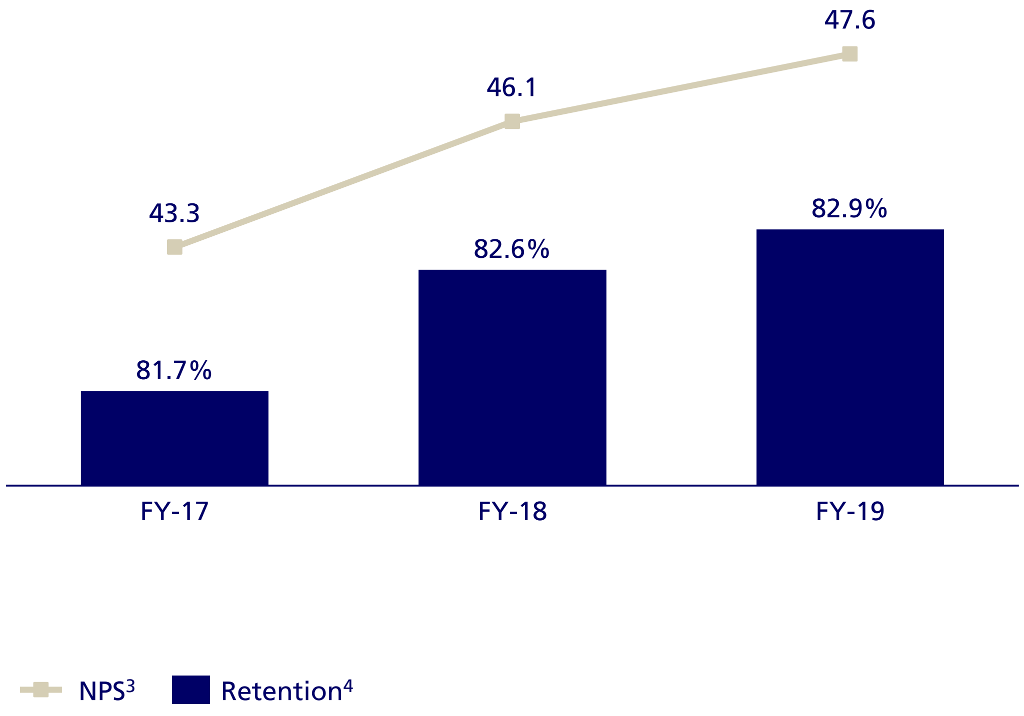
Consistent growth at Farmers Exchanges[1]

FARMERS INSURANCE

GWP (USDm)



NET PROMOTER SCORE[3] AND RETENTION (%)[4]

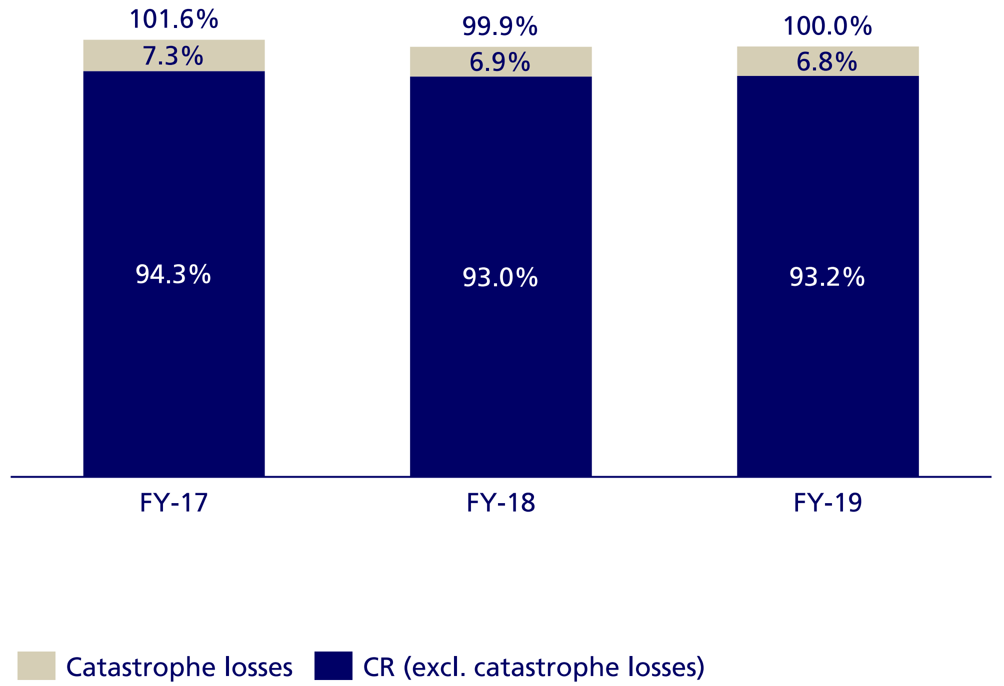


1 For all references to Farmers Exchanges see the disclaimer and cautionary statement.
2 Includes 21st Century business outside of California and Hawaii, business insurance independent agents, and other businesses.
3 Survey based measure of customer loyalty for Farmers exclusive agent customers (personal lines and business insurance) on a YTD average basis.
4 Reflects rolling 12-months policy survival rate for the Farmers exclusive agent channel, excluding Bristol West and Farmers Specialty Auto; based on weighted average GWP.

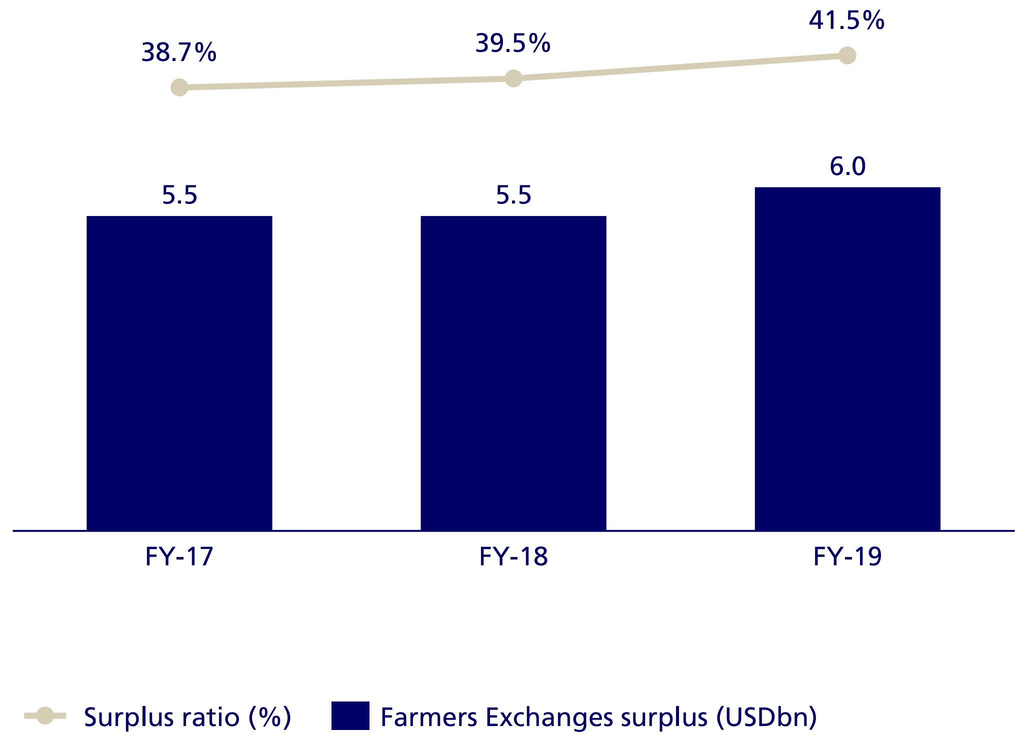
Continued improvement in Farmers Exchanges[1] surplus ratio

FARMERS INSURANCE

COMBINED RATIO (%)[2]



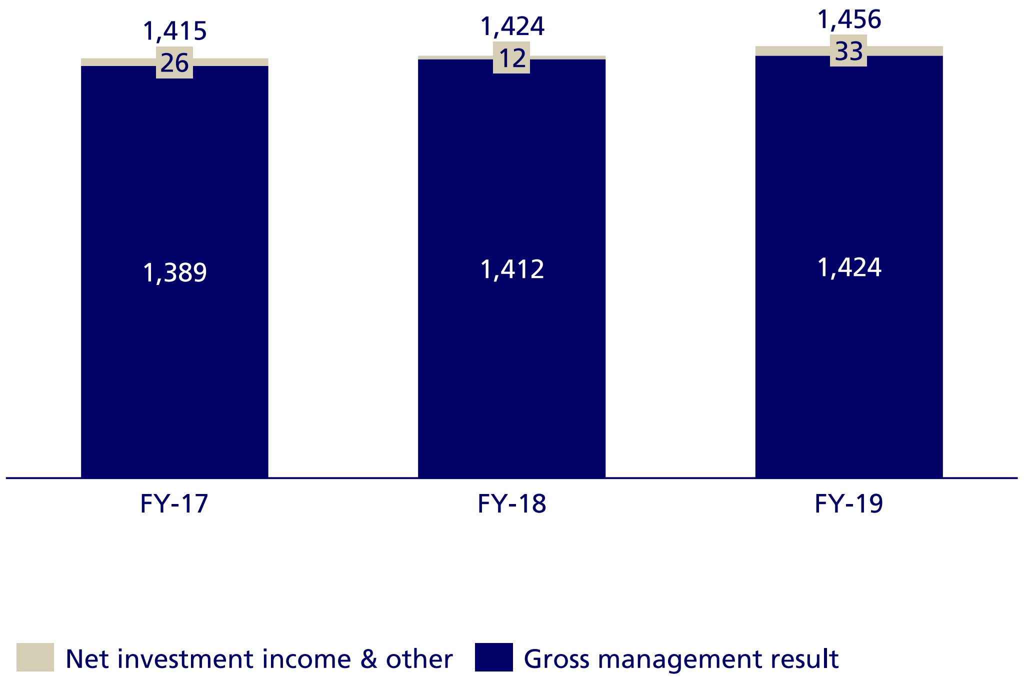
SURPLUS[3]



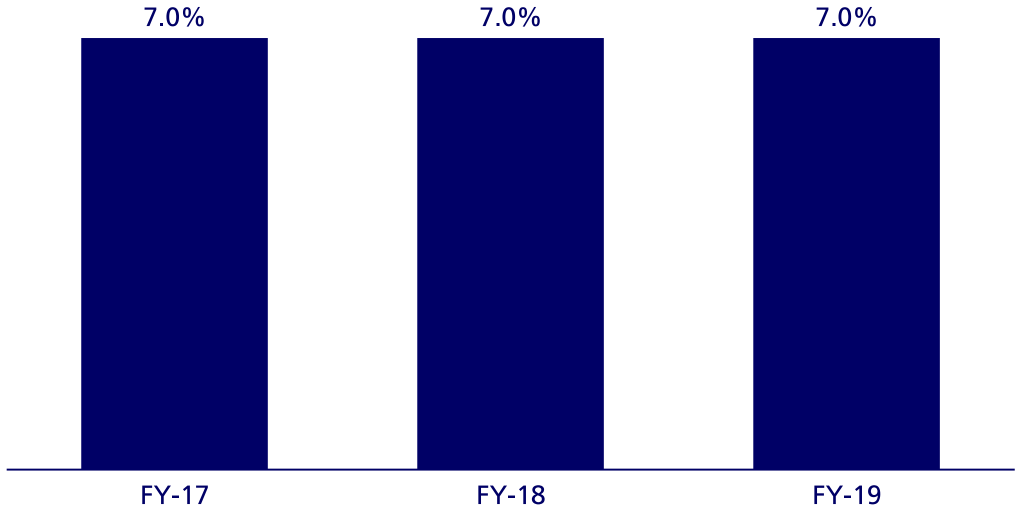
1 For all references to Farmers Exchanges see the disclaimer and cautionary statement.
2 Combined ratio before quota share reinsurance.
3 Surplus ratio based on Farmers Exchanges surplus.

Stable margin at FMS and continued growth in BOP

BOP (USDm)



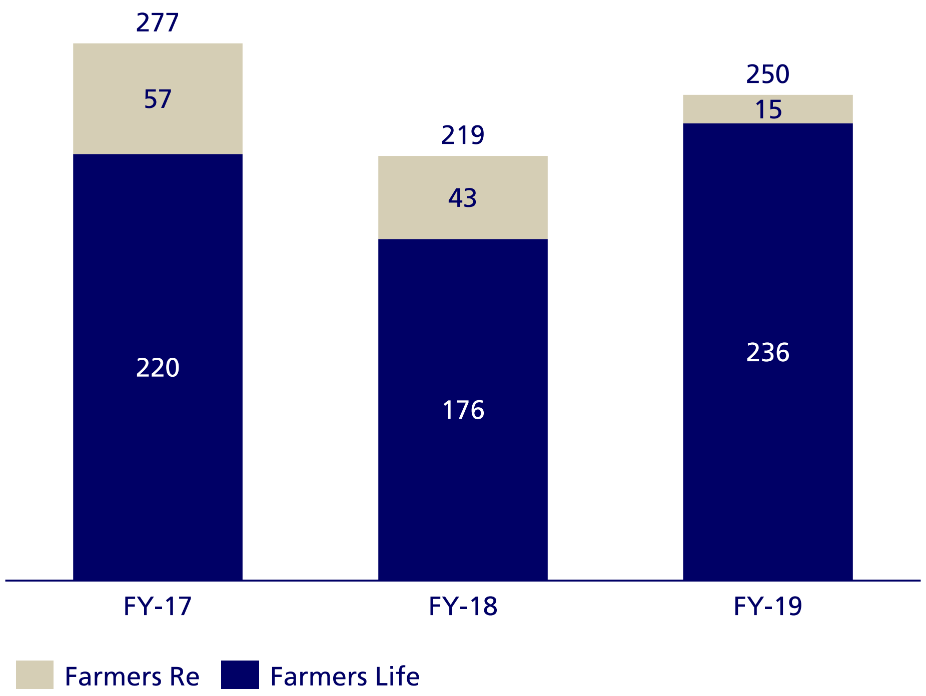
MGEP MARGIN (%)[1]



[1] Margin on gross earned premiums of the Farmers Exchanges. For all references to Farmers Exchanges see the disclaimer and cautionary statement.

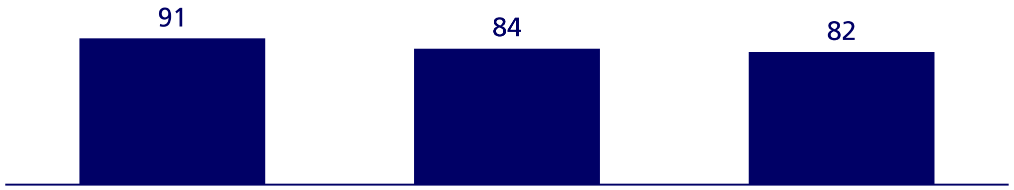
Strong result at Farmers Life supported by favorable experience; lower earnings at Farmers Re reflecting reduced quota share

BOP (USDm)

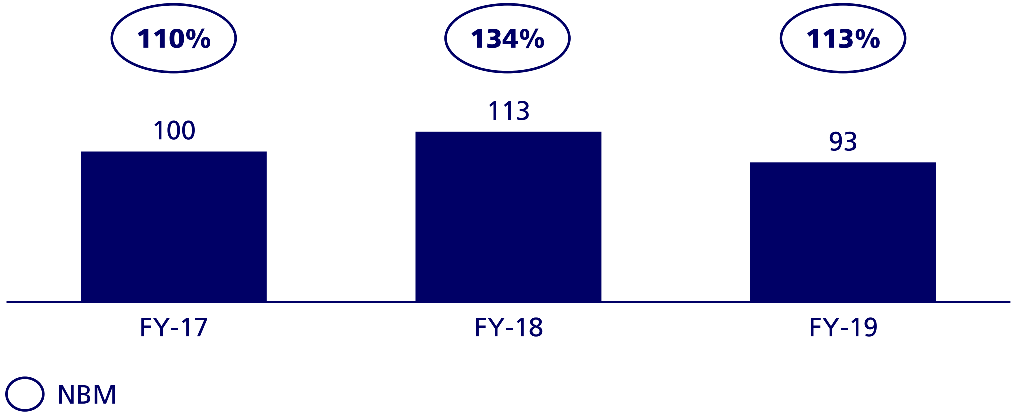


FARMERS LIFE NEW BUSINESS

APE (USDm)[1]



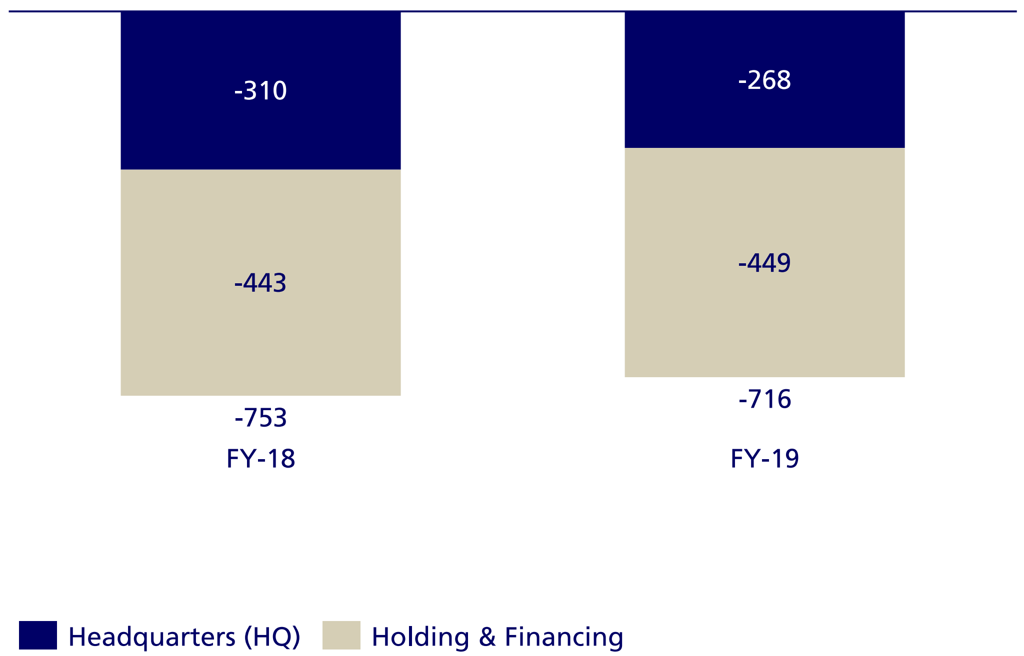
NBM (%) **& NBV** (USDm)[2]



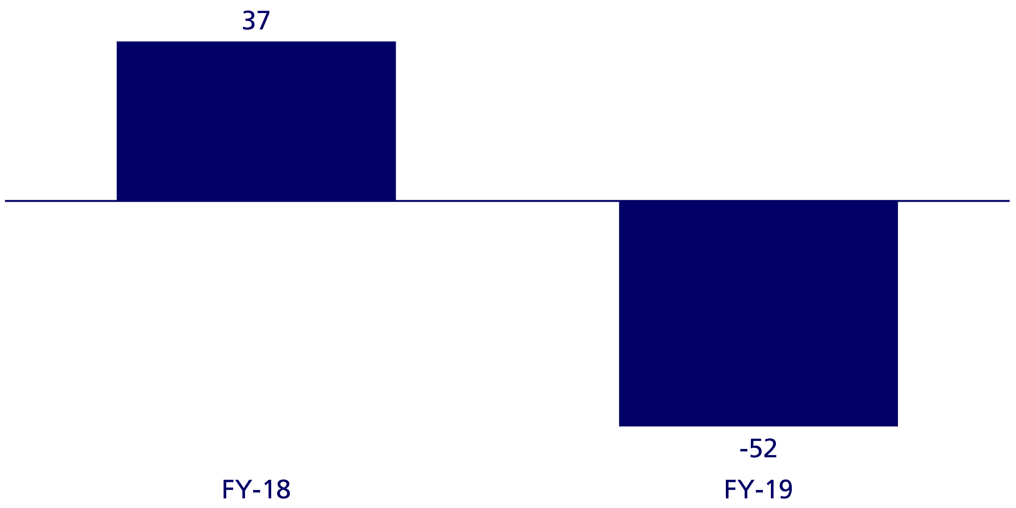
1 Annual premium equivalent (APE).
2 New business margin (NBM) and value (NBV).

Headquarter expenses further reduced, Non-Core impacted by the disposal of legacy liabilities

GROUP FUNCTIONS AND OPERATIONS BOP (USDm)

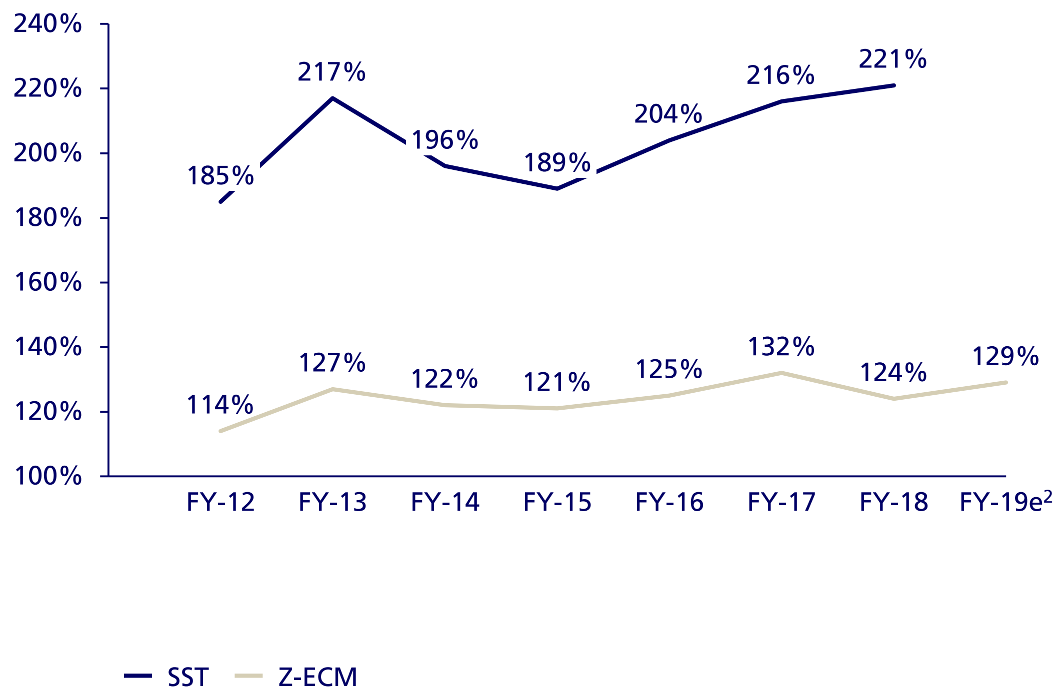


NON-CORE BUSINESSES BOP (USDm)

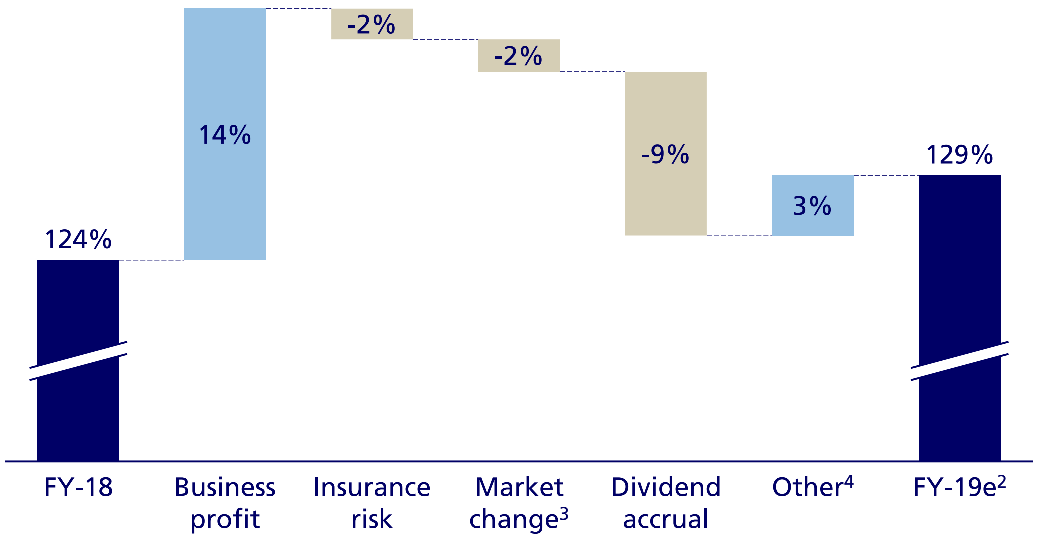


Very strong capital position supported by operating capital generation pre-dividend

Z-ECM AND SST RATIO (%)[1]



Z-ECM RATIO DEVELOPMENT (%)

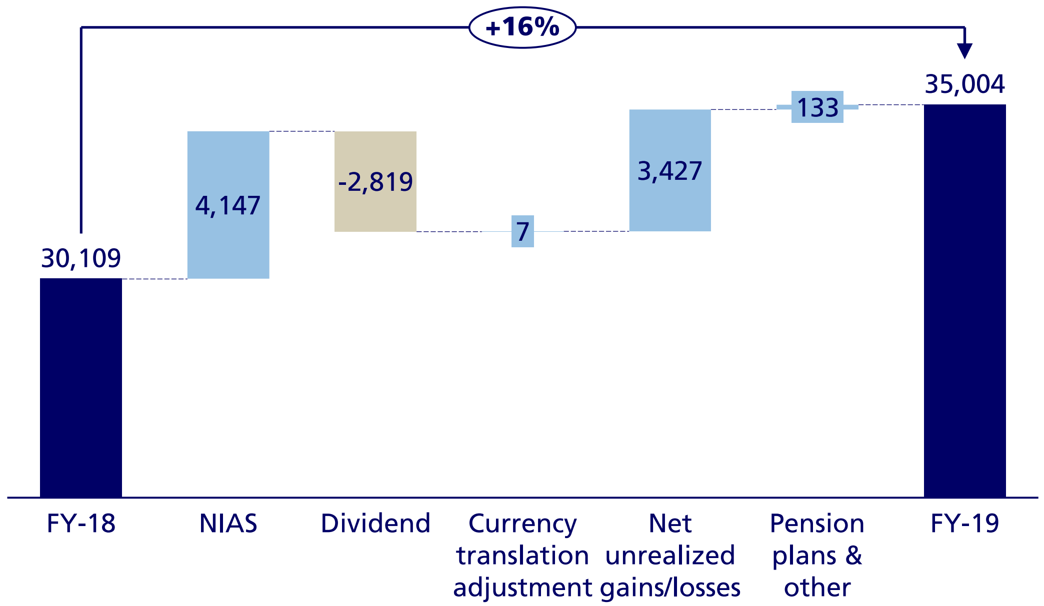


1 The Swiss Solvency Test (SST) ratio as of January 1, 2019 has been calculated based on the Group's internal model, as agreed with FINMA. The full year ratio has to be filed with FINMA by end of April of each year and is subject to review by FINMA. 2015 and prior years not restated for latest methodology and model changes.
2 FY-19 Z-ECM reflects midpoint estimate with an error margin of +/- 5ppts.
3 Market change includes impacts of market movements on AFR and RBC as well as the impact of related management actions.
4 Other includes model and assumption changes, M&A impact and other capital movements.

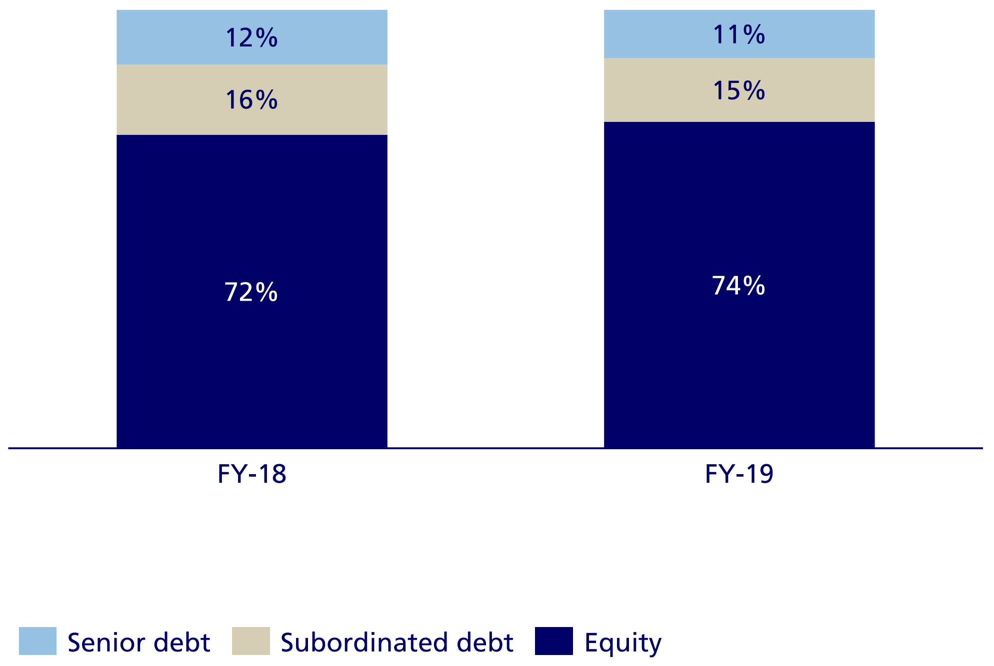
Net income and higher unrealized gains drive increase in shareholders’ equity

ZURICH

SHAREHOLDERS’ EQUITY (USDm)



CAPITAL STRUCTURE (%)[1]

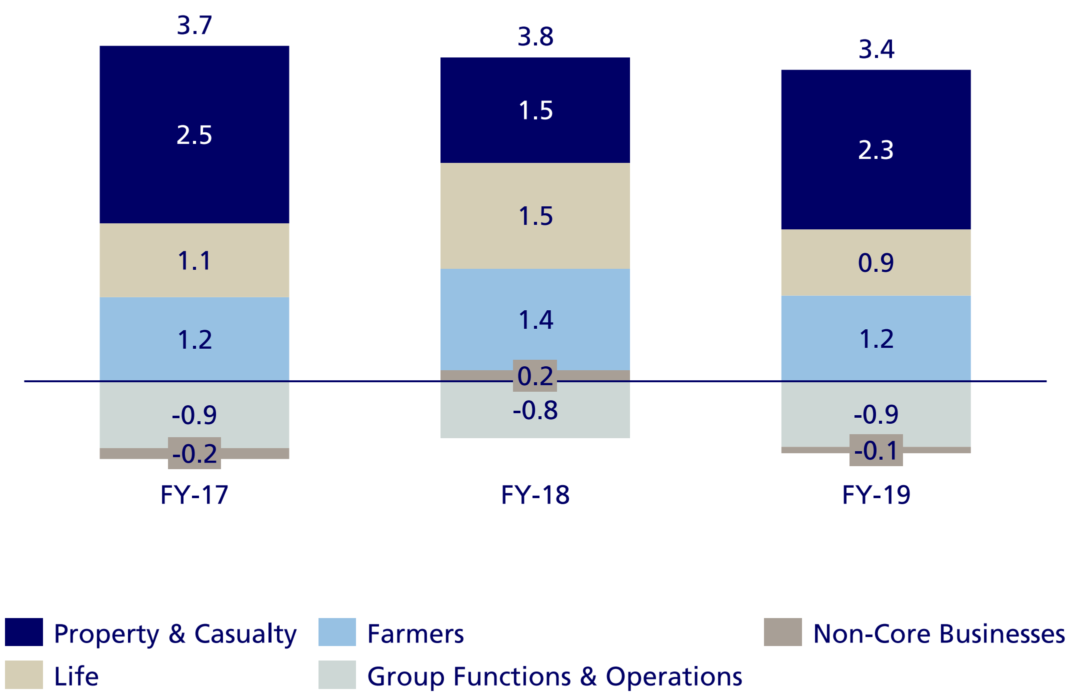


[1] Based on IFRS balance sheet.

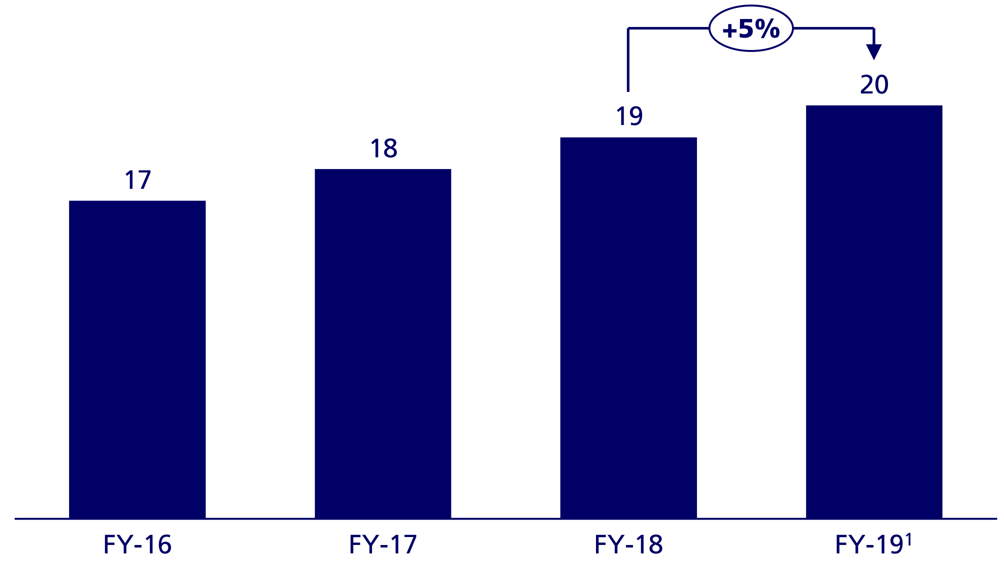
Continued strong cash remittances; CHF 20 dividend proposed

ZURICH

CASH REMITTANCES (USDbn)



DIVIDEND PER SHARE (CHF)



1 Proposed dividend, subject to approval by shareholders at the Annual General Meeting 2020.

Disclaimer and cautionary statement

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; (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; and (viii) 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. 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 interinsurance 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 Farmers 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.

Persons requiring advice should consult an independent adviser.

This communication does not constitute an offer or an invitation for the sale or purchase of securities in any jurisdiction.

THIS COMMUNICATION DOES NOT CONTAIN AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES; SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR EXEMPTION FROM REGISTRATION, AND ANY PUBLIC OFFERING OF SECURITIES TO BE MADE IN THE UNITED STATES WILL BE MADE BY MEANS OF A PROSPECTUS THAT MAY BE OBTAINED FROM THE ISSUER AND THAT WILL CONTAIN DETAILED INFORMATION ABOUT THE COMPANY AND MANAGEMENT, AS WELL AS FINANCIAL STATEMENTS

Appendix

2020-2022 Financial targets

ZURICH

- BOPAT ROE[1] in excess of 14% and increasing
- Cumulative cash remittances in excess of USD 11.5bn over 2020-2022
- Z-ECM ratio to remain in 100-120% range
- Compound organic earnings per share growth[2] of at least 5% p.a.

1 Business Operating Profit after tax return on equity, excluding unrealized gains and losses.
2 Before capital deployment.

We are focused on continuing to reward our shareholders

ZURICH

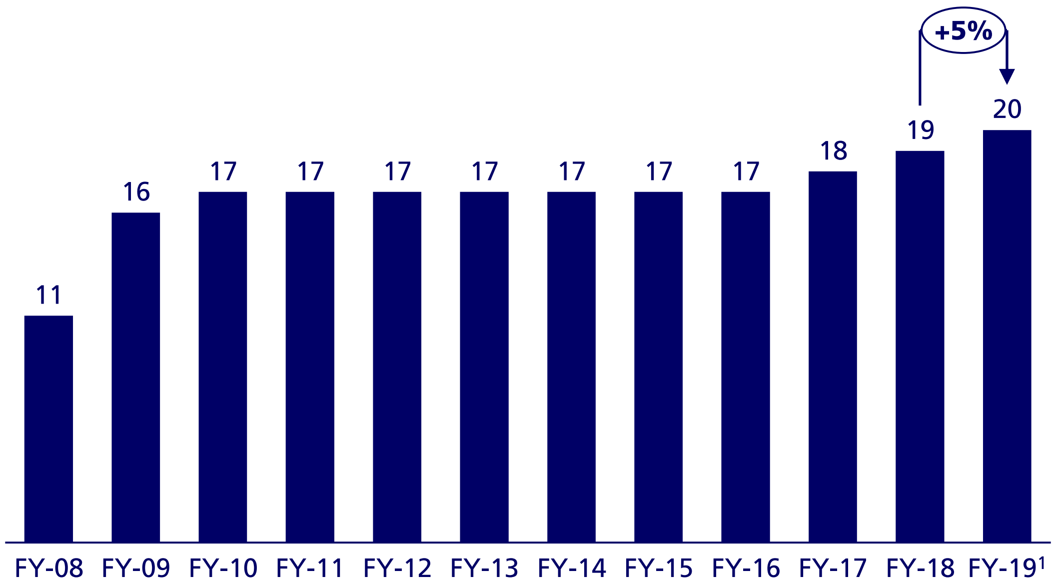
ZURICH'S DIVIDEND POLICY[1]

NIAS[2] payout ratio of ~75%

Dividend increases based on sustainable earnings growth

Minimum target of prior year level

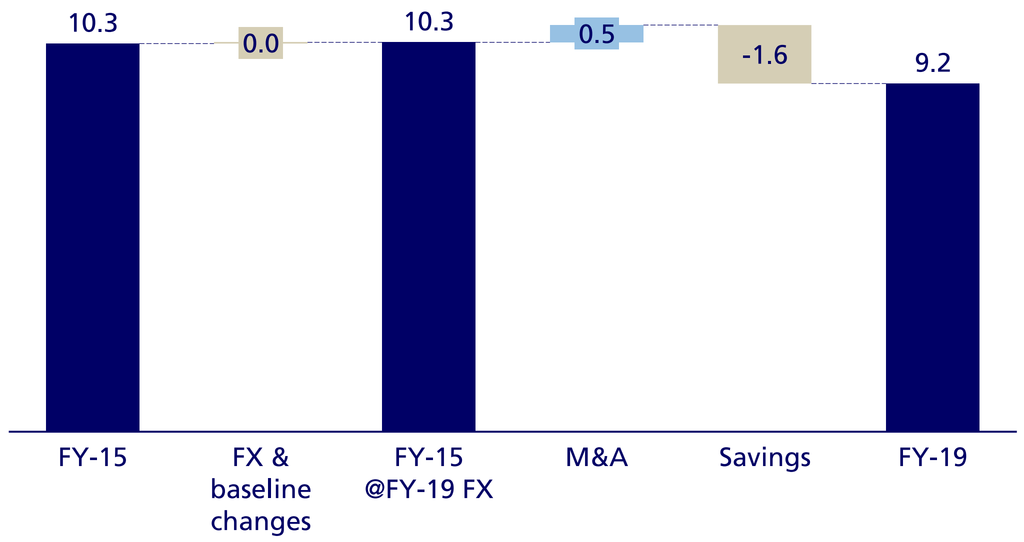
DIVIDEND PER SHARE (CHF)



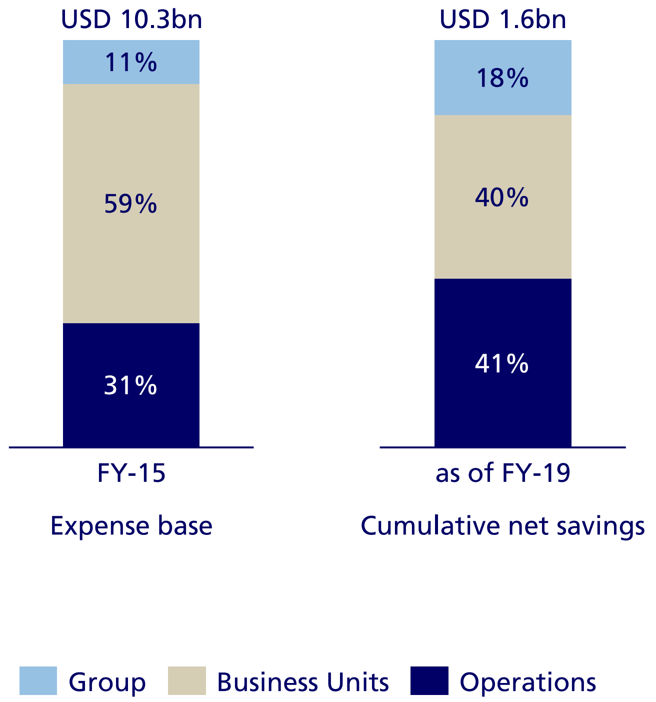
1 Proposed dividend, subject to approval by shareholders at the Annual General Meeting 2020.
2 Net income attributable to shareholders.

USD 1.6bn of expense savings delivered

EXPENSE DEVELOPMENT (USDbn)



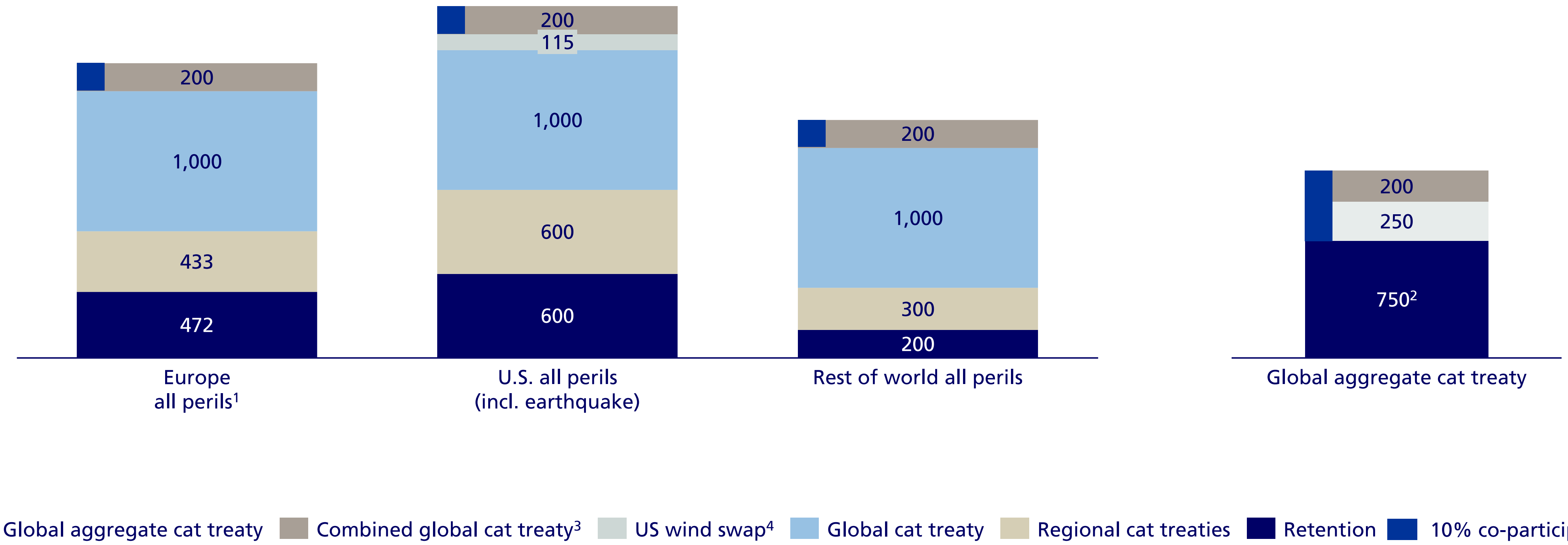
BREAKDOWN OF EXPENSE BASE AND SAVINGS (%)



Reinsurance program in line with Group risk appetite

ZURICH

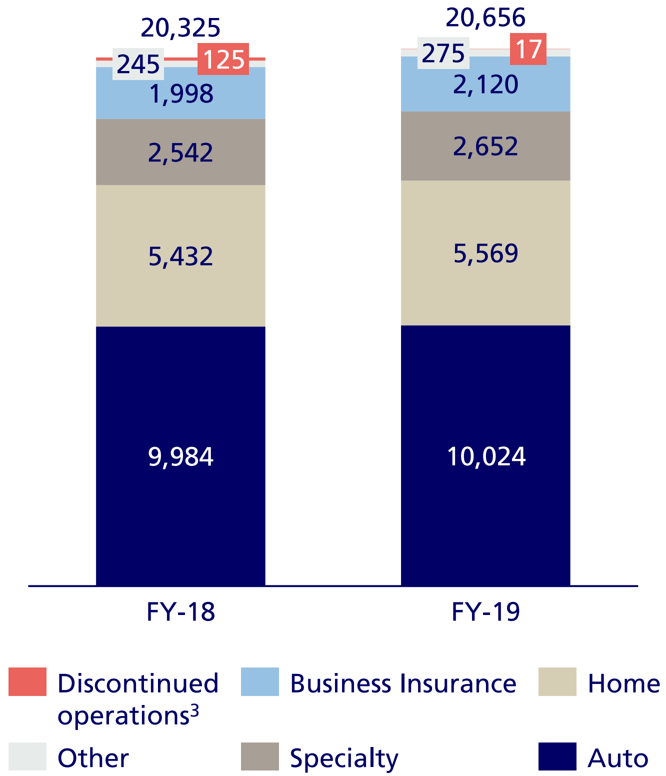
GROUP CATASTROPHE REINSURANCE PROTECTION (USDm)



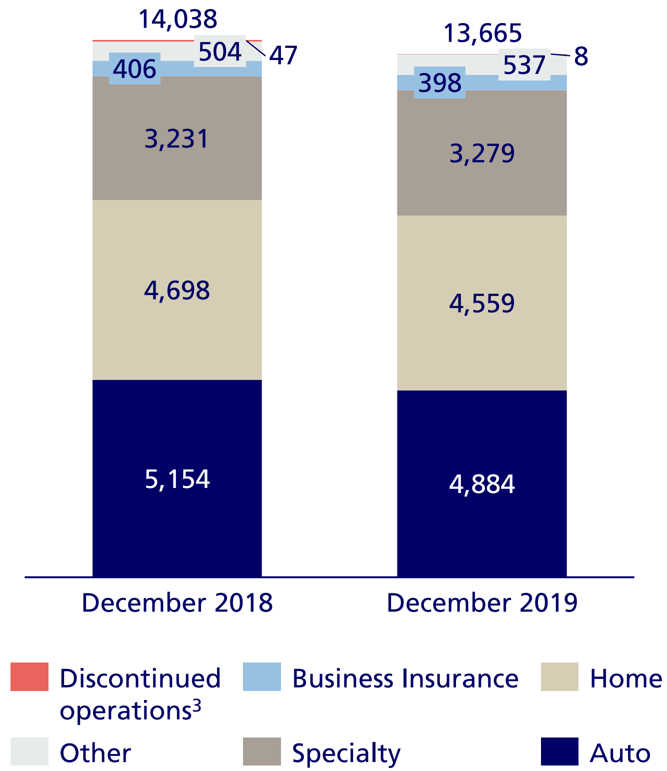
1 Europe cat treaty calculated with EUR/USD exchange rate as of January 31, 2020.
2 Franchise deductible of USD 25m, i.e. losses greater than USD 25m count towards erosion of the retention (annual aggregate deductible).
3 This USD 200m cover can be used only once, either for aggregated losses or for an individual occurrence or event.
4 Only relevant for U.S. windstorm.

Top-line growth across all books of business

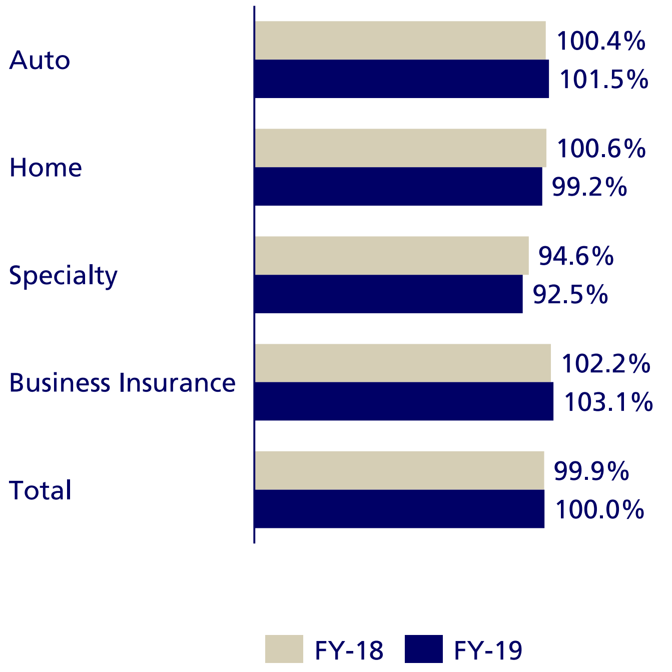
GWP (USDm)



PIF (000's)[2]



COMBINED RATIO (%)

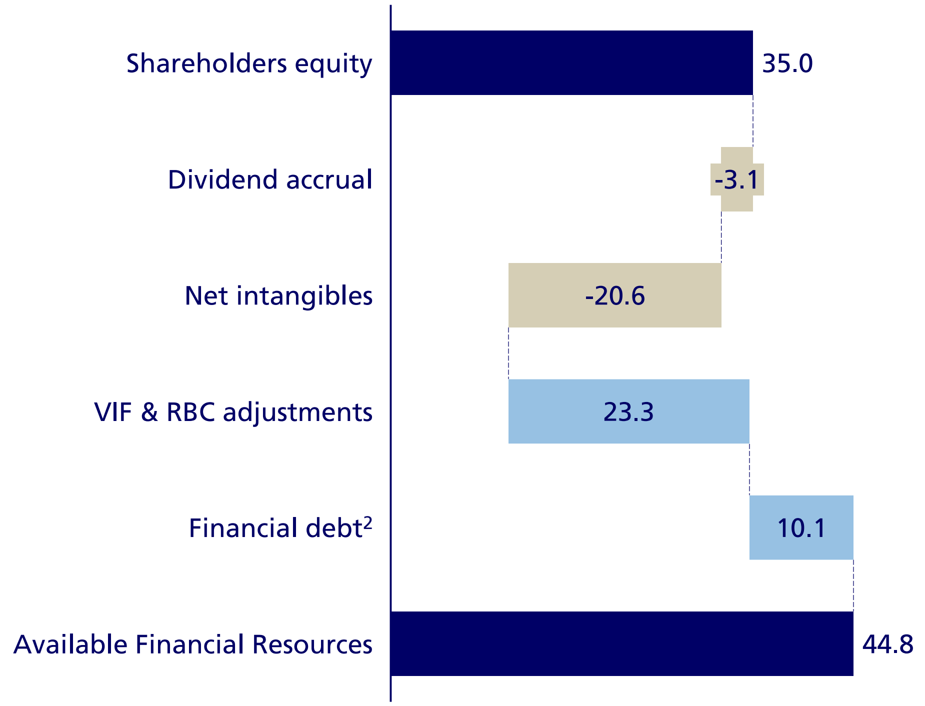


1 For all references to Farmers Exchanges see the disclaimer and cautionary statement.
2 Effective January 2019, policy counts are based on Policies-in-Force (PIF) for all books, including Auto which was previously based on Vehicles-in-Force (VIF). December 2018 was restated to reflect this change.
3 Includes 21st Century business outside of California and Hawaii, business insurance independent agents, and other businesses.

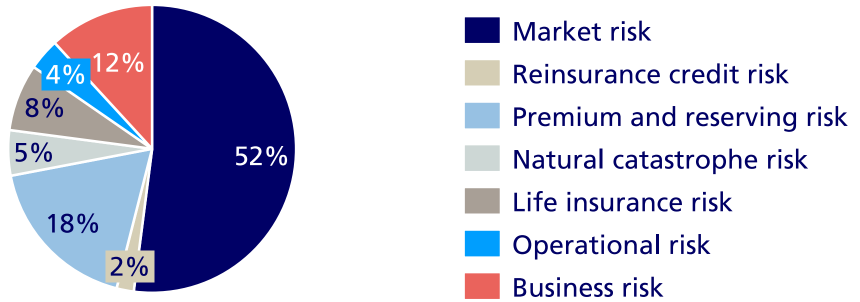
Well diversified capital base by risk type

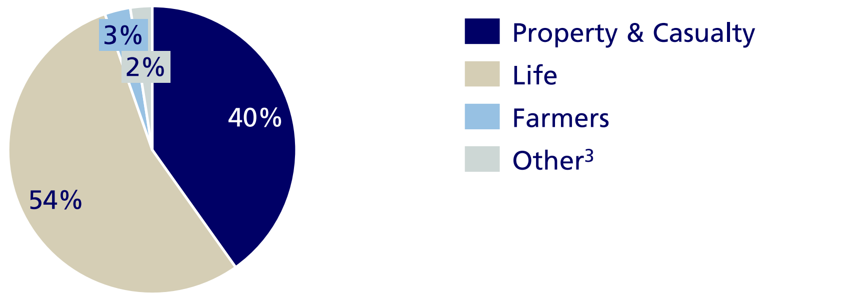
ZURICH

AFR COMPOSITION (USDbn)[1]



RBC SPLIT (%)[1]



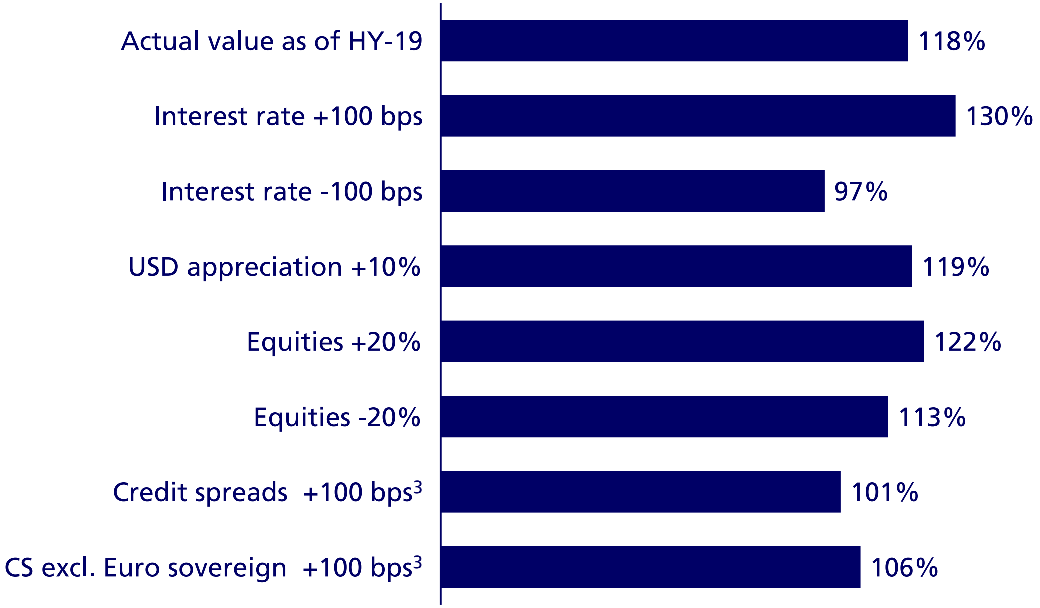


1 Available Financial Resources (AFR) as of FY-19 (estimated); Risk Based Capital (RBC) as of Q3-19.
2 Includes subordinated debt of USD 6.9bn and senior financial debt not maturing of USD 3.2 billion (since Q2 2018, excluding net new issued senior debt).
3 Includes Group Functions and Operations & Non-Core Businesses.

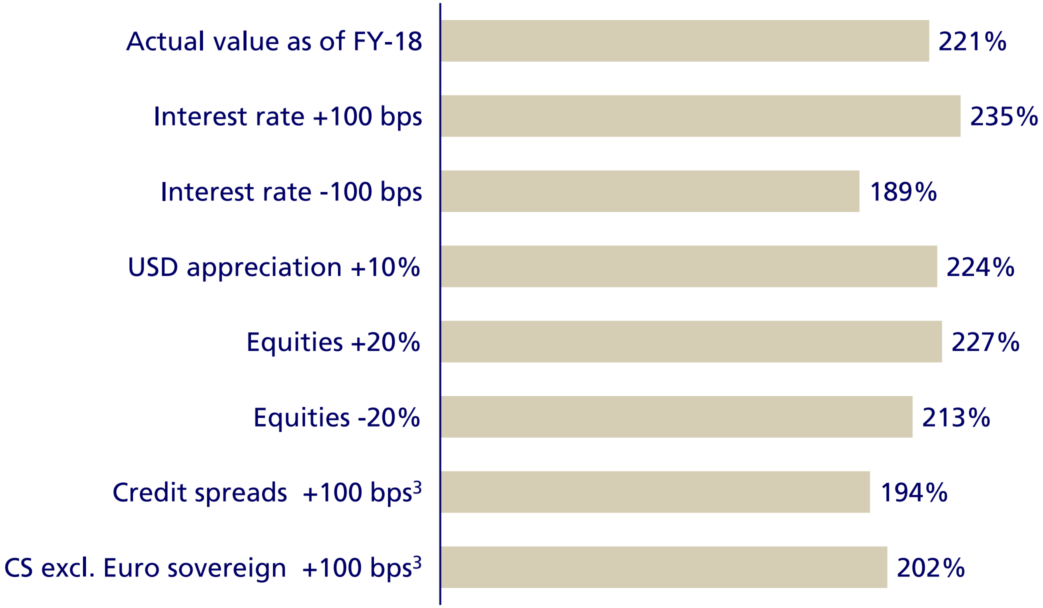
Solvency ratios resilient to market movements

ZURICH

Z-ECM IMPACT[2]



SST IMPACT[2]

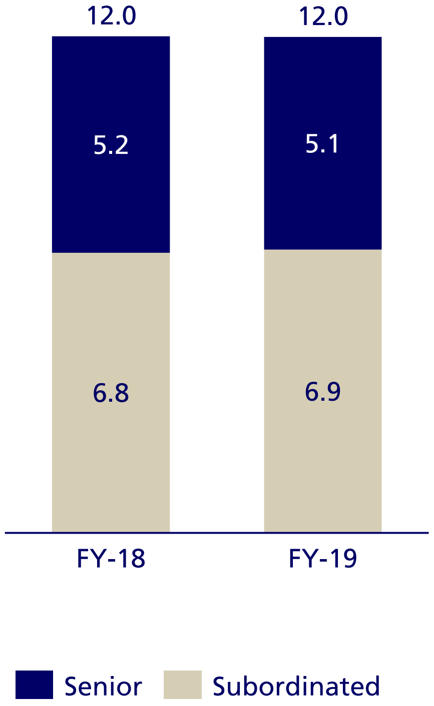


1 Sensitivities are best estimate and linear, i.e. will vary depending on prevailing market conditions at the time. Z-ECM is calibrated at 99.95% Value at Risk (equivalent to an 'AA' rating); SST is calibrated at 99.0% Expected Shortfall.
2 The impact of the changes to the required capital is approximated and takes into account market and insurance risks.
3 Credit Spreads (CS) include mortgages and including/excluding Euro sovereign spreads. Z-ECM sensitivity is net of profit sharing with policyholders.

Low average debt cost and balanced maturity profile

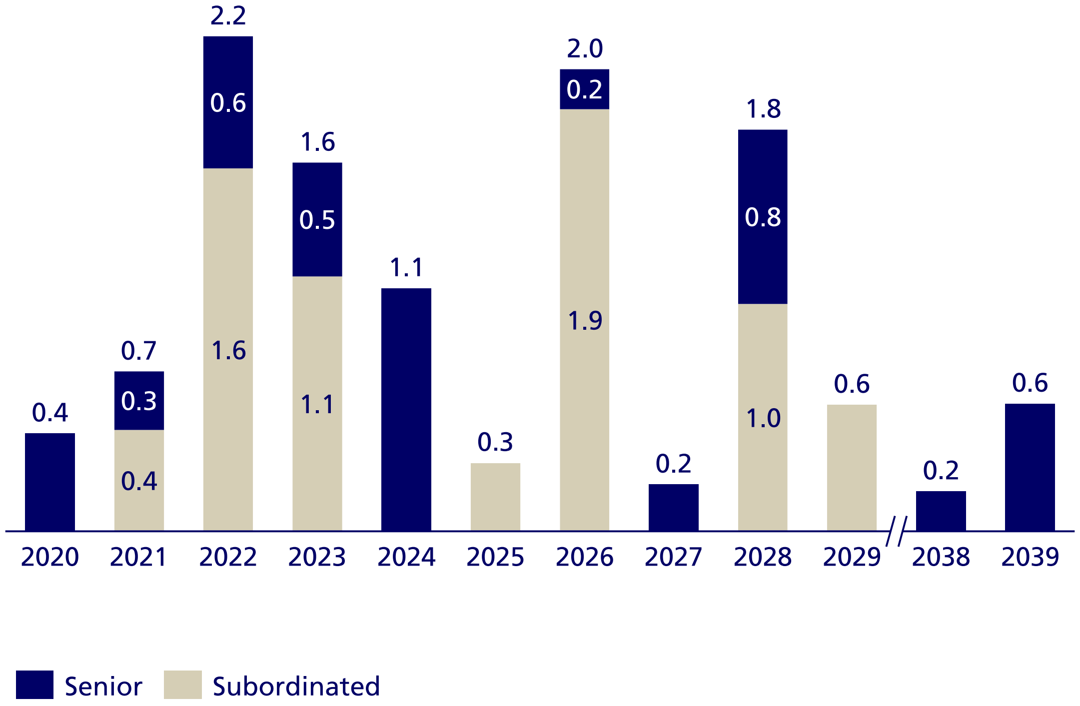
ZURICH

DEBT (USDbn) AND AVERAGE DEBT COST (%)



Average debt cost (%)	FY-18	FY-19
Senior	1.4%	1.4%
Subordinated	4.9%	4.6%
Total	3.5%	3.3%

MATURITY PROFILE (USDbn)[1]



[1] Maturity profile based on first call dates for subordinated debt and maturity date for senior debt.

Commentary

Page 3: Key messages

The Group's full year 2019 results show a further strong performance, with the Group having exceeded all its 2017-2019 targets, while net income attributable shareholders (NIAS) of USD 4.1bn was at the highest level for the last decade. Business operating profit (BOP) increased 16% year on year with the business operating profit after tax (BOPAT) ROE at 14.2%. These results, together with the Group's customer focused strategy and simplified operating model, position the Group well to take advantage of ongoing change within the global insurance industry and to deliver further value to shareholders.

Property & Casualty (P&C) results showed further strong year-on-year progress with BOP up 38% driven by an improved underlying underwriting performance and higher investment results, which more than compensated for a challenging year in the Group's North American crop business. Top line growth improved sequentially over the year driven by hardening pricing and underlying growth, with current pricing trends expected to continue through 2020. The accident year combined ratio excluding catastrophes reduced by 0.6 percentage points, with an improvement of 1.5 points excluding the North American crop portfolio. The results demonstrate the strength of the Group's reserves, with prior year reserve development of 2.3 points at the same level as the prior year, while the Group's reserve strength remained unchanged. In 2020, the Group expects to deliver further improvement in the underwriting performance as the benefits of portfolio shifts, lower expenses and price increases in excess of loss cost inflation earn through.

The Group's Life business delivered a strong performance against a high prior year comparative. Overall Life BOP increased by 2% on a like-for-like basis, after adjusting for currency movements and closed acquisitions and disposals. The Group's strategy of focusing on protection business and capital efficient savings products leaves the Group well positioned for the ongoing low yield environment, with 85% of annual premium equivalent (APE) sales from protection and capital efficient savings products and 87% of life income on a source of earnings basis from loadings, fees and technical margins.

Farmers delivered business operating profit growth of 4% driven by the combination of top-line growth in the Farmers Exchanges, which are owned by their policyholders, a strong performance at Farmers Life and favorable mark to market impact on a deferred compensation plan at Farmers Management Services (FMS). The Farmers Exchanges continued to deliver steady and consistent growth supported by the continued execution of the Farmers strategy to deepen customer relationships, broaden product offerings and expand in the eastern United States.

The Group's balance sheet remains very strong, with Zurich's economic capital model (Z-ECM) ratio estimated to be 129% as of the full year. Conversion of earnings into distributable cash remained very strong with USD 3.4bn of cash remittances in 2019, bringing the total over the three-year plan period to USD 10.9bn. In line with the stated dividend policy the Group proposes a 5% increase in the dividend to CHF 20 per share.

Page 4: Key highlights – All targets exceeded

2019 saw the Group exceed all targets set out for the 2017 to 2019 period creating significant value for the shareholders.

In 2019 the Group achieved a further expense savings bringing the cumulative savings for the period 2016 – 2019 to slightly in excess of the targeted USD 1.5bn by the end of 2019.

The Group's BOPAT ROE for 2019 improved to 14.2% in 2019, an increase of 2.2 percentage points relative to 2018 and comfortably ahead of the target of in excess of 12% and growing over the 2016 – 2019 period.

Cash remittances of USD 3.4bn in 2019 resulted in cumulative cash remittances of USD 10.9bn over 2017 – 2019, comfortably ahead of the USD 9.5bn target.

The Group's Z-ECM ratio finished the year at a strong level of 129%, above the upper end of the target range of 100-120%.

Page 5: Key highlights – Business performance

P&C gross written premiums returned to growth over 2019. Growth was 6% on a like-for-like basis, after adjusting for currency movements and closed acquisitions and disposals, and up 2% on a reported basis with the business accelerating over the second half of the year.

The combined ratio improved 1.4 percentage points on a headline basis, with the year-on-year improvement impacted by adverse development of the North American crop business which added 0.6 percentage points to the combined ratio compared to normal expectations. The accident year loss ratio ex-catastrophes improved by 0.3 percentage points. The expense ratio improved by 0.3 percentage points, with a 0.6 percentage point improvement in the other underwriting expense ratio offset by a slightly higher commission ratio and an increase in premium taxes and levies. Prior year reserve development at 2.3% was in line with the prior year and reflects the continued strength of the Group's reserves.

Life business operating profit grew 2% on a like-for-like basis. During the year the Group continued to focus on protection and capital light savings business, with these making up 85% of APE sales. On a like-for-like basis, APE declined 3% with the new business value increasing 4% on the same basis.

At the Farmers Exchanges, gross written premiums grew approximately 2% compared to the prior year, with the combined ratio remaining stable at 100%. Higher premium volumes continued to support growth in management fees and business operating profits at FMS.

Page 6: Key highlights – Strategic priorities

During 2019, the Group continued to execute against its key strategic priorities.

During the year the Group’s customer focus continued to deliver tangible benefits with key customer metrics in the Group´s largest retail markets improved, with higher levels of retention than in the prior year in most markets. As outlined at the Group’s investor day in November 2019, the Group will further enhance disclosure on customer KPIs going forward and will start reporting on the number of net new customers and brand consideration.

The previously announced acquisitions of OnePath Life in Australia and of an 80% stake in PT Asuransi Adira Dinamika (Adira Insurance) in Indonesia were completed. These position the Group as a leading retail life insurer in Australia and the largest international P&C insurer in Indonesia.

In addition, the Group also added a series of new distribution agreements with companies across a range of industries and banks, giving potential to access over 40 million customers.

These included agreements with retailers, Havan in Brazil and MediaMarkt Saturn in Germany, the utility Tokyo Gas in Japan and in Switzerland with telecom company Swisscom and auto-dealer AMAG.

The Group also continued with its successful bancassurance strategy, entering into a 15-year distribution agreement with Alliance Bank in Malaysia. The completion of the acquisitions of OnePath Life in Australia and PT Asuransi Adira Dinamika (Adira Insurance) in Indonesia saw the launch of the respective distribution partnerships with ANZ bank, PT Bank Danamon and Adira Finance. The Group also more recently announced an agreement to collaborate with UBS in offering insurance and banking solutions to SMEs in Switzerland.

As outlined at the Group’s investor day, the Group continues to focus on improving capital allocation while strengthening key businesses and exiting non-core operations. During 2019, capital was reallocated from commercial to retail in P&C, while the Group also announced a series of transactions aimed at releasing capital from non-core operations including the completion of the sale of Venezuela, the reinsurance of a number of legacy P&C portfolios reported under non-core businesses and the announced sale of the UK retail wealth platform.

In support of the customer focused strategy, the Group continued to develop a range of innovative solutions aimed at the evolving needs of its customers. Cover-More, the Group’s travel and assistance business, continued to evolve its propositions while driving growth. In Australia, LiveWell, a new wellness proposition that offers benefits to customers, has been taken up by around 30% of new life policyholders, while the Group has launched usage-based insurance offerings in Argentina and Brazil.

Following the successful conclusion of the inaugural Zurich Innovation Championship in early 2019, the Group continues to work with 10 of the winners and finalists. A second edition of the championship has received more than 1,300 entries from startups in 68 countries and territories.

In 2019 the Group continued to deepen its commitment to supporting the societies in which it operates and embed sustainability within all aspects of the Group’s operations. This was underlined by the Group becoming the first insurance company to commit to the UN Global Compact Business Ambition Pledge that aims to limit global temperature rise to 1.5 degrees above pre-industrial levels. The Group also committed to move to a zero-emission investment portfolio by 2050 and source 100 percent of the Group’s electricity usage from renewable sources by the end of 2022.

Page 7: Key highlights – P&C

Over 2019 the Group continued to execute against the key strategic priorities of improving profitability while reducing overall volatility of P&C results. The year demonstrates improvements in underwriting and the use of reinsurance have led to a more profitable and less volatile business, with the commercial segment showing a particularly strong improvement.

The Group has continued to adjust the overall P&C business mix towards specialty and shorter tail lines. Specialty and property lines of business accounted for 51% of net earned premiums, up from 42% in 2015, with a commensurate reduction in motor and casualty business.

Since 2016 the Group has made significant progress in improving the profitability of the P&C portfolio, with the accident year combined ratio excluding catastrophes improving by 1.9 percentage points, with both the commercial business and retail and other business showing improvement.

Volatility of the P&C book has also reduced. In the period Q1-16 to Q4-19 quarterly large losses have varied within a range of 2 percentage points compared to 8 percentage points in the Q1-14 to Q4-15 period.

Page 8: Key highlights – Life

Life continues to progress in line with the Group's strategy of focusing on higher margin protection business and capital light savings business with the Group well positioned for ongoing low yields.

Gross written premiums for protection business have continued to grow strongly across all regions over 2019 and account for more than half of the Group's life premiums. Excluding acquisitions, growth rates remain positive across all regions with total growth of 12% versus prior year. Latin America, Asia Pacific and North America are strong protection players with most of their life business in protection.

Page 9: Key highlights – Farmers

Farmers Exchanges have put in place initiatives to achieve all strategic priorities outlined at the 2017 Investor Day and are now well positioned to focus on growth and taking advantage of new opportunities.

The shift towards a capitalized agency model is well on track. Farmers' experience shows that capitalized agents provide a better customer experience, reflected in a higher net promoter score, and show higher retention and productivity levels. Larger and higher quality agencies have also the highest potential to serve customers across multiple lines of business.

Farmers Exchanges have completed their plans for expanding in the Eastern U.S. The exclusive agency network now spans 36 states, with the eastern expansion states generating USD 1.1bn of gross written premiums in FY-19, while independent channels are active across all states.

Farmers Exchanges continue to innovate to deliver better value to customers and pursue growth opportunities. The agreement with Uber to provide commercial rideshare insurance has been broadened to 12 additional states and the District of Columbia, building on the experience in the two states of Pennsylvania and Georgia. After a successful launch, Toggle℠, a new and innovative rental insurance offering aimed at millennials, has been rolled out to 23 additional states in 2019, including California, and already counts 15 thousand policies in-force.

Page 10: Key highlights – Ambition

Over the last years the Group has successfully executed against all key strategic priorities and exceeded all targets set in 2016. The Group is now simpler, more agile and efficient. Key businesses as well as the Group culture have also been strengthened. These successes position the Group well for the next phase of development and the delivery of the ambitious 2020 – 2022 targets, which include:

1) A BOPAT ROE in excess of 14% and rising over the strategic period.
2) Cash remittances on a cumulative basis are targeted to be in excess of USD 11.5bn over the course of the next three years.
3) Earnings per share growth of at least by 5% per annum on an organic basis.
4) Group capital within the range of 100% to 120% under the Z-ECM model, with 100% being roughly equivalent to an AA on the rating scales.

Page 12: Group – BOP

Overall Group BOP increased 16% on a reported basis.

EMEA grew 16% despite adverse currency developments, with P&C the largest driver of growth. In P&C results benefited from an improved underwriting performance as well as lower non-technical charges which were higher in the prior year due to charges related to the Group's efficiency programs.

The Group's operations in North America saw growth of 17%, with this driven by growth in the Group's P&C business as well as at Farmers, which more than compensated for a decline in the North American life results. P&C results in North America benefited from a combination of improved underwriting and more favorable fair value gains on the Group's hedge fund portfolio as well as the absence of charges related to the Group's restructuring in 2018. Farmers results benefited from continued underlying growth together with favorable items at both FMS and Farmers Life.

An improved P&C underwriting performance and steady growth in the Life business as well as the inclusion of the acquired OnePath Life business in the second half of the year led to a 62% increase in BOP in Asia Pacific, while improvements in the P&C underwriting performance more than offset adverse currency movements and weaker Life results in Latin America.

By business, P&C was the principal driver of growth in the year. This together with growth in Farmers and a reduced loss related to Group Functions and Operations more than compensated for weaker Life and Non-Core results.

Page 13: Group – NIAS

Net income attributable to shareholders (NIAS) increased 12% in the year, with growth driven by the increase in BOP, higher realized gains and a reduced tax rate which more than offset higher losses on disposal and other charges. Key items outside of BOP included:

- Net realized capital gains of USD 845m driven by the continued strong performance of most asset classes, with gains realized across equities, debt instruments and investment property.
- Losses on disposal of businesses amounted to USD 295m. USD 258m of this related to the non-cash currency translation adjustment recognized on completion of the sale of the Group's Venezuelan business and reported in the first half year. In addition to this a loss on the sale of the UK retail wealth platform was in part compensated by gains on other smaller disposals in the year.
- Restructuring costs of USD 160m compared to USD 350m in the prior year.
- Other charges amounted to USD 316m, including USD 15m relating to hyper-inflation accounting in relation to the Group's operations in Argentina, USD 57m of integration costs for the acquisition of OnePath Life and USD 114m of charges related to the implementation of IFRS 17 with the balance spread across a range of other items.

The effective tax rate for the full year was 23.6% down from 24.9% in the prior year. The decline in the tax rate was driven by a more favorable geographic mix of earnings together with a positive one-time effect from changes relating to Swiss tax reforms. These were partly offset by the absence of tax relief on the Venezuelan currency translation adjustment.

Page 14: Group – Outlook

Over 2020 the Group expects to show progress against the targets laid out in November 2019.

P&C: The Group expects further hardening of pricing over 2020 with price increases expected to remain ahead of loss cost inflation. This is expected to support improved top-line growth with net earned premiums expected to grow in the mid-single digits before FX movements. Together with changes in portfolio mix and cost efficiencies, these are expected to support further improvement in the underlying Group combined ratio. P&C investment income excluding fair value gains on hedge-funds is expected to decline modestly reflecting lower reinvestment rates and the development of P&C investment balances.

Life: BOP is expected to grow by a high single digit percentage from the reported FY-19 level, reflecting both underlying growth and inclusion of a full year of the OnePath Life business.

Farmers: The Farmers Exchanges are expected to see steady growth in top-line. Combined with stable margins, this is expected to continue to support revenue and earnings development at FMS. The further reduction in the all lines quota share to Farmers Re is expected to further the downward trend in reported earnings at Farmers Re.

Group Functions and Operations: The Group functions are expected to show a run rate loss of around USD 750 – 800m per annum.

Restructuring charges: For 2020, restructuring charges and other costs recognized outside of BOP are expected to be around USD 250m.

Tax: The Group effective tax rate for 2020 is expected to be around 24 – 25%.

Page 15: P&C – Top line

Gross written premiums in Property & Casualty (P&C) for 2019 increased 6% on a like-for-like basis, after adjusting for currency movements and closed acquisitions and disposals. Strong growth was achieved in all regions. In U.S. dollars gross written premiums grew 2%.

The level of rate increases improved across most regions compared to the previous year, with the Group achieving rate increases of around 4% overall. Throughout 2019 rates accelerated especially in North America where the Group achieved rate increases of 10% in the fourth quarter. For 2020 rates are expected to further improve.

Net earned premiums for the year were up 1% on a like-for-like basis and down 3% in U.S. dollars, with growth lagging gross premiums due to the earn through of prior year reductions in gross written premiums and the impact of changes in reinsurance.

In EMEA, gross written premiums increased 6% on a like-for-like basis, with strong growth in the Swiss and UK commercial business as well as in Italy and some smaller European retail markets.

North America grew by 4% compared to the previous year on a like-for-like basis. The increase was driven mainly by rate increases across different lines, but also by higher retention and increased new business.

Asia Pacific increased 7% on a like-for-like basis, driven mainly by growth in Australia, Malaysia, and Japan retail while Latin America was up 23%, on a like-for-like basis, mainly driven by growth in Brazil and higher premiums in Argentina, mainly due to the elevated level of inflation.

Page 16: P&C – BOP components

FY-19 P&C BOP was USD 2,878m, 38% higher than in the previous year.

The underwriting result increased strongly by USD 348m. In line with this, the combined ratio for FY-19 improved by 1.4 percentage points to 96.4%.

Investment income for the year increased by 1% on a reported basis, with growth in investment income across North America and Latin America more than offsetting a decline in EMEA. The strong performance of financial markets in the year led to an increase in fair value gains on the Group's hedge fund portfolio to USD 211m compared to a loss of USD 48m in 2018.

The contribution of other items, which include the net non-technical result and non-controlling interests, was USD 158m higher than in the previous year, mainly driven by the absence of major restructuring charges included within BOP. The net non-technical loss of USD 131m benefitted from an FX gain of USD 29m.

All regions contributed to the P&C performance, with North America and EMEA in particular standing out. Growth in the regions was partly offset by higher losses in the Group Reinsurance unit.

Page 17: P&C – Combined ratio details

The accident year loss ratio excluding catastrophes reduced by 0.3 percentage points compared to FY-18 and 0.7 percentage points when normalizing the FY-19 ratio for the challenging crop year. The reduction is driven by an improved underwriting performance across most regions.

Catastrophe and weather-related losses for the year totaled 3.2%, 0.8 percentage points below the previous year and slightly above the normal expectation of around 3%. In the first half of the year catastrophe losses were particularly benign in Europe and Asia-Pacific while North America was in line with expectations. In the second half experience was slightly above normal expectations especially in Europe and North America.

Prior year development of 2.3% remained on the same level as 2018. Over the year the Group's reserve strength remained unchanged.

Additional cost savings achieved in the year are visible in the development of the expense ratio. The other underwriting expense ratio for FY-19 improved 0.6 percentage points to 13.5% compared to the same period in 2018, with reductions mainly in EMEA and APAC. The commission ratio increased slightly by 0.1 percentage point, mainly driven by business mix changes in EMEA.

Page 18: P&C – Crop business

Following strong performances in 2017 and 2018, 2019 was a more challenging year for the crop business in North America.

The crop results in 2019 were mainly impacted by claims related to prevented and delayed planting following extreme flooding in the Midwest during the first half of the year as well as by an early freeze which damaged sugar beet crops later in the year. Due to the elevated losses the FY-19 combined ratio for the crop business was significantly higher than in the previous years and the normal expectation of around 95%.

Excluding crop, the AY combined ratio excluding catastrophes on the remainder of the P&C business improved by around 1.5 percentage points, continuing the trend seen in the previous year, with a proportionally larger impact on the North American combined ratio.

Page 19: P&C – Combined ratio by segment and customer unit

The EMEA accident year combined ratio ex-catastrophes of 94.8% for FY-19 was lower than in the previous year, with underlying improvements in the expense ratio the main driver.

In North America, the accident year combined ratio ex-catastrophes of 94.2% was slightly below the prior year, with FY-19 impacted by weaker results for crop insurance.

The Asia Pacific accident year combined ratio showed a significant reduction to 94.8%, mainly driven by improvements in other underwriting expenses.

In Latin America, the accident year combined ratio ex-catastrophes for the year was 98.0%, 2 percentage points lower than in the previous year, driven mainly by an improved accident year loss ratio in Mexico and Argentina and a lower commission ratio due to a favorable business mix.

Commercial Insurance delivered a strong performance with the accident year combined ratio excluding catastrophes improving by 2.8 percentage points to 96.7%, mainly due to improvements in North America and UK.

For the retail and other business, which includes the North American crop business, the accident year combined ratio excluding catastrophes was 94.3% for FY-19, 1.1 percentage higher than the prior year. Excluding the crop business, the combined ratio would have been lower year on year.

Page 20: P&C – Investment result

FY-19 investment income rose 1% to USD 1,961m while fair value items of USD 211m increased USD 258m year on year driven by more favorable market developments.

Reinvestment yields for debt securities were around 2.4% over the year. The gap to the annualized portfolio yield increased from 21bps to 41bps during the second half of 2019 mainly as a result of decreasing yield levels in Q3-19 across the Group’s major geographies.

Page 21: Life – Overview

Life continued to deliver a strong underlying performance against a high prior year comparative. Life BOP decreased 4% to USD 1,486m due to strengthening of the U.S. dollar compared to the prior year and increased 2% on a like-for-like basis, after adjusting for currency movements and closed acquisitions and disposals. Within the results, net positive one-off items added around USD 70m compared to USD 125m in the prior year.

In EMEA, BOP increased 3% in U.S. dollars and 9% on a like-for-like basis. Underlying growth was driven by a combination of a more favorable business mix and expense savings, together with favorable one-off items amounting to USD 54m.

In Latin America, BOP decreased 16% in U.S. dollars compared to an increase of 6% on a like-for-like basis as a result of the devaluation of several Latin American currencies. Growth in the largest market Brazil was partially offset by higher claims in corporate protection business in Chile.

Asia Pacific BOP increased 10% in U.S. dollars, with a decrease of 4% on a like-for-like basis. The underlying reduction was driven primarily by weaker results in Australia which more than offset a positive one-off benefit of USD 21m from a gain related to a property sale and lease-back transaction.

In North America, which excludes Farmers Life, which is reported separately under Farmers, earnings decreased by USD 61m due to a combination of higher mortality claims and unfavorable assumption updates offsetting the HY-19 gain derived from a reserving methodology change.

FY-19 Life new business annual premium equivalent (APE) decreased 3% on a like-for-like basis with a reduction of 7% on a reported basis. In EMEA, like-for-like new business APE was flat as strong growth in corporate pension business in Switzerland, higher unit linked sales in Italy, and higher retail protection sales in the UK were offset by the absence of a large corporate protection scheme in the prior year. In Latin America APE sales decreased 15% on a like-for-like basis. Strong growth in Brazil was more than offset by the absence of a large corporate protection scheme offered for tender on a two-year basis in Chile. Asia Pacific remained flat on a like-for-like basis, with growth in protection business in most geographies being almost fully offset by lower sales in Japan. North America delivered continued growth in all product lines.

New business value (NBV) increased 4% on a like-for-like basis and decreased 1% in U.S. dollars. Underlying improvements in business and country mix as well as positive operating assumptions were partially offset by adverse economic assumption updates.

The new business margin (NBM) increased 2.2 percentage points on a like-for-like basis and improved by 1.8 percentage points to 25.8% on a headline basis.

Page 22: Life – Product mix

The Group continues to focus on protection, unit-linked and corporate pension business, with these products accounting for 85% of APE sales. Compared to FY-18, this represents a 1 percentage point reduction.

Protection business contributed 82% of the overall NBV, an increase of 7% compared to prior year.

Page 23: Life – Net inflows & AuM

Net inflows decreased 15% compared to the prior year. The decline was primarily driven by lower volumes of savings business in EMEA partially offset by higher volumes of unit-linked business in Latin America.

Assets under management increased 8% mainly due to favorable market movements compared to prior year and USD 3bn of AuM resulting from the acquisition of OnePath Life in Australia partially offset by the sale of the UK retail wealth business resulting in the reclassification of USD 16bn from AuM to assets held for sale.

Page 24: Life – BOP by source

The Group's life business continued to be driven by stable income streams on a, sources of earnings view, with 86% of income coming from loadings and fees together with technical margins on a like-for-like basis, after adjusting for currency movements and closed acquisitions and disposals.

Viewed by margin on a like-for-like basis, loadings and fees increased 4%. Growth in the year was driven by higher gross written premiums and policy fees as well as increased loadings and fee margin ratios. Strong growth in Asia Pacific, Latin America and North America were partially offset by lower fee revenue in the UK.

The investment margin increased 38% mainly driven by a refinement of the accounting methodology regarding policyholder bonus allocations.

The technical margin decreased 11%. Positive contributions from the growing protection portfolio in Asia Pacific were more than offset by lower margins in EMEA and weaker results in Asia Pacific and Latin America.

On the expense side, operating costs deteriorated by 2%. While the EMEA result was positively impacted by expense savings initiatives, the strong business growth in Asia Pacific and Latin America more than offset the achieved benefits. Acquisition costs increased 7% reflecting shifting business mix effects in Latin America and EMEA.

Page 25: Life – Investment result

Life investment result, which is gross of policyholder sharing, increased by 13% to USD 3.8bn in U.S. dollars, driven mainly by favorable market developments compared to prior year.

Page 26: Farmers Exchanges – Growth

The Farmers Exchanges showed continued growth in top-line through 2019. Gross written premiums increased by 2% with growth across all lines of business. Growth was also supported by the expansion of the Farmers Exchanges in the Eastern U.S., with gross written premiums up 6% in the expansion states, and a broadening of the agreement with Uber to provide commercial rideshare insurance in 12 additional states and the District of Columbia, building on the experience in the two states of Pennsylvania and Georgia.

Key customer metrics remained strong as a result of the Farmers Exchanges' customer focused strategy, with both Net Promoter Score and retention above prior year levels.

Page 27: Farmers Exchanges – Profitability

The Farmers Exchanges combined ratio stood at 100.0%, broadly in line with the prior year. The Farmers Exchanges' surplus ratio increased by 2 percentage points to 41.5%. This was driven by organic growth of surplus which more than offset the impact of a reduction in the all lines quota share treaty from 29% to 26% effective December 31, 2019.

Page 28: FMS – Overview

Farmers Management Services (FMS) BOP increased 2% compared to the prior year. This was driven by 1% growth in the gross management result, in line with Farmers Exchanges gross earned premiums, and USD 19m of favorable mark to market impact on a deferred compensation plan, compared to a USD 10m unfavorable impact in the prior year.

The managed gross earned premium margin remained stable at 7.0%.

Page 29: Farmers Life and Farmers Re – Overview

Farmers Life BOP of USD 236m was USD 59m higher than in the prior year. Results benefited from a combination of continued growth in the in-force portfolio, favorable experience and a positive year over year impact from annual assumption updates. Within this, favorable mortality experience and lower amortization of deferred acquisition costs accounted for around half of the improvement.

Farmers Re BOP of USD 15m was USD 28m lower than in the prior year. This reflects the ongoing impact of the reduction in the all lines quota share participation, further reduced to 0.25% effective December 31, 2019, as well as higher natural catastrophe losses and adverse prior year development from periods with a higher quota share participation. Farmers Re BOP is expected to continue to gradually decline in the coming years, reflecting lower net earned premiums and lower investment income as asset balances reduce in line with the reduction in liabilities.

Page 30: Group Functions and Operations & Non-Core Businesses – BOP

The business operating loss reported under Group Functions and Operations improved by USD 36m to USD 716m. This was driven by a USD 43m reduction in headquarter expenses, while Holding and Financing costs remained in line with the prior year.

The Group's Non-Core Businesses, which comprise run-off portfolios that are managed with the intention of proactively reducing risk and releasing capital, reported an operating loss of USD 52m. The loss primarily reflected the net impact of previously announced transactions to exit legacy portfolios related to UK employer's liability, U.S. asbestos and environmental business, and German professional architects' and engineers' professional indemnity, as well as reserve strengthening in selected portfolios.

Page 31: Group – Solvency ratios

The Group's balance sheet remains very strong, with Group's Z-ECM ratio estimated at 129% as of the end of December.

Strong operational capital generation from the businesses added 14 percentage points offset by 9 percentage points of dividend accrual. Market movements over the year reduced the ratio by 2 percentage points. The impact of a reduction in risk free rates was partly offset by increased hedging and asset sales. Movements in insurance risk and other items added a further percentage point to the ratio.

Page 32: Group – Balance sheet and capital structure

Shareholders' equity increased by USD 4.9bn over the year mainly due to an increase in unrealized gains and losses, with net income of USD 4.1bn largely offset by the payment of the Group dividend.

The Group capital structure remains broadly unchanged from the one reported at the FY-18 results.

Page 33: Group – Cash remittances & dividend proposal

Conversion of earnings into distributable cash remains strong bringing the cumulative total for the 2017 – 2019 period to USD 10.9bn and exceeding the target of USD 9.5bn.

During the year the Group saw net remittances of USD 3.4bn, in-line with the prior year and represent roughly 82% of net income attributable to shareholders. The level of remittances has been driven both by operational earnings and capital released as a result of the Group's continued efforts to improve allocation of capital and extract capital from non-core and underperforming areas of business.

Cash remittances from P&C were higher than in the previous year reflecting negative one-off items in 2018, including cash payments related to the hurricanes in 2017. In 2019 life cash remittances were lower than in 2018 which benefited from the extraction of excess capital from a number of European balance sheets as well as changes in the level of key currencies.

In line with the stated dividend policy the Board proposal to the AGM is to pay a dividend of CHF 20 per share, representing a 5% increase, with the dividend paid fully out of Group retained earnings.

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CALENDAR:

- March 18-19, Morgan Stanley European Financials Conference, London
- March 30-31, HSBC West Coast Conference, San Francisco
- April 1, Annual General Meeting
- May 14, Update for the three months ended March 31, 2020
- May 19, Zurich Insights – Investor event, Zurich
- May 26, Deutsche Bank Global Financials Conference, New York
- August 13, Half year results 2020