

# Consolidated financial statements (unaudited)

Results for the six months ended June 30, 2021

## Consolidated financial statements

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## Consolidated financial statements (continued)

## Consolidated income statements

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

## Consolidated financial statements (continued)

### Consolidated statements of comprehensive income

in USD millions, for the six months ended June 30

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

## Consolidated financial statements (continued)

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

## Consolidated financial statements (continued)

## Consolidated balance sheets

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

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

## Consolidated financial statements (continued)

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

<sup>1</sup> Includes restructuring provisions (see note 9), litigation and regulatory provisions (see note 12) and other provisions.

<sup>2</sup> As of June 30, 2021, the Group had USD 2.4 billion of liabilities held for sale based on agreements signed to sell business of Zurich Insurance plc and Zurich International Life Limited (see note 3). In 2020, the Group reclassified USD 2.5 billion of liabilities to held for sale business of Zurich Insurance plc and Zurich International Life Limited (see note 3).

## Consolidated financial statements (continued)

### Consolidated statements of cash flows

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



## Consolidated financial statements (continued)

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

<sup>1</sup> Relates to the acquisition of MetLife (see note 3).

<sup>2</sup> These amounts are primarily included in the operating activities of the Cash flow statement.

**Cash and cash equivalents**

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

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

## Consolidated financial statements (continued)

## Consolidated statements of changes in equity

in USD millions

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

<sup>1</sup> Current year effect of IAS 29 'Financial Reporting in Hyperinflationary Economies'.

## Consolidated financial statements (continued)

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

## Consolidated financial statements (continued)

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

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

### 1. Basis of presentation

#### General information

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

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

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

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

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

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

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

## Consolidated financial statements (continued)

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

Table 1

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

## Consolidated financial statements (continued)

## 2. New accounting standards and amendments to published accounting standards

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

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

Table 2.1

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

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

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

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

Table 2.2

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

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

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

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

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

## Consolidated financial statements (continued)

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

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

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

## Consolidated financial statements (continued)

## 3. Acquisitions and divestments

## Transactions in 2021

## Acquisitions

*My Policy Group*

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

*MetLife Property and Casualty business*

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

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

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

Table 3.1

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

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

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



## Consolidated financial statements (continued)

### Divestments

#### Held for sale

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

#### *Zurich International Life portfolio*

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

#### *UK Employers' liability portfolio*

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

## Transactions in 2020

### Acquisitions

#### *Healthinsite*

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

#### *Swiss Commercial Accident and Health business*

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

### Divestments

#### Divested

#### *UK International Portfolio Bond*

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

#### *US Corporate Life & Pensions (CLP)*

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

#### *UK Retail Wealth Business*

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

#### *Germany Architects & Engineers portfolio*

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

## Consolidated financial statements (continued)

## 4. Group investments

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

Table 4.1

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

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

Table 4.2

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

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

## Consolidated financial statements (continued)

Table 4.3

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

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

Table 4.4

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

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

2 The Group had the right to sell or repledge, in the absence of default by its counterparties, securities received as collateral with a fair value of USD 40 million and USD 248 million as of June 30, 2021 and December 31, 2020, respectively.

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

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

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

## Consolidated financial statements (continued)

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

Table 5.1

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

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

Table 5.2

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

<sup>1</sup> In 2020, changes to incurred gross prior year losses and loss adjustment expenses relate largely to business with limited net impact to the Group such as liabilities related to captive business, development in losses related to 2017 catastrophe events that are substantially reinsured, and participation in large claims related to business where the Group retains only a portion of the overall loss.

<sup>2</sup> In 2020, net reserves increased by USD 305 million following the acquisition of the CSS Versicherung AG Commercial Accident and Health business and USD 23 million following the acquisition of Adira Insurance (see note 3). Additionally, Zurich North America entered into an agreement with Lyft, a ride-sharing provider, which resulted in an increase in ceded reserves of USD 144 million. The increase in reserves is partially offset by the transfer of a portfolio in Brazil of USD 108 million to DPVAT, a motor insurance pool.

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

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

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

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

## Consolidated financial statements (continued)

Table 5.3

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

<sup>1</sup> The 2020 net movement is mainly related to adjustments to the acquisition of OnePath.

Table 5.4

Policyholder contract deposits and other funds gross	in USD millions, as of	
	06/30/2021	12/31/2020
Universal life and other contracts	14,639	14,622
Policyholder dividends	14,430	16,875
<b>Total</b>	<b>29,068</b>	<b>31,497</b>

Table 5.5

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

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

## Consolidated financial statements (continued)

### 6. Policyholder dividends and participation in profits

Table 6

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

## Consolidated financial statements (continued)

### 7. Deferred policy acquisition costs and deferred origination costs

Table 7.1

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

<sup>1</sup> Net of eliminations from inter-segment transactions.

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

Table 7.2

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

## Consolidated financial statements (continued)

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

Table 8.1

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

<sup>1</sup> Amortization of distribution agreements is included within underwriting and policy acquisition costs.

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

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

Table 8.2

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



## Consolidated financial statements (continued)

Table 8.3

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

<sup>1</sup> Amortization of distribution agreements is included within underwriting and policy acquisition costs.

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

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

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

Table 8.4

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

## Consolidated financial statements (continued)

## 9. Restructuring provisions

Table 9

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

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

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

## Consolidated financial statements (continued)

## 10. Income taxes

Table 10.1

Income tax expense – current/deferred split	in USD millions, for the six months ended June 30		2021	2020
	Current		745	594
Deferred		195	(253)	
<b>Total income tax expense/(benefit)</b>		<b>940</b>	<b>341</b>	

Table 10.2

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

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

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

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

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

## Consolidated financial statements (continued)

## 11. Senior and subordinated debt

Table 11

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

1 Issued under the Group's Euro Medium Term Note Programme (EMTN Programme).

2 The Group applied the fair value hedge methodology either partially or in full to hedge the interest rate exposure.

3 These bonds are part of a qualifying net investment hedge to hedge the foreign currency exposure.

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

## Consolidated financial statements (continued)

## 12. Commitments and contingencies, legal proceedings and regulatory investigations

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

Table 12

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

1 Guarantee features embedded in life insurance products are not included.

2 Includes USD 92 million future cash outflows, that the Group as lessee is potentially exposed to which are not reflected in the measurement of lease liabilities in the balance sheet.

3 Of which USD 48 million represents a lease agreement in UK commencing in 2022 (sale and leaseback of a new building)

4 Excluding restructuring provisions (see note 9), other provisions and any claims or coverage related litigation which is included in loss reserves and loss adjustment expenses.

### Legal, compliance and regulatory developments

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

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

### Compliance and regulatory matters

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

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

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

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

## Consolidated financial statements (continued)

## 13. Fair value measurement

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

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

Table 13.1

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

## Recurring fair value measurements of assets and liabilities

Table 13.2a

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

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

## Consolidated financial statements (continued)

Table 13.2b

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

Table 13.3a

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

<sup>1</sup> Presented as net capital gains/(losses) and impairments on Group investments in the unaudited consolidated income statements (see note 4).

<sup>2</sup> Unrealized gains/(losses) recognized in income for available-for-sale securities relate to impairments.

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

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

## Consolidated financial statements (continued)

Table 13.3b

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

<sup>1</sup> Presented as net capital gains/(losses) and impairments on Group investments in the unaudited consolidated income statements (see note 4).

<sup>2</sup> Unrealized gains/(losses) recognized in income for available-for-sale securities relate to impairments.

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

#### Non-recurring fair value measurements of assets and liabilities

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



## Consolidated financial statements (continued)

### 14. Segment information

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

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

The Group's reportable segments comprise the following:

#### **Property & Casualty and Life regions**

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

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

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

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

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

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

## Consolidated financial statements (continued)

### Aggregations and additional information

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

- Property & Casualty – total
- Life – total

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

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

### Business operating profit

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

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## Consolidated financial statements (continued)

Table 14.1

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

## Consolidated financial statements (continued)

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

## Consolidated financial statements (continued)

Table 14.2

Life –  
Overview by segment

in USD millions, for the six months ended June 30

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

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

## Consolidated financial statements (continued)

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

## Consolidated financial statements (continued)

Table 14.3

in USD millions, for the six months ended June 30

**Business operating  
profit by business**

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

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



## Consolidated financial statements (continued)

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

## Consolidated financial statements (continued)

Table 14.4

in USD millions, for the six months ended June 30

### Reconciliation of BOP to net income after income taxes

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

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

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

## Consolidated financial statements (continued)

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

## Consolidated financial statements (continued)

Table 14.5

**Property & Casualty  
– Commercial and  
Retail Insurance  
overview<sup>1</sup>**

in USD millions, for the six months ended June 30

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

<sup>1</sup> Commercial and Retail Insurance overview exclude Group Reinsurance.

## Consolidated financial statements (continued)

### 15. Events after the balance sheet date

No events after the balance sheet date.

## Review report of the auditors



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

Zurich, August 11, 2021

### Report on the review of interim condensed consolidated financial statements

#### Introduction

We have reviewed the interim condensed consolidated financial statements (income statement, statement of comprehensive income, balance sheet, statement of cash flows, statements of changes in equity and notes), pages 3 to 45, of Zurich Insurance Group Ltd for the period from January 1, 2021 to June 30, 2021. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

#### Scope of Review

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

#### Conclusion

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

#### Other matter

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

Ernst & Young Ltd

Isabelle Santenac  
Licensed audit expert  
(Auditor in charge)

Thomas Fiepke  
CPA (USA)

## 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, in the financial services industries in particular; (iii) performance of financial markets; (iv) levels of interest rates and currency exchange rates; (v) frequency, severity and development of insured claims events; (vi) mortality and morbidity experience; (vii) policy renewal and lapse rates; (viii) increased litigation activity and regulatory actions; and (ix) changes in laws and regulations and in the policies of regulators may have a direct bearing on the results of operations of Zurich Insurance Group Ltd and its Group and on whether the targets will be achieved. Specifically in relation with the COVID-19 related statements, such statements were made on the basis of circumstances prevailing at a certain time and on the basis of specific terms and conditions (in particular applicable exclusions) of insurance policies as written and interpreted by the Group and may be subject to regulatory, legislative, governmental and litigation-related developments affecting the extent of potential losses covered by a member of the Group or potentially exposing the Group to additional losses if terms or conditions are retroactively amended by way of legislative or regulatory action. Zurich Insurance Group Ltd undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

All references to 'Farmers Exchanges' mean Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange and their subsidiaries and affiliates. The three Exchanges are California domiciled inter-insurance exchanges owned by their policyholders with governance oversight by their Boards of Governors. Farmers Group, Inc. and its subsidiaries are appointed as the attorneys-in-fact for the three Exchanges and in that capacity provide certain non-claims services and ancillary services to the Farmers Exchanges. Neither Farmers Group, Inc., nor its parent companies, Zurich Insurance Company Ltd and Zurich Insurance Group Ltd, have any ownership interest in the Farmers Exchanges. Financial information about the Farmers Exchanges is proprietary to the Farmers Exchanges, but is provided to support an understanding of the performance of Farmers Group, Inc. and Farmers Reinsurance Company.

It should be noted that past performance is not a guide to future performance. Please also note that interim results are not necessarily indicative of full year results.

Persons requiring advice should consult an independent advisor.

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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.