

Zurich to sell its Russian retail business and focus on its corporate business

Zurich will sell its retail business in Russia to OLMA Group, while retaining and further building on its well-established Russian corporate business. The transaction is in line with Zurich's strategy to prioritize investments where it has distinctive positions.

Zurich, July 3, 2014 – Zurich Insurance Group (Zurich) and OLMA Group (OLMA) have signed an agreement under which OLMA will acquire Zurich's general insurance retail business in Russia. OLMA has stated ambitions to further develop the retail insurance business in Russia as well as building its own corporate business by leveraging its existing customer base. Zurich's retail portfolio comprises around 1.2 million policies representing gross written premium volume of RUB 7.1 billion (about USD 220 million) in 2013. Its products include casco, motor third party liability, property and personal accident and are sold to individuals and small and mid-sized companies via agencies, partnerships and direct channels. Subject to regulatory approvals, the transaction is expected to close in the third quarter 2014.

The sales price amounts to RUB 1 billion (about USD 30 million). On disposal, unrealized currency translation adjustment (CTA) losses of approximately USD 265 million, currently reflected in shareholders' equity, will become realized. Mainly as a result of this accounting charge, the transaction is estimated to generate a loss through net income of about USD 300 million, but with only a small impact on the Group's shareholders' equity. The CTA loss recognized on disposal reflects the revaluation of investments made into the Russian retail business since the acquisition of Nasta Insurance Company in 2007 primarily due to the depreciation of the Russian Ruble versus the U.S. dollar. The exact amount of the CTA loss will be calculated at the closing of the transaction, which is expected to be in the third quarter of 2014.



Zurich will retain its corporate business, which is primarily focused on underwriting large Russian and multi-national commercial customers, energy business and financial lines. It has been an active player in the Russian corporate market since 1996.

Mike Kerner, CEO General Insurance, says: “The transaction is a proof-point of our 2014-2016 strategy. While we invest in priority markets, we either turn around or exit those that are under-performing. When announcing our Annual Results 2013, we said that the Russian retail business had not developed according to our expectations and that we would explore options for it. We believe that the sale to OLMA is in the best interest of our customers, employees and shareholders.”

Further information

OLMA Investment Group (OLMA) is a Moscow based investment company founded in 1992 and primarily provides financial services in the Russian securities and derivatives market. The company also developed RTS Stock Exchange, the first registrar – Moscow Securities Centre (MSC), Russia’s largest settlement and depository organization – Depository Clearing Company (DCC), and FORTS exchange, a Russian futures and options market.

Zurich Insurance Group (Zurich) is a leading multi-line insurer that serves its customers in global and local markets. With more than 55,000 employees, it provides a wide range of general insurance and life insurance products and services. Zurich’s customers include individuals, small businesses, and mid-sized and large companies, including multinational corporations, in more than 170 countries. The Group is headquartered in Zurich, Switzerland, where it was founded in 1872. The holding company, Zurich Insurance Group Ltd (ZURN), is listed on the SIX Swiss Exchange and has a level I American Depositary Receipt (ZURVY) program, which is traded over-the-counter on OTCQX. Further information about Zurich is available at www.zurich.com.

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