

## **Zurich enters agreement to acquire ANZ's life insurance businesses in Australia**

- **Zurich to become the leading retail life insurer in Australia**
- **Acquisition is earnings accretive from day one, and will increase return on equity, cash remittance targets and shareholder returns**
- **Acquisition reinforces Zurich's strategy of focusing on capital-light protection and unit-linked business, expanding bancassurance capabilities and reducing volatility**
- **Acquisition expected to be funded from internal resources and senior debt**
- **Agreement includes long-term distribution arrangements with ANZ, one of Australia's leading banks**

Zurich, December 11, 2017 – Zurich Insurance Group (Zurich) today announced that it has entered into an agreement to acquire 100 percent of ANZ's life insurance businesses, OnePath Life, in Australia for AUD 2.85 billion (USD 2.14 billion). Both parties expect the transaction, which is subject to regulatory approval, to be completed by the end of 2018.

The transaction price comprises AUD 1 billion of upfront reinsurance commissions, expected to be paid subject to regulatory approval in May 2018 with the remaining balance paid on completion.

“ANZ's portfolio of non-traditional and profitable retail products fits well with Zurich's strategy to focus on capital-light protection and unit-linked business. Furthermore, it strengthens the Group's position in Asia Pacific, while building on our strong bank distribution capabilities,” said Group Chief Executive Officer Mario Greco. “In addition, the existing portfolio provides a highly cash-generative business that will add to our cash remittances, increase our business operating profit after tax return on equity (BOPAT ROE) target by 50 basis points and support dividend growth beyond that implied by our existing plan.”



The acquisition is expected to contribute to the Group's profitability from day one, generating strong cash flows which will support future dividend growth. The transaction will also increase the proportion of stable life protection-based earnings, reducing overall Group earnings volatility and increasing the proportion of life earnings remitted as cash back to the Group. In view of these earnings benefits, Zurich expects to raise its current BOPAT ROE target by 50 basis points by 2019. The transaction is also expected to increase the level of overall cash remittances over the 2017-2019 planning period by AUD 300 million (USD 225 million).

As part of the transaction, Zurich will enter into a 20-year distribution agreement with ANZ in Australia to distribute life insurance products through bank channels. Under this agreement, Zurich will have access to ANZ's 6 million customers which are served through the bank's more than 680 branches and over 2,300 ATMs, as well as digital distribution channels.

As a result of the transaction, Zurich will have an approximately 19 percent share of the Australian retail life insurance market, positioning it as the market's largest retail life insurer. It will also have around 6 percent of the group life market. The agreement complements Zurich's existing independent financial adviser (IFA) and bank distribution channels in Australia.

Jack Howell, Zurich's Chief Executive Officer for Asia Pacific, said, "Zurich has earmarked the Asia Pacific region to be a major engine of growth in distribution and service capabilities, building on our recent acquisitions of Macquarie's retail life insurance business and the Cover-More Group. Importantly, we are acquiring a profitable business with loyal customers and a track record of strong, stable cash flows."

On a pro-forma basis, the operations to be acquired reported net earned premiums for the 12 months ended September 30, 2017 of USD 1.1 billion and a net profit after tax of USD 142 million. The acquisition is expected to be funded through a mixture of Zurich's internal cash resources and senior debt, and is expected to reduce Zurich's capital position only modestly. The Group's overall capital position will continue to be very strong.



### **Further information**

For further information on the agreement please see the attached [presentation](#).

There will be a conference call Q&A session for analysts and investors on Tuesday, December 12, 2017 starting at 13.00 CET. Media may listen in. Please dial-in to register 10 minutes prior to the start of the respective call.

### **Dial-in numbers**

Europe	+41 (0) 58 310 50 00
UK	+44 (0) 207 107 0613
U.S.	+1 (1) 631 570 56 13

**Zurich Insurance Group (Zurich)** is a leading multi-line insurer that serves its customers in global and local markets. With about 54,000 employees, it provides a wide range of property and casualty, and life insurance products and services in more than 210 countries and territories. Zurich's customers include individuals, small businesses, and mid-sized and large companies, as well as multinational corporations. The Group is headquartered in Zurich, Switzerland, where it was founded in 1872. The holding company, Zurich Insurance Group Ltd (ZURN), is listed on the SIX Swiss Exchange and has a level I American Depositary Receipt (ZURVY) program, which is traded over-the-counter on OTCQX. Further information about Zurich is available at [www.zurich.com](http://www.zurich.com).

### **Contact**

Zurich Insurance Group Ltd  
Austrasse 46, 8045 Zurich, Switzerland  
[www.zurich.com](http://www.zurich.com)  
SIX Swiss Exchange/SMI: ZURN, Valor: 001107539

### **Media Relations**

Frank Keidel, Riccardo Moretto  
phone +41 (0)44 625 21 00  
twitter [@Zurich](#)  
[media@zurich.com](mailto:media@zurich.com)



## **Investor Relations**

Richard Burden, Francesco Bonsante, Gianni Vitale  
phone +41 (0)44 625 22 99, fax +41 (0)44 625 36 18  
[investor.relations@zurich.com](mailto:investor.relations@zurich.com)

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