

## Zurich reports good growth in revenues for the first three quarters

- **Strong growth in Life APE up 25% with 6% growth in new business value on a like-for-like<sup>1</sup> basis**
- **Property & Casualty (P&C) gross written premiums stable with the Group continuing to focus on profitability**
- **Continued top-line growth at Farmers Exchanges<sup>2</sup> with gross written premiums of continuing operations<sup>3</sup> up 4%**
- **Very strong capital position with Z-ECM estimated at 134%<sup>4</sup>**

“We are pleased with the development of our businesses over the first nine months of the year and are on track to achieve our 2017-2019 financial targets,” said Group Chief Financial Officer George Quinn. “Life continues to perform very strongly, while the Farmers Exchanges<sup>2</sup> are seeing good momentum in key customer metrics and underlying profitability. In Property & Casualty we continue to focus on profitability over volumes in what remains a challenging environment. We have also continued to execute on our strategy with the announced acquisition of Adira Insurance in Indonesia and the integration of the acquired QBE businesses in Latin America.”

### Key figures

in USD millions, for the nine months ended September 30, unless otherwise stated	2018	2017	Change <sup>5</sup> in USD	Change <sup>1,5</sup> like-for-like
P&C gross written premiums (GWP)	<b>25,870</b>	25,345	2%	0%
Life annual premium equivalent (APE)	<b>3,570</b>	3,474	3%	25%
Farmers Exchanges <sup>2</sup> GWP	<b>15,512</b>	15,176	2%	2%
Z-ECM <sup>4</sup>	<b>134%</b>	132%	2ppts	n.a.

## Commentary

### *Property & Casualty (P&C)*

in USD millions, for the nine months ended September 30, unless otherwise stated	Gross written premiums (GWP)				Rate change, in %	
	2018	2017	Change <sup>5</sup> in USD	Change <sup>1,5</sup> like-for-like	2018	Change vs. 2017
<b>Property &amp; Casualty</b>	<b>25,870</b>	25,345	2%	0%	<b>3%</b>	increasing
EMEA	<b>11,511</b>	10,974	5%	(0%)	<b>2%</b>	stable
North America	<b>11,446</b>	11,599	(1%)	(1%)	<b>4%</b>	increasing
Asia Pacific	<b>2,032</b>	1,752	16%	15%	<b>2%</b>	increasing
Latin America	<b>1,959</b>	1,958	0%	7%	<b>3%</b>	increasing

Gross written premiums in Property & Casualty for the first nine months of 2018 grew 2% in U.S. dollar terms and were stable on a like-for-like<sup>1</sup> basis. Growth in Asia Pacific and Latin America was partially offset by planned actions focused on profitability in North America. Overall the Group saw rate increases of around 3% over the period.

In EMEA, gross written premiums increased 5% in U.S. dollar terms and remained flat on a like-for-like<sup>1</sup> basis, with growth in commercial business in Switzerland, and in Portugal, offset by reductions in Germany and the UK. Gross written premiums for North America were down 1% compared to the prior year period. In line with the Group's strategy, this was mainly driven by planned reductions in less profitable lines of business. In Asia Pacific, premiums were up 15% on a like-for-like<sup>1</sup> basis with around two thirds of the increase resulting from growth in the Australian travel business, with the balance largely resulting from growth in Japan and Malaysia. In Latin America, gross written premiums increased by 7% on a like-for-like<sup>1</sup> basis driven by the retail business in Brazil and Argentina.

Weather and natural catastrophe losses over the first nine months were slightly above expected levels. In the fourth quarter, losses related to Hurricane Michael are estimated to be approximately USD 175 million.

**Life**

in USD millions, for the nine months ended September 30, unless otherwise stated	Annual premium equivalent (APE)				New business value (NBV)			
	2018	2017	Change <sup>5</sup> in USD	Change <sup>1,5</sup> like-for-like	2018	2017	Change <sup>5</sup> in USD	Change <sup>1,5</sup> like-for-like
<b>Life</b>	<b>3,570</b>	3,474	3%	25%	<b>732</b>	706	4%	6%
EMEA	<b>2,191</b>	2,464	(11%)	16%	<b>464</b>	449	3%	4%
North America	<b>52</b>	40	30%	30%	<b>10</b>	17	(40%)	(40%)
Asia Pacific	<b>167</b>	134	25%	22%	<b>135</b>	118	14%	12%
Latin America	<b>1,160</b>	836	39%	46%	<b>123</b>	122	1%	12%

Life new business annual premium equivalent (APE) volumes increased by 25% on a like-for-like<sup>1</sup> basis in the first nine months after adjusting for currency and the disposal of the UK workplace savings business, with growth of 3% as reported.

In EMEA, like-for-like<sup>1</sup> growth of 16% was driven by an overall strong performance, in particular by the joint venture with Banco de Sabadell S.A. in Spain, together with Italy, Switzerland and the UK. North America grew 30% as a result of improved volumes of corporate protection business. In Asia Pacific all countries contributed to growth of 22%, while Latin America saw growth of 46% as a result of winning a tender for a large corporate protection contract in Chile.

New business value increased 4% and 6% on a like-for-like<sup>1</sup> basis, with volume growth and positive changes to economic assumptions offset by business mix.

The new business margin improved by 0.1 percentage points to 23.3%.

### *Farmers*

in USD millions, for the nine months ended September 30, unless otherwise stated	<b>2018</b>	2017	Change <sup>5</sup> in USD
<b>Farmers Exchanges<sup>2</sup></b>			
Gross written premiums (GWP)	<b>15,512</b>	15,176	2%
Gross earned premiums (GEP)	<b>15,063</b>	14,841	1%
Surplus ratio <sup>6</sup>	<b>39.7%</b>	38.7%	1.0ppt

The Farmers Exchanges<sup>2</sup>, which are owned by their policyholders, continued to deliver top-line growth in the first nine months of the year with the key customer metrics of Net Promoter Score and retention improving further in the most recent quarter.

In the first nine months, gross written premiums from continuing operations<sup>3</sup> were up 4%, with growth across all books of business. The Uber commercial rideshare insurance accounted for approximately one percentage point of the growth. Growth was also supported by the continued delivery of the Farmers Exchanges<sup>2</sup> expansion in the Eastern U.S., with gross written premiums increasing 16% in the expansion states. In July 2018, the Farmers Exchanges<sup>2</sup> opened for business in Florida.

As in previous quarters, top-line growth in continuing operations<sup>3</sup> was partially offset by the run-off of discontinued operations. The run-off is largely complete and the drag on reported top-line growth is expected to reduce steadily over the next four quarters.

The Farmers Exchanges<sup>2</sup> combined ratio for the nine months showed improvement compared to the prior year as a result of a reduction in the underlying combined ratio (excluding catastrophes) and lower natural catastrophe losses. The surplus ratio stood at 39.7% at the end of September.

in USD millions, for the nine months ended September 30, unless otherwise stated	2018	2017	Change <sup>5</sup> in USD
<b>Farmers</b>			
Farmers Management Services management fees and other related revenues	<b>2,180</b>	2,165	1%
Farmers Life annual premium equivalent (APE)	<b>65</b>	67	(3%)
Farmers Life new business value (NBV)	<b>90</b>	71	27%

Farmers Management Services (FMS) management fees grew 1% compared to the prior year period, in line with the development of gross earned premiums within the Farmers Exchanges<sup>2</sup>.

Farmers Life new business APE was down 3% year-on-year, while new business value increased 27%, driven by updated operating assumptions, lower acquisition expenses and the reduction in U.S. corporate tax rates.

### ***Capital position***

As of September 30, 2018, the Z-ECM ratio was estimated at 134%<sup>4</sup>, stable compared to June 30, 2018.

### ***Sale of Venezuelan business***

The Group has entered into an agreement to sell Zurich Seguros S.A. in Venezuela. The transaction is subject to the customary approvals. On completion of the transaction, the Group expects to recognize a negative non-cash currency translation adjustment of around USD 258 million, recognized outside of business operating profit. The charge will have no impact on the Group shareholders' equity or Z-ECM capital position.



<sup>1</sup> Like-for-like comparisons represent the change in local currencies and are adjusted for the disposal of the UK workplace savings business and the closed acquisition of the operations of the Australian insurer QBE Insurance Group Limited in Argentina, Brazil and Mexico.

<sup>2</sup> Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides administrative and management services to the Farmers Exchanges as its attorney-in-fact and receives fees for its services.

<sup>3</sup> Continuing operations exclude Business Insurance Independent Agents, 21st Century business outside of California and Hawaii and other discontinued operations.

<sup>4</sup> Ratios as of September 30, 2018, and December 31, 2017, respectively. Ratio for September 30, 2018, reflects midpoint estimate with an error margin of +/- 5 pts.

<sup>5</sup> Parentheses around numbers represent an adverse variance.

<sup>6</sup> Ratios as of September 30, 2018, and December 31, 2017, respectively.

## Further information

### Q&A session for media

There will be a conference call Q&A session for media starting at 07:30 CET. Media may dial in using the details provided below. The call will be held in English.

### Q&A session for analysts and investors

There will be a conference call Q&A session for analysts and investors starting at 13:00 CET. Media may listen in. A podcast of this Q&A session will be available from 17:00 CET. Analysts, investors and media may dial in using the details provided below. The call will be held in English.

### Dial-in numbers for both Q&A sessions

Switzerland	+41 58 310 50 00
UK	+44 207 107 0613
U.S.	+1 631 570 56 13

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## 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

Neil Gordon-Henderson, Thomas Baer, Laura Dürmüller, Riccardo Moretto, Pavel Osipyants

phone +41 44 625 21 00

twitter @Zurich

[media@zurich.com](mailto:media@zurich.com)

## Investor Relations

Richard Burden, Francesco Bonsante, Samuel Han, Michèle Matlock, Gianni Vitale

phone +41 44 625 22 99, fax +41 44 625 02 99

[investor.relations@zurich.com](mailto:investor.relations@zurich.com)

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