

Zurich kicks off 2019 with a strong first quarter

- **Property & Casualty (P&C) gross written premiums up 4% like-for-like¹, with growth across all regions**
- **Life annual premium equivalent sales up 2% and new business value up 5%, with new business margin at an attractive level of 25.6% on a like-for-like¹ basis**
- **Continued growth of Farmers Exchanges² with gross written premiums from continuing operations³ up 2%**
- **Zurich on track to meet or exceed all 2017 to 2019 targets**
- **Capital position remains very strong**

“We are pleased with the strong development of the Group over the first quarter of the year, underlining our focus on delivering on our strategy and financial plans. We expect to meet or exceed all of our targets this year,” said Group Chief Financial Officer George Quinn. “P&C pricing trends have improved in the first quarter and the Group’s Life business continues to perform strongly. Farmers Exchanges² are also delivering on their key strategic priorities, positively impacting our fee income. The Group is well-positioned to meet the growing expectations of customers in the digital era and continues to strengthen its customer and partnership propositions by adding new distribution agreements.”

Key figures

in USD millions, for the three months ended March 31, unless otherwise stated	2019	2018	Change ⁵ in USD	Change ^{1,5} like-for-like
P&C gross written premiums (GWP)	9,177	9,333	(2%)	4%
Life annual premium equivalent (APE)	1,183	1,254	(6%)	2%
Farmers Exchanges ² GWP	5,189	5,123	1%	1%
Z-ECM ⁴	125%	124%	1ppt	n.a.

Commentary

Property & Casualty

in USD millions, for the three months ended March 31, unless otherwise stated	Gross written premiums (GWP)				Rate change, in %	
	2019	2018	Change ⁵ in USD	Change ^{1,5} like-for-like	2019	Expected trend
Property & Casualty	9,177	9,333	(2%)	4%	2%	Stable
EMEA	4,986	5,333	(7%)	4%	2%	Stable
North America	3,142	3,113	1%	1%	4%	Slightly increasing
Asia Pacific	717	628	14%	15%	2%	Stable
Latin America	750	684	10%	12%	1%	Slightly decreasing

Gross written premiums in Property & Casualty (P&C) for the first three months of 2019 increased 4% on a like-for-like¹ basis, with growth across all regions. In U.S. dollar terms gross written premiums declined 2% mainly as a result of currency movements and the previously announced disposal of the ADAC business in Germany. In the first quarter of 2019, the Group saw price increases of around 2%.

In EMEA, gross written premiums increased 4% on a like-for-like¹ basis, with strong growth in the Swiss commercial business as well as in Italy and in a number of smaller European retail markets. North America grew by 1%, while Asia Pacific increased 15% on a like-for-like¹ basis, driven mainly by growth in Australia, Malaysia and Japan. Latin America was up 12%, on a like-for-like¹ basis, driven by growth in Argentina, Chile and Brazil.

Life

in USD millions, for the three months ended March 31, unless otherwise stated	Annual premium equivalent (APE)				New business value (NBV)			
	2019	2018	Change ⁵ in USD	Change ^{1,5} like-for-like	2019	2018	Change ⁵ in USD	Change ^{1,5} like-for-like
Life	1,183	1,254	(6%)	2%	266	273	(3%)	5%
EMEA	762	901	(16%)	(10%)	170	184	(7%)	(1%)
North America	54	35	56%	56%	14	5	164%	164%
Asia Pacific	56	55	1%	6%	47	46	2%	6%
Latin America	311	263	19%	33%	35	39	(11%)	7%

Life new business annual premium equivalent (APE) volumes increased 2% on a like-for-like¹ basis during the quarter, with a decline of 6% on a reported basis due to exchange rate movements of key currencies against the U.S. dollar.

In EMEA, APE sales decreased 10% on a like-for-like¹ basis, mainly due to a reduction in lower margin corporate business. However, the corporate life and pension business in Switzerland and Ireland grew strongly. Asia Pacific increased 6% on a like-for-like¹ basis with continued growth in Southeast Asia and Australia, while North America increased 56%, although from a low base in 2018, due to improved volumes of corporate and individual protection. In Latin America, all countries contributed to growth of 33% on a like-for-like¹ basis, which also benefited from a large corporate protection sale in Chile.

The new business margin remained at an attractive level of 25.6% on a like-for-like¹ basis and 25.5% as reported. New business value increased 5% on a like-for-like¹ basis, driven by higher business volumes and positive operating assumption changes. On a reported basis the new business value declined 3%.

Farmers

in USD millions, for the three months ended March 31, unless otherwise stated	2019	2018	Change ⁵ in USD
Farmers Exchanges²			
Gross written premiums (GWP)	5,189	5,123	1%
Gross earned premiums (GEP)	5,022	4,921	2%
Surplus ratio ⁶	41.2%	39.5%	1.7ppts

The Farmers Exchanges², which are owned by their policyholders, continued to deliver top-line growth and make consistent progress across their key strategic priorities.

In the first quarter of 2019, gross written premiums from continuing operations³ increased 2% from the prior year period, with growth across all books of business. Overall reported gross written premiums were up 1%, reflecting the impact from the run-off of discontinued operations, which has now largely been completed.

The Farmers Exchanges² continued to make progress with their customer focused strategy. Net Promoter Score further improved versus the full year 2018, setting a new all-time high, and retention was in line with the fourth quarter of 2018. The build out of larger and stronger agencies with an improved customer experience also continued. Toggle, a new and innovative offering aimed at millennials, was rolled out to nine additional states since the beginning of the year, while gross written premiums growth in the expansion states in the Eastern U.S. was 8%.

The surplus ratio improved further to 41.2%, the highest level recorded in recent years, providing a strong foundation for future growth. This improvement was driven by another quarter of positive underwriting performance.

in USD millions, for the three months ended March 31, unless otherwise stated	2019	2018	Change ⁵ in USD
Farmers			
Farmers Management Services management fees and other related revenues	828	784	6%
Farmers Life annual premium equivalent (APE)	18	21	(16%)
Farmers Life new business value (NBV)	20	30	(35%)

Farmers Management Services (FMS) management fees and other related revenues increased 6% compared with the prior year period. The increase was driven by underlying growth of 1% and a change in accounting treatment which has no impact on FMS business operating profit and managed gross earned premium margin.

Farmers Life new business APE was 16% lower than the prior year period, while new business value decreased 35% driven by lower sales volumes, model and assumption updates.

Capital position

As of March 31, 2019, the Z-ECM ratio is estimated at 125%⁴, showing a slight increase compared with December 31, 2018. As of January 1, 2019, the Group's Swiss Solvency Test (SST) ratio was 221%⁷.



- ¹ Like-for-like comparisons represent the change in local currencies and are adjusted for the acquisition of Travel Ace and Universal Assistance in Latin America, the acquisition of the Latin American operations of the Australian insurer QBE Insurance Group Limited, the acquisition of the individual and group life insurance portfolios as well as the long-term savings operations of EuroAmerica in Chile and the sale of the 51 percent participation in ADAC Autoversicherung AG in Germany.
- ² Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides certain non-claims administrative, management, and ancillary services to the Farmers Exchanges as its attorney-in-fact and receives fees for its services.
- ³ Continuing operations exclude Business Insurance Independent Agents, 21st Century business outside of California and Hawaii, and other discontinued operations.
- ⁴ Ratios as of March 31, 2019, and December 31, 2018, respectively. Ratio for March 31, 2019, reflects midpoint estimate with an error margin of +/- 5 pts.
- ⁵ Parentheses around numbers represent an adverse variance.
- ⁶ Ratios as of March 31, 2019 and December 31, 2018, respectively.
- ⁷ The Swiss Solvency Test (SST) ratio is calculated based on the Group's internal model, as agreed with the Swiss Financial Market Supervisory Authority (FINMA). The ratio as of January 1, 2019, has been filed with FINMA and is subject to review by FINMA.

Further information

Q&A session for media

There will be a conference call Q&A session for media starting at 08:00 CEST. 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 CEST. Media may listen in. A podcast of this Q&A session will be available from 17:00 CEST. The call will be held in English.

Dial-in numbers for both Q&A sessions

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UK	+44 207 107 0613
U.S.	+1 631 570 56 13

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