

News Release

May 12, 2021



Zurich first quarter update – A strong start to the year

- **Property & Casualty (P&C) gross written premiums up 14% with growth of 9% on a like-for-like¹ basis driven by strong growth in commercial insurance and further improvement in pricing**
- **Life new business value up 21% on a like-for-like¹ basis driven by favorable business mix; year-to-date APE sales down 4% on a like-for-like¹ basis**
- **Farmers Exchanges² gross written premiums 4% higher**
- **Continued delivery on customer-focused strategy, with approximately 300,000 net new retail customers added in first quarter**
- **Capital position very strong with Swiss Solvency Test ratio estimated at 201%³ as of March 31, 2021**

“The Group has made a strong start to the year and remained on track with its strategy and financial plans in the first quarter,” said Group Chief Financial Officer George Quinn. “During the quarter, the Group has taken full advantage of the hard pricing conditions in the commercial business to deliver strong growth and further improvements in the underlying underwriting performance of the P&C business. In Life, the Group’s focus on growing higher-margin products, rather than simply increasing volume, has continued to support the performance of the business, while the Farmers Exchanges returned to growth even before the addition of the MetLife P&C business at the start of the second quarter. These trends, together with our very strong balance sheet, allow us to look forward to the remainder of the year with great confidence.”

Key figures

in USD millions, for the three months ended March 31, unless otherwise stated	2021	2020	Change ⁴ in USD	Change ^{1,4} like-for-like
P&C gross written premiums (GWP)	11,032	9,678	14%	9%
Life annual premium equivalent (APE)	919	958	(4%)	(4%)
Farmers Exchanges ² GWP	5,332	5,136	4%	4%
SST ^{3,5}	201%	182%	19ppt	n.a.

In the first quarter, Zurich's continued focus on using customer insights to enhance the customer experience has driven further increases in satisfaction (as measured by Net Promoter Scores) in most key markets. The number of retail customers increased by approximately 300,000, with rising levels of customer satisfaction and demand from the partnership distribution channel supporting this growth.

Commentary

Property & Casualty

in USD millions, for the three months ended March 31, unless otherwise stated	Gross written premiums (GWP)				Rate change, in %	
	2021	2020	Change ⁴ in USD	Change ^{1,4} like-for-like	2021	Expected trend
Property & Casualty	11,032	9,678	14%	9%	7%	Stable
Europe, Middle East and Africa	6,210	5,337	16%	5%	5%	Stable
North America	3,912	3,354	17%	16%	14%	Stable
Asia Pacific	782	769	2%	(1%)	4%	Stable
Latin America	574	632	(9%)	5%	2%	Stable

Gross written premiums in Property & Casualty (P&C) for the first three months rose 9% compared with the previous year on a like-for-like¹ basis, adjusting for currency movements, acquisitions and disposals. They rose 14% in U.S. dollar terms, with growth amplified by favorable currency movements.

Growth was supported by higher premium rates, which were above the level in the prior-year period in all regions and driven by commercial insurance. The Group's leading North American crop insurance business contributed about 3 percentage points to growth as a result of higher prices for agricultural commodities.

In Europe, Middle East and Africa (EMEA), gross written premiums increased 5% on a like-for-like¹ basis. Growth was driven by commercial insurance, most notably in Germany, Switzerland and the UK. Premium rates increased by 11% in commercial insurance compared with 5% in the prior-year period. Retail insurance gross written premiums were up modestly year-on-year, driven by improved new business and stable retention and premium rates.

North America grew 16% on a like-for-like¹ basis compared with the previous year, with crop insurance contributing just over half of the growth. Rate increases of 14% remained in double-digits for the fifth consecutive quarter.

In Asia Pacific, gross written premiums declined 1% on a like-for-like¹ basis compared with the previous year. Lower sales in travel insurance due to COVID-19 restrictions were only partially offset by growth in Japan and Malaysia. In Latin America, gross written premiums increased 5% on a like-for-like¹ basis, benefiting from growth in commercial insurance and Zurich Santander.

The first quarter saw a relatively elevated level of natural catastrophe and weather-related claims, mainly driven by winter storm Uri in the U.S. Assuming normal levels of natural catastrophe activity for the remainder of the year, this is expected to add around one percentage point to the usual level of natural catastrophe losses in the combined ratio for the full year.

Life

in USD millions, for the three months ended March 31, unless otherwise stated	Annual premium equivalent (APE)				New business value (NBV)			
	2021	2020	Change ⁴	Change ^{1,4}	2021	2020	Change ⁴	Change ^{1,4}
			in USD	like-for-like			in USD	like-for-like
Life	919	958	(4%)	(4%)	249	203	23%	21%
Europe, Middle East and Africa	614	637	(4%)	(11%)	182	137	33%	23%
North America	24	33	(28%)	4%	6	13	(58%)	(39%)
Asia Pacific	53	54	(2%)	(9%)	24	21	15%	7%
Latin America	228	234	(2%)	15%	37	31	20%	40%

In the first quarter, Life new business annual premium equivalent (APE) decreased 4% on a like-for-like¹ basis, adjusting for currency movements, acquisition and disposals. The decline reflects the lower sales in corporate life and pensions and annuity products, while unit-linked business showed strong growth momentum.

In EMEA, APE sales decreased by 11% on a like-for-like¹ basis, compared with the same period in 2020. This was driven by the reduction in corporate pensions business in Switzerland due to the COVID-19-related economic slowdown and competitive



market conditions, as well as by lower sales of traditional life products in Germany. These factors more than offset growth in Ireland and Spain.

In North America, APE sales increased 4% on a like-for-like¹ basis, excluding the group life business which was sold in the prior year. In Asia Pacific, lower sales in Australia and Japan led to a decline of 9% on a like-for-like¹ basis. The decline in Australia was due to repricing actions to improve margins.

APE sales in Latin America increased 15% on a like-for-like¹ basis, reflecting higher sales volumes of individual protection and unit-linked business at Zurich Santander. These were partially offset by the non-renewal of a large corporate life and protection account in Chile.

The new business margin increased by 8.1 percentage points to an attractive 31.8% as reported, or 31.7% on a like-for-like¹ basis. New business value (NBV) increased by 21% on a like-for-like¹ basis, driven by the more favorable sales mix in EMEA and Asia Pacific and higher sales volumes in Latin America. On a reported basis, NBV increased by 23%.

As indicated at the time of the full-year results, the continuing COVID-19 pandemic is expected to have an adverse impact on mortality in 2021. This is due to a number of key countries in EMEA and Latin America, as well as the United States, experiencing elevated mortality over the course of the first quarter.

Farmers

in USD millions, for the three months ended March 31, unless otherwise stated	2021	2020	Change ⁴ in USD
Farmers Exchanges²			
Gross written premiums (GWP)	5,332	5,136	4%
Gross earned premiums (GEP)	5,051	5,132	(2%)
Surplus ratio ⁵	42.2%	43.2%	(1.0ppt)

The Farmers Exchanges², which are owned by their policyholders, reported an increase of 4% in gross written premiums in the first quarter of the year. Growth was driven by

the continued improvement in new business volumes and USD 130 million of premiums relating to higher volumes of commercial rideshare business. Gross earned premiums, which lag written premiums, declined in the first quarter due to the impact of COVID-19 on written premiums in 2020, with a return to growth expected during the remainder of the year.

The Farmers Exchanges² surplus ratio remained at a strong level of 42.2%.

in USD millions, for the three months ended March 31, unless otherwise stated	2021	2020	Change ⁴ in USD
Farmers			
Farmers Management Services management fees and other related revenues	918	938	(2%)
Farmers Life annual premium equivalent (APE)	18	19	(4%)
Farmers Life new business value (NBV)	27	24	16%

Farmers Management Services (FMS) management fees and other related revenues were in-line with the development of gross earned premiums at the Farmers Exchanges, which are expected to return to growth over the remainder of the year.

Farmers Life new business APE sales decreased 4% compared with the prior year, which benefited from a one-off sales promotion campaign run in the first quarter of 2020. New business value increased 16%, mainly driven by lower interest rates and lower operating expenses.

Capital position

As of March 31, 2021, Zurich's Swiss Solvency Test (SST) ratio is estimated at 201%³ and remains well in excess of the Group's 160% target level. The increase of 19 percentage points over the first quarter was driven by favorable market conditions and the successful placement of USD 1.75 billion of subordinated debt. The acquisition of the MetLife P&C business and the early redemption of a hybrid debt instrument partially offset the increase.

¹ Like-for-like comparisons represent the change in local currencies and are adjusted for the SME portfolio transfer of CSS Versicherung AG in Switzerland, the portion of Adira Insurance business in Indonesia written in 2019 after the deal completion in November 28, 2019, but booked in 2020, the sale of group life business in the U.S., and the reclassification of Zurich Global Employee Benefit Solutions from Life to Global Business Platforms in Group Functions and Operations.



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 services and ancillary services to the Farmers Exchanges as its attorney-in-fact and receives fees for its services.

³ Estimated Swiss Solvency Test ratio, after application of risk-free yield curves for the main currencies of USD, EUR, GBP and CHF as allowed by FINMA. The SST ratio as of March 31, 2021, accounts for USD 1.75 billion subordinated debt issued on January 12, 2021, which is approved by FINMA, the transaction impact of the MetLife P&C acquisition closed on April 7, 2021 and the announced early redemption of CHF 225 million of hybrid debt which was announced on May 4, 2021.

⁴ Parentheses around numbers represent an adverse variance.

⁵ Ratios as of March 31, 2021, and December 31, 2020, respectively.

Further information

Q&A session for media

There will be a conference call Q&A session for media starting at 08:30 CEST. Media may dial in using the details provided below. The call will be held in English. Please dial in approximately 10 minutes prior to the start of the conference call.

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U.S. +1 631 570 5613

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.

Participants who wish to attend the Live Q&A session will need to register ahead of the call under this link ([Zurich Q&A call registration](#)) and follow the on screen instructions.

Following registration, you will receive details of the call, together with your personal access details (PIN) for the event by email. At the time of the event, you will need to choose the dial in number and call it, enter the passcode of the event (5114040#) and your personalized pin followed by the # sign.

Zurich Insurance Group (Zurich) is a leading multi-line insurer that serves its customers in global and local markets. With about 55,000 employees, it provides a wide range of property and casualty, and life insurance products and services in more than 215 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.



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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.

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