

News Release

August 12, 2021

Ad hoc announcement pursuant to Art. 53 of the Listing Rules



Historic performance in challenging times

- **Group business operating profit (BOP) rises 60% to USD 2.7 billion; Property & Casualty (P&C) combined ratio at 93.9%, lowest in more than 20 years**
- **P&C BOP more than doubles to USD 1.6 billion despite elevated losses from extreme weather; gross written premiums (GWP) up 16%**
- **Life BOP rises 44% to USD 802 million on higher fee revenue and investment results; annual premium equivalent (APE) sales up 14%**
- **Farmers Exchanges² gross written premiums up 16% including acquired MetLife business and 7% like-for-like³**
- **More than 600,000 net new retail customers added in first half**
- **Net income attributable to shareholders up 86% to USD 2.2 billion; very strong capital position with Swiss Solvency Test (SST) ratio at 206%⁴**
- **Group remains on track to achieve 2022 targets**

Zurich Insurance Group (Zurich) reported a strong rebound in profit for the first half of 2021. Strong underlying earnings and a reduced impact from COVID-19 more than compensated for higher losses from extreme weather events.

Group Chief Executive Officer Mario Greco said: “We achieved outstanding results in the first six months of 2021 with profits back to the levels of 2019, when we reported our best first half in a decade. This is a remarkable achievement considering the elevated natural catastrophe losses in the period and the ongoing public health crisis.

Our first-half performance is the result of the focused execution of our strategy, with contributions from all parts of the business. Our combined ratio in property and casualty insurance, now at its lowest in more than 20 years, is testament to the improvements made to underwriting since 2016. And we added more than 600,000 retail customers during a period of continued uncertainty and restrictions related to the pandemic.

In our Life business, margins improved as we continued to focus on protection and capital-light savings products, while the Farmers Exchanges² benefited from efforts to diversify and strengthen distribution channels.



This year's extreme weather events – from winter storms in the southern United States to the more recent flooding in South East Asia and Europe – underscore society's vulnerability to the risks of climate change and the need for businesses to take action.

We are supporting our customers with new services to improve resilience to climate risks and are acting to mitigate the climate impact of our activities. In March, we announced intermediate emissions targets for our operations and investments in real estate, corporate credit and equities, as we set the Group on a course to achieve net-zero emissions by 2050.

As economies emerge from the COVID-19 pandemic, Zurich is fitter, faster and more resilient than ever. Our work in the last five years to simplify and strengthen the business, combined with the continuing upturn in commercial insurance pricing, positions us well. I have great confidence in the strength of our business and the skills of our employees to maintain this momentum and deliver on our targets.”

Select financial highlights (unaudited)

(For a more comprehensive set of financial highlights see page 9)

in USD millions, for the 6 months ended June 30 unless otherwise stated	2021	2020	Change in USD ⁵
Business operating profit (BOP)	2,714	1,702	60%
Net income after tax attributable to shareholders (NIAS)	2,193	1,181	86%
Business operating profit (after tax) return on common shareholders' equity (BOPAT ROE)	13.0%	8.5%	4.5pts

Half-year 2021 business operating profit (BOP) was USD 2.7 billion, an increase of 60% compared with USD 1.7 billion in the first six months of 2020. Growth was driven by an underlying improvement across all businesses and reduced claims from COVID-19, which more than offset higher levels of natural catastrophe and weather-related claims.

In the first half of 2021, the impact of COVID-19 on business operating profit was USD 73 million¹ compared with USD 686 million in the first half of 2020. In 2021, higher mortality-related claims across the Group's life insurance business offset a net favorable impact in property and casualty. The favorable impact in P&C was due to



reduced claims frequency associated with COVID-19 restrictions, which more than compensated for COVID-19 related claims.

Net income after tax attributable to shareholders was USD 2.2 billion, an increase of 86% compared with the prior-year period. This reflects the improvement in BOP, supported by higher levels of realized capital gains.

Customer focus delivering results

Throughout the first half, the Group continued to advance its customer-focused strategy, strengthening digital propositions to meet customer needs, and increasing the use of customer insights to improve customer experience. This has continued to lead to improvements in customer satisfaction (as measured by net promoter scores) in most of the Group's retail markets. These improvements, together with demand through partnership distribution channels, which withstood ongoing uncertainty surrounding the pandemic, supported further growth in the number of retail customers, which increased by more than 600,000 to 52.2 million.⁶

Strong growth in property and casualty insurance

Property and casualty gross written premiums grew by 12% on a like-for-like³ basis in the first half of 2021, with strong growth achieved in both commercial insurance and retail business. Growth continued to be supported by significant rate increases in the Group's commercial business across all regions, with these trends expected to continue through the second half of the year.

Delivering on environmental and societal ambitions

The Group continued to execute on its ambition to be one of the most responsible and impactful businesses in the world. As part of this ambition, the Group announced in March its new, interim science-based targets for greenhouse gas emissions to set a pathway to becoming a net-zero emissions business by 2050. These include a 50% reduction in gross emissions from own operations by 2025 from the 2019 baseline; a 30% reduction per square meter for real estate investments; and a 25% cut in the carbon intensity of listed equity and corporate bond investments. Further, the Group became a founding member of the Net-Zero Insurance Alliance, which aims to define a methodology to measure emissions from underwriting portfolios.



As part of these commitments to tackling climate change, the Group is planning new actions to reduce emissions related to travel, vehicle fleets, paper, food and real estate.

Zurich continued to support customers, colleagues and communities through the challenges of the pandemic. The Group contributed to government campaigns to accelerate COVID-19 vaccination by setting up vaccination centers for employees in several countries in Asia, Europe and the Americas.

To champion the need to provide equal access to COVID-19 vaccines worldwide, the Z Zurich Foundation⁷ has pledged to support UNICEF's global efforts to help deliver COVID-19 vaccines to low- and middle-income countries. The campaign, which began in April, will run until the end of the year. As of June 30, the amount raised will help UNICEF deliver over 2.5 million vaccine doses to the most vulnerable.

Business performance

Property & Casualty

in USD millions, for the 6 months ended June 30, unless otherwise stated	2021	2020	Change in USD ⁵	Change like-for- like ^{3,5}
P&C gross written premiums and policy fees	22,034	18,937	16%	12%
P&C business operating profit (BOP)	1,559	751	108%	105%
P&C combined ratio	93.9%	99.8%	6.0pts	

- **Property & Casualty (P&C) business operating profit up 108% to USD 1,559 million, driven by the lowest combined ratio in more than 20 years and double-digit top-line growth**

Business operating profit of USD 1,559 million was 108% higher than in the previous year. The Group achieved a combined ratio of 93.9%, the lowest level in more than 20 years and six percentage points below the prior-year period, despite higher-than-normal catastrophe and weather-related claims. The reduction was driven by an underlying improvement in underwriting profitability, as higher prices feed into the results, as well as a favorable net impact from COVID-19 compared with the adverse impact recorded in the prior-year period. All regions contributed to the combined ratio improvement.

EMEA and Asia Pacific benefited from lower losses and expenses relative to premiums. North America reported a broadly stable expense ratio and a reduction in the loss ratio, while Latin America benefited from lower expenses relative to premiums.



Gross written premiums grew 12% on a like-for-like basis³, adjusting for currency movements, acquisitions and disposals, with growth in both retail and commercial insurance. All regions contributed to growth. In EMEA, growth was driven by higher retention and new business in retail, as well as price increases in commercial insurance. North America continued to benefit from higher commercial insurance prices, as well as rising agricultural commodity prices driving top-line growth in crop insurance. Asia Pacific and Latin America returned to growth, rebounding from the previous year's relatively low level, which reflected a higher impact of COVID-19-related restrictions. In U.S. dollars, the Group's gross written premiums rose 16%, with growth amplified by favorable currency movements.

The Group achieved price increases of about 8% in the first half, with most regions seeing a higher level of increases compared with the previous year. Price increases were driven largely by commercial insurance and were well above claims cost inflation.

Life

in USD millions, for the 6 months ended June 30, unless otherwise stated	2021	2020	Change in USD ⁵	Change like-for- like ^{3,5}
Life gross written premiums, policy fees and insurance deposits	14,603	13,008	12%	8%
Life business operating profit (BOP)	802	559	44%	31%
Life new business annual premium equivalent (APE)	1,911	1,673	14%	11%
Life new business margin, after tax (as % of APE)	30.5%	23.9%	6.5pts	6.4pts
Life new business value, after tax	500	348	44%	37%

- **Life business returned to growth with favorable mix and higher margin; BOP up 44% despite continued elevated mortality claims**

The Group's Life business delivered a strong performance during the first half of the year, with continued focus on the execution of its long-term strategy to grow protection and capital-light savings products.

First-half BOP of USD 802 million was up 44% compared with the prior-year period, despite a slightly higher impact from COVID-19 of USD 137 million.¹ On a like-for-like³ basis, Life BOP improved by 31%, driven by higher fee revenues and investment results, and improved claims experience excluding COVID-19 mainly in APAC and EMEA. The main contributors to this positive result are Australia, due to favorable



claims experience, and UK, Italy and Switzerland, driven by underlying volume growth and margin expansion. In Latin America, BOP decreased 37% on a reported basis, mainly due to COVID-19 mortality claims. Excluding these, BOP grew 29%, driven by profitable sales growth at Zurich Santander and a positive run-off development of a large corporate protection scheme in Chile.

Life new business annual premium equivalent (APE) sales returned to growth, with an 11% increase on a like-for-like³ basis. The rise in sales reflects favorable growth momentum in unit-linked business and protection products. Together with the corporate savings business, these products accounted for 90% of APE sales over the first half of the year. In EMEA, APE sales increased by 14% on a like-for-like³ basis, mainly driven by strong growth of unit-linked business in Ireland and Italy, and good sales of protection products in Spain, UK and Switzerland. APE sales in Latin America increased 11% on a like-for-like³ basis, reflecting higher sales volumes of individual protection products at Zurich Santander and favorable growth of unit-linked business in Chile and Brazil. In Asia Pacific, lower sales in Australia, Japan and Indonesia led to a decline of 11% on a like-for-like³ basis. The decline in Australia was due to repricing actions to improve margins.

New business value (NBV) rose 37% on a like-for-like³ basis, driven by a more favorable sales mix and higher volumes in EMEA and Latin America. On a reported basis NBV improved by 44%.

The new business margin improved to an attractive level of 30.5% as reported and on a like-for-like³ basis.

Farmers

in USD millions, for the 6 months ended June 30, unless otherwise stated	2021	2020	Change in USD ⁵	Change like-for- like ^{3,5}
Farmers Exchanges²				
Gross written premiums	11,726	10,103	16%	7%
Gross earned premiums	11,160	9,923	12%	3%
Combined ratio	104.8%	101.6%	(3.2pts)	
Surplus ratio ⁸	38.3%	43.2%	(4.9pts)	
Farmers				
Farmers business operating profit (BOP)	778	779	(0%)	
Farmers Management Services (FMS) management fees and related revenues	2,004	1,807	11%	(0%)
Farmers Life annual premium equivalent (APE)	38	35	8%	
Farmers Life new business value (NBV)	58	52	11%	

- **Strong underlying top-line increase at Farmers Exchanges² with growth further accelerated by MetLife acquisition**

Gross written premiums of the Farmers Exchanges² increased 16% in the first half of the year. Excluding the contribution of the MetLife transaction, which closed at the beginning of April 2021, gross written premiums increased 7%. The Farmers Exchanges² combined ratio increased 3.2 percentage points to 104.8%, mainly driven by an increase in catastrophe losses from winter storm Uri in the southern United States. This was partially offset by lower expenses. The surplus ratio was impacted by the increase in the premium base due to the completion of the MetLife transaction.

Farmers BOP of USD 778 million was flat compared to the prior-year period. A 10% increase in BOP at Farmers Management Services (FMS) was offset by higher mortality in the life business, including USD 42 million¹ of claims related to COVID-19 and a small loss at Farmers Re. This loss was due to the same adverse trends that impacted the Farmers Exchanges combined ratio.

FMS management fees and other related revenues increased 11% compared with the prior year. This was mainly driven by growth in the fee base following the MetLife acquisition.

Farmers Life new business APE was 8% higher than in the prior-year period, while new business value increased 11%, mainly driven by higher sales and favorable economic variances.



Group Functions & Operations had net expenses of USD 446 million, which was USD 98 million higher than in the prior-year period. This was mainly driven by an increase in charges related to Holding and Financing due largely to financing and foregone investment income related to the acquisition of the MetLife U.S. P&C business, higher management fees charged out in 2020 and unfavorable currency movements.

The **Group's Non-Core Businesses**, which comprise run-off portfolios that are managed with the intention of proactively reducing risk and releasing capital, reported an operating profit of USD 21 million.

The **net investment result on Group investments**, which includes net investment income, realized net capital gains, and losses and impairments, contributed USD 3.1 billion to the Group's total revenues, up 13% on the prior-year period. The net return on Group investments was 1.5%.

Shareholders' equity declined by USD 1.8 billion in the first half of 2021, mainly driven by the payment of the Group dividend of USD 3.2 billion, which was partially offset by first-half earnings.

The **Group's Swiss Solvency Test (SST)**⁴ ratio was estimated at 206%, an increase of 24 percentage points over the first half and well above the Group's target for an SST ratio of 160% or above.

¹ Based on current assessments, subject to some degree of uncertainty considering the continuing nature of the event.

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 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 on November 28, 2019, but booked in 2020, the sale of the UK Retail Wealth Business, the sale of group life business in the U.S., the acquisition of the MetLife U.S. P&C business, and the reclassification of Zurich Global Employee Benefit Solutions from Life to Global Business Platforms in Group Functions and Operations.

⁴ Estimated Swiss Solvency Test (SST) ratio, calculated based on the Group's internal model approved by the Swiss Financial Market Supervisory Authority FINMA.

⁵ Parentheses around numbers represent an adverse variance.

⁶ Based on 8 retail markets accounting for ~70% of full-year 2020 P&C retail GWP and ~65% of Life APE (Australia, Brazil, Germany, Japan, Italy, Santander JV, Spain, Switzerland).

⁷ The Z Zurich Foundation is a charitable foundation funded by various members of the Group. It is the main vehicle by which the Group delivers on its global community investment strategy.

⁸ Ratios as of June 30, 2021, and December 31, 2020, respectively.

Financial highlights (unaudited)

The following table presents the summarized consolidated results of the Group for the six months ended June 30, 2021, and June 30, 2020, and the financial position as of June 30, 2021, and June 30, 2020, respectively. All amounts are shown in U.S. dollars and rounded to the nearest million unless otherwise stated, with the consequence that the rounded amounts may not add up to the rounded total in all cases. All ratios and variances are calculated using the underlying amounts rather than the rounded amounts. This document should be read in conjunction with other financial reports published by Zurich Insurance Group on zurich.com. In addition to the figures stated in accordance with International Financial Reporting Standards (IFRS), the Group uses business operating profit (BOP), new business measures and other performance indicators to enhance the understanding of its results. Details of these measures are set out in the separately published Glossary. These should be viewed as complementary to, and not as substitutes for the IFRS figures.

in USD millions, for the 6 months ended June 30, unless otherwise stated	2021	2020	Change ¹
Business operating profit (BOP)	2,714	1,702	60%
Net income attributable to shareholders after tax	2,193	1,181	86%
P&C business operating profit (BOP)	1,559	751	108%
P&C gross written premiums and policy fees	22,034	18,937	16%
P&C combined ratio	93.9%	99.8%	6.0pts
Life business operating profit (BOP)	802	559	44%
Life gross written premiums, policy fees and insurance deposit	14,603	13,008	12%
Life new business annual premium equivalent (APE) ²	1,911	1,673	14%
Life new business margin, after tax (as % of APE) ²	30.5%	23.9%	6.5pts
Life new business value, after tax ²	500	348	44%
Farmers business operating profit (BOP)	778	779	(0%)
Farmers Management Services management fees and related revenues	2,004	1,807	11%
Farmers Management Services managed gross earned premium margin	6.8%	6.6%	0.2pts
Farmers Life new business annual premium equivalent (APE) ²	38	35	8%
Average Group investments ³	210,694	196,188	7%
Net investment result on Group investments ³	3,110	2,762	13%
Net investment return on Group investments ^{3,4}	1.5%	1.4%	0.1pts
Total return on Group investments ^{3,4}	(0.8%)	2.0%	(2.8pts)
Shareholders' equity	36,448	33,194	10%
Swiss Solvency Test ^{5,6}	206%	201%	5pts
Diluted earnings per share (in CHF)	13.28	7.63	74%
Book value per share (in CHF)	226.30	211.68	7%
Return on common shareholders' equity (ROE) ⁷	14.0%	8.1%	5.9pts
Business operating profit (after tax) return on common shareholders' equity (BOPAT ROE) ⁷	13.0%	8.5%	4.5pts

¹ Parentheses around numbers represent an adverse variance.

² Details of the principles for calculating new business are included in the embedded value report in the Annual Report 2020. New business value and new business margin are calculated after the effect of non-controlling interests, whereas APE is presented before non-controlling interests.

³ Including investment cash.

⁴ Calculated on average Group investments.

⁵ Estimated Swiss Solvency Test ratio (SST) ratio, calculated based on the Group's internal model approved by the Swiss Financial Market Supervisory Authority FINMA.

⁶ Ratios as of June 30, 2021, and March 31, 2021, respectively.

⁷ Shareholders' equity used to determine ROE and BOPAT ROE is adjusted for unrealized gains/(losses) on available-for-sale investments and cash flow hedges.



Further information

Supplemental financial information and written comments to accompany the [investor presentation](#) will be available from 06:45 CEST on our [webpage](#).

The Half Year Report 2021, with detailed information about Zurich's financial performance, will be published on Zurich's [webpage](#) on August 13, 2021.

Q&A session for media

There will be a conference call Q&A session for media starting at 08:30 CEST with Group Chief Executive Officer Mario Greco and Group Chief Financial Officer George Quinn. 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.

Switzerland	+41 58 310 50 00
UK	+44 207 107 0613
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 (7202131#) 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.



Contact

Zurich Insurance Group Ltd
Mythenquai 2, 8002 Zurich, Switzerland
www.zurich.com

SIX Swiss Exchange/SMI: ZURN, Valor: 001107539

Media Relations

Malcolm Shearmur, Thomas Baer, Riccardo Moretto, Pavel Osipyants
Phone +41 44 625 21 00
Twitter @Zurich
media@zurich.com

Investor Relations and Rating Agency Management

Richard Burden, Francesco Bonsante, Samuel Han, Michèle Matlock, Fabian Wiederkehr
Phone +41 44 625 22 99
investor.relations@zurich.com

Disclaimer and cautionary statement

Certain statements in this document are forward-looking statements, including, but not limited to, statements that are predictions of or indicate future events, trends, plans or objectives of Zurich Insurance Group Ltd or the Zurich Insurance Group (the Group). Forward-looking statements include statements regarding the Group's targeted profit, return on equity targets, expenses, pricing conditions, dividend policy and underwriting and claims results, as well as statements regarding the Group's understanding of general economic, financial and insurance market conditions and expected developments. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and plans and objectives of Zurich Insurance Group Ltd or the Group to differ materially from those expressed or implied in the forward-looking statements (or from past results). Factors such as (i) general economic conditions and competitive factors, particularly in key markets; (ii) the risk of a global economic downturn, in the financial services industries in particular; (iii) performance of financial markets; (iv) levels of interest rates and currency exchange rates; (v) frequency, severity and development of insured claims events; (vi) mortality and morbidity experience; (vii) policy renewal and lapse rates; (viii) increased litigation activity and regulatory actions; and (ix) changes in laws and regulations and in the policies of regulators may have a direct bearing on the results of operations of Zurich Insurance Group Ltd and its Group and on whether the targets will be achieved. Specifically in relation with the COVID-19 related statements, such statements were made on the basis of circumstances prevailing at a certain time and on the basis of specific terms and conditions (in particular applicable exclusions) of insurance policies as written and interpreted by the Group and may be subject to regulatory, legislative, governmental and litigation-related developments affecting the extent of potential losses covered by a member of the Group or potentially exposing the Group to additional losses if terms or conditions are retroactively amended by way of legislative or regulatory action. Zurich Insurance Group Ltd undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

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.

It should be noted that past performance is not a guide to future performance. Please also note that interim results are not necessarily indicative of full year results.

Persons requiring advice should consult an independent adviser.

This communication does not constitute an offer or an invitation for the sale or purchase of securities in any jurisdiction.

THIS COMMUNICATION DOES NOT CONTAIN AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES; SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR EXEMPTION FROM REGISTRATION, AND ANY PUBLIC OFFERING OF SECURITIES TO BE MADE IN THE UNITED STATES WILL BE MADE BY MEANS OF A PROSPECTUS THAT MAY BE OBTAINED FROM THE ISSUER AND THAT WILL CONTAIN DETAILED INFORMATION ABOUT THE COMPANY AND MANAGEMENT, AS WELL AS FINANCIAL STATEMENTS.