

News Release

November 11, 2021

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



Zurich nine months update – strong momentum across all business segments

- **Property & Casualty (P&C) gross written premiums up 11% on a like-for-like¹ basis with growth in both retail and commercial insurance**
- **Life new business value up 25% on a like-for-like¹ basis driven by favorable business mix and higher APE sales**
- **Farmers Exchanges² gross written premiums 19% higher (7% like-for-like¹)**
- **Continued delivery of customer-focused strategy, with approximately 1.5 million net new retail customers added, up from about 600,000 in the first half**
- **Capital position very strong with Swiss Solvency Test ratio estimated at 203%³ as of September 30, 2021**
- **Nine-month performance and market trends confirm confidence in achieving 2022 targets**

“The Group has continued to make strong progress toward achieving its 2022 strategic and financial goals,” said Group Chief Financial Officer George Quinn. “P&C gross written premiums continue to benefit from the improvement in the pricing environment. Recent claims events are likely to extend the hard market, with the gap between rate increases and loss cost inflation likely to persist for longer than previously expected. Technical profitability is expected to continue to improve despite catastrophe losses which are 3 to 4 percentage points higher than the long-term average. In Life, the Group benefited from a more profitable new business mix, with increases in sales of protection and unit-linked business. Farmers Exchanges² produced strong top-line growth benefiting both from the inclusion of the MetLife business and robust like-for-like¹ performance.”

“These trends, including our robust customer growth and our very strong balance sheet, allow us to look forward with confidence to achieving our targets.”

Key figures

in USD millions, for the nine months ended September 30, unless otherwise stated	2021	2020	Change ⁴ in USD	Change ^{1,4} like-for-like
P&C gross written premiums (GWP)	31,152	27,258	14%	11%
Life annual premium equivalent (APE)	2,753	2,573	7%	5%
Farmers Exchanges ² GWP	18,225	15,285	19%	7%
SST ^{3,5}	203%	182%	21ppt	n.a.

Recognizing the urgent need for action to address climate change, Zurich in September announced new measures to accelerate cuts in carbon emissions from operations. These include reducing the CO2 footprint of air travel by 70% from 2019 levels, switching the fleet to electric and hybrid vehicles, moving to paperless communication with customers and converting another 50 properties to sustainable standards. These measures are set to reduce CO2 emissions by more than 40,000 metric tons per year, equivalent to the amount absorbed annually by 2 million trees.

Zurich's virtual investor update will take place on November 18, 2021, starting at 14:00 CET. For details see www.zurich.com.

Commentary

Property & Casualty

in USD millions, for the nine months ended September 30, 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	31,152	27,258	14%	11%	8%	Stable
Europe, Middle East and Africa	14,041	12,376	13%	6%	6%	Stable
North America	14,279	12,311	16%	15%	13%	Stable
Asia Pacific	2,406	2,175	11%	8%	5%	Stable
Latin America	1,804	1,616	12%	17%	2%	Stable

Gross written premiums in Property & Casualty (P&C) for the first nine months increased 11% 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, driven by increases in commercial insurance across all regions. The Group's leading North American crop insurance business contributed about 2 percentage points to growth as a result of higher prices for agricultural commodities.

In Europe, Middle East and Africa (EMEA), gross written premiums increased 6% on a like-for-like¹ basis compared with the previous year. In retail, growth was driven by both personal lines and SME business, and benefited from a normalization of economic activity compared with the previous year. In commercial insurance, gross written premiums grew in all major markets, most notably in Switzerland and the UK, supported by rate increases.

North America grew 15% on a like-for-like¹ basis compared with the previous year, with crop insurance contributing about 5 percentage points to growth. Rate increases remained strong at 13% in the first nine months, and 12% in the third quarter discrete.

In Asia Pacific, gross written premiums rose 8% on a like-for-like¹ basis compared with the previous year. This was driven by growth in retail business most notably in Japan and Australia, which benefitted from a partial recovery of travel insurance, as well as growth in commercial insurance. In Latin America, gross written premiums rose 17% on a like-for-like¹ basis, with a strong rebound in all major businesses from the relatively low levels recorded in 2020 as a result of COVID-19-related restrictions.

The third quarter saw an elevated level of catastrophe losses, including the major flooding in Germany and a series of other weather events in Europe in July, and Hurricane Ida in the United States in August.

Life

in USD millions, for the nine months ended September 30, unless otherwise stated	Annual premium equivalent (APE)				New business value (NBV)			
	2021	2020	Change ⁴ in USD	Change ^{1,4} like-for-like	2021	2020	Change ⁴ in USD	Change ^{1,4} like-for-like
Life	2,753	2,573	7%	5%	717	553	30%	25%
Europe, Middle East and Africa	1,764	1,582	12%	6%	508	344	48%	38%
North America	68	88	(23%)	(8%)	15	35	(59%)	(53%)
Asia Pacific	149	156	(5%)	(10%)	73	71	3%	(0)%
Latin America	773	748	3%	7%	121	104	17%	22%

In the first nine months, Life new business annual premium equivalent (APE) increased 5% on a like-for-like¹ basis, adjusting for currency movements, acquisitions and disposals. The increase reflects positive sales momentum in unit-linked and protection business. Together with the corporate savings business, these products accounted for 91% of APE sales over the first nine months.

In EMEA, APE sales increased by 6% on a like-for-like¹ basis, compared with the same period in 2020. This was driven by strong growth of unit-linked business in Ireland, Italy and Switzerland, and favorable sales of protection in Spain and the UK.

In North America, APE sales decreased 8% on a like-for-like¹ basis, excluding the group life business which was sold in the prior year. In Asia Pacific, lower sales in Japan, Indonesia and Australia led to a new business APE decline of 10% on a like-for-like¹ basis. The decrease in Australia was in part due to repricing actions to improve margins.

APE sales in Latin America increased 7% on a like-for-like¹ basis, reflecting higher sales volumes of individual protection at Zurich Santander and growth of unit-linked business in Chile and Brazil. These were partially offset by the non-renewal of a large corporate life and protection account in Chile.

New business value (NBV) increased by 25% on a like-for-like¹ basis, driven by the more favorable sales mix and higher sales volumes in EMEA and Latin America. On a reported basis, NBV increased by 30%.



The new business margin improved to an attractive level of 30.4% as reported and on a like-for-like¹ basis.

We continue to see areas of COVID-related excess mortality within Life, but the overall strength of the business allows this to be absorbed without having a material impact on the segment's financial results.

Farmers

in USD millions, for the nine months ended September 30, unless otherwise stated	2021	2020	Change ⁴ in USD	Change ^{1,4} like-for-like
Farmers Exchanges²				
Gross written premiums (GWP)	18,225	15,285	19%	7%
Gross earned premiums (GEP)	17,400	14,976	16%	4%
Surplus ratio ^{5,6}	40.0%	43.2%	(3.2ppts)	

The Farmers Exchanges², which are owned by their policyholders, reported an increase of 19% in gross written premiums in the first nine months of the year. Growth on a like-for-like¹ basis of 7%, which excludes the contribution of the MetLife transaction, was driven by the continued improvement in most lines of businesses and the absence of the 2020 COVID-19 premium refunds of USD 311 million. Gross earned premiums, which lag written premiums, were 16% higher on a reported basis and 4% higher on a like-for-like basis.

The Farmers Exchanges² surplus ratio decreased 3.2 percentage points to 40.0%, mainly driven by elevated claims.

in USD millions, for the nine months ended September 30, unless otherwise stated	2021	2020	Change ⁴ in USD	Change ^{1,4} like-for-like
Farmers				
Farmers Management Services management fees and other related revenues	3,108	2,741	13%	1%
Farmers Life annual premium equivalent (APE)	58	54	8%	
Farmers Life new business value (NBV)	85	77	10%	



Farmers Management Services (FMS) management fees and other related revenues increased 13% on a reported basis and were 1% higher on a like-for-like¹ basis, driven by the higher premium base at the Farmers Exchanges².

Farmers Life new business APE sales increased 8% compared with the prior year. New business value increased 10%, mainly driven by higher sales volumes and positive modeling enhancements, which were partially offset by operating variances.

Capital position

As of September 30, 2021, Zurich's Swiss Solvency Test (SST) ratio is estimated at 203%³ and remains well in excess of the Group's target level of at least 160%.

Anticipating the introduction of IFRS 17 Zurich has taken the opportunity to strengthen some of the assumptions within the life business which had a modest impact on the SST ratio for the quarter.

¹ Like-for-like comparisons represent the change in local currencies and are adjusted for the acquisition of the MetLife U.S. P&C business, 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 Zurich Global Ventures (formerly known as 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 (SST) ratio calculated based on the Group's internal model approved by the Swiss Financial Market Supervisory Authority FINMA

⁴ Parentheses around numbers represent an adverse variance.

⁵ Ratios as of September 30, 2021, and December 31, 2020, respectively.

⁶ 9m-21 surplus ratio on a pro-forma basis adjusted for the MetLife transaction impact.

Further information

Q&A session for media

There will be a conference call Q&A session for media starting at 08:30 CET. 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 CET. Media may listen in. A podcast of this Q&A session will be available from 17:00 CET.

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 (7099941#) 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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Persons requiring advice should consult an independent adviser.

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