

# News Release

May 12, 2022

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

## Zurich starts 2022 with strong top-line growth

- **Property & Casualty (P&C) gross written premiums up 8%, with growth of 12% on a like-for-like<sup>1</sup> basis, driven by strong growth in commercial insurance and further improvement in pricing**
- **Life annual premium equivalent up 14% on a like-for-like<sup>1</sup> basis, with new business margin at an attractive level of 25.7%**
- **Farmers Exchanges<sup>2</sup> gross written premiums 29% higher, benefiting from the inclusion of the MetLife transaction and strong business growth**
- **Continued delivery on customer-focused strategy, with approximately 400,000 net new retail customers added in first quarter<sup>3</sup>**
- **Capital position very strong with Swiss Solvency Test ratio estimated at 234%<sup>4</sup> at March 31, 2022**
- **Zurich Foundation<sup>5</sup> steps up to help those impacted by the war in Ukraine through fundraising and other initiatives across Europe**

Group Chief Financial Officer George Quinn said: “The war in Ukraine and the humanitarian crisis that it has triggered are almost beyond comprehension. The Group and the Zurich Foundation<sup>5</sup> have provided financial and logistical support. We are especially proud of our colleagues who have opened their homes to families fleeing the war. Although the effects of the war are expected to lead to significant losses for the insurance industry, we do not expect insurance claims to be significant for the Group. In fact, the Group has made a strong start to the year and expects to exceed all financial targets for 2022. We saw a rise in premiums across the Group, most notably in our North American Property & Casualty business, where crop insurance and rate increases drove double-digit top-line growth. Despite inflationary pressures, we expect rates to exceed loss-cost trend well into 2023. The positive operating trends in the first quarter, together with the Group’s very strong balance sheet, give us confidence that we will successfully conclude the current strategic cycle later this year.”

Property & Casualty premiums grew strongly in the first quarter, with rate increases in commercial insurance continuing to drive an expansion in margins. Growth was especially strong in North America, with gross written premiums up by 17%, boosted by the Group’s leading crop insurance franchise and rate increases of 9%.

In Life, new business volumes grew by 8% in U.S. dollar terms (14% like-for-like<sup>1</sup>), while new business value was 10% lower, driven by a less favorable product mix and exchange rate movements.

Gross written premiums at the Farmers Exchanges<sup>2</sup> benefited from the inclusion of MetLife, which contributed 17 percentage points to topline growth.

Focused execution of the customer strategy helped the Group add approximately 400,000 retail customers during the quarter.<sup>3</sup>

Zurich and the Zurich Foundation<sup>5</sup> have stepped up to help the huge numbers of people impacted by the war in Ukraine. The foundation launched a major fundraising campaign across Zurich's businesses, raising CHF 2 million to help the victims of the crisis in just four weeks, through individual and matching donations.

Other initiatives include a collaboration with NGOs in Western Ukraine and neighboring countries to provide mental health and psychological support services to refugees and displaced people. Zurich is also helping those who have lost jobs by offering employment, equipping them with new skills or offering language courses, and remains strongly committed to helping alleviate the suffering of people affected by the crisis across the region.

Zurich's direct exposure to Russia and Ukraine through its P&C operations and investment portfolio is expected to be immaterial.

### **Key figures**

in USD millions, for the three months ended March 31, unless otherwise stated	2022	2021	Change <sup>6</sup> in USD	Change <sup>1,6</sup> like-for-like
P&C gross written premiums (GWP)	11,927	11,032	8%	12%
Life annual premium equivalent (APE)	996	919	8%	14%
Farmers Exchanges <sup>2</sup> GWP	6,883	5,332	29%	n.a.
SST <sup>4,7</sup>	234%	212%	22pts	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 %	
	2022	2021	Change <sup>6</sup> in USD	Change <sup>1,6</sup> like-for-like	2022	Expected trend
<b>Property &amp; Casualty</b>	<b>11,927</b>	11,032	8%	12%	<b>6%</b>	Moderating
Europe, Middle East and Africa	<b>6,373</b>	6,210	3%	8%	<b>5%</b>	Moderating
North America	<b>4,583</b>	3,912	17%	17%	<b>9%</b>	Moderating
Asia Pacific	<b>823</b>	782	5%	11%	<b>3%</b>	Moderating
Latin America	<b>671</b>	574	17%	21%	<b>2%</b>	Increasing

Gross written premiums in Property & Casualty (P&C) for the first three months rose 12% compared with the previous year on a like-for-like<sup>1</sup> basis, adjusting for currency movements. They rose 8% in U.S. dollar terms, reflecting the strengthening of the U.S. dollar against major currencies.

Growth was supported by higher premium rates, driven by commercial insurance. Higher prices for agricultural commodities contributed 2 percentage points to growth.

In Europe, Middle East and Africa (EMEA), gross written premiums increased 8% on a like-for-like<sup>1</sup> basis. Growth was driven by a strong performance in a number of countries, most notably in the UK, Switzerland and Germany. Premium rates increased 9% in commercial insurance and 2% in retail insurance.

North America grew 17% on a like-for-like<sup>1</sup> basis compared with the previous year, with crop insurance contributing about 40% of the growth. An overall strong performance was supported by a 9% increase in rates.

In Asia Pacific, gross written premiums increased 11% on a like-for-like<sup>1</sup> basis compared with the previous year. Rebounding travel insurance sales in Australia, higher retail sales in Japan and further growth in commercial insurance across the region were the main contributors.

In Latin America, gross written premiums increased 21% on a like-for-like<sup>1</sup> basis, benefiting from growth in both retail and commercial insurance, albeit from a low base in the prior-year period.

### Life

in USD millions, for the three months ended March 31, unless otherwise stated	Annual premium equivalent (APE)				New business value (NBV)			
	2022	2021	Change <sup>6</sup>	Change <sup>1,6</sup>	2022	2021	Change <sup>6</sup>	Change <sup>1,6</sup>
			in USD	like-for-like			in USD	like-for-like
<b>Life</b>	<b>996</b>	919	8%	14%	<b>225</b>	249	(10%)	(8%)
Europe, Middle East and Africa	<b>647</b>	614	5%	14%	<b>175</b>	182	(4%)	(2%)
North America	<b>35</b>	24	49%	49%	<b>4</b>	6	(22%)	(22%)
Asia Pacific	<b>44</b>	53	(17%)	(12%)	<b>12</b>	24	(48%)	(45%)
Latin America	<b>270</b>	228	18%	17%	<b>33</b>	37	(11%)	(12%)

In the first quarter, Life new business annual premium equivalent (APE) increased 14% on a like-for-like<sup>1</sup> basis, adjusting for currency movements, acquisitions and disposals. Growth was driven by higher sales in capital efficient savings and protection products. In U.S. dollar terms, APE increased 8% compared with the prior-year period, with growth in local currencies partially offset by U.S. dollar appreciation against major currencies.

In EMEA, APE grew 14% on a like-for-like<sup>1</sup> basis, compared with the same period in 2021. This was primarily driven by growth in corporate pensions in Switzerland and unit-linked business in Germany, which more than offset a reduction of low-margin individual savings in Spain.

In North America, APE grew 49% on a like-for-like<sup>1</sup> basis compared with the same period in 2021, driven by corporate protection products.

In Asia Pacific, APE was 12% below the previous year on a like-for-like<sup>1</sup> basis, driven by lower sales in Japan due to competitive market conditions and product re-pricing, in addition to reduced sales activity in Malaysia due to lockdown measures to stem the spread of the Omicron variant of COVID-19.

APE in Latin America increased 17% on a like-for-like<sup>1</sup> basis driven by protection, with all major units contributing to growth.

New business margin remained attractive at 25.7% in the first quarter, down from 31.8% in the previous year which benefited from a large corporate protection contract. The lower margin also reflects the impact of a less favorable product mix within Zurich's preferred lines of business, and economic variances in Asia Pacific and Latin America. This resulted in new business value of USD 225 million, 8% below the prior year on a like-for-like<sup>1</sup> basis.

As previously anticipated, COVID-19 mortality claims continued to fall. In the first quarter, the business recorded USD 11 million of COVID-19-related claims, compared with USD 195 million in the full year 2021. Claims were mainly in Asia Pacific and Latin America and showed an improved monthly trend within the quarter.

### **Farmers**

in USD millions, for the three months ended March 31, unless otherwise stated	2022	2021	Change <sup>6</sup> in USD
<b>Farmers Exchanges<sup>2</sup></b>			
Gross written premiums (GWP)	6,883	5,332	29%
Gross earned premiums (GEP)	6,220	5,051	23%
Surplus ratio <sup>7</sup>	41.6%	40.8%	0.8ppts

The Farmers Exchanges<sup>2</sup>, which are owned by their policyholders, reported an increase of 29% in gross written premiums in the first quarter of the year. Growth was driven by a contribution of USD 0.9 billion from the unit of MetLife acquired in the second quarter of last year, USD 0.4 billion of higher volumes of commercial rideshare business and continued improvement in most lines of business. Gross earned premiums, which lag written premiums, increased 23% in the same quarter.

The Farmers Exchanges<sup>2</sup> surplus ratio remained at a strong level of 41.6%.

in USD millions, for the three months ended March 31, unless otherwise stated	2022	2021	Change <sup>6</sup> in USD
<b>Farmers</b>			
Farmers Management Services management fees and other related revenues	1,106	918	21%
Farmers Life annual premium equivalent (APE)	17	18	(5%)
Farmers Life new business value (NBV)	16	27	(41%)

Farmers Management Services (FMS) management fees and other related revenues were in-line with the development of gross earned premiums at the Farmers Exchanges.<sup>2</sup>

Farmers Life new business APE sales decreased USD 1 million compared with the prior year. New business value decreased 41% to USD 16 million, driven by assumption and model changes, business mix changes and unfavorable economic factors.

COVID-19-related mortality claims of USD 25 million were recorded in the first quarter. These predominantly occurred in the first month of the year, while experience improved during the remainder of the quarter.

### **Capital position**

As of March 31, 2022, Zurich's Swiss Solvency Test (SST) ratio is estimated at 234%<sup>4</sup> and remains well in excess of the Group's 160% target level. This includes the effect of about 9 percentage points from a temporary reduction in asset risk appetite. The Group's long-term asset risk appetite remains unchanged.

<sup>1</sup> Like-for-like comparisons represent the change in local currencies and are adjusted for the announced sale of the Italian life and pensions back book to GamaLife expected to be completed in the second half of 2022 subject to regulatory approval.

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

<sup>3</sup> Based on Australia, Brazil, Germany, Japan, Italy, Santander JV, Spain, Switzerland and UK.

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

<sup>5</sup> The Z Zurich Foundation is a Swiss-based charitable foundation funded by various members of the Group. It is the main vehicle by which Zurich delivers on its global community investment strategy.

<sup>6</sup> Parentheses around numbers represent an adverse variance.

<sup>7</sup> Ratios as of March 31, 2022, and December 31, 2021, 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.

Switzerland	+41 58 310 50 00
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**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 (0190751#) and your personalized pin followed by the # sign.

**Zurich Insurance Group (Zurich)** is a leading multi-line insurer serving more than 55 million customers – both people and businesses – in more than 210 countries and territories. Founded 150 years ago, Zurich is transforming insurance. In addition to providing insurance protection, Zurich is increasingly offering prevention services such as those that promote wellbeing and enhance climate resilience.

Reflecting its purpose to 'create a brighter future together', Zurich aspires to be one of the most responsible and impactful businesses in the world. It is targeting net-zero emissions by 2050 and is one of the world's most sustainable insurers, as shown by the S&P Global Corporate Sustainability Assessment. In 2020, Zurich launched the Zurich Forest project to support reforestation and biodiversity restoration in Brazil.

The Group has about 56,000 employees and is headquartered in Zurich, Switzerland. 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 is available at [www.zurich.com](http://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 interinsurance 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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