News Release
November 9, 2023
Ad hoc announcement pursuant to Art. 53 of the Listing Rules

Zurich reports continued top-line growth, particular strength in Life

- **Property & Casualty (P&C) insurance revenue up 9% on a reported and like-for-like[1] basis driven by strong growth in commercial and retail insurance, supported by rate increases of 6%**
- **Life new business premiums (PVNBP) up 23% on a like-for-like[1] basis**
- **Farmers Exchanges[2] gross written premiums grew 2%; continues to focus on improving underwriting performance**
- **Farmers Group, Inc. to acquire three brokerage entities and the Farmers Exchanges'[2] flood program servicing arm for USD 760 million**
- **Very strong capital position with Swiss Solvency Test (SST) ratio estimated at 266%[3] as of September 30, 2023. Zurich expects to supplement the dividend with an additional share buyback**

Zurich Insurance Group (Zurich) delivered a strong performance in the first nine months of the year, continuing to grow the top line and building a robust foundation for the 2023–2025 financial cycle.

> We maintained momentum in the third quarter, delivering continued top-line growth following a very strong first half of the year and a great start to the new financial cycle. This makes us confident that we'll be able to finish the year strongly and achieve our financial targets for 2023–2025.

George Quinn, Group Chief Financial Officer

Select financial highlights (unaudited)
in USD billions, for the nine months ended September 30, unless otherwise stated

P&C insurance revenue	Life new business premiums	Farmers Exchanges[2] GWP
31.4	**12.2**	**20.6**
2022: **28.9**	2022: **10.0**	2022: **20.2**
Change in USD: **9%**	Change in USD: **21%**	Change in USD: **2%**

Continuous focus on growth

The Group has seen further growth in both commercial and retail business, with particular strength in Life.

In Commercial Insurance, a key driver of growth was the rate change of 7%. The U.S. saw a 9% increase in rates, driven by continued momentum in commercial property and motor. Retail P&C saw rate increases of 4%, reflecting ongoing corrective pricing measures taken over the last 12 months.

In Life, two key contributors to growth were the successful joint ventures with Banco Sabadell and Banco Santander. Banco Sabadell in Spain benefited from high sales of retail savings, while Banco Santander in Latin America grew in unit-linked and short-term protection products.

Farmers Group, Inc. (FGI), a wholly-owned subsidiary of Zurich, has agreed to acquire three brokerage entities, as well as the flood program servicing arm of the Farmers Exchanges[2], for USD 760 million. Ownership of the brokerages will ensure FGI maintains and broadens its position in supporting the Exchanges[2] in meeting customers' needs while generating an additional capital-light stream of earnings for FGI. The brokerages (Kraft Lake Insurance Agency, Western Star Insurance Services and Farmers General Insurance Agency) will enable the Farmers Exchanges[2] to create a more attractive customer proposition with a broader and more compelling range of products and services which are expected to improve customer retention and new customer acquisition. The brokerages offer alternative insurance options for the more than 7 million Farmers Exchanges[2] quotes that are currently not taken up by customers. The agreed purchase price represents approximately 18 times EBITDA for the existing business, an additional payment for the value of the tax attributes and a further payment related to the fee stream on the new alternative insurance options. The purchase is expected to have a positive impact on the Farmers Exchanges[2] surplus ratio of 3 percentage points upon closing, while reducing Zurich's SST ratio by 4 percentage points. The transaction is subject to regulatory approval.

Further, Zurich recently announced a strategic alliance with Kotak Mahindra Bank Limited, India's third largest private sector bank by market capitalization, through the proposed acquisition of a 51% stake in Kotak Mahindra General Insurance Company Limited. Zurich's global scale and expertise, combined with Kotak Mahindra Group's deep knowledge of the Indian market and leading financial services platform, will accelerate the development of the business to build a premier Indian general insurer.

Successful reduction of exposure to natural catastrophes

Consistent actions to limit exposure and volatility to natural catastrophes are paying off. Zurich remains on track to keep losses within the guided range for the full year, despite severe flooding and hailstorms in Europe during the third quarter.

Investor Update

Next week, the Group will host an Investor Update in London. The event will focus on Farmers (underwriting actions, expense optimization and distribution strategy) and the businesses in Germany and Switzerland. The Group will also provide an update on capital management, including plans to address the current exceptional capital levels. The Group has deployed capital into growth with the recently announced transactions. Given capital levels are projected to remain elevated, the Group expects to supplement the dividend with an additional share buyback. The Group does not expect the combined payout to exceed 100% of underlying net income attributable to shareholders.

Commentary

Property & Casualty
In USD millions, for the nine months ended September 30, unless otherwise stated

	Gross written premiums (GWP)				Rate change, in %	
	2023	**2022[4]**	**Change[5] in USD**	**Change[1,5] like-for-like**	**2023**	**Expected trend**
Property & Casualty	**34,592**	32,087	8%	9%	**6%**	Stable
Europe, Middle East and Africa	**14,170**	13,173	8%	7%	**4%**	Stable
North America	**16,823**	15,724	7%	7%	**9%**	Stable
Asia Pacific	**2,759**	2,620	5%	11%	**3%**	Stable
Latin America	**2,374**	2,020	18%	32%	**5%**	Stable

	Insurance revenue			
	2023	**2022**	**Change[5] in USD**	**Change[1,5] like-for-like**
Property & Casualty	**31,423**	28,938	9%	9%
Europe, Middle East and Africa	**12,737**	11,667	9%	7%
North America	**15,195**	14,196	7%	7%
Asia Pacific	**2,578**	2,396	8%	14%
Latin America	**2,198**	1,909	15%	36%

Gross written premiums (GWP) in P&C rose 9% compared with the prior-year period on a like-for-like[1] basis, adjusting for currency movements. They rose 8% in U.S. dollar terms, reflecting the stronger U.S. dollar against major currencies.

Growth was supported by higher premium rates in P&C, with commercial insurance experiencing a 7% increase in rates.

In Europe, Middle East and Africa (EMEA), GWP increased 7% on a like-for-like[1] basis. Growth in excess of rates was driven by a strong performance from all countries across the region, both in retail and commercial insurance.

GWP in North America grew 7% on a like-for-like[1] basis compared with the previous year. Strong growth across all lines of business was supported by a 9% rate change, mainly driven by property and motor lines, which was partially offset by a reduction in crop volumes year-on-year due to less favorable commodity price developments throughout the year.

In Asia Pacific, GWP increased 11% on a like-for-like[1] basis compared with the previous year. Rebounding travel insurance sales in Australia and higher retail sales across the region were the main contributors.

Latin America saw an increase of 32% in GWP on a like-for-like[1] basis, benefiting from strong commercial growth and higher retail sales across the region, particularly in Brazil and Mexico.

Life

In USD millions, for the nine months ended September 30, unless otherwise stated

	Present value of new business premiums (PVNBP)				New business contractual service margin (NB CSM)			
	2023	2022	Change[5] in USD	Change[1,5] like-for-like	2023	2022	Change[5] in USD	Change[1,5] like-for-like
Life	**12,166**	10,040	21%	23%	**769**	751	2%	6%
Europe, Middle East and Africa	**6,640**	5,830	14%	12%	**448**	505	(11%)	(13%)
North America	**240**	390	(38%)	(38%)	**6**	7	(17%)	(17%)
Asia Pacific	**2,143**	1,443	49%	58%	**247**	168	47%	57%
Latin America	**3,145**	2,377	32%	38%	**70**	73	(4%)	21%

	Fee revenue Investment contracts				Insurance revenue Short-term insurance contracts			
	2023	2022	Change[5] in USD	Change[1,5] like-for-like	2023	2022	Change[5] in USD	Change[1,5] like-for-like
Life	**467**	399	17%	15%	**1,664**	1,517	10%	8%

The Group's Life business continued to grow the top line and new business during the third quarter. In the first nine months, new business premiums increased 21% in U.S. dollar terms and 23% on a like-for-like[1] basis, with growth in EMEA, Asia Pacific and Latin America.

In EMEA, new business premiums grew 12% on a like-for-like[1] basis, compared with the same period in 2022. This growth reflects large sales volumes of a retail savings product in Spain, written by the Group's joint venture with Banco Sabadell primarily in the first quarter, as well as higher unit-linked sales in Germany. These increases more than offset the adverse impact of lower sales volumes in Italy and Switzerland and higher discount rates in the region.

In North America, new business premiums were 38% lower on a like-for-like[1] basis compared with the prior-year period, driven by lower sales in the corporate business.

In Asia Pacific, new business premiums grew 58% on a like-for-like[1] basis. This was driven by significantly higher protection sales in Japan, which rebounded from a low level in the prior year, as well as in Australia, which benefited from increased volumes of corporate business.

In Latin America, new business premiums increased 38% on a like-for-like[1] basis, benefitting from higher unit-linked sales in Brazil through the joint venture with Banco Santander.

New business written in the first nine months added USD 769 million to the contractual service margin (CSM), 6% more than in the prior year on a like-for-like[1] basis, with the impact of lower new business margin more than offset by higher sales.

Short-term insurance contracts, predominantly related to the Latin America protection business, generated USD 1,664 million of insurance revenue in the first nine months, up 10% in U.S. dollar terms and 8% year on year on a like-for-like[1] basis.

Fee revenue generated by investment contracts, which are mainly written in EMEA, grew 17% to USD 467 million. This is up 15% on a like-for-like[1] basis compared with the prior year, which was affected by negative market performance. The business has also seen a significant increase in policyholder flows, with USD 582 million of net inflows in the discrete third quarter, accelerating from USD 799 million of net inflows in the first half year. The increase was mainly driven by Ireland and Switzerland.

Farmers

In USD millions, for the nine months ended September 30, unless otherwise stated

	2023	2022	Change[5] in USD
Farmers Exchanges[2]			
Gross written premiums (GWP)	**20,638**	20,212	2%
Gross earned premiums (GEP)	**19,809**	19,195	3%
Surplus ratio[6]	**28.4%**	35.0%	(6.7ppts)

	2023	2022[4]	Change[5] in USD
Farmers[7]			
Farmers Management Services management fees and other related revenues	**3,412**	3,351	2%
Farmers Re insurance revenue	**1,138**	231	n.m.

The Farmers Exchanges,[2] which are owned by their policyholders, reported 2% growth in gross written premiums in the first nine months. The reduction in commercial rideshare business volumes in the first quarter dampened the benefit of increased rates. On an underlying basis, excluding the commercial rideshare business, gross written premiums increased 5%. Gross earned premiums increased 3% over the same period.

The Farmers Exchanges[2] continues to focus on improving their underwriting performance. The third quarter continued to show a sequential improvement of the underwriting result of the Farmers Exchanges.[2] The distinct third quarter combined ratio, excluding catastrophe losses, stood at 91.0%, compared with 93.9% in the second quarter and 94.3% in the first quarter of the year.

The Farmers Exchanges[2] surplus ratio decreased 1.9 points in the third quarter.

Farmers Management Services (FMS) fee income rose 2% compared with the prior-year period, driven by the increase in gross earned premiums at the Farmers Exchanges.[2]

On August 1, 2023, Farmers Life officially completed the reinsurance agreement announced earlier this year with Resolution Life.

Farmers Re insurance revenue increased 392% compared with the prior-year period. This was solely driven by the participation in the All Lines Quota Share (ALQS) treaty from the Farmers Exchanges,[2] which increased to 8.5% from 1.75% as of December 31, 2022.

Capital position

As of September 30, 2023, Zurich's Swiss Solvency Test (SST) ratio is estimated at 266%[3] and remains well in excess of the Group's ≥160% target level. This compares with 263% as of June 30, 2023. The increase was driven by a favorable impact from market movements, partially offset by the redemption of EUR 500 million of subordinated debt. In the fourth quarter, the Group anticipates the separation of the legacy traditional life back book in Germany to result in a modest temporary reduction of the SST ratio to be offset upon completion of the disposal.

[1] Like-for-like comparisons represent the change in local currencies and after adjusting for acquisitions and disposals.
[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 as of September 30, 2023, calculated based on the Group's internal model approved by the Swiss Financial Market Supervisory Authority FINMA. The SST ratio as of January 1 has to be filed with FINMA by end of April each year and is subject to review by FINMA.
[4] The comparative figures as presented in this news release have been restated for IFRS 17. The restatement does not apply to Farmers Exchanges figures.
[5] Parentheses around numbers represent an adverse variance.
[6] Surplus ratio as of September 30, 2023, and December 31, 2022, respectively.
[7] As of August 1, 2023, Farmers New World Life Insurance Company (Farmers Life) entered into a reinsurance agreement with Resolution Life Group, through its subsidiary U.S. Security Life of Denver Insurance Company, to reinsure the in-force individual life insurance book. Consequently, Farmers Life present value of new business premium and new business contractual service margin became nonmeaningful disclosures.

Upcoming events

- November 16, 2023: Investor Update 2023 – London: Roundtable sessions with senior leadership from Farmers Group, Inc., Germany and Switzerland.

Appendix

IFRS 17 glossary

Insurance revenue reflects the amount of premium Zurich is entitled to in exchange for insurance services provided in the period to its policyholders. For most P&C and short-term Life contracts, the insurance revenue is similar to gross earned premiums.

New business premiums (PVNBP) is calculated as the present value of new business premiums discounted at the risk-free rate, gross of reinsurance and before the effect of non-controlling interests.

Contractual service margin (CSM) is a separate component of insurance liability representing unearned profits from in-force Life contracts (excluding short-term and investment contracts), before the effect of non-controlling interests and taxes.

Life net inflows are cash receipts from policyholders (premium), net of cash payments (claims, maturities, surrenders), gross of reinsurance and before the effect of non-controlling interests.

IFRS 17 at Zurich

Further information about IFRS 17 at Zurich can be found here. A financial supplement for full-year 2022 results under IFRS 17 is available here.

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.

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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 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.

Zurich Insurance Group (Zurich) is a leading multi-line insurer serving people and businesses in more than 200 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 has the highest-possible ESG rating from MSCI. In 2020, Zurich launched the Zurich Forest project to support reforestation and biodiversity restoration in Brazil.

The Group has about 60,000 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.

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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. 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.

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