General Insurance
Our view of GI has changed since H1 results

**DRIVERS OF ADVERSE EXPERIENCE**

- H1 results below expectations:
  - Partly attributable to normal claims volatility, such as major UK fire loss
  - Global Corporate (GC) results impacted by high levels of large losses
  - Higher NA auto liability loss ratio

- Further deterioration in Q3:
  - Tianjin port explosions
  - Continued high levels of reported large losses in Global Corporate
  - Further deterioration in North America auto liability loss ratio, more prudent view taken given recent experience
  - Some smaller other adjustments

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1. Q3-15 results are a preliminary and approximated view only, and are subject to change.
2. Catastrophes includes major and mid-sized catastrophes including significant weather related events.
Explaining General Insurance results
Identifying causes of recent underperformance

WALK FROM FY-14 NORMALIZED CR TO EXPECTED 9M-15

- 9M combined ratio estimated to be ~3.5pts higher than the adjusted 2014 starting point
- Partly due to non-recurring factors, such as Tianjin loss, small adverse PYD and short-term higher expense ratio
- PYD still expected to be positive in 9M results, even with Q3 adjustments
- Main focus is on current year loss ratio, with majority of increase due to ongoing higher than expected large losses

1 Normalizations include adjustment to the planned catastrophe level, positive and negative one-offs.
2 Preliminary estimated Q3 combined ratio of ~108.5% corresponds to provisional estimate of GI Q3 operating loss of ~$200m.
Clear path to address profitability challenges
Review followed by immediate implementation of actions

FURTHER PROFITABILITY IMPROVEMENTS NEEDED

- Review of GI business underway, results to be announced on 5 November
- Preliminary view of key actions:
  - Implement targeted measures in Underwriting and Claims, focused on problem areas, such as GC North America Property and Auto Liability
  - Further action on expenses
  - Bring greater focus to change activities
- Review is not focused on reserves
- Much of the GI business is in good shape
- Remain confident that a 2-3ppt combined ratio improvement can be achieved in 2016, although likely starting from higher baseline

1 Normalizations include adjustment to the planned catastrophe level, large losses, positive and negative one-offs.
Global Life
On track with the goals we set out in 2013

EXECUTING CLEAR AND FOCUSED LIFE INSURANCE STRATEGY

- Clear line of sight to >USD 50m BOP improvement per quarter
- In-force management achieved USD 33m of run-rate BOP improvement in 2014
- Strong growth in Bank Distribution profits and Corporate Life and Pensions top line
- Continuing strong cash remittance and focus on products with shorter paybacks
- Structural actions taken to release capital and increase cash, such as disposal of UK annuity book

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1 2015 BOP figures shown as reported and also restated at 2014 constant FX.
2 Cash remitted to the Group in Q1-15.

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September 29, 2015

20th Annual Banking, Insurance & Diversified Financials CEO Conference
Back to growth and executing on omni-channel approach

**IMPROVED NET PROMOTER SCORE DRIVES GROWTH AT FARMERS EXCHANGES**

1. Consumer strategy focuses on value conscious customers
2. Evolving into a modern exclusive agency model via omni-channel approach, with customers choosing how and when to interact
3. Customer experience improving, driving retention and ultimately growth for Farmers Exchanges and Farmers Management Services
4. Potential to free up capital in Farmers Re

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1. Provided for informational purposes only. Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides administrative and management services to the Farmers Exchanges as its attorney-in-fact and receives fees for its services.
2. Survey based measure of customer loyalty (for Farmers Auto and Farmers Home only). Figures are reported on a YTD basis.
**Improving efficiency**

Aim to achieve at least USD 1bn underlying savings\(^1\) by end 2018

**EXPECTED UNDERLYING SAVINGS BY END 2018 (USDbn)**

- **Baseline general expenses\(^2\)** of ~USD 10bn in 2014 encompassing support functions, information technology, claims handling, marketing, etc.

- **Significant scope to expand shared services from** ~3% of total workforce (ex Farmers)

- **Target USD 0.3bn efficiencies in 2016, but with focus on driving additional expense reductions given current results**

- **Further USD 0.7bn+ savings by end of 2018 through streamlined objectives with less operational infrastructure (buildings, systems, FTE in expensive locations)**

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2. Excluding Farmers and restructuring charges. All figures rounded to one decimal point.
Strong capital position & cash generation
USD 3bn of capital to be deployed by end of 2016

CONSISTENTLY STRONG SOLVENCY POSITION

- Z-ECM at 120% as of end-March, top-end of target range
- Efficient use of capital is key to achieving our 12-14% BOPAT ROE target
- Still expect to deploy USD 3bn of capital by end 2016
  - Lower 2015 earnings likely to impact 2016 cash remittances
  - But reunderwriting will free up capital
  - Levers at our disposal, as set out at the May investor day

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Z-ECM\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Z-ECM</th>
</tr>
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<tbody>
<tr>
<td>FY-10</td>
<td>119%</td>
</tr>
<tr>
<td>FY-11</td>
<td>103%</td>
</tr>
<tr>
<td>HY-12</td>
<td>110%</td>
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<tr>
<td>FY-12</td>
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<td>HY-13</td>
<td>121%</td>
</tr>
<tr>
<td>FY-13</td>
<td>127%</td>
</tr>
<tr>
<td>HY-14</td>
<td>126%</td>
</tr>
<tr>
<td>FY-14</td>
<td>122%</td>
</tr>
<tr>
<td>Q1-15</td>
<td>120%</td>
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</table>

Free Capital Generation & Cash Remittance (USD bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY-13</th>
<th>FY-14</th>
<th>FY-13</th>
<th>FY-14</th>
<th>FC FY-15(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.2</td>
<td>3.1</td>
<td>2.9</td>
<td>3.7</td>
<td>&gt;3.5</td>
</tr>
</tbody>
</table>

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1 Zurich Economic Capital Model (Z-ECM) is Zurich’s proprietary economic capital model calibrated at AA-level.
2 Estimated full year 2015 cash remittances, subject to change.
We remain committed to delivering the 12-14% ROE target

BOPAT ROE (%)

<table>
<thead>
<tr>
<th>2016</th>
<th>2015</th>
<th>Adjusted HY-15</th>
<th>GI profit improvement</th>
<th>Other businesses fairly flat</th>
<th>Growth in average equity base</th>
<th>Investment at 10% return</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;12%</td>
<td>&gt;12%</td>
<td>11.6%</td>
<td>-1.2%</td>
<td>10.4%</td>
<td>1.0%</td>
<td>1.0%</td>
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</tbody>
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1 Indicative and directional view of 2016 BOPAT ROE only; actual target ROE range for 2014-2016 is 12-14%.

September 29, 2015
## Key messages

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Insurance</td>
<td>Disappointing General Insurance underwriting results, review underway to define actions required</td>
</tr>
<tr>
<td>Global Life &amp; Farmers</td>
<td>Global Life and Farmers on track</td>
</tr>
<tr>
<td>Operations</td>
<td>Achieve at least USD 1bn cost savings by end 2018</td>
</tr>
<tr>
<td>Capital</td>
<td>Strong capital position with USD 3bn to deploy by end 2016</td>
</tr>
</tbody>
</table>
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