Credit investor introduction 2017

September 19, 2017
Christian Carl, Group Head of Treasury & Capital Management

Zurich Insurance Group
Our proposition to investors

**HIGHLY CASH GENERATIVE BUSINESS MODEL** SUPPORTING AN ATTRACTIVE AND GROWING DIVIDEND, UNDERLINED BY:

<table>
<thead>
<tr>
<th>A balanced and diverse global business</th>
<th>Industry leading capital levels</th>
<th>Stable, consistent and conservatively managed balance sheet</th>
<th>Opportunities to enhance returns through improved efficiency and capital allocation</th>
</tr>
</thead>
</table>

© Zurich
# One of few genuinely global insurers

## KEY FACTS

1. **USD 67bn** total revenues
2. **USD 382bn** total group and unit linked investments
3. **USD 4.5bn** business operating profit (BOP)
4. **USD 3.2bn** net income attributable to shareholders (NIAS)
5. **125%** Zurich Economic Capital (Z-ECM) ratio calibrated to ‘AA’ rating (1 in 2000 year event)
6. **227%** SST regulatory solvency ratio
7. **USD 30.7bn** shareholders’ equity
8. **USD 43.0bn** market cap

## BOP BY BUSINESS AND REGION

- **Property & Casualty**: 51%
- **Life**: 35%
- **Farmers**: 8%
- **Europe**: 6%
- **Asia Pacific**: 3%
- **North America (incl. Farmers)**: 8%
- **Latin America**: 6%

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1. Values are for the full year 2016 unless otherwise noted. Investments, Shareholders’ equity and market cap are as of December 31, 2016.
2. The Swiss Solvency Test (SST) ratio is calculated based on the Group’s internal model, which is subject to the review and approval of the Group’s regulator, the Swiss Financial Market Supervisory Authority (FINMA). The ratio is filed with FINMA at the full year and is subject to its approval.
3. BOP splits per business and region exclude Group Reinsurance, Group Functions and Operations and Non-Core Businesses.
4. 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. Farmers BOP consists of Farmers Management Services and Farmers Re.
## Top 3
cross-border insurer to multinational corporations

<table>
<thead>
<tr>
<th>Category</th>
<th>Share/Position</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4% commercial lines</strong></td>
<td>market share&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>#2 crop insurance provider</strong></td>
<td></td>
</tr>
<tr>
<td><strong>5% US personal lines</strong></td>
<td>market share&lt;sup&gt;1&lt;/sup&gt; through the Farmers Exchanges&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>&gt;5% general insurance market share</strong></td>
<td></td>
</tr>
<tr>
<td><strong>8% life insurance market share in Latin America</strong></td>
<td>through Bank Distribution JV with Santander&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>Top 10 general insurer</strong></td>
<td></td>
</tr>
<tr>
<td><strong>6% general insurance</strong></td>
<td></td>
</tr>
<tr>
<td><strong>5% life insurance market share</strong></td>
<td></td>
</tr>
<tr>
<td><strong>#2 general insurance provider</strong></td>
<td></td>
</tr>
<tr>
<td><strong>#3 life insurance provider</strong></td>
<td></td>
</tr>
<tr>
<td><strong>3% general insurance market share</strong></td>
<td></td>
</tr>
<tr>
<td><strong>15% life insurance market share</strong></td>
<td></td>
</tr>
<tr>
<td><strong>&gt;4% general insurance market share</strong></td>
<td></td>
</tr>
</tbody>
</table>

2. Source: 2015 AXCO data, Zurich internal data and estimates.
3. Source: National Statistics 2015 or latest available, Zurich internal data.
4. Estimated based on annual reports and investor presentations.

Genuinely global franchise with distinct capabilities

UBS Paris Insurance Day 2017 - credit investor introduction
Strong capital position and cash generation

VERY STRONG FINANCIAL STRENGTH

AA- / outlook ‘stable’
Aa3 / outlook ‘stable’
A+ (Superior) / outlook ‘negative’

HIGHLY CASH GENERATIVE

Cash remittance in USDbn

<table>
<thead>
<tr>
<th>FY-12</th>
<th>FY-13</th>
<th>FY-14</th>
<th>FY-15</th>
<th>FY-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>2.9</td>
<td>3.7</td>
<td>3.9</td>
<td>2.8</td>
</tr>
<tr>
<td>1.4</td>
<td>2.4</td>
<td>2.4</td>
<td>1.7</td>
<td>2.0</td>
</tr>
<tr>
<td>0.7</td>
<td>0.9</td>
<td>1.2</td>
<td>1.5</td>
<td>1.1</td>
</tr>
<tr>
<td>-1.1</td>
<td>-1.1</td>
<td>-0.1</td>
<td>-0.6</td>
<td>-0.8</td>
</tr>
</tbody>
</table>

READERS’ DATE

STRONG CAPITAL POSITION

Z-ECM
119% 114% 127% 122% 121% 125% 134%1

Target Range

DIVIDEND A KEY PART OF TSR

Property & Casualty
Life
Farmers
Group Functions
Non-Core Business

STANDARD & POOR'S RATINGS SERVICES

Moody’s INVESTORS SERVICE

BEST

1 Q2-17 Zurich Economic Capital Model (Z-ECM) reflects midpoint estimate with an error margin of +/-5ppts.
2017-2019 Financial targets

- BOPAT ROE\(^1\) in excess of 12% and increasing, despite higher equity base
- USD 1.5bn in net savings by 2019 compared to the 2015 baseline
- Z-ECM target ratio of 100-120%
- Cash remittances in excess of USD 9.5bn over 2017-2019 period

\(^1\) Business Operating Profit after tax return on equity, excluding unrealized gains and losses.
Continued delivery across all businesses

P&C

**COMBINED RATIO (%)**

<table>
<thead>
<tr>
<th></th>
<th>HY-16</th>
<th>HY-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>31.7%</td>
<td>31.7%</td>
</tr>
<tr>
<td>2017</td>
<td>32.4%</td>
<td>32.4%</td>
</tr>
</tbody>
</table>

**LIKE-FOR-LIKE GWP GROWTH (%)**

<table>
<thead>
<tr>
<th></th>
<th>FY-15</th>
<th>FY-16</th>
<th>HY-17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3%</td>
<td>-3%</td>
<td>1%</td>
</tr>
</tbody>
</table>

LIFE

**BOP GROWTH IN LOCAL CURRENCY (%)**

<table>
<thead>
<tr>
<th></th>
<th>HY-16</th>
<th>HY-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>65.7%</td>
<td>65.1%</td>
</tr>
<tr>
<td>2017</td>
<td>65.1%</td>
<td>65.1%</td>
</tr>
</tbody>
</table>

**HY-17 APE SHARE OF NON-TRADITIONAL PRODUCTS**

- Non-Traditional: 89%
- Traditional: 11%

FARMERS EXCHANGES

**COMBINED RATIO (%)**

<table>
<thead>
<tr>
<th></th>
<th>HY-16</th>
<th>HY-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>106.4%</td>
<td>104.9%</td>
</tr>
<tr>
<td>2017</td>
<td>104.9%</td>
<td>104.9%</td>
</tr>
</tbody>
</table>

**GWP GROWTH (USDm)**

<table>
<thead>
<tr>
<th></th>
<th>HY-16</th>
<th>HY-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>9,520</td>
<td>9,520</td>
</tr>
<tr>
<td>2017</td>
<td>9,872</td>
<td>9,872</td>
</tr>
</tbody>
</table>

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1 HY-17 excludes the impact from the change in the Ogden discount rate, booked in Q1-17.
2 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 certain non-claims administrative and management services to the Farmers Exchanges as its attorney-in-fact and receives fees for its services.
3 Continuing operations only, excludes discontinued operations (21st Century business outside of California and Hawaii mainly).
Investment and Capital Management
ALM-focused strategy delivering consistent and sustainable excess returns

PROFILE

~70% of group investments are managed by third parties

ALM focused investment strategy

Generally lower risk investment portfolio than peers, with clear focus on avoiding pro-cyclical actions

Emerged well from credit crisis

ASSET ALLOCATION

FY-16 total Group investments of USD 190bn

ASSET QUALITY

FY-16 Group debt investments of USD 140bn

CONSERVATIVE APPROACH

1 Through December 31, 2016.
Managing our risks conservatively to AA financial strength

**GROUP SOLVENCY**

**Z-ECM**

<table>
<thead>
<tr>
<th>Year</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY-10</td>
<td>119%</td>
</tr>
<tr>
<td>FY-11</td>
<td>103%</td>
</tr>
<tr>
<td>FY-12</td>
<td>114%</td>
</tr>
<tr>
<td>FY-13</td>
<td>127%</td>
</tr>
<tr>
<td>FY-14</td>
<td>122%</td>
</tr>
<tr>
<td>FY-15</td>
<td>121%</td>
</tr>
<tr>
<td>FY-16</td>
<td>125%</td>
</tr>
<tr>
<td>Q2-17e</td>
<td>134%</td>
</tr>
</tbody>
</table>

**Target Range**

```
60% 80% 100% 120% 140%
```

**SST**

<table>
<thead>
<tr>
<th>Year</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY-10</td>
<td>223%</td>
</tr>
<tr>
<td>FY-11</td>
<td>183%</td>
</tr>
<tr>
<td>FY-12</td>
<td>185%</td>
</tr>
<tr>
<td>FY-13</td>
<td>217%</td>
</tr>
<tr>
<td>FY-14</td>
<td>196%</td>
</tr>
<tr>
<td>FY-15</td>
<td>189%</td>
</tr>
<tr>
<td>FY-16</td>
<td>227%</td>
</tr>
</tbody>
</table>

**Z-ECM RBC BY RISK TYPE AND BUSINESS**

- Market risk
- Re-ins credit risk
- P&R risk
- Natural cat risk
- Life insurance risk
- Operational risk
- Business risk
- General Insurance
- Global Life
- Farmers
- Other

1. The Swiss Solvency Test (SST) ratio is calculated based on the Group’s internal model, which is subject to the review and approval of the Group’s regulator, the Swiss Financial Market Supervisory Authority (FINMA). Only the full year ratio is filed with FINMA and is subject to its approval.
2. Q2-17 Zurich Economic Capital Model (Z-ECM) reflects midpoint estimate with an error margin of +/-5ppts.
3. Premium & reserving risk.
4. Includes Other Operating Businesses and Non-Core Businesses.
Proven balance sheet flexibility through leverage and coverage at AA levels

**GROUP CAPITAL STRUCTURE¹**

<table>
<thead>
<tr>
<th>Year</th>
<th>Senior Debt %</th>
<th>Subordinated Debt %</th>
<th>Shareholders Equity %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>13</td>
<td>14</td>
<td>72</td>
</tr>
<tr>
<td>2014</td>
<td>12</td>
<td>13</td>
<td>76</td>
</tr>
<tr>
<td>2015</td>
<td>11</td>
<td>14</td>
<td>76</td>
</tr>
<tr>
<td>2016</td>
<td>9</td>
<td>19</td>
<td>73</td>
</tr>
</tbody>
</table>

**MOODY’S LEVERAGE & COVERAGE**

- Financial leverage = Aa at 15-30%
  - 2013: 26.9%
  - 2014: 24.3%
  - 2015: 24.1%
  - 2016: 26.4%

- Earnings coverage = Aa at 8-12x
  - 2013: 9.1
  - 2014: 9.5
  - 2015: 6.7
  - 2016: 9.2

¹ Capital Structure shown using accounting view.
Low cost of risk, strong ratings and balanced maturity profile

CDS SPREAD AMONG BEST OF PEERS (bps)¹

BALANCED REFINANCING NEEDS (USDbn)²

CONSISTENT FINANCIAL STRENGTH

EUR SUBORDINATED CREDIT SPREADS (bps)

¹ 5yEUR sub CDS.
² Maturity profile based on first call date for subordinated debt and maturity date for senior debt.
BACKGROUND

• Under Swiss tax legislation securities issued by a borrower resident in Switzerland would carry 35% Swiss withholding tax which may not be recoverable by international investors. Using a repackaging vehicle allows a Swiss borrower to tap international capital markets without negative tax consequences.

• Many Swiss issuers make use of this repackaging structure when issuing internationally. Zurich has so far raised senior and subordinated debt via four different repackaging vehicles (Acquarius, Cloverie, Willow and Demeter).

STRUCTURAL OVERVIEW

• The Zurich Notes are held by the Repack Vehicle

• Investors hold Secured Notes issued by the Repack Vehicle, which are secured over the Zurich Notes

• The Secured Notes pass through the risk and returns on the underlying Zurich Notes

• Using such a Repack Vehicle structure allows Zurich to pay the gross coupon on the Zurich Notes
# PRIMARY DIFFERENCES – REQUIRED CAPITAL

<table>
<thead>
<tr>
<th>RISK MEASURE</th>
<th>Z-ECM</th>
<th>SST¹</th>
<th>SII (PILLAR 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Most onerous impact on ratio</strong></td>
<td>VaR 99.95% (~AA)</td>
<td>ES 99% (~BBB)</td>
<td>VaR 99.5% (~BBB), usually &lt; ES 99%</td>
</tr>
</tbody>
</table>
| **RISK-TYPES COVERED** | • Market Risk (including investment credit)  
• Premium and Reserve Risk  
• NatCat Risk  
• Life Liability Risk  
• Business Risk  
• Operational Risk  
• Reinsurance Credit Risk | • Market Risk  
• Investment Credit Risk  
• Premium, Reserve and UPR Risk  
• NatCat Risk  
• Life Liability Risk  
• Life Business Risk  
• Reinsurance Credit Risk  
• Farmers Management Services | Internal model (ZIP):  
• Market Risk (including investment credit)  
• Premium, Reserve and UPR Risk  
• NatCat Risk  
• Life Liability Risk  
• Life Business Risk  
• Reinsurance Credit Risk  
• Receivables Credit Risk  
• Scenarios | Standard Formula (all other entities):  
• Market risk  
• Counterparty default risk  
• Life underwriting risk  
• Health underwriting risk  
• Non-life underwriting risk (including premium, reserve and NatCat)  
• Intangible asset risk  
• Operational risk |
| **EQUIVALENCE** | No concept of equivalence, ZECM applied to the entire Group | No concept of equivalence, SST applied to the entire Group | Possibility to use local regimes for subsidiaries in equivalent third countries. Not applicable for Zurich |

¹ Regarding Swiss Solvency Test (SST) ratio see footnote on slide 3.
### PRIMARY DIFFERENCES – YIELD CURVES AND TRANSITIONALS

<table>
<thead>
<tr>
<th>Most onerous impact on ratio</th>
<th>Z-ECM</th>
<th>SST¹</th>
<th>SII (PILLAR 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BASE RISK-FREE YIELD-CURVE</td>
<td>Swaps</td>
<td>Swaps for USD, EUR, GBP</td>
<td>Swaps</td>
</tr>
<tr>
<td>ENTRY-POINT TO EXTRAPOLATION OF YIELD-CURVE</td>
<td>Use all available market data CHF: 30 years EUR, USD, GBP: 50 years</td>
<td>CHF: 15 years (Zurich uses 30) EUR: 30 years USD, GBP: 50 years</td>
<td>CHF: 25 years EUR: 20 years USD, GBP: 50 years</td>
</tr>
<tr>
<td>ULTIMATE FORWARD RATE</td>
<td>Flat extrapolation from last observable data point</td>
<td>CHF: 2.7% EUR, USD, GBP: 4.0%</td>
<td>CHF: 3.2% EUR, USD, GBP: 4.2%</td>
</tr>
<tr>
<td>ADJUSTMENTS TO YIELD-CURVE</td>
<td>None (no liquidity premium)</td>
<td>-30bps for swap based curves (credit)</td>
<td>-10bps (credit) + volatility adjustment (between 9 bps (CHF) and 78 bps (USD) at Q4-16) + matching adjustment (currently not used by Zurich)</td>
</tr>
<tr>
<td>TRANSITIONAL REQUIREMENTS</td>
<td>n/a</td>
<td></td>
<td>Various transitional measures, especially for yield-curves and technical provisions, lasting until 2032. Zurich does not make use of these.</td>
</tr>
</tbody>
</table>

¹ Regarding Swiss Solvency Test (SST) ratio see footnote on slide 3.
# INVESTMENT AND CAPITAL MANAGEMENT

**Z-ECM and SST are more conservative than SII**

## PRIMARY DIFFERENCES – OTHER KEY ELEMENTS

<table>
<thead>
<tr>
<th></th>
<th>Z-ECM</th>
<th>SST(^1)</th>
<th>SII (PILLAR 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SENIOR DEBT</strong></td>
<td>Available Capital</td>
<td>Liability</td>
<td>Liability</td>
</tr>
<tr>
<td><strong>TAX</strong></td>
<td>Pre-tax</td>
<td>Pre-tax</td>
<td>Post-tax</td>
</tr>
<tr>
<td><strong>GRANULARITY</strong></td>
<td>Management view • Internal reinsurance not relevant • Full Group diversification taken into account and allocated back to business units</td>
<td>Legal entity view • Internal reinsurance considered • Only legal entity diversification taken into account • Risk of subsidiaries included (with limited liability)</td>
<td>Legal entity view • Internal reinsurance considered • Only legal entity diversification taken into account</td>
</tr>
<tr>
<td><strong>RISK MARGIN</strong></td>
<td>Cost of residual non hedgeable risk (CRNHR) considered in AFR for Life</td>
<td>Risk Margin as part of insurance liabilities</td>
<td>Risk Margin as part of insurance liabilities</td>
</tr>
</tbody>
</table>

\(^1\) Regarding Swiss Solvency Test (SST) ratio see footnote on slide 3.
We have a strongly cash generative business reflected in high cash remittance

### NET INCOME AND REMITTANCES 2012-2016 (USD)

<table>
<thead>
<tr>
<th></th>
<th>P&amp;C</th>
<th>LIFE</th>
<th>FARMERS</th>
<th>NON-CORE</th>
<th>GFO</th>
<th>GROUP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. SUM</td>
<td>10.6bn</td>
<td>5.2bn</td>
<td>4.8bn</td>
<td>0.2bn</td>
<td>-3.9bn</td>
<td>16.9bn</td>
</tr>
<tr>
<td>2. REMI</td>
<td>10.0bn</td>
<td>3.3bn</td>
<td>5.4bn</td>
<td>1.2bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ø PAYOUT</td>
<td>94%</td>
<td>64%</td>
<td>112%</td>
<td>nm</td>
<td></td>
<td>91%</td>
</tr>
<tr>
<td>2017 – 2019</td>
<td>~90%</td>
<td>~70%</td>
<td>~90%</td>
<td>~90%</td>
<td>~85%</td>
<td></td>
</tr>
</tbody>
</table>

1. Based on 2012-16 reporting structure.
2. Group Functions and Operations.
We are focused on continuing to reward our shareholders

ZURICH’S DIVIDEND POLICY

NIAS payout ratio of approximately 75%

Dividend increases based on sustainable earnings growth

Target minimum CHF 17 per share dividend

DIVIDEND PER SHARE (CHF)

1 Based on exchange rates around respective dividend payment dates.
Annual results 2016
Property & Casualty
Leading commercial insurer, and one of the few genuinely global players

PROFILE
Top three insurer to multi-nationals, with proven differentiated capabilities and global scale
Strong positions in many commercial insurance markets, notably US, UK and Switzerland
Good positions in a number of developed retail markets
Growing presence in Latin America

CUSTOMER UNITS
FY-16 Gross Written Premiums, total of USD 33.1bn

DISTRIBUTION CHANNELS
FY-16 Gross Written Premiums, total of USD 33.1bn

LINES OF BUSINESS
FY-16 Gross Written Premiums, total of USD 33.1bn
Balanced footprint, stable and positive rates

P&C REGIONAL SPLIT
FY-16 Gross Written Premiums, total of USD 33.1bn

FY-16 RATE CHANGE (%)¹

- Total
- EMEA
- North America
- APAC
- Latin America

1. GWP development due to premium rate change as a percentage of the renewed portfolio against the comparable prior year period.
2. Includes Group Reinsurance and Eliminations.
BOP significantly improved in 2016

**COMBINED RATIO SPLIT (%)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Expense Ratio</th>
<th>Catastrophes</th>
<th>AY LR (excl. catastrophes)</th>
<th>PYD</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY-14</td>
<td>96.8%</td>
<td>30.5%</td>
<td>65.2%</td>
<td>1.1%</td>
</tr>
<tr>
<td>FY-15</td>
<td>103.6%</td>
<td>31.7%</td>
<td>68.3%</td>
<td>0.1%</td>
</tr>
<tr>
<td>FY-16</td>
<td>98.1%</td>
<td>31.7%</td>
<td>65.7%</td>
<td>-1.8%</td>
</tr>
</tbody>
</table>

**BOP SPLIT (USDm)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-controlling interest</th>
<th>Realized capital gains</th>
<th>Underwriting result</th>
<th>Investment income</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY-14</td>
<td>947</td>
<td>2,979</td>
<td>89</td>
<td>-112</td>
</tr>
<tr>
<td>FY-15</td>
<td>-1,002</td>
<td>2,002</td>
<td>864</td>
<td>-29</td>
</tr>
<tr>
<td>FY-16</td>
<td>1,891</td>
<td>2,437</td>
<td>67</td>
<td>485</td>
</tr>
</tbody>
</table>

1. FY-14 and FY-15 have not been restated.
2. Catastrophes include major and mid-sized catastrophes, including significant weather related events.
3. Accident year combined ratio (AY CR) excludes prior year reserve development (PYD).
Lower risk life business, focused on protection and Corporate Life & Pensions

PROFILE
Consistent BOP contributor for the Group with focus on capital-light protection and unit-linked products
Strong partnership capabilities as illustrated by our differentiated and growing bank distribution franchises
Continued focus on our Corporate Life & Pensions business with leading positions in Corporate Risk
Leading positions in many retail markets while unlocking value from our back books, incl. Farmers New World Life (reported under Farmers)

CUSTOMER SEGMENTS
FY-16 New Business Value of USD 782m

<table>
<thead>
<tr>
<th>Individual</th>
<th>Corporate</th>
</tr>
</thead>
<tbody>
<tr>
<td>41%</td>
<td>59%</td>
</tr>
</tbody>
</table>

CHALLENGES AND PILLARS
FY-16 New Business Value of USD 782m

<table>
<thead>
<tr>
<th>Banks</th>
<th>IFAs / brokers</th>
<th>Tied Agents</th>
<th>Corporate Life &amp; Pensions</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>41%</td>
<td>30%</td>
<td>25%</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>

LINES OF BUSINESS
FY-16 New Business Value of USD 782m

<table>
<thead>
<tr>
<th>Savings &amp; Annuity</th>
<th>Unit Linked</th>
<th>Corporate Pensions</th>
<th>Protection</th>
</tr>
</thead>
<tbody>
<tr>
<td>69%</td>
<td>26%</td>
<td>5%</td>
<td>10%</td>
</tr>
</tbody>
</table>
**Revenue streams have low market dependency**

### DRIVERS OF OUR IFRS PROFITABILITY (USDm)

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>Loadings &amp; fees</th>
<th>Inv. margin</th>
<th>Technical margin</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,537</td>
<td>733</td>
<td>3,270</td>
</tr>
</tbody>
</table>

- **Loadings & fees**: Policy charges and fees mainly designed to cover distribution costs.
- **Inv. margin**: Returns on our assets, plus share of returns on policyholder assets.
- **Technical margin**: Revenues on mortality and other 'risk' products, after allowing for claims costs.

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th>Operating costs</th>
<th>Acquisition costs</th>
<th>Deferral impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-1,421</td>
<td>-2,345</td>
<td>239</td>
</tr>
</tbody>
</table>

- **Operating costs**: The costs we incur running the business.
- **Acquisition costs**: What we pay to distributors.
- **Deferral impacts**: Accounting adjustment to spread distribution costs over policy terms.

<table>
<thead>
<tr>
<th>OPERATING PROFIT</th>
<th>FY-16 BOP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,130</td>
</tr>
</tbody>
</table>

**UL fund based fees**

---

UBS Paris Insurance Day 2017 - credit investor introduction
Focus on translating new business growth into tangible measures of value

**NEW BUSINESS VALUE (USDm)**

- **FY-15**
  - 125
  - 112
  - 100
  - 526
- **FY-16**
  - 126
  - 88
  - 110
  - 501
- **FY-16 restated**
  - 126
  - 88
  - 25
  - 501

- **(+1% in local currency)**
- **(-5% in local currency)**

**GLOBAL LIFE BOP (USDm)**

- **FY-15**
  - 195
  - 178
  - 118
  - 892
- **FY-16**
  - 250
  - 118
  - 911
  - 889
- **FY-16 restated**
  - 249
  - 76
  - 88
  - 88

- **(+11% in local currency)**
- **(+3%)**

- **Other**
- **Latin America**
- **APAC**
- **North America**
- **EMEA**

- **Strong value creation in recent years in Europe, Middle East and Africa (EMEA) and Asia Pacific (APAC)**
- **FX headwinds mask local currency growth**

- **Lower yields and investment in start up businesses has impacted operating profits**
- **But lower risk profile vs. peers given limited product mix**
- **Aim to significantly improve profitability through in-force management activities**

---

1 With the full year 2016, Farmers New World Life (FNWL) new business value of USD 85m and BOP of USD 202m were moved from Life to Farmers, to reflect new management structure.
Farmers
The Farmers Exchanges are a group of US insurance companies, which are owned by their policyholders.

Zurich owns Farmers Management Services (FMS), which manages the Farmers Exchanges on behalf of the policyholders in an arrangement known as an “attorney-in-fact.”

FMS receives fees from Farmers Exchanges for the services it provides.

The fee-based nature of the business model allows FMS to generate stable earnings and high cash remittances.

Farmers New World Life manufactures life products sold through the Farmers distribution channels.

Zurich also provides capital support to the Farmers Exchanges through Farmers Re.

1 With the full year 2016, Farmers New World Life (FNWL) business was moved from Life to Farmers, to reflect new management structure.
PROFILE

FARMERS Exchanges is the #3 personal lines insurer in 29 ‘core’ states in the Western US

Split of business is predominantly personal lines, but also offer commercial lines products for small businesses

Primary distribution through ~13,700+ Exclusive Agents, under Farmers brand

Growing business in Eastern US

PERSONAL LINES MARKET SHARE (%)

Based on 2016 Personal Lines Direct Premiums of USD 306bn

<table>
<thead>
<tr>
<th>Company</th>
<th>Premium Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Farm</td>
<td>18.6%</td>
</tr>
<tr>
<td>Allstate</td>
<td>9.4%</td>
</tr>
<tr>
<td>Geico</td>
<td>8.4%</td>
</tr>
<tr>
<td>Progressive</td>
<td>6.7%</td>
</tr>
<tr>
<td>USAA</td>
<td>5.6%</td>
</tr>
<tr>
<td>Liberty Mutual</td>
<td>5.5%</td>
</tr>
<tr>
<td>Farmers</td>
<td>5.2%</td>
</tr>
<tr>
<td>Nationwide</td>
<td>3.6%</td>
</tr>
</tbody>
</table>

US PERSONAL LINES MARKET

2016 Personal Lines Direct Premiums of USD 306bn

<table>
<thead>
<tr>
<th>Category</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homeowners</td>
<td>28%</td>
</tr>
<tr>
<td>Auto Liability</td>
<td>42%</td>
</tr>
<tr>
<td>Auto Physical Damage</td>
<td>30%</td>
</tr>
</tbody>
</table>

FARMERS PREMIUM SPLIT

FY-16 Gross Written Premiums of USD 19.7bn

<table>
<thead>
<tr>
<th>Category</th>
<th>Premium Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto</td>
<td>48%</td>
</tr>
<tr>
<td>Homeowners</td>
<td>12%</td>
</tr>
<tr>
<td>Business Insurance</td>
<td>10%</td>
</tr>
<tr>
<td>Specialty</td>
<td>3%</td>
</tr>
<tr>
<td>Discontinued / Other</td>
<td>27%</td>
</tr>
</tbody>
</table>
Back to growth, industry-wide unfavorable claims trends in Auto

**GWP GROWTH (%)**
- FY-14: 0.0%
- FY-15: 3.6%
- FY-16: 5.1%

- 2014: 2.4%
- 2015: 3.3%

**COMBINED RATIO (%)**
- FY-14: 99.4%
- FY-15: 101.9%
- FY-16: 103.9%

- Catastrophe losses: 5.2%
- CR (excl. catastrophe losses): 94.2%
- Total: 95.9%

- Surplus ratio: 96.8%

**SURPLUS (USDbn)**
- FY-14: 5.4
- FY-15: 5.5
- FY-16: 5.5

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

2. Excludes 21st Century business outside of California and Hawaii reflecting the decision made in October 2015 to retire the 21st Century brand from all states excluding California and Hawaii and other discontinued operations.
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