Zurich Insurance Group – North America

Mike Foley, CEO North America
Deutsche Bank Global Financial Services Investor Conference
New York, May 30, 2017
About Zurich Insurance Group

<table>
<thead>
<tr>
<th>Life</th>
<th>P&amp;C Commercial Insurance</th>
<th>P&amp;C Retail Insurance</th>
<th>Farmers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business:</strong></td>
<td>Protection, savings and investment solutions</td>
<td>Property and casualty insurance and services, risk insights</td>
<td>Property and casualty insurance and services, risk insights</td>
</tr>
<tr>
<td><strong>Market segments:</strong></td>
<td>Individual, commercial and corporate customers</td>
<td>Commercial and corporate customers</td>
<td>Individual, corporate &amp; crop</td>
</tr>
<tr>
<td><strong>Distribution channels:</strong></td>
<td>Agents, banks, brokers and independent financial advisers</td>
<td>Agents, brokers, direct, other distribution agreements</td>
<td>Agents, brokers, direct, direct, other distribution agreements</td>
</tr>
</tbody>
</table>

**North America**
- Leading commercial P&C insurance provider serving the global corporate, large corporate, middle market, crop, specialties & programs sectors
- It also serves individual customers in the retail, affluent and corporate markets

**Latin America**
- Zurich operates in Argentina, Brazil, Chile, Colombia, Mexico and Venezuela

**Europe, Middle East & Africa**
- Europe: Zurich has major operations in Germany, Italy, Spain, Switzerland, and the UK
- MEA: Our business spans the region with key operations in the Middle East and Turkey

**Asia-Pacific**
- Zurich has operations in Australia, China, Hong Kong, Indonesia, Japan, Malaysia and Singapore

**170+ Countries - ~54,000 Employees – USD 67bn Revenue – USD 4.5bn in BOP**

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1 See disclaimer on slide 19.
Group 2017-2019 Financial targets

- BOPAT ROE 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

Source: November 2016 Investor Day Presentation
Group BOP restored in 2016

Group BOP (USDm)

Source: FY-‘14, ’15, ’16 Financial Supplement. Results shown as reported and do not reflect 2017 restatements or changes to management structure.
For NAC, in 2016 we committed to improve our Combined Ratio...

<table>
<thead>
<tr>
<th>Gross Written Premium (GWP)</th>
<th>2015 Plan</th>
<th>2016 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grow</td>
<td>Hold</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Combined Ratio</th>
<th>2015 Plan</th>
<th>2016 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hold</td>
<td>Improve</td>
<td></td>
</tr>
</tbody>
</table>
... and NAC did improve combined ratio and BOP in 2016

**NAC CALENDAR YEAR CR**

<table>
<thead>
<tr>
<th>Year</th>
<th>Combined Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY-14</td>
<td>96.5%</td>
</tr>
<tr>
<td>FY-15</td>
<td>98.2%</td>
</tr>
<tr>
<td>FY-16</td>
<td>96.1%</td>
</tr>
</tbody>
</table>

**NAC BOP (USDm)**

<table>
<thead>
<tr>
<th>Year</th>
<th>BOP</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY-14</td>
<td>923</td>
</tr>
<tr>
<td>FY-15</td>
<td>768</td>
</tr>
<tr>
<td>FY-16</td>
<td>973</td>
</tr>
</tbody>
</table>

Source: FY-'14, '15, '16 Financial Supplement
Key industry trends – North America Property & Casualty

- Rate environment is **challenging**, but manageable

- **Scale matters** – largest carriers able to invest in information-based advantage (e.g. predictive analytics, automation of knowledge work)

- Winners will have **simpler** and **more efficient** operating models

- Industry model will need to **react and adapt to technology** changes

- Individual judgment not sufficient: **institutional insight** with **underwriter expertise** will win
As part of the new strategy, ZNA is going to market as one fully-integrated unit

2016

NORTH AMERICA COMMERCIAL

PROGRAMS
DIRECT MARKETS
SPECIALTY PRODUCTS
COMMERCIAL MARKETS

GCINA

2017

ZURICH NORTH AMERICA

RETAIL
COMMERCIAL

LIFE

Shared Services
Finance & Actuarial, Claims, Technical Underwriting, Ops & IT, Marketing & Distribution, HR

Shared Services
Finance & Actuarial, Claims, Technical Underwriting, Ops & IT, Marketing & Distribution, HR
# Details of new ZNA structure

<table>
<thead>
<tr>
<th>Zurich North America</th>
<th>Life</th>
<th>P&amp;C Retail</th>
<th>USD 15.2bn</th>
<th>P&amp;C Commercial</th>
<th>8.5bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America Life</td>
<td>P&amp;CE</td>
<td>Alternative Markets</td>
<td>Program Administrators targeting niche markets</td>
<td>Standard P&amp;C lines for mid &amp; large size customers</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Direct sales force targeting the auto dealer segment</td>
<td>Special lines covering complex products for non-standard risks</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Captive Consultants targeting Group Captives business</td>
<td>Industry specific value propositions for targeted customer industry segments</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Crop products serving America’s farmers through an Agency force</td>
<td>Leading provider of solutions for customers with global exposures</td>
<td></td>
</tr>
<tr>
<td>Zurich North America Shared Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>98% CR</td>
</tr>
<tr>
<td>Finance &amp; Actuarial, Claims, Technical Underwriting, Ops &amp; IT, Marketing &amp; Distribution, HR</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Dual reporting with CEO, North America and CEO, Commercial Insurance
2016A GWP USDbn

USD 15.2bn
98% CR
RCIS acquisition was successfully integrated and contributed USD 105m of BOP in 2016

RCIS acquisition positions Zurich as #2 Crop Insurer

- Rural Community Insurance Services (RCIS) acquisition:
  - Acquisition value of ~$700m (100% cash purchase)
  - RCIS is the 2nd largest Crop Insurer with GWP of USD 1.9bn
  - Rated "Aa" by A.M. Best as of April 5, 2016
  - Crop business largely uncorrelated with wider P&C market
  - Predictive analytics will be used to enhance performance

MPCI Premium concentrated in central part of US

Predictive model uses multiple factors across five categories

12 factors went into the model

RCIS Impact on 2016 results

**IMPACT NAC**

<table>
<thead>
<tr>
<th>FY-16</th>
<th>Total NAC</th>
<th>RCIS¹</th>
<th>NAC ex. RCIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>GWP (USDm)</td>
<td>11,917</td>
<td>1,389</td>
<td>10,528</td>
</tr>
<tr>
<td>NEP (USDm)</td>
<td>8,056</td>
<td>329</td>
<td>7,727</td>
</tr>
<tr>
<td>LR (%)</td>
<td>65.4%</td>
<td>81.7%</td>
<td>64.7%</td>
</tr>
<tr>
<td>ER (%)</td>
<td>30.7%</td>
<td>-12.6%</td>
<td>32.5%</td>
</tr>
<tr>
<td>CR (%)</td>
<td>96.1%</td>
<td>69.1%</td>
<td>97.2%</td>
</tr>
<tr>
<td>BOP (USDm)</td>
<td>973</td>
<td>105</td>
<td>868</td>
</tr>
</tbody>
</table>

¹ Reflects incremental impact of consolidation vs. existing 25% quota share reinsurance.
In 2017, ZNA will remain focused on improving Combined Ratio

Gross Written Premium (GWP)

Expenses

Loss Ratio (Accident Year Ex-CAT)

Business Operating Profit (BOP)

No need for organic growth

Improve
North America: Q1-17 key financial metrics

Q1-17 KEY FINANCIALS

<table>
<thead>
<tr>
<th></th>
<th>FY-16</th>
<th>Q1-17</th>
<th>Q1-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOP</td>
<td>97.6</td>
<td>98.9</td>
<td>97.7</td>
</tr>
<tr>
<td>Expense</td>
<td>28.2%</td>
<td>32.1%</td>
<td>29.1%</td>
</tr>
<tr>
<td>Loss</td>
<td>69.3%</td>
<td>66.9%</td>
<td>68.6%</td>
</tr>
</tbody>
</table>

USD 1,207m
USD 301m
USD 226m

COMMENTS

Driving factors:

1. RCIS acquisition impacting comparability on both expense ratio and loss ratio
2. One-off expense accruals in Q1-17
3. Lower NEP ahead of Q1-17 expense actions
4. PYD consistent with group guidance

Source: Q1-17 Supplementary information for 3 months ended March 31, 2017.
Selected areas of focus for ZNA

- Simplify and streamline the end-to-end operating model
- Build on strong customer relationships
- Drive technical excellence through claims, underwriting & risk engineering
- Continue to invest to develop distinctive insights through predictive analytics
- Run tests on emerging technologies and business models
Savings will be achieved through a set of strategic actions

Overall North America P&C Spend

People 70% 
IT 20% 
Real Estate & Other 10%

Strategic Actions

• Streamline Organization
• Reposition Select Books
• Manage Demand
• Drive Efficiencies
• Optimize External Spend
ZNA will continue to build on its strong customer advocacy

**Customer TNPS**

<table>
<thead>
<tr>
<th></th>
<th>Average last 12 months</th>
<th>Actions &amp; Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claims FNOL</td>
<td>70</td>
<td>- Enhancements to FNOL process &amp; digital experience filing a claim</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Enhanced customer service training &amp; education for customer care team</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- “Beat the Customer to the Call” campaign and reinforcement of “Good2Beat” key messages</td>
</tr>
<tr>
<td>Closed Claims</td>
<td>65</td>
<td>- Moment of Truth QA audits &amp; office scorecard review</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Reinforced employee recognition based on customer feedback</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Automation of WC contact letter to injured person</td>
</tr>
<tr>
<td>Risk Engr.</td>
<td>84</td>
<td>- Continuing to improve contact data quality and response rates</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Opportunity to expand customer awareness on full suite of RE services</td>
</tr>
</tbody>
</table>

**Customer RNPS**

Customer RNPS = Promoters minus Detractors

<table>
<thead>
<tr>
<th>Average last 12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
</tr>
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</table>
Analytics coupled with underwriter judgment drives better performance

Approximately 1/3 of the time, individual pattern recognition results in poor decisions

<table>
<thead>
<tr>
<th>PREDICTIVE</th>
<th>COUNTER PREDICTIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="639x360.png" alt="Image of car" /></td>
<td><img src="694x387.png" alt="Image of house" /></td>
</tr>
<tr>
<td>66%</td>
<td>34%</td>
</tr>
</tbody>
</table>

We develop three types of predictive models

Pricing model ‘lift curve’ shows how Zurich can appropriately price for the risk

![Graph showing lift curve](456x177.png)

UW judgment teams with model to decide final price

Underwriter has flexibility of up to +/- 20%

May 30, 2017
We actively manage our portfolio of market baskets and our customer relationships.

**Portfolio Management**
9-Box Tool

- **Pursue growth**
- **Shrink or Fix**

**1 year Combined Ratio %**

**Tiering**
Example Book

**Governance acts as a check to underwriting quality**

<table>
<thead>
<tr>
<th>Item</th>
<th>2016 ZNA Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Price Certification</td>
<td>95% of GWP</td>
</tr>
<tr>
<td>Technical UW Review (TUR)</td>
<td>38 Reviews</td>
</tr>
<tr>
<td>Delegated Program Review</td>
<td>30 Reviews</td>
</tr>
<tr>
<td>Manager Peer Review (MPR)</td>
<td>6800+ Reviews</td>
</tr>
</tbody>
</table>

May 30, 2017
We are evolving our operating model through technology and innovation

Natural Language Processing

The NLP advantage
Ability to understand various flavors of an accident description

Artificial Intelligence

Additional Example GL Class Code Error
Account misclassification understated GL premium by 90%

Robotics

RPA technology works by interacting with systems like people

Electronic Data Interchange

There is a need for real-time electronic data transfer

Today, the submission process is manual with following key issues:
- Organizational friction between distributor and Zurich
- Inconsistent data capture
- Time spent on manual data entry
- Limited visibility of payment status

Future State
- Reduced manual re-keying of data, improving accuracy
- Reduced quote turnaround time, raising productivity
- Improved contract certainty, increasing value for customers
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May 30, 2017
Deutsche Bank Global Financial Services Investor Conference 20
CALENDAR:

- June 7, 2017, Goldman Sachs 21st Annual European Financial Conference, Madrid
- June 8, 2017, Vontobel Investor Summer Conference, Interlaken
- August 10, 2017, Half year results 2017
- September 14-15, 2017, UBS Best of Switzerland Conference 2017, Ermatingen
- November 9, 2017, Update for the nine months ended September 30, 2017