Building momentum

George Quinn, Group CFO
Deutsche Bank Global Financial Services Investor Conference
New York, May 29, 2018

Zurich Insurance Group
## Key messages

<table>
<thead>
<tr>
<th><strong>A strong global franchise</strong></th>
<th>We have a uniquely diversified business with strong franchises and well balanced access to distribution backed by a strong balance sheet</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Delivering on our targets</strong></td>
<td>Well on track to deliver on our Group financial targets</td>
</tr>
<tr>
<td><strong>Reducing volatility</strong></td>
<td>Improvements in underwriting and reinsurance reducing the impact of natural catastrophes and quarterly large loss volatility</td>
</tr>
<tr>
<td><strong>Capital management</strong></td>
<td>Continued active capital management across the business to release trapped capital and enhance returns, while having a disciplined approach to investments</td>
</tr>
<tr>
<td><strong>Shareholder focused</strong></td>
<td>Our cash generative and capital efficient business model allow us to reward shareholders with an attractive dividend payout of 75%, while our strong balance sheet provides opportunities to further enhance returns over time</td>
</tr>
</tbody>
</table>
A well diversified business with high quality earnings

**A TRULY COMPOSITE INSURER**
FY-17 Business Operating Profit by business (%)\(^1\)

- Property & Casualty: 43%
- Life: 25%
- Farmers: 31%

Group = USD 4.8bn\(^1\)

**BALANCED P&C FOOTPRINT**
FY-17 P&C GWP by region (%)\(^2\)

- Total P&C = USD 33.0bn
- EMEA: 44%
- Latin America: 41%
- North America: 8%
- APAC: 7%

**HIGH QUALITY LIFE EARNINGS MIX**
FY-17 Life gross margin breakdown (%)\(^3\)

- Total Life = USD 5.1bn
- Investment margin: 53%
- Unit Linked fees: 19%
- Technical margin: 15%
- Loadings: 13%

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\(^1\) Adjusted for the impact of the hurricanes Harvey, Irma and Maria, charges related to the Group’s restructuring recognized through BOP and the change to the UK capital gains tax indexation relief (reported BOP of USD 3.8bn). The split by business excludes Group Functions & Operations and Non-Core Businesses.

\(^2\) The split by region excludes Group Reinsurance and Eliminations.

\(^3\) Excluding Farmers Life.
On track to deliver our 2017-2019 targets

**BOPAT ROE (%)**
- FY-17: 12.1%
- Target²: >12.0%

**Z-ECM RATIO (%)**
- FY-17: 132%
- Target range: 120%

**CUMULATIVE CASH REMITTANCES (USDbn)**
- FY-17: 3.7
- 2017 - 2019 Target²: >9.5

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**CUMULATIVE NET EXPENSE SAVINGS (USDm)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Achieved</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>USD 700m</td>
<td>~300</td>
</tr>
<tr>
<td>2016</td>
<td>~700</td>
<td>~700</td>
</tr>
<tr>
<td>2017</td>
<td>~1,100</td>
<td>~1,100</td>
</tr>
<tr>
<td>2018</td>
<td>~1,500</td>
<td>~1,500</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td>1,500</td>
</tr>
</tbody>
</table>

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1. Business Operating Profit after tax return on equity, excluding unrealized gains and losses. FY-17 adjusted for the impact of the hurricanes Harvey, Irma and Maria, charges related to the Group’s restructuring recognized through BOP and the change to the UK capital gains tax indexation relief.
2. Target unadjusted for OnePath Life acquisition which is expected to close in November 2018 (see news release of December 11, 2017).
Indicative ROE development enhanced by OnePath life acquisition, US tax reform and capital return

ILLUSTRATIVE BOPAT ROE DEVELOPMENT

1 Target to be increased by ~50bps for OnePath Life acquisition which is expected to close in November 2018 (see news release of December 11, 2017).
2 FY-17 adjusted for the impact of the hurricanes Harvey, Irma and Maria, charges related to the Group’s restructuring recognized through BOP and the change to the UK capital gains tax indexation relief.
3 Including expected impact of OnePath Life acquisition in Australia subject to regulatory approval.
We are reducing costs while continuing to invest in capabilities

**BREAKDOWN OF EXPENSE SAVINGS (%)**

- **FY-15 Cost base**: USD 10.3bn
  - Group: 11%
  - Business Units: 59%
  - Operations: 31%

- **FY-17 Cumulative net expense savings**: USD 700m
  - Group: 32%
  - Business Units: 31%
  - Operations: 38%

- **Rest of period Cumulative net expense savings**: USD 800m
  - Group: 19%
  - Business Units: 40%
  - Operations: 41%

**CAPABILITY INVESTMENTS**

- Regulatory & Compliance
- Digital, process & platform simplification
- Group capabilities

- ~USD 800m p.a.
We are leveraging technology to further improve our underwriting performance and claims management

**NURSE CASE MANAGER (NCM) MODEL**

- NCM can be engaged to improve outcomes for workers, employers, and Zurich.
- Establish early referral model to NCMs to evaluate medical necessities, advise on mitigation, and optimize care plans.
- Model flags 2.5x more claims as early referral, reduces claim costs by 35%, and delivers resolutions for faster return to work authorizations.

**NATURAL LANGUAGE PROCESSING (NLP)**

- NLP synthesizes claims demand packages for relevant information.
- NLP pilot in liability claims enabled effective review of demand package submissions.
- Building on the liability pilot, we have rolled out NLP capabilities to other areas (~37% of ZNA claims).

<table>
<thead>
<tr>
<th>Outcome with NCM</th>
<th>Outcome without NCM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved effectiveness and efficiency</td>
<td>130 pages per submission</td>
</tr>
</tbody>
</table>

FNOL (First notice of loss)
We are rebalancing our P&C portfolio to manage volatility and reduce long-term inflation risk

**BUSINESS AND GEOGRAPHICAL MIX (% of NEP)**

<table>
<thead>
<tr>
<th></th>
<th>FY-15</th>
<th>FY-17</th>
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<tr>
<td>10%</td>
<td></td>
<td>9%</td>
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<tr>
<td>15%</td>
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</tr>
<tr>
<td>21%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>27%</td>
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<tr>
<td>28%</td>
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**LOSS AND COMMISSION RATIO**

- LatAm Specialties
- Travel
- LatAm Property
- EMEA Property
- NA Specialties
- EMEA Workers compensation
- NA Commercial Auto
- NA Workers compensation

<table>
<thead>
<tr>
<th>Specialties</th>
<th>Motor</th>
<th>Property</th>
<th>Liability</th>
<th>Workers compensation</th>
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<tbody>
<tr>
<td>10%</td>
<td></td>
<td></td>
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Indicative trend:
- Growing
- Stable
- Shrinking
We effectively reduced the Group’s net retention and lowered large loss volatility

2017 GROUP CAT REINSURANCE PROTECTION (USDm)

LARGE LOSS VOLATILITY

Hurricane Harvey, Irma and Maria: Improved earnings by **USD 0.3bn** through reduction in attachment point vs 2015

1 Franchise deductible of USD 25m, i.e., losses greater than USD 25m count towards erosion of the retention (annual aggregate deductible).
Very strong capital position and a high level of conversion of earnings to cash remittances supporting our attractive payout

Z-ECM AND SST RATIO\(^1\) (%)

NET CASH REMITTANCES (USD\text{bn})

The Swiss Solvency Test (SST) ratio as of January 1, 2018 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 full year ratio is filed with FINMA and is subject to its approval.

After restatement for model changes (FY-16 SST ratio of 227\% before restatements).

Q1-18 Z-ECM reflects midpoint estimate with an error margin of +/- 5ppts.

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2. After restatement for model changes (FY-16 SST ratio of 227\% before restatements).

3. Q1-18 Z-ECM reflects midpoint estimate with an error margin of +/- 5ppts.
## Strengthened core businesses while extracting capital from non-core portfolios and returning ~USD 3.8bn to shareholders

<table>
<thead>
<tr>
<th>MAIN RECENT DIVESTMENTS AND CAPITAL ACTIONS</th>
<th>MAIN RECENT ACQUISITIONS</th>
<th>Type of deal</th>
<th>Business</th>
<th>Strategic rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2016</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of P&amp;C business in Morocco</td>
<td>Lojas Romera</td>
<td>D.A.²</td>
<td>P&amp;C Retail - Warranty</td>
<td>✓</td>
</tr>
<tr>
<td>Sale of P&amp;C business in South Africa</td>
<td>Fast Shop</td>
<td>D.A.²</td>
<td>P&amp;C Retail - Warranty</td>
<td>✓</td>
</tr>
<tr>
<td>Buy-back program for a variable annuity book</td>
<td>RCIS</td>
<td>M&amp;A</td>
<td>P&amp;C Retail &amp; other - Crop</td>
<td>✓</td>
</tr>
<tr>
<td>Sale of P&amp;C business in Middle East</td>
<td>MAA Takaful</td>
<td>M&amp;A</td>
<td>Retail - Takaful</td>
<td>✓</td>
</tr>
<tr>
<td>Sale of P&amp;C business in Taiwan</td>
<td>Macquarie Life</td>
<td>M&amp;A</td>
<td>Life Retail - Protection</td>
<td>✓</td>
</tr>
<tr>
<td>Reinsurance of an closed annuity book</td>
<td>Cover-More/ Halo</td>
<td>M&amp;A</td>
<td>P&amp;C Retail - Travel</td>
<td>✓</td>
</tr>
<tr>
<td>Reinsurance of an individual Life risk portfolio</td>
<td>Standard Chartered</td>
<td>D.A.²</td>
<td>Life Retail</td>
<td>✓</td>
</tr>
<tr>
<td>Sale of workplace pensions and savings business</td>
<td>OnePath (ANZ Life)</td>
<td>M&amp;A</td>
<td>Life Retail - Protection</td>
<td>✓</td>
</tr>
<tr>
<td>Sale of a MedMal legacy portfolio</td>
<td>Bright Box</td>
<td>M&amp;A</td>
<td>Connected cars</td>
<td>✓</td>
</tr>
<tr>
<td><strong>2017</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of a Singapore Life portfolio</td>
<td>QBE Latam</td>
<td>M&amp;A</td>
<td>P&amp;C</td>
<td>✓</td>
</tr>
<tr>
<td>Sale of Endsleigh</td>
<td>Travel Ace/ Universal Travel</td>
<td>M&amp;A</td>
<td>P&amp;C Retail - Travel</td>
<td>✓</td>
</tr>
<tr>
<td>Sale of NSW CTP¹ run-off</td>
<td>EuroAmerica</td>
<td>M&amp;A/P.T.³</td>
<td>Life Retail</td>
<td>✓</td>
</tr>
</tbody>
</table>

1. New South Wales Compulsory Third Party.
2. Distribution agreement.
3. Portfolio transfer.

May 29, 2018
Our proposition to investors

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

- A balanced and diverse global business
- Industry leading capital levels
- Stable, consistent and conservatively managed balance sheet
- Consistent growth with scope to enhance returns through capital re-deployment
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CALENDAR:

- June 6, 2018, Goldman Sachs 22nd Annual European Financial Conference, Frankfurt
- August 9, 2018, Half year results 2018
- September 6-7, 2018, UBS Best of Switzerland Conference 2018, Opfikon-Glattbrugg
- November 8, Update for the nine months ended September 30, 2018
- December 5, 2018, Investor Day 2018