Strategy

Martin Senn, CEO
Vibhu Sharma, interim CFO

Zurich Insurance Group

December 5, 2013
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Building on our strengths as we move into a new phase

- Disciplined investment and focused underwriting have helped us outperform the sector since the credit crisis began

- We set ambitious targets for 2010 - 2013, some of which we are unlikely to achieve

- Defensive attraction will not be enough in a world more focused on opportunities
### What we will continue to do

Underwriting focus and investment discipline will remain unchanged.

### What's new

Prioritizing investment in distinctive positions and managing other businesses for value.

### What will we do better

Improving operating profitability and growing our operating earnings.
OUR STARTING POINT

Building on our strengths into a new phase

Strong balance sheet and solid profitability underpin cash returns

<table>
<thead>
<tr>
<th>Year</th>
<th>NIAS (bn)</th>
<th>Z-ECM (bn)</th>
<th>Cumulative paid dividend in USD bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>3.0</td>
<td>1.4</td>
<td>0</td>
</tr>
<tr>
<td>2009</td>
<td>3.2</td>
<td>3.6</td>
<td>100</td>
</tr>
<tr>
<td>2010</td>
<td>3.4</td>
<td>6.3</td>
<td>200</td>
</tr>
<tr>
<td>2011</td>
<td>3.8</td>
<td>9.1</td>
<td>300</td>
</tr>
<tr>
<td>2012</td>
<td>3.9</td>
<td>11.8</td>
<td>400</td>
</tr>
<tr>
<td>9m-13</td>
<td>3.0</td>
<td>121%</td>
<td>500</td>
</tr>
</tbody>
</table>

In USD bn

In %

Returning c30% of our current market capitalization in 5 years

We generate a solid operating ROE, with room to improve

<table>
<thead>
<tr>
<th>Year</th>
<th>BOPAT ROE excluding URGL over US 10 yr swap</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>13.5%</td>
</tr>
<tr>
<td>2011</td>
<td>11.2%</td>
</tr>
<tr>
<td>2012</td>
<td>10.5%</td>
</tr>
<tr>
<td>9m-13</td>
<td>12.1%</td>
</tr>
</tbody>
</table>

1 BOPAT ROE expressed excluding Investments Unrealised Gains and Losses in Shareholders Equity

NIAS: Net Income Attributable to Shareholders
Z-ECM: Zurich Economic Capital Model
Z-ECM per HY 2013

December 5, 2013

Investor Day
A more supportive external backdrop...

The global economic environment is improving

<table>
<thead>
<tr>
<th>Continued emerging markets growth, mature markets are recovering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP growth CAGR (%)</td>
</tr>
<tr>
<td>Emerging markets</td>
</tr>
<tr>
<td>Mature markets</td>
</tr>
<tr>
<td>World average</td>
</tr>
<tr>
<td>Crisis (2008-12) 5.3</td>
</tr>
<tr>
<td>Outlook (2013-15 F) 5.4</td>
</tr>
<tr>
<td>2.2 0.8</td>
</tr>
<tr>
<td>2.4</td>
</tr>
</tbody>
</table>

Globalization drives the growth of cross border

<table>
<thead>
<tr>
<th>Ongoing advancement of global trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>World exports % of GDP</td>
</tr>
<tr>
<td>16 18 20 22 24 26 28 30 32</td>
</tr>
</tbody>
</table>

Technology creates new industry opportunities

<table>
<thead>
<tr>
<th>Increasing adoption of technology...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of subscribers (bn)</td>
</tr>
<tr>
<td>Mobile Broadband Internet World population</td>
</tr>
<tr>
<td>0 1 2 3 4 5 6 7 8</td>
</tr>
</tbody>
</table>

Sources: Datastream, IMF 'World Economic Outlook' (October 2013) IMF, Global Trade Alert, Forrester, Digital Disruption (November 2013), Gartner (June 2012) IBM (What is big data?), International Telecommunication Union, TechNavio (August 2013), World Bank (2012), Symantec

- **Big Data**
  - 2.5 exabytes ($2.5 \times 10^{18}$) of data created daily
- **Cyber risk**
  - Annual cost of cybercrime of USD 110bn
- **Cloud**
  - 36% of data in cloud by 2016
- **Social media@**
  - 1.11bn active Facebook users
- **Telematics**
  - Predicted 23% growth by 2016
Customer needs are changing…

- **Corporate** customers and intermediaries are beginning to request combined life and general insurance solutions in some market segments.

- **Commercial mid-market** decisions are shifting from relationship-driven to more data-driven.

- **Retail** customers are increasingly using digital and mobile channels to engage with insurers on their own terms.

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**World ranking by revenue**, 2012

<table>
<thead>
<tr>
<th></th>
<th>Employee Benefits</th>
<th>General Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broker 1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Broker 2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Broker 3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Broker 4</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

1Total brokerage revenues split by EB and GI – related figures are sourced from 150 top brokers directory of Business Insurance. Brokers depicted: MMC, Aon, Willis and AJ Gallager.

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**Global peers and brokers**

- Arms race for analytics and data
- Data analytics communicated as key strategic theme
- Significant investments to build capabilities to harness data

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**Results from 2013 survey**

<table>
<thead>
<tr>
<th></th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online customers</td>
<td>32</td>
</tr>
<tr>
<td>Multi-channel customers</td>
<td>58</td>
</tr>
</tbody>
</table>

2 Source: Zurich Global consumer survey with 12,249 respondents across 13 countries.
...creating opportunities we will capitalize on

**EXTERNAL DRIVERS**

**Our advantage, as a global and composite insurer**
- Uniquely positioned as a corporate insurer with global reach and composite proposition
- Balance sheet strength and diversification benefits
- Strong position in key markets (i.e. US and UK)
- Ability to leverage talent and know-how across the Group
- Initiatives launched in select markets where we can build at-scale positions as an international, premium-branded insurer

**Opportunities**

**Corporate**
- Globalization and interconnectedness of risk drive need of global capabilities
- Composite offerings become a differentiating factor

**Commercial mid-market**
- Increasing advantage from data analytics
- Skilled players with depth of capabilities and resources are favored

**Retail**
- Segmentation of customers further based on attitudes, values, needs, service orientation and price sensitivities
We are strong in Corporate and Commercial...work to do in Retail

Breakdown of Zurich’s GWP (2011) by market share per country

Zurich’s market share (2011)¹

- Above 5%
- Below 3%
- From 3 to 5%
- Not categorized

GI-Corporate and Commercial mid-market²
100% = USD 24.9bn

- 7%
- 2%
- 17%
- 74%

11 countries, among which³
- Australia
- Germany
- Switzerland
- UK
- US⁴

Life-Total
100% = USD 30.3bn

- 7%
- 11%
- 37%
- 44%

6 countries, among which³
- Brazil
- Ireland
- Spain
- Switzerland

GI-Retail²
100% = USD 10.4bn

- 3%
- 21%
- 32%
- 45%

6 countries, among which³
- Argentina
- Mexico
- Switzerland

¹ Excluding Farmers Exchanges, Zurich Santander and Zurich Insurance Malaysia Berhad (ZIMB) market shares based on preliminary 2012
² GI Corporate and Commercial mid-market refers to overall commercial business and Retail to personal lines only
³ Countries accounting for at least 3% of Zurich’s GWP in the segment
⁴ Market share calculated for US Commercial, excluding GC portion, assuming mid-market is 66% of the overall US Commercial market

Source: Axco, MarketStance, McKinsey ‘Global Insurance Pools’, Zurich’s internal data and estimates

December 5, 2013
Cornerstones of our strategy

Group Strategy

1. Prioritizing investment in distinctive positions
2. Managing other businesses for value
3. Growing our operating earnings

Key focus areas

- Corporate
- Commercial Mid-Market
- Select retail

- Extract value from Global Life back books
- Continue to capture value from profitable, smaller General Insurance markets
- Turnaround/exit non-performing businesses

- Efficiency
- Value extraction
- Investment risk return
Prioritizing investment in distinctive positions

Target customer segments

**Corporate**
- Bespoke
- Global

**Commercial mid-market**
- Risk participation
- Industry attractiveness

**Retail (select markets)**
- Social status
- Values

- Increase cross sell and commonality
- Align footprint
- Integrate offerings
- Promote predictive analytics
- Simplify operational landscape
- Improve broker value proposition
- Increase product-density
- Improve customer experience
- Foster Omni-channel service model
Managing other businesses for value

- 67% of our capital is allocated to focus markets and manage for value “as-is” markets
- 33% of our capital is allocated to our other manage for value businesses
  - We will maximise the value in certain key life back books
  - We will turnaround or exit non performing businesses

Group Portfolio Review

- BOPAT ROE: 13% 62% of Z-ECM
- BOPAT ROE: 5% 33% of Z-ECM
- Focus Markets
- Manage for value - "as-is"
- Other Manage for value

BOPAT ROE based on 2010-2012 averages
Z-ECM for Zurich Economic Capital Model, based on 2012 data

December 5, 2013
Enhancing excess investment returns in a risk-neutral way through specific initiatives

Continuing operational transformation to extract more value from our business

Reducing complexity and overhead burdens
Delivering an attractive total return to our investors

Zurich’s targets for 2014 - 2016

- Improving return on equity
  - BOPAT ROE target 12 - 14%

- Maintaining a very strong capital position
  - Z-ECM ratio 100 - 120%

- Generating high levels of free cash flow
  - Net cash remittances to Group > USD 9bn

Plus Report cards providing proof points on execution of our strategy

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1 Excluding unrealised gains and losses
2 Cumulative net cash remittances to Zurich Insurance Company Ltd, after deducting central costs, in 2014-2016
## A look at the core business segments

<table>
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<th>Theme</th>
<th>Key topics</th>
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<tr>
<td>Farmers</td>
<td>Building on strengths to compete in a rapidly changing market&lt;br&gt;Go-to-market strategy is focused on targeting value-conscious customers&lt;br&gt;Reducing reinsurance support to Farmers Exchanges&lt;br&gt;Growth opportunity remains in the East and Farmers is gaining traction</td>
</tr>
<tr>
<td>General Insurance</td>
<td>Execution on customer focus priorities in key markets&lt;br&gt;Building on success and global footprint in Corporate and Commercial&lt;br&gt;Strengthening the foundation of technical excellence&lt;br&gt;Rigorous approach to expense management</td>
</tr>
<tr>
<td>Global Life</td>
<td>Building on CLP and banc-assurance success&lt;br&gt;Building global capabilities for In-force Management to optimize portfolio values&lt;br&gt;Better back book and expense management&lt;br&gt;New disclosures on cash generation and investment</td>
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# The Story of the Day

**What we will continue, change and improve**

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