Investor Day

November 17, 2016
London

Zurich Insurance Group
<table>
<thead>
<tr>
<th>TIME</th>
<th>TITLE</th>
<th>SPEAKER</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.30 – 11.15</td>
<td>Group overview and strategy</td>
<td>Mario Greco</td>
</tr>
<tr>
<td>11.15 – 12.00</td>
<td>Q&amp;A session</td>
<td></td>
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<tr>
<td>12.00 – 13.15</td>
<td>Lunch break</td>
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<tr>
<td>13.15 – 14.00</td>
<td>Execution</td>
<td>Kristof Terryn</td>
</tr>
<tr>
<td>14.00 – 14:45</td>
<td>Financial update</td>
<td>George Quinn</td>
</tr>
<tr>
<td>14.45 – 15.15</td>
<td>Coffee break</td>
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<tr>
<td>15.15 – 16:00</td>
<td>Q&amp;A session</td>
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</tr>
<tr>
<td>16.00 – 16:15</td>
<td>Wrap-up</td>
<td>Mario Greco</td>
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</tbody>
</table>
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Investor Day
Group overview and strategy

Mario Greco – Group Chief Executive Officer
## Key messages

<table>
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<tr>
<th>Group</th>
<th>Globally diversified insurance group with earnings growth and significant expense reduction potential</th>
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<td>Opportunity</td>
<td>Strengthen position as a global composite insurer and develop more focused retail proposition</td>
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<td>Shareholder focus</td>
<td>Deliver sustainable earnings growth which will support an increase in the return of capital to shareholders over time</td>
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<td>Execution</td>
<td>Focus the organization on delivery and execution and continue to invest for the future</td>
</tr>
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<td>Capital</td>
<td>Maintain strong capitalization</td>
</tr>
</tbody>
</table>
ZURICH’S POSITION

Thoughts after the first eight months on the job

Strengths

- Very diverse and balanced portfolio of products and services with global reach
- Powerful, internationally recognized brand
- Customer focus
- Successful track record in distribution partnerships
- Strong capital base
- Low-risk investment portfolio
- Strong employee skills

Opportunities

- Reduce Group expense base
- Simplify Group structure
- Improve accountability throughout the organization
- Reinvigorate technical excellence
- Bring more focus to the business
- Better position retail presence
- Continue Farmers profitable growth
Values include some estimates and adjustments for comparability. Zurich does not include Farmers Exchanges.

Excludes Other Operating Businesses and Non Core Businesses.
We focus investment where we have or where we can build relevant and profitable businesses

Disposals and select portfolios exclude Global Corporate (GC) operations.

<table>
<thead>
<tr>
<th>Zurich presence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Corporate and distribution partners</td>
</tr>
<tr>
<td>Disposals</td>
</tr>
<tr>
<td>No presence</td>
</tr>
</tbody>
</table>

Disposals:
- South Africa and Botswana
- Morocco
- Taiwan GI
- Middle East GI
- Netherlands GI

Portfolios put into run-off:
- Singapore Life
- Australia Compulsory Third Party Motor Comm.
- US Long-haul trucking
- US Boiler & Machinery

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1 Disposals and select portfolios exclude Global Corporate (GC) operations.
**We have a strong balance sheet with low investment risk**

**Z-ECM RATIO & FINANCIAL STRENGTH RATINGS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<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>Q1-16</td>
<td>108%</td>
</tr>
<tr>
<td>HY-16</td>
<td>107%</td>
</tr>
<tr>
<td>9m-16</td>
<td>113%</td>
</tr>
</tbody>
</table>

1. Reflects midpoint estimate with an error margin of +/- 5ppts.
2. Based on total Group Investments of USD 203bn as of 9m-16.
3. PE: Private equity.
4. Premium and reserving risk (P&R).

**ASSET ALLOCATION AND RBC BY TYPE**

- **Fixed income**: 82%
- **Mortgages**: 6%
- **Real estate**: 4%
- **Equities**: 3%
- **Hedge funds, PE**: 1%
- **Cash**: 2%

- **Market risk**: 55%
- **Re-ins credit risk**: 9%
- **P&R risk**: 4%
- **Natural cat risk**: 2%
- **Life insurance risk**: 2%
- **Operational risk**: 21%
- **Business risk**: 2%
We have a strong customer franchise and brand

THE ZURICH BRAND

- Zurich is seen as an ‘excellence’ and ‘high quality’ brand
- Highly rated on ‘provides professional service’ and ‘helps people protect what is important to them’

NUMBER OF INTERNATIONAL PROGRAMS (2015, ‘000s)

- GI and CLP\(^2\) employ nearly 100 Global Relationship Leaders to service ~1,000 relationship customers
- My Zurich portal provides ~1,200 international customers full control and transparency of their international risks

1 Source: Zurich internal analysis. AIG data not available.
2 CLP: Corporate Life & Pensions.
We have a sustainable, profitable and growing life business focused on capital-light products

**NEW BUSINESS (9m-16)**

- APE: 3,539
  - Savings: 19%
  - Unit Linked: 2%
  - Annuity: 15%
  - Pension & Other: 25%
  - Protection: 38%
  - Other: 7%

- NBV: 684
  - Savings: 7%
  - Unit Linked: 25%
  - Annuity: 72%

**NET RESERVES & LIABILITIES (FY-15, USDbn)**

- 669.3: Allianz
  - Unit Linked: 18%
  - Annuity: 82%
- 469.6: ING
  - Unit Linked: 19%
  - Annuity: 81%
- 691.6: Prudential
  - Unit Linked: 34%
  - Annuity: 66%
- 522.8: Aviva
  - Unit Linked: 37%
  - Annuity: 63%
- 489.8: Zurich
  - Unit Linked: 41%
  - Annuity: 59%
- 207.5

**GLOBAL LIFE BOP (RESTATED AT FY-14 FX)**

- FY-14: 207.5bn
- FY-15: 489.8bn
- FY-16e: 522.8bn

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1. Source: Zurich internal analysis using published company data converted to USD at year end 2015 rates.
2. FY-16 extrapolation.
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.

Excludes 21st Century business outside of California and Hawaii and other discontinued operations.

Eastern states GWP includes Pennsylvania, New Jersey, Georgia, Maryland, New York, and Connecticut.

9m-16 continuing operations GWP of USD 14.5bn.
We have clear opportunities to improve

**Strengths**
- Very diverse and balanced portfolio of products and services with global reach
- Powerful, internationally recognized brand
- Customer focus
- Successful track record in distribution partnerships
- Strong capital base
- Low-risk investment portfolio
- Strong employee skills

**Opportunities**
- Reduce Group expense base
- Simplify Group structure
- Improve accountability throughout the organization
- Reinvigorate technical excellence
- Bring more focus to the business
- Better position retail presence
- Continue Farmers profitable growth
We have a significant opportunity to improve efficiency and underwriting performance.

**GI EXPENSE RATIO**
(FY-15, % OF NEP)

- 26%
- 27%
- 28%
- 29%
- 32%
- 32%
- 32%
- 35%

**LIFE OPERATING EXPENSES**
(FY-15, % OF OPERATING PROFIT)\(^1\)

- 25%
- 29%
- 31%
- 33%
- 40%
- 59%

**GI LOSS RATIO**
(FY-15, % OF NEP)

- 56%
- 57%
- 66%
- 66%
- 70%
- 72%
- 78%

\(^1\) Operating costs as a % of operating profit (before operating costs).
We have created a simpler, more accountable and more business-focused organization

Group Chief Executive Officer
Mario Greco

Executive Committee members:

**Business Heads**
- Farmers Group, Inc.
  - Jeff Dailey
- North America
  - Mike Foley
- EMEA
  - Gary Shaughnessy
- Latin America
  - Claudia Dill
- Asia Pacific
  - Jack Howell
- Commercial Insurance
  - James Shea

**Functional Heads**
- Investment
  - Urban Angehrn
- Finance
  - George Quinn
- Risk
  - Cecilia Reyes
- Operations
  - Kristof Terryn

New Executive Committee members

November 17, 2016
We are reinvigorating technical excellence and reducing volatility

**DISCIPLINED RE-UNDERWRITING**
(Example Portfolio, 1/1 Renewals)

- Technical excellence program focused on risk selection, rating, deductible increases and tiering
- Refreshed Technical Price

**PORTFOLIO RESHAPING ACTIONS**
(‘15 Underperforming Portfolios’)

- New guidelines to align risk appetite in and across markets
- Location-based vs average underwriting focus

**REDUCED RISK PROFILE**
(GI Insurance Capital Intensity, %)

- Reduced policy exposures
- Tactical reinsurance and de-risking actions to reduce volatility

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**ZURICH’S POSITION**

<table>
<thead>
<tr>
<th>Portfolio CR (%)</th>
<th>NEP (USDbn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>9m-15</td>
<td>3.3</td>
</tr>
<tr>
<td>9m-16</td>
<td>3.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Price adequacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy Count</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lapsed policies</th>
<th>Renewed Policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>AP/TP</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY-14</th>
<th>FY-15</th>
<th>HY-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>9m-15</td>
<td>9m-16</td>
<td>9m-16</td>
</tr>
</tbody>
</table>

November 17, 2016
ZURICH’S POSITION

The first results are encouraging

**GI LOSS RATIO (%)**

<table>
<thead>
<tr>
<th></th>
<th>FY-14</th>
<th>FY-15</th>
<th>9m-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tianjin loss</td>
<td>66.4%</td>
<td>65.2%</td>
<td>-1.1%</td>
</tr>
<tr>
<td>AY LR (ex. cat.)</td>
<td>2.3%</td>
<td>0.1%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Catastrophes</td>
<td>71.8%</td>
<td>67.3%</td>
<td>3.5%</td>
</tr>
<tr>
<td>PYD</td>
<td>67.2%</td>
<td>65.9%</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

1. Catastrophes include major and mid-sized catastrophes including significant weather related events.
2. Accident year loss ratio (AY LR) excludes prior year reserve development (PYD).
3. Restated at constant FX and adjusted for RCIS acquisition; excludes Farmers.

**EXPENSE DEVELOPMENT (USD bn)**

<table>
<thead>
<tr>
<th></th>
<th>9m-15</th>
<th>9m-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY-14</td>
<td>5.0</td>
<td>4.8</td>
</tr>
<tr>
<td>FY-15</td>
<td>65.9%</td>
<td>67.2%</td>
</tr>
<tr>
<td>9m-16</td>
<td>67.3%</td>
<td>65.9%</td>
</tr>
</tbody>
</table>

**GROUP BOPAT ROE (%)**

<table>
<thead>
<tr>
<th></th>
<th>FY-14</th>
<th>FY-15</th>
<th>9m-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY-14</td>
<td>11.1%</td>
<td>6.4%</td>
<td>11.9%</td>
</tr>
<tr>
<td>FY-15</td>
<td>6.4%</td>
<td>11.1%</td>
<td>11.9%</td>
</tr>
<tr>
<td>9m-16</td>
<td>11.9%</td>
<td>6.4%</td>
<td>11.9%</td>
</tr>
</tbody>
</table>
Our financial targets underline our aim to be an efficient, leading insurer

### ZURICH’S 2017-2019 FINANCIAL TARGETS

<table>
<thead>
<tr>
<th>Target</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BOPAT ROE</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td>In excess of 12% and increasing, despite higher equity base</td>
</tr>
<tr>
<td><strong>USD 1.5bn</strong></td>
<td>In net savings by 2019 compared to the 2015 baseline</td>
</tr>
<tr>
<td><strong>Cash remittances</strong></td>
<td>In excess of USD 9.5bn over 2017-2019 period</td>
</tr>
<tr>
<td><strong>Z-ECM target ratio</strong></td>
<td>Unchanged at 100-120%</td>
</tr>
</tbody>
</table>

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<sup>1</sup> Business Operating Profit after tax return on equity, excluding unrealized gains and losses.
The insurance industry remains in a challenging environment which we do not expect to improve quickly.

**Further challenges:**
- Aging population, increasing longevity risk and demand for skilled workforce
- Increased consumer protection, rising protectionism and nationalistic regulations
We have four clear objectives for commercial business

**OBJECTIVE**

- Reclaim technical excellence
- Improve ‘Go-to-Market’ approach
- Rebalance portfolios
- Enhance global capabilities

**ACTIONS**

- Disciplined application of underwriting tools
- Clear career track and targeted development
- Clear and consistent risk appetite
- Create industry specific propositions
- Further embed customer focus in the business
- Opportunistically grow specialties lines
- Reduce overweight position in long-tail lines
- Create global specialties team
- Increase penetration of international clients
We have an opportunity to rebalance long-tail exposure over time, while enabling more agile specialties business.

**DIRECT WRITTEN PREMIUM BY LOB**
(2015 US EXAMPLE, USDbn)\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>US Industry</th>
<th>Zurich US (ZAIC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specialties</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>Property</td>
<td>23%</td>
<td>18%</td>
</tr>
<tr>
<td>Motor</td>
<td>11%</td>
<td>13%</td>
</tr>
<tr>
<td>Liability</td>
<td>30%</td>
<td>28%</td>
</tr>
<tr>
<td>Workers Compensation</td>
<td>20%</td>
<td>24%</td>
</tr>
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**TOTAL GENERAL INSURANCE COMBINED RATIOS**
(2010-2015)\(^2\)

-12ppts

**Source:**
2. Long-tailed lines include Workers Compensation and Liability; Short-tailed lines include Motor and Property.
We aim to strengthen our retail position in key markets

**OBJECTIVE**

- Focus on target customer segments
- Grow our distribution partnerships
- Strengthen value proposition to small businesses
- Implement more efficient IT to better serve customers

**ACTIONS**

- Better manage customers in a focused, integrated way
- Strengthen digital capabilities across the value chain
- Introduce and track customer KPIs
- Continue growing distribution partnership skills
- Maximize the value of our existing relationships
- Increase consistency of focus across key markets
- Greater standardization of offerings
- Capture ‘non-intermediated’ customer needs and move quickly to leverage market disruptions
- Reduce cost base
We will strengthen our customer focus, emulating the successful experience of Farmers Exchanges1

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 Rolling three-month average of survey-based measure for customer loyalty; NPS measured for Personal Lines customers in all years, as well as Business Insurance customers beginning in 2016.

3 Rolling three-month average of 13/1 policy retention for business sold through exclusive agents (excluding Bristol West); based on rolling 12-month weighted average GWP by business.
We expect to deliver USD 1.5bn in net expense savings by end of 2019, while continuing to invest in the business.

EXPENSE SAVINGS EXPECTATION (USDbn)

- 2015 adjusted
- Inflation
- Savings 2016
- Savings 2017-19
- 2019

1 2015 expense base adjusted for 2016 FX, acquisitions and disposals.
We are focused on continuing to reward our shareholders

**ZURICH’S DIVIDEND POLICY**

- NIAS payout ratio of approx. 75%
- Dividend increases based on sustainable earnings growth
- Target minimum CHF 17 per share dividend

**CUMULATIVE DIVIDENDS PAID** (FOR YEAR ENDING, USDbn)

- >50% of market capitalization paid out since 2008

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1 The dividend is subject to approval by the shareholders at the Annual General Meeting.
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Investor Day
Execution

Kristof Terryn – Group Chief Operating Officer

Zurich Insurance Group
## Key messages

<table>
<thead>
<tr>
<th>Operations</th>
<th>We drive value delivery to shareholders through combining technical skills, operational services and transformation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency</td>
<td>We aim for further efficiency enhancements, targeting USD 500-700m by end of 2019 in Operations</td>
</tr>
<tr>
<td>Effectiveness</td>
<td>We focus on reducing complexity through organizational simplification, process streamlining and systems consolidation</td>
</tr>
<tr>
<td>Technical excellence</td>
<td>We strive for better decision making and faster reaction to market changes in Underwriting and Claims</td>
</tr>
</tbody>
</table>
Our new operations setup combines technical skills, operational services and transformation

OPERATIONS ORGANIZATIONAL SETUP

Enterprise Transformation

Technical functions

- P&C Underwriting
- P&C Claims
- Life

Operational services

- IT Services
- Enterprise Services

HOW WE DRIVE EXECUTION

- New Group COO role responsible for technical excellence, efficiency improvements and business transformation
- Holistic approach to end-to-end process optimization
- Consistent and efficient support to the markets
- Enhanced ability to control costs
Operations drives customer outcomes and value delivery to shareholders

**EFFICIENCY AND OPERATIONAL EXCELLENCE**

- Increased efficiency through process improvement, automation and scale solutions
- Higher agility through complexity reduction

**TECHNICAL EXCELLENCE**

- Better risk selection and pricing
- Faster reaction to market changes
- Optimized claims settlement costs

**CUSTOMER EXPERIENCE**

- Smoother customer journeys
- More customer-centric proposition development to match evolving needs
Over the past four years our expense base has grown by 7%, both within and above countries.

**DIRECT EXPENSES**¹ (USDbn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Operations</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>9.7</td>
<td>6.8</td>
</tr>
<tr>
<td>2013</td>
<td>9.6</td>
<td>6.7</td>
</tr>
<tr>
<td>2014</td>
<td>10.2</td>
<td>7.1</td>
</tr>
<tr>
<td>2015</td>
<td>10.3</td>
<td>7.2</td>
</tr>
</tbody>
</table>

**ABOVE COUNTRIES**
- 2012: 0.6
- 2013: 0.6
- 2014: 0.7
- 2015: 0.7

**IN COUNTRIES**
- 2012: 2.3
- 2013: 2.3
- 2014: 2.4
- 2015: 2.5

¹ 2015 expense base adjusted for 2016 FX, acquisitions and disposals.
² CAGR.
We will significantly contribute to the additional expense base reduction by 2019

**STATUS AND OUTLOOK**

- 2016 Group savings of USD ~300m
- By 2019, target a total of USD 1.5bn net savings with a significant share from Operations
- USD ~700m investments planned over the next three years to make savings sustainable

**PLANNED OPERATIONS NET SAVINGS BY 2019 (USDm)**

<table>
<thead>
<tr>
<th>Category</th>
<th>Savings 2019 (USDm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total 2019 net savings¹</td>
<td>1,500</td>
</tr>
<tr>
<td>Operations</td>
<td>500 - 700</td>
</tr>
<tr>
<td>Other</td>
<td>800 - 1,000</td>
</tr>
<tr>
<td>IT Infrastructure</td>
<td>100 - 150</td>
</tr>
<tr>
<td>IT Applications</td>
<td>180 - 250</td>
</tr>
<tr>
<td>Shared Services, Real Estate &amp; Procurement</td>
<td>150 - 180</td>
</tr>
<tr>
<td>Other</td>
<td>70 - 120</td>
</tr>
</tbody>
</table>

1 Savings vs. 2015 actuals.
We will continue to standardize and streamline our IT infrastructure

FROM
- > 70 data centers in early 2015
- 140+ network suppliers
- End-user tools reaching end of lifecycle
- Limited ability to support new technologies

TO
- 8 strategic data centers
- Single network provider
- Up-to-date workplace and mobility services
- Full ability to leverage new technologies, e.g. Hybrid Cloud

RUN-RATE BENEFITS
- USD 100-150m p.a. in expense savings by end of 2019
- Capability and service uplift
- Risk and complexity reduction
Example: **IT network services transformation to provide better services and achieve a significant expense reduction**

**FROM**

- 140+ suppliers in 49 countries
- Different operating models
- Limited ability to support new technologies

**TO**

- 1 global overarching service provider
- Standardized global operating model
- Improved ability to exploit new technologies, e.g. Big Data

**RUN-RATE BENEFITS**

- USD 35m p.a. in expense savings from 2018
- Enhanced service quality and stability
We will significantly reduce the complexity of our IT application landscape

**FROM**

- Fragmented and complex technology landscape with close to 3,000 applications
- High maintenance costs
- Sub-optimal split between internal and external resources
- Applications spend increased by ~30% over last 4 years

**TO**

- Uniform landscape with increased level of sharing
- Reduced number of integration points
- Better sourcing with focus on internal capabilities
- Significant efficiencies

**RUN-RATE BENEFITS**

- USD 180-250m by end of 2019
- Application landscape simplified with ~500 applications decommissioned
Example: **Germany end-to-end transformation combines product, process and IT simplification**

**FROM**

- Complex product models
- Manual processes
- Limited number of digital interfaces
- Complex and outdated IT landscape with 19 core IT systems

19 IT systems

**TO**

- One modular product model
- Automated processes, e.g. coverage check
- New and improved digital interfaces, e.g. for Quote & Buy
- 3 core IT systems for P&C

3 IT systems

**RUN-RATE BENEFITS**

- Productivity increase of 25%, USD ~80m by end of 2019
- Straight through ratio for Quote & Buy from 6% to 75%
- Legacy IT decommissioning gains, USD 16m p.a. from 2019
We will optimize our shared services

<table>
<thead>
<tr>
<th>FROM</th>
<th>TO</th>
<th>RUN-RATE BENEFITS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shared services provisioning</strong></td>
<td></td>
<td>USD 150-180m p.a. in reductions by end of 2019</td>
</tr>
<tr>
<td>• Limited transparency on cost drivers</td>
<td>• Service orientation, expense and quality focus</td>
<td></td>
</tr>
<tr>
<td>• Fragmented processes and locations</td>
<td>• Clear definition of services</td>
<td></td>
</tr>
<tr>
<td>• Inconsistent service provision models</td>
<td>• Efficient service model</td>
<td></td>
</tr>
<tr>
<td><strong>Property rationalization and procurement</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• High property operating costs</td>
<td>• Office rationalization</td>
<td></td>
</tr>
<tr>
<td>• Manual procure to pay process</td>
<td>• Automated procure to pay process</td>
<td></td>
</tr>
<tr>
<td>• Limited procurement footprint</td>
<td>• Expanded procurement footprint</td>
<td></td>
</tr>
</tbody>
</table>
Example: Office rationalization in New York

**FROM**

- 27k USD per head
- 2 buildings in New York metro area
- Limited customer amenities
- Aging and inefficient office space

**TO**

- 17k USD per head
- Manhattan front office and New Jersey support office
- Customer center in Manhattan
- State of the art dynamic working environment

**RUN-RATE BENEFITS**

- USD 12m expense savings
- >30% total occupancy cost reduction per head
- -24% square feet per head
Continued standardization of Operations and IT backbone will enable process improvements in middle and front offices.

**Process improvement**

**FROM**
- High level of business complexity
- Non-standardized processes with fragmented ownership
- Next generation automation technologies mostly in pilot state

**TO**
- Simplified enterprise architecture
- Standardized, lean processes with end-to-end accountability
- Software robotics and cognitive automation deployed at scale
Integration of Commercial Insurance will generate benefits of USD 150m p.a. from the end of 2017

<table>
<thead>
<tr>
<th>FROM</th>
<th>TO</th>
<th>BENEFITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Two market-facing organizations</td>
<td>• One face to the market</td>
<td>• Reduced organizational and process complexity</td>
</tr>
<tr>
<td>• Separate underwriting</td>
<td>• Unified underwriting setup and simplified processes</td>
<td>• Better service experience</td>
</tr>
<tr>
<td>• Separate systems</td>
<td>• Standardized systems</td>
<td>• Faster identification of risks and opportunities</td>
</tr>
<tr>
<td>• Self-service tools available to selected customer groups</td>
<td>• Self-service tools accessible to a wider customer base</td>
<td>• Holistic broker and customer management</td>
</tr>
<tr>
<td>• No integrated data</td>
<td>• Consistent and unified data across all of Commercial Insurance</td>
<td></td>
</tr>
</tbody>
</table>

**EFFECTIVENESS & EFFICIENCY**

**Organization and processes**
- Separate systems
- Separate underwriting
- Two market-facing organizations
- No integrated data

**Systems**
- Separate systems
- Self-service tools available to selected customer groups

**Data**
- Self-service tools accessible to a wider customer base
- Consistent and unified data across all of Commercial Insurance

- One face to the market
- Unified underwriting setup and simplified processes
- Standardized systems
- No integrated data
Example: **Distinctive risk engineering self-services for Commercial Insurance customers**

**ZURICH RISK ADVISOR DIGITAL PLATFORM – SELF RISK ASSESSMENT MODULE**

- Core element of our Risk Engineering digitalization strategy
- Enables customers to carry out on-site or remote self-risk assessments
- Customers can access recommended practices, risk insights and industry benchmarks
- Allows to better manage risks for locations where on-site inspection is uneconomic
- Will be made available to all Commercial Insurance customers
In Underwriting we strive for better risk selection and faster reaction to market changes

**TODAY**
- Lack of scalable straight-through processes in most countries
- High administrative effort

**2019 ASPIRATION**
- Retail lines straight-through processes fully operational in five major countries
- Lean administrative processes

**Processes**
- Lack of agility in product development and innovation
- Complex technology environment with >600 underwriting applications and tools

**Data**
- Fragmented data sources
- Limited use of data insights

**Systems**
- Modular product architecture in largest markets
- Unified underwriting and policy administration platforms; fewer than 300 applications and tools

**2019 ASPIRATION**
- Single source of truth at country level in all largest markets
- Availability of data insights at the point of underwriting
Key Initiatives

- Automation of straight-through flow underwriting
- Adoption of cognitive computing

- Rationalization and modularization of case pricing tools

- Consolidation and standardization of data sources
- Further adoption of big data technologies
- Expansion of REDS¹ data scope globally

¹ Risk Exposure Data Store.
Example: **Risk Exposure Data Store strengthens accumulation controls**

**FROM**
- Regional
- Manual
- Bi-annually
- Several data sources

**TO**
- Global
- Automated and at the right time
- Monthly
- Single source

**BENEFITS**
- Identify and manage risk accumulations
- Reduce unexpected losses
- Improve risk pricing and capital allocation
- Optimize reinsurance costs
Example: **Predictive Analytics improves risk retention decisions in crop insurance**

**FROM**

- Volatile loss performance, highly dependent on climate cycles
- Difficult to predict crop yield and commodity prices at harvest before planting

**TO**

- Predictive model with over 12 potential predictors based on oceanic, weather, soil and policy data
- Use predictive model to inform our fund designation

**BENEFITS**

- Back-testing suggests 1-2 points of loss ratio improvement in crop
- Improved fund designation
- Better risk selection
- Higher profit retention with lower risk
In Claims we are focused on adapting tools and capabilities to changing social and economic market trends

<table>
<thead>
<tr>
<th>Processes</th>
<th>Systems</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>TODAY</td>
<td>TODAY</td>
<td>TODAY</td>
</tr>
<tr>
<td>• Robotics in production mainly in UK, ZNA and Germany</td>
<td>• 300+ legacy claims systems</td>
<td>• Predictive models to enhance claims handling in ZNA, UK, Germany and Italy</td>
</tr>
<tr>
<td>• ~20% of all claims being managed through STP(^1) or one-and-done</td>
<td></td>
<td>• Large loss data captured and reported in all markets but not in one integrated system</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2019 ASPIRATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increased digitalization and automation across core markets</td>
</tr>
<tr>
<td>• 40% of all claims being managed through STP or one-and-done</td>
</tr>
<tr>
<td>• Core claims systems replaced and system landscape consolidated from 12 to 7 platforms in six largest markets</td>
</tr>
<tr>
<td>• Predictive analytics rolled out globally to reduce claims costs and shorten time to close</td>
</tr>
<tr>
<td>• Single large loss management tool to improve contract certainty and reinsurance recoveries</td>
</tr>
</tbody>
</table>

\(^1\) Straight Through Processing.
Focused set of initiatives to improve customer experience and functional effectiveness in Claims

**KEY INITIATIVES**

- Deployment of digital customer self-service (apps, portals)
- Leveraging increased STP and one-and-done
- Core Claims platform transformation in key markets¹
- Enhanced automation of claims processes
- Analytical tools supporting claims insights
- Delivery of tools driving performance management excellence and business and customer intelligence

¹ Core Claims platform transformation already completed in UK, Italy and Spain.
Example: **Improving injury claims efficiency and efficacy through cognitive automation**

**FROM**
- 58 minutes per medical report
- Individual decision making based on general guidelines and experience
- Dependency on employee availability

**TO**
- 5 seconds per medical report
- High reduction in leakage through standardized decision making
- 24/7 availability

**RUN-RATE BENEFITS**
- USD 5m per year from 2017
- 39’000 hours per year of freed-up capacity
**We are delivering sustainable BOP improvements through Life In-force Management**

**TODAY**

- Consistent, locally tailored approach rolled out to 10 businesses\(^1\)
- Over 120 discrete In-force management initiatives
- Run-rate BOP target achieved one year ahead of Plan
- Additional customer and cash benefits

**BY 2019**

- Additional customer and shareholder value from improved retention, cross/up-sell, legacy products optimization and claims
- More structural actions
- Translate in-force insights into better quality of new business

**RUN-RATE INCREMENTAL BOP (USDm)**

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>~50-70</td>
<td>48</td>
<td>48</td>
<td>&gt;150</td>
<td>~100</td>
<td>~150</td>
<td></td>
<td>~200-250</td>
</tr>
</tbody>
</table>

\(^1\) Australia, Germany, Ireland, Isle of Man, Italy, Spain, Switzerland, UK, US and CLP globally.

\(^2\) In 2015, the corresponding number of USD 33m only included UK and Germany. The numbers now also include Switzerland, US, Ireland, and Isle of Man.
Key messages

**Operations**
We drive value delivery to shareholders through combining technical skills, operational services and transformation

**Efficiency**
We aim for further efficiency enhancements, targeting USD 500-700m by end of 2019 in Operations

**Effectiveness**
We focus on reducing complexity through organizational simplification, process streamlining and systems consolidation

**Technical excellence**
We strive for better decision making and faster reaction to market changes in Underwriting and Claims
Investor Day
Financial update

George Quinn – Group Chief Financial Officer

Zurich Insurance Group
## Key messages

<table>
<thead>
<tr>
<th>Efficiency</th>
<th>We will reduce absolute expense levels and increase efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROE</td>
<td>We aim to improve our BOPAT ROE to a competitive level, in excess of 12% and increasing over 2017-2019, despite higher equity base</td>
</tr>
<tr>
<td>Volatility</td>
<td>We will manage exposures and use reinsurance to reduce earnings volatility</td>
</tr>
<tr>
<td>Dividend</td>
<td>Target sustainable NIAS payout ratio of approx. 75% and minimum CHF 17 per share dividend</td>
</tr>
<tr>
<td>Capital</td>
<td>Maintain strong capitalization</td>
</tr>
</tbody>
</table>
## INTRODUCTION

**Improved performance in 2016**

### 2014-2016 TARGETS

<table>
<thead>
<tr>
<th></th>
<th>Target</th>
<th>9m-16</th>
<th>2014 to 9m-16 Average</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BOPAT ROE</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td>12-14%</td>
<td>11.9%</td>
<td>9.8%</td>
</tr>
<tr>
<td><strong>Z-ECM</strong>&lt;sup&gt;2&lt;/sup&gt;</td>
<td>100-120%</td>
<td>113%</td>
<td>119%</td>
</tr>
<tr>
<td><strong>Cumulative 2014-2016 Net cash remittances</strong></td>
<td>&gt; USD 9bn</td>
<td>&gt; USD 10bn&lt;sup&gt;3&lt;/sup&gt;</td>
<td>&gt; USD 10bn&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

- Improvement in underlying performance; not yet achieving target return
- Capital remains comfortably in the target range
- Cash remittances expected to exceed original target of > USD 9bn

**Legend**

1. Business Operating Profit after tax return on equity, excluding unrealized gains and losses.
2. Zurich Economic Capital Model (Z-ECM). 9m-16 reflects midpoint estimate with an error margin of +/- 5ppts.
Our financial targets underline our aim to be an efficient, leading insurer

**ZURICH’S 2017-2019 FINANCIAL TARGETS**

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

---

\(^1\) Business Operating Profit after tax return on equity, excluding unrealized gains and losses.
More than ever, underwriting and expense efficiency is key

GOVERNMENT YIELDS AND INVESTMENT INCOME CONTRIBUTION TO P&C INSURERS PROFIT

Investment Income as % of total profits

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>USD 5 Year Treasury</td>
<td>100%</td>
<td>100%</td>
<td>200%</td>
<td>100%</td>
<td>60%</td>
<td>60%</td>
<td>60%</td>
<td>60%</td>
</tr>
<tr>
<td>Investment income contribution to total profit</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Yield

- 5.0%
- 4.5%
- 4.0%
- 3.5%
- 3.0%
- 2.5%
- 2.0%
- 1.5%
- 1.0%
- 0.5%
- 0.0%

Source: Swiss Re, Sigma No 04/2015; aggregate of US, Canada, UK, Germany, France, Italy, Japan and Australia.
Our expense and underwriting initiatives offset higher equity base and market pressures

FINANCIAL TARGETS

ILLUSTRATIVE BOPAT ROE DEVELOPMENT

Indicative P&C CR 95 - 96%
We expect to deliver USD 1.5bn in net expense savings by end of 2019, while continuing to invest in the business.

**EXPENSE SAVINGS EXPECTATION (USDbn)**

- **2015 adjusted**: 10.3
- **Inflation**: 0.8
- **Savings 2016**: 9.5
- **Savings 2017-19**: 8.8
- **2019**: 8.0

CONTINUING TO INVEST IN THE BUSINESS
- ~USD 800m of capital expenditures p.a.

WHILE SAVING
- Absorb inflation of ~1-2% p.a.
- ~USD 400m incremental p.a. expense savings over 2017-19
- ~USD 500m restructuring charges in 2018

---

1. 2015 expense base adjusted for 2016 FX, acquisitions and disposals.
2. In addition to previously communicated restructuring charges of around USD 500m p.a. in 2016 and 2017.
Group center and Operations are expected to disproportionately drive the expense savings

**CURRENT BREAKDOWN OF EXPENSES (FY-15)**

- **Staff**: 52%
- **Travel**: 3%
- **Brand & Marketing**: 4%
- **3rd Parties**: 10%
- **Buildings**: 6%
- **General Expenses**: 8%
- **Direct IT**: 17%

**EXPENSES BY AREA AND EXPECTED SAVINGS (FY-15)**

- **Group**
  - 2015: USD 10.3bn
  - Savings 2019: ~35-45%
  - % of expense base: ~16%

- **Business Units**
  - 2015: USD 10.3bn
  - Savings 2019: ~45-55%
  - % of expense base: ~13%

- **Operations**
  - 2015: USD 10.3bn
  - Savings 2019: ~35-45%
  - % of expense base: ~19%

1 Including regional management.
We are well on track to deliver the USD 300m of expense savings in 2016

**ADMINISTRATIVE AND OTHER OPERATING EXPENSE AND ULAE DEVELOPMENT (USDbn)**

- **9m-15**: 5.0
- **General Insurance & Global Life**: -0.2
- **OOB & Non Core Businesses**: 0.0
- **9m-16**: 4.8

**Unallocated Loss Adjustment Expenses**

**Administrative and Other Operating Expenses**

---

1 ULAE: Unallocated Loss Adjustment Expenses. Restated at 9m-15 FX and adjusted for RCIS acquisition; excludes Farmers.
Quarterly BOP volatility is driven by the General Insurance and Farmers Re underwriting result

- General Insurance and Farmers Re underwriting results drive BOP volatility
- Underwriting actions and reinsurance in place to reduce this volatility
- Stable profit contribution by Farmers Management Services and Global Life
- General Insurance investment income steady but to decline in near-term

**QUARTERLY BOP SPLIT (USDm)**

- **σ = 344m**
  - General Insurance and Farmers Re underwriting results drive BOP volatility
- **σ = 112m**
  - Underwriting actions and reinsurance in place to reduce this volatility

1 σ: Standard deviation.
2 NII: Net investment income; Other: Includes other GI elements, OOB and Non Core Businesses; UWR: Underwriting result.
We are optimizing reinsurance to protect our earnings and balance sheet

**NET ANNUAL AGGREGATE NAT CAT LOSS** (USDbn)

<table>
<thead>
<tr>
<th>Return period</th>
<th>Q4-15</th>
<th>Q3-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>10y</td>
<td>1.5</td>
<td>1.4</td>
</tr>
<tr>
<td>50y</td>
<td>2.5</td>
<td>2.0</td>
</tr>
<tr>
<td>100y</td>
<td>3.4</td>
<td>2.7</td>
</tr>
<tr>
<td>250y</td>
<td>5.0</td>
<td>4.0</td>
</tr>
</tbody>
</table>

**Examples of actions in 2016**
- Global Property Per Risk Aggregate treaty
- Tactical reinsurance in NA
- Cat treaty consolidation and optimized self-retentions for US and International exposures
- Amalgamation of Marine and Offshore Energy Property treaties
- Reduced self-retentions for Energy businesses

**Planned actions in 2017**
- Consolidate treaty landscape
- Broaden per risk aggregate volatility covers and fine-tune terms and conditions
- Address ‘leakage’ in facultative coverage
- Broaden decision making to local business on self-retention
Exposure to US natural catastrophes via Farmers Re has been reduced

FARMERS RE GEP\(^1\) (USD\(n\)) vs. COMBINED RATIO (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>GEP (USD(n))</th>
<th>Combined Ratio (%)</th>
<th>AL QS (participation in %)(^1)</th>
<th>APD QS(^1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>4.4</td>
<td>103.7%</td>
<td>3.4 (20%)</td>
<td>1.0</td>
</tr>
<tr>
<td>2013</td>
<td>4.2</td>
<td>100.2%</td>
<td>3.2 (18.5%)</td>
<td>1.0</td>
</tr>
<tr>
<td>2014</td>
<td>4.0</td>
<td>98.3%</td>
<td>3.1 (18.0%)</td>
<td>0.9</td>
</tr>
<tr>
<td>2015</td>
<td>2.3</td>
<td>101.2%</td>
<td>1.8 (10%)</td>
<td>0.5</td>
</tr>
<tr>
<td>2016(^2)</td>
<td></td>
<td>104.8%</td>
<td>1.5 (8%)</td>
<td>0.0</td>
</tr>
</tbody>
</table>

1  GEP: Gross Earned Premiums; AL QS: All Lines Quota Share reinsurance treaty; APD QS: Auto Physical Damage reinsurance treaty.
2  Reflects 9m-16 combined ratio and extrapolated 9m-16 Gross Earned Premiums.
CAPITAL STRENGTH

Our capital position is strong and stable

GROUP SOLVENCY

<table>
<thead>
<tr>
<th>Z-ECM</th>
<th>SST</th>
</tr>
</thead>
<tbody>
<tr>
<td>126%</td>
<td>113%</td>
</tr>
<tr>
<td>119%</td>
<td>103%</td>
</tr>
<tr>
<td>114%</td>
<td>127%</td>
</tr>
<tr>
<td>122%</td>
<td>121%</td>
</tr>
<tr>
<td>113%</td>
<td>95%</td>
</tr>
<tr>
<td>103%</td>
<td>103%</td>
</tr>
<tr>
<td>114%</td>
<td>127%</td>
</tr>
<tr>
<td>122%</td>
<td>121%</td>
</tr>
<tr>
<td>113%</td>
<td>95%</td>
</tr>
</tbody>
</table>

Z-ECM RBC1 BY RISK TYPE AND BUSINESS (HY-16)

- 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 Z-ECM: Zurich proprietary economic capital model; SST: Swiss Solvency Test; RBC: Risk Based Capital.
2 Reflects mid-point estimates with an error margin of +/- 5ppts for Z-ECM and +/- 10ppts for SST.
3 P&R: Premium & reserving risk; Other: Includes Other Operating Businesses and Non Core Businesses.
We manage capital with Zurich Economic Capital Model (Z-ECM)

**Target range**
- Tolerate for a time depending on environment and future plans
- Implement remedial actions

**Z-ECM equivalent to ~ 80-100% SST ratio**

**SST equivalent to ~ 100% Z-ECM ratio**
- Approval required for certain transactions
- Recovery plan executed

**SST**
- 160%
- 140%
- 120%
- 100%
- 80%
- 60%
- 40%
- 33%

**Z-ECM (‘AA’ calibrated)**
- 140%
- 120%
- 100%
- 90%
- 75%
- 45%
Our EU operations highlight the conservatism and market sensitivity of SST relative to SII

**DIFFERENCE BETWEEN EU OPERATIONS SST AND SII**

- SII ratio\(^1\)
- SST ratio\(^1\)

\[\begin{align*}
\text{FY-15} & \quad \text{HY-16} \\
\end{align*}\]

- SII ratio\(^1\) decrease by 15pppts
- SST ratio\(^1\) decrease by 30pppts
- SST ratio\(^1\) decrease by 55pppts

**GROUP SST RATIO BASED ON PROPOSED INDUSTRY CHANGES\(^2\)**

- FY-15
- Removing scenarios
- Moving MVM from TC to AFR\(^3\)
- FY-15 restated

- 189%
- ~9%
- ~20%
- ~218%

---

1. Applying SII and SST metrics to EU legal entities.
2. As per draft FINMA Rundschreiben 2017/XX SST and FINMA Wegleitung für die Erarbeitung des SST Berichtes 2017.
3. MVM: Market value margin; TC: Target capital; AFR: Available financial resources.
SST uses a more conservative risk free yield curve

**FORWARD RISK FREE YIELD CURVES FOR EURO (%)**

- SII LLP: Earlier last liquid point under SII
- SST LLP: No volatility adjuster or matching adjustment in SST
- Z-ECM: Resulting in higher value of liabilities under SST, reducing available financial resources

**DIFFERENCE BETWEEN SII AND SST CURVE (bps)**

<table>
<thead>
<tr>
<th>Years</th>
<th>5Y</th>
<th>10Y</th>
<th>15Y</th>
<th>20Y</th>
<th>25Y</th>
<th>30Y</th>
<th>35Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>5Y</td>
<td>27</td>
<td>79</td>
<td>36</td>
<td>114</td>
<td>262</td>
<td>226</td>
<td>142</td>
</tr>
</tbody>
</table>

1. Forward rates based on: SII = Swap rate minus 10bps plus volatility adjuster; SST = Swap-rates minus 30bps; Z-ECM = Swap-rates; all curves smoothed.
2. LLP: Last liquid point; UFR: Ultimate forward rate.
3. SII: 4.2%; SST: 3.9%.
Our leverage remains moderate and within rating agency ranges

CAPITAL STRUCTURE

<table>
<thead>
<tr>
<th></th>
<th>Senior debt</th>
<th>Hybrid debt</th>
<th>Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY-15</td>
<td>14%</td>
<td>76%</td>
<td></td>
</tr>
<tr>
<td>9m-16</td>
<td>19%</td>
<td>71%</td>
<td></td>
</tr>
<tr>
<td>Target</td>
<td>20%</td>
<td>70%</td>
<td></td>
</tr>
</tbody>
</table>

MOODY’S FINANCIAL LEVERAGE

- FY-11: 26%
- FY-12: 25%
- FY-13: 27%
- FY-14: 24%
- FY-15: 24%
- 9M-16: 25%

1. Calculated based on Z-ECM AFR. 9m-16 estimated.
We will continue to take advantage of favorable refinancing conditions

**ESTIMATED AVERAGE DEBT COSTS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Senior debt costs (%)</th>
<th>Subordinated debt cost (%)</th>
<th>Senior debt up for refinancing (USDbn)</th>
<th>Subordinated debt up for refinancing (USDbn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY-14</td>
<td>6.1%</td>
<td>0.3</td>
<td>0.9%</td>
<td>1.4%</td>
</tr>
<tr>
<td>FY-15</td>
<td>5.8%</td>
<td>1.0</td>
<td>1.3%</td>
<td>1.6%</td>
</tr>
<tr>
<td>FY-16e</td>
<td>5.6%</td>
<td>1.4%</td>
<td>1.1%</td>
<td>4.7%</td>
</tr>
<tr>
<td>FY-17e</td>
<td>5.1%</td>
<td>1.3%</td>
<td>0.9%</td>
<td>4.5%</td>
</tr>
<tr>
<td>FY-18e</td>
<td>1.6%</td>
<td>0.9%</td>
<td>0.3%</td>
<td>4.3%</td>
</tr>
<tr>
<td>FY-19e</td>
<td>1.3%</td>
<td>0.9%</td>
<td>0.3%</td>
<td>4.3%</td>
</tr>
<tr>
<td>FY-20e</td>
<td>4.3%</td>
<td>0.9%</td>
<td>0.3%</td>
<td>4.3%</td>
</tr>
<tr>
<td>FY-21e</td>
<td>4.3%</td>
<td>0.9%</td>
<td>0.3%</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

FY-17 to FY-21 estimated, assuming debt will be refinanced in the same currency at current refinancing rates and subordinated debt will be refinanced at first call date.
We pool our capital and our business is concentrated on large balance sheets

**POOLING OF CAPITAL**

- Local entities capitalized at regulatory minimum plus adequate buffer for short-term volatility
- Regulatory minimum set according to the locally applicable solvency regime
- Excess local capital repatriated to build central pool of capital
- Concentration of operating businesses on a few large balance sheets is supportive of our capital management approach

**NIAS BY BALANCE SHEET**

- 5 largest balance sheets: 30%
- All other balance sheets: 70%

---

1 Approximated; represents average over 2013-15 period.
There may be timing differences in cash remittance

Many regulators have restrictions on ordinary dividend payouts, i.e. New York limits US payout to the lower of 10% of surplus, adjusted net investment income or earned surplus.

This leads to varying remittance ratios as percentage of earnings over time.

Excess built up over time can be addressed through ‘extraordinary distributions’ with permission of regulators.

We regularly review subsidiary capital positions to optimize Group capital structure.
Despite lower yields we still expect life cash flow to inflect from 2016
Cash should grow steadily over the next few years as cash returns from product strategy and in-force actions emerge

1 2015 includes proceeds from transfer of closed UK annuity book to Rothesay Life, and termination of Germany swaption program. 2016 impacted by cash restructuring costs and timing effects.
We have a strongly cash generative business reflected in high cash remittance.

<table>
<thead>
<tr>
<th></th>
<th>GI</th>
<th>Global Life</th>
<th>Farmers</th>
<th>Non Core</th>
<th>OOB</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Σ NIAS 2012-15</td>
<td>8.6bn</td>
<td>4.3bn</td>
<td>3.9bn</td>
<td>0.1bn</td>
<td>-3.1bn</td>
<td>13.7bn</td>
</tr>
<tr>
<td>Σ REMITTED 2012-15</td>
<td>8.0bn</td>
<td>3.0bn</td>
<td>4.4bn</td>
<td>1.1bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ø PAYOUT</td>
<td>93%</td>
<td>70%</td>
<td>113%</td>
<td>nm</td>
<td>~90%</td>
<td>92%</td>
</tr>
<tr>
<td>2017 – 2019</td>
<td>~90%</td>
<td>~70%</td>
<td>~90%</td>
<td>~90%</td>
<td></td>
<td>~85%</td>
</tr>
</tbody>
</table>

1 Based on existing reporting structure.
Modest growth and solid capital strength support a high dividend payout

**MODEST MARKET GROWTH**

- **P&C real direct premium growth**
  - 2016F: 0.7%
  - 2017F: 1.7%
  - 2016F: -4.0%
  - 2017F: 6.3%

- **Life in-force real premium growth**
  - 2016F: 2.4%
  - 2017F: 2.6%

**ILLUSTRATIVE ROE TO DIVIDEND PAYOUT WALK (% OF ADJUSTED EQUITY)**

- **NIAS**
  - 2016F: 4.0%
  - 2017F: 4.2%
  - 2017F: >12%

- **Growth**
  - 2016F: 0.7%
  - 2017F: 1.7%

- **Available for other purposes**
  - 2016F: 0.7%
  - 2017F: 1.7%

- **Dividend**
  - 2016F: 0.7%
  - 2017F: 1.7%

Payout of approx. 75% based on CHF 17 a share

---

2. North America, Western Europe, Israel, Oceania, Japan, Korea, Hong-Kong, Singapore, and Taiwan.
3. Based on adjusted equity of USD 27,070m as at 30 September 2016. Non-operating items include realized capital gains and restructuring charges.
We are focused on continuing to reward our shareholders.

**ZURICH’S DIVIDEND POLICY**

- NIAS payout ratio of approx. 75%
- Dividend increases based on sustainable earnings growth
- Target minimum CHF 17 per share dividend

**CUMULATIVE DIVIDENDS PAID** (FOR YEAR ENDING, USDbn)

- >50% of market capitalization paid out since 2008

---

1 The dividend is subject to approval by the shareholders at the Annual General Meeting.
## Key messages

<table>
<thead>
<tr>
<th>Category</th>
<th>Message</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency</td>
<td>We will reduce absolute expense levels and increase efficiency</td>
</tr>
<tr>
<td>ROE</td>
<td>We aim to improve our BOPAT ROE to a competitive level, in excess of 12% and increasing over 2017-2019, despite higher equity base</td>
</tr>
<tr>
<td>Volatility</td>
<td>We will manage exposures and use reinsurance to reduce earnings volatility</td>
</tr>
<tr>
<td>Dividend</td>
<td>Target sustainable NIAS payout ratio of approx. 75% and minimum CHF 17 per share dividend</td>
</tr>
<tr>
<td>Capital</td>
<td>Maintain strong capitalization</td>
</tr>
</tbody>
</table>
Investor Day
Closing remarks

Mario Greco – Group Chief Executive Officer

Zurich Insurance Group
## Key messages

<table>
<thead>
<tr>
<th>Group</th>
<th>Globally diversified insurance group with earnings growth and significant expense reduction potential</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opportunity</strong></td>
<td>Strengthen position as a global composite insurer and develop more focused retail proposition</td>
</tr>
<tr>
<td><strong>Shareholder focus</strong></td>
<td>Deliver sustainable earnings growth which will support an increase in the return of capital to shareholders over time</td>
</tr>
<tr>
<td><strong>Execution</strong></td>
<td>Focus the organization on delivery and execution and continue to invest for the future</td>
</tr>
<tr>
<td><strong>Capital</strong></td>
<td>Maintain strong capitalization</td>
</tr>
</tbody>
</table>
Skills and experience

Mario Greco has broad experience in the insurance industry, having successfully served in senior executive positions for more than 20 years. He joined Zurich in March 2016 as Group Chief Executive Officer and member of the Executive Committee.

Mr. Greco started his professional career in management consulting, working in McKinsey & Company’s Milan office from 1986 until 1994, where he became a partner in 1992 and partner leader in the insurance segment. In 1995, he joined RAS (Allianz Group) in Milan as head of the claims division. He became general manager in charge of the insurance business the following year. In 1998, he was appointed managing director and in 2000, he became the company’s CEO. Mr. Greco was appointed head of Allianz’s Life Sustainability business in Munich in 2004 and later that year he joined Allianz AG’s executive board, with responsibility for France, Italy, Spain, Portugal, Greece and Turkey. In April 2005, he joined the Sanpaolo IMI Group in Milan as CEO of EurizonVita, formerly Aip, and in October 2005, he was appointed CEO of Eurizon Financial Group, the company holding the Sanpaolo IMI Group’s investments in EurizonVita, Banca Fideuram, and Eurizon Capital. From 2007 to 2012, he served at Zurich, first as CEO Global Life and from 2010, as CEO General Insurance. In 2012, he was appointed CEO of Generali.

Educational background

Mr. Greco holds a bachelor’s degree in economics from the University of Rome and a master’s degree in international economics and monetary theory from Rochester University.

Mario Greco
Group Chief Executive Officer
Nationality: Italian
Born: 1959
Skills and experience
Urban Angehrn joined the Executive Committee as Group Chief Investment Officer in July 2015. Before taking his current position he served as Head of Alternative Investments and prior to that, from 2010 to 2012, as Head of Strategy Implementation in Investment Management. He joined Zurich in 2007 as Regional Investment Manager for Europe. Before joining Zurich he held various positions in capital market-related roles in the insurance and investment banking industries, including as Head of Allocation & Strategy in asset management at the Winterthur Group. He also served as an adviser to Swiss institutional clients in the use of derivatives, and held positions in derivatives marketing and fixed income sales at Credit Suisse and J.P. Morgan.

Educational background
Mr. Angehrn holds a Ph.D. in mathematics from Harvard University and a Master of Science in theoretical physics from the Swiss Federal Institute of Technology in Zurich (ETH).

Urban Angehrn
Group Chief Investment Officer
Nationality: Swiss
Born: 1965

Mr. Angehrn holds a Ph.D. in mathematics from Harvard University and a Master of Science in theoretical physics from the Swiss Federal Institute of Technology in Zurich (ETH).
Skills and experience
Jeff Dailey began his career in 1980 with Mutual Service Insurance Company. He also worked for Progressive Insurance Company. He went on to form Reliant Insurance Company, an auto insurance start-up owned by Reliance Group Holdings, which was sold to Bristol West Holdings Inc. in 2001. From 2001 until 2004, Mr. Dailey was Chief Operating Officer (COO) of Bristol West and, in 2004, he was named President of Bristol West, following the firm’s initial public offering (IPO) on the New York Stock Exchange. In 2006, he became CEO of Bristol West. Mr. Dailey joined Farmers in 2007 as President of Personal Lines for Farmers when Farmers acquired Bristol West. In January 2011, he was promoted to the position of President and COO of Farmers Group, Inc. He became a member of the Board of Farmers Group, Inc. in February 2011 and has been its Chairman since October 2015. Mr. Dailey was appointed to his current role of CEO of Farmers Group, Inc. and became a member of the Executive Committee in January 2012.

Educational background
Mr. Dailey graduated from the University of Wisconsin-Madison with a bachelor’s degree in economics and has an MBA from the University of Wisconsin-Milwaukee.

Jeff Dailey
CEO of Farmers Group, Inc.
Nationality: U.S.
Born: 1957
Claudia Dill
CEO Latin America

Skills and experience
Claudia Dill has more than 25 years of experience in the banking and insurance sectors and has held a range of senior international positions. Ms. Dill joined Credit Suisse as an internal auditor in 1990. She moved to Japan in 1992, where she worked as an auditor for Deutsche Bank and Commerzbank. Ms. Dill spent most of 1994 working as an external auditor for Coopers & Lybrand, before returning to Switzerland. She resumed working for Credit Suisse from the end of 1994 until 1999 in various roles in the Credit Risk Management Department. Ms. Dill joined Zurich in 1999 as Chief Financial Officer (CFO) for Group Reinsurance. In 2003, she was appointed CFO for the European region and European General Insurance and was later appointed Chief Operating Officer (COO) for the same business area. In 2009, Ms. Dill took on the role of Head of Global Business Services, based in the U.S. From 2012 until 2015, Ms. Dill served as COO for the General Insurance business, based in Switzerland. In 2015, she was named CEO of General Insurance for Latin America, based in Brazil, and was appointed CEO Latin America in 2016 and member of the Executive Committee effective October 2016.

Educational background
Ms. Dill holds an MBA from the Universities of Rochester in the U.S. and Bern, Switzerland, and a master’s degree in economics from the University of St.Gallen, Switzerland. This appointment is subject to the necessary regulatory approvals.

Claudia
Dill
Nationality: Swiss
Born: 1966
Skills and experience
Mike Foley joined the financial management training program of Armtex Corporation in 1984. After graduating from Kellogg in 1989, Mr. Foley joined the Deerpath Group in Lake Forest, Illinois, as an associate. He later became vice president responsible for managing a portfolio of equity investments in various acquired businesses. In 1993 he joined Electrocal, Inc. in Connecticut as president. In 1996, Mr. Foley joined McKinsey & Company, where he later became a principal and led its North American property/casualty insurance practice. He joined Zurich in 2006 as Chief Operating Officer of its North America Commercial business division and in January 2008 was appointed CEO of that division and a member of the Executive Committee. Mr. Foley is Chairman of the Board of Zurich Holding Company of America, Inc.

Educational background
Mr. Foley graduated with a Bachelor of Science from Fairfield University, in Fairfield, Connecticut in 1984 and a master’s degree from the J.L. Kellogg Graduate School of Management at Northwestern University, Evanston, in 1989.

Mike Foley
CEO North America
Nationality: U.S.
Born: 1962
Jack Howell

CEO Asia Pacific

Skills and experience
Jack Howell has more than 20 years’ experience in the financial services sector, of which more than 10 have been in various senior leadership positions for insurance companies in Asia. Prior to his appointment at Zurich, Mr. Howell was the Regional Officer for Assicurazioni Generali based in Hong Kong. He joined Generali from Prudential UK, where he briefly served as CEO for Prudential Life Assurance Indonesia and for almost six years as CEO of Prudential Vietnam Assurance Private Limited.

Before Prudential, he held various positions for AIG in the Philippines, Hong Kong and New York, co-founded a boutique investment bank called TwentyTen, and spent several years as a consultant, including The Boston Consulting Group. Mr. Howell joined Zurich in 2016 as CEO Asia Pacific and as a member of the Executive Committee effective October 2016.

Educational background
Mr. Howell holds an MBA from the University of Chicago, U.S., and a Bachelor of Science in quantitative economics from Tufts University in Massachusetts.

This appointment is subject to the necessary regulatory approvals.

Jack Howell

CEO Asia Pacific

Nationality: U.S.
Born: 1970
George Quinn

**Group Chief Financial Officer**

Nationality: British
Born: 1966

**Skills and experience**
George Quinn started his career at KPMG in 1988 in London, where he held several positions working with the insurance and reinsurance industry. He joined Swiss Re in 1999 as Chief Accounting Officer based in Zurich and later served as Chief Financial Officer (CFO) for Swiss Re Group’s Financial Services. Mr. Quinn became the Regional CFO for Swiss Re Americas based in New York in 2003. In March 2007 he became Swiss Re Group’s CFO. Mr. Quinn joined Zurich in May 2014 as Group CFO and member of the Executive Committee. He became Chairman of Zurich Insurance plc (Ireland) in October 2015.

**Educational background**
Mr. Quinn holds a degree in engineering from the University of Strathclyde. He is also a member of the Institute of Chartered Accountants in England and Wales.
Cecilia Reyes

Group Chief Risk Officer

Nationality: Swiss and Philippine
Born: 1959

Skills and experience
Cecilia Reyes has over 20 years’ experience in the international financial markets. Ms. Reyes worked from 1990 until 1995 for Credit Suisse in Zurich in various roles in Credit Suisse Asset Management, global treasury and securities trading. In 1995, she started working with ING Barings in London and in 1997 she became a director and head of trading risk analytics. She moved to Amsterdam in 2000 as head of risk analytics for ING Asset Management to develop risk management methods for the asset management operation. Ms. Reyes joined Zurich in 2001 as regional manager for Group Investments with responsibility for North America, and became regional manager for Europe and International Businesses in 2004. From April 2006 until March 2010 she was Head of Investment Strategy Implementation. Ms. Reyes was appointed Chief Investment Officer and member of the Executive Committee effective April 2010. In July 2015 she assumed her current role as Group Chief Risk Officer.

Educational background
Cecilia Reyes holds a Ph.D. in finance from London Business School and an MBA from the University of Hawaii.
Gary Shaughnessy
CEO EMEA
(Europe, Middle East and Africa)
Nationality: British
Born: 1966

Skills and experience
Gary Shaughnessy was appointed CEO EMEA (Europe, Middle East & Africa) in July 2016, after joining the Executive Committee in January 2016 as CEO Global Life. He has been CEO of Zurich UK Life since June 2012. In 2014 he assumed the additional role of Country Head for Zurich in the UK. Prior to joining Zurich, Mr. Shaughnessy was at Fidelity Worldwide Investment, where he was managing director, UK defined contribution and retail business. His previous experience includes nearly a decade in senior roles within the Prudential Group, including the role of UK managing director, retail life & pensions and CEO UK retail at M&G Investments. Mr. Shaughnessy’s background is in marketing and distribution, with previous roles spanning the broad financial services market at AXA, the Automobile Association and the Bank of Scotland.
James Shea

CEO Commercial Insurance

Nationality: Canadian
Born: 1965

Skills and experience
James Shea began his insurance career at AIG in 1994 as a financial lines underwriter in New York. He joined the American International Underwriters (AIU) division in 1996, where he held several senior underwriting and general management positions. These included senior vice president of International Financial Lines, regional president for Central Europe and the Commonwealth of Independent States and managing director of AIG UK. In 2012 he was appointed president of Global Specialty Lines and CEO Commercial Lines, Asia Pacific. Most recently he was president of Global Financial Lines based in New York. During his career, he has worked in Canada, the U.S., UK, France, Japan and Singapore. Mr. Shea joined Zurich in September 2016 as CEO Commercial Insurance and as a member of the Executive Committee effective October 2016.

Educational background
Mr. Shea holds a bachelor’s degree from McGill University, Canada.
This appointment is subject to the necessary regulatory approvals.
Kristof Terryn began his career in 1993 in the banking industry, where he worked in capital markets. In 1997, he joined McKinsey & Company where he held various positions within the financial services practice in Brussels and Chicago. He joined Zurich in 2004 as Head of Planning and Performance Management. In 2007, he became COO for the Global Corporate business division and in 2009 was named COO for General Insurance. Mr. Terryn became a member of the Executive Committee in 2010 upon his appointment as Group Head of Operations. In August 2013 he was appointed CEO Global Life, and after becoming CEO General Insurance in October 2015, continued to serve as Global Life CEO on an ad interim basis until January 2016. He was appointed Group Chief Operating Officer effective July 2016.

Mr. Terryn holds a law degree and a degree in economics from the University of Leuven, Belgium, as well as an MBA from the University of Michigan.

Skills and experience

Educational background

Kristof Terryn
Group Chief Operating Officer
Nationality: Belgian
Born: 1967
For further information

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- February 9, 2017, Annual Results 2016
- March 29, 2017, Annual General Meeting 2017
- May 11, 2017, Results for the three months ended March 31, 2017
- June 7, 2017, Goldman Sachs 21st Annual European Financial Conference, Madrid
- August 10, 2017, Half year results 2017