Zurich Insurance Group

Mike Foley, CEO North America Commercial
Deutsche Bank Global Financial Services Investor Conference
New York, June 2, 2015
Zurich Insurance Group – 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

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General Insurance is targeting a 2-3ppt improvement in the combined ratio

DIRECTIONAL COMBINED RATIO PROGRESSION 2014 – 2016

GI Combined Ratio (%)

- 97.3% in 2014
- Normalizations1
- 1% improvement in 2014
- Normalized1
- ~98.5%

Combined Ratio improvement 2-3pps

- Turnaround businesses -0.5pps
- Portfolio Mgt -2.5pps
- Commission2 +1pps
- OUE -1pps

- Other -1.5pps
- Mix -1pps
- Mix +1pps

1 Normalizations include adjustment to the planned catastrophe level, positive and negative one-offs.

2 Including change in premium taxes of -0.2pps.
Zurich North America goes to market through five major businesses

<table>
<thead>
<tr>
<th>NORTH AMERICA COMMERCIAL (NAC)</th>
<th>GCINA</th>
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<tbody>
<tr>
<td><strong>Commercial Markets</strong></td>
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<tr>
<td>Standard P&amp;C and industry specific specialty lines for targeted customer industry segments</td>
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<td><strong>Specialty Products</strong></td>
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<td>Complex products for non-standard risks</td>
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<td><strong>Programs</strong></td>
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<tr>
<td>Business distributed through Program Administrators targeting niche markets</td>
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<td><strong>Direct Markets</strong></td>
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<td>Business distributed through direct sales force targeting the auto dealer segment</td>
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<tr>
<td><strong>Global Corporate</strong></td>
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<tr>
<td>Standard P&amp;C lines for large customers with global exposures based in North America</td>
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<table>
<thead>
<tr>
<th>Gross Written Premiums (GWP)</th>
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<tr>
<td>3.3 USDbn</td>
</tr>
<tr>
<td>2.2 USDbn</td>
</tr>
<tr>
<td>3.1 USDbn</td>
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<tr>
<td>1.5 USDbn</td>
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<tr>
<td>4.0 USDbn</td>
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**ZNA SHARED SERVICES**

<table>
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<tr>
<th>Claims</th>
<th>Operations</th>
<th>Marketing &amp; Distribution</th>
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<tbody>
<tr>
<td>Product Underwriting</td>
<td>Finance &amp; Actuarial</td>
<td>Other Support Services</td>
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1 Figures are FY-14 Gross Written Premiums (GWP) net of retros. GCINA = Global Corporate in North America.
We are investing in North America in selected areas of capability...

<table>
<thead>
<tr>
<th>Capability Area</th>
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<tr>
<td><strong>Customer</strong></td>
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</tr>
<tr>
<td>• Commercial primary research</td>
<td></td>
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<tr>
<td>• Customer feedback (NPS)</td>
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<tr>
<td>• Moments of truth</td>
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<tr>
<td>• Whole-account view</td>
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<tr>
<td><strong>Broker</strong></td>
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<tr>
<td>• Broker behavioral segmentation</td>
<td></td>
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<tr>
<td>• Select broker strategy</td>
<td></td>
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<tr>
<td>• Broker analytics</td>
<td></td>
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<tr>
<td>• Broker engagement model</td>
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**Proof Points**

**Expertise Seekers Segmentation**

Expertise seekers have specific needs (industry expertise, high touch claims) that Zurich is able to target

- 19% Simple Functionalists
- 31% Busy Negotiators
- 20% Expertise Seekers
- 17% Invested Learners
- 13% Strategic Engagers

**Relative Level of Engagement**

**Relative Risk Profile**

**Broker Engagement Model**

A new broker engagement model will allow Zurich to quote and win more business

- All expiring risks
- Marketed Risks
- Marketed to Zurich (Submissions)
- Quoted by Zurich (Quotes)
- Won by Zurich (Binds)

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...which, when combined with focused execution, will allow us to “go the extra mile”

### Capability Area

**Predictive Analytics**

- External and internal data (structured and unstructured)
- Distinctive risk insights
- Predictive models
- Pricing tools

### Operations and IT

- People, process and technology
- Role-based user-interfaces
- Service-oriented architecture
- Application rationalization

### Proof Points

**Risk Insights Deployment**

Relative elevation (i.e. higher or lower elevation than average elevation in a given radius) is a predictor of flood claims severity

1. Incorporate elevation data from USGS
2. Compute relative elevation of claim locations
3. Average flood claim severity by relative elevation (USD)

### New Underwriter Desktop

A new, more efficient desktop application will free up capacity for underwriters to focus on selling

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Thank you!
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- September 29 - October 1, BoAML Conference, London
- November 5, Results for the nine months to September 30, 2015