Our proposition to investors

A HIGHLY STABLE AND CASH GENERATIVE BUSINESS MODEL SUPPORTED 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

Providing security to debt investors and sustainable and growing dividends for equity investors
One of a few genuinely global insurers

KEY FACTS

- **USD 63bn** total revenues
- **USD 315bn** total group and unit linked investments
- **USD 3.8bn** business operating profit (BOP)
- **USD 3.0bn** net income attributable to shareholders (NIAS)
- **227%** SST regulatory solvency ratio
- **132%** Zurich Economic Capital (Z-ECM) ratio calibrated to ‘AA’ rating (1 in 2000 year event)
- **USD 33.1bn** shareholders’ equity
- **USD 46.0bn** market cap

BOP BY BUSINESS AND REGION

- **34%** Property & Casualty
- **28%** Life
- **38%** Farmers

- **25%** Europe
- **57%** North America (incl. Farmers)
- **11%** Asia Pacific
- **7%** Latin America

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1 Values are for the full year 2017 unless otherwise noted. Investments, Shareholders’ equity and market cap are as of December 31, 2017.
2 The Swiss Solvency Test (SST) ratio is for the full year 2016. It 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 ratio is filed with FINMA at the full year and is subject to its approval.
3 BOP splits per business and region exclude Group Reinsurance, Group Functions and Operations and Non-Core Businesses.
4 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. Farmers BOP consists of Farmers Management Services and Farmers Re.
Genuinely global franchise with distinct capabilities

Top 3 cross-border insurer to multinational corporations

- **4% commercial lines** market share
- **#2 crop insurance provider**

Farmers Exchanges:
- **5% US personal lines** market share

- **#3, 9% general insurance market share**
- **>5% general insurance market share**

Overall **#4 insurance company in Latin America**

**Top 10 general insurer**
- **6% general insurance**
- **5% life insurance market share**

**#2 general insurance provider**
- **#3 life insurance provider**

**3% general insurance market share**

**>4% general insurance market share**

**#3 Global Travel Insurer**
- **4% general insurance market share**
- **#1, 19% market share in retail protection**
- **6% market share in Group protection**
- **4% market share in commercial lines**

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2. Source: Local regulator statistics. Pro-forma for the acquisition of the QBE operations in Argentina, Ecuador, Brazil, Colombia and Mexico. Zurich data includes Zurich Santander JV at 100%.
3. Source: National Statistics 2015 or latest available, Zurich internal data.
4. Estimated based on annual reports and investor presentations.
Strong capital position and cash generation

**VERY STRONG FINANCIAL STRENGTH**

- AA- / outlook ‘stable’
- Aa3 / outlook ‘stable’
- A+ (Superior) / outlook ‘stable’

**HIGHLY CASH GENERATIVE**

Cash remittance (USDbn)

<table>
<thead>
<tr>
<th></th>
<th>FY-15</th>
<th>FY-16</th>
<th>FY-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property &amp; Casualty</td>
<td>1.7</td>
<td>2.0</td>
<td>2.5</td>
</tr>
<tr>
<td>Life</td>
<td>0.9</td>
<td>1.1</td>
<td>1.2</td>
</tr>
<tr>
<td>Farmers</td>
<td>1.5</td>
<td>1.1</td>
<td>1.2</td>
</tr>
<tr>
<td>Group Functions &amp; Operations</td>
<td>-0.6</td>
<td>0.1</td>
<td>-0.2</td>
</tr>
<tr>
<td>Non-Core Businesses</td>
<td>-0.5</td>
<td>-0.8</td>
<td>-0.9</td>
</tr>
</tbody>
</table>

**STRONG CAPITAL POSITION**

SST and Z-ECM ratio (%)

- FY-12: 185%
- FY-13: 217%
- FY-14: 196%
- FY-15: 189%
- FY-16: 227%
- FY-17e: 132%

**Indicative Z-ECM ratio development (%)**

- FY-16: 125%
- FY-17e: 132%

1. Relates to Zurich Insurance Company Ltd.
2. The Swiss Solvency Test (SST) ratio as of January 1, 2017 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.
3. FY-17 Z-ECM reflects midpoint estimate with an error margin of +/- 5ppts.
4. Other includes model and assumption changes and capital movements.
**GROUP**

**2017-2019 Financial targets**

1. **BOPAT ROE** 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. **Z-ECM target ratio of 100-120%**
4. **Cash remittances in excess of USD 9.5bn over 2017-2019 period**

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1. **BOPAT ROE 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. **Business Operating Profit after tax return on equity**, excluding unrealized gains and losses.
Expected ROE development enhanced by OnePath life acquisition, US tax reform and capital return

### Illustrative BOPAT ROE Development

<table>
<thead>
<tr>
<th></th>
<th>FY-17</th>
<th>Growth in equity base and market impacts</th>
<th>Life &amp; Farmers growth (incl. OnePath Life acquisition)</th>
<th>Loss ratio improvement</th>
<th>Expense savings</th>
<th>US tax</th>
<th>Capital allocation / Other</th>
<th>2019</th>
<th>Non-operating items</th>
<th>NIAS ROE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>12.1%</td>
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<td></td>
<td>14%</td>
<td>0-1%</td>
<td>12%1</td>
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<tr>
<td></td>
<td></td>
<td>1.5-2%</td>
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<td>0.5-1%</td>
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<td>~0.5%</td>
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</tbody>
</table>

1. Target unadjusted 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.
Positive outcome expected from US tax reform

- 2017 one-time release of net deferred tax liabilities of USD 289m
- Estimated ~3-4 percentage point reduction in effective tax rate
- Group capital position under Z-ECM unchanged
- Cash remittances expected to remain consistent with Group target\(^1\) of > USD9.5bn

\(^1\) Target unadjusted for OnePath Life acquisition which is expected to close in November 2018 (see news release of December 11, 2017).
On track to deliver our 2017-2019 targets

**CUMULATIVE NET EXPENSE SAVINGS (USDm)**

1. **BOPAT ROE (%)¹**
   - FY-17: 12.1%
   - Target²: >12.0%

2. **Z-ECM RATIO (%)**
   - FY-17: 132%
   - Target range: 100%

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

**CUMULATIVE NET EXPENSE SAVINGS (USDm)**

- **Achieved**
  - 2015: ~300
  - 2016: ~700
  - 2017: ~1,100
- **Target**
  - 2018: ~1,500

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).**

3. **FY-17 Z-ECM reflects midpoint estimate with an error margin of +/- 5ppts.**

Credit investor update
Continued delivery across all businesses

P&C

**COMBINED RATIO (%)**

<table>
<thead>
<tr>
<th></th>
<th>FY-16</th>
<th>FY-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cat</td>
<td>31.7%</td>
<td></td>
</tr>
<tr>
<td>ER</td>
<td>65.7%</td>
<td>64.8%</td>
</tr>
<tr>
<td>AY LR ex-cat</td>
<td></td>
<td>-1.4%</td>
</tr>
<tr>
<td>PYD</td>
<td>-1.8%</td>
<td>-1.4%</td>
</tr>
</tbody>
</table>

**LIKE-FOR-LIKE GWP GROWTH (%)**

<table>
<thead>
<tr>
<th></th>
<th>FY-15</th>
<th>FY-16</th>
<th>FY-17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3%</td>
<td>-3%</td>
<td>1%</td>
</tr>
</tbody>
</table>

LIFE

**BOP GROWTH (%)**

- FY-16
- FY-17

**FY-17 APE SHARE OF NON-TRADITIONAL PRODUCTS**

- UL, protection and Corporate Life & Pension: 89%
- Other: 11%

FARMERS EXCHANGES

**COMBINED RATIO (CR) (%)**

<table>
<thead>
<tr>
<th></th>
<th>FY-16</th>
<th>FY-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catastrophes</td>
<td>103.9%</td>
<td>101.6%</td>
</tr>
<tr>
<td>CR excl. catastrophes</td>
<td>96.8%</td>
<td>94.3%</td>
</tr>
</tbody>
</table>

**GWP GROWTH (USDm)**

- FY-16
- FY-17

---

1. FY-17 adjusted for the impact of the hurricanes Harvey, Irma and Maria and the change to the UK capital gains tax indexation relief.
2. 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 certain non-claims administrative and management services to the Farmers Exchanges as its attorney-in-fact and receives fees for its services.
3. Continuing operations only, excludes discontinued operations (21st Century business outside of California and Hawaii mainly).
A new strategy fit for purpose, now and in the future

**Focus on the customer:** We focus our significant investments on improving our quality of service and the experience of our customers. A laser focus on investing for the benefit of our customers will guide all that we do.

**Simplify:** We aim to become a more agile and more responsive organization, better able to serve our customers and respond to their needs. We strive to put the customer at the center of everything we do.

**Innovate:** We prioritize innovation – in products, services and customer care – to give us even more of a leading edge over our competitors.
We are leveraging new technologies to redesign customer interactions, increase service offerings and digitize core processes.
We continue to grow our access to customers through new bank and affinity partnerships

**WE ARE BUILDING ON OUR SUCCESSFUL RECORD IN BANCASSURANCE**

**WE CONTINUE TO BUILD OUT OUR AFFINITY PARTNERSHIPS**

- **Europe’s largest frequent flyer program** –
  - Deal signed in Germany, Austria, Switzerland
  - Access to ~30m customers

- **Auto manufacturer of high end sports cars and SUVs**
  - ~240,000 new cars delivered per year

- **Reward program for goods and services purchased**
  - Deal signed in Italy
  - ~10m active clients in Italy

- **Further expansion of product offering**
  - ~1m policies per month through ~1,000 points of sale

**ACCESS TO OVER 100 MILLION CUSTOMERS AND GROWING**
Group center and Operations are expected to disproportionately drive the expense savings.

**Current Breakdown of Expenses (FY-15)**

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

**Expenses by Area and Expected Savings (FY-15)**

- **Group**: USD 10.3bn
  - 11% ~16%
- **Business Units**: USD 1.5bn
  - 59% ~45-55%
- **Operations**: ~35-45%
  - 31% ~13%

1 Including regional management.
STRATEGIC UPDATE

We have begun to improve the balance of our portfolio in Commercial Insurance

WE HAVE RESTORED THE BASICS

- Technical excellence restored
- Improved ‘Go-to-Market’ approach
- Enhanced capabilities

PORTFOLIO REBALANCING UNDERWAY (NEP, %)

<table>
<thead>
<tr>
<th></th>
<th>FY-16</th>
<th>H1-17</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Casualty</td>
<td>52%</td>
<td>50%</td>
<td>40%</td>
</tr>
<tr>
<td>Property</td>
<td>24%</td>
<td>23%</td>
<td>30%</td>
</tr>
<tr>
<td>Specialties</td>
<td>24%</td>
<td>27%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Credit investor update
We are consolidating our footprint and business portfolio on areas of strengths

**RECENT DIVESTMENTS AND CAPITAL ACTIONS**

- Sale of Zurich Insurance Middle East
- Reinsurance of a portion of FNWL U.S. closed annuity book
- Sale of Zurich Insurance Taiwan
- Reinsurance of an individual Life risk portfolio in Spain
- Sale of UK workplace pensions and savings business
- Transfer of a German MedMal legacy portfolio
- Sale of the Australian motor third-party liability portfolio

**RECENT ACQUISITIONS**

<table>
<thead>
<tr>
<th>Type of deal</th>
<th>Business</th>
<th>Strategic rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>D.A.²</td>
<td>P&amp;C Retail - Warranty</td>
<td></td>
</tr>
<tr>
<td>D.A.²</td>
<td>P&amp;C Retail - Warranty</td>
<td></td>
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<tr>
<td>M&amp;A</td>
<td>P&amp;C Retail &amp; other- Crop</td>
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<tr>
<td>M&amp;A</td>
<td>Retail, Takaful</td>
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<tr>
<td>M&amp;A</td>
<td>Life Retail – Protection</td>
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<tr>
<td>M&amp;A</td>
<td>P&amp;C Retail – Travel</td>
<td></td>
</tr>
<tr>
<td>D.A.²</td>
<td>Life, Retail</td>
<td></td>
</tr>
<tr>
<td>M&amp;A</td>
<td>Life Retail – Protection</td>
<td></td>
</tr>
<tr>
<td>M&amp;A</td>
<td>P&amp;C Retail</td>
<td></td>
</tr>
</tbody>
</table>

1 Distribution agreement.

<table>
<thead>
<tr>
<th>Strategic rationale</th>
<th>Skills</th>
<th>Distribution</th>
<th>Scale</th>
</tr>
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</table>
Zurich in Australia
ZURICH PRESENCE IN AUSTRALIA

Zurich in Australia

KEY FACTS

Our Australian story dates back to 1961

More than 1,000 employees across Australia and New Zealand

Demonstrated consistent organic growth

AUD 4bn committed to acquisitions in Australia over the last 2 years

Active in 3 business divisions:
• Life insurance
• Property and casualty
• Cover-More

30% of GWP and 22% Life APE in APAC region is generated in Australia

KEY INITIATIVES

Acquisition of ANZ’s life insurance business, Cover-More Group and Macquarie’s retail life protection business

Redevelopment of Australian HQ in Sydney

Strategic partnership with insurtech underwriting agency start-up Blue Zebra Insurance

Co-principal sponsor of Melbourne FC

1 Values are for the full year 2017 unless otherwise noted.
## Acquisition of ANZ’s Life insurance business - compelling strategic and financial rationale

| Leadership in Australian life | • Creates a leading Australian life business with a 19% retail protection market share  
• 20 year strategic partnership with ANZ, a leading Australian banking group, for the distribution of life insurance solutions  
• Distribution through independent channels further strengthened |
| --- | --- |
| Alignment with Group strategy | • Aligned with Group focus on retail banc-assurance and life protection  
• Group earnings volatility reduced through increased stable life technical income |
| Attractive financials | • USD 2.14bn\(^1\) / AUD 2.85bn purchase price\(^2\) equivalent to ~1x Embedded Value\(^3\)  
• Immediately accretive to earnings and cash, ROI >10% expected from year 2  
• Distributable earnings expected to exceed NIAS due to run-off of legacy businesses, with expected cash remittances of AUD1.4bn over the first five years |
| Funding | • Transaction expected to be funded through combination of internal resources and senior debt  
• Modest reduction in Group capital flexibility |
| Enhances group financial targets | • BOPAT ROE target expected to be raised by 50bps on completion of transaction  
• Cash remittance target for 2017-19 expected to be enhanced by ~USD 225m\(^1\) / AUD 300m  
• Expected to increase dividend plans within the first year post completion |

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1. Calculated with an AUD/USD exchange rate of 1.33.
2. The transaction price of AUD 2.85bn comprises AUD 1bn of upfront reinsurance commissions, expected to be paid subject to regulatory approval in May 2018 with the remaining balance paid on completion.
3. As calculated by ANZ (excluding franking credits).
Strengthens existing position in a core market

Creates leading Australian life franchise
- #1 retail life player with ~19% in-force share
- #6 group life player with ~6% in-force share
- Business focused on the more profitable retail segments of the market

Distribution through leading Australian banking group
- ~6m customers equating to 1 in 4 Australians
- ~15% deposit and ~16% mortgage market share
- 680 branches, 2300 ATMs and digital channels

Distribution agreement with IOOF

Increased distribution through independent distribution channels

Acquisition of ANZ’s Life insurance business - Transformational to Group’s positioning in Australia

CURRENT AND PRO-FORMA IN-FORCE MARKET SHARES (%)

<table>
<thead>
<tr>
<th>Australia Individual Life</th>
<th>Zurich + ANZ</th>
<th>AMP</th>
<th>AIA + CBA</th>
<th>NAB</th>
<th>TAL</th>
<th>WBC</th>
<th>SUN</th>
<th>Zurich1</th>
<th>CVW</th>
<th>Han Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>19%</td>
<td>17%</td>
<td>17%</td>
<td>14%</td>
<td>11%</td>
<td>10%</td>
<td>8%</td>
<td>7%</td>
<td>2%</td>
<td>1%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Australian Group Life</th>
<th>AIA + CBA</th>
<th>TAL</th>
<th>AMP</th>
<th>NAB</th>
<th>Metlife</th>
<th>NAB</th>
<th>Zurich + ANZ</th>
<th>Han Life</th>
<th>SUN</th>
<th>WBC</th>
<th>Zurich1</th>
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<tbody>
<tr>
<td>35%</td>
<td>26%</td>
<td>10%</td>
<td>9%</td>
<td>9%</td>
<td>9%</td>
<td>9%</td>
<td>6%</td>
<td>2%</td>
<td>2%</td>
<td>1%</td>
<td>0%</td>
</tr>
</tbody>
</table>

1 Zurich Financial Services Australia Limited (Australia), Zurich Australian Insurance Limited (New Zealand).
2 Source: Strategic Insight, as of June 2017.
Australian P&C business, Zurich is only active in selected markets

**MARKET LANDSCAPE**

- Zurich’s is focused on selected segments in the Australian P&C market and thus does not compete in all the segments its Australian peers do.
- Largest competitors all have significant personal lines portfolios which allows them to achieve economies of scale and diversify with claims experience.
- Market is faced with abundant overseas capacity.
The Cover-More acquisition allows us to capitalize on innovative distribution and servicing models

**COVER-MORE**
- Global specialist and integrated travel insurance and medical assistance services
- Over 5 million customers and servicing 35,000 medical assistance cases p.a.
- Over 40% Gross profit margin 2013 – 2016
- Market leading positions in Australia (#1), New Zealand (#1) and U.S. (#3)

**STRATEGIC APPROACH**
- Offers perpetual insurance with on/off protection
- Enables customer tracking through geo-location and geo-fencing
- Preferred global brands who pride themselves on their customer centricity
Cover-More has strong underlying financials, with opportunity to accelerate under Zurich’s ownership

- Underlying financial performance has been strong, since listing of Cover-More in 2013
- Significant growth:
  - Acquisition of Travelex Insurance Services in the US (2016)
  - Successfully commenced underwriting partnership with Zurich (2017)
  - Partnering with sports clubs, official travel insurance partner of Arsenal FC (2017)
  - Acquisition of Universal Assistance in LatAm (2018)
  - New distribution agreements in Australia and New Zealand
- Continuous investment in class leading technology: Innate, FitSense, Halo
Balance Sheet and Capital Management
ALM focused investment strategy with generally lower risk
investment portfolio 70% managed by third parties

**ASSET ALLOCATION**

FY-17 total Group investments of USD 208bn

- Fixed income: 79%
- Equities: 7%
- Mortgages: 5%
- Hedge funds, Private equity: 2%
- Real estate: 2%
- Cash: 5%

**ASSET QUALITY**

FY-17 Group debt investments of USD 163bn

- AAA: 25%
- BBB: 27%
- BB: 17%
- A: 4%
- Non-investment grade: 4%
- Non-rated: 5%
- Credit: 2%
- Real estate: 2%
- Cash: 3%
- Mortgages: 2%
- Equities: 5%

**DURATION¹**

- Life: 8.7
- P&C: 9.6
- Life: 4.5
- P&C: 4.3

¹ Fixed income investments.
Our reinsurance has been effective in protecting earnings during 2017 hurricanes saving ~USD300m v 2015 structure

ILLUSTRATIVE WALK FROM GROSS TO ULTIMATE NET LOSS FOR HURRICANES HARVEY, IRMA AND MARIA (USDbn)

<table>
<thead>
<tr>
<th>Gross loss</th>
<th>Captives</th>
<th>Gross loss (for own account)</th>
<th>Other reinsurance</th>
<th>Gross loss (gross of cat reinsurance)</th>
<th>Cat reinsurance</th>
<th>Net loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>0.4</td>
<td>0.7</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Q3-17 NET IMPACT FROM SIGNIFICANT CAT (USDbn)

<table>
<thead>
<tr>
<th></th>
<th>U.S. P&amp;C market share1 (%)</th>
<th>% of HY-17 Shareholders equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allianz</td>
<td>3.0</td>
<td>5</td>
</tr>
<tr>
<td>QBE</td>
<td>0.6</td>
<td>4</td>
</tr>
<tr>
<td>Chubb</td>
<td>1.9</td>
<td>3</td>
</tr>
<tr>
<td>Allstate</td>
<td>0.9</td>
<td>3</td>
</tr>
<tr>
<td>Zurich</td>
<td>0.7</td>
<td>2</td>
</tr>
<tr>
<td>Travelers</td>
<td>0.7</td>
<td>2</td>
</tr>
<tr>
<td>AIG</td>
<td>3.3</td>
<td>5</td>
</tr>
<tr>
<td>Hartset</td>
<td>0.4</td>
<td>2</td>
</tr>
</tbody>
</table>

1 Based on FY 2016 Direct Written Premiums (excluding accepted reinsurance), including Retail and Commercial business.
2 Non HIM (Harvey, Irma, Maria) losses include the impact of weather events (primarily in Europe).
3 Harvey, Irma and Maria (i.e., EUR 400m).
4 Impacts are net of reinsurance and pre-tax. Source: Company reports, AM Best, IR analysis.
High quality capital base with modest overall leverage

**GROUP CAPITAL STRUCTURE**

- 2014: 13% Senior debt, 14% Subordinated Debt, 76% Shareholders Equity
- 2015: 14% Senior debt, 17% Subordinated Debt, 76% Shareholders Equity
- 2016: 17% Senior debt, 10% Subordinated Debt, 73% Shareholders Equity
- 2017: 16% Senior debt, 9% Subordinated Debt, 75% Shareholders Equity

**MOODY’S LEVERAGE & COVERAGE**

- Financial leverage: Aa at 15-30%
- Earnings coverage: Aa at 8-12x

- 2013: 26.9%
- 2014: 24.3%
- 2015: 24.1%
- 2016: 26.4%

- 2013: 9.1
- 2014: 9.5
- 2015: 6.7
- 2016: 9.2

Low cost of risk, strong ratings and balanced maturity profile

CDS SPREAD AMONG BEST OF PEERS (bps)¹

CONSISTENT FINANCIAL STRENGTH

BALANCED REFINANCING NEEDS (USDbn)²

USD SUBORDINATED CREDIT SPREADS (bps)

¹ SyEUR sub CDS.
² Maturity profile based on first call date for subordinated debt and maturity date for senior debt.
Managing our risks conservatively to AA financial strength

1 The Swiss Solvency Test (SST) ratio 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). Only the full year ratio is filed with FINMA and is subject to its approval.
2 FY-17 Zurich Economic Capital Model (Z-ECM) reflects midpoint estimate with an error margin of +/-5ppts.
3 Premium & reserving risk.
4 Includes Other Operating Businesses and Non-Core Businesses.
**Solvency ratios resilient to market movements**

### Z-ECM IMPACT\(^1,2\)

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Solvency Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual value as of HY-17</td>
<td>134%</td>
</tr>
<tr>
<td>Interest rate +100 bps</td>
<td>137%</td>
</tr>
<tr>
<td>Interest rate -100 bps</td>
<td>128%</td>
</tr>
<tr>
<td>USD appreciation +10%</td>
<td>136%</td>
</tr>
<tr>
<td>Equities +20%</td>
<td>137%</td>
</tr>
<tr>
<td>Equities -20%</td>
<td>132%</td>
</tr>
<tr>
<td>Credit spreads +100 bps(^3)</td>
<td>118%</td>
</tr>
<tr>
<td>CS excl. Euro sovereign +100 bps(^3)</td>
<td>123%</td>
</tr>
</tbody>
</table>

### SST IMPACT\(^1,2\)

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Solvency Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual value as of FY-16</td>
<td>227%</td>
</tr>
<tr>
<td>Interest rate +100 bps</td>
<td>233%</td>
</tr>
<tr>
<td>Interest rate -100 bps</td>
<td>207%</td>
</tr>
<tr>
<td>USD appreciation +10%</td>
<td>233%</td>
</tr>
<tr>
<td>Equities +20%</td>
<td>228%</td>
</tr>
<tr>
<td>Equities -20%</td>
<td>223%</td>
</tr>
<tr>
<td>Credit spreads +100 bps(^3)</td>
<td>194%</td>
</tr>
<tr>
<td>CS excl. Euro sovereign +100 bps(^3)</td>
<td>204%</td>
</tr>
</tbody>
</table>

---

\(^1\) Sensitivities are best estimate and linear, i.e. will vary depending on prevailing market conditions at the time. Z-ECM is calibrated at 99.95% Value at Risk (equivalent to an ‘AA’ rating); SST is calibrated at 99.0% Expected Shortfall.

\(^2\) The impact of the changes to the required capital is approximated and takes into account Market and Insurance risks.

\(^3\) Credit Spreads (CS) include mortgages and including/excluding Euro sovereign spreads. Z-ECM sensitivity is net of profit sharing with policyholders.
We have a clear and transparent dividend policy and a clear capital management policy

**CAPITAL MANAGEMENT POLICY (Z-ECM, %)**

<table>
<thead>
<tr>
<th>Range</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;140%</td>
<td>Mitigating actions required</td>
</tr>
<tr>
<td>120%-140%</td>
<td>Mitigating actions considered</td>
</tr>
<tr>
<td>100%-120%</td>
<td>Target range</td>
</tr>
<tr>
<td>90%-100%</td>
<td>Within tolerance level on temporary basis</td>
</tr>
<tr>
<td>&lt;90%</td>
<td>Below tolerance level, action required</td>
</tr>
</tbody>
</table>

**M&A CRITERIA**

- Financed from internal resources and immediately accretive to shareholders
- Benefits comparison of capital return (incl. buy-backs) vs. ROI of >10%
- Fit to Group strategy (geography, customer, product mix) and risk appetite
- Acquisitions to be beneficial to Group targets
- Execution simplicity is key
Rating
Given the highly regulated environment insurance companies operate in, Moody’s and Standard & Poor’s differentiate between:

(i) **Insurance Financial Strength ratings**: focusing on the ability of the insurance company to punctually pay senior policyholder obligations and claims

(ii) **Debt Ratings**: assigned to specific securities issued by entities of an insurance company and focusing on the ability of the insurance company to punctually pay the security holders interest and repay the principal. Senior debt issued (or guaranteed) by an operating company is usually rated one notch below the Insurance Financial Strength rating of an insurance company.

<table>
<thead>
<tr>
<th>Insurance Financial Strength ratings Zurich Insurance Company Ltd</th>
<th>Standard &amp; Poor’s</th>
<th>Moody’s</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AA-/stable</td>
<td>Aa3/stable</td>
</tr>
<tr>
<td>Senior Notes issued under the EMTN programme¹</td>
<td>A+</td>
<td>A1</td>
</tr>
</tbody>
</table>

¹ In addition to this programme rating, each individual issuance under the programme must be submitted to the rating agencies for a specific ratings assessment.
Appendices
### PRIMARY DIFFERENCES – REQUIRED CAPITAL

<table>
<thead>
<tr>
<th>RISK MEASURE</th>
<th>Z-ECM</th>
<th>SST(^1)</th>
<th>SII (PILLAR 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Measure</td>
<td>VaR 99.95% (~AA)</td>
<td>ES 99% (~BBB)</td>
<td>VaR 99.5% (~BBB), usually &lt; ES 99%</td>
</tr>
</tbody>
</table>
| Risk Types Covered | • Market Risk (including investment credit)  
• Premium and Reserve Risk  
• NatCat Risk  
• Life Liability Risk  
• Business Risk  
• Operational Risk  
• Reinsurance Credit Risk | • Market Risk (including investment credit)  
• Premium, Reserve and UPR Risk  
• NatCat Risk  
• Life Liability Risk  
• Life Business Risk  
• Reinsurance Credit Risk | Internal model (ZIP):  
• Market Risk (including investment credit)  
• Premium, Reserve and UPR Risk  
• NatCat Risk  
• Business Risk  
• Operational Risk  
• Reinsurance Credit Risk  
• Receivables Credit Risk  
• Scenarios |
| Equivalence | No concept of equivalence, ZECM applied to the entire Group | No concept of equivalence, SST applied to the entire Group | Possibility to use local regimes for subsidiaries in equivalent third countries. Not applicable for Zurich |

\(^1\) Regarding Swiss Solvency Test (SST) ratio see footnote on slide 3.
# PRIMARY DIFFERENCES – YIELD CURVES AND TRANSITIONALS

<table>
<thead>
<tr>
<th></th>
<th>Z-ECM / SST(^{1,2})</th>
<th>SII (PILLAR 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BASE RISK-FREE YIELD-CURVE</strong></td>
<td>Swaps</td>
<td>Swaps</td>
</tr>
<tr>
<td><strong>ENTRY-POINT TO EXTRAPOLATION</strong></td>
<td>Use all available market data</td>
<td>CHF: 25 years</td>
</tr>
<tr>
<td><strong>ULTIMATE FORWARD RATE</strong></td>
<td>Flat extrapolation from last observable data point</td>
<td>EUR: 20 years</td>
</tr>
<tr>
<td><strong>ADJUSTMENTS TO YIELD-CURVE</strong></td>
<td>None (no liquidity premium)</td>
<td>USD, GBP: 50 years</td>
</tr>
<tr>
<td><strong>TRANSITIONAL REQUIREMENTS</strong></td>
<td>n/a</td>
<td>Various transitional measures, especially for yield-curves and technical provisions, lasting until 2032. Zurich does not make use of these.</td>
</tr>
</tbody>
</table>

1. Regarding Swiss Solvency Test (SST) ratio see footnote on slide 3.
2. We applied for usage of our own yield curves in the SST, which was granted by FINMA subject to certain conditions.
## PRIMARY DIFFERENCES – OTHER KEY ELEMENTS

<table>
<thead>
<tr>
<th></th>
<th>Z-ECM</th>
<th>SST (^1)</th>
<th>SII (PILLAR 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SENIOR DEBT</strong></td>
<td>Available Capital</td>
<td>Liability</td>
<td>Liability</td>
</tr>
<tr>
<td><strong>TAX</strong></td>
<td>Pre-tax</td>
<td>Pre-tax</td>
<td>Post-tax</td>
</tr>
</tbody>
</table>
| **GRANULARITY** | Management view  
  • Internal reinsurance not relevant  
  • Full Group diversification taken into account and allocated back to business units | Legal entity view 
  • Internal reinsurance considered  
  • Only legal entity diversification taken into account  
  • Risk of subsidiaries included (with limited liability) | Legal entity view  
  • Internal reinsurance considered  
  • Only legal entity diversification taken into account |
| **RISK MARGIN** | Risk Margin as part of insurance liabilities | Risk Margin as part of insurance liabilities | Risk Margin as part of insurance liabilities |

\(^1\) Regarding Swiss Solvency Test (SST) ratio see footnote on slide 3.
We have a strongly cash generative business reflected in high cash remittance

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GROUP</td>
<td>GROUP</td>
<td>19.9bn</td>
<td>95%</td>
</tr>
<tr>
<td>NIAS 2012-17</td>
<td>P&amp;C 12.0bn</td>
<td>~90%</td>
<td>~85%</td>
</tr>
<tr>
<td>REMITTED 2012-17</td>
<td>LIFE 6.2bn</td>
<td>~70%</td>
<td></td>
</tr>
<tr>
<td>Ø PAYOUT</td>
<td>FARMERS 6.3bn</td>
<td>~90%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>NON-CORE 0.3bn</td>
<td>~90%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>GFO² -4.9bn</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Based on 2012-17 reporting structure.
2 Group Functions and Operations.
A streamlined organization with strengthened management and continued investment in people

**LEADERSHIP TEAM FURTHER STRENGTHENED**

| Group Chief Executive Officer | Amanda Blanc (British citizen, 1967) to succeed in the fourth quarter of 2018. |

**BUSINESS HEADS**

<table>
<thead>
<tr>
<th>Farmers Group, Inc.</th>
<th>Latin America</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jeff Dailey</td>
<td>Claudia Dill</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>North America</th>
<th>Asia Pacific</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kathleen Savio</td>
<td>Jack Howell</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EMEA</th>
<th>Commercial Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gary Shaughnessy¹</td>
<td>James Shea</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FUNCTIONAL HEADS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment</td>
</tr>
<tr>
<td>Urban Angehrn</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Finance</th>
</tr>
</thead>
<tbody>
<tr>
<td>George Quinn</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alison Martin</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kristof Terryn</td>
</tr>
</tbody>
</table>

**ACTIONS TAKEN**

- ✔ Group structure simplified
- ✔ Slimmed down corporate center
- ✔ Single country management teams established
- ✔ Accountability created at local level
- ✔ Improved retention of key technical staff

¹ Amanda Blanc (British citizen, 1967) to succeed in the fourth quarter of 2018.
Reinsurance program in line with Group risk appetite

GROUP CATASTROPHE REINSURANCE PROTECTION (USDm)

Europe all perils\(^1\)
- Global aggregate cat treaty: 200
- Combined global cat treaty\(^2\): 750
- US wind swap: 468
- Global cat treaty: 510

US all perils (excl. EQ)
- Global aggregate cat treaty: 105
- Combined global cat treaty\(^2\): 750
- US wind swap: 350
- Global cat treaty: 250

US earthquakes
- Global aggregate cat treaty: 200
- Combined global cat treaty\(^2\): 750
- US wind swap: 250
- Global cat treaty: 600

Rest of World all perils
- Global aggregate cat treaty: 200
- Combined global cat treaty\(^2\): 750
- US wind swap: 300
- Global cat treaty: 200

Global aggregate cat treaty
- Global aggregate cat treaty: 200
- Combined global cat treaty\(^2\): 250
- US wind swap: 750
- Global cat treaty: 750

---

2. This USD 200m cover can be used only once, either for aggregated losses or for an individual occurrence or event.
3. Franchise deductible of USD 25m, i.e., losses greater than USD 25m count towards erosion of the retention (annual aggregate deductible).
Acquisition of QBE’s Latam business a unique opportunity to achieve leadership in Argentina on attractive terms

Leadership in Argentina

- Transaction creates the leading insurer\(^1\) in the profitable and growing Argentine market
- Zurich to become #3 in P&C and #1\(^1\) overall with ~8% market share
- Acquired business complements existing operations and brings additional capabilities particularly in SME commercial and retail as well as incremental distribution

Regional presence strengthened

- Further strengthens the Group’s overall position in Latin America becoming #4 in the region
- Significant geographical overlap with Zurich’s key countries providing scope for synergies
- A leading position (#3) in Ecuador with ~9% market share in P&C
- Incremental scale, capabilities and access to distribution in Brazil, Colombia and Mexico

Attractive financials

- Highly attractive financial profile with sizeable synergies
- Aggregate consideration of USD 409m\(^2\) expected to be financed from internal resources
- ROI expected to comfortably exceed Group’s 10% hurdle rate within first full year\(^3\)

---

\(^1\) Based on data from the Superintendencia de Seguros de la Nación.

\(^2\) Subject to closing adjustments.

\(^3\) Completion expected by year end 2018.
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