Zurich Insurance Group

Updated August 2016

Investor intro pack 2016
Our proposition to investors

1. We are a leading Corporate and Commercial insurer, with strong Retail positions in select local markets

2. We run a highly cash generative business, with focus on enhancing returns and improving capital allocation

3. We have a very strong and stable financial position, built on excellent capital security and disciplined approach to ALM

4. Focused on improving GI performance after disappointing prior year results
GROUP

One of few genuinely global insurers

**KEY FACTS**

- USD **60bn** total revenues
- USD **382bn** total group and unit linked investments
- USD **2.9bn** business operating profit (BOP)
- USD **1.8bn** net income attributable to shareholders (NIAS)
- **114%** Zurich Economic Capital (Z-ECM) ratio calibrated to ‘AA’ rating (1 in 2000 year event)
- **203%** SST regulatory solvency ratio
- USD **31.2bn** shareholders’ equity
- USD **35.8bn** market cap

**BOP BY SEGMENT AND REGION**

August 2016

---

1 Values are for the full year 2015 unless otherwise noted. Investments, Shareholders’ equity and market cap are as of December 31, 2015.

2 Economic solvency ratio is as of the first 9 months of 2015 while the Swiss solvency Test (SST) is for the half year 2015.

3 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). The ratio is filed with FINMA at the full year and is subject to its approval.

4 BOP splits per segment and region in % are a three year 2013-2015 average and exclude central and financing costs and non-core business.

5 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

4% **commercial lines** market share

5% **US personal lines** market share through the Farmers Exchanges

>5% **general insurance market share**

8% **life insurance market share in Latin America** through Bank Distribution JV with Santander

**Top 10** general insurance insurer

6% general insurance, 5% life insurance market share

**#2** general insurance provider

**#3** life insurance provider

3% general insurance market share

12% life insurance market share

>4% general insurance market share

4% general insurance market share

4% market share in life in-force protection

4% market share in commercial lines

**#2** cross-border insurer to multinational corporations through Global Corporate franchise

---

1 Source: 2015 SNL Data.
2 Source: 2015 AXCO data, Zurich internal data and estimates.
3 Source: National Statistics 2015 or latest available, Zurich internal data.
4 Estimated based on annual reports and investor presentations.
Very strong financial strength

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

Highly cash generative

- BOPAT-ROE above risk free
- US 10 yr swap rate (avg.)

Dividend a key part of TSR

Cash remittance in USDbn

- FY-10: 3.5, 2.6, 0.1, 1.3, 0.6, -1.1
- FY-11: 3.7, 2.8, 0.8, 0.5, 0.7, -1.2
- FY-12: 2.1, 1.4, 0.6, 0.9, 0.1, -1.1
- FY-13: 2.9, 2.4, 0.6, 0.9, 0.1, -1.1
- FY-14: 3.7, 2.4, 0.6, 0.9, 0.1, -1.0
- FY-15: 3.9, 1.7, 0.6, 0.9, 0.5, -0.6

Total shareholder return in USD

- HY-16: 11.3%
- FY-15: 9.8%
- FY-14: 6.4%
- FY-13: 2.1%
- FY-12: 2.6%
- FY-11: 9.1%
- FY-10: 8.4%

Strong capital position and cash generation, actions underway to get back on track in 2016
Resilient Z-ECM ratio and strong cash remittances

## FY-15 KEY RESULTS

<table>
<thead>
<tr>
<th>Category</th>
<th>FY-15 Value</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOP</td>
<td>USD 2.9bn</td>
<td>(−37%)</td>
</tr>
<tr>
<td>NIAS</td>
<td>USD 1.8bn</td>
<td>(−53%)</td>
</tr>
</tbody>
</table>

## TARGET METRICS OVER STRATEGIC PERIOD

<table>
<thead>
<tr>
<th>Metric</th>
<th>FY-15</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOPAT ROE(^1)</td>
<td>6.4%</td>
<td>12 - 14%</td>
</tr>
<tr>
<td>Z-ECM(^2)</td>
<td>121%</td>
<td>100 - 120%</td>
</tr>
<tr>
<td>Net cash remittances</td>
<td>&gt; USD 10bn</td>
<td>&gt; USD 9bn</td>
</tr>
</tbody>
</table>

---

1. Business operating profit after tax return on equity (annualized), excluding unrealized gains and losses.
2. Zurich Economic Capital Model (Z-ECM).
**Clear and focused priorities for the next 12 months**

<table>
<thead>
<tr>
<th>GROUP STRATEGY</th>
<th>FY-15 KEY ACTIONS</th>
<th>2016 PRIORITIES</th>
</tr>
</thead>
</table>
| 1              | Prioritizing investment in distinctive positions | • Acquisition of Rural Community Insurance Services  
• Stepped up investments in data and analytics capabilities | • Further investments in technology, including in data and analytics  
• Targeted investments in select retail markets, building ‘omni channel’ capabilities |
| 2              | Managing other businesses for value | • GI “turnarounds” progressing  
• In-force initiatives in “maximize value” life markets gaining traction, including exit from UK annuity book and sale of 7IM | • Next phase of in-force initiatives in manage for value life markets  
• Extract capital from some blocks of business  
• Footprint actions |
| 3              | Growing our operating earnings | • Efficiency initiatives launched, with aim of reducing costs by at least USD 1bn by end of 2018  
• Accelerated activities in Q4 2015 | • Deliver on USD 300m cost saving target by end of 2016  
• Turn around GI profitability |
General Insurance
Leading corporate and commercial insurer, and one of the few genuinely global players

PROFILE

- Top three insurer to multi-nationals, with proven differentiated capabilities and global scale
- Strong positions in many commercial insurance markets, notably US, UK and Switzerland
- Good positions in a number of developed retail markets
- Growing presence in Latin America

CUSTOMER SEGMENTS

- Personal: 25%
- Commercial: 49%
- Global Corporate: 25%

FY-15 Gross Written Premiums, total of USD 34.0 billion

DISTRIBUTION CHANNELS

- Agents: 13%
- Brokers: 60%
- Partnerships: 7%
- Programs: 9%
- Direct: 11%

FY-15 Gross Written Premiums, total of USD 34.0 billion

LINES OF BUSINESS

- Worker Injury: 16%
- Special lines: 10%
- Liability: 20%
- Property: 29%
- Motor: 25%

FY-15 Gross Written Premiums, total of USD 34.0 billion

August 2016
Steady LC growth in recent years

**GROSS WRITTEN PREMIUM (USDbn)**

<table>
<thead>
<tr>
<th></th>
<th>FY-12</th>
<th>FY-13</th>
<th>FY-14</th>
<th>FY-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>GC</td>
<td>35.6</td>
<td>36.4</td>
<td>36.3</td>
<td>34.0</td>
</tr>
<tr>
<td>EMEA</td>
<td>12.7</td>
<td>12.5</td>
<td>12.6</td>
<td>11.0</td>
</tr>
<tr>
<td>Latin America</td>
<td>10.0</td>
<td>10.2</td>
<td>10.1</td>
<td>10.7</td>
</tr>
<tr>
<td>North America Commercial</td>
<td>8.6</td>
<td>9.3</td>
<td>9.4</td>
<td>8.7</td>
</tr>
<tr>
<td>Other</td>
<td>-0.5</td>
<td>-0.5</td>
<td>-0.2</td>
<td>-0.2</td>
</tr>
</tbody>
</table>

**RATE CHANGE (%)**

<table>
<thead>
<tr>
<th></th>
<th>GC</th>
<th>NAC</th>
<th>EMEA</th>
<th>IM</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY-15</td>
<td>0%</td>
<td>1%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>FY-14</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>FY-13</td>
<td>4%</td>
<td>5%</td>
<td>3%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>FY-12</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>

August 2016
Reduction in 2015 BOP driven by loss in Q3 and Q4, but recovery already visible in HY-16

### GENERAL INSURANCE

#### COMBINED RATIO SPLIT (%)

<table>
<thead>
<tr>
<th></th>
<th>FY-13</th>
<th>FY-14</th>
<th>FY-15</th>
<th>HY-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normal</td>
<td>98.0%</td>
<td>96.8%</td>
<td>103.6%</td>
<td>98.4%</td>
</tr>
<tr>
<td>AY CR (excl. catastrophes)³</td>
<td>3.2%</td>
<td>2.3%</td>
<td>0.9%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Catastrophes²</td>
<td>-2.4%</td>
<td>-1.1%</td>
<td>0.1%</td>
<td>-1.5%</td>
</tr>
</tbody>
</table>

#### BOP SPLIT (USDm)

<table>
<thead>
<tr>
<th></th>
<th>FY-13</th>
<th>FY-14</th>
<th>FY-15</th>
<th>HY-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normal</td>
<td>230</td>
<td>216</td>
<td>-82</td>
<td>988</td>
</tr>
<tr>
<td>Tianjin loss</td>
<td>75</td>
<td>2,149</td>
<td>864</td>
<td>1,205</td>
</tr>
<tr>
<td>AY CR (excl. catastrophes)³</td>
<td>947</td>
<td>2,002</td>
<td>988</td>
<td>1,020</td>
</tr>
<tr>
<td>Catastrophes²</td>
<td>-112</td>
<td>-1,002</td>
<td>-108</td>
<td>-29</td>
</tr>
<tr>
<td>PYD</td>
<td>-95</td>
<td>-112</td>
<td>-95</td>
<td>-108</td>
</tr>
</tbody>
</table>

1. 2014 restated for the transfer of certain General Insurance business to Non-Core Business (NCB) in 2015. 2013 was not restated.
2. Catastrophes include major and mid-sized catastrophes, including significant weather related events.
3. Accident year combined ratio (AY CR) excludes prior year reserve development (PYD).

---

August 2016

Investor intro pack
Global Life
Lower risk life business, focused on protection and corporate life & pensions

PROFILE

- Consistent BOP contributor for the Group with focus on capital-light protection and unit-linked products
- Strong partnership capabilities as illustrated by our differentiated and growing bank distribution franchises
- Continued focus on our Corporate Life & Pensions business with leading positions in Corporate Risk
- Leading positions in many retail markets whilst unlocking value from our back books

CUSTOMER SEGMENTS

- Corporate: 35%
- Individual: 65%

FY-15 New Business Value of USD 912m

CHANNELS AND PILLARS

- Corporate Life & Pensions: 35%
- IFAs / brokers: 26%
- Tied Agents: 11%
- Banks: 26%
- Others: 2%

FY-15 New Business Value of USD 912m

LINES OF BUSINESS

- Protection: 57%
- Corp. Pensions: 35%
- Annuity & Other Savings: 7%
- Unit Linked: 1%

FY-15 New Business Value of USD 912m

August 2016
### How we make money

#### DRIVERS OF OUR IFRS PROFITABILITY (USDm)

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Policy charges and fees mainly designed to cover distribution costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loadings &amp; fees</td>
<td>3,106</td>
</tr>
<tr>
<td>Inv. margin</td>
<td>480</td>
</tr>
<tr>
<td>Technical margin</td>
<td>168</td>
</tr>
<tr>
<td>Expenses</td>
<td>The costs we incur running the business</td>
</tr>
<tr>
<td>Operating costs</td>
<td>-1,847</td>
</tr>
<tr>
<td>Acquisition costs</td>
<td>-2,988</td>
</tr>
<tr>
<td>Deferral impacts</td>
<td>376</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>FY-15 BOP</td>
</tr>
</tbody>
</table>

1. Germany discretionary dividends are paid to policyholders out of the Investment Margin.
Focus on translating new business growth into tangible measures of value

NEW BUSINESS VALUE (USDm)\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>FY-12</th>
<th>FY-13</th>
<th>FY-14</th>
<th>FY-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>950</td>
<td>1,006</td>
<td>965</td>
<td>912</td>
</tr>
<tr>
<td></td>
<td>103</td>
<td>92</td>
<td>56</td>
<td>49</td>
</tr>
<tr>
<td>Other</td>
<td>138</td>
<td>109</td>
<td>229</td>
<td>164</td>
</tr>
<tr>
<td></td>
<td>109</td>
<td></td>
<td>111</td>
<td>125</td>
</tr>
<tr>
<td>APAC</td>
<td>191</td>
<td>409</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

GLOBAL LIFE BOP (USDm)\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>FY-12</th>
<th>FY-13</th>
<th>FY-14</th>
<th>FY-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>1,351</td>
<td>1,272</td>
<td>1,273</td>
<td>1,300</td>
</tr>
<tr>
<td></td>
<td>134</td>
<td>42</td>
<td>52</td>
<td>43</td>
</tr>
<tr>
<td>Other</td>
<td>243</td>
<td>173</td>
<td>222</td>
<td>178</td>
</tr>
<tr>
<td></td>
<td>245</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>APAC</td>
<td>819</td>
<td>812</td>
<td>917</td>
<td>892</td>
</tr>
<tr>
<td></td>
<td>155</td>
<td>100</td>
<td>222</td>
<td>195</td>
</tr>
<tr>
<td>North America</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Latin America</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Strong value creation in recent years in Europe, Middle East and Africa (EMEA) and Asia Pacific (APAC)
- FX headwinds mask local currency growth
- Lower yields and investment in start up businesses has impacted operating profits
- But lower risk profile vs. peers given limited product mix
- Aim to significantly improve profitability through in-force management activities

\(^1\) 2013 and 2014 restated to reflect the change in regional structure from Europe/APME to EMEA/APAC. 2012 is not adjusted.
Farmers
The Farmers Exchanges are a group of US insurance companies, which are owned by their policyholders.

Zurich owns Farmers Management Services (FMS), which manages the Farmers Exchanges on behalf of the policyholders in an arrangement known as an “attorney-in-fact”.

FMS receives fees from Farmers Exchanges for the services it provides.

The fee based nature of the business model allows FMS to generate stable earnings and high cash remittances.

Zurich also owns Farmers Re, a reinsurer which provides capital support to Farmers Exchanges.

FARMERS BOP HISTORY (USDm)

<table>
<thead>
<tr>
<th>Year</th>
<th>FMS</th>
<th>FRe</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY-12</td>
<td>1,402</td>
<td></td>
</tr>
<tr>
<td>FY-13</td>
<td>1,516</td>
<td>1,390</td>
</tr>
<tr>
<td>FY-14</td>
<td>1,573</td>
<td>1,383</td>
</tr>
<tr>
<td>FY-15</td>
<td>1,421</td>
<td>1,360</td>
</tr>
</tbody>
</table>

1. Bear underwriting risk and handle claims
2. Own distribution assets
Leading player in US personal lines insurance

**PROFILE**

- Farmers Exchanges is the #3 personal lines insurer in 29 ‘core’ states in the Western US.
- Split of business is predominantly personal lines, but also offer commercial lines products for small businesses.
- Primary distribution through ~13,500+ Exclusive Agents, under Farmers brand.
- Growing business in Eastern US.

**PERSONAL LINES MARKET SHARE (%)**

<table>
<thead>
<tr>
<th>National</th>
<th>State Farm</th>
<th>Allstate</th>
<th>Geico</th>
<th>Progressive</th>
<th>Liberty Mutual</th>
<th>USAA</th>
<th>Farmers</th>
<th>Nationwide</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>18.8</td>
<td>9.7</td>
<td>8.0</td>
<td>6.4</td>
<td>5.6</td>
<td>5.4</td>
<td>5.3</td>
<td>3.7</td>
</tr>
</tbody>
</table>

Based on 2015 Personal Lines Direct Premiums of USD 287bn.

**US PERSONAL LINES MARKET**

- Auto Physical Damage: 28%
- Homeowners: 31%
- Auto Liability: 41%

2015 Personal Lines Direct Premiums of USD 287bn.

**FARMERS PREMIUM SPLIT**

- Auto: 46%
- Homeowners: 26%
- Specialty: 12%
- Business Insurance: 11%
- Discontinued / Other: 5%

FY-15 Gross Written Premiums of USD 19.1bn.
FARMERS

Back to growth, capital remitted by Farmers Reinsurance Co.¹

<table>
<thead>
<tr>
<th>GWP GROWTH (%)²</th>
<th>COMBINED RATIO (%)²</th>
<th>SURPLUS³ (USDbn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY-12</td>
<td>FY-13</td>
<td>FY-14</td>
</tr>
<tr>
<td>3.5%</td>
<td>-1.5%</td>
<td>0.0%</td>
</tr>
<tr>
<td>105.4%</td>
<td>99.3%</td>
<td>94.5%</td>
</tr>
<tr>
<td>6.1%</td>
<td>6.0%</td>
<td>5.2%</td>
</tr>
<tr>
<td>101.9%</td>
<td>95.9%</td>
<td></td>
</tr>
</tbody>
</table>

FY-12⁴ FY-13 FY-14 FY-15

- Catastrophe losses
- CR (excl. catastrophe losses)

- Surplus ratio
- Farmers Exchanges surplus
- Farmers Reinsurance Co. surplus

³ Surplus ratio excludes surplus of Farmers Reinsurance Company.

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 Adjusted for the impact of the Fogel settlement and the Texas Department of Insurance litigation.

August 2016
Investment and Capital Management
ALM-focused strategy delivering consistent and sustainable excess returns

PROFILE

• ~70% of group investments are managed by third parties
• ALM focused investment strategy
• Generally lower risk investment portfolio than peers, with clear focus on avoiding pro-cyclical actions
• Emerged well from credit crisis

ASSET ALLOCATION

- Fixed income
- Mortgages
- Real estate
- Equities
- Hedge funds, PE
- Cash

Total Group Investments of USD 191bn

ASSET QUALITY

- AAA
- AA
- A
- BBB
- Non-rated
- Non-investment grade

Group Investment in debt of USD 138bn

CONSERVATIVE APPROACH

The Swiss Solvency Test (SST) ratio is calculated based on the Group’s internal model, and both are subject to the review and approval of the Group’s regulator, the Swiss Financial Market Supervisory Authority (FINMA). The ratio is filed with FINMA bi-annually.

Premium & reserving risk.

Includes Other Operating Businesses and Non-Core Businesses.

Excluding macro equity hedge.
The Swiss Solvency Test (SST) ratio is calculated based on the Group’s internal model, and both are subject to the review and approval of the Group’s regulator, the Swiss Financial Market Supervisory Authority (FINMA). The ratio is filed with FINMA bi-annually.

1 The Swiss Solvency Test (SST) ratio is calculated based on the Group’s internal model, and both are subject to the review and approval of the Group’s regulator, the Swiss Financial Market Supervisory Authority (FINMA). The ratio is filed with FINMA bi-annually.

2 Insurance risk, Capital movements & Other.

3 Shaded area refers to FINMA yield curve changes contributing a negative 4ppts impact.
# INVESTMENT AND CAPITAL MANAGEMENT

**Z-ECM and SST are more conservative than SII**

## Primary differences – required capital

<table>
<thead>
<tr>
<th>Most onerous impact on ratio</th>
<th>Z-ECM</th>
<th>SST¹</th>
<th>SII (PILLAR 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Risk Measure</strong></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  
• Investment Credit Risk  
• Premium, Reserve and UPR Risk  
• NatCat Risk  
• Life Liability Risk  
• Life Business Risk  
• Reinsurance Credit Risk  
• Scenarios  
• Farmers Management Services | Internal model (ZIP):  
• Market Risk (including investment credit)  
• Premium, Reserve and UPR Risk  
• NatCat Risk  
• Life Liability Risk  
• Life Business Risk  
• Reinsurance Credit Risk  
• Scenarios  | Standard Formula (all other entities):  
• Market risk  
• Counterparty default risk  
• Life underwriting risk  
• Health underwriting risk  
• Non-life underwriting risk (including premium, reserve and NatCat)  
• Intangible asset risk  
• Operational risk |
| **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>Most onerous impact on ratio</th>
<th>Z-ECM</th>
<th>SST¹</th>
<th>SII (PILLAR 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base risk-free yield-curve</strong></td>
<td>Swaps</td>
<td>Swaps for USD, EUR, GBP Government bonds for CHF, other</td>
<td>Swaps</td>
</tr>
<tr>
<td><strong>Entry-point to extrapolation of yield-curve</strong></td>
<td>Use all available market data CHF: 30 years EUR, USD, GBP: 50 years</td>
<td>CHF: 15 years (Zurich uses 30) EUR: 30 years USD, GBP: 50 years</td>
<td>CHF: 25 years EUR: 20 years USD, GBP: 50 years</td>
</tr>
<tr>
<td><strong>Ultimate Forward Rate</strong></td>
<td>Flat extrapolation from last observable data point</td>
<td>CHF: 2.7% EUR, USD, GBP: 4.0%</td>
<td>CHF: 3.2% EUR, USD, GBP: 4.2%</td>
</tr>
<tr>
<td><strong>Adjustments to yield-curve</strong></td>
<td>None (no liquidity premium)</td>
<td>-30bps for swap based curves (credit)</td>
<td>-10bps (credit) + volatility adjustment (between 9 bps (CHF) and 78bps (USD) at Q4-16) + matching adjustment (currently not used by Zurich)</td>
</tr>
<tr>
<td><strong>Transitional requirements</strong></td>
<td>n/a</td>
<td>Transition period from 2006-2011</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.
## Investment and Capital Management

### Z-ECM and SST are more conservative than SII

#### Primary differences – other key elements

<table>
<thead>
<tr>
<th>Most onerous impact on ratio</th>
<th>Z-ECM</th>
<th>SST¹</th>
<th>SII (PILLAR 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior debt</td>
<td>Available Capital</td>
<td>Liability</td>
<td>Liability</td>
</tr>
<tr>
<td>Tax</td>
<td>Pre-tax</td>
<td>Pre-tax</td>
<td>Post-tax</td>
</tr>
<tr>
<td>Granularity</td>
<td>Management view</td>
<td>Legal entity view</td>
<td>Legal entity view</td>
</tr>
<tr>
<td></td>
<td>- Internal reinsurance not relevant</td>
<td>- Internal reinsurance considered</td>
<td>- Internal reinsurance considered</td>
</tr>
<tr>
<td></td>
<td>- Full Group diversification taken into account and allocated back to business units</td>
<td>- Only legal entity diversification taken into account</td>
<td>- Only legal entity diversification taken into account</td>
</tr>
<tr>
<td></td>
<td>- Risk of subsidiaries included (with limited liability)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk Margin</td>
<td>Cost of residual non hedgeable risk (CRNHR) considered in AFR for Life</td>
<td>Market Value Margin added to Target Capital</td>
<td>Risk Margin as part of insurance liabilities</td>
</tr>
</tbody>
</table>

¹ Regarding Swiss Solvency Test (SST) ratio see footnote on slide 3.
OVERVIEW AND RATIONALE

- Target capital structure minimizes total cost of capital subject to maintaining our AA rating and internal liquidity targets.
- Capacity to increase leverage according to our capital and rating agency models.
- Most likely step is to rebalance the mix of equity and hybrid capital.
- Allow for volatility buffer in future target structure (+/-5%).
Low 2015 Free Capital Generation reflects underperformance of General Insurance

2015 FREE CAPITAL GENERATION (USDbn)

General Insurance, Farmers, Non-Core and OOB
- IFRS NIAS: 1.0
- Accounting differences, etc.: -0.2
- Statutory NIAS: 0.8
- Changes in req. capital: 0.3
- FCG: 1.1

Global Life
- Free surplus generation: 1.9
- New business reinvestment: -1.4
- Expected free surplus generation: 0.5
- Expense and other variance: -0.2
- Other operating variances: 0.2
- Operating FCG: 0.5

Non-Operating items | General Insurance | Farmers | NCB | OOB | Global Life

August 2016
INVESTMENT AND CAPITAL MANAGEMENT

Expect more than USD 10bn in remittances in the 2014-16 period

BOPAT (USDbn)

<table>
<thead>
<tr>
<th></th>
<th>FY-13</th>
<th>FY-14</th>
<th>FY-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.5</td>
<td>2.3</td>
<td>2.4</td>
<td>1.8</td>
</tr>
<tr>
<td></td>
<td>1.0</td>
<td>1.1</td>
<td>0.9</td>
</tr>
<tr>
<td></td>
<td>0.0</td>
<td>0.1</td>
<td>-0.7</td>
</tr>
</tbody>
</table>

OPERATING FCG (USDbn)

<table>
<thead>
<tr>
<th></th>
<th>FY-13</th>
<th>FY-14</th>
<th>FY-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.2</td>
<td>2.5</td>
<td>2.5</td>
<td>1.7</td>
</tr>
<tr>
<td></td>
<td>0.5</td>
<td>0.6</td>
<td>0.8</td>
</tr>
<tr>
<td></td>
<td>0.0</td>
<td>1.1</td>
<td>0.9</td>
</tr>
<tr>
<td></td>
<td>-0.8</td>
<td>-0.2</td>
<td>-0.2</td>
</tr>
</tbody>
</table>

CASH REMITTANCES (USDbn)

<table>
<thead>
<tr>
<th></th>
<th>FY-13</th>
<th>FY-14</th>
<th>FY-15</th>
<th>FC FY-16^1</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.9</td>
<td>2.4</td>
<td>2.4</td>
<td>1.7</td>
<td>&gt;2.4</td>
</tr>
<tr>
<td></td>
<td>0.6</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td></td>
<td>0.0</td>
<td>1.2</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td></td>
<td>-1.1</td>
<td>-1.0</td>
<td>-1.0</td>
<td>-0.6</td>
</tr>
</tbody>
</table>

1 Estimated full year 2016 cash remittances, subject to change.
CASH FOCUS

- Strong balance sheet and solid profitability underpin cash returns
- Strategic Target: Remit > USD 9bn in net cash to the holding company in 2014 - 2016
- Efficient global structure maximizes cash extraction from local entities

1 2015 dividend estimated based on CHF/USD exchange rate as of February 9, 2016.
Disclaimer and cautionary statement

Certain statements in this document are forward-looking statements, including, but not limited to, statements that are predictions of or indicate future events, trends, plans or objectives of Zurich Insurance Group Ltd or the Zurich Insurance Group (the ‘Group’). Forward-looking statements include statements regarding the Group’s targeted profit, return on equity targets, expenses, pricing conditions, dividend policy and underwriting and claims results, as well as statements regarding the Group’s understanding of general economic, financial and insurance market conditions and expected developments. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and plans and objectives of Zurich Insurance Group Ltd or the Group to differ materially from those expressed or implied in the forward looking statements (or from past results). Factors such as (i) general economic conditions and competitive factors, particularly in key markets; (ii) the risk of a global economic downturn, in the financial services industries in particular; (iii) performance of financial markets; (iv) levels of interest rates and currency exchange rates; (v) frequency, severity and development of insured claims events; (vi) mortality and morbidity experience; (vii) policy renewal and lapse rates; and (viii) changes in laws and regulations and in the policies of regulators may have a direct bearing on the results of operations of Zurich Insurance Group Ltd and its Group and on whether the targets will be achieved. Zurich Insurance Group Ltd undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

All references to ‘Farmers Exchanges’ mean Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange and their subsidiaries and affiliates. The three Exchanges are California domiciled interinsurance exchanges owned by their policyholders with governance oversight by their Boards of Governors. Farmers Group, Inc. and its subsidiaries are appointed as the attorneys-in-fact for the Farmers Exchanges and in that capacity provide certain non-claims administrative and management services to the Farmers Exchanges. Neither Farmers Group, Inc., nor its parent companies, Zurich Insurance Company Ltd and Zurich Insurance Group Ltd, have any ownership interest in the Farmers Exchanges. Financial information about the Farmers Exchanges is proprietary to the Farmers Exchanges, but is provided to support an understanding of the performance of Farmers Group, Inc. and Farmers Reinsurance Company.

It should be noted that past performance is not a guide to future performance.

Persons requiring advice should consult an independent adviser.

This communication does not constitute an offer or an invitation for the sale or purchase of securities in any jurisdiction.

THIS COMMUNICATION DOES NOT CONTAIN AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES; SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR EXEMPTION FROM REGISTRATION, AND ANY PUBLIC OFFERING OF SECURITIES TO BE MADE IN THE UNITED STATES WILL BE MADE BY MEANS OF A PROSPECTUS THAT MAY BE OBTAINED FROM THE ISSUER AND THAT WILL CONTAIN DETAILED INFORMATION ABOUT THE COMPANY AND MANAGEMENT, AS WELL AS FINANCIAL STATEMENTS.
For further information

CALL US

Investor Relations
Richard Burden +41 44 628 96 40
Aaron Beharelle +41 44 625 25 50
André Meier +41 44 625 37 75
Gianni Vitale +41 44 625 48 26

Rating Agency Management
Michèle Matlock +41 44 625 28 50

Events
Patricia Heina +41 44 625 38 44

VISIT OR FOLLOW US

- Investor Relations website
- Financial results and reports

Download:
- Zurich Investors and Media App
Calendar:
- September 27-29, Bank of America Merrill Lynch conference, London
- November 10, 2016, Results for the nine months to September 30, 2016
- February 9, 2017, Annual Results 2016