Zurich reports business operating profit of USD 3.8 billion for the first nine months of 2014

- Q3 BOP of USD 1.2 billion, down 6% compared with prior year, and first nine months BOP of USD 3.8 billion, up 7% compared with prior year
- Q3 NIAS\(^1\) of USD 928 million, down 16% compared with prior year, and first nine months NIAS of USD 3.0 billion, up 3% compared with prior year
- Combined ratio of 96.6% for the first nine months, an improvement of 1.2 percentage points compared with prior year
- Continued improvement in General Insurance accident year profitability
- Global Life maintains strong progress in bank distribution channel
- Farmers Exchanges return to growth in Q3
- Very strong solvency capital on all key metrics

Select financial highlights – first nine months (9M) and third quarter (Q3) of 2014

<table>
<thead>
<tr>
<th>in USD millions, for the nine and three months ended September 30, unless otherwise stated</th>
<th>9M 2014</th>
<th>9M 2013</th>
<th>Change in USD</th>
<th>Q3 2014</th>
<th>Q3 2013</th>
<th>Change in USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business operating profit (BOP)</td>
<td>3,826</td>
<td>3,567</td>
<td>7%</td>
<td>1,206</td>
<td>1,279</td>
<td>(6%)</td>
</tr>
<tr>
<td>Net income after tax attributable to shareholders (NIAS)</td>
<td>3,037</td>
<td>2,954</td>
<td>3%</td>
<td>928</td>
<td>1,103</td>
<td>(16%)</td>
</tr>
<tr>
<td>Total Group business volumes(^2)</td>
<td>54,733</td>
<td>52,966</td>
<td>3%</td>
<td>17,166</td>
<td>16,726</td>
<td>3%</td>
</tr>
<tr>
<td>Net investment return on Group investments (not annualized and calculated on average Group investments)</td>
<td>3.3%</td>
<td>2.5%</td>
<td>0.7 pts</td>
<td>1.1%</td>
<td>0.9%</td>
<td>0.2 pts</td>
</tr>
<tr>
<td>Total return on Group investments (not annualized and calculated on average Group investments)</td>
<td>6.4%</td>
<td>0.5%</td>
<td>5.8 pts</td>
<td>1.5%</td>
<td>1.0%</td>
<td>0.5 pts</td>
</tr>
<tr>
<td>Shareholders’ equity(^3)</td>
<td>34,098</td>
<td>32,503</td>
<td>5%</td>
<td>na</td>
<td>na</td>
<td>na</td>
</tr>
<tr>
<td>Diluted earnings per share (in CHF)</td>
<td>18.32</td>
<td>18.65</td>
<td>(2%)</td>
<td>5.70</td>
<td>6.93</td>
<td>(18%)</td>
</tr>
<tr>
<td>Book value per share(^3) (in CHF)</td>
<td>219.75</td>
<td>196.14</td>
<td>12%</td>
<td>na</td>
<td>na</td>
<td>na</td>
</tr>
<tr>
<td>Return on shareholders’ equity (ROE)(^4)</td>
<td>13.3%</td>
<td>13.3%</td>
<td>-</td>
<td>12.3%</td>
<td>15.3%</td>
<td>(2.9 pts)</td>
</tr>
<tr>
<td>Business operating profit (after tax) return on shareholders’ equity (BOPAT ROE)(^5)</td>
<td>11.8%</td>
<td>12.1%</td>
<td>(0.3 pts)</td>
<td>10.7%</td>
<td>12.8%</td>
<td>(2.1 pts)</td>
</tr>
</tbody>
</table>
Zurich, November 6, 2014 – Zurich Insurance Group (Zurich) today reported a business operating profit (BOP) of USD 3.8 billion, up 7% from the prior year and net income attributable to shareholders (NIAS) of USD 3.0 billion, up 3% from the prior year, for the nine months ended September 30, 2014.

“Overall, this is a solid set of results. While we continue to make progress, we recognize the environment is getting tougher, underlining the need for us to remain focused on our strategic approach. We continue to optimize our portfolio, taking action on underpriced risks, and to prioritize investment in the markets and customer segments where we see the most attractive returns. Our very strong financial position gives us the capacity and flexibility to manage in a challenging environment,” said Chief Financial Officer George Quinn.

**General Insurance** recorded a BOP of USD 2.4 billion, 12% higher than in the prior year period, due to an improved underwriting result. The accident year loss ratio improved 1.8 percentage points compared with the prior year reflecting the benefit of improved underlying loss experience across most of General Insurance as well as reduced levels of catastrophes, weather-related and large industrial losses compared with the same period in 2013. These improvements have been partially offset by a lower level of prior year reserve releases. Gross written premiums for the nine months to September 30 were 1% higher at USD 28.4 billion compared with the same period of 2013. General Insurance continues to undertake targeted re-underwriting and rate actions on portfolios where returns are not achieving hurdle rates, while investing in growth where there are better opportunities for profit. For the discrete third quarter, rate increases across the portfolio were 2% with both Global Corporate and Europe up, while North America was flat.

**Global Life** recorded a BOP of USD 965 million, slightly below the prior year period. Gross written premiums, policy fees and insurance deposits increased by USD 1.7 billion to USD 21.3 billion, or by 9%. Overall new business value declined 4% to USD 757 million year on year as expense allocation and lapse assumption changes mask an improving underlying picture in the regions. Assets under management remained flat.
for the nine months ended September 30, 2014, with positive market movements and net inflows of USD 1.9 billion offset by currency impacts.

Farmers BOP increased slightly to USD 1.2 billion from the prior year. At the Farmers Exchanges, which are owned by their policyholders and managed by Farmers Group Inc., a wholly owned subsidiary of the Group, gross written premiums were USD 113 million lower than the prior year, while discrete Q3 showed an improvement of 0.6%, demonstrating the return to growth. Farmers Management Services’ business operating profit declined slightly to USD 1.0 billion compared with the prior year period, primarily due to a USD 24 million decrease in revenues, due to a small decrease in premiums earned at the Farmers Exchanges. Farmers Re BOP increased to USD 115 million compared with the prior period.

The Non-Core Businesses, which comprise run-off portfolios that are managed with the intention of proactively reducing risk and releasing capital, reported a business operating profit of USD 6 million, a decrease of USD 35 million compared with the prior year period.

In Other Operating Businesses, the holding and financing business operating loss slightly decreased from USD 683 million to USD 674 million as a result of lower refinancing costs.

The net investment result on Group investments, which includes net investment income, net capital gains and losses and impairments, contributed USD 6.7 billion to the Group’s total revenues for the nine months ended September 30, 2014, a net return of 3.3% (not annualized). Total return on Group investments was 6.4% (not annualized), an increase of 5.8 percentage points compared with the same period in 2013, mainly driven by a strong performance in the fixed income portfolios.

The Group preserved its very strong capital position. Shareholders’ equity has increased by 5% to USD 34.1 billion mainly driven by net unrealized gains and retained earnings. The Group’s solvency as determined under the Swiss Solvency Test decreased slightly by 2 percentage points to 215% and the Z-ECM ratio stands at 126%. Both
figures are as of June 30, 2014 compared with December 31, 2013, and are above our
target range, offering the Group considerable flexibility.

1 Net income after tax attributable to shareholders.
2 Total Group business volumes comprises gross written premiums, policy fees, insurance deposits and management fees
generated within General Insurance, Global Life and Farmers.
3 As of September 30, 2014 and December 31, 2013, respectively.
4 Shareholders’ equity adjusted for net unrealized gains/(losses) on available-for-sale investments and cash flow hedges.
5 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.
Further information

A pre-recorded video presentation to accompany the analyst and investor slide presentation will be available from 06:45 hrs CET on our website www.zurich.com. The video can be accessed through the following link also on the iPhone und iPad: http://www.media-server.com/m/p/ephhm2oe

In addition, there will be a conference call Q&A session for analysts and investors starting at 13.00 hrs CET. Media may listen in. Please dial-in to register approximately 3 to 5 minutes prior to the start of the Q&A session. A podcast of the Q&A session will be available from 16.45 hrs CET.

Dial-in numbers

- Europe +41 (0)58 310 50 00
- UK +44 (0)203 059 58 62
- USA +1 (1) 631 570 56 13

Supplemental financial information is available on our website.

To get instant access to Zurich’s news releases, calendar and other corporate publications on your iPad, iPhone or Android phone please go to your App Store and get the free Zurich Investors and Media App.

For broadcast-standard and streaming-quality video and/or high resolution pictures supporting this news release, please visit our Multimedia Pressroom.

Key dates

- December 5, 2014 Investor update, London
- February 12, 2015 Annual results 2014
- April 1, 2015 Annual General Meeting 2015, Zurich
- May 7, 2015 Results for three months to March 31, 2015
- May 21, 2015 Investor Day, Zurich
Zurich Insurance Group (Zurich) is a leading multi-line insurer that serves its customers in global and local markets. With more than 55,000 employees, it provides a wide range of general insurance and life insurance products and services. Zurich’s customers include individuals, small businesses, and mid-sized and large companies, including multinational corporations, in more than 170 countries. The Group is headquartered in Zurich, Switzerland, where it was founded in 1872. The holding company, Zurich Insurance Group Ltd (ZURN), is listed on the SIX Swiss Exchange and has a level I American Depositary Receipt (ZURVY) program, which is traded over-the-counter on OTCQX. Further information about Zurich is available at www.zurich.com.

Contact
Zurich Insurance Group Ltd
Mythenquai 2, 8022 Zurich, Switzerland
www.zurich.com
SIX Swiss Exchange/SMI: ZURN, Valor: 001107539

Media Relations
phone +41 (0)44 625 21 00, fax +41 (0)44 625 26 41
twitter @Zurich
media@zurich.com

Investor Relations
phone +41 (0)44 625 22 99, fax +41 (0)44 625 36 18
investor.relations@zurich.com

Disclaimer and cautionary statement
Certain statements in this document are forward-looking statements, including, but not limited to, statements that are predications 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. Please also note that interim results are not necessarily indicative of full year results.

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.