Zurich kicks off 2019 with a strong first quarter

- Property & Casualty (P&C) gross written premiums up 4% like-for-like¹, with growth across all regions
- Life annual premium equivalent sales up 2% and new business value up 5%, with new business margin at an attractive level of 25.6% on a like-for-like¹ basis
- Continued growth of Farmers Exchanges² with gross written premiums from continuing operations³ up 2%
- Zurich on track to meet or exceed all 2017 to 2019 targets
- Capital position remains very strong

“We are pleased with the strong development of the Group over the first quarter of the year, underlining our focus on delivering on our strategy and financial plans. We expect to meet or exceed all of our targets this year,” said Group Chief Financial Officer George Quinn. “P&C pricing trends have improved in the first quarter and the Group’s Life business continues to perform strongly. Farmers Exchanges² are also delivering on their key strategic priorities, positively impacting our fee income. The Group is well-positioned to meet the growing expectations of customers in the digital era and continues to strengthen its customer and partnership propositions by adding new distribution agreements.”

Key figures

<table>
<thead>
<tr>
<th>in USD millions, for the three months ended March 31, unless otherwise stated</th>
<th>2019</th>
<th>2018</th>
<th>Change¹ in USD</th>
<th>Change¹ like-for-like</th>
</tr>
</thead>
<tbody>
<tr>
<td>P&amp;C gross written premiums (GWP)</td>
<td>9,177</td>
<td>9,333</td>
<td>(2%)</td>
<td>4%</td>
</tr>
<tr>
<td>Life annual premium equivalent (APE)</td>
<td>1,183</td>
<td>1,254</td>
<td>(6%)</td>
<td>2%</td>
</tr>
<tr>
<td>Farmers Exchanges’ GWP</td>
<td>5,189</td>
<td>5,123</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Z-ECM⁴</td>
<td>125%</td>
<td>124%</td>
<td>1ppt</td>
<td>n.a.</td>
</tr>
</tbody>
</table>
Commentary

Property & Casualty

Gross written premiums (GWP) in USD millions, for the three months ended March 31, unless otherwise stated.

<table>
<thead>
<tr>
<th>Region</th>
<th>2019</th>
<th>2018</th>
<th>Change in USD</th>
<th>Change like-for-like</th>
<th>2019 Rate change, in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property &amp; Casualty</td>
<td>9,177</td>
<td>9,333</td>
<td>(2%)</td>
<td>4%</td>
<td>2% Stable</td>
</tr>
<tr>
<td>EMEA</td>
<td>4,986</td>
<td>5,333</td>
<td>(7%)</td>
<td>4%</td>
<td>2% Stable</td>
</tr>
<tr>
<td>North America</td>
<td>3,142</td>
<td>3,113</td>
<td>1%</td>
<td>1%</td>
<td>4% Slightly increasing</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>717</td>
<td>628</td>
<td>14%</td>
<td>15%</td>
<td>2% Stable</td>
</tr>
<tr>
<td>Latin America</td>
<td>750</td>
<td>684</td>
<td>10%</td>
<td>12%</td>
<td>1% Slightly decreasing</td>
</tr>
</tbody>
</table>

Gross written premiums in Property & Casualty (P&C) for the first three months of 2019 increased 4% on a like-for-like basis, with growth across all regions. In U.S. dollar terms gross written premiums declined 2% mainly as a result of currency movements and the previously announced disposal of the ADAC business in Germany. In the first quarter of 2019, the Group saw price increases of around 2%.

In EMEA, gross written premiums increased 4% on a like-for-like basis, with strong growth in the Swiss commercial business as well as in Italy and in a number of smaller European retail markets. North America grew by 1%, while Asia Pacific increased 15% on a like-for-like basis, driven mainly by growth in Australia, Malaysia and Japan. Latin America was up 12%, on a like-for-like basis, driven by growth in Argentina, Chile and Brazil.
Life

<table>
<thead>
<tr>
<th></th>
<th>Annual premium equivalent (APE)</th>
<th>New business value (NBV)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>Life</td>
<td>1,183</td>
<td>1,254</td>
</tr>
<tr>
<td>EMEA</td>
<td>762</td>
<td>901</td>
</tr>
<tr>
<td>North America</td>
<td>54</td>
<td>35</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>56</td>
<td>55</td>
</tr>
<tr>
<td>Latin America</td>
<td>311</td>
<td>263</td>
</tr>
</tbody>
</table>

Life new business annual premium equivalent (APE) volumes increased 2\% on a like-for-like\(^1\) basis during the quarter, with a decline of 6\% on a reported basis due to exchange rate movements of key currencies against the U.S. dollar.

In EMEA, APE sales decreased 10\% on a like-for-like\(^1\) basis, mainly due to a reduction in lower margin corporate business. However, the corporate life and pension business in Switzerland and Ireland grew strongly. Asia Pacific increased 6\% on a like-for-like\(^1\) basis with continued growth in Southeast Asia and Australia, while North America increased 56\%, although from a low base in 2018, due to improved volumes of corporate and individual protection. In Latin America, all countries contributed to growth of 33\% on a like-for-like\(^1\) basis, which also benefited from a large corporate protection sale in Chile.

The new business margin remained at an attractive level of 25.6\% on a like-for-like\(^1\) basis and 25.5\% as reported. New business value increased 5\% on a like-for-like\(^1\) basis, driven by higher business volumes and positive operating assumption changes. On a reported basis the new business value declined 3\%. 
Farmers

The Farmers Exchanges, which are owned by their policyholders, continued to deliver top-line growth and make consistent progress across their key strategic priorities.

In the first quarter of 2019, gross written premiums from continuing operations increased 2% from the prior year period, with growth across all books of business. Overall reported gross written premiums were up 1%, reflecting the impact from the run-off of discontinued operations, which has now largely been completed.

The Farmers Exchanges continued to make progress with their customer focused strategy. Net Promoter Score further improved versus the full year 2018, setting a new all-time high, and retention was in line with the fourth quarter of 2018. The build out of larger and stronger agencies with an improved customer experience also continued. Toggle, a new and innovative offering aimed at millennials, was rolled out to nine additional states since the beginning of the year, while gross written premiums growth in the expansion states in the Eastern U.S. was 8%.

The surplus ratio improved further to 41.2%, the highest level recorded in recent years, providing a strong foundation for future growth. This improvement was driven by another quarter of positive underwriting performance.

<table>
<thead>
<tr>
<th>Farmers Exchanges</th>
<th>2019</th>
<th>2018</th>
<th>Change in USD millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross written premiums (GWP)</td>
<td>5,189</td>
<td>5,123</td>
<td>1%</td>
</tr>
<tr>
<td>Gross earned premiums (GEP)</td>
<td>5,022</td>
<td>4,921</td>
<td>2%</td>
</tr>
<tr>
<td>Surplus ratio</td>
<td>41.2%</td>
<td>39.5%</td>
<td>1.7ppts</td>
</tr>
</tbody>
</table>

in USD millions, for the three months ended March 31, unless otherwise stated.
Farmers Management Services (FMS) management fees and other related revenues increased 6% compared with the prior year period. The increase was driven by underlying growth of 1% and a change in accounting treatment which has no impact on FMS business operating profit and managed gross earned premium margin.

Farmers Life new business APE was 16% lower than the prior year period, while new business value decreased 35% driven by lower sales volumes, model and assumption updates.

**Capital position**

As of March 31, 2019, the Z-ECM ratio is estimated at 125%⁴, showing a slight increase compared with December 31, 2018. As of January 1, 2019, the Group’s Swiss Solvency Test (SST) ratio was 221%⁵.
1 Like-for-like comparisons represent the change in local currencies and are adjusted for the acquisition of Travel Ace and Universal Assistance in Latin America, the acquisition of the Latin American operations of the Australian insurer QBE Insurance Group Limited, the acquisition of the individual and group life insurance portfolios as well as the long-term savings operations of EuroAmerica in Chile and the sale of the 51 percent participation in ADAC Autoversicherung AG in Germany.
2 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, management, and ancillary services to the Farmers Exchanges as its attorney-in-fact and receives fees for its services.
3 Continuing operations exclude Business Insurance Independent Agents, 21st Century business outside of California and Hawaii, and other discontinued operations.
4 Ratios as of March 31, 2019, and December 31, 2018, respectively. Ratio for March 31, 2019, reflects midpoint estimate with an error margin of +/− 5 pts.
5 Ratios as of March 31, 2019 and December 31, 2018, respectively.
6 The Swiss Solvency Test (SST) ratio is calculated based on the Group’s internal model, as agreed with the Swiss Financial Market Supervisory Authority (FINMA). The ratio as of January 1, 2019, has been filed with FINMA and is subject to review by FINMA.

Further information

Q&A session for media
There will be a conference call Q&A session for media starting at 08:00 CEST. Media may dial in using the details provided below. The call will be held in English.

Q&A session for analysts and investors
There will be a conference call Q&A session for analysts and investors starting at 13:00 CEST. Media may listen in. A podcast of this Q&A session will be available from 17:00 CEST. The call will be held in English.

Dial-in numbers for both Q&A sessions
Europe +41 58 310 50 00
UK +44 207 107 0613
U.S. +1 631 570 56 13

Zurich Insurance Group (Zurich) is a leading multi-line insurer that serves its customers in global and local markets. With about 54,000 employees, it provides a wide range of property and casualty, and life insurance products and services in more than 210 countries and territories. Zurich’s customers include individuals, small businesses, and mid-sized and large companies, as well as multinational corporations. 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
Austrasse 46, 8045 Zurich, Switzerland
www.zurich.com
SIX Swiss Exchange/SMI: ZURN, Valor: 001107539

Media Relations
Neil Gordon-Henderson, Riccardo Moretto
Phone +41 44 625 21 00
Twitter @Zurich
media@zurich.com

Investor Relations and Rating Agency Management
Richard Burden, Francesco Bonsante, Samuel Han, Michèle Matlock, Gianni Vitale
Phone +41 44 625 22 99, fax +41 44 625 02 99
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 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 inter-insurance 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, management, and ancillary 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.