

Annual Results 2013

**Media Presentation
February 13, 2014**



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.

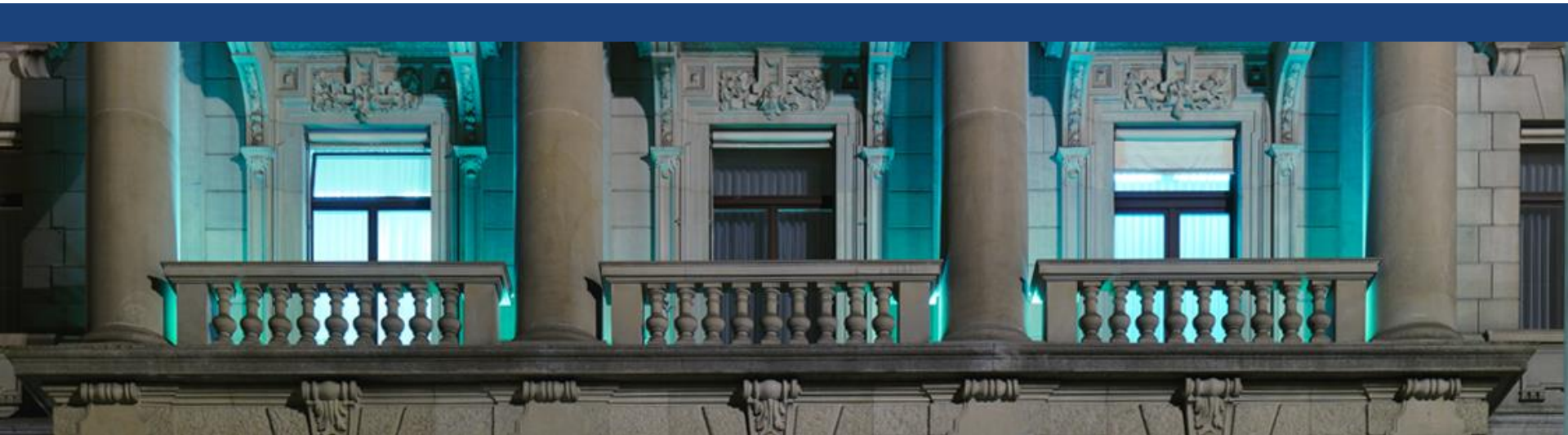
Persons requiring advice should consult an independent adviser.

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.

Martin Senn

Chief Executive Officer



Solid results underpin high cash returns

BOP	NIAS	NIAS ROE²	
USD 4.7bn	USD 4.0bn	12.0%	
For year ended 31 December 2013	For year ended 31 December 2013	For year ended 31 December 2013	
BOPAT ROE¹	Z-ECM³	Net cash remittances	
10.5%	120%	USD 2.9bn	
For year ended 31 December 2013	As of 30 September 2013	For year ended 31 December 2013	
			Dividend per share proposal⁴
			CHF 17
			to be paid in April 2014

¹ Business operating profit after tax return on equity, including unrealized gains and losses (11.6% excluding unrealized gains)

² Net income attributable to shareholders divided by average reported equity, including unrealized gains and losses in shareholders' equity

³ Zurich economic capital model, SST Ratio at 206% (as of July 1, 2013 calculated 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))

⁴ Subject to approval at the Annual General Meeting in April 2014

Drivers of our 2013 performance



General Insurance

- Good growth in priority markets and continued rate increases
- Most of the portfolio is delivering hurdle returns
- Some areas not performing to expectations

Global Life

- Strong growth in protection business, mainly in Emerging Markets
- Higher risk margins, offset by build-out costs and lower investment margins

Farmers

- Challenging year for Farmers Exchanges¹ in terms of the top-line
- FMS margins resilient and with continued strong cash generation
- Big improvement in Farmers Re combined ratio

Non-operating items

- USD 0.7bn gain on sale of stake in New China Life
- USD 0.3bn restructuring and accounting charges in Q4

¹ 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 and receives fees for its services.

Key priorities for 2014

Group strategy

Key priorities for 2014

1

Prioritizing investment in distinctive positions

- Corporate: enhancing capabilities, including joint Global Corporate / CLP offering
- Commercial: enhancing capabilities in NAC, leveraging predictive analytics
- Select retail: driving pilot customer initiatives in three markets

2

Managing other businesses for value

- Optimize the value of our distribution model
- Implement Life in-force management initiatives
- Further turnaround/exit actions

3

Growing our operating earnings

- Complete work on reducing complexity and overhead burdens
- Focus on improving profitability in lower-return GI portfolios
- Implement investment management initiatives

Vibhu Sharma

Interim Chief Financial Officer



Business operating profit by segment



in USD millions	Q4-13	Q4-12 ¹	Change	2013	2012 ¹	Change
General Insurance	736	27	nm	2,859	2,112	35%
Global Life	294	385	-24%	1,272	1,351	-6%
Farmers (incl. Farmers Re)	408	411	-1%	1,516	1,402	8%
Other Operating Businesses	-356	-260	-37%	-1,039	-910	-14%
Total BOP Operating business segments	1,081	563	92%	4,607	3,955	16%
Non-Core Businesses	32	10	nm	73	129	-44%
Total BOP	1,113	573	94%	4,680	4,084	15%

¹ Throughout this document, certain comparatives have been restated as set out in note 1 of the Consolidated financial statements.

Reconciliation from BOP to NIAS



in USD millions	Q4-13	Q4-12 ¹	Change	2013	2012 ¹	Change
Business Operating Profit	1,113	573	94%	4,680	4,084	15%
BOP attr. to Non-contr. int.	66	80	-18%	288	164	76%
Net capital gains/losses	578	947	-39%	1,143	1,278	-11%
Restructuring provisions ²	-212	-72	nm	-250	-211	19%
Other ³	-37	-45	-18%	-188	-38	nm
Profit before SH taxes	1,508	1,483	2%	5,674	5,277	8%
Shareholder taxes	-386	-430	-10%	-1,415	-1,302	9%
Non-controlling interests	-48	-65	-26%	-231	-89	nm
Net income attributable to shareholders	1,074	988	9%	4,028	3,887	4%

¹ Throughout this document, certain comparatives have been restated as set out in note 1 of the Consolidated financial statements.

² Includes impairments

³ USD 37m in restructuring charges in Q4 2013 are included within 'other'.

General Insurance – Key performance indicators



in USD millions	Q4-13	Q4-12	Change	2013	2012	Change
GWP and policy fees	8,256	8,301	-1%	36,438	35,610	2% ¹
Rate change ²	4.2%	4.3%	-0.1pts	3.7%	3.8%	-0.1pts
Loss ratio	68.6%	75.5%	6.8pts	68.3%	70.3%	2.0pts
Expense ratio	27.4%	28.7%	1.3pts	27.2%	28.0%	0.8pts
Combined ratio	96.0%	104.2%	8.1pts	95.5%	98.4%	2.9pts
Business operating profit	736	27	nm	2,859	2,112	35%

¹ Equivalent to 3% in local currency

² For details, please refer to specific notes on slide 12 with the "Rate Change Monitor"

Global Life – Key performance indicators



in USD millions

for the years ended December 31

	2013	2012	Change	Change in LC ¹
GWP and policy fees (incl. insurance deposits)	27,095	30,259	-10%	-10%
Net inflows to Assets under Mgmt.	-2,694	1,431	nm	nm
Annual Premium Equivalent (APE) ²	4,418	4,767	-7%	-6%
New business margin, after tax	28.3%	22.8%	5.5pts	5.5pts
New business value, after tax ²	1,251	1,085	15%	17%
Business operating profit	1,272	1,351	-6%	-4%

¹ Local currency

² NBV and APE are calculated before the effect of non-controlling interests. Non-controlling interests added USD 190 million and USD 135 million to NBV in 2013 and 2012 respectively, and USD 487 million and USD 426 million to APE in 2013 and 2012 respectively.

Farmers – Key performance indicators



in USD millions	Q4-13	Q4-12	Change	2013	2012	Change
Farmers Management Services						
Management fees and other related revenues	697	712	-2.0%	2,810	2,846	-1.3%
Managed gross earned premium margin ¹	7.1%	7.3%	-0.2pts	7.2%	7.3%	-0.1pts
Business operating profit	340	369	-7.8%	1,390	1,428	-2.6%
Farmers Re²						
Gross written premiums ³	951	980	-2.9%	4,045	4,361	-7.3%
Combined ratio	96.7%	99.3%	-2.6pts	100.2%	103.7%	-3.5pts
Catastrophe impact ⁴	1.6%	3.6%	-2.0pts	5.6%	5.9%	-0.3pts
Business operating profit	68	42	63%	125	-26	nm

¹ Margin on gross earned premiums of the Farmers Exchanges. 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 and receives fees for its services.

² Farmers Re business includes all reinsurance assumed from the Farmers Exchanges by the Group (i.e. Farmers Reinsurance Company and Zurich Insurance Company Ltd).

³ Effective December 31, 2012, the All Lines quota share reinsurance treaty participation rate with the Farmers Exchanges was reduced to 18.5% from 20%, and effective December 31, 2013, was reduced further from 18.5% to 18.0%. In addition, effective January 1, 2013, the Auto Physical Damage quota share reinsurance treaty was reduced from USD 1bn to USD 925m, per calendar year, and effective January 1, 2014, was reduced further from USD 925m to USD 900m.

⁴ As defined by the All Lines quota share reinsurance treaty.

Investment performance of Group Investments



in USD millions	Q4-13	Q4-12	Change	2013	2012	Change
Net investment income	1,582	1,629	-3%	6,240	6,782	-8%
Net capital gains/(losses) on investments and impairments ¹	552	1,213	-54%	1,157	2,201	-47%
<i>of which attributable to shareholders</i>	465	1,037	-55%	588	1,687	-65%
Net investment result	2,134	2,842	-25%	7,398	8,983	-18%
Net investment result in % ²	1.0%	1.4%	-0.3pts	3.5%	4.4%	-0.9pts
Movements in net unrealized gains on investments included in total equity ³	(551)	798	nm	(4,670)	5,349	nm
Total return on Group investments ²	0.8%	1.8%	-1.0pts	1.3%	7.0%	-5.7pts
Total Group Investments	207,280	209,582	-1%	207,280	209,582	-1%

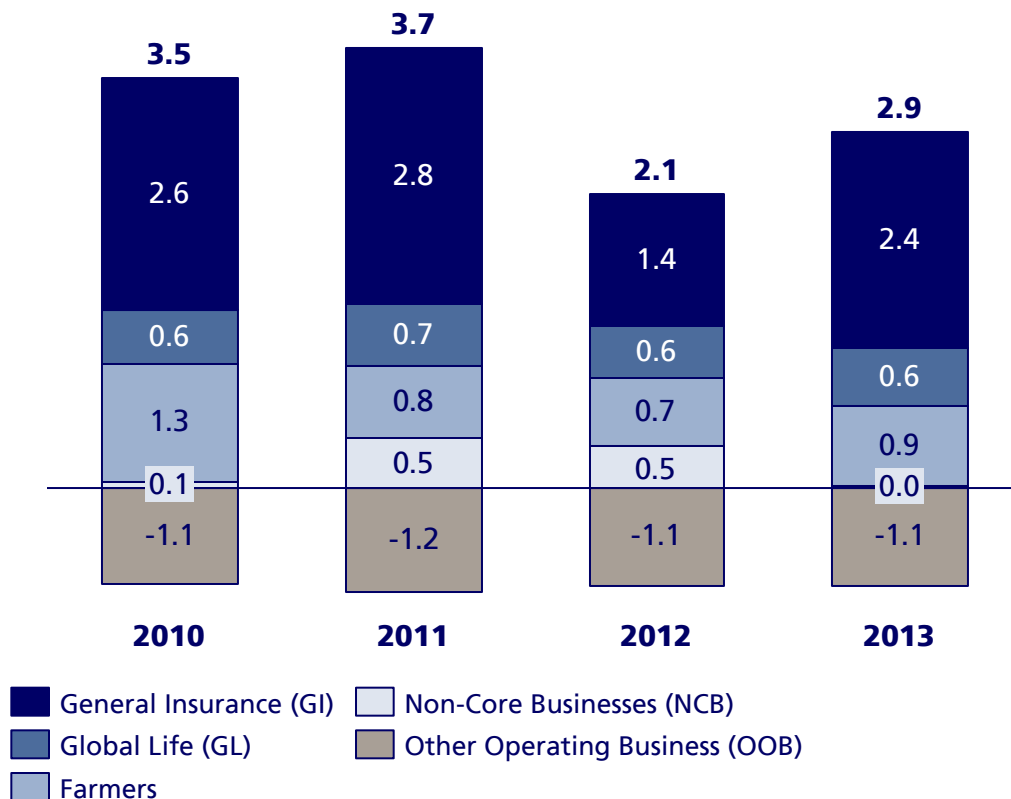
¹ Including impairments of USD 75m in Q4-13 (USD 56m in Q4-12) and USD 201m in 2013 (USD 208m in 2012)

² As % of average investments of USD 207,064m in Q4-13 (USD 207,449m in Q4-12) and USD 208,431m in 2013 (USD 204,066m in 2012)

³ Before attribution to policyholders and other. Gross unrealized gains on investments amounted to USD 6.0bn at 31 December 2013

Cash and capital

Net cash remittances
in USD billions



Key messages

- Strong FY-13 net cash remittances, materially unchanged from Investor Day disclosure
- Central liquidity buffers increased in all years presented
- Picture excludes large positive one off capital projects
- ZECM ratio at the top of the range as at 9m-13 at 120%
- FY-13 free Capital Generation and HY-14 cash remittance to be updated with HY-14 results presentation

Outlook for 2014



General Insurance

- Improved combined ratio¹
- Headwinds from low yields should be a much smaller issue than in 2013
- Non-tech expenses likely to be higher, and hedge fund gains lower

Global Life

- Growth in risk margin, slower decline in investment margin
- Continued strong performance from Zurich Santander
- Implement in-force management initiatives

Farmers

- Transitional year for Farmers Exchanges in terms of volumes
- Improved Farmers Re combined ratio, barring exceptional catastrophe losses

Other factors

- Focus on reducing complexity and overhead burdens
- Investment in priority markets
- Q1 pension gain estimated at USD 100m - USD 200m
- Remaining accounting and restructuring charges likely to be taken in H1

¹ Assuming large and catastrophe loss experience in line with 5 year averages.

Summary



- Solid operating profit in all core businesses
- Good growth in priority GI and Life markets, Farmers continues transition
- Strong cash remittances and capital position underpin CHF 17 per share dividend proposal
- 2014 priorities driven by new strategy

Q&A

Martin Senn, Chief Executive Officer

Vibhu Sharma, Interim CFO

Mike Kerner, CEO General Insurance

Kristof Terryn, CEO Global Life

Jeff Dailey, CEO Farmers

