

P&C Reserve Disclosure 2020

March 12, 2021

Zurich Insurance Group



Key messages

Reserve strength

We are confident in our approach and the strength of our reserves, with a consistent approach applied over 2020

Prior year development

Average net PYD over the FY-16 to FY-20 period in the upper half of the indicated ~1-2ppts range

Disclosure

Data cover ~74% of gross P&C loss reserves and do not include centrally held reserves

COVID-19 effects

The impact of COVID-19 in 2020 leads to a number of distortions that need to be considered when projecting the triangles, in addition to adjustments for more usual data features

Schedule P comparison

For North America, these triangles remove certain distorting influences caused by intragroup reinsurance affecting the published U.S. statutory data

Key features in the data

Using the data

- Data can be used for high level assessment when accounting for data features
- Lines of business comprise a diverse mix of underlying products and coverage types which, when projected in aggregate, can lead to higher or lower indications than held
- The mechanical chain-ladder approach may not be appropriate for volatile lines or accident years subject to catastrophes, as well as for recent and less developed accident years in longer tail lines; Zurich employs a range of methods for projecting recent accident years

COVID-19

- COVID-19 claims contribute significantly to 2020 accident year booked reserves in Property
- Frequency benefits from a reduction in claims activity are recognized in lower ultimate loss amounts, primarily in auto and workers compensation
- Temporary lags in claims reporting can be seen in lower paid or incurred to ultimate ratio, with claims developing more slowly than past accident years at the same stage of development

Catastrophe losses

- Catastrophes impacted recent accident years in North America and Europe, potentially distorting projections

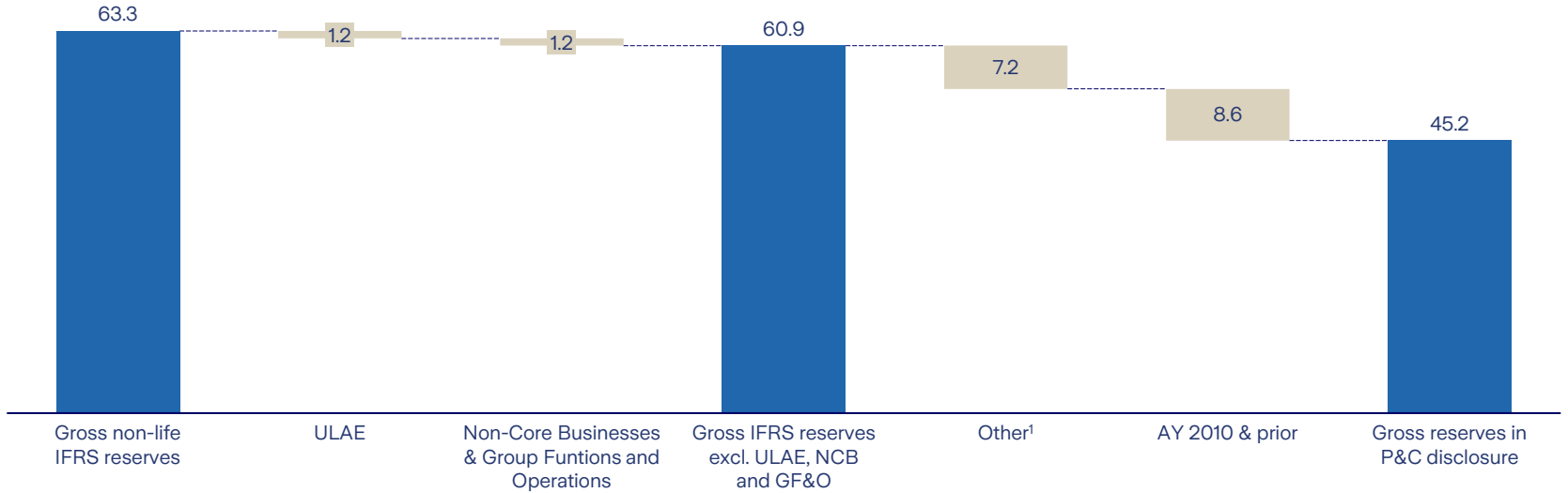
Workers Compensation

- Tail factors require extrapolation of the triangle or use of external data; Zurich's North America tail factors are well above industry average

Data cover ~74% of gross P&C reserves



FY-20 RECONCILIATION OF DISCLOSED RESERVES TO IFRS RESERVES (USDbn)

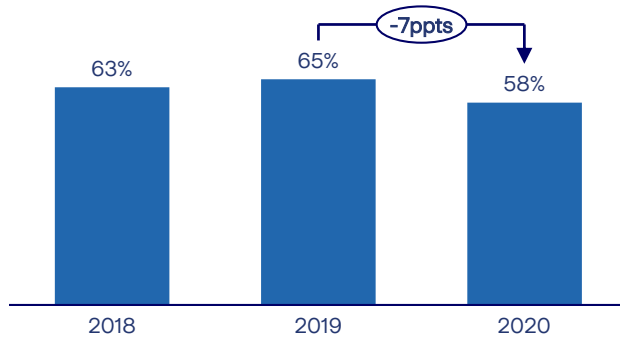


¹ Includes Asia Pacific, Latin America, Middle East and Africa, Farmers Re, Group Re, consolidation elimination and other exclusions.

Booked ultimate losses reflect both COVID-19 claims and related frequency benefits

CURRENT ACCIDENT YEAR LOSS RATIO¹

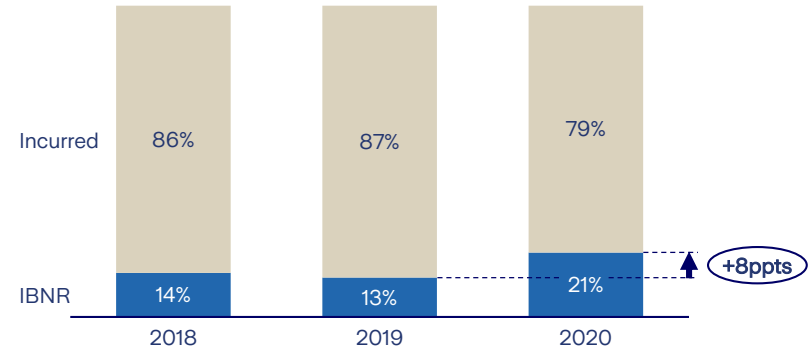
Example: Europe Auto



Lower accident year loss ratio in 2020 partially reflects a reduction in claims activity due to the COVID-19 outbreak and related restrictions implemented by governments

ULTIMATE LOSS AT FIRST REPORTING YEAR²

Example: Europe Property



COVID-19 claims contribute significantly to the 2020 accident year booked reserves in Property

¹ Calculated as ultimate losses divided by gross earned premium, as per FY-20 reserve disclosure.
² As per FY-20 reserve disclosure.

Temporary lag effects due to COVID-19 need to be considered when projecting claims

CURRENT ACCIDENT YEAR: INCURRED TO ULTIMATE RATOS¹

Example: North America Liability

| Incurred to ultimate ratio: | | 1 | 2 | 3 | 4 | 5 |
|-----------------------------|------|-----|-----|-----|-----|-----|
| Accident Year | 2015 | 18% | 36% | 53% | 67% | 77% |
| | 2016 | 14% | 34% | 53% | 67% | 74% |
| | 2017 | 16% | 35% | 54% | 66% | |
| | 2018 | 16% | 36% | 54% | | |
| | 2019 | 16% | 33% | | | |
| | 2020 | 12% | | | | |

Temporary lags in claims reporting are a major driver of the depressed incurred to ultimate ratios for AY 2020

PRIOR YEARS: LOSS DEVELOPMENT FACTORS (LDF)²

Example: European country - Retail Auto

| Incurred loss development factor: | | 1-2 | 2-3 | 3-4 | 4-5 |
|---------------------------------------|------|-------|-------|-------|-------|
| Accident Year | 2014 | 1.145 | 1.133 | 1.041 | 1.025 |
| | 2015 | 1.140 | 1.074 | 1.055 | 1.010 |
| | 2016 | 1.138 | 1.101 | 1.035 | 1.005 |
| | 2017 | 1.240 | 1.057 | 1.008 | |
| | 2018 | 1.025 | 1.051 | | |
| | 2019 | 0.969 | | | |
| LDF (5-year average) | | 1.102 | 1.083 | 1.032 | 1.013 |
| LDF (avg. excl. most recent diagonal) | | 1.137 | 1.101 | 1.038 | 1.016 |

Lag effects from COVID-19 (e.g., due to court closures or medical report delays) are a key driver of the below average LDFs along the most recent diagonal

¹ Calculated as incurred losses at each development period in the triangle divided by ultimate losses, as per FY-20 reserve disclosure.

² Calculated as the ratio, for a given accident year, of losses in the xth development period divided by losses in the (x-1)th development period.

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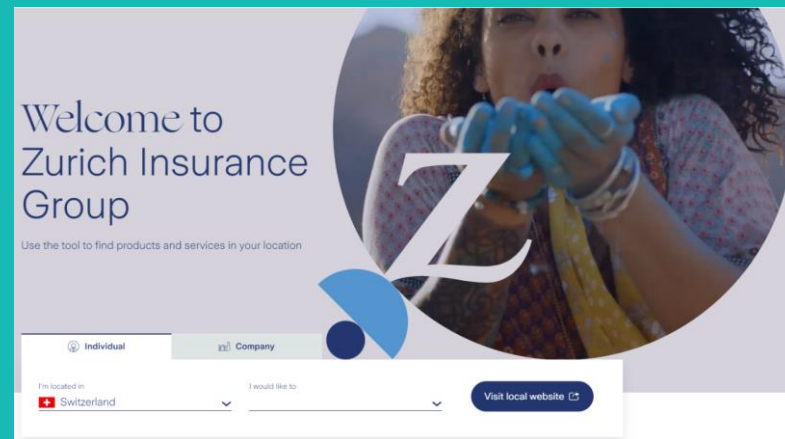
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Thank you

UPCOMING EVENTS

- April 7, 2021, Annual General Meeting 2021
- March 16-18, 2021, Morgan Stanley European Financials Conference 2021
- March 29-30, 2021, HSBC U.S. West Coast Financials Conference 2021
- May 12, 2021, Update for the three months ended March 31, 2021
- August 12, 2021, Half year results 2021
- November 11, 2021, Update for the nine months ended September 30, 2021
- November 18, 2021, Investor Day, Zurich