

Zurich delivers solid results through 2013 and proposes dividend of CHF 17

- BOP of USD 4.7 billion, up 15% compared with prior year
- NIAS of USD 4.0 billion, up 4% compared with prior year
- Combined ratio of 95.5%, an improvement of 2.9 pts compared with prior year
- BOPAT ROE 10.5%, up from 9.3%, or 1.2 pts compared with prior year
- Solid operating profit in all core businesses
- Good growth in priority GI and Life markets; Farmers continues transition
- Strong cash remittance and capital position underpin proposed dividend of CHF 17 per share
- 2014 priorities driven by new strategy

Select financial highlights – full year (12M) and fourth quarter (Q4) of 2013

(For a more comprehensive set of financial highlights covering the full year ended December 31, see page 8)

in USD millions, for the years ended December 31, unless otherwise stated	12M 2013	12M 2012 ¹	Change in USD	Q4 2013	Q4 2012 ¹	Change in USD
Business operating profit (BOP)	4,680	4,084	15%	1,113	573	94%
Net income after tax attributable to shareholders (NIAS)	4,028	3,887	4%	1,074	988	9%
Total Group business volumes ²	70,388	73,076	(4%)	17,422	19,111	(9%)
Net investment return on Group investments (calculated on average Group investments)	3.5%	4.4%	(0.9 pts)	1.0%	1.4%	(0.3 pts)
Total return on Group investments (calculated on average Group investments)	1.3%	7.0%	(5.7 pts)	0.8%	1.8%	(1.0 pt)
Shareholders' equity ³	32,503	34,505	(6%)	-	-	-
Diluted earnings per share (in CHF)	25.23	24.72	2%	6.55	6.24	5%
Book value per share (in CHF)	196.14	214.86	(9%)	-	-	-
Return on common shareholders' equity (ROE)	12.0%	11.8%	0.2 pts	13.3% ⁴	11.5% ⁴	1.8 pts
Business operating profit (after tax) return on common shareholders' equity (BOPAT ROE)	10.5%	9.3%	1.2 pts	10.3% ⁴	4.7% ⁴	5.5 pts

Zurich, February 13, 2014 – Zurich Insurance Group (Zurich) today reported a business operating profit (BOP) of USD 4.7 billion and net income attributable to shareholders (NIAS) of USD 4.0 billion for the year ended December 31, 2013.

“We delivered a solid operating profit in all core businesses, with good growth in priority General Insurance and Global Life markets, and Farmers focusing on implementing its new consumer strategy, while at the same time delivering resilient margins,” said Chief Executive Officer Martin Senn.

“Zurich’s solid results and strong cash generation have given our Board the confidence to propose a dividend of CHF 17 per share, reflecting the continued strength and stability of our business.”

“As we said at Investor Day in December 2013, much of our business performs very well and we are taking action to address areas where we need to improve. We will continue to build on the success of our combined General Insurance and Global Life offering to large corporate customers, leverage the strengths of our North America Commercial business to better serve commercial mid-market customers around the world and focus our retail business to markets where we can excel. We have moved quickly to take the first steps in executing this strategy. In our General Insurance business, we combined regional management of the Middle East & Africa with Europe allowing us better economies of scale in running the business. Global Life recently announced a plan to simplify its management structure and has exited an underperforming distribution channel in Hong Kong.”

The combined ratio benefited from fewer severe catastrophes compared with 2012 as well as cost efficiencies, while the underlying loss ratio for General Insurance improved in the full year of 2013 through disciplined underwriting. These improvements were partly offset by an increase in both large and weather-related losses while investment income declined compared with 2012.

Global Life BOP continued to increase in Latin America, which however, was more than offset by reductions in North America, Europe, Asia-Pacific and Middle East

(APME). Improvements from the increased contribution from Zurich Santander and improvements in the expense and risk margins were largely offset by a reduction in the investment margin.

Farmers showed profit growth due to an improved underwriting result at Farmers Re. This increase was partly offset by lower business operating profit in Farmers Management Services, also partly reflecting the rate and re-underwriting actions taken in the Farmers Exchanges.

During the fourth quarter of 2013, the Group recorded a USD 318 million restructuring and accounting charge, mainly due to the current review of the retail business in Russia in light of the Group's new strategic priorities.

The Non-Core Businesses recorded a BOP of USD 73 million compared with USD 129 million in 2012.

The Group preserved a strong capital position with shareholders' equity of USD 32.5 billion.

Segment performance (for the year ended December 31, 2013)

General Insurance

in USD millions, for the years ended December 31, unless otherwise stated	2013	2012	Change in USD	Change in LC
General Insurance gross written premiums and policy fees	36,438	35,610	2%	3%
General Insurance business operating profit	2,859	2,112	35%	35%
General Insurance combined ratio	95.5%	98.4%	2.9 pts	2.7 pts

General Insurance BOP increased by USD 747 million to USD 2.9 billion. This reflects the sustained focus on disciplined underwriting and expense management, also evidenced in the combined ratio which improved by 2.9 percentage points to 95.5%. The underlying loss experience and expenses improved in 2013 compared with 2012, with savings initiatives to reduce expenses reflected in a lower expense ratio. The business also benefited from lower levels of major catastrophes and a greater release of

reserves from prior accident years compared with 2012. These improvements were partly offset by an increase in both large and weather-related losses. Investment income declined compared with 2012.

General Insurance gross written premiums and policy fees increased by USD 828 million to USD 36.4 billion, or by 2% in U.S. dollar terms and 3% on a local currency basis, led by markets where the Group has targeted growth. Premium growth was particularly strong in Global Corporate, both in North America and Europe as well as in North America Commercial, with the North American business benefiting from an improving market environment which continued to support rate increases. Premiums in International Markets, particularly on a local currency basis, increased as these businesses executed growth strategies.

Global Life

in USD millions, for the years ended December 31, unless otherwise stated	2013	2012	Change in USD	Change in LC
Global Life gross written premiums, policy fees and insurance deposits	27,095	30,259	(10%)	(10%)
Global Life business operating profit	1,272	1,351	(6%)	(4%)
Global Life new business annual premium equivalent (APE) ⁵	4,418	4,030	10%	11%
Global Life new business margin, after tax (as % of APE) ⁵	28.3%	22.1%	6.2 pts	6.4 pts
Global Life new business value, after tax ⁵	1,251	890	41%	43%

Global Life BOP decreased by USD 80 million to USD 1.3 billion or by 6% in U.S. dollar terms and 4% on a local currency basis. Increases in Latin America were more than offset by reductions in North America, Europe and APME.

Global Life gross written premiums, policy fees and insurance deposits decreased by USD 3.2 billion to USD 27.1 billion, or by 10% in both U.S. dollar terms and on a local currency basis compared with 2012. Growth in gross written premiums in the higher-margin protection business was more than offset by an expected reduction in insurance deposits in the UK, due to the implementation of new regulations on intermediary commission payments which affected sales of certain single premium products.

Overall new business value (NBV) increased by USD 361 million to USD 1.3 billion, or by 41% in U.S. dollar terms and 43% on a local currency basis. This increase was driven by the first-time inclusion of Zurich Santander, which contributed USD 268 million of the increase, as well as by a strong performance in all regions led by volume growth in higher-margin protection products.

New business annual premium equivalent (APE) increased by USD 388 million to USD 4.4 billion, or by 10% in U.S. dollar terms and 11% on a local currency basis, benefiting from the first time inclusion of USD 821 million from Zurich Santander. This was partly offset by lower levels of single premium products in the UK and a reduction of APE in Chile, where 2012 included the impact from successful participation in the biennial Social Security (SIS) bid process. No additional APE was recorded on this contract in 2013.

Farmers

in USD millions, for the years ended December 31, unless otherwise stated	2013	2012	Change in USD	Change in LC
Farmers Management Services management fees and other related revenues	2,810	2,846	(1%)	(1%)
Farmers Re gross written premiums and policy fees	4,045	4,361	(7%)	(7%)
Farmers business operating profit	1,516	1,402	8%	8%
Farmers Management Services gross management result	1,353	1,366	(1%)	(1%)
Farmers Management Services managed gross earned premium margin	7.2%	7.3%	(0.1 pts)	(0.1 pts)

Farmers BOP increased by USD 114 million to USD 1.5 billion or by 8%. This was due to an increased underwriting result at Farmers Re. Farmers Re benefited from rate increases and the re-underwriting of business in the Farmers Exchanges. The Farmers Exchanges are owned by their policyholders and managed by Farmers Group, Inc., a wholly owned subsidiary of the Group. Farmers Management Services BOP decreased by USD 38 million to USD 1.4 billion, mainly due to a decrease in management fees and other related revenues as well as lower investment income. Farmers Re business operating profit increased by USD 152 million to a profit of USD 125 million.

Farmers Management Services management fees and other related revenues of USD 2.8 billion decreased by USD 36 million, or by 1%, among other factors due to lower levels of fees on new business policies.

Farmers Re gross written premiums decreased by 7% to USD 4.0 billion, reflecting a reduced participation in the quota share reinsurance agreements with the Farmers Exchanges, as well as a 2% reduction in gross written premiums in the Farmers Exchanges.

Other Operating Businesses: Other Operating Businesses, predominantly consisting of the headquarters' expenses and external financing activities, reported an operating loss of USD 1 billion, a deterioration of 14% compared with 2012. This was driven primarily by decreased investment income in Holding and financing and several non-recurring items in the Headquarters result.

Non-Core Businesses: Non-Core Businesses reported a BOP of USD 73 million compared with USD 129 million in 2012. The decline was primarily in other run-off businesses and is attributable to a one-off gain in 2012 from the reassessment of liabilities on certain life run-off policies.

Group investments

in USD millions, for the years ended December 31, unless otherwise stated	2013	2012	Change in USD	Change in LC
Average Group investments	208,431	204,066	2%	1%
Net investment result on Group investments	7,398	8,983	(18%)	(18%)
Net investment return on Group investments (calculated on average Group investments)	3.5%	4.4%	(0.9 pts)	(0.8 pts)
Total return on Group investments (calculated on average Group investments)	1.3%	7.0%	(5.7 pts)	(5.7 pts)

The net investment result on Group investments, which includes investment income, realized gains and losses and impairments, contributed USD 7.4 billion to the Group's total revenues for the year ended December 31, 2013, a net return of 3.5%. Net capital gains on investments and impairments amounted to USD 1.2 billion and included

gains of USD 692 million from the sale of all of the Group's remaining shares in New China Life Insurance Company Ltd.

Net unrealized gains reported in total shareholders' equity decreased by USD 4.7 billion since December 31, 2012, as a result of a significant rise in yields on debt securities and substantial gains realization in the equity portfolio from active portfolio management. The strongly positive performance of equities and tighter credit spreads on corporate bonds as well as EU peripheral sovereign bond portfolios mitigated the impact of rising yields.

Total return on Group investments, which includes investment income, realized gains and losses and impairments as well as changes in unrealized gains and losses reported in total shareholders' equity, was 1.3%.

¹ December 31, 2012 has been restated as set out in note 1 of the Consolidated financial statements.

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 December 31, 2013 and December 31, 2012, respectively.

⁴ Calculated based on the discrete quarter result and annualized. See the Financial Supplement and the Operating and Financial Review on the Investor Relations' page of our website www.zurich.com.

⁵ New business amounts are calculated on embedded value principles before the effect of non-controlling interests. See Embedded value report for details of these principles. New business amounts for the year ended December 31, 2012 do not include Zurich Santander or new operations in Asia (including Zurich Insurance Malaysia Berhad – ZIMB).

Financial Highlights

The following table presents the summarized consolidated results of the Group for the year ended December 31, 2013 and 2012, and the financial position as of December 31, 2013 and December 31, 2012, respectively. All amounts are shown in U.S. dollars and rounded to the nearest million unless otherwise stated, with the consequence that the rounded amounts may not add to the rounded total in all cases. All ratios and variances are calculated using the underlying amounts rather than the rounded amounts. This document should be read in conjunction with the Annual Report 2013 for the Zurich Insurance Group and with its Consolidated financial statements 2013. Certain comparative figures have been restated as set out in note 1 of the Consolidated financial statements. In addition to the figures stated in accordance with International Financial Reporting Standards (IFRS), the Group uses business operating profit (BOP), new business measures and other performance indicators to enhance the understanding of its results. Details of these additional measures are set out in the separately published Glossary. These should be viewed as complementary to, and not as substitutes for the IFRS figures. For a reconciliation of BOP to net income attributable to shareholders, see note 28 of the Consolidated financial statements.

in USD millions, for the full years ended December 31, unless otherwise stated	2013	2012 ¹	Change ²
Business operating profit	4,680	4,084	15%
Net income attributable to shareholders	4,028	3,887	4%
General Insurance gross written premiums and policy fees	36,438	35,610	2%
Global Life gross written premiums, policy fees and insurance deposits	27,095	30,259	(10%)
Farmers Management Services management fees and other related revenues	2,810	2,846	(1%)
Farmers Re gross written premiums and policy fees	4,045	4,361	(7%)
General Insurance business operating profit	2,859	2,112	35%
General Insurance combined ratio	95.5%	98.4%	2.9 pts
Global Life business operating profit	1,272	1,351	(6%)
Global Life new business annual premium equivalent (APE) ³	4,418	4,030	10%
Global Life new business margin, after tax (as % of APE) ³	28.3%	22.1%	6.2 pts
Global Life new business value, after tax ³	1,251	890	41%
Farmers business operating profit	1,516	1,402	8%
Farmers Management Services gross management result	1,353	1,366	(1%)
Farmers Management Services managed gross earned premium margin	7.2%	7.3%	(0.1 pts)
Average Group investments	208,431	204,066	2%
Net investment result on Group investments	7,398	8,983	(18%)
Net investment return on Group investments ⁴	3.5%	4.4%	(0.9 pts)
Total return on Group investments ⁴	1.3%	7.0%	(5.7 pts)
Shareholders' equity	32,503	34,505	(6%)
Swiss Solvency Test capitalization ratio ⁵	206%	185%	21 pts
Diluted earnings per share (in CHF)	25.23	24.72	2%
Book value per share (in CHF)	196.14	214.86	(9%)
Return on common shareholders' equity (ROE)	12.0%	11.8%	0.2 pts
Business operating profit (after tax) return on common shareholders' equity (BOPAT ROE)	10.5%	9.3%	1.2 pts

¹ December 31, 2012 has been restated as set out in note 1 of the Consolidated financial statements.

² Parentheses around numbers represent an adverse variance.

³ New business amounts are calculated on embedded value principles before the effect of non-controlling interests. See Embedded value report for details of these principles. New business amounts for the year ended December 31, 2012 do not include Zurich Santander or new operations in Asia (including Zurich Insurance Malaysia Berhad – ZIMB).

⁴ Calculated on average Group investments.

⁵ Ratios as of July 1, 2013 and January 1, 2013, respectively, are 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).

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 and iPad: <http://www.media-server.com/m/p/sxq4qcm3>

Live media event

A media event for journalists is scheduled from 10.00 hrs to 11.15 hrs with CEO Martin Senn and interim CFO Vibhu Sharma who will be joined for the Q&A session by Farmers CEO Jeff Dailey, General Insurance CEO Mike Kerner and Global Life CEO Kristof Terryn. The event takes place at the Auditorium of Zurich's Headquarters, Mythenquai 2, 8002 Zurich. The presentation will be held in English, the Q&A session is open for English and German questions. If you cannot attend you may dial-in and it is also possible to ask questions in the Q&A session. Please dial-in to register approximately 5 minutes prior to the start of the media briefing. Dial-in numbers please see below.

The [media presentation](#) will be available from 09.45 hrs on our website www.zurich.com. In addition to that [Remarks from Martin Senn and Vibhu Sharma](#) will be available after the end of the media briefing on our website www.zurich.com.

Q&A session for analysts and investors

In addition, there will be a conference call Q&A session for analysts and investors with CEO Martin Senn and interim CFO Vibhu Sharma, 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 16.00 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 www.zurich.com. Please click on the [Annual results 2013](#) link on the bottom left corner of our homepage.

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](#).

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
media@zurich.com
[twitter @Zurich](#)

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 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.