

Zurich reports BOP of USD 2.5 billion for first nine months of 2015, GI result in line with preliminary indications

- **Q3 BOP of USD 256 million, down 79% compared with prior year; BOP for first nine months down 35% at USD 2.5 billion**
- **Q3 NIAS of USD 207 million, down 79% compared with prior year; NIAS for first nine months down 27% at USD 2.3 billion**
- **General Insurance combined ratio of 101.9% for the first nine months of 2015 and 108.9% for Q3; operational review has identified action plan with first steps taken**
- **Global Life delivered 18% growth in nine month BOP and new business sales at constant currency**
- **Farmers remains on track**
- **Strong solvency capital on all key metrics**

Select financial highlights – first nine months (9M) and third quarter (Q3) of 2015

in USD millions, for the nine and three months ended September 30, unless otherwise stated	9M 2015	9M 2014	Change in USD¹	Q3 2015	Q3 2014	Change in USD¹
Business operating profit (BOP)	2,494	3,826	(35%)	256	1,206	(79%)
Net income after tax attributable to shareholders (NIAS)	2,266	3,089	(27%)	207	966	(79%)
Total Group business volumes ²	51,785	54,733	(5%)	15,776	17,166	(8%)
Net investment return on Group investments (calculated on average Group investments)	3.0%	3.3%	(0.3 pts)	1.0%	1.1%	(0.2 pts)
Total return on Group investments (calculated on average Group investments)	1.2%	6.4%	(5.2 pts)	1.1%	1.5%	(0.4 pts)
Shareholders' equity ³	31,611	34,735	(9%)			
Diluted earnings per share (in CHF)	14.43	18.63	(23%)			
Book value per share (in CHF) ³	206.99	232.65	(11%)			



Zurich, November 5, 2015 – Zurich Insurance Group (Zurich) today reported a business operating profit (BOP) of USD 2.5 billion and net income attributable to shareholders (NIAS) of USD 2.3 billion for the nine months ended September 30, 2015.

“These results are in line with [the preliminary](#) update that we released in September in response to the underperformance in parts of our General Insurance business,” said Chief Executive Officer Martin Senn. “A comprehensive review of the business has led to an action plan to improve performance, reduce volatility and deliver a rapid recovery in profitability. This includes the reshaping of the management team, re-underwriting and exit of underperforming portfolios and additional measures to improve efficiency.”

“Global Life and Farmers continue to perform in line with expectations and Zurich remains well capitalized and profitable.”

General Insurance reported a BOP of USD 983 million for the first nine months and a business operating loss of USD 183 million for the discrete third quarter. The combined ratio for the nine months deteriorated from 96.0% to 101.9%. As reported on September 21, 2015, this result was due to a number of factors including a USD 275 million loss related to the explosions in Tianjin and other large losses, as well as adverse claims experience and negative prior year development in certain portfolios.

The review of the business is on track, with actions already being implemented to address underlying performance issues. The business is exploring options to reduce earnings volatility through the use of reinsurance and other measures, and is re-underwriting, re-pricing or exiting a number of underperforming portfolios. Additional cost savings are being implemented, while further measures are being taken to sharpen the business focus and streamline governance and organization.

Collectively, these initiatives are designed to reinforce underwriting discipline, reduce large losses and improve efficiency.

Global Life BOP for the nine months was USD 1 billion and USD 328 million for the discrete quarter, benefiting from lower central costs, the positive effect of in-force initiatives and certain reserve re-estimations. Both BOP and new business sales increased by 18% on a constant currency basis for the nine month period. Gross written premiums, policy fees and insurance deposits remained stable at USD 21.3 billion.

Farmers BOP was down 7% at USD 1.1 billion for the nine months, largely due to a reduction in investment income and a higher combined ratio at Farmers Re. Management fees and other related revenues at Farmers Management Services were unchanged from the prior year period at USD 2.1 billion. The positive growth trend at the Farmers Exchanges, which are owned by their policyholders and managed by Farmers Group Inc., a wholly owned subsidiary of the Group, continued.

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 loss of USD 12 million, compared to a loss of USD 85 million in the prior year, mainly due to a one-off reserve strengthening in 2014.

In **Other Operating Businesses**, the holding and financing business operating loss narrowed by USD 125 million to USD 549 million, which was largely due to lower refinancing costs and one-off currency gains.

Group investments, which includes net investment income, realized net capital gains and losses and impairments, contributed USD 6.0 billion to the Group's total revenues for the nine months ended September 30, 2015, a net return of 3.0% (not annualized). Total return on Group investments was 1.2% (not annualized), compared with 6.4% in the same period of 2014.

The Group maintained its very strong **capital position**. At the half year, the Group's solvency, as determined under the Swiss Solvency Test (SST)⁴ stood at 203% and the Zurich-Economic Capital Model (Z-ECM)⁴ ratio stood at 123%. The Group will set out how the projected USD 3 billion of excess capital will be allocated between organic

or inorganic investments and cash returns to investors, beyond the ordinary dividend, with the full year results in February 2016.

¹ Parentheses around numbers represent an adverse variance.

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, 2015 and December 31, 2014, respectively.

⁴ The Swiss Solvency Test (SST) ratio is 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). The ratio is filed with FINMA at the full year and is subject to its approval.

Further information

Written comments to accompany the [investor and media presentation](#) will be available from 06.45 CET on our website www.zurich.com.

There will be a media conference call in English starting at 08.00 CET for questions by journalists to Chief Executive Officer Martin Senn and Chief Financial Officer George Quinn. In addition, there will be a conference call Q&A session for analysts and investors starting at 13.00 CET. Media may listen in. A podcast of this Q&A session will be available from 16.45 CET. Please dial-in to register 3 to 5 minutes prior to the start of the respective call.

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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.

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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 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.

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