

New business overview (unaudited) 2013

Zurich Insurance Group

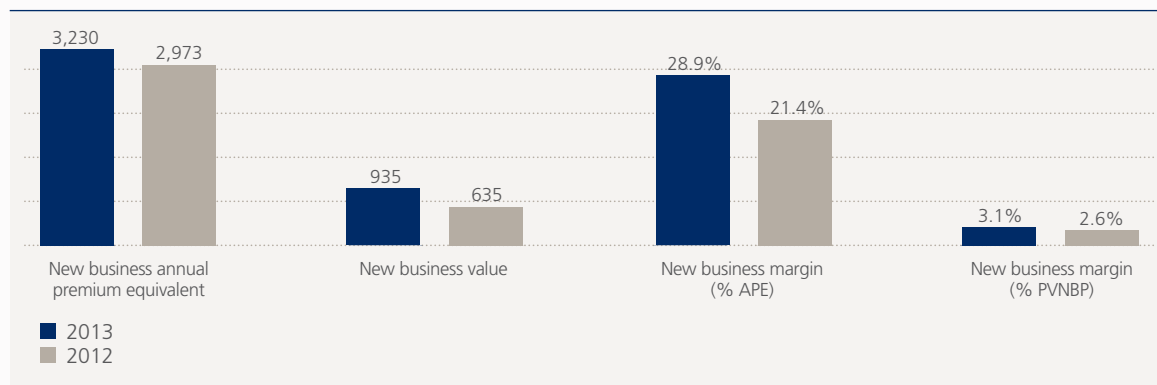
Results for the nine months to September 30, 2013

New business overview (unaudited)

New business overview – Global Life (unaudited)

Key results

in USD millions, for the nine months ended September 30



New business key results

	2013	2012 ¹	Change
in USD millions, for the nine months ended September 30			
New business annual premium equivalent	3,230	2,973	257
New business value	935	635	300
<i>New business value net of non-controlling interests</i>	790	604	186
New business margin (% APE)	28.9%	21.4%	7.6%
New business margin (% PVNBP)	3.1%	2.6%	0.5%

¹ New business for 2012 does not include Zurich Santander or new operations in Asia.

Growth and increased profitability in Latin America along with improved margins in most European countries increased total new business value for the nine months ended September 30, 2013 compared with the same period of 2012. Sales of profitable protection business remain strong while sales of lower margin savings business continue to decline, and this resulted in an overall margin increase. New business for the nine months ended September 30, 2013 included contributions from Zurich Santander.

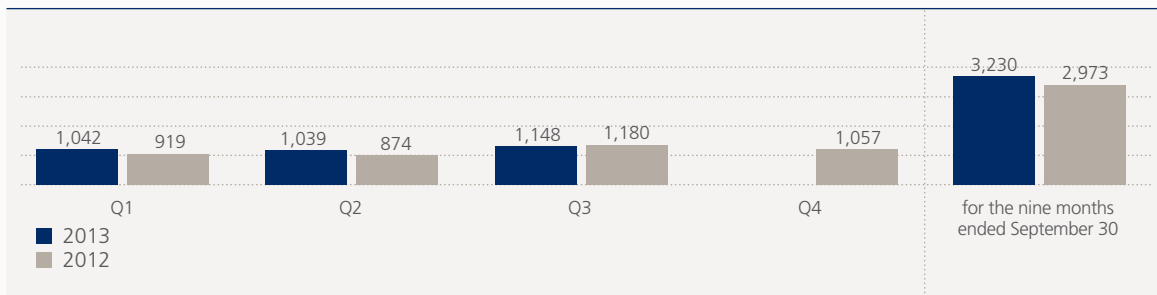
New business annual premium equivalent (APE) was USD 3,230 million, an increase of USD 257 million in U.S. dollar terms, benefitting from the first time inclusion during 2013 of Zurich Santander. APE for the remaining business reduced by USD 342 million or by 11 percent on a local currency basis. This was driven by reduced sales of low margin savings business in Europe and no repeat of business from participation in the Social Security business in Chile as the contract is sold biennially.

New business value was USD 935 million, an increase of USD 300 million compared with the same period of 2012. Excluding Zurich Santander, the new business value increased by USD 93 million or 15 percent on a local currency basis. This increase was driven by improved margins in Switzerland and Spain, volume growth in North America, and business from new operations in Asia-Pacific.

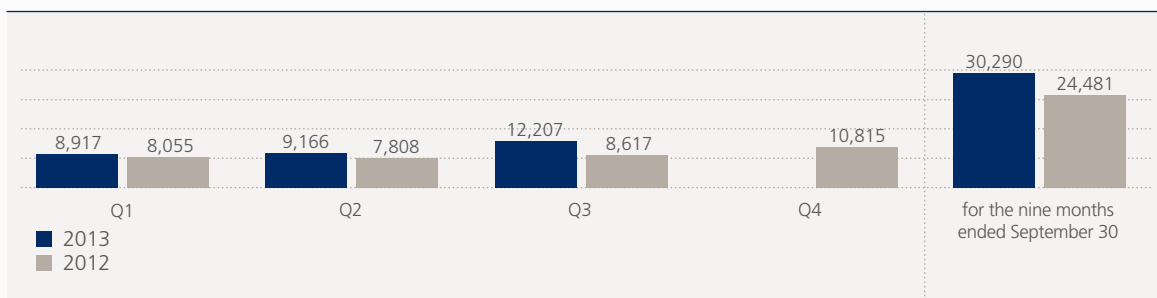
New business margin was 28.9 percent, an increase of 7.6 percentage points compared with the same period of 2012. This was a result of increased profitability in Europe and other regions and the inclusion of Zurich Santander, which contributed 34.6 percent in new business margin.

1. New business

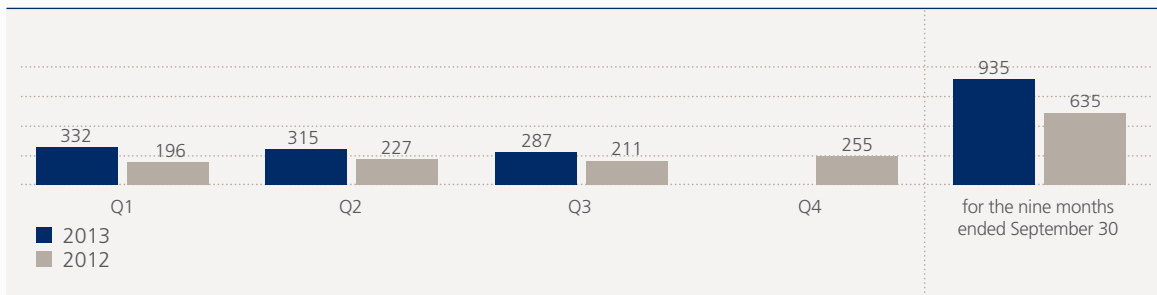
Annual premium equivalent (APE)
in USD millions



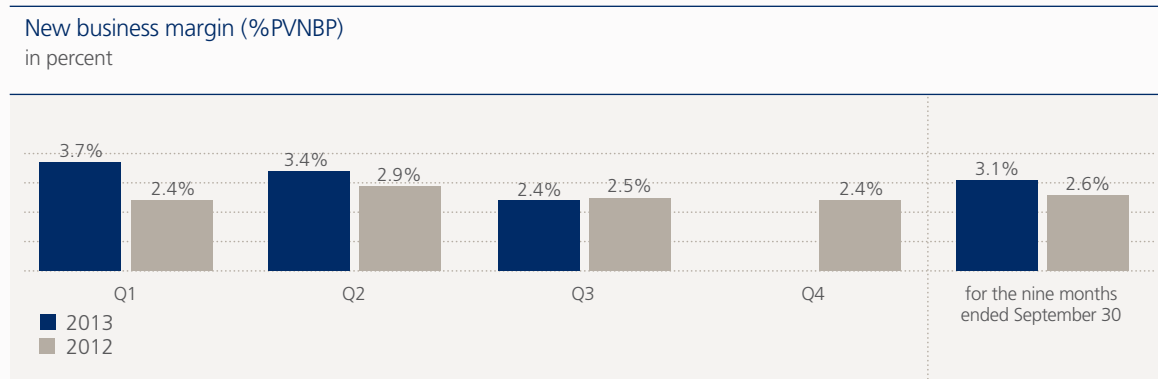
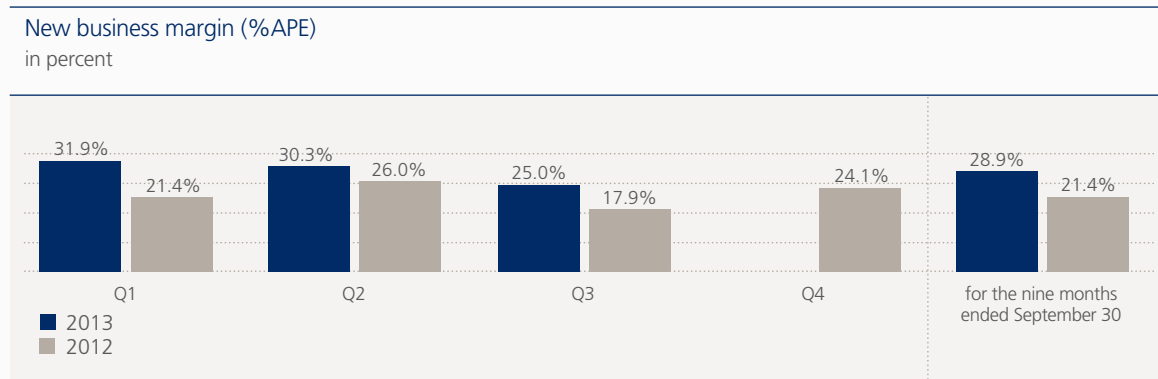
Present value of new business premiums (PVNBP)
in USD millions



New business value
in USD millions



New business overview (unaudited) *continued*



New business by quarter

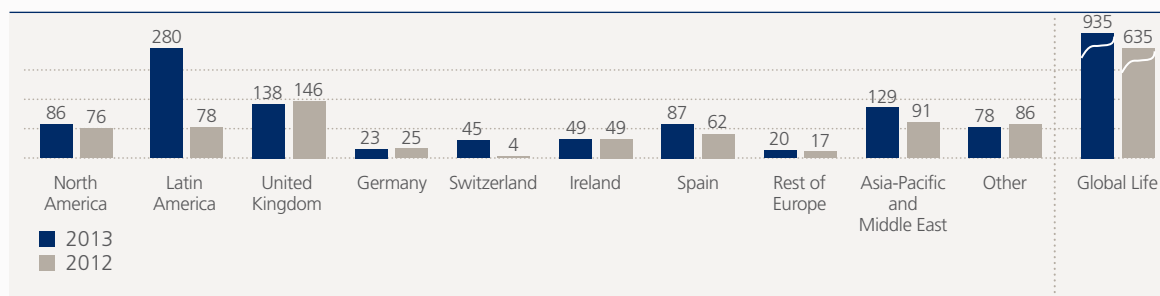
in USD millions	2013					2012				
	Q1	Q2	Q3	Q4	Q3 YTD	Q1	Q2	Q3	Q4	Q3 YTD
Annual premium equivalent (APE)¹	1,042	1,039	1,148		3,230	919	874	1,180	1,057	2,973
Annual premiums	684	706	783		2,173	582	529	906	661	2,016
Single premiums	3,583	3,330	3,649		10,562	3,371	3,451	2,741	3,964	9,563
Present value of new business premiums (PVNBP) ²	8,917	9,166	12,207		30,290	8,055	7,808	8,617	10,815	24,481
Average annual premium multiplier	7.8	8.3	10.9		9.1	8.1	8.2	6.5	10.4	7.4
New business value	332	315	287		935	196	227	211	255	635
New business margin (% of APE)	31.9%	30.3%	25.0%		28.9%	21.4%	26.0%	17.9%	24.1%	21.4%
New business margin (% of PVNBP)	3.7%	3.4%	2.4%		3.1%	2.4%	2.9%	2.5%	2.4%	2.6%

¹ APE is measured as new annual premiums plus 10 percent of new single premiums.

² PVNBP is measured as new single premiums plus the present value of new annual premiums.

Geographical region

New business value by geographical region
in USD millions, for the nine months ended September 30



New business by geographical region

in USD millions, for the nine months ended September 30

	APE		PVNBP		New business value		New business margin			
							% of APE		% of PVNBP	
	2013	2012 ¹	2013	2012 ¹	2013	2012 ¹	2013	2012 ¹	2013	2012 ¹
North America	119	88	1,003	884	86	76	72.7%	86.7%	8.6%	8.6%
Latin America	863	654	4,407	1,983	280	78	32.4%	12.0%	6.3%	3.9%
of which:										
<i>Zurich Santander</i>	599	–	3,108	–	207	–	34.6%	–	6.7%	–
Europe	1,728	1,763	20,616	18,106	361	303	20.9%	17.2%	1.8%	1.7%
<i>United Kingdom</i>	795	847	12,038	9,306	138	146	17.4%	17.3%	1.1%	1.6%
<i>Germany</i>	244	311	1,900	3,086	23	25	9.4%	8.0%	1.2%	0.8%
<i>Switzerland</i>	184	145	2,212	1,747	45	4	24.3%	2.6%	2.0%	0.2%
<i>Ireland</i>	297	251	2,554	2,118	49	49	16.5%	19.6%	1.9%	2.3%
<i>Spain</i>	91	104	935	946	87	62	95.4%	59.3%	9.3%	6.5%
<i>Rest of Europe</i>	118	104	977	903	20	17	16.9%	16.7%	2.0%	1.9%
Asia-Pacific and Middle East	384	352	2,779	2,331	129	91	33.6%	25.9%	4.6%	3.9%
Other	136	117	1,486	1,178	78	86	57.4%	73.7%	5.3%	7.3%
Global Life	3,230	2,973	30,290	24,481	935	635	28.9%	21.4%	3.1%	2.6%

¹ New business for 2012 does not include Zurich Santander or new operations in Asia.

North America increased APE by USD 31 million or 35 percent. The main driver was increased sales of individual and corporate protection business. Changes in the mix of business resulted in reduced margins. New business value increased by USD 10 million or 13 percent.

Zurich Santander delivered a strong APE of USD 599 million. Strong sales of protection business were the result of an incentive campaign in Brazil. With strong margins, Zurich Santander delivered new business value of USD 207 million.

APE in the rest of Zurich's businesses in **Latin America** decreased by USD 390 million or 58 percent on a local currency basis. This was the result of the successful participation in the Social Security (SIS) biennial bid process in Chile in 2012. Excluding this business, APE increased by USD 18 million from continued strong sales of individual protection business in Mexico, and new business value increased by USD 15 million.

New business overview (unaudited) *continued*

Overall in **Europe**, APE decreased by USD 34 million or by 2 percent on a local currency basis. The main reductions were in the UK and Germany. Margins increased strongly in Switzerland and Spain. New business value increased by USD 58 million or 18 percent on a local currency basis.

In the **UK**, APE decreased by USD 51 million or 4 percent on a local currency basis as a result of reduced sales of individual savings business following the implementation of new regulations (Retail Distribution Review), partially offset by increased sales of corporate savings business in the third quarter. Margins were stable with the impact of lower corporation tax rates offset by lower profitability from corporate business. Overall new business value decreased by USD 8 million or 4 percent on a local currency basis.

In **Germany**, APE decreased by USD 67 million or 24 percent on a local currency basis. This was mainly driven by lower sales of savings business. New business value reduced by USD 2 million or 10 percent on a local currency basis.

In **Switzerland**, APE increased by USD 39 million or 26 percent on a local currency basis, partially as a result of a change in the method for recognizing premiums from group pension business. Individual life profitability increased due to re-pricing and a change in the mix of business. New business value increased by USD 41 million.

In **Ireland**, APE increased by USD 46 million or 15 percent on a local currency basis benefitting from cross-border sales, mainly to Italy. The effect on new business value from this increased volume was offset by reduced margins on domestic Irish business. In total, new business value was flat.

APE in **Spain** decreased mainly due to lower sales of savings products. New business value increased by USD 25 million or 37 percent on a local currency basis as a consequence of increased sales of highly profitable protection business.

In **Rest of Europe**, APE increased by USD 13 million or 10 percent on a local currency basis. Margins were stable and new business value increased by USD 2 million or by 11 percent on a local currency basis.

In **Asia-Pacific and Middle East**, APE increased by USD 32 million or 12 percent on a local currency basis. The increase arose from the inclusion of Zurich Insurance Malaysia Berhad (ZIMB) in new business reporting and from new local life insurance businesses in Singapore, Indonesia and Taiwan in 2013. Products sold by these businesses have high margins. New business value increased by USD 38 million or 46 percent on a local currency basis.

In **Other**, APE increased by USD 20 million or 15 percent on a local currency basis. New business value decreased by USD 8 million or 9 percent on a local currency basis due to a reduction in margins on this business.

2. Methodology and assumptions

Methodology

The new business value results presented in this report have been developed using the European Insurance CFO Forum MCEV Principles updated in October 2009.

A more complete description of the methodology applying these principles is set out in the embedded value methodology section of the Annual Report 2012.

Assumptions

Projections of future shareholder cash flows expected to emerge from new business are determined using best estimate operating assumptions. These assumptions, including mortality, morbidity, persistency and expenses, reflect recent experience and are actively reviewed. Allowance is made for future improvements in annuitant mortality based on experience and externally published data. Favorable changes in operating efficiency are not anticipated in the assumptions – in particular for expenses and persistency.

For each discrete quarter of new business, economic assumptions are based on market conditions at the start of the quarter. New business operating assumptions are reviewed annually and updated as appropriate with effect from the first quarter of the next calendar year. In general the operating assumptions remain unchanged throughout the year.

Further commentary on these assumptions is available in the Annual Report 2012. Details of the economic assumptions for the major economies in which Global Life carries out business can be downloaded in a spreadsheet from the Investor Relations section at www.zurich.com.

The assumptions in the new business value models are based on market consistent assumptions. Interest volatility is derived from the implied volatility of interest rate swaptions. Swaption implied volatilities vary both by the term of the option and also the term of the underlying swap contract, a fact that is reflected in the economic scenarios. The equity volatilities are based on at-the-money forward European options on capital indices, consistent with traded options in the market. Volatility of property investments is derived from relevant historical return data for each modelled economy.

¹ © Stichting CFO Forum Foundation 2008

New business overview (unaudited) *continued*

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