

Annual results 2014

Presentation live media event

February 12, 2015

Zurich Insurance Group



Agenda

- 09:00 hrs. Welcome - Maeve Gallagher, Head External & Digital Communications
- Results overview - Martin Senn, Chief Executive Officer
- Financial highlights - George Quinn, Chief Financial Officer
- General Insurance overview - Mike Kerner, CEO General Insurance
- Global Life overview - Kristof Terryn, CEO Global Life
- Farmers overview - George Quinn, Chief Financial Officer
- 09:50 hrs. Q&A session
- 10:10 hrs. Closing remarks - Martin Senn, Chief Executive Officer
- 10:15 hrs. End of session

Results overview

Martin Senn, Chief Executive Officer



Key financials

ROE below target, strong Z-ECM and cash remittances

FY-14 KEY RESULTS

BOP

USD 4.6bn (-1%)

NIAS

USD 3.9bn (-3%)

TARGET METRICS OVER STRATEGIC PERIOD

BOPAT ROE ¹	FY-14	Target
	11.1%	12 – 14%
Z-ECM ²	9M-14	Target
	127%	100 – 120%
Net cash remittances	FY-14	Cumulative 3-year target
	USD 3.7bn	> USD 9bn

¹ Business operating profit after tax return on equity, excluding unrealized gains and losses.

² Zurich Economic Capital Model (Z-ECM)

Report card – Group

Continuing progress towards our 2016 targets

GROUP STRATEGY

1

Prioritizing investment in distinctive positions

2014 KEY ACTIONS

- Investments in corporate, commercial and select retail markets
- Extension of Sabadell JV, new distribution agreement in Brazil

2015 PRIORITIES

- Continue investments in NAC and Global Corporate / CLP
- Targeted investments in select retail markets
- Deliver further proof points

2

Managing other businesses for value

- GI “turnarounds” progressing, exit from Russia and a number of other smaller positions
- Implement in-force initiatives in “maximize value” life markets

- Complete the work on GI turnarounds
- Next phase of in-force initiatives in manage for value life markets
- Extract capital from some blocks of business

3

Growing our operating earnings

- Completed additional allocation of risk capital to investment management
- Completed organizational streamlining above BU level

- Accelerate focus on efficiency across the group

Key messages

General Insurance

Good progress in improving accident year profitability, further improvement needed in 2015 and beyond

Global Life

Progressing bank distribution and CLP growth strategy, implementing in-force management initiatives

Farmers

On the right track, further positive momentum in Q4

Cash and capital

Very strong capital position and cash remittances, dividend of CHF 17 proposed for 2014

Financial highlights

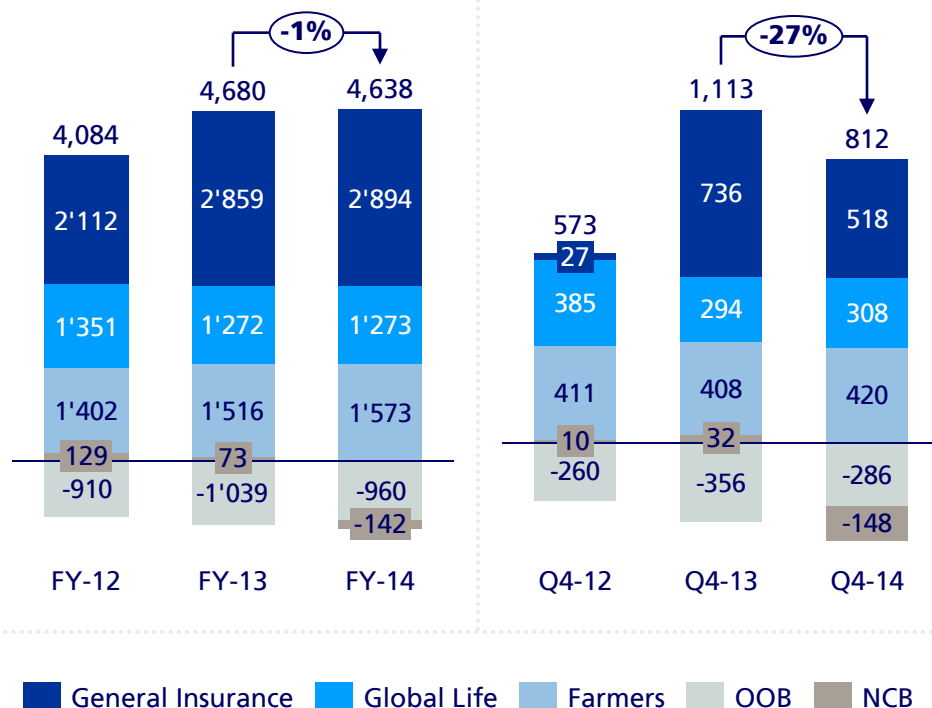
George Quinn, Chief Financial Officer



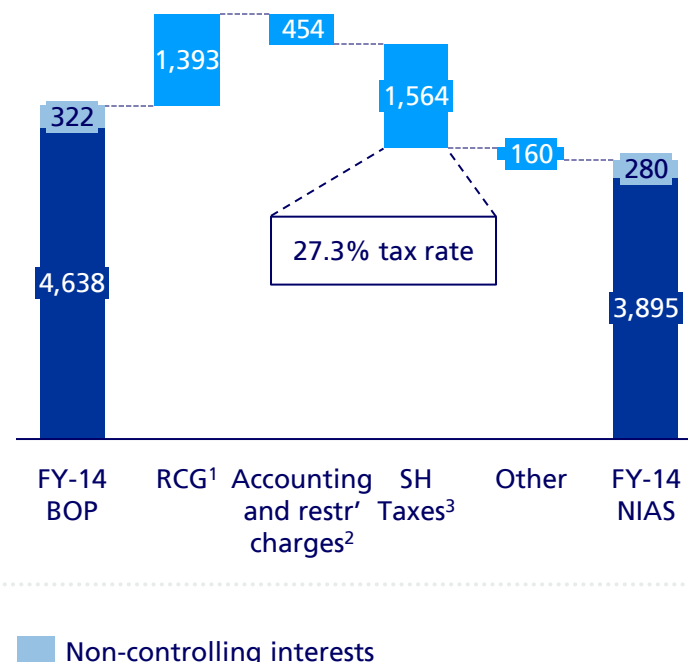
Group – Business operating profit

Weaker result for Q4

BOP BY SEGMENT (USDm)



RECONCILIATION (USDm)



¹ Net realized capital gains/losses.

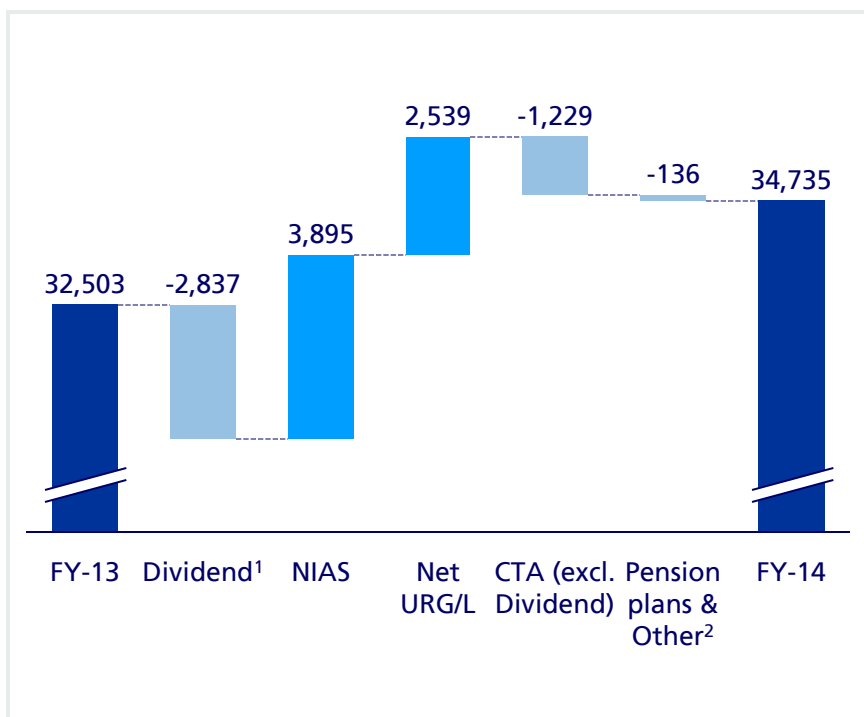
² Includes net gain/loss on divestments of businesses, restructuring provisions and impairments of goodwill.

³ Shareholder taxes (income tax expense attributable to shareholders).

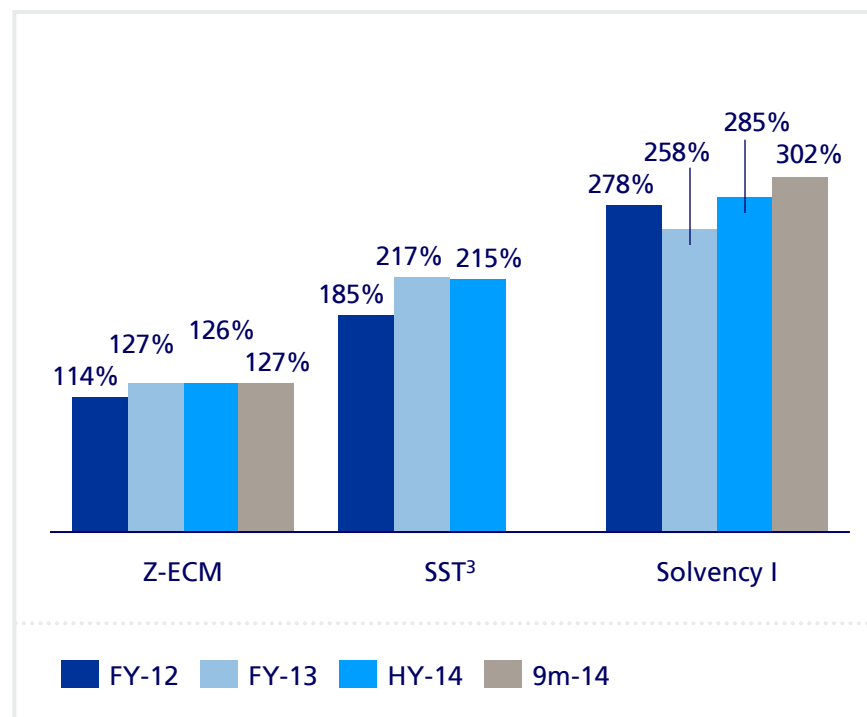
Group – Balance sheet and capital

Strong solvency capital on all key metrics

SHAREHOLDERS' EQUITY (USDm)



SOLVENCY RATIOS (%)



¹ Dividend as approved by the Annual General Meeting on April 2, 2014, and at transaction day exchange rates. Dividend at historical exchange rates amounts to USD 1,815m, with the difference of USD 1,022m reflected in the cumulative foreign currency translation adjustment (CTA).

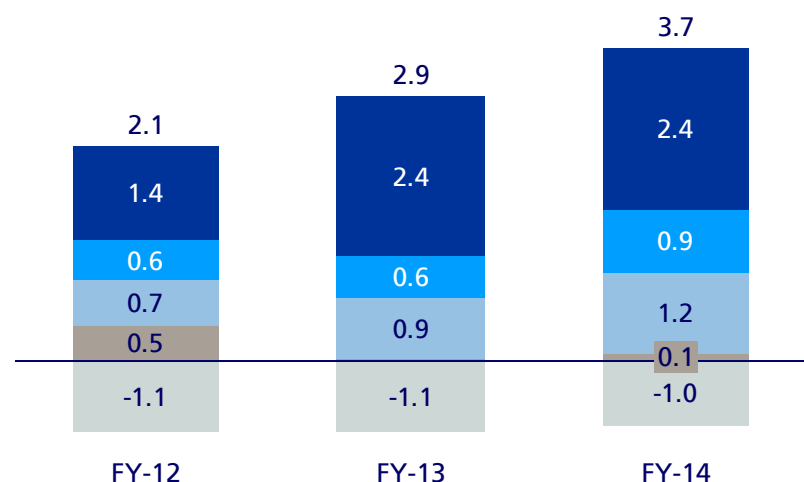
² Includes net actuarial gains/losses on pension plans, issuance of share capital and other.

³ The Swiss Solvency Test (SST) ratio is calculated based on the Group's internal model, and both are subject to the review and approval of the Group's regulator, the Swiss Financial Market Supervisory Authority (FINMA). The ratio is filed with FINMA bi-annually.

Group – Cash remittances & dividend proposal

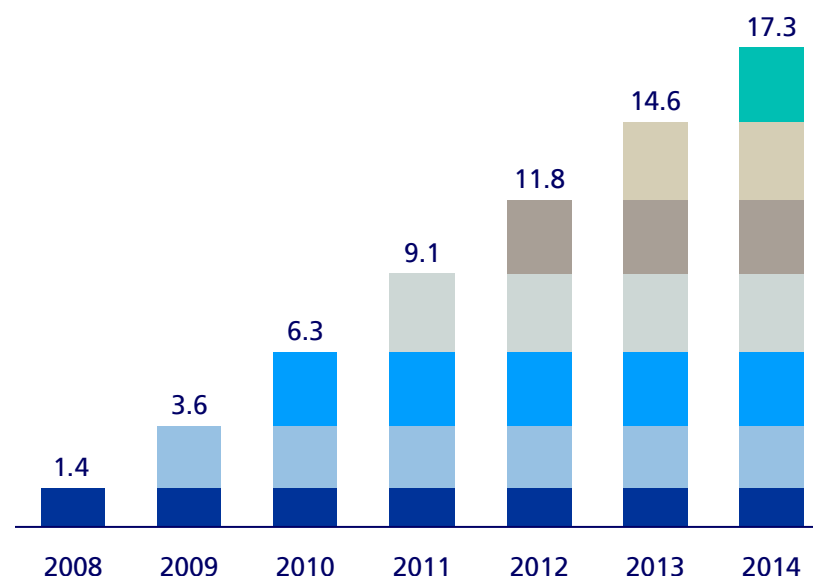
Good cash remittances across all segments

NET CASH REMITTANCES (USDbn)



■ General Insurance ■ Farmers ■ NCB
■ Global Life ■ OOB

CUMULATIVE DIVIDEND (USDbn)¹



¹ 2014 dividend estimated based on CHF/USD exchange rate as of February 5, 2015.

General Insurance overview

Mike Kerner, CEO General Insurance

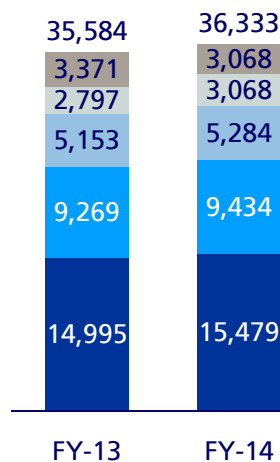


Report card – General Insurance

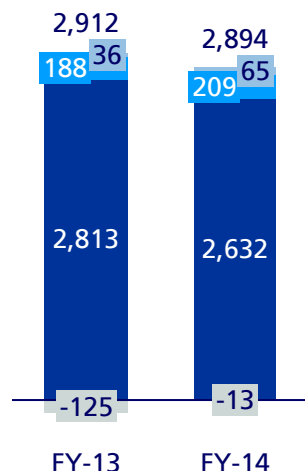
Improving AY profitability, more to be done on “turnarounds”

PRIORITY MARKETS¹

□ GWP² (USDm)



□ BOP (USDm)



Other
Continue as is
Retail
Corporate
Commercial

Other
Turnaround / Exit
Continue as is
Priority

MANAGE FOR VALUE

- Completed Russia Retail exit
- Further profit improvement actions launched in manage for value countries
- Exited various smaller other portfolios

NEXT STEPS

- Continue investments in NAC, Global Corporate and selected retail markets
- Complete the work on GI “turnarounds” and other under-performing business portfolios
- Accelerate focus on efficiency

¹ All figures calculated at constant FY-14 exchange rates.

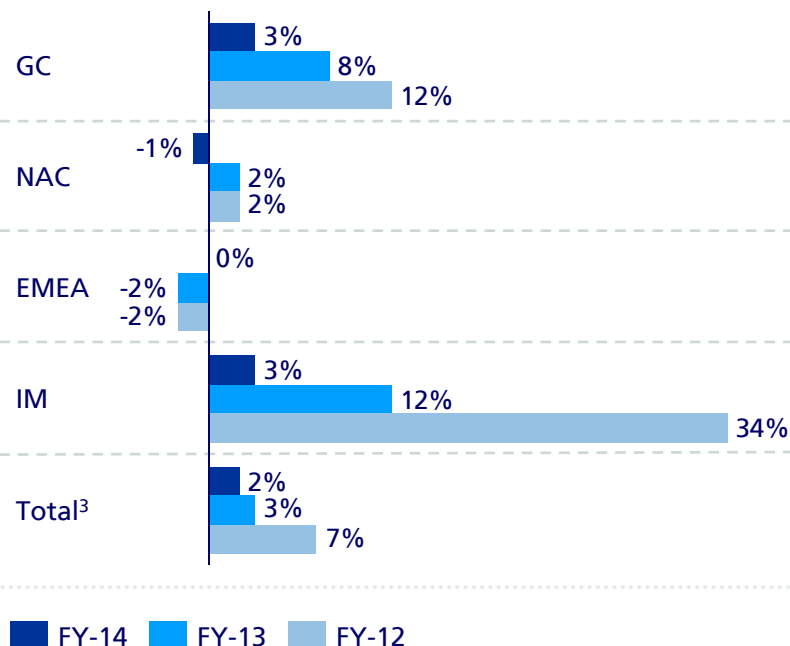
² GWP adjusted for discontinued large fronting contract.

General Insurance – Topline

Broadly stable, but with some competitive pressures



GWP GROWTH IN LC¹ (%)



RATE CHANGE² (%)

Q4-13	Q3-14	Q4-14
5%	2%	1%
6%	0%	1%
3%	2%	2%
5%	5%	5%
4%	2%	2%

¹ In local currency.

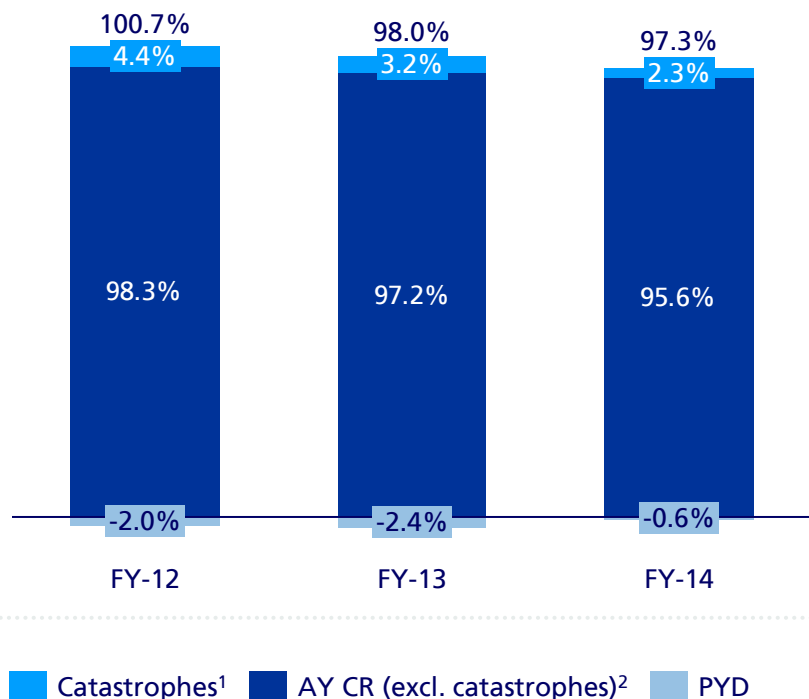
² GWP development due to premium rate change as a percentage of the renewed portfolio against the comparable prior year period.

³ Total includes GI Global Functions, Group Reinsurance and Eliminations.

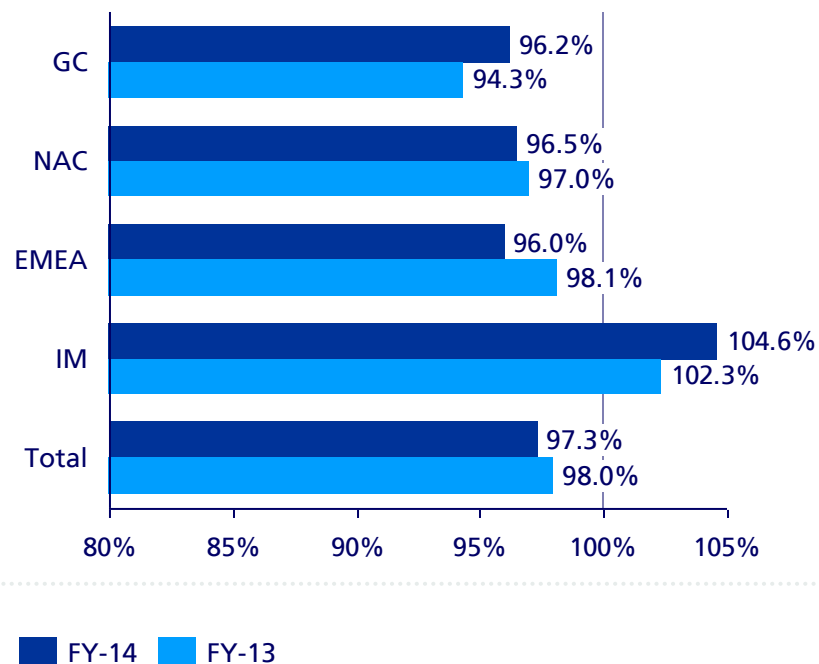
General Insurance – Combined ratio

Improved accident year profitability, lower PYD

COMBINED RATIO SPLIT (%)



COMBINED RATIO BY REGION (%)



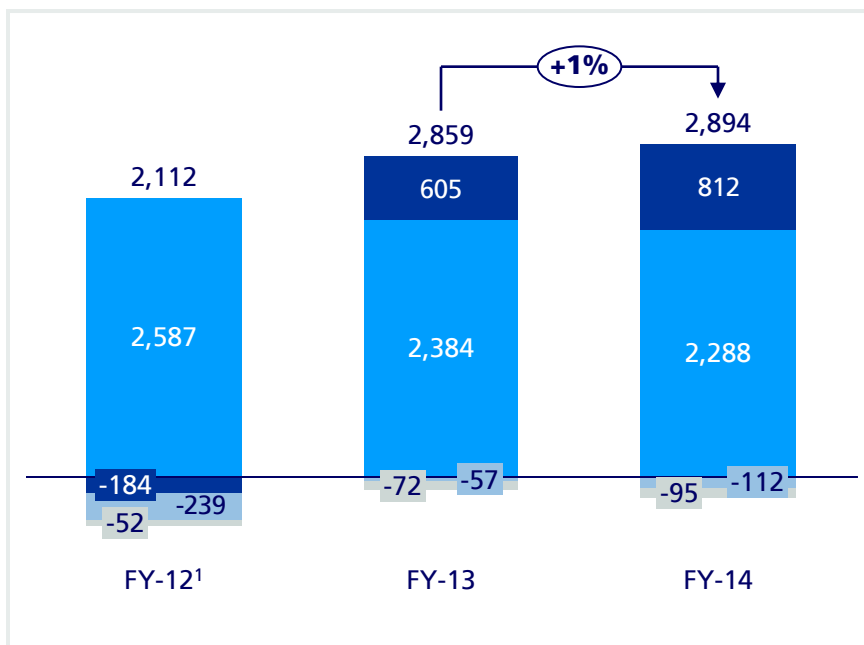
¹ Catastrophes includes major and mid-sized catastrophes, including significant weather related events.

² Accident year combined ratio (AY CR) excludes prior year reserve development (PYD).

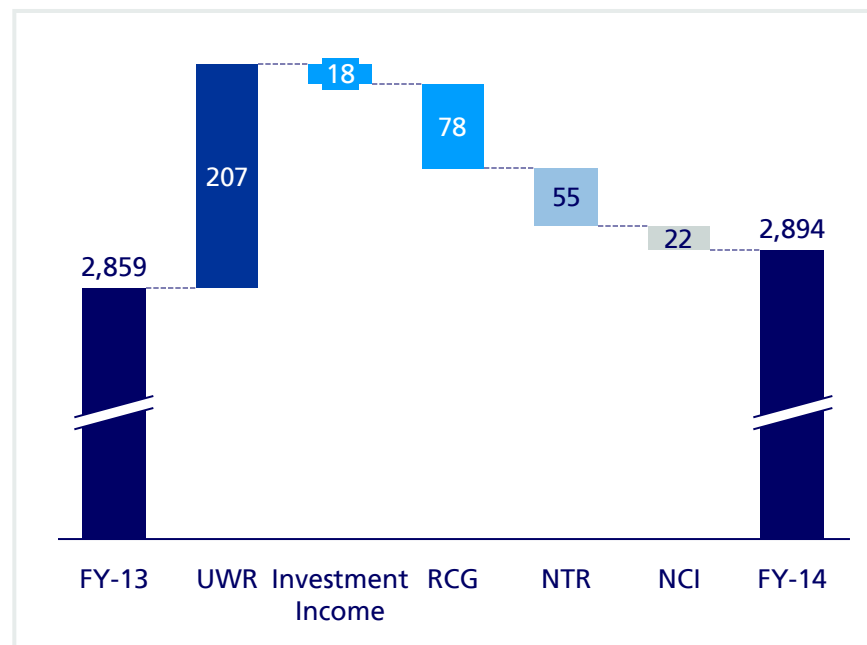
General Insurance – BOP components

Stable operating profits but improved UW result

BOP BREAK DOWN (USDm)



KEY DRIVERS (USDm)



■ Underwriting result
 ■ Investment inc. / Realized capital gains (RCG)
 ■ Non-technical result (NTR)
 ■ Non-controlling interest (NCI)

¹ Impact for the shift of parts of the non-technical result is an estimation.

General Insurance – Prioritizing investments

We made significant investments in innovation, which have already started generating returns



Corporate

- My Zurich, a secure risk management portal for customers to manage their global insurance and risk engineering programs
- Access to all issued policies by country and line of business for any underwriting year, as well as claims and risk engineering data

Commercial

- New way of engaging with our brokers through a more data-driven approach in North America
- Led to sizeable increase in our bound business and doubled our conversion rates

Retail

- Over 30,000 telematics retail customers in the UK, Italy and Spain – tangible benefits on customer acquisition and retention, reductions in claim frequency and loss ratio
- Investments in a brand campaign in Switzerland – a 20% increase in customer consideration

Global Life overview

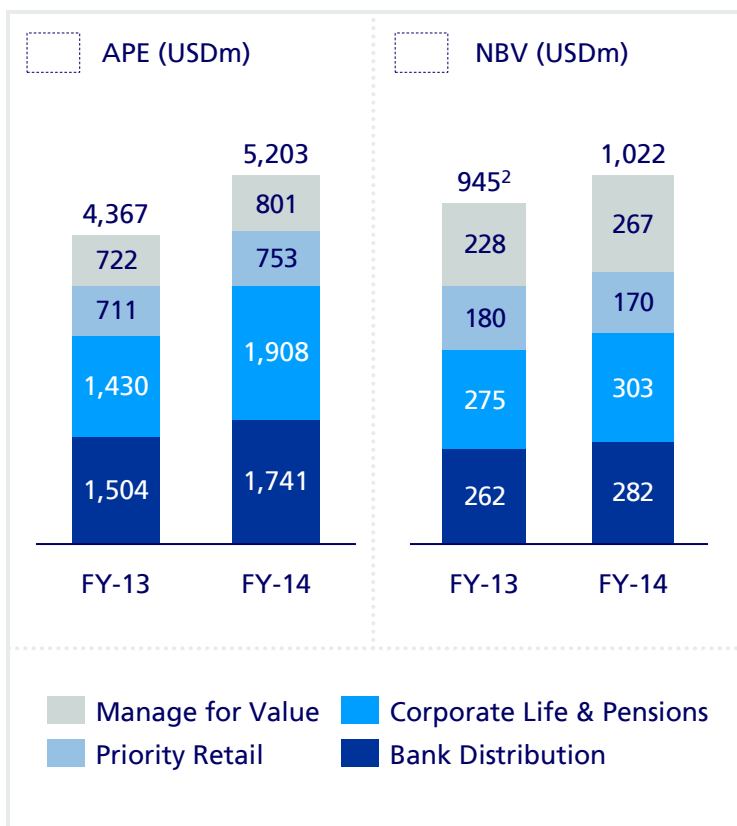
Kristof Terryn, CEO Global Life



Report card – Global Life

Continued growth in priority markets, in-force management initiatives underway

PRIORITY MARKETS¹



MANAGE FOR VALUE

- Exit of marginal positions
- Initiatives underway to deliver up to USD 100m BOP increase from in-force management initiatives in Germany, Switzerland, the UK and the US

NEXT STEPS

- Complete phase 1 of in-force management initiatives
- Accelerate focus on efficiency
- Further enhance external reporting
- Focus on progress at the Investor Day in May

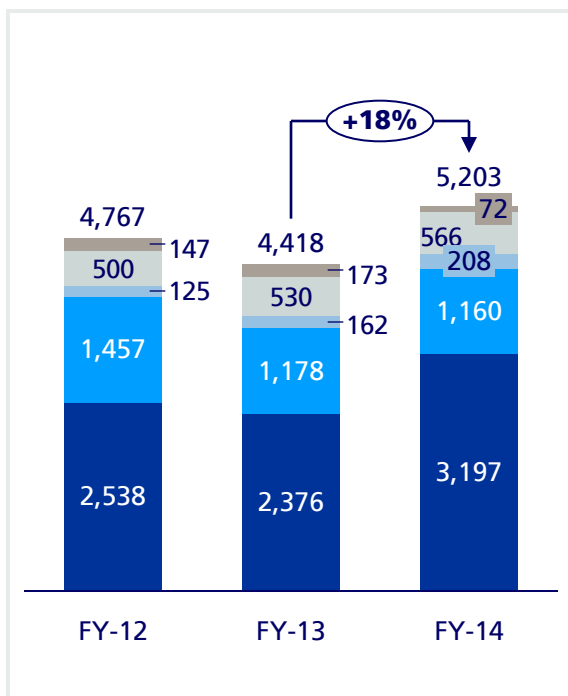
¹ All figures calculated at constant FY-14 exchange rates.

² Comparable FY-13 NBV was USD 1,045 million; pro-forma FY-13 figure of USD 945 million is normalized for 2014 assumption changes.

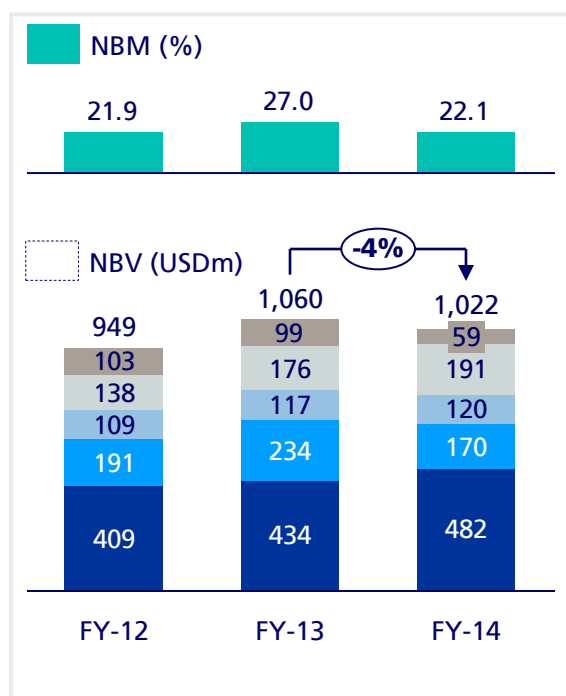
Global Life – New business

Strong growth in Europe and APME despite currency headwinds

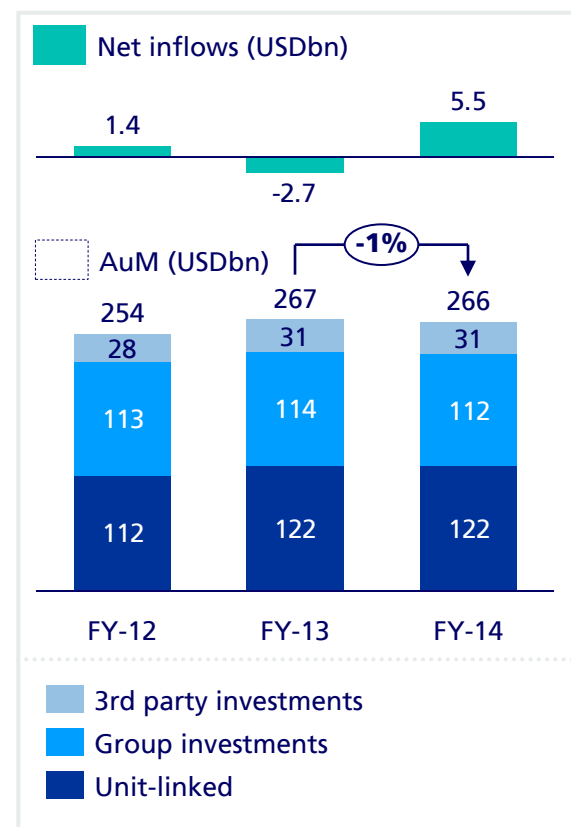
APE (USDm)¹



NBM & NBV¹



NET INFLOWS² & AUM



Other APME North America Latin America Europe

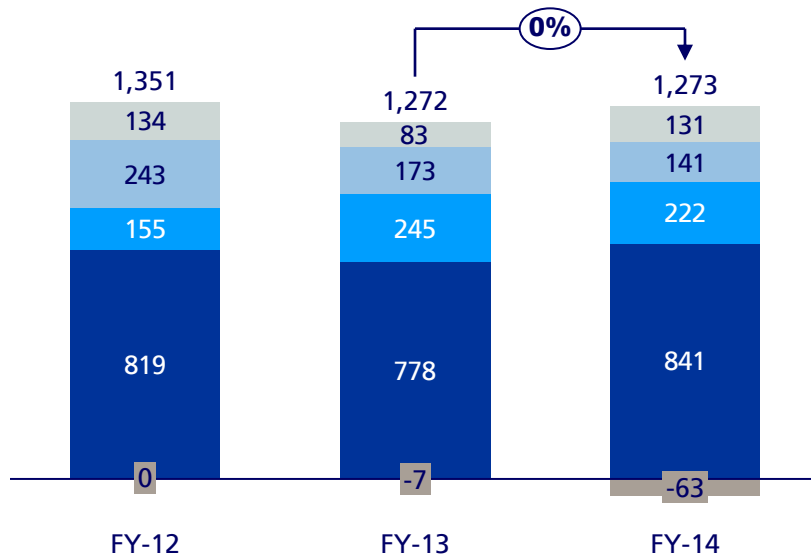
¹ APE is reported before minority interests. NBM and NBV are reported net of minority interests, with prior year figures restated accordingly.

² In 2012 and 2013 net policyholders flows did not include inflows for certain short-duration contracts. Adjusting for this effect net policyholder flows for 2013 would have been a net outflow of USD 0.7 billion.

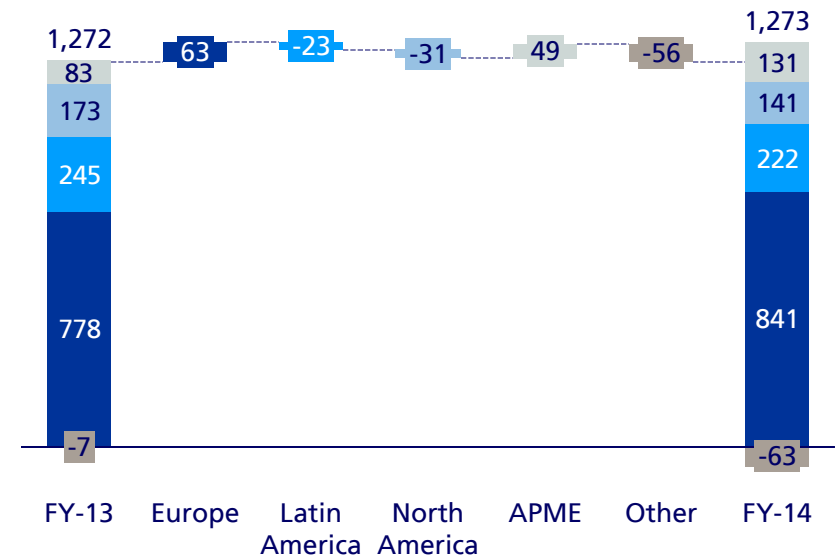
Global Life – BOP by region

One-off impacts offset each other

BOP BY REGION (USDm)



KEY DRIVERS (USDm)

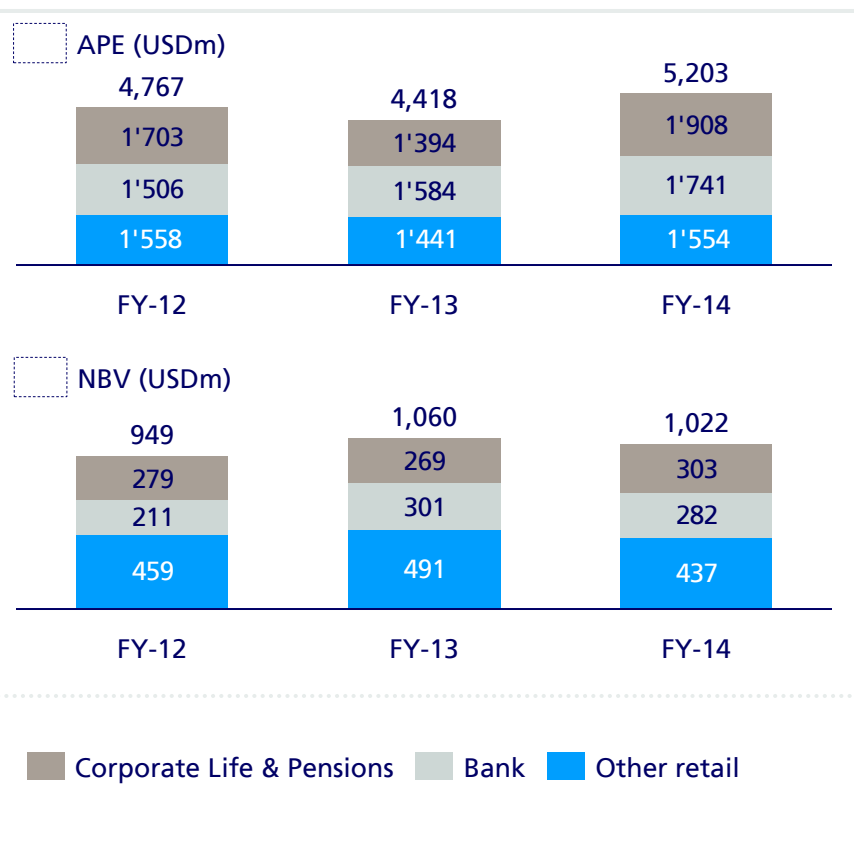


Other APME North America Latin America Europe

Global Life – New business by pillar

Strong volume growth led by CLP

FY-14 KEY FINANCIALS¹



NBM

22.1%

PVNB

USD 53.0 bn

CLP single premium

USD 7.4 bn

KEY DRIVERS

- Strong increase in CLP APE mainly from UK large low margin Corporate Pensions contracts
- Continued growth in Bank APE in Spain and Germany with overall lower margins from business mix
- Increase in Other retail APE mainly from UK and NA with overall lower margins particularly in UK and Chile (excl. ZSIA)

¹ APE, PVNB and CLP single premium are reported before minority interests. NBM and NBV are reported net of minority interests, with prior year figures restated accordingly.

GROUP STRATEGY

1

**Prioritizing
investment in
distinctive
positions**

2

**Managing
other
businesses for
value**

3

**Growing our
operating
earnings**

GLOBAL LIFE PRIORITIES 2015

- Continue strong growth in Bank Distribution
 - Strengthen Corporate Life & Pensions presence in key markets
 - Drive targeted local growth opportunities
-
- Embed results from in-force management pilots into business as usual organization and expand scope to further countries
 - Extract capital from some blocks of business
-
- Continue proposition overhaul with a focus on shorter paybacks
 - Realize significant improvements in our operational efficiency

Farmers update

George Quinn, Chief Financial Officer

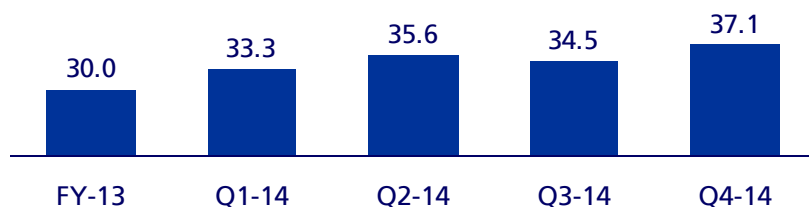


Report card – Farmers Exchanges¹

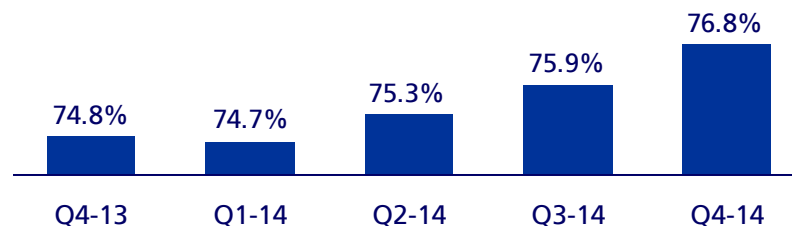
Positive momentum continues



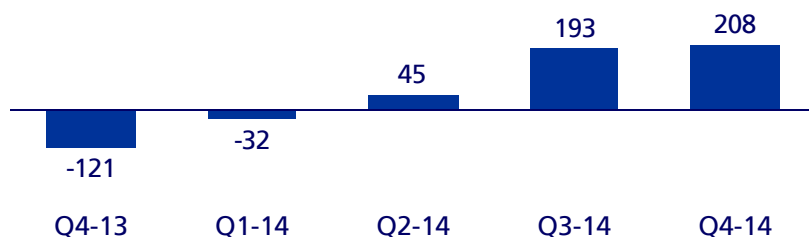
NET PROMOTER SCORE²



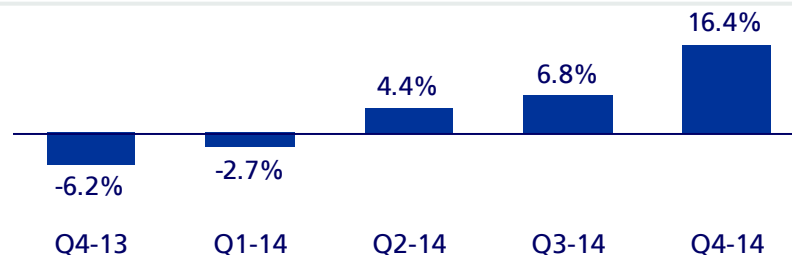
RETENTION³



NET GAIN / LOSS OF AGENTS⁴



NEW BUSINESS COUNT GROWTH⁵



¹ Provided for informational purposes only. 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 as its attorney-in-fact and receives fees for its services.

² Survey based measure of customer loyalty (for Farmers Auto and Farmers Home only). 2013 figures shown are calculated on a YTD basis.

³ Reflects rolling 3-month 13/1 survival rate for Farmers Exchanges, based on trailing 12-month weighted average GWP.

⁴ Change in total number of exclusive Farmers agents including full time and career agents.

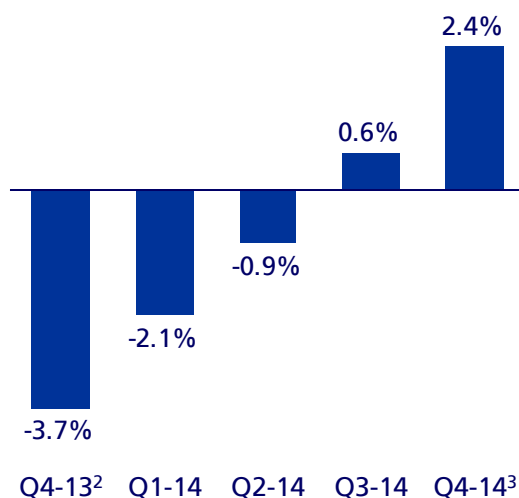
⁵ Quarterly YoY change in new business counts for all books of business. Farmers and Bristol West Auto reflects New Business/New Household.

Farmers Exchanges¹ – KPIs

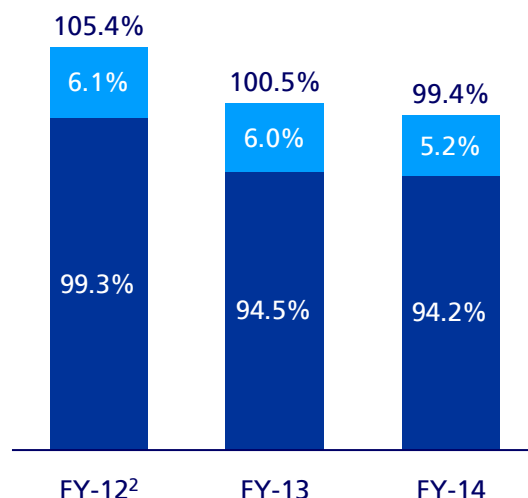
Continued growth momentum



GWP GROWTH (%)

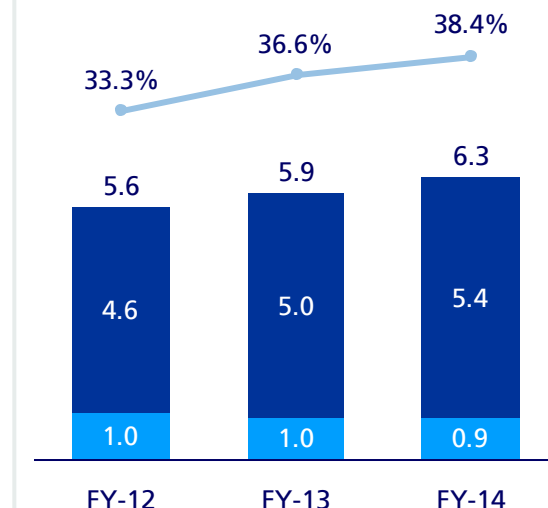


COMBINED RATIO (%)⁴



■ Catastrophe losses
■ CR (excl. catastrophe losses)

SURPLUS⁵ (USDbn)



—● Surplus ratio
■ Farmers Exchanges surplus
■ Farmers Reinsurance Co. surplus

¹ Provided for informational purposes only. 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 as its attorney-in-fact and receives fees for its services.

² Adjusted for the impact of the Fogel settlement and the Texas Department of Insurance litigation.

³ Adjusting for a one-time accounting change growth was 1.9% in Q4-14 and -0.2% in FY-14.

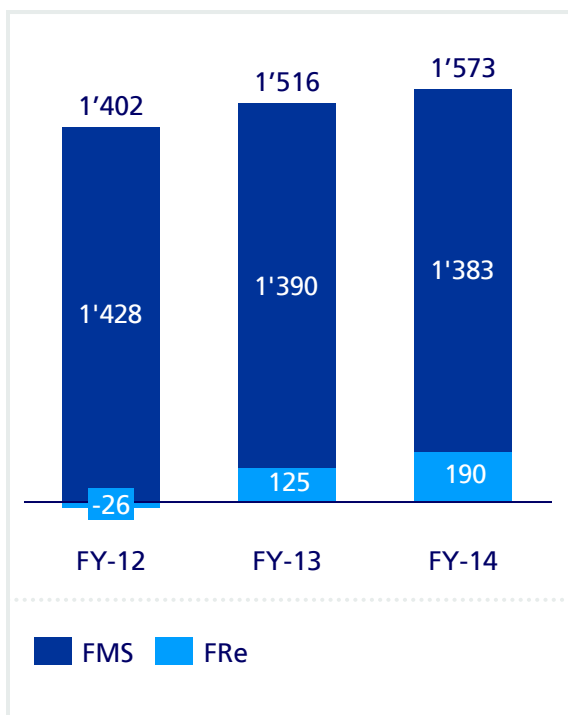
⁴ Before quota share treaties with Farmers Reinsurance Company, Zurich Insurance Company Ltd and a third party reinsurer.

⁵ Estimated. Surplus ratio excludes surplus of Farmers Reinsurance Company.

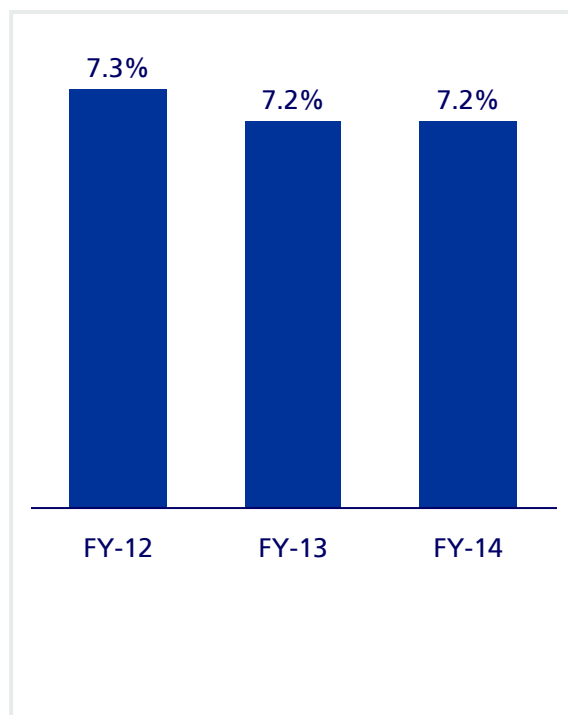
Farmers – KPIs

Improved result at Farmers Re

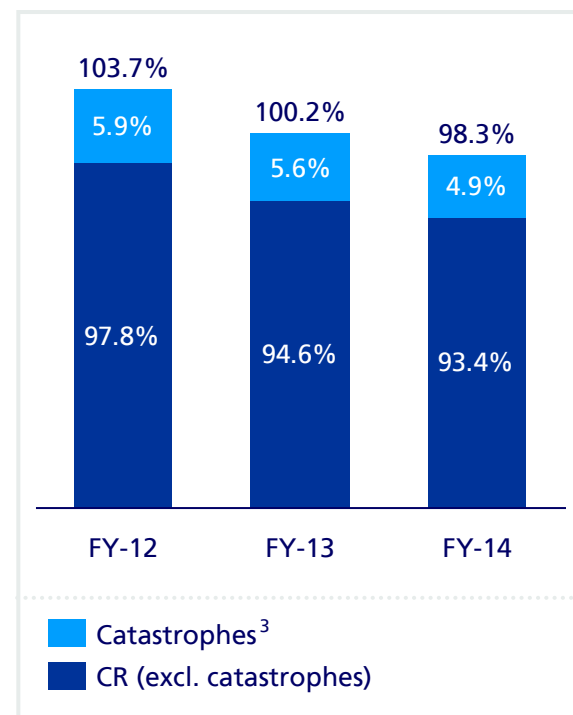
BOP (USDm)



MGEP MARGIN (%)¹



FARMERS RE CR (%)²



¹ Margin on gross earned premiums of the Farmers Exchanges. Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc. (or Farmers Management Services (FMS)), a wholly owned subsidiary of the Group, provides administrative and management services to the Farmers Exchanges as its attorney-in-fact and receives fees for its services.

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

³ As defined by the All Lines quota share reinsurance treaty.

Q&A session



Closing remarks

Martin Senn, Chief Executive Officer



Key messages

General Insurance

Good progress in improving accident year profitability, further improvement needed in 2015 and beyond

Global Life

Progressing bank distribution and CLP growth strategy, implementing in-force management initiatives

Farmers

On the right track, further positive momentum in Q4

Cash and capital

Very strong capital position and cash remittances, dividend of CHF 17 proposed for 2014

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For further information

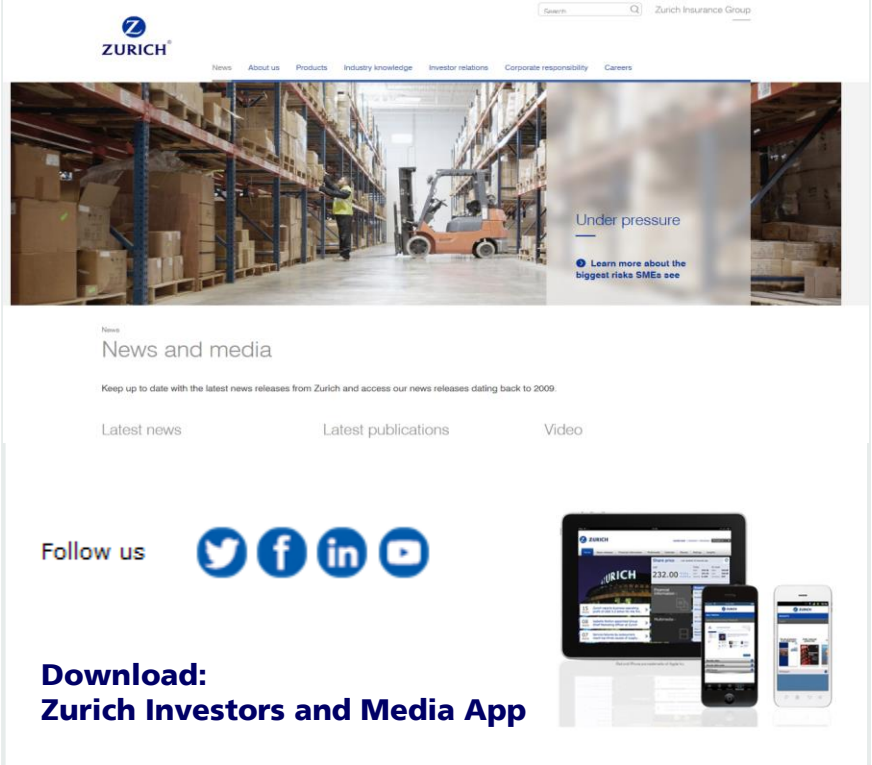
CONTACT US

Media Relations

Maeve Gallagher
Sylvia Gäumann
Riccardo Moretto
Björn Emde
Roman Hess
Pavel Osipyants

Phone +41 (0)44 625 21 00
Email media@zurich.com
Website www.zurich.com
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Calendar

March 6	Publication of Annual Report and invitation to Annual General Meeting 2015
April 1	Annual General Meeting 2015, Zurich
May 7	Results for the three months to March 31, 2015
May 21	Investor Day, Zurich
August 6	Half year results 2015
November 5	Results for the nine months to September 30, 2015

