

Zurich delivers BOP of USD 1.3 billion in first three months of 2015

- Q1 BOP of USD 1.3 billion, down 6% from USD 1.4 billion in the prior year period, largely due to a stronger USD
- Q1 NIAS¹ was USD 1.2 billion, 4% lower than in the prior year
- Q1 combined ratio of 96.7%, compared with 95.9% in the prior year
- Group remains strongly capitalized, with solvency as measured by the Z-ECM ratio of 122% as of January 1, 2015

Select financial highlights for the Group as of March 31, 2015 (unaudited)

in USD millions, for the three months ended March 31, unless otherwise stated	2015 ²	2014 ²	Change in USD
Business operating profit (BOP)	1,295	1,381	(6)%
Net income after tax attributable to shareholders (NIAS) ¹	1,219	1,275	(4)%
Total Group business volumes ³	18,727	19,305	(3)%
Net investment return on Group investments	1.0%	1.0%	0.0 pts
Total return on Group investments	2.6%	2.5%	0.0 pts
Shareholders' equity ⁴	35,410	34,735	2%
Diluted earnings per share (in CHF)	7.75	7.69	1%
Book value per share (in CHF) ⁴	230.60	232.65	(1)%

Zurich, May 7, 2015 – Zurich Insurance Group (Zurich) today reported a business operating profit (BOP) of USD 1.3 billion and net income attributable to shareholders (NIAS) of USD 1.2 billion for the three months ended March 31, 2015.

“This is a satisfactory result, though one that benefits from a benign catastrophe claims environment,” said Chief Financial Officer George Quinn. “When adjusting for foreign exchange movements our Group’s operating profitability is broadly flat relative to the prior year period. There are clearly some areas where we need to make improvements, and we continue to focus on efficiencies across the Group as well as on our turnaround



businesses. We will provide an update on the execution of our strategy at our Investor Day on May 21.”

General Insurance BOP fell by USD 174 million to USD 706 million, 20% in U.S. dollar terms or by 16% in local currency terms, mainly reflecting one-off pension and currency gains in the prior year. The combined ratio deteriorated from 95.9% to 96.7%. Gross written premiums and policy fees fell 5% in U.S. dollar terms to USD 10.1 billion, but rose 5% on a local currency basis, reflecting the dollar’s strength.

Global Life BOP was unchanged at USD 319 million in U.S. dollar terms, but rose 13% on a local currency basis. Gross written premiums, policy fees and insurance deposits increased by USD 350 million to USD 7.4 billion, or 5% in U.S. dollar terms and 21% in local currency.

Farmers BOP was down 6% at USD 391 million due to a slight increase in management expenses at Farmers Management Services, as well as a reduction in both investment income and the quota share reinsurance treaty participation at Farmers Re. Gross written premiums at the Farmers Exchanges, which are owned by their policyholders and managed by Farmers Group Inc., a wholly owned subsidiary of the Group, grew by about 2%, or 4% excluding 21st Century direct auto and business insurance sold through independent agents, continuing the positive trend of the past few quarters.

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 profit of USD 25 million, compared to a loss of USD 61 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 26 million to USD 146 million, 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 2.1 billion to the Group's total revenues for the three months ended March 31, 2015, a net return of 1.0% (not annualized). Total return on Group investments was 2.6% (not annualized), compared with 2.5% in the same period of 2014.

The Group's capital position remains strong, with solvency as determined under the Swiss Solvency Test (SST)⁵ of 196%, while the Z-ECM ratio stands at 122%, both as of January 1, 2015. The main drivers of the decline in the SST and Z-ECM ratios were the impact of net market movements and expectations for organic growth in 2015, with Z-ECM benefiting from enhancements to the way investment risks are modelled.

The 2014 **dividend** of CHF 17.00 per share approved by shareholders at the Annual General Meeting on April 1, 2015 will be recognized through shareholders' equity in the second quarter of 2015.

¹ Net income after tax attributable to shareholders.

² As restated for 2014. 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 up to the rounded total in all cases. All ratios and variances are calculated using the underlying amounts rather than the rounded amounts.

³ Total Group business volumes comprises gross written premiums, policy fees, insurance deposits and management fees generated within General Insurance, Global Life and Farmers.

⁴ As of March 31, 2015 and December 31, 2014, respectively.

⁵ 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 (FINMA). The ratio is filed with FINMA bi-annually.

Further information

A pre-recorded video presentation to accompany the [investor and media presentation](#) will be available from 06.45 hrs CEDT on our website www.zurich.com. The video can be accessed through the following link also on the iPhone und iPad: <http://edge.media-server.com/m/p/ehmbepa>

There will be a media conference call in English starting at 08.00 hrs CEDT for questions by journalists to Chief Financial Officer George Quinn. In addition to this, there will be a conference call Q&A session for analysts and investors starting at 13.30 hrs CEDT. Media may listen in. A podcast of this Q&A session will be available from 16.45 hrs CEDT. Please dial-in to register approximately 3 to 5 minutes prior to the start of the respective conference call.



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](#).

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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.

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

twitter [@Zurich](#)

media@zurich.com

Investor Relations

phone +41 (0)44 625 22 99, fax +41 (0)44 625 36 18

investor.relations@zurich.com

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