

Investor Day – Media conference call

Martin Senn, Chief Executive Officer
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Zurich Insurance Group



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On track to deliver our objectives

Our strategy remains the right one

We expect to meet our targets

Further actions under way across each of the three strategic cornerstones

2014-2016 TARGETS

BOPAT ROE¹

Target

12 - 14%

Z-ECM²

Target

100 - 120%

Net cash remittances

Cumulative 3-year target

> USD 9bn

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

² Zurich Economic Capital Model (Z-ECM).

Clear strategy set out in 2013

GROUP STRATEGY

1

Prioritizing investment in distinctive positions

2

Managing other businesses for value

3

Growing our operating earnings

KEY FOCUS AREAS

- Corporate
- Commercial mid-market
- Select retail

- Extract value from Global Life back books
- Continue to capture value from profitable, smaller General Insurance markets
- Turnaround/exit non-performing businesses

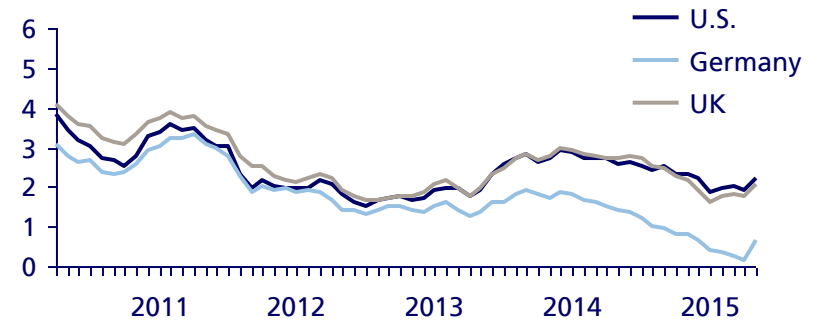
- Efficiency
- Value extraction
- Investment risk return

External environment remains challenging

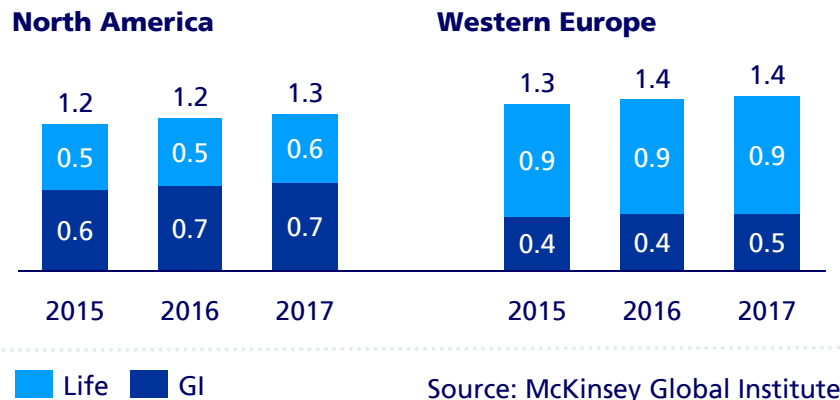
KEY FACTORS FOR INDUSTRY

- Continued low bond yields, especially in Europe
- Organic top-line outlook is fairly muted in key markets
- Capital is fairly plentiful
- Regulatory environment is evolving

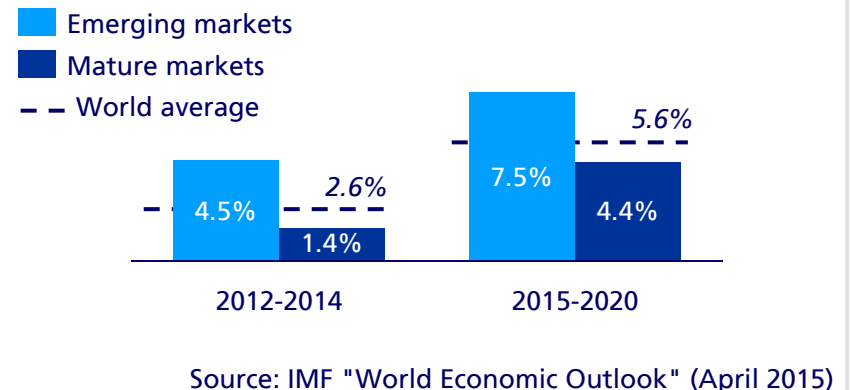
10 YR GOVT BOND YIELDS (%)



INDUSTRY TOPLINE (USDtr)



NOMINAL GDP GROWTH (CAGR %)



Strong position to deal with financial implications

DISCUSSION AREAS

Target ROE range harder to achieve given low yield & GI growth outlook

Capital ratios impacted by low yield environment

Regulatory environment still evolving

WHAT THIS MEANS FOR US

- **Still expect to achieve our 12-14% ROE target in 2016**
- **Capital remains very strong on all key metrics**
- **Established economic solvency regime in Switzerland, minor impact from Solvency II at group level**

No major strategic implications, but we need to be adaptable

First step taken in manage for value capital release, with more to come

Lower growth means that we need to focus more on efficiency

Data and digital will be key to the coming years, but linked also to efficiency

Clear and focused priorities for the next 18 months

GROUP STRATEGY

PROGRESS TO DATE

NEXT 18 MONTHS

1

Prioritizing investment in distinctive positions

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

- Continue actions under way in Global Corporate, North America Commercial and select retail markets
- Step up pace of change in relation to data and digital as a key enabler

2

Managing other businesses for value

- GI 'turnarounds' progressing, exit from Russia and a number of other smaller positions
- Implement in-force initiatives, capital release from UK life

- Further actions to focus our geographic footprint
- Continue to free up capital from manage for value operations

3

Growing our operating earnings

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

- Expense savings of ~USD 300m in 2015-2016, focused on helping to deliver 12-14% ROE
- Aim to achieve at least USD 1bn efficiency improvements by 2018

Key messages – General Insurance



Strategy remains the same

Our 2014 – 2016 strategy is confirmed, with global, regional and local initiatives underway

Execution amid challenges

Strategy execution shows strong evidence of delivery, even in the face of operational and market challenges

On track to deliver 2016

Additional actions have been identified to overcome challenges, and we are confident on 2016 directional view

Key messages – Global Life



Strategy/ trends

Executing clear and focused Life insurance strategy; well positioned to respond to major trends

Priority investments

Achieving strong growth in Bank Distribution and Corporate Life & Pensions: FY-14 APE up 10% and 37% resp. vs. FY-13

Manage for value

Clear actions taken to unlock additional value from in-force book – BOP run rate improvement of USD 33m in 2014

Operating earnings

Further efficiency enhancements required to adjust to market realities, targeting USD 100m of cost savings by end of 2016

Cash remittance

USD 925m of cash delivery in 2014; line of sight to increasing underlying cash generation

18 months review: how we are executing the strategy we set out in 2013

We expect to deliver our 2014-2016 targets

We have made progress, but more actions needed in next 18 months

Opportunities in efficiency will support our earnings growth ambitions

Data and digital will be central to the coming years

