News Release

August 13, 2020

Solid half-year performance with strong growth in commercial business

- **Strong growth in commercial insurance gross written premiums with Group well positioned to benefit further from improved commercial insurance pricing**
- **Business operating profit (BOP) of USD 1.7 billion including USD 686 million of COVID-19 impact[1] among other factors, down 40% vs USD 2.8 billion in H1 2019**
- **Net income attributable to shareholders USD 1.2 billion, down 42% vs USD 2 billion in H1 2019**
- **Property & Casualty (P&C) estimated claims from COVID-19 at USD 750 million[2] for 2020, as indicated in May, and fully booked in first half**
- **Capital position remains strong with Z-ECM ratio estimated at 102%[3] at June 30, 2020; Swiss Solvency Test ratio at 185%[4]**
- **Group retains strong liquidity and a conservative investment portfolio**
- **Dynamic execution of customer-focused strategy, with expansion of digitalization and acceleration of innovative offerings such as Zurich WellCare**

Zurich Insurance Group (Zurich) reported a solid half-year performance amid the widespread social, economic and financial impacts of COVID-19, with strong growth in the Group's commercial business. Zurich strengthened customer and employee satisfaction following its rapid and extensive response to the pandemic.

Group Chief Executive Officer Mario Greco said: "The first half of 2020 has been an unprecedented period with unforeseeable events ranging from a global pandemic and recession, to civil unrest and a higher rate of natural catastrophes. In this context, our priority has been to focus on our customers, colleagues and the communities in which we operate. We delivered on our commitments to our customers and provided a wide range of additional support and financial relief such as premium rebates and payment holidays. We moved quickly to protect our colleagues, switching early to home office and providing hospitalization benefits to them and their families. We are pleased that our actions have increased trust and confidence in Zurich among customers and colleagues alike.

Since the start of the crisis we have focused on understanding the steps needed to drive the business forward and deliver on our plan presented last November. We are well placed to adapt quickly in a very dynamic and uncertain scenario, and therefore remain fully committed to our three-year plan.

Our business developed well in the first six months of the year in spite of the uncertainties. Our commercial business reported strong growth following improvements to the portfolio mix in recent years, and is positioned to further benefit from the improved pricing environment. We continue to expand our digital offering, whose growth contributed to the resilience of our Retail business. We launched Zurich WellCare to serve demand for health and wellbeing services, and plan further steps this year to accelerate the digital transformation.

"While our operating environment changes, our goals are the same – we remain confident in the strength of our business, our strategy, and our ability to adapt to changing needs."

Select financial highlights (unaudited)
(For a more comprehensive set of financial highlights see page 9)

in USD millions, for the 6 months ended June 30, unless otherwise stated	2020	2019	Change in USD[5]
Business operating profit (BOP)	**1,702**	2,815	(40%)
Net income after tax attributable to shareholders (NIAS)	**1,181**	2,041	(42%)
Business operating profit (after tax) return on common shareholders' equity (BOPAT ROE)	**8.5%**	15.0%	(6.5pts)

First-half 2020 business operating profit (BOP) was USD 1.7 billion, a decline of 40% compared with USD 2.8 billion in the first half of 2019. The underlying business performance was broadly in line with the previous year's, with the decline largely due to an overall COVID-19 related impact of USD 686 million[1] and the pandemic's impact on financial markets leading to less favorable performance of the Group's investments, in particular in hedge funds. In addition, the first-half result was impacted by higher catastrophe-related claims, mainly related to weather events and civil unrest.

Building trust and accelerating our digital innovation

During the first half of 2020, the Group continued to execute on the next phase of its customer-focused strategy outlined in November 2019, adapting to new circumstances as they evolved. Customer satisfaction, as measured by net promoter scores, increased across most major retail markets following Zurich's rapid and flexible response to the pandemic. This included the prompt payment of claims as well as a wide range of financial relief measures and risk-management advice.

Over the period the Group accelerated the implementation of its digital strategy, including a range of measures to support customers including video-based claims reporting, electronic signatures and remote risk assessments for businesses by the Group's risk engineers. The Group also set up Zurich WellCare, a technology-based business focused on health and wellbeing services aimed at prevention alongside traditional insurance protection.

In line with this and the Group's collaboration strategy, Zurich entered a distribution agreement with telecommunications group Orange. The companies will collaborate to offer insurance products to Orange's 20 million Spanish customers.

Well positioned to benefit from the upturn in commercial pricing

Over the first half of the year, commercial insurance gross written premiums, which make up around 70% of the Group's P&C premiums, grew by 8% on a like-for-like basis[6] supported by significant rate increases in North America as well as in Europe. The Group is well positioned to grow the commercial insurance business after its portfolio was reshaped and profit improved over the period 2016 to 2019.

Within the Group's Property & Casualty insurance business, claims related to the COVID-19 outbreak are expected to be USD 750 million for the full year 2020 as indicated at the first-quarter update on May 14, 2020, subject to some uncertainty given the continuing nature of the event. The Group recorded this amount fully within the first half 2020 results.

Partially offsetting the P&C claims was a net favorable USD 64 million of other items related to the COVID-19 outbreak and its impact on financial markets. These include reductions in property and casualty claims resulting from restrictions on activity implemented across many countries[1].

Business performance

(for the 6 months ended June 30, 2020)

Property & Casualty

in USD millions, for the 6 months ended June 30, unless otherwise stated	2020	2019	Change in USD[5]	Change like-for-like[5,6]
P&C gross written premiums and policy fees	**18,937**	18,555	2%	4%
P&C business operating profit (BOP)	**751**	1,656	(55%)	(53%)
P&C combined ratio	**99.8%**	95.1%	(4.8pts)	

- **Property & Casualty (P&C) results demonstrate a strong underlying performance with growth in gross written premiums, improved customer retention and higher pricing**

Gross written premiums grew 4% on a like-for-like basis[6], adjusting for currency movements, acquisitions and disposals, with growth primarily driven by commercial insurance in Europe, Middle East and Africa (EMEA) and North America. In U.S. dollars gross written premiums grew 2%.

The Group achieved price increases of about 8% overall, with the level of increases improved across most regions compared with the previous year, particularly in commercial insurance. Notably, North America experienced a further acceleration of recent trends, with overall rate increases of 18% achieved in the second quarter, and 16% on a half-year basis.

BOP of USD 751 million was USD 905 million lower than in the prior year. The decline was driven primarily by USD 484 million of COVID-19 related impacts, together with USD 234 million of higher catastrophe claims resulting from European and North American weather events and civil unrest in the U.S., and by USD 120 million lower capital gains on hedge funds.

The combined ratio of 99.8% was 4.8 percentage points higher year-on-year. The deterioration was entirely driven by the impact of COVID-19 and the higher level of catastrophes, while underlying performance continued to improve year-on-year.

Life

in USD millions, for the 6 months ended June 30, unless otherwise stated	2020	2019	Change in USD[5]	Change like-for-like[5,6]
Life gross written premiums, policy fees and insurance deposits	**13,008**	18,101	(28%)	(3%)
Life business operating profit (BOP)	**559**	701	(20%)	(9%)
Life new business annual premium equivalent (APE)	**1,673**	2,229	(25%)	(15%)
Life new business margin, after tax (as % of APE)	**23.9%**	25.9%	(1.9pts)	(2.9pts)
Life new business value, after tax	**348**	505	(31%)	(25%)

- **Stable underlying life performance; focus on protection and capital-light savings business positions Group well for prevailing low-yield environment**

Life business operating profit (BOP) for the first six months in 2020 was USD 559 million, USD 143 million below the prior year on a reported basis. Excluding USD 123 million of COVID-19 related items, business operating profit was 3% below the prior-year level, due entirely to movements in exchange rates and a lower contribution from one-off items.

In the first six months, 89% of new business production came from the protection, unit-linked and corporate savings business. The long-term strategy of focusing on protection and capital light savings business continues to position the Group's life business well for the prevailing low-yield environment.

Life new business annual premium equivalent (APE) sales decreased 15% on a like-for-like basis[6], adjusting for currency movements, acquisitions and disposals. The decline reflects the COVID-19 related impact of government lockdowns across the world. The development also reflected expected reductions in several markets from exceptional levels in the first quarter of 2019. As the government lockdowns have eased, sales have begun to recover, with distribution through key banking partners such as Banco Santander recovering sharply later in the period.

New business value (NBV) decreased 25% on a like-for-like basis[6], driven by lower new business volumes, unfavorable economic changes mainly due to the reduction in yields, and an update in operating assumptions in EMEA and in key countries in Asia Pacific.

The new business margin remained on a good level at 23.9% as reported or 24.5% on a like-for-like basis[6].

Farmers

in USD millions, for the 6 months ended June 30, unless otherwise stated	2020	2019	Change in USD[5]
Farmers Exchanges[7]			
Gross written premiums	**10,103**	10,458	(3%)
Gross earned premiums	**9,923**	10,137	(2%)
Combined ratio	**101.6%**	100.0%	(1.6pts)
Surplus ratio	**41.1%**	41.5%	(0.4pts)
Farmers			
Farmers business operating profit (BOP)	**779**	866	(10%)
Farmers Management Services (FMS) management fees and related revenues	**1,807**	1,868	(3%)
Farmers Life annual premium equivalent (APE)	**35**	39	(8%)
Farmers Life new business value (NBV)	**52**	45	17%

- **Stable gross written premiums at Farmers Exchanges[7] before customer rebates; Rebates drive lower fees at Farmers**

Farmers BOP of USD 779 million in the first half was USD 87 million lower than in the prior-year period. The decrease was driven by reduced fee revenues as a result of premium credits to customers at the Farmers Exchanges[7] worth approximately USD 300 million as well as higher operating expenses mainly due to timing differences and a one-time write-off of certain capitalized expenses. In addition, the first half was impacted by a less favorable mark-to-market adjustment of a deferred compensation plan compared with the prior year.

Gross written premiums of the Farmers Exchanges[7] grew 0.2% at an underlying level, before COVID-19 premium credits and an adjustment to previously booked gross premiums related to lower expected volumes of commercial rideshare business following shelter-in-place orders by U.S. state governments. The Farmers Exchanges'[7] combined ratio increased 1.6pts to 101.6% mainly driven by a 1.8pts increase in catastrophe losses. The surplus ratio declined 0.4pts to 41.1% due to the reduction of the all lines quota share reinsurance treaty from 29% to 26% effective December 31, 2019.

Key customer metrics remained strong as a result of the Farmers Exchanges'[7] customer-focused strategy, with a further increase in net promoter score and stable retention levels compared with the prior-year period.

Farmers Management Services (FMS) management fees and other related revenues decreased 3% compared with the prior year. This was mainly driven by reduced fee revenues as a result of the premium credits to customers at the Farmers Exchanges[7].

Farmers Life new business APE was 8% lower than in the prior-year period, while new business value increased 17% mainly driven by lower swap rates.

Group Functions & Operations had a net operating loss of USD 348 million, which was USD 22 million lower than in the prior-year period. The improvement was driven by a reduction in Holding and Financing costs due to lower interest expenses, partially offset by an increase in headquarter expenses compared with the prior-year period as a result of increased investments in innovative new business propositions.

The Group's **Non-Core Businesses,** which comprise run-off portfolios that are managed with the intention of proactively reducing risk and releasing capital, reported an operating loss of USD 39 million. This was driven by adverse developments in a legacy portfolio of life liabilities as a result of declining financial markets following the outbreak of COVID-19.

The **net investment result on Group investments**, which includes net investment income, realized net capital gains, and losses and impairments, contributed USD 2.8 billion to the Group's total revenues for the first half year of 2020, down 22% on the prior-year period. The net return on Group investments was 1.4%.

Shareholders' equity decreased by USD 1.8 billion mainly driven by the payment of the Group dividend in the second quarter, and partly offset by the net income of USD 1.2 billion.

[1] Includes items related to the COVID-19 outbreak and subsequent financial market volatility that are reasonably attributable and quantifiable. For further details see slide 13 of the Group's HY-20 investor presentation.
[2] Based on current assessments, subject to some degree of uncertainty considering the continuing nature of the event.
[3] Reflects midpoint estimate as of June 30, 2020, with an error margin of +/- 5pts for Z-ECM.
[4] Estimated Swiss Solvency Test (SST) ratio as of June 30, 2020. The SST ratio accounts for EUR 750 million subordinated debt issued on June 9, 2020 and approved as eligible risk-bearing capital by Swiss Financial Market Supervisory Authority FINMA on July 22, 2020.
[5] Parentheses around numbers represent an adverse variance.
[6] In local currencies and adjusted for closed acquisitions and disposals.
[7] Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides certain non-claims services and ancillary services to the Farmers Exchanges as its attorney-in-fact and receives fees for its services.

Financial highlights (unaudited)

The following table presents the summarized consolidated results of the Group for the six months ended June 30, 2020, and June 30, 2019, and the financial position as of June 30, 2020, and June 30, 2019, respectively. 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. This document should be read in conjunction with other financial reports published by Zurich Insurance Group on zurich.com. In addition to the figures stated in accordance with International Financial Reporting Standards (IFRS), the Group uses business operating profit (BOP), new business measures and other performance indicators to enhance the understanding of its results. Details of these measures are set out in the separately published Glossary. These should be viewed as complementary to, and not as substitutes for the IFRS figures.

in USD millions, for the 6 months ended June 30, unless otherwise stated	2020	2019	Change[1]
Business operating profit (BOP)	**1,702**	2,815	(40%)
Net income attributable to shareholders after tax	**1,181**	2,041	(42%)
P&C business operating profit (BOP)	**751**	1,656	(55%)
P&C gross written premiums and policy fees	**18,937**	18,555	2%
P&C combined ratio	**99.8%**	95.1%	4.8pts
Life business operating profit (BOP)	**559**	701	(20%)
Life gross written premiums, policy fees and insurance deposit	**13,008**	18,101	(28%)
Life new business annual premium equivalent (APE)[2]	**1,673**	2,229	(25%)
Life new business margin, after tax (as % of APE)[2]	**23.9%**	25.9%	(1.9pts)
Life new business value, after tax[2]	**348**	505	(31%)
Farmers business operating profit (BOP)	**779**	866	(10%)
Farmers Management Services management fees and related revenues	**1,807**	1,868	(3%)
Farmers Management Services managed gross earned premium margin	**6.6%**	7.0%	(0.4pts)
Farmers Life new business annual premium equivalent (APE)[2]	**35**	39	(8%)
Average Group investments[3]	**196,188**	189,334	4%
Net investment result on Group investments[3]	**2,762**	3,564	(22%)
Net investment return on Group investments[3,4]	**1.4%**	1.9%	(0.5pts)
Total return on Group investments[3,4]	**2.0%**	6.0%	(4.0pts)
Shareholders' equity[5,6]	**33,194**	35,004	(5%)
Z-ECM[6,7]	**102%**	129%	(27pts)
Diluted earnings per share (in CHF)	**7.63**	13.67	(44%)
Book value per share (in CHF)	**211.68**	216.67	(2%)
Return on common shareholders' equity (ROE)[8]	**8.1%**	14.2%	(6.1pts)
Business operating profit (after tax) return on common shareholders' equity (BOPAT ROE)[8]	**8.5%**	15.0%	(6.5pts)

[1] Parentheses around numbers represent an adverse variance.
[2] Details of the principles for calculating new business are included in the embedded value report in the annual results 2019. New business value and new business margin are calculated after the effect of non-controlling interests, whereas APE is presented before non-controlling interests.
[3] Including investment cash.
[4] Calculated on average Group investments.
[5] Balance as of December 31, 2019, includes adjustment for effect of adoption of IFRS 16 and IAS 29.
[6] As of June 30, 2020, and December 31, 2019, respectively.
[7] Ratio as of June 30, 2020, reflects midpoint estimate with an error margin of +/- 5 pts.
[8] Shareholders' equity used to determine ROE and BOPAT ROE is adjusted for unrealized gains/(losses) on available-for-sale investments and cash flow hedges.

Further information

Supplemental financial information and written comments to accompany the investor presentation will be available from 06:45 CEST on our webpage.

The Half Year Report 2020, with detailed information about Zurich's financial performance, will be published on Zurich's webpage on August 14, 2020.

Q&A session for media

There will be a conference call Q&A session for media starting at 08:30 CEST with Group Chief Executive Officer Mario Greco and Group Chief Financial Officer George Quinn. Media may dial in using the details provided below. The call will be held in English. Please dial in approximately 10 minutes prior to the start of the conference call.

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UK	+44 207 107 0613
U.S.	+1 631 570 5613

Q&A session for analysts and investors

There will be a conference call Q&A session for analysts and investors starting at 13:00 CEST. Media may listen in. A podcast of this Q&A session will be available from 17:00 CEST.

Participants who wish to attend the Live Q&A session will need to register ahead of the call under this link Zurich Q&A call registration and follow the on screen instructions.

Following registration, you will receive details of the call, together with your personal access details (PIN) for the event by email.

At the time of the event, you will need to choose the dial in number and call it, enter the Passcode of the Event (3160739#) and your personalized Pin followed by the # sign.

Zurich Insurance Group (Zurich) is a leading multi-line insurer that serves its customers in global and local markets. With about 55,000 employees, it provides a wide range of property and casualty, and life insurance products and services in more than 215 countries and territories. Zurich's customers include individuals, small businesses, and mid-sized and large companies, as well as multinational corporations. 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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Certain statements in this document are forward-looking statements, including, but not limited to, statements that are predictions of or indicate future events, trends, plans or objectives of Zurich Insurance Group Ltd or the Zurich Insurance Group (the Group). Forward-looking statements include statements regarding the Group's targeted profit, return on equity targets, expenses, pricing conditions, dividend policy and underwriting and claims results, as well as statements regarding the Group's understanding of general economic, financial and insurance market conditions and expected developments. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and plans and objectives of Zurich Insurance Group Ltd or the Group to differ materially from those expressed or implied in the forward-looking statements (or from past results). Factors such as (i) general economic conditions and competitive factors, particularly in key markets; (ii) the risk of a global economic downturn, in the financial services industries in particular; (iii) performance of financial markets; (iv) levels of interest rates and currency exchange rates; (v) frequency, severity and development of insured claims events; (vi) mortality and morbidity experience; (vii) policy renewal and lapse rates; (viii) increased litigation activity and regulatory actions; and (ix) changes in laws and regulations and in the policies of regulators may have a direct bearing on the results of operations of Zurich Insurance Group Ltd and its Group and on whether the targets will be achieved. Specifically in relation with the COVID-19 related statements, such statements were made on the basis of circumstances prevailing at a certain time and on the basis of specific terms and conditions (in particular applicable exclusions) of insurance policies as written and interpreted by the Group and may be subject to regulatory, legislative, governmental and litigation-related developments affecting the extent of potential losses covered by a member of the Group or potentially exposing the Group to additional losses if terms or conditions are retroactively amended by way of legislative or regulatory action. Zurich Insurance Group Ltd undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

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 services and ancillary 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.

It should be noted that past performance is not a guide to future performance. Please also note that interim results are not necessarily indicative of full year results.

Persons requiring advice should consult an independent adviser.

This communication does not constitute an offer or an invitation for the sale or purchase of securities in any jurisdiction.

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