News Release
May 16, 2024
Ad hoc announcement pursuant to Art. 53 of the Listing Rules

Zurich grows strongly; Farmers business transformation accelerates and delivers excellent results

- **Property & Casualty (P&C) insurance revenue up 12% on a like-for-like[1] basis.**
- **Life continues to grow in protection and unit-linked, driving strong revenue growth in short-term insurance and fee business as well as higher new business margin.**
- **Farmers Management Services (FMS) achieves 6% growth in underlying fee income[2], well above the average annual growth rate of the last 10 years. Farmers Exchanges[3] surplus ratio is at 36.2% following outstanding combined ratio supported by expense improvements.**
- **Strong capital position with Swiss Solvency Test (SST) ratio estimated at 232%[4] as of March 31, 2024.**
- **Previously announced share buyback to start as planned in the next few weeks.**

Zurich Insurance Group (Zurich) delivered a strong performance in the first three months of 2024, continuing to profitably grow the top line and maintaining the positive momentum built on the record results achieved in 2023.

> Ongoing growth in both our P&C and Life portfolios, combined with improved margins in Retail P&C, confirms the strength of our diversified business model. Farmers continues to show impressive results with Farmers Management Services reaching 6% growth in underlying fee income, well on track to meet or exceed the guidance of mid-single digit growth for the year.

Claudia Cordioli, Group Chief Financial Officer

Select financial highlights (unaudited)
Year-on-year changes on a like-for-like basis[1], for the three months ended March 31, 2024

P&C	Life	Farmers
Gross written premiums (GWP) **+9%**	Insurance revenue (short-term contracts) **+11%**	FMS management fees and other revenues[2] **+6%**
Insurance revenue **+12%**	Fee revenue (investment contracts) **+12%**	Farmers Exchanges[3] GWP **+6%**
Rate change and expected trend **5% / stable**	New business premiums (PVNBP) **-1%**	Farmers Exchanges[3] surplus ratio **36.2%**

Broad-based growth in P&C and Life

In P&C, the Group has seen strong growth in both the commercial and retail businesses. Insurance revenue grew 8% in commercial insurance and 10% in retail.

In commercial, rates improved across all regions with an average of 5%. North America was a key contributor with overall rate increases of 8%, including commercial auto where rates increased by 14%.

Retail had a highly successful start to the year, continuing to see strong, broad-based growth, with 5% rate increases. Growth was additionally supported by higher customer retention in all regions. Top-line growth was underpinned by a 7% rate increase in motor. The rate increases come alongside targeted underwriting, claims and expense initiatives designed to continue improving profitability.

In the first quarter, the Group has seen natural catastrophe losses with a combined ratio impact of 1.6%, compared to 1.8% in the prior year period.

Zurich sees stable favorable development of P&C reserves in the first quarter with prior year development within the guidance range of 1–2%.

Life saw continued growth with revenue up 11%[1] for short-term protection and 12%[1] for our fee business, driven by strong sales as well as favorable market developments. New business premiums (PVNBP) were 1% lower on a like-for-like[1] basis driven by lower sales of retail savings contracts in Spain.

Farmers business transformation accelerates

Farmers Exchanges[3] has seen premium growth in the first quarter supported by continued rate actions. The combined ratio of 89.4% for the first quarter, versus 107.4% in the prior year, saw its second consecutive quarter below 90%. The excellent underwriting profitability drove a 2.6 percentage point increase in the surplus position to 36.2%, which now sits in the middle of the target range of 34–38%.

Since the start of 2023, Farmers Management Services has taken decisive actions to reduce expenses, improve underwriting discipline and enhance the efficiency of distribution. All these actions, together with the reduction in natural catastrophe exposure, are bearing fruit as evidenced by the improvement in the Exchanges'[3] profitability and surplus position.

Farmers Management Services has seen a 6% increase in underlying fee income[2], which is well above the average annual growth rate of the last decade. Also, the brokerage entities that the Group acquired from the Farmers Exchanges[3] in December 2023 have seen business increase by more than 50% year on year. Additionally, following the back book reinsurance transaction of last year, Farmers New World Life is rebuilding its new business proposition for distribution by the Farmers Exchanges[3] agents.

Share buyback timing

The previously announced share buyback program of up to CHF 1.1 billion will start in the next few weeks, subject to market conditions.

Commentary

Property & Casualty

In USD millions, for the three months ended March 31, unless otherwise stated

	Gross written premiums (GWP)				Rate change, in %	
	2024	**2023**	**Change[5] in USD**	**Change[1,5] like-for-like**	**2024**	**Expected trend**
Property & Casualty	**12,623**	11,967	5%	9%[6]	**5%**	Stable
Europe, Middle East and Africa	**6,560**	5,990	10%	7%	**4%**	Stable
North America	**4,800**	4,858	(1%)	(1%)	**8%**	Stable
Asia Pacific	**916**	885	4%	12%	**3%**	Stable
Latin America	**910**	780	17%	80%[6]	**4%**	Stable

	Insurance revenue			
	2024	**2023**	**Change[5] in USD**	**Change[1,5] like-for-like**
Property & Casualty	**10,250**	9,407	9%	12%[6]
Europe, Middle East and Africa	**4,431**	3,968	12%	9%
North America	**4,604**	4,298	7%	7%
Asia Pacific	**860**	842	2%	11%
Latin America	**768**	696	10%	60%[6]

Gross written premiums (GWP) in P&C rose 9% compared with the prior-year period on a like-for-like[1,6] basis, adjusting for currency movements and 5% in U.S. dollar terms.

Both commercial and retail insurance experienced a 5% increase in rates. Retail motor saw a 7% increase in rates, which together with a number of non-rate initiatives is expected to drive material improvement in the performance of the portfolio.

In Europe, Middle East and Africa (EMEA), GWP increased 7% on a like-for-like[1] basis. Growth in excess of rates was mainly driven by a strong performance from Germany, Switzerland, UK, Spain, and Italy in both retail and commercial insurance.

GWP in North America declined 1% on a like-for-like[1] basis compared with the previous year. Growth across all lines of business was supported by an 8% rate change, mainly driven by property and auto lines. This was offset by a 15% reduction in crop volumes which after years of commodity price appreciation experienced less favorable developments more recently. Base prices for corn and soybeans are down 21% and 16% respectively which is expected to be reflected in the crop volumes throughout the year.

In Asia Pacific, GWP increased 12% on a like-for-like[1] basis compared with the previous year. This is driven by the retail business partly due to higher motor business sales and to a lesser extent by a favorable commercial insurance performance across the region.

Latin America saw an increase of 80% in GWP on a like-for-like[1,6] basis. Excluding Argentina, which was impacted by inflation and currency depreciation, GWP went up by 11% on a like-for-like[1] basis benefiting from retail motor growth in Brazil and Mexico and higher property business sales in Mexico as well as a strong commercial insurance performance from Brazil.

Life

In USD millions, for the three months ended March 31, unless otherwise stated

	Insurance revenue Short-term insurance contracts				Fee revenue Investment contracts			
	2024	2023	Change[5] in USD	Change[1,5] like-for-like	2024	2023	Change[5] in USD	Change[1,5] like-for-like
Life	**680**	529	29%	11%	**173**	151	15%	12%

	Present value of new business premiums (PVNBP)				New business contractual service margin (NB CSM)			
	2024	2023	Change[5] in USD	Change[1,5] like-for-like	2024	2023	Change[5] in USD	Change[1,5] like-for-like
Life	**3,996**	4,156	(4%)	(1%)[6]	**264**	265	(0%)	2%[6]
Europe, Middle East and Africa	**2,293**	2,634	(13%)	(15%)	**163**	162	1%	(7%)
North America	**95**	87	10%	10%	**4**	2	64%	64%
Asia Pacific	**717**	601	19%	29%	**75**	79	(5%)	3%
Latin America	**900**	834	8%	18%[6]	**22**	22	(1%)	50%[6]

In Life, the Group continued to grow top-line and new business in its preferred lines of business.

Short-term insurance contracts, which are predominantly related to the Latin America protection business, generated USD 680 million of insurance revenue in the first quarter, up 11% year on year on a like-for-like[1] basis.

Investment contracts, which are mainly written in EMEA, generated USD 173 million of fee revenue in the first quarter, up 12% year on year on a like-for-like[1] basis, driven by higher assets under management.

In the first quarter, new business premiums (PVNBP) for long-term insurance contracts amounted to USD 4.0 billion, 1% less than in the prior year on a like-for-like[1,6] basis. The reduction reflects the exceptional sales volumes of retail savings in Spain in the prior year period. The Group's preferred lines, protection and unit-linked, continued to see strong growth in the first quarter, with new business premiums up 21% and 16% respectively on a like-for-like[1] basis.

In EMEA, new business premiums were 15% below the prior year period on a like-for-like[1] basis. Higher sales of protection products in the UK and Switzerland, as well as unit-linked products in Germany, were more than offset by the previously mentioned reduction of retail savings sales in Spain.

In North America, new business premiums grew 10% on a like-for-like[1] basis, driven by corporate and individual savings.

In Asia Pacific, new business premiums grew 29% on a like-for-like[1] basis benefiting from continued growth of protection sales in Japan and corporate business in Australia.

In Latin America, new business premiums increased 18% on a like-for-like[1,6] basis. Excluding Argentina, which was impacted by inflation and currency depreciation, new business premiums went up by 6% on a like-for-like[1] basis benefitting from higher unit-linked sales.

New business margin stood at 6.6% in the first quarter, 0.2 percentage points higher than in the prior year period, benefitting from a more favorable business mix. As a result, new business written in the first quarter added USD 264 million to the contractual service margin (CSM), in line with the prior year.

Farmers
In USD millions, for the three months ended March 31, unless otherwise stated

	2024	2023	Change[5] in USD
Farmers Exchanges[3]			
Gross written premiums (GWP)	**7,077**	6,654	6%
Gross earned premiums (GEP)	**6,888**	6,546	5%
Surplus ratio[7]	**36.2%**	33.6%	2.6ppts

The Farmers Exchanges,[3] which are owned by their policyholders, reported 6% growth in gross written premiums in the first three months,' which is primarily driven by rate actions. Gross earned premiums increased 5% over the same period.

The combined ratio of 89.4% benefited from improved underwriting and a lower expense ratio. The first quarter combined ratio excluding catastrophe losses of 80.8% showed sequential improvement on this metric for the sixth consecutive quarter and improved materially over the 94.3% reported in the prior year period.

The Farmers Exchanges[3] surplus ratio increased 2.6 percentage points in the first quarter to 36.2% – within the Exchanges'[3] target range of 34–38%.

	2024	2023	Change[5] in USD
Farmers			
Farmers Management Services management fees and other related revenues[2]	**948**	897	6%
Farmers Re insurance revenue	**475**	359	32%

Farmers Management Services underlying fee income[2] rose 6% compared with the prior year period, driven by the increase in gross earned premiums at the Farmers Exchanges.[3]

Farmers Re insurance revenue increased USD 116 million compared with the prior year period, driven by higher gross earned premiums at the Farmers Exchanges[3] and an increase in the participation rate in the Farmers Exchanges[3] All Lines Quota Share (to 10.0% from 8.5%, effective from December 31, 2023).

Capital position
As of March 31, 2024, Zurich's Swiss Solvency Test (SST) ratio is estimated at 232%[4] and remains well in excess of the Group's ≥160% target level. This compares with 234% as of December 31, 2023. The reduction was driven by the impact of model and assumption updates, which more than offset favorable market movements and the contribution of economic profit net of dividend accrual.

[1] Like-for-like comparisons represent the change in local currencies and after adjusting for acquisitions and disposals, the reclassification of Zurich Global Employee Benefits Solutions from Group Functions and Operations to Life, and for the impact of a Life portfolio accounted for with the premium allocation approach in Q1-24 (previously accounted for with the building block approach).
[2] Reflects Farmers Management Services management fees excluding the reimbursement of certain ancillary service costs that are BOP neutral.
[3] 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.
[4] Estimated Swiss Solvency Test (SST) ratio as of March 31, 2024, calculated based on the Group's internal model approved by the Swiss Financial Market Supervisory Authority FINMA. The SST ratio as of January 1 has to be filed with FINMA by end of April each year and is subject to review by FINMA.
[5] Parentheses around numbers represent an adverse variance.
[6] Like-for-like comparison was distorted by Argentina's inflation and currency depreciation. Excluding Argentina, P&C gross written premiums were up 4% for the Group and up 11% for Latin America; P&C insurance revenue was up 8% for the Group and up 7% for Latin America; Life new business premiums were down 4% for the Group and up 6% for Latin America; Life new business CSM was down 2% for the Group and up 6% for Latin America.
[7] Surplus ratio as of March 31, 2024, and December 31, 2023, respectively.

Q&A session for media

There will be a conference call Q&A session for media starting at 08:30 CEST. 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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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.

Zurich Insurance Group (Zurich) is a leading multi-line insurer serving people and businesses in more than 200 countries and territories. Founded over 150 years ago, Zurich is transforming insurance. In addition to providing insurance protection, Zurich is increasingly offering prevention services such as those that promote wellbeing and enhance climate resilience.

Reflecting its purpose to 'create a brighter future together,' Zurich aspires to be one of the most responsible and impactful businesses in the world. It is targeting net-zero emissions by 2050 and has the highest-possible ESG rating from MSCI. In 2020, Zurich launched the Zurich Forest project to support reforestation and biodiversity restoration in Brazil.

The Group has about 60,000 employees and is headquartered in Zurich, Switzerland. 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 is available at www.zurich.com.

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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 interinsurance 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 three 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.

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