

# Letter to Shareholders

Results for the six months ended  
June 30, 2024



Dear Shareholder,

**Zurich Insurance Group (Zurich) achieved record business operating profit (BOP) in the first half of 2024, and the highest ever return on equity (BOPAT ROE)<sup>1</sup> while making strong progress toward exceeding all of its 2023-2025 financial targets.**

In the six months to June 30, 2024, business operating profit (BOP) rose 7 percent to USD 4.0 billion versus the same period in 2023. Net income attributable to shareholders after tax increased 21 percent to USD 3.0 billion, while BOP (after tax) return on common shareholders' equity (BOPAT ROE)<sup>1</sup> increased to 25 percent, the highest ever. The results were driven by an ongoing robust performance in Property & Casualty (P&C) and record BOP in the first six months of the year for Life and Farmers.

We are very pleased with these results which reflect excellent performance across all our businesses. This will continue to enable us to deliver strong returns for our shareholders. Market conditions have remained more favorable than anticipated and we observe today many opportunities to profitably grow the business.

The market environment for Commercial P&C remains highly attractive, with rates responding well to loss-cost trends. Retail and small and medium-sized enterprise (SME) P&C results show improvement over the second half of 2023, despite significant weather events. This was driven by strong rate increases, supported by improved customer satisfaction and retention.



**Michel M. Liès**  
Chairman of the Board of  
Directors



**Mario Greco**  
Group Chief Executive  
Officer

## Highlights

**USD 4.0 bn**

Business operating profit  
(June 30, 2023: USD 3.7 bn)

**USD 3.0 bn**

Net income attributable  
to shareholders after tax  
(June 30, 2023: USD 2.5 bn)

**232%**

Swiss Solvency Test ratio <sup>2</sup>  
(January 1, 2024: 234%)

**25.0%**

Business operating profit  
(after tax) return on common  
shareholders' equity  
(June 30, 2023: 22.9%)<sup>1</sup>

**USD 20.82**

Diluted earnings per share

**USD 3.4 bn**

Net investment result on  
Group investments including  
investment cash and derivatives  
(June 30, 2023: USD 2.6 bn)

Zurich's market-leading Commercial Insurance business maintained its high level of profitability with a combined ratio of 91.4 percent, including catastrophe losses of 3.0 percentage points, delivering an exceptional BOP contribution of USD 1.8 billion. The U.S. mid-market and accident & health businesses continued to show strong top-line growth.

Retail gross written premiums increased 10 percent with continued rate increases and strong new business sales in Europe, Middle East and Africa (EMEA), greater travel business in Asia Pacific (APAC), and higher property, affinities, and motor sales in Latin America. The combined ratio of 96.4 percent was 0.6 percentage points higher compared with the first half of 2023, reflecting weather and catastrophe losses. Compared with the second half of 2023, it has improved by 7.3 percentage points following lower catastrophe losses, underwriting actions and rate increases.

Zurich remains committed to its goal of strengthening customer loyalty and establishing its position as the insurer of choice. Over the past six years, the Group has consistently improved its transactional net promoter score (TNPS), a measure of customer satisfaction. That strong momentum has continued into the first half of 2024 with a 3 percentage point increase. The customer retention rate is up by 2 percentage points despite rate increases. This contributed to record growth in the Group's Retail customer base with 1.9 million net new customers.

## Acquisitions

Zurich continues to secure opportunities for future retail growth. As part of these efforts, the Group successfully closed its acquisition of a 70 percent stake in India's Kotak Mahindra General Insurance, and has announced an agreement to acquire AIG's global personal travel insurance and assistance business.

## Property & Casualty

P&C achieved a BOP of USD 2,224 million, a strong result that was 1 percent lower than in the previous year in U.S. dollars, but up 3 percent in local currencies. The higher insurance revenue and a strong investment result were partially offset by a higher combined ratio. The P&C combined ratio increased 0.7 percentage points year-over-year to 93.6 percent, mainly driven by catastrophe losses. The Group continues to maintain a cautious approach to reserving while implementing actions to address the profitability of the retail business.

Insurance revenue rose 6 percent in U.S. dollars, benefiting from the earn-through of growth in gross written premiums. The Group achieved price increases of 5 percent in the first half of the year, which is in line with the first quarter 2024.

## Life

The Life business reported a record performance, achieving the highest ever BOP for a first half-year, up 12 percent to USD 1,048 million, primarily driven by EMEA, which benefited from higher fees, investment result, favorable experience in Switzerland, the UK and Italy, and a non-recurring benefit of approximately USD 50 million related to the non-completion of the disposal of a legacy Life back book in Germany. BOP also increased in Asia Pacific, driven by a higher contractual service margin (CSM) and more favorable claims experience.

Life insurance new business premiums<sup>3</sup> grew by 3 percent in U.S. dollars, driven by Zurich's preferred lines of protection and unit-linked. Bank distribution was a key driver of growth, particularly in Latin America, through the joint venture with Banco Santander, and in EMEA

through the joint venture with Banco Sabadell and distribution agreement with Deutsche Bank. Growth in protection and unit-linked more than offset lower new business premiums in savings, which saw exceptional sales volumes in Spain in the prior-year period.

## Farmers

Farmers reported a record BOP of USD 1,115 million for the first six months, a 12 percent increase compared with the prior-year period. The Farmers Management Services (FMS) BOP was up 10 percent, driven by continued premium growth at the Farmers Exchanges,<sup>4</sup> as well as a higher margin year-on-year. Farmers Re compared favorably to the prior year, reflecting the improved underwriting at the Farmers Exchanges.<sup>4</sup> This was partially offset by lower BOP from Farmers Life reflecting the completion of the reinsurance agreement to cede its in-force individual life portfolio to Resolution Life in August 2023.

The Farmers Exchanges,<sup>4</sup> which are owned by their policyholders, reported gross written premiums 5 percent higher than the prior year, driven by continued pricing actions. Gross earned premiums increased by 6 percent over the same period. The Farmers Exchanges<sup>4</sup> combined ratio of 95.2 percent for the first half of the year was 16.4 percentage points lower than the prior year driven by the earn-through of higher premium rates and lower expenses, and despite significant catastrophe losses.

## Capital position

Zurich's capital position remained very strong. As of June 30, 2024, Zurich's Swiss Solvency Test (SST)<sup>2</sup> ratio is estimated at 232 percent and remains well in excess of the Group's target level of at least 160 percent. This compares with 234 percent as of January 1, 2024.

## Share buyback

Under the public share buyback program announced in February 2024, Zurich Insurance Group Ltd intends to repurchase its registered shares (Zurich shares) in the amount of up to CHF 1.1 billion purchase value. Based on the closing price of Zurich shares on the SIX Swiss Exchange on June 11, 2024, this corresponds to a maximum of 2.34 million Zurich shares, or a maximum of 1.6 percent of Zurich Insurance Group Ltd's registered share capital. The program, for the purpose of capital reduction under the capital band, began on June 17, 2024. For detailed information on the program as well as the status of transactions, please refer to [www.zurich.com/en/investor-relations/our-shares/share-buyback](https://www.zurich.com/en/investor-relations/our-shares/share-buyback).

We are very grateful to you and all our shareholders, as well as our colleagues, customers and partners, for contributing to our success. We thank you for your continued trust.

Yours sincerely,



**Michel M. Liès**  
Chairman of the Board of Directors



**Mario Greco**  
Group Chief Executive Officer

- 1 Shareholders' equity used to determine ROE and BOPAT ROE is adjusted for net unrealized gains/(losses).
- 2 Estimated Swiss Solvency Test (SST) ratio, calculated based on the Group's internal model approved by the Swiss Financial Market Supervisory Authority FINMA. The SST ratio has to be filed with FINMA by end of April each year and is subject to review by FINMA.
- 3 Within the CSM perimeter.
- 4 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 calendar

**07** November Results  
Update for the nine months ended September 30, 2024

**21** November Investor day  
Investor Update 2024

**20** February Results  
Annual Results 2024

### Disclaimer and cautionary statement

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. 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 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.

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

THIS COMMUNICATION DOES NOT CONTAIN AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES; SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR EXEMPTION FROM REGISTRATION, AND ANY PUBLIC OFFERING OF SECURITIES TO BE MADE IN THE UNITED STATES WILL BE MADE BY MEANS OF A PROSPECTUS THAT MAY BE OBTAINED FROM THE ISSUER AND THAT WILL CONTAIN DETAILED INFORMATION ABOUT THE COMPANY AND MANAGEMENT, AS WELL AS FINANCIAL STATEMENTS.