

Zurich Insurance Group Ltd

Amendment to Supplemental Information AGM Invitation for 02/20/2025
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Explanatory Note:

This document is the Letter to Shareholders, not the AGM invitation. The AGM invitation will follow on March 14, 2025.

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Dear Shareholder,

Zurich Insurance Group (Zurich) achieved record business operating profit (BOP) and return on equity (Core ROE¹) in 2024. This strong set of results, together with Zurich's track record of consistent delivery, position us strongly at the beginning of the new three-year cycle.

Group business operating profit (BOP) was USD 7.8 billion, increasing 5 percent from USD 7.4 billion in 2023. We reported a return on equity (Core ROE¹) of 24.6 percent, rising 1.6 points from the prior year's 23.0 percent. Net income attributable to shareholders (NIAS) of USD 5.8 billion was 34 percent above the USD 4.4 billion recorded in 2023. The adjusted earnings per share² rose 10 percent to USD 42.2.

All our businesses delivered an outstanding performance in 2024. Property & Casualty and Life posted their best-ever results and Farmers grew profitably. We continue to experience positive rate momentum in our Commercial business and a healthy pricing environment in Retail, providing a strong start to our new three-year cycle for which we have set our most ambitious targets yet. This reinforces our ability to execute and deliver on our plans and our commitment to create consistent long-term value for all our stakeholders.

Dividend

The Group's attractive dividend policy is confirmed by proposing a dividend of CHF 28 per share, an increase of 8 percent. Over the last eight years, Zurich has distributed more than CHF 28 billion to its shareholders in cash dividends and share buybacks contributing to an industry-leading total shareholder return of 16 percent per year.³



Michel M. Liès
Chairman of the Board of Directors



Mario Greco
Group Chief Executive Officer

Highlights

USD 7.8 bn

Business operating profit
(2023: USD 7.4 bn)

USD 5.8 bn

Net income attributable to
shareholders after tax
(2023: USD 4.4 bn)

252%

Swiss Solvency Test ratio⁴
(December 31, 2023: 234%)

24.6%

Core ROE¹
(2023: 23.0%)

USD 42.2

Adjusted earnings per share²
(2023: USD 38.5)

CHF 28

Proposed dividend per share
(2023: CHF 26)

Acquisitions

We continue to secure opportunities for growth. In 2024 we acquired a 70 percent stake in India's Kotak Mahindra General Insurance, now operating as Zurich Kotak. We also acquired AIG's global personal travel insurance and assistance business, making Zurich one of the largest travel insurers globally in a market worth about USD 20 billion annually in gross written premiums. The AIG travel business is being combined with the Group's existing travel insurance provider Cover-More Group and operates within the expanded corporate brand, Zurich Cover-More.

Property & Casualty

Zurich's Property & Casualty (P&C) business continues to increase profitability by focusing on underwriting discipline, maintaining a balanced portfolio, and simplifying customer and broker interactions. As a result of these efforts, P&C increased its insurance revenue and improved its combined ratio.

P&C business operating profit (BOP) of USD 4.2 billion was 8 percent higher than in the previous year in U.S. dollars and on a like-for-like⁵ basis. Gross written premiums grew 5 percent in U.S. dollars and on a like-for-like⁵ basis. The Group achieved exposure adjusted price increases of 4 percent. Insurance revenue rose 6 percent in U.S. dollars and 5 percent on a like-for-like⁵ basis, benefiting from the earn-through of growth in gross written premiums. The combined ratio of 94.2 percent improved 0.2 percentage points year-over-year. A strong improvement in the loss ratio was partially offset by an increase in the expense ratio.

The Group's leading Commercial Insurance business delivered a strong BOP of USD 3.4 billion, while the Retail business increased its BOP to USD 1.0 billion, up USD 618 million or 171 percent. In Retail, gross written premiums increased 11 percent on a like-for-like⁵ basis supported by rate changes of 5 percent.

Life

Life continued to successfully execute its strategy supported by a robust underlying performance, delivering a record BOP of USD 2.2 billion, up 8 percent in U.S. dollars and 9 percent on a like-for-like⁵ basis. Gross premiums⁶ grew strongly in capital-light lines to USD 29.6 billion, up 6 percent in the unit-linked and protection businesses on a like-for-like⁵ basis. Building on this consistently strong delivery and to capture further growth opportunities, the Group has consolidated its Life protection business under a single unit, as announced at the November 2024 Investor Day.

Life gross premiums⁶ and present value of new business premiums (PVNBP) increased 4 percent and 5 percent respectively on a like-for-like⁵ basis, driven by growth in Zurich's preferred lines of protection and unit-linked. Protection gross premiums⁶ increased 7 percent on a like-for-like⁵ basis to USD 8.7 billion. Protection new business premiums increased 6 percent on a like-for-like⁵ basis to USD 5.7 billion.

Unit-linked gross premiums⁶ grew 5 percent on a like-for-like⁵ basis to USD 20.9 billion, benefiting from strong inflows from investment contracts in Ireland and retirement savings in Latin America through the joint venture with Banco Santander. Unit-linked new business premiums rose 18 percent on a like-for-like⁵ basis. Bank distribution was a key driver of growth, particularly in Latin America, through the joint venture with Banco Santander, and in Germany through the distribution agreement with Deutsche Bank.

Farmers

Farmers results reflect the positive impacts from the ongoing business transformation over the last year and position the business well for further growth. Farmers BOP of USD 2.3 billion was in line with the record level achieved in 2023. Farmers Management Services (FMS) contributed a record BOP of USD 2.1 billion. This is a 5 percent increase compared with the prior year, reflecting the growth at the Farmers Exchanges⁷, lower operating expenses and the BOP contribution from the brokerage entities Zurich acquired from the Farmers Exchanges⁷ in December 2023.

Farmers Re BOP compared favorably with the prior year following improved underwriting at the Farmers Exchanges⁷ and a higher participation rate of 10.0 percent compared with 8.5 percent in 2023. These favorable factors were offset by lower BOP from Farmers Life, reflecting completion of the reinsurance agreement to cede its in-force individual life portfolio to Resolution Life in August 2023.

Farmers Exchanges⁷ gross written premiums were up 4 percent compared with the prior year and the Farmers Exchanges⁷ combined ratio of 91.4 percent was 11.9 percentage points lower than in 2023, reflecting higher premium rates and moderating cost trends, and an improved expense ratio. The surplus ratio was estimated at 42.4 percent as of December 31, 2024, well above the target range of 34-38 percent.

Share buyback

On October 30, 2024, Zurich Insurance Group Ltd (Zurich) completed its share buyback program of up to CHF 1.1 billion that was launched on June 17, 2024. Under the program, Zurich repurchased 2,221,529 of its shares for a total purchase value of CHF 1.1 billion at an average purchase price of CHF 495.15. The Board of Directors of Zurich intends to use the capital band to cancel the shares repurchased under the program. For further information see www.zurich.com/en/investor-relations/our-shares/share-buyback.

Board nomination

The Board of Directors will propose the election of Thomas Jordan to the Board at Zurich's Annual General Meeting on April 9, 2025. Mr. Jordan has substantial international financial market and monetary policy experience, as his nomination follows a distinguished career at the Swiss National Bank, where he was Chairman of the Governing Board from 2012 until 2024, after having been appointed as Vice-Chairman in 2010. In 2004 the Swiss Federal Council appointed him as Alternate Member of the Governing Board and Chief Investment Officer of the Swiss National Bank, before appointing him as Member of the Governing Board in 2007.

Capital position

Zurich's capital position remained very strong. As of December 31, 2024, Zurich's Swiss Solvency Test (SST) ratio was estimated at 252 percent⁴, which compares with 234 percent as of December 31, 2023. The increase was driven by favorable market movements, capital generation in excess of dividend accrual, as well as a positive impact from the disposal of an annuity book in Chile, and the issuance of USD 500 million of subordinated debt in October. Cash remittances rose by USD 2.4 billion to USD 7.1 billion driven by operational earnings and remittances of excess capital.

In 2024, Zurich became one of the best-in-class insurers among European peers for its financial strength ratings with three rating agencies. This is the result of recent upgrades by Moody's (Financial Strength rating to Aa2 from Aa3 in September) and AM Best (Issuer Credit rating upgraded to aa from aa- in November). S&P's Insurance Financial Strength (IFSR) rating remained at the AA level. This reflects the recognition of the Group's diversified and resilient earnings profile, balance sheet strength and strong capital flexibility, underpinned by conservative risk management.

Outlook

Zurich expects compound annual growth in core earnings per share (EPS)² to exceed 9 percent in 2025-2027 compared with a baseline of USD 40.1, a Core ROE¹ of more than 23 percent in 2027 as well as cumulative cash remittances in excess of USD 19 billion over the three-year cycle. This compares with a target of 8 percent EPS compound annual growth rate in 2023-2025, a BOPAT ROE of more than 20 percent in 2025 and cumulative cash remittances in excess of USD 13.5 billion over the period 2023-2025, all of which were established at the 2022 Investor Day.

Our investor and media presentation provides more detailed guidance for the 2025 earnings outlook. It includes mid-single digit percentage growth in insurance revenue for P&C, with the Life BOP expected to be in line with the record high level of 2024.

For more information, see www.zurich.com/investor-relations/presentations.

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 Core ROE includes net unrealized gains/(losses) on financial assets, net change in discount rate for (re-) insurance contracts and net change in fair value of underlying items through OCI. Core ROE was previously referred to as BOPAT ROE.
- 2 Adjusted earnings per share (EPS) substitutes actual net capital gains and losses with net capital gains expected under long term market assumptions (~USD 0.8 billion). Full-year 2024 EPS on a reported basis was USD 40.2. Core EPS, which is based on business operating profit after tax (BOPAT), was USD 40.1 in full-year 2024.
- 3 Annualized TSR in U.S. dollars from January 1, 2017, to December 31, 2024.
- 4 Estimated Swiss Solvency Test (SST) ratio as of December 31, 2024, calculated based on the Group's internal model approved by the Swiss Financial Market Supervisory Authority FINMA. The SST ratio as of December 31 has to be filed with FINMA by end of April in the subsequent year and is subject to review by FINMA.
- 5 Like-for-like comparisons represent the change in local currencies and after adjusting for acquisitions and disposals and excluding Argentina. Including Argentina, P&C GWP like-for-like growth was 6% and P&C Insurance revenue like-for-like growth 6%, Life GWP like-for-like growth was 4%, Life PVNBP and NB CSM like-for-like growth 6%.
- 6 Gross written premiums for protection, gross policyholder inflows (including deposits) for all other lines of business (including investment and asset management contracts).
- 7 Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc. (FGI), a wholly owned subsidiary of the Group, and certain of its subsidiaries, provide certain non-claims and ancillary services to the Farmers Exchanges as their attorney-in-fact and receive fees for their services.

Financial calendar

09 Annual General Meeting
April Annual General Meeting 2025

08 Results
May Update for the three months ended March 31, 2025

07 Results
August Half year results 2025

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, underwriting and claims results, business initiatives (including, but not limited to, sustainability matters), 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, policies, initiatives 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, and the possibility of conflict between different governmental standards and regulatory regimes may have a direct bearing on the results of operations of Zurich Insurance Group Ltd and the 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 certain of 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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