

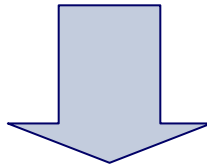
Microsegmentation delivers +25% increase in new business growth

- Irish motor case study

Microsegmentation solves competitive position without deteriorating margin

Zurich was relatively uncompetitive in the marketplace. Out of a sample of 10,000 policies, we were cheapest in 7% of cases.

Zurich's rating structure and risk selection was similar to the majority of our peer group with an opportunity for further risk insight available

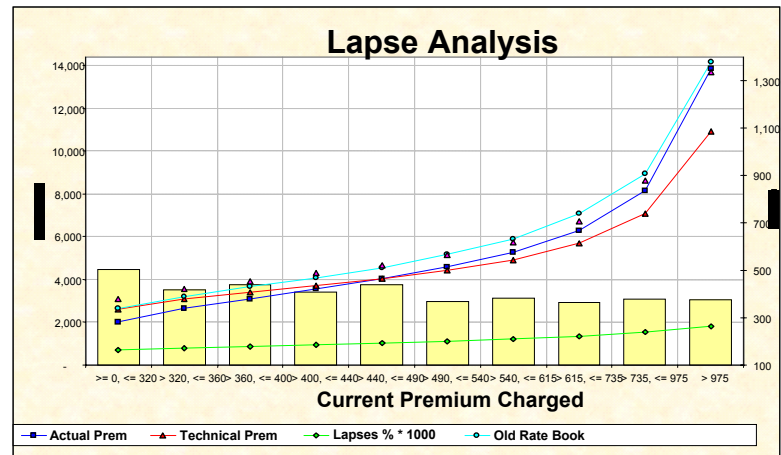
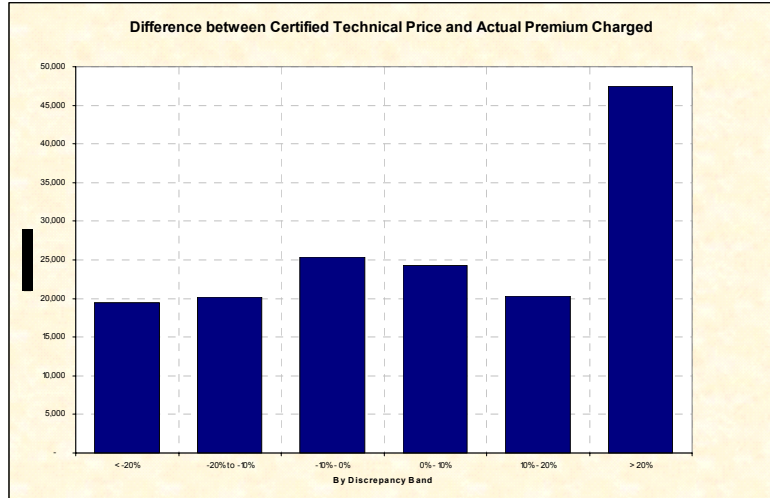


- We introduced increased granularity to our technical price
- The number of rating areas increased from 7 to 63
- The number of vehicle groups increased from 8 to 99

Microsegmentation provides increased risk insight through granularity

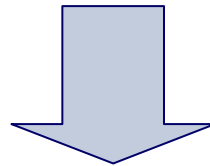
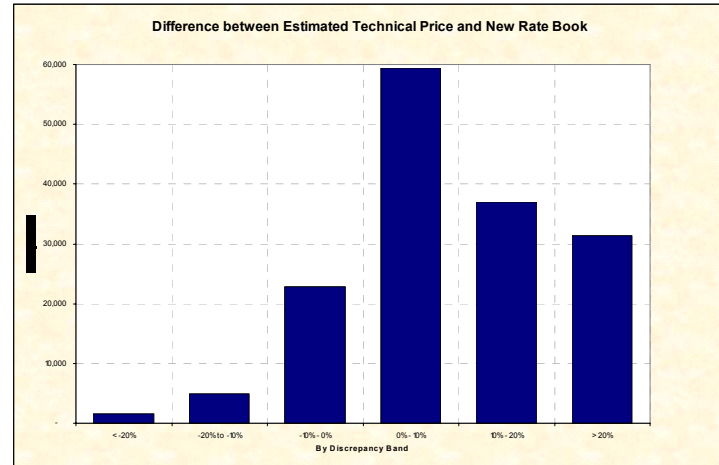
There was a large difference between the new microsegmented technical price and the actual premium charged.

Lapses were particularly high for policies where the ratebook was significantly different from the technical price. Some competitors' rates were more in line with the actual risk cost, so we were being selected against.



Microsegmentation delivers growth and improved margin

Zurich introduced a revised ratebook based on microsegmented technical price insights



Doubled competitive position

Mix of business written now in **more profitable segments** versus technical price

New business volume grew **+ 25%** year on year

Microsegmentation is increasing rating sophistication globally across all lines of business

- **Personal lines statistical and optimisation techniques are leveraged into Commercial lines**
- **Risk insights successfully developed in an individual country are shared on a global basis**
- **Granularity in rating plans is increased to billions of individual ratings cells**

Microsegmentation insights are shared globally and being implemented in all lines of business

Lines of business addressed

Private Auto

HomeOwners

Commercial Auto

Property

Workers Injury

Liability

Healthcare

Specialties



Programs implemented in Europe, US and international businesses

External benchmarking shows Zurich stronger than competition and a huge growth opportunity exists

“ZFS Europe is best-in-class personal lines pricing is highly sophisticated: 200+ predictive factors analyzed for technical price, granular price testing to determine customer and broker elasticity, optimization tools to set target price

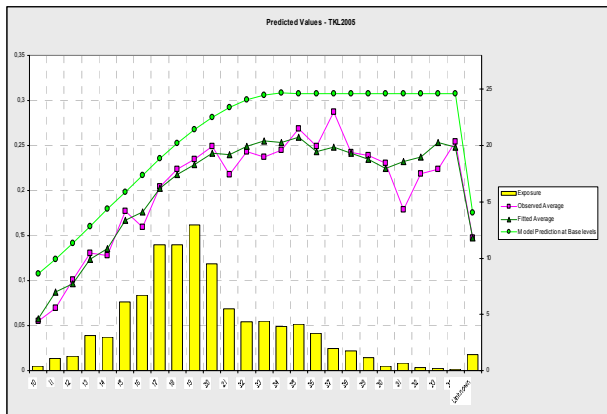
ZFS **strength** is in identifying best practices and implementing them strategically and quickly across all countries (despite IT difficulties, resistance, constrained resources etc.)”

“In commercial lines, ZFS Europe is at the forefront of its peer group”

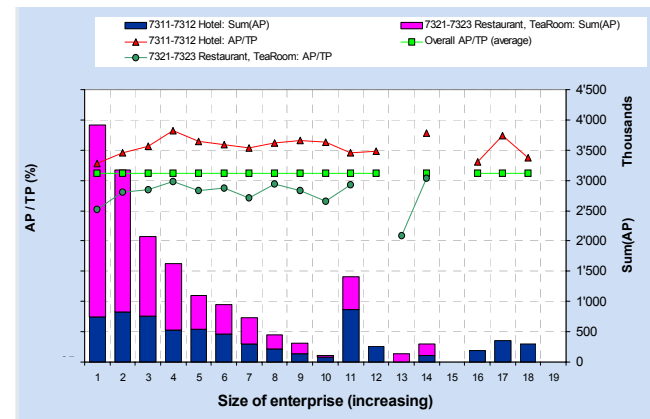
“In improving these aspects in the US and Internationally, there is an opportunity to grow business in ways not currently specified; it isn’t just about being disciplined but about finding niche segments that can be priced more aggressively and identifying unprofitable segments where one should seek to shrink the business”

Zurich's investment in talent and sophisticated rating tools is delivering success

To determine technical price



To incorporate competitive insights



To optimise growth and profit using price to market

