

# Supporting Growth: Zurich's Global Scale Helps U.S. Businesses Manage Risks And Grow



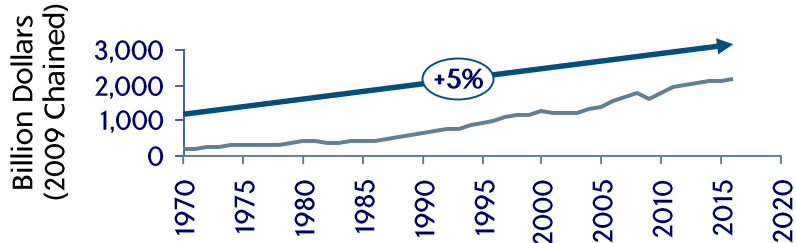
In the U.S. for more than 100 years, Zurich employs over 9,000 in almost all 50 states. Zurich North America is a leading commercial property-casualty insurance provider in the U.S. Zurich's global scale is central its ability to serve U.S. businesses, as it allows for greater risk diversification. This enables Zurich to serve customers facing new and rising risks.

## Zurich Facilitates Growth By Underwriting New And Rising Risks For U.S. Businesses

### 1 Increased Risk Interconnectivity

As the global economy becomes more interconnected, U.S. businesses may be more connected to global disasters, supply chain risks, political risks, and more. Zurich's global reach increases risk diversification, enabling us to offer high-quality risk mitigation products to U.S. businesses.

Real Exports Of U.S. Goods And Services

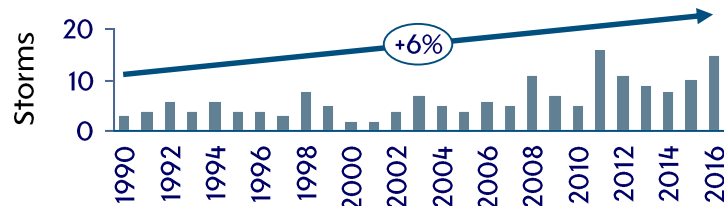


Source: [Federal Reserve Bank Of St. Louis, "Real Exports of Goods And Services"](#)

### 2 Rising Natural Catastrophe Risk

The frequency and severity of storms continues to increase in the U.S. Meanwhile, people continue to live on the coast. As a global insurance provider, Zurich is able to offer coverage in high-risk areas, where local and domestic insurers may not.

U.S. Weather And Climate Disasters Causing At Least \$1B In Damage

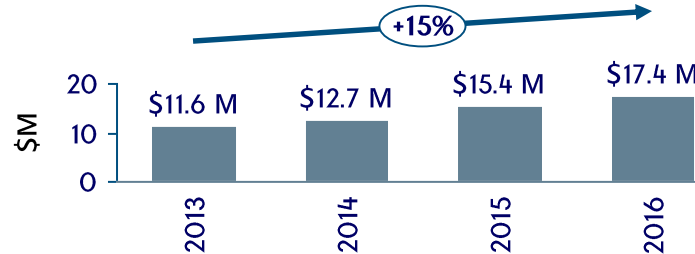


Source: [National Oceanic and Atmospheric Administration, "Billion Dollar Weather And Climate Disasters: Summary Stats"](#)

### 3 New Tech-Driven Risks

New technology is propelling the U.S. economy forward, but it comes with new and challenging risks, such as cybercrime. Zurich's scale allows it to engage with these new risks to help U.S. businesses make the investments in innovation they need to grow.

Average Cost Of A Cybercrime For A U.S. Business



Source: [Ponemon Institute, "2016 Cost Of Cyber Crime Study & The Risk Of Business Innovation"](#)

## By Helping Businesses Manage Risks, Global Insurers Spur Increased Investment

While Zurich only accounts for 2% of the 2015 market share in the U.S. P&C industry, we have outsized importance in high-risk markets.

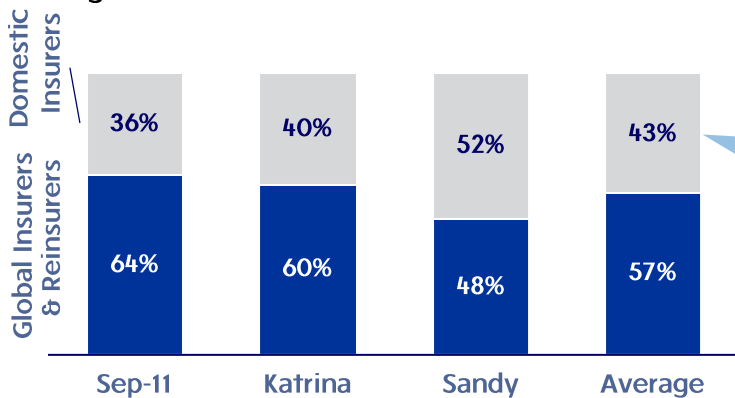
- 8.86% of the country's earthquake insurance
- 12.35% of California's earthquake insurance
- 12.89% of Massachusetts's earthquake insurance
- 8.76% of Florida's commercial multi-peril property insurance
- 5.62% of Mississippi's commercial multi-peril property insurance
- 5.26% of Michigan's commercial auto liability insurance

Source: [2015 NAIC Market Share Reports For P&C Groups And Companies](#)

**Zurich's global scale allows it to diversify risk, enabling it to offer U.S. businesses flexible insurance products to help manage their risk.**

## Foreign Affiliate Reinsurance (FAR) Helps Consumers During Catastrophic Events

Global insurers and reinsurers paid over 57 percent of claims for Katrina, Sandy and 9/11, on average.\*

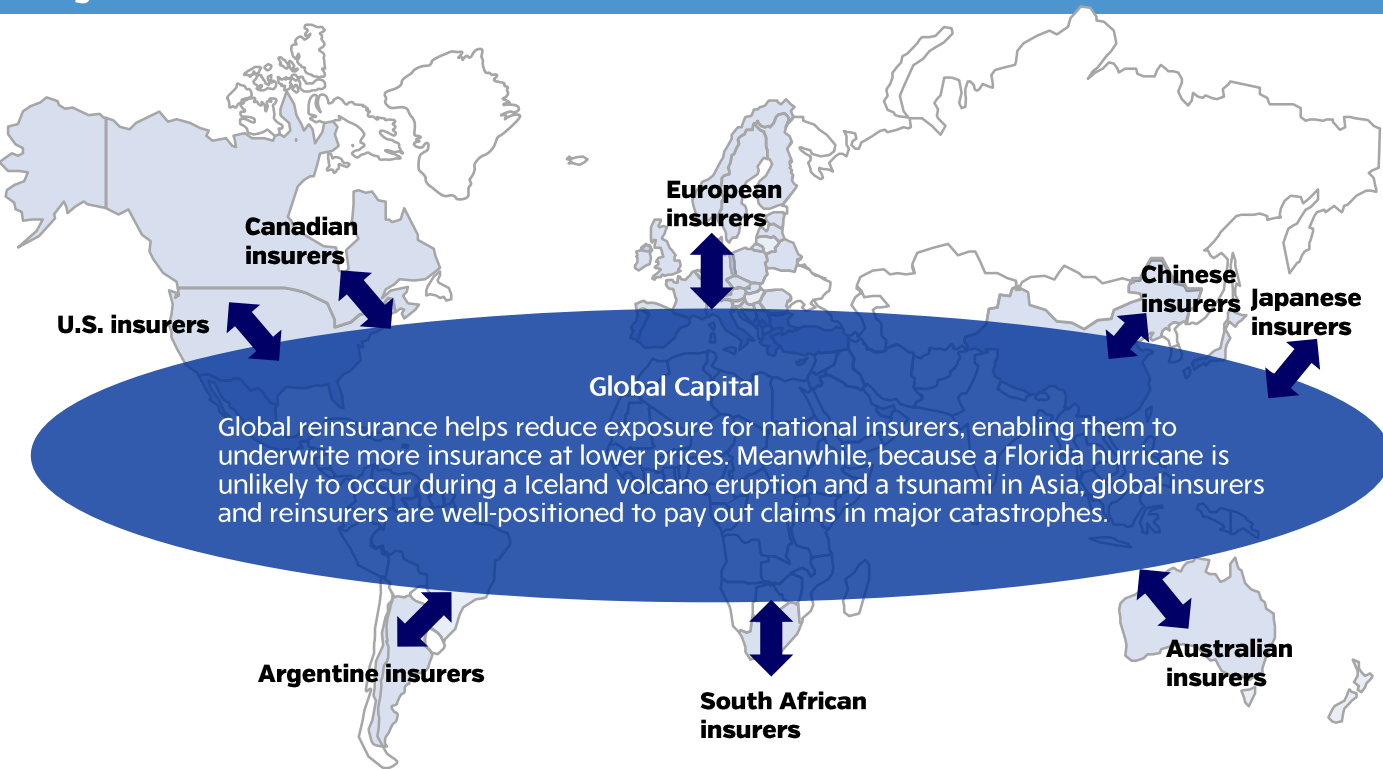


Global insurance providers and reinsurers are critical for dealing with catastrophic and tragic events.

After catastrophic, capital depleting events, global affiliate reinsurers can quickly respond with replacement reinsurance at a crucial time of peak demand.

Source: [Manny Diaz, "Op-ed: Congress should reject the 'border-adjustment' tax increase on hurricane insurance," Coalition For Competitive Insurance\\*](#)

## Foreign Affiliate Reinsurance Can Lower Costs For U.S. Businesses And Consumers



### FAR Is A Standard Business Transaction

- Affiliated and non-affiliated reinsurance are both subject to U.S. state insurance regulatory review and are generally accepted tools to spread U.S. insurance risk to global markets.
- Maintaining the current tax treatment of affiliated reinsurance is essential for sharing U.S. insurance risks efficiently to the global insurance market and providing U.S. businesses and their customers insurance at lower prices.

### Projected Economic Impact Of Proposed Changes

- \$5B: Cost to consumers\*
- \$1.35B: Projected decrease in GDP\*\*
- 1.4%: Average drop in supply of insurance \*
- 18.3B: Decline in the net supply of reinsurance\*

Source: [\\*The Brattle Group, "The Impact Of Offshore Affiliate Reinsurance Tax Proposals On The U.S. Insurance Market,"](#) [\\*\\*Tax Foundation, "Incorrectly Defining Business Income: The Proposal to Eliminate the Deductibility of Foreign Reinsurance Premiums"](#)

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