

# Pictet Swiss Larger Cap Seminar

Zurich Continental Europe at a glance

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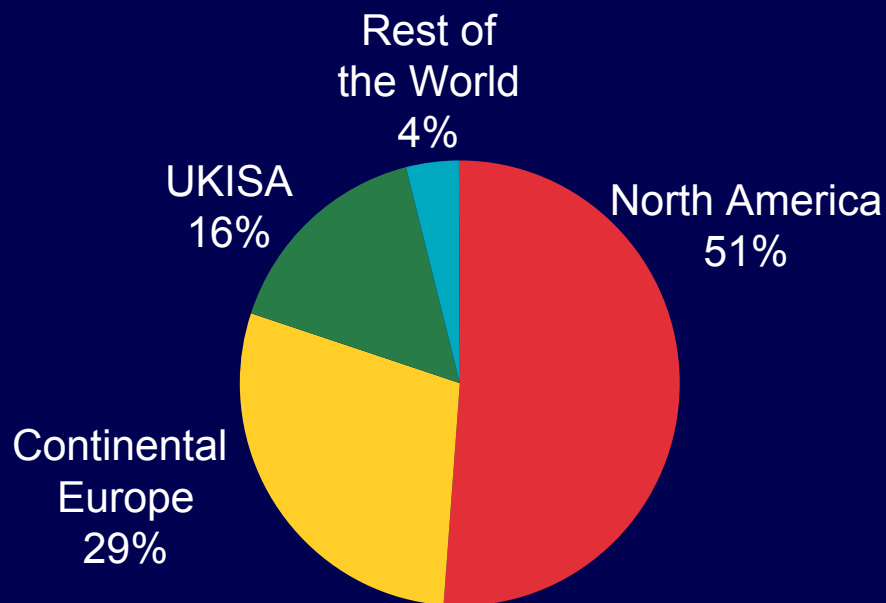
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# Zurich Continental Europe at a glance

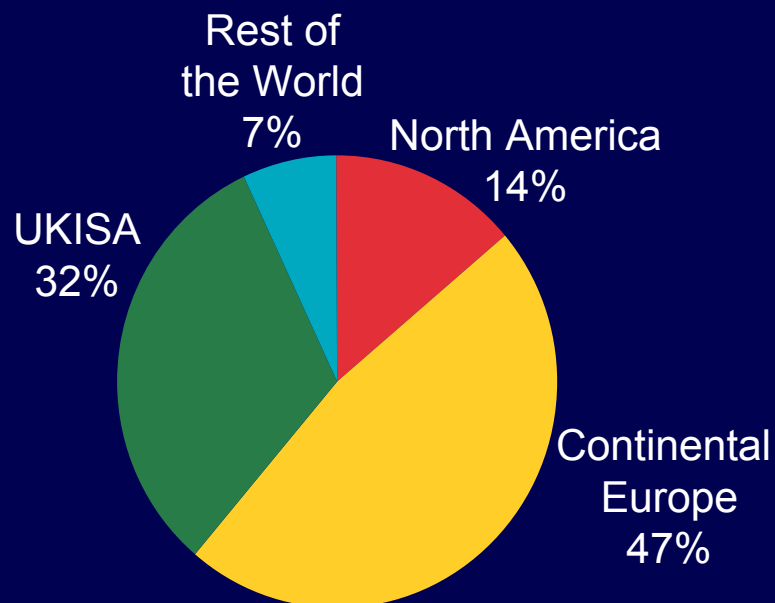
- 5<sup>th</sup> largest insurer in Continental Europe
- About 12 million customers
- A strong distribution network with more than 40'000 agents, brokers and financial advisors
- 6<sup>th</sup> in non-life and 4<sup>th</sup> in life business in Germany
- 2<sup>nd</sup> in non-life and 3<sup>rd</sup> in life in Switzerland
- Continental Europe Corporate (CEC) ranks 2<sup>nd</sup> in non-life corporate business, and is market leader in International Program Business in Europe

# Zurich's premium volume by core markets

## Non-Life GWP



## Life GWP\*



(Based on Q3 2003)

\* Including insurance (unit-linked) deposits

# ZCE's functional set-up

Distribution/  
Market  
Management



Central  
Functions at  
ZCE Center,  
Zurich



# Principles of strategic development

- **Market Management**

Market Management is local, with only Continental Europe Corporate (CEC) as an exception

- **Manufacturing, Shared Services**

Manufacturing and Shared Services are subject to cross-border optimization programs

- **Cross-Border Initiatives**

Selected cross-border projects to be driven by horizontal programs and initiatives

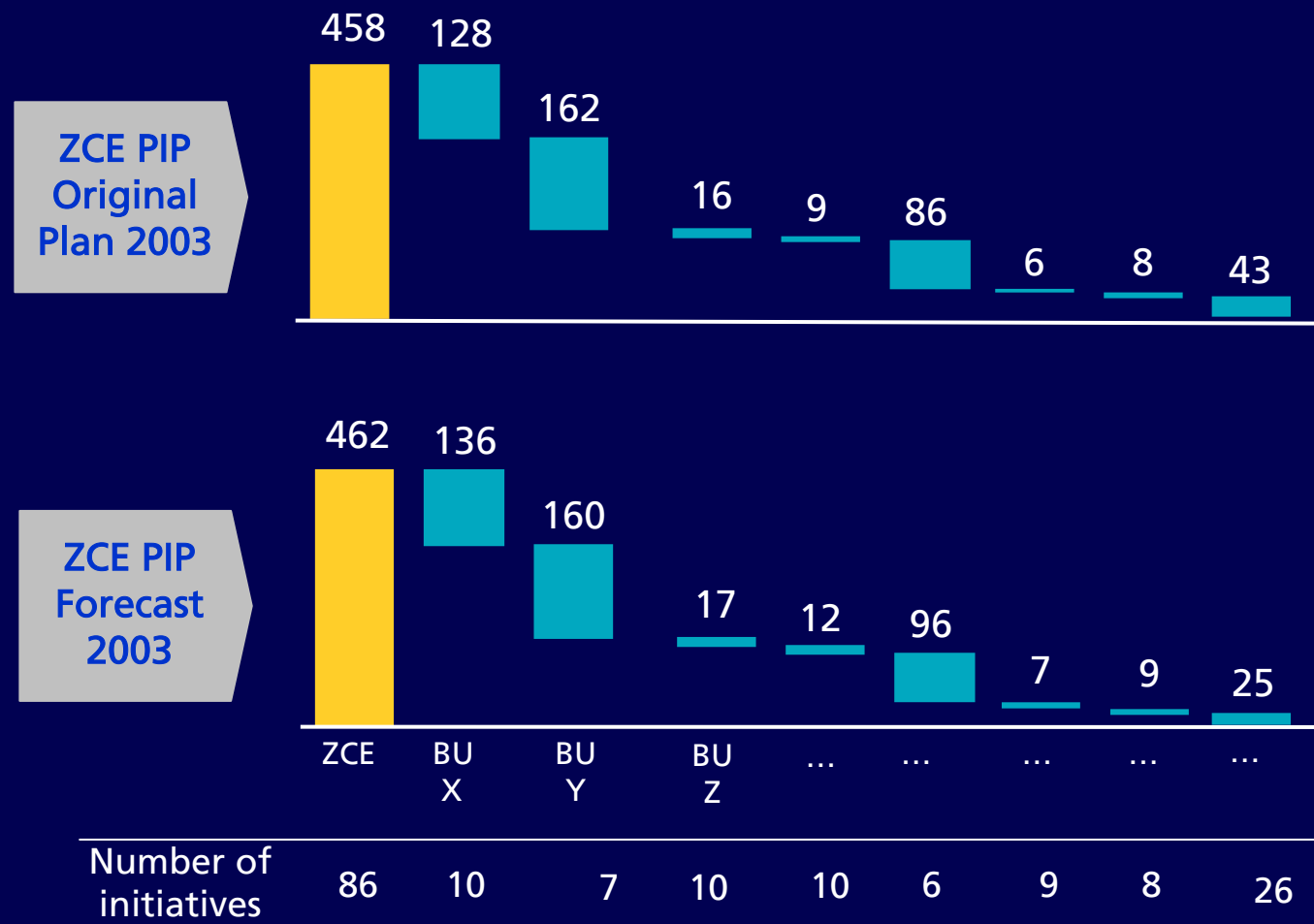
# ZCE strategy implementation – 6 major steps

1. Consolidation of 3 sub-regions and 23 countries under one Business Division; Launch of CEC as fully operational unit
2. Major portfolio review process with significant achievements
3. Implementation of Deutsche Bank Distribution Agreements
4. Successful integration of Deutsche Bank insurance units in Spain, Italy, Portugal and Germany, and Winterthur in Austria
5. Profit Improvement Program: € 458m and about 90 initiatives
6. ZCE convergence process: optimization of operational performance and drive cross border functions

# ZCE Process Improvement Program (PIP)

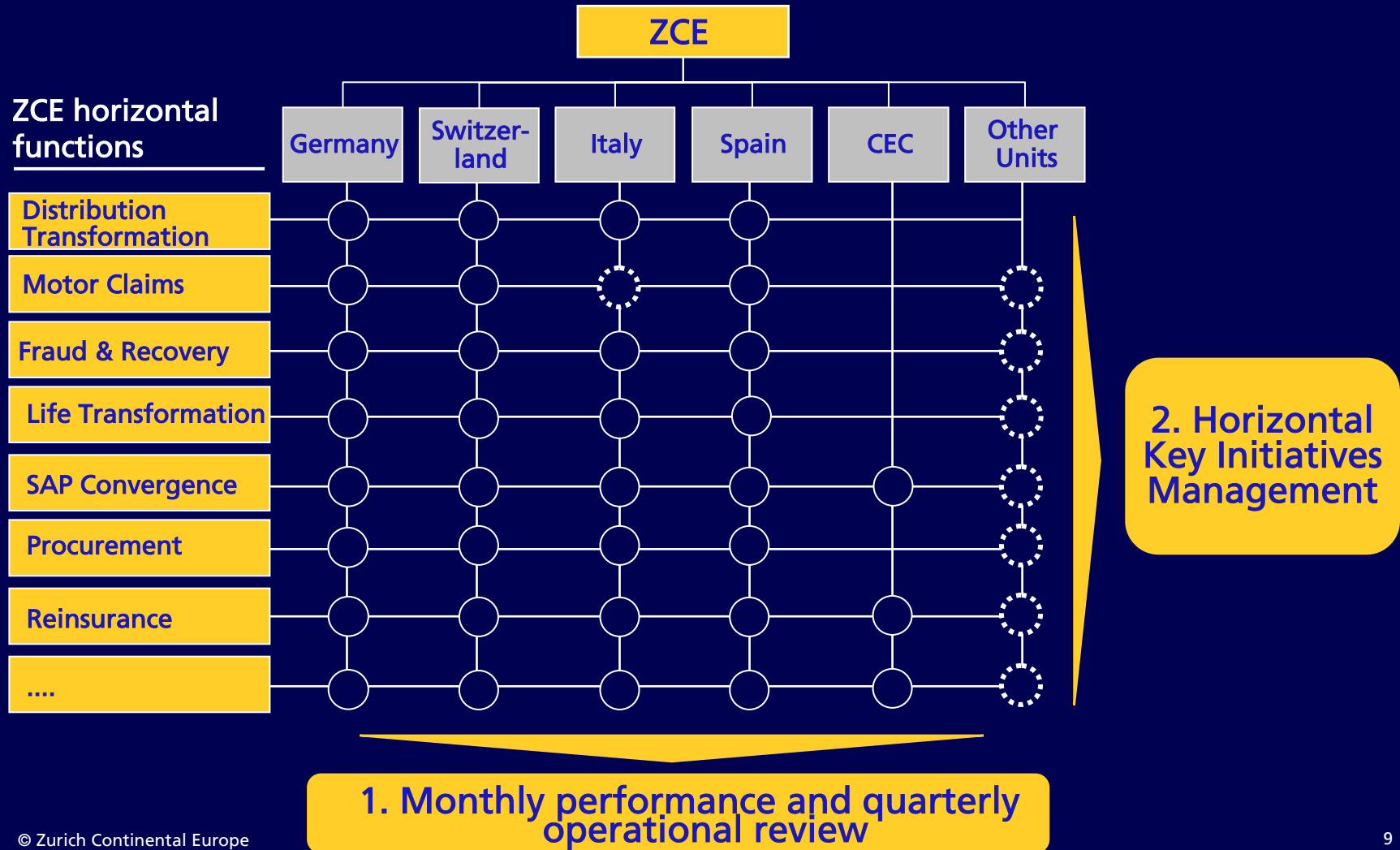
Status October 2003

in € million



# Drive ZCE convergence process

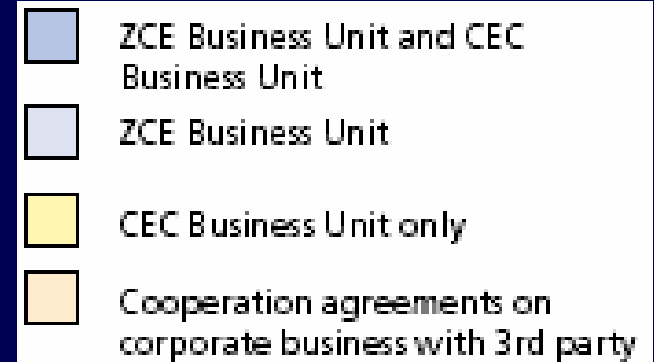
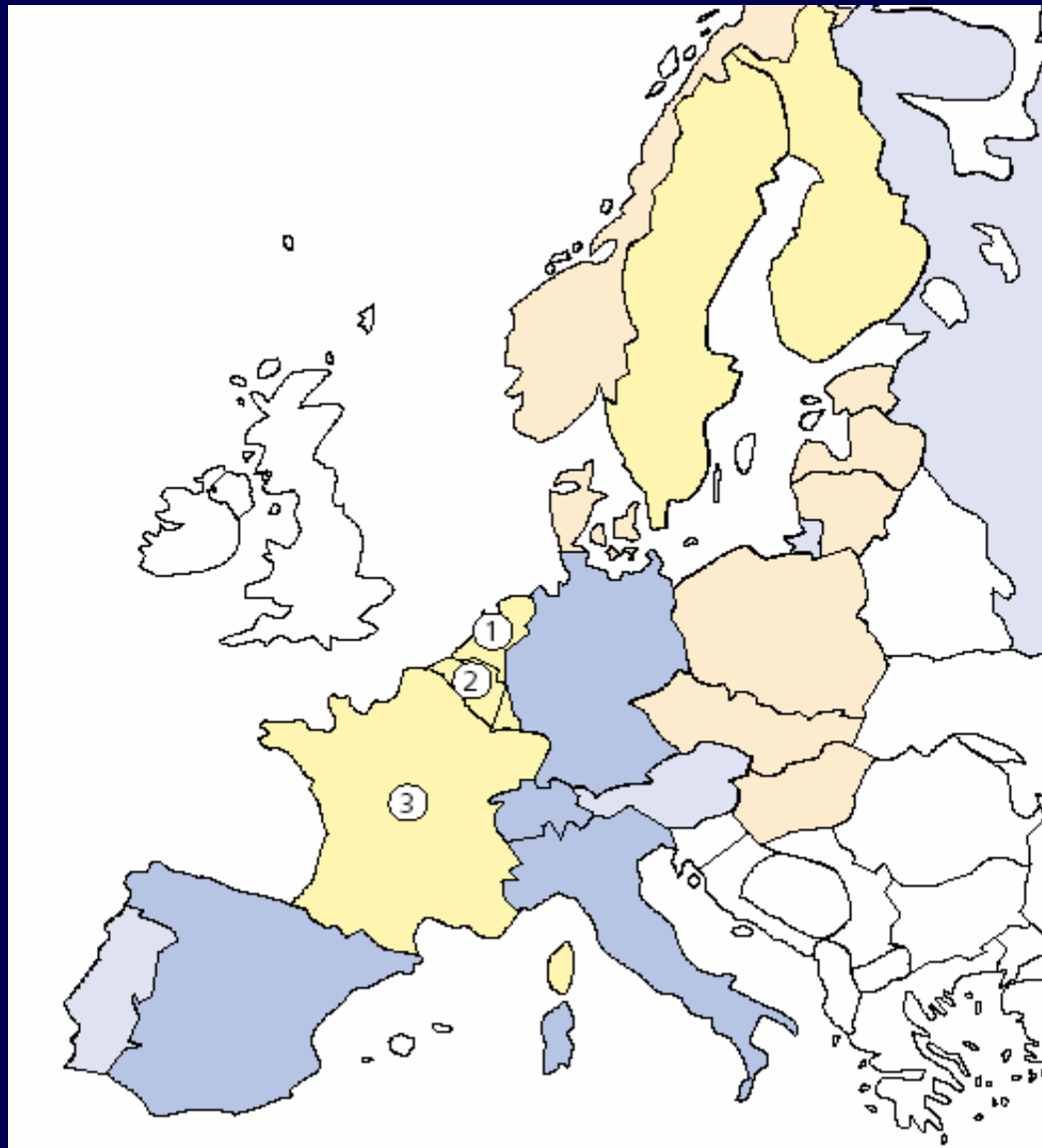
1. Push operational performance
2. Foster horizontal collaboration



# Business portfolio review – focusing on core business

Date	Transaction	Status
03/2002	<b>Divestment Eastern Europe</b> (Poland, Hungary, Slovakia, Czech Republic) - Strategic alliance with Generali)	Closing completed
04/2002	<b>Acquisition Deutsche Bank insurance units</b> - Germany - Italy, Spain, Portugal	Integration - On track - Completed
05/2002	<b>Divestment/repositioning Nordic</b> (Denmark, Finland, Sweden, Norway) - Strategic alliance with Tryg/Vesta - Creation CEC Nordic	Closing completed
09/2002	<b>Integration Winterthur Austria</b>	Integration completed
03/2003	<b>Divestment/repositioning Baltics</b> (Estonia, Latvia, Lithuania) - Strategic alliance with IF	Closing process on track
05/2003	<b>Divestment/Repositioning Netherlands</b> - Creation of CEC Benelux	Closing completed
09/2003	<b>Divestment/repositioning of France</b> - Creation of CEC France	Closing completed - On track

# The new face of Zurich Continental Europe



①, ②, ③

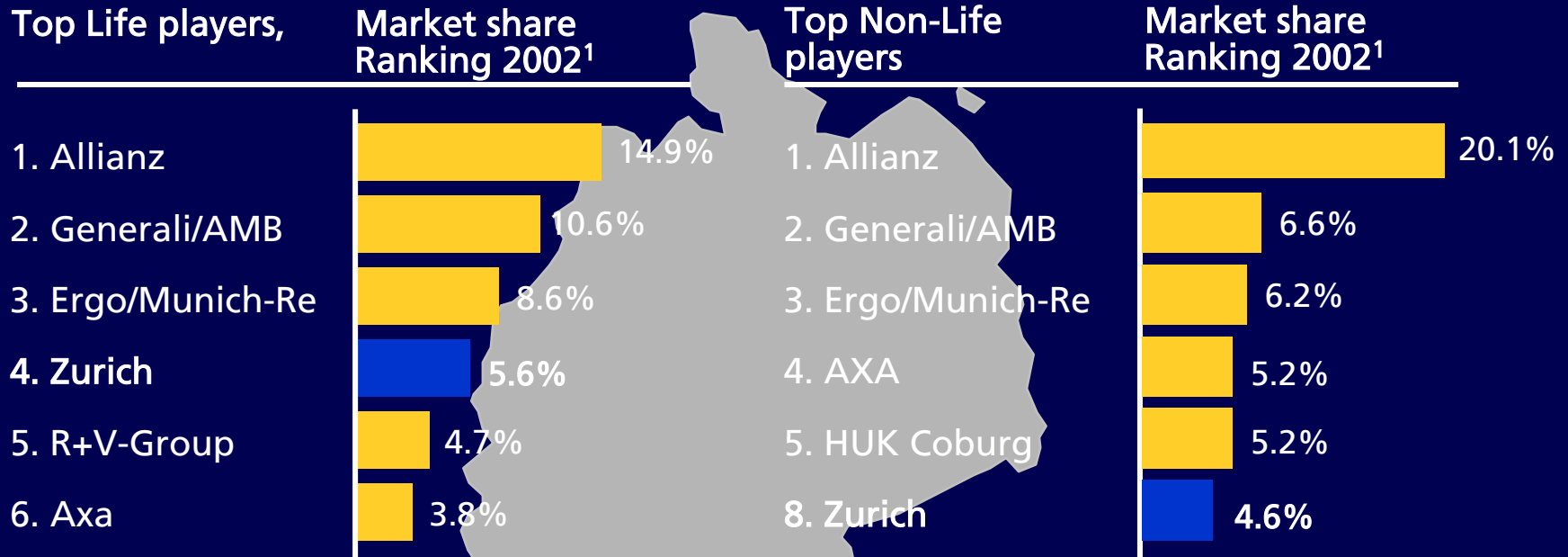
Disposal of Netherlands, Benelux and France in 2003 and formation of CEC unit.

# A closer look at Germany

# Market overview Germany

- 4<sup>th</sup> largest insurance market worldwide at GWP USD 106bn (Life and Non-life FC2002).\*
- Expected average annual growth rate of 3% in 2003.\*
- Above-average growth potential in the life, pension and wealth accumulation business.
- Economies of scale and synergies through market concentration.

# Zurich Germany is amongst the top players in the market ...



<sup>1</sup> Market share based on GWP; Source: Company informations / Life w/o Health

- In total BU Germany ranks 5<sup>th</sup>, in direct NL business we take position number 1
- In unit linked business we occupy position 2, aiming to become leader in the next years

# Zurich and Deutscher Herold: Two strong partners - one vision

## Zurich Germany

- 2.0m customers
- Approx. 3'000 employees
- Market leader in non-life direct business
- Strong position in broker market

## Deutscher Herold

- 2.4m customers
- approx. 3'000 employees
- market leader in unit-linked products
- strong in bank and financial services distribution

“We are a recognized leader in the German insurance and financial services industry for risk protection, retirement savings and wealth accumulation.”

# Zurich / Deutsche Bank Cooperation

## Provider Status in Continental Europe

Zurich as **exclusive provider**<sup>1</sup> for insurance products for retail and private clients of Deutsche Bank in:

- Germany
- Italy
- Portugal
- Spain

Zurich as **preferred provider** for insurance products for retail and private clients of Deutsche Bank in:

- other ZCE countries (e.g. Switzerland, Austria)

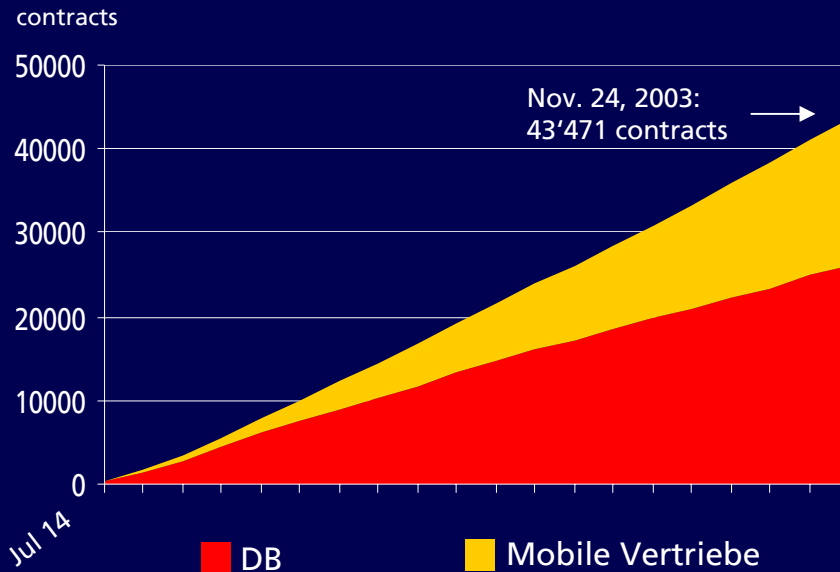
Deutsche Bank as **preferred provider**<sup>1</sup> for banking and asset management products for retail and private clients of Zurich in ZCE and **exclusive provider**<sup>1</sup> of Deutscher Herold in Germany.



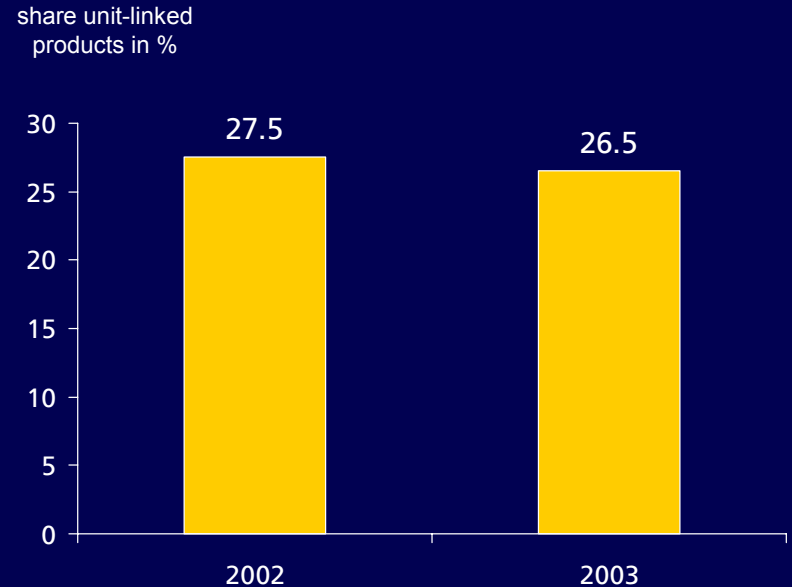
<sup>1</sup> Minimum volume on an annual basis agreed by Zurich and Deutsche Bank

# Development unit linked Products

New Business in unit linked products  
year to date  
(db FondsRente/Vorsorgeinvest)



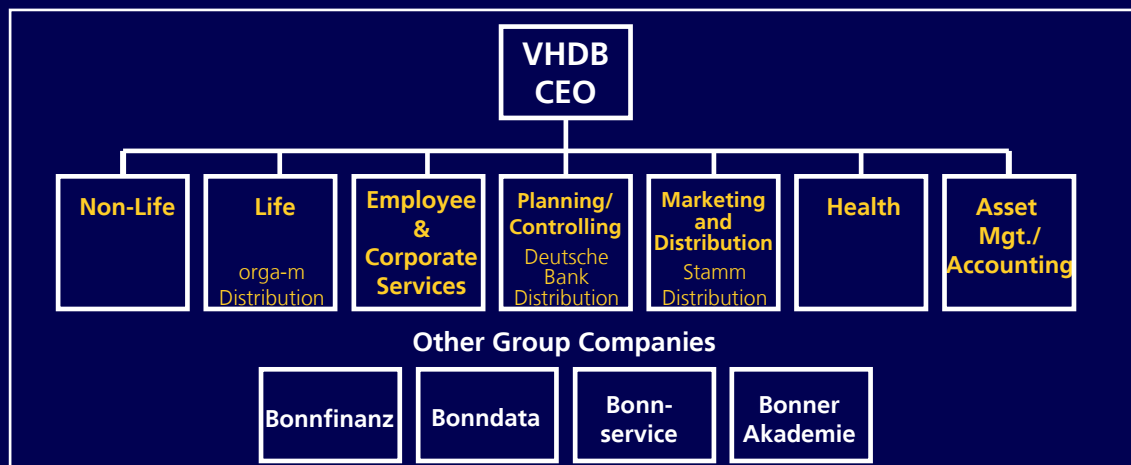
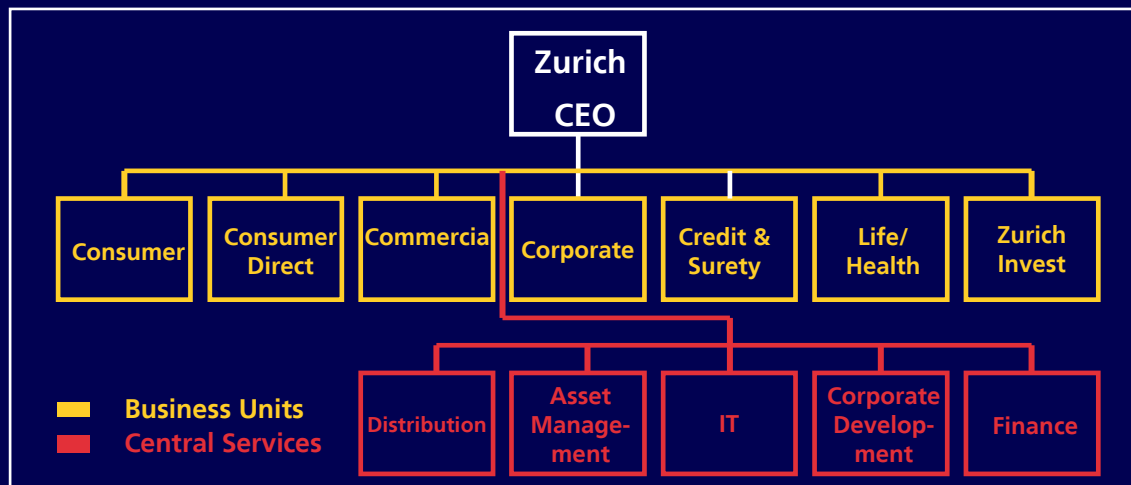
Share of unit linked products in new business  
2002 - 2003 (sum of premiums)



- share of unit-linked products in new business planned to increase further from 26.5% in 2003
- striving for larger share of products with higher NBPM in new business (e.g. new common unit linked product for all life distribution channels Z/DH)

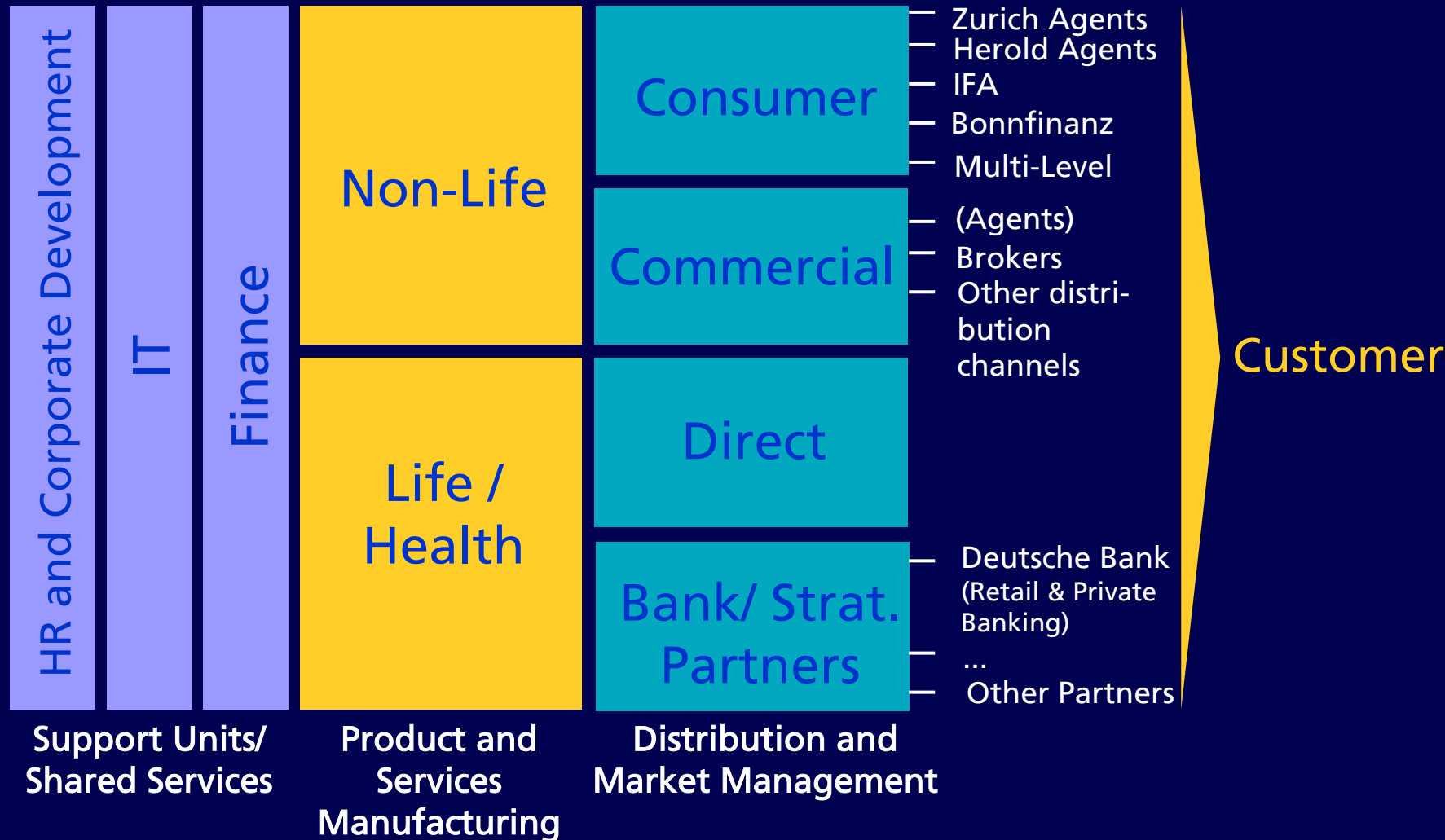
## Deutscher Herold Integration

# Integrating product and segment driven structures into cohesive organizational model



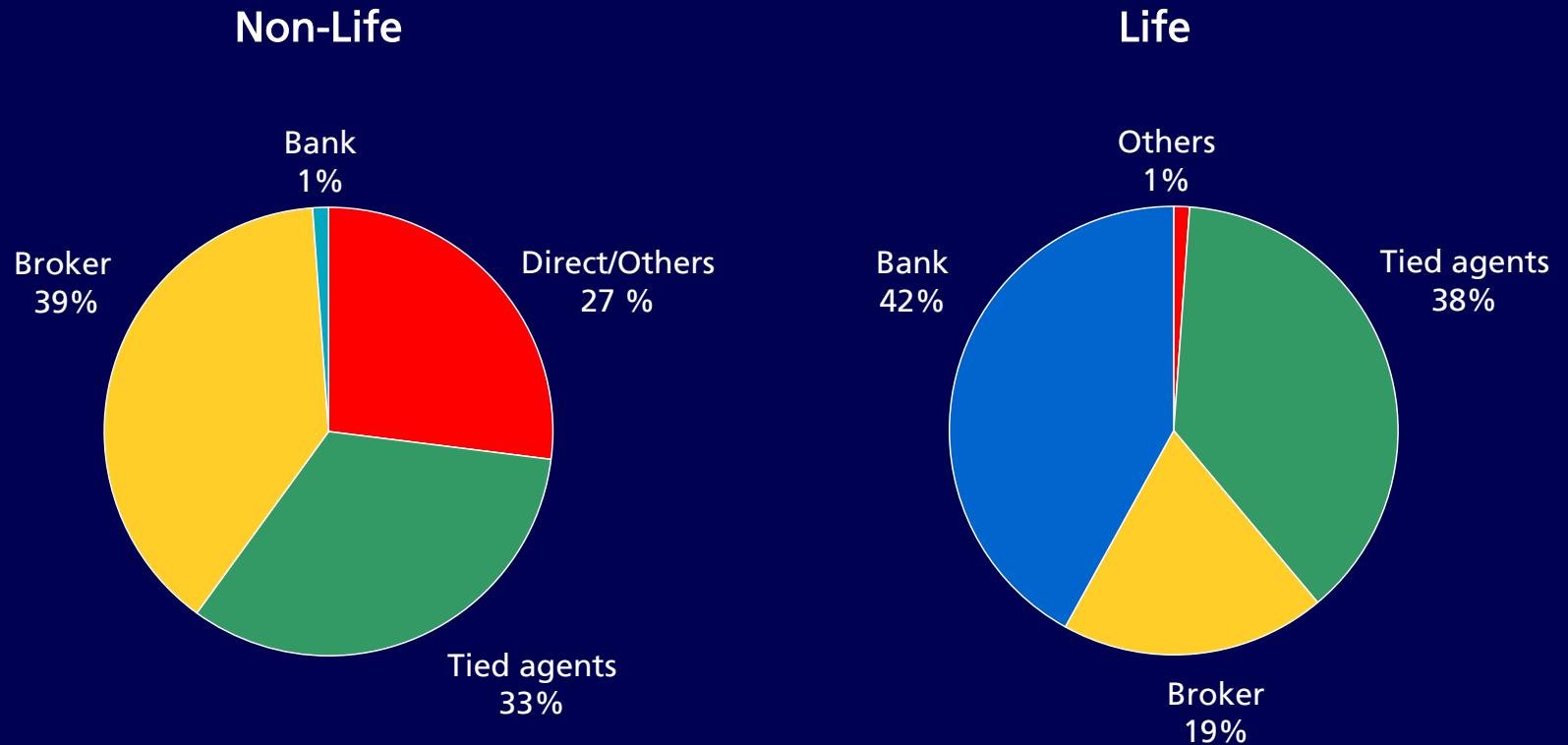
Shared  
Platforms

# Organizational Model



# Integrated BU with multi-channel access to customers

## New Business 2003



# Deutscher Herold operational integration process ahead of plan

## Herold integration plan

- Planned annual cost savings of approx. EUR 80m after tax
- Planned headcount reduction of 700-750 FTEs (over and above approx. 300 FTEs reduction from Neckura acquisition)
- Integration process and synergies to be implemented by end 2004

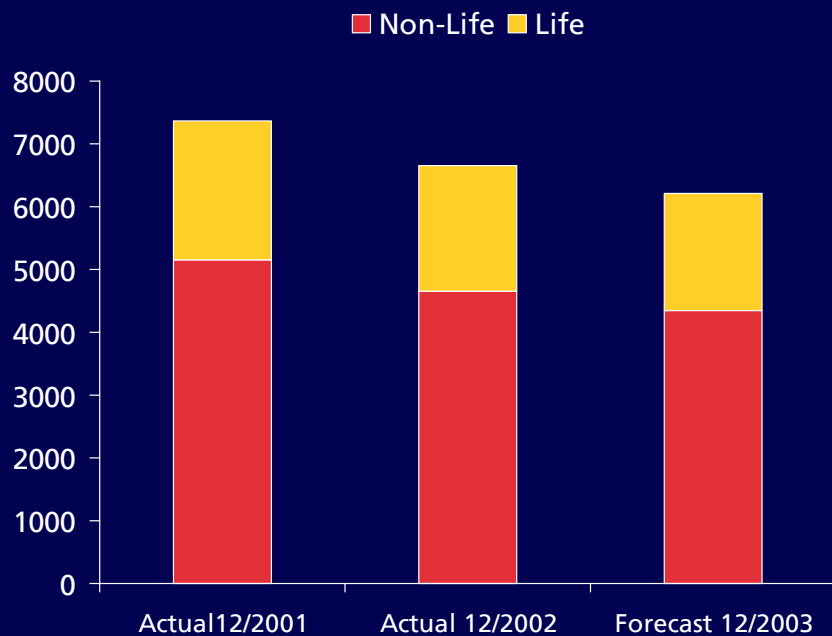
## Achievements as of November 2003

- Net cost savings of EUR 80m to date (Savings, incl. e.g. without inflation is EUR 105m)
- Headcount reduction to date: 1150 FTEs

Full synergy potential has already been achieved one year ahead of plan by end 2003

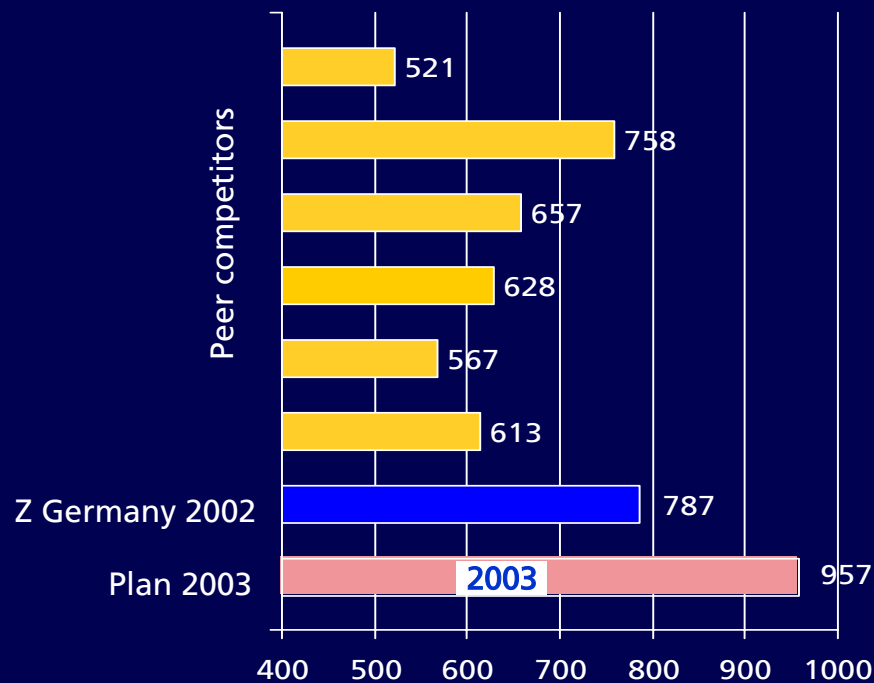
# BU Germany - FTE

## FTE development 2001 - 2003



## Benchmark: Productivity 2002

(GWP 000' / FTE)



Thank you for your attention!

Q&A