



ZURICH
FINANCIAL SERVICES

Bank Sal. Oppenheim 2004 Banking & Insurance Seminar

Key Challenges 2005/06

James J. Schiro, Chief Executive Officer
Zurich, November 30, 2004

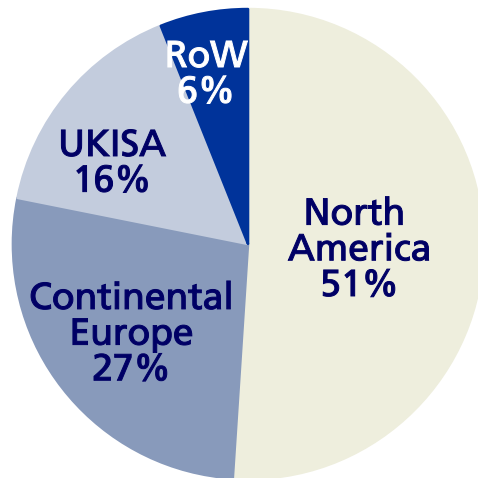
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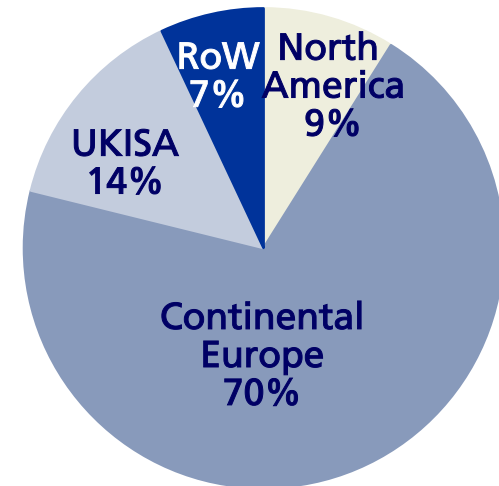
It should be noted, that past performance is not a guide to future performance. Please also note that interim results are not necessarily indicative of the full year results. Persons requiring advice should consult an independent adviser.

Zurich - the global insurer

General Insurance
GWP and policy fees 2003
USD 36.3 billions

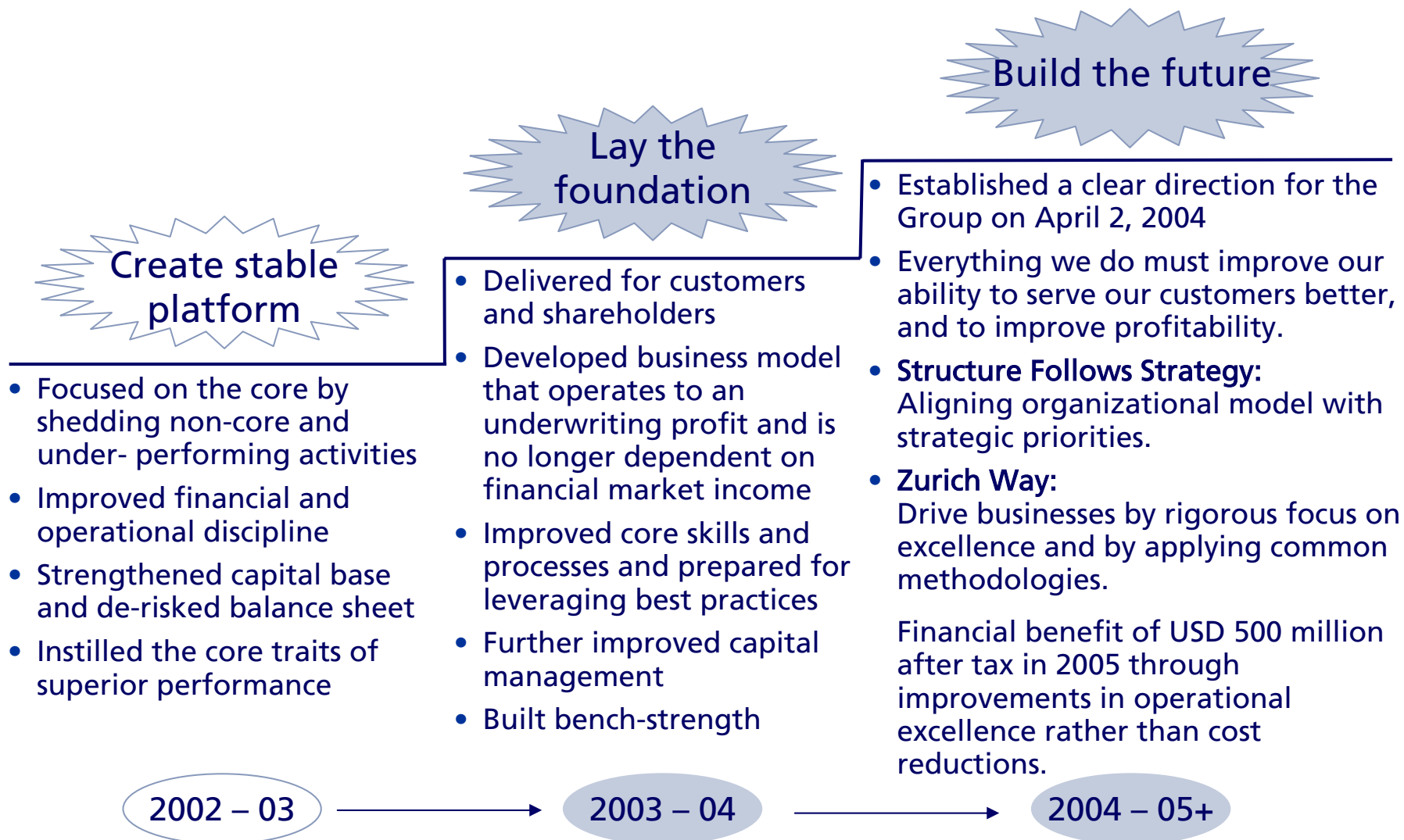


Life Insurance
GWP and policy fees 2003
USD 11.8 billions

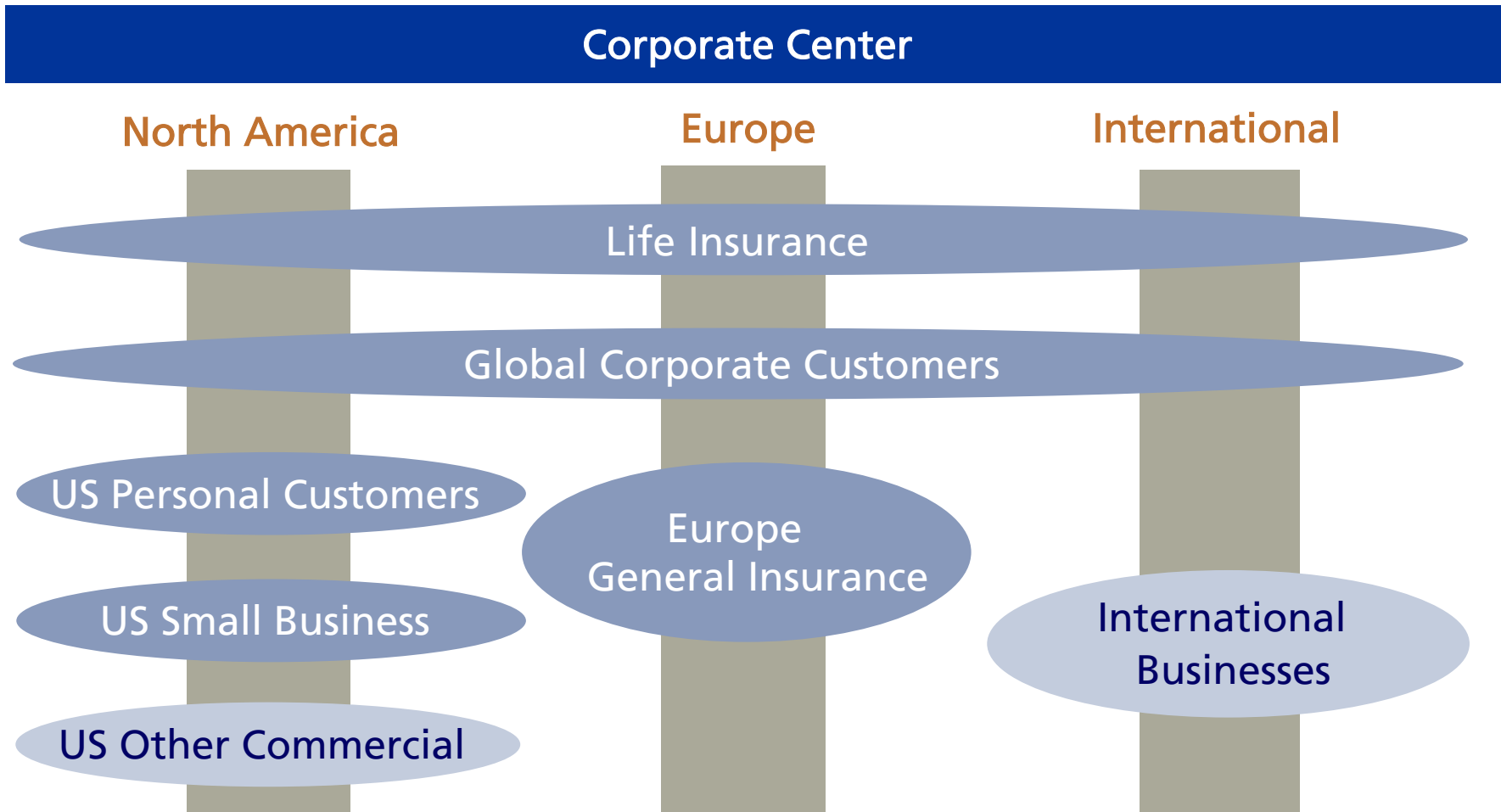


- Farmers management fees and other related revenue of USD 1.9bn in 2003
- Geographically well diversified
- Offices in more than 50 countries
- Servicing capabilities to manage programs in more than 120 countries
- USD 176 billion of Group investments in 2003
- About 62,000 employees worldwide

We turned the Group around and gave it a clear strategic direction



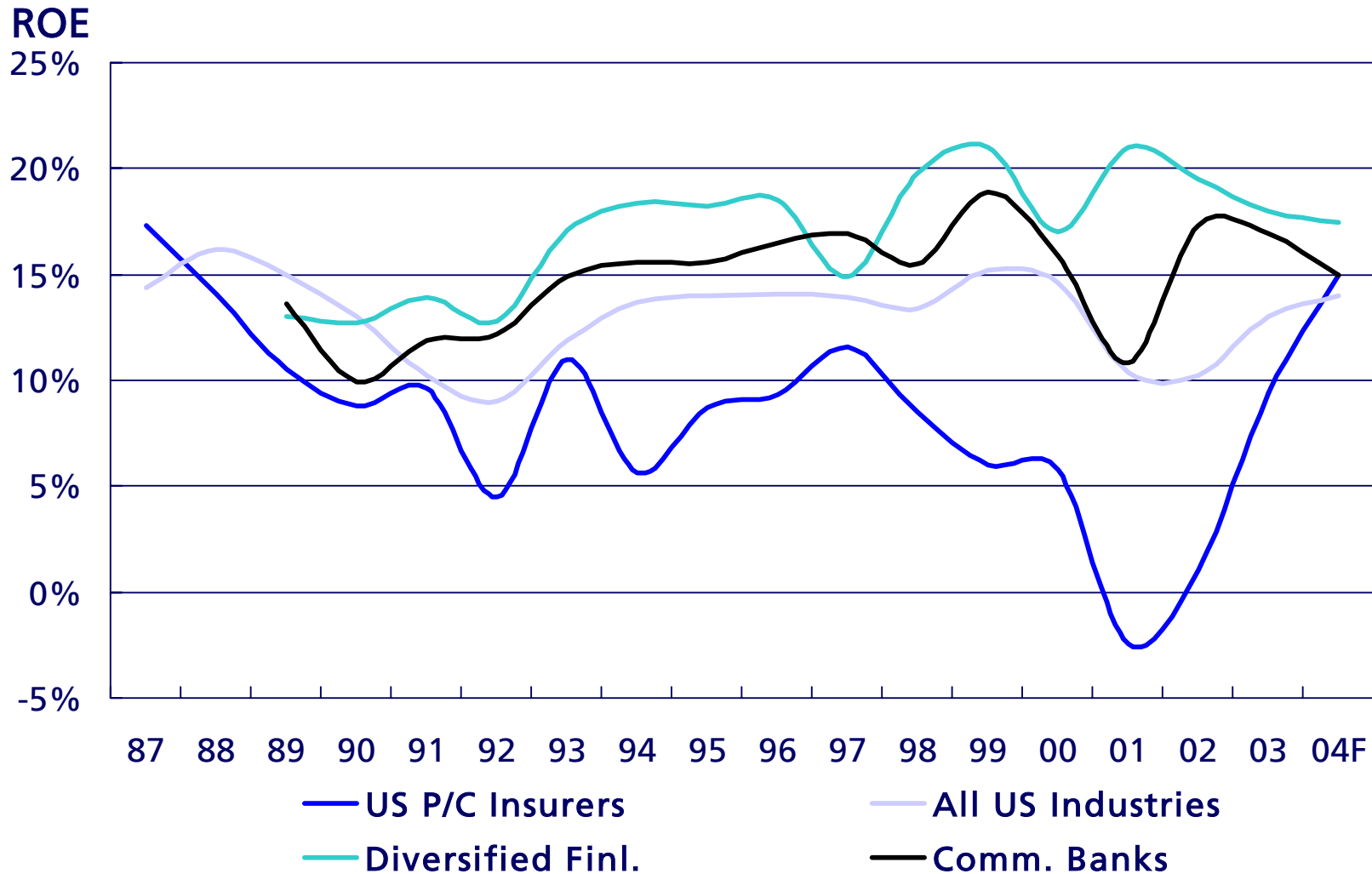
A strictly market-focused structure



Industry challenges

- Premium growth in the low single digits
- Investment yields expected to stay low
- Liability claims inflation to continue
- US tort system in need of reform
- Increased competitive pressure due to consolidation
- Heightened regulatory scrutiny and investigative pressures
- Unresolved issues with the implementation of new accounting standards

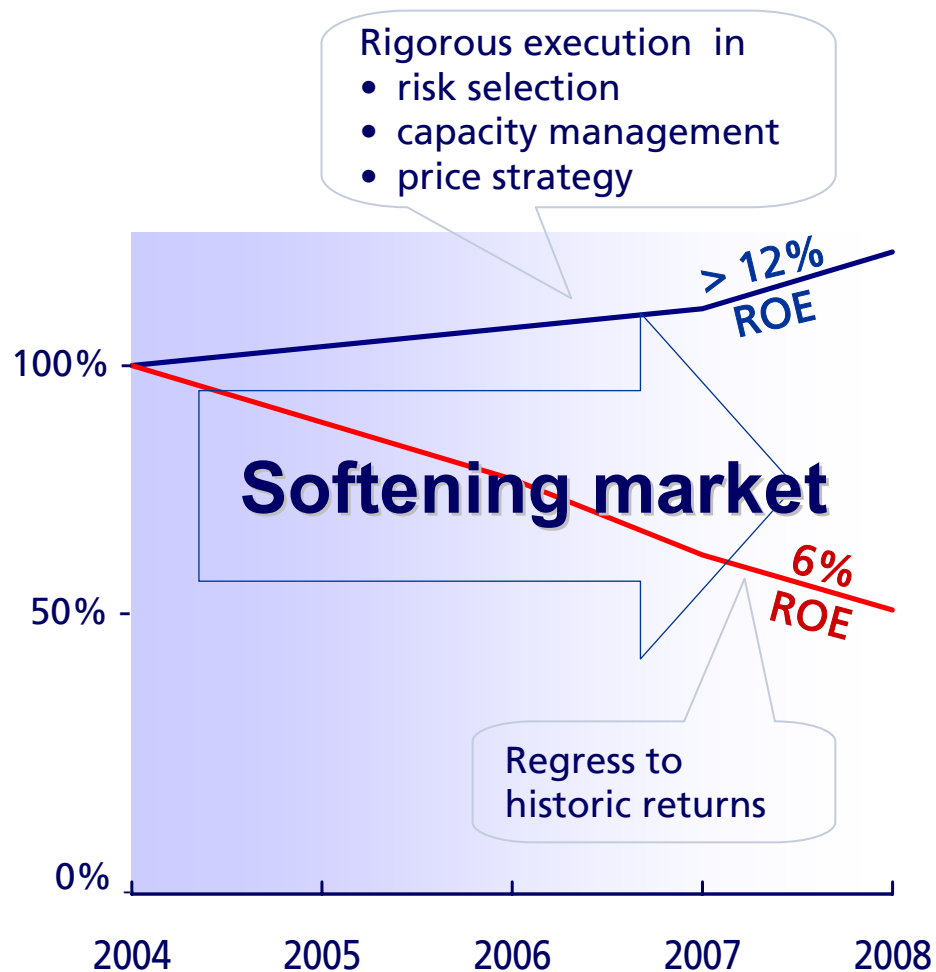
Long term challenge: increase profitability and reduce volatility



Source: Insurance Information Institute

Focus on fundamentals to maintain ROE target across the insurance cycle

- Excellence in all **core insurance activities**
- Complemented by
 - Comprehensive Risk Management
 - Strong Asset-Liability Management
 - Sophisticated Capital Management
 - Centrally coordinated key functions



- Chart for illustration purposes only -

Priorities in delivering operational initiatives

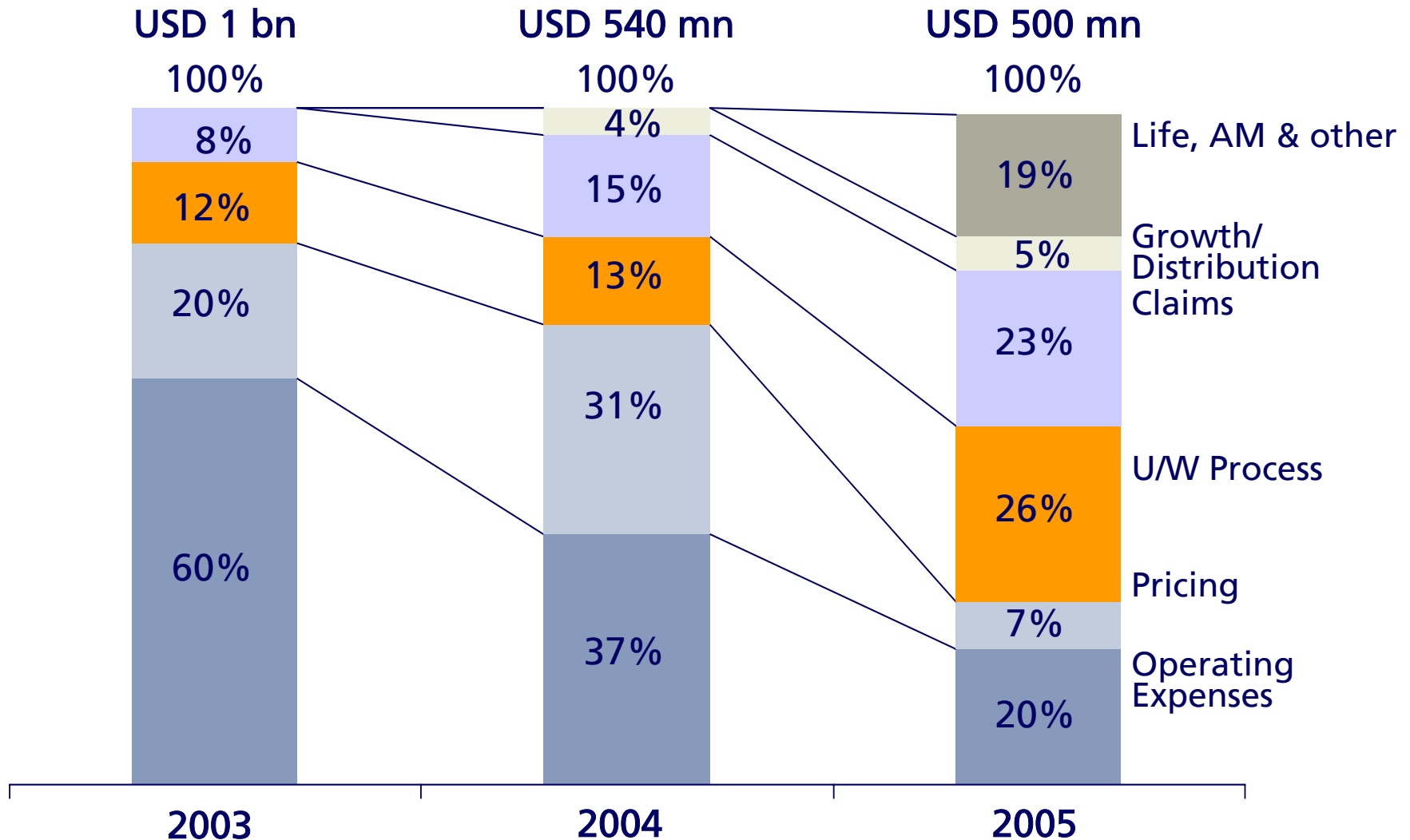
Objectives

- Focus on sustainability and not one-offs
- Moving from expense improvement to complete operational planning and business development (e.g. growth, distribution, talent)
- About becoming superb at execution of business initiatives

Approach

- Clear goals, time frame and accountability for delivery
- Shared mindset – leadership/sponsorship from Business Divisions
- Rigorous tracking and monitoring
- Relentless focus on execution (“What gets measured, gets done!”)
- Embedding of these attributes into the culture of the organization

Since 2002 we have implemented operational improvement programs creating a performance culture



Example: Transactional excellence in core processes

The Zurich Way in underwriting and claims management

Underwriting

Charging the correct technical price for the underlying risk

Claims

Paying the appropriate amount based on the merits of the claim

Consistency

- Standardized processes for all transactions
- All underwriters or claims adjustors arrive at essentially same decision

Transparency

- Clear and universally accepted metrics
- Fast feedback loops
- Quick adjustments to deviations from plan

Alignment

- Clear expectations defined across the whole Group
- Processes, actions and incentives aligned to performance targets

Example: Common understanding of “claims leakage” as basis for sustainable improvements

What is
leakage?

The difference between the achieved financial result and what the **best claim handler, applying local best practices** could have achieved

What does
leakage
measure?

Leakage **quantifies** the potential opportunity for financial improvement, if **actions are taken**

What type of
leakage should
we expect?

To the **degree that effectiveness varies across the adjuster population**, leakage should reflect the **true gap between best and average handling**.

Conclusions

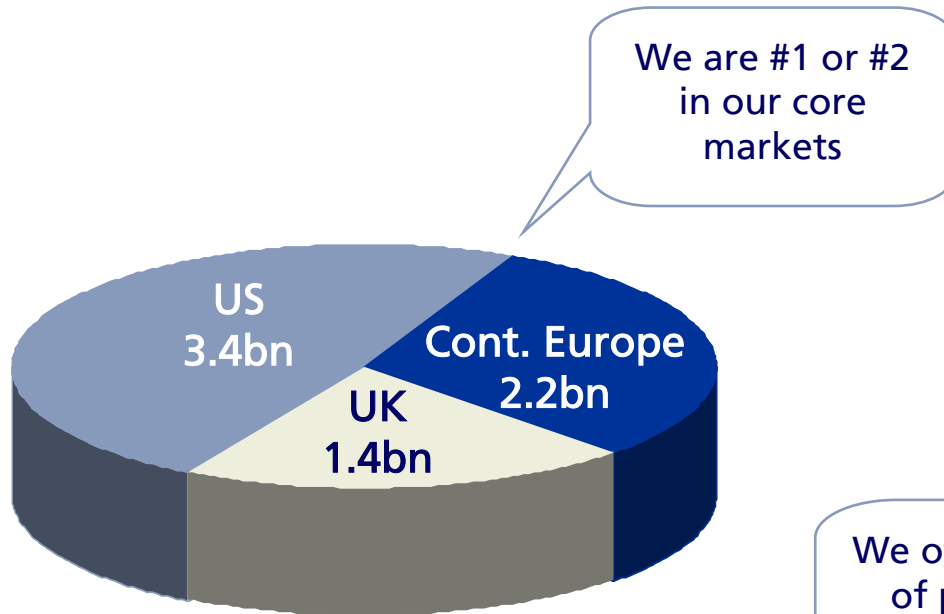
- Turnaround and foundation for profitable growth established in 2003
- Clear strategic direction announced in April 2004
- Market-focused organization with a strong footprint on both sides of the Atlantic
- Focus on fundamentals to maintain profitability target
- Performance culture with proven track record
- Initiatives in place to support operational excellence going forward

Appendix – Segment information

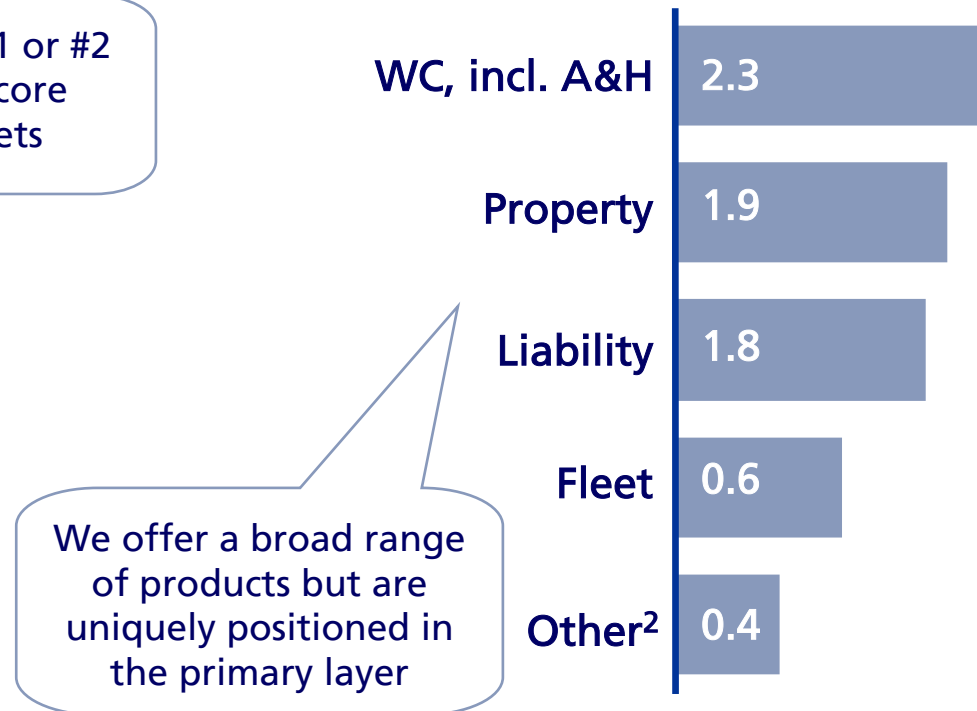
Global Corporate segment

2003 GWP: USD 7 billion

Primary geographies served¹



Primary products offered¹



¹ In USD billions; all numbers are pro-forma for illustration purposes

² Includes non-standard liability coverage, mono-line captive programs

Europe General Insurance segment

in USD millions	2003 GWP¹	2003 CR	Market Share²	Rank²
UK	4,150	100.4%	10.0%	#4
Germany	2,250	95.1%	4.0%	#8
Switzerland	1,700	102.3%	15.5%	#2
Italy	1,300	95.6%	3.0%	#9
Spain	1,000	97.7%	4.5%	#5
Ireland	450	90.7%	10.0%	#5
Portugal	350	96.8%	6.5%	#4
Austria	250	100.2%	4.0%	#6
Total Europe PBC	11,450	98.5%	5.5%	#2

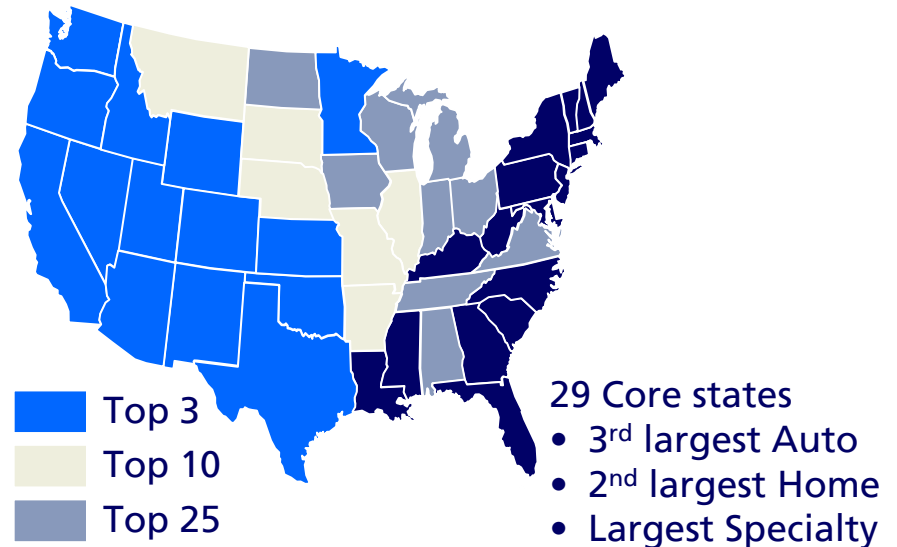
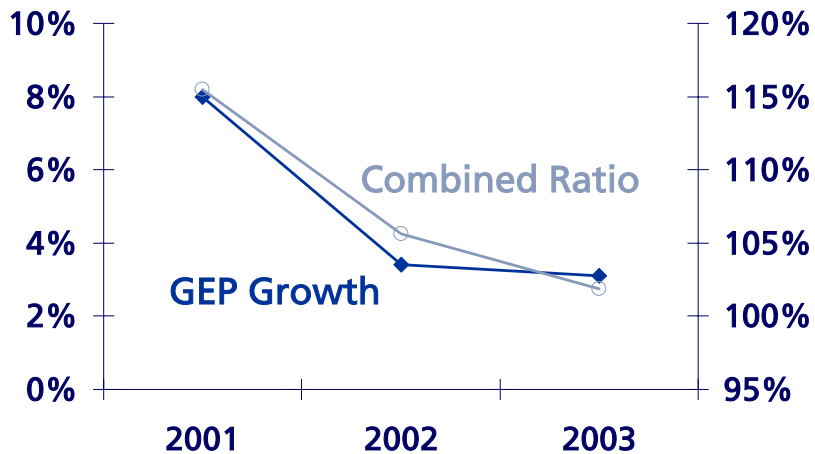
¹ General Insurance, excl. Corporate Customer; all numbers are pro-forma for illustration purposes

² All figures based on 2002 GWP, including Corporate Customer

US Personal Customers segment: Farmers Exchanges¹ overview

in USD millions

	GWP ²	NEP ²	Share ³	Rank ³
Auto	7,625	7,599	5.3%	#4
Property	3,444	3,234	6.8%	#3
Personal Specialty	1,087	951	13.9%	#1
Total Personal lines	12,156	11,784	6.0%	#3
Commercial	1,031	922	2.9%	#9
Total (incl. other)	13,833	13,294	3.6%	#3



¹ We manage but do not own

² GWP, NEP based on 2003 numbers

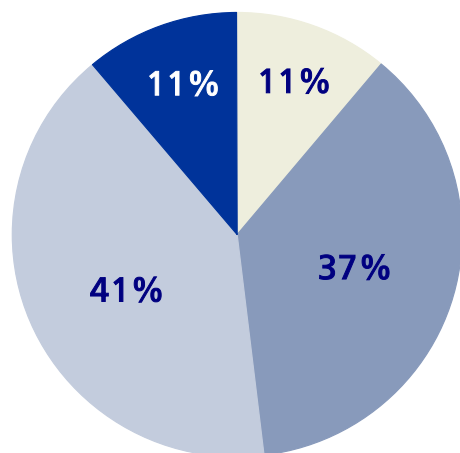
³ Source: 2002 AM Best & NFO Mob. Home

Life segment

Geographic distribution of Life Insurance in 2003

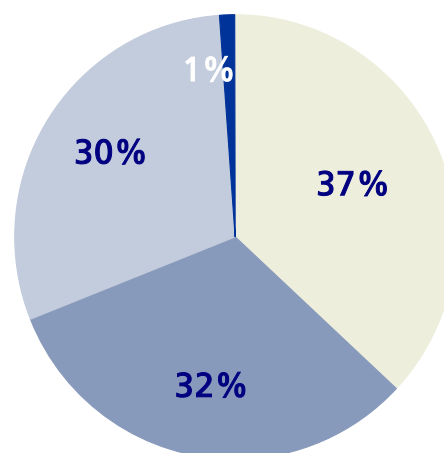
New Business Premium (APE)

USD 2.1 bn



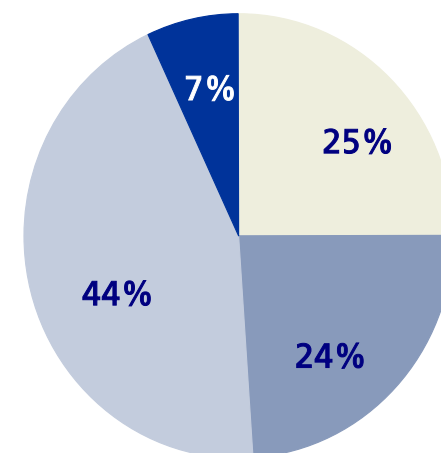
New Business Value

USD 0.2 bn



Embedded Value¹

USD 10.4 bn



■ NA Consumer ■ Cont. Europe ■ UKISA ■ Rest of World

- 3rd in Switzerland, market share of 13%²
- 4th in Germany, market share of 6.8%²
- 7th in the UK, market share of 4.3%²

¹ End of year

² Source: Deutsche Bank, 2002 numbers