

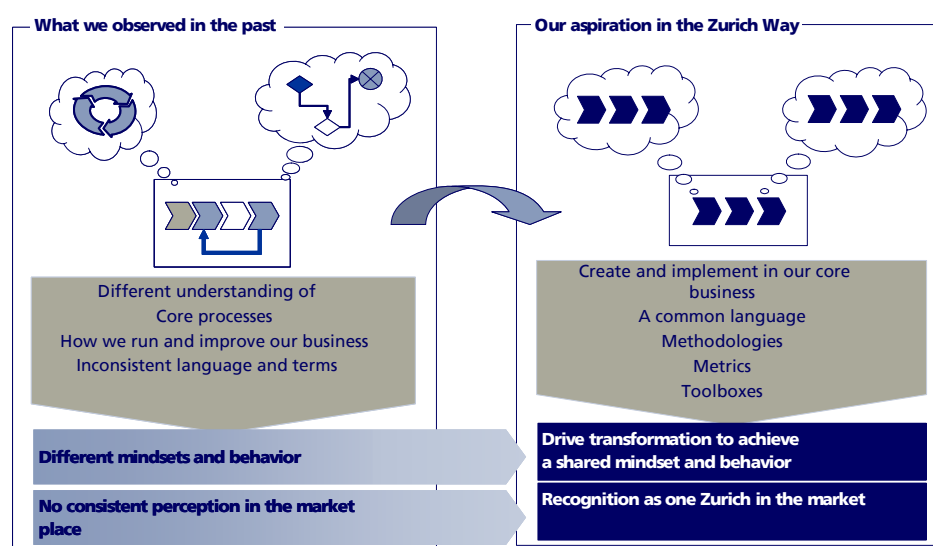
The Zurich Way

The Zurich Way of Pricing



About The Zurich Way

- The Zurich Way (TZW) aspires to create a common language, methodologies, metrics and toolboxes for the core processes within Zurich. It transforms the way Zurich is doing business every day and helps to provide better services to customers in a consistent and recognizably one Zurich way.



- TZW processes have been designed and developed by experienced internal practitioners and represent best practice standards.

TZW of Underwriting

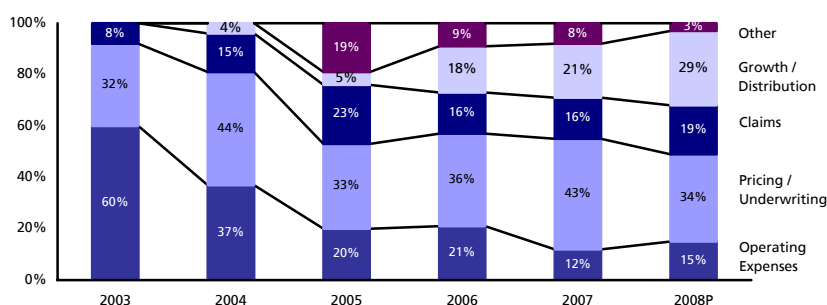
- Through TZW of Underwriting a best practice framework that guides consistent underwriting of risks and promotes enhanced underwriting quality has been developed.
- It is creating a shared underwriting mindset and establishing a common culture where underwriters actively join forces across the Group to improve the overall underwriting performance.
- TZW of Pricing is an integral part of TZW of Underwriting.

Where we started

- Before establishing TZW of Underwriting there was no common underwriting process nor could a consistent and robust pricing be ensured.
- Potential underwriting losses could not be so readily explicitly tracked or quantified.

Achievements

- TZW of Underwriting addresses large corporate, commercial and personal lines underwriting.
- It created a common high level process, a common language, common metrics for each step of the underwriting process and a consistent improvement approach.
- Zurich now applies a robust and consistent pricing methodology which will give the Group a competitive advantage and support profitable growth.
- Through Microsegmentation Zurich has established a sophisticated and differentiated approach towards risk, customers and competition, e.g. by assessing policy holder's risk by ZIP / postal code instead of regions.
- Since starting The Zurich Way, a major part of the benefits of more than USD 3 billion after taxes have resulted from TZW of Underwriting (as per end of 2007).



Performance measurement

- As one of the pillars of TZW of Pricing, Technical Price reflects the best and most up-to-date estimate of Zurich's costs of production, including the target ROE over the planning cycle.
- Systematically tracking Actual Premium against Technical Price allows Zurich to objectively assess the profitability of the business as it is written.

Glossary

- Technical Price = Price which allows to earn the target ROE over the planning cycle
- Actual Premium = Premium charged to the customer
- Microsegmentation = Sophisticated and differentiated approach towards risk, customers and competition

About Zurich

Zurich Financial Services Group (Zurich) is an insurance-based financial services provider with a global network of subsidiaries and offices in North America and Europe as well as in Asia Pacific, Latin America and other markets. Founded in 1872, the Group is headquartered in Zurich, Switzerland. It employs approximately 60,000 people serving customers in more than 170 countries.

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