

Zurich Financial Services Group aligns businesses to generate sustained profitable growth

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Zurich, April 2, 2004 – Zurich Financial Services Group (Zurich) today is providing investors and analysts with an update on its strategic initiatives designed to increase growth and profitability. The initiatives concentrate on

- further improving profitability in Life Insurance by improving operating efficiency and redesigning the segment's business model;
- fostering profitable growth in General Insurance by focusing on four target market segments and leveraging the Group's global network in the commercial businesses;
- coordinated approaches to functions essential to analyze and manage the opportunities and risks inherent in the insurance business.

James J. Schiro, Chief Executive Officer of Zurich Financial Services, said: "After having delivered on our promise in 2003, I am confident that we have improved the processes and financial discipline and are creating a culture that will allow us to grow profitably in the future."

The plan to improve the profitability in Life Insurance and the measures to generate profitable growth in the General Insurance businesses are the result of a comprehensive review. The Group's aspiration is to become the leading global insurer in its chosen markets, consistently delivering top tier results based on a strong customer focus and a sophisticated global network.

Zurich's realignment marks phase two of the recovery process the Group has been implementing over the last 18 months. This process is focused on improving the Group's profitability to achieve a 12% return on equity based on business operating profit after tax and regaining its AA financial strength rating in the medium term. Based on its continued concentration on performance improvements in combination with appropriate pricing, tight cost control and efficient claims management, the Group is targeting a minimum of USD 200 million in additional after tax expense savings in 2004 onwards.

The Group will continue to coordinate functions at the Corporate Center that are essential for analyzing and managing the opportunities and risks inherent in the insurance business. Businesses will be driven by Group-wide approaches with well-defined functional responsibilities at the Center.

In General Insurance, the four target market segments are:

- **Global Corporate Customer Business**, which will offer coverage for both international and large domestic risks. In 2003, this business unit achieved a premium volume of USD 7.0 billion.
- **Europe Personal and Business Customers** where significant expense savings and synergies from the consolidation of the United Kingdom and Continental European business divisions are expected. In 2003, this segment achieved gross written premiums of USD 10.3 billion.
- **US Personal Customers** where Zurich will capitalize on the strong Farmers brand and its unique reciprocal structure. In 2003, the Farmers Exchanges, which Zurich manages but does not own, achieved gross written premiums of USD 13.8 billion.

- **US Small Business**, which is the largest commercial segment in the United States. Together, Farmers and Zurich are among the largest providers in this market with a combined premium volume of approximately USD 4 billion.

In each of these segments, Zurich will integrate business and service capabilities and improve processing efficiency and delivery mechanisms. Zurich will continue to enhance its market presence by building on strong broker relationships, by optimizing the penetration in other distribution channels, where appropriate, and by developing greater customer insight to offer value propositions satisfying customer needs.

In addition to these four market segments, the Group will continue to serve customers in two other business segments:

- **The US Other Commercial Business** where 2003 gross written premium volume was USD 9.1 billion.
- **The International Businesses** with gross written premiums of USD 3.0 billion in 2003.

The Life Insurance Business, in which the Group writes about one third of its total premium volume (2003 gross written premiums and policy fees of USD 11.8 billion) and which in 2003 registered an embedded value of USD 10.4 billion, will unlock value through an integrated approach to the business, optimizing resources by driving a leaner organization that is more resilient and ultimately more responsive to customers' needs. This is expected to translate into a sharper competitive edge for Zurich, supporting stronger and more sustainable earnings.

Specifically, Zurich will develop and implement common platforms for the Life Insurance segment and maintain focus on financial discipline including freeing up capital by exiting under-performing businesses. The Group will propose new business models particularly in the United Kingdom where the Zurich Advice Network will take advantage of the end of polarizing the market into tied agents and independent financial advisers.

The presentation to analysts can be followed live via webcast on [www.zurich.com/investor relations](http://www.zurich.com/investor-relations) or conference call, starting at 12.30p.m. GMT (13:30p.m. CET).

Conference call dial-in numbers:

Europe and ROW	+41 (0) 91 610 5605
UK	+44 (0) 207 107 0613
USA	+1 (1) 866 865 5144

Please dial in 10 to 15 minutes prior to the beginning of the conference in order to register.

Presentations will be available for download on our website [www.zurich.com/investor relations](http://www.zurich.com/investor-relations) as of 12:30p.m. GMT (13:30p.m. CET).

Zurich Financial Services is an insurance-based financial services provider with a global network that focuses its activities on its key markets in North America and Europe. Founded in 1872, Zurich is headquartered in Zurich, Switzerland. Zurich has offices in more than 50 countries and employs about 62,000 people.

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