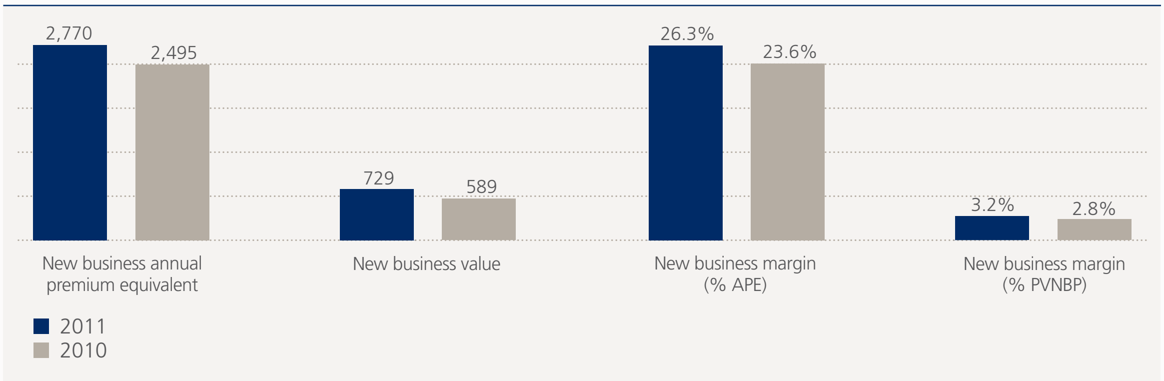
New business overview 2011

Zurich Financial Services Group
Results for the nine months to September 30, 2011

New business overview

New business overview – Global Life (unaudited)

Key results
in USD millions (for the nine months ended September 30)



Embedded value key results

in USD millions, for the nine months ended September 30	2011[1,2]	2010[2]	Change
New business annual premium equivalent	2,770	2,495	275
New business value	729	589	140
New business net of non-controlling interests	693	554	140
New business margin (%APE)	*26.3%*	*23.6%*	*2.7%*
New business margin (%PVNBP)	3.2%	2.8%	0.4%

[1] A refinement in methodology for calculating new business value for corporate protection business was introduced in 2011 contributing USD 109 million for the nine months ended September 30, 2011 to new business value, after tax, of which USD 106 million relates to international group protection business included in Other, and 3.9 percent to new business margin, after tax in the first nine months of 2011. The refinement results from the inclusion of the value expected to be generated over the entire life of the contract in corporate protection business rather than the value expected to be generated up to the next review date in those contracts.
[2] In 2011, new business figures have been determined including a liquidity premium in the discount rate and, for greater consistency with other European Insurers, a cost of capital applied to residual non-hedgeable risks of 4 percent. The 2010 comparatives have been restated to reflect these changes.

The Global Life Segment delivered a solid set of new business results that reflect the strong focus on profitability with continued robust sales in spite of the difficult economic environment persisting in major markets.

New business annual premium equivalent (APE) was USD 2.8 billion. APE increased by USD 275 million in U.S. dollar terms or USD 96 million or 4 percent in local currency terms. This increase was driven by strong sales in corporate life and pensions business particularly in the UK and Switzerland and protection business in Brazil, but was partially offset by reduced sales in some mature European markets. Asia-Pacific and Middle East also performed well with growing sales. The divestment of Caixa Sabadell also reduced volumes in the first nine months of 2011 compared with the same period of 2010.

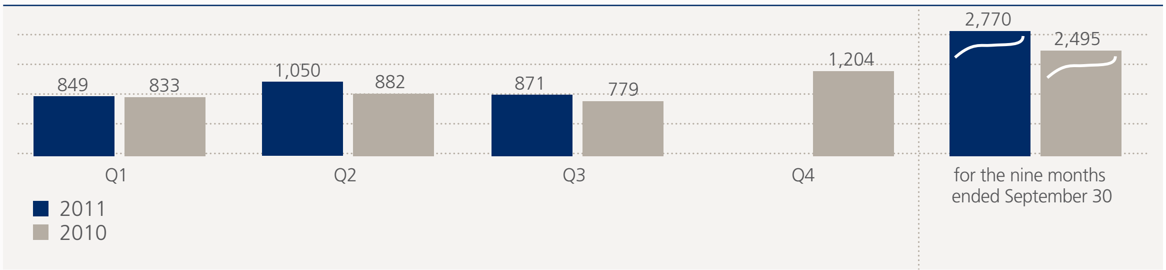
New business value was USD 729 million, an increase of USD 140 million or 24 percent compared with the same period of 2010. After adjusting for the effects of foreign currency translation and the refinement in methodology in relation to group protection business the new business value was largely flat compared with the same period of 2010. Corporate protection and savings business globally and Private Banking Client Solutions in the UK contributed with increased new business value. Increased sales in Asia-Pacific and Middle East and Brazil also contributed with improved new business value. However, these positive developments were broadly offset by reduced margins in North America and reduced sales in mature European markets.

New business margin (NBM) was 26.3 percent. NBM increased by 2.7 percent from 23.6 percent fully reflecting the benefit to new business value from the refinement in methodology in relation to group protection business.

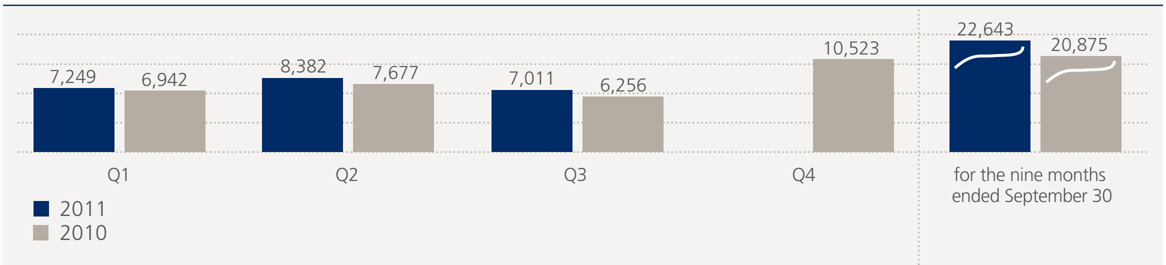
1. New business

All 2010 figures in this section, except present value of new business premiums, have been restated to include a liquidity premium in the discount rate and a cost of capital applied to residual non-hedgeable risks of 4 percent for greater consistency with the 2011 figures.

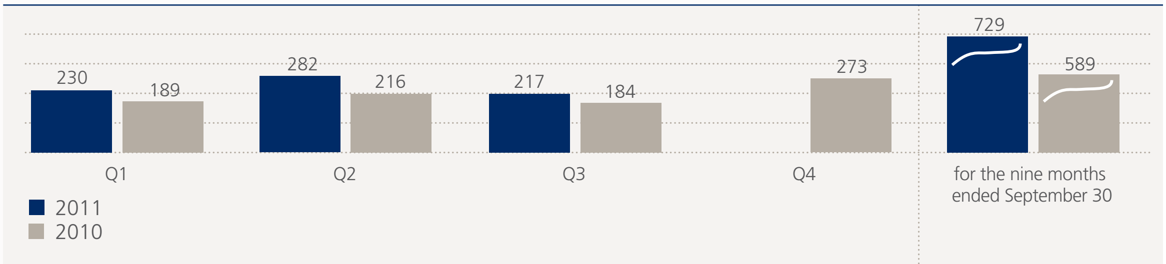
Annual premium equivalent (APE)
in USD millions



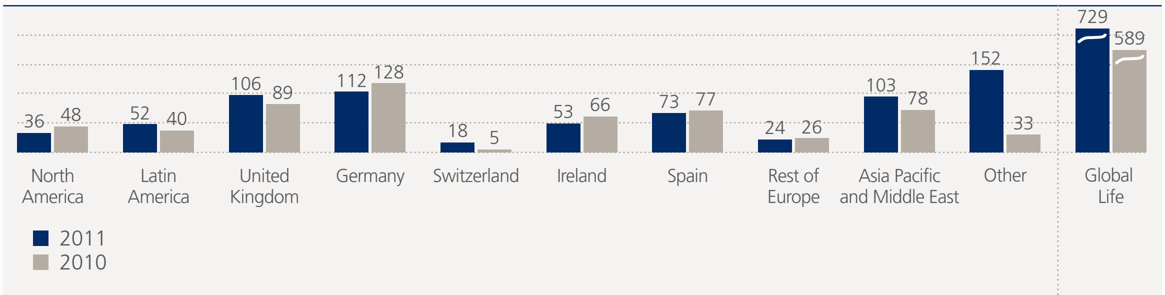
Present value of new business premiums (PVNBP)
in USD millions



New business value
in USD millions

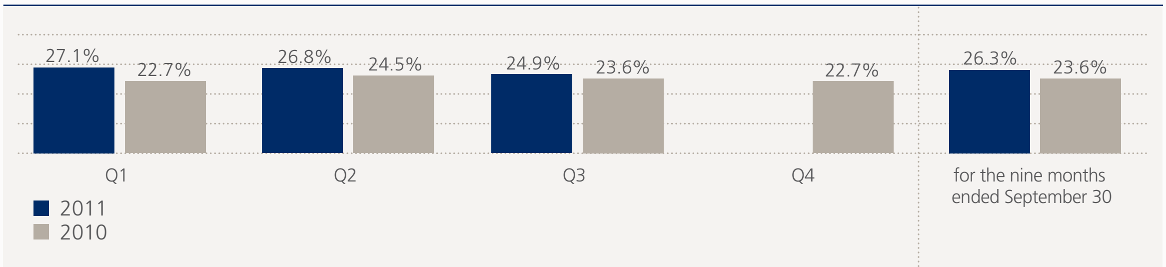


New business value by geographical region
in USD millions

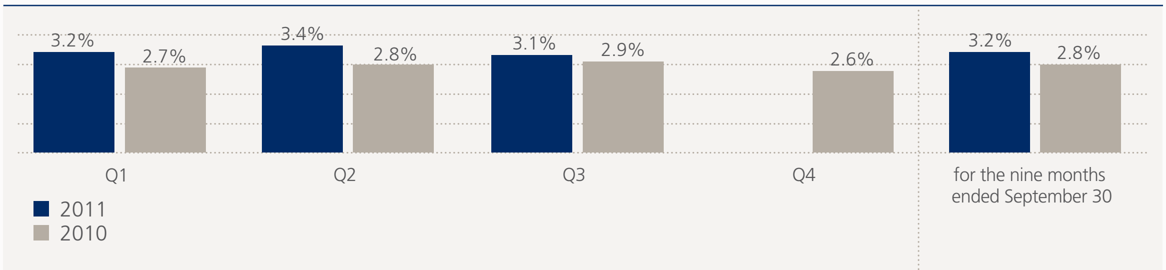


New business overview *continued*

New business margin (% APE)
in percent



New business margin (% PVNBP)
in percent



New business by quarter

in USD millions	2011					2010				
	Q1	Q2	Q3	Q4	Q3 YTD	Q1	Q2	Q3	Q4	Q3 YTD
Annual premium equivalent (APE)[1]	**849**	**1,050**	**871**		**2,770**	**833**	**882**	**779**	**1,204**	**2,495**
Annual premiums	499	645	531		1,675	419	460	442	651	1,322
Single premiums	3,496	4,051	3,402		10,949	4,139	4,221	3,371	5,529	11,731
Present value of new business premiums (PVNBP)[2]	7,249	8,382	7,011		22,643	6,942	7,677	6,256	10,523	20,875
Average annual premium multiplier	7.5	6.7	6.8		7.0	6.7	7.5	6.5	7.7	6.9
New business value	**230**	**282**	**217**		**729**	**189**	**216**	**184**	**273**	**589**
New business margin (% of APE)	**27.1%**	**26.8%**	**24.9%**		**26.3%**	**22.7%**	**24.5%**	**23.6%**	**22.7%**	**23.6%**
New business margin (% of PVNBP)	**3.2%**	**3.4%**	**3.1%**		**3.2%**	**2.7%**	**2.8%**	**2.9%**	**2.6%**	**2.8%**

[1] APE is new annual premiums plus 10% of new single premiums.
[2] PVNBP is new single premiums plus the present value of new annual premiums.

New business by geographical region

in USD millions, for the nine months ended September 30	APE		PVNBP		New business value		New business margin % of APE		New business margin % of PVNBP	
	2011	2010	**2011**	2010	**2011**[2]	2010[1]	**2011**[2]	2010[1]	**2011**[2]	2010[1]
North America	82	71	734	682	36	48	44.1%	67.2%	4.9%	7.0%
Latin America	231	155	977	789	52	40	22.5%	25.8%	5.3%	5.1%
Europe	1,908	1,848	17,589	17,077	385	391	20.2%	21.2%	2.2%	2.3%
of which:										
United Kingdom	*784*	*618*	*7,308*	*5,475*	*106*	*89*	*13.5%*	*14.4%*	*1.5%*	*1.6%*
Germany	*390*	*422*	*3,704*	*4,265*	*112*	*128*	*28.8%*	*30.4%*	*3.0%*	*3.0%*
Switzerland	*108*	*61*	*1,166*	*556*	*18*	*5*	*16.3%*	*8.6%*	*1.5%*	*1.0%*
Ireland	*254*	*279*	*2,082*	*2,327*	*53*	*66*	*20.9%*	*23.7%*	*2.5%*	*2.8%*
Spain	*234*	*339*	*2,184*	*3,205*	*73*	*77*	*31.0%*	*22.7%*	*3.3%*	*2.4%*
Rest of Europe	*138*	*129*	*1,144*	*1,249*	*24*	*26*	*17.2%*	*20.1%*	*2.1%*	*2.1%*
Asia-Pacific and Middle East	423	321	2,343	1,773	103	78	24.4%	24.2%	4.4%	4.4%
Other	126	100	1,001	553	152	33	120.4%	32.6%	15.2%	5.9%
Global Life	**2,770**	**2,495**	**22,643**	**20,875**	**729**	**589**	**26.3%**	**23.6%**	**3.2%**	**2.8%**

[1] 2010 new business values have been restated for the inclusion of a liquidity premium in the discount rates applied and changed cost of residual non-hedgeable risk assumptions.
[2] A refinement in methodology for calculating new business value for corporate protection business was introduced in 2011 contributing USD 109 million to new business value, after tax, of which USD 106 million relates to international group protection business included in Other businesses, and 3.9 percent to new business margin, after tax in the first nine months of 2011. The refinement results from the inclusion of the value expected to be generated over the entire life of the contract in corporate protection business rather than the value expected to be generated up to the next review date in those contracts.

New business value in **North America** declined despite increasing volumes as a result of the change in persistency assumptions which lowered new business value on protection products.

Latin America recorded an increase in new business value with increased sales of individual protection and savings business. In Brazil APE increased by USD 64 million compared with the same period of 2010.

Overall, in **Europe** sales were slightly down on a local currency basis compared with the previous period due to some of the challenging European markets. There were large offsetting effects with strong improvements to new business value in the UK and Switzerland.

The **UK** contributed a strong increase in sales and achieved an increase in APE of 21 percent on a local currency basis. The main drivers were the Private Banking Client Solutions and corporate protection and savings business. Overall the new business value increased by 14 percent on a local currency basis compared with the same period of 2010.

In **Germany**, sales decreased and APE reduced by 13 percent on a local currency basis compared with the same period of 2010. The decreased volume of sales resulted in a similar reduction of new business value.

In **Switzerland**, both APE and new business value increased by over 40 percent on a local currency basis compared with the same period of 2010. New business margin increased with reduced margins on corporate protection and savings business being more than offset by increased margins on individual protection and savings business.

In **Ireland**, the domestic business suffered from the challenging domestic market and the Group's unwillingness to compete with uneconomic pricing of domestic savings products. Furthermore cross border sales reduced in margin and value. New business value reduced by 25 percent on a local currency basis.

Sales in **Spain** remain at a low level. Despite the lower sales of savings products, new business value decreased by only USD 4 million compared with the same period of 2010, mainly due to higher sales of profitable protection business.

Overall in **Asia-Pacific and Middle East** sales improved significantly and the region delivered a strong increase in new business value of 23 percent on a local currency basis compared with the same period of 2010. The main exception was Japan where sales reduced.

In the **Other** region, new business value before the methodology refinements increased by 13% on a local currency basis compared with the same period of 2010. In particular, the international corporate protection business contributed with an increased volume of 41 percent as measured by APE.

New business overview *continued*

2. Methodology and assumptions

Methodology

The new business value results presented in this report have been developed using the European Insurance CFO Forum MCEV Principles[1] updated in October 2009.

A more complete description of the methodology that these principles apply is found in the embedded value methodology section of the Half Year Report 2011, with the exception of methodology changes implemented with effect from 1 July 2011 as to how new business value is calculated and reported by the Group, which are described below.

The implementation of the liquidity premium and the updated cost of residual non-hedgeable risk capital charge was performed in early 2011. For greater consistency and comparability of numbers the 2010 new business values were recalculated including liquidity premium and related cost of capital charge change. The quarterly new business values for Q3 and Q4 2010 have been adjusted since the Half Year Report 2011 to reflect a more precise allocation of the impact of adding liquidity premium on a quarterly basis. This does not affect the reported full year 2010 new business value, only its allocation by quarter.

Assumptions

Projections of future shareholder cash flows expected to emerge from new business are determined using best estimate operating assumptions. These assumptions, including mortality, morbidity, persistency and expenses, reflect recent experience and are actively reviewed. Allowance is made for future improvements in annuitant mortality based on experience and externally published data. Favourable changes in operating efficiency are not anticipated in the assumptions – in particular for expenses and persistency.

For new business, the future economic and operating experience assumptions are based on conditions at the start of the relevant quarter.

Further commentary on these assumptions is available in the Half Year Report 2011. Details of the economic assumptions for the major economies in which Zurich Global Life carries out business can be downloaded in a spreadsheet from the Investor Relations section at www.zurich.com.

The assumptions in the new business value models are based on market consistent assumptions. Interest volatility is derived from the implied volatility of interest rate swaptions. Swaption implied volatilities vary both by the term of the option and also the term of the underlying swap contract, a fact that is reflected in the economic scenarios. The equity volatilities are based on at-the-money forward European options on capital indices, consistent with traded options in the market. Volatility of property investments is derived from relevant historical return data for each modelled economy.

[1] © Stichting CFO Forum Foundation 2008

Disclaimer & Cautionary Statement

Certain statements in this document are forward-looking statements, including, but not limited to, statements that are predications of or indicate future events, trends, plans or objectives of Zurich Financial Services Ltd or the Zurich Financial Services Group (the "Group"). Forward-looking statements include statements regarding the Group's targeted profit improvement, return on equity targets, expense reductions, pricing conditions, dividend policy and underwriting claims improvements, as well as statements regarding the Group's understanding of general economic, financial and insurance market conditions and expected developments. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and plans and objectives of Zurich Financial Services Ltd or the Group to differ materially from those expressed or implied in the forward looking statements (or from past results). Factors such as (i) general economic conditions and competitive factors, particularly in key markets; (ii) the risk of the global economic downturn and a downturn in the financial services industries in particular; (iii) performance of financial markets; (iv) levels of interest rates and currency exchange rates; (v) frequency, severity and development of insured claims events; (vi) mortality and morbidity experience; (vii) policy renewal and lapse rates; and (viii) changes in laws and regulations and in the policies of regulators may have a direct bearing on the results of operations of Zurich Financial Services Ltd and its Group and on whether the targets will be achieved. Zurich Financial Services Ltd undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

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.

This communication does not constitute an offer or an invitation for the sale or purchase of securities in any jurisdiction.

THIS COMMUNICATION DOES NOT CONTAIN AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES;
SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR EXEMPTION FROM REGISTRATION, AND ANY PUBLIC OFFERING OF SECURITIES TO BE MADE IN THE UNITED STATES WILL BE MADE BY MEANS OF A PROSPECTUS THAT MAY BE OBTAINED FROM THE ISSUER AND THAT WILL CONTAIN DETAILED INFORMATION ABOUT THE COMPANY AND MANAGEMENT, AS WELL AS FINANCIAL STATEMENTS.