





When we identify changing needs, we act quickly. The ability to do so is reflected in our introduction of new underwriting standards for multinational insurance business to respond to the growing complexity of international tax and licensing regulations.

Uncertainty in the market and industry debates on regulation called for a definitive solution to help compliance within an increasingly complex legal framework. Customers needed an answer, not merely guidance on compliance issues, so we created a unique program in Zurich's Multinational Insurance Proposition (Zurich MIP) – the first insurer to provide such a comprehensive solution.

Within weeks of its launch, it was a deciding factor in attracting three new Swiss accounts, and it enabled our Global Energy unit to win the lead position and increase gross premium income for a piece of new casualty business in the UK. It has since proven a differentiating factor for many other customers.

In developing Zurich MIP, we joined forces with customers and brokers to assess the uncertainty in this area. Our offering includes a sophisticated database of licensing rules and international taxes, to support our underwriters and those responsible for tax affairs when they structure policies and programs across several territories. The database provides information on more than 200 territories and covers all our General Insurance lines of business.

Customers and distributors benefit from a sustainable and compliant business package for multinational programs. They can also feel reassured by our continued commitment to regulatory compliance, and increasing transparency in the way we do business.

Evaluating change is a fundamental part of our business. We are committed to helping our customers meet the challenges they face today and prepare for the evolving risks they may face over time.





## Customer excellence

Constant dialogue encourages innovative thinking. Coupled with a keen understanding of the parameters and interdependencies of risk, engaging our customers enables us to respond to specific regional needs, cultures or regulations.

### Listening, responding and sharing

At Zurich we embrace the challenges of uncertainty that continue to confront us. Our aim is to develop and share risk insights with our customers, so that they can better understand and manage their risks, be they individuals, small business owners or large global corporations, and thus operate more efficiently. As an international insurer with a strong presence on both sides of the Atlantic, operations in countries around the world and a depth of local expertise, we are committed to serving our customers wherever they need us.

Zurich teams seek to maximize our Group's strengths in finding creative ways to respond to customers' needs. By using our sales approach, cross-selling strategies and existing strong relationships, we can provide customers and brokers everywhere with a consistent Zurich experience. The emphasis is on service at a local level, with our own experts and relationship leaders for individual companies working closely together. To help develop domestic and international insurance products and services for major national or multinational corporations, our Global Corporate business division organizes many customer events and has numerous customer advisory boards.

One of the highlights in 2006 was a corporate risk management summit in Switzerland, attended by more than 40 risk managers from major companies in North America, Europe and Asia, representing about USD 2 billion in premium income. The two-day program explored key risk topics and included presentations from external economics experts as well as Zurich specialists. Major speakers included Kenneth Rogoff, professor of public policy and professor of economics at Harvard

University, and Thierry Malleret, head of the World Economic Forum's global risk network. Global Corporate is now compiling new risk insights into a variety of topics concerning specific customer opportunities or issues. These can be delivered electronically.

In 2006, we appointed a director of customer development for our General Insurance segment, who is working with our business leaders and people in the field to create a network for more effectively sharing information and experience. In the process, we will increase our collective knowledge of specific industry sectors or clusters of sectors, helping us to meet the changing needs of our customers.

We have also formed a Natural Catastrophe Advisory Board, consisting of external experts in climatology, geology and related sciences. This group will advise our underwriters on the underlying forces affecting our exposure.

### Dialogue cements relationships

Just as Global Corporate organizes major gatherings, so do other areas of our business. Our Risk Engineering team held a three-day workshop in Germany, attended by our risk engineers and customers throughout the world. The topic of discussion was staying on course in a changing environment. In addition, in North America, our risk engineering colleagues provide about 150 seminars each year for customers and brokers, dealing with construction risks. Most of the participants represent small to mid-market businesses, and feedback on our sharing of insight is highly encouraging.

Our International Businesses division is cementing similar relationships in China, where there is an increasing demand from Chinese business leaders to learn more about enterprise risk management. Zurich co-hosted a forum on the topic, attended by more than 60 local and foreign business leaders and academics, as well as government officials. We intend to develop this forum as a long-term initiative to promote the sharing of risk management knowledge, experience and best practice across industries.

## Cross-selling target exceeded

Close engagement with customers and our diversified insurance portfolio also mean we can identify cross-selling opportunities between business divisions. Global Corporate led the facilitation of 188 new cross-selling transactions by the end of 2006 for a total gross written premium of more than USD 150 million, and met its full year target far ahead of plan. Cross-selling is a core part of Zurich's strategy, and we have set ourselves even more ambitious goals for 2007.

Zurich colleagues from every region – Europe, North America, Latin America and Asia-Pacific – were active participants in cross-selling. One notable success was the production of a corporate pension plan for a global printing and imaging company based in Heidelberg, the result of close cooperation between our life business in Germany and Global Corporate's International Program Business unit, based in Zurich. The transaction was the single biggest contract in corporate life insurance to date for Zurich in Germany. More importantly, it provided our customer with a relevant solution in today's ever-changing pension environment.

## A commitment to service excellence

Our determination to improve our service continues. When major emergencies occur, people expect quick action from their insurer. In North America, customers and distributors alike acknowledged the swiftness of our response to natural catastrophes in 2005, especially after the disastrous Gulf Coast storms in the US, but our commitment to the Greater New Orleans area did not end there. It continues in our sponsorship of the Zurich Classic of New Orleans golf tournament, the first major sporting event to return to the area and a symbol of the city's determination to overcome the devastation. We feel that actions to help the region recover by supporting civic and charitable organizations can make a critical difference in the lives of our customers and the general community. Please see the Corporate Responsibility section for further information.

To provide additional support to our catastrophe response teams in North America, we have introduced a system of employee volunteers. They operate telephone banks, where they make calls before an anticipated emergency – such as a hurricane or severe storm – to assess agents' contingency plans. After a catastrophe, they help agents re-establish their operations, take loss information from customers, or even deliver much-needed supplies such as bottled water.

Farmers (which we manage and do not own) now has a catastrophe claims mobile command center, a 45-foot motor coach with satellite communications, networked work stations, a generator and conference room. Based at the Kansas City claims center, the bus can be dispatched at a moment's notice to any catastrophe scene where it is needed.

An equally swift response to day-to-day mishaps is important to us. Personal customers in North America benefit from Farmers' HelpPoint claims call centers, based on a model developed by Zurich in Switzerland. These centers have handled about 22 million calls since they were launched in 2002, and are the first in the property/casualty industry to be certified by J.D. Power and Associates as an outstanding customer experience. Available round-the-clock, HelpPoint reduces the average claims cycle by two days. On six million loss reports taken since 2002, 99 percent of customers surveyed indicated that as a result of their HelpPoint experience, they would recommend Farmers to friends or family.

We place great importance on service excellence, and continually encourage every employee to strive for it. In Australia a six-month pilot program produced 100 ideas for improving sales or processes, or for saving costs. The winner suggested a simple process change that generated same day response to life insurance applications.

By continuing to draw on 135 years of experience, encouraging innovation and engaging our customers in continual dialogue, we are confident that we can maintain initiatives that set us apart in the market.