





One benefit of a global footprint is that when our people generate a good idea, we can systematically share it throughout our Group. Global Life is doing that with the introduction of our top selling Irish term life product into the German broker market. This demonstrates our continued commitment to grow. As part of The Zurich Way, we sought to increase distribution through independent brokers in Germany by using cross-border opportunities, existing manufacturing platforms and market-leading products. With success in the Irish marketplace, we introduced the first life cover product with guaranteed premiums in the German market. It also includes innovative features like early payment of the sum insured on diagnosis of a terminal illness. This new offering is available for individual customers and their families, or for businesses that wish to insure key personnel. And, we gained industry recognition by being voted the most innovative insurance product of 2006 by the German weekly financial magazine Euro am Sonntag, from among 30 nominations.

Brokers can submit applications online, and the technology is based on an existing Web platform already used by our life business in Ireland. The product was designed in Ireland, and using the EU Freedom of Services provisions, policies are underwritten and issued from Ireland. Colleagues in Ireland and Germany worked closely together to design operational and sales models to support the administration and distribution of the product. It is promoted through our existing broker network in Germany and local administrative functions are also carried out by our business in Germany.

This collaboration reflects our growth strategy by effectively transferring best practice and product innovation across our entire network. Global Life delivered double-digit growth in 2006 as it continued to concentrate on identifying profitable niches and achieving leadership positions in them and will continue to look for more opportunities to keep the momentum high.





Product excellence

A constant goal at Zurich is to develop products and solutions that will answer tomorrow's needs, as well as today's. We actively evaluate change so that we can provide distinctive and innovative risk management answers. Our global spread helps us to do so and to offer a wide choice.

Our relationship with many customers goes beyond insurance. After writing an innovative global program for Nestlé's worldwide motor fleet, we then became involved in the area of driver safety. Teaming up with Nestlé and a British company, Interactive Driving Systems, we developed a risk assessment tool for all 1,600 vehicles of Nestlé Waters Direct, a UK subsidiary supplying office water systems. With 60 percent of their workforce on the road, they were naturally anxious to minimize their accident risk and keep their employees safe.

The company introduced Zurich Driver Solutions to monitor the attitudes and behavior of its drivers and also provide a detailed profile of the risks employees face when making work-related road journeys.

Results in the past 18 months have been conclusive:

- The number of collisions has fallen by 13 percent
- Collisions per million miles travelled have been cut by 26 percent
- The number of "at fault" collisions is down by 23 percent.

Nestlé now hopes to roll out the program to its units in other countries.

At a personal level, we know that people want an insurer who is thinking ahead and creating products that reflect modern trends. In Japan, for example, we make available professional counselling for customers who suffer stress or trauma after car accidents. Another Zurich innovation in that market is a car windscreen or window sticker that automatically dials a Zurich help center when a mobile phone is placed against it. More than 600,000 have already been sent to auto policyholders.

Still in the world of motoring, we are introducing in Switzerland a pilot of a "pay as you drive" scheme. Motorists can agree to have a "black box" fitted in their car that records the kinds of roads used (e.g. rural, town or motorways) and the times at which journeys are made. Insurance rates are then calculated based on that information and on individual risk profiles. In the US, Farmers was the first insurer to roll out a 10 percent discount for hybrid or alternative fuel vehicles, as an incentive for reducing environmentally damaging emissions.

And in Mexico, where motor insurance is not compulsory, we introduced innovative car insurance cover by the month, aimed at customers unable to make a long-term commitment but needing cover for long journeys or during the busy holiday season. Motorists can buy a pre-paid card at supermarkets or filling stations, and then activate it by phoning a Zurich call center.

Help for hard-pressed businesses

Commercial customers find themselves in an increasingly complicated world, particularly in the area of litigation. In North America, our employment practices liability insurance provides complimentary access to a range of risk management services, including an attorney hotline, specialized information on trends in human resources and litigation, and training modules. For customers with environmental concerns and problems, specialists across the US can respond quickly.

Crime is another risk for large companies. For customers with more than 1,000 employees, our North America Commercial business division has introduced risk management tools for crime insurance. The offering includes a desktop reference to the top ten fraud prevention techniques, a complimentary copy of the Fraud Examiners Manual, and membership of the Association of Certified Fraud Examiners, a leading provider of education and training. Zurich's crime insurance specialists are located throughout the US, providing local service and consultation for customers and producers.

In Taiwan, Zurich was early to recognize the growing importance of risk management to the international high-tech industry, and to provide advice and education in implementing risk management and risk engineering initiatives. Now many high-tech companies see Zurich as a strategic partner who understands the possible challenges and risks they may encounter.

A variety of life products

With pensions a growing concern in many countries, we recognize the need for customers to have the greatest possible choice of products. In the UK, for example, Zurich now offers more than 150 investment and pension funds in response to growing demand from intermediaries and customers.

In Greater China, specifically Hong Kong, young professionals and high net worth customers are the fastest growing sector investing in Zurich's financial products, and this has contributed to our year-on-year growth in that market of more than 20 percent. Zurich International Life is now targeting other markets in Southeast Asia, for example Singapore, with their large expatriate communities and growing middle classes.

In the US, Farmers' agents can help their customers to buy simple life cover products online, with automatic electronic underwriting and near-instant policy issue for proposals that

do not require medical follow-up. Even the signature is electronic, and only one signature is required as opposed to eight in most paper processes. The fastest policy approval so far took less than two minutes from start to finish, with the average less than seven minutes.

Our business unit in Australia introduced a highly-automated range of products targeted mainly at the under-insured middle income segment of the population and designed to be distributed either under Zurich's name, as intermediary-badged products, or tailored to the needs of specific intermediary business associates.

The high quality of Zurich's life products in Germany was confirmed when its new Riester pension product was given the highest possible rating by specialists at Franke & Bornberg. Zurich and Deutscher Herold introduced this product when unisex tariffs became mandatory for Germany's state-subsidized Riester pensions in early 2006. As well as providing an extensive selection of funds, it offered useful options during savings and payment periods, and a cash withdrawal of up to 30 percent of the benefits at maturity.

Sales excellence drive in Global Life

To maximize the potential of its products, our Global Life business is working to improve sales efficiency and effectiveness among our tied agents. We developed a sales excellence methodology, based on international best practices and currently used by more than 4,000 tied agents. Additional initiatives are under way in Germany, Italy, Spain and Switzerland that address sales skills training, time management, and sharing of knowledge and tools. By managing and tracking the sales process, and through sharing knowledge internationally, sales excellence has already shown that production increases are sustainable and that we could achieve an average increase of 20 percent in life sales. We have also seen a significant increase in general insurance. Building on these results, we plan to roll out this process in further countries.