

## General Insurance

in USD millions, for the years ended December 31	2006	2005	Change
Gross written premiums and policy fees	34,178	33,401	2%
Net earned premiums and policy fees	28,459	27,569	3%
Insurance benefits and losses, net of reinsurance	(19,934)	(21,069)	5%
Net underwriting result	1,651	(225)	nm
Net investment income	3,216	2,737	18%
<b>Business operating profit</b>	<b>3,831</b>	<b>1,913</b>	<b>100%</b>
Loss ratio	70.0%	76.4%	6.4 pts
Expense ratio	24.2%	24.4%	0.2 pts
<b>Combined ratio</b>	<b>94.2%</b>	<b>100.8%</b>	<b>6.6 pts</b>

### Highlights by region

in USD millions, for the years ended December 31	Business operating profit		Combined ratio	
	2006	2005	2006	2005
Global Corporate	694	(60)	94.6%	109.2%
North America Commercial	1,192	307	95.9%	105.3%
Europe General Insurance	1,687	1,509	91.9%	93.8%
International Businesses	186	256	98.0%	94.0%
Group Reinsurance	72	(99)	95.6%	nm
<b>Total</b>	<b>3,831</b>	<b>1,913</b>	<b>94.2%</b>	<b>100.8%</b>

**Business operating profit** increased by USD 1.9 billion to USD 3.8 billion for the year ended December 31, 2006, due to the underlying improvement in our net underwriting result, which increased across all divisions except International Businesses. The most significant contributors to the increase in business operating profit were North America Commercial and Global Corporate, which increased by USD 885 million and USD 754 million, respectively.

**Gross written premiums and policy fees** increased by USD 777 million, or 2 percent, to USD 34.2 billion in 2006. While maintaining our underwriting discipline and focusing on profitable growth, we increased new business volumes and customer renewals.

**Net underwriting result** increased by USD 1.9 billion to USD 1.7 billion, which contributed to a 6.4 percentage point improvement to a loss ratio of 70.0 percent. Underlying improvements occurred across most regions. In addition, we experienced a relatively benign catastrophe season compared with 2005 where we reported a 4.6 percentage point impact. The expense ratio decreased by 0.2 percentage points to 24.2 percent.

## Global Corporate

in USD millions, for the years ended December 31	2006	2005	Change
Gross written premiums and policy fees	7,408	7,138	4%
Net underwriting result	265	(444)	nm
<b>Business operating profit</b>	<b>694</b>	<b>(60)</b>	<b>nm</b>
Loss ratio	77.0%	91.7%	14.7 pts
Expense ratio	17.6%	17.5%	(0.1 pts)
<b>Combined ratio</b>	<b>94.6%</b>	<b>109.2%</b>	<b>14.6 pts</b>

**Business operating profit** increased by USD 754 million to USD 694 million for the year ended December 31, 2006, primarily driven by a USD 709 million improvement in the net underwriting result.

**Gross written premiums and policy fees** increased by 4 percent to USD 7.4 billion. A combination of higher retention levels and disciplined growth in areas with attractive rates, such as our North American property and Global Energy lines, drove the increase. Partially offsetting these factors were competitive environments in other areas, particularly in North American Casualty and the UK.

The **net underwriting result** increased by USD 709 million to USD 265 million, driven by an absence of catastrophes, fewer large individual property losses and a continued focus on underwriting discipline. Consequently, the combined ratio improved by 14.6 percentage points, driven by a 14.7 percentage point decrease in the loss ratio. The expense ratio increased by 0.1 percentage points to 17.6 percent after absorbing business mix driven changes in commission costs.

## North America Commercial

in USD millions, for the years ended December 31	2006	2005	Change
Gross written premiums and policy fees	11,910	11,730	2%
Net underwriting result	391	(469)	nm
<b>Business operating profit</b>	<b>1,192</b>	<b>307</b>	<b>nm</b>
Loss ratio	69.4%	78.2%	8.8 pts
Expense ratio	26.5%	27.1%	0.6 pts
<b>Combined ratio</b>	<b>95.9%</b>	<b>105.3%</b>	<b>9.4 pts</b>

**Business operating profit** increased by USD 885 million to USD 1.2 billion for the year ended December 31, 2006. The nearly threefold improvement in operating results was largely driven by a USD 860 million increase in underwriting performance, due to a disciplined approach to pricing, exposure accumulation management and the comparatively benign catastrophe experience in 2006. In addition, net investment income increased by 29 percent due to rising interest rates, as well as a higher average invested asset base compared with the prior year.

**Gross written premiums and policy fees** increased by USD 180 million, or 2 percent, to USD 11.9 billion. By using our segmentation techniques, we achieved overall rate increases compared with an overall decline in average rates in the US. Gross written premiums in our top-tier customer segments, i.e. those generating the highest levels of profitability and return, increased by 8 percent, while those in the least profitable customer segments decreased by 2 percent. The aggregate growth rate was achieved while we reduced our exposure in certain natural catastrophe prone areas.

**Net underwriting result** improved by USD 860 million to USD 391 million, driving a 9.4 percentage point decrease in the combined ratio. The primary driver of the 8.8 percentage point improvement in the loss ratio was the focus on underwriting discipline, which has allowed us to maintain technical price while continuously

improving our risk selection process. These efforts, along with an absence of the large catastrophes seen in recent years, have benefited the loss ratio. The expense ratio continued to be impacted by the 2005 hurricanes as involuntary market assessments and other premium based levies imposed by state governments had an adverse 0.7 percentage point impact on the expense ratio compared with the prior year. Despite these impacts, the expense ratio improved by 0.6 percentage points due to efficiency improvements driven by operational transformation.

## Europe General Insurance

in USD millions, for the years ended December 31			
	2006	2005	Change
Gross written premiums and policy fees	12,356	12,184	1%
Net underwriting result	947	729	30%
<b>Business operating profit</b>	<b>1,687</b>	<b>1,509</b>	<b>12%</b>
Loss ratio	69.0%	70.7%	1.7 pts
Expense ratio	22.9%	23.1%	0.2 pts
<b>Combined ratio</b>	<b>91.9%</b>	<b>93.8%</b>	<b>1.9 pts</b>

**Business operating profit** increased by USD 178 million, or 12 percent, to USD 1.7 billion for the year ended December 31, 2006. This strong result was achieved due to an improved net underwriting result reflecting both an overall favorable loss development and our enhanced pricing methodologies in continuously challenging markets.

**Gross written premiums and policy fees** increased by USD 172 million, or 1 percent, from USD 12.2 billion to USD 12.4 billion. Spain and Italy increased by 6 and 4 percent on a local currency basis, respectively, predominantly driven by personal motor lines. We saw increases in Switzerland and Germany despite difficult conditions in highly saturated markets. Competitive pressures affecting rates, new business and renewals were most obvious in the UK, which decreased by 5 percent on a local currency basis.

**Net underwriting result** increased by USD 218 million, or 30 percent, resulting in a 1.9 percentage points improvement in the combined ratio. The 1.7 percentage point improvement in the loss ratio demonstrates an overall favorable claims experience and enhanced pricing methodologies. Positive experience on natural catastrophes has been offset by higher claims frequency in our Italian motor book and a higher impact of large losses in commercial lines in Germany. The expense ratio benefited from underlying expense improvements related to the continuous operational transformation, which more than compensated for the ongoing investments in our Pan-European platform and led to an overall expense ratio decrease of 0.2 percentage points.

## International Businesses

in USD millions, for the years ended December 31	2006	2005	Change
Gross written premiums and policy fees	2,964	2,871	3%
Net underwriting result	43	123	(65%)
<b>Business operating profit</b>	<b>186</b>	<b>256</b>	<b>(27%)</b>
Loss ratio	63.4%	59.9%	(3.5 pts)
Expense ratio	34.6%	34.1%	(0.5 pts)
<b>Combined ratio</b>	<b>98.0%</b>	<b>94.0%</b>	<b>(4.0 pts)</b>

**Business operating profit** decreased by USD 70 million, or 27 percent, from USD 256 million to USD 186 million for the year ended December 31, 2006, primarily as a result of a decrease in the net underwriting result.

**Gross written premiums and policy fees** increased by USD 93 million, or 3 percent, to USD 3.0 billion. Latin America, mainly Mexico and Chile, as well as South Africa contributed to this increase primarily resulting from higher volumes, but also increases in rates in certain regions.

**Net underwriting result** decreased by USD 80 million, primarily due to a 3.5 percentage point increase in the loss ratio. The decrease was largely due to weather-related losses in Australia, South Africa and Latin America, coupled with a weakening in the motor portfolio in Latin America. Following reserves reviews, we recorded charges to improve the reserves position in Japan, while we saw positive prior year development in Australia. The 0.5 percentage point increase in the expense ratio was primarily attributable to Asia where a one-off charge for policy acquisition expenses was made.

## Group Reinsurance

in USD millions, for the years ended December 31	2006	2005	Change
Gross written premiums and policy fees	518	275	88%
Net underwriting result	5	(159)	nm
<b>Business operating profit</b>	<b>72</b>	<b>(99)</b>	<b>nm</b>

**Business operating profit** increased by USD 171 million from a loss of USD 99 million to a profit of USD 72 million for the year ended December 31, 2006, driven by an increase in the net underwriting result.

**Gross written premiums and policy fees** increased by USD 243 million, or 88 percent, to USD 518 million due to additional assumed written premiums from other Group entities, which were then retroceded, resulting in a USD 47 million increase in net earned premiums and policy fees.

**Net underwriting result** increased by USD 164 million, to USD 5 million from a loss of USD 159 million, primarily due to the lower number of large losses adversely affecting the 2005 result.