

Annual Results Reporting 2006

Analysts' presentation

Zurich, February 15, 2007



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Agenda



- Introduction James J. Schiro
- Annual results 2006 Patrick O'Sullivan
- Q&A
- Closing remarks James J. Schiro

Introduction

James J. Schiro
Chief Executive Officer

Zurich, February 15, 2007



Financial highlights



in USD millions

for the years ended December 31

	2006	2005	Change
Business operating profit	5,861	3,947	48%
Net income attributable to shareholders	4,527	3,214	41%
General Insurance combined ratio	94.2%	100.8%	6.6pts
Global Life new business margin ¹	21.7%	17.7%	4.0pts
Return on common shareholders' equity (ROE) ²	19.0%	15.5%	3.5pts
Business operating profit (after tax) ROE	18.1%	13.6%	4.5pts

¹ After tax, as % of APE (Annual Premiums Equivalent)

² ROE is based on net income attributable to common shareholders.

Annual results 2006

Patrick O'Sullivan
Group Finance Director

February 15, 2007



Business operating profit by segment



in USD millions for the years ended December 31	2006	2005	Change
General Insurance	3,831	1,913	100%
Global Life	1,162	1,079	8%
Farmers Management Services	1,202	1,221	-2%
Other Businesses	554	413	34%
Corporate Functions	-888	-679	-31%
Total	5,861	3,947	48%

Top line development by segment



in USD millions for the years ended December 31	2006	2005	Change	Change in LC ¹
Gross written premiums and policy fees				
General Insurance	34,178	33,401	2%	2%
Global Life (incl. insurance deposits) ²	21,022	19,536	8%	7%
Other Businesses	2,289	3,007	-24%	-24%
Annual Premium Equivalent (APE)³				
Global Life	2,368	2,303	3%	15%
Farmers management fees				
Farmers Management Services	2,133	2,058	4%	4%

¹ Local Currency

² Global Life numbers include gross written premiums, policy fees and insurance deposits

³ Gross new business annual premium equivalent (APE)

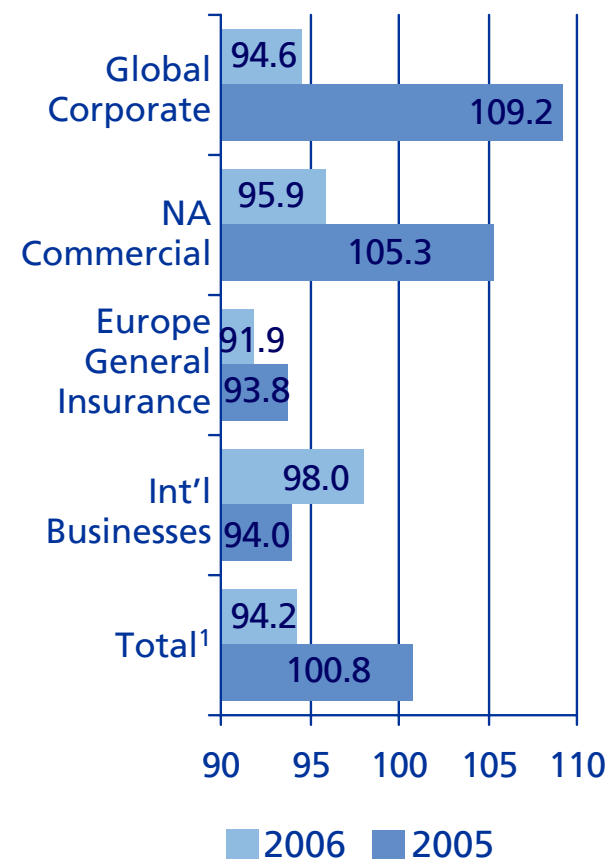
General Insurance – key performance indicators



Business Operating Profit

in USD millions for the years ended December 31	2006	2005	Change
Global Corporate	694	-60	nm
North America Commercial	1,192	307	288%
Europe General Insurance	1,687	1,509	12%
International Businesses	186	256	-27%
Group Reinsurance	72	-99	nm
Total	3,831	1,913	100%

Combined ratio (%)



¹ Including Group Reinsurance and inter-segment eliminations

Development of Reserves for Losses and Loss Adjustment Expenses (LAE)



in USD millions

	2006	2005
Net reserves for losses and LAE, as of January 1	46,194	43,487
Net losses and LAE paid	-18,907	-17,200
Net losses and LAE incurred		
- Current year	21,447	22,465
- Prior years	-218	141
Other movements (FX, divestments)	2,297	-2,699
Net reserves for losses and LAE, as of December 31	50,813	46,194

Non-life ultimate loss ratios by accident year



Cumulative incurred loss ratios ¹	2001	2002	2003	2004	2005	2006
In the year	81.4%	70.6%	67.1%	68.3%	73.3%	69.6%
1 year later	85.7%	72.0%	66.1%	64.2%	68.1%	
2 years later	85.8%	72.3%	65.4%	63.5%		
3 years later	87.4%	74.5%	65.5%			
4 years later	88.5%	74.7%				
5 years later	90.2%					

¹ In % of net earned premiums in that year

Global Life – key performance indicators



in USD millions
for the years ended December 31

	2006	2005	Change	Change in LC ¹
Annual Premium Equivalent (APE)	2,368	2,303	3%	15%
New business value, after tax	515	406	27%	38%
New business margin, after tax ²	21.7%	17.7%	4.0pts	
Embedded value operating profit	1,227	1,557	-21%	
Embedded value operating return ³	10.6%	14.0%	-3.4pts	
Business operating profit	1,162	1,079	8%	

¹ Local Currency

² Based on Annual Premium Equivalent

³ After tax and before foreign currency translation effects

Global Life – new business indicators



in USD millions for the years ended Dec 31	APE 2006	APE 2005	Change	Change In LC ¹	NBV ² 2006	NBV ² 2005	Change
United States	113	111	2%	2%	59	71	-17%
United Kingdom	767	790	-3%	8%	94	78	21%
Germany	532	525	1%	16%	126	86	47%
Switzerland	86	105	-18%	-6%	33	6	450%
Rest of Europe	705	634	11%	26%	151	123	23%
<i>of which: Ireland</i>	198	167	19%	37%	46	38	21%
International Businesses	165	138	20%	20%	52	42	24%
Total	2,368	2,303	3%	15%	515	406	27%

¹ Local Currency

² New business value, after tax

Global Life – South East Asia is growing strongly and profitably



in USD millions for the years ended Dec 31	APE 2006	APE 2005	Growth	NBM ² 2006	NBM ² 2005
Zurich International Solutions¹:					
- Hong Kong	97	58			
- Singapore	12	-			
- Total	109	58	88%	33.0%	28.0%
International Businesses:					
- Hong Kong	70	41	71%	41.9%	44.3%
Total	179	99	81%	36.5%	34.8%
% of total Global Life APE	8%	4%			

¹ Domiciled in the Isle of Man and reported in the "Rest of Europe" region

² New business margin, after tax

Global Life Embedded Value result



for the years ended December 31

	2006 USD m	2006 Return	2005 USD m	2005 Return
Opening Embedded Value	11,680		12,545	
Expected operating profit ^{1,2}	718		815	
New business value ²	515		406	
Operating variance ²	-6		336	
Total operating profit²	1,227	10.6%	1,557	14.0%
Economic variance	141		193	
Embedded value profit²	1,368	11.8%	1,750	15.7%
Dividends and capital movements	-123		-1,516	
Closing Embedded Value before fx³	12,925		12,779	
Foreign currency translation effects ³	1,167		-1,099	
Closing Embedded Value after fx³	14,092		11,680	

¹ Operating profit expected from in-force and net assets

² After tax

³ Foreign currency translation effects

Farmers Management Services – key performance indicators



in USD millions for the years ended December 31	2006	2005	Change
Management fees and other related revenue	2,133	2,058	4%
Business operating profit	1,202	1,221	-2%
Gross operating margin	49.1%	51.9%	-2.8pts

Business operating profit and gross operating margin are net of additional investments in growth of USD 61 million in 2006.

Farmers Exchanges¹ – key performance indicators



in USD millions

for the years ended December 31

	2006	2005	Change
Gross written premiums	15,003	14,528	3%
Gross written premiums excl. Workers Comp	14,617	14,069	4%
Net underwriting result	450	235	92%
Combined ratio	95.9%	97.1%	1.2pts
Adjusted combined ratio ²	89.4%	90.2%	0.8pts
Surplus ratio	39.8% ³	37.2%	2.6pts

¹ Zurich Financial Services has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides management services to the Farmers Exchanges and receives fees for its services.

² Adjusted for profit portion of management fees

³ After repayment of USD 107 million surplus note in September 2006

Other Businesses and Corporate Functions – Business operating profit contribution



in USD millions

for the years ended December 31

	2006	2005	Change
Other Businesses:			
Farmers Re	181	196	-8%
Centre	246	222	11%
Other	127	-5	nm
Total Other Businesses	554	413	34%
Corporate Functions	-888	-679	-31%

Investment performance of Group investments



in USD millions

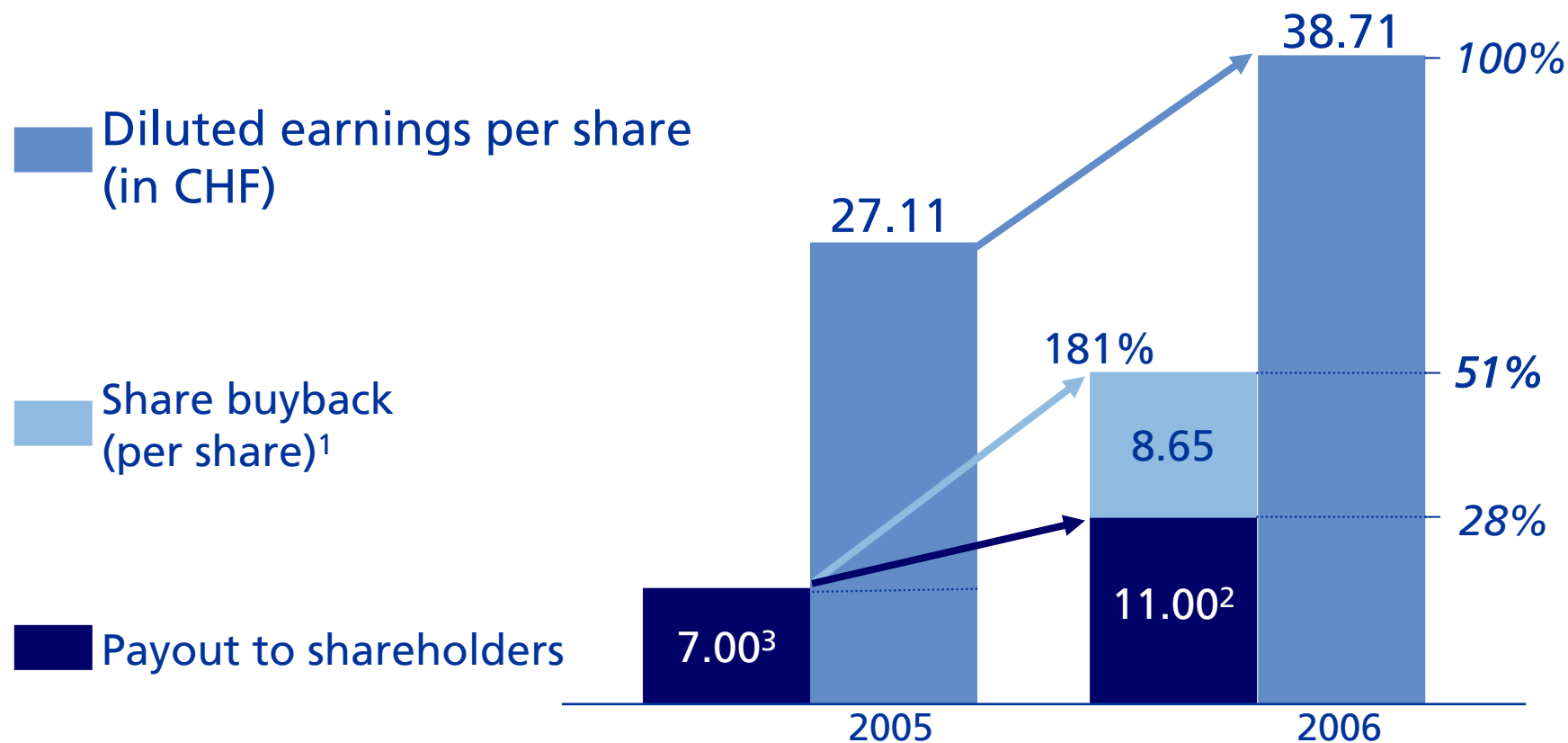
for the years ended December 31

	2006	2005	Change
Net investment income	7,899	7,782	2%
Net capital gains on investments and impairments	1,536	2,512	-39%
<i>of which attributable to shareholders</i>	1,088	966	13%
Net investment result	9,435	10,294	-8%
Net investment result in % ¹	5.1%	5.6%	-0.5pts
Movements in net unrealized gains on investments included in total equity ²	-1,555	-300	nm
Total investment result	7,880	9,994	-21%

¹ In % of average investments

² Before attribution to policyholders and other

Capital management actions – total capital return increased by 181% and total payout ratio to 51%



¹ Total share buyback of CHF 1.25 billion divided by issued number of shares minus treasury shares

² Recommended gross dividend by the Board of Directors to the Annual General Meeting

³ Comprised of a gross dividend of CHF 4.60 and a nominal value reduction of CHF 2.40 per share

Q&A

Closing remarks

James J. Schiro

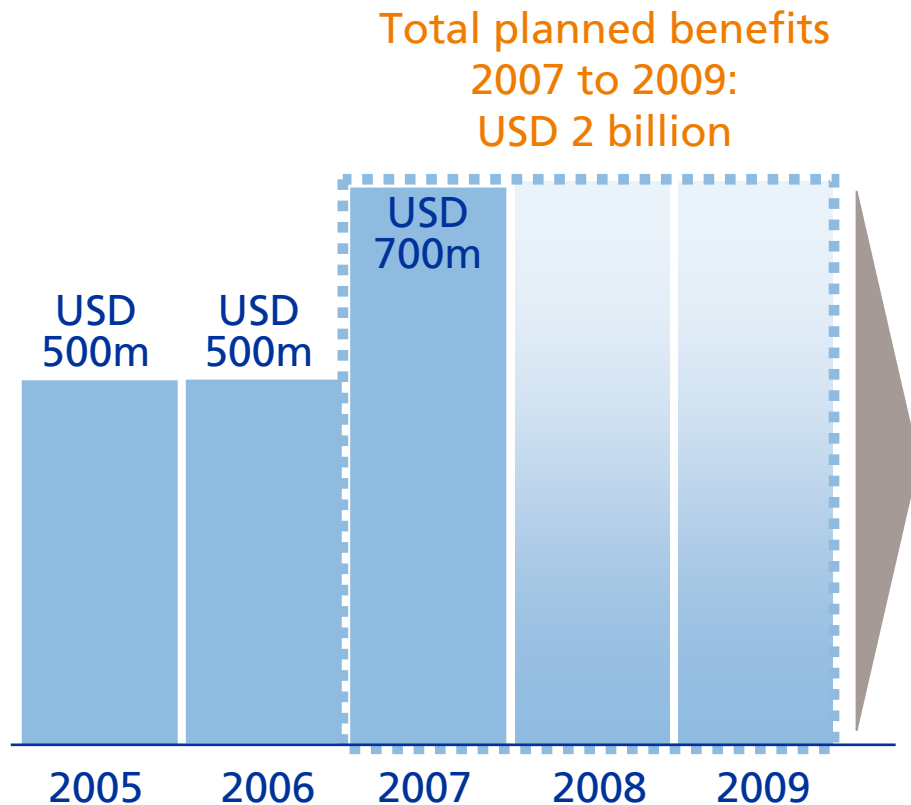
Chief Executive Officer

Zurich, February 15, 2007



Appendix

Update on The Zurich Way – revised target of USD 2 billion for 2007 to 2009



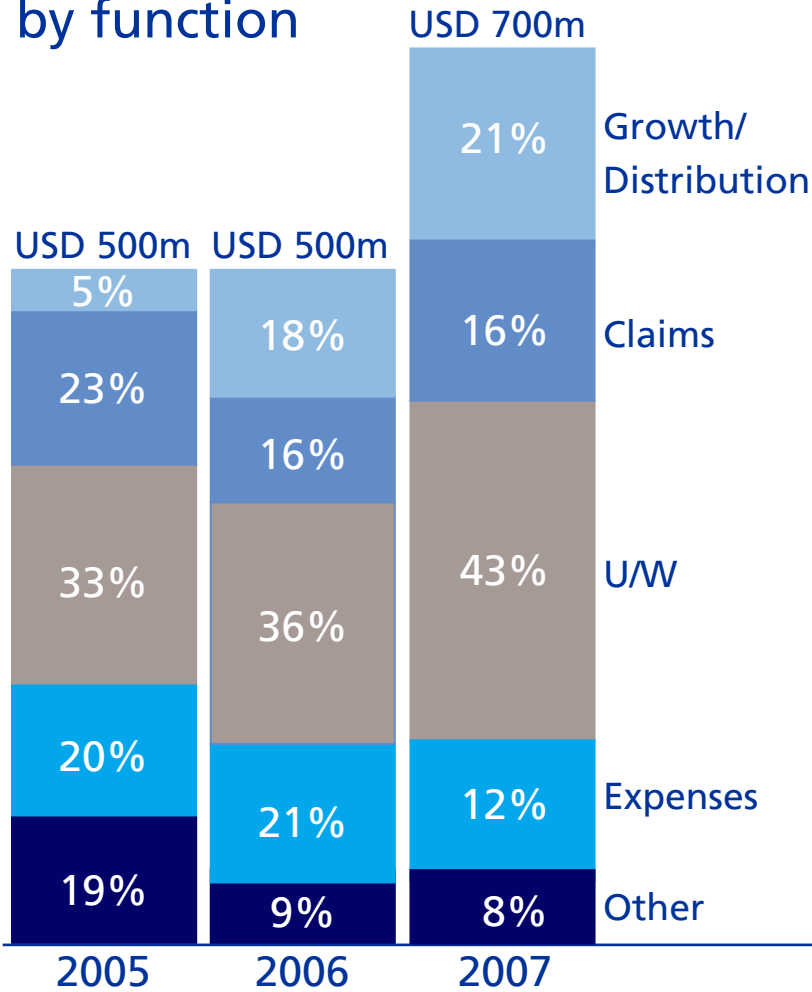
- Developing our three year plan, we expect benefits of USD 2 billion from 2007 to 2009.
- 12 major work-streams with over 300 initiatives
- Expected contributions to key performance indicators for 2007-09
 - General Insurance:**
Combined ratio: 2.0pts p.a.
 - Global Life:**
APE¹: half of targeted double digit growth to come from TZW

¹ Gross new business annual premium equivalent (APE)

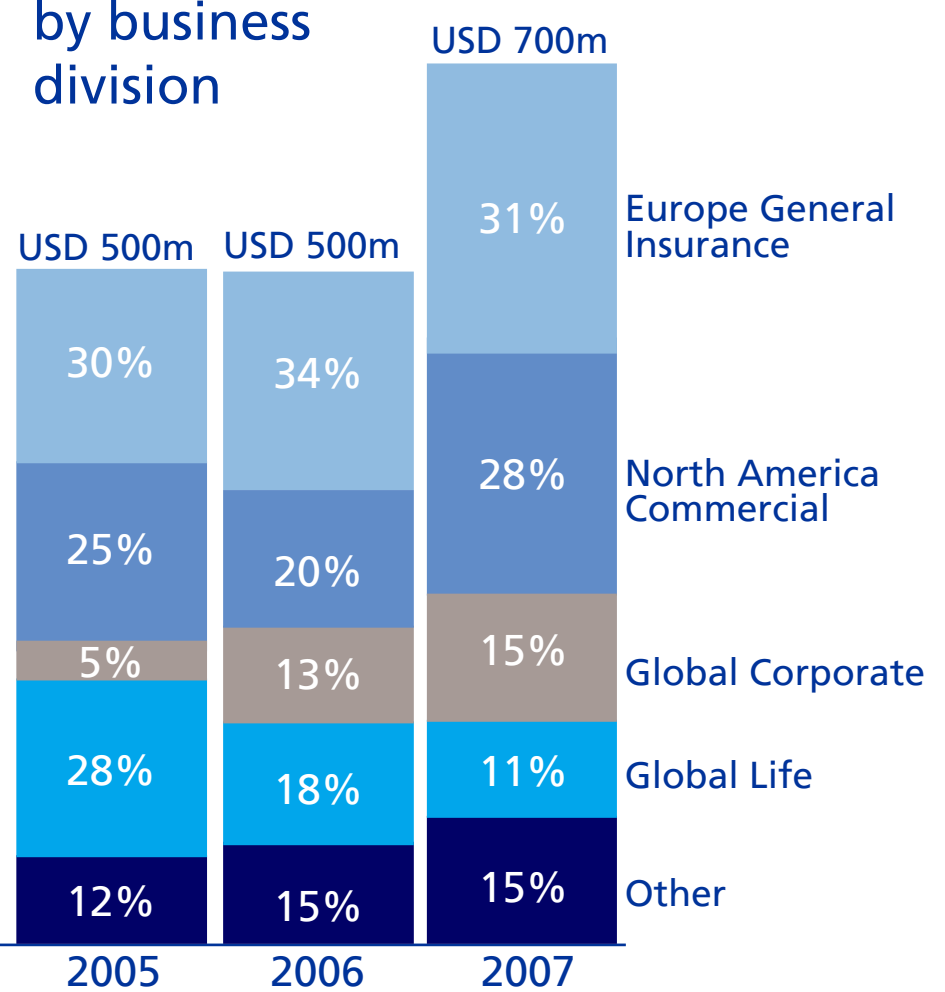
The Zurich Way initiatives – updated 2007 target



by function



by business division



Asbestos and environmental reserves



	2006		2005	
	Gross reserves USD m	3-year survival ratio	Gross reserves USD m	3-year survival ratio
Asbestos	3,499	28.8	2,957	23.1
<i>of which: US</i>	1,570	15.4	1,652	16.3
<i>of which: UK</i>	1,929	39.7 ¹	1,305	31.6 ¹
Environmental	433	7.8	462	6.8
Total	3,932		3,419	

¹ 3-year survival ratio for the UK on a local currency basis

Global Life - IFRS net assets adjusted to bridge EV



in USD billions		2006
Tangible assets in IFRS equity		8.3
DAC and other intangibles		2.9
Goodwill		0.5
Global Life IFRS net assets		11.7
Adjustments:	Minorities	-0.2
	Reserves and investment valuation differences ¹	-0.9
	Deduct DAC and other intangibles	-2.9
	Deduct goodwill ²	-0.5
Subtotal adjustments		-4.5
Certainty equivalent value of business in-force		8.7
Time value of options and guarantees		-0.5
Frictional costs		-0.7
Cost of non market risks		-0.6
Embedded value		14.1
Shareholders' net assets		7.2
Value of business in-force (after cost of capital)		6.9

¹ Difference between tangible IFRS net assets and shareholders' net assets under EV

² Goodwill is not included in EV, thus needs to be deducted from IFRS equity

Global Life – Shareholders’ intangibles and recoverability



in USD billions

	2006	2005
DAC/DOC assets included in Global Life	10.9	9.1
Present value of future profits ¹ and other intangibles	1.0	0.9
Deferred front-end fees	-5.3	-4.6
Policyholder share of DAC/DOC and other intangibles	-2.4	-2.0
Tax deductions on intangible assets	-1.3	-1.1
Net shareholders’ intangibles after tax to be recovered from future earnings	2.9	2.3

¹ Of acquired insurance contracts

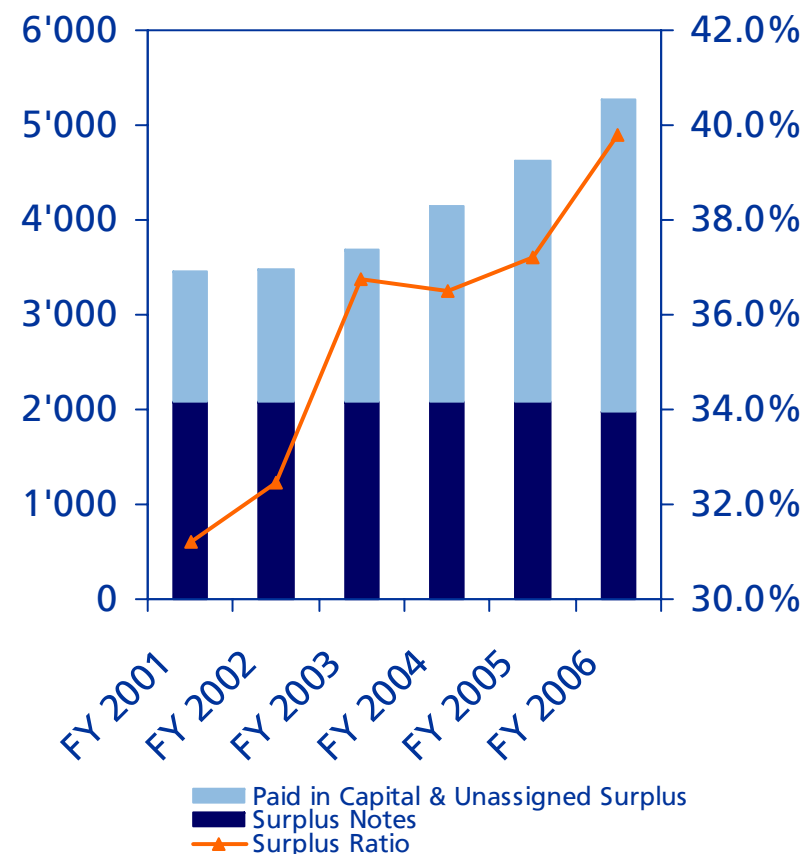
Farmers Exchanges¹ – financial highlights



in USD millions

for the years ended Dec 31

	2006	2005
Gross written premiums	15,003	14,528
Net underwriting result	450	235
Net organic surplus generated	752	484
Net surplus growth ²	645	484
Ending surplus	5,275	4,630
Surplus ratio	39.8%	37.2%



¹ Zurich Financial Services has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides management services to the Farmers Exchanges and receives fees for its services.

² Repayment of USD 107 million surplus note made in September 2006.

Farmers Exchanges – gross written premiums by line of business

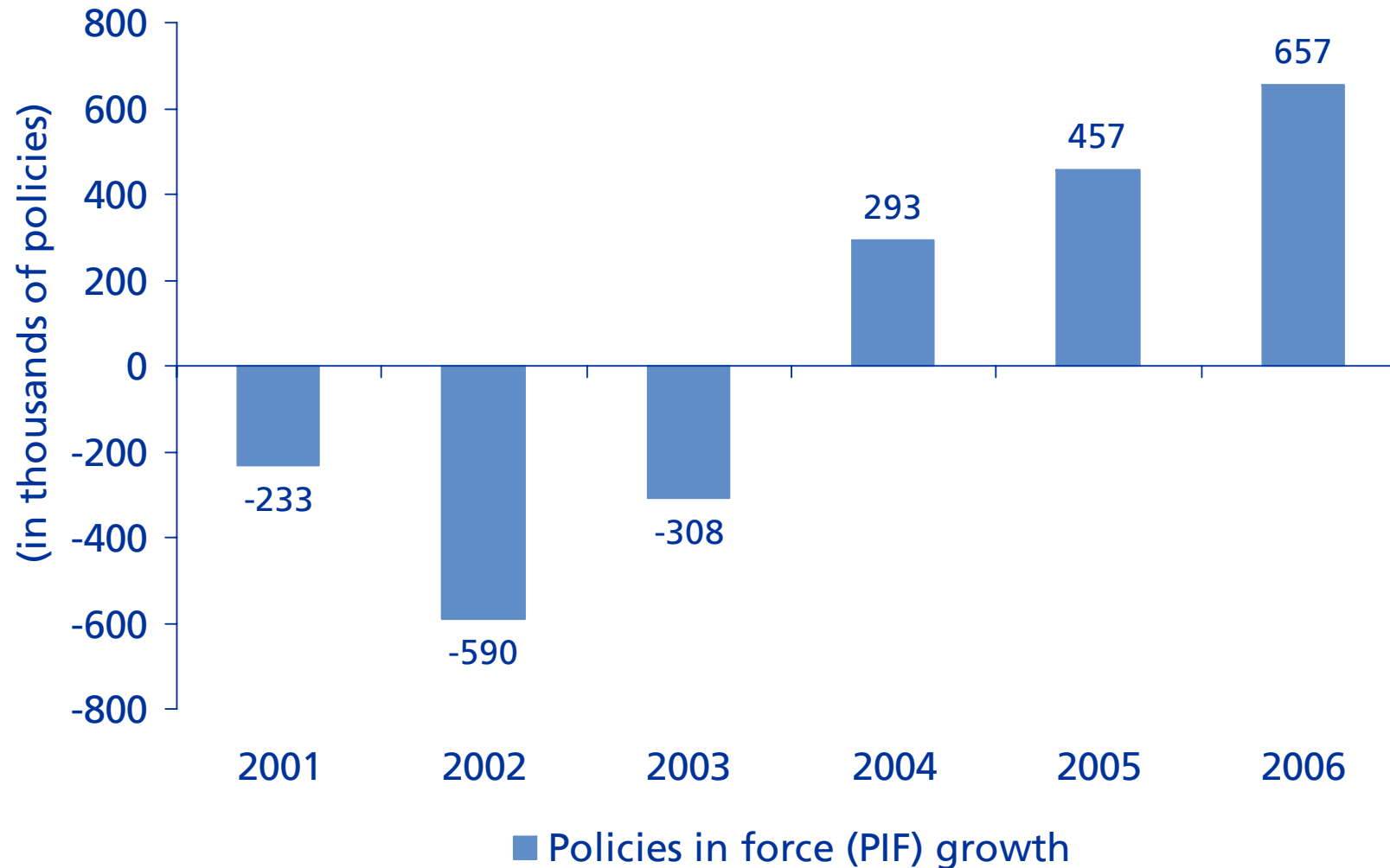


in USD millions

for the years ended December 31

	2006	2005	Change
Auto	7,754	7,671	1%
Homeowners	4,079	3,781	8%
Commercial P&C	1,187	1,148	3%
Workers' Compensation	386	459	-16%
Specialty	1,467	1,357	8%
Other	130	112	16%
Total	15,003	14,528	3.3%
Total, excluding Workers Compensation	14,617	14,069	3.9%

Farmers Exchanges – yearly policies in force (PIF) growth on the rise



Farmers Exchanges – combined ratio by line of business



in USD millions

for the years ended December 31

	2006 ¹	2005 ¹	Change
Auto	99.9%	97.7%	-2.2pts
Homeowners	88.1%	82.7%	-5.4pts
Commercial P&C ²	94.3%	98.7%	4.4pts
Workers' Compensation	95.9%	99.2%	3.3pts
Specialty	92.4%	103.6%	11.2pts
Total	95.9%	97.1%⁴	1.2pts
Adjusted combined ratio³	89.4%	90.2%⁴	0.8pts

¹ Before quota share treaties with Farmers Re

² Excludes earthquake losses

³ Adjusted for profit portion of management fees

⁴ Includes catastrophe impacts for Katrina, Rita and Wilma of 3%

Farmers Exchanges – development of the combined ratio



Quarterly combined ratio

