

# Results Reporting for the Three Months to March 31, 2006

Analyst presentation  
Zurich, May 18, 2006

# Disclaimer and cautionary statement



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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. Forward-looking statements include statements regarding our targeted profit improvement, return on equity targets, expense reductions, pricing conditions, dividend policy and underwriting claims improvements. 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 Zurich Financial Services' plans and objectives 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 our key markets; (ii) performance of financial markets; (iii) levels of interest rates and currency exchange rates; (iv) frequency, severity and development of insured claims events; (v) mortality and morbidity experience; (vi) policy renewal and lapse rates; and (vii) changes in laws and regulations and in the policies of regulators may have a direct bearing on Zurich Financial Services' results of operations and on whether Zurich Financial Services will achieve its targets. Zurich Financial Services 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. Persons requiring advice should consult an independent adviser.

# Financial highlights



in USD millions

for the three months ended March 31

	2006	2005	Change
Gross written premiums and policy fees	13,434	13,892	-3%
Business operating profit	1,359	1,034	31%
Net income attributable to shareholders	785	779	1%
General Insurance combined ratio	95.1%	96.9%	1.8 pts
Global Life new business profit margin <sup>1</sup>	14.5%	7.9%	6.6 pts

	Q1 2006	Q1 2005	FY 2005
Return on common shareholders' equity (ROE) <sup>2</sup>	15.2%	16.7%	15.5%
Business operating profit (after tax) ROE <sup>2</sup>	18.1%	15.5%	13.6%

<sup>1</sup> In % of APE (Annual Premiums Equivalent)

<sup>2</sup> Returns for the periods ended March 31, 2005 and 2006 are annualized on a compound basis using the results for the three months ended March 31. Returns for the period ended December 31, 2005 are for the year ended December 31, 2005. ROE is based on net income attributable to common shareholders.

# Key messages



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- A very strong start to 2006 from another quarter of excellent operating performance built on our diversified portfolio.
  - The 1<sup>st</sup> quarter result clearly demonstrates our ability to achieve our ROE target and our resilience to significant one off charges.
  - Our top line reflects growth in target areas and restraint in more challenging markets and lines.
  - Clear, significant progress in resolving outstanding US regulatory issues. We support the moves to greater transparency, which form part of these settlements.

# Results for the Three Months

Patrick O'Sullivan  
Group Finance Director

May 18, 2006

# Business operating profit by segment



in USD millions  
for the three months ended March 31

	2006	2005	Change
General Insurance	886	609	45%
Global Life	275	170	62%
Farmers Management Services	313	306	2%
Other Businesses	105	122	-14%
Corporate Functions	-220	-173	-27%
Total	1,359	1,034	31%

# Gross written premiums and policy fees by segment



in USD millions  
for the three months ended March 31

	2006	2005	Change	Change f/x adj.
General Insurance	9,872	10,240	-4%	1%
Global Life	3,062	2,837	8%	17%
Other Businesses	558	859	-35%	-35%
Other segments and eliminations	-58	-44	nm	nm
<b>Total</b>	<b>13,434</b>	<b>13,892</b>	<b>-3%</b>	<b>2%</b>

# General Insurance key performance indicators

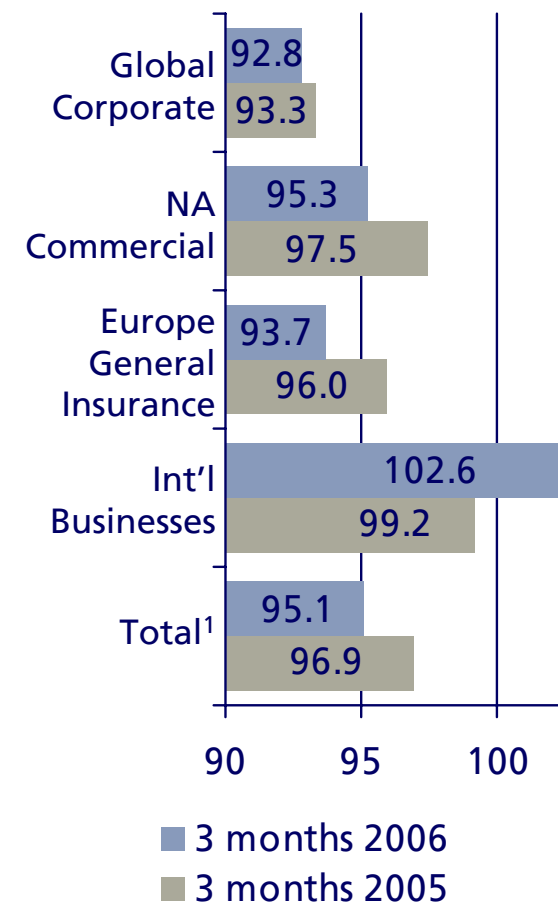


## Business Operating Profit

in USD millions  
for the three months ended March 31

	2006	2005	Change
Global Corporate	201	180	12%
North America Commercial	317	141	125%
Europe General Insurance	354	307	15%
International Businesses	19	37	-49%
Centrally Managed Businesses	-5	-56	91%
<b>Total</b>	<b>886</b>	<b>609</b>	<b>45%</b>

## Combined ratio (%)



<sup>1</sup> Including Centrally Managed Businesses and inter-segment eliminations



# Global Life business operating profit



in USD millions for the three months ended March 31	2006	2005	Change
United States	52	52	0%
United Kingdom	63	-19	nm
Germany	36	30	20%
Switzerland	53	47	13%
Rest of Europe	46	45	2%
International Businesses	25	15	67%
<b>Total</b>	<b>275</b>	<b>170</b>	<b>62%</b>

# Global Life new business indicators

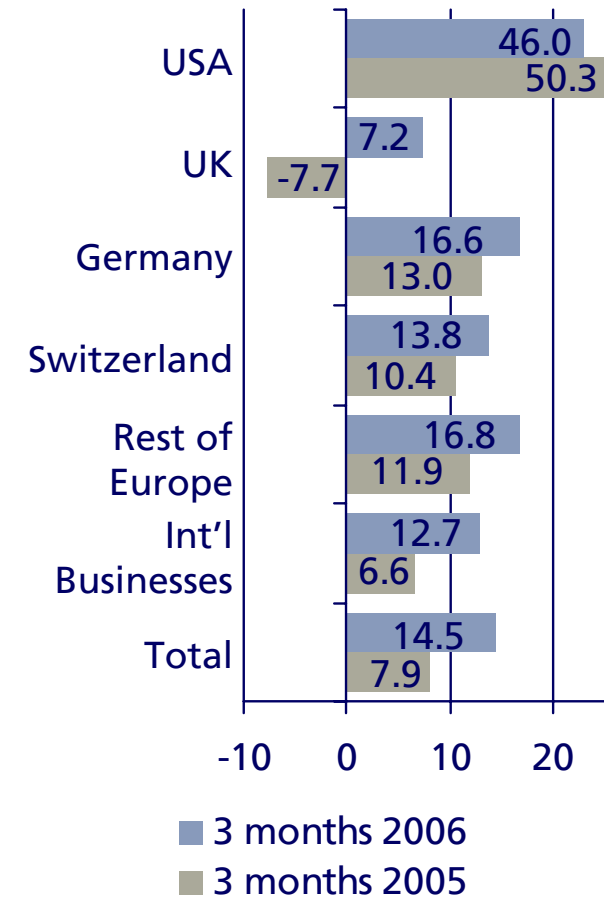


## Annual Premiums Equivalent and New Business Profit

in USD millions  
for the three months ended March 31

	APE 2006	APE 2005	NBP 2006	NBP 2005
United States	26	25	12	13
United Kingdom	186	164	13	-13
Germany	110	184	18	24
Switzerland	24	29	3	3
Rest of Europe	184	125	31	15
International Businesses	45	28	6	2
<b>Total</b>	<b>575</b>	<b>555</b>	<b>83</b>	<b>44</b>

## New Business Profit Margin<sup>1</sup>



<sup>1</sup> As % of Annual Premiums Equivalent, after tax

# Business operating profit by segment



in USD millions  
for the three months ended March 31

	2006	2005	Change
General Insurance	886	609	45%
Global Life	275	170	62%
Farmers Management Services	313	306	2%
Other Businesses	105	122	-14%
<i>of which Farmers Re</i>	42	60	-30%
Corporate Functions	-220	-173	-27%
<b>Total</b>	<b>1,359</b>	<b>1,034</b>	<b>31%</b>

# Investment performance of Group investments



in USD millions for the three months ended March 31	2006	2005	Change
Net investment income	1,914	1,913	0%
Net capital gains on investments and impairments	300	277	8%
Net investment result	2,214	2,190	1%
Movements in net unrealized gains on invest- ments included in common shareholders' equity	-1,695	-723	nm
Average investments <sup>1</sup>	179,169	189,235	-5%
Total investment return <sup>2</sup>	0.3%	0.8%	-0.5pts

<sup>1</sup> Excluding average cash received as collateral for securities lending

<sup>2</sup> Not annualized

# Q&A

# Appendix

# Global Life business operating profit – Rest of Europe



in USD millions  
for the three months ended March 31

	2006	2005	Change
Italy	11	9	22%
Spain	11	11	0%
Ireland	14	8	75%
Isle of Man	7	10	-30%
Other European countries	3	7	-57%
<b>Total Rest of Europe</b>	<b>46</b>	<b>45</b>	<b>2%</b>

# Global Life new business indicators – Rest of Europe

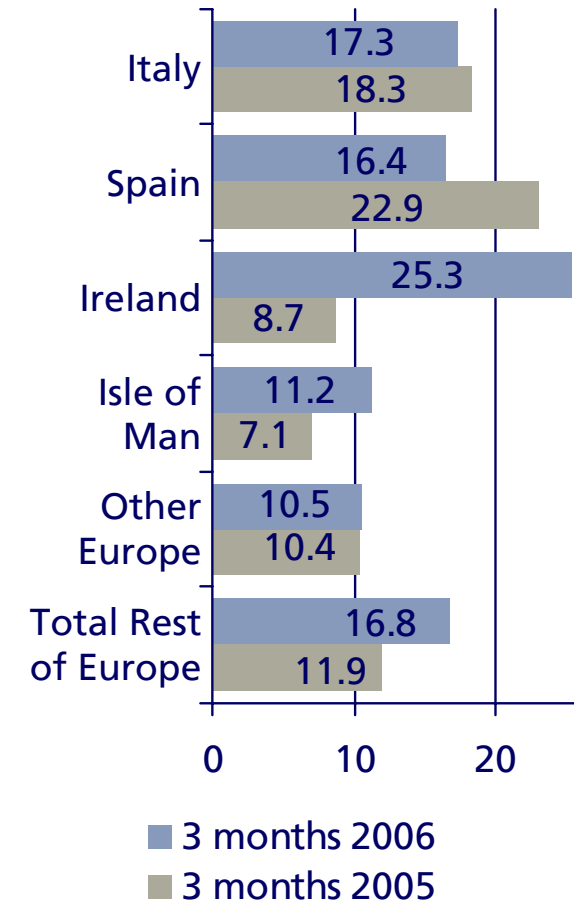


## Annual Premiums Equivalent and New Business Profit

in USD millions  
for the three months ended March 31

	APE 2006	APE 2005	NBP 2006	NBP 2005
Italy	30	12	5	2
Spain	22	25	4	6
Ireland	52	34	13	3
Isle of Man	72	49	8	3
Other European countries	8	5	1	1
<b>Total Rest of Europe</b>	<b>184</b>	<b>125</b>	<b>31</b>	<b>15</b>

## New Business Profit Margin<sup>1</sup>



<sup>1</sup> As % of Annual Premiums Equivalent, after tax

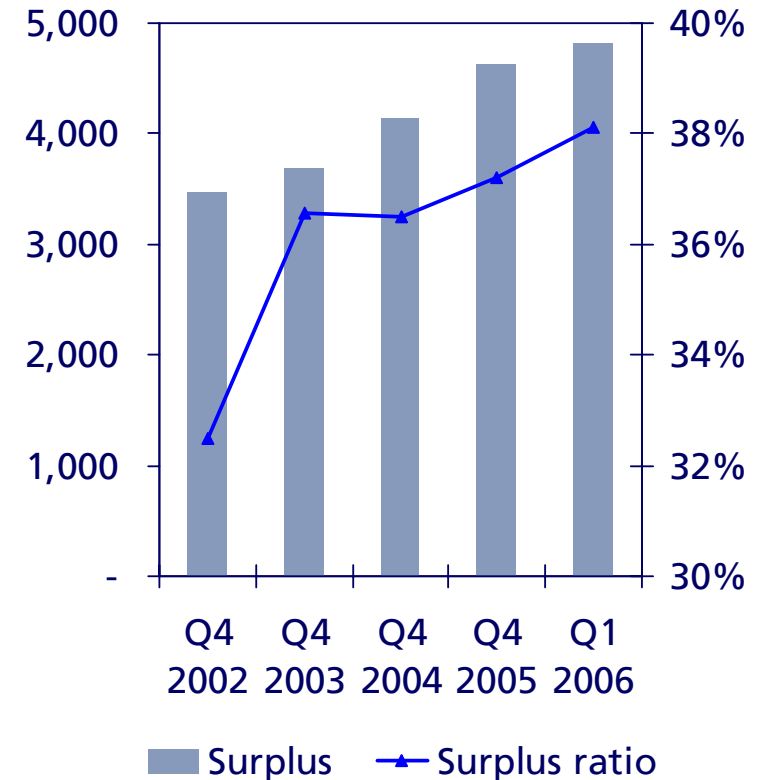


# Farmers Exchanges<sup>1</sup> financial highlights



for the three months ended  
March 31

	2006	2005
Gross written premiums	3,630	3,580
Net underwriting result	160	151
Net surplus change (YTD)	180	184
Ending Surplus	4,810	4,330
Surplus Ratio	38.1%	37.1%



<sup>1</sup> 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 a fee for its services

# Farmers Exchanges – combined ratio by line of business



for the three months ended March 31

	2006	2005	Change
Auto	100.3%	99.1%	-1.2 pts
Homeowners	85.6%	80.0%	-5.6 pts
Commercial P&C <sup>1</sup>	95.5%	97.7%	2.2 pts
Workers' Compensation	94.6%	93.9%	-0.7 pts
Specialty	88.2%	85.5%	-2.7 pts
Total	95.0%	94.5%	-0.5 pts
Adjusted combined ratio <sup>2</sup>	88.4%	87.8%	-0.6 pts

<sup>1</sup> Excludes earthquake losses before quota share treaties

<sup>2</sup> Adjusted for profit portion of management fees

# Farmers Exchanges – development of the combined ratio



Quarterly combined ratio

