

# Results Reporting for the Nine Months to September 30, 2007

Analysts Presentation

Zurich, November 15, 2007



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Certain statements in this document are forward-looking statements, including, but not limited to, statements that are predicated on 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.

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It should be noted, that past performance is not a guide to future performance. Please also note that interim results are not necessarily indicative of the full year results. Persons requiring advice should consult an independent adviser.

# Agenda



- Introduction James J. Schiro
- Results for the Nine Months to September 30, 2007 Dieter Wemmer
- Closing remarks James J. Schiro
- Q&A

# Introduction

James J. Schiro

Chief Executive Officer

Zurich, November 15, 2007



# Financial highlights



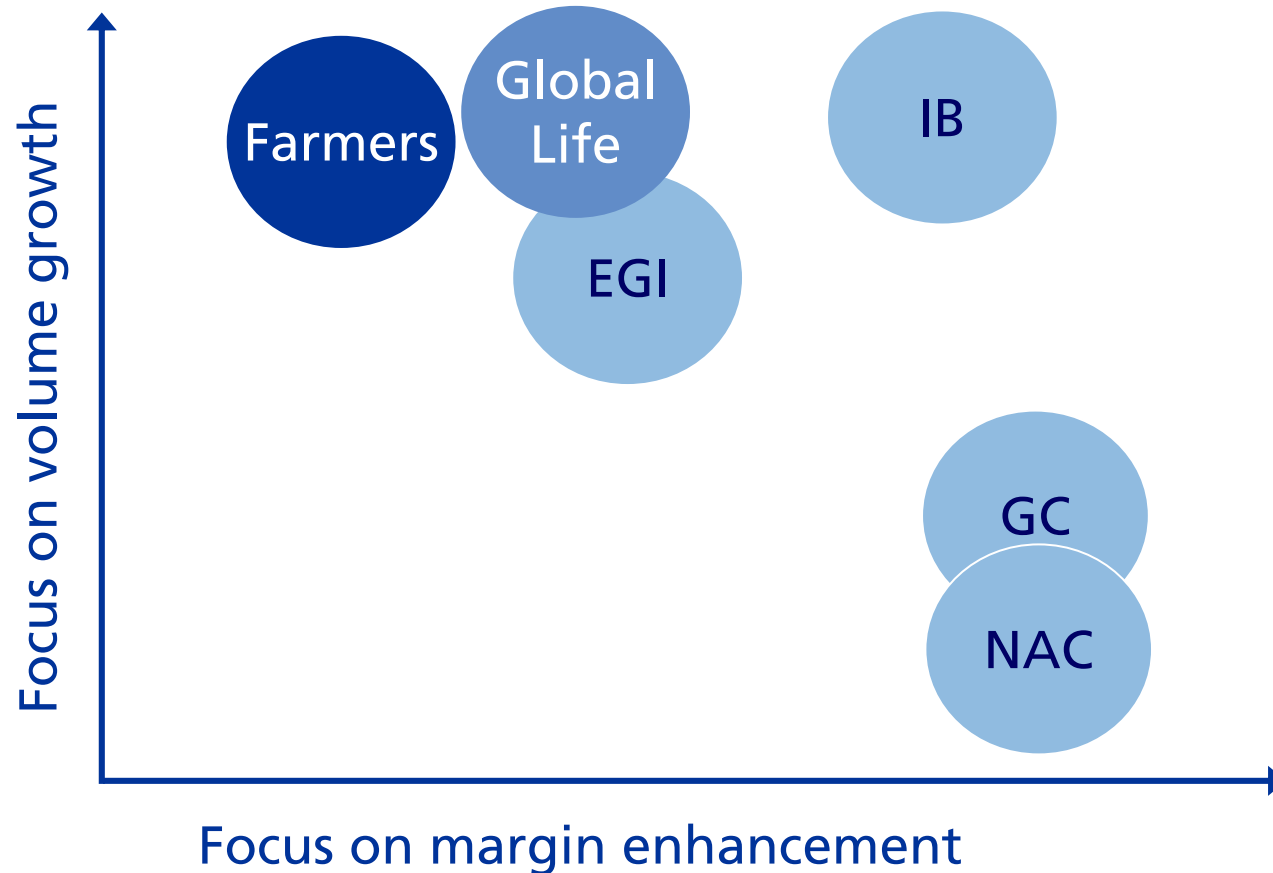
in USD millions for the nine months ended September 30	2007	2006 <sup>1</sup>	Change
Business operating profit	4,880	4,423	10%
Net income attributable to shareholders	4,157	3,326	25%
General Insurance combined ratio	96.9%	94.5%	-2.4pts
Global Life new business margin <sup>2</sup>	24.0%	19.2%	4.8pts
Farmers Mgmt Services gross operating margin	48.6%	51.8%	-3.2pts
	09/30/07	09/30/06 <sup>1</sup>	12/31/06 <sup>1</sup>
Return on common shareholders' equity (ROE) <sup>3</sup>	21.4%	21.0%	20.4%
Business operating profit (after tax) ROE <sup>3</sup>	18.9%	19.9%	19.5%

<sup>1</sup> Throughout this document, certain comparatives have been restated as a result of the adoption of the SoRIE option under IAS 19 Employee Benefits. Please refer to our Financial Review for further details.

<sup>2</sup> After tax, as % of APE (Annual Premiums Equivalent)

<sup>3</sup> Returns for the periods ended September 30, 2007 and 2006 are annualized on a compound basis using the results for the nine months ended September 30. Returns for the period ended December 31, 2006 are for the year ended December 31, 2006.

# Zurich applies a differentiated focus to unlock and grow business value



Legend for GI BDs:

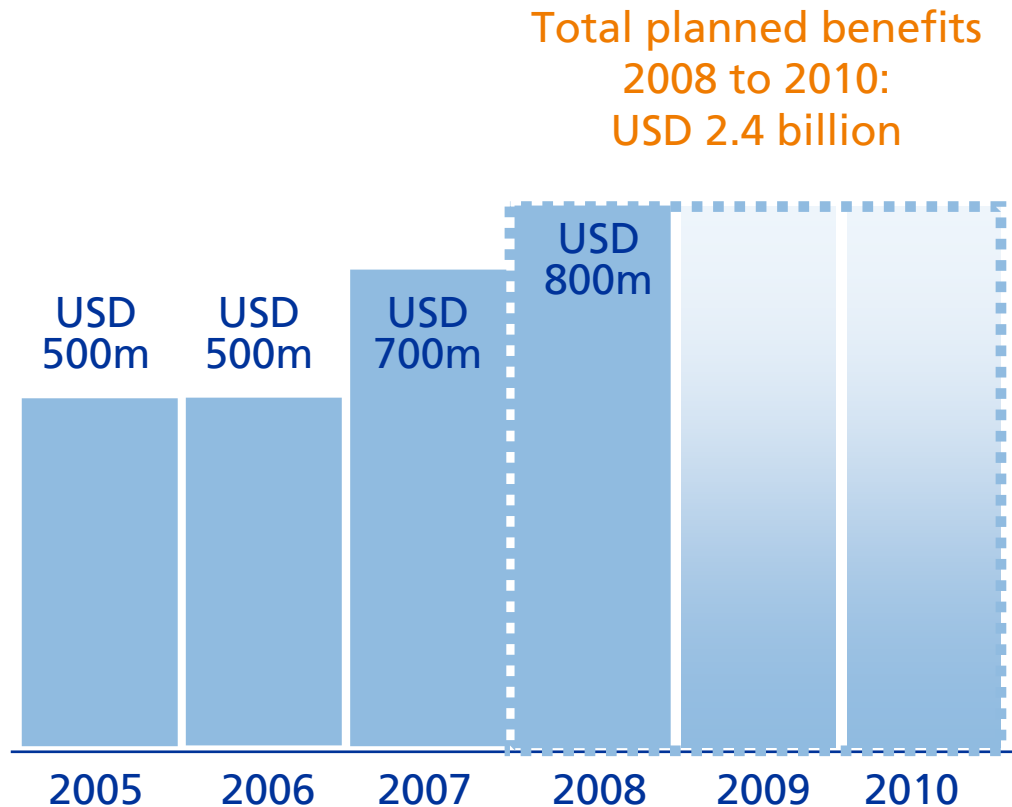
IB International  
Businesses

EGI Europe General  
Insurance

GC Global Corporate

NAC North America  
Commercial

# The Zurich Way – Target of USD 2.4 billion for 2008 to 2010



- We are well on track to achieve our 2007 target.
- Developing our three year plan, we expect benefits of USD 2.4 billion from 2008 to 2010
- 14 TZW workstreams with over 400 initiatives, with increasing focus on Profitable Growth and Operational Transformation initiatives
- Expected contributions to key performance indicators for 2008-10
  - General Insurance:**  
Combined ratio: 2.0pts p.a.
  - Global Life:**  
APE<sup>1</sup>: half of targeted double digit growth to come from TZW

<sup>1</sup> Gross new business annual premium equivalent (APE)

# Results for the Nine Months to September 30, 2007

Dieter Wemmer  
Chief Financial Officer

Zurich, November 15, 2007





# Business operating profit by segment



in USD millions for the nine months ended September 30	2007	2006 <sup>1</sup>	Change
General Insurance	2,779	2,781	0%
Global Life	1,090	853	28%
Farmers Management Services	1,005	936	7%
Other Businesses	585	438	34%
Corporate Functions	-577	-585	1%
<b>Total</b>	<b>4,880</b>	<b>4,423</b>	<b>10%</b>

<sup>1</sup> Throughout this document, certain comparatives have been restated as a result of the adoption of the SoRIE option under IAS 19 Employee Benefits. Please refer to our Financial Review for further details.

# Top line development by segment



in USD millions for the nine months ended September 30	2007	2006	Change	Change in LC <sup>1</sup>
<b>Gross written premiums and policy fees</b>				
General Insurance	27,323	26,295	4%	0%
Global Life (incl. insurance deposits) <sup>2</sup>	15,366	14,772	4%	-3%
Other Businesses	1,824	1,734	5%	5%
<b>Annual Premium Equivalent (APE)<sup>3</sup></b>				
Global Life	2,002	1,744	15%	8%
<b>Farmers management fees</b>				
Farmers Management Services	1,679	1,589	6%	6%

<sup>1</sup> Local Currency

<sup>2</sup> Global Life numbers include gross written premiums, policy fees and insurance deposits

<sup>3</sup> Gross new business annual premium equivalent (APE)

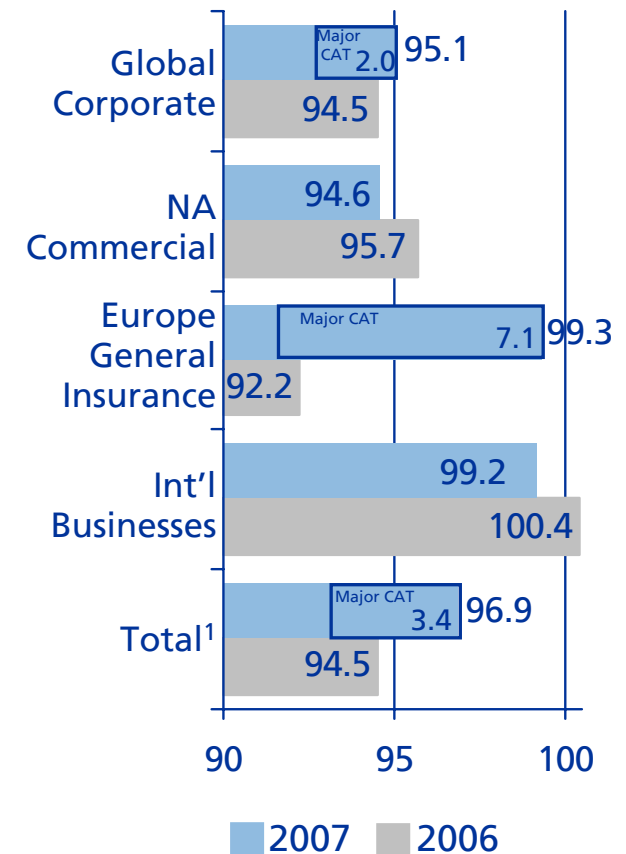
# General Insurance – key performance indicators



## Business Operating Profit

in USD millions for the nine months ended Sept. 30	2007	2006	Change
Global Corporate	576	529	9%
North America Commercial	1,087	856	27%
Europe General Insurance	876	1,249	-30%
International Businesses	115	97	19%
Group Reinsurance	124	50	148%
<b>Total</b>	<b>2,779</b>	<b>2,781</b>	<b>-</b>

## Combined ratio (%)

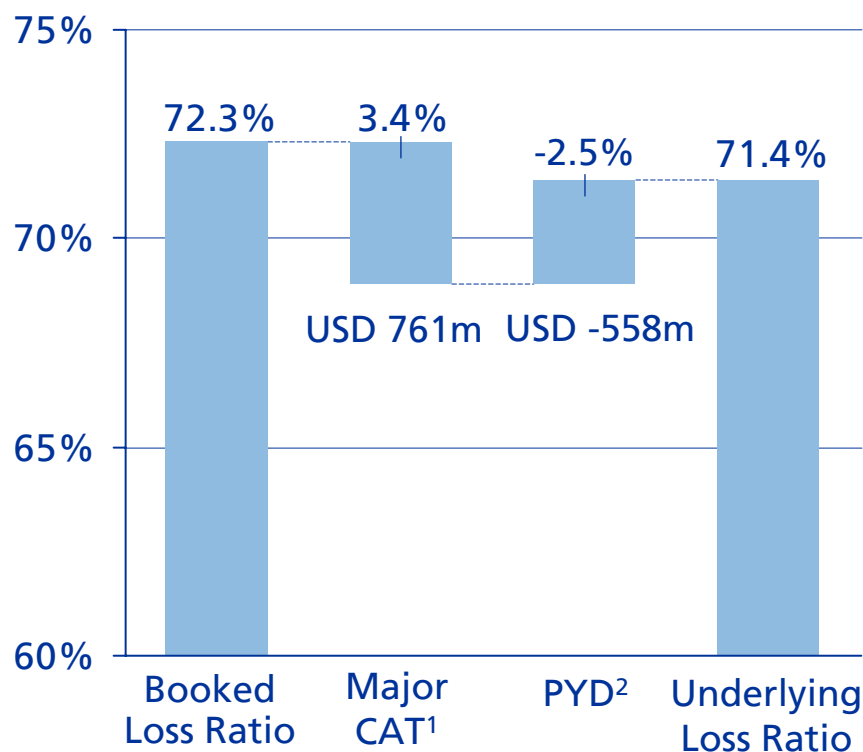


<sup>1</sup> Including Group Reinsurance and inter-segment eliminations

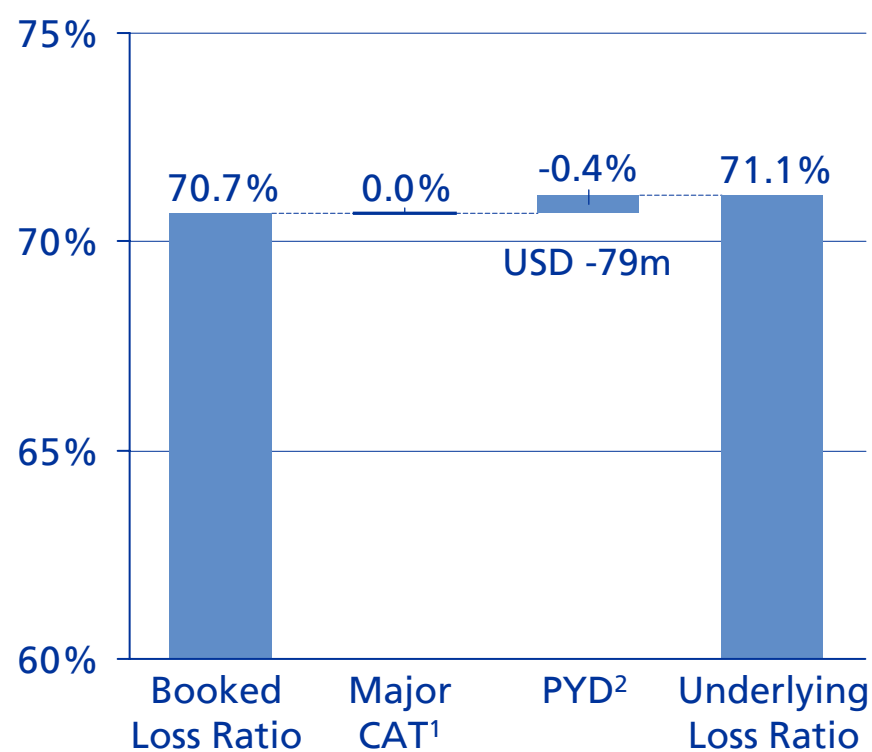
# Comparison of General Insurance loss ratio allowing for known CAT and PYD



9 months 2007



9 months 2006



<sup>1</sup> Major CAT includes the impact of Kyrill and the UK Floods for 2007. There were no major CAT events in the nine months 2006.

<sup>2</sup> Prior Year Development

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



in USD millions

	2007	2006
Net reserves for losses and LAE, as of January 1	50,814	46,194
Net losses and LAE paid	-14,347	-14,012
Net losses and LAE incurred		
- Current year	17,454	15,927
- Prior years	-648 <sup>1</sup>	-78
Currency translation effects and other	1,689	1,378
Net reserves for losses and LAE, as of September 30	54,963	49,409

<sup>1</sup> Of which USD -558 million in General Insurance

# Global Life – key performance indicators



in USD millions

for the nine months ended September 30

	2007	2006	Change	Change in LC <sup>1</sup>
Annual Premium Equivalent (APE)	2,002	1,744	15%	8%
New business value, after tax	480	334	44%	37%
New business margin, after tax <sup>2</sup>	24.0%	19.2%	4.8pts	
Business operating profit	1,090	853	28% <sup>3</sup>	

<sup>1</sup> Local Currency

<sup>2</sup> Based on Annual Premium Equivalent

<sup>3</sup> Including the effect of DAC unlocking in the US of USD106 million in 2007

# Global Life – emerging markets are growing strongly and profitably



in USD millions for the nine months to September 30	APE 2007	APE 2006	Growth	NBM <sup>1</sup> 2007	NBM <sup>1</sup> 2006
Emerging markets	470	323	46%	24.7%	22.7%
<i>of which: South East Asia</i>	216	126	71%	34.0%	38.3%
Share of emerging markets in total Global Life APE	23%	19%			

<sup>1</sup> New business margin, after tax

# Farmers Management Services – key performance indicators



in USD millions for the nine months ended September 30	2007	2006	Change
Management fees and other related revenues	1,679	1,589	6%
Business operating profit	1,005	936	7%
Gross operating margin	48.6%	51.8%	-3.2pts



# Farmers Exchanges<sup>1</sup> – key performance indicators



in USD millions

for the nine months ended September 30

	2007	2006	Change
Gross written premiums	11,970	11,384	5%
Net underwriting result	5	271	-98.2%
Combined ratio	98.5%	96.0%	-2.5pts
Adjusted combined ratio <sup>2</sup>	92.3%	89.0%	-3.3pts
Surplus ratio	40.5%	37.7%	-2.8pts

<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 fees for its services.

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

# Other Businesses and Corporate Functions – Business operating profit contribution



in USD millions for the nine months ended September 30	2007	2006	Change
<b>Other Businesses:</b>			
- Farmers Re	124	135	-8%
- Centre	191	164	16%
- Other	270	139	94%
<b>Total Other Businesses</b>	<b>585</b>	<b>438</b>	<b>34%</b>
<b>Corporate Functions</b>	<b>-577</b>	<b>-585</b>	<b>1%</b>

# Investment performance of Group investments



in USD millions for the nine months ended September 30	2007	2006	Change
Net investment income	6,383	5,849	9%
Net capital gains on investments and impairments	1,088	1,130	-4%
<i>of which attributable to shareholders</i>	874	813	8%
Net investment result	7,471	6,979	7%
Net investment return <sup>1</sup>	3.9%	3.8%	0.1pts
Movements in net unrealized gains on investments included in total equity <sup>2</sup>	-2,353	-1,390	
Total net investment result	5,119	5,589	

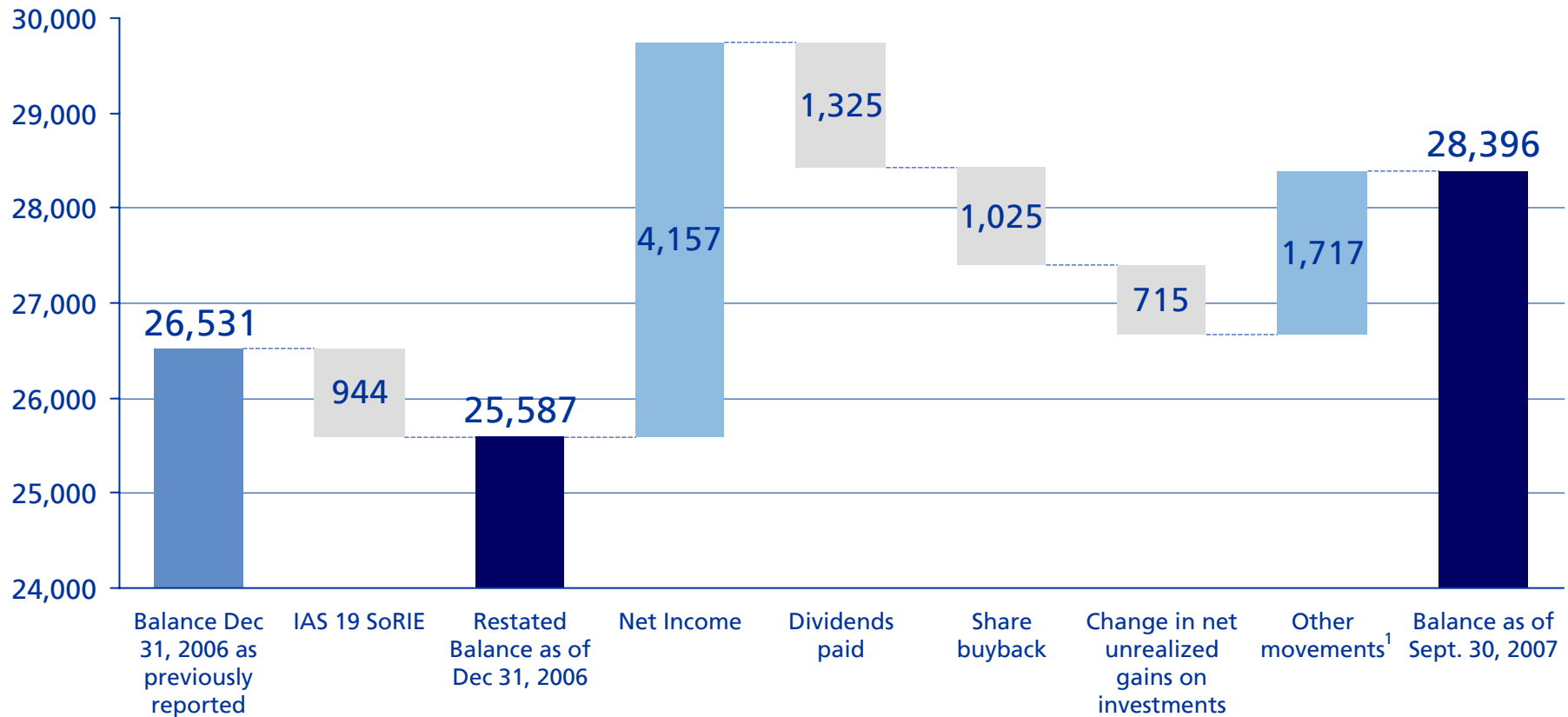
<sup>1</sup> Net investment result in % of average investments, not annualized

<sup>2</sup> Before attribution to policyholders and other

# Development of shareholders' equity

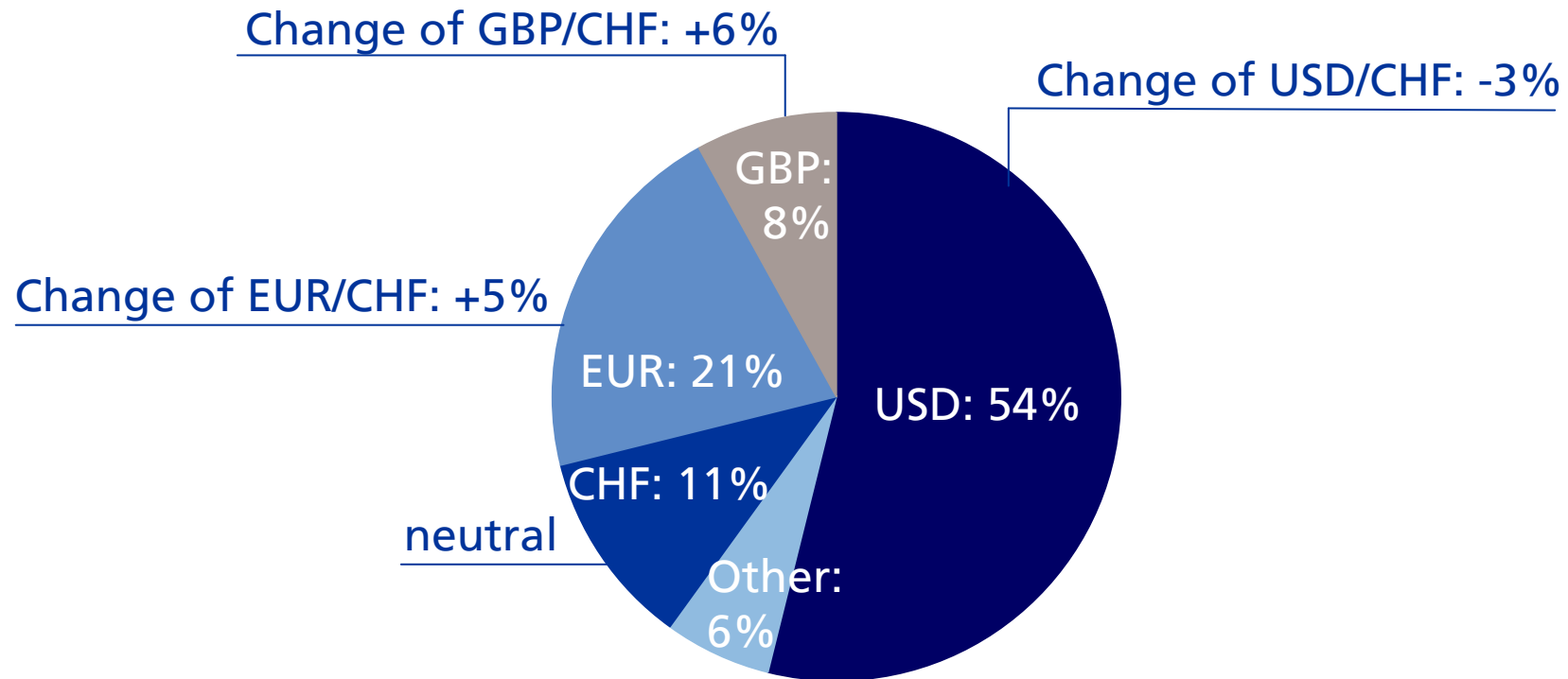


in USD millions



<sup>1</sup> Includes net other recognized income and expense, change in cumulative translation adjustment, issuance of share capital, as well as share-based payment and treasury share transactions

# Net income by currency: currency changes balanced



Numbers for the nine months ended September 30, 2007; change of average exchange rates of the nine months 2007 over 2006

# Financial highlights



in USD millions for the nine months ended September 30	2007	2006 <sup>1</sup>	Change
Business operating profit	4,880	4,423	10%
Net income attributable to shareholders	4,157	3,326	25%
General Insurance combined ratio	96.9%	94.5%	-2.4pts
Global Life new business margin <sup>2</sup>	24.0%	19.2%	4.8pts
Farmers Mgmt Services gross operating margin	48.6%	51.8%	-3.2pts
	09/30/07	09/30/06 <sup>1</sup>	12/31/06 <sup>1</sup>
Return on common shareholders' equity (ROE) <sup>3</sup>	21.4%	21.0%	20.4%
Business operating profit (after tax) ROE <sup>3</sup>	18.9%	19.9%	19.5%

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James J. Schiro  
Chief Executive Officer

Zurich, November 15, 2007



# Q&A

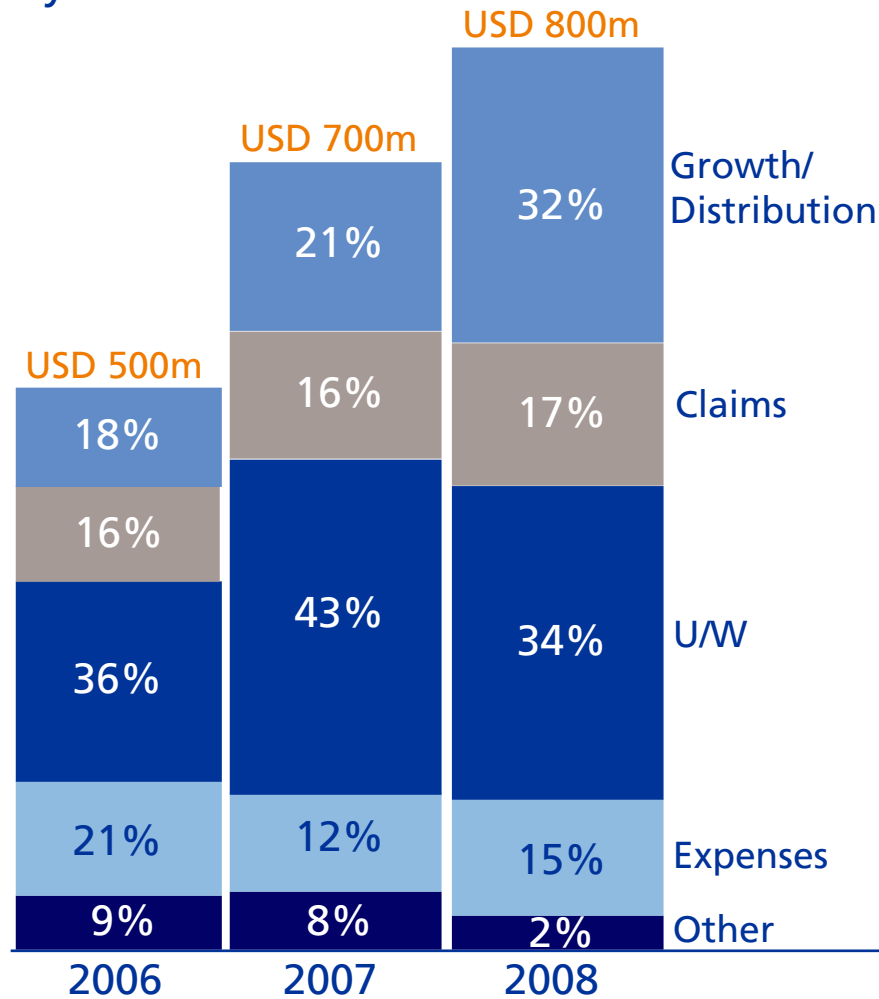


# Appendix

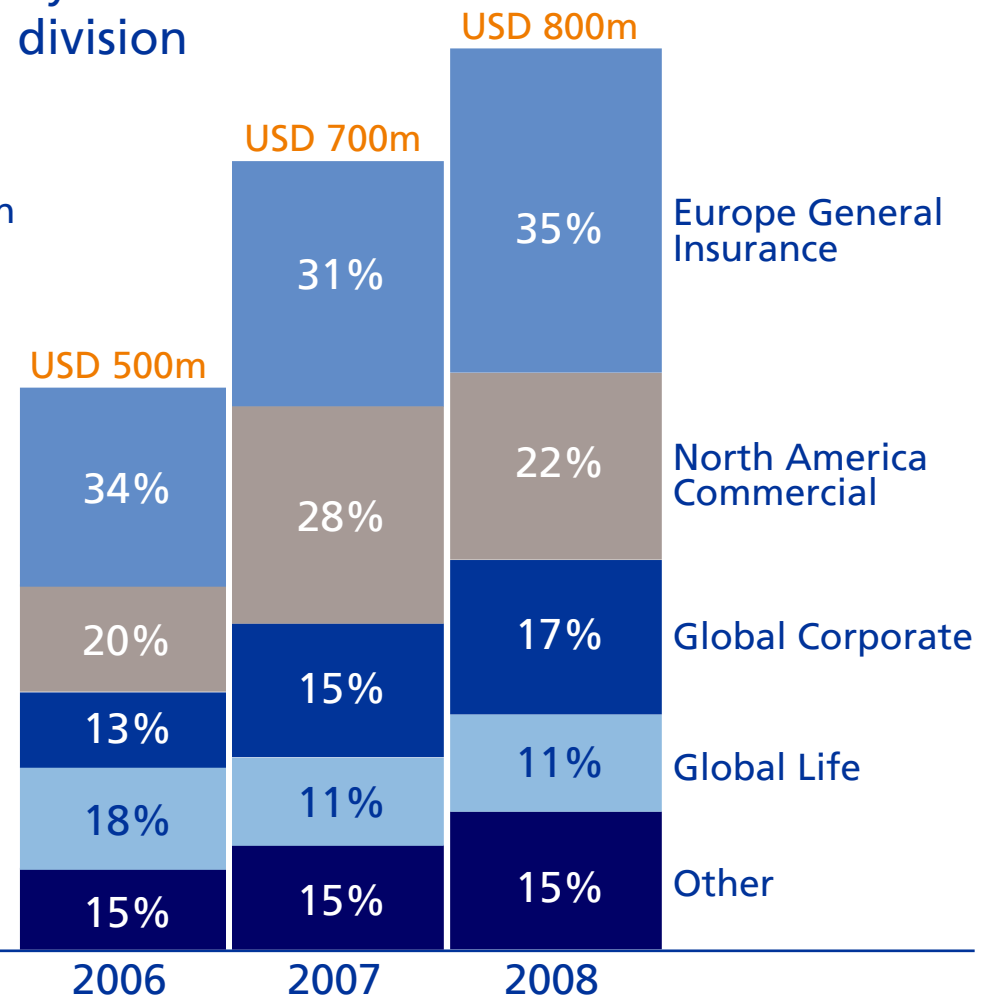
# The Zurich Way initiatives – 2008 target



by function



by business division



# Nine months business division BOP-ROE<sup>1</sup> based on RBC-allocated IFRS equity



for the nine months ended September 30	2007	2006
General Insurance	27.8%	35.2%
- <i>Global Corporate</i>	24.4%	31.5%
- <i>North America Commercial</i>	29.0%	26.1%
- <i>Europe General Insurance</i>	26.3%	56.4%
- <i>International Businesses</i>	17.4%	15.7%
- <i>Group Reinsurance</i>	73.6%	40.1%
Global Life	19.6%	17.8%
Farmers Management Services	63.5%	56.6%
Other Businesses and Corporate Functions	5.1%	1.5%
Total Group	25.1%	28.0%
Total Group BOP (after tax) ROE <sup>2</sup>	18.9%	19.9%

<sup>1</sup> Adjusted BOP-ROE based on average IFRS Group equity allocated to the segment based on its share of Zurich risk based capital (RBC)

<sup>2</sup> Business operating profit (after tax) return on common shareholders' equity

# Global Life – new business indicators



in USD millions for the 9 months ended Sept. 30	APE 2007	APE 2006	Change	Change in LC <sup>1</sup>	NBV <sup>2</sup> 2007	NBV <sup>2</sup> 2006	Change
United States	87	81	7%	7%	80	45	79%
United Kingdom	649	613	6%	-3%	87	76	16%
Germany	350	326	7%	-1%	106	58	84%
Switzerland	70	61	15%	11%	21	15	40%
Rest of Europe	680	544	25%	20%	138	110	25%
<i>of which: Ireland</i>	212	145	47%	36%	47	33	44%
<i>of which: Isle of Man</i>	333	229	45%	46%	68	45	49%
International Businesses	166	120	39%	37%	48	32	53%
<b>Total</b>	<b>2,002</b>	<b>1,744</b>	<b>15%</b>	<b>8%</b>	<b>480</b>	<b>334</b>	<b>44%</b>

<sup>1</sup> Local Currency

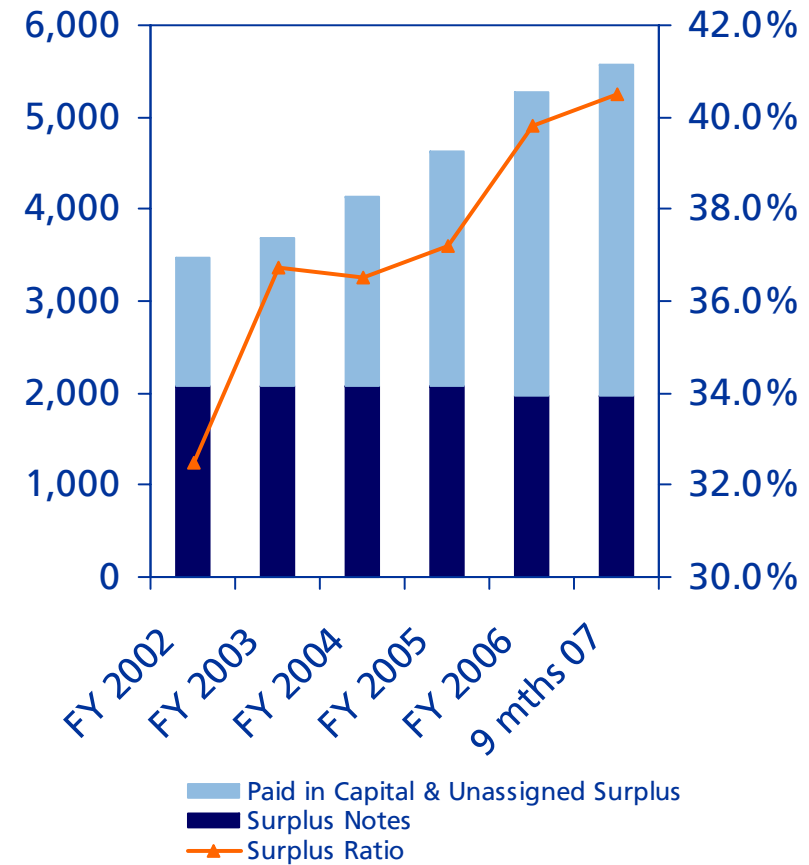
<sup>2</sup> New business value, after tax

# Farmers Exchanges<sup>1</sup> – financial highlights: strong premium and surplus growth



in USD millions  
for the nine months ended Sept. 30

	2007	2006
Gross written premiums	11,970	11,384
Net underwriting result	5	271
Net surplus growth	308	352
Ending surplus	5,582	4,982
Surplus ratio	40.5%	37.7%



<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 fees for its services.

# Farmers Exchanges – gross written premiums by line of business

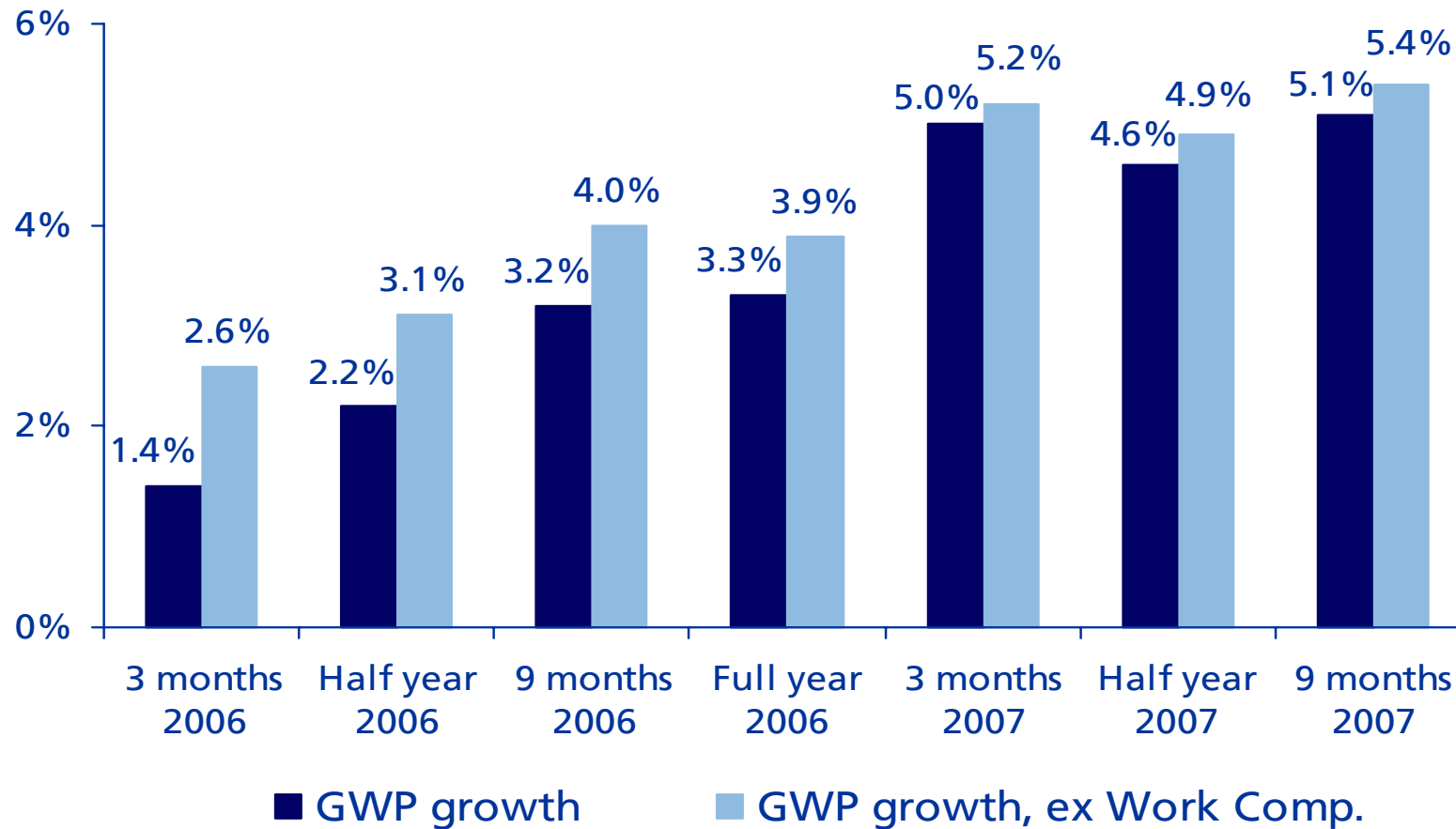


in USD millions

for the nine months ended September 30

	2007	2006	Change
Auto	6,197	5,876	5.5%
Homeowners	3,245	3,074	5.6%
Commercial P&C	933	887	5.2%
Workers' Compensation	276	291	-5.4%
Specialty	1,217	1,157	5.2%
Other	102	99	2.7%
<b>Total</b>	<b>11,970</b>	<b>11,384</b>	<b>5.1%</b>

# Farmers Exchanges – strong growth in gross written premiums



# Farmers Exchanges – combined ratio remains strong



for the nine months ended September 30	2007 <sup>1</sup>	2006 <sup>1</sup>	Change
Auto	99.7%	99.7%	0.0pts
Homeowners	95.0%	89.2%	-5.8pts
Commercial P&C <sup>2</sup>	95.2%	93.7%	-1.5pts
Workers' Compensation	96.4%	95.6%	-0.8pts
Specialty	94.4%	92.1%	-2.3pts
Total	98.5%	96.0%	-2.5pts
Adjusted combined ratio <sup>3</sup>	92.3%	89.0%	-3.3pts

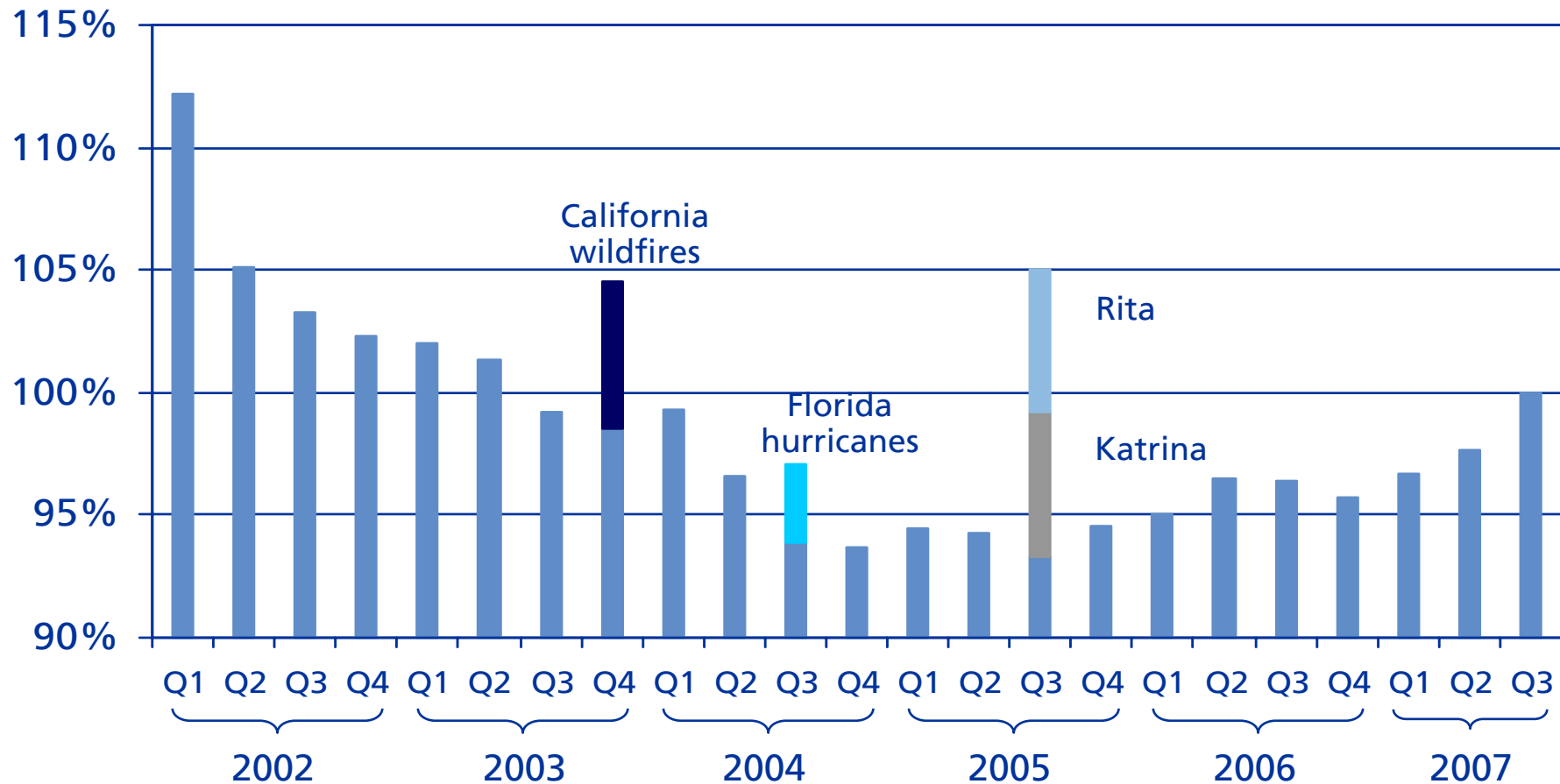
<sup>1</sup> Before quota share treaties with Farmers Re  
<sup>2</sup> Excludes earthquake losses  
<sup>3</sup> Adjusted for profit portion of management fees



# Farmers Exchanges – development of the combined ratio



## Quarterly combined ratio



# Farmers Exchanges – competitive performance

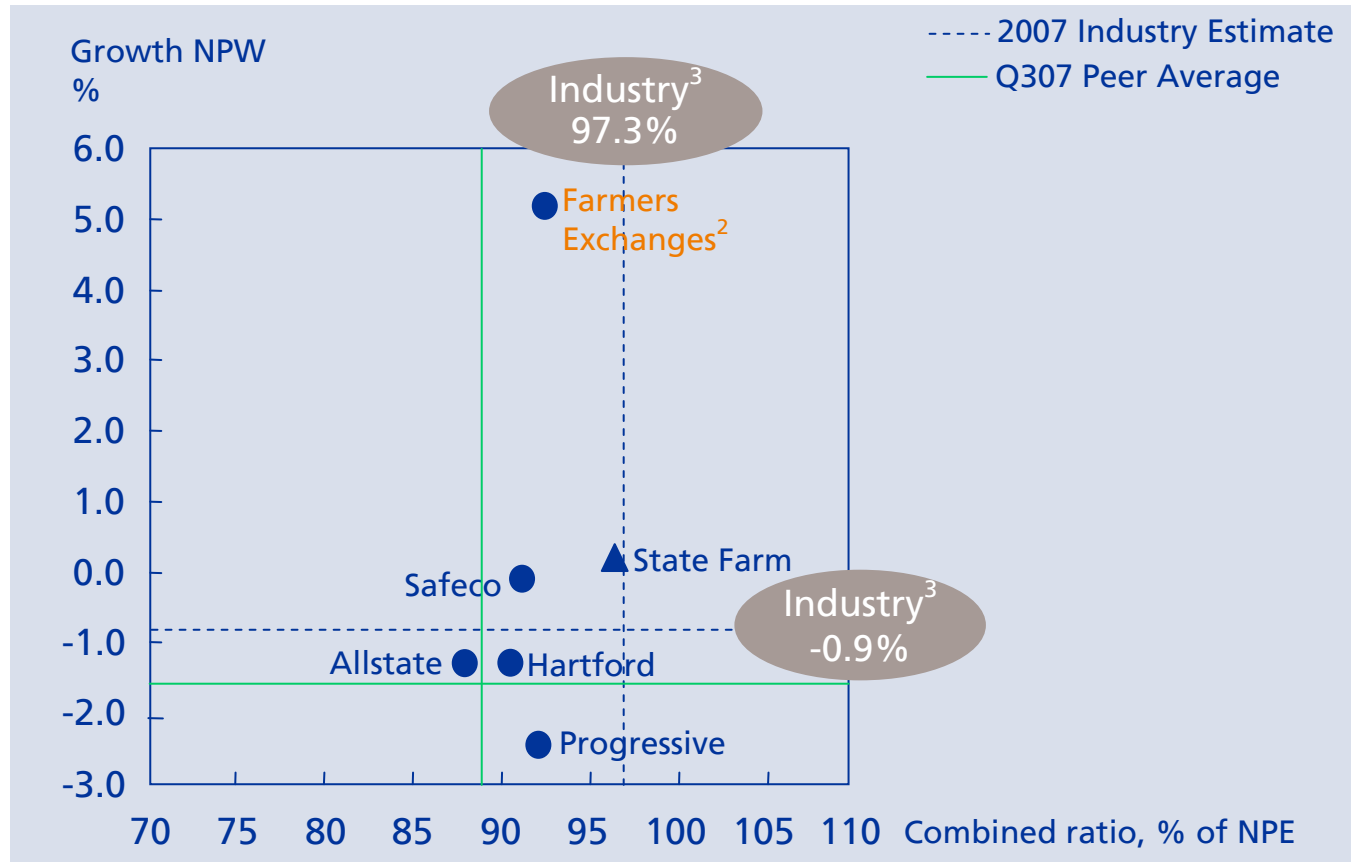


## Growth vs. GAAP Combined Ratio<sup>1</sup> - June 2007▲ Sept 2007●

### Q307 YTD Peer Averages<sup>4</sup>

NPW growth = -1.5%

CR = 89.5%



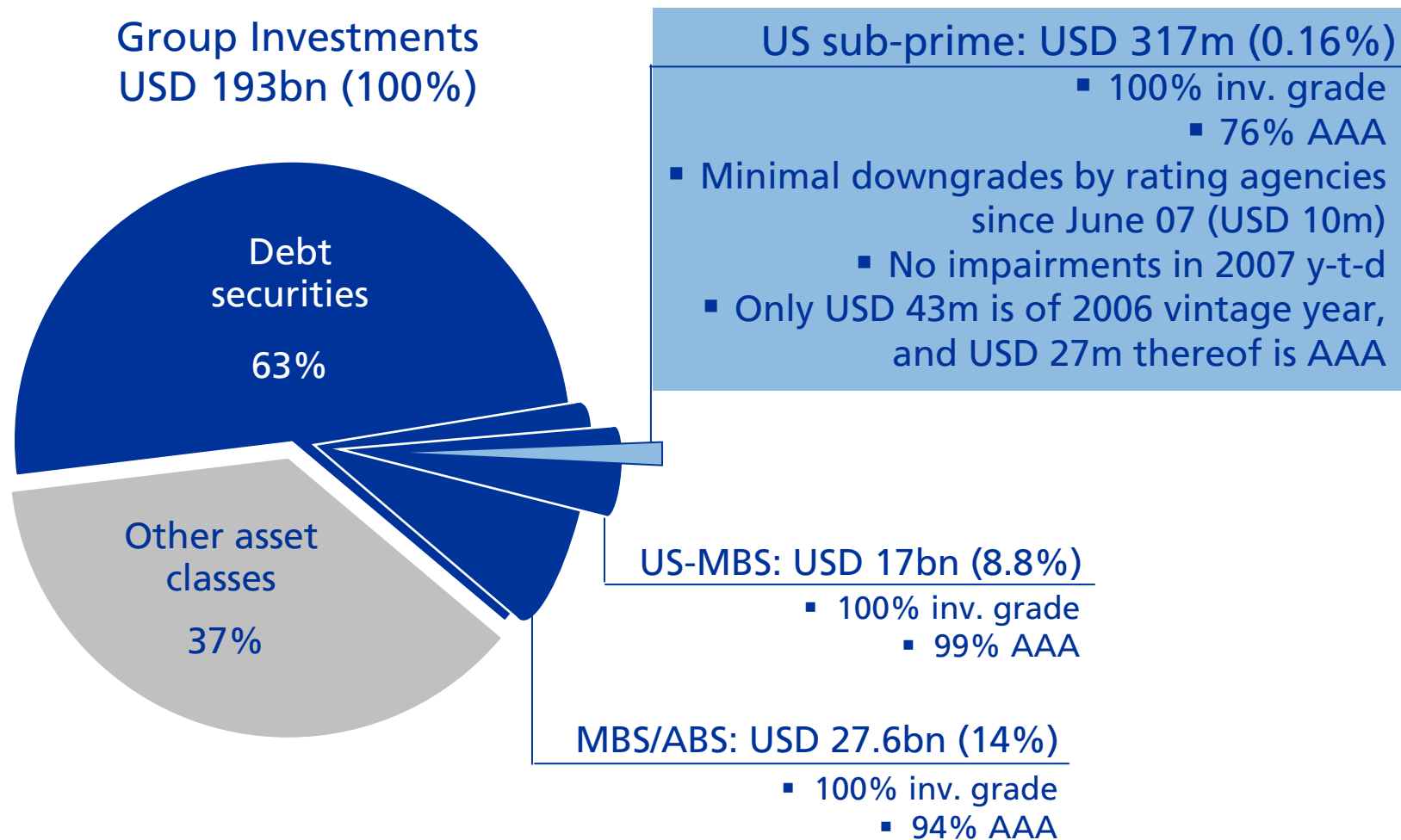
<sup>1</sup> Source: Media releases and investor supplements, except for Farmers and State Farm.

<sup>2</sup> Reflects GWP before APD and Quota Share treaties. Combined ratio excludes Quota Share and APD treaties and was adjusted for Farmers Management Services' income before investments.

<sup>3</sup> Source of Dec. 07 estimate: Conning Property-Casualty Forecast & Analysis By Line Of Insurance Q307 (weighted for Farmers' LOBs). CR estimate on STAT basis.

<sup>4</sup> Peer group includes Allstate, Progressive, Hartford & Safeco.

# Group Investments – Exposure to US sub-prime remains very small (0.16%) and of high quality

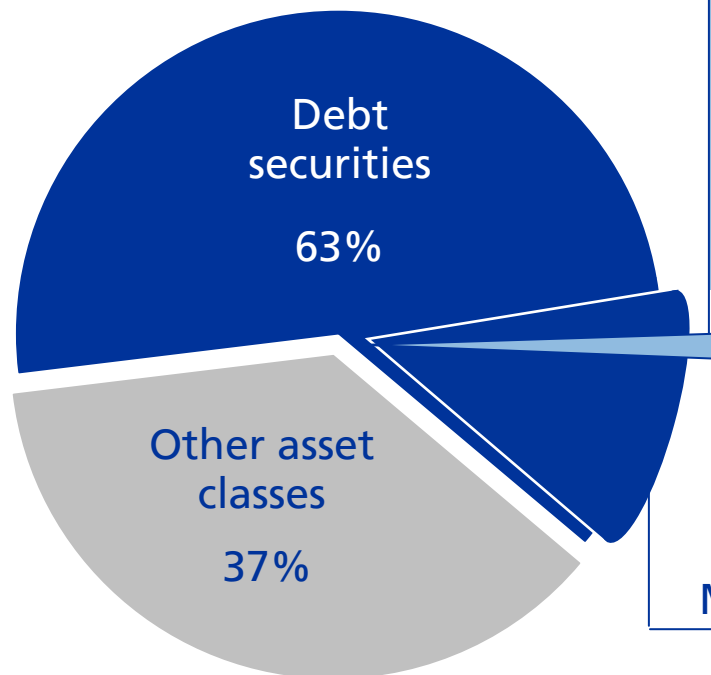


As of September 30, 2007

# Group Investments – Exposure to CDO remains very small (0.23%) and of high quality



Group Investments  
USD 193bn (100%)



**CDO: USD 450m (0.23%)**

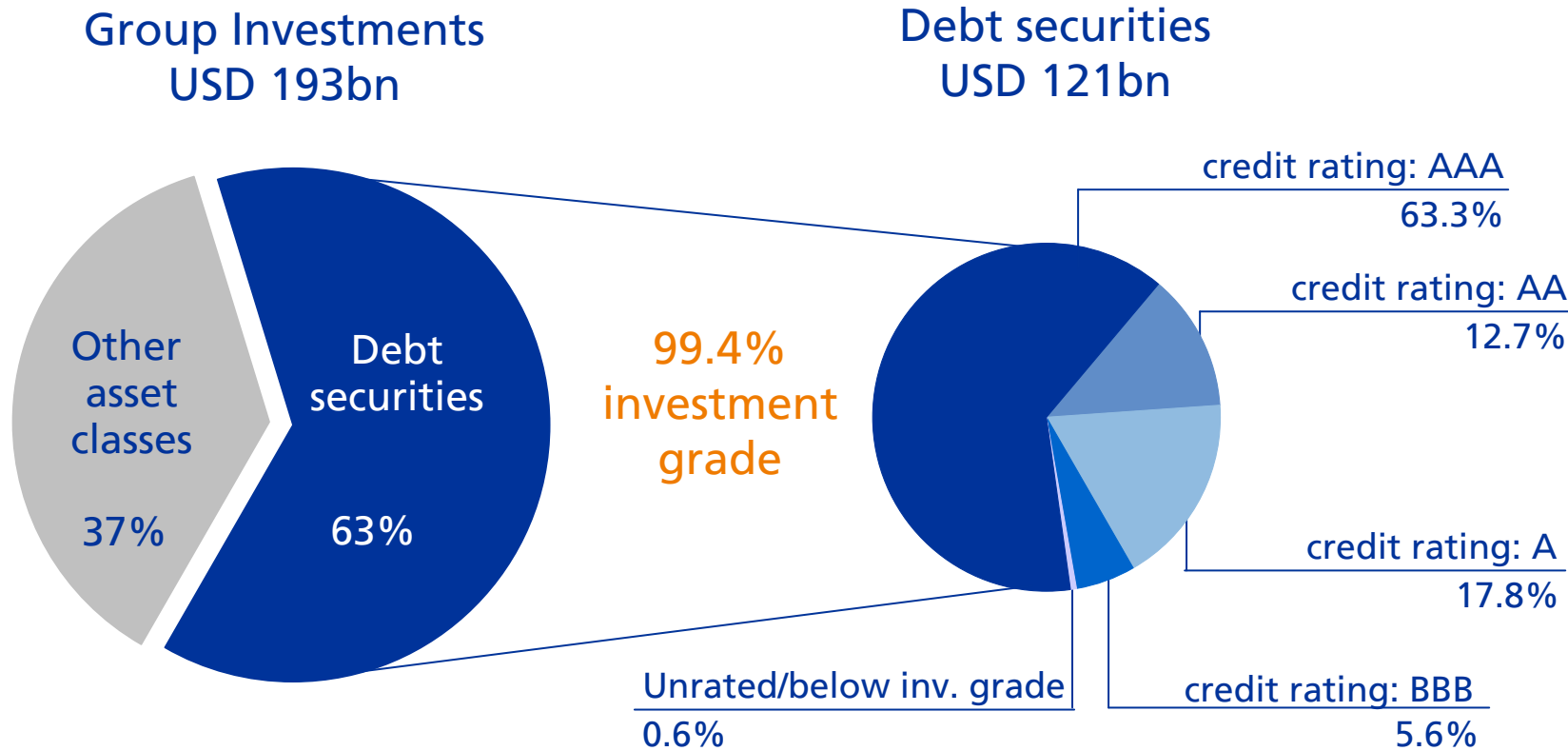
- 99% inv. grade, 1% unrated
  - 71% AAA
- 79% backed by UK bank loans (CLO) and 21% by other types of collateral assets
  - Minimal impairments in 2007 y-t-d (below USD 10m)
- US sub-prime exposure (of the total USD 317m) in CDO is below USD 10m

**MBS/ABS: USD 27.6bn (14%)**

- 100% inv. grade
- 94% AAA

As of September 30, 2007

# Group Investments – Zurich’s debt securities are of very high quality (99.4% investment grade)



As of September 30, 2007