

*Published as written.
Please check against delivery.*



Half Year Results Reporting 2009 - Analysts and Media Presentation

Remarks by James J. Schiro

Chief Executive Officer

August 6, 2009

I am pleased to report an outstanding set of operating results. Amidst some of the most volatile markets any of us have experienced, we are effectively managing our way through this crisis, positioning ourselves to enter the recovery period from a position of strength. But as we look at our second quarter results, let me remind you that the recent upturn of the capital markets only brings us back to year-end 2008 levels. It does not bring us back to pre-crisis financial market valuations, or pre-crisis consumer confidence levels. This is an important reality to keep in mind, and underscores why we believe these are such outstanding results.

Since the financial crisis began in earnest in the latter half of 2008, all sectors of the global economy have struggled with the business and financial implications of the greatest economic dislocations in a generation. For insurers, those impacts have been most acutely felt through reduced investment earnings, slower economic activity and cautious customer behaviors.

Over the past several quarters, Zurich too has been impacted, with our USD 185 billion investment portfolio suffering significant impairments, and our tens of millions of customers feeling the effects of the recession, some more acutely than others.

But by leveraging the execution culture embedded through The Zurich Way, we acted to proactively manage those factors that were within our control – ranging from our risk tolerance and investment exposures to our expense base and product portfolio. As a result, I am proud to announce our 26th straight quarter of profitability, and our third consecutive quarter of increased profitability.

Net income for the six months was USD 1.3 billion, of which close to USD 900 million was generated in the 2nd quarter alone, nearly a 150% increase over the first quarter's earnings. Similarly, business operating profit for the first half was USD 2.6 billion, USD 1.5 billion of which was earned in the second quarter, representing a 46% increase over the first quarter. Based on the strengths of these results, we continued to meet our mid-term target, generating a 16.6% business operating profit post-tax return.

Furthermore, despite the ongoing financial pressures, we increased our shareholders' equity by 14%, and strengthened our Solvency I ratio to 180%, showing the value of a sophisticated and transparent approach to capital management.

Our ability to achieve such strong results is rooted in the disciplined approach we take to operational and financial issues, and in our commitment to control those factors of success that are within our ability to influence.

On the rates we charge, it means we have systematically gone about making the price of risk more transparent to our customers, refusing to chase volume at the expense of profitability. As a result, we are seeing continued and wide scale improvements in rates, from 1% improvement in the last quarter of 2008, to 2% in the first quarter of 2009, to 4% in this most recent quarter. These results are a testament to the success of our "Lead the Market" efforts, and directly reflect the disciplined approach we take to putting risks on our books.

On which products we sell to which customers, it means our global life business continued to shift its focus towards more protection business, while accelerating growth in its banking distribution and other strategic pillars. Both APE and new business value are up in local currencies, with the new business margin holding at a solid 21%.

On how we invest the revenues our businesses generate, it means our strict approach to managing assets relative to liabilities on a risk-adjusted basis maintained its long-term view on asset allocations, generating a non-annualized 1.6% total investment return.

And on how we manage our operating costs, controlling what we can influence means that we remain well on target to achieve both our USD 900 million Zurich Way improvement target and the USD 400 million expense reductions target, illustrating just how valuable operating efficiency can prove in challenging markets.

In fact, despite the defensive nature of some of our tactical responses to the crisis, we continue to capitalize proactively on market opportunities that emerge, positioning us well for when – not if – economic activity return to pre-crisis levels. For example, our integration of AIG's Personal Auto Group is in-line with plans, and when done will propel Farmers into the leading ranks of the direct auto market, and solidify its position as the third largest personal lines insurer in America.

However, we have also been making other investments in long-term sustainable growth, driving the Zurich HelpPoint concept deeper into our proposition development processes, improving our capabilities to deliver on our customers' needs, and broadening our product range.

None of these action steps or financial achievements would be possible, however, without the motivation and commitment of 60,000 Zurich employees around the world. It is a testament to their effectiveness that we entered this financial crisis with the fundamentals intact, and with the institutional means to respond and adapt to prevailing market conditions. Their immense capabilities are also evident in the series of internal appointments we have announced recently in the U.S., Europe, South Africa and elsewhere, illustrating the depth of our bench strength and the success of our ongoing talent management efforts.

I am proud of these results, and the efforts our people undertook to make them possible. I am also confident in our ability to continue proactively managing our way through this crisis in a manner that will deliver strong results while also positioning us to enter the recovery period from a position of strength.

To achieve this, we will continue to pursue operational transformation, as we enter the second and third waves of our target operating model initiative; we will continue to exercise a disciplined approach to rates, balancing the needs of our customers with the economics of risk; and we will continue to pursue opportunities for growth – both organic and through acquisition – if they meet our strict financial and strategic targets.

These are certainly challenging times, and Zurich has not been immune from the pressures of this marketplace. But we entered this crisis prepared, and I am confident we will exit it even stronger.