

Consolidated Financial Statements (unaudited)

Contents

I		
1. Consolidated income statements		89
2. Consolidated statements of comprehensive income		90
3. Consolidated balance sheets		92
4. Consolidated statements of cash flows		94
5. Consolidated statements of changes in equity		96
II		
1. Basis of presentation		98
2. Acquisitions and divestments		102
3. Investments		103
4. Reserves for insurance contracts and reinsurers' share of reserves for insurance contracts		107
5. Liabilities for investment contracts with and without discretionary participation features (DPF)		110
6. Gross and ceded insurance revenues and expenses		111
7. Deferred policy acquisition costs and deferred origination costs		112
8. Goodwill and other intangible assets		113
9. Income taxes		115
10. Debt		116
11. Earnings per share		120
12. Litigation and regulatory investigations		121
13. Segment information		122

Consolidated income statements (unaudited)

In USD millions, for the three months ended March 31	Notes	2010	Restated 2009
Revenues			
Gross written premiums and policy fees		14,983	14,242
Less premiums ceded to reinsurers		(1,525)	(1,456)
Net written premiums and policy fees		13,458	12,786
Net change in reserves for unearned premiums		(1,533)	(1,506)
Net earned premiums and policy fees		11,925	11,280
Farmers management fees and other related revenues		703	623
Net investment result on Group investments	3	1,970	759
Net investment income on Group investments		1,779	1,832
Net capital gains/(losses) and impairments on Group investments		191	(1,073)
Net investment result on unit-linked investments	3	4,533	(3,303)
Net gain/(loss) on divestments of businesses		–	(4)
Other income		311	386
Total revenues		19,443	9,741
Benefits, losses and expenses			
Insurance benefits and losses, gross of reinsurance	6	10,247	9,538
Less ceded insurance benefits and losses	6	(1,341)	(773)
Insurance benefits and losses, net of reinsurance	6	8,906	8,766
Policyholder dividends and participation in profits, net of reinsurance	6	4,781	(3,229)
Underwriting and policy acquisition costs, net of reinsurance		2,261	2,019
Administrative and other operating expense		1,712	1,490
Interest expense on debt	10	145	134
Interest credited to policyholders and other interest		140	122
Total benefits, losses and expenses		17,945	9,301
Net income before income taxes		1,497	439
Income tax expense	9	(545)	99
attributable to policyholders	9	(236)	274
attributable to shareholders	9	(309)	(175)
Net income after taxes		952	538
attributable to non-controlling interests		17	6
attributable to shareholders		935	532
in USD			
Basic earnings per share	11	6.46	3.83
Diluted earnings per share	11	6.41	3.81
in CHF			
Basic earnings per share	11	6.83	4.40
Diluted earnings per share	11	6.77	4.37

The notes to the Consolidated Financial Statements are an integral part of these Consolidated Financial Statements.

Consolidated statements of comprehensive income (unaudited)

in USD millions, for the three months ended March 31

	Net income attributable to shareholders	Net unrealized gains/(losses) on available- for-sale investments
2009, as restated		
Comprehensive income for the period	532	(654)
Details of movements during the period		
Change (before reclassification, tax and foreign currency translation effects and after allocation to policyholders)		(1,467)
Reclassification to income statement (before tax and foreign currency translation effects and after allocation to policyholders)		588
Deferred income tax (before foreign currency translation effects)		161
Foreign currency translation effects		63
2010		
Comprehensive income for the period	935	914
Details of movements during the period		
Change (before reclassification, tax and foreign currency translation effects and after allocation to policyholders)		1,274
Reclassification to income statement (before tax and foreign currency translation effects and after allocation to policyholders)		(75)
Deferred income tax (before foreign currency translation effects)		(262)
Foreign currency translation effects		(23)

The notes to the Consolidated Financial Statements are an integral part of these Consolidated Financial Statements.

	Cash flow hedges	Cumulative foreign currency translation adjustment	Revaluation reserve	Net actuarial gains/(losses) on pension plans	Total other comprehensive income attributable to shareholders	Total comprehensive income attributable to shareholders	Comprehensive income attributable to non-controlling interests	Total comprehensive income
	7	(229)	–	689	(188)	345	(77)	267
	(40)	(229)	–	871	(865)			
	52	–	–	–	640			
	(9)	–	–	(233)	(80)			
	3	–	–	50	117			
	35	(691)	4	(142)	119	1,055	(83)	971
	161	(690)	4	(242)	506			
	(117)	(1)	–	–	(193)			
	(9)	–	–	62	(210)			
	–	–	–	39	16			

Consolidated balance sheets (unaudited)

Assets	in USD millions, as of	Notes			
			03/31/10	Restated 12/31/09	Restated 12/31/08
Investments					
Total Group investments			193,679	196,258	179,570
Cash and cash equivalents			12,876	11,631	12,428
Equity securities			11,294	12,450	14,303
Debt securities			136,045	136,344	118,287
Real estate held for investment			7,592	7,789	7,524
Mortgage loans			12,029	12,736	12,820
Other loans			13,648	15,077	13,988
Equity method accounted investments			195	232	220
Investments for unit-linked contracts			99,146	99,167	78,203
Total investments		3	292,825	295,425	257,773
Reinsurers' share of reserves for insurance contracts		4	18,976	18,751	18,778
Deposits made under assumed reinsurance contracts			3,852	3,861	2,397
Deferred policy acquisition costs		7	15,636	16,181	14,323
Deferred origination costs		7	812	856	770
Accrued investment income			2,506	2,744	2,429
Receivables			14,380	13,182	13,229
Other assets			3,361	3,327	4,095
Mortgage loans given as collateral			1,029	1,102	1,233
Deferred tax assets			2,283	2,421	3,165
Assets held for sale ¹			43	67	–
Property and equipment			1,818	1,942	1,889
Goodwill		8	2,257	2,297	1,677
Other intangible assets		8	6,736	7,044	6,633
Total assets			366,515	369,202	328,391

¹ Includes land and buildings formerly classified as held for own use.

The notes to the Consolidated Financial Statements are an integral part of these Consolidated Financial Statements.

Liabilities
and equity

in USD millions, as of			Restated	Restated
	Notes	03/31/10	12/31/09	12/31/08
Liabilities				
Reserve for premium refunds		598	649	620
Liabilities for investment contracts	5	45,962	46,124	35,979
Deposits received under ceded reinsurance contracts		1,441	1,558	1,619
Deferred front-end fees		5,199	5,543	4,695
Reserves for insurance contracts	4	239,427	242,094	224,078
Obligations to repurchase securities		3,799	3,976	3,608
Accrued liabilities		3,561	2,839	2,820
Other liabilities		19,178	17,485	16,944
Collateralized loans		1,029	1,102	1,233
Deferred tax liabilities		4,536	4,445	3,273
Debt related to capital markets and banking activities	10	840	839	2,527
Senior and subordinated debt	10	11,068	11,444	8,455
Total liabilities		336,639	338,098	305,850
Equity				
Share capital		10	10	10
Additional paid-in capital		11,444	11,400	10,131
Net unrealized gains/(losses) on available-for-sale investments		1,301	387	(3,024)
Cash flow hedges		26	(9)	(16)
Cumulative foreign currency translation adjustment		(1,088)	(396)	(1,341)
Revaluation reserve		102	98	99
Retained earnings		15,855	17,253	14,441
Common shareholders' equity		27,650	28,743	20,301
Preferred securities		556	561	561
Shareholders' equity		28,206	29,304	20,862
Non-controlling interests		1,670	1,800	1,678
Total equity		29,876	31,104	22,540
Total liabilities and equity		366,515	369,202	328,391

The notes to the Consolidated Financial Statements are an integral part of these Consolidated Financial Statements.

Consolidated statements of cash flows (unaudited)

in USD millions, for the three months ended March 31	2010	Restated 2009
Cash flows from operating activities		
Net income attributable to shareholders	935	532
Adjustments for:		
Net (gain)/loss on divestments of businesses	–	4
Income from equity method accounted investments	(4)	5
Depreciation, amortization and impairments of fixed and intangible assets	219	197
Other non-cash items	(517)	(791)
Underwriting activities:	6,772	(2,276)
<i>Reserves for insurance contracts, gross</i>	5,236	(93)
<i>Reinsurers' share of reserves for insurance contracts</i>	(570)	(112)
<i>Liabilities for investment contracts</i>	2,400	(1,865)
<i>Deferred policy acquisition costs</i>	(214)	(205)
<i>Deferred origination costs</i>	(6)	7
<i>Deposits made under assumed reinsurance contracts</i>	7	(27)
<i>Deposits received under ceded reinsurance contracts</i>	(81)	19
Investments:	(4,313)	1,351
<i>Net capital (gains)/losses on total investments and impairments</i>	(4,356)	4,749
<i>Net change in trading securities and derivatives</i>	(63)	69
<i>Net change in money market investments</i>	391	(373)
<i>Sales and maturities</i>		
<i>Debt securities</i>	49,234	45,248
<i>Equity securities</i>	14,365	10,263
<i>Other</i>	5,128	1,381
<i>Purchases</i>		
<i>Debt securities</i>	(50,539)	(47,976)
<i>Equity securities</i>	(13,340)	(10,558)
<i>Other</i>	(5,134)	(1,452)
Proceeds from sale and repurchase agreements	65	(13)
Movements in receivables and payables	(534)	1,143
Net changes in debt for capital markets and banking activities	41	27
Net changes in other operational assets and liabilities	(195)	(670)
Deferred income tax, net	162	(82)
Net cash provided by/(used in) operating activities	2,631	(571)

The notes to the Consolidated Financial Statements are an integral part of these Consolidated Financial Statements.

in USD millions, for the three months ended March 31	2010	2009
Cash flows from investing activities		
Sales of property and equipment	21	10
Purchase of property and equipment	(56)	(83)
Investments in equity method accounted investments, net	2	2
Divestments of companies, net of cash balances	32	(10)
Dividends from equity method accounted investments	–	–
Net cash used in investing activities	(1)	(82)
Cash flows from financing activities		
Dividends paid	–	(12)
Issuance of share capital	36	–
Net movement in treasury shares	7	–
Issuance of debt	–	61
Repayments of debt outstanding	–	(154)
Net cash provided by/(used in) financing activities	44	(104)
Foreign currency translation effects on cash and cash equivalents	(754)	(517)
Change in cash and cash equivalents excluding change in cash held as collateral for securities lending	1,919	(1,274)
Cash and cash equivalents as of January 1, excluding cash held as collateral for securities lending	16,978	16,711
Cash and cash equivalents as of March 31, excluding cash held as collateral for securities lending	18,897	15,437
Change in cash held as collateral for securities lending	(332)	(99)
Cash and cash equivalents as of January 1, including cash held as collateral for securities lending	17,471	16,888
Cash and cash equivalents as of March 31, including cash held as collateral for securities lending	19,058	15,515
of which:		
– cash and cash equivalents – Group investments	12,876	11,278
– cash and cash equivalents – unit linked	6,183	4,237
Other supplementary cash flow disclosures		
Other interest income received	1,939	1,992
Dividend income received	300	332
Other interest expense paid	(186)	(186)
Income tax paid	(147)	(87)

As of March 31, 2010 and 2009, cash and cash equivalents restricted as to use were USD 1,298 million and USD 1,383 million, respectively.

Cash and cash equivalents

in USD millions, as of March 31	2010	2009
Cash and cash equivalents comprise the following:		
Cash at bank and in hand	7,403	6,117
Cash equivalents	11,494	9,321
Cash held as collateral for securities lending	161	78
Total	19,058	15,515

The notes to the Consolidated Financial Statements are an integral part of these Consolidated Financial Statements.

Consolidated statements of changes in equity (unaudited)

in USD millions	Share capital	Additional paid-in capital	Net unrealized gains/(losses) on available-for-sale investments
Balance as of December 31, 2008, as previously reported	10	10,131	(2,957)
Total adjustments due to restatement	–	–	(66)
Balance as of December 31, 2008, as restated	10	10,131	(3,024)
Issuance of share capital ¹	–	1	–
Dividends to shareholders	–	–	–
Share-based payment transactions	–	22	–
Treasury share transactions ²	–	(69)	–
Total comprehensive income for the period, net of tax	–	–	(654)
<i>Net income</i>	–	–	–
<i>Net unrealized gains/(losses) on available-for-sale investments</i>	–	–	(654)
<i>Cash flow hedges</i>	–	–	–
<i>Cumulative foreign currency translation adjustment</i>	–	–	–
<i>Net actuarial gains/(losses) on pension plans</i>	–	–	–
Net changes in capitalization and non-controlling interests	–	–	–
Balance as of March 31, 2009, as restated	10	10,085	(3,678)
Balance as of December 31, 2009, as previously reported	10	11,400	334
Total adjustments due to restatement	–	–	53
Balance as of December 31, 2009, as restated	10	11,400	387
Issuance of share capital ¹	–	155	–
Dividends to shareholders	–	–	–
Share-based payment transactions	–	(107)	–
Treasury share transactions ²	–	(4)	–
Change of ownership with no loss of control	–	–	–
Total comprehensive income for the period, net of tax	–	–	914
<i>Net income</i>	–	–	–
<i>Net unrealized gains/(losses) on available-for-sale investments</i>	–	–	914
<i>Cash flow hedges</i>	–	–	–
<i>Cumulative foreign currency translation adjustment</i>	–	–	–
<i>Revaluation reserve</i>	–	–	–
<i>Net actuarial gains/(losses) on pension plans</i>	–	–	–
Net changes in capitalization and non-controlling interests	–	–	–
Balance as of March 31, 2010	10	11,444	1,301

¹ The number of common shares issued as of March 31, 2010 was 148,131,663 (March 31, 2009: 142,126,260, December 31, 2009: 147,473,068, December 31, 2008: 142,122,620).

² The number of treasury shares deducted from equity as of March 31, 2010 amounted to 3,262,421 (March 31, 2009: 5,208,501) and 3,269,338 as of December 31, 2009 (December 31, 2008: 5,219,803).

The notes to the Consolidated Financial Statements are an integral part of these Consolidated Financial Statements.

	Cash flow hedges	Cumulative foreign currency translation adjustment	Revaluation reserve	Retained earnings	Common shareholders' equity	Preferred securities	Shareholders' equity	Non-controlling interests	Total equity
	(16)	(1,341)	99	15,616	21,542	561	22,103	1,678	23,781
	-	-	-	(1,174)	(1,241)	-	(1,241)	-	(1,241)
	(16)	(1,341)	99	14,441	20,301	561	20,862	1,678	22,540
	-	-	-	-	1	-	1	-	1
	-	-	-	-	-	(7)	(7)	(5)	(12)
	-	-	-	-	22	-	22	-	22
	-	-	-	69	-	-	-	-	-
	7	(229)	-	1,214	337	7	345	(77)	267
	-	-	-	525	525	7	532		
	-	-	-	-	(654)	-	(654)		
	7	-	-	-	7	-	7		
	-	(229)	-	-	(229)	-	(229)		
	-	-	-	689	689	-	689		
	-	-	-	-	-	-	-	(4)	(4)
	(9)	(1,570)	99	15,723	20,661	561	21,222	1,593	22,815
	(9)	(396)	98	17,680	29,117	561	29,678	1,800	31,478
	-	-	-	(427)	(374)	-	(374)	-	(374)
	(9)	(396)	98	17,253	28,743	561	29,304	1,800	31,104
	-	-	-	-	155	-	155	-	155
	-	-	-	(2,202)	(2,202)	(3)	(2,205)	(3)	(2,208)
	-	-	-	-	(107)	-	(107)	-	(107)
	-	-	-	16	12	(5)	7	-	7
	-	-	-	(3)	(3)	-	(3)	-	(3)
	35	(691)	4	791	1,052	3	1,055	(83)	971
	-	-	-	932	932	3	935		
	-	-	-	-	914	-	914		
	35	-	-	-	35	-	35		
	-	(691)	-	-	(691)	-	(691)		
	-	-	4	-	4	-	4		
	-	-	-	(142)	(142)	-	(142)		
	-	-	-	-	-	-	-	(44)	(44)
	26	(1,088)	102	15,855	27,650	556	28,206	1,670	29,876

1. Basis of presentation

General information

Zurich Financial Services Ltd, a Swiss corporation, is the holding company of the Group and is listed on the SIX Swiss Exchange. Zurich Financial Services Ltd was incorporated on April 26, 2000, in Zurich, Switzerland. It is recorded in the Commercial Register of the canton of Zurich under its registered address at Mythenquai 2, 8002 Zurich.

The unaudited Consolidated Financial Statements for the three months ended March 31, 2010 of Zurich Financial Services Ltd and its subsidiaries (collectively the Group) have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting". The accounting policies used to prepare the unaudited Consolidated Financial Statements comply with International Financial Reporting Standards (IFRS), and are consistent with those set out in the notes to the Consolidated Financial Statements in the Financial Report 2009 of the Group except as outlined below.

The accounting policies applied by the reportable segments are the same as those applied by the Group. The Group accounts for inter-segment revenues and transfers as if the transactions were with third parties at current market prices, with the exception of dividends, realized capital gains as well as gains and losses on transfer of net assets, which are eliminated against equity. For the Consolidated Financial Statements inter-segment revenues and transfers are eliminated.

The unaudited Consolidated Financial Statements should be read in conjunction with the Group's Financial Report 2009.

Certain amounts recorded in the unaudited Consolidated Financial Statements reflect estimates and assumptions made by management about insurance liability reserves, investment valuations, interest rates and other factors. Actual results may differ from the estimates and assumptions made. In addition, interim results are not necessarily indicative of full year results.

Interest on reinsurance deposits previously presented under "Net Investment Income" amounting to USD 12 million for the three months ended March 31, 2009 is now presented under "Other income". This change in presentation is reflected in the consolidated income statements.

The treatment of the elimination of intersegment transactions has been changed to eliminate gross up effects on certain intercompany clearing accounts. This change results in an increase/(decrease) on the intersegment revenue line for the three months ended March 31, 2009 as follows: USD 263 million in General Insurance, USD 38 million in Global Life, USD (2) million in Farmers, USD (186) million in Other Operating Businesses and USD (113) million in Non-Core Businesses. The change has no impact on either segmental business operating profit (BOP) or net income of the Group.

All amounts in the unaudited Consolidated Financial Statements are shown in USD millions, rounded to the nearest million unless otherwise stated with the consequence that the rounded amounts may not add to the rounded total in all cases. All ratios and variances are calculated using the underlying amounts rather than the rounded amounts.

Table 1 summarizes the principal exchange rates that have been used for translation purposes. Net gains on foreign currency transactions included in the unaudited consolidated income statements were USD 58 million and USD 72 million for the three months ended March 31, 2010 and 2009, respectively. Foreign currency exchange forward and swap gains and (losses) included in these amounts were USD (100) million and USD 250 million for the three months ended March 31, 2010 and 2009, respectively.

USD per foreign currency unit	Balance sheets		Income statements and cash flows	
	03/31/10	12/31/09	03/31/10	03/31/09
	Euro	1.3523	1.4333	1.3848
Swiss franc	0.9498	0.9649	0.9462	0.8720
British pound	1.5184	1.6164	1.5611	1.4349

Implementation of new accounting standards

The following new accounting standards or amendments to and interpretations of standards relevant to the Group have been implemented for the financial year beginning January 1, 2010 with no material impact on the Group's financial position or performance.

- IFRS 3 "Business Combinations" revised
- Amendments to IAS 27 "Consolidated and separate Financial Statements"
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurements - Eligible Hedged Items"
- Amendments to IFRS 2 "Share-based Payment - Group Cash-settled Share-based Payment Transactions"
- Several minor amendments as part of the IASB's annual improvement project including amendments regarding IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", IAS 38 "Intangible Assets", IFRIC 9 "Reassessment of Embedded Derivatives" and IFRIC 10 "Interim Financial Reporting and Impairment".
- IFRIC 17 "Distributions of Non-cash Assets to Owners"
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"

The Group has not early adopted the following Standards:

- Amendments to IAS 32 "Financial Instruments: Presentation – Classification of Rights Issues" effective for reporting periods beginning on or after February 1, 2010
- Amendments to IAS 24 "Related Party Disclosures" effective for reporting periods beginning on or after January 1, 2011
- IFRS 9 "Financial Instruments" effective for reporting periods beginning on or after January 1, 2013

Change in accounting policies in 2010

The Group decided to dynamically hedge the risks associated with its closed U.S. life book included in its Non-Core Businesses segment, starting in March 2010. In order to offset the accounting volatility from the fair valuation of the hedge, the Group concluded that it should measure the underlying insurance liabilities in this book of business at current value and as a consequence has changed its accounting policy for this closed U.S. life book by exercising the option in IFRS 4 to remeasure designated insurance liabilities using current financial and non-financial assumptions. All financial assets, which were previously designated as available-for-sale, related to these insurance liabilities have therefore also been redesignated at fair value through profit or loss. As a consequence of this change in accounting policy, prior year figures have been restated to ensure comparability. Business operating profit (BOP) has not been restated, as the business was not managed on a fair value basis in 2009, prior to the implementation of the dynamic hedge and therefore to restate BOP would not be a fair reflection of a sustainable operating profit nor provide comparability with the previous period.

Restatement and reclassifications of consolidated income statement

Table 1.1				
in USD millions, for the three months ended March 31, 2009				
	As reported	Amount of restatement	Reclassifications	As restated
Revenues				
Gross written premiums and policy fees	14,242	–	–	14,242
Less premiums ceded to reinsurers	(1,456)	–	–	(1,456)
Net written premiums and policy fees	12,786	–	–	12,786
Net change in reserves for unearned premiums	(1,506)	–	–	(1,506)
Net earned premiums and policy fees	11,280	–	–	11,280
Farmers management fees and other related revenues	623	–	–	623
Net investment result on Group investments	816	(45)	(12)	759
Net investment income on Group investments	1,844	–	(12)	1,832
Net capital gains/(losses) and impairments on Group investments	(1,028)	(45)	–	(1,073)
Net investment result on unit-linked investments	(3,303)	–	–	(3,303)
Net gain/(loss) on divestments of businesses	(4)	–	–	(4)
Other income	374	–	12	386
Total revenues	9,786	(45)	–	9,741
Benefits, losses and expenses				
Insurance benefits and losses, gross of reinsurance	9,835	(296)	–	9,538
Less ceded insurance benefits and losses	(794)	22	–	(773)
Insurance benefits and losses, net of reinsurance	9,041	(275)	–	8,766
Policyholder dividends and participation in profits, net of reinsurance	(3,229)	–	–	(3,229)
Underwriting and policy acquisition costs, net of reinsurance	2,019	–	–	2,019
Administrative and other operating expense	1,490	–	–	1,490
Interest expense on debt	134	–	–	134
Interest credited to policyholders and other interest	122	–	–	122
Total benefits, losses and expenses	9,576	(275)	–	9,301
Net income before income taxes	209	230	–	439
Income tax expense	158	(59)	–	99
attributable to policyholders	274	–	–	274
attributable to shareholders	(116)	(59)	–	(175)
Net income after taxes	367	171	–	538
attributable to non-controlling interests	6	–	–	6
attributable to shareholders	362	171	–	532
in USD				
Basic earnings per share	2.59	1.25	–	3.83
Diluted earnings per share	2.57	1.24	–	3.81
in CHF				
Basic earnings per share	2.97	1.43	–	4.40
Diluted earnings per share	2.95	1.42	–	4.37

Restatement of consolidated balance sheet

Table 1.2

in USD millions, as of December 31, 2009

	As reported	Amount of restatement	As restated
Investments			
Total Group investments	196,258	–	196,258
Cash and cash equivalents	11,631	–	11,631
Equity securities	12,450	–	12,450
Debt securities	136,344	–	136,344
Real estate held for investment	7,789	–	7,789
Mortgage loans	12,736	–	12,736
Other loans	15,077	–	15,077
Equity method accounted investments	232	–	232
Investments for unit-linked contracts	99,167	–	99,167
Total investments	295,425	–	295,425
Reinsurers' share of reserves for insurance contracts	18,627	124	18,751
Deposits made under assumed reinsurance contracts	3,861	–	3,861
Deferred policy acquisition costs	16,181	–	16,181
Deferred origination costs	856	–	856
Accrued investment income	2,744	–	2,744
Receivables	13,182	1	13,182
Other assets	3,327	–	3,327
Mortgage loans given as collateral	1,102	–	1,102
Deferred tax assets	2,257	164	2,421
Assets held for sale	67	–	67
Property and equipment	1,942	–	1,942
Goodwill	2,297	–	2,297
Other intangible assets	7,044	–	7,044
Total assets	368,914	288	369,202
Liabilities			
Reserve for premium refunds	649	–	649
Liabilities for investment contracts	46,124	–	46,124
Deposits received under ceded reinsurance contracts	1,558	–	1,558
Deferred front-end fees	5,543	–	5,543
Reserves for insurance contracts	241,412	682	242,094
Obligations to repurchase securities	3,976	–	3,976
Accrued liabilities	2,839	–	2,839
Other liabilities	17,485	–	17,485
Collateralized loans	1,102	–	1,102
Deferred tax liabilities	4,464	(20)	4,445
Debt related to capital markets and banking activities	839	–	839
Senior and subordinated debt	11,444	–	11,444
Total liabilities	337,435	662	338,098
Equity			
Shareholders' equity	29,678	(374) ¹	29,304
Non-controlling interests	1,800	–	1,800
Total equity	31,478	(374)	31,104
Total liabilities and equity	368,914	288	369,202

¹ Of the USD (374) million restatement of total equity, USD 867 million relates to 2009, and USD (1,241) million relates to 2008 and prior years.

2. Acquisitions and divestments

Recent developments

On July 21, 2009, Caixa d'Estalvis de Sabadell ("Caixa Sabadell"), a savings bank based in Spain with which the Group entered into bank distribution agreements for the Spanish market in 2008, announced that it was developing plans for a merger between itself and two other Spanish savings banks. On April 14, 2010 Caixa Sabadell announced that the general assemblies of the three banks will meet on May 17, 2010 to propose the definitive merger approval. The Group is reviewing the potential impact on its distribution agreements with Caixa Sabadell and its options resulting from such a merger.

Transactions in 2010

On February 15, 2010, Royal Bafokeng Finance (Pty) Limited (RBF), an investment company based in South Africa and wholly owned by Royal Bafokeng Holdings (Pty) Limited, based in South Africa and responsible for the management and development of the commercial assets of the Royal Bafokeng Nation, increased its share holding in Zurich Insurance Company South Africa Limited, of which the Group owned 73.6 percent, by 15.1 percent from 10.0 percent to 25.1 percent against USD 32 million in cash with option rights to increase up to 51.0 percent or sell the entire stake back to the Group. To appropriately reflect the nature of the put and the call options on the shares, the Group has reclassified the 25.1 percent non-controlling interest of RBF as a liability measured at fair value in the unaudited Consolidated Financial Statements.

3. Investments

Table 3.1a

Investment result for total investments

in USD millions, for the three months ended March 31

	Net investment income		Net capital gains/(losses) on investments and impairments		Investment result	
	2010	2009	2010	2009	2010	2009
Cash and cash equivalents	34	50	14	(4)	48	46
Equity securities	359	354	3,898	(3,607)	4,258	(3,253)
Debt securities	1,412	1,472	478	(764)	1,890	708
Real estate held for investment	198	186	122	(328)	320	(142)
Mortgage loans	133	137	(17)	(15)	116	122
Other loans	176	162	–	1	175	163
Equity method accounted investments	4	(5)	(22)	–	(17)	(5)
Other investments ¹	–	16	(118)	(33)	(118)	(17)
Investment result, gross	2,315	2,373	4,356	(4,749)	6,671	(2,377)
Investment expenses	(168)	(167)	–	–	(168)	(167)
Investment result, net	2,148	2,206	4,356	(4,749)	6,503	(2,544)

¹ Including net capital gains/(losses) on derivative financial instruments of USD (118) million and USD (20) million for the three months ended March 31, 2010 and 2009, respectively, of which net capital gains/(losses) on derivatives attributable to cash flow hedge ineffectiveness amounted to USD 14 million and USD 18 million for the three months ended March 31, 2010 and 2009, respectively.

Rental operating expenses for real estate held for investment included in investment expenses for total investments amounted to USD 49 million and USD 34 million for the three months ended March 31, 2010 and 2009, respectively.

Table 3.1b

Investment result for Group investments

in USD millions, for the three months ended March 31

	Net investment income		Net capital gains/(losses) on investments and impairments		Investment result	
	2010	2009	2010	2009	2010	2009
Cash and cash equivalents	13	41	2	(1)	15	40
Equity securities	66	74	85	(476)	151	(402)
Debt securities	1,335	1,379	248	(581)	1,583	798
Real estate held for investment	118	112	(7)	(4)	111	108
Mortgage loans	133	137	(17)	(15)	116	122
Other loans	169	147	–	1	169	148
Equity method accounted investments	4	(5)	(22)	–	(17)	(5)
Other investments ¹	–	–	(97)	3	(97)	3
Investment result, gross for Group investments	1,839	1,885	191	(1,073)	2,030	812
Investment expenses for Group investments	(60)	(53)	–	–	(60)	(53)
Investment result, net for Group investments	1,779	1,832	191	(1,073)	1,970	759

¹ The net capital gains/(losses) in other investments arise entirely from derivative financial instruments and include net capital gains/(losses) on derivatives attributable to cash flow hedge ineffectiveness amounted to USD 14 million and USD 18 million for the three months ended March 31, 2010 and 2009, respectively.

For the three months ended March 31, 2010 and 2009, respectively, impairment charges on Group investments included in net capital gains/(losses) amounted to USD 114 million and USD 500 million, of which impairment charges on mortgage loans and equity method accounted investments comprised in total USD 39 million and USD 15 million, respectively.

Table 3.1c

Investment result for unit-linked contracts

in USD millions, for the three months ended March 31

	Net investment income		Net capital gains/(losses) on investments		Investment result	
	2010	2009	2010	2009	2010	2009
Cash and cash equivalents	20	9	13	(2)	33	7
Equity securities	293	280	3,814	(3,131)	4,107	(2,851)
Debt securities	77	94	230	(183)	307	(90)
Real estate held for investment	80	74	129	(324)	209	(250)
Other loans	6	15	–	–	6	15
Other investments ¹	–	16	(21)	(36)	(21)	(19)
Investment result, gross for unit-linked contracts	477	488	4,164	(3,677)	4,641	(3,189)
Investment expenses for unit-linked contracts	(108)	(114)	–	–	(108)	(114)
Investment result, net unit-linked contracts	368	374	4,164	(3,677)	4,533	(3,303)

¹ Including net capital gains/(losses) on derivative financial instruments of USD 21 million and USD 23 million for the three months ended March 31, 2010 and 2009, respectively.

Table 3.2

Net capital gains, losses and impairments on equity and debt securities on total investments

in USD millions, for the three months ended March 31

	Equity securities		Debt securities		Total	
	2010	2009	2010	2009	2010	2009
Securities at fair value through profit or loss:	3,936	(3,194)	318	(483)	4,254	(3,677)
Net capital gains/(losses) on Group investments						
<i>Trading securities</i>	18	(30)	1	(1)	19	(31)
<i>Securities designated at fair value through profit or loss</i>	104	(33)	86	(298)	190	(331)
Net capital gains/(losses) for unit-linked contracts	3,814	(3,131)	230	(183)	4,044	(3,315)
Available-for-sale securities:	(37)	(413)	160	(277)	123	(690)
Realized capital gains on Group investments	67	13	284	199	350	212
Realized capital losses on Group investments	(32)	(123)	(120)	(297)	(152)	(420)
Impairments on Group investments	(72)	(303)	(3)	(178)	(75)	(481)
Held-to-maturity securities	–	–	–	(4)	–	(4)
Total net capital gains/(losses) and impairments	3,898	(3,607)	478	(764)	4,377	(4,371)

Details of total investments by category	as of	Total investments			
		03/31/10		12/31/09	
		USD millions	% of total	USD millions	% of total
Cash and cash equivalents		19,058	6.5	17,471	5.9
Equity securities:					
Fair value through profit or loss		82,028	28.0	83,329	28.2
<i>of which: trading</i>		447	0.2	879	0.3
<i>of which: trading equity portfolios in capital markets and banking activities</i>		102	0.0	461	0.2
Available-for-sale		7,201	2.5	7,432	2.5
Total equity securities		89,229	30.5	90,761	30.7
Debt securities:					
Fair value through profit or loss		17,563	6.0	17,878	6.1
<i>of which: trading</i>		293	0.1	82	0.0
Available-for-sale		123,519	42.2	123,516	41.8
Held-to-maturity		5,179	1.8	5,143	1.7
Total debt securities		146,261	49.9	146,538	49.6
Real estate held for investment		11,391	3.9	11,686	4.0
Mortgage loans		12,029	4.1	12,736	4.3
Other loans		14,661	5.0	16,001	5.4
Equity method accounted investments		195	0.1	232	0.1
Total investments		292,825	100.0	295,425	100.0

Details of Group investments by category	as of	Group investments			
		03/31/10		12/31/09	
		USD millions	% of total	USD millions	% of total
Cash and cash equivalents		12,876	6.6	11,631	5.9
Equity securities:					
Fair value through profit or loss		4,093	2.1	5,018	2.6
<i>of which: trading</i>		447	0.2	879	0.4
<i>of which: trading equity portfolios in capital markets and banking activities</i>		102	0.1	461	0.2
Available-for-sale		7,201	3.7	7,432	3.8
Total equity securities		11,294	5.8	12,450	6.3
Debt securities:					
Fair value through profit or loss		7,347	3.8	7,684	3.9
<i>of which: trading</i>		293	0.2	82	0.0
Available-for-sale		123,519	63.8	123,516	62.9
Held-to-maturity		5,179	2.7	5,143	2.6
Total debt securities		136,045	70.2	136,344	69.5
Real estate held for investment		7,592	3.9	7,789	4.0
Mortgage loans		12,029	6.2	12,736	6.5
Other loans		13,648	7.0	15,077	7.7
Equity method accounted investments		195	0.1	232	0.1
Total Group investments		193,679	100.0	196,258	100.0

Cash and investments with a carrying value of USD 5,174 million and USD 4,908 million were deposited with regulatory authorities as of March 31, 2010 and December 31, 2009, respectively.

Securities under security lending and repurchase agreements

As of March 31, 2010 and December 31, 2009, investments included USD 5,642 million and USD 5,073 million, respectively, of loaned securities. These loaned securities were mainly debt securities. Cash and cash equivalents included USD 161 million and USD 493 million of cash received as collateral for loaned securities as of March 31, 2010 and December 31, 2009, respectively. Liabilities for cash collateral received for securities lending comprised USD 165 million and USD 508 million as of March 31, 2010 and December 31, 2009, respectively. Non-cash collateral received for loaned securities comprised mainly equity and debt securities and amounted to USD 5,902 million and USD 5,046 million as of March 31, 2010 and December 31, 2009, respectively. The Group can sell or repledge the collateral only in the event of default by a counterparty.

As of March 31, 2010 and December 31, 2009, respectively, debt securities with a carrying value of USD 3,811 million and USD 3,938 million have been sold to financial institutions under repurchase agreements. These securities continue to be recognized as investments in the balance sheets. Obligations to repurchase these securities amounted to USD 3,799 million and USD 3,976 million as of March 31, 2010 and December 31, 2009, respectively. The Group retains the rights to the risks and rewards of ownership of loaned securities and securities under repurchase agreements. These risks and rewards include changes in market values and income earned.

Table 3.3c

Details of investments held for unit-linked contracts	as of	Investments for unit-linked contracts			
		03/31/10		12/31/09	
		USD millions	% of total	USD millions	% of total
Cash and cash equivalents		6,183	6.2	5,840	5.9
Equity securities		77,934	78.6	78,311	79.0
Debt securities		10,216	10.3	10,194	10.3
Real estate held for investment		3,799	3.8	3,897	3.9
Other loans		1,014	1.0	924	0.9
Total investments for unit-linked contracts		99,146	100.0	99,167	100.0

Investments held under unit-linked investments contracts are classified as designated at fair value through profit or loss.

Table 3.4

Net unrealized gains/(losses) on group investments included in shareholders' equity	in USD millions, as of	Total	
		03/31/10	12/31/09
Equity securities: available-for-sale		342	112
Debt securities: available-for-sale		3,401	1,586
Other		47	9
Less: amount of net unrealized gains/(losses) on investments attributable to:			
Life policyholder dividends and other policyholder liabilities		(1,657)	(904)
Life deferred acquisition costs		(200)	(97)
Deferred income taxes		(583)	(312)
Non-controlling interests		(23)	(15)
Total¹		1,328	379

¹ Net unrealized gains/(losses) include net gains arising on cash flow hedges of USD 26 million and losses of USD (9) million as of March 31, 2010 and December 31, 2009, respectively.

4. Reserves for insurance contracts and reinsurers' share of reserves for insurance contracts

Table 4.1			
Reserves for insurance contracts	in USD millions, as of	03/31/10	12/31/09
		Gross	
	Reserves for losses and loss adjustment expenses	67,300	68,086
	Reserves for unearned premiums	18,937	17,676
	Future life policyholders' benefits	75,745	79,271
	Policyholders' contract deposits and other funds	19,441	18,857
	Reserves for unit-linked contracts	58,004	58,204
	Total reserves for insurance contracts, gross	239,427	242,094
	Ceded		
	Reserves for losses and loss adjustment expenses	(12,359)	(12,182)
	Reserves for unearned premiums	(2,138)	(2,000)
	Future life policyholders' benefits	(2,187)	(2,199)
	Policyholders' contract deposits and other funds	(2,411)	(2,457)
	Reinsurers' share of reserves for insurance contracts, ceded ¹	(19,094)	(18,839)
	Net		
	Reserves for losses and loss adjustment expenses	54,941	55,903
	Reserves for unearned premiums	16,799	15,676
	Future life policyholders' benefits	73,558	77,072
	Policyholders' contract deposits and other funds	17,030	16,400
	Reserves for unit-linked contracts	58,004	58,204
	Total reserves for insurance contracts, net	220,332	223,255

¹ Gross of allowance for uncollectible amounts of USD 119 million and USD 88 million as of March 31, 2010 and December 31, 2009, respectively.

Table 4.2		Gross		Ceded		Net	
Development of reserves for losses and loss adjustment expenses	in USD millions	2010	2009	2010	2009	2010	2009
		As of January 1	68,086	65,218	(12,182)	(12,232)	55,903
	Losses and loss adjustment expenses incurred:						
	Current year	7,776	6,227	(1,417)	(435)	6,359	5,792
	Prior years	(413)	135	221	(207)	(192)	(72)
	Total incurred	7,363	6,362	(1,195)	(642)	6,168	5,720
	Losses and loss adjustment expenses paid:						
	Current year	(1,495)	(1,197)	63	51	(1,432)	(1,145)
	Prior years	(5,164)	(5,312)	710	594	(4,454)	(4,717)
	Total paid	(6,659)	(6,508)	773	646	(5,886)	(5,863)
	Acquisitions/(divestments) of companies and businesses	–	87	–	1	–	87
	Foreign currency translation effects	(1,490)	(1,165)	246	130	(1,244)	(1,035)
	As of March 31	67,300	63,993	(12,359)	(12,096)	54,941	51,897

The Group establishes loss reserves, which are estimates of future payments of reported and unreported claims for losses and related expenses, with respect to insured events that have occurred. Reserving is a complex process dealing with uncertainty, requiring the use of informed estimates and judgments. Any changes in estimates or judgments are reflected in the results of operations in the period in which estimates and judgments are changed.

Significant delays may occur in the notification and settlement of claims, and a substantial measure of experience and judgment is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as of the balance sheet date. The reserves for losses and loss adjustment expenses are determined on the basis of information currently available; however, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent developments.

Table 4.2 shows the development of reserves for losses and loss adjustment expenses during the first quarter of 2010. The decrease of USD 962 million in total net reserves included USD 192 million of favorable reserve development emerging from reserves established in prior years from various regions and lines of business. Favorable development arose in the General Insurance business, offset by strengthening in Non-Core Businesses and Farmers Re. In Global Corporate, favorable development of USD 32 million originated mainly from North America. North America Commercial favorable development of USD 102 million arose mostly from the Primary General Liability, Medical Malpractice and Errors and Omissions lines of business. Europe General Insurance favorable development of USD 103 million arose in several European countries except Italy where negative development of USD 39 million was experienced.

Table 4.3

Development of future life policyholders' benefits	in USD millions					
	Gross		Ceded		Net	
	2010	2009	2010	2009	2010	2009
As of January 1	79,271	78,118	(2,199)	(2,056)	77,072	76,061
Premiums and claims	(750)	(288)	(33)	4	(782)	(284)
Interest and bonuses credited to policyholders	661	629	(19)	(18)	643	611
Change in assumptions	53	44	(4)	5	48	50
Changes recorded in shareholders' equity	33	(13)	–	–	33	(13)
Foreign currency translation effects	(3,524)	(3,412)	68	(3)	(3,456)	(3,415)
As of March 31	75,745	75,078	(2,187)	(2,068)	73,558	73,010

Table 4.4

Policyholders' contract deposits and other funds gross	in USD millions, as of	
	03/31/10	12/31/09
Annuities	2,823	2,760
Universal life and other contracts	10,771	10,801
Policyholder dividends	5,846	5,297
Total	19,441	18,857

Table 4.5

Development of policyholders' contract deposits and other funds	in USD millions	Gross		Ceded		Net	
		2010	2009	2010	2009	2010	2009
		As of January 1	18,857	17,047	(2,457)	(2,690)	16,400
Premiums and claims	53	(241)	60	130	113	(111)	
Interest and bonuses credited to policyholders	289	2	(22)	(23)	267	(20)	
Changes in assumptions	–	1	–	–	–	1	
Acquisitions	–	92	–	–	–	92	
Changes recorded in shareholders' equity	758	(485)	–	–	758	(485)	
Foreign currency translation effects	(516)	(339)	8	5	(507)	(335)	
As of March 31		19,441	16,076	(2,411)	(2,578)	17,030	13,498

Table 4.6

Development of reserves for unit-linked contracts	in USD millions	Gross		Ceded		Net	
		2010	2009	2010	2009	2010	2009
		As of January 1	58,204	47,297	–	–	58,204
Premiums and claims	222	(125)	–	–	222	(125)	
Interest and bonuses credited/(charged) to policyholders	2,314	(1,755)	–	–	2,314	(1,755)	
Foreign currency translation effects	(2,737)	(1,023)	–	–	(2,737)	(1,023)	
As of March 31		58,004	44,393	–	–	58,004	44,393

5. Liabilities for investment contracts with and without discretionary participation features (DPF)

Table 5.1			
Liabilities for investment contracts	in USD millions, as of	03/31/10	12/31/09
	Liabilities related to unit-linked investment contracts	39,983	40,143
	Liabilities related to investment contracts (amortized cost)	362	254
	Liabilities related to investment contracts with DPF	5,617	5,728
	Total	45,962	46,124

Unit-linked investment contracts issued by the Group are recorded at a value reflecting the returns on investment funds which include selected equities, debt securities and derivatives. Policyholders bear the full risk of the returns on these investments.

The value of financial liabilities at amortized cost is based on a discounted cash flow valuation technique. The discount rate is determined by the current market assessment of the time value of money and risk specific to the liability.

Table 5.2			
Development of liabilities for investment contracts	in USD millions	2010	2009
	As of January 1	46,124	35,979
	Premiums and claims	94	(429)
	Interest and bonuses charged/(credited) to policyholders	2,305	(1,440)
	Acquisitions/transfers	(2)	–
	Changes recorded in shareholders' equity	4	1
	Foreign currency translation effects	(2,563)	(1,040)
	As of March 31	45,962	33,072

6. Gross and ceded insurance revenues and expenses

Table 6.1

Insurance benefits and losses	in USD millions, for the three months ended March 31	Gross		Ceded		Net	
		2010	2009	2010	2009	2010	2009
		Losses and loss adjustment expenses	7,363	6,362	(1,195)	(642)	6,168
Life insurance death and other benefits	3,043	2,786	(108)	(123)	2,935	2,662	
Change in future life policyholders' benefits	(159)	391	(38)	(7)	(197)	383	
Total insurance benefits and losses		10,247	9,538	(1,341)	(773)	8,906	8,766

Table 6.2

Policyholder dividends and participation in profits	in USD millions, for the three months ended March 31	Gross		Ceded		Net	
		2010	2009	2010	2009	2010	2009
		Change in policyholders' contract deposits and other funds	232	(39)	–	–	232
Change in reserves for unit-linked products	2,333	(1,867)	–	–	2,333	(1,867)	
Change in liabilities for investment contracts – unit-linked	2,299	(1,429)	–	–	2,299	(1,429)	
Change in liabilities for investment contracts – other	60	47	–	–	60	47	
Change in unit-linked liabilities related to UK capital gains tax	(143)	58	–	–	(143)	58	
Total policyholder dividends and participation in profits		4,781	(3,229)	–	–	4,781	(3,229)

7. Deferred policy acquisition costs and deferred origination costs

Table 7.1

Development of deferred policy acquisition costs	in USD millions		General Insurance		Global Life		Other segments ¹		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	As of January 1	3,374	3,247	12,276	10,768	531	308	16,181	14,323	
Acquisition costs deferred	822	785	393	305	320	202	1,535	1,292		
Amortization	(710)	(656)	(270)	(222)	(347)	(213)	(1,327)	(1,092)		
Amortization charged/ (credited) to shareholders' equity	–	–	(83)	113	–	(1)	(83)	112		
Foreign currency translation effects	(75)	(90)	(595)	(325)	–	–	(670)	(415)		
As of March 31	3,412	3,286	11,720	10,639	505	295	15,636	14,220		

¹ Net of eliminations from inter-segment transactions.

Table 7.2

Development of deferred origination costs	in USD millions		2010	2009
	As of January 1		856	770
Origination costs deferred		32	14	
Amortization		(27)	(22)	
Foreign currency translation effects		(49)	(18)	
As of March 31		812	744	

8. Goodwill and other intangible assets

Table 8.1

Intangible assets –
current period

in USD millions

	Goodwill	PVFP	Distribution agreements	Software	Other intangible assets	Attorney-in-fact relationships	Total
Gross carrying value as of January 1, 2010	2,331	2,749	3,426	3,430	224	1,025	13,186
Less: accumulated amortization/impairments	(34)	(1,612)	(251)	(1,861)	(85)	–	(3,844)
Net carrying value as of January 1, 2010	2,297	1,137	3,174	1,569	139	1,025	9,342
Additions and transfers	–	–	–	153	(1)	–	152
Divestments and transfers	–	–	–	(8)	–	–	(8)
Amortization	–	(32)	(37)	(86)	(4)	–	(159)
Amortization charged to shareholders' equity	–	(23)	–	–	–	–	(23)
Foreign currency translation effects	(40)	(53)	(176)	(36)	(6)	–	(310)
Net carrying value as of March 31, 2010	2,257	1,029	2,962	1,593	127	1,025	8,993
Plus: accumulated amortization/impairments	21	1,591	274	1,885	83	–	3,853
Gross carrying value as of March 31, 2010	2,278	2,619	3,236	3,477	211	1,025	12,846

As of March 31, 2010, the intangible assets related to non-controlling interests were USD 206 million from present value of profits of acquired insurance contracts (PVFP), USD 1,385 million from distribution agreements and USD 7 million from software. As of December 31, 2009, the comparative figures were USD 224 million, USD 1,484 million and USD 8 million, respectively.

Table 8.2

Intangible assets
by segment –
current period

in USD millions, as of March 31, 2010

	Goodwill	PVFP	Distribution agreements	Software	Other intangible assets	Attorney-in-fact relationships	Total
General Insurance	1,013	–	659	596	99	–	2,367
Global Life	418	1,029	2,303	330	28	–	4,107
Farmers	821	–	–	440	–	1,025	2,286
Other Operating Businesses	5	–	–	218	–	–	223
Non-Core Businesses	–	–	–	9	–	–	9
Net carrying value as of March 31, 2010	2,257	1,029	2,962	1,593	127	1,025	8,993

Intangible assets –
prior period

Table 8.3

in USD millions

	Goodwill	PVFP	Distribution agreements	Software	Other intangible assets	Attorney-in-fact relationships	Total
Gross carrying value as of January 1, 2009	1,696	2,617	3,075	2,791	247	1,025	11,451
Less: accumulated amortization/impairments	(20)	(1,364)	(42)	(1,635)	(80)	–	(3,142)
Net carrying value as of January 1, 2009	1,677	1,252	3,032	1,156	166	1,025	8,310
Additions and transfers	91	4	11	192	(12)	–	286
Divestments and transfers	–	–	–	2	–	–	2
Amortization	–	(27)	(53)	(62)	(3)	–	(146)
Amortization charged to shareholders' equity	–	9	–	–	–	–	9
Foreign currency translation effects	(78)	(47)	(146)	(37)	(5)	–	(314)
Net carrying value as of March 31, 2009	1,689	1,191	2,844	1,252	146	1,025	8,147
Plus: accumulated amortization/impairments	19	1,357	96	1,568	81	–	3,122
Gross carrying value as of March 31, 2009	1,709	2,548	2,940	2,820	227	1,025	11,269

Intangible assets
by segment –
prior period

Table 8.4

in USD millions, as of December 31, 2009

	Goodwill	PVFP	Distribution agreements	Software	Other intangible assets	Attorney-in-fact relationships	Total
General Insurance	1,029	–	705	607	108	–	2,448
Global Life	442	1,137	2,470	363	31	–	4,443
Farmers	821	–	–	372	–	1,025	2,218
Other Operating Businesses	5	–	–	218	–	–	223
Non-Core Businesses	–	–	–	9	–	–	9
Net carrying value as of December 31, 2009	2,297	1,137	3,174	1,569	139	1,025	9,342

9. Income taxes

Table 9.1			
in USD millions, for the three months ended March 31		2010	2009
Income tax expense – current/deferred split	Current	361	235
	Deferred	184	(333)
	Total income tax expense/(benefit)	545	(99)

Table 9.2			
in USD millions, for the three months ended March 31		2010	2009
Income tax expense – policyholder/shareholder attribution	Total income tax expense/(benefit) attributable to policyholders	236	(274)
	Total income tax expense/(benefit) attributable to shareholders	309	175
	Total income tax expense/(benefit)	545	(99)

The Group is required to record taxes on policyholder earnings for life insurance policyholders in certain jurisdictions. Accordingly, the income tax expense or benefit attributable to these life insurance policyholder earnings is included in income tax expense. In certain jurisdictions an accrual for future policy fees that will cover the tax charge is included in insurance benefits and losses.

Table 9.3					
in USD millions, for the three months ended March 31		Rate	2010	Rate	2009
Expected and actual income tax expense	Net income before income taxes		1,497		439
	Less: income tax (expense)/benefit attributable to policyholders		(236)		274
	Net income before income taxes attributable to shareholders		1,261		713
	Expected income tax expense attributable to shareholders computed at the Swiss statutory tax rate	22.0%	278	22.0%	157
	Increase/(reduction) in taxes resulting from:				
	<i>Tax rate differential in foreign jurisdictions</i>		60		40
	<i>Tax exempt and lower taxed income</i>		(22)		(9)
	<i>Non-deductible expenses</i>		14		13
	<i>Tax losses previously unrecognized or no longer recognized</i>		5		42
	<i>Prior year adjustments and other</i>		(26)		(68)
	Actual income tax expense attributable to shareholders	24.5%	309	24.5%	175
	Plus: income tax expense/(benefit) attributable to policyholders		236		(274)
	Actual income tax expense/(benefit)	36.4%	545	(22.6%)	(99)

Table 9.3 sets out the factors that cause the actual income tax expense to differ from the expected expense computed by applying the Swiss Statutory tax rate of 22.0 percent, which is the rate applicable in the jurisdiction where the ultimate parent company is resident.

10. Debt

Table 10.1

in USD millions, as of		03/31/10	12/31/09
Debt			
Debt related to capital markets and banking activities			
Zurich Capital Markets	Various debt instruments payable within 1 year	400	25
Zurich Financial Services			
EUB Holdings Limited	Various debt instruments payable within 1 year	439	813
	Various debt instruments payable in more than 1 year	1	1
Debt related to capital markets and banking activities		840	839
Senior debt			
Zurich Finance (USA), Inc.	3.50% CHF 300 bond, due November 2011 ^{1,6}	286	291
	4.50% EUR 1,000 bond, due September 2014 ^{2,6}	1,367	1,443
	4.875% EUR 800 bond, due April 2012 ⁶	1,078	1,143
	6.50% EUR 600 bond, due October 2015 ^{3,6}	808	857
Zurich Finance (Luxembourg) S.A.	3.25% USD 750 bond, due September 2013 ^{1,6}	747	747
Zurich Insurance Company Ltd	3.875% CHF 1,000 bond, due July 2011	950	965
	3.75% CHF 500 bond, due September 2013 ⁶	470	478
	Various debt instruments payable within 1 year	200	200
Other	Various debt instruments payable within 1 year	3	5
	Various debt instruments payable in more than 1 year	147	149
Senior debt		6,058	6,277
Subordinated debt			
Zurich Insurance Company Ltd	12.0% EUR 143 capital notes, undated ⁶	192	203
	7.5% EUR 425 bond, due July 2039 ⁶	569	603
Zurich Finance (UK) plc	6.625% GBP 450 bond, undated notes ^{4,6}	674	717
Zurich Finance (USA), Inc.	5.75% EUR 500 bond, due October 2023 ⁶	667	707
	4.5% EUR 500 bond, due June 2025 ^{5,6}	703	730
ZFS Finance (USA) Trust I	Series I 6.15% USD 600 ECAPS, due December 2065	567	567
ZFS Finance (USA) Trust II	Series II 6.45% USD 700 ECAPS, due December 2065	673	672
ZFS Finance (USA) Trust III	Series III Floating Rate USD 400 ECAPS, due December 2065	200	200
ZFS Finance (USA) Trust IV	Series IV 5.875% USD 500 Trust Preferred Securities, due May 2062	249	249
ZFS Finance (USA) Trust V	Series V 6.5% USD 1,000 Trust Preferred Securities, due May 2067	496	496
Other	Various debt instruments payable in more than 1 year	20	22
Subordinated debt		5,010	5,167
Total senior and subordinated debt		11,068	11,444
Total debt		11,908	12,283

¹ The bond is economically hedged, but hedge accounting treatment has not been applied.

² The bond is part of a qualifying cash flow hedge (80% of the total) and fair value hedge (20% of the total).

³ The bond is part of a qualifying cash flow hedge.

⁴ The holders of these notes benefit from the Replacement Capital Covenant which states that if Series IV and V Fixed/Floating Trust Preferred Securities, issued by ZFS Finance (USA) Trusts IV and V, are called before 2042 and 2047 respectively, the Group will issue a replacement debt instrument with terms and provisions that are as or more equity-like than the replaced notes.

⁵ This bond is part of a qualifying fair value hedge.

⁶ Issued under the Group's Euro Medium Term Note Programme (EMTN Programme).

None of the debt instruments listed above were in default as of March 31, 2010 and December 31, 2009.

Debt related to capital markets and banking activities

Debt related to capital markets and banking activities increased from USD 839 million as of December 31, 2009 to USD 840 million as of March 31, 2010. Zurich Capital Markets' debt increased by USD 375 million, largely due to an increase in commercial paper issues, almost entirely offset by a decrease of USD 374 million in the level of corporate and institutional deposits held by the Group's banking operations.

Senior and subordinated debt

To facilitate the issuance of debt, the Group has in place a Euro Medium Term Note Programme (EMTN Programme) allowing for the issuance of senior and subordinated notes up to a maximum of USD 15 billion. All issuances under this programme are either issued or guaranteed by Zurich Insurance Company Ltd. The Group has also issued debt instruments outside this programme when deemed appropriate. There were no new issues in 2010.

i) Senior debt

Senior debt decreased from USD 6.3 billion to USD 6.1 billion primarily due to foreign exchange fluctuations.

ii) Subordinated debt

Subordinated debt decreased from USD 5.2 billion as of December 31, 2009 to USD 5.0 billion as of March 31, 2010, mainly as a result of foreign exchange fluctuations.

Subordinated debt securities are obligations of the Group which, in case of liquidation, rank junior to all present and future senior indebtedness and certain other obligations of the Group.

Description and features of significant subordinated debt

Table 10.2

Description	in millions	Coupon conditions	Call/ redemption date	Redemption conditions
12.00% EUR 143 bond, undated notes		12.00% payable annually up to July 15, 2014 and then reset quarterly to 3-month EURIBOR plus 10.33%.	Quarterly on or after July 15, 2014	Redeemable in whole at par plus any accrued interest.
7.5% EUR 425 bond, due July 2039		7.5% payable annually up to July 24, 2019 and then reset quarterly to 3-month EURIBOR plus 5.85%.	Quarterly on or after July 24, 2019	Redeemable in whole or in part at par plus any accrued interest.
6.625% GBP 450 bond, undated notes		6.625% payable annually up to October 2, 2022 and then reset every 5 years to the reset rate of interest. ¹	Every five years on or after October 2, 2022	Redeemable in whole every five years at par plus any accrued interest.
5.75% EUR 500 bond, due October 2023		5.75% payable annually up to October 2, 2013 and then reset quarterly to 3-month EURIBOR plus 2.67%.	Quarterly on or after October 2, 2013	Redeemable in whole at par plus any accrued interest.
4.5% EUR 500 bond, due June 2025		4.5% payable annually up to June 15, 2015 and then reset quarterly to 3-month EURIBOR plus 2.20%.	Quarterly on or after June 15, 2015	Redeemable in whole at par plus any accrued interest.
Series I 6.15% Fixed/Adjustable Rate USD 600 ECAPS, due December 2065		6.15% payable semi-annually until December 15, 2010 and then reset quarterly to the adjustable rate plus 1.75%. ²	Quarterly on or after December 15, 2010	Redeemable in whole or in part at par plus any accrued interest.
Series II 6.45% Fixed/Adjustable Rate USD 700 ECAPS, due December 2065		6.45% payable semi-annually until June 15, 2016 and then reset quarterly to the adjustable rate plus 2.00%. ²	Quarterly on or after June 15, 2016	Redeemable in whole or in part at par plus any accrued interest.
Series III Floating Rate USD 400 ECAPS, due December 2065		3-month LIBOR plus 1.15% reset quarterly until December 15, 2010 and then 3-month LIBOR plus 2.15%.	Quarterly on or after December 15, 2010	Redeemable in whole or in part at par plus any accrued interest.
Series IV 5.875% USD 500 Fixed/Floating Trust Preferred Securities, due May 2062		5.875% payable semi-annually until May 9, 2012 and then reset quarterly to 3-month LIBOR plus 1.815%.	Quarterly on or after May 9, 2012	Redeemable in whole or in part at par plus any accrued interest.
Series V 6.5% USD 1,000 Fixed/Floating Trust Preferred Securities, due May 2067		6.5% payable semi-annually until May 9, 2017 and then reset quarterly to 3-month LIBOR plus 2.285%.	Quarterly on or after May 9, 2017	Redeemable in whole or in part at par plus any accrued interest.

¹ Reset rate of interest is equal to the gross redemption yield on the benchmark five-year Gilt as determined by the Calculation Bank, plus 2.85% per annum.

² Adjustable Rate is equal to the greatest of (i) the 3-month LIBOR Rate; (ii) the 10-year Treasury CMT (Constant Maturity Treasury) Rate; and (iii) the 30-year Treasury CMT Rate, subject to a maximum under (ii) and (iii) of 13.25% Series I and 13% for Series II.

in USD millions, as of	03/31/10		12/31/09	
	Carrying value	Undiscounted cash flow	Carrying value	Undiscounted cash flow
< 1 year	1,042	1,625	1,044	1,644
1 to 2 years	1,250	1,827	1,272	1,872
2 to 3 years	1,090	1,621	1,143	1,721
3 to 4 years	1,218	1,694	1,235	1,731
4 to 5 years	1,472	1,862	1,448	1,890
5 to 10 years	826	2,223	975	2,456
> 10 years	5,010	7,077	5,167	7,265
Total	11,908	17,929	12,283	18,579

Debt maturities shown in table 10.3 reflect original contractual dates without taking early redemption options into account. For call/redemption dates, refer to table 10.2. The total notional amount of debt due in each period is not materially different from the total carrying amount disclosed in table 10.3. Undiscounted cash flows include interest and principal cash flows on debt outstanding as of March 31, 2010 and December 31, 2009, respectively. All debt is assumed to mature within 20 years of the balance sheet date without refinancing and where the Group has the option to repay the debt, the option is assumed to expire. Floating interest rates are assumed to remain constant as of March 31, 2010 and December 31, 2009, respectively. The aggregated cash flows are translated into USD at end-of-period rates.

in USD millions, for the three months ended March 31	2010	2009
Debt related to capital markets and banking activities	2	26
Senior debt	67	34
Subordinated debt	76	74
Total	145	134

Interest expense on debt

Interest expense on debt increased from USD 134 million to USD 145 million. The higher interest expense was mainly caused by two new issued senior bonds in 2009. Interest expense on debt related to capital markets and banking activities decreased due to debt reductions and a decrease of general short term interest rates.

Credit facilities

The Group has access to a syndicated revolving credit facility of USD 3 billion that terminates in 2012. Zurich Financial Services Ltd together with Zurich Insurance Company Ltd and Farmers Group, Inc. are guarantors of the facility and can draw up to USD 1.25 billion, USD 1.5 billion and USD 250 million, respectively. No borrowings were outstanding under this facility as of March 31, 2010 or December 31, 2009.

Dunbar Bank and Zurich Bank have access to various committed credit facilities totalling GBP 240 million and GBP 140 million, respectively. As of March 31, 2010 and December 31, 2009, GBP 50 million have been drawn under these credit facilities.

In addition, Zurich Insurance Company Ltd also has access to a USD 300 million credit facility expiring in June 2010 for the sole purpose of financing surplus notes issued by the Leschi Life Assurance Company (Leschi), a special purpose reinsurer owned by Farmers New World Life (FNWL) and to which FNWL cedes business subject to U.S. Regulation Reserve Requirements XXX (Triple X). As of March 31, 2010 and December 31, 2009, USD 200 million have been drawn under this credit facility.

11. Earnings per share

Earnings per share		Net income attributable to common shareholders (in USD millions)	Weighted average number of shares	Per share (USD)	Per share (CHF) ¹
Table 11 for the three months ended March 31					
2010					
Basic earnings per share		932	144,306,215	6.46	6.83
Effect of potentially dilutive shares related to share-based compensation plans			1,155,020	(0.05)	(0.05)
Diluted earnings per share		932	145,461,235	6.41	6.77
2009					
Basic earnings per share		525	136,909,535	3.83	4.40
Effect of potentially dilutive shares related to share-based compensation plans			752,628	(0.02)	(0.02)
Diluted earnings per share		525	137,662,163	3.81	4.37

¹ The translation from USD to CHF is shown for information purposes only and has been calculated at the Group's average exchange rates for the three months ended March 31, 2010 and 2009, respectively.

12. Litigation and regulatory investigations

The Group and its subsidiaries are continuously involved in legal proceedings, claims and litigation arising, for the most part, in the ordinary course of their business operations.

In 2006, the Group settled with various U.S. state attorneys general and state insurance regulators in connection with investigations in the U.S. concerning certain business practices involving insurance brokers and insurance companies. In July 2006, the Group also entered into a settlement agreement to resolve consolidated class-action litigation concerning those matters. Final judgment has been entered approving the settlement, and the appellate court has upheld the settlement approval. A number of individual claims not covered by the class action settlement remain pending against the Group.

Zurich Financial Services (now Zurich Financial Services Ltd) was a defendant in putative class-action securities lawsuits relating to its divestiture of its interest in Converium (now Scor Holding (Switzerland) AG). On July 25, 2008, Zurich Financial Services and the class-action plaintiffs entered into an amended stipulation of settlement that called for a payment of USD 28 million to settle the case in two parts on behalf of all persons and entities who purchased Converium securities between January 7, 2002 and September 2, 2004: one settlement in the U.S. court, covering all U.S. persons and entities, and all other persons who purchased Converium securities on U.S. markets, and another settlement in the Amsterdam Court of Appeal, in the Netherlands, covering all non-U.S. persons and entities who purchased Converium securities on non-U.S. markets. The U.S. and Dutch settlements are both subject to court approval and are independent of each other. The U.S. court approved the U.S. settlement on December 12, 2008, but a notice of appeal was filed. The appeal, however, was dismissed by stipulation of the parties on June 25, 2009 and the U.S. settlement is now considered final. The proposed Dutch settlement has not yet been presented to the Dutch court.

The Group believes that it is not a party to, nor are any of its subsidiaries the subject of, any unresolved current legal proceedings, claims, litigation and investigations that would have a material adverse effect on the Group's consolidated financial condition. However, it is possible that the outcome of any proceedings could have a material impact on results of operations in the particular reporting period in which it is resolved.

13. Segment information

The Group pursues a customer-centric strategy and is managed on a matrix basis, reflecting both businesses and geography. The Group's operating segments have been identified on the basis of the businesses operated by the Group and how these are strategically managed to offer different products and services to specific customer groups. Segment information is presented accordingly. The Group's reportable segments are as follows:

General Insurance serves the property-casualty insurance needs of a wide range of customers, from individuals to small and medium-size businesses, commercial enterprises and major multinational corporations.

Global Life pursues a strategy with market-leading propositions in unit-linked and protection products through global distribution and proposition pillars to develop leadership positions in its chosen segments.

Farmers provides through Farmers Group, Inc. and its subsidiaries (FGI) non-claims related management services to the Farmers Exchanges. FGI receives fee income for the provision of services to the Farmers Exchanges, which the Group manages, but does not own, and to their customers. This segment also includes the Farmers Re business, which includes all reinsurance assumed from the Farmers Exchanges by the Group. Farmers Exchanges are prominent writers of personal lines and small commercial lines business in the U.S.

For the purpose of discussing our financial performance we consider General Insurance, Global Life and Farmers to be our core operating segments.

Other Operating Businesses predominantly consist of the Group's Headquarter and Holding & Financing activities. In addition, certain alternative investment positions not allocated to core operating segments are carried in this segment.

Non-Core Businesses include insurance businesses that the Group does not consider core to its operations and that are therefore mostly managed to achieve a beneficial run-off. In addition, Non-Core Businesses also include the Group's banking activities that, following a strategic review, are no longer seen to support the core insurance business, but as a useful adjunct to it.

The Group also manages its business on a geographic structure. The Group's identified regions are as follows:

Americas

Europe & Africa

Asia-Pacific & Middle East

Central Region

The segment information includes the Groups' internal performance measure, business operating profit (BOP). This measure is the basis on which business units are managed. It indicates the underlying performance of the business units by eliminating the impact of financial market volatility and other non-operational variables. BOP reflects adjustments for shareholders' taxes, net capital gains on investments and impairments (except for the capital markets and banking operations included in Non-Core Businesses and investments in hedge funds and certain securities held for specific economic hedging purposes), policyholders' share of investment results for the life businesses, nonoperational foreign exchange movements, and significant items arising from special circumstances, including restructuring charges and gains and losses on divestments of businesses.

Business operating profit by business segment

Table 13.1

in USD millions, for the three months ended March 31

	General Insurance		Global Life	
	2010	2009	2010	2009
Revenues				
Direct written premiums and policy fees ¹	9,442	9,400	3,367	3,211
Assumed written premiums	567	413	23	22
Gross written premiums and policy fees	10,010	9,814	3,389	3,233
Less premiums ceded to reinsurers	(1,358)	(1,309)	(204)	(186)
Net written premiums and policy fees	8,651	8,505	3,186	3,047
Net change in reserves for unearned premiums	(1,622)	(1,548)	(14)	(11)
Net earned premiums and policy fees	7,030	6,956	3,172	3,035
Farmers management fees and other related revenues	–	–	–	–
Net investment result on Group investments	734	776	1,100	791
Net investment income on Group investments	721	762	973	973
Net capital gains/(losses) and impairments on Group investments	14	14	127	(181)
Net investment result on unit-linked investments	–	–	4,343	(2,980)
Other income	164	165	196	183
Total BOP revenues	7,928	7,897	8,811	1,030
<i>of which: inter-segment revenues</i>	<i>(95)</i>	<i>(80)</i>	<i>(66)</i>	<i>(52)</i>
Benefits, losses and expenses				
Insurance benefits and losses, net	5,073	4,870	2,636	2,981
Losses and loss adjustment expenses, net	5,061	4,860	25	7
Life insurance death and other benefits, net	11	10	2,729	2,462
(Decrease)/increase in future life policyholders' benefits, net ¹	1	–	(119)	513
Policyholder dividends and participation in profits, net	(2)	2	4,565	(2,899)
Income tax expense/(benefit) attributable to policyholders	–	–	236	(274)
Underwriting and policy acquisition costs, net	1,343	1,286	421	405
Administrative and other operating expense (excl. depreciation/amortization)	784	744	406	383
Interest credited to policyholders and other interest	14	11	108	99
Restructuring provisions and other items not included in BOP	(34)	(9)	(29)	(9)
Total BOP benefits, losses and expenses (before interest, depreciation and amortization)	7,179	6,905	8,343	687
Business operating profit (before interest, depreciation and amortization)	749	992	468	342
Depreciation and impairments of property and equipment	21	17	8	8
Amortization and impairments of intangible assets	39	33	82	87
Interest expense on debt	55	51	18	21
Business operating profit before non-controlling interests	635	891	360	226
Non-controlling interests	13	2	9	4
Business operating profit	621	889	351	222
Supplementary information				
Additions and capital improvements to property, equipment and intangible assets	42	170	12	61

¹ The Global Life segment includes approximately USD 351 million and USD 857 million of gross written premiums and future life policyholders' benefits for certain universal life-type contracts in our Spanish operations for the three months ended March 31, 2010 and 2009, respectively (see note 3 of the Group's Financial Report 2009).

² As outlined in note 1 to the unaudited Consolidated Financial Statements, business operating profit (BOP) has not been restated for the change in the current value of certain insurance liabilities and assets amounting to USD 230 million in order to ensure a fair reflection of sustainable operating profit and comparability.

	Farmers		Other Operating Businesses		Non-Core Businesses		Eliminations		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	-	-	-	-	95	133	-	(7)	12,904	12,737
	1,495	1,056	35	35	20	39	(61)	(60)	2,079	1,505
	1,495	1,056	35	35	115	173	(61)	(67)	14,983	14,242
	-	-	(13)	(14)	(11)	(15)	61	67	(1,525)	(1,456)
	1,495	1,056	23	21	104	158	-	-	13,458	12,786
	102	53	(1)	-	1	1	1	-	(1,533)	(1,506)
	1,597	1,109	22	21	105	159	1	-	11,925	11,280
	703	623	-	-	-	-	-	-	703	623
	42	41	130	54	149	(76)	(221)	(193)	1,935	1,394
	42	41	130	102	135	147	(221)	(193)	1,779	1,832
	-	-	-	(48)	15	(223)	-	-	156	(438)
	-	-	-	-	190	(322)	-	-	4,533	(3,303)
	26	3	179	275	25	49	(279)	(289)	311	386
	2,368	1,776	331	350	469	(191)	(500)	(481)	19,407	10,380
	(19)	(20)	(301)	(314)	(19)	(15)	500	481	-	-
	1,041	806	21	(24)	135	132	-	-	8,906	8,766
	1,041	806	-	1	40	47	(1)	(1)	6,168	5,720
	-	-	21	19	174	171	-	1	2,935	2,662
	-	-	-	(45)	(80)	(85)	1	-	(197)	383
	-	-	-	-	218	(333)	1	-	4,781	(3,229)
	-	-	-	-	-	-	-	-	236	(274)
	497	327	-	-	2	1	(2)	(1)	2,261	2,019
	335	284	196	150	46	8	(273)	(272)	1,494	1,298
	-	-	1	-	16	16	(1)	(4)	140	122
	(13)	-	20	26	-	276	-	-	(56)	285
	1,860	1,417	238	153	417	102	(274)	(278)	17,762	8,986
	509	358	93	198	52	(293)	(226)	(204)	1,645	1,393
	20	16	9	8	1	1	-	-	59	50
	26	16	11	6	1	1	-	-	159	143
	-	2	272	227	26	36	(226)	(204)	145	134
	462	324	(199)	(43)	24	(331)	-	-	1,281	1,067
	-	-	-	-	-	-	-	-	22	6
	462	324	(199)	(43)	24	(331)²	-	-	1,259	1,061
	136	130	16	18	1	1	-	-	207	380

Reconciliation of
BOP to net income
after income taxes

Table 13.2

in USD millions, for the three months ended March 31

	General Insurance		Global Life	
	2010	2009	2010	2009
Business operating profit	621	889	351	222
Revenues/(expenses) not included in BOP:				
Net capital gains/(losses) on investments and impairments, net of policyholder allocation	40	(378)	(18)	(161)
Net gain/(loss) on divestments of businesses	–	(2)	–	–
Restructuring provisions and other	(34)	(9)	(29)	(9)
Add back:				
Business operating profit attributable to non-controlling interests	13	2	9	4
Net income before shareholders' taxes	641	503	313	56
Income tax expense attributable to policyholders	–	–	236	(274)
Net income before income taxes	641	503	549	(218)
Income tax expense (attributable to policyholders and shareholders)				
Net income after taxes				

¹ Business operating profit (BOP) has not been restated for the change in the current value of certain insurance liabilities and assets amounting to USD 230 million in order to ensure a fair reflection of sustainable operating profit and comparability (see note 1 to the unaudited Consolidated Financial Statements).

	Farmers		Other Operating Businesses		Non-Core Businesses		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	462	324	(199)	(43)	24	(331)	1,259	1,061
	2	(17)	21	(34)	(10)	(44)	36	(635)
	-	-	-	-	-	(3)	-	(4)
	(13)	-	20	26	-	276 ¹	(56)	285
	-	-	-	-	-	-	22	6
	451	306	(158)	(51)	15	(102)	1,261	713
	-	-	-	-	-	-	236	(274)
	451	306	(158)	(51)	15	(102)	1,497	439
							(545)	99
							952	538

Assets and liabilities by business segment

Table 13.3

in USD millions, as of

	General Insurance		Global Life	
	03/31/10	12/31/09	03/31/10	12/31/09
Assets				
Total Group Investments	85,195	85,413	99,334	101,597
Cash and cash equivalents	10,637	9,940	4,740	4,385
Equity securities	4,661	4,743	4,667	5,342
Debt securities	63,510	63,594	62,448	62,883
Real estate held for investment	2,873	3,004	4,349	4,408
Mortgage loans	1,395	1,483	8,483	9,021
Other loans	2,112	2,623	14,544	15,432
Equity method accounted investments	8	25	104	125
Investments for unit-linked contracts	–	–	87,280	87,430
Total investments	85,195	85,413	186,614	189,026
Reinsurers' share of reserves for insurance contracts	13,307	12,957	1,887	2,160
Deposits made under assumed reinsurance contracts	64	66	4	3
Deferred policy acquisition costs	3,412	3,374	11,720	12,276
Deferred origination costs	–	–	812	856
Goodwill	1,013	1,029	418	442
Other intangible assets	1,354	1,419	3,689	4,000
Other assets ¹	15,611	15,339	6,950	6,730
Total assets (after cons. of investments in subsidiaries)	119,956	119,597	212,095	215,494
Liabilities				
Liabilities for investment contracts	–	–	46,212	46,374
Reserves for insurance contracts	80,487	79,900	133,266	136,256
Reserves for losses and loss adjustment expenses	62,742	63,476	39	35
Reserves for unearned premiums	16,551	15,191	304	302
Future life policyholders' benefits	93	98	71,419	74,760
Policyholders' contract deposits and other funds	1,102	1,135	15,366	14,691
Reserves for unit-linked contracts	–	–	46,139	46,468
Debt related to capital markets and banking activities	–	–	–	–
Senior debt	4,938	3,462	223	265
Subordinated debt	2,043	2,054	953	1,019
Other liabilities	14,684	14,942	17,847	17,615
Total liabilities	102,153	100,357	198,501	201,530
Equity				
Common shareholders' equity				
Preferred securities				
Shareholders' equity				
Non-controlling interests				
Total equity				
Total liabilities and equity				

¹ The General Insurance segment, includes assets held for sale of USD 43 million and USD 67 million as of March 31, 2010 and December 31, 2009, respectively, related to land and buildings formerly classified as held for own use.

	Farmers		Other Operating Businesses		Non-Core Businesses		Eliminations		Total	
	03/31/10	12/31/09	03/31/10	12/31/09	03/31/10	12/31/09	03/31/10	12/31/09	03/31/10	12/31/09
	4,263	4,561	20,486	18,027	14,979	15,826	(30,578)	(29,167)	193,679	196,258
	598	734	8,950	6,226	3,121	2,762	(15,169)	(12,417)	12,876	11,631
	71	85	1,466	1,538	428	742	–	–	11,294	12,450
	1,313	1,302	3,012	2,920	6,750	6,669	(987)	(1,024)	136,045	136,344
	150	149	45	46	174	181	–	–	7,592	7,789
	–	–	–	–	2,151	2,264	–	(33)	12,029	12,736
	2,130	2,290	7,010	7,294	2,274	3,129	(14,423)	(15,693)	13,648	15,077
	–	–	3	3	81	79	–	–	195	232
	–	–	–	–	11,866	11,737	–	–	99,146	99,167
	4,263	4,561	20,486	18,027	26,845	27,563	(30,578)	(29,167)	292,825	295,425
	211	211	–	(95)	4,670	4,812	(1,099)	(1,293)	18,976	18,751
	3,166	3,158	–	–	649	664	(31)	(29)	3,852	3,861
	503	529	–	–	2	2	–	–	15,636	16,181
	–	–	–	–	–	–	–	–	812	856
	821	821	5	5	–	–	–	–	2,257	2,297
	1,465	1,397	218	219	9	9	–	–	6,736	7,044
	1,765	1,547	1,597	1,737	1,618	1,470	(2,120)	(2,037)	25,420	24,786
	12,194	12,224	22,306	19,893	33,793	34,521	(33,829)	(32,527)	366,515	369,202
	–	–	–	–	–	–	(250)	(250)	45,962	46,124
	3,962	3,946	61	365	22,731	22,903	(1,081)	(1,276)	239,427	242,094
	1,911	1,793	49	49	3,378	3,531	(820)	(799)	67,300	68,086
	2,051	2,153	6	5	32	33	(6)	(7)	18,937	17,676
	–	–	6	311	4,483	4,572	(256)	(470)	75,745	79,271
	–	–	–	–	2,973	3,030	1	1	19,441	18,857
	–	–	–	–	11,865	11,736	–	–	58,004	58,204
	–	–	553	553	2,223	2,584	(1,937)	(2,298)	840	839
	–	–	23,355	23,224	1,155	1,082	(23,612)	(21,756)	6,058	6,277
	–	–	5,048	5,206	146	155	(3,180)	(3,268)	5,010	5,167
	1,802	1,801	3,821	1,709	4,955	5,208	(3,768)	(3,679)	39,342	37,596
	5,764	5,747	32,839	31,058	31,211	31,932	(33,829)	(32,527)	336,639	338,098
									27,650	28,743
									556	561
									28,206	29,304
									1,670	1,800
									29,876	31,104
									366,515	369,202

General Insurance –
Customer segment
overview

Table 13.4

in USD millions, for the three months ended March 31

	Global Corporate		North America Commercial	
	2010	2009	2010	2009
Gross written premiums and policy fees	2,490	2,388	2,253	2,382
Net earned premiums and policy fees	1,235	1,191	1,818	2,029
Insurance benefits and losses, net	884	897	1,173	1,383
Policyholder dividends and participation in profits, net	(2)	–	3	2
Total net technical expenses	246	220	588	576
Net underwriting result	106	74	54	69
Net investment income	139	154	278	298
Net capital gains/(losses) and impairments on investments	3	4	9	8
Net non-technical result (excl. items not included in BOP)	(22)	(26)	(63)	(62)
Business operating profit before non-controlling interests	226	207	277	311
Non-controlling interests	–	–	–	–
Business operating profit	226	207	278	311
Ratios, as % of net earned premiums and policy fees				
Loss ratio	71.6%	75.3%	64.5%	68.1%
Expense ratio	19.8%	18.5%	32.5%	28.5%
Combined ratio	91.4%	93.8%	97.0%	96.6%

Europe General Insurance		International Markets		GI Global Functions including Group Reinsurance		Eliminations		Total	
2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
4,714	4,602	660	616	124	115	(232)	(289)	10,010	9,814
3,464	3,243	505	484	9	10	–	–	7,030	6,956
2,518	2,299	390	311	108	(20)	–	–	5,073	4,870
(3)	–	–	–	–	–	–	–	(2)	2
868	803	188	179	4	13	(3)	(3)	1,891	1,789
81	140	(73)	(7)	(104)	17	3	3	68	295
248	269	40	35	16	9	–	(3)	721	762
1	2	–	–	–	–	–	–	14	14
(101)	(89)	41	(7)	(18)	3	(4)	1	(168)	(180)
229	322	8	22	(106)	29	–	–	635	891
–	1	14	1	–	–	–	–	13	2
229	321	(6)	21	(106)	29	–	–	621	889
72.7%	70.9%	77.2%	64.4%	nm	nm	n/a	n/a	72.2%	70.0%
25.0%	24.8%	37.2%	37.0%	nm	nm	n/a	n/a	26.9%	25.7%
97.7%	95.7%	114.4%	101.4%	nm	nm	n/a	n/a	99.0%	95.8%

General Insurance –
Revenues by region

Table 13.5

in USD millions, for the three months ended March 31

	Gross written premiums and policy fees from external customers	
	2010	2009
Global Corporate		
North America	720	760
Europe	1,599	1,498
Rest of Global Corporate	91	73
Subtotal	2,410	2,330
Europe & Africa		
United Kingdom	602	563
Germany	1,351	1,317
Switzerland	1,265	1,165
Italy	517	500
Spain	358	356
Southern Africa	173	157
Rest of Europe & Africa	468	494
Subtotal	4,734	4,553
Americas		
United States	2,106	2,249
Rest of North America	104	80
Latin America	330	321
Subtotal	2,540	2,650
Asia-Pacific & Middle East		
Asia-Pacific Mature Markets	258	222
China & South East Asia	59	59
Subtotal	317	280
Central Region		
Europe	1	–
Subtotal	1	–
Total	10,002	9,814

General Insurance – Assets by region	Table 13.6 in USD millions, as of	Property / equipment and intangible assets	
		03/31/10	12/31/09
Europe & Africa			
United Kingdom	207	222	
Germany	237	253	
Switzerland	124	127	
Italy	66	75	
Spain	696	747	
Southern Africa	19	22	
Rest of Europe & Africa	1,414	1,437	
Subtotal	2,764	2,883	
Americas			
United States	213	216	
Rest of North America	6	6	
Latin America	156	164	
Subtotal	374	386	
Asia-Pacific & Middle East			
Asia-Pacific Mature Markets	96	93	
China & South East Asia	23	24	
Subtotal	119	117	
Total	3,257	3,385	

Global Life –
Overview

Table 13.7
in USD millions, for the three months ended March 31

	Americas		United Kingdom		Germany	
	2010	2009	2010	2009	2010	2009
Revenues						
Life insurance deposits	68	148	854	652	619	437
Gross written premiums and policy fees ¹	364	292	409	103	739	725
Net earned premiums and policy fees	291	233	361	56	715	701
Net investment income on Group investments	114	109	74	80	418	411
Net capital gains/(losses) and impairments on Group investments	1	1	75	(70)	31	(106)
Net investment result on Group investments	115	109	149	10	449	305
Net investment income on unit-linked investments	(7)	(5)	351	332	9	10
Net capital gains/(losses) and impairments on unit-linked investments	30	(23)	2,524	(2,636)	434	(295)
Net investment result on unit-linked investments	23	(29)	2,875	(2,304)	443	(285)
Other income	29	30	43	46	40	46
Total BOP revenues	457	343	3,429	(2,192)	1,646	767
Benefits, losses and expenses						
Insurance benefits and losses, net ¹	205	150	162	116	754	783
Policyholder dividends and participation in profits, net	23	(26)	2,801	(2,287)	553	(321)
Income tax expense/(benefit) attributable to policyholders	–	–	221	(287)	12	8
Underwriting and policy acquisition costs, net	48	52	90	147	112	86
Administrative and other operating expense (excl. depreciation/amortization)	54	54	81	86	64	88
Interest credited to policyholders and other interest	42	42	3	4	39	36
Restructuring provisions and other items not included in BOP	–	–	(15)	1	–	–
Total BOP benefits, losses and expenses	371	271	3,344	(2,219)	1,534	681
Business operating profit (before interest, depreciation and amortization)	86	72	84	27	112	86
Depreciation and impairments of property and equipment	–	–	2	2	3	3
Amortization and impairments of intangible assets	5	5	12	11	21	9
Interest expense on debt	1	1	1	1	–	–
Business operating profit before non-controlling interests	80	66	69	13	89	74
Non-controlling interests	3	1	–	–	2	2
Business operating profit	76	65	69	13	86	72
Supplementary information						
Gross written premiums and policy fees from external customers	364	292	408	101	726	712
Property, equipment and intangible assets	287	287	410	391	931	948

¹ The Global Life segment includes approximately USD 351 million and USD 857 million of gross written premiums and future life policyholders' benefits for certain universal life-type contracts in our Spanish operations for the three months ended March 31, 2010 and 2009, respectively (see note 3 of the Group's Financial Report 2009).

	Switzerland		Ireland		Spain		Emerging Markets in Asia		Rest of the world		Eliminations		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	9	13	720	245	606	448	292	269	187	83	–	–	3,354	2,296
	704	691	210	77	554	1,078	146	60	274	210	(11)	(4)	3,389	3,233
	702	689	186	55	528	1,054	137	49	252	200	–	–	3,172	3,035
	150	147	21	18	99	114	9	14	87	81	–	–	973	973
	17	(9)	3	5	–	2	7	2	(7)	(6)	–	–	127	(181)
	167	138	24	23	100	115	16	16	80	75	–	–	1,100	791
	7	1	42	38	21	29	1	–	15	16	–	–	439	421
	5	(9)	314	(249)	16	(27)	462	(106)	118	(56)	–	–	3,904	(3,401)
	12	(9)	357	(211)	37	2	464	(106)	133	(39)	–	–	4,343	(2,980)
	12	14	–	–	12	10	13	8	48	29	–	–	196	183
	894	832	567	(133)	677	1,182	630	(34)	513	265	–	–	8,811	1,030
	661	663	140	10	548	1,103	45	9	121	147	–	–	2,636	2,981
	79	32	363	(188)	39	2	462	(100)	244	(10)	–	–	4,565	(2,899)
	–	–	3	(1)	–	–	–	–	–	5	–	–	236	(274)
	41	40	22	19	6	14	69	14	33	33	–	–	421	405
	43	46	6	14	31	13	29	23	98	60	–	–	406	383
	4	4	11	–	1	4	6	6	3	3	–	–	108	99
	–	5	–	–	(7)	(12)	(5)	–	(2)	(3)	–	–	(29)	(9)
	829	790	545	(145)	618	1,123	606	(48)	497	234	–	–	8,343	687
	65	42	22	12	59	58	23	14	15	31	–	–	468	342
	1	1	–	–	–	–	1	1	–	–	–	–	8	8
	–	–	–	–	37	42	1	1	7	19	–	–	82	87
	1	1	–	–	14	16	–	–	2	3	–	–	18	21
	63	40	22	12	9	–	21	12	7	8	–	–	360	226
	–	–	–	–	3	1	–	–	–	–	–	–	9	4
	63	40	22	12	5	(1)	21	12	7	8	–	–	351	222
	704	691	210	77	554	1,078	137	55	270	209	–	–	3,373	3,216
	141	181	5	6	2,661	2,569	9	14	137	235	–	–	4,583	4,632

Farmers –
Overview

Table 13.8

in USD millions, for the three months ended March 31

	Total	
	2010	2009
Farmers Management Services		
Management fees and other related revenues	703	623
Management and other related expenses	361	311
Gross management result	342	311
Other net income (excl. items not included in BOP)	9	10
Business operating profit before non-controlling interest	351	322
Business operating profit	351	322
Farmers Re		
Gross written premiums and policy fees	1,495	1,056
Net earned premiums and policy fees	1,597	1,109
Insurance benefits and losses, net	(1,041)	(806)
Total net technical expenses	(497)	(327)
Net underwriting result	60	(25)
Net non-technical result (excl. items not relevant for BOP)	23	7
Net investment result income	28	20
Business operating profit before non-controlling interests	111	2
Business operating profit	111	2
Farmers business operating profit	462	324
Ratios, as % of net earned premiums and policy fees		
Farmers Re Combined ratio	96.3%	102.3%
Supplementary information		
Property, equipment and intangible assets ¹	2,620	2,541

¹ As of March 31, 2010 and December 31, 2009, respectively.

Other Operating
Businesses –
Overview

Table 13.9

in USD millions, for the three months ended March 31

	Alternative Investments	
	2010	2009
Gross written premiums and policy fees	–	–
Net earned premiums and policy fees	–	–
Net investment income	2	2
Net capital gains/(losses) and impairments on investments	–	–
Other income	3	2
Total BOP revenues	5	4
Insurance benefits and losses, incl. PH dividends, net	–	–
Administrative and other operating expense (excl. depreciation/amortization)	5	5
Other expenses (excl. items not included in BOP)	–	–
Depreciation, amortization and impairments of property, equipment and intangible assets	–	–
Interest expense on debt	6	6
Business operating profit before non-controlling interests	(6)	(7)
Business operating profit	(6)	(7)

	Holding & Financing		Headquarters		Eliminations		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	32	33	3	2	–	–	35	35
	20	19	2	2	–	–	22	21
	122	102	7	1	(1)	(3)	130	102
	–	(48)	–	–	–	–	–	(48)
	9	15	200	275	(33)	(18)	179	275
	151	88	210	278	(34)	(21)	331	350
	21	(25)	–	1	–	–	21	(24)
	2	(71)	222	235	(33)	(18)	196	150
	21	27	–	–	–	–	21	27
	–	–	20	14	–	–	20	14
	267	223	–	–	(1)	(3)	272	227
	(160)	(65)	(33)	29	–	–	(199)	(43)
	(160)	(65)	(33)	29	–	–	(199)	(43)

Non-Core
Businesses –
Overview

Table 13.10

in USD millions, for the three months ended March 31

		Total
	2010	2009
Gross written premiums and policy fees	115	173
Net earned premiums and policy fees	105	159
Insurance benefits and losses, net	135	132
Policyholder dividends and participation in profits, net	218	(333)
Total net technical expenses	27	(3)
Net underwriting result	(275)	362
Net investment income	64	101
Net capital gains/(losses) and impairments on investments	275	(499)
Net non-technical result (excl. items not included in BOP)	(40)	(294)
Business operating profit before non-controlling interests	24	(331)
Business operating profit	24	(331)¹

¹ Business operating profit (BOP) has not been restated for the change in the current value of certain insurance liabilities and assets amounting to USD 230 million in order to ensure a fair reflection of sustainable operating profit and comparability (see note 1 to the unaudited Consolidated Financial Statements).

Disclaimer & Cautionary Statement

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 of Zurich Financial Services Ltd or the Zurich Financial Services Group (the "Group"). Forward-looking statements include statements regarding the Group's targeted profit improvement, return on equity targets, expense reductions, pricing conditions, dividend policy and underwriting claims improvements, as well as statements regarding the Group's understanding of general economic, financial and insurance market conditions and expected developments. 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 plans and objectives of Zurich Financial Services Ltd or the Group 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 key markets; (ii) the risk of the global economic downturn and a downturn in the financial services industries in particular; (iii) performance of financial markets; (iv) levels of interest rates and currency exchange rates; (v) frequency, severity and development of insured claims events; (vi) mortality and morbidity experience; (vii) policy renewal and lapse rates; and (viii) changes in laws and regulations and in the policies of regulators may have a direct bearing on the results of operations of Zurich Financial Services Ltd and its Group and on whether the targets will be achieved. Zurich Financial Services Ltd 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. Please also note that interim results are not necessarily indicative of the full year results.

Persons requiring advice should consult an independent adviser.

This communication does not constitute an offer or an invitation for the sale or purchase of securities in any jurisdiction.

THIS COMMUNICATION DOES NOT CONTAIN AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES; SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR EXEMPTION FROM REGISTRATION, AND ANY PUBLIC OFFERING OF SECURITIES TO BE MADE IN THE UNITED STATES WILL BE MADE BY MEANS OF A PROSPECTUS THAT MAY BE OBTAINED FROM THE ISSUER AND THAT WILL CONTAIN DETAILED INFORMATION ABOUT THE COMPANY AND MANAGEMENT, AS WELL AS FINANCIAL STATEMENTS.