



# Half Year Results Reporting 2011

Analysts and Media Presentation

August 11, 2011

Zurich HelpPoint

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# HY 2011 Results Key Messages



- Strong Q2 results driven by excellent underwriting performance
- Improved Q2 top-line growth in both mature and emerging markets
- Continuing strong cash flow generation from the businesses
- Strong capital base and solvency position materially unchanged



Focused execution of our strategy to deliver our targets

# Financial highlights



in USD millions for the six months to June 30	2011	2010	Change
Business operating profit (BOP)	2,132	2,286	-7%
Net income attributable to shareholders	1,965	1,642	20%
General Insurance combined ratio	99.3%	98.0%	-1.4pts
Global Life new business value <sup>1</sup>	511	405	26%
Farmers Mgmt Services managed GEP margin <sup>2</sup>	7.2%	7.4%	-0.2pts
Shareholders' equity	31,153	31,984	-3%
Return on common shareholders' equity (ROE)	12.5%	11.5%	1.0pts
Business operating profit (after tax) ROE	10.5%	12.4%	-1.8pts

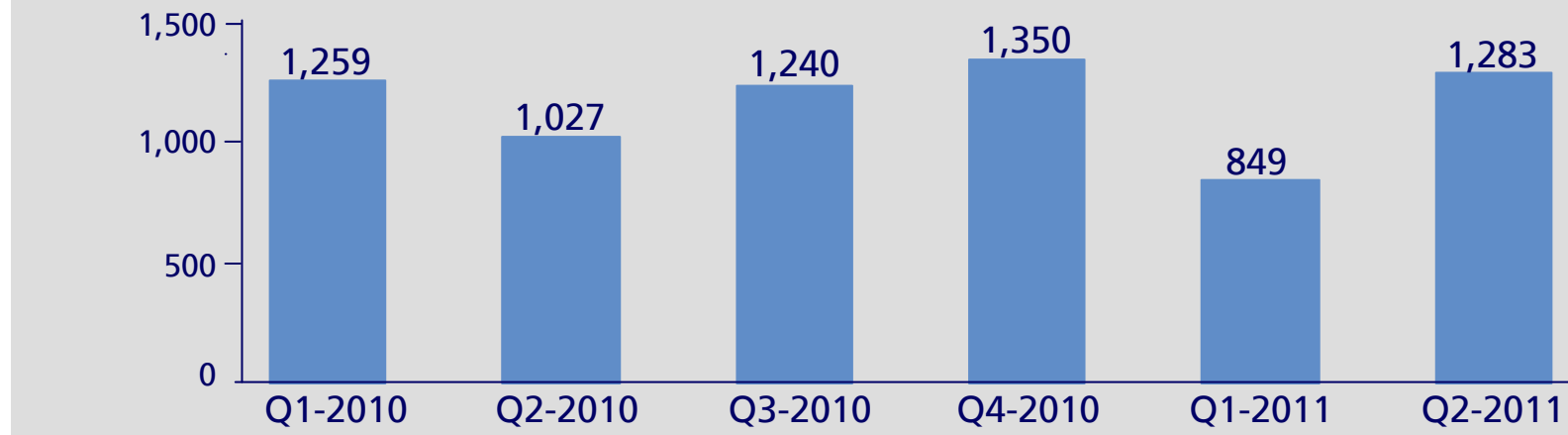
<sup>1</sup> After tax; In 2011 new business figures have been determined including liquidity premium in the discount rate and, for greater consistency with other European Insurers, a cost of capital applied to residual non-hedgeable risks of 4%. The 2010 comparatives have been restated to reflect these changes. A refinement in methodology for calculating new business value for Corporate Risk business was introduced in 2011 contributing USD 84m to new business value, after tax in the first six months of 2011

<sup>2</sup> Margin on gross earned premiums of the Farmers Exchanges. Zurich Financial Services Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides management services to the Farmers Exchanges and receives fees for its services.

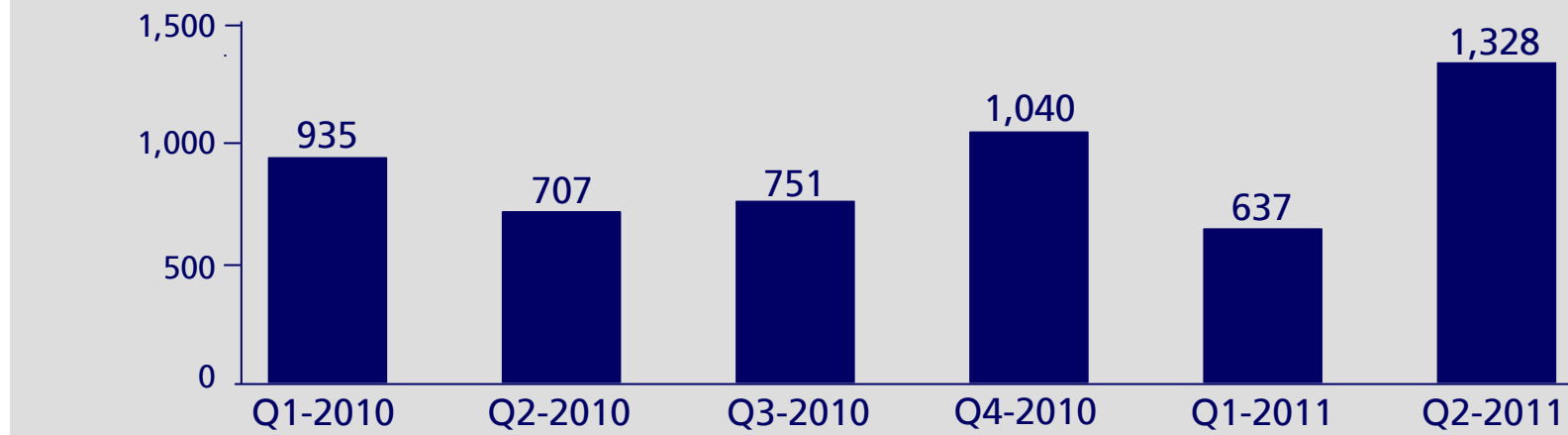
# Business operating profit and net income by quarter



Business operating profit  
in USD millions



Net income attributable to shareholders  
in USD millions



# Business operating profit by segment



in USD millions for the six months to June 30	2011	2010	Change
General Insurance	1,106	1,377	-20%
Global Life	728	720	1%
Farmers (including Farmers Re)	729	845	-14%
Other Operating Businesses	-397	-361	-10%
<b>Total BOP Operating business segments</b>	<b>2,167</b>	<b>2,581</b>	<b>-16%</b>
Non-Core Businesses	-34	-295	88%
<b>Total BOP</b>	<b>2,132</b>	<b>2,286</b>	<b>-7%</b>

# General Insurance – key performance indicators



in USD millions  
for the six months to June 30

	2011	2010	Change	Change in LC <sup>1</sup>
GWP and policy fees	18,876	17,940	5%	0%
Rate change <sup>2</sup>	3.2%	2.0%	1.2pts	
Loss ratio	72.8%	71.0%	-1.8pts	
Expense ratio	26.5%	27.0%	0.5pts	
Combined ratio	99.3%	98.0%	-1.4pts	
Business operating profit	1,106	1,377	-20%	-23%

<sup>1</sup> Local Currency

<sup>2</sup> For details, please refer to specific notes on the following slide "Rate Change Monitor".

# General Insurance – Rate Change Monitor<sup>1</sup> for personal and commercial lines



## Half Year 2011

	GC	NAC	Europe	Int'l Markets	Total GI
Personal Lines	n/a	n/a	5%	2%	5%
Commercial Lines	3%	3%	2%	5%	2%

## 3 months 2011

	GC	NAC	Europe	Int'l Markets	Total GI
Personal Lines	n/a	n/a	5%	1%	4%
Commercial Lines	2%	2%	1%	7%	2%

### Europe by country

	UK	Germany	Switzer-land	Italy	Spain	Rest of Europe
Personal Lines	18%	3%	4%	7%	5%	3%
Commercial Lines	3%	2%	0%	1%	4%	2%

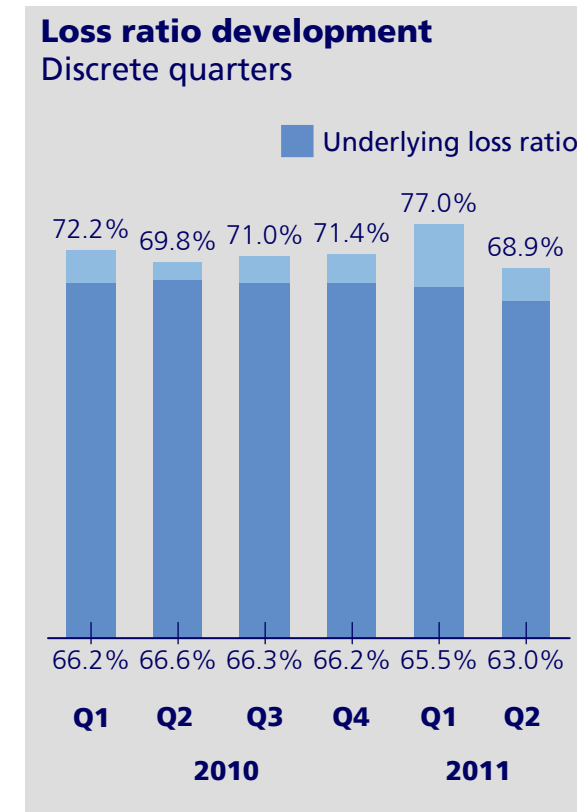
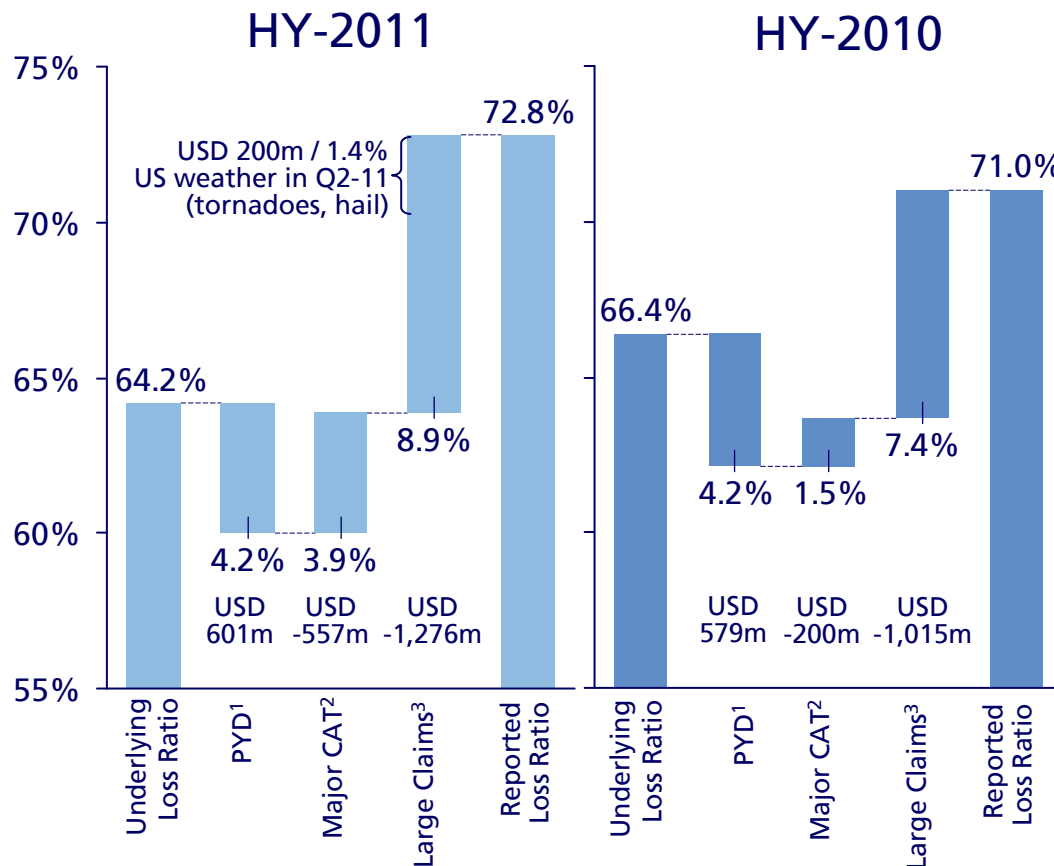
### Europe by country

	UK	Germany	Switzer-land	Italy	Spain	Rest of Europe
Personal Lines	18%	3%	5%	7%	5%	3%
Commercial Lines	4%	1%	0%	1%	4%	2%

<sup>1</sup> The Zurich Rate Change Monitor expresses the Gross Written Premium development due to premium rate change as a percentage of the renewed portfolio against a comparable prior period. In this slide, the shown periods 2011 are compared to the same periods 2010.



# General Insurance – comparison of loss ratio

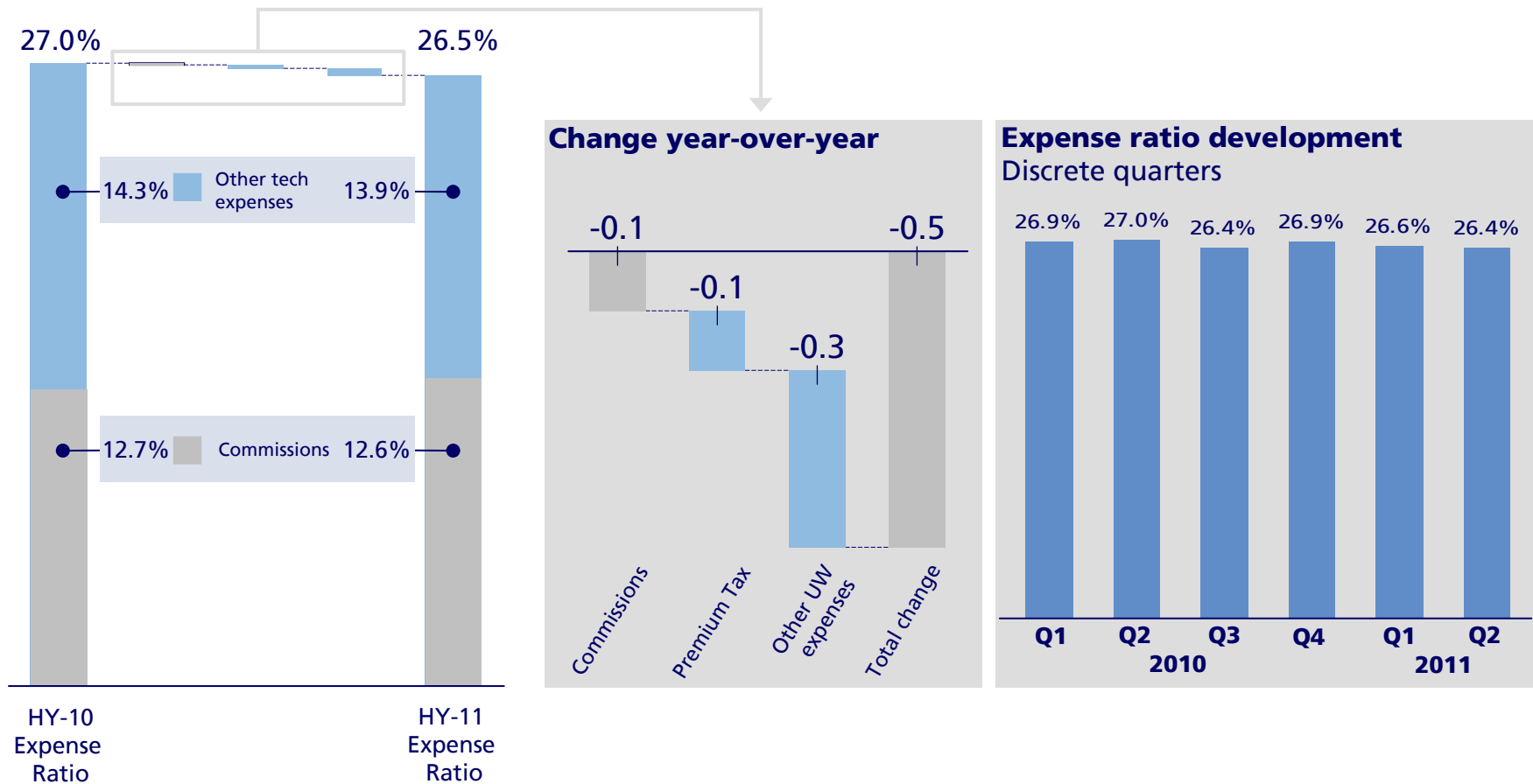


<sup>1</sup> Prior year development

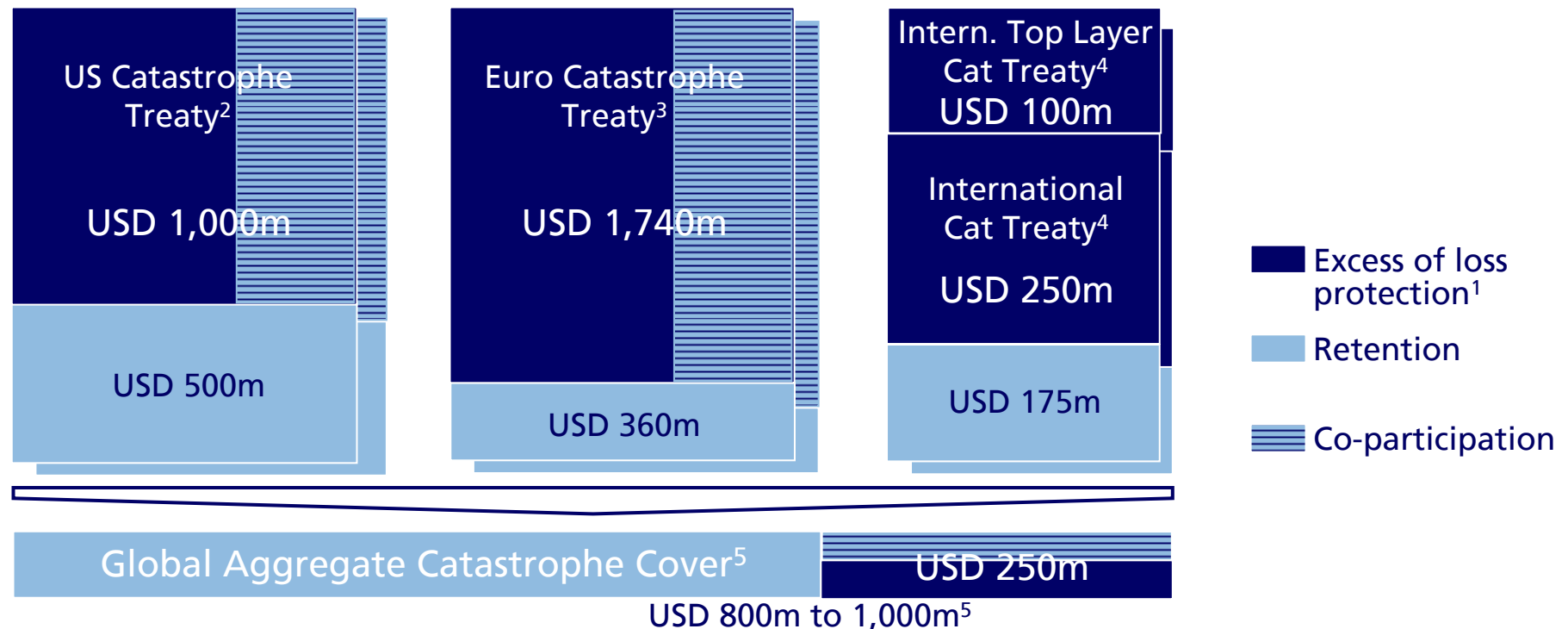
<sup>2</sup> Major CAT (potential USD 100m or larger). HY-11 includes a total of USD 477m for the Brisbane floods in Australia, the earthquake and tsunami in Japan as well as the Christchurch earthquake in New Zealand as reported in Q1-11, plus USD 80m driven by another Christchurch earthquake (aftershock) in New Zealand in June 2011. HY-10 includes USD 200m for the earthquake in Chile.

<sup>3</sup> Large claims are defined individually by our General Insurance Market-Facing Units, consistently applied over time, and excludes Major CATs. HY-11 includes USD 200m related to a series of weather-related events that hit the US in April and May 2011 (tornadoes, hailstorms).

# General Insurance – expense ratio walk from HY-10 to HY-11



# Reinsurance program to reduce volatility from Nat Cat severity and frequency



<sup>1</sup> Simplified illustration of main catastrophe treaties only. Treaties are on a risk occurrence basis. Per risk and subsidiary CAT covers not shown.

<sup>2</sup> Includes a high layer of USD 100m risk swap cover of US windstorm (ceded) for Japanese Typhoon (assumed), which generates significant savings relative to open market pricing. Co-participation varies by layer and is approx. 36% overall. This US cover excludes California earthquake. In addition, the Group has a USD 250m excess USD 500m cover through the catastrophe bond "Lakeside Re II" providing indemnity protection against California earthquakes with 10% co-participation.

<sup>3</sup> Euro cover is translated at EUR/USD rate as of June 30, 2011 (1.45). Co-participation varies by layer and is approximately 39% overall.

<sup>4</sup> Cover for geographies outside the US and Europe, no co-participation.

<sup>5</sup> Cover operates on an annual aggregate basis. Variable retention between USD 0.8bn to 1bn depending on aggregated losses from pre-defined events by regions and perils. Co-participation of 30%. Losses less than USD 25m do not count towards the aggregate cover but those greater than USD 25m count in full from the 'ground up'.

# Global Life – key performance indicators



in USD millions for the six months to June 30	2011	2010	Change	Change in LC <sup>1</sup>
GWP and policy fees (incl. insurance deposits)	13,267	13,111	1%	-5%
Net inflows to Assets under Mgmt	1,155	2,949	-61%	-64%
Annual Premium Equivalent (APE)	1,899	1,716	11%	4%
New business value, after tax <sup>2</sup>	511	405	26%	17%
New business margin, after tax <sup>2</sup>	26.9%	23.6%	3.3pts	
MCEV operating return <sup>3</sup>	9.9%	9.5%	0.4pts	
Closing MCEV	17,681	15,042	18%	
Business operating profit	728	720	1%	-6%

<sup>1</sup> Local Currency

<sup>2</sup> 2011 new business figures have been determined including liquidity premium in the discount rate and a cost of capital applied to residual non-hedgeable risks of 4%. The 2010 comparatives have been restated to reflect these changes. A refinement in methodology for calculating new business value for Corporate Risk business was introduced in 2011 contributing USD 84m to new business value, after tax in the first six months of 2011. New business margin is calculated as new business value as % of APE.

<sup>3</sup> After tax and before currency translation effects, annualized.

# Global Life – new business by pillar



in USD millions for the six months to June 30	<b>NBV 2011</b>	<b>NBV 2010<sup>1</sup></b>	<b>Change in LC<sup>2</sup></b>	<b>APE 2011</b>	<b>APE 2010</b>	<b>Change in LC<sup>2</sup></b>
Bank Distribution	94	113	-21%	318	422	-28%
IFA/Brokers	85	98	-20%	485	497	-8%
Agents	59	58	-2%	235	217	2%
International / Expats	45	33	30%	156	123	18%
Corporate Life & Pensions	181	60	168%	501	285	63%
Private Banking Client Solutions	9	6	51%	139	114	15%
Direct and Central Initiatives	39	37	-2%	66	58	5%
<b>Total</b>	<b>511</b>	<b>405</b>	<b>17%</b>	<b>1,899</b>	<b>1,716</b>	<b>4%</b>

<sup>1</sup> In 2011 new business figures have been determined including liquidity premium in the discount rate and, for greater consistency with other European Insurers, a cost of capital applied to residual non-hedgeable risks of 4%. The 2010 comparatives have been restated to reflect these changes. A refinement in methodology for calculating new business value for Corporate Risk business was introduced in 2011 contributing USD 84m to new business value, after tax in the first six months of 2011.

<sup>2</sup> Local currency

# Global Life – Business operating profit: Profit by Source



in USD millions  
for the six months to June 30

	New Business		Business in Force		Total	
	2011	2010	2011	2010	2011	2010
Net Expense margin	-774	-764	719	697	-55	-67
Net Risk margin			351	312	351	312
Net Investment margin			396	365	396	365
Other profit margins			-26	4	-26	4
BOP before deferrals	-774	-764	1,440	1,378	666	614
Impact of acquisition deferrals	697	657	-505	-445	192	212
BOP before interest, depreciation and amortization	-77	-107	936	932	859	826
Interest, depreciation, amortization and non controlling interest	0	0	-182	-177	-182	-177
BOP before special operating items	-77	-107	754	756	677	649
Special operating items	0	0	52	71	52	71
Business operating profit	-77	-107	806	827	728	720

Note: Restructuring provisions and other items not relevant for BOP are netted in the corresponding line item.

# Farmers – key performance indicators



in USD millions  
for the six months to June 30

	2011	2010	Change
<b>Farmers Management Services</b>			
Managed gross earned premium margin <sup>1</sup>	7.2%	7.4%	-0.2pts
Business operating profit	674	694	-2.9%
<b>Farmers Re</b>			
Business operating profit	55	151	-63.4%
<b>Farmers Exchanges<sup>1</sup></b>			
Gross written premiums	9,168	9,207	-0.4% <sup>2</sup>
Surplus ratio <sup>3</sup>	38.4%	41.7%	-3.3pts

<sup>1</sup> Margin on gross earned premiums of the Farmers Exchanges. Zurich Financial Services Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides management services to the Farmers Exchanges and receives fees for its services.

<sup>2</sup> 1.0% when adjusted for 21st C Agency Auto in run-off and rebates in California and 21st C Direct.

<sup>3</sup> Estimated

# Investment performance of Group Investments



in USD millions

for the six months to June 30

	2011	2010	Change
Net investment income	3,655	3,561	3%
Net capital gains/(losses) on investments and impairments <sup>1</sup>	561	418	34%
<i>of which attributable to shareholders</i>	473	46	<i>nm</i>
Net investment result	4,216	3,979	6%
Net investment result in % <sup>2</sup>	2.1%	2.1%	-
Movements in net unrealized gains on investments included in shareholders' equity <sup>3</sup>	-706	2,828	nm
Total net investment return <sup>2</sup>	1.7%	3.6%	-1.8pts

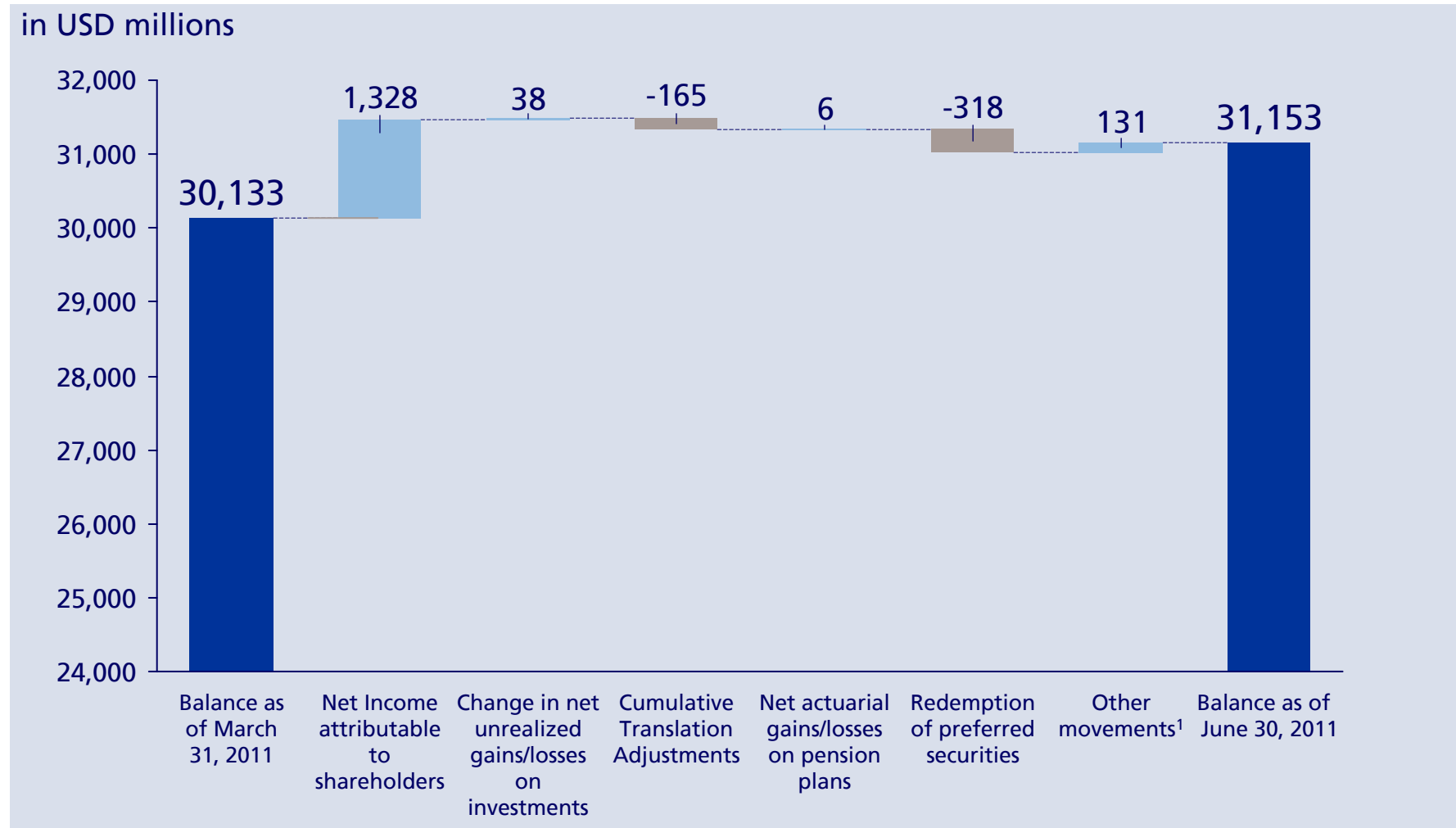
<sup>1</sup> Including impairments of USD 152m (HY-2010: USD 763m)

<sup>2</sup> As % of average investments, not annualized

<sup>3</sup> Before attribution to policyholders and other

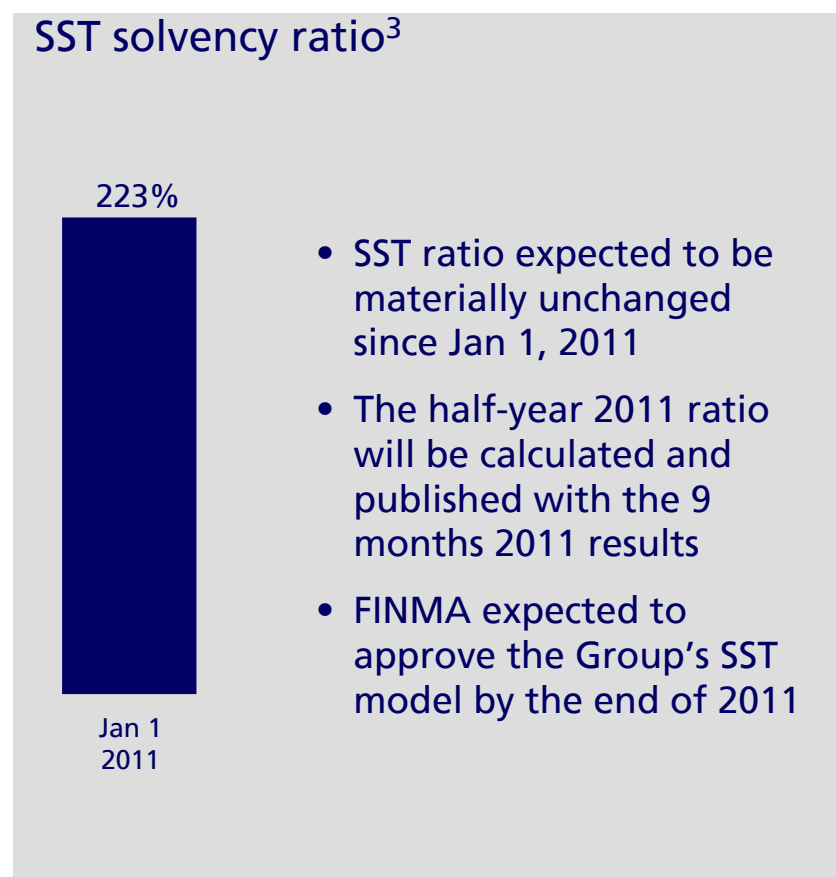
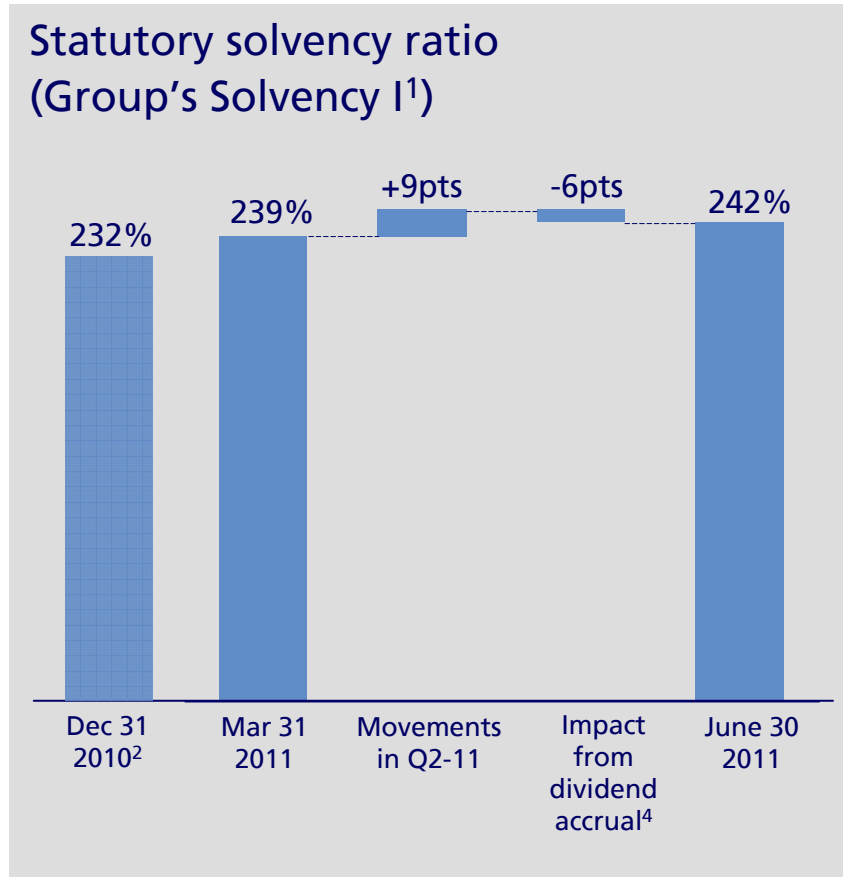


# Development of shareholders' equity in Q2 2011



<sup>1</sup> Includes dividends, issuance of share capital, share-based payment transactions and other.

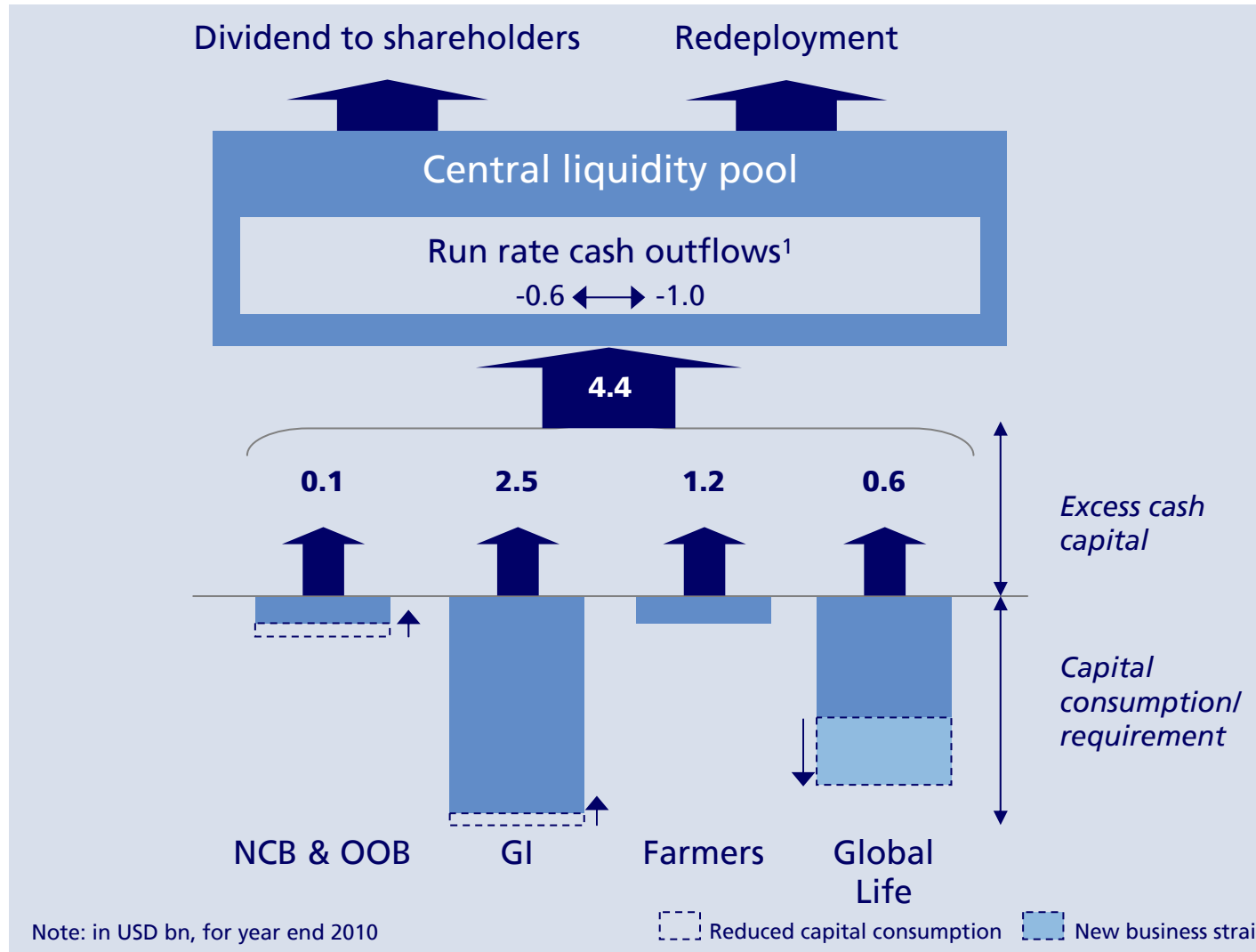
# 2011 estimated economic and regulatory solvency



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<sup>1</sup> Solvency I requirements in accordance with the Swiss insurance supervisory law.  
<sup>2</sup> Finalized and as filed with the Swiss regulator; after 2010 dividend (slightly lower than estimate disclosed at Q4-10)  
<sup>3</sup> As filed with FINMA, subject to FINMA review and approval of the internal model. Economic financial strength is based on Available Financial Resources (AFR) at the beginning of the period and expected risks to be taken during the period (SST Target Capital).  
<sup>4</sup> The accrual for a future dividend, which is calculated as a proportional fraction of the 2010 dividend, does not represent an obligation to pay a particular amount. The 2011 dividend to be proposed to the AGM will be the decision of the Board in February 2012.

# Strong cash flow from local businesses to Group in 2010



<sup>1</sup> Including external debt expense, corporate centre taxes & expenses

# HY 2011 Results Key Messages



- Strong Q2 results driven by excellent underwriting performance
- Improved Q2 top-line growth in both mature and emerging markets
- Continuing strong cash flow generation from the businesses
- Strong capital base and solvency position materially unchanged



Focused execution of our strategy to deliver our targets

# Appendix

# Top line development by segment



in USD millions  
for the six months to June 30

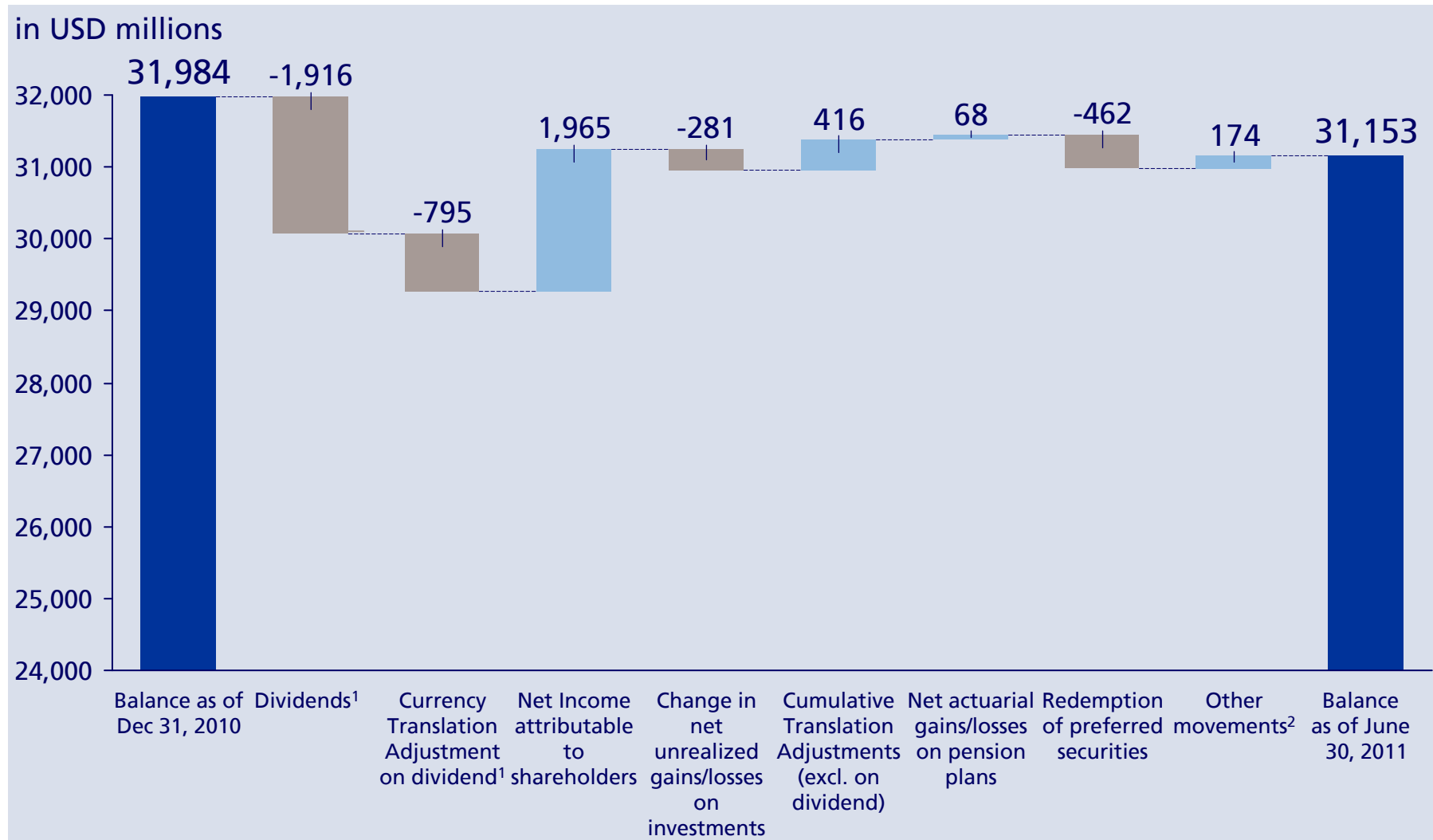
	2011	2010	Change	Change in LC <sup>1</sup>
<b>General Insurance</b>				
GWP and policy fees	18,876	17,940	5%	0%
<b>Global Life</b>				
GWP, policy fees and insurance deposits	13,267	13,111	1.2%	-5%
Annual Premium Equivalent (APE) <sup>2</sup>	1,899	1,716	11%	4%
<b>Farmers</b>				
Farmers management fees	1,375	1,399	-2%	-2%
Farmers Re GWP	1,481	2,491	-41%	-41%

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<sup>1</sup> Local Currency

<sup>2</sup> Gross new business Annual Premium Equivalent (APE)

# Development of shareholders' equity in HY 2011



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<sup>1</sup> Of the USD 2.7bn total dividend, USD 1.9bn is shown as dividend and USD 795m is included in cumulative currency translation adjustments.

<sup>2</sup> Includes issuance of share capital, share-based payment transactions and other.

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



for the six months to June 30

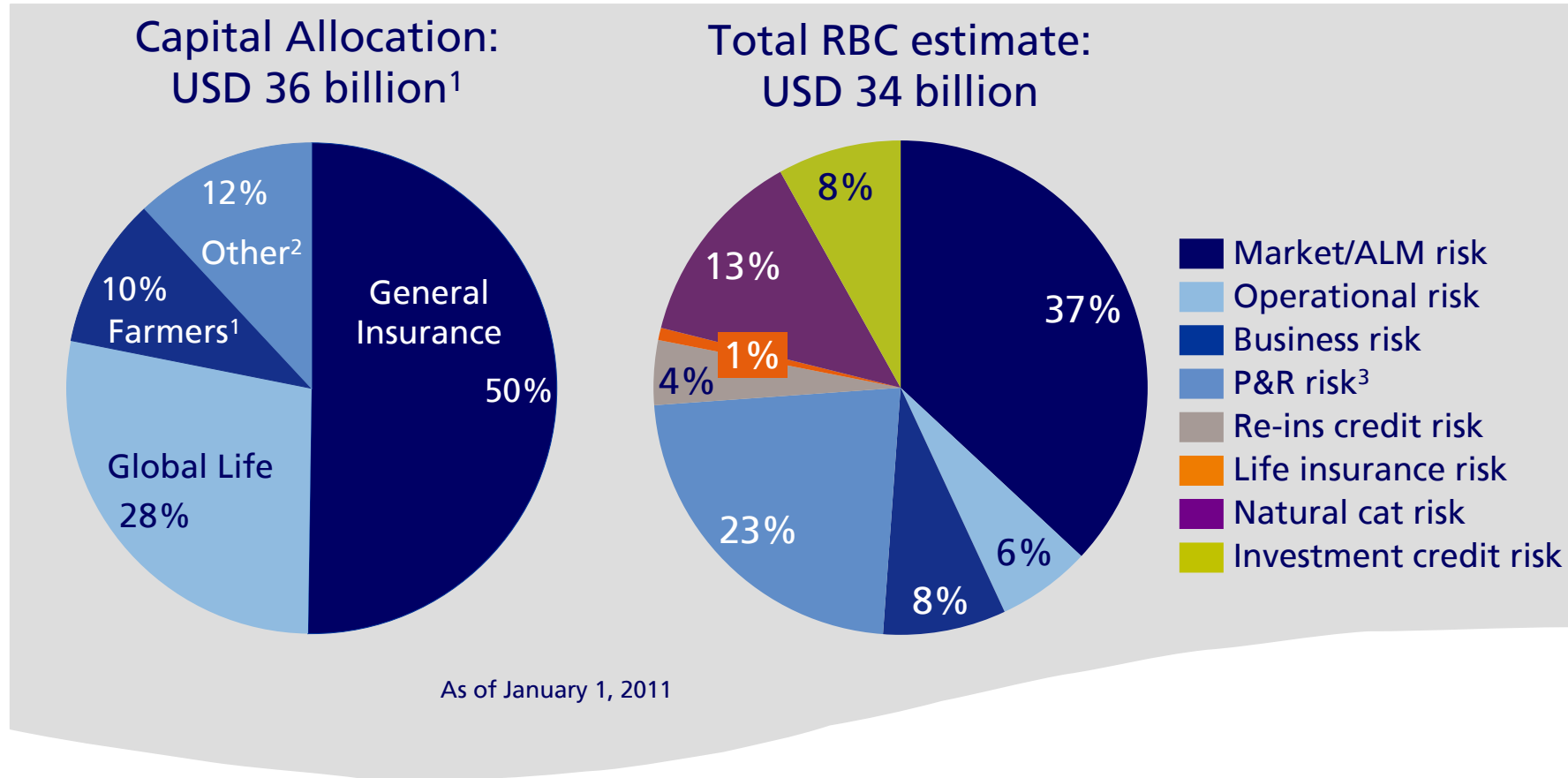
	<b>2011</b>	<b>2010</b>
General Insurance	13.4%	17.6%
<i>Global Corporate</i>	3.4%	24.9%
<i>North America Commercial</i>	15.2%	21.6%
<i>Europe</i>	30.1%	17.3%
<i>International Markets</i>	-26.7%	3.2%
<i>GI Global Functions including Group Reinsurance</i>	13.0%	-20.4%
Global Life	15.8%	18.6%
Farmers	46.3%	49.9%
Other Operating Businesses	-31.7%	-27.2%
Non-Core Businesses	-3.4%	-43.5%
Total Group	13.6%	16.1%
Total Group BOP (after tax) ROE <sup>2</sup>	10.5%	12.4%

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

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



# Zurich Internal RBC by segment and risk type for 2011



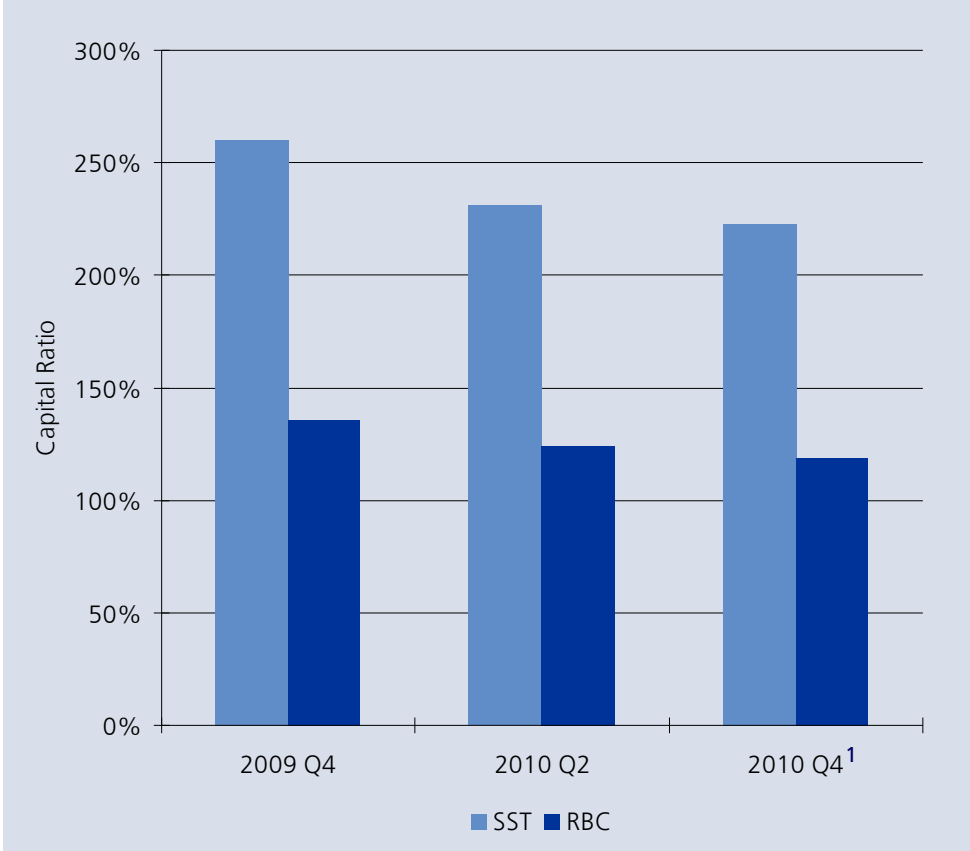
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1 Total allocated capital = USD 34bn RBC plus USD 2bn direct allocation to Farmers  
 2 Includes Other Operating Businesses and Non-Core Businesses  
 3 Premium & reserving risk

# Reconciling SST to the internal RBC model over time



Internal RBC model compared to SST over time



- The ratio between the SST solvency and the internal economic solvency are fairly stable but not constant over time
- RBC and SST capital move in the same direction
- 180% estimated to be broadly equivalent to a 'AA' level and the Groups internal RBC model

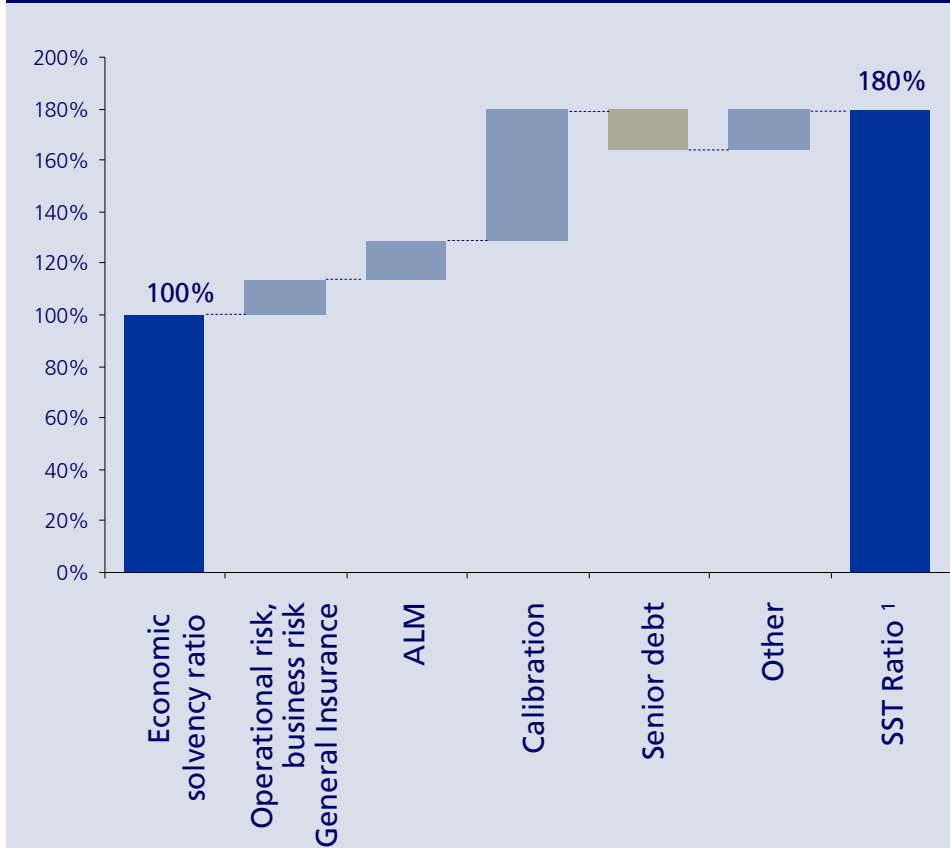
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<sup>1</sup> As filed with FINMA for Q4 2010, results for ZFS Group on a consolidated basis, subject to FINMA review and FINMA approval of the internal model

# Conceptual bridge from SST to the internal RBC model



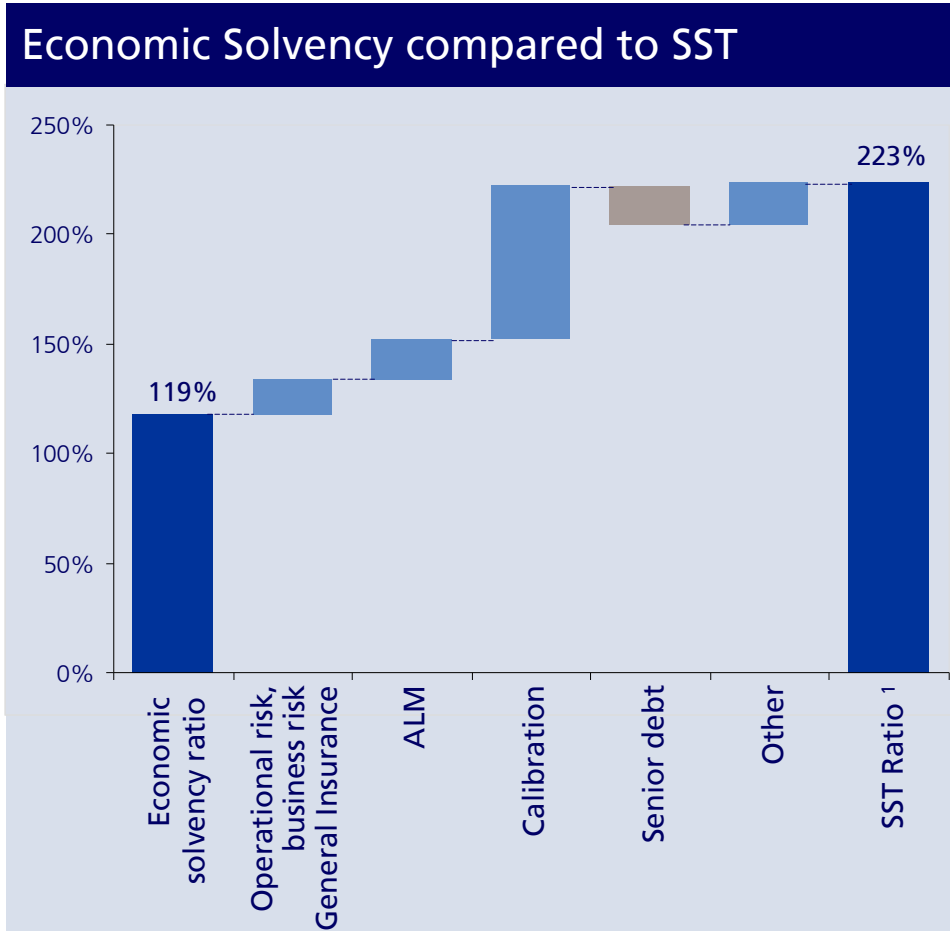
## Economic Solvency compared to SST



- **Scope**  
Operational and business risk for General Insurance are not reflected in SST
- **ALM**  
Treatment of scenarios is more conservative in RBC than in SST
- **Calibration**  
SST calibration is based on an Expected Shortfall at a 99% confidence level, whereas RBC is based on a VaR at a 99.95% confidence level
- **AFR**  
Senior debt is not included in AFR for SST purposes

<sup>1</sup> Target SST coverage ratio. Estimated to be broadly equivalent to a 'AA' level and the Groups internal RBC model

# Reconciling SST to the internal RBC model as of Jan 1, 2011



- **Scope**  
Operational and business risk for General Insurance are not reflected in SST
- **ALM**  
Treatment of scenarios is more conservative in RBC than in SST
- **Calibration**  
SST calibration is based on an Expected Shortfall at a 99% confidence level, whereas RBC is based on a VaR at a 99.95% confidence level
- **AFR**  
Senior debt is not included in AFR for SST purposes

<sup>1</sup> As filed with FINMA for Q4 2010, results for ZFS Group on a consolidated basis, subject to FINMA review and FINMA approval of the internal model

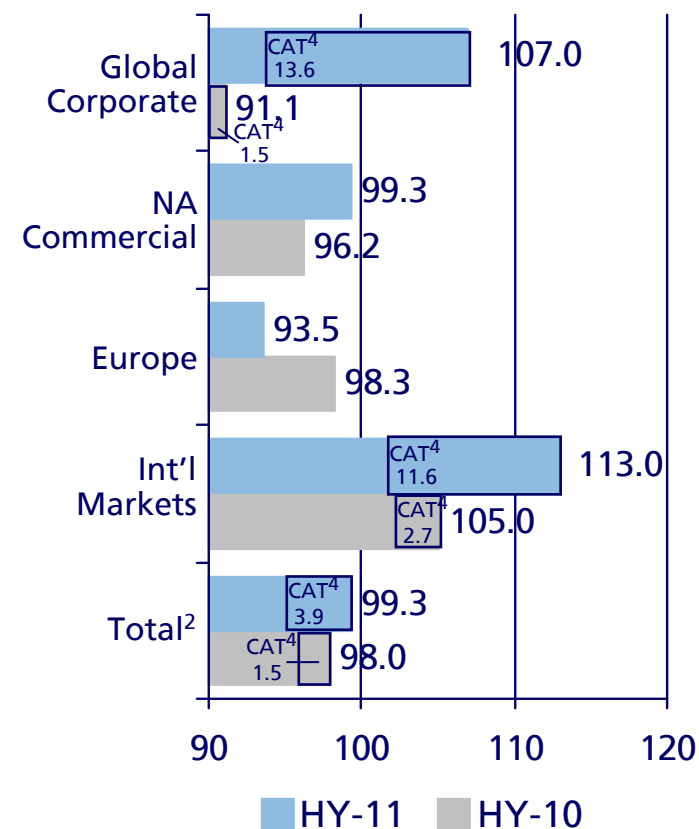
# General Insurance – BOP and Combined ratio by business



## Business operating profit

in USD millions for the six months to June 30	2011	2010	Change
Global Corporate	60	462	-87%
North America Commercial	426	558	-24%
Europe	714	410	74%
International Markets	-141	26	nm
GI Global Functions & GRe <sup>1</sup>	47	-80	nm
<b>Total</b>	<b>1,106</b>	<b>1,377</b>	<b>-20%<sup>3</sup></b>

## Combined ratio (%)



1 GI Global Functions incl. Group Reinsurance  
 2 Including GI Global Functions, Group Reinsurance and intra-segment eliminations  
 3 Equivalent to -23% in local currency  
 4 Major CAT (potential USD 100 million or larger)

# General Insurance - Gross written premiums and policy fees

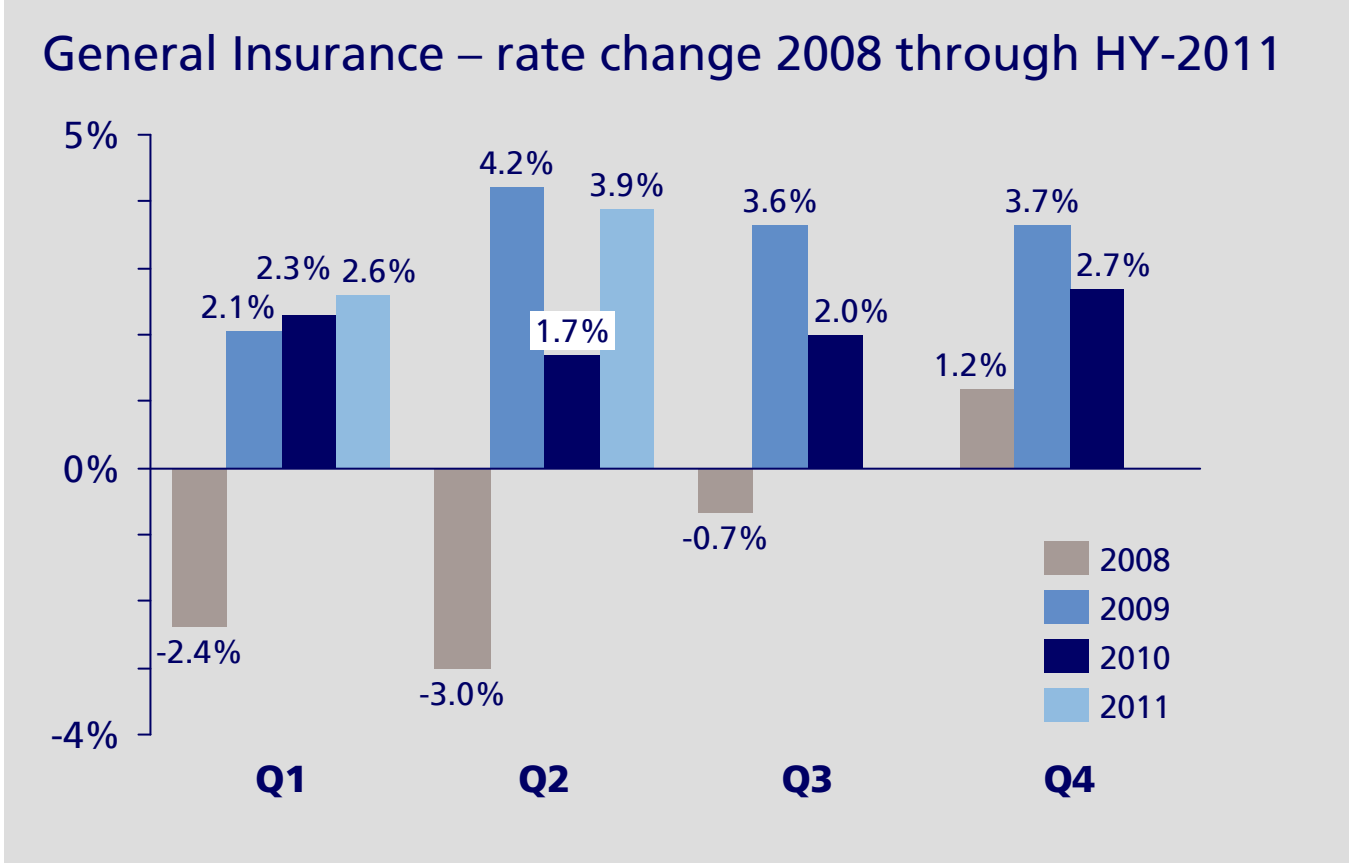


In USD millions for the six months to June 30	2011	2010	Change	Change in LC <sup>1</sup>
Global Corporate	4,714	4,245	11%	5%
North America Commercial	4,852	4,995	-3%	-3%
Europe	7,480	7,092	5%	-3%
International Markets	2,212	1,858	19%	11%
GI Global Functions incl. Group Reinsurance <sup>2</sup>	266	279	-5%	-9%
<b>Total</b>	<b>18,876</b>	<b>17,940</b>	<b>5%</b>	<b>0%</b>

<sup>1</sup> Local Currency

<sup>2</sup> Excluding intra-segment eliminations

# General Insurance – written rate change 2008 through HY-2011



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



in USD millions

	<b>2011</b>	<b>2010</b>
Net reserves for losses and LAE, as of January 1	55,976	55,903
Net losses and LAE paid	-11,497	-11,813
Net losses and LAE incurred	10,869	12,083
- <i>Current year</i>	11,530	12,588
- <i>Prior years<sup>1</sup></i>	-661	-505
Foreign currency translation effects & other	1,879	-2,603
Net reserves for losses and LAE, as of June 30	57,227	53,571

<sup>1</sup> Of which within General Insurance: USD -601 million and USD -579 million for the first six months of 2011 and 2010 respectively.



# Global Life – Business operating profit: Regional Profit by Source (1/4)



in USD millions for the six months to June 30	North America		Latin America		Europe	
	2011	2010	2011	2010	2011	2010
Net Expense margin	3	-4	-5	-4	-22	-44
Net Risk margin	92	65	15	23	203	198
Net Investment margin	45	51	20	13	291	299
Other profit margins	-7	-3	-2	10	7	11
BOP before deferrals	133	109	28	41	480	463
Impact of acquisition deferrals	8	22	4	1	135	135
BOP before interest, depreciation and amortization	140	131	32	43	615	598
Interest, depreciation, amortization and non controlling interest	-13	-11	-2	-4	-165	-159
BOP before special operating items	127	120	30	39	450	439
Special operating items	0	0	0	10	52	71
Business operating profit	127	120	30	49	502	510

Note: Restructuring provisions and other items not relevant for BOP are netted in the corresponding line item.

# Global Life – Business operating profit: Regional Profit by Source (2/4)



in USD millions  
for the six months to June 30

	APME		Other		Total	
	2011	2010	2011	2010	2011	2010
Net Expense margin	-36	-18	5	4	-55	-67
Net Risk margin	32	24	9	2	351	312
Net Investment margin	34	-1	6	4	396	365
Other profit margins	-12	0	-12	-13	-26	4
BOP before deferrals	18	4	8	-4	666	614
Impact of acquisition deferrals	46	54	0	0	192	212
BOP before interest, depreciation and amortization	64	58	8	-4	859	826
Interest, depreciation, amortization and non controlling interest	-2	-3	0	0	-182	-177
BOP before special operating items	61	55	8	-4	677	649
Special operating items	0	-9	0	0	52	71
Business operating profit	61	45	8	-4	728	720

Note: Restructuring provisions and other items not relevant for BOP are netted in the corresponding line item.

# Global Life – Business operating profit: Europe Profit by Source (3/4)



in USD millions for the six months to June 30	UK		Germany		Switzerland	
	2011	2010	2011	2010	2011	2010
Net Expense margin	-23	-31	63	61	9	5
Net Risk margin	66	50	38	41	40	46
Net Investment margin	32	35	79	84	77	65
Other profit margins	33	34	-23	-21	0	0
BOP before deferrals	108	89	156	166	126	116
Impact of acquisition deferrals	36	54	64	44	-14	-10
BOP before interest, depreciation and amortization	144	142	220	210	112	106
Interest, depreciation, amortization and non controlling interest	-31	-28	-50	-45	-2	-3
BOP before special operating items	114	114	170	166	110	103
Special operating items	35	42	0	0	17	8
<b>Business operating profit</b>	<b>149</b>	<b>156</b>	<b>170</b>	<b>166</b>	<b>127</b>	<b>112</b>

Note: Restructuring provisions and other items not relevant for BOP are netted in the corresponding line item.

# Global Life – Business operating profit: Europe Profit by Source (4/4)



in USD millions for the six months to June 30	Ireland		Spain		Rest of Europe	
	2011	2010	2011	2010	2011	2010
Net Expense margin	-67	-66	24	11	-27	-24
Net Risk margin	37	31	23	22	0	7
Net Investment margin	11	7	34	49	57	57
Other profit margins	-1	0	0	-1	-2	-2
BOP before deferrals	-20	-27	80	81	29	39
Impact of acquisition deferrals	36	43	0	0	14	5
BOP before interest, depreciation and amortization	16	15	80	80	43	44
Interest, depreciation, amortization and non controlling interest	-1	-1	-67	-72	-14	-11
BOP before special operating items	15	14	13	8	29	34
Special operating items	0	12	0	9	0	0
Business operating profit	15	26	13	17	29	34

Note: Restructuring provisions and other items not relevant for BOP are netted in the corresponding line item.

# Global Life – new business by region/country



in USD millions  
for the six months  
to June 30

	<b>NBV<sup>1</sup> 2011</b>	<b>NBV<sup>1</sup> 2010</b>	<b>Change in LC<sup>2</sup></b>	<b>APE 2011</b>	<b>APE 2010</b>	<b>Change in LC<sup>2</sup></b>
North America	22	27	-18%	50	45	10%
Latin America	33	25	19%	138	99	31%
Europe	269	284	-11%	1,322	1,300	-4%
United Kingdom	73	61	14%	536	445	14%
Germany	82	89	-12%	274	270	-4%
Switzerland	13	4	163%	75	42	51%
Ireland	33	54	-42%	181	206	-17%
Spain	50	58	-18%	156	245	-40%
Rest of Europe	18	19	-12%	100	92	3%
APME	73	49	37%	307	215	34%
Other	114	19	422%	83	57	25%
<b>Total</b>	<b>511</b>	<b>405</b>	<b>17%</b>	<b>1,899</b>	<b>1,716</b>	<b>4%</b>

<sup>1</sup> In 2011 new business figures have been determined including liquidity premium in the discount rate and, for greater consistency with other European Insurers, a cost of capital applied to residual non-hedgeable risks of 4%. The 2010 comparatives have been restated to reflect these changes. A refinement in methodology for calculating new business value for Corporate Risk business was introduced in 2011 contributing USD 84m to new business value, after tax in the first six months of 2011.

<sup>2</sup> Local currency

# Global Life – Embedded Value result



for the six months to June 30

	2011 USD m	2011 Return	2010 USD m	2010 Return
<b>Opening Embedded Value</b>	<b>16,472</b>		<b>16,752</b>	
<b>New business value<sup>2</sup></b>	<b>511</b>		<b>405</b>	
Expected contribution <sup>1,2</sup>	401		370	
Operating variance <sup>2,3</sup>	-252		38	
<b>Total operating earnings<sup>2</sup></b>	<b>660</b>	<b>9.9%</b>	<b>800</b>	<b>9.5%</b>
Economic variance and other	263		-847	
<b>Embedded value earnings<sup>2</sup></b>	<b>923</b>	<b>11.5%</b>	<b>-47</b>	<b>4.4%</b>
Dividends and capital movements	-535		-398	
Foreign currency effects (fx) & minorities	820		-1,264	
<b>Closing Embedded Value after fx</b>	<b>17,681</b>		<b>15,042</b>	

<sup>1</sup> Operating earnings expected from in-force and net assets

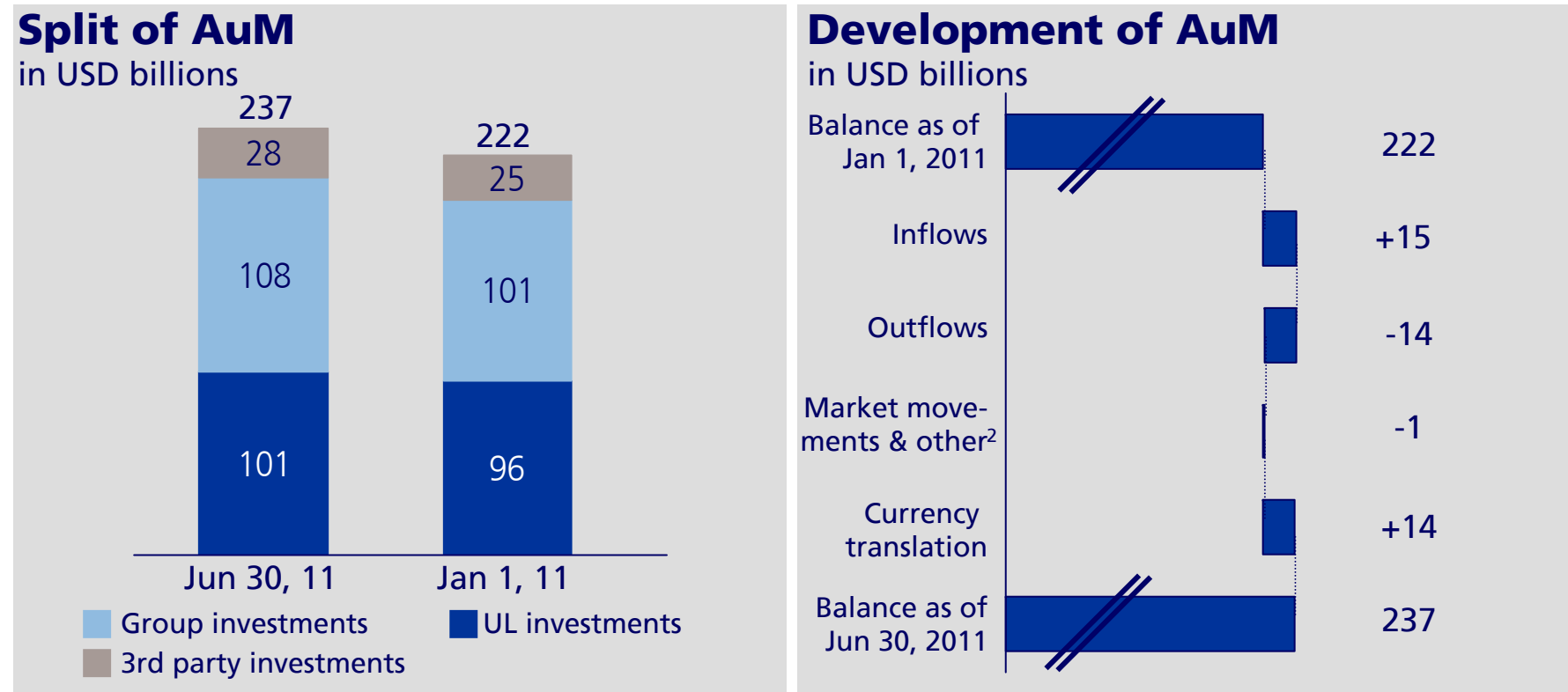
<sup>2</sup> After tax. 2010 new business values have been restated for the inclusion of a liquidity premium in the discount rates applied and changed CRNHR assumptions. Embedded value operating earnings and embedded value earnings however, have not been restated.

<sup>3</sup> Other operating variance also includes global development expenses, where significant development work is performed in one country that is intended to have wider application across Global Life.

# Global Life - Assets under Management<sup>1</sup>



AuM was flat compared to January 1, 2011 on a local currency basis



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<sup>1</sup> Assets under Management comprise the Group and unit-linked investments that are included in the Global Life balance sheet plus assets that are managed by third parties, for which the Group earns fees.

<sup>2</sup> Other includes dividends, charges levied on Assets under Management, and other changes in invested assets including reinsurance impact.

# Farmers – Farmers Management Services – key performance indicators



in USD millions

for the six months to June 30

	<b>2011</b>	<b>2010</b>	<b>Change</b>
Management fees and other related revenues	1,375	1,399	-1.7%
Management and other related expenses	-724	-718	-0.8%
Gross management result	651	681	-4.4%
Managed gross earned premium margin <sup>1</sup>	7.2%	7.4%	-0.2pts
Business operating profit	674	694	-2.9%

<sup>1</sup> Margin on gross earned premiums of the Farmers Exchanges. Zurich Financial Services Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides management services to the Farmers Exchanges and receives fees for its services.



# Farmers – Farmers Re – key performance indicators



in USD millions

for the six months to June 30

	<b>2011</b>	<b>2010</b>	<b>Change</b>
Gross written premiums <sup>1</sup>	1,481	2,491	-40.5%
Net underwriting result	-16	49	-133.0%
Combined ratio	101.1%	98.5%	2.6pts
CAT <sup>2</sup> impact	7.9%	4.7%	3.2pts
Business operating profit	55	151	-63.4%

<sup>1</sup> For HY-2011, All Lines quota share reinsurance treaty participation rate was 12%, effective Dec. 31, 2010. For HY-2010, All Lines quota share reinsurance treaty participation rate was 35%, effective Dec. 31, 2009.

<sup>2</sup> As defined by the Farmers Exchanges

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



in USD millions

for the six months to June 30

	<b>2011</b>	<b>2010</b>	<b>Change</b>
Gross written premiums	9,168	9,207	-0.4%
Net underwriting result <sup>2</sup>	-741	129	nm
Expense ratio	34.3%	32.9%	1.4pts
Loss ratio	73.5%	65.6%	7.9pts
Combined ratio <sup>2</sup>	107.8%	98.6%	9.2pts
Adjusted combined ratio <sup>3</sup>	100.9%	91.3%	9.6pts
CAT <sup>4</sup> impact	10.4%	5.8%	4.6pts
Surplus ratio <sup>5</sup>	38.4%	41.7%	-3.3pts

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

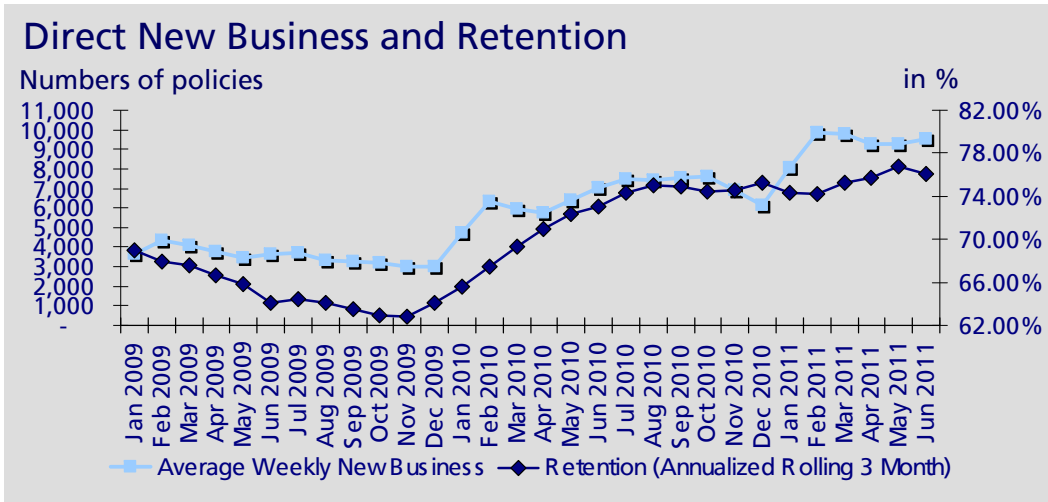
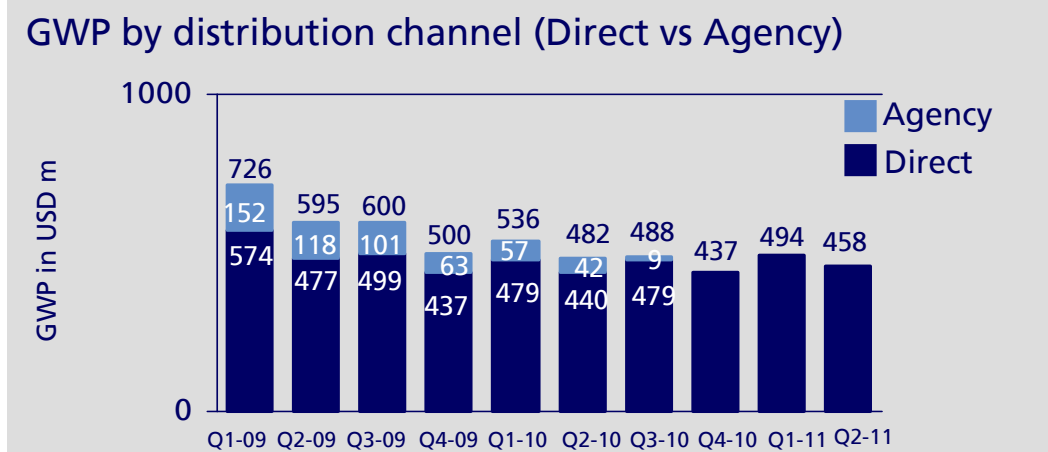
<sup>2</sup> Before quota share treaties with Farmers Re

<sup>3</sup> Adjusted for profit portion of management fees. Estimated.

<sup>4</sup> As defined by the Farmers Exchanges

<sup>5</sup> Estimated

# Update on 21st Century<sup>1</sup>



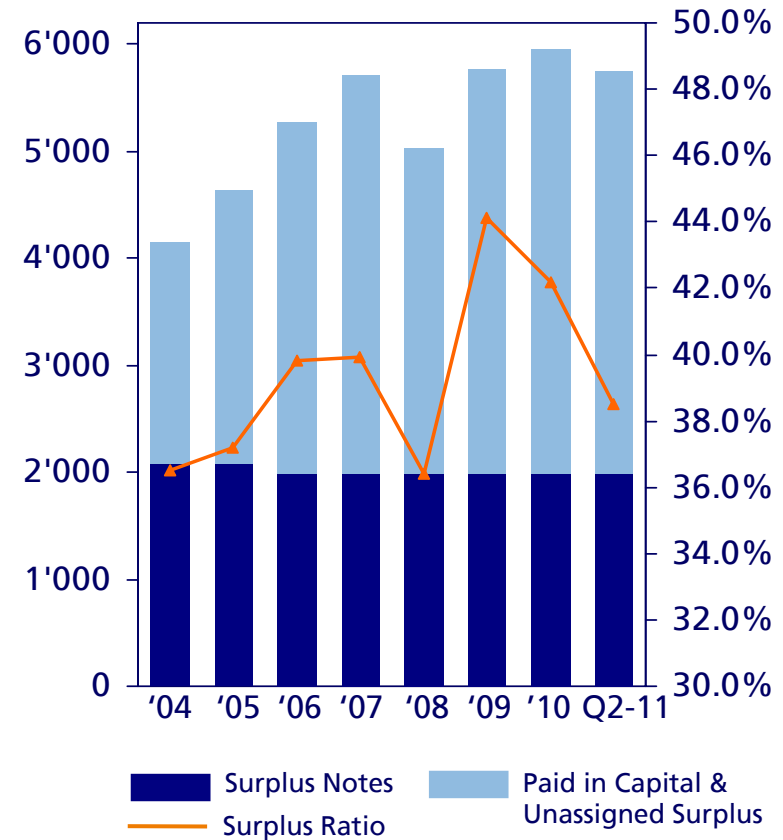
- **GWP** in Q2-11 of USD 458m reflects:
  - **Direct:** Q2 New business continues to grow compared to previous quarters. TV ad awareness continues to climb and has more than doubled since the new ad campaign first launched. Retention rates have increased compared to prior quarters and compared to prior year.
  - **Agency:** business in run-off, renewals offered through Foremost
- **Cross-sell**
  - Continues to generate leads for the EA's.
  - Contributed June YTD 68k policies and USD 67m in GWP.

<sup>1</sup> Acquisition of 21st Century. Transaction closed on July 1, 2009. 21st Century financial information excludes discontinued operations.

# Farmers Exchanges – financial highlights



in USD millions for the six months to June 30	2011	2010
Gross written premiums	9,168	9,207
Net underwriting result <sup>1</sup>	-741	129
Net surplus growth <sup>2</sup>	-226	103
Ending surplus <sup>2</sup>	5,733	5,859
Surplus ratio <sup>2</sup>	38.4%	41.7%



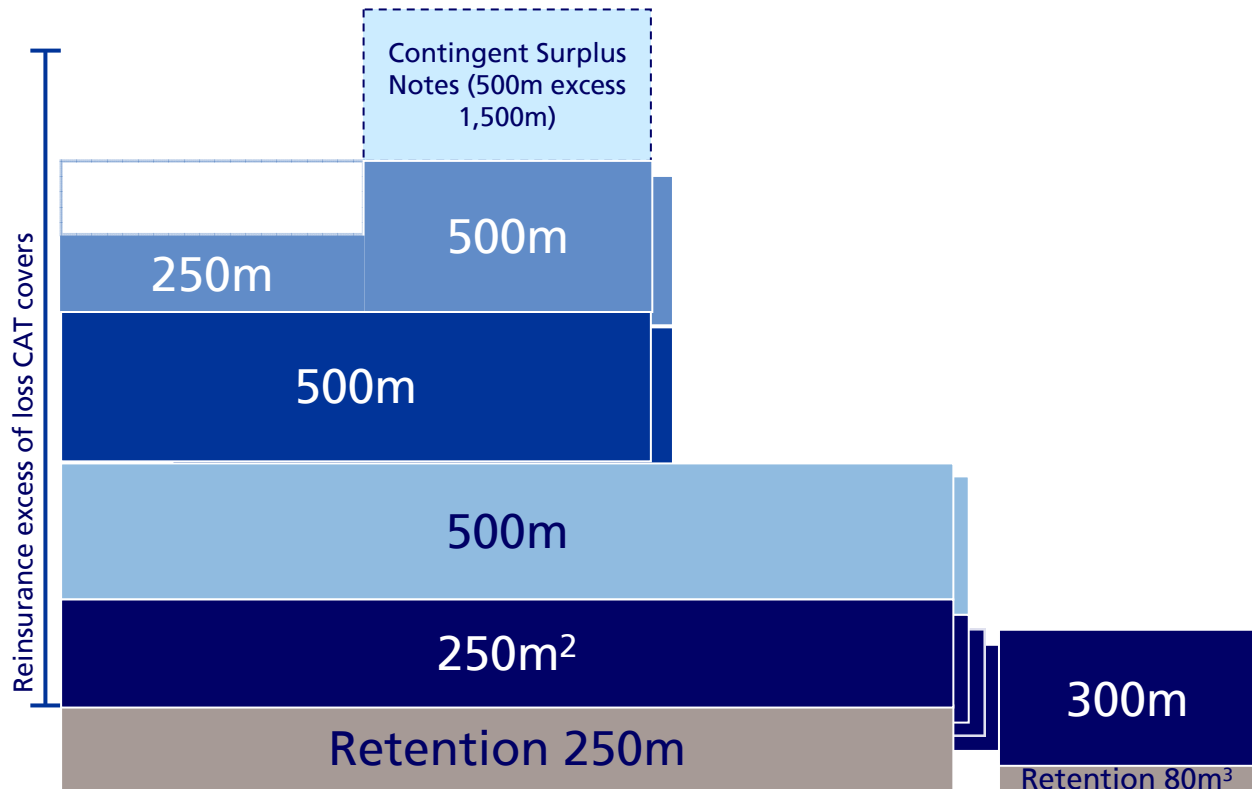
<sup>1</sup> Before quota share treaties with Farmers Re  
<sup>2</sup> Estimated

# Exchanges' 2011 CAT reinsurance cover is comprehensive and designed for 1:250y



California<sup>1</sup> Texas Hurricane<sup>1</sup> Other Excl. FL HU<sup>1</sup> Florida Hurricane<sup>1</sup>

in USD millions



- Comprehensive CAT cover designed to mitigating 250 year events to tolerable net position
- USD 250m retention nationwide except for Florida where retention is USD 80m
- Portfolio of highly rated reinsurers with long-term relationships with the Exchanges

12% "A+"  
76% "A"  
9% "A-"  
3% "NR"

<sup>1</sup> Simplified illustration of main treaties which are on a risk occurrence basis. Percentage covered varies by stack layers (90% to 100%).

<sup>2</sup> Four limits of USD 250m are available: two for named storms and two for all other perils.

<sup>3</sup> Retention in Florida is net of FHCF/TICL recovery.

# Farmers Exchanges – gross written premiums by line of business



in USD millions

for the six months to June 30

	2011	2010	Change
Auto <sup>1</sup>	4,836	4,811	0.5% <sup>1</sup>
<i>of which 21st Century Direct</i>	953	919	3.7% <sup>1</sup>
Homeowners	2,198	2,239	-1.8%
Commercial P&C	665	661	0.5%
Small Business Solutions	312	294	6.3%
Workers' Compensation	160	143	11.7%
Specialty	930	888	4.7%
Other	69	72	N/A
<b>Total (excl. 21st C Agency Auto in run-off)</b>	<b>9,170</b>	<b>9,108</b>	<b>0.7%<sup>1</sup></b>
21st Century Agency Auto in run-off	-2	99	N/A
<b>Total</b>	<b>9,168</b>	<b>9,207</b>	<b>-0.4%</b>

<sup>1</sup> Includes a USD 23m premium rebate mandated by California regulators and a USD 4m 21st C Direct rebate. Excluding rebates Total (excl. 21st C Agency Auto in run-off) GWP is up 1.0%, Auto 1.1% and 21st Century Direct 4.1%.

# Farmers Exchanges – gross written premiums by line of business



in USD millions  
for the three month to June 30

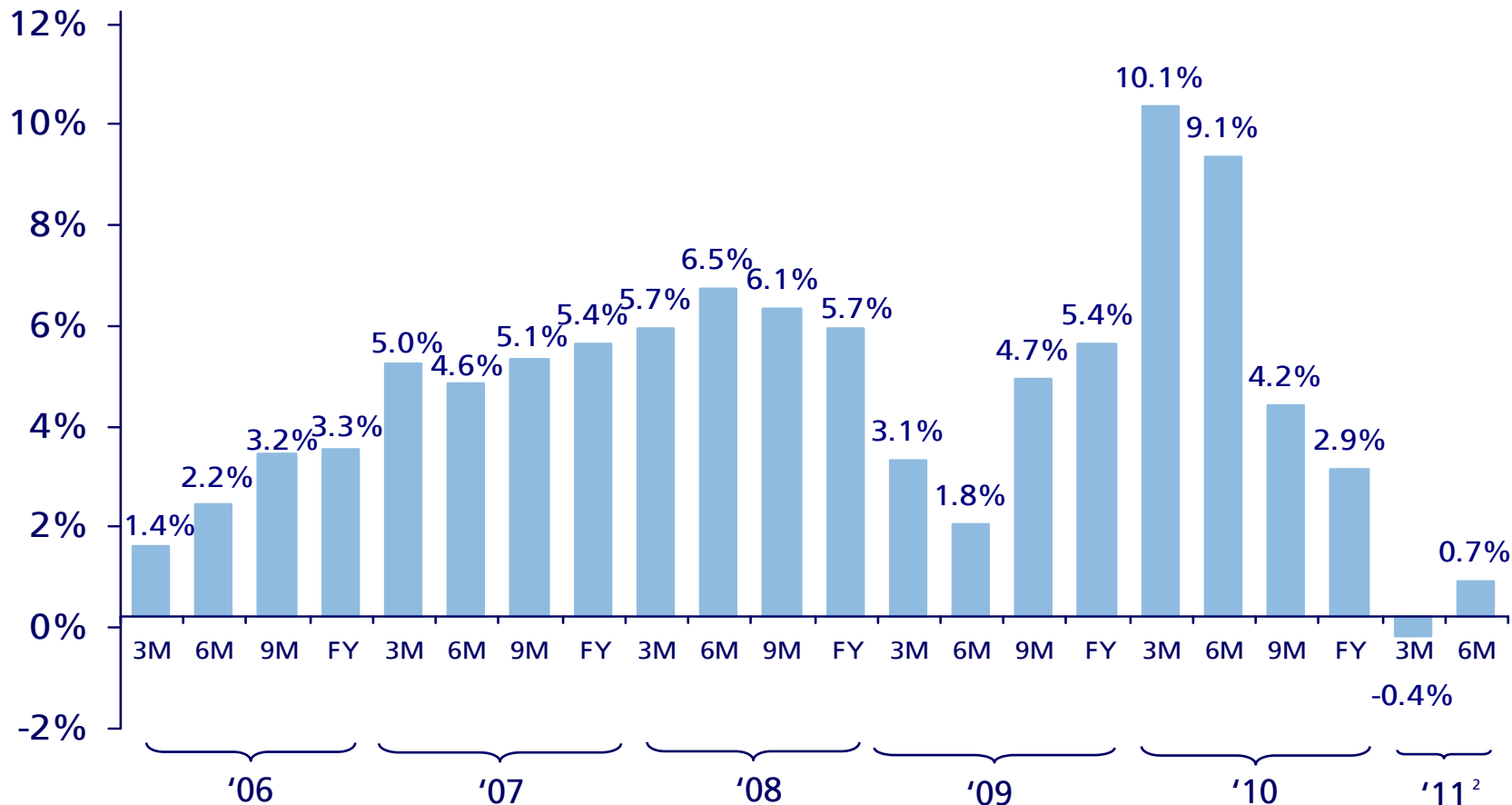
	Q2-11	Q2-10	Change
Auto <sup>1</sup>	2,370	2,328	1.8% <sup>1</sup>
<i>of which 21st Century Direct</i>	458	440	4.1% <sup>1</sup>
Homeowners	1,208	1,223	-1.2%
Commercial P&C	342	334	2.3%
Small Business Solutions	159	149	6.9%
Workers' Compensation	74	63	18.4%
Specialty	485	463	4.8%
Other	33	33	N/A
<b>Total (excl. 21st C Agency Auto in run-off)</b>	<b>4,671</b>	<b>4,592</b>	<b>1.7%<sup>1</sup></b>
21st Century Agency Auto in run-off	-1	41	N/A
<b>Total</b>	<b>4,670</b>	<b>4,634</b>	<b>0.8%</b>

<sup>1</sup> Includes a USD 4m 21C Direct rebate. Excluding this rebate, Total (excl. 21st C Agency Auto in run-off) GWP is up 1.8%, Auto 2.0% and 21st Century Direct 4.9%.

# Farmers Exchanges – premium growth



## GWP growth<sup>1</sup>



<sup>1</sup> Excludes pre-acquisition premiums and portfolio transfers in 2007, 2008 and 2009 related to the Bristol West, Zurich Small Business and 21<sup>st</sup> Century acquisitions, respectively.

<sup>2</sup> Excludes 21<sup>st</sup> Century Agency Auto in run-off



# Farmers Exchanges – Policies in Force Half Year 2011 (1/2)



in thousand policies	2010 Ending	HY-11 Change		June 2011 Ending
		#	%	
Auto	11,678	226	1.9%	11,904
<i>of which 21<sup>st</sup> Century Direct</i>	2,308	64	2.8%	2,372
Homeowners	5,109	-3	-0.1%	5,106
Commercial P&C	359	8	2.2%	367
Small Business Solutions	209	-4	-1.9%	205
Workers' Compensation	49	1	2.0%	50
Specialty	2,723	49	1.8%	2,772
Other	296	1	0.3%	297
Total (excl. 21C Agency in run-off)	20,423	278	1.4%	20,701
21st C Agency Auto in run-off	114	N/A	N/A	14
<b>Total</b>	<b>20,537</b>	<b>178</b>	<b>0.9%</b>	<b>20,715</b>

# Farmers Exchanges – Policies in Force Q2-11 (2/2)



in thousand policies	March 2011 Ending	Q2-11 Change		June 2011 Ending
		#	%	
Auto	11,776	128	1.1%	11,904
<i>of which 21<sup>st</sup> Century Direct</i>	2,321	51	2.2%	2,372
Homeowners	5,101	5	0.1%	5,106
Commercial P&C	360	7	1.9%	367
Small Business Solutions	206	-1	-0.5%	205
Workers' Compensation	49	1	2.0%	50
Specialty	2,734	38	1.4%	2,772
Other	296	1	0.3%	297
<b>Total (excl. 21C Agency in run-off)</b>	<b>20,522</b>	<b>179</b>	<b>0.9%</b>	<b>20,701</b>
21st C Agency Auto in run-off	55	N/A	N/A	14
<b>Total</b>	<b>20,577</b>	<b>138</b>	<b>0.7%</b>	<b>20,715</b>

# Farmers Exchanges – combined ratio



for the six months to June 30

	2011 <sup>1</sup>	2010 <sup>1</sup>	Change
Auto <sup>2</sup>	103.9%	95.5%	8.4pts
Homeowners	111.8%	103.8%	8.0pts
Commercial P&C	119.5%	96.8%	22.7pts
Small Business Solutions	116.4%	102.8%	13.6pts
Workers' Compensation	110.2%	98.9%	11.3pts
Specialty	115.5%	100.7%	14.8pts
<b>Total</b>	<b>107.8%</b>	<b>98.6%</b>	<b>9.2pts</b>
Adjusted combined ratio <sup>3</sup>	100.9%	91.3%	9.6pts
CAT <sup>4</sup> impact	10.4%	5.8%	4.6pts

<sup>1</sup> Before quota share treaties with Farmers Re

<sup>2</sup> Includes 21<sup>st</sup> Century Direct results

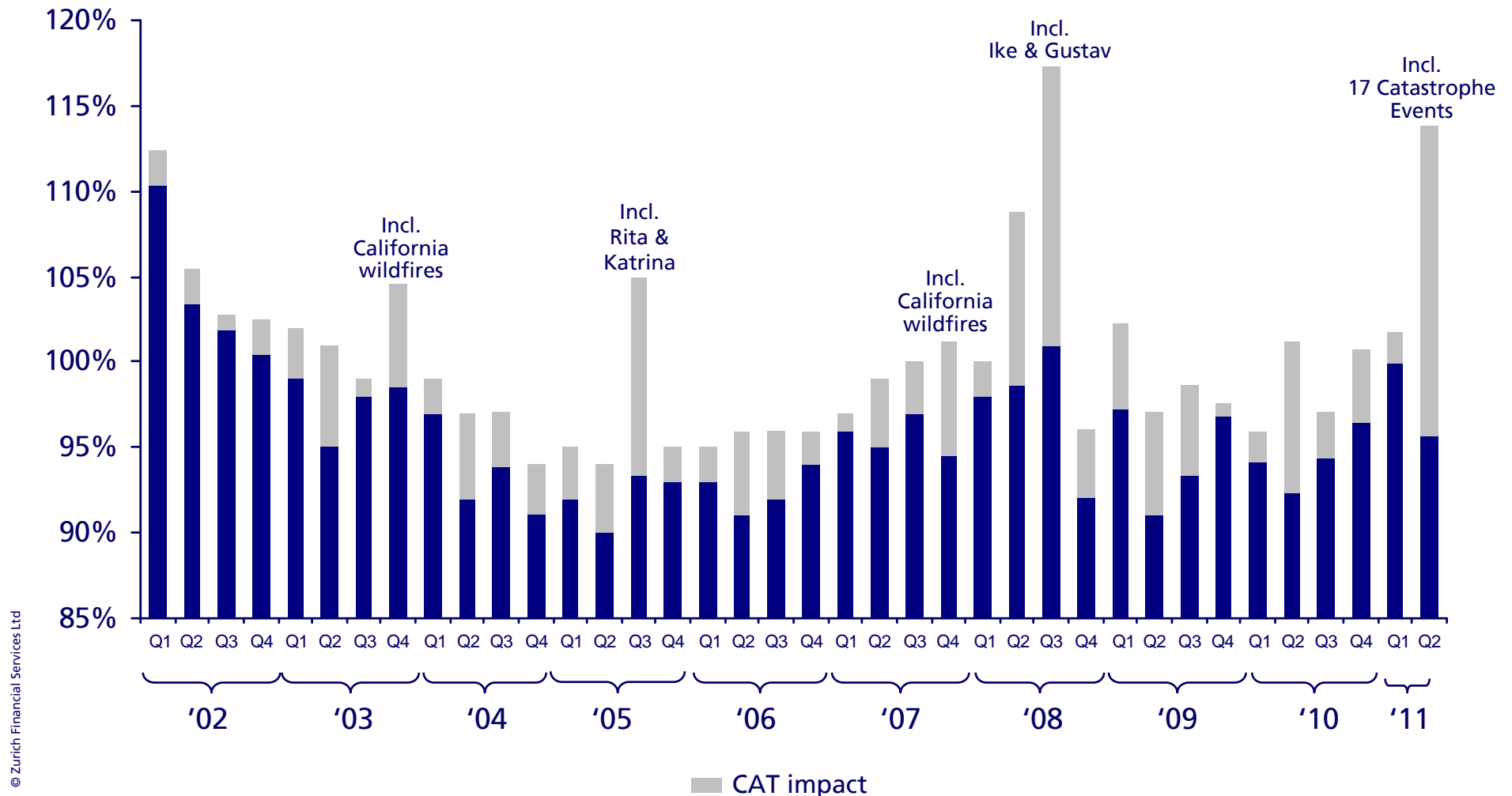
<sup>3</sup> Adjusted for profit portion of management fees. Estimated.

<sup>4</sup> As defined by the Farmers Exchanges

# Farmers Exchanges – development of the combined ratio



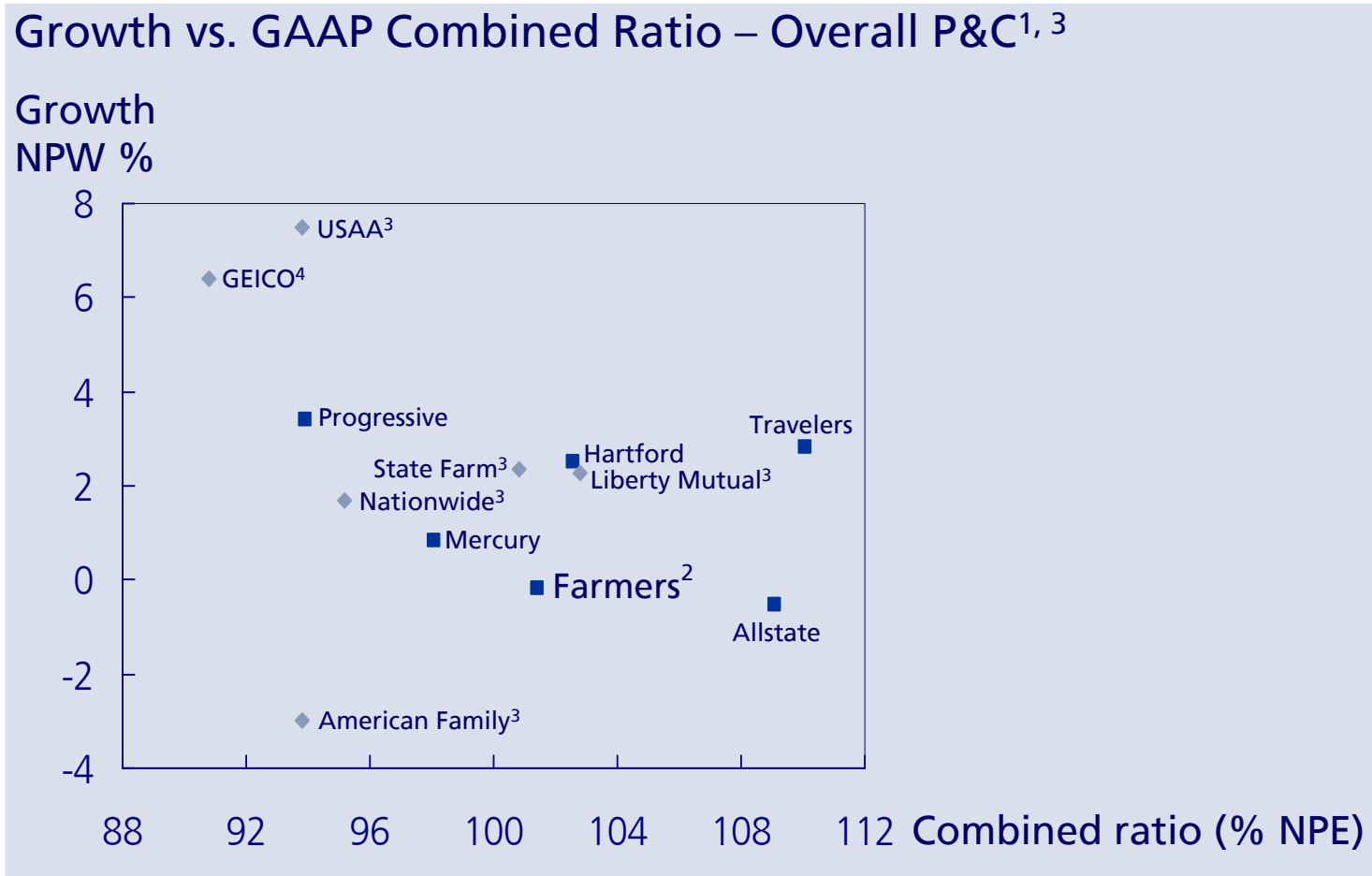
## Quarterly combined ratio



# Competitor Snapshot - Overall



- June 2011
- ◆ March 2011



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- 1 Source: Press releases and investor supplements, except for Farmers and non-public competitors.
- 2 Reflects GWP before APD and Quota Share treaties. Combined ratio excludes APD and Quota Share reinsurance agreements and is adjusted for Farmers Management Services' profit portion of management fees.
- 3 Source for non-public competitor data: AMBest database. CRs on STAT basis.
- 4 Based on NPE. GEICO does not report NPW on a quarterly basis.

# Other Operating and Non-Core Businesses – ZURICH®

## Business operating profit contribution

in USD millions

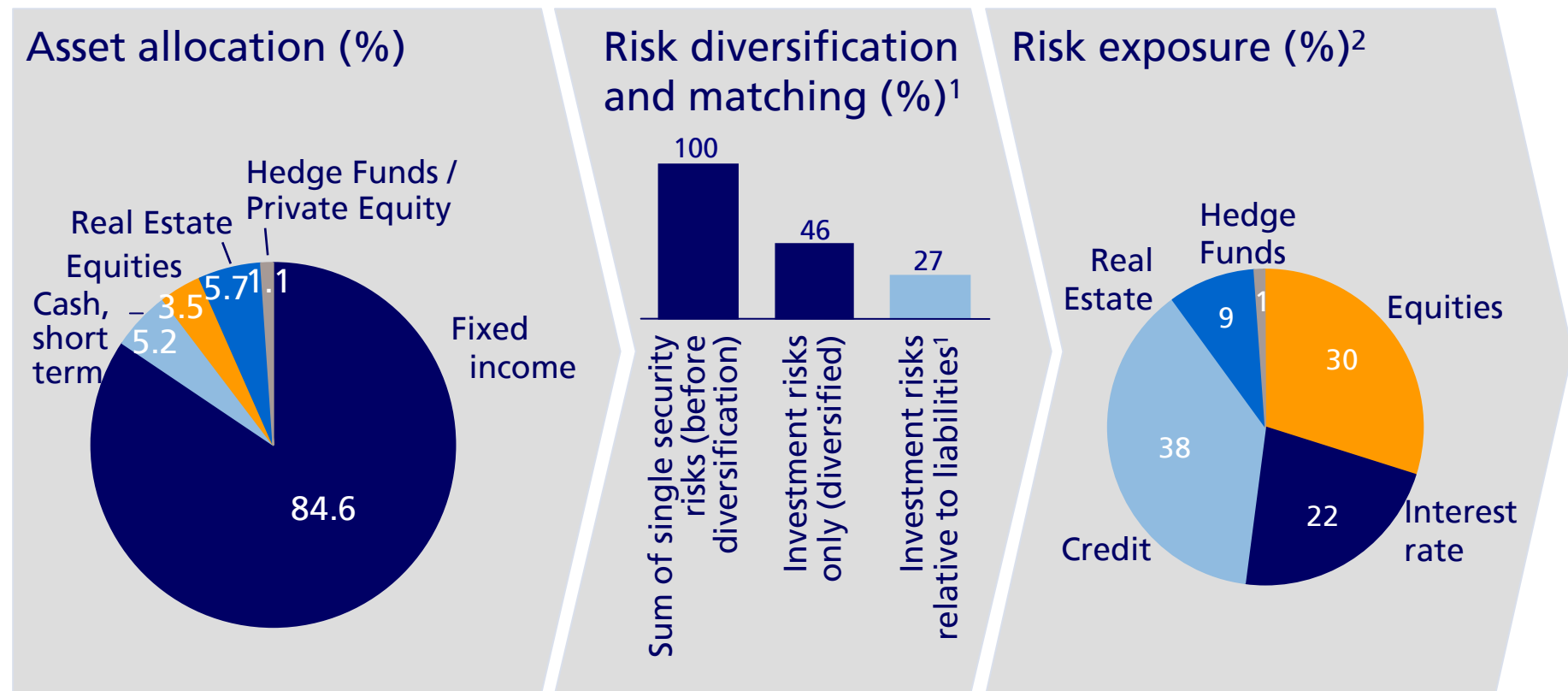
for the six months to June 30

	2011	2010	Change
Other Operating Businesses	-397	-361	-10%
Non-Core Businesses			
- Centre	12	3	nm
- Banking activities	-32	-318	90%
- Other centrally managed businesses	-30	61	nm
- Other run-off	16	-40	nm
Total Non-Core Businesses	-34	-295	88%

# Zurich's investment portfolio benefits greatly from diversification and is balanced in terms of risk



## Risk Allocation of Zurich's investment portfolio As of June 30, 2011



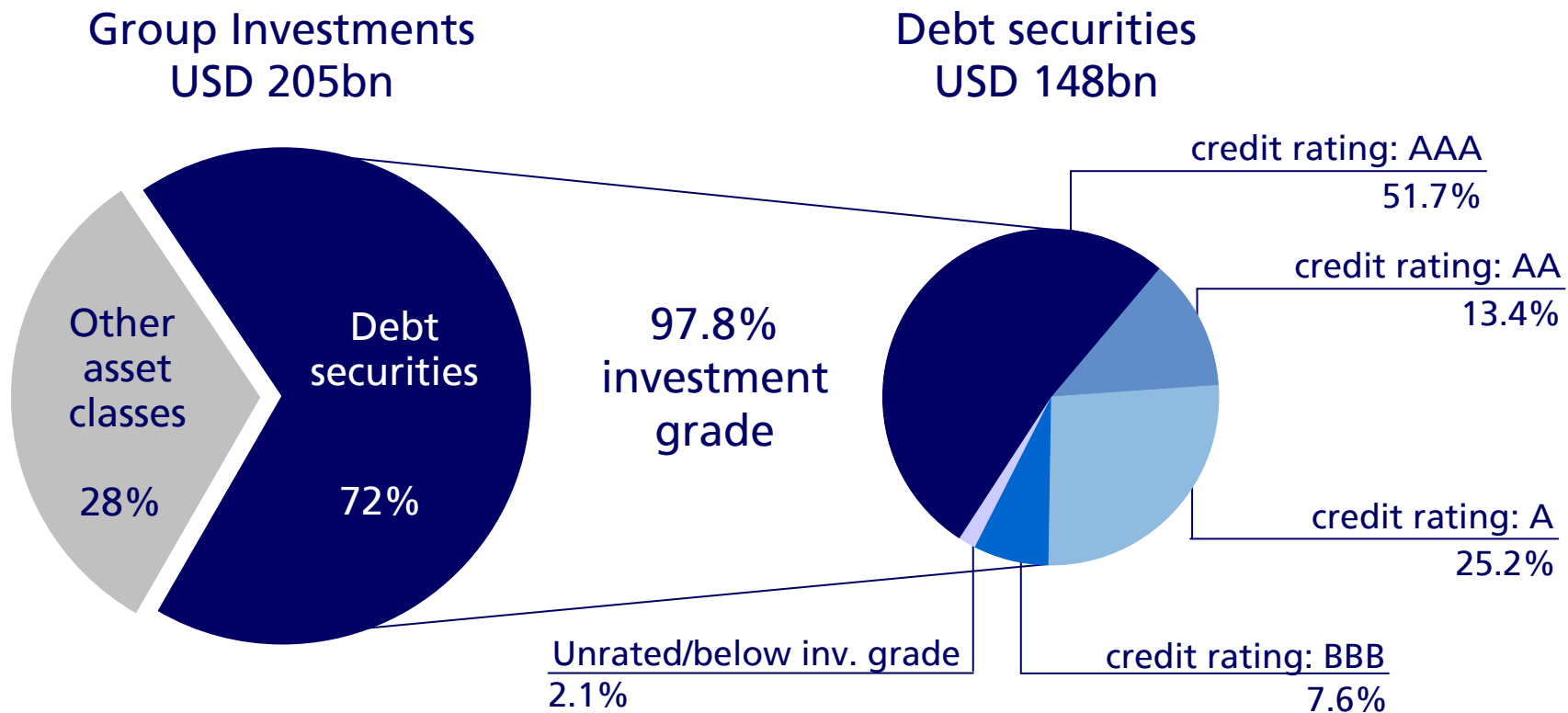
<sup>1</sup> For practicality reasons, the data relates to the previous quarter and represents an adequate estimate

<sup>2</sup> Risks to Zurich's economic net ALM position measured as 12 months value at risk with 99.95% confidence interval

# Group Investments – Zurich’s debt securities are of consistently high credit quality (97.8% investment grade)



As of June 30, 2011

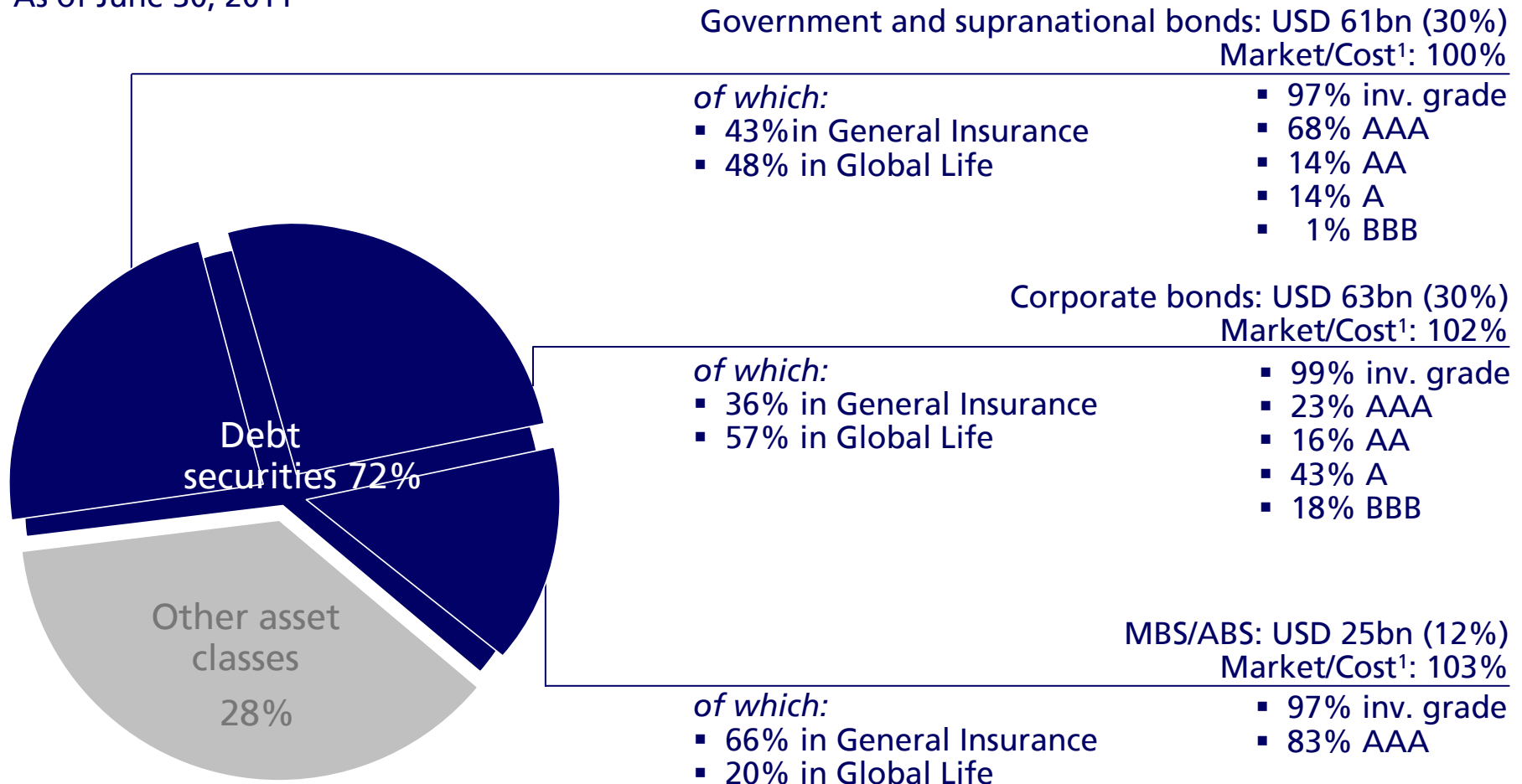




# Group Investments – Zurich’s debt securities are well balanced



Group Investments - USD 205bn (100%)  
As of June 30, 2011



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<sup>1</sup> Market value to Cost value ratio

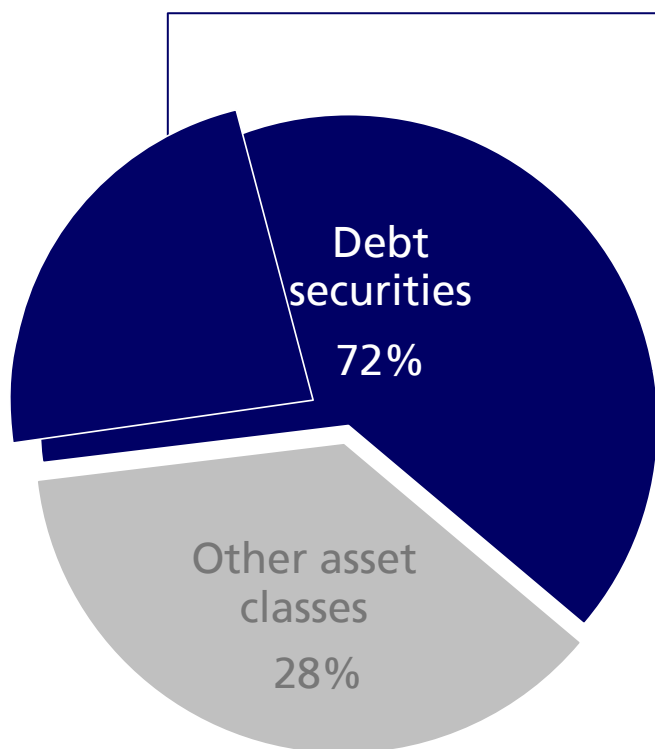
# Group Investments – Government & supranational bonds are well diversified



Group Investments - USD 205bn (100%)

As of June 30, 2011

Government and supranational bonds: USD 61bn<sup>1</sup> (30%)  
Market/Cost: 100%



*of which:*

- 43% in General Insurance
- 48% in Global Life

Split by countries

- 18% US
- 17% UK
- 13% Italy
- 10% Switzerland
- 9% Spain
- 8% Germany<sup>2</sup>
- 6% France
- 3% Canada
- 3% Austria
- 2% Belgium
- 2% Netherlands
- 1% Australia
- 1% Portugal
- 1% Ireland

- 97% inv. grade
- 68% AAA
- 14% AA
- 14% A
- 1% BBB

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<sup>1</sup> This excludes government-backed issuers like GNMA, FNMA, FHLM and other agencies.

<sup>2</sup> In addition to the 8% holding in Germany above, the balance sheet item "Other loans" includes USD 5.9bn of "Schuldscheindarlehen" issued by the Federal Republic of Germany, bringing the total for Germany to USD 10.6bn.

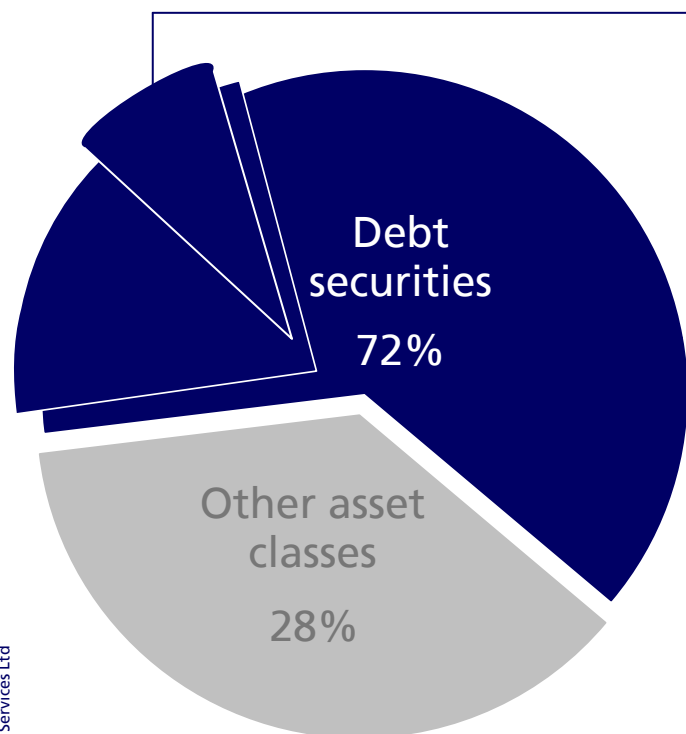
# Group Investments – Eurozone Government & supranational bonds are well diversified



Group Investments - USD 205bn (100%)

As of June 30, 2011

Eurozone Government and supranational  
bonds: USD 28bn (14%)  
Market/Cost: 97%



*of which:*

- 30% in General Insurance
- 69% in Global Life

Split by credit rating

- 96% inv. grade
- 43% AAA
- 23% AA
- 30% A

Split by countries

- 29% Italy
- 19% Spain
- 17% Germany<sup>1</sup>
- 13% France
- 6% Austria
- 5% Belgium
- 4% Netherlands
- 2% Portugal
- 2% Ireland
- 2% Finland
- 1% Luxembourg

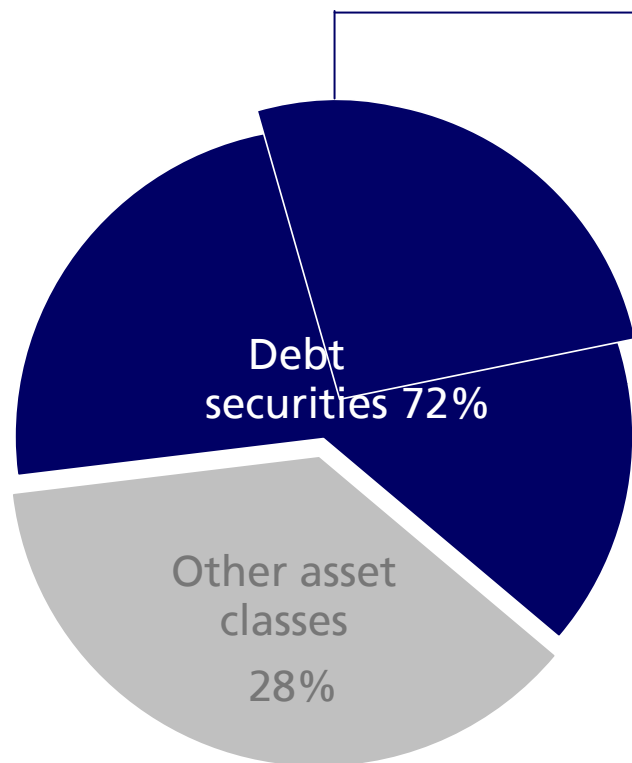
<sup>1</sup> In addition to the 17% holding in Germany above, the balance sheet item "Other loans" includes USD 5.9bn of "Schuldscheindarlehen" issued by the Federal Republic of Germany, bringing the total for Germany to USD 10.6bn.

# Group Investments – Zurich’s Corporate bonds are of high quality



Group Investments - USD 205bn (100%)  
As of June 30, 2011

Corporate bonds: USD 63bn (30%)  
Market/Cost: 102%



### Split by industries

- 42% Banks, including 14.6%<sup>1</sup> covered bonds
- 8% Cities, Agencies, Cantons, Provinces, including 0.7%<sup>1</sup> covered bonds
- 7% Utilities
- 6% Financial Institutions, including 0.9%<sup>1</sup> covered bonds
- 4% Telecom
- 4% Oil & gas
- 3% Conglomerates
- 3% Insurance
- 2% Pharmaceuticals

### Split by credit rating

- 99% inv. grade
- 23% AAA
- 16% AA
- 43% A
- 18% BBB

### Split by country/region

- 29% US
- 20% Germany
- 10% UK
- 6% France
- 5% Spain
- 5% Switzerland
- 4% Netherlands
- 3% Chile
- 10% Rest of Europe

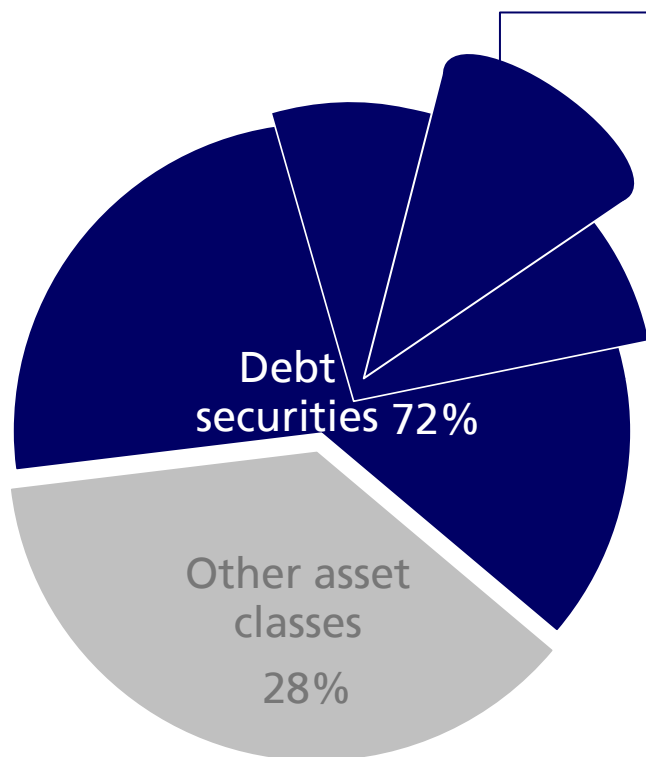
<sup>1</sup> 100% = USD 63bn

# Group Investments – Banks Corporate bonds are of high quality and well diversified



Group Investments - USD 205bn (100%)  
As of June 30, 2011

Banks Corporate bonds: USD 26bn (13%)  
Market/Cost: 100%



### Split by seniority

- 35% Covered bonds
- 51% Senior bonds
- 14% Subordinated

### Split by credit rating

- 99% inv. grade
- 38% AAA
- 15% AA
- 43% A
- 3% BBB

### Split by country/region

- 30% Germany
- 17% US
- 8% UK
- 7% Spain
- 7% France
- 6% Switzerland
- 5% Netherlands
- 5% Australia
- 4% Italy

### *of which:*

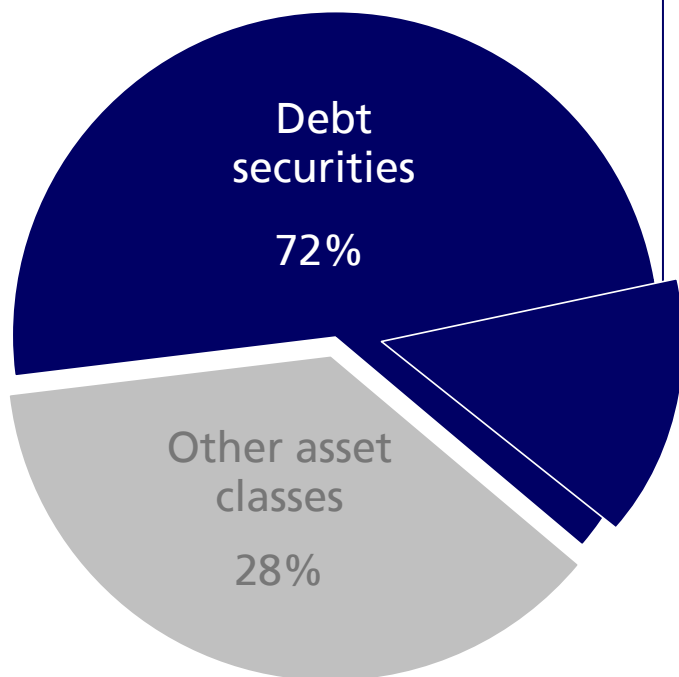
- 30% in General Insurance
- 66% in Global Life

# Group Investments – Split of total MBS/ABS of USD 25bn (12%)



Group Investments - USD 205bn (100%)  
As of June 30, 2011

MBS/ABS: USD 25bn (12%)  
Market/Cost: 103%



<i>includes:</i>	<ul style="list-style-type: none"> <li>▪ 97% inv. grade</li> <li>▪ 83% AAA</li> </ul>
	<p><i>US MBS: USD 15.3bn (7.4%)</i> Market/Cost: 105%</p> <ul style="list-style-type: none"> <li>▪ 97% inv. grade; 89% AAA</li> </ul>
	<p><i>US ABS<sup>1</sup>: USD 4.1bn (2.0%)</i> Market/Cost: 102%</p> <ul style="list-style-type: none"> <li>▪ 99% inv. grade, 92% AAA</li> <li>▪ e.g. Automobile and Credit Card ABS</li> </ul>
	<p><i>UK MBS/ABS: USD 1.9bn (0.9%)</i> Market/Cost: 95%</p> <ul style="list-style-type: none"> <li>▪ 97% inv. grade; 30% AAA</li> <li>▪ Commercial MBS of USD 0.7bn (0% AAA)</li> <li>▪ "Whole Loan" Residential MBS USD 1.0bn (45% AAA)</li> </ul>
	<p><i>German ABS: USD 0.4bn (0.2%)</i> Market/Cost: 107%</p> <ul style="list-style-type: none"> <li>▪ 100% inv. grade; 62% AAA</li> <li>▪ mostly German MBS ("Pfandbriefe")</li> </ul>
	<p><i>Swiss MBS: USD 1.2bn (0.6%)</i> Market/Cost: 104%</p> <ul style="list-style-type: none"> <li>▪ 100% AAA</li> <li>▪ 100% Swiss MBS ("Pfandbriefe")</li> </ul>

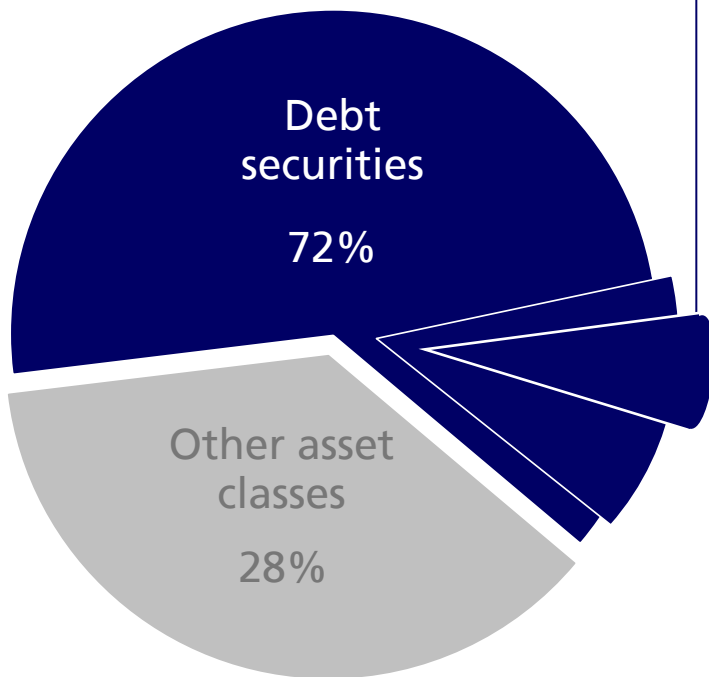
<sup>1</sup> US ABS in addition to the US MBS mentioned above

# Group Investments – Split of US MBS of USD 15.3bn (7.4%)



Group Investments - USD 205bn (100%)  
As of June 30, 2011

US-MBS: USD 15.3bn (7.4%)  
Market/Cost: 105%

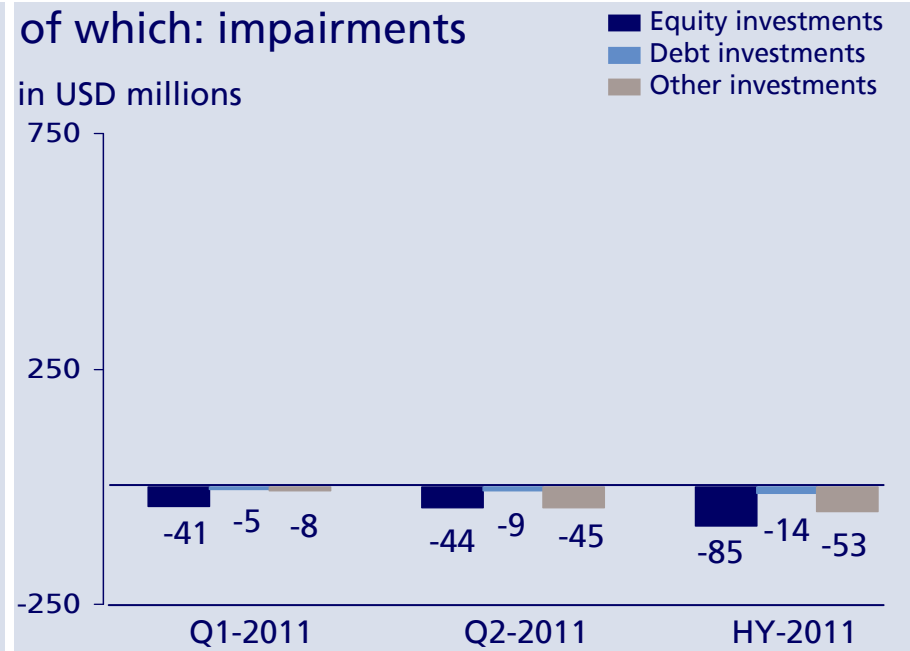
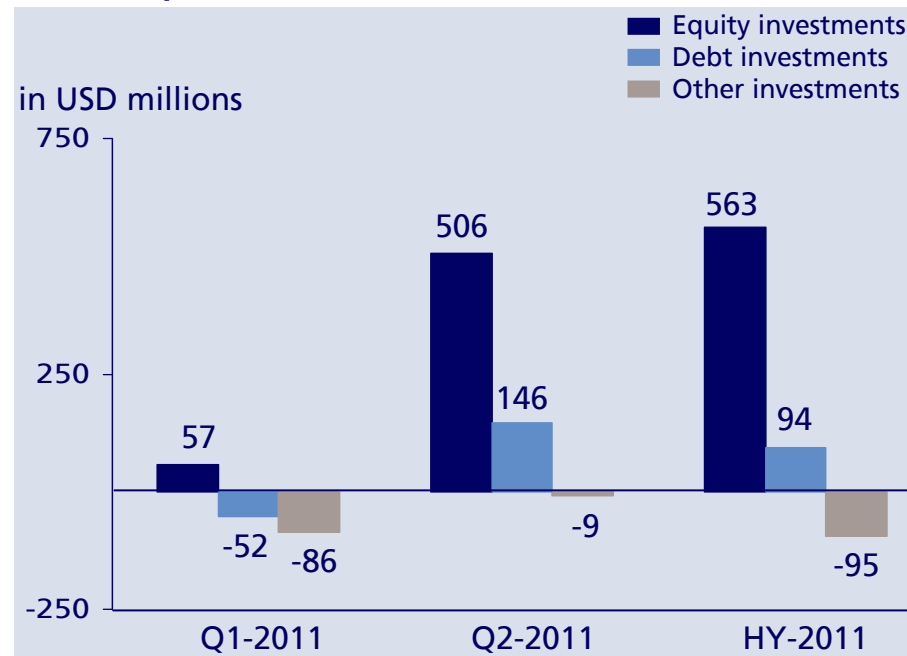


<i>of which:</i>	<p>US "Agency" MBS: USD 9.8bn (4.8%) Market/Cost: 104%</p> <ul style="list-style-type: none"> <li>▪ 97% inv. grade</li> <li>▪ 89% AAA</li> </ul>
	<ul style="list-style-type: none"> <li>▪ 100% AAA</li> <li>▪ USD 3.0bn backed by GNMA</li> <li>▪ USD 6.6bn backed by FNMA and FHLMC</li> </ul> <p>US Commercial MBS: USD 4.7bn (2.3%) Market/Cost: 105%</p>
	<ul style="list-style-type: none"> <li>▪ 97% inv. grade</li> <li>▪ 76% AAA</li> </ul> <p>US "Whole Loan" Residential MBS: USD 0.8bn (0.4%) Market/Cost: 102%</p> <ul style="list-style-type: none"> <li>▪ 48% inv. grade</li> <li>▪ 32% AAA</li> </ul>

# Group Investments – capital losses in P&L



Net capital losses/gains on investments and impairments (in P&L)



	Q1-2011	Q2-2011	HY-2011
<b>Total</b>	<b>-81</b>	<b>643</b>	<b>561</b>
<i>of which in:</i>			
- GI	<i>nm</i>	65%	78%
- Global			
Life	<i>nm</i>	12%	19%
<i>of which:</i>			
- attributable to shareholders	-54	527	473

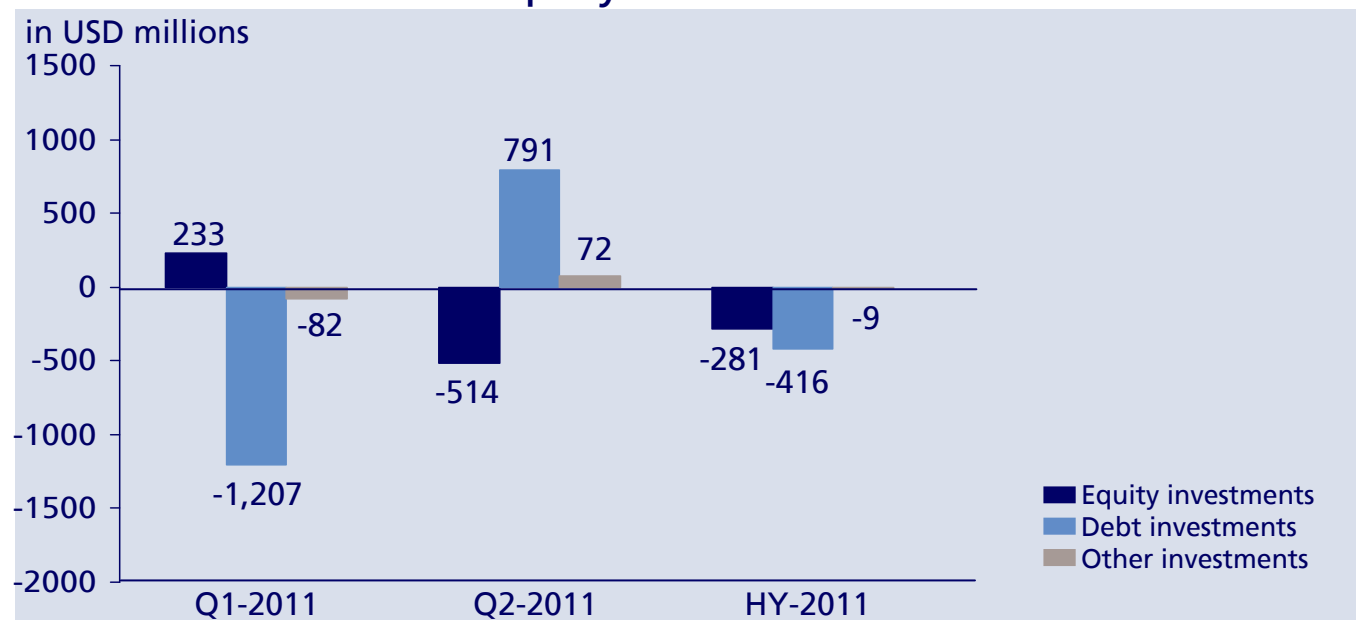
	Q1-2011	Q2-2011	HY-2011
<b>Total</b>	<b>-54</b>	<b>-97</b>	<b>-152</b>
<i>of which in:</i>			
- GI	82%	21%	43%
- Global			
Life	5%	16%	12%



# Group Investments – unrealized gains / losses



Change in net unrealized gains / losses on investments  
incl. in shareholders' equity<sup>1</sup>



<b>Total<sup>1</sup></b>	<b>-1,055</b>	<b>350</b>	<b>-706</b>
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of which in:

- GI	nm	33%	nm
- Global Life	84%	66%	92%

of which:

- attributable to shareholders <sup>2</sup>	-319	38	-281
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<sup>1</sup> Before attribution to policyholders and other

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