



ZURICH®

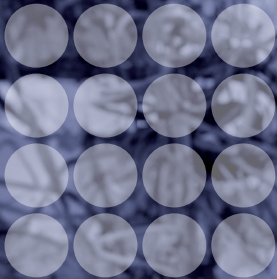
Zurich Insurance Group

LETTER TO SHAREHOLDERS 2012

Results for the six months to June 30, 2012

Tomorrow is insured

Helping our customers
understand and protect
themselves from risk



Dear Shareholder,



Dr. Josef Ackermann

Martin Senn

We are pleased to present strong financial results for the first half of 2012, achieved in a challenging environment. Business operating profit over the first half of the year was USD 2.5 billion, a 17 percent increase compared with the same period in 2011. Net income attributable to shareholders was USD 2.2 billion during the first half of the year, up 13 percent. Business operating profit after tax return on common shareholders' equity during the same period was 12.1 percent, up from 10.6 percent in the first half of 2011.

This growth in profit was the outcome of our disciplined approach to underwriting and continued focus on the insurance products that enable us to maintain a resilient performance in mature markets. Business volumes continued to improve in our target growth markets, including Latin America, the Middle East and Asia-Pacific.

General Insurance: Growth in International Markets and North America

General Insurance business operating profit increased by USD 515 million to USD 1.6 billion in the first six months of 2012, a 46 percent increase in U.S. dollar terms or 49 percent in local currency terms. The strong result reflected a disciplined approach to underwriting and expense management. In addition, General Insurance benefited from the less severe catastrophe and weather related losses compared with the same period in 2011.

Gross written premiums and policy fees in General Insurance increased by USD 278 million to USD 19.2 billion, a 1 percent increase in U.S. dollar

terms or 5 percent on a local currency basis. Overall premium growth was strong, particularly in International Markets, including Malaysia and Latin America, as well as in North America, although European premium volumes continued to decline as a result of low levels of economic activity and targeted re-underwriting actions in some portfolios. The business achieved average rate increases of 3.5 percent while improving customer retention and increasing new business revenues.

Global Life: Continued progress against strategic objectives

Global Life business operating profit decreased by USD 77 million to USD 651 million, 11 percent lower in U.S. dollar terms or 7 percent on a local currency basis. Improvements in the expense, risk and other profit margins were more than offset by the impact of lower deferrals of acquisition expense and the prevailing low interest rate environment.

Gross written premiums, policy fees and insurance deposits in Global Life increased by USD 1.5 billion to USD 14.7 billion, an 11 percent increase in U.S. dollar terms or 18 percent on a local currency basis. Global Life recorded strong organic growth in Latin America as well as in North America and the UK. The business continued to make progress against its strategic objectives of geographical diversification outside Europe, a shift from traditional savings products toward protection and unit-linked business, and leveraging its global strength in Corporate Life & Pensions.



Discipline and strategic focus enabled us to deliver strong financial results for the first half of the year

Farmers Management Services increases business operating profit

Farmers business operating profit decreased by USD 128 million to USD 601 million, or by 18 percent, due to a loss recorded by Farmers Re. Farmers Management Services business operating profit increased by USD 38 million to USD 711 million, or by 6 percent, as a result of an increase in gross earned premiums in the Farmers Exchanges, which are managed but not owned by Farmers Group, Inc., a wholly owned subsidiary of the Group.

Gross written premiums and policy fees in Farmers Re registered a 49 percent increase to USD 2.2 billion, due to an increase from 12 percent to 20 percent in the All Lines quota share reinsurance agreement with the Farmers Exchanges and growth of 4 percent in gross written premiums in the Farmers Exchanges. The loss of USD 110 million in Farmers Re mainly resulted from the second consecutive year of major weather-related losses, without the favorable prior year development that benefited Farmers Re in the first half of 2011.

Resilience and commitment in challenging times

Zurich is a resilient, well-capitalized business with an effective strategy. Against a weakening global economic backdrop, we recorded a strong performance for the first half of 2012. We have a strong capital position, with shareholders' equity increasing to USD 32.4 billion in the first half of 2012.

Zurich's financial results are a tribute to the commitment, expertise and customer service provided by our 60,000 people worldwide. We thank them for their hard work. We would also like to thank our customers, whose trust is the foundation of our success. Zurich will be there for them, delivering what matters when it matters. Finally, we would like to thank you, our shareholders, for your continuing commitment and support, which is particularly important to us in these challenging times.

A handwritten signature in blue ink, appearing to read 'J. Ackermann'.

Dr. Josef Ackermann
Chairman of the Board of Directors

A handwritten signature in blue ink, appearing to read 'Martin Senn'.

Martin Senn
Chief Executive Officer

Shareholder information

Financial highlights (unaudited)

in USD millions, for the six months ended June 30, unless otherwise stated	2012	2011	Change ¹
Business operating profit	2,506	2,141	17%
Net income attributable to shareholders	2,218	1,971	13%
General Insurance gross written premiums and policy fees	19,153	18,876	1%
Global Life gross written premiums, policy fees and insurance deposits	14,718	13,267	11%
Farmers Management Services management fees and other related revenues	1,420	1,375	3%
Farmers Re gross written premiums and policy fees	2,211	1,481	49%
General Insurance business operating profit	1,630	1,115	46%
General Insurance combined ratio	94.9%	99.3%	4.4 pts
Global Life business operating profit	651	728	(11%)
Global Life new business annual premium equivalent (APE)	1,793²	1,899	(6%)
Global Life new business margin, after tax (as % of APE)	23.6%²	26.9%	(3.3 pts)
Global Life new business value, after tax	424²	511	(17%)
Farmers business operating profit	601	729	(18%)
Farmers Management Services gross management result	688	651	6%
Farmers Management Services managed gross earned premium margin	7.4%	7.2%	0.2 pts
Average Group investments	196,592	200,636	(2%)
Net investment result on Group investments	4,096	4,216	(3%)
Net investment return on Group investments ³	2.1%	2.1%	-
Total return on Group investments ³	3.2%	1.7%	1.4 pts
Shareholders' equity ⁴	32,421	31,636	2%
Swiss Solvency Test capitalization ratio ⁵	185%	225%	(40 pts)
Diluted earnings per share (in CHF)	13.99	12.11	16%
Book value per share (in CHF) ⁴	209.50	203.15	3%
Return on common shareholders' equity (ROE)	13.8%	12.6%	1.3 pts
Business operating profit (after tax) return on common shareholders' equity (BOPAT ROE)	12.1%	10.6%	1.5 pts

¹ Parentheses around numbers represent an adverse variance.

² Includes no contribution from the Santander acquired insurance businesses and the acquisition of Malaysian Assurance Alliance Berhad (MAA), now known as Zurich Insurance Malaysia Berhad.

³ Not annualized and calculated on average Group investments.

⁴ As of June 30, 2012 and December 31, 2011, respectively.

⁵ As filed with the Group's regulator, the Swiss Financial Market Supervisory Authority (FINMA), for the periods ended December 31, 2011 and June 30, 2011, respectively, based on the results for the Group on a consolidated basis, subject to FINMA's review and approval of the Group's internal model.

The table above presents the summarized consolidated results of the Group for the six months ended June 30, 2012 and 2011 and the financial position as of June 30, 2012 and December 31, 2011, respectively. Interim results are not necessarily indicative of full year results. All amounts are shown in USD millions and 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 amount rather than the rounded amount. This document should be read in conjunction with the Annual Report 2011 for the Zurich Financial Services Group (now Zurich Insurance Group) available on www.zurich.com and with its unaudited Consolidated financial statements for the six months ended June 30 2012.

Contact

For more information please visit:
www.zurich.com/investors/shareholderinformation

Registered Office

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Financial Calendar

Results Reporting for the Nine Months to
September 30, 2012
November 15, 2012

Investors' Day
November 29, 2012

Annual Results Reporting 2012
February 14, 2013

Annual General Meeting 2013
April 4, 2013

Results Reporting for the Three Months to
March 31, 2013
May 16, 2013

Half Year Results Reporting 2013
August 15, 2013

Results Reporting for the Nine Months to
September 30, 2013
November 14, 2013

Disclaimer & Cautionary Statement

Certain statements in this document are forward-looking statements, including, but not limited to, statements that are predictions or of indicate future events, trends, plans or objectives of Zurich Insurance Group Ltd or the Zurich Insurance Group (the Group). Forward-looking statements include statements regarding the Group's targeted profit, return on equity targets, expenses, pricing conditions, dividend policy and underwriting and claims results, as well as statements regarding the Group's understanding of general economic, financial and insurance market conditions and expected developments. Unlike 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 Insurance Group 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 a global economic 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 Insurance Group Ltd and its Group and on whether the targets will be achieved. Zurich Insurance Group 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.

Farmers is a trade name and may refer to Farmers Group, Inc. or the Farmers Exchanges, as the case may be. Farmers Group, Inc., a management and holding company, along with its subsidiaries, is wholly owned by Zurich Insurance Group. The Farmers Exchanges are three reciprocal insurers, Farmers Insurance Exchange, Fire Insurance Exchange and Truck Insurance Exchange, including their subsidiaries and affiliates, owned by their policyholders, and managed by Farmers Group, Inc. and its subsidiaries.

It should be noted that past performance is not a guide to future performance. Please note that interim results are not necessarily indicative of full year results.

Persons requiring advice should consult an independent advisor.

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.

The Letter to Shareholders is published in English, German and French. In the event of inconsistencies in the German and French translations, the English original version shall prevail.