News Release

May 5, 2011

Zurich advances its strategic positioning in a quarter impacted by significant loss events

- Zurich reports solid underlying business performance, with BOP and NIAT[1] for the quarter impacted by natural catastrophes
- Continued focus on pricing discipline and portfolio management
- Further expansion of Zurich's presence in fast-growing emerging markets
- Extension of distribution agreement with Deutsche Bank reaffirms Zurich's successful track record in bank distribution
- Balance sheet position and solvency remain at strong levels, with Swiss Solvency Test capitalization ratio of 223%[2] as filed with the regulator for the year ended December 31, 2010

Select financial highlights[3] for the Group as of March 31, 2011 (unaudited)

in USD millions, for the three months ended March 31, unless otherwise stated	2011	2010	Change in USD
Business operating profit	849	1,259	(33%)
Net income after tax attributable to shareholders	637	935	(32%)
Total Group business volumes[4]	17,869	18,952	(6%)
Group investments return (as % of average invested assets)	0.9%	1.0%	(0.2 pts)
Total return on Group investments (as % of average invested assets)	0.3%	2.1%	(1.8 pts)
Shareholders' equity[5]	30,133	31,984	(6%)
Diluted earnings per share (in CHF)	4.07	6.77	(40%)
Book value per share (in CHF)	187.25	202.69	(8%)
Return on common shareholders' equity (ROE)[6]	8.3 %	13.2%	(5.0 pts)
Business operating profit (after tax) return on common shareholders' equity (BOPAT ROE)[6]	8.4%	13.5%	(5.0 pts)

Zurich, May 5, 2011 – Zurich Financial Services Group (Zurich) today reported a business operating profit (BOP) of USD 849 million and net income after tax[1] (NIAT) of USD 637 million for the three months ended March 31, 2011.

"In a quarter marked by natural catastrophes, Zurich again delivered a solid underlying operating performance," said Chief Executive Officer Martin Senn.

Results were impacted by the significant catastrophe events in the Asia-Pacific region during the first three months of the year. Aggregate losses of USD 517 million were recorded for the five natural disasters in Australia, New Zealand and Japan.

The slow economic recovery in the U.S. and much of Europe also impacted results.

The Group remains focused on its strategy to maintain margins and pricing discipline.

Zurich continued to make significant strategic progress during the quarter, strengthening its emerging markets presence and bank distribution agreements.

"Our alliance in Latin America with Banco Santander, which we announced in February, will enable us to access millions of new customers in Brazil, Mexico, Chile, Argentina and Uruguay," Mr Senn said.

Zurich also announced today the signing of a Memorandum of Understanding with Deutsche Bank to extend an existing exclusive distribution agreement for life and general insurance products in Germany for a further 10 years until December 31, 2022. Zurich and Deutsche Bank intend to complete definitive agreements during 2011.

"This extension of our existing distribution agreement with Deutsche Bank reaffirms Zurich's position as a leading bank distribution partner," Mr Senn said.

Zurich's capital position and solvency remain strong, and the capitalization ratio under the new Swiss Solvency Test (SST), as filed with the regulator for the year ended December 31, 2010, was 223%[2]. In March 2011, Moody's Investor Service announced upgrades of Zurich Insurance Company Ltd's insurance financial strength rating from A1 to Aa3.

Segment performance

General Insurance:

in USD millions, for the three months ended March 31, unless otherwise stated	2011	2010	Change in USD	Change in LC
General Insurance gross written premiums and policy fees	10,101	10,010	1%	(2%)
General Insurance business operating profit	276	621	(56%)	(54%)
General Insurance combined ratio (in %)	103.6%	99.0%	(4.6 pts)	

Business operating profit from General Insurance was USD 276 million, a decline of 56%. The decrease compared with prior year was mainly due to the unusual frequency and severity of loss events during the first three months of the year, while the underlying loss ratio improved based on the continued focus on disciplined underwriting and profit margins. Aggregate losses of USD 517 million were recorded for the five natural disasters in Asia-Pacific, namely the earthquakes in Japan and New Zealand, as well as the Victoria storms, cyclone Yasi and the Brisbane floods in Australia. In addition, higher levels of large losses in the Global Corporate business also contributed to the deterioration in the combined ratio. Volumes were impacted by the competitive market environment and the Segment's focus on profitable business through risk selection and segmentation strategies. Driving selective growth were the Global Corporate business, Latin America and Asia-Pacific. Despite the slow economic recovery in the U.S. and some European countries, average rate increases of 3 percentage points were achieved in the first three months of the year. The rate increases reflected a continuing strong focus on protecting profit margins through targeted underwriting actions.

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Global Life:

in USD millions, for the three months ended March 31, unless otherwise stated	2011	2010	Change in USD	Change in LC
Global Life gross written premiums, policy fees and insurance deposits	6,379	6,744	(5%)	(7%)
Global Life business operating profit	362	351	3%	0%
Global Life new business annual premium equivalent (APE)	849	833	2%	0%
Global Life new business margin, after tax (as % of APE)	27.1%	22.7%	4.4 pts	
Global Life new business value, after tax	230	189	22%	17%

New business value[7], after tax, reached USD 230 million, up 17% in local currency terms. The reported figure reflects the impact of a methodology refinement for the calculation of new business value for Corporate Risk business, which is more reflective of the underlying economics. Excluding this refinement both new business value and new business margin, after tax, were still at similar levels to the strong prior year comparatives, despite significant volume pressures in Ireland and Spain. New business volumes (in terms of annual premium equivalent or APE) increased by 2% but were flat in local currency reflecting offsetting developments across pillars and regions. Main drivers of growth were the continued diversification of the Segment's geographic presence into higher-growth markets such as Latin America, Asia-Pacific and Middle East. In Europe, growth benefited from the continuing momentum generated by the Corporate Life & Pensions pillar, particularly in the UK and Switzerland, and contributions from the Private Banking Client Solutions pillar. This was offset by challenging market conditions in Ireland and reductions in Bank Distribution in Spain arising from the deconsolidation of Caixa Sabadell and the continued focus on profitability of new business, with a shift from higher-volume but lower-margin savings business towards higher-margin protection business. While these pressures also contributed to lowering net policyholder inflows[8] in the quarter, they remained positive at USD 285 million. Business operating profit was USD 362 million, an increase of 3% and unchanged in local currency. Fee income from business in force continued to grow, offset by expenses incurred in business expansion activities and operational transformation projects.

Farmers:

in USD millions, for the three months ended March 31, unless otherwise stated	2011	2010	Change in USD	Change in LC
Farmers Management Services management fees and other related revenues	682	703	(3%)	(3%)
Farmers Re gross written premiums and policy fees	707	1,495	(53%)	(53%)
Farmers business operating profit	380	462	(18%)	
Farmers Management Services gross management result	316	342	(8%)	
Farmers Management Services managed gross earned premium margin	7.1%	7.4%	(0.3 pts)	

Management fees and other related revenues from Farmers Management Services (FMS) decreased by 3% to USD 682 million reflecting an underlying decrease of 3% in gross earned premiums of the Farmers Exchanges (Exchanges), which are managed but not owned by Farmers Group, Inc., a wholly-owned subsidiary of Zurich. Despite continuing premium growth from 21st Century's direct channel, the Exchanges recorded overall lower volumes compared with prior year as a result of the planned run-off of the 21st Century agency auto book of business. The gross management result of FMS decreased by 8% primarily driven by one-off costs for IT investments to improve operational efficiency, with business operating profit declining to USD 329 million and a lower gross earned premium margin of 7.1%. Gross written premiums at Farmers Re decreased compared with prior year reflecting the reduction to 12% from 35% of the participation level of the quota share reinsurance treaty. Farmers Re's business operating profit decreased to USD 51 million mainly as a result of the change in the participation level, slightly higher loss trends in the Exchanges and lower investment income. As a result, the overall Farmers segment reported a reduced business operating profit of USD 380 million.

Other Operating Businesses: Other Operating Businesses, predominantly consisting of the Group's Headquarter expenses and external financing activities, reported a decrease in business operating loss of USD 25 million to USD 174 million primarily as a result of an improvement in net financing costs and favorable movements in foreign currencies.

Non-Core Businesses: The Non-Core Businesses segment, including the Group's run-off insurance businesses and banking activities, reported a business operating profit of USD 6 million compared with USD 24 million in 2010.

Group investments:

in USD millions, for the three months ended March 31, unless otherwise stated	2011	2010	Change in USD	Change in LC
Group investments average invested assets	198,739	194,053	2%	
Group investments result, net	1,699	1,970	(14%)	
Group investments return (as % of average invested assets)	0.9%	1.0%	(0.2 pts)	
Total return on Group investments (as percent of average invested assets)	0.3%	2.1%	(1.8 pts)	

Total return on Group investments, including investment income, realized gains and losses, impairments as well as changes in unrealized gains and losses reported in shareholders' equity, was 0.3% (not annualized). The net investment result for Group investments, which includes investment income, realized gains and losses, and impairments, contributed USD 1.7 billion to the Group's net income, a return of 0.9% on invested assets. Net capital losses on investments and impairments amounted to USD 81 million and included negative asset revaluations, impairments, and active gain realizations in equities. Net unrealized gains reported in shareholders' equity as of March 31, 2011 decreased by USD 1.1 billion due to debt securities as yields on government bonds and corporate credit rose.

[1] Attributable to shareholders.
[2] Result for the Group on a consolidated basis, subject to the regulator's review and approval of the internal model.
[3] All comparisons throughout this news release refer to the first three months of 2010 unless stated otherwise.
[4] Total Group business volumes comprises gross written premiums, policy fees, insurance deposits and management fees generated within Zurich's three core business segments, General Insurance, Global Life and Farmers.
[5] Prior year comparative as of December 31, 2010.
[6] Return on equity calculated on common shareholders' equity. See the Financial Supplement and the Operational and Financial Review on the Investor Relations' page of our Web site www.zurich.com for further information on shareholders' and common shareholders' equity.
[7] Calculated on the Market Consistent Embedded Value basis.
[8] Net policy holder flows are defined as the sum of gross written premiums and policy fees and deposits, less policyholder benefits.

Financial Highlights (unaudited)

The following table presents the summarized consolidated results of the Group for the three months ended March 31, 2011 and 2010 and the financial position as of March 31, 2011 and December 31, 2010, 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 2010 for the Zurich Financial Services Group available on www.zurich.com and with its unaudited Consolidated Financial Statements as of March 31, 2011.

In addition to the figures stated according to the International Financial Reporting Standards (IFRS), Zurich Financial Services Group uses business operating profit (BOP) measures and other performance indicators to enhance the understanding of its results. These additional measures should be viewed as complementary to, and not a substitute for, the figures determined according to the IFRS. For a reconciliation of BOP to net income after income taxes see note 13 of the unaudited Consolidated Financial Statements.

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Shareholders' equity [4]	30,133	31,984	(6%)
Swiss Solvency Test capitalization ratio	-	223%[3]	n/a
Diluted earnings per share (in CHF)	4.07	6.77	(40%)
Book value per share (in CHF)	187.25	202.69	(8%)
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[1] Parentheses around numbers represent an adverse variance.
[2] Excluding average cash received as collateral for securities lending of USD 327 million in the three months ended March 31, 2010.
[3] As filed with the regulator for the year ended December 31, 2010, results for the Group on a consolidated basis, subject to the regulator's review and approval of the internal model.
[4] As of March 31, 2011 and December 31, 2010, respectively.
[5] In 2011, new business figures have been determined including a 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 as introduced in 2011 contributing USD 41 million to new business value, after tax in the first three months of 2011.

Note to editors

A pre-recorded video presentation to accompany the analysts and investors slide presentation will be available from 6:45 a.m. CEDT on our website www.zurich.com.

In addition, there will be a conference Q&A session for analysts and investors with the CFO, Dieter Wemmer, starting at 1:00 p.m. CEDT. Media may listen in. Please dial-in to register approximately 3 to 5 minutes prior to the start of the Q&A session.

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Supplemental financial information is available on our Web site www.zurich.com. Please click on the «Q1 results reporting, May 5, 2011» link on the bottom left corner of our homepage.

Multimedia material is available on www.zurich.com/multimedia. If you are a first-time user of this portal, please take a moment to register. In case you have any questions, please e-mail: journalisthelp@thenewsmarket.com.

Zurich Financial Services Group (Zurich) is a leading multi-line insurance provider with a global network of subsidiaries and offices in Europe, North America, Latin America, Asia-Pacific and the Middle East as well as other markets. It offers a wide range of general insurance and life insurance products and services for individuals, small businesses, mid-sized and large companies as well as multinational corporations. Zurich employs about 60,000 people serving customers in more than 170 countries. Founded in 1872, the Group is headquartered in Zurich, Switzerland. Zurich Financial Services Ltd (ZURN) is listed on the SIX Swiss Exchange and has a level I American Depositary Receipt program (ZFSVY), which is traded over-the-counter on OTCQX. Further information about Zurich is available at www.zurich.com.

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