News Release

February 16, 2012

ZURICH®

Zurich performs well in 2011 and proposes dividend of CHF 17

- **NIAT[1] of USD 3.8 billion, an increase of 10% compared with 2010. Return on equity of 11.9%, up 0.6 pts**
- **BOP of USD 4.3 billion, a decrease of 12% compared with 2010. BOPAT ROE of 10.2%, down 2.6 pts**
- **Strong capital base and solvency position**
- **Selective growth in mature markets with expanding presence in high-growth markets**
- **Continued underwriting discipline demonstrated in results**
- **Resilient performance in 2011 and well positioned to continue to deliver in challenging environment**

Select financial highlights – full year (12M) and fourth quarter (Q4) 2011

(For a more comprehensive set of financial highlights covering the full year ended December 31, see page 8)

in USD millions, for the three and twelve months ended December 31, unless otherwise stated	12M 2011	12M 2010	Change in USD	Q4 2011	Q4 2010	Change in USD
Business operating profit	4,261	4,870	(12%)	1,004	1,333	(25%)
Net income after tax attributable to shareholders	3,766	3,428	10%	557	1,029	(46%)
Total Group business volumes[2]	68,579	67,713	1%	17,851	17,474	2%
Net investment return on Group investments calculated on average Group investments)	4.8%	4.1%	0.7 pts	0.9%	0.9%	-
Total return on Group investments (calculated on average Group investments)	5.4%	5.4%	-	0.9%	(0.8%)	1.7 pts
Shareholders' equity	31,636	31,905	(1%)	-	-	-
Diluted earnings per share (in CHF)	22.62	24.33	(7%)	3.34	7.30	(54%)
Book value per share (in CHF)	203.15	202.18	-	-	-	-
Return on common shareholders' equity (ROE)[3]	11.9%	11.4%	0.6 pts	1.8%	3.3%	(1.5 pts)
Business operating profit (after tax) return on common shareholders' equity (BOPAT ROE)[3]	10.2%	12.9%	(2.6 pts)	2.1%	3.7%	(1.6 pts)

Zurich Financial Services Group (Zurich) today reported a business operating profit (BOP) of USD 4.3 billion and net income after tax[1] (NIAT) of USD 3.8 billion for the year ended December 31, 2011.

"We delivered a good result in a year characterized by natural catastrophes, including devastating earthquakes in Japan and New Zealand as well as exceptional weather-related losses around the globe. This trend continued during the fourth quarter with flooding in Thailand and aftershocks in New Zealand. In challenging economic and market conditions, we maintained our focus on underwriting discipline while continuing to selectively grow the business," said Chief Executive Officer Martin Senn.

The Board of Directors will propose to the shareholders an unchanged dividend of CHF 17 per share. As in the prior year, the dividend payment is planned from the capital contribution reserve and will be exempt from Swiss withholding tax. The final benefit to shareholders will depend on their individually applicable tax situations.

"This attractive dividend proposal, especially in the light of the current environment, reflects our strong cash flow and capital base as well as our confidence in the success of our business strategy," Mr. Senn said.

"I am also pleased with the performance of our Group investments, which delivered an excellent total return of 5.4% in times of high volatility and historically low interest rates."

"We continued to develop our business in emerging markets where the outlook for economic growth remains positive. We closed significant acquisitions in Latin America and Malaysia enhancing Zurich's footprint in our target high-growth markets," Mr. Senn said.

"And as announced yesterday, in recognition of the fact that Zurich's strategic focus has been on insurance for several years, our Board of Directors has proposed changing the name of Zurich Financial Services Ltd to Zurich Insurance Group Ltd at our Annual General Meeting on March 29."

Robust underwriting discipline combined with a sustained focus on profitability produced strong improvements in the underlying loss ratio of the General Insurance business partly offsetting the effects of the exceptional frequency and overall severity of catastrophe and weather-related loss events. In the Global Life business, increased fee income supported investments to enhance global capabilities and mitigated the impact of the low interest rate environment. Profit increased at Farmers Management Services driven by reduced 21st Century integration expenses and these savings helped compensate for lower revenues from the planned run-off of the 21st Century agency auto book in the Farmers Exchanges, which are managed but not owned by Farmers Group Inc., a wholly owned subsidiary of Zurich. High weather-related losses and a lower average level in the All Lines Quota Share reinsurance contributed to a decline in profit at Farmers Re.

The Group's capital position remains strong with shareholders' equity of USD 31.6 billion, despite the volatile financial markets, currency fluctuations and financial market impacts on pension liabilities. This is broadly the same level as of December 31, 2010, after recording the total cost of USD 2.7 billion for dividends in 2011.

As part of the establishment of the 51%-participation in the Latin American insurance operations of Banco Santander, S.A., the Group has appointed senior management and completed acquisitions in Argentina, Brazil, Chile, Mexico and Uruguay in October and November 2011. In Malaysia, the Group closed the acquisition of the composite insurer, Malaysian Assurance Alliance Berhad (MAA), in September 2011.

Segment performance (in the year ended December 31)[4]

General Insurance:

in USD millions, for the years ended December 31, unless otherwise stated	2011	2010	Change in USD	Change in LC
General Insurance gross written premiums and policy fees	34,572	33,066	5%	-
General Insurance business operating profit	2,265	2,667	(15%)	(19%)
General Insurance combined ratio (in %)	98.8	97.9	(0.9 pts)	

Business operating profit from General Insurance decreased by USD 403 million to USD 2.3 billion, or by 15% in U.S. dollar terms and 19% on a local currency basis.

The sustained focus on profitability has continued to produce strong improvements in the underlying loss ratio, but these improvements were more than offset by the exceptional frequency and overall severity of catastrophe and significant weather-related loss events. Major catastrophe losses of net USD 1.0 billion after the Group's regional catastrophe reinsurance protection, but before the Group's worldwide aggregate catastrophe treaty, arose from floods and earthquakes in the Asia-Pacific region and hurricanes in the U.S. in 2011, compared with major catastrophe losses of USD 275 million in 2010 due to the earthquake in Chile and floods in Australia.

Gross written premiums and policy fees increased by USD 1.5 billion to USD 34.6 billion or by 5% in U.S. dollar terms, but remained flat on a local currency basis. As a result of the strategy to maintain margins, average rates increased by over 3%, an improvement of 1 percentage point compared with 2010. Despite these rate increases, customer retention levels improved slightly compared with 2010. Premiums increased 10% on a local currency basis in International Markets, driven by growth of 21% in Latin America as well as rate increases and growth of 5% in Asia-Pacific. In the North American market, rates have improved, while growth has been generated in targeted customer segments. European volumes continued to decline on a local currency basis, mainly due to underwriting actions implemented to improve profitability, but also due to the depressed levels of economic activity in certain European markets.

Global Life:

in USD millions, for the years ended December 31, unless otherwise stated	2011	2010	Change in USD	Change in LC
Global Life gross written premiums, policy fees and insurance deposits	27,711	27,675	-	(5%)
Global Life business operating profit	1,353	1,474	(8%)	(14%)
Global Life new business annual premium equivalent (APE)	3,992	3,699	8%	3%
Global Life new business margin, after tax (as % of APE)	24.5%	23.3%	1.2 pts	1.0 pts
Global Life new business value, after tax	980	862	14%	7%

New business value after tax reached USD 980 million, an increase of 14% in U.S. dollar terms and 7% on a local currency basis, following a methodology refinement for the calculation of new business value for the corporate protection business, which is more reflective of the underlying economics. Excluding this refinement, new business value after tax was flat in U.S. dollar terms and reduced by 5% in local currency. Volume growth was more than offset by a reduction in new business margin of 1.7 percentage points in local currency. Overall new business margin for the year remains at a strong level of 21.6% excluding the methodology change and 24.5% including the change. New business margin was positively impacted by an increase in the proportion of protection business sold while the impact of lower interest rates in Europe and assumption changes in North America reduced the margins.

Global Life continues to make progress toward its strategic objective of diversifying into the higher growth markets of Latin America and Asia-Pacific and Middle East. The new business annual premium equivalent (APE) and new business value (NBV) generated by growth in these regions largely mitigated challenging market conditions in individual life business in Europe. Growth in NBV in Latin America came from the individual protection and Corporate Life & Pensions business while in Asia Pacific and the Middle East growth was driven by the corporate savings business and the International/Expats pillar. In Europe, NBV grew in Private Banking Client Solutions and Corporate Life & Pensions in the UK. Business volumes in Germany, Ireland and Spain declined due to the challenging market conditions while focus on underwriting discipline was continued.

Global Life business operating profit decreased by USD 121 million to USD 1.4 billion, or by 8% in U.S. dollar terms and 14% on a local currency basis. Increased fee income and higher margins from protection business were more than offset by financial market related impacts and increased costs related to investments in the global operations strategy.

Farmers:

in USD millions, for the years ended December 31, unless otherwise stated	2011	2010	Change in USD	Change in LC
Farmers Management Services management fees and other related revenues	2,767	2,778	-	
Farmers Re gross written premiums and policy fees	3,529	4,194	(16%)	
Farmers business operating profit	1,486	1,686	(12%)	
Farmers Management Services gross management result	1,333	1,338	-	
Farmers Management Services managed gross earned premium margin	7.3%	7.3%	-	

Management fees and other related revenues from Farmers Management Services were flat despite lower revenues due to the run-off of the 21st Century agency auto book of business in the Farmers Exchanges. This effect was partially offset by continued increases in gross earned premiums in the Farmers Exchanges. The premium increases are attributable to 21st Century direct as well as business and specialty insurance. The managed gross earned premium margin at Farmers Management Services remained flat at 7.3% compared with the prior year. Gross written premiums in the Farmers Exchanges increased by USD 166 million to USD 18.3 billion. This was driven by premium growth in nearly all active lines of business, reflecting the accelerating underlying growth momentum during the latter part of 2011. Excluding the run-off of the 21st Century agency auto book, gross written premiums increased by 2% compared with 2010. In Farmers Re, gross written premiums and policy fees decreased by 16% to USD 3.5 billion due to the change in the participation level of the All Lines Quota Share reinsurance agreement, which in combination with a significant increase in weather-related losses resulted in a decreased business operating profit of USD 116 million. Overall, Farmers reported a business operating profit of USD 1.5 billion.

Other Operating Businesses: Other Operating Businesses, predominantly consisting of the Group's headquarter expenses and external financing activities, reported an increased business operating loss of USD 835 million, up USD 34 million from 2010. This was impacted by the effects of a strong Swiss franc and positive one-off items in 2010.

Non-Core Businesses: Non-core businesses reported a business operating loss of USD 8 million compared with a loss of USD 157 million for 2010. They comprise primarily run-off portfolios that are managed with the intention to reduce risk while maximizing profit opportunities. The improvement resulted mainly from lower banking loan loss provisions of USD 128 million compared with USD 349 million in 2010.

Group investments:

in USD millions, for the years ended December 31, unless otherwise stated	2011	2010	Change in USD	Change in LC
Average Group investments	195,141	195,532	-	
Net investment result on Group investments	9,367	7,990	17%	
Net investment return on Group investments (calculated on average Group investments)	4.8%	4.1%	0.7 pts	
Total return on Group investments (calculated on average Group investments)	5.4%	5.4%	-	

The net investment result on Group investments, which includes investment income, realized gains and losses and impairments, contributed USD 9.4 billion to the Group's total revenues for the year ended December 31, 2011, a net return of 4.8%. This is a strong performance given the low interest rate environment and market volatility. Net realized capital gains on investments including impairments amounted to USD 2.2 billion. These included USD 1.1 billion of net capital gains realized from active management, impairments of USD 458 million, as well as USD 1.5 billion of positive asset revaluations, of which USD 880 million are gains from economic hedges. Net unrealized gains reported in shareholders' equity increased by USD 1.1 billion since December 31, 2010, mainly driven by falling interest rates, particularly in the second half of the year. Total return on Group investments, which includes investment income, realized gains and losses and impairments as well as change in unrealized gains and losses reported in shareholders' equity, was 5.4%. The Group continues its disciplined approach and closely monitors its investments in eurozone peripheral government debt to ensure risk is well-balanced and diversified.

[1] Net income after tax attributable to shareholders
[2] Total Group business volumes comprises gross written premiums, policy fees, insurance deposits and management fees generated within General Insurance, Global Life and Farmers.
[3] See the Financial Supplement and the Operating and Financial Review on the Investor Relations' page of our website www.zurich.com for further information on shareholders' and common shareholders' equity.
[4] All further comparisons refer to the year ended December 31, 2010 unless stated otherwise.

Financial Highlights (unaudited)

The following table presents the summarized consolidated results of the Group for the years ended December 31, 2011 and 2010, respectively. 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 and with its audited Consolidated financial statements as of December 31, 2011. Certain comparatives have been restated as set out in note 1 of the Consolidated financial statements.

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 29 of the Consolidated financial statements.

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[1] Parentheses around numbers represent an adverse variance.
[2] Changes to the basis of calculation of embedded value, including new business, are set out in the Embedded value report and in the Global Life section of the Operating and financial review.
[3] Excluding average cash received as collateral for securities lending of USD 246 million in the year ended December 31, 2010.

Note to editors

There will be an **analyst and media conference** at 10.30 hrs. CET at the Zurich Development Center, Keltenstrasse 48, Zurich. Analysts and reporters who cannot participate in person may dial in by telephone. Please note that during the Q&A session no questions will be taken from reporters dialing in.

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The presentation to analysts and media will be **video webcast** on our Web site www.zurich.com live, followed by a webcast playback available after 3 p.m. CET.

The presentation for analysts and media as well as supplemental information including information on the business divisions and the discrete fourth quarter results are available on our Web site www.zurich.com. Please click on the "Annual Results 2011 – February 16, 2012" links on the bottom left corner of our homepage.

Multimedia material is available on www.zurich.com/multimedia. Furthermore, **from 13 hrs. CET, high-resolution electronic photos of the conference will be available**. 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.

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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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