News Release

August 16, 2012

ZURICH®

Zurich delivers strong results through discipline and strategic focus

- **H1 BOP of USD 2.5 billion, up 17% compared with prior year, Q2 BOP of USD 1.1 billion, down 12% compared with prior year**
- **H1 NIAS of USD 2.2 billion, up 13% compared with prior year, Q2 NIAS of USD 1.1 billion, down 19% compared with prior year**
- **H1 combined ratio of 94.9%, down 4.4 pts compared with prior year; Q2 combined ratio of 95.2%, equal to the prior year**
- **H1 BOPAT ROE 12.1%, up from 10.6% at H1 2011 and 10.2% at year-end 2011**
- **Strong profitability with excellent underwriting performance, focus on pricing discipline and portfolio management**
- **Successful top-line growth in target markets with resilient performance in mature markets**
- **Strong capital position driven by risk management discipline**

Select financial highlights – first six months (H1) and second quarter (Q2) of 2012

(For a more comprehensive set of financial highlights covering the six months ended June 30, see page 7)

in USD millions, for the six and three months ended June 30, unless otherwise stated	H1 2012	H1 2011	Change in USD	Q2 2012	Q2 2011	Change in USD
Business operating profit (BOP)	2,506	2,141	17%	1,131	1,287	(12%)
Net income after tax attributable to shareholders (NIAS)[1]	2,218	1,971	13%	1,075	1,331	(19%)
Total Group business volumes[2]	37,502	34,999	7%	17,872	17,129	4%
Net investment return on Group investments (not annualized and calculated on average Group investments)	2.1%	2.1%	-	1.2%	1.2%	(0.1 pts)
Total return on Group investments (not annualized and calculated on average Group investments)	3.2%	1.7%	1.4 pts	1.0%	1.4%	(0.4 pts)
Shareholders' equity[3]	32,421	31,636	2%	32,421	31,636	2%
Diluted earnings per share (in CHF)	13.99	12.11	16%	6.83	8.17	(16%)
Book value per share[3] (in CHF)	209.50	203.15	3%	209.50	203.15	3%
Return on common shareholders' equity (ROE)[4]	13.8%	12.6%	1.3 pts	13.4%	17.5%	(4.1 pts)
Business operating profit (after tax) return on common shareholders' equity (BOPAT ROE)[4]	12.1%	10.6%	1.5 pts	10.9%	13.2%	(2.3 pts)

Zurich, August 16, 2012 – Zurich Insurance Group (Zurich) today reported a business operating profit (BOP) of USD 2.5 billion and net income attributable to shareholders (NIAS) of USD 2.2 billion for the six months ended June 30, 2012.

"Zurich's performance demonstrates our strategy is working. We have again achieved strong levels of profitability, a very good result in the challenging environment," said Chief Executive Officer Martin Senn.

"Profitability is driven by the disciplined approach to underwriting and our continued focus on the insurance products that enable us to maintain a resilient performance in mature markets."

"We are successfully executing our growth strategy, as the increased contribution to business volume from the high-growth regions of Latin America, the Middle East and Asia Pacific shows, and we see promising delivery from selected mature markets. The integration of the business activities from our alliance with Banco Santander in Latin America is delivering results, further supporting the growth strategy of the Group."

The Group remains focused on delivering its targets. The underlying loss ratio for General Insurance continued to improve in the first six months of 2012. The business segment showed a strong BOP, also benefiting from less severe catastrophes compared with the first six months of last year.

Global Life continued to show strong organic growth in Latin America as well as in North America and the UK.

Farmers showed strong profit growth in the management services company, while the second consecutive year of significant weather-related events and the absence of favorable prior year loss development compared with the same period of 2011 led to losses from reinsurance operations.

The non-core businesses recorded improved net income, mainly resulting from profits in run-off life insurance portfolios.

The solid operating profit in the second quarter reflects the improved underlying loss ratio in General Insurance, ongoing strategic focus on expense and risk management in Global Life and the strong profit growth in Farmers Management Services. The business operating profit decrease compared with the second quarter of last year was mainly due to weather events and the lower level of favorable prior year loss development in Farmers Re and General Insurance, as well as the prevailing low interest rate environment.

The Group preserved a strong capital position with shareholders' equity increasing to USD 32.4 billion.

Segment performance
(for the six months ended June 30)

General Insurance:

in USD millions, for the six months ended June 30, unless otherwise stated	2012	2011	Change in USD	Change in LC
General Insurance gross written premiums and policy fees	19,153	18,876	1%	5%
General Insurance business operating profit	1,630	1,115	46%	49%
General Insurance combined ratio (in %)	94.9%	99.3%	4.4 pts	4.3 pts

General Insurance business operating profit increased by USD 515 million to USD 1.6 billion. This strong result reflects the sustained focus on disciplined underwriting and expense management, and is also evident in the combined ratio which improved by 4.4 points to 94.9%. The combined ratio benefited from an improved underlying loss ratio and less severe catastrophes compared with the same period of 2011.

General Insurance gross written premiums and policy fees increased by USD 278 million to USD 19.2 billion, or by 1% in U.S. dollar terms and 5% on a local currency basis. In line with the strategic focus on selective and profitable growth, Zurich achieved average rate increases of 3.5%, while continuing a disciplined approach to underwriting. Overall premium growth is strong, especially in International Markets both organically and through last year's acquisitions in Malaysia and Latin America. The North America market also delivered premium growth, driven by rate increases as well as improved customer retention and new business. In Europe, premium volumes continued to decline in all significant markets due to the economic environment, and as a result of targeted re-underwriting actions in some portfolios, such as personal lines motor.

Global Life:

in USD millions, for the six months ended June 30, unless otherwise stated	2012	2011	Change in USD	Change in LC
Global Life gross written premiums, policy fees and insurance deposits	14,718	13,267	11%	18%
Global Life business operating profit	651	728	(11%)	(7%)
Global Life new business annual premium equivalent (APE)	1,793	1,899	(6%)	
Global Life new business margin, after tax (as % of APE)	23,6%	26,9%	(3.3 pts)	
Global Life new business value, after tax	424	511	(17%)	

Global Life business operating profit decreased by USD 77 million to USD 651 million or by 11% in U.S. dollar terms and 7% on a local currency basis. Improvements from the shift towards unit-linked business, a general increase in the proportion of protection business as well as the addition of the insurance businesses acquired from Banco Santander S.A. (Santander) were more than offset by the lower interest rates affecting the Group's traditional in-force book in addition to lower deferrals of acquisition expenses.

Global Life gross written premiums, policy fees and insurance deposits increased by USD 1.5 billion to USD 14.7 billion or by 11% in U.S. dollar terms and 18% on a local currency basis benefiting from the Santander acquired insurance businesses and partially offset by a reduction in single premium business in Europe.

Global Life continued to make progress in its strategic objectives of increasing geographic diversification outside Europe both organically and through acquisitions, shifting product mix from traditional savings business towards protection and unit-linked business and leveraging its global strength in Corporate Life & Pensions.

Overall new business value (NBV) of USD 424 million decreased by 17% in U.S. dollar terms or 14% on a local currency basis, with the positive impact of growth in North America, the UK, and Latin America offset by the ongoing challenging environment and low interest rates in Europe. Excluding the transitional impact of a methodology refinement for corporate protection renewals, the reduction was 7% on a local currency basis overall, while the protection products in the retail and Corporate Life & Pensions pillar improved 37% and 13% in new business value, respectively. New business annual premium equivalent (APE) declined by USD 106 million or by 6% in U.S. dollar terms and remained flat on a local currency basis. The recent acquisitions in Latin America and Asia Pacific, while not yet included in the new business for the first six months of 2012, will further strengthen the position of Global Life in these high-potential growth regions.

Farmers:

in USD millions, for the six months ended June 30, unless otherwise stated	2012	2011	Change in USD	Change in LC
Farmers Management Services managed fees and other related revenues	1,420	1,375	3%	3%
Farmers Re gross written premiums and policy fees	2,211	1,481	49%	49%
Farmers business operating profit	601	729	(18%)	(18%)
Farmers Management Services gross management result	688	651	6%	6%
Farmers Management Services managed gross earned premium margin	7.4%	7.2%	0.2 pts	0.2 pts

Farmers business operating profit decreased by USD 128 million to USD 601 million or by 18%, due to the loss from Farmers Re. Farmers Management Services business operating profit increased by USD 38 million to USD 711 million or by 6%, driven by the 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. Farmers Re business operating profit deteriorated by USD 165 million to a loss of USD 110 million, mainly reflecting the second consecutive year of significant weather-related losses but without favorable prior year loss development, which benefited Farmers Re in the first six months of 2011.

Farmers Management Services management fees and other related revenues increased by USD 45 million to USD 1.4 billion or by 3% , which was driven by the 3% increase in gross earned premiums in the Farmers Exchanges. The 49% increase to USD 2.2 billion in gross written premiums and policy fees of Farmers Re reflects the increase from 12% to 20% in the All Lines quota share reinsurance agreement with the Farmers Exchanges and the 4% gross written premiums growth in the Farmers Exchanges.

Other Operating Businesses: Other Operating Businesses, predominantly consisting of the headquarters' expenses and external financing activities, reported an increased operating loss of USD 469 million, up USD 72 million from the same period in 2011. This was driven by the absence of favorable impacts from foreign currency movements compared with the first six months of 2011, partly offset by reduced Headquarters operating expenses mainly due to differences in the timing.

Non-Core Businesses: Non-core businesses reported a business operating profit of USD 93 million compared with a business operating loss of USD 34 million in the same period of 2011. This improvement is mainly attributable to profits from other centrally managed and other run-off businesses.

Group investments:

in USD millions, for the six months ended June 30, unless otherwise stated	2012	2011	Change in USD	Change in LC
Average Group investments	196,592	200,636	(2%)	(1%)
Net investment result on Group investments	4,096	4,216	(3%)	1%
Net investment return on Group investments (calculated on average Group investments)	2.1%	2.1%	-	-
Total return on Group investments (calculated on average Group investments)	3.2%	1.7%	1.4 pts	1.6 pts

The net investment result on Group investments, which includes investment income, realized gains and losses, and impairments, contributed USD 4.1 billion to the Group's total revenues for the six months ended June 30, 2012, a net return of 2.1% (not annualized). Net capital gains on investments and impairments amounted to USD 656 million and were mainly driven by gains from active management. Net unrealized gains increased by USD 2.1 billion since December 31, 2011, as bonds increased in value due to tighter credit spreads and continued falling government yields, and equity markets rose. Total return on Group investments was 3.2% (not annualized), 141 basis points higher compared with the same period of 2011.

[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] As of June 30, 2012 and December 31, 2011, respectively
[4] Calculated based on the discrete quarter result and annualized. See the Financial Supplement and the Operating and Financial Review on the Investor Relations' page of our website www.zurich.com.

Financial Highlights (unaudited)

The following table 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) and with its unaudited Consolidated financial statements for the six months ended June 30, 2012. Certain comparatives have been restated as set out in note 1 of the unaudited Consolidated financial statements.
In addition to the figures stated according to the International Financial Reporting Standards (IFRS), Zurich Insurance 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 15 of the unaudited Consolidated financial statements.

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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 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

Note to editors

A pre-recorded video presentation to accompany the analyst and investor slide presentation will be available from 06.45 hrs CEDT on our website www.zurich.com. The video can be accessed through the following link also on the iPhone und iPad: http://www.media-server.com/m/p/m6k95es4

In addition, there will be a conference call Q&A session for analysts and investors with CEO Martin Senn, and CFO Pierre Wauthier, starting at 13.00 hrs CEDT. Media may listen in. Please dial-in to register approximately 3 to 5 minutes prior to the start of the Q&A session. A podcast of the Q&A session will be available from 16.00 hrs CEDT.

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Supplemental financial information is available on our website www.zurich.com. Please click on the Half year results reporting 2012 link on the bottom left corner of our homepage.

For **broadcast-standard and streaming-quality video**, including **comments** from our **CEO Martin Senn**, as well as **high resolution pictures** supporting this news release, please visit www.zurich.com/multimedia. Please note the multimedia pressroom has recently been newly launched and now no longer requires a password for access or downloading of materials

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Zurich Insurance 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. The Group, formerly known as Zurich Financial Services Group, is headquartered in Zurich, Switzerland, where it was founded in 1872. The holding company, Zurich Insurance Group Ltd (ZURN), is listed on the SIX Swiss Exchange and has a level I American Depositary Receipt program which is traded over-the-counter on OTCQX. Further information about Zurich is available at www.zurich.com.

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