News Release

November 15, 2012

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Zurich reports business operating profit of USD 3.2 billion for the first nine months of 2012

- **Nine months BOP of USD 3.2 billion, unchanged compared with prior year and Q3 BOP of USD 733 million, down 34% compared with prior year, after previously announced financial adjustments in Germany General Insurance**
- **Nine months NIAS of USD 2.7 billion, down 16% compared with prior year and Q3 NIAS of USD 477 million, down 62% compared with prior year**
- **Combined ratio of 97.6%, for the first nine months, an improvement of 1.2 pts compared with prior year**
- **BOPAT ROE 10.2% for the first nine months, down from 10.6% at corresponding prior year period**
- **Strong underlying profitability driven by continued pricing discipline and portfolio management**
- **Sustained top-line growth in target markets**
- **Strong capital position well within target AA range**

Select financial highlights – first nine months (9M) and third quarter (Q3) of 2012

(For a more comprehensive set of financial highlights covering the nine months ended September 30, see page 8)

in USD millions, for the three and nine months ended September 30, unless otherwise stated	9M 2012	9M 2011	Change in USD	Q3 2012	Q3 2011	Change in USD
Business operating profit (BOP)	3,242	3,258	-	733	1,117	(34%)
Net income after tax attributable to shareholders (NIAS)[1]	2,701	3,210	(16%)	477	1,239	(62%)
Total Group business volumes[2]	53,965	50,729	6%	16,463	15,731	5%
Net investment return on Group investments (not annualized and calculated on average Group investments)	3.0%	3.9%	(0.8 pts)	1.0%	1.7%	(0.7 pts)
Total return on Group investments (not annualized and calculated on average Group investments)	5.3%	4.4%	0.9 pts	2.2%	2.5%	(0.3 pts)
Shareholders' equity[3]	34,050	31,680	7%	34,050	31,680	7%
Diluted earnings per share (in CHF)	17.23	19.07	(10%)	3.11	7.36	(58%)
Book value per share[3] (in CHF)	217.54	203.43	7%	217.54	203.43	7%
Return on common shareholders' equity (ROE)[4]	11.0%	13.5%	(2.5 pts)	5.7%	15.7%	(10.0 pts)
Business operating profit (after tax) return on common shareholders' equity (BOPAT ROE)[4]	10.2%	10.6%	(0.5 pts)	6.7%	11.1%	(4.4 pts)

Zurich, November 15, 2012 – Zurich Insurance Group (Zurich) today reported a business operating profit (BOP) of USD 3.2 billion and net income attributable to shareholders (NIAS) of USD 2.7 billion for the nine months ended September 30, 2012.

"Our strong overall underlying profitability clearly demonstrates that Zurich's strategy is delivering. While the third quarter was adversely affected by the previously reported adjustment in the German General Insurance business, we continue to see the benefit of our strong focus on pricing discipline and portfolio management," said Chief Executive Officer Martin Senn.

"We are particularly pleased with the robust performance in some mature markets, notably the U.S. where we are celebrating 100 years of doing business, and our continued success in the high potential growth markets in Latin America and Asia."

General Insurance remains focused on delivering its strategic targets through disciplined underwriting and expense management. The underlying loss ratio for General Insurance continued to improve in the first nine months of 2012 to 61.6% and the business segment showed a robust BOP. The improvement in profitability benefited from a lower level of catastrophes and weather-related events compared with the same period of 2011, although these positive developments were partially offset by a reassessment of loss reserves and deferred acquisition costs in Germany.

Global Life continued to show the positive impact of organic growth in selected markets. In an environment of persisting low yield in many significant markets, the segment remains focused on continuing to shift its product mix from traditional savings toward protection and fee-based products and leveraging its global strength in Corporate Life & Pensions and Bank Distribution. Overall gross written premiums, policy fees and insurance deposits increased by 9% compared with the same period of 2011.

Farmers showed an increase in BOP of 5% 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 positive developments from run-off life insurance portfolios.

Zurich's capital position and solvency remain strong, with the capitalization ratio under the Swiss Solvency Test (SST), as filed with regulators as of July 1, 2012, at 178%. Shareholders' equity stands at USD 34 billion, an increase of 7% since December 31, 2011.

Segment performance
(for the nine months ended September 30)

General Insurance:

in USD millions, for the nine months ended September 30	2012	2011	Change in USD	Change in LC
General Insurance gross written premiums and policy fees	27,309	27,047	1%	6%
General Insurance business operating profit	1,812	1,732	5%	6%
General Insurance combined ratio (in %)	97.6%	98.8%	1.2 pts	

General Insurance business operating profit increased by USD 80 million to USD 1.8 billion, or by 5% in U.S. dollar terms and 6% on a local currency basis, with the increase driven by an improved underwriting result. The improvement reflects the sustained focus on disciplined underwriting and expense management, and is evident in the favorable underlying loss experience in the portfolio. Further contributing to the improvement are significantly lower levels of losses related to catastrophe and weather-related events compared with the same period of 2011. Investment income decreased, mainly reflecting continued declines in yields.

As previously announced, as a result of the review of the German General Insurance business, the Group has strengthened its claims provisions, primarily in the long-tail liability lines, which by their nature fluctuate over time, and reassessed a portion of its deferred acquisition costs. These financial adjustments have impacted BOP by USD 550 million in the discrete third quarter. Despite this impact the General Insurance business still achieved a 5% increase in BOP for the nine month period.

The review included an analysis of claims and actuarial reserves as well as of their respective processes and methodologies. Although further analysis is on-going and is expected to be essentially completed by the time the Group reports year-end, Zurich is confident that it has addressed the bulk of the issues, that Germany is an isolated case and there are no similar issues of significance elsewhere in General Insurance.

General Insurance gross written premiums and policy fees increased by USD 262 million to USD 27.3 billion, or by 1% in U.S. dollar terms and 6% on a local currency basis. In line with the strategic focus on selective and profitable growth, Zurich achieved average rate increases of 3.6%, while continuing a disciplined approach to underwriting. Premiums continued to increase in Zurich's North America business, driven by improvements in customer retention and new business while also reflecting upward adjustments to prior year policies. In Europe, premium volumes remained under pressure due to the subdued economic environment in all significant markets as well as profit improvement efforts in selected portfolios such as personal lines motor. International markets continue to show organic growth from existing business as well as contributions from the acquired insurance businesses in Latin America and Malaysia.

Global Life:

in USD millions, for the nine months ended September 30	2012	2011	Change in USD	Change in LC
Global Life gross written premiums, policy fees and insurance deposits	21,140	19,350	9%	17%
Global Life business operating profit	959	1,005	(5%)	1%
Global Life new business annual premium equivalent (APE)	2,973[5]	2,770	7%	12%
Global Life new business margin, after tax (as % of APE)	21.4%[5]	26.3%	(5 pts)	
Global Life new business value, after tax	635[5]	729	(13%)	(8%)

Global Life business operating profit decreased by USD 47 million to USD 959 million or by 5% in U.S. dollar terms, but increased by 1% on a local currency basis. Improvements in the expense, risk and other profit margins were largely offset by a reduction in the net investment margin and a lower net contribution from the impact of acquisition deferrals. The reduction in the investment margin was primarily driven by lower interest rates, particularly in the traditional in-force book in Germany, which continued to be indirectly influenced by the "Zinszusatzreserve" requirements introduced in 2011.

Global Life gross written premiums, policy fees and insurance deposits increased by USD 1.8 billion to USD 21.1 billion or by 9% in U.S. dollar terms and 17% on a local currency basis, benefiting from the acquired insurance business in Latin America as well as higher volumes of single premium products in Corporate Life & Pensions and Private Banking Solutions partially offset by a reduction in single premium business in some Retail pillars in Europe.

Global Life continues to benefit from its investment in organic growth in selected markets, while maintaining focus on shifting its product mix from traditional savings business towards protection and fee-based products and leveraging its global strength in Corporate Life & Pensions and Bank Distribution. The recent acquisitions in Latin America and Asia-Pacific further strengthen the position of Global Life in those regions, but have not yet been included in new business results for the first nine months of 2012.

Overall new business value (NBV) of USD 635 million declined by 13% in U.S. dollar terms or 8% on a local currency basis. Excluding a transitional impact of a methodology refinement for corporate protection renewals, new business value on a local currency basis remained flat. NBV in North America, Latin America and the UK increased, offsetting a decline in Germany where NBV continues to be impacted by a reduction in interest rates. New business annual premium equivalent (APE) increased by USD 203 million or by 7% in U.S. dollar terms and 12% on a local currency basis, also benefiting from volume increases in North America, Latin America and the UK.

Farmers:

in USD millions, for the nine months ended September 30	2012	2011	Change in USD	Change in LC
Farmers Management Services managed fees and other related revenues	2,134	2,071	3%	
Farmers Re gross written premiums and policy fees	3,382	2,261	50%	
Farmers business operating profit	998	1,096	(9%)	
Farmers Management Services gross management result	1,031	995	4%	
Farmers Management Services managed gross earned premium margin	7.4%	7.3%	-	

Farmers business operating profit decreased by USD 97 million to USD 998 million, or by 9%, primarily due to a net underwriting loss by Farmers Re. Farmers Management Services business operating profit increased by USD 46 million to USD 1.1 billion, or by 5%, 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 decreased by USD 144 million to a loss of USD 68 million, mainly reflecting the second consecutive year of significant weather-related events and the absence of favorable development of reserves established in prior years compared with the same period of 2011. Although weather-related losses improved in 2012 compared to 2011 they remained well above historic levels.

Farmers Management Services management fees and other related revenues increased by USD 63 million to USD 2.1 billion, or by 3%, which was driven by the 3% increase in gross earned premiums in the Farmers Exchanges. The 50% increase to USD 3.4 billion in gross written premiums of Farmers Re reflected 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 645 million, up USD 58 million from the same period in 2011. This was driven mainly by the absence of favorable foreign currency movements compared with the first nine months of 2011.

Non-Core Businesses: Non-core businesses reported a business operating profit of USD 118 million compared with a business operating profit of USD 13 million in the same period of 2011. This improvement resulted mainly from positive developments from run-off life insurance portfolios.

Group investments:

in USD millions, for the nine months ended September 30	2012	2011	Change in USD	Change in LC
Average Group investments	201,054	197,063	2%	
Net investment result on Group investments	6,087	7,616	(20%)	
Net investment return on Group investments (not annualized and calculated on average Group investments)	3.0%	3.9%	(0.8 pts)	
Total return on Group investments (not annualized and calculated on average Group investments)	5.3%	4.4%	0.9 pts	

The net investment result on Group investments, which includes investment income, realized gains and losses, and impairments, contributed USD 6.1 billion to the Group's total revenues for the nine months ended September 30, 2012, a net return of 3.0% (not annualized). The decrease compared to the previous period is driven by currency movements, lower reinvestment yields on debt securities and much lower net realized capital gains on investments and impairments. Net unrealized gains increased by USD 4.6 billion since December 31, 2011, as bonds increased in value due to tighter credit spreads and lower government bond yields, and equity markets rose. Total return on Group investments was stronger at 5.3% (not annualized), compared to the 4.4% achieved in 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 September 30, 2012 and December 30, 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.
5 Does not include any contribution from the Latin American insurance operations acquired from Banco Santander S.A. (Zurich Santander) or from the acquisition of Malaysian Assurance Alliance Berhad (MAA), now known as Zurich Insurance Malaysia Berhad (ZIMB).

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Financial Highlights (unaudited)

The following table presents highlights from the consolidated results of the Group for the nine months ended September 30, 2012 and 2011 and the financial position as of September 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 amounts rather than the rounded amounts. 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 nine months to September 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.

in USD millions, for the nine months ended September 30, unless otherwise stated	2012	2011	Change[1]
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General Insurance gross written premiums and policy fees	27,309	27,047	1%
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Global Life new business margin, after tax (as % of APE)	21.4%[2]	26.3%	(5.0 pts)
Global Life new business value, after tax	635[2]	729	(13%)
Farmers business operating profit	998	1,096	(9%)
Farmers Management Services gross management result	1,031	995	4%
Farmers Management Services managed gross earned premium margin	7.4%	7.3%	-
Average Group investments[6]	201,054	197,063	2%
Net investment result on Group investments	6,087	7,616	(20%)
Net investment return on Group investments[3, 6]	3.0%	3.9%	(0.8 pts)
Total return on Group investments[3, 6]	5.3%	4.4%	0.9 pts
Shareholders' equity[4, 6]	34,050	31,680	7%
Swiss Solvency Test capitalization ratio[5]	178%	183%	(5 pts)
Diluted earnings per share (in CHF)	17.23	19.07	(10%)
Book value per share (in CHF) [4, 6]	217.54	203.43	7%
Return on common shareholders' equity (ROE)	11.0%	13.5%	(2.5 pts)
Business operating profit (after tax) return on common shareholders' equity (BOPAT ROE)	10.2%	10.6%	(0.5 pts)

[1] Parentheses around numbers represent an adverse variance
[2] Does not include any contribution from Zurich Santander or from the acquisition of Zurich Insurance Malaysia Berhad (ZIMB).
[3] Not annualized and calculated on average Group investments
[4] As of September 30, 2012 and December 31, 2011, respectively
[5] Ratios as of July 1, 2012 and January 1, 2012, respectively, are calculated based on the Group's internal model which is subject to the review and approval of the Group's regulator, the Swiss Financial Market Supervisory Authority (FINMA). The SST Ratio for January 1, 2012 has been restated following FINMA's review of the Annual SST Report.
[6] December 31, 2011 has been restated to reflect the reclassifications and updates to the initial purchase accounting for Zurich Santander (see note 1 of the unaudited Consolidated financial statements).

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Note to editors

Several videos are available on our Website www.zurich.com:

Analysts- and Media Presentation (about 50 min.)

In this pre-recorded video, CEO Martin Senn and CFO Pierre Wauthier are guiding the audience through the slide presentation.

Zurich CFO on the results of the first nine months 2012 (about 2.30 min.)

Pierre Wauthier summarizes on the most important aspects of the results and comments on market developments. This **video material** along with **high resolution pictures** and **info graphics** are available for download by journalists, online media and TV stations in various formats under http://zurich.synapticdigital.com/

Zurich CEO Focus (about 4 min.)

Martin Senn discusses the results of the first nine months 2012 (www.zurich.com).

In addition, there will be a **conference call Q&A session** for analysts and investors with CFO Pierre Wauthier, starting at 13.00 hrs CET. 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. CET.

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Supplemental financial information is available on our website www.zurich.com. Please click on the «Results report for the nine months 2012» link on the bottom left corner of our homepage.

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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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Disclaimer & Cautionary Statement

Certain statements in this document are forward-looking statements, including, but not limited to, statements that are predications of or 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. Undue 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; (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.

All references to “Farmers Exchanges” mean Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange and their subsidiaries and affiliates. The three Exchanges are California domiciled interinsurance exchanges owned by their policyholders with governance oversight by their Boards of Governors. Farmers Group, Inc. and its subsidiaries are appointed as the attorneys-in-fact for the Farmers Exchanges and in that capacity provide certain non-claims administrative and management services to the Farmers Exchanges. Neither Farmers Group, Inc., nor its parent companies, Zurich Insurance Company Ltd and Zurich Insurance Group Ltd, have any ownership interest in the Farmers Exchanges. Financial information about the Farmers Exchanges is proprietary to the Farmers Exchanges, but is provided to support an understanding of the performance of Farmers Group, Inc. and Farmers Reinsurance Company.

It should be noted that past performance is not a guide to future performance. Please also note that interim results are not necessarily indicative of full year results. Persons requiring advice should consult an independent advisor.