Zurich Financial Services Group
“Competing in the Age of Austerity”

Martin Senn
Chief Executive Officer

Bank of America Merrill Lynch
Banking & Insurance CEO Conference
London, September 29, 2010
Disclaimer and cautionary statement

By attending this meeting where this presentation is made you agree to be bound by the following limitations.

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. Forward-looking statements include statements regarding our targeted profit improvement, return on equity targets, expense reductions, pricing conditions, dividend policy and underwriting claims improvements, as well as statements regarding our 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 Financial Services Ltd or the Zurich Financial Services Group (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 our key markets; (ii) the risk of the global economic downturn and a 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 Financial Services Ltd and its Group and on whether the targets will be achieved. Zurich Financial Services 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 Financial Services 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.

This communication is directed only at persons who (i) have professional experience in matters relating to investments falling within Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) or (ii) are persons falling within Article 49 (2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) or to whom it may otherwise lawfully be communicated (all such persons together being referred to as relevant persons). This communication is only directed at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons.

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 the full year results.

Persons requiring advice should consult an independent adviser.

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.
Stages of the financial crisis leading to an “Age of Austerity”

2007  Subprime crisis
2008  Credit crisis and Lehman collapse
2009  Global recession
2010  Sovereign debt crises

The “Age of Austerity”

Global GDP Growth
Quarter over quarter; annualized in %

Source: IMF

5 year - government bond yields (in %)

Source: Datastream
A track record of solid performance

Half Year 2010

- BOP: USD 2,286m
- BOPaT-ROE\(^1\): 12.4%
- Shareholders’ equity: USD 28,469m
- Diluted earnings per share: CHF 12.14

Business Operating Profit

<table>
<thead>
<tr>
<th>Year</th>
<th>Profit (USD millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>2,316</td>
</tr>
<tr>
<td>2004</td>
<td>2,988(^2)</td>
</tr>
<tr>
<td>2005</td>
<td>3,947</td>
</tr>
<tr>
<td>2006</td>
<td>6,035(^2)</td>
</tr>
<tr>
<td>2007</td>
<td>6,707(^2)</td>
</tr>
<tr>
<td>2008</td>
<td>5,186</td>
</tr>
<tr>
<td>2009</td>
<td>5,593</td>
</tr>
</tbody>
</table>

BOPaT-ROE\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>ROE (2003-2007)</th>
<th>Target ROE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>9.8%</td>
<td>12%</td>
</tr>
<tr>
<td>2004</td>
<td>12.6%</td>
<td>12%</td>
</tr>
<tr>
<td>2005</td>
<td>13.6%</td>
<td>16% target</td>
</tr>
<tr>
<td>2006</td>
<td>16.8%</td>
<td>16% target</td>
</tr>
<tr>
<td>2007</td>
<td>17.6%(^2)</td>
<td>16% target</td>
</tr>
</tbody>
</table>

Shareholders’ equity

<table>
<thead>
<tr>
<th>Year</th>
<th>Equity (USD millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>18,934</td>
</tr>
<tr>
<td>2004</td>
<td>20,515(^2)</td>
</tr>
<tr>
<td>2005</td>
<td>21,016(^2)</td>
</tr>
<tr>
<td>2006</td>
<td>25,587(^2)</td>
</tr>
<tr>
<td>2007</td>
<td>28,945</td>
</tr>
<tr>
<td>2008</td>
<td>29,304(^2)</td>
</tr>
<tr>
<td>2009</td>
<td>29,593</td>
</tr>
</tbody>
</table>

Diluted earnings per share

<table>
<thead>
<tr>
<th>Year</th>
<th>Earnings (CHF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>18.86</td>
</tr>
<tr>
<td>2004</td>
<td>20.83(^2)</td>
</tr>
<tr>
<td>2005</td>
<td>27.11</td>
</tr>
<tr>
<td>2006</td>
<td>39.52(^2)</td>
</tr>
<tr>
<td>2007</td>
<td>47.11(^2)</td>
</tr>
<tr>
<td>2008</td>
<td>23.35</td>
</tr>
<tr>
<td>2009</td>
<td>29.88(^2)</td>
</tr>
</tbody>
</table>

\(^1\) Business operating profit (after tax) return on common shareholders’ equity.
\(^2\) Restated
Sound risk and capital management – high payout yield for shareholders

Economic Solvency

![Graph showing economic solvency trends from 2003 to 2009.]

Payout yield

![Graph showing payout yield trends from 2003 to 2009.]

RBC split by risk type 2003

- Operational and business risk
- Insurance risks
- Market and credit risk

RBC split by risk type 2010

- Operational and business risk
- Insurance risks
- Market and credit risk

Notes:
1. RBC estimate of USD 27bn and 30bn as of Jan. 1, 2003 and Jan. 1, 2010 respectively; Insurance risks include premium & reserving risk, reinsurance credit risk, life insurance risk, natural cat risk.
2. Economic solvency is based on Available Financial Resources (AFR) at the beginning of period as a percentage of expected risks to be taken during period (RBC). Economic financial strength is based on AA calibration.
3. Payout includes dividends and nominal value reductions.
4. Compared to the close price of the day before the ex-dividend date.
Outperforming sector on total shareholder return with attractive dividends

TSR out-performance 2004 – to date (in percentage points)

Dividends (in CHF)¹

Source: Datastream, as of September 21, 2010

¹ Includes gross dividend and payout of nominal value reduction per registered share
Zurich well-positioned to compete in an “Age of Austerity”

### The “Challenge of Austerity”
- Weak GDP growth in developed markets but strong pull from emerging markets
- Low yield environment and low inflation
- Higher household saving rates
- High risk aversion and ongoing market volatility
- Tighter and more capital intensive regulation
- Pressure for fiscal consolidation
- Push for industry sector restructurings (e.g. construction business)

### Zurich’s position
- Well diversified composite insurer
- Global footprint
- Strong balance sheet
- Consistent and disciplined investment philosophy
- ALM integrated into product design, RBC model and ERM
- Focus on operational excellence and transformation
- Proven record of financial discipline
- Strong brand franchise
Our ambition for top tier performance

- Selectively strive for growth and prioritize profitability
- Being “the best” defined by our customers, shareholders and employees
- 16% BOPaT ROE target across the cycle

Aspired business performance
**Group aspirations for business segments**

**General Insurance:** Widen market margin out-performance and pursue market-level growth
→ **Improve Combined Ratio by 3-4 pts relative to competitors and hold market position**

**Global Life:** Ongoing market share capture combining volume growth and sustainable new business margin
→ **Rank Top 5 of European peers by New Business Value**

**Farmers:** Ongoing market share capture combined with consistent margin performance
→ **Achieve top tier market share growth in US Personal Lines**

Source: Published company financials, internal analyses
General Insurance – protecting profitability by driving rates

Key points
- Runs a global franchise with a broad range of P&C products
- Ranks #4 global P&C insurer by GWP
- Further leverages global scale for local customer delivery
- Focus on pricing discipline to reflect low yields, on risk selection and on expense management
- Enhances proposition, market and distribution management

GWP by geography (2009)
- Europe
- North America
- Rest of the World

GWP by segment (2009)
- Personal
- Commercial
- Corporate

GWP by line of business (2009)
- Property
- Motor
- Liability
- Specialties
- Worker’s injury

Gross Written Premiums (GWP)
- in USD billions
  - '03: 34.2
  - '04: 32.3
  - '05: 30.9
  - '06: 28.8
  - '07: 26.9
  - '08: 25.1
  - '09: 23.3

Business Operating Profit (BOP)
- in USD billions
  - '03: 3.5
  - '04: 3.0
  - '05: 2.5
  - '06: 2.0
  - '07: 1.5
  - '08: 1.0
  - '09: 0.5

BOP ROE
- in %
  - '06: 30%
  - '07: 20%
  - '08: 10%
  - '09: 23.3%

1 Source: industry data
Global Life – sustained growth throughout the crisis

**Key points**
- Further leverages capabilities in pillars and continues to scale up operating model
- Continues to focus on unit-linked, saving and protection products
- Limits exposure to spread business
- Grows cross-border business in Ireland
- Benefits from recovery in financial markets with positive impact on fee income

**NBV by pillars (‘09)**
- Bank Distribution
- IFA/Broker
- Agents
- Corp. Life & Pensions
- International/Expats
- Private Banking
- Direct & central initiatives

**NBV by geography (‘09)**
- Americas
- UK
- Germany
- Switzerland
- Ireland
- Spain
- Emerging markets in Asia
- Other

**APE by product (‘09)**
- Unit Linked & Ind. Saving
- Corporate Life
- Individual Protection
- Other

**New Business APE**
in USD millions

```plaintext
<table>
<thead>
<tr>
<th></th>
<th>04</th>
<th>05</th>
<th>06</th>
<th>07</th>
<th>08</th>
<th>09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Distribution</td>
<td>100</td>
<td>200</td>
<td>300</td>
<td>400</td>
<td>500</td>
<td>600</td>
</tr>
<tr>
<td>IFA/Broker</td>
<td>500</td>
<td>400</td>
<td>300</td>
<td>200</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>Agents</td>
<td>300</td>
<td>400</td>
<td>500</td>
<td>600</td>
<td>700</td>
<td>800</td>
</tr>
<tr>
<td>Corp. Life &amp; Pensions</td>
<td>200</td>
<td>300</td>
<td>400</td>
<td>500</td>
<td>600</td>
<td>700</td>
</tr>
<tr>
<td>International/Expats</td>
<td>100</td>
<td>200</td>
<td>300</td>
<td>400</td>
<td>500</td>
<td>600</td>
</tr>
<tr>
<td>Private Banking</td>
<td>0</td>
<td>100</td>
<td>200</td>
<td>300</td>
<td>400</td>
<td>500</td>
</tr>
<tr>
<td>Direct &amp; central initiatives</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total APE</td>
<td>3,667</td>
<td>7,820</td>
<td>11,977</td>
<td>16,147</td>
<td>20,317</td>
<td>24,487</td>
</tr>
</tbody>
</table>
```

**New Business Value**
in USD millions

```plaintext
<table>
<thead>
<tr>
<th></th>
<th>04</th>
<th>05</th>
<th>06</th>
<th>07</th>
<th>08</th>
<th>09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>500</td>
<td>400</td>
<td>300</td>
<td>200</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>UK</td>
<td>400</td>
<td>300</td>
<td>200</td>
<td>100</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Germany</td>
<td>300</td>
<td>200</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Switzerland</td>
<td>200</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Ireland</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Spain</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Emerging markets in Asia</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total NBV</td>
<td>782</td>
<td>782</td>
<td>782</td>
<td>782</td>
<td>782</td>
<td>782</td>
</tr>
</tbody>
</table>
```

**BOP**
in USD millions

```plaintext
<table>
<thead>
<tr>
<th></th>
<th>04</th>
<th>05</th>
<th>06</th>
<th>07</th>
<th>08</th>
<th>09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit Linked &amp; Ind. Saving</td>
<td>1,000</td>
<td>900</td>
<td>800</td>
<td>700</td>
<td>600</td>
<td>500</td>
</tr>
<tr>
<td>Corporate Life</td>
<td>500</td>
<td>400</td>
<td>300</td>
<td>200</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>Individual Protection</td>
<td>300</td>
<td>200</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total BOP</td>
<td>1,477</td>
<td>1,477</td>
<td>1,477</td>
<td>1,477</td>
<td>1,477</td>
<td>1,477</td>
</tr>
</tbody>
</table>
```
Farmers – fully integrated 21st Century positioning for fast-growing direct channel

Key points
- Fee-based model
- Positioned for growth through broader customer reach
- #3 US personal lines insurer with a market share of 6.8%*
- Successful integration of 21st Century in Q2-10

* Source: industry data

Farmers Mgmt Services BOP

Growth NPW %

Combined ratio

Source & notes: see slide in Farmers section

1 Zurich Financial Services Ltd has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides management services to the Farmers Exchanges and receives fees for its services.

1 Exchanges GWP by line of business (2009)
Exchanges GWP by channel (2009) (incl. FY 09 21st Century GWP)

200 400 600 800 1'000 1'200 1'400

0 5 10 15

'03 '04 '05 '06 '07 '08 '09

Auto Homeowner Commercial P&C Specialty Other

Exclusive Agents Independent Agents Direct

Farmers Mgmt Services BOP

0 200 400 600 800 1'000 1'200 1'400

1990 - 2009

Source: industry data

USAA
Progressive
Liberty Mutual
State Farm

c Hartford

Allstate
American Family
Mercury

Nationwide

June 2010

2,3 Farmers Exchanges

2 Zurich Financial Services Ltd has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides management services to the Farmers Exchanges and receives fees for its services.
Measures of success

At Zurich, we aspire to become the best global insurer as measured by our customers, our shareholders and our people.

**Customer Centricity**
- Top quartile customer satisfaction
- Growth at or above the overall insurance market across the cycle
- AA-level financial strength

**Shareholder Value**
- Top tier performance in each of our businesses
- 16% BOPaT ROE across the cycle
- Paying a sustainable and attractive dividend
- Top-quartile Total Shareholder Returns (TSR)

**Employer of Choice**
- High quality engagement scores
- High quality retention rates