



Business Updates

Investors' Day

Zurich, December 2, 2010

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Agenda



10.00	Welcome	Debra Broek
10.05 – 10.20	Overview	Martin Senn
10.20 – 11.00	General Insurance	Mario Greco
11.00 – 11.30	Global Life	Kevin Hogan
11.30 – 12.15	Q&A – morning	
12.15 – 13.15	Buffet Lunch	
13.15 – 14.00	Farmers	Bob Woudstra / Jeff Dailey
14.00 – 14.30	Group Operations	Kristof Terryyn
14.30 – 14.45	Break	
14.45 – 15.15	Capital Management/Non-Core Business	Dieter Wemmer
15.15 – 16.00	Q&A - afternoon	
16.00 – 16.15	Closing Remarks	Martin Senn

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Overview

Martin Senn
Chief Executive Officer

Key messages



- Zurich is well positioned to outperform in a challenging environment
- Strong cash flow generation driving sustainable dividends
- Reconfirmed BOPaT ROE target of 16 percent over medium term
- Accelerated global approach enables delivery

Strong cash-flow generation driving sustainable dividends



Cash flow generation

- Focus on profitability in General Insurance
- Global Life cash-positive while self-funding organic growth
- Farmers' fee-based model
- Increased expense focus throughout the Group

- Targeting reductions in the run-rate costs of approx. 5% or USD 500m by 2013
- Strong cash generation supports sustainable dividend and investments for future growth

Reconfirmed BOPaT ROE target of 16 percent over medium term



Financial discipline

- Economic, risk-based decision-making
- Disciplined investment approach
- Strong and efficiently managed balance sheet

Focus on core

- Insurance risk
- Balanced business portfolio
- Coherent business strategies

- 
- BOPaT ROE of 16 percent over medium term
 - Delivering attractive Total Shareholder Return

Acceleration of global approach



Global approach to

Capabilities

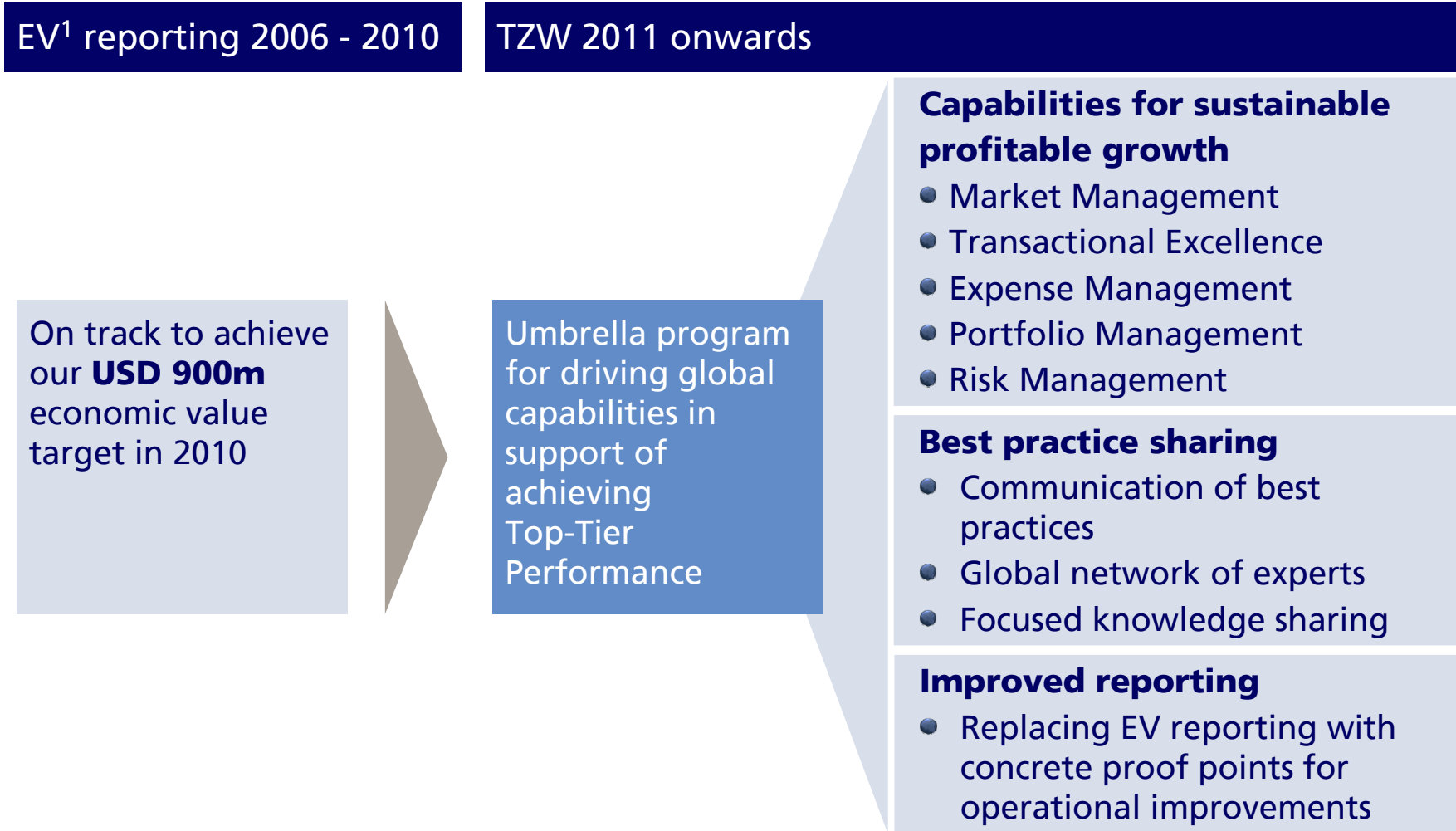
- Implement agile organizational and operating model
- Intensify The Zurich Way (TZW)

Resources

- Further optimize allocation of talent & capital
- Maintain standards and disciplines in line with capabilities and overall risk tolerance
- Continue building brand strength

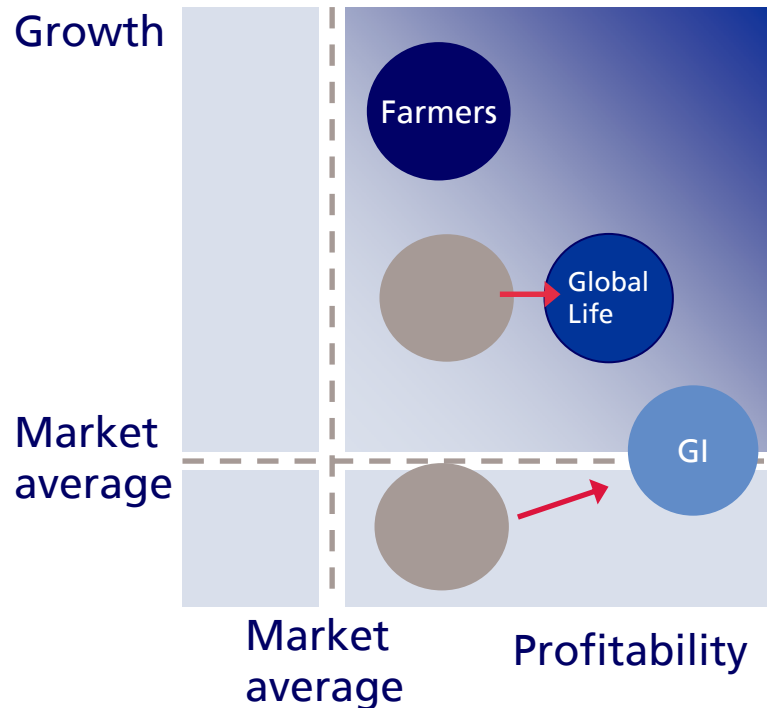
...driving growth and supporting competitiveness
of customer-facing businesses

The Zurich Way is our umbrella program for driving global capabilities



¹ Economic value

Group targets for business segments



General Insurance
 Improve Combined Ratio by 3-4 pts relative to global competitors and hold market position

Global Life
 Rank Top 5 of European-based global peers by New Business Value

Farmers
 Maintain top tier market share growth in U.S. Personal Lines



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General Insurance

Mario Greco
CEO General Insurance

Agenda

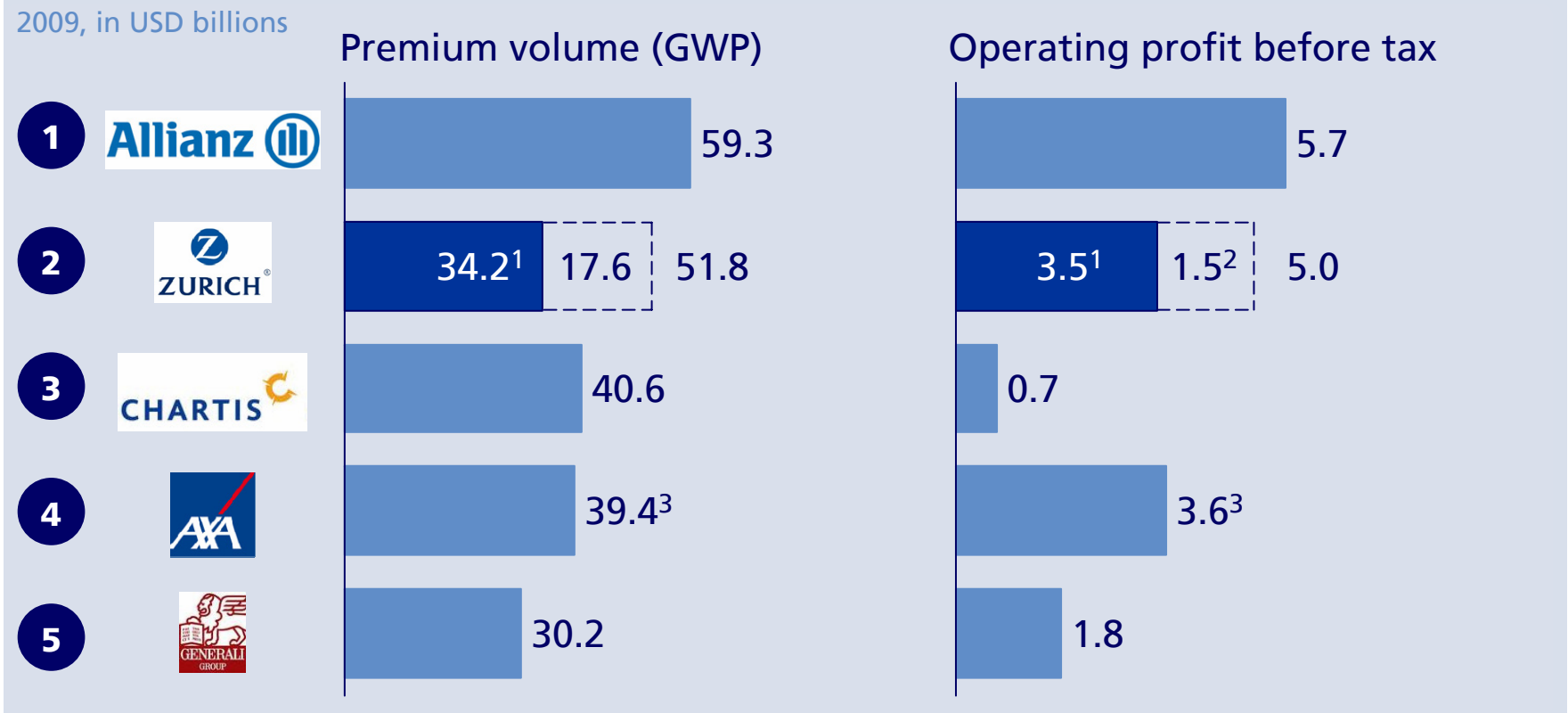


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Zurich GI is one of the global leaders in the P&C arena – both in terms of GWP and profitability



Selected top global P&C insurers (P&C business only)



1 Excl. the Farmers Exchanges, which are managed but not owned by Farmers Group, Inc., a wholly-owned subsidiary of the Group. Farmers Exchanges numbers shown in the dashed box.

2 Incl. BOP of FMS and BOP of Farmers Re. Statutory profits of the Farmers Exchanges are not included.

3 Including AXA corporate solutions

Source: Annual reports

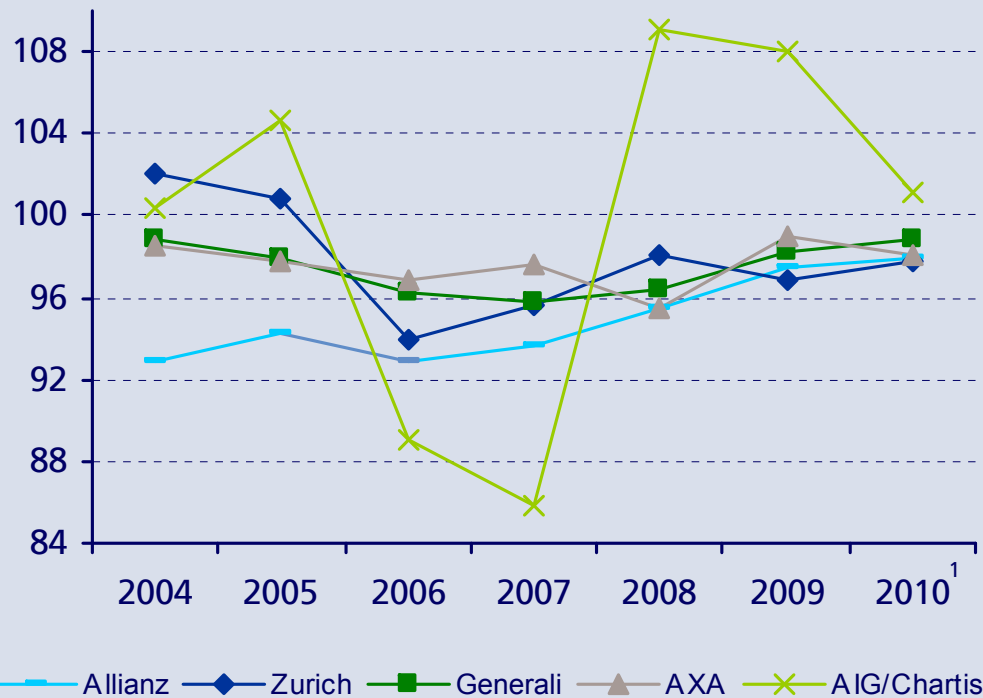
December 2, 2010

Zurich GI made significant improvement in profitability vs. global peers ...



Comparison of combined ratio (CoR) development of Zurich vs. Peers 2004 – 2010 (YTD)

Combined ratio
in percent



CoR 9m 2010¹

AIG/Chartis 101.2

Generali 98.8

AXA² 98.1

Allianz 97.9

Zurich 97.8

- We have come a long way in recent years
- We are now leading our global peers

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¹ For the 9 months ended September 30, 2010

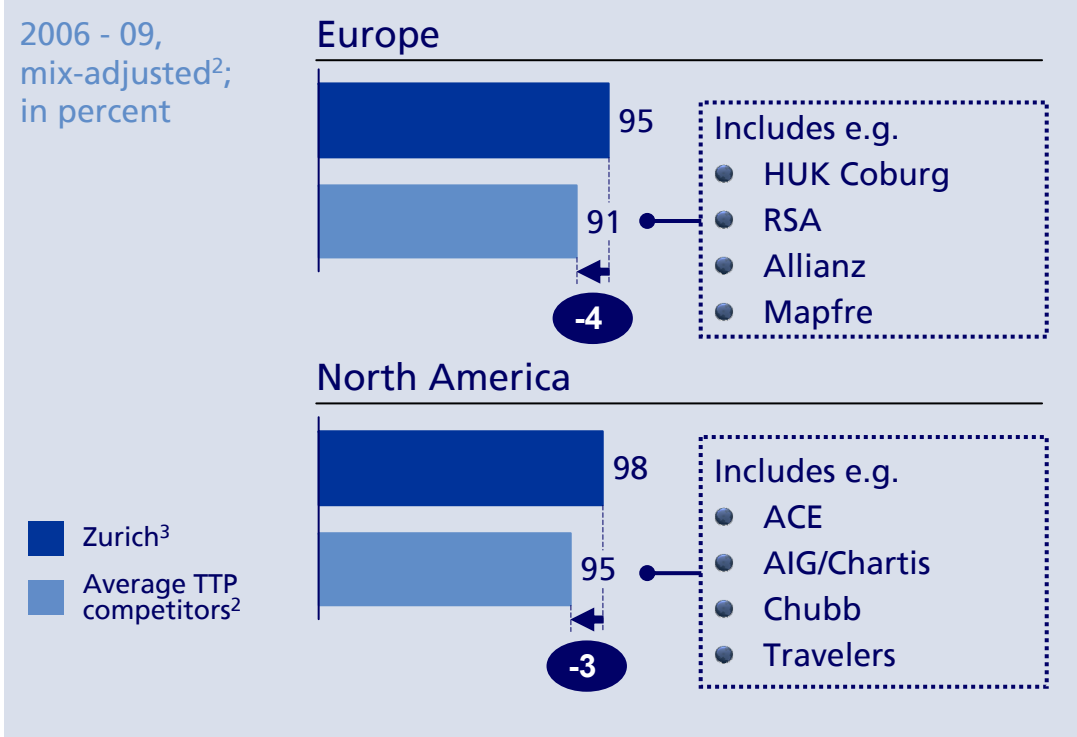
² Axa information in 2010 is for first 6 months

Source: AIG 10-K, 10-Q and for others annual and interim reports

... but we still have a gap vs. best performing peers in local markets



Combined ratio comparison of Zurich vs. relevant Top-Tier Performance competitors¹ (estimates)



- When comparing ourselves with the top performing companies in local markets of our industry, we still have a 3 to 4 pts gap to close
- Our target is to close the gap to best performers in the next three years

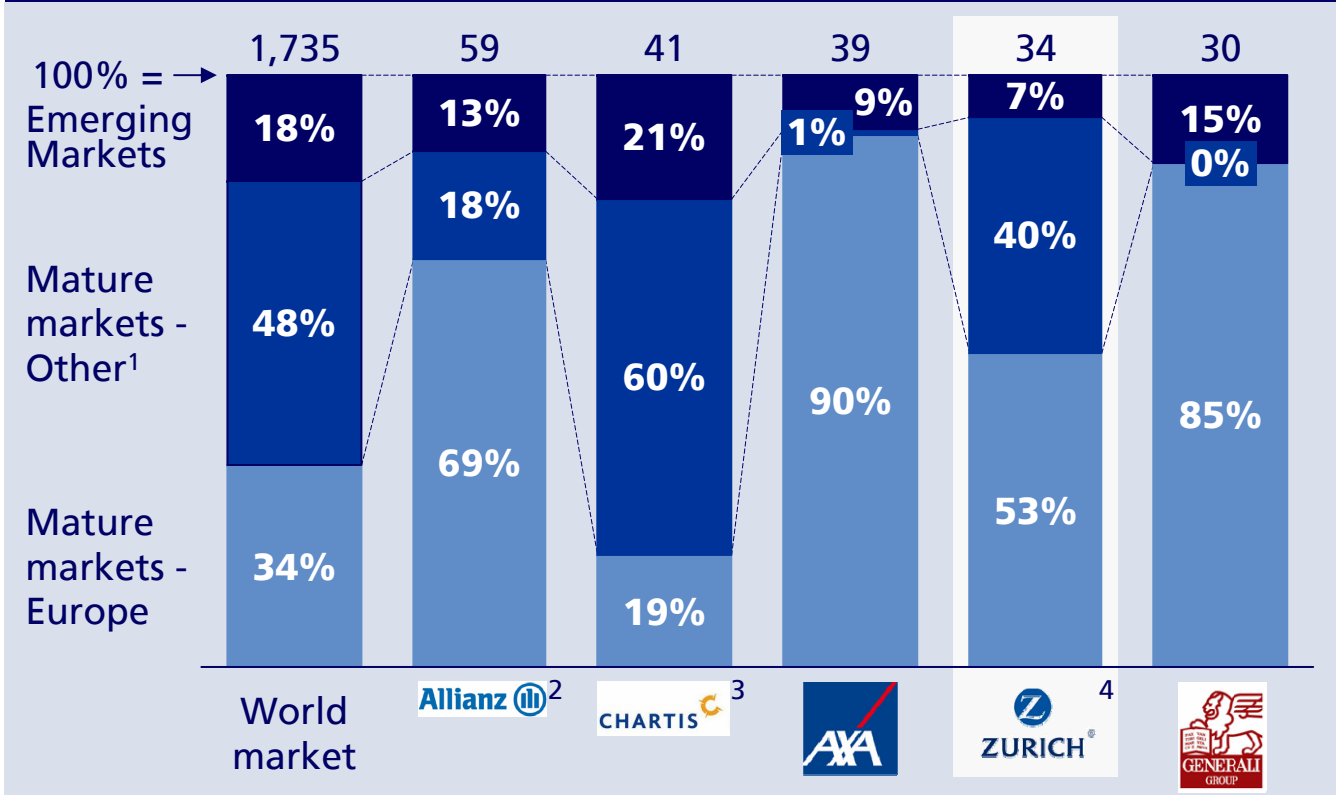
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¹ Top-tier performance (TTP) competitors defined as best competitors with comparable business mix in key markets in Europe (Germany, Italy, Spain, UK, Switzerland), Commercial business in North America
² Mix adjustment involving recalculation of competitors overall CoR assuming Zurich GI's LoB mix in individual markets (based on publicly available and partially estimated data)
³ Including GCIE and EGI in Europe, GCiNA and NAC in North America
 Source: Company reports and filings, ANiA, DGSFP, FSA Returns, Zurich internal data and research

Zurich GI has a well balanced portfolio with significant books in mature markets



Portfolio by markets 2009, in % of GWP, GI business only, USD billions (estimates)



- Zurich GI with overall more balanced portfolio than most peers – given large exposure to Europe and North America
- At the same time Zurich GI with below average footprint in Emerging Markets

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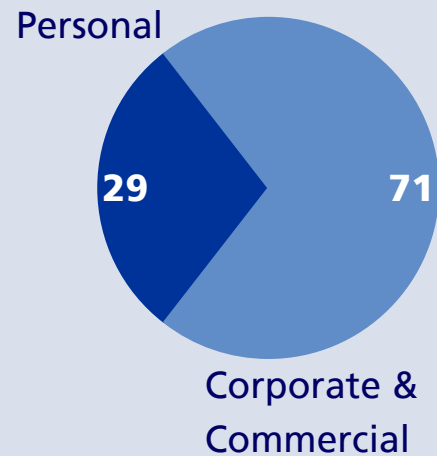
¹ Including North America and mature markets in Asia-Pacific (e.g., Australia, Japan)
² Shares calculated excl. Reinsurance, Health, Alternative Risk Transfer
³ Split according to NWP
⁴ Zurich GI excl. Farmers Exchanges
 Source: Annual reports, investor presentations, Swiss Re Sigma

Zurich GI is predominantly a commercial lines player with a proven ability to manage for profits in challenging market conditions



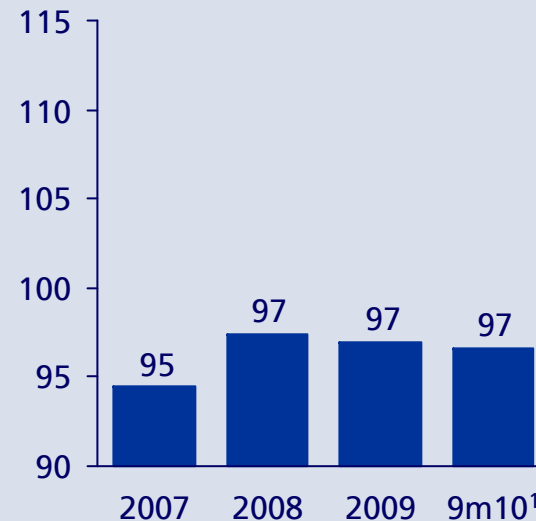
Zurich GI GWP 2009 by segment

in percent
100% = USD 34.2bn

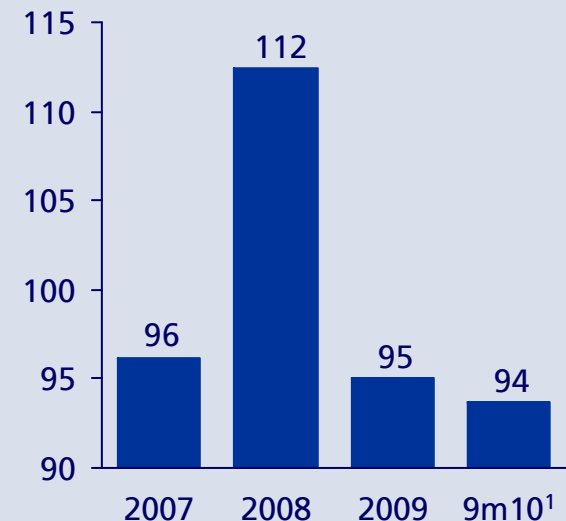


We have proven our ability to manage commercial and corporate business for profit in demanding market conditions

North America Commercial CoR
in percent



Global Corporate CoR
in percent



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¹ For the 9 months ended September 30, 2010

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Current market trends of profitability for commercial and personal lines are very different...



Corporate and commercial lines

Key trends

- Good and stable underlying results over last 5 years
- However, volatility of results during cycles...
- ...and event driven peak claims in property
- Increasing demand for global solutions

Personal lines

Non-motor

- Good profitability
- Lack of growth and limited cross-selling successes

Motor

- Declining results in Europe in a no-growth environment over the past 3 years
- Increasing competition in main European markets driven by distribution changes and growth in internet sales
- New business profitability significantly lower than renewal business making organic growth costly

... and call for very differentiated approaches



Corporate and commercial lines

Personal lines

Success factors

- Strong underwriting and claims skills to outperform the market on risk pricing and selection
- Capital availability
- Risk and portfolio management achieving good balance of risks in the book
- Selective growth initiatives

- Distribution capacity with broad availability of internet services
- Efficiency, low cost basis
- Information scale to be able to price accurately
- Dynamic pricing skills

To be successful we will have a selective approach, with a balanced portfolio of initiatives, and we will use the right skills in each segment targeting higher profitability

Aggregators are rapidly changing the European personal lines landscape...



Aggregators' share of direct motor business in selected European markets

Country	Direct motor market, GWP 2009, EUR m	Aggregators' share of Direct new business (%)	
		2009	2010 ¹
UK	~4,400	~50	60-70
Germany	~2,020	~25	20-25
Spain	~1,970	~10	10-15
Italy	~950	~5	25-30
Switzerland	~215	~10	30

- Aggregators are **rapidly growing share of new business** across Europe – particularly in motor
- Still significant **differences in maturity and competitive dynamics** across different European markets

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¹ Estimates by Zurich Strategy team
Source: Aggregators, Dun & Bradstreet, Nielsen, Datamonitor

...with a clear impact on Direct key success factors



- Pricing tools and skills have to be improved
- IT quality and speed is even more critical
- Market strategy has to be country specific

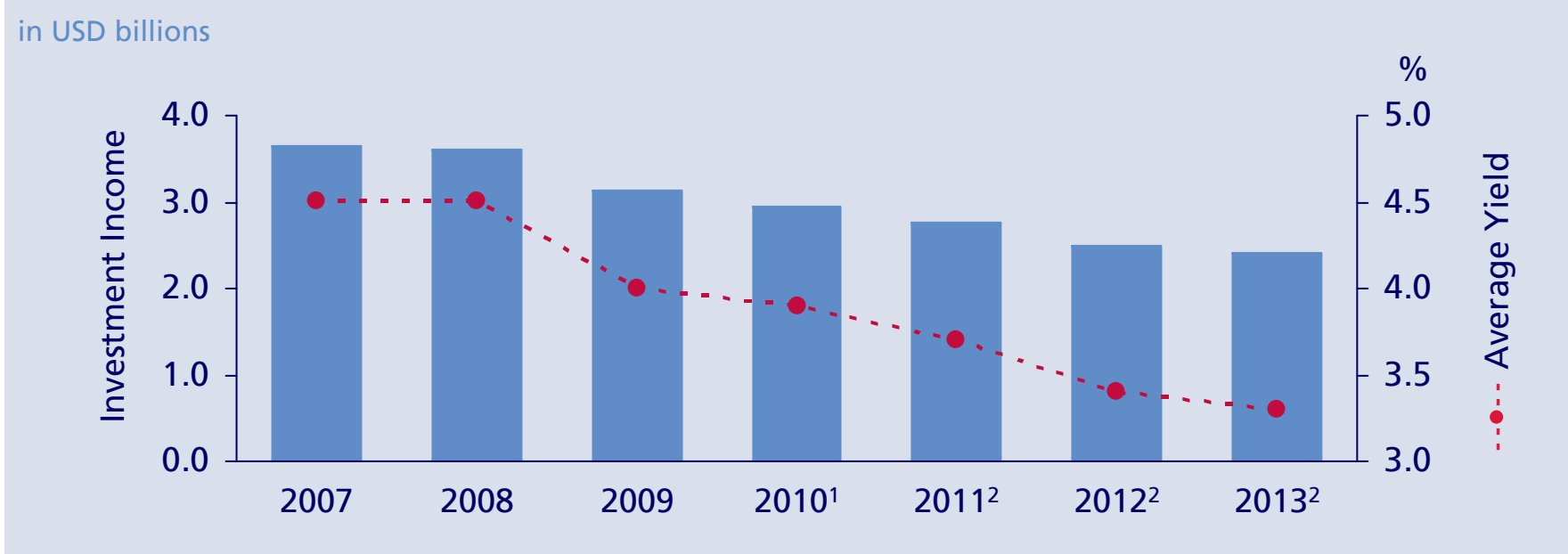


- We will focus our Direct efforts on:
 - Germany
 - Italy
 - Switzerland
- We will integrate UK Direct operations into the UK business to create operational synergies

The current macroeconomic environment is challenging – with historically low interest rates



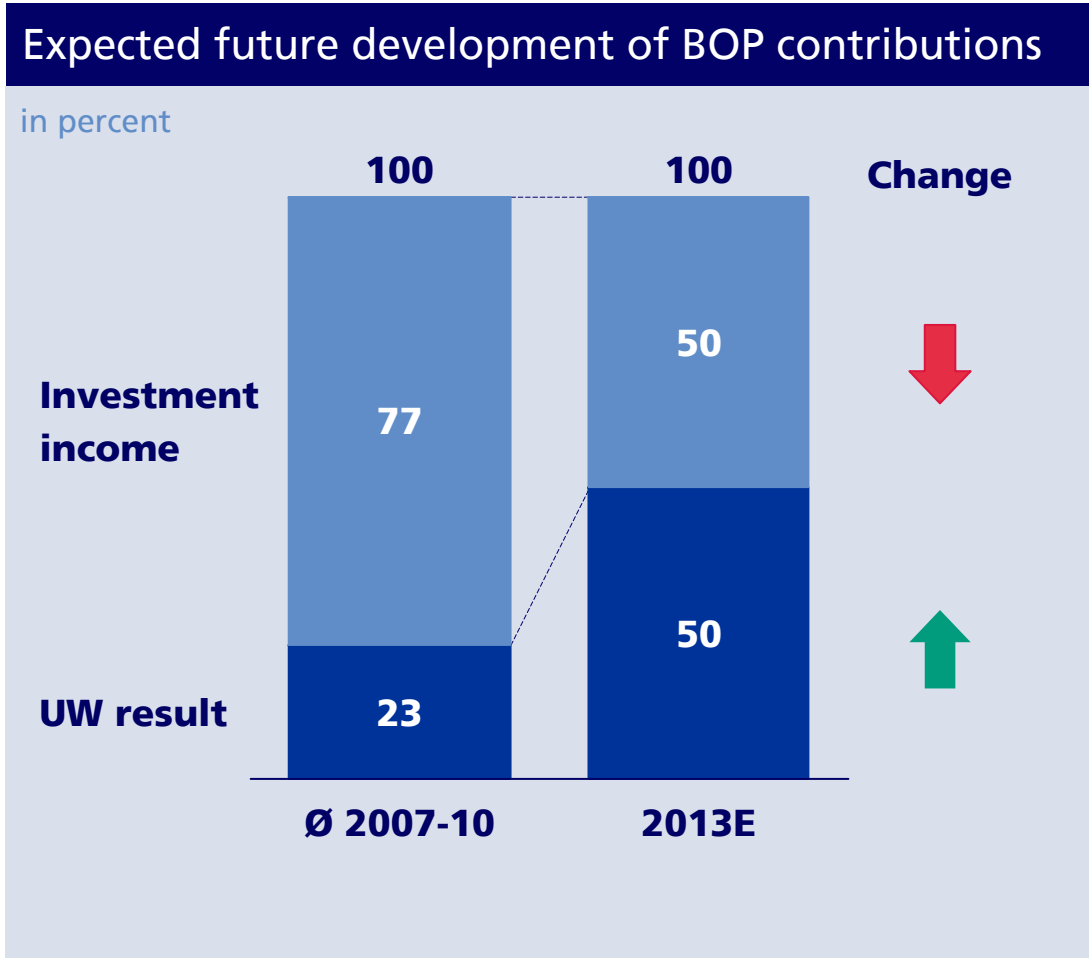
Zurich GI investment income and expected average yield



Current base assumption, as shown above, is continuingly low interest rates. Interest yield is expected to reduce investment income by USD ~550m between 2009 and 2013

1 Forecast
2 Simulation

Based upon this assumption, Zurich GI needs to further strengthen underwriting results



- ### Key observations
- In a low investment return environment, **underwriting profits are needed** to maintain profit levels
 - Given our current portfolio, in order **to offset the impact of a 100 bps reduction in yield curves** on our RBRM¹, we would need to **improve loss ratios across the board by 170 bps**
 - **Hence, substantial uplift in UW result required** – to deliver against GI’s Top Tier Performance target

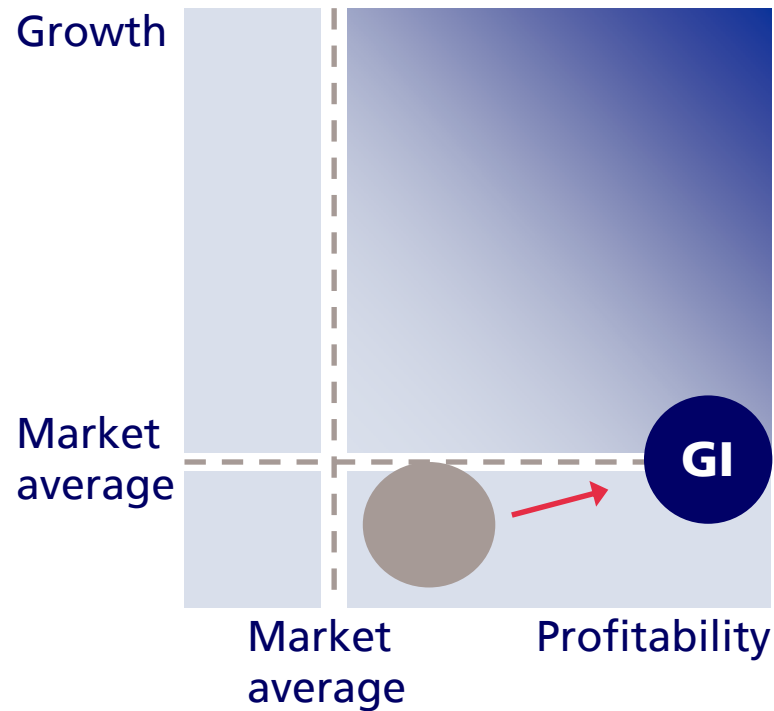
¹ RBRM = Risk Based Return Measure; our internally calculated return on risk based capita

Zurich GI will improve its profitability by a number of targeted actions



- Strengthening underwriting and claims technical expertise to improve the combined ratio and also by re-underwriting the poorest performing portfolios
- Reducing run rate of expenses
- Growing in selected profitable segments of the market:
 - European small and middle market companies
 - Financial lines in Europe (D&O and E&O)
 - International Program business for mid market companies and global corporations in the US and emerging markets

Zurich GI targets for the next 3 years



Zurich GI targets

- 1 Improve combined ratio by 3-4 points relative to global competitors by 2013 while contributing to Group BOPaT-ROE target > 16%
- 2 Reduce expenses (excluding commissions) by 7% or at least USD 350m on a run-rate basis by 2013 (included in the USD 500m Group target)
- 3 Hold market position without compromising on profitability

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Zurich GI to deliver on its targets by focusing on 4 key strategic thrusts



Zurich GI to achieve its CoR target by focusing on 4 specific sets of actions



4 sets of actions to improve results



Zurich GI to achieve its CoR target by focusing on 4 specific sets of actions

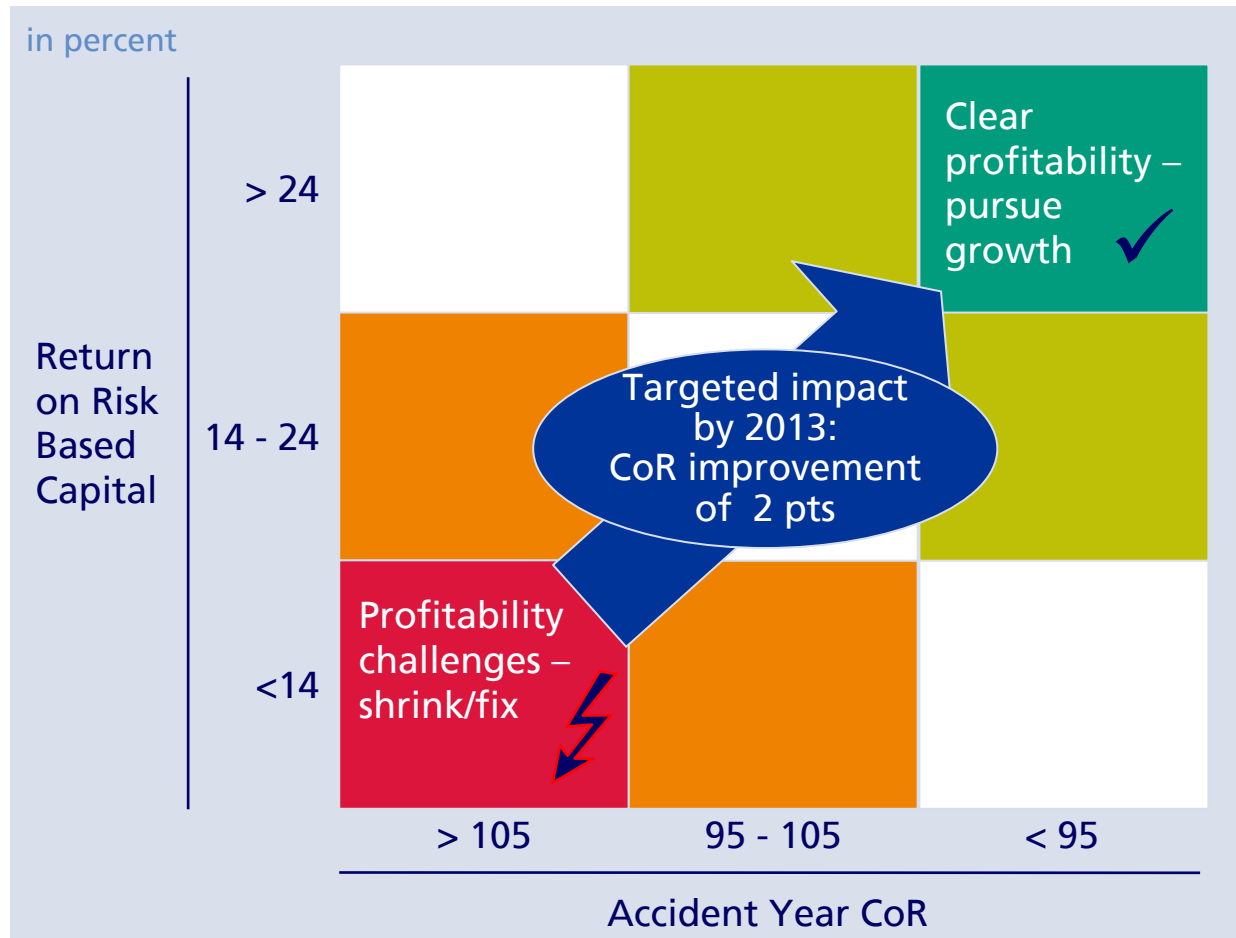


- 1** Reshaping the portfolio
- 2** Achieving technical excellence in claims
- 3** Reducing expense bases
- 4** Launching focused growth initiatives

Zurich GI is re-underwriting current portfolios to improve CoR by 2pts by 2013 focusing specifically on currently underperforming business



1 Reshaping the portfolio



- Zurich portfolio management approach assessing more than 600 portfolios for UW profit and economic value creation
- Main focus on shifting portfolios “from red to green”
- Specific re-UW actions for identified portfolios developed, considering
 - AP/TP¹ distribution within portfolios
 - Whole account view

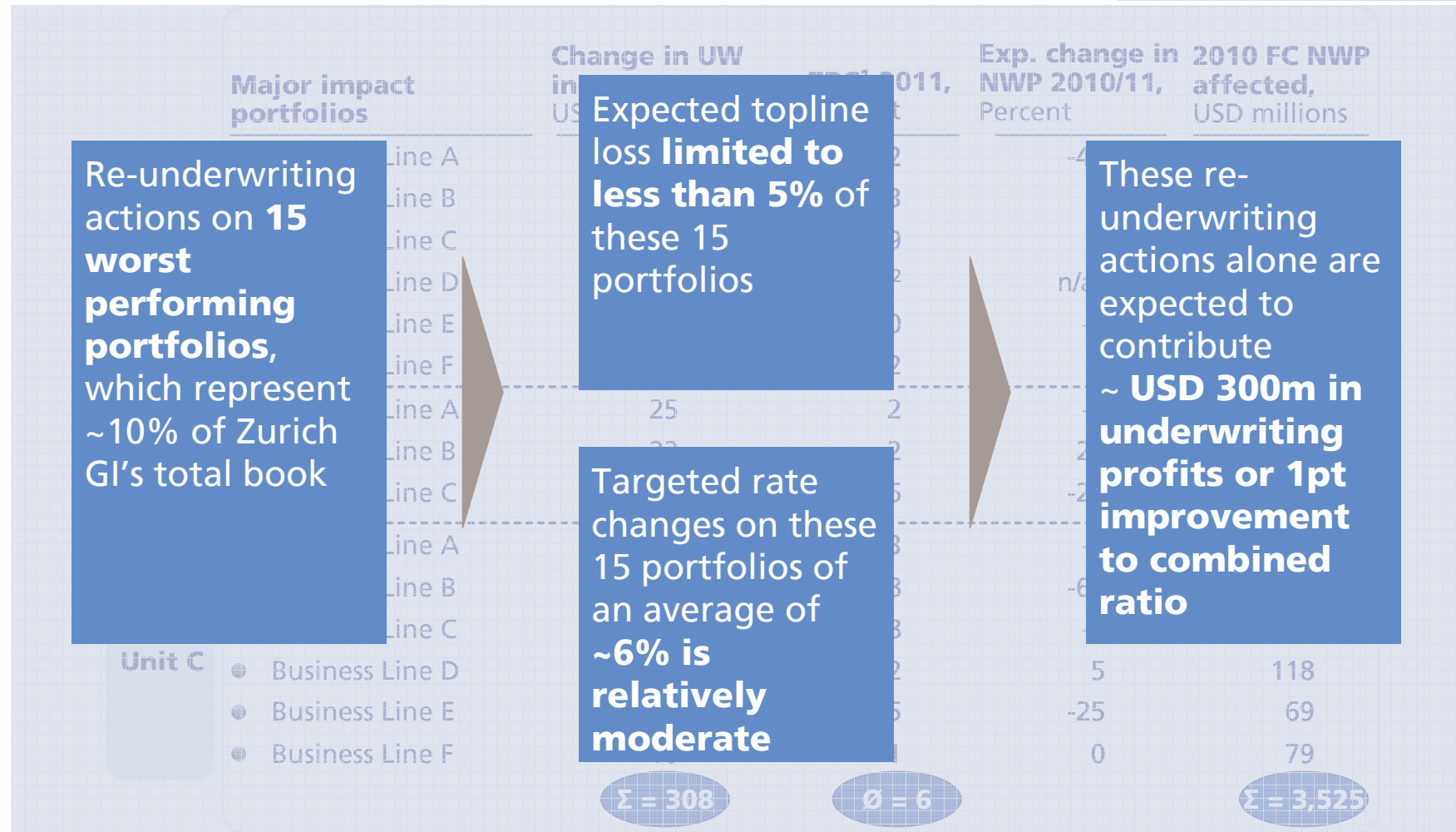
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¹ Actual price vs target price

Re-underwriting actions on 15 poorest performing portfolios alone to contribute 1pt improvement to the combined ratio



1 Reshaping the portfolio



Zurich GI to achieve its CoR target by focusing on 4 specific sets of actions



- 1 Reshaping the portfolio
- 2 Achieving technical excellence in claims
- 3 Reducing expense bases
- 4 Launching focused growth initiatives

Zurich GI will focus on technical excellence in Claims handling through TZW



2 Achieving technical excellence in claims

2008 - 2010

Functional improvement focus

- Fraud detection
- Recoveries
- Vendor Management

2011 - 2013

Continue functional improvements

- Fraud detection
- Recoveries
- Vendor Management

Additional focus on improving transaction level execution

- Faster and proactive settlement of standard claims
- Improved indemnity accuracy for medium and complex claims

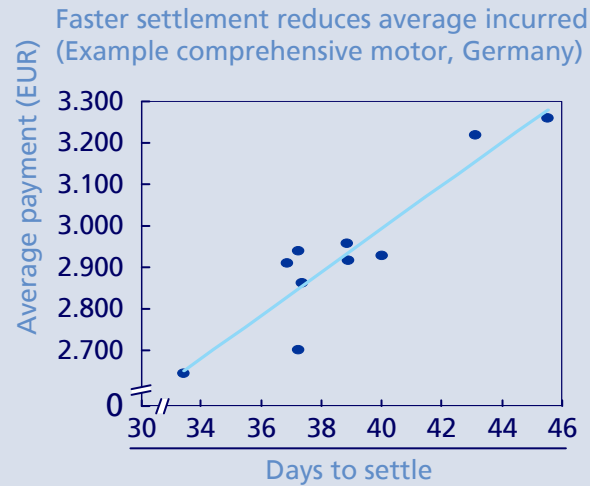


Two additional measures to improve transaction level execution



Faster and proactive settlement of standard claims

2 Achieving technical excellence in claims

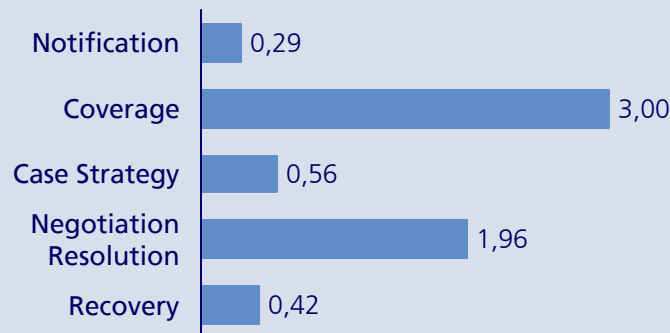


Key measures

- Reduce time lag between incident and notification to Zurich
- Increase share of cases with active outreach to claimant and proactive resolution
- Improve process management to optimize cycle time

Improved indemnity accuracy for medium and complex claims

Main sources of leakage (in %) Example liability across Europe



Key measures

- Targeted training to address main sources of leakage
- Improve case management through a solid and up to date Case Strategy
- Improve effectiveness of team managers
 - Focus role strongly on coaching/outcome
 - Increase the available coaching time

Zurich GI to achieve its CoR target by focusing on 4 specific sets of actions



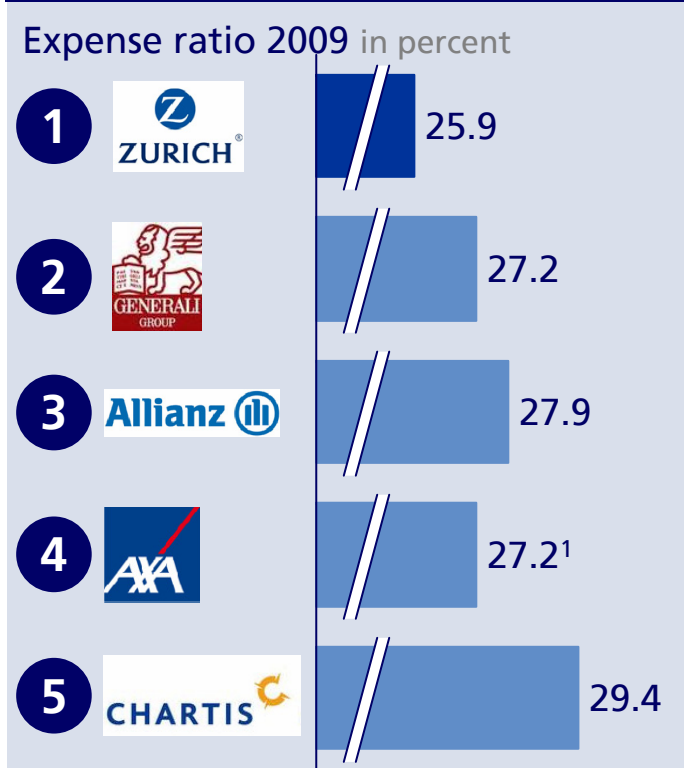
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Zurich GI already with competitive expense position, but aiming for additional improvements

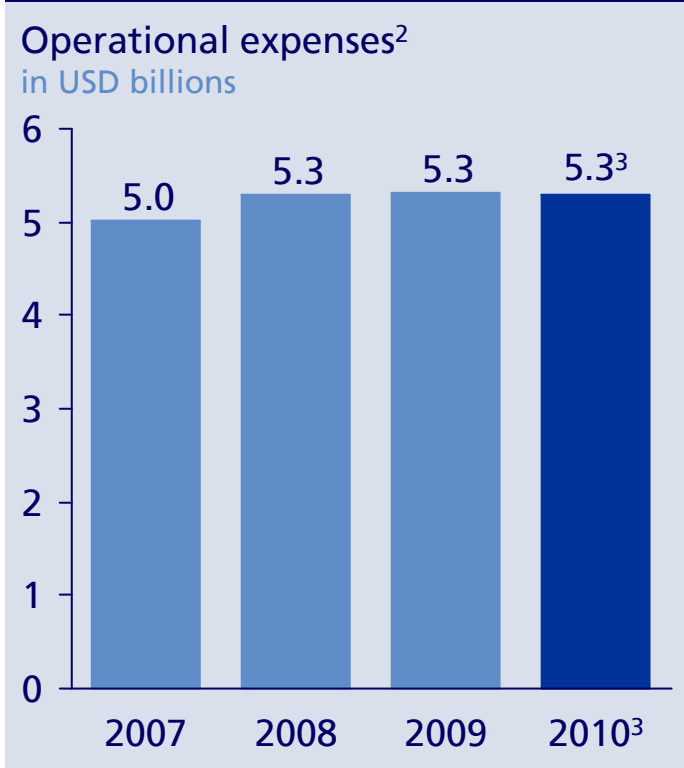


3 Reducing expense bases

Zurich GI continues to exhibit a competitive expense position, ...



... with operational expenses stable in recent years, ...



... leading Zurich GI to take further action

- Zurich GI with continuous focus on operational improvements
- Target to reduce operational expenses by **at least USD 350m (7%)** on a run-rate basis **by 2013**

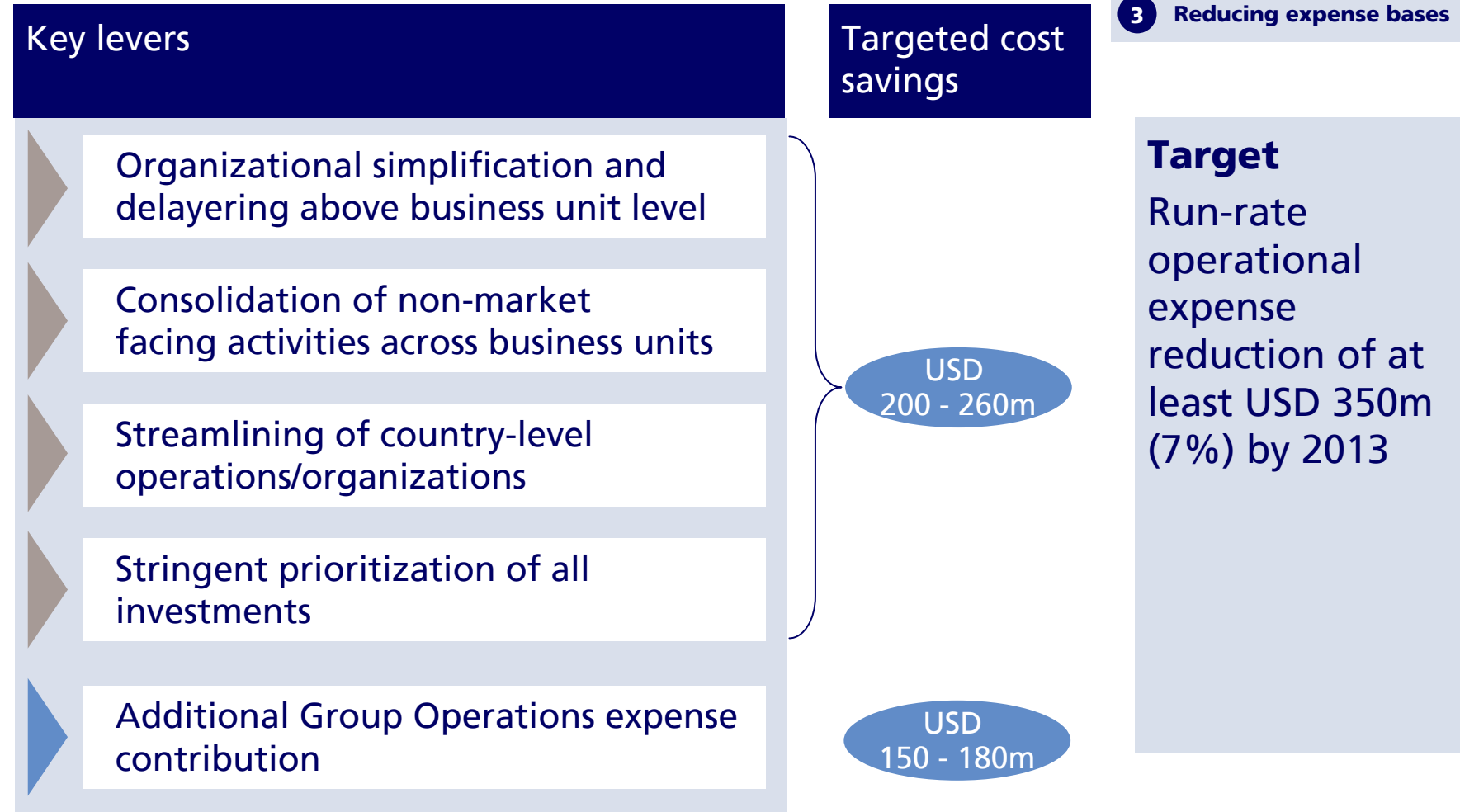
¹ Including AXA corporate solution assurance

² Operational expenses include other underwriting expenses, claims handling expenses and expense element in non-technical result

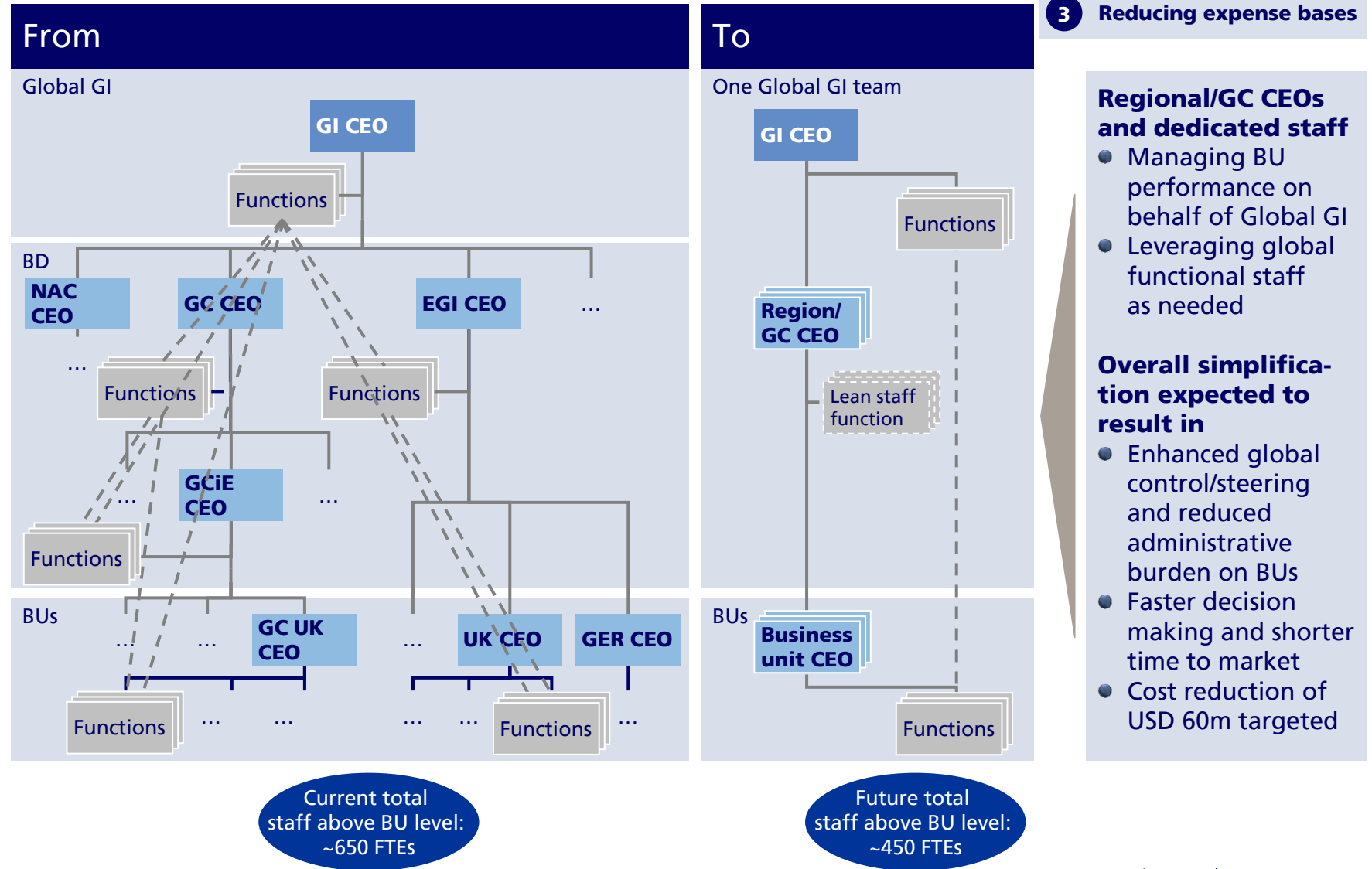
³ 2010 Forecast

Source: Annual reports

Zurich GI to reduce expenses acting on five initiatives



Delayering to result in a leaner GI organization enabling clearer decision making



Zurich GI to achieve its CoR target by focusing on 4 specific sets of actions



- 1** Reshaping the portfolio
- 2** Achieving technical excellence in claims
- 3** Reducing expense bases
- 4** Launching focused growth initiatives

Growing the European mid-market



4 Launching focused growth initiatives

Grow Zurich GI in key mature markets in Europe

Opportunity



- Develop under-penetrated mid-market segment in some key European markets (e.g., Germany, Italy, Spain)
- USD 40 - 60bn premium potential of European companies with turnover of USD 10 – 500m

Route to market



- Replicate basket approach successfully used in North America
- Develop country specific customer segmentation to target most attractive segments
- Build value propositions to fulfill needs of target segments



Leveraging on our existing capabilities and strengths

Growing the international programs (IP)



4 Launching focused growth initiatives

Become the world's leading IP insurer with # 1 position on all continents

Opportunity



- Significantly grow market share in North America (Corporate and Commercial customers), and emerging markets capitalizing on the expected fast demand growth
- Strongly increasing customer demand for International Programs (IP); Static supply of IP insurance because of high barriers to entry

Route to market



- Leverage market leading position in Europe (>18% market share) and Canada with truly global network in more than 170 countries
- Continue to invest in cross-country IP transformation project as the primary route-to-market vehicle



Bring our IP proposition and partnership more closely to brokers in all regions

Growing the European financial lines



4 Launching focused growth initiatives

On route to become the global leader

Opportunity



- Grow in attractive D&O and E&O market (GWP USD ~25bn, growth of 2% p.a.) – with primary focus on Europe and Emerging Markets
- Opportunity to build on proven portfolio track record in North America, IP network and product offerings in all segments

Route to market



- Build on proven portfolio track record in North America
- Hire, develop and deepen Financial Lines talent
- Capitalize on fast flow and alternative distribution across all markets



One Financial Lines Team approach across Europe to simplify customer and broker access

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Zurich GI to deliver its targets by focusing on 4 elements of our strategy



4 Key strategic thrusts

- I** Enhancing technical capabilities and developing our people
- II** Focus on continuously improving our business and expense management
- III** Global and simple approach
- IV** Focused value-creating growth initiatives

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Global Life

Kevin Hogan
CEO Global Life

Global Life is well positioned to accelerate delivery of profitable growth

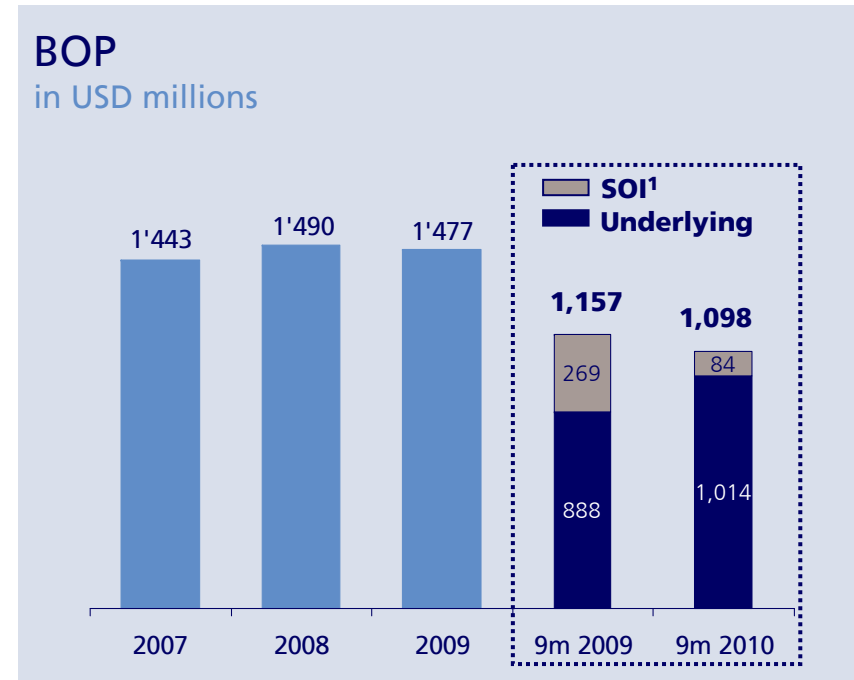
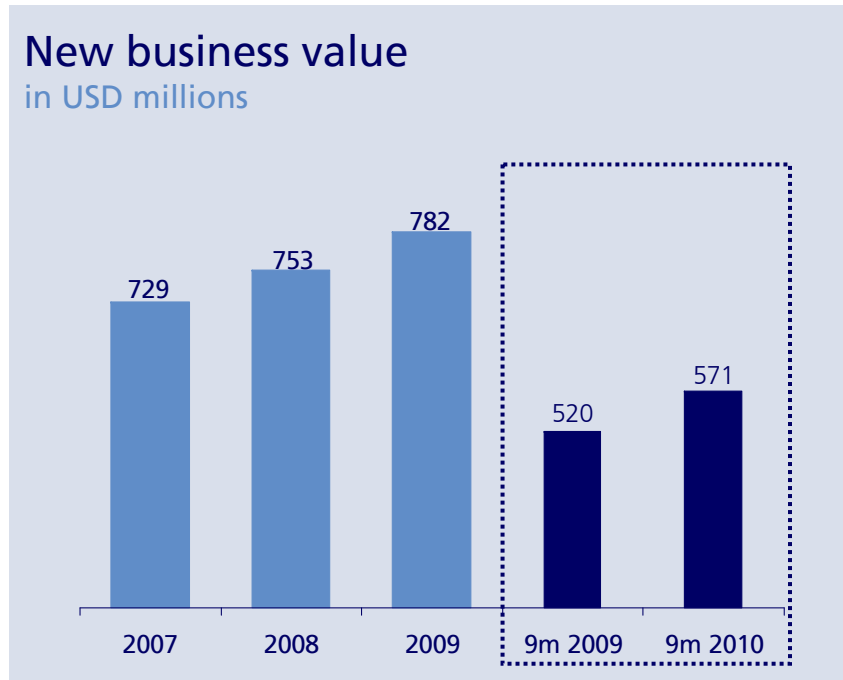


- Consistently strong results
- Continuing progress in transforming business model
- Committed to strategy of globalization
- Sustained focus on understanding and delivering on the needs of our customers and distributors
- Disciplined approach to financial management



Well-positioned to accelerate our growth strategy in selected markets

Global Life has a track record of profitable growth even in difficult markets

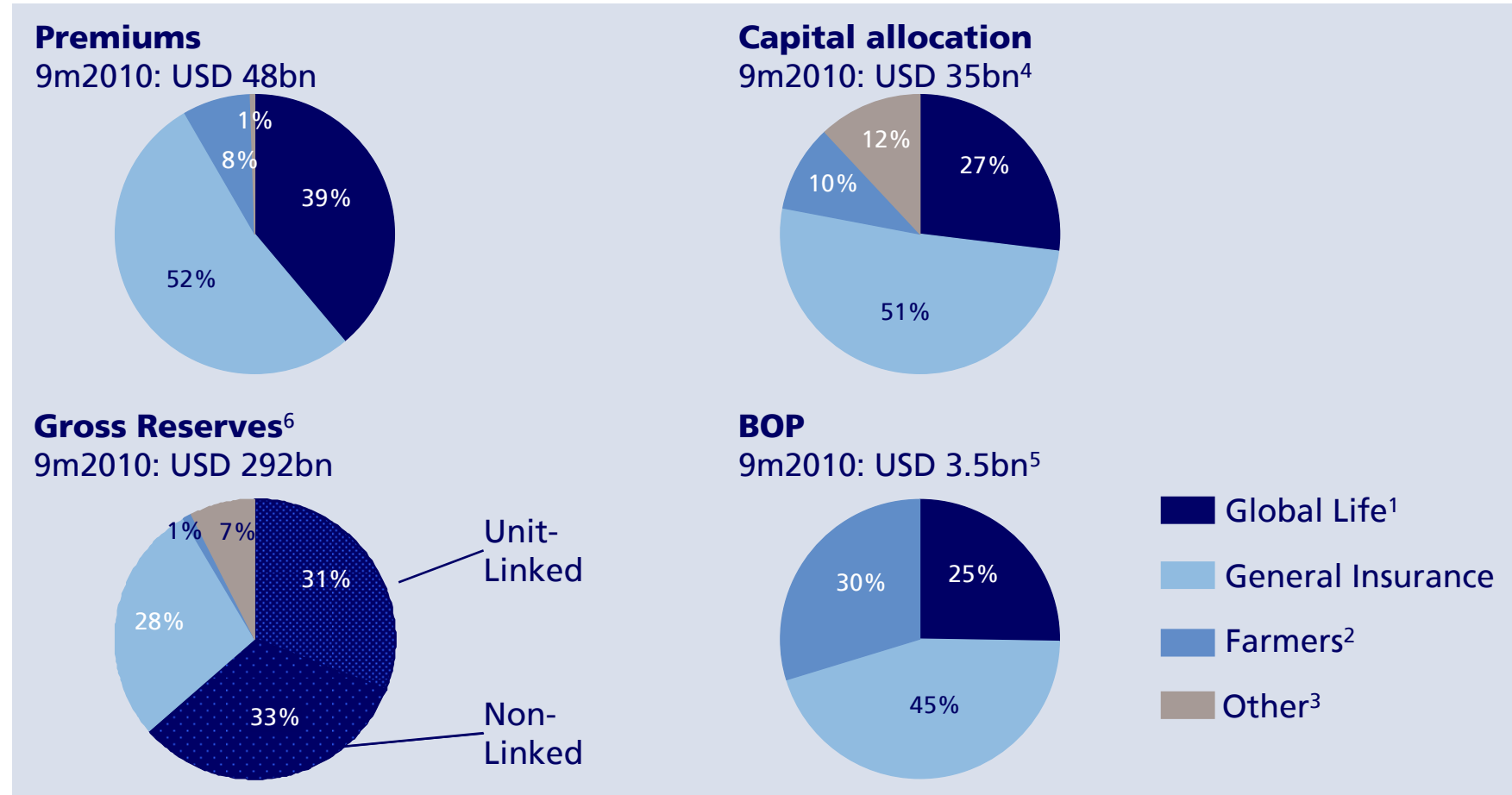


- Year on year NBV growth improving our position relative to peers
- Strong and consistent BOP delivery through difficult market conditions

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¹ Special Operating Items

...and is a significant contributor to the Zurich Group results



1 Global Life premiums include gross written premiums, policy fees and insurance deposits
 2 Gross written premiums and gross reserves relate to contribution of Farmers Re only
 3 Other includes Other Operating Businesses, Non-core Businesses and Eliminations
 4 Includes USD 33bn of RBC plus USD 2bn of direct allocation to Farmers
 5 BOP of USD 3.5bn includes USD -0.8bn from Other Operating Businesses and Non-core Businesses, which is excluded from pie chart
 6 Global Life reserves include liabilities for investment contracts

Market environment is challenging but fundamental demand drivers are strong



Challenging economic environment

- Unpredictable pace of recovery, high volatility
- Low interest rate environment

Major regulatory changes

- Solvency II
- UK Retail Distribution Review (RDR)

... but fundamental demand drivers are strong

- Ageing population holding increasing wealth
- Increasing private retirement provision
- Growing middle-class in developing markets

The strategy of globalization we introduced in 2008 has proven successful



Strategy outlined in 2008

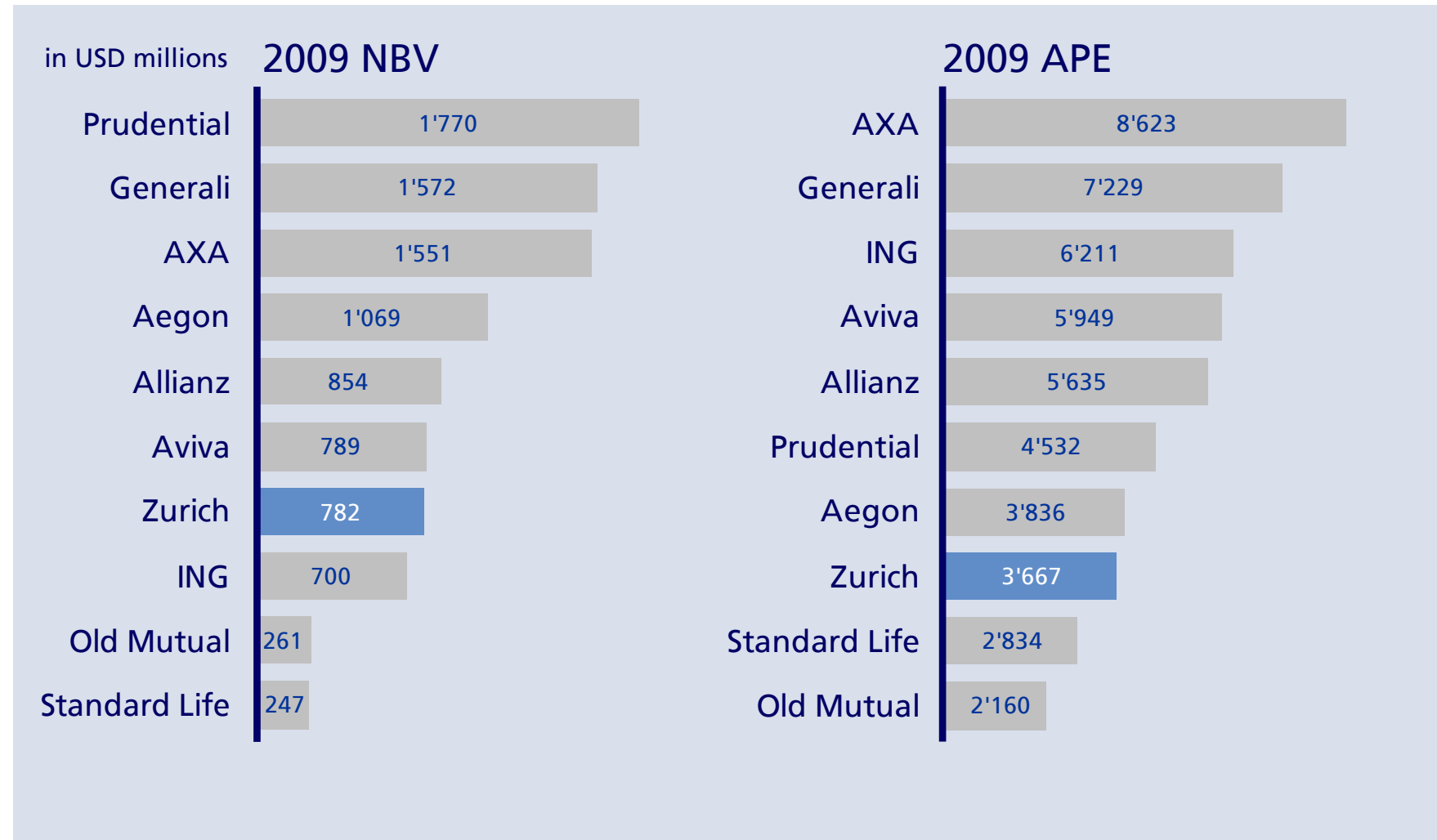
- 1 Three global distribution channels to better serve local customer needs
- 2 Three global customer groups
- 3 Consolidation of manufacturing and proposition management

Consistent execution

- Consistent growth in NBV and underlying BOP
- Delivery of internal cash targets
- Pillars embedded to drive profitable growth
- Consolidation of manufacturing capabilities well-progressed
- Growth strategies developed for APME, LatAm and US

The core tenets of the strategy have been proven through consistent delivery

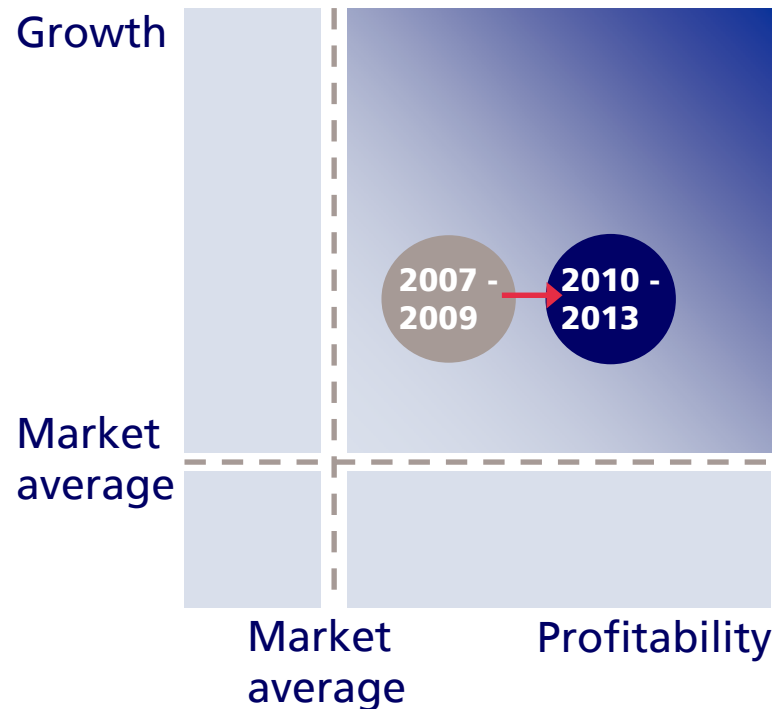
Global Life's position relative to peers



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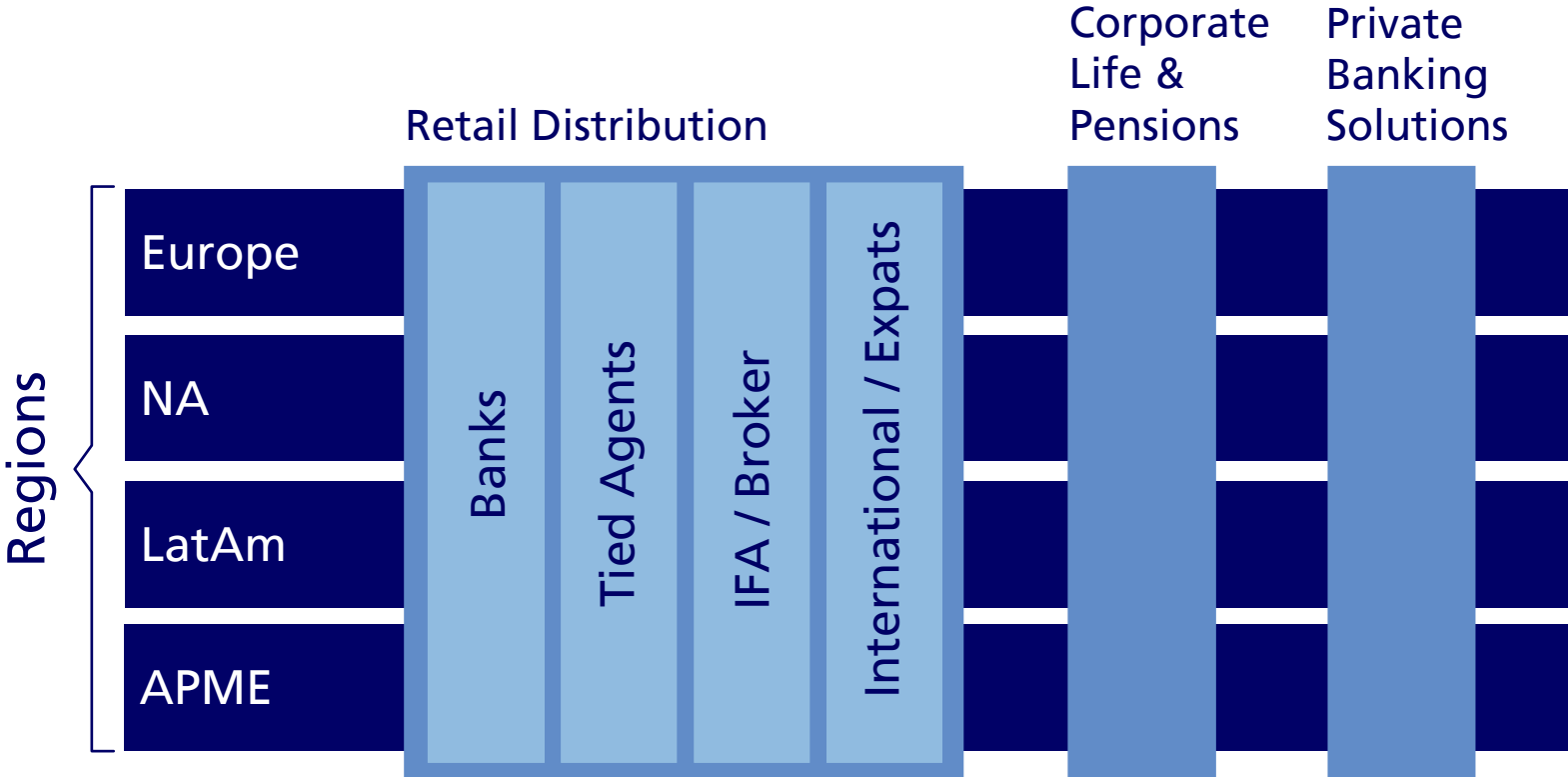
Note: Published results converted using 2009 average exchange rates

We now aim to firmly establish Global Life in the Top 5 as measured by new business value in our defined peer group



- Ongoing market share capture in selected markets
- Further profitability improvement through enhancement of geographic and product mix
- **Establish ourselves in the Top 5 of European-based global peers as measured by new business value**

We have refined our organizational model and strategy to further leverage synergies and scale efficiencies



There are four key areas of focus as we implement the strategy



1 Manage product mix through global pillars

- Ongoing focus on Unit-Linked Savings and Investments, Protection and Corporate
- Synergies between retail pillars through shared propositions

2 Execute growth strategies in developing and new markets

- APME & LatAm to diversify our presence into markets providing higher growth and profitability
- The US to selectively grow in a large, mature market, whilst targeting specific growth opportunities in Europe

3 Accelerate implementation of business transformation

- Drive efficiencies in manufacturing and servicing through The Zurich Way initiatives
- Ensure flexibility as we prepare for regulatory change

4 Further develop our financial and performance management

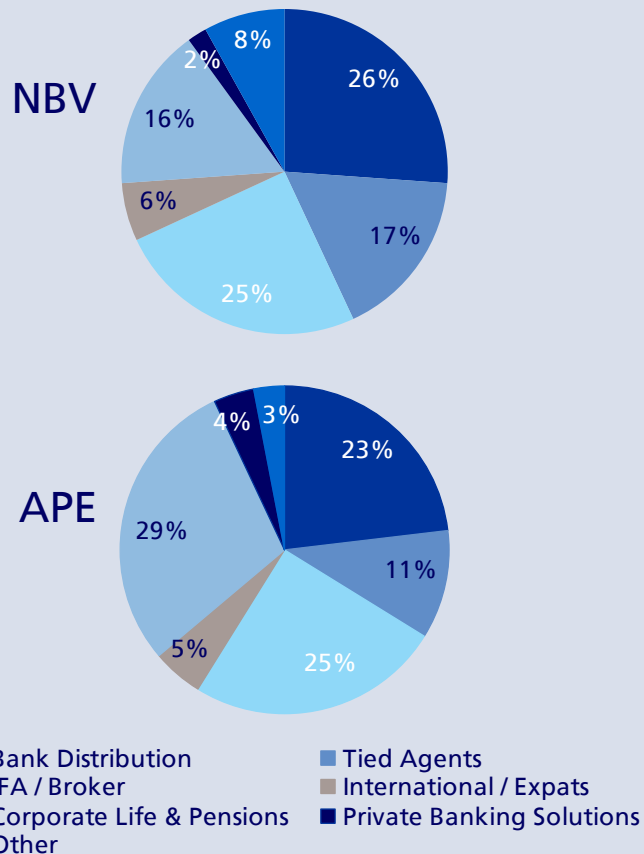
- Implement Top Tier Performance framework
- Optimize risk-based returns
- Continued focus on capital-light segments and cash generation to self-fund growth strategy

Pillars are the core vehicle through which we will continue to drive growth



1 Product Mix through Global Pillars

2013 Indicative pillar mix



Pillars driving growth

- Pillars ensure a global approach to understanding and delivering on the needs of our customers and distributors
- Close interaction between the retail pillars provides synergies through shared proposition and operations platforms
- Corporate Life and Pensions (CLP) and Private Banking Solutions Pillars have distinct target customer segments and distributors
- Balanced growth across pillars over the plan period with the strongest growth in Tied Agents (APME and US) and CLP (Europe)

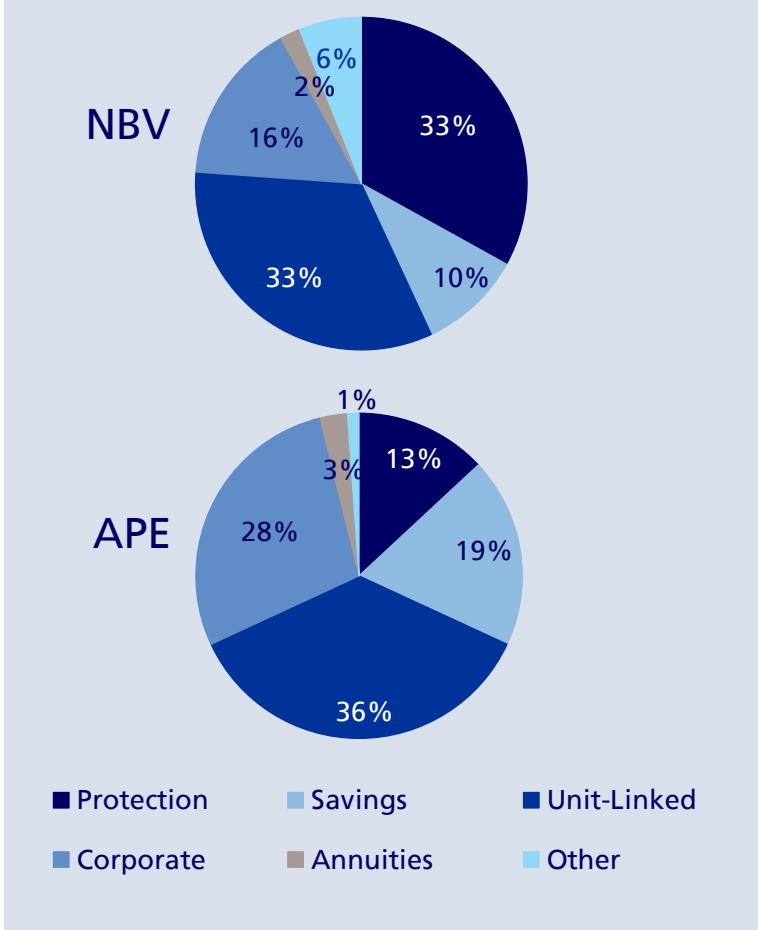
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Highest planned growth in Individual Protection and Corporate drives an improvement in value and returns



1 Product Mix through Global Pillars

2013 Indicative product mix



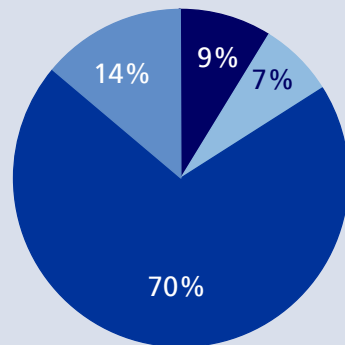
Areas of proposition focus

- Protection:**
 - Highest profitability
 - Diversification benefits limit RBC requirements
- Unit-Linked:**
 - Build on our strength in capital-light segment
 - Enhance margins through packaging with Protection
- Corporate:**
 - Market opportunity
 - Global Life growth momentum
 - Risk-based profitability

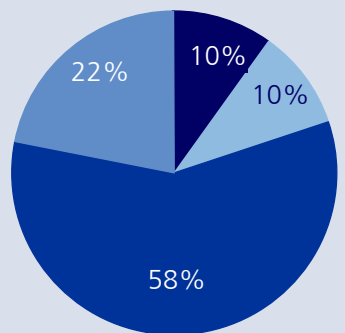
Planned growth in selected developing markets and the US diversifies our geographic presence

Indicative geographic presence

9m2010 NBV



2013 NBV



■ US ■ LatAm ■ Europe ■ APME

Diversifying our footprint 2010-13

- Geographic presence currently weighted to Europe
- Strong positions in Germany, UK, Spain, Switzerland and Ireland
- Enhance our position in Europe whilst responding to the requirements of Solvency II
- Implement growth strategies outside Europe:
 - Participate in rapid growth markets
 - Benefit from higher margins
 - Diversify our geographic footprint
 - Leverage our global model

We are now implementing our Asia-Pacific & Middle East growth strategy...



2 Regional Growth

Strategy

Enhanced propositions:
Protection, Unit Linked,
Corporate

Selective market entries

Primary focus on Tied
Agents, Bank and
IFA/Broker

Multi-location hub to
enable delivery



Market focus

- **Hong Kong:** Enhance Tied Agent business through improved capability and propositions
- **Singapore:** Expand presence to target affluent domestic market
- **Indonesia:** Market entry through Mayapada acquisition
- **Malaysia:** Leverage strategic investment in MCIS
- **Taiwan:** Build profitable niche in affluent segment
- **Japan:** Expand profitable niche in Direct Channel
- **Australia:** Protection focus driving strong margins
- **Middle East:** Build on long-standing International / Expat position

Target: Sustainable and profitable operation contributing 20% to GL NBV by 2013

...and building a sustainable and profitable position in Latin America



2 Regional Growth

Strategy

Enhanced propositions:
Protection, Savings and
Corporate

Target growth in the
largest markets of Brazil
and Mexico

Primary focus on Bank
Distribution, Tied Agents
and CLP

Buenos Aires hub to
enable delivery



Market focus

- **Brazil**
 - Accelerate growth in Bank Distribution
 - Launch Corporate Pensions proposition
 - Increase penetration in Direct
- **Mexico**
 - Accelerate growth in Bank Distribution
 - Develop savings business through IFAs
 - Launch Group Protection
- **Chile:** Expand Tied Agents and CLP from strong base with focus on Protection to enhance profitability
- **Argentina:** Accelerate growth of Individual Protection through IFA/Broker

Target: Sustainable and profitable operation contributing 10% to GL NBV by 2013

In the US we are re-introducing the Zurich brand in profitable niche segments and building our Farmers presence



2 Regional Growth

Market Opportunity

- Largest Life & Health market globally
- Market dislocations create opportunities
- Leverage Zurich's global reach and brand strength

Farmers Expansion

- Accelerate growth serving mass/mass affluent segment through Farmers eastern expansion
- Focus on Protection providing strong margins

Affluent Markets

- Niche offering for High Net Worth Individuals through IFA channel
- Universal Life products supporting wealth transfer and wealth accumulation

Corporate Life & Pensions

- Serving US Corporations with globally-mobile employees
- Distribution through Employee Benefit Consultants
- Primary focus on Group Life and Disability

In Europe we will selectively target growth opportunities



2 Regional Growth

Selective Growth

- Focus on our strategic bank relationships in Germany and Spain
- Accelerate growth in Corporate in large markets, meeting growing demand for retirement savings
- Enhance IFA/Broker business including UK re-positioning post-RDR
- Build sustainable and profitable presence in Private Banking Solutions through Luxembourg hub
- Improve productivity and profitability of Tied Agents in core markets

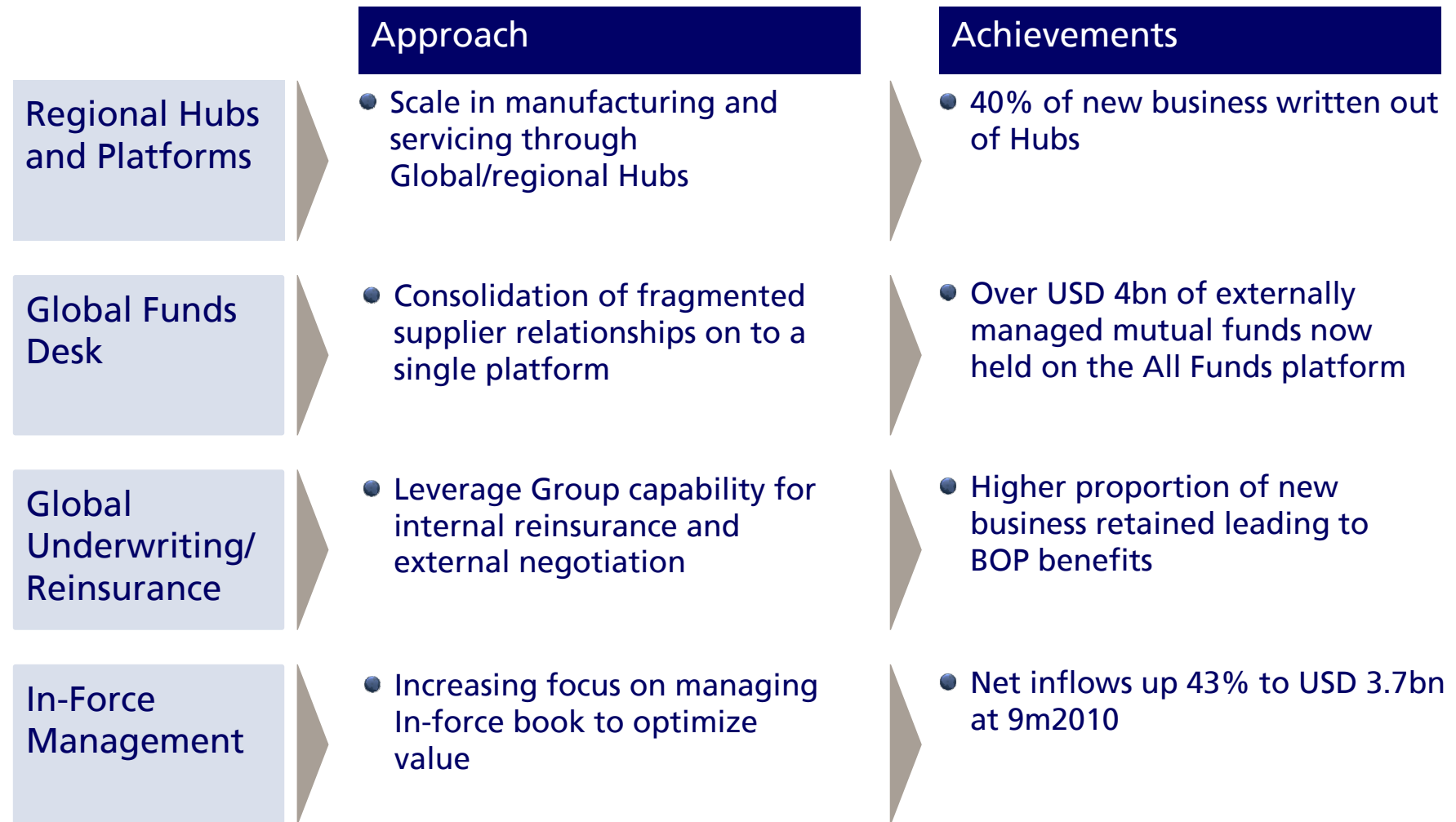
Operating Model Efficiency

- Generate scale through consolidation of manufacturing and servicing capabilities
- Enhanced speed of proposition delivery through streamlined processes and re-use of proposition components
- Prepare for regulatory change
- Cash and BOP generation focus through in-force management

Our TZW initiatives and global model drive operational efficiencies



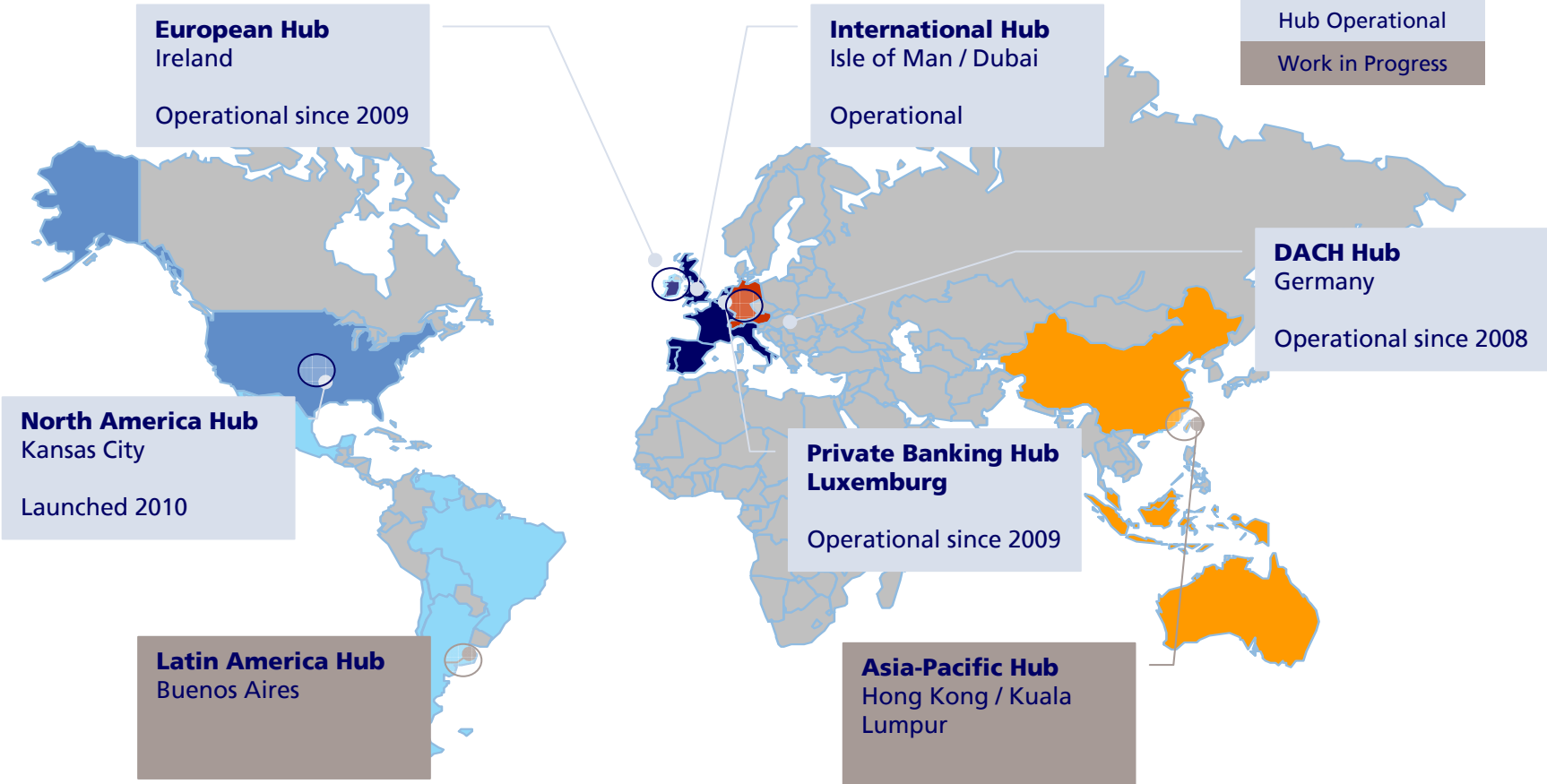
3 Business Transformation



Strong progress has been made in the implementation of our Hub model



3 Business Transformation



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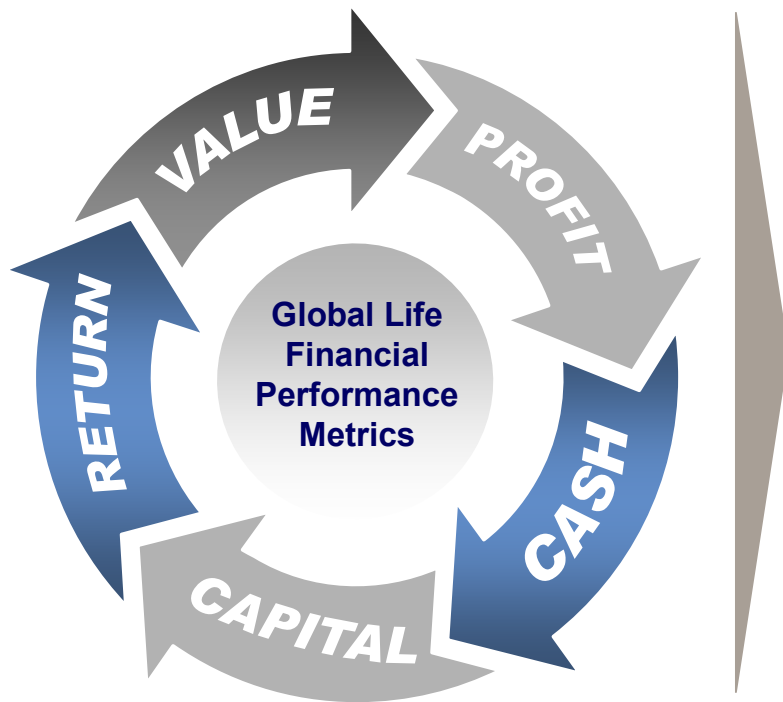
We are already sharing common processes and propositions across Hubs...

3 Business Transformation

88 Common Processes defined in **EU Hub** which are now being re-used in **LatAm** and **AP**



Global Life aims to maximize shareholder return

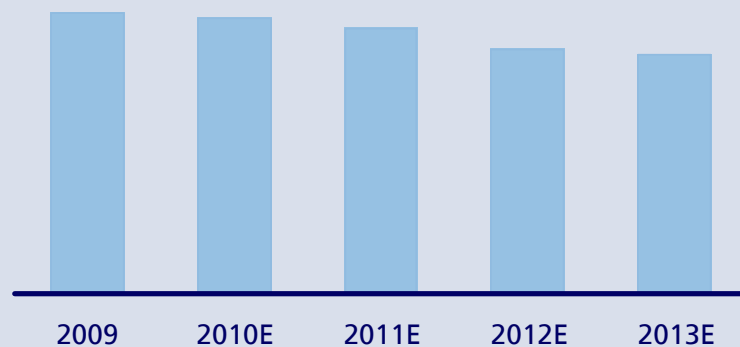


- Optimize our cash and capital position focusing on four key areas:
 - Active allocation of capital and use of a risk-based return measure
 - Balance sheet consolidation
 - Understanding of end to end cash generation and utilization processes
 - Cash-flow transparency
- Maximize the value of the business and Embedded Value operating return
- Remain within our desired risk corridor and optimize risk-based returns
- Optimize BOP delivery and cash generation

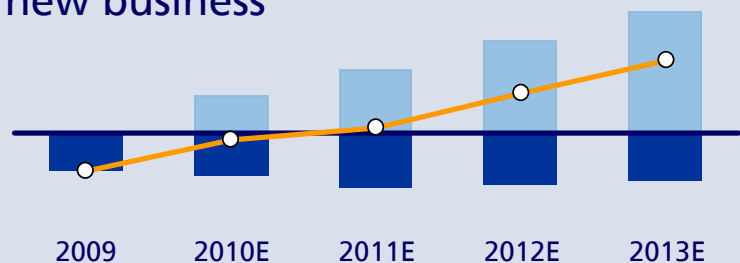
Our in-force book and new business growth produces a strong BOP profile



Illustrative BOP from business in-force at end 2008



Illustrative BOP from 2009 - 2013 new business

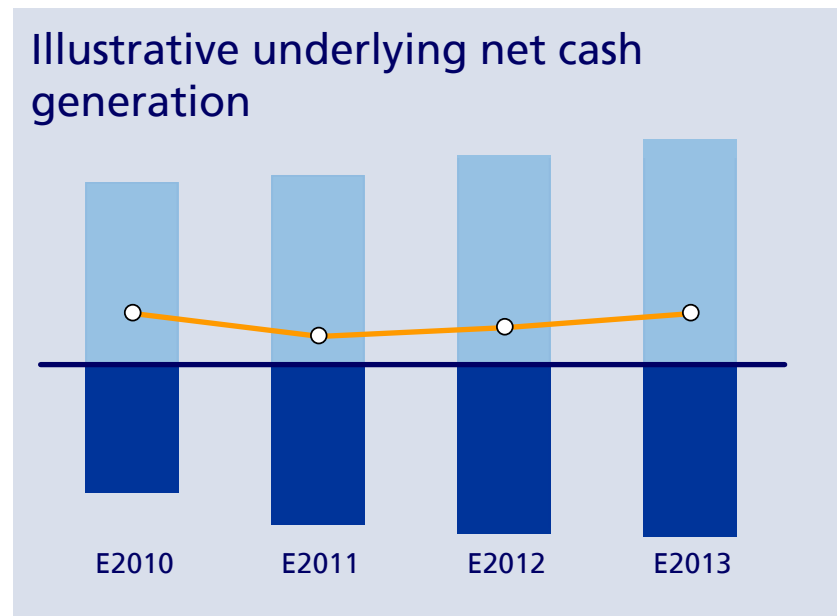


- In-force BOP generated from mature portfolios in Europe and Farmers
- Limited new business strain with relatively quick payback under IFRS due to deferrals
- In-force management and profitable new business growth lead to underlying BOP improvement
- Growth in target segments of Protection and Unit Linked drives improvement in risk margin and expense margin

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■ IFRS profits emerging from business written in previous years
■ IFRS strain from business written in the year and cost of investments to fund growth
— Net IFRS profit emergence and strain

We manage our portfolio mix to optimize key metrics and self fund our growth strategy



- Mature books generate cashflow to fund cash strain on new business and investments
- In target product segments of Protection and Unit-Linked payback typically 5 - 8 years
- On Corporate fee-based products, payback can be quicker dependent on investment and set-up costs
- We use risk-adjusted return metrics to balance economic value added with risk

■ Cash generated from in-force business
■ Cash strain from business written in the year
— Net cash generation

We are focused on accelerating our strategy to become the best truly global Life & Pensions provider



Strategic focus

- 1 Manage product mix through global Pillars
- 2 Execute growth strategies in developing and new markets
- 3 Accelerate implementation of Operational Transformation and The Zurich Way
- 4 Further develop our approach to Financial and Performance Management

Targets

- Top 5 European-based global insurer by new business value
- 30% of new business value from Asia-Pacific & Middle East and Latin America
- Cash generative while self-funding organic growth



Q&A



Agenda



10.00	Welcome	Debra Broek
10.05 – 10.20	Overview	Martin Senn
10.20 – 11.00	General Insurance	Mario Greco
11.00 – 11.30	Global Life	Kevin Hogan
11.30 – 12.15	Q&A – morning	
12.15 – 13.15	Buffet Lunch	
13.15 – 14.00	Farmers	Bob Woudstra / Jeff Dailey
14.00 – 14.30	Group Operations	Kristof Terryyn
14.30 – 14.45	Break	
14.45 – 15.15	Capital Management/Non-Core Business	Dieter Wemmer
15.15 – 16.00	Q&A - afternoon	
16.00 – 16.15	Closing Remarks	Martin Senn

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Farmers

Bob Woudstra
Chief Executive Officer

Farmers is well positioned to continue its growth against top tier competitors



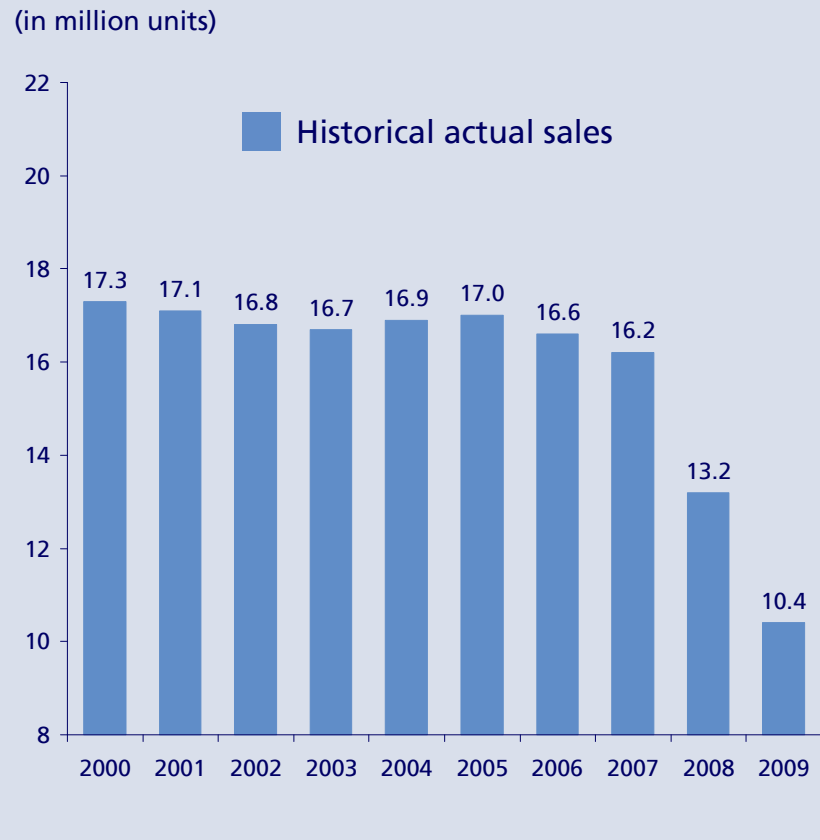
- Conditions in US Personal Lines P&C market are challenging
- Farmers has a strong market position and growth track record
- Successfully integrated 21st Century and rolled out new auto product
- Put in place a set of strategic growth initiatives

Farmers is well positioned to accelerate growth

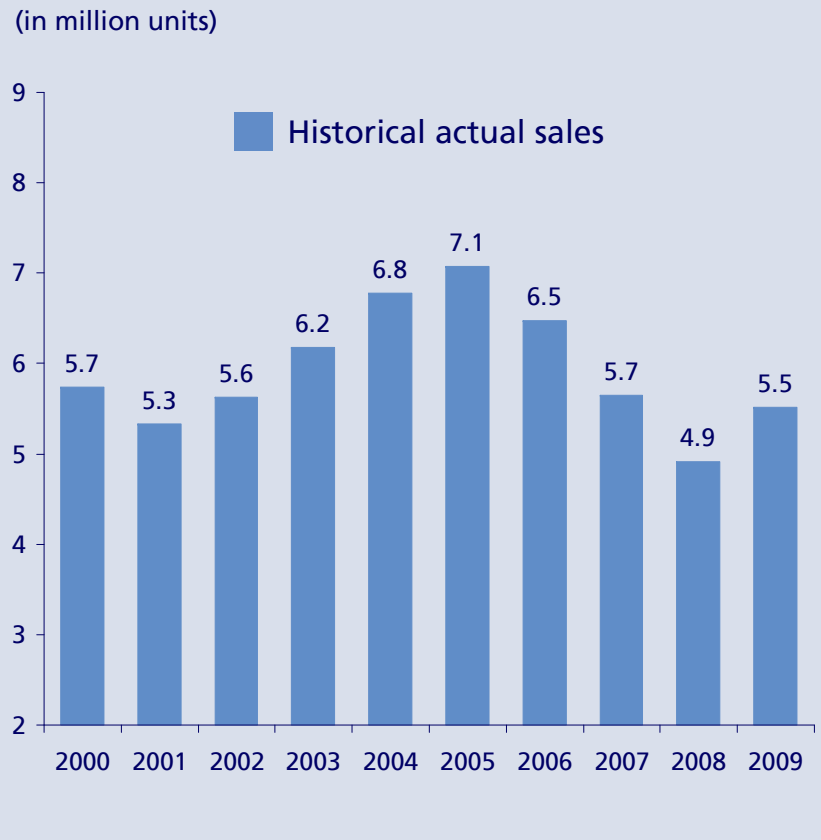
The recovery has been slow and economic conditions remain challenging



U.S. auto sales are down...



U.S. existing home sales are down...



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Source: Concensus Forecast – Bloomberg Survey 2010

December 2, 2010

Investors' Day - Business Updates

78

Economic conditions have reshaped the US P&C insurance industry...



Industry implications

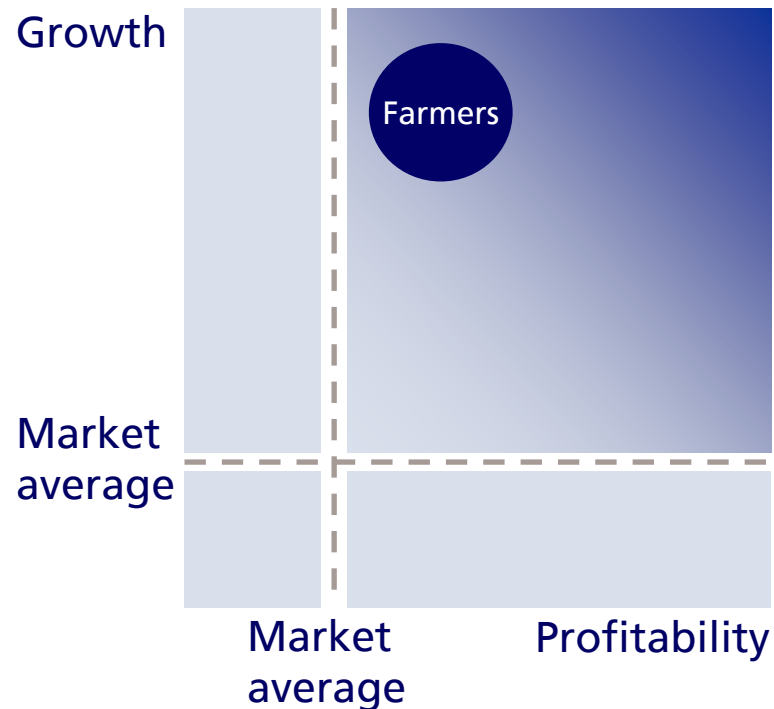
- More frequent shopping
- Increased price sensitivity and competition
- Increased channel switching
- Higher levels of advertising

Farmers response

- Repositioned in 2009 - 2010 to compete in the new paradigm
- Developed and launched NEW products, resulting in improved pricing, customer experience and competitive position
 - Developed NEW geographic expansion and distribution density strategies
 - Completed the integration of 21st Century, launched NEW brand and advertising campaign, and are positioned to accelerate growth
 - Developed a NEW advertising strategy, optimized for each channel

... resulting in a "No Growth" environment that is driving increased competition on price, service, ease of doing business, brand awareness, and web sales capabilities

Our target is to maintain Top Quartile Growth Performance in Personal Lines

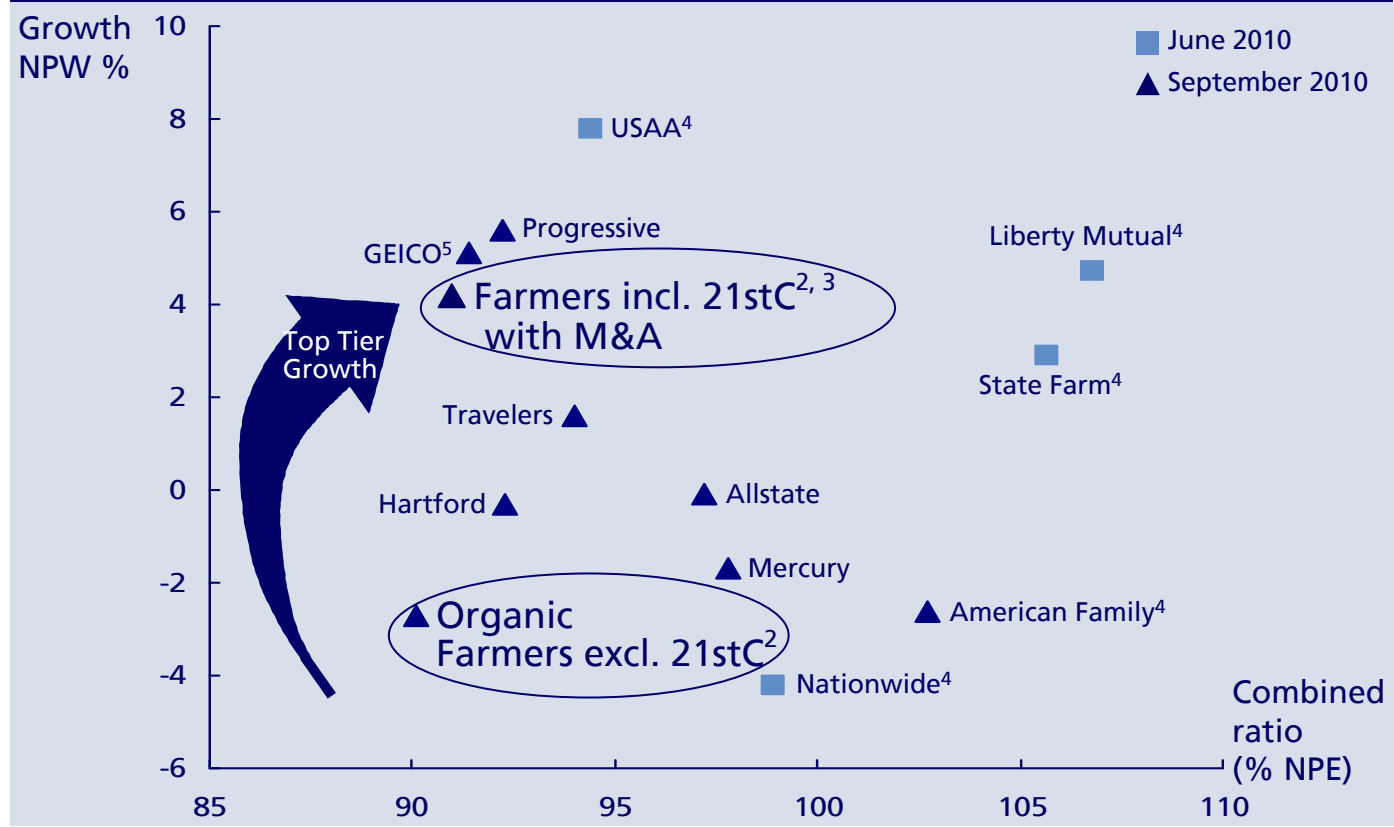


- Maintain top quartile growth performance among the 12 largest U.S. personal lines companies
- Continue to increase market share for the Farmers Exchanges
- Improve retention by 3 points to close the gap relative to top tier U.S. personal lines competitors

Going forward we will continue to measure success against Top Tier Performance



9m2010 growth vs. GAAP combined ratio – overall P&C^{1, 4}



- Continued poor economy and competitive positioning has hurt organic GWP growth since early 2008
- Flat to negative premium trends in marketplace amongst non-direct peers
- Strong surplus of Farmers Exchanges at ~42% enables drive for profitable **organic growth**

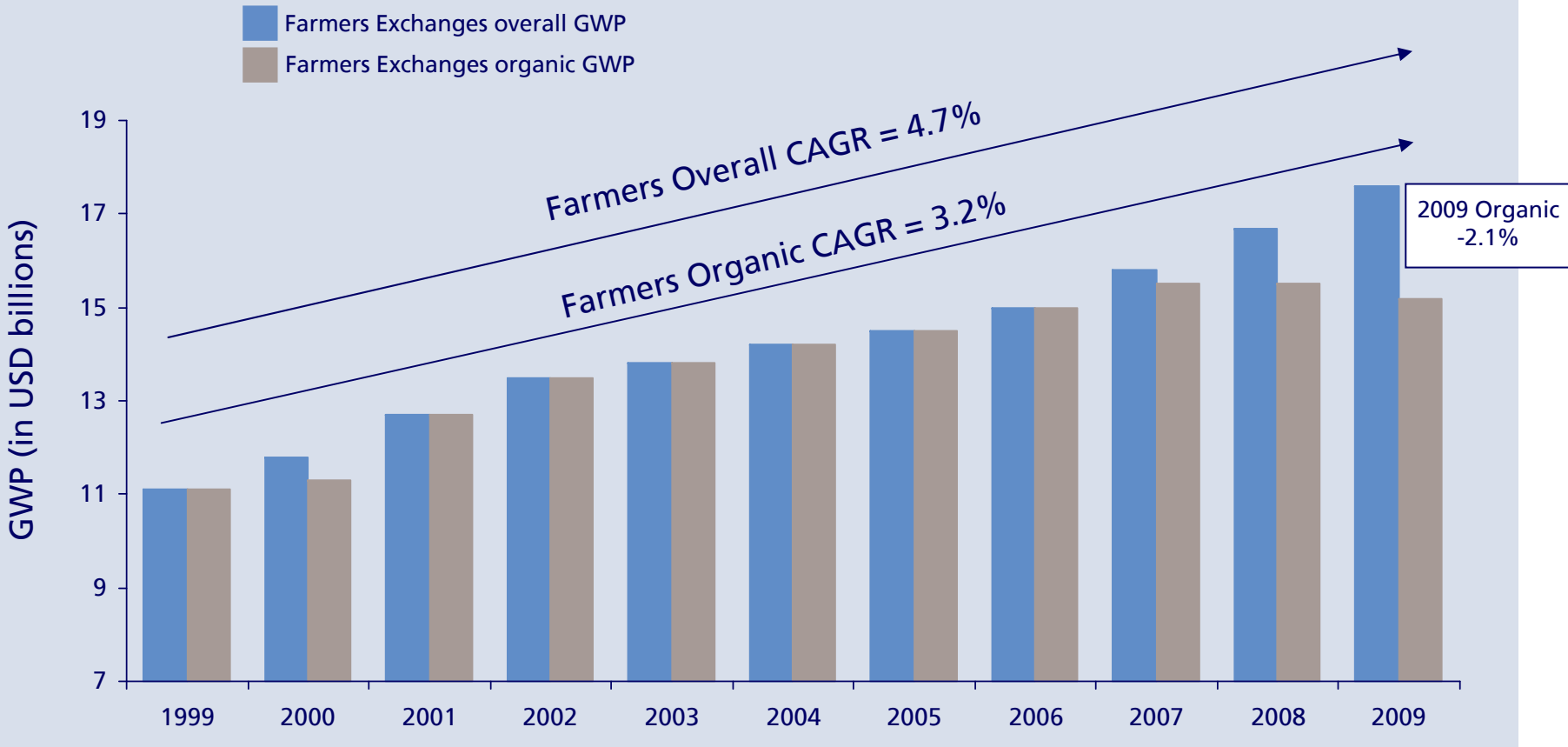
1 Source: Press releases and investor supplements, except for Farmers and non-public competitors.
 2 Reflects GWP before APD and Quota Share treaties. Combined ratio excludes APD and Quota Share reinsurance agreements and is adjusted for Farmers Management Services' profit portion of management fees.
 3 21st Century 2009 results exclude the portfolio transfer.
 4 Source for non-public competitor data: AMBest database. CRs on STAT basis.
 5 Based on NPE. GEICO does not report NPW on a quarterly basis.
 6 Source of FY10 estimate: Conning P&C Forecast & Analysis By Line of Insurance Q310 released 10/06/2010 (weighted for Farmers' LOBs). CR on STAT basis.

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Farmers business model remains very competitive as confirmed by our top tier growth over the last 10 years



Farmers GWP growth 1999 - 2009



As the total P&C market has been in decline, Farmers continues to gain market share



2009 top U.S. personal lines (PL) carriers¹

Rank	Carrier	2009 PL market share	3 year trend
1	State Farm	19.2	0.6
2	Allstate <small>Your in good hands.</small>	10.5	0.7
3	FARMERS [®]	6.8	1.1
4	GEICO <small>geico.com</small>	5.9	0.7
5	PROGRESSIVE [®]	5.4	0.2
6	Liberty Mutual	4.7	0.2
7	Nationwide [®] <small>On Your Side[™]</small>	4.6	0.1
8	USAA [®]	4.2	0.5
9	TRAVELERS	2.9	0.1
10	AMERICAN FAMILY INSURANCE [®] <small>All your protection under one roof[®]</small>	2.1	0.1
11	TRUSTED 200 YEARS THE HARTFORD	1.6	0.0
12	MERCURY INSURANCE GROUP	1.0	0.2

In the last three years Farmers has the largest increase in market share at 1.1% point improvement

- Farmers has climbed from 5.7% in 2006 to 6.8% in 2009
- 3rd largest personal lines carrier in U.S. and gaining market share on Allstate
- Replaced State Farm as the #1 largest auto carrier in biggest market – California
- Seeing positive growth trends in 2H '10 to retain market share

¹ Based on Top Quartile in Farmers operating territory. Personal Lines includes Private Passenger Auto and Homeowners Multi-Peril Premiums
Source: AM Best and SNL 2009 Direct Written Premiums, Market Share Reports



Farmers

Jeff Dailey
President Personal Lines

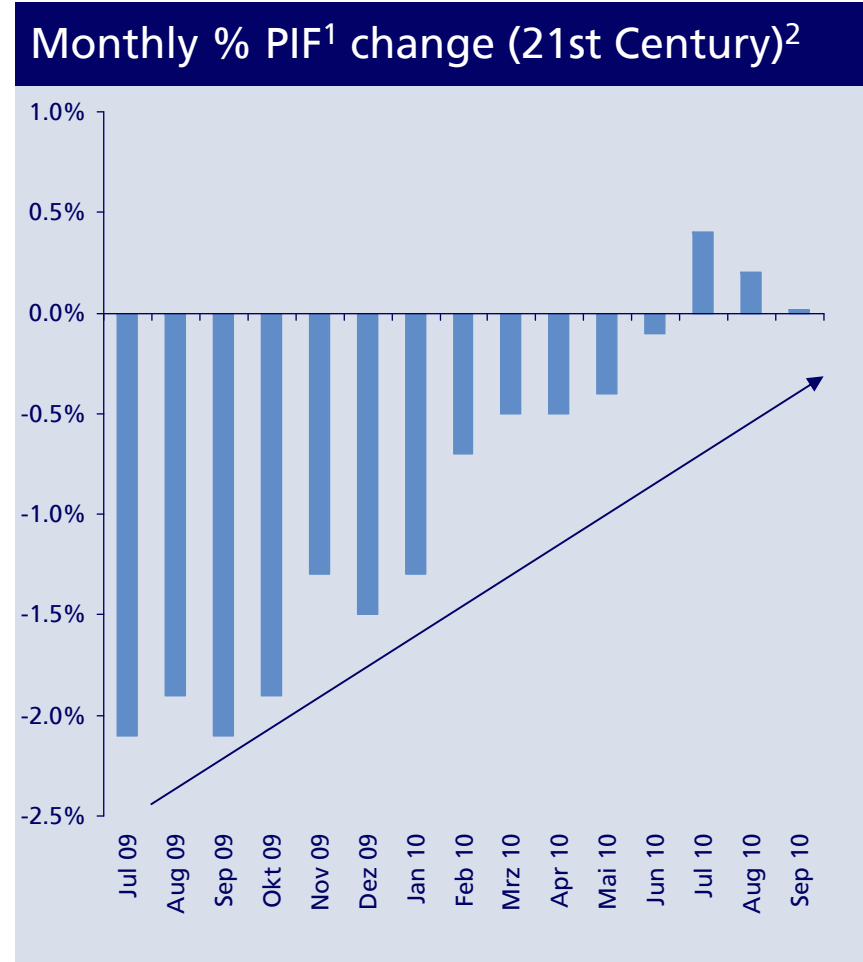
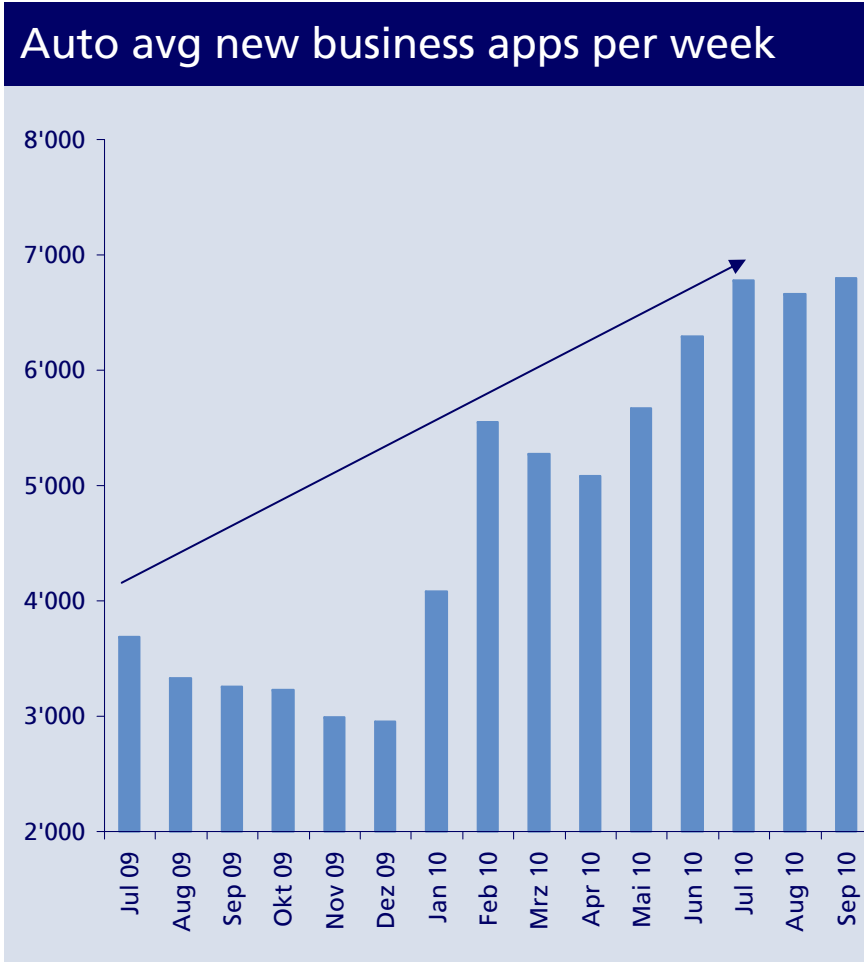
Personal Lines - New auto product (FA2) is driving significant new business growth



With our strong momentum we are positioned for growth

- Farmers auto quotes are up 18% year over year
- Farmers new auto conversion rates averaging 18% with continued improvement
- Through Q3 2010, auto new business growth is up 22% year over year, and continuing to accelerate with September up 47%
- More accurate pricing has led to stability in rate level and a 1.4% pick up in auto retention in Q3 2010

21st Century Direct is accelerating growth across all categories



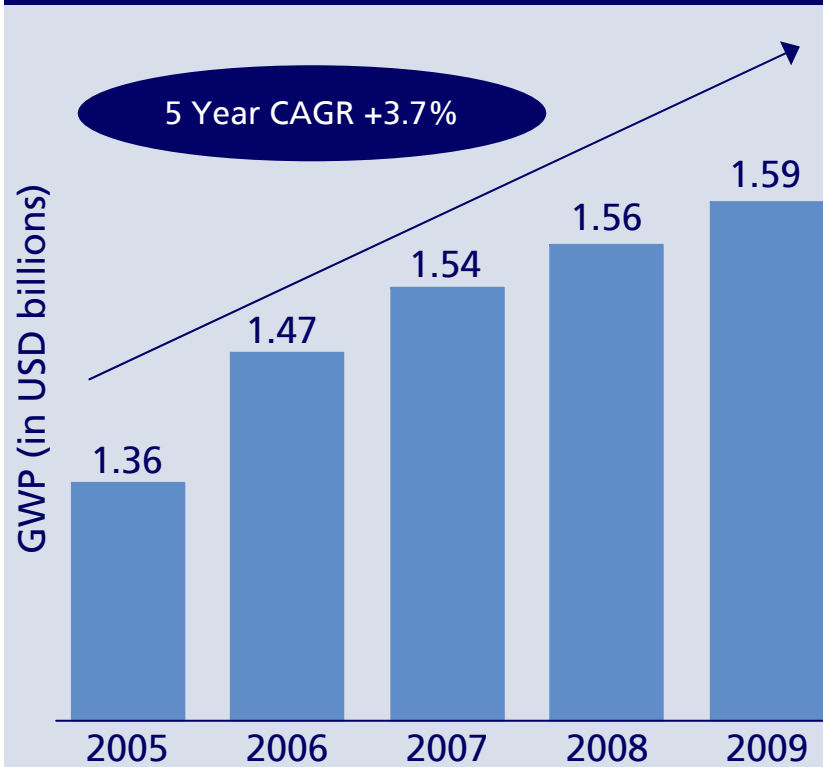
¹ Policies in force
² Excludes Hawaii & Assigned Risk

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Farmers Specialty experiences strong 3.9% YoY GWP growth through Q3 despite significant market reductions



Strong organic growth momentum



Key trends

- Hardest hit segment
- Most competitors in the industry have seen negative growth in this segment
- We are growing and positioned to accelerate
- We experienced a 3.7% CAGR over the last 5 years

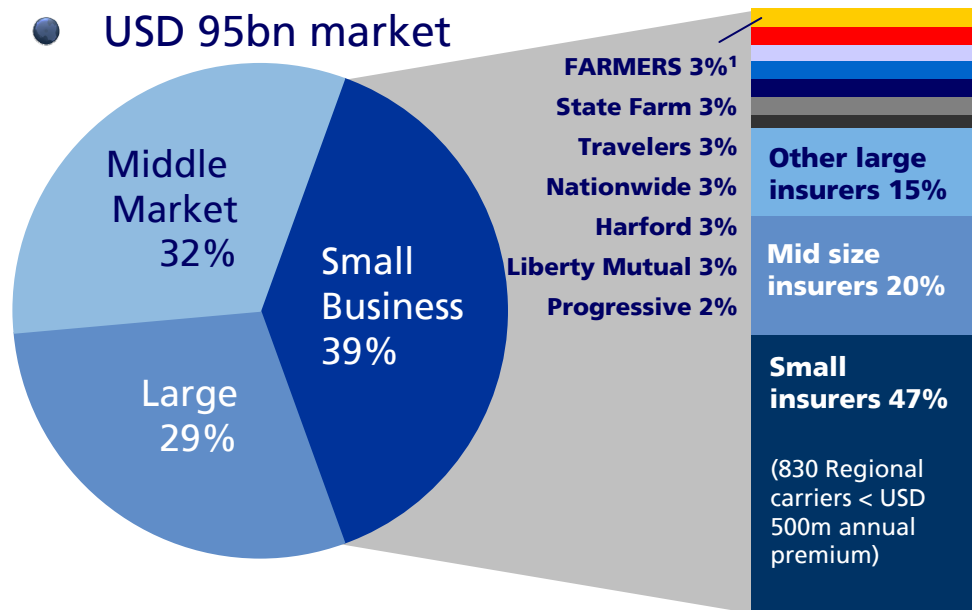
Farmers Commercial Business premium growth has outpaced the industry over the last 4 years



USD 95bn market with no clear leader

Commercial insurance market

- 28 million customers
- USD 95bn market



Priorities to accelerate growth

- Expand underwriting appetite
- Optimize multi-channel distribution footprint
- Leverage our distinctive position to serve growing multi-cultural small business customer segment
- Leverage eastern market expansion

Top-tier performer uniquely positioned to serve US Small Business Customer with achievable aspiration to be the #1 premier carrier

Source: Conning Report

¹ Exclusive Agents - Excluding Zurich Small Business Solutions

We have identified nine key areas of focus to accelerate our growth strategy



Overall growth strategy

- Expanded customer reach – Building scale, geographic scope, distribution density with enhanced productivity and two market facing brands
- Building relationships with cross-sell and improved customer experience
- Improving online services and website presence driving customers to the sales funnel
- Enhance customer centricity and proactively retaining profitable customers
- Effectively leveraging brands, channels, and aggressive marketing

Strategic growth priorities

- 1 Optimize Top-Tier Performance Through TZW
- 2 Direct – 21st Century
- 3 21st Century – Cross-Sell
- 4 Retention
- 5 Eastern Expansion
- 6 Multi-Channel
- 7 Advertising & Brand Strength
- 8 Market Management / Distribution Density
- 9 Web Shop & Funnel

We will focus on three pillars to optimize our Top Tier Performance capabilities



1 Optimize Top-Tier Performance Through TZW

Optimize through The Zurich Way (TZW)

- 1 Competitive products / pricing
- 2 Customer experience / easy to do business with
- 3 Distribution excellence - market management capabilities



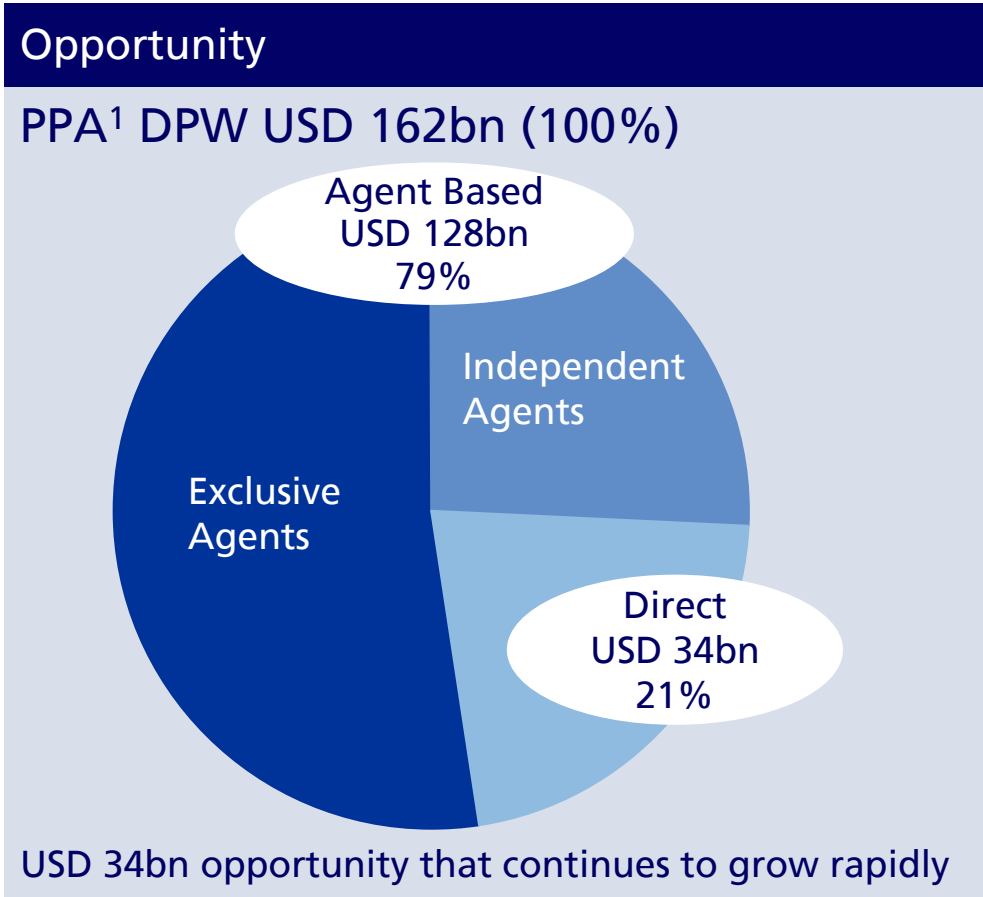
Enhancing capabilities to drive growth

- New products with improved segmentation
- Product alignment and standardization throughout the enterprise
- Straight through processing
- One and done execution - Agent self-service and voice response
- Implementing Farmers All-lines Billing
- New and enhanced MyFieldPoint market management tools

Leverage 21st Century Direct to capture the fastest growing direct to consumer segment



2 Direct – 21st Century



- ### Farmers response
- Completed re-branding project
 - Launched new advertising campaign
 - Increased ad spend
 - Enhanced internet marketing
 - 43% of current sales through web and growing

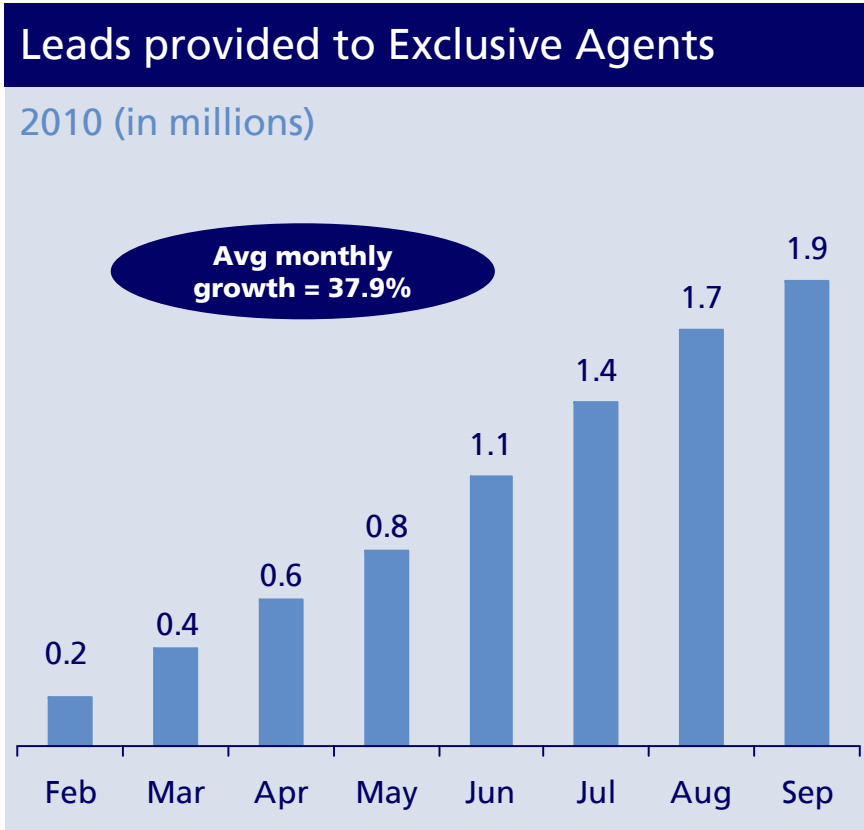
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¹ Private Passenger Auto
 Source: Dowling IBNR 32 2010, AM Best, Top Tier includes Geico and Progressive

Driving increased cross-selling by leveraging 21st Century Direct leads



3 21st Century – Cross-Sell



Leveraging cross-channel integration to improve cross-sell and customer lifetime value

Target is to close 5pts gap to Top Tier Performance, achieving 3pts improvement by 2013

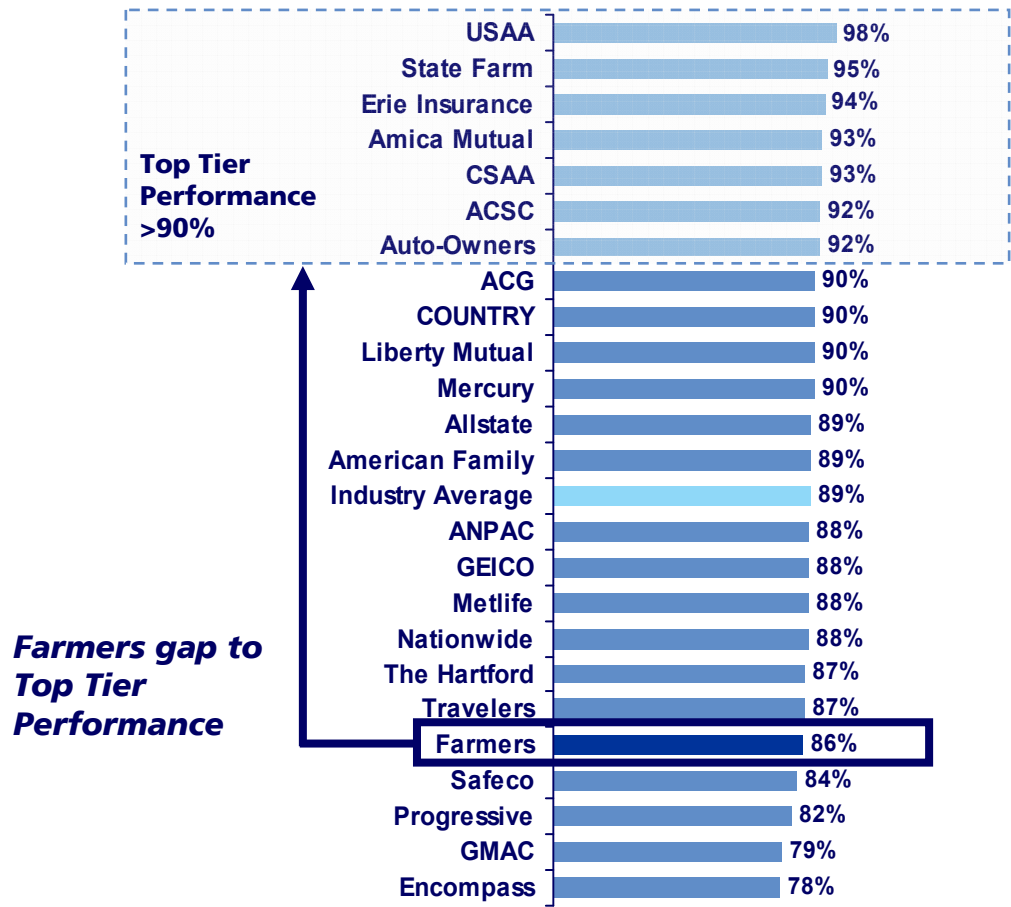


4 Retention

Every 1%-pts improvement to equal USD 145m in PL GWP

Farmers response

Retention rates



- Improve price competitiveness and stability
- Strengthen the brand and consideration
- Improve customer experience and self-service capabilities

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Source: JD Powers – 2010 Insurance Shopping Study

December 2, 2010

Expansion into the eastern market gains us access to the remaining 51% of the US P&C market



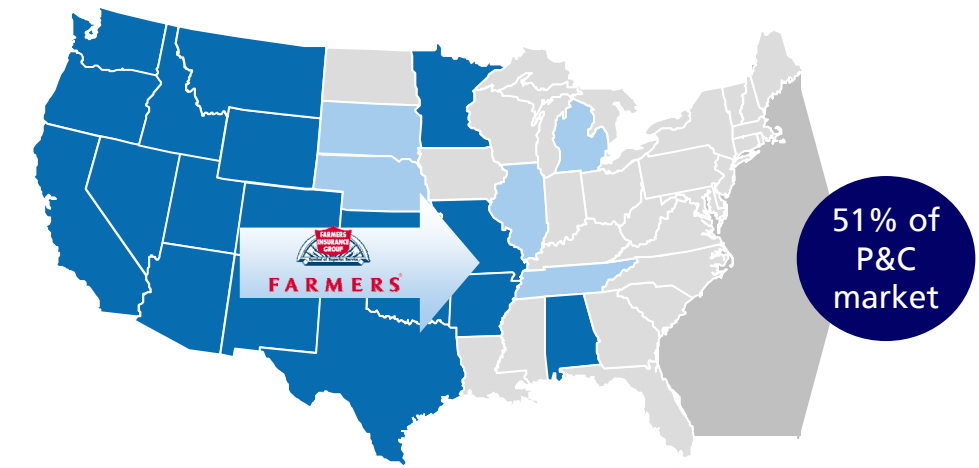
5 Eastern Expansion

Opportunity



- Expand into 17 Eastern states by adding ~6,000 Farmers Exclusive Agents

- One of top 5 insurers (18)
- One of top 10 insurers (6) incl. HI
- One of top 25 insurers (22)



Regional Based

Truly National

Multi-Channel, Multi-Line Carrier

Farmers response

- Implemented a new strategy leveraging our proven Exclusive Agent distribution model
- Implemented new Exclusive Agent development model – AgencyPoint
- Leveraging our prior eastern market expansion efforts
- Leveraging 21st Century leads to support early growth for new agents
- Expanded advertising campaign and spend

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Focused on accelerating implementation of our strategy to deliver Top Tier Performance in profitable growth



Strategic focus

- I** Implementing Top Tier growth capabilities
- II** Significant unique opportunities to accelerate profitable growth
- III** Largest under-penetrated opportunity for growth among the top 12 national U.S. P&C players
- IV** Leveraging our underwriting and pricing discipline to maintain profitable and competitive pricing

Farmers targets

- Maintain top quartile growth performance among the 12 largest U.S. personal lines companies
- Continue to increase market share for the Farmers Exchanges
- Improve retention by 3 points to close the gap relative to top tier U.S. personal lines competitors

Farmers – Appendix

Leveraging our integrated multi-channel capabilities to expand our customer reach



6 Multi-Channel

Aligning our brands & customer segments



Farmers is changing the game

- Farmers has the largest multi-channel distribution footprint and multi-product offer
- Expanded customer reach delivers value across the spectrum
- Our game changing model to attract more customers and retain them longer

Allowing customers to access us how and when they want with a full product portfolio for shopping, quoting, purchasing, and service

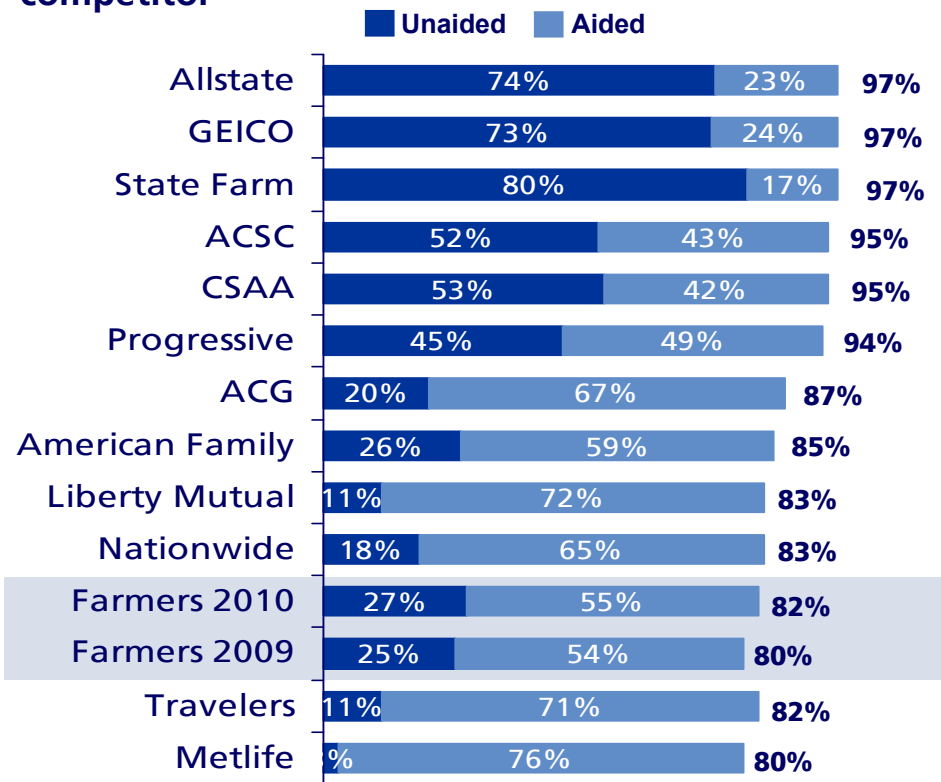
Building our brand awareness and consideration to accelerate new business volume



7 Advertising Brand Strength

Opportunity

Brand awareness & ad spend unaided and aided by competitor



Farmers response

- Increasing our advertising spend to push up unaided consideration
- Improve agents participation in advertising and marketing in local markets
- Increasing Ad Spend from 0.8% to a target of 1.5% of premiums over time
- GEICO outspends its nearest competitor 2 – 1
- 1% improvement in unaided consideration equals 3% improvement in quotes

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Source: JD Powers – 2009 & 2010 Insurance Shopping Study

December 2, 2010

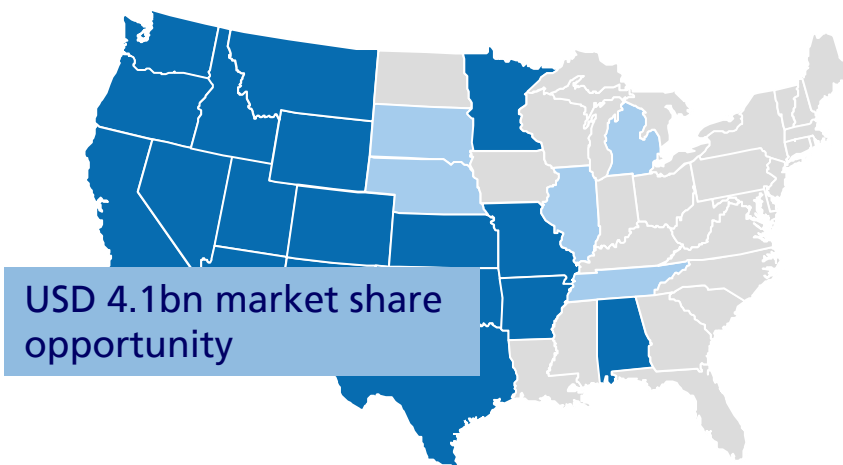
Target additional market share by increasing Exclusive Agents distribution density and productivity in low market share territories



8 Market Management & Distribution Density

Opportunity size

Farmers current market share (by state)



- One of top 5 insurers (18)
- One of top 10 insurers (6) incl. HI
- One of top 25 insurers (22)

Farmers response

- Over a USD 4.1bn growth opportunity
- Distribution Density efficiency at 1 Exclusive Agent per 8,200 population
 - Opportunity to add an additional 8,000 exclusive Farmers Agents (~60% increase)
- Leverage the tested alternative field management model - AgencyPoint

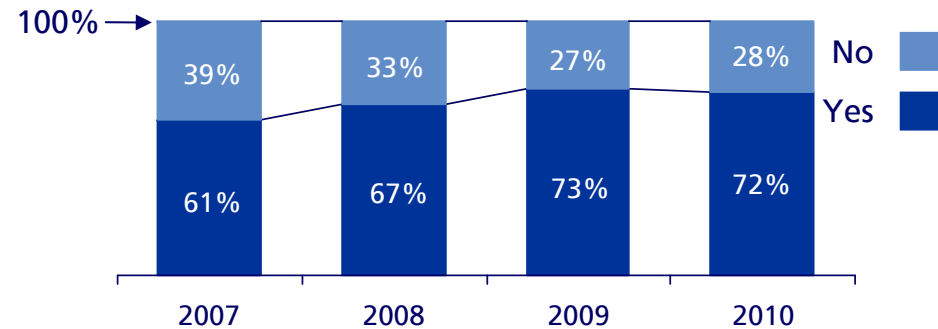
Create a sales funnel to reach the fast growing consumer segment shopping on the web



9 Web Shopping and Funnel

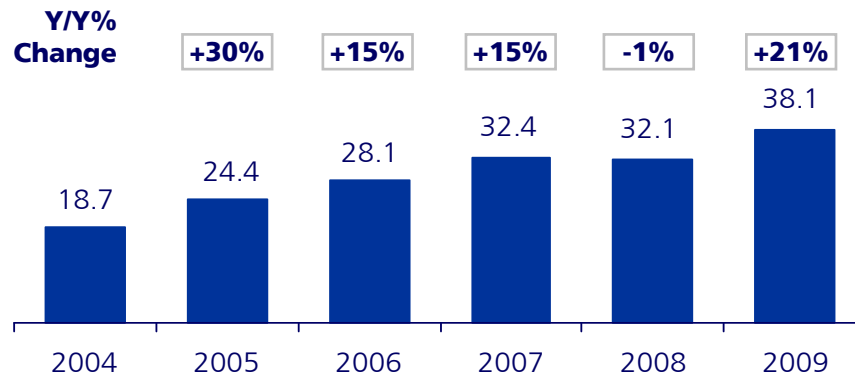
Have you ever shopped direct for auto insurance?

(by year)



Annual quotes submitted online

(in millions)



Opportunity size

- 21st Century acquisition propels Farmers into direct market
- Web Shopping and Research continues to grow
- Insurer websites dominate over aggregators
- Consumers increasing quotes online
- Seeing a shift in % Ad Spend by Channel

Farmers response

- Create an advanced Web Sales funnel
- Drive the customer through their preferred purchasing channel
- Increase online advertising spend and improve advertising sophistication

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Source: Comscore – 2010 Online Auto Insurance Report

December 2, 2010

Investors' Day - Business Updates

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Group Operations

Kristof Terryn
Group Head of Operations

Group Operations provides a significant opportunity to further drive the globalization of our operations



- A clear strategy to improve quality of processes, increase efficiencies and drive a more flexible cost base
- Ambitious, but achievable aspirations to drive value
- A motivated and engaged team and a simple organizational structure to best deliver results
- A robust plan to deliver for each of our areas of operation



Group Operations is ready to deliver value to the Group

Group Operations will ensure consistency for shared services and alignment on transformational efforts



Group Operations has a global footprint and is a significant part of our Group



People

- 5,200 FTEs in-house
- 5,800 FTEs with strategic suppliers

Geographical footprint

- On 5 continents
- In 40 countries
- Supporting over 70 operating units

Expense base

- Overall USD 4.4bn expenses
- USD 2.1bn in IT expenses
- USD 640m rent and utilities spend handled by the real estate function

Operations

- 10,000 active suppliers managed by Group Procurement
- Over 850 buildings managed by the real estate function

Our mission is to build world class operations for the Group



Enabling our ...

- Business Segments to focus on customers and distributors
- Employees to develop skills in a global environment
- Shareholders to benefit from global synergies

Group Operations has defined its aspirations



Financial impact

- Run-rate cost savings of USD 300m by end of 2013 targeted
- Further variabilization of cost base

Excellence in service delivery & change

- World class Shared Services and functional capabilities
- More flexible business model

People benefits

- Attract and retain the right people
- Provide attractive career opportunities

Group Operations has taken steps to improve cost efficiency by USD 300m per annum by 2013



Key initiatives

- **Improve** management of third party procurement **spend**
- **Drive** optimization of **real estate portfolio**
- **Optimize** IT **infrastructure** and **demand management**
- **Simplify** IT application **landscape**
- **Enhance** IT **delivery** model including consolidation of suppliers
- **Implement focused** operational improvement **projects** including exploiting sourcing opportunities

Targeted impact by 2013

Run-rate cost savings
(USD millions)

300

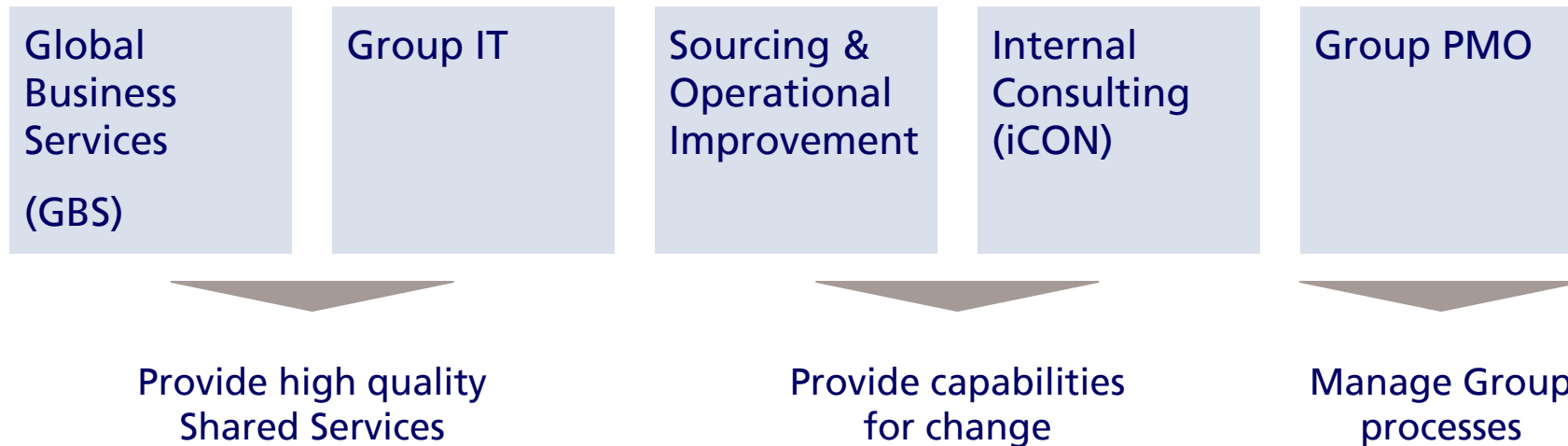
% of 2010 cost base

-7%

Group Operations is structured to best deliver on its mandate and to capture opportunities



Group Operations



Global Business Services and Group IT to provide world class shared services



Global Business Services

Group wide provider of business services in a transparent, operationally improved and flexible manner

- Transparency through activity based charging and a standard service catalogue
- Sustainable operational improvement
- Flexibility through a higher share of variable cost

Group IT

Balance of short-term requirements, medium-term IT transformation as well as continuous improvement

- Short-term attention on a major outsourcing transformation, new regulatory and compliance requirements, operational stability
- Medium-term IT transformation through investments in new infrastructure, new functionality, innovation, and a simplified IT architecture
- Focus on service delivery quality

Group Operations provides capabilities for change and manages Group processes



Sourcing & Operational Improvement

- Key enablers to building a more flexible cost base:**
- Group-wide sourcing strategy
 - Coordinated approach to sourcing decision making, implementation, and contract and supplier management
 - Harmonized view of business architecture, setting standards and consistent implementation
 - Core capabilities to drive operational improvement

iCON

- Continue successful internal consulting approach**
- Expand and strengthen successful talent pool for the Group
 - Selectively expand functional expertise and footprint

Group PMO

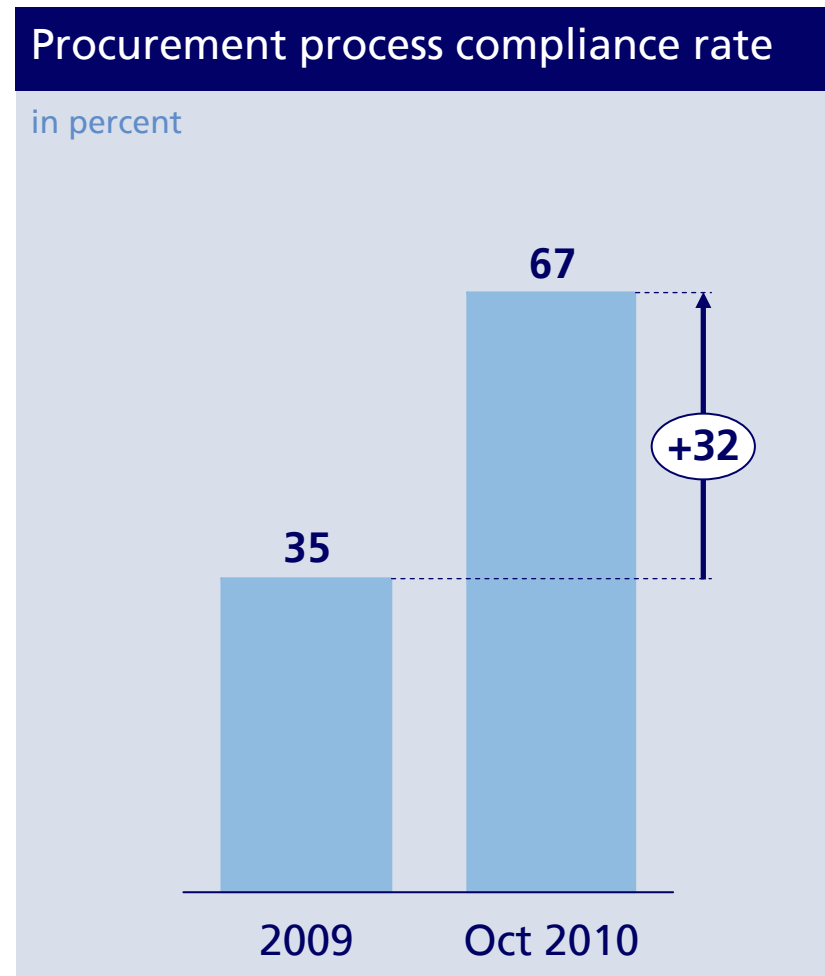
- Manage The Zurich Way and Group project portfolio on global basis**
- Consistent prioritization of the Group project portfolio
 - Structured and simplified approval process and standard delivery methodology
 - Coordinate The Zurich Way program to drive global capabilities and best practice sharing

Key activities within Group Operations will focus on expense savings, quality improvements and a more variable expense base



Focus area	Key activities	Measurement
Increase procurement efficiency	<ul style="list-style-type: none"> ● Increase managed spend ● Implement global category management function ● Further automate approval process 	<ul style="list-style-type: none"> ● Level of managed spend ● Procurement process compliance rate ● Annual savings
Optimize real estate portfolio	<ul style="list-style-type: none"> ● Set clear space and location standards 	<ul style="list-style-type: none"> ● Cost per square meter ● Real estate vacancy rate
Improve support function efficiency	<ul style="list-style-type: none"> ● Increase process efficiency and standardization ● Increase the scope of outsourcing 	<ul style="list-style-type: none"> ● Improved service delivery quality ● Annual savings
Drive IT infrastructure outsourcing	<ul style="list-style-type: none"> ● Consolidating data centers in North America and Europe through a global, outsourced platform 	<ul style="list-style-type: none"> ● Number of data centers consolidated ● Number of employees transitioned ● Improved transparency and quality ● Annual savings
Optimize Application Service Providing (ASP) outsourcing	<ul style="list-style-type: none"> ● Consolidate supplier relationships ● Assign full end-to-end responsibility to suppliers ● Set and monitor clear productivity targets 	<ul style="list-style-type: none"> ● Reduction in average cost per person day ● Improved productivity and quality of service delivery ● Annual savings

Significant additional savings to be captured from procurement



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- On track to realize USD 100m+ savings in 2010
- Additional USD 100m+ savings targeted by 2013 by:
 - Increasing contract compliance rate to 90+%
 - Implementing global category management
 - Further automating approval process
 - Improving procurement MI

Extending the outsourcing model for Finance Operations aims at additional cost reductions and quality improvements

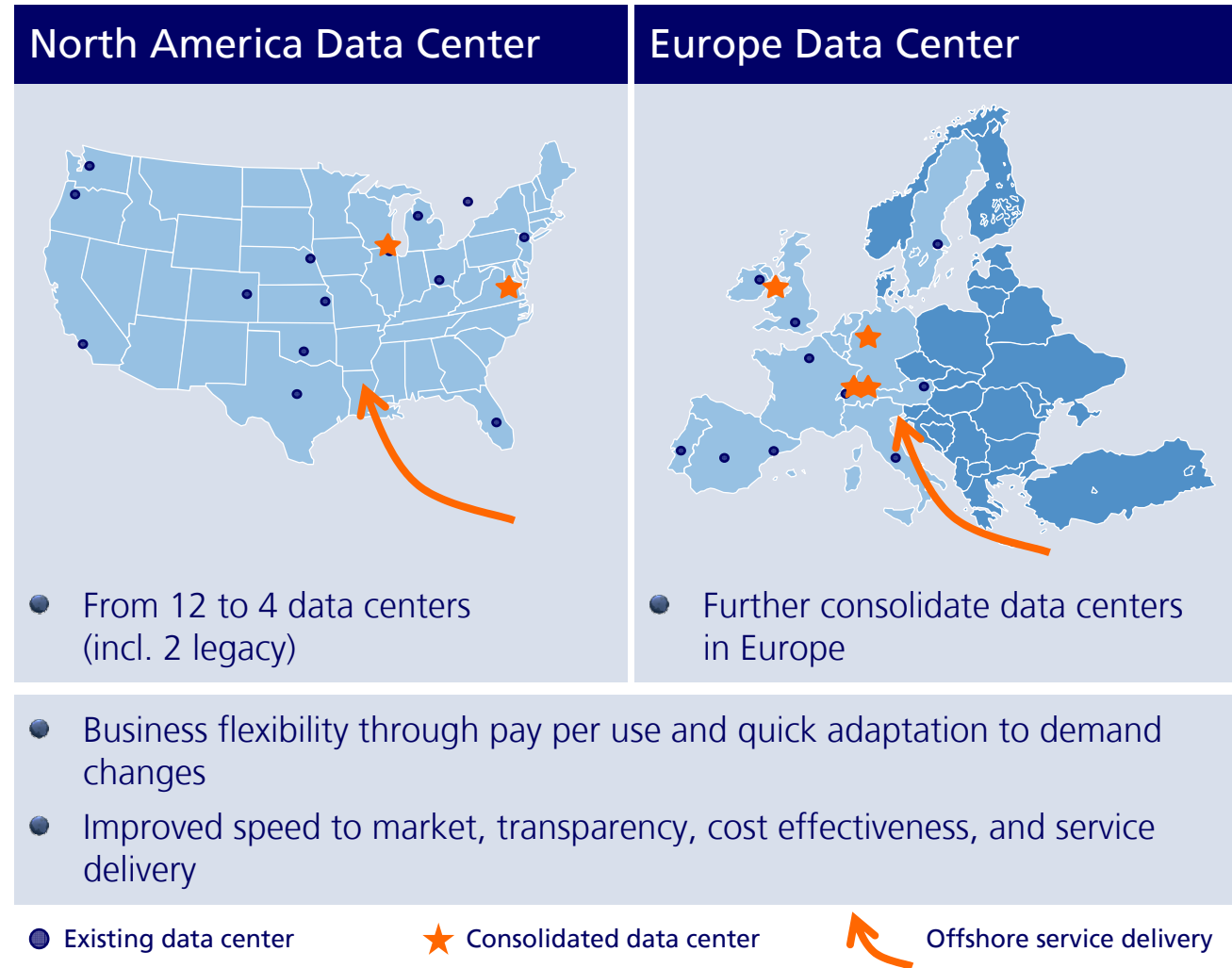


Delivery setup for Finance Operations services



- Consolidated accounting processes from six business units onto one global outsourced platform
- Created 600 outsourced seats mainly in Krakow
- Overachieved initial savings targeted
- Additional USD 10m+ savings targeted through expansion to other offshore locations, increasing activity scope and standardization

IT infrastructure costs are restructured into variable costs through global outsourcing



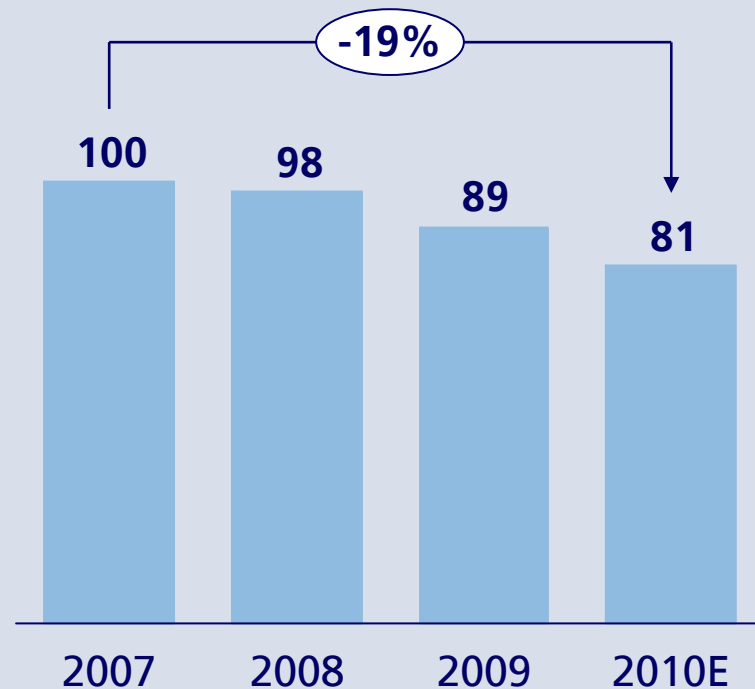
- Transitioned over 900 employees & contractors globally to date
- Consolidate data centers in North America from 12 to 4 locations by 2011 (3 moves already completed)
- Targeted USD 50-100m annual savings post transformation

Optimization of application development outsourcing model will result in productivity increases and additional savings



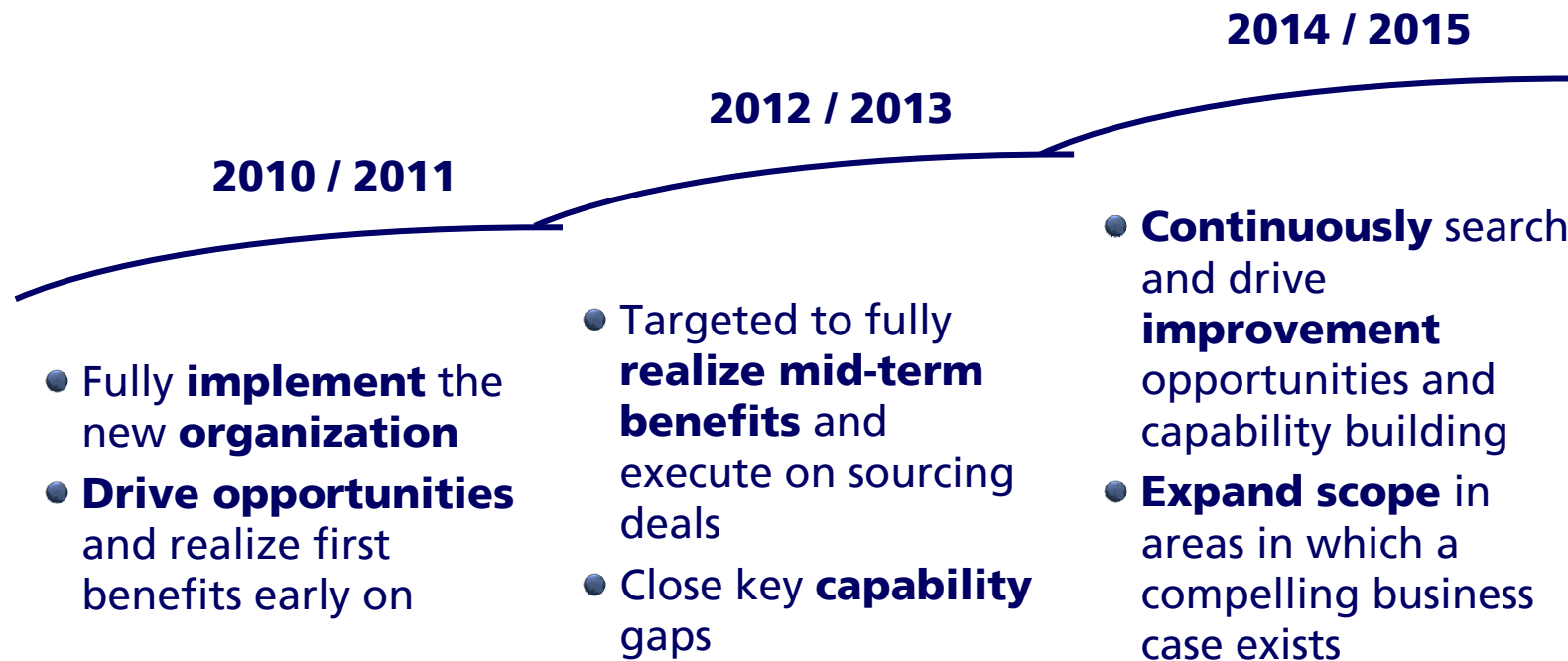
Avg. cost/day of outsourced FTEs

IT application development (indexed)



- Outsourcing model leveraged to provide development and maintenance services for IT applications
- Achieved 19% reduction since 2007
- Further opportunities focus on consolidation of supplier relationships and productivity increases
- Additional USD 50m+ targeted annual savings

We will implement our strategy in a pragmatic manner



Continuously review progress and measure impact

In summary, what you can expect Group Operations to deliver over the next three years



Targeted run-rate cost savings of USD 300m by the end of 2013

Supporting the Business Segment strategies by providing a more variable cost base and increasing service quality

The Zurich Way driving key capabilities across the Group and ensuring discipline in project prioritization and management

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Capital Management / Non-Core Businesses

Dieter Wemmer
Chief Financial Officer

Agenda

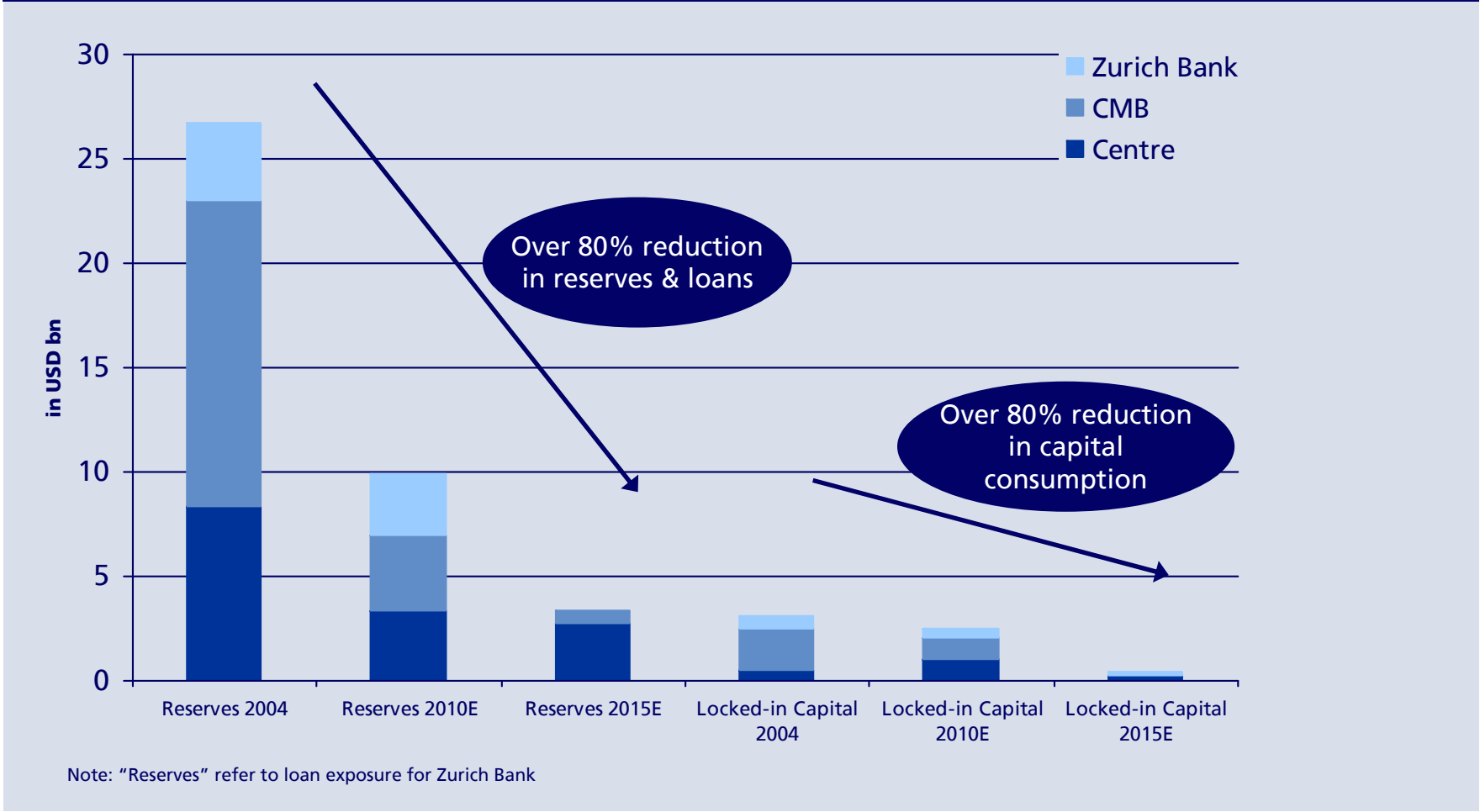


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Non-Core Businesses strategy is to release capital



Reserve and capital development



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We have detailed and robust implementation plans



- Centre Group
 - Substantial reserve reduction from USD 8.5bn in 2004 to USD 3.5bn in 2010 due to active run-off management provides opportunity to redeploy over USD 600m capital back to Group
- Centrally Managed Businesses (CMB)
 - Focus on accelerated exits from these businesses via company sales, schemes of arrangements or transfers to free up over USD 600m in local capital requirements
 - All General Insurance business within CMB is expected to be exited by 2015
- Zurich Banking Group
 - Focus on a 3 to 5 year run-off of our loan portfolios in the UK and Ireland, with consolidation of activities in to two locations and redeployment of USD 300m in capital
- Non-Core Life (U.S. closed books)
 - Re-use of locked in capital in the U.S. to fund new business expense in the U.S.
 - Control risks through dynamic hedging program and running off blocks of business in an orderly and customer centric manner



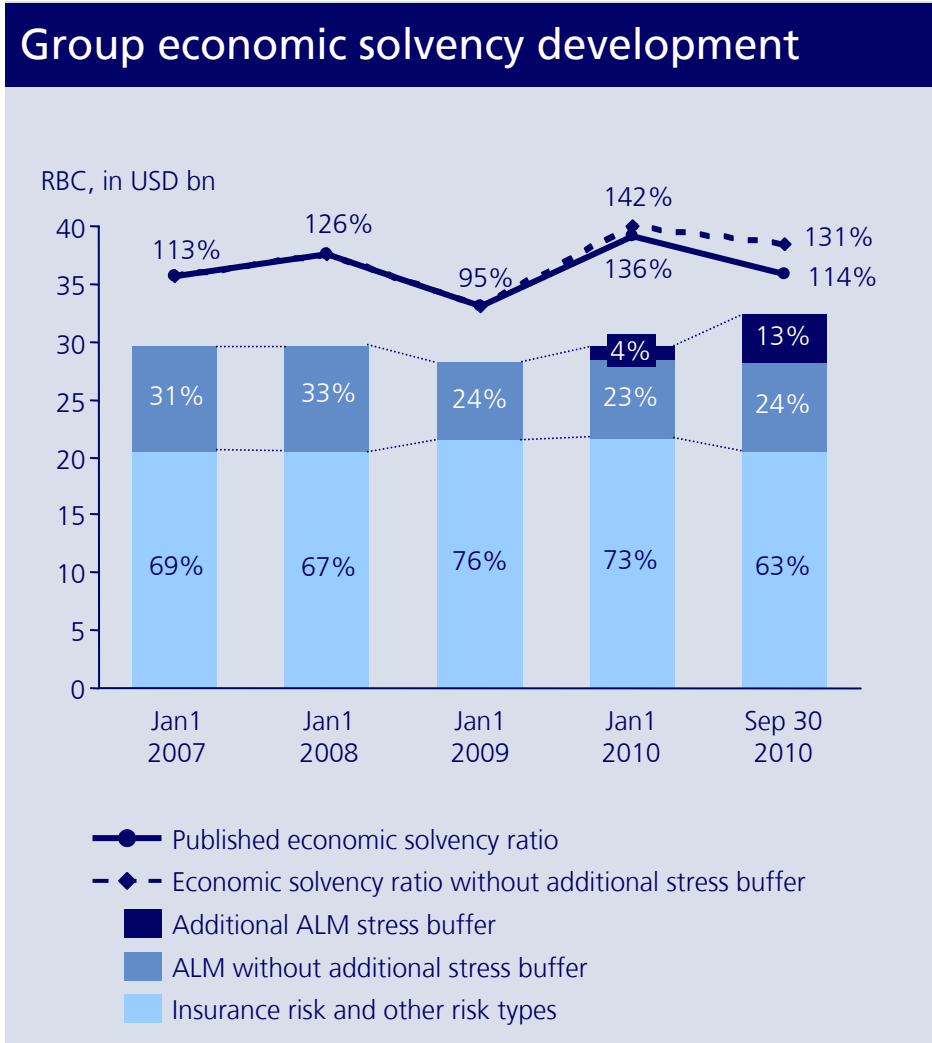
Combined actions across Non-Core Businesses expected to release **USD 1.5bn** of capital by 2015, with a significant portion in the form of cash back to the Group

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Zurich is strongly capitalized with a well diversified risk profile



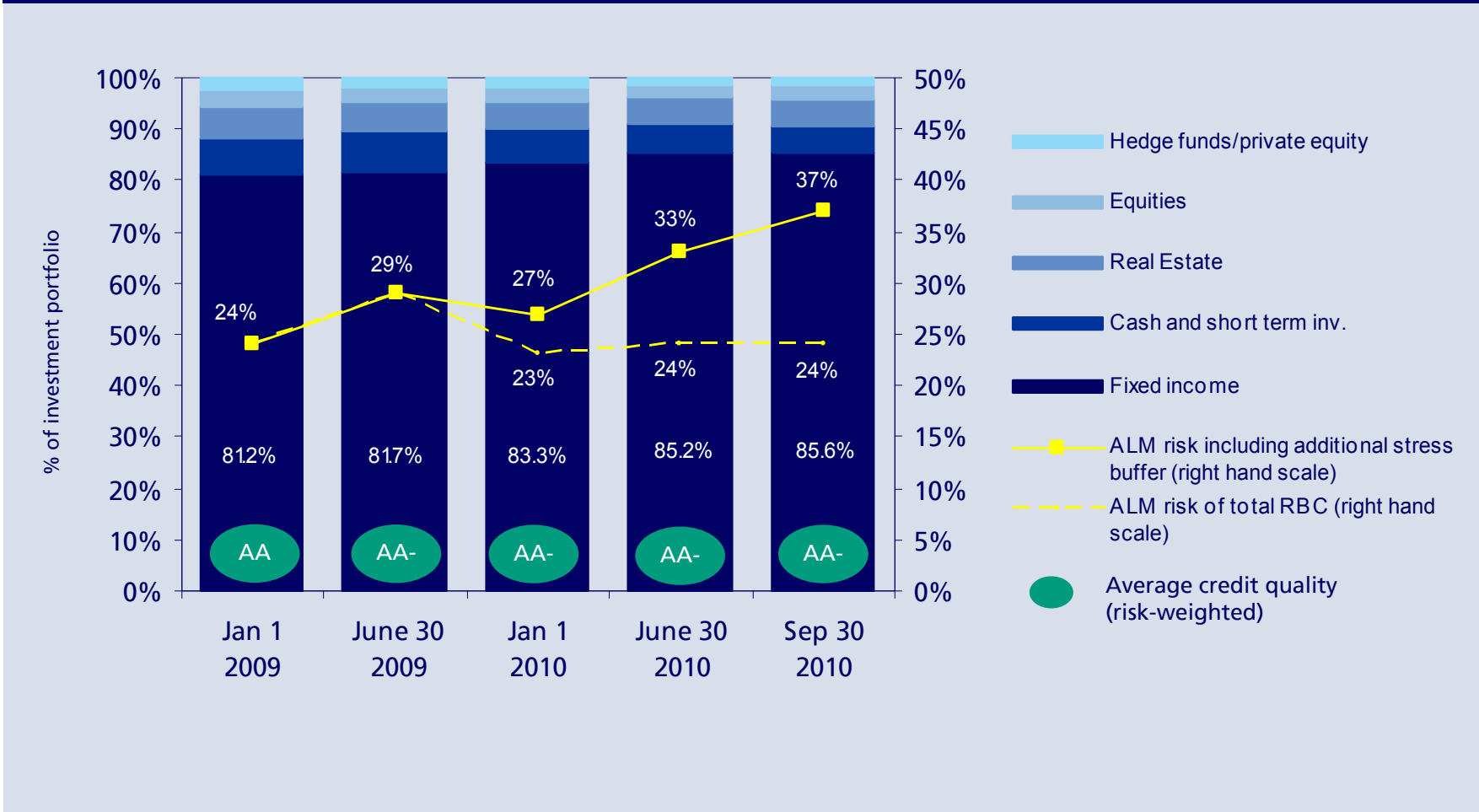
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- As with all economic solvency models, the ratio can be volatile due to sensitivities to movements in the financial markets
- Market/ALM is currently the largest risk type for the Group
- We introduced an additional stress buffer into our market/ALM risk calculations following the financial crisis
- In addition to the introduction of the stress buffer the increases to this risk category has been driven by low interest rates, amplified by the convexity of life liabilities
- The model has been and will continue to be an effective tool in identifying and managing risk, however it should not be viewed as the only KPI

Zurich maintains a high quality investment portfolio with a stable strategy



Investment mix development



Zurich's conservative approach to market/ALM risk



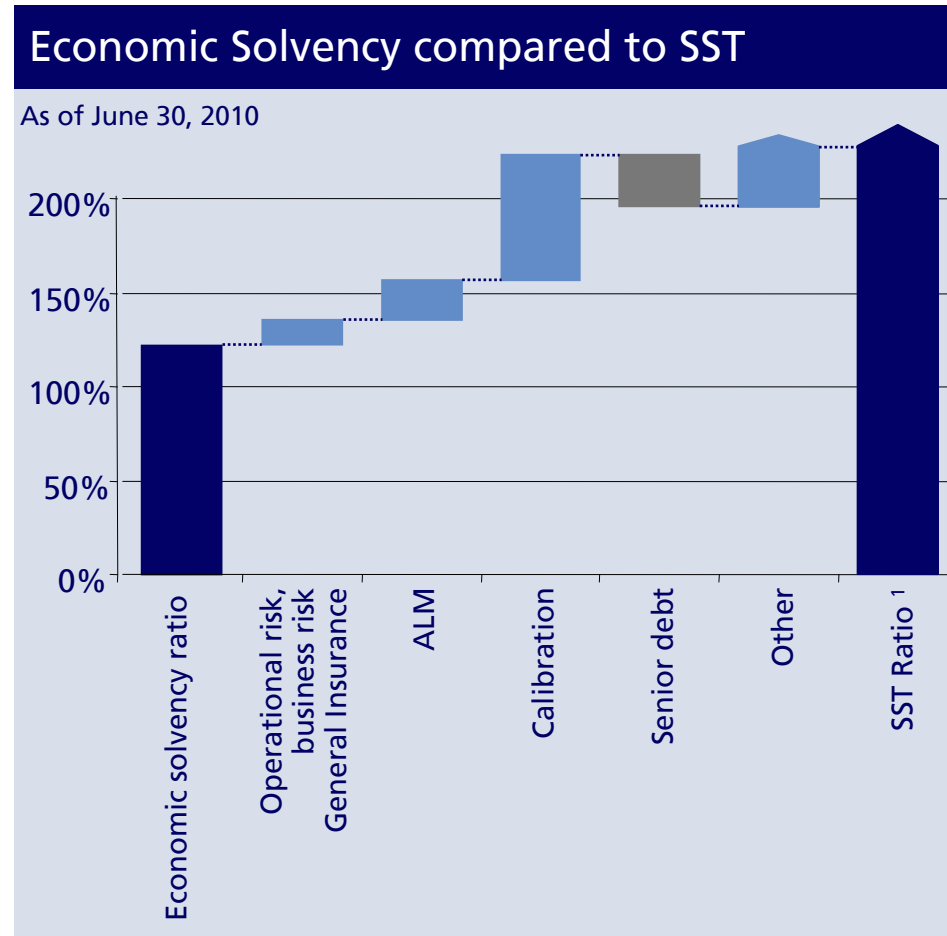
Conservative 'AA' capitalization approach

- Zurich models market/ALM RBC using the greater of:
 - One-year VaR 99.95% based on a Monte Carlo simulation approach
 - A set of pre-defined historic and hypothetical stress scenarios
- In the current environment a hypothetical stress scenario is the determining factor
 - Similar to 2008 financial crisis
 - Interest rates consequently close to zero
 - 2008 USD credit spread movements applied to all currencies

Conservative relative to external benchmarks

- This approach leads to results which are more conservative than comparable solvency regimes such as the SST or Solvency II
 - Interest rates drop in the stress scenario by 45%-63%
 - Solvency II applies a 36% interest rate drop
 - European equity markets drop by 50% in the stress scenario
 - Solvency II applies a 30% equity shock
 - No diversification is applied in the stress scenario
 - Solvency II allows for diversification across risk drivers
 - SST treatment of the stress scenarios has a substantially smaller impact than treatment in the internal RBC model
- This approach avoids pro-cyclical behavior in ALM and investment decisions

Reconciling SST to the internal RBC model



- **Scope**
Operational and business risk for General Insurance are not reflected in SST
- **ALM**
Treatment of scenarios is more conservative in RBC than in SST
- **Calibration**
SST calibration is based on an Expected Shortfall at a 99% confidence level, whereas RBC is based on a VaR at a 99.95% confidence level
- **AFR**
Senior debt is not included in AFR for SST purposes

¹ As filed with FINMA for HY 2010, results for ZFS Group on a consolidated basis, subject to FINMA review and FINMA approval of the internal model

Reporting on economic solvency going forward



Focus on SST

- SST will become a binding regulatory requirement from 2011 onwards
- We have received preliminary model approval from FINMA for 2011
- During the transition phase we will replace the external publication of RBC estimates with the officially filed SST results

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Translating economic solvency into ROE



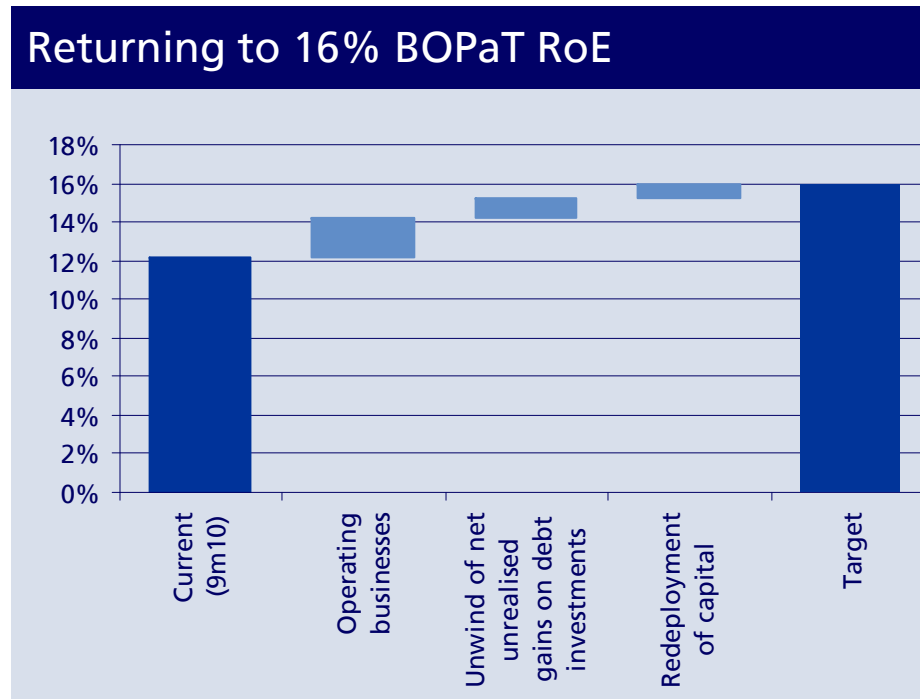
- For calculating BOP RoE we allocate IFRS equity to the businesses according to their RBC consumption

For the 9m ended / as of Sept 30, 2010	General Insurance	Life	Farmers	NCB ²	OOB ²	Total
RBC Allocation	51%	27%	10%	6%	6%	100%
Average IFRS Equity Allocation	14.7	8.0	3.4	1.8	1.7	29.6
BOP ¹	2.0	1.1	1.3	-0.3	-0.6	3.5
BOP ROE ¹	17.2%	17.1%	49.1%	-19.8%	-30.2%	15.8%
BOPAT RoE						12.2%

¹ For 9m 2010. Annualized in BOP RoE calculation

² Non-Core Businesses (NCB) / Other Operating Businesses (OOB)

Getting to 16% BOPaT RoE over the medium term



- We continue to target a 16% BOPaT RoE over the medium term
- Achieving this target has become substantially harder in the current low yield environment

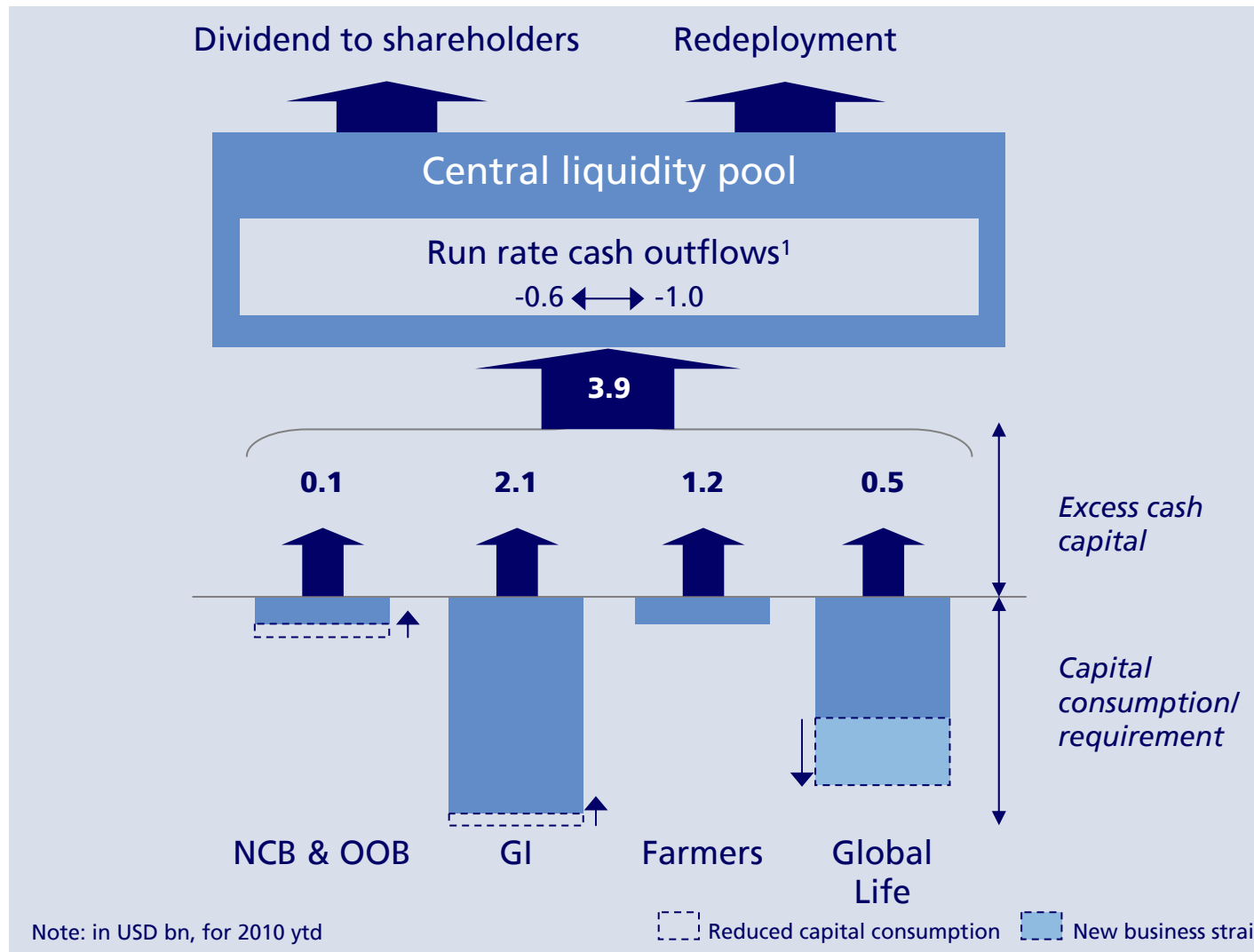
- However, in achieving the targets for the operating businesses we expect an approximate contribution of 2pts to the BOPaT ROE target
- Adjusting for temporary unrealized gains due to low interest rates approximates 1pts to the target
- By further optimizing the capital structure of the Group we expect a contribution of up to 1pt

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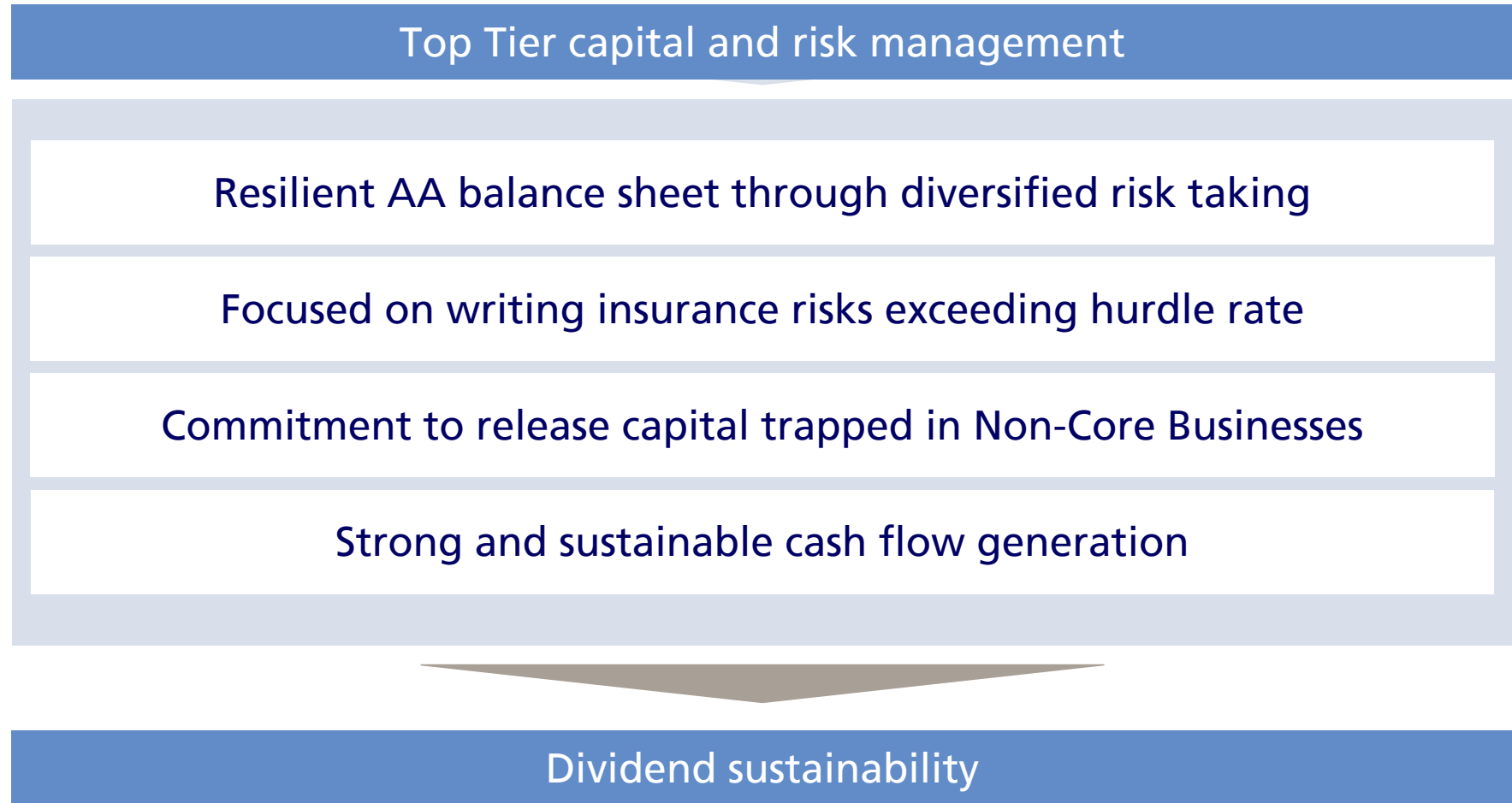
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Strong cash flow from local businesses to Group in 2010



¹ Including external debt expense, corporate centre taxes & expenses

Facilitating dividend sustainability





Q&A



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Key messages



- Zurich is well positioned to outperform in a challenging environment
- Strong cash flow generation driving sustainable dividends
- Reconfirmed BOPaT ROE target of 16 percent over medium term
- Accelerated global approach enables delivery