



**ZURICH**  
FINANCIAL SERVICES

# Half Year Results Reporting 2004

Zurich, August 19, 2004



# Disclaimer and cautionary statement

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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. 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 Zurich Financial Services' plans and objectives 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) performance of financial markets; (iii) levels of interest rates and currency exchange rates; (iv) frequency, severity and development of insured claims events; (v) mortality and morbidity experience; (vi) policy renewal and lapse rates; and (vii) changes in laws and regulations and in the policies of regulators may have a direct bearing on Zurich Financial Services' results of operations and on whether Zurich Financial Services will achieve its targets. Zurich Financial Services 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.

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.

# Agenda

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- Introduction and Overview
- Half year results 2004
- Q&A

James J. Schiro

Patrick O'Sullivan



# Introduction and Overview

James J. Schiro  
Chief Executive Officer

August 19, 2004

# Financial highlights

<b>in USD millions</b>	<b>HY 2004</b>	<b>HY 2003<sup>1</sup></b>	<b>Change</b>
Gross written premiums and policy fees	26,412	25,971	2%
Business operating profit	1,948	1,326	47%
Net income	1,448	752	93%
ROE, annualized	16.8% <sup>2</sup>	12.1% <sup>3</sup>	4.7pts
Business operating profit ROE, annualized	15.1% <sup>2</sup>	9.8% <sup>3</sup>	5.3pts
General Insurance combined ratio	96.7%	98.8%	2.1pts
Life new business profit margin (as % of APE)	9.7%	8.2%	1.5pts

<sup>1</sup> Restated as discussed in note 3 of the half year consolidated financial statements

<sup>2</sup> Based on the six months ended June 30, 2004

<sup>3</sup> For the year ended December 31, 2003



# Half year results 2004

Patrick O'Sullivan  
Group Finance Director

August 19, 2004

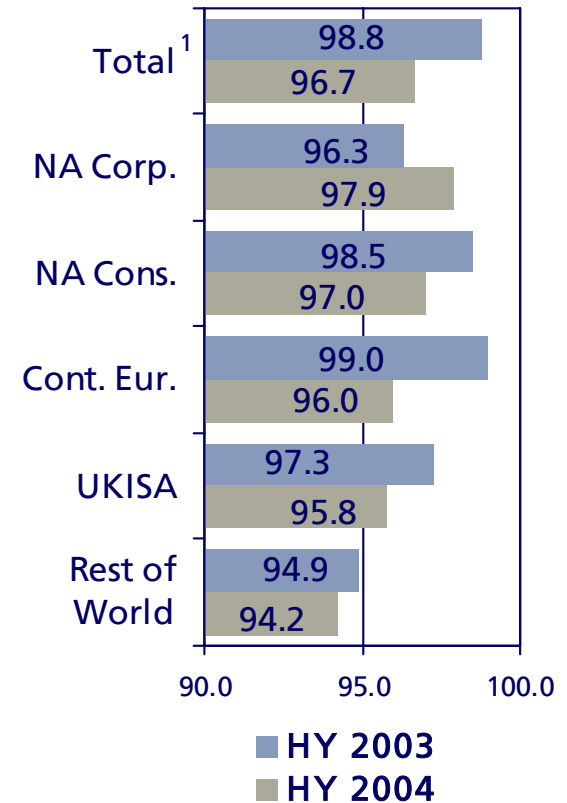
# General Insurance key performance indicators

## Business Operating Profit

in USD millions

	HY 2004	HY 2003	Change
NA Corporate	405	468	-13%
NA Consumer	92	57	61%
Continental Europe	412	289	43%
UKISA	322	224	44%
Rest of World	85	68	25%
Centrally Managed Businesses	-14	-153	91%
<b>Total</b>	<b>1,302</b>	<b>953</b>	<b>37%</b>

## Combined ratio (%)



<sup>1</sup> Including Centrally Managed Businesses

# Insurance reserves development

in USD millions

	2004
Reserves for losses and LAE, net, as of January 1	37,013
Net losses and loss adjustment expenses incurred	
Current year	10,219
Prior periods	656
Net losses and loss adjustment expenses paid	-8,451
Other movements (FX and divestments)	-914
Reserves for losses and LAE, net, as of June 30	38,523



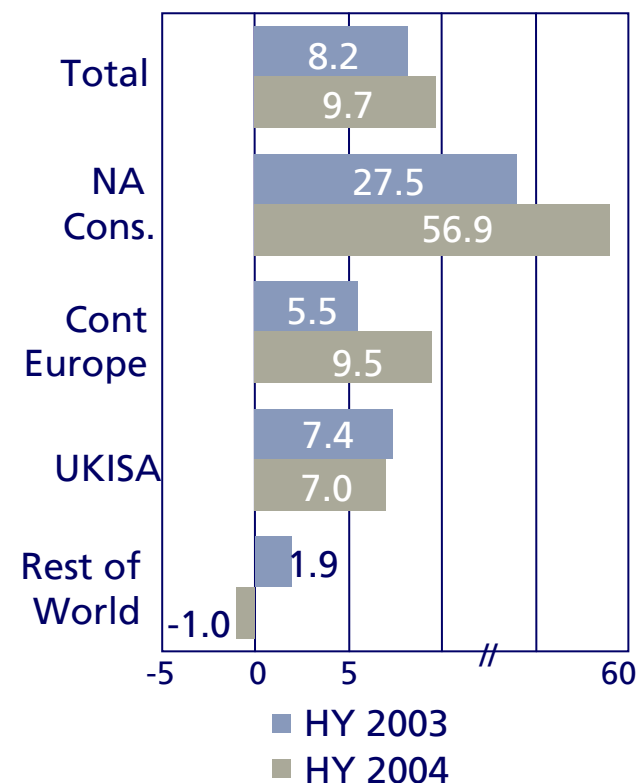
# Life Insurance key EV performance indicators

## EV operating profit

in USD millions

	HY 2004	HY 2003	Change
NA Consumer	120	184	-35%
Continental Europe	139	187	-26%
UKISA	260	176	48%
Rest of World	34	36	-6%
<b>Total</b>	<b>553</b>	<b>583</b>	<b>-5%</b>

## New business margin<sup>1</sup>



<sup>1</sup> In % of APE (Annual Premiums Equivalent)

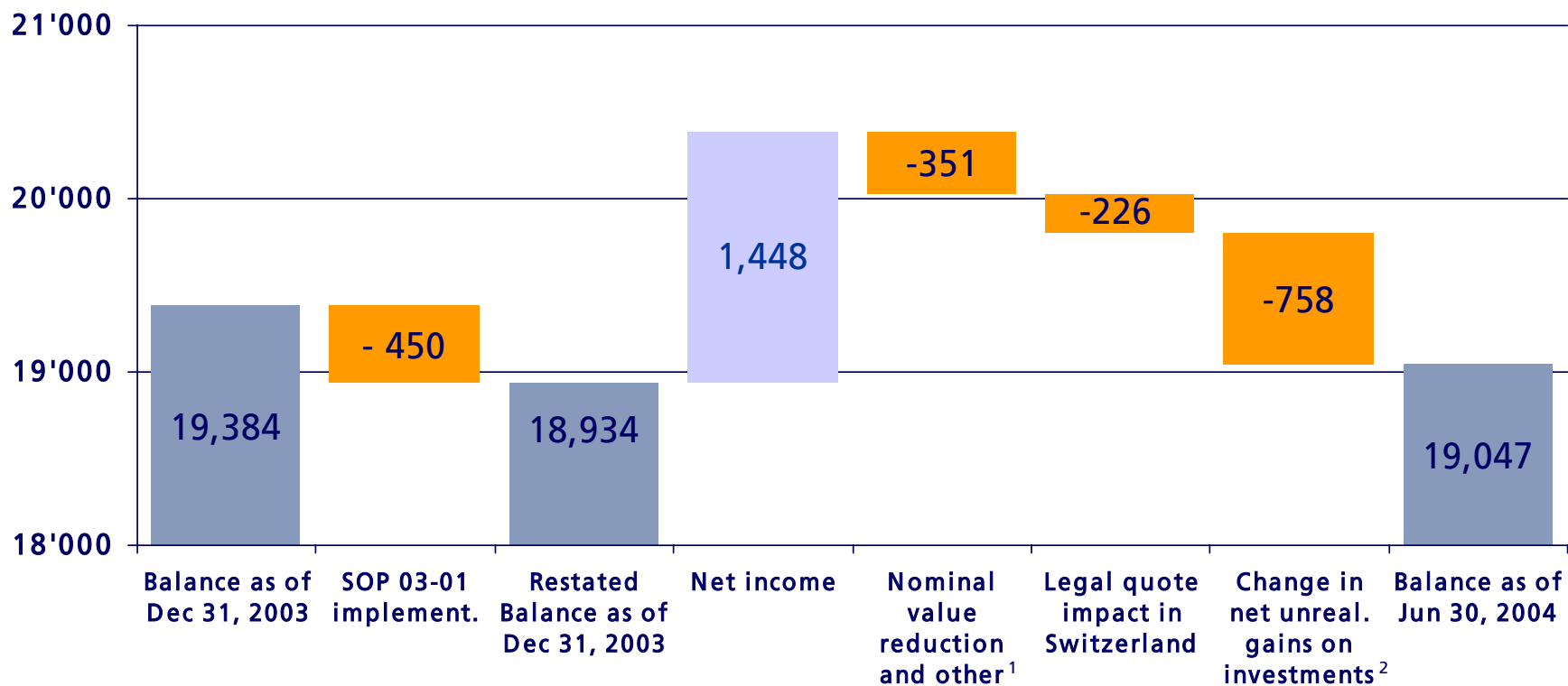
# Business operating profit by segment

<b>in USD millions</b>	<b>HY 2004</b>	<b>HY 2003<sup>1</sup></b>	<b>Change</b>
General Insurance	1,302	953	37%
Life Insurance	453	463	-2%
Farmers Management Services	539	513	5%
Other Businesses	-69	-330	79%
<i>of which: Centre</i>	-79	-328	76%
Corporate Center	-277	-273	-1%
<b>Total</b>	<b>1,948</b>	<b>1,326</b>	<b>47%</b>

<sup>1</sup> Certain reclassifications have been made to prior year amounts to conform to the current year presentation

# Shareholders' equity

in USD millions



<sup>1</sup> Includes translation adjustments, dividends on preferred securities, treasury stock & share-based payment transactions

<sup>2</sup> Excluding translation adjustments



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# Half Year Results Reporting 2004

Q&A



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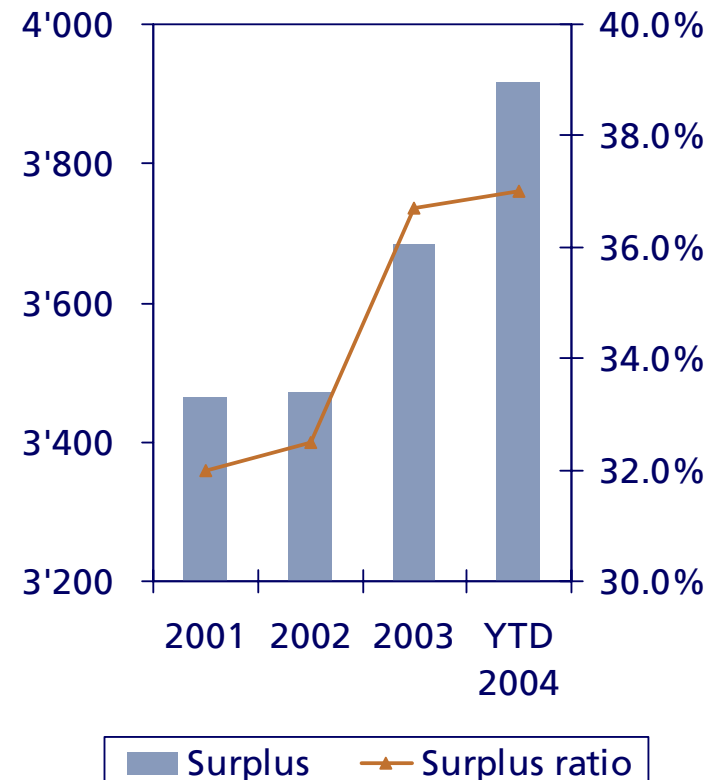
# Half Year Results Reporting 2004

Appendix

# Farmers P&C Group Companies<sup>1</sup> (1/3)

in USD millions

	HY 2004	HY 2003
Gross written premiums	7,083	6,908
Net underwriting gain	67.6	(174.8)
Net surplus change (YTD)	231.3	70.5
12-month gain	372.0	
Ending Surplus	3,915.6	3,543.6
Surplus Ratio	37.0%	35.6%



<sup>1</sup> Zurich Financial Services has no ownership interest in the Farmers P&C Group Companies. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides management services to the Farmers P&C Group Companies and receives a fee for its services

# Farmers P&C Group Companies (2/3)

## Combined ratio by line of business

	HY 2004	HY 2003	Change
Auto	100.8%	99.0%	-1.8pts
Homeowners	84.8%	97.9%	13.1pts
Commercial P&C <sup>1</sup>	100.1%	104.8%	4.7pts
Specialty	90.2%	92.5%	2.3pts
Sub total	96.6%	100.1%	3.5pts
Earthquake	1.1%	1.5%	0.4pts
Total	97.7%	101.6%	3.9pts
Adjusted combined ratio <sup>2</sup>	90.7%	94.7%	4.0pts

<sup>1</sup> Excludes earthquake losses before quota share treaties

<sup>2</sup> Adjusted for profit portion of management fees

# Farmers P&C Group Companies (3/3)

## Quarterly Combined Ratio

