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# Results Reporting for the Nine Months to September 30, 2006

Analyst presentation

Zurich, November 16, 2006



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# Agenda

- Introduction
- Results for the Nine Months to September 30, 2006
- Q&A

James J. Schiro

Patrick O'Sullivan

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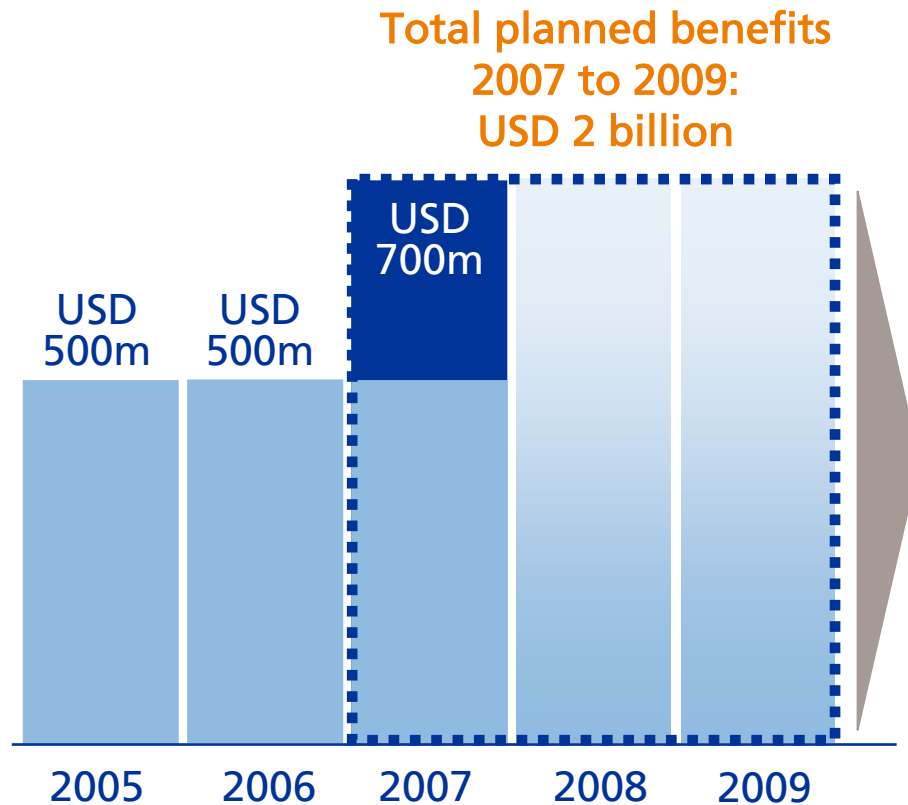
# Introduction

James J. Schiro  
Chief Executive Officer

November 16, 2006



# Update on The Zurich Way – revised target of USD 2 billion for 2007 to 2009



- The 2006 target is well on track.
- We increase the 2007 target to USD 700m.
- Developing our three year plan, we expect benefits of USD 2 billion from 2007 to 2009.
- 12 major work-streams with over 300 initiatives
- **Expected contributions to key performance indicators for 2007-09**  
**General Insurance:**  
Combined ratio: 2.0pts p.a.  
**Global Life:**  
APE<sup>1</sup>: half of targeted double digit growth to come from TZW

<sup>1</sup> Gross new business annual premium equivalent (APE)

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# Results for the Nine Months to September 30, 2006

Patrick O'Sullivan  
Group Finance Director

November 16, 2006



# Financial highlights

in USD millions for the nine months ended September 30	2006	2005	Change
Business operating profit	4,286	2,863	50%
Net income attributable to shareholders	3,253	2,256	44%
General Insurance combined ratio	94.8%	100.9%	6.1pts
Global Life new business profit margin <sup>1</sup>	19.3%	16.3%	3.0pts
	09/30/06	09/30/05	12/31/05
Return on common shareholders' equity (ROE) <sup>2</sup>	19.4%	15.0%	15.5%
Business operating profit (after tax) ROE <sup>2</sup>	18.2%	13.2%	13.6%

<sup>1</sup> After tax, as % of APE (Annual Premiums Equivalent)

<sup>2</sup> Returns for the periods ended September 30, 2006 and 2005 are annualized on a compound basis using the results for the nine months ended September 30. Returns for the period ended December 31, 2005 are for the year ended December 31, 2005.

# Business operating profit by segment

in USD millions

for the nine months ended September 30

	2006	2005	Change
General Insurance	2,778	1,354	105%
Global Life	825	830	-1%
Farmers Management Services	919	926	-1%
Other Businesses	432	305	42%
Corporate Functions	-668	-552	-21%
<b>Total</b>	<b>4,286</b>	<b>2,863</b>	<b>50%</b>



# Top line development by segment

in USD millions

for the nine months ended September 30

	2006	2005	Change	Change in LC <sup>1</sup>
<b>Gross written premiums and policy fees</b>				
General Insurance	26,329	25,816	2%	3%
Global Life (incl. insurance deposits) <sup>2</sup>	15,678	14,766	6%	8%
Other Businesses	1,693	2,694	-37%	-37%
<b>Annual Premium Equivalent (APE)<sup>3</sup></b>				
Global Life	1,669	1,624	3%	14%
<b>Farmers management fees</b>				
Farmers Management Services	1,589	1,538	3%	3%

<sup>1</sup> Local Currency

<sup>2</sup> Global Life numbers include gross written premiums, policy fees and insurance deposits

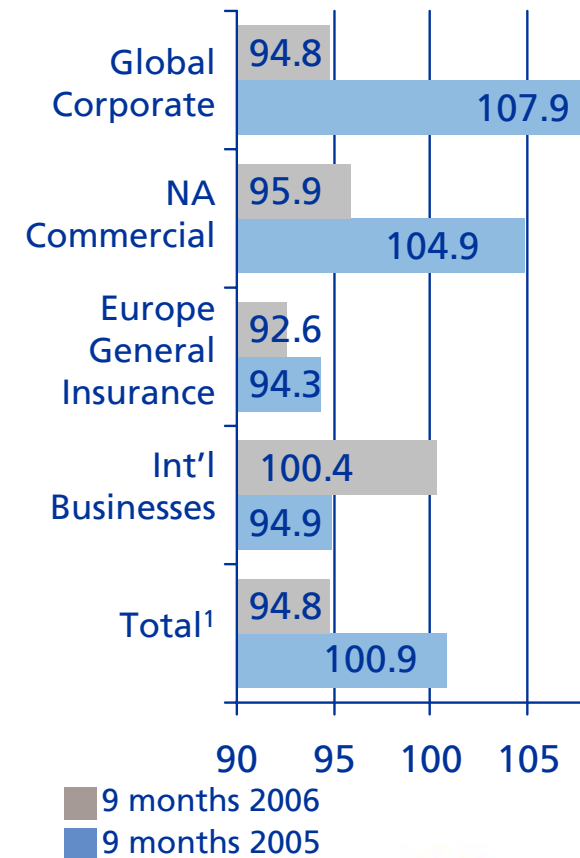
<sup>3</sup> Gross new business annual premium equivalent (APE)

# General Insurance – key performance indicators

## Business Operating Profit

in USD millions for the nine months ended Sept. 30	2006	2005	Change
Global Corporate	527	-6	nm
North America Commercial	892	261	242%
Europe General Insurance	1,209	1,060	14%
International Businesses	100	173	-42%
Group Reinsurance	50	-134	nm
<b>Total</b>	<b>2,778</b>	<b>1,354</b>	<b>105%</b>

## Combined ratio (%)



<sup>1</sup> Including Group Reinsurance and inter-segment eliminations

# Development of Reserves for Losses and Loss Adjustment Expenses (LAE)

in USD millions	2006	2005
Net reserves for losses and LAE, as of January 1	46,194	43,487
Net losses and LAE paid	-14,012	-13,023
Net losses and LAE incurred		
- Current period	15,926	16,982
- Prior years	-78	161
Other movements (FX, divestments)	1,379	-3,338
Net reserves for losses and LAE, as of September 30	49,409	44,269

# Global Life – key performance indicators

in USD millions  
for the nine months ended September 30

	2006	2005	Change	Change in LC <sup>1</sup>
Annual Premium Equivalent (APE)	1,669	1,624	3%	14%
New business profit, after tax	322	264	22%	33%
New business profit margin, after tax <sup>2</sup>	19.3%	16.3%	3.0pts	
Business operating profit	825	830	-1%	

<sup>1</sup> Local Currency

<sup>2</sup> Based on Annual Premium Equivalent

# Global Life – new business indicators

in USD millions for the 9 months ended Sept. 30	APE 2006	APE 2005	Change	Change in LC <sup>1</sup>	NBP <sup>2</sup> 2006	NBP <sup>2</sup> 2005	Change
United States	81	81	0%	0%	44	51	-14%
United Kingdom	581	564	3%	15%	72	52	38%
Germany	310	369	-16%	-4%	55	60	-8%
Switzerland	59	71	-17%	-5%	14	3	367%
Rest of Europe	517	446	16%	31%	105	68	54%
International Businesses	121	93	30%	29%	32	30	7%
<b>Total</b>	<b>1,669</b>	<b>1,624</b>	<b>3%</b>	<b>14%</b>	<b>322</b>	<b>264</b>	<b>22%</b>

<sup>1</sup> Local Currency

<sup>2</sup> New business profit, after tax

# Farmers Management Services – key performance indicators

in USD millions

for the nine months ended September 30

	2006	2005	Change
Management fees and other related revenue	1,589	1,538	3%
Business operating profit	919	926	-1%
Gross operating margin	50.7%	52.8%	-2.1pts

# Farmers Exchanges<sup>1</sup> – key performance indicators

in USD millions for the nine months ended September 30	2006	2005	Change
Gross written premiums	11,384	11,028	3%
Net underwriting result	271	92	195%
Combined ratio	96.0%	97.9%	1.9pts
Adjusted combined ratio <sup>2</sup>	89.2%	91.1%	1.9pts
Surplus ratio	37.7% <sup>3</sup>	36.6%	1.1pts

<sup>1</sup> Zurich Financial Services 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.

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

<sup>3</sup> After repayment of USD 107 million surplus note in September 2006

## Other Businesses and Corporate Functions – Business Operating Profit contribution

in USD millions

for the nine months ended September 30

	2006	2005	Change
<b>Other Businesses:</b>			
Farmers Re	135	129	5%
Centre	167	112	49%
Other	130	64	103%
<b>Total Other Businesses</b>	<b>432</b>	<b>305</b>	<b>42%</b>
<b>Corporate Functions</b>	<b>-668</b>	<b>-552</b>	<b>-21%</b>



# Investment performance of Group investments

in USD millions for the nine months ended September 30	2006	2005	Change
Net investment income	5,849	5,886	-1%
Net capital gains on investments and impairments	1,130	1,720	-34%
<i>of which attributable to shareholders</i>	813	745	9%
Net investment result	6,979	7,606	-8%
Net investment result in % <sup>1</sup>	3.8%	4.1%	-0.3pts
Movements in net unrealized gains on investments included in total equity <sup>2</sup>	-1,390	816	nm
Total investment result	5,589	8,422	-34%

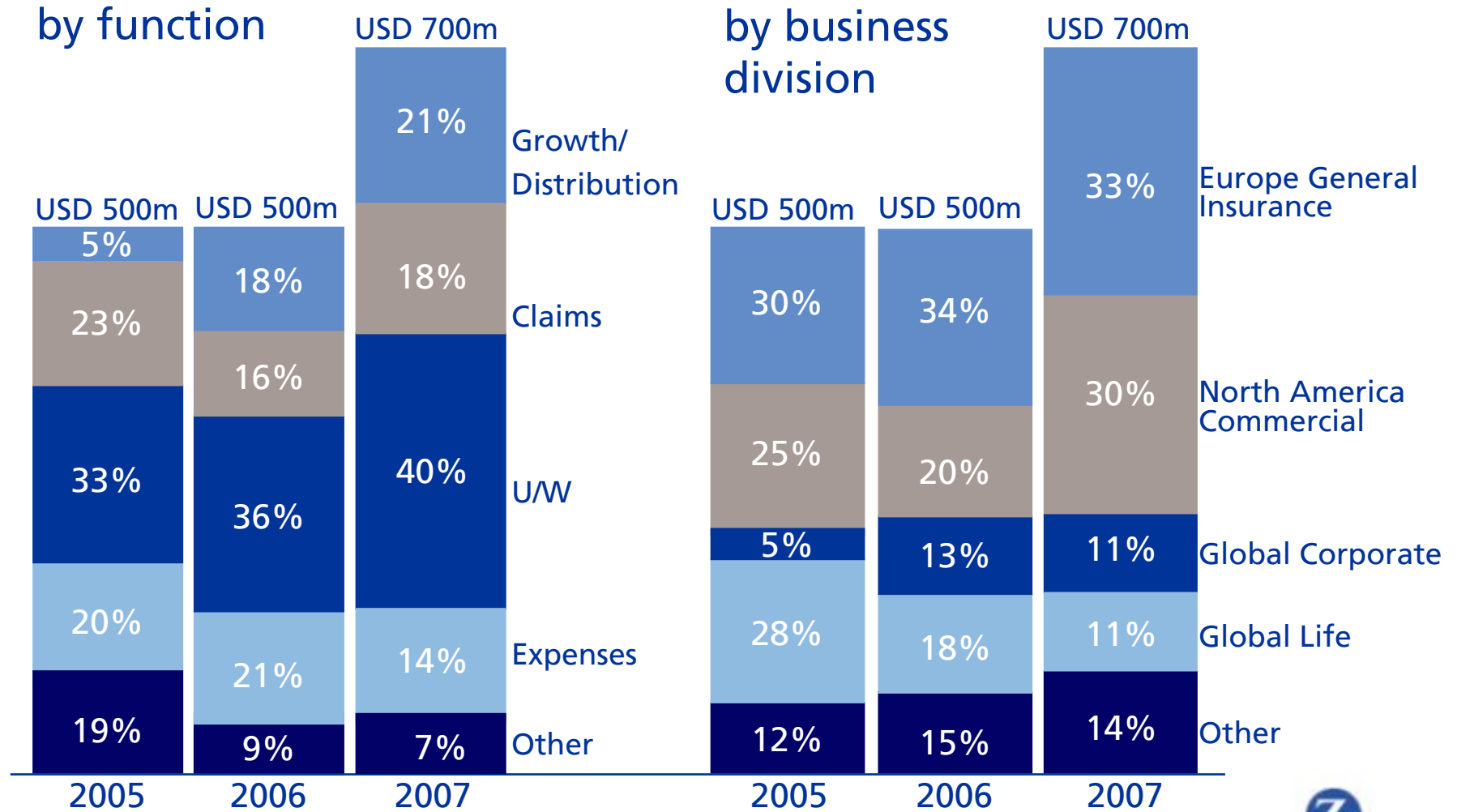
<sup>1</sup> Not annualized and in % of average investments

<sup>2</sup> Before attribution to policyholders and other

# Q&A

# Appendix

# The Zurich Way initiatives – updated 2007 target

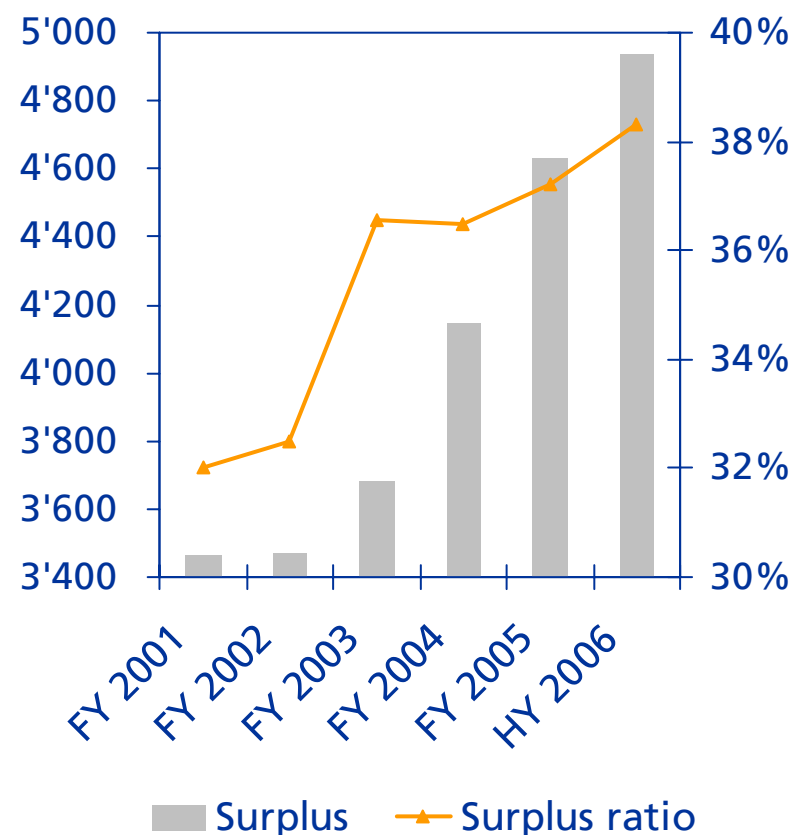


# Farmers Exchanges<sup>1</sup> – financial highlights

in USD millions

for the 9 months ended Sept. 30

	2006	2005
Gross written premiums	11,384	11,028
Net underwriting result	271	92
Net organic surplus generated	459	315
Surplus note repayment <sup>2</sup>	-107	-
Ending surplus	4,982	4,461
Surplus ratio	37.7%	36.6%



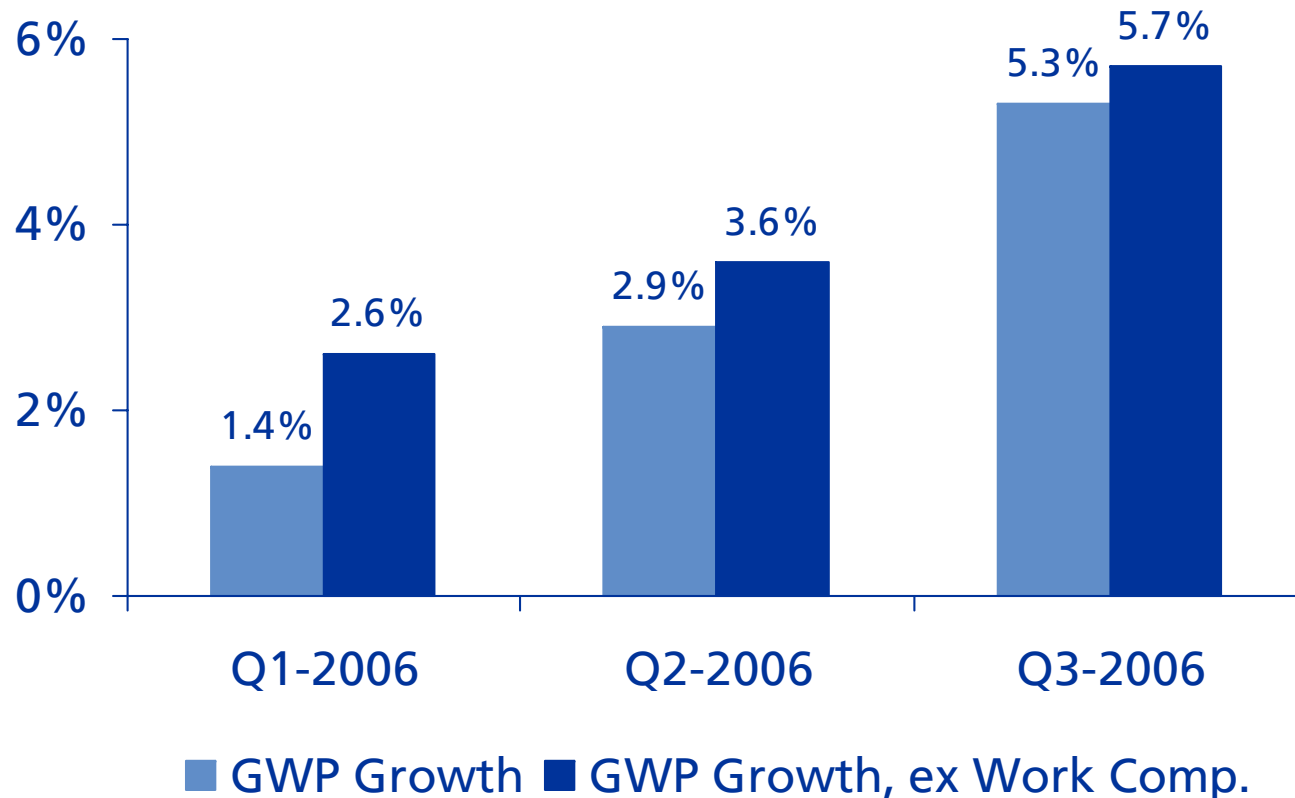
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<sup>2</sup> Repayment of USD 107 million surplus note made in September 2006.

## Farmers Exchanges – gross written premiums by line of business

in USD millions for the nine months ended September 30	2006	2005	Change
Auto	5,876	5,816	1%
Homeowners	3,074	2,847	8%
Commercial P&C	887	852	4%
Workers' Compensation	291	363	-20%
Specialty	1,157	1,067	8%
Other	99	83	19%
<b>Total</b>	<b>11,384</b>	<b>11,028</b>	<b>3.2%</b>
<b>Total, excluding Workers Compensation</b>	<b>11,093</b>	<b>10,665</b>	<b>4.0%</b>

# Farmers Exchanges – gross written premium growth by quarter gaining momentum



# Farmers Exchanges – combined ratio by line of business

in USD millions for the nine months ended September 30	2006 <sup>1</sup>	2005 <sup>1</sup>	Change
Auto	99.7%	98.2%	-1.5pts
Homeowners	89.2%	86.4%	-2.8pts
Commercial P&C <sup>2</sup>	93.7%	99.3%	5.6pts
Workers' Compensation	95.6%	95.8%	0.2pts
Specialty	92.1%	106.0%	13.9pts
Total	96.0%	97.9%	1.9pts
Adjusted combined ratio <sup>3</sup>	89.2%	91.1% <sup>4</sup>	1.9pts

<sup>1</sup> Before quota share treaties with Farmers Re

<sup>2</sup> Excludes earthquake losses

<sup>3</sup> Adjusted for profit portion of management fees

<sup>4</sup> Includes a CAT impact of 3.9%



# Farmers Exchanges – development of the combined ratio

## Quarterly combined ratio

