

2006

Zurich Financial Services Group



ZURICH

Financial Supplement

Annual Results
Reporting 2006

Annual Results Reporting 2006

Financial Supplement (unaudited)

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Income
statements
by business
segment

in USD millions, for the years ended December 31

	General Insurance		Global Life		Farmers Management Services		Other Businesses		Corporate Functions		Eliminations		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Revenues														
Direct written premiums and policy fees	32,678	32,191	10,153	10,447	-	-	318	360	7	8	3	10	43,159	43,016
Assumed written premiums	1,500	1,210	100	88	-	-	1,971	2,647	183	174	(448)	(338)	3,306	3,781
Gross written premiums and policy fees	34,178	33,401	10,253	10,535	-	-	2,289	3,007	190	182	(445)	(328)	46,465	46,797
Less premiums ceded to reinsurers	(5,511)	(5,456)	(543)	(721)	-	-	(19)	(361)	(183)	(167)	445	328	(5,811)	(6,377)
Net written premiums and policy fees	28,667	27,945	9,710	9,814	-	-	2,270	2,646	7	15	-	-	40,654	40,420
Net change in reserves for unearned premiums	(208)	(376)	(5)	1	-	-	68	411	-	1	-	-	(145)	37
Net earned premiums and policy fees	28,459	27,569	9,705	9,815	-	-	2,338	3,057	7	16	-	-	40,509	40,457
Farmers management fees	-	-	-	-	2,133	2,058	-	-	-	-	-	-	2,133	2,058
Net investment income	3,216	2,737	6,526	6,481	153	152	855	758	645	616	(1,112)	(979)	10,283	9,765
Net capital gains/(losses) on investments and impairments	444	327	8,888	11,518	53	(1)	1,114	1,279	240	259	-	-	10,739	13,382
Net (loss)/gain on divestments of businesses	(5)	(17)	28	(7)	-	-	(66)	9	-	13	-	-	(43)	(2)
Other income	369	439	946	922	5	1	177	243	776	785	(894)	(864)	1,379	1,526
Total revenues	32,483	31,055	26,093	28,729	2,344	2,210	4,418	5,346	1,668	1,689	(2,006)	(1,843)	65,000	67,186
Intersegment transactions	(1,161)	(1,003)	(262)	(160)	(29)	(23)	(216)	145	(338)	(802)	2,006	1,843	-	-
Benefits, losses and expenses														
Losses and loss adjustment expenses, net of reinsurance	19,860	20,963	88	109	-	-	1,316	1,543	2	9	(37)	(18)	21,229	22,606
Life insurance death and other benefits, net of reinsurance	71	99	10,034	9,781	-	-	339	631	15	18	35	7	10,494	10,536
(Decrease)/increase in future life policyholders' benefits, net of reinsurance	3	7	(1,467)	(790)	-	-	14	(10)	(69)	68	2	2	(1,517)	(723)
Insurance benefits and losses, net of reinsurance	19,934	21,069	8,655	9,100	-	-	1,669	2,164	(52)	95	-	(9)	30,206	32,419
Policyholder dividends and participation in profits, net of reinsurance	7	4	11,904	13,655	-	-	995	773	-	-	-	-	12,906	14,432
Underwriting and policy acquisition costs, net of reinsurance	4,941	4,506	1,448	1,561	-	-	592	1,192	1	(6)	-	-	6,982	7,253
Administrative and other operating expenses	3,137	2,883	1,620	1,538	1,068	944	268	346	1,159	970	(859)	(821)	6,393	5,860
Amortization and impairments of intangible assets	88	93	114	105	45	46	1	2	9	8	-	-	257	254
Interest expense on debt	296	205	13	20	1	-	236	174	1,162	870	(1,100)	(823)	608	446
Interest credited to policyholders and other interest	211	204	583	716	-	-	162	212	6	114	(47)	(190)	915	1,056
Total benefits, losses and expenses	28,614	28,964	24,337	26,695	1,114	990	3,923	4,863	2,285	2,051	(2,006)	(1,843)	58,267	61,720
Net income/(loss) before income taxes	3,869	2,091	1,756	2,034	1,230	1,220	495	483	(617)	(362)	-	-	6,733	5,466
Income tax expense attributable to policyholders													(416)	(772)
Income tax expense attributable to shareholders													(1,692)	(1,364)
Net income attributable to minority interests													(98)	(116)
Net income attributable to shareholders													4,527	3,214
Business operating profit	3,831	1,913	1,162	1,079	1,202	1,221	554	413	(888)	(679)	-	-	5,861	3,947

Financial highlights (unaudited)

Assets and liabilities
by business segment

in USD millions, as of December 31

	General Insurance		Global Life		Farmers Management Services		Other Businesses		Corporate Functions		Eliminations		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Total investments	79,060	74,375	200,452	174,428	3,523	3,588	33,706	32,632	18,257	19,197	(24,995)	(26,927)	310,003	277,293
of which: Group investments	79,060	74,375	101,755	96,997	3,523	3,588	18,073	16,226	18,257	19,197	(24,992)	(26,928)	195,676	183,455
Reinsurers' share of reserves for insurance contracts	13,661	13,974	1,785	1,561	205	202	7,163	6,294	99	73	(2,850)	(1,610)	20,063	20,494
Deposits made under assumed reinsurance contracts	73	45	–	9	–	–	1,985	2,488	2	6	(38)	(98)	2,022	2,450
Deferred policy acquisition costs	2,995	2,640	10,113	8,441	–	–	88	98	–	–	1	–	13,197	11,179
Deferred origination costs	–	–	815	690	–	–	–	–	–	–	–	–	815	690
Goodwill	167	152	488	448	–	–	–	–	5	5	–	–	660	605
Other related Intangible assets	–	–	775	740	1,024	1,024	–	–	–	–	–	–	1,799	1,764
Other assets	14,014	12,666	8,249	9,008	1,357	1,070	2,124	2,839	2,407	2,081	(2,855)	(2,527)	25,296	25,137
Total assets after consolidation of investments in subsidiaries	109,970	103,852	222,677	195,325	6,109	5,884	45,066	44,351	20,770	21,362	(30,737)	(31,162)	373,855	339,612
Liabilities for investment contracts	–	–	50,953	41,244	–	–	–	–	–	–	(248)	(245)	50,705	40,999
Reserves for losses and loss adjustment expenses, gross	59,251	54,715	131	130	–	–	7,110	6,281	110	165	(2,067)	(866)	64,535	60,425
Reserves for unearned premiums, gross	14,148	12,973	142	125	–	–	426	449	41	33	(89)	(49)	14,668	13,531
Future life policyholders' benefits, gross	167	149	73,832	68,624	–	–	2,745	2,757	437	439	(678)	(677)	76,503	71,292
Policyholders' contract deposits and other funds, gross	930	862	14,117	13,854	–	–	3,887	4,288	–	–	–	(19)	18,934	18,985
Reserves for unit-linked contracts, gross	–	–	50,377	39,283	–	–	15,631	16,408	–	–	–	–	66,008	55,691
Reserves for insurance contracts, gross	74,496	68,699	138,599	122,016	–	–	29,799	30,183	588	637	(2,834)	(1,611)	240,648	219,924
Debt related to capital markets and banking activities	–	–	–	–	–	–	3,578	3,833	–	–	(1,689)	(1,694)	1,889	2,139
Senior debt	4,684	6,176	448	637	–	–	646	435	17,562	17,797	(20,435)	(22,112)	2,905	2,933
Subordinated debt	2,349	2,315	–	–	180	–	98	55	4,953	5,360	(2,772)	(3,123)	4,808	4,607
Other liabilities	17,700	16,319	21,006	21,453	2,035	1,778	6,041	6,852	1,821	1,745	(2,759)	(2,377)	45,844	45,770
Total liabilities	99,229	93,509	211,006	185,350	2,215	1,778	40,162	41,358	24,924	25,539	(30,737)	(31,162)	346,799	316,372
Equity														
Common shareholders' equity													25,860	21,330
Preferred securities													671	1,096
Shareholders' equity													26,531	22,426
Minority interests													525	814
Total equity													27,056	23,240
Total liabilities and equity													373,855	339,612

¹ Other related intangible assets consists of the present value of profits of acquired insurance contracts and attorney-in-fact relationships.

Financial highlights (unaudited)

Reconciliation of net income before shareholders' taxes and business operating profit by business segment

in USD millions, for the years ended December 31

	General Insurance		Global Life		Farmers Management Services		Other Businesses		Corporate Functions		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Net income/(loss) before shareholders' taxes	3,869	2,091	1,340	1,262	1,230	1,220	495	483	(617)	(362)	6,317	4,694
Adjusted for:												
Net capital (gains)/losses on investments and impairments ¹	(444)	(327)	(8,888)	(11,518)	(53)	1	(927)	(1,166)	(277)	(195)	(10,589)	(13,205)
Policyholder allocation of net capital gains/(losses) on investments and impairments	–	–	8,719	11,311	–	–	932	1,105	–	–	9,651	12,416
Net income attributable to minority interests	(26)	(37)	(28)	(21)	–	–	(2)	–	(42)	(58)	(98)	(116)
Net loss/(gain) on divestments of businesses	5	17	(28)	7	–	–	66	(9)	–	(13)	43	2
Foreign currency differences on intercompany investments	50	51	–	–	–	–	–	–	(50)	(51)	–	–
Restructuring provisions and other	377	118	47	38	25	–	(10)	–	98	–	537	156
Business operating profit	3,831	1,913	1,162	1,079	1,202	1,221	554	413	(888)	(679)	5,861	3,947

¹ Excluding capital markets and banking activities and certain securities held for specific economic hedging purposes.

General Insurance (unaudited)

Customer segment reporting - overview

in USD millions, for the years ended December 31

	Global Corporate		North America Commercial		Europe General Insurance		International Businesses		Group Reinsurance		Eliminations		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Gross written premiums and policy fees	7,408	7,138	11,910	11,730	12,356	12,184	2,964	2,871	518	275	(978)	(797)	34,178	33,401
Net earned premiums and policy fees	4,928	4,847	9,552	8,872	11,653	11,727	2,237	2,081	89	42	-	-	28,459	27,569
Insurance benefits and losses	3,796	4,443	6,628	6,938	8,033	8,285	1,418	1,247	59	156	-	-	19,934	21,069
Policyholder dividends and participation in profits	-	1	7	5	-	(2)	-	-	-	-	-	-	7	4
Total net technical expenses ¹	867	847	2,526	2,398	2,673	2,715	776	711	25	45	-	5	6,867	6,721
Net underwriting result	265	(444)	391	(469)	947	729	43	123	5	(159)	-	(5)	1,651	(225)
Net investment income	585	432	1,127	877	1,148	1,105	176	156	278	232	(98)	(65)	3,216	2,737
Net capital gains on investments and impairments	53	39	43	2	319	226	29	59	-	1	-	-	444	327
Net non-technical result ²	(163)	(52)	(674)	(196)	(478)	(386)	(15)	(12)	(210)	(172)	98	70	(1,442)	(748)
Net income/(loss) before income taxes	740	(25)	887	214	1,936	1,674	233	326	73	(98)	-	-	3,869	2,091
Business operating profit	694	(60)	1,192	307	1,687	1,509	186	256	72	(99)	-	-	3,831	1,913

Ratios, as % of net earned premiums and policy fees

Loss ratio	77.0%	91.7%	69.4%	78.2%	69.0%	70.7%	63.4%	59.9%	67.5%	372.6%	n/a	n/a	70.0%	76.4%
Expense ratio ³	17.6%	17.5%	26.5%	27.1%	22.9%	23.1%	34.6%	34.1%	28.1%	109.6%	n/a	n/a	24.2%	24.4%
Combined ratio	94.6%	109.2%	95.9%	105.3%	91.9%	93.8%	98.0%	94.0%	95.6%	482.2%	n/a	n/a	94.2%	100.8%

¹ Including underwriting and policy acquisition costs as well as the technical element of administrative and other operating expenses, amortization of intangible assets, interest credited to policyholders and other interest, and other income.

² Including the non-technical element of administrative and other operating expenses, amortization of intangible assets, interest credited to policyholders and other interest, and other income as well as net gains/losses on divestments of businesses and interest expense on debt.

³ Including policyholder dividends and participation in profits.

Total investments

in %, as of December 31

	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Cash and cash equivalents	12.3%	19.4%	11.9%	18.2%	6.8%	8.7%	16.5%	16.4%	97.4%	95.8%	n/a	n/a	14.7%	22.1%
Equity securities	5.2%	4.1%	4.9%	4.2%	8.7%	8.8%	46.0%	45.9%	-	-	n/a	n/a	7.8%	7.0%
Debt securities	74.5%	65.1%	81.6%	76.4%	68.1%	63.9%	33.6%	33.0%	2.6%	1.5%	n/a	n/a	69.3%	62.6%
Investment in associates	0.1%	0.1%	0.1%	0.2%	-	-	-	-	-	-	n/a	n/a	-	0.1%
Other investments	7.9%	11.3%	1.5%	1.0%	16.4%	18.6%	3.9%	4.7%	-	2.7%	n/a	n/a	8.2%	8.2%
Total investments	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	n/a	n/a	100.0%	100.0%

General Insurance (unaudited)

Customer segment reporting - Europe General Insurance by region

in USD millions, for the years ended December 31

	United Kingdom		Germany		Switzerland		Italy		Spain		Rest of Europe		Eliminations		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Gross written premiums and policy fees	3,802	3,967	2,442	2,413	1,761	1,722	1,702	1,627	1,262	1,181	2,034	1,959	(647)	(685)	12,356	12,184
Net earned premiums and policy fees	3,661	3,777	2,022	2,090	1,594	1,635	1,571	1,475	1,033	958	1,772	1,795	-	(3)	11,653	11,727
Net underwriting result	290	148	173	158	156	97	51	92	87	71	196	177	(6)	(14)	947	729
Business operating profit	595	495	265	253	234	178	132	164	128	118	333	301	-	-	1,687	1,509

Ratios, as % of net earned premiums and policy fees

Loss ratio	68.6%	71.2%	68.9%	69.1%	68.5%	73.6%	73.6%	70.8%	69.1%	70.5%	66.0%	68.5%	n/a	n/a	69.0%	70.7%
Expense ratio ¹	23.5%	24.9%	22.5%	23.4%	21.7%	20.4%	23.2%	23.0%	22.4%	22.1%	23.1%	21.6%	n/a	n/a	22.9%	23.1%
Combined ratio	92.1%	96.1%	91.4%	92.5%	90.2%	94.0%	96.8%	93.8%	91.5%	92.6%	89.1%	90.1%	n/a	n/a	91.9%	93.8%

¹ Including policyholder dividends and participation in profits.

Customer segment reporting - Europe General Insurance split into Commercial and Personal

in USD millions, for the years ended December 31

	Commercial		Personal		Eliminations		Total	
	2006	2005	2006	2005	2006	2005	2006	2005
Gross written premiums and policy fees	4,902	4,909	7,456	7,277	(2)	(2)	12,356	12,184
Net earned premiums and policy fees	4,464	4,653	7,189	7,074	-	-	11,653	11,727
Net underwriting result	510	198	437	531	-	-	947	729
Business operating profit	937	625	750	884	-	-	1,687	1,509

Ratios, as % of net earned premiums and policy fees

Loss ratio	67.3%	73.8%	70.0%	68.6%	n/a	n/a	69.0%	70.7%
Expense ratio ¹	21.3%	22.0%	23.9%	23.9%	n/a	n/a	22.9%	23.1%
Combined ratio	88.6%	95.8%	93.9%	92.5%	n/a	n/a	91.9%	93.8%

¹ Including policyholder dividends and participation in profits.

General Insurance (unaudited)

Customer segment reporting - International Businesses by region

in USD millions, for the years ended December 31

	Asia/Pacific		Latin America		Rest of International Businesses		Eliminations		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Gross written premiums and policy fees	1,319	1,383	963	841	701	678	(19)	(31)	2,964	2,871
Net earned premiums and policy fees	1,050	1,035	648	505	539	541	-	-	2,237	2,081
Net underwriting result	17	73	(5)	(8)	31	58	-	-	43	123
Business operating profit	96	144	33	32	57	80	-	-	186	256

Ratios, as % of net earned premiums and policy fees

Loss ratio	61.8%	58.7%	59.8%	59.4%	70.7%	62.5%	n/a	n/a	63.4%	59.9%
Expense ratio ¹	36.4%	34.3%	41.0%	42.0%	23.6%	26.7%	n/a	n/a	34.6%	34.1%
Combined ratio	98.2%	93.0%	100.8%	101.4%	94.3%	89.2%	n/a	n/a	98.0%	94.0%

¹ Including policyholder dividends and participation in profits.

Customer segment reporting - International Businesses split into Commercial and Personal

in USD millions, for the years ended December 31

	Commercial		Personal		Eliminations		Total	
	2006	2005	2006	2005	2006	2005	2006	2005
Gross written premiums and policy fees	1,915	1,882	1,051	990	(2)	(1)	2,964	2,871
Net earned premiums and policy fees	1,430	1,310	807	771	-	-	2,237	2,081
Net underwriting result	66	52	(23)	71	-	-	43	123
Business operating profit	181	154	5	102	-	-	186	256

Ratios, as % of net earned premiums and policy fees

Loss ratio	63.7%	62.4%	62.7%	55.6%	n/a	n/a	63.4%	59.9%
Expense ratio ¹	31.7%	33.6%	40.1%	35.2%	n/a	n/a	34.6%	34.1%
Combined ratio	95.4%	96.0%	102.8%	90.8%	n/a	n/a	98.0%	94.0%

¹ Including policyholder dividends and participation in profits.

Global Life (unaudited)

Overview

in USD millions, for the years ended December 31

	Europe															
	United States		United Kingdom		Germany		Switzerland		Rest of Europe ¹		International Businesses ²		Eliminations		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Insurance deposits	502	500	4,391	4,387	1,651	800	67	25	3,651	2,820	507	469	-	-	10,769	9,001
Gross written premiums and policy fees	654	617	2,287	2,120	3,574	3,764	1,885	2,249	1,257	1,269	601	519	(5)	(3)	10,253	10,535
Net earned premiums and policy fees	462	455	2,180	1,879	3,479	3,672	1,869	2,233	1,180	1,114	535	462	-	-	9,705	9,815
Net investment income	319	313	2,863	2,937	1,558	1,545	653	722	735	632	398	332	-	-	6,526	6,481
Net capital gains on investments and impairments	52	19	6,564	8,494	752	1,027	172	215	1,041	1,431	307	332	-	-	8,888	11,518
Other income (incl. net gain on divestments of businesses)	10	27	336	282	363	364	55	42	75	77	135	123	-	-	974	915
Total revenues	843	814	11,943	13,592	6,152	6,608	2,749	3,212	3,031	3,254	1,375	1,249	-	-	26,093	28,729
Insurance benefits and losses, net of reinsurance	238	229	1,538	1,372	3,807	4,031	1,880	2,422	891	792	301	254	-	-	8,655	9,100
Policyholder dividends and participation in profits, net of reinsurance	16	5	8,532	10,022	1,176	1,403	243	13	1,393	1,722	544	490	-	-	11,904	13,655
Underwriting and policy acquisition costs, net of reinsurance	52	62	729	699	257	296	91	178	201	220	118	106	-	-	1,448	1,561
Administrative and other operating expenses	88	73	477	547	309	272	242	204	264	230	240	212	-	-	1,620	1,538
Amortization and impairments of intangible assets	13	22	30	31	51	45	-	-	12	3	8	4	-	-	114	105
Interest expense on debt and other interest	177	183	101	174	264	321	34	35	17	19	3	4	-	-	596	736
Total benefits, losses and expenses	584	574	11,407	12,845	5,864	6,368	2,490	2,852	2,778	2,986	1,214	1,070	-	-	24,337	26,695
Net income before income taxes	259	240	536	747	288	240	259	360	253	268	161	179	-	-	1,756	2,034
Business operating profit	228	236	270	146	169	140	193	236	200	183	102	138	-	-	1,162	1,079

¹ Including interregion eliminations.² Insurance deposits in International Businesses for 2005 have been presented to exclude deposits received as funds under management.

Total investments

in %, as of December 31

	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Cash and cash equivalents	6.9%	6.3%	7.4%	7.8%	1.0%	1.0%	4.3%	3.0%	3.9%	5.0%	6.2%	7.2%	n/a	n/a	5.1%	5.3%
Equity securities	7.2%	5.4%	57.9%	56.4%	20.3%	15.5%	11.7%	10.4%	47.9%	42.7%	56.2%	46.8%	n/a	n/a	41.8%	37.7%
Debt securities	80.2%	82.3%	24.6%	26.4%	39.7%	45.2%	55.2%	60.2%	44.8%	48.3%	34.6%	37.3%	n/a	n/a	36.0%	40.0%
Investments in associates	-	-	-	-	-	-	-	-	-	-	0.5%	0.6%	n/a	n/a	-	-
Other investments	5.7%	6.0%	10.1%	9.4%	39.0%	38.3%	28.8%	26.4%	3.4%	4.0%	2.5%	8.1%	n/a	n/a	17.1%	17.0%
Total investments	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	n/a	n/a	100.0%	100.0%

Global Life (unaudited)

Rest of Europe by country

in USD millions, for the years ended December 31

	Italy		Spain		Ireland		Isle of Man		Other European Countries		Eliminations		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Gross written premiums and policy fees	446	501	202	208	248	215	138	143	229	207	-	-	1,263	1,274
Net earned premiums and policy fees	444	499	194	198	204	83	113	130	225	204	-	-	1,180	1,114
Net investment income	260	222	162	162	188	138	27	16	98	94	-	-	735	632
Business operating profit	51	58	41	37	52	33	41	38	15	17	-	-	200	183

Shareholders' intangibles and recoverability

Although not a measure of current profitability, an important factor to consider when evaluating the sustainability of life insurance earnings is the recoverability of deferred policy acquisition costs (DAC) and deferred origination costs (DOC). The following table sets out the amount of shareholders' intangibles to be recovered from future earnings.

Shareholders' intangibles and recoverability

in USD billions, as of December 31

	2006	2005
DAC/DOC asset included in Life Insurance segment balance sheet	10.9	9.1
Present value of future profits (linked to acquisitions) and other intangible assets	1.0	0.9
Deferred front-end fees liability	(5.3)	(4.6)
Policyholders' share of DAC/DOC and other intangibles	(2.4)	(2.0)
Tax deductions on intangibles	(1.3)	(1.1)
Net shareholders' intangibles after tax to be recovered from future earnings	2.9	2.3

Deferred policy acquisition costs (DAC) consist of the costs of acquiring new business, including commissions, underwriting and policy issue expenses, which vary with and are directly related to the production of new business.

Deferred origination costs (DOC) consist of the costs of acquiring new investment contracts with investment management services, including commissions and other incremental expenses directly related to the issuance of each new contract, and are recognized in line with revenue generated by the investment management service.

The present value of future profits is the discounted value of the profit on acquired insurance contracts to be amortized over the expected life of these contracts. These are defined in note 2 of the Consolidated Financial Statements within the Financial Report.

Some charges assessed against policyholders' balances have been deferred as unearned revenue ("deferred front-end fees") and will be recognized in income over the period for which benefits accrue, using similar assumptions as those used to amortize DAC or DOC.

Additional information (unaudited)

Principal
exchange
rates

USD per foreign currency unit	Balance sheets as of		Income statements and cash flows for the years ended	
	12/31/06	12/31/05	12/31/06	12/31/05
Euro	1.3199	1.1849	1.2552	1.2447
Swiss franc	0.8203	0.7614	0.7980	0.8039
British pound sterling	1.9589	1.7228	1.8415	1.8200

Currency translation
impact on key
financial figures -
General Insurance

variance over the prior period, for the year ended December 31, 2006	in USD millions	in %	change in USD	change in local currency
Gross written premiums and policy fees	72	–	2%	2%
Net investment income	9	1%	18%	17%
Net capital gains on investments and impairments	1	1%	36%	35%
Insurance benefits and losses	(42)	(1%)	5%	6%

Currency translation
impact on key
financial figures -
Global Life

variance over the prior period, for the year ended December 31, 2006	in USD millions	in %	change in USD	change in local currency
Insurance deposits	90	–	20%	20%
Gross written premiums and policy fees	54	–	(3%)	(3%)
Net investment income	47	1%	1%	(0%)
Net capital gains on investments and impairments	89	1%	(23%)	(24%)
Insurance benefits and losses	(51)	–	5%	5%

Additional information (unaudited)

Total investments: split 'Group investments' and 'Investments for unit-linked products'

Total investments include Group investments and investments for unit-linked products. Group investments include investments where the Group bears all or part of the investment risk. Investments for unit-linked products include investments where contract holders bear the investment risk but the respective investment result is included in the Group's operating statements. This investment result for unit-linked products is passed to the contract holders with a corresponding charge in policyholder dividends and participation in profits so that there is no effect on the Group's net income. A summary of the investment income, capital gains, losses and impairments recognized in the operating statements including the split between Group investments and investments for unit-linked products is given below.

Investment result

in USD millions,
for the years ended December 31

	Net investment income		Net capital gains/(losses) and impairments		Investment result	
	2006	2005	2006	2005	2006	2005
Group investments						
Cash and cash equivalents	499	501	4	4	503	505
Equity securities	533	458	1,391	863	1,924	1,321
Debt securities	5,368	5,267	(269)	1,043	5,099	6,310
Real estate held for investment	410	435	220	134	630	569
Mortgage loans	475	480	3	23	478	503
Policyholders' collateral and other loans	594	629	(18)	82	576	711
Investments in associates	85	105	(23)	(1)	62	104
Other investments:						
Short-term investments	87	78	1	-	88	78
Investments held by investment companies	5	6	283	264	288	270
Other ¹	108	74	(56)	100	52	174
Other investments	200	158	228	364	428	522
Investment result, gross, for Group investments	8,164	8,033	1,536	2,512	9,700	10,545
Investment expenses for Group investments ²	(265)	(251)	-	-	(265)	(251)
Investment result, net, for Group investments	7,899	7,782	1,536	2,512	9,435	10,294
Investments for unit-linked products						
Investment result, net, for investments for unit-linked products	2,384	1,983	9,203	10,870	11,587	12,853
Total investments						
Investment result, net, for total investments	10,283	9,765	10,739	13,382	21,022	23,147

¹ Including net capital gains/(losses) on derivative financial instruments of USD (44) million and USD 82 million for the years ended December 31, 2006 and 2005, respectively.

² Including rental operating expenses for real estate held for investment of USD 121 million and USD 106 million for the years ended December 31, 2006 and 2005, respectively.

Additional information (unaudited)

Details of investment balances as of December 31, 2006 and December 31, 2005 are given in the tables below.

Breakdown of investments

as of December 31

	Group investments				Investments for unit-linked products		Total investments	
	2006		2005		2006	2005	2006	2005
	USD millions	% of total	USD millions	% of total	USD millions	USD millions	USD millions	USD millions
Cash and cash equivalents	17,438	8.9%	18,723	10.2%	5,684	4,759	23,122	23,482
Equity securities (including trading equity portfolios in capital markets and banking activities):								
Fair value through profit or loss	4,383	2.3%	3,928	2.2%	90,666	74,764	95,049	78,692
<i>of which: trading</i>	2,778	1.4%	2,180	1.2%	–	–	2,778	2,180
<i>of which: trading equity portfolios in capital markets and banking activities</i>	2,260	1.2%	2,026	1.1%	–	–	2,260	2,026
Available-for-sale	13,956	7.1%	11,622	6.3%	–	–	13,956	11,622
Total equity securities	18,339	9.4%	15,550	8.5%	90,666	74,764	109,005	90,314
Debt securities:								
Fair value through profit or loss	8,650	4.4%	8,590	4.7%	8,922	7,286	17,572	15,876
<i>of which: trading</i>	547	0.3%	663	0.3%	–	–	547	663
Available-for-sale	112,128	57.3%	104,144	56.7%	–	–	112,128	104,144
Held-to-maturity	5,657	2.9%	5,277	2.9%	–	–	5,657	5,277
Total debt securities	126,435	64.6%	118,011	64.3%	8,922	7,286	135,357	125,297
Real estate held for investment	6,921	3.5%	6,314	3.4%	8,360	6,388	15,281	12,702
Mortgage loans	10,806	5.5%	9,307	5.1%	–	–	10,806	9,307
Policyholders' collateral and other loans	12,634	6.5%	11,984	6.5%	2	3	12,636	11,987
Investments in associates	153	0.1%	580	0.3%	–	–	153	580
Other investments:								
Short-term investments	1,010	0.5%	962	0.5%	693	638	1,703	1,600
Investments held by investment companies	1,861	1.0%	1,928	1.1%	–	–	1,861	1,928
Other	79	0.0%	96	0.1%	–	–	79	96
Total other investments	2,950	1.5%	2,986	1.7%	693	638	3,643	3,624
Total investments	195,676	100.0%	183,455	100.0%	114,327	93,838	310,003	277,293

Additional information (unaudited)

**Equity securities
(including trading
equity portfolios in
capital markets and
banking activities)**

as of December 31

	Group investments				Investments for unit-linked products		Total investments	
	2006		2005		2006	2005	2006	2005
	USD millions	% of total	USD millions	% of total	USD millions	USD millions	USD millions	USD millions
Common stocks, including equity unit trusts	11,461	5.9%	9,413	5.2%	84,824	69,898	96,285	79,311
Unit trusts (debt securities, real estate, short-term investments)	3,014	1.5%	2,420	1.3%	5,842	4,866	8,856	7,286
Common stock portfolios backing the participating with-profit policyholder contracts	1,604	0.8%	1,691	0.9%	–	–	1,604	1,691
Trading equity portfolios in capital markets and banking activities	2,260	1.2%	2,026	1.1%	–	–	2,260	2,026
Total equity securities	18,339	9.4%	15,550	8.5%	90,666	74,764	109,005	90,314

Income
statements
by business
segment

in USD millions, for the three months ended December 31

	General Insurance		Global Life		Farmers Management Services		Other Businesses		Corporate Functions		Eliminations		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Revenues														
Direct written premiums and policy fees	7,374	7,338	2,903	2,699	-	-	98	76	7	8	(9)	(1)	10,373	10,120
Assumed written premiums	475	247	38	18	-	-	498	237	40	32	(157)	(84)	894	450
Gross written premiums and policy fees	7,849	7,585	2,941	2,717	-	-	596	313	47	40	(166)	(85)	11,267	10,570
Less premiums ceded to reinsurers	(1,396)	(1,476)	(128)	(150)	-	-	25	86	(38)	(31)	166	85	(1,371)	(1,486)
Net written premiums and policy fees	6,453	6,109	2,813	2,567	-	-	621	399	9	9	-	-	9,896	9,084
Net change in reserves for unearned premiums	806	692	(15)	(18)	-	-	52	321	(8)	(5)	-	-	835	990
Net earned premiums and policy fees	7,259	6,801	2,798	2,549	-	-	673	720	1	4	-	-	10,731	10,074
Farmers management fees	-	-	-	-	544	520	-	-	-	-	-	-	544	520
Net investment income	855	747	1,627	1,540	45	39	188	205	164	147	(281)	(307)	2,598	2,371
Net capital gains/(losses) on investments and impairments	117	97	4,169	3,230	46	-	593	273	(3)	90	-	-	4,922	3,690
Net (loss)/gain on divestment of businesses	(5)	(1)	28	1	-	-	(66)	2	-	5	-	-	(43)	7
Other income	109	182	253	294	-	-	37	43	194	255	(258)	(306)	335	468
Total revenues	8,335	7,826	8,875	7,614	635	559	1,425	1,243	356	501	(539)	(613)	19,087	17,130
Intersegment transactions	(252)	(283)	(63)	(44)	(11)	(10)	(101)	65	(112)	(341)	539	613	-	-
Benefits, losses and expenses														
Losses and loss adjustment expenses, net of reinsurance	4,916	5,039	25	49	-	-	472	391	(8)	2	(24)	(18)	5,381	5,463
Life insurance death and other benefits, net of reinsurance	48	36	2,652	2,609	-	-	75	101	3	5	25	9	2,803	2,760
(Decrease)/increase in future life policyholders' benefits, net of reinsurance	-	3	(357)	103	-	-	41	(27)	(22)	15	(1)	9	(339)	103
Insurance benefits and losses, net of reinsurance	4,964	5,078	2,320	2,761	-	-	588	465	(27)	22	-	-	7,845	8,326
Policyholder dividends and participation in profits, net of reinsurance	1	(1)	4,992	3,388	-	-	458	255	-	-	-	-	5,451	3,642
Underwriting and policy acquisition costs, net of reinsurance	1,256	1,086	362	320	-	-	164	234	14	15	-	-	1,796	1,655
Administrative and other operating expenses	859	873	483	488	316	253	50	39	265	220	(247)	(325)	1,726	1,548
Amortization and impairments of intangible assets	24	24	34	32	14	11	1	-	2	3	-	-	75	70
Interest expense on debt	70	42	2	-	1	-	68	47	305	153	(286)	(129)	160	113
Interest credited to policyholders and other interest	56	87	138	161	-	-	39	57	2	109	(6)	(159)	229	255
Total benefits, losses and expenses	7,230	7,189	8,331	7,150	331	264	1,368	1,097	561	522	(539)	(613)	17,282	15,609
Net income/(loss) before income taxes	1,105	637	544	464	304	295	57	146	(205)	(21)	-	-	1,805	1,521
Income tax (expense)/benefit attributable to policyholders													(161)	(175)
Income tax expense attributable to shareholders													(342)	(346)
Net income attributable to minority interests													(28)	(42)
Net income attributable to shareholders													1,274	958
Business operating profit	1,053	559	337	249	283	295	122	108	(220)	(127)	-	-	1,575	1,084

Information for the three months ended December 31, 2006 (unaudited)

**Reconciliation of
net income before
shareholders' taxes
and business
operating profit by
business segment**

in USD millions, for the three months ended December 31

	General Insurance		Global Life		Farmers Management Services		Other Businesses		Corporate Functions		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Net income/(loss) before shareholders' taxes	1,105	637	383	289	304	295	57	146	(205)	(21)	1,644	1,346
Adjusted for:												
Net capital (gains)/losses on investments and impairments ¹	(117)	(97)	(4,169)	(3,230)	(46)	–	(482)	(332)	(9)	(59)	(4,823)	(3,718)
Policyholder allocation of net capital gains/(losses) on investments and impairments	–	–	4,155	3,173	–	–	492	296	–	–	4,647	3,469
Net income attributable to minority interests	(10)	(11)	(11)	(2)	–	–	(1)	–	(6)	(29)	(28)	(42)
Net loss/(gain) on divestments of businesses	5	1	(28)	(1)	–	–	66	(2)	–	(5)	43	(7)
Foreign currency differences on intercompany investments	13	13	–	–	–	–	–	–	(13)	(13)	–	–
Restructuring provisions and other	57	16	7	20	25	–	(10)	–	13	–	92	36
Business operating profit	1,053	559	337	249	283	295	122	108	(220)	(127)	1,575	1,084

¹ Excluding capital markets and banking activities and certain securities held for specific economic hedging purposes.

Information for the three months ended December 31, 2006 (unaudited)

General
Insurance –
customer
segment
reporting
overview

in USD millions, for the three months ended December 31

	Global Corporate		North America Commercial		Europe General Insurance		International Businesses		Group Reinsurance		Eliminations		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Gross written premiums and policy fees	1,448	1,458	2,973	3,022	2,767	2,415	705	742	27	72	(71)	(124)	7,849	7,585
Net earned premiums and policy fees	1,202	1,092	2,540	2,375	2,904	2,788	583	548	28	(2)	2	–	7,259	6,801
Insurance benefits and losses	897	1,026	1,776	1,840	1,965	1,892	337	327	(11)	(7)	–	–	4,964	5,078
Policyholder dividends and participation in profits	–	–	1	1	–	(2)	–	–	–	–	–	–	1	(1)
Total net technical expenses ¹	232	214	659	682	639	675	198	176	7	16	12	10	1,747	1,773
Net underwriting result	73	(148)	104	(148)	300	223	48	45	32	(11)	(10)	(10)	547	(49)
Net investment income	158	106	307	244	310	286	50	43	58	100	(28)	(32)	855	747
Net capital gains on investments and impairments	31	12	2	15	79	50	5	20	–	–	–	–	117	97
Net non-technical result ²	(67)	(7)	(150)	(50)	(165)	(91)	(3)	–	(67)	(52)	38	42	(414)	(158)
Net income/(loss) before income taxes	195	(37)	263	61	524	468	100	108	23	37	–	–	1,105	637
Business operating profit	167	(54)	300	46	478	449	86	83	22	35	–	–	1,053	559

Ratios, as % of net earned premiums and policy fees

Loss ratio	74.6%	94.0%	69.9%	77.4%	67.7%	67.9%	57.6%	59.5%	(38.2%)	(221.9%)	n/a	n/a	68.4%	74.7%
Expense ratio ³	19.4%	19.6%	25.9%	28.8%	22.1%	24.1%	33.8%	32.0%	23.2%	527.4%	n/a	n/a	24.0%	26.0%
Combined ratio	94.0%	113.6%	95.8%	106.2%	89.8%	92.0%	91.4%	91.5%	(15.0%)	305.5%	n/a	n/a	92.4%	100.7%

¹ Including underwriting and policy acquisition costs as well as the technical element of administrative and other operating expenses, amortization of intangible assets, interest credited to policyholders and other interest, and other income.² Including the non-technical element of administrative and other operating expenses, amortization of intangible assets, interest credited to policyholders and other interest, and other income as well as net gains/losses on divestments of businesses and interest expense on debt.³ Including policyholder dividends and participation in profits.

Information for the three months ended December 31, 2006 (unaudited)

Global Life -
overview

in USD millions, for the three months ended December 31

	Europe															
	USA		United Kingdom		Germany		Switzerland		Rest of Europe ¹		International Businesses ²		Eliminations		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Insurance deposits	123	121	1,083	1,378	985	253	34	10	971	794	113	96	-	-	3,309	2,652
Gross written premiums and policy fees	177	166	636	458	1,092	1,099	463	486	396	378	178	133	(1)	(3)	2,941	2,717
Net earned premiums and policy fees	127	122	623	398	1,066	1,082	460	483	361	347	161	117	-	-	2,798	2,549
Net investment income	80	78	709	697	429	397	154	159	192	148	63	61	-	-	1,627	1,540
Net capital gains on investments and impairments	34	8	2,918	2,513	334	171	31	82	631	324	221	132	-	-	4,169	3,230
Other income (incl. net gain on divestments of businesses)	9	26	80	86	115	108	15	14	24	15	38	46	-	-	281	295
Total revenues	250	234	4,330	3,694	1,944	1,758	660	738	1,208	834	483	356	-	-	8,875	7,614
Insurance benefits and losses, net of reinsurance	69	61	329	598	1,159	1,251	436	569	249	219	78	63	-	-	2,320	2,761
Policyholder dividends and participation in profits, net of reinsurance	17	3	3,447	2,616	426	203	120	(26)	735	473	247	119	-	-	4,992	3,388
Underwriting and policy acquisition costs, net of reinsurance	9	10	161	132	87	56	5	40	60	52	40	30	-	-	362	320
Administrative and other operating expenses	24	19	132	198	110	114	56	58	95	36	66	63	-	-	483	488
Amortization and impairments of intangible assets	-	9	11	11	13	11	-	-	10	1	-	-	-	-	34	32
Interest expense on debt and other interest	44	49	25	37	62	75	4	5	5	(7)	-	2	-	-	140	161
Total benefits, losses and expenses	163	151	4,105	3,592	1,857	1,710	621	646	1,154	774	431	277	-	-	8,331	7,150
Net income before income taxes	87	83	225	102	87	48	39	92	54	60	52	79	-	-	544	464
Business operating profit	65	80	108	(27)	42	36	43	56	48	35	31	69	-	-	337	249

¹ Including interregion eliminations.² Insurance deposits in International Businesses for 2005 have been presented to exclude deposits received as funds under management.

Summary of quarterly consolidated financial information (unaudited)

Summary of
quarterly
consolidated
financial
information

in USD millions, for the three months ended	12/31/06	09/30/06	06/30/06	03/31/06	12/31/05	09/30/05	06/30/05	03/31/05	12/31/04	09/30/04	06/30/04	03/31/04
Gross written premiums and policy fees	11,267	10,593	11,171	13,434	10,570	10,273	12,062	13,892	11,715	11,165	12,123	14,233
Net earned premiums and policy fees	10,731	9,875	9,611	10,292	10,074	9,693	10,359	10,331	10,987	10,191	10,097	10,515
Net investment income and net capital gains on investments and impairments	7,520	6,031	(142)	7,613	6,061	7,607	5,878	3,601	6,458	3,079	2,879	3,179
Other revenues	836	857	906	870	995	901	869	817	1,206	882	902	839
Total revenues	19,087	16,763	10,375	18,775	17,130	18,201	17,106	14,749	18,651	14,152	13,878	14,533
Insurance benefits and losses, net of reinsurance	7,845	7,414	7,183	7,764	8,326	7,868	8,325	7,900	9,212	8,606	7,827	8,467
Policyholder dividends and participation in profits, net of reinsurance	5,451	3,720	(2,101)	5,836	3,642	5,556	3,350	1,884	4,838	1,514	999	1,401
Other expenses	3,986	3,776	3,700	3,693	3,641	3,875	3,681	3,672	3,765	3,501	3,747	3,669
Total benefits, losses and expenses	17,282	14,910	8,782	17,293	15,609	17,299	15,356	13,456	17,815	13,621	12,573	13,537
Net income before income taxes	1,805	1,853	1,593	1,482	1,521	902	1,750	1,293	836	531	1,305	996
Net income attributable to shareholders	1,274	1,296	1,172	785	958	457	1,020	779	609	373	840	644
Business operating profit	1,575	1,439	1,488	1,359	1,084	558	1,271	1,034	498	512	1,104	874