



Financial Supplement 2008

Zurich Financial Services Group
Annual Results Reporting 2008

Zurich HelpPoint™

Results for the Year ended December 31, 2008

Financial Supplement (unaudited)

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Financial highlights (unaudited)

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	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenues														
Direct written premiums and policy fees	35,357	34,199	10,684	9,506	–	–	478	381	(6)	6	19	11	46,532	44,103
Assumed written premiums	1,794	1,451	100	117	–	–	3,565	1,969	182	160	(279)	(344)	5,362	3,353
Gross written premiums and policy fees	37,151	35,650	10,784	9,623	–	–	4,043	2,350	176	166	(260)	(333)	51,894	47,456
Less premiums ceded to reinsurers ¹	(5,646)	(5,345)	(739)	(8,002)	–	–	(41)	(32)	(61)	(152)	260	333	(6,226)	(13,197)
Net written premiums and policy fees	31,505	30,305	10,046	1,622	–	–	4,001	2,318	115	14	–	–	45,667	34,259
Net change in reserves for unearned premiums	(583)	(574)	(16)	(5)	–	–	(962)	82	–	1	–	–	(1,560)	(495)
Net earned premiums and policy fees	30,922	29,731	10,030	1,617	–	–	3,040	2,401	116	15	–	–	44,107	33,763
Farmers management fees and other related revenues	–	–	–	–	2,458	2,266	–	–	–	–	–	–	2,458	2,266
Net investment result on Group investments	2,452	3,913	3,258	4,741	68	134	507	1,219	544	1,309	(998)	(1,221)	5,832	10,094
Net investment income on Group investments	3,712	3,662	4,496	4,226	84	167	903	1,025	528	731	(998)	(1,221)	8,725	8,591
Net capital gains/(losses) and impairments on Group investments	(1,260)	250	(1,237)	514	(16)	(33)	(396)	193	16	578	–	–	(2,893)	1,503
Net investment result on unit-linked investments	–	–	(19,039)	6,479	–	–	(2,692)	663	–	–	–	–	(21,731)	7,142
Net gain/(loss) on divestments of businesses	14	13	4	74	–	–	(1)	33	–	(2)	–	–	16	118
Other income	735	644	1,205	1,203	1	62	–	176	1,044	898	(1,321)	(1,082)	1,665	1,900
Total revenues	34,123	34,300	(4,542)	14,114	2,528	2,462	854	4,491	1,704	2,220	(2,318)	(2,303)	32,349	55,285
Intersegment transactions	(1,244)	(987)	(76)	(246)	(86)	(52)	(154)	(332)	(759)	(686)	2,318	2,303	–	–

¹ In 2007, for the Global Life segment, premiums ceded to reinsurers included USD 7.3 billion and ceded insurance benefits and losses included USD 7.0 billion relating to the reinsurance of a UK annuity portfolio. Subsequent to the approval from the UK High Court, effective on June 30, 2008, the underlying contracts have been transferred to the reinsurer. This transaction had no impact on the income statement in 2008.

Financial highlights (unaudited)

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	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Benefits, losses and expenses														
Losses and loss adjustment expenses, net of reinsurance	22,388	20,916	33	90	–	–	1,724	1,174	1	–	–	(25)	24,145	22,155
Life insurance death and other benefits, net of reinsurance	53	50	9,867	10,385	–	–	517	362	101	18	–	23	10,538	10,837
(Decrease)/increase in future life policyholders' benefits, net of reinsurance	–	–	(689)	(9,781)	–	–	743	110	73	(32)	1	2	128	(9,701)
Insurance benefits and losses, net of reinsurance ¹	22,441	20,966	9,211	694	–	–	2,984	1,646	175	(14)	–	–	34,811	23,291
Policyholder dividends and participation in profits, net of reinsurance	16	11	(18,943)	7,755	–	–	(2,587)	761	–	–	–	–	(21,514)	8,526
Underwriting and policy acquisition costs, net of reinsurance	5,679	5,358	1,880	1,629	–	–	717	578	14	–	(3)	(7)	8,287	7,559
Administrative and other operating expense	3,400	3,226	2,400	1,962	1,331	1,215	(238)	264	1,118	1,061	(1,282)	(1,047)	6,729	6,679
Interest expense on debt	235	310	45	17	9	9	198	264	1,122	1,317	(1,009)	(1,233)	599	685
Interest credited to policyholders and other interest	195	268	521	585	–	–	71	111	9	9	(24)	(16)	773	957
Total benefits, losses and expenses	31,967	30,138	(4,886)	12,642	1,341	1,224	1,144	3,623	2,438	2,373	(2,318)	(2,303)	29,685	47,698
Net income/(loss) before income taxes	2,156	4,162	344	1,472	1,188	1,238	(291)	868	(734)	(153)	–	–	2,663	7,587
Income tax benefit/(expense) attributable to policyholders	–	–	1,184	83	–	–	–	–	–	–	–	–	1,184	83
Net income before shareholders' tax	2,156	4,162	1,528	1,555	1,188	1,238	(291)	868	(734)	(153)	–	–	3,847	7,671
Income tax expense attributable to shareholders													(732)	(1,874)
Net income attributable to non-controlling interests													(77)	(83)
Net income attributable to shareholders													3,039	5,714
Business operating profit	3,535	4,024	1,480	1,443	1,202	1,271	(260)	779	(772)	(810)	–	–	5,186	6,707

¹ In 2007, for the Global Life segment, premiums ceded to reinsurers included USD 7.3 billion and ceded insurance benefits and losses included USD 7.0 billion relating to the reinsurance of a UK annuity portfolio. Subsequent to the approval from the UK High Court, effective on June 30, 2008, the underlying contracts have been transferred to the reinsurer. This transaction had no impact on the income statement in 2008.

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	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Total Group Investments	77,328	84,996	94,399	95,740	2,158	2,311	17,085	18,758	15,193	18,560	(26,593)	(26,764)	179,570	193,600
Cash and cash equivalents	9,279	10,896	5,095	3,713	349	264	3,288	4,862	6,682	8,459	(12,728)	(14,250)	11,965	13,943
Equity securities	5,965	7,011	4,816	8,336	–	–	1,185	2,063	2,277	3,006	–	–	14,242	20,416
Debt securities	53,444	60,005	56,456	54,939	76	83	7,058	7,396	1,434	1,769	(365)	(430)	118,103	123,762
Other investments	8,641	7,083	28,032	28,751	1,733	1,965	5,554	4,437	4,799	5,327	(13,499)	(12,085)	35,260	35,479
Investments for unit-linked contracts	–	–	65,977	106,355	–	–	12,226	15,738	–	–	–	–	78,203	122,092
Total investments	77,328	84,996	160,377	202,094	2,158	2,311	29,311	34,495	15,193	18,560	(26,593)	(26,764)	257,773	315,693
Reinsurers' share of reserves for insurance contracts ¹	12,749	13,149	1,999	9,555	209	207	5,486	6,392	–	107	(1,849)	(2,440)	18,595	26,970
Deposits made under assumed reinsurance contracts	68	68	–	–	–	–	2,362	1,323	–	2	(32)	(34)	2,397	1,359
Deferred policy acquisition costs	3,247	3,306	10,752	11,547	–	–	324	89	–	–	–	(1)	14,323	14,941
Deferred origination costs	–	–	770	1,003	–	–	–	–	–	–	–	–	770	1,003
Goodwill	895	706	565	635	382	385	–	–	5	5	–	–	1,846	1,730
Other related intangible assets	–	–	1,252	780	1,025	1,025	–	–	–	–	–	–	2,278	1,805
Other assets	17,423	15,652	9,336	8,155	1,352	1,337	2,006	1,384	2,092	1,793	(2,246)	(2,482)	29,962	25,841
Total assets after consolidation of investments in subsidiaries	111,710	117,876	185,051	233,769	5,125	5,266	39,488	43,684	17,290	20,468	(30,721)	(31,721)	327,944	389,342
Liabilities for investment contracts	–	–	36,230	54,736	–	–	–	–	–	–	(251)	(251)	35,979	54,485
Reserves for losses and loss adjustment expenses, gross	61,396	63,383	9	6	–	–	4,991	6,084	44	114	(1,223)	(1,697)	65,218	67,890
Reserves for unearned premiums, gross	14,874	15,428	210	157	–	–	1,319	381	5	43	(10)	(68)	16,399	15,941
Future life policyholders' benefits, gross	95	97	72,699	77,422	–	–	3,656	2,871	366	415	(598)	(657)	76,218	80,147
Policyholders' contract deposits and other funds, gross	1,102	1,024	12,611	14,173	–	–	3,334	3,489	–	–	–	–	17,047	18,687
Reserves for unit-linked contracts, gross	–	–	35,069	54,337	–	–	12,228	15,738	–	–	–	–	47,297	70,075
Reserves for insurance contracts, gross ¹	77,468	79,932	120,598	146,096	–	–	25,529	28,562	415	572	(1,831)	(2,423)	222,179	252,740
Debt related to capital markets and banking activities	–	–	–	–	–	–	3,632	3,385	–	–	(1,106)	(1,722)	2,527	1,663
Senior debt	3,031	5,673	694	239	–	–	1,047	622	19,893	18,397	(21,306)	(22,102)	3,358	2,830
Subordinated debt	2,189	2,311	412	72	180	180	73	99	5,169	5,588	(2,926)	(2,780)	5,096	5,470
Other liabilities	14,680	16,291	15,351	20,758	1,612	1,480	3,974	5,004	2,707	1,745	(3,301)	(2,443)	35,024	42,836
Total liabilities	97,368	104,207	173,284	221,901	1,792	1,660	34,255	37,673	28,184	26,302	(30,721)	(31,721)	304,163	360,023
Equity														
Common shareholders' equity													21,542	28,273
Preferred securities													561	671
Shareholders' equity													22,103	28,945
Minority interests													1,678	374
Total equity													23,781	29,318
Total liabilities and equity													327,944	389,342

¹ In 2007, for the Global Life segment, reinsurers' share of reserves for insurance contracts included USD 7.1 billion related to the reinsurance of a UK annuity portfolio. Subsequent to the approval from the UK High Court, effective on June 30, 2008, the underlying contracts have been transferred to the reinsurer, resulting in a reduction of both the reinsurers' share of reserves for insurance contracts and gross reserves for insurance contracts.

Financial highlights (unaudited)

Reconciliation of net income before income 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	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Net income/(loss) before income taxes	2,156	4,162	344	1,472	1,188	1,238	(291)	868	(734)	(153)	2,663	7,587
Income tax benefit/(expense) attributable to policyholders	–	–	1,184	83	–	–	–	–	–	–	1,184	83
Net income/(loss) before shareholders' taxes	2,156	4,162	1,528	1,555	1,188	1,238	(291)	868	(734)	(153)	3,847	7,671
Adjusted for: net capital (gains)/losses on investments and impairments	1,173	(250)	23,228	(3,878)	16	33	2,952	(826)	97	(552)	27,466	(5,474)
Policyholder allocation of net capital gains/(losses) on investments and impairments	–	–	(22,895)	3,745	–	–	(2,868)	783	–	–	(25,763)	4,528
Net income attributable to minority interests	(25)	(21)	(15)	(3)	–	–	–	(1)	(36)	(57)	(77)	(83)
Net (gain)/loss on divestments of businesses	(14)	(13)	(4)	(74)	–	–	1	(33)	–	2	(16)	(118)
Restructuring provisions and other	246	146	(362)	98	(1)	–	(55)	(11)	(99)	(49)	(272)	183
Business operating profit	3,535	4,024	1,480	1,443	1,202	1,271	(260)	779	(772)	(810)	5,186	6,707

Adjusted business operating profit

for the years ended December 31

	General Insurance		Global Life		Farmers Management Services		Other Businesses and Corporate Functions		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Adjusted business operating profit, in USD millions	3,503	4,111	1,345	1,187	1,174	1,208	(835)	201	5,186	6,707
Adjusted business operating profit return on common shareholders' equity	26.0%	27.5%	25.0%	22.1%	55.2%	56.5%	(22.1%)	3.8%	20.7%	25.0%

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	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Gross written premiums and policy fees	7,888	7,597	11,215	11,532	15,293	13,852	3,402	3,103	502	515	(1,149)	(949)	37,151	35,650
Net earned premiums and policy fees	4,834	4,819	9,258	9,561	14,224	12,957	2,551	2,324	55	69	–	–	30,922	29,731
Insurance benefits and losses	4,457	3,694	6,508	6,407	9,926	9,420	1,611	1,518	(61)	(74)	–	–	22,441	20,966
Policyholder dividends and participation in profits	4	4	11	8	1	(2)	–	–	–	–	–	–	16	11
Total net technical expenses	975	936	2,495	2,624	3,521	3,099	853	779	28	17	(1)	(6)	7,872	7,449
Net underwriting result	(602)	185	243	521	776	440	86	27	88	126	1	6	593	1,305
Net investment income	689	709	1,253	1,244	1,472	1,403	212	192	143	222	(57)	(108)	3,712	3,662
Net capital gains/(losses) and impairments on investments	(281)	(1)	(467)	116	(484)	105	(29)	30	1	–	–	–	(1,260)	250
Net non-technical result	(34)	(143)	(246)	(293)	(571)	(549)	(49)	(35)	(45)	(139)	56	103	(889)	(1,056)
Net income/(loss) before income taxes	(227)	751	784	1,589	1,192	1,399	221	215	187	208	–	–	2,156	4,162
Business operating profit	47	738	1,238	1,460	1,833	1,453	232	165	186	208	–	–	3,535	4,024
Adjusted business operating profit	53	784	1,232	1,488	1,787	1,369	223	146	208	324	–	–	3,503	4,111
Adjusted business operating profit return on common shareholders' equity	1.6%	22.1%	25.5%	26.3%	42.0%	30.2%	29.6%	18.9%	75.3%	69.9%	–	–	26.0%	27.5%
Ratios, as % of net earned premiums and policy fees														
Loss ratio	92.2%	76.7%	70.3%	67.0%	69.8%	72.7%	63.2%	65.3%	nm	nm	n/a	n/a	72.6%	70.5%
Expense ratio	20.2%	19.5%	27.1%	27.5%	24.8%	23.9%	33.5%	33.5%	nm	nm	n/a	n/a	25.5%	25.1%
Combined ratio	112.4%	96.2%	97.4%	94.5%	94.5%	96.6%	96.6%	98.8%	nm	nm	n/a	n/a	98.1%	95.6%

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	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Gross written premiums and policy fees	3,976	4,125	3,117	2,778	2,344	2,084	2,296	1,900	1,518	1,431	2,780	2,264	(738)	(730)	15,293	13,852
Net earned premiums and policy fees	3,736	3,855	2,562	2,278	2,214	1,927	2,060	1,754	1,286	1,188	2,368	1,958	(1)	(1)	14,224	12,957
Net underwriting result	82	(185)	237	160	273	182	17	51	92	85	75	148	(1)	–	776	440
Business operating profit	493	182	380	328	382	294	149	145	175	150	254	354	–	–	1,833	1,453

Ratios, as % of net earned premiums and policy fees

Loss ratio	73.2%	81.5%	69.4%	69.7%	65.2%	68.0%	75.3%	73.9%	70.5%	71.1%	63.8%	63.3%	n/a	n/a	69.8%	72.7%
Expense ratio	24.6%	23.3%	21.3%	23.3%	22.4%	22.6%	23.9%	23.2%	22.3%	21.8%	33.0%	29.1%	n/a	n/a	24.8%	23.9%
Combined ratio	97.8%	104.8%	90.7%	93.0%	87.7%	90.6%	99.2%	97.1%	92.8%	92.9%	96.8%	92.4%	n/a	n/a	94.5%	96.6%

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

in USD millions, for the years ended December 31

	Commercial		Personal		Eliminations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Gross written premiums and policy fees	5,916	5,465	9,383	8,392	(6)	(5)	15,293	13,852
Net earned premiums and policy fees	5,399	4,932	8,825	8,025	–	–	14,224	12,957
Net underwriting result	271	255	511	190	(7)	(6)	776	440
Business operating profit	850	792	982	661	–	–	1,833	1,453

Ratios, as % of net earned premiums and policy fees

Loss ratio	71.5%	73.5%	68.8%	72.2%	n/a	n/a	69.8%	72.7%
Expense ratio	23.5%	21.3%	25.5%	25.4%	n/a	n/a	24.8%	23.9%
Combined ratio	95.0%	94.8%	94.2%	97.6%	n/a	n/a	94.5%	96.6%

General Insurance (unaudited)

Customer segment reporting – International Businesses by region

in USD millions, for the years ended December 31

	Latin America		Asia		Australia		Africa		Rest of International Businesses		Eliminations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	Gross written premiums and policy fees	1,261	1,120	778	676	714	682	656	625	–	–	(6)	–	3,402
Net earned premiums and policy fees	857	738	559	502	582	556	552	528	–	–	–	–	2,551	2,324
Net underwriting result	9	(17)	27	9	41	15	10	21	–	–	(1)	–	86	27
Business operating profit	66	28	36	30	130	92	32	41	(31)	(27)	–	–	232	165

Ratios, as % of net earned premiums and policy fees

Loss ratio	59.5%	62.1%	53.7%	57.8%	67.5%	70.3%	73.8%	71.8%	n/a	n/a	n/a	n/a	63.2%	65.3%
Expense ratio	39.4%	40.3%	41.5%	40.4%	25.5%	26.9%	24.3%	24.3%	n/a	n/a	n/a	n/a	33.5%	33.5%
Combined ratio	98.9%	102.4%	95.2%	98.3%	93.0%	97.2%	98.1%	96.1%	n/a	n/a	n/a	n/a	96.6%	98.8%

Customer segment reporting – International Businesses split into Commercial and Personal

in USD millions, for the years ended December 31

	Commercial		Personal		Eliminations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
	Gross written premiums and policy fees	2,204	2,086	1,200	1,057	(2)	(40)	3,402
Net earned premiums and policy fees	1,636	1,534	915	790	–	–	2,551	2,324
Net underwriting result	33	29	55	–	(1)	(1)	86	27
Business operating profit	139	131	94	33	–	–	232	165

Ratios, as % of net earned premiums and policy fees

Loss ratio	66.5%	66.7%	57.2%	62.7%	n/a	n/a	63.2%	65.3%
Expense ratio	31.5%	31.5%	36.7%	37.3%	n/a	n/a	33.5%	33.5%
Combined ratio	98.0%	98.1%	94.0%	100.0%	n/a	n/a	96.6%	98.8%

Global Life (unaudited)

Overview

	in USD millions, for the years ended December 31																			
	United States		United Kingdom		Germany		Switzerland		Ireland		Spain		Emerging markets		Rest of the world		Eliminations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Insurance deposits	502	508	3,708	5,087	1,872	1,423	89	112	1,586	1,575	808	488	1,726	1,882	789	1,004	-	-	11,079	12,080
Gross written premiums and policy fees	723	698	1,094	1,836	3,906	3,708	1,753	1,576	353	315	1,635	212	553	485	781	805	(14)	(11)	10,784	9,623
Net earned premiums and policy fees	502	473	931	(5,616)	3,797	3,603	1,746	1,563	263	223	1,618	203	476	420	696	748	-	-	10,030	1,617
Net investment result on Group investments	182	330	255	952	1,455	1,724	526	707	87	186	237	238	225	230	293	374	-	-	3,258	4,741
Net investment income on Group investments	326	338	710	848	1,899	1,689	627	596	98	89	280	154	148	144	407	369	-	-	4,496	4,226
Net capital gains/(losses) and impairments on Group investments	(144)	(8)	(456)	104	(444)	35	(101)	111	(11)	98	(44)	83	77	86	(114)	6	-	-	(1,237)	514
Net investment result on unit-linked investments	(208)	5	(11,160)	5,067	(3,028)	473	(121)	10	(2,165)	82	(214)	68	(1,087)	685	(1,056)	90	-	-	(19,039)	6,479
Net investment income on unit-linked investments	13	(18)	2,360	2,310	128	97	6	2	212	162	29	25	19	4	257	530	-	-	3,026	3,111
Net capital gains/(losses) on unit-linked investments	(221)	22	(13,520)	2,757	(3,156)	376	(127)	8	(2,378)	(80)	(243)	43	(1,106)	681	(1,313)	(439)	-	-	(22,065)	3,368
Other income (incl. net gain on divestments of businesses)	104	100	399	440	316	346	120	62	2	-	19	9	70	96	183	226	(3)	(1)	1,209	1,277
Total revenues	580	908	(9,575)	843	2,539	6,145	2,271	2,342	(1,814)	491	1,660	518	(316)	1,430	116	1,438	(3)	(1)	(4,542)	14,114
Insurance benefits and losses, net of reinsurance	289	278	598	(6,220)	3,891	3,922	1,671	1,556	96	32	1,727	263	336	282	602	582	-	-	9,211	694
Policyholder dividends and participation in profits, net of reinsurance	(201)	11	(10,721)	5,361	(3,556)	1,003	(38)	217	(2,124)	236	(213)	63	(1,105)	667	(983)	196	-	-	(18,943)	7,755
Underwriting and policy acquisition costs, net of reinsurance	70	(16)	861	790	407	333	157	151	84	93	17	9	140	140	144	128	-	-	1,880	1,629
Administrative and other operating expenses	132	157	579	591	649	437	305	186	64	51	106	49	205	177	362	315	(3)	(1)	2,400	1,962
Interest expense on debt and other interest	173	175	66	114	216	227	27	33	-	-	33	9	29	31	21	14	-	-	566	603
Total benefits, losses and expenses	463	606	(8,617)	636	1,607	5,922	2,122	2,144	(1,879)	413	1,671	392	(396)	1,296	145	1,234	(3)	(1)	(4,886)	12,642
Net income before income taxes	117	302	(958)	207	932	223	149	198	66	79	(11)	125	80	134	(30)	204	-	-	344	1,472
Income tax benefit/(expense) attributable to policyholders	-	-	1,300	128	(180)	(23)	-	-	5	(11)	-	-	-	-	59	(10)	-	-	1,184	83
Net income before shareholders' tax	117	302	342	335	752	200	149	198	71	67	(11)	125	80	134	29	194	-	-	1,528	1,555
Business operating profit	230	313	429	439	332	213	190	175	77	64	39	42	72	79	111	118	-	-	1,480	1,443

Global Life (unaudited)

Emerging markets	in USD millions, for the years ended December 31							
			of which					
	Total		ZIS		Hong Kong		Latin America	
	2008	2007	2008	2007	2008	2007	2008	2007
Insurance deposits	1,726	1,882	1,485	1,604	187	229	53	49
Gross written premiums and policy fees	553	485	108	114	93	68	355	307
Net earned premiums and policy fees	476	420	62	77	84	60	316	283
Net investment result on Group investments	225	230	82	70	45	49	98	111
Net investment income on Group investments	148	144	21	28	34	33	94	83
Net capital gains/(losses) and impairments on Group investments	77	86	62	43	12	16	4	28
Net investment result on unit-linked investments	(1,087)	685	(801)	574	(203)	86	(84)	26
Total benefits, losses and expenses	(396)	1,296	(640)	759	(73)	179	295	360
Business operating profit	72	79	29	27	2	5	51	47

Rest of the world	in USD millions, for the years ended December 31			
			of which	
	Total		Italy	
	2008	2007	2008	2007
Insurance deposits	789	1,004	576	714
Gross written premiums and policy fees	781	805	335	274
Net earned premiums and policy fees	696	748	307	270
Net investment result on Group investments	293	374	137	214
Net investment income on Group investments	407	369	235	198
Net capital gains/(losses) and impairments on Group investments	(114)	6	(98)	15
Net investment result on unit-linked investments	(1,056)	90	(467)	(141)
Total benefits, losses and expenses	145	1,234	39	307
Business operating profit	111	118	39	49

Global Life (unaudited)

Total investments	in %, as of December 31																	
	United States		United Kingdom		Germany		Switzerland		Ireland		Spain		Emerging markets		Rest of the world		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Total Group investments	94.7	92.8	16.9	14.5	86.0	82.6	97.2	97.0	32.0	28.9	77.3	58.7	42.8	35.7	68.4	59.0	58.9	47.4
Cash and cash equivalents	4.6	6.3	14.5	9.7	3.0	1.7	6.1	2.5	6.8	8.0	7.6	3.4	9.0	10.6	2.2	2.4	5.4	3.9
Equity securities	3.7	3.6	10.5	8.5	1.9	8.0	7.6	8.9	17.3	21.4	0.4	4.3	4.5	5.4	11.9	14.6	5.1	8.7
Debt securities	85.0	84.0	70.8	68.5	46.2	43.1	55.2	55.5	72.2	65.2	72.2	82.9	77.4	75.1	79.0	75.3	59.8	57.4
Investments in associates	–	–	0.2	0.2	–	–	–	–	–	–	0.1	0.3	–	–	1.0	1.2	0.1	0.1
Other investments	6.7	6.0	4.1	13.2	48.8	47.2	31.1	33.1	3.7	5.3	19.8	9.1	9.0	8.9	5.9	6.5	29.6	29.9
Investments for unit-linked contracts	5.3	7.2	83.1	85.5	14.0	17.4	2.8	3.0	68.0	71.1	22.7	41.3	57.2	64.3	31.6	41.0	41.1	52.6
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	100.0	100.0	100.0	100.0	100.0	100.0

Global Life – Reserves for life insurance contracts and liabilities for investment contracts, net of reinsurance	in USD millions, as of December 31																			
	United States		United Kingdom		Germany		Switzerland		Ireland		Spain		Emerging markets		Rest of the world		Eliminations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Unit-linked insurance and investment contracts	685	856	42,655	73,400	6,387	8,768	1,676	1,630	5,985	7,324	2,669	1,980	5,222	7,525	6,021	7,591	–	–	71,299	109,072
Other life insurance liabilities	4,861	4,803	4,033	5,971	40,879	43,672	15,044	15,086	1,418	1,536	8,775	2,621	2,815	2,955	5,490	5,397	3	3	83,318	82,044
Total reserves and liabilities	5,546	5,658	46,688	79,371	47,266	52,439	16,720	16,716	7,403	8,860	11,444	4,601	8,037	10,479	11,511	12,988	3	3	154,617	191,117

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	2008	2007
DAC/DOC asset included in Global Life balance sheet	11.5	12.5
Present value of future profits (linked to acquisitions) and other intangible assets	3.8	1.1
Deferred front-end fees liability	(4.7)	(5.8)
Policyholders' share of DAC/DOC and other intangibles	(2.2)	(2.9)
Tax deductions on intangibles	(2.3)	(1.4)
Net shareholders' intangibles after tax to be recovered from future earnings	6.1	3.5

Deferred policy acquisition costs (DAC) consist of the costs of acquiring new business, including commissions, underwriting and policy issuance 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 expected future profit from acquired insurance contracts to be amortized over the expected life of these contracts. These are defined in note 3 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		Income statements and cash flows	
		2008	2007	2008	2007
	Euro	1.3924	1.4601	1.4719	1.3706
	Swiss franc	0.9371	0.8822	0.9265	0.8341
	British pound sterling	1.4620	1.9849	1.8556	2.0019

Currency translation impact on key financial figures – General Insurance	variance over the prior period, for the year ended December 31, 2008	in USD		change in USD	change in local currency
		millions	in %		
	Gross written premiums and policy fees	739	2%	4%	2%
	Net investment income on total investments	23	1%	1%	1%
	Net capital gains/(losses) and impairments on total investments	11	4%	(603%)	(607%)
	Insurance benefits and losses, net of reinsurance	(427)	(2%)	(7%)	(5%)
	Business operating profit	56	1%	(12%)	(14%)

Currency translation impact on key financial figures – Global Life	variance over the prior period, for the year ended December 31, 2008	in USD		change in USD	change in local currency
		millions	in %		
	Insurance deposits	(58)	–	(8%)	(8%)
	Gross written premiums and policy fees	552	6%	12%	6%
	Net investment result on Group investments	170	4%	(31%)	(35%)
	Net investment income on Group investments	190	5%	6%	2%
	Net capital gains and impairments on Group investments	(21)	(4%)	(341%)	(337%)
	Net investment result on unit-linked investments	514	8%	(394%)	(402%)
	Insurance benefits and losses, net of reinsurance	(561)	(81%)	(1,228%)	(1,147%)
	Business operating profit	22	2%	3%	1%

Additional information (unaudited)

Investment result

in USD millions, for the years ended December 31

	Net investment income		Net capital gains/(losses) on investments and impairments ¹		Investment result	
	2008	2007	2008	2007	2008	2007
Group investments						
Cash and cash equivalents	493	590	1	(4)	494	586
Equity securities	604	708	(2,827)	1,897	(2,223)	2,604
Debt securities	6,066	5,773	(1,573)	(455)	4,494	5,318
Real estate held for investment	491	438	210	101	700	539
Mortgage loans	647	580	(29)	(10)	618	570
Other loans	616	575	2	4	617	579
Investments in associates	8	13	(4)	(1)	4	12
Other investments:	62	162	1,327	(29)	1,389	133
Short-term investments	30	71	–	1	30	72
Other ²	32	92	1,327	(30)	1,359	61
Investment result, gross, for Group investments	8,987	8,838	(2,893)	1,503	6,094	10,342
Investment expenses for Group investments ³	(261)	(247)	–	–	(261)	(247)
Investment result, net, for Group investments	8,725	8,591	(2,893)	1,503	5,832	10,094
Investments for unit-linked contracts						
Investment result, net, for investments for unit-linked contracts	3,185	3,000	(24,916)	4,142	(21,731)	7,142
Total investments						
Investment result, net, for total investments	11,910	11,591	(27,809)	5,645	(15,898)	17,236

¹ Impairment charges on investments amounted in total to USD 2,457 million and USD 136 million for the years ended December 31, 2008 and 2007, respectively. Thereof impairments on equity securities comprised USD 1,197 million and USD 44 million, on debt securities USD 1,211 million and USD 81 million, and on mortgage loans and other investments USD 49 million and USD 12 million for the years ended December 31, 2008 and 2007, respectively.

² Including net capital gains/(losses) on derivative financial instruments of USD 1,241 million and USD (147) million for the years ended December 31, 2008 and 2007, respectively, of which net capital gains/(losses) on derivatives attributable to cash flow hedges ineffectiveness amounted to USD 5 million and USD (9) million for the years ended December 31, 2008 and 2007, respectively.

³ Including rental operating expense for real estate held for total investments of USD 179 million and USD 170 million for the years ended December 31, 2008 and 2007, respectively.

Additional information (unaudited)

Details of
investments
by category

as of December 31

	Group investments				Investments for unit-linked products		Total investments	
	2008		2007		2008		2007	
	USD millions	% of total	USD millions	% of total	USD millions	USD millions	USD millions	USD millions
Cash and cash equivalents	11,965	6.7	13,943	7.2	4,431	2,993	16,397	16,936
Equity securities (including trading equity portfolios in capital markets and banking activities):								
Fair value through profit or loss	4,935	2.7	6,609	3.4	60,154	100,178	65,089	106,786
<i>of which: trading</i>	1,358	0.8	2,652	1.4	–	–	1,358	2,652
<i>of which: trading equity portfolios in capital markets and banking activities</i>	786	0.4	1,606	0.8	–	–	786	1,606
Available-for-sale	9,307	5.2	13,807	7.1	–	–	9,307	13,807
Total equity securities	14,242	7.9	20,416	10.5	60,154	100,178	74,397	120,593
Debt securities:								
Fair value through profit or loss	6,984	3.9	8,843	4.6	9,335	10,112	16,319	18,954
<i>of which: trading</i>	159	0.1	616	0.3	–	–	159	616
Available-for-sale	105,875	59.0	109,278	56.4	–	–	105,875	109,278
Held-to-maturity	5,244	2.9	5,642	2.9	–	–	5,244	5,642
Total debt securities	118,103	65.8	123,762	63.9	9,335	10,112	127,438	133,874
Real estate held for investment	7,524	4.2	7,563	3.9	4,077	7,823	11,601	15,386
Mortgage loans	12,820	7.1	12,718	6.6	–	–	12,820	12,718
Other loans	12,531	7.0	12,936	6.7	2	2	12,533	12,938
Investments in associates	220	0.1	238	0.1	–	–	220	238
Other investments:								
Short-term investments	2,103	1.2	1,944	1.0	204	985	2,307	2,929
Other	61	0.0	80	0.0	–	–	61	80
Total other investments	2,165	1.2	2,024	1.0	204	985	2,369	3,009
Total investments	179,570	100.0	193,600	100.0	78,203	122,092	257,773	315,693

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 contracts		Total investments	
	2008	2007	2008	2007	2008	2007	2008	2007
USD millions	% of total	USD millions	% of total	USD millions	USD millions	USD millions	USD millions	
Common stocks, including equity unit trusts	8,896	5.0	14,245	7.4	51,276	90,593	60,171	104,837
Unit trusts (debt securities, real estate, short-term investments)	3,930	2.2	3,291	1.7	8,879	9,585	12,809	12,876
Common stock portfolios backing the participating with-profit policyholder contracts	630	0.4	1,274	0.7	–	–	630	1,274
Trading equity portfolios in capital markets and banking activities	786	0.4	1,606	0.8	–	–	786	1,606
Total equity securities	14,242	7.9	20,416	10.5	60,154	100,178	74,397	120,593

Information for the three months ended December 31 (unaudited)

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	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenues														
Direct written premiums and policy fees	7,471	7,963	3,560	2,712	–	–	195	49	–	6	19	14	11,245	10,744
Assumed written premiums	472	364	21	42	–	–	1,080	476	45	44	(65)	(138)	1,555	788
Gross written premiums and policy fees	7,944	8,327	3,582	2,754	–	–	1,275	526	45	50	(46)	(124)	12,800	11,532
Less premiums ceded to reinsurers	(1,180)	(1,209)	(184)	(223)	–	–	(9)	18	(16)	(45)	46	124	(1,343)	(1,335)
Net written premiums and policy fees	6,763	7,118	3,398	2,531	–	–	1,266	543	30	5	–	–	11,457	10,198
Net change in reserves for unearned premiums	310	505	(33)	(16)	–	–	94	65	(3)	(3)	–	–	367	553
Net earned premiums and policy fees	7,073	7,624	3,365	2,516	–	–	1,360	609	26	2	–	–	11,825	10,750
Farmers management fees and other related revenues	–	–	–	–	628	587	–	–	–	–	–	–	628	587
Net investment result on Group investments	343	1,001	671	1,213	(3)	25	210	391	98	310	(232)	(311)	1,087	2,627
Net investment income on Group investments	864	967	1,193	1,063	19	31	215	258	114	198	(232)	(311)	2,173	2,208
Net capital gains/(losses) and impairments on Group investments	(521)	34	(522)	148	(23)	(7)	(5)	132	(16)	112	–	–	(1,086)	420
Net investment result on unit-linked investments	–	–	(3,331)	60	–	–	(774)	(42)	–	–	–	–	(4,105)	17
Net gain/(loss) on divestments of businesses	–	12	–	72	–	–	–	1	–	(1)	–	–	1	84
Other income	195	160	399	293	1	1	(51)	13	264	247	(370)	(311)	439	402
Total revenues	7,613	8,796	1,104	4,152	625	613	745	971	389	558	(602)	(622)	9,873	14,468
Intersegment transactions	(287)	(215)	26	(9)	(26)	(18)	(27)	(117)	(288)	(262)	602	622	–	–

Information for the three months ended December 31 (unaudited)

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	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Benefits, losses and expenses														
Losses and loss adjustment expenses, net of reinsurance	4,924	4,979	11	4	–	–	720	353	1	1	(5)	11	5,651	5,348
Life insurance death and other benefits, net of reinsurance	11	12	3,120	2,466	–	–	210	83	22	5	(1)	(13)	3,363	2,552
(Decrease)/increase in future life policyholders' benefits, net of reinsurance	(1)	–	418	(224)	–	–	654	111	79	21	6	3	1,156	(89)
Insurance benefits and losses, net of reinsurance	4,935	4,990	3,549	2,247	–	–	1,584	547	101	27	–	1	10,170	7,811
Policyholder dividends and participation in profits, net of reinsurance	4	5	(3,750)	407	–	–	(760)	(36)	–	–	–	–	(4,506)	376
Underwriting and policy acquisition costs, net of reinsurance	1,367	1,433	386	510	–	–	342	154	14	12	(2)	(1)	2,108	2,107
Administrative and other operating expense	832	941	1,009	512	361	351	(173)	38	316	324	(362)	(305)	1,982	1,861
Interest expense on debt	56	81	24	3	2	2	46	98	252	320	(230)	(317)	150	189
Interest credited to policyholders and other interest	28	71	119	182	–	–	15	(3)	1	(1)	(8)	1	155	249
Total benefits, losses and expenses	7,223	7,520	1,337	3,861	364	353	1,053	796	684	683	(602)	(622)	10,058	12,593
Net income/(loss) before income taxes	390	1,275	(233)	291	262	259	(308)	175	(295)	(125)	–	–	(185)	1,876
Income tax benefit/(expense) attributable to policyholders	–	–	218	144	–	–	–	–	–	–	–	–	218	144
Net income before shareholders' tax	390	1,275	(16)	435	262	259	(308)	175	(295)	(125)	–	–	33	2,020
Income tax benefit/(expense) attributable to shareholders													166	(478)
Net income attributable to non-controlling interests													6	(14)
Net income attributable to shareholders													205	1,529
Business operating profit	957	1,245	256	353	283	266	(265)	164	(230)	(233)	–	–	1,002	1,796

Information for the three months ended December 31 (unaudited)

Reconciliation of net income before income 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	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	Net income/(loss) before income taxes	390	1,275	(233)	291	262	259	(308)	175	(295)	(125)	(185)
Income tax benefit/(expense) attributable to policyholders	-	-	218	144	-	-	-	-	-	-	218	144
Net income/(loss) before shareholders' taxes	390	1,275	(16)	435	262	259	(308)	175	(295)	(125)	33	2,020
Adjusted for: net capital (gains)/losses on investments and impairments	478	(34)	4,485	432	23	7	637	(180)	79	(80)	5,702	145
Policyholder allocation of net capital gains/(losses) on investments and impairments	-	-	(4,339)	(445)	-	-	(591)	153	-	-	(4,930)	(293)
Net income attributable to minority interests	(6)	(3)	(3)	1	-	-	-	2	15	(14)	6	(14)
Net (gain)/loss on divestments of businesses	-	(12)	-	(72)	-	-	-	(1)	-	1	(1)	(84)
Restructuring provisions and other	95	19	129	2	(1)	-	(3)	16	(29)	(14)	191	22
Business operating profit	957	1,245	256	353	283	266	(265)	164	(230)	(233)	1,002	1,796

Information for the three months ended December 31 (unaudited)

General Insurance
– 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	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Gross written premiums and policy fees	1,594	1,557	2,759	2,821	2,959	3,209	784	813	114	148	(267)	(220)	7,944	8,327
Net earned premiums and policy fees	982	1,152	2,348	2,510	3,150	3,327	584	623	9	11	–	–	7,073	7,624
Insurance benefits and losses	986	852	1,482	1,648	2,070	2,149	356	390	41	(49)	–	–	4,935	4,990
Policyholder dividends and participation in profits	–	3	2	3	2	(1)	–	–	–	–	–	–	4	5
Total net technical expenses	220	294	623	717	786	812	204	216	10	3	–	(25)	1,843	2,019
Net underwriting result	(224)	3	242	142	292	367	23	17	(41)	57	–	25	291	609
Net investment income	161	191	320	318	310	374	57	43	26	55	(9)	(15)	864	967
Net capital gains/(losses) on investments and impairments	(50)	(19)	(221)	10	(246)	31	(4)	12	–	–	–	–	(521)	34
Net non-technical result	(45)	(36)	(16)	(78)	(171)	(188)	2	2	(24)	(27)	10	(9)	(245)	(335)
Net income/(loss) before income taxes	(158)	140	325	392	184	584	78	74	(39)	85	–	1	390	1,275
Business operating profit	(75)	158	499	373	495	576	78	54	(39)	84	–	–	957	1,245
Ratios, as % of net earned premiums and policy fees														
Loss ratio	100.4%	74.0%	63.1%	65.7%	65.7%	64.6%	61.0%	62.7%	n/m	n/m	n/a	n/a	69.8%	65.5%
Expense ratio	22.4%	25.8%	26.6%	28.7%	25.0%	24.4%	35.0%	34.6%	n/m	n/m	n/a	n/a	26.1%	26.6%
Combined ratio	122.8%	99.8%	89.7%	94.4%	90.7%	89.0%	96.0%	97.3%	n/m	n/m	n/a	n/a	95.9%	92.0%

Information for the three months ended December 31 (unaudited)

Global Life –
overview

	in USD millions, for the three months ended December 31																			
	United States		United Kingdom		Germany		Switzerland		Ireland		Spain		Emerging markets		Rest of the world		Eliminations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Insurance deposits	118	130	875	1,364	538	506	40	40	637	497	499	205	310	529	211	314	–	–	3,227	3,584
Gross written premiums and policy fees	188	186	55	473	1,122	1,195	409	396	94	81	1,395	71	79	95	243	260	(4)	(2)	3,582	2,754
Net earned premiums and policy fees	132	129	30	416	1,091	1,164	407	392	74	38	1,390	73	46	77	195	227	–	–	3,365	2,516
Net investment result on Group investments	38	74	146	279	125	449	100	157	18	29	145	63	80	66	19	94	–	–	671	1,213
Net investment income on Group investments	81	85	216	171	470	459	139	146	17	24	139	40	34	40	97	98	–	–	1,193	1,063
Net capital gains/(losses) and impairments on Group investments	(43)	(11)	(70)	108	(345)	(10)	(39)	11	1	5	6	23	46	27	(78)	(4)	–	–	(522)	148
Net investment result on unit-linked investments	(87)	(14)	(1,257)	330	(972)	(109)	(39)	(5)	(909)	(141)	(48)	(6)	159	85	(178)	(79)	–	–	(3,331)	60
Net investment income on unit-linked investments	(9)	(6)	506	495	110	87	–	–	31	34	5	3	3	4	20	21	–	–	665	637
Net capital gains/(losses) on unit-linked investments	(78)	(9)	(1,763)	(165)	(1,081)	(195)	(39)	(6)	(940)	(175)	(53)	(10)	157	81	(197)	(100)	–	–	(3,996)	(578)
Other income (incl. net gain on divestments of businesses)	101	26	46	102	89	77	67	18	2	–	13	2	17	31	65	112	(1)	(1)	399	364
Total revenues	184	214	(1,035)	1,126	333	1,580	535	561	(815)	(74)	1,499	131	303	260	102	354	(1)	(1)	1,104	4,152
Insurance benefits and losses, net of reinsurance	80	77	128	169	1,215	1,303	420	358	31	(9)	1,439	83	64	73	171	194	–	–	3,549	2,247
Policyholder dividends and participation in profits, net of reinsurance	(85)	(13)	(1,254)	551	(1,378)	(50)	(37)	62	(907)	(123)	(47)	(10)	144	56	(185)	(66)	–	–	(3,750)	407
Underwriting and policy acquisition costs, net of reinsurance	86	22	67	223	130	100	40	54	16	28	12	4	6	45	29	35	–	–	386	510
Administrative and other operating expenses	45	37	198	177	345	106	124	54	34	17	66	23	90	19	108	80	(1)	(1)	1,009	512
Interest expense on debt and other interest	43	45	11	35	46	66	5	5	–	–	24	2	8	30	6	4	–	–	143	185
Total benefits, losses and expenses	169	168	(850)	1,153	359	1,525	552	533	(826)	(88)	1,493	103	312	222	130	247	(1)	(1)	1,337	3,861
Net income before income taxes	14	47	(185)	(26)	(25)	55	(17)	28	11	14	6	29	(9)	37	(28)	107	–	–	(233)	291
Income tax benefit/(expense) attributable to policyholders	–	–	217	147	(1)	(5)	–	–	4	(2)	–	–	–	–	(2)	4	–	–	218	145
Net income before shareholders' tax	14	47	32	121	(27)	50	(17)	28	15	12	6	29	(9)	37	(30)	112	–	–	(16)	435
Business operating profit	41	60	76	143	55	54	31	22	20	12	5	6	(12)	16	39	40	–	–	256	353

Summary of quarterly consolidated financial information (unaudited)

Summary of
quarterly
consolidated
financial
information

in USD millions, for the three months ended	12/31/08	09/30/08	06/30/08	03/31/08	12/31/07	09/30/07	06/30/07	03/31/07	12/31/06
Gross written premiums and policy fees	12,800	12,399	12,345	14,350	11,532	10,977	11,602	13,345	11,246
Net earned premiums and policy fees	11,825	10,520	10,786	10,976	10,750	10,122	2,737	10,154	10,731
Net investment result on Group investments	1,087	770	1,803	2,173	2,627	2,682	2,417	2,368	2,455
Net investment income on Group investments	2,173	2,150	2,239	2,163	2,208	2,101	2,220	2,062	2,050
Net capital gains/(losses) on Group investments and impairments	(1,086)	(1,380)	(437)	10	420	580	198	305	406
Net investment result on unit-linked investments	(4,105)	(8,221)	(396)	(9,008)	17	872	4,055	2,198	5,064
Other revenues	1,067	860	1,161	1,052	1,073	1,137	1,014	1,062	836
Total revenues	9,873	3,929	13,354	5,193	14,468	14,812	10,224	15,781	19,087
Insurance benefits and losses, net of reinsurance	10,170	8,381	8,123	8,138	7,811	7,560	475	7,445	7,846
Policyholder dividends and participation in profits, net of reinsurance	(4,506)	(8,293)	(527)	(8,188)	376	1,313	4,212	2,626	5,451
Other expenses	4,394	3,961	4,208	3,824	4,406	4,015	3,736	3,723	3,956
Total benefits, losses and expenses	10,058	4,048	11,804	3,775	12,593	12,888	8,424	13,794	17,252
Net income before income taxes	(185)	(119)	1,550	1,418	1,876	1,924	1,799	1,988	1,836
Net income attributable to shareholders	205	154	1,254	1,427	1,529	1,509	1,286	1,390	1,294
Business operating profit	1,002	636	1,785	1,764	1,796	1,627	1,542	1,741	1,612

Financial Supplement (unaudited)

Explanatory notes

The information contained within the Financial Supplement is unaudited. This document should be read in conjunction with the Zurich Financial Services Group Annual Report 2008.

Information regarding accounting policies and embedded value performance measures is located in the notes to the Consolidated Financial Statements and the Embedded Value Report in the Annual Report 2008.

The Group

Business operating profit – This measure is the basis on which we manage all our business units. It indicates the underlying performance of our business units by eliminating the impact of financial market volatility and other non-operational variables. Business operating profit reflects adjustments for shareholders' taxes, net capital gains on investments and impairments (except for the capital markets and banking operations included in Other Businesses and investments in hedge funds and certain securities held for specific economic hedging purposes), policyholders' share of investment results for the life businesses, non-operational foreign exchange movements, and significant items arising from special circumstances, including gains and losses on divestments of businesses. **Adjusted business operating profit** is adjusted for notional investment income on the difference between the average actual IFRS equity and the average allocated IFRS equity using one global swap rate. Allocated IFRS equity is equal to a segment's pro rata share of the Group's risk based capital at the respective period end. These measures are not a substitute for net income as determined in accordance with International Financial Reporting Standards (IFRS).

Business operating profit (after-tax) return on common shareholders' equity – This measure indicates the level of business operating profit or loss relative to resources provided by common shareholders. It is calculated as business operating profit or loss, annualized on a linear basis and adjusted for preferred shareholder dividends and taxes, divided by the average value of common shareholders' equity on a simple basis using the value at the beginning and end of the period. **Adjusted business operating profit return on common shareholders' equity** is based on average IFRS Group equity and is allocated to each segment based on its share of risk-based capital.

Investments – The line item total investments on our consolidated balance sheets includes Group investments and investments for unit-linked products. Our **Group investments** are those for which we bear part or all of the investment risk. They also include investments related to investment policies with discretionary participation features. Average invested assets exclude cash collateral received for securities lending. We manage our diversified Group investments portfolio to optimize benefits for both shareholders and policyholders while ensuring compliance with local regulatory and business requirements under the guidance of our Asset/Liability Management and Investment Committee. **Investments for unit-linked products** include such investments, where the policyholder bears the investment risk, and are held for liabilities related to unit-linked investment contracts and reserves for unit-linked insurance contracts. They are managed in accordance with the investment objectives of each unit-linked fund. The investment result for unit-linked products is passed to policyholders through a charge to policyholder dividends and participation in profits.

Operational debt – This non-IFRS term refers to debt items that are excluded from rating agency leverage calculations such as collateralized loans, debt related to banking activities and obligations to repurchase securities.

Other related intangible assets – These assets on our Global Life and Farmers Management Services balance sheets consist of the present value of profits of acquired insurance contracts and attorney-in-fact relationships.

Return on common shareholders' equity (ROE) – This measure indicates the level of profit or loss relative to resources provided by common shareholders. It is calculated as net income after taxes attributable to common shareholders, annualized on a linear basis, divided by the average value of common shareholders' equity on a simple basis using the value at the beginning and end of the period.

General Insurance

The following General Insurance measures are net of reinsurance.

Net underwriting result – This performance measure is calculated as the difference between earned premiums and policy fees and the sum of insurance benefits and losses and net technical expenses.

Total net technical expenses – This line item includes underwriting and policy acquisition costs, as well as the technical elements of administrative and other operating expenses, amortization of intangible assets, interest credited to policyholders and other interest, and other income.

Combined ratio – This performance measure indicates the level of claims and net technical expenses during the period relative to earned premiums and policy fees. It is calculated as earned premiums and policy fees minus the net underwriting result, divided by net earned premiums and policy fees.

Loss ratio – This performance measure indicates the level of claims during the period relative to earned premiums and policy fees. It is calculated as insurance benefits and losses, which include paid claims, claims incurred but not reported (IBNR) and claims handling costs, divided by earned premiums and policy fees.

Expense ratio – This performance measure indicates the level of technical expenses during the period relative to earned premiums and policy fees. It is calculated as the sum of net technical expenses and policyholder dividends and participation in profits, divided by earned premiums and policy fees.

Net non-technical result – This line item includes the non-technical elements of administrative and other operating expenses, amortization of intangible assets, interest credited to policyholders and other interest, other income, as well as net gains and losses on divestments of businesses and interest expense on debt.

Global Life

More detailed information regarding embedded value performance measures is located in the Embedded Value Report in the Annual Report 2007.

Embedded value (EV) principles – This methodology uses a “bottom-up” market consistent approach, which explicitly allows for market risk. In particular, asset and liability cash flows are valued using risk discount rates consistent with those applied to similar cash flows in the capital markets, and options and guarantees are valued using market consistent models calibrated to observable market prices.

Insurance deposits – These deposits, similar to customer account balances, are not recorded as revenues. However, the fees charged on insurance deposits are recorded as revenue within the gross written premiums and policy fees line item. These deposits arise from investment contracts and insurance contracts that are accounted for under deposit accounting. They represent the pure savings part, which is invested.

New business annual premium equivalent (APE) – This measure is calculated as new business annual premiums plus 10 percent of single premiums. **Present value of new business premiums (PVNBP)** is calculated as the value of new business premiums discounted at the risk free rate.

New business value, after tax – This measure reflects the value added by new business written during the period, including allowing for frictional costs, time value of options and guarantees, and the cost of non-market risk, and is valued at the point of sale. It is calculated as the present value of the projected after-tax profit from life insurance contracts sold during the period.

Farmers Management Services

Gross management result – This performance measure is calculated as management fees and other related revenues minus management and other related expenses, which include amortization and impairments of intangible assets.

Managed gross earned premium margin – This performance measure is calculated as gross operating profit of Farmers Management Services divided by the gross earned premiums of the Farmers Exchanges, which we manage but do not own.

Surplus ratio (Farmers Exchanges) – This measure indicates the amount of capital available to support the volume of insurance business written, and is calculated by dividing the end-of-period surplus balance by the net premium written in the preceding twelve-month period.

Disclaimer & Cautionary Statement

Certain statements in this document are forward-looking statements, including, but not limited to, statements that are predicated on or indicate future events, trends, plans or objectives. Forward-looking statements include statements regarding our targeted profit improvement, return on equity targets, expense reductions, pricing conditions, dividend policy and underwriting claims improvements, as well as statements regarding our understanding of general economic, financial and insurance market conditions and expected developments. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and plans and objectives of Zurich Financial Services or the Zurich Financial Services Group (the "Group") to differ materially from those expressed or implied in the forward looking statements (or from past results). Factors such as (i) general economic conditions and competitive factors, particularly in our key markets; (ii) the risk of the global economic downturn and a downturn in the financial services industries in particular (iii) performance of financial markets; (iv) levels of interest rates and currency exchange rates; (v) frequency, severity and development of insured claims events; (vi) mortality and morbidity experience; (vii) policy renewal and lapse rates; and (viii) changes in laws and regulations and in the policies of regulators may have a direct bearing on the results of operations of Zurich Financial Services and its Group and on whether the targets will be achieved. 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.

Persons requiring advice should consult an independent adviser.

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