



# Half Year Results Reporting 2009

Analysts and Media Presentation

August 6, 2009

Zurich HelpPoint™

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# Agenda



- Introduction

James J. Schiro

- Half Year Results 2009

Dieter Wemmer

- Q&A

- Closing remarks

James J. Schiro



# Introduction

James J. Schiro  
Chief Executive Officer

August 6, 2009

Zurich HelpPoint<sup>TM</sup>

# Financial highlights



in USD millions

for the six months to June 30

	2009	2008 <sup>1</sup>	Change
Business operating profit (BOP)	2,552	3,549	-28%
Net income attributable to shareholders	1,254	2,681	-53%
General Insurance combined ratio	96.2%	96.2%	0.0pts
Global Life new business margin <sup>2</sup>	21.0%	22.4%	-1.3pts
Farmers Mgmt Services managed GEP margin <sup>3</sup>	7.3%	7.1%	0.2pts
Return on common shareholders' equity (ROE)	10.8%	19.5%	-8.8pts
Business operating profit (after tax) ROE	16.6%	19.9%	-3.4pts

<sup>1</sup> Throughout this document, certain comparatives have been restated. Refer to the unaudited Consolidated Financial Statements for details.

<sup>2</sup> After tax, as % of APE (Annual Premium Equivalent).

<sup>3</sup> Margin on gross earned premiums of the Farmers Exchanges. Zurich Financial Services Group 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.



# Half Year Results 2009

Dieter Wemmer  
Chief Financial Officer

August 6, 2009

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# Business operating profit and net income by quarter



# Business operating profit by segment



in USD millions

for the six months to June 30

	2009	2008 <sup>1</sup>	Change
General Insurance	1,714	2,236	-23%
Global Life	641	772	-17%
Farmers (including Farmers Re)	724	672	8%
Other Operating Businesses	-264	-223	-18%
<b>Total Core BOP</b>	<b>2,815</b>	<b>3,457</b>	<b>-19%</b>
Non-Core Businesses	-263	92	nm
<b>Total BOP</b>	<b>2,552</b>	<b>3,549</b>	<b>-28%</b>

<sup>1</sup> Throughout this document, certain comparatives have been restated. Refer to the unaudited Consolidated Financial Statements for details.



# Top line development by segment



in USD millions  
for the six months to June 30

	2009	2008	Change	Change in LC <sup>1</sup>
<b>General Insurance</b>				
GWP and policy fees	18,247	20,593	-11%	-2%
<b>Global Life</b>				
GWP and policy fees (incl. insurance deposits) <sup>2</sup>	11,569	10,397	11%	30%
Annual Premium Equivalent (APE) <sup>3</sup>	1,579	1,528	3%	19%
<b>Farmers</b>				
Farmers management fees	1,247	1,196	4%	4%
Farmers Re GWP	2,883	836	nm	nm

<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)

# Rate Change Monitor<sup>1</sup> for personal and commercial lines



## Half year 2009

	GC	NAC	EGI	Int'l Markets	Farmers Exchanges <sup>2</sup>
Personal Lines	n/a	n/a	2%	3%	4%
Commercial Lines	5%	3%	2%	5%	2%

## Q1 2009

	GC	NAC	EGI	Int'l Markets	Farmers Exchanges <sup>2</sup>
Personal Lines	n/a	n/a	1%	3%	3%
Commercial Lines	3%	2%	2%	3%	1%

### EGI by country

	UK	Germany	Switzer-land	Italy	Spain	Rest of EGI
Personal Lines	11%	1%	-1%	3%	3%	1%
Commercial Lines	2%	2%	0%	3%	7%	4%

### EGI by country

	UK	Germany	Switzer-land	Italy	Spain	Rest of EGI
Personal Lines	10%	2%	-1%	1%	2%	1%
Commercial Lines	2%	3%	-1%	1%	6%	4%

<sup>1</sup> The Zurich Rate Change Monitor expresses the Gross Written Premium development due to premium rate change as a percentage of the renewed portfolio against a comparable prior period. In this slide, the shown periods 2009 are compared to the same periods 2008.  
<sup>2</sup> Zurich Financial Services Group 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.

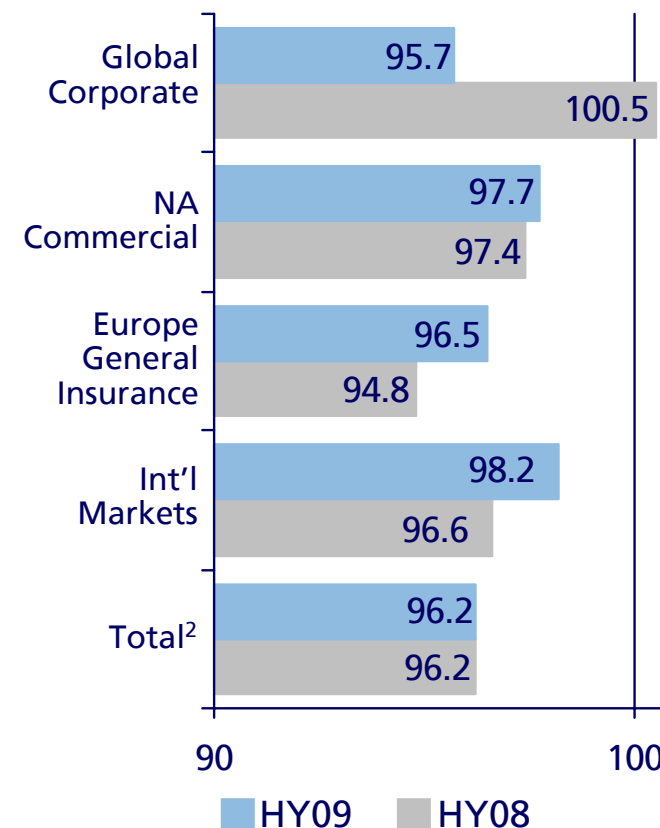
# General Insurance – key performance indicators



## Business operating profit

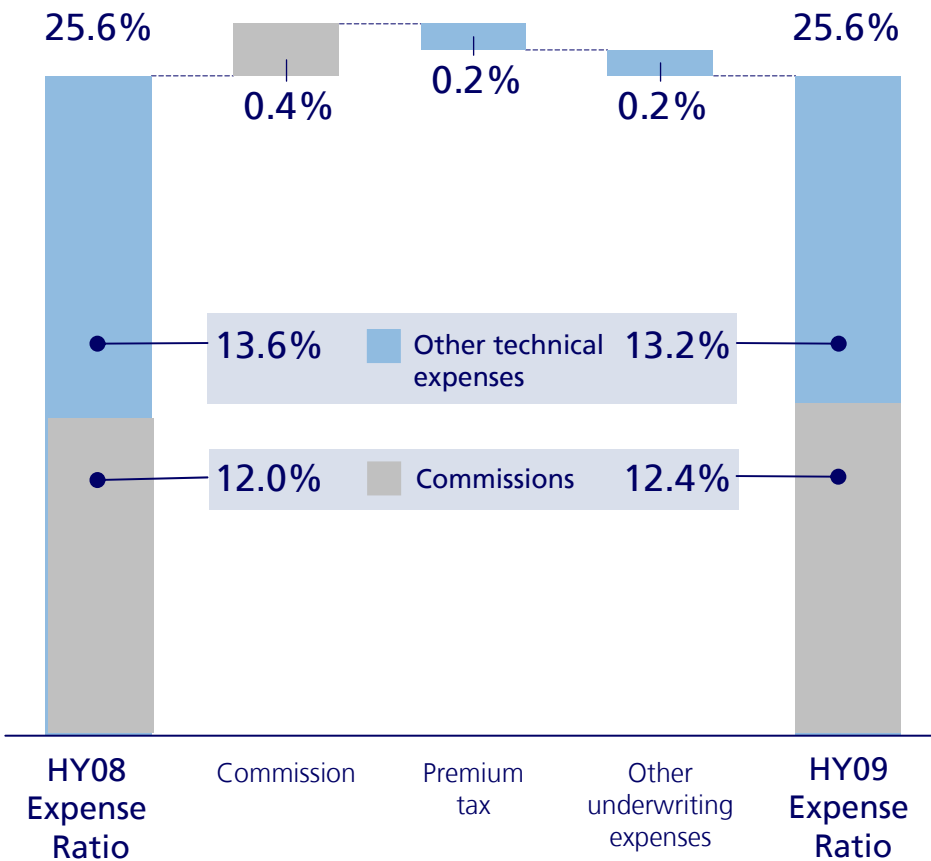
in USD millions for the six months to June 30	2009	2008	Change
Global Corporate	354	347	2%
North America Commercial	576	628	-8%
Europe General Insurance	624	1,035	-40%
International Markets	74	90	-18%
Other <sup>1</sup>	87	137	-36%
<b>Total</b>	<b>1,714</b>	<b>2,236</b>	<b>-23%<sup>3</sup></b>

## Combined ratio (%)

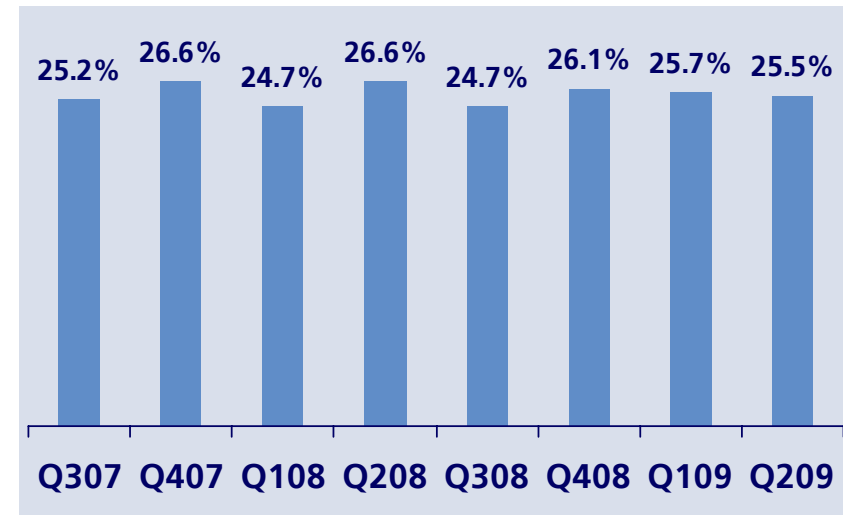


<sup>1</sup> GI Global Functions, Group Reinsurance and inter-segment eliminations  
<sup>2</sup> Including GI Global Functions, Group Reinsurance and inter-segment eliminations  
<sup>3</sup> Equivalent to -16% in local currency.

# General Insurance net expense ratio walk from HY08 to HY09



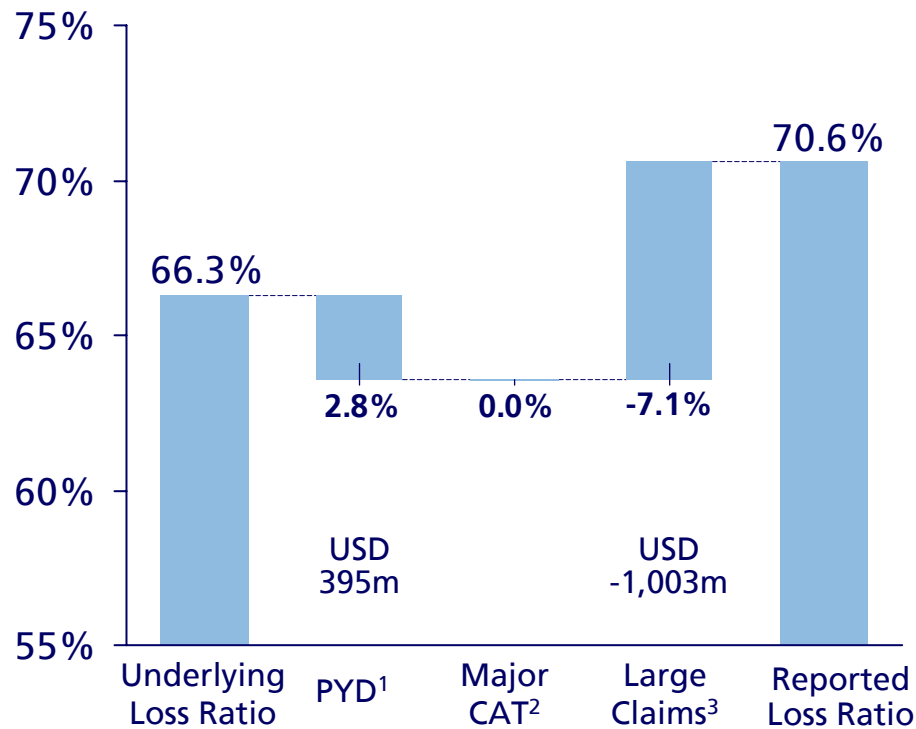
**Expense ratio development**  
Last eight discrete quarters



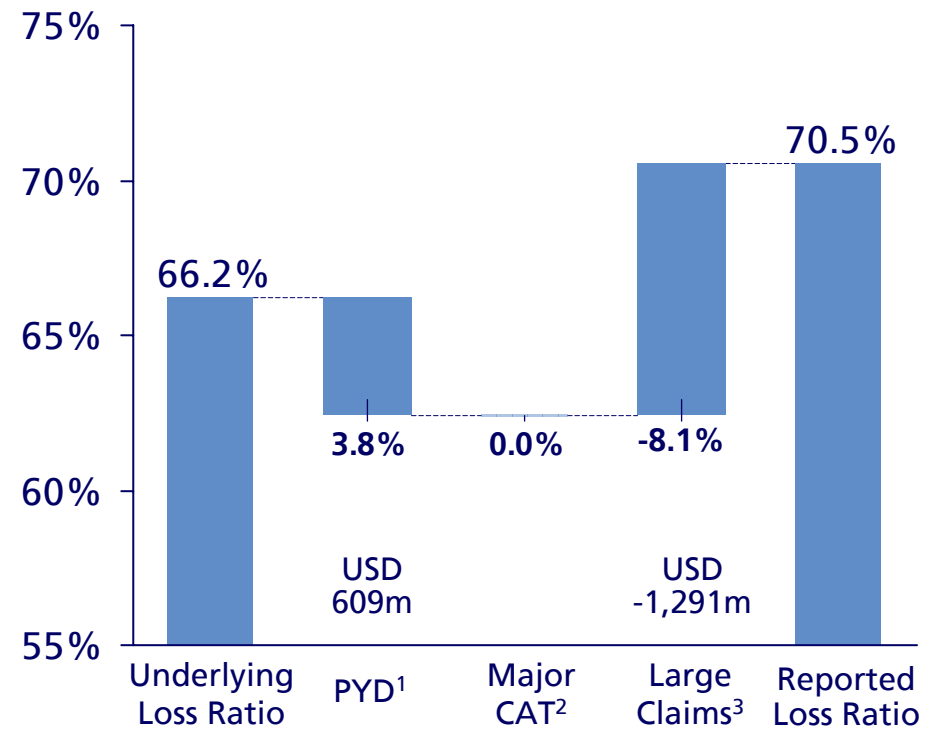
# Comparison of General Insurance loss ratio



## Half Year 2009



## Half Year 2008



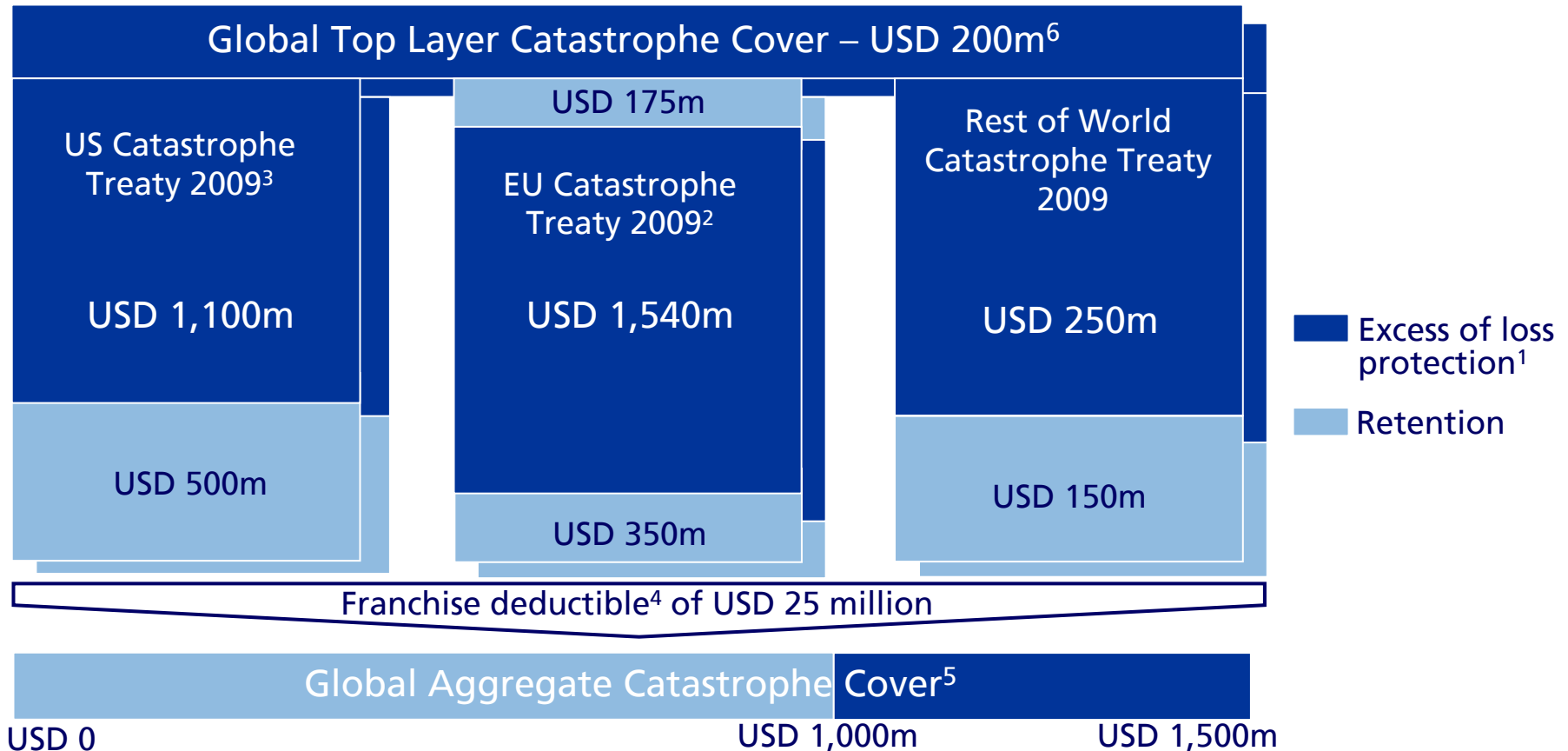
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<sup>1</sup> Prior Year Development.

<sup>2</sup> Major CAT (potential USD 100m or greater for Zurich).

<sup>3</sup> Large claims are defined individually by our General Insurance Business Divisions, constantly applied over time, excluding Major CATs.

# Reinsurance program protects against CAT severity and frequency



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- <sup>1</sup> Simplified illustration of main treaties which are on a risk occurrence basis and exclude co-insurance per risk and subsidiary CAT cover. In addition it does not include the co-participation in the US CAT cover which varies by layer and is on average approximately 19%.
- <sup>2</sup> Euro cover is translated at current FX rates, and does not include the co-participation which varies by layer and on average is approximately 15%.
- <sup>3</sup> Includes a high layer USD 100m risk swap cover of US windstorm (ceded) for Japanese Typhoon (assumed), which generated significant savings relative to open market pricing.
- <sup>4</sup> Losses less than USD 25m do not count towards the aggregate cover but those greater than USD 25m count in full from the 'ground up'.
- <sup>5</sup> Cover operates on an annual aggregate basis.
- <sup>6</sup> Cover excludes US named windstorms, California earthquake, and buffer layer of USD 175m for the Euro cover.

# Global Life – key performance indicators



in USD millions

for the six months to June 30

	2009	2008	Change	Change in LC <sup>1</sup>
Annual Premium Equivalent (APE)	1,579	1,528	3%	19%
New business value, after tax	332	342	-3%	9%
New business margin, after tax <sup>2</sup>	21.0%	22.4%	-1.3pts	
Embedded value operating profit	962	891	8%	
Embedded value operating return <sup>3</sup>	13.0%	10.9%	2.1pts	
Business operating profit	641	772	-17%	-5%

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<sup>1</sup> Local Currency

<sup>2</sup> As % of APE

<sup>3</sup> After tax and before currency translation effects

# Global Life – new business by pillar



in USD millions  
for the six months to June 30

	<b>APE 2009</b>	<b>APE 2008</b>	<b>Change</b>	<b>Change in LC<sup>1</sup></b>
Bank Distribution	546	254	115%	146%
IFA/Brokers	403	501	-20%	1%
Agents	206	240	-14%	-7%
Corporate Life & Pensions	248	207	20%	43%
International / Expats	110	181	-39%	-39%
Private Banking Client Solutions	16	-	nm	nm
Direct and Central Initiatives	50	145	-66%	-56%
<b>Total</b>	<b>1,579</b>	<b>1,528</b>	<b>3%</b>	<b>19%</b>

<sup>1</sup> Local currency



# Global Life – Embedded Value result



for the six months to June 30

	2009 USD m	2009 Return <sup>4</sup>	2008 USD m	2008 Return <sup>4</sup>
<b>Opening Embedded Value</b>	<b>12,818</b>		<b>15,935</b>	
Expected operating profit <sup>1,2</sup>	387		522	
New business value <sup>2</sup>	332		342	
Operating variance <sup>2</sup>	254		27	
Global development expenses <sup>3</sup>	-10		-	
<b>Total operating profit<sup>2</sup></b>	<b>962</b>	<b>13.0%</b>	<b>891</b>	<b>10.9%</b>
Economic variance	-273		-1,150	
<b>Embedded value profit<sup>2</sup></b>	<b>690</b>	<b>10.9%</b>	<b>-258</b>	<b>3.8%</b>
Dividends and capital movements	125		93	
Foreign currency effects (fx) & minorities	559		620	
<b>Closing Embedded Value after fx</b>	<b>14,191</b>		<b>16,389</b>	

<sup>1</sup> Operating profit expected from in-force and net assets

<sup>2</sup> After tax

<sup>3</sup> Where significant development work is performed in one country that is intended to have wider application across Global Life, that cost is shown under Global development expenses.

<sup>4</sup> Annualized on a linear basis assuming no further variances in the 2nd half of 2009 and 2008, respectively

# Farmers – Farmers Management Services – key performance indicators



in USD millions  
for the six months to June 30

	2009	2008	Change
Management fees and other related revenues	1,247	1,196	4%
Management and other related expenses	-636	-622	-2%
Gross management result	610	574	6%
Managed gross earned premium margin <sup>1</sup>	7.3%	7.1%	0.2pts
Business operating profit	643	617	4%

<sup>1</sup> Margin on gross earned premiums of the Farmers Exchanges. Zurich Financial Services Group 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.

# Farmers – Farmers Re – key performance indicators



in USD millions

for the six months to June 30

	2009	2008	Change
Gross written premiums <sup>1</sup>	2,883	836	nm
Net underwriting result	7	9	-22%
Combined ratio	99.7%	99.0%	-0.7pts
CAT <sup>2</sup> impact	3.9%	2.6%	-1.3pts
Business operating profit	80	54	47%

<sup>1</sup> Includes the portfolio transfer (of USD 696m) related to the increase in participation in the All Lines Quota Share reinsurance treaty from 25% to 37.5% effective June 30, 2009 (not including AIG PAG business as transaction was closed on July 1, 2009). This change did not have an impact on BOP or net underwriting result of Farmers Re for the six months of 2009. Also includes the increase in participation in the All Lines QS treaty from 5% to 25% effective September 30, 2008.

<sup>2</sup> As defined by the Farmers Exchanges.

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



in USD millions

for the six months to June 30

	2009	2008	Change
Gross written premiums <sup>2</sup>	8,438	8,285	2%
Net underwriting result <sup>3</sup>	-12	-400	97%
Combined ratio <sup>3</sup>	99.8%	104.2%	4.4pts
Adjusted combined ratio <sup>4</sup>	92.1%	97.0%	4.9pts
CAT <sup>5</sup> impact	4.4%	5.9%	1.5pts
Surplus ratio <sup>6</sup>	41.3%	36.8%	4.5pts

<sup>1</sup> Zurich Financial Services Group 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> 2008 GWP includes Zurich Small Business' one month of June results of USD 60m (Zurich Small Business was assumed on June 1, 2008) but excludes the USD 425m portfolio transfer of Zurich Small Business unearned premiums.

<sup>3</sup> Before Quota Share treaties with Reinsurance Farmers.

<sup>4</sup> Adjusted for profit portion of management fees.

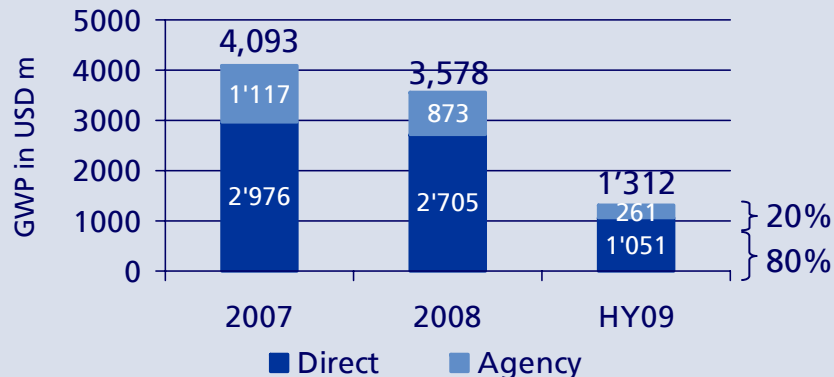
<sup>5</sup> As defined by the Farmers Exchanges.

<sup>6</sup> 2009 surplus figures exclude the impact of the All Lines Quota Share (QS) portfolio transfer. The impact of the increase in the QS from 25% to 37.5% is a USD 90m increase in surplus with the surplus ratio increasing to 44.0% without taking account of the future premiums of AIG PAG.

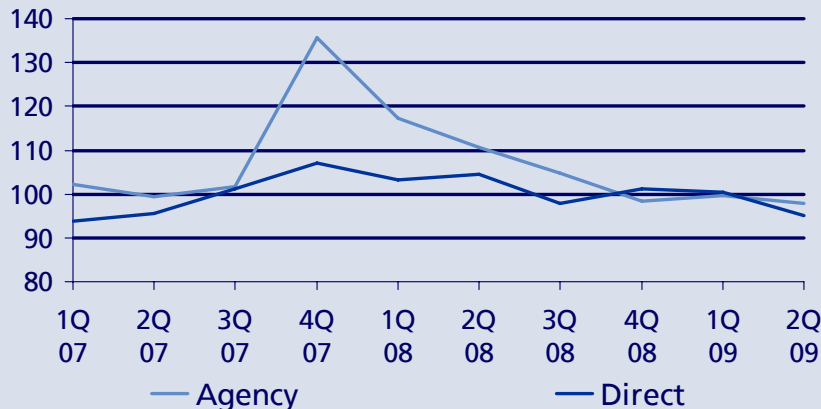
# Acquisition of AIG Personal Auto Group (AIG PAG) – Update



GWP by distribution channel (Direct vs. Agency)



Combined ratio analysis (CoR)<sup>2</sup>



- Transaction closed July 1, 2009
- Initial acquisition price of USD 1.9bn plus assumption of USD 0.1bn of debt<sup>1</sup>
  - USD 1.7bn cash, plus USD 200m Euro denominated Capital Notes
  - Regulated insurance businesses sold to Exchanges for USD 1.4bn
  - Exchanges quota-share to Zurich increased from 25% to 37.5%
- HY09 GWP of USD 1.3bn
- Improving combined ratio the result of favorable underlying frequency trends
  - Agency Auto CoR: 98% in Q2-09 (discrete)
  - Direct CoR: 95% in Q2-09 (discrete)

<sup>1</sup> Subject to final post-close adjustment; further details as per respective press releases and supporting presentation

<sup>2</sup> On recurring statutory basis, discrete quarters

# AIG PAG integration is in full swing



- Finance and shared services functions being integrated

- Other business operations / functions integration planning workstreams underway

- Charges related to restructuring activities expected primarily in Q3-09 and Q4-09



On track to achieve planned EPS accretion in year 1

# Other Operating and Non-Core Businesses – ZURICH®

## Business operating profit contribution

in USD millions

for the six months to June 30

	2009	2008	Change
Other Operating Businesses	-264	-223	-18%
Non-Core Businesses			
- Centre	57	4	nm
- Centrally managed businesses	-322	49	nm
- Other run-off	2	39	-95%
Total Non-Core Businesses	-263	92	nm

# Investment performance of Group investments



in USD millions

for the six months to June 30

	2009	2008	Change
Net investment income	3,777	4,402	-14%
Net capital losses/gains on investments and impairments <sup>1</sup>	-1,342	-426	nm
<i>of which attributable to shareholders</i>	-1,015	9	nm
Net investment result	2,435	3,975	-39%
Net investment result in % <sup>2</sup>	1.3%	2.1%	-0.7pts
Movements in net unrealized losses on investments included in shareholders' equity <sup>3</sup>	601	-4,667	nm
Total net investment return <sup>2</sup>	1.6%	-0.4%	2.0pts

<sup>1</sup> Including impairments of USD 738m (HY08: USD 495m)

<sup>2</sup> In % of average investments, not annualized

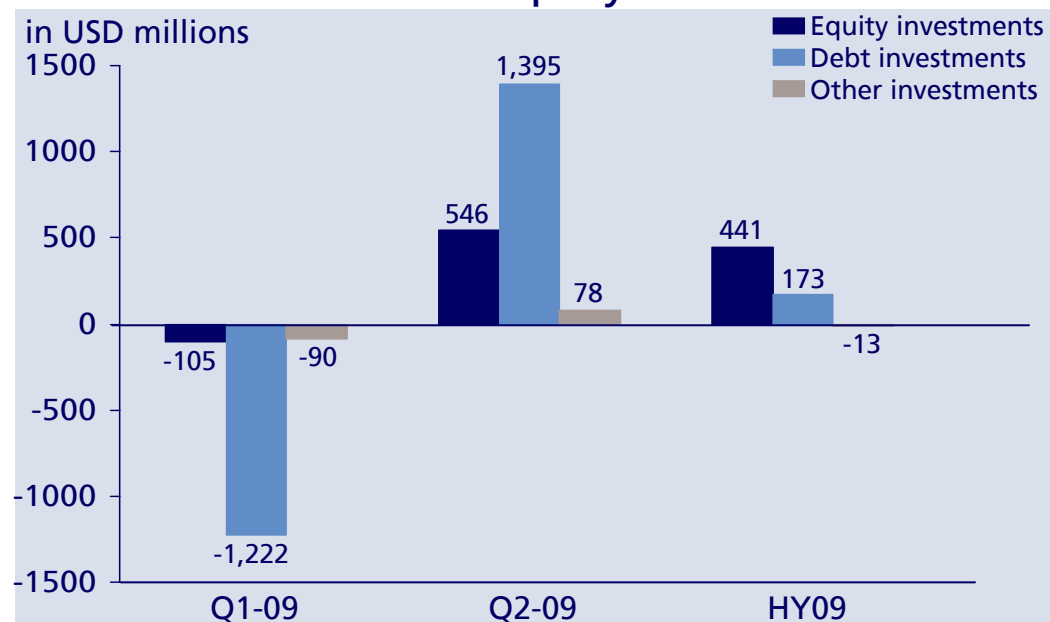
<sup>3</sup> Before attribution to policyholders and other



# Group investments – unrealized gains / losses



Change in net unrealized gains / losses on investments  
incl. in shareholders' equity<sup>1</sup>



<b>Total<sup>1</sup></b>	<b>-1,418</b>	<b>2,019</b>	<b>601</b>
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of which in:

- GI	27%	57%	129%
- G-Life	67%	42%	-19%

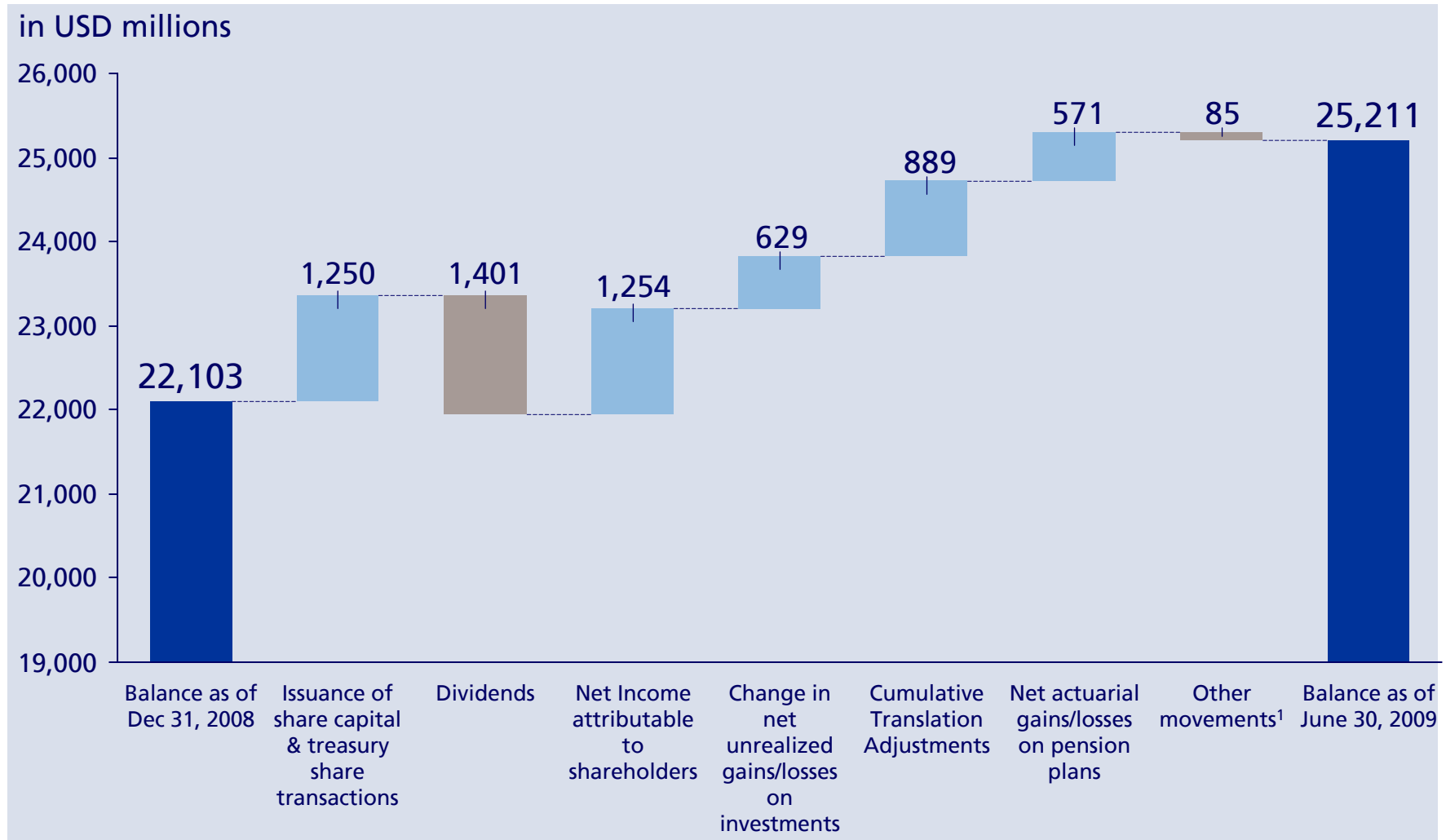
of which:

- attributable to shareholders <sup>2</sup>	-689	1,318	629
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<sup>1</sup> Before attribution to policyholders and other

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

# Development of shareholders' equity



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<sup>1</sup> Includes net other comprehensive income items, changes in cash flow hedges, share-based payment transactions and other.

# 2009 estimated economic and regulatory solvency

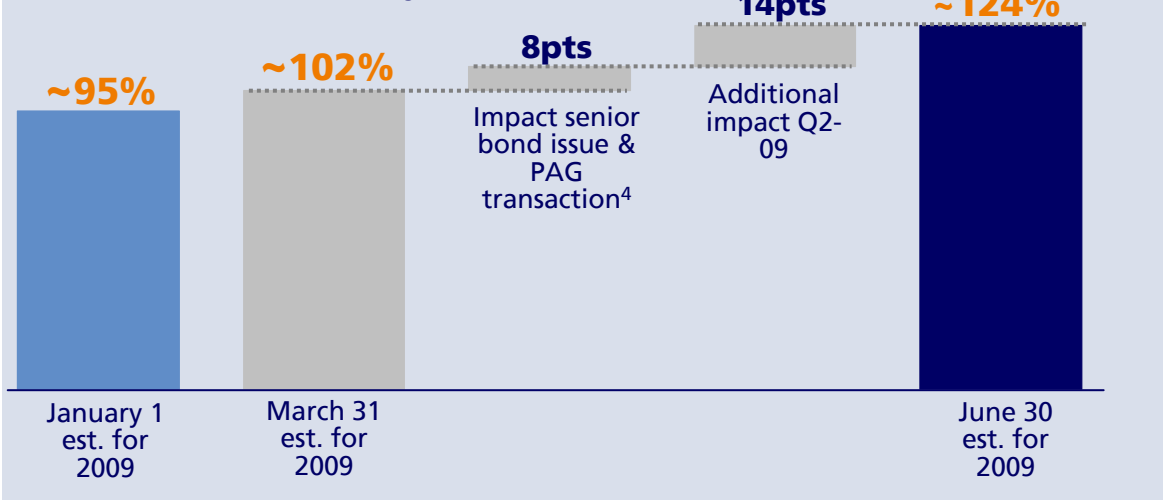


## Statutory solvency ratio / Group's Solvency I<sup>1</sup>

Dec. 31, 08	Mar. 31, 09	Impact Q2-09	Jun. 30, 09
160% <sup>2</sup>	157%	+23pts	180% <sup>4</sup>

What if scenarios	
Unrealized losses on debt securities	+13pts
GI DAC	+24pts

## Economic solvency ratio<sup>3</sup>



Impact 100bp liquidity premium <sup>5</sup>	+8pts
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<sup>1</sup> Solvency I requirements in accordance with the Swiss insurance supervisory law; ratios as of Dec 31; March 31 and June 30, 09, respectively.  
<sup>2</sup> Finalized and as filed with the Swiss regulator; after dividend.  
<sup>3</sup> Economic financial strength is based on Available Financial Resources (AFR) at the beginning of the period and expected risks to be taken during the period (RBC). Economic financial strength is based on **AA calibration**.  
<sup>4</sup> Including entire impact of AIG US Personal Auto Group (PAG) transaction, which closed on July 1, 2009  
<sup>5</sup> Impact on Available Financial Resources.

# Capital Management action – subordinated debt buy-back & new issue



- Tender to buy-back subordinated debt of USD 728m par value at approx. USD 590m<sup>1</sup>
- Issued new subordinated debt of EUR 425m (approx. USD 600m) with a 7.5% coupon on July 24
- Benefits of the combined transaction:
  - **P&L:** USD 137m capital gain, small increase in interest expense. Total net benefit in excess of USD 120m.
  - **Capital:** Improved quality of capital, as debt reduced by USD 137m and equity increased by same amount; maturity profile extended.
  - **Solvency:** Neutral to slightly positive from a regulatory, rating agency and economic capital perspective.

<sup>1</sup> Tender offer to complete on August 6, 2009; further details see respective press releases

# Summary



- BOPaT-ROE above our target level of 16%
  - Continually improving rate environment in General Insurance
  - Profitable growth achieved in targeted areas
  - Statutory solvency up 20pts<sup>1</sup>, economic solvency up 29pts<sup>1</sup>
  - TZW benefits and additional expense control actions on track
- 
- Strong position to capitalize on market opportunities

<sup>1</sup> Compared to the position at the beginning of this year



# Q&A





# Closing remarks

James J. Schiro  
Chief Executive Officer

August 6, 2009

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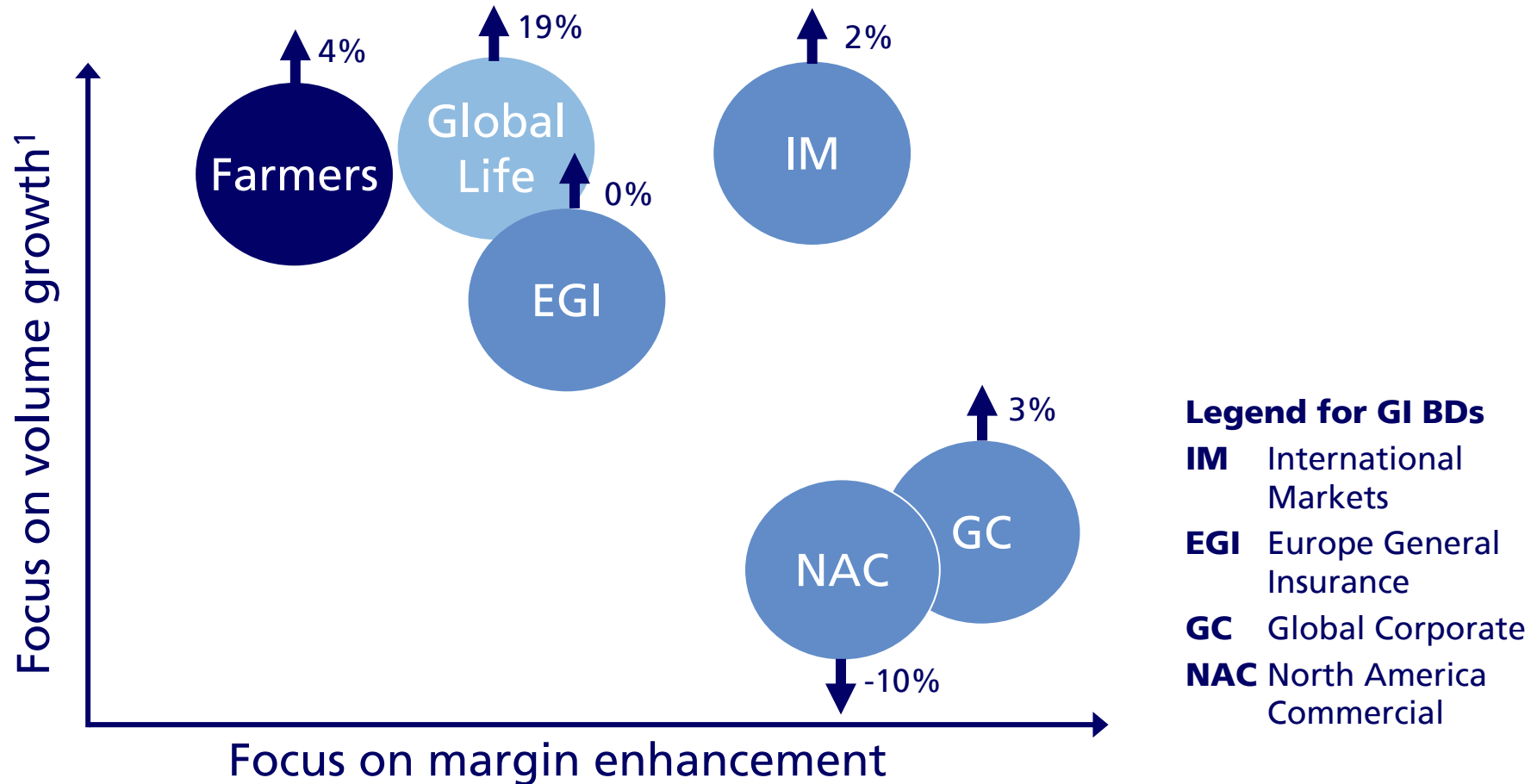


# Appendix





# Zurich is poised for profitable growth



- Legend for GI BDs**
- IM** International Markets
  - EGI** Europe General Insurance
  - GC** Global Corporate
  - NAC** North America Commercial

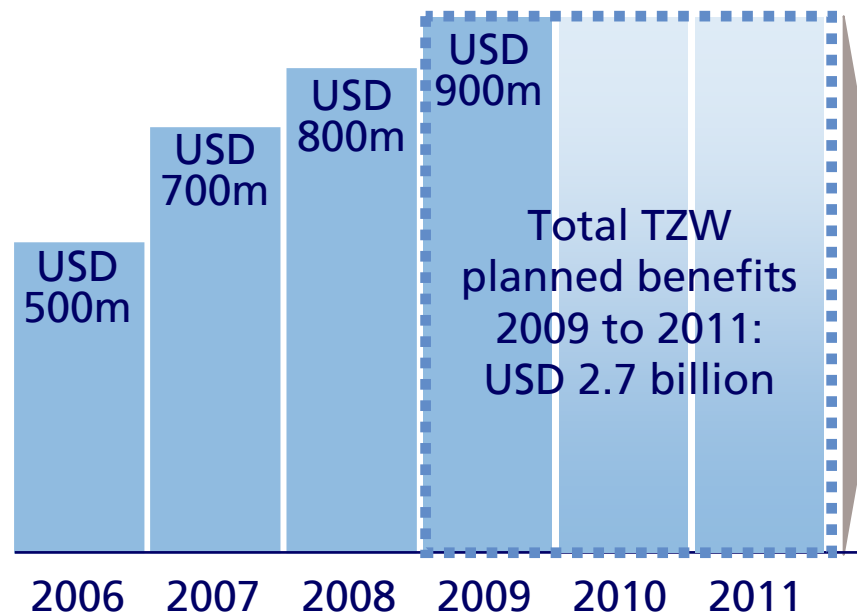
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<sup>1</sup> Volume growth measured as growth in fee income for Farmers Management Services, growth in APE in local currency for Global Life and GWP growth in local currency for General Insurance

# The Zurich Way and 2009 expense saving initiatives



The Zurich Way – Target of USD 2.7 billion for 2009 to 2011



- We have comfortably achieved our 2008 target.
- Developing our three year plan, we expect benefits of USD 2.7 billion for 2009 to 2011
- 8 major TZW workstreams with continuing focus on Profitable Growth and Operational Transformation initiatives
- Expected contribution to key performance indicator for 2009 - 2011:

General Insurance:  
Combined ratio: 2 - 3pts p.a.

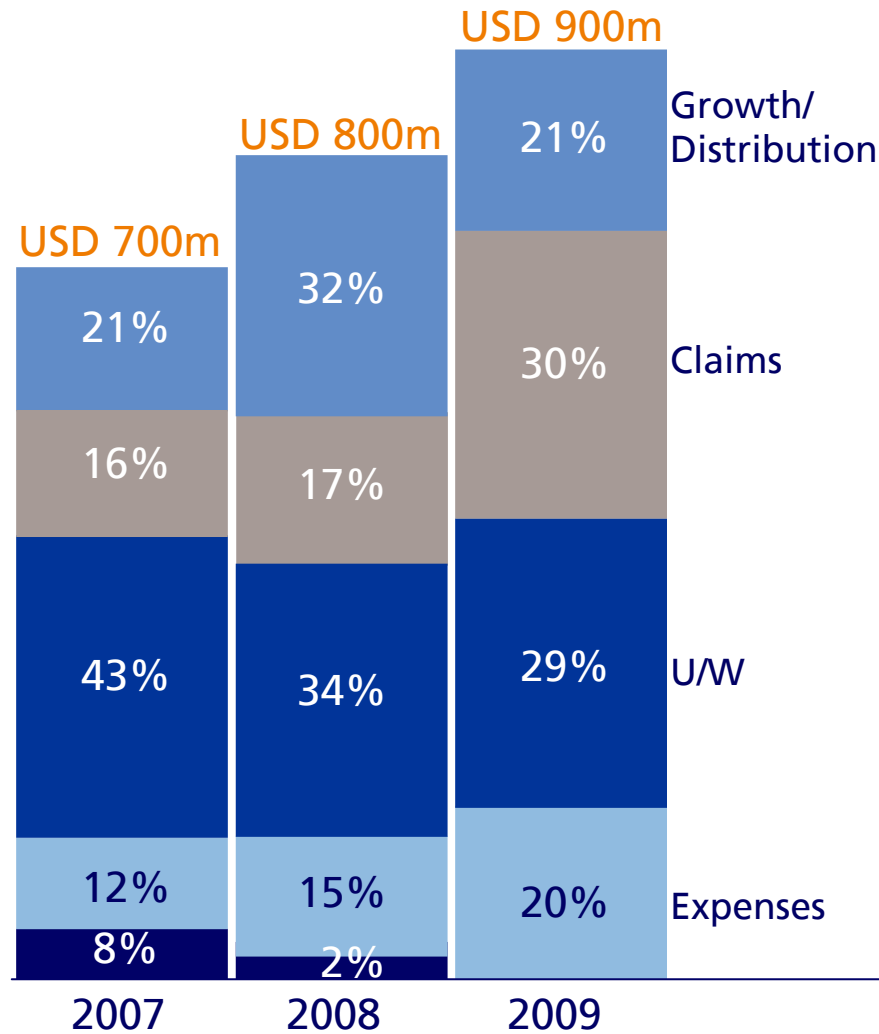
## 2009 expense saving initiatives

- Targeted additional pre-tax savings of USD 400m to come from one-off cost cutting measures in 2009

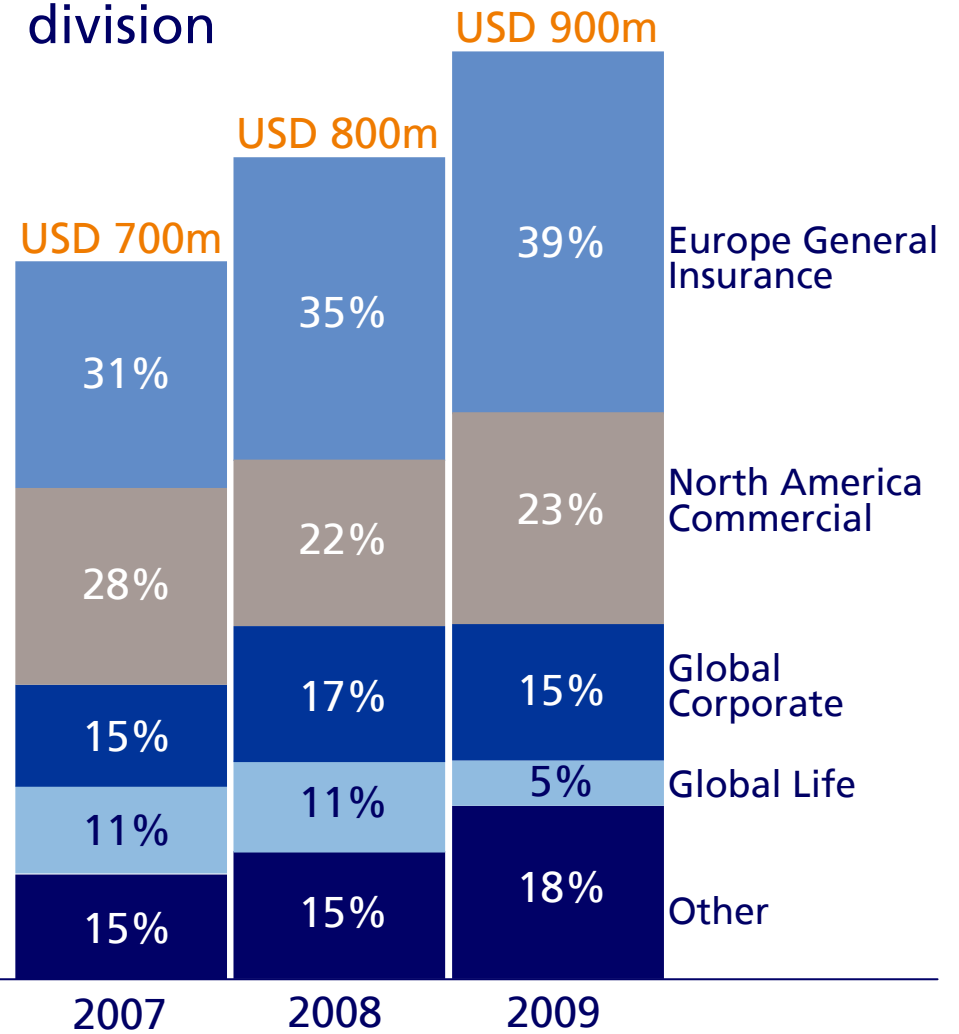
# The Zurich Way initiatives – 2009 target



by function



by business division



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# Business division BOP-ROE<sup>1</sup> based on RBC-allocated IFRS equity



for the six months to June 30

	2009	2008
General Insurance	25.3%	26.7%
<i>Global Corporate</i>	22.6%	19.8%
<i>North America Commercial</i>	23.5%	22.0%
<i>Europe General Insurance</i>	31.1%	39.7%
<i>International Markets</i>	20.5%	20.7%
<i>GI Global Functions including Group Reinsurance</i>	23.1%	22.3%
Global Life	22.2%	23.0%
Farmers	45.5%	56.4%
Other Operating Businesses	-19.0%	-7.1%
Non-Core Businesses	-41.7%	5.5%
Total Group	22.0%	25.9%
Total Group BOP (after tax) ROE <sup>2</sup>	16.6%	19.9%

<sup>1</sup> Adjusted BOP-ROE based on average IFRS Group equity allocated to the segment based on its share of Zurich risk based capital (RBC).

<sup>2</sup> Business operating profit (after tax) return on common shareholders' equity.

# Updated economic solvency view for 2009



in USD billions<sup>1</sup>

<b>Available Financial Resources (AFR)</b>		
Estimated AFR as of March 31, 2009	+	27
• Movements in Q2-09	+	6
• Senior bond issue in April 2009	+	2
• Capital increase related to PAG transaction	+	1
June 30 estimate for 2009 AFR	+	36

<b>Risk Based Capital (RBC)</b>		
Estimated RBC as of March 31, 2009	+	26
• Movements in Q2-09	+	2
• RBC impact related to PAG transaction	+	1
June 30 estimate for 2009 RBC	+	29

Estimated 2009 economic solvency ratio  
~124%

<sup>1</sup> Approximated and rounded.

# Group's Solvency I calculation



in USD millions

	Jun 30, 09 <sup>1</sup>	Mar 31, 09	Dec 31, 08 finalized <sup>2</sup>
Eligible equity			
Total equity	26,942	23,850	23,781
Net of intangibles, other assets and free reserves for policyholder dividends	-5,151	-4,832	-3,892
Subordinated debt	4,103	3,582	3,683
Deferred policyholder acquisition costs general insurance	-3,090	-2,816	-2,793
Dividends, share buy-back and nominal value reduction	-	-1,326	-1,411
<b>Total eligible equity</b>	<b>22,803</b>	<b>18,458</b>	<b>19,369</b>
<b>Total required solvency capital</b>	<b>12,695</b>	<b>11,762</b>	<b>12,142</b>
<b>Excess margin</b>	<b>10,108</b>	<b>6,696</b>	<b>7,227</b>
<b>Solvency ratio</b>	<b>180%</b>	<b>157%</b>	<b>160%</b>

<sup>1</sup> Including entire impact of AIG US Personal Auto Group (PAG) transaction, which closed on July 1, 2009

<sup>2</sup> Finalized and as filed with the Swiss regulator

August 6, 2009

# Group's Solvency I<sup>1</sup> - sensitivities



Statutory solvency ratio as of June 30, 2009: **180%**

## Sensitivities:

- Equities 10% decrease -8 pts
- Interest rate 100bp increase -28 pts
- Interest rate 100bp decrease +36 pts

<sup>1</sup> Solvency I requirements in accordance with the Swiss insurance supervisory law

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



in USD millions

	<b>2009</b>	<b>2008</b>
Net reserves for losses and LAE, as of January 1	52,986	54,712
Net losses and LAE paid	-11,706	-11,119
Net losses and LAE incurred		
- Current year	12,045	12,408
- Prior years <sup>1</sup>	-414	-586
Foreign currency translation effects & other	1,317	1,449
Net reserves for losses and LAE, as of June 30	<b>54,228</b>	<b>56,863</b>

<sup>1</sup> Of which within General Insurance: USD 395 million and USD 609 million for the first six months 2009 and 2008 respectively.



# Global Life – new business indicators



in USD millions  
for the six months to  
June 30

	<b>APE 2009</b>	<b>APE 2008</b>	<b>Change</b>	<b>Change in LC<sup>1</sup></b>	<b>NBV<sup>2</sup> 2009</b>	<b>NBV<sup>2</sup> 2008</b>	<b>Change</b>
Americas, of which	114	94	22%	33%	69	59	18%
<i>US</i>	47	51	-8%	-8%	55	47	19%
<i>Latin America</i>	67	43	57%	99%	14	12	16%
United Kingdom	341	472	-28%	-4%	48	49	-3%
Germany	255	333	-23%	-12%	45	104	-57%
Switzerland	57	62	-8%	-1%	10	21	-55%
Ireland	129	144	-10%	3%	32	28	12%
Spain	357	31	nm	nm	57	7	nm
Emerging markets in Asia	229	297	-23%	-20%	46	66	-25%
Rest of the world	96	94	3%	20%	27	8	100%
<b>Total</b>	<b>1,579</b>	<b>1,528</b>	<b>3%</b>	<b>19%</b>	<b>332</b>	<b>342</b>	<b>-3%</b>

<sup>1</sup> Local Currency

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

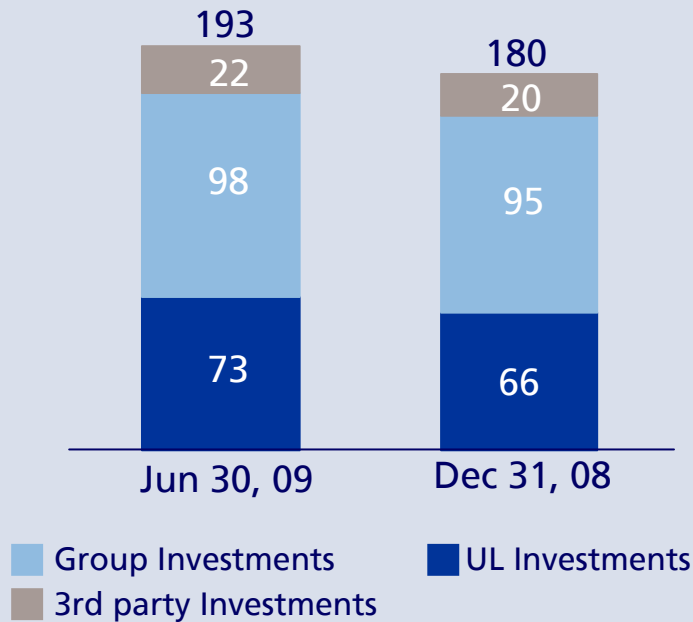
# Global Life - Assets under Management<sup>1</sup>



AuM increased mainly due to currency translation and an increase of the market value of assets

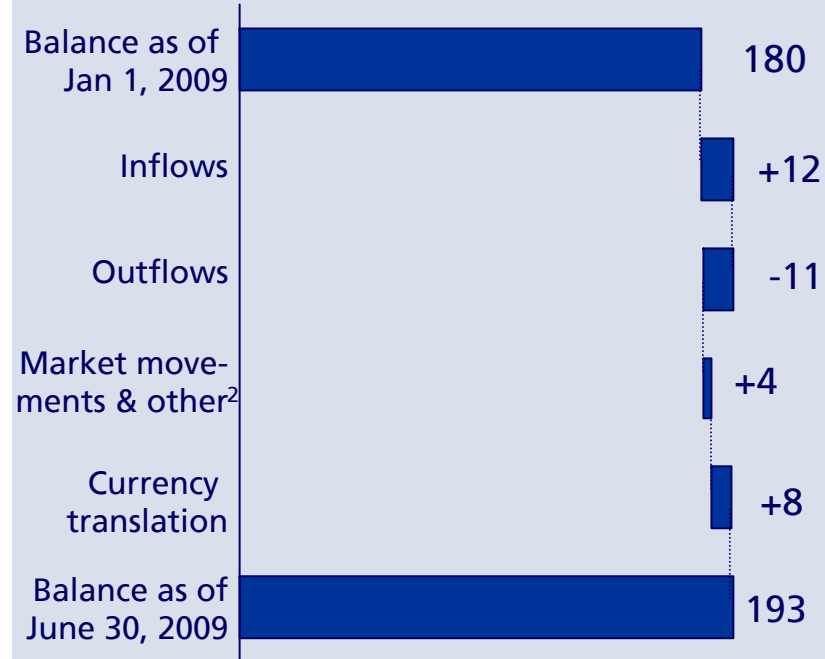
## Split of AuM

in USD billions



## Development of AuM

in USD billions



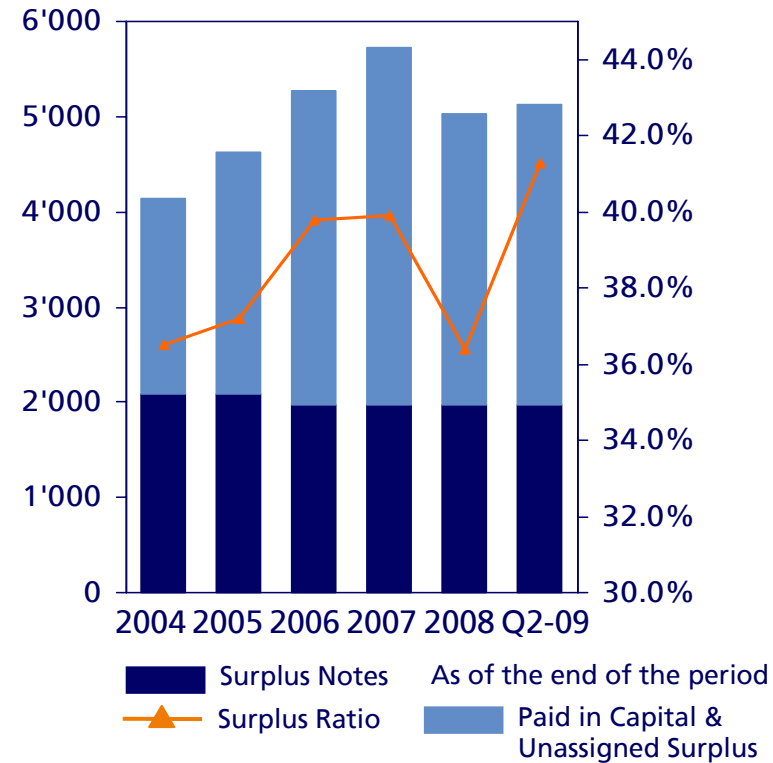
<sup>1</sup> Assets under Management comprise the Group and unit-linked investments that are included in the Global Life balance sheet plus assets that are managed by third parties, for which we earn fees.

<sup>2</sup> Other includes dividends, charges levied on Assets under Management, and other changes in invested assets including reinsurance impact.

# Farmers Exchanges<sup>1</sup> – financial highlights: strong premium growth



in USD millions for the six months to June 30	2009	2008
Gross written premiums <sup>2</sup>	8,438	8,285
Net underwriting result <sup>3</sup>	-12	-400
Net surplus growth <sup>4</sup>	95	-239
Ending surplus <sup>4</sup>	5,130	5,479
Surplus ratio <sup>4</sup>	41.3%	36.8%



<sup>1</sup> Zurich Financial Services Group 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> 2008 GWP includes Zurich Small Business' one month of June results of USD 60m (Zurich Small Business was assumed on June 1, 2008) but excludes the USD 425m portfolio transfer of Zurich Small Business unearned premiums.  
<sup>3</sup> Before Quota Share treaties with Farmers Re  
<sup>4</sup> 2009 surplus figures exclude the impact of the All Lines Quota Share (QS) portfolio transfer. The impact of the increase in the QS from 25% to 37.5% is a USD 90m increase in surplus with the surplus ratio increasing to 44.0% without taking account of the future premiums of AIG PAG.

# Farmers Exchanges – gross written premiums by line of business



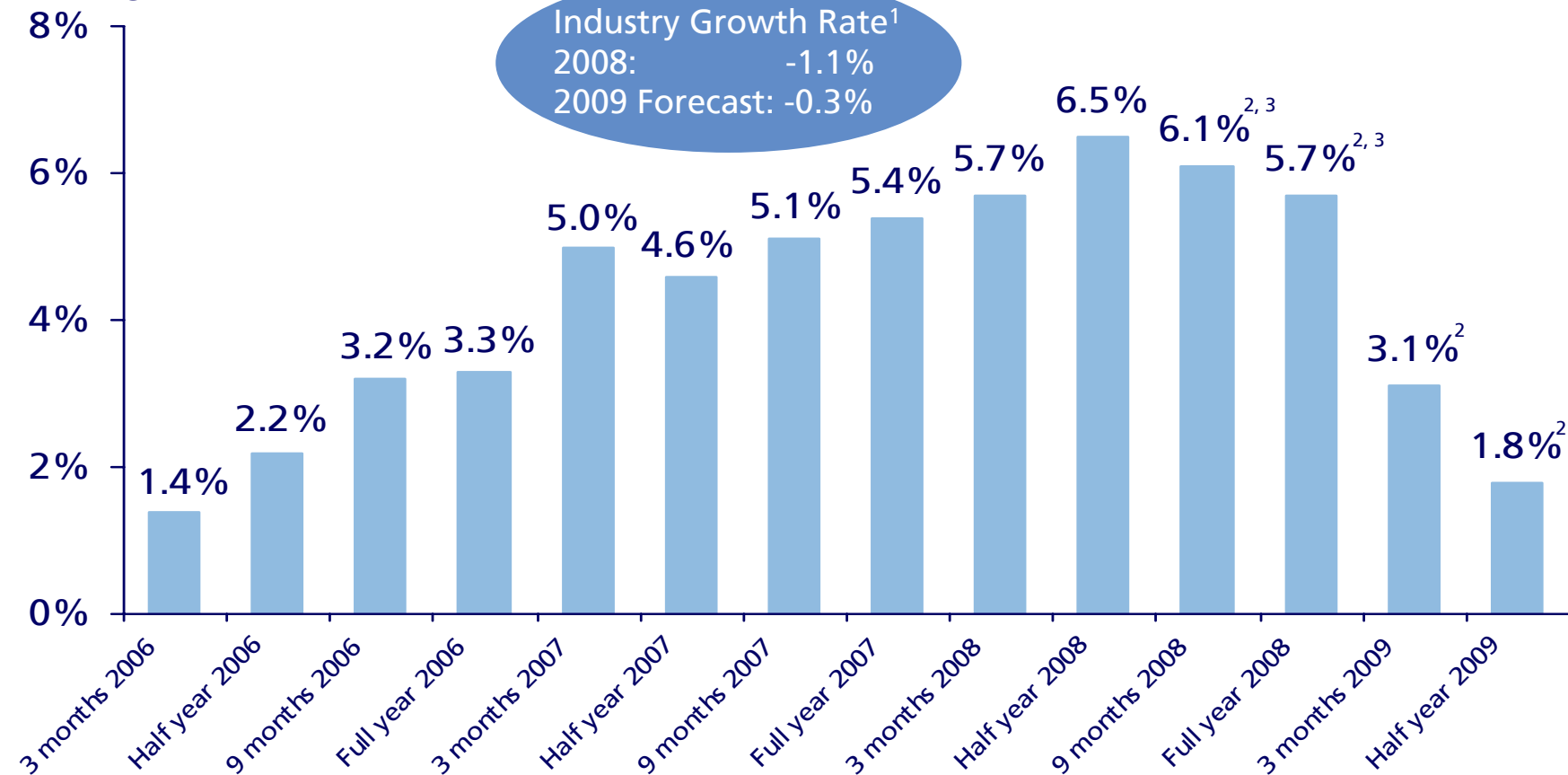
in USD millions for the six months to June 30	2009	2008	Change
Auto	4,119	4,326	-4.8%
Homeowners	2,260	2,180	3.7%
Commercial P&C	663	637	4.0%
Small Business Solutions <sup>1</sup>	299	60	401.9%
Workers' Compensation	169	174	-2.9%
Specialty	865	843	2.6%
Other	63	65	-2.9%
<b>Total</b>	<b>8,438</b>	<b>8,285</b>	<b>1.8%</b>

<sup>1</sup> 2008 GWP includes Zurich Small Business' one month of June results of USD 60m (SBS was assumed on June 1, 2008) but excludes the USD 425m portfolio transfer of Zurich Small Business unearned premiums.

# Farmers Exchanges – premium growth outperforming industry



## GWP growth



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<sup>1</sup> Source of FY09 estimate: Conning Property-Casualty Forecast & Analysis By Line Of Insurance Q209 released 07/01/09 (weighted for Farmers' LOBs).

<sup>2</sup> Excluding USD 425m portfolio transfer of Zurich Small Business unearned premiums in 2008.

<sup>3</sup> Excluding USD 322m of Bristol West premiums (pre-acquisition, Jan to July) in 2007.

# Farmers Exchanges – combined ratio



for the six months to June 30

	2009 <sup>1</sup>	2008 <sup>1</sup>	Change
Auto	96.1%	101.7%	5.6pts
Homeowners	104.8%	114.5%	9.7pts
Commercial P&C	96.1%	93.1%	-3.0pts
Small Business Solutions <sup>3</sup>	107.4%	101.9%	-5.5pts
Workers' Compensation	98.4%	95.9%	-2.5pts
Specialty	102.8%	101.9%	-0.9pts
<b>Total</b>	<b>99.8%</b>	<b>104.2%</b>	<b>4.4pts</b>
Adjusted combined ratio <sup>2</sup>	92.1%	97.0%	4.9pts
CAT impact	4.4%	5.9%	1.5pts

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

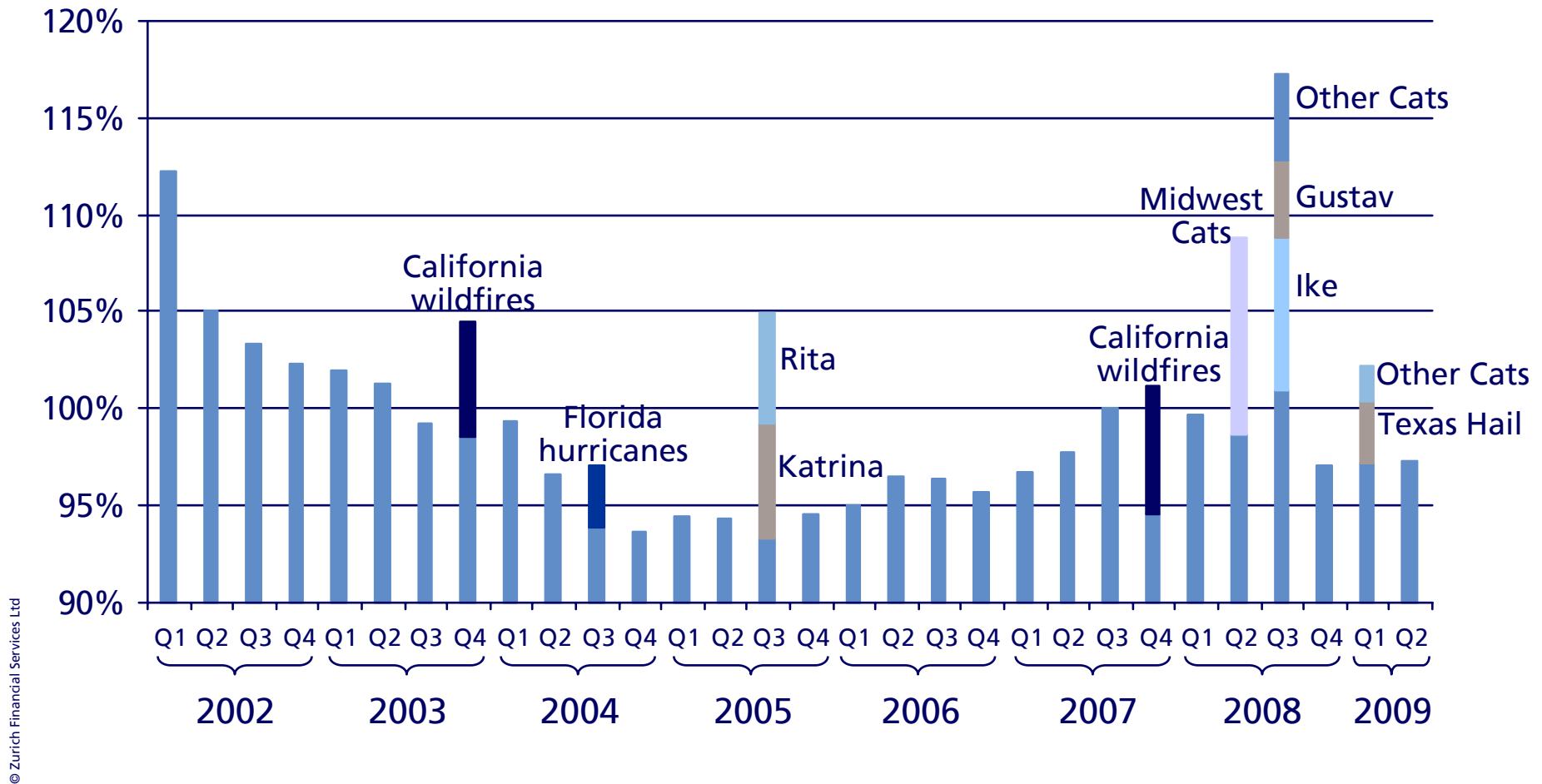
<sup>2</sup> Adjusted for profit portion of management fees

<sup>3</sup> 2008 CR reflects only the month of June results (Zurich Small Business was assumed on June 1, 2008).

# Farmers Exchanges – development of the combined ratio



Quarterly combined ratio

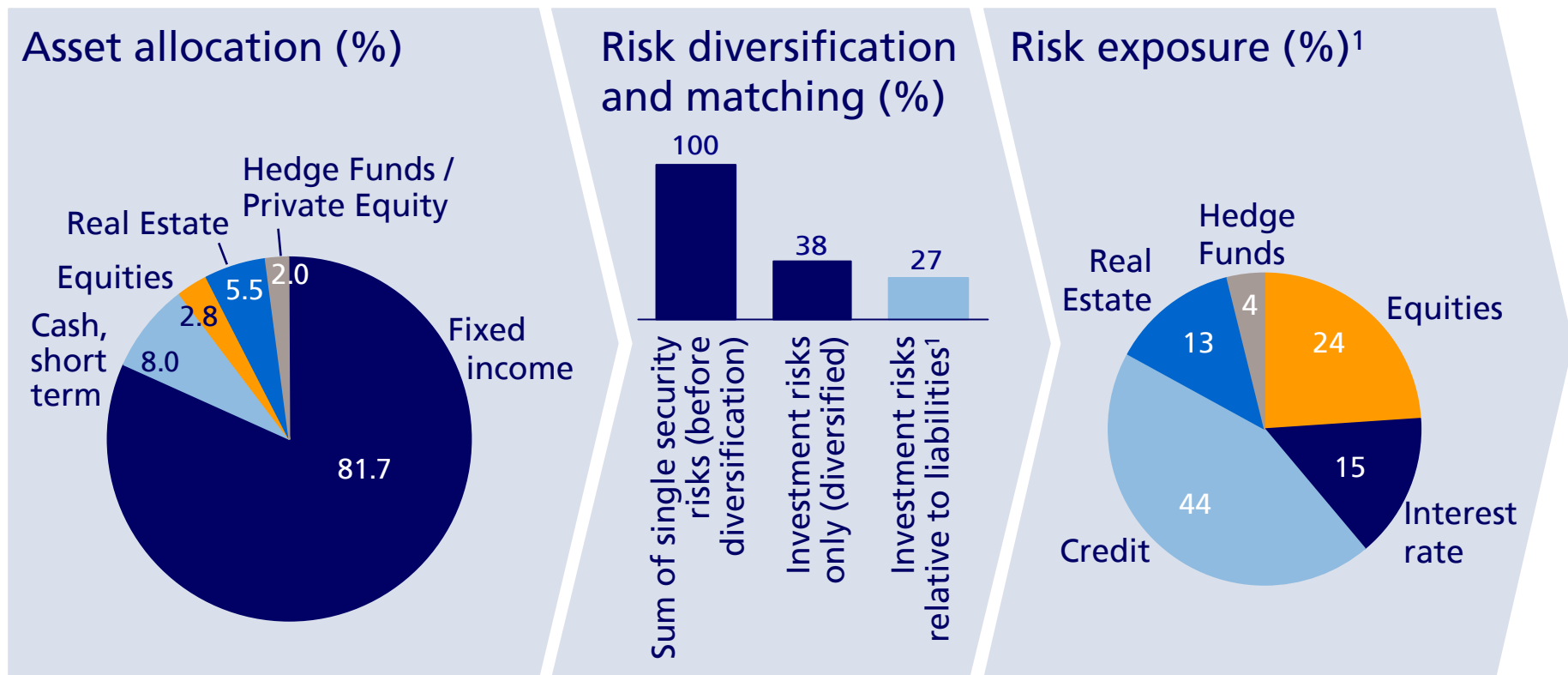


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# Zurich's investment portfolio profits greatly from diversification and is balanced in terms of risk



Risk Allocation of Zurich's investment portfolio as of June 30, 2009



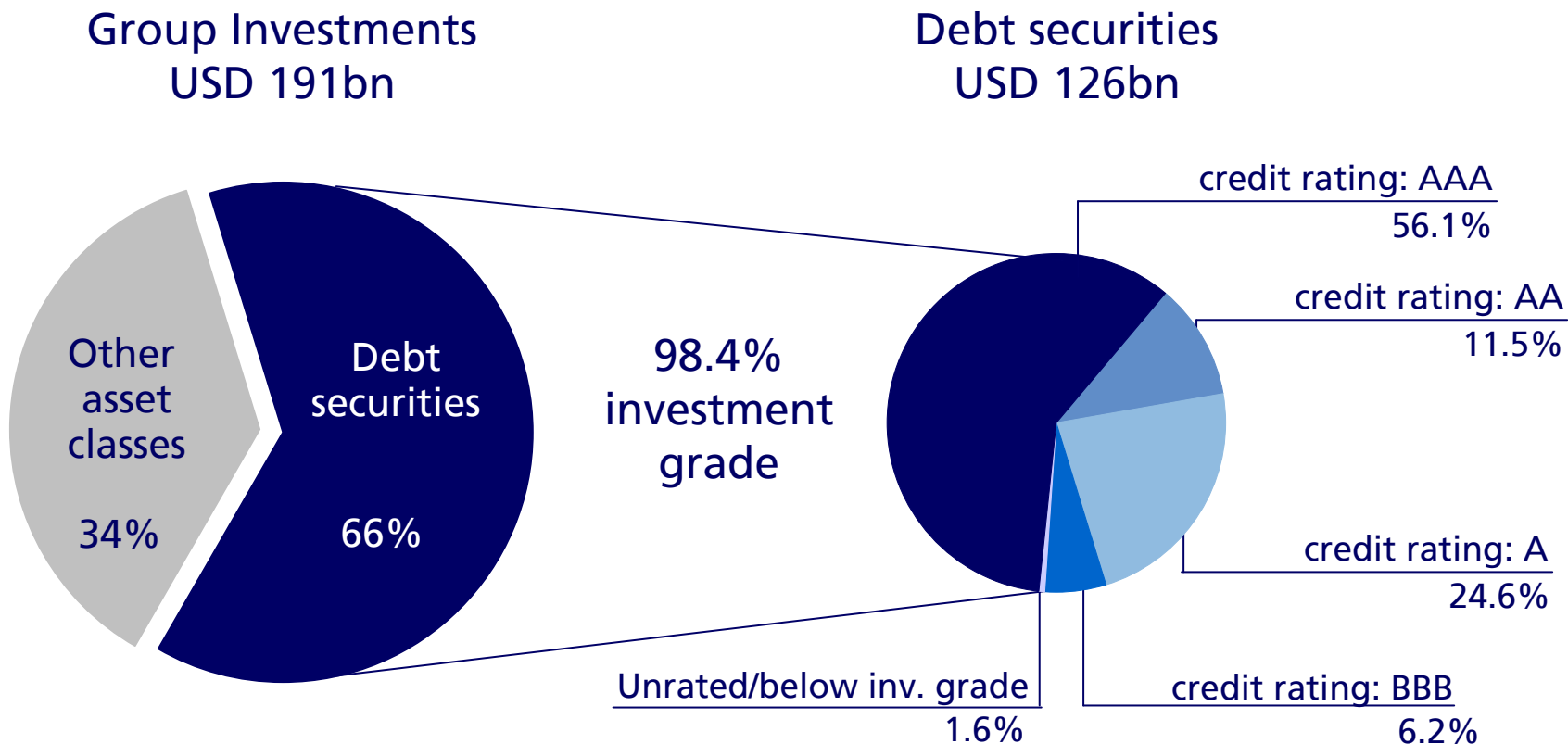
<sup>1</sup> Risks to Zurich's economic net ALM position measured as 12 months value at risk with 99.95% confidence interval



# Group Investments – Zurich’s debt securities are of consistently high quality (98% investment grade)



As of June 30, 2009

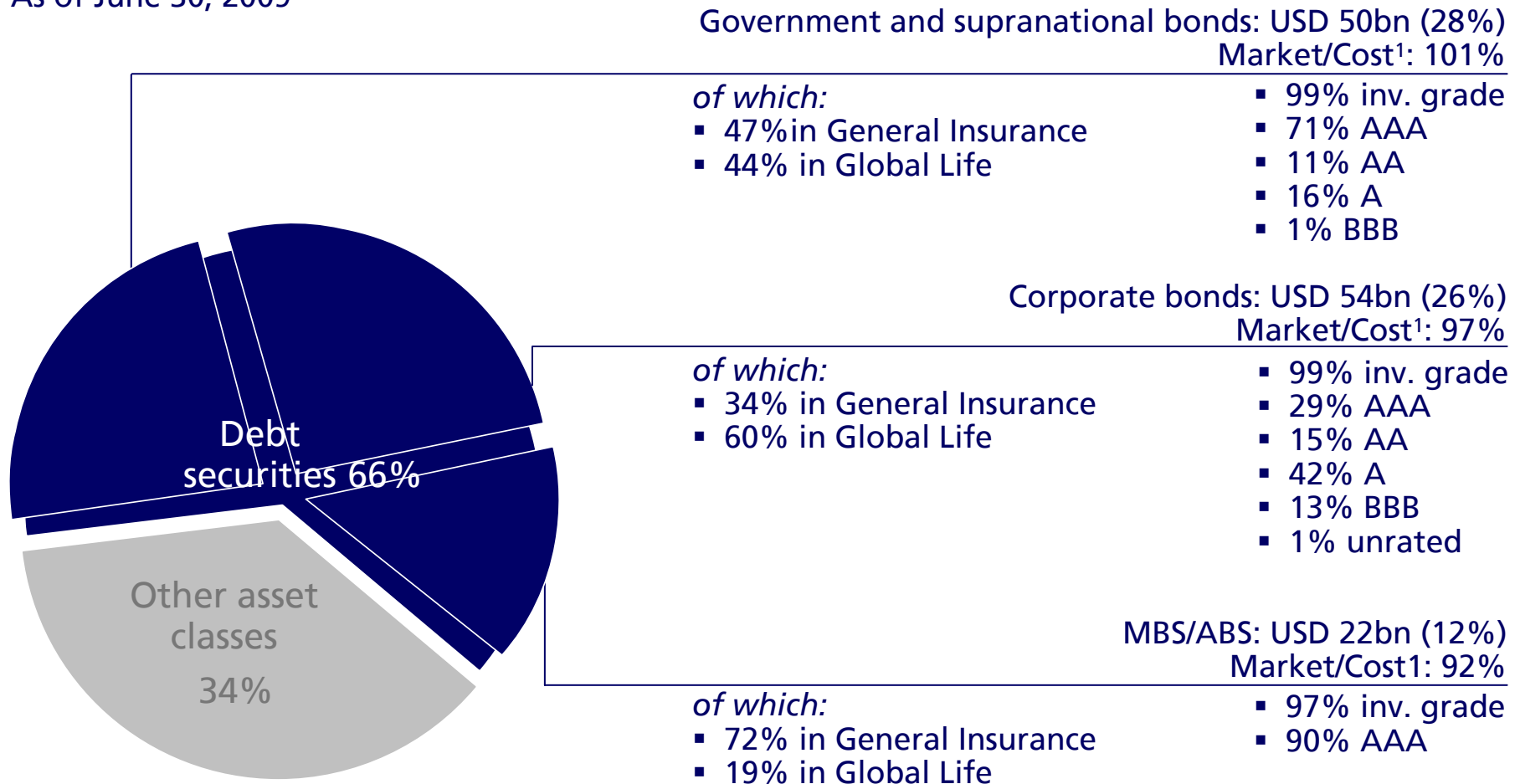


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# Group Investments – Zurich’s debt securities are well balanced



Group Investments - USD 191bn (100%)  
As of June 30, 2009



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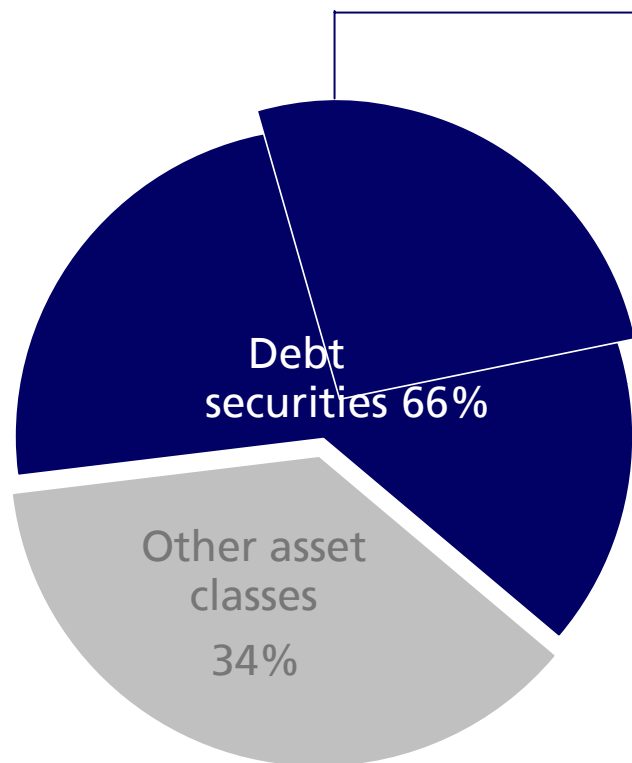
<sup>1</sup> Market value to Cost value ratio

# Group Investments – Zurich’s Corporate bonds are of high quality



Group Investments - USD 191bn (100%)  
As of June 30, 2009

Corporate bonds: USD 54bn (26%)  
Market/Cost: 97%



### Split by industries

- 46% Banks, including 19%<sup>1</sup> covered bonds
- 9% Cities, Agencies, Cantons, Provinces, including 1%<sup>1</sup> covered bonds
- 7% Utilities
- 6% Financial Institutions, including 1%<sup>1</sup> covered bonds
- 4% Telecom
- 3% Oil & gas
- 2% Conglomerates
- 2% Insurance
- 2% Pharmaceuticals

### Split by credit rating

- 99% inv. grade
- 29% AAA
- 15% AA
- 42% A
- 13% BBB
- 1% unrated

### Split by country/region

- 27% US
- 8% UK
- 28% Germany
- 6% Spain
- 6% France
- 4% Switzerland
- 10% Rest of Europe

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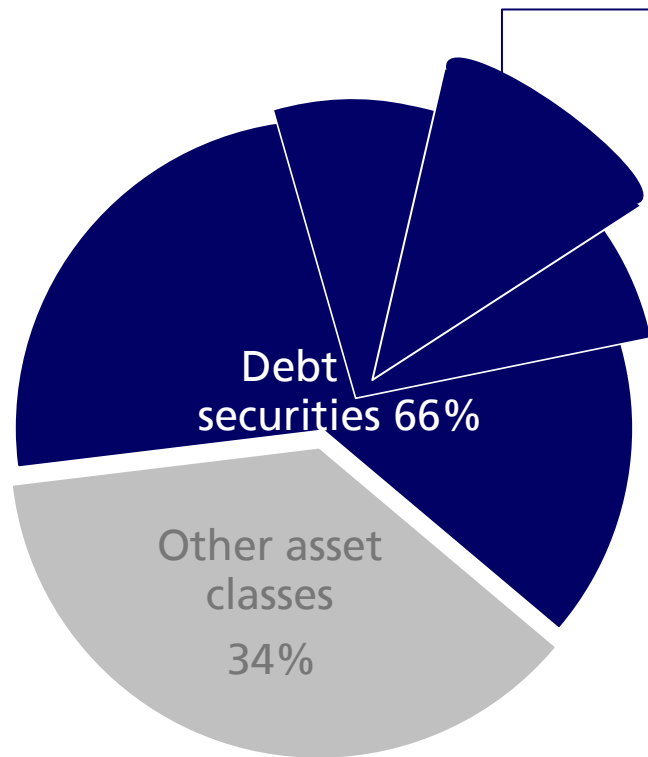
<sup>1</sup> 100% = USD 56bn

# Group Investments – Banks Corporate bonds are of high quality and well diversified



Group Investments - USD 191bn (100%)  
As of June 30, 2009

Banks Corporate bonds: USD 26bn (14%)  
Market/Cost: 97%



### Split by seniority

- 41% Covered bonds
- 46% Senior bonds
- 13% Subordinated
- of which: 4%<sup>1</sup> Tier 1

### Split by credit rating

- 100% inv. grade
- 45% AAA
- 12% AA
- 40% A
- 3% BBB

### Split by country/region

- 39% Germany
- 19% U.S.
- 11% Spain
- 4% U.K.
- 4% France
- 4% Netherlands
- 3% Switzerland
- 3% Italy

### of which:

- 68% in General Insurance
- 29% in Global Life

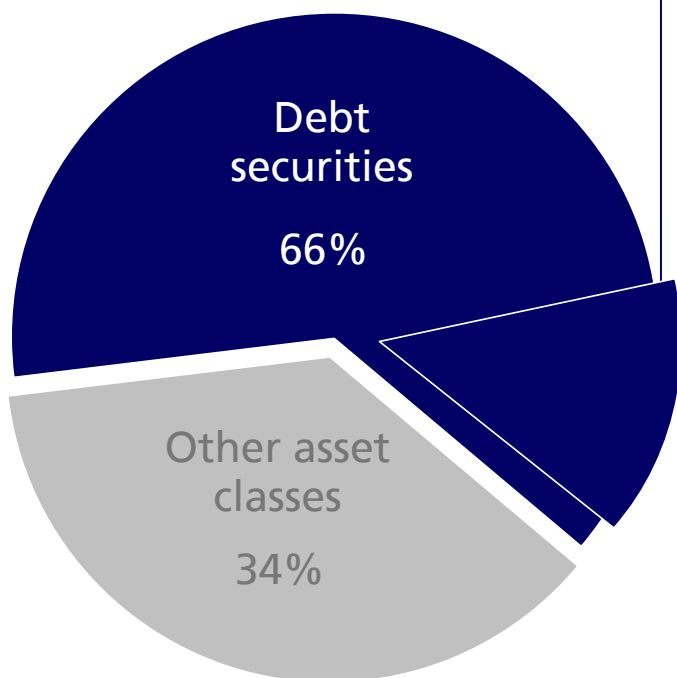
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<sup>1</sup> 100% = USD 23bn

# Group Investments – Split of total MBS/ABS of USD 22bn (12%)



Group Investments  
USD 191bn (100%)



As of June 30, 2009

MBS/ABS: USD 22bn (12%)  
Market/Cost: 92%

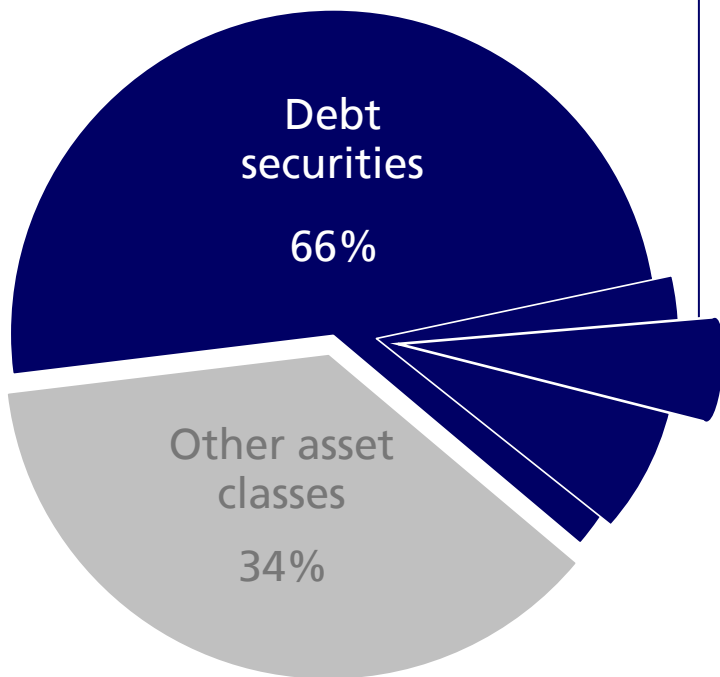
	<ul style="list-style-type: none"> <li>97% inv. grade</li> <li>90% AAA</li> </ul>
<i>includes:</i>	
	<p><i>US MBS: USD 14.8bn (7.7%)</i> Market/Cost: 95%</p> <ul style="list-style-type: none"> <li>95% inv. grade; 93% AAA</li> </ul>
	<p><i>US ABS<sup>1</sup>: USD 2.9bn (1.5%)</i> Market/Cost: 97%</p> <ul style="list-style-type: none"> <li>98% inv. grade, 78% AAA</li> <li>e.g. Automobile and Credit Card ABS</li> </ul>
	<p><i>UK MBS/ABS: USD 2.4bn (1.2%)</i> Market/Cost: 75%</p> <ul style="list-style-type: none"> <li>97% inv. grade; 80% AAA</li> <li>Commercial MBS of USD 0.7bn (64% AAA)</li> <li>"Whole Loan" Residential MBS USD 1.3bn (93% AAA)</li> </ul>
	<p><i>German ABS: USD 0.3bn (0.1%)</i> Market/Cost: 104%</p> <ul style="list-style-type: none"> <li>100% inv. grade; 70% AAA</li> <li>mostly German MBS ("Pfandbriefe")</li> </ul>
	<p><i>Swiss MBS: USD 0.6bn (0.3%)</i> Market/Cost: 103%</p> <ul style="list-style-type: none"> <li>100% AAA</li> <li>100% Swiss MBS ("Pfandbriefe")</li> </ul>

<sup>1</sup> US ABS in addition to the US MBS mentioned above

# Group Investments – Split of US MBS of USD 14.8bn (7.7%)



Group Investments  
USD 191bn (100%)



US-MBS: USD 14.8bn (7.7%)  
Market/Cost: 95%

	<ul style="list-style-type: none"> <li>▪ 95% inv. grade</li> <li>▪ 93% AAA</li> </ul>
<i>of which:</i>	
	<p><i>US "Agency" MBS: USD 8.6bn (4.5%)</i> Market/Cost: 103%</p> <ul style="list-style-type: none"> <li>▪ 99.4% AAA</li> <li>▪ USD 0.7bn backed by GNMA</li> <li>▪ USD 7.9bn backed by FNMA and FHLMC</li> </ul>
	<p><i>US Commercial MBS: USD 4.6bn (2.4%)</i> Market/Cost: 86%</p> <ul style="list-style-type: none"> <li>▪ 99.9% inv. grade</li> <li>▪ 98% AAA</li> </ul>
	<p><i>US "Whole Loan" Residential MBS: USD 1.6bn (0.9%)</i> Market/Cost: 81%</p> <ul style="list-style-type: none"> <li>▪ 59% inv. grade</li> <li>▪ 45% AAA</li> </ul>

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As of June 30, 2009

August 6, 2009

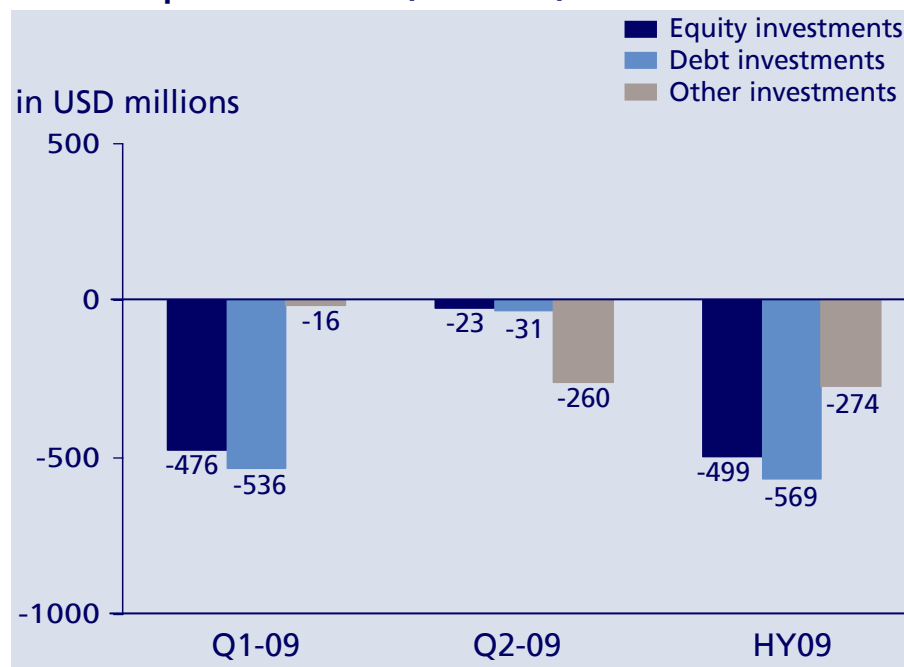
Half Year Results Reporting 2009

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# Group investments – capital losses in P&L

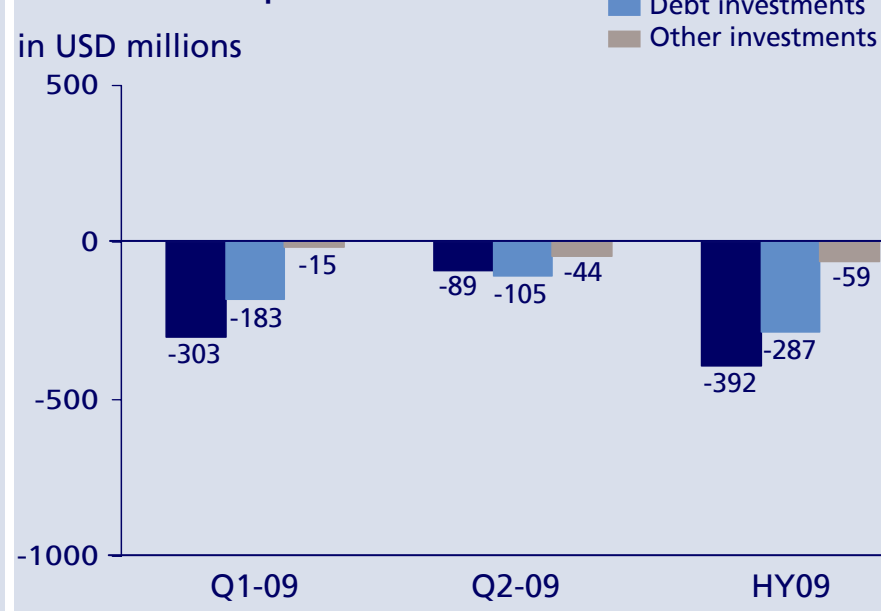


## Net capital losses/gains on investments and impairments (in P&L)



	Q1-09	Q2-09	HY09
<b>Total</b>	<b>-1,028</b>	<b>-314</b>	<b>-1,342</b>
<i>of which in:</i>			
- GI	35%	15%	30%
- G-Life	33%	46%	36%
<i>of which:</i>			
- attributable to shareholders	-683	-332	-1,015

## of which: impairments



	Q1-09	Q2-09	HY09
<b>Total</b>	<b>-500</b>	<b>-238</b>	<b>-738</b>
<i>of which in:</i>			
- GI	62%	42%	56%
- G-Life	31%	36%	33%