



ZURICH®

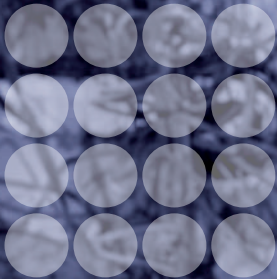
Zurich Insurance Group

LETTER TO **SHAREHOLDERS** 2012

Results for the three months to March 31, 2012

Tomorrow is insured

Helping our customers
understand and protect
themselves from risk



Dear Shareholder,

We are pleased to present our very strong set of financial results over the first three months of 2012. Our business operating profit was USD 1,375 million for the three months, 61 percent higher than in the same period in 2011. Net income attributable to shareholders was USD 1,143 million, or 78 percent higher than in the same period of 2011.

Continued progress on strategic targets

At Group level, our business operating profit after-tax return on equity was 13.4 percent, up from 8.5 percent in the same period of 2011 and from 10.2 percent for all of 2011. Shareholders' equity increased to USD 31.8 billion after taking into account the accrual of USD 2.8 billion for the dividend payment in April 2012, reiterating our continued success in delivering an attractive and sustainable dividend.

In April 2012, we sustained our momentum in developing our presence in high-potential growth markets by signing a ten-year distribution agreement with HSBC in the Middle East. Under this arrangement we will be the exclusive provider of wealth insurance products to HSBC clients in Bahrain, Qatar and the United Arab Emirates. Progress also continues in the Asia-Pacific region, where we have expanded our reach in Singapore through acquiring licenses to access all of our target segments for life insurance products. In Malaysia, we also completed the renaming of our acquisition, Malaysian Assurance Alliance Berhad (MAA), to the Zurich brand, combining strong local heritage and market position with Zurich's global insurance expertise. In Latin America, we already see the positive impact of the insurance businesses acquired from Banco Santander S.A.

Improving top-line growth in all core segments

All core business segments are focused on delivering on their individual segment targets and achieving profitable growth. In General Insurance, our business operating profit in the three month period increased by USD 576 million to USD 856 million. Sustained focus on disciplined underwriting and expense management has continued to deliver improvements in the underlying underwriting results with the combined ratio improving by 8.9 points to 94.6 percent. The segment further benefited from lower levels of loss events compared with the catastrophic events of 2011 in Japan, New Zealand and Australia. General Insurance gross written premiums and policy fees increased by USD 370 million to USD 10.5 billion, or by 4 percent in U.S. dollar terms and 5 percent on a local currency basis.



This is a very strong set of financial results reflecting continued progress on our strategic targets.

Business operating profit at Global Life was USD 293 million for the three months, or 19 percent lower than in the same period of 2011. That result benefited from fee income growth and an improved risk margin. These benefits were offset by the continued low interest rates which impacted the investment margin. Global Life gross written premiums, policy fees and insurance deposits increased by USD 1.0 billion to USD 7.4 billion or by 16 percent in U.S. dollar terms and 19 percent on a local currency basis due to the Santander acquired insurance businesses in Latin America, as well as higher volumes of single premium corporate savings and Private Banking Client Solutions products.

Farmers business operating profit decreased by USD 8 million to USD 372 million, or by 2 percent due to the result from reinsurance operations. Farmers Management Services business operating profit increased by USD 25 million to USD 354 million, or by 8 percent, driven by the 4 percent increase in gross earned premiums in the Farmers Exchanges, which are managed but not owned by Farmers Group, Inc., a wholly owned subsidiary of the Group. Farmers Re business operating profit decreased by USD 33 million to USD 18 million, or by 65 percent, reflecting high weather-related losses in March 2012, the impact of which was further exacerbated by the increase in the participation rate of the All Lines quota share reinsurance agreement with the Farmers Exchanges from 12 percent throughout 2011 to 20 percent effective December 31, 2011.

We express our sincere thanks to the employees of Zurich for making these results possible. Their skills and dedication give us every confidence that we can continue to create value for you, our shareholders, by helping our customers understand and protect themselves from risk.

Tom de Swaan
Vice Chairman of the Board
of Directors

Martin Senn
Chief Executive Officer

Shareholder information

Financial highlights (unaudited)

in USD millions, for the three months ended March 31, unless otherwise stated	2012	2011	Change ¹
Business operating profit	1,375	854	61%
Net income attributable to shareholders	1,143	640	78%
General Insurance gross written premiums and policy fees	10,470	10,101	4%
Global Life gross written premiums, policy fees and insurance deposits	7,396	6,379	16%
Farmers Management Services management fees and other related revenues	710	682	4%
Farmers Re gross written premiums and policy fees	1,053	707	49%
General Insurance business operating profit	856	280	nm
General Insurance combined ratio	94.6%	103.6%	8.9 pts
Global Life business operating profit	293	362	(19%)
Global Life new business annual premium equivalent (APE)	919²	849	8%
Global Life new business margin, after tax (as % of APE)	21.4%²	27.1%	(5.7 pts)
Global Life new business value, after tax	196²	230	(15%)
Farmers business operating profit	372	380	(2%)
Farmers Management Services gross management result	341	316	8%
Farmers Management Services managed gross earned premium margin	7.4%	7.1%	0.3 pts
Average Group investments	200,089	198,739	1%
Net investment result on Group investments	1,760	1,699	4%
Net investment return on Group investments ³	0.9%	0.9%	–
Total return on Group investments ³	2.1%	0.3%	1.7 pts
Shareholders' equity ⁴	31,815	31,636	1%
Swiss Solvency Test capitalization ratio ⁵	185%	225%	(40 pts)
Diluted earnings per share (in CHF)	7.16	4.09	75%
Book value per share (in CHF) ⁴	195.74	203.15	(4%)
Return on common shareholders' equity (ROE)	14.4%	8.3%	6.1 pts
Business operating profit (after tax) return on common shareholders' equity (BOPAT ROE)	13.4%	8.5%	4.9 pts

¹ Parentheses around numbers represent an adverse variance.

² Includes no contribution from the Santander acquired insurance businesses and the acquisition of Malaysian Assurance Alliance Berhad (MAA).

³ Not annualized and calculated on average Group investments.

⁴ As of March 31, 2012 and December 31, 2011, respectively.

⁵ As filed with the Group's regulator, the Swiss Financial Market Supervisory Authority (FINMA), for the periods ended December 31, 2011 and June 30, 2011, respectively, based on the results for the Group on a consolidated basis, subject to FINMA's review and approval of the Group's internal model.

The table above presents the summarized consolidated results of the Group for the three months ended March 31, 2012 and 2011 and the financial position as of March 31, 2012 and December 31, 2011, respectively. Interim results are not necessarily indicative of full year results. All amounts are shown in USD millions and rounded to the nearest million unless otherwise stated with the consequence that the rounded amounts may not add to the rounded total in all cases. All ratios and variances are calculated using the underlying amount rather than the rounded amount. This document should be read in conjunction with the Annual Report 2011 for the Zurich Financial Services Group (now Zurich Insurance Group) available on www.zurich.com and with its unaudited Consolidated financial statements as of March 31, 2012.

Contact

For more information please visit:
www.zurich.com/investors/shareholderinformation

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Financial Calendar

Half Year Results Reporting 2012
August 16, 2012

Results Reporting for the Nine Months to
September 30, 2012
November 15, 2012

Investors' Day
November 29, 2012

Annual Results Reporting 2012
February 14, 2013

Disclaimer & Cautionary Statement

Certain statements in this document are forward-looking statements, including, but not limited to, statements that are predictions or indicate future events, trends, plans or objectives of Zurich Insurance Group Ltd or the Zurich Insurance Group (the "Group"). Forward-looking statements include statements regarding the Group's targeted profit, return on equity targets, expenses, pricing conditions, dividend policy and underwriting and claims results, as well as statements regarding the Group's 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 objectives of Zurich Insurance Group Ltd or 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 key markets; (ii) the risk of a global economic 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 Insurance Group Ltd and its Group and on whether the targets will be achieved. Zurich Insurance Group Ltd undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

It should be noted that past performance is not a guide to future performance. Please also note that interim results are not necessarily indicative of full year results.

Persons requiring advice should consult an independent advisor.

This communication does not constitute an offer or an invitation for the sale or purchase of securities in any jurisdiction.

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The Letter to Shareholders is published in English, German and French. In the event of inconsistencies in the German and French translations, the English original version shall prevail.