

# Briefing on Zurich's financial position<sup>1</sup>

March 2, 2009

## Overall

Zurich has a strong balance sheet and manages its capital in such a way as to exceed its internal AA risk based capital model. Third party rating agencies provide Zurich with the following ratings:<sup>2</sup>

S&P	AA-	stable
Moody's	A1	stable
AM Best	A	stable outlook
Fitch	A+	negative outlook

## Investment exposure

*All numbers at December 31, 2008*

Zurich Financial Services has a conservative, well-diversified portfolio of Group investments of roughly \$180 billion. Our investment strategy has been to manage assets to liabilities rather than maximizing return on assets. This conservative approach puts us in a good position to weather the current market turmoil. Following are asset disclosures released as part of our full-year 2008 results announcement:

- We have minimal sub prime exposure (of about \$155 million or 0.09% of Group investments)
- We have minimal CDO exposure (of about \$694 million or about 0.39% of Group investments)
- Of our total US mortgage-backed securities holdings of \$15.7 billion, only about \$1.8 billion (or 1.0% of our nearly \$180 billion investment portfolio) is non-agency residential, of which 82% is AAA rated. Of the remaining, \$9.6 billion is AAA rated agency debt and \$4.4 billion is commercial backed securities, 99% of which is AAA rated.
- We have low exposure to equities at 3.3% of Group investments

Over 2008, total investment return, which includes net investment income, net capital losses including impairments as well as changes in unrealized losses of \$3.9 billion, was a positive 1.0%, an impressive result considering the financial turmoil that affected markets in 2008.

We have made a full disclosure on our bond positions to shareholders each quarter and the most recent presentation is as of December 31, 2008.

---

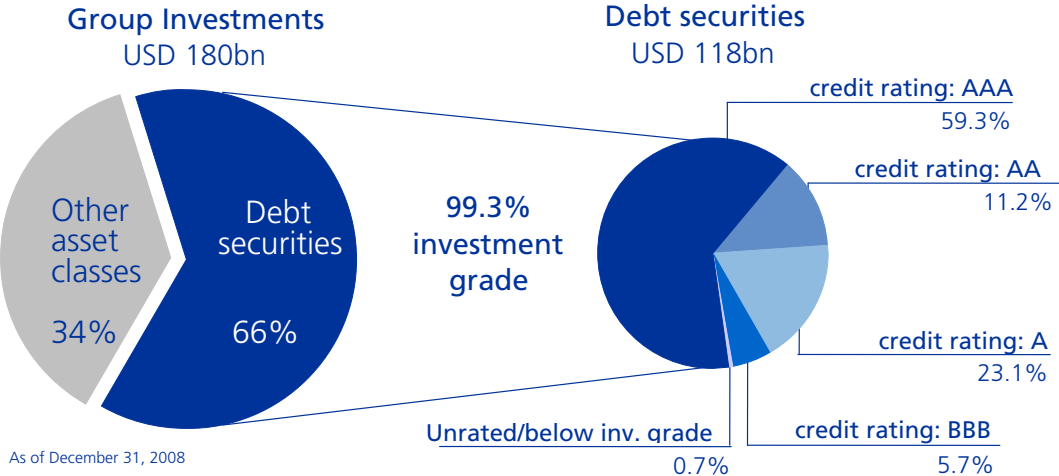
<sup>1</sup> The financial information set forth in this Briefing as of December 31, 2008, is for Zurich Financial Services on a consolidated basis, and is not audited. For more complete financial information and audited annual statements of the Group, access [www.zurich.com](http://www.zurich.com). No assurances can be given, and we make no representations, that such information has, or has not, changed since December 31, 2008.

<sup>2</sup> These are the most recent ratings of Zurich Insurance Company published by the respective ratings agencies on their websites (as of the date of this Briefing). Access the rating agencies' websites for information regarding ratings and the latest ratings available.=

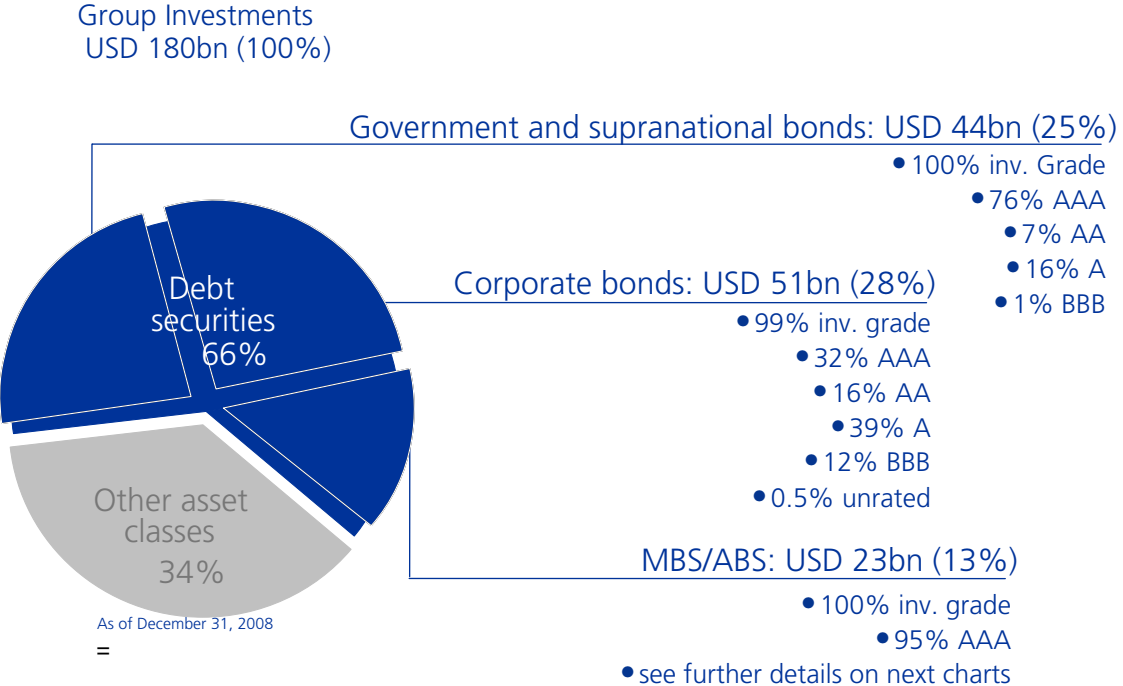
## Credit default swaps

We do not write default protection through credit default swaps (CDS) or similar types of products. We stopped writing such products in 2003 and we have no residual exposure to them.

Group Investments – Zurich’s debt securities are of very high quality (99.4% investment grade)



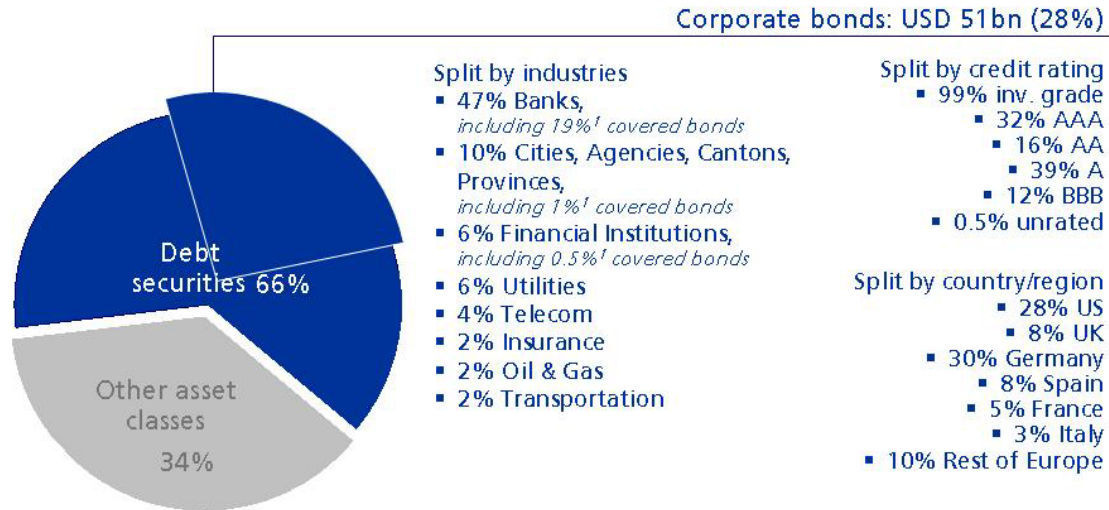
Group Investments – Zurich’s debt securities are well balanced



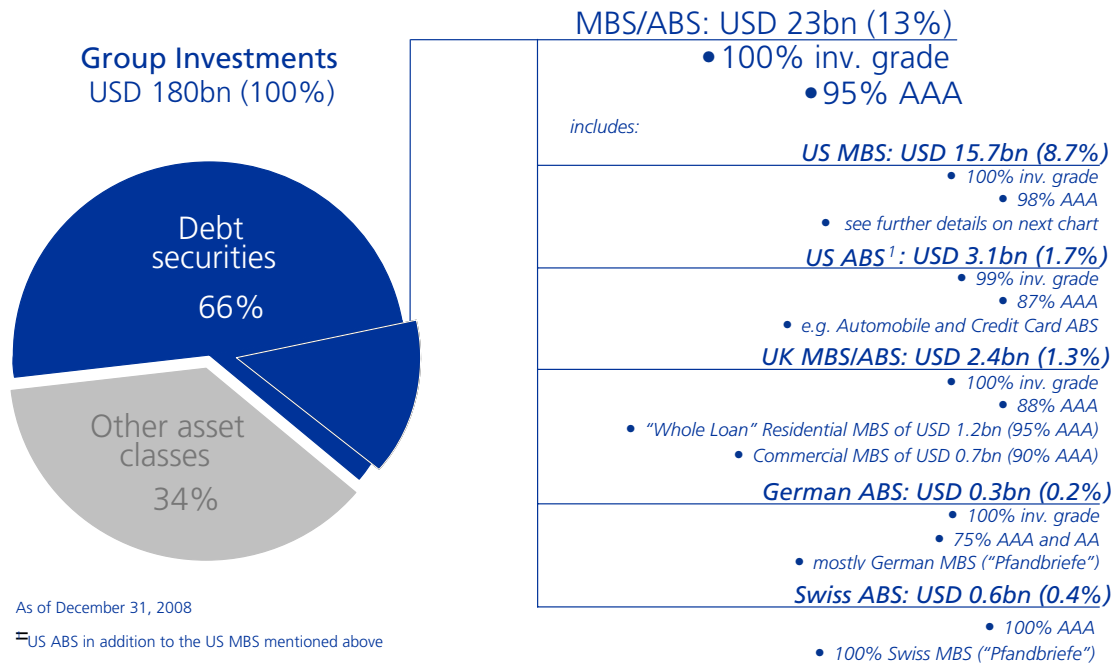
• see further details on next charts

## Group Investments – Split of corporate bonds

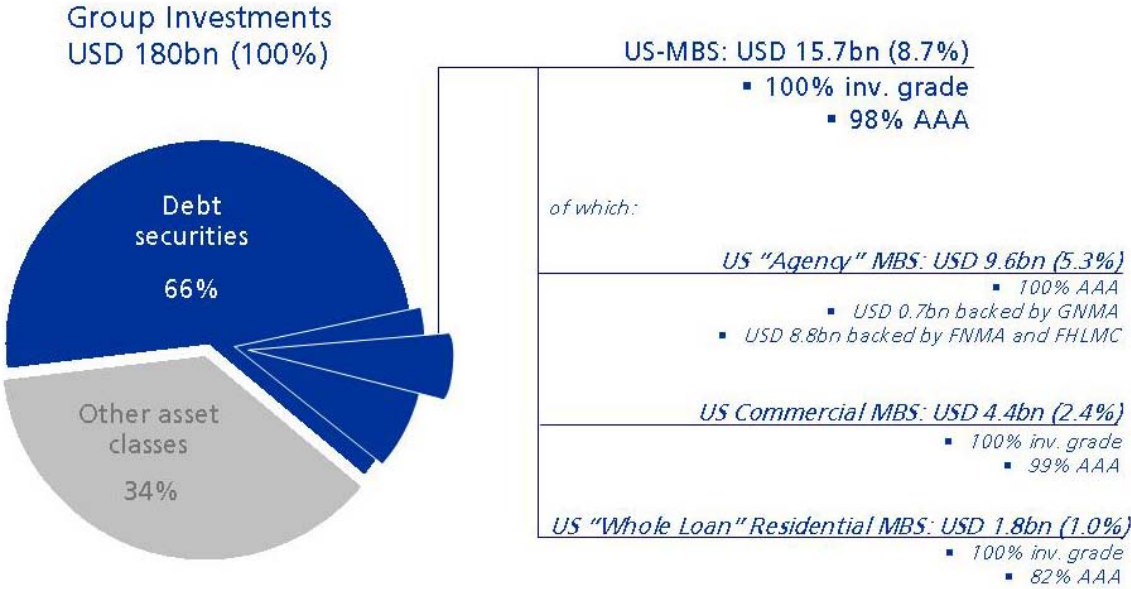
As of December 31, 2008



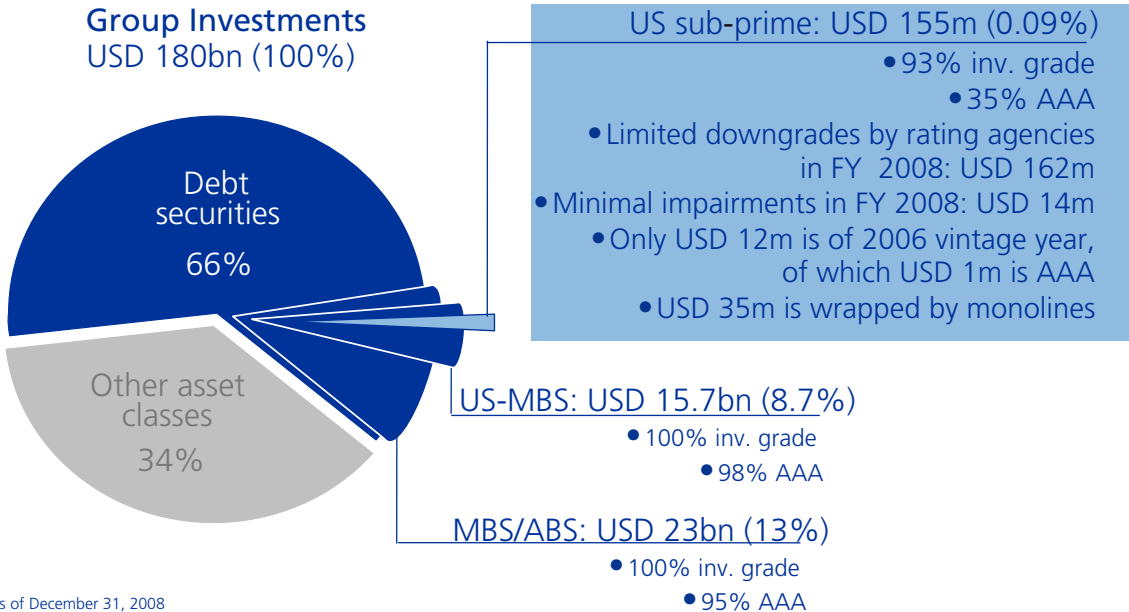
## Group Investments - Split of total MBS / ABS of USD 23bn (13%)



Group Investments - Split of US MBS of USD 15.7bn (8.7%)

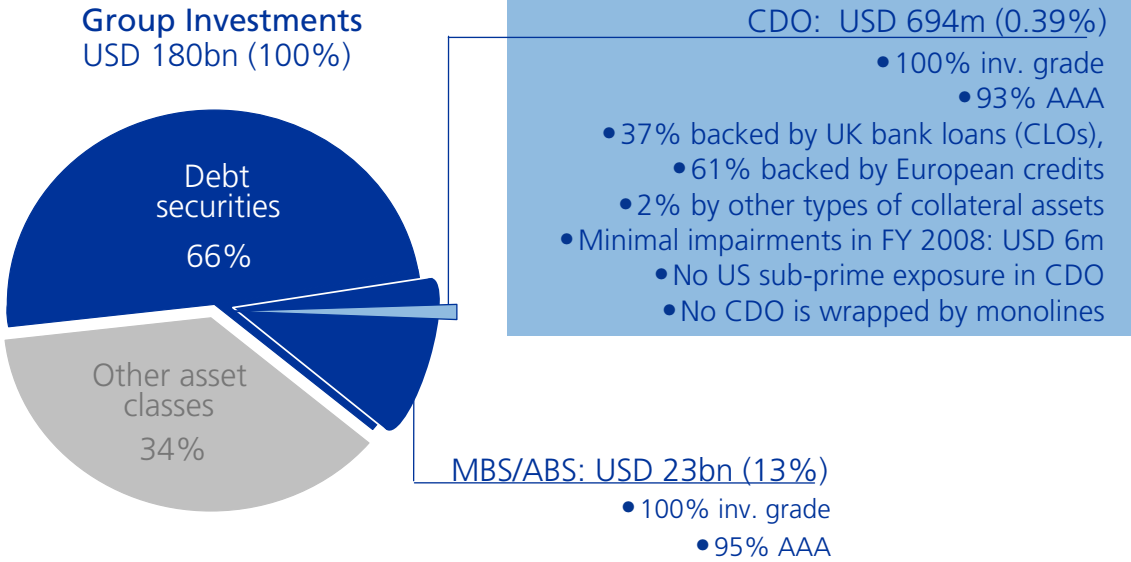


Group Investments – Exposure to US sub-prime remains very small (0.09%) and of high quality



As of December 31, 2008  
=

Exposure to CDO remains very small (0.39%) and of high quality



As of December 31, 2008  
=

## 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. 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 Zurich Financial Services' plans and objectives 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) performance of financial markets; (iii) levels of interest rates and currency exchange rates; (iv) frequency, severity and development of insured claims events; (v) mortality and morbidity experience; (vi) policy renewal and lapse rates; and (vii) changes in laws and regulations and in the policies of regulators may have a direct bearing on Zurich Financial Services' results of operations and on whether Zurich Financial Services will achieve its targets. 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.

This communication is directed only at persons who (i) have professional experience in matters relating to investments or (ii) are persons falling within Article 49 (2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) or to whom it may otherwise lawfully be communicated (all such persons together being referred to as relevant persons). This communication must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons.

It should be noted that past performance is not a guide to future performance.

Persons requiring advice should consult an independent adviser.

THIS COMMUNICATION DOES NOT CONTAIN AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES; SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR EXEMPTION FROM REGISTRATION, AND ANY PUBLIC OFFERING OF SECURITIES TO BE MADE IN THE UNITED STATES WILL BE MADE BY MEANS OF A PROSPECTUS THAT MAY BE OBTAINED FROM THE ISSUER AND THAT WILL CONTAIN DETAILED INFORMATION ABOUT THE COMPANY AND MANAGEMENT, AS WELL AS FINANCIAL STATEMENTS.