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Annual General Meeting 2007

Speech by James J. Schiro

Chief Executive Officer

April 3, 2007

Dear Shareholders, Ladies and Gentlemen

Welcome to Zurich Financial Service's 2007 Annual General Meeting. When we began this journey together in 2002, we knew that the road would be long and difficult. Our net income and return on equity were negative. Our share price and market capitalization were perilously low. And our strategic focus was unclear. To address that situation, we presented to you in September 2002 an action plan built around four key items: getting back to basics with our strategic focus, improving our bottom line, strengthening the Group's balance sheet, and enhancing our capital base and financial management. In addition, we committed to over deliver not over promise, establishing a culture where our performance was our word.

Today, we can proudly report to you that we met or exceeded each of those challenging objectives, and in the process positioned Zurich once again as one of the world's leading insurers. Our 2006 results of 4.5 billion dollars of net income and 5.9 billion dollars of business operating profit represent record earnings, and our 19 percent return on equity positions us among the top tier of our peer group.

These results are impressive, but it is the fundamental strengths developed over the past four years that drive this management team's confident outlook for the future.

The dividend increase you will vote on today, as well as the share buyback we announced in February, are testaments to that confidence, and together return 51 percent of 2006's earnings to shareholders.

What I aim to do today, is highlight the collective actions that underpin that confidence, and to provide you a roadmap for our future path.

As with any journey, the road before us is linked directly to the road behind us. Operating excellence, financial discipline, a healthy balance sheet and sophisticated capital management remain integral parts of who we are and how we operate. To achieve these goals, however, we systematically transformed a collection of businesses scattered around the globe into an integrated global operating platform, with centralized core functions, new organizational designs and an aligned reporting structure.

In short, we created One Zurich, capable of thinking and acting collectively. To some measure, you see the results of that effort around you today as evidenced by our global brand. Five years ago, we were an assortment of identities, strategies and tactical plans. Today, we engage the competition with a single brand in most major markets, and a global employee base that shares a common appreciation for what it means to identify and manage the changes our customers face around the world.

That shared mindset – that One Zurich mentality – is more than an approach to management, though. Through strong local, regional and global structures, we are capable of leveraging the best products, people and processes that our global footprint has to offer, and applying them quickly and effectively anywhere we do business in the world. This capability moves us beyond simple knowledge-sharing into a truly collaborative approach to product development, strategy execution and operational leadership. Good examples of the power of this structure include the customer segmentation techniques we are deploying to increase both top line growth and bottom line profitability in Europe, the US and in other markets, or Global Life's successful introduction of cross-border products and platforms, or the leveraging of existing capabilities throughout our International Businesses in Latin America, Southern Africa, Greater China or Australia.

Strong global infrastructures supporting a collective sense of mission also ensure a consistent and unrelenting commitment to financial and underwriting discipline. For example, we have successfully institutionalized a conservative approach to reserving on a global scale, and through sophisticated mapping, modeling and analysis of risks we have systematically reduced our Florida windstorm exposures by 40 percent and our California earthquake exposures by 15 percent. These fundamental changes in our risk profile do not happen without a shared understanding of what discipline means and how it can be accomplished.

It is also this same collective mindset that facilitates the success of The Zurich Way workstreams, which continue to fundamentally transform how we do business. In 2006 alone, The Zurich Way efforts generated well over 500 million dollars in after tax improvements, including over 250 million dollars of improvements in underwriting processes, 157 million dollars in our claims operations and almost 100 million dollars in distribution management. The vast majority of these economic gains are fundamental process improvements, not one-off cost cutting exercises, and thus provide a foundation for constant and sustainable improvements going forward. It is for this reason that we increased our targets for The Zurich Way program, where we now aim to achieve 2 billion dollars of after tax improvements over the next three years, including over 700 million dollars in 2007 alone.

A final area worth noting that also reflects a shared sense of purpose is capital management, both at a Group level and within our business divisions. The share buyback we announced in February, which as of Friday stood at over a half billion Swiss Francs worth of shares repurchased, stands as a testament to our efficient use of capital and our commitment to maximizing shareholder value. However, the buyback was only possible through a deep and systematic restructuring of our operations to release trapped capital, and a disciplined process of aligning capital to our more profitable business opportunities.

Core fundamental strengths implemented through a shared commitment to excellence can only take you so far, though. To truly achieve market leadership, a company and its people must build off of operational efficiency and financial discipline and systematically apply those strengths to targeted market strategies.

For Zurich, that strategic focus is simple: pursuing customer, product and distribution excellence with the same collective commitment of purpose that marked the turnaround. That transition began in 2006, and the results demonstrate our success.

On the customer front, we deployed innovative approaches like the Farmers Mobile Command Center to further our ability to restore customers' lives to order after catastrophes. We won coveted customer service awards by taking proven customer-centric approaches like Switzerland's own HelpPoint and exporting them to other markets like the US. And we leveraged our insights into the changes our customers face to successfully execute cross-selling techniques and launch the industry's first globally compliant suite of multinational insurance products.

On the product front, we expanded our product offerings in key targeted market segments. We launched true product innovations, including the first discount for hybrid cars in the US, and coverage-on-demand insurance cards in Mexico. Here in Switzerland we leveraged the German unit-linked platform to improve our local product offerings and replaced the general insurance IT systems with better, more efficient systems developed by Zurich Spain. And, in what we anticipate will become our largest acquisition since starting the turnaround, we are in the process of adding strong specialty auto capabilities to the product offerings available through Farmers' highly efficient distribution platform.

On the distribution front, we increased our tied agent base in the US and Europe by over 10 percent. We announced innovative partnerships with banks and retailers. Farmers' agent training program won a coveted corporate training award, reflecting the productivity and professionalism gains achieved through our agent training initiatives. And, again on the acquisition side, we expanded our foothold in the UK student market, and secured a nationwide distribution platform in Russia with the potential to distribute the full spectrum of Zurich products at growth rates that far exceed our established European markets.

Due to these actions Zurich now has more products to offer to more customers through more distribution outlets than ever in the Group's 135-year history. As a result, we achieved double-digit new premium growth in our life business, outpaced the market at Farmers, and demonstrated smart selective growth in our general insurance business . . . all while maintaining the financial and capital discipline necessary to generate significant shareholder value.

Customer, product and distribution strategies . . . building upon core fundamental strengths of operating excellence, financial and underwriting discipline, and sophisticated capital management . . . all aligned through efficient global infrastructures and a collective One Zurich mindset. This is our path to becoming the leading global insurer in our chosen markets.

Looking ahead, we will maintain the discipline we have developed over the past four years and leverage the foundation we have built to grow profitably, maximize our margins and manage capital efficiently. This is how we will generate top tier financial results and sustained shareholder value, no matter what challenges market conditions or mother nature present.

The fuel for driving these capabilities, though, remains our people, which is why we continue to commit ourselves to positioning human resources and talent management as key competitive strengths. Whether through our apprentice program in Switzerland, our Global Associates Program internationally or other innovative approaches, we will continue to develop programs and processes to ensure that we are recruiting the most talented people our markets have to offer. Through global performance management systems and consistent employee engagement efforts we will align individual aspirations with local, regional and global business objectives. And through a sophisticated talent management program that combines succession planning, leadership training and true international mobility, we will cultivate a fully motivated and highly experienced management team.

As I travel to our operations around the world, whether they are in Oerlikon or Beijing, I see first-hand the excitement we generate among employees through this commitment to developing people. It is an excitement about their own futures, but it is also an excitement about Zurich's. Good results will do that, but so will an emerging sense of market leadership based on a shared value structure and proven market strategies.

As we continue this transition from an internal operational focus to a more external customer-oriented focus another aspect of leadership that Zurich will begin to concentrate on more intently is the role we play in the communities where we live and work. There are fundamental shifts occurring in the economics, demographics and social environment of today's world that affect how we interact, with whom we interact, and on what topics we interact. Zurich has a proud tradition of helping

communities and stakeholders cope with those changes, and in bringing its 135 years of global know-how to help develop solutions that empower communities and contribute to society.

On micro insurance, for example, our partnership with the Swiss Agency for Development and Cooperation has already begun bringing insurance products to populations in South Africa that are just learning the basic principles of risk management. In the area of climate change, we are engaging customers, regulators and other stakeholders in a series of constructive dialogues on the implications of changing weather patterns and the steps society must take to mitigate against and prepare for an increasingly volatile environment. And in the vibrant emerging economies of Asia, Africa and Latin America, we are fostering the transfer of knowledge on product development, risk management and distribution systems, as well as corporate governance, best practice regulation and sustainable financial market structures, all with the aim of helping these new forces in the global economy enjoy the benefits of functional risk bearing mechanisms.

These are the steps Zurich is taking to assert leadership. Not just in its core insurance markets, but on the broader global stage. Through a collective One Zurich mindset focused on leveraging our core strengths through focused customer-centric strategies, we aim to generate top tier financial results and sustained shareholder value throughout the insurance cycle.

Looking back at the road we have traveled, and knowing the steps we took to get to where we are today, I am confident that the path we have charted for our future is the right one, and that we have the people, capabilities and commitment to get there.

In closing, let me thank the 55,000 Zurich employees who made this past year possible. They are the basis of our success, as well as the source of my optimism for Zurich's future.

Thank you again for coming to today's Annual General Meeting. Guten Tag, and have a wonderful afternoon.