
Investment Management A Creator of Value

Investors' Day

Zurich, December 6, 2007



Disclaimer and 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.

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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 the full year results. Persons requiring advice should consult an independent adviser.

Investment Management A Creator of Value

Martin Senn

Chief Investment Officer

Zurich, December 6, 2007



Investment Management creates significant value



- Investment management is a key function
- We aim to maximize economic value
- Investments are managed relative to liabilities
- Our sources of returns and risks are balanced
- A systematic approach is the basis of our success
- We focus on the value drivers that matter most

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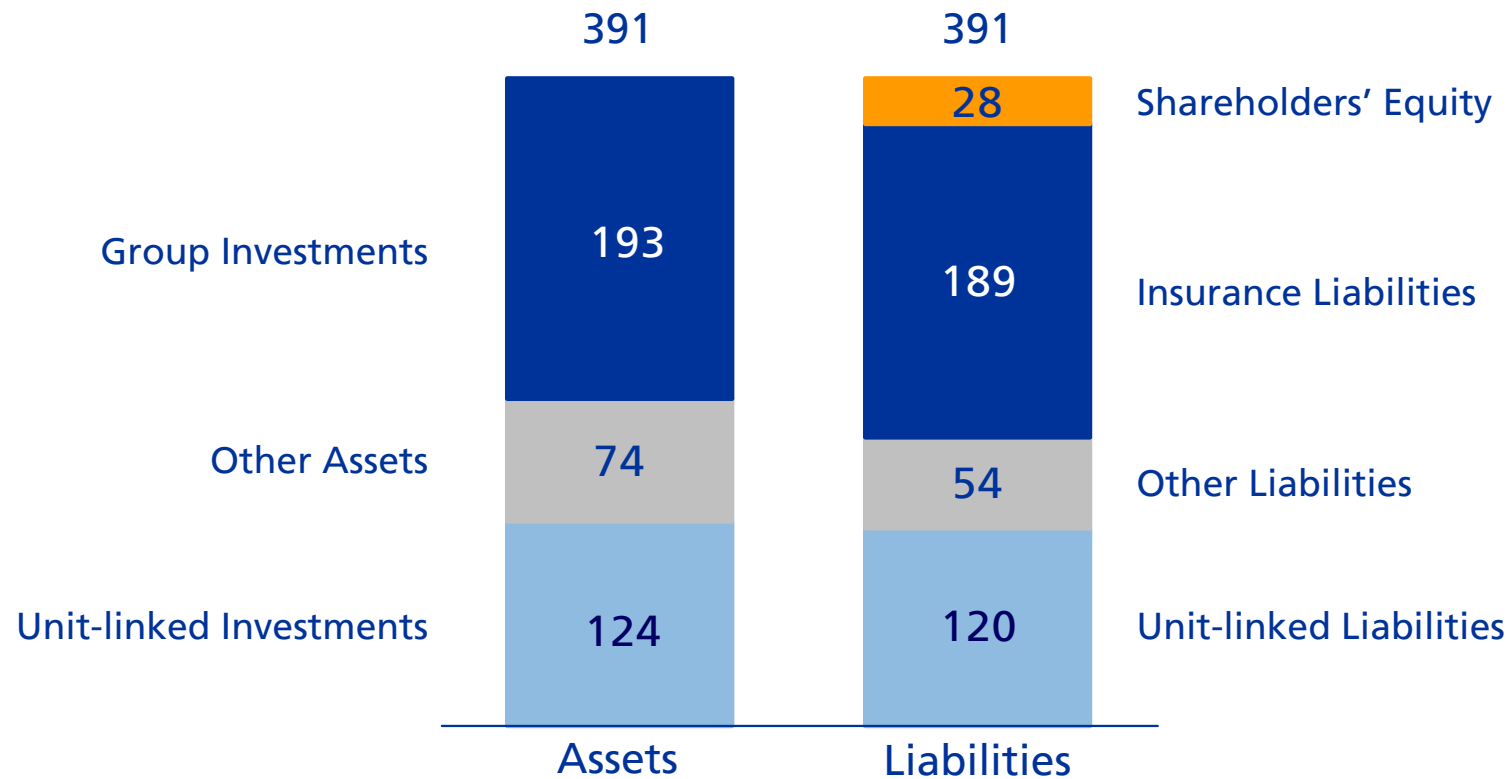
We are Zurich's center of competence
for investments



Investments dominate the asset side of our balance sheet



in USD billions

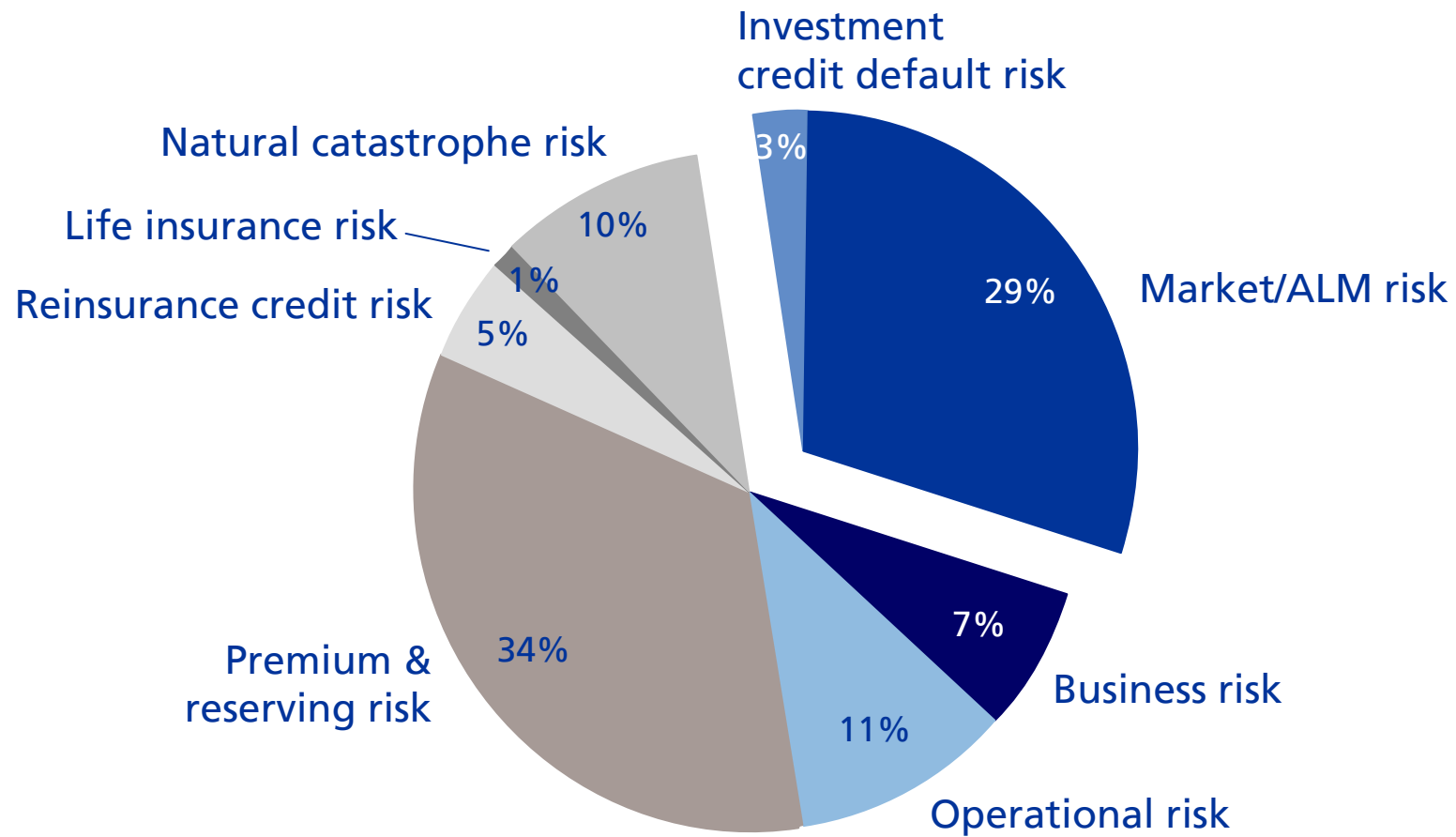


Source: Zurich Financial Services balance sheet as of September 30, 2007

Investment risk contributes 32% to our Risk Based Capital



Zurich RBC by risk type for 2007



Source: Zurich Capital Management Investors' Day – March 28, 2007

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Investment Management aims to maximize economic value for our policyholders and shareholders



Mission

Achieve superior risk-adjusted investment returns relative to liabilities

Ambition

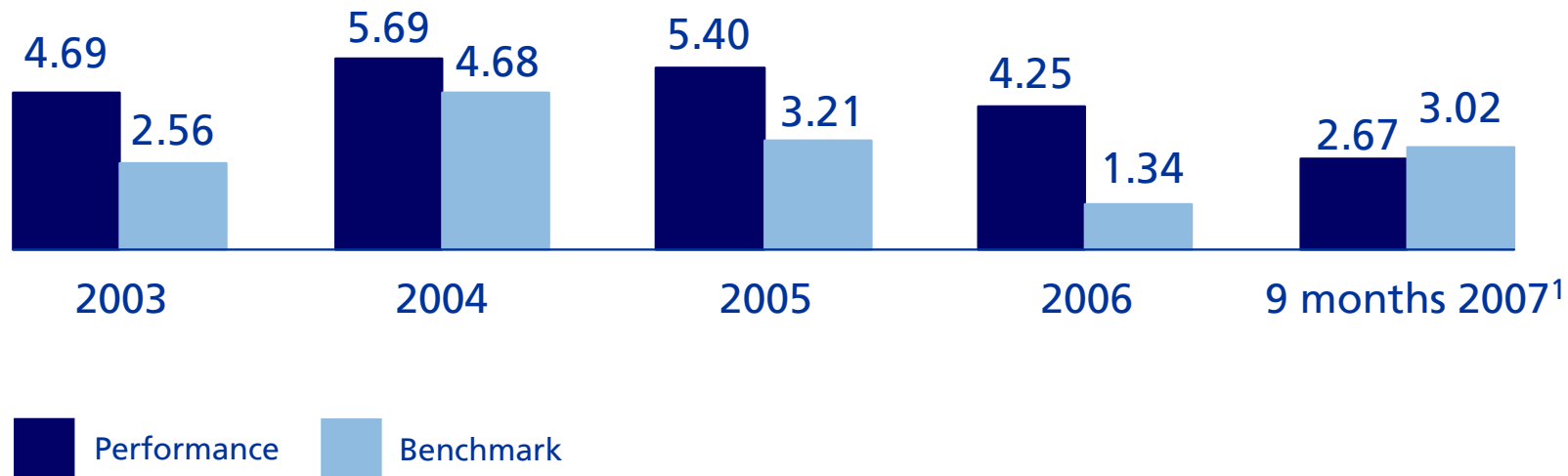
Strive to become the benchmark in insurance investment management

Build a reputation for service excellence, customer understanding, professionalism, innovation and responsiveness

Investment Management has significantly outperformed its internal benchmark



Economic performance 2003 to 9 months 2007 relative to internal liability benchmark, %



¹ Not annualized

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Peter Teuscher

Head of Investment Strategy Development and Analysis

Zurich, December 6, 2007



Investment Management creates significant value

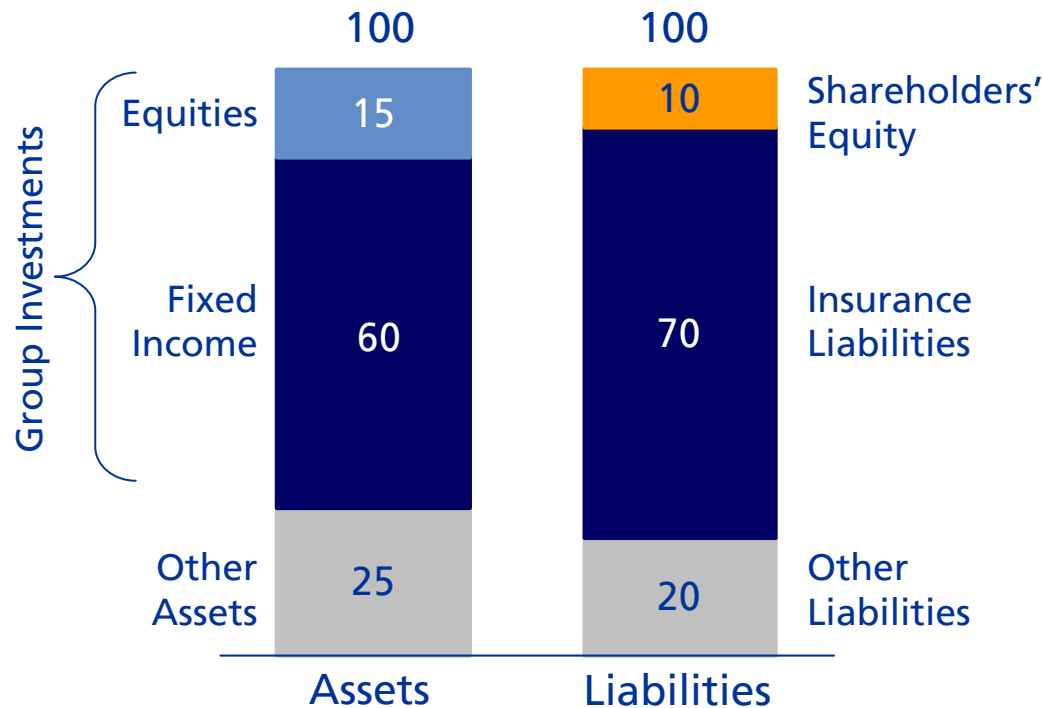


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Why we manage investments relative to liabilities



Typical balance sheet¹ of an insurance company (excluding unit-linked business)



- Asset Allocation: 20% Equities of Group Investments or 15% of total assets
- Interest Rate Mismatch Modified Duration:
 - Fixed Income: 5 years
 - Insurance Liabilities: 7 years

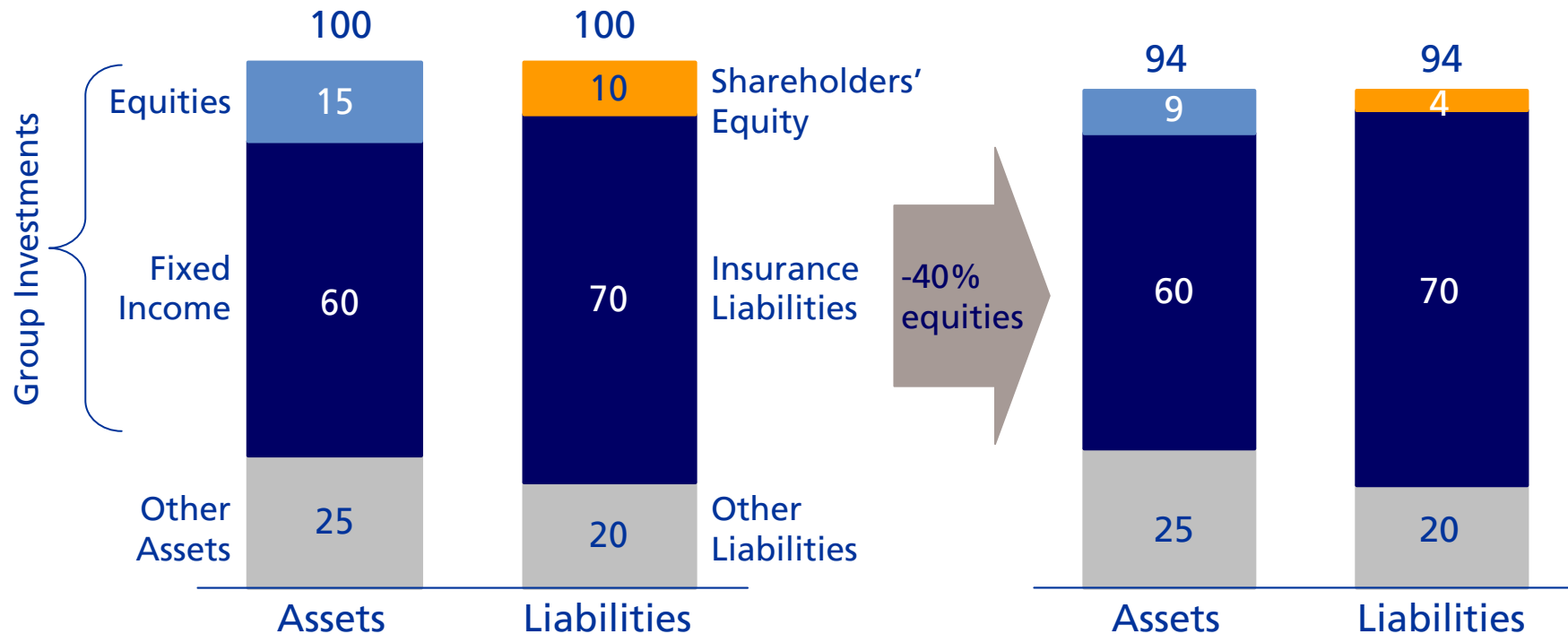
¹ Balance sheet on an economic basis

Negative equity markets can have a significant impact on shareholders' equity



Typical balance sheet¹ of an insurance company (excluding unit-linked business)

Balance sheet¹ after a 40% decrease in equity markets



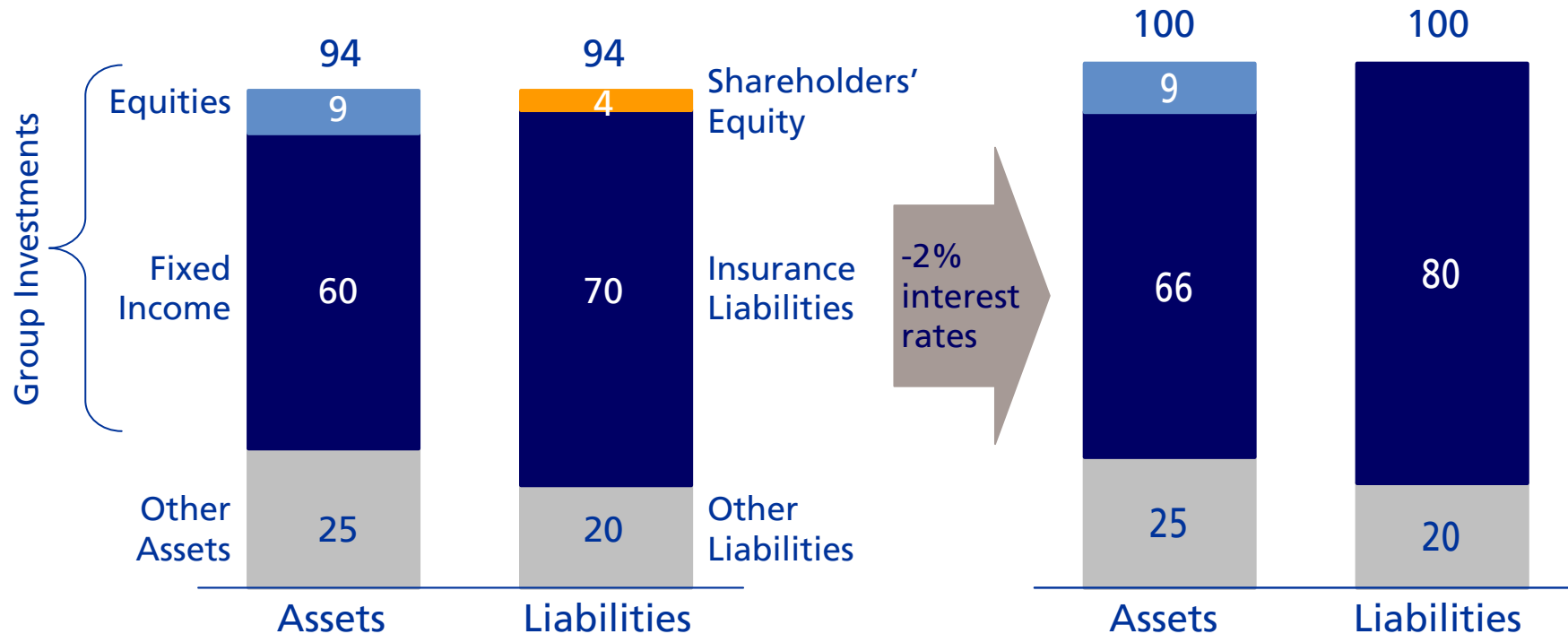
¹ Balance sheet on an economic basis

In addition falling interest rates lead to a further deterioration of economic capital



Balance sheet¹ after a 40% decrease in equity markets

Balance sheet¹ after a fall of interest rates by 2%

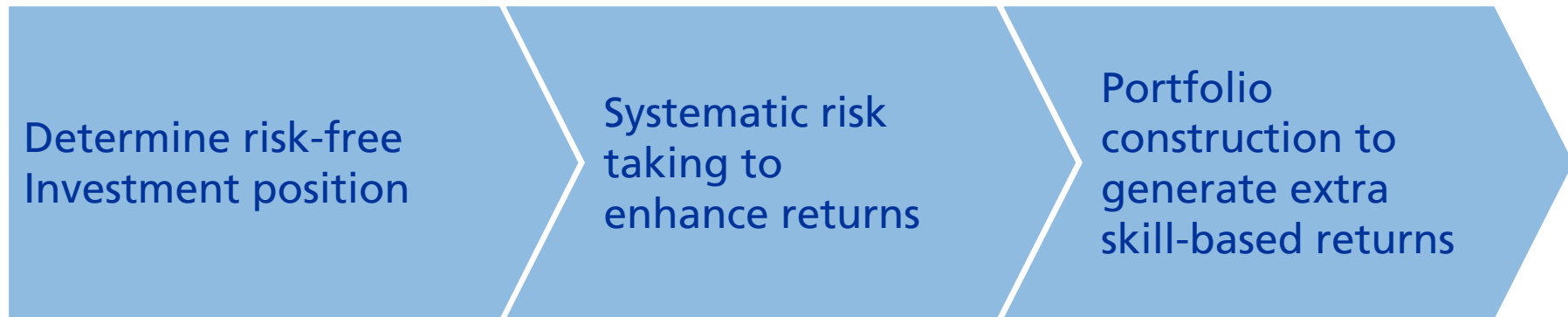


¹ Balance sheet on an economic basis

We manage investments relative to liabilities through a disciplined process



Zurich applies a disciplined and structured 3 step investment process:



Investment Management creates significant value

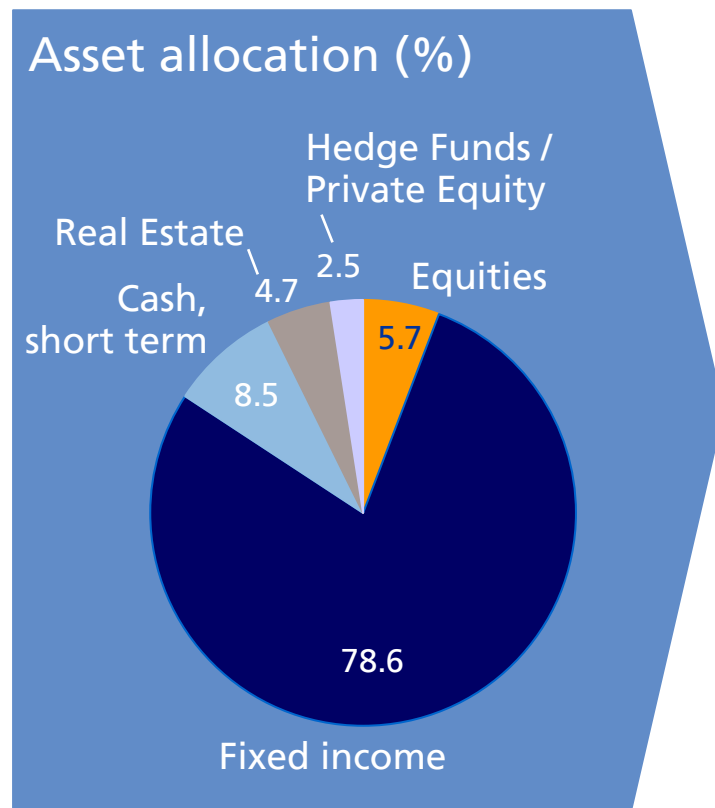


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Our sources of returns and risks are balanced



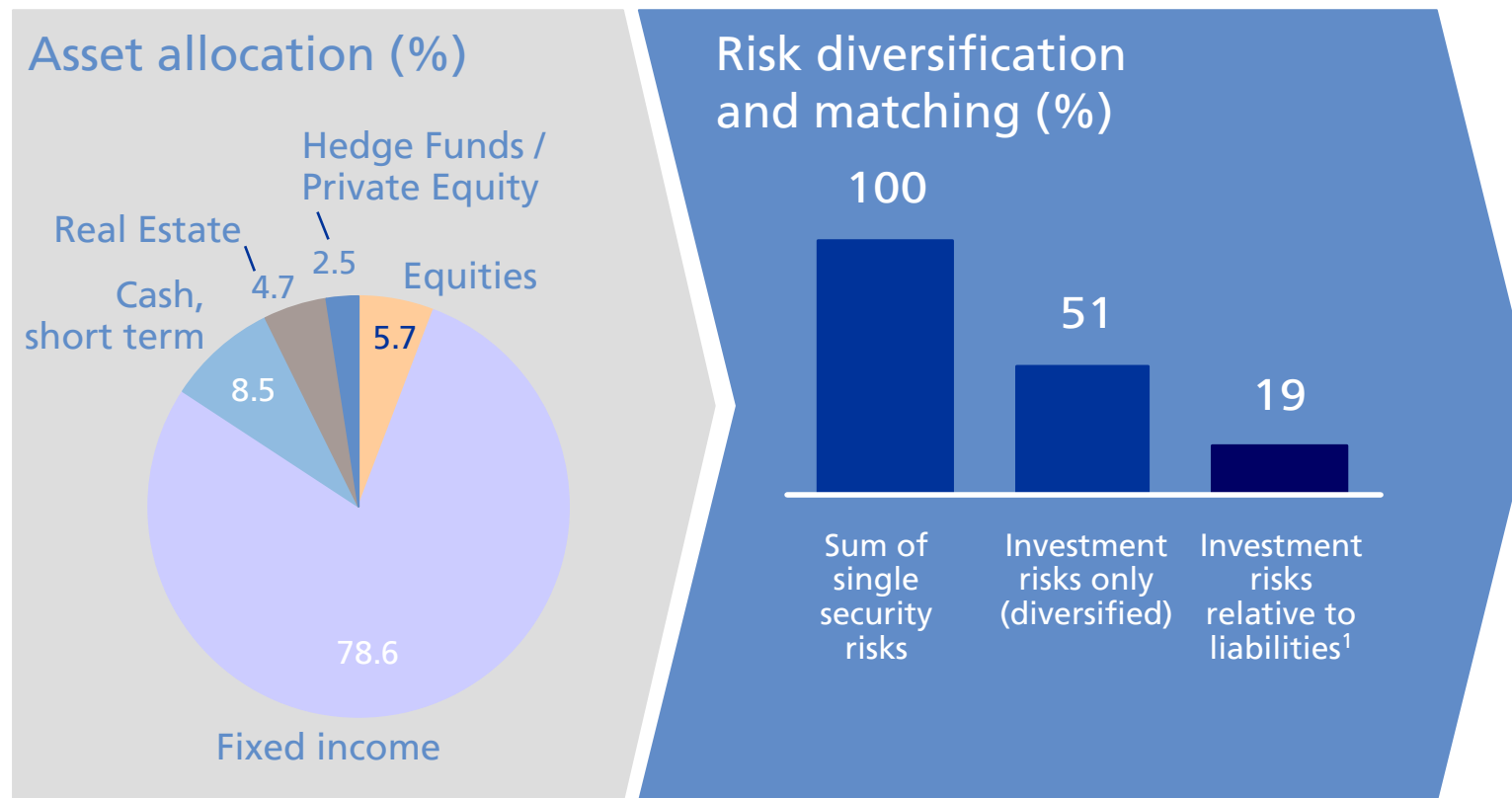
Facts about Zurich's investment portfolio as of December 31, 2006, in %



Our sources of returns and risks are balanced



Facts about Zurich's investment portfolio as of December 31, 2006, in %

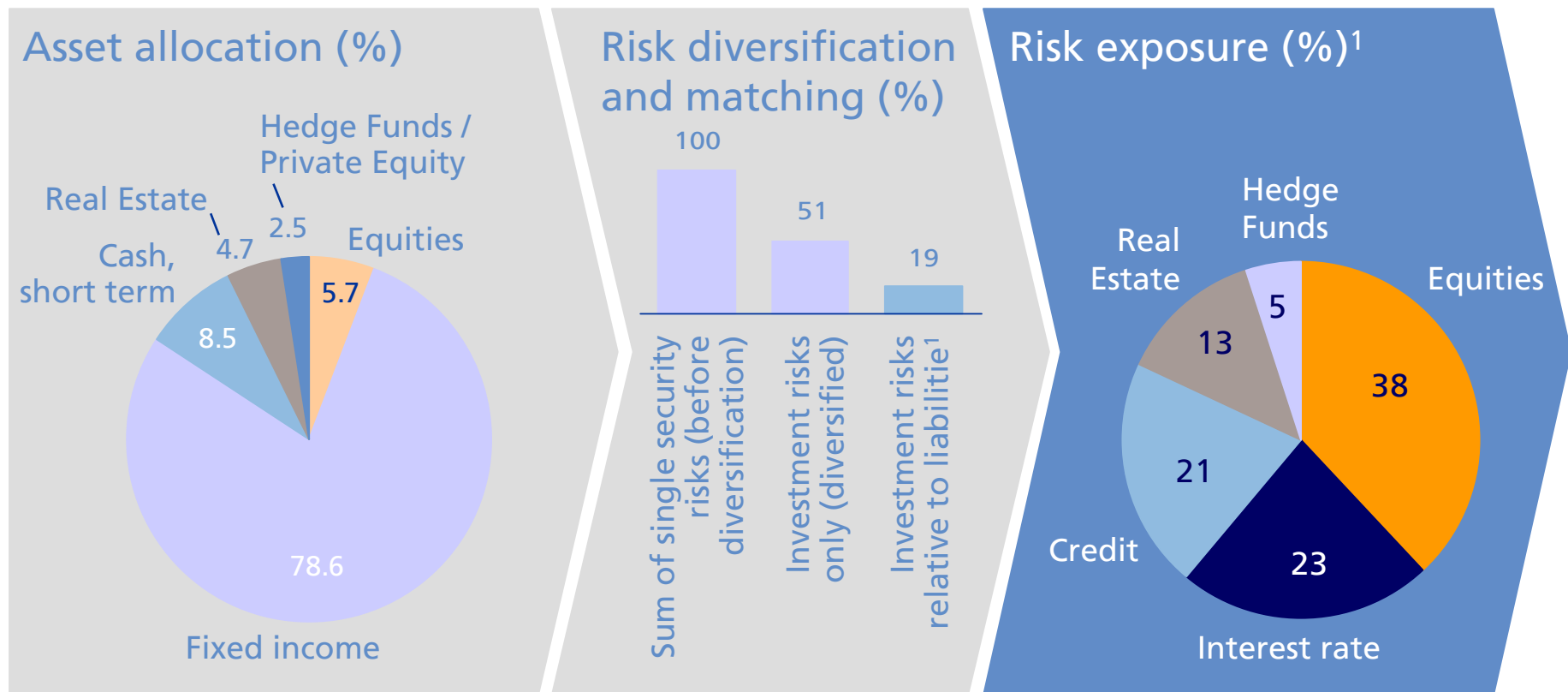


¹ Risk defined as 12 month 99.95% VAR in line with Zurich RBC

Our sources of returns and risks are balanced



Facts about Zurich's investment portfolio as of December 31, 2006, in %

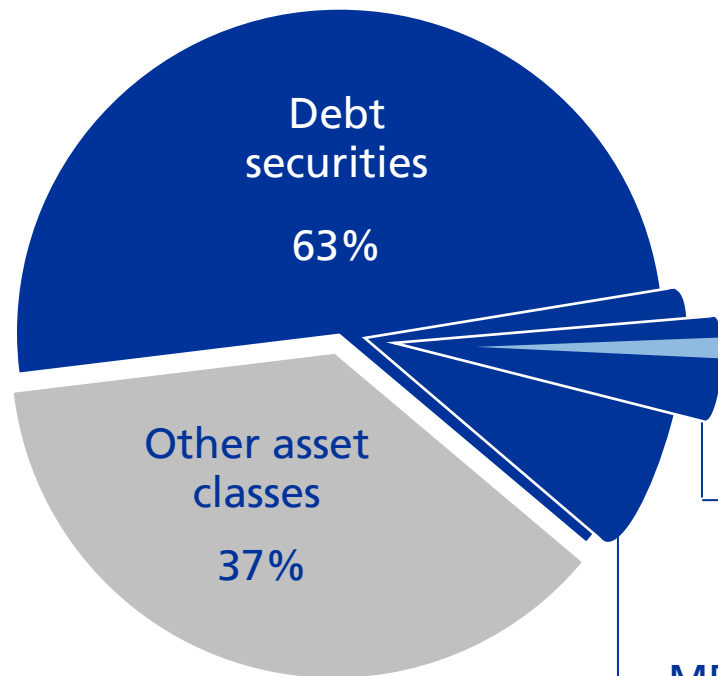


¹ Risk defined as 12 month 99.95% VAR in line with Zurich RBC

Group Investments – Exposure to US sub-prime remains very small (0.16%) and of high quality



Group Investments
USD 193bn (100%)



US sub-prime: USD 317m (0.16%)

- 100% inv. grade
 - 76% AAA
- Minimal downgrades by rating agencies since June 07 (USD 10m)
 - No impairments in 2007 y-t-d
- Only USD 43m is of 2006 vintage year, and USD 27m thereof is AAA

US MBS: USD 17bn (8.8%)

- 100% inv. grade
 - 99% AAA

MBS/ABS: USD 27.6bn (14%)

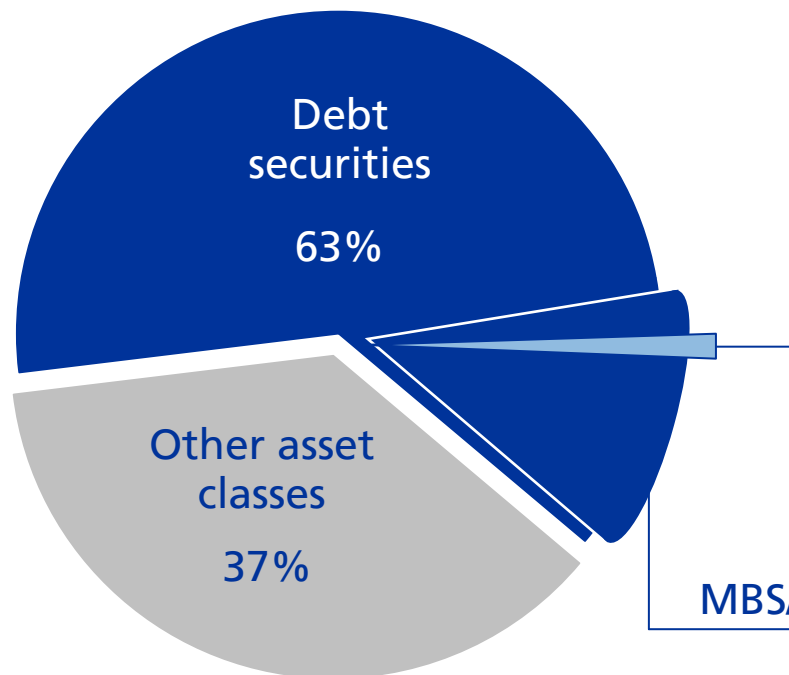
- 100% inv. grade
 - 94% AAA

As of September 30, 2007

Group Investments – Exposure to CDO remains very small (0.23%) and of high quality



Group Investments
USD 193bn (100%)



CDO: USD 450m (0.23%)

- 99% inv. grade, 1% unrated
 - 71% AAA
- 79% backed by UK bank loans (CLO) and 21% by other types of collateral assets
 - Minimal impairments in 2007 y-t-d (below USD 10m)
- US sub-prime exposure (of the total USD 317m) in CDO is below USD 10m

MBS/ABS: USD 27.6bn (14%)

- 100% inv. grade
 - 94% AAA

As of September 30, 2007

Investment Management creates significant value



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- We focus on the value drivers that matter most

Q&A

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Cecilia Reyes

Head of Investment Strategy Implementation

Zurich, 6 December 2007

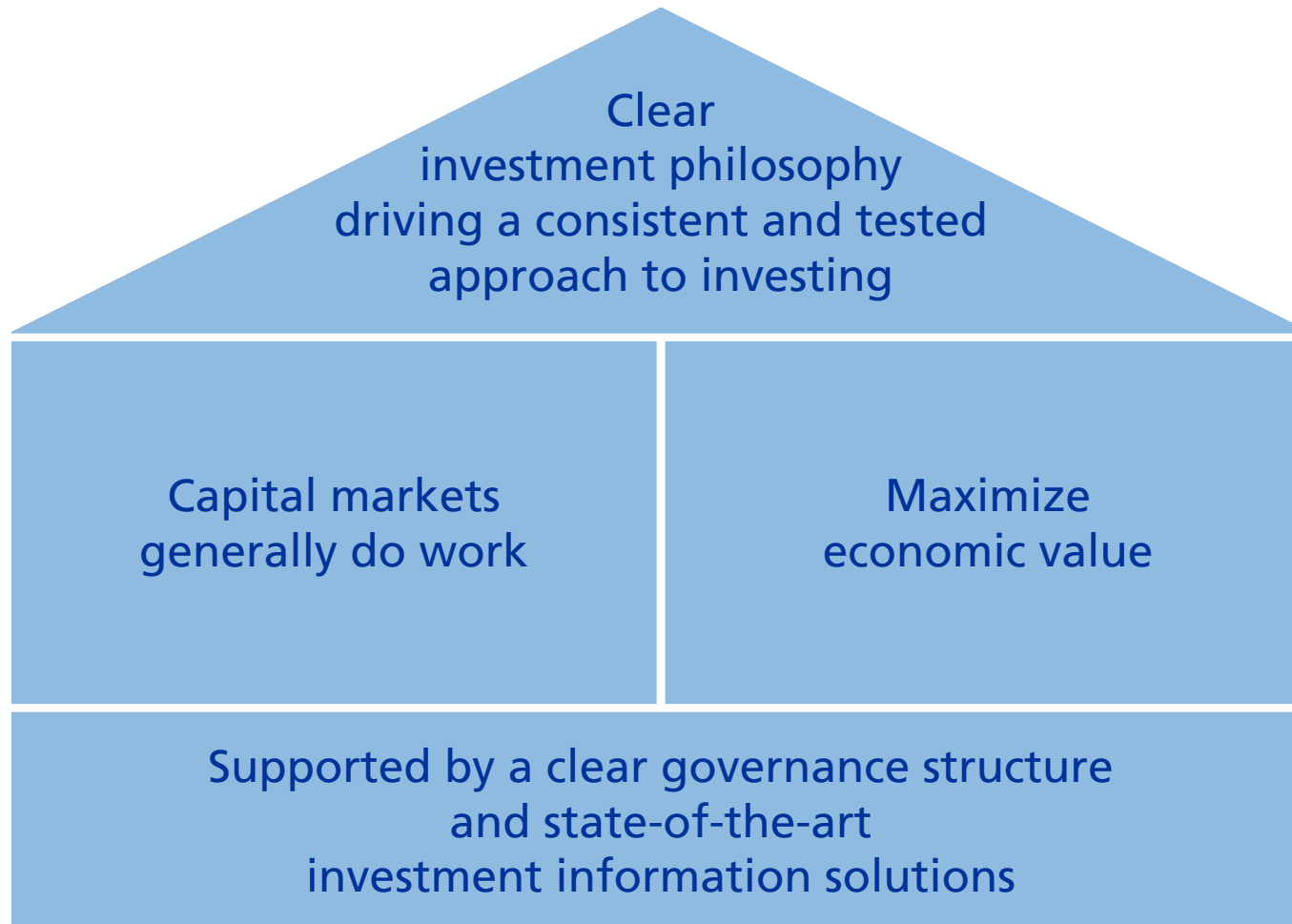


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Using a systematic approach is the basis for success



We believe that capital markets generally do work

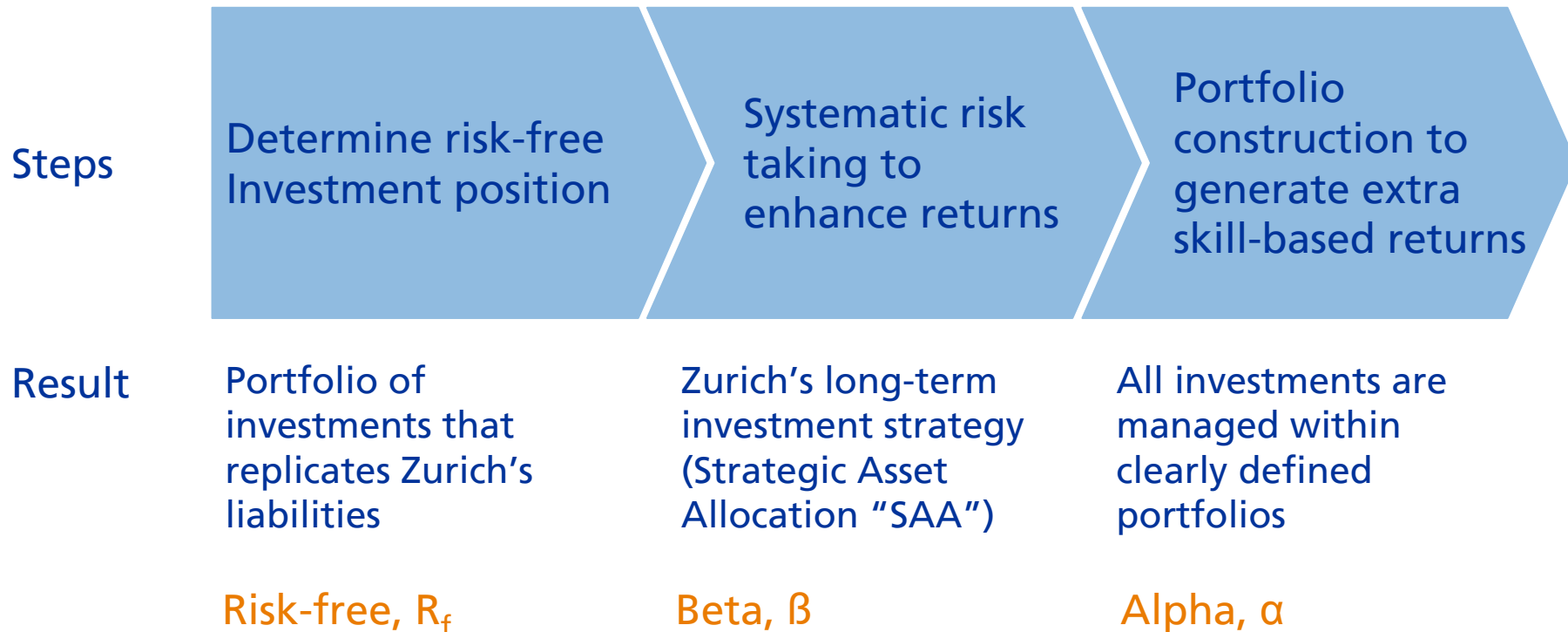


- We have realistic return expectations
- Have a realistic view of skills
- Only take risks that provide commensurate returns
- Differentiate between 3 sources of return using our 3 step investment process

We believe that capital markets generally do work



Zurich applies a disciplined and structured 3 step investment process

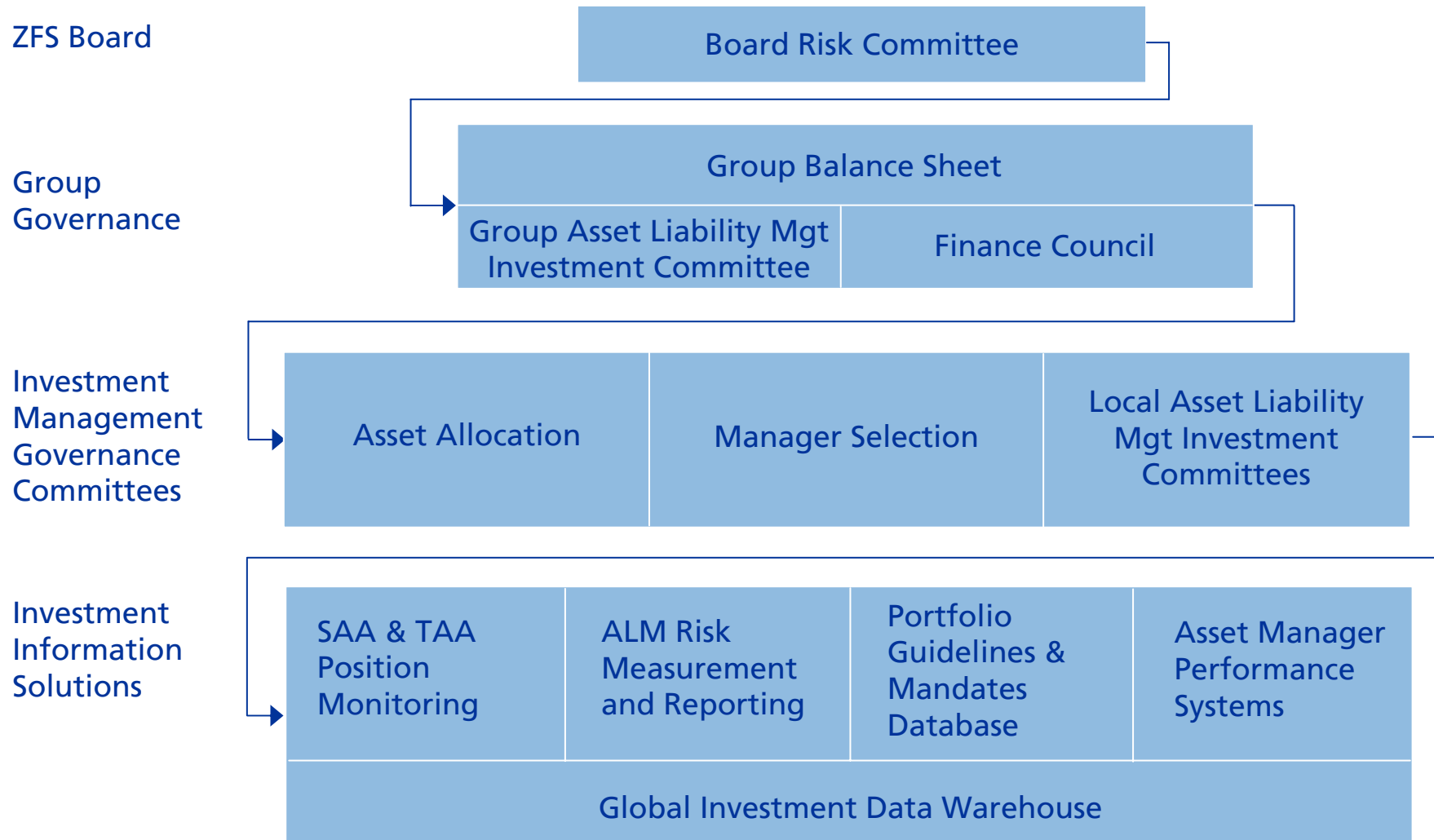


We aim to maximize economic value



- Create long term value
- Measure investment risk and returns relative to liabilities
- Consider regulatory restrictions and accounting targets
- Minimize short term trading

Zurich's Investment Management governance is based on four pillars



Information Solutions – Live Demonstration



We employ state-of-the-art investment information solutions



- Daily information on our investment exposures globally
- Detailed access to all individual positions for all investments
- Ability to aggregate bottom up our investment exposure
- Key to manage investments centrally in a global organization
- Ensure that risks are controlled, monitored and properly understood

Investment Management creates significant value

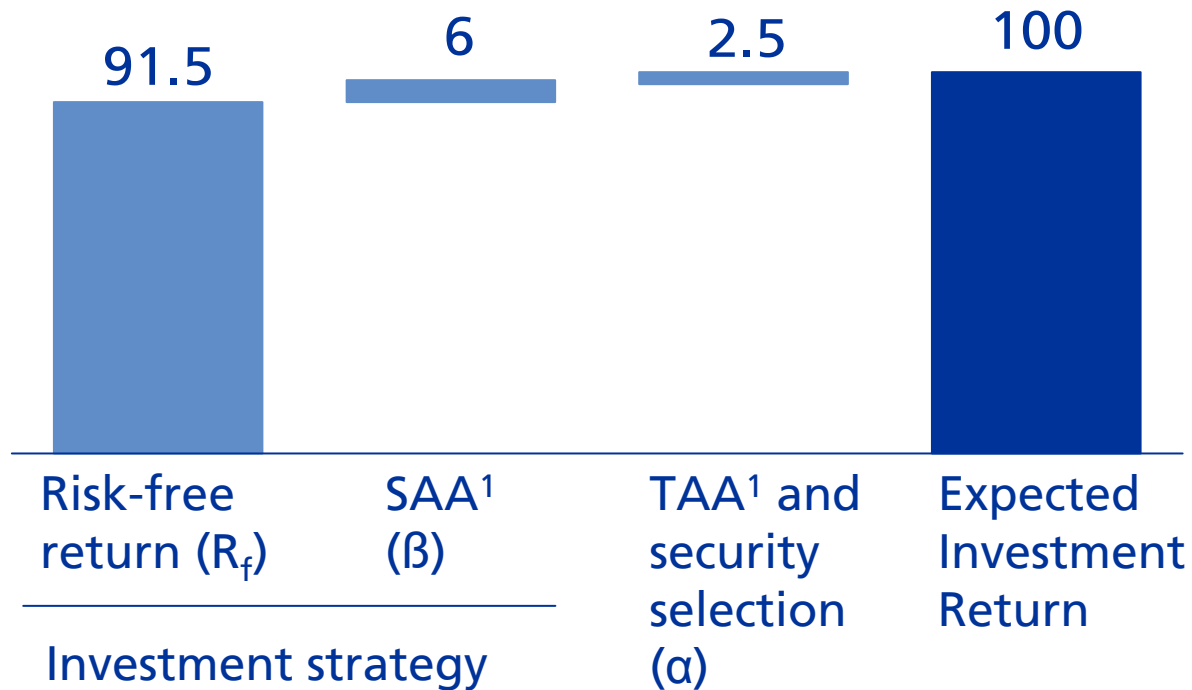


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Investment strategy determines more than 90% of the investment return

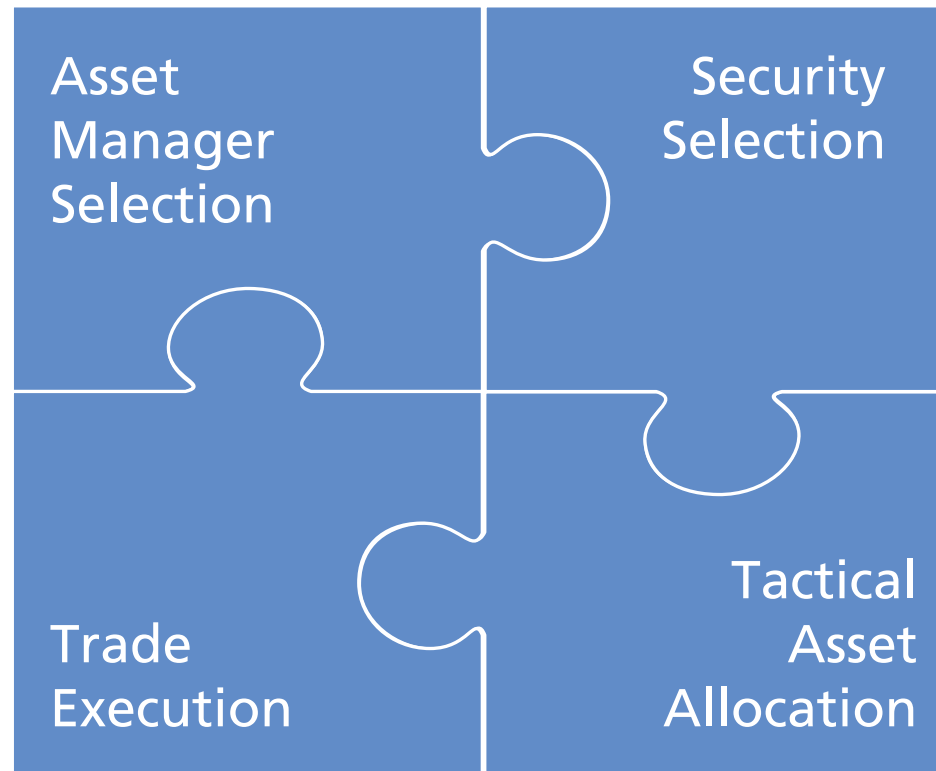


Zurich's sources of expected investment return
as of December 31, 2006, in %



¹ SAA refers to Strategic Asset Allocation and TAA refers to Tactical Asset Allocation

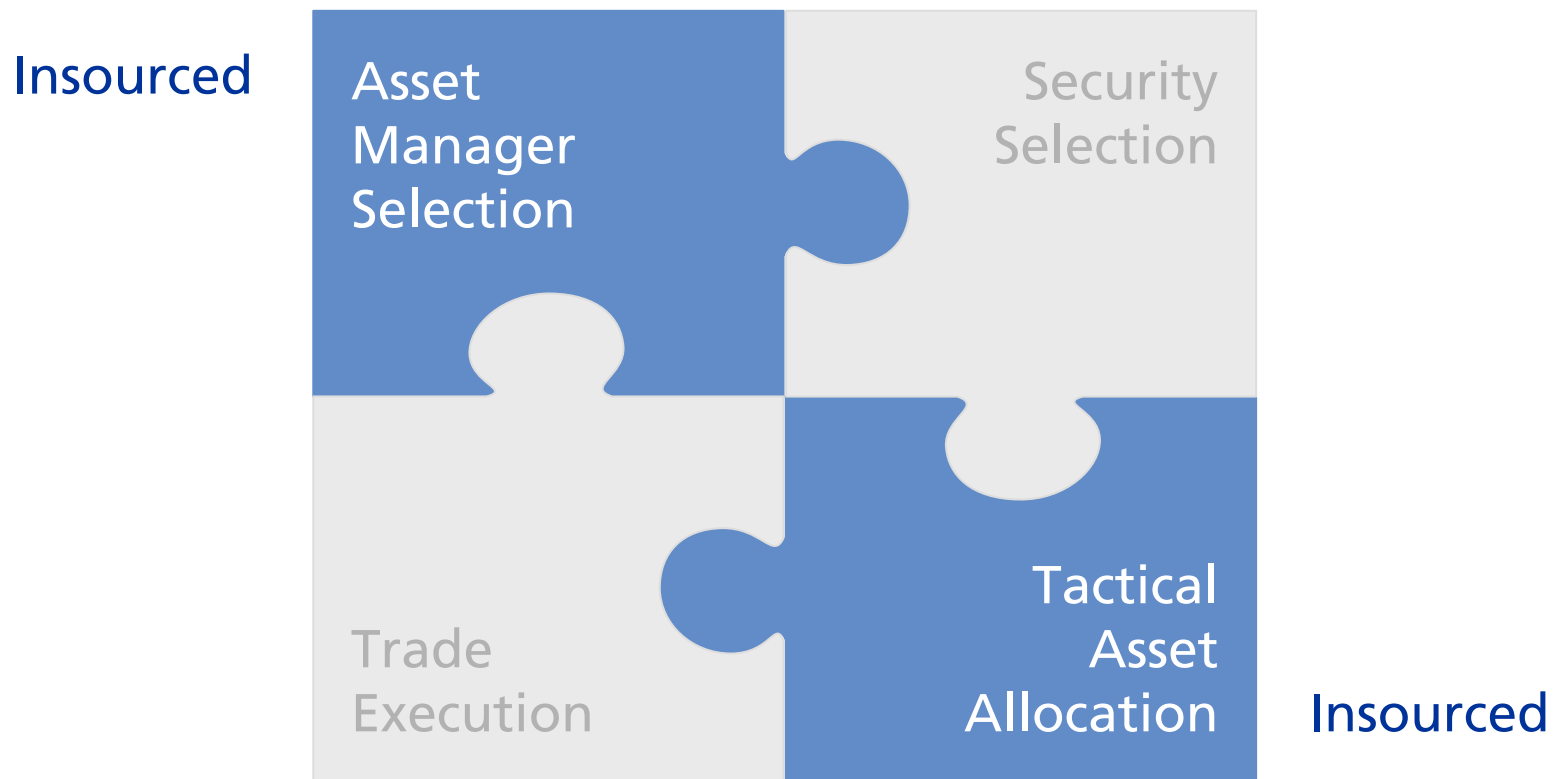
Skill-based returns are important to enhance Zurich's investment result



Skill-based returns are important to enhance Zurich's investment result



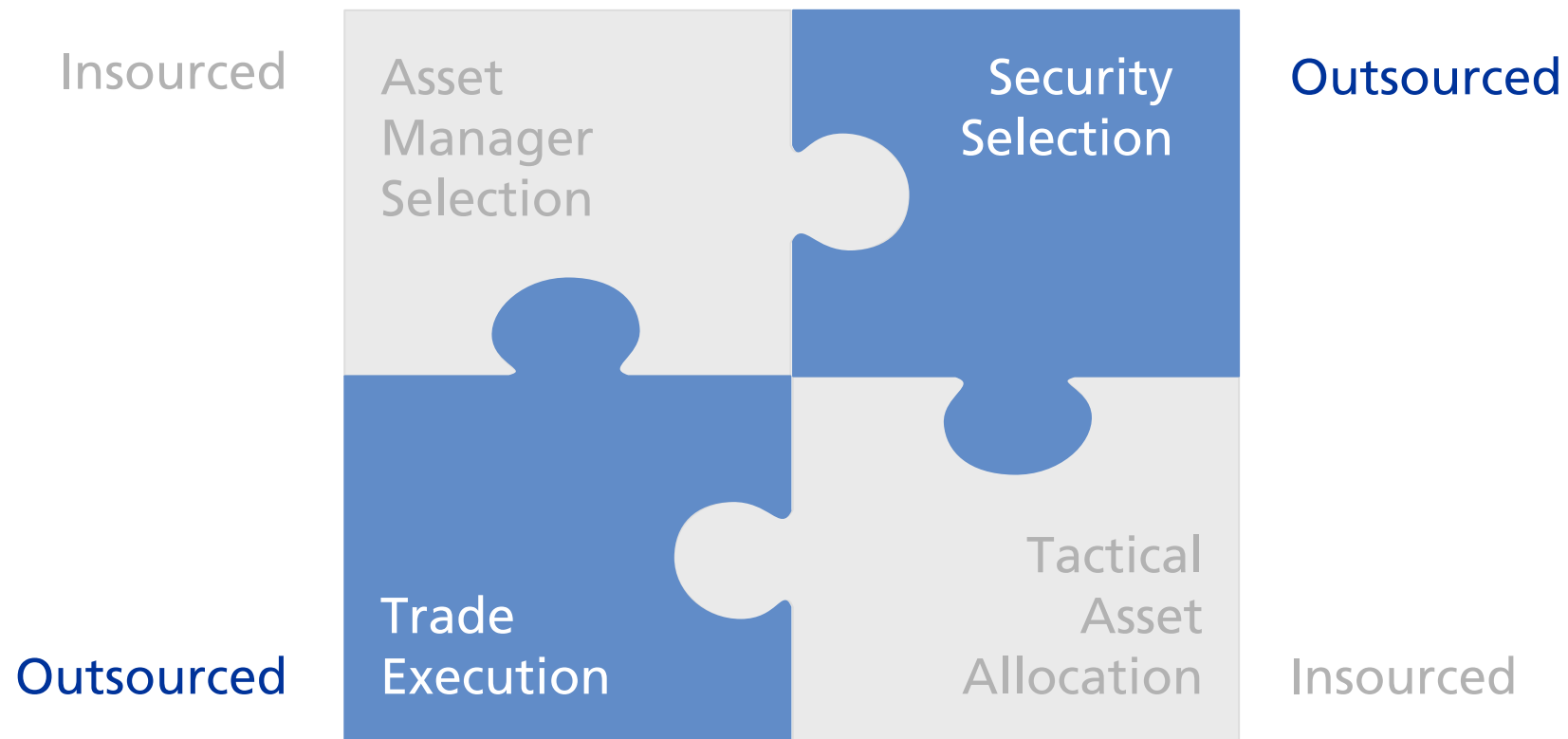
We insource asset manager selection and tactical asset allocation



Skill-based returns are important to enhance Zurich's investment result



We outsource security selection and trade execution



Outsourcing to best-of-breed asset managers gives us a competitive edge



As of September 30, 2007	Inourced	Outsourced
Fixed Income (excluding Mortgages)	18%	82%
Mortgage Loans	100%	0%
Cash & short term investments	58%	42%
Equities	21%	79%
Real Estate ¹	92%	8%
Hedge Funds / Private Equity ¹	100%	0%
Overall	32%	68%

¹ Selection of single manager funds is done internally

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Martin Senn

Chief Investment Officer

Zurich, December 6, 2007



Our structure is aligned with our strategy



We continuously improve our business strategy, investment strategy & execution



Investment Management concentrates on three key enablers



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Q&A

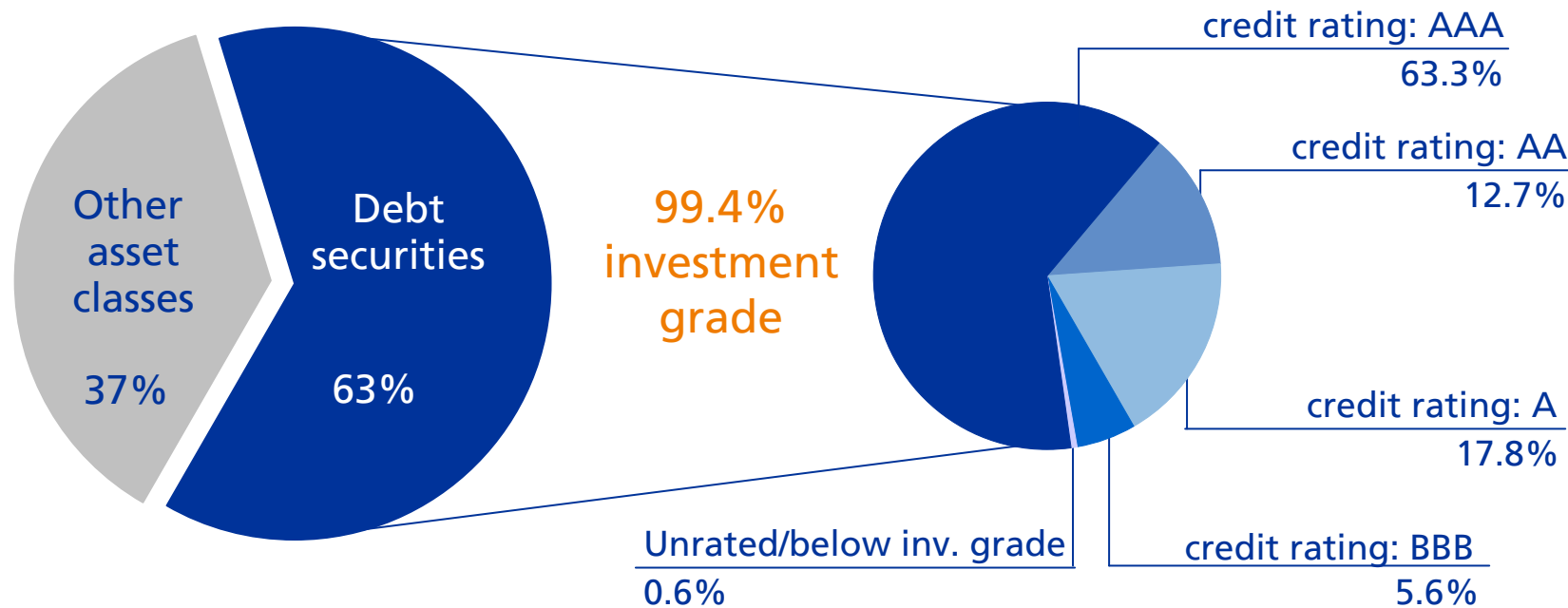
Appendix

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



Group Investments
USD 193bn

Debt securities
USD 121bn

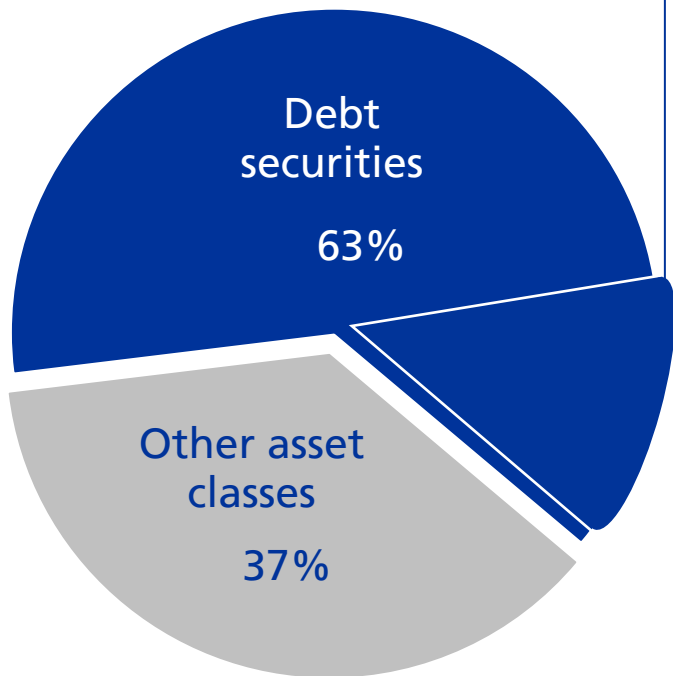


As of September 30, 2007

Group Investments – Split of total MBS/ABS of USD 27.6bn (14%)



Group Investments
USD 193bn (100%)



As of September 30, 2007

¹ US ABS in addition to the US MBS mentioned above

MBS/ABS: USD 27.6bn (14%)

- 100% inv. grade
- 94% AAA

includes:

US MBS: USD 17bn (8.8%)

- 100% inv. grade
- 99% AAA
- see further details on next slide

US ABS¹: USD 3.1bn (1.6%)

- 100% inv. grade
- 85% AAA
- e.g. Automobile and Credit Card ABS

UK MBS/ABS: USD 4.8bn (2.5%)

- 100% inv. grade
- 89% AAA
- "Whole Loan" Residential MBS of USD 2.6bn (92% AAA)
- Commercial MBS of USD 1.4bn (85% AAA)

German ABS: USD 0.5bn (0.3%)

- 100% inv. grade
- 96% AAA and AA
- mostly German MBS ("Pfandbriefe")

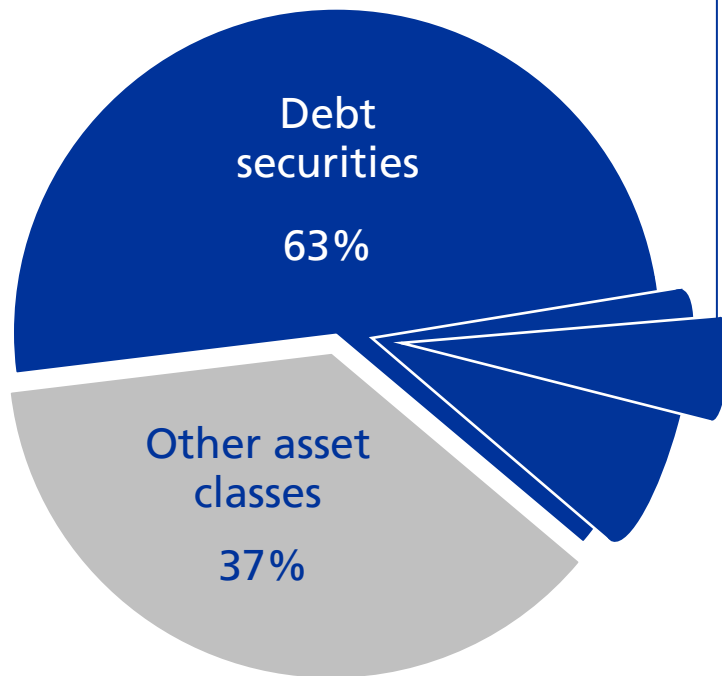
Swiss ABS: USD 0.7bn (0.4%)

- 100% AAA
- 100% Swiss MBS ("Pfandbriefe")

Group Investments – Split of US MBS of USD 17bn (8.8%)



Group Investments
USD 193bn (100%)



US-MBS: USD 17bn (8.8%)

- 100% inv. grade
- 99% AAA

of which:

US "Agency" MBS: USD 9.9bn (5.1%)

- 100% AAA
- USD 0.6bn backed by GNMA
- USD 9.3bn backed by FNMA and FHLMC

US Commercial MBS: USD 5.1bn (2.7%)

- 100% inv. grade
- 96% AAA

US "Whole Loan" Residential MBS: USD 2bn (1.0%)

- 100% inv. grade
- 99% AAA

As of September 30, 2007

Group Investments – Further details on US MBS: Commercial, Retail, Sub-prime, Alt-A



US Commercial MBS: USD 5.1bn (2.7%)	US Residential MBS: USD 2bn (1.0%)	US Alt-A: USD 602m (0.31%)	US Sub-prime: USD 317m (0.16%)
Credit rating AAA: 96% AA: 1% A: 3%	Credit rating AAA: 99% AA: 1%	Credit rating AAA: 97% AA: 2% A: 1%	Credit rating AAA: 76% AA: 11% A: 10% BBB: 3%
Vintage years • 2007: 16% • 2006: 16% • 2005: 17% • 2004: 14% • prior: 37%	Vintage years • 2007: 21% • 2006: 17% • 2005: 14% • 2004: 29% • prior: 19%	Vintage years • 2007: 0% • 2006: 32% • 2005: 41% • 2004: 15% • prior: 12%	Vintage years • 2007: 25% • 2006: 14% • 2005: 36% • 2004: 16% • prior: 9%

As of September 30, 2007