

Annual Results Reporting 2003

Key Quotes by James J. Schiro

Chief Executive Officer

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Improved earnings

The return to profitability was based on our strong emphasis on the fundamentals of underwriting and claims management as well as on tight cost and expense controls, which positioned us to benefit from the strong insurance markets.

Renewed focus

Although we sold a few small insurance businesses, we did not – nor do we intend to – retreat from our ambition to be a provider with global reach. On the contrary, in 2003 the large corporate customer segment was one of our fastest growing and most successful businesses.

Based on available data, we believe we are now the second largest insurance provider to large global corporations, serving them in 128 countries. We intend to expand on our strong position through a coordinated global approach, ensuring that customers can rely on a uniform standard of excellence in programs, underwriting and claims management.

Obviously, fine-tuning a business portfolio of Zurich's magnitude is an ongoing process. However, the bulk of divestments has been made and successfully implemented in 2003. The Group's structure now better supports our overall performance objectives.

Financial strength

The stronger balance sheet is now reflected in an improving outlook for our credit ratings, bringing us closer to the AA benchmark that remains our target. Our financial strength is probably the most decisive asset for our corporate customers in a world characterized by a heightened degree of risk awareness. That's why more and more corporations are selecting us, and we will continue to work hard to remain the partner of choice for our corporate customers.

Centre and reserve strengthening

The nature of our business calls for an ability to cope with challenges. Such challenges were posed by Centre in the course of the year, significantly affecting the result in our Other Businesses segment. But these challenges were dealt with by the end of the third quarter, and Centre contributed modestly to the Group's net income in the fourth quarter.

Our decision to strengthen reserves was made prudently and from a position of strength. It speaks for our renewed resilience that despite strengthening our reserves we managed to deliver a satisfactory net income and strong combined ratio of 97.9%. I am satisfied that the underlying performance of our General Insurance business remains strong.

Outlook

Based on the strength of first quarter renewals, we believe that price developments in general insurance will be positive in the current accident year and that we will be able to participate in and benefit from a continuing strong market.

We will monitor developments and maintain a disciplined approach in our underwriting. Our goal is to continue to make underwriting profits. Decisions about product pricing will be based on our internal standards, and Zurich will not pursue market share at the expense of future profitability.

On the basis of our lower cost structure and our global network, we are now well positioned to benefit from the economic recovery underway in the United States and in Europe and to continue to deliver profitable, sustainable growth.