



ZURICH
FINANCIAL SERVICES

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Zurich Financial Services Group

Report for the Three Months
to March 31, 2005

Financial Highlights

The following table presents the summarized consolidated results of the Group for the three months ended March 31, 2005 and 2004 and the financial position as of March 31, 2005 and as of December 31, 2004. The 2004 amounts have been restated for the implementation of new and revised accounting standards. Certain prior-year amounts have also been reclassified to conform to the 2005 presentation. Interim results are not necessarily indicative of full-year results.

Consolidated operating statements

in USD millions, for the three months ended March 31	2005	2004	Change
Gross written premiums and policy fees	13,892	14,233	(2%)
Business operating profit	1,034	874	18%
Net income attributable to shareholders	779	644	21%

Consolidated balance sheets

in USD millions, as of	03/31/05	12/31/04	Change
Total investments	273,055	276,958	(1%)
Insurance reserves, gross and liabilities related to investment policies	261,776	267,133	(2%)
Senior and subordinated debt	5,753	5,871	(2%)
Shareholders' equity	20,943	20,670	1%

General Insurance key performance indicators

for the three months ended March 31	2005	2004	Change
Business operating profit (in USD millions)	609	618	(1%)
Combined ratio	96.9%	96.6%	(0.3 pts)

Life Insurance key performance indicators

for the three months ended March 31	2005	2004	Change
Business operating profit (in USD millions)	170	194	(12%)
New business profit margin (in % of APE)	7.5%	9.8%	(2.3 pts)

Return on common stockholders' equity (ROE)

returns for the periods ended ¹	03/31/05	03/31/04	12/31/04
Return on common stockholders' equity (ROE)	16.5%	15.7%	13.4%
Business operating profit (after tax) return on common stockholders' equity	15.3%	13.9%	12.5%

Per share data

for the three months ended March 31	2005	2004	Change
Diluted earnings per share (in CHF)	6.27	5.52	14%

¹ Returns for the periods ended March 31, 2005 and 2004 are annualized on a compound basis using the results for the three months ended March 31. Returns for the period ended December 31, 2004 are for the year ended December 31, 2004. All performance measures for 2004 periods are based on financial information as restated. ROE is based on net income attributable to common stockholders.

Dear Shareholders

Our Group is off to a good start. In the first quarter 2005, net income attributable to shareholders grew 21% to USD 779 million, generating an annualized return of 16.5%, an increase of 3.1 points over the full-year return for 2004. The improved bottom line reflects both our cost vigilance and disciplined approach to underwriting, as we continue to write profitable business and make steady progress on the path of increased operational excellence. Our result was accomplished in an environment of increasingly competitive markets that held revenue growth essentially flat.

In General Insurance, we achieved gross written premiums of USD 10.2 billion, an increase of 2.3%. As the competition in a number of lines and markets increases, we are responding by underwriting more selectively. Adjusted for exchange rate movements, gross written premiums grew about 3% in the Global Corporate division. Premium volume was flat in the Europe General Insurance division and it decreased 3% in North America Commercial. The positive underwriting result reflects our focus on more rigorous underwriting, with the impact

of insurance losses constrained by more stringent terms and conditions that were introduced in recent years.

Insurance is fundamentally a promise to pay for future claims. The promise must be based on financial strength, which is a result of the quality of past and current underwriting. That is why price is not the only factor affecting the relationship with our customers, particularly in the Global Corporate market. But discipline is key, and we are working hard to continuously improve underwriting rigor. Within the Zurich Way we are implementing a global governance structure with significantly enhanced underwriting controls and improved pricing expertise. Our principles are clear. Where rates do not meet our targets, we will write less business or withdraw from that market entirely. While our preference is for growth, we are uncompromising about our commitment to underwriting profitability, and we are rewarding the performance of our underwriters on their ability to deliver on this goal.

Our ability to constrain costs and pursue disciplined underwriting resulted in a virtually unchanged combined ratio

of 96.9%. In addition to the impact of large claims, the ratio also reflects our more conservative approach to reserving developed and implemented by the end of 2004. The strong reserve actions taken in the fourth quarter have laid a solid foundation, and current year developments are in line with our expectations.

The turnaround of our Life Insurance segment is making progress. The annual premium equivalent increased a strong 11.3% to USD 572 million. But 2005 will continue to be a transition year characterized by our work to further improve the segment's profitability. In the UK, we have separated manufacturing from distribution, and Openwork, our new multi-tied distribution platform, will become operative in June. The new business profit margin decreased to 7.5%, mainly as result of expenses related to the strategic repositioning of the UK Life businesses. Together with a charge related to the revaluation of life insurance liabilities in the UK, this accounts for the decline in the Global Life Insurance business operating profit. But the underlying new business profitability in the UK has improved and its balance sheet is now showing an even lower risk profile.

Generally, our strategy for the Life Insurance businesses is building on an increased focus on unit-linked products in response to regulatory constraints and low investment yields. Today, we are leading the unit-linked product segments in the number one or two positions in Spain, Germany, and the United Kingdom. We are also successfully cultivating different distribution channels. In Italy, for example, our sales force accounts for 5% of all business written by tied agents. In Ireland and the UK, we are making headway with Independent Financial Advisers, whereas distribution in Germany, Spain and Italy continues to benefit from the exclusive access to the Deutsche Bank distribution network.

We are pleased to see a continued strong performance in the Farmers Exchanges, which we manage but do not own. A record quarter at the Exchanges, benefiting from a benign loss experience, laid the foundation for more than 7% growth in business operating profit in Farmers Management Services. We are also pleased to note that the Exchanges reported surplus growth of USD 184 million. This brought their surplus growth after five quarters to USD 646 million, compared

with their target of USD 1 billion for the three years ending in 2006.

In April, we announced the sale of the Universal Underwriters Group to private investors in the United States. This unit is a specialized provider of insurance and financial services for the American automotive aftermarket. Although quite successful in an attractive niche, we concluded that its business model was no longer in line with the unified brand approach to our commercial businesses in North America.

Our Group and its subsidiaries are involved in a number of industry-wide regulatory investigations with respect to certain business practices involving insurance brokers and insurers, the purchase and sale of “non-traditional” products, certain reinsurance transactions engaged in by the Group and its subsidiaries, and other matters. Various Group subsidiaries are also involved in class action litigation brought by private parties arising out of matters that are the subject of the investigations regarding business practices involving insurance brokers and insurance customers and the divestiture of businesses. We intend to defend such

actions vigorously. As disclosed in the 2004 Annual Report, we proactively performed internal reviews, strengthened our processes and controls and took remedial actions, where appropriate. We also continue to cooperate with investigative and regulatory inquiries.

The industry-wide investigations are a reminder that we should always be prepared to look at our business models and improve on them. Our goal is to serve the customer first, and our actions must be guided by our compliance with law and regulations. There is no trade-off between acting lawfully and business success. We may compete vigorously; but we must always be fair and lawful. This is the only way to conduct a business that is as dependent on the trust of our customers as on our ability to provide value to the market.

In May, we briefed investors on our reporting changes resulting from the adoption of new and revised International Financial Reporting Standards (IFRS). The changes are in line with our commitment to transparent accounting principles based on broadly accepted global standards. They do not affect the underlying

economics of transactions as reported in the past, and the regulatory capital position of our legal entities remains unchanged.

The Annual General Meeting of shareholders in April was the last under the chairmanship of Lodewijk van Wachem. Three years ago, he stepped in at a critical juncture in Zurich's history and as Chairman of the Board has since overseen an exciting transformation. In his 12 years on the Board of Directors, Lodewijk van Wachem has always put Zurich's interest first. We would like to thank him for his distinguished service

to the Group and extend our best wishes for his active retirement.

We would also like to thank our employees for their hard work. Our performance would have been impossible without their effort and we count on their continued support. Finally, our thanks go to our shareholders and customers for the loyalty rendered to our Group. Your trust is carrying us forward. We will continue to work hard to provide reliable returns for shareholders, rewarding opportunities for our employees and the highest degree of customer satisfaction.



Manfred Gentz
Chairman of the Board



James J. Schiro
Chief Executive Officer

Group Financial Review

Group Highlights

Zurich Financial Services Group (the Group) recorded net income attributable to shareholders of USD 779 million in the first three months of 2005, an increase of 21% over the restated amount for the same period in 2004, generating an annualized return on common stockholders' equity (ROE) of 16.5%. Business operating profit improved by 18% to USD 1,034 million. This result was achieved in increasingly competitive markets, which resulted in essentially flat premium growth and it underpins the success of our actions taken in 2004 to improve our core processes and underwriting discipline and to strengthen our balance sheet.

The industry's challenging market environment is characterized by declining rates in some general insurance markets, continued low investment returns, ongoing claims inflation, and heightened regulatory scrutiny in a litigious climate.

General Insurance continued to deliver strong results in 2005 benefiting from its diversification. This performance was particularly evident in Europe and North America Commercial. Life Insurance showed positive development and improved underlying performance in all operations except for the UK. Farmers Management Services continued to deliver growth in fee income and increased business operating profit benefiting from the further growth of gross earned premiums in the Farmers Exchanges. Other Businesses contributed strong results following the management actions taken in 2004 and 2003.

Diluted earnings per share for the first three months of 2005 rose 14% to CHF 6.27 compared with CHF 5.52 for the same period in 2004. ROE of 16.5% increased by 3.1 percentage points over the full-year return for 2004. Our after-tax business operating profit return on common stockholders' equity was 15.3%, an increase of 2.8 percentage points compared with the return for the full year 2004.

Amounts for 2004 in this Group Financial Review have been restated for the implementation of several new and revised accounting standards within the International Financial Reporting Standards (IFRS) framework, which became effective January 1, 2005. Details are set out in the section "Basis of Current and Future Presentation and Comparability." All tables within this review have been restated for these changes.

Performance highlights

in USD millions, for the three months ended March 31	2005	2004	Change
Gross written premiums and policy fees	13,892	14,233	(2%)
Net investment income	2,406	1,996	21%
Net capital gains on investments and impairments	1,195	1,183	1%
Business operating profit	1,034	874	18%
Net income before incomes taxes	1,293	996	30%
Net income attributable to shareholders	779	644	21%
General Insurance combined ratio	96.9%	96.6%	(0.3 pts)
Life Insurance new business profit margin (as % of APE)	7.5%	9.8%	(2.3 pts)
Diluted earnings per share (in CHF)	6.27	5.52	14%
returns for the period ended ¹	03/31/05	03/31/04	12/31/04
Return on common stockholders' equity (ROE) ¹	16.5%	15.7%	13.4%
Business operating profit (after tax) return on common stockholders' equity ¹	15.3%	13.9%	12.5%

¹ Returns for the periods ended March 31, 2005 and 2004 are annualized on a compound basis using the results for the three months ended March 31. Returns for the period ended December 31, 2004 are for the year ended December 31, 2004. All performance measures for 2004 periods are based on financial information as restated. ROE is based on net income attributable to common stockholders.

Interim results are not necessarily indicative of full-year results.

Performance Overview

Gross written premiums and policy fees of USD 13.9 billion in the first quarter 2005 declined by 2%, while in local currency there was a decrease of 5%. In General Insurance, premiums rose 2% but remained level after adjusting for the effects of exchange rate movements. Premiums in Life Insurance increased slightly by 1% after adjusting for the effects of the redesign of the group pension business model in Switzerland, the sale of certain life operations and the effects of exchange rate movements.

Business operating profit increased by USD 160 million, or 18%, in the first three months of 2005 to USD 1.0 billion. The business performance was driven by the continued profitability of our General and Life Insurance segments, increased profit contribution from the Farmers Management Services and improvements in Other Businesses.

- **General Insurance** remains an attractive and profitable business recording a business operating profit of USD 609 million. The strong underwriting performance in Europe and in North America Commercial was offset by Global Corporate and International Businesses as a result of large individual claims from Global Corporate customers in the US and the UK, weather related losses in the UK and large losses in Australia.

- **Life Insurance** business operating profit decreased by USD 24 million to USD 170 million. All our key life businesses recorded improved results except the UK. The improved performance in the rest of the segment reflects the successful distribution of profitable products, increased investment income as well as reduced operating expenses, particularly in continental Europe. In the UK, there was a negative impact resulting from the updating of assumptions used to determine the carrying value of certain policyholder benefit amounts. In addition, in line with our strategy to reposition our UK life business, its profitability in the first quarter of 2005 declined as a result of transitional measures.
- **Farmers Management Services** increased business operating profit by USD 21 million, or 7%, to USD 306 million, which was mainly due to the growth in management fee income driven by the premium growth of the Farmers Exchanges.
- **Other Businesses** recorded business operating profit of USD 124 million, an improvement of USD 178 million compared to the business operating loss of USD 54 million in the first quarter of 2004. All operations contributed to this positive result following the management actions taken in 2004 and 2003.
- **Corporate Functions**, which support the Group through funding and governance oversight, improved its investment performance and reduced its net costs. Business operating loss increased by USD 6 million to USD 175 million because the 2004 result included a one-off benefit from a reduction of reinsurance reserves.
- **Net investment income from Group investments** was USD 1.9 billion, an increase of 12% over the same period of 2004, contributing to the business operating profit of each segment. This net investment income excludes income earned for unit-linked products of USD 0.5 billion for which the investments are managed on behalf of and at the risk of policyholders.
- **Business operating profit (after tax) return on common stockholders' equity** improved by 2.8 percentage points to 15.3% (annualized) in the first three months 2005, compared with 12.5% for the full year 2004.

Net income attributable to shareholders improved by USD 135 million, or 21%, to USD 779 million in the first three months of 2005 compared to USD 644 million in the same period of 2004. In addition to the factors mentioned for business operating profit, net income was affected by the following:

- **Net capital gains on investments and impairments of Group investments** increased by USD 30 million to USD 277 million. This gain, which is substantially distributed to policyholders, primarily results from the realization of gains in the portfolio.
- The Group's **effective income tax rate** increased by 4.3 percentage points to 38.1%. The effective tax rate includes the impact of income tax expenses attributable to policyholders. The effective tax rate on net income attributable to shareholders was 30.0% compared with 34.2% for the first three months of 2004.

Our **return on common stockholders' equity (ROE)** improved by 3.1 percentage points to 16.5% (annualized) for the first three months of 2005 compared with a return of 13.4% for the full year 2004.

Diluted earnings per share, reflecting the increase in net income, improved by 14% to CHF 6.27 in the first three months of 2005 compared with CHF 5.52 in the same period 2004.

Balance sheet highlights

in USD millions, as of	03/31/05	12/31/04	Change
Group investments	187,210	191,260	(2%)
Investments for unit-linked products	85,845	85,698	0%
Total investments	273,055	276,958	(1%)
Gross insurance reserves, excluding unit-linked products	171,067	176,239	(3%)
Gross reserves for unit-linked products	52,478	50,848	3%
Total gross insurance reserves	223,545	227,087	(2%)
Liabilities related to investment policies	38,231	40,046	(5%)
Total financial debt and shareholders' equity	26,696	26,541	1%

Following the announcement of the divestment of Universal Underwriters Group (UUG), assets and liabilities relating to the business have been segregated as assets and liabilities held for sale which are included in other assets and other liabilities, respectively.

- **Total investments** decreased by USD 3.9 billion during the first three months of 2005, of which the effect of UUG was USD 0.9 billion, and the remainder was mainly due to foreign currency translation effects partially offset by investments from positive operating cash flows.
- Since the year-end 2004 **gross insurance reserves** excluding unit-linked products decreased by USD 5.2 billion, driven by the effect of UUG (USD 2.5 billion) and foreign currency translation effects offset by increased unearned premium reserves in General Insurance, reflecting the high level of renewals in the first quarter of 2005.
- **Total financial debt and shareholders' equity** increased by USD 155 million to USD 26.7 billion. USD 273 million arose from the increase in shareholders' equity mainly as a result of our profit in the quarter, which was partially offset by the change in net unrealized gains on investments not recognized in the operating statement and unfavorable currency translation effects.

Segmental Highlights

Financial reporting

Primary reporting segments:

The Group's primary reporting segments are General Insurance, Life Insurance, Farmers Management Services, Other Businesses and Corporate Functions. However, to be consistent with our management structure, the following transfers have been made to 2005 financial reporting.

- Farmers Re business from General Insurance to Other Businesses
- Group Reinsurance business relating to certain European run-off operations from Corporate Functions to Other Businesses
- Certain investments of Farmers New World Life from Life Insurance to Farmers Management Services
- Various group reinsurance businesses from Corporate Functions to Other Businesses or General Insurance

The 2004 results have been restated to reflect the same changes.

Secondary reporting segments:

The Group's secondary format for segment information is geographic. These segments are North America, Europe, International Businesses and Centrally Managed Businesses. For Europe and International Businesses, additional geographical breakdowns are provided.

General Insurance business divisions:

For General Insurance reporting we are providing a further analysis in accordance with our business division structure; namely Global Corporate, North America Commercial, Europe General Insurance, International Businesses and Centrally Managed Businesses.

The first three month segment results, including the analysis by General Insurance business division, are provided as part of the Financial Supplement which is published on our Web site www.zurich.com. For half year 2005 General Insurance reporting, our segmental financial analysis will include information on these business divisions.

Business operating profit and net income before income taxes by segment	Business operating profit		Net income before income taxes	
	2005	2004	2005	2004
in USD millions, for the three months ended March 31				
General Insurance	609	618	647	657
Life Insurance	170	194	359	264
Farmers Management Services	306	285	306	295
Other Businesses	124	(54)	154	(38)
Corporate Functions	(175)	(169)	(173)	(182)
Total	1,034	874	1,293	996

General Insurance

In the first three months of 2005 the segment recorded **gross written premiums and policy fees** of USD 10.2 billion, an increase of 2% over the same period in the previous year. The underlying trend was a slight decrease of 1% after adjusting for exchange rate movements. While we continue to seek opportunities for growth, we are uncompromising about our commitment to profitability and we continue to decline business where our technical price targets are not met. Even in the competitive environment seen in North America and in International Businesses, we can still write profitable business and the general insurance market remains attractive.

Net earned premiums grew by 5% (3% in local currency) to USD 6.8 billion, reflecting the flow-through of higher priced business written in prior periods and less business ceded to reinsurers.

Net underwriting result and combined ratio by General Insurance business division for the three months ended March 31	Net underwriting result in USD millions		Combined ratio in %	
	2005	2004	2005	2004
Global Corporate	57	137	95.0%	87.5%
North America Commercial	76	13	96.5%	99.4%
Europe General Insurance	120	62	96.0%	97.8%
International Businesses	4	29	99.2%	94.0%
Centrally Managed Businesses	(52)	(26)	nm	nm
Total¹	211	218	96.9%	96.6%

¹ Including intersegment eliminations.

Net underwriting result decreased by 3% to USD 211 million for the first three months of 2005, compared with USD 218 million in 2004. This lower underwriting result is reflected in the 0.3 percentage point increase in the combined ratio to 96.9% in 2005 compared with 96.6% in the same period of 2004. The strong underwriting performance in Europe and in North America Commercial was offset by Global Corporate and International Businesses as a result of large individual claims from Global Corporate customers in the US and the UK, and large losses in Australia. The significant increase in the underwriting result in Europe was achieved despite weather related losses in the UK.

The reduced underwriting result is reflected in **business operating profit** which decreased by USD 9 million to USD 609 million for the first three months of 2005 compared to the same period in 2004.

Net income before income taxes declined by USD 10 million to USD 647 million during the first three months of 2005. Besides the factors driving the business operating profit, net income before income taxes was impacted by lower net capital gains on investments partially offset by lower losses on divestments of businesses.

Life Insurance

Gross written premiums and policy fees decreased in total by 4% to USD 2.8 billion in the first three months of 2005 and declined in local currency terms by 8%. After eliminating the effects of the redesign of the group pension business model in Switzerland, the sale of certain life operations and the effects of exchange rate movements, premiums increased by 1%. Farmers New World Life recorded an increase of 9% to USD 147 million due to higher sales of protection products and in the UK, premiums increased by 18% to USD 437 million. On the other hand, there was a decrease in International Businesses of 19% to USD 125 million resulting from the divestment of certain life portfolios mostly during the second half of 2004. In Europe, premiums declined by 4%, primarily due to the redesign of the group pension business model in Switzerland where premiums fell by 15% to USD 940 million.

Insurance deposits were USD 2.1 billion in the first three months of 2005, an increase of USD 47 million or 2% (-1% in local currency). This positive development was primarily the result of the successful launch of a new product in Spain, contributing USD 124 million. However, in the UK insurance deposits declined by 9% to USD 1.2 billion.

Business operating profit was USD 170 million in the first three months of 2005 as compared with USD 194 million for the same period in the prior year. The underlying result in all key life operations improved except for the UK. Excluding the UK, business operating profit for the first quarter of 2005 was USD 180 million as compared to USD 119 million in 2004. Our UK operations had a business operating loss of USD 10 million in the first three months of 2005 compared with a business operating profit of USD 75 million in the same period of 2004. The variance is due to a change in assumptions used to determine carrying amounts of policyholder benefits related to certain annuity portfolios, as well as costs associated with our UK repositioning strategy. The performance of the UK was partially offset by the improvements in Farmers New World Life and the rest of Europe. In particular, our operation in Germany benefited from the expense reduction projects started in 2004, and in Switzerland, the effects of the redesign of the group pension business model were significant contributors.

Net income before income taxes increased by 36% to USD 359 million. However, after adjusting for income tax expenses attributable to policyholders, which increased by USD 156 million, it decreased by 22% to USD 211 million for the first three months of 2005 compared with USD 271 million in the same period of 2004.

Embedded value for the three months ended March 31	Gross new business annual premiums equivalent (APE) in USD millions		New business profit, after tax in USD millions		New business profit margin, after tax as % of APE	
	2005	2004	2005	2004	2005	2004
Farmers New World Life	25	25	13	17	50.3%	67.8%
Europe	502	447	29	35	5.8%	7.9%
International Businesses	45	42	1	(2)	2.5%	(4.4%)
Total	572	514	43	50	7.5%	9.8%

The new business result developed positively across Europe except in the UK, which was adversely impacted by the transitional measures, and which reported an APE of USD 212 million and a new business loss after tax of USD 9 million for the three months ended March 31, 2005, compared with an APE of USD 214 million and a new business profit of USD 15 million, respectively, for the same period in 2004.

Gross new business premiums, measured on an annual equivalent (APE) basis (new annual premiums plus 10% of single premiums), show an increase of USD 58 million or 11% (4% in local currency) over the same period of 2004. This reflects higher volumes in Europe due to successful unit-linked sales in Spain and increased sales in Germany.

The **new business profit after tax** decreased by USD 7 million for the three months ended March 31, 2005, to USD 43 million, and was adversely affected by the transitional measures for the strategic repositioning of our UK life business.

The **new business profit margin** reduced by 2.3 percentage points to 7.5%. This result was adversely impacted by the UK.

Farmers Management Services

Business operating profit increased by 7%, or USD 21 million to USD 306 million, and **net income before income taxes** increased in the first three months of 2005 by USD 11 million also to USD 306 million.

Farmers management fees increased by 5% to USD 508 million in the first three months of 2005 compared with USD 485 million in the same period 2004. This increase primarily resulted from fees on higher premium volumes in the Farmers Exchanges, which we manage but do not own. Costs relating to Farmers Management Services continue to be closely managed and benefited from lower amortization of intangibles.

Other Businesses

Our Other Businesses segment includes Farmers Re, our Centre operations, capital markets and banking activities, asset management and insurance run-off operations.

In the first three months of 2005, the segment improved **business operating profit** by USD 178 million to a profit of USD 124 million compared with a loss of USD 54 million in the same period of 2004. **Net income before income taxes** similarly improved by USD 192 million to a profit of USD 154 million compared with a loss of USD 38 million in 2004.

Improvements were seen in all areas of Other Businesses with the main impact arising from our Centre operations following the reserving and other management actions taken in 2004 and 2003. Centre's net income before income taxes improved by USD 96 million from a loss of USD 51 million in 2004 to a profit of USD 45 million in the first three months of 2005. Last year Centre reported a profit of USD 5 million for the first three months of 2004, which has been restated by USD 56 million mostly for the unlocking of discount rates on certain liabilities as part of the implementation of IFRS 4. In 2005 changes in the fair value of investments relating to these liabilities have been substantially matched by movements in the fair value of the liabilities.

Corporate Functions

Corporate Functions includes Group holding companies, central expenses and financing entities.

In the first three months of 2005 **business operating profit** for Corporate Functions decreased by USD 6 million over the comparable period in 2004 to a net loss of USD 175 million from a net loss of USD 169 million. Lower net capital losses on investments and impairments in the first three months of 2005 improved the **net loss before income taxes** by USD 9 million to USD 173 million.

Total revenues for the first quarter of 2005 increased to USD 313 million from USD 152 million in 2004 mainly because of improvements in the total investment result and because of increased recharges of internal costs to other business segments. **Total costs and expenses** were also higher at USD 486 million compared with USD 334 million in the first three months of 2004. This has arisen because more costs, both for services used by the businesses and for projects managed centrally, are expensed initially in Corporate Functions before being recharged to the businesses. The 2004 Corporate Functions result also benefited from a decrease in reserves relating to a reinsurance treaty.

Foreign Currency Impact

The Group operates worldwide in multiple currencies. The Group seeks to match its foreign exchange exposures on an economic basis. However, because the Group has chosen the United States dollar as its presentation currency, differences arise when local operating currencies are translated into the Group's presentation currency. The general appreciation of the US dollar against the Swiss franc, the euro and British pound in the three months ended March 31, 2005, had a negative impact on shareholders' equity of USD 250 million. Net income attributable to shareholders for the three months ended March 31, 2005, was positively impacted from these translation effects by USD 22 million.

The tables below show the foreign currency impact on our General and Life Insurance segments for the three months ended March 31, 2005. Farmers Management Services and Other Businesses are mainly denominated in US dollars. The principal exchange rates are set out in the financial supplements.

Foreign currency impact – General Insurance	% change in local currency	Foreign currency impact	% change in USD
Variance over the prior period, for the three months ended March 31, 2005			
Gross written premiums and policy fees	(1%)	3%	2%
Net investment income	17%	3%	20%
Net capital gains/(losses) on investments and impairments	(48%)	2%	(46%)
Insurance benefits and losses, net of reinsurance	(3%)	(3%)	(6%)

Foreign currency impact – Life Insurance	% change in local currency	Foreign currency impact	% change in USD
Variance over the prior period, for the three months ended March 31, 2005			
Gross written premiums, policy fees and insurance deposits	(5%)	3%	(2%)
Insurance deposits	(1%)	3%	2%
Gross written premiums and policy fees	(8%)	4%	(4%)
Net investment income	4%	3%	7%
Net capital gains/(losses) on investments and impairments	49%	6%	55%
Insurance benefits and losses, net of reinsurance	22%	(4%)	18%

Investment Performance

Total investments as shown in the consolidated balance sheet include Group investments, where the Group bears all or part of the investment risk, and investments for unit-linked products, where policyholders bear the entire investment risk. Investments for unit-linked products include investments held for liabilities related to insurance and investment policies except such investment policies with discretionary participation features where the investments are managed as part of Group investments. The related investment result has also been reclassified.

Net investment result and investments in USD millions, for the three months ended March 31	Group investments		Investments for unit-linked products		Total	
	2005	2004	2005	2004	2005	2004
Net investment income	1,913	1,709	493	287	2,406	1,996
Net capital gains on investments and impairments	277	247	918	936	1,195	1,183
Net investment result	2,190	1,956	1,411	1,223	3,601	3,179
as of	03/31/05	12/31/04	03/31/05	12/31/04	03/31/05	12/31/04
Investments	187,210	191,260	85,845	85,698	273,055	276,958

We manage our diversified Group investment portfolio to optimize benefits for both shareholders and policyholders while ensuring compliance with local regulatory and business requirements under the guidance of our Asset/Liability Management and Investment Committee. Investments for unit-linked products, whether classified as insurance or investment policies, are managed in accordance with the investment objectives of each unit-linked fund.

Investment performance of Group investments

in USD millions, for the three months ended March 31	2005	2004	Change
Net investment income	1,913	1,709	12%
Net capital gains on investments and impairments	277	247	12%
Net investment result	2,190	1,956	12%
Movements in unrealized gains/(losses) on investments included in shareholders' equity	(723)	1,295	nm
Average investments	189,235	175,811	8%
Total return ¹	0.8%	1.9%	(1.1 pts)

¹ Before investment expenses.

Net investment income for Group investments increased by 12% to USD 1.9 billion from USD 1.7 billion. This improvement was driven by higher short-term interest rates in the US and UK.

Net capital gains on investments and impairments for Group investments increased to USD 277 million in the first three months of 2005 compared with USD 247 million in the same period of 2004. This gain, which is substantially distributed to life policyholders, primarily results from the realization of gains in the portfolio.

The **total investment return** for Group investments in the first three months 2005 was 0.8% compared with 1.9% in the same period of 2004. This return includes investment income, net capital gains on investments in the consolidated operating statement and movements in unrealized gains recorded in shareholders' equity. The total investment result after investment expenses for the first three months of 2005 was USD 1.5 billion compared with USD 3.3 billion in the same period of 2004. This primarily resulted from a higher interest environment particularly in the US and UK which resulted in unrealized capital losses on bonds charged to shareholders' equity in the first quarter 2005, whereas the interest rate environment in the first quarter 2004 was still at a lower level.

A breakdown of total investments into Group investments and investments for unit-linked products is provided in our Financial Supplement to the Results Reporting for the Three Months to March 31, 2005 on our Web site www.zurich.com.

Transactions

In the three months ended March 31, 2005, the Group completed the sale of its interest in Zurich National Life Assurance Company Limited in Thailand to National Finance Public Company Limited and the acquisition of the life business portfolio of ING Insurance Argentina.

For the three months ended March 31, 2005, the Group recognized a net loss of USD 18 million before tax for divestments of businesses and adjustments to divestments in prior periods.

On April 4, 2005 the Group announced the sale of Universal Underwriters Group to an investor group led by Hellmann & Friedmann LLC, a private equity investment firm. The transaction is valued at approximately USD 1.1 billion and is expected to close in the third quarter of 2005, subject to regulatory approval. The assets and liabilities of Universal Underwriters Group have been categorized as held for sale as of March 31, 2005 in accordance with IFRS 5.

On April 13, 2005 the Group announced the sale of a stake of 10% of the total issued share capital of South African Eagle Insurance Company Limited (SA Eagle), a majority-owned subsidiary, to Royal Bafokeng Finance in support of Black Economic Empowerment in South Africa.

Reserves for Losses and Loss Adjustment Expenses

Development of reserves for losses and loss adjustment expenses

in USD millions	2005	2004	Change
As of January 1 (opening balance)			
Gross reserves for losses and loss adjustment expenses	57,765	51,007	13%
Reinsurers' share	(14,278)	(14,036)	2%
Net reserves for losses and loss adjustment expenses	43,487	36,971	18%
Net losses and loss adjustment expenses incurred			
Current period	5,378	5,348	1%
Prior years	10	70	(86%)
Total net losses and loss adjustment expenses incurred	5,388	5,418	(1%)
Total net losses and loss adjustment expenses paid	(4,394)	(4,330)	1%
Divestments of companies and businesses, including transfer to liabilities held for sale and discontinued operations	(1,053)	(493)	nm
Foreign currency translation effects	(773)	(147)	nm
As of March 31 (closing balance)			
Net reserves for losses and loss adjustment expenses	42,655	37,419	14%
Reinsurers' share	14,129	14,048	1%
Gross reserves for losses and loss adjustment expenses	56,784	51,467	10%

We establish reserves for losses and loss adjustment expenses for estimates of future payments of reported and unreported claims for losses and related expenses, with respect to insured events that have occurred. Reserving is a complex process dealing with uncertainty and requiring the use of informed estimates and judgments. Any changes in estimates are reflected in the results of operations in the period in which estimates are changed.

Of the total USD 42.7 billion **net reserves for losses and loss adjustment expenses** USD 38.4 billion related to General Insurance and USD 4.0 billion to Other Businesses as of March 31, 2005. In line with IFRS 5, USD 1.0 billion of net reserves for losses and loss adjustment expenses in respect of Universal Underwriters Group have been segregated and included in other assets and liabilities.

In 2004, we refined our reserving process through a program of continuous and progressive review of different lines of business. In aggregate in the first three months of 2005, we strengthened reserves because of adverse prior year development by USD 10 million compared with USD 70 million in the same period of 2004. This strengthening mainly relates to the ongoing settlement and reassessment of specific claims as they develop rather than as a consequence of any significant deterioration.

Litigations and investigations

The Group and its subsidiaries are continuously involved in legal proceedings, claims and litigation arising, for the most part, in the ordinary course of their business operations. The Group and its subsidiaries are also involved in a number of industry-wide regulatory investigations regarding certain business practices involving insurance brokers and insurance companies, the purchase and sale of "non-traditional" products, certain reinsurance transactions engaged in by the Group and its subsidiaries, and other matters. The Group has been conducting its own internal reviews with respect to these matters and is cooperating fully in these investigations. Various Group subsidiaries also are involved in class action litigation brought by private parties arising out of the matters that are the subject of the investigation regarding business practices involving insurance brokers and insurance customers, and the divestiture of businesses. Such Group subsidiaries intend to defend such actions vigorously.

Capitalization and Indebtedness

in USD millions, as of	03/31/05	12/31/04	Change
Collateralized loans	3,804	4,135	(8%)
Debt related to capital markets and banking activities	3,634	3,880	(6%)
Obligation to repurchase securities	5,390	5,009	8%
Total operational debt	12,828	13,024	(2%)
Senior debt	3,278	3,355	(2%)
Subordinated debt	2,475	2,516	(2%)
Total financial debt	5,753	5,871	(2%)
Total minority interests	773	840	(8%)
Total shareholders' equity	20,943	20,670	1%
Total financial debt and shareholders' equity	26,696	26,541	1%

Indebtedness

As of March 31, 2005 **total operational debt** was USD 12.8 billion, a decrease of USD 196 million since December 31, 2004. USD 3.8 billion of collateralized loans were secured by mortgage loans of the same amount given as collateral to counterparties compared with USD 4.1 billion as of December 31, 2004. Debt relating to capital markets and banking activities decreased by USD 246 million arising mainly from currency translation effects. Our obligation to repurchase securities increased by USD 381 million in the first three months of 2005 to USD 5.4 billion, resulting from increased short-term activities in the Repo market in the normal course of business as part of our investment and liquidity management.

The decrease in **total financial debt** of USD 118 million, or 2%, resulted primarily from currency translation effects. On March 10, 2005, the Group's Euro Medium Term Note Programme (EMTN Programme) was increased by USD 2.0 billion and now allows for the issuance of up to USD 6 billion of senior and subordinated notes. Issuing entities under the EMTN Programme

include Zurich Finance (Luxembourg) S.A., Zurich Finance (USA), Inc. and Zurich Finance (UK) p.l.c. as well as Zurich Insurance Company.

The Group has access to a syndicated revolving **credit facility** of USD 3.0 billion which was put in place in April 2004. This facility consists of two equal tranches maturing in 2007 and 2009. Zurich Group Holding, together with Zurich Insurance Company and Farmers Group, Inc. are guarantors of the facility and can draw up to USD 1.25 billion, USD 1.5 billion and USD 250 million, respectively. No borrowings were outstanding under this facility as of March 31, 2005.

Total equity in USD millions, for the three months ended March 31, 2005	Shareholders' equity	Minority interests	Total equity
Balance as of December 31, 2004, as previously reported	22,181	846	23,027
Total adjustment due to implementation of new and revised IFRS accounting standards	(1,511)	(6)	(1,517)
Balance as of December 31, 2004, restated	20,670	840	21,510
Reclassification of negative goodwill	23	–	23
Change in net unrealized gains/(losses) on investments excluding translation adjustments	(266)	(4)	(270)
Translation adjustments	(250)	(33)	(283)
Share-based payment transactions	24	–	24
Treasury stock transactions	(27)	–	(27)
Net income	779	22	801
Dividends on preferred securities	(10)	(2)	(12)
Net changes in capitalization and minority interests	–	(50)	(50)
Balance as of March 31, 2005	20,943	773	21,716

Shareholders' equity increased by USD 273 million to USD 20.9 billion as of March 31, 2005. The increase from our net income attributable to shareholders of USD 779 million for the three months ended March 31, 2005, was partially offset by unfavorable currency translation effects and the reduction in net unrealized gains on investments.

Minority interests under revised IAS 1 are included as a component of total equity, whereas previously they were presented as a separate item between liabilities and equity. The reduction in minority interests of USD 67 million, or 8%, resulted primarily from the divestiture of our life business in Thailand and currency translation effects.

Solvency

Regulated entities of the Group are required to submit returns to their local regulators, usually on an annual basis but in some countries more frequently. These returns show the compliance of the reporting entity with local solvency requirements and include information on eligible funds and admissible assets.

On a consolidated basis, Zurich Financial Services, with headquarters in Zurich, Switzerland, is subject to supervision by the Federal Office of Private Insurance ("FOPI"). Regulatory supervision of the Group for its insurance activities and its remaining banking and other regulated financial services activities, including supervision over consolidated solvency and capital adequacy at a Group level are coordinated between FOPI and the Swiss Federal Banking Commission (based on the Decree on the Consolidated Supervision of the Zurich Financial Services Group of April 23, 2001).

Cash Flows

Summary of cash flows

in USD millions, for the three months ended March 31

	2005	2004
Cash flows from operating activities		
Net income applicable to shareholders	779	644
<i>Adjustments for:</i>		
Net capital gains on investments and impairments	(1,195)	(1,183)
Net loss on divestments of businesses	18	3
Equity in income of investments in associates	(33)	(20)
Depreciation and amortization	114	172
Other non-cash items	20	12
Changes in operational assets and liabilities ¹	2,903	2,370
Net cash provided by operating activities	2,606	1,998
Net cash used in investing activities	(1,484)	(4,792)
Net cash provided by/(used by) financing activities	76	(593)
Effect of exchange rate changes on cash and cash equivalents	(454)	(56)
Change in cash and cash equivalents	744	(3,443)
Cash and cash equivalents as of January 1 ²	17,260	15,850
Cash and cash equivalents as of March 31 ²	18,004	12,407

¹ Cash flows related to trading investments are reflected in "cash flows from operating activities."

² Cash and cash equivalents have been restated as a result of the IFRS changes. These balances include the disaggregated cash which was previously included on a composite basis in "Investments held on account and at risk of life insurance policyholders."

Our cash flow from operating activities consists of cash flow arising from our insurance businesses, after payments to reinsurers (net premiums, policy fees and deposits received less net claims after recoveries from reinsurers, benefit payments, policy surrenders and operating expenses) and investment income received (dividends, interest and rents) less interest paid and tax payments. Farmers Management Services receives management fees as well as investment income and pays operating expenses and taxes.

Surplus operating cash flows, plus the proceeds from the sale and maturity of investments as well as divestments, are reinvested through our investing activities. Our investment funds may be used to fund operating cash flow deficits.

Our financing activities result from our corporate funding and borrowing arrangements, capital raising and repayment as well as payments to shareholders.

Cash and cash equivalents increased by USD 0.7 billion in the first three months of 2005 compared with a reduction of USD 3.4 billion in the same period of 2004 when surplus cash was reinvested in bond and equity markets and corporate debt was repaid. Cash flow provided by operating activities increased by USD 0.6 billion in the first three months 2005 to USD 2.6 billion from USD 2.0 billion in 2004. Transfers to investment activities and financing repayments were together USD 1.4 billion in 2005 compared with USD 5.4 billion in 2004.

Basis of Current and Future Presentation and Comparability

Effect of new and revised accounting standards in 2005

The Group has implemented several new and revised accounting standards within the International Financial Reporting Standards (IFRS) framework, which became effective January 1, 2005. The main adjustments for the Group result from the adoption of IFRS 4, which relates to the definition of insurance contracts. They primarily affect the accounting treatment of the life business with impacts on both the Group's balance sheet and operating statement.

On May 3, 2005 we presented the impact of these new and revised accounting standards. Further information, including an audio-webcast, a presentation and certain restated 2004 financial tables, can be found in the Investor Relations section of our Web site www.zurich.com.

A summary of the key changes to the Group's consolidated shareholders' equity as of December 31, 2004 as well as net income attributable to shareholders and business operating profit for the first quarter 2004 is set out below.

in USD millions	Net income attributable to shareholders for the three months ended March 31, 2004	Business operating profit for the three months ended March 31, 2004	Shareholders' equity as of December 31, 2004
As published in the Annual Report 2004	730	970	22,181
IFRS 4 adjustments	(86)	(96)	(1,528)
Other IAS/IFRS adjustments	–	–	17
Total adjustments	(86)	(96)	(1,511)
Restated	644	874	20,670

The adoption of the new and revised accounting standards does not change the Group's business fundamentals, its underlying profitability or cash flows, Life Insurance Embedded Value results or the regulatory capital position of its legal entities. The restatement largely reflects changes in the timing of profit recognition, primarily in our life business.

Financial Supplement (unaudited)¹

Financial highlights –

Operating statements by business segment for the three months ended March 31 (unaudited)

in USD millions, for the three months ended March 31

	General Insurance		Life Insurance	
	2005	2004	2005	2004
Revenues				
Direct written premiums and policy fees	9,859	9,743	2,813	2,954
Assumed written premiums	381	262	24	8
Gross written premiums and policy fees	10,240	10,005	2,837	2,962
Less premiums ceded to reinsurers	(1,452)	(1,657)	(163)	(157)
Net written premiums and policy fees	8,788	8,348	2,674	2,805
Net change in reserves for unearned premiums	(1,971)	(1,879)	–	(10)
Net earned premiums and policy fees	6,817	6,469	2,674	2,795
Farmers management fees	–	–	–	–
Net investment income	635	529	1,561	1,456
Net capital gains/(losses) on investments and impairments	47	87	1,171	757
Net gain/(loss) on divestments of businesses	(7)	(34)	(9)	37
Other income	20	91	246	225
Total revenues	7,512	7,142	5,643	5,270
Intersegment transactions	(221)	(97)	(74)	(25)
Benefits, losses and expenses				
Losses and loss adjustment expenses, net of reinsurance	4,993	4,793	19	55
Life insurance death and other benefits, net of reinsurance	19	(44)	3,464	4,427
(Decrease)/increase in future life policyholders' benefits, net of reinsurance	1	2	(1,144)	(1,628)
Insurance benefits and losses, net of reinsurance	5,013	4,751	2,339	2,854
Policyholder dividends and participation in profits, net of reinsurance	3	1	1,980	1,153
Underwriting and policy acquisition costs, net of reinsurance	1,064	937	362	433
Administrative and other operating expenses	662	679	375	342
Amortization and impairments of intangible assets	24	31	29	46
Interest expense on debt	58	46	9	9
Interest credited to policyholders and other interest	41	40	190	169
Total benefits, losses and expenses	6,865	6,485	5,284	5,006
Net income/(loss) before income taxes	647	657	359	264

Business operating profit	609	618	170	194
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¹ Certain 2004 amounts have been restated for new and revised accounting standards as discussed in this Financial Supplement. Certain reclassifications have also been made to 2004 amounts to conform to the current presentation. Interim results are not necessarily indicative of full-year results.

Farmers Management Services		Other Businesses		Corporate Functions		Eliminations		Total		
2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	
-	-	110	157	-	-	12	2	12,794	12,856	
-	-	748	1,179	35	33	(90)	(105)	1,098	1,377	
-	-	858	1,336	35	33	(78)	(103)	13,892	14,233	
-	-	(105)	(70)	(35)	(33)	78	103	(1,677)	(1,814)	
-	-	753	1,266	-	-	-	-	12,215	12,419	
-	-	85	(18)	2	3	-	-	(1,884)	(1,904)	
-	-	838	1,248	2	3	-	-	10,331	10,515	
508	485	-	-	-	-	-	-	508	485	
35	28	264	123	140	126	(229)	(266)	2,406	1,996	
-	1	(8)	378	(15)	(40)	-	-	1,195	1,183	
-	-	(2)	(6)	-	-	-	-	(18)	(3)	
-	12	52	81	186	63	(177)	(115)	327	357	
543	526	1,144	1,824	313	152	(406)	(381)	14,749	14,533	
4	(2)	23	(78)	(138)	(179)	406	381	-	-	
-	-	371	596	2	(28)	3	2	5,388	5,418	
-	-	186	177	4	2	(8)	(12)	3,665	4,550	
-	-	(11)	122	-	-	1	3	(1,153)	(1,501)	
-	-	546	895	6	(26)	(4)	(7)	7,900	8,467	
-	-	(99)	247	-	-	-	-	1,884	1,401	
-	-	356	444	(3)	-	-	-	1,779	1,814	
226	205	98	175	255	134	(175)	(111)	1,441	1,424	
11	23	1	1	2	2	-	-	67	103	
-	-	41	47	225	204	(223)	(215)	110	91	
-	3	47	53	1	20	(4)	(48)	275	237	
237	231	990	1,862	486	334	(406)	(381)	13,456	13,537	
306	295	154	(38)	(173)	(182)	-	-	1,293	996	
								Income tax expense attributable to policyholders	(148)	6
								Income tax expense attributable to shareholders	(344)	(343)
								Net income	801	659
								Net income attributable to minority interests	(22)	(15)
								Net income attributable to shareholders	779	644
306	285	124	(54)	(175)	(169)	-	-	1,034	874	

**Financial highlights – Assets and liabilities
by business segment (unaudited)**

in USD millions, as of

	General Insurance		Life Insurance	
	03/31/05	12/31/04	03/31/05	12/31/04
Assets				
Total investments	68,063	66,558	175,851	179,930
Reinsurers' share of insurance reserves	13,922	14,753	1,574	1,361
Deposits made under assumed reinsurance contracts	151	190	6	24
Deferred policy acquisition costs	2,241	2,143	8,839	8,932
Deferred origination costs	–	–	720	736
Goodwill	165	164	489	514
Other related intangible assets ¹	–	–	831	860
Other assets	15,338	14,286	10,691	11,467
Total assets after consolidation of investments in subsidiaries	99,880	98,094	199,001	203,824
Liabilities				
Liabilities related to investment policies	–	–	38,475	40,288
Reserves for losses and loss adjustment expenses, gross	50,648	52,162	120	116
Reserves for unearned premiums, gross	14,045	13,293	138	146
Future life policyholders' benefits, gross	84	174	75,280	79,234
Policyholders' contract deposits and other funds, gross	893	1,038	13,664	14,232
Reserves for unit-linked products, gross	–	–	36,579	34,875
Insurance reserves, gross	65,670	66,667	125,781	128,603
Other liabilities	23,537	22,132	24,193	24,239
Total liabilities	89,207	88,799	188,449	193,130

¹ Other acquisition-related intangible assets consist of present value of profits of acquired insurance contracts and attorney-in-fact relationship.

Farmers Management Services		Other Businesses		Corporate Functions		Eliminations		Total	
03/31/05	12/31/04	03/31/05	12/31/04	03/31/05	12/31/04	03/31/05	12/31/04	03/31/05	12/31/04
3,621	3,037	36,042	36,606	17,372	17,095	(27,894)	(26,268)	273,055	276,958
200	199	6,761	6,368	85	84	(1,682)	(1,846)	20,860	20,919
-	-	2,565	3,122	7	7	(56)	(61)	2,673	3,282
-	-	186	206	-	-	-	-	11,266	11,281
-	-	-	-	-	-	-	-	720	736
-	-	5	60	5	6	-	-	664	744
1,024	1,024	-	-	-	-	-	-	1,855	1,884
1,059	950	3,544	4,003	2,222	1,566	(2,424)	(2,194)	30,430	30,078
5,904	5,210	49,103	50,365	19,691	18,758	(32,056)	(30,369)	341,523	345,882
-	-	-	-	-	-	(244)	(242)	38,231	40,046
-	-	6,768	6,350	155	158	(907)	(1,021)	56,784	57,765
-	-	837	880	49	48	(123)	(136)	14,946	14,231
-	-	2,655	2,642	413	470	(633)	(668)	77,799	81,852
-	-	7,056	7,197	-	-	(75)	(76)	21,538	22,391
-	-	15,899	15,973	-	-	-	-	52,478	50,848
-	-	33,215	33,042	617	676	(1,738)	(1,901)	223,545	227,087
1,901	1,367	13,860	15,279	24,614	22,448	(30,074)	(28,226)	58,031	57,239
1,901	1,367	47,075	48,321	25,231	23,124	(32,056)	(30,369)	319,807	324,372

Equity

Common stockholders' equity	19,847	19,574
Preferred securities	1,096	1,096
Shareholders' equity	20,943	20,670
Minority interests	773	840
Total equity	21,716	21,510
Total liabilities and equity	341,523	345,882

Financial highlights – Reconciliation of net income attributable to shareholders and business operating profit for the three months ended March 31 (unaudited)

in USD millions, for the three months ended March 31

	2005	2004
Net income attributable to shareholders	779	644
<i>Adjusted for:</i>		
Net capital (gains) on investments and impairments, excluding capital markets and banking activities	(1,148)	(1,122)
Policyholder allocation of net capital gains on investments and impairments	1,041	1,016
Income tax expense attributable to shareholders	344	343
Net loss on divestments of businesses	18	3
Realized (gain) on sale of non-operating assets	–	(10)
Business operating profit	1,034	874

Financial calendar and contacts

Financial Calendar 2005

Investors' Day

June 30, 2005

Payout of nominal value reduction

Expected at the beginning of July 2005

Record date

Day before expected payment day

Half Year Results Reporting

August 18, 2005

Investors' Day

September 29, 2005

Results Reporting for the Nine Months to September 30, 2005

November 17, 2005

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Web site: www.crestco.co.uk

American Depositary Receipts

Zurich Financial Services has an American

Depositary Receipt program with The Bank of

New York (BNY). For more information call BNY's

ADR Services Center in the USA +1-888-bny-adrs

or outside the USA on +1-610-382-7836.

ADR holder assistance may also be obtained

from BNY at www.adrbny.com.

The Report for the Three Months to March 31,

2005 is available on our Web site:

www.zurich.com

Zurich Financial Services is an insurance-based financial services provider with a global network that focuses its activities on its key markets in North America and Europe. Founded in 1872, Zurich is headquartered in Zurich, Switzerland. Zurich has offices in more than 50 countries and employs about 57,000 people.

The Report for the Three Months to March 31, 2005 is published in English, German and French. In the case of inconsistencies in the German and French translations, the English original version shall prevail.

Printed end of May 2005

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.

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.

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