

Briefing on Zurich's financial position¹

December 15, 2008

Overall

Zurich has a strong balance sheet and manages its capital in such a way as to exceed its internal AA risk based capital model. Third party rating agencies provide Zurich stable or positive outlooks:²

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

Investment exposure

All numbers at September 30, 2008

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

- We have minimal sub prime exposure (of about \$193 million or 0.11% of Group investments).
- We have a very small CDO exposure (of about \$821 million or about 0.46% of Group investments).
- Of our total US mortgage-backed securities holdings of \$16.7 billion, only about \$2.2 billion (or 1.2% of our nearly \$180 billion investment portfolio) is non-agency residential, of which 97% is AAA rated. Of the remaining, \$9.6 billion is AAA rated agency debt and \$4.8 billion is commercial backed securities, 98% of which is AAA rated.
- Our corporate bonds are of high quality (99% investment grade, of which 33% is AAA rated).
- We have low exposure to equities at 3.8% of Group investments.

In the nine months 2008, total investment return, which includes net investment income, net capital losses including impairments as well as changes in unrealized losses of \$5.5 billion, was a negative 0.4%, a very respectable result in the worst financial markets for decades.

We have made a full disclosure on our bond positions to shareholders each quarter and the most recent presentation is as of September 30, 2008.

Credit default swaps

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

¹ The financial information set forth in this Briefing as of September 30, 2008, is for Zurich Financial Services on a consolidated basis, and is not audited. For more complete financial information and audited annual statements of the Group, access www.zurich.com. No assurances can be given, and we make no representations, that such information has, or has not, changed since September 30, 2008.

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