

We are largely unaffected by the credit issues in the US as Zurich's investment strategy is and always has been very conservative with the vast majority of our investments being with AAA security ratings attached to them. Over the last 3 quarters where a number of financial institutions have had significant write downs relating to sub prime investments, including one insurer having written down £18bn in that period, the Zurich write down has been in the low millions because of our ratio of AAA investments. In addition, Zurich have reported 23 quarters in a row of profitable growth which has been reflected positively by the market.

I also attach a draft press statement which I hope is of some help. This is an advance copy which may have some small amendments when it hits the Local Govt Press later today :-

## **Press Release**

### **Zurich moves to reassure local authorities in light of market developments**

*Zurich Municipal is taking swift action to reassure its customers in light of recent market developments.*

*Zurich Municipal has been a leading provider of insurance and risk management solutions to the public services sector for over 100 years. Its prudent approach to underwriting coupled with strong internal governance and risk management policies and practises, means the business remains ideally positioned as an insurer and risk management partner for local authorities and other public services companies, especially in the current volatile market.*

**Rob Allison**, Managing Director of Zurich's public sector business is seeking to reassure its customers, citing the organisation's own market approach:

**"Zurich's culture of financial and underwriting discipline, combined with our globally diverse portfolio position us well for any market conditions. We have stood firm on our underwriting strategy and we will continue to do so. We believe our approach will give public services customers the peace of mind they need when selecting an insurer and we will continue to price each risk individually to ensure pricing sustainability and promote stability for our customers."**

*Zurich Group's exposure to Lehman Brothers unsecured debt amounts is very limited and the Company's exposure to other Lehman-related instruments is not material. Thus, the direct impact of the Lehman Brothers bankruptcy on Zurich's investment returns should be minimal.*

#### **For further information contact:**

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#### **Notes to Editors:**

*Zurich Municipal is the leading provider of insurance to local authorities in the UK. We assist them with identifying and managing the insurable risks attached to their activities by informing them on risk assessment and risk management.*

*Zurich Financial Services is an insurance-based financial services provider with a global network of subsidiaries and offices in North America and Europe as well as in Asia Pacific, Latin America and other markets. Founded in 1872, the Group is headquartered in Zurich, Switzerland. It employs approximately 60,000 people serving customers in more than 170 countries.*