



ZURICH[®]

Zurich Insurance Company
South Africa Limited

Insurance premium revenue up by 20.8%

Premium revenue in excess of R5.3 billion

The Financial Sector Charter Council awarded the Company an A rating and Global Credit Rating reaffirmed the AA+ claims paying ability rating.

Announcement of the reviewed Group results and cash dividend declaration for the year ended 31 December 2008

Comments

While the industry continues to operate in a competitive market, the Group showed strong premium growth with premium revenue rising by 20.8% compared to the same period last year (2007: 12.5%).

The year was characterised by both a higher incidence of claims and increased claims costs on the property and motor accounts. The frequency and intensity of unseasonal storms negatively affected the underwriting result. In spite of corrective action taken on the motor account, particularly in personal lines which included premium increases of more than 20%, the result continued to be impacted negatively due to an increase in the number of accidents and crime related losses. Motor repair costs, including the cost of repairing imported vehicles, continued to escalate well above inflation mainly due to currency depreciation. In response to this, the Group has implemented actuarial rating which will improve our risk selection and pricing. This, combined with an increased focus on portfolio management in the personal lines segment, are intended to improve the underwriting result in 2009.

In addition to the expected normal inflationary increases, the apparent expense ratio deterioration from 2007 to 2008 was mainly due to a non-recurring pension benefit surplus taken in 2007.

Despite the Group's conservative equity strategy, where we limit overall exposure to equities, we had to account for a diminution in the value of our equity portfolio in line with the market, as well as the impairment of certain equities. As expected we saw an increase in investment returns on our bond and cash portfolios.

The balance sheet and cash flows of the Group remained strong and even though the net asset value declined, mainly due to the significant drop in equity markets in the current year, the solvency at 42.6% remained within the range targeted by the Group.

The decrease in the effective tax rate from 30.9% to 21.3% was mainly due to a larger component of both non-taxable dividend income and non-taxable dividend gains.

Review

The Company's auditors, PricewaterhouseCoopers Inc., have reviewed the information set out in the announcement and their unqualified review opinion is available for inspection at the Company's registered office.

Changes in Directorate

Dennis Burton and Clifford Zungu resigned as main Board Directors during the year.

Compliance

The Group complies in all material respects with the JSE Listings Requirements and the King Report Code of Corporate Practices and Conduct.

Cash Dividend Declaration No. 75

1. The Directors have declared a final cash dividend for 2008 of 140 cents per share (2007: 440 cents per share) bringing the total cash dividend for 2008 to 400 cents per share (2007: 700 cents per share).

2. The cash dividend is payable in accordance with the following timetable:

Last day to trade in order to participate in the dividend:

Wednesday, 8 April 2009

Shares commence trading ex the dividend from the commencement of business on:

Thursday, 9 April 2009

Record date:

Friday, 17 April 2009

Payment date:

Monday, 20 April 2009

Shareholders may not dematerialise or rematerialise their holdings of shares in the Company between Thursday, 9 April 2009 and Friday, 17 April 2009, both days inclusive.

By order of the Board

24 March 2009

Bryanston

Condensed Income Statement

Rand thousands	Year ended 31 December 2008 (Reviewed)	Year ended 31 December 2007 (Audited)	% Change
Insurance premium revenue	5,316,490	4,400,960	20.8
Insurance premium ceded to reinsurers	(1,127,520)	(827,941)	
Net insurance premium revenue	4,188,970	3,573,019	17.2
Net insurance premium earned	4,116,395	3,539,125	16.3
Reinsurance commission earned	123,486	114,959	
Pension fund (deficit)/surplus	(24,156)	19,753	
Other income – fee income	14,147	19,947	
Investment income			
– Interest and dividends received	274,154	236,159	
– Interest paid	–	(10,564)	
Net fair value loss on assets held at fair value through income	(20,041)	(23,839)	
Impairment on available-for-sale financial assets	(21,050)	–	
Net realised gains on financial assets – available-for-sale	98,342	94,512	
Income	4,561,277	3,990,052	14.3
Net insurance claims	3,086,303	2,595,794	18.9
Gross acquisition costs	765,963	618,605	23.8
Administrative and other operating expenses	437,411	349,759	25.1
Share of loss of associates	345	–	
Investment expenses	3,960	4,734	
Expenses	4,293,982	3,568,892	20.3
Profit before tax	267,295	421,160	(36.5)
Income tax expense	(56,838)	(130,128)	(56.3)
Profit after tax	210,457	291,032	(27.7)
Minority interest	–	(1,172)	
Net profit attributable to members of the Company	210,457	289,860	(27.4)

Condensed Balance Sheet

Rand thousands	As at 31 December 2008 (Reviewed)	As at 31 December 2007 (Audited)	% Change
Assets			
Property and equipment	85,696	63,531	
Investments	1,732,019	1,593,764	8.7
Intangible assets	131,156	113,127	
Retirement benefit fund surplus	72,040	96,196	
Assets arising from reinsurance contracts	540,847	481,928	
Other current assets	1,781,443	1,469,359	21.2
Cash and cash equivalents	1,123,809	1,101,638	2.0
Total assets	5,467,010	4,919,543	11.1
Equity and liabilities			
Shareholders' equity	1,853,462	1,900,130	(2.5)
Minority shareholders' interest in subsidiaries	3,362	2,090	
Employee retirement benefit obligations	18,060	17,388	
Reinsurance commission	26,106	35,263	
Deferred tax liabilities	24,910	77,656	
Liabilities arising from insurance contracts	2,191,087	1,893,070	15.7
Other liabilities	1,350,023	993,946	35.8
Total equity and liabilities	5,467,010	4,919,543	11.1

Condensed Cash Flow Statement

	Year ended 31 December 2008 (Reviewed)	Year ended 31 December 2007 (Audited)
Rand thousands		
Cash retained from operating activities	440,491	266,779
– Cash generated from operations	246,102	208,948
– Dividends and interest income	274,155	225,595
– Taxation paid	(79,766)	(167,764)
Dividends paid	(85,257)	(94,155)
Cash effect of investing activities	(272,842)	(71,288)
Net (decrease)/increase in cash and cash equivalents and reclassifications	22,171	(380,676)
Cash and cash equivalents at beginning of the year	1,101,638	1,482,314
Cash and cash equivalents at end of the year	1,123,809	1,101,638

Condensed Statement of Changes in Equity

	Year ended 31 December 2008 (Reviewed)	Year ended 31 December 2007 (Audited)
Rand thousands		
Balance at beginning of the year	1,900,130	1,758,933
Net changes in available-for-sale financial assets on disposal	(67,226)	(87,880)
Revaluation of available-for-sale financial assets	(100,305)	44,018
Translation of foreign subsidiaries	(4,337)	(10,646)
Net profit for the period	210,457	289,860
Dividends paid	(85,257)	(94,155)
Balance at end of the period	1,853,462	1,900,130

Notes

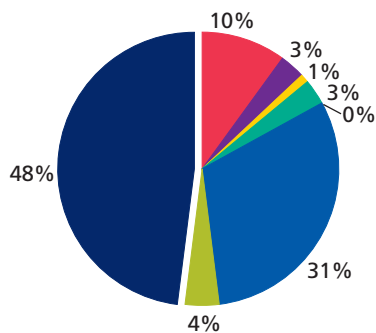
1. Accounting Policies and Basis of Preparation

The principal policies used in the preparation of the reviewed results for the period ended 31 December 2008 are consistent with those applied in the Annual Financial Statements for the year ended 31 December 2007 and for the results for the six months ended 30 June 2008 in terms of International Financial Reporting Standards, including IAS34, except for the adoption of IFRIC 11 by the Group which does not affect the results.

	Year ended 31 December 2008 (Reviewed)	Year ended 31 December 2007 (Audited)	% Change
Rand thousands			
2. Financial Highlights			
Net profit attributable to members of the Company	210,457	289,860	
Adjusted for:			
Less gains on disposal of plant and equipment	(2,542)	(1,405)	
Less gains on disposal of land and buildings	–	(2,498)	
Less gains on disposal of available-for-sale financial assets	(77,292)	(92,013)	
Add tax effect	10,778	9,552	
Headline earnings	141,401	203,496	(30.5)
Headline earnings per share (cents)	1,161.0	1,670.8	(30.5)
Earnings per share (cents)	1,728.0	2,379.9	(27.4)
Ordinary dividends declared per share (cents)	400	700	
Dividends paid per share (cents)	700	690	
Number of shares in issue	12,179,500	12,179,500	
Net asset value per share (cents)	15,218	15,601	(2.5)
Solvency margin (%)	42.6	53.2	
Combined ratio (%)	101.5	97.5	
Return on average equity (%)	11.2	15.8	

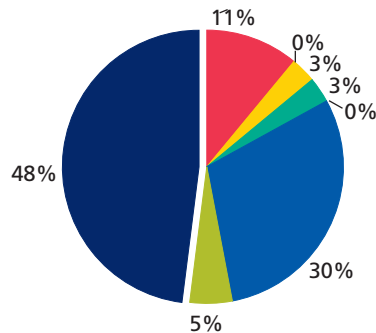
3. Segmental Information

**Insurance Premium Revenue
31 December 2008**



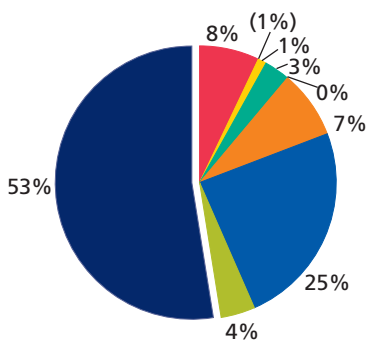
R5,316,490 (R'000)

**Insurance Premium Revenue
31 December 2007**



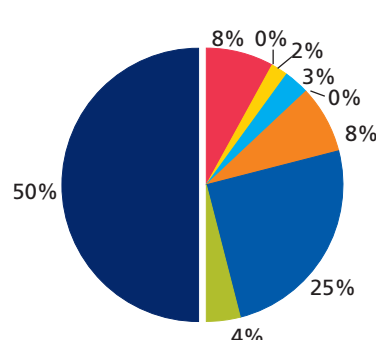
R4,400,960 (R'000)

**Segmental Income
31 December 2008**



R4,561,277 (R'000)

**Segmental Income
31 December 2007**



R3,990,052 (R'000)

● Property
 ● Transport
 ● Motor
 ● Engineering
 ● Guarantee
 ● Liability
 ● Accident & Health
 ● Miscellaneous
 ● Other

Zurich Insurance Company South Africa Limited

(Incorporated in the Republic of South Africa) (Registration number 1965/006764/06)
 Share code: ZSA ISIN: ZAE000094496 ("Zurich" or "the Group" or "the Company")

Board of Directors

JPG de Rauville (*Independent Non-Executive Chairman*)
 NV Beyers (*Chief Executive Officer*)
 CJ Cron (*Non-Executive*)
 JPM Deiss (*Non-Executive*)
 MN Mbekeni (*Independent Non-Executive*)
 DD Mokgatle (*Independent Non-Executive*)
 SG Morris (*Independent Non-Executive*)
 DS Phiri (*Non-Executive*)

Auditors

PricewaterhouseCoopers Inc., Chartered Accountants (SA)
 2 Eglin Road, Sunninghill, 2157

Transfer Secretaries

Computershare Investor Services (Pty) Limited
 70 Marshall Street, Johannesburg, 2001

Sponsor

RAND MERCHANT BANK
 (A division of FirstRand Bank Limited)
 1 Merchant Place
 Cnr Fredman Drive and Rivonia Road, Sandton, 2196

Group Company Secretary and Registered Office

TA Pitman
 Zurich Insurance Company South Africa Limited
 Registration number 1965/006764/06
 Zurich House, The Braes
 193 Bryanston Drive, Bryanston, 2021
 (PO Box 61489, Marshalltown, 2107)