



**ZURICH**<sup>®</sup>

Zurich Insurance Company  
South Africa Limited



## 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