

Your reference

Our reference

Date 27 September 2008

## Recent market turmoil

Zurich International Life  
Limited

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Dear Investor,

Recent developments in the financial services and banking industry have been a cause of great concern and uncertainty to many of our customers. It seems every day we see more turmoil in the market, and in reaction to the Lehman Brothers and AIG announcements we're getting calls for help and guidance from customers and intermediaries, mostly concerned about Zurich's stability and therefore the policies they hold with us.

In response to concerns raised I'd like to provide reassurance and re-enforce the key reasons why Zurich continues to have a strong balance sheet and cash flow, together with the fundamental transformation Zurich has executed over the past few years which has left Zurich so well positioned in today's market.

### What makes Zurich different:

- Lehman Brothers and AIGs problems stem from the sub-prime mortgage market crisis that sparked last year. Each of them has been affected in different ways. Zurich does not operate in this area and has no material exposure to US sub-prime debt.
- Our exposure to Lehman Brothers in terms of senior unsecured debt amounts to approximately USD 250 million, or about one-tenth of one percent (0.1%) of the Group's portfolio.

### Zurich's financial strength:

- Zurich is a Swiss based insurance company which has been successfully managing customers' money for over 135 years.
- We are a financially stable insurer with a strong track record which has transformed its business in recent years to deliver year on year profitable growth.
- Our balance sheet remains strong and our cash flow remains healthy.
- Our recent half year results show Zurich is financially sound and continues to demonstrate impressive growth despite challenging market conditions.
- Zurich's strong ratings reflect the strength of its balance sheet and its consistent profitability: S&P AA- and stable outlook; Moody's A1 and stable outlook; AM Best's A and positive outlook.

Zurich International Life Limited  
provides life assurance, investment  
and protection products and is authorised  
by the Isle of Man Government Insurance  
and Pensions Authority.

Registered in the Isle of Man  
number 20126C.

### **Zurich International Life Limited and the Isle of Man**

Zurich International Life Limited (ZILL) holds its assets separately from other companies within the Zurich group. At all times, we are required to hold assets which cover our policyholder liabilities. This means that at any time we hold at least the current value of all policies. As a safety measure, we are required by the Isle of Man Insurance and Pensions Authority (IPA) to hold additional capital in the form of a minimum solvency margin above the policy liabilities. This is required of all Isle of Man insurers. As at the 30 June 2008, ZILL held additional capital equal to approximately five times that required by the IPA.

I would also like to draw your attention to the Isle of Man's Life Assurance (Compensation of Policyholders) Regulations 1991, under which you are currently protected. Should circumstances ever require Zurich to call upon this scheme, it would pay compensation to eligible policyholders of up to 90% of the amount owed to them. For example, if you held a policy with a total surrender value of USD500,000, you would be entitled to up to USD450,000.

However, before the compensation scheme comes into effect, we would have had to have lost all the additional capital we hold – and our regulator would step in to protect policyholders before that point occurred. The compensation scheme is a backstop which should give you additional comfort.

As previously mentioned, ZILL is based on the Isle of Man. Standard and Poors, the independent credit rating agency, recently renewed the Isle of Man Government's AAA rating – the highest rating that it awards.

It is important to us you feel confident about your investment, which depends upon your investment objectives and attitude to risk. If either has changed recently, your relevant financial professional will help you review your policy to make sure it continues to meet your needs. We can't give you investment advice, but we do offer a wide range of funds suitable for almost all investment objectives, market conditions and attitudes to risk. We strongly recommend you speak to your relevant financial professional.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Paul Quirk". The signature is written in a cursive, flowing style.

Paul Quirk  
CEO  
Zurich International Life Limited