

ING, Zurich establish strategic alliance in Canadian P&C insurance industry

Under the terms of the alliance, ING will acquire Zurich's Canadian personal and group P&C insurance operations. Furthermore, both companies will leverage their expertise in the commercial and corporate lines, with Zurich renewing the large commercial and corporate policies underwritten by both organizations and ING assuming all other commercial risks. Both companies have also agreed to offer their complete product lines to each other's distributors and customers.

The alliance gives ING and Zurich a combined 15% share of the Canadian P&C market. It consolidates ING's position as a leading insurer in Canada, with a market share of 12%. It also consolidates Zurich's position as the industry leader in the large commercial and corporate lines, with a market share of 21%. About two-thirds of Canadian brokerages will represent the alliance.

The agreement is subject to the approval of regulatory authorities.

As a result of the alliance, ING will increase its insurance premiums by \$460 million, to bring total revenues to approximately \$2.8 billion next year. Zurich expects its annual premiums will reach \$550 million in 2002.

The acquisition of Zurich's personal and group P&C business is part of the ING strategy to grow its presence in the numerous distribution channels in both the insurance and financial services industries. The strategic alliance and its expanded distribution network will allow us to improve the scale of our activities and offer a more compelling value proposition to insurance brokers, says Claude Dussault, President and CEO of ING Canada. It will also allow current ING corporate customers to benefit from Zurich's strengths in the large risks insurance segment in Canada and the United States.

According to Barry J. Gilway, President and CEO of Zurich North America Canada, We have a leadership position in the large commercial and corporate business, and we play a pivotal role on behalf of international corporate customers operating in Canada. This alliance reinforces our position and commitment to the Canadian marketplace.

Both companies expect customers to benefit from the combined market strength and the wide global reach made possible by the strategic alliance. We plan to promote the alliance as one market with the joint expertise and capability to deliver the full range of property and casualty products through a large number of insurance brokers, says Mr. Dussault. Both organizations intend to bring alliances they now have with other players into the new ING-Zurich model.

According to Mr. Gilway, the alliance leverages the power of two industry-leading brands. By consolidating and focusing our capacity in defined segments of the marketplace, we will offer both brokers and consumers increased expertise, stability, efficiency and commitment.

Approximately 1,000 Zurich employees will become ING employees once the transaction is completed. The balance of Zurich's employees will continue to support Zurich's new platform, which will focus on large commercial, corporate and specialties business. The Life business will also continue operating as part of Zurich North America Canada, as will World Travel Protection, a wholly owned subsidiary of the company.

Amsterdam-based ING Group is a global leader in financial services, employing over 100,000 employees in more than 65 countries. In Canada, ING provides insurance, investment and banking services through both direct and intermediary channels. ING is currently the second largest property and casualty insurer in Canada with annual premiums of \$2.2 billion this year and approximately 4,000 employees (www.ingcanada.com). Over 4 million Canadians rely on ING for their insurance, investment and banking solutions. ING insurance companies operating in Canada include ING Commerce Group, ING Halifax, ING Western Union, ING Wellington, ING Novex and BELAIRdirect. ING is also active in banking and investment management through ING DIRECT, ING Funds and ING Wealth Management.

Zurich North America Canada (www.zurichcanada.com) is part of Zurich North America, a business division of Zurich Financial Services Group. It is a leader in the corporate customer market. Zurich has served the Canadian market for more than 75 years and currently employs 1,600 people.

The Zurich Financial Services Group (www.zurich.com) is a global leader of integrated financial services, providing its customers solutions in the areas of financial protection (non-life insurance and structured solutions) and asset gathering (life insurance and asset management). The Group focuses its activities on key markets, i.e. North America, the U.K., Switzerland, Europe and selected other markets where it has or can reach a competitive position. Founded in 1872, Zurich is headquartered in Zurich, Switzerland. It has offices in more than 60 countries employing 70,000 people. In 2000, the Group achieved gross premiums of USD 50 billion. This amount includes insurance deposits as well as premiums from the Farmers P&C Group. The net income was USD 2.33 billion. On December 31, 2000, the Group had USD 440 billion of assets under management of which USD 259 billion represent funds managed for third-party institutional and retail customers.

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Fact Sheet: Zurich North America Canada

Business profile: Today, Zurich North America Canada offers Canadians a wide range of personal and commercial insurance products, including life, home, auto, small business and commercial insurance. It is a leader in Canada's corporate customer market. Through its affiliated company, Peopleplus Insurance Company, Zurich North America Canada offers major employers and associations group car and home insurance. Zurich has served the Canadian market since 1923.

Zurich North America Canada is part of Zurich North America, a business division of Zurich Financial Services. Zurich North America is a leading commercial casualty, health and accident insurer based in Schaumburg, Illinois. It employs 11,650 people and wrote U.S. \$8 billion in premiums in 2000.

Zurich Financial Services Group, headquartered in Switzerland, operates in 60 countries and employs more than 70,000 people. It is listed on stock exchanges in Switzerland and London.

Zurich North America Canada Employees:		1 600
Annual gross written premiums in Canada (2000):		979,6 million \$
	non-life	784,6 million \$
	life	195 million \$
Canadian Assets (2000):		3,25 billion \$
	non-life	2,4 billion \$
	life	850 million \$
Canadian customers (2000):		641 500
	non-life	443 000
	life	198 500
Number of Canadian offices:		13
Sites Web:		www.zurichcanada.com
		www.zurichna.com
		www.zurich.com
		www.peopleplus.com

Summary of the Strategic Alliance

ING

- ING will acquire all of Zurich's personal P&C insurance operations, as well as PEOPLEPLUS, Zurich's group insurance affiliate.
- ING will assume at renewal Zurich's commercial policies with less than \$25,000 of annual premiums.
- The book of business that will be acquired and renewed by ING amounts to \$540 million.
- Approximately 1,000 Zurich employees will become employees of ING Canada on January 1, 2002.

Zurich North America Canada

- Zurich North America Canada will assume at renewal:
 - The large commercial and corporate insurance risks currently underwritten by ING Wellington;
 - All AON and Marsh commercial business, excluding the surety, ocean and marine, specialty lines and niche products currently underwritten by ING; and
 - ING's long-haul trucking business.
- The book of business that Zurich will renew amounts to approximately \$80 million.
- The new Zurich North America Canada platform will focus on large commercial, corporate and specialties business. The Life business and World Travel Protection, a wholly owned subsidiary of the company, will also continue operating as part of the new platform.

The alliance

The companies will distribute their products and services through approximately 2,800 brokerages.

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