MediaRoom

Farmers Insurance Announces Acquisition of AIG's Personal Auto Insurance Group, Which Includes 21st Century

The Farmers Insurance Group of Companies(R), already the fastest growing, top-tier, multiple lines insurance group in the United States, will grow even bigger, stronger and geographically broader with the acquisition of America International Group's (AIG's) Personal Auto Group, which includes 21st Century Insurance Co.

(Logo: http://www.newscom.com/cgi-bin/prnh/20080605/LATH062)

The acquisition price is $1.9 billion, subject to post closing adjustments. Under the agreement, 21st Century Insurance Group, the wholly owned subsidiaries comprising AIG's U.S. personal auto insurance business, will be sold to Farmers Group, Inc., a Los Angeles-based subsidiary of Zurich Financial Services Group. Farmers Group, Inc. will sell the underlying insurance entities to the Farmers Exchanges, which Farmers Group, Inc. manages, but does not own. The acquisition is expected to close no later than by the third quarter of 2009 pending customary regulatory approvals.

This acquisition by the Farmers Exchanges will position Farmers as the 3rd largest overall, personal lines insurer in the United States, according to the most current, complete and detailed insurance industry data. The acquisition also will position the Farmers Exchanges as the largest auto insurer in several states, including California.

21st Century, which includes the former AIG Direct business and Agency Auto business, operates in 49 states and Washington, D.C. 21st Century has more than 2.4 million customers and insures more than 4 million vehicles across the country. 21st Century is the 3rd largest traditional "direct" writer of insurance in the United States.

Farmers CEO Robert Woudstra described the acquisition as a "win, win, win, win" for Farmers, 21st Century, Farmers agents, and most importantly, insurance consumers across the United States.

"Farmers takes great pride in being a customer-focused, growth-oriented organization and this acquisition represents the perfect strategic fit," Mr. Woudstra said. "This will dramatically transform the insurance landscape by positioning Farmers as the leading multi-line, multi-channel insurer in the United States."

Mr. Woudstra explained that Farmers' vast national network of insurance agents will benefit from the proposed acquisition by gaining additional multi-line product sales opportunities from 21st Century customers.

"This acquisition will be a significant win for consumers because it will enable 21st Century customers to have access to Farmers agents, who can help them with their other insurance needs, such as homeowners, business, specialty products, life insurance and financial service products," Mr. Woudstra said.

Mr. Woudstra added that the acquisition will provide Farmers with a geographically broader and more diverse market presence across the country, including the eastern seaboard - a key target market for future Farmers growth.

Mr. Woudstra explained that the acquisition will allow Farmers to accommodate the shopping preferences of all United States insurance consumers.

"Research clearly shows that more and more insurance consumers are shopping, quoting and purchasing insurance products online," Mr. Woudstra said. "With that said, the big winners in this, ultimately, are 21st Century customers, who will soon be introduced to our full suite of products and our customer-focused, service-oriented agents who represent Farmers in big cities and small towns all across America."

Farmers is a leading, top-tier, multi-lines U.S. insurer of autos, homes, businesses, specialty products, life insurance and financial services, providing insurance to 10.5 million households in the United States. Farmers, in recent years, has been the fastest growing, multi-lines insurer among its major competitors.

"Since our founding in 1928, Farmers has been built literally from the ground up by thousands of loyal, passionate, customer-focused Farmers agents, district managers and employees," Mr. Woudstra said. "Farmers is strongly committed to growth, success and expansion, all of which include a strong, vibrant agency distribution system. This planned acquisition is an extension of that commitment to our agents, raising their visibility and access to the rapidly expanding network of internet shoppers."

As part of its strategic growth strategy, Farmers in recent years has been seeking out new growth opportunities as they become available for the benefit of its customers, its agents, the overall organization and prospective customers.

"Our successful acquisitions and integrations of Foremost Insurance Co. in 2000 and Bristol West Insurance Co. in 2007 provide two excellent examples of our growth strategy and outreach," added Mr. Woudstra.

About Farmers

Farmers is a trade name and may refer to Farmers Group, Inc. or the Farmers Exchanges, as the case may be. Farmers Group, Inc., a management and holding company, along with its subsidiaries, is wholly owned by Zurich Financial Services Group. The Farmers Exchanges are three reciprocal insurers, including their subsidiaries and affiliates, owned by their policyholders, and managed by Farmers Group, Inc. and its subsidiaries. For more information about Farmers, visit our Web site at www.farmers.com.

About Zurich

Zurich Financial Services Group (Zurich) 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 Zurich Group is headquartered in Zurich, Switzerland. It employs approximately 60,000 people serving customers in more than 170 countries.

MEDIA NOTE: Farmers Group, Inc. CEO Robert Woudstra will hold a press conference at 1:30 p.m. , Thursday, April 16 to discuss this acquisition. The press conference will be held at Farmers Insurance headquarters, 4700 Wilshire Blvd. Los Angeles, 90010. Parking for media is reserved in rear of building. The call-in number for the conference is 1-888-498-0109. The code is *7657841*.

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