MediaRoom

Farmers Insurance Acquisition of 21st Century Insurance Finalized

The Farmers Insurance Group of Companies(R) announced today that it has completed the acquisition of 100 percent of AIG's U.S. Personal Auto Group, which includes 21st Century Insurance. In addition to 21st Century Insurance, the acquisition includes the former AIG Direct business and Agency Auto business. The purchase price amounts to approximately $1.9 billion.

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

Under the agreement, AIG's U.S. personal auto insurance business is being 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, for approximately $1.4 billion.

This acquisition by the Farmers Exchanges strengthens Farmers' place as the 3rd largest personal lines insurer in the US. And, the acquisition positions the Farmers Exchanges as the largest auto insurer in several states, including California. The acquisition is the largest in the 81-year history of Farmers.

The acquired companies operate in 49 states and Washington, D.C.; have more that 2.4 million customers; and insure more than 4 million vehicles in the US. Further, 21st Century Insurance is the nation's 3rd largest traditional "direct" writer of insurance. Without including 21st Century customers, Farmers already provides auto, home, business, specialty, life insurance and financial services to 10.5 million US households.

Farmers Group, Inc. CEO F. Robert Woudstra described the acquisition as a "positive and historic milestone for Farmers, 21st Century, Farmers agents, and, most importantly, insurance consumers across the United States."

"We welcome 21st Century CEO Tony DeSantis and his highly professional and accomplished management team and employees into the Farmers family," Mr. Woudstra said. "This acquisition represents a perfect strategic business fit and will dramatically transform the insurance landscape by positioning Farmers as the leading multi-line, multi-channel insurer in the United States. Most importantly, this acquisition enables us to accommodate the shopping needs of all insurance consumers."

In addition to the positive impact on consumers, Mr. Woudstra explained, that Farmers' vast national network of insurance agents also will benefit from the acquisition. "This acquisition 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.

"Since our founding in 1928, Farmers has been built 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. The acquisition of 21st Century is an extension of that commitment to our agents, raising their visibility and access to the rapidly expanding network of internet shoppers."

"Research clearly shows that more and more insurance consumers are shopping, quoting and purchasing insurance products online," Mr. Woudstra said. "This addition of 21st Century 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 added.

Commenting on the historical significance of the acquisition, Mr. Woudstra said, the 21 st Century acquisition, which is the largest in the 81-year history of Farmers, demonstrates the company's commitment to growth.

"When you combine this acquisition with the our other, successful, recent acquisitions and integrations of the Foremost Insurance Group in 2000 and the Bristol West Insurance Group in 2007, it's quite obvious we are committed to growing our business when it makes strategic sense to do so for the benefit of our customers, our agents and our prospective customers," concluded 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 the Zurich Financial Services Group. The Farmers Exchanges are three reciprocal insurers (Farmers Insurance Exchange, Fire Insurance Exchange and Truck Insurance Exchange), 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 Group is headquartered in Zurich, Switzerland. It employs approximately 60,000 people serving customers in more than 170

countries.

Contacts:
Mark Toohey
805-907-2216
mark_toohey@farmersinsurance.com
OR
Jerry Davies
213-400-4459
jerry.davies@farmersinsurance.com

First Call Analyst:
FCMN Contact:

Photo: http://www.newscom.com/cgi-bin/prnh/20080605/LATH062
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PRN Photo Desk, photodesk@prnewswire.com

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