

A photograph of a middle-aged man with grey hair, wearing a light-colored suit jacket, white shirt, and blue patterned tie. He is smiling broadly while holding a black telephone receiver to his ear. The background is a plain, light-colored wall.

Marketplace

Our vision is to be the best partner for our customers' lifetime financial needs, and our objective is to deliver winning solutions.

Our customers include:

- Insurance brokers,
- Investors,
- Savers,
- Trustees of pension schemes,
- Businesses, large & small,
- People who want to protect their family's standard of living.

Excellent Customer Service

As a company, Eagle Star has a strong commitment to customer excellence in the marketplace. Eagle Star believes that providing superior value and outstanding service to customers is central to the future of its business. The main marketplace stakeholder for Eagle Star is insurance brokers and intermediaries. The company has won the IBA Service Excellence Award a record eleven times and the PIBA Broker Service Award of Excellence every year since its inception in 2003.

To achieve this high level of service, our customer support areas are divided into specialist and highly focused teams. Each team is a single point of contact and has ownership and responsibility for a complete and personalised service to our customers. We have an experienced and expert staff that cares about what they do and are committed to continual training in technical expertise and servicing skills.

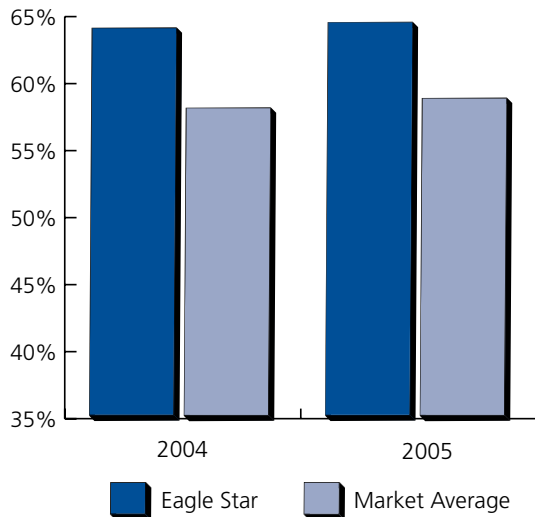
“Eagle Star has clearly presented itself as a consistent and successful player in the life insurance market. The validation and endorsements within their industry and from their stakeholders is a clear acknowledgement of their success in delivering levels of excellence across all areas of their business. This organisation has set the standard for service delivery.”

The Judging Panel, KPMG Financial Services Excellence Awards 2006.

Findings of the Broker Service Surveys

Irish Brokers Association Service Excellence Awards

IBA Broker Survey Overall Service Analysis 2004 & 2005



The above graph indicates how well Eagle Star performed relative to the best in the marketplace and the market average in 2004 and 2005.

With an overall score in 2005 of 64.44% (64.02% in 2004) Eagle Star outperformed the market average of 58.77% (58.04% in 2004).

Eagle Star finished first place overall, for the third year in a row.

PIBA Broker Service Excellence Awards

Eagle Star has also won the PIBA Broker opinion survey for the last four years where we have consistently shone particularly in the areas of online service, broker support, product development, efficiency and professionalism.

Insurance Company	Score (Scale of 1 to 7)
Eagle Star Life (1st Position)	5.01
Average of other companies	4.12

Source: PIBA Service Survey, Nov. 2006

LIMRA Broker Opinion Studies

LIMRA conducts a broker opinion survey every year which provides the company with valuable data, such as the frequency with which brokers visit websites of life companies, the products and services they rate highly and how the various companies are perceived in terms of quality or innovation.

Eagle Star finished in first place overall in the LIMRA Survey in February 2005 & February 2006 (survey covering calendar years 2005 & 2004) and climbed one place in the LIMRA rankings with significant improvements across the board.

Company Quality	2006 Position	Change in Score from 2005
Modern	1st	-9
Caring	3rd	+6
Innovative	1st	+10
High Quality	1st	+3
Successful	2nd	-3
Safe	5th	+1
Dynamic Range of Products	2nd	=
Traditional	8th	+2
Bureaucratic	6th	-10
Unhelpful	5th	+5
Impersonal	5th	+1

Customer Solutions

We also attribute our service success to the fact that we recognise that each of our external Stakeholders; intermediaries, trustees of pension schemes, members of group schemes or individual clients, all have different needs. Eagle Star aims to go beyond 'customer administration' and provide a 'customer solutions' service. In other words, we listen to our customers. We deliver core key services as standard and within pre-agreed timescales. This means we can honestly say that we deliver on our promises. Personalised service, efficient customer management and accurate record keeping are all part of a normal working day at Eagle Star. As part of our customer service initiatives, Eagle Star has had a dedicated business retention area operating with the sole objective of retaining customers since 2003.

We are also good at creating relationships with key customers or customer groups e.g. [An Post](#) and the [Irish Medical Organisation](#).

“*Thank you for resolving this so quickly. I don't know any other life company we do business with that would have sorted this so quickly.*”

Broker 19/10/2006

The majority of Eagle Star's business is generated through insurance intermediaries. Business is transacted by a qualified financial advisor within the insurance brokerage who provides the customer with appropriate advice and ensures a product that best suits the personal circumstances, needs and objectives of the customer is recommended.

Eagle Star also has important customer safeguards in place. The customer service area collates complaints across the organisation and monitors them on a weekly basis to identify any trends which need to be resolved or where customers have raised issues which need to be addressed. This continuing measurement process also helps towards the business objective of reducing customer complaints. We are fully compliant with the IIF and Regulator codes of practice in this area, and are further fully committed to reducing the response time to complaints. Currently the

company has a policy of addressing a customer complaint within three working days and we also endeavour to improve the quality of responses to complaints.

In order to ensure that any customer who complains obtains a quality response, all complaints are referred to customer service supervisors and all written responses are approved at a senior level. This is part of our standard complaints management procedure.

All managers and supervisors also have monthly review meetings to make sure recommended actions are put in place immediately.

In addition, as part of our CR commitment, we now have a procedure in place for collating unsolicited letters of endorsement from customers and use these, not only as a staff motivator but also to identify positive trends about initiatives that work well and can be adapted on a wider basis across the organisation.

“*I would like to take this opportunity to compliment you on a member of your customer services team. Nothing was too much trouble, and I must say it was a pleasure to deal with you!*”

Compliment to Customer Services Team.

Business Integrity

All business activities are based on the fundamental principle of observing the highest standard of integrity at all times. Eagle Star's reputation for professionalism, reliability and integrity is one of its most important assets. All employees are expected to maintain high ethical standards in their dealings, follow good business principles and avoid practices which might damage the company's reputation.

As part of Zurich Financial Services Compliance procedures, the Eagle Star management team and employees in key positions in the company sign off each year to acknowledge their acceptance and adherence to Group compliance standards and core values –Zurich Basics.

Although not all Eagle Star employees are required to sign a Personal Acknowledgement Form, Zurich Basics helps to keep us anchored on personal and organisational integrity and serve as a reminder to all staff of the high standards they are expected to follow.

For more details on Zurich Basics, see page 11 of this report.

Other compliance rules are in place like:

- Any employee serving as a director or officer, at the request of Zurich, in any non-Zurich company must disclose the relevant details.
- Each employee has a responsibility to maintain the trust placed in the company by its customers, shareholders, business partners and other employees and to protect confidential data relating to them. Such information must be safeguarded.
- A written policy is in place in relation to an employee's disclosure of gifts and benefits in kind and has been communicated to all staff. This policy is important because we believe in competing based on the quality of our services and the value we offer to our customers and not on the basis of entertainment or gifts. Therefore, all staff are made aware that they should avoid situations in which their personal interest could lead to conflicts with their duties.

Eagle Star also has a strict money laundering procedure in place, which is based on the money laundering guidelines issued by the Irish Insurance Federation (IIF). This procedure continues to be kept up-to-date, reflecting any changes to the IIF's money laundering guidelines. It is communicated to all staff and managers are fully briefed in this area.

Eagle Star values our customers but never assists any customer, no matter how profitable in any illegal activity.

In line with good business practice, Eagle

Star has in place a specialist compliance function, which ensures that all independent intermediaries, who sell Eagle Star products, are regulated and authorised by the Financial Regulator. This ensures greater professionalism and ensures that customers will trust Eagle Star products now and in the future. All intermediaries have standard agency agreements with Eagle Star, which are cancelled in the case of non-compliance.

The Financial Regulator is responsible for the regulation of all financial services firms in Ireland. The Financial Regulator's mandate is "to protect consumers by helping them to make informed financial decisions in a safe and fair market, with sound financial institutions." Since its establishment in May 2003, the Financial Regulator has issued a code of conduct for compliant sales and Eagle Star's compliance function has been expanded to now advise on and monitor sales by its direct sales force and tied agents, to ensure compliance with these requirements.

Eagle Star issues all its customers with informative product guides to ensure that they make an informed purchase decision. Customers have an opportunity to cancel their policy within 30 days of receipt of policy documentation, if they feel it does not meet their needs. The company also has internal business procedures in place to help advise customers who might let their policies lapse and could be at risk of losing valuable financial protection.

Ensuring Investment Security for our Customers



When people make an investment with Eagle Star, they want investment performance and security. We deliver these twin objectives through our investment strategy and investment management processes. The objective of Eagle Star's investment strategy is to achieve above average investment performance each year while carefully managing risk, by doing so we expect to produce top quartile performance in the long-term.

The Board of Eagle Star delegates the implementation of our investment policy to an Investment Committee. This committee consists of a cross functional team of personnel from investment, actuarial, financial and risk backgrounds.

The monitoring activities of the Investment Committee cover areas such as:

- Risk Management
- Actual Investment Performance
- Adherence to Limits and Guidelines
- Asset Liability Matching

Controls & Investor Safeguards

The Eagle Star Life investment team operates as an investment division within Eagle Star Life. To enhance and strengthen the control environment, Eagle Star has implemented a multi-tiered system of segregation of duties which ensures that the most appropriate people perform their required tasks to the highest professional standards.

The Investment Division is divided as follows:

- Front Office
- Back Office

The Investment Front Office, reporting to the Investment Director, is responsible for defining and implementing the Investment Strategy across all funds managed by Eagle Star, both unit-linked and non-linked. The Asset Allocation Committee, which consists of the Investment Director and two Associate Directors, meets formally on a weekly basis to agree the actual implementation of the Investment Strategy. The investment managers are responsible for the tactical implementation of the decisions of the Asset Allocation Committee and the choice of individual securities in their respective markets.

The Investment Back Office, reporting to the Finance Director, is responsible for the processing and settlement of the investment transaction initiated by the Investment Front Office and the recording of such transactions.

Eagle Star acts lawfully and seeks to do what is right.

Custodial - Safekeeping of Assets

Eagle Star has appointed an external Custodian to ensure that all securities purchased by Eagle Star are delivered to our account and that for all securities sold by Eagle Star; the full proceeds are credited to our account. The Custodian is also responsible for ensuring we are in receipt of all dividends to which we are entitled and, furthermore, that we are informed of all corporate actions (rights issues, bonus issues, etc.) so that we may take appropriate action. Reconciliation of our records with those of the Custodian takes place on a continuous basis.

To ensure independence and give extra security to our clients, Eagle Star chooses to use a Custodian which is not part of the Eagle Star or Zurich Group. Eagle Star currently uses Citibank as Custodian across all funds managed by Eagle Star. Holding securities at a third party Custodian reduces overall risk and provides additional segregation of duties in this key area.

Financial Dealings - Arm's Length Relationships

To ensure independence we do not use banks or stockbrokers that are part of the Eagle Star or Zurich Group. By undertaking our financial dealing activities with institutions who have no direct relationship with Eagle Star we ensure that we always receive competitive rates on behalf of our clients.

Eagle Star maintains a list of approved financial institutions with whom we conduct banking business. This division of deposit and foreign exchange dealing among a panel of financial institutions ensures that risk is reduced by keeping within acceptable exposures to different financial institutions and thus protecting the funds.

Similarly, we maintain a panel of stockbrokers with whom we may transact share dealing and bond dealing business. The panel consists of Irish and international stockbroking firms and financial institutions.

Eagle Star avoids and discloses potential conflicts of interest.



Socially Responsible Investing Credentials

Eagle Star is a part of Zurich Financial Services Group, whose commitment to responsible business practice continues to earn accolades. Following the listing in the Dow Jones World and STOXX Sustainability Indexes, Zurich has again met all of the requirements to be listed in the FTSE4Good Index Series.

The FTSE4Good Indices are reviewed on a semi-annual basis. For inclusion, companies must meet criteria in five areas: working towards environmental sustainability, developing positive relationships with stakeholders, upholding and supporting universal human rights, ensuring good supply chain labor standards, and countering bribery. These criteria are designed to reflect a broad global consensus and are regularly updated to reflect developments in corporate responsibility thinking and socially responsible investment. Investors are recognizing that the long-term aspects of good corporate responsibility practice can enhance shareholder value.

The Dow Jones Sustainability and the FTSE4Good Index Series have become essential tools for the growing number of investors interested in the long-term performance of their portfolios. Zurich's continuous inclusion in both indices sends a strong signal to the investment community that Zurich understands and manages the social and environmental impacts of its business operations and evaluates the evolving demands of its stakeholders with success.

Advertising

Eagle Star complies with the code of standards for Advertising, Promotional and Direct Marketing in Ireland, laid down by the Advertising Standards Authority for Ireland (ASAI). The ASAI has never issued an investigation into Eagle Star's advertising. Eagle Star also adheres to the guidelines for advertising and sales material as set down by the Irish Insurance Federation.

Eagle Star makes decisions using the right standards.

Safeguards for our own business

A business recovery plan is in place and is regularly updated in order to understand the crucial risks and exposures of the company and is designed to ensure a rapid response to any situation that may disrupt operations or control of the business.

Supplier Support

Eagle Star has in place a policy for payment of all bills within 30 days. As a member of IBEC we have signed an agreement for a code of practice on 'Prompt Payments'. The code is designed as a voluntary mechanism to promote good business practice in respect of accounts settlements. The Prompt Payment Code has been incorporated into our existing procedures and it requires that we:

- Have a clear and consistent policy to pay bills in accordance with contract.
- Ensure that the finance and purchasing departments are aware of the policy and adhere to it.
- Agree payment terms at the outset of a deal and stick with these terms.
- Do not extend or alter payment terms without prior agreement.
- Provide suppliers with clear guidance on payment procedures.
- Ensure that there is a system for dealing quickly with complaints and disputes and advise suppliers without delay when invoices, or parts of invoices are contested.

The Eagle Star accounts department has put in place procedures to ensure that we adhere to the code of practice for 'Prompt Payments'. This ensures that we have no major issue with suppliers with regard to payment of bills.

Marketplace Summary

In terms of financial products Eagle Star Life is renowned for innovative product design and delivering a quality product. We have investment management processes that provide investment security in a sound and ethical manner. We plan to continue to maintain our position in the market as the leading service provider.

Marketplace Objectives

We plan to:

- Continue to improve customer communication and make our customer literature as clear and understandable as possible.
- Continue our progress towards customer solutions and not just products.
- To monitor and continually reduce the number of complaints received on an annual basis.
- Continue to adhere to the code of practice for 'Prompt Payments' as part of our normal business practice.