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## Swiss Re completes first longevity trend bond, transferring USD 50 million of longevity trend risk to the capital markets through the Kortis Capital Ltd. securitisation programme

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**Zurich, 23 December 2010 – Swiss Re today announced the transfer of USD 50 million of longevity trend risk to the capital markets through the Kortis Capital Ltd. ("Kortis") securitisation programme.**

This transaction marks an innovative transfer of longevity trend risk to the capital markets. Kortis Capital Ltd. provides cover to Swiss Re against a divergence in mortality improvements experienced between two selected populations. The bond is based on population data and would trigger in the event there is a large divergence in the mortality improvements experienced between male lives aged 75-85 in England & Wales and male lives aged 55-65 in the US. The single tranche Series 2010-I Class E Notes are rated BB+ (sf) by Standard & Poor's.

"The global longevity issue is already huge and will continue to grow as the result of ageing populations and higher risk awareness. We are uniquely positioned to help develop new and flexible solutions for clients with longevity or mortality exposures, given our core mortality expertise," said Brian Gray, Swiss Re's Chief Underwriting Officer. "Swiss Re's longevity strategy focuses on providing our clients with indemnity protection, while supporting the development of efficient capital market solutions on an indexed basis as a source of future long-term capacity."

Swiss Re has a strong track record of developing the capital markets for insurance perils, initially with natural catastrophe bonds and more recently by periodically securitising its life risks. Swiss Re has obtained over USD 1.5 billion in extreme mortality risk protection from its Vita programme since 2003.

"The Kortis programme is of particular note as it provides protection against adverse deviation in mortality improvements for both Swiss Re's mortality and longevity portfolios, whilst taking into account the complementary nature of the two risks," said Christian Mumenthaler, Swiss Re's Head of Life & Health.

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Swiss Re Capital Markets acted as sole manager and bookrunner on the notes issuance. Risk modelling and analysis were performed by Risk Management Solutions Inc. (RMS). Collateral for the Kortis notes consists of securities issued by the International Bank for Reconstruction and Development.

The Kortis notes were sold in a private placement pursuant to Rule 144A of the U.S. Securities Act of 1933, as amended, (the "Securities Act") and have not been registered under the Securities Act or any state securities laws; they may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

## **Notes to editors**

### **Swiss Reinsurance Company Ltd**

Swiss Re is a leading and highly diversified global reinsurer. The company operates through offices in more than 20 countries. Founded in Zurich, Switzerland, in 1863, Swiss Re offers financial services products that enable risk-taking essential to enterprise and progress. The company's traditional reinsurance products and related services for property and casualty, as well as the life and health business are complemented by insurance-based corporate finance solutions and supplementary services for comprehensive risk management. Swiss Re is rated "A+" by Standard & Poor's, "A1" by Moody's and "A" by A.M. Best.

### **Kortis Capital Ltd.**

Kortis Capital Ltd. is a Cayman Islands exempted company financed through the offering of insurance-linked securities. The single tranche Series 2010-I Class E Notes are rated BB+ (sf) by Standard & Poor's. The "sf" designation in the rating is required for ratings of structured finance products as of August 2010. For additional information about this identifier, prospective investors can go to [www.standardandpoors.com](http://www.standardandpoors.com)

### **Cautionary note on forward-looking statements**

Certain statements and illustrations contained herein are forward-looking. These statements and illustrations provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to a historical fact or current fact. Forward-looking statements typically are identified by words or phrases such as "anticipate", "assume", "believe", "continue", "estimate", "expect", "foresee", "intend", "may increase" and "may fluctuate" and similar expressions or by future or conditional verbs such as "will", "should", "would" and "could". These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause Swiss Re's actual results, performance, achievements or prospects to be materially different from any future results, performance, achievements or prospects expressed or implied by such statements. Such factors include, among others:

- the direct and indirect impact of the continuing deterioration in the financial markets and the efficacy of efforts to strengthen financial

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- institutions and stabilize the credit markets and the broader financial system;
- changes in global economic conditions and the effects of the global economic downturn;
  - the occurrence of other unanticipated market developments or trends;
  - Swiss Re's ability to maintain sufficient liquidity and access to capital markets, including sufficient liquidity to cover potential recapture of reinsurance agreements, early calls of debt or debt-like arrangements and collateral calls under derivative contracts due to actual or perceived deterioration of Swiss Re's financial strength;
  - the effect of market conditions, including the global equity and credit markets, and the level and volatility of equity prices, interest rates, credit spreads, currency values and other market indices, on Swiss Re's investment assets;
  - changes in Swiss Re's investment result as a result of changes in its investment policy or the changed composition of Swiss Re's investment assets, and the impact of the timing of any such changes relative to changes in market conditions;
  - uncertainties in valuing credit default swaps and other credit-related instruments;
  - possible inability to realize amounts on sales of securities on Swiss Re's balance sheet equivalent to its mark-to-market values recorded for accounting purposes;
  - the outcome of tax audits, the ability to realize tax loss carry forwards and the ability to realize deferred tax assets (including by reason of the mix of earnings in a jurisdiction or deemed change of control), which could negatively impact future earnings;
  - the possibility that Swiss Re's hedging arrangements may not be effective;
  - the lowering or loss of one of the financial strength or other ratings of one or more companies in the Group;
  - risks associated with implementing Swiss Re's business strategies;
  - the cyclical nature of the reinsurance industry;
  - uncertainties in estimating reserves;
  - the frequency, severity and development of insured claim events;
  - acts of terrorism and acts of war;
  - mortality and morbidity experience;
  - policy renewal and lapse rates;
  - extraordinary events affecting Swiss Re's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
  - political risks in the countries in which Swiss Re operates or insures risks;
  - the impact of current, pending and future legislation and regulation affecting us or our ceding companies, and regulatory and legal actions;
  - the impact of significant investments, acquisitions or dispositions, and any delays, unexpected costs or other issues experienced in connection with any such transactions, including, in the case of acquisitions, issues arising in connection with integrating acquired operations;
  - changing levels of competition; and
  - operational factors, including the efficacy of risk management and other internal procedures in managing the foregoing risks.

These factors are not exhaustive. We operate in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on forward-looking statements. We undertake no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.