



Swiss Re aviation insurance study highlights the value of insurance for the highly exposed aviation sector

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Zurich, 25 October 2004 – To maintain a system of sustainable insurance for the aviation industry, pricing must reflect the cost of capital to insurers. This is the conclusion of Swiss Re’s new study on aviation insurance.

Cost of capital an integral part of underwriting

With financial markets only slowly recovering, recent years have seen a strong focus on profitable underwriting and achieving an appropriate return on capital. This thinking is influencing the pricing of all insurance classes including aviation insurance where the potential exposures are substantial.

Exposure – overwhelming values

Today’s global fleet consists of some 21,400 western built aircrafts, representing a hull insured value of approximate USD 570 billion. On average, aviation insurers grant liability policy limits of around USD750 million for every single departure – of which there are roughly 31 million annually. The sums potentially at risk amount to hundreds of billions of US dollars. Despite these substantial exposures, global airlines go about their normal daily business. They are able to do this with the support of the insurance industry, which has relieved them of the financial burden of backing these enormous exposures.

No take-off without insurance

No aircraft anywhere in the world is permitted to take off without a legally required insurance policy in place. Therefore insurance is, among the most vital and valuable of assets enabling an aircraft to fly.

Andreas F. Peter, Swiss Re’s Global Head of Aviation & Space comments, “While insurance is an absolute prerequisite to an airline’s operation, its actual total cost is relatively small compared to the benefit the client derives.”

To read the publication "The true value of aviation insurance" in full, please visit our website www.swissre.com or email publications@swissre.com to receive a copy.

Notes to editors

Swiss Re

Swiss Re is one of the world's leading reinsurers and the world's largest life and health reinsurer. The company operates through more than 70 offices in over 30 countries. Swiss Re has been in the reinsurance business since its foundation in Zurich, Switzerland, in 1863. Through its three business groups Property & Casualty, Life & Health and Financial Services, Swiss Re offers a wide variety of products to manage capital and risk. Traditional reinsurance products, including a broad range of property and casualty as well as life and health covers and related services, are complemented by insurance-based corporate finance solutions and supplementary services for comprehensive risk management. Swiss Re is rated "AA" by Standard & Poor's, "Aa2" by Moody's and "A+" by A.M. Best.