

## Swiss Re to acquire Mercantile & General Re

27 Aug 1996 CET Press Release

**Swiss Re is pleased to announce that it has agreed to purchase Mercantile & General Re from Prudential of the United Kingdom for £ 1704 million (approx. CHF 3.15 billion). The agreement is subject to regulatory approval.**

This acquisition advances Swiss Re's strategic aim of growing its business in the life and health sector. Following the acquisition of Dutch reinsurer Alhermij last year, the transaction will make Swiss Re the largest life and health reinsurer, reinforcing its world-wide leadership position. Mercantile & General Re's business is complementary to Swiss Re's strong presence in mainland Europe, and in particular strengthens its business in the United States, United Kingdom and Asia/Pacific. It is intended to combine the operating activities of the two companies under the Swiss Re name.

Swiss Re welcomes the addition of a team of skilled reinsurance specialists which will further improve its ability to implement its strategic aims. Adding the gross premiums of Mercantile & General Re in 1995 of £ 1332 million (CHF 2.4 billion) to those of Swiss Re (CHF 12.9 billion) gives a total volume of CHF 15.3 billion, of which life and health represents an amount of CHF 4.1 billion.

Mercantile & General Re reported US GAAP earnings of £ 148 million after tax for 1995. With their year-end 1995 book value of £ 1045 million on a US GAAP basis, plus additional value from the in-force portfolio and extensive operating synergies, Swiss Re expects the transaction to contribute substantially to the Group's earnings and, based upon the purchase price, to be supportive of its goal of a 15% return on equity.

**For further information please contact:**

Media Communications:

**Johann Thinnhof**, tel. +41 1 285 3281