

News release

Swiss Re Capital Markets structures and places USD 925 million catastrophe bond for the California Earthquake Authority

New York, 23 May 2017 — Swiss Re Capital Markets has successfully structured and placed the issuance of USD 925 million of insurance-linked securities by Ursa Re Ltd., to be used for the protection of the California Earthquake Authority ("CEA"). The transaction is one of the largest indemnity, annual aggregate catastrophe bonds and covers California earthquakes. With this deal the CEA is well prepared to handle the economic consequences of potential earthquakes.

Swiss Re Capital Markets underwrote the transaction through two classes of principal-at-risk variable rate notes issued by Ursa Re Ltd., a Bermuda exempted company licensed and registered as a special purpose insurer under the Bermuda Insurance Act 1978 and related regulations, each as amended.

The CEA entered into two reinsurance agreements with Ursa Re Ltd. receiving protection on an indemnity, annual aggregate basis, against residential homes for earthquake damage in California. Ursa Re Ltd. collateralised its liabilities under the reinsurance agreements via the issuance of USD 425 million Class B Notes and USD 500 million Class E Notes to capital markets investors. Both Classes of Notes have a three-year risk period starting May 17, 2017.

"Swiss Re is pleased to provide continued support to the CEA on its largest catastrophe bond issuance to date. The transaction was well received by investors, as demonstrated by, among other factors, the final issuance size," said Judy Klugman, Co-Head of ILS at Swiss Re Capital Markets. "We were also glad to be able to support the CEA in its desire to make future issuances more efficient by introducing pre-modeled Program Notes. Such Program Notes are intended to allow the CEA to tap investor demand on a more timely and cost efficient basis."

Swiss Re Capital Markets acted as the sole structuring agent and joint bookrunner.

The Ursa Re Ltd. notes were sold 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.

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Notes to editors

Swiss Re Capital Markets

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Certain statements and illustrations contained herein are forward-looking. These statements (including as to plans, objectives, targets, and trends) 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", "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 the Group's actual results of operations, financial condition, solvency ratios, capital or liquidity positions or prospects to be materially different from any future results of operations, financial condition, solvency ratios, capital or liquidity positions or prospects expressed or implied by such statements or cause Swiss Re to not achieve its published targets. Such factors include, among others:

- further instability affecting the global financial system and developments related thereto;
- further deterioration in global economic conditions;
- the Group'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 due to actual or perceived deterioration of the Group's financial strength or otherwise;
- 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 the Group's investment assets;
- changes in the Group's investment result as a result of changes in its investment policy or the changed composition of its 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 realise amounts on sales of securities on the Group's balance sheet equivalent to their mark-to-market values recorded for accounting purposes;
- the outcome of tax audits, the ability to realise tax loss carryforwards and the ability to realise 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 the Group's hedging arrangements may not be effective;
- the lowering or loss of one of the financial strength or other ratings of one or more Swiss Re companies, and developments adversely affecting the Group's ability to achieve improved ratings;
- the cyclical nature of the reinsurance industry;
- uncertainties in estimating reserves;
- uncertainties in estimating future claims for purposes of financial reporting, particularly with respect to large natural catastrophes, as significant uncertainties may be involved in estimating losses from such events and preliminary estimates may be subject to change as new information becomes available;
- the frequency, severity and development of insured claim events;
- acts of terrorism and acts of war;
- mortality, morbidity and longevity experience;
- policy renewal and lapse rates;
- extraordinary events affecting the Group's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- current, pending and future legislation and regulation affecting the Group or its ceding companies and the interpretation of legislation or regulations;
- legal actions or regulatory investigations or actions, including those in respect of industry requirements or business conduct rules of general applicability;
- changes in accounting standards;
- significant investments, acquisitions or dispositions, and any delays, unexpected costs or other issues experienced in connection with any such transactions;
- 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. The Group operates in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on forward-looking statements. Swiss Re undertakes no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.

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