

Swiss Re obtains USD 255 million of catastrophe protection from innovative securitisation structure

18 Jul 2002 CET

Swiss Re has received USD 255 million of four-year protection against a series of natural catastrophe risks. As part of the transaction, Swiss Re signed a financial contract with PIONEER 2002 Ltd. ("PIONEER"), a special purpose Cayman Islands exempted company and the issuer of the USD 255 million of securities. Subsequently, Swiss Re Capital Markets Corporation, acting as sole bookrunner, privately placed the securities with institutional investors. The proceeds from the offering fully collateralise PIONEER's financial contract with Swiss Re and will serve to replenish Swiss Re's capital should any of the specified natural catastrophes occur.

The financial contract provides Swiss Re with protection based on parametric indices tied to natural perils. Under these indices, Swiss Re's recovery after an event is tied to physical parameters such as earthquake strength or wind speed. Five of the indices address individual risks, North Atlantic hurricanes, European windstorms, California earthquakes, Central U.S. earthquakes and Japanese earthquakes, while the sixth is a combination of the other indices.

Details on the specific PIONEER tranches are as follows:

Tranche	Peril	Amount ¹	Rating ²	Spread ³
A	North Atlantic Hurricane	85 million	BB+/Ba3	600 bps
B	European Windstorm	50 million	BB+/Ba3	500 bps
C	California Earthquake	30 million	BB+/Ba3	600 bps
D	Central US Earthquake	40 million	BBB-/Baa3	175 bps
E	Japanese Earthquake	25 million	BB+/Ba3	425 bps
F	Multi-Peril ⁴	25 million	BB+/Ba3	750 bps

Notes:

1. Amounts are in USD
2. Ratings by Standard & Poor's Rating Service and Moody's Investors Service, Inc., respectively.
3. Spread (in basis points) to three month LIBOR.
4. Includes all perils in the A through E tranches.

"Swiss Re recognises the benefits of the capital markets for the retrocession of insurance risks. It is our belief that the creation of standardised parametric indices will encourage broader market acceptance and allow for future issuance using these indices," said John Fitzpatrick, Chief Financial Officer of Swiss Re.

Notes to Editors


Swiss Re is one of the world's leading reinsurers with over 70 offices in more than 30 countries. Gross premiums in 2001 amounted to CHF 28.5 billion. Swiss Re has a strong track record of earnings growth only interrupted in 2001 with a net loss of CHF 165 million, largely due to the 11 September 2001 event. At the end of 2001, Swiss Re's shareholders' equity amounted to CHF 22.6 billion and the total balance sheet stood at CHF 170 billion. Swiss Re is rated "AAA" by Standard & Poor's, "Aaa" by Moody's and "A++" by A.M. Best.


Swiss Re has been a leader in the insurance-linked securities market, creating Swiss Re Capital Markets Corporation in 1995 to develop the market and sponsoring one of the first such transactions, SR Earthquake Ltd. in 1997.

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