

Swiss Re Purchases California Earthquake Coverage

21 Jul 1997 CET Press Release

Swiss Reinsurance Company has purchased \$ 112.2 million in California earthquake reinsurance coverage from SR Earthquake Fund, Ltd., a Cayman Islands reinsurance company, according to Walter B. Kielholz, Chief Executive Officer of Swiss Re Group.

The transaction provides Swiss Re with single-event coverage linked to industry-insured losses in California. The deal also involved the issuance to institutional investors by SR Earthquake Fund, Ltd. of \$ 137 million in two-year notes linked to these losses.

Mr. Kielholz said, "The successful conclusion of this transaction reflects our strategy of exploring innovative sources of risk capacity. The creative combination of reinsurance risk management and the risk appetite of the capital markets will be an important tool for Swiss Re and its clients".

Swiss Re Capital Markets and Credit Suisse First Boston were placement agents of the securities issued by SR Earthquake Fund, Ltd. The securities were offered in several tranches with different risk levels to satisfy various investor needs. The size of the issuance was increased from \$ 115 million to \$ 137 million as a result of investor demand. The senior tranche is the first of its kind to be rated investment grade based on the level of catastrophe risk. The investors were U.S. and European financial institutions, including life insurance companies, money managers and banks. EQECAT, a catastrophe risk management consultancy, provided a third-party analysis to assist in the quantification of the investors' risk.

For further information please contact:

Swiss Re New Markets New York
Gary Sullivan, Communications Director,
tel. +1 212 317-5619
fax +1 212 317-5628

Media Communications:
Johann Thinnhof, tel. +41 1 285 3281