

# Swiss Re announces Administrative Reinsurance agreement

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**Swiss Re, through its US life and health subsidiaries, announces proposed Administrative Reinsurance agreement to acquire the Dallas insurance subsidiaries of PennCorp Financial Group, Inc.**

Swiss Re today announced that it has entered into an Administrative Reinsurance agreement to acquire 100% of the outstanding stock of Southwestern Life Insurance Company and Security Life & Trust Insurance Company (both of Dallas, Texas, collectively, the "Dallas Companies"), for a consideration of USD 260 million in cash. The Dallas Companies are wholly owned subsidiaries of PennCorp Financial Group, Inc. ("PennCorp").

The acquisition will be implemented in a chapter 11 case to be commenced by PennCorp under the Bankruptcy Code and the acquisition will be subject to the approval of the Bankruptcy Court. In addition, the acquisition is conditioned upon receipt of other regulatory approvals.

Following the acquisition of these companies, Swiss Re expects to enter into a strategic joint venture agreement with a respected primary life insurance company. Under this agreement, Southwestern Life Insurance Company will continue and market policies for its own account. A portion of these new policies will be reinsured with Swiss Re.

Jacques E. Dubois, Chief Executive Officer of Swiss Re Life & Health America Inc., said, "The addition of the Dallas Companies to our Administrative Reinsurance portfolio will increase total assets in this line of business alone to approximately USD 8.5 billion and increase annualised Administrative Reinsurance revenues to more than USD 1.3 billion. At the same time, the joint venture arrangement will preserve the value inherent in the effective Southwestern Life distribution system and allow Southwestern to expand its longstanding distribution relationships."

Swiss Re Life & Health America Inc., the largest life and health reinsurer in North America with more than USD 500 billion of life insurance in force, provides traditional life reinsurance and Administrative Reinsurance to its clients.

Through Administrative Reinsurance, Swiss Re Life & Health America Inc. buys life insurance companies and closed books of business while simultaneously relieving client companies' systems and administrative constraints. It enables primary companies to realise value and release capital tied up in non-core business for reallocation to mainstream products, new lines of business, or even funding corporate structure changes such as demutualisations.

## Notes to editors

Swiss Re Life & Health, headquartered in London (UK), which includes Swiss Re Life & Health America Inc., is a specialist global division of the Swiss Re Group. The division delivers risk management solutions to its clients - life and health insurers world-wide - across a wide spectrum of products including life, critical illness, disability income, medical expense and long-term care.

Swiss Re is one of the world's leading reinsurers with over 70 offices in more than 30 countries. In the 1998 financial year, gross premium volume amounted to CHF 18 billion and the result after tax amounted to CHF 2.5 billion. During the first half of 1999, Swiss Re achieved an ordinary result of CHF 2.6 billion and gross premium rose to CHF 10.7 billion. Swiss Re is rated "Aaa" by Moody's and "AAA" by Standard & Poor's.

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