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Swiss Re heads to Baden-Baden with a strong appetite for high-quality business

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Munich, 23 October 2009 – Swiss Re is very well positioned to enter this year's renewal discussions in Baden-Baden. Swiss Re will use the week ahead to emphasise its strong offering to European clients, and to reinforce the company's focus on a sustainable underwriting relationship with cedants.

A strong appetite for high-quality business

Swiss Re will have a strong presence at this year's annual meeting of (re)insurers in Baden-Baden. Ahead of this Sunday's official kick-off, Swiss Re will be holding a media teleconference this afternoon to share the company's key renewal messages with journalists.

Martin Albers, Executive Board Member and Swiss Re's Head of Client Markets Europe will say: "We are looking for continuity, both in our relations with customers and in our disciplined approach to underwriting. In 2009 so far, conditions in the reinsurance market have continued to improve. We have a large appetite for risk and, if the price is right, we are fit and ready to provide our clients with the capacity they need. Our focus is on quality, not quantity."

Demand for reinsurance continues to climb in the difficult market environment. As a result of the financial crisis, non-life insurers have lost around 15% and 20% of their capital, and life companies between 30% and 40%. Interest rates remain low and the cost of capital remains high.

Sound underwriting and client focus provides the basis for sustainable business relationships

German Motor market

Thomas Witting, Head of Client Markets for Germany and the Nordic and Baltic markets, will explain how Swiss Re is responding to the price war in the German Motor segment.

“This misguided development has raged for many years in the German Motor market but the insurance industry has failed to counteract it. Swiss Re needs to take decisive action to ensure the price war does not have a long-term negative impact on the profitability of our proportional portfolio,” he will say.

In response to this trend, Swiss Re will review Motor treaty conditions on a client-by-client basis and make amendments where necessary.

“In these difficult times we are there for our clients and we will stand by those clients who offer profitable terms and conditions. We will become more selective in our underwriting, and are not prepared to participate in the erosion of Motor prices under our reinsurance treaties. We will find customized solutions together with each client – in the atmosphere of continuity and sustainability they have come to expect from Swiss Re,” he will state.

Property Nat Cat In Europe

Swiss Re will provide capacity for Nat Cat events (windstorms) in the European markets at appropriate prices.

“Higher rates were already becoming apparent towards the end of the 2009 renewal season. These are long overdue and absolutely essential. We expect this trend to continue during the current renewals,” Thomas Witting will say.

“Swiss Re will remain flexible in discussions with clients and we will try to find acceptable solutions that suit their needs. If extra capacity is needed for European windstorm cover, we will provide it at the right price,” he will add.

Nat Cat pricing in Austria needs to be addressed; Central and Eastern Europe continues to offer good growth prospects

Beat Strebel, Head of Client Markets for Austria, Central and Eastern Europe will reflect on the Nat Cat situation in Austria: “In Austria, Swiss Re needs to take action with respect to Nat Cat reinsurance treaties, which are calling out for change. Given the rising claims frequency and severity from major natural catastrophes over the last 10 years, the market needs to consider whether current (re)insurance structures and prices are adequate,” he will warn.

For countries in Central and Eastern Europe, while the financial crisis has taken a particularly heavy toll, Swiss Re is upbeat about future prospects: “In these markets we anticipate seeing exceptionally promising business opportunities and growth potential in the long term,” he will add.

Notes to editors

Swiss Reinsurance Company Ltd

Swiss Re is a leading and highly diversified global reinsurer. The company operates through offices in more than 20 countries. Founded in Zurich, Switzerland, in 1863, Swiss Re offers financial services products that enable risk-taking essential to enterprise and progress. The company’s traditional reinsurance products and related services for property and casualty, as well as the life and health business are complemented by insurance-based corporate finance solutions and supplementary services for comprehensive risk management. Swiss Re is rated “A+“ by Standard & Poor’s, “A1” by Moody’s and “A” by A.M. Best.

Cautionary note on forward-looking statements

Certain statements and illustrations contained herein are forward-looking. These statements 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“ and “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 Swiss Re’s actual results, performance, achievements or prospects to be materially different from any future results, performance, achievements or prospects expressed or implied by such statements. Such factors include, among others:

- the direct and indirect impact of the continuing deterioration in the financial markets and the efficacy of efforts to strengthen financial institutions and stabilise the credit markets and the broader financial system;
- changes in global economic conditions and the effects of the global economic downturn;
- the occurrence of other unanticipated market developments or trends;
- Swiss Re’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 under derivative contracts due to actual or perceived deterioration of Swiss Re’s financial strength;
- 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 Swiss Re’s investment assets;
- changes in Swiss Re’s investment result as a result of changes in its investment policy or the changed composition of Swiss Re’s 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 Swiss Re’s balance sheet equivalent to its mark-to-market values recorded for accounting purposes;
- the outcome of tax audits, the ability to realise tax loss carry forwards 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 Swiss Re’s hedging arrangements may not be effective;
- the lowering or loss of one of the financial strength or other ratings of one or more companies in the Group;
- risks associated with implementing Swiss Re’s business strategies;
- the cyclicality of the reinsurance industry;
- uncertainties in estimating reserves;
- the frequency, severity and development of insured claim events;
- acts of terrorism and acts of war;
- mortality and morbidity experience;
- policy renewal and lapse rates;
- extraordinary events affecting Swiss Re’s clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- political risks in the countries in which Swiss Re operates or insures risks;
- the impact of current, pending and future legislation and regulation, affecting us our ceding companies, and regulatory and legal actions;
- the impact of changes in accounting standards;
- the impact of significant investments, acquisitions or dispositions, and any delays, unexpected costs or other issues experienced in connection with any such transactions, including, in the case of acquisitions, issues arising in connection with integrating acquired operations;
- 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. We operate in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on forward-looking statements. We undertake no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.