



Swiss Re reports embedded value of CHF 16.3 billion for 2002

Growth in embedded value of CHF 1.2 billion from earnings and capital movements more than offset by impact of exchange rate movements

Value added by new business increased 9.8% in original currency

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Zurich, 9 July 2003 – Swiss Re's Life & Health Business Group reports embedded value of CHF 16.3 billion in 2002. Positive growth in embedded value of CHF 1.2 billion, from both earnings and capital movements, was more than offset by the impact of currency movements, and resulted in the 2002 embedded value reducing from 2001's CHF 17.6 billion. Value added by new business was CHF 627 million, up 9.8% in original currency. Embedded value operating profit was CHF 1.2 billion, down from CHF 1.5 billion in 2001.

Embedded value of CHF 16.3 billion in 2002

Swiss Re's embedded value decreased to CHF 16.3 billion in 2002, driven by foreign exchange rate movements of CHF 2.5 billion. More than two thirds of Swiss Re's life and health reinsurance business is in the United States and as a result, the decline in the dollar versus the Swiss Franc had a significant effect on the 2002 embedded value. Excluding exchange rate movements, the underlying growth in embedded value was CHF 1.2 billion from a combination of earnings and capital movements.

Embedded value after tax operating profit of CHF 1.2 billion

The embedded value after tax operating profit declined to CHF 1.2 billion in 2002, from CHF 1.5 billion in 2001. The value added by new business grew in 2002 to CHF 627 million from CHF 616 million in 2001, without exchange rate movements the increase was actually 9.8%. Offsetting this growth were changes in operating assumptions, negative investment variances and an adjustment to Lincoln Re's 2001 closing value (resulting from its conversion to Swiss Re's embedded value models).

Embedded value earnings of CHF 411 million

Embedded value earnings for 2002 of CHF 411 million were down from CHF 1.2 billion in 2001. This was a result of negative investment variances of CHF 838 million, due to the effect declining financial markets had on equity values and guaranteed minimum death benefits.

John Fitzpatrick, Head of Swiss Re's Life & Health Business Group comments, "Swiss Re is the world's largest life reinsurer and the market leader in the United States. While the dollar's decline in 2002 affected our embedded value, it is particularly pleasing to see that life and health continues to expand its business and that the value added by new business increased almost 10% during the year."

Analysts' Conference Call and Interim Results

Swiss Re is holding an Analysts' Conference Call today at 15.00 Zurich time. The Analysts' Conference Call can be followed by dialling: in Europe +41 91 610 5607 and in the United States on +1 412 858 4600. On 29 August 2003, Swiss Re will announce its 2003 Interim Results. For further information please refer to www.swissre.com.

Notes for editors:

Swiss Re is one of the world's leading reinsurers and the world's largest life and health reinsurer. The company operates through more than 70 offices in over 30 countries. Swiss Re has been in the reinsurance business since its foundation in Zurich, Switzerland, in 1863. Through its three business groups Property & Casualty, Life & Health and Financial Services, Swiss Re offers a wide variety of products to manage capital and risk. Traditional reinsurance products, including a broad range of property and casualty as well as life and health covers and related services, are complemented by insurance-based corporate finance solutions and supplementary services for comprehensive risk management. Swiss Re is rated "AA+" by Standard & Poor's, "Aa1" by Moody's and "A++" by AM Best.

Embedded value - is an actuarially determined estimate of the economic value of life and health insurance operations, excluding value from future new business, and is used, not only by Swiss Re but by a number of life insurers, to provide supplementary information to that shown in published accounts.

Guaranteed minimum death benefits (GMDB) - This was a class of life business written by Swiss Re between 1995 and 1999, since then no further new business has been accepted. Under the policies, on death, beneficiaries receive the greater of either the market value of their account or a guaranteed amount.

Cautionary note on forward-looking statements

Certain statements contained herein are forward-looking. These statements 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 our 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:

- cyclical nature of the reinsurance industry;
- changes in general economic conditions, particularly in our core markets;
- uncertainties in estimating reserves;
- risks and uncertainties relating to our estimates of the losses arising from the 11 September 2001 terrorist attack in the United States;
- the performance of financial markets;
- expected changes in our investment results as a result of the changed composition of our investment assets or changes in our investment policy;
- the frequency, severity and development of insured claim events;
- acts of terrorism and acts of war;
- changes in rating agency policies or practices;
- mortality and morbidity experience;
- policy renewal and lapse rates;
- the lowering or loss of one of the financial or claims-paying ratings of one or more of our subsidiaries;
- changes in levels of interest rates;
- political risks in the countries in which we operate or in which we insure risks;
- extraordinary events affecting our clients, such as bankruptcies and liquidations;
- risks associated with implementing our business strategies;
- changes in currency exchange rates;
- changes in laws and regulations, including changes in accounting standards and taxation requirements; and
- increases in competitive pressures.

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 our 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.