Swiss Re's net premium income up 16% to CHF 13 836 million - Swiss Re reports net income of CHF 118 million for first half year 2002 - Improved operational performance offset by capital market declines

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Swiss Re's net premium income rose 16% in first-half 2002 to CHF 13 836 million. Net income for first-half 2002 was CHF 118 million compared to CHF 1 345 million in first-half 2001. Negative global stock markets were the main reason for the reduced result. Given the equity market decline during the first-half, Swiss Re recorded impairment charges of CHF 917 million. These charges were the main driver of a reduction in Swiss Re's investment result for first-half 2002 to CHF 2 604 million, from CHF 3 931 million in first-half 2001. Firming non-life rates and better conditions led to the Property & Casualty Business Group's combined ratio improving to 104% from 113% in first-half 2001, excluding changes to equalisation reserves. Swiss Re's life business registered substantial growth and continued to outperform its targeted profit margin.

Improved operational performance offset by investment result

Premiums rose across the Swiss Re Group by 16% to CHF 13 836 million from CHF 11 898 million in first-half 2001. Swiss Re's net income for first-half 2002 was CHF 118 million, or CHF 0.38 per share, compared to first-half 2001 net income of CHF 1 345 million, or CHF 4.72 per share.

Swiss Re's investment result for first-half 2002 was CHF 2 604 million, compared to CHF 3 931 million in 2001. Net investment income was down 8% at CHF 2 804 million from CHF 3 047 million in 2001, due to the appreciation of the Swiss franc and the absence of certain dividend income from the prior year. Realised investment gains of CHF 829 million partly offset unrealised investment losses of CHF 1 029 million, primarily driven by the previously mentioned CHF 917 million write-down for other-than-temporary-impairment due to the decline in equity markets.

Walter B. Kielholz, Chief Executive Officer of Swiss Re comments; "The last twelve months were a severe test for all industry players. However, in tough times experience tells us the opportunities are greatest for the strongest players. I believe this remains so now for Swiss Re."

Property & Casualty reduces combined ratio to 104%

Property & Casualty Business Group achieved a significant improvement in the quality of its portfolio in the first-half 2002 as prices increased and business volume expanded. These factors led the combined ratio to fall from 113% in first-half 2001 to 104% in first-half 2002, excluding changes to equalisation reserves. In first-half 2002, Property & Casualty added CHF 110 million to equalisation reserves. Despite these improvements in underwriting performance, operating income declined to CHF 104 million for first-half 2002 from CHF 1 032 million in first-half 2001, due to the previously mentioned reduced investment result.

Premiums earned were up 3% at CHF 6 654 million, compared to CHF 6 458 million in first-half 2001. Underlying premium growth was 13%, excluding currency effects and certain business transfers to financial services. Swiss Re's decision to improve the portfolio's quality led to a marked shift in business from proportional to non-proportional treaties, which reduced the growth in premiums but improved transparency and control over pricing and exposures. Demand for reinsurance continues to grow as client's capital positions are squeezed by negative capital market performance.

Life & Health continues to outperform target

The Life & Health Business Group, building on its success in previous years, posted a 34% increase in operating income, excluding capital gains and losses, to CHF 871 million in first-half 2002 from CHF 651 million in first-half 2001. Operating revenues grew 25% to CHF 7 578 million from CHF 6 065 million in first-half 2001, which included a 32% increase in premiums. Return on operating revenues was 11.5%, compared to 2001's 10.7%, continuing the track record of exceeding the target ratio, which was itself increased from 9% to 10% for 2002.

The successful integration of Lincoln Re has already had a positive effect on earnings for this reporting period and is the main contributor to the growth in premiums. The business group also benefited from two Admin ReSM transactions, effective 1 January 2002, and the impact from the Southwestern Life transaction, completed in mid 2001. Admin ReSM transactions in 2002 involved invested capital of CHF

300 million.

Financial services impacted by large claims and capital markets

Financial Services Business Group recorded a sizeable 32% increase in premiums earned to CHF 1 366 million and fees and commissions increased 23% to CHF 262 million. Despite these positive developments the impact of unfavourable developments from business incepted prior to 2002 and the adverse investment environment resulted in an operating loss of CHF 379 million for first-half 2002.

Credit Solutions reported a first-half operating loss of CHF 338 million. A claim notification on a cover for the Lloyd’s Central Fund and other defaults on covers from prior years, including Holzmann and K-Mart were the primary reasons for the loss. Prices continue to rise in the credit reinsurance market, even as exposures declined.

First-half 2002 premiums increased 92% in Risk Solutions’ Corporate Risk Underwriting to CHF 845 million. Firming prices and conditions, higher attachment points and expanded market shares were the main drivers. These changes are expected to have a positive impact on the results in the second-half of 2002 and beyond as the accounting implications of the firming trend becomes evident.

Update on flood situation in Europe

Recent torrential rains have caused severe flooding across Europe. The flooding is exceptional as it affected an extensive area from the UK in the west to as far east as the Black Sea coast. While a precise estimate of the total economic loss is not possible at present, preliminary estimates suggest they are expected to exceed EUR 15 billion. The insured loss will be substantially lower as flood insurance penetration is generally low and/or sub-limited in the affected countries. Swiss Re’s preliminary estimate of its loss exposure is around CHF 250 million.

Outlook

Swiss Re expects the sustained improvement in market conditions to continue across the reinsurance business in the second half of the year. As a result, prices and conditions in the non-life business are expected to continue to firm in the upcoming renewals. The life business is expected to witness increased demand for Admin ReSM and traditional transactions, as capital requirements for primary insurers increase. Swiss Re will take advantage of favourable opportunities as they occur. The Financial Services Business Group is expected to benefit from positive developments in non-life corporate business.

If equity markets were to persist at end of June 2002 levels or below, additional impairment charges would negatively impact the second-half results. To reduce its exposure to further equity market falls, Swiss Re has partly hedged its equity position. Assuming a modest equity market recovery and no extraordinary large loss events, during the remainder of 2002, Swiss Re expects a satisfactory full-year result, given the challenging capital market environment.

Raymund Breu nominated to replace Oswald J. Grübel

Oswald J. Grübel has decided to step down from Swiss Re's Board of Directors following his executive reappointment to the Credit Suisse Group. His successor will be elected at the 139th General Meeting of Swiss Re on 12 May 2003, when the Board of Directors will propose the election of Raymund Breu.

Raymund Breu, born in 1945, has been chief financial officer and member of the Executive Committee at Novartis since 1996. Mr Breu served as chief financial officer at Sandoz Corporation from 1985 to 1990. He was appointed group treasurer in 1990 and member of Sandoz's Executive Committee in 1993.

Media Conference and Analysts’ Meeting

Swiss Re is holding a Media Conference today, 29 August 2002, at 10.30 CEST. There will be an Analysts' Meeting at 14:00 CEST, which will be broadcast live on the Internet or alternatively can be followed by telephone conference. The full version of the **Interim Report**, together with a **video commentary** by Swiss Re’s Chief Executive Officer, Walter Kielholz, about the report can be accessed by visiting our web site www.swissre.com.

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 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.

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:

risks and uncertainties relating to our estimates of the losses arising from the 11 September 2001 terrorist attack in the United States, and the possibility of future terrorist attacks;
changes in general economic conditions, particularly in our core markets;
uncertainties in estimating reserves;
the performance of financial markets;
the frequency, severity and development of insured claim events;
mortality and morbidity experience;
policy renewal and lapse rates;
changes in levels of interest rates;
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.

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