News release

Swiss Re

Fed rate action commentary from Swiss Re's Chief Economist, North America

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New York, 25 June 2003 - Following today's announcement that the Federal Reserve Board would cut interest rates in the target federal funds rate by 25 basis points to 1.0 percent, Swiss Re's Chief Economist, North America, Kurt Karl said, "As we have been indicating for the past few months, the weakness in the economy warrants an interest rate cut and the Fed has finally obliged. For the time being, the Fed will be on hold."

'The latest economic indicators remain weak, but are improving. Consumer and business confidence is rising. Housing, vehicle sales and consumer spending continue to provide modest, positive stimulus. Though growth is soft now, it should accelerate in the second half of the year and into 2004. Interest rates are low, sustaining strong housing investment and mortgage refinancing. The tax package will further increase consumer spending and the decline in oil prices since their peak in March will act as an additional tax cut, boosting consumer purchasing power. The weaker dollar will stimulate exports and reduce imports. Real GDP will increase by 2.2 percent this year and 3.5 percent next year.'

'Weak economic activity and the reduced risk of inflation due to the strong Euro will allow the European Central Bank to cut a further 50 basis points within the next six months. It is still our expectation that the Bank of Canada (BoC) will raise rates one more time this year by 25 basis points. However, with global economic weakness, low rates in the US and Europe and the strong Canadian 'loonie,' this is now a close call. The BoC may just sit on the sidelines waiting for the acceleration in growth in the US and Canadian economies.'

About Swiss Re

Swiss Re is a leading reinsurer and the world's largest life and health reinsurer. The company is global, operating from 70 offices in 30 countries. Since its foundation in 1863, Swiss Re has been in the reinsurance business. Swiss Re has three business groups: Property & Casualty, Life & Health and Financial Services. Swiss Re offers a wide range of traditional reinsurance products and related services, which are complemented by insurance-based corporate finance solutions and supplementary services. Swiss Re is rated "AA" by Standard & Poor's, "Aa1" by Moody's and "A+" by A.M. Best.