

Swiss Re's profit after tax up 21% continuing a strong series of earnings increases

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In 2000 Swiss Re once again achieved a strong increase in profits, which rose by 21% to CHF 2 966 million. This excellent result was driven by a strong improvement in the non-life business and a record investment result. Earnings per share rose to CHF 208 (1999: CHF 171), up 22%. The Board of Directors will propose to the Annual General Meeting a dividend of CHF 50 per share and a capital repayment of CHF 8 per share, as well as a 20-for-1 split of outstanding shares. The recent positive non-life renewals have fostered expectations of further improvements in operating results for 2001.

Swiss Re Group

The strong Group result of CHF 2 966 million, up 21%, was driven by both a healthy improvement in the non-life business and a record investment result of CHF 9.1 billion, up 22% on the prior year. The return on investment was 10%, compared with 8.8% in 1999, marking the fifth year in a row of a return at or above Swiss Re's long-term target rate of 7%. This was achieved despite generally mixed market conditions. At the same time, Swiss Re strengthened its equalisation reserves for future catastrophe losses and claims fluctuations by a larger figure than usual. This will further increase Swiss Re's financial strength. Total premiums earned increased to CHF 22.1 billion, a rise of 22% over 1999. Return on equity increased to 11.9% from 10.9% in 1999.

Non-Life Business Group

After several years of fierce competitive pressure, non-life business showed clear signs of recovery. The operating income of the Non-Life Business Group rose by 43% to CHF 2 164 million (1999: CHF 1 513 million) and the combined ratio improved from 122% to 117%. Premiums earned increased by 29% to CHF 11.5 billion, mainly due to the consolidation of Underwriters Re in the US and to growth in Europe. Swiss Re confidently expects to see further sharp improvements in the performance of the non-life business, with the end of one of the most severe periods of soft market conditions ever experienced in the cyclical non-life reinsurance business. Swiss Re emerges considerably strengthened from this difficult period because, throughout the cycle, its priority has been to maintain a strong balance sheet.

Life & Health Business Group

In the Life & Health Business Group, premiums earned grew 14% to CHF 8.3 billion, continuing the strong growth trend of recent years. The operating result decreased by 4% to CHF 1 447 million (1999: CHF 1.505 million). This is largely attributable to a reduction in realised capital gains as the life and health business took capital losses on bonds to optimise the Group's investment strategy. The fundamental performance of the Life & Health Business Group continues to be very strong, exceeding management targets, and is an important and stable contributor to Swiss Re's overall growth. Administrative ReinsuranceSM (Admin Re) continues to be an important driver of growth in the life and health business.

Financial Services Business Group

The Financial Services Business Group did not repeat the excellent results of 1999. The operating income decreased from CHF 733 million to CHF 431 million. The decline was due to the absence of a CHF 343 million gain realised on the sale of the Group's 20% interest in Credit Suisse Financial Products in 1999 and an above-average number of major loss events in the sectors of large industrial and weather-related risks. However, premiums earned increased to CHF 2.2 billion, up 22% compared to the prior year, primarily due to growth in the corporate risk underwriting business. The outlook for 2001 shows a significant improvement: the pipeline of new transactions remains strong, particularly as the traditional non-life cycle continues to tighten. Swiss Re confidently expects that demand for structured transactions will continue to grow.

Swiss Re also announced that it has reached an agreement to acquire from MetLife its affiliate Conning Corporation, one of the United States' leading companies specialising in asset management for insurance company investment portfolios. It is also a provider of private equity, institutional research and mortgage loan services to financial services companies. This acquisition significantly strengthens Swiss Re's newly created Financial Services Business Group. The terms of the transaction, expected to close mid-year, were

not disclosed.

Restructuring of the Non-Life Business Group

In the first quarter of 2001, Swiss Re consolidated its European non-life business into one organisation by merging the Bavarian Re and Europe divisions. In addition, operations in Zurich relating to Latin America will move to their respective region, nearer to their clients. Asia Division will move its headquarters to Hong Kong within the first quarter of 2002. The goal is to improve and streamline services for clients, foster knowledge-sharing and eliminate duplications – thus lowering costs and enhancing client benefit.

Dividend payment and share split

The Board of Directors will propose to the Annual General Meeting a dividend of CHF 50 per share and a capital repayment of CHF 8 per share, as well as a 20-for-1 split of the outstanding shares. This should increase the liquidity of the stock in the marketplace.

Annual Report 2000

The **2000 Annual Reporting package** and further information on Swiss Re are available on our homepage www.swissre.com. Enclosed is the twelve-page summary of the 2000 Annual Report.

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