

Dispute with Berkshire Hathaway settled

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- **Settlement of dispute with Berkshire Hathaway regarding 2010 life retrocession**
- **Swiss Re will take back some of the risks covered by the contract and will receive a payment of USD 610 million from Berkshire Hathaway**
- **The total protection provided by Berkshire Hathaway to Swiss Re will be reduced from USD 1.5 billion to USD 1.05 billion**

Zurich, 28 March 2013 – Swiss Re has settled a dispute with Berkshire Hathaway over a life retrocession agreement which was concluded in 2010. Under the terms of the agreement reached with Berkshire Hathaway, Swiss Re will recapture certain treaties and Berkshire Hathaway will make a payment of USD 610 million to Swiss Re. This is expected to lead to an initial gain of approximately USD 100 million for Swiss Re in the first quarter of 2013. The limits under the contract have also been amended and Berkshire Hathaway will now assume total losses of up to USD 1.05 billion under the contract compared to USD 1.5 billion in the original agreement.

In January 2010, Swiss Re entered into a retrocession transaction with Berkshire Hathaway for a portfolio of Swiss Re's pre-2004 yearly renewable term life business. The transaction consisted of two parts: a coinsurance agreement in which Swiss Re Life & Health America Inc. retroceded a portfolio of business to Berkshire Hathaway; and a stop loss agreement extended by Swiss Reinsurance Company Ltd which limited Berkshire Hathaway's exposure in the overall transaction to USD 1.5 billion. Both covers were effective from 1 October 2009.

As previously reported under the commitments and contingent liabilities note to recent Swiss Re consolidated financial statements, Berkshire Hathaway served notice setting forth allegations of damages. As required by the contract, the parties met to discuss a solution which has now been reached.

Pursuant to the agreement reached with Berkshire Hathaway, Swiss Re will recapture certain treaties from the portfolio and in return will receive a payment of USD 610 million from Berkshire Hathaway.

The combination of the payment received for recapturing the treaties, re-establishing reserves and unwinding the reinsurance recoverable is expected to lead to a gain of approximately USD 100 million for the first quarter of 2013.



The limit of protection for Swiss Re has changed from USD 1.5 billion under the original agreement to USD 1.05 billion.

Other than for the recaptured treaties, the life retrocession agreement for the pre-2004 yearly renewable term life business, as concluded in 2010, remains in force.

Effect of the settlement on Swiss Re

The effect on Swiss Re's performance beyond the first quarter of 2013 as a result of the agreement reached with Berkshire Hathaway will depend on the performance of both the recaptured business and the business that remains covered by the original retrocession agreement. Prior to recapture, the treaties have been producing losses. This may continue until the performance improves or steps are taken to mitigate the causes of the losses. There is no assurance that the payments received from Berkshire Hathaway will be sufficient to cover future losses.

Total recoveries from Berkshire Hathaway to date, including the recapture payments agreed as part of this settlement, are USD 815 million.

Notes to editors

Swiss Re

The Swiss Re Group is a leading wholesale provider of reinsurance, insurance and other insurance-based forms of risk transfer. Dealing direct and working through brokers, its global client base consists of insurance companies, mid-to-large-sized corporations and public sector clients. From standard products to tailor-made coverage across all lines of business, Swiss Re deploys its capital strength, expertise and innovation power to enable the risk-taking upon which enterprise and progress in society depend. Founded in Zurich, Switzerland, in 1863, Swiss Re serves clients through a network of over 60 offices globally and is rated "AA-" by Standard & Poor's, "A1" by Moody's and "A+" by A.M. Best. Registered shares in the Swiss Re Group holding company, Swiss Re Ltd, are listed on the SIX Swiss Exchange and trade under the symbol SREN. For more information about Swiss Re Group, please visit: www.swissre.com or follow us on Twitter [@SwissRe](https://twitter.com/SwissRe).

Cautionary note on forward-looking statements

Certain statements and illustrations contained herein are forward-looking. These statements (including as to plans objectives, targets and trends) 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 of operations, financial condition, solvency ratios, liquidity position or prospects to be materially different from any future results of operations, financial condition, solvency ratios, liquidity position or prospects expressed or implied by such statements or cause Swiss Re to not achieve its published targets. Such factors include, among others:

- further instability affecting the global financial system and developments related thereto, including as a result of concerns over, or adverse developments relating to, sovereign debt of euro area countries;
- further deterioration in global economic conditions;



- 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 due to actual or perceived deterioration of Swiss Re's financial strength or otherwise;
- 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 its 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 their mark-to-market values recorded for accounting purposes;
- the outcome of tax audits, the ability to realise tax loss carryforwards 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 Swiss Re companies, and developments adversely affecting Swiss Re's ability to achieve improved ratings;
- the cyclical nature of the reinsurance industry;
- uncertainties in estimating reserves;
- uncertainties in estimating future claims for purposes of financial reporting, particularly with respect to large natural catastrophes, as significant uncertainties may be involved in estimating losses from such events and preliminary estimates may be subject to change as new information becomes available;
- the frequency, severity and development of insured claim events;
- acts of terrorism and acts of war;
- mortality, morbidity and longevity 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;
- current, pending and future legislation and regulation affecting Swiss Re or its ceding companies, and the interpretation of legislation or regulations;
- legal actions or regulatory investigations or actions, including those in respect of industry requirements or business conduct rules of general applicability;
- changes in accounting standards;
- significant investments, acquisitions or dispositions, and any delays, unexpected costs or other issues experienced in connection with any such transactions;
- 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. Swiss Re operates in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on forward-looking statements. Swiss Re undertakes 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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