News release

Swiss Re

Swiss Re reports net loss of CHF 91 million for 2002
Proposed dividend reduced to CHF 1.00 per share
Net premium income up 15% at CHF 29.1 billion
Improved operating performance overshadowed by asset impairments

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Zurich, 27 March 2003 – Swiss Re's 2002 result was a loss of CHF 91 million due to the decline in world stock markets. Premiums grew 15% to CHF 29.1 billion, benefiting from the acquisition of Lincoln Re and the positive conditions in the non-life reinsurance business. During 2002, Swiss Re registered strong improvements in operating performance and is well placed to take advantage of the favourable conditions in the reinsurance business. In light of the 2002 loss, the Board of Directors will propose to the Annual General Meeting a reduced dividend of CHF 1.00 per share.

Capital market downturn undermines Group result
Swiss Re's 2002 result was a net loss of CHF 91 million. Impairment charges, primarily on equities, of CHF 3.9 billion ultimately led to the loss.

Positive developments in operating performance in 2002
During 2002, the benefits of the excellent insurance and reinsurance market conditions in property and casualty were evident. Overall, net premiums earned increased 15% to CHF 29.1 billion and management expenses declined, reflecting the positive impact from efficiency gains.

The combined ratio of the Property & Casualty Business Group was on target at 104% and the Life & Health Business Group produced a return on operating revenues of better than 9% for the fourth year in a row.

John Coomber, Swiss Re's Chief Executive Officer, comments, "Swiss Re's improved operating performance during 2002 was offset by the severe capital markets' downturn leading to a second consecutive loss. As a result of the loss, the Board will propose a dividend reduction to shareholders. The favourable business outlook for our reinsurance operations should lead to a strong recovery in earnings in the coming years."

Dividend Recommendation
Reflecting the 2002 loss, the Board of Directors will recommend to the Annual General Meeting that the dividend be reduced to CHF 1.00 per share.

Challenging investment conditions require a new target
Swiss Re's return on investment was 4.7% in 2002, compared to an above average return of 8% in the prior year. As the investment strategy has been adjusted to reduce exposure to equities, and with capital market returns expected to be lower, Swiss Re's return on investment target will be reduced to 5%.

Property & Casualty's combined ratio meets 104% target
The Property & Casualty Business Group capitalised on the positive reinsurance market conditions. Operating income excluding the impact of capital gains rose substantially to a CHF 920 million profit from a loss of CHF 1.6 billion in 2001, which was heavily affected by the 11 September 2001 event. Earned premiums rose to CHF 15.1 billion, an increase of 9%. In original currency, the increase was 16%. In addition to premium growth, the quality of business written continued improving through strong underwriting policies and the shift to non-proportional covers.

The combined ratio improved to 104%, hitting the target and far outstripping 2001's 124%, which included the 11 September 2001 event. Swiss Re's determined approach to underwriting quality and a reduction in the expense ratio to 4.9% were instrumental in achieving the improvement.

Swiss Re believes the hard market will be sustained for a number of years and with continued rigorous underwriting discipline and management of costs, the combined ratio will be further reduced. The target for the combined ratio will be reduced to 100% in 2003 and to 98%, on average, over the 2003-2005 period.

Life & Health operating result up 15% as operating revenues grow 20% and Lincoln Re is fully integrated

Life & Health's operating revenues jumped 20% to CHF 14.7 billion, outperforming the 13% target. Lincoln Re's contribution to this increase was significant. The operating result increased 15% to CHF 1.34 billion from CHF 1.17 billion in 2001. The operations of Lincoln Re were successfully integrated in 2002 and there were three Admin Re℠ deals completed during the year. Swiss Re sees positive opportunities for further Admin Re℠ transactions in 2003.

Swiss Re expects that the growth in traditional life reinsurance will continue to outpace the primary market and GDP, although at a slower rate than experienced in the past. The business group will also have to face the challenge of historic low interest rates. As a result, the life and health performance targets will be modified to a return on operating revenues of 9%, and an operating revenue growth target of 7%.

Financial Services' premiums up 11% but impact of negative investment conditions and prior year claims lead to a loss

Financial Services' net premiums grew 11% to CHF 2.7 billion in 2002. However, poor investment conditions, US surety losses, and prior year claims from large corporate client business, had a significant negative impact leading to a loss of CHF 633 million compared to a CHF 932 million loss in 2001.

2002 saw improvements and efficiency gains throughout Financial Services Business Group. In particular, Corporate Risk Underwriting's combined ratio improved to 97% and Asset Management increased its third party assets under management by CHF 4.9 billion.

Financial Services will in future separate its performance targets between the reinsurance business (Corporate Risk Underwriting and credit) and the fee based businesses of Advisory and Capital Markets. As a result of the current favourable conditions, the target combined ratio for the reinsurance business will be set at 95%. Advisory & Capital Markets will benefit from efficiency gains as the operations of Financial Products and Fox-Pitt, Kelton are merged. However, lower investment return expectations will moderate results across the business group. Performance targets for 2003 to 2005 will be a return on total revenue target of 15% and a total revenue growth target of 10%. Swiss Re is confident the business group will see a return to profitability in 2003.

Changes to the Board of Directors
At the Annual General Meeting on 12 May 2003, Swiss Re will propose Raymund Breu and John F. Smith for election to the Board of Directors. Raymund Breu is Chief Financial Officer and a member of Novartis's Executive Committee, John F. Smith is the former Chief Executive Officer and current Chairman of General Motors Corporation. Their biographies are available on Swiss Re's web site. The term of office of Jorge Paulo Lemann will expire at the next AGM. He will be standing for re-election.

Annual Report 2002
The full 2002 Annual Reporting package, including a short version of the Annual Report, and further information on Swiss Re is available on Swiss Re's homepage www.swissre.com.

Media Conference and Analysts Meeting
Swiss Re will hold a Media Conference this morning at 10.30 (CET) and will later hold an Analysts' Meeting at 13.30 (CET) in Zurich. Dial in facilities are available for the Analysts' Meeting, for more information visit Swiss Re's web site www.swissre.com.

Notes to editors

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.

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:

- cyclicality 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.