

Swiss Re to acquire Underwriters Re Group

6 Dec 1999 CET Press Release

Swiss Re is strengthening its property and casualty market position in the US and expanding its distribution capabilities into the broker market with the acquisition of Underwriters Re Group, Calabasas/CA, for approximately USD 725 million in cash.

Swiss Re today announced that it has entered into an agreement in principle to acquire Underwriters Re Group, Inc., the property and casualty reinsurer, from Alleghany Corporation, New York/NY, (NYSE: Y) for USD 725 million in cash, subject to an adjustment based upon the stockholders equity of Underwriters Re at the closing date. The transaction will be fully financed from internal resources. Alleghany will retain Underwriters Re Groups London-based Lloyds operations conducted by Underwriters Re Agencies Ltd.

Underwriters Re Group, Inc. (excluding its Lloyd's operations) had total gross written premiums of USD 549 million and assets of USD 1.7 billion in 1998 on a statutory basis. The transaction is subject to regulatory approval, following execution of a definitive purchase agreement. The transaction will establish Swiss Re as a leading participant in the broker channel reinsurance market in the US.

Underwriters Re's expertise in non-traditional risk financing solutions, strong relationships with leading brokers and high-quality client base are also highly complementary to Swiss Re's existing operations in the North American marketplace. Underwriters Re derives about 40 per cent of its business from non-traditional reinsurance.

"We are very pleased to welcome Underwriters Re to our Group," said Walter B. Kielholz, Chief Executive Officer of Swiss Reinsurance Company. "This acquisition fits in well with our global strategy of supporting consistent organic growth with attractive acquisitions in targeted markets. Underwriters Re, which enhances the positioning of our US property and casualty business and complements the market-leading position of our US life business, reinforces our commitment to being the pre-eminent manager of risk and capital in the North American marketplace the largest insurance market in the world."

"Underwriters Re is a superb organization with a talented management team and excellent presence in its targeted markets, and this acquisition reinforces our platform for further growth," said James P. Slattery, acting Chief Executive Officer of Swiss Re's North America division. "Underwriters Re's broker distribution channel, broad client base and outstanding skills will enable Swiss Re to increase its profitability, grow its presence in the US marketplace and achieve a more diversified reinsurance portfolio and product mix. We expect that this acquisition will generate significant synergies and enable us to streamline our corporate and business processes to better leverage both organizations' strong underwriting teams, marketing capabilities and capital base to better serve our clients' needs."

Steve Newman, Chief Executive Officer of Underwriters Re Group, said, "We look forward to working with our new colleagues at Swiss Re. As a result of this transaction, Underwriters Re will become part of an AAA-rated global organization with a huge capital base, enabling us to provide clients with a broader array of products and services and increased capacity."

For further information please contact:

Media Europe:

Roger Trueb, tel. +41 1 285 5064

Media US:

Stephen Dishart, tel. +1 212 317 5640

Investor Relations:

Dieter Enkelmann, **Stefan Senn**, tel. +41 1 285 4444