

Earnings per share up 12% to CHF 196

10 May 2000 CET Press Release

Swiss Re announces its sixth consecutive year of double-digit profit growth. The Group's 1999 ordinary result climbed 12% to CHF 2,807 million (1998: CHF 2,504 million). Earnings per share rose to CHF 196. (1998: CHF 175.). At the Annual General Meeting of 30 June 2000, the Board of Directors will propose a dividend increase from CHF 48. to CHF 50. per share. Based on the first four months of this year, Swiss Re expects further improvement in its result for 2000.

The Group's very good result is mainly due to the booming life business and excellent growth in investment yields. The life result more than doubled in 1999 to CHF 761 million (1998: CHF 365 million). Investment return rose to CHF 7,245 million, an increase of CHF 1,160 million or 19% over the previous year. Non-life business made only a small contribution to the overall return, as shown by the current year's technical result of CHF 132 million against 1998's CHF 551 million. Notable reasons for this development include the many large man-made and natural catastrophe claims incurred in 1999, a year which brought insurers the second-highest annual losses in industry history. Swiss Re deployed its equalisation provision to absorb a large portion of these claims.

Net premiums rose by 26% in 1999 to CHF 20.5 billion, a new high. Main reasons are the continued organic growth of the life business, acquisitions, and positive currency adjustments. The explosive climb in life premiums by 78% to CHF 5.9 billion is largely due to the acquisition of Life Re Corporation in the US and to strong organic growth. In non-life, premiums increased by 12% to CHF 14.6 billion. This can be traced to several factors: the positive effects from acquisitions and exchange rate adjustments balanced out the negative impact of weak markets and the withdrawal from unprofitable lines, including the US health business.

Life business accounts for 29% of gross premium volume, up from 21% in 1998 making Swiss Re the sector's leading reinsurer. It is largely the life result that offset the year's unsatisfactory non-life result. This validates the Swiss Re strategy of extending its share of low-volatility life business to favour a balanced portfolio and steady growth.

For the current year, Swiss Re expects continued growth in life and further high investment returns. In addition, Swiss anticipates an improved non-life result, following signs of a recovery in the last round of renewals. This favourable outlook is reinforced by the continuing and rigorous implementation of the Triple 20 efficiency programme. Moreover, Swiss Re should benefit from the improving world economic picture. The Group is well positioned to participate in future economic growth, particularly in the expanding markets of China, Brazil and India.

Swiss Re is going forward with the implementation of its extensive e-business initiative. The goal of this strategic effort is to make all internal processes "fit for e-business", transform current business, expand into new areas, and significantly enhance efficiency.

With www.RiskMountain.com, a newly developed website, Swiss Re will attract innovators from throughout the risk industry, and support them in the realisation of their ideas. RiskMountain is an on-line community giving these innovators access to a strong mix of capital, expertise, experience and innovative solutions.

Swiss Re is one of the world's leading reinsurers, represented in over 30 countries through more than 70 offices. Swiss Re has an "Aaa" rating from Moody's and an "AAA" rating from Standard & Poor's.

The 1999 result will be presented at a press conference on 10 May 2000, 09.00 am, at the headquarters of Swiss Re New Markets, Gotthardstrasse 43, in Zurich.

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