



Swiss Re acts as joint book runner on the Vecta I transaction, a CAD 120 million Canadian embedded value (EV) securitization of mortality and lapse risk on behalf of Aurigen Reinsurance Ltd.

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**Hamilton, Bermuda, 28 December 2011 – Swiss Re Capital Markets has participated in the successful placement of CAD 120 million of notes issued by Vecta I Ltd. ("Vecta"), marking the first securitization of Canadian life insurance embedded value. The transaction is sponsored by Aurigen Reinsurance Ltd. ("ARL") and covers a portfolio of policies reinsured by ARL prior to 31 December, 2010.**

The transaction includes a single tranche rated BBB+ (sf) by Standard and Poor's. The notes have an expected maturity of 6.25 years and a coupon rate of 8.0%. Swiss Re Capital Markets has acted as joint book runner on the transaction.

Principal repayment on the notes is linked to the emergence of future profits on the subject business consisting of twelve life reinsurance treaties written by Aurigen Reinsurance Company, an affiliate of ARL, from six separate life-insurance companies.

"We are pleased to play an integral role in Canada's first embedded value securitization," says Alison Martin, Swiss Re's Head Life & Health. "The Vecta transaction demonstrates how ILS technology can supplement a capital management programme for Canadian (re)insurers".

Independent third-party risk analysis for the notes was provided by Oliver Wyman.

Vecta I Ltd. was incorporated under the laws of Bermuda on 25 January, 2011, for the limited purpose of issuing the notes, entering into the retrocession agreement with ARL, and engaging in other actions that are incidental to and necessary or convenient for these activities.

The Vecta I notes were sold in a private placement pursuant to Rule 144A of the U.S. Securities Act of 1933, as amended, (the "Securities Act") and have not been registered under the Securities Act or any state securities laws; they may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.



## Notes to editors

### Swiss Re

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### Swiss Re Capital Markets

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### Cautionary note on forward-looking statements

Certain statements and illustrations contained herein are forward-looking. These statements 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, 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:

- 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 zone 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 under derivative contracts due to actual or perceived deterioration of Swiss Re's financial strength;
- 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 financial strength or other ratings of 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 and morbidity 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,
- legal actions or regulatory investigations or actions, including 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. We operate in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on 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.