



Farmers Exchanges announce \$500 million surplus note facility; Ensures access to regulatory capital after major catastrophes

Contact:

Corporate Communications, New York  
Telephone +1 914 828 6511

Media Relations, Zurich  
Telephone +41 43 285 7171

Corporate Communications, Asia  
Telephone +852 2582 3912

Investor Relations, Zurich  
Telephone +41 43 285 4444

Swiss Re Ltd  
Mythenquai 50/60  
P.O. Box  
CH-8002 Zurich

Telephone +41 43 285 2121  
Fax +41 43 285 2999  
www.swissre.com

**Armonk, NY, May 3, 2012 – The Farmers Exchanges are pleased to announce the successful renewal of their contingent surplus loan note facility. The \$500 million facility was oversubscribed with a range of bank and non-bank lenders participating in the transaction.**

Commerzbank A.G., RBS Securities Inc, and Swiss Re acted as joint bookrunners with active syndication roles on this transaction.

The facility, which was initially developed in 2007, provides the Farmers Exchanges with the ability to issue 10 year surplus notes at any time during a three-year period, in the event of a specified major catastrophe loss, at a pre-agreed price. This transaction aligns with the Farmers Exchanges' focus on preserving their long-term capital strength, even after a major catastrophic event. Therefore, the facility provides capital exactly when needed at a time when Farmers Exchanges and their customers need it the most.

"This innovative transaction is a winner on many fronts as it helps to secure the financial strength of the Farmers Exchanges for the ultimate benefit of our customers," said Ron Myhan, Chief Financial Officer of the Farmers Exchanges. "Most importantly, this transaction provides the Farmers Exchanges with access to regulatory capital precisely when we need it – and at a reasonable cost –after a major catastrophic event," Myhan added. Myhan also thanked the California Department of Insurance for its regulatory approval of the transaction.

"Syndicating a subordinated contingent credit facility with potential exposure for 13 years in the current financial markets was always going to be more challenging than when the first facility was put in place in 2007," said Alan Badanes, Managing Director, Swiss Re. "The success of the deal was based on both the high quality of the Farmers Exchanges' name and franchise, and key structuring elements in the deal, such as the remote catastrophe trigger, which provided a good risk-adjusted return to lenders."

Richard Furk, responsible for insurance coverage in the US, UK and Bermuda at Commerzbank commented: "We were delighted to work again with Farmers Exchanges on this unusual form of capital instrument, bringing together bank and non-bank investors within a difficult market environment."



Swiss Re participated in this transaction via its wholly owned subsidiary, Swiss Re Financial Products.

**Note to Editors:**

A surplus note is a form of a loan which counts as regulatory capital and is subordinated to the insurance company's policy holders and any other senior creditors.

**About the Farmers Exchanges**

The Farmers Exchanges are the country's 3rd largest insurer of both personal lines passenger automobile and homeowners insurance, and are a leading insurer of small businesses in the United States. The Farmers Exchanges are proud to serve more than 10 million households with more than 20 million individual policies across all 50 states through the efforts of over 50,000 exclusive and independent agents and nearly 24,000 employees. For more information about Farmers, visit its Web site at [www.farmers.com](http://www.farmers.com) or at [www.Facebook.com/FarmersInsurance](http://www.Facebook.com/FarmersInsurance).

**About Commerzbank A.G.**

Commerzbank is a leading bank for private and corporate customers in Germany. With the segments Private Clients, Mittelstandsbank, Corporates & Markets, Central & Eastern Europe as well as Asset Based Finance, the Bank offers its customers an attractive product portfolio, and is a strong partner for the export-oriented SME sector in Germany and worldwide. With a future total of some 1,200 branches, Commerzbank has one of the densest networks of branches among German private banks. It has around 60 sites in 50 countries and serves approximately 14 million private clients as well as one million business and corporate clients worldwide. In 2010 it posted gross revenues of EUR 12.7 billion with some 59,100 employees.

**About RBS Securities, Inc.**

RBS Securities Inc. is the U.S. securities business of The Royal Bank of Scotland Group (RBS Group), a large international banking and financial services company headquartered in Edinburgh. RBS Group operates in the United Kingdom, Europe, the Middle East, the Americas and Asia, and serves over 30 million customers worldwide. RBS Securities Inc. is a U.S. registered broker-dealer, member of FINRA (<http://www.finra.org>) and SIPC (<http://www.sipc.org>), and an indirect wholly-owned subsidiary of The Royal Bank of Scotland plc. Copyright © 2012 RBS Securities Inc. All rights reserved.

**About Swiss Re Group**

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](http://www.swissre.com)