

Swiss Re and Horace Mann enter into USD 75 million committed capital facility

4 Sep 2002 CET

Swiss Re has entered into a USD 75 million committed capital agreement with Illinois-based Horace Mann Educators Corp. (NYSE: HMN), an insurance holding company offering retirement products, automobile, homeowners, group and life insurance to the education community in the United States.

The facility is a three-year option agreement that allows Horace Mann to maintain financial flexibility and capital strength in the event of a major property and casualty loss from catastrophes in the United States.

Subject to the terms of the agreement, if at any time over the three year period Horace Mann incurs catastrophe losses exceeding a pre-determined level, the company has the option to issue up to USD 75 million of cumulative convertible preferred securities to Swiss Re Financial Products Corporation, or to enter into a one-year 10% quota share reinsurance agreement with Swiss Re America.

"This facility is another example of how we are working with our clients to complement our reinsurance capabilities in these difficult markets," said Tom Skwarek, head of Swiss Re's Capital Solutions unit. "Our commitment to inject capital upon a catastrophic event underlines the long term relationships we have built with our clients".

"In addition to Horace Mann's high quality underlying catastrophe reinsurance program, the capital facility provides additional protection and liquidity in the unlikely event of an extreme catastrophe," said George Zock, executive vice president of Horace Mann's Financial Services unit.

Founded in 1945 and headquartered in Springfield, Illinois, Horace Mann sells retirement annuities and automobile, homeowner and life insurance to the nation's educators and their families.

Swiss Re is one of the world's leading reinsurers with over 70 offices in more than 30 countries. For 2001, Swiss Re reported a net loss of CHF 165 million, largely due to the 11 September event. Gross premiums in 2001 were CHF 28.5 billion. At the end of June 2002, Swiss Re's shareholders' equity amounted to CHF 18.3 billion and the total balance sheet stood at CHF 168 billion. Swiss Re is rated "AAA" by Standard & Poor's, "Aaa" by Moody's and "A++" by A.M. Best.

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