News release

Swiss Re

Swiss Re continues to offer high quality solutions and capacity at risk-adjusted prices, to help clients deal with market fluctuations

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Monte Carlo, 13 September 2010 – Increasing M&A activity, low interest rates and regulatory changes are some of the opportunities and challenges in focus for insurers and reinsurers. Swiss Re puts capital and expertise to work, proposing solutions that will support its clients in dealing with the issues ahead.

Stefan Lippe, Chief Executive Officer, said at Les Rendez-Vous de Septembre in Monte Carlo, the annual international insurance convention: “A number of challenges lie ahead. Insurance demand in emerging markets is increasing, while the developed markets remain stable in the near term. Many societies will face pension funding crises as a result of ageing populations, and insurers will need to find ways of coping with extended regulation. M&A activity is likely to increase sharply in the insurance industry in the coming years. All of these involve requirements that play to Swiss Re's strengths, including deep reinsurance expertise, a proven track record for innovation and an excellent capital position.”

The (re)insurance market – mixed outlook ahead

Commenting on the state of the (re)insurance market, Brian Gray, Chief Underwriting Officer, said: “Much lower interest rates and weaker underlying underwriting performance are battling against excess capital in the market. The environment is likely to remain choppy. A broad-brush market movement is not expected in the run-up to the January renewals, and we will focus on a client and market segment specific approach. Based on Swiss Re's cycle management approach, we continue to offer our clients significant and reliable capacity for adequately priced risks.”

Brian Gray suggests that a key challenge for the industry is lower investment yields, which have dropped significantly since late 2008. “This means a fundamental shift in the underwriting margins is required for a given level of profitability.”

Property & Casualty is experiencing a classic late soft cycle. Many companies are relying on reserve releases, and substantial parts of the business in the market are priced at levels that destroy value. Although the first half of 2010 was characterised by claims events, further catalysts are needed to turn the market as a whole.

Solvency II set to change the way insurers do business

New regulations and higher solvency requirements will add pressure to insurers' balance sheets, and increase the need for capital. Michel Liès, Chief Marketing Officer, said: "Solvency II will have a significant impact on the strategy and performance of European insurance companies, and the way that companies choose to run their businesses."

While the industry remains broadly in favour of the principles behind Solvency II, it is keen to ensure that the so-called implementing measures are not excessively conservative. "We are at a critical juncture," said Liès. "The QIS 5 exercise (fifth Quantitative Impact Study for Solvency II) is underway, and the debate on implementing measures is vital and could have implications not just for companies but for the competitiveness of the entire European market. QIS 5 will be key for insurers to understand the expected impacts."

More than just a compliance exercise, Solvency II should represent a major step forward for insurance companies, allowing them to make the move from a factor-based approach to a more realistic economic risk-based approach.

Reinsurance will be a powerful risk management tool under Solvency II, said Michel Liès. "Swiss Re has the experience and products to assist clients with their Solvency II needs."

Demand for holistic, integrated solutions on the rise

"While demand for classical reinsurance is still subdued, we see increasing client requests for more comprehensive, holistic and integrated solutions, in conjunction with the challenges that lie ahead, such as regulation and longevity. Offering expertise and experience in addition to capacity, and being at the forefront of new research and product development, Swiss Re's ability to deliver on evolving customer needs is second to none," concluded Stefan Lippe.

Dial-in details to Investor and Media Meeting

To dial in to the Swiss Re Investor and Media Meeting in Monte Carlo on **Monday, 13 September at 14h00-15h00 CET**, please use the following phone numbers:

France	+33 (0)1 70 99 42 83
Germany	+49 (0)69 2222 7111
Switzerland	+41 (0)43 456 9228
United Kingdom	+44 (0)20 7784 1036
USA	+1 718 354 1358
Australia	+ 61 (0)2 8223 9222

Note that these numbers allow for listening only.

The presentation slides can be downloaded on Swiss Re's website.

Notes to editors

At 9 am CET today, Swiss Re will also issue a media information announcing our Sigma 3/2010 report "Regulatory issues in insurance".

Swiss Reinsurance Company Ltd

Swiss Re is a leading and highly diversified global reinsurer. The company operates through offices in more than 20 countries. Founded in Zurich, Switzerland, in 1863, Swiss Re offers financial services products that enable risk-taking essential to enterprise and progress. The company's traditional reinsurance products and related services for property and casualty, as well as the life and health business are complemented by insurance-based corporate finance solutions and supplementary services for comprehensive risk management. Swiss Re is rated "A+" by Standard & Poor's, "A1" by Moody's and "A" by A.M. Best.

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:

- the direct and indirect impact of the continuing deterioration in the financial markets and the efficacy of efforts to strengthen financial institutions and stabilise the credit markets and the broader financial system;
- changes in global economic conditions and the effects of the global economic downturn;
- the occurrence of other unanticipated market developments or trends;

- 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 Swiss Re´s 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 its mark-to-market values recorded for accounting purposes;
- the outcome of tax audits, the ability to realise tax loss carry forwards 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 one of the financial strength or other ratings of one or more companies in the Group;
- risks associated with implementing Swiss Re´s business strategies;
- the cyclicality of the reinsurance industry;
- uncertainties in estimating reserves;
- 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;
- political risks in the countries in which Swiss Re operates or insures risks;
- the impact of current, pending and future legislation and regulation, affecting us our ceding companies, and regulatory and legal actions;
- the impact of changes in accounting standards;
- the impact of significant investments, acquisitions or dispositions, and any delays, unexpected costs or other issues experienced in connection with any such transactions, including, in the case of acquisitions, issues arising in connection with integrating acquired operations;
- 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.