

# Harvard Law School Receives Grant from Swiss Re to Study Worldwide Capital Regulation of Financial Institutions

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Harvard Law School's Program on International Financial Systems has received a grant to study worldwide capital adequacy regulation of financial institutions. The project, supported by Swiss Reinsurance Company, will involve experts from Harvard and Swiss Re in a cooperative 18-month long process. The project will present its findings at a conference in late 2002 held at Swiss Re's Rüslikon Centre for Global Dialogue located near the company's headquarters in Zurich.

"Capital adequacy rules have become key tools in the era of convergence in financial intermediation," said Professor Hal S. Scott, director of the program on International Financial Systems. "This project brings in a very important but generally ignored group of financial firms, the insurance and reinsurance companies that channel many billions of dollars around the world."

Leading scholars in economics and law will analyse the use of subordinated debt, internal models, and rating agencies. They also will examine the effect on capital of reinsurance, securitization, credit derivatives, and similar instruments. Two major issues to be addressed are the enforcement of capital regulations and how to apply the rules to a conglomerate.

"Our partnership with Harvard Law School is intended to help increase awareness of market realities in this era of rapidly converging financial services," said Markus Diethelm, Chief Legal Officer of Swiss Re.

The Centre for global dialogue in Rüslikon, which opened its doors in November 2000, is Swiss Re's platform for risk dialogue with partners and experts world-wide. A key goal of the centre is to facilitate the building of networks, the sharing of knowledge and the generation of sustainable innovation.

"This project once again reinforces Harvard Law School's role at the centre of international research," said Harvard Law School Dean Robert C. Clark. "It is socially important that capital adequacy regulation be designed so as to achieve financial stability in the most efficient way."

The Harvard Law School Program on International Financial Systems was founded in 1986. It was established to conduct research linking law, economics and finance. In the past fifteen years it has published books, held symposia, and provided technical assistance to a variety of countries.

Swiss Re is one of the world's leading reinsurers with over 70 offices in more than 30 countries. In the 2000 financial year, gross premium volume amounted to CHF 26.1 billion (USD 16.1 billion) and the net income after tax reached CHF 3 billion (USD 1.8 billion). Swiss Re is rated "AAA" by Standard & Poor's, "Aaa" by Moody's and "A++" (superior) by A.M. Best.

## Contacts

Harvard:  
Michael Rodman, tel. +44 617 495 8279

Media Relations, Zurich, tel. +41 1 285 3281  
Media Relations, New York, tel. +1 212 317 5640 or tel. +1 212 317 5663

Swiss Re Investor Relations, Zurich, tel. +41 1 285 4444