

Swiss Re Extraordinary General Meeting approves creation of authorised capital

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The Extraordinary General Meeting has approved the proposal of the Board of Directors on the creation of authorised capital. Approval by shareholders is necessary for a possible increase in equity capital of up to 10%. This move is primarily to finance the acquisition of Lincoln Re. The objective is clear market leadership in the life and health reinsurance segment.

At today's Extraordinary General Meeting of Swiss Re in Zurich, the Board of Directors was authorised to increase share capital by up to CHF 2 852 237 through the issue of 28 522 370 registered shares within the next two years. The proceeds that this is expected to raise will be used in particular to finance the acquisition of Lincoln Re announced on 30 July. "The current reinsurance environment offers extremely interesting investment opportunities for additional proceeds generated," according to Peter Forstmoser, Chairman of Swiss Re's Board of Directors.

Swiss Re would prefer to finance the transaction by means of a capital increase, although other alternatives are available. Developments on the capital markets will be a deciding factor in whether, and to what extent, the Board decides to make use of a capital increase.

"The Swiss Re Group's objective continues to be to expand and bolster its position as the international market leader in life and health reinsurance. This strategy can also be combined with investments in emerging markets such as China, India and Brazil," said Walter B. Kielholz, Chief Executive Officer, in his speech to shareholders.

The incorporation of Lincoln Re into the Swiss Re Group will also help to diversify the more volatile non-life business. A provision built into the purchase agreement ensures that the consequences of the tragic events of 11 September will be borne by the selling party, US insurer Lincoln National Corporation.

A total of 385 shareholders attended the meeting, held at Swiss Re's headquarters, representing 83 059 506 voting shares or 40.6% of share capital.

The speeches given by Peter Forstmoser and Walter B. Kielholz are available from here.

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 and the net income after tax reached CHF 3 billion. Swiss Re is rated "AAA" by Standard & Poor's, "Aaa" by Moody's and "A++" (superior) by A.M.Best.

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