

Swiss Re panel: modest economic growth in 2003; hardening insurance/reinsurance market continues

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Swiss Re economists, investment professionals and industry experts today unveiled their 2003 forecasts and reported on key data for 2002 at the company's third annual Year-end Economic and Insurance Industry Review and Outlook.

Speakers included Chris Stroup, CEO, Swiss Re Life & Health America, Inc.; Andreas Beerli, CEO, Swiss Re Americas Division; Andre Moutenot, Executive Vice President, Swiss Re Asset Management; Kurt Karl, Chief Economist, Swiss Re Economic Research and Consulting, and Thomas Holzheu, Senior Economist, Swiss Re Economic Research and Consulting.

All presentations from the event, along with information about the speakers and other relevant documents/publications, are available on www.swissre.com. A similar event is being held Wednesday, December 11 in London, "The European Insurance Review 2002 and Outlook 2003." Details from that event can also be found on Swiss Re's web site. Among the key findings and observations from today's panel:

Chris Stroup: "The key to both surviving - and thriving - in the life reinsurance market can be summed up in two words: capital and commitment. I firmly believe that ceding companies will seek long-term relationships with highly rated companies that are fully committed to the life reinsurance business."

Andreas Beerli: "Restoring profitability will come from skillful underwriting, adequate pricing, intensified risk research and controlled exposures - in other words, getting back to basics. For the industry to regain its collective health, getting the combined ratio of all lines under 100 percent is paramount. That figure can be reached through better identifying perils, restricting covers and assessing the correlations among lines of business, assets and liabilities."

Andre Moutenot: "The ebb and flow between consumption and production suggests a modest economic recovery with little possibility of a tilt towards a deflationary spiral. Accordingly, we anticipate an upward drift to interest rates during calendar year 2003 with the yield curve expected to flatten as the FOMC moves from an accommodative stance to neutral and ultimately a slight tighter bias."

Kurt Karl: "Monetary policy has been eased substantially and that will continue to have an impact next year. The US government will be increasing spending on defense and security, and deficit spending will boost short-term economic growth. Hence, the probability in 2003 of growth of more than 3.5 percent is about 20 percent."

Thomas Holzheu: "Global capital funds of the property/casualty insurers declined approximately USD 180 billion - or 25 percent - since their historical peak in early 2000. Thus the volatile capital markets continue to reinforce the hardening of the market, which is expected to last longer than previous cycles, due to both the global shortage of quality capital along with increased risk exposures."

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 "AA+" by Standard & Poor's, "Aa1" by Moody's and "A++" by A.M. Best.

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