

## Swiss Re hosts annual year-end Economic and Insurance Industry Review 2005/Outlook 2006 - Current insurance landscape reviewed

14 DECEMBER 2005, ZURICH

Andreas Beerli, CEO of Swiss Re's Property & Casualty business in the Americas, hosted the Company's annual year-end economic and insurance industry review and outlook and led the discussion about current reinsurance landscape in light of this year's hurricane season.

Beerli was among several Swiss Re executives at the event who discussed the state of the property, casualty and life, health reinsurance industries, the 2005 hurricane season and the overall US economy.

Kurt Karl, Head, Economic Research, Consulting, North America, expanded on the current state of the US economy, "The economy has weathered the storm of post-Katrina uncertainty and is on track for a trend growth year in 2006. With the market providing low investment yields, insurers will need to maintain underwriting discipline to sustain profits."

Kurt added, "Despite lower oil prices, inflationary pressures abound, and the Fed will keep raising interest rates. The Fed raised rates yesterday to 4.25 percent and we anticipate it to rise to 5.0 percent by the middle of next year. Long-term rates are also expected to rise, dampening equity market returns."

Patrick Mailloux, President and CEO, Swiss Re America Corporation, evaluated the current state of the P&C market, stating that there was a greater existing catastrophic exposure than was originally believed by many. "Reinsurance programs may need to be re-thought, which is likely to lead to an overall increased demand for reinsurance. The unprecedented hurricane season with hurricanes Katrina, Rita, and Wilma caused insured losses of more than \$60 billion, security continues to be a concern and flight to quality is anticipated to favor large and diversified players in the long run."

Andrew Castaldi, Head, Catastrophe and Perils Unit, cited various reasons for increased hurricane severity and frequency, including changes in population density and annual, multi-decadal, long-term climate oscillations.

As a result, Castaldi said that today's challenges to the P&C industry were "mainly focused on capacity and coverage concerns, improvements in measuring and monitoring risk and the incorrect perception that the hurricane models failed."

Weldon Wilson, CEO of Swiss Re's Life, Health America, Inc., noted that there were an "increasing number of securitization transactions by direct companies and reinsurers."

Wilson also anticipates steady consolidation in the direct industry, as well as an increase in in-force transactions. Over the medium term, he expects insurers will have increased interest in annuity (longevity) risk.

All presentations from the event, along with information about the speakers and other relevant documents/publications, are available on [www.swissre.com](http://www.swissre.com).

### About Swiss Re

Swiss Re is one of the world's leading reinsurers and the world's largest life and health reinsurer. The company operates through more than 70 offices in over 30 countries. Swiss Re has been in the reinsurance business since its foundation in Zurich, Switzerland, in 1863. Swiss Re offers a wide variety of products to manage capital and risk. Traditional reinsurance products, including a broad range of property and casualty as well as life and health covers and related services, are complemented by insurance-based corporate finance solutions and supplementary services for comprehensive risk management. Swiss Re is rated "AA" by Standard, Poor's, "Aa2" by Moody's and "A+" by A.M. Best.

### ANY QUESTIONS?

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