Media Information

Swiss Re

Swiss Re's Advisory Panel discusses the global energy markets and geopolitics

Contact:

Media Relations, Zurich
Telephone +41 43 285 7171

Corporate Communications, New York
Telephone +1 212 317 5663

Investor Relations, Zurich
Telephone +41 43 285 4444

Swiss Reinsurance Company
Mythenquai 50/60
P.O. Box
CH-8022 Zurich

Telephone +41 43 285 2121
Fax +41 43 285 2999
www.swissre.com

Zurich, 28 November 2006 – At its second meeting, held today at Swiss Re's Centre for Global Dialogue, the Advisory Panel examined the global energy markets with regard to drivers and implications for energy security, the economic and political environment and financial markets. While many analysts consider the high oil price of recent years to be a risk factor for the global economy, it has led to rising investment in the energy sector, providing opportunities for asset management as well as for risk underwriting.

The price of oil, energy security and emission reduction are high on the agenda of political and business leaders. The potential implications for the global economy and financial markets may be significant. Understanding the dynamics of the industry and the changes in the risk landscape - such as natural disasters, political risks, terrorist threats and environmental issues - are essential for capturing investment opportunities and satisfying the increasing needs for risk financing and risk transfer. By providing new risk transfer mechanisms and putting a price on risk, the financial services industry plays an important role in the development of new technologies, locations and alternative energies.

Jacques Aigrain, Chief Executive Officer of Swiss Re said: "Those insurers and reinsurers with specialist skills across many disciplines, as well as superior financial strength, are best positioned to take advantage of the accelerating investment being made in the conventional and renewable energy markets. The natural catastrophes which hit the Gulf of Mexico region in 2004 and 2005 have significantly increased the demand for risk protection. The overall loss to the oil and gas industry is estimated at USD 15 billion to USD 20 billion, making this the biggest insurance event in history for that industry. Since then, risk perception and the awareness of loss potentials among energy companies have increased significantly. The demand for catastrophe cover in the energy sector currently exceeds the appetite of the insurance market, and there is growing interest in transferring risks to the capital market through catastrophe bonds. At the same time, the underwriting of energy-related risks has become more challenging due to increased project complexity and the changes in the risk landscape."

The currently high oil price is increasingly stimulating investment in oil and gas projects that were previously considered uneconomical. However, because of where the reserves are, the sheer scale of planning and the sophisticated technologies needed to get at those reserves, these projects have become extremely complex. Jeffrie Currie of Goldman Sachs, who gave a presentation at the meeting, noted: "The key uncertainty is the cost required to supply the market in the long run, not whether there are sufficient supplies."

Analysing the security of supply, David Aaron of Rand Corporation added "The problem is not geology, but politics, or in other words disruption due to war, terrorism, regime change, embargoes or producer constraints, are a much bigger concern than scarcity."

Global energy demand is forecast to increase by 50% between now and 2030 according to the International Energy Agency, led by strong growth in developing countries, particularly China and India. Bill Emmott, former editor-in-chief of the Economist commented: "Demand for oil in China, India and other emerging markets should surely be expected to continue growing, though whether it grows faster or slower than overall GDP will depend on whether serious efforts are made to boost energy efficiency and ease environmental problems."

The world economy in general, and the financial system in particular, is much better equipped today to deal with an oil price shock than it was in the 1970s and 80s. Paul Volcker, former Chairman of the Federal Reserve Board, noted: "Even a substantial and sustained increase in oil prices, while negatively impacting growth in economic activity, should be manageable."

The potential impact of an oil price shock on the global economy and financial markets would be a source of volatility for many businesses. As Jacques Aigrain emphasised: "Managing volatility holistically leads to more efficient use of capital, ensuring lower costs of capital, as well as higher and more consistent returns." Swiss Re is a leader in devising a wide variety of reinsurance and capital markets measures to manage volatility. A prime example is insurance-linked securities, which transfer catastrophe risks to the capital market and provide investors with an alternative asset class. Another recent example is a hurricane hedge Swiss Re put in place, using oil and gas financial instruments to hedge US onshore hurricane risks.

Swiss Re's Advisory Panel

The Swiss Re Advisory Panel was created in 2006. It meets twice a year at the Swiss Re Centre for Global Dialogue in Rüschlikon, playing a key role in exploring emerging issues and providing strategic insight into the business environment.

Swiss Re's Chairman Peter Forstmoser explained: "Due to the world-wide exposure of our insurance businesses and assets, understanding the global environment is vital to Swiss Re. The Advisory Panel provides an outside perspective on issues of particular relevance to Swiss Re and the global risk markets. Monitoring key issues is becoming increasingly important in the light of the growing interdependence of political and regulatory, economic and financial as well as technological and social dynamics."

The distinguished members of the panel include:

- **Peter Forstmoser,** Chairman of Swiss Re and Chairman of the Advisory Panel, Zurich
- **Jacques Aigrain,** Chief Executive Officer, Swiss Re, Zurich
- **Geoffrey L. Bell**, President, Geoffrey Bell & Company Inc. New York and Executive Secretary, Group of Thirty
- **Bill Emmott**, former Editor in Chief, The Economist, London
- **Roger Ferguson,** Head of Financial Services, Swiss Re and Chairman of Swiss Re America Holding, New York
- **Haim Harari**, Professor and former President of the Weizmann Institute of Science, Rehovot, Israel
- **Walter B. Kielholz,** Executive Vice-Chairman of Swiss Re and Chairman of Credit Suisse Group, Zurich
- **Anthony Salz,** Executive Vice Chairman of N.M. Rothschild and Vice Chairman of the BBC Board of Governors, London
- **Wolfgang Schürer**, Chairman and CEO of MS Management Services, St. Gallen and Professor, Georgetown University, Washington D.C. and St. Gallen University
- **Ulrich Suter**, Professor and former Vice President for Research, ETH Zurich
- **Tony Tan Keng Yam**, former Deputy Prime Minister of Singapore and Deputy Chairman and Executive Director of the Government of Singapore Investment Corporation Private Limited
- **Paul A. Volcker**, former Chairman, Federal Reserve Board and Chairman of the Board of Trustees, Group of Thirty, Washington D.C.

Notes to editors

Swiss Re
Swiss Re is the world's leading and most diversified global reinsurer. The company operates through offices in over 30 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 "AA-" by Standard & Poor's, "Aa2" by Moody's and "A+" by A.M. Best.

Cautionary note on forward-looking statements
Certain statements contained herein are forward-looking. These statements 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 impact of future investments, acquisitions or dispositions, and any delays, unexpected costs or other issues experienced in connection with any such transaction, including the ability to efficiently and effectively integrate the GE Insurance Solutions operations into our own;
- cyclicality of the reinsurance industry;
- changes in general economic conditions, particularly in our core markets;
- uncertainties in estimating reserves;
- the performance of financial markets;
- expected changes in our investment results as a result of the changed composition of our investment assets or changes in our investment policy;
- 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;
- changes in rating agency policies or practices;
- the lowering or withdrawal of one or more of the financial strength or credit ratings of one or more of our subsidiaries;
- changes in levels of interest rates;
- political risks in the countries in which we operate or in which we insure risks;
- extraordinary events affecting our clients, such as bankruptcies and liquidations;
- risks associated with implementing our business strategies;
- changes in currency exchange rates;
- changes in laws and regulations, including changes in accounting standards and taxation requirements; and
- changes in competitive pressures.

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.