News release

Swiss Re

Swiss Re's January 2003 renewals successful with rates up 10%
Capital market decline led to impairment charges of CHF 3.4 billion in 2002
2002 result expected to be a loss in the range of CHF 100 million

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Zurich, 26 February 2003 – Swiss Re's January 2003 non-life renewals were highly successful, continuing the trend of last year for substantial improvements in both pricing and conditions. Premium rate increases of 10% were achieved across all business renewed by Swiss Re's Property & Casualty Business Group. Financial Services Business Group also had a successful renewal in both its credit and corporate risk underwriting business.

Equity markets continued deterioration during 2002 led to impairment charges of CHF 3.4 billion for the full year. Swiss Re now expects its 2002 result to be a loss in the range of CHF 100 million.

Swiss Re sees attractive business opportunities across all lines and in particular in its property and casualty business. In view of the expected 2002 result and the attractive business opportunities now emerging, management will propose a reduced dividend to the Board of Directors at its meeting on 26 March 2003.

John Coomber, Chief Executive Officer of Swiss Re comments, "2002's decline in the capital markets created a large impairment charge and ultimately depressed this year's result. Whilst this is disappointing, the underwriting improvements made during 2002 and built upon in this January's renewals, underline the attractive outlook for our core businesses."

Renewals 2003 show continued rate increases
Swiss Re's Property & Casualty Business Group (P&C) achieved improvements in rates and terms & conditions across all lines of business. 67% of P&C's traditional treaty business was renewed in January with average rate increases of 10%. Swiss Re maintained its strategy of moving to non-proportional business, with 43% written on that basis during this renewal round.

Financial Services Business Group's corporate risk underwriting completed 43% of their renewals between October 2002 and the end of January 2003, with an average rate increase on the renewed business of 16%. The credit and surety book renewed with a 5% increase in premiums while exposures were reduced by 13%, creating a strong increase in premiums relative to exposure.

Key to achieving these continued improvements has been Swiss Re's focus on underwriting quality. Efforts are concentrated on risk selection, rate adequacy and tightening coverage terms. Maintaining underwriting discipline will be vital in ensuring the benefits of the hard market are sustained and that clients, who are increasingly seeking Swiss Re's high quality reinsurance capacity, can access it.

Investment operations 2002 reflect market environment

The total return on investment for 2002 is expected to be in the range of CHF 5 billion or 4.7%, below the 2002 target of 6.7%. 2001's return on investment result was CHF 8.4 billion or 8%. However, 2002 was the third consecutive year of falling stock markets, with the second half of the year seeing a particularly sharp downturn. As a result, other than temporary impairment charges for 2002 were CHF 3.4 billion, compared with impairments in 2001 of CHF 663 million. Realised gains in 2002 were CHF 3.1 billion, against CHF 3.4 billion in 2001, resulting from gains on equities and bonds, plus gains on equity hedges.

Guaranteed minimum death benefits (GMDB)

The market downturn means guarantees to beneficiaries are now in excess of the current value of GMDB funds, as a result total GMDB impact for full year 2002 is approximately CHF 280 million.

Result 2002

The downturn in the investment markets offset improvements in core operations' profitability and will negatively impact Swiss Re's 2002 result, which is now expected to be a loss in the range of CHF 100 million.

Capital Partners integrated into Swiss Re Asset Management
With effect from 1 March 2003, Swiss Re will simplify its asset management organisation. Capital Partners will be discontinued and integrated into Swiss Re Asset Management. The integration will streamline processes and result in operational efficiencies.

Analysts' conference call
Swiss Re is holding an analysts' conference call today at 14.00 CET. Presentations will cover topics outlined above in greater detail. The conference call can be followed by telephone on:

Europe: +41 91 610 5605
US: +1 412 380 7400

Please call in at least 10 minutes in advance of the call.

There will be an audio playback facility available on our website by 26 February 2003, 17:00 CET.

Notes to editors

Swiss Re
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.

Guaranteed minimum death benefits (GMDB)
This was a class of life business written by Swiss Re between 1995 and 1999, since then no further new business has been accepted. Under the policies, on death, beneficiaries receive the greater of either the market value of their account or a guaranteed amount.

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 our 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:

- cyclicality of the reinsurance industry;
- changes in general economic conditions, particularly in our core markets;
- uncertainties in estimating reserves;

- risks and uncertainties relating to our estimates of the losses arising from the 11 September 2001 terrorist attack in the United States;
- 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;
- changes in rating agency policies or practices;
- mortality and morbidity experience;
- policy renewal and lapse rates;
- the lowering or loss of one of the financial or claims-paying 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
- increases 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 our 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.