



## Swiss Re provides provisional estimates of its losses from the Chilean earthquake and the European winter storm Xynthia

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**Zurich, 10 March 2010 – Swiss Re today announced that, based on current information, it provisionally estimates its loss arising from the earthquake in Chile to be USD 500 million. The total insured losses for the insurance sector for the earthquake in Chile are estimated to be in the range of USD 4.0 billion to USD 7.0 billion. In addition, Swiss Re estimates its loss for the European winter storm Xynthia to be approximately USD 100 million.**

The magnitude 8.8 earthquake that hit Chile on 27 February 2010 has caused several hundred fatalities and triggered severe property damage along a coastal stretch of 600 km. The strongest shaking around the epicentre affected less densely populated areas. However, several cities, including the greater Santiago area with a population of more than 5 million, also experienced severe and sustained tremors. This caused damage to several hundred thousand buildings despite the highly advanced anti-seismic construction standards in Chile.

In Chile, it is common practice for owners of mortgaged residential property, commercial and industrial property to buy earthquake insurance from local and global private insurance companies. Accordingly, this latest earthquake will lead to significant insurance claims for property damage and business interruption which are designed to facilitate a swift economic recovery.

Swiss Re's preliminary estimates suggest the total insured loss for the insurance industry for the earthquake in Chile will be in the range of USD 4.0 billion and USD 7.0 billion. The broad range reflects variances in key single risk losses and loss amplification effects. Based on preliminary estimates, Swiss Re expects its claims for the earthquake, net of the benefits of retrocession, to be approximately USD 500 million before tax. The uncertainties in estimating losses from such an event are significant, and this preliminary estimate may need to be adjusted as new information becomes available.

Xynthia was a violent European windstorm that crossed Western Europe on 26–28 February 2010 on a rather unusual track from south-west to north-east. The storm reached its peak intensity over

northern Spain and France. While its peak gusts remained well below those observed during winter storms Lothar or Klaus, Xynthia did trigger massive storm surges along the French Atlantic coast, where most of the fatalities were recorded. Coverage against wind and flood damage is standard practice in the countries affected by Xynthia. These covers are provided by state-run cover schemes (CatNat in France, Consorcio in Spain) and by the private insurance sector.

Based on preliminary estimates, Swiss Re expects its claims for winter storm Xynthia, net of the benefits of retrocession, to be approximately USD 100 million before tax.

## **Notes to editors**

### **Swiss Reinsurance Company Ltd**

Swiss Re is a leading and highly diversified global reinsurer. The company operates through offices in more than 20 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 "A+" by Standard & Poor's, "A1" by Moody's and "A" by A.M. Best.

### **Cautionary note on forward-looking statements**

Certain statements and illustrations contained herein are forward-looking. These statements and illustrations 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 direct and indirect impact of the continuing deterioration in the financial markets and the efficacy of efforts to strengthen financial institutions and stabilise the credit markets and the broader financial system;
- changes in global economic conditions and the effects of the global economic downturn;
- the occurrence of other unanticipated market developments or trends;
- Swiss Re's ability to maintain sufficient liquidity and access to capital markets, including sufficient liquidity to cover potential recapture of reinsurance agreements, early calls of debt or debt like arrangements and collateral calls under derivative contracts due to actual or perceived deterioration of Swiss Re's financial strength;
- the effect of market conditions, including the global equity and credit markets, and the level and volatility of equity prices, interest rates, credit spreads, currency values and other market indices, on Swiss Re's investment assets;

- changes in Swiss Re's investment result as a result of changes in its investment policy or the changed composition of Swiss Re's investment assets, and the impact of the timing of any such changes relative to changes in market conditions;
- uncertainties in valuing credit default swaps and other credit-related instruments;
- possible inability to realise amounts on sales of securities on Swiss Re's balance sheet equivalent to its mark-to-market values recorded for accounting purposes;
- the outcome of tax audits, the ability to realise tax loss carry forwards and the ability to realise deferred tax assets (including by reason of the mix of earnings in a jurisdiction or deemed change of control), which could negatively impact future earnings;
- the possibility that Swiss Re's hedging arrangements may not be effective;
- the lowering or loss of one of the financial strength or other ratings of one or more companies in the Group;
- risks associated with implementing Swiss Re's business strategies;
- the cyclical nature of the reinsurance industry;
- uncertainties in estimating reserves;
- 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;
- extraordinary events affecting Swiss Re's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- political risks in the countries in which Swiss Re operates or insures risks;
- the impact of current, pending and future legislation and regulation, affecting us or our ceding companies, and regulatory and legal actions;
- the impact of changes in accounting standards;
- the impact of significant investments, acquisitions or dispositions, and any delays, unexpected costs or other issues experienced in connection with any such transactions, including, in the case of acquisitions, issues arising in connection with integrating acquired operations;
- changing levels of competition; and
- operational factors, including the efficacy of risk management and other internal procedures in managing the foregoing risks.

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.