

Innovative solution to tackle agricultural catastrophe risks in China: Swiss Re enters agreement with regional government of Beijing

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Hong Kong, 31 July 2009 – Swiss Re today announced that it has entered into an agreement with the Beijing Municipal Government to provide reinsurance coverage for catastrophe risks under Beijing’s government-funded agricultural insurance scheme.

Supported by the China Insurance Regulatory Commission (CIRC), this ground-breaking agreement paves the way for furthering the agricultural reinsurance policy framework in China. This innovative public-private partnership also facilitates the sustainable development of agricultural insurance, which helps stimulate agricultural productivity in China amid global concern over food security.

Under the agreement, the Beijing Municipal Government will pool all agricultural insurance business within Beijing, and provide funding for purchasing reinsurance cover for this business directly from the reinsurers. The beneficiaries will be the insurance companies under the government-subsidized agricultural insurance scheme in Beijing. In the event of catastrophe loss Swiss Re, as the lead reinsurer, will settle with individual insurance companies, ensuring that each has the appropriate reinsurance protection.

Based on the agreement, the insurance companies will be responsible for losses below 160% of the annual premium. Swiss Re and another reinsurer will take up the losses between 160% and 300%, while the losses above 300% will be covered by the Beijing Municipal Government’s Agricultural Catastrophe Risks Reserve.

This agreement provides tailor-made reinsurance protection for livestock, crops and fruits against perils such as epidemic, livestock diseases, flood, hail, wind and rainstorms, covering about 400,000 farming households.

Mr Xia Zhanyi, Vice Mayor of the Beijing Municipal Government said: “The establishment of this government-funded agricultural

reinsurance framework will effectively transfer substantial agricultural risks away from the Government. This will help further develop Beijing's agricultural insurance scheme and facilitate the sustainable development of Beijing's agricultural insurance."

Mr Zhou Yanli, Vice Chairman of CIRC, remarked at the agreement signing ceremony yesterday: "The innovative reinsurance arrangement in Beijing is of significant importance, as it has enhanced the model for agriculture insurance risk management in China."

Beijing's government-funded agricultural insurance scheme was officially launched in May 2007. The system is not only well received by farmers, but also widely recognised by society at large.

Mr Yuanyong Long, Swiss Re's agricultural expert for China, pointed out: "Agricultural insurance plays a key role in stimulating investment in agriculture that leads to increased productivity and the stabilizing of farmers' income in China. By transferring risk to the reinsurance sector, Beijing is the first regional government in China to professionally risk-manage its financial commitment to absorb large losses of the agricultural insurers. Swiss Re values the appointment as lead reinsurer and is committed to making its significant reinsurance capacity and leading-edge global agricultural risk management expertise available to other regional governments, in contribution to China's rural development and the sustainable growth of agricultural production through insurance."

Mr Qin Lu, General Manager of Swiss Re Beijing, added: "The way the Beijing Municipal Government will now be transferring risk to the reinsurance sector for agriculture can also work for infrastructure exposure to natural catastrophes like earthquake, typhoon and flood."

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.

Swiss Re has been associated with Asia since 1913 and now has about 1,000 staff in Asia-Pacific. The company's Asian headquarter is in Hong Kong.