

Swiss Re reports loss estimate resulting from Enron bankruptcy

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Swiss Re has been thoroughly analysing its exposure to the failure of Enron Corp. Swiss Re's current loss estimate for its exposure to Enron is USD 173 million before tax, equivalent to CHF 284 million before tax or CHF 184 million after tax.

Swiss Re's largest exposure is in US commercial surety reinsurance. The majority relates to advance payment bonds, written by US surety companies for obligations under gas supply contracts which have already been met to a large extent. The current loss estimate for this business is USD 67 million. As many of Swiss Re's clients are still reviewing their own involvement, it continues to be difficult to assess the final loss figure.

Swiss Re held Enron bonds in its corporate bond portfolio and also had exposure to Enron through its portfolio of credit default swaps. The estimated loss to the bond portfolio is USD 31 million, based on the current market valuation, and to the credit default swaps it amounts to USD 28 million. Other lines of business impacted by the Enron failure include casualty lines and other smaller exposures. Swiss Re held no Enron equities.

Swiss Re is one of the world's leading reinsurers with over 70 offices in more than 30 countries. In the 2000 financial year, gross premium volume amounted to CHF 26.1 billion and the net income after tax reached CHF 3 billion. Swiss Re is rated "AAA" by Standard & Poor's, "Aaa" by Moody's and "A++" (superior) by A.M. Best.

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