



Securitization in Insurance



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IFIR Financial Risks:

New Developments in Structured Products and Credit Derivatives

28 March 2008

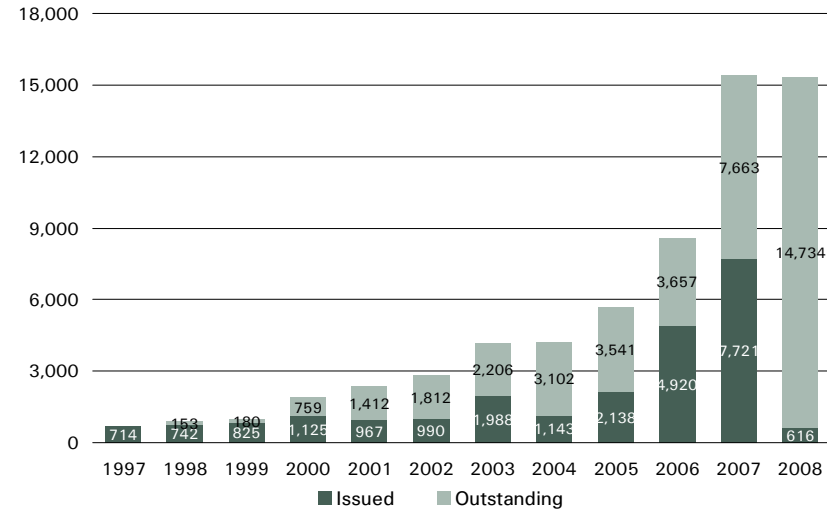
ILS Market Capacity

Since 1997, approximately 15 billion in worldwide reinsurance and reinsurance capacity has been created through the issuance of ILS. Much of the issuance has been directed to both natural catastrophe perils as well as life risks.

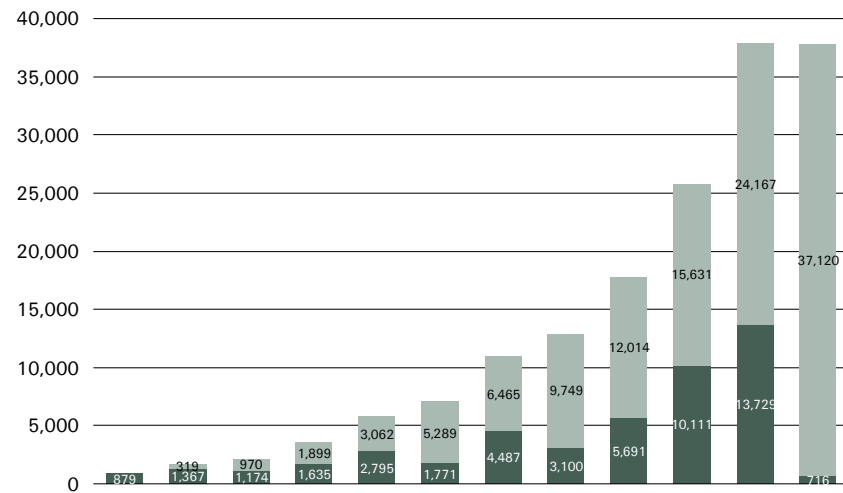
- New issuance in 2007 exceeded that of 2006 by 50%. It is anticipated that 2008 will be another year of solid growth. Total non-life bonds outstanding are approximately USD 15 billion

- Total ILS new issuance continued the growth trend. Life and non-life sectors exceeded 2006 new issue levels. Total bonds outstanding exceed USD 37 billion

Total non-life bonds outstanding, by year



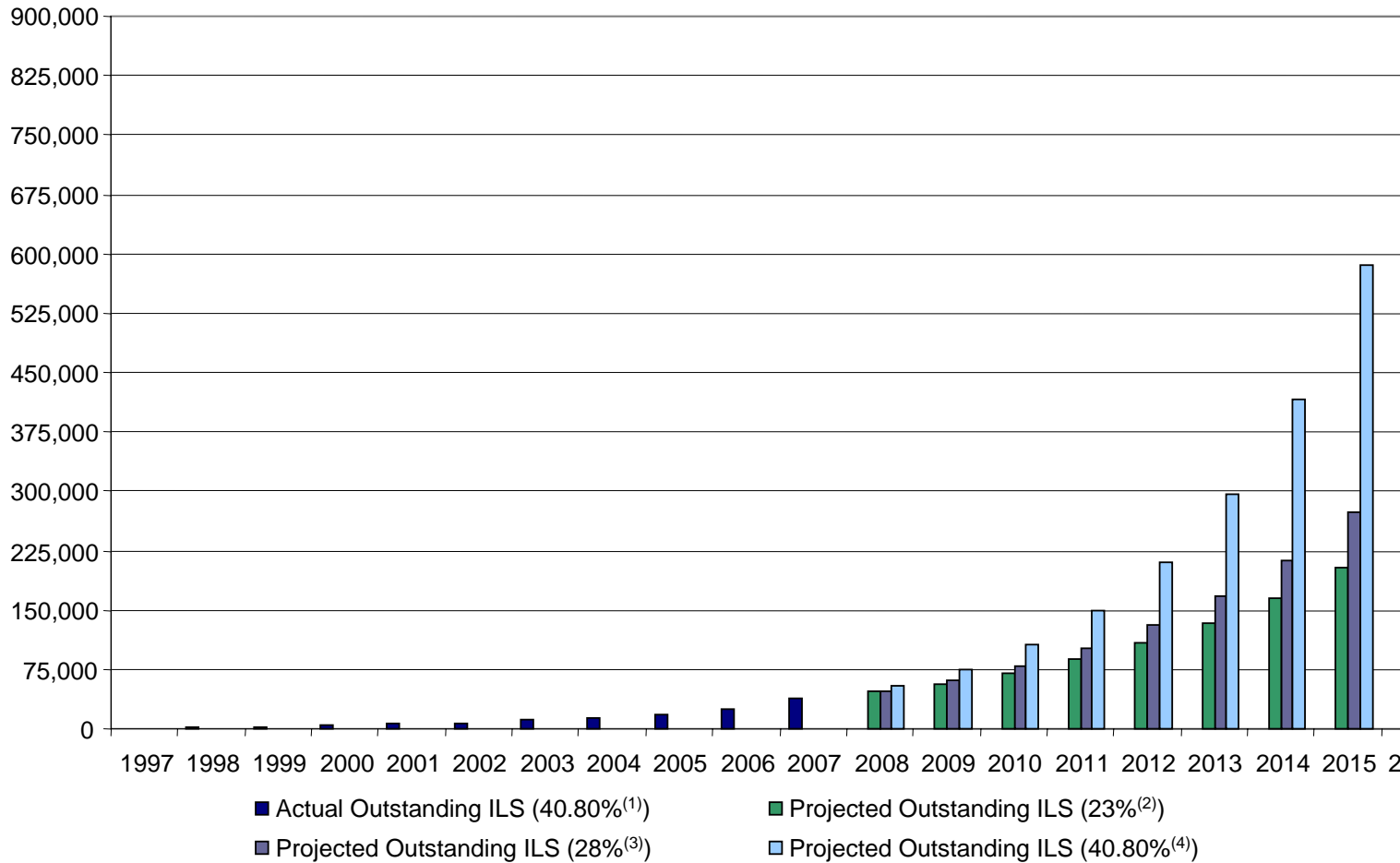
Total ILS outstanding, by year



Potential Growth Rate: A Case for Creation of a Substantial Market

compound annual growth rate from 1997 to 2007 is approximately 40.80%.

AGR	Amount Outstanding 2016
40.80%	710B
23.00%	350B
28.00%	250B

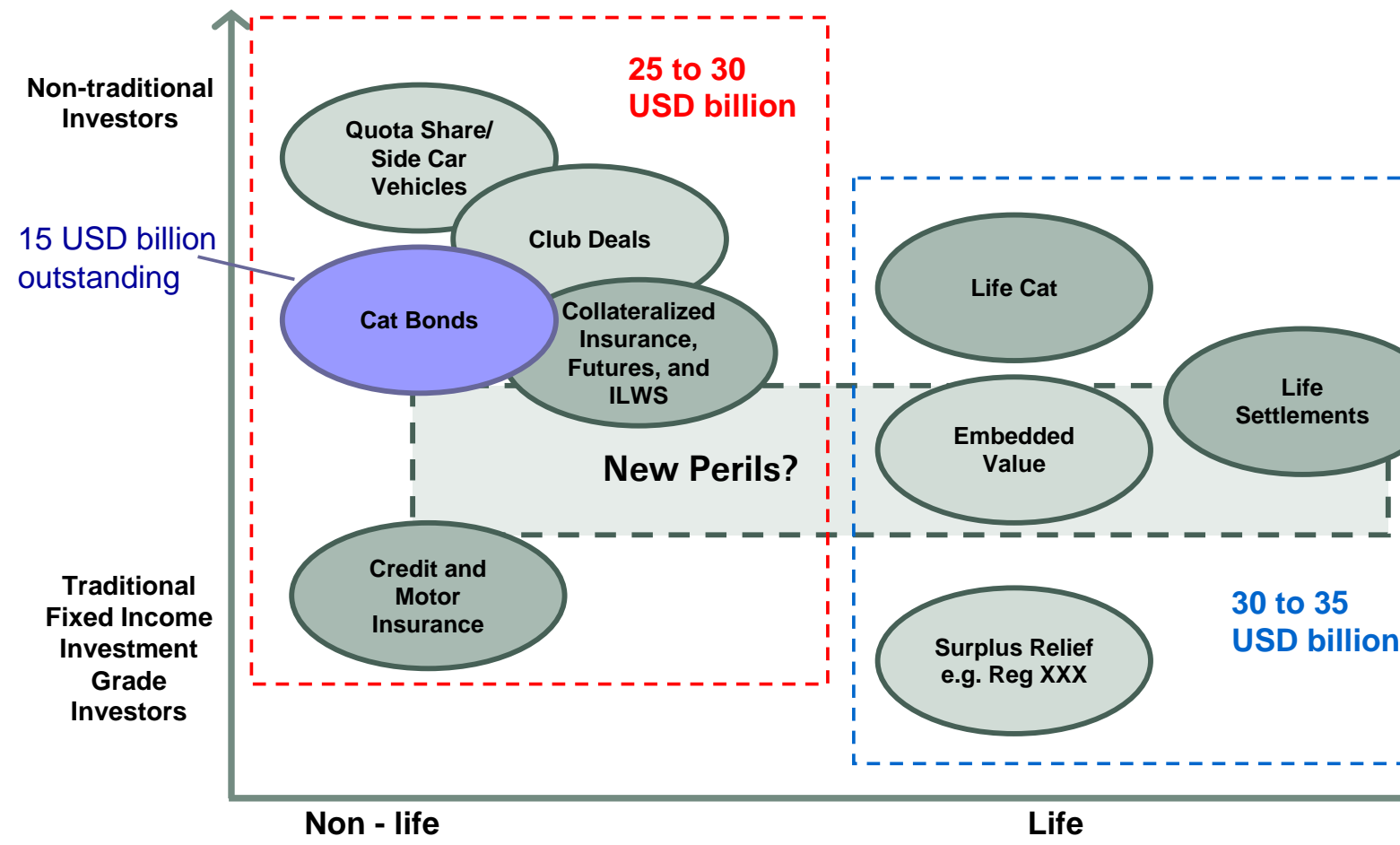


(1) Actual historical compound annual growth rate (1997-2007)
(2) Projected outstanding using 66% of actual historical compound annual growth rate
(3) Projected outstanding using 75% of actual historical compound annual growth rate
(4) Projected outstanding using actual historical compound annual growth rate

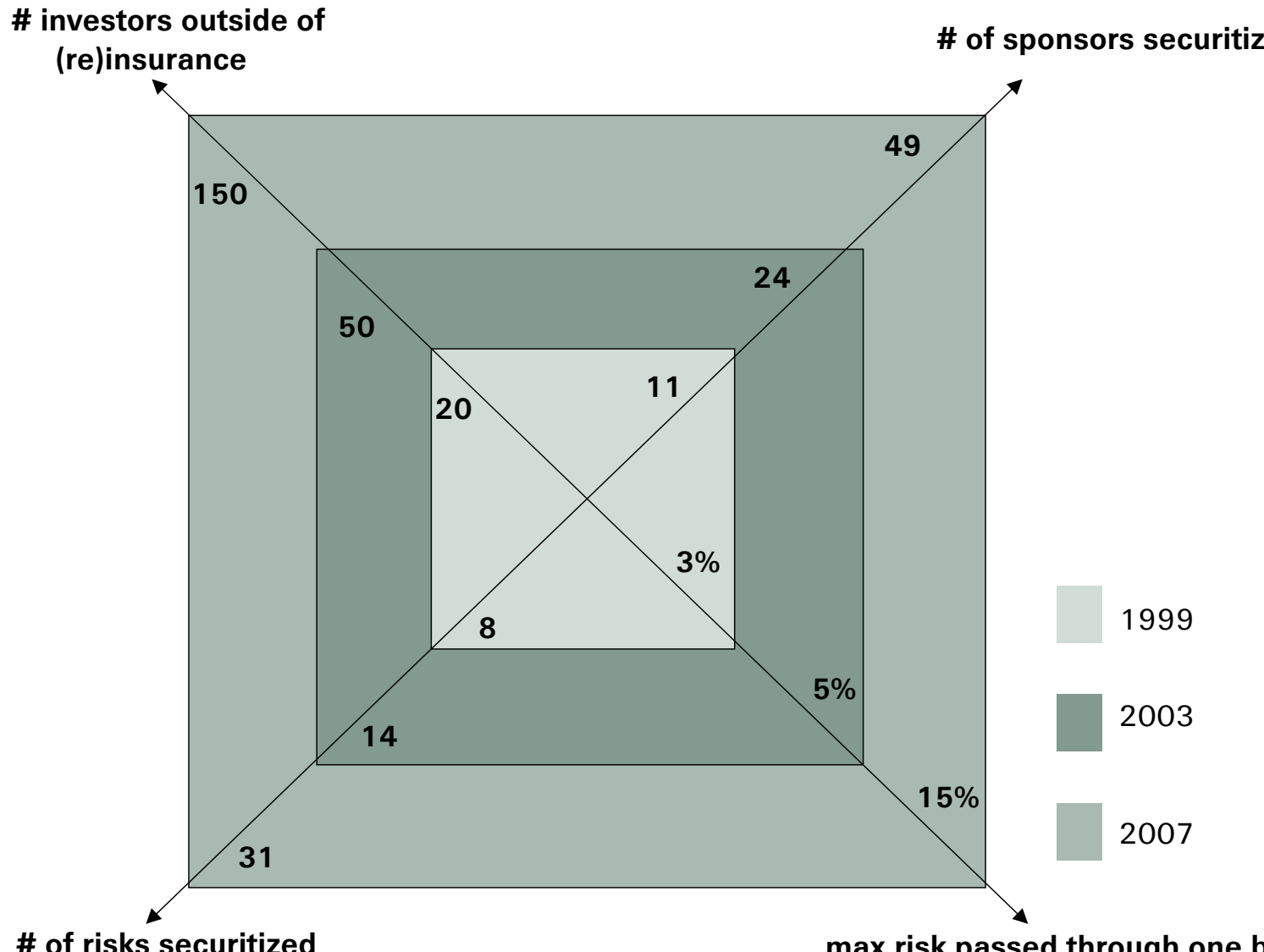
ILS Market: Market Segmentation and Size

total ILS capacity provided directly by the capital markets in varying formats is estimated to be around \$60 billion, of which approximately 25 billion represents natural catastrophe risk.

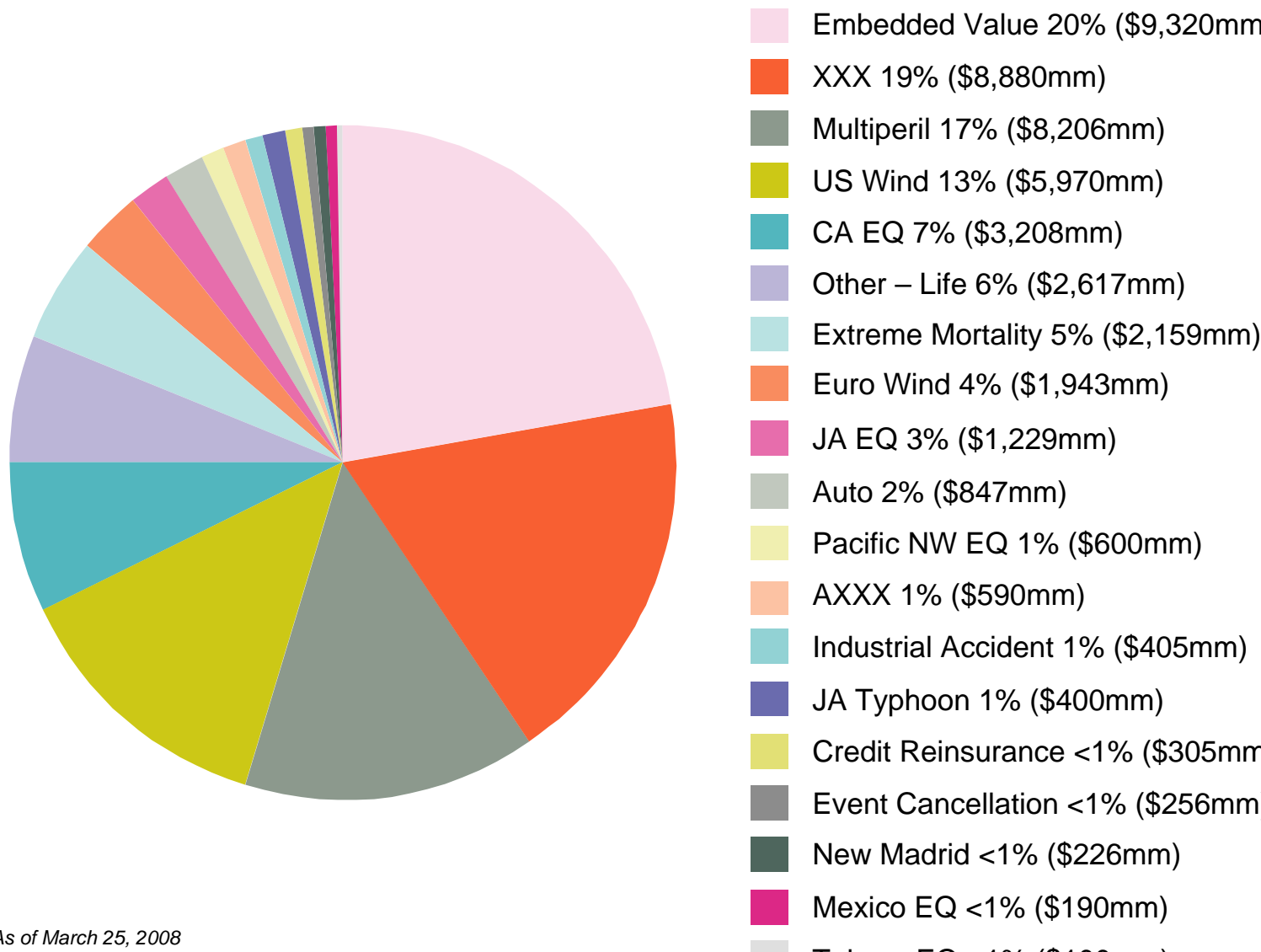
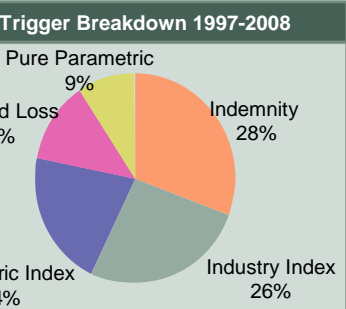
Swiss Re Capital Markets is active in most sectors of the market.



Significant Increase in Market Depth and Breadth

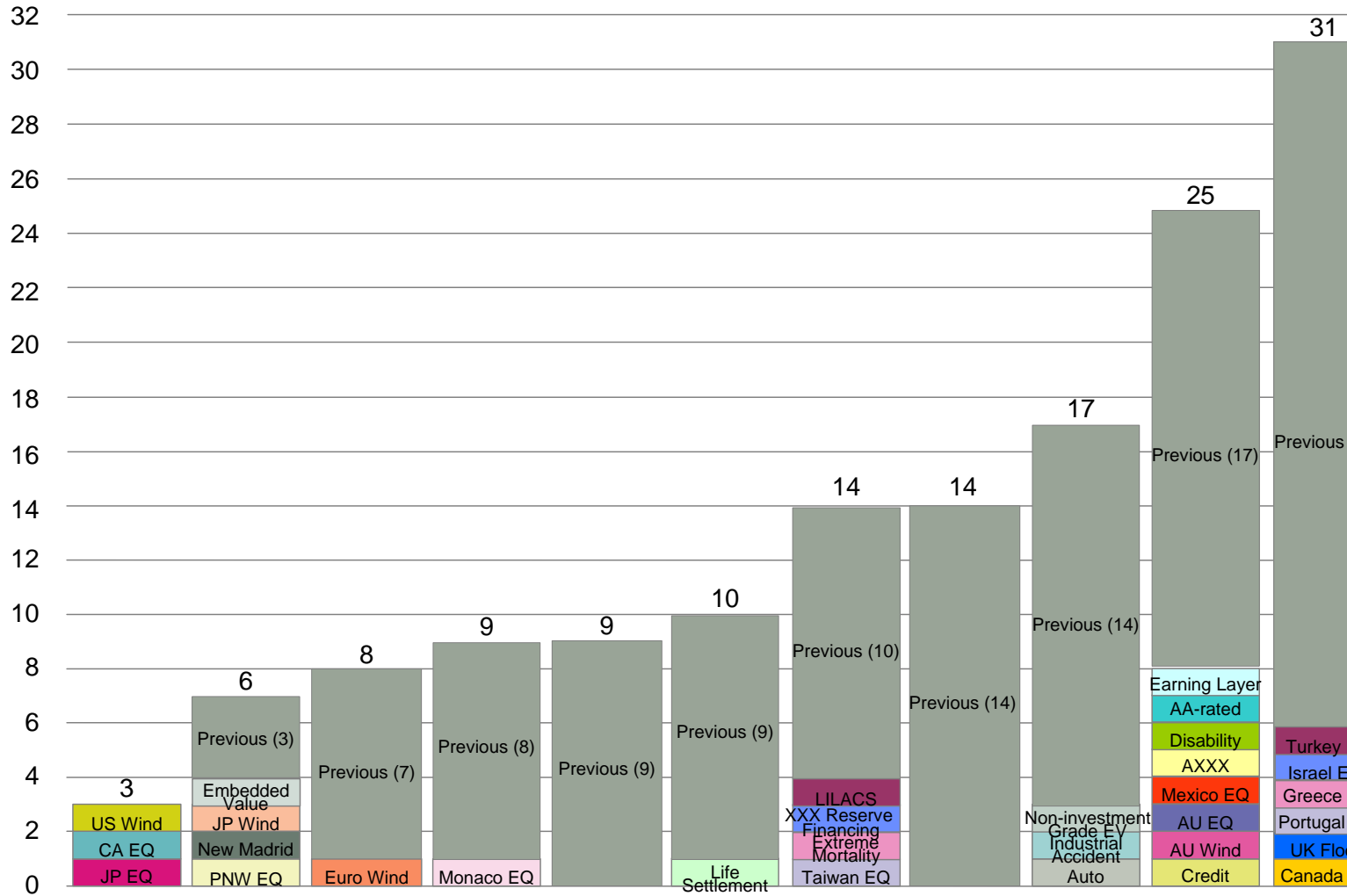


Risks Securitized Since 1997



Current Market Environment First Perils Securitized

*...e sector
 ...ntinues to bring
 ...novative
 ...ansactions to the
 ...arket by bringing
 ...ew perils. In all,
 ...perils have
 ...en securitized
 ...ith more new
 ...perils expected.*



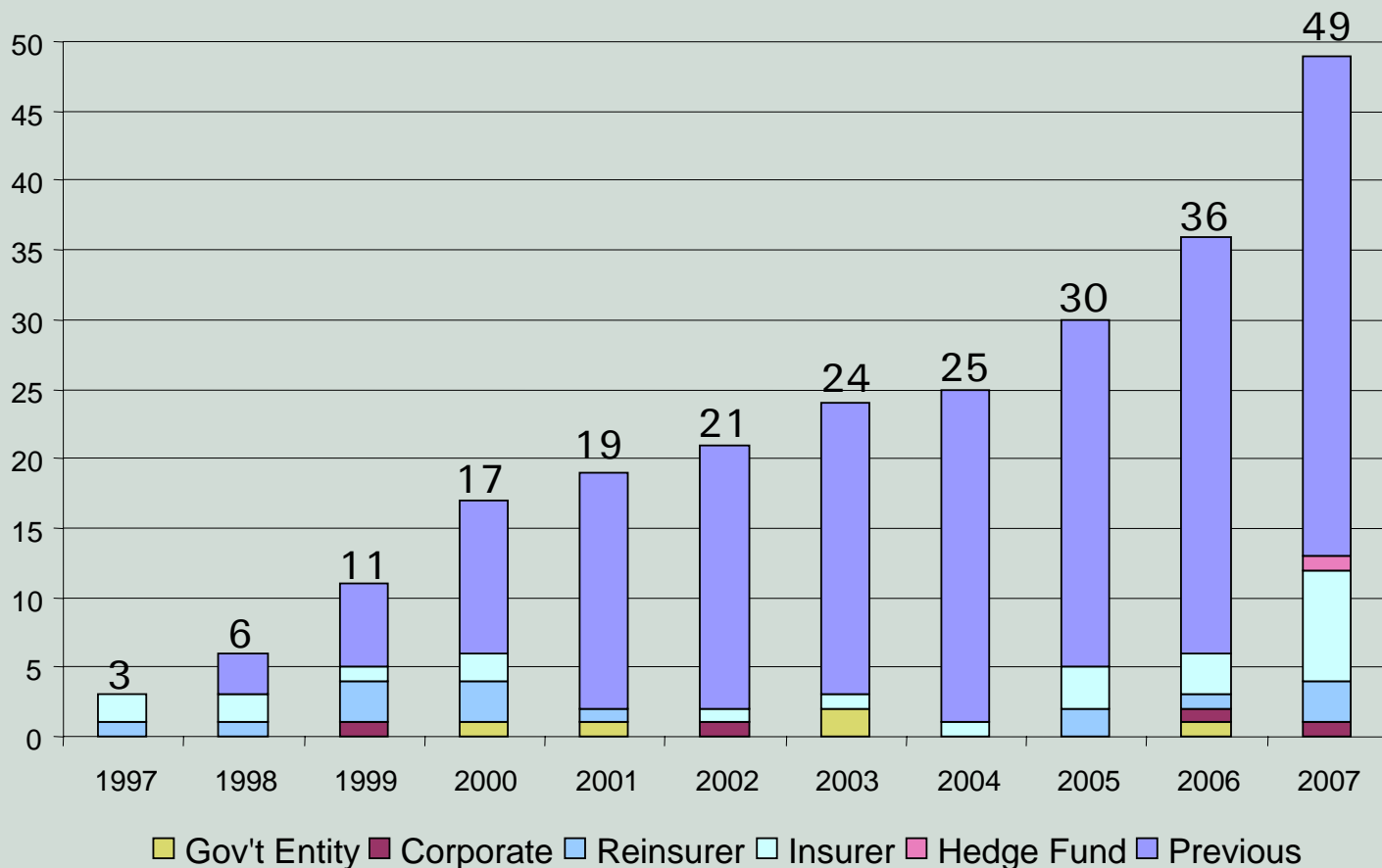
As of March 25, 2008

Current Market Environment

New Sponsors

*re sector has
own constant
rowth with new
ponsor coming to
e market every
ar. To date,
early 50
sponsors have
me to market.*

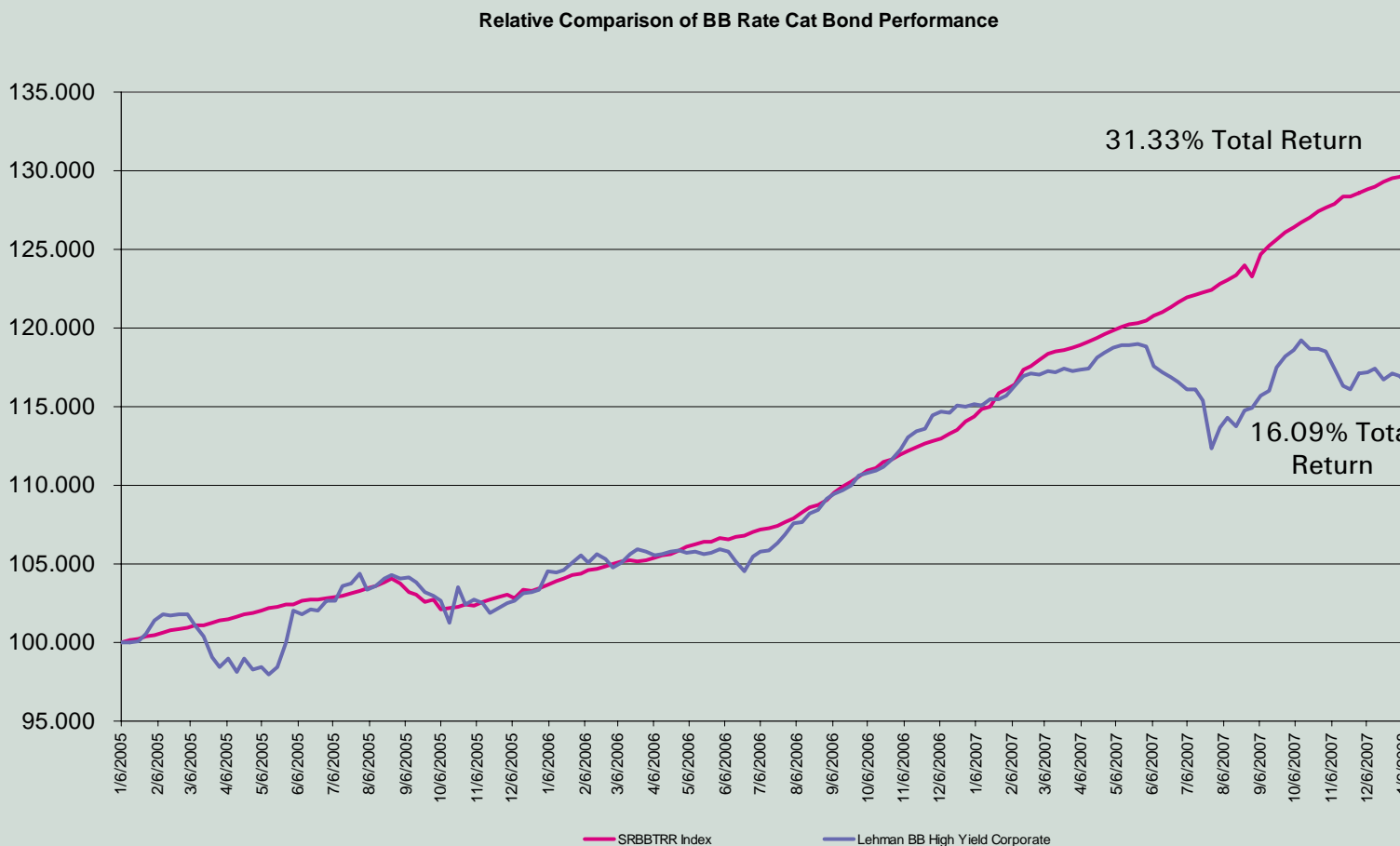
New sponsors by type and year
between 1 Jan '97 and 31 Dec '07



Source: Swiss Re Capital Markets

Cat Bond and Corporate BB Returns

BB Performance from 1 January 2005 – 1 March 2008

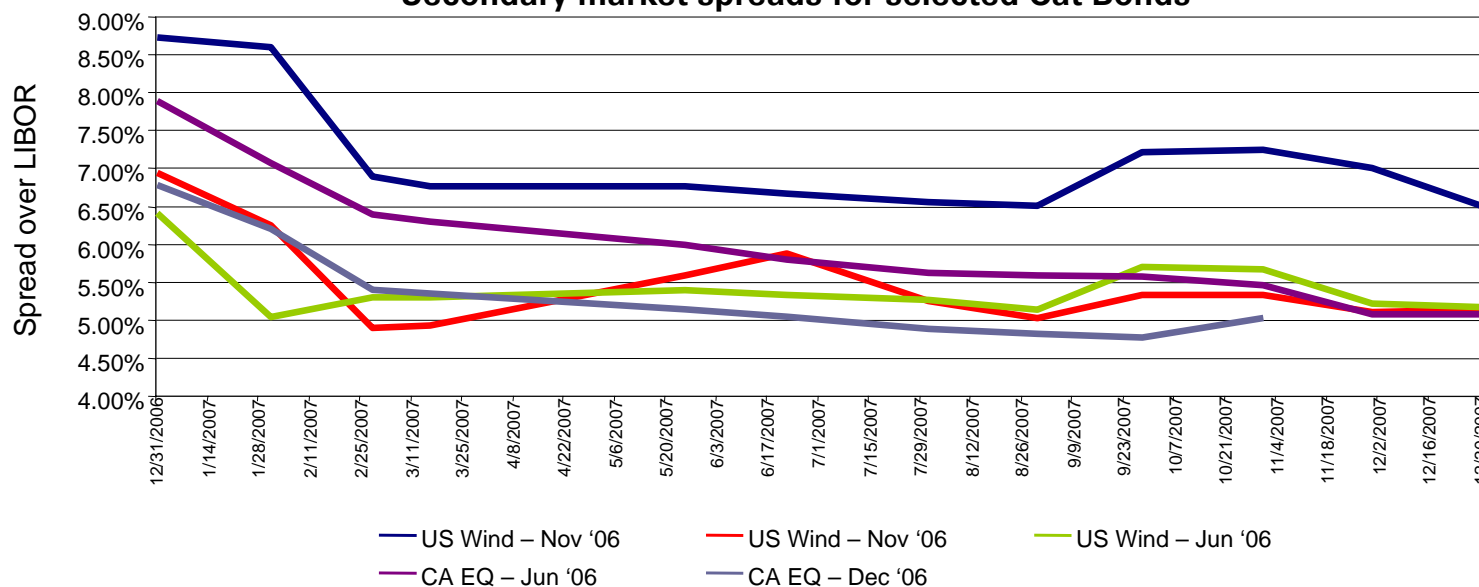


"SRBB Cat Bond Index", calculated by Swiss Re Capital Markets, is an equally-weighted basket of nat cat BB-rated cat bonds traded by Swiss Re Capital Markets, calculated on a weekly basis; past performance is no guarantee of future results
Underlying data for Lehman BB Index provided by Lehman Brothers

Snapshot: peak peril spreads tightened

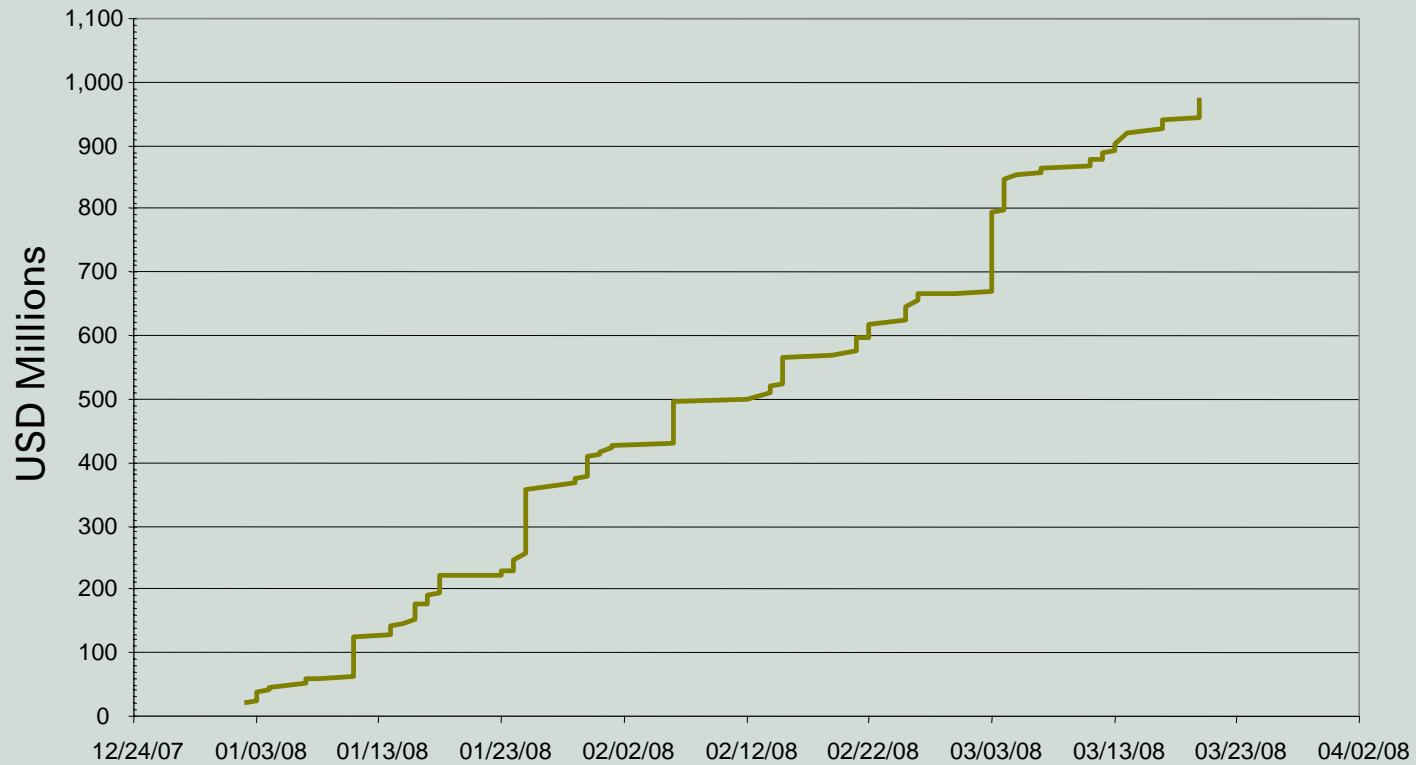
Peril – Date	Issuance spread (bps)	31 Dec '07 spread*	Spread tightening (from issuance)
US Wind – June '06	7.00%	5.18%	-23%
US Wind – November '06	6.75%	5.14%	-27%
US Wind – November '06	9.00%	6.39%	-29%
CA EQ – June '06	7.25%	5.06%	-30%
CA EQ – December '06	6.75%	5.03%**	-26%

Secondary market spreads for selected Cat Bonds*



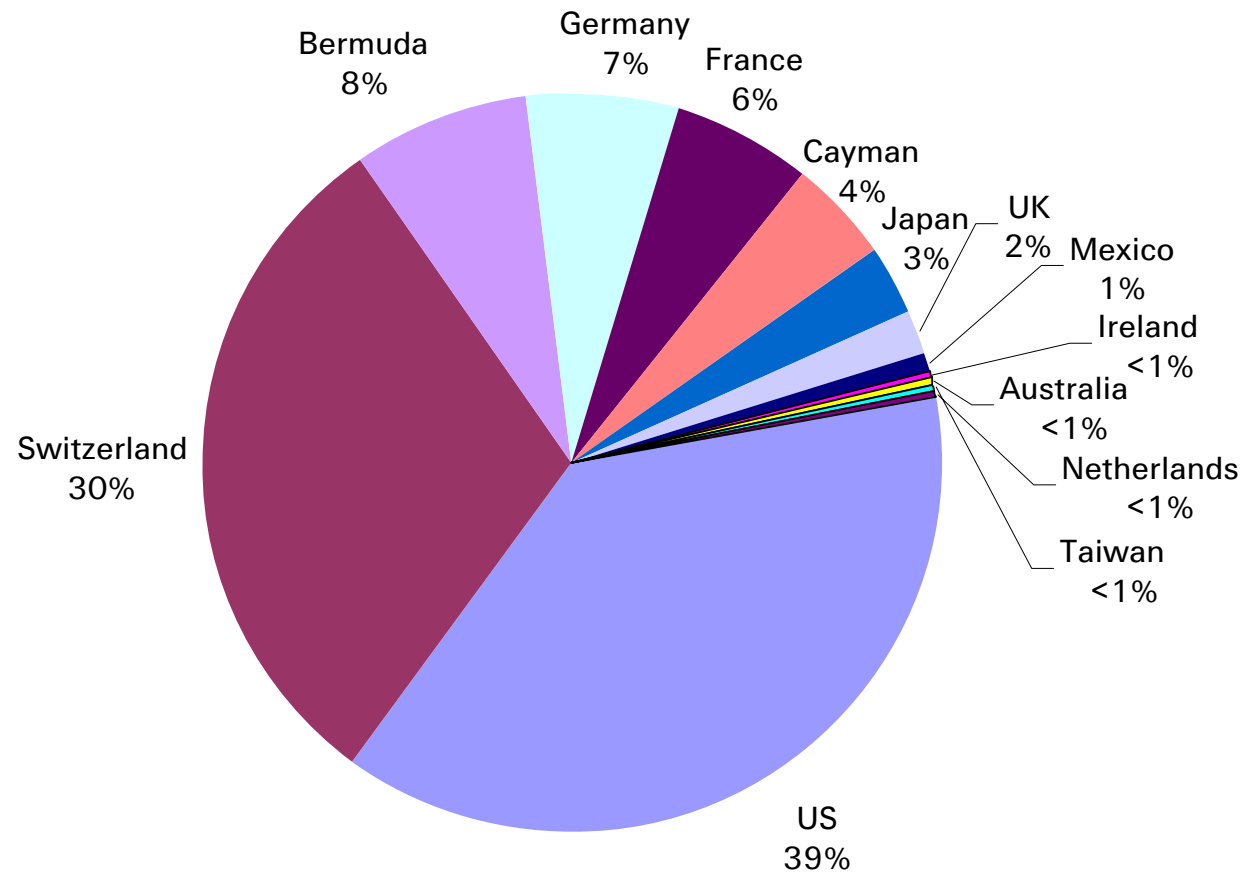
Swiss Re Life and Nat Cat Bond Secondary Trading – 2008

Swiss Re traded nearly \$1 billion from 1 January 2008 – 25 March, 2008



Source: Swiss Re Capital Markets
 * Both Life and Nat Cat represented

Life and Non-Life Sponsor Locations Since 1997



Drivers of Change in ILS - France

- The European Reinsurance Directive covers explicitly the possibility to implement securitisation vehicles to transfer insurance risk to the capital markets
 - The Directive leaves each Member State to regulate for its territory:
 - The establishment of the insurance securitisation vehicles, and
 - The capital benefit for insurers transferring risk to insurance securitisation vehicles
- The asset securitisation law in France has been facilitating the growth of the use of securitisation by financial institutions and supported the access to a large capital base for the banking sector
- The French legislator and regulators are currently working at upgrading the French securitisation law to include the possibility of transferring insurance risk to the capital markets within a clear and simple framework
 - Swiss Re expects such framework to further stimulate the French insurers which are already active in the ILS space to use the capital markets for risk transfer and capital management needs
 - Most impact will be seen for solvency capital management motivated transactions such as life and motor securitisations

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