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## Swiss Re completes first longevity trend bond

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By Editor Test    *Tue, Jan 4, 2011*

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Swiss Re has transferred \$50 million worth of longevity-trend risk to the capital markets, *Global Pensions* reported. Under the transaction, Kortis Capital will provide cover to Swiss Re against a divergence in mortality improvements within two selected populations, the insurer said.

The bond, which is based on population data, would trigger in the event of a large divergence in the mortality improvements experienced between men aged between 75 and 85 in England & Wales and men aged 55-65 in the US.

“The global longevity issue is already huge and will continue to grow as the result of aging populations and higher risk awareness,” said Brian Gray, Swiss Re’s chief underwriting officer.

Swiss Re has offered natural catastrophe bonds for some time, but has more recently begun securitizing its life risks. The firm has obtained over \$1.5 billion in extreme mortality risk protection from its Vita program since 2003.

Swiss Re head of life & health Christian Mumenthaler said, “The Kortis program is of particular note as it provides protection against adverse deviation in mortality improvements for both Swiss Re’s mortality and longevity portfolios, whilst taking into account the complementary nature of the two risks.”

The bonds are single tranche Series 2010-I Class E Notes rated BB+ (sf) by Standard & Poor’s, according to the report.

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