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STEPS 1/09



Dear Reader

We are pleased to provide you with the first edition of our newsletter «STEPS». It comes with a new «look and feel», reflecting the relaunch of our corporate design. Later in STEPS we will share with you the main features of and the reasoning behind these changes.

The first quarter of 2009 has displayed similar turbulence, if not turmoil as last year. Stock markets continued to slide given the rapid deterioration of economic data and forecasts as well as a spate

of bad news from the financial services sector, including, unfortunately, from a number of major insurance and reinsurance companies. It remains to be seen whether the recovery in stock markets witnessed since mid of March can be sustained or if it is merely a bear market rally. In these times, stability, predictability and reliability matter most. And we believe that, based on our conservative business model and the affiliation with one of Germany's leading and financially strongest mutual insurance groups, SI Re is in an excellent position to offer clients a solid protection of their balance sheet. Against

this backdrop, we have chosen asset management as the key topic of this edition of STEPS 1/09. In light of the massive realized and unrealized investment losses suffered by a number of reinsurers, clients place increasing emphasis on sound asset management processes on the part of their reinsurers. We would like to explain to you why SI Re has escaped largely unscathed from the financial tsunami. You will also learn about our successful year-end renewals. We have further grown our portfolio, without compromising on our strict profitability standards. We believe that this testifies to the increasing strength of our franchise. And finally, we will share with you some background on our relaunched corporate design as well as our completely revamped web presence (www.sire.ch). We are convinced that this new approach and the various tools based on it will effectively support our company's future development.

As always, I am very grateful for any feedback on STEPS.

With my best personal regards,



Bertrand R. Wollner,
Chief Executive Officer

SI Re – Mutually yours

Sustainable, agile, committed

Close collaboration with SIGNAL IDUNA Asset Management

Whilst not the core business of reinsurers, asset management is of crucial importance to the provision of secure and meaningful reinsurance protection. One of the key lessons from the current financial crisis is that reinsurers are well-advised to closely align their asset management activities with their core business of providing reinsurance protection. At SI Re, we have always focused on managing our assets in a way to fulfill our obligations vis-à-vis our clients.

SI Re's investment decisions are supported by a close cooperation with SIGNAL IDUNA Asset Management (SIAM) which manages proprietary and third-party assets for SIGNAL IDUNA Group.

Based on SI Re's investment strategy – which is constantly being reviewed by the investment committee and needs approval from the Board of Directors – SIAM's portfolio managers select specific securities, applying their well-established quantitative and qualitative methods. In order to achieve an optimal risk-return profile, thorough security reviews are conducted as part of the credit process. We benefit greatly from SIAM's proven and conservative investment philosophy as well as from its extensive know-how and expertise.

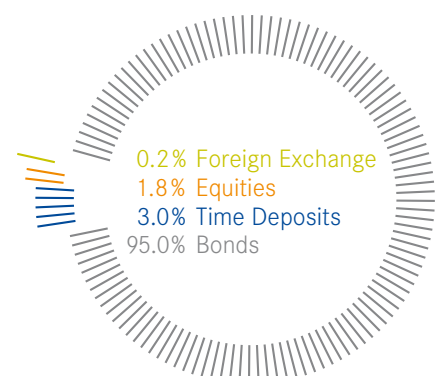
The close cooperation with SIAM offers another major advantage to SI Re: Gaining access to SIAM's well-developed

commercial relationships with the transacting banks. SI Re, therefore, benefits from very favourable terms and conditions when acquiring securities through these banks. In addition, SIAM offers a modern IT infrastructure which enables us to constantly monitor our portfolio both from an investment and risk management perspective. And «last but not least»: SI Re benefits from SIAM's expertise in currency management. For us, this is a particularly important aspect as SI Re, in its CHF balance sheet, carries a significant excess position in EUR which needs to be hedged on a permanent basis. In this context, we rely on SIAM's valuable support in providing currency forecasts and volatility analyses as well as in timing the necessary transactions.

All in all, our clients can rest assured that SI Re's assets are managed conservatively and cost-efficiently. No small promise in these turbulent times!

ASSET STRUCTURE as of 31 March 2009

Total value of investments:
CHF 248 million acc. to Swiss GAAP





© Hannes Bok, detail of «Avalon»

Further business growth as of January 2009

SI Re has recorded very successful 2008 year-end renewals. We have benefited from general market trends such as a firming of rates, terms and conditions but also from an accelerating «flight to diversification». In view of the major dislocations produced by the credit crisis and the spectacular difficulties of some major reinsurers, clients increasingly look for a broader panel of reinsurers. Some experts say that the average reinsurer panel has increased from 10-15 a year ago to 20-25 at this point in time.

«Don't put too many eggs in one basket», seems to be the order of the day. We can confirm these reports. SI Re received direct requests from insurers keen to diversify their participations in order to limit accumulation risks. Against this backdrop, we were successful in pursuing our strategy of expanding shares with existing clients and acquiring additional ones – without compromising on our strict profitability standards. We managed to increase our shares with a third of our existing clients. The overall number of cli-

ents has increased by more than a third, compared with 2008. Total gross premiums increased by almost 9% from CHF 125 million to CHF 136 million. Third-party business expanded more rapidly than group business, increasing its share of SI Re's total book by 2 percentage points to 65%. All in all, we are very satisfied with our renewal results. We have grown faster than most competitors, suggesting that we did not only benefit from general market trends but also from the increasing attractiveness of the SI Re franchise.

Relaunch of our corporate design and identity

Following the assignment of an A- rating by Fitch in summer 2008 SI Re has progressed beyond the initial start-up phase. The rating enables us to assume additional risks and to expand our client base. In order to fully capture the growth potential ahead of us we have decided to enhance our brand appearance and external communication. Our new corporate design was created to reflect our core values of professionalism, solidity, innovation and flexibility. These core values have translated into a corporate design which we believe conveys an image of trustworthiness, Swissness, stability, clarity and autonomy. Going forward, you will encounter our new corporate design not only through our newly launched STEPS but also through our annual report (to be published for the first time in June) and a new SI Re stationary. A particular effort went into our new website

www.sire.ch which we have revamped completely. You will find up-to-date information about the Company, its govern-

ance structure, approach to risk management and many more relevant areas.



ARTIST HANNES BOK

Hannes Bok has worked from 1982 to 1988 as cabinet maker and furniture renovator. He then studied European Ethnology, History of Art and Romance Language in Tübingen and Paris. He studied at the «Ecole Boulle» in Paris to become an «artist inlayer» (artiste marqueteur).

He now exhibits his works in Germany and in France.



www.sire.ch

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