

# **FAIRFAX News Release**

**Stock Symbol: FFH**

**TORONTO, May 20, 1999**

## **FAIRFAX ARRANGES US\$1 BILLION REINSURANCE COVER**

Fairfax Financial Holdings Limited announces that it has arranged through Swiss Re New Markets a US\$1 billion adverse loss development reinsurance cover with European Reinsurance Company of Zurich, Bermuda Branch, an AAA-rated subsidiary of Swiss Re Group. The coverage relates to claims or uncollectible reinsurance of Fairfax's insurance and reinsurance companies (including TIG) relating to business written before January 1, 1999. Subject to its terms, the agreement would respond if the aggregate of such losses exceeded the aggregate reserves for such losses established as at the end of 1998.

The protection provided by this cover is in addition to the protections afforded by the Cdn \$957 million of indemnifications, received by Fairfax on acquisitions, which remained at the end of 1998, and by Fairfax's accumulated negative goodwill and other provisions, arising from recent acquisitions, of about Cdn \$800 million. Fairfax does not anticipate that the cost of this cover will have any significant effect on its after-tax profitability.

Fairfax Financial Holdings Limited is a financial services holding company which, through its subsidiaries, is engaged in property, casualty and life insurance and reinsurance, investment management and insurance claims management. Swiss Re New Markets is the alternative risk transfer and risk financing division of Swiss Re Group, Zurich.

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