



Partnering for progress

#partneringforprogress

Swiss Re
Press conference

Monte Carlo, 9 September 2024

Your speakers today



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Macro environment

In a rapidly evolving, increasingly interconnected global environment, reliable risk assessment and effective volatility management are key



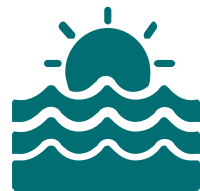
Geopolitical risks



Technology



Economic environment



Climate change



Societal risks

Macro environment

The re/insurance industry plays a vital role in absorbing shocks and acts as a safety net for the global economy

USD 108bn

in insured losses for natural catastrophes in 2023

~80%

of Caribbean insurance payouts for Hurricane Beryl funded by reinsurers (Swiss Re estimate)

>USD 150bn

in claims paid out by reinsurers in 2023

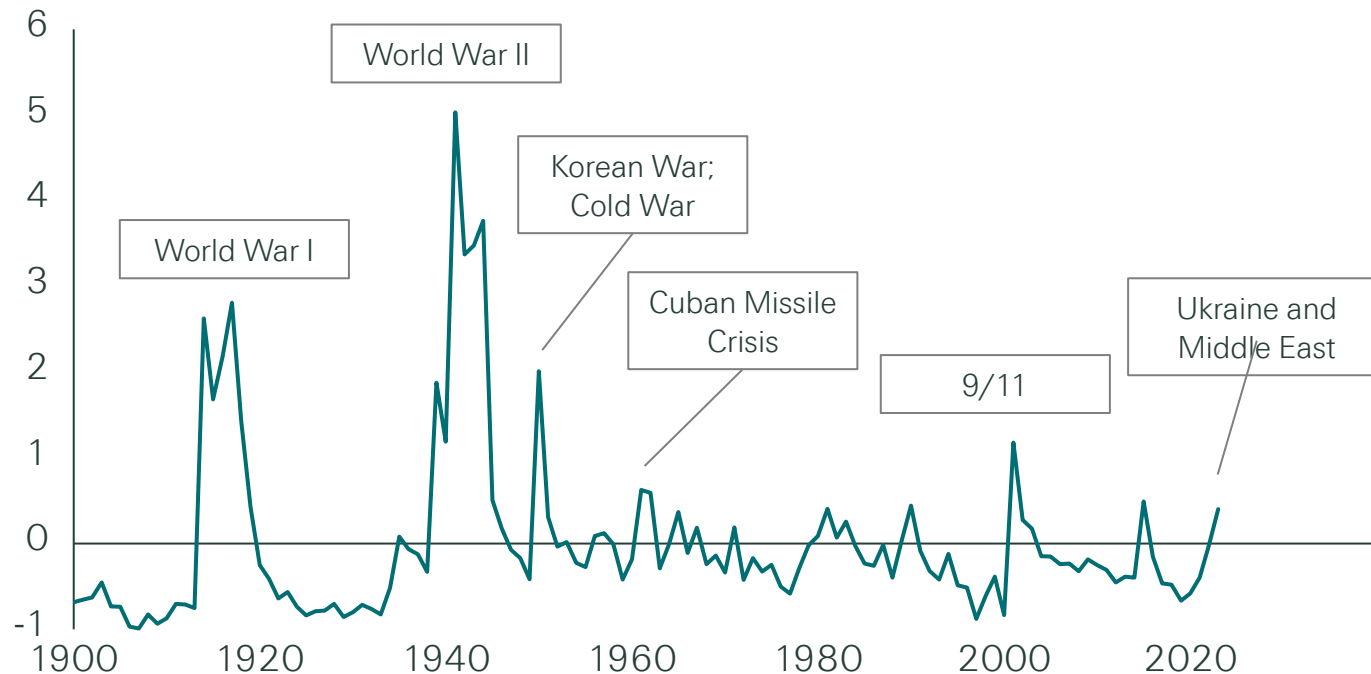
>3 000

clients supported by Swiss Re in 2023

Macro environment

Heightened risk of unrest in a politically charged environment increases unpredictability and market volatility

Geopolitical risk index¹



Source: Swiss Re Institute, Economic Policy Uncertainty, Macrobond

¹ Standardised geopolitical risk index

² Carnegie Endowment for International Peace's Global Protest Tracker

³ From 2000 to 2020, source: Swiss Re



Increased political polarisation observed in a record voting year (> 70 countries voting)



Protests in 132 countries since 2017², with claims from SRCC increasing 3 000% in 20 years³



Share of countries under financial sanctions doubled to almost 60% in 2022



Rising supply chain pressures and impact on trade

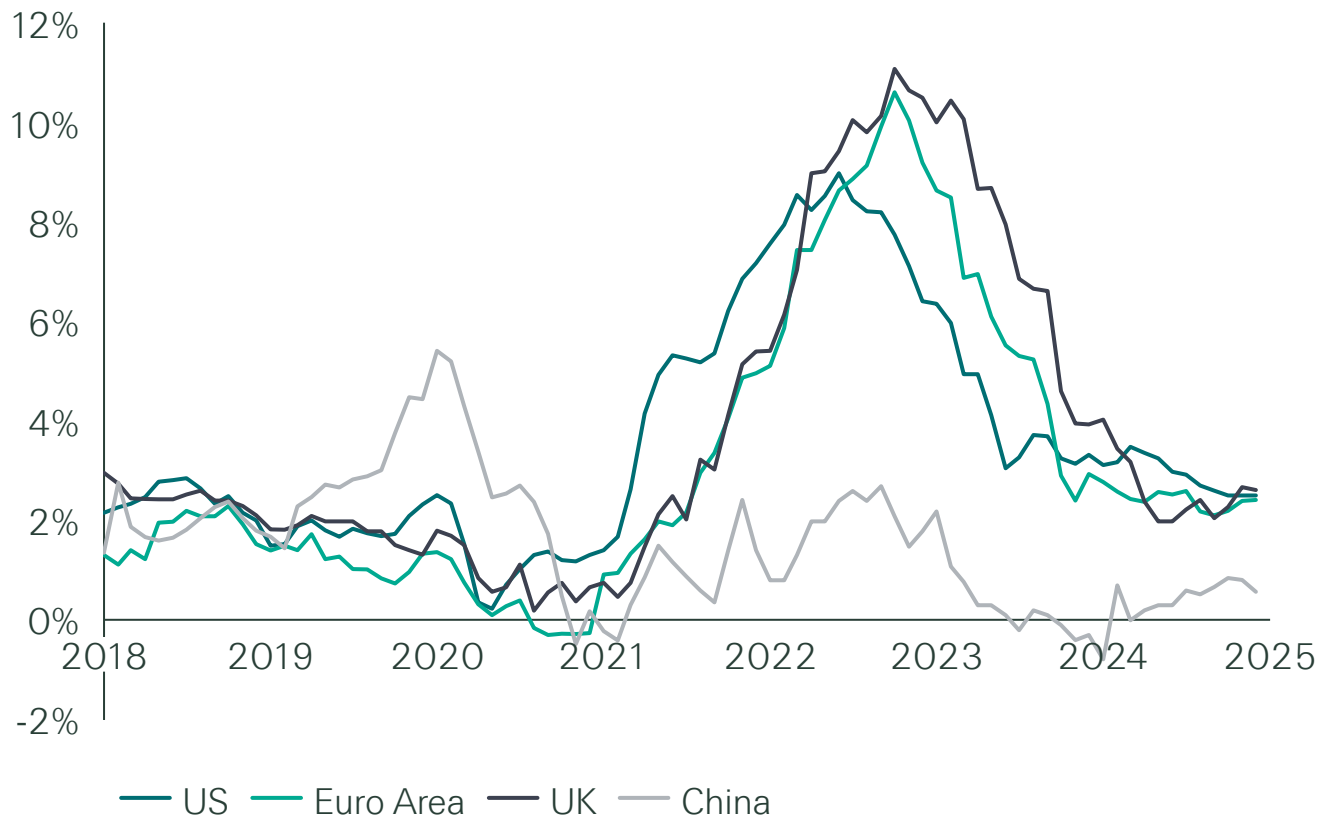


In an interconnected world, political unrest in one region can have ripple effects globally

Macro environment

World economy is normalising after the inflation shocks and central bank tightening cycle, returning to growth that is more aligned with long-term trends

CPI inflation, year-on-year



US to continue to outperform, even as its recovery slows and Europe's begins



Gradual and volatile disinflation with persistent upside risks



Labour markets need to loosen before 2% inflation is sustainable



Cuts to policy rates do not signal a return to pre-pandemic levels



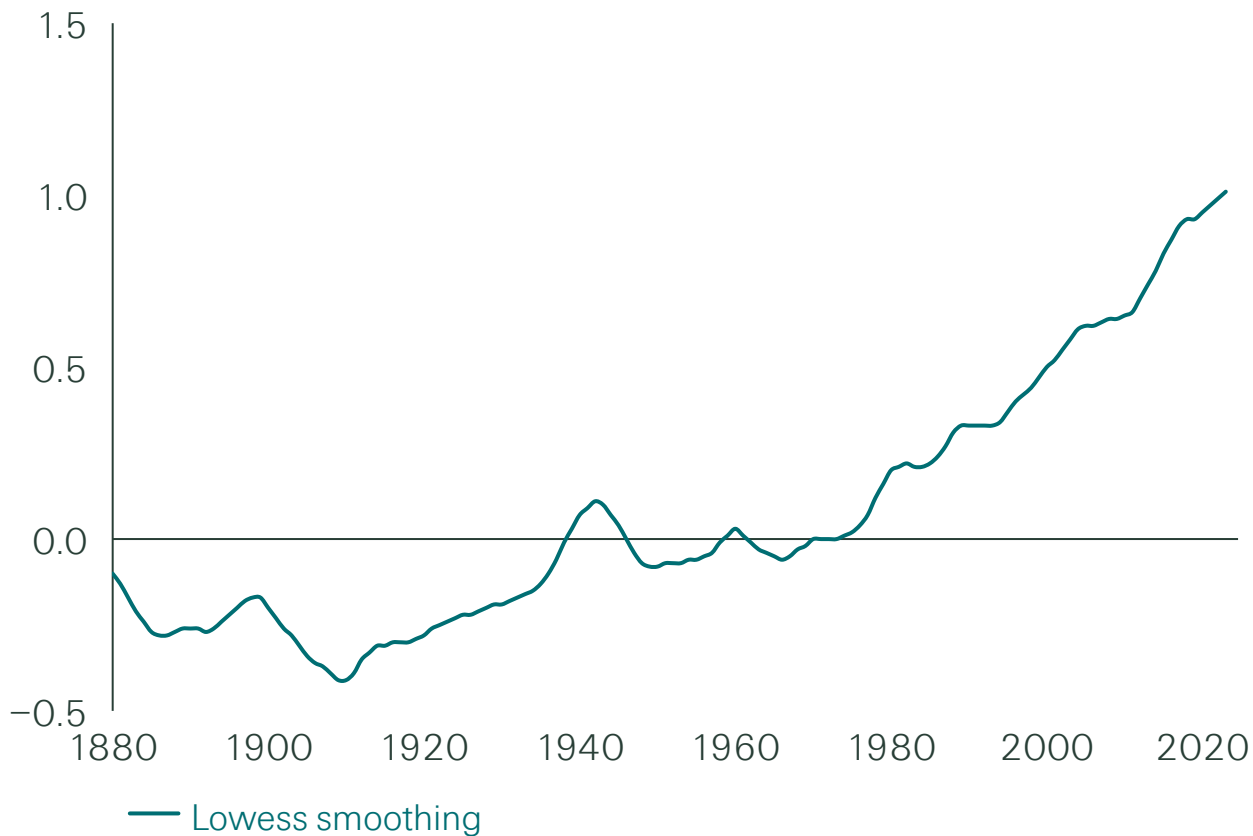
Capital markets face liquidity drain and policy uncertainty

Source: Swiss Re Institute, Macrobond

Macro environment

Climate change is expected to lead to hazard intensification and higher economic losses in the future

Global Land-Ocean Temperature index¹ (°C)



Source: Swiss Re Institute, NASA, IMF

¹ Compared to long-term average from 1951 to 1980



Climate change impacts felt globally, with vulnerable areas particularly affected



Key global growth markets among least prepared due to low insurance penetration



Benefits of climate change adaptation interventions outweigh costs by a ratio of 10:1



Many megacities are located in low-lying coastal areas vulnerable to flooding

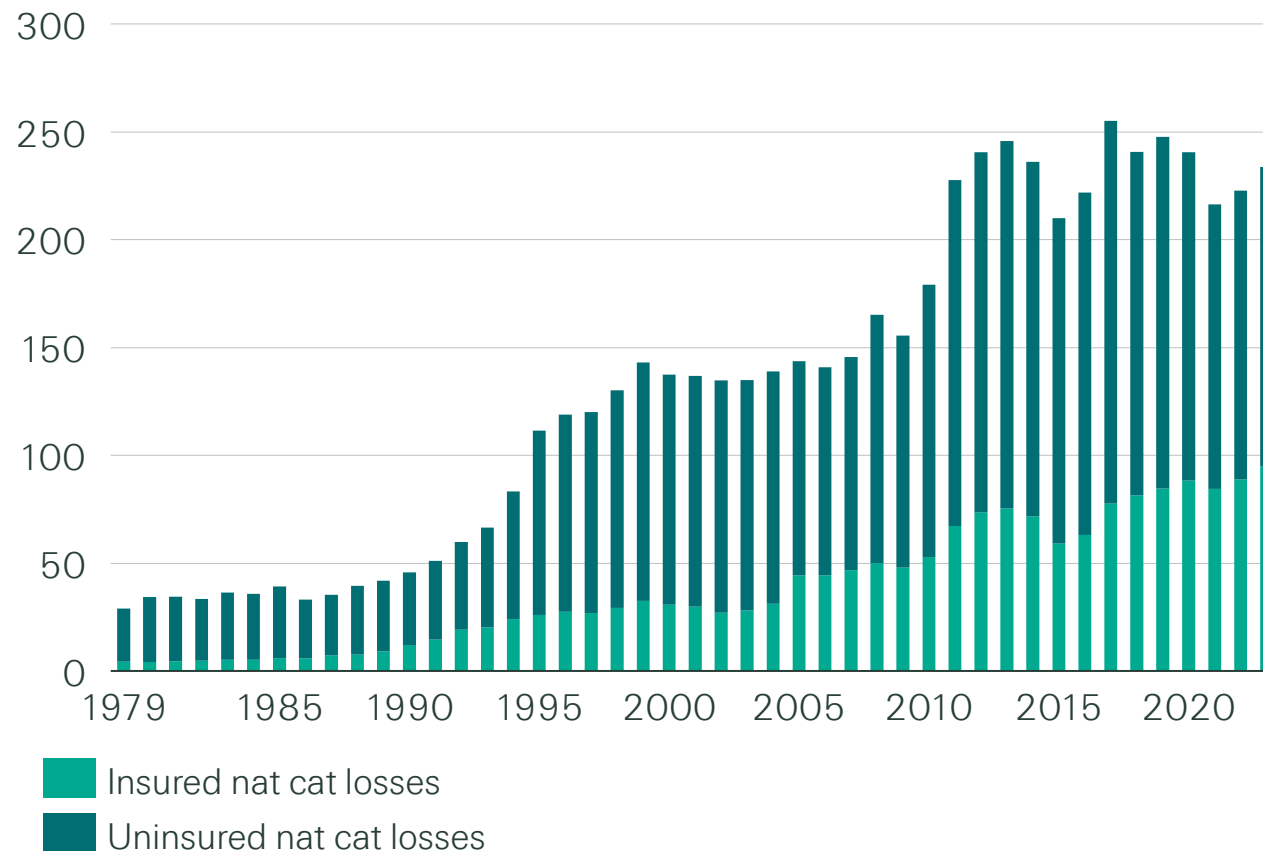


Impact on power grids, eg through changing wind patterns and outages

Macro environment

A multifaceted approach that addresses disparities in insurance coverage across the globe can help narrow the natural catastrophe protection gap

10-year average global natural catastrophe losses, in USD bn



Source: Swiss Re Institute



In 2023, only 38% (USD 108 bn) of the total global economic losses from natural catastrophe of USD 234 bn were insured



A big protection gap lowers the ability of economies to bounce back financially from disasters



To narrow protection gaps, rising losses require matching growth of capital and capacity



Climate change and economic disparity are significant drivers of the protection gap



The protection gap is especially large in Asia and Latin America

Macro environment

The highly elevated litigation activity in the US comes at a cost for society

USD 443bn

Costs and compensation paid in the US tort system in 2020

48% vs 20%

Commercial tort cost borne by small businesses vs revenue generation in 2021

USD 3 621

Annual tort cost per US household in 2020

USD 14.5bn

Verdicts faced by corporate defendants in 2023



Increased US litigation activity has caused material loss activity and reduced capacity for the industry



Challenges around litigation risks are expected to continue in the US and to expand to Europe



Emerging litigation risks include PFAS, obesity, climate change and addictive software design



Longer-tail lines are particularly exposed to legal system development

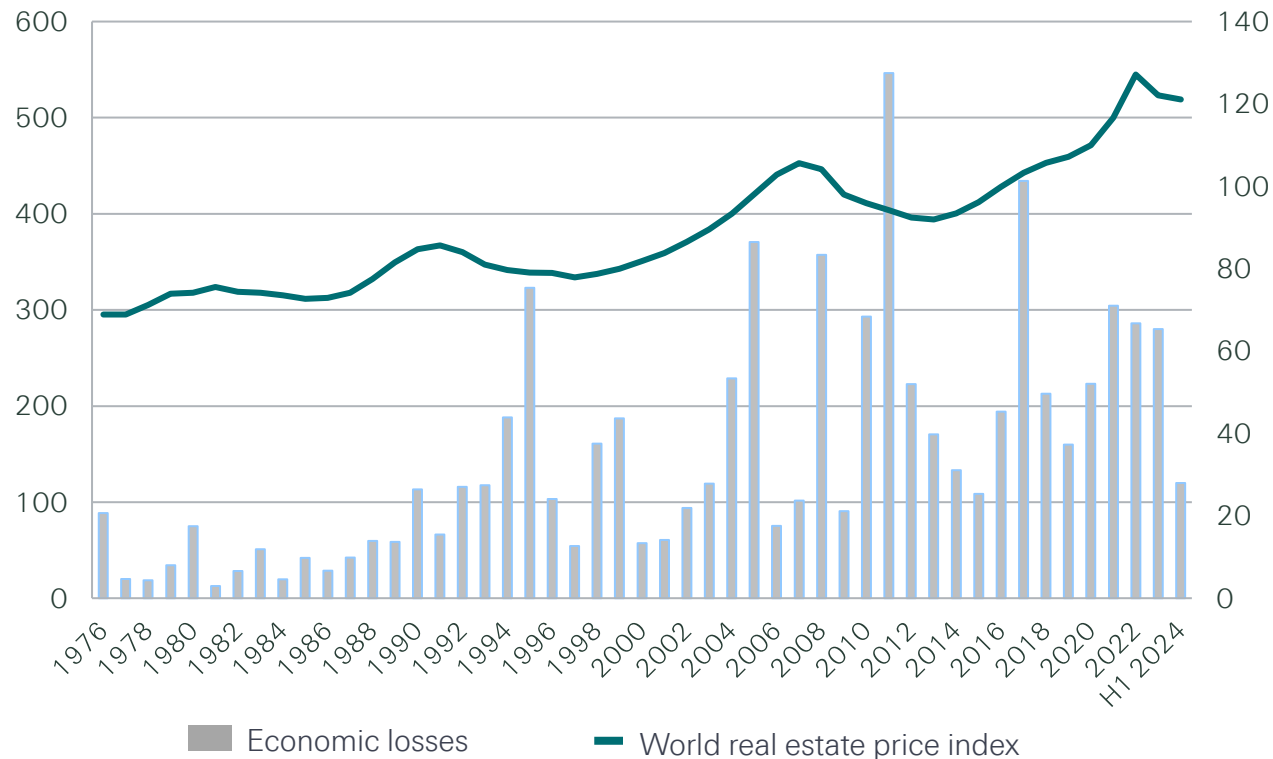


Insurers in low-exposure countries can still be affected through international exposures

Demand for re/insurance

As demand for property insurance continues to grow, so does the importance of adaption and mitigation measures

Economic losses from nat cat events and world real estate price index¹



Source: Federal Reserve Bank of Dallas, Swiss Re Institute

¹ LHS: Losses in USD bn; RHS: Index in real terms and PPP-GDP weighted



Increasing property values and urbanisation are the main drivers of loss growth



Rising price of repairs due to inflation further adds to the need for adequate protection



Impact is greatest where natural catastrophe intensification meets areas of economic exposure



Insurance coverage to grow to ensure societal resiliency in an uncertain world

Demand for re/insurance

Increasing loss trends due to heightened litigation activity can further exacerbate the already challenging casualty market

Limits purchased over the last 10 years¹

USD 323m ▼ -72%

Transportation (rail)

USD 375m ▼ -21%

Utilities

USD 350m ▼ -50%

Chemical



Median limits purchased declined by ~46% in real terms between 2014 and 2023



Disaggregation of the market with top 5 insurers making up only 25% vs 33% a decade ago



Excess & surplus share increased to 35% in 2023 from 26% in 2018, showing stress in the market



Challenging litigation environment creating a perfect storm in today's liability market

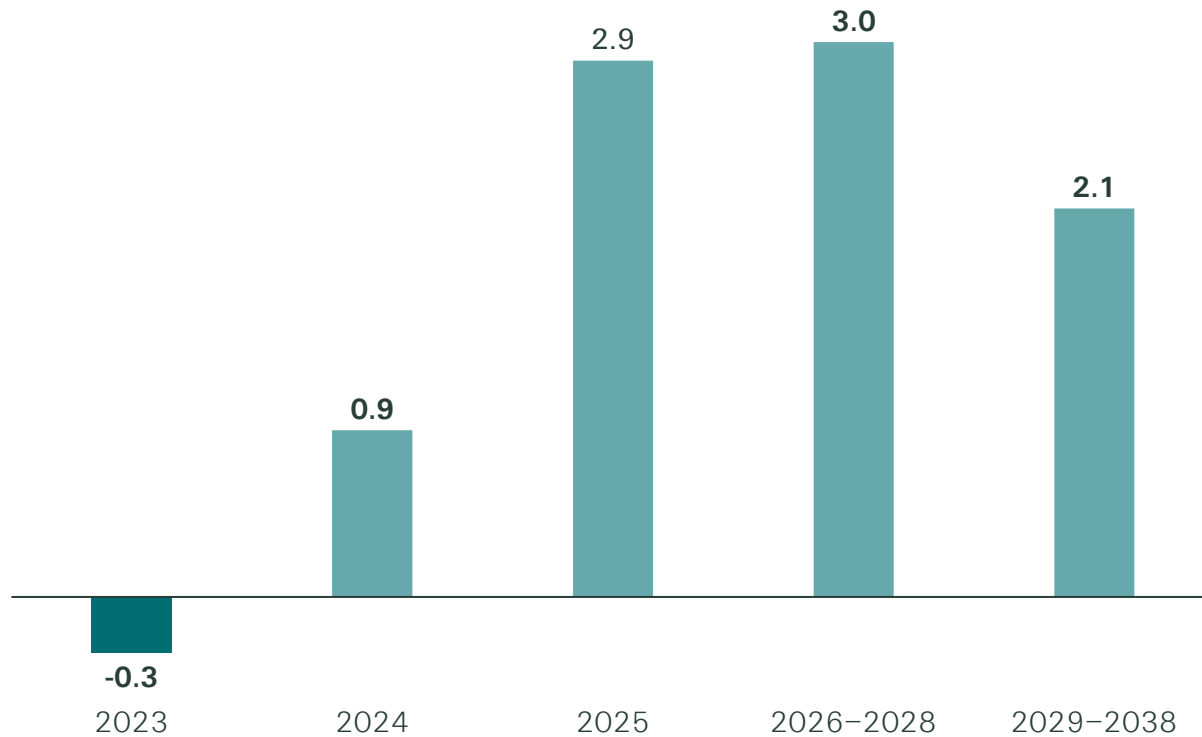
Source: Swiss Re Institute, Chubb Liability Limit Benchmark Report, S&P Global Market Intelligence

¹ Median liability limits 2023 and real % change since 2014

Demand for re/insurance

Positive construction outlook and green transition translates into demand for engineering re/insurance

Global construction outlook¹



Source: Swiss Re Institute, Oxford Economics

¹ Annual % change



Infrastructure stimulus will continue to drive growth in civil engineering activity



Global push to a green transition is supporting construction activity around the world



Construction cost growth will slow but rebase at a higher level after higher inflation environment

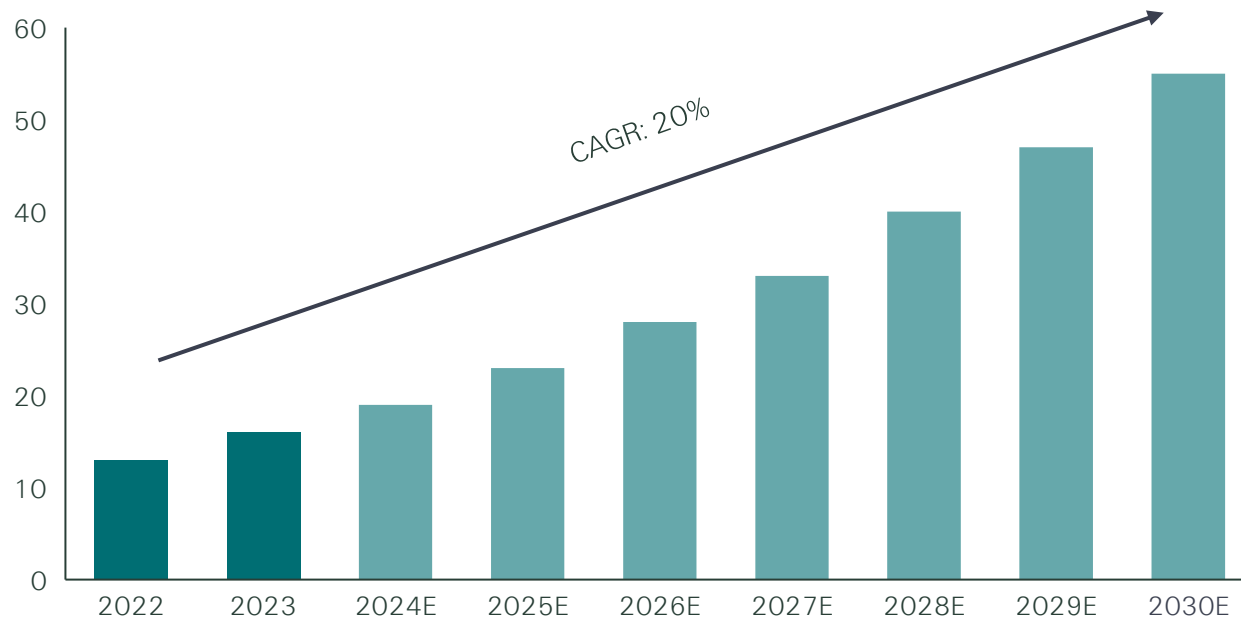


Supporting construction industry growth through risk expertise and risk transfer

Demand for re/insurance

Cyber market primed to continue its growth trajectory as awareness of frequency and sophistication of cyber attacks is increasing

The cyber market shows significant growth potential¹



Source: Swiss Re Institute, NCC Group, SonicWall Cyber Threat Report 2024

¹ Gross written premium projection for global cyber in USD bn

Key risks and loss drivers need to be managed



Ransomware attacks

84% increase compared to 2022



Malware attacks

6.1 bn attacks in 2023



CrowdStrike

Continuous learnings and modelling updates from recent events



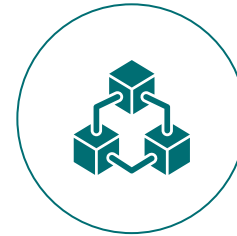
Careful management of accumulation needed for efficient capital allocation

Client needs

Clients have specific needs to increase resilience in the current uncertain environment

Risk awareness and management

Achieve **greater precision** to assess, mitigate and transfer risks

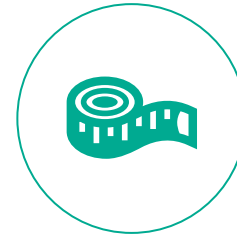


Data & analytics

- Modelling capabilities
- 360° view of risks

Risk transfer

Obtain optimal **re/insurance structures**



Tailored solutions

- Meet specific client needs
- Volatility protection and risk management

Capital management

Flexibility to invest in strategic priorities and growth areas in a rapidly changing environment



Capital relief

- Diversified balance sheet strength
- Effective capital deployment

Partnering for progress

Strong partnerships are key to making the world more resilient



Improve data quality and transparency



Alignment of interests across stakeholders



Proximity to partners and clients



Public/private partnerships

Partners are at the centre of our strategy



Market leading capital strength for our partners



~30 ongoing R&D partnerships¹



~80 000 annual client interactions²



#1 NMG P&C Reinsurer³

¹ With private and public research institutes

² Across Swiss Re Group

³ NMG Consulting's 2023 P&C Re Study – BCI ranking (all insurers)



Q&A

Please raise your hand
to ask a question



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