

# **Swiss Re and our Life & Health Reinsurance business**

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Bank of America Merrill Lynch - Annual Financials CEO Conference  
September 29, 2016

**We're smarter together**

# Today's agenda

Recent achievements of Swiss Re

Life & Health Reinsurance performance

Outlook

# Macroeconomic conditions and industry trends remain challenging

## Macroeconomic environment



- Low growth, low interest rates
- Financial market volatility
- High Growth Markets volatility

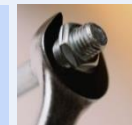
## Political / Regulatory environment



- Political instability
- Re-nationalisation
- Regulatory changes



## Industry environment

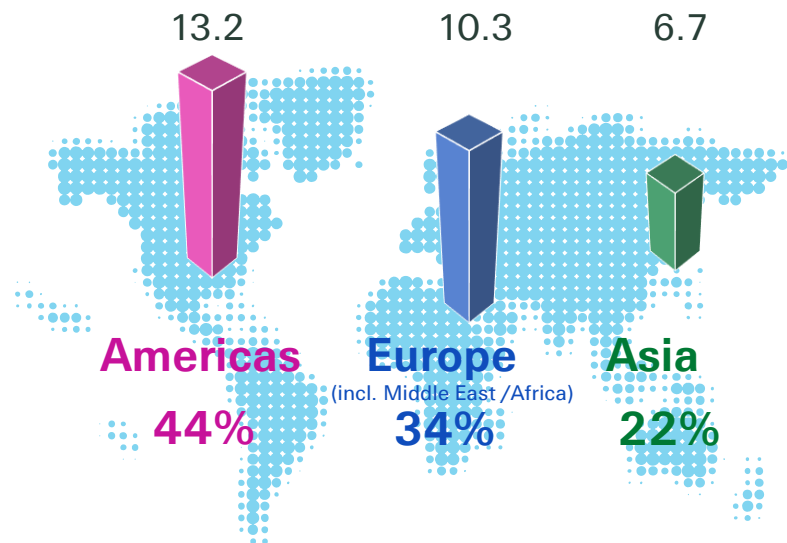


- Higher risk retention by our clients
- Soft market
- Technological innovation

# Swiss Re is well diversified across geographic regions and business segments

## Net premiums earned<sup>1</sup>

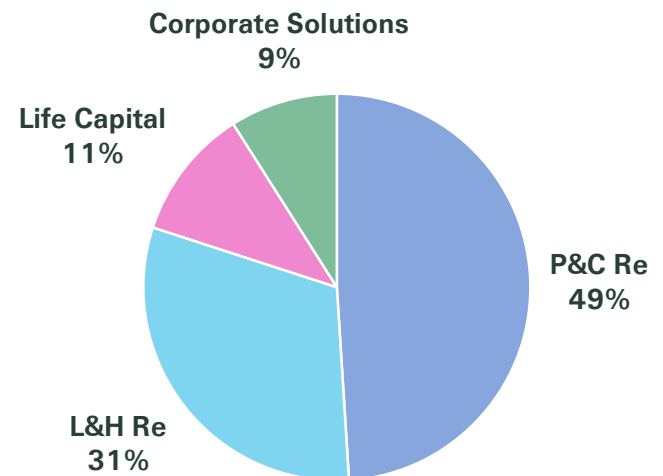
by region (in USD bn, 2015)



of which  
HGMs incl. PI<sup>2</sup>: ~3%      ~ 5%      ~ 17%      ≈25%

## Economic Net Worth<sup>3</sup>

by business segment (in %, as at YE 2015)



Swiss Re benefits from geographic as well as business mix diversification and has the ability to reallocate capital to achieve profitable growth

<sup>1</sup> USD 30.2bn as at 31 December 2015; includes fee income from policyholders; does not reflect the exposure to HGMs through Principal Investments (PI)

<sup>2</sup> Based on additional pro rata net premiums from PI including FWD Group (14.9%), New China Life (4.9%) and SulAmérica (14.9%)

<sup>3</sup> Share of Swiss Re Group's Economic Net Worth deployed across Business Units (excl. Group Items), 31 December 2015

# Solid results in the first half of 2016 demonstrate Swiss Re's resilience to the market environment

Solid Group ROE in current market

10.9% ROE

Reduction in flow business & growth in large transactions

102% risk adjusted price  
quality maintained

Strong investment performance from Asset Management

3.7% ROI

Further enhancement of flexible capital structure

USD 2bn of novel capital  
market issuances

Significant distribution of capital to shareholders

CHF 2.1bn repatriated

Swiss Re is well positioned to successfully manage the current market conditions

# All Business Units achieved significant successes in the first half of the year

## Reinsurance

- Underwriting discipline in renewals maintained
- Multiple large and tailored transactions closed in P&C Re and L&H Re
- Dividend of USD 2.9bn paid to Group

## Corporate Solutions

- Acquisition of IHC Risk Solutions to broaden product capabilities
- Dividend of USD 250m paid to Group

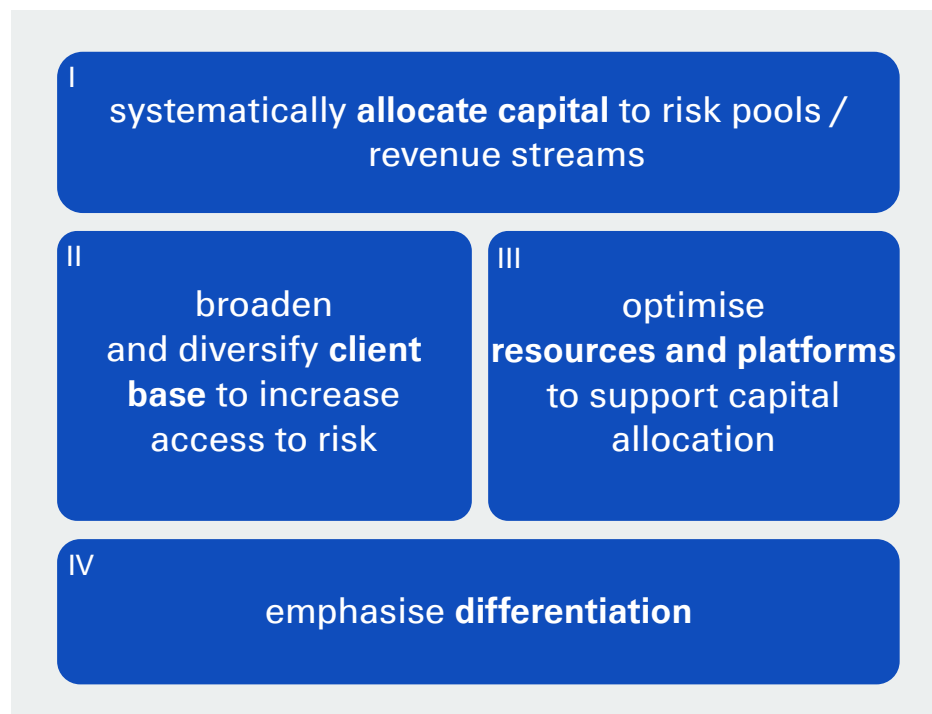
## Life Capital

- Guardian integration proceeding as planned
- Successful execution of inaugural public debt issuance
- Open book Life and Health strategy on track
- Dividend of USD 350m paid to Group

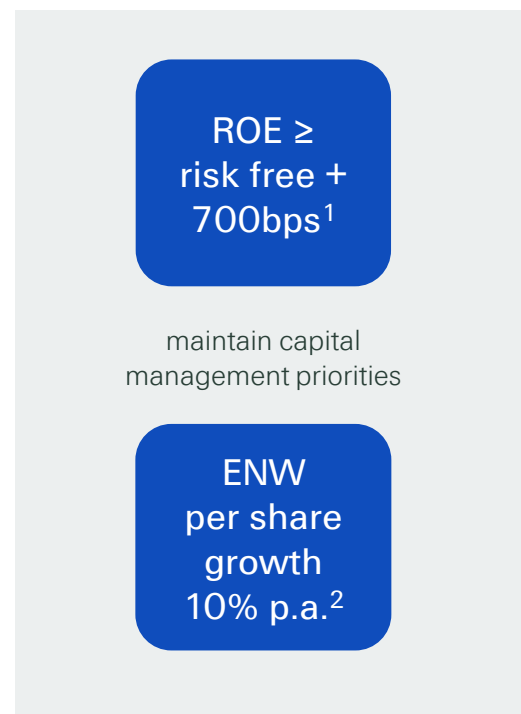
Our strategic framework remains of critical importance and enables allocation of capital to the most attractive risk pools

# Our strategic framework will enable us to achieve our new financial targets

## Areas of strategic action



## Group financial targets



<sup>1</sup> 700bps above risk free (10-year US Gov Bonds); Swiss Re management to monitor a basket of rates reflecting Swiss Re's business mix; over the cycle

<sup>2</sup> Year-end ENW + dividends from current year divided by previous year-end ENW; all per share; over the cycle

# Today's agenda

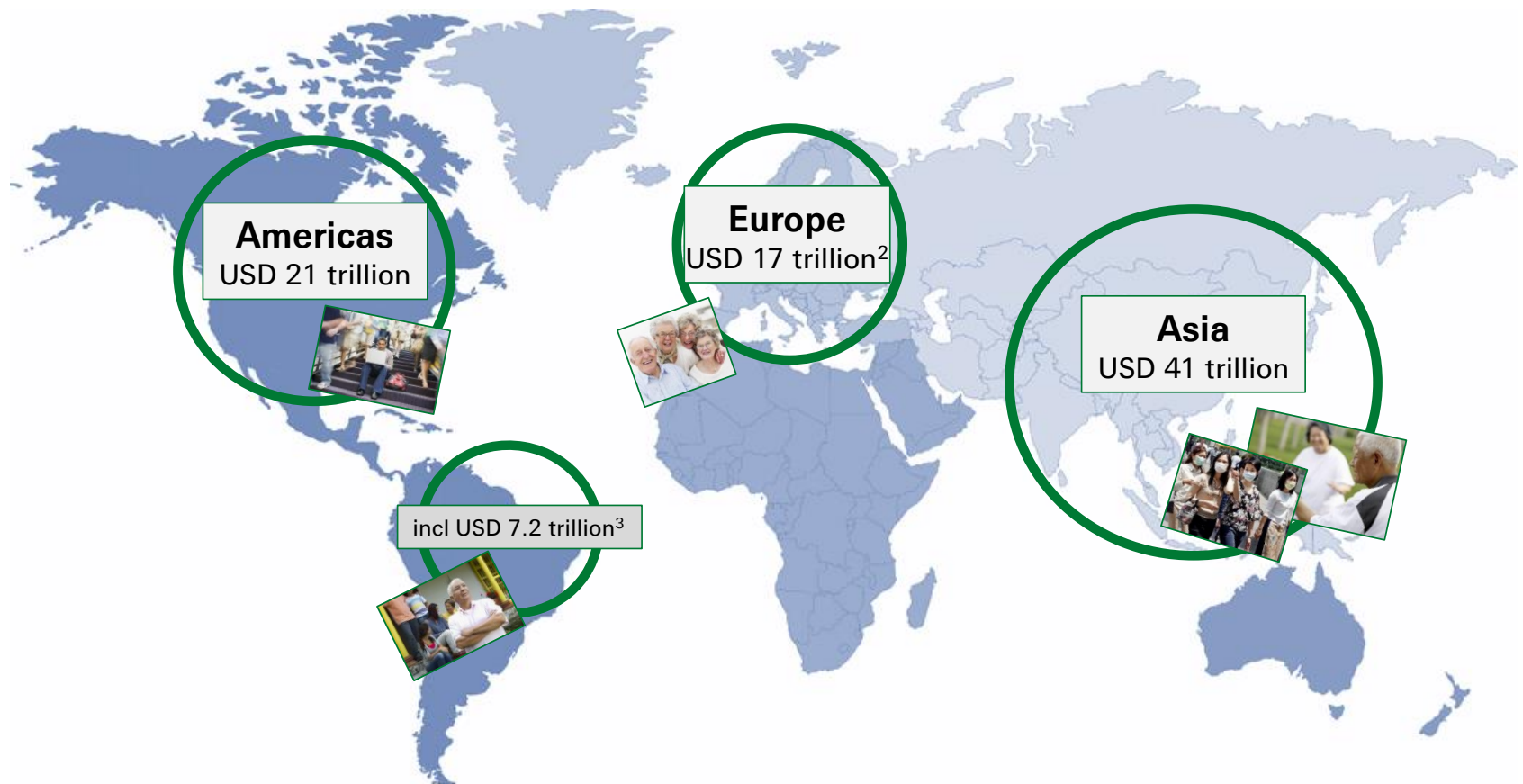
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Outlook



# Significant potential for the insurance industry to narrow down the global protection gap



The mortality protection gap alone is estimated to be around USD 86 trillion<sup>1</sup> globally

<sup>1</sup>. Mortality only; <sup>2</sup>. Europe: across 13 countries; <sup>3</sup>. Selected 8 Latin American countries

Source: Swiss Re Economic Research & Consulting

# Swiss Re is a global leader in the Life & Health Reinsurance industry



- ▶ Market position. **Excellent market position in all regions**  
~17% market share in 2015, Ranked # 1 in Asia & EMEA and # 2 in Americas according to Flaspöhler's 2015 study, large risk capacity and advanced underwriting and structuring capabilities

Life Guide. **Sharpen risk selection with the industry's #1 underwriting manual**

**906 companies, 104 countries, 20 million annual hits**



- ▶ Magnum. **Automated solution to simplify underwriting**  
**processing 30,000 applications daily,**  
**point-of-sale underwriting on 100,000+ tablets in China**

Behavioural economics. **Insights that improve results**

**150 trials with 43 clients across 23 countries**

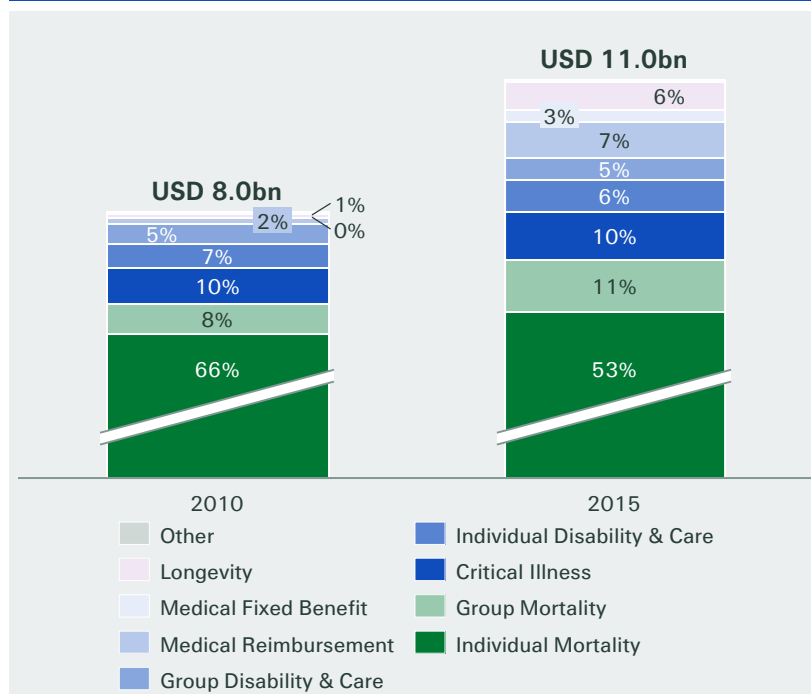
**tangible results: e.g. 33% reduction in lapses achieved by changing a health insurance renewal letter**



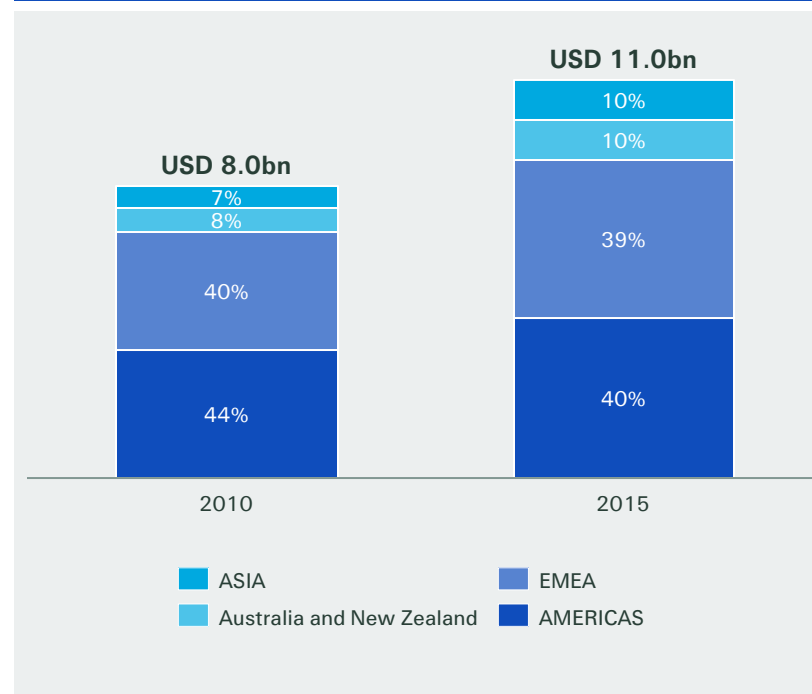
- ▶ Disrupt the disruption. **Finding new ways to connect data, create unexpected opportunities in the digital space**  
**Biovotion, digi.me, ShareCare**

# Profitable new business has improved the diversification of our Life & Health Reinsurance portfolio

US GAAP premiums by product line

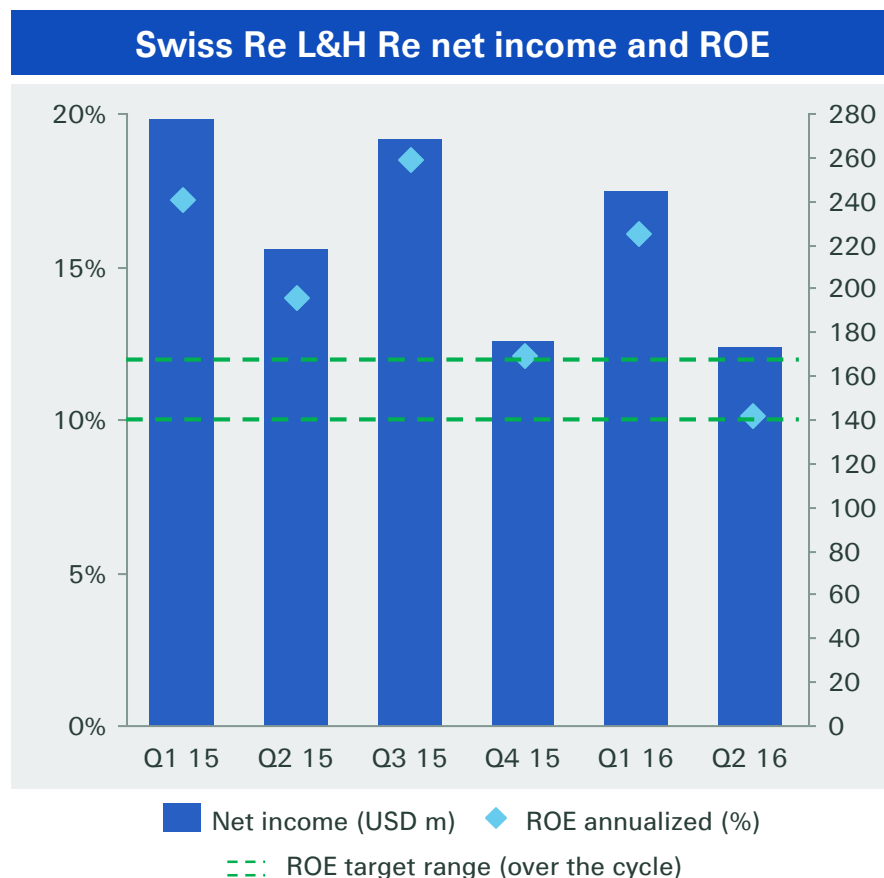


US GAAP premiums by country/region



The increased balance and diversification in terms of product mix, duration and geographies are key elements to further reduce volatility in our US GAAP earnings

# Life & Health Reinsurance remains strategically attractive for Swiss Re and delivers returns in line with our target

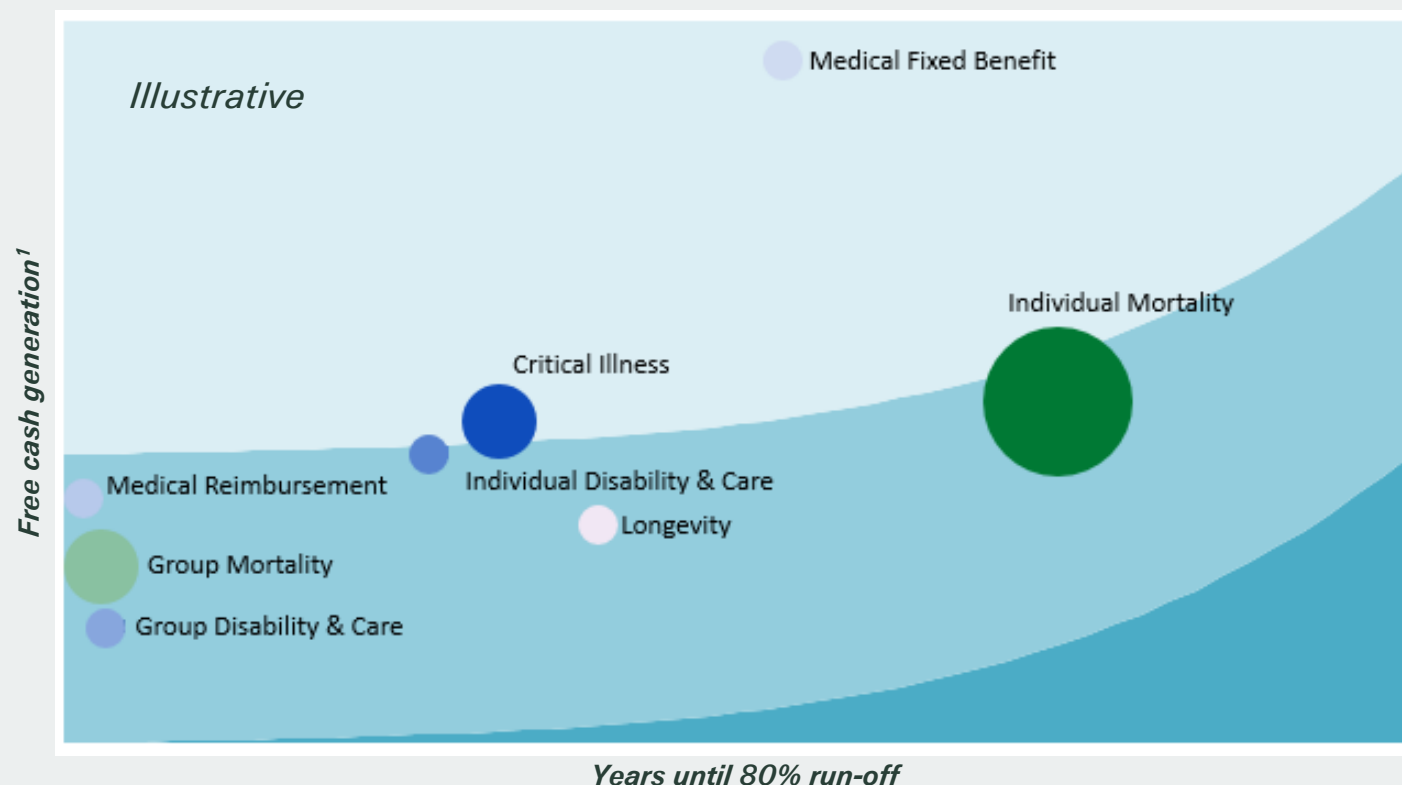


- In 2014 we performed significant management actions in Life & Health Reinsurance, setting the foundation for profitable growth
- Since the beginning of 2015 the segment shows strong underlying results
- Management of in-force business continues to be a key priority

We remain committed to our ROE target of 10-12% over the cycle

## A more diversified mix of product lines also ensures attractive and sustainable cash generation

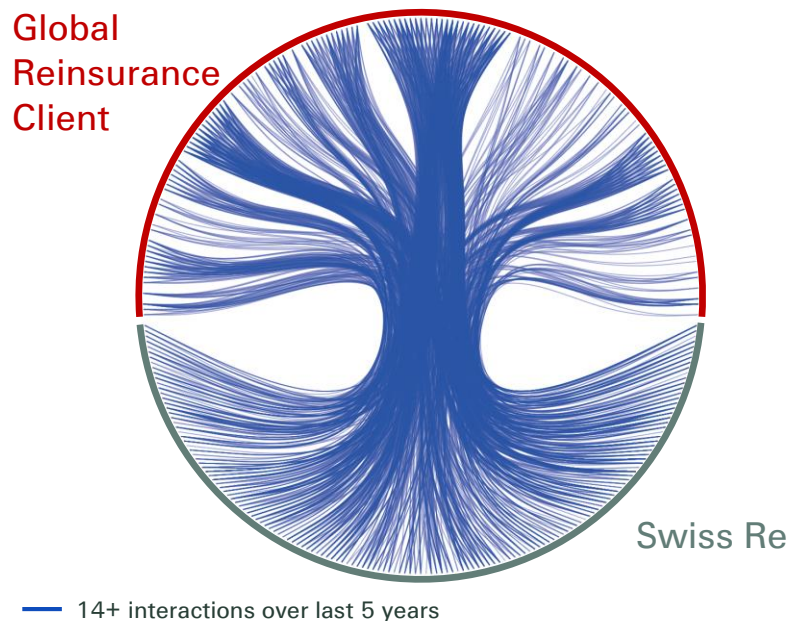
### Value generated relative to time to run-off for Swiss Re Life & Health Reinsurance portfolio



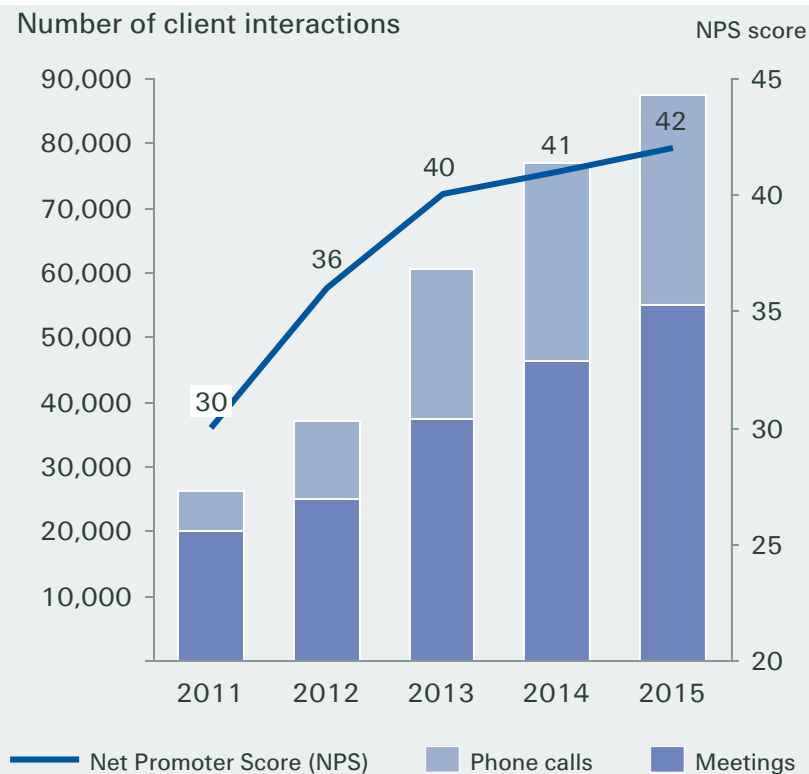
<sup>1</sup> Cash generated in excess of the change in statutory reserve and regulatory capital

# We have a “unique and direct touch” client relationship interaction model

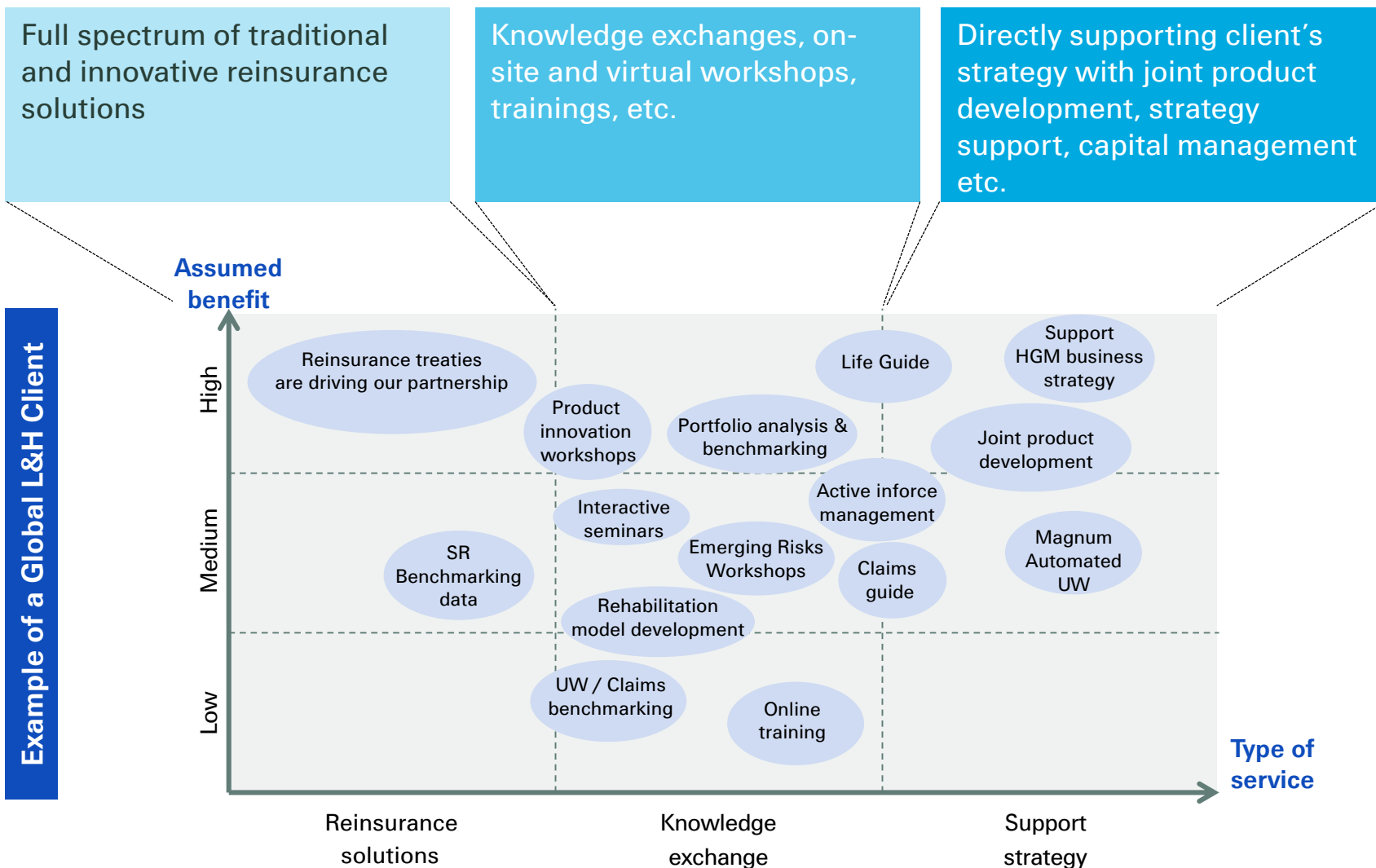
## Client relationships are highly interactive



## NPS in line with client interactions increase



# We deliver much more than just reinsurance to our clients



# Our ambition: working together with our clients to help close the protection gap and create “moments of success”



Using insights from technology and data to help clients better connect with today's consumer in traditional and non-traditional ways.



As demographics shift, helping clients adapt and be ready with new approaches for a society with changing health and savings needs.



Leveraging our own experience to help clients maximize the value of their in-force business.



Being a thought leader on emerging diseases, trends and other medical issues that influence product development, mortality and morbidity experience.



Helping clients navigate regulatory change and provide structured solutions and capital relief.



# Today's agenda

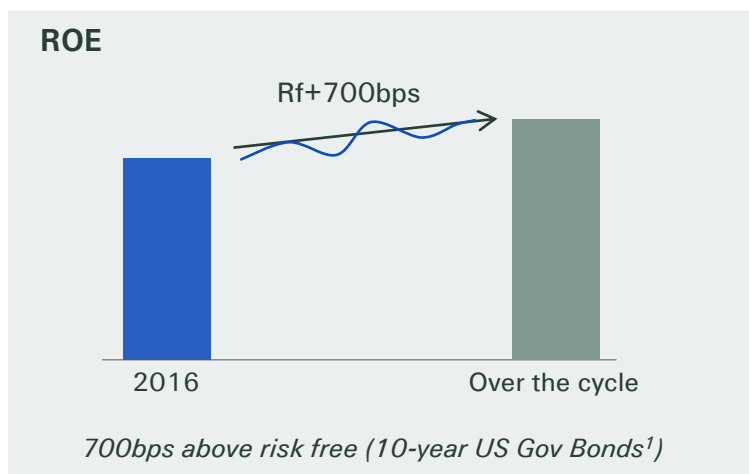
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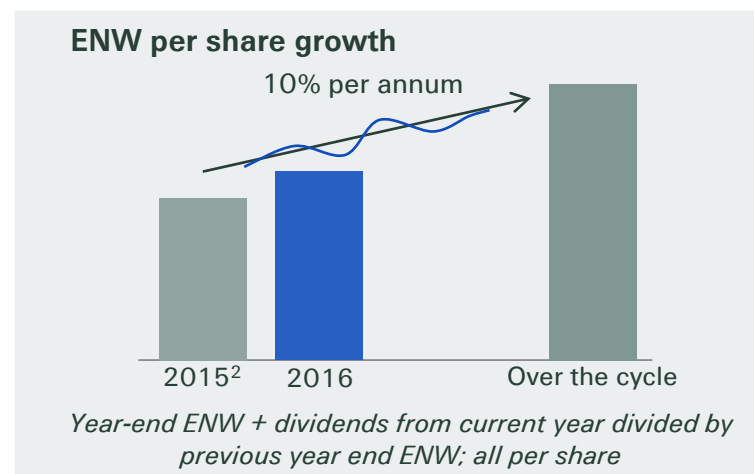
Outlook

# We are well positioned to continue to deliver on our Group financial targets

## Profitability: $\text{ROE} \geq \text{risk free} + 700\text{bps}$



## Growth: ENW per share 10% p.a.



### Capital management priorities remain unchanged:

- Ensure superior capitalisation at all times and maximise financial flexibility
- Grow the regular dividend with long-term earnings, and at a minimum maintain it
- Deploy capital for business growth where it meets our strategy and profitability requirements
- Repatriate further excess capital to shareholders

<sup>1</sup> Management to monitor a basket of rates reflecting Swiss Re's business mix

<sup>2</sup> 2015 ENW including 2016 opening balance sheet adjustments due to change in EVM methodology

## Q&A



# Corporate calendar & contacts

## Corporate calendar

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### 2016

3 November  
2 December

**Third Quarter 2016 Results  
Investors' Day**

Conference call  
Zurich

## Investor Relations contacts

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Forward-looking statements typically are identified by words or phrases such as “anticipate”, “assume”, “believe”, “continue”, “estimate”, “expect”, “foresee”, “intend”, “may increase” and “may fluctuate” and similar expressions or by future or conditional verbs such as “will”, “should”, “would” and “could”. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause Swiss Re’s actual results of operations, financial condition, solvency ratios, capital or liquidity positions or prospects to be materially different from any future results of operations, financial condition, solvency ratios, capital or liquidity positions or prospects expressed or implied by such statements or cause Swiss Re to not achieve its published targets. Such factors include, among others:

- further instability affecting the global financial system and developments related thereto;
- deterioration in global economic conditions;
- Swiss Re’s ability to maintain sufficient liquidity and access to capital markets, including sufficient liquidity to cover potential recapture of reinsurance agreements, early calls of debt or debt-like arrangements and collateral calls due to actual or perceived deterioration of Swiss Re’s financial strength or otherwise;
- the effect of market conditions, including the global equity and credit markets, and the level and volatility of equity prices, interest rates, credit spreads, currency values and other market indices, on Swiss Re’s investment assets;
- changes in Swiss Re’s investment result as a result of changes in its investment policy or the changed composition of its investment assets, and the impact of the timing of any such changes relative to changes in market conditions;
- uncertainties in valuing credit default swaps and other credit-related instruments;
- possible inability to realise amounts on sales of securities on Swiss Re’s balance sheet equivalent to their mark-to-market values recorded for accounting purposes;
- the outcome of tax audits, the ability to realise tax loss carryforwards and the ability to realise deferred tax assets (including by reason of the mix of earnings in a jurisdiction or deemed change of control), which could negatively impact future earnings;
- the possibility that Swiss Re’s hedging arrangements may not be effective;
- the lowering or loss of one of the financial strength or other ratings of one or more Swiss Re companies, and developments adversely affecting Swiss Re’s ability to achieve improved ratings;
- the cyclical nature of the reinsurance industry;
- uncertainties in estimating reserves;
- uncertainties in estimating future claims for purposes of financial reporting, particularly with respect to large natural catastrophes, as significant uncertainties may be involved in estimating losses from such events and preliminary estimates may be subject to change as new information becomes available;
- the frequency, severity and development of insured claim events;
- acts of terrorism and acts of war;
- mortality, morbidity and longevity experience;
- policy renewal and lapse rates;
- extraordinary events affecting Swiss Re’s clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- current, pending and future legislation and regulation affecting Swiss Re or its ceding companies, and the interpretation of legislation or regulations by regulators;
- legal actions or regulatory investigations or actions, including those in respect of industry requirements or business conduct rules of general applicability;
- changes in accounting standards;
- significant investments, acquisitions or dispositions, and any delays, unexpected costs or other issues experienced in connection with any such transactions;
- changing levels of competition; and
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