Swiss Re

Reinsurance

Christian Mumenthaler, CEO Reinsurance

Investors' Day, London, 17 April 2012

Swiss Re

Reinsurance – overall view

Swiss Re

The current environment is an opportunity for us

Our Position

- Leading player in P&C and L&H Re
- 150 years history
- Strong capital, AA rating
- Prudent asset allocation
- Strong in Emerging Markets

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Difficult Environment

- Low interest rates
- Market volatility
- New regulatory regimes

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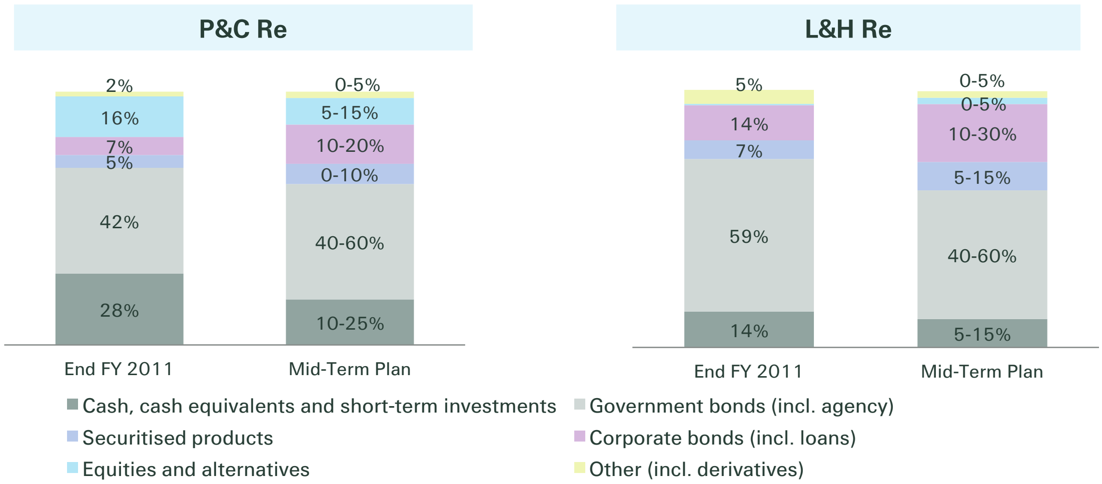
Opportunity

- Large Quota Shares for capital relief
- Adverse Development Covers
- Structured Life transactions
- Large nat cat capacities

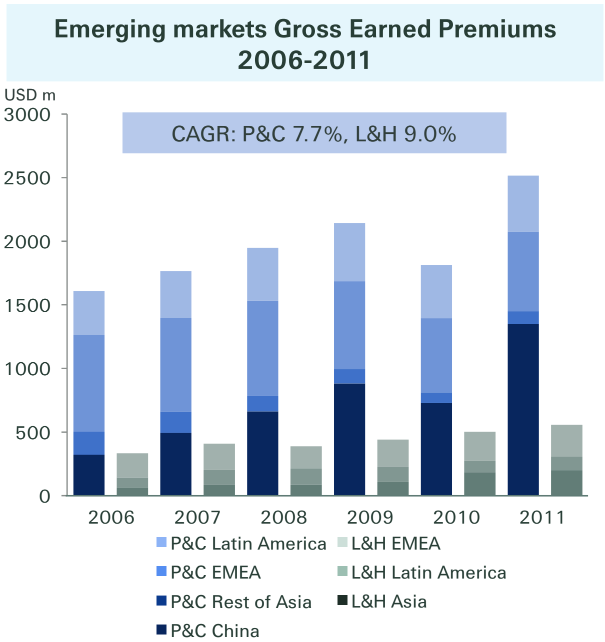
- We are willing and able to deploy large capacities in both P&C and L&H and tailor solutions to client needs

Our prudent asset management approach allows us to increase asset risk cautiously going forward



- We intend to increase the weighting of corporate bonds in P&C Re and L&H Re subject to market conditions
- Our strategy is to maintain a prudent asset mix relative to peers

We intend to further strengthen our strong position in Emerging Markets



- We are already active in Emerging Markets for >100 years
  - Offices in China, India, Malaysia, Brazil, Mexico, Singapore and Hong Kong
- Strong relationship with governments
- Strong position in Engineering, Surety, Marine and Agriculture, often the first reinsurance products purchased in emerging markets
- We can offer technical support and expertise
- Emerging markets are a key management focus and will drive future earnings growth

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P&C Re

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Environment is favourable for P&C reinsurance

P&C primary market

- Hard hit by 2011 catastrophes in Japan, ANZ and US (also due to higher retentions)
- Prices starting to rise, but not yet enough to compensate for interest rate decline
- Regulatory changes (China, Europe, Japan etc) put pressure on capitalization
- Living off reserve releases in Casualty... but for how long?

P&C reinsurance market

- Partly decoupled from primary market through non-proportional covers
- Rising prices in property due to nat cats in 2011
- Not heavily exposed to current poor casualty business due to increased client retentions
- Higher demand due to regulatory changes (China, Europe, Japan)

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P&C Re expected ROE is between 10%-15% in current conditions

USD m	2009	2010	2011
Pre-Tax Result	1 403	1 806	1 324
Net Income	984	1 202	1 099
ROE	**14.0%**	**13.5%**	**11.0%**
Nat Cat Losses vs Expected	414	-22	-2 184
Reserve Releases	0	84	1 248

- P&C Re has a strong ROE track record, however, due to nat cats and other large losses we would expect significant volatility

2009 and 2010 data is pro-forma and indicative only

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P&C Re 2011 ROE sensitivities

Based on 2011 reported results adjusted for nat cats and reserve releases

	Net income impact estimated (USD m)	ROE impact estimated
Increase CR by 1%	-80	-0.8% pts
Increase business by 10% with same CR	+140	+1.4% pts
Increase interest rates by 100bps (annualised)	+45	+0.5% pts
Reduce ROI by 0.5% pts	-180	-1.8% pts

- P&C Re ROE is negatively impacted by low interest rates
- Other key drivers are premium volumes and combined ratio

Annualised impact

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There are 3 key value drivers to manage the P&C Re business successfully

1	**Cycle Management** ■ Reduce top line in softening, increase in hardening cycle ■ Separation of costing and sales
2	**Risk selection** ■ Use statistics, own R&D and tools to select better risks
3	**Direct access to C-suite** ■ Leverage own R&D, large capacity and AA rating to solve C-suite problems and get differentiated terms and private deals

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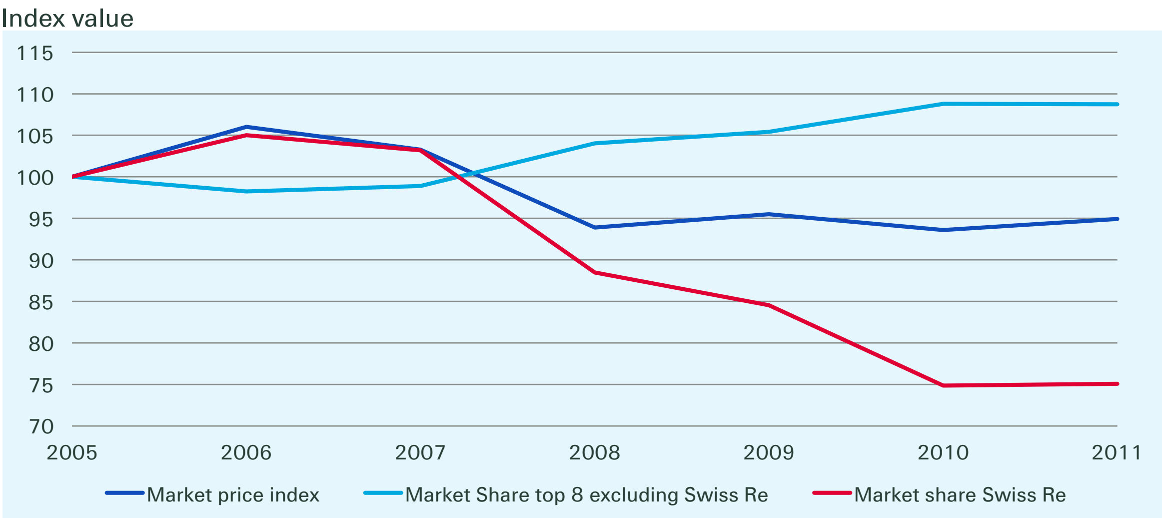
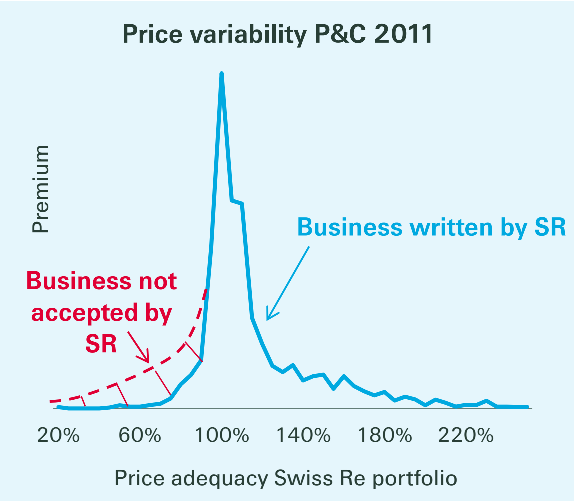
Cycle management: we have a successful track record



- Swiss Re's market share of top 8 reinsurers decreased from 27.2% in 2006 to 19.5% in 2011
- We will reduce volumes in soft markets, grow in hard markets to maximise profits

Market price index is a 50/50 mix of Swiss Re's nat cat index (Camares) and liability price index from Council of Insurance Agents & Brokers

Risk selection: we leverage our R&D to pick best risks



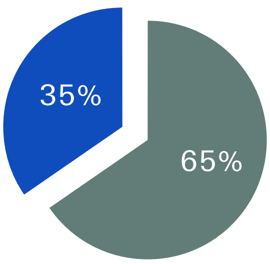
- Market views on "cost of goods sold" (i.e. the expected loss) vary widely on every treaty
- Profitability of treaties therefore varies widely in our own view
- It is possible to beat the market through:
  - Our R&D into risk factors
  - Proprietary costing tools
  - UW training
  - Metrics and measurement
  - Leveraging skills across portfolios

- Swiss Re is a market leader, which invests in the resources to outperform in an inefficient market

Direct access to C-suite, large capacities, R&D and AA rating allow us to get private placements with better terms

EVM profits of January 2012 Global Clients renewals

Market Placements
- All business where we got the same conditions as everybody else



Private Placements
- Unique private deals (e.g. solvency QS, adverse development covers)
- Private nat cat layers

- Global clients (~50 clients) represent ~40% of 1/1 premium up for renewal
- Private placements have significantly higher profit margins than market placements

As a result, we have outperformed the market
Market share vs profitability 2005 - 2011

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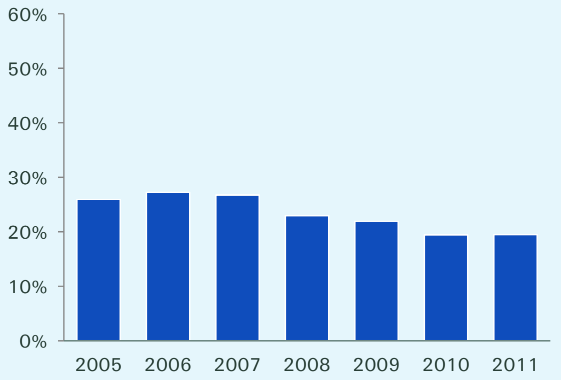
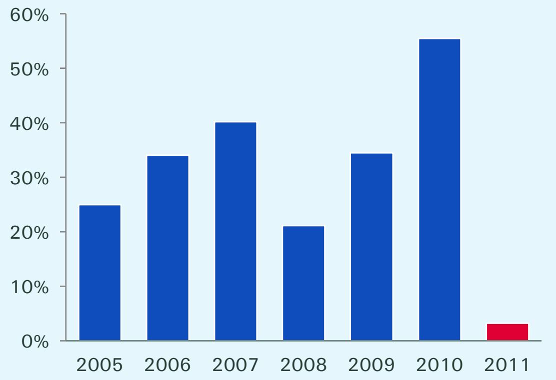
Swiss Re's P&C premium share vs top 8 reinsurers



Swiss Re's P&C underwriting profit / loss[1] share vs top 8 reinsurers



- We focus on market share of underwriting profits

[1] Underwriting profit/ loss = premiums earned - claims and claims adjustment expenses - acquisition costs - other expenses. In 2011 Swiss Re had 3% share of overall underwriting loss of the top 8 reinsurers

Top 8 reinsurers include: Swiss Re, Munich Re, Hannover Re, PartnerRe, SCOR, General Re, Everest Re, Transatlantic Re. Swiss Re data includes Corporate Solutions

Source: Swiss Re Economic Research and Consulting

Nat Cat is a strong economic profit driver with several competitive advantages

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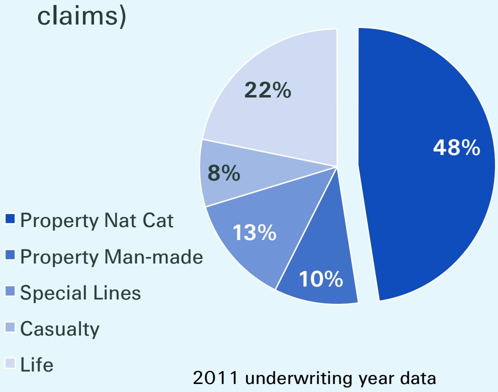
Nat Cat is a key driver of Swiss Re's economic profit...

- 2011 Swiss Re's expected economic profit from underwriting by line of business (assuming normal level of claims)



2011 underwriting year data

... and we have several competitive advantages in this business

- Proprietary R&D, own global tools
- Ability to take large line sizes
- Access to a broader mix of risk than others due to broad client base
- Central steering capabilities
- Insurance Linked Securities (ILS) and other hedging – using price differentials between capital and re/insurance markets

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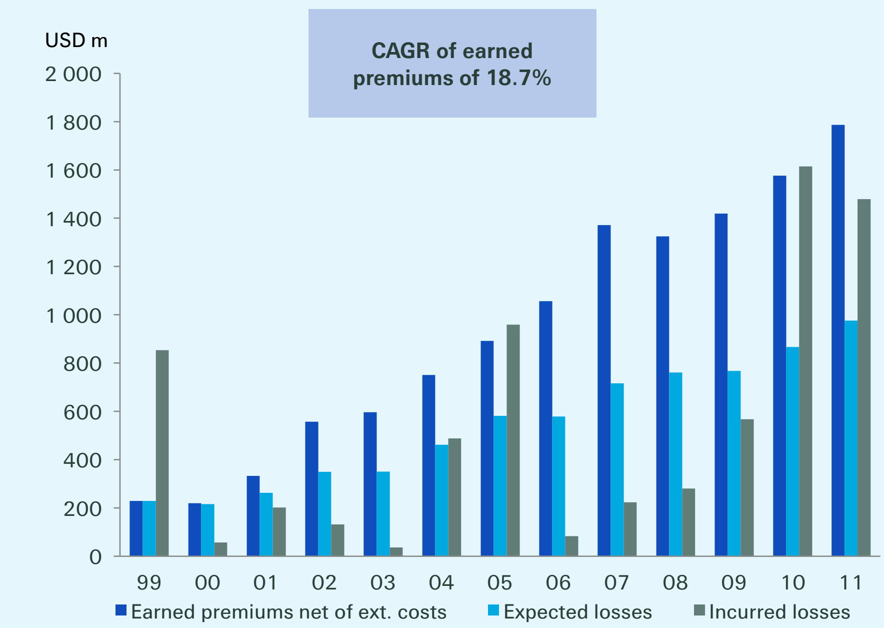
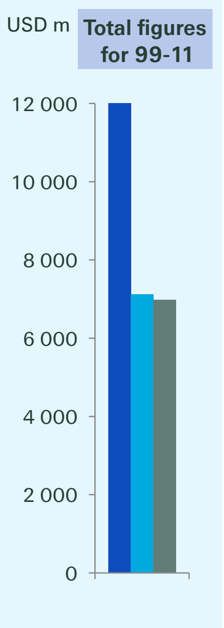
Swiss Re's CatXL business has performed well, despite recent large losses





WTC is included in 2001. Data is presented on an underwriting year basis.
The chart shows Cat XL business only as main contributor. However, there is additional Nat Cat exposure in proportional and per risk treaties

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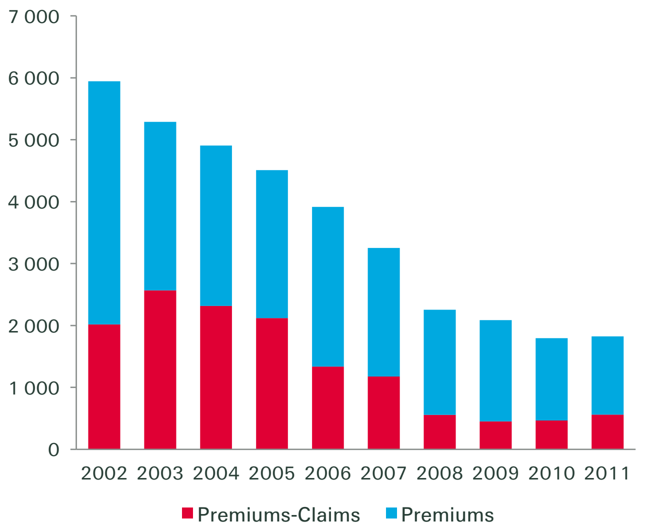
Casualty: history suggests a lot of upside potential from here

Casualty Reinsurance Business excl. Motor (USDm, underwriting year view)



- During the hard market years, our Casualty business generated significant value
- We have significantly withdrawn from casualty business due to low interest rates and soft market conditions
- SR is ideally positioned to profit from a future upswing because:
  - We have controlled our exposure to problematic areas such as Financial Institutions
  - We have the tools, the capital and the will to upscale significantly should we see a turn
  - We can offer capital management solutions to our clients by assuming P&C run-off books

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P&C Re summary: outlook positive

- Generally market softening has stopped and positive momentum is expected to continue
- We grew net premiums earned 10% in 2011 at stable rates
- In January 2012 renewals we grew treaty business by 20% at slightly improved margins
  - This growth will typically take 18 months to work through the GAAP P&L
  - In January 2012 renewals an additional USD 900m of EVM capital was deployed at attractive rates
- Berkshire QS ends 31 December 2012, which will create top line growth over the following period
  - Due to the large overrider of the QS, profits will grow less than premiums
- New solvency regimes will continue to create demand for capital relief solutions (e.g. China, Europe, Japan)
- We have capital to deploy to attractive P&C opportunities including large deals

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L&H Re

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Environment is more difficult for L&H reinsurance

L&H primary market (80% savings products)

- Low new business volumes as people are not motivated to save with low interest rates
- Low interest rates cause pressure on older guaranteed business
- Regulatory changes, in particular Solvency II, creates uncertainty on required capital levels
- Market sensitive business, including VA and other interest sensitive lines cause volatility in earnings
- Emerging markets start to become meaningful

L&H reinsurance market (mostly biometric risks)

- Low topline growth as nearly all business is QS and therefore tied to primary growth
- Challenge to provide solutions for key risks that impact primary insurers (asset risk, guarantees) without excessive asset risk
- May see declining cession rates as insurers try to keep more biometric risks
- Opportunities from new solvency regimes, and in medium term emerging markets

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L&H Re expected ROE is between 7%-9% in current conditions

USD m	2009	2010	2011
Pre-Tax Result	-104	844	1 749
Net Income	-73	631	1 664
ROE	**-1.5%**	**10.5%**	**21.2%**

- L&H reported a strong ROE in 2011, due to high realised gains on government bonds and FX
- 2009 was negatively impacted by VA and losses on investments, partly offset by gain on rescission of a contract
- Whilst the underlying results are quite stable L&H Re has accounting volatility from mark to market on financial items, as well as realised gains

2009 and 2010 data is pro-forma and indicative only

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L&H Re 2011 ROE sensitivities
Based on 2011 reported results

	Net income impact estimated (USD m)	ROE impact estimated
Increase corporate bonds by USD 2bn	+60	+ 0.8% pts
Reduce 2011 actual ROI by 2% pts (i.e. from 6.8% to 4.8%)	- 515	- 6.6% pts
Increase interest rates by 100 bps (annualised)	+30	+0.4% pts

Annualised impact

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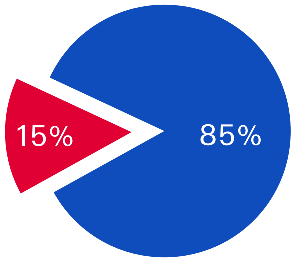
Our ROE is depressed by old US L&H business

Current estimated ROE
7%-9%

% US GAAP Shareholders' equity



Pre 2004 US book -10% ROE

- USD 0.6 trillion sums assured
- Poor performance already reflected in EVM value, but GAAP does not allow for unlocking of original assumptions

Rest of world & US post 2004 10 -12% ROE

- USD 2.8 trillion sums assured
- Performance to date overall is better than original pricing assumptions

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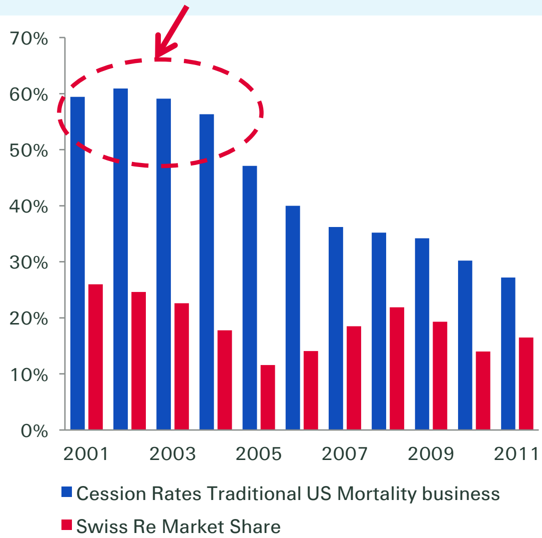
The US Life market experienced a soft market in the late 90s and early 2000s

High cedent cession rates reflect very low reinsurance prices



- High cession rates and low reinsurance prices were the prevalent trend
- We spotted adverse experience emerging within the early durations of policy issue and led market corrections in 2003/4
- In US GAAP, new business written since 2004 is on revised assumptions, older inforce is not
  - Difference between actual outcome and original assumption comes out in annual P&L
- We are currently seeing the negative effect of overly optimistic assumptions on the 10 year term conversion from level term to post level term premiums

Our post 2004 US new business is monitored closely and is performing in line with expectations

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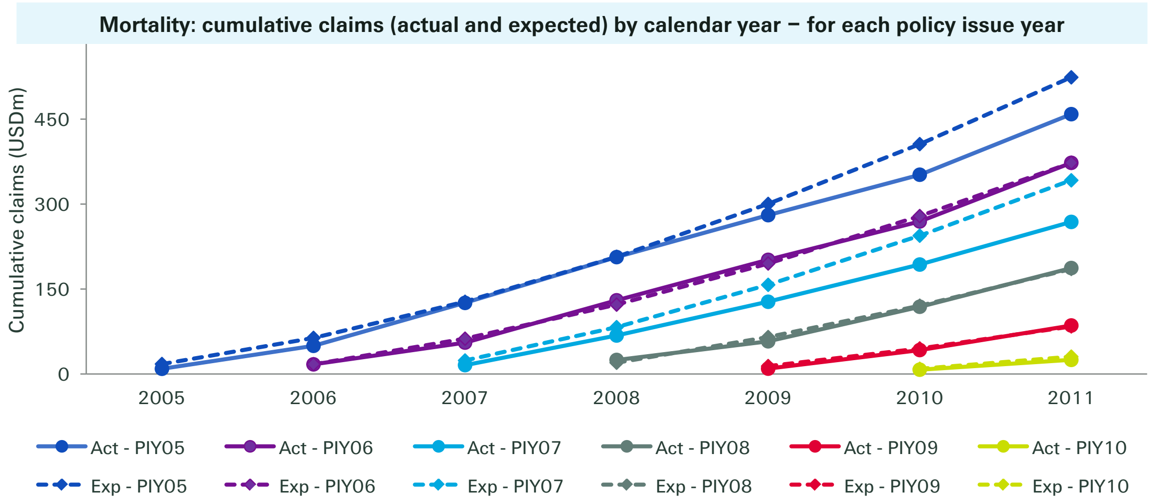

- Whilst mortality experience is favourable to original pricing, there have been negative lapse and distribution variances which have resulted in the experience being in line with expectations overall

We intend to use several levers to improve the L&H performance from current levels

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- Proactive management of in-force US book to improve the shock lapse and mortality experience of our older US level term business, with a modest increase in GAAP earnings starting in 2013
- Explore capital management actions (e.g. retrocession, securitization and other capital management tools) by end 2013
- Shift capital from L&H Re to P&C Re, or other parts of the Group via dividends to holding company
- Cautiously increase credit risk on the asset side (but stay lower risk than competitors)
- Continue to write new business with returns in line with hurdle rates

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There are 3 key value drivers to manage the L&H Re business successfully

1

Expertise

- Better risk selection through access to more data, leverage own R&D and analysis tools to enable more precise pricing and monitoring

2

Services

- Deliver first class services as part of reinsurance arrangements

3

Innovation

- Product and solution structuring, capital management, own research and development

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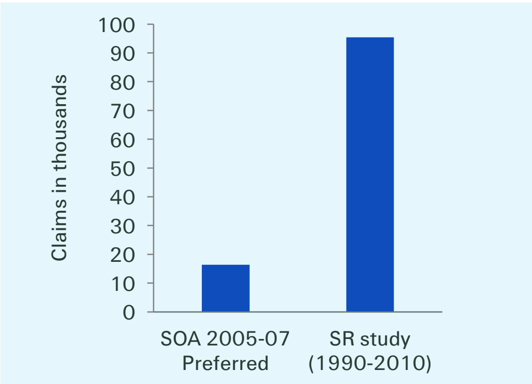
We have access to more data than most competitors

- For example in the US, we own the most contemporary preferred mortality study in the industry. It gives us access to more granular preferred risk data than any other reinsurer and even the Society of Actuaries



- We use this data to make more accurate pricing decisions at inception and to monitor treaty performance on a monthly basis

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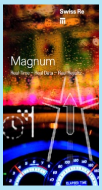
We tailor our services and technical expertise to clients' needs

- Global Claims and Underwriting Manuals
  - Global Underwriting Manual (Lifeguide) is consistently ranked as the leading underwriting manual world wide, available in 73 countries, in 11 languages and has over 1 million page hits every month
  - Global Claims Manual (ClaimsGuide) is a cutting-edge claims management tool, providing global regional and product specific support



- Magnum e-Underwriting tool
  - Leading edge automated underwriting engine fully adaptable for clients needs
  - 30 implementations across 16 countries in 10 languages with over 2.5 million cases underwritten annually

- Global Learning and Development Framework
  - Offering 95 interactive e-learning and tailored training seminars in each territory with nearly 3,000 users

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We have a proven track record in creating innovative solutions

- Partnering with clients
  - Formation of sales partnership in Australia with Woolworths, a leading retail group, and The Hollard Insurance Company, providers of insurance marketing and administration services
- Redundant reserve financing
  - 'Extreme Mortality Underwriting' solutions
- Transferring risk to the capital markets
  - Kortis capital was the first security to transfer mortality trend risk to the capital markets
- World class research and development
  - E.g. >750,000 hits in 9 different languages in 2011 on first ever cardiovascular underwriting calculator

Our L&H strategy addresses some of the challenges of the environment by entering new fields

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Partner for growth with our clients	■ World's protection gaps are vast ~ USD 70 trillion ■ Working with clients and distributors to develop consumer-friendly products and processes, e.g. our in-house predictive underwriting analytics
Expand our Health business	■ Major demographic and socio-economic trends drive escalating demand for Health insurance ■ Swiss Re already has a broad range of health solutions to capitalise on these trends
Diversify into longevity risk	■ Longevity represents a very large risk pool that will grow further as demographics shift ■ Swiss Re is a natural and efficient holder of longevity risk – Longevity risk is a hedge against our large mortality portfolio and does not correlate with P&C risks

L&H Re summary: challenges and opportunities

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- We expect a challenging environment with low growth
- We have an old block of US business that is performing badly
  - We are addressing the issues
- We also have a new business that is performing nicely (10%-12% ROE)
  - We intend to grow it, using our R&D, services and innovation power
  - We believe there will be opportunities for attractive large transactions
- We will tap new sources of profit
  - Support primary life market growth
  - Health
  - Longevity

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Summary

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Reinsurance summary

- Benefit from market hardening in P&C Re
  - Ability to offer large capacities to our clients
  - Industry leading Underwriting experience
  - Ability to achieve differentiated terms with client tailored solutions
- Improve returns in L&H Re
  - Actively manage in-force book
  - Develop new product solutions e.g. longevity, health
  - Opportunity to increase asset risk, subject to market conditions

- Our capital strength, rating, ability to deliver large capacity and tailored solutions to clients, mean Reinsurance is very well positioned to contribute to the Group's ambitious financial targets

Q&A

Cautionary note on forward-looking statements

Certain statements and illustrations contained herein are forward-looking. These statements and illustrations provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to a historical fact or current fact.

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, liquidity position or prospects to be materially different from any future results of operations, financial condition, solvency ratios, liquidity position or prospects expressed or implied by such statements. Such factors include, among others:

- further instability affecting the global financial system and developments related thereto, including as a result of concerns over, or adverse developments relating to, sovereign debt of euro area countries;
- further 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 financial strength or other ratings of Swiss Re companies, and developments adversely affecting Swiss Re's ability to achieve improved ratings;
- the cyclicality 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;
- legal actions or regulatory investigations or actions, including those in respect of industry requirements or business conduct rules of general applicability;
- changes in economic theory or principles;
- significant investments, acquisitions or dispositions, and any delays, unexpected costs or other issues experienced in connection with any such transactions;
- changing levels of competition;
- operational factors, including the efficacy of risk management and other internal procedures in managing the foregoing risks; and
- challenges in implementation, adverse responses from counterparties, regulators or rating agencies, or other issues arising from, or otherwise relating to, the changes in Swiss Re's corporate structure.

These factors are not exhaustive. Swiss Re operates in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on forward-looking statements. Swiss Re undertakes no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.

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