

# Corporate Solutions

Andreas Berger, Chief Executive Officer Corporate Solutions

# Corporate Solutions remains key to Swiss Re's differentiation strategy



Implement  
management actions



De-commoditise our core  
business



Grow with  
differentiating assets



Expand through tech-  
driven solutions



**Client  
Access**

**Risk  
Knowledge**

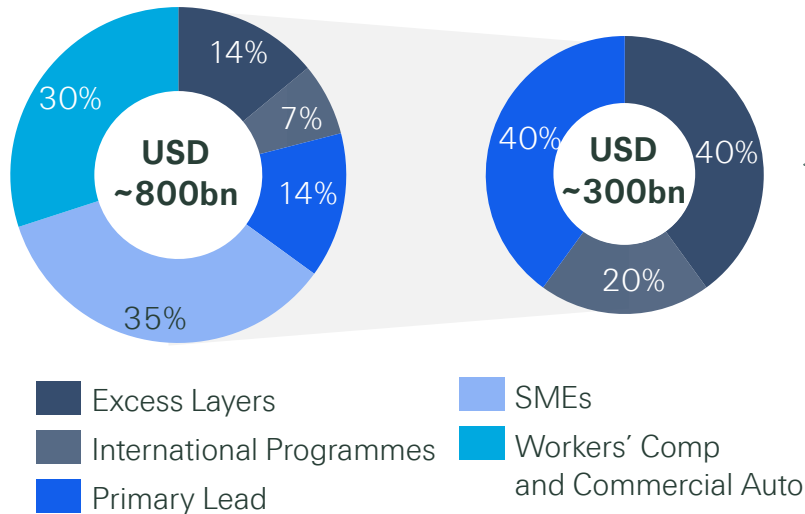
**Capital  
Strength**

# Focused value proposition in a large pool of commercial insurance risks

## Commercial insurance market

## Corporate Solutions' addressable market

Gross premiums written, 2019<sup>1</sup>



**3%**

2010-19 commercial insurance market premiums CAGR, despite market softening

## Our market presence

## Our proposition

## Segmentation

**Excess Layers:  
Top 5 – 10**



Bringing international programme capabilities where few others excel

**International Programmes:  
Entering now**



Tackling complex risks with bespoke solutions



**Large Corporates**  
(turnover > USD 500m)

**Primary Lead:  
Market entry in 2016**



Providing innovative, efficient products which reduce costs for clients who do not want to pay for complexity



**Mid Corporates**  
(turnover >25m)

**SMEs:  
Only through JV  
e.g. Bradesco**



Serving only through innovative business models and joint ventures, e.g. Bradesco JV

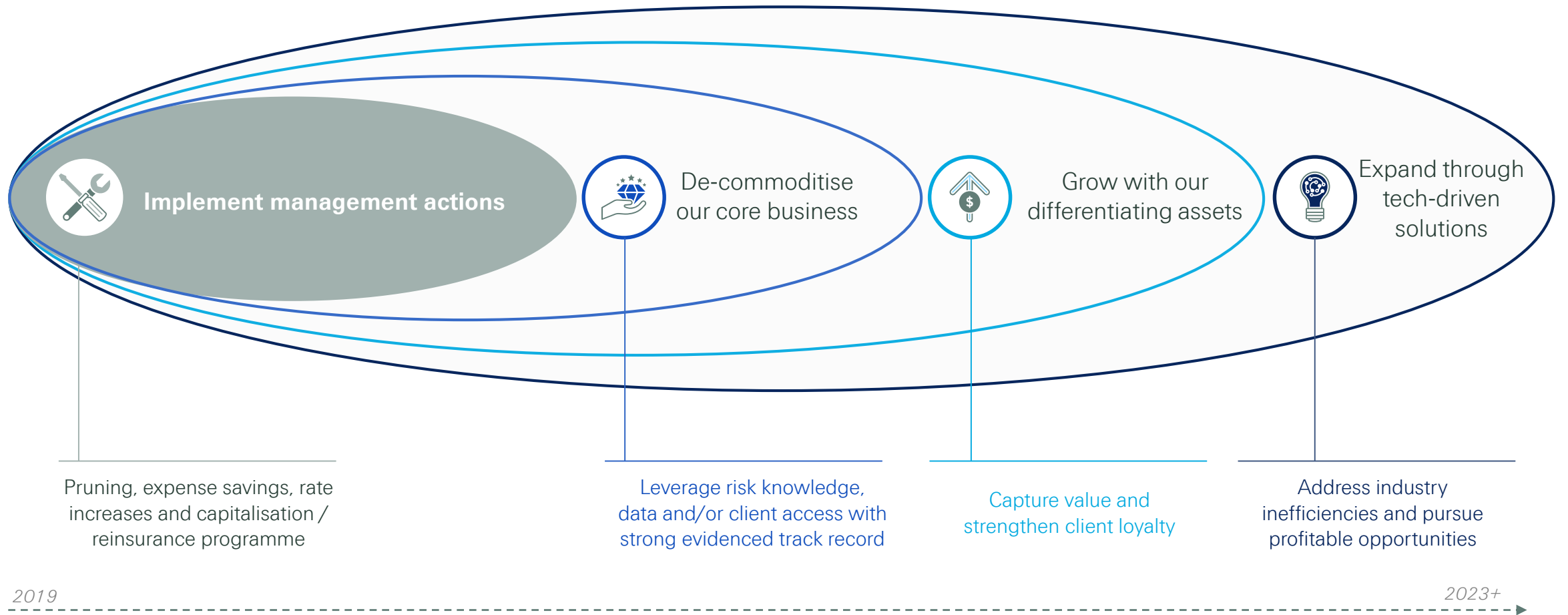


**SMEs**  
(turnover <25m)

**Workers' Comp and  
Commercial Auto:  
None**

Not targeted

# We are building on Corporate Solutions' strategic priorities

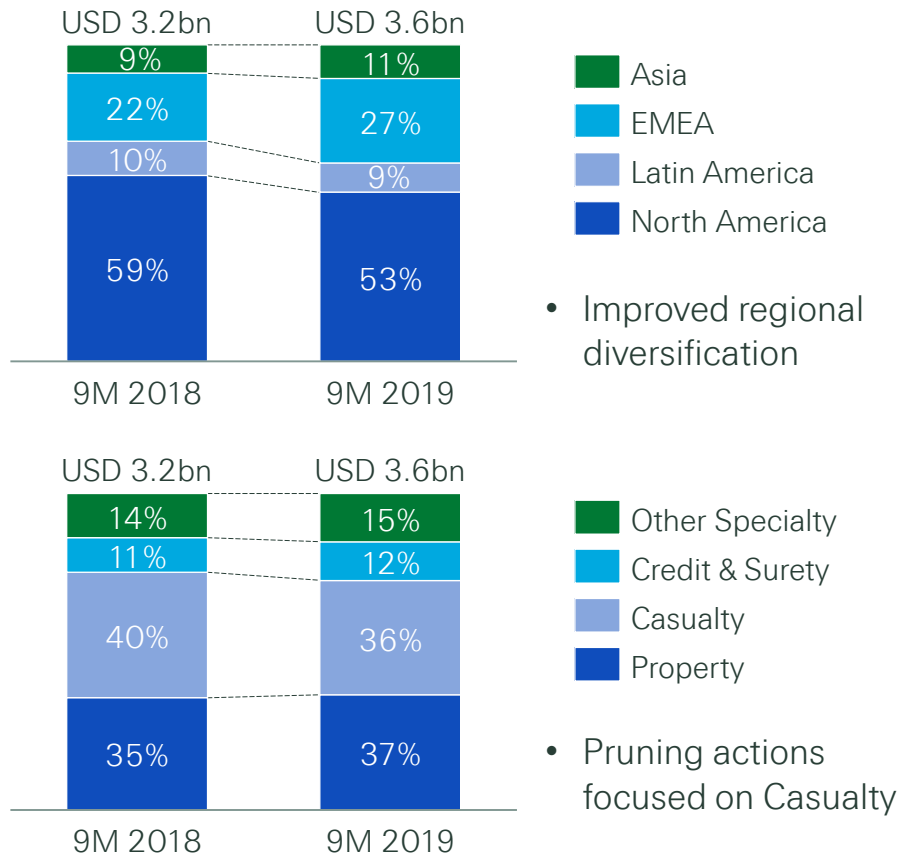




# We are rebalancing towards a more diversified global portfolio

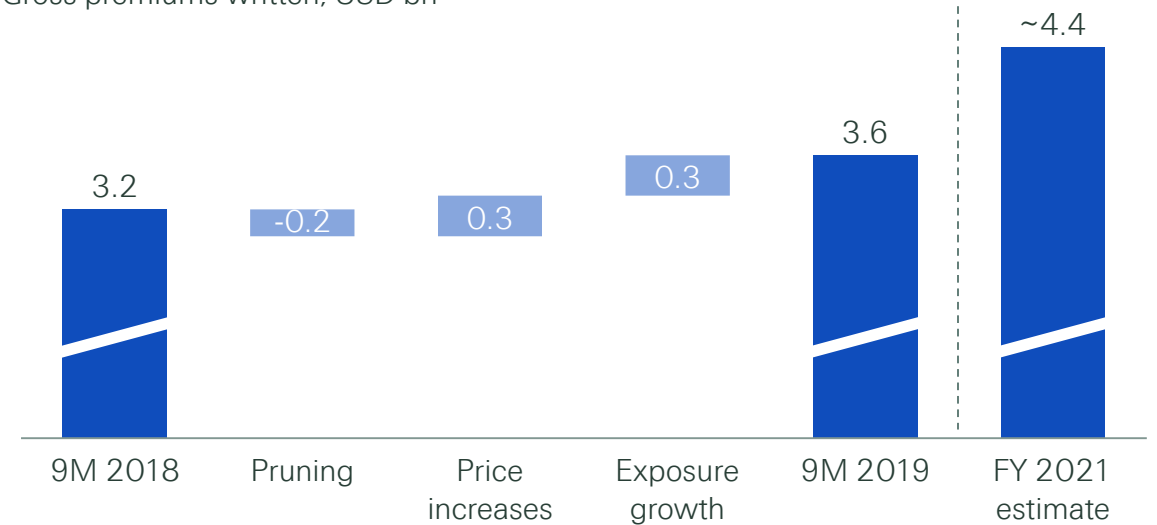
## Portfolio split by region and sub-line

% of gross premiums written



## Portfolio development year-on-year

Gross premiums written, USD bn



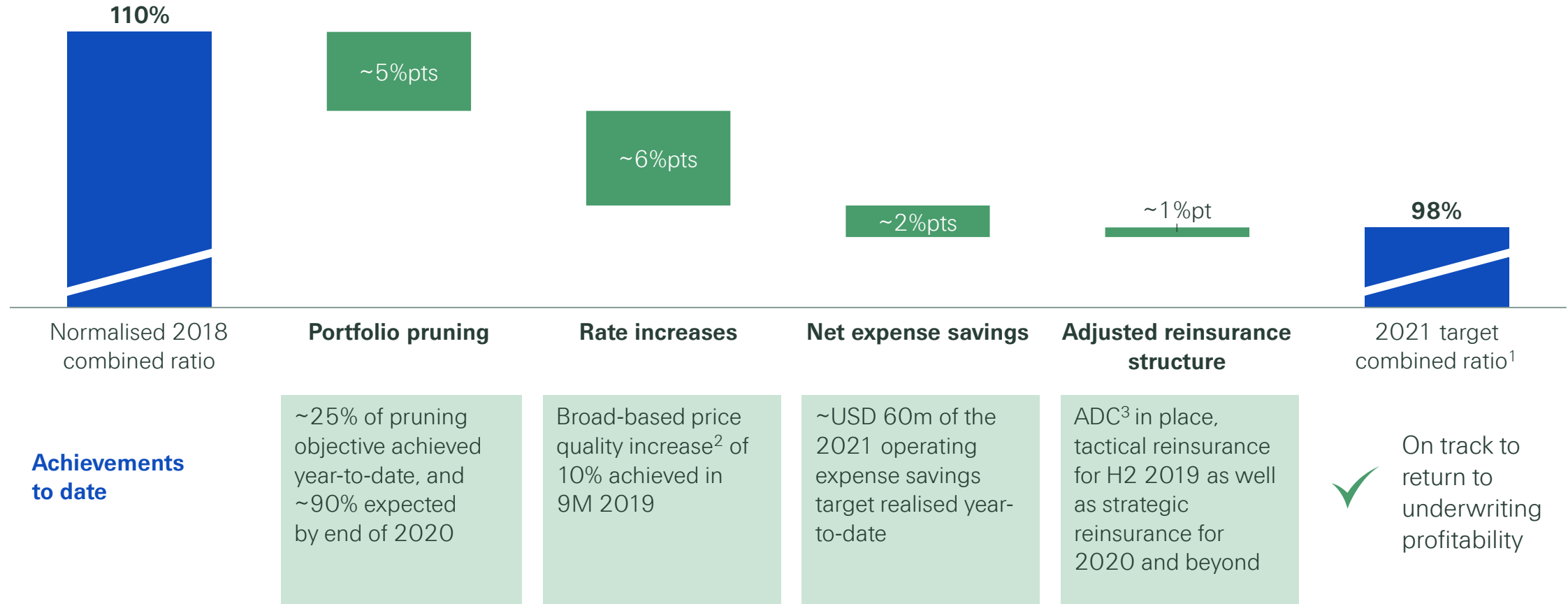
- Pruning activities mainly related to North American Lead Umbrella and Excess & Surplus Casualty book
- Price increases of 10% driven by strong improvements in Property
- Exposure growth in targeted lines, mainly driven by large transactions in Property and continued growth in Credit & Surety and A&H
- 2019 gross premiums written expected to be USD ~4.8bn
- Continued decrease in wholesale business<sup>1</sup> written





# Good progress with the implementation of our management actions

## Expected combined ratio development



**Achievements to date**



# Pricing momentum for Corporate Solutions remains strong

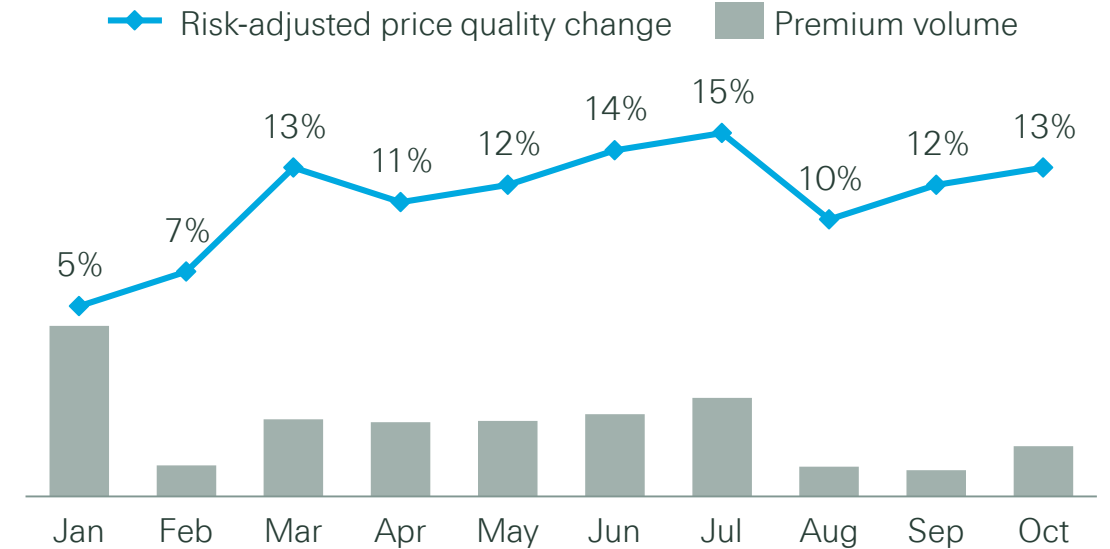
## Commercial insurance market prices are increasing since 2018



Source: Marsh LLC

- Average commercial insurance market pricing increased by 8% in Q3 2019, the eighth consecutive quarter of pricing increases
- Steady increases in prices expected over the next 12 months following prolonged soft market environment

## Corporate Solutions is seeing even stronger pricing momentum<sup>1</sup>



- Strongest increases in loss-affected Property lines
- Casualty with modest rate increases given exit from worst performing segments
- Specialty correcting but changes vary between sub-lines
- Terms and conditions (T&Cs) tightening

Price increases of 10% achieved in 9M 2019 for Corporate Solutions portfolio







# De-commoditise our core business

We will **not be a commodity provider of capacity** and will maintain **underwriting discipline**



## Line of business Superior insights

### Property & Energy

- Proprietary Nat Cat model offers differentiated view of risk to market; market-leading innovative capabilities (e.g. parametric solutions)

### FinPro

- 20+ years close relationships with large accountants and lawyers created unique data asset; other Professional Indemnity – specialist team solely focused on construction niche

### Credit & Surety

- Leading player in Bank, Trade and Infrastructure, US Contract Surety uniquely written on relationship basis vs. per contract, creating stickier and higher margin relationships long-term

### Aviation

- Highly selective underwriting; loss ratio outperformed market in 9 of last 10 years

### Accident & Health

- Loss ratio consistently ~2-4%pts better than market on acquired business

### Engineering

- Strong cycle management with focus on sustainable portfolio performance – managed to steer clear of most of the large construction losses that hit the market during recent years

### Casualty

- Ongoing restructuring and rebalancing towards a more diversified global portfolio

Focus on particular sub-segments and niches where Corporate Solutions has differentiated risk knowledge, data and/or client access with strong evidenced track record





# Capturing value from differentiating Corporate Solutions' assets



## International Programme Lead

Leverage market-ready, state-of-the-art tech platform to gain market share in the international programme lead business

+50% YTD growth rate on international programmes



## Innovative Risk Solutions (IRS)

Highly structured risk solution based on differentiated capabilities

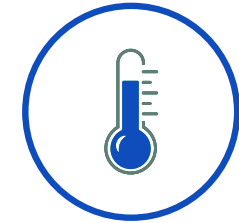
USD 325m of GPW  
e.g. digital parametric risk transfer for Nat Cat risk



## High-growth market joint venture plays

Enter in selected distribution partnerships (i.e. JVs) to efficiently gain access to the high-growth markets

Banco Bradesco JV  
(GPW<sup>1</sup> of ~USD 200m in 2018)



## Weather / Environmental and commodity markets

Create highly bespoke deals to meet particular customer needs leveraging insurance and financial instrument capabilities

5% of total portfolio  
e.g. LatAm Hydro deals

Emphasise differentiated nature of Corporate Solutions' assets to capture value and strengthen client loyalty in hardening market



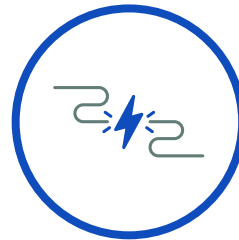
# Pursue opportunities to develop innovative tech-driven solutions

## Corporate Solutions will pursue strategic tech initiatives for the future

- Use of technology to drive clear differentiation in the market and generate new income streams (e.g. fees)
- Leverage Swiss Re Group capabilities that can be deployed at scale in multiple ways, applying the unique combination of risk and technology know-how
- Act as orchestrator by combining insurance know-how, superior technological capabilities and Group's ability to engage other insurers

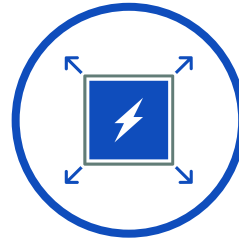


## Strategic priorities



Addressing customer pain points and industry inefficiencies through tech-driven tools and platforms

e.g. IPA<sup>1</sup> platform, Brokerslink agreement



Disrupting current inefficient insurance value chains through digital solutions

e.g. digital Marine proposition, ONE Form<sup>2</sup>

Continued investment into current and future capabilities to address industry inefficiencies and access profitable risk pools



# Forming a focused, profitable and resilient commercial lines business

- ✓ Establish stable foundation and restore underwriting profitability of our book
- ✓ Reduce earnings volatility and improve resilience vis-à-vis future pricing cycles
- ✓ Fit for purpose operating model and cost structure with de-commoditised core business
- ✓ Unlock potential of strategic opportunities: Capture value from differentiated assets and expand through tech-driven solutions

## Clear financial targets

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Combined ratio target<sup>1</sup>

**98%**

in 2021 and  
further improvement  
expected thereafter

Unchanged ROE  
target of

**10-15%**

over-the-cycle



# Corporate calendar and contacts

## Corporate calendar

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### 2020

20 February  
19 March  
17 April

**Annual Results 2019**  
**Publication of Annual Report 2019**  
**156<sup>th</sup> Annual General Meeting**

Conference call  
  
Zurich

## Investor Relations contacts

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- the cyclical nature of the insurance and reinsurance sectors;
- instability affecting the global financial system;
- deterioration in global economic conditions;
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- changes in the Group’s investment result as a result of changes in the Group’s investment policy or the changed composition of the Group’s investment assets, and the impact of the timing of any such changes relative to changes in market conditions;
- the Group’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 the Group’s financial strength or otherwise;
- any inability to realise amounts on sales of securities on the Group’s balance sheet equivalent to their values recorded for accounting purposes;
- changes in legislation and regulation, and the interpretations thereof by regulators and courts, affecting us or the Group’s ceding companies, including as a result of shifts away from multilateral approaches to regulation of global operations;
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- policy renewal and lapse rates;
- uncertainties in estimating future claims for purposes of financial reporting, particularly with respect to large natural catastrophes and certain large man-made losses, 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;
- extraordinary events affecting the Group’s clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
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- changes in accounting standards;
- significant investments, acquisitions or dispositions, and any delays, unexpected costs, lower-than expected benefits, or other issues experienced in connection with any such transactions;
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