

Reinsurance

Moses Ojeisekhoba, Chief Executive Officer Reinsurance

Differentiation is at the heart of Swiss Re's Reinsurance franchise

Our client relationships have been built over time, with strong C-suite access

We dedicate resources to generating actionable insights which we use and share with clients

Capacity is important to our clients and helps us gain access to exclusive deals

We leverage our key assets



**Client
Access**

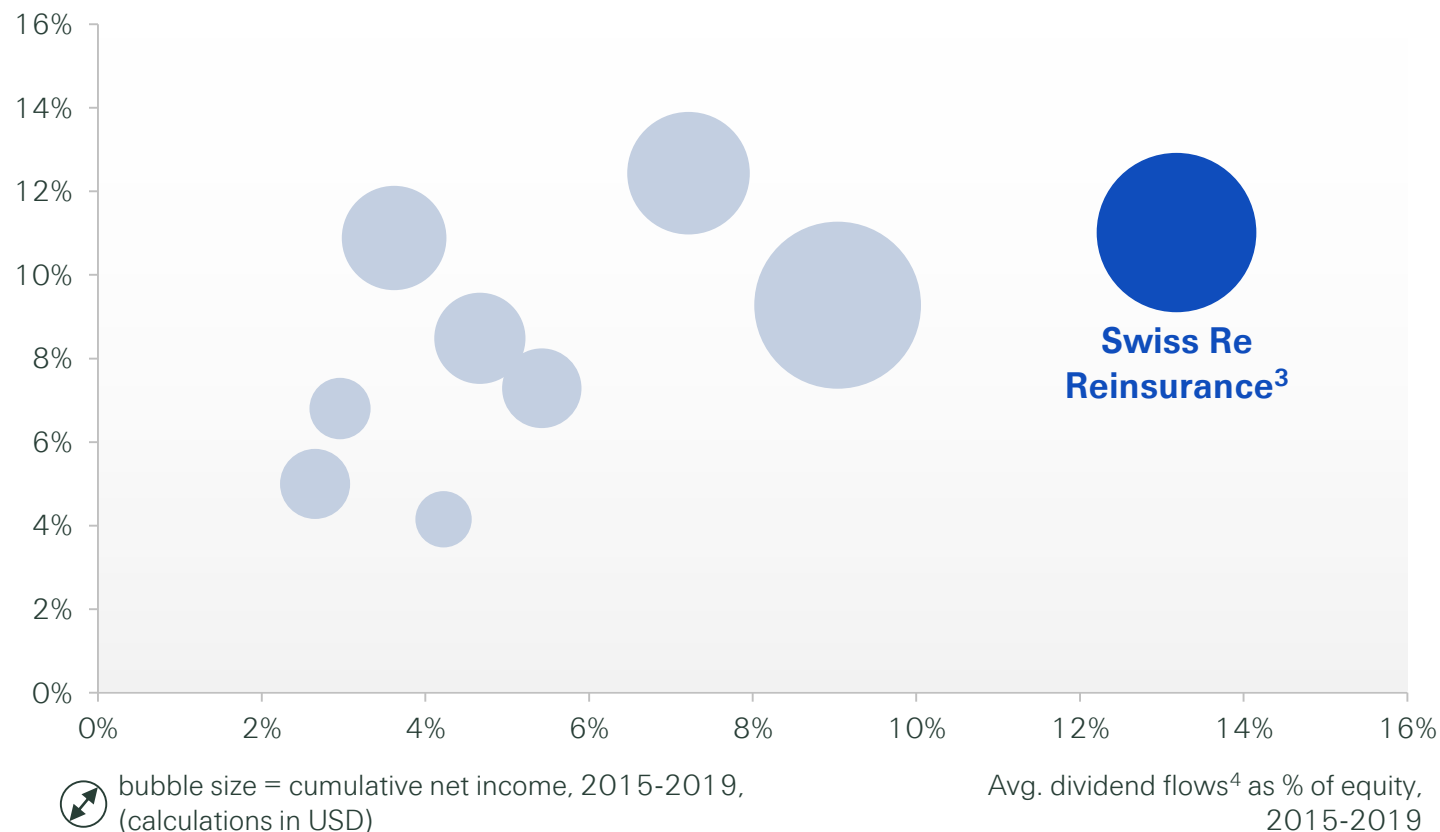
**Risk
Knowledge**

**Capital
Strength**

Our financial performance reflects our market-leading capabilities

Reinsurance delivers a market-leading¹ combination of shareholder returns and capital repatriation

Avg. ROE, 2015-2019²



In recent years, both Reinsurance segments have performed in line with their ROE targets

- **P&C Re's average performance remains strong** despite significant recent Nat Cat activity
- **L&H Re** delivers peer-leading ROEs underpinned by **underwriting rather than investment returns**

¹ Peer group includes Alleghany, Everest Re, Hannover Re, Munich Re Reinsurance, Partner Re, Renaissance Re, RGA, SCOR

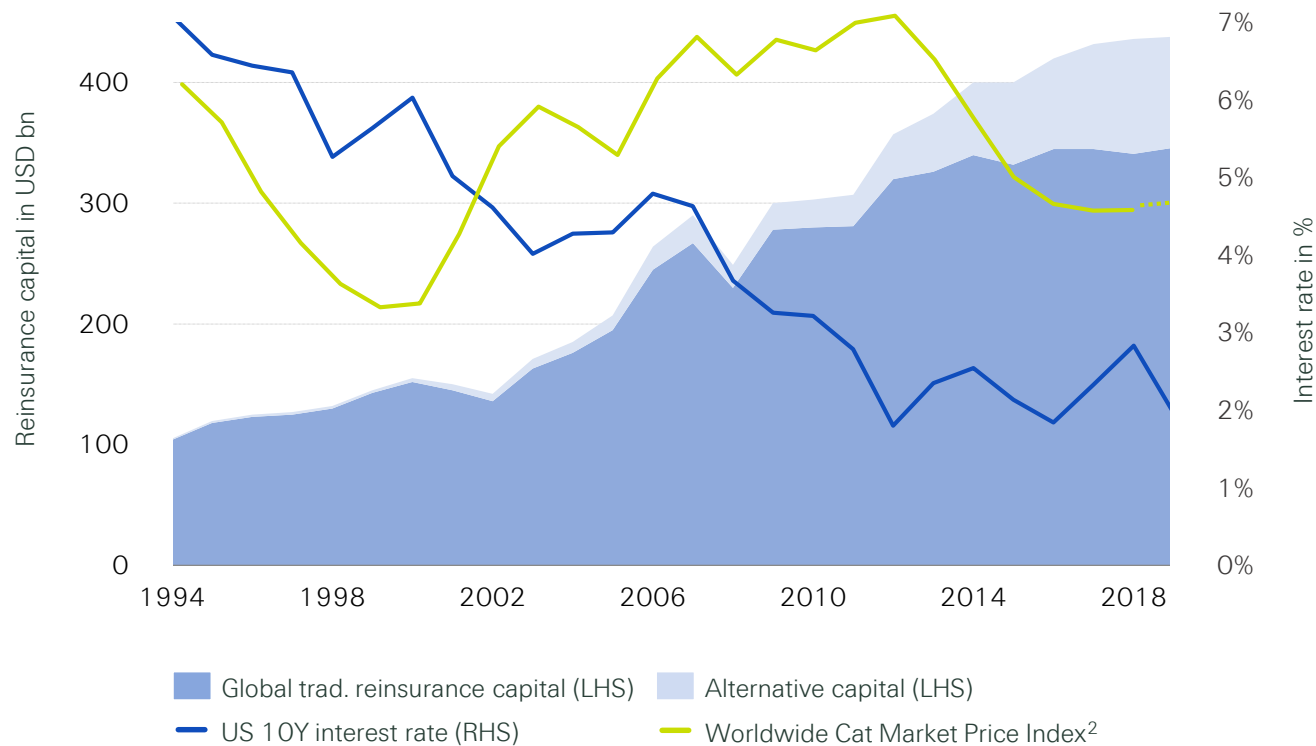
² Annualised 9M 2019 YTD actuals

³ Dividend flow for Swiss Re Reinsurance reflects dividends paid by the Reinsurance Business Unit to Swiss Re Group

⁴ Dividend flows include ordinary dividends paid to shareholders as well as special dividends and share buy-backs

However, the market is changing and we are taking action

Reinsurance industry development¹ and interest rate evolution



Historical outperformance was driven by

- Active cycle management and capital deployment

Industry change due to

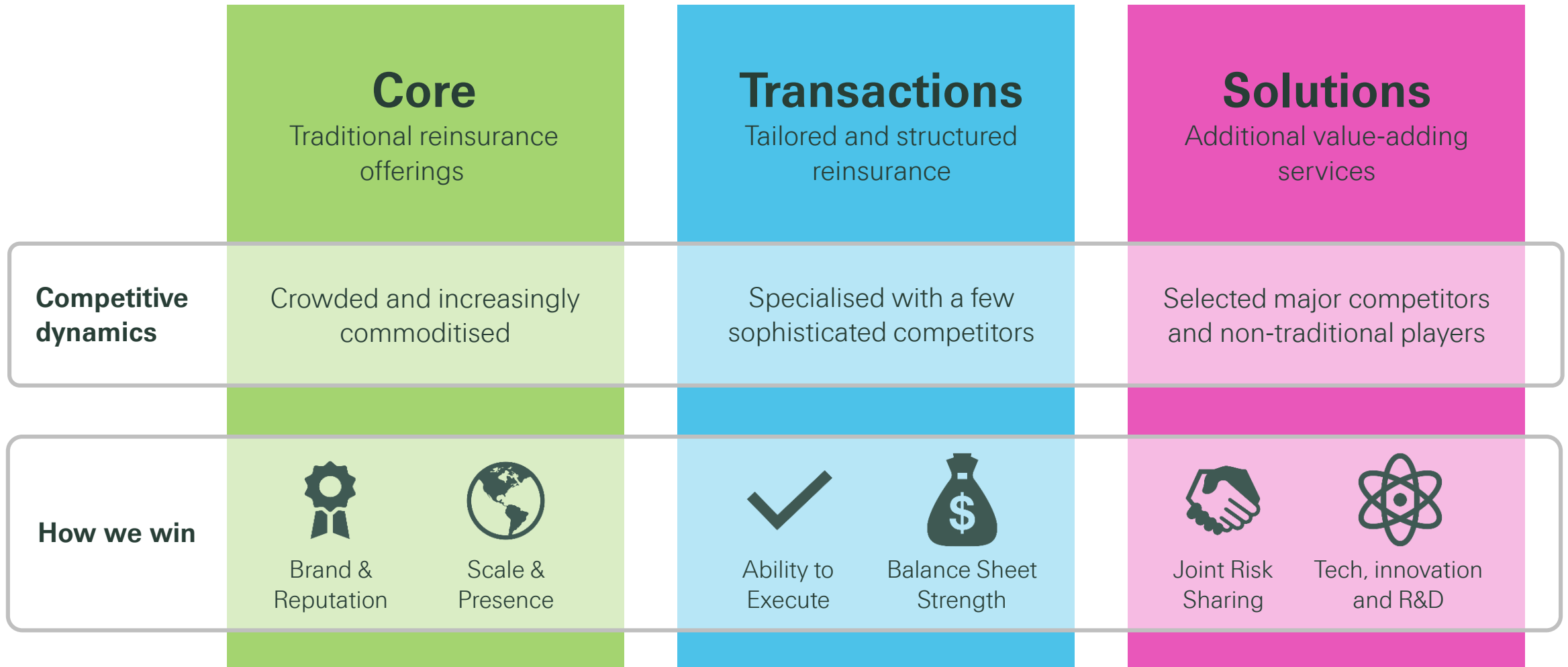
- Low interest rates and increased capital
- Growing protection gap
- More cost-conscious buyers
- Technology advancement and digitisation

Future outperformance requires

- Increasing scale and efficiency
- Leveraging technology
- Pushing the edge with innovation

We seek to grow and maintain our market-leading position in the face of evolving industry conditions

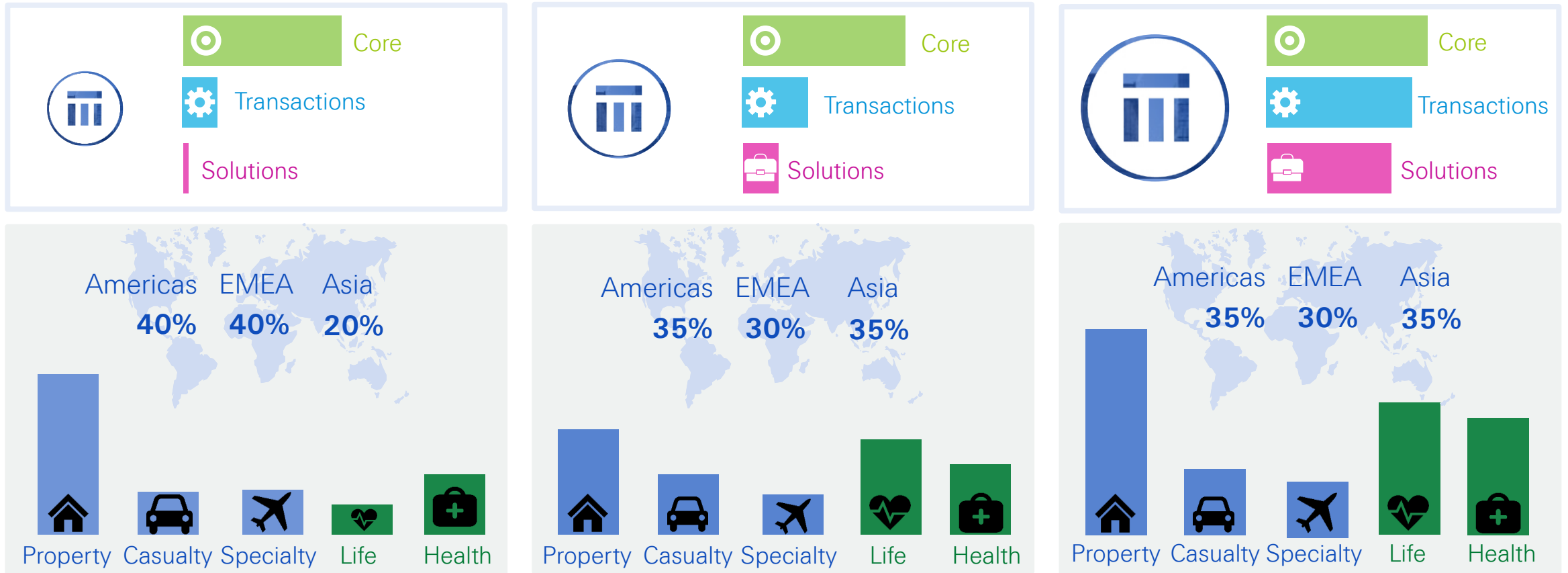
We have developed a clear strategy to succeed in this environment

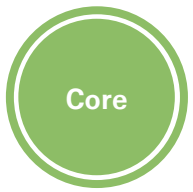


We aim to grow and balance our portfolios on multiple dimensions

2014 ————— 2018 ————— mid-term —————>

Illustrative

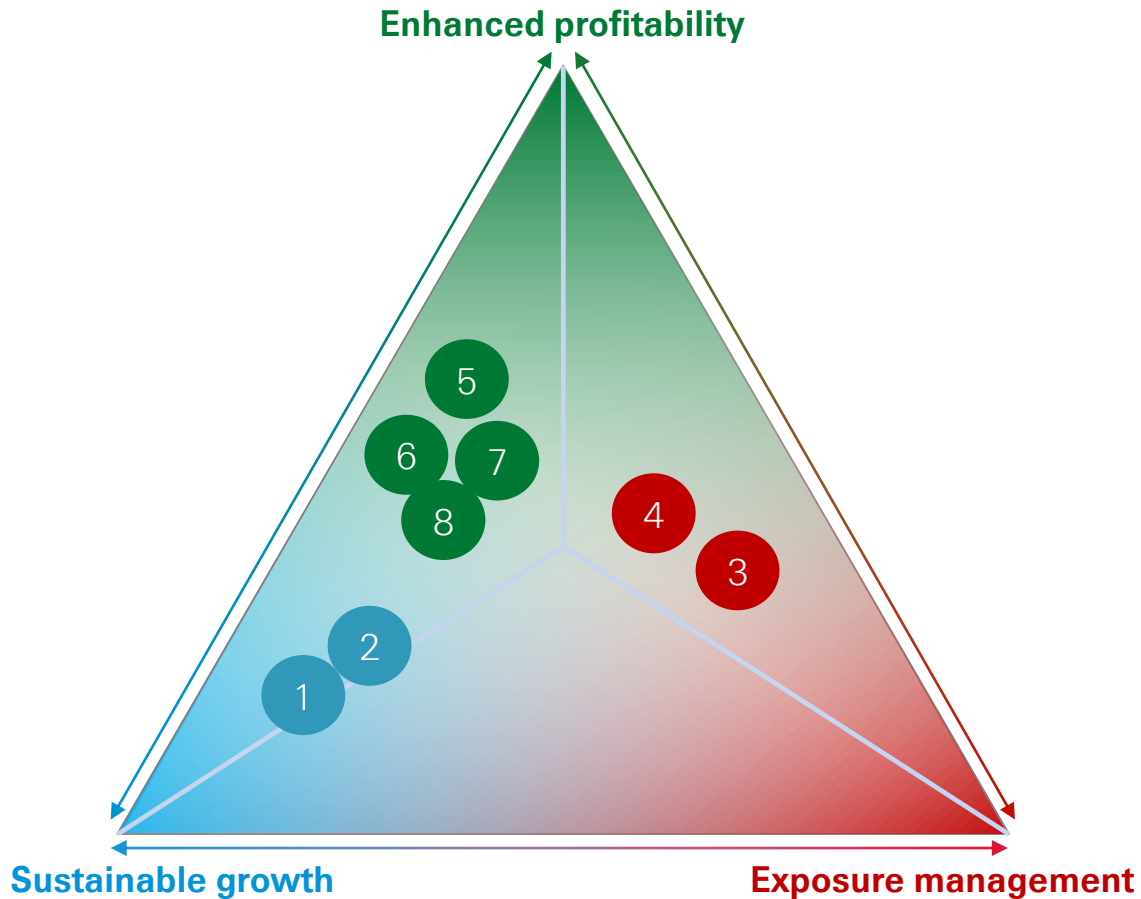




Robust portfolio steering guides our growth strategy

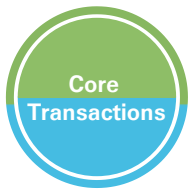
Portfolios are actively steered to ensure disciplined growth...

...based on pricing outlook and market trends



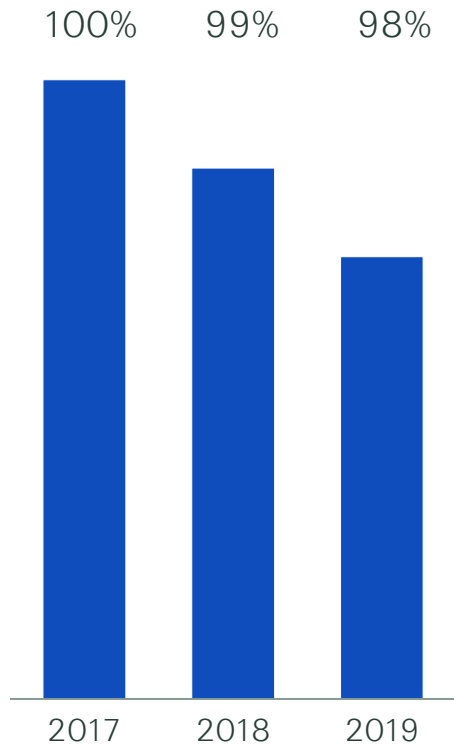
Pricing x Exposure = Premium

1	Property Cat	➔	➔	➔
2	Property Non-Cat	➔	➔	➔
3	Liability	➔	➔	➔
4	Motor	➔	➔	➔
5	Specialty	➔	➔	➔
6	Mortality	➔	➔	➔
7	Health	➔	➔	➔
8	Longevity	➔	➔	➔



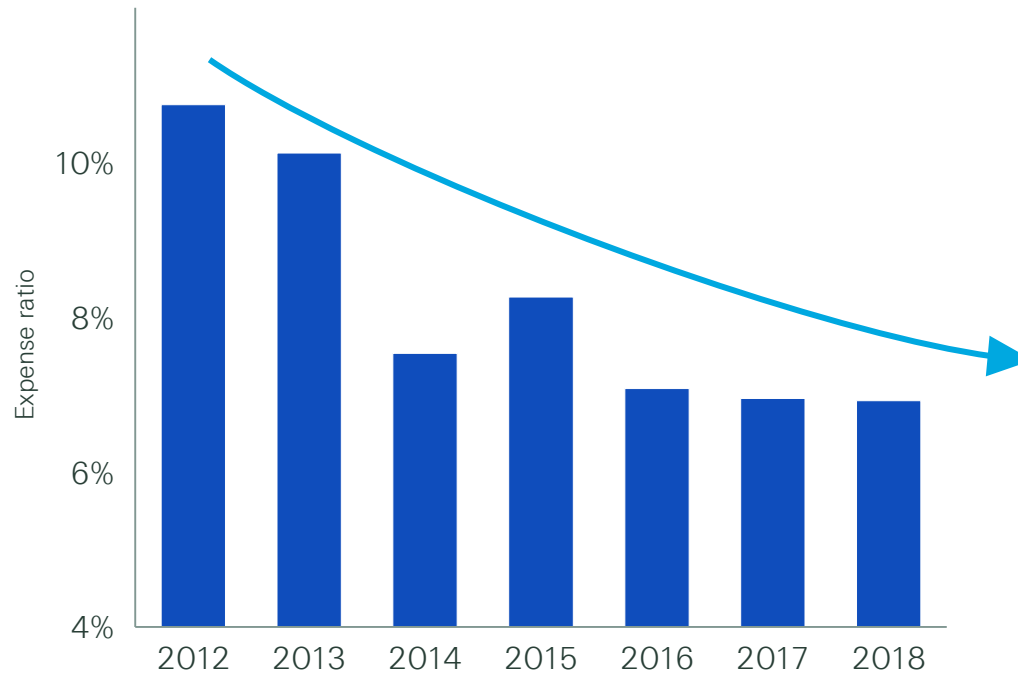
Scaling our P&C Re franchise improves the combined ratio

Improved combined ratio¹



Further improvements expected from selective growth and resulting scale benefits

Focus on reducing operating expenses



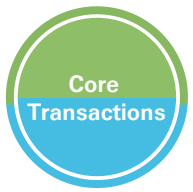
0.3%pt

improvement from 10% Nat Cat premium growth²

0.5%pt

improvement from 10% overall premium growth²

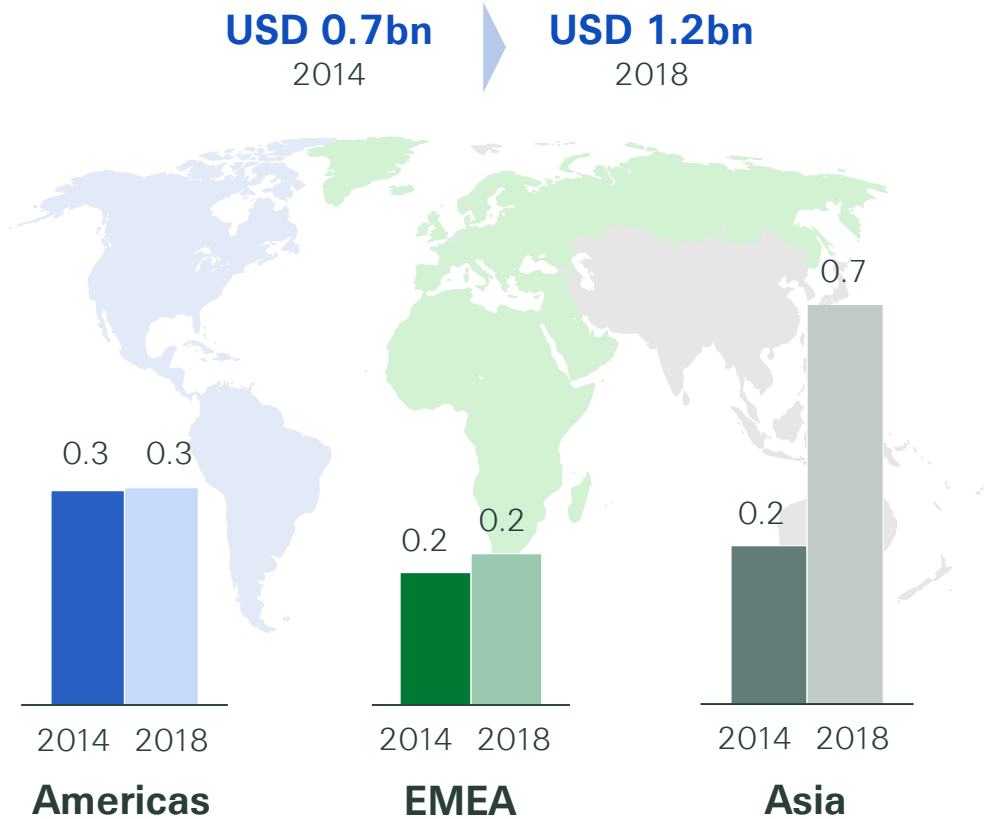
We seek to improve our underwriting margins through multiple levers including scale and increased efficiency



L&H Re continues to gain scale and is now a globally diversified business

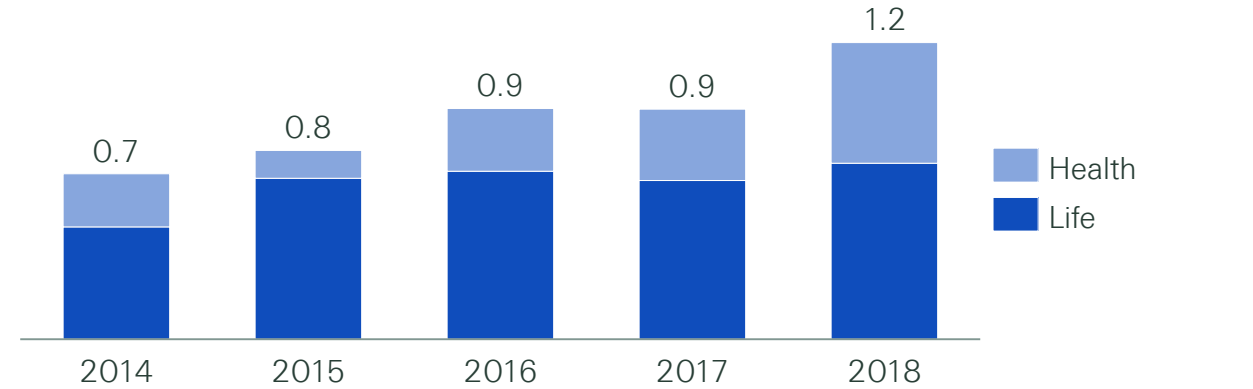
Asia as the key driver of new business growth

EVM profit¹ – Costed new business, USD bn

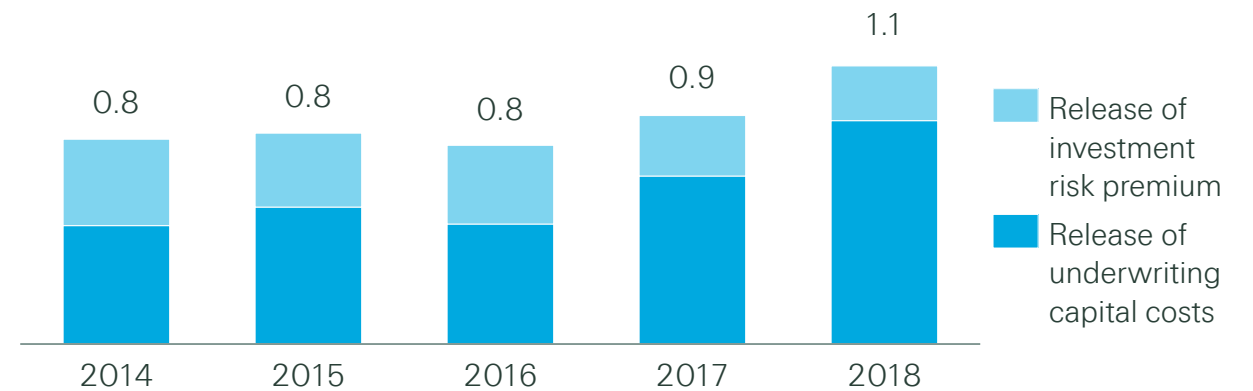


L&H Re has nearly doubled its annual economic earnings

EVM profit¹ – Costed new business, USD bn



Release of current year capital costs², USD bn





Transactions are an important contributor to Swiss Re's offering

The market has grown, driven by a range of needs

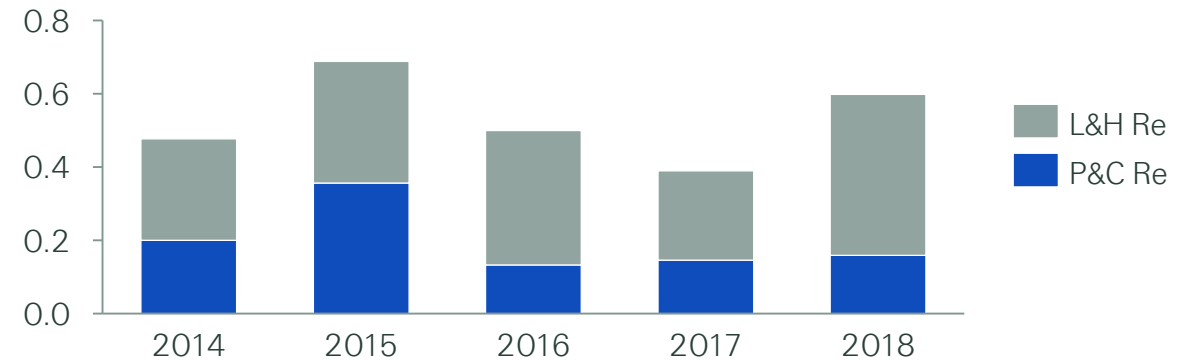
- Changing regulatory and accounting requirements
- Stakeholders demanding greater capital efficiency
- Stakeholders demanding reduced earnings volatility
- Insurers seeking more reliance on underwriting results

Swiss Re has a strong market position

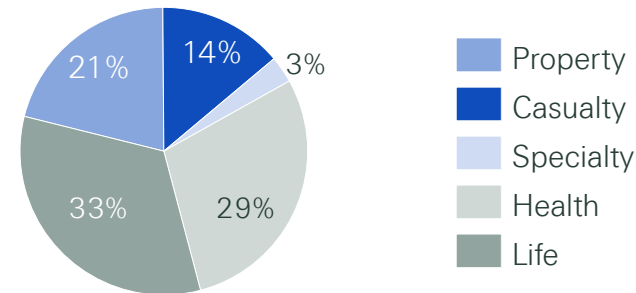
- Customised structures for legacy portfolios
- Longevity with focus on trend risk
- Capital management supporting transactions
- Support for clients' ambitious expansion plans

Transactions have contributed to diversification of earnings

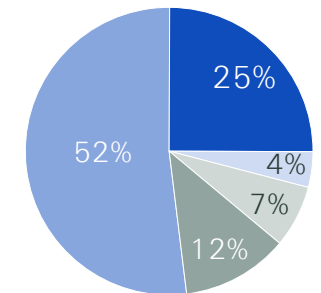
EVM profit¹ – Costed new business, USD bn



Breakdown of EVM profit, 2018
(~30% of total Reinsurance EVM profit)



Breakdown of # Transactions, 2018
(Total = ~200)





Solutions continue to grow and are embedded in our clients' business

We help clients to improve their original business



Profitability

Analyse portfolio mix, risk drivers and price adequacy

- **Data Analytics, L&H in-force**



Growth

Support new products, innovative technologies and diverse distribution channels

- **Parametric, Cyber, Telematics, iptiQ**



Efficiency

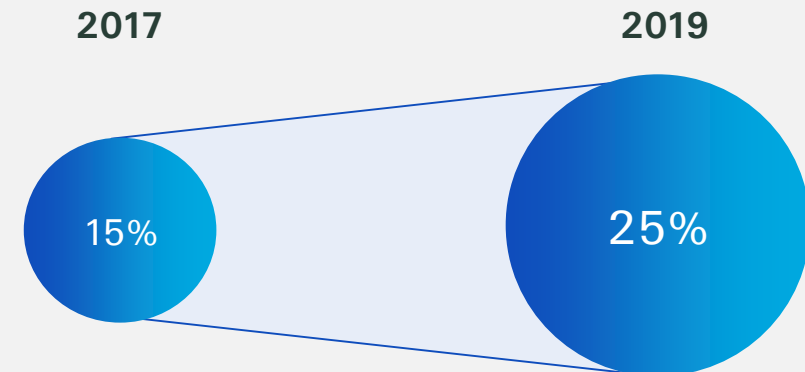
Automate underwriting and claims processes and simplify customer interaction

- **Magnum, Swift Re®, Behavioural Economics**

A powerful partnership

- ✓ Powerful alignment of interests
- ✓ Creating long-term strategic partnerships and loyalty
- ✓ Compensation mostly via reinsurance

% of existing clients with whom we partner on Solutions

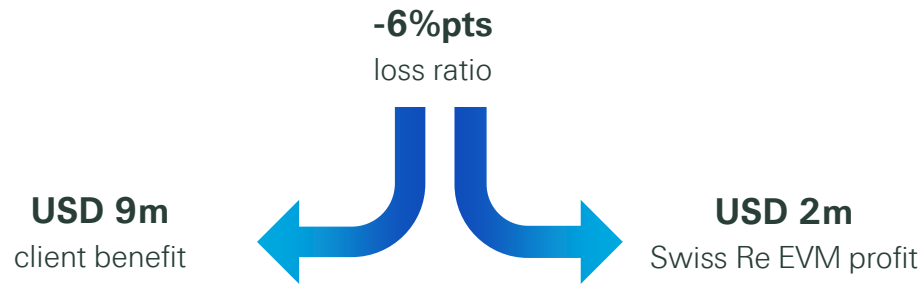




Solutions examples: We deliver tangible benefits both for our clients and for Swiss Re

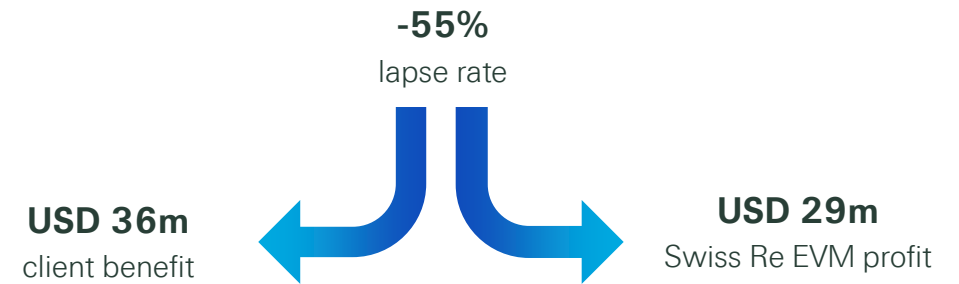
P&C Data Analytics

Client case study – **Loss driver analysis**






L&H Customer Retention Management




Client case study – **Improving customer satisfaction**



Deliver tailored business insights to our clients

-  Proprietary data and loss models to improve pricing adequacy
-  Smart analytics to identify growth opportunities
-  Risk sharing of new business to align interests

Improve engagement with customers

-  Behavioural economics insights to improve customer experience
-  Identify cross- and up-sell opportunities
-  Focus on reducing lapse and increasing persistency

Swiss Re's successful Reinsurance strategy is built on differentiation

Our financial targets remain unchanged

- ✓ Our Reinsurance franchise has a strong track record of delivering results
- ✓ We are adapting to a changing marketplace – we maintain our edge through Core, Transactions and Solutions
- ✓ Controlled growth in P&C Re will benefit our combined ratio through scaling
- ✓ L&H Re is already a significant contributor to earnings, with ongoing growth

10-15%

ROE over-the-cycle
P&C Re

10-12%

ROE over-the-cycle
L&H Re

Corporate calendar and contacts

Corporate calendar

2020

20 February
19 March
17 April

Annual Results 2019
Publication of Annual Report 2019
156th Annual General Meeting

Conference call

Zurich

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- the frequency, severity and development of insured claim events, particularly natural catastrophes, man-made disasters, pandemics, acts of terrorism and acts of war;
- mortality, morbidity and longevity experience;
- the cyclical nature of the insurance and reinsurance sectors;
- instability affecting the global financial system;
- deterioration in global economic conditions;
- 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 the Group’s investment assets;
- 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;
- the outcome of tax audits, the ability to realise tax loss carryforwards, 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, and the overall impact of changes in tax regimes on business models;
- failure of the Group’s hedging arrangements to 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 the Group’s ability to achieve improved ratings;
- uncertainties in estimating reserves;
- 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;
- 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, lower-than expected benefits, or other issues experienced in connection with any such transactions;
- changing levels of competition, including from new entrants into the market; and
- operational factors, including the efficacy of risk management and other internal procedures in managing the foregoing risks and the ability to manage cybersecurity risks.

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