

News release

Swiss Re delivers a strong underlying business performance and maintains its industry-leading capital strength

- Group net loss narrowed to USD 691 million for the first nine months of 2020 as Swiss Re achieved net income of USD 444 million in Q3
- Excluding COVID-19 claims and reserves of USD 3.0 billion (pre-tax), Group net income amounted to USD 1.6 billion for the nine-month period
- Swiss Re maintains a very strong capital position with a Group Swiss Solvency Test (SST) ratio of 223% as of 1 July 2020
- Strong return on investments (ROI) of 3.4% as Swiss Re continues to successfully navigate global market volatility
- Property & Casualty Reinsurance (P&C Re) nine-month net loss of USD 201 million after a strong Q3 performance; excluding COVID-19 impact, net income of USD 1.0 billion, return on equity (ROE) of 15.5%
- Life & Health Reinsurance (L&H Re) nine-month net income of USD 72 million; excluding COVID-19 losses, net income of USD 620 million and ROE of 9.7%
- Corporate Solutions net loss of USD 323 million for the first nine months; excluding COVID-19 impact, net income of USD 211 million and ROE of 12.3%, normalised combined ratio ahead of the estimate for 2020
- Life Capital successfully closes ReAssure sale in the third quarter, delivering a cash dividend of USD 1.5 billion to the Group

Zurich, 30 October 2020 – Swiss Re reported a Group net loss for the first nine months of 2020 that narrowed to USD 691 million from USD 1.1 billion reported for the first half of the year when the Group made significant additions to its COVID-19 loss reserves. This result reflects a strong performance in the third quarter, with Group net income of USD 444 million. Reinsurance increased its net premiums earned in the nine-month period, driven by improved market conditions and demand for large transactions. Corporate Solutions continued the successful execution of its turnaround plan. The closing of the ReAssure sale to Phoenix Group Holdings plc resulted in a USD 1.5 billion dividend to the Group. Swiss Re maintained its industry-leading capital position, with a Group SST ratio of 223% as of 1 July 2020.

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Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "The COVID-19 pandemic continues to have a profound impact on communities, families and businesses across the globe, and our sympathies go out to all affected. Since the pandemic started, we have thoroughly tracked and prudently assessed its impact on our Group. We built substantial reserves in the first half of this year. Based on developments since then, we believe that our reserving approach remains appropriate and reflective of the ongoing uncertainty surrounding the impact of the pandemic. Our businesses are delivering a positive underlying performance, and we are confidently executing on the Group's priorities in improving market conditions."

In line with assumptions communicated with its half-year results, the Group made further additions to COVID-19 reserves in the third quarter, bringing the total amount to USD 3.0 billion at the end of the nine-month period. 67% of these losses represent incurred but not reported (IBNR) reserves. The uncertainty surrounding many factors related to the pandemic remains high and could impact claims developments in the coming quarters, either positively or negatively, relative to Swiss Re's projections.

Excluding the impact of COVID-19 losses, Group net income increased to USD 1.6 billion for the nine-month period of 2020 from USD 1.3 billion for the prior-year period, which reflects the improved underlying performance of the businesses.

Swiss Re maintains a very strong capital position

Swiss Re's Group SST ratio was 223% as of 1 July 2020 and remained above the Group target level of 220% throughout the third quarter. The Group SST calculation includes a forward-looking estimate for ultimate COVID-19-related losses and assumes future dividend payments.

Swiss Re's Group Chief Financial Officer John Dacey said: "We continue to be focused simultaneously on managing all dimensions of the COVID-19 crisis while delivering on business priorities and pursuing promising new ventures. Thanks to Swiss Re's industry-leading capital strength and risk knowledge, we are strongly positioned to capture attractive opportunities in upcoming renewals and deliver on our financial targets over the business cycle."

Strong investment result despite financial market volatility

Swiss Re continued to successfully navigate global financial market volatility, generating a strong ROI of 3.4% for the first nine months of 2020. The result was driven by recurring income and realised gains generated from fixed-income positions as well as market gains on equity positions in the third quarter. Active portfolio management included a targeted reduction of sectors with a high vulnerability to COVID-19-related market impacts as well as timely portfolio hedging. The running yield for the period of 2.4% reflects the persistent low-yield environment.

P&C Re reports strong premium growth

Excluding COVID-19 claims and reserves, P&C Re's net income amounted to USD 1.0 billion in the first nine months of 2020, up from USD 880 million in the prior-year period. The ROE, excluding COVID-19 losses, was 15.5%. P&C Re remains on track to reach the normalised¹ combined ratio estimate of 97% for the full year 2020.

P&C Re delivered solid results in the third quarter, supported by strong recent renewals. This narrowed the US GAAP net loss for the nine-month period to USD 201 million. COVID-19 claims and reserves amounted to USD 1.6 billion in the nine-month period, with 87% of these being IBNRs and relating to affirmative non-damage business interruption, cancelled or postponed events, casualty and credit & surety losses.

Net premiums earned increased strongly by 9.2% to USD 15.5 billion in the nine-month period, due to large transactions and growth in natural catastrophe business, driven by successful renewals in the US and Asia.

Large natural catastrophe and man-made losses amounted to USD 1.5 billion for the first nine months of 2020. Natural catastrophe events in the third quarter were above expectations and consisted of Hurricanes Laura and Sally, the West Coast wildfires and Midwest storms in the US, as well as Yangtze floods and Typhoon Haishen. Man-made losses were dominated by the Beirut explosion.

L&H Re continues profitable expansion

L&H Re's net income excluding COVID-19 claims and reserves amounted to USD 620 million in the first nine months of 2020, supported by a strong investment result with an ROI of 3.7%. The ROE excluding the impact of COVID-19 was 9.7%.

COVID-19-related claims and reserves amounted to USD 689 million in the first nine months of 2020, 35% of which are IBNR reserves. Including the impact of COVID-19 losses, L&H Re reported a US GAAP net income of USD 72 million for the period.

Net premiums earned and fee income in the first nine months of 2020 increased 6.4% to USD 10.1 billion, supported by individual large transactions, including longevity deals.

Corporate Solutions turnaround gathers momentum

Excluding COVID-19 losses, Corporate Solutions swung to a net income of USD 211 million for the nine-month period from a net loss of USD 441 million in the prior year. The ROE excluding COVID-19 losses was

¹ Assumes an average large natural catastrophe loss burden and excludes prior-year reserve developments as well as the COVID-19 impact.

12.3% and the combined ratio was 96.0%. On a normalised² basis the combined ratio remains significantly ahead of the 105% estimate for 2020.

The nine-month performance reflects the benefits of management actions announced in 2019, including achievement of more than 70% of the planned portfolio pruning.

Claims and reserves related to COVID-19 totalled USD 678 million in the first nine months of 2020, resulting in a US GAAP net loss of USD 323 million. More than half of the losses were reserves for anticipated claims related to event cancellations, a line of business which Corporate Solutions exited in 2019, with the remainder of the losses coming mainly from property and credit & surety claims.

Net premiums earned were 3.6% lower at USD 3.0 billion, as active portfolio pruning was cushioned by rate improvements of 15% for the first nine months of 2020.

Life Capital successfully closes ReAssure sale

The sale of ReAssure to Phoenix Group successfully closed in the third quarter of 2020. Following the closing, Life Capital paid a dividend to Swiss Re Group of USD 1.5 billion.

Life Capital reported a net loss in the first nine months of 2020 of USD 136 million. This was largely driven by continued investment into the growth of iptiQ. Losses related to COVID-19 amounted to USD 15 million for the first nine months.

Net premiums earned and fee income were USD 1.6 billion. Gross premiums written of the open books increased by 19% when measured at constant foreign exchange rates. Swiss Re's white-label digital insurance platform iptiQ increased the number of partners by 11 in the period.

Outlook

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "Swiss Re is well-equipped to benefit from an improving market environment. Our capital position is very strong, allowing us to pursue profitable growth as prices develop favourably across both our P&C Re and Corporate Solutions businesses. We are confident that we can continue to support our clients with risk knowledge, capital strength and tailored solutions in these unprecedented times."

² Assumes an average large natural catastrophe loss burden and excludes prior-year reserve developments as well as the COVID-19 impact.

Details of 9M 2020 performance		9M 2019	9M 2020	9M 2020 excl. COVID-19³
Consolidated Group (Total)	Net premiums earned and fee income (USD millions)	28 443	30 164	
	Net income/loss (USD millions)	1 343	-691	1 643
	Return on equity (% annualised)	6.0	-3.3	7.5
	Return on investments (% annualised)	4.3	3.4	
	Running yield (% annualised)	2.9	2.4	
		31.12.2019	30.09.2020	
	Shareholders' equity (USD millions)	29 251	27 040	29 374
	Book value per share (USD)	100.64	93.56	101.64
		9M 2019	9M 2020	9M 2020 excl. COVID-19
P&C Reinsurance	Net premiums earned (USD millions)	14 213	15 517	
	Net income/loss (USD millions)	880	-201	1 039
	Combined ratio (%)	101.4	110.3	100.1
	Return on equity (% annualised)	11.8	-3.2	15.5
L&H Reinsurance	Net premiums earned and fee income (USD millions)	9 494	10 102	
	Net income (USD millions)	651	72	620
	Return on equity (% annualised)	11.8	1.2	9.7
	Running yield (% annualised)	3.4	3.0	
Corporate Solutions	Net premiums earned (USD millions)	3 105	2 994	
	Net income/loss (USD millions)	-441	-323	211
	Combined ratio (%)	127.0	118.7	96.0
	Return on equity (% annualised)	-29.8	-21.4	12.3
Life Capital	Net premiums earned and fee income (USD millions)	1 631	1 551	
	Net income/loss (USD millions)	40	-136	-124
	Return on equity (% annualised)	0.9	-4.8	-4.3
	Gross premiums written – open books (USD millions)	1 550	1 829	

³ This column is for reference only and excludes the impact of claims and reserves established for COVID-19 and the associated estimated tax impacts.

Details of 9M 2020 COVID-19 claims and reserves

	P&C Reinsurance	L&H Reinsurance	Corporate Solutions	Life Capital	Total
Event cancellation	325	-	356	-	681
Business interruption	879	-	140	-	1 019
Credit & surety	29	-	146	-	175
Mortality	-	655	-	12	667
Other lines	354	34	36	3	427
Total	1 587	689	678	15	2 969

Media conference call

Swiss Re will hold a media call with a dial-in possibility this morning at 8:30 (CET). If you plan to dial in, you are kindly requested to call 10 minutes prior to the start using the following numbers:

From Switzerland:	+41 (0) 58 310 5000
From Germany:	+49 (0) 69 5050 0082
From the UK:	+44 (0) 207 107 0613
From France:	+33 (0) 1 7091 8706
From the USA:	+1 (1) 631 570 5613
From Hong Kong:	+852 5808 1769

Investors' and analysts' conference call

Swiss Re will hold an investors' and analysts' conference call this afternoon at 14:00 (CET) which will focus on Q&A. You are kindly requested to dial in 10 minutes prior to the start using the following numbers:

From Switzerland:	+41 (0) 58 310 5000
From Germany:	+49 (0) 69 5050 0082
From the UK:	+44 (0) 207 107 0613
From France:	+33 (0) 1 7091 8706
From the USA:	+1 (1) 631 570 5613

Swiss Re

The Swiss Re Group is one of the world's leading providers of reinsurance, insurance and other forms of insurance-based risk transfer, working to make the world more resilient. It anticipates and manages risk – from natural catastrophes to climate change, from ageing populations to cyber crime. The aim of the Swiss Re Group is to enable society to thrive and progress, creating new opportunities and solutions for its clients. Headquartered in Zurich, Switzerland, where it was founded in 1863, the Swiss Re Group operates through a network of around 80 offices globally. It is organised into three Business Units, each with a distinct strategy and set of objectives contributing to the Group's overall mission.

For logos and photography of Swiss Re executives, directors or offices go to <https://www.swissre.com/media/electronic-press-kit.html>

For media 'b-roll' please send an e-mail to media_relations@swissre.com



Cautionary note on forward-looking statements

Certain statements and illustrations contained herein are forward-looking. These statements (including as to plans, objectives, targets, and trends) 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”, “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 the Group’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:

- the frequency, severity and development of insured claim events, particularly natural catastrophes, man-made disasters, pandemics, acts of terrorism or acts of war;
- mortality, morbidity and longevity experience;
- the cyclicity of the reinsurance sector;
- central bank intervention in the financial markets, trade wars or other protectionist measures relating to international trade arrangements, adverse geopolitical events, domestic political upheavals or other developments that adversely impact global economic conditions;
- increased volatility of, and/or disruption in, global capital and credit markets;
- 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;
- the Group’s inability to realize amounts on sales of securities on the Group’s balance sheet equivalent to their values recorded for accounting purposes;
- the Group’s inability to generate sufficient investment income from its investment portfolio, including as a result of fluctuations in the equity and fixed income markets, the composition of the investment portfolio or otherwise;
- changes in legislation and regulation, or the interpretations thereof by regulators and courts, affecting the Group or its ceding companies, including as a result of comprehensive reform or shifts away from multilateral approaches to regulation of global operations;
- the lowering or loss of one of the financial strength or other ratings of one or more companies in the Group, and developments adversely affecting its ability to achieve improved ratings;
- uncertainties in estimating reserves, including differences between actual claims experience and underwriting and reserving assumptions;
- 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;
- legal actions or regulatory investigations or actions, including in respect of industry requirements or business conduct rules of general applicability;

- the outcome of tax audits, the ability to realize tax loss carryforwards and the ability to realize 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 the Group's business model;
- changes in accounting estimates or assumptions that affect reported amounts of assets, liabilities, revenues or expenses, including contingent assets and liabilities;
- changes in accounting standards, practices or policies;
- strengthening or weakening of foreign currencies;
- reforms of, or other potential changes to, benchmark reference rates;
- failure of the Group's hedging arrangements to be effective;
- significant investments, acquisitions or dispositions, and any delays, unforeseen liabilities or other costs, lower-than-expected benefits, impairments, ratings action or other issues experienced in connection with any such transactions;
- extraordinary events affecting the Group's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- changing levels of competition;
- the effects of business disruption due to terrorist attacks, cyberattacks, natural catastrophes, public health emergencies, hostilities or other events;
- limitations on the ability of the Group's subsidiaries to pay dividends or make other distributions; and
- operational factors, including the efficacy of risk management and other internal procedures in anticipating and managing the foregoing risks.

These factors are not exhaustive. The Group 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.

This communication is not intended to be a recommendation to buy, sell or hold securities and does not constitute an offer for the sale of, or the solicitation of an offer to buy, securities in any jurisdiction, including the United States. Any such offer will only be made by means of a prospectus or offering memorandum, and in compliance with applicable securities laws.