

Swiss Re



Swiss Re

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Agenda

- Key points 2006
 - Strong P&C renewals as expected
 - Closed acquisition of GEIS
 - IS integration on track and positive news on retention of business so far
 - Strong H1 results
- Strategy
- P&C reserving and US GAAP
- Renewals 2007



Strategy (I)

Aspiration

To be the leading force in the risk transfer industry, combining professional resources and skills with customer focus to deliver economic profit growth

Strategic direction

Building blocks

Generate economic profit growth

Reduce earnings volatility

Enlarge market scope

Foundation of success

Advance organisational excellence

Deliverables

Best in class
customer
service

Attractive
shareholder
returns



Strategy (II)

Generate economic profit growth

through

Intelligent cycle management and efficient capital allocation

Reduce earnings volatility

through

Our capital markets expertise, scale and diversification

Enlarge market scope

through

Organic and transaction-related activities to address the needs of our clients

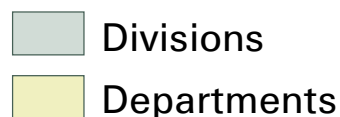
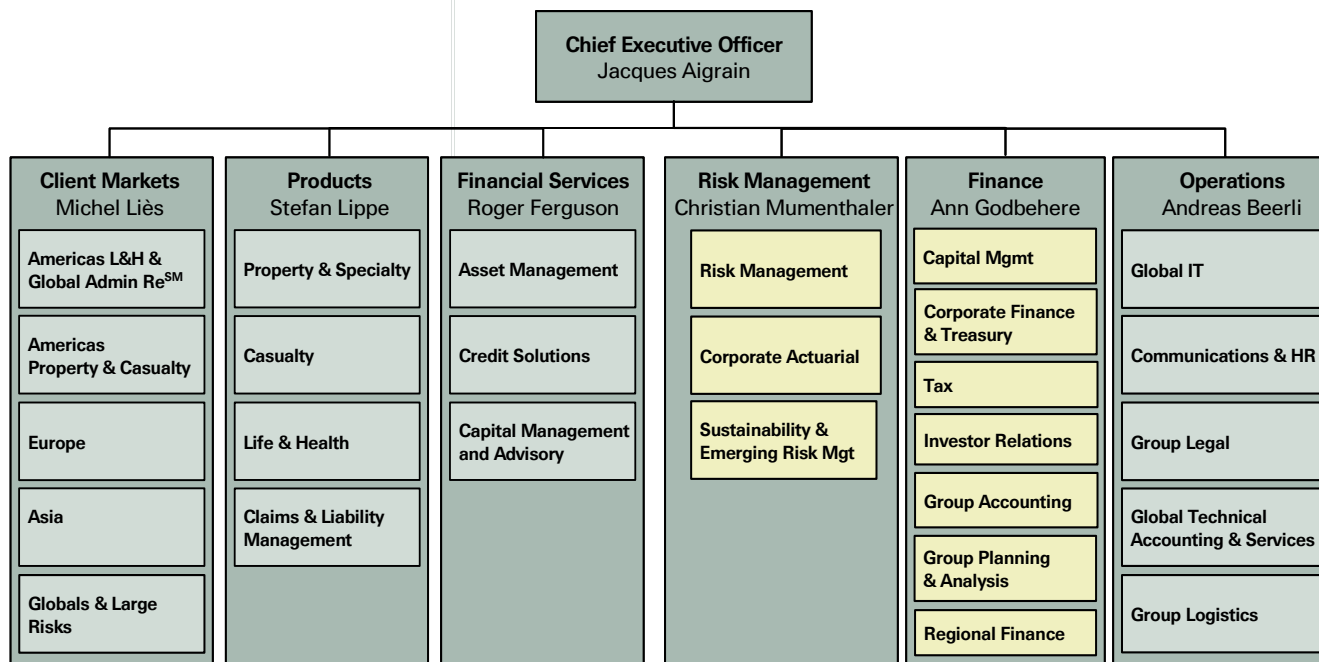
Advance organisational excellence

through

Efficient processes, innovative skills and professional expertise



Efficient processes, innovative skills and professional expertise



- Disciplined underwriting and high-quality standards match clients' needs for a partner committed to long-term value
- Attract, develop and retain best people to ensure clients are provided with highest levels of expertise and service
- Effective risk control, separating responsibilities for client service, underwriting, reserving and reporting. Chief Risk Officer is a member of Executive Board
- Results-oriented approach with focus on efficient business processes: Swiss Re targets at least USD 300m cost reduction by end 2007 from IS acquisition

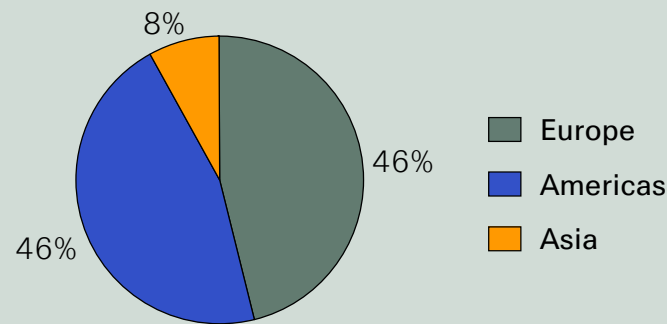
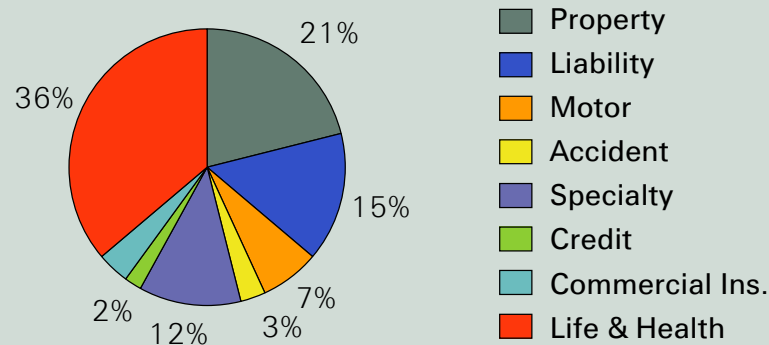


Risk, Return & Growth – Getting the Balance Right

- Focus on economic profit, not volume
- Due to size, diversification and strong balance sheet, Swiss Re is well positioned to write complex and long tail business, if transparency of risks, pricing and terms and conditions are adequate
- Key challenges are to further improve efficiency of operations and optimise the capital structure

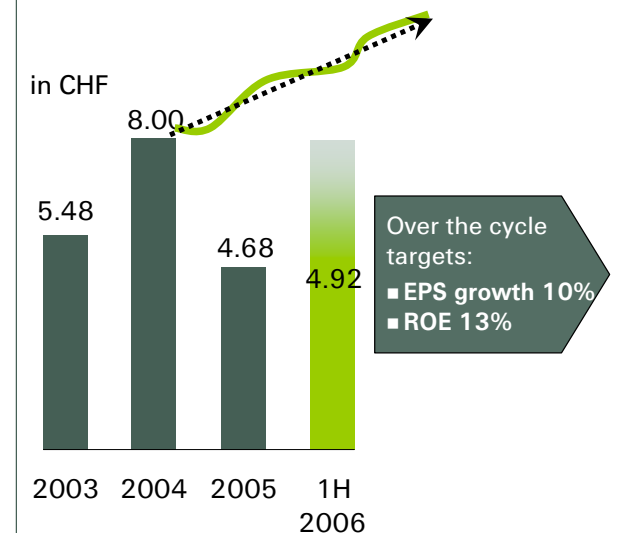
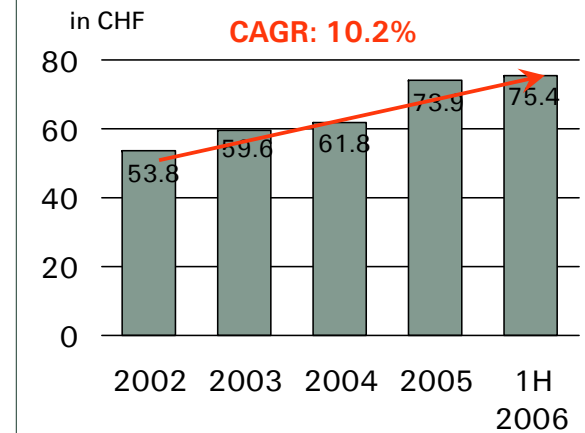
2005 portfolio (NPE)

Swiss Re and Insurance Solutions



Pro forma net premiums earned: USD 28.0bn

Book value per share*



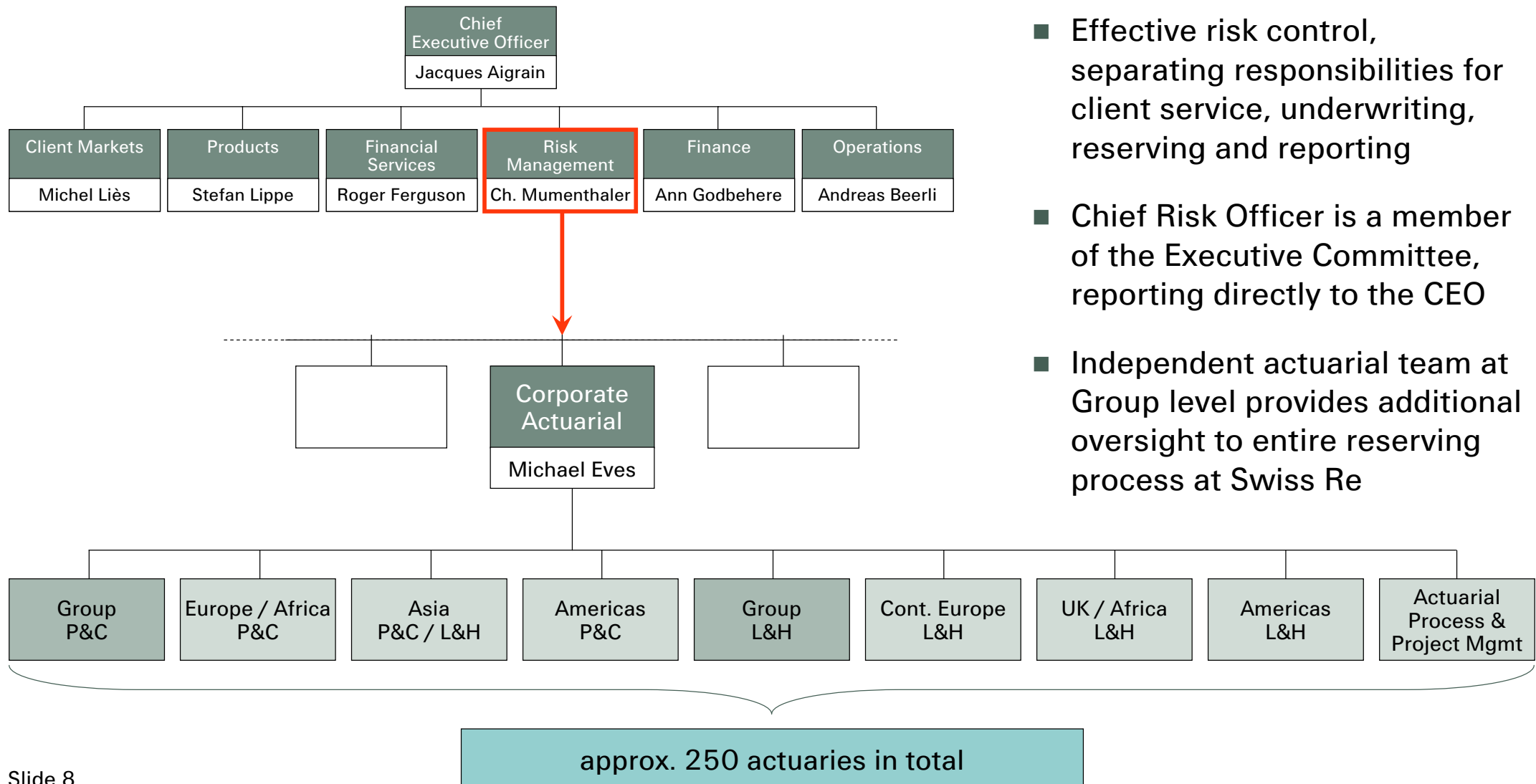


Key points P&C reserves

- Swiss Re believes its corporate governance, processes and methodology for P&C reserving are best in class
- Swiss Re has high confidence in its reserve adequacy, including Insurance Solutions reserves
- With Swiss Re's excellent diversification and overall P&C reserves of CHF 80bn at mid 2006, there is scope for positive reserve development, in particular from recent years



Reserving actuaries are independent of business



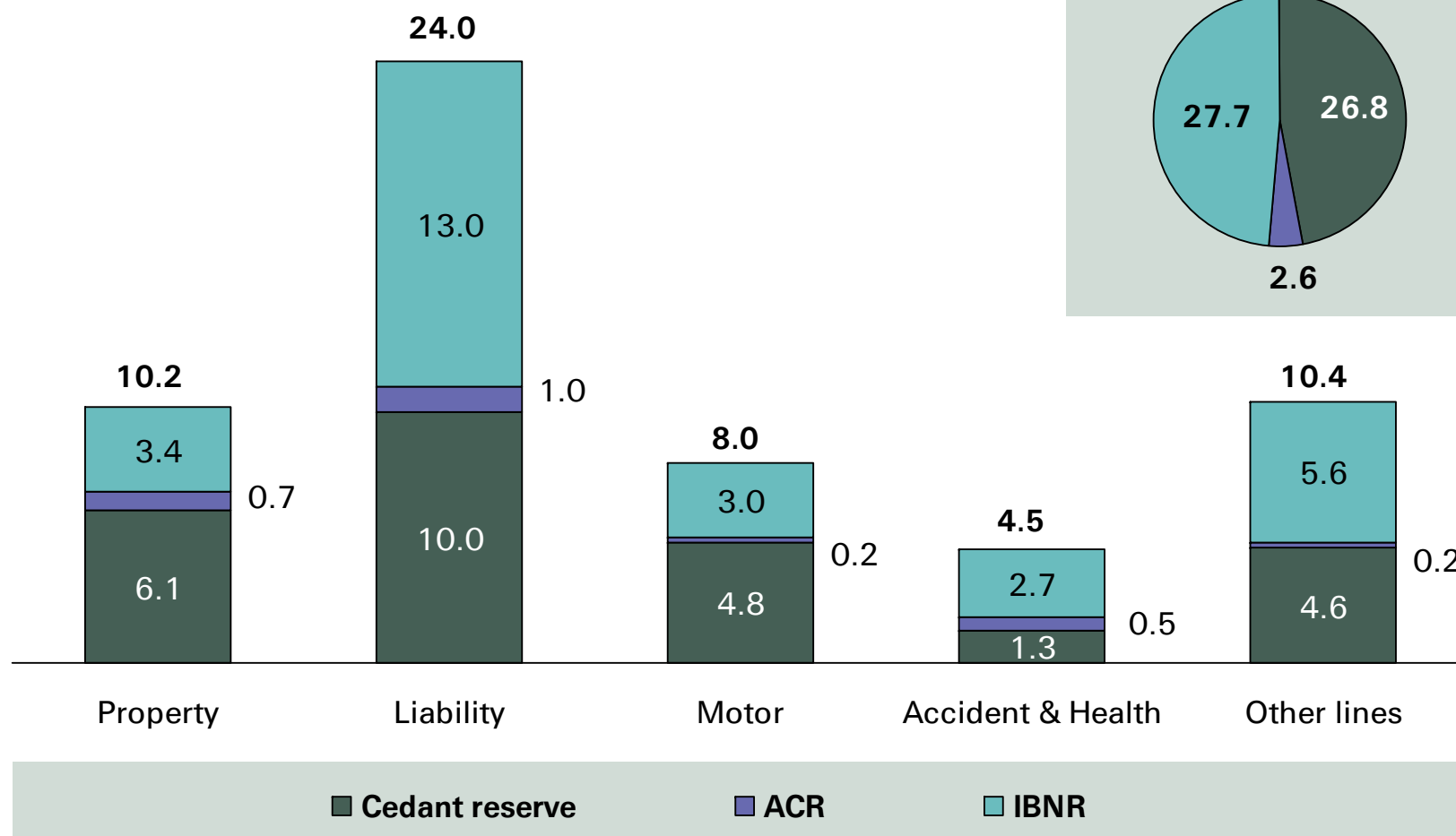
- Effective risk control, separating responsibilities for client service, underwriting, reserving and reporting
- Chief Risk Officer is a member of the Executive Committee, reporting directly to the CEO
- Independent actuarial team at Group level provides additional oversight to entire reserving process at Swiss Re



Swiss Re's IBNRs and ACRs more than 53% of total reserves

Total gross reserves: CHF 57.1bn as of 31.12.2005

in CHF bn



Cedant reserve

Reserve reported by cedant based on actual, notified claims and excluding any allowance for unreported claims

Additional Case Reserve (ACR)

Reserve created in respect of known claims where the claim reserve as assessed by Swiss Re Claims Management is different from reserve reported by cedant

IBNR

Reserve for claims relating to insured events that have occurred but that have not yet been reported (or not enough reported) as of the date of the financial statements



Loss development table^{*)}

Net claim reserves and re-estimates

CHF millions		Original reporting year										
		1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Net claim reserves as of 31.12.		21 282	28 474	31 767	33 387	37 907	42 096	51 455	45 061	46 852	47 456	55 513
Current reserves plus payments since original reporting year	1 year later	23 797	28 385	29 904	34 765	37 388	41 760	46 380	46 098	46 865	52 453	
	2 years later	23 828	26 602	30 860	33 604	36 200	39 811	47 005	46 274	51 158		
	3 years later	22 701	37 423	29 193	32 112	34 472	40 588	47 500	50 167			
	4 years later	23 244	26 043	27 536	30 079	34 215	40 850	50 731				
	5 years later	22 286	24 660	25 596	29 402	34 389	42 197					
	6 years later	21 149	22 924	25 302	29 335	35 409						
	7 years later	20 039	22 493	25 175	30 071							
	8 years later	19 739	22 457	25 568								
	9 years later	19 708	22 959									
	10 years later	20 171										
Surplus / (deficiency)		1 111	5 515	6 199	3 316	2 498	-101	724	-5 106	-4 306	-4 997	
		5.2%	19.4%	19.5%	9.9%	6.6%	-0.2%	1.4%	-11.3%	-9.2%	-10.5%	
Excluding foreign exchange: Surplus / (deficiency)		3 214	5 876	5 907	4 125	-84	-3 655	-5 906	-5 757	-2 923	-994	
		15.1%	20.6%	18.6%	12.4%	-0.2%	-8.7%	-11.5%	-12.8%	-6.2%	-2.1%	



Estimated net accident year view

Positive developments from earlier and recent years more than offset 1998-2001

CHF millions

Ultimate claims, at 31.12.2005 exchanges rates

	Ultim. claims at end of first development year	1 year later	2 years later	3 years later	4 years later	5 years later	6 years later	7 years later	8 years later	9 years later	10 years later	Surplus/ (Deficiency)	Latest reserves ^{*)}
Pre-1996	22 797	22 537	22 199	21 685	21 164	20 530	19 395	19 042	18 905	19 063	19 193	3 603	3 961
1996	10 288	10 089	9 614	9 418	9 094	8 842	8 446	8 396	8 426	8 381		1 907	1 322
1997	9 515	9 590	9 413	9 244	8 998	8 984	9 123	9 069	8 877			639	1 350
1998	10 023	9 693	10 178	10 201	10 654	10 453	10 686	10 745				(722)	2 559
1999	9 545	10 268	10 494	11 170	11 759	12 088	12 152					(2 607)	2 312
2000	13 175	13 863	14 479	15 862	16 207	16 006						(2 832)	4 541
2001	16 643	15 590	15 889	16 537	17 701							(1 058)	7 381
2002	12 661	12 145	12 038	12 204								457	5 369
2003	13 734	12 779	12 725									1 009	6 083
2004	13 108	12 420										687	7 447
2005	14 887											0	13 188
Total												1 084	55 513

All years include the effect of discounting as at 31.12.2005 and figures include claim adjustment expenses



Swiss Re's reserving has been more than adequate

- The previous slide shows that over last 10 years there have been overall releases of reserves compared to the reserve set up at the end of the first development year
- Reserving accident years 1998-2001 impacted by significant adverse development for liability business
 - these years have seen severe claims development in certain areas, such as pharma, financial institutions and directors' & officers' risks
 - most of these claims took several years to emerge but are now reaching maturity
- Otherwise, Swiss Re has a history of positive reserve developments arising from its realistic reserving policy
- With such a large overall portfolio, reserving risk is spread across many sub-portfolios and across time; hence even the poor record of 1998-2001 has been absorbed

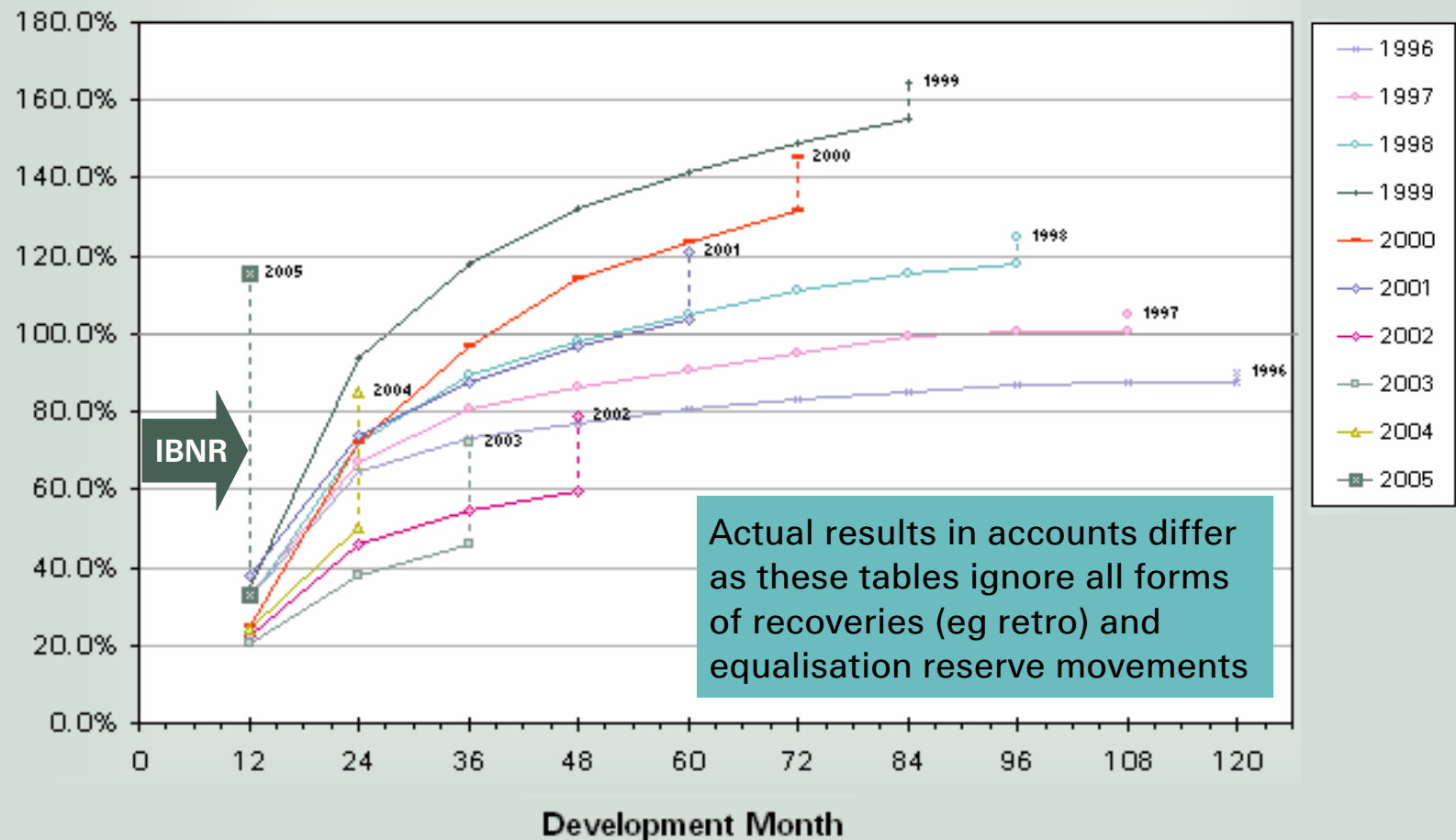
Swiss Re Group – overall

Reserving shows effect of underwriting cycle, recent years performing very well



Treaty year	Earned premium in CHFm	Ult claims ratio
1994	7 694	82.1%
1995	7 704	85.2%
1996	7 282	90.3%
1997	6 944	104.8%
1998	7 083	124.7%
1999	7 545	164.3%
2000	9 779	145.3%
2001	11 868	121.2%
2002	11 422	79.0%
2003	12 171	71.7%
2004	11 978	85.1%
2005	8 259	115.7%

Reported claims (paid plus case) for last 10 treaty years
(in % of premiums earned, net of commission)



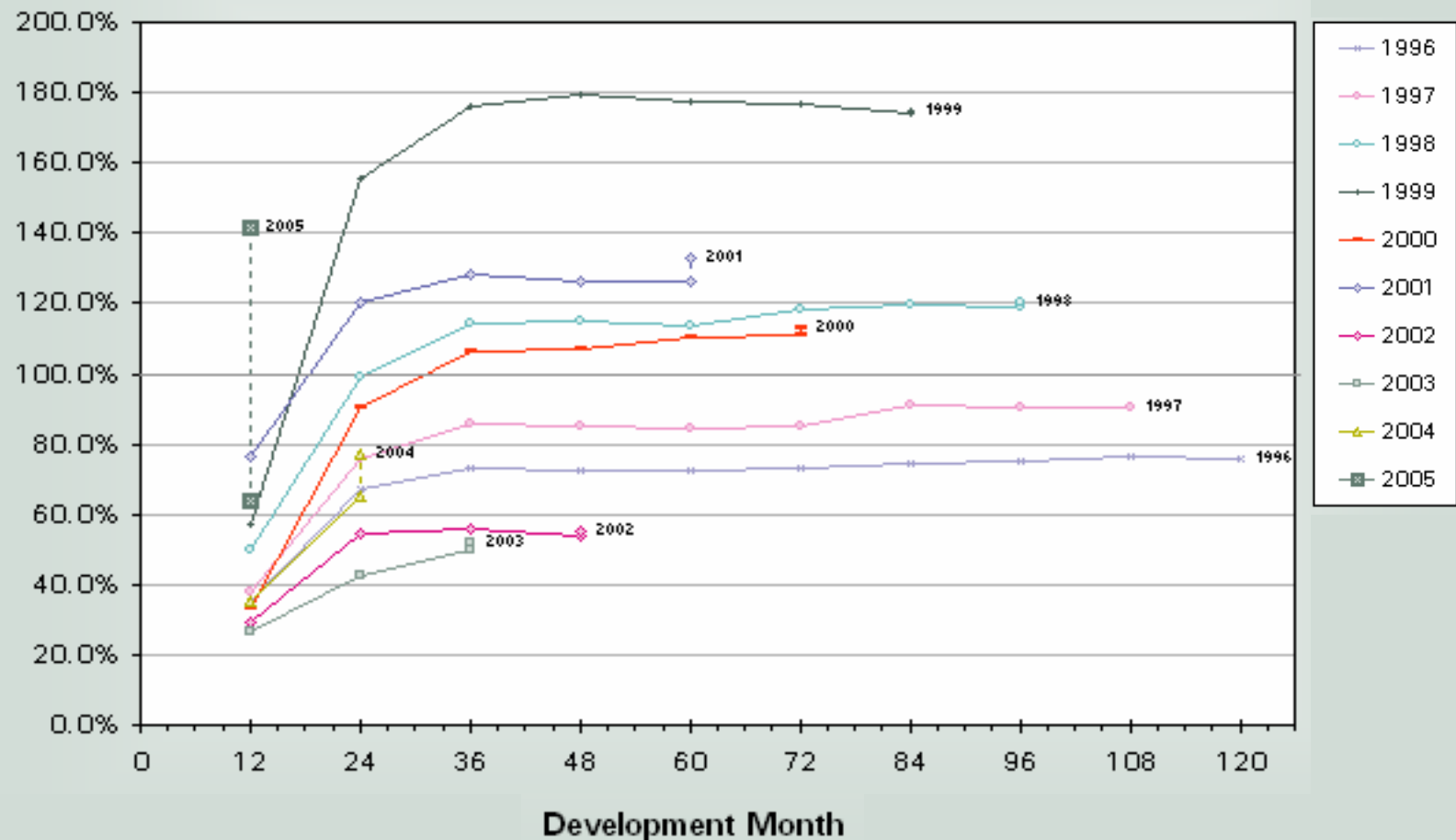
Swiss Re Group – property

Development complete after 3 years, large claims known quickly, no major reserve risk



Treaty year	Earned premium in CHFm	Ult claims ratio
1994	2 617	71.5%
1995	2 533	74.3%
1996	2 378	76.0%
1997	2 253	90.6%
1998	2 095	120.5%
1999	2 428	174.8%
2000	2 870	113.2%
2001	3 843	132.6%
2002	3 902	55.3%
2003	4 033	52.1%
2004	4 044	76.9%
2005	3 200	141.5%

Reported claims (paid plus case) for last 10 treaty years (in % of premiums earned, net of commission)



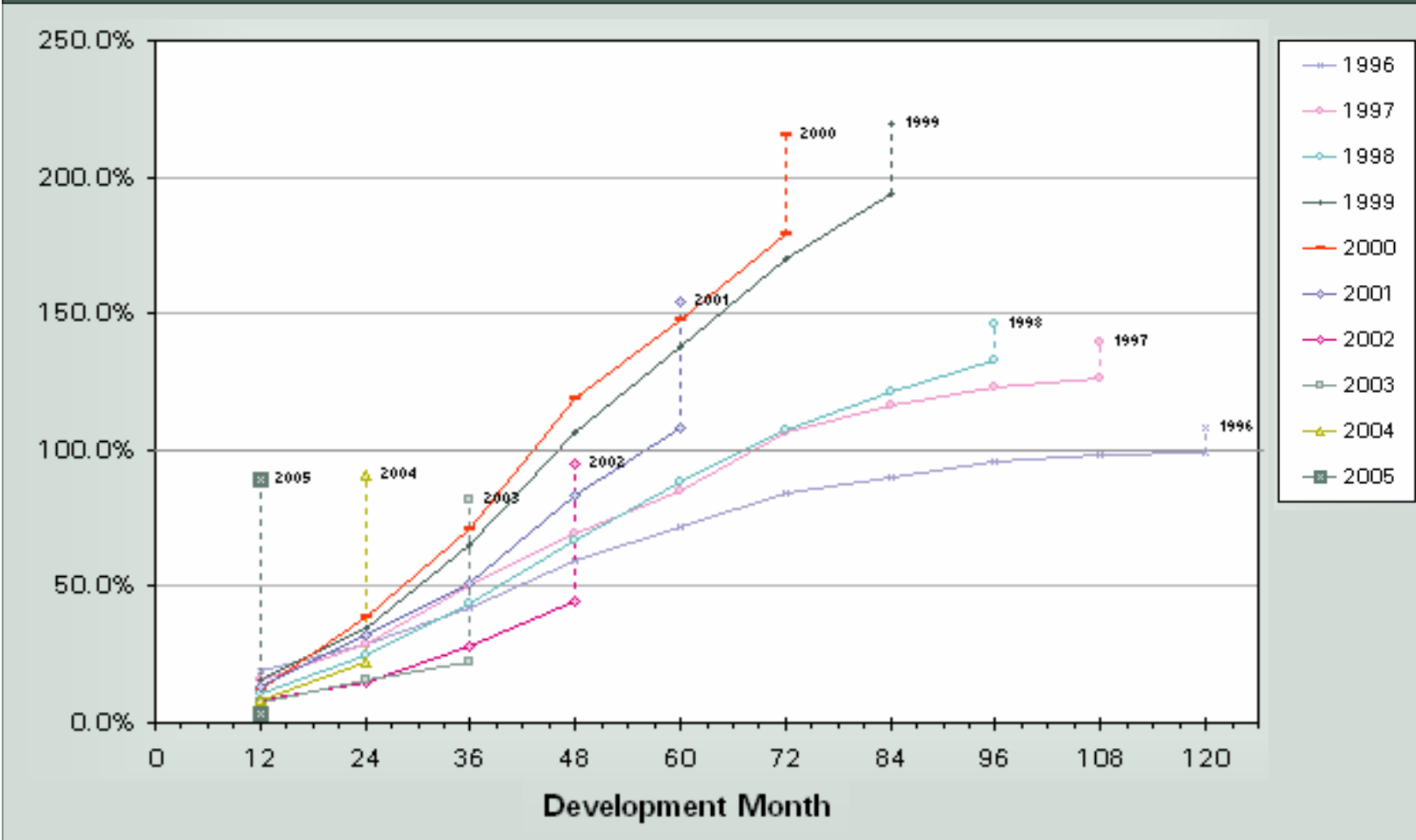


Swiss Re Group – liability

Development of post-2001 even lower than pre-1998, coupled with much larger premiums

Treaty year	Earned premium in CHFm	Ult claims ratio
1994	1 116	92.0%
1995	1 207	99.9%
1996	1 183	108.4%
1997	1 214	139.7%
1998	1 714	145.6%
1999	1 632	219.3%
2000	2 387	215.5%
2001	2 669	154.4%
2002	2 942	94.7%
2003	3 564	81.8%
2004	3 247	90.4%
2005	1 796	89.3%

Reported claims (paid plus case) for last 10 treaty years (in % of premiums earned, net of commission)





Swiss Re's key strengths to minimise reserving risk

- Reserving actuaries are independent of the business
 - all P&C and L&H reserving actuaries report directly to CRO who reports to CEO
- Within P&C actuarial, there is an independent team who reviews over 90% of all reserves (2nd level of review)
- Direct feedback loop from reserving actuaries to underwriters facilitates immediate price adjustments
- Swiss Re management selects best estimate in the upper half of the range determined by the actuaries
- This setup has been strengthened in the last 5 years



Insurance Solutions reserves – thorough due diligence process

- Swiss Re conducted a detailed and thorough review of Insurance Solutions' reserves, utilising the assistance of an external actuarial firm
- P&C (incl. A&E): Swiss Re identified significant deficiencies, generally attributable to years 2001 and prior
- Non actuarial reserves (eg pharmaceutical, financial institutions, litigation): analysis suggested deficiency and a portion of overall reserve strengthening was attributable to these segments
- L&H: reserves were reviewed and US business was subsequently excluded from the transaction

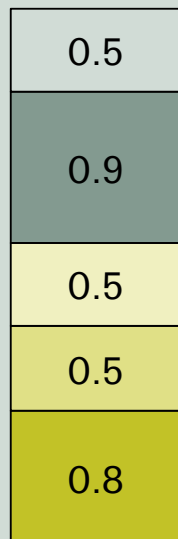


Insurance Solutions reserves since closing

Pre-closing increase: composition by line

in USD bn

3.2

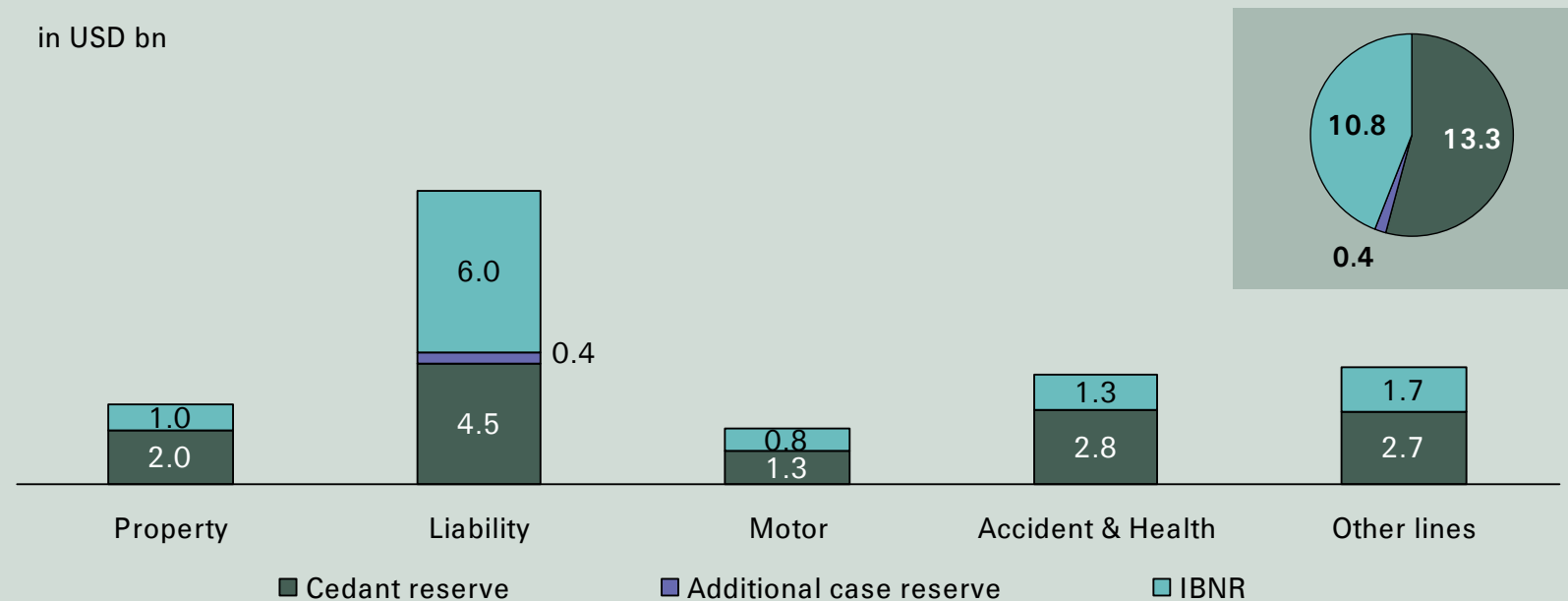


- Other lines
- Other liability
- A&E
- Product liability
- Workers' comp

- Acquisition agreement priced in USD 3.4 billion reserve increase; actual increase pre-closing was USD 3.15 billion
- USD 250 million adjustment in 1H 2006 PGAAP balance sheet
- Reserve review substantially complete; confirms reserves within best estimate range, minor adjustment (less than 1% of reserves) to move reserves up in range

Total gross reserves as of 30.6.2006: USD 24.5bn

in USD bn





Key points US GAAP

- 2005 US GAAP RoE 9.8% (Swiss GAAP 6.7%), with earnings up 59% primarily due to forex adjustments and shareholders' equity up 6%, primarily due to marking to market fixed income securities
- Presentation changes to Group accounts, but business segment results will remain largely unchanged other than equalisation reserves in P&C
- Accounting presentation has no impact on the economics of the Swiss Re Group and management targets remain unchanged



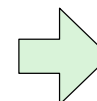
Reinsurance pricing levels remain firm

- There is no room for declining RoEs in the industry → either underwrite price-adequate business or use alternatives for capital required
- Rating agencies' capital charge for peak risks structurally impacts demand and asset allocation

Property incl. nat cat US



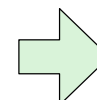
Property incl. nat cat (excl. US)



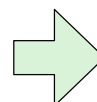
Casualty overall (excl. motor)



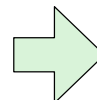
Motor



Casualty critical risks/products (e.g. D&O)



Special lines



Marine offshore





Cautionary note on forward-looking statements

Certain statements contained herein are forward-looking. These statements 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, performance, achievements or prospects to be materially different from any future results, performance, achievements or prospects expressed or implied by such statements. Such factors include, among others:

- the impact of completed and future investments, acquisitions or dispositions, and any delays, unexpected costs or other issues experienced in connection with any such transaction, including the ability to efficiently and effectively integrate the former GE Insurance Solutions operations into our own;
- cyclical nature of the reinsurance industry;
- changes in general economic conditions, particularly in our core markets;
- uncertainties in estimating reserves;
- the performance of financial markets;
- expected changes in our investment results as a result of the changed composition of our investment assets or changes in our investment policy;
- the frequency, severity and development of insured claim events;
- acts of terrorism and acts of war;
- mortality and morbidity experience;
- policy renewal and lapse rates;
- changes in rating agency policies or practices;
- the lowering or withdrawal of one or more of the financial strength or credit ratings of one or more of our subsidiaries;
- changes in levels of interest rates;
- political risks in the countries in which we operate or in which we insure risks;
- extraordinary events affecting our clients, such as bankruptcies and liquidations;
- risks associated with implementing our business strategies;
- changes in currency exchange rates;
- changes in laws and regulations, including changes in accounting standards and taxation requirements; and
- changes in competitive pressures.

These factors are not exhaustive. We operate in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on forward-looking statements. We undertake 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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Q&A

Sal Oppenheim
European Fin. Conference
Zurich, 28 November 2006