

News release

Swiss Re reports first-quarter net income of USD 333 million, driven by strong underlying performance of all businesses

- Excluding COVID-19 claims and reserves, Group net income of USD 843 million and return on equity (ROE) of 12.9%
- Property and Casualty Reinsurance (P&C Re) net income of USD 477 million; ROE of 21.6%
- Successful April 2021 P&C Re renewals, with growth at attractive margins
- Life and Health Reinsurance (L&H Re) net loss of USD 184 million; excluding COVID-19 losses, net income of USD 270 million and ROE of 16.8%
- Corporate Solutions net income of USD 96 million; ROE of 16.2%
- Strong return on investments (ROI) of 3.5%

Zurich, 30 April 2021 – Swiss Re reported a Group net income of USD 333 million in the first quarter of 2021, as the strong underlying performance of all businesses more than offset losses related to COVID-19 (USD 643 million) and large natural catastrophes (USD 426 million). Excluding COVID-19-related claims and reserves, Swiss Re's net income was USD 843 million.

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "The start of 2021 has seen record numbers of COVID-19-related deaths in many countries, and our thoughts go out to those who have lost a loved one. The devastating human toll of the pandemic is also reflected in the financial results of Swiss Re as the world's largest life and health reinsurer. As we continue to support our clients and communities affected by the pandemic, the underlying performance of all our businesses remains very strong and underpins our confidence."

Swiss Re's Group Chief Financial Officer John Dacey said: "The return to profitability this quarter in our property and casualty businesses underlines the earnings potential of our diversified business model. We effectively absorbed the heightened mortality impact on our life and health business and maintained a very strong capital position."

Swiss Re achieved a strong ROI of 3.5% in the first quarter of 2021. The investment result was driven largely by recurring income supplemented by gains from equity valuations. The result reflected an effective balance of active management and preservation of sustainable income.

Media Relations,
Zurich
Telephone +41 43 285 7171

New York
Telephone +1 914 828 6511

Singapore
Telephone +65 6232 3302

Investor Relations,
Zurich
Telephone +41 43 285 4444

Swiss Re Ltd
Mythenquai 50/60
CH-8022 Zurich

Telephone +41 43 285 2121

www.swissre.com
 @SwissRe

P&C Re delivers strong performance, driven by focus on underwriting margins and portfolio quality

P&C Re reported a net income of USD 477 million in the first quarter, up significantly from USD 61 million in the same period last year. This is the result of continued price improvements and disciplined underwriting, which also contained the large natural catastrophe losses of USD 316 million, primarily relating to US winter storms. Excluding COVID-19 impacts, P&C Re's net income was USD 509 million.

P&C Re's net premiums earned increased by 5.7% to USD 5.0 billion, driven by strong new business growth in 2020, which continues to earn through in 2021.

The ROE was 21.6% and the combined ratio was 96.5%, despite higher-than-expected natural catastrophe losses as well as COVID-19 impacts. As a result of improving margins, P&C Re is on track to achieve its normalised¹ combined ratio estimate of less than 95% in 2021.

Successful April P&C Re renewals

In April 2021, P&C Re renewed treaty contracts with USD 2.6 billion in premium volume. This represents a 20% increase in volume compared with the business that was up for renewal, reflecting attractive transaction opportunities and pricing. P&C Re achieved a nominal price increase of 4% in this renewal round, more than offsetting lower interest rates and higher loss assumptions.

L&H Re achieves strong underlying net income and ROE

L&H Re continued to see significant COVID-19-related losses of USD 570 million, driven by high mortality rates in the US and other countries, and reported a net loss of USD 184 million for the first quarter of 2021.

In the US, the first three months of 2021 saw the highest mortality since the start of the pandemic, with more than 200 000 reported deaths from COVID-19. Since March, the average daily mortality has significantly declined as vaccination efforts progress.

Excluding COVID-19 claims and reserves, L&H Re's underlying business achieved very strong results, with a net income of USD 270 million and an ROE of 16.8%. This was supported by a strong underwriting performance across all regions and favourable investment results.

Net premiums earned and fee income increased by 13.8% to USD 3.8 billion, primarily driven by longevity transactions in the EMEA region.

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

Corporate Solutions swings to profit after successful turnaround

For the first quarter of 2021, Corporate Solutions reported a net income of USD 96 million, compared with a net loss of USD 166 million in the prior-year period², reflecting a continuation of the successful turnaround achieved in 2020 and the diminishing impact of COVID-19-related losses. Excluding the COVID-19-related impacts, net income was USD 112 million.

Net premiums earned remained stable at USD 1.2 billion, as realised rate increases and growth in selected areas offset the impact of previous portfolio pruning measures. The strong pricing momentum experienced in 2020 continued in the first quarter of 2021, with Corporate Solutions achieving risk-adjusted price increases of 13%.³

The ROE amounted to 16.2% and the combined ratio was 96.0%, despite higher-than-expected natural catastrophe losses of USD 110 million. As a result of disciplined underwriting, strict expense management and continued rate increases, the Business Unit is on track to achieve its targeted normalised⁴ combined ratio of less than 97% in 2021.

Continued dynamic growth at iptiQ

iptiQ continued its strong track record of growth in the first quarter of 2021. Compared with the same period last year, gross premiums written for the core business rose by 150% to USD 167 million, as iptiQ expanded its property and casualty business in the EMEA region.

Outlook

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "We have seen a solid start to 2021 and expect all our businesses to continue delivering a strong underlying performance with diminishing COVID-19 losses. I am particularly encouraged by the improving profitability in our property and casualty businesses, supported by strong renewals year to date in improving market conditions."

² For Corporate Solutions, Q1 2020 has been revised from the originally reported net loss of USD 167 million to a net loss of USD 166 million to reflect the results of elipsLife, which as of 1 January 2021 is reported as part of Corporate Solutions following the disbandment of the Life Capital Business Unit at the end of 2020.

³ Excludes elipsLife.

⁴ Assumes an average large natural catastrophe loss burden and excludes prior-year reserve development as well as the COVID-19 impact.

Details of Q1 2021 performance

		Q1 2020 ⁵	Q1 2020 Excluding COVID-19 ⁶	Q1 2021	Q1 2021 Excluding COVID-19 ⁶
Consolidated Group (Total)	Net premiums earned and fee income (USD millions)	9 586		10 212	
	Net income/loss (USD millions)	-225	158	333	843
	Return on equity (%, annualised)	-3.1	2.2	5.2	12.9
	Return on investments (%, annualised)	3.2		3.5	
	Recurring income yield (%, annualised)	2.5		2.1	
		31.12.20		31.03.21	
	Shareholders' equity (USD millions)	27 135		24 586	
	Book value per share (USD)	93.90		85.17	
		Q1 2020 ⁵	Q1 2020 Excluding COVID-19 ⁶	Q1 2021	Q1 2021 Excluding COVID-19 ⁶
P&C Reinsurance	Net premiums earned (USD millions)	4 737		5 008	
	Net income (USD millions)	61	272	477	509
	Combined ratio (%)	110.8	105.5	96.5	95.6
	Return on equity (%, annualised)	3.0	13.2	21.6	23.0
L&H Reinsurance	Net premiums earned and fee income (USD millions)	3 366		3 832	
	Net income/loss (USD millions)	299		-184	270
	Recurring income yield (%, annualised)	3.1		2.7	
	Return on equity (%, annualised)	15.8		-11.8	16.8
Corporate Solutions	Net premiums earned (USD millions)	1 221		1 215	
	Net income/loss (USD millions)	-166	6	96	112
	Combined ratio (%)	120.6	102.3	96.0	94.4
	Return on equity (%, annualised)	-29.8	1.0	16.2	18.8

⁵ For Corporate Solutions, Q1 2020 has been revised to reflect the results of elipsLife, which as of 1 January 2021 is reported as part of Corporate Solutions following the disbandment of the Life Capital Business Unit at the end of 2020.

⁶ This column is for reference only and excludes the impact of the reserves established for COVID-19-related claims, including estimated tax impacts.

Details of Q1 2021 COVID-19 claims and reserves in USD millions

Q1 2021	P&C Reinsurance	L&H Reinsurance	Corporate Solutions	Group items	Total
Event cancellation	25		-7		18
Business interruption	11		20		31
Credit & surety	-4		1		-3
Mortality		570	6	9	585
Other lines	13		-1		12
Total	45	570	19	9	643

Media conference call

Swiss Re will hold a media call this morning at 08:30 CEST. In order to participate, please dial in 10 minutes prior to the start of the conference using the following numbers:

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

Investor and analyst call

Swiss Re will hold an investors' and analysts' call at 14:00 CEST, which will focus exclusively on Q&A. You are kindly requested to dial into the conference call 10–15 minutes prior to the start using the following numbers:

Switzerland:	+41 (0) 58 310 5000
United Kingdom:	+44 (0) 207 107 0613
United States:	+1 (1) 631 570 5613
Germany:	+49 (0) 69 5050 0082
France:	+33 (0) 1 7091 8706

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.

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 cyclical nature 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 realise 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 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, 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.