

News release

Swiss Re will further expand its R&D capabilities to efficiently allocate capital into growing risk pools

- Swiss Re's strategic framework positions the company well to face the current difficult environment and to access risk pools¹ with long-term growth potential
- Differentiated R&D activities are expected to support Swiss Re's position as key knowledge partner for its clients and support its own risk selection and capital allocation process
- Creation of the Swiss Re Institute will further strengthen and steer R&D activities across the organisation
- Swiss Re maintains a leading capital position; reiterates commitment to Group and Business Unit financial targets

Zurich, 2 December 2016 — Swiss Re's strategic framework, introduced a year ago, continues to position the company well to face the significant short- and medium-term industry challenges. It will also allow Swiss Re to access those risk pools which are expected to grow over the long term. This will be done by systematically applying Swiss Re's broad risk knowledge to identify and allocate capital to the most attractive risk pools. A stronger focus on and investment in research & development (R&D) and technology is expected to create a competitive advantage in this area and facilitate better client support in today's complex and fast-changing environment. This is consistent with Swiss Re's top priority of meeting its financial targets over the cycle and strengthening its long-term financial performance.

The current insurance environment is challenged by pricing pressures, low interest rates, political instability and regulatory fragmentation. At the same time, Swiss Re is convinced that the long-term trends for the insurance industry are positive. For example, risk pools will continue to expand based on rising GDP in the world's economies and demographic trends. Insurance penetration levels are still low in many parts of the world, especially in high growth markets. Technology in particular will help to close protection gaps worldwide by providing better, more efficient and cheaper offerings.

Amid the difficult short- and mid-term environment, Swiss Re's strategic framework, and particularly its investment in R&D and technology, positions

¹ Swiss Re has identified over 40 different liability and asset risk pools, such as property, mortality or health, into which it allocates capital based on the historical performance and future outlook of the pools.

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the Group well to leverage its unique capabilities to weather the challenges. Such investment helps sustain and expand Swiss Re's competitive advantage as a knowledge company. Swiss Re can offer risk expertise in addition to re/insurance capacity, with nearly 400 people currently engaged in research on risk, helping to differentiate Swiss Re from the competition.

Christian Mumenthaler, Swiss Re Group Chief Executive Officer, says: "We acknowledge significant challenges in some of our markets but we remain optimistic for our industry in the long term. In the current environment, it is absolutely essential that we focus on what we do best: leverage our capability to price risk and allocate capital to those opportunities that are most attractive. In practice this means we will continue to focus on our disciplined underwriting approach and further cut our capacity in some property and casualty businesses. On the other hand, we will invest more in life and health businesses. By placing even stronger emphasis on serving as the knowledge partner to our clients and by investing in those risk pools with the most attractive returns, we will be able to set ourselves apart."

Systematic capital allocation into growing risk pools

Differentiation is at the core of the Reinsurance strategy, combining tailored offerings with unique client interactions. This approach has enabled Swiss Re in the past to generate higher margins and outperform. Premiums from treaty renewals in P&C Re from transactions increased 81% in 2016 (through October 2016) compared to the same period in 2015. At the same time, as part of its disciplined underwriting approach, Swiss Re reduced premiums from conventional business by 4%. Continued growth in L&H Re also provides balance to the Reinsurance Business Unit's revenue streams. L&H Re shows strong underlying economic results, and continued growth in L&H Re can be expected to balance softness in P&C Re results. Both P&C Re and L&H Re segments aim to continue focusing on large and tailored transactions going forward.

Swiss Re's Corporate Solutions Business Unit continues on its path of disciplined underwriting by cutting capacity in lines of business where prices are at an unsustainable level and by focusing on opportunities such as the Primary Lead business. Primary Lead means insuring the primary layer (above the deductibles) and serving as the lead insurer for corporate clients. This initiative has already been rolled out in 14 core markets where Corporate Solutions now supports clients with these additional capabilities. Bolt-on acquisitions are a key element for the success of this initiative as well. They also broaden the Corporate Solutions footprint and it now serves clients out of 55 offices in 21 countries.

The Life Capital Business Unit increases Swiss Re's ability to access attractive risk pools in the closed and open life and health insurance books market. Life Capital has a major presence in the UK closed book market and monitors opportunities in Continental Europe. Life Capital plans to enter new European group life markets under the elipsLife brand, and intends to accelerate growth

in individual life and health insurance in Europe and to launch in the US under iptiQ.

Targeted High Growth Markets remain a key element of the growth strategy. Reinsurance premiums in these markets have grown at a compound annual growth rate of 17% from 2010 to 2015 and Swiss Re's workforce has more than doubled in these markets since 2011. The Group aims to continue building talent, deepen overall market penetration and narrow the protection gap jointly with its clients going forward.

Risk knowledge supports capital allocation strategy

Swiss Re makes significant investments in R&D to further strengthen its competitive advantage. These activities bring tangible benefits for Swiss Re clients, for example by providing them with access to proprietary tools like Magnum Mobile. Magnum Mobile is a powerful point-of-sale tablet application for life and health products that enables agents to collect and submit customer information remotely, and receive a decision in real time. Leveraging technology enables Swiss Re to better understand risk, improve underwriting processes and increase the efficiency of reinsurance. Swiss Re has executed over 500 digital product or capability use-cases over the last three years, spanning the entire re/insurance value chain from product design to claims.

Swiss Re Institute to sustain leadership as a knowledge company and enhance differentiation

Swiss Re today announces the creation of the Swiss Re Institute. The Swiss Re Institute will bring together many existing functions/initiatives and sustain research partnerships with dynamic external research partners. It aims to support Swiss Re's decision-making on its capital allocation while enabling it to deploy more knowledgeable solutions for its clients.

Christian Mumenthaler, Swiss Re Group Chief Executive Officer, says: "Building up knowledge and centres of competence through R&D has been in our focus for a long time and we have created an enormous amount of value. With the Swiss Re Institute, we expect to accelerate this and we believe it is virtually impossible to replicate this knowledge base within a reasonable time frame. This provides us with a competitive advantage and a strong base to aid in making the world more resilient."

Ambitious financial targets

Swiss Re reiterates its commitment to achieve the individual Business Units' return on equity (RoE) targets and its two Group financial targets over the cycle. In terms of profitability, the target is an RoE of or above 700 basis points over the risk-free rate, measured by 10-Year US government bonds. The growth target aims for an increase in Economic Net Worth (ENW) per share of 10% or more per annum.

David Cole, Swiss Re Group Chief Financial Officer, says: "We are committed to meeting our ambitious targets. We've generated an RoE of more than 11% over the past 10 years and an economic net worth per share growth over the same period of over 14%. This gives us confidence that we can continue delivering strong performance over the cycle."

David Cole continues: "Our capital position today remains very strong and is one of the highest in our industry. Our capital management priorities are attractive and remain unchanged. We aim to ensure superior capitalisation at all times and maximise financial flexibility. We aim to grow the regular dividend with long-term earnings, or at a minimum maintain it. We will deploy capital for business growth where it meets our strategy and profitability requirements and we are committed to repatriate further excess capital to shareholders."

Notes to editors

Investors' Day media conference call

Swiss Re will hold a media conference call this morning at 08.30 am (CET). If you would like to participate, please dial in 10 minutes before the start of the conference.

The presentation slides for the Investors' Day are available here:
http://www.swissre.com/investors/events/Investors_Day_2016.html

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Investors' Day webcast

Swiss Re's 2016 Investors' Day can be followed by live web cast. Media may listen in. For more information please go to <http://www.swissre.com/investors/events/> or click here: <https://swissre.adobeconnect.com/a986197440/investors-day/>

About Swiss Re

The Swiss Re Group is a leading wholesale provider of reinsurance, insurance and other insurance-based forms of risk transfer. Dealing direct and working through brokers, its global client base consists of insurance companies, mid-to-large-sized corporations and public sector clients. From standard products to tailor-made coverage across all lines of business, Swiss Re deploys its capital strength, expertise and innovation power to enable the risk-taking upon which enterprise and progress in society depend. Founded in Zurich, Switzerland, in 1863, Swiss Re serves clients through a network of around 70 offices globally and is rated "AA-" by Standard & Poor's, "Aa3" by Moody's and "A+" by A.M. Best. Registered shares in the Swiss Re Group holding company, Swiss Re Ltd, are listed in accordance with the International Reporting Standard on the SIX Swiss Exchange and trade under the symbol SREN. For more information about Swiss Re Group, please visit: www.swissre.com or follow us on Twitter [@SwissRe](https://twitter.com/SwissRe).

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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:

- further instability affecting the global financial system and developments related thereto;
- further deterioration in global economic 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;
- 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 its investment policy or the changed composition of its investment assets, and the impact of the timing of any such changes relative to changes in market conditions;
- uncertainties in valuing credit default swaps and other credit-related instruments;
- possible inability to realise amounts on sales of securities on the Group's balance sheet equivalent to their mark-to-market values recorded for accounting purposes;
- 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;
- the possibility that the Group's hedging arrangements may not 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;
- the cyclical nature of the reinsurance industry;
- uncertainties in estimating reserves;
- uncertainties in estimating future claims for purposes of financial reporting, particularly with respect to large natural catastrophes, 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;
- the frequency, severity and development of insured claim events;

- acts of terrorism and acts of war;
- mortality, morbidity and longevity experience;
- policy renewal and lapse rates;
- extraordinary events affecting the Group's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- current, pending and future legislation and regulation affecting the Group or its ceding companies and the interpretation of legislation or regulations;
- 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 or other issues experienced in connection with any such transactions;
- changing levels of competition; and
- operational factors, including the efficacy of risk management and other internal procedures in 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.

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