

# News release

## Swiss Re confirms strategy and targets, outlines plans for further profitable growth in Reinsurance

- Reinsurance pursuing a targeted growth strategy, with strong contribution from Transactions and Solutions
- Growth strategy in natural catastrophe business supported by establishment of Alternative Capital Partners
- Corporate Solutions making progress in transforming to a more focused, profitable and resilient commercial insurance business
- Life Capital creating economic value through strong growth of iptiQ
- Swiss Re's capital position remains very strong, providing the basis for attractive growth opportunities and shareholder returns

London, 25 November 2019 – At today's Investors' Day, Swiss Re confirms its strategy, targets and capital management priorities, underlining its unique client access, leading risk knowledge and capital strength as key drivers of success. The Reinsurance Business Unit is the foundation of the Group's strength, with increasing earnings power. Corporate Solutions is focused on returning to profitability and leveraging its competitive advantages. Life Capital is creating economic value for the Group by expanding its open book business. Swiss Re's capital position remains very strong.

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "Swiss Re's strategy is centred around diversifying our access to risk pools by leveraging our risk knowledge, unique client access and capital strength. We are winning an increasing proportion of reinsurance business through our capabilities in underwriting large transactions and providing innovative solutions. We are investing in research and technology to give us an edge in accessing growing risk pools, such as natural catastrophe, and drive forward our Corporate Solutions and Life Capital businesses. The Group's superior capital strength allows us to capture such opportunities and maintain attractive shareholder returns."

An integral part of the Group strategy relies on monetising its research and development (R&D) capabilities, thereby cementing Swiss Re's position as the leading risk knowledge company. The Group is running 80 R&D programs with 450 dedicated FTEs and investing about USD 300 million a year in key technology projects. The aim is to strengthen Swiss Re's proprietary risk knowledge and to advance its capabilities to enter new risk pools, compete and advise. In particular, digital platforms such as iptiQ, the digital B2B2C business, and Magnum, the leading automated underwriting solution for L&H Re, are becoming a significant business driver.

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**Asset Management maintains a high-quality investment portfolio**

Asset Management is consistently generating attractive returns by taking an industry-leading ESG approach, leveraging its financial markets expertise and benefiting from its flexible investment platform built on latest technology and advanced analytics. The running yield has been stable at 2.9% for the last four years due to concentration in high quality, longer-maturity securities. Asset Management continues to lead the way in responsible investing, which for example is reflected in Swiss Re being a co-initiator of the UN Net-Zero Asset Owner Alliance launched in September 2019.

**Industry-leading reinsurance franchise focused on profitable growth**

The Reinsurance Business Unit remains the core engine of profitability for the Group, delivering a market-leading combination of shareholder returns and capital repatriation. P&C Re's average performance remains strong despite significant natural catastrophe claims in recent years. L&H Re delivers peer-leading returns underpinned by global diversification and strong growth in Asia.

Transactions and Solutions are becoming ever more important to Swiss Re's offering and demonstrate significant further growth potential. Transactions, which contributed approximately 30% to the Business Unit's economic profit in 2018, continue to be in demand because they can meet a range of client needs, such as greater capital efficiency or reduced earnings volatility. With Solutions, Swiss Re helps its clients to deliver on their strategic priorities, such as improving profitability, developing new products or increasing efficiency. The percentage of clients with whom Swiss Re partners on Solutions has grown from 15% to 25% in just two years.

**Portfolio steering key to manage growth, profitability and risk exposure**

Reinsurance is pursuing a targeted growth strategy supported by robust portfolio steering. Based on expected loss trends, pricing outlook and risk management, the Business Unit is expanding its natural catastrophe franchise, while managing exposure in casualty reinsurance.

Swiss Re intends to further grow and diversify its natural catastrophe portfolio, with a positive effect on earnings. The natural catastrophe reinsurance market is forecast to grow to about USD 40 billion over the next four years from USD 30 billion now, according to Swiss Re Institute. It delivers attractive returns to the Group thanks to proprietary risk knowledge and diversification benefits.

In September 2019 Swiss Re established its Alternative Capital Partners unit in Group Finance by combining its ILS, Retro and Syndication teams. Making use of a broad range of third-party capital vehicles, the unit will enable Reinsurance to grow its natural catastrophe book, while proactively keeping Group peak exposures within risk limits. Alternative Capital Partners follows a differentiated partnership approach and offers third-party investors an opportunity to benefit from alignment with Swiss Re's underwriting views.

Swiss Re's Group Chief Financial Officer John Dacey said: "The establishment of Alternative Capital Partners enhances our already flexible capital structure. It allows us to consider all sources of capital holistically."

Swiss Re's casualty reinsurance portfolio is well diversified and prudently reserved, giving the Group scope to absorb volatility. The Group is taking targeted actions to improve profitability and manage risk within this portfolio to address a challenging US liability market environment.

#### **Corporate Solutions focuses on returning to profitability**

Corporate Solutions remains key to Swiss Re's differentiation strategy and is focused on returning to underwriting profitability. Corporate Solutions is making good progress with the implementation of the announced management actions to reposition the business. The next steps in business transformation will focus on de-commoditisation of its core portfolio, selective growth with differentiating capabilities such as innovative risk solutions, and expansion through tech-driven initiatives.

The pricing momentum for Corporate Solutions remains strong. Price quality for the Corporate Solutions portfolio improved by 10% in the first nine months of 2019, and this positive price momentum is expected to continue.

#### **Life Capital creates significant economic value through iptiQ**

Life Capital continues its transition from a closed book consolidator to a growing primary B2B2C business that leverages technology and data. In particular, iptiQ, the digital B2B2C insurance platform, is developing dynamically and has demonstrated impressive growth both compared with InsurTechs and more traditional insurers. iptiQ now has 28 distribution partners on its platform selling more than 4 000 policies a week across both L&H and P&C businesses, with significant expansion opportunities geographically.

In the closed book business, Swiss Re's mid-term goal to reduce its ownership and deconsolidate ReAssure remains unchanged. In the meantime, the Group continues to support ReAssure's growth strategy and benefit from its performance and gross cash generation. ReAssure targets surplus generation of GBP 2.1 billion over the period from 2019 to 2023, with this target replacing a Life Capital gross cash generation goal.

#### **Investors' Day webcast**

Swiss Re's 2019 Investors' Day can be followed via a live webcast, starting at 11:00 GMT. For more information, please click [here](#).

## 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](mailto: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 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.

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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