



Bank am Bellevue

"Bellevue meets Management" seminar

The perfect business model?!

Jacques Aigrain

Chief Executive Officer

Zurich, 15 January 2009



Agenda

- **Swiss Re at a glance**
- Industry overview
- Swiss Re's business model
- Outlook & summary
- Questions & answers



Swiss Re

A global leader in reinsurance with a long history of success



Quick Facts (2007)

- Total revenues CHF 42.9 billion
- Net income CHF 4.2 billion
- 11,000+ employees
- 79 offices around the world
- Clients in over 160 countries
- "Best Global Reinsurer" (Reactions, 2007)
- Top-10 "Green Giant" (Fortune Magazine, 2007)

Swiss Re is one of the world's leading and most diversified global reinsurers

Based on its 145 years of experience, the company offers ...

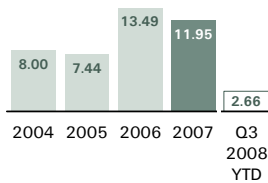
- **Wholesale re/insurance products and related services** for property & casualty and life & health businesses
- **Insurance-based corporate finance solutions** and supplementary services for comprehensive risk management

Swiss Re' financial strength is highly rated

(Standard & Poor's: **AA-**/stable; Moody's: **Aa2**/negative; A.M. Best: **A+**/negative)

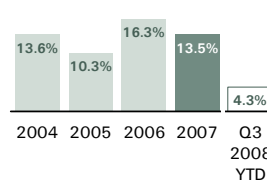
Earnings per share

Historical, CHF



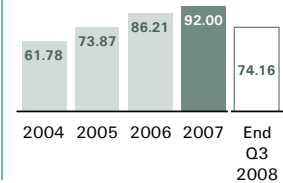
Return on equity

Historical, Q3 2008 YTD annualised



Book value per share

Historical, CHF



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2004 figures based on Swiss GAAP FER, thereafter on US GAAP



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Why insurers are different from banks

A re/insurance company balance sheet

Assets	Liabilities
Fixed-income securities	Unearned premiums
Equity securities	Unpaid claims
Alternative investments	Other liabilities
Cash and other assets	Shareholders' equity

>>

- **Insurance business is funded primarily by premiums received for providing insurance protection**
 - ➔ both premium flow and pay-outs are reasonably predictable
- **Pay-outs are triggered by hazardous events, and not by policyholders' will**
 - ➔ a 'run' on an insurance company is impossible or, respectively, unlikely (life)
- **Insurance hazards are typically uncorrelated, although uncorrelated events can occur simultaneously**
 - ➔ insurance risks are typically uncorrelated with each other and with financial market risks

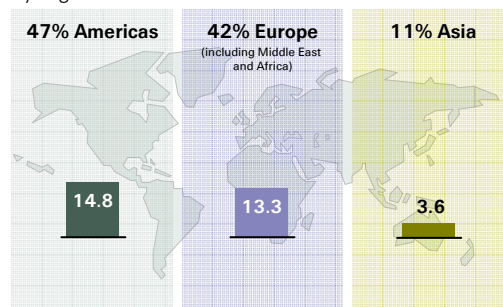
- **Premiums received are invested in diversified asset matching currency and cash flows**

➔ Re/insurers can hold assets until maturity and are therefore less impacted by short-term value fluctuations

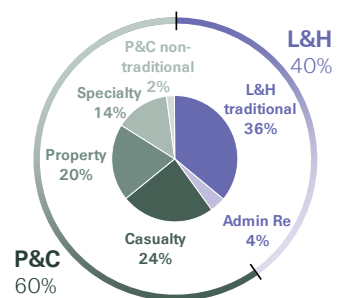
Swiss Re is broadly diversified

Facilitates reallocation of risk capital and makes the firm more resilient

Premiums earned in 2007 (CHF 31.7 billion) by region...



... and by product line:



- ➔ **Biggest life & health reinsurer world-wide**
- ➔ **Excellent Property & Casualty underwriting quality** (9 months 2008 combined ratio 96.4%)
- ➔ Swiss Re benefits from **geographic and business mix diversification** and has the ability to reallocate capital to achieve profitable growth
- ➔ Capital allocation is based on an **integrated economic value management** approach

Property & Casualty Market outlook

Current market situation

- » ■ Lower asset valuation reduced industry's surplus in 2008 by est. 10% to 15% compared with end 2007
- Premium growth has been sluggish throughout 2008; prospects have improved for 2009
- Price increases in 2009 will be stronger in reinsurance than in primary business, because sources of alternative capacity have dried up

Long-term market trends

- » ■ Consolidation process among primary insurance companies
- Emerging market dynamics
- Integration of insurance and capital markets (insurance-linked financial market products, e.g. Cat Bonds, ILWs)

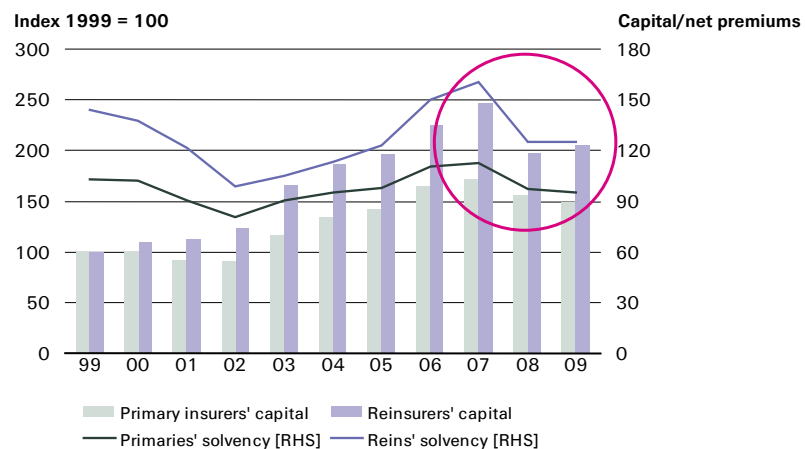
Swiss Re's position

- Industry-wide acknowledged excellent underwriting skills
- Swiss Re will remain focused on underwriting quality vs. quantity to ensure shareholder value in the next hard market is maximised

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Property & Casualty Solvency ratios have dropped but levels are still 20% above 2002

Capacity and solvency of P&C re/insurers



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Source: Swiss Re Economic Research & Consulting



Property & Casualty

January renewals outlook/update on aviation renewals

January renewals

- Current ongoing renewals indicate end of soft cycle in sight with rates flat to slightly positive in most lines of business
- European cat starting to harden but personal lines and some industrial risks still underpriced
- US nat cat showing double digit rate increases, but mainly renews 1 July. Too early to tell on US casualty
- Continued focus on quality, not volume, full details at FY 08 results

Focus on Aviation (all numbers Q4 2008 only; January renewals not included)

- Renewals for Aviation typically concentrated in November/December
- Q4 2008 renewed Aviation business: rates +7%, share -5%, exposure -2%. Lower shares written on less profitable accounts, lower exposure due to less flights
- New and replacement business significantly higher than business cancelled or replaced (32% of renewable book cf. 12%). Successful targeting of profitable business we wanted to write in both treaty and direct segments
- Overall, Aviation volume increased by 20% to CHF 133m from CHF 111m

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Property & Casualty

Recent activities

California Earthquake Authority deal

- USD 1.5bn reinsurance cover for publicly managed yet privately funded earthquake insurance to homeowners in the US

Vega Capital Ltd.

- USD 150 million of natural catastrophe protection through securitisation of risks to the capital markets

Berkshire Hathaway quota share agreement

- Five-year treaty covering 20% of the Group's new and renewed P&C business as of 1 January 2008
- Ceding commission equal to acquisition costs plus fixed 14%
- No restrictions on volumes, no right of access to client data

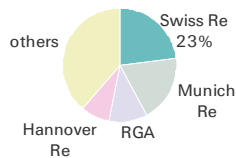
- Swiss Re's activities in P&C are demonstrating the innovation, power and strong reputation of Swiss Re's business model

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Life & Health Market outlook

Est. L&H reinsurance market share¹



¹ 2007 net premiums earned (incl. Admin Re® type of business, large financing transactions, standalone health, annuity business); Source: companies financial statements, Swiss Re Economic Research and Consulting

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Current market situation

» Primary market

- Lower growth in the short term (particularly unit-linked products) due to economic uncertainty and financial market turbulence
- Positive long-term outlook for sales of pension and annuity products remains due to an ageing population and reduced government provisions

Reinsurance market

- Continued decline in cession rates in the US
- Lower sales of mortgage-related protection products in the UK
- Service offerings are key in the developing Asian markets

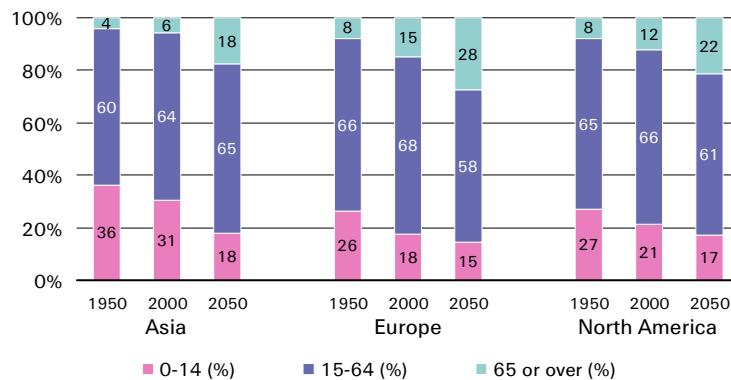
Long-term market trends

- » ■ Clients retain more risks (primary market consolidation/centralisation of reinsurance buying)
- New investors enter the L&H market (securitisation as alternative to reinsurance)
- Regulatory pressure (higher capital requirements for pandemics and longevity)

Swiss Re's position

- ➔ Swiss Re is a global leader in L&H and has a strong track record of profitable growth
- ➔ We are responding to market developments by management of our existing business and are developing new solutions which will contribute to EPS growth and ROE
- ➔ Ability to price and manage Admin Re® and uniquely placed to seize opportunities arising from the current market situation

Life & Health Demographics indicate growth will continue




- Ageing population in the developed world
- Continuous improvement of average global standard of living


➔ Increasing demand for insurance and wealth protection solutions

Source: Swiss Re, Economic Research and Consulting

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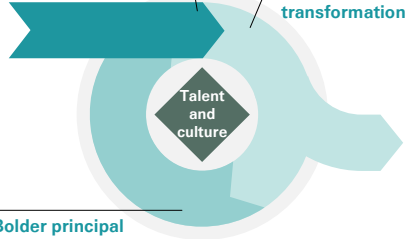
		Swiss Re 
		Life & Health Recent activities
	Reinsurance transaction with Phoenix Companies, Inc.	<ul style="list-style-type: none"> ■ Acquisition of inforce value of a block of level term life insurance business (Admin Re®) ■ Signed December 2008
	Reinsurance agreement with Irish Life & Permanent plc	<ul style="list-style-type: none"> ■ Reinsurance treaty ■ Agreement will be capital enhancing to the client up to a maximum of EUR 250m over a three year period ■ Help support the new protection business to be written by the client until 2011 ■ Signed November 2008
	Acquisition of Barclays Life	<ul style="list-style-type: none"> ■ Acquisition of closed UK life insurance book for approx. CHF 1.6bn ■ Adding approx. 760 000 policies representing CHF 14.1bn in invested assets (85% unit-linked), to our Admin Re® UK platform ■ Completed October 2008
	<ul style="list-style-type: none"> ➔ Swiss Re can provide traditional L&H and Admin Re® solutions to assist our clients in the current market conditions ➔ Swiss Re's evolving business model allows the company to react quickly to various business opportunities 	
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		Swiss Re 
		Agenda
	<ul style="list-style-type: none"> ■ Swiss Re at a glance ■ Industry overview ■ Swiss Re's business model ■ Outlook & summary ■ Questions & answers 	
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Swiss Re's vision

Proactive positioning towards long-term market trends and changing clients needs

Port of call for managing all insurable risks, irrespective of origination channel



Bolder principal to ensure focus on profitable business and investment opportunities

Port of call – reflects our willingness to consider all insurable risks with an open mind, as long as these are properly priced

- California Earthquake Authority deal
- Two privately placed catastrophe programmes for US and UK clients
- Higher market share and improved prices in Life reinsurance in North America
- Development of health insurance in Asia

Bolder principal – gain profitable business via global reach and balance sheet strength

- Expanded role in VA business in US and Japan
- Acquisition of Barclays Life

Insurance risk transformation – placing risks with capital markets or other re/insurers

- Vega Capital Ltd. cat bonds
- Berkshire Hathaway quota share

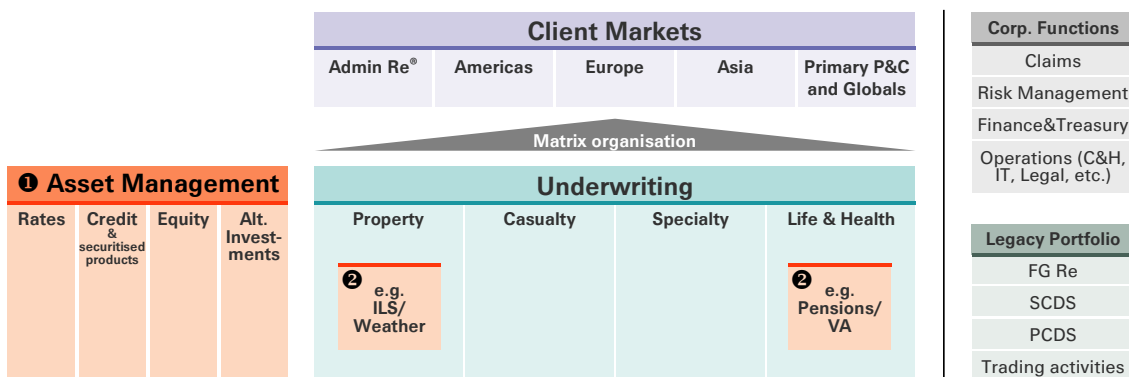
Talent and culture – hire and grow the best talent and promote Swiss Re's culture

- "Graduates at Swiss Re" global programme

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Organisational setup

Internal organisation fits business model



→ Two core strategic mandates of Asset Management

- 1 Asset Management:** managing the assets generated through re/insurance activities and matching them to benchmark set by reinsurance liabilities (Asset-Liability Mgmt, ALM)
- 2 Capital Markets Insurance Solutions:** providing solutions for re/insurance clients that have insurance risks embedded in capital markets structures

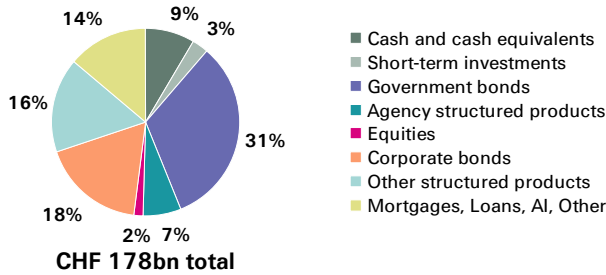
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Quality investment portfolio

Swiss Re actively protects the portfolio

Investment Portfolio Q3 2008

Excludes unit-linked/participating, in CHF billion



Asset Management's investment strategy

- Generate stable risk-adjusted investment returns on funds generated via re/insurance
- Adhere to ALM framework and corresponding risk limit structure
- Lean organisation focused on selected core investment management strategies
- Facilitate underwriting client solutions in coordination with re/insurance divisions in P&C (e.g. ILS) and L&H (e.g. VA, longevity)
- Hedging is actively managed but current markets are volatile and we remain subject to that volatility

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Government bonds/cash/short-term investments

- Continued strong focus on asset-liability matching
- New cash flows allocated to cash, short-term investments and government bonds, increasing the respective share

Corporate Bonds

- Corporate credit book increasingly weighted towards higher rated assets
- Net notional corporate bond exposure reduced to CHF -0.8bn as at 30 September 2008 from CHF 25.7bn at 30 June 2008

Structured Products

- Structured products portfolio highly rated; 32% Agency, further 54% AAA
- CDS protection purchased as dynamic proxy hedge for part of structured portfolio

Equities/Alternative Investments

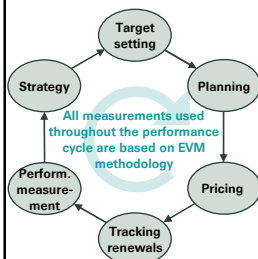
- Listed equity exposure reduced to CHF 0.4bn as of 30 September 2008
- Well diversified AI portfolio

Intelligent Cycle Management

Underlines the whole underwriting process

Economic Value Management (EVM)

is Swiss Re's integrated economic measurement and steering framework used for planning, pricing, reserving and managing the business:



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→ Actively manage the cycle for profits

- **Standardised pricing approach:** Pricing tools have been integrated into the business architecture and the steering of the business is systematically tracked through Underwriting Steering Values (treaty and facultative business)

- **Use of cycle phase indicators:** Tracking tools in place to measure quantitative and qualitative trends

- **Claims & Liability Management (CLM):** Formal feedback loop process between claims, underwriting and marketing

- **Liability business:** Ongoing price monitoring and evaluation of terms to improve pricing and underwriting of liability risks and the control of exposures

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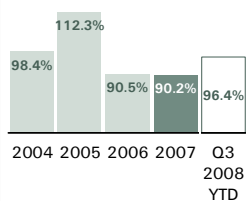
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Outlook & summary

P&C Combined ratio (Swiss Re)

Historical, traditional only



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- Swiss Re is **well positioned** to weather the current market turbulence
- Swiss Re will remain **focused on underwriting quality vs. quantity** to ensure shareholder value in the next hard market is maximised
- **Strong balance sheet**, excess capital above AA level estimated to be in the range CHF 5.0bn - CHF 5.5bn as of 30 September 2008
- **Well diversified, highly rated portfolio of investments**
- Current market conditions are expected to create **opportunities**
 - the level of natural catastrophes and the volatility in capital markets is likely to accelerate the ending of the P&C soft market
 - we continue to see opportunities to deploy capital at attractive returns in Life & Health, particularly Admin Re®
- **New business returns substantially above 14% RoE** over-the-cycle target; update on targets to follow at FY 2008 presentation
- The **reinsurance business model** is well suited to providing solutions in the current market environment. Swiss Re continues to leverage on its core strengths

Questions & answers

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Corporate calendar & contacts

Corporate calendar

19 February 2009	Annual results 2008	Zurich
17 April	145th Ordinary AGM	Zurich
07 May	First quarter 2009 results	Conference call
05 August	Second quarter 2009 results	Conference call
03 November	Third quarter 2009 results	Conference call
09 December	Investors' Day 2009	

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Cautionary note on forward-looking statements

Certain statements and illustrations contained herein are forward-looking. These statements 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" 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:

- changes in global economic conditions and the risk of a global economic downturn;
- direct and indirect impact of continuing deterioration in the credit markets, and further adverse rating actions by credit rating agencies in respect of structured credit products or other credit-related exposures and of monoline insurance companies;
- the occurrence of other unanticipated market developments or trends;
- the ability to maintain sufficient liquidity and access to capital markets;
- the cyclical nature of the reinsurance industry;
- uncertainties in estimating reserves;
- the effect of market conditions, including the global equity and credit markets, and the level and volatility of equity prices, interest rates, currency values and other market indices;
- changes in Swiss Re's investment results;
- uncertainties in valuing credit default swaps and other credit-related instruments;
- possible inability to realize amounts on sales of securities in our investment portfolio equivalent to their mark-to-market values recorded for accounting purposes;
- the possibility that our hedging arrangements may not be effective;
- 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 loss of one of the financial strength or other ratings of one or more companies in the Group;
- political risks in the countries in which Swiss Re operates or in which it insures risks;
- extraordinary events affecting Swiss Re's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- risks associated with implementing Swiss Re's business strategies;
- the impact of current, pending and future legislation, regulation and regulatory and legal actions;
- the impact of significant investments, acquisitions or dispositions, and any delays, unexpected costs or other issues experienced in connection with any such transactions, including, in the case of acquisitions, issues arising in connection with integrating acquired operations;
- 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. Swiss Re 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.