

# News release

## Swiss Re first quarter 2019 net income reflects excellent Life & Health Reinsurance performance and a very strong investment result, partly offset by large losses

- Group net income of USD 429 million in the first quarter 2019, reflecting excellent performance in Life & Health Reinsurance (L&H Re) and a very strong investment result, while large losses impacted property and casualty businesses
- Property & Casualty Reinsurance (P&C Re) net income USD 13 million and return on equity (ROE) 0.6%, affected by large losses
- Strong April P&C Re renewals supported by improved pricing, particularly in Japan
- L&H Re posted record first-quarter net income of USD 328 million; ROE 19.6%
- Corporate Solutions net loss of USD 55 million
- Life Capital reported gross cash generation of USD 300 million
- Very strong return on investments (ROI) of 4.5%; running yield at 2.9%
- First tranche of the public share buy-back programme of up to CHF 1 billion purchase value to be launched on 6 May 2019

Zurich, 3 May 2019 – Swiss Re reported a net income of USD 429 million for the first quarter of 2019, reflecting excellent L&H Re performance and a very strong investment result, while large losses impacted the property and casualty businesses. Net premiums earned increased by 5.5% to USD 8.8 billion, reflecting growth across all Business Units. ROI increased to 4.5% from 2.2% in the first quarter of 2018. The Group ROE was 5.9%. Swiss Re is set to launch the first tranche of its public share buy-back programme of up to CHF 1 billion purchase value on 6 May 2019, highlighting the Group's strong capital position and high financial flexibility.

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "While our property and casualty businesses were affected by significant large losses, Life & Health Re continued on its successful and steady path – a sign of the strength of our diversified business model. Another encouraging sign was the ongoing and accelerating improvement in the overall pricing environment for the property and casualty businesses, especially in loss affected markets. This continued positive momentum in renewals gives us confidence in our outlook."

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**First-quarter net income reflected excellent L&H Re performance and a very strong investment result, impacted by claims from large losses**

Swiss Re reported net income of USD 429 million for the first quarter of 2019, supported by the excellent performance delivered by L&H Re and a very strong investment result. Claims from large natural catastrophes and man-made losses included the North Queensland floods in Australia, Cyclone Idai in Mozambique, the Ethiopian Airlines crash and the subsequent grounding of the Boeing 737 MAX fleet. In addition, a significant amount of late claims from prior-year events, mainly from Typhoon Jebi, also adversely impacted the result for the quarter.

Swiss Re's investment portfolio generated a very strong ROI of 4.5%, driven by significant market value gains from equity securities. This compares to an ROI of 2.2% for the first quarter of 2018. The fixed income running yield was 2.9%.

Net premiums earned for the first quarter of 2019 increased by 5.5% to USD 8.8 billion year-on-year, reflecting growth in all Business Units. At constant exchange rates, the increase was 9.4%.

Swiss Re's Group Chief Financial Officer John Dacey said: "We are pleased with our premium growth and the very strong investment result in the first quarter of 2019. We continue to have an industry-leading capital position, providing us with high financial flexibility to support profitable growth. On Monday, we will start to return excess capital to our shareholders through the first tranche of our share buy-back programme – a clear commitment to our capital management priorities."

**P&C Re increase in premiums supported by large transactions; result impacted by claims from large losses**

P&C Re net income of USD 13 million and combined ratio of 110.3% in the first quarter of 2019 were impacted by claims from large losses. This included claims of around USD 210 million from the North Queensland floods in Australia and around USD 90 million from the Ethiopian Airlines crash and the subsequent grounding of the Boeing 737 MAX fleet. Results reflected the significant impact from prior-year events, with the vast majority being driven by the increase in the loss estimate for Typhoon Jebi, in line with a material increase in the total market loss.

Net premiums earned increased by 10.9% to USD 4.2 billion, supported by large transactions.

**Enhanced P&C Re portfolio through April renewals**

In the April renewals, treaty premium volumes overall increased by 18%, and the price quality improved by 1%. This reflects the successful outcome of the Japan renewals, where Swiss Re could reinforce its strong position, often at preferential terms, increasing premium volume by 10% and improving price quality by 7%.

**L&H Re delivered excellent result**

L&H Re reported record first-quarter net income of USD 328 million with an ROE of 19.6%. The Business Unit delivered an excellent performance, driven by active portfolio management, improved mortality developments in the Americas and a very strong investment result.

Net premiums earned decreased by 6.0% to USD 3.1 billion, driven by unfavourable foreign-exchange movements and the termination of an intra-group retrocession agreement with Life Capital.

**Corporate Solutions results adversely affected by prior-year events**

Corporate Solutions reported a net loss of USD 55 million in the first quarter of 2019. The result was heavily impacted by large and medium sized man-made losses, in particular from prior-year events. The combined ratio increased to 116.3%, and the ROE was -12.1%. The Business Unit is currently undertaking a comprehensive review of all business lines and reserve positions.

Net premiums earned increased by 12.3% to USD 1.0 billion. The active pruning of the US General Liability portfolio was successfully offset by growth in Credit and Property as well as rate increases. Swiss Re expects the positive momentum in commercial insurance rates to accelerate during 2019, after a broad-based 5% rate increase in the first quarter of 2019.

**Life Capital delivered gross cash generation of USD 300 million**

Life Capital delivered gross cash generation of USD 300 million in the first quarter of 2019, including proceeds from the sale of a further 10% stake in ReAssure to MS&AD Insurance Group Holdings Inc (MS&AD), as announced in December 2018 and completed on 20 February 2019. MS&AD's total shareholding in ReAssure is now 25%.

The Business Unit's net income was USD 7 million, supported by the favourable UK investment market performance, offset by ongoing investments in its open book business.

Net premiums earned rose to USD 426 million, mainly driven by the termination of an intra-group retrocession agreement with L&H Re. When measured in terms of gross premiums written and at constant exchange rates, the open book business reported strong growth of 14% year-on-year in the first quarter of 2019.

Swiss Re continues to explore a potential initial public offering (IPO) of the ReAssure closed book business in 2019.<sup>1</sup> As Swiss Re has previously communicated and demonstrated by the investment of MS&AD in ReAssure, securing third-party capital is an important part of the strategy to enable further growth of the closed book business.

**First tranche of public share buy-back programme to be launched on 6 May 2019**

Swiss Re will launch the first tranche of its public share buy-back programme of up to CHF 1 billion purchase value on 6 May 2019 having received Board and all required regulatory approvals. The programme was authorised by Swiss Re's shareholders at the Annual General Meeting on 17 April 2019 and underlines the Group's policy of returning capital to shareholders when excess capital is available, in line with the company's capital management priorities.

For further details on the share buy-back programme, please visit:  
<https://www.swissre.com/investors/shares/share-buy-back.html>

**Strengthening the Group Executive Committee and outlook**

Swiss Re announced today that Nigel Fretwell, Chief Human Resource Officer, and Hermann Geiger, Head Legal & Compliance and Group Chief Legal Officer, will become members of the Group Executive Committee as of 1 July 2019. The addition of these two senior executives underscores the importance of the human capital agenda as well as law and compliance at Swiss Re.

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "Based on the successful year-to-date renewals, we remain optimistic for P&C Re, while L&H Re continues to perform strongly. In Life Capital, we are focusing on preparing the potential IPO of ReAssure in 2019. Corporate Solutions continues to present challenges, and we are taking decisive measures to address recent performance issues. In this context, we are conducting a thorough review of the Business Unit, led by the new Corporate Solutions CEO Andreas Berger, which will be completed in the second quarter."

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<sup>1</sup> There can be no assurance that the exploration will result in an IPO of ReAssure, and there is no certainty as to the timing of, or the details relating to, any such IPO, including its terms, structure or the size of Swiss Re's shareholding in ReAssure following an IPO. Further public statements will be made if and when appropriate.

**First-quarter key figures (Q1 2018 vs Q1 2019)**

		<b>Q1 2018</b>	<b>Q1 2019</b>
<b>Consolidated Group (Total)</b>	Net premiums earned (USD millions)	8 316	8 775
	Net income (USD millions)	457	429
	Return on equity (%, annualised)	5.6	5.9
	Return on investments (%, annualised)	2.2	4.5
	Running yield (%, annualised)	2.8	2.9
	Common shareholders' equity (USD millions)	32 321	30 179
<b>P&amp;C Reinsurance</b>	Net premiums earned (USD millions)	3 820	4 238
	Net income (USD millions)	345	13
	Combined ratio (%)	92.0	110.3
	Return on equity (%, annualised)	13.5	0.6
<b>L&amp;H Reinsurance</b>	Net premiums earned (USD millions)	3 287	3 091
	Net income (USD millions)	201	328
	Running yield (%, annualised)	3.3	3.4
	Return on equity (%, annualised)	11.5	19.6
<b>Corporate Solutions</b>	Net premiums earned (USD millions)	908	1 020
	Net income/loss (USD millions)	41	−55
	Combined ratio (%)	100.2	116.3
	Return on equity (%, annualised)	7.0	−12.1
<b>Life Capital</b>	Net premiums earned (USD millions)	301	426
	Net income (USD millions)	3	7
	Gross cash generation (USD millions)	705	300
	Return on equity (%, annualised)	0.2	0.5

**Media conference call**

Swiss Re will hold a media call with a dial-in possibility this morning at 8:30 am (CEST). If you plan to dial in, you are kindly requested to call 10 minutes prior to the start using the following numbers:

From Switzerland:	+41 (0)58 310 50 00
From Germany:	+49 (0)69 505 0 0082
From the UK:	+44 (0) 207 107 0613
From France:	+33 (0)1 7091 8706
From the USA:	+1 (1) 631 570 56 13
From Hong Kong:	+852 5808 1769

**Investors' and analysts' conference call**

Swiss Re will hold an investors' and analysts' conference call this afternoon at 2:00 pm (CEST) which will focus on Q&A. You are kindly requested to dial in 10 minutes prior to the start using the following numbers:

From Switzerland:	+41 (0)58 310 50 00
From Germany:	+49 (0)69 505 0 0082
From the UK:	+44 (0) 207 107 0613
From France:	+33 (0)1 7091 8706
From the USA:	+1 (1) 631 570 56 13

## 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  
[www.swissre.com/media](http://www.swissre.com/media)



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.

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.