



Analysts' conference call 14 February 2006

2006 Non-life renewals



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- changes in general economic conditions, particularly in our core markets;
- uncertainties in estimating reserves;
- the performance of financial markets;
- expected changes in our investment results as a result of the changed composition of our investment assets or changes in our investment policy;
- 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 withdrawal of one or more of the financial strength or credit ratings of one or more of our subsidiaries;
- changes in levels of interest rates;
- political risks in the countries in which we operate or in which we insure risks;
- extraordinary events affecting our clients, such as bankruptcies and liquidations;
- risks associated with implementing our business strategies;
- changes in currency exchange rates;
- changes in laws and regulations, including changes in accounting standards and taxation requirements; and
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Agenda

Introduction

Ann Godbehere

2006 Non-life renewals

Stefan Lippe
 Michel Liès

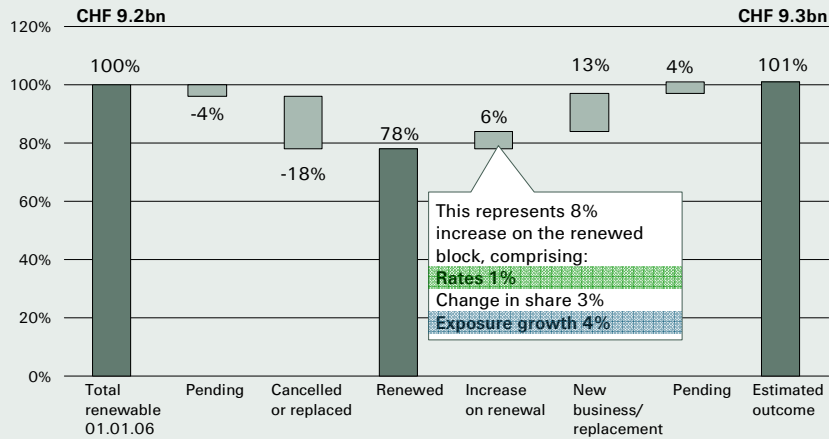
Questions & answers

Ann Godbehere
 Michel Liès
 Stefan Lippe

Appendix

Overall volume exceeds CHF 9.3bn
 and renewed portfolio increases 8%

Total traditional portfolio



Rate changes are pure improvements of quality of our book

Increased loss expectancy and claims inflation are included in exposure growth

All renewal figures are estimated and calculated at constant foreign exchange rates

2006 Non-life renewals Products

Stefan Lippe
 Head of Products

Profitability further increased in 2006

- Improvement in economic profit on renewed book approximately 7%
- Higher profitability achieved despite higher modelled claims expectancy in nat cat and casualty
- Premium volume increased by 1% to CHF 9.3bn despite higher client retentions and shift to higher layers
- Preferred terms and conditions for AA balance sheet achieved

→ Three guiding principles – quality, quality, quality

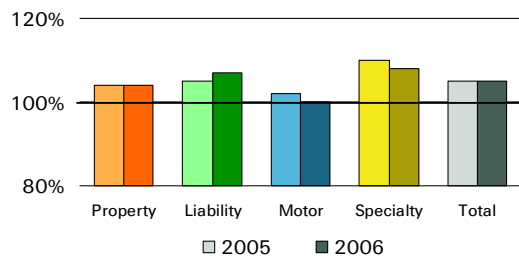
Our AA strength is rewarded

- Private layers (100% shares) obtained in most markets
- Clients prepared to compensate Swiss Re with a lead fee or reduced commissions
- In many cases cedants approach Swiss Re directly whereas other reinsurers participate through intermediaries
- Some intermediaries reduce their commissions in order to have Swiss Re participate
- More effective exclusion clauses and sub-limits
- Waiving of downgrade and special funding clauses

Treaty business profitability increased

Proportional

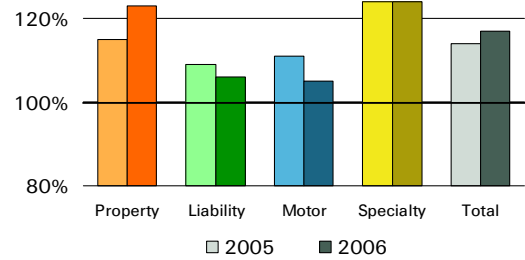
Achieved price as % of technical reference price



- **Liability** shows benefit of more selective underwriting
- **Motor** reflects fall in original rates but still at technical reference price
- **Offshore marine** in the Gulf of Mexico renews mainly on 1 April

Non-proportional

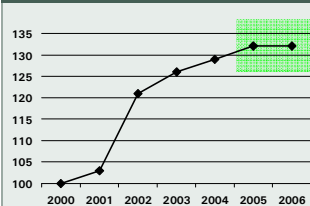
Achieved price as % of technical reference price



- **Property** shows impact of nat cat increases from already high levels
- **Liability** reflects higher risk capital and lower interest rates
- **Motor** challenged to maintain adequacy in light of lower interest rates and higher risk charges

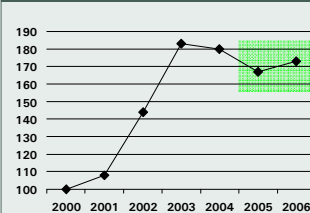
Very attractive underwriting conditions

Property proportional



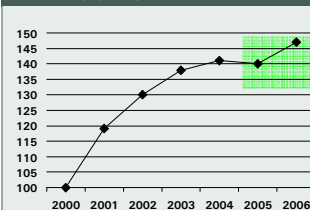
Profitability maintained at high levels

Property non-proportional



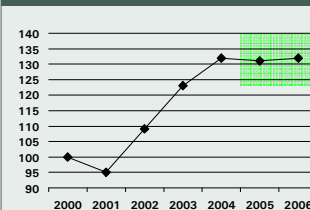
Hurricanes sharply reversed declining trend

Liability proportional



Highly selective underwriting and focus on more profitable business

Motor non-proportional



Higher nominal rates achieved only partially compensated for lower interest rates and higher risk charges

Significant hardening in nat cat market

- Tight retrocession market positive for net writers
- New capital had negligible impact
- Increases of 100% often achieved for US hurricane exposures
- Offshore energy increases over 100% plus improved terms and conditions – majority of Gulf of Mexico risks only renew in April
- Swiss Re's rate adequacy measures are fully risk and capital adjusted and relate to actual modelled exposures

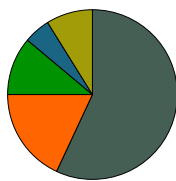
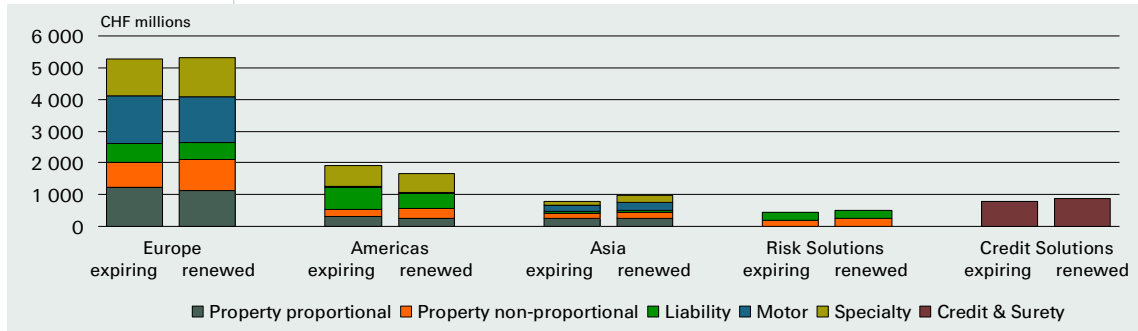
...but US nat cat represents only 3% of January renewals

[more details in appendix](#)

2006 Non-life renewals Client Markets

Michel Liès
Head of Client Markets

January renewals are dominated by Europe



Total: CHF 9.3bn

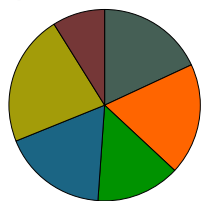
| | |
|------------------|-----|
| Europe | 57% |
| Americas | 18% |
| Asia | 11% |
| Risk Solutions | 5% |
| Credit Solutions | 9% |

- Continued to shape book towards most profitable segments
- Europe renewed more than CHF 5bn of treaty premium in January, mainly in property and motor
- Weighting of non-proportional covers has increased slightly from 34% to 35%

Firm stance maintained on pricing Reduced position in more volatile segments

| CHF m | Property proportional | Property non-proportional | Liability | Motor | Specialty | C&S | Total |
|-------------------|-----------------------|---------------------------|-----------|-------|-----------|-----|-------|
| Growth | -6% | 25% | -16% | -3% | 6% | 12% | 1% |
| Premiums expiring | 1 760 | 1 380 | 1 600 | 1 740 | 1 960 | 775 | 9 215 |
| Premiums 2006 | 1 650 | 1 720 | 1 340 | 1 690 | 2 075 | 865 | 9 340 |

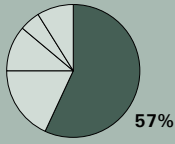
Split of renewed book



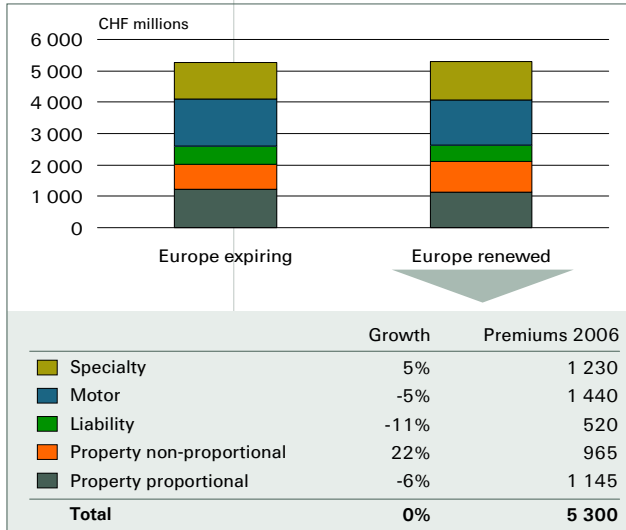
Total: CHF 9.3bn

| | |
|---------------------------|-----|
| Property proportional | 18% |
| Property non-proportional | 19% |
| Liability | 14% |
| Motor | 18% |
| Specialty | 22% |
| Credit & Surety | 9% |

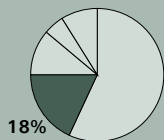
- Swiss Re remained disciplined on pricing and declined business where price was unsatisfactory, especially in liability and motor
- Achieved pricing is in excess of target renewal premiums
- Profitability on the new book better than expiring business, in spite of raising the bar (models and lower interest rates)
- The swing from marginally profitable liability to property was most marked in the US



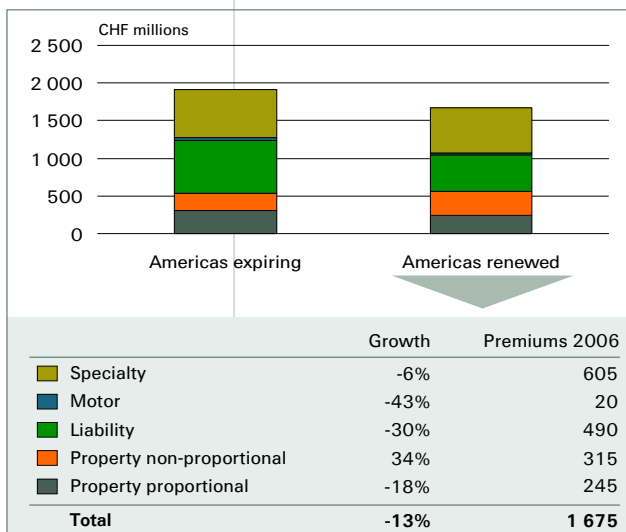
Europe Book stable at high profitability levels



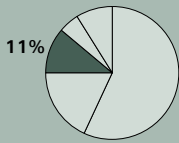
- 90% of Europe's treaty book renews in January
- Higher client retentions in all lines
- Property proportional: small loss in volume over-compensated by increased bottom-line
- Property non-proportional benefited from increased rates; most pronounced increase in profitability
- Cut liability with marginal profitability; terms and conditions remain firm
- Maintained margins in motor despite declining original rates and lower interest rates



Americas Volatility reduced and profitability increased

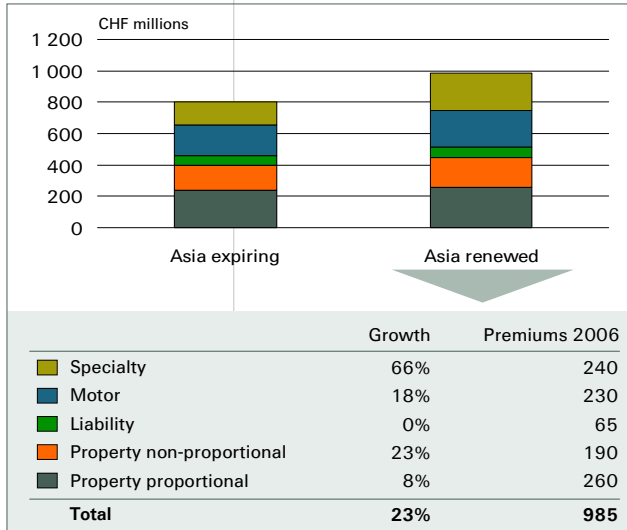


- 44% of Americas treaty book renews in January
- Property saw significantly improved profitability in particular in accounts which experienced losses in 2005; continuing upwards trend is expected
- Property volumes increased despite higher attachment points, shift to higher layers and strong resistance to our rates in the broker market
- Cut US casualty business and price adequacy improved

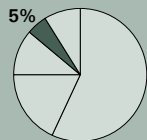


Asia

Renewals achieve excellent 23% growth



- 49% of Asia's treaty book renews in January, predominantly in emerging markets
- Further inroads in China achieved
- Remaining 2006 renewals are predominantly in the mature markets of Japan and Australia
- Growth is driven by proportional business ceded by newly formed insurance companies who typically need this kind of product
- Overall terms and conditions are stable, competition happens mainly on premiums

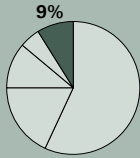


Risk Solutions

Attractive opportunities push volume up 14%

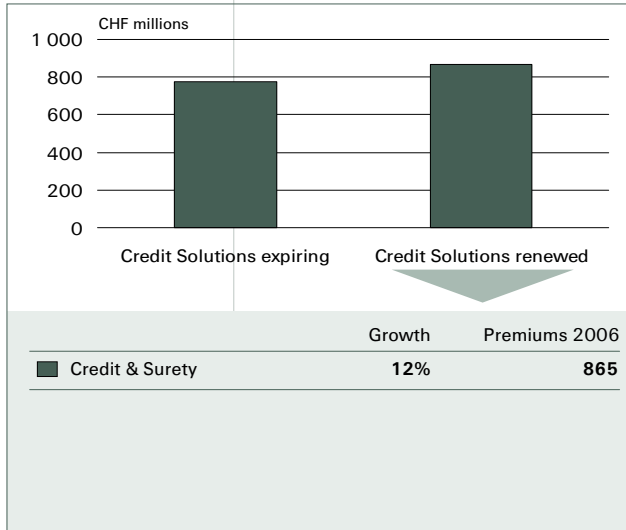


- Business written between October and January account for 39% of renewable portfolio
- Property: Hurricane events reduced market capacity for nat cat. Selective underwriting approach to allocate capacity to most profitable segments
- Liability: Successful business retention at satisfactory levels; competitive pressures can be felt stronger in Europe than in the US, especially in general liability
- Strict underwriting secured balanced portfolio mix exceeding technical targets



Credit Solutions

January renewals achieve 12% growth



- 92% of credit & surety book renewals in January
- Significant growth achieved despite increased client retentions and market capacity
- Terms and conditions generally stable
- Proactive portfolio and risk management:
 - continued hedging strategy
 - securitisation (Crystal Credit)
- Swiss Re's leading position in key clients and market segments further strengthened
- Robust credit environment expected to continue throughout the year resulting in strong earnings

Outlook

- Swiss Re has stabilised at a strong profitability level
- Market conditions are still excellent
- Remaining 2006 renewals will benefit from capacity constraints
- Swiss Re enjoys preferred position in attractive market
- Swiss Re's strategy remains:
 - maintain focus on absolute economic profit
 - continue to achieve better terms and conditions compared to the market average
 - show leadership in maintaining price discipline

Expected to translate to a published combined ratio below 95%

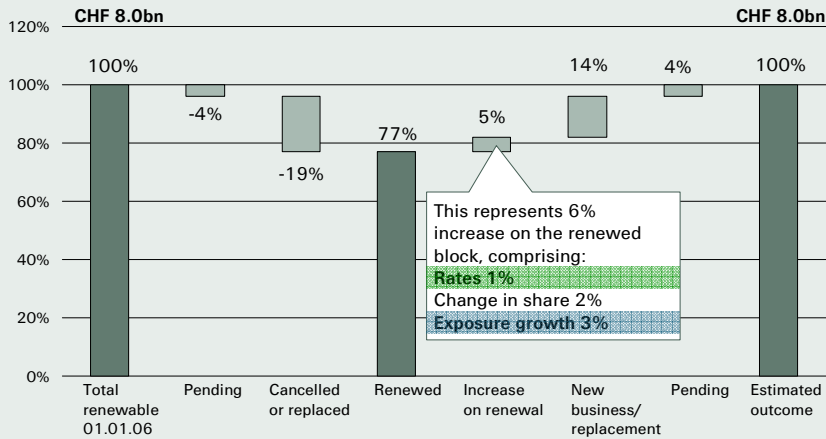
Questions & answers

Appendix

Total treaty business

Overall volume stable and 6% increase on renewed portfolio

Traditional treaty portfolio



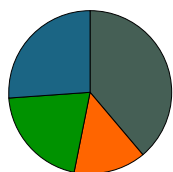
Rate changes are pure improvements of quality of our book

Increased loss expectancy and claims inflation are included in exposure growth

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Treaty business overall profitability increased

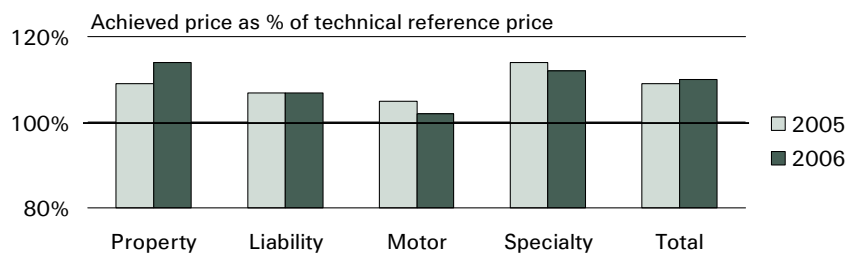
Split of renewed book



■ Property 39%
 ■ Liability 14%
 ■ Motor 21%
 ■ Specialty 26%

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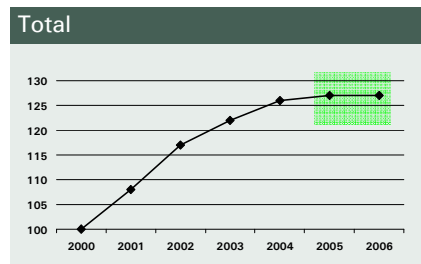
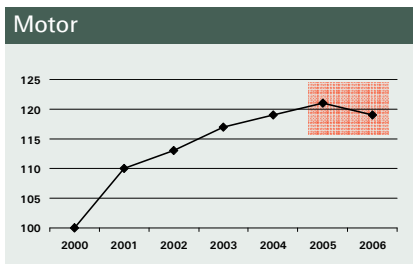
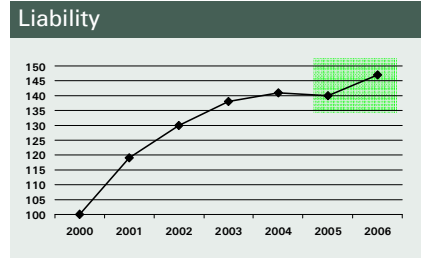
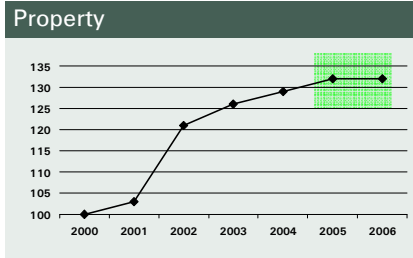
| CHF m | Property | Liability | Motor | Specialty | Total |
|-------------------|----------|-----------|-------|-----------|-------|
| Growth | 6% | -20% | -3% | 6% | 0% |
| Premiums expiring | 2 940 | 1 350 | 1 740 | 1 960 | 7 990 |
| Premiums 2006 | 3 120 | 1 075 | 1 690 | 2 075 | 7 960 |



Price adequacy on risk adjusted basis increased, despite higher modelled claims expectancy

Proportional treaty business remains attractive

Motor:
 Decrease in rates in the direct market

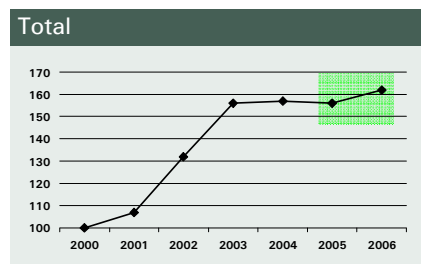
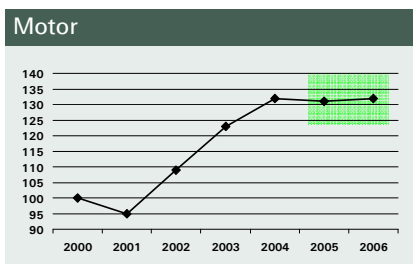
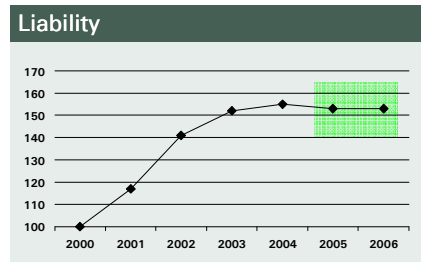
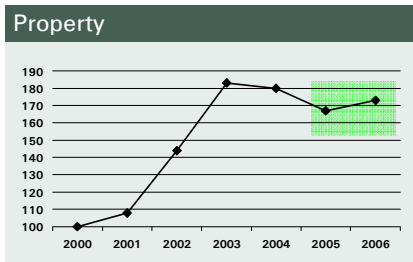


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Source: Swiss Re P&C treaty portfolio (nominal rates per unit of exposure)

Non-proportional treaty business increases profitability

Liability:
 Profitability stabilised at high level despite downward pressure in original rates



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Source: Swiss Re P&C treaty portfolio (nominal rates per unit of exposure)

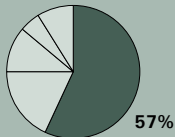
Major programme restructuring

Cat rating example: US hurricane

| Layers | Rate on line | |
|----------------------|--------------|------|
| | 2005 | 2006 |
| Retention 150 | | |
| 200 xs 150 | 20% | |
| 200 xs 350 | 13% | |
| 350 xs 550 | 8% | |
| Total capacity 900 | | |
| Retention 350 | | |
| 100 xs 350 | | 30% |
| 150 xs 450 | | 22% |
| 200 xs 600 | | 17% |
| 400 xs 800 | | 12% |
| Total capacity 1200 | | |

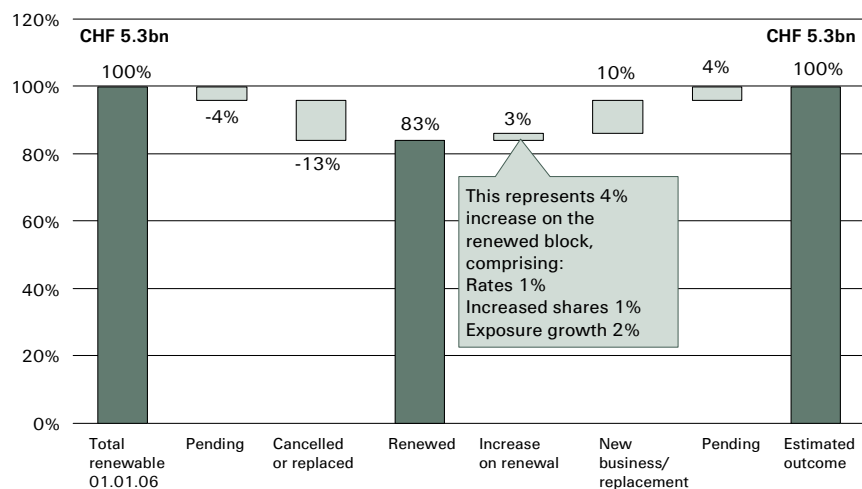
Most larger clients have restructured their programmes by increasing retentions and buying higher layers. This means that the higher RoL at the lower layers are replaced by lower RoL on the higher layers.

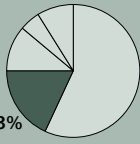
Average rate on line comparisons across the whole portfolio are therefore meaningless. Swiss Re's rate adequacy measures are much more helpful in assessing changes in risk adjusted returns, after cost of capital.



Europe Book stable at high profitability levels

Traditional treaty portfolio

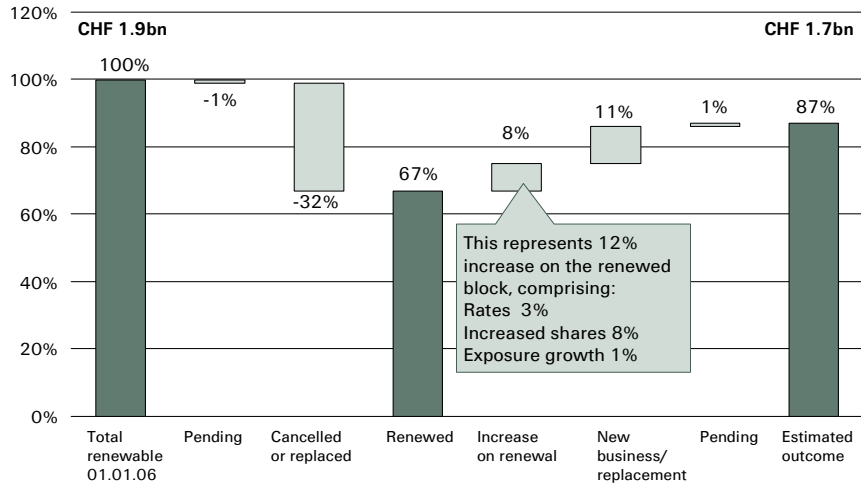




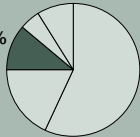
Americas

Volatility reduced and profitability increased

Traditional treaty portfolio



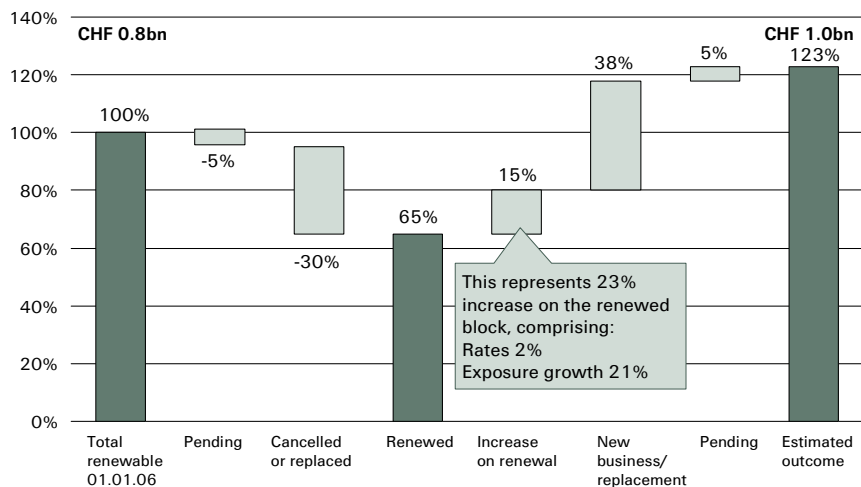
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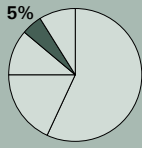
Asia

Renewals achieve excellent 23% growth

Traditional treaty portfolio



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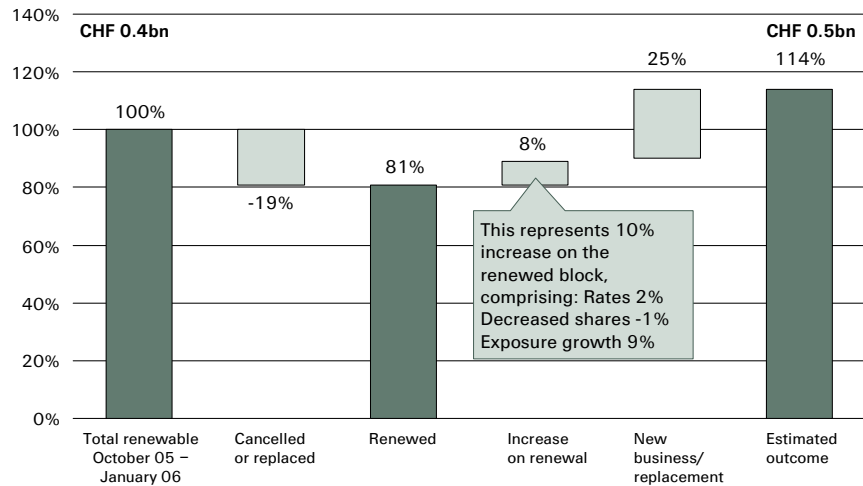
Swiss Re



Risk Solutions

Attractive opportunities push volume up 14%

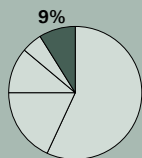
Traditional re-/insurance business



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All renewal figures are estimated and calculated at constant foreign exchange rates



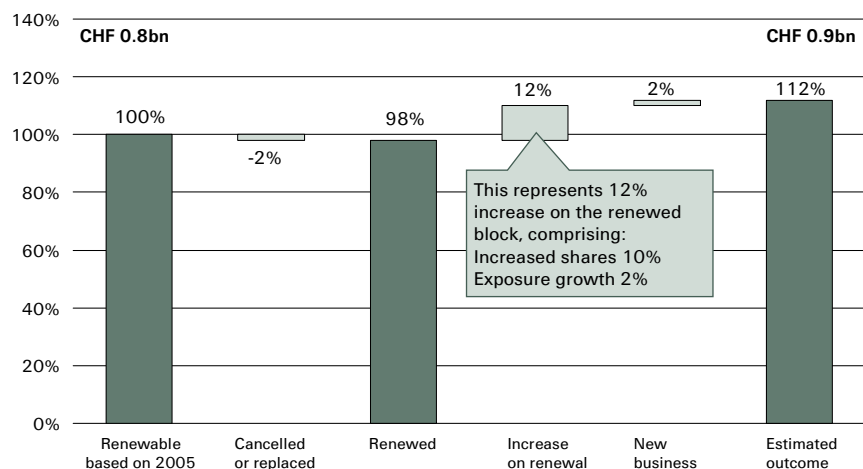
Swiss Re



Credit Solutions

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Traditional re-/insurance business



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