

**Swiss Re**



# Investors' Day

Zurich, 25 March 2011



# Introduction

Susan Holliday, Head of IR



## Today's agenda

- |                           |                       |
|---------------------------|-----------------------|
| ■ Introduction            | Susan Holliday        |
| ■ New corporate structure | Stefan Lippe          |
| ■ Underwriting            | Brian Gray            |
| ■ Reinsurance             | Christian Mumenthaler |
| ■ Break                   |                       |
| ■ Corporate Solutions     | Agostino Galvagni     |
| ■ Admin Re®               | David Blumer          |

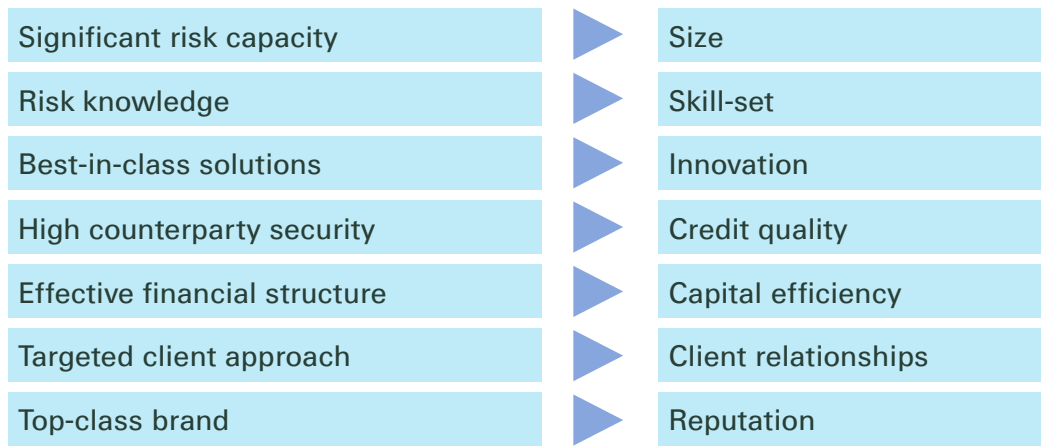
# New corporate structure

Stefan Lippe, CEO

## Swiss Re's priorities

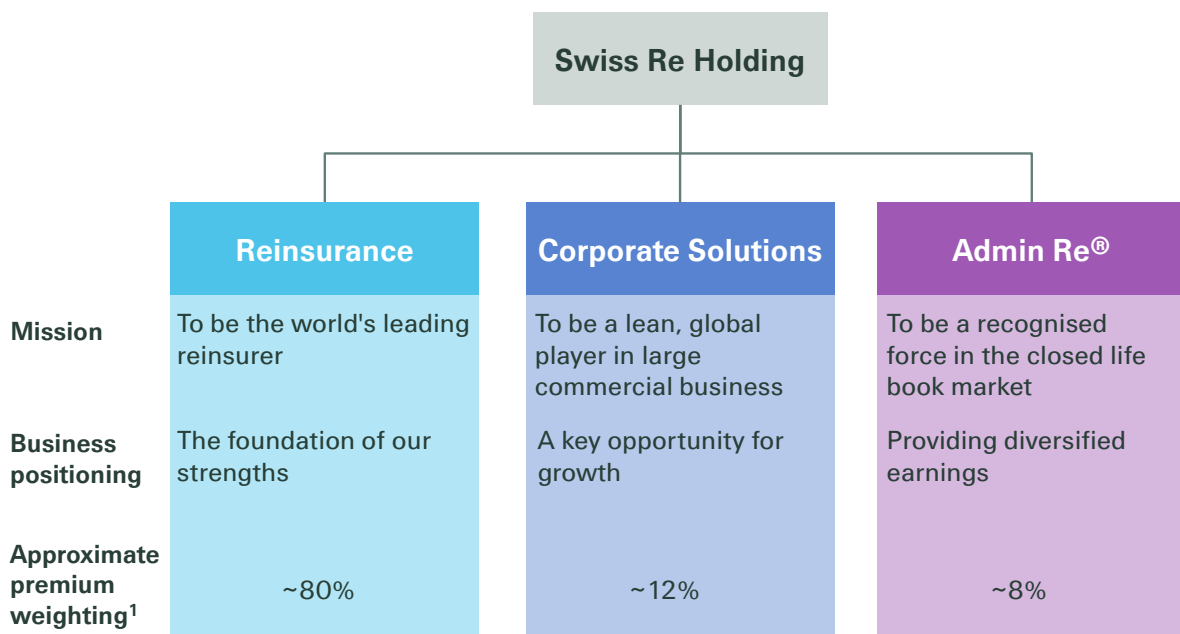


## Drivers of our success



To be the leading player in the wholesale re/insurance industry

## Three Business Units to support our priorities



<sup>1</sup> Gross written premium, gross earned premium and fees for Admin Re<sup>®</sup>

# Japan earthquake update

Brian Gray, Chief Underwriting Officer

## The Japan EQ was an extreme event

	New Zealand 22 February 2011	Chile 27 February 2010	Japan 11 March 2011
<b>Magnitude</b>	6.3	8.8	9.0
<b>Energy Released</b> (compared to NZ)	1	5 600	11 200
<b>Fatalities/missing</b>	>160	562	>20 000

### Earthquakes with Magnitude 9.0 or greater since 1900

■ 1952 – Kuril Islands	9.0
■ 1960 – Chile	9.5
■ 1964 – Alaska	9.2
■ 2004 – Indonesia	9.1
■ 2011 – Japan	9.0



## Japan market structure and Swiss Re exposure

### Property & Casualty

	Residential non-life	Co-operatives	Commercial & industrial non-life		Nuclear facilities
<b>Scope of cover<sup>1</sup></b>	Fire Earthquake shock and tsunami, if purchased as extension Physical damage plus limited cover for expenses, business interruption and contingent business interruption Nuclear damage is excluded				Earthquake and tsunami excluded in property and liability
<b>Approx. Swiss Re gross market share<sup>3</sup></b>	0% <sup>2</sup>	7%	12%	<1%	n/a
		<i>of property reinsurance limits</i>	<i>of property reinsurance limits</i>	<i>of direct insurance limits</i>	

- Swiss Re's claims are largely physical damage and business interruption from commercial and industrial risks

<sup>1</sup> Property is main line affected, but marine, engineering, motor, personal accident will have claims

<sup>2</sup> Protected by Japan Earthquake Re and reinsured within the local market

<sup>3</sup> Gross share of limits is not predictive of claims in a specific loss event due to the structure or re/insurance layers



## Japan market structure and Swiss Re exposure

### Life & Health

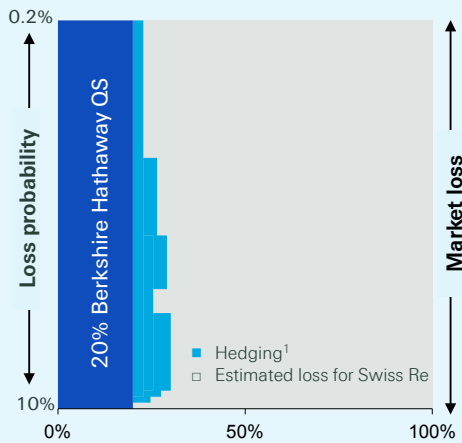
	Basic death benefit	Accidental death benefit		Other
<b>Source</b>	Life companies	Life companies	Non-life companies	Critical illness, Catastrophe excess of loss
<b>Scope of cover</b>	Proportional and surplus Deaths from EQ, Tsunami and Nuclear are covered (nuclear not covered for risks ceded by non-life companies)			
<b>Approx. Swiss Re gross market share</b>	<1% <sup>1</sup> Predominantly from high face-amount policies, mainly in urban centres			

- Life & Health is not expected to be a significant contributor to Swiss Re claims

<sup>1</sup> Of in-force primary protection risk market

## Hedging for Japan earthquake

### P&C: EQ Japan protection tower In-force at 1 March 2011



### L&H: Vita IV – Series III

- Protects extreme mortality based on published death statistics over a 2 year risk period, commencing 1 October 2010
- Deaths are weighted by age and gender to represent Swiss Re's portfolio, and will not be an exact comparison to total population deaths

	Population deaths	Vita protection
Attachment	50 000	nil
Exhaustion	100 000	USD 100m

- P&C protection is in place, L&H protected against severe events

<sup>1</sup> Expected pattern for the first event, before basis risk

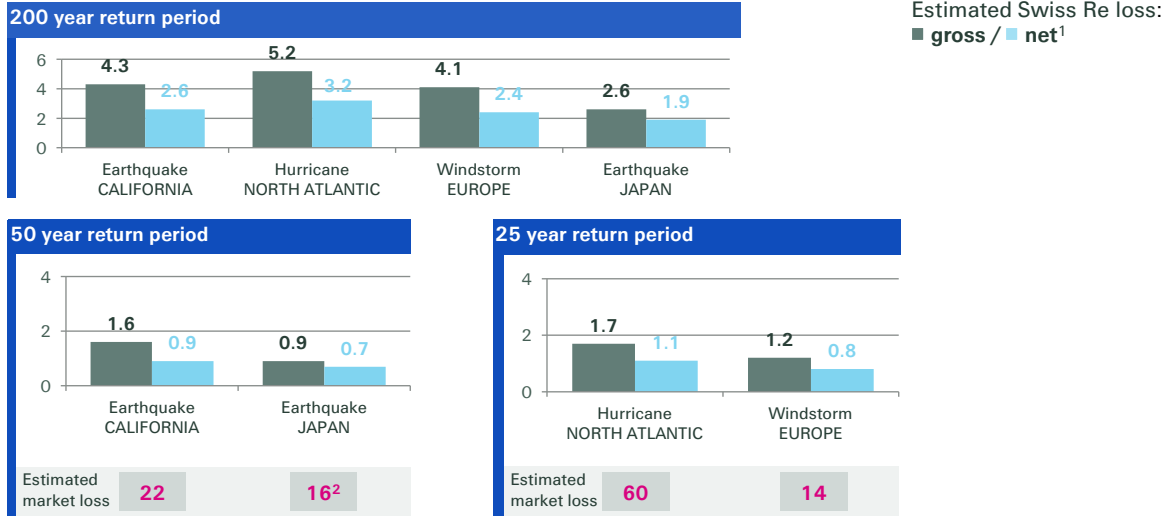
## Japan earthquake Swiss Re loss estimate

- Estimate net, before tax USD 1.2bn
- Based primarily on modelled estimates for our own portfolio
- Estimate is subject to a high degree of uncertainty due to
  - Calibrating to clients' estimates and original policyholder claims will take an extended period of time
  - The high proportion of commercial and industrial claims in the reinsured share of the event is likely to extend the settlement time



# Estimated Swiss Re claims are within our expectation

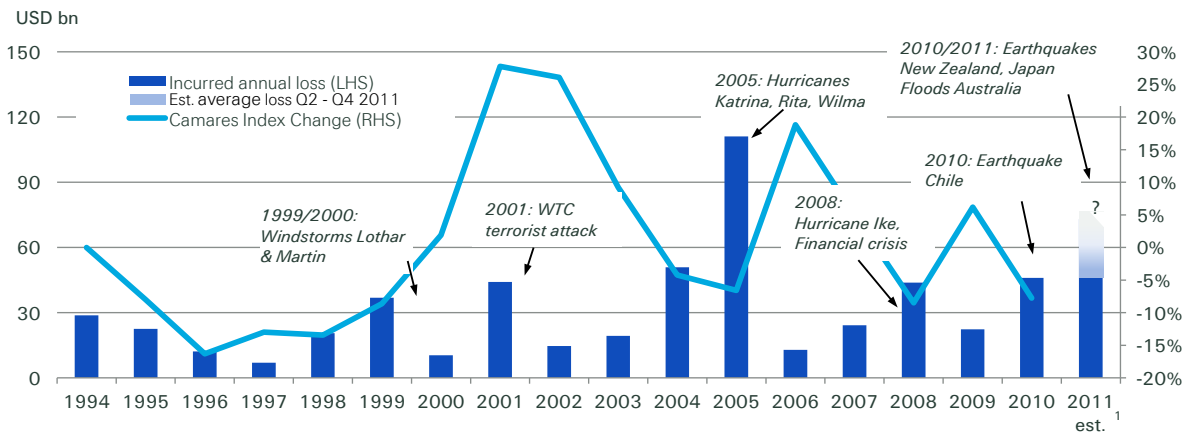
## Estimated single event losses USD bn



<sup>1</sup> Net of estimated hedging impacts, adjusted for basis risk  
<sup>2</sup> Excl. Japan Earthquake Re  
 As at 31 December 2010



# Historic catastrophe loss burden and global cat price development



■ 2011 is expected to have one of the highest historic natural catastrophe claims burdens

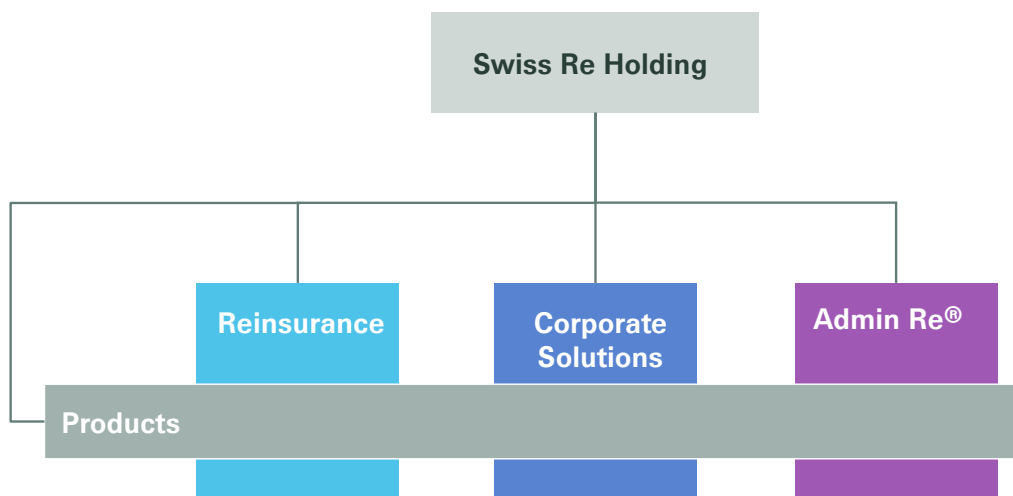
<sup>1</sup> Assuming normal cat burden for remainder of year  
 Source: CAMARES (Swiss Re's Cat market research of cat programme profitability in 14 largest markets), Sigma 2010/1 and 2011/1



# Underwriting

Brian Gray, Chief Underwriting Officer

## Organised to deliver consistent underwriting across the Group



- Underwriting quality is core to Swiss Re's DNA

## Creating value in wholesale re/insurance

### Re/insurance value drivers

Market inefficiencies at a point in time

Market inefficiencies over time

Portfolio construction & efficiency

### Swiss Re capabilities

Client access & knowledge

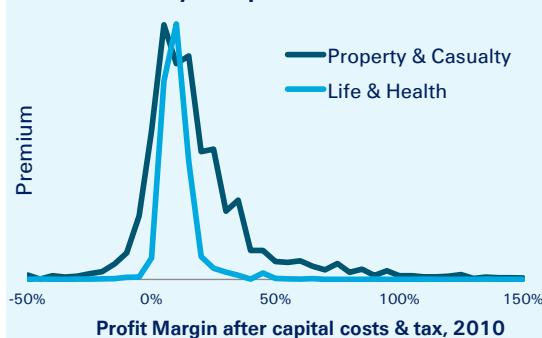
UW insight & structuring

Global steering & delivery

- We aspire to capture value from market inefficiencies and portfolio efficiency, via fundamental analysis and execution

## Market inefficiencies at a point in time

### Price variability at a point in time

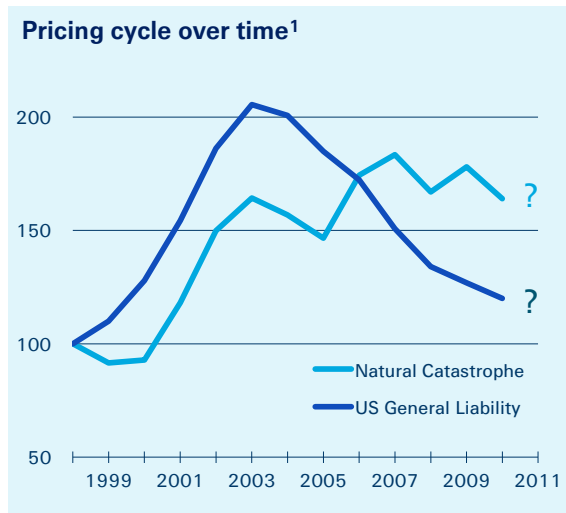


- The market is inefficient at pricing
- Success drivers: critical mass and investment in
  - R&D into risk factors
  - Proprietary costing tools
  - UW training
  - Metrics and measurement
  - Leveraging skills across portfolios

- Inefficiencies create the opportunity for investment in outperformance



## Market inefficiencies over time



- The market is inefficient at pricing at a consistent profit margin over time
- The magnitude of the price cycle is extreme
- Success drivers
  - Accurate costing at time of sale
  - EVM: consistent and comparable metrics for a value creation UW-year basis, across all units
  - Structure allowing shifts between units and over time

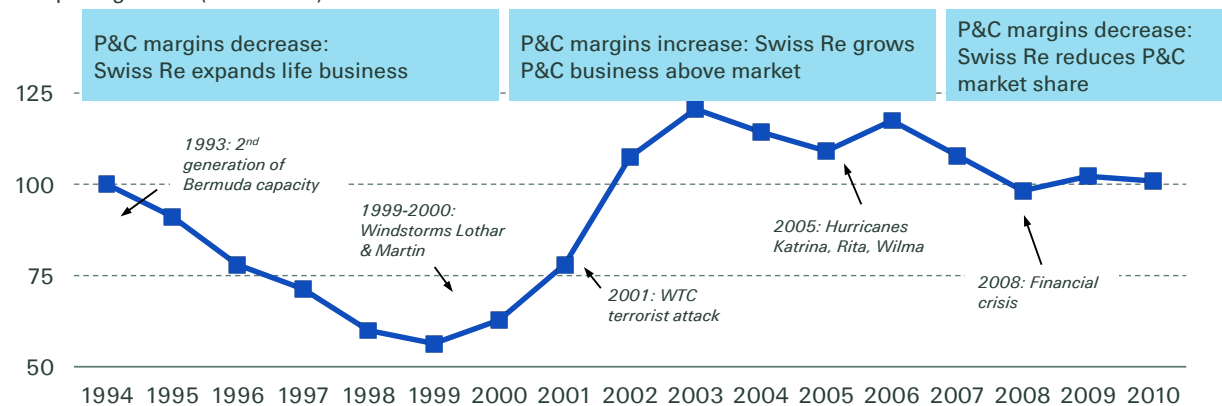
■ Market inefficiencies create opportunity for outperformance

<sup>1</sup> Source: Camares, Council of Insurance Agents & Brokers



## Capturing value from the cycle A track record of steering over time

P&C pricing index<sup>1</sup> (1994=100)



Swiss Re share of global P&C reins. market

9.7%

7.7%

10.9%

~ 7%

Net Premium CAGR

1994-1999

2000-2006

2007-2010

Non-life reinsurance market

5%

6.5%

3.5%

Swiss Re P&C

-0.2%

13%

-7%<sup>2</sup>

Swiss Re L&H

41%

10%

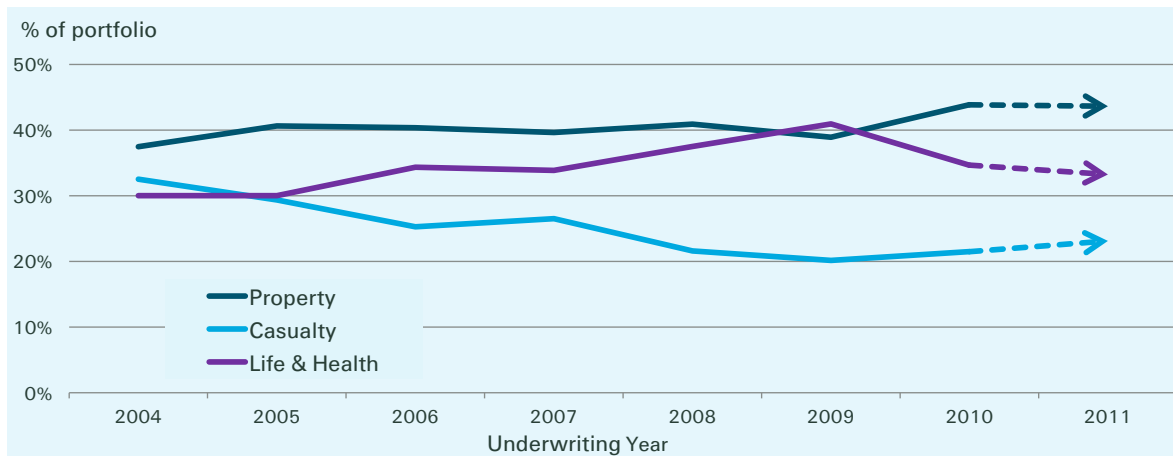
0%

<sup>1</sup> Source: Swiss Re Economic Research & Consulting

<sup>2</sup> Includes effect of 20% P&C quota share beginning in 2008

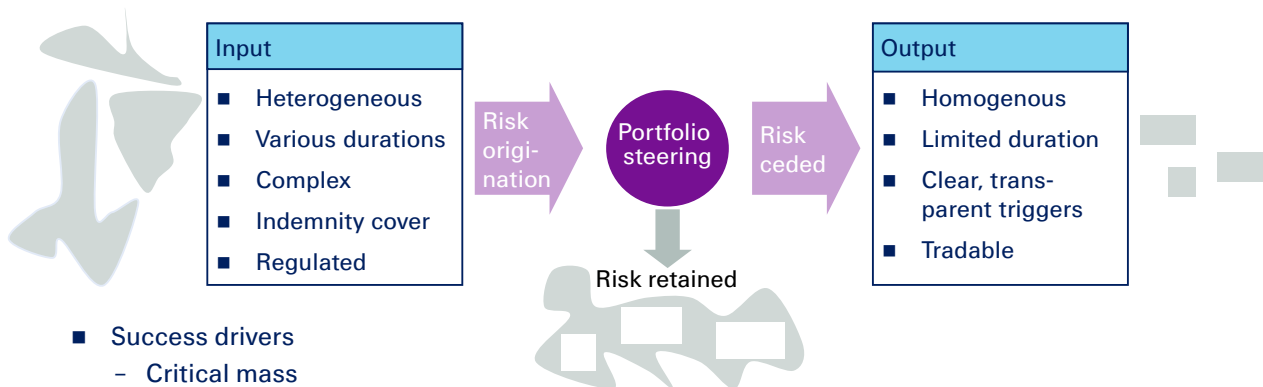
## Portfolio construction Steering towards segments offering most value

### Net present value of premiums written



- Steering is enabled by consistent, Group wide, value-driven metrics
- Swiss Re has steered away from Casualty in recent years

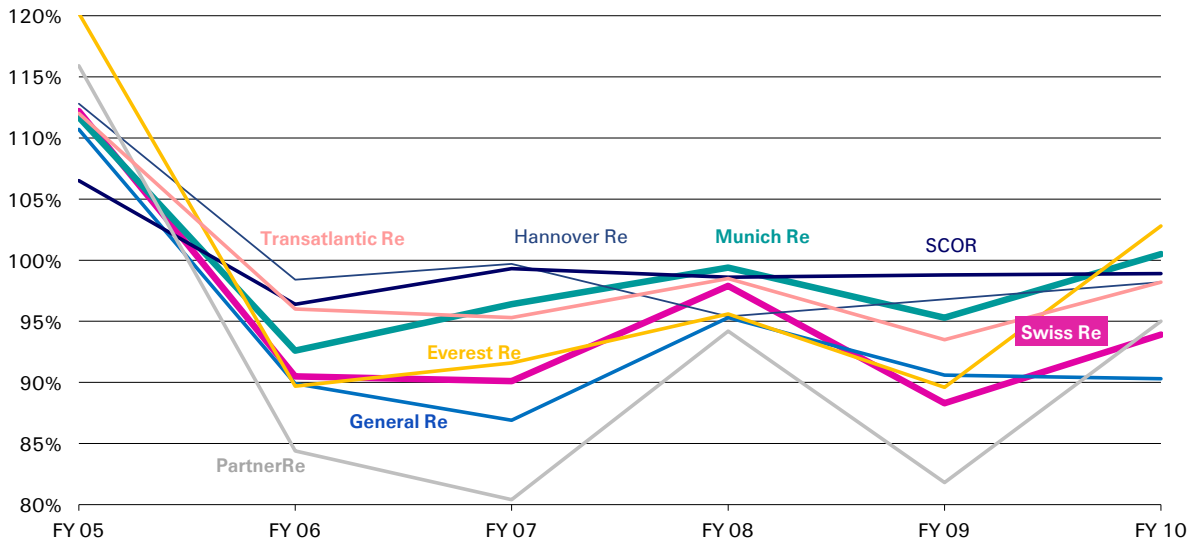
## Portfolio construction Competitive advantage through risk transformation



- Success drivers
  - Critical mass
  - Global steering of risk and return on a consistent, value-driven basis
  - Appetite for basis and execution risks
  - Structuring capability for innovation
- Swiss Re generates positive arbitrage for key peak nat cat risks, and leads development of longevity market structures

- Risk transformation requires scale and knowledge, and is not easily replicated

## Consistent strength in underwriting Combined ratio comparison



■ Active capital allocation and cycle management delivers results

Source: Company reports and Swiss Re Economic Research & Consulting, combined ratios as published



# Reinsurance

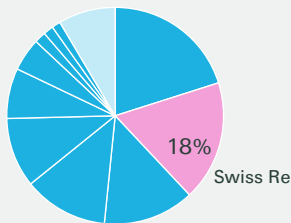
Christian Mumenthaler, Chief Marketing Officer Reinsurance



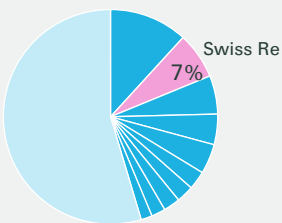
## Reinsurance introduction A world leading reinsurer

### Strong market position

- L&H – USD 49bn market<sup>1</sup>

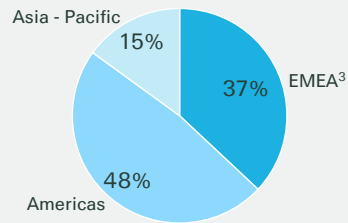


- P&C – USD 156bn market<sup>1</sup>

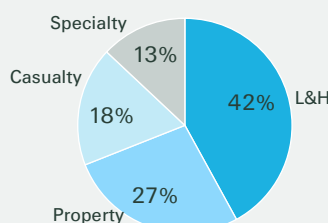


### Strong diversification

- Geography<sup>2</sup>



- Line of business<sup>2</sup>

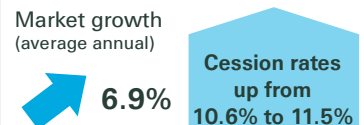


### Moderate growth environment

- L&H outlook



- P&C outlook



<sup>1</sup> Preliminary estimate 2010 by Swiss Re, Economic Research & Consulting

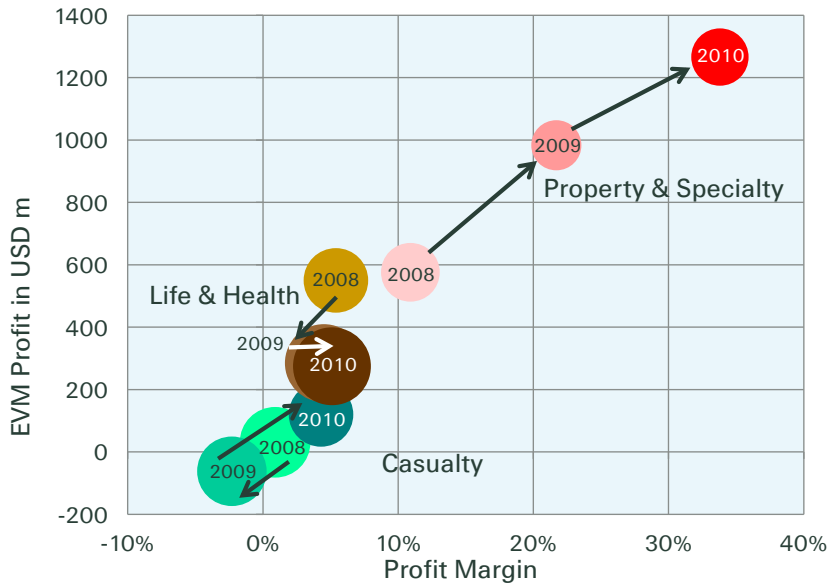
<sup>2</sup> Excluding Admin Re®, Accounting Year view

<sup>3</sup> EMEA = Europe, Middle East, Africa



## EVM performance 2008 - 2010

### New business



Figures are Swiss Re Group, excluding Admin Re®  
 Bubble size is proportional to PV of Economic Capital  
 New Business: inception date within the reported calendar year

**Property & Specialty**  
 2008: depressed price levels and hurricane Ike  
 2009: increased price levels and Chile earthquake<sup>1</sup>  
 2010: increased price levels and no major nat cat events

**Casualty**  
 2008 and 2009: impacted by German Motor business and Medical Malpractice  
 2010: strong improvements due to one off transactions and portfolio pruning

**Life & Health**  
 Lower volumes, especially quota share business, since the financial crisis

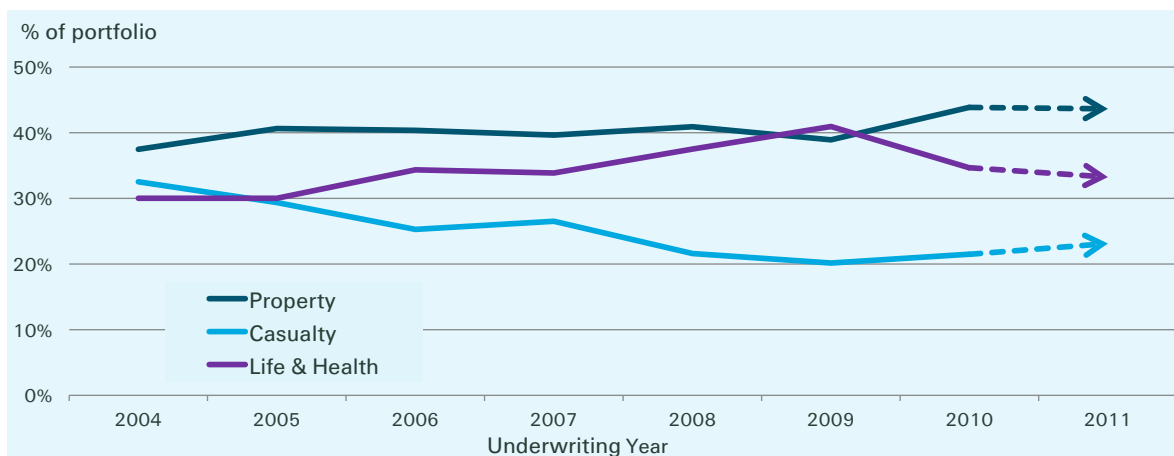
<sup>1</sup> Chile EQ included in underwriting year 2009



## Portfolio construction

### Steering towards segments offering most value

#### Net present value of premiums written



- Steering is enabled by consistent, Group wide, value-driven metrics
- Swiss Re has steered away from Casualty in recent years

## Our fundamental strengths

Very strong client franchise	<ul style="list-style-type: none"> <li>■ Very strong, 148 years old brand</li> <li>■ C-suite access with nearly all clients</li> </ul>
Global distribution and access to risk	<ul style="list-style-type: none"> <li>■ Global presence</li> <li>■ Very diversified portfolio</li> <li>■ Underwriting knowledge in all relevant risk classes</li> </ul>
Large and very strong balance sheet	<ul style="list-style-type: none"> <li>■ More than USD 10bn of excess capital (SR Group as at 31 Dec 2010)</li> <li>■ Ability to deploy very large capacities for single risks and events (both P&amp;C and L&amp;H)</li> </ul>
Unique own proprietary risk analysis	<ul style="list-style-type: none"> <li>■ Separation of costing and pricing to keep costing unbiased</li> <li>■ Own R&amp;D and models to better estimate risks</li> </ul>
Leading reinsurer in transforming risks to the capital market	<ul style="list-style-type: none"> <li>■ Natural Catastrophes</li> <li>■ Mortality</li> <li>■ Longevity</li> </ul>

## Reinsurance strategy







## Client segmentation Targeted sales approach

Segments	Description & needs	Our approach
Globals	<ul style="list-style-type: none"> <li>Very large global players</li> <li>Usually active on several continents</li> <li>Complex capital structures and financial needs</li> <li>Aggregators</li> </ul>	<ul style="list-style-type: none"> <li>One globally dedicated team</li> <li>Tailor made solutions</li> <li>Large capacities</li> </ul>
Large	<ul style="list-style-type: none"> <li>National market leaders and/or active in several countries</li> <li>Strive to grow and/or become Globals</li> <li>Similar complexity to Globals, but not yet global knowledge</li> <li>Aggregators</li> </ul>	<ul style="list-style-type: none"> <li>"Light" version of Globals approach</li> <li>One main Swiss Re contact person</li> <li>Tailor made solutions with increasing focus on risk &amp; capital management opportunities</li> </ul>
Regional & Nationals	<ul style="list-style-type: none"> <li>Combination of national insurers, mutuals, start-ups and specialised companies</li> <li>Mainly traditional reinsurance products</li> </ul>	<ul style="list-style-type: none"> <li>Lean and efficient delivery model</li> <li>Pursue growth</li> </ul>



## Customised transactions vs. traditional flow business




Traditional flow business	Customised transactions
<ul style="list-style-type: none"> <li>Part of daily business of insurers</li> <li>Renewed or re-priced frequently</li> <li>Tendered in open market with potentially dozens of reinsurers</li> <li>Commodity-type product</li> <li>Dealt with by reinsurance manager</li> </ul>	<ul style="list-style-type: none"> <li>Customised solutions to address specific client needs</li> <li>Often multi-year deals</li> <li>Often granted exclusivity to one partner</li> <li>Price is not the primary consideration</li> <li>Dealt with by client C-suite</li> </ul>

We expect customised transactions will grow  
Swiss Re is ideally placed to benefit from this trend

## Reinsurance strategy



## Expand our own R&D Intellectual investment

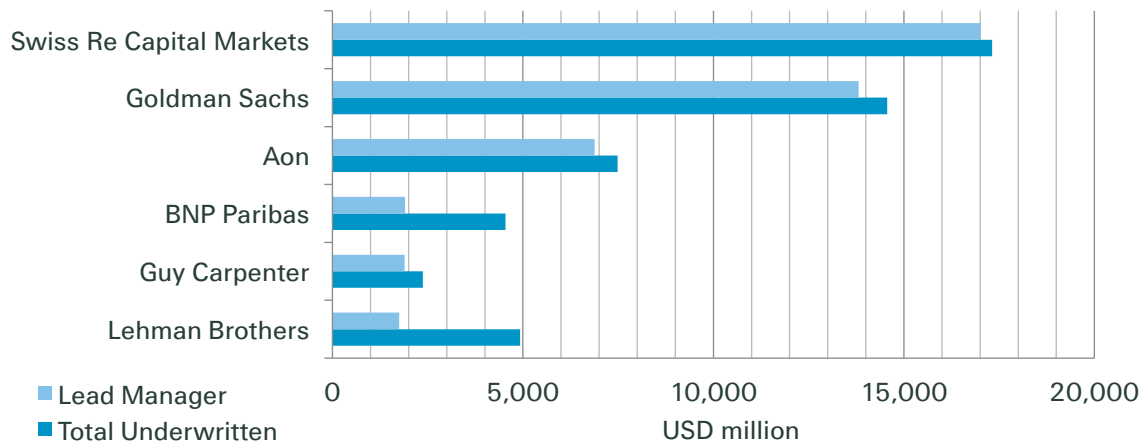
Property & Specialty	Casualty	Life & Health
 <ul style="list-style-type: none"> <li>■ Own research team</li> <li>■ Own models for storm, earthquake and flood</li> <li>■ Ability to compare to commercial tools and understand differences</li> </ul>	 <ul style="list-style-type: none"> <li>■ Group-wide casualty risk R&amp;D initiative since 2007</li> <li>■ New "nat-cat-like" casualty risk and pricing models established, based on systematic risk drivers approach</li> </ul>	 <ul style="list-style-type: none"> <li>■ Unparalleled amount of patient medical data and mortality experience available in the US and UK</li> <li>■ R&amp;D team strengthened in 2010 to model future trends in longevity</li> <li>■ Experts include researchers, medical doctors, actuaries and underwriters</li> </ul>



## Risk transformation – ILS

Swiss Re has been a leader and innovator in the sector since its inception

### 1997 – 2010 Market position



■ Leadership in the ILS market creates business opportunities for Swiss Re

As of 3 January 2011  
Source: Swiss Re Capital Markets



## Reinsurance strategy





## Emerging Markets

### A long term play for reinsurance



#### Reinsurance growth opportunities lag primary insurance in Emerging Markets

- **Reinsurance growth lagging** due to various factors such as low primary capital needs in some regulatory regimes or a focus on savings products with no need for risk transfer
- **Reinsurance margins are thin** in the mid-term due to focus of primary on top line and strong reinsurance competition

#### Emerging Markets are a long term play and require smart expansion

- Capture value from proprietary investments in fast growing primary sector
- Pursue country and risk pool specific expansion strategies such as focusing on special lines, alternative channels, or low cost products which promise to add significant value over a 5 year horizon



## Innovative insurance solution in Vietnam

### Rice yield index

FRIDAY 12 NOVEMBER 2010

INSURANCE DAY 2

NEWS

# Swiss Re teams up with ABIC and Vina Re on Vietnam rice protection

Vietnamese rice farmer: the Swiss Re scheme aims to protect Agribank against losses should farmers be unable to repay loans

#### Importance

- Agriculture contributes 22% to GDP and rice is the key crop. Production losses from natural perils reach 5% of annual GDP

#### What we did

- Area-yield index cover to protect farmers against major natural catastrophes such as impact of typhoons, floods and droughts

#### Benefits

- Agribank, Vietnam's agriculture bank and key provider of agriculture loans – will insure their rice farming clients against the inability to make loan repayments due to low yields

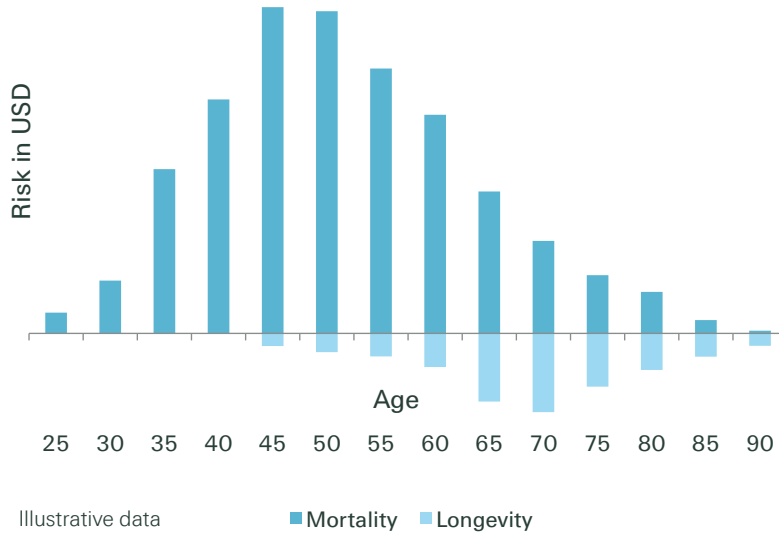
"With this solution we can in the future continue to sustain a key sector that provides a means of livelihood to more than 50% of Vietnam's 86 million people". Nguyen Van Minh, Chairman ABIC and Board Member Agribank



## Longevity

Swiss Re ideally positioned for longevity risk because of our large mortality book

Risk of 1% p.a. increase in mortality, compounded



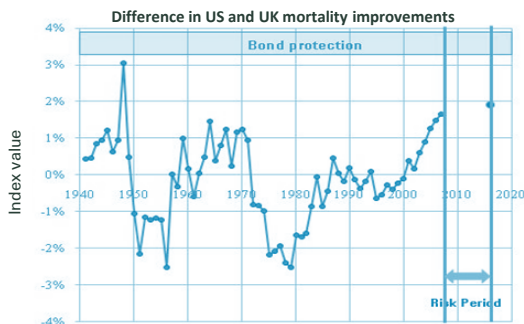
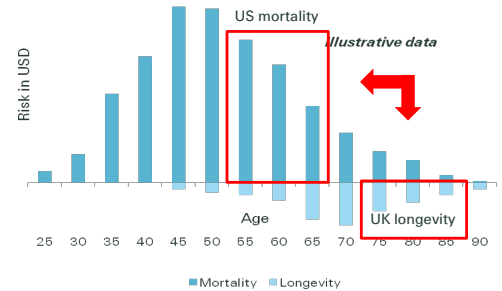
- Mortality and longevity portfolios are significantly matched from age 70, but basis risk exists across many dimensions
- Our biggest risk is the basis risk between middle-aged US mortality and older-aged UK longevity



## Longevity

Swiss Re issued first longevity/mortality basis risk bond in Q4 2010

Risk of 1% p.a. increase in mortality, compounded



- In December 2010, Swiss Re announced the transfer of USD 50m of longevity trend risk to the capital markets through the Kortis Capital Ltd. ("Kortis") securitisation programme
- The bond protects the *difference* between the mortality development of the younger US and the older UK population, each measured by a population index, rather than pure longevity risk
- Independent modelling firm RMS has issued a Risk Analysis to support the ILS
- The transaction builds on Swiss Re's leadership in ILS innovation, first in natural catastrophe and later with extreme mortality



## Environment & strategic context

### Key Trends

	Trend	Potential market impact	Opportunities for SR
Short-term	■ P&C market hardening	Outperformance potential for players with strong cycle management & steering across lines	↑
	■ L&H dislocations: refinancings, M&A	Demand for portfolio transactions (most requiring cash), Admin Re®	↗
	■ Regulatory changes, incl. Solvency II	Potentially increased reinsurance demand, increased focus on risk and diversification, reduction of arbitrage	↗
	■ Low interest rate environment	Revaluation of life guarantees Limited appetite for long-tail Casualty business	↗
Long-term	■ Population ageing, retirement funding crisis	Demand for longevity risk transfer	↗
	■ Increase in interest rates, and (potentially) inflation	Dislocations in Casualty and L&H	↗
	■ GDP growth in Asia and Latin America	Higher demand	↗
	■ Increasing influence of capital markets	ILS expansion, especially towards hybrid risk/funding transactions	↗
	■ Further consolidation of insurance market	Potentially lower demand for traditional reinsurance; opportunity for Swiss Re to offer global solutions	↗



## Reinsurance summary

### A world leading reinsurer

- Global and diversified leader in Property & Casualty and Life & Health reinsurance products and services
- Excellent client franchise, built around client centric delivery model
- Capital strength allows deployment of sizeable capacity lines for our clients
- Complete focus on economic value creation supported by separated costing and marketing functions, resulting in underwriting excellence
- Significant own data and R&D leading to better risk selection
- Ability to optimise portfolio through retro and risk transformation
- Well positioned to capture growth
  - From unique and large one off transactions (in an M&A environment)
  - When market turns (both P&C and L&H)



# Questions & answers



# Corporate Solutions

Agostino Galvagni, CEO Corporate Solutions



## Corporate Solutions introduction

### Business scope

- Corporate Solutions provides insurance solutions worldwide to corporates and their captives; personal lines insurance is out of scope
- Target clients are corporates with revenues exceeding USD 750m and selected small/niche corporates
- Customised solutions and longevity products are integral to Corporate Solutions' value proposition

- Same costing, underwriting quality and portfolio steering as rest of Swiss Re Group





# Corporate Solutions today

## An insurer with global reach

### 2011 origination / underwriting footprint



- **32 existing offices**  
 North America: 21  
 Europe: 4  
 Asia Pacific: 6  
 Latin America: 1
- **6 new offices becoming operational in 2011**

### Key facts & figures

<b>Employees<sup>1</sup></b> ~1200	<ul style="list-style-type: none"> <li>■ Insurance licences in North America, Brazil, Europe, Japan and Australia</li> <li>■ Reinsurance licences in most remaining countries for fronting business</li> </ul>	Among top 20 large commercial insurers
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<sup>1</sup> Excluding employees in Shared Service Centers and other Group Functions

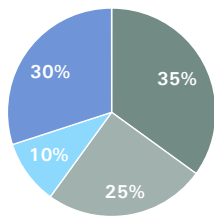


# Corporate Solutions today

## A diversified player focused on North America and large corporates

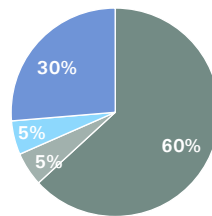
### Gross written premiums of approximately USD 2.5bn

Line of business split



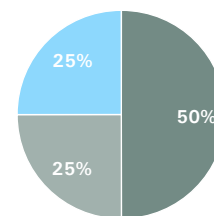
- Property & multilines
- Specialty<sup>1</sup>
- Credit & surety
- Casualty & health

Regional split



- North America
- Latin America
- Asia Pacific
- Europe & Middle East

Client segment split<sup>2</sup>



- Large corporates
- Mid-sized corporates
- Small corporates

#### Significant market share in selected segments

- Weather (OTC market): 25%
- Space: 12%
- Energy & Power: 12%
- Subset 100 of F500 companies: 6%
- Airlines: 5%

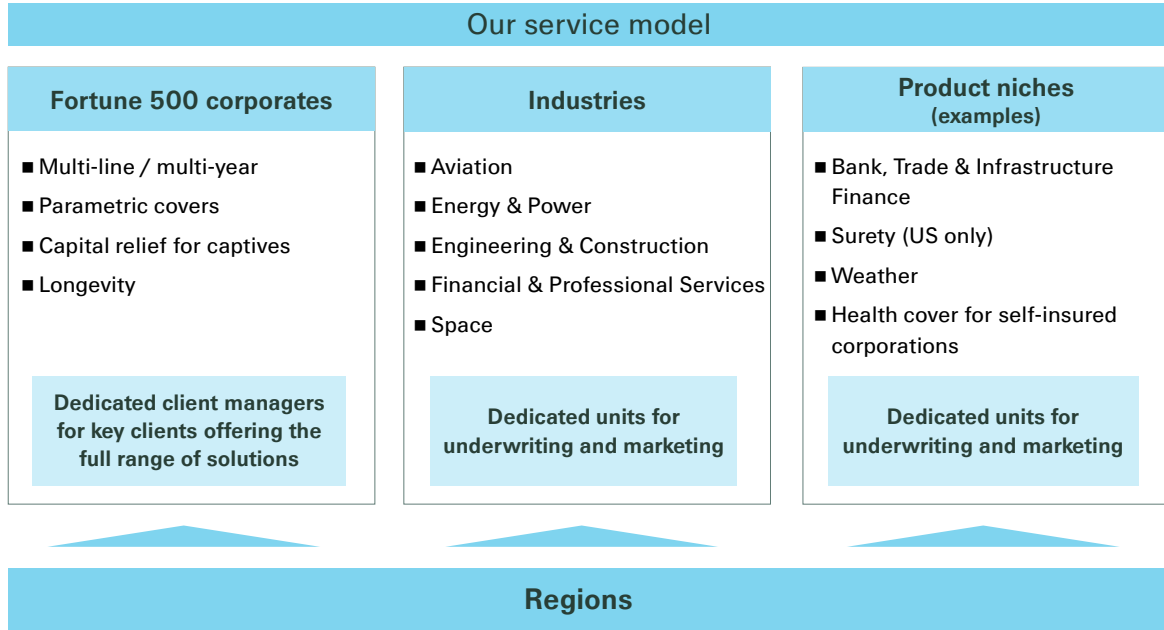
<sup>1</sup> Engineering, Marine, Aviation and Space

<sup>2</sup> Approx. segmentation of clients based on revenues in USD; large: revenues >2bn; mid-sized: <2bn, >250m; small: <250m



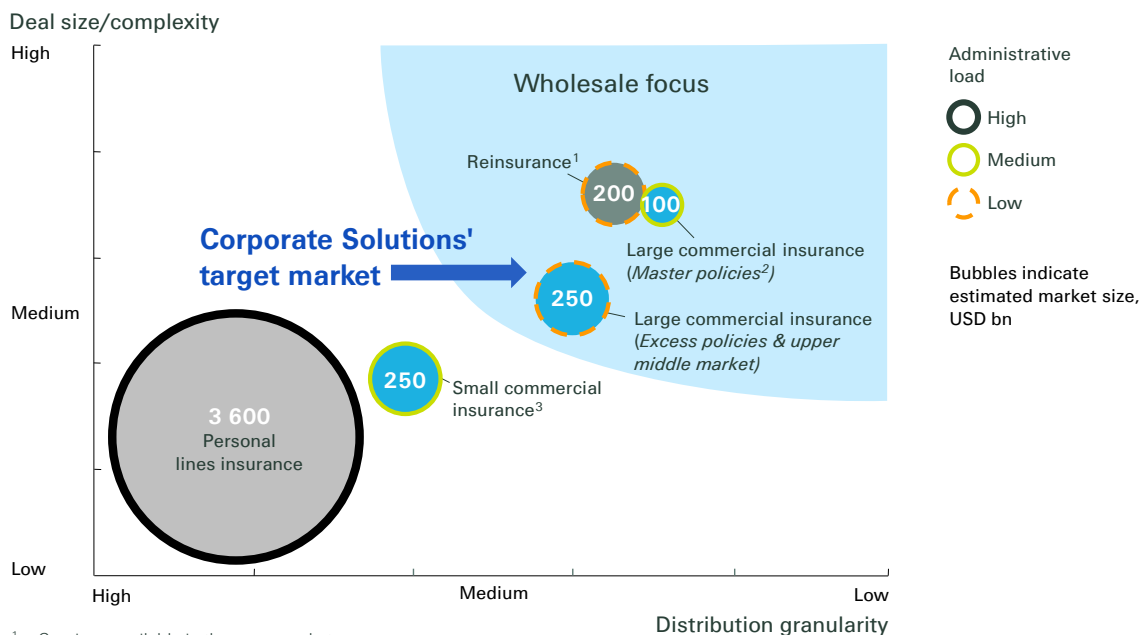
# Corporate Solutions today

## Segmentation based on client needs



# Strategic rationale

## Large commercial insurance is wholesale business

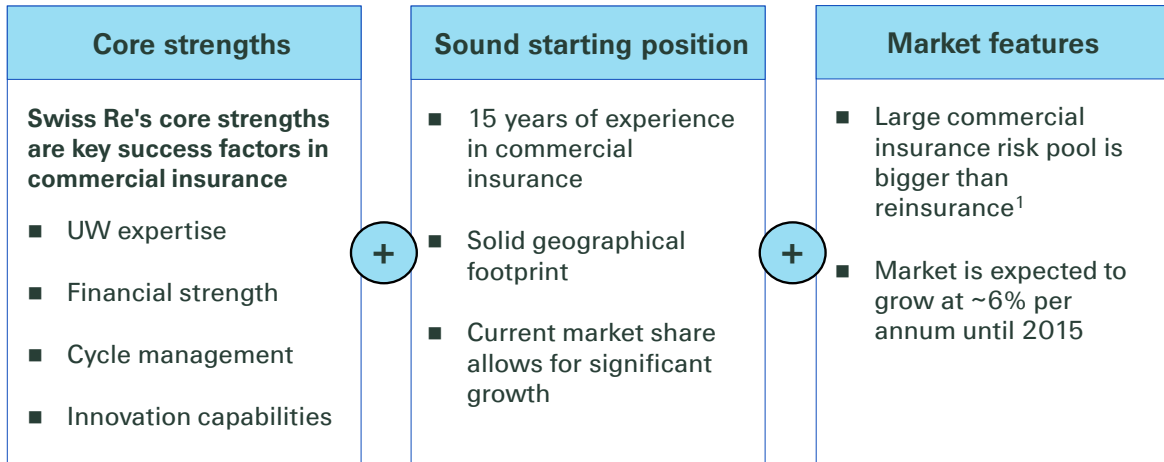


<sup>1</sup> Cessions available in the open market  
<sup>2</sup> Global insurance policies; primary layers  
<sup>3</sup> Including lower end mid-sized commercial clients



# Strategic rationale

Swiss Re is well placed to expand in commercial insurance

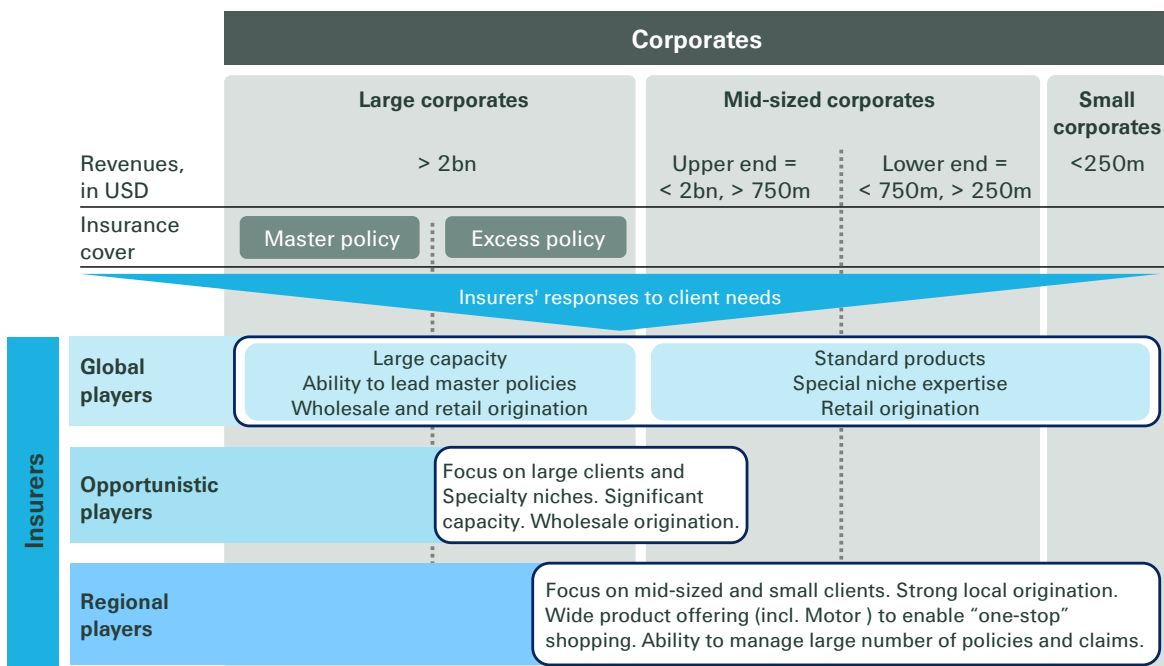


<sup>1</sup> Cessions available in the open market



# The commercial insurance landscape

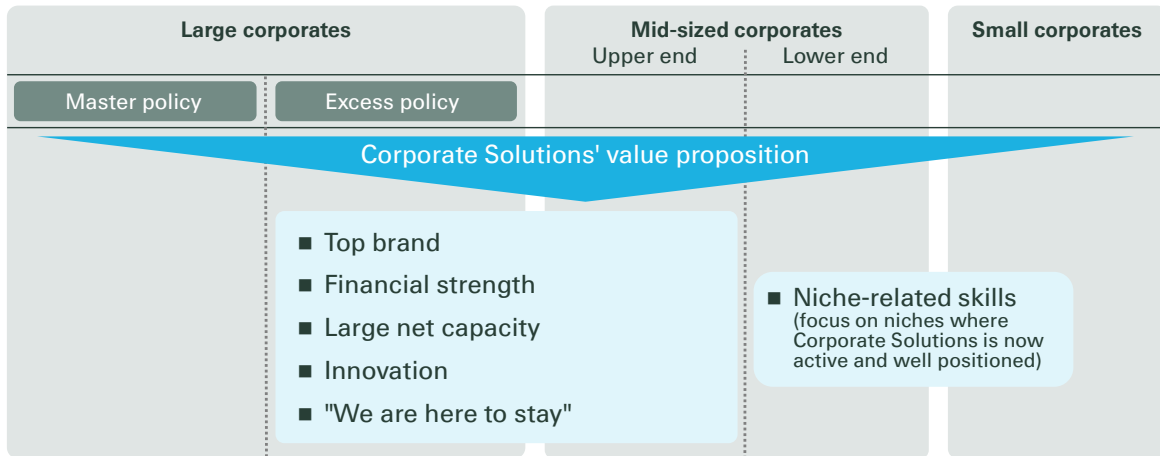
Client needs drive insurers' value proposition





## Corporate Solutions' strategy

Focus on large commercial insurance  
as "lean global player"



Corporate Solutions will be

- **Leaner** than 'global players' because it will not lead master policies (lower cost)
- **Closer** to risks than 'opportunistic players' thanks to local origination (access to risks not placed in wholesale centres e.g. London, Bermuda and New York)
- **Broader** international expertise than 'regional players'



## Examples of recent transactions

Large capacity and innovation make a difference

### Transaction requiring large capacity

#### Large energy corporation

- Global corporate multiline programme
- SR's capacity: USD 350m for a 15% share (lead role) in most programme sections; this transaction allowed Corporate Solutions to increase its share of wallet from 3% to 7%

### Non-standard transactions

#### Large electricity network operator

- Parametric cat-windstorm Europe cover (swap contract)
- 100% share of EUR 150m xs EUR 100m
- Option to transfer into a cat bond co-led by Swiss Re

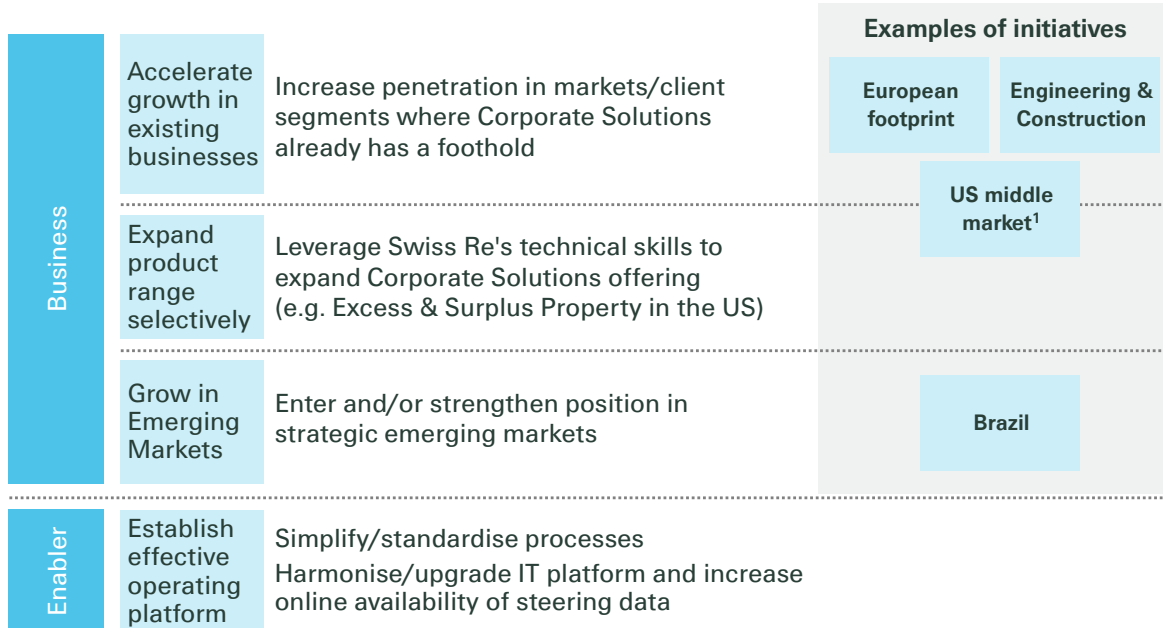
#### European builders association

- Online sales platform for corporates to protect themselves directly or via brokers
- Weather derivatives with 10 to 90-day duration covering the risk of absenteeism due to cold weather
- Total limit: USD 26m; SR's share: 100%



# Overview of growth initiatives

## Diversified portfolio



<sup>1</sup> Focus on corporates with revenues between USD 750m and USD 2bn



# Brazil

## An expanding insurance market

### Country highlights



- Significant investments in (>USD 300bn) in the next decade
  - Infrastructure sector: USD ~90bn investments
  - Oil and gas sector: USD ~170bn investments
- Size and complexity of development projects will create opportunities for specialized insurers with large capacities

### Corporate Solutions' profile



#### Facts & figures

- 2010 premium: USD 73m
- 107 employees
- Shareholders: Swiss Re (80%) and International Finance Corporation<sup>1</sup> (20%); transaction approved by local regulator on 1 March 2011

#### Current market position

- Agriculture: 4<sup>th</sup> player (7% market share)
- Surety: 4<sup>th</sup> player (10% market share)
- Other P&C lines of business: Small player

#### Strategy and next steps

- Strengthen position as leading Specialty insurer
- Leverage surety clients to cross sell other lines of business, particularly Engineering & Construction
- Integrate UBF into SR framework, where appropriate

<sup>1</sup> World Bank Group



## Corporate Solutions summary

### A lean global player in commercial insurance

- Modest market share, but strong value proposition and solid platform upon which to build
- Focus on large commercial insurance as a "lean global player" fits well with Swiss Re's core strengths
- Dedicated resources, separate from Reinsurance
- Ambitious organic growth strategy subject to rigorous cycle management, portfolio steering and clear focus on profitability



# Admin Re<sup>®</sup>

David Blumer, Chief Investment Officer and Chairman of Admin Re<sup>®</sup>

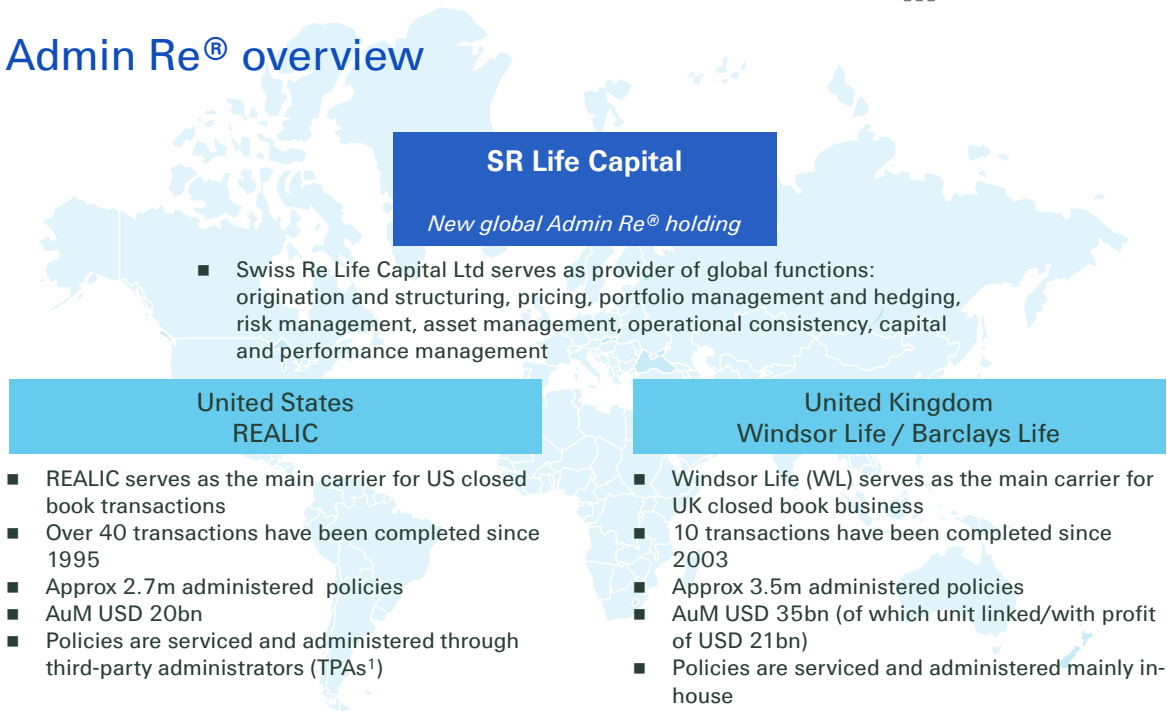


## Admin Re<sup>®</sup> introduction

A recognised force in the closed life business

- Admin Re<sup>®</sup> is focussed on the acquisition and administration of blocks of closed life business
- Admin Re<sup>®</sup> will pursue an ambitious programme
  - To strengthen its market presence through key transactions
  - To build on the established skill base of the business and further strengthen class-leading global disciplines
  - To deliver operational excellence and consistent policy-holder service
- Admin Re<sup>®</sup> will have the option to attract third party capital to realise its ambition

## Admin Re<sup>®</sup> overview



<sup>1</sup> TPA=Third-party administrators

## Closed life books are a natural fit for the Swiss Re Group

- Opportunity to acquire life exposure at attractive valuation levels, providing a diversification benefit to Swiss Re P&C
- Stable, relatively low-correlated predictable cash flows/dividend streams with transparent risk. Cash flows on past transactions have met expectations
- We have the experience and the skills to be a leading closed book consolidator
  - Core competencies in origination, management of actuarial and financial market risk, as well as asset management – organised in global disciplines
  - Unique global footprint with 50+ transactions in 12-year history
  - Scalable business setup, allowing for seamless integration of acquired blocks of business
  - Operational flexibility with experience in outsourced and in-house policy administration



## Admin Re® follows a three-pronged strategy to maximise value creation

### Selective growth

Pursue a selective global growth strategy to strengthen the business in closed book markets, executing transactions with rigor and focus

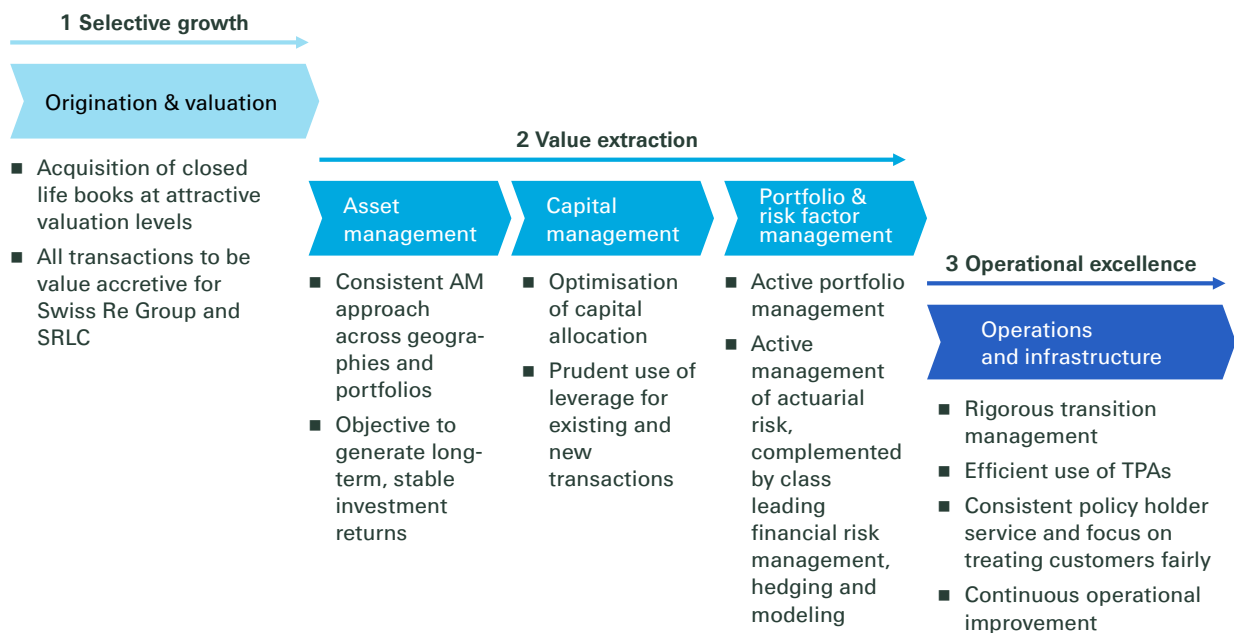
### Value extraction

Systematically address all levels of value extraction of existing books through class-leading management of assets, capital, portfolios and risk

### Operational excellence

Drive operational excellence and platform consolidation and improve consistency of policy-holder service

## Admin Re® systematically addresses the different levers of value creation



## Closed life book business industry trends

### Need for capital to fund growth

- Insurers seeking to unlock capital allocated to low-growth mature markets to pursue growth opportunities elsewhere
- Financial conglomerates and composite insurers exiting sub-scale operations and reverting to core business activities

### Changing regulatory environment

- Trend away from bancassurance model as Basel III is implemented
- Likely increase in required capital for life insurance operations under Solvency II
- National bailouts may drive the disposal or spin-off of closed books in some markets

### Reduced competition for closed books

- Leading consolidators face challenges
- Several traditional life re/insurers have exited the in-force market

- Market cycle is positive and opportunities are expected to emerge over coming years

## Closed life book market in favourable cycle for acquisitions

### Characteristics of target markets favourable

#### US

- Polarised market with transformational and small targets
- Global insurers aiming to decrease capital allocated to US to fund growth elsewhere
- Smaller companies lacking scale and with high funding costs constitute an opportunity

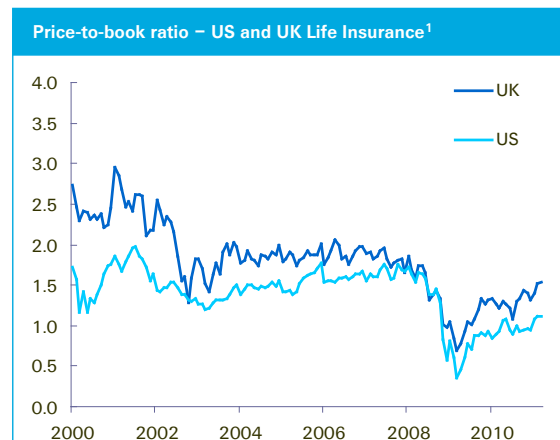
#### UK

- Global insurers reviewing options with regards to UK operations
- Potential for sale of closed books following recent M&A activity
- Fragmented market with some insurers operating below scale

#### Cont. Europe

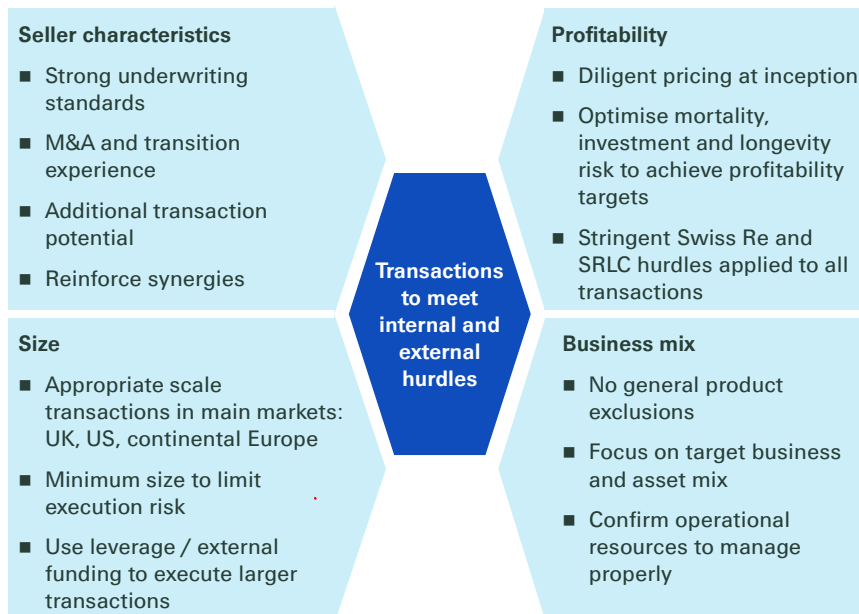
- Mature market with increasing pressure on regulatory capital and limited growth
- Presence of large, re-capitalised players may prompt marginal participants to exit
- Asset disposals driven by reduction in government support a potential catalyst

### Valuations attractive for acquirers



<sup>1</sup> Market capitalisation-weighted index composed on 20 largest UK-based, 51 largest US-based life insurers

## Admin Re<sup>®</sup>'s rigorous approach to transaction origination and structuring



## Transactions will be assessed based on a range of parameters

- Acquisitions at attractive valuation levels. Current market EV discounts are in the 70% - 85% range
  - Target medium size acquisitions with up to USD 1bn equity, usage of leverage considered if appropriate
  - Returns must be competitive with other uses of capital
  - Significant positive EVM profit at inception
- Transactions will be measured with different metrics depending on underlying risk characteristics, region, etc.

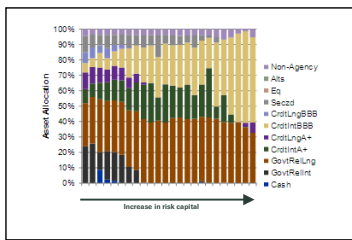


# Three components to increase value extraction



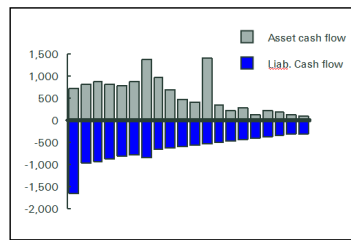
### Asset management

- Consistent long-term approach
- Long-term stable investment performance
- Strong link to capital/ALM and risk management



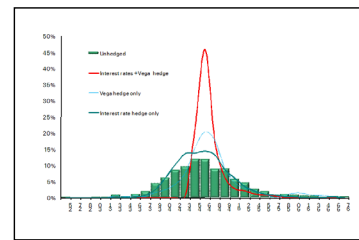
### Capital management

- Optimise allocation of capital
- Prudent use of leverage for new transactions



### Portfolio and risk factor management

- Active management of actuarial and financial risks
- Class-leading financial risk management, portfolio management and hedging

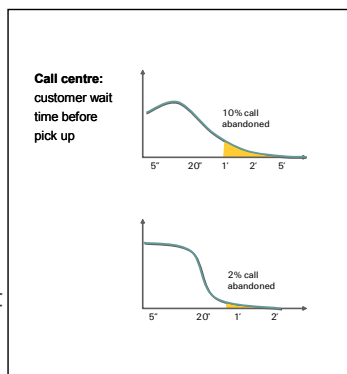


# Operational excellence key to realising value in long-term



- Rigorous transition management
- Efficient use of TPAs
- Excellent customer service, administration and intense focus on treating customers fairly (TCF)
- Continuous self-improvement of in-house operations

### Operational excellence



### Rigorous operational controls

Issue	Owner	Decision	Resolution	Escalation	Resolution	Resolution	Resolution	Resolution
1. Supplement issue summary	Business Manager	Stable						
2. Address product information	Business Manager	Stable	Stable	Stable	Stable	Stable	Stable	Stable
3. Plan for delivery of information	Business Manager	Stable	Stable	At Risk	Stable	Stable	Stable	Stable
4. Data transfer to SAP info	Business Manager	Stable	Stable	Stable	Stable	Stable	At Risk	Stable



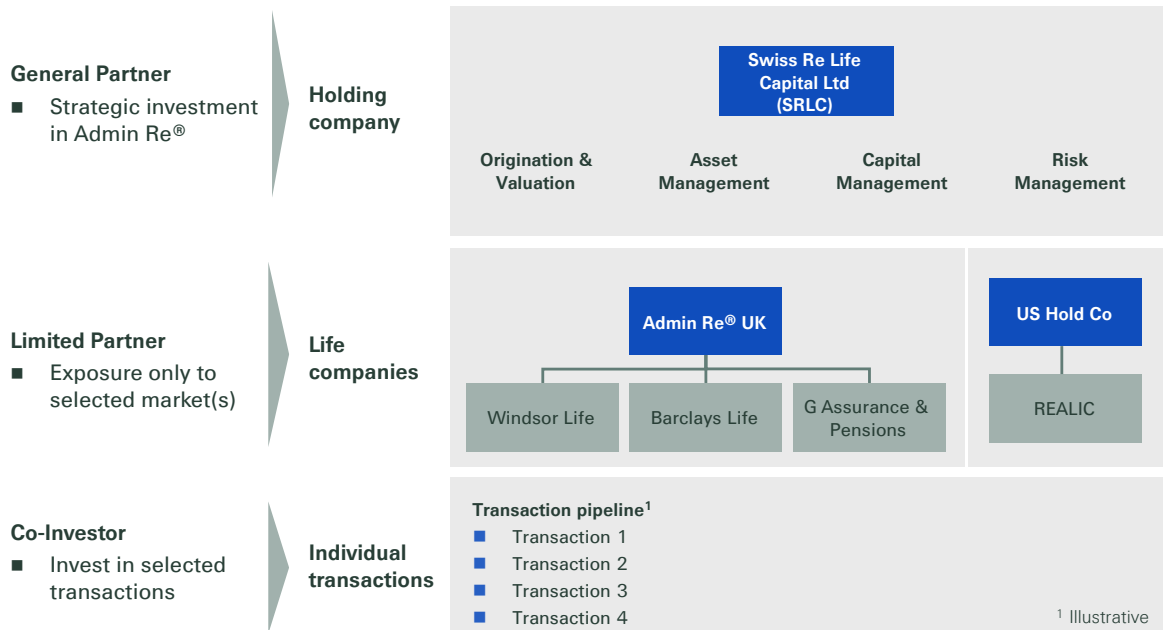
# Admin Re<sup>®</sup> able to attract third-party capital to complement its growth ambitions

## Prerequisites

Capitalisation	Robust legal entity capitalisation and clarity on balance sheet positions
Profitability	Transparency on financial performance, consistent dividend flow, sustainable and lean cost structure
Market presence	Established deal pipeline, as well as appetite and execution readiness (capital, transaction governance, etc.)
Governance & Controls	Key governance processes and robust control environment in place
Stand-alone platform	Efficient stand-alone operational base and infrastructure – investments to reinvigorate platform and ensure stability
Management	Experienced management with effective global disciplines



# The new Admin Re<sup>®</sup> structure offers full flexibility for third-party investments





## Admin Re<sup>®</sup> summary

### A recognised force in the closed life business

- With the corporate realignment of Swiss Re, Admin Re<sup>®</sup> is established as one of the three core operating businesses of Swiss Re and is set up as a self-standing Business Unit within the SR Group
- Admin Re<sup>®</sup> will
  - Further deepen its market presence by executing transactions to realise the strategy of selective growth in global markets
  - Focus on further strengthening its class-leading global disciplines asset management, capital management as well as portfolio and risk factor management to pursue a strategy of maximum value extraction from existing closed life books
  - Drive operational excellence and strengthen consistency of policy-holder services
- Admin Re<sup>®</sup> may seek to attract third-party capital – the new Admin Re<sup>®</sup> setup offers full flexibility for third-party investments



# Questions & answers



## Corporate calendar & contacts

### Corporate calendar

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15 April 2011	<b>147<sup>th</sup> Annual General Meeting</b>	Zurich
05 May 2011	<b>First Quarter 2011 results</b>	Conference call
04 August 2011	<b>Second Quarter 2011 results</b>	Conference call
03 November 2011	<b>Third Quarter 2011 results</b>	Conference call
09 December 2011	<b>Investors' Day</b>	

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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:

- further instability affecting the global financial system and developments related thereto;
- changes in global economic conditions;
- Swiss Re'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 under derivative contracts due to actual or perceived deterioration of Swiss Re's financial strength;
- 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 Swiss Re's investment assets;
- changes in Swiss Re'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 Swiss Re's balance sheet equivalent to its 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 hedging arrangements may not be effective;
- the lowering or loss of financial strength or other ratings of one or more of the companies in the Group or developments adversely affecting the ability to achieve improved ratings;
- the cyclicity of the reinsurance industry;
- uncertainties in estimating reserves;
- 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;
- extraordinary events affecting Swiss Re's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- current, pending and future legislation and regulation affecting Swiss Re or its ceding companies, and regulatory or legal actions;
- changes in accounting standards;
- 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.

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The ability of Swiss Re shareholders who are not resident in Switzerland to accept the exchange offer (the "Exchange Offer") to be launched for Swiss Re shares ("Swiss Re Shares") in return for shares ("HoldCo Shares") of Swiss Re Ltd ("HoldCo") may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. The Exchange Offer will not be made, directly or indirectly, in or into any jurisdiction outside Switzerland where to do so would violate the laws of that jurisdiction or would require the preparation of a prospectus or registration or other qualification of the HoldCo Shares.

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### Information for U.S. Shareholders and U.S. ADS Holders

The HoldCo Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or under the securities law of any state or other jurisdiction of the United States. The HoldCo Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, unless HoldCo is satisfied, in its sole discretion, that HoldCo Shares can be offered, sold or delivered to a shareholder in the United States pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, a shareholder in the United States that validly accepts the Exchange Offer will receive, in lieu of HoldCo Shares to which it would otherwise be entitled under the terms of the Exchange Offer, the net cash proceeds of the sale of such HoldCo Shares.

When made, the Exchange Offer will be subject to Regulation 14E of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Exchange Offer will be made in respect of the securities of a Swiss company, and will be subject to Swiss disclosure requirements.

The Exchange Offer will not be extended to holders (in their capacities as such) of American Depositary Shares representing Swiss Re Shares ("ADSs"). Holders of ADSs will receive a notice from JPMorgan Chase Bank N.A., the depositary (the "ADS Depositary") in respect of the Exchange Offer. Moreover, at Swiss Re's request, the ADS Depositary will be terminating the ADS program.

The receipt of cash consideration under the Exchange Offer by a U.S. shareholder may be a taxable transaction for U.S. federal income tax purposes and may be a taxable transaction under applicable U.S. state and local, as well as foreign and other, tax laws.

### European Economic Area; United Kingdom

In the European Economic Area, the Exchange Offer and documents or other materials in relation to the HoldCo Shares will only be addressed to, and will only be directed at, (i) qualified investors in a relevant member state within the meaning of Article 2(1)(e) of the Prospectus Directive, as adopted in the relevant member state, and (ii) persons who hold, and will tender, the equivalent of at least €50,000 worth of Swiss Re Shares (collectively, "permitted participants"). These documents may not be acted or relied upon by persons in the EEA who are not permitted participants.

With reference to the U.K. Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), the Exchange Offer and any materials in relation to the HoldCo Shares will only be directed at persons in the United Kingdom that are (a) investment professionals falling within Article 19(5) of the Order or who fall within Article 49(2)(a) to (d) of the Order; (b) holders of Swiss Re Shares at the time of communication of the Exchange Offer and such materials; or (c) persons to whom they may otherwise lawfully be communicated (collectively, "relevant persons"). In the United Kingdom, the HoldCo Shares will only be available to, and the Exchange Offer may only be accepted by, relevant persons who are also permitted participants, and as such, any investment or investment activity to which this presentation relates is available only to, and may be relied upon only by, relevant persons who are also permitted participants.

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