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Partnering for progress

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Swiss Re
Press conference

Monte Carlo, 11 September 2023

Your speakers today

Moses Ojeisekhoba
CEO Global Clients & Solutions

Urs Baertschi
CEO Property & Casualty Reinsurance

Gianfranco Lot
CUO Property & Casualty Reinsurance

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Moses Ojeisekhoba

CEO Global Clients & Solutions

Swiss Re puts serving **clients and partners at the core** of its strategy

Risk transfer: reducing our clients' risk exposure by deploying meaningful capacity globally (incl. traditional P&C offering and complex transactions)

Risk partnerships: finding new and innovative ways to process, transfer and diversify risk, enabling tangible benefits for our clients and their customers

Risk insights: creating solutions from significant investments in technology and intellectual property to help our clients grow and improve profitability

A **major, diverse player** in the P&C reinsurance space, with USD 22bn net earned premiums for 2022…

… as well as leading positions in **knowledge and thought leadership, data and analytics,** and **innovation**

NMG scores – insurers[1]

#1 Target market

#1 Total market

Swiss Re offers solutions beyond risk transfer

1. NMG Consulting's 2023 P&C Re Study – BCI ranking (all insurers)

Swiss Re's suite of **solutions** extends its business model beyond risk transfer

We cover the entire insurance value chain …

- Distribution
- Product development
- Underwriting and pricing
- Market and risk insights
- Claims

… with a wide range of solutions

P&C Analytics
Data. Action. Disruption.

Property
Model. Analyse. Mitigate.

Specialty
Efficient. Sustainable. Client-focused.

Automotive and mobility
Connected. Flexible. Consumer-driven.

Claims
Connected. Simple. Efficient.

Our solutions are tailored to help primary insurers grow and improve profitability

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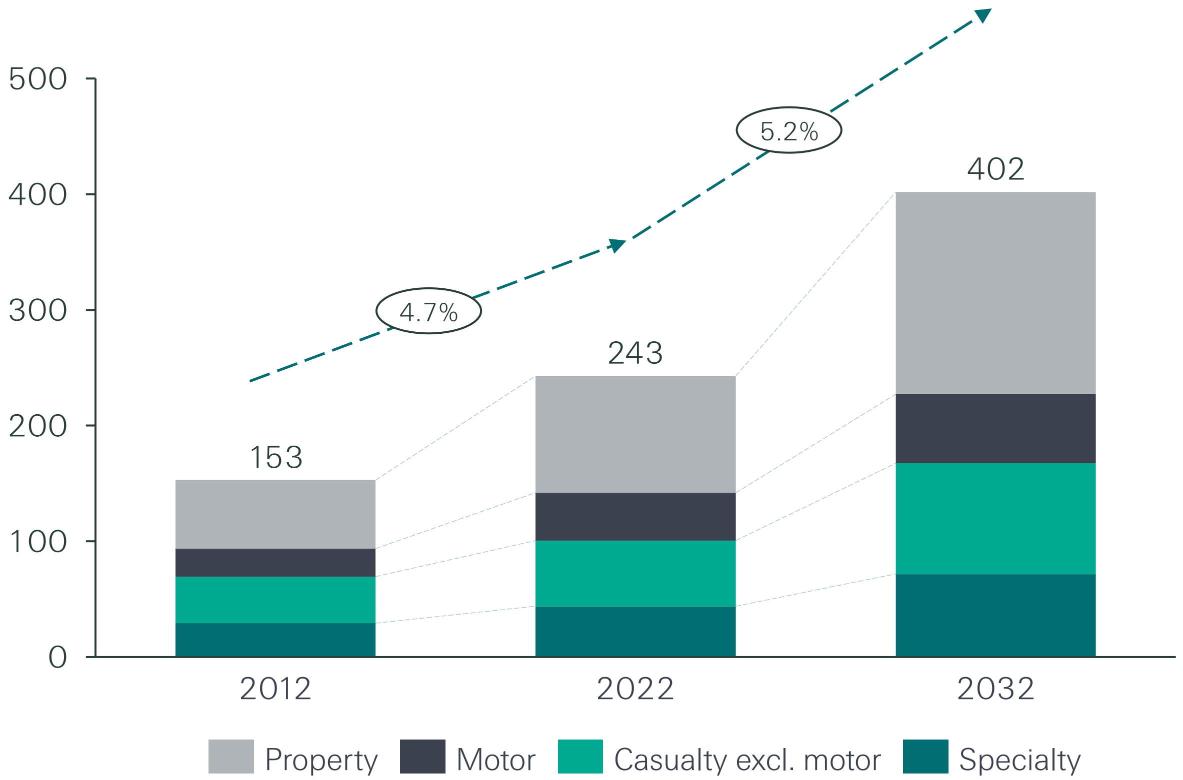
Urs Baertschi

CEO Property & Casualty Reinsurance

P&C reinsurance is expected to **grow in line with GDP**, driven by new risk pools

Global P&C Reinsurance gross premiums written[1], in USD bn



P&C Reinsurance market is expected to grow by **5.2% annually** until 2032.

Growth is driven by new risk pools catalysed by digitalisation, higher risk awareness and increasing insurance penetration in emerging markets.

In an increasingly volatile environment, the reinsurance industry is vital to make the world more resilient

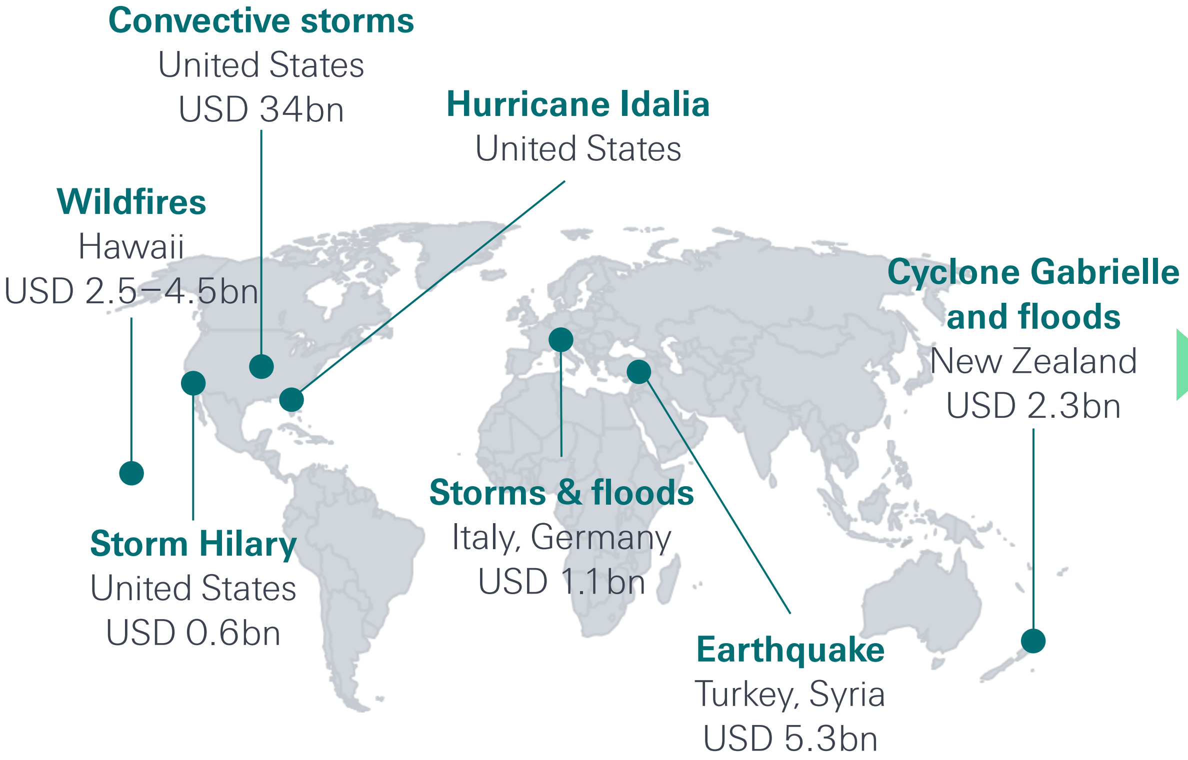
Source: Swiss Re Institute

1. Nominal basis; data and forecasts as of of 7 September 2023; reinsurance market sizes are estimate-driven

Insured losses from **natural catastrophes** are rising, with secondary perils having an increasing impact

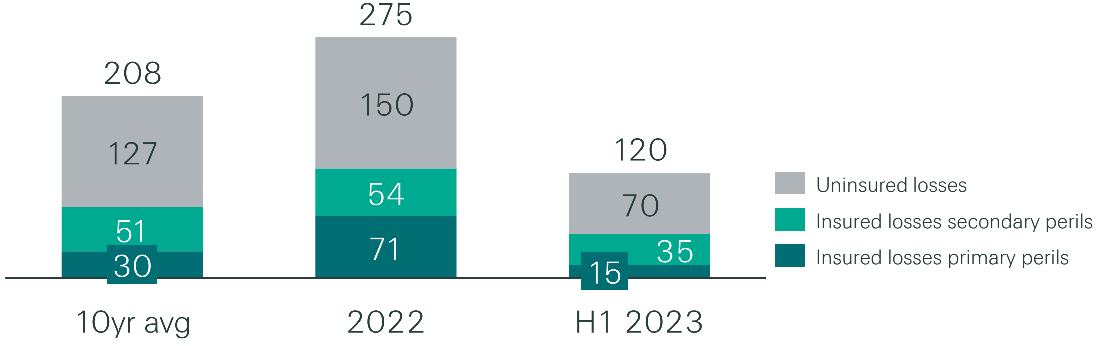
Major natural catastrophes in 2023 around the world[1]

Insured losses



2023 natural catastrophe losses

USD bn



Global insured losses from natural catastrophes in H1 2023 at **USD 50bn** are **second highest since 2011.**

US thunderstorms were the main driver of global insured losses and account for 68% of global insured natural catastrophe losses in H1 2023, highlighting the **increasing loss impact of secondary perils.** On average over the last 10 years, **58% of insured losses** were caused by secondary perils.

Above-average losses reaffirm a **5–7% annual growth trend in insured losses.**

Swiss Re continuously invests in own risk models to manage the evolving risk landscape

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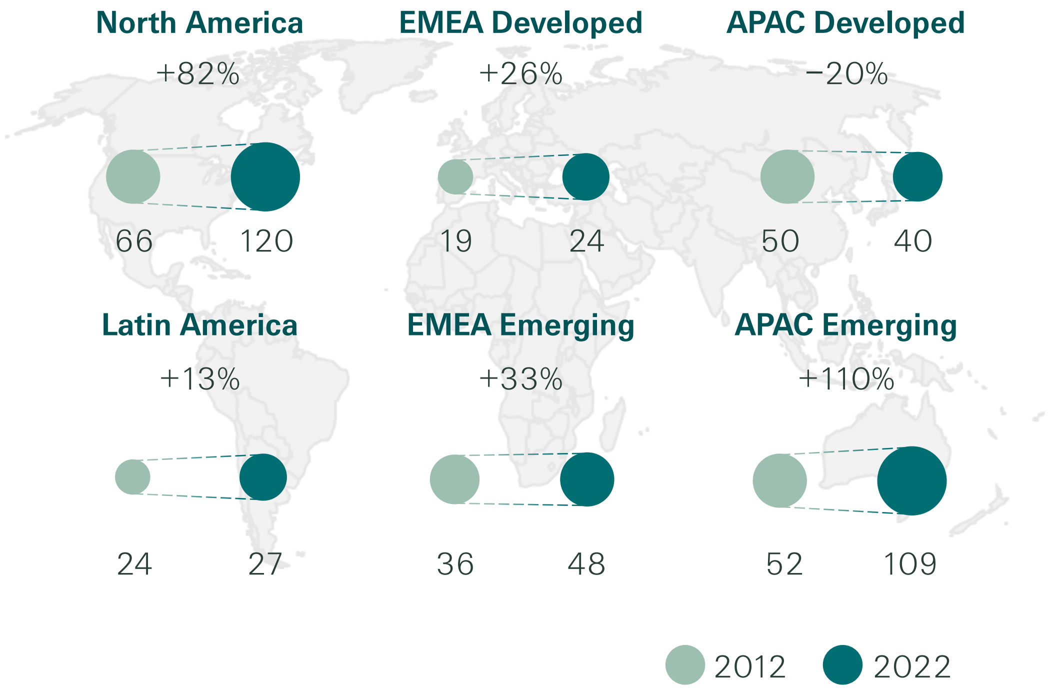
Source: Swiss Re Institute, PERILS
1. Losses are estimates

The re/insurance industry plays an instrumental role in **narrowing the protection gap**

P&C protection gap, USD 368 billion ...



... a global opportunity

In 2022, there were **more uninsured catastrophe losses than insured ones**, with only about ¼ of total losses insured.

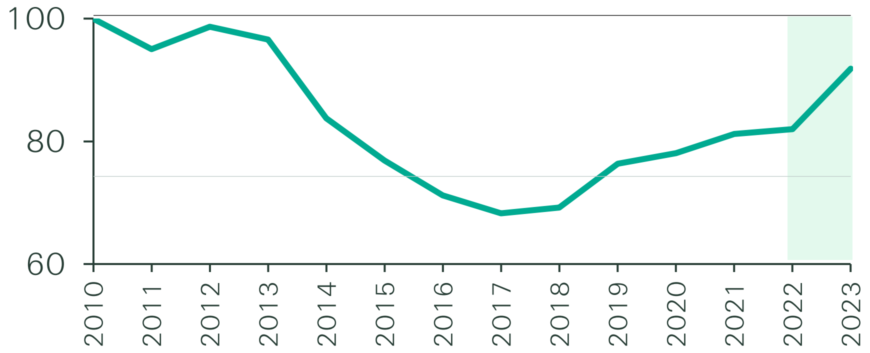
The **global protection gap continues to widen,** reaching **USD 368 billion** in 2022**.** Since 2012, the protection gap has **grown roughly at the rate of global GDP**, at 3–5% annually on average.

In the **emerging Asia Pacific** region, the **gap has doubled since 2012.**

Swiss Re's innovative offerings such as parametric insurance contribute to the expansion of insurance coverage

Reinsurance pricing has reacted to years of heavy losses

Reinsurance pricing is returning to more sustainable levels …[1]



The market has reverted to a more **sustainable** level of **risk-adjusted pricing** since its low point in 2017.

Additionally, contracts have been restructured to **reduce volatility** through moving to higher layers and enforcing exclusions.

… driven by multiple factors

- Claims uncertainty
- Economic and social inflation
- Social and demographic changes
- Politics and economics
- Technology and nature
- Re/insurance market
- Underwriting profitability of new business

Swiss Re expects this trend to continue and supports the return to a more sustainable reinsurance market

1. Source: Swiss Re Institute; rebased at 100 in 2010 (approx. pricing peak of the last hard market).

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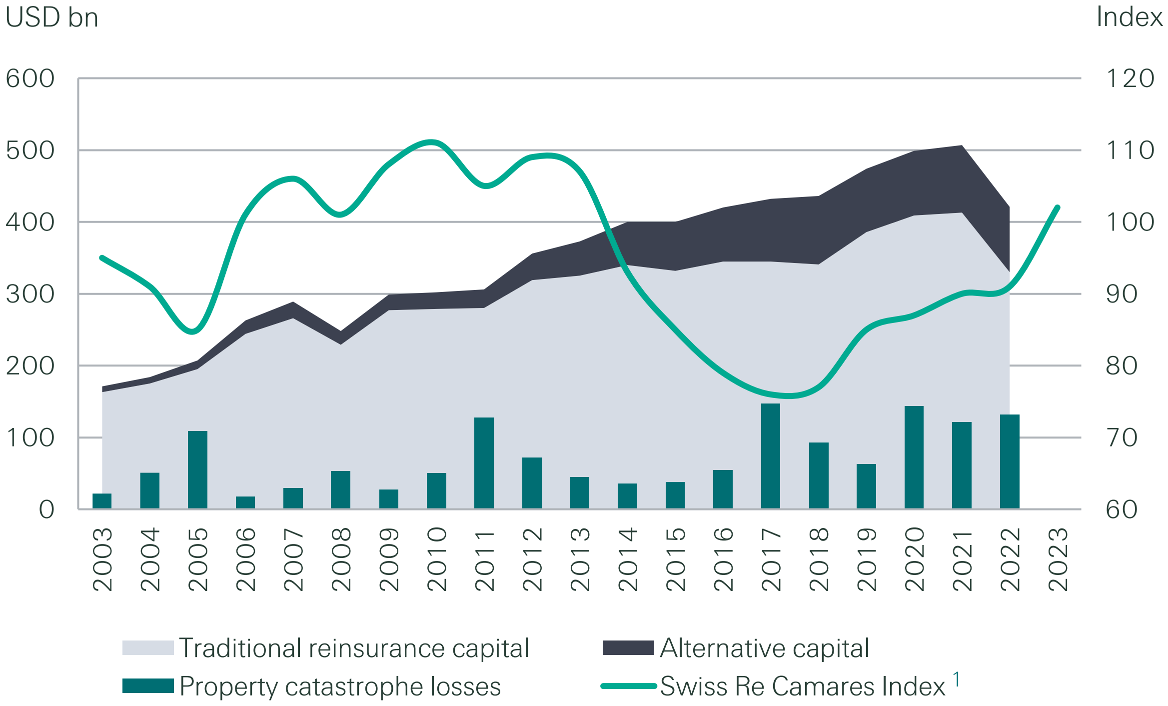
CUO Property & Casualty Reinsurance

Risk-adequate returns in the **natural catastrophe** market needed to increase reinsurance capacity and investor trust

Natural catastrophe reinsurance market prices, insured losses and capital flows



Swiss Re remains a **leader** and a **key partner** to our clients **in the natural catastrophe business.**

Demand for natural catastrophe reinsurance continues to exceed supply, especially in lower layers

Secondary perils require greater **data transparency**. We carefully monitor these exposures and have taken action to manage the evolving risk landscape.

Swiss Re provides leading natural catastrophe reinsurance capacity

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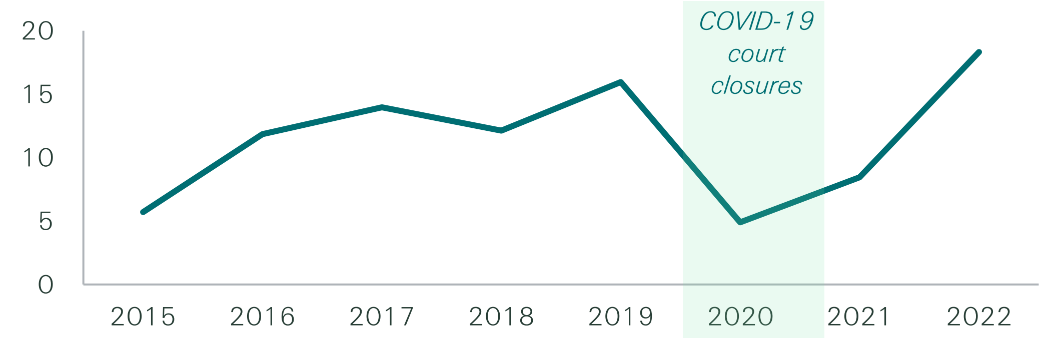
Source: Swiss Re Institute
1. The Swiss Re Camares (Catastrophe Market Research) Index, defined as the ratio of premium to expected loss, describes the development of the cat market; Index is set to 1994 = 100.

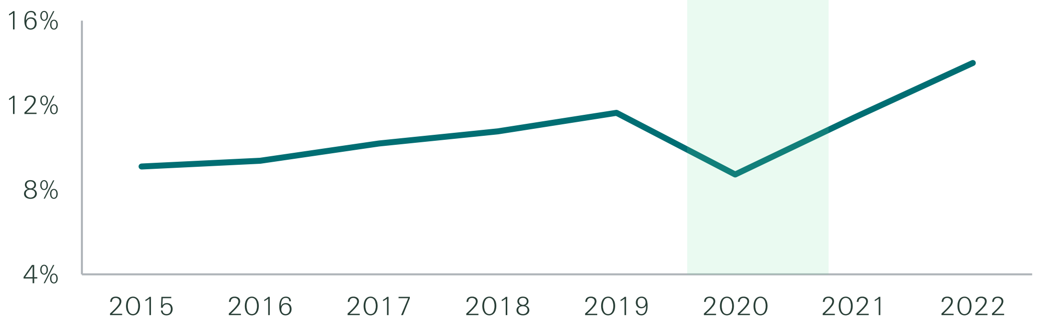
In **casualty,** alignment of interests needed to address the challenging market and deliver long-term value for all stakeholders

Social inflation continues to trend upwards

Sum of corporate "nuclear verdicts" in the US[1] (USD bn)



Share of large general liability verdicts USD >5m in the US (in %)



Economic and particularly social inflation are driving up claims costs and resulting in poor industry performance.

Third wave of social inflation is underway as litigated cases, litigation funding and jury awards continue to rise.

Sustainable risk sharing dynamics and mechanisms can address imbalances and encourage capital flows.

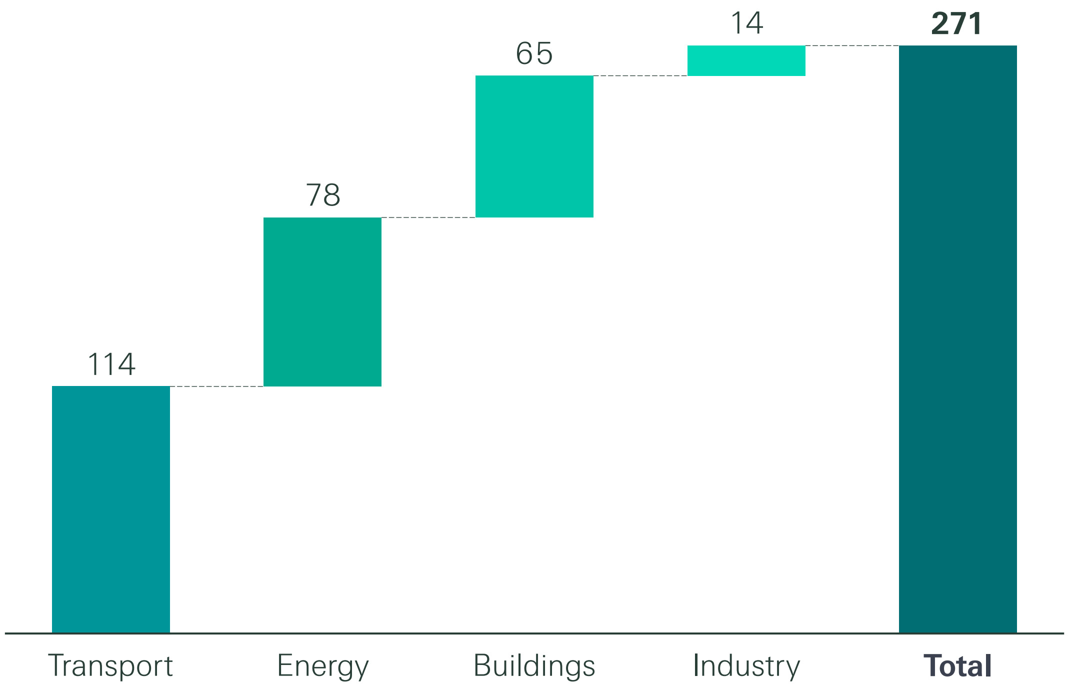
Greater data transparency will be key to understand underlying exposure associated with emerging risks and navigate upcoming challenges effectively.

Swiss Re continues to watch casualty with the necessary prudency

Source: Marathon Strategies, Thomas Reuters Westlaw, Swiss Re Institute
1. Nuclear verdicts are classified as those greater than 10m.

Specialty markets expected to maintain growth trajectory driven by increased demand

Investment gap to net zero by 2050 (USD tn)



Despite near-term headwinds, **infrastructure investments present significant growth opportunities.**

Increasing energy transition requires significant investments supported by **in-depth risk knowledge.**

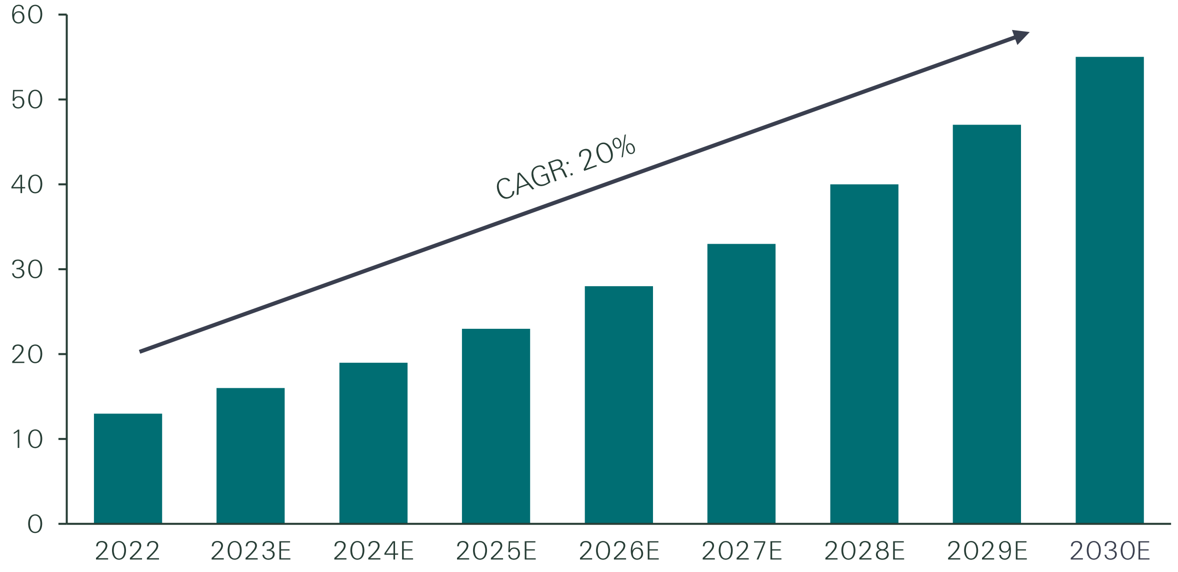
New **Centre of Competence for Renewable Energy** offers **global expertise** across technologies and lines of business.

By **factoring risks** for new complex projects, Swiss Re **contributes to lower cost of capital** of these projects, thereby increasing their attractiveness.

Swiss Re has built strong engineering capabilities to support the industry's energy transition

Cyber market primed to continue its strong growth trajectory, accumulation risk remains a concern

Gross written premium projection for global cyber (USD bn)



Swiss Re is an **active player** in the **cyber** market.

Legal and regulatory developments have been positive in some instances, while in others more improvement is needed. However, **accumulation management** remains a key focus area.

Contract certainty will be needed and requires the industry to **advance clarity of definitions**.

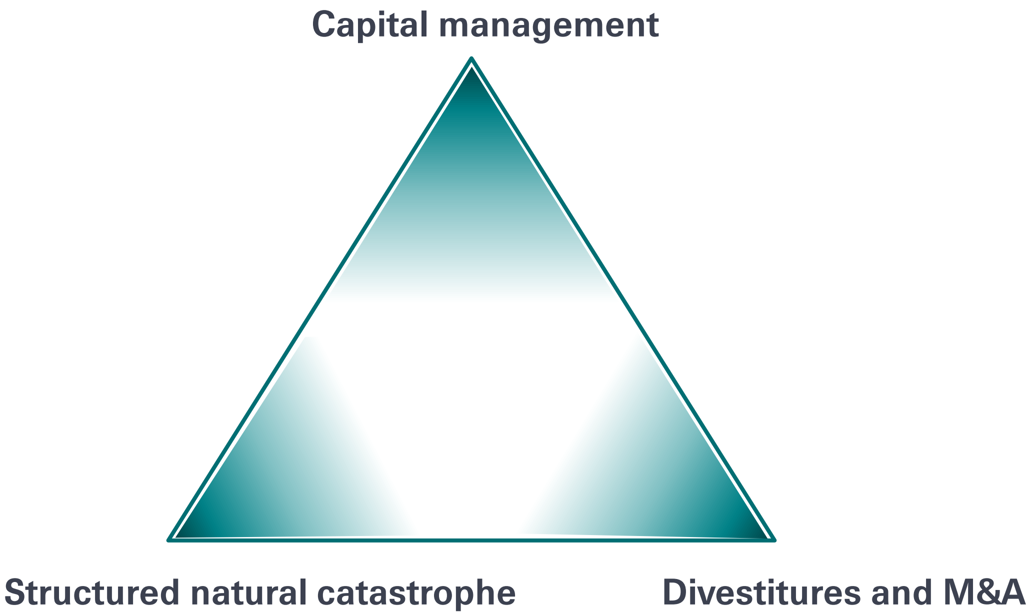
The **US** is projected to remain the **largest market**, although growth in Europe is expected to accelerate in the coming decade.

Swiss Re continues to invest in cyber and to support clients in this dynamic market

Source: Swiss Re Institute

Addressing capital needs and unlocking trapped capital to seize market opportunities through the use of **structured solutions**

The structuring triangle – areas for beneficial structured solutions engagement



The **challenging market outlook** is putting pressure on balance sheets as well as on **risk and capital strategies.**

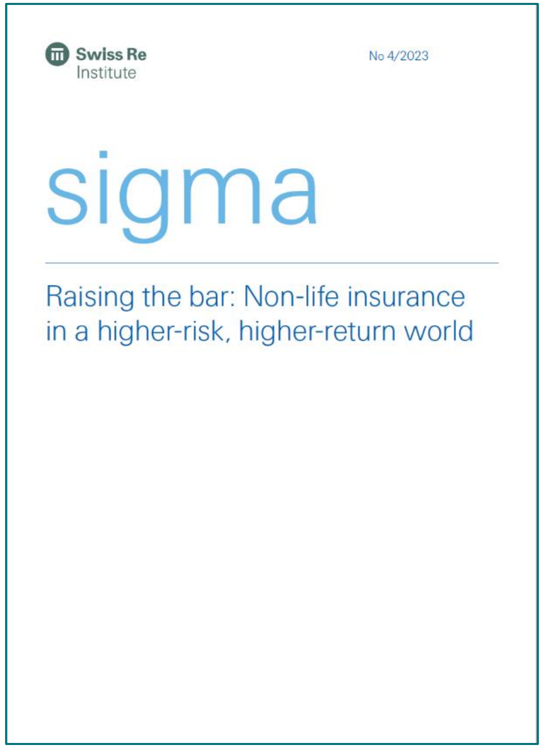
Divestitures and M&A activity across the world are still high and **capital needs are growing.**

Capital is tied up due to higher natural catastrophe retentions, and reserve and investment risks.

Structured reinsurance can become the bedrock of partnerships that facilitate the **freeing up of capital** and achieving a broader set of **financial objectives.**

Swiss Re´s industry-leading structuring capabilities help clients meet their strategic objectives

Sigma report: Raising the bar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sigma

Raising the bar: Non-life insurance in a higher-risk, higher-return world

Newest sigma report released
Non-life insurance in a higher-risk, higher-return world

The new higher interest rate era has a huge impact on non-life insurance

The benefit of higher interest rates on investment results far outpaces the increased cost of capital

We expect improving profitability for most non-life business in 2023

Reinsurers can offer insurers capital relief at costs below insurers' capital costs

Download the full report now:

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Q&A

Please raise your hand
to ask a question

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