

# Different solutions for new realities

Swiss Re media conference,  
Monte Carlo, 12 September 2016

**Your**  
vision

+

**Our**  
know-how

=

**Different**  
solutions for  
new realities

# Today's agenda

60 Years RVS – then, now & beyond

Christian Mumenthaler  
Group Chief Executive Officer

Different solutions for new realities

Moses Ojeisekhoba  
CEO Reinsurance

Drivers of underwriting performance

Matthias Weber  
Group Chief Underwriting Officer

Summary and Outlook

Christian Mumenthaler  
Group Chief Executive Officer

# 60 years of RVS – then, now and beyond

Christian Mumenthaler – Group CEO

**Your**  
vision

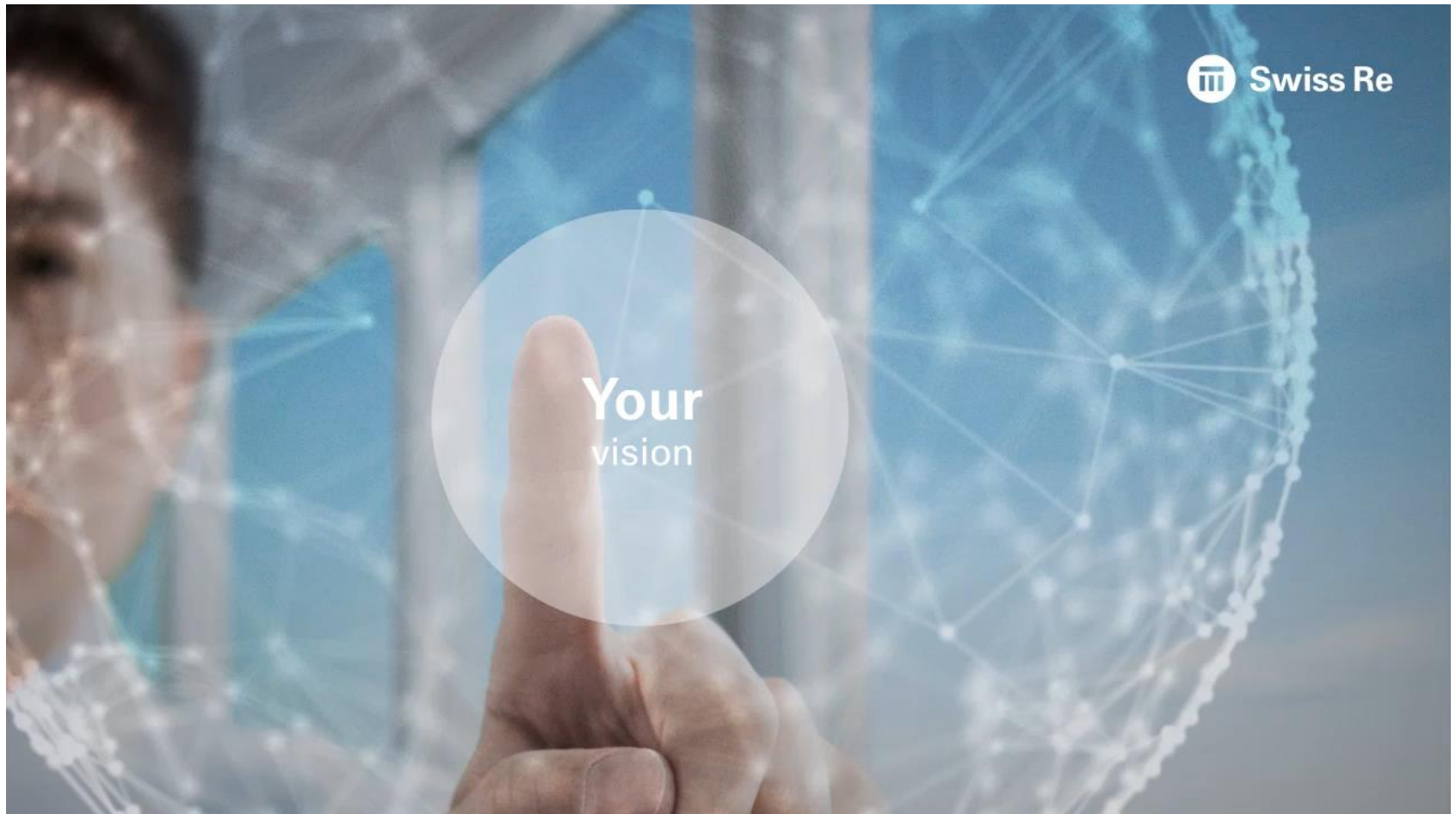
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# Changing role of a CEO



# Macroeconomic conditions and industry trends remain challenging

## Macroeconomic environment



- Low growth, low interest rates
- Financial market volatility
- High Growth Markets volatility

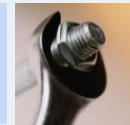
## Political / Regulatory environment



- Political instability
- Re-nationalisation
- Regulatory changes



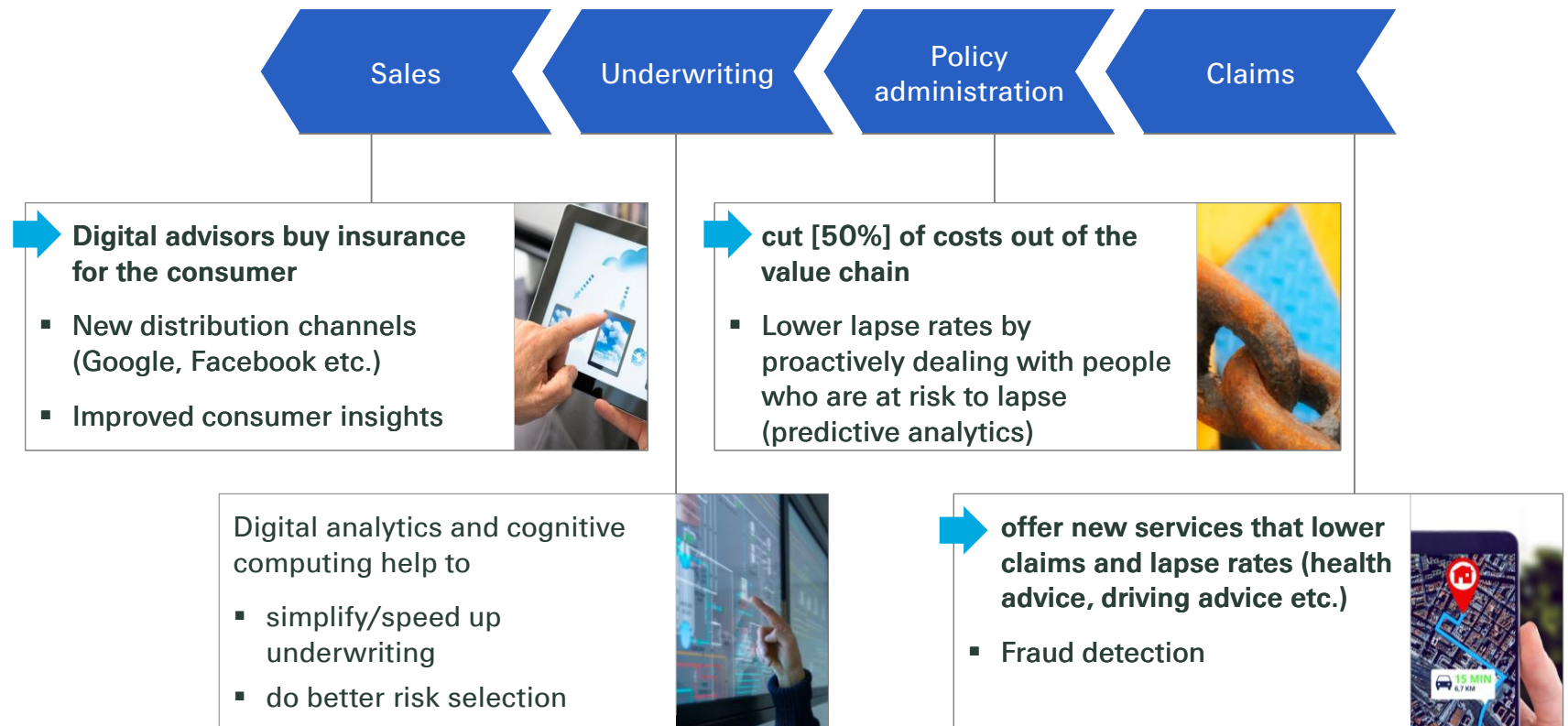
## Industry environment



- Soft market
  - Technological innovation
- 
- Evolution of primary players with rich customer insights
  - New and enlarging risk pools

# Technology will profoundly alter the primary value chain

## INSURANCE 2.0



# Different solutions for new realities

Moses Ojeisekhoba – CEO Reinsurance

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# What goes around...

**FINANCIAL TIMES**  
Sep 9, 1968

## Reinsurers press for higher premiums

FINANCIAL TIMES REPORTER

WITH DIFFICULT underwriting conditions persisting in many sectors of the insurance business, increasing pressure on direct insurers for higher premiums and better terms.

This situation gives added significance to this week's Reinsurance Rendezvous, which opens here to-morrow.

Over four days, some 800 delegates from 30 countries (the meeting is open to all who are professionally engaged in insurance and reinsurance) will debate the world-wide reinsurance problem in conference and during working meetings. This annual meeting was inaugurated in 1957.

Mr. Per M. Hansson, chairman of Storebrand Insurance Company, Oslo, will talk on "The International Reinsurance Crisis." Crisis is a strong word to be used by reinsurers, and it could produce vibrations throughout the insurance world to affect all types of policyholders.

There is no doubt that reinsurance has entered a period of change and transition, presenting a challenge to all engaged in this business.

Later this week, some provocative remarks are expected from Mr. J. A. S. Neave, general manager of The Mercantile and General Reinsurance Company, of London, when he speaks on the role of reinsurers in the modern world.

Mr. H. K. Goschen, chairman of Mercantile and General, said recently that increasingly reinsurers saw their role involving a much closer association with direct business than they had ever considered necessary before.

Reinsurers are putting increasing pressure on direct insurers for higher premiums and better terms

Reinsurance has entered a period of change and transition

...60 years of Monte Carlo, 1<sup>st</sup> for me - but some things never change

# The realities of the industry today

- 
- Abundance of capital
  - Industry's over-reliance on "good luck"
  - Increasing focus on costs
  - Low growth despite protection gap

**At times like these you need a partner with pedigree**

# Long history of experience as an allocator of risk capital

- ✓ 150+ years of history
- ✓ Client partnerships
- ✓ Problem solving for clients
- ✓ Discipline



**Active differentiation remains pivotal in extending our lead...**

## Having that little bit of extra focus on...

- ✓ Decades long client partnerships
- ✓ Developing our people
- ✓ Sharing our knowledge
- ✓ Understanding of risk

**Make Swiss Re what it is today...**

## One client story...



Knowledge sharing



People



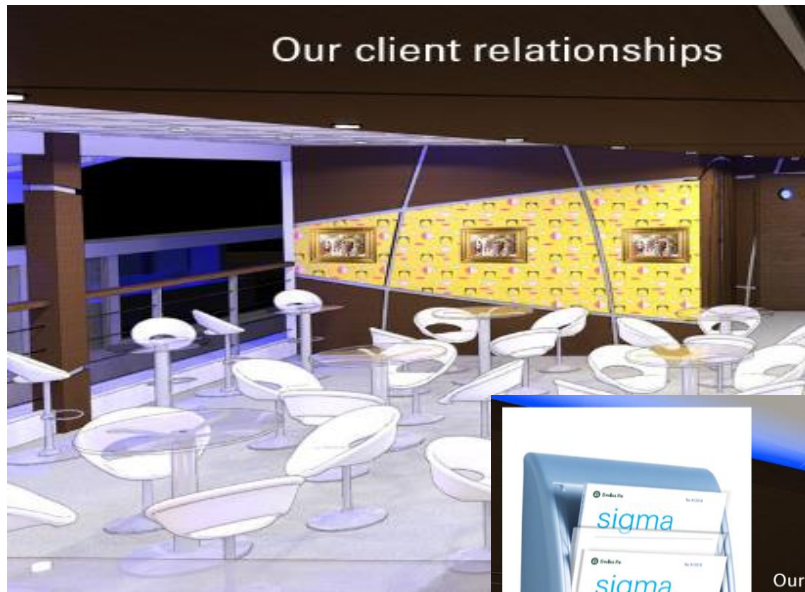
Understanding of risk



Client partnership

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## Showcasing our differentiators...



# Drivers of underwriting performance

Matthias Weber – Group Chief Underwriting Officer

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# Data, advanced analytics and technology facilitate value-added client services

## Client services (examples)

### Medical



Apply predictive analytical techniques to forecast medical claims

### Casualty



Leverage our exposure based model (→ LRD) in markets with little to no loss data

### Nat Cat

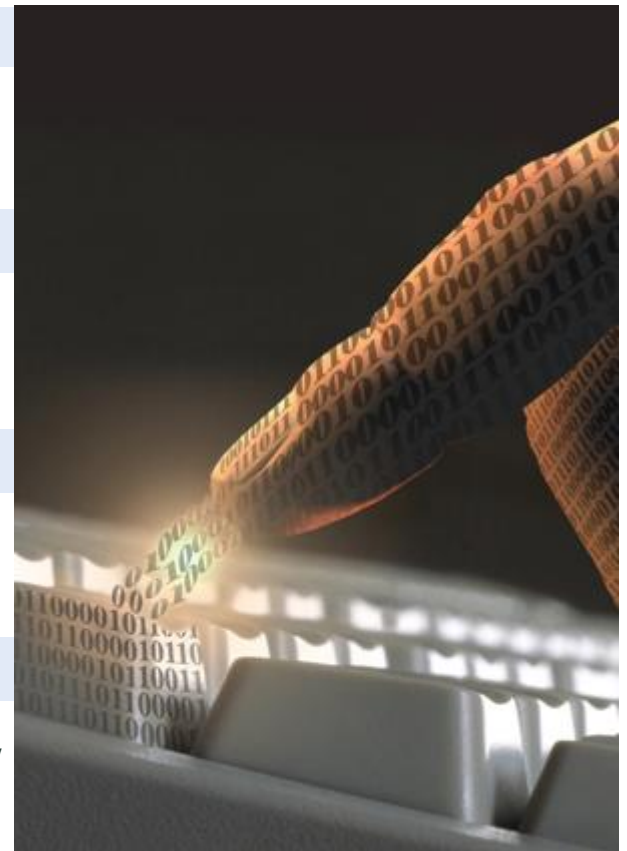


Share our hazard, exposure and loss data with links to maps and satellite imagery


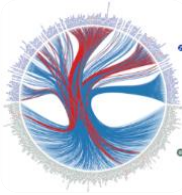

### Human behaviour



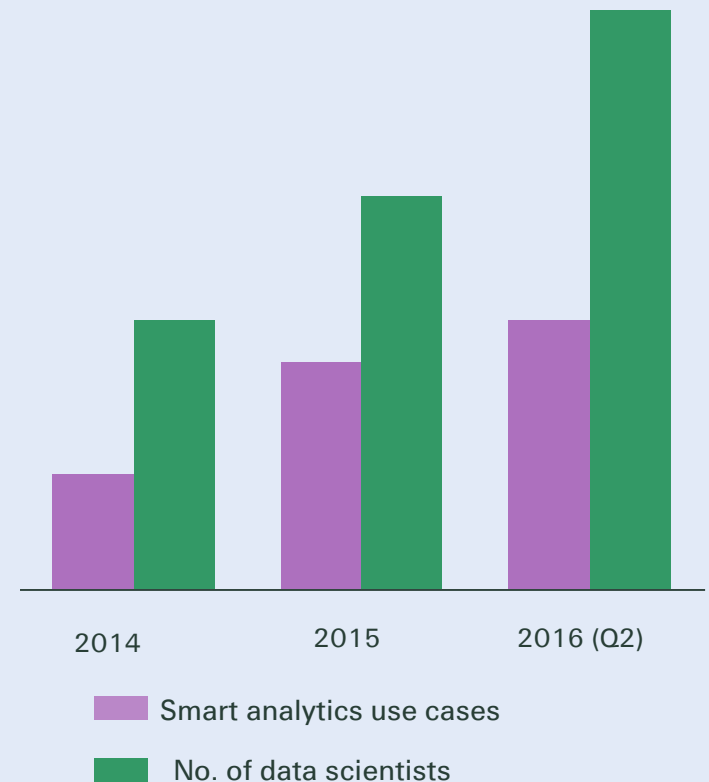
Provide R&D to increase value of in-force business and new opportunities



# Digital Analytics penetrates all parts of the value chain

Examples	Description
Contract	 <p>Analysed over 1 million reinsurance contracts to determined T&amp;C trends</p>
Clients	 <p>Quantified and visualised Swiss Re client relationships from over 280'000 discussion notes</p>
Underwriting	 <p>Derived an individual's non-smoking propensity with more than 90% precision to expedite UW process</p>

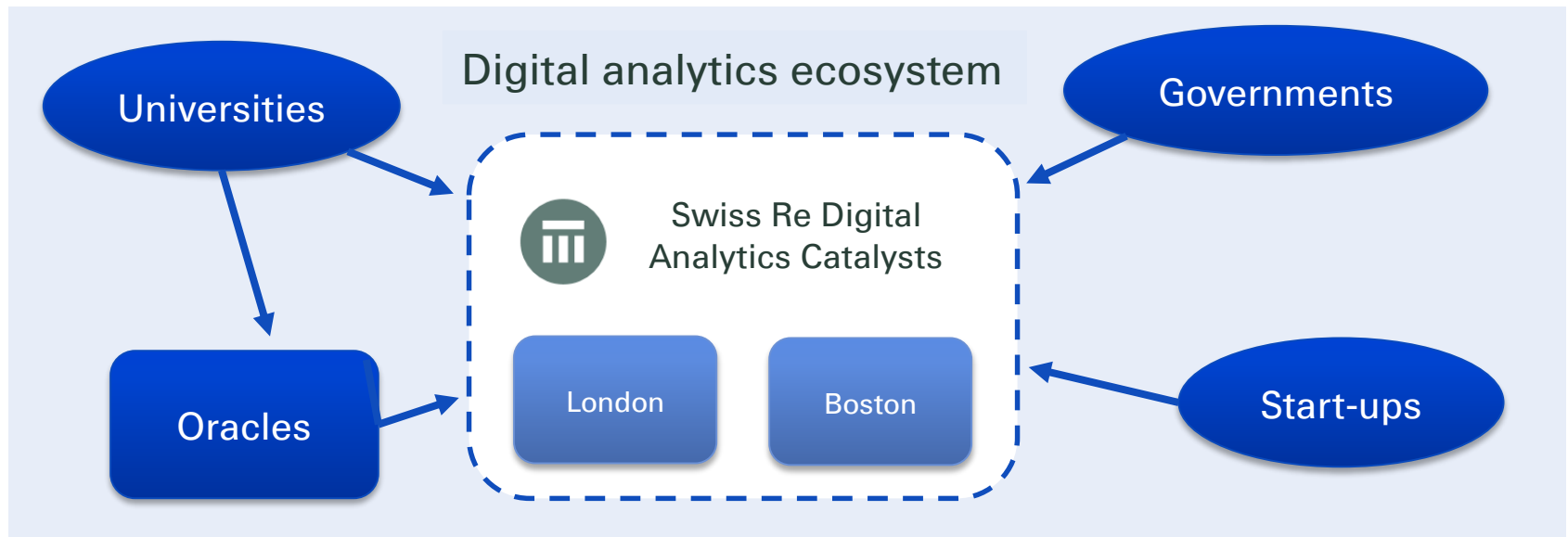
## > 500 smart analytics use cases delivered



# Digital Analytics Catalysts in London and Boston

## The Digital Analytics Catalysts

- are strongly linked to the Digital Analytics / Technology ecosystem
- conduct R&D to develop analytics and technology based proposals that radically improve our activities along the full value chain

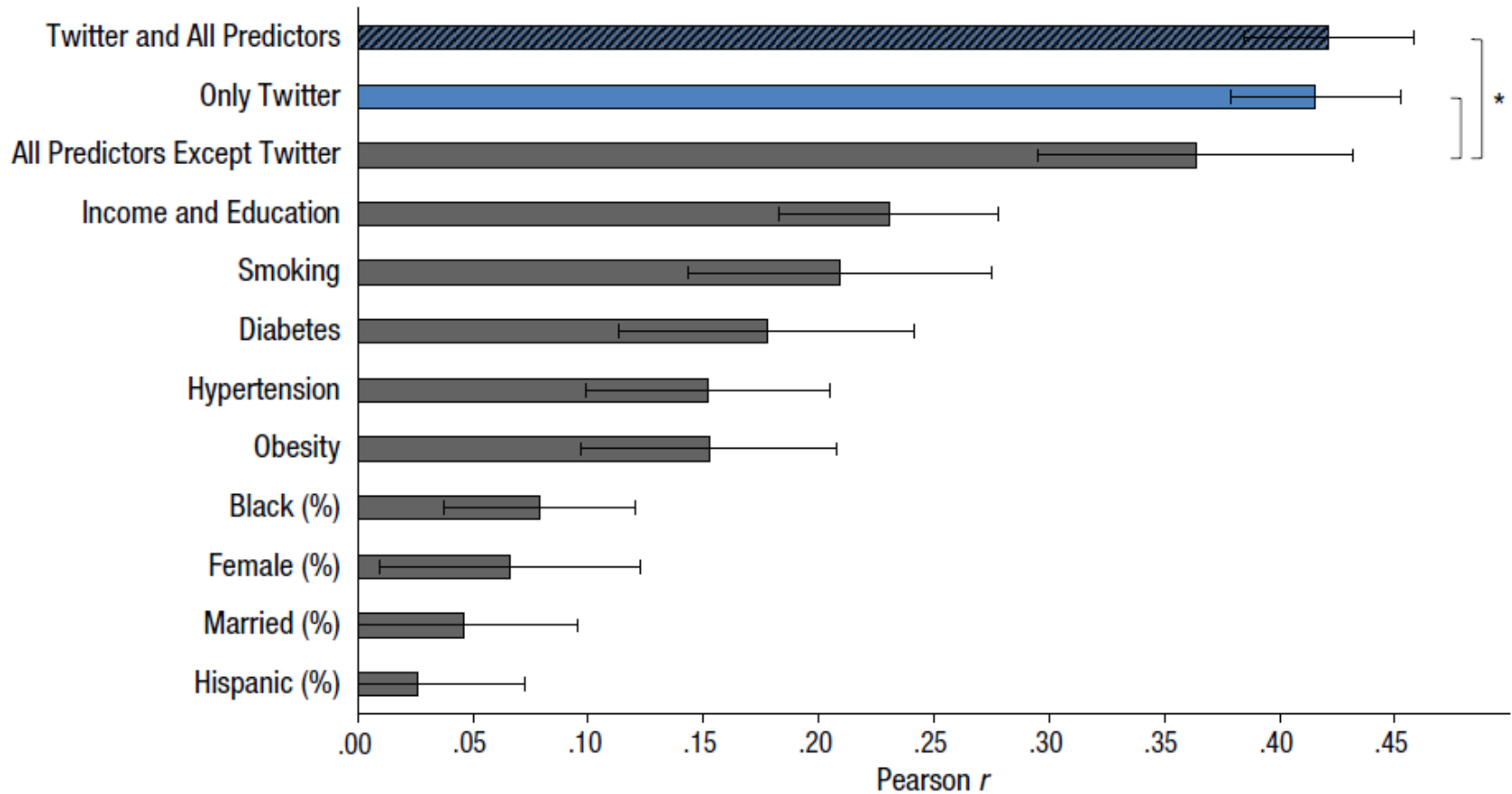


# Certain words used in Twitter negatively correlated with AHD mortality



Source: Johannes C. Eichstaedt et al., Psychol Sci. February 2015; 26(2); Pp 14/15, copyright ©2015 by the Author(s) 2014; reprinted by Permission of SAGE Publications, Inc. License 3938681197116

# New data sources in underwriting



Source: Johannes C. Eichstaedt et al., Psychol Sci. February 2015; 26(2); Pp 14/15, copyright ©2015 by the Author(s) 2014; reprinted by Permission of SAGE Publications, Inc. License 3938681197116

# Price trends - industry outlook

## Property

- Price erosion in Nat Cat expected to slow down
- Stable rates expected for Property per risk business

## Liability

- Pressure on reinsurance rates expected to abate
- Broad rate increases possible in case of deteriorating reserve adequacy

## Special Lines

- Expect differences in price developments by market and lines of business
- High growth markets will drive long-term exposure growth

## Motor

- Overall slight hardening expected with differences by market
- Have seen increased loss trends in the US, however, accident frequency expected to decrease in the long-term

# Summary and Outlook

Christian Mumenthaler – Group CEO

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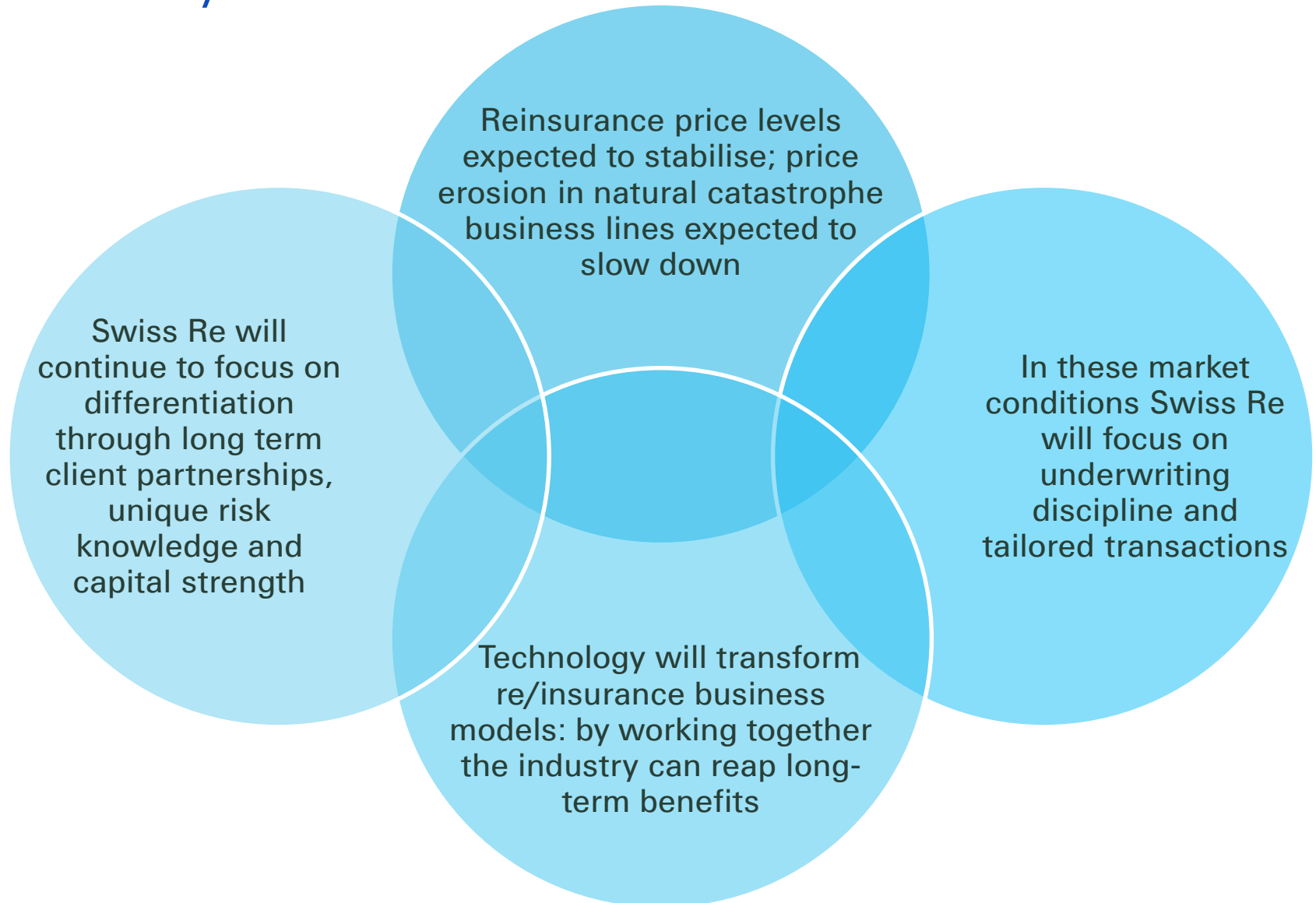
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# Summary and Outlook





# 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” 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 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:

- further instability affecting the global financial system and developments related thereto;
- deterioration 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 due to actual or perceived deterioration of Swiss Re’s financial strength or otherwise;
- 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 their 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 Swiss Re’s hedging arrangements may not 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 Swiss Re’s ability to achieve improved ratings;
- the cyclical nature of the reinsurance industry;
- uncertainties in estimating reserves;
- uncertainties in estimating future claims for purposes of financial reporting, particularly with respect to large natural catastrophes, 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;
- the frequency, severity and development of insured claim events;
- acts of terrorism and acts of war;
- mortality, morbidity and longevity 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 the interpretation of legislation or regulations by regulators;
- 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 or other issues experienced in connection with any such transactions;
- 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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