

Swiss Re



Investors' Day 2008

Zurich

25 September 2008

Swiss Re



Introduction

Jacques Aigrain
CEO

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Zurich, 25 September 2008

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Introduction

- The financial industry is in the midst of unprecedented events
- Our risk management procedures and controls continue to be focused on ensuring the group has a **very strong capital and liquidity position**
- Swiss Re sees **opportunities in the current market conditions**
 - the level of natural catastrophes and the volatility in capital markets is likely to accelerate the ending of the soft market for P&C
 - we continue to see opportunities to deploy capital at attractive returns in Life and Health, particularly Admin Re®
- Swiss Re remains **committed to its through the cycle targets** of 10% EPS growth and 14% ROE. Our share buyback programme remains unchanged

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Life & Health

Agenda

- **Life & Health at Swiss Re**
Christian Mumenthaler, Head of Life & Health
- **Global Admin Re®**
Weldon Wilson, Head of Global Admin Re®
- **Life & Health accounting**
Robyn Wyatt, CFO Life & Health
- **Questions & answers**

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Key messages L&H

- Swiss Re is a global leader in L&H and has a strong track record of profitable growth
- We are responding to market developments by management of our existing business and are developing new solutions which will contribute to EPS growth and ROE
- Ability to price and manage Admin Re[®] and uniquely placed to seize opportunities arising from the current market situation

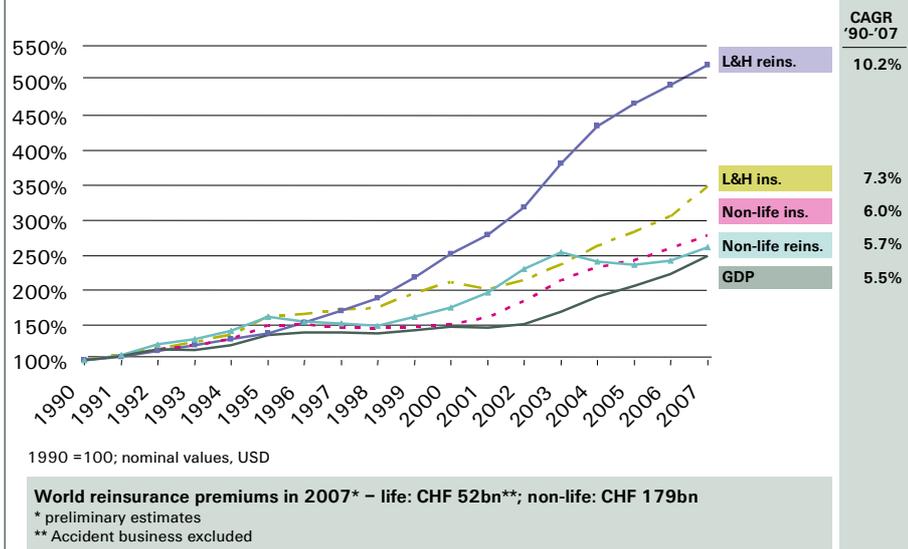
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Agenda

- L&H market and product descriptions
- L&H at Swiss Re, including key financials
- Swiss Re's L&H strategy

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L&H insurance and reinsurance - a growth industry

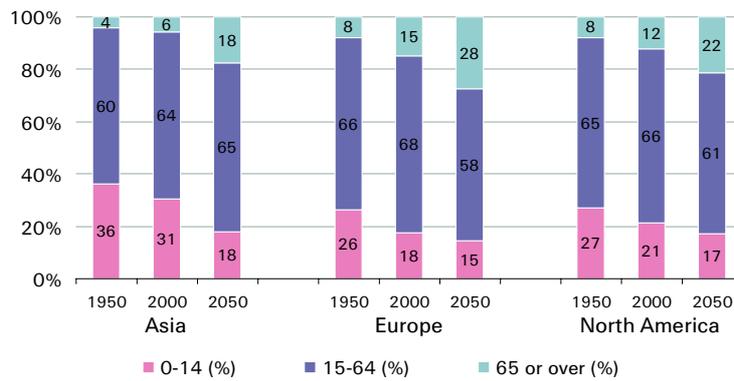


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Source: Swiss Re, Economic Research and Consulting

Demographics indicate growth will continue



- Ageing population in the developed world
- Continuous improvement of average global standard of living

→ Increasing demand for insurance and wealth protection solutions

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Source: Swiss Re, Economic Research and Consulting

L&H insurance products we reinsure

Products by line of business at Swiss Re

Product	Life	Health	Admin Re®
Term assurance	★★★★★		★
Critical illness		★★	
Disability income ¹		★★	
Universal life	★		★★
Unit-linked savings	★		★★★

★ refer to approximate weightings for Swiss Re

→ L&H reinsurance market is predominantly proportional, therefore primary market drivers are also reinsurance drivers

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¹ Also called income protection in some markets

Example of a life product

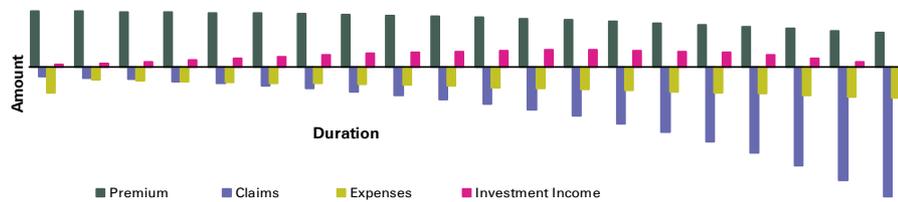
Term assurance

Cover	Sum assured (constant or reducing, e.g. if linked to a mortgage). Level premiums over the length of policy
Trigger	Death (within policy terms). Death due to certain causes may be excluded within certain time parameters e.g. suicide or prior health conditions
Reinsurance terms	Almost all new business in 2008 is proportional Reinsurance premiums can be guaranteed or yearly renewable
Risks to reinsurer	Mortality: more people die sooner than expected Lapse: number of people ceasing policy coverage may be different to expected Expense: policy loadings in aggregate are insufficient to cover costs Distribution: mix and volume of business not in line with expected Investment: returns are not in line with expectations

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Example cash flow

Term assurance with level annual premiums



- Total premiums for the cohort reduces over time as some policyholders die. Claims increase over time due to higher mortality rates at older ages
- Net cash flow is positive in the early years and negative in the later years. Positive cash flows are invested to generate investment income. The reserves and investment income pay for the excess of claims over premiums in later years
- In practice lapses reduce both premiums and claims

→ In the published US GAAP accounts, profits emerge in line with the run-off of the business

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Example of a health product

Critical illness

Cover	Sum assured, typically a lump sum
Trigger	Diagnosis of a critical condition. Numerous conditions covered (currently up to 50) although approx 80% of all claims relate to cancer, heart attack, coronary artery bypass graft, stroke or kidney failure
Reinsurance terms	Almost all new business in 2008 is proportional
Risks to reinsurer	<p>Definition of conditions covered: medical advances can lead to changes in incidence or severity of a condition</p> <p>Incidence trends: more people are diagnosed with one of the conditions covered than expected</p> <p>Lapse, expense, distribution and investment risk remain, as with term assurance</p>

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Example of a health product

Disability income

Cover	Regular income payment
Trigger	Insured is unable to work due to disability, whether an accident or sickness. Payment starts after an initial deferred period and continues until return to work, retirement, death or end of the policy term
Reinsurance terms	Almost all new business in 2008 is proportional
Risks to reinsurer	<p>Incidence trends: more people suffer a disability than expected</p> <p>Termination: income is payable for longer because recovery from the disability takes longer than expected or lower mortality following disability than expected</p> <p>Lapse, expense, distribution and investment risk remain, as with term assurance</p>

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Example of a savings product

Universal life

Cover	Combined tax deferred savings account and a term assurance policy. Funded by any combination of regular and lump sum payments
Structure	<p>Premiums received are invested into an account which is credited with interest and pays out expense charges, cost of insurance charges and withdrawal/maturity benefits</p> <p>Universal life policies typically include minimum guarantees on interest credited</p>
Risks to insurer	<p>Spread between interest earned on funds invested and the rate credited is less than expected</p> <p>Expenses charged to the policy are less than the cost of running the business</p> <p>Mortality, lapse and distribution risk remains, as with term assurance</p>

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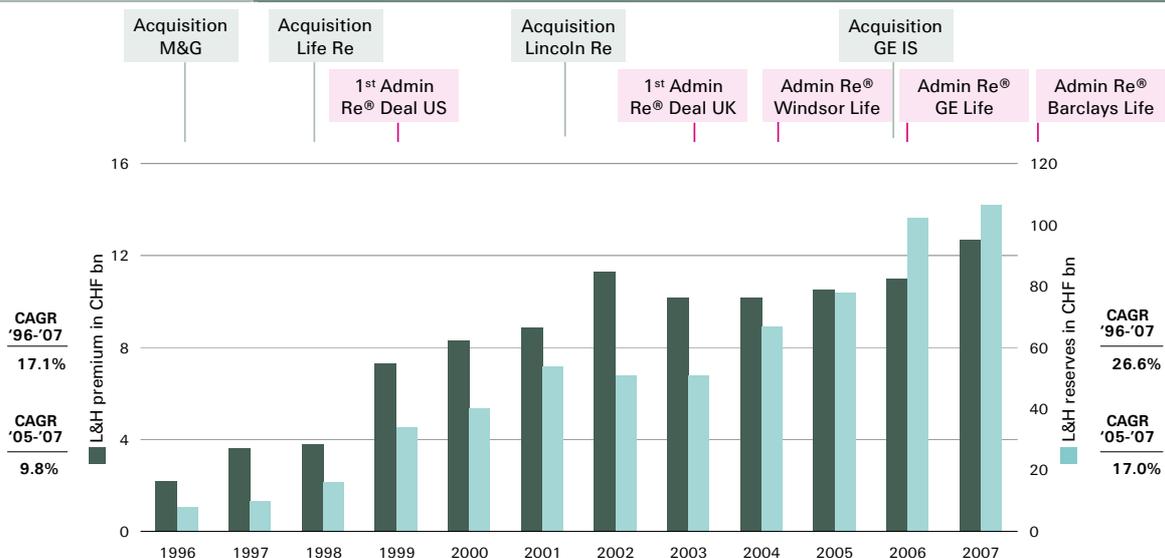
Example of a savings product Unit-linked

Cover	Individual savings plan with value directly linked to underlying asset performance. Funded by any combination of regular and lump sum payments
Structure	Income is generated by a combination of charges on the savings plan (percentage of premium, fixed regular charge and percentage of accumulated fund value) Expenses relate to commission, policy administration and investments
Risks to insurer	Lapse: more people stop regular premiums to their policy or more people transfer the policy to another insurer than expected Expenses: policy loadings in aggregate are insufficient to cover costs of the business Investment: returns are lower than expected, so reducing the value of future charges on the fund (based on % of fund value)

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L&H evolution at Swiss Re



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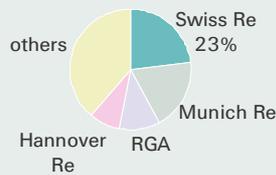
→ L&H is contributing to Swiss Re's growth

Swiss Re is the leader in L&H reinsurance

Global

Market development ¹	2005-2007	Projected 2008-2010
- Primary market	8.4%	5.3%
- Primary market excluding savings	6.5%	6.0%
- Reinsurance	4.8%	3.2%

Est. reinsurance market share²



Key trends primary market

- Lower growth in the short term (particularly unit-linked products) due to economic uncertainty and financial market turbulence
- Positive long-term outlook for sales of pension and annuity products remains due to an ageing population and reduced government provisions

Key trends reinsurance market

- Continued decline in cession rates in the US
- Lower sales of mortgage-related protection products in the UK
- Service offerings are key in the developing Asian markets

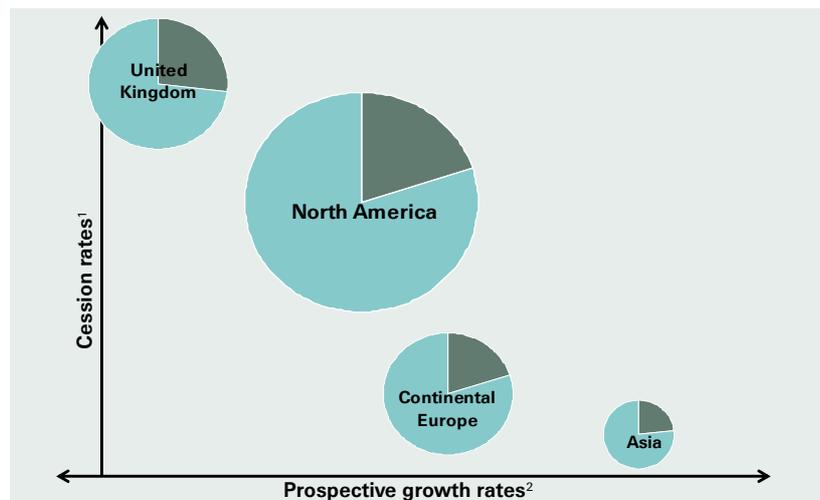
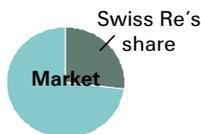
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¹ Market development: nominal growth in local currency

² 2007 net premiums earned (incl. Admin Re type of business, large financing transactions, standalone health, annuity business); Source: companies financial statements, Swiss Re, Economic Research and Consulting

Swiss Re is a major player in all markets



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¹ 2007 cession rates for reinsurance premiums / risk premiums

² Prospective growth rates 2008-2010

Source: Swiss Re, SOA, NMG Financial Consulting survey, Economic Research and Consulting

Powerful proprietary tools "Life Guide" - an internet based underwriting tool



Risk classification	Life
Present, or symptoms within 2 years:	
Mild:	Std
Moderate:	
Documented regular monitoring of PEF	+50
No regular monitoring of PEF	+100
Severe:	
Documented regular monitoring of PEF	+100
No regular monitoring of PEF	+150
No symptoms or treatment for > 2 years	Std

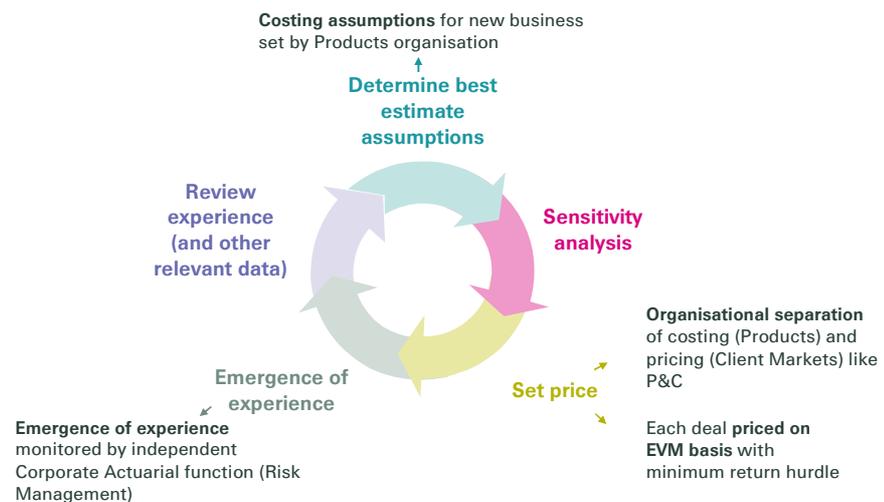
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- Swiss Re employs approx. 220 underwriters & 20 medical doctors
 - to support risk assessment and research & development
 - to assess about 180'000 lives per year for our clients
- Swiss Re's "Life Guide" is the industry's leading underwriting tool
 - influences our client's processes and risk assessment approach
 - used by > 80% of the global top 40 L&H companies
 - over 8'000 users and 1 million pages hit per month
 - rated as number 1 choice among surveyed users in UK and North America
- Swiss Re carries out underwriting audits at our clients
 - 125 audits p.a.
 - improves underwriting quality globally

→ Swiss Re is the world leader in assessing mortality & morbidity risk

A control cycle approach to manage the business



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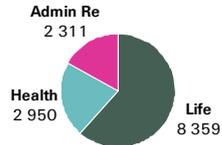
→ Swiss Re ensures quality pricing decisions



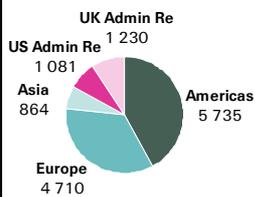
L&H earned premiums and fees

Global diversified portfolio

By line of business in CHF m



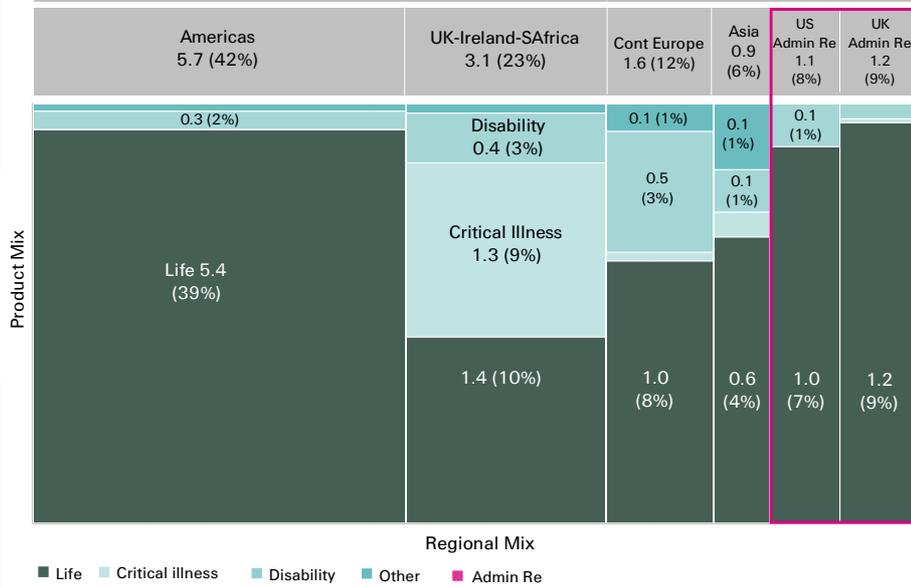
By region in CHF m



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Total 2007 GAAP Earned Premiums & Fees (CHF 13.6bn)



Legend: Life Critical illness Disability Other Admin Re



Profitable growth in L&H

US GAAP operating performance

L&H operating revenues and operating income by line of business

Operating revenues as defined in the Q2 2008 report (p.40)

Benefit ratio is calculated as claims divided by premiums, excluding unit-linked and with-profit business



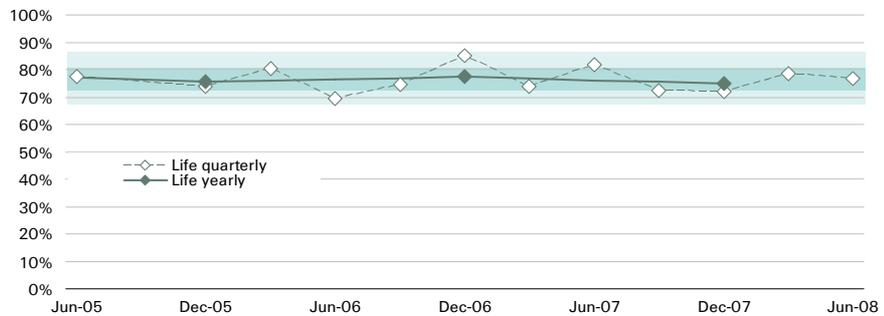
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Note: 2005 figures are shown in old segmentation, 2006 onwards are shown in new segmentation
Historic operating revenues are shown on a comparable basis to that used in 2008

Benefit ratio Traditional life

Benefit ratio is calculated as claims divided by premiums, excluding unit-linked and with-profit business



Volatility drivers

- Reserve changes due to information updates from clients
- IBNR model changes
- Underlying mortality (periodicity, seasonality)
- Random fluctuations in any given period (Swiss Re's book has a limited number of high sum assured policies)
- Reporting delays at primary companies and changes in client reporting frequency

→ Benefit ratio is stable on an annual basis

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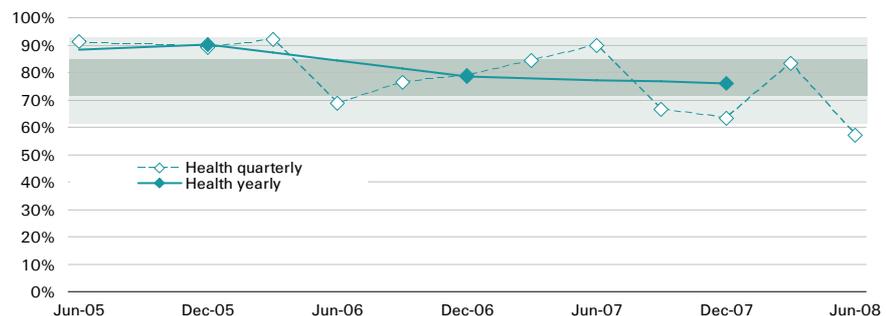
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Benefit ratio Traditional health

Benefit ratio is calculated as claims divided by premiums, excluding unit-linked and with-profit business

Insurance Solutions (IS) integration in June 2006

- Provided a more diversified portfolio, especially in Europe where
 - CI book increased by almost 60%
 - DI book increased by more than 15%



Volatility drivers

- Changes in assumptions for past business (claims reserve releases/strengthening, IBNR model changes)
- Change in portfolio mix (e.g. IS integration)
- Underlying morbidity
- Random fluctuations
- Reporting delays at primary companies and changes in client reporting frequency

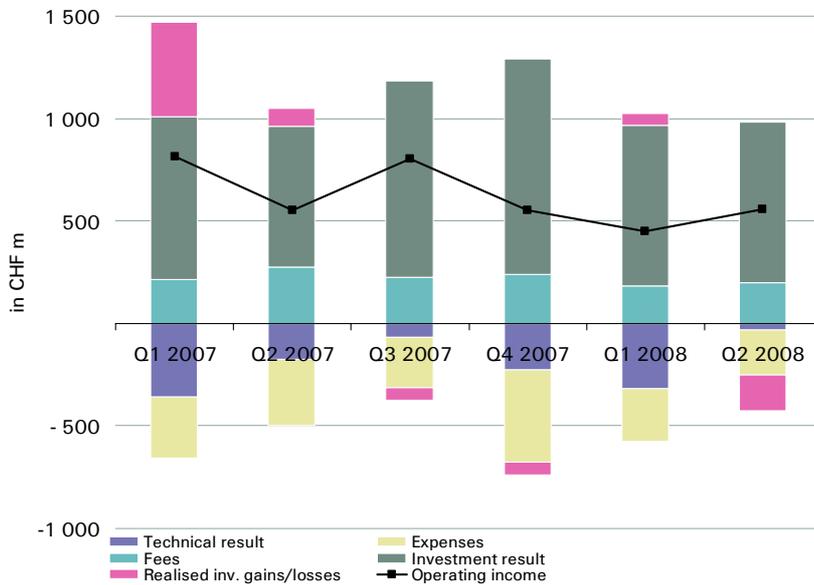
→ Benefit ratio is stable on an annual basis

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Operating income breakdown Total L&H

- **Technical result:** premiums, benefits, acquisition costs, net interest credited to policyholders
- **Fees:** fee income from policyholders
- **Investment result:** non-participating net investment income, other revenues
- **Realised investment gains/losses:** non-participating
- **Expenses:** other expenses

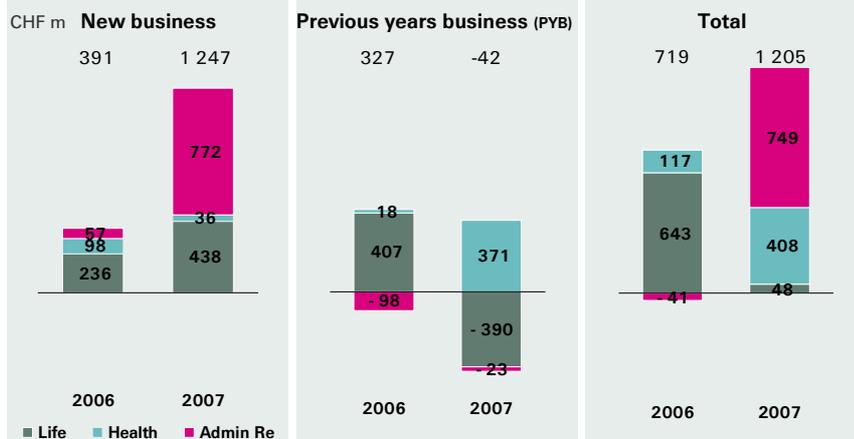


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Presentation takes into account netting of unit-linked and with-profit business where appropriate.
 Aggregation by categories may be refined in the future

EVM profit Total L&H



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- New business 2007: significant amount of new Admin Re® transactions
- PYB life 2006: favourable long term mortality assumption changes and positive mortality experience
- PYB life 2007: modelling assumption changes in traditional mortality US business, partly offset by favourable assumption changes in Europe
- PYB health 2007: favourable DI assumption changes and positive claims experience

L&H has additional value in EVM

2007 available capital¹

CHF bn



→ Significant economic L&H value not recognised in US GAAP shareholders' equity

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¹ As previously published

EVM key ratios

The Business Year values include the impact of experience variances and changes to assumptions about future cash flows relating to all previous years' business

EROC

(EVM income before capital costs/EVM capital)

	2006	2007
New Business¹	12.0%	18.3%
Life	12.5%	14.3%
Health	17.8%	13.0%
Admin Re [®]	9.9%	25.3%
Business Year²	16.5%	18.2%
Life	20.2%	10.9%
Health	23.7%	38.9%
Admin Re [®]	4.5%	20.2%

An EROC of 12-13% for L&H on an EVM basis would be consistent with our 14% Group through the cycle US GAAP ROE target

Profit margin

(EVM profit after capital costs/EVM capital)

	2006	2007
New Business¹	3.8%	9.7%
Life	3.9%	5.9%
Health	9.3%	4.4%
Admin Re [®]	1.7%	16.7%
Business Year²	6.8%	9.3%
Life	10.3%	1.0%
Health	9.9%	23.1%
Admin Re [®]	-1.3%	16.3%

Profit margin is the margin above capital costs³. For L&H a profit margin of 4-5% would be consistent with our 14% Group through the cycle US GAAP ROE target

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¹ New Business ratios are calculated relative to the PV of all the future capital required to support the new business

² Business Year ratios are calculated relative to the total capital held to support all in-force (new & previous) business

³ Capital costs comprise both the frictional costs for which the shareholders should be compensated, and the risk free return on the EVM capital itself



Swiss Re has achieved leadership position, but challenges ahead

- Clients retain more risks
 - Consolidation of primary market
 - Reinsurance buying centralised
- New investors enter the L&H market
 - Securitisation developing as an alternative to reinsurance
 - Banks are major players in the US life settlements market
 - Banks and private equity investors also compete for closed L&H books
- Regulatory pressure
 - Higher capital requirements for pandemics and longevity
 - Convergence of capital regimes across reinsurance and insurance companies (e.g. Solvency II)

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Swiss Re's L&H strategy

- Maintain value of in-force portfolio through retaining existing client relationships and expanding where economically sensible
- Offer new reinsurance solutions
 - Expand into longevity risk and enter savings/pension market
 - Offer medical reinsurance
- Continue to strengthen our position in the primary value chain
 - Continue growth in Admin Re®
 - Medical reinsurance in emerging markets including partnerships with TPAs
- Combine L&H and capital market know-how
 - Expand into hybrid capital market/L&H products like variable annuity
 - Provide securitisation for clients
 - Transfer risks into capital market

→ Responding to challenges by managing existing business and developing new solutions

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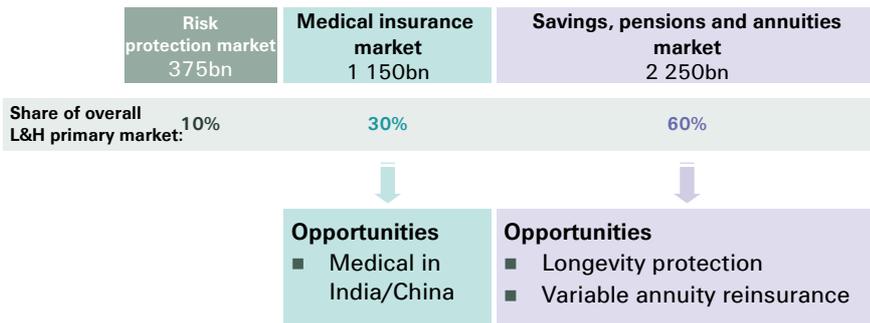
Penetrating the value chain with new solutions

L&H primary market 2007

Premium income in CHF



More than 85% of current Swiss Re L&H business in risk protection market

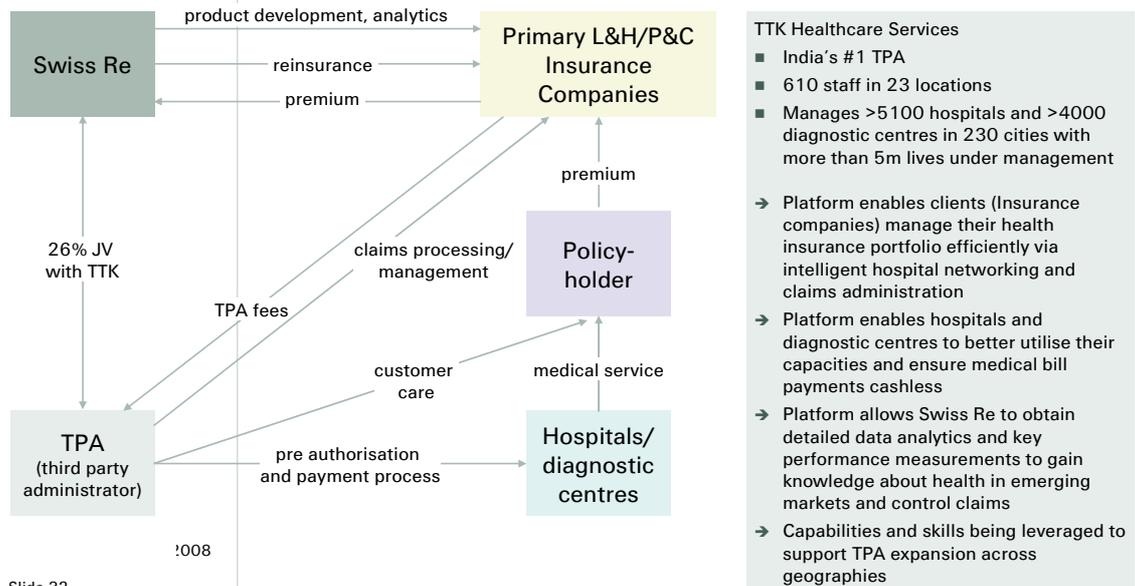


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Source: Swiss Re, Economic Research and Consulting

Swiss Re's Medical Reinsurance Integrator Model - India



TTK Healthcare Services

- India's #1 TPA
- 610 staff in 23 locations
- Manages >5100 hospitals and >4000 diagnostic centres in 230 cities with more than 5m lives under management

→ Platform enables clients (Insurance companies) manage their health insurance portfolio efficiently via intelligent hospital networking and claims administration

→ Platform enables hospitals and diagnostic centres to better utilise their capacities and ensure medical bill payments cashless

→ Platform allows Swiss Re to obtain detailed data analytics and key performance measurements to gain knowledge about health in emerging markets and control claims

→ Capabilities and skills being leveraged to support TPA expansion across geographies

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	<div style="text-align: right;">  </div> <h2 style="text-align: center;">Longevity risk is attractive for Swiss Re's portfolio</h2>
<p>Challenge Uncertain future trends in mortality improvement rates, differing price expectations between buyers and sellers</p> <p style="text-align: right;">Investors' Day Zurich, 25 September 2008 Slide 33</p>	<div style="background-color: #e0f2f1; padding: 10px;"> <p>Characteristics "Longevity"</p> <ul style="list-style-type: none"> ▪ Longevity risk is the risk that people live longer than expected ▪ Systemic trend risk is effectively the same in all markets (all developed countries will likely benefit from similar improvements) ▪ May have a diversification benefit with mortality for Swiss Re </div> <div style="background-color: #e0f2f1; padding: 10px; margin-top: 10px;"> <p>Swiss Re entered longevity solution market in 2007</p> <ul style="list-style-type: none"> ▪ New risk-based regulations made this risk more visible and we believe that in some countries like the UK, it is now much better priced ▪ Swiss Re has invested in own research and tools to price the risk ▪ Successfully executed deals in excess of CHF 17bn assets ▪ Strong potential for additional deals; pension funds in the UK alone have over CHF 1400bn of assets ▪ Swiss Re is uniquely positioned with its securitisation and (re)insurance capabilities to absorb the risk </div>

	<div style="text-align: right;">  </div> <h2 style="text-align: center;">Swiss Re is uniquely positioned to take on variable annuity risk</h2>
<p>Challenge Market environment in equity markets and interest rates down while volatility is increasing (→ cost of hedges up)</p> <p style="text-align: right;">Investors' Day Zurich, 25 September 2008 Slide 34</p>	<div style="background-color: #e0f2f1; padding: 10px;"> <p>Characteristics "Variable Annuity"</p> <ul style="list-style-type: none"> ▪ Coverage: minimum death benefits, withdrawal, accumulation, income etc. ▪ Longevity/policyholder behaviour risk is inextricably linked to financial market risks, i.e. longevity exposure is a function of capital markets performance ▪ Options like ratchets (policyholder can "lock in" high account values) require careful risk management ▪ Swiss Re hedges market risks at inception </div> <div style="background-color: #e0f2f1; padding: 10px; margin-top: 10px;"> <p>Swiss Re entered VA reinsurance market in 2006</p> <ul style="list-style-type: none"> ▪ Insurance clients requested a hybrid solution to cover both the capital markets and behavioural risks ▪ Swiss Re has appetite for longevity risk ▪ Insurance risk is priced by life reinsurance experts ▪ The comprehensive hedging program has performed well over periods of market stress ▪ Multiple deals executed and pending in Asia, the US and Europe ▪ Underwriting discipline maintained as capital markets hedges become more expensive and certain primary markets become highly competitive </div>

Agenda

- **Life & Health at Swiss Re**
Christian Mumenthaler, Head of Life & Health
- **Global Admin Re[®]**
Weldon Wilson, Head of Global Admin Re[®]
- **Life & Health accounting**
Robyn Wyatt, CFO Life & Health
- **Questions & answers**

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What is Global Admin Re[®]?

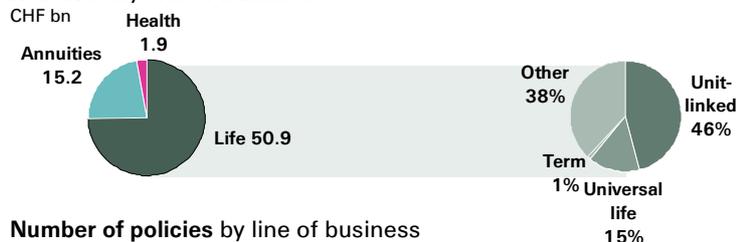
- Core line of business for Swiss Re since 1995 with more than 50 deals concluded to date
- An in-force embedded value transaction that may include the transfer of policy administration to Swiss Re
- Swiss Re assumes books of business by reinsurance or in some cases buys the life company
- Swiss Re assumes responsibility for all major risks of a reinsured block, including ongoing administration if desired

→ Swiss Re has a strong and proven track record in pricing deals and delivering attractive returns

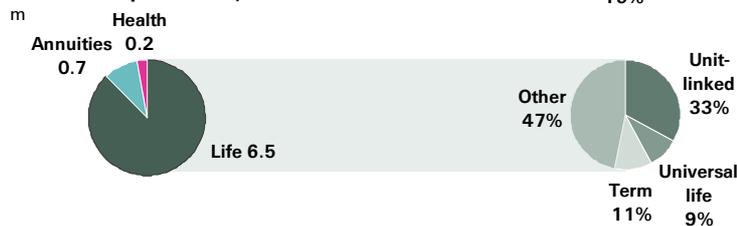
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Global Admin Re[®] product mix 2007

Reserves by line of business



Number of policies by line of business



- Reserves and policy count are split geographically 60% UK and 40% US
- Currently, unit-linked and universal life are the main products in-force
- Recent deals have added annuity business to the in-force

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Global Admin Re[®] Recent transactions

August 2008 - Barclays Life – Acquisition of CHF 14.1 bn (reserves) of life, pension and annuity contracts for an expected purchase of approximately CHF 1.6bn¹

November 2007 – Norwich Union - Quota share of reinsurance of CHF 19.5bn (reserves) of non-profit and unit-linked policies already administered by Swiss Re

November 2007 – CIS - Reinsurance of a block of CHF 4.3bn (reserves) of deferred and immediate annuities resulting in a full transfer of longevity and investment risk

June 2007 – ZFS – Acquisition of CHF 9.6bn (reserves) of immediate annuities

May 2007 – Conseco - Coinsurance of CHF 3.6bn (reserves) of equity indexed and fixed annuities business for a purchase price of CHF 0.1bn

April 2007 – Friends Provident - Reinsurance of a block of CHF 4.1bn (reserves) immediate annuities resulting in a full transfer of longevity and investment risk

March 2007 – Norwich Union - Outsourcing policy administration of 3m policies in the UK

Dec 2006 – GE Life UK - Acquisition of direct UK life operations including CHF 19.3bn (reserves) block of assets for a purchase price of CHF 1.1bn. Subsequent sale of new business operations to third party ("LV=") in December 2007

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¹ Transaction signed but not yet closed



Global Admin Re[®]

How do we consider deals?

- Admin Re[®] transactions are typically sourced through Swiss Re's relationships with sellers, bankers and brokers. Due to the recognised breadth and depth of our experience in this field, Swiss Re is often the first port of call for vendors
- Admin Re[®] has a dedicated team of transaction professionals focused on executing transactions for Swiss Re. All transactions are evaluated using EVM metrics and GAAP RoE projections, ensuring deals are an effective use of capital and are in line with Swiss Re's over the cycle targets
- Critical areas within the due diligence process include actuarial assumptions, investment portfolio, Asset Liability Matching and potential legal exposures
- Conversion and integration of business into Swiss Re's selected systems is managed by administration / operations team

→ Continued oversight and management of in-force blocks is critical to long term success



Global Admin Re[®]

Business models

US

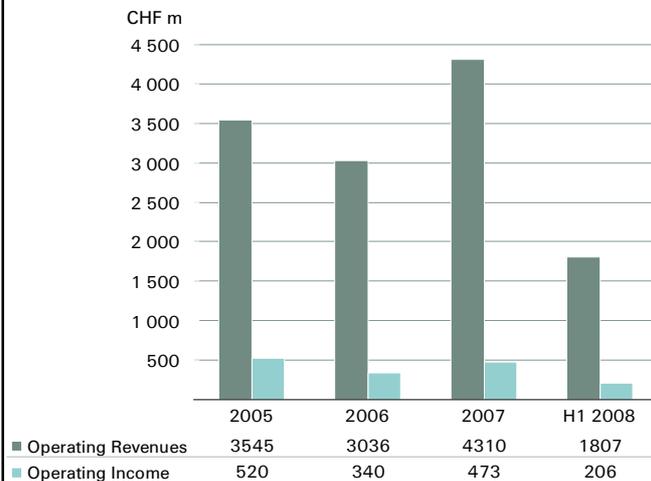
- Launched in 1995
- Admin Re[®] US is one of the leading life companies with over 3 million policies in-force
- Swiss Re currently outsources certain administrative responsibilities to Business Process Outsourcers (BPO's) and retains ultimate oversight and responsibility
- Multiple Third Party Administrator ("TPA") partners allow flexibility in product lines serviced and provide controlled administrative environments
- Operations are fully integrated with Swiss Re corporate functions

UK

- Launched in 2003
- Admin Re[®] UK is one of the leading life companies with over 4 million policies in-force
- Swiss Re has in-house administration capabilities
- Windsor Life acquisition in 2004 provided a scalable platform capable of administering majority of UK products
- Market leading platform and operations process supports competitive pricing for new acquisitions
- Operations are fully integrated into Swiss Re's corporate functions
- Similar to the administration model in the US, Barclays Life business is currently outsourced

Profitable growth in Global Admin Re[®]

US GAAP operating income - EVM key ratios



EROC
(EVM income before capital costs/EVM capital)

	2006	2007
New Business Admin Re [®]	9.9%	25.3%
Business Year Admin Re [®]	4.5%	20.2%

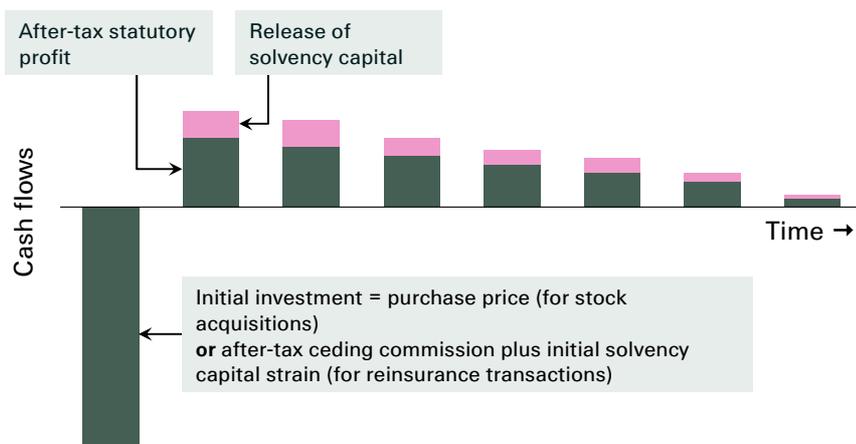
Profit margin
(EVM profit after capital costs/EVM capital)

	2006	2007
New Business Admin Re [®]	1.7%	16.7%
Business Year Admin Re [®]	-1.3%	16.3%

Note: 2005 figures are shown in old segmentation, 2006 onwards are shown in new segmentation. Operating revenues as defined in the Q2 2008 report (p. 40). Historic operating revenues are shown on a comparable basis to that used in 2008

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Cashflow profile for typical Admin Re[®] transaction



- Innovative deal structures can significantly reduce initial capital strain while simultaneously boosting investment-period returns
- Average duration of transactions typically 7-10 years, although investment horizon extends over 30+ years

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	<p style="text-align: right;">Swiss Re </p> <h2 style="text-align: center;">Summary of IRR inception to date for Global Admin Re[®]</h2>
<p>Investors' Day Zurich, 25 September 2008 Slide 43</p>	<ul style="list-style-type: none"> ■ Internal rate of return (IRR) is the expected return on statutory capital for a transaction ■ Over time, the expected IRR is updated to reflect the emerging experience on the business ■ Over all Admin Re[®] transactions, IRR is approximately 13% (unleveraged) and in-line with initial pricing expectations <div style="background-color: #e0f2f1; padding: 10px; margin-top: 20px;"> <p>→ Swiss Re can accurately price Admin Re[®] deals to achieve our profitability target</p> </div>

	<p style="text-align: right;">Swiss Re </p> <h2 style="text-align: center;">Global Admin Re[®] Summary and outlook</h2>
<p>Investors' Day Zurich, 25 September 2008 Slide 44</p>	<ul style="list-style-type: none"> ■ Competitive advantage to capitalise on a broad range of insurance opportunities due to financial strength and industry leadership <ul style="list-style-type: none"> - Strong presence in US and UK - Capital efficiencies - Human capital ■ Proven track record of successfully executing and integrating a wide range of acquisitions <ul style="list-style-type: none"> - Ability to administer business cost effectively ■ Overall profitability and returns are consistent with original pricing <ul style="list-style-type: none"> - Focus on long-term sustainable earnings

Agenda

- **Life & Health at Swiss Re**
Christian Mumenthaler, Head of Life & Health
- **Global Admin Re®**
Weldon Wilson, Head of Global Admin Re®
- **Life & Health accounting**
Robyn Wyatt, CFO Life & Health
- **Questions & answers**

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US GAAP accounting for L&H

Short vs. long duration

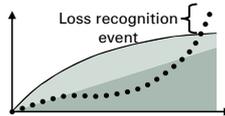
- US GAAP accounting is dependent upon product features. Traditional L&H business is typically categorised into either short or long duration business
- Short duration business
 - provides insurance protection for a fixed period of time e.g. 12 months and the insurer is able to cancel the contract at the end of the period (e.g. group life business)
 - accounting treatment is similar to P&C business with a deferral and matching system for premiums, expenses and claims including an estimate of incurred but not yet reported claims (IBNR)
- Long duration business
 - provides insurance protection for an extended period of time, typically over many years. Such contracts are generally not subject to unilateral changes in terms (e.g. individual term life)

→ Product classification determines the accounting treatment

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US GAAP accounting for L&H

Long duration – traditional L&H type contracts



 PAD risk margin (GAAP)
 Best estimate reserves
 Notional reserves based on updated assumptions

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- Premiums are recognised when due from policyholders. Claims, expenses, and investment income are reported as incurred
- Capitalised acquisition costs expensed in proportion to premium recognised
- Policy benefit reserves are established as the difference between the present values of future policy benefits to be paid and future net premiums to be collected from policyholders
- Each assumption in the reserve calculation, i.e. mortality, morbidity, investment yield, terminations and expenses are set prudently by including a provision for the risk of adverse deviation (PAD=provision for adverse deviation)
 - Except as noted below, initial assumptions are “locked-in” through the life of the contract. They are only revised if there is a material change in circumstances (a “premium deficiency” or loss recognition event)
 - Disability claim reserves (claims in payment) are derived using current best estimates assumptions (i.e. assumptions not locked-in)

→ US GAAP profits emerge over the duration of the policy with little emergence at policy inception

US GAAP accounting for L&H

Long duration – universal life type contracts

- Policy benefit reserves (policyholder account balance), is established generally representing the amount that a policyholder would receive on surrender of the policy
 - No provisions for adverse deviation
 - Includes premium deficiency evaluation
 - Interest accrues on the policyholder account balance (reported directly in the income statement)
- Capitalised acquisition costs expensed in proportion to estimated gross profits (EGP derived using current best estimate assumptions)
- Premiums collected are not reported as revenue and payments to policyholders that represent a return of policyholder account balances are not reported as claims
 - Fees are reported for services provided by the company (reported in fee income from policyholders)
 - Claims are recognised only for amounts in excess of policyholder account balance

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→ US GAAP profits emerge over the duration of the policy with little emergence at policy inception

US GAAP accounting for L&H

Long duration – investment contracts (incl. most unit-linked)

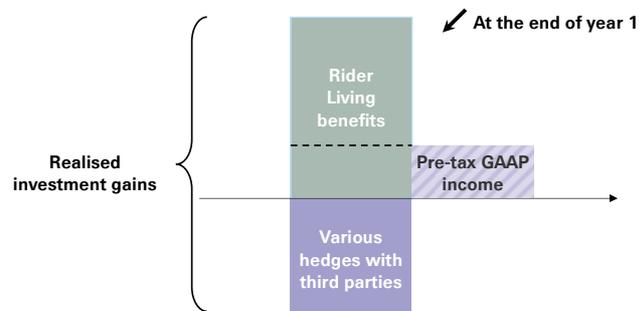
- Investment contracts are contracts which have no significant insurance risk
- Payments from policyholders are not considered as premiums or revenues but are rather reported as deposit liabilities (“provisions for linked liabilities”) consistent with accounting for interest bearing or other financial instruments
- The deposits are invested in financial assets and are reported as part of the general investments accounts
- The investment income and the investment gains or losses on these linked-assets are passed through to the policyholders and do not impact the bottom line

→ The US GAAP profit emerges from fee income which is assessed against the policyholder’s account balance

US GAAP accounting

How Swiss Re accounts for a VA reinsurance contract

- Illustration for riders only, living benefits (e.g. Guaranteed Minimum Withdrawal Benefit)
 - Guarantee is accounted for as derivative, carried at fair value
 - Derivative hedges with third parties
 - Changes in fair value of both components are accounted for as derivative income through realised investment gains



- Depending on the benefit (living benefit vs. death benefit) as well as the structure of the contract (riders only vs. base contract with riders), GAAP accounting classification can be different

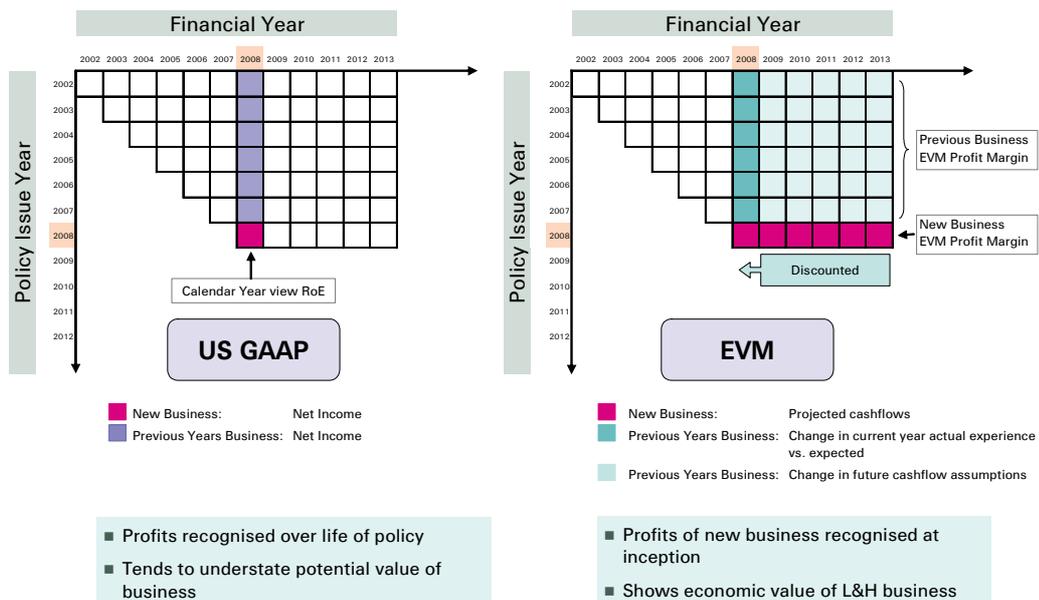
Profit emergence of L&H business

- US GAAP figures do not reflect the true economic value created in a single reporting period due to the delay in recognising profit emergence
- Swiss Re's US GAAP income statement is dominated by profit recognition from business of prior years
- Any dynamic increase in new business will impact the bottom line over time as profits emerge
- Swiss Re has developed an economic framework called EVM (similar to MCEV) to price, value and monitor the true economic performance of business
- EVM allows the evaluation and comparison of all activities and opportunities throughout the Group, whether originating in Life & Health, Property & Casualty or Financial Markets

→ EVM comparison enables effective deployment of capital between business segments to maximise economic returns

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Comparison of profit recognition Different under US GAAP and EVM

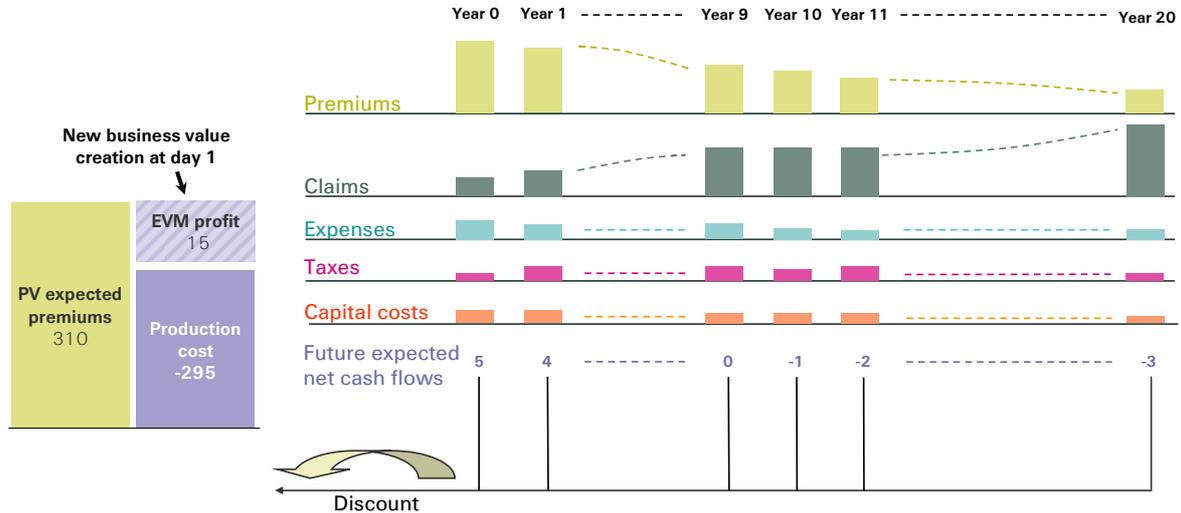


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EVM accounting

Traditional L&H reinsurance contract

Example of a level term portfolio



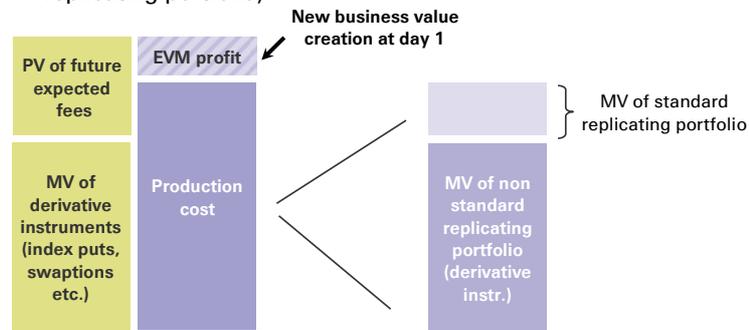
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Discount rate: Transfer price of funds (TPF) = risk free rates at inception. Any additional investment return (loss) above (below) risk free that may be realised over time will be included in the Financial Markets business segment

EVM accounting

Variable annuities contract

- Guarantees are modelled using actuarial assumptions (e.g. guaranteed minimum withdrawal benefits) and then are replicated using suitable derivative instruments that best match the clients investment choice (non standard replicating instruments)
- Future expected cash flows such as admin and investment expenses, taxes and capital costs are replicated using risk free zero coupon bonds (standard replicating portfolio)



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EVM accounting Admin Re[®] transaction

Example of a longevity Admin Re[®] transaction



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Discount rate: Transfer price of funds (TPF) = risk free rates at inception. Any additional investment return (loss) above (below) risk free that may be realised over time will be included in the Financial Markets business segment

Summary

- Swiss Re is a global leader in L&H and has a strong track record of profitable growth
- We are responding to market developments by management of our existing business and are developing new solutions which will contribute to EPS growth and ROE
- Ability to price and manage Admin Re[®] and uniquely placed to seize opportunities arising from the current market situation

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Questions & answers

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Appendix

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Swiss Re L&H

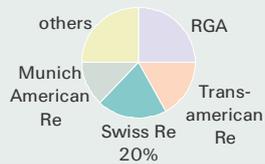
North America, United Kingdom

North America

Market development ¹	Projected	
	2005-2007	2008-2010
- Primary market	5.1%	5.0%
- Primary market excluding savings	7.3%	4.8%
- Reinsurance	4.0%	2.2%

- Key trends**
- Very price competitive
 - Cession rates falling

Est. reinsurance market share²

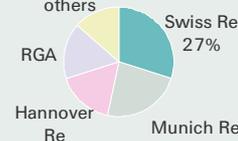


United Kingdom

Market development ¹	Projected	
	2005-2007	2008-2010
- Primary market	21.1%	-0.3%
- Primary market excluding savings	-2.5%	0.6%
- Reinsurance	3.6%	-0.6%

- Key trends**
- Very price competitive
 - Service offerings important
 - Primary market stagnant

Est. reinsurance market share³



→ Swiss Re is well diversified and strongly positioned in all major markets

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¹ Market development: nominal growth in local currency; Source: Swiss Re, Economic Research and Consulting

² 2007 new business sums assured; Source: SOA survey

³ 2007 new business premium; Source: NMG Financial Consulting survey



Swiss Re L&H

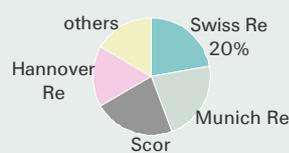
Europe, Asia

Continental Europe

Market development ¹	Projected	
	2005-2007	2008-2010
- Primary market	6.0%	4.5%
- Primary market excluding savings	6.8%	5.3%
- Reinsurance	5.4%	4.6%

- Key trends**
- Service offerings critical
 - Low cession rates
 - Steady growth in primary market

Est. reinsurance market share²

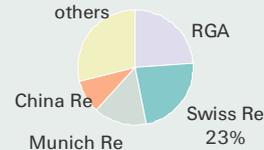


Asia

Market development ¹	Projected	
	2005-2007	2008-2010
- Primary market	7.7%	8.9%
- Primary market excluding savings	5.1%	6.7%
- Reinsurance	11.2%	9.1%

- Key trends**
- Service offerings critical
 - Insurance market growing
 - Reinsurance low

Est. reinsurance market share³



→ Swiss Re is well diversified and strongly positioned in all major markets

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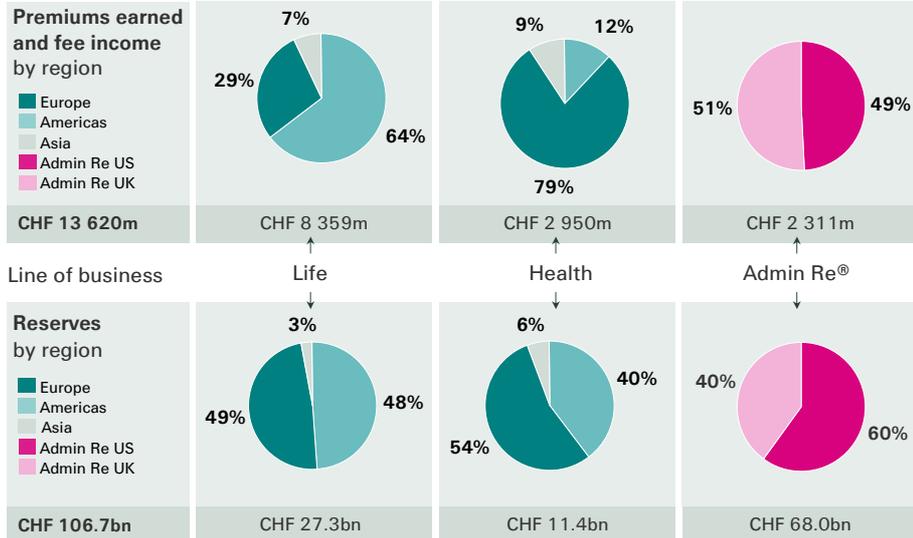
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¹ Market development: nominal growth in local currency; Source: Swiss Re, Economic Research and Consulting

² 2007 total gross premiums; Source: companies financial statements, Swiss Re, Economic Research and Consulting

³ 2006 contestible new business premium; Source: NMG Financial Consulting survey

Swiss Re 2007 L&H book Premiums and US GAAP reserves



Disability income Typical cashflows of a cohort of policies



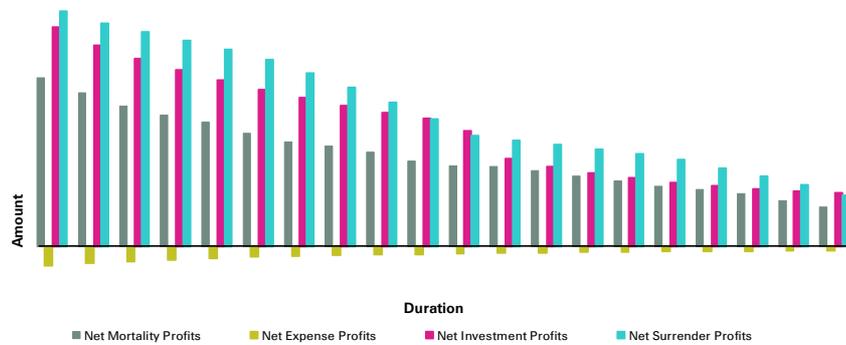
- Assume level annual premiums. Total premiums for the cohort reduce over time as some policyholders die or become claimants
- Claims increase over time as the number of claimants increases. Claim rates are also higher at older ages
- Net cash flow is positive in the early years and negative in the later years. Positive cash flows are invested to generate investment income. The reserves and investment income pay for the excess of claims over premiums in later years

→ Overall profile is similar to term assurance with US GAAP profits emerging over the duration of the contracts

Universal life

Typical cashflows of a cohort of policies

Shows projected run off of an acquired block of Universal life business



- Purchase price would be paid on acquisition of business (not shown)
- Significant investment cashflows from inception due to acquisition of existing block of business

→ Profit generated from margins on business

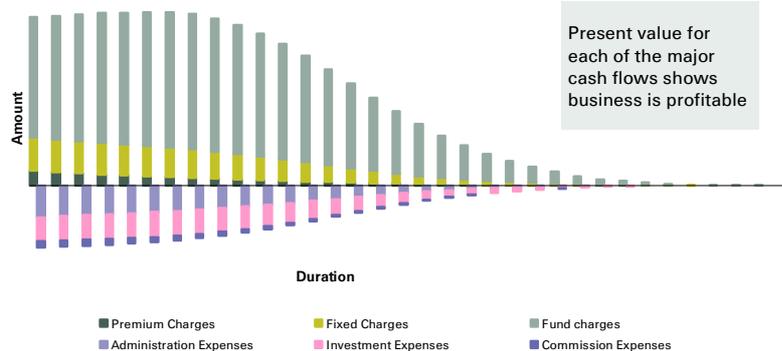
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Unit-linked savings product

Typical cashflows of a cohort of policies

Shows projected run off of a recently acquired block of unitised business



- Purchase price would be paid on acquisition of business (not shown)
- Accumulated funds (savings) initially increase which results in increasing fund charges. In later years funds decrease as a result of maturities and surrenders as the business runs off

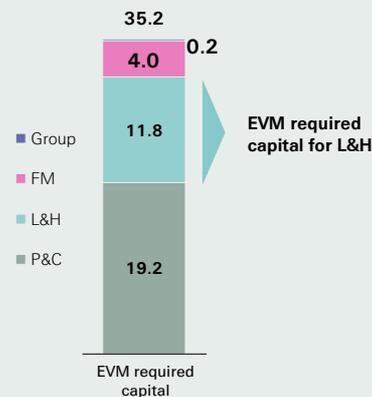
→ Income is dominated mainly by a charge on investment funds

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EVM required capital for L&H

2007 required capital¹ CHF bn



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¹ EVM capital is the measure of capital that is required to support the business, it takes internal risk, regulatory and rating agency capital requirements into consideration

EVM 2006 and 2007 balance sheet

CHF bn	31 Dec 2006	31 Dec 2007
Assets		
Investments and cash	222.5	247.4
In-force business assets	189.2	193.0
- Property & Casualty	20.1	18.2
- Life & Health	167.8	173.3
- Other	1.3	1.5
Other assets	1.0	0.3
Total assets	412.7	440.7
Liabilities		
In-force business liabilities	323.9	340.9
- Property & Casualty	81.1	74.6
- Life & Health	240.4	263.2
- Other	2.4	3.1
Debt	24.3	28.3
Other liabilities	26.3	33.1
Total liabilities	374.5	402.3
Economic net worth	38.2	38.4

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EVM 2007 L&H sensitivities

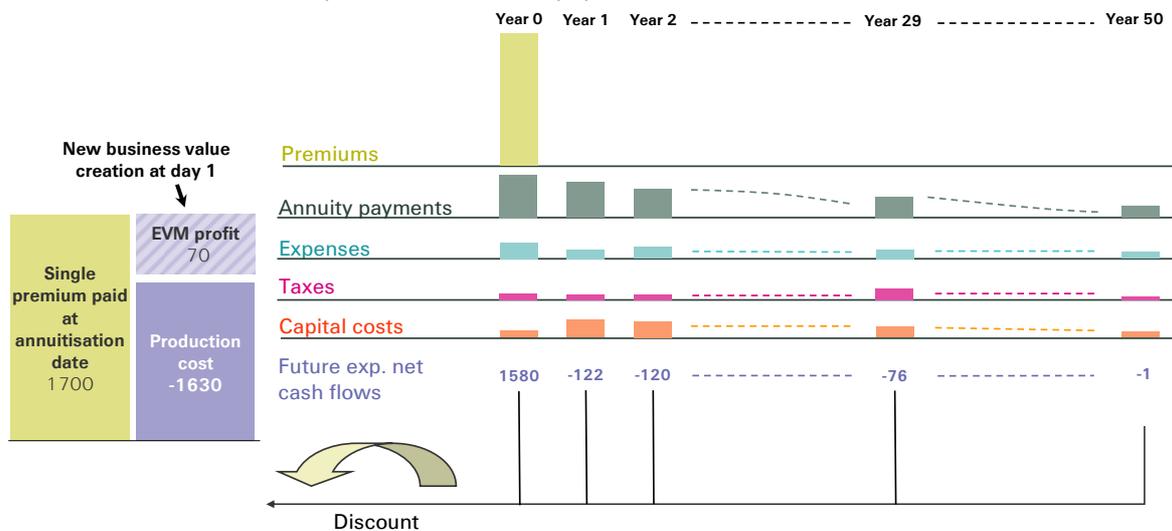
CHF bn	Change in 2007 new business profit	Change in ENW as of 31.12.2007
L&H specific sensitivities		
Reduce lapse rates by 10% (e.g. from 8% to 7.2%)	0.0	0.9
Mortality and morbidity rates reduced by 5%		
- Mortality	0.2	3.5
- Longevity	-0.2	-0.3
- Morbidity	0.0	0.7
Mortality / Longevity trend rates		
- Set future mortality improvement assumption <u>at</u> 1% p.a. (mortality business)	0.2	3.2
- Increase future mortality improvement assumption <u>by</u> 100bps p.a. (longevity business)	-0.7	-1.0
Remove all allowance for future mortality improvement		
- Mortality	-0.3	-5.2
- Longevity	0.9	1.1

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EVM accounting Longevity contract

Example of an annuities in payment contracts



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Discount rate: Transfer price of funds (TPF) = risk free rates at inception. Any additional investment return (loss) above (below) risk free that may be realised over time will be included in the Financial Markets business segment

Corporate calendar & contacts

Corporate calendar

04 November 2008 **Third Quarter 2008 Results (Conference Call)**

Investor Relations contact

Hotline

+41 43 285 4444

E-mail

Investor_Relations@swissre.com

Susan Holliday

+44 20 7933 3890

Ross Walker

+41 43 285 2243

Chris Menth

+41 43 285 3878

Marc Habermacher

+41 43 285 2637

Simone Lieberherr

+41 43 285 4190

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Cautionary note on forward-looking statements

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:

- changes in global economic conditions and the risk of a global economic downturn;
- direct and indirect impact of continuing deterioration in the credit markets, and further adverse rating actions by credit rating agencies in respect of structured credit products or other credit-related exposures and of monoline insurance companies;
- the occurrence of other unanticipated market developments or trends;
- the ability to maintain sufficient liquidity and access to capital markets;
- the cyclical nature of the reinsurance industry;
- uncertainties in estimating reserves;
- the effect of market conditions, including the global equity and credit markets, and the level and volatility of equity prices, interest rates, currency values and other market indices;
- changes in Swiss Re's investment results;
- uncertainties in valuing credit default swaps and other credit-related instruments;
- possible inability to realize amounts on sales of securities in our investment portfolio equivalent to their mark-to-market values recorded for accounting purposes;
- the possibility that our hedging arrangements may not be effective;
- 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 loss of one of the financial strength or other ratings of one or more companies in the Group;
- political risks in the countries in which Swiss Re operates or in which it insures risks;
- extraordinary events affecting Swiss Re's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- risks associated with implementing Swiss Re's business strategies;
- the impact of current, pending and future legislation, regulation and regulatory and legal actions;
- the impact of 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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