Swiss Re

Swiss Re´s underwriting capabilities enable outperformance

Baader Investment Conference, 21 September 2017

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ROBECOSAM
Sustainability Award
Gold Class 2017

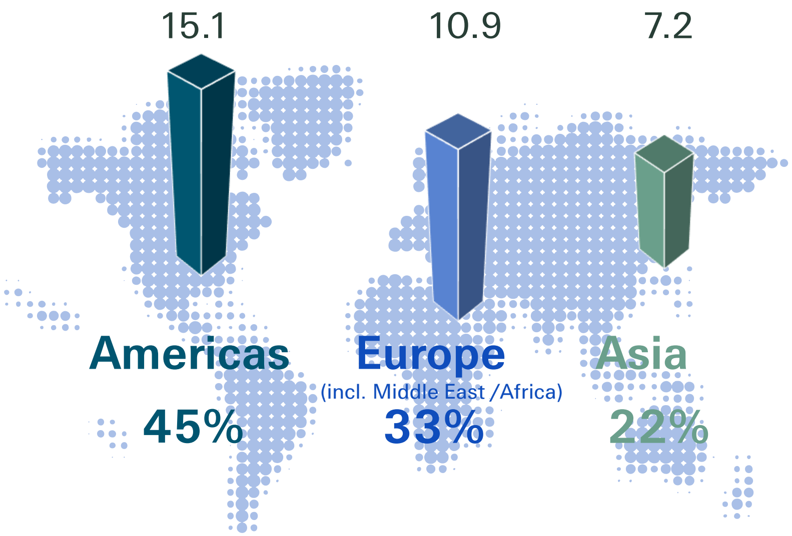
Today's agenda

- **Swiss Re Group**
- Capital Management
- Underwriting of the future

Swiss Re is well diversified across geographic regions and business segments

Net premiums earned[1]

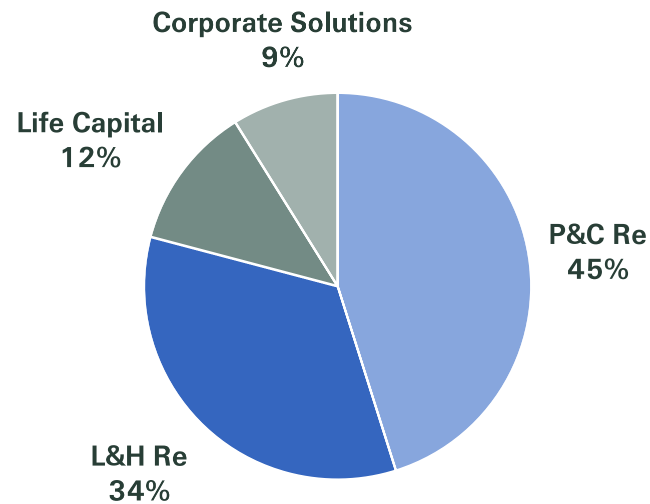
by region (in USD bn, 2016)



of which
HGMs incl. PI[2]: ~5% ~ 4% ~ 16% ≈**25%**

Economic Net Worth[3]

by business segment (in %, 2016)



Swiss Re benefits from geographic as well as business mix diversification and has the ability to reallocate capital to achieve profitable growth

1 USD 33.2bn as at 31 December 2016; includes fee income from policyholders; does not reflect the exposure to HGMs through Principal Investments (PI)
2 Based on additional pro rata net premiums from Principal Investments (PI) including FWD Group (14.9%), New China Life (4.9%) and SulAmérica (14.9%)
3 Share of Swiss Re Group's Economic Net Worth deployed across Business Units (excl. Group Items), 31 December 2016

Our business model has positioned Swiss Re as a leading player

Swiss Re Group

Reinsurance	**Corporate Solutions**	**Life Capital**
P&C / L&H		
Strategic goal	Strategic goal	Strategic goal
• To be the world's leading reinsurer	• To be a focused, lean, global player in large commercial business	• To be a recognised player in the wholesale primary life and health market
Current position	Current position	Current position
• The foundation of our strengths	• A key opportunity for growth	• Diversifying growth and cash dividends

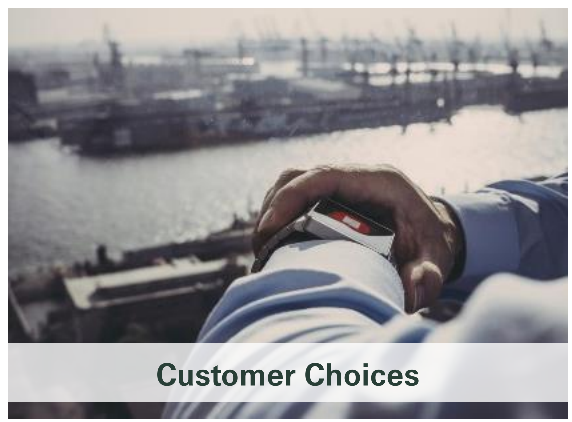
In the currently challenging environment we see attractive long-term opportunities


Geopolitical Landscape


Competitive Environment

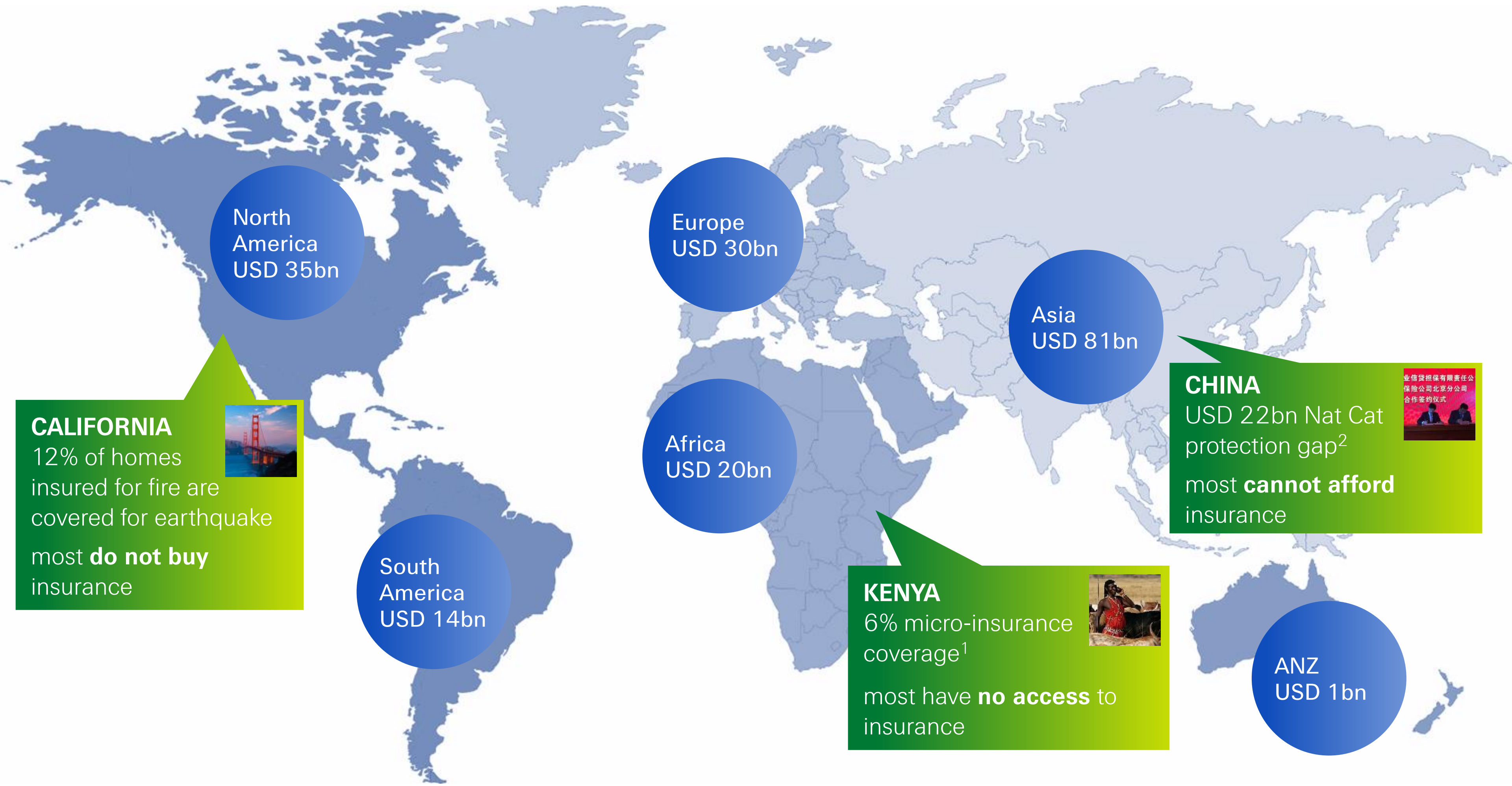
Growth Opportunities


Regulatory Challenges


Customer Choices


Advancements in Technology

The building blocks of Nat Cat & Weather Protection Gaps USD 180 billion globally, and growing …



Source: Swiss Re Institute
[1]Number of lives insured/total population; source Microinsurance Network 2015
[2]sigma property protection gap 2015

Closing the protection gap: Heilongjiang province weather cover; public-private partnership to ensure broad coverage

28 counties in Heilongjiang province covered

- cover for flood, excessive rain, drought and low temperatures
- tailored solution combining a weather index product with a satellite-based flood parametric product
- anti-poverty insurance deal allows faster pay-outs than traditional cover

Tailored parametric anti-poverty solution

As a risk knowledge company, Swiss Re is well placed to invest in risk pools

Swiss Re´s strategic framework

I – systematically **allocate capital** to risk pools / revenue streams

II – broaden and diversify **client base** to increase access to risk

III – optimise **resources and platforms** to support capital allocation

IV – emphasise **differentiation**

Growth through systematic capital allocation

Risk Knowledge supporting capital allocation

Near-term priorities

- Large & tailored transactions
- Corporate Solutions
- Life Capital
- High Growth Markets
- Research & Development
- Technology
- People & Culture

Today's agenda

Swiss Re Group

Capital Management

Underwriting of the future

We continuously focus on delivering on our capital management priorities

Capital management priorities

1 Ensure superior capitalization at all times and maximize financial flexibility

2017 Group SST Ratio 262%[1]

S&P Rating AA-

2 Grow the regular dividend with long-term earnings, and at a minimum maintain it

USD 8.6 bn[2] ordinary dividend

Payout ratio 37%

3 Deploy capital for business growth where it meets our strategy and profitability requirements

Acquisitions (e.g. Guardian)

Business reinvestments (e.g. large transactions)

4 Repatriate further excess capital to shareholders

USD 6.2 bn[2] special dividend and buyback

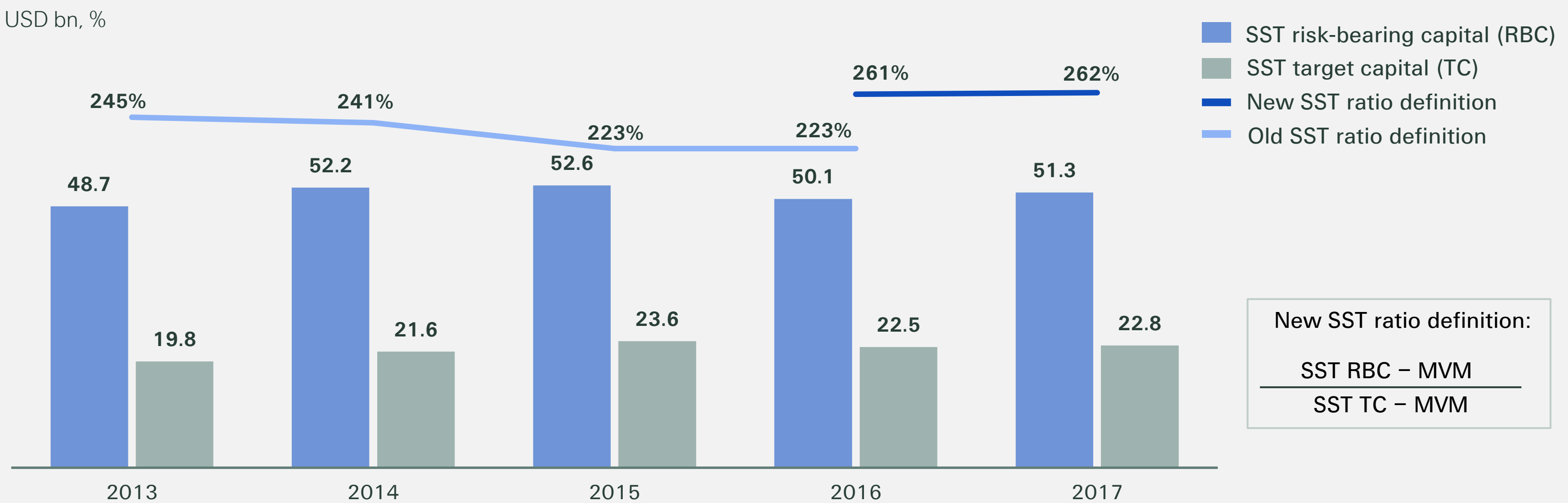
Extraordinary Payout ratio 27%

Special dividend 2012- 2014

Share buybacks 2015- 2016

1) Ratio calculated based on the changed FINMA methodology for calculating the SST ratio, which became effective on 1 January 2017.
2) FY 2011-2016

Swiss Re Group capital position is very strong



SST ratios as of January 1 of the respective year; MVM was USD 5.3bn for 2016 and USD 5.2bn for 2017

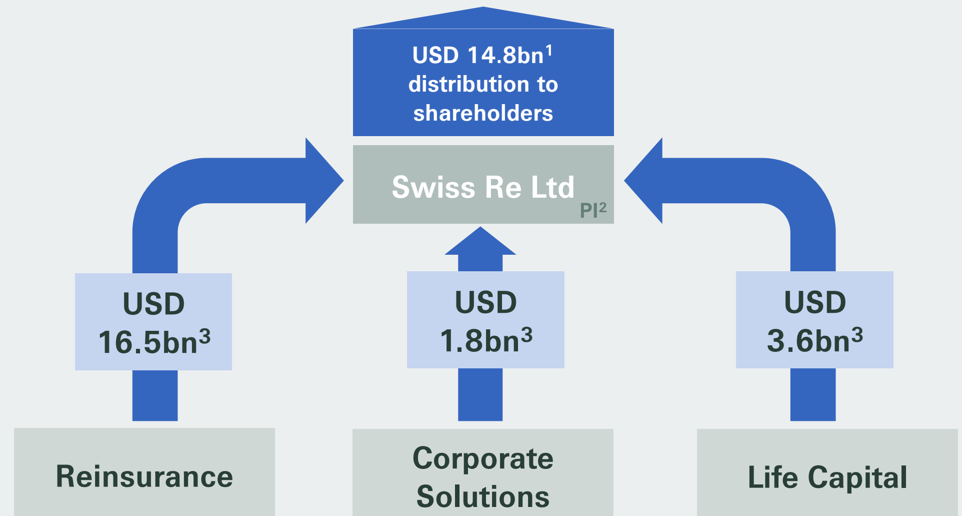
- Very strong Group capital position maintained
- Group SST 2017 ratio of 262% under new SST ratio definition, comfortably above the Group's 220% respectability level, valid from January 2017
- Swiss Re remains well positioned to respond to market opportunities

Swiss Re's performance and business model enable significant capital distribution

AGM 2017
Capital mgmt. decisions

- Swiss Re increased the regular dividend by 5.4% to CHF 4.85 per share, equivalent to a dividend yield of 5.5%[4]
- The AGM 2017 approved a public share buy-back programme of up to CHF 1bn; decision to launch conditional upon available 2017 excess capital

Dividend flows since new structure created in 2012



The implementation of our Business Unit structure in 2012 has supported a strong flow of dividends up from the business segments to our shareholders

1 Reflects total external dividend and completed public share buy-back programmes
2 Principal Investments has paid to Group dividends of USD 0.5bn between January 2012 and June 2017
3 Internal dividend flows from January 2012 to June 2017
4 Based on share price of CHF 88.90 on 21 April 2017, the day of the AGM

Today's agenda

Swiss Re Group

Capital Management

Underwriting of the future

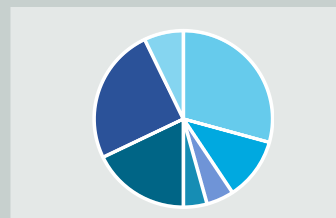
R&D in underwriting enables outperformance and differentiation

Focus of R&D in underwriting

Property	Nat Cat perils Climate change Cyber	Behavioural economics	Digital analytics
Casualty	Economic, legal, political, societal changes		
Specialty lines	Credit default probabilities		
Life	Mortality trends Lapse trends		
Health	Morbidity trends		

Applications

Outperformance

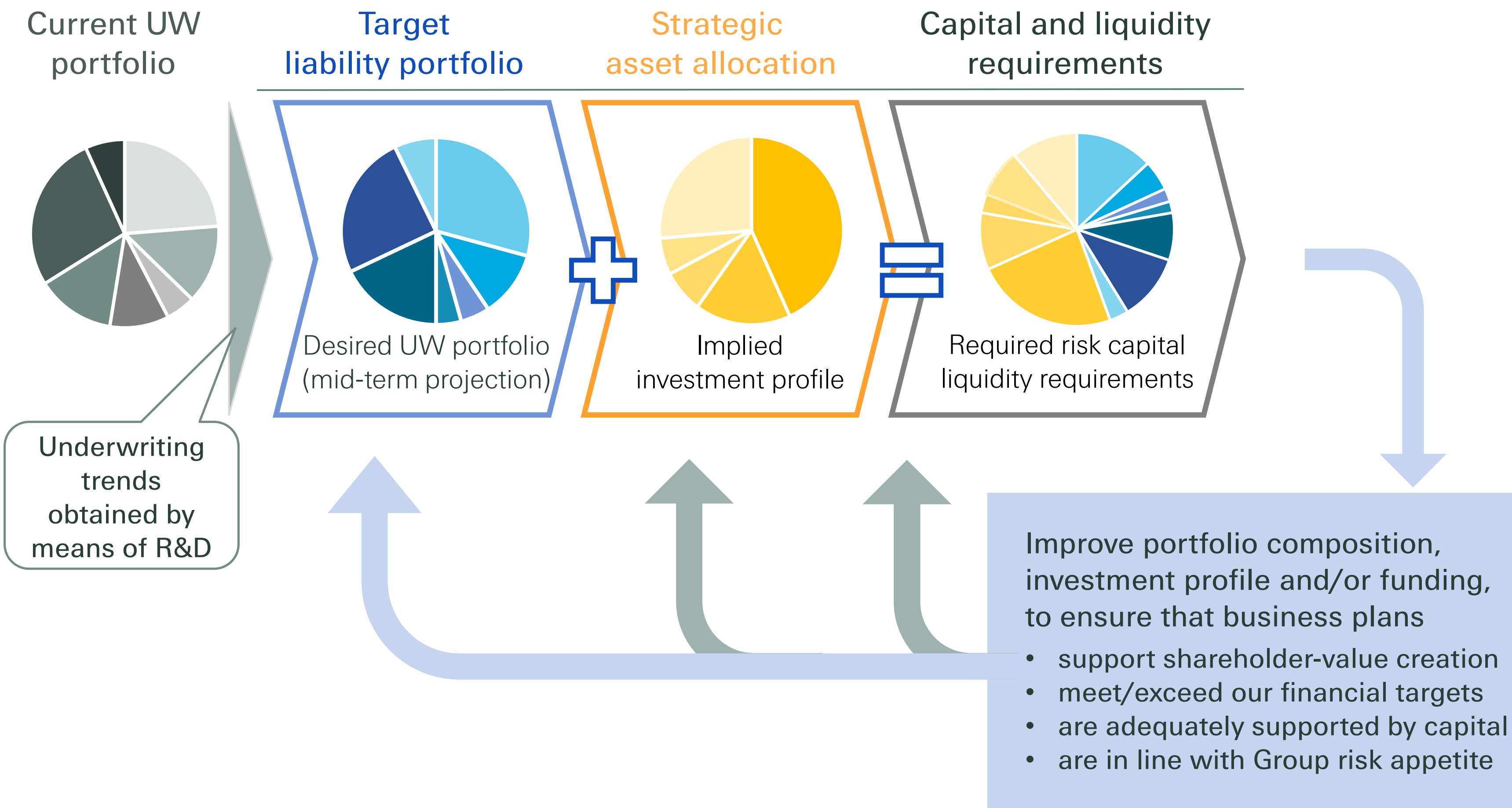


- Target liability portfolio
- Retro and hedging
- Cycle management

Differentiation

- Proprietary nat cat toolbox
- Liability Solutions
- Magnum

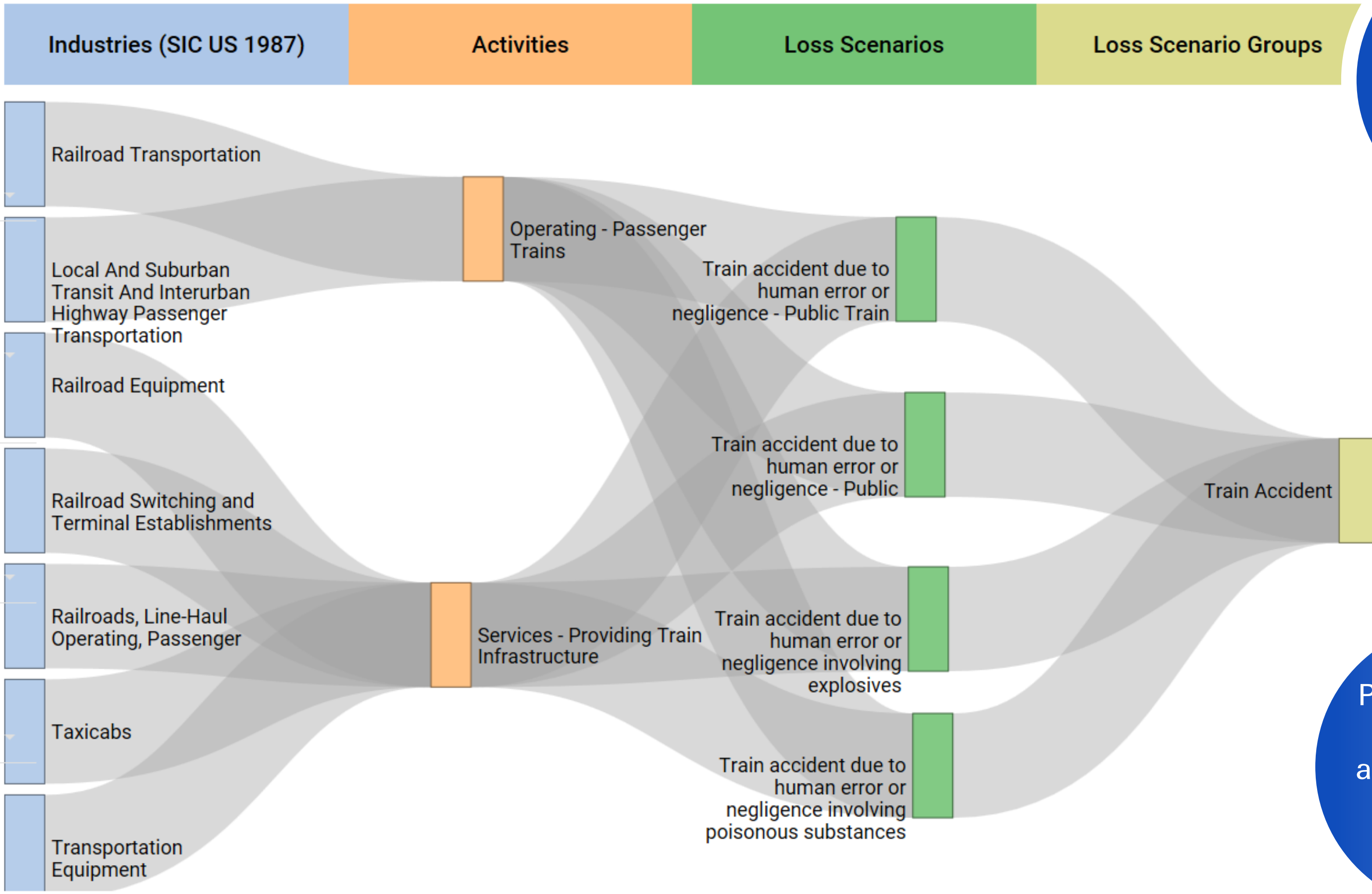
Our target liability portfolio process allows effective capital allocation in underwriting



What is the next Asbestos or Deepwater Horizon?

Swiss Re helps insurers better understand, quantify and transfer accumulation exposure at portfolio level

Quantifying liability accumulation exposure



Exposure analysis for disaster on industrial premises

Assessment of product liability and financial lines systemic risk

Product liability and recall accumulation in automotive supply chains

New solutions & services across the value chain

Product Design
- New products (for the digitised environment)
- Parametric insurance
- Telematics solutions

Distribution & Sales
- Digital consumer engagement
- Predictive lapse modelling
- Sales analytics

Underwriting
- Automated/ predictive UW
- Behavioural UW
- Risk Engineering app
- Automated portfolio and risk monitoring

Business Management
- Contracts Intelligence
- SwiftRe (end-to-end facultative R/I solution)

Claims
- Faster, more insightful processing
- Predictive claims
- Early warning and information

P&C Solutions

L&H Solutions

- Address **clients' business needs**
- **Add value to clients' original business**
- Build on our **Swiss Re knowledge**
- **Leverage technology**

Smarter together – creates value for our clients

Note: Non-exhaustive overview of selected digital innovation at Swiss Re

Price trends - industry outlook

Property:

- Property Cat: Prices are expected to stabilise due to recent loss events
- Property per risk pricing expected to be stable, with changes driven by loss experience
- At current levels of market pricing we have withdrawn some capacity. We retain the flexibility to quickly upscale when market conditions allow and our profitability requirements are met
- In line with our mission to build resilience, we are investing in developing new solutions where pricing is at sustainable levels

Casualty:

- Liability: Prices expected to reflect recent loss trends
- Motor: Pricing corrections are expected to continue
- Inflation remains a key risk factor for future profitability across both Liability and Motor
- We continue to have significant appetite for the right risks and right clients

Special Lines:

- Price trends to vary depending on market and class of business. Overall, some further rate reductions are expected
- Despite pricing pressure in mainstream specialty business, we continue to see opportunities in more complex coverage and new technologies

Corporate calendar & contacts

Corporate calendar

2017		
2 November	**Nine Months 2017 Key Financial Data**	Conference call
2018		
23 February	**Annual Results 2017**	Conference call
15 March	**Publication of Annual Report 2017**	
20 April	**154th Annual General Meeting**	Zurich

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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”, “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 the Group’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;
- further deterioration in global economic conditions;
- the Group’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 the Group’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 the Group’s investment assets;
- changes in the Group’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 the Group’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 carry forwards 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 the Group’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 the Group’s ability to achieve improved ratings;
- the cyclicality 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 the Group’s clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- current, pending and future legislation and regulation affecting the Group or its ceding companies and the interpretation of legislation or regulations;
- 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.

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