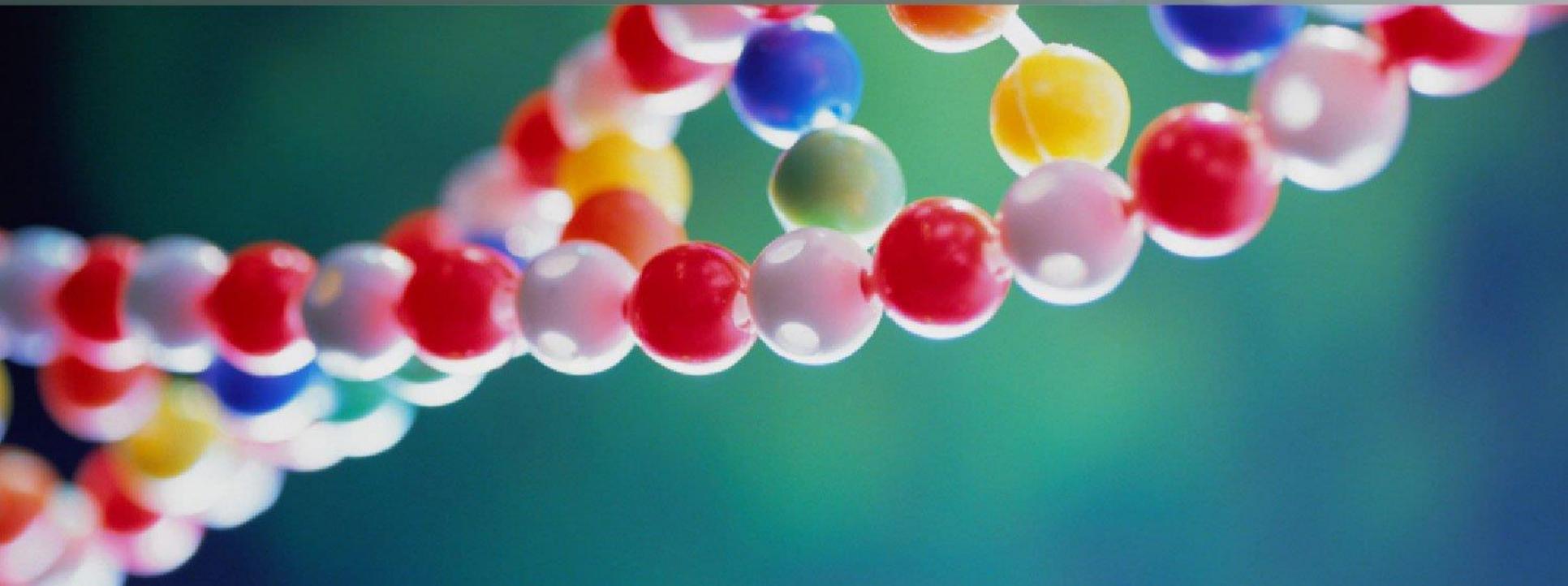


Expert Forum on Cancer Diagnostics 2016

Centre for Global Dialogue

Russell Higginbotham, Head Life & Health Products
7 November 2016



Opening Remarks

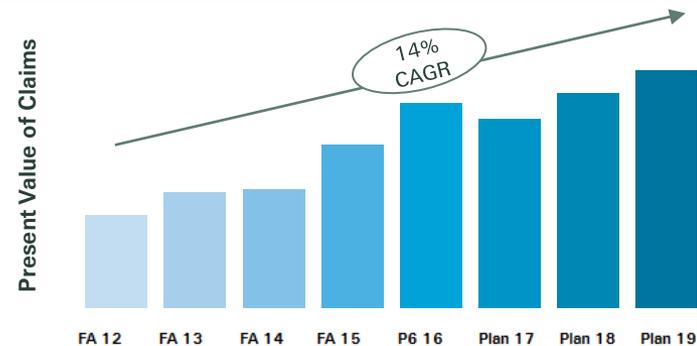
What is the Swiss Re Expert Forum?	<ul style="list-style-type: none">• Aim: to bring together international, industry experts to engage in wide ranging discussions and debates with Swiss Re leaders• 2015 Expert Forum: health awareness, individual behaviour and future longevity• Today: Second Expert Forum to focus on cancer diagnosis
Why is it important?	<ul style="list-style-type: none">• New, less invasive way for detecting cancer have been developed (tissue vs liquid biopsy)• Although positive, we must remain forward looking on the potential impact for insurance companies
What is Critical Illness cover?	<ul style="list-style-type: none">• A living benefits product that gives you financial protection against certain illnesses and medical conditions of a specific severity such as heart attack, stroke or cancer• If a condition covered by the CI policy develops, the policyholder submits a claim to the insurance company. If accepted, the policyholder receives payment
Who do we have here today?	<ul style="list-style-type: none">• Welcome to the international experts from diverse fields: (1) industry representation including clinical oncology, genomics, longevity and pharmaceuticals and (2) Swiss Re specialists in insurance medicine, claims management and actuaries
What do we want to achieve today?	<ul style="list-style-type: none">• Let's have a lively, interesting discussion on the rapid advancements in cancer diagnostics• Understand how soon liquid biopsy will become routinely available in clinical medicine• Understand the impact on incidence, on claims and on survival techniques

Critical Illness is of growing importance to Swiss Re

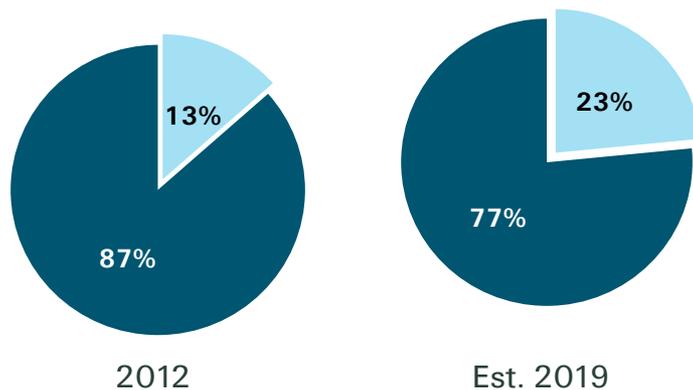
Critical Illness ("CI") insurance typically provides a lump sum benefit on the diagnosis of a defined severe illness, such as cancer, heart attack or stroke

- Swiss Re is exposed to cancer morbidity risks through the CI product sold across many markets
- Reasons for purchase include financial support to make lifestyle changes in the face of illness, to cover potentially enormous treatment costs or to settle an outstanding mortgage
- Critical Illness is therefore becoming an increasing percentage of our flow new business, rising from 13% in 2012 to 18% in 2016 and is expected to reach 23% in 2019. Much of this growth is obtained from Asia, in particular China, South Korea and Japan

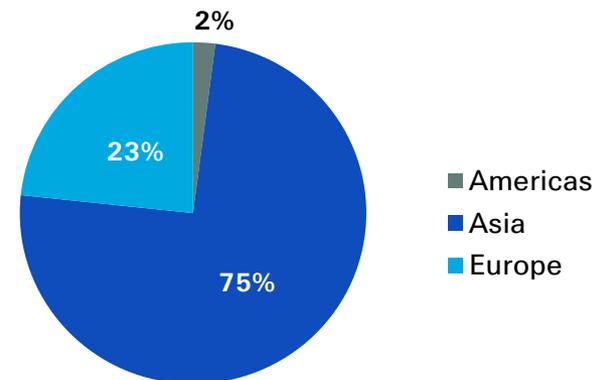
Growing our CI portfolio is a core part of Swiss Re's strategy. Since 2012, we have achieved a 14% compounded annual growth rate ("CAGR") on the present value ("PV") of new business claims



CI Share of Flow New Business



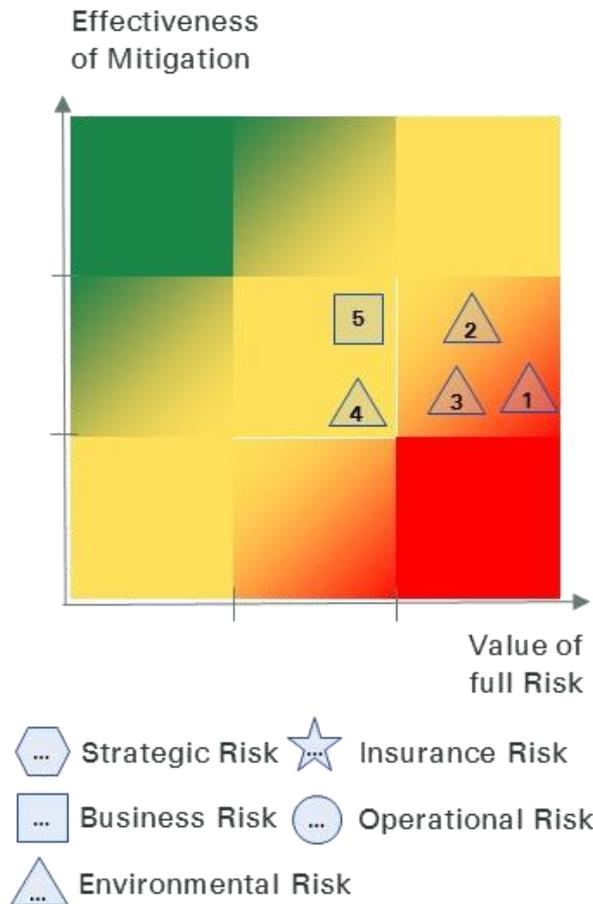
Regional Split of New Business Value



Risks are continuously assessed and monitored

In context of external and internal environment

Swiss Re Business Risk Assessment



- CI products are **long duration, remaining in-force** for many years
- We have **developed a deep awareness of current medical developments and continually examine** the industry experience to ensure trends and emerging risks are understood early
- Business risks are assessed based on the **value of full risk and effectiveness of mitigation actions**
- **Key risk drivers** for the CI portfolio include:
 - **Medical developments** that identify critical illnesses earlier
 - **Operational risk** arising from the accuracy and clarity of treaty or policy terms and conditions
 - **Regulatory/government risk** covering potential changes to legal interpretation of claim definitions
 - **Behavioural changes** such as changes in rates or selective effects of policy lapseation or in propensity to claim
 - **Risk of mispricing** of our treaties
- **A key mitigant** is the ability to review premium rates on most reinsurance treaties after defined guaranteed periods and prudent policy terms and conditions.

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