



Swiss Re



Swiss Re investors and media meeting

Monte Carlo

7 September 2009

Investors and Media meeting
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Swiss Re



Today's agenda

- **Introduction**
Stefan Lippe, CEO
- **Business messages**
Michel M. Liès, Head of Client Markets
- **ILS**
Martin Bisping, Head of Non-Life Risk Transformation
- **Questions & answers**

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Building on our strengths



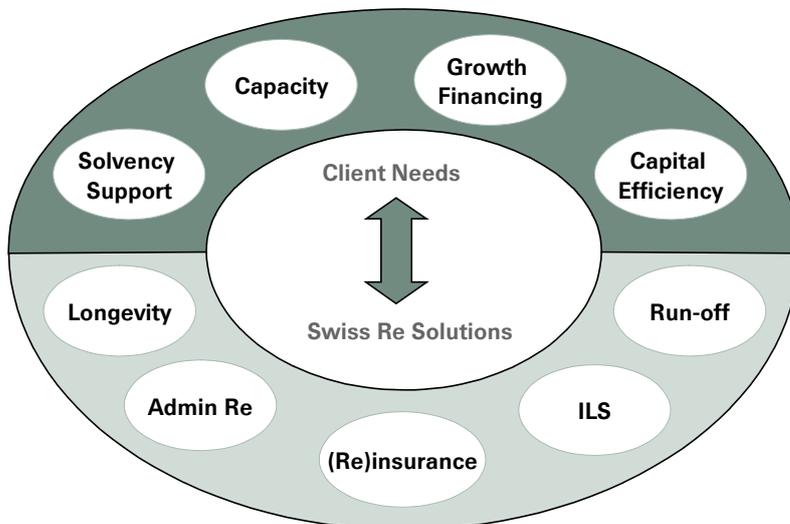
- CHF 4.5bn excess AA capital at Q2 2009, with more to be achieved through internal capital generation
- Significant progress in de-risking
- Powerful client franchise
- Strong core portfolio – our focus on underwriting quality provides a strong platform from which to deliver client solutions
- Innovation leader within the industry

→ **Significantly increased capacity to support our clients**

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Working with clients to deliver innovative solutions



Examples include:

- Agro solution in co-operation with the Chinese government
- Involvement in the creation of PERILS
- Longevity reinsurance of an in-force annuity portfolio

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We are in a strong position to support our clients

- The P&C insurance industry has proven its resilience, and rebounded quickly from the financial crisis
- Long-tail segments, especially US casualty, have not adjusted to lower interest rates, years of premium reductions and anticipated loss trends
- Cycle management and disciplined underwriting have positioned us to grow *when the price is right*

→ **Swiss Re is positioned to deliver value when our clients need us most**

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Creating differentiation for our clients and shareholders

- Swiss Re's top priority is to deploy capacity, capital and solutions to enable our clients to take advantage of opportunities
- When underwriting markets are mixed and tumultuous, a simplistic "broad-brush" approach across industry segments or clients is insufficient
- Strong *client-specific* solution-delivery and underwriting analysis is key to adding value

→ Swiss Re continues to actively manage the cycle for the benefit of clients and shareholders

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Renewal: January 2010

European price trends

Property non-proportional	
Property proportional	
Property Nat Cat	
Casualty	
Motor	
Marine and Engineering	
Aviation	

- Property prices are improving while Casualty levels do not yet reflect loss trends and reduced yields
- The low interest rate environment, soft industry underwriting results and depletion of industry capital all point towards further price increases

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Renewal: January 2010

European Property & Casualty trends

Property

- Peak nat cat capacity remains scarce and valuable
- No strong global trends: price increases in some loss-affected regions and industries
- Industrial risks remain competitive and threaten to underperform

Casualty

- Sufficient capacity is available for most risks
- Market prices have not yet adjusted to lower yields

→ **Swiss Re continues to focus on cycle management**

Renewal: January 2010

European Motor and Professional Liability trends

Motor

- Profitability challenged insurance markets are beginning to correct
- Claims inflation requires careful attention
- Evolution of distribution channels presents challenges

D&O and Professional Indemnity

- Financial crisis and sub-prime impacts still pose uncertainty
- Swiss Re has an underweight position in view of return / risk trade-off
- Capacity may be a challenge in some areas

→ **Swiss Re allocates capacity to segments with attractive economics**

Renewal: January 2010

European Special Lines trends

Specialty

- Marine results are fragile in light of economic downturn
- Engineering remains broadly soft, with some positive sub-segments
- Airline rates are likely to increase after 2009 claims; general aviation expected to remain flat

Credit & Surety

- Recession affects profits in credit insurance. Surety also expected to deteriorate
- Swiss Re has reduced capacity for Credit
- Disciplined risk taking is key

→ **Swiss Re's evaluation of return / risk relationship remains a success driver**

Renewal summary

- The P&C industry has rebounded rapidly from the financial crisis
- The underwriting market has not yet adjusted to lower yields: we will continue to steer capacity away from under-performing segments
- Disciplined underwriting and cycle management have positioned Swiss Re's core portfolio well
- Client-specific solution creation and evaluation remain key

→ **Swiss Re is strongly positioned to grow *when the price is right* and to deliver value when our clients need us most**

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Insurance Linked Securities

The fundamentals for ILS remain strong

- The underlying rationale for Insurance Linked Securities (ILS) remains valid:
 - Protection mainly for natural catastrophe risks that continue to grow
 - Also protects extreme mortality, event cancellation, credit reinsurance, motor, and industrial accidents
 - Diversifying asset with superior returns
 - Collateralised, multi-year capacity from an alternative market
 - Deal structures improved to minimise credit and counterparty risk

→ **The economic logic for transferring insurance risk to the capital markets remains convincing**

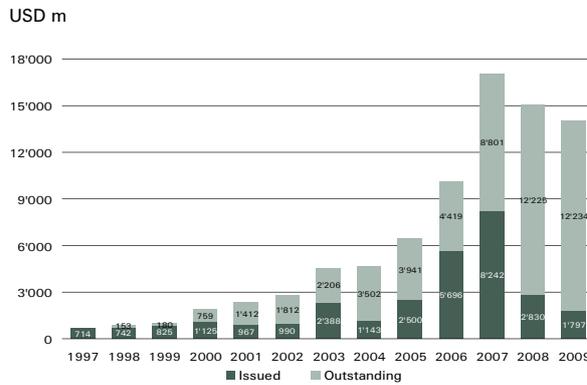
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ILS markets recovering

11 transactions YTD, more in pipeline

Total cat bonds outstanding by year



Source: Swiss Re

- ILS market rebounding, strong 2009 deal pipeline
- New issue levels YTD of USD 1.8bn bringing outstanding bonds to nearly USD 14bn
 - More conservative collateral solutions have gained market acceptance
 - ILS market continues to attract new sponsors and investors
- 35% of new 2009 issuances have been underwritten by Swiss Re
- Robust deal pipeline, total issuance amount in 2009 likely to exceed 2008 level

➔ Financial crisis impacts have been resolved and growth has resumed

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ILS spreads are narrowing

Recent trend expected to continue

Pricing examples

2009 Bonds	New Issue Price	Secondary indication*, adjusted for seasonality (as of Aug 31 09)	% Change
US Wind/EQ (2.04% EL)	+1525bps	+1276bps	-16%
US Wind/EQ (1.41% EL)	+1200bps	+1016bps	-15%
US Wind/EQ (1.53% EL)	+1300bps	+1089bps	-16%

Source: Swiss Re Capital Markets

* Prices based on Swiss Re Capital Markets pricing indications only.

- Secondary market trading was strong when the liquidity of other asset classes dried up
- ILS spreads are now gradually tightening as investors begin to raise additional capital
- On average, spreads since issuance for 2009 cat bonds are down 15%; we expect further tightening by year-end
- Spreads on deals with older collateral structures widened after the Lehman bankruptcy, but have begun to stabilize
- Capital market products still priced at a higher margin than traditional reinsurance

➔ New collateral structures and further price convergence will accelerate the ILS deal pipeline further

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ILS outlook for Swiss Re

- Swiss Re's ILS expertise is part of our core offering to clients, and a foundation for our own hedging strategy
- Swiss Re's strong origination platform, appetite for basis and execution risks, and ability to structure risks into innovative products results in a leading market position
- Swiss Re is working with PERILS¹ to create a European windstorm index, to facilitate risk trading and further broaden the ILS product space
- Demand for scarce nat cat capacity and convergence of price levels between reinsurance and capital markets will further accelerate ILS issuances
- Growth is also expected in the securitisation of extreme mortality risks (pandemics) and, over time, longevity risks

→ **Swiss Re continues to drive the ILS market as sponsor, underwriter and innovation leader**

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¹ Pan-European Risk Insurance Linked Service

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Corporate calendar & contacts

Corporate calendar

03 November	Third quarter 2009 results	Conference call
09 December	Investors' Day 2009	Zurich

Investor Relations contacts

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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:

- the direct and indirect impact of the continuing deterioration in the financial markets and the efficacy of efforts to strengthen financial institutions and stabilise the credit markets and the broader financial system;
- changes in global economic conditions and the effects of the global economic downturn;
- the occurrence of other unanticipated market developments or trends;
- 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 under derivative contracts due to actual or perceived deterioration of Swiss Re's financial strength;
- 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 Swiss Re's 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 its 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 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 companies in the Group;
- risks associated with implementing Swiss Re's business strategies;
- the cyclical nature of the reinsurance industry;
- uncertainties in estimating reserves;
- 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;
- extraordinary events affecting Swiss Re's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- political risks in the countries in which Swiss Re operates or insures risks;
- the impact of current, pending and future legislation and regulation affecting us or our ceding companies, and regulatory and legal actions;
- the impact of changes in accounting standards;
- 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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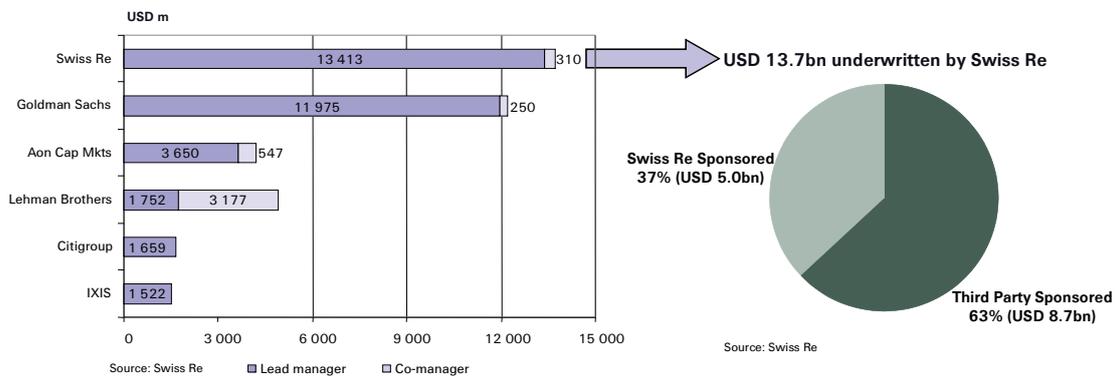
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Pioneer in ILS

45% market share from 2007 to 2009

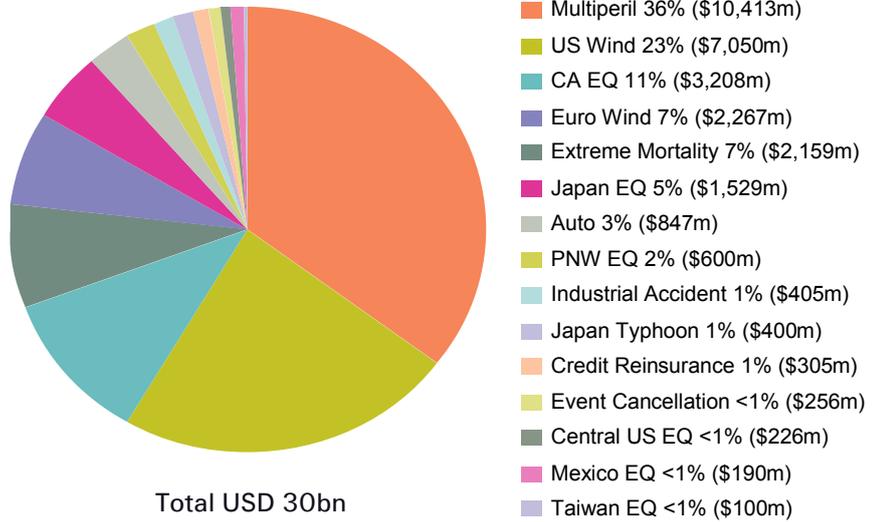
Swiss Re has underwritten nearly USD 14bn from 1997-2009, of which 63% for third party clients



- Swiss Re has been instrumental in the development of ILS

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Risks securitised since 1997



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As of 31 August 2009
 Source: Swiss Re