

# Reinsurance

Moses Ojeisekhoba, CEO Reinsurance

# We seek to benefit from a more positive current environment and promising long-term opportunities in the reinsurance market

## Current market environment improved



Improvements in P&C reinsurance pricing

Increasing interest rates benefit our long tail lines in Life and Casualty

Stronger global economic growth increases demand in and from primary markets

## Long-term opportunities remain

#1 global reinsurer in High Growth Markets, well positioned to take advantage of projected growth

Growth from innovative solutions to address the global protection gap

As a knowledge company we benefit from the growing importance of R&D and technology



<sup>1</sup> Source: Swiss Re Institute, expected growth per annum in reinsurance in nominal USD terms over the next five years

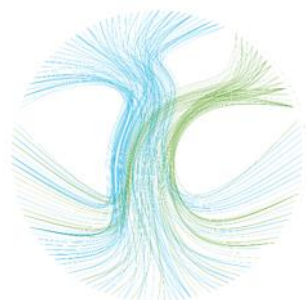


# Our engagement model is driven by identifying and responding to client needs

## We tailor our level of engagement to clients' individual needs and earning potential

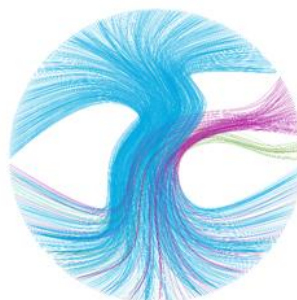
*Client interactions over 12 months*

**Low touch client**



236  
distinct  
interactions

**High touch client**

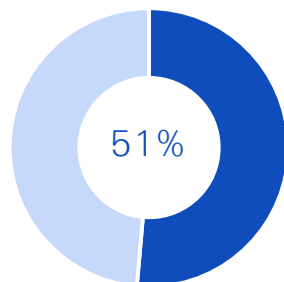


1 516  
distinct  
interactions

Increasing client engagement, knowledge sharing, premium and profit

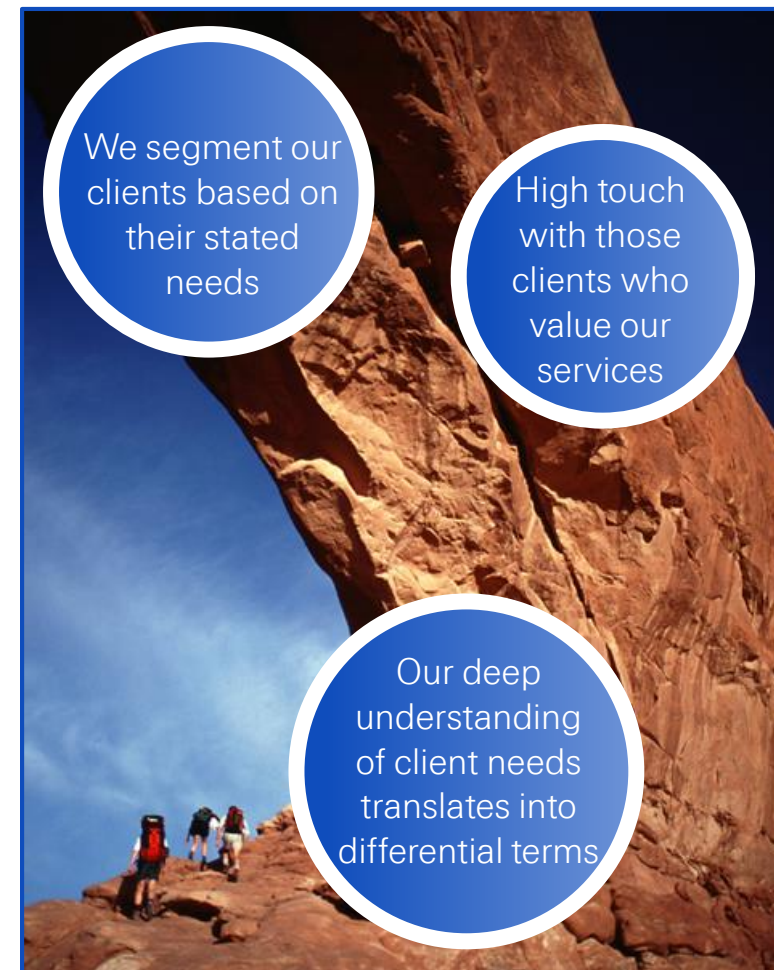
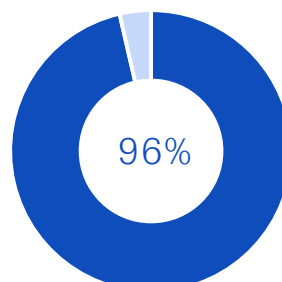
## We have strong direct relationships with our customers and brokers

P&C Reinsurance



% of premiums from non-  
intermediated business,  
FY 2017

L&H Reinsurance



We segment our  
clients based on  
their stated  
needs

High touch  
with those  
clients who  
value our  
services

Our deep  
understanding  
of client needs  
translates into  
differential terms

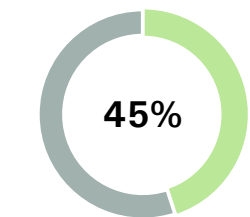
# Differentiation is at the heart of what we do



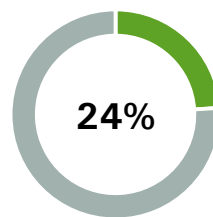
We are focused on continuing to improve the efficiency of our Core business

### Simplified underwriting process in P&C

Streamlined underwriting approach at 1/1 2018 renewals



% of deals renewed with simplified approach

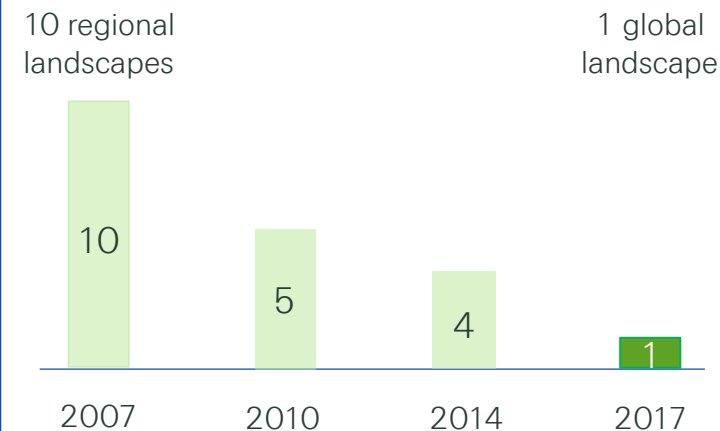


Contribution of these deals to EVM profit

- Increased efficiency in underwriting large numbers of smaller deals

### Simplified L&H system landscapes

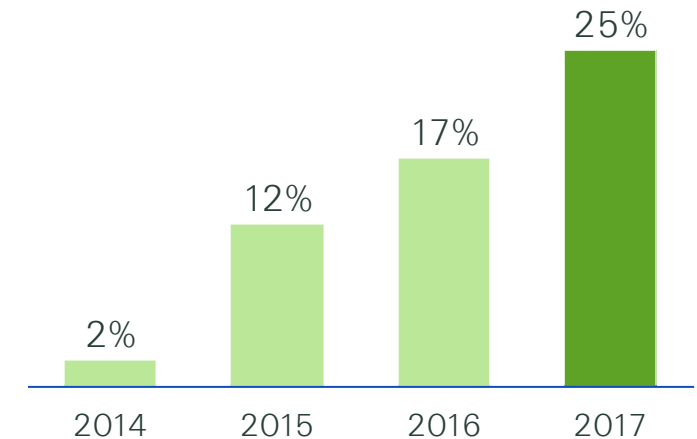
Digital harmonisation of L&H systems since 2007



- Simplified decision making, lower operational risk and reduced costs

### Digitised and automated claims

Share of total P&C claims submissions processed automatically



- Reduced turnaround times and improved client experience

By simplifying processes, without compromising quality, we can focus on higher value-add deals and client services

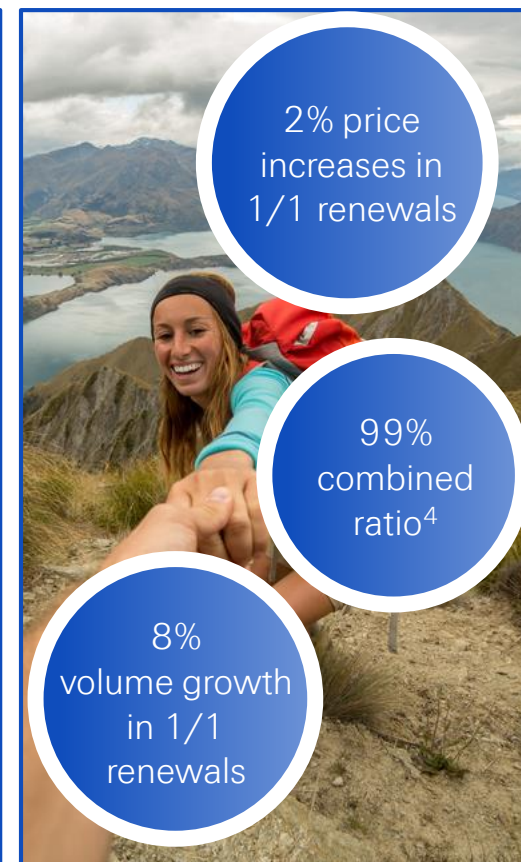
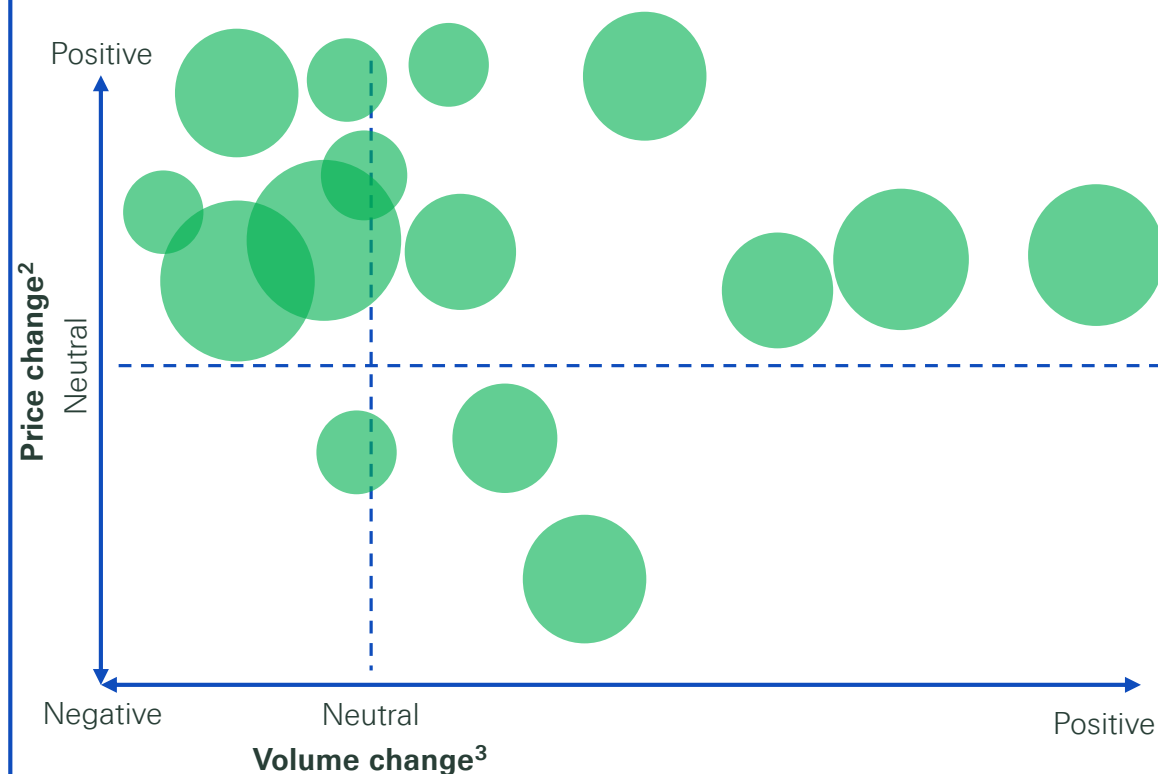
# We actively steer our P&C portfolio for growth and quality

## Market price development

at 1/1 2018

Property cat	➡
Motor	➡
General liability	➡
Marine	➡
Engineering	➡
Credit & Surety	➡
Aviation	➡

## Our success in 1/1 2018 renewals (largest 15 portfolios<sup>1</sup>)



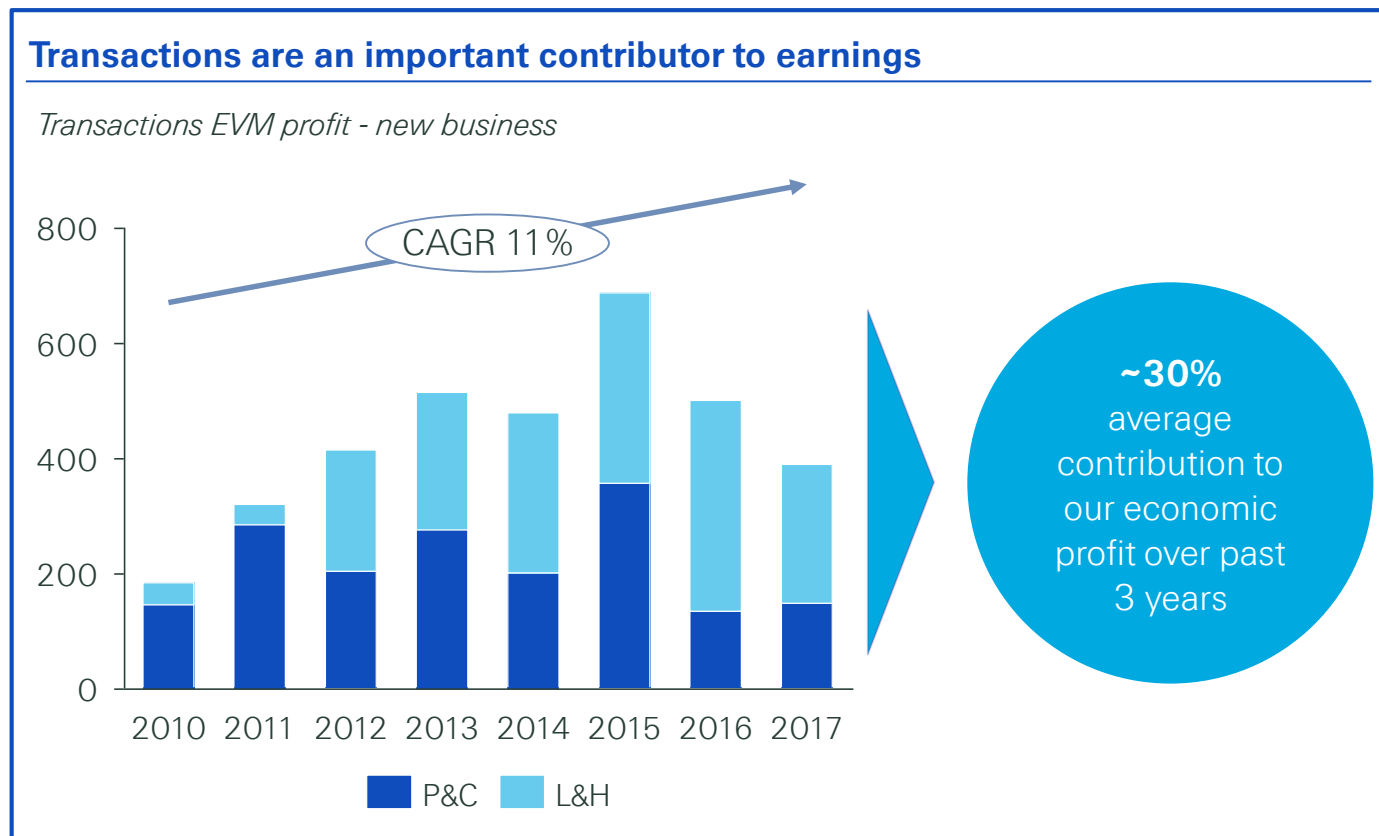
<sup>1</sup> Change between 1/17 and 1/18 renewals, size of bubble indicative of portfolio size by expiring premium

<sup>2</sup> Long-Term Pricing Adequacy change

<sup>3</sup> EVM premium change

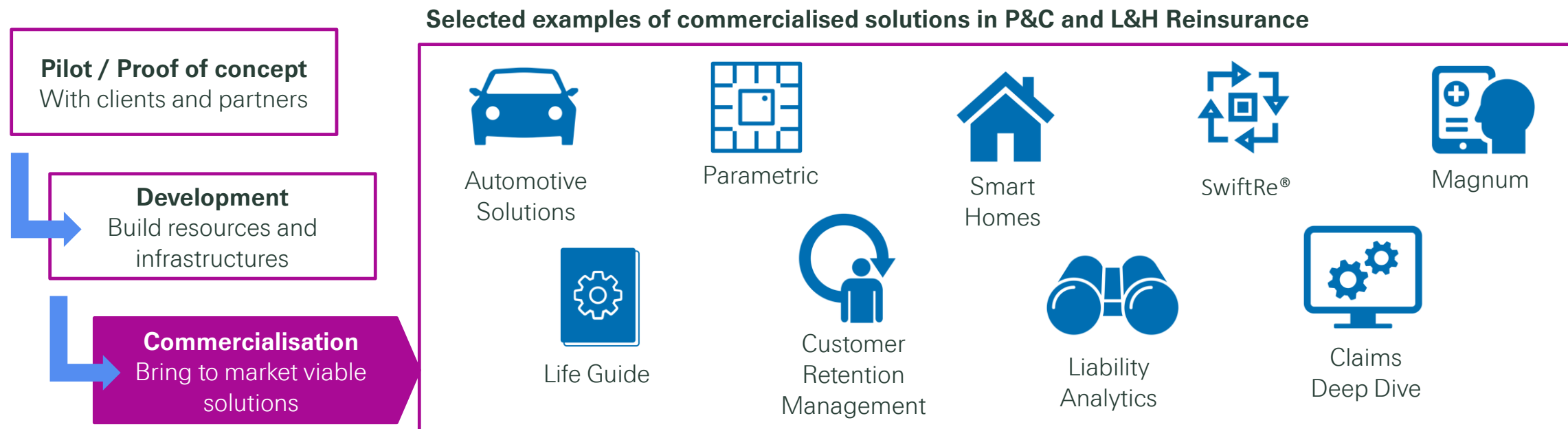
<sup>4</sup> Estimate for FY 2018, assuming an average large loss burden and no prior-year development

We leverage our knowledge, capital and client relationships to address our clients' needs with innovative, structured transactions



We leverage technology in solutions to add value to our clients' original business and value chain

Our innovation mind-set allows us to focus on commercialisation of proven solutions





# Deep dive on selected solutions



Customer Retention Management

## Customer Retention Management (L&H in-force)

- We offer strong interdisciplinary knowledge including customer analytics & propensity modelling, behavioural economics and targeted policyholder marketing campaigns
- Recent success: **helped one large insurer to reverse its lapse trend**, improving lapses by 13% and campaign results by >30%



## Parametric: Flight delay and nat cat protection insurance

- Sophisticated machine learning based pricing engine accurately prices flight delay risks and occurrence probabilities such as wind speed, rainfall & earthquake intensity
- Platform **allows real-time steering and claims payments are fully automated**
- Recent success: flight delay product launched in China with a major insurer, distribution is via WeChat



Parametric



Life Guide

## Life Guide: the L&H industry's number one underwriting guide

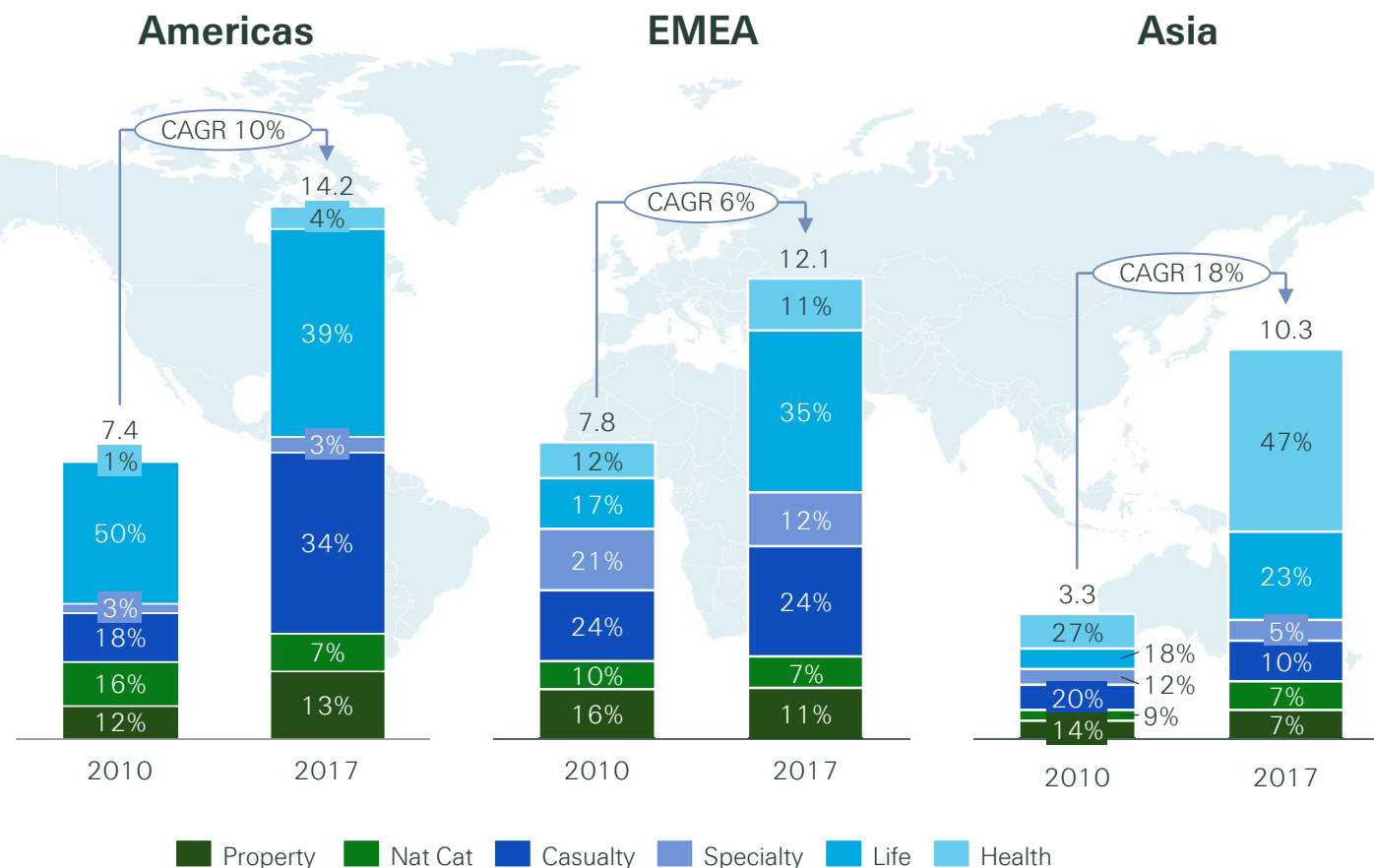
- Life Guide is the industry's #1 underwriting manual, used by 900+ companies with 9 000+ users in 100+ countries
- In 2017, underwriting professionals consulted Life Guide 20 million times, an increase of over 40% in the last five years



# We have significantly grown and diversified our portfolio

## Portfolio developments 2010-17

EVM premium, USD bn



Overall portfolio  
CAGR of 10%  
from 2010  
to 2017

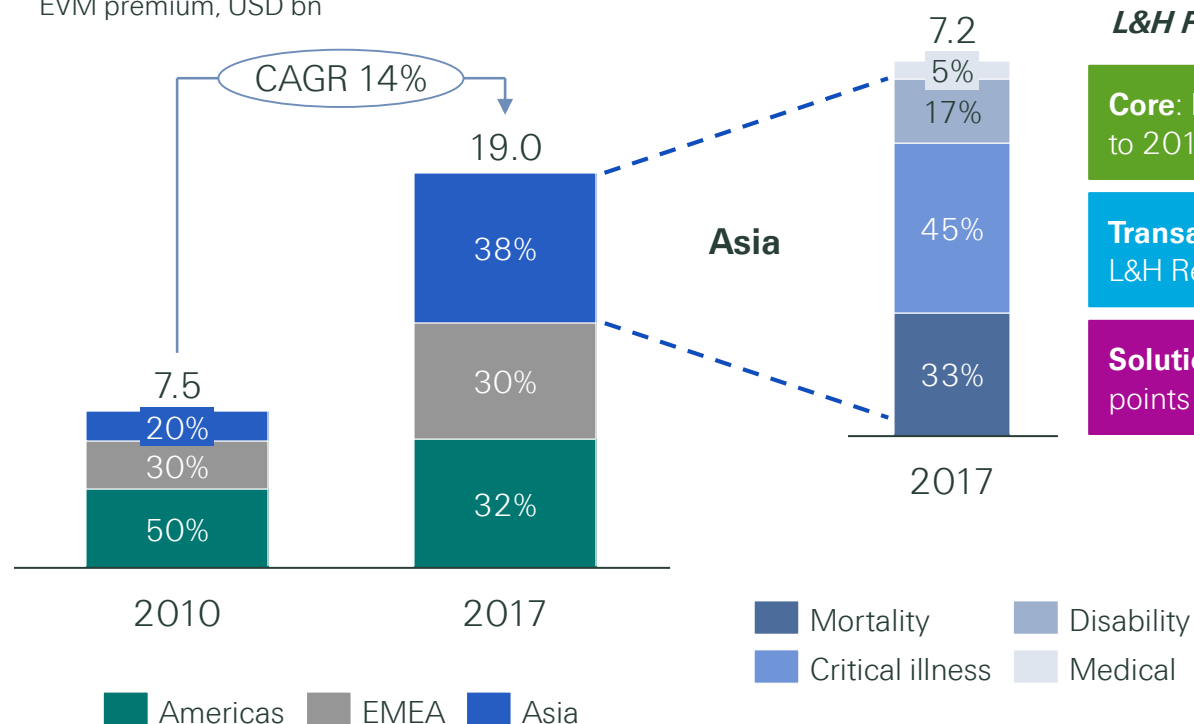
More balanced  
regional  
portfolios

Increased  
diversification  
of product lines

# Material growth in L&H Reinsurance, increasing diversification of sources of earnings

## L&H Business split by region

EVM premium, USD bn



## L&H Reinsurance Asia key facts

**Core:** Health CAGR of 14% from 2010 to 2017

**Transactions:** accounted for ~40% of L&H Re Transactions<sup>1</sup> over past 5 years

**Solutions:** Magnum – 150k mobile points of sale in China

Diversified mix of products across durations and cash flow generation

Asia: #1 earnings contributor in L&H Re in 2017<sup>1</sup>

Contribution from Core, Transactions and Solutions

<sup>1</sup> EVM profit new business

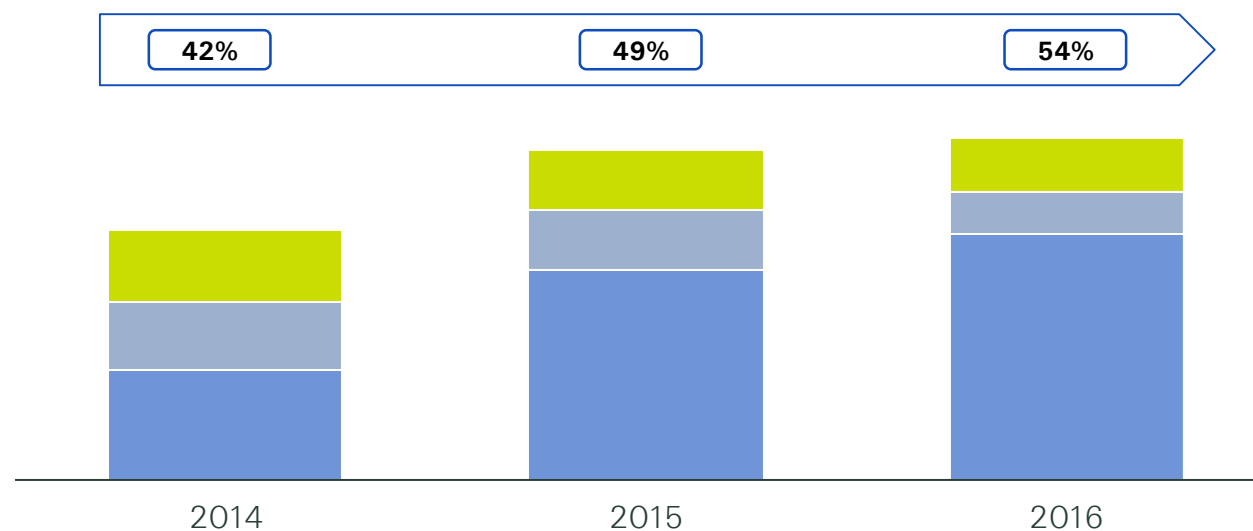
# Our differentiation strategy delivers improved economics

## We measure differentiation based on

		Definition	Rationale
Margin	1 Preferential terms & conditions	Price and/or terms & conditions above market placement	Benefit of accessing business at better price or conditions
	2 Share of Wallet	Share of business above a defined threshold	Benefit of being considered as strategic partner and/or solution provider
Volume	3 Private Deals	Deals with 100% share	Benefit of being considered as preferred partner and unique client access

## Differential terms are a strong contributor to our profits

### Contribution of differentiation to total EVM profits



- We measure differentiation within our Globals and Large client segments
- Differentiation has grown to ~50% of our EVM profit
- Private deals through transactions are a strong driver of differentiation



# Differentiation is at the heart of what we do in Reinsurance

- Current market environment is more constructive with positive long-term trends
- Our differentiation strategy positions us well for the future
  - We are focused on improving the efficiency of our Core business
  - We use our knowledge and capital to tailor Transactions to our clients' needs
  - Through Solutions we add value to our clients' businesses and partner for growth
- We actively allocate capital to areas with superior returns and have increased the diversification of our earning streams





# 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”, “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:

- the frequency, severity and development of insured claim events, particularly natural catastrophes, man-made disasters, pandemics, acts of terrorism and acts of war;
- mortality, morbidity and longevity experience;
- the cyclicity of the insurance and reinsurance sectors;
- instability affecting the global financial system;
- deterioration in global economic conditions;
- 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 the Group’s investment policy or the changed composition of the Group’s investment assets, and the impact of the timing of any such changes relative to changes in market 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;
- any inability to realise amounts on sales of securities on the Group’s balance sheet equivalent to their values recorded for accounting purposes;
- changes in legislation and regulation, and the interpretations thereof by regulators and courts, affecting us or the Group’s ceding companies, including as a result of shifts away from multilateral approaches to regulation of global operations;
- the outcome of tax audits, the ability to realise tax loss carryforwards, 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, and the overall impact of changes in tax regimes on business models;
- failure of the Group’s hedging arrangements to 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;
- uncertainties in estimating reserves;
- policy renewal and lapse rates;
- uncertainties in estimating future claims for purposes of financial reporting, particularly with respect to large natural catastrophes and certain large man-made losses, 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;
- extraordinary events affecting the Group’s clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- 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, lower-than expected benefits, or other issues experienced in connection with any such transactions;
- changing levels of competition, including from new entrants into the market; and
- operational factors, including the efficacy of risk management and other internal procedures in managing the foregoing risks and the ability to manage cybersecurity risks.

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# Corporate calendar & contacts

## Corporate calendar

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### 2018

20 April	<b>154<sup>th</sup> Annual General Meeting</b>	Zurich
4 May	<b>First Quarter 2018 Key Financial Data</b>	Conference call
3 August	<b>Half-Year 2018 Results</b>	Conference call
1 November	<b>Nine Months 2018 Key Financial Data</b>	Conference call

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