Swiss Re

Swiss Re well positioned to capture growth opportunities due to strong capitalisation, client franchise and innovation power

Contact:

Media Relations, Zurich
Telephone +41 43 285 7171

Corporate Communications, London
Telephone +44 20 7933 3445

Corporate Communications, Asia
Telephone +852 2582 3660

Corporate Communications, New York
Telephone +1 212 317 5663

Investor Relations, Zurich
Telephone +41 43 285 4444

Swiss Re Ltd
Mythenquai 50/60
P.O. Box
CH-8022 Zurich

Swiss Reinsurance Company Ltd
Mythenquai 50/60
P.O. Box
CH-8022 Zurich

Telephone +41 43 285 2121
Fax +41 43 285 2999
www.swissre.com

- **Swiss Re expects continued improvement in P&C underwriting conditions**
- **Record low interest rates were biggest shock for the industry over the past three years**
- **Swiss Re ideally positioned for exciting new business opportunities due to underwriting and risk understanding, excellent capitalisation and innovation power**

Monte Carlo, 12 September 2011 — Cedents and clients can benefit from the strength and integrity of the re/insurance business model especially in an environment of economic turmoil and regulatory change, Swiss Re tells at the annual Rendez-vous de Monte Carlo meeting of re/insurers.

After an extended soft cycle, reinsurance rates have now begun to improve, though pockets of soft pricing remain. Moreover, protracted record low interest rates are a real shock to the industry. Swiss Re is well placed to capture future growth opportunities, due to its excellent capitalisation, the benefits of its strict underwriting discipline, its proven track record of innovation and very strong client franchise.

Stefan Lippe, Chief Executive Officer of Swiss Re group, says: “The current economic environment, with extremely low interest rates, volatile stock markets, and uncertainties around future inflation expectations, poses a significant challenge to our industry today. In this situation, diversification, size and agility, founded on disciplined underwriting and low-risk asset management, are key pillars of a successful strategy for tomorrow. Our value proposition to cedents and clients remains intact and is as strong as ever.”

Swiss Re is well on track with implementing its new group structure that aims to optimally capture growth opportunities across the re/insurance market, says Stefan Lippe.

Low interest rates constitute biggest shock of the last three years
According to Brian Gray, Chief Underwriting Officer of Swiss Re: “Low interest rates have been the real shock for the industry over the last three years, and are far more significant than the 2010-2011 natural catastrophes. If not compensated by significantly lower combined ratios, earnings capacity of the industry will erode over time.”

Natural catastrophe prices increased in April and July 2011, driven by the claims from events in Australia, New Zealand, and Japan, as well as from vendor catastrophe model changes. Underwriting terms for P&C business have started to improve, particularly for peak risks. Several European motor markets have also seen rates starting to firm.

Casualty, on the other hand, shows less sign of change. "Players continue to release reserves, and there has been sufficient capacity in the market to keep prices flat," comments Gray. "However, the reality of low interest rates will be felt, and at some point, the bubble will pop."

Swiss Re expects a modest, broad market turn over the next 3 to 15 months.

Innovation power and strong capitalisation
"Swiss Re has always been an innovator," says Christian Mumenthaler, Chief Marketing Officer and designated CEO of Swiss Re's reinsurance operations from 1 October 2011. "Over the last few months, we have struck another series of deals which demonstrate our innovation power, client orientation and reputation in the market." For instance, Swiss Re just concluded two important P&C run-off transactions which freed up capital for clients to invest in new business.

Regarding capitalisation, Swiss Re holds a comfortable buffer in excess of the level required for an AA rating by S&P. Moreover, in combination with a conservative asset management strategy, Swiss Re has applied strict underwriting discipline over the soft cycle, forgoing market share if price adequacy was not met in previous years. In 2011, the company saw successful renewals, with its P&C treaty portfolio growing by 20% while price adequacy was maintained.

Stefan Lippe concludes: "We have a proprietary, deep understanding of risk and underwriting; we have a conservative asset strategy in place to navigate through difficult markets; and we have a track record of innovation. On top of this, our capitalisation is excellent. All this positions us ideally for capturing exciting new business opportunities with our clients."

Swiss Re

Notes to editors

Swiss Re Ltd
Swiss Re Ltd is the holding company for the Swiss Re Group. Its shares are listed on the SIX Swiss Exchange and trade under the symbol SREN.

Swiss Reinsurance Company Ltd
Swiss Reinsurance Company Ltd is a leading and highly diversified global reinsurer and part of the Swiss Re group of companies. The company operates through offices in more than 20 countries. Founded in Zurich, Switzerland, in 1863, Swiss Re offers financial services products that enable risk-taking essential to enterprise and progress. The company's traditional reinsurance products and related services for property and casualty, as well as the life and health business are complemented by insurance-based corporate finance solutions and supplementary services for comprehensive risk management. Swiss Reinsurance Company Ltd is rated "A+" by Standard & Poor's, "A1" by Moody's and "A" by A.M. Best.

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 cyclicality of the reinsurance industry;
- uncertainties in estimating reserves;
- the frequency, severity and development of insured claim events;

- acts of terrorism and acts of war;

These factors are not exhaustive. We operate in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on forward-looking statements. We undertake no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.