



Swiss Re



Swiss Equities Conference

John Fitzpatrick

Chief Executive Officer Life & Health Business Group

London, 3 May 2005

Swiss Re



Cautionary note on forward-looking statements

Certain statements contained herein are forward-looking. These statements 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:

- cyclical nature of the reinsurance industry;
- changes in general economic conditions, particularly in our core markets;
- uncertainties in estimating reserves;
- the performance of financial markets;
- expected changes in our investment results as a result of the changed composition of our investment assets or changes in our investment policy;
- 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;
- changes in rating agency policies or practices;
- the lowering or withdrawal of one or more of the financial strength or credit ratings of one or more of our subsidiaries;
- changes in levels of interest rates;
- political risks in the countries in which we operate or in which we insure risks;
- extraordinary events affecting our clients, such as bankruptcies and liquidations;
- risks associated with implementing our business strategies;
- changes in currency exchange rates;
- changes in laws and regulations, including changes in accounting standards and taxation requirements; and
- changes in competitive pressures.

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 our 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.

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- Swiss Re: A global approach
- 2004 embedded value
- Swiss Re's strategic priorities: Life & Health Business Group
- Outlook and conclusions
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Swiss Re at a glance

Net income amounted to CHF 2.5 billion

Premiums earned amounted to CHF 29.4 billion

Total investments amounted to CHF 98.5 billion

Leading position in P&C reinsurance: 10.5% market share*

Leading L&H reinsurer: 22.4% market share*

Leading provider of Financial Services solutions to targeted clients

Highly diversified portfolio by region and by line of business

Proven expertise in risk and capital management

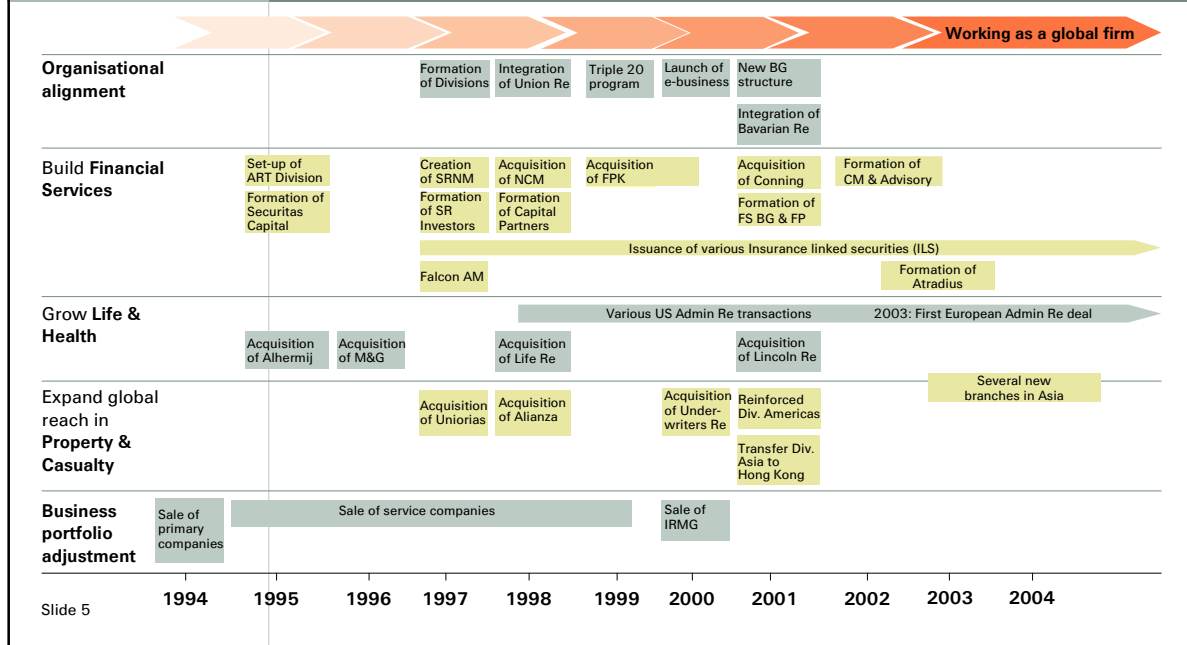
Strong corporate culture based on 140 years of experience

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* Figures are for year 2004

Swiss Re's evolution to a global firm

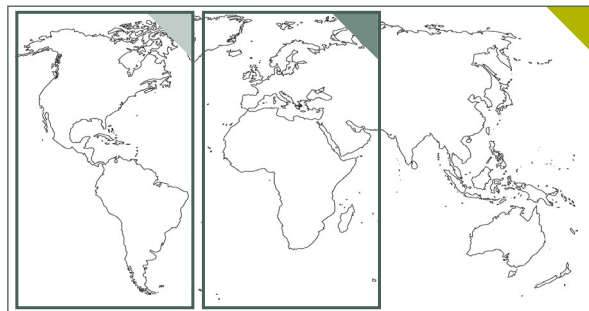


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Highly diversified reinsurer with comprehensive product range

Earnings history in CHF bn	1997	1998	1999	2000	2001	2002	2003	2004	CAGR
Total revenues	20.3	22.7	25.7	31.6	34.1	34.4	36.4	36.1	17.5%

- Origin of world reinsured risks 2003:
- Swiss Re's gross premium written by regions 2004:



Source: Swiss Re, Economic Research and Consulting; Swiss Re Annual Report 2004

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Swiss Re's mission is to be the authority on managing capital and risk

Our goals

- Be the **global market leader** in P&C and L&H reinsurance
- Be the **premier provider of capital, risk and asset management solutions** in business-to-business financial services with a specific focus on insurance and other financial institutions
- Deliver **attractive returns to shareholders** whilst maintaining top financial strength and rating
- Be a **global company built on teams with unrivalled risk and capital expertise**, professionalism and commercial insight

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Swiss Re headlines in 2004

Net income of CHF 2.5 billion, up 45%

ROE increased to 13.6%, above the three year average target of 13%

Excellent ROI of 5.8% generated with an investment portfolio of 95% invested in bonds and real estate

Business Groups:

- P&C: combined ratio of 98.4% unchanged from 2003 despite high claims activity from natural catastrophes
- L&H: return on operating revenues increased to 9.1%; two largest Admin Re transactions successfully completed in the USA and UK
- FSBG: strong improvement in operating income of 25% mainly driven by premium business

Significant rise in dividend payment of 45% to CHF 1.60 per share

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Source: Swiss Re Annual Report 2004



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Highlights of 2004 embedded value

- The 2004 embedded value was CHF 17.1bn an increase of CHF 1.1bn
- Embedded value earnings increased CHF 0.9bn, from CHF 1.1bn in 2003 to CHF 2.0bn in 2004 and represented a 13% return on embedded value
- Value added by new business increased CHF 352m to CHF 666m in 2004, driven by increased investment in Admin Re and improved margins
- Positive experience variances of CHF 187m include overall favourable mortality experience, commutations and lower taxes
- Negative operating assumption changes of CHF 192m primarily due to run-off portfolio of US disability business
- Positive investment variances of CHF 250m due to favourable bond returns outside the US, gains on equities backing capital and surplus and higher management fees from unit linked products


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		Swiss Re 	
		Increase of embedded value of CHF 1.1 billion	
CHF millions		2003	2004
Opening embedded value		16 281	16 003
Embedded value earnings		1 078	2 001
Exchange rate movements		-831	-862
Capital movements		-525	-83
Close embedded value		16 003	17 059

- Embedded value up due to 86% increase in embedded value earnings
- Impact of movements in foreign exchange rates similar to previous year

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		Swiss Re 		
		Value added by new business in 2004 more than double 2003		
CHF millions		2003	2003 at 2004 fx	2004
Capital invested in new Admin Re SM business		524	517	1 416
Capital invested in new traditional business		1 109	1 092	884
Total capital invested in new business		1 633	1 609	2 300
Value added by new business		314	304	666
New business after tax internal rate of return		10.9%	11.0%	12.5%

- Significant increase in capital invested in Admin ReSM in 2004
- Reduction in new traditional business volumes mainly due to repricing actions
- Excellent new business IRR of 12.5% after tax significantly higher than 2003

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- **Swiss Re's strategic priorities: Life & Health Business Group**
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Swiss Re's strategic priorities

- I. Actively manage the cycle for profits
- II. Optimise organic and transactional growth
- III. Extend leadership in Asia
- IV. Accelerate the balance sheet through risk securitisation

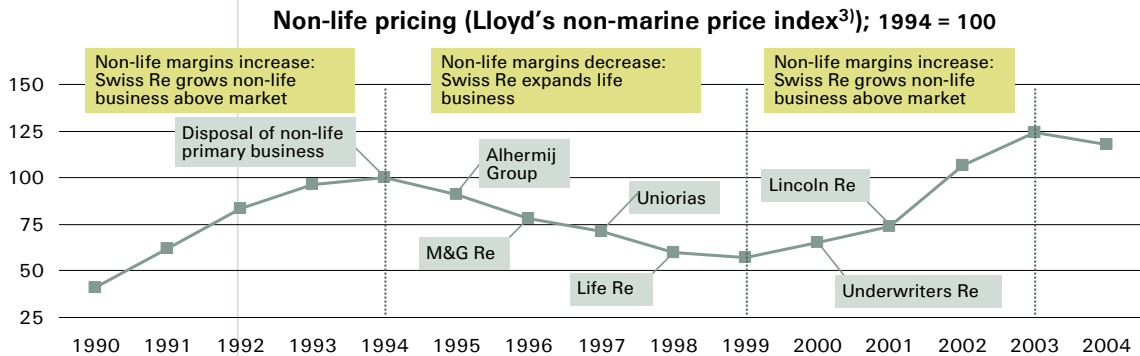
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How Swiss Re has managed the cycle in the past



NPE ¹ CAGR	1990-1994	1994-1999	1999-2003	2003-2004 ⁴
Swiss Re non-life	17%	1%	18%	-3%
Non-life market ²	9%	3%	9%	0%
Swiss Re L&H	-2%	34%	9%	4%
Swiss Re Group	14%	8%	14%	-1%

1) NPE = net premiums earned; 1990 to 1993 incl. health business and 1990 to 1999 based on Old Swiss GAAP; Swiss Re Non-Life is defined as sum of BG P&C and FS BG premiums
 2) Source: Swiss Re Economic Research & Consulting, market volume in 2004 based on early estimate
 3) CBS Private Capital Limited, as at 4 March 2005
 4) At constant FX rate



L&H: Actively manage the cycle for profits by repricing and risk management

- **US pricing review**
 - Repricing has been completed with weighted average price increases of 8%
 - Future increases will balance target returns against our desired competitive positioning
- **Continue focus on internal and client risk management practices**
 - increase frequency of internal pricing reviews
 - use of Quarterly Key Risk Indicator Report
 - increase frequency of client underwriting and claims audits (all key markets; in the US to particularly review the distribution of large claims)
 - maintain focus on clients' operational standards

Swiss Re's strategic priorities

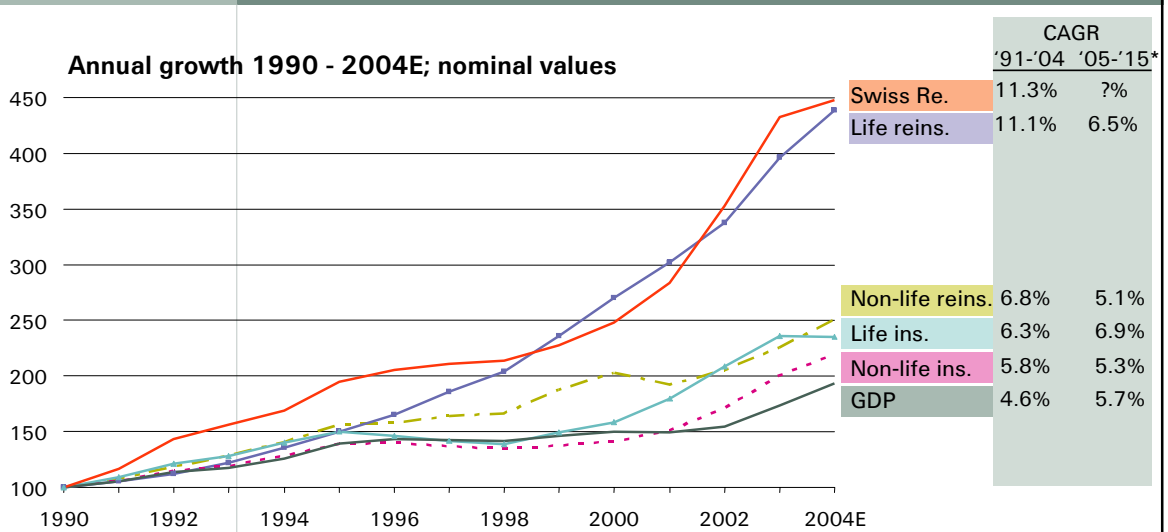
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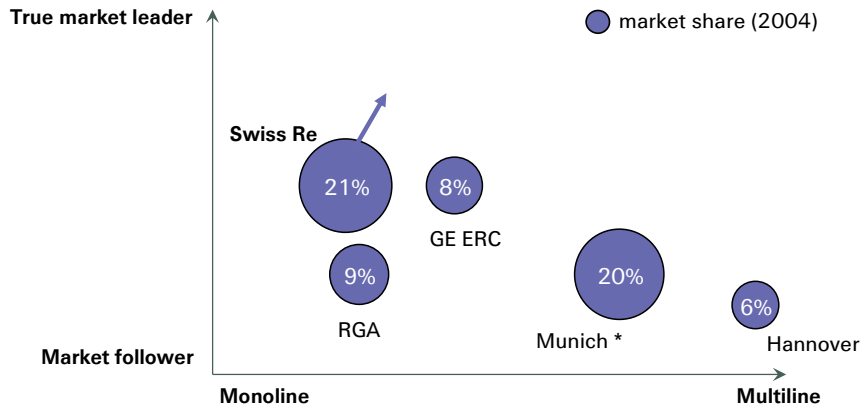
Risk is a growth business: Reinsurance outpaced insurance and GDP growth



World premium volume 2003: life: USD 29bn; non-life: USD 141bn

*Source: Swiss Re, Economic Research and Consulting: estimated

L&H: Optimise organic growth
 Maintain risk management disciplines



➔ Focusing on growth opportunities

- Traditional life and health business
- Admin Re

*: Munich Re excludes intra-group net premiums earned

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Optimise organic and transactional
 growth: Admin Re

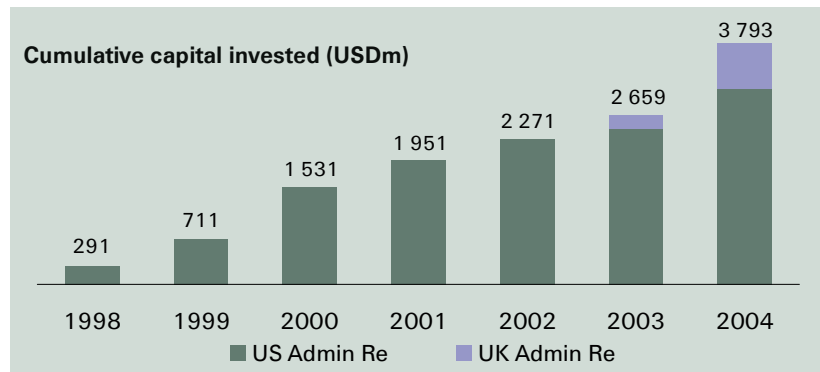
- Largest transaction to date completed in the US with the acquisition of the individual life business of CNA in April:
 - purchase price of USD 690m
 - approximately 1 million individual policies
 - more than USD 3bn assets under management
 - approximately 600 000 policies converted to date
- Admin Re operations significantly enhanced in the UK through the acquisition of LAHC, including Windsor Life, in August:
 - purchase price of GBP 333m
 - approximately 750 000 individual policies
 - more than GBP 5bn assets under management
 - new platform provides flexible base for future growth

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Admin Re: Cumulative capital invested

- Swiss Re has acquired more than 40 individual blocks of business since 1998



- UK Admin Re acquisitions:
 - USD 220m in 2003 and USD 719m in 2004

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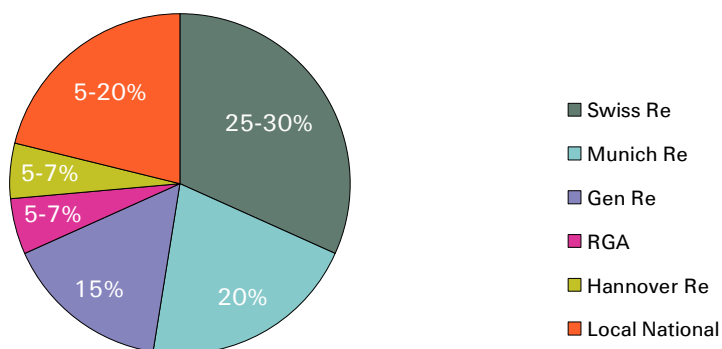
Extend leadership position in Asia

- **Official opening of Japan branch**
 - May 2004 – First global reinsurer to establish branch in Japan
- **Taiwan Ministry of Finance grants reinsurance branch licence**
 - July 2004 – First global reinsurer to establish branch in Taiwan
- **Focus on training and development**
 - Development of a recruitment program for India and China
 - Swiss Re Asia Academy for technical training
- **2004 Asian Reinsurer of the Year Award**
 - Awarded by industry magazines *Asia Insurance Review* and *The Review*
- **CAGR in premiums from 2000 to 2004 of 9%**

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L&H: Swiss Re has a significant market share in Asia

Market shares 2003 of Swiss Re and its competitors



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Accelerate the balance sheet: Improving capital management

- First time sale of Present Value of Future Profits (PVFP) to monetise an intangible asset: first offering completed January 2005 for USD 245m

Principal impact from inforce life securitisation:

CHF millions (USD/CHF 1.20)

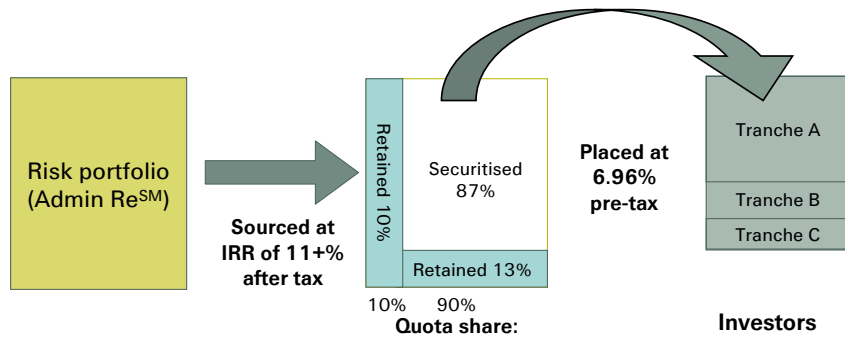
■ Cash increased:	252
■ PVFP reduced:	-184
■ Deferred gain:	68

CHF 68m deferred gain will flow through the income statement over the life of the securities

- ➔ Cash can be redeployed to support new transactions
- ➔ Capital requirements decline

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Accelerate the balance sheet: Improving margin



- Swiss Re believes current structure is scalable and can be applied to other blocks of life business and potentially other risk classes
- These types of transactions accelerate Swiss Re's balance sheet and improve return on capital employed

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Changing business model: 2005 to 2015

Buy, structure and sell

Growth

Cash redeployed to support new transactions

Margins and return on capital

Improve as capital turnover is accelerated

Volatility

Could increase for retained portions but return more than adequate for risk and in extreme scenarios volatility is limited

Sustainability

Scaleable financing system for insurance risk

By 2015 estimated securitisation cover

- 30% Swiss Re revenues
- 5% insurance industry premiums

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L&H contribution to the group-wide strategic priorities

Actively manage the cycle for profits

- Pricing review in the US
- Continue focus on internal and client risk management practices

Optimise organic and transactional growth

- Increased investment in Admin Re
- Develop inforce transactions in Europe
- Review extensions to current traditional portfolio

Extend leadership position in Asia

- Accelerate growth in traditional business
- Investigate development of Admin Re and inforce transactions in Asia
- Establish a program to attract and retain key staff

Accelerate the balance sheet through risk securitisation

- Continuation of life securitisation strategy
- Ongoing Vita program of securitisation of extreme mortality risks

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Target matrix

Individual growth targets replaced by overall growth in EPS target

Business targets	Key figures	2004	Avg target 2005/06
Property & Casualty	Combined ratio	98.4%	96%
Life & Health	Return on operating revenues	9.1%	9%
Financial Services	<i>Premium business, traditional:</i> Combined ratio	92.9%	95%
	<i>Fee business, excluding proprietary asset management</i> Return on total revenues	12.9%	15%
Asset management	Return on investment	5.8%	5.3%
Group targets	Key figures	2004	Over the cycle target
	Return on equity	13.6%	13%
	Earnings per share growth	46.0%	10%

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Source: Analysts' meeting 17 March 2005

Outlook

- P&C: Assuming a normal claims burden, Swiss Re expects combined ratio for 2005 to be in the region of 96%
- L&H: Attractive opportunities for expansion of Admin ReSM, return on revenues above 9%
- FS: Expansion of ILS and fee income
- Investments: Long term rates expected to rise especially in the US, and modest outlook on equities
- Overall: Operating performance expected to further improve in 2005

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Conclusions

- Swiss Re has the financial strength, product knowledge and people skills to realise today's market opportunities
- Risk continues to be a growth industry, particularly in emerging Asian markets, capturing above-GDP growth and profiting from emergence of new risks
- Swiss Re successfully manages the cycle through its ability to diversify across products and markets
- Proven transactional capabilities provide additional growth prospects
- Swiss Re will continue to increase capital efficiency through insurance-linked securities and subsequently improve return on capital

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Operating environment: Regulatory developments continue at pace

- EU Reinsurance Directive likely to be finalised in 2005
 - solvency basis for life reinsurers consistent with direct P&C basis
- Solvency II
 - target capital set by management and reviewed by regulator
 - UK anticipating regime in 2005 through Prudential Sourcebook
 - Switzerland implementing Swiss Solvency Test (SST) in 2006 based on elements of Solvency II
- Asian regulatory regimes continue to align with international best practice

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L&H ILS securitisation track record

In the last 16 months Swiss Re issued USD 1 billion and passed mortality and other life risk to the capital market

USD 1 007 million

USD 362m
USD 245m
USD 400m

Vita II (mortality peak risk protection): April 2005

Life securitisation: January 2005

Vita I (mortality peak risk protection): November 2003

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