Swiss Re

News release

Swiss Re estimates its third quarter claims burden from large natural catastrophes at USD 1.1 billion; large man-made losses to be an additional USD 300 million

- Swiss Re estimates its preliminary combined claims burden from recent large natural catastrophes at approximately USD 1.1 billion, net of retrocession and before tax, dominated by weather-related losses in Japan
- In addition, large man-made catastrophe events are expected to lead to a pre-tax claims burden of approximately USD 300 million
- While the third quarter losses are large for an individual quarter for Swiss Re, the cumulative losses for the first nine months are broadly in line with year-to-date expectations

Zurich, 18 October 2018 – Swiss Re estimates its preliminary claims burden from recent natural catastrophes amount to approximately USD 1.1 billion in the third quarter of 2018, net of retrocession and before tax. Claims from Typhoon Jebi are expected to be USD 500 million. The claims burden from Hurricane Florence is expected to be USD 120 million. A number of further natural catastrophes, mainly in Japan (including torrential rains/floods, Typhoon Trami) and North America (such as the Carr Wildfire in California and a windstorm in Ontario) aggregate to another USD 500 million of large losses for Swiss Re in the quarter. In addition, multiple large man-made disasters are expected to generate approximately USD 300 million in claims for the third quarter, the impact of which is expected to be almost equally distributed between the Reinsurance and Corporate Solutions business units.

Typhoon Jebi was the strongest typhoon to strike Japan since Typhoon Yancy in 1993. It made landfall over Shikoku and, on 4 September 2018, over the Kansai region of Japan as a category 5 typhoon. At least 11 deaths and more than 600 injuries were reported across the region. Kansai International Airport, one of the most important transport hubs in Japan, was closed due to flooding. According to Swiss Re estimates, total insured market losses for Typhoon Jebi are expected to be at approximately USD 6 billion. Swiss Re is a leading reinsurer in the Japanese market and expects to incur USD 500 million of reinsurance claims for Typhoon Jebi.

Hurricane Florence made landfall in North Carolina on 14 September 2018. It caused high coastal storm surges across North and South Carolina and torrential rains in the days that followed. Significant inland flooding continued as the storm dissipated, causing damage from floods and high water. Swiss Re estimates total insured market losses for Hurricane Florence in the region of USD 4 billion, of which its own claims burden is expected to be

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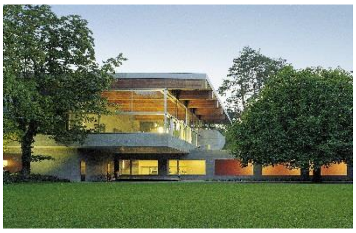
USD 120 million. This will impact both the Reinsurance and Corporate Solutions business units.

Swiss Re's Group Chief Underwriting Officer, Edouard Schmid, says: "We extend our deepest sympathies to those who have been affected by these catastrophes. We are working very closely with our clients and partners to help rebuild as quickly as possible. With our strong capital position and high financial flexibility, we are able to react fast when our clients need us most. We also want to stress our continued commitment to providing capacity in Japan, where we demonstrated our steadfast support following the earthquake off the coast of Honshu in 2011."

The third quarter showed a significant increase in man-made losses in industrial business lines. Multiple large man-made disasters which either occurred or deteriorated in the third quarter of 2018 – including, among others, the collapse of the Genoa motorway bridge in Italy, a shipyard fire in Germany and the Ituango dam flooding in Colombia – are expected to lead to approximately USD 300 million in claims. This claims burden is expected to equally impact the Group's Reinsurance and Corporate Solutions business units.

While the third quarter losses are large for an individual quarter for Swiss Re, the cumulative losses for the first nine months are broadly in line with year-to-date expectations. Swiss Re will publish its nine months 2018 key financial data on 1 November 2018.

The foregoing estimates are subject to a higher than usual degree of uncertainty and may need to be subsequently adjusted as the claims process continues.



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 cyclicality 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 realize 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 carry forwards, 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;

Swiss Re

- 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.

These factors are not exhaustive. The Group 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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