

Swiss Re



# Kepler Swiss equities seminar

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CEO



# Introduction to Swiss Re

## Swiss Re

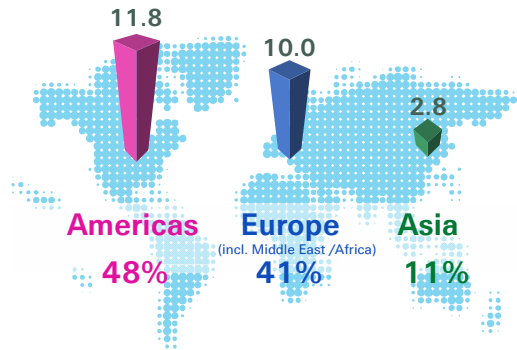
**Swiss Re is a leading and highly diversified global (re)insurance company.**

- **146 years of experience** in providing re/insurance and risk management solutions.
- **We deliver both traditional and innovative offerings** in Property & Casualty and Life & Health that meet our clients' needs.
- **A pioneer in insurance-based capital market solutions**, we combine financial strength and unparalleled expertise for the benefit of our clients.
- **Our financial strength** is currently rated:  
Standard & Poor's: A+/stable; Moody's A1/stable; A.M. Best: A/stable

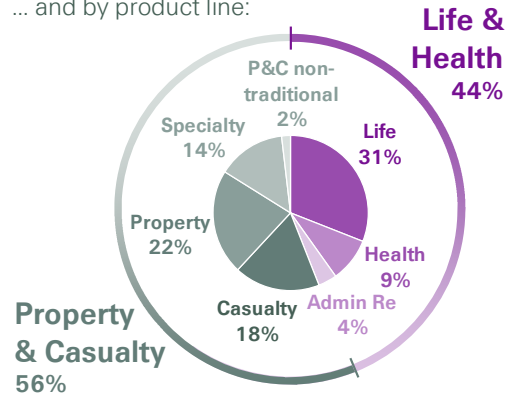
## Swiss Re is broadly diversified by geography and product line

### Premiums earned 2009 (CHF 24.6 billion)

by region (in CHF bn)



... and by product line:



- Swiss Re benefits from geographic and business mix diversification and has the ability to reallocate capital to achieve profitable growth
- Combines accumulated expertise of over 146 years and continuing research with a widely recognised strong track record of innovation

# 2009 Highlights

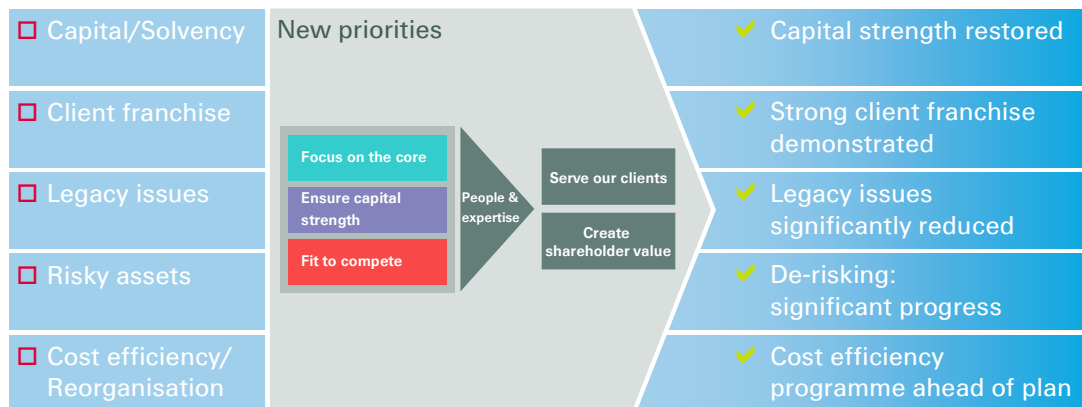
## 2009 Highlights Significant progress

- **2009 net income of CHF 506m (vs. CHF 864m loss in FY 2008)**
  - EPS CHF 1.5
- **Shareholders' equity increased by CHF 5.7bn to CHF 26.2bn**
  - Book value per ordinary share of CHF 67.7 up 11.1%
- **Strong performance of core business**
  - P&C combined ratio 88.3%, L&H benefit ratio 82.4%
- **De-risking – Legacy run-off ahead of schedule**
- **Excess capital > CHF 9bn above AA capital requirement estimated at 31 December 2009**
- **Proposed dividend CHF 1 per share**

## Delivering on our promises

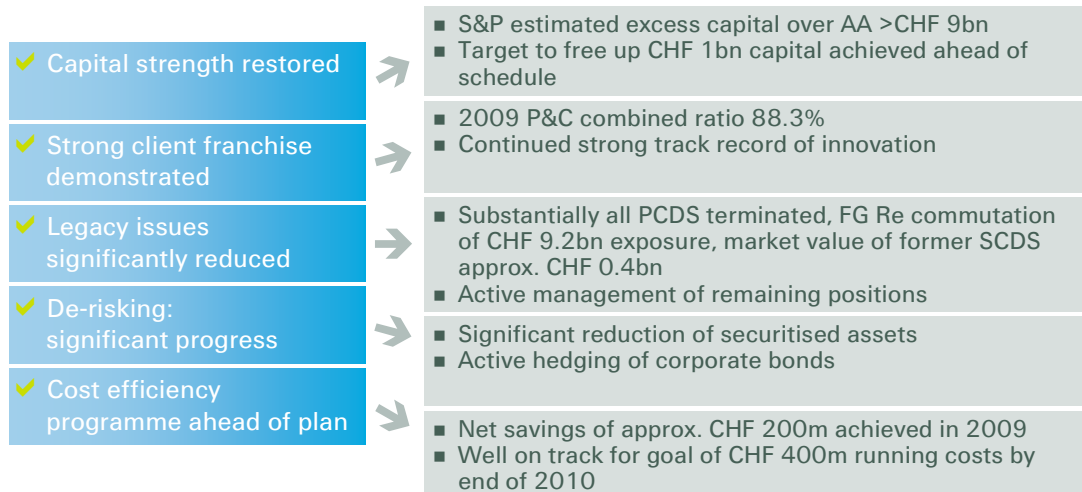
Beginning of 2009:  
 Concerns over ...

FY 2009 results:  
 Where we stand today



## Where we stand today

As at 31 December 2009:

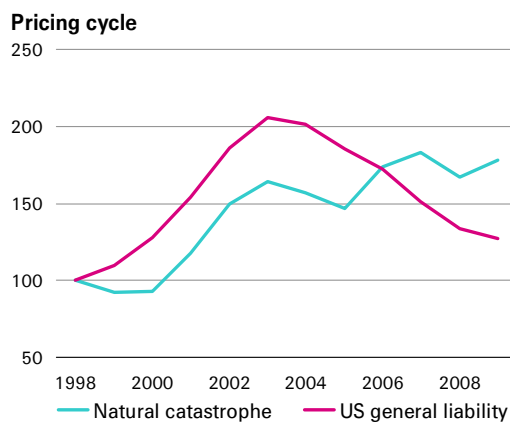


**Target of 12% RoE average through the cycle established**



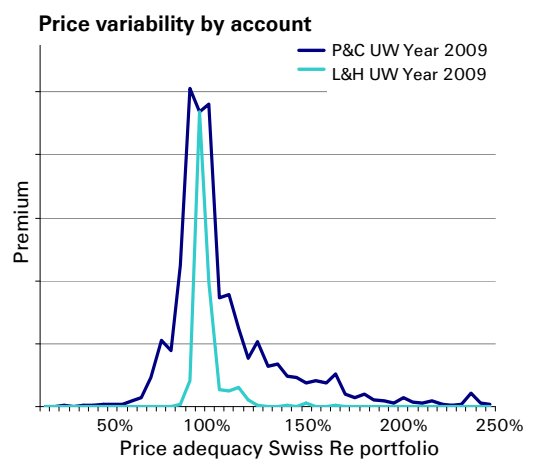
# Active cycle management

## Cycle management & portfolio steering Why bother?



- Pricing cycles can be dramatic

Source: Camares, Council of Insurance Agents & Brokers



- There is no single market clearing price

Re/insurance market inefficiencies create *significant* opportunities for outperformance

## Cycle management and portfolio steering at Swiss Re

- The market is inefficient, creating the potential for outperformance
- Swiss Re's approach is founded on
  - Clarity of objective: maximising absolute Economic Profit
  - Top-down portfolio measurement and optimization
  - Separation of costing from the sales price decision
  - Consistent point of sale decision metrics, deal-level steering and performance measurement
- Active cycle management focuses on sustainable profitability

Swiss Re's cycle management and portfolio steering activities delivers results

## Economic environment provides growth opportunities

### Optimistic economic scenario ("straight recovery")

- Capital levels restored, credit spreads narrowing
- Consolidation, de-risking or deleveraging of banking insurance type of conglomerates will spur M&A activity. First signs already seen

→ Our solution: partner up in M&A via capital relief quota shares or Admin Re<sup>®</sup> transactions

### Pessimistic economic scenario ("bumpy road")

- End of positive run-off in primary companies which supported past years' results
- Widening credit spreads
- Clients stretched on solvency

→ Our solution: support clients through capital relief quota shares or Admin Re<sup>®</sup> transactions

Swiss Re is able to support clients in both economic scenarios

## Continued track record of innovation

### Some examples

**Longevity transaction**  
 December 2009

- First public sector longevity transaction
- Longevity risk cover to a local government pension fund in the UK on CHF 1.7 billion of pensioner liabilities

**Islamic insurance**  
 October 2009

- Retakaful operations opened in Malaysia offering Islamic insurance worldwide

**MultiCat Mexico ILS**  
 October 2009

- USD 290m 3-year MultiCat securitisation for World Bank covering Mexican government against hurricane and earthquake risks

**China agricultural reinsurance**  
 July 2009

- Cat risk protection for Beijing municipal government
- Helps stimulate agricultural productivity in China and can ultimately reduce global concerns of food security

→ Demonstrates Swiss Re's innovation, client orientation and strong reputation in the market

## January 2010 renewals

### Cycle management in action

- Premiums reduced by CHF 1.4bn or 15% in January 2010 renewals
- Continued focus on active cycle management and portfolio steering
- Additional decrease in volume from strategic re-positioning and cancellation of large underperforming transactions

Major portfolio changes	CHF million	Rationale
Credit reinsurance	-500	Strategic re-positioning and price adequacy
Chinese solvency QSs	-300	Price adequacy
Large underperforming European motor QS	-200	Price adequacy
<b>Total</b>	<b>-1 000</b>	



## January 2010 renewals

We are market leader not a follower

- January renewals volume down approx. 15%
- Despite an estimated 2% drop in prices, the price adequacy on Swiss Re's portfolio improved 2% points from portfolio and cycle management actions
- Price adequacy improvement on Swiss Re's portfolio was due to cycle management actions
- 2010 treaty year combined ratio estimated at 93%, assuming a normal level of natural catastrophes
- Swiss Re has the capacity and expertise to execute large transactions, whether supporting clients in M&A or with their solvency position

## Summary and outlook

Building on our strengths

- Strong core business and client franchise
- De-risking well under way and expected to be completed in 2010
- Capital strength restored
- Proposed dividend CHF 1, first step in returning to a normal dividend policy
- Active cycle management to continue, focus on sustainable profitability
- We have the capacity and expertise to execute large transactions, for example supporting clients in M&A or with their solvency position
- 12% ROE average through the cycle target

# Q & A

## Corporate calendar & contacts

### Corporate calendar

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07 April 2010	<b>146th Annual General Meeting</b>	Zurich
06 May 2010	<b>First quarter 2010 results</b>	Conference call
11 June 2010	<b>Investors' Day</b>	London
05 August 2010	<b>Second quarter 2010 results</b>	Conference call
04 November 2010	<b>Third quarter 2010 results</b>	Conference call

### 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:

- further instability affecting the global financial system and developments related thereto;
- changes in global economic conditions;
- 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 its 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 carryforwards 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 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;
- 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;
- current, pending and future legislation and regulation affecting Swiss Re or its ceding companies, and regulatory or legal actions;
- changes in accounting standards;
- 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.