Swiss Re

News release

Swiss Re reports net income of USD 1.4 billion for 2021 and announces ambitious new financial targets

Ad hoc announcement pursuant to Article 53 LR

- Property & Casualty Reinsurance (P&C Re) net income of USD 2.1 billion; combined ratio of 97.1% and normalised[1] combined ratio of 94.7%, in line with full-year target
- Life & Health Reinsurance (L&H Re) net loss of USD 523 million; excluding COVID-19 losses, net income of USD 1.1 billion
- Corporate Solutions net income of USD 578 million; combined ratio of 90.6% and normalised combined ratio of 95.0%, surpassing <97% target
- Strong return on investments (ROI) of 3.2%
- Excluding COVID-19 losses, Group net income of USD 3.0 billion and return on equity (ROE) of 11.6%
- P&C Re increased premium volume by 6% in the January 2022 renewals and achieved price increases of 4%
- Very strong capital position with a Group Swiss Solvency Test (SST) ratio around the mid-point of the 200–250% target range as of 1 January 2022
- Board of Directors to propose a stable dividend of CHF 5.90 per share at the Annual General Meeting on 13 April 2022
- Swiss Re targets Group ROE of 10%[2] in 2022 and 14% in 2024

Media Relations,
Zurich
Telephone +41 43 285 7171

New York
Telephone +1 914 828 6511

Singapore
Telephone +65 6232 3302

Investor Relations,
Zurich
Telephone +41 43 285 4444

Swiss Re Ltd
Mythenquai 50/60
CH-8022 Zurich

Telephone +41 43 285 2121

www.swissre.com
@SwissRe

Zurich, 25 February 2022 – Swiss Re reported a net income of USD 1.4 billion in 2021 and an ROE of 5.7%, driven by the remarkable performance of its property and casualty businesses. Based on the Group's very strong capital position and positive earnings outlook, the Board of Directors will propose a dividend of CHF 5.90 per share. In addition, Swiss Re announced new ambitious segment targets and aims to increase Group ROE to 10% in 2022 and 14% in 2024.

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "2021 marked an important turning point for Swiss Re. Despite still major COVID-19 impacts and a high occurrence of large natural catastrophe events throughout the year, we rebounded to a USD 1.4 billion profit. We have worked hard to strengthen business performance, with a rigorous focus on portfolio quality and underwriting excellence. Our 2021 results are a testament to these efforts, and we are convinced our performance will continue to improve."

Swiss Re significantly improves profitability despite COVID-19 impacts
Swiss Re reported a net income of USD 1.4 billion and an ROE of 5.7% for 2021, considerably rebounding from a net loss of USD 878 million in 2020. This result was achieved as the Group absorbed large natural catastrophe losses of USD 2.4 billion across its businesses as well as total COVID-19-related claims of USD 2.0 billion. The vast majority of the COVID-19 losses originated in the L&H Re business, while impacts on the property and casualty businesses were minimal. Excluding the impacts of COVID-19, Swiss Re's net income was USD 3.0 billion, which is an increase of 39%.

Swiss Re continued to grow all its businesses, increasing net premiums earned and fee income for the Group by 4.8% compared with the previous year to USD 42.7 billion in 2021.

Return on investments of 3.2% in 2021 was driven by recurring income and significant equity valuation gains. The Group continues to manage its investment portfolio with a focus on the delivery of sustainable income.

Swiss Re maintained its very strong capital position throughout 2021, and its Group SST ratio was around the mid-point of the 200–250% target range as of 1 January 2022.

P&C Re reports strong profit, reflecting improved portfolio quality
In 2021, P&C Re reported a net income of USD 2.1 billion, compared with a net loss of USD 247 million in 2020. The 2021 result reflects the improved quality of the portfolio and rate increases, as well as favourable investment results. P&C Re's net premiums earned grew by 5.3% to USD 21.9 billion, supported by continued price improvements, disciplined underwriting as well as favourable foreign exchange developments.

The business absorbed large natural catastrophe losses of USD 2.1 billion in 2021, mainly relating to Hurricane Ida and the floods in Europe in the third quarter, as well as the US winter storm Uri in the first quarter.

The combined ratio improved markedly to 97.1% for 2021 from 109.0% in 2020. On a normalised basis, P&C Re achieved a combined ratio of 94.7%, in line with its target of less than 95% for the full year.

Successful January P&C Re renewals
P&C Re renewed contracts with USD 8.9 billion in premium volume on 1 January 2022. This represents a 6% volume increase compared with the business that was up for renewal. Strong growth was achieved in property and specialty lines, with natural catastrophe-related premium volume up by 24%. P&C Re achieved a price increase of 4% in this renewal round. This fully offset more conservative loss assumptions, which reflect a prudent view on inflation and other changes in exposure.

L&H Re remains impacted by significant COVID-19 losses, while it continues to improve underlying profitability

L&H Re reported a net loss of USD 523 million for 2021, down from a net income of USD 71 million in 2020, as the business incurred substantially higher COVID-19-related claims of almost USD 2 billion. These losses were primarily driven by the heightened COVID-19-related mortality rates in the US and reflected the spike in infection rates at the beginning of the year as well as during the third and fourth quarters.

Net premiums earned and fee income increased by 7.1% to USD 14.9 billion at improved margins in 2021, primarily driven by large transactions and favourable foreign exchange developments.

Excluding COVID-19 losses, L&H Re improved net income by 26% to USD 1.1 billion in 2021. This reflects the good underwriting performance across all regions, favourable investment results and positive one-off effects from in-force management actions.

Corporate Solutions surpasses 2021 normalised combined ratio target

Corporate Solutions reported a strong net income of USD 578 million in 2021, compared with a net loss of USD 467 million in 2020, as the Business Unit continued to benefit from decisive strategic actions and ongoing price increases. The business successfully absorbed large natural catastrophe losses of USD 345 million, mainly relating to Uri, Hurricane Ida and the tornadoes that affected the central US in early December, as well as large man-made losses of USD 249 million.

Net premiums earned grew by 6.5% to USD 5.3 billion. This was driven by further rate increases in the context of the continued focus on underwriting quality, selective new business growth as well as an improved customer and broker distribution franchise. Favourable foreign exchange developments further helped offset the impact of the previous portfolio pruning actions. Corporate Solutions achieved risk-adjusted price increases of 12%[3] for the year.

The Business Unit improved its combined ratio to 90.6% for 2021, compared with 115.5% for 2020. This was the result of disciplined underwriting, strict expense management, continued rate increases and favourable prior-year development. With a normalised combined ratio of 95.0% for the full year, Corporate Solutions surpassed its target of less than 97% in 2021.

iptiQ continues dynamic growth

iptiQ continued to successfully grow its business in 2021, increasing its in-force policies by 144% year on year to more than 1.6 million. Gross premiums written for the core business rose by 95% from the previous year to USD 723 million, with good contributions across all markets and particularly from its property and casualty business in the EMEA region, which was launched in 2020.

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Paul Murray appointed CEO Reinsurance Asia and Regional President
Paul Murray has been appointed CEO Reinsurance Asia, Regional President and member of the Group Executive Committee, effective 1 April 2022. He will succeed Russell Higginbotham, who will become the CEO of Reinsurance Solutions. Both will continue to report to Moses Ojeisekhoba, CEO Reinsurance. Paul Murray is currently Head Life & Health Products in Reinsurance, a position he has held since December 2018. Since joining Swiss Re in 2003, he has been in a range of senior leadership roles in Asia and EMEA, as well as various global functions.

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "We are pleased that Russell Higginbotham has accepted this new important position, driving forward our Reinsurance Solutions strategy. This is a growing part of our Reinsurance franchise that we have been developing over the past years, and we are confident that Russell will take it to the next level. In Paul Murray we have a strong leader with over 25 years of experience in re/insurance. His strong understanding of the Asia market, performance focus, and deep knowledge of Life & Health business, which forms a significant part of our Asia business, makes him the ideal candidate for this role."

Financial targets and outlook
Supported by the increased underlying earnings power of the business, favourable market outlook and continued cost discipline, Swiss Re published new ambitious financial targets for the Group. Swiss Re targets to increase its US GAAP Group ROE to 10% in 2022 and to 14%[4] in 2024, as it focuses on driving profitable growth across all businesses. In addition, Swiss Re maintains its economic net worth per share growth target of 10% per annum.

For 2022, Swiss Re expects the performance of its property and casualty businesses to continue to improve, reaping the benefits of the Group's sustained focus on portfolio quality in combination with increasing prices. P&C Re targets a normalised combined ratio of less than 94% for 2022, while Corporate Solutions aims for a reported combined ratio of less than 95%.

L&H Re continues to offer attractive business development opportunities, although it is likely to remain impacted by the COVID-19 pandemic in 2022. Taking this into account, L&H Re targets a net income of approximately USD 300 million for the year.

Additional information on Swiss Re's Group strategy and the new financial targets will be provided at the Investors' Day on 7 April 2022.

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "With our sharpened Group strategy and clear business development priorities, we will continue the strong trajectory displayed in these full-year results. The new financial targets for the Group and individual businesses reflect the ambition to drive profitability and create value for our shareholders, clients and employees.

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While we remain in an uncertain environment with regards to the pandemic, we are confident in the Group's ability to deliver against these targets, underpinned by our very strong capital position."

Additional documentation

For additional information and documentation on Swiss Re's full-year 2021 results, including the Financial Review, the investor and analyst presentation and the accompanying transcript as well as a short video presentation by Swiss Re's Group CFO, John Dacey, please click here.

Media conference call

Swiss Re will hold a virtual media conference this morning at 10:30 CET. You can join the media conference via your computer or the Teams mobile app using the following link: Microsoft Teams meeting
Alternatively, you can dial in (audio only) using the below numbers and conference ID:

Conference ID: 250 844 521#

Switzerland:	+41 (0) 43 210 57 61
United Kingdom:	+44 (0) 20 3443 6271
United States:	+1 (1) 347 343 2594
Germany:	+49 (0) 69 3650 5756 8
France:	+33 (0) 1 7037 8776
Hong Kong:	+852 3704 2823

For additional local dial-in numbers, please click here.

Investor and analyst conference call

Swiss Re will hold an investors' and analysts' conference at 14:00 CET, which will focus exclusively on Q&A. You are kindly requested to dial into the conference call 10–15 minutes prior to the start using the following numbers:

Switzerland:	+41 (0) 58 310 5000
United Kingdom:	+44 (0) 207 107 0613
United States:	+1 (1) 631 570 5613
Germany:	+49 (0) 69 5050 0082
France:	+33 (0) 1 7091 8706

[1] Normalised combined ratio assumes average large natural catastrophe loss burden and excludes prior-year reserve development as well as the COVID-19 impact.
[2] Group ROE target for 2022 includes current expectations of COVID-19 losses.
[3] Risk-adjusted price increases for Corporate Solutions in 2021 exclude elipsLife.
[4] As of 2024, Swiss Re Group will report under IFRS. Current modelling indicates that the equivalent IFRS target will be higher than 14%.

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Details of 2021 performance

USD millions, unless otherwise stated		2020[5]	2020 Excluding COVID-19[6]	2021	2021 Excluding COVID-19[6]
Consolidated Group (total)	Net premiums earned and fee income	40 770		42 726	
	Net income/loss	−878	2 175	1 437	3 023
	Return on equity (%, annualised)	−3.1	7.3	5.7	11.6
	Return on investments (%, annualised)	3.5		3.2	
	Recurring income yield (%, annualised)	2.4		2.2	
		31.12.20		**31.12.21**	
	Shareholders' equity	27 135		23 568	
	Book value per share (USD)	93.90		81.56	
		2020[5]	**2020** Excluding COVID-19[6]	**2021**	**2021** Excluding COVID-19[6]
P&C Reinsurance	Net premiums earned	20 832		21 926	
	Net income/loss	−247	1 257	2 097	2 123
	Combined ratio (%)	109.0	99.8	97.1	96.6
	Return on equity (%, annualised)	−2.8	13.2	22.5	22.7
L&H Reinsurance	Net premiums earned and fee income	13 883		14 868	
	Net income/loss	71	855	−523	1 080
	Recurring income yield (%, annualised)	3.0		2.8	
	Return on equity (%, annualised)	0.9	10.4	−8.6	15.7
Corporate Solutions	Net premiums earned	5 019		5 343	
	Net income/loss	−467	287	578	520
	Combined ratio (%)	115.5	96.4	90.6	92.0
	Return on equity (%, annualised)	−19.7	10.4	22.3	20.3

[5] For Corporate Solutions, 2020 has been revised to include the results of elipsLife, which as of 1 January 2021 is reported as part of Corporate Solutions following the disbandment of the Life Capital Business Unit at the end of 2020.
[6] This column is for reference only and excludes the impact of the reserves established for COVID-19-related claims, including estimated tax impacts.

Details of 2021 COVID-19 losses in USD millions

2021	P&C Reinsurance	L&H Reinsurance	Corporate Solutions	Group items	Total
Event cancellation	62		–97		–35
Business interruption	37		23		60
Credit & surety	–5		–20		–25
Mortality		1 945	13	18	1 976
Other lines	12	11	6		29
Total	106	1 956	–75	18	2 005

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The Swiss Re Group is one of the world's leading providers of reinsurance, insurance and other forms of insurance-based risk transfer, working to make the world more resilient. It anticipates and manages risk – from natural catastrophes to climate change, from ageing populations to cybercrime. The aim of the Swiss Re Group is to enable society to thrive and progress, creating new opportunities and solutions for its clients. Headquartered in Zurich, Switzerland, where it was founded in 1863, the Swiss Re Group operates through a network of around 80 offices globally.

For logos and photography of Swiss Re executives, directors or offices go to https://www.swissre.com/media/electronic-press-kit.html

For media 'b-roll' please send an e-mail to media_relations@swissre.com

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", "target", "aim", "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:

Swiss Re

- the frequency, severity and development of insured claim events, particularly natural catastrophes, man-made disasters, pandemics, acts of terrorism or acts of war;
- mortality, morbidity and longevity experience;
- the cyclicality of the reinsurance sector;
- central bank intervention in the financial markets, trade wars or other protectionist measures relating to international trade arrangements, adverse geopolitical events, domestic political upheavals or other developments that adversely impact global economic conditions;
- increased volatility of, and/or disruption in, global capital and credit markets;
- 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;
- the Group's inability to realise amounts on sales of securities on the Group's balance sheet equivalent to their values recorded for accounting purposes;
- the Group's inability to generate sufficient investment income from its investment portfolio, including as a result of fluctuations in the equity and fixed income markets, the composition of the investment portfolio or otherwise;
- changes in legislation and regulation, including changes related to environment, social and governance ("ESG") matters or the interpretations thereof by regulators and courts, affecting the Group or its ceding companies, including as a result of comprehensive reform or shifts away from multilateral approaches to regulation of global operations;
- the Group's ability to fully achieve one or more of its ESG or sustainability goals or to fully comply with applicable ESG or sustainability standards;
- matters negatively affecting the reputation of the Group, its board of directors or its management, including matters relating to ESG or sustainability, such as allegations of greenwashing, lack of diversity and similar allegations;
- the lowering or loss of one of the financial strength or other ratings of one or more companies in the Group, and developments adversely affecting its ability to achieve improved ratings;
- uncertainties in estimating reserves, including differences between actual claims experience and underwriting and reserving assumptions;
- 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 and social inflation litigation, 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;
- legal actions or regulatory investigations or actions, including in respect of industry requirements or business conduct rules of general applicability, the intensity and frequency of which may also increase as a result of social inflation;
- 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, and the overall impact of changes in tax regimes on the Group's business model;
- changes in accounting estimates or assumptions that affect reported amounts of assets, liabilities, revenues or expenses, including contingent assets and liabilities;
- changes in accounting standards, practices or policies, including the contemplated adoption of IFRS;
- strengthening or weakening of foreign currencies;
- reforms of, or other potential changes to, benchmark reference rates;
- failure of the Group's hedging arrangements to be effective;
- significant investments, acquisitions or dispositions, and any delays, unforeseen liabilities or other costs, lower-than-expected benefits, impairments, ratings action or other issues experienced in connection with any such transactions;
- extraordinary events affecting the Group's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- changing levels of competition;

- the effects of business disruption due to terrorist attacks, cyberattacks, natural catastrophes, public health emergencies, hostilities or other events;
- limitations on the ability of the Group´s subsidiaries to pay dividends or make other distributions; and
- operational factors, including the efficacy of risk management and other internal procedures in anticipating and managing the foregoing 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.

This communication is not intended to be a recommendation to buy, sell or hold securities and does not constitute an offer for the sale of, or the solicitation of an offer to buy, securities in any jurisdiction, including the United States. Any such offer will only be made by means of a prospectus or offering memorandum, and in compliance with applicable securities laws.