

# News release

## Swiss Re reports net income of USD 1.3 billion for first nine months of 2021

*Ad hoc announcement pursuant to Article 53 LR*

- Property and Casualty Reinsurance (P&C Re) net income of USD 1.5 billion; strong combined ratio of 97.5% as impacts from large-loss events were contained by disciplined underwriting
- Corporate Solutions net income of USD 425 million; very strong combined ratio of 91.1%
- Life and Health Reinsurance (L&H Re) net loss narrowed to USD 62 million; excluding COVID-19 losses, net income of USD 899 million
- Strong return on investments (ROI) of 3.0%
- Very strong capital position with a Group Swiss Solvency Test (SST) ratio of 234% as of 1 July 2021
- Excluding COVID-19 losses, Group net income of USD 2.3 billion and return on equity (ROE) of 11.7%

Zurich, 29 October 2021 – Driven by the performance of its property and casualty businesses, Swiss Re reported a Group net income of USD 1.3 billion in the first nine months of 2021, despite significant large-loss events, particularly in the third quarter. Swiss Re's capital position remained very strong, with a Group SST ratio of 234% as of 1 July 2021.

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "Thanks to the Group's sustained focus on portfolio quality and disciplined underwriting, our property and casualty businesses delivered excellent results in the first nine months of 2021. At the same time, we were able to support communities impacted by natural catastrophes and the COVID-19 pandemic."

Swiss Re's Group Chief Financial Officer John Dacey said: "P&C Re and Corporate Solutions are delivering on their ambitious targets for this year, with a combined net income of just below USD 2 billion in the first nine months. We are also pleased with the underlying performance of L&H Re, which offset the impact from the pandemic, resulting in a reported profit for the second consecutive quarter."

### **Swiss Re significantly improves profitability across businesses**

Swiss Re achieved strong results for the first nine months of 2021 and reported an ROE of 6.6%, against the background of the continued COVID-19 pandemic and large natural catastrophe events. Net premiums earned

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and fee income for the Group rose by 5.9% to USD 32.0 billion in the first nine months of 2021 compared with the same period last year, with all businesses reporting increases. Swiss Re's net income excluding COVID-19 increased by 38% year on year to USD 2.3 billion.

Swiss Re achieved a return on investments of 3.0% in the first nine months of 2021. The investment result was largely driven by recurring income as well as equity valuation gains, combined with no credit impairments, as Swiss Re successfully navigated the low-yield environment.

### **P&C Re reports strong profit despite large natural catastrophe losses**

P&C Re reported a net income of USD 1.5 billion in the first nine months of 2021, compared with a net loss of USD 201 million in the same period last year. This result was achieved while the business absorbed large natural catastrophe losses and reflects the improved quality of the portfolio, dramatically lower COVID-19 impacts as well as strong investment results. P&C Re's net premiums earned grew by 6.0% to USD 16.4 billion, reflecting the continued price momentum as well as favourable foreign exchange developments.

Large natural catastrophe losses for the first nine months of the year amounted to USD 1.7 billion – higher than expected, but still below the premiums earned for this class of business. The losses mainly related to Hurricane Ida and the floods in Europe in the third quarter, as well as the US winter storm Uri in the first quarter. In addition, large man-made losses amounted to USD 272 million year to date.

The combined ratio significantly improved to 97.5% for the first nine months of 2021 from 110.3% in the same period last year. On a normalised<sup>1</sup> basis, P&C Re achieved a combined ratio of 94.0% and is well on track to meet its target of less than 95% for the full year.

### **L&H Re's improved underlying performance, driven by management actions, largely compensates continuing significant COVID-19 impacts**

In the first nine months of 2021, L&H Re reported a net loss of USD 62 million. This compares with a net income of USD 72 million in the prior-year period, as the business incurred significantly higher COVID-19-related claims of USD 1.2 billion in the first nine months of 2021, primarily originating in the US. Despite the impact from the pandemic, L&H Re reported positive net income for the second and third quarters of 2021.

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<sup>1</sup> Assumes expected large natural catastrophe loss burden and excludes prior-year reserve development as well as the COVID-19 impact.

Net premiums earned and fee income increased by 10.2% to USD 11.1 billion, buttressed by large transactions and favourable foreign exchange developments.

Excluding COVID-19 losses, L&H Re's underlying business performed well, increasing net income by 45% year on year to USD 899 million and achieving an ROE of 17.5%. This was primarily driven by solid underwriting performance across all regions, supported by in-force management actions and favourable investment results.

#### **Corporate Solutions delivers very strong combined ratio**

Corporate Solutions reported a net income of USD 425 million in the first nine months of 2021, compared with a net loss of USD 357 million in the same period last year. The Business Unit continued to benefit from the implemented strategic actions, allowing it to successfully absorb large natural catastrophe losses of USD 286 million, mainly relating to Uri and Hurricane Ida, and large man-made losses, totalling USD 212 million for the first nine months of 2021.

Net premiums earned rose 6.2% to USD 3.9 billion, thanks to rate increases, selective new business growth and favourable foreign exchange developments, while the impact of the previous portfolio pruning actions diminished. Year to date, Corporate Solutions achieved risk-adjusted price increases of 1.2%<sup>2</sup>, as the attractive pricing momentum continued.

The Business Unit reported a combined ratio of 91.1% for the first nine months of the year, down from 116% for the same period last year, as a result of disciplined underwriting, strict expense management, continued rate increases and very limited COVID-19-related impacts in 2021. With a normalised combined ratio of 95.7% for the first nine months of the year, Corporate Solutions is well on track to meet its target of less than 97% in 2021.

#### **iptiQ continues dynamic growth**

iptiQ continued to successfully grow its business. Compared with the same period last year, gross premiums written for the core business rose by 118% to USD 520 million, with good contributions across all markets.

#### **Outlook**

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "We continue to reap the benefits of our strategic underwriting actions and see opportunities across all businesses to deploy capital at attractive returns. This gives us confidence for the remainder of the year and into 2022, with all our businesses well positioned to continue their strong performance."

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<sup>2</sup> Excludes elipsLife.

**Details of 9M 2021 performance**

		9M 2020 <sup>3</sup>	9M 2020 Excluding COVID-19 <sup>4</sup>	9M 2021	9M 2021 Excluding COVID-19 <sup>4</sup>
<b>USD millions, unless otherwise stated</b>					
<b>Consolidated Group (total)</b>	Net premiums earned and fee income	30 164		31 950	
	Net income/loss	-691	1 643	1 258	2 261
	Return on equity (% annualised)	-3.3	7.5	6.6	11.7
	Return on investments (% annualised)	3.4		3.0	
	Recurring income yield (% annualised)	2.4		2.2	
		<b>31.12.20</b>		<b>30.09.21</b>	
	Shareholders' equity	27 135		23 568	
	Book value per share (USD)	93.90		81.55	
		9M 2020 <sup>3</sup>	9M 2020 Excluding COVID-19 <sup>4</sup>	9M 2021	9M 2021 Excluding COVID-19 <sup>4</sup>
<b>P&amp;C Reinsurance</b>	Net premiums earned	15 517		16 443	
	Net income/loss	-201	1 039	1 460	1 513
	Combined ratio (%)	110.3	100.1	97.5	96.9
	Return on equity (% annualised)	-3.2	15.5	21.2	22.0
<b>L&amp;H Reinsurance</b>	Net premiums earned and fee income	10 102		11 136	
	Net income/loss	72	620	-62	899
	Recurring income yield (% annualised)	3.0		2.8	
	Return on equity (% annualised)	1.2	9.7	-1.3	17.5
<b>Corporate Solutions</b>	Net premiums earned	3 715		3 944	
	Net income/loss	-357	183	425	406
	Combined ratio (%)	116.0	97.6	91.1	91.8
	Return on equity (% annualised)	-20.2	9.3	22.3	21.4

<sup>3</sup> For Corporate Solutions, 9M 2020 has been revised to reflect 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.

<sup>4</sup> 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 9M 2021 COVID-19 losses in USD millions**

9M 2021	P&C Reinsurance	L&H Reinsurance	Corporate Solutions	Group items	Total
Event cancellation	54		-60		-6
Business interruption	34		24		58
Credit & surety	-5		-9		-14
Mortality		1 179	12	10	1 201
Other lines	18	3	6		27
<b>Total</b>	<b>101</b>	<b>1 182</b>	<b>-27</b>	<b>10</b>	<b>1 266</b>

**Media conference call**

Swiss Re will hold a media call this morning at 08:30 CEST. In order to participate, please dial in 10 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  
 Hong Kong: +852 5808 1769

**Investor and analyst conference call**

Swiss Re will hold an investors' and analysts' call at 14:00 CEST, 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  
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**Swiss Re**

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For media 'b-roll' please send an e-mail to [media\\_relations@swissre.com](mailto: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", "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 or acts of war;
- mortality, morbidity and longevity experience;
- the cyclical nature 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, 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 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, 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 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;
- 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.

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