

Annual Report 2020  
**Letter to shareholders**



Transforming  
Tomorrow  
Together

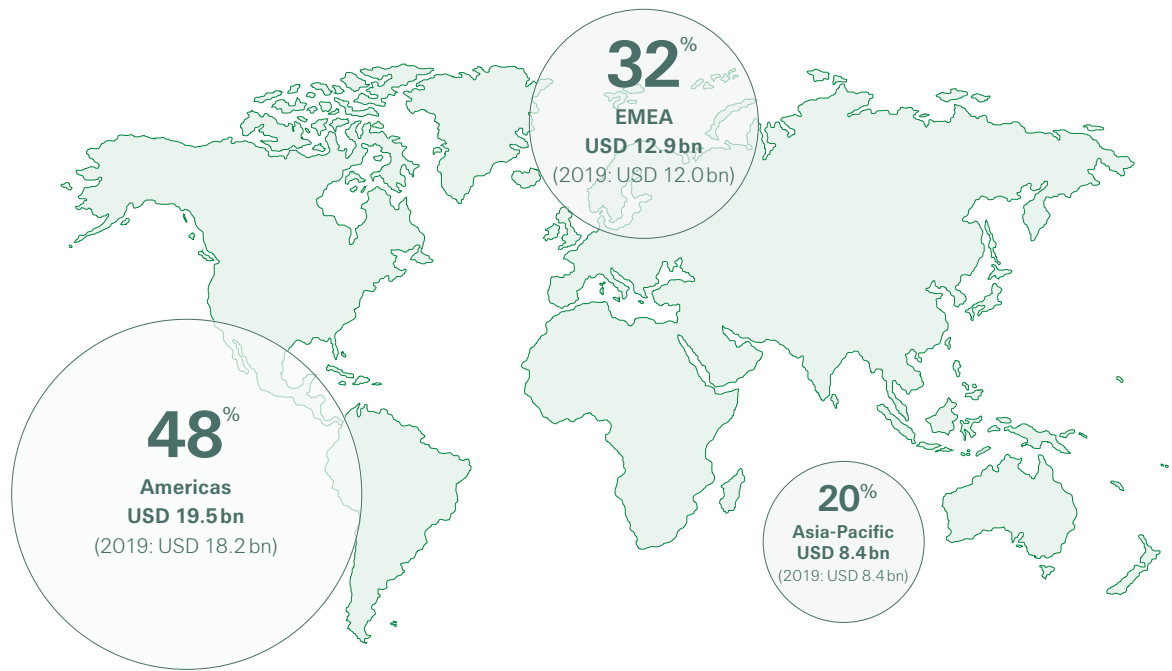
# Swiss Re at a glance

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.

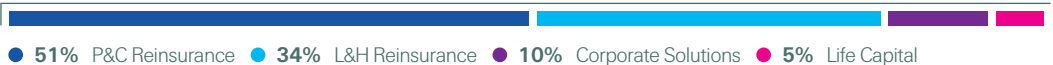
## Diversified and global

Net premiums earned and fee income by region

USD **40.8** bn  
(2019: USD 38.6 bn)



### By business segment



## Financial strength

**AA-**  
Standard & Poor's

**-3.1%**  
Return on equity  
(2019: 2.5%)

**7.3%**  
Return on equity  
(excl. COVID-19)<sup>1</sup>

**-1.1%**  
Net operating margin  
(2019: 3.4%)

**7.4%**  
Net operating margin  
(excl. COVID-19)<sup>1</sup>

## Commitment to sustainability

**AAA**  
MSCI ESG rating  
(as of July 2020)

**71%**  
Employee engagement  
(2019: 63%)

**35%**  
Carbon intensity reduction target in our corporate bond and listed equity portfolio by 2025<sup>2</sup>

<sup>1</sup> These figures exclude the impact of claims and reserves established for COVID-19 and the associated estimated tax impacts.

<sup>2</sup> With base year 2018.

## Reinsurance

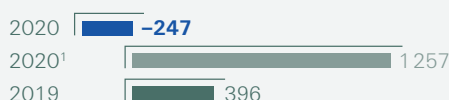
Reinsurance provides clients and brokers with reinsurance products, insurance-based capital market solutions and risk management services. Reinsurance operates globally through two segments – Property & Casualty and Life & Health.

## Property & Casualty

### Net premiums earned (USD billions)



### Net income/loss (USD millions)



**-2.8%**  
Return on equity  
(2019: 4.4%)

**13.2%**  
Return on equity  
(excl. COVID-19)¹

**109.0%**  
Combined ratio  
(2019: 107.8%)

**99.8%**  
Combined ratio  
(excl. COVID-19)¹

## Life & Health

### Net premiums earned and fee income (USD billions)



### Net income (USD millions)



**0.9%**  
Return on equity  
(2019: 12.4%)

**10.4%**  
Return on equity  
(excl. COVID-19)¹

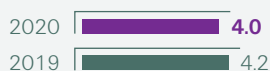
**2.9%**  
Net operating margin  
(2019: 10.0%)

**9.4%**  
Net operating margin  
(excl. COVID-19)¹

## Corporate Solutions

Corporate Solutions provides risk transfer solutions to large and mid-sized corporations around the world. Its innovative, highly customised products and standard insurance covers help to make businesses more resilient, while its industry-leading claims service provides additional peace of mind.

### Net premiums earned (USD billions)



### Net income/loss (USD millions)



**-17.4%**  
Return on equity  
(2019: -34.1%)

**16.5%**  
Return on equity  
(excl. COVID-19)¹

**116.5%**  
Combined ratio  
(2019: 127.9%)

**93.2%**  
Combined ratio  
(excl. COVID-19)¹

## Life Capital

Life Capital supported and incubated entities in the B2B2C primary business, B2B corporate business and the closed book consolidation space. Following the successful sale of ReAssure, the Life Capital Business Unit disbanded at the end of 2020. Corporate Solutions has assumed responsibility for elipsLife, while iptiQ is now operating as a standalone division.

### Net premiums earned and fee income (USD billions)



### Net loss (USD millions)



**-7.5%**  
Return on equity  
(2019: -3.4%)

**-6.9%**  
Return on equity  
(excl. COVID-19)¹


**2171<sup>m</sup>**  
GPW open books  
(2019: USD 1 790 m)

¹ These figures exclude the impact of claims and reserves established for COVID-19 and the associated estimated tax impacts.

# Staying one step ahead in the business of risk

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During my years in the business, external upheavals in the 'real' world have repeatedly hit the 'financial' world with force. And on each such occasion, Swiss Re has had to react – and has done so successfully. 

**Walter B. Kielholz**  
Chairman of the  
Board of Directors



## **Dear shareholders,**

This is the last letter to shareholders that I will write to you as Chairman of the Board of Directors of Swiss Re. As you know, I informed the Board of Directors last year that I would not stand for re-election at the next Annual General Meeting in April 2021. As I am turning 70 this year, it is time to hand over my responsibilities.

On this occasion, please allow me to reflect briefly on 45 years of working in the reinsurance industry and on 32 years at Swiss Re in various roles. Based on my past experience, I would also like to provide my insights into 2020, an unprecedented year, as well as on the COVID-19 pandemic and the ensuing health, social, economic and ultimately also political crises.

## **The COVID-19 pandemic – risk is our business**

At Swiss Re, a major event like the pandemic, which has had both financial and operational consequences, is something we must always expect. During my years in the business, external upheavals in the 'real' world have repeatedly hit the 'financial' world with force. And on each such occasion, Swiss Re has had to react – and has done so successfully.

Sometimes, such upheavals were caused by fundamental changes, other times they were the result of predictable but exceptionally large events. Sometimes, they affected our investments, and sometimes our reinsurance and direct insurance business, but rarely all at the same time. It was extremely rare for events to come completely as a surprise. However, there often was at least one aspect of each such event that was not expected. This was no different in the case of COVID-19; I shall come back to this a bit later.

### Liability claims and the origins of our commitment to sustainability

During the early years of my career, so in the 1970s and early 1980s, but especially after 1986, a massive wave of asbestos and environmental liability claims in the US crashed over the insurance industry. This resulted in huge claims payments around the world, especially for reinsurers. This also posed a threat to the future of your company, Swiss Re. We had to adapt to a completely new environment characterised by very aggressive plaintiffs lawyers in the US. It took years for the US to bring the excesses of a legal industry specialised in liability lawsuits under greater control.

As a result, prices for liability cover rose massively. Policies were restructured to allow for shorter run-off periods. To cope with the claims burden, Swiss Re had to take decisive action and divested its large direct insurance subsidiaries in Europe. The crisis also destroyed some of the largest corporate insurers in the US and a number of European reinsurers; the centuries-old Lloyds of London business model collapsed, and the Bermuda insurance market emerged. Swiss Re's share price rose by more than 500%, and the now smaller company took off.

Since then, one insight has always guided us – an insight that has become increasingly important and has defined us over time: unsustainable business practices in the real economy, whether with regard to the environment or when dealing with product risks, sooner or later lead to major losses on insurers' balance sheets. A resolute commitment to sustainability is a 'must' for Swiss Re, because sustainability means taking precautions and limiting future losses. This issue has become part of the economic mainstream, and our early commitment to sustainability thus greatly benefits the company today.

### Natural catastrophes and the emergence of insurance-linked securities

In the mid-1990s, after almost 30 years with no major storm damage in Japan or on the East Coast of the US (Betsy, a huge hurricane, made landfall in 1965), Typhoon Mireille (1991) and Hurricane Andrew (1992) caused our clients, and by extension also us, massive losses. These storms were the harbingers of a greatly increased frequency of natural catastrophes in Europe, Japan, Australia, the Caribbean and, above all, the US.

Under the leadership of reinsurers – Swiss Re played a very important role here – the industry focused on better understanding these risks. Risk models for natural catastrophes were significantly improved. New capital, primarily out of Bermuda, was deployed to address the global natural catastrophe risks, which now consistently commanded significantly higher premiums. Swiss Re recognised the resulting opportunities early on, and the company's share price rose accordingly. Today, Swiss Re is a market leader in this business, which, when viewed over a period of years, more than covers the cost of capital.

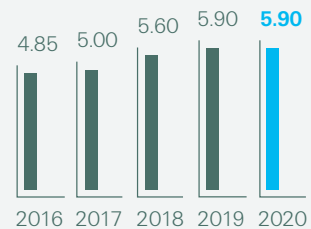
As a result of this experience, Swiss Re became the first reinsurer to start tapping additional sources of capital. The idea behind this was to securitise risks to make them tradeable. We developed – similar to mortgage-backed securities (MBS) – the first cat bonds, so-called insurance-linked securities (ILS). After experiencing growing pains for a number of years, this market has developed very well, and ILS are now a firmly established financing instrument for insurance risks.

### Dividend policy

Swiss Re's dividend policy is a central element of Swiss Re's capital management priorities.

The Group aims to grow the regular dividend with long-term earnings or, at a minimum, maintain it.

### Dividend per share (CHF)





Swiss Re has an excellent reputation around the world, and its market position, strategic focus, the quality of its employees and its capital base are outstanding. ”

### **The dot.com crash, expansion in life reinsurance and disciplined asset-liability management**

Towards the end of 2000 and the beginning of 2001, the dot.com bubble burst. This marked the end of a euphoric period for investors in stock markets, driven by exorbitant valuations for companies that, in one way or another, were doing something related to the internet, and often came up with the most abstruse business plans. This had to end badly – and it did, taking everything down along with it.

Many institutional investors participated in the bull market, and most of them benefitted from the bubble. Although everyone was talking about the high level of risk in the markets, only very few managed to exit them at the right time. European and Asian life insurance companies, in particular, had disproportionately large equity investments relative to their shareholders' equity. They did not have the financial strength to absorb the shock of the collapse in prices. Swiss Re, with a bit of luck, realised its gains in time and was able to walk away with a relatively small loss. We consistently expanded life reinsurance through further acquisitions, and a second, strong pillar was thus created alongside the property/casualty segment.

As a result of the financial market turbulence during those years, asset-liability management became an indispensable instrument for mitigating balance sheet risks in the insurance industry. This process aims to match maturities and liquidity needs on the asset side of the balance sheet with the liability side. Swiss Re, which has a larger balance sheet (or more asset leverage) than most of its clients due to its business portfolio, helped develop this tool from the ground up and began to use it with increasing frequency. This development encouraged a departure from the notion of always trying to time the market correctly. But it was only after the global financial crisis of 2008/2009 that the company began to systematically manage its balance sheet risks through asset-liability management.

### **Terrorism and the limits of insurability**

The industry had just come to terms with the dot.com crash when the terrorist attack on the Twin Towers in New York occurred on 11 September 2001. Terrorist attacks were not new territory for us. Time and time again, Swiss Re had covered losses caused by terrorist attacks. The sheer scale of the attack on the World Trade Center, however, exceeded our scenarios many times over. Only very few people had the foresight to ever imagine such an event would happen.

Swiss Re was the leading (re)insurer of the World Trade Center, and the claims payments it made were correspondingly large. At the same time, however, Swiss Re made a name for itself far beyond the industry by successfully defending itself in court against excessive, even exorbitant claims – something that many other companies subsequently benefitted from.

9/11 is probably the insurance event that is most comparable to COVID-19. It demonstrated to the industry, but also to regulators and policymakers, that certain things can simply not be insured by private capital alone: namely, when their magnitude cannot be rationally defined (for example, in the case of a dirty bomb) and they are ultimately caused by politically motivated reactions of governments. It is not without reason that terrorism is described as a continuation of war that uses asymmetric means.

Swiss Re therefore had to systematically exclude terrorism risk from its coverage. After this tragedy, you as shareholders would never have been prepared to use your capital to cover such risks. No risk model, no matter how elaborate, would have made it possible to price such a risk. Something very similar is currently happening with regard to pandemic risk.

### **The financial crisis, or why a strong capital base is essential**

So much has been written about the global financial crisis of 2008 to 2009 that I can be brief here. Institutional investors were massively impacted, banks went under and individual investors lost money on a very large scale. Again, the event itself was not unexpected. But the magnitude, the interdependencies and the speed with which the entire financial market collapsed took us by surprise – as it did many others.

The entire insurance industry was massively impacted on the investment side. Fortunately, the insurance business was very stable at the time. If I am to give an honest assessment, I must include the observation that Swiss Re did not fare particularly well during this crisis. A balance sheet inflated by operating debt left the company vulnerable. The situation was further complicated by the transition to fair-value accounting, which had recently been introduced, and which transferred market volatility one-to-one to the balance sheet.



The measures we introduced at Swiss Re as a result of the crisis were unequivocal: on the one hand, a disciplined approach with regards to very strong risk-based capitalisation and excess liquidity; on the other hand, strict limits on our debt-to-equity ratio. In other words, no extension of the balance sheet that is not driven by the core business, no matter how low interest on debt may be. Despite this deleveraging of our balance sheet – or perhaps precisely because of it – the Swiss Re share price recovered several times over in just a few years.

However, against the backdrop of the experience gained during the financial crisis, it is surprising to see the degree to which the level of indebtedness is rising again around the world. Even if this chapter appears to be closed, the end of the story has not yet been written.

#### **Climate change and the narrowing the protection gap**

In the years that followed, climate change became increasingly prominent in the public consciousness. The frequency of small- and medium-sized loss events caused by storms, tidal surge and floods (referred to in the market as ‘secondary perils’) increased markedly. This development and population growth in urban centres located by the sea make for a dangerous mix.

Surprisingly, the industry did not react immediately but with a delay of several years. As is often the case with an increased frequency of mid-size events, hope springs eternal. It was not clear if this increase was just a phase in the cycle or – as we now know – whether it was a long-term trend. Due to the numerous medium-sized losses, not enough premiums remained to cover major events. It took several years for the industry to respond to pressure from reinsurers and set about adjusting risk models and thus premium levels worldwide. The market correction is still underway and has gained further momentum.

Climate change has become a key risk management issue, and this is something that everyone should be taking into account. As the market leader in businesses compensating for losses related to climate change, Swiss Re will be needed even more, since the protection gap, namely the difference between insured losses and actual total losses, is still large and is growing.

#### **The COVID-19 pandemic, monetary and fiscal policy interventions, and their potential consequences**

This brings us to the present – to 2020 and the COVID-19 pandemic. Our Group CEO, Christian Mumenthaler, explains the consequences of this event in detail in his letter. But allow me to make three general observations.

First, the pandemic scenario for many years has been one of the key scenarios in Swiss Re’s risk assessment. So the pandemic was no surprise. In fact, due to our leading global position in life reinsurance, we were prepared for far worse pandemic scenarios. However, to our surprise, the majority of losses did not originate in this segment. Instead, the main losses originated in property and specialty lines. Because of the simultaneous responses of governments around the world, the losses accumulated as mitigation measures were imposed, such as lockdowns, travel restrictions and a full freeze of economic activity. We had to immediately restructure our risk portfolio based on this realisation (by excluding pandemic risk), which we achieved to a significant extent in a short period of time.

Second, the industry withdrawal from pandemic coverage was unavoidable because we once again reached the limits of insurability. Without rapid and radical countermeasures, we would have lost the support of investors, or in other words, your support. On the other hand, the massive government support measures in so many countries demonstrate how urgently we need to develop a plan to better cushion the economic impact of another pandemic. Our societies must increase their resilience. Swiss Re sees private-public partnerships as an opportunity to work with governments to develop new types of coverage. At the same time, however, we must be clear in stating that such approaches cannot work without a government backstop.

Third, money arising from fiscal measures has flowed in unimaginable quantities; money no longer costs anything, for many nations it costs less than nothing. This has resulted in enormous disincentives and massive market distortions. So how can national balance sheets be brought back on track? How can this excessive liquidity be siphoned off? Which government dares to raise taxes in the near future? Which central bank dares to raise interest rates anytime soon? Politicians who wish to be re-elected will not support such actions. This leaves only one way out: the classic, tried-and-tested option of inflation, through which

the owners of nominal financial assets (savers, insurance companies) are slowly expropriated and debts are reduced just as slowly. This is also called the erosion of the value of money. I am certain, for various reasons, that we will experience inflation. Not immediately, but soon. Not everywhere to the same extent, but certainly in the US. Swiss Re is preparing for this scenario – as always in an effort to protect the capital of its shareholders.

#### **Thank you**

And now the time has come for me to say thank you. My thanks go to the employees of Swiss Re, who have supported me during all these years and have always been committed to advancing the company. My thanks also go to the business partners and the global network of representatives from business, academia, politics, international organisations, NGOs and the media who have worked with Swiss Re and me in a critically constructive and respectful manner over the years. Above all, however, I would like to thank you, our shareholders, who have remained loyal to Swiss Re all these years, supported us through difficult times and shared in our successes in good times.

I will be handing the reins over to Sergio Ermotti, whom I wish every success in his role – just as I wish the company as a whole every possible success. And I am convinced that this success will be achieved. After all, Swiss Re has an excellent reputation around the world, and its market position, strategic focus, the quality of its employees and its capital base are outstanding. All we need now is a bit of luck. I will keep my fingers crossed for you and Swiss Re!

Zurich, 18 March 2021




**Walter B. Kielholz**  
Chairman of the Board of Directors

# Swiss Re has gone through the crisis with confidence and strength

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Our Group went into this crisis with a very strong balance sheet and capital position. Our operations continued uninterrupted and we took a prudent approach to building reserves. 

**Christian Mumenthaler**  
Group Chief  
Executive Officer



## Dear shareholders,

The COVID-19 pandemic changed everyone's lives, seemingly overnight. Swiss Re Institute estimates a cumulative global economic output loss of USD 12 trillion over 2020 and 2021 from the pandemic and the unprecedented wave of lockdowns around the globe. Some people have called this event a 'black swan' – a concept for something that cannot be predicted. But it isn't a black swan.

For decades, the insurance industry has warned of the potentially devastating effect of a pandemic. Thirteen years ago, Chief Risk Officers from the insurance industry, including me, co-authored a paper on influenza pandemics. We looked at the circumstances under which the 1918 Spanish flu broke out and asked what the impact would be if a global influenza pandemic happened again.

Many of the predictions we made in 2007 sound almost eerily today: we thought that an outbreak would likely start in Asia and quickly spread to other regions; the rapid spread could hamper timely preventive measures; and, central banks would react by lowering interest rates. If anything has changed since our assessment in 2007, it's that the world has become even more interconnected, further increasing the likelihood of a pandemic spreading.

In spite of the warnings, most countries were not ready for COVID-19. Part of the explanation lies in behavioural economics: it requires a significant effort to intellectually anticipate and act on risks that one hasn't personally experienced in the past. The means to be better prepared for pandemics were known, but the risk was considered too remote by many governments and other stakeholders. In the trade-off between current-cost optimisation and future resilience, the decisions too often favoured economic, not systemic, benefits.



We need to draw lessons from this experience. While COVID-19 is still very fresh in our minds, we have a unique opportunity – if not an obligation – to build greater resilience against future pandemics and other systemic risks. The re/insurance industry alone cannot cover a risk that hits many countries and areas of life simultaneously. Public-private partnerships are the only solution for future pandemic preparedness. Swiss Re is working with many countries to initiate such schemes and we are encouraged by early progress in this regard.

We are also doing our part to help cover losses from the pandemic. Our Group went into this crisis with a very strong balance sheet and capital position. Our operations continued uninterrupted even when the vast majority of our employees had to work remotely. From the start of the pandemic, we took a disciplined and prudent approach to building reserves, as actual claims have been slow to come in.

In total, claims and reserves for COVID-19 amounted to USD 3.9 billion across the Swiss Re Group in 2020, and resulted in a Group net loss of USD 878 million for the year – our first annual loss since the global financial crisis of 2008. Excluding the impact from COVID-19, our Group net income amounted to USD 2.2 billion, a significant increase from USD 727 million in 2019.

Our Group has gone through this crisis with confidence and strength. We acted early in 2020 to protect our balance sheet from market turmoil with hedges. The strong 3.5% return on investments we achieved for the year also reflects decisive portfolio

management actions to cut exposure to sectors that were vulnerable to COVID-19. As a result, impairments in the portfolio were very low at USD 27 million.

Our capital position remained very strong throughout 2020. As of 1 January 2021, the Group Swiss Solvency Test (SST) ratio was at 215% – within our new target range of 200–250%. The Group's very strong capital position and positive outlook enabled the Board of Directors to propose a stable dividend of CHF 5.90 per share at the upcoming Annual General Meeting.

While some further COVID-19 losses are expected for 2021, we have dramatically reduced relevant exposures in property and casualty lines. All of our businesses have delivered strong underlying performance in 2020 and are confident of hitting their financial targets for 2021.

Property & Casualty Reinsurance (P&C Re) improved its normalised<sup>1</sup> combined ratio to 96.9% in 2020 from 98.4% in the previous year. P&C Re continued to focus on underwriting quality and improved terms and conditions in the January 2021 renewals, achieving a nominal price increase of 6.5%, more than offsetting lower interest rates and higher loss assumptions. The successful renewals allow for an improved normalised<sup>2</sup> combined ratio estimate of less than 95% for P&C Re for 2021.




All of our businesses have delivered strong underlying performance in 2020 and are confident of hitting their financial targets for 2021. 

<sup>1</sup> Assumes an average large natural catastrophe loss burden and excludes prior-year reserve developments as well as the COVID-19 impact for 2020 and the Adverse Development Cover with Corporate Solutions for the 2019 figure.

<sup>2</sup> Assumes an average large natural catastrophe loss burden and excludes prior-year reserve developments as well as the COVID-19 impact.



While Reinsurance remains our key earnings contributor in the foreseeable future, we are also seeing more opportunities to capitalise on the synergies among our businesses and approach the future as 'One Swiss Re'. 

Life & Health Reinsurance (L&H Re) maintained its strong underlying performance in 2020, with return on equity, excluding the impact of COVID-19 losses, at 10.4%. The segment also reported strong growth in net premiums earned of 6.9%, driven mainly by longevity deals. We continue to see attractive opportunities to grow our L&H Re business, particularly in high-growth markets and through large transactions.

Corporate Solutions is well ahead of plan in its turnaround, thanks to the decisive management actions announced in 2019 and more positive market movements than originally anticipated. The Business Unit has largely achieved its planned portfolio pruning and gross cost reductions. Together with rate increases of 15% over the past year, this has lowered the normalised<sup>3</sup> combined ratio to 96.8% in 2020, well ahead of the 105% estimate for the year. Given the tremendous progress so far and favourable market expectations, Corporate Solutions will now target a normalised combined ratio of less than 97% in 2021, compared with the original 98% goal.

With the completed sale of ReAssure to Phoenix Group, we delivered on another strategic milestone. Swiss Re received a cash payment of GBP 1.2 billion and shares in Phoenix representing a 13.3% stake, which we believe maximises value for Swiss Re's shareholders.

As a result of the sale, we decided to simplify our legal entity structure by disbanding the Life Capital Business Unit. Corporate Solutions has assumed responsibility for elipsLife, which provides life and health insurance solutions and services for corporate clients, while the white-labelling digital insurance platform iptiQ is now operating as a standalone division, enabling a greater focus on this business. After

increasing the number of partners by 11 and achieving 76% premium growth in its core business in 2020, iptiQ is on track to becoming a leading player in its field.

Having only started the iptiQ business in 2016, its market-implied valuation has already grown to approximately USD 2 billion, based on the current growth trajectory and peer valuation. The growth of iptiQ is a perfect example of a new field of business for us which goes beyond traditional risk transfer. Namely, we are combining our risk knowledge with the smart use of data and technology to create insurance solutions for our partners.

In line with this approach, Corporate Solutions is also evolving from a pure risk taker in the broad corporate insurance market to a much more specialised and focused business, which provides complementary access to corporate clients for the Swiss Re Group. For example, thanks to its long-established relationships, Corporate Solutions gave access to partners such as BMW and Daimler for Reinsurance Solutions and IKEA for iptiQ, to name just a few.

Therefore, while Reinsurance will remain our key earnings contributor in the foreseeable future, we are also seeing more opportunities to capitalise on synergies among our businesses and approach the future as 'One Swiss Re' with strong Group foundations. We remain flexible towards creating new businesses and partnerships, based on our competitive strengths. We are convinced that this will position Swiss Re for success over the long term, even as re/insurance markets change and evolve.

We are also focused on building a truly sustainable business. We have committed to reaching net-zero emissions from our own operations by 2030 and made the pledge to transition our investment and underwriting portfolios to net zero by 2050. To help curb our operational emissions, as of 2021 we stepped up our internal carbon levy to USD 100 per tonne and will gradually increase it to USD 200 by 2030.

<sup>3</sup> Assumes an average large natural catastrophe loss burden and excludes prior-year reserve developments as well as the COVID-19 impact.

On the underwriting side, we tightened our policies for providing re/insurance support to businesses with thermal coal, oil and gas exposure. In Asset Management, we set a target to reduce the carbon intensity of our listed equity and corporate bond portfolio by 35% by 2025. We also aim to increase our investments in renewable and social infrastructure by USD 750 million by the end of 2024.

These are just a few examples of measures we are taking to transition to net zero, and I invite you to have a look at our Sustainability Report 2020 as well as our climate-related financial disclosures in the Financial Report 2020 for more details.

Beyond our own net zero commitments, Swiss Re is actively involved in the work of the World Economic Forum's Alliance of CEO Climate Leaders, which I have the privilege of co-chairing. In this alliance, we are working together with other CEOs around the globe to make the transition towards a low-carbon economy possible. Businesses have vast resources to address the climate crisis if they come together, and I am very encouraged by the strong commitment I am seeing from many of my fellow CEOs.

COVID-19 lockdowns may have reduced CO<sub>2</sub> temporarily, but they will neither stop global warming nor reverse the harm greenhouse gas emissions are causing to our planet and its natural ecosystems. I am looking forward to supporting the climate transition through the work we do at Swiss Re as well as my engagement in the WEF Alliance.

With tailor-made risk-transfer options, the re/insurance industry can provide data for climate adaptation, protect businesses, individuals and governments against catastrophes and support low-carbon and carbon-removal technologies in the green transition.

The year 2020 has not been an easy one, but we are looking ahead with confidence in our business and resolve to continue working towards our vision – to make the world more resilient. I would like to thank our employees for their engagement and dedication in these unprecedented times. They had to work from home, sometimes in challenging personal situations, and ensured that we didn't miss a beat.

I would also like to thank you, our shareholders, for your continued support.

Zurich, 18 March 2021



**Christian Mumenthaler**  
Group Chief Executive Officer

# Financial highlights

## Financial highlights

For the years ended 31 December

USD millions, unless otherwise stated	2019	2020	Change in %
<b>Group</b>			
Net income/loss attributable to common shareholders	727	-878	-
Gross premiums written	42 228	42 951	2
Premiums earned and fee income	38 594	40 770	6
Earnings per share in CHF	2.46	-2.97	-
Shareholders' equity	29 251	27 135	-7
Return on equity in % <sup>1</sup>	2.5	-3.1	
Return on investments in %	4.7	3.5	
Net operating margin in % <sup>2</sup>	3.4	-1.1	
Number of employees <sup>3</sup>	15 401	13 189	-14
<b>Property &amp; Casualty Reinsurance</b>			
Net income/loss attributable to common shareholders	396	-247	-
Gross premiums written	21 562	21 512	-
Premiums earned	19 275	20 832	8
Combined ratio in %	107.8	109.0	
Net operating margin in % <sup>2</sup>	3.8	0.1	
Return on equity in % <sup>1</sup>	4.4	-2.8	
<b>Life &amp; Health Reinsurance</b>			
Net income attributable to common shareholders	899	71	-92
Gross premiums written	14 452	15 067	4
Premiums earned and fee income	13 004	13 883	7
Net operating margin in % <sup>2</sup>	10.0	2.9	
Return on equity in % <sup>1</sup>	12.4	0.9	
<b>Corporate Solutions</b>			
Net loss attributable to common shareholders	-647	-350	46
Gross premiums written	4 974	4 839	-3
Premiums earned	4 166	4 047	-3
Combined ratio in %	127.9	116.5	
Net operating margin in % <sup>2</sup>	-16.7	-10.5	
Return on equity in % <sup>1</sup>	-34.1	-17.4	
<b>Life Capital</b>			
Net loss attributable to common shareholders	-177	-265	-50
Gross premiums written	2 831	2 533	-11
Premiums earned and fee income	2 149	1 984	-8
Gross premiums written – open books	1 790	2 171	21
Net operating margin in % <sup>2</sup>	2.4	-6.6	
Return on equity in % <sup>1</sup>	-3.4	-7.5	

<sup>1</sup> Return on equity is calculated by dividing net income/loss attributable to common shareholders by average common shareholders' equity.

<sup>2</sup> Net operating margin is calculated as "Income before interest and income tax expense" divided by "Total revenues" excluding "Net investment result – unit-linked and with-profit business".

<sup>3</sup> Regular staff.

# Cautionary note on forward-looking statements

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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 cyclicity 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;

## General information

### Cautionary note on forward-looking statements

- 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.

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.



# Corporate calendar

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## 2021

### 16 April 2021

157th Annual General Meeting

### 30 April 2021

First quarter 2021 key financial data

### 30 July 2021

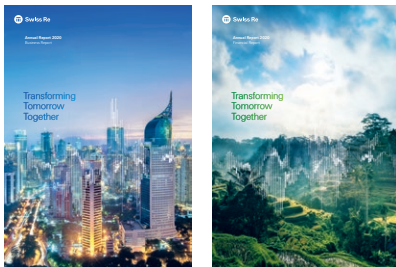
Half-year 2021 results

### 29 October 2021

Nine months 2021 key financial data

## Annual Report 2020

In this report, we present our business performance, strategy and economic position. We also show how we leverage our risk knowledge to make the world more resilient.



## Sustainability Report 2020

In this report, we describe Swiss Re's Sustainability Strategy and its implementation in 2020.



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