Swiss Re

News release

Swiss Re reports full-year 2019 net income of USD 727 million, driven by a strong L&H Re result and excellent investment performance

- Group net income increased 73% to USD 727 million from USD 421 million in 2018
- Property & Casualty Reinsurance (P&C Re) net income rose 7% to USD 396 million, with net premiums earned up 20%; return on equity (ROE) of 4.4%
- January 2020 P&C Re renewals premium volume up 2% as growth in property business was offset by a reduction in casualty; nominal price increase of 5%
- Life & Health Reinsurance (L&H Re) net income rose 18% to USD 899 million; ROE of 12.4% above target range
- Corporate Solutions net loss of USD 647 million reflects decisive management actions to address underperformance as well as increased claims in US casualty business
- Life Capital result impacted by the previously announced charge related to the agreement to sell ReAssure; net loss of USD 177 million; gross cash generation of USD 1.1 billion
- Excellent return on investments (ROI) of 4.7%; running yield at 2.8%
- Board of Directors to propose a dividend increase of 5% to CHF 5.90 per share and share buyback of up to CHF 1 billion
- Jonathan Isherwood appointed CEO Reinsurance Americas, Regional President and member of the Group Executive Committee, succeeding Eric Smith, who has decided to retire

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Zurich, 20 February 2020 – Swiss Re reported today a 73% increase in Group net income to USD 727 million for 2019. The Group's property and casualty businesses were impacted by USD 2.7 billion in large losses from natural catastrophes and man-made events, as well as by increased claims in US casualty. Life and health businesses continued to perform strongly, with L&H Re delivering an ROE above its target range. Group net premiums earned and fee income rose 12% to USD 38.6 billion, primarily driven by premium growth in P&C Re. The Group's ROE improved to 2.5% from 1.4%. Based on the Group's very strong capital position and supported by confidence in Swiss Re's long-term capital generation, the Board of Directors will propose to the Annual General Meeting (AGM) an increased dividend of CHF 5.90 per share and authorisation for a public share buyback of up to CHF 1 billion.

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Swiss Re Group Chief Executive Officer Christian Mumenthaler said: "Our 2019 results were impacted by heavy natural catastrophe losses, our decisive management actions to reposition Corporate Solutions and increased claims in US casualty. We are taking proactive measures to put us at the forefront of adverse trends. On the other hand, we delivered an excellent investment result and strong performance in L&H Re, demonstrating the power of our diversified business model. We achieved a key strategic milestone with the agreement to sell ReAssure. And we are starting 2020 with an improved quality of our portfolio, underpinned by strong January renewals and pricing momentum."

Swiss Re continued its strong investment result track record, reporting an ROI of 4.7% for 2019, up from 2.8% in 2018. The improvement was driven by a strong equity market performance, including a significant contribution from the sale of the Group's investment in the Brazilian insurance group SulAmérica S.A., as well as gains within the fixed income portfolio. The Group's running yield was largely unchanged at 2.8% compared with 2.9% in the declining global yield environment.

The Group's capital position remains very strong with a Group Swiss Solvency Test (SST) ratio above the 220% target level. Taking into account the Group's sustained capital generation, Swiss Re's Board of Directors will propose a dividend of CHF 5.90 per share for 2019, representing a 5% increase. The dividend will be paid after shareholder approval at the AGM on 17 April 2020. The Board of Directors will also request authorisation from shareholders at the AGM for a public share buyback programme of up to CHF 1 billion purchase value, to be executed at the discretion of the Board and subject to the necessary regulatory approvals.

Swiss Re Group Chief Financial Officer John Dacey said: "Despite significant loss events in 2019, Swiss Re maintains its very strong capital position and continued reserve adequacy. P&C Re matched strong growth with rigorous expense discipline, Corporate Solutions also improved its expense ratio, and L&H Re continues to deliver robust performance. The strength of our business model allows us to continue to offer an attractive dividend bolstered by a public share buyback programme."

P&C Re profit impacted by large natural catastrophe claims
P&C Re reported a net income for the full year of USD 396 million, up from USD 370 million in 2018. The result reflected large natural catastrophe and man-made losses of USD 2.3 billion as well as proactive measures to address ongoing trends in US casualty. This was balanced by profitable business growth, driven by large transactions and expansion in natural catastrophe business, as well as by a very strong investment result. Net premiums earned increased 20% to USD 19.3 billion. The ROE was 4.4% compared with 3.7% in 2018.

The large natural catastrophe losses in 2019 were driven mainly by typhoons Hagibis and Faxai in Japan, Hurricane Dorian in the Atlantic and wildfires, floods and hailstorms in Australia. The result was further impacted by late claims development from Typhoon Jebi. In addition, man-made losses included the

Ethiopian Airlines crash and the subsequent grounding of the Boeing 737 MAX fleet.

The P&C Re combined ratio was 107.8% in 2019, compared with 104.0% reported for 2018. The normalised[1] combined ratio was in line with previous estimates and is expected to improve to 97% for 2020.

January P&C Re renewals show healthy growth in natural catastrophe business

Swiss Re renewed contracts with USD 10 billion in premium volume on 1 January 2020. This represents a 2% volume increase compared with 2019 as increases in property business, particularly in the natural catastrophe book, were partly offset by a reduction in casualty lines.

P&C Re achieved a nominal price increase of 5% in this renewal round. Risk-adjusted price quality was unchanged, reflecting lower interest rates and more conservative loss assumptions. Business in many loss-affected regions, such as Japan and Australia, is due to renew later in the year.

L&H Re continues to deliver strong results; ROE above target range

L&H Re reported a strong net income for 2019 of USD 899 million, compared with USD 761 million in 2018. Net premiums earned and fee income increased to USD 13.0 billion from USD 12.8 billion in 2018. Adjusted for unfavourable foreign exchange movements and the termination of an intragroup retrocession agreement with Life Capital, net premiums earned and fee income rose 6.9%.

Return on equity for L&H Re improved to 12.4% from 11.1% in 2018 and was above the business segment's target range of 10–12%.

The underwriting result included a negative adjustment to the carrying value of an existing treaty, which had to be fair valued following the acquisition of Old Mutual Wealth Life Assurance Limited by ReAssure from Quilter plc, reflecting the decrease in interest rates since treaty inception. As a result, L&H Re rebalanced its asset portfolio, realising gains of a similar magnitude. Excluding this adjustment, the underwriting result was higher than in 2018, driven by active portfolio management and improved mortality developments in the Americas.

Corporate Solutions result impacted by decisive management actions to address underperformance as well as US casualty deterioration

Corporate Solutions reported a net loss of USD 647 million and a combined ratio of 127.9% in 2019, impacted by the decisive management actions announced on 31 July 2019 to reposition the business and strengthen reserves. The result

[1] Assuming an average large natural catastrophe loss burden and excluding prior-year reserve developments and impact of an Adverse Development Cover with Corporate Solutions.

was also affected by large and medium-sized claims, mainly from prior accident years related to the recent deterioration in the US casualty business.

Net premiums earned rose 6.1% to USD 4.2 billion, as double-digit rate increases and growth in targeted lines of business more than offset the impact from active pruning of selected underwriting portfolios.

The Business Unit is making progress in actively managing risk exposure to ensure a more focused and profitable portfolio going forward. The strong pricing momentum experienced in 2019 has continued into early 2020, with Corporate Solutions achieving price increases of 14% in January 2020. The normalised combined ratio for Corporate Solutions is estimated to improve to 105% in 2020, supported by the accelerating momentum in insurance rates and progress in repositioning portfolios. The target normalised combined ratio for 2021 remains at 98%.

Life Capital successfully transitioning to a dynamically growing, digital B2B2C business

Life Capital reported a net loss of USD 177 million for 2019, reflecting a USD 0.2 billion charge related to the agreement to sell ReAssure. Excluding this one-time accounting impact, net income rose to USD 53 million from USD 23 million in 2018.

As announced on 6 December 2019, Swiss Re entered into an agreement to sell ReAssure to Phoenix Group Holdings plc. The transaction, which is expected to close in mid-2020, subject to regulatory and antitrust approvals, valued ReAssure at GBP 3.25 billion and is a significant step for Life Capital in the transformation to a dynamically growing, digital B2B2C business.

Net premiums earned and fee income increased to USD 2.1 billion from USD 1.6 billion in the prior year, driven by growth in the open book businesses and changes to intragroup retrocessions. Gross premiums written of the open books increased by 22% in 2019, when measured at constant foreign exchange rates.

Life Capital generated gross cash of USD 1.1 billion in 2019 compared with USD 818 million in the prior year. The gross cash generated in 2019 was mainly driven by proceeds from the sale of subordinated bonds issued by ReAssure and the sale of a 10% stake in ReAssure to MS&AD Insurance Group Holdings Inc, partly offset by the impact of the ReAssure recapitalisation ahead of separation.

Jonathan Isherwood appointed CEO Reinsurance Americas, Regional President and member of the Group Executive Committee

Jonathan Isherwood, who is currently Head of Globals Reinsurance and member of the Reinsurance Executive Committee, will succeed Eric Smith, who has decided to retire. He will take over responsibilities as CEO Reinsurance Americas starting 1 April 2020 and assume the role of Regional President Americas and join the Group Executive Committee effective 14 August 2020. An accomplished leader with close to 30 years of experience in the financial sector, Jonathan Isherwood has held leadership positions across functions such as finance, risk, underwriting, operations and sales. For the past seven years, he successfully led the team working with global clients of the Reinsurance Business Unit. Prior to this role, he led a combined Reinsurance claims department. He also held a variety of positions at GE Insurance Solutions and GE Capital.

Swiss Re's Chairman Walter B. Kielholz said: "On behalf of the Swiss Re Board of Directors, I would like to thank Eric Smith for his contribution and engagement over the past nine years. His vision, deep market knowledge and client focus helped to advance Swiss Re's position in the Americas. In Jonathan Isherwood we found an accomplished internal candidate, with a recognised management track-record and a strong client orientation, to take over this important role, and we wish him every success."

Outlook

Group Chief Executive Officer Christian Mumenthaler said: "Moving into 2020, we remain firmly committed to building resilience for our clients, communities and governments as they face significant and wide-ranging challenges. We will focus on completing the sale of ReAssure and improving the performance of Corporate Solutions through active portfolio pruning and rate increases. We remain confident in our ability to proactively address new industry developments and capture business opportunities while maintaining attractive shareholder returns."

		FY 2018	FY 2019
Consolidated Group (Total)	Net premiums earned and fee income (USD millions)	34 461	38 594
	Net income (USD millions)	421	727
	Return on equity (%)	1.4	2.5
	Return on investments (%)	2.8	4.7
	Running yield (%)	2.9	2.8
	Shareholders' equity (USD millions)	27 930	29 251
	Book value per share (USD)	93.09	100.64
P&C Reinsurance	Net premiums earned (USD millions)	16 095	19 275
	Net income (USD millions)	370	396
	Combined ratio (%)	104.0	107.8
	Return on equity (%)	3.7	4.4
L&H Reinsurance	Net premiums earned and fee income (USD millions)	12 835	13 004
	Net income (USD millions)	761	899
	Running yield (%)	3.4	3.3
	Return on equity (%)	11.1	12.4
Corporate Solutions	Net premiums earned (USD millions)	3 925	4 166
	Net income (USD millions)	−405	−647
	Combined ratio (%)	117.5	127.9
	Return on equity (%)	−19.4	−34.1
Life Capital	Net premiums earned and fee income (USD millions)	1 606	2 149
	Net income (USD millions)	23	−177
	Gross cash generation (USD millions)[2]	818	1 138
	Return on equity (%)	0.4	−3.4

[2] Gross cash generation is the estimated net cash arising from business activity within the Life Capital Business Unit during the reporting period, taking into account both surplus development and certain capital actions. It is calculated gross across both Swiss Re's and MS&AD's interest in ReAssure.

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The foregoing and the 2019 Financial Review of the Swiss Re Group contain updates on our business and results and preliminary unaudited financial information for 2019. The updates on our business and results will be included in our 2019 Annual Report, together with our audited financial statements for 2019 and other disclosures we are required to include or historically have included in an annual report. The foregoing and the 2019 Financial Review of the Swiss Re Group are not intended to be a substitute for the full 2019 Annual Report, which will be published on the Swiss Re website on 19 March 2020.

Media conference and call

Swiss Re will hold a media conference with a dial-in possibility this morning at 10:30 (CET). If you plan to dial in, you are kindly requested to call 10 minutes prior to the start using the following numbers:

Switzerland:	+41 (0) 58 310 50 00
Germany:	+49 (0) 69 505 0 0082
UK:	+44 (0) 207 107 0613
France:	+33 (0) 17091 8706
US:	+1 (1) 631 570 56 13
Hong Kong:	+852 5808 1769

Investors' and analysts' conference call

Swiss Re will hold an investors' and analysts' conference call this afternoon at 13.30 (CET), which will focus on Q&A. You are kindly requested to dial in 10 minutes prior to the start using the following numbers:

Switzerland:	+41 (0) 58 310 50 00
Germany:	+49 69 505 0 0082
UK:	+44 (0) 207 107 0613
France:	+33 (0) 1 7091 8706
US:	+1 (1) 631 570 56 13

Presentation slides are available on www.swissre.com.

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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. It is organised into three Business Units, each with a distinct strategy and set of objectives contributing to the Group's overall mission.

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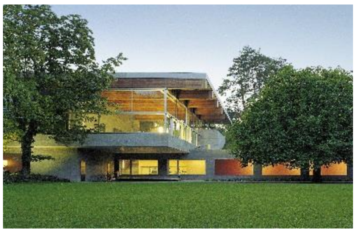
For logos and photography of Swiss Re executives, directors or offices, click here.

For media "b-roll" please send an email 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", "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 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 realize 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;

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- 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 realize tax loss carryforwards and the ability to realize 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.