Swiss Re

News release

Swiss Re reports USD 1.1 billion net income for the nine months 2018, after absorbing USD 1.6 billion of large claims

- Group net income of USD 1.1 billion for the nine months 2018, impacted by expected USD 1.6 billion claims burden from natural catastrophes and large man-made disasters
- Property & Casualty Reinsurance (P&C Re) reported net income of USD 634 million, impacted by large loss events
- Life & Health Reinsurance (L&H Re) delivered strong net income of USD 644 million and continued gross premium growth
- Corporate Solutions delivered continued gross premium growth; large loss events led to a net loss of USD 5 million
- Life Capital reported exceptional gross cash generation of USD 1.0 billion; net income of USD 4 million
- The Group's annualised return on equity (ROE) was 4.7%; annualised return on investments (ROI) was 2.8%; running yield at 2.9%
- Group Swiss Solvency Test (SST) ratio remains very strong at 285% (1 July 2018 estimate), up from 269% earlier this year
- Group Chief Operating Officer Thomas Wellauer to retire at the end of June 2019

Zurich, 1 November 2018 – Swiss Re reported a Group net income of USD 1.1 billion for the first nine months of 2018 compared to a loss of USD 468 million for the same period a year ago, despite an estimated claims burden of USD 1.6 billion from natural catastrophes and large man-made events in the reporting period. While the Group's property and casualty businesses were particularly impacted by the natural catastrophe and large man-made losses in the third quarter, the Group's life and health businesses continued to deliver a strong performance. L&H Re reported strong net income and Life Capital delivered exceptional gross cash generation in the first nine months of 2018. Swiss Re maintains a very strong capital position, which provides flexibility to execute on its capital management priorities.

Swiss Re's Group Chief Executive Officer, Christian Mumenthaler, says: "During the third quarter, we once again witnessed a series of natural catastrophes and large man-made disasters that devastated lives and disrupted businesses, particularly in Japan and in the US. The situation continued to be challenging in the US, with the landfall of Hurricane Michael in October. Our sympathies go out to people affected by all of the events of the past months. In these tough times, we have the financial

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strength to support our clients, and ultimately their customers. This demonstrates the value we can bring by swiftly paying claims to help people and businesses get back on their feet following such catastrophes."

Nine-month 2018 Group net income impacted by natural catastrophes and large man-made events

Swiss Re reported a nine-month 2018 net income of USD 1.1 billion, compared to a net loss of USD 468 million for the same period in 2017. Results were impacted by an estimated claims burden of USD 1.6 billion from natural catastrophes and large man-made losses, notably typhoons Jebi and Trami in Japan, Hurricane Florence and the Carr wildfire in the US, and a windstorm in Canada. The net income also reflected an estimated negative pre-tax impact of USD 144 million due to the previously reported US GAAP guidance on recognition and measurement of equity investments that took effect on 1 January 2018. Excluding the accounting guidance, net income would have been USD 1.2 billion.

Swiss Re generated an annualised ROE of 4.7% in the first nine months of 2018, while selectively growing its business. Swiss Re's investment portfolio continued to provide a solid contribution to the overall result. The Group's annualised ROI was 2.8%, benefiting from a strong mark-to-market return on equities during the third quarter – partly offsetting adverse developments experienced in the first half of 2018. The fixed income running yield was 2.9%. Excluding the impact of the new US GAAP guidance, the estimated Group ROE would have been 5.1% and the corresponding ROI 3.0%. Swiss Re's high-quality portfolio continues to be well positioned to reinvest at higher rates, which supports further growth in net investment income.

Gross premiums written for the first nine months were up 6.5% to USD 28.4 billion, primarily driven by premium growth across the Group's life and health businesses. Measured at constant foreign exchange rates, the increase would have been 4.4%.

Common shareholders' equity as of 30 September 2018 decreased to USD 29.0 billion due to lower accumulated unrealised gains on fixed income securities from higher interest rates, and the ongoing share buy-back programme.

Swiss Re's Group Chief Financial Officer, John Dacey, says: "Following fairly benign catastrophe experience in the first half of the year, the claims burden of the third quarter was large for an individual quarter. The cumulative losses for the first nine months, however, are broadly in line with our year-to-date expectations. Large losses keep reminding us of the importance of maintaining a robust capital position to respond proactively to adverse market events. Our Group SST ratio rose during the first half, underscoring our strong capital generation, which is the basis for future actions in line with our capital management priorities."

Swiss Re

P&C Re result impacted by natural catastrophe and large man-made claims

P&C Re net income for the nine months was USD 634 million, significantly affected by natural catastrophe and large man-made loss experience of USD 1.2 billion. Natural catastrophe loss experience includes losses due to windstorms, floods and the typhoons Jebi and Trami in Japan; Hurricane Florence and wildfires in the US, and storms in Canada.

The annualised ROE was 8.3%. The combined ratio improved to 99.5% compared to the same period last year. P&C Re is on track to achieve its combined ratio estimate of 99%, assuming an expected average large loss burden in the fourth quarter.

Gross premiums written of USD 13.8 billion for the nine months improved compared to the same period last year, while maintaining underwriting discipline.

L&H Re continues to deliver strong net income and gross premium growth

L&H Re delivered strong net income of USD 644 million for the nine months. This result was mainly driven by large transactions in Canada and New Zealand, solid performance in Asia and EMEA and solid investment results. The annualised ROE was 12.5%. The fixed income running yield for the nine months was 3.4%, compared to 3.3% for the same period last year.

Gross premiums written were up 11.7% to USD 10.8 billion for the nine months, reflecting growth across all markets and a positive impact of intra-group retrocession agreements, combined with favourable currency fluctuations.

The attractive growth translated into strong economic value creation within L&H Re and continued to be a key driver for the Group's strong solvency capital generation.

Corporate Solutions net income impacted by natural catastrophes and high frequency of large man-made losses; strong gross premium growth

Corporate Solutions reported a net loss of USD 5 million for the first nine months of 2018, a period heavily impacted by large man-made losses and natural catastrophes. Third quarter losses included the collapse of the Genoa Bridge in Italy, a shipyard fire in Germany and natural catastrophes, such as Hurricane Florence in the US.

The annualised ROE for the first nine months of 2018 was –0.3%, and the combined ratio was 105.4%.

Gross premiums written[1] increased by 9.1% to USD 3.1 billion, mainly driven by growth in the Primary Lead business.

As already announced on 23 September 2018, Andreas Berger, previously Chief Regions & Markets Officer and Member of the Board of Management of Allianz Global Corporate & Specialty SE, is appointed CEO Corporate Solutions and member of the Group Executive Committee. He will now start with Swiss Re already on 1 March 2019, one month earlier than previously communicated.

Life Capital exceptional gross cash generation continues

Life Capital continued to deliver on its strategy to optimise gross cash generation. In the first nine months of 2018, the Business Unit delivered an exceptional gross cash generation of USD 1.0 billion, driven by a strong underlying emerging surplus, the proceeds from the sale of an initial stake in ReAssure to MS&AD and the finalisation of the 2017 year-end statutory valuation.

The Business Unit generated a net income of USD 4 million, as unit-linked and participating income was impacted by the unfavourable UK investment market performance. The result was also impacted by the costs associated with the integration of the Legal & General portfolio acquisition and development costs relating to ongoing investments in its open book businesses. The annualised ROE for the first nine months was 0.1%.

Gross premiums written for the first nine months increased to USD 2.2 billion, driven by growth across all businesses and combined with the impact of intra-group retrocession agreements.

Life Capital will continue its strategy to grow its individual and group businesses in Europe and in the US. iptiQ's B2B2C digital insurance offering is attractive to an increasing number of distribution partners, with 15 having been onboarded to date.

Continued focus on capital management priorities

Swiss Re maintains a market-leading capital position with a Group SST ratio of 285% (1 July 2018 estimate), well in excess of its 220% target. The Group's superior capital position combined with continued strong economic earnings supports its sustained capital generation, which in turn is the basis for delivering attractive future actions, in line with the Group's capital management priorities.

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[1] Including premiums for insurance in derivative form, net of internal fronting for the Reinsurance Business Unit.

Thomas Wellauer to retire at the end of June 2019

Swiss Re today announces that Thomas Wellauer (63), currently Group Chief Operating Officer and Member of the Group Executive Committee, will retire at the end of June 2019.

Thomas Wellauer joined Swiss Re in 2010 as Group COO, initially leading the complex, multi-year reorganisation of the company when it introduced a new holding structure and legally separate Business Units. Over recent years, Thomas Wellauer has successfully introduced a globally integrated operations platform and instilled a commercial mindset in the over 3 500 employees in all related functions such as IT, HR, Legal or Digital Delivery. In addition, he has served as member of the Boards of Swiss Re's key subsidiaries in the US, Singapore and Luxemburg and represented Swiss Re as CEO Switzerland. In this function, he also led the initiative of establishing Campus Mythenquai with its remarkable new headquarters, Swiss Re Next, which opened in 2017.

Swiss Re's Chairman, Walter B. Kielholz, says: "I would like to thank Thomas on behalf of the Swiss Re Board of Directors for his substantial contribution to Swiss Re throughout the years. Under his leadership, Group Operations developed into a highly effective and efficient backbone for the company. We will miss Thomas' broad experience, strategic mindset and entrepreneurial drive, and we will ensure a smooth transition once a successor has been identified."

Responding to natural catastrophes through innovative solutions

Swiss Re remains committed to its strategy to leverage its risk knowledge and harness technology to deliver innovative insurance solutions effectively. In particular, solutions to mitigate the effects of climate risk take higher priority every year, as the wrath of natural catastrophes continues to cause widespread destruction in disaster-prone areas.

In 2018, Japan and the US were heavily struck by typhoons and windstorms that wiped away entire communities as a result of extreme wind forces and floods in coastal areas and inland. Until recently considered an uninsurable risk, advancements in technology have allowed Swiss Re to pioneer an innovative flood risk modelling product. Offered in partnership with Security First Insurance in Florida, local residents can now benefit from flood coverage in their homeowners policy. The joint venture represents a breakthrough in flood protection. Ratings are based on Swiss Re's proprietary flood risk model and priced according to the individual risk exposure.

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Swiss Re's Group Chief Executive Officer, Christian Mumenthaler, says: "After a prolonged period of benign loss years from 2012 to 2016, followed by heavy natural catastrophes last year, 2018 seems to be developing into what the overall industry would consider a normal year for losses. We observe that the P&C insurance industry globally is struggling to earn its cost of capital. It seems that the industry has reached an inflection point and non-life insurance prices are hardening modestly in the major markets; however our latest *sigma* research shows that underwriting margins need to further improve to ensure sustainable returns on equity for shareholders."

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		9M 2017	9M 2018	9M 2018[2]
Consolidated Group (Total) [3]	Gross premiums written (USD millions)	26 664	28 398	
	Net income/loss (USD millions)	–468	1 090	1 204
	Return on equity (%, annualised)	–1.9	4.7	5.1
	Return on investments (%, annualised)	3.5	2.8	3.0
	Running yield (%, annualised)	2.9	2.9	
	Common shareholders' equity (USD millions)	32 783	28 995	
P&C Reinsurance	Gross premiums written (USD millions)	13 357	13 808	
	Net income/loss (USD millions)	–652	634	621
	Combined ratio (%)	114.1	99.5	
	Return on equity (%, annualised)	–7.5	8.3	8.1
L&H Reinsurance	Gross premiums written (USD millions)	9 680	10 810	
	Net income (USD millions)	741	644	653
	Running yield (%, annualised)	3.3	3.4	
	Return on equity (%, annualised)	14.3	12.5	12.6
Corporate Solutions	Gross premiums written (USD millions)	2 948	3 176	
	Net income/loss (USD millions)	–762	–5	–3
	Combined ratio (%)	142.6	105.4	
	Return on equity (%, annualised)	–56.0	–0.3	–0.2
Life Capital	Gross premiums written (USD millions)	1 249	2 247	
	Net income (USD millions)	152	4	–6
	Gross cash generation (USD millions)	789	993	
	Return on equity (%, annualised)	2.9	0.1	–0.1

[2] Excludes for reference only, the impact of the new US GAAP guidance on recognition and measurement of financial instruments, which was effective for the Group as of 1 January 2018 and was not retroactively applied.
[3] Also reflects Group Items, including Principal Investments.

Media conference call

Swiss Re will hold a media conference call with a dial-in possibility this morning at 8:30 am 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

Analyst call

Swiss Re will hold an analyst call this afternoon at 2:00 pm 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
Australia:	+61 28 073 0441

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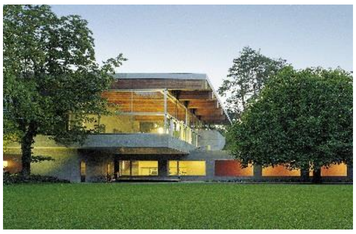
The Swiss Re Group is one of the world's leading providers of reinsurance, insurance and other forms of insurance-based risk transfer, working to make the world more resilient. It anticipates and manages risk – from natural catastrophes to climate change, from ageing populations to cyber crime. The aim 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.

For logos and photography of Swiss Re executives, directors or offices, go to www.swissre.com/media

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



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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 and acts of war;
- mortality, morbidity and longevity experience;
- the cyclicality of the insurance and reinsurance sectors;
- instability affecting the global financial system;
- deterioration in global economic conditions;
- the effect of market conditions, including the global equity and credit markets, and the level and volatility of equity prices, interest rates, credit spreads, currency values and other market indices, on the Group's investment assets;
- changes in the Group's investment result as a result of changes in the Group's investment policy or the changed composition of the Group's investment assets, and the impact of the timing of any such changes relative to changes in market conditions;
- 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;
- any inability to realise amounts on sales of securities on the Group's balance sheet equivalent to their values recorded for accounting purposes;
- changes in legislation and regulation, and the interpretations thereof by regulators and courts, affecting us or the Group's ceding companies, including as a result of shifts away from multilateral approaches to regulation of global operations;
- the outcome of tax audits, the ability to realise tax loss carryforwards, 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 business models;
- failure of the Group's hedging arrangements to be effective;
- the lowering or loss of one of the financial strength or other ratings of one or more Swiss Re companies, and developments adversely affecting the Group's ability to achieve improved ratings;
- uncertainties in estimating reserves;
- 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;

- extraordinary events affecting the Group's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- legal actions or regulatory investigations or actions, including those in respect of industry requirements or business conduct rules of general applicability;
- changes in accounting standards;
- significant investments, acquisitions or dispositions, and any delays, unexpected costs, lower-than-expected benefits, or other issues experienced in connection with any such transactions;
- changing levels of competition, including from new entrants into the market; and
- operational factors, including the efficacy of risk management and other internal procedures in managing the foregoing risks and the ability to manage cyber security 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.