

Managing climate and natural disaster risks

John Dacey, Swiss Re Group CFO
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Managing climate and natural disaster risks is at the core of what we do



Climate-related risks and opportunities are key priority topic



20 years experience in explicit sustainability risk management



Early mover in switching to Responsible Investing

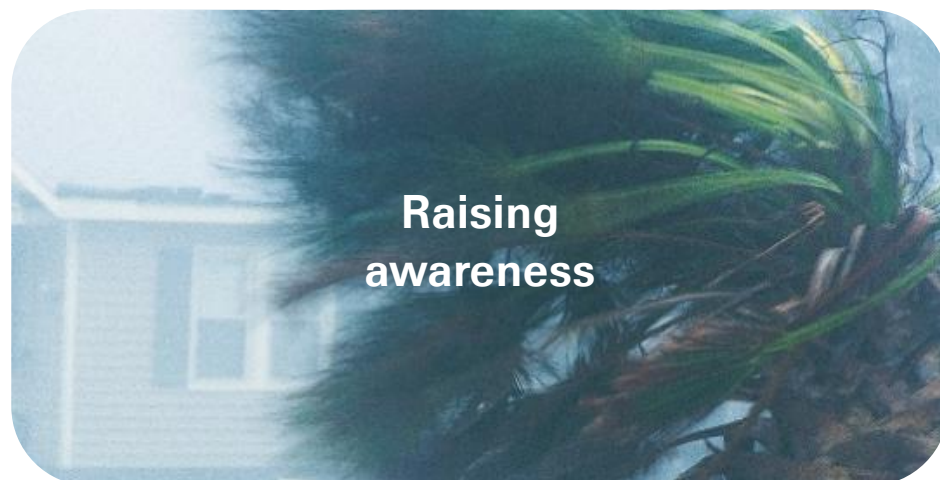


Externally recognised leadership in sustainability



Climate-related risks and opportunities are key priority topics at Swiss Re

Swiss Re's comprehensive climate change strategy is based on 4 pillars





Swiss Re's knowledge helps strengthen resilience against climate risks

- Insurance gives risk a price, helping to **optimise resource allocation**
- Understanding the economic impact of natural catastrophes and the effect of climate change is key in **structuring risk transfer solution**
- **Climate change impact** is expected to increase gradually over the coming decades
- Most business is renewed and **repriced annually**; Swiss Re's proprietary state-of-the-art nat cat models are refined every few years
- In addition to providing covers, **integral risk assessments** of natural disasters and climate adaptation are offered (eg Swiss Re's CatNet[®] tool)



P&C Re and parametric solutions make insurance more accessible, affordable and provide immediate payouts, making society more resilient

Selected P&C Re solutions:



Flood insurance for homeowners in Florida, using Swiss Re's proprietary flood model



Coral reef insurance against hurricane damage on the Mesoamerican Barrier Reef System

Selected Parametric solutions:

US tropical cyclone "Loss of income" insurance, paying out a lump sum to cover business interruption losses



Agriculture insurance for Kenyan herders affected by drought, paying out lump sum to provide livestock with feed and water



- ▶ P&C Re solutions recognise trends in the natural catastrophe risk landscape early
- ▶ Parametric solutions support fast recovery after cat events



Extreme weather and weather volatility risk transfer solutions help communities adapt to climate change and drive investment in the sector

Selected sustainable energy solutions:



First solar revenue “put”, an insurance product that can guarantee up to 95% of a solar farm’s expected output

Insurance cover to **offshore wind farms with floating structures**



Insurance cover to the **first purely communal wind farm in the North Sea**

Insurance cover provided to the **first offshore wind farm in the US**



► Swiss Re Corporate Solutions is considered a “lead market” for offshore wind risks



Risk transfer solutions for and in cooperation with governments and public-sector organisations strengthen resilience

Selected solutions developed with and for governments:



First-ever nat cat programme at county level providing insurance protection against losses from natural disasters (earthquakes, landslides, heavy rainfall, etc.)

Parametric **typhoon cover offering protection to 25 provinces** along the eastern edge of the **Philippine archipelago**



World's first multi-country risk pool of 16 regional Caribbean governments (CCRIF) providing access to **emergency funding after nat cat disasters**

Two **largest commercial natural disaster protection schemes ever established in China**



▶ More public-private partnerships are crucial to mitigate the effect of climate change

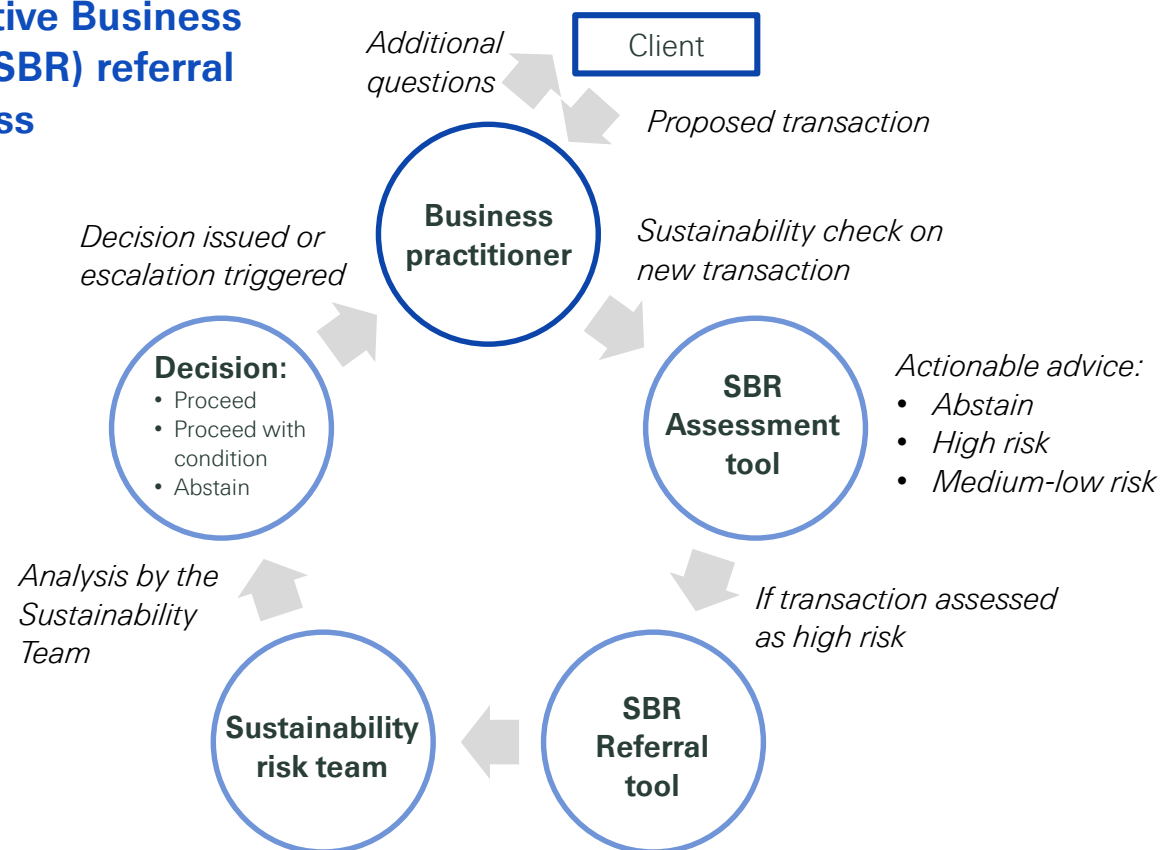


20 years experience in explicit sustainability risk management

Sustainability Risk Framework

- Identifies and addresses sustainability risks
- Applies to underwriting and asset management
- Consists of:
 - **2 Umbrella Guidelines** (Environmental Protection and Human Rights)
 - **8 Sector Policies** specify implementation of the Umbrella Guidelines in those sectors (e.g. thermal coal, mining, oil and gas, etc.)
 - **Country and company exclusion lists**
- Automated screening for sensitive business risks

Sensitive Business Risk (SBR) referral process



- ▶ Swiss Re has started to explicitly manage sustainability risks in 1999 and established the Group-wide Sustainability Risk Framework in 2009
- ▶ Sustainability risk team empowered to stop a transaction



Early mover in switching to responsible investing

Swiss Re's approach to ESG integration is built on 3 strategic pillars

Enhancement

- Switched to broad-based ESG benchmarks in 2017, focusing on higher ESG-rated investments

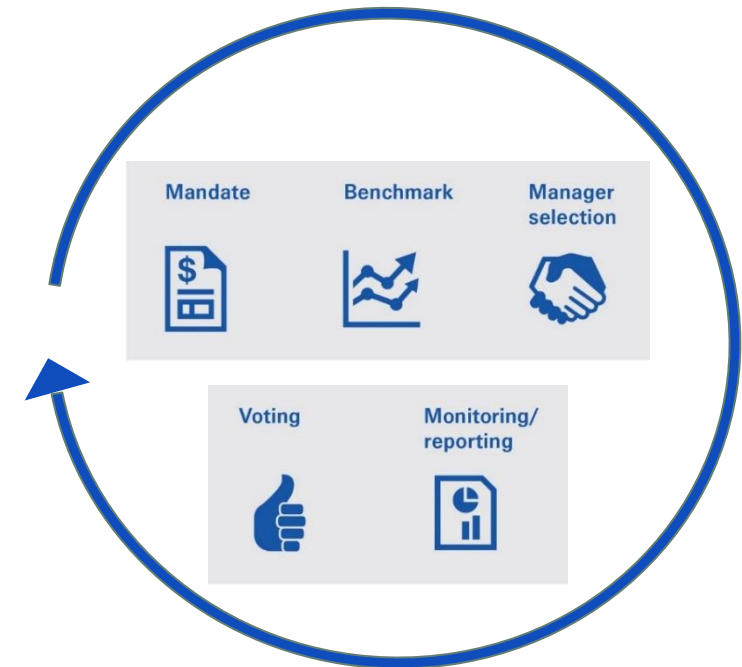
Inclusion

- Thematic and impact investing
- Green bond investments: USD 1.6bn¹
- Infrastructure portfolio¹:
 - 21% in social infrastructure projects
 - 23% in renewable energy projects

Exclusion

- Coal- and tar sand-related companies: more than USD 1.3bn divested since 2016¹
- As per Sustainable Risk Framework

Swiss Re's approach to responsible investing



- ▶ Systematic integration of ESG criteria into investment process and portfolio since 2017
- ▶ Close to 100% assets invested considering ESG criteria

¹ As of April 2019



Externally recognised leadership in sustainability

Recognised expertise

- Participation in the EU Technical Expert Group on Sustainable Finance
- Member of the FSB Task-Force on Climate-Related Disclosures (TCFD)
- Advised 96 sovereigns and sub-sovereigns on climate risk resilience



External acknowledgments

- AAA MSCI rating
- RobecoSAM Silver Class Sustainability Yearbook Award 2019
- Constituent of Euronext Vigeo Eiris Index - World 120 and Europe 120
- Constituent of the FTSE4Good Global
- Top ISS Environmental & Social Quality Scores



Corporate calendar & contacts

Corporate calendar

2019

23 May	Management Dialogues	London
31 July	H1 2019 Results	Conference call
31 October	9M 2019 Key Financial Data	Conference call
25 November	Investors' Day 2019	Zurich

Investor Relations contacts

Hotline

+41 43 285 4444

Philippe Brahin

+41 43 285 7212

Manfred Gasser

+41 43 285 5516

E-mail

Investor_Relations@swissre.com

Daniel Bischof

+41 43 285 4635

Iunia Rauch-Chisacof

+41 43 285 7844

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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 cyclical nature 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 realize 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 realize tax loss carryforwards, 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 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 cybersecurity risks.

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