

News release

Swiss Re sees growing demand for insurance protection, positive outlook for premiums

- Need for insurance protection is growing, driven by increased exposures, risk awareness and evolving client needs
- Swiss Re expects non-life insurance premiums 10% above pre-COVID-19 level by the end of 2021 and continued increases in 2022
- With low investment yields, the industry needs to focus on underwriting results
- Swiss Re continues to upgrade its data capabilities, focusing on partnerships that help clients tackle evolving loss trends and more complex risks

Zurich, 9 September 2021 – Swiss Re expects insurance market premium growth to continue, driven by increased exposures, risk awareness and evolving client needs. According to Swiss Re Institute, non-life insurance premiums are expected to be 10% higher than the pre-COVID-19 level by the end of 2021. Heightened risk trends will increase the need for insurance protection, but also require a greater focus on evaluating and modelling, and ensuring pricing is adequate for the risks taken.

Ahead of the Rendez-Vous de Septembre 2021, Swiss Re today shares its view on the state of the market and possible implications for the renewals season. A key discussion point for re/insurers in the current environment will be heightened risks, driven by longer-term trends and their implications.

Swiss Re's Chief Executive Officer Reinsurance Moses Ojeisekhoba said: "There is a clear recognition that claims' frequency and severity is rising as demonstrated by recent natural catastrophes or cyber incidents. This means the need for protection is growing, and the industry has important work to do in offering insurance and closing the protection gap. Swiss Re's extensive risk knowledge and very strong capital position allow us to support our clients in their growth ambitions."

Climate change poses the biggest long-term threat to the global economy. According to Swiss Re Institute, the world economy is set to lose up to 18% of gross domestic product from climate change by 2050 if no mitigating actions are taken. Especially the risks from secondary perils, such as floods or wildfires, are growing, also driven by urbanisation, exposing ever larger communities and assets to extreme climate events. Increased digitalisation

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and interconnectedness are adding to the current risk landscape, for example in the area of cyber protection.

Consequently, there is a greater need for insurance protection translating into a positive outlook for premiums as these will need to reflect increased exposures. According to Swiss Re Institute, non-life insurance premiums are expected to rise 10% above the pre-COVID-19 level by the end of 2021 to USD 6.9 trillion and surpass USD 7 trillion in 2022 for the first time ever.

While climate change is a real threat, it also poses the largest growth opportunity to the industry as major investments will be necessary. According to Swiss Re Institute, to achieve the 2030 agenda for global sustainable development, investments in the order of USD 6.9 trillion a year will be required.

Re/insurers also need to prepare for elevated inflation risks. Consumer price inflation pressure is expected to remain high in the near term and medical and wage inflationary pressures, which are particularly relevant for non-life claims inflation, are expected to build up in the medium term. In addition, the social inflation trend in the US is likely to continue, driven by a litigious environment. Pricing must reflect these trends and anticipate higher claims activity.

Swiss Re's Group Chief Underwriting Officer Thierry Léger said: "As the risk landscape evolves and risks become more complex, there needs to be an even greater focus on evaluating and modelling these risk trends and ensuring pricing is adequate for the risks taken. Therefore, the importance of underwriting capabilities is further increasing, all the more given the persistent low interest rate environment. Accordingly, at Swiss Re we continue to focus on scientific, technology- and data-driven underwriting approach."

Swiss Re continues to make significant investments to upgrade its data capabilities across the value chain, transforming from being a data-supported to a data-led underwriting organisation, which holistically exploits its data strengths. Data-driven insights and automated, analytics-driven processes (machine learning, natural language processing) are more comprehensive of related data points, push conformance to standards and foster an accurate, unbiased perspective on underwriting decisions. This will also be to the benefit of Swiss Re's clients.

The Group's continuous investments in technology and data is also an important component of Swiss Re's Solutions approach – the foundation for offering clients help to manage existing and emerging risks. As some of the loss trends mentioned before are emerging and risks are becoming more complex, primary insurers are looking for reinsurers to not only provide capital but also offer knowledge, confidence in assessing risk, and diversification.

Swiss Re's Chief Executive Officer Reinsurance Moses Ojeisekhoba said: "We work with leading partners to address problems across the insurance value chain. We are convinced that through these partnerships and by leveraging Swiss Re's global capabilities and experience, we are best positioned to help our clients maximise value while driving measurable impact. This way, we collectively unlock new business models across the industry, push the boundaries of insurance and reduce protection gaps."

Media conference call

Swiss Re will hold a virtual media conference this morning at 10:30 CEST. You can join the media conference via your computer or Teams mobile app here: [Microsoft Teams Meeting](#). Alternatively, you can dial in (audio only) using the below numbers and conference ID:

Conference ID: 909 836 284#

Switzerland:	+41 (0) 43 210 5761
United Kingdom:	+44 (0) 20 3443 6271
Germany:	+49 (0)69 3650 5756 8
France:	+33 (0)1 7037 8776
Hong Kong:	+852 3704 2823

For additional local dial-in numbers, please click [here](#).

Swiss Re

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.

For logos and photography of Swiss Re executives, directors or offices go to <https://www.swissre.com/media/electronic-press-kit.html>

For media 'b-roll' please send an e-mail 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 cyclical nature of the reinsurance sector;
- central bank intervention in the financial markets, trade wars or other protectionist measures relating to international trade arrangements, adverse geopolitical events, domestic political upheavals or other developments that adversely impact global economic conditions;
- increased volatility of, and/or disruption in, global capital and credit markets;
- the Group's ability to maintain sufficient liquidity and access to capital markets, including sufficient liquidity to cover potential recapture of reinsurance agreements, early calls of debt or debt-like arrangements and collateral calls due to actual or perceived deterioration of the Group's financial strength or otherwise;
- the Group's inability to 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;
- 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.

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