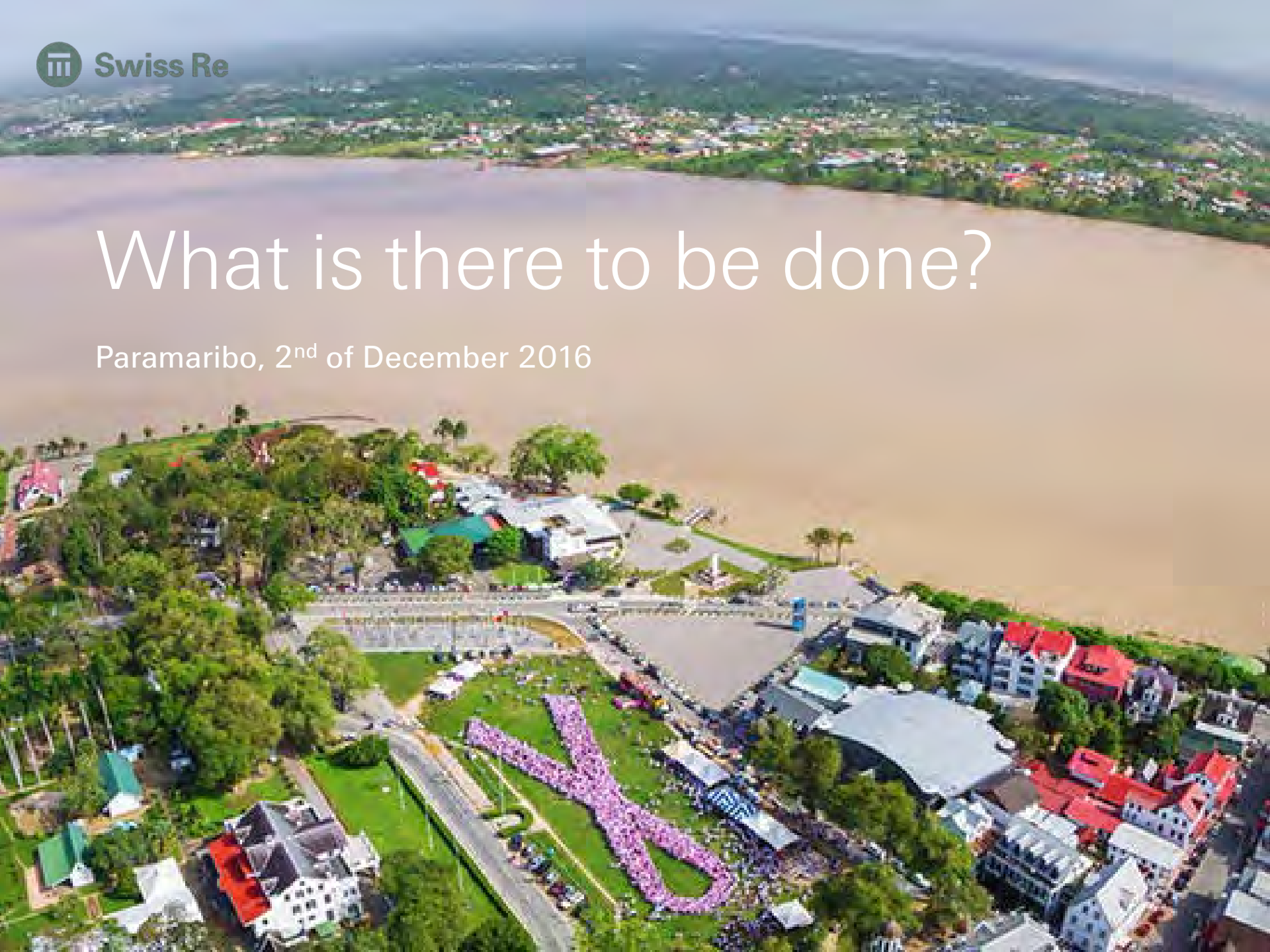


What is there to be done?

Paramaribo, 2nd of December 2016



Digital age: the landscape is changing



- Speed of change: the multiplication of cognitive power
- Accelerating adoption rates of new technologies
- Depth of change: qualitative transformation
- Rapid change of consumer behavior
- Explosion of data volumes
- The systemic nature of change: affecting all aspects of life



- Need to adapt the business model: organization, product offer, distribution
- New ways of thinking how to embrace new technologies
- Large scale investments in infrastructure, expertise & skillsets
- Significant changes in competitive landscape to be expected

The digital age – “This time is different”

- the **speed** of change
 - ✓ the multiplication of cognitive power
- the **depth** of change
 - ✓ qualitative transformation
- the **systemic nature** of change
 - ✓ affecting all aspects of life

What are the main drivers of the reinsurance market?

M&A and “flight to quality”

- Size matters – A-minus rated, small reinsurers get squeezed out of the market
- Flight to quality; first-tier reinsurers are getting better shares and conditions.
- Third-tier reinsurers' seek greater scale in the r/i business to defend against commoditization

Diversification

- To reduce reliance on property-cat r/i several companies have purchased or merged with primary insurance carriers.
- Casualty lines, specialty lines, life & health are more complex to underwrite and don't lend themselves to commoditization
- Personal lines: value creation lies in distribution, market segmentation, underwriting, claims.

Changing role of the broker

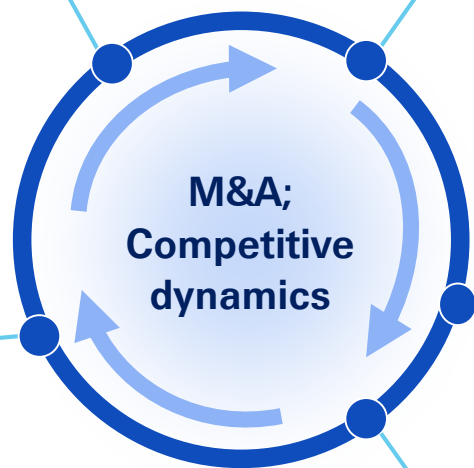
- Developed analytical expertise in the space of alternative capacity; sponsoring alternative capacity;
- Monetizing data and analytics; innovating technology platforms
- Increased bargaining power through consolidation among brokers and fragmentation of commoditized capacity

Shrinking profit pool

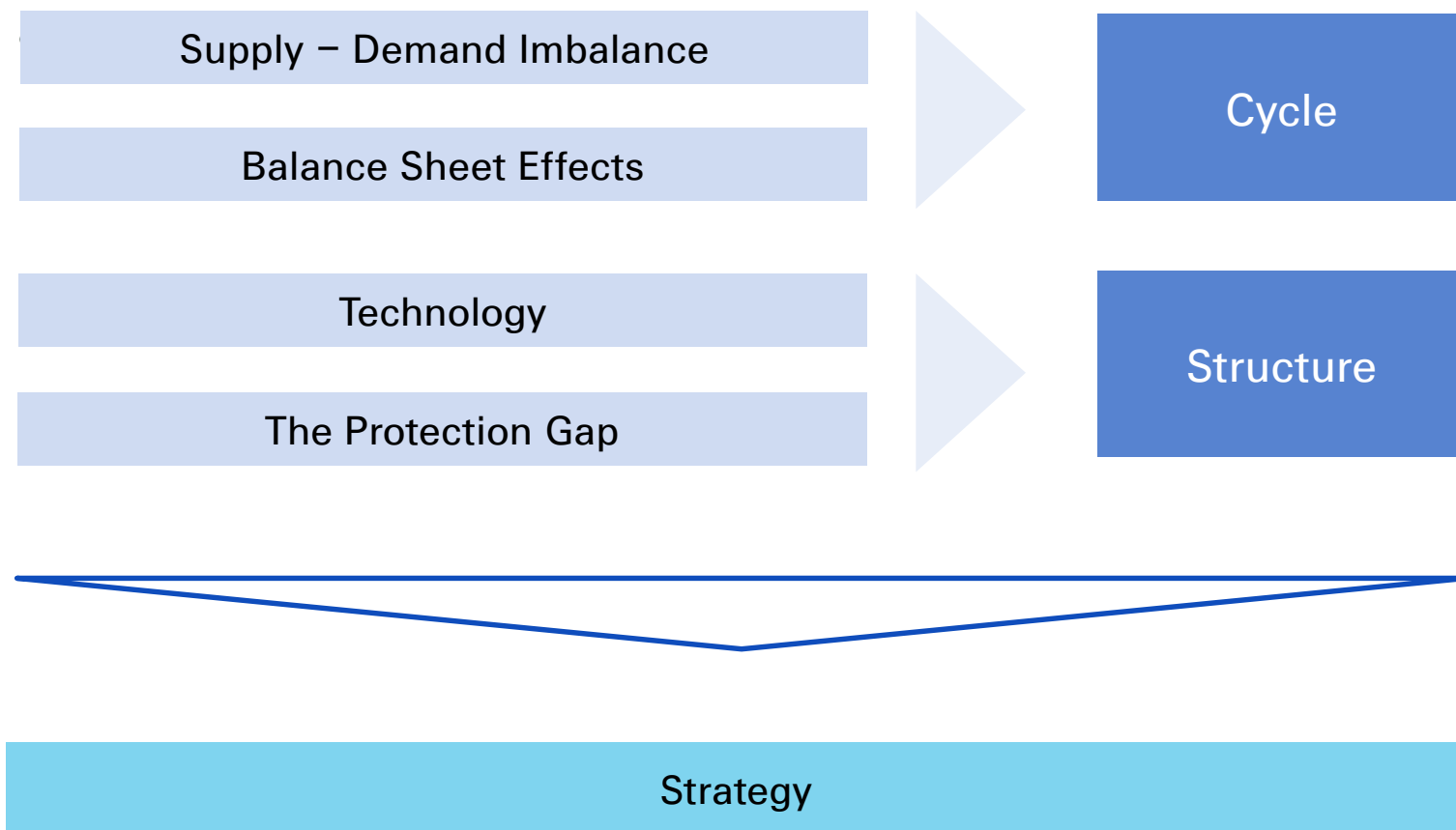
- Weak organic market growth due to sluggish global economy and negative rate trends
- Margin compression due to lower investment yields and softening premium rates

Excess capital

- Strong capitalization; excess capital of traditional carriers;
- Inflated assets due to low interest rates; reserves adequacy?
- Influx of alternative capital; instruments are well established; growing interest from long-term investors; specialized funds are key intermediaries for AC capital flows



A way to think about it: cycle vs structure



Swiss Re's strategic pillars and initiatives

Innovation, e.g. in Telematics* Protection gap



- The Motor landscape is changing
- Insurers prepare for the new world of autonomous vehicles and connected cars
- Automated vehicles will slow but not prevent growth



- The protection gap for L&H and e.g. for flood in P&C is large and growing
- Insurance providers develop new products and collaborate to close the gap.

Capital Management

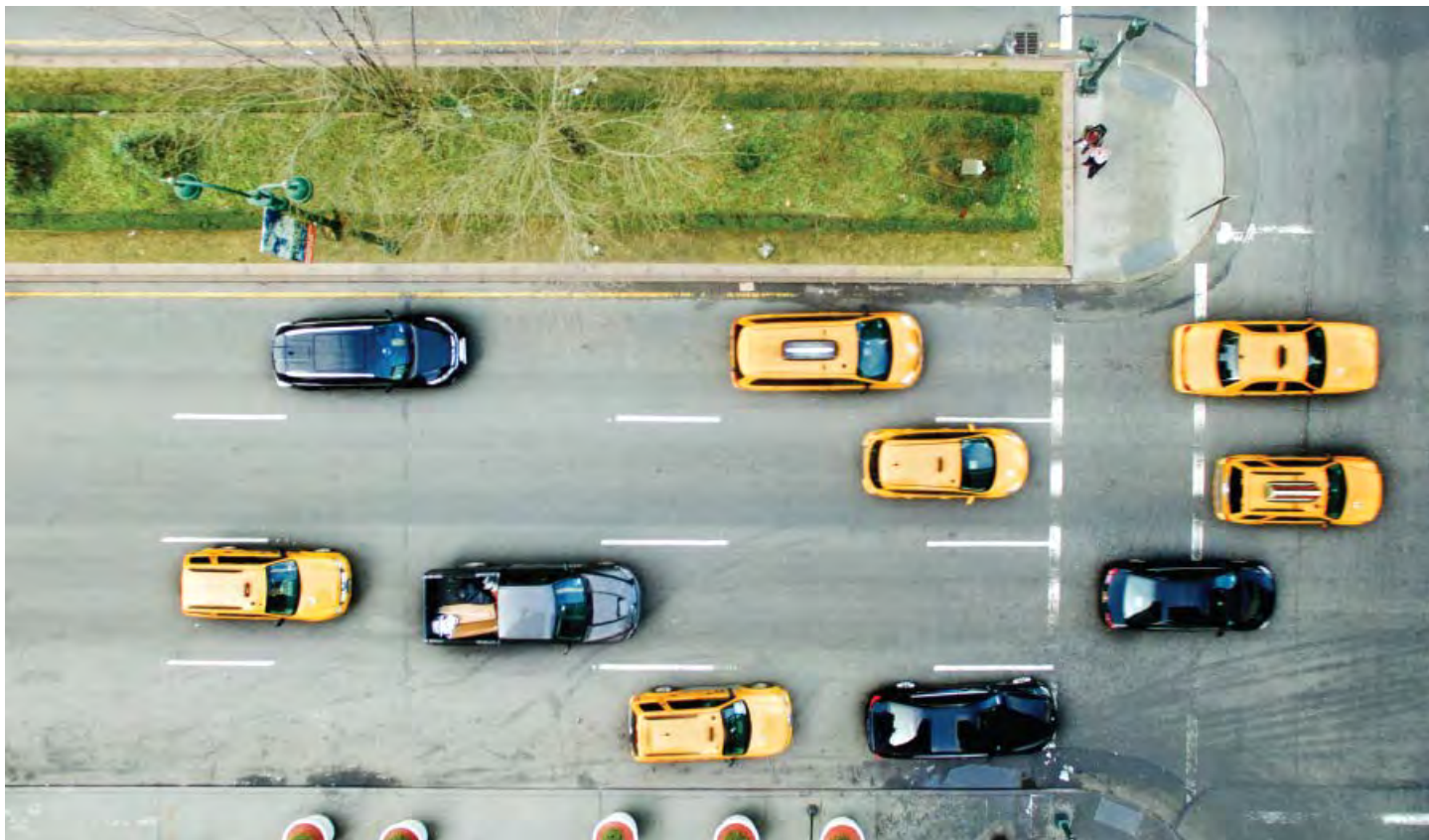


- Reinsurance is used as smart combination with equity and debt
- Reinsurance is used to reduce capital requirements and enhance capital flexibility

*Telematics is the technology of sending, receiving and storing information relating to vehicles – via telecommunication devices. It is the basis of digitalization in Motor.

Innovation and new technologies - Telematics

Why engage now? Connecting the dots



http://media.swissre.com/documents/SwissRe_Telematics_connecting_the_dots_FINAL.pdf

Protection gap

New products in L&H



Growing demand for health products.
The expected growth of the primary market between 2013 and 2020 is 5% annually for mature market and 10% annually for market with strong development.

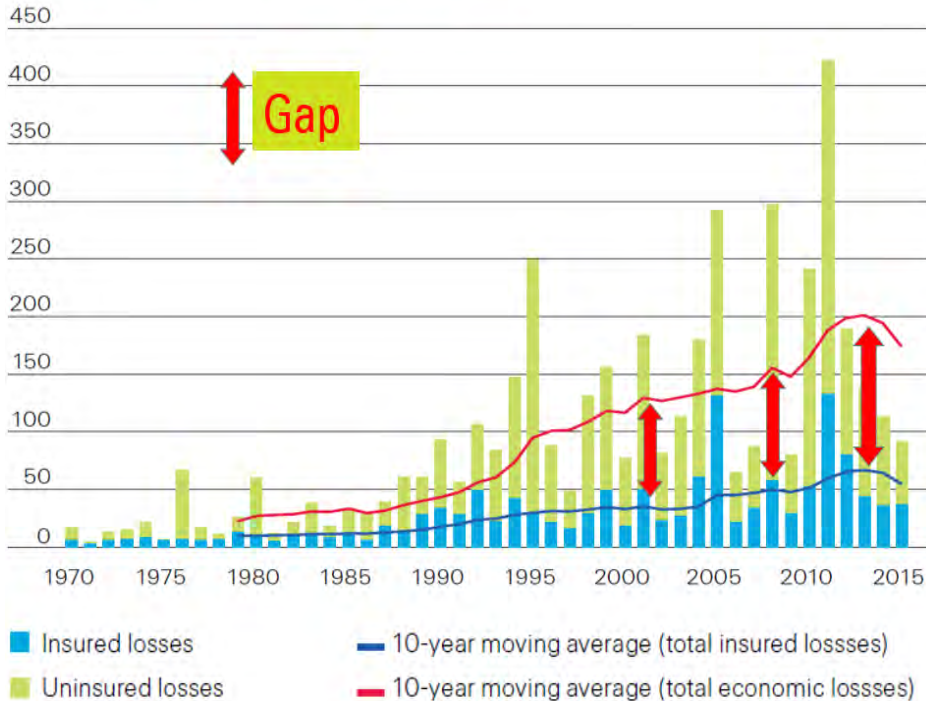
(Fuente: Swiss Re Economic Research and Consulting)

Protection gap

Collaboration to become more resilient

How big is the natural catastrophe property protection gap?

Insured vs uninsured losses,
1970–2015, USD billion in 2015 prices



Closing the gap

Both the private and the public sectors can play a role in closing the gap.

Create and Optimize the Distributions Channels

Increase insurance knowledge

Simplified Products / Consumers Confidence

http://www.swissre.com/media/news_releases/Underinsurance_in_property_is_a_global_and_growing_challenge_says_latest_Swiss_Re_isigmai_study.html

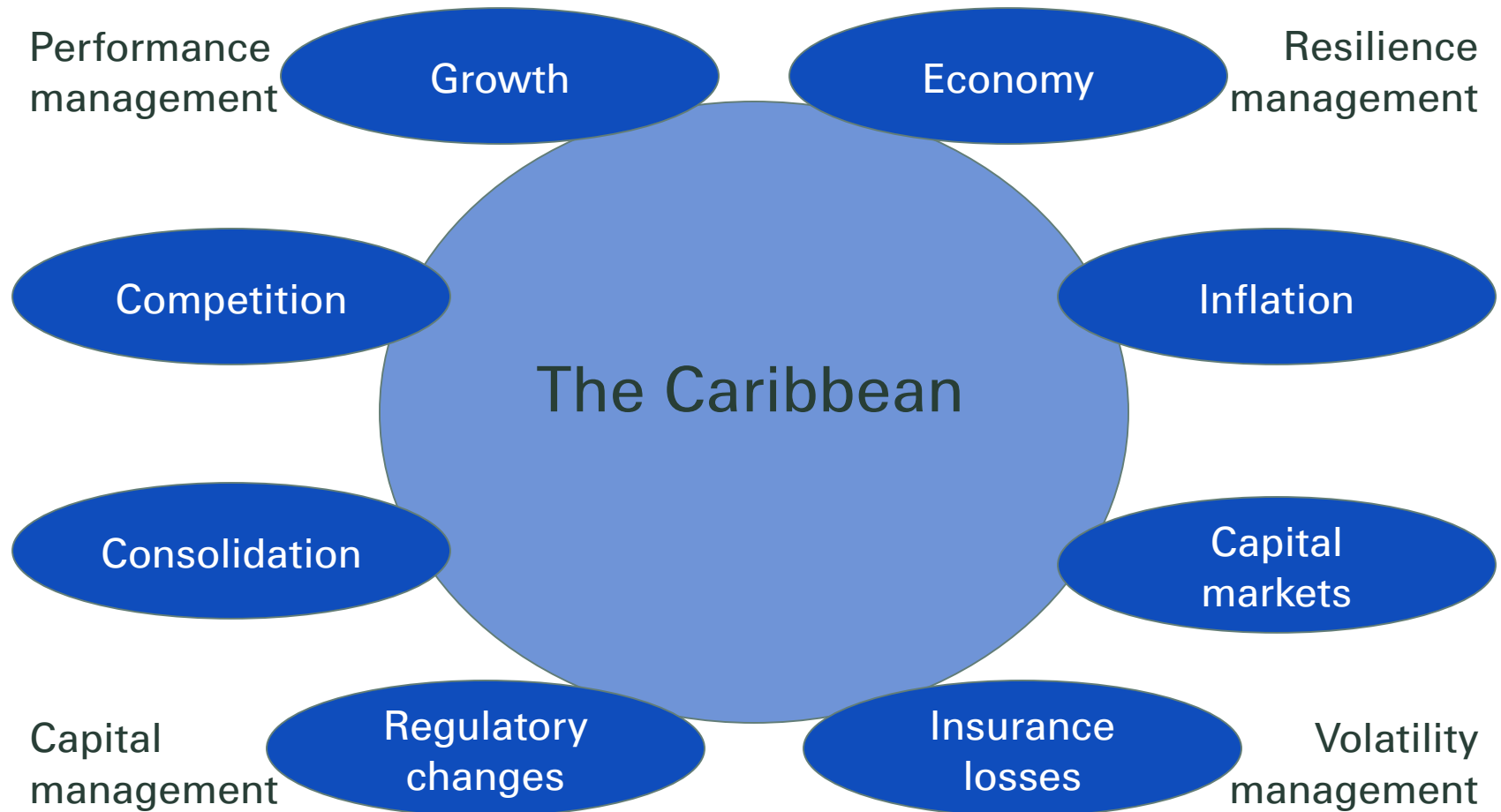
Value Proposition of Parametric Insurance



- ✓ Parametric insurance makes sense for **those without access to insurance**
- ✓ Parametric insurance makes sense as a **complement to traditional insurance**
- ✓ Parametric insurance does **not** make sense as a **substitute for traditional insurance**

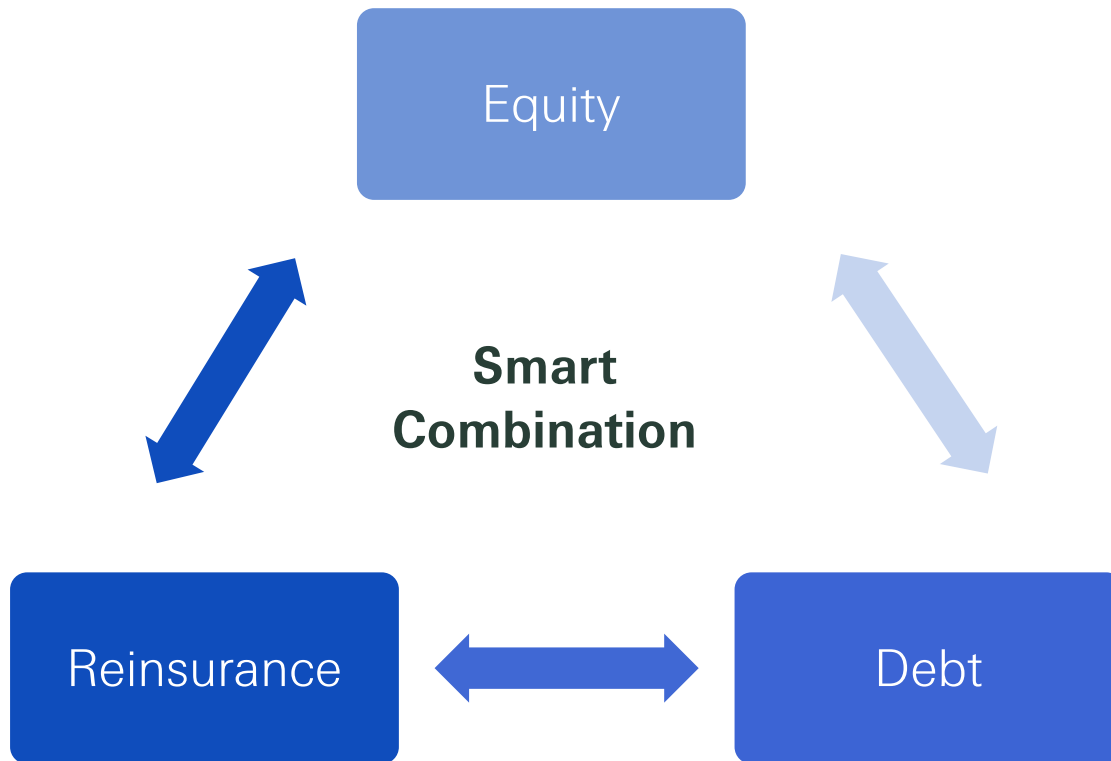
A glance into the market

What are the main topics of discussions today



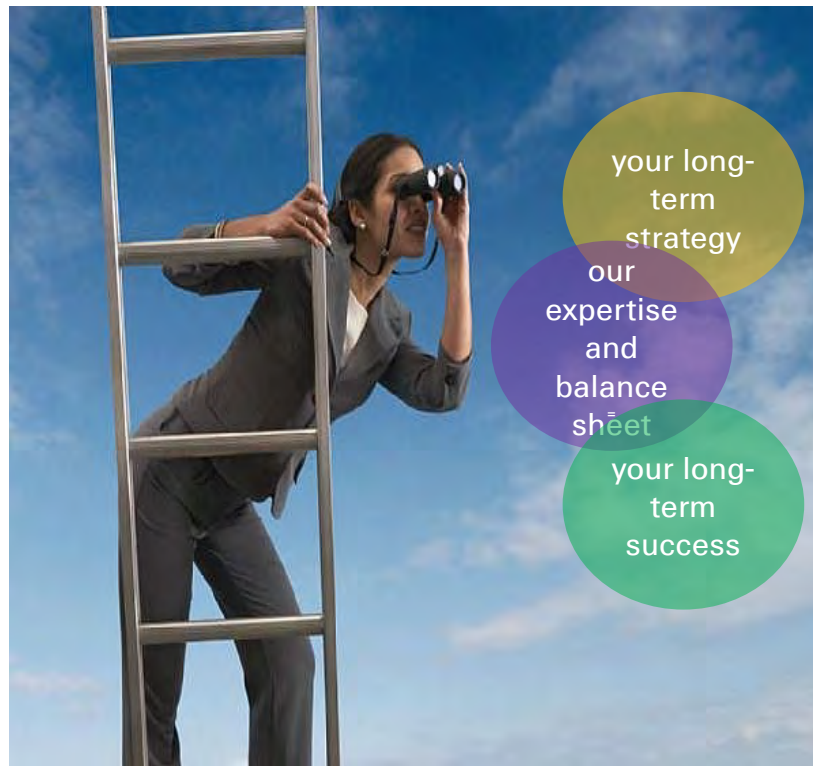
How to raise strategic capital smartly

Flexibility and reversibility



Focus on strategy for success

Swiss Re as your partner





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