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Market Intelligence

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Earnings Call

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Call Participants

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Presentation

Operator

Good morning or good afternoon. Welcome to the Swiss Re's 9 Months Conference Call. Please note that today's conference call is being recorded.

At this time, I would like to turn the conference over to Andreas Berger, Group CEO. Please go ahead.

Alexander Andreas M. Berger
Group Chief Executive Officer

Yes. Thank you very much, and good morning or good afternoon to all of you. Thank you for joining us today. Before our Group CFO, John Dacey, will walk you through the details of our 9 months results for 2024. I'll start by briefly sharing some remarks on the reserving actions we announced last week.

Last week, we preannounced that we have significantly strengthened P&C Re's U.S. liability reserves. Specifically, we added USD 2.4 billion to P&C Re's prior year nominal U.S. liability reserves in Q3, bringing total prior year U.S. liability reserve additions to USD 3.1 billion for the first 9 months of this year. Our third quarter action addresses the outcome of a comprehensive review, which considered the latest industry data and legal trends.

The significant amounts we have added reflect the incorporation of an adverse future scenario into our reserving assumptions. Looking forward, we expect now to sleep well. Ridiculously well when it comes to this part of our business. Although, of course, we will remain vigilant and proactive wherever required, in particular, when it comes to writing new business.

Loss developments in the U.S. liability remain an overall industry issue, and this is why we will remain cautious on new business as evidenced by the 21% pruning of our book at this year's renewals. At the same time, we have accelerated the achievement of our goal to position ourselves in the overall P&C reserves at the higher end of the best estimate range, specifically at the 90th percentile of the best estimate range.

We achieved this because the vast majority, USD 2.8 billion of the year-to-date U.S. liability reserve strengthening of USD 3.1 billion, as I said, represented a true net increase in reserves, true net increase in reserves with only very modest reallocation from other lines. The resulting significantly increased reserving strength represents an important step in enhancing the overall resilience of the Swiss Re Group and laying the foundation for greater success in the future.

From here on out, we do not expect negative net reserving impacts to drag down our results. We'll continue to apply the uncertainty load on new business, while focusing on our clients, rigorous portfolio steering, disciplined underwriting decisions and setting prudent initial loss assumptions. Despite the weight of the third quarter reserving actions and the fact that the quarter featured a number of significant natural catastrophe events, the strong underlying underwriting and investment results across all our business units allowed us to post a small profit for the quarter.

For the full year 2024, assuming normal natural catastrophe experience from here on, we expect our group net income to exceed USD 3 billion. You've also most likely heard about the progress we are making on our decision to withdraw from iptiQ. We announced last week that we sold iptiQ EMEA P&C to Allianz Direct. For the remaining parts of the business, we continue to evaluate options as we aim to maximize the value for the group. I can surely say we are on plan with all our actions. I look forward to providing further details on our near-term priorities at our management dialogue and events in -- on December 13.

On that date, we will also announce our financial targets for 2025. John Dacey will be with me, and we will be joined by Urs Baertschi, our P&C Re's CEO; and also by Philip Long, our Group Chief Actuary, and we're looking forward to an extended Q&A opportunity there. In the meantime, believe us, we remain vigilant and focused on sustaining the strong underwriting results, our businesses of all our businesses that have delivered thus far.

With that, I'd like to hand over to John Dacey, our Group CFO, for more details on the numbers.

John Robert Dacey
Group Chief Financial Officer

Thank you, Andreas, and good afternoon or good morning to everyone on the call. I'll make a few remarks about the results we released this morning before we go to the Q&A. Our group net income stands at $2.2 billion for the first 9 months of the year with a third quarter profit of $102 million. Outside the U.S. liability reserving actions, the main drivers for this result were disciplined underwriting, helping the business to successfully navigate a third quarter with increased natural catastrophe activity and also benefiting by strong recurring investment income.

P&C Re's 9-month combined ratio of 92.8% reflects the resilient underwriting result, as it includes the net negative impact of $2.8 billion reserve strengthening. The large net cat claims experience remained favorable for the first 9 months with losses of a little over $800 million compared to a budget for large net cat losses of about $1.35 billion for those 9 months.

In the third quarter, we reported large net cat losses of approximately $750 million, whereof around $600 million were related to events in the third quarter. More specifically, there were 4 events for which we booked between $120 million and $150 million each. Two in Canada, the Calgary hailstorms and Hurricane Debby, where most of the damage was actually -- losses came from Canada, the summer storm Boris in Europe and Hurricane Helene in the third quarter.

As a reminder, in the second quarter of 2024, we put up an allowance to cope with the uncertainty of where ultimate claims of some large net cat and man-made events would end up. In the third quarter, we booked just below $200 million of additional losses for those events. As we do not expect any further loss creep, we released the remaining IBNR of around $100 million into the third quarter result.

On Life & Health Re, we reported net income of $1.2 billion for the first 9 months of the year, driven by our in-force margins and recurring investment income. Our mortality claims experience in the U.S. remains slightly favorable, although this was more than offset by assumption updates we undertook related to onerous contracts, mainly in the EMEA region.

We flagged during the first 2 quarters that Life & Health Re's net income benefited from a little bit of noise related to the IFRS transition, specifically a tailwind from out-of-period adjustments related to the opening IFRS balance sheet and the 2023 comparatives.

In the third quarter, we faced some headwinds from out-of-period adjustments to the amount of about $80 million on the insurance service result. Without this impact, the quarter would have been well in line with our pro rata target. Following an overall successful first 9 months of 2024, Life & Health Re continues to target the net income of approximately $1.5 billion for the full year. We also expect the impact of out-of-period adjustments to reduce going forward as we near the end of our first year of IFRS reporting.

Corporate Solutions continues its excellent track record with a 9-month combined ratio of 89.4%, reflecting the strong underlying business performance. The benign man-made experience and favorable premium volume developments in the first 9 months were partially offset by losses from large net cat events. Corporate Solutions is on track to overachieve the full year target of the combined ratio of less than 93%.

The return on investments was strong through the first 9 months of the year at 3.9%, driven by higher contribution from recurring income, which increased by about $400 million year-over-year. The recurring income yield for the first 9 months was 4%, while the reinvestment yield for the third quarter stood at 4.6%, continuing to benefit from higher interest rates.

Finally, our capital position remains strong with a group SST ratio of 284% above the top end of our targeted long-term range. The ratio reflects important methodology updates, which reduced the reported headline ratio while significantly lowering the sensitivity to interest rate movements. We've provided you with the updated sensitivity in the presentation published today, implying that in the case of a 200 basis point decrease in interest rates, our SST ratio would end up in roughly the same place as under the previous methodology, even though we started from a higher base in that methodology.

The sensitivity interest rate has effectively been cut by half. And in this case, the update adds relevance to the target between 200 and 250 basis points over the long term. Looking ahead, as Andreas also mentioned, we expect to achieve a group net income of more than $3 billion for 2024, assuming normal loss activity for the remainder of the year. This outlook reflects the preliminary loss estimate for Hurricane Milton of less than $300 million across P&C Re and CorSo.
With that, I'll turn it over to Thomas to help us manage the Q&A.

Question and Answer

Thomas Bohun
Head of Investor Relations

Thank you, Andreas. Thank you, John, and hi to all of you from my side as well. As usual, before we start, if I could just remind you to limit yourself to 2 questions. And if you have follow-up questions, please rejoin the line. With that, operator, could we have the first question, please?

Operator

The first question comes from Hossain Kamran from JPMorgan.

Kamran Hossain

It's Kamran from JPMorgan. The first question I wanted to ask is just -- how much should we read into the 9 months result, when we try to think about next year, so for 2025. I know you can give us a much better steer in a month or so's time, but it looks like you've had really good results in P&C. Really maybe some good luck, when you net out the reserve release on Net cat. CorSo is running better in Life is also going pretty strong. How much should we read into 9 months? Or should -- when we think about the guidance for next year, where that's going to start, should we use maybe where you start at the beginning of the year on guidance at the right place.

The second question is just on the SST change. Just really interested in what the motivation to change the methodology was. Is this reliability resilience? Is this just a part of a wider assumptions review across the group just some kind of what did that -- kind of what drove that change in methodology and a decision today for it?

Unknown Executive

Kamran, I think I'll probably take both of those. As we said, we'll give you in a month's time an indication of -- or not an indication, actually, the targets that we'll set out for full year 2025.

Your question is, can you extrapolate from 9 months? I can say what we don't know today is exactly where the renewals for P&C Re will land and the continued updating of the portfolio for CorSo. But by and large, we believe we're in a very attractive market for the P&C business. Both P&C Re and for Corporate Solutions.

The significant cat activity here in the third quarter. I think we'll remind primary companies of the need to buy reinsurance. We expect demand to be robust. And this is not just continued attempts to get lower layers covered. But frankly, when you look at asset inflation and the increased value of property in many markets, especially but not only in the United States, primary companies are also looking to increase cover at the top ends of their powers and while there might be more supply available there at the current rate level.

We think we should be fine on a risk-adjusted basis in these renewals. So I think the starting point probably is what would be a more normalized return.

Andreas was as clear as I think one can be that we don't expect any further drag coming from adverse development on our portfolio in casualty, which has been the only source of reserve -- required reserve increases in the book. And so that's in good shape. I think the Life and Health business. We've made some adjustments on some portfolios. Our goal very clearly is to stay on track for the $1.5 billion net income, and we will continue to do what we need to do to land this one. I know we've had to make the tough decision on the reserving to not keep the 3.6 income for the full year. But I hope people understand that on an all-in basis, we feel much better off in terms of where this position us going into to 2025.

So there's a probably longer than you needed to answer to the first part of the first question. On the second question, motivation, I think everyone saw as did we, that the volatility related to the change in interest rates was a little out of kilter for Swiss Re, at least compared to the people reporting on Solvency

II. We've done our own analysis. The way we were doing it was correctly described and external reporting. But in conversations, both internal and then ultimately with our regulator, FINMA, we saw that the need to make some adjustments to line this up with what we thought would be a more reasonable way and coherent with clear guidance from FINMA on what they would -- where they might expect us to land.

So that combination, I think, brought us to this. We reduced the starting point, but I'm actually as a CFO, much more comfortable with this reduced volatility and not having to worry about surprisingly large swings on events that I don't necessarily control.

Operator

The next question is from Will Hardcastle from UBS.

William Fraser Hardcastle
UBS Investment Bank, Research Division

First of all, just coming to the reserve addition in the liability. How much of that are you able to say was driven by increasing the percentile versus some of just naturally assumed higher ultimate outcome? And I'm just trying to understand if it's a percentile of uplift. Does this get reflected in SST or not? I'm not quite sure on that.

And then maybe secondly, if you could give a rough indication, I know there's a lot of moving parts of where SST would be currently, that would be helpful. Just trying to understand the inclusive of the reserve implications but also reflecting quite wild moves in the capital market, that would be great.

John Robert Dacey
Group Chief Financial Officer

Yes. So the -- what I can say on the reserving, the [$2.4 million] done in the third quarter, almost I can't say all, but the vast, vast, vast majority of this is IBNRs that shows up on top of reserves, which were otherwise adequate at the midyear.

We continue to do real analysis during the course of the third quarter, as Andreas has said, that provided some insights, but we were in the range and what we've changed is getting to a much more prudent position in that range. And so we're modeling continued deterioration of U.S. liability cost year-on-year. And that deterioration, we expect not to be slowed down by any legislative activities in the U.S. over the next 4 or 5 years, we're just extending out a pessimistic view of the world that unfortunately cost the industry, broadly Swiss Re, specifically considerable amounts of money.

And you saw by the distribution that we showed on one of the slides. A lot of the money went into fairly recent years 2021, '22 to a lesser degree, '23, where we've already done some important changes in not just the portfolio, but in the underlying pricing and costing for the business. So I think, again, to get from a midpoint to 90% in this distribution was substantial in terms of the extra amount that we put in, but we did this precisely because we don't want to have to come back to the topic any time for these years.

The second question, the SST, we don't give sort of quarterly updates. What I can say is the place that this reserving would have an impact is on a decreased earnings, which would be part of the calculation for available capital, but it's not material. It's not material in part because we're making money in lots of other places and because we have a target of still making more than $3 billion. And so as a result of that, you should not expect that there's going to be any noticeable negative impact on SST of these reserves as we continue to make money.

Operator

The next question is from James Shuck from Citi.

Thomas Bohun
Head of Investor Relations

Maybe we go to the next question and then catch up. We'll come back to James.

Operator

The next question is from Ivan Bokhmat from Barclays.

Ivan Bokhmat
Barclays Bank PLC, Research Division

I mean, my first question would be on reserving. I think your -- the language you use around the 90th percentile implies that there is a range where you'd like to operate in. I was wondering if you could share some color on that. And same about the accelerating the achievement of the goal.

I suppose this implies that there maybe room for some further strengthening, but you have ruled out any negative earnings impact. Does that mean that you may be taking some charges opportunistically, let's say, if you're outperforming versus budget and the second question, perhaps related to the casualty debate, but Swiss Re has been driving the discussion about social inflation emerging in geographies outside of the U.S.

So I'm just wondering how -- to what extent is that reflected in your reserves? And to what extent is that reflected in pricing for the casualty business into 2025?

John Robert Dacey
Group Chief Financial Officer

So yes. So on this portfolio, you should not expect further opportunistic reserving or charging. When we say we're the 90th percentile, I mean, yes, there is a range there is always a range is arguably pretty vast. It's skewed to the downside. It's not symmetrical. There's -- we know we're going to have to pay certain amounts per year. And then the question is how much ultimate cost could increase. And that's why we say there's a best estimate, which excludes the absolute tails, as you saw in the graphic that we provided in the deck.

But within what aren't true, it is our or convince our a range of what could actually happen. We're at the 90 percentile, and we're very comfortable there. If the true expectations of that distribution occur, you'll find us in a redundant position. History, recent history has shown that the development tends to be negative, even though we've been conservative in this latest view of where the world is going. And so that's why we're confident that this is what we will need for these years of casualty underwriting the U.S. liability in particular, which is the clear, clear focus here.

I think on the potential development outside of the U.S. There are good reasons for us to believe even though there might be some incremental movements in Anglo-Saxon countries, in particular, the difference is in court systems, jury awards and settlements is so vast that the nuclear verdict experience that we've seen in the U.S., we don't expect to replicate anywhere.

On the margin, there might be some focused by people that think that they can increase paid claims one way or another, but it will be a marginal issue, and we priced that into our books across Europe and Australia and other places, where you might see something like this. So I'm -- our eyes are wide open. We talked about this in the Sigma report that was out of September. Those trends are being watched and we're repricing our book where necessary. But we've reserved where we think ultimate cost will be outside of the U.S. as well.

Thomas Bohun
Head of Investor Relations

Thank you, Ivan. Could we have the next question, please.

Operator

The next question is from Andrew Baker from Goldman Sachs.

Andrew Baker
Goldman Sachs Group, Inc., Research Division

The first one is just on the SST ratio. So does a lower absolute SST ratio, but with the lower volatility that you've highlighted actually change your view of deployable capital in the group? And I guess, was there any thought in bringing down or narrowing your target range, where you're going through that exercise? And then secondly, can you just help me, so that the greater than $3.6 billion, 2024 net income target. What was the adverse drag that you'd assume from casualty reserving in that sort of 2024 outlook?

John Robert Dacey
Group Chief Financial Officer

Yes. No, happy to answer the first question and happy to probably frustrate you on the second one. But so the decreased volatility is something we're digesting. I don't expect it will create a tighter range. I mean, in some ways, you could have that range expressed differently as we would expect capital to be above ex percentage points. But for now, I think we're okay where it is.

I think it was massively important is, even with this adjustment, the absolute number as of July 1, remains 34 points above the top end of this range that we provided. So nobody is questioning the strength of our capitalization. Nobody's questioning our ability to write new business at attractive rates, which is what we expect to see as we go into the January 1 renewals. And so continuing to build out our business and to show positive volume growth in this market is supported by this very, very strong capital position.

With respect to the overall targets, we came into the year not necessarily expecting anywhere near the kind of reserving that we've done. We expected to achieve this target. And we frankly, I think, could have achieved the target ahead we've chosen to. It was a choice to go ahead and put this behind us. And it was not taken lightly. We've recognized and maybe Andreas can comment, it's never comfortable missing an external target, but absolutely convinced as a CFO that this was the right positioning for the group going forward.

Unknown Executive

Yes. I mean we did the exercise, the review, as we said, and we looked at all options. And we saw the quality of the underlying book also. And -- it is really as demotivating to have this drag just cloud hanging over you all the time also for underwriting psychology. So we decided then to use or take the opportunity of the very good underlying results to demonstrate that we can afford really this significant one-off effort. It puts us into a new position. We internally say last week, was a change in situation for the company. And that's something that we get as a feedback from internal, but also external stakeholders. So that's all I can say here.

Operator

The next question is from James Shuck from Citi.

James Austin Shuck
Citigroup Inc., Research Division

Hopefully, you can hear me this time. I'm not sure what was wrong. Wonderful. So my 2 questions. So firstly, I just wanted to make sure -- but the new business uncertainty load. So is that uncertainty load at the 90th percentile as well? So ideally, you're flushing through the whole book at that level? And kind of connected with that, as you expect the 90th percentile to runoff at this estimate, should we factor in prior year reserve development because some of your peers reserve around that level, we think. And we're expecting kind of 5 points of reserve releases.

So at some point, presumably, if everything goes to plan, that's the kind of number that we should [ink] in? That's my first question. And then secondly, the combined ratio in P&C Re, it looks to be like it's 79% to 80% roughly in -- at the 9-month stage on a normalized basis. Could you just confirm to me that that's how you see it as well?

John Robert Dacey
Group Chief Financial Officer

All right. Let me give this short, James. I think it's very important that the business we're writing in 2024 and that we will write in '25 and '26. In U.S. casualty will be conservatively reserved consistent with where we book reserves for these years that we just strengthened and so again, we're expecting a annual deterioration and loss costs, that's what's built into the costing, where we quote is one of the reasons, frankly, why this book is shrinking aggressively because at the moment, we're pricing ourselves a not necessarily attractive rate for our clients.

Some of them still want Swiss Re on their programs even at the higher rates, but that's what we're charging. And then the uncertainty goes on top of that. So I suppose, mathematically, that uncertainty load is being on top of a prudent new business positioning. It will be a nice problem to have, if, in fact, the reserves run off at the midpoint of this distribution rather than at the 90 percentile.

Again, recent history suggests that's not the case. And that's why we've gone to 90% to be prepared for the kind of deterioration. I don't think you should expect us to be schizophrenic and put $3.1 billion of new reserves up this year only to release next year. But sometime in the future, are we likely to have more than enough reserves I'm not sure I use likely, but used certainly would say that, that's the way the model would work. And my successor may have a nice problem to have some time in the future. But you should not expect in your modeling for 2025 and anything coming through as we continue to evaluate how this business is developing. But again, our strong belief is we will not have to add any additional reserves for deficiencies in this book as we go forward.

Your second question was on the combined ratio. I think you've correctly made an adjustment for one-off benefit that we had from the risk adjustment in the third quarter. And yes, I mean, an underlying combined ratio in 2024 of approximately 80% is not inconsistent with the way the business has been performing. I think, again, as we go into 2025, we do expect us to increased the estimates for loss cost on all lines of business, including property. Part of this is some residual inflation.

Part of this is model updates. And so we need to get enough rate to cover those to be able to continue to have a strong performance on the combined ratio. Again, that will be a target, which we will disclose to you in a month.

Operator

The next question is from Michael Huttner from Berenberg.

Michael Igor Huttner
Joh. Berenberg, Gossler & Co. KG, Research Division

I've got 1 really cheeky question and 1 kind of boring one. The cheeky question is. You get a bonus this year and the -- because if I remember correctly, you guys now target net profit and there's no excuses, but it's a question.

And I'm sorry, you probably think I'm cutting you off my Christmas card list. And then the other question is more boring. I'm trying to work out what the kind of run rate profit and I'm getting a lot of different numbers, but if I use the 80% you just mentioned and the $15 billion revenues and in P&C Re, and kind of add back that difference to the 92.8% combined ratio.

I get to roughly $3.8 billion for 9 months, which would annualize at just over $5 billion. Is this kind of a rough number we -- either one can think of.

Unknown Executive

So on the -- your first question, there are a couple of different dimensions on which bonuses are calculated the net income is certainly 1 of them. And so again, we've decision not taken lightly, but we're doing what we think is the best thing for the company and for shareholders. And the Board eventually will decide where they want to approve whatever bonuses might or might not be coming through at year-end.

We also have a total shareholder return dimension for long-term compensation. And as we believe this is the right thing for our long-term shareholders, there's an alignment of interest to get this right. I might add. On your second point, again, I just need to ask a little bit of your patience. It really is December 13, which really is 1 month away for us to deliver the targets. But I think reiterate, the business is performing well. We are in a well-priced market not every dimension, we still would argue very strongly that U.S. casualty prices need to continue to increase at the primary level and at the reinsurance level.

We also think that there's some sub lines FinPro in particular. On the primary side, it is inexplicably underpriced, and our underwriters can give me a longer list of other places. But broadly speaking, this is a money market where we think there's no question of covering our cost of equity and doing very well, even with this reserve addition at 9 months, it's a 13% return on equity.

Operator

The next question is from Derald Goh from RBC.

Derald Goh
RBC Capital Markets, Research Division

The first question I have is from Life and Health Re. So you've had 3 quarters of negative experience variance now seems to be getting worse. Are you comfortable with the state of the life and health reserves? Or do you feel like this is something that you'll be addressing as well going forward? And then secondly, so you spoke about this $0.5 billion new business uncertainty low post tax for this year.

Can you say how much you've added through 9 months and whether this was or might be compromised by the reserve review or if you get 4Q cats that you just have to secure that $3 billion target and maybe not add as much as in this $0.5 billion for the year.

John Robert Dacey
Group Chief Financial Officer

Yes. So on the Life & Health, I don't think it's deteriorating in the third quarter. Again, recognizing that we had to adjust the total net income target for the group, the net income target for Life and Health remains very much in our sights, and we expect to get there. We've made some adjustments on assumptions and a couple of places it relates to businesses which are already classified as onerous under IFRS, and that's had a negative impact on the P&L and other places.

It's just been an adjustment to the CSM. But not big numbers and the major adjustments that we thought we needed to make, we made in '22 and '23, and that relates to broad-based mortality, U.S. in particular, where the lingering effects of the pandemic seem to have kept mortality elevated and also our Asian critical illness portfolios, where actual performance was below initial expectations, although still unambiguously positive as a line of business.

So I think you shouldn't be overly concerned about some adjustments that we're making on assumptions, they're playing through, but it leaves us with a strong position. And again, a overview on a CSM, which remains plus or minus USD 20 billion. And with respect to the P&C Re, the reserving we did was for all years up to and including 2023.

Your question was, what about -- we borrow some of the...

Thomas Bohun
Head of Investor Relations

I think the question was how much of the uncertainty load has come through year-to-date. And Daryl, that's about 2/3 of the $500 million post-tax full year guidance we gave, roughly 2/3 has come through the result, and we expect the remainder to come through in Q4.

With respect to guidance beyond this year, we'll update that next month management dialogue.

John Robert Dacey
Group Chief Financial Officer

And for the absence of that, when you say come through that's been a charge to us in 9 months. It's not that it's come through as a positive. This is a net increase of -- on the expenses -- loss expenses.

Operator

The next question is from Faizan Lakhani from HSBC.

Faizan Ahmed Lakhani
HSBC, Research Division

I'm just trying to understand and tie back all the information around 2025 and forward. As one of the questions sort of concluded the earnings power is much stronger than your $3.6 billion and the first 9 months shows that. Would it be fair to say that you're more steering towards a cross-cycle ROE? And would it be I guess, in terms of philosophy, are you willing to show strong experience during the hard market and the benign sort of claims periods?

Second question is on the SST. You resolved the issue in terms of liability, your solvency sensitivity has come down and your solvency is still well above your target range. What's stopping you from returning further capital back at the full year?

John Robert Dacey
Group Chief Financial Officer

So on your first question, again, I'm probably going to ask for a little bit of patience here with respect to outlook for 2025. We really will provide, I think, adequate details in a month. Again, we're coming from a nicely performing position in 2024. We expect market conditions to continue to be very supportive as we go into 2025, and that will inform the targets that we put out there.

So if you can be a little patient for us. So there's no negative surprises that I would expect, but I also expect the -- or you should expect that we want to be sure and thoughtful that we put targets, which we're going to make. It was a little bit of frustration they have to put the $3.6 billion is no longer valid. We will not have the same issue next year.

So that's it. On SST, look, the -- our capital objectives remain the same. We want to be extraordinarily well capitalized. We are facing, I think, when you look at the macroeconomic environment, nontrivial uncertainty, geopolitical certainly has probably not gone down in the last 10 days in terms of potential risk factors. The volatility in financial markets over the coming 2 years, we expect to be strong. And so I don't think you should expect us necessarily to dive down on the retained capital position.

Having said that, the second parameter after being strongly capitalized is to grow the dividend. We showed that we returned to growth in 2024, based on 2023 results, I think even with $3 billion instead of $3.6 billion of earnings, we strongly cover any reasonable increase to the dividend. And the board will ultimately decide what to do there in February.

For actions beyond the dividend that ultimately is in the hands of the Board. But I think they've encouraged us to find profitable business to ride and continue to grow the book, grow the earnings as we go forward. It's not necessarily a one-for-one trade-off with other flexibility, but let's wait for the year-end and see where we stand.

Operator

The next question is from Simon Foessmeier from Vontobel.

Simon Fossmeier

First question is on the net cat exposure. How much do you see to third-party capital investors via alternative capital partners. I believe you provided the number before and it was somewhere between 15% to 20%. I'm just wondering where it is now.

My second question, and I know it's a bit early to comment, but do you have any high-level comments what the impact of the Trump presidency could mean on your business?

John Robert Dacey
Group Chief Financial Officer

I'm sorry, I didn't hear the second question.

Simon Fossmeier

It refers to any potential impact that the Trump presidency could have on your business?

John Robert Dacey
Group Chief Financial Officer

So on the first question, the participation of our side cars and other protection coming through the alternative capital partners is skewed towards true tail risks. With the experience that we've seen today, I don't expect that there's much to be shared some, but pretty modest amounts. Again, there was no individual event in the third quarter, that was above $150 million loss for Swiss Re P&C business.

Collectively, having between CorSo and P&C got closer to $200 million with some of the flooding losses CorSo had on top. In a true or a very large catastrophe, especially 1 related to North American windstorm up to 25% of the loss would be shared with our investors in the retro space. With respect to the change of the administration, I think the -- in the U.S. insurance -- primary insurance is state regulated. And we do have a state regulator for our legal entities as well.

We expect no change on the regulatory side that's relevant for us. I think the only thing that you could imagine having an effect, although at this point, it's truly uncertain. It is with respect to macroeconomic conditions. And one of the things our teams have been thinking about is would the execution of the campaign discussions on tariffs have an inflationary like impact on some lines of insurance in the U.S. and/or more broadly. And if that's the case, then we need to be sure that we're adjusting our prices or seeing the primary companies adjust their prices accordingly.

If it's going to cost 24% more to replace the Mercedes that's not built in the U.S. when it's a total loss in an accident. That's something people will have to pay attention to. But beyond that, in broader macroeconomic conditions, interest rates and inflation, there's nothing obvious [indiscernible].

Operator

The next question is from Sean [T Kang] from Bank of America.

Unknown Analyst

It was actually just around the landscape in U.S. liability lines. And I'm just interested to hear what you think needs to happen in the industry maybe from a rate perspective, they're clearly inadequate at the moment. So I was just wondering what sort of increases need to take place to accommodate for these ultimate losses or to find a sort of equilibrium or if maybe it needs to be a legislative change to address the issue that seems to be sort of snowballing -- just to get your thoughts.

John Robert Dacey
Group Chief Financial Officer

So the -- I mean the short-term and midterm solutions to this problem in the short-term is, the rates need to go up for almost every line of business that has exposure to social inflation and U.S. liability, first and foremost among that. But I could suggest that even today, while pricing for commercial motor has gotten much better, the risk of continued acceleration of ultimate cause for accidents involving bodily injury or death probably need further action on price.

And then the primary market it has to be the first place to make those adjustments. I think in the midterm, at the very least increased transparency on litigation funding, and the activities of the [Plantiff's] bar and assembling and executing class action suits might be helpful and for juries to understand that when they return these nuclear verdicts, how much of that money is actually going to investors rather than to the people, who suffered true damage might have a positive impact.

There has been tort reform in the United States in past Republican administrations. I don't think that you could necessarily extrapolate to say the sort of 2024 Republican administrations will behave the same way.

But over time, within states, I think there's going to be frustrations that it is difficult to do business, when this overhang and frankly, cost is out there for even midsized businesses, right?

With this is coming down from large corporate risk to midsized risk and anything that involves lawsuits and court awards is going to be a problem for businesses. And then when it gets serious enough, maybe legislators will try to contain it.

Operator

The next question is from Vinit Malhotra from Mediobanca.

Vinit Malhotra
Mediobanca - Banca di credito finanziario S.p.A., Research Division

A lot of my questions have been addressed, but I'll ask a few. Just on the top line, the P&C Re, I mean, is it a fair understanding that you've been slowing down the premium growth? Because you see the reason I ask is we don't get to see the comparables.

So we -- it seems to me that where the 9 months is trending the $15 billion is not leaving much for growth versus last year, unless 4Q has some acceleration to be expected. So I'm just curious. And the reason also is that -- it seems from the commentary that the numbers, which were so strong, which led to this opportunistic reserving actually, not just accidentally strong but actually very strong.

So just curious on the topline and the premium growth and the numbers. And just some very -- very, very quick quality questions. Life refinancing costs, for example, look to have increased a lot in 3Q stand-alone. Is there something that I missed here, probably. So just a very basic question here for that.

John Robert Dacey
Group Chief Financial Officer

Sure, Vinit. So I understand a little bit the frustration in this first year reporting, where you don't have 9 months comparable. What I can bring you back to is when we talk about year-to-date renewals, and I think we included this in the documentations we have out in August. In Casualty, we showed a negative growth, minus 3%, and that's in spite of price increases. So the actual reduction of risk exposure was more than that.

But in net cat and property and specialty, they were all double-digit growth leading to an overall portfolio growth of 8% on P&C Re. I don't think those other lines of business has necessarily slowed down. There's not been a lot of renewal activity outside of sort of normal fact flows between the July renewals and now we're gearing up, obviously, and having lots of discussions around the January 1 renewals.

But again, our ambition is to continue to grow this book in those lines of business and continue to be cautious around casualty unless there's some massive repricing done by the industry, where we get more comfortable. But I think as indications, those are pretty useful for where we might be going through.

With respect to your question on financing, it doesn't actually ring a bell. I'm not quite sure, if we're -- there's nothing -- no new issues that we've put in place, which would increase our financing cost. So maybe I can ask the IR team to follow-up with you.

Operator

The next question is a follow-up question from Iain Pearce from BNP.

Iain Pearce

Just 1 left for Eddy. It was just about the U.S. mortality experience. You sort of applying small positives in U.S. mortality continuing -- if you just give us a bit more sort of detail on what the drivers of that positive experience is, that would be useful. Obviously, been an area of the market that's been quite a lot of focus. So just a bit more detail on that would be useful.

John Robert Dacey

Group Chief Financial Officer

Sure, Iain. So the again, in 2023, we materially adjusted the assumptions for what we had seen in '22 and '23 as a very slow return reversion to the mean on mortality post COVID. So we expected mortality to stay elevated compared to where it was in 2019. That's been the case. And -- what I can say is we were positive in the first 2 quarters modestly negative in Q3, positive year-to-date, and that variation doesn't concern us at this point of time because we increased the reserves more broadly in anticipation of not great results.

So I think the starting point is more to explain our experience compared to what some others might be saying than a different actual experience. And we'll continue to look at this. And the sources of this increased mortality are many. But increasingly, I think our teams over the view that reduced medical diagnosis and treatment during the first 2 years of the pandemic has actually had a negative impact on overall health.

And there's some catch-up here as people go back and pick up the diagnosis that they did not have done, but also for people that might have had cancer caught early 3 years ago, unfortunately, the result is inoperable or unsalvageable situation today. But again, I wouldn't say the mortality numbers are great.

It's just that not that different than expected.

Thomas Bohun
Head of Investor Relations

Thank you, Iain. I think we have time for 1 last set of questions.

Operator

Today's last question is from Michael Huttner from Berenberg.

Michael Igor Huttner
Joh. Berenberg, Gossler & Co. KG, Research Division

Is really, really brief. I think you said that the Echo from your action last week was positive also externally. And I just wondered whether that means you're the brokers you deal with or the clients you deal with in -- on the reinsurance side, I'm saying, clearly, you set your house in order, and we can now give you even more business, you're more even more looking like Munich Re than before.

John Robert Dacey
Group Chief Financial Officer

It's a very psychological reaction because this was the topic of almost all discussions, general discussions when they're very specific, then there are specific technology of sessions. But this was the general sentiment. It has also an impact on our people. When you go out in the market and promote the Swiss Re brand and everybody is talking about the casualty issues.

So in that respect, it was very positive. The markets, I also think the reinsurance peers have also acknowledged that this is a topic -- we are not seen as the negative outlier the Swiss Re. And so the people acknowledge in addition also to the publication of the Swiss Re Institute, Sigma on social inflation that this is a real topic that people have to take seriously. And you've seen some reactions also in the primary markets, which are confirming basically the sentiment that we had.

So I'm sure there's more to come. And again, I'm happy to be proactive about this and engaging now even in technical discussions around this. So that's the positive.

Thomas Bohun
Head of Investor Relations

Thank you, Michael. Thank you, everyone, for your questions. And interest, if you have any follow-up questions, please do not hesitate to contact any member of the IR team. Our next event is our management dialogue event where we will publish our 2025 financial targets on December 13.

With that, thank you very much.

Operator
Thank you all for your participation. You may now disconnect.