J.P.Morgan

Europe Equity Research
24 September 2025

European Reinsurance

Reinsurance Renaissance #9 - Lessons from the last soft market: OW Hannover Re and Munich Re; d/g Swiss Re to Neutral

CATALYST WATCH

- **Reinsurance market set to soften into 2026.** 3 years on from the historic hardening of the reinsurance market, the mood has shifted and we expect that 2026 will see price softening continue for the second year in a row. As we wrote, the Atlantic hurricane season has been benign so far and if this continues this will likely mean that price declines accelerate into 2026. Within European reinsurance, we prefer a combination of soft market resilience (**Hannover Re, OW**) and companies with idiosyncratic catalysts such as **Munich Re (OW, Positive Catalyst Watch)**. However, we remove Hannover Re from the AFL, but continue to like the long-term story of the company due to its consistent track record of producing smooth cross-cycle returns. We have been fans of the **Swiss Re** turnaround and improved resilience in earnings, but given the relative valuation vs peers has now caught up, we pause for now and move our recommendation to **N** (**prev OW)** and reduce our TP to **CHF160** (**CHF170**).
- **Soft market ready reckoner.** Many of our discussions with clients in recent weeks have focused on what happens in soft markets. In this edition of *Reinsurance Renaissance*, we look at what happened in the last soft market, which ran from 2013-17. We examine the trends by year, showing what happened to pricing using data from the brokers and the reinsurers, along with the changes in guidance on combined ratios by year.
- **Resilience was rewarded in the last cycle.** Share price performance relative to the sector was mixed in the last cycle, with Swiss Re and Munich Re both underperforming the SXIP, but Hannover Re and SCOR outperforming over 2013-17. Pricing declined by ~30% in property catastrophe lines based on Guy Carpenter data and slightly above 5% based on Munich Re's risk adjusted pricing, which is based on the whole portfolio. The soft cycle saw combined ratio guidance deteriorating from 94% in 2013 to 98% in aggregate in 2017, with both Munich Re and Swiss Re aiming for 100% on a normalised basis in 2017. Despite this backdrop, Hannover Re showed in the last soft market that it was possible to outperform. Hannover Re spent time building out its reserve buffers from 2009 onwards and once it was clear that the company had measures in place to offset the negative reinsurance cycle, the stock began to react positively from 2015 onwards. This demonstrates that in the last cycle at least, the market was positively surprised by resilience in earnings.
- **Business models are different this time.** In the last cycle, it was only Hannover Re that sought to deliver smoother earnings across the cycle by building buffers when times were good to utilise when times got tougher. But in the current cycle, this is now the modus operandi across the board. The other reinsurers have now also built buffers and prudence, to different extents, which should help soften the landing from declining reinsurance prices. Munich Re is next best prepared, with Swiss Re and SCOR adopting more caution in their profit recognition more recently.

European Insurance

Kamran M Hossain AC
(44-20) 3493-3780
kamran.hossain@jpmorgan.com

Nadia Claressa
(44-20) 7134-7613
nadia.claressa@jpmorgan.com

Farooq Hanif
(44 207) 742-8091
farooq.hanif@jpmorgan.com

Bingdi Fan, CFA
(44-20) 7742-5336
bingdi.fan@jpmorgan.com
J.P. Morgan Securities plc

Specialist Sales contact details:

Gigi Sparling - Specialist Sales - European Financials
(44-20) 7134-0355
ghislaine.sparling@jpmorgan.com

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See page 37 for analyst certification and important disclosures, including non-US analyst disclosures.

Equity Ratings and Price Targets

Company	Ticker	Mkt Cap ($ mn)	Price CCY	Price	Rating Cur	Rating Prev	Price Target Cur	Price Target End Date	Price Target Prev	Price Target End Date
Hannover Re	HNR1 GR	34,875.20	EUR	245.00	OW	n/c	320.00	Apr-27	n/c	n/c
Munich Re	MUV2 GR	78,478.65	EUR	517.40	OW	n/c	650.00	Mar-27	n/c	n/c
SCOR	SCR FP	6,291.92	EUR	28.60	N	n/c	30.00	Mar-27	n/c	n/c
Swiss Re	SREN SW	51,779.76	CHF	141.30	N	OW	160.00	Mar-27	170.00	n/c

Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates. n/c = no change. All prices as of 23 Sep 25.

Kamran M Hossain [AC]
(44-20) 3493-3780
kamran.hossain@jpmorgan.com

Entering the softer market - what actually happened last time

When we first began the *Reinsurance Renaissance* series in the second half of 2022, the market was poised to show a material hardening with the reinsurers able to achieve material price increases and very positive structural changes on terms and conditions. 3 years later, the mood has shifted and we expect that 2026 will see price softening continue for the second year in a row. As we write, the Atlantic hurricane season has been benign so far and if this continues, this will likely mean that price declines will accelerate into 2026. Historically, softer phases of the market last longer than harder phases of the market.

In this note, we examine what happened to pricing, combined ratio guidance, top lines and share prices for the four European reinsurers during each of the soft market years (2013-17). 2013 only saw a mild softening but this accelerated in future years, with 2014-16 particularly challenging when it came to pricing, in our view. The last soft market actually saw relatively good profitability until 2017. It so happened that industry profitability was excellent on an underwriting basis between 2013-16, driven by ‘good luck’ and lower than normal levels of industry catastrophe losses. 2017 was different, however, with more than $100bn of natural catastrophe claims coming from a number of events including Hurricanes Harvey, Irma and Maria and with prices at their weakest point, the industry fell into an underwriting loss.

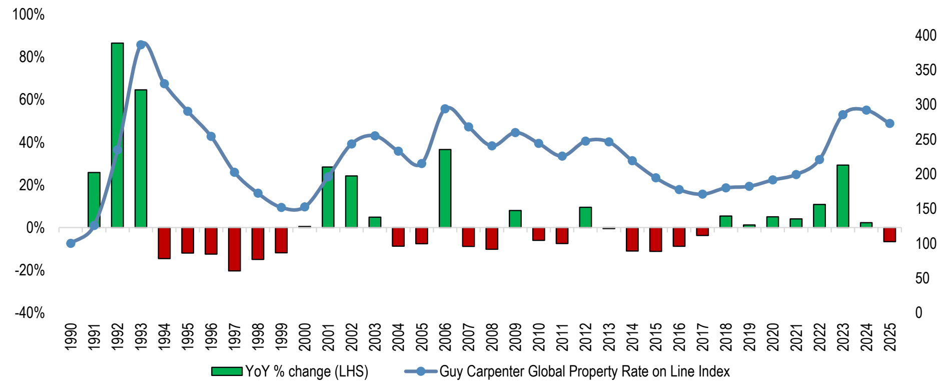
The situation in 2017 is far removed from the one that we are currently in. The European reinsurers produced an ROE in excess of 20% at 1H25 on average and margins in P&C Re are very strong even when compared to the levels seen in the last hard market. Terms and conditions and retentions have also all moved in favour of the reinsurers in 2023 and although we expect some pressure on pricing, we expect that attachment points will be defended more vigorously by the reinsurers. Therefore, even if pricing comes down, the economics of the property catastrophe business in particular will remain far more attractive compared to 2022.

Reinsurance is and always will be a cyclical industry

The reinsurance industry is a cyclical industry. Prices follow peaks and troughs led by loss experience, capital availability and profitability of the industry. At present, despite a slight softening, prices in reinsurance remain at historically attractive levels, along with investment income that is at the most attractive levels seen since before the Great Financial Crisis.

Figure 1: Global property catastrophe reinsurance pricing cycle

Guy Carpenter Global Property Rate-on-Line index (RHS), % YoY change (LHS)



Source: Guy Carpenter, J.P. Morgan estimates

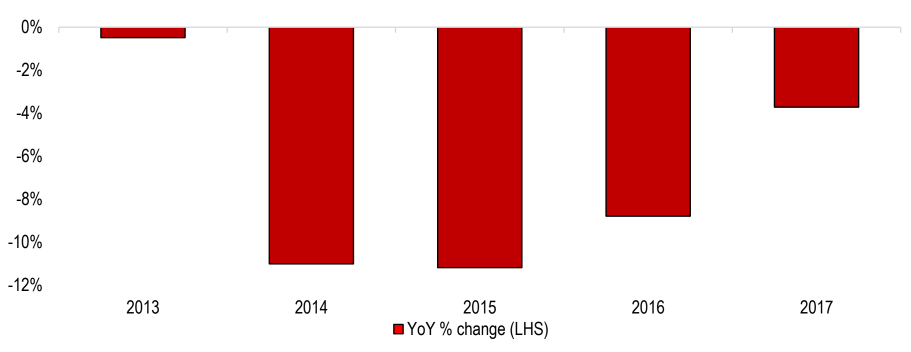
The last soft cycle began in 2013 and lasted until 2017

The last soft cycle began in 2013 and lasted until 2017 before the first price increases in reinsurance were seen in early 2018. From peak-to-trough, prices reduced ~30%. The first year of price softening saw a small price decline with property catastrophe rates down 0.5% based on Guy Carpenter data, before seeing more material reductions in excess of 10% for both 2014 and 2015 with prices down almost 9% again in 2016.

The pricing data from Guy Carpenter is one of the first data points available to the market, with the release usually occurring in the week after the January renewals. However, this data point only covers ~20% of premiums on average, with the European reinsurers writing a far wider book of business than just property catastrophe business. Therefore, while it is not positive for property catastrophe pricing to show a material reduction, it is not the only factor that influences the profitability of reinsurers. We show the difference between the pricing data that Munich Re reports and the Guy Carpenter data below, and it is clear that the Guy Carpenter numbers are more volatile, both on the upside and on the downside.

Figure 2: Guy Carpenter Global Property Rate On Line Index YoY changes during soft cycle (2013-2017)

%

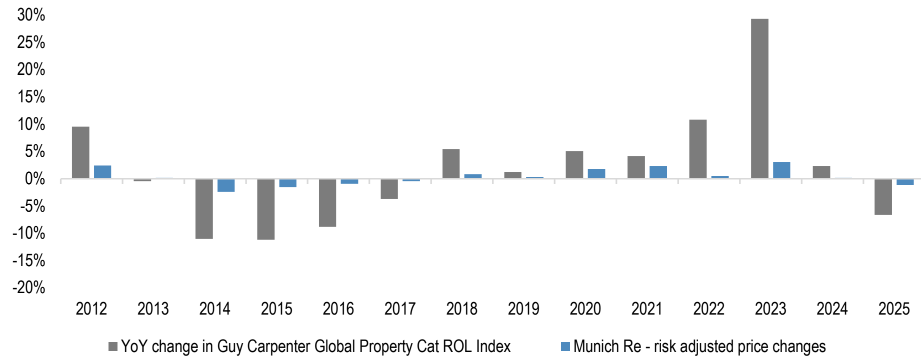


Source: Guy Carpenter, J.P. Morgan estimates.

Kamran M Hossain [AC]
(44-20) 3493-3780
kamran.hossain@jpmorgan.com

Figure 3: Guy Carpenter's global property cat pricing index change vs Munich Re's reported renewals pricing change

% YoY change in pricing



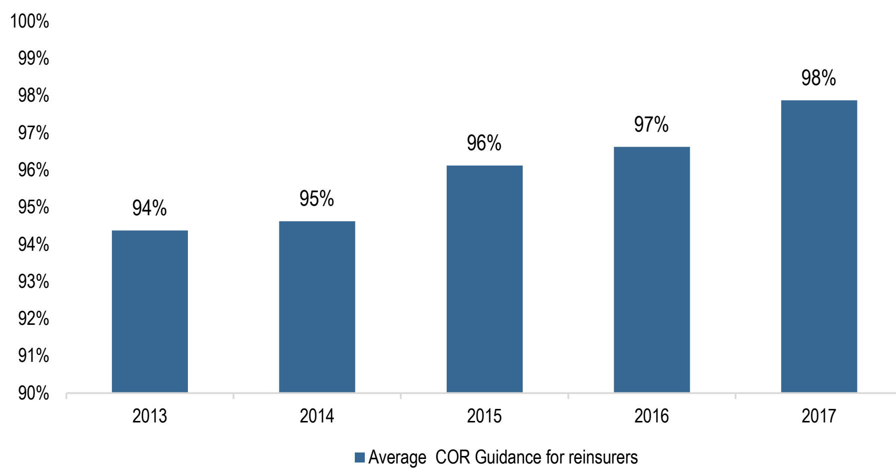
Source: Company reports and J.P. Morgan estimates.

In the last soft cycle, combined ratios came close to break even on a normalised basis

Falling pricing tends to lead to deteriorating combined ratios. At the beginning of the soft cycle in 2013, average combined ratio guidance for the European reinsurers was 94%. This level deteriorated steadily, by approximately 1%pt per year across the course of the soft cycle. By the time the cycle reached its lowest point in 2017, both Swiss Re and Munich Re (on a normalised basis) were guiding toward combined ratios of 100%. In the current cycle, the companies should not reach similar levels due to the impact of discounting on combined ratios, which was introduced as a concept under IFRS17.

Figure 4: Average combined ratio guidance of reinsurers during soft cycle

% P&C Re



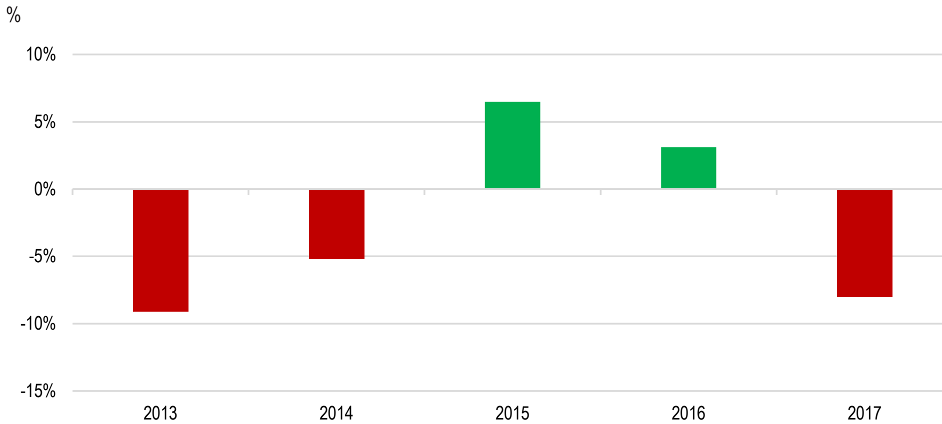
Simple average of P&C Re guidance from Hannover Re, Munich Re, SCOR, Swiss Re
Source: Company reports.

Share prices underperformed on average in 3 of the 5 years of the last soft cycle

In the last soft cycle, the European reinsurers underperformed the SXIP in 2013, 2014 and 2017. A question we are often asked by clients is 'Is it possible for reinsurers to outperform in softening markets?'. The evidence from the last soft cycle is a mixed one, with the group underperforming on a weighted average basis in more years than not.

The group had two good years in both 2015 and 2016 where the reinsurers outperformed the sector as a group.

Figure 5: European Reinsurers' average relative share price performance vs the SXIP during the soft cycle



Source: J.P. Morgan estimates, Bloomberg Finance L.P. Weighted average share price performance by year.

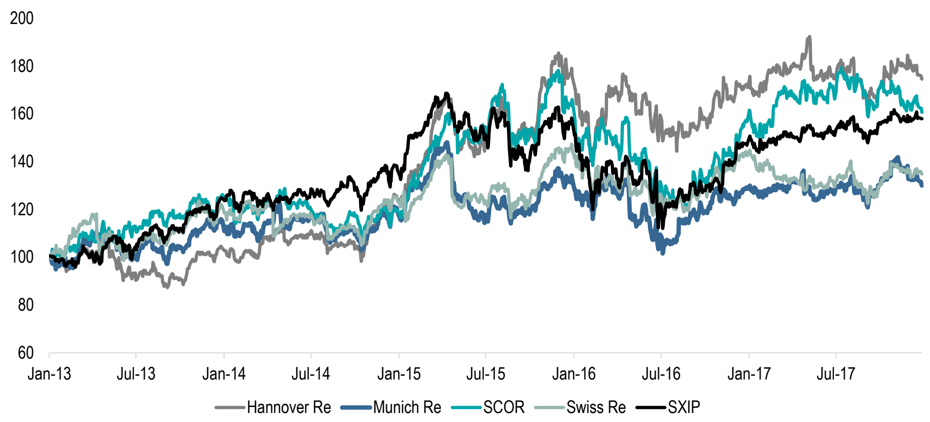
Digging into the details, two of the reinsurers were able to outperform the market across the soft market in its entirety. Hannover Re materially outpaced the SXIP between 2013 and 2017 with the shares picking up from 2014 onwards, and SCOR also did better than the market due to a combination of factors (material discount to peers, M&A interest from Sompo and combined ratio guidance firm vs peers).

As a lesson to apply to the current cycle, we think that the Hannover Re example from the last soft cycle demonstrates that earnings resilience can help names outperform despite the direction of pricing. In the last cycle, it was only really Hannover Re that was building buffers in its business to allow the company to produce smoother earnings even as the market softened. The evidence suggests that Hannover Re is at the forefront of this behaviour, but in recent years other reinsurers have also gone down this path having seen its success in transforming earnings from a cyclical and volatile industry into smoother and more reliable earnings streams.

Kamran M Hossain [AC]
(44-20) 3493-3780
kamran.hossain@jpmorgan.com

Figure 6: European Reinsurers' share price performance over 2013-2017

Share price performance indexed to 100



Source: J.P. Morgan estimates, Bloomberg Finance L.P.

Table 1: European Reinsurance pricing, margin and volume trends over the soft cycle

%

European Reinsurers	% price change reported	YoY premium growth	Combined ratio guidance change	Relative share price performance
2013	+ve	+ve	Improved	-9.1%
2014	-ve	-ve	Flat	-5.2%
2015	-ve	+ve	Worsened	6.5%
2016	-ve	+ve	Worsened	3.1%
2017	-ve	+ve	Worsened	-8.0%

Source: Company reports and J.P. Morgan estimates. Simple average taken for % price change, premium growth and COR guidance. Weighted average share price performance relative to the SXIP for each respective year.

Kamran M Hossain [AC]
(44-20) 3493-3780
kamran.hossain@jpmorgan.com

Downgrading SREN to N - reducing PT to CHF 160 (previously CHF 170)

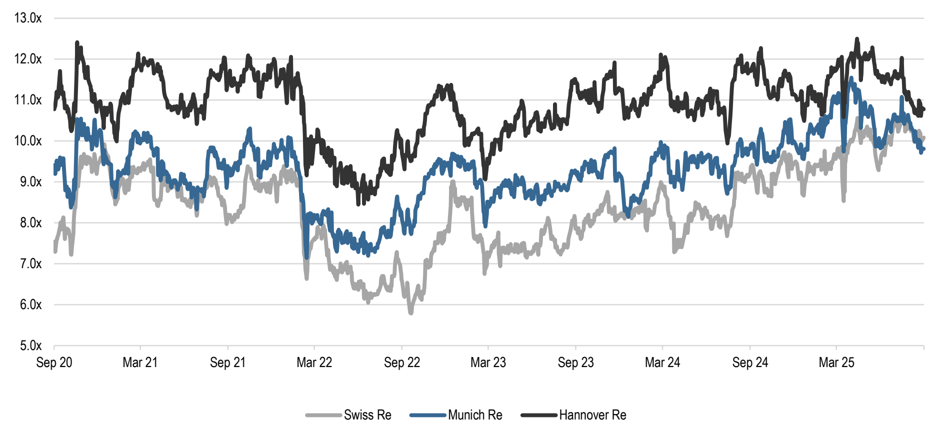
We have been fans of the Swiss Re turnaround and improved resilience in earnings but given its current relative valuation vs peers, we pause for now and move our recommendation to **Neutral** (previously Overweight). We reduce our PT from CHF 170 to CHF 160 as of Mar-27 end.

Swiss Re has been through a major transition in its business in the last few years with the business becoming more resilient and dependable. Guidance has been set on a more conservative and achievable basis and since the introduction of IFRS17, the company has moved its reserving practices in line with those of peers. The US casualty overhang that loomed over the company since 2020 was resolved swiftly by the new CEO who was determined to draw a line under this issue.

The company has achieved a lot in a short time period. However, the shares have also seen a material re-rating on the back of this. Based on Bloomberg 2-year forward earnings, Swiss Re now trades at a premium to Munich Re and only a relatively small discount to Hannover Re. While we do not see that being an unreasonable level at some stage in the future, in our view both Munich Re and Hannover Re should trade at larger premiums to Swiss Re due to their longer term track records of delivery.

Figure 7: Swiss Re has steadily re-rated and is now trading at a slight premium to Munich Re

2yr forward P/E (BBG)



Source: J.P. Morgan estimates, Bloomberg Finance L.P.

Hannover Re (OW)

Hannover Re was the first of the European reinsurers to build buffers and smooth its results across the cycle. with the company beginning to embark on this strategy from 2009 onwards. The company has since built up a buffer in its reserves that we estimate could be in excess of €3bn at present.

The company is targeting a combined ratio of <88% in its P&C Reinsurance business and has stated that it will maintain this for the medium term despite the market softening. This guidance should not be in danger in our view, as underlying profitability is closer to a low 80s combined ratio as of 1H25, meaning that the company has plenty of room to absorb further price decreases even before utilising its reserve buffer. The company guided to net income of €2.4bn in 2025 and we expect this to increase further in 2026. We expect that the company will guide to ~€2.6bn, but with the earnings of the company being at the discretion of management and their willingness to recognise profitability, we would not rule out the company setting a target of ~€2.7bn. In this note, we remove Hannover Re from the AFL, but we continue to like the long-term story of the company due to its consistent track record of producing smooth cross-cycle returns.

Munich Re (OW)

Despite the stock having moved up materially since 2022, we would argue that there is another leg to the journey at Munich Re with further details to be unveiled at the December 11 Capital Markets Day. We expect that that the company will uplift its ROE target to 16-18% with a higher ROE seen as key to a continued re-rating of the stock. We assume that the company will leave its options to achieve the uplift relatively open, but Munich Re has significant balance sheet flexibility to: 1) return capital via share buybacks; 2) consider accretive M&A; and 3) deploy into new areas of growth. In our forecasts, we assume that Munich Re will increase share buybacks from €2bn in 2024 up to €4bn by 2028E, but we would not be disappointed if the company pursued mid sized M&A to diversify the earnings base.

At the depths of the last reinsurance soft cycle, Munich Re had far lower earnings in its non P&C Re parts of the business than it does now. We see the company's operating earnings outside of P&C Re reaching ~€5bn by 2027E. Life reinsurance growth, GSI growth and NEXT should all play a part. Bear cases on Munich Re are short-termist in our view, with a focus on near-term earnings in 2026, ignoring the fact that earnings only saw a small reduction in the last cycle when taking into account the restructuring costs that limited the earnings at ERGO 2016 onwards.

SCOR (N)

SCOR management have done a good job facing the material challenges that the company has faced in the last 18 months. We were pleased with how the company dealt with the issues in the L&H reinsurance business after a comprehensive review of the business and its reserves conducted by a third party and setting what seems like cautious guidance for this business going forward. On the P&C side, the company has been able to begin building a reserve buffer since Q1 2024, a development which should be positive in the long run to enhance the resilience within the company.

With the market already beginninng to get more cautious on the cycle, SCOR might have missed its opportunity for a rapid re-rating and therefore we maintain our N rating. If the company can continue to deliver upon its guidance, there is the potential for the name to achieve a higher multiple than the current discount in our view.

Table 2: European Reinsurance - JPMe net income estimates vs BBG cons

LCm

	JPMe 2025E	JPMe 2026E	JPMe 2027E	vs BBG cons 2025E	vs BBG cons 2026E	vs BBG cons 2027E
Hannover Re	2,609	2,749	2,867	2%	4%	5%
Munich Re	6,224	6,493	6,668	1%	3%	3%
SCOR	775	682	697	2%	-12%	-16%
Swiss Re	4,803	4,859	5,061	2%	-2%	-2%

Source: J.P. Morgan estimates, Bloomberg Finance L.P.

Kamran M Hossain [AC]
(44-20) 3493-3780
kamran.hossain@jpmorgan.com

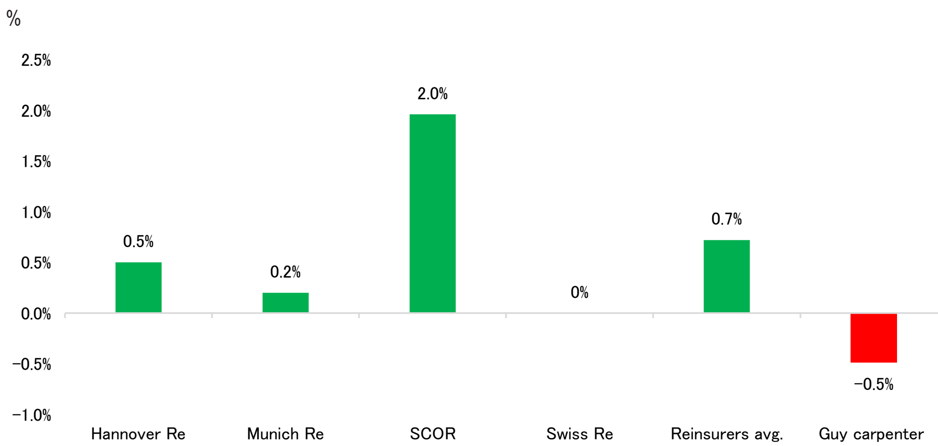
2013 - the year the market began to soften

After several years of the market being strong, 2013 saw the first decrease in pricing based on the Guy Carpenter rate on line index. Property catastrophe pricing reduced 0.5% in January. Prices reduced 0.5% despite Hurricane Sandy making landfall in late October 2012, which at the time was one of the costliest catastrophe events of all time. With pricing at excellent levels, the average reported combined ratio for the European reinsurers was 90.4% in 2012 meaning that there was some room for prices to come down in the following year.

Prices were still moving up in aggregate despite small reductions in property catastrophe lines

Although property catastrophe pricing was marginally negative, the European reinsurers actually reported positive price increases. We see the Munich Re price change as the best indicator as it tends to be risk adjusted in a similar method to Guy Carpenter, but applied across the entire portfolio. In this case, we saw Munich Re report a positive price increase of 0.2% vs the reduction of 0.5% reported by Guy Carpenter.

Figure 8: Change in prices reported at 2013 renewals



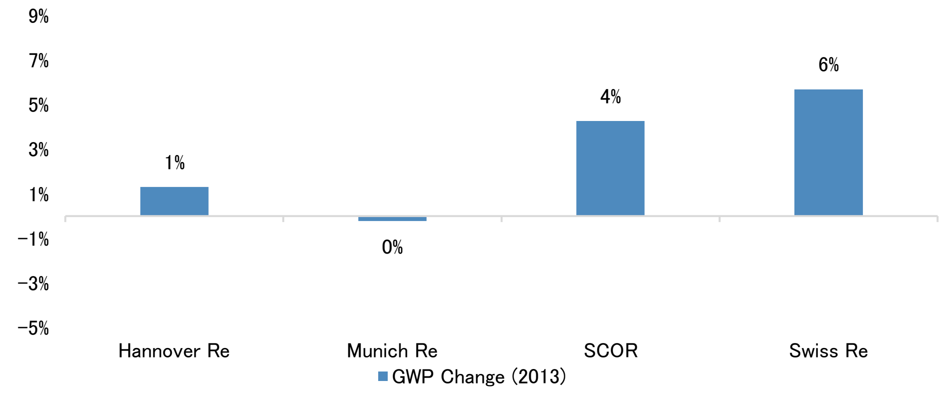
Non-proportional (XL) price changes at Jan for HNR1, risk-adjusted renewal price changes for MUV2, Jan renewal price change for SCOR & Jan renewal risk-adjusted price change for Swiss Re.
Source: Guy Carpenter and Company reports.

The reinsurers grew their premiums in 2013 despite the first headwinds occuring, with single digit premium growth on average seen for the four European reinsurers with growth fastest at SCOR and slowest at Munich Re.

Kamran M Hossain AC
(44-20) 3493-3780
kamran.hossain@jpmorgan.com

Figure 9: YoY change in P&C Re gross written premiums in 2013

%



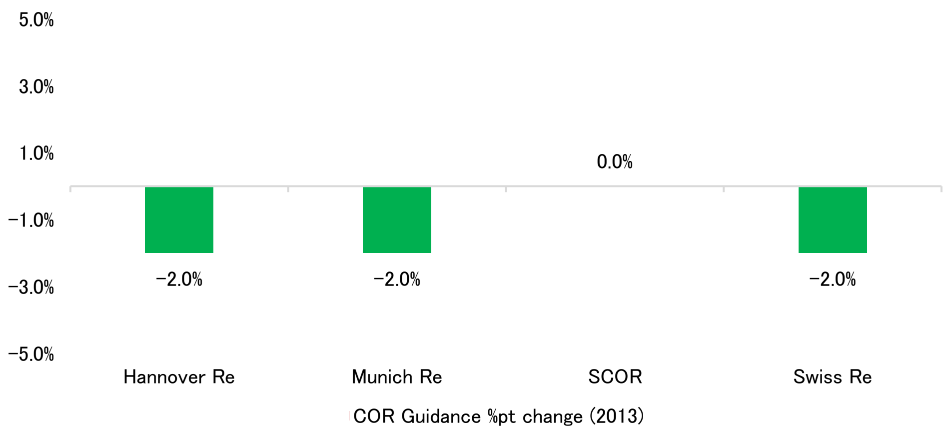
Source: Company reports, J.P. Morgan estimates.

Combined ratio guidance continued to improve

In 2013, prices were still at excellent levels and although property catastrophe prices began to reduce, we saw the European reinsurers upgrade their combined ratio guidance. Better priced premiums take time to earn through and therefore the better priced business from 2011-12 was beginning to show in improved combined ratios for the European reinsurers. Munich Re, Hannover Re and Swiss Re all improved their combined ratio guidance by 2ppts with SCOR holding its combined ratio guidance flat on the previous year.

Figure 10: YoY change in P&C Re Combined Ratio guidance

%pts difference in P&C Re guidance YoY



Source: Company reports and J.P. Morgan estimates.

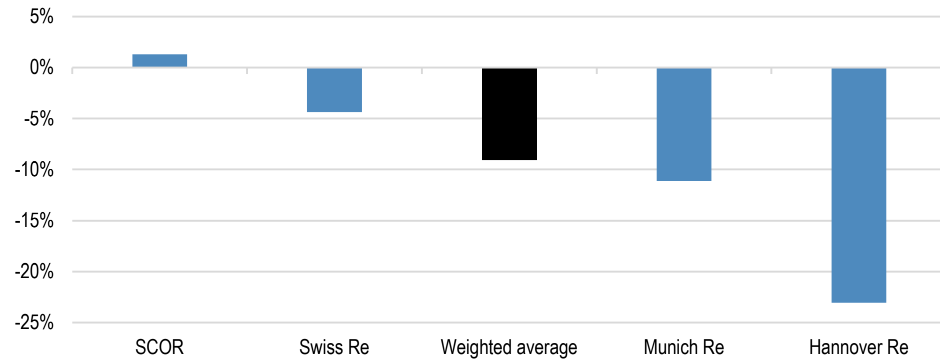
Soft market concerns begin to impact share prices

Despite relatively muted impacts from pricing and combined ratio guidance improving, the European reinsurers saw their share prices underperform the SXIP by 9ppts on average. Commentary on pricing became more bearish across the course of 2013 and a light year for natural catastrophes ultimately led to reinsurance pricing becoming materially softer in 2014. Only SCOR of the four European reinsurers was able to slightly outperform the SXIP, with both Munich Re and Hannover Re underperforming by more than 10ppts.

Kamran M Hossain AC
(44-20) 3493-3780
kamran.hossain@jpmorgan.com

Figure 11: 2013: the European reinsurers underperformed the sector by ~9% on average

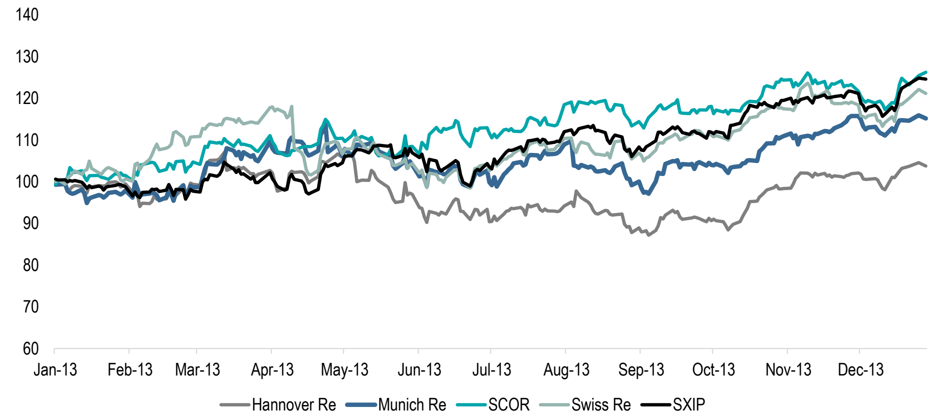
% relative performance to the SXIP



Source: J.P. Morgan estimates, Bloomberg Finance L.P.

Figure 12: 2013: European reinsurers' share price development

Share price performance indexed to start of the year



Source: J.P. Morgan estimates, Bloomberg Finance L.P

Kamran M Hossain [AC]
(44-20) 3493-3780
kamran.hossain@jpmorgan.com

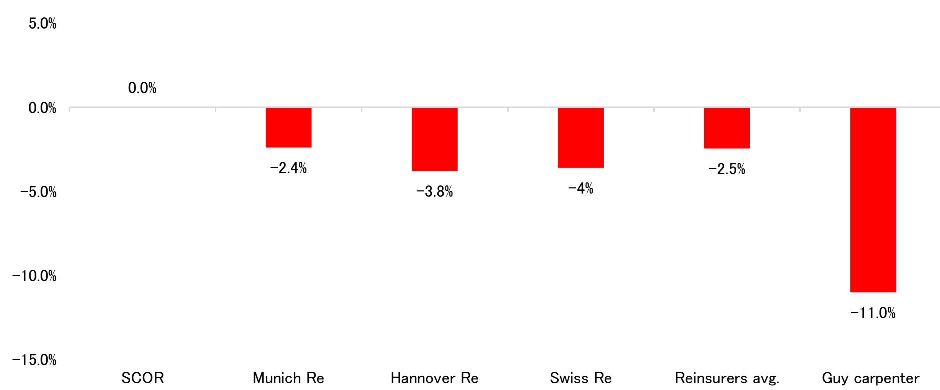
2014 saw an acceleration in price softening

In the second year of the soft market, reinsurance pricing saw price reductions begin to accelerate. Based on data from Guy Carpenter, prices reduced 11% in property catastrophe lines, with Munich Re reporting a 2.4% reduction in risk-adjusted pricing at its renewals.

The acceleration in price decreases came after another good year for the industry in 2013 with light levels of catastrophe losses encouraging more capital into the industry, with alternative capital beginning its push. 2013 was again a very strong year for the reinsurers with an average combined ratio of 91.2% driving the softening into 2014.

Figure 13: Change in prices reported at 2014 renewals

%



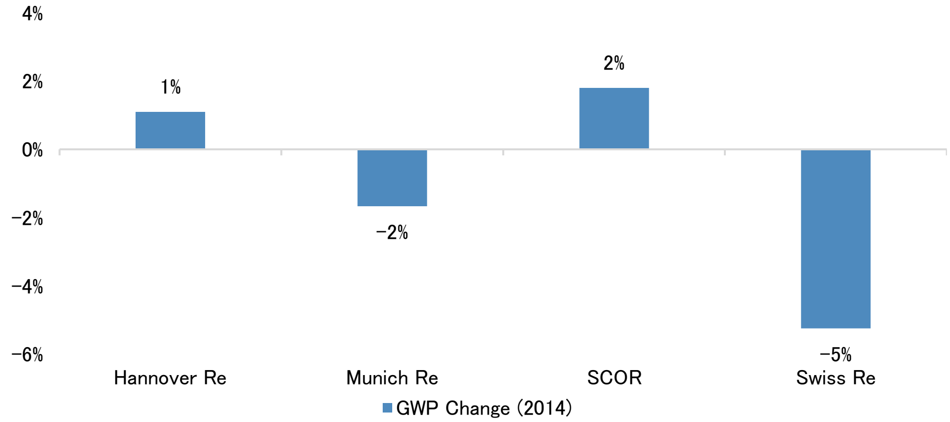
Non-proportional (XL) price changes at Jan for HNR1, risk-adjusted renewal price changes for MUV2, Jan renewal price change for SCOR & Jan renewal risk-adjusted price change for Swiss Re.
Source: Guy Carpenter and Company reports.

Premium growth remained slow

Premium growth remained slow but was still positive despite prices falling materially in 2014. Premiums fell at both Swiss Re and Munich Re, with small increases at both Hannover Re and SCOR both of whom were coming from lower premium bases.

Figure 14: YoY change in P&C Re gross written premiums in 2014

%



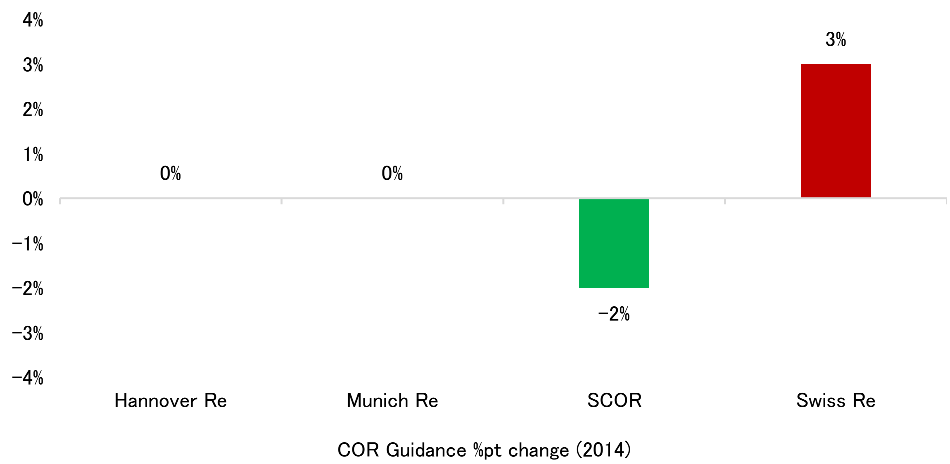
Source: Company reports.

Combined ratio guidance relatively resilient except at Swiss Re

Combined ratio guidance for 2014 remained flat for both Hannover Re and Munich Re on an annual basis despite some price softening. There were signs of change elsewhere with Swiss Re reducing its guidance by 3ppts for its P&C Reinsurance combined ratio with SCOR actually showing an improvement by 2ppts year-on-year.

Figure 15: YoY change in P&C Re Combined Ratio guidance

%pts difference in P&C Re guidance YoY



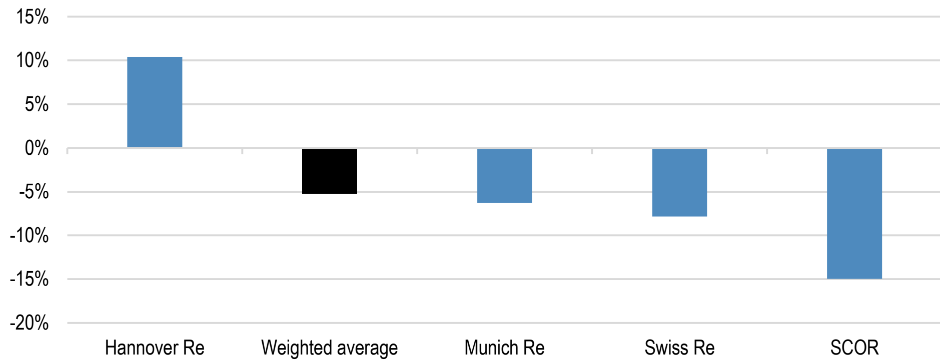
Source: Company reports, J.P. Morgan estimates.

2014 saw the European reinsurers again underperform the market. Munich Re, Swiss Re and SCOR all lagged the European insurance index but Hannover Re saw its shares outperform ~10%. In the year before, Hannover Re had disappointed the market as its margins had not improved to the same extent as peers. 2014 was the first year in which the market began to understand Hannover Re's strategy, adding buffers into reserves when pricing levels were still at excellent levels.

Kamran M Hossain AC
(44-20) 3493-3780
kamran.hossain@jpmorgan.com

Figure 16: 2014: The European reinsurers underperformed the sector by ~5% on average

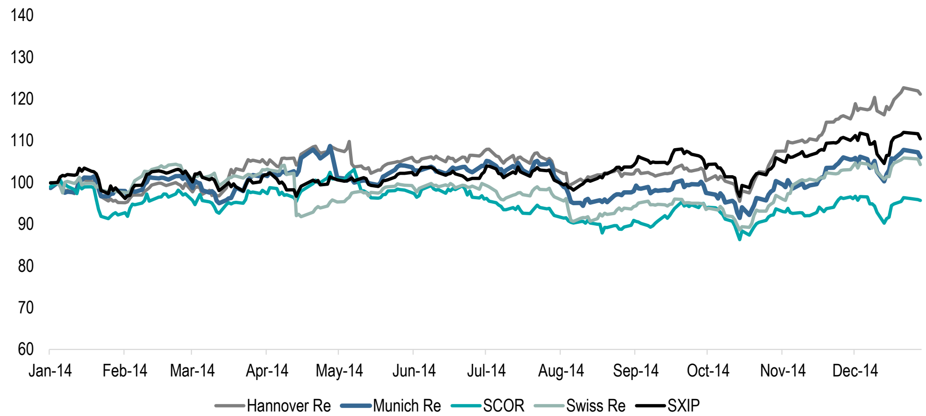
% relative performance to the SXIP



Source: J.P. Morgan estimates, Bloomberg Finance L.P.

Figure 17: 2014: European reinsurers' share price development

Share price performance indexed to start of the year



Source: J.P. Morgan estimates, Bloomberg Finance L.P.

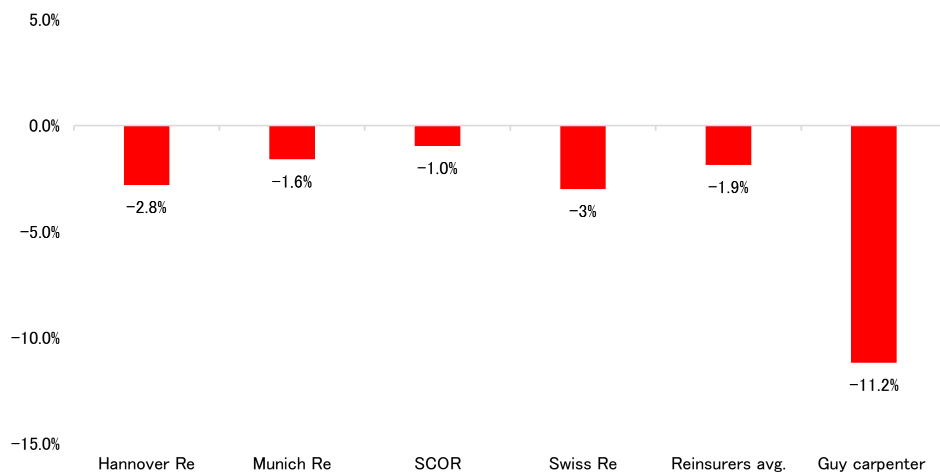
Kamran M Hossain AC
(44-20) 3493-3780
kamran.hossain@jpmorgan.com

2015 saw price deterioration continue

2015 was the third year of the softening market wherein prices fell again. The Guy Carpenter index saw property catastrophe reduce more than 10% for the second year in succession. All of the reinsurers saw price declines, with the average decline of ~2%. The backdrop was driven by good profits and lower levels of natural catastrophe losses than in normal years, with the 2014 reported average combined ratio for the European reinsurers at 90.6% .

Figure 18: Change in prices reported at 2015 renewals

%



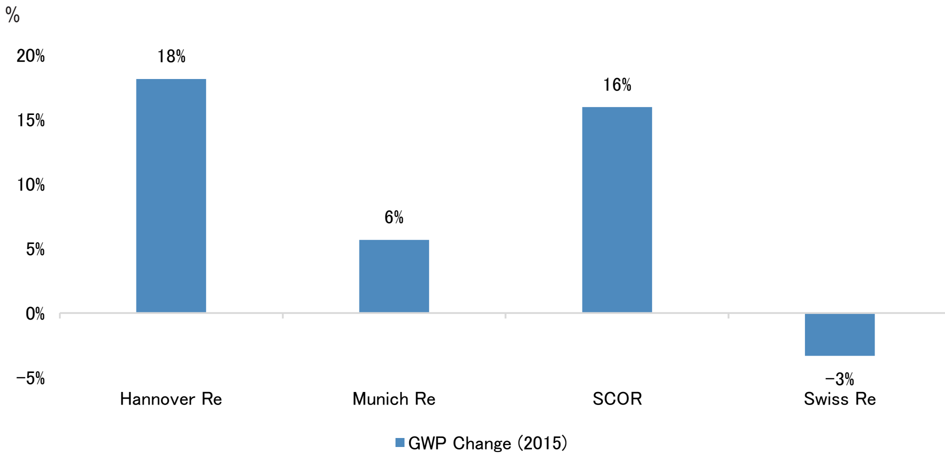
Source: Guy Carpenter and Company reports.

FX moves helped top line growth for EUR reporters in 2015

2015 saw premium growth pick up for the European reinsurers, with growth of 18% at Hannover Re and 16% at SCOR, and Munich Re also posting 6% growth. Premium growth benefited from beneficial FX moves in the year which helped the companies to grow their top lines more. Swiss Re, which is a USD reporter, saw its premium base reduce 3%.

Kamran M Hossain [AC]
(44-20) 3493-3780
kamran.hossain@jpmorgan.com

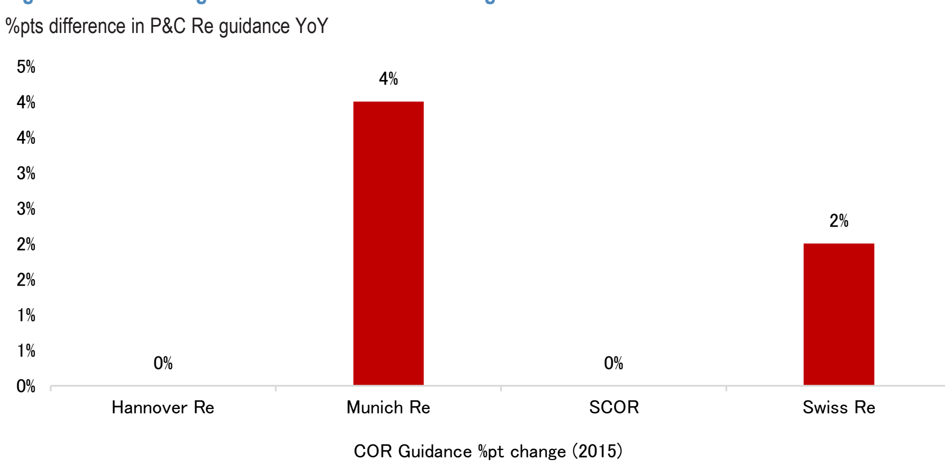
Figure 19: YoY change in P&C Re gross written premiums in 2015



Source: Company reports and J.P. Morgan estimates.

2015 saw combined ratio guidance come under pressure at both Munich Re and Swiss Re. Munich Re guided to a 4ppts deterioration in its combined ratio for the year, with Swiss Re pointing to a 2ppts worsening. Hannover Re and SCOR both held their guidance flat year-on-year, with SCOR aiming for the best combined ratio amongst the four players.

Figure 20: YoY change in P&C Re Combined Ratio guidance



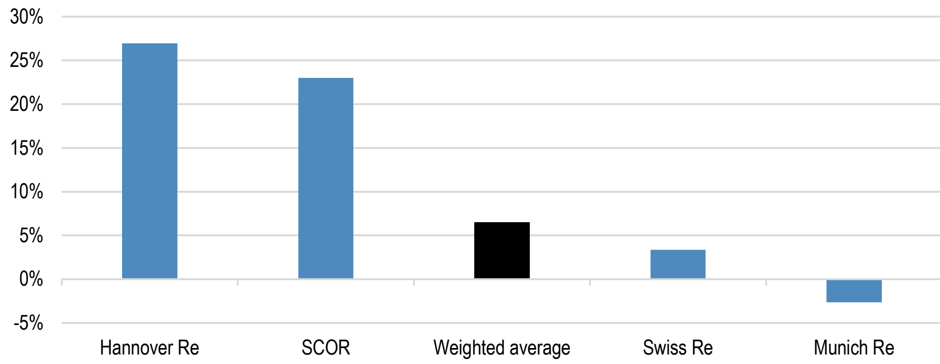
Source: Company reports and J.P. Morgan estimates.

Despite being into the third year of the soft market, the European reinsurers saw their share prices outperform the SXIP by 6ppts on average. Hannover Re continued its strong run in 2015 with SCOR also seeing its share price materially outperform the sector, due in part to Japanese insurer Sompo building a position in the business. Only Munich Re of the four reinsurers saw its share price lag the sector.

Kamran M Hossain [AC]
(44-20) 3493-3780
kamran.hossain@jpmorgan.com

Figure 21: 2015: the European reinsurers outperformed the sector by ~6% on average

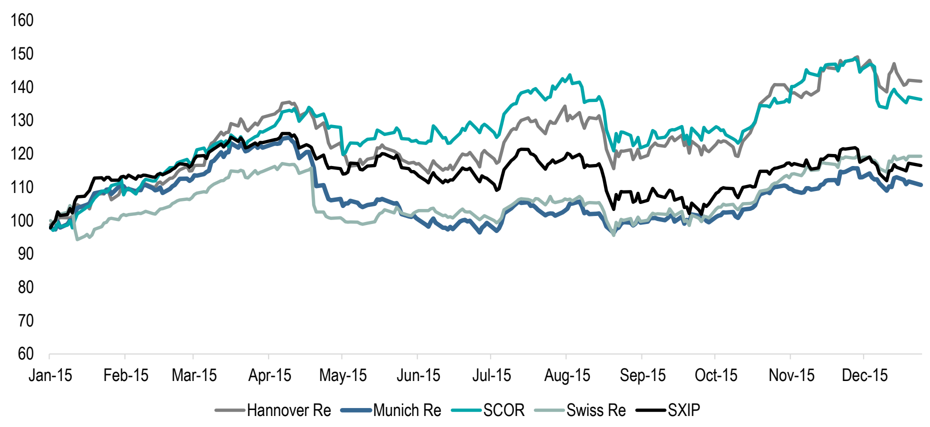
% relative performance to the SXIP



Source: J.P. Morgan estimates, Bloomberg Finance L.P.

Figure 22: 2015: European reinsurers' share price development

Share price performance indexed to start of the year



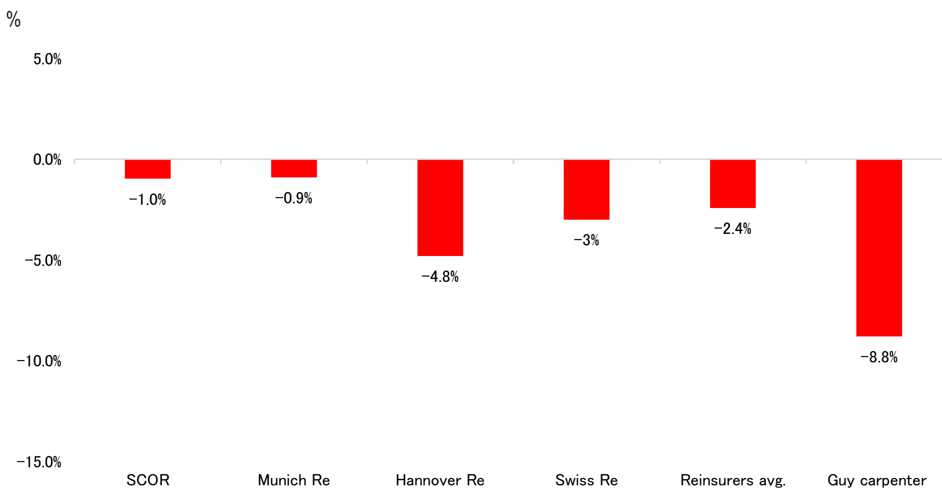
Source: J.P. Morgan estimates, Bloomberg Finance L.P.

Kamran M Hossain AC
(44-20) 3493-3780
kamran.hossain@jpmorgan.com

2016 was the fourth year in a row that prices fell

For the fourth year in a row, there were material price declines in 2016. The Guy Carpenter property catastrophe index posted a 8.8% reduction, following on from 2 consecutive years of more than 10% declines. The European reinsurers saw prices decrease ~2% for the third year in a row. 2015 had again been a relatively quiet year for catastrophe losses, meaning that more capital was available to deploy into the market, with a reported European reinsurer combined ratio of 90.3%. Alternative capital also continued to flow into the market in property catastrophe lines of business, which enhanced the softening.

Figure 23: Change in prices reported at 2016 renewals



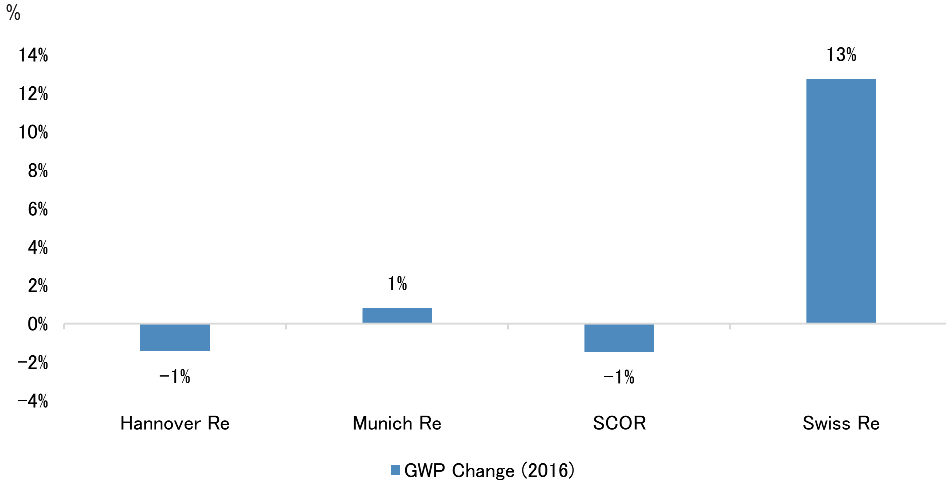
Source: Guy Carpenter and Company reports.

Swiss Re grew from tailored transactions with the rest of the industry showing a slowdown in top lines

Premium growth was relatively muted for the European reinsurers in 2016 with Hannover Re and SCOR seeing their top lines reduce 1% year-on-year. Munich Re saw its premiums increase 1% and Swiss Re grew its top line 13% driven by large and tailored transactions in the US and Europe.

Kamran M Hossain AC
(44-20) 3493-3780
kamran.hossain@jpmorgan.com

Figure 24: YoY change in P&C Re gross written premiums in 2016

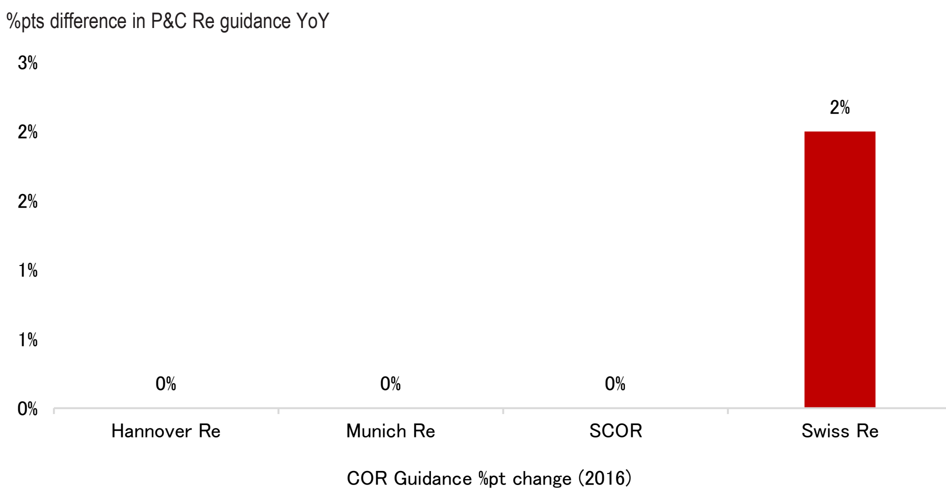


Source: Company reports and J.P. Morgan estimates.

Combined ratio guidance relatively resilient despite price pressures

Combined ratio guidance remained flat year-on-year at Hannover Re, Munich Re and SCOR despite the softening. Munich Re had seen its guidance deteriorate 4ppts in 2015 and therefore a pause was not a surprise in our view. Swiss Re was the only one of the reinsurers which guided to a deterioration in its combined ratio to 99% in 2016.

Figure 25: YoY change in P&C Re Combined Ratio guidance

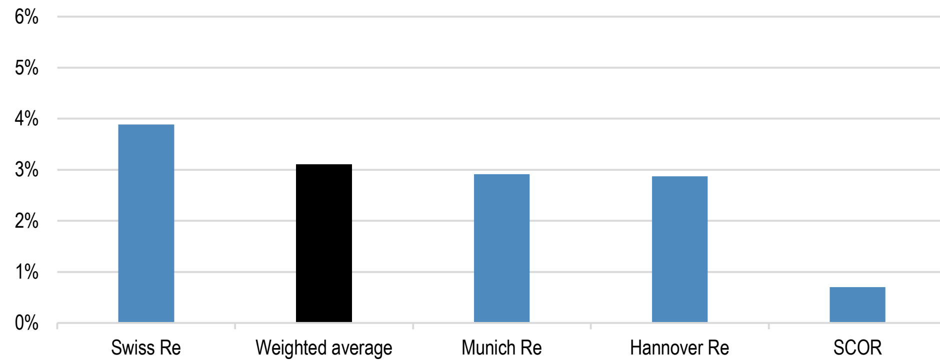


Source: Company reports.

Despite being materially into the soft cycle, the reinsurers outperformed the SXIP by 3ppts on average, with all of the reinsurers outperforming the SXIP. Swiss Re had the strongest relative performance, followed by Munich Re and Hannover Re.

Figure 26: 2016: European reinsurers outperformed the sector by ~3% on average

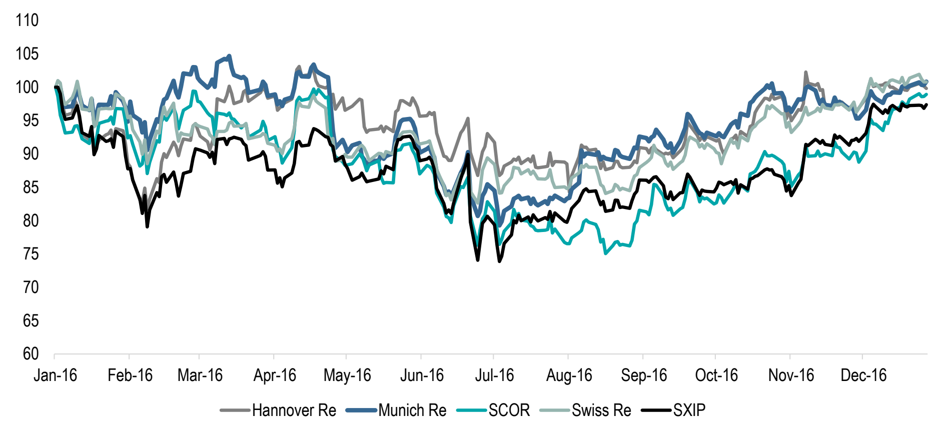
% relative performance to the SXIP



Source: J.P. Morgan estimates, Bloomberg Finance L.P.

Figure 27: 2016: European reinsurers' share price development

Share price performance indexed to the start of the year

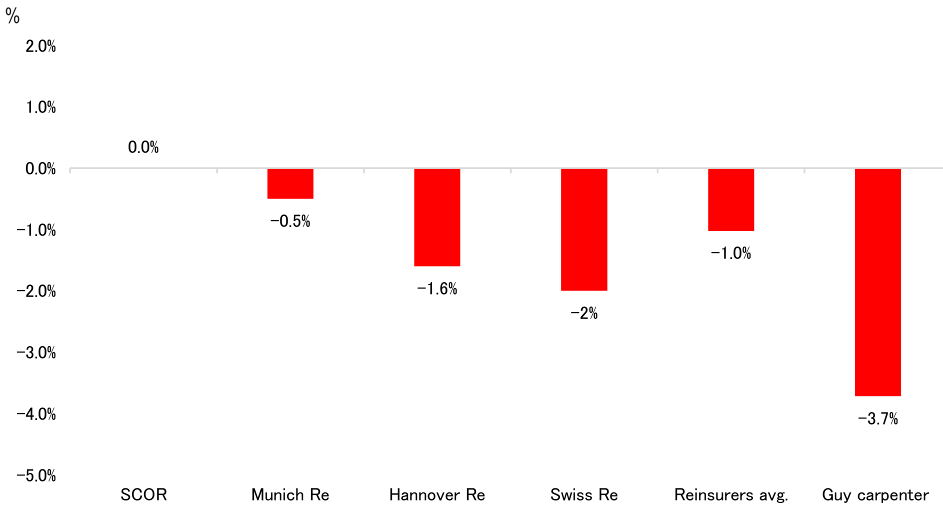


Source: J.P. Morgan estimates, Bloomberg Finance L.P.

2017 marked the low point in the cycle

The soft cycle ended in 2017 with the final round of price decreases before the market began to turn in early 2018. The Guy Carpenter price index showed a decline in pricing of 3.7% when compared to price declines closer to 10% levels in the 3 preceding years. On average, reported prices reduced 1% for the reinsurers, showing a bottoming out of the market. 2016 had seen reported results closer to normalised levels of profitability, with less good luck for the sector with the combined ratio on a reported basis of ~94%. This factor probably helped to contribute to the slowdown in price declines.

Figure 28: Change in prices reported at 2017 renewals



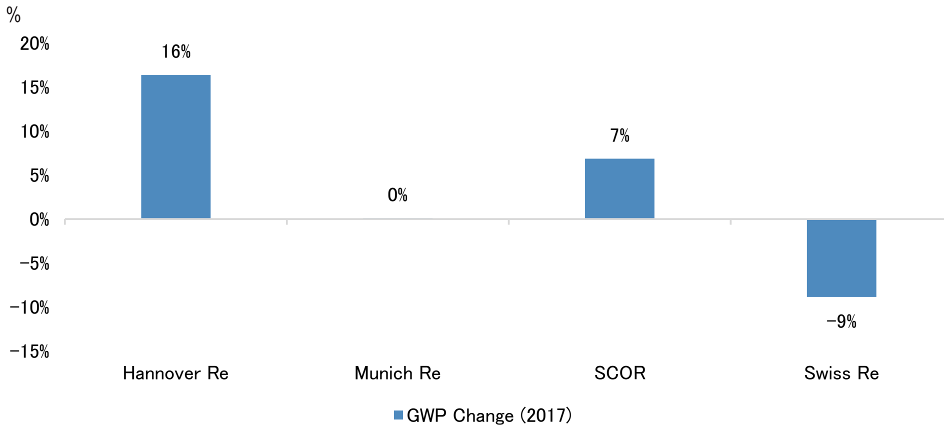
Source: Guy Carpenter and Company reports.

Top line growth picked up in 2017

Despite prices being towards the bottom of the cycle, both Hannover Re (+16%) and SCOR (+7%) grew their top lines, with Munich Re maintaining its position. Hannover Re's growth came mainly from structured transactions. Swiss Re reported a 9% reduction in its top line reflecting cycle management according to the company.

Kamran M Hossain AC
(44-20) 3493-3780
kamran.hossain@jpmorgan.com

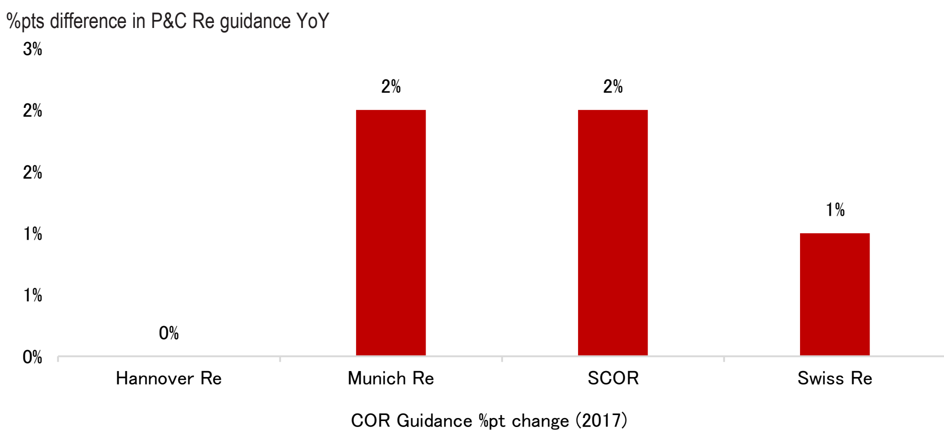
Figure 29: YoY change in P&C Re gross written premiums in 2017



Source: Company reports and J.P. Morgan estimates.

Combined ratio guidance worsened again across the sector. Munich Re and SCOR both guided to combined ratios in P&C reinsurance to deteriorate 2ppts year-on-year with Swiss Re guiding to a 1ppt deterioration. Although Munich Re guided to a 97% combined ratio for 2017, this guidance included a better Q1 start to the year (the 2017 guidance was set at FY16 results in mid March 2017) and reserve releases of 6ppts, in excess of the 4ppts that the company normally guided to. For 2017 on a normalised basis, Munich Re was aiming for a combined ratio of 100%. Swiss Re was also pointing to the same level on a normalised basis and ultimately this was the bottom for guidance as prices began to move up in early 2018.

Figure 30: YoY change in P&C Re Combined Ratio guidance

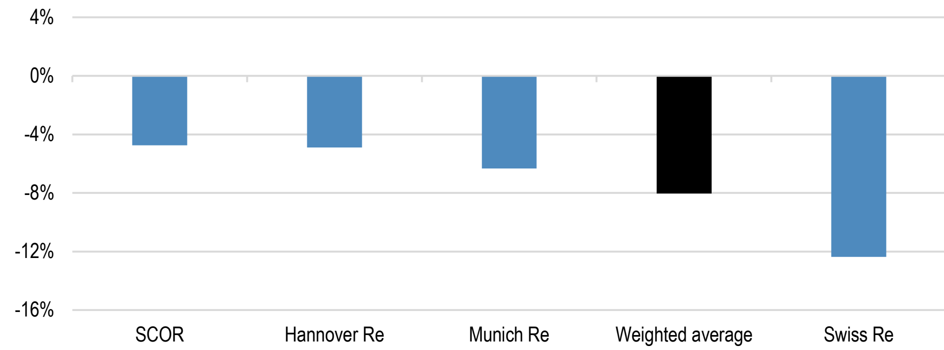


Source: Company reports and J.P. Morgan estimates.

The European reinsurers saw their shares underperform the sector in 2017. Swiss Re saw the most material underperformance, with Hannover Re and SCOR having slightly more resilient share prices but still lagging the index. Share prices lagged following Hurricanes Harvey, Irma and Maria between mid August and mid September 2017.

Figure 31: 2017: European reinsurers underperformed the sector by ~8% on average

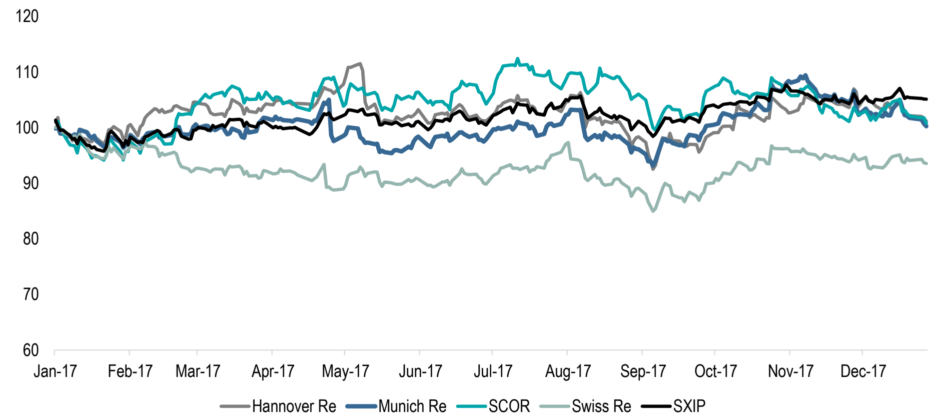
% relative performance to the SXIP



Source: J.P. Morgan estimates, Bloomberg Finance L.P.

Figure 32: 2017: European reinsurers' share price development

Share price performance indexed to the start of the year



Source: J.P. Morgan estimates, Bloomberg Finance L.P.

Kamran M Hossain [AC]
(44-20) 3493-3780
kamran.hossain@jpmorgan.com

Investment Thesis, Valuation and Risks

Hannover Re *(Overweight; Price Target: €320.00)*

Investment Thesis

With a stronger balance sheet than ever before, we expect the company to continue its track record of consistent delivery on targets against almost any reinsurance market backdrop. We see the potential for earnings growth to continue for 2025E and beyond, which should also support more capital returns.

- **Most reliable P&C name.** With the reinsurance market likely to stabilise, we see Hannover Re as a good way to gain exposure to the cycle. Having added to reserve buffers in 2023-24 and with more reserve conservatism to flow through, we view the company as well positioned to deliver strong reliable returns against almost any market backdrop.
- **Capital return potential.** Hannover Re has the potential to increase its payouts and with the positive outcome of the S&P model changes, in our view the company could potentially increase its payout ratios.
- **Buffers to support earnings growth into 2025 and beyond.** In addition to the reserve redundancy in P&C, Hannover's consistent conservatism in a number of areas implies there are buffers available to support future earnings. These include not recognising the higher discounting benefit into earnings, and its approach to reserving large losses to budget when there is 'good luck'.

Valuation

We value Hannover Re by estimating its sustainable across-the-cycle comprehensive ROE of 14% and use this to derive a valuation multiple on Comprehensive Equity. We adjust for dividends and apply a CoE of 8% and growth rate of 0%. This results in our Apr-27 PT of €320.

Kamran M Hossain [AC]
(44-20) 3493-3780
kamran.hossain@jpmorgan.com

Hannover Re – IFRS17-based valuation

€ million, unless stated otherwise

Business unit	Sustainable comprehensive profit €mn	Insurance service result €mn	Net financial result €mn	Other profit €mn	CSM value added €mn
P&C	**2,813**	1,953	818	-160	202
L&H	**926**	929	286	-180	-108
Consolidation	**0**	0	0	0	0
Other non-operating items	**-102**	0	0	-102	0
Pre-tax sustainable comprehensive profit FY24E	**3,637**	929	286	-180	-108
Tax	-909	Assume 25%			
Minorities and other	-39				
Sustainable comprehensive profit FY24E	**2,689**				
Comprehensive equity FY23E	**19,027**				
Sustainable comprehensive ROE	**14.1%**				
COE	**7.9%**				
g	0%				
Valuation price to Comp BV	**1.8x**				
Valuation FY23E	**34,163**				
Dividends / buybacks oustanding in 23E	1,146				
Valuation roll-forward	3,361				
Valuation	**38,669**				
NOSH mn	121				
Value per share €	320.6				
Target price €	**320.0**				

Source: J.P. Morgan estimates.

Risks to Rating and Price Target

Downside risks include utilisation of reserve buffers, outsized catastrophe losses and lower life reinsurance results.

Kamran M Hossain AC
(44-20) 3493-3780
kamran.hossain@jpmorgan.com

Investment Thesis, Valuation and Risks

Munich Re *(Overweight; Price Target: €650.00)*

Investment Thesis

We do not see the Munich Re story being over, despite a softening reinsurance market. In our view, the next leg of the story for the stock is the next five-year strategic plan, where we expect the company to deliver improved earnings and higher ROE, and for capital returns to surprise positively. The group is also more diversified and resilient than before.

- **Munich Re is a more diversified business than ever.** Compared to the last soft cycle, Munich Re derives a larger share of earnings outside of P&C Re, with L&H Re and ERGO contributing to a larger share of group profits. GSI is also expected to be a growing contributor to earnings growth. This leaves Munich's profits far more exposed to the cycle than before.
- **Focus on ROE improvement in the next plan.** We expect the company to target an improvement from the 14-16% ROE for the 2025 plan. This should lead to a higher likelihood of increasing capital returns, primarily through SBBs, given the very strong Solvency position and perhaps more M&A to address the surplus capital.
- **Valuation remains undemanding despite strong outperformance.** The stock has outperformed the SXIP materially; however, the majority of the re-rating has been driven by earnings growth. Therefore, on a P/E basis, the stock remains at a discount to the sector and vs its historical average.

Valuation

We value Munich Re by estimating its sustainable across-the-cycle comprehensive ROE of 11% and derive a valuation multiple on Comprehensive Equity. We adjust for dividends and share buybacks and apply a CoE of 8% and growth rate of 0%. This results in our Mar-27 PT of €650.

Munich Re – IFRS17-based valuation

€ million, unless stated otherwise

Business unit	Sustainable comprehensive profit €mn	Insurance service result €mn	Sustainable life margin on liabilities (%)	Sustainable P&C combined ratio (%)	Net financial result €mn	Investment margin (%)	Other profit €mn	CSM value added €mn	Sustainable life new business margin (%)
P&C Re	**3,512**	3,533	-	82.0%	587	1.15%	-608		
GSI	**460**	715	-	92.0%	63	0.50%	-319		
L&H Re	**2,217**	1,578	10.00%	-	600	3.80%	-170	209	
ERGO Germany	**640**	1,440	-	-	300	0.25%	-800	-300	
ERGO International	**590**	716	-	;-	270	0.00%	-360	-36	
Pre-tax sustainable comprehensive profit FY26E	**7,419**	7,982	-	-	1,820	-	-2,256	-127	-
Tax	-1,855	Assume 25%							
Minorities and other	0								
Sustainable comprehensive profit FY26E	**5,564**								
Comprehensive equity FY25E	**49,776**								
Sustainable comprehensive ROE	**11.2%**								
COE	**7.8%**								
g	0%								
Valuation price to Comp BV	**1.4x**								
Valuation FY25E	**71,336**								
Dividends / buybacks oustanding	5,327								
Valuation roll-forward	6,955								
Valuation	**83,618**								
NOSH mn	129								
Value per share €	650.7								
Target price €	**650.0**								

Source: J.P. Morgan estimates.

Kamran M Hossain AC
(44-20) 3493-3780
kamran.hossain@jpmorgan.com

Risks to Rating and Price Target

Upside risks include better-than-expected improvements in P&C Re margins and a special one-off capital return.

Downside risks include elevated catastrophe losses, reserve deficiency due to rising inflation and lower capital returns than we forecast.

Kamran M Hossain [AC]
(44-20) 3493-3780
kamran.hossain@jpmorgan.com

Investment Thesis, Valuation and Risks

SCOR *(Neutral; Price Target: €30.00)*

Investment Thesis

With actions now taken in both the L&H and the P&C business, we see management having a 'clean' business that it can drive forward, with the company trading at a material discount to peers. While we can see the attractions of the company at its current valuation, we expect that it will take some time for the company to win back credibility in the market after a disruptive past few years and we rate it Neutral.

- **Business becoming a fresh canvas for management.** Since 2022, reserve charges have been taken in the P&C and L&H business. New management has been quick to take action on the Life issue in particular and completed a full 2024 L&H review. The external review has confirmed that SCOR's L&H reserves are in the best estimate range, which should help the company to build some credibility and provide management with a fresh start for 2025 onwards.
- **P&C turnaround is a positive signal for L&H.** SCOR's P&C business has shown promising progress since taking a material reserve charge in 2022 and taking a more prudent reserving approach to build conservatism. The company has been aiming for €300m of prudence build-up, which has been achieved over 2024. While it will take longer for a turnaround in L&H, we are reassured having witnessed the relatively smooth progress in the P&C business.
- **Balance sheet should support near-term dividends.** There were concerns during 2024 that SCOR's Solvency II ratio could fall below the 185% floor, and with the Solvency back to >200%, we do not see risk to at least flat dividends.

Valuation

We value SCOR by estimating its sustainable across-the-cycle comprehensive ROE of ~7% and use this to derive a valuation multiple on Comprehensive Equity. We adjust for dividends outstanding and apply a CoE of ~12% and growth rate of 0%. This results in our Mar-27 PT of €30.

SCOR – IFRS17-based valuation

€ million, unless stated otherwise

Business unit	Sustainable comprehensive profit €mn	Insurance service result €mn	Net financial result €mn	Other profit €mn	CSM value added €mn
Group	**884**	1,164	185	-410	-54
o/w P&C	**507**	730			-223
o/w L&H	**603**	434			169
Other non-operating items	**-125**			-125	
Pre-tax sustainable comprehensive profit FY26E	**759**				
Tax	-228	Assume 30%			
Minorities and other	-2				
Sustainable comprehensive profit FY26E	**529**				
Comprehensive equity FY25E	**8,153**				
Sustainable comprehensive ROE	**6.5%**				
COE	**11.9%**				
g	0%				
Valuation price to Comp BV	**0.5x**				
Valuation FY25E	**4,449**				
Dividends / buybacks oustanding	340				
Valuation roll-forward	618				
Valuation	**5,406**				
NOSH mn	179				
Value per share €	30.2				
Target price €	**30.0**				

Source: J.P. Morgan estimates.

Risks to Rating and Price Target

Upside risks include stronger P&C margins than we expect, a faster turnaround in life reinsurance profits and lower catastrophe losses than we expect. Downside risks include the L&H reserve review actions being inadequate and requiring further assumption changes, P&C margins deteriorating from their target levels and Solvency II ratio falling below 185%.

Investment Thesis, Valuation and Risks

Swiss Re *(Neutral; Price Target: CHF160.00)*

Investment Thesis

Swiss Re has done a good job in building a more resilient business with more prudence built into assumptions and reserve actions capping the US liability downside and offering potential earnings streams into future years. With the stock now trading in line with peers with stronger long-term track records, however, we rate the stock Neutral.

- **Reserve charge in 2024 has re-set the company.** The company decided to add $2.4bn to its US liability reserves at 9M24, which positions the company at the 90th percentile in its best estimate range. Following the conclusion of the review and charge, the issue of US liability is now firmly in the rear-view mirror for the company and gives management confidence that this will not be an issue in future years and drag on earnings.
- **Delivering on targets.** While the company missed its initial 2024 net income target due to the reserve charge, going into 2025 we expect that management’s biggest priority is delivering on earnings guidance, with the company keen to improve its credibility with the market. We would not expect guidance for 2026 to be too aggressive and expect management would have a high degree of confidence that it can achieve its goal.
- **SBB likely to return following FY25 earnings delivery.** Swiss Re has a very strong capital position and once the company has demonstrated that it can deliver on its earnings targets, it will soon move to return more capital to shareholders. We expect a $1bn SBB programme to return at FY25 results, which implies an attractive total return yield.
- **Valuation has caught up to peers.** In our view, both Munich Re and Hannover Re should trade at larger premiums due to their longer term track records of delivery.

Valuation

We value Swiss Re by estimating its sustainable across-the-cycle comprehensive ROE of ~9.5% and use this to derive a valuation multiple on Comprehensive Equity. We adjust for dividends and apply a CoE of 7% and growth rate of 0%. This results in our Mar-27 PT of CHF160.

Kamran M Hossain [AC]
(44-20) 3493-3780
kamran.hossain@jpmorgan.com

Swiss Re - IFRS17 valuation

$ million

Business unit	Sustainable comprehensive profit €mn	Insurance service result €mn	Sustainable P&C combined ratio (%)	Net Financial Result	Other income / expenses €mn	CSM value added €mn
Group	**4,666**	**5,229**		**1,540**	**-1,500**	**-603**
P&C Re		2,367	87.0%			-803
L&H Re		2,105				407
CorSo		757	88.0%			-207
Group Items & Consolidation		0				0
Pre-tax sustainable comprehensive profit FY26E	**4,666**					
Tax	-1,166	Assume 25%				
Minorities and other	4					
Sustainable comprehensive profit FY26E	**3,504**					
Comprehensive equity FY25E	**37,098**					
Sustainable comprehensive ROE	**9.4%**					
COE	**6.7%**					
g	0%					
Valuation price to Comp BV	**1.4x**					
Valuation FY25E	**51,910**					
Dividends / buybacks oustanding	3,294					
Valuation roll-forward	4,380					
Valuation	**59,583**					
NOSH mn	294					
Value per share $	202.6					
Value per share CHF	160.7					
Target price CHF	**160.0**					

Source: J.P. Morgan estimates

Risks to Rating and Price Target

Downside risks to our N rating and price target include negative newsflow on social inflation, a worse-than-expected deterioration in the Casualty business and outsized catastrophe losses.

Upside risks include faster reserve development than expected or more meaningful capital returns than we forecast.

Kamran M Hossain [AC]
(44-20) 3493-3780
kamran.hossain@jpmorgan.com

Hannover Re: Summary of Financials

INCOME STATEMENT	FY24A	FY25E	FY26E	FY27E
Divisional profit				
Life operating profit	-	-	-	-
Life reinsurance operating profit	934	955	1,034	1,067
P&C operating profit	-	-	-	-
P&C reinsurance operating profit	2,387	2,608	2,787	2,914
Other pre-tax profit	(108)	(105)	(102)	(102)
Consolidated P&L				
Insurance revenue	26,379	27,588	28,415	29,268
Insurance service result	3,019	2,983	3,057	3,145
Insurance net financial result	890	809	1,104	1,176
Interest expense	(104)	(103)	(102)	(102)
Other income and expenses	(591)	(231)	(340)	(340)
Total pre-tax profit	**3,213**	**3,458**	**3,719**	**3,879**
Income taxes	(817)	(811)	(930)	(970)
Minority interest			-	-
Net income	**2,329**	**2,609**	**2,749**	**2,867**
Pre Tax Operational Income	**3,213**	**3,458**	**3,719**	**3,879**
Adjusted Net income	**2,329**	**2,609**	**2,749**	**2,867**
Comprehensive profit	**2,677**	**3,202**	**3,342**	**2,976**
Adj. EPS	19.31	21.63	22.80	23.78
Comprehensive EPS	22.20	26.55	27.71	24.68
DPS	9.00	9.50	10.00	10.50
Ratio Analysis				
Insurance margin	-	-	-	-
Adj. EPS y/y Growth	27.6%	12.0%	5.4%	4.3%
Comprehensive EPS y/y growth	(0.2%)	19.6%	4.4%	(10.9%)
DPS y/y Growth	25.0%	5.6%	5.3%	5.0%
Adj. P/E (x)	12.7	11.3	10.7	10.3
Comprehensive P/E (x)	11.0	9.2	8.8	9.9
Dividend Yield	3.7%	3.9%	4.1%	4.3%
P&C combined ratio	-	-	-	-
Reinsurance P&C combined ratio	86.6%	87.8%	88.0%	88.0%
Life new business CSM	317	457	380	380
Life new business CSM margin	-	-	-	-
CSM release ratio	(14.8%)	(12.8%)	(12.6%)	(12.5%)

BALANCE SHEET	FY24A	FY25E	FY26E	FY27E
Cash & Cash Equivalents	1,253	1,176	1,223	1,273
Investments	63,283	63,164	65,729	68,398
Investment property	2,605	2,632	2,739	2,850
Goodwill	80	79	79	79
Other intangibles	-	-	-	-
Other assets	1,357	1,439	1,497	1,558
Total Assets	**72,087**	**72,160**	**74,960**	**77,908**
Insurance liabilities	48,918	47,748	48,336	49,467
o/w CSM	8,163	8,954	9,716	9,954
o/w Risk adjustment	4,004	3,696	3,721	3,788
o/w PVCF	-	-	-	-
Investment contract liabilities	-	-	-	-
Senior debt	747	720	720	720
Subordinated debt	3,230	2,735	2,735	2,735
Other liabilities	2,905	4,425	4,906	4,925
Total Liabilities	**59,439**	**58,811**	**59,883**	**61,042**
Shareholders' equity	11,795	12,390	13,994	15,655
Preferred equity / hybrid capital	-	-	-	-
Minority Interests	894	959	1,083	1,211
Total Liabilities and Shareholder Equity	**72,127**	**72,160**	**74,960**	**77,908**
Comprehensive equity	17,837	19,027	21,223	22,993
Net CSM	6,122	6,716	7,308	7,417
Ratio Analysis				
BVPS	97.8	102.7	116.0	129.8
Comprehensive BVPS	147.91	157.77	175.98	190.66
ROE	21.2%	21.6%	20.8%	19.3%
Comprehensive ROE	15.9%	17.4%	16.6%	13.5%
P/BV	2.5	2.4	2.1	1.9
Comprehensive P/BV	1.7	1.6	1.4	1.3
Debt leverage ratio	17.5%	14.7%	13.4%	12.5%

Source: Company reports and J.P. Morgan estimates.
Note: € in millions (except per-share data).Fiscal year ends Dec

Munich Re: Summary of Financials

INCOME STATEMENT	FY24A	FY25E	FY26E	FY27E
Divisional profit				
Life operating profit	674	912	1,093	1,105
Life reinsurance operating profit	2,038	2,224	2,379	2,454
P&C operating profit	612	1,150	1,157	1,368
P&C reinsurance operating profit	4,674	4,181	4,146	3,984
Other pre-tax profit	(207)	(184)	(180)	(180)
Consolidated P&L				
Insurance revenue	60,830	61,898	64,653	67,517
Insurance service result	8,219	8,932	8,313	8,431
Insurance net financial result	1,443	1,067	2,079	2,103
Interest expense	(207)	(184)	(180)	(180)
Other income and expenses	(1,665)	(1,533)	(1,616)	(1,625)
Total pre-tax profit	**7,790**	**8,283**	**8,595**	**8,730**
Income taxes	(2,100)	(2,059)	(2,102)	(2,062)
Minority interest	14	1	0	0
Net income	**5,704**	**6,225**	**6,493**	**6,668**
Pre Tax Operational Income	**7,790**	**8,283**	**8,595**	**8,730**
Adjusted Net income	**5,704**	**6,225**	**6,493**	**6,668**
Comprehensive profit	**5,704**	**6,225**	**6,493**	**6,668**
Adj. EPS	42.78	47.60	51.53	55.30
Comprehensive EPS	42.78	47.60	51.53	55.30
DPS	20.00	22.00	23.76	25.42
Ratio Analysis				
Insurance margin	-	-	-	-
Adj. EPS y/y Growth	26.3%	11.3%	8.3%	7.3%
Comprehensive EPS y/y growth	26.3%	11.3%	8.3%	7.3%
DPS y/y Growth	33.3%	10.0%	8.0%	7.0%
Adj. P/E (x)	12.1	10.9	10.0	9.4
Comprehensive P/E (x)	12.1	10.9	10.0	9.4
Dividend Yield	3.9%	4.3%	4.6%	4.9%
P&C combined ratio	93.6%	88.4%	89.9%	89.3%
Reinsurance P&C combined ratio	77.3%	76.8%	80.2%	81.4%
Life new business CSM	2,315	2,143	1,190	1,207
Life new business CSM margin	-	-	-	-
CSM release ratio	6.7%	7.3%	7.5%	7.5%

BALANCE SHEET	FY24A	FY25E	FY26E	FY27E
Cash & Cash Equivalents	6,116	5,323	5,323	5,323
Investments	214,857	216,265	222,927	229,840
Investment property	10,189	9,760	9,760	9,760
Goodwill	3,443	3,181	3,181	3,181
Other intangibles	819	770	770	770
Other assets	29,447	28,855	29,358	29,879
Total Assets	**286,442**	**285,689**	**293,276**	**301,148**
Insurance liabilities	222,269	224,904	231,871	239,101
o/w CSM	-	-	-	-
o/w Risk adjustment	-	-	-	-
o/w PVCF	-	-	-	-
Investment contract liabilities				
Senior debt				
Subordinated debt	6,321	6,109	6,109	6,109
Other liabilities	22,454	20,475	19,922	19,138
Total Liabilities	**253,541**	**253,188**	**259,603**	**266,049**
Shareholders' equity	32,797	32,322	33,494	34,921
Preferred equity / hybrid capital				
Minority Interests	104	179	179	179
Total Liabilities and Shareholder Equity	**286,442**	**285,689**	**293,276**	**301,148**
Comprehensive equity	49,739	49,776	50,896	52,176
Net CSM	21,100	21,349	21,174	21,028
Ratio Analysis				
BVPS	247.4	250.6	267.2	286.8
Comprehensive BVPS	375.22	385.99	406.02	428.55
ROE	18.3%	19.1%	19.7%	19.5%
Comprehensive ROE	12.1%	12.5%	12.9%	12.9%
P/BV	2.1	2.1	1.9	1.8
Comprehensive P/BV	1.4	1.3	1.3	1.2
Debt leverage ratio	11.3%	10.9%	10.7%	10.4%

Source: Company reports and J.P. Morgan estimates.
Note: € in millions (except per-share data).Fiscal year ends Dec

Kamran M Hossain AC
(44-20) 3493-3780
kamran.hossain@jpmorgan.com

SCOR: Summary of Financials

INCOME STATEMENT	FY24A	FY25E	FY26E	FY27E
Divisional profit				
Life operating profit	-	-	-	-
Life reinsurance operating profit	0	0	0	0
P&C operating profit	-	-	-	-
P&C reinsurance operating profit	0	0	(0)	0
Other pre-tax profit	191	1,069	973	995
Consolidated P&L				
Insurance revenue	12,662	12,534	13,138	13,522
Insurance service result	433	1,293	1,269	1,282
Insurance net financial result	431	395	377	396
Interest expense	(106)	(132)	(132)	(132)
Other income and expenses	(567)	(486)	(540)	(552)
Total pre-tax profit	**191**	**1,069**	**973**	**995**
Income taxes	(173)	(295)	(291)	(297)
Minority interest	(1)	2	4	4
Net income	**3**	**775**	**682**	**697**
Pre Tax Operational Income	**191**	**1,069**	**973**	**995**
Adjusted Net income	**3**	**775**	**682**	**697**
Comprehensive profit	**(396)**	**1,242**	**519**	**792**
Adj. EPS	0.02	4.33	3.82	3.90
Comprehensive EPS	(2.21)	6.95	2.90	4.43
DPS	1.80	1.90	2.00	2.10
Ratio Analysis				
Insurance margin	-	-	-	-
Adj. EPS y/y Growth	(99.6%)	25796.9%	(11.9%)	2.2%
Comprehensive EPS y/y growth	(153.6%)	(414.6%)	(58.2%)	52.8%
DPS y/y Growth	0.0%	5.6%	5.3%	5.0%
Adj. P/E (x)	1,710.0	6.6	7.5	7.3
Comprehensive P/E (x)	NM	4.1	9.9	6.5
Dividend Yield	6.3%	6.6%	7.0%	7.3%
P&C combined ratio	-	-	-	-
Reinsurance P&C combined ratio	86.3%	85.0%	86.5%	87.0%
Life new business CSM	485	392	410	400
Life new business CSM margin	-	-	-	-
CSM release ratio	(25.5%)	(7.0%)	(6.6%)	(6.6%)

BALANCE SHEET	FY24A	FY25E	FY26E	FY27E
Cash & Cash Equivalents	2,391	2,097	2,170	2,262
Investments	23,591	24,262	24,990	25,740
Investment property	692	749	772	795
Goodwill	884	882	882	882
Other intangibles			-	-
Other assets	1,824	1,661	1,661	1,661
Total Assets	**37,350**	**34,470**	**35,388**	**36,369**
Insurance liabilities	23,114	20,772	21,346	22,100
o/w CSM	5,455	5,940	5,775	5,908
o/w Risk adjustment	-	-	-	-
o/w PVCF	-	-	-	-
Investment contract liabilities	0	0	0	0
Senior debt	-	-	-	-
Subordinated debt	2,947	2,877	2,877	2,877
Other liabilities	3,650	3,482	3,820	3,631
Total Liabilities	**32,823**	**29,993**	**30,964**	**31,606**
Shareholders' equity	4,524	4,477	4,423	4,763
Preferred equity / hybrid capital	-	-	-	-
Minority Interests	0	0	0	0
Total Liabilities and Shareholder Equity	**37,347**	**34,470**	**35,388**	**36,369**
Comprehensive equity	7,731	8,153	7,936	8,371
Net CSM	4,091	4,558	4,395	4,490
Ratio Analysis				
BVPS	25.22	22.82	24.73	26.63
Comprehensive BVPS	43.10	45.59	44.37	46.80
ROE	0.1%	17.2%	15.3%	15.2%
Comprehensive ROE	(4.9%)	15.6%	6.4%	9.7%
P/BV	1.1	1.3	1.2	1.1
Comprehensive P/BV	0.7	0.6	0.6	0.6
Debt leverage ratio	27.6%	26.1%	26.6%	25.6%

Source: Company reports and J.P. Morgan estimates.
Note: € in millions (except per-share data).Fiscal year ends Dec

Swiss Re: Summary of Financials

INCOME STATEMENT	FY24A	FY25E	FY26E	FY27E
Divisional profit				
Life operating profit	-	-	-	-
Life reinsurance operating profit	1,901	2,171	2,337	2,426
P&C operating profit	1,061	1,074	1,037	1,067
P&C reinsurance operating profit	1,587	2,866	2,960	3,044
Other pre-tax profit	(416)	(37)	(99)	(54)
Consolidated P&L				
Insurance revenue	45,598	44,429	45,555	46,628
Insurance service result	4,304	5,728	5,686	5,682
Insurance net financial result	2,086	2,217	2,280	2,549
Interest expense	(460)	(428)	(323)	(320)
Other income and expenses	(1,797)	(1,442)	(1,408)	(1,428)
Total pre-tax profit	**4,133**	**6,075**	**6,235**	**6,483**
Income taxes	(895)	(1,261)	(1,365)	(1,411)
Minority interest			-	-
Net income	**3,241**	**4,803**	**4,859**	**5,061**
Pre Tax Operational Income	**4,133**	**6,075**	**6,235**	**6,483**
Adjusted Net income	**3,241**	**4,803**	**4,859**	**5,061**
Comprehensive profit	**2,374**	**4,537**	**5,220**	**5,407**
Adj. EPS	11.10	16.33	16.67	17.69
Comprehensive EPS	8.13	15.43	17.91	18.90
DPS	7.35	7.80	8.40	9.00
Ratio Analysis				
Insurance margin	-	-	-	-
Adj. EPS y/y Growth	5.9%	47.2%	2.1%	6.1%
Comprehensive EPS y/y growth	(22.4%)	89.8%	16.1%	5.5%
DPS y/y Growth	8.1%	6.1%	7.7%	7.1%
Adj. P/E (x)	16.1	10.9	10.7	10.1
Comprehensive P/E (x)	21.9	11.6	10.0	9.4
Dividend Yield	4.1%	4.4%	4.7%	5.0%
P&C combined ratio	89.7%	89.6%	91.5%	92.0%
Reinsurance P&C combined ratio	89.9%	83.8%	84.2%	85.1%
Life new business CSM	-	-	-	-
Life new business CSM margin	-	-	-	-
CSM release ratio	9.1%	9.0%	8.1%	8.1%

BALANCE SHEET	FY24A	FY25E	FY26E	FY27E
Cash & Cash Equivalents	4,133	3,743	3,895	4,053
Investments	101,845	111,132	115,644	120,340
Investment property	-	-	-	-
Goodwill	4,050	4,038	4,038	4,038
Other intangibles			-	-
Other assets	5,005	5,597	5,597	5,597
Total Assets	**127,229**	**137,460**	**142,407**	**147,529**
Insurance liabilities	83,362	85,620	87,997	90,260
o/w CSM	21,133	20,792	21,255	21,698
o/w Risk adjustment	7,965	7,994	8,215	8,427
o/w PVCF	-	-	-	-
Investment contract liabilities	-	-	-	-
Senior debt	1,182	1,207	1,207	1,207
Subordinated debt	6,079	8,373	8,373	8,373
Other liabilities	6,359	8,769	9,672	10,798
Total Liabilities	**103,989**	**111,182**	**114,564**	**118,051**
Shareholders' equity	21,892	24,918	26,483	28,118
Preferred equity / hybrid capital	1,214	1,214	1,214	1,214
Minority Interests	134	146	146	146
Total Liabilities and Shareholder Equity	**127,229**	**137,460**	**142,407**	**147,529**
Comprehensive equity	34,326	37,098	39,023	41,004
Net CSM	16,484	16,218	16,579	16,924
Ratio Analysis				
BVPS	74.44	84.73	91.70	99.19
Comprehensive BVPS	116.71	126.14	135.13	144.65
ROE	15.5%	20.5%	18.9%	18.5%
Comprehensive ROE	7.0%	12.7%	13.7%	13.5%
P/BV	2.4	2.1	1.9	1.8
Comprehensive P/BV	1.5	1.4	1.3	1.2
Debt leverage ratio	17.4%	20.5%	19.7%	18.9%

Source: Company reports and J.P. Morgan estimates.
Note: $ in millions (except per-share data).Fiscal year ends Dec

Kamran M Hossain AC
(44-20) 3493-3780
kamran.hossain@jpmorgan.com

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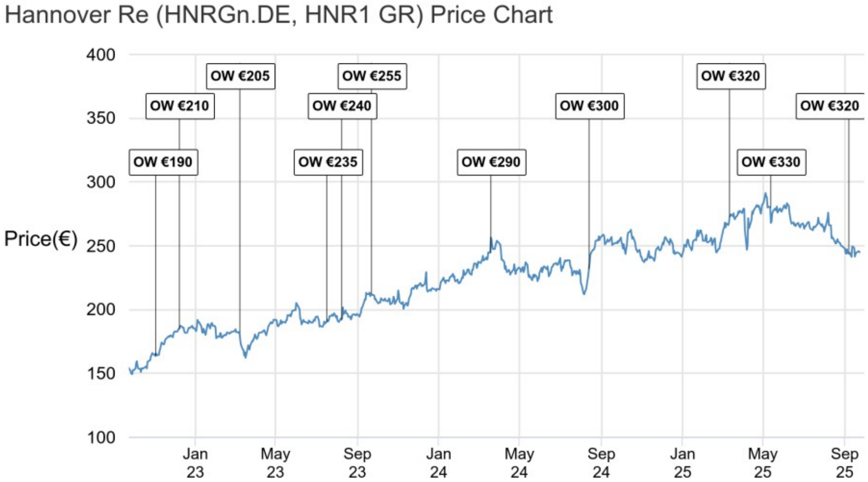
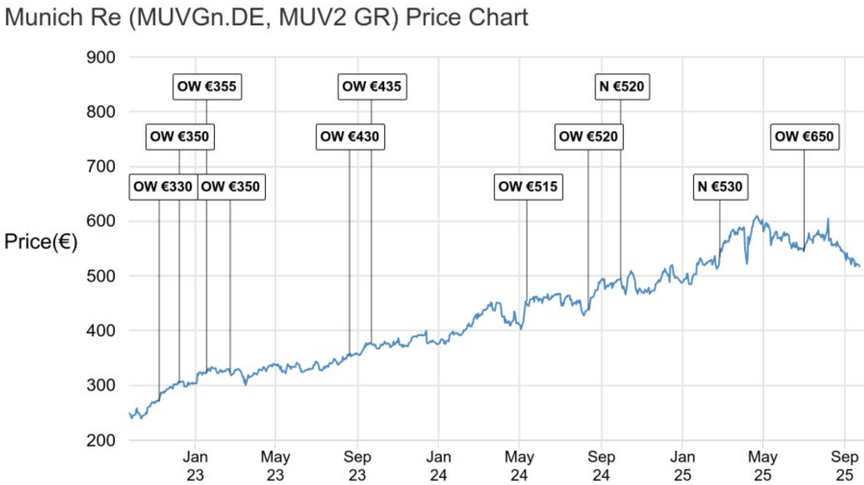
Kamran M Hossain [AC]
(44-20) 3493-3780
kamran.hossain@jpmorgan.com



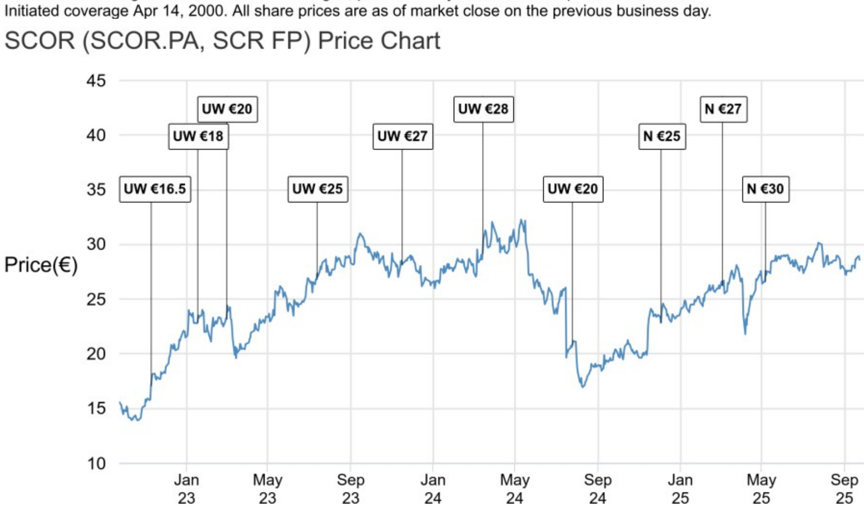
Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Jul 14, 1999. All share prices are as of market close on the previous business day.

Date	Rating	Price (€)	Price Target (€)
03-Nov-22	OW	163.65	190
08-Dec-22	OW	184.75	210
09-Mar-23	OW	182.20	205
18-Jul-23	OW	190.60	235
09-Aug-23	OW	192.10	240
22-Sep-23	OW	212.20	255
19-Mar-24	OW	244.60	290
14-Aug-24	OW	231.90	300
13-Mar-25	OW	272.70	320
13-May-25	OW	280.00	330
08-Sep-25	OW	244.40	320



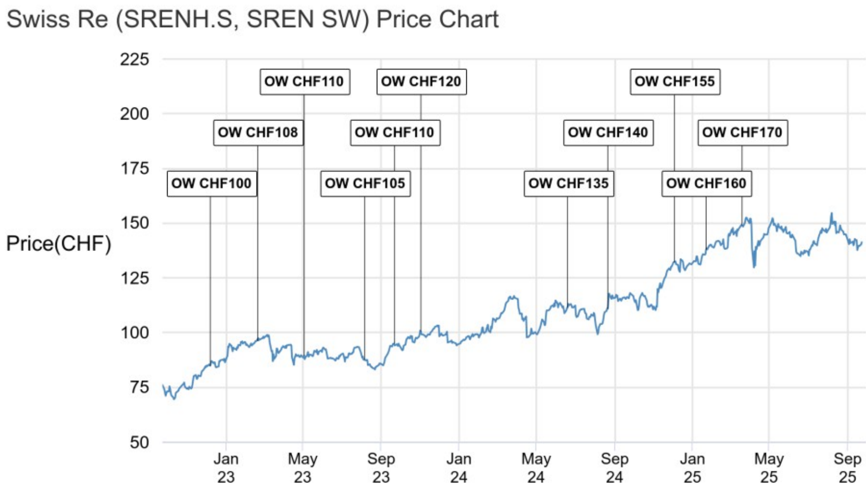
Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Apr 14, 2000. All share prices are as of market close on the previous business day.

Date	Rating	Price (€)	Price Target (€)
08-Nov-22	OW	271.10	330
08-Dec-22	OW	304.40	350
18-Jan-23	OW	322.90	355
23-Feb-23	OW	324.10	350
21-Aug-23	OW	354.30	430
22-Sep-23	OW	377.70	435
13-May-24	OW	453.50	515
13-Aug-24	OW	439.40	520
01-Oct-24	N	495.20	520
26-Feb-25	N	534.40	530
02-Jul-25	OW	545.00	650



Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Mar 20, 2000. All share prices are as of market close on the previous business day.

Date	Rating	Price (€)	Price Target (€)
10-Nov-22	UW	17.04	16.5
18-Jan-23	UW	22.85	18
02-Mar-23	UW	23.18	20
13-Jul-23	UW	26.80	25
17-Nov-23	UW	28.15	27
15-Mar-24	UW	29.17	28
26-Jul-24	UW	20.80	20
04-Dec-24	N	22.84	25
05-Mar-25	N	26.26	27
07-May-25	N	26.60	30



Date	Rating	Price (CHF)	Price Target (CHF)
08-Dec-22	OW	84.92	100
20-Feb-23	OW	96.14	108
04-May-23	OW	89.56	110
07-Aug-23	OW	87.68	105
22-Sep-23	OW	95.02	110
03-Nov-23	OW	100.40	120
20-Jun-24	OW	111.45	135
22-Aug-24	OW	110.90	140
04-Dec-24	OW	132.25	155
23-Jan-25	OW	137.85	160
20-Mar-25	OW	149.10	170

Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Jul 16, 1998. All share prices are as of market close on the previous business day.

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