



International Association for the
Study of Insurance Economics

Études et Dossiers

Extract from

Études et Dossiers No. 340

**4th International Insurance and Finance
Seminar of The Geneva Association**

6-7 December 2007
London

February 2008

**Working Paper Series of
The Geneva Association**

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The Geneva Association Working Paper Series “Études et Dossiers” appear at irregular intervals about 10 - 12 times per year. Distribution is limited.

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Layout & Distribution: Valéria Kozakova

Asset Management - Key Issues in Outsourcing Policy

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Asset Management Agenda		Swiss Re 
	Setting the Scene	
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	Swiss Re – A Balanced Model	
	Swiss Re’s Third Party Offering	
	Summary	

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Asset Management
Setting the Scene


- Asset Management is a core driver in a (re-)insurer's value creation besides sound underwriting
- Asset Management for insurers is complex, because of:
 - Asset composition may impact insurer's capital differently depending on model reviewed (Internal, Rating, Regulatory)
 - Dynamic relationship with insurance liabilities (ALM)
 - Local insurance regulations, local insurance markets
- Asset Management for a company like Swiss Re is particularly complex, because of:
 - Diversity of reinsurance business → Requires state of the art ALM framework
 - International presence → Depth of local regulations
 - Global reach → Allows for taking market risk in many jurisdictions and across many asset classes
 - Active Investment Approach → Asset allocation as a key driver

Slide 3

Asset Management
Swiss Re Group at a glance - 2006

- Net income of CHF 4.6 billion
- Premiums earned of CHF 29.5 billion
- Investment portfolio of CHF 169.1 billion (Q307, excl. unit linked)
- We enable the risk-taking that is essential to enterprise and progress
- World's leading and most diversified reinsurer
- Pioneer and leader in insurance-linked securitisation solutions
- Proven expertise in risk and capital management
- More than 90 offices in over 25 countries
- Strong corporate culture based on 143 years of experience

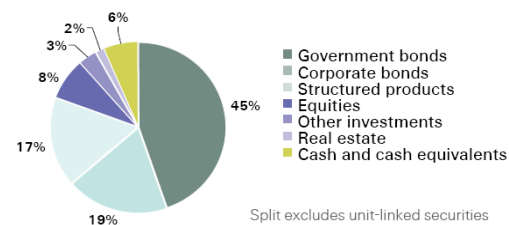
Slide 4
Source: Swiss Re 2006 Annual Report, Q3/07 Analyst Presentation



Asset Management Swiss Re Investment portfolio

- Investment Portfolio of CHF 169.1 bn as of 30 September 2007 (excl. unit-linked)
- Majority in Fixed Income
- Broad range of asset classes and sectors


CHF bn	Q3 2007
Balance sheet values	192.6
Unit-linked investments	-23.5
Balance sheet values (excl. unit-linked)	169.1



- Government bonds
- Corporate bonds
- Structured products
- Equities
- Other investments
- Real estate
- Cash and cash equivalents

Split excludes unit-linked securities

Slide 5 Source: Q3/07 Analyst Presentation



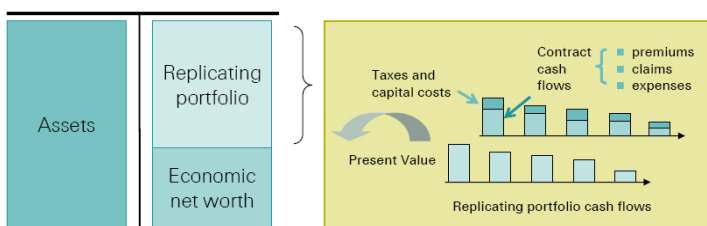
Asset Management Asset Liability Perspective

Minimum Risk Portfolio = Replicating Portfolio + Target for Economic Net Worth

Assets

Replicating portfolio

Economic net worth



- The economic valuation of assets and liabilities constitutes the basis of the ALM framework
- A replicating portfolio is regularly updated to determine the economic value of insurance liabilities
- Active investment management takes financial market risks relative to the minimum risk portfolio within given limits to create economic value thereby taking into account capital costs

Slide 6

Asset Management
Outsourcing Considerations

Assets Backing Liabilities

- Asset Liability Management considerations are key to the management of these assets
- Predominantly Fixed Income assets diversified by currency and sector
- Potential for outsourcing is largely driven by composition of liabilities, in-house expertise, and management style

Assets Backing Economic Net Worth

- Apart from overall liquidity and FX considerations, ALM considerations play less of a role
- Allows for an absolute return perspective. (Tactical) Asset Allocation as a main value driver
- Asset universe expanded to Equities, and Alternative Investments (e.g. Private Equity, Hedge Funds, Real Estate)

Assets

Replicating portfolio

Economic net worth

Asset Management
Swiss Re – A Balanced Model

Assets Backing Liabilities

Largely managed in-house as a result of:

- Diversity and breadth of global liabilities
- Active Asset Management style pursued
- Balance sheet size allows for scale of investment operation
- Ability to retain talent and wish to keep flexibility

Assets Backing Economic Net Worth


- Mix of in-house and external managers
- Global equity portfolio managed internally with proven track record. Allows for more flexible allocation of risk capital
- Alternative Investments to a large extent outsourced to external specialized funds, but selection process retained in-house
- Retaining direct investment opportunities where Swiss Re has a clear knowledge advantage

Assets

Replicating portfolio

Economic net worth

Swiss Re 	
Asset Management Swiss Re's Third Party Offering	<div style="display: flex; align-items: center;">  <div> <ul style="list-style-type: none"> ■ Conning is a highly regarded provider of insurance and investment expertise. It's three core services are insurance industry research, strategic consulting that includes ALM, DFA and ERM offerings and tailored insurance asset management covering the full spectrum of investment product offerings ■ Conning is a leading third party insurance asset manager ("Insurance Asset Manager," Oct. 2006) in both the US and Europe ■ At September 30, 2007, Conning's asset under management, focused on fixed income, totaled \$70.9 billion in assets. Advisory services accounted for an additional \$11.5 billion and accounting and reporting services were provided on another \$23.1 billion, bringing total assets under contract to \$105.5 billion ■ Services are offered stand-alone basis or as part of Conning's full-service asset management service offering </div> </div> <p style="font-size: small; margin-top: 20px;">Slide 9</p>
 <p style="font-size: x-small; margin-top: 10px;"><i>Ability to integrate insurance, financial modeling and investment skills creates a unique selling proposition for insurance companies.</i></p>	

Swiss Re 	
Asset Management Summary	<ul style="list-style-type: none"> ■ Investment Management for (re-)insurance companies is complex because of dynamic link to liabilities ■ Swiss Re as a global company with exposure to many markets increases complexity further ■ Swiss Re follows a balanced approach: <ul style="list-style-type: none"> - Investments backing insurance liabilities require state of art ALM modeling capability and close link to liabilities, yet actively managed, and are largely managed internally - Investments backing economic net worth can be allocated more opportunistically also to external parties, but selection process is retained ■ Conning's integration of its three core services (insurance industry research, strategic financial consulting and asset management) enhances each service and creates unique value for insurance clients <p style="font-size: x-small; margin-top: 20px;">Slide 10</p>