



Managing the capital of a re/insurance group today

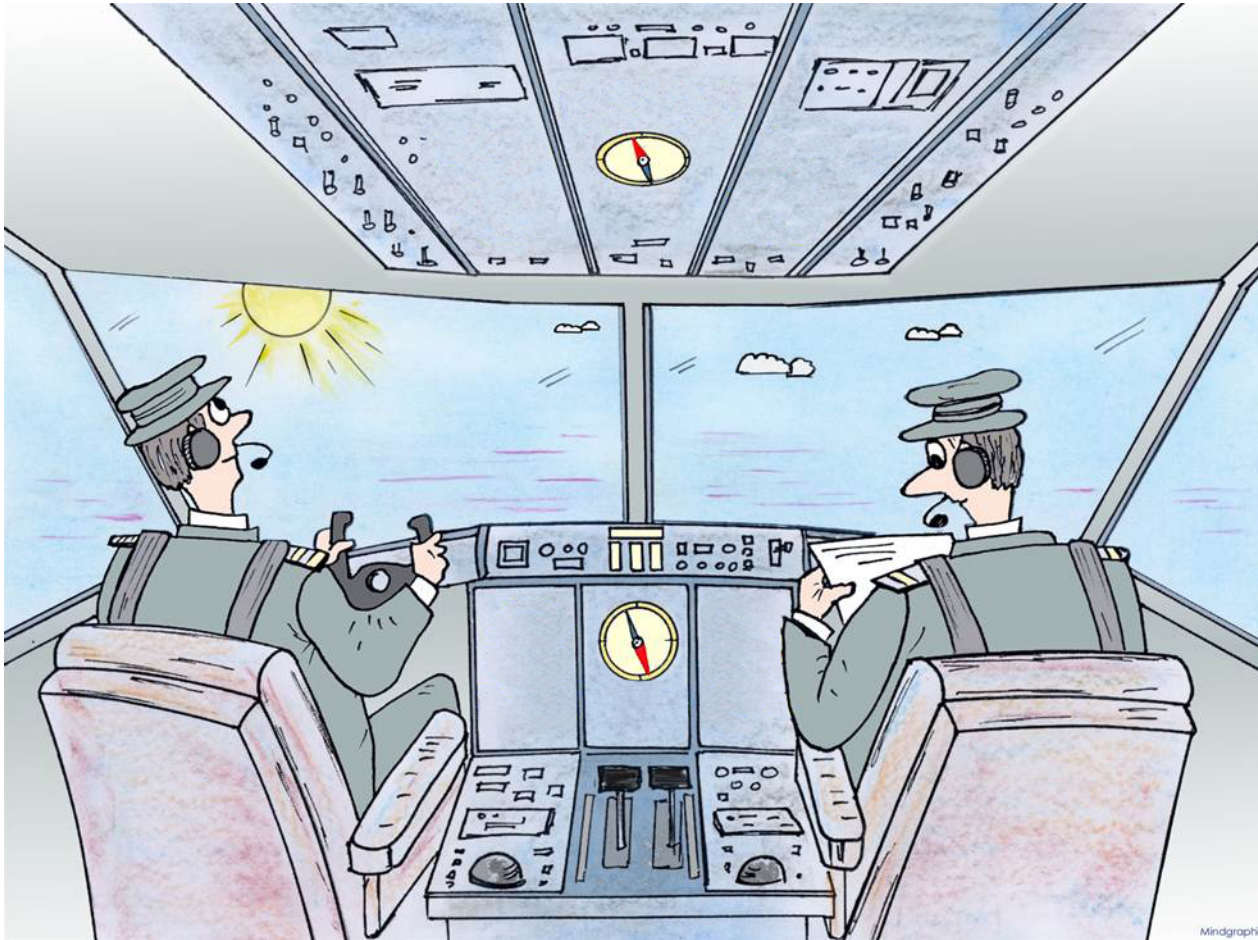
Michel M. Liès, Group CEO Swiss Re

Panel discussion

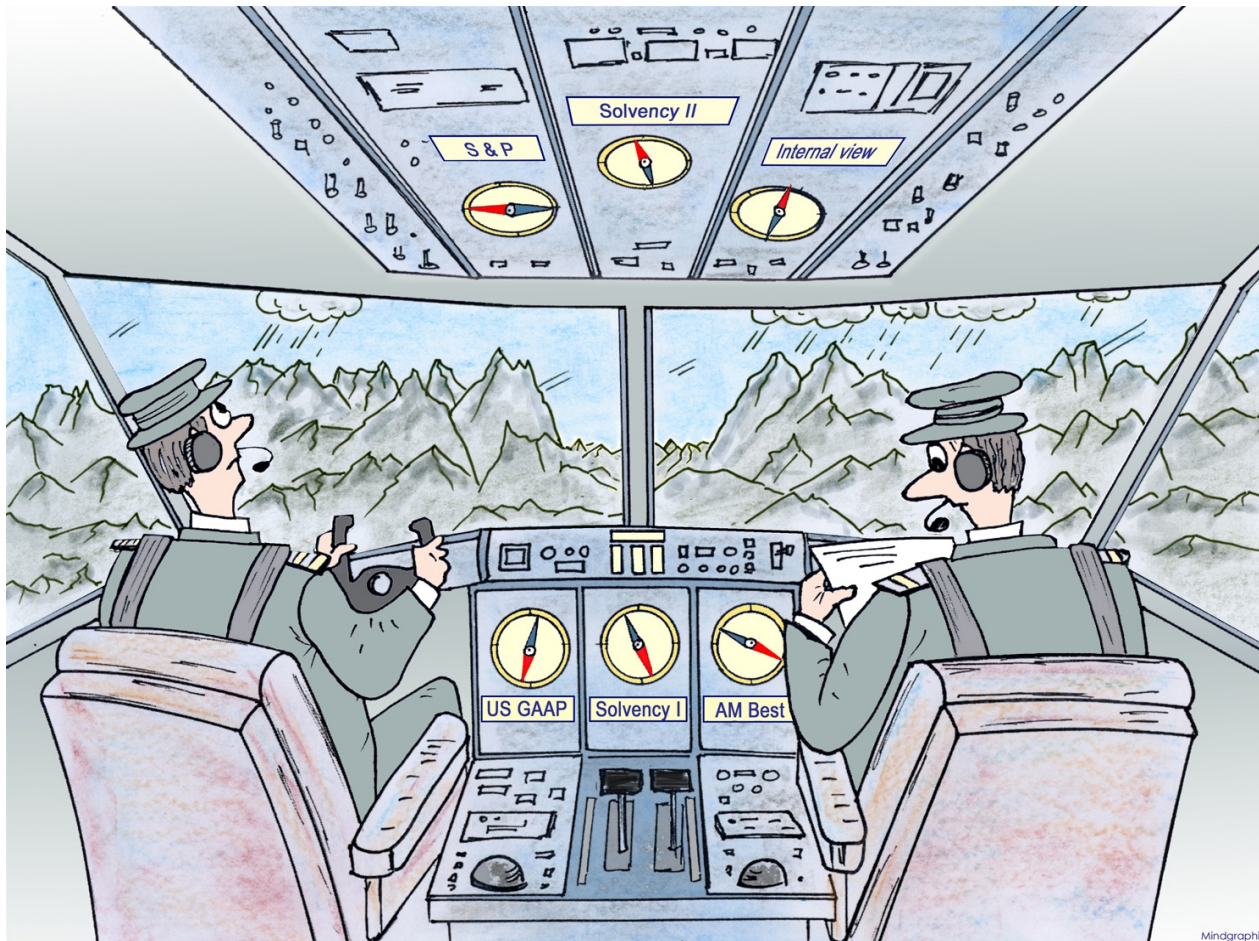
Monte Carlo, 11 September 2012



Times have changed –
enterprise steering before the crisis. . .



... and today



Mindgraphic



Different stakeholders have different views on capital adequacy

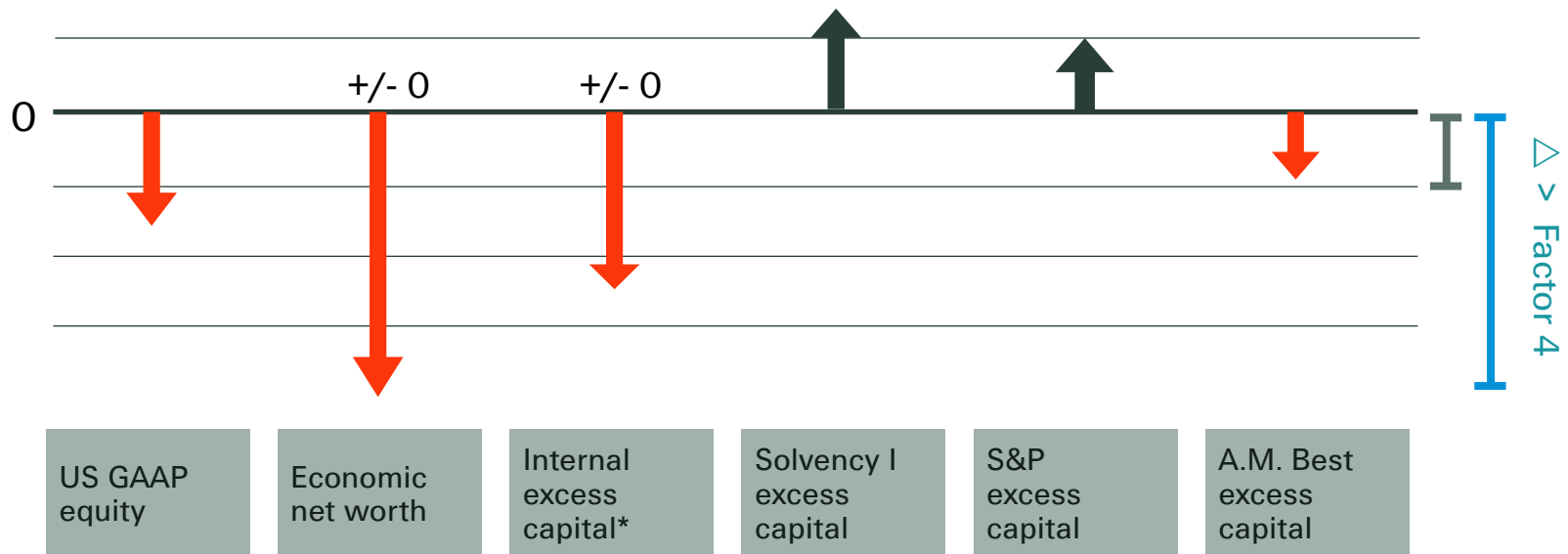
Stakeholder group	Main interest
■ Clients:	– payment of claims whenever due
■ Regulators:	– protection of policyholders against consequences of insolvency – financial stability
■ Rating agencies:	– fulfillment of obligations to policyholders and debt holders
■ Investors:	– high risk-adjusted return

► Different stakeholders have different perspectives on how to value assets and liabilities and on how to measure capital adequacy

Conflicting signals can lead to uneconomic decisions

Illustrative – impact of **FX movements** – example from a European insurer

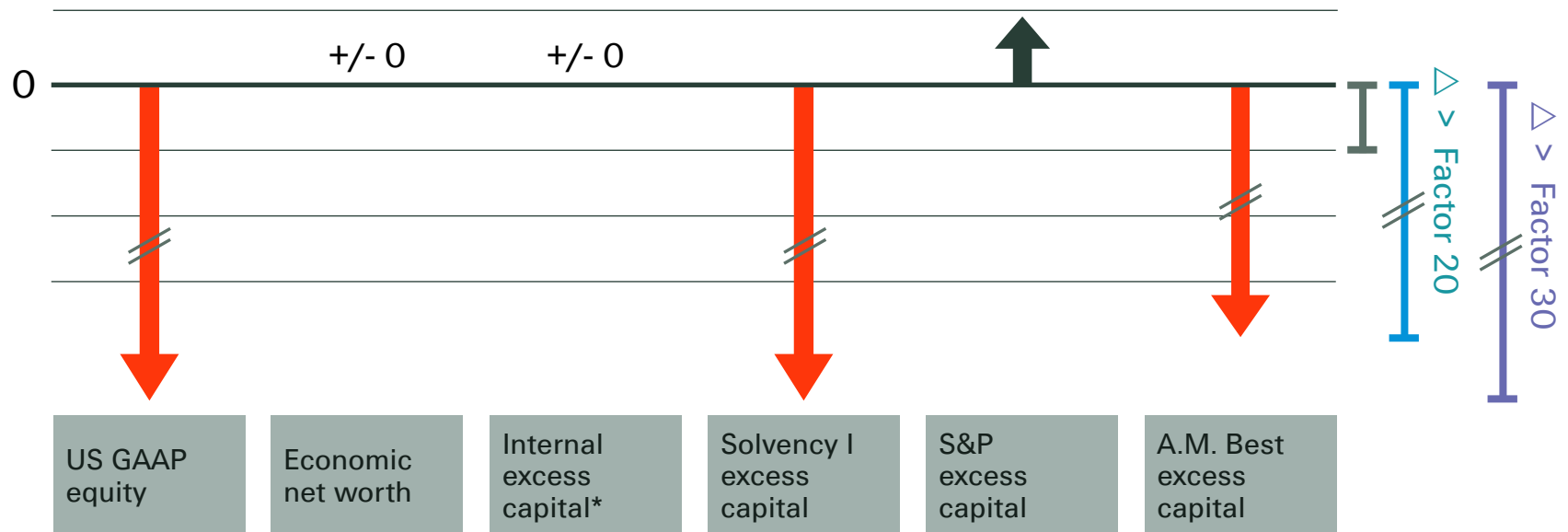
GBP falls against the euro



* Proxy for Solvency II and Swiss Solvency Test (SST)

Conflicting signals can lead to uneconomic decisions

Illustrative – impact of interest rate rise on a European reinsurer

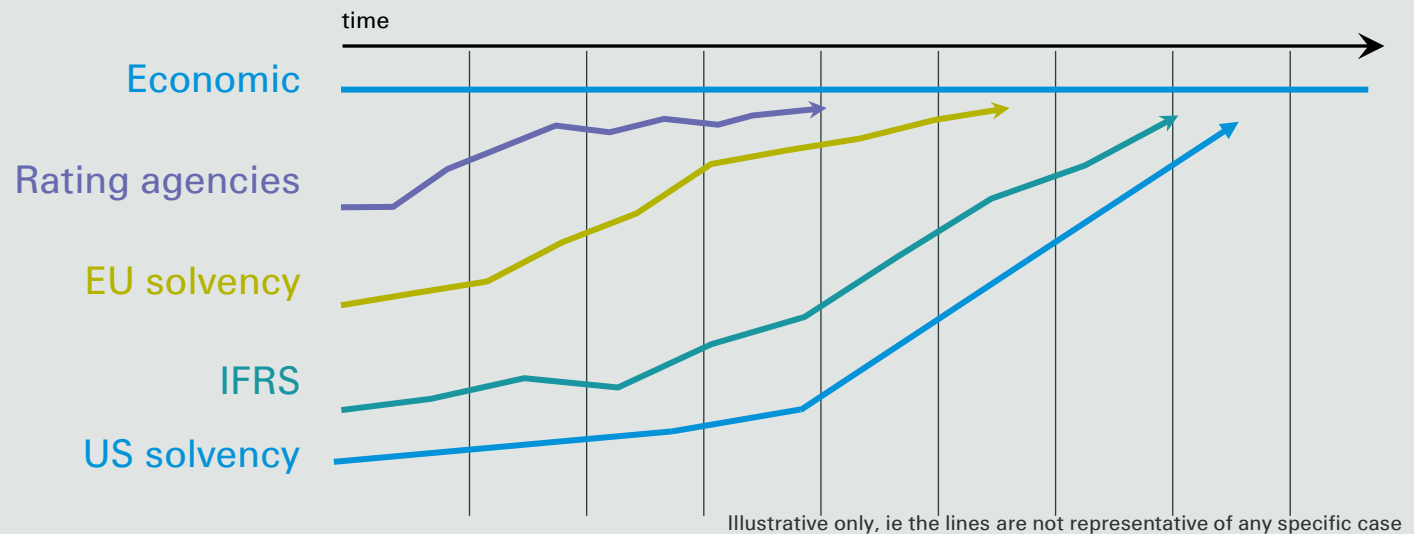


- Convergence of regimes should allow alignment of regulatory/solvency considerations with economic steering
- Economic view should ultimately prevail

* Proxy for Solvency II and Swiss Solvency Test (SST)

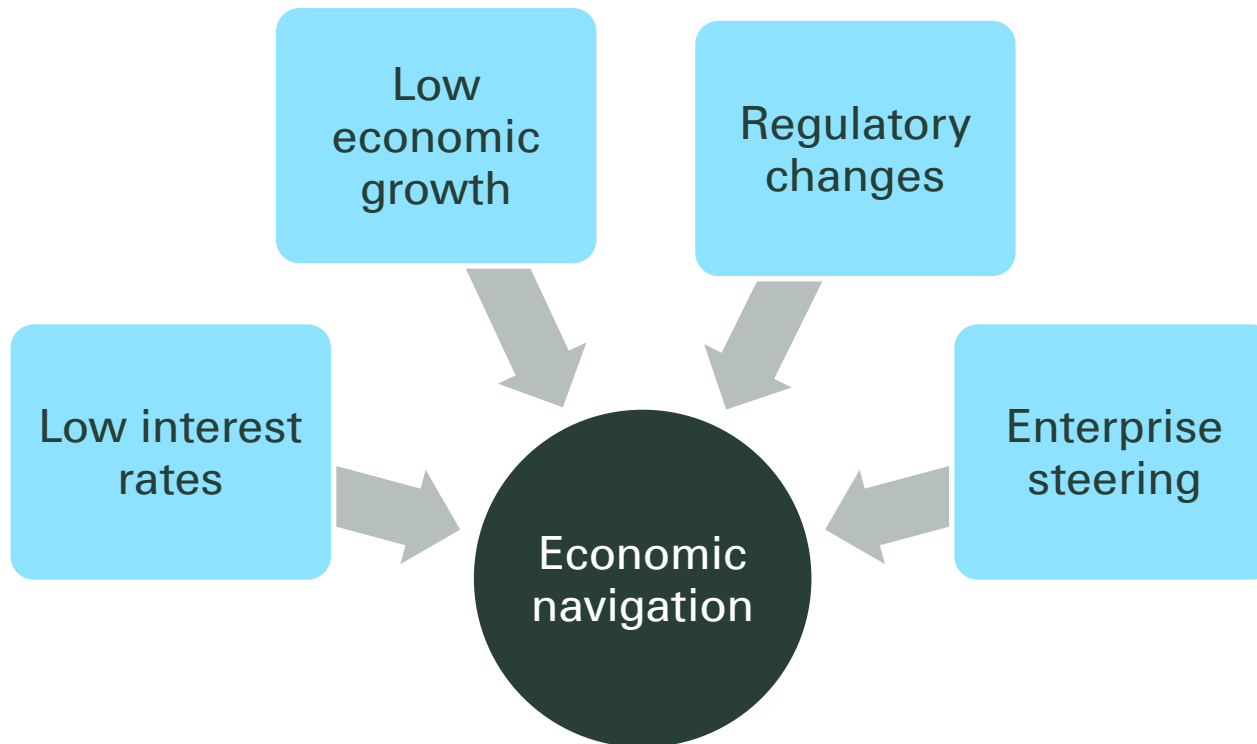
Economic view is expected to prevail

Ultimate convergence, but at different speeds



Joint effort of all stakeholders needed to move towards economic view

Growing importance of economic navigation for our industry



Problems can never be solved
with the same mindset by which
they are incurred.

Albert Einstein

Swiss Re



Thank you



Legal notice

©2012 Swiss Re. All rights reserved. You are not permitted to create any modifications or derivatives of this presentation or to use it for commercial or other public purposes without the prior written permission of Swiss Re.

Although all the information used was taken from reliable sources, Swiss Re does not accept any responsibility for the accuracy or comprehensiveness of the details given. All liability for the accuracy and completeness thereof or for any damage resulting from the use of the information contained in this presentation is expressly excluded. Under no circumstances shall Swiss Re or its Group companies be liable for any financial and/or consequential loss relating to this presentation.