

Welcome:

Live presentation of the 2010 Life Reinsurance Survey



Host: Carol Sullivan, FLMI

Presenter/Surveyor: Dave
Bruggeman, FSA, MAAA

Sponsor: Munich American
Reassurance Company

- To join the audio portion of
the presentation
 - (646) 558-2120
 - Access code:
583-247-391
 - Audio PIN: 27
 - Webinar ID
377-167-704

*The presentation will begin
shortly. Thank you for
attending.*



2010 LIFE REINSURANCE SURVEY RESULTS

David Bruggeman, FSA, MAAA

May 12, 2011

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Munich Re prepared the survey on behalf of the Society of Actuaries Reinsurance Section as a service to section members. The contributing companies provide the numbers in response to the survey. These numbers are not audited and Munich Re, the Society of Actuaries and the Reinsurance Section take no responsibility for the accuracy of the figures.



- Who: Top US & Canadian reinsurers
- What: Individual & group new business (assumed) and in force
- Definitions
 - **Recurring:** issued in same year as reinsured
 - **Portfolio:** issued prior to year reinsured
 - **Retrocession:** reinsurance not directly written by Ceding Company



New in 2010

- Individual Life:
 - YRT/Coinsurance Split
- Group Life:
 - Premium Based
 - Portfolio Category

The economy



The reinsurance market

- Berkshire-Hathaway acquires Sun Life reinsurance business
- AEGON announces it is “exploring strategic options” for Transamerica Re
- Aurigen announces CEO of US operations

True or False?



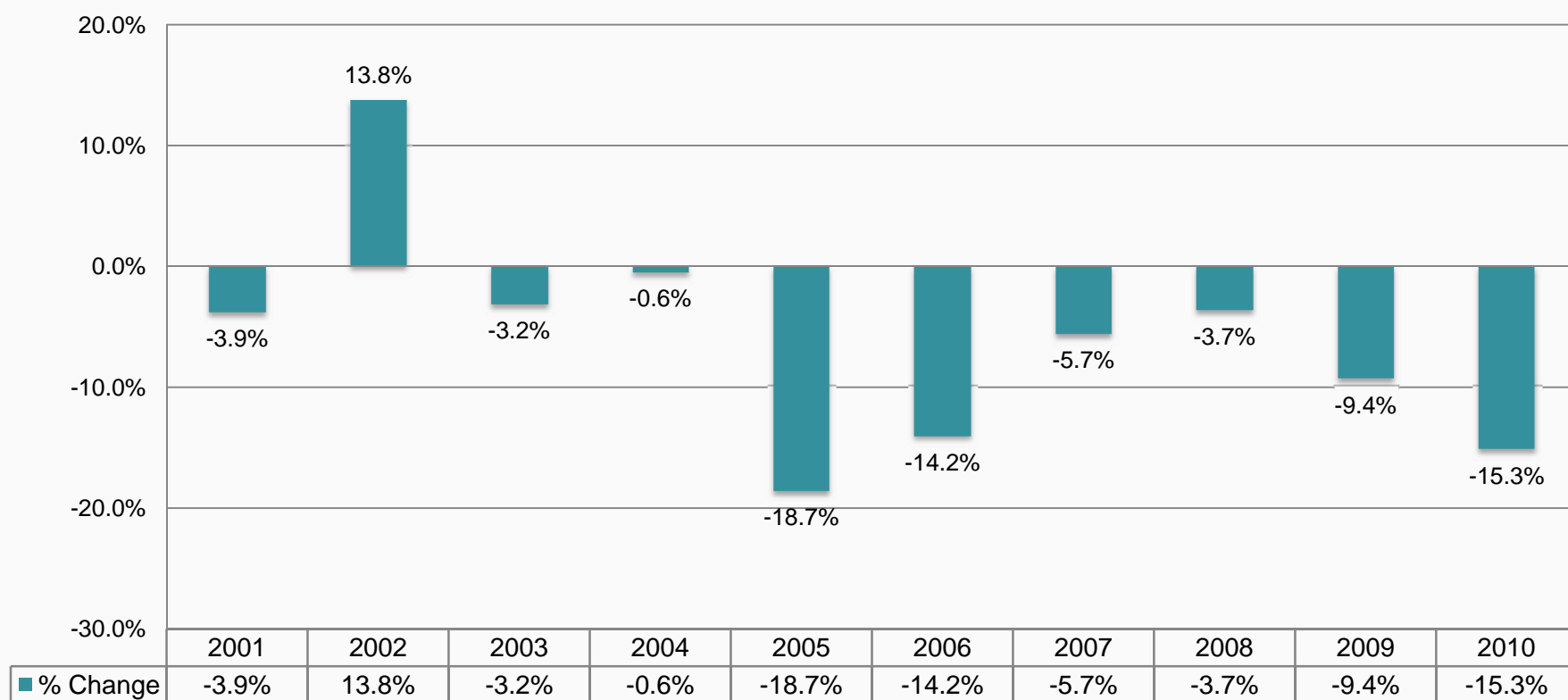
- Total US new life reinsurance production was down over 50% in 2010?
- Canadian Portfolio new business production was up over 200% in 2010?
- More US business is being reinsured on a Coinsurance basis than on a YRT basis?
- US recurring new business has dropped over \$500 billion since 2004?

US RECURRING



Annual percentage change in US recurring new business

2001 - 2010



US Recurring by Company

US ordinary recurring reinsurance (\$US Millions)

Company	2009		2010		Change in Production
	Assumed Business	Market Share	Assumed Business	Market Share	
RGA Re. Company	133,591	22.4%	132,936	26.3%	-0.5%
Generali USA Life Re	70,023	11.8%	77,782	15.4%	11.1%
Transamerica Re	107,834	18.1%	76,039	15.1%	-29.5%
Swiss Re	114,752	19.3%	70,599	14.0%	-38.5%
Munich Re (US)	80,564	13.5%	59,157	11.7%	-26.6%
Hannover Life Re	19,361	3.2%	24,971	4.9%	29.0%
Canada Life	19,191	3.2%	19,698	3.9%	2.6%
SCOR Global Life (US)	17,503	2.9%	16,535	3.3%	-5.5%
General Re Life	10,088	1.7%	10,041	2.0%	-0.5%
Ace Tempest	10,265	1.7%	6,478	1.3%	-36.9%
Wilton Re	7,168	1.2%	5,264	1.0%	-26.6%
Optimum Re (US)	4,855	0.8%	5,034	1.0%	3.7%
RGA Re (Canada)	400	0.1%	428	0.1%	7.0%
Employers Re. Corp.	281	0.0%	0	0.0%	-100.0%
TOTAL	595,876	100%	504,962	100%	-15.3%

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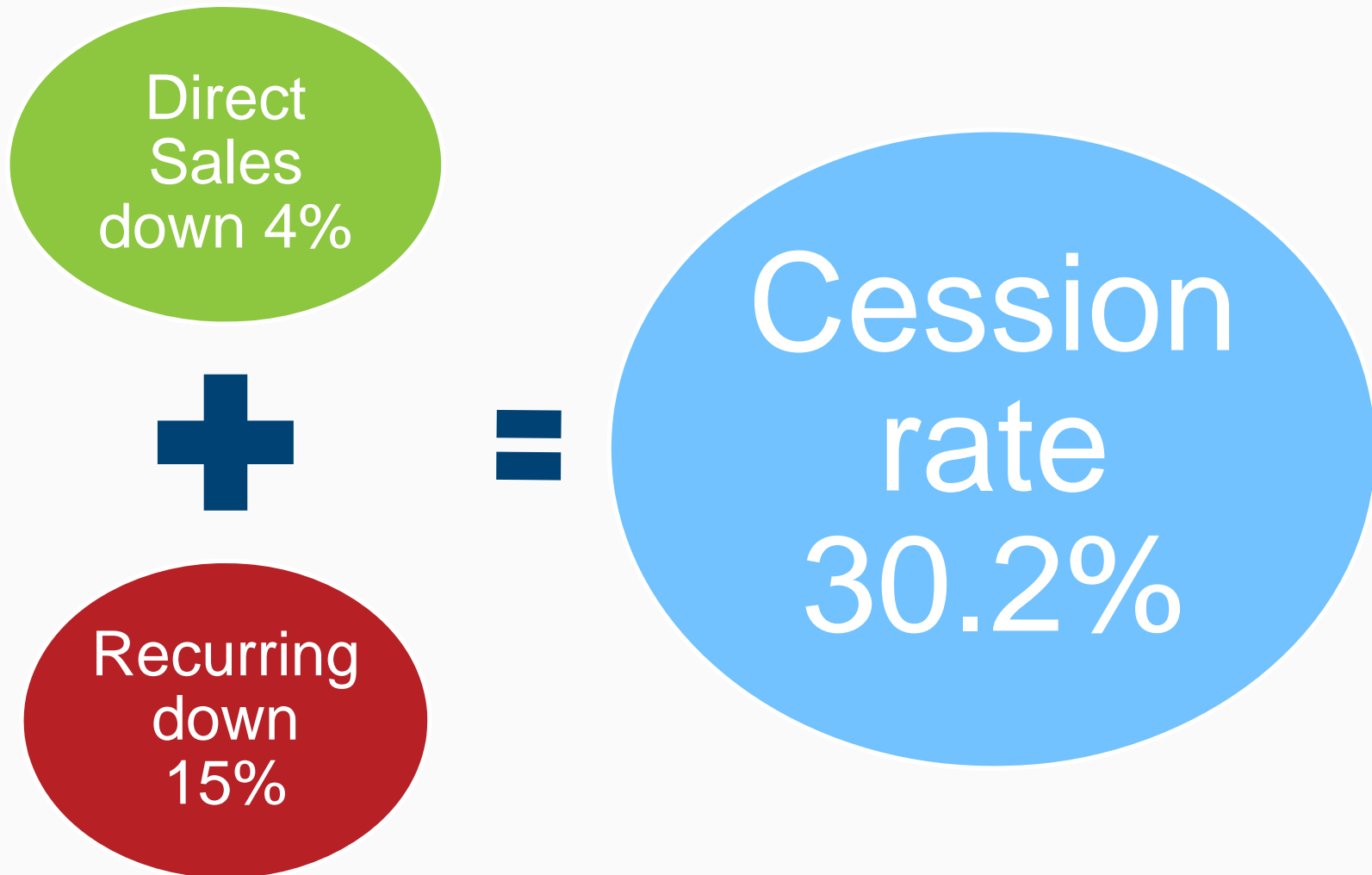
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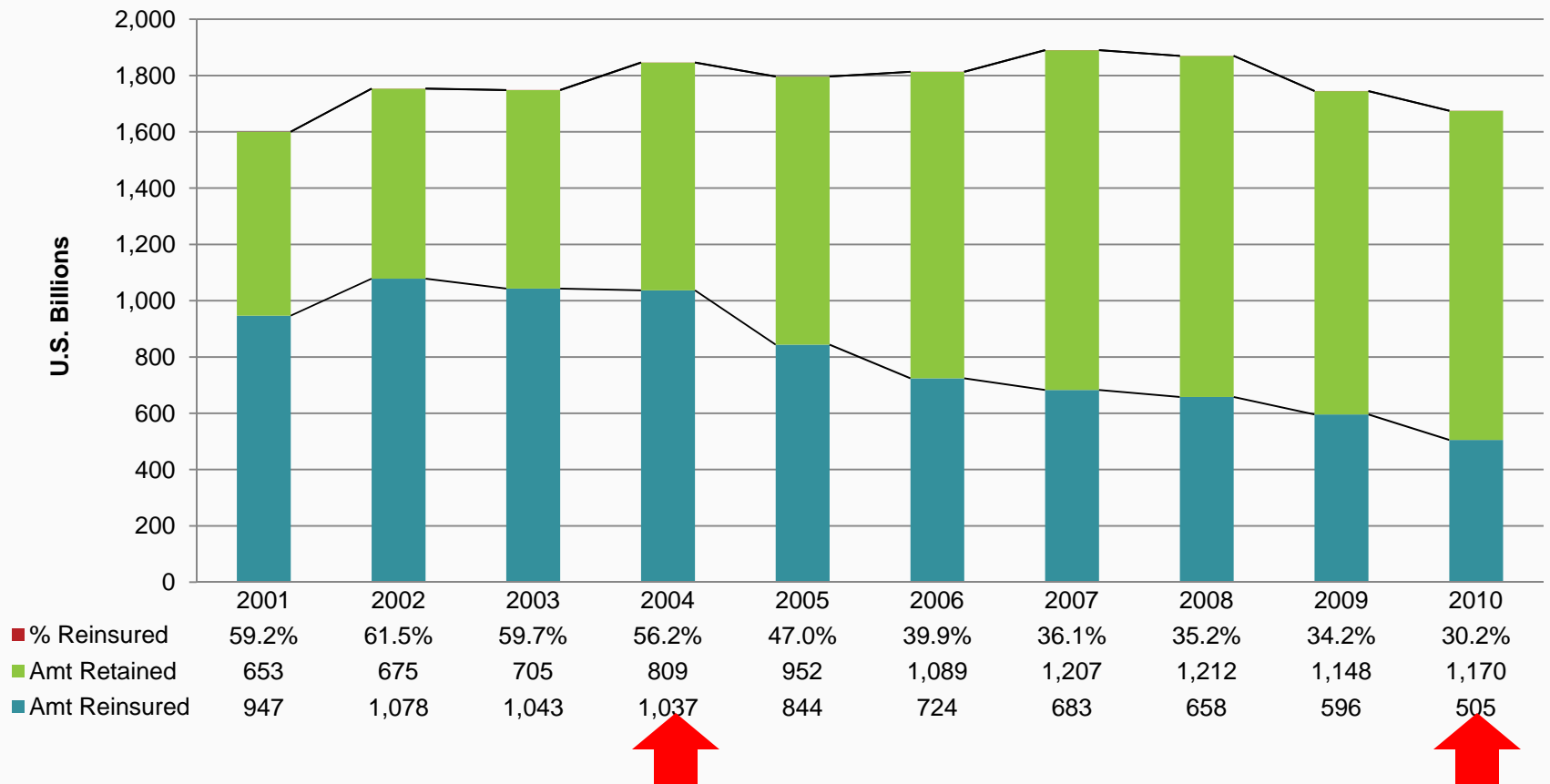
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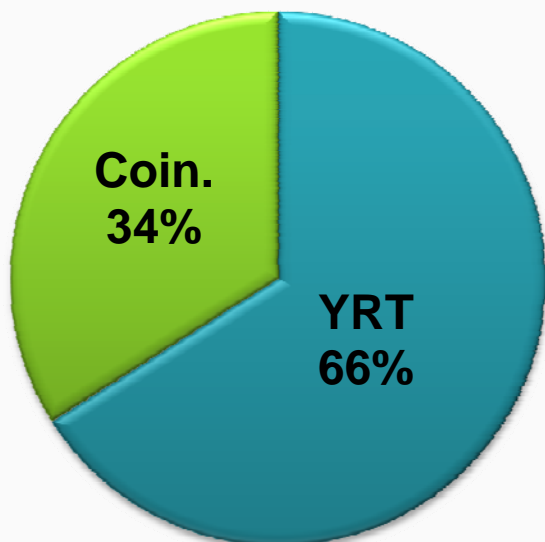
Cession Rate: Oh No, Not Again!

US ordinary individual life insurance sales (2001-2010)

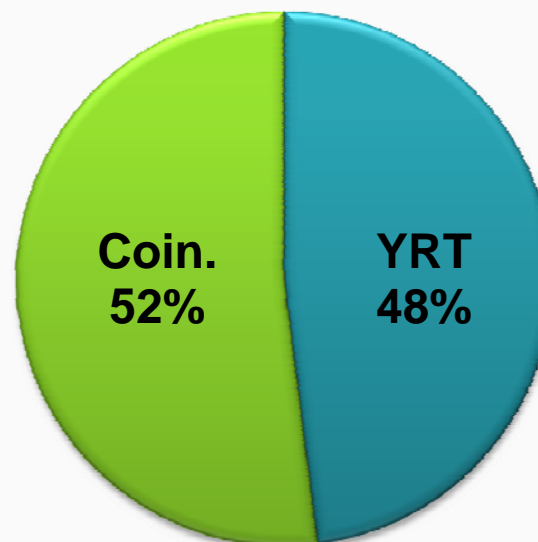


The percentage of coinsurance new business dropped from 37% in 2009 to 34% in 2010.

2010 New Business



2010 In Force

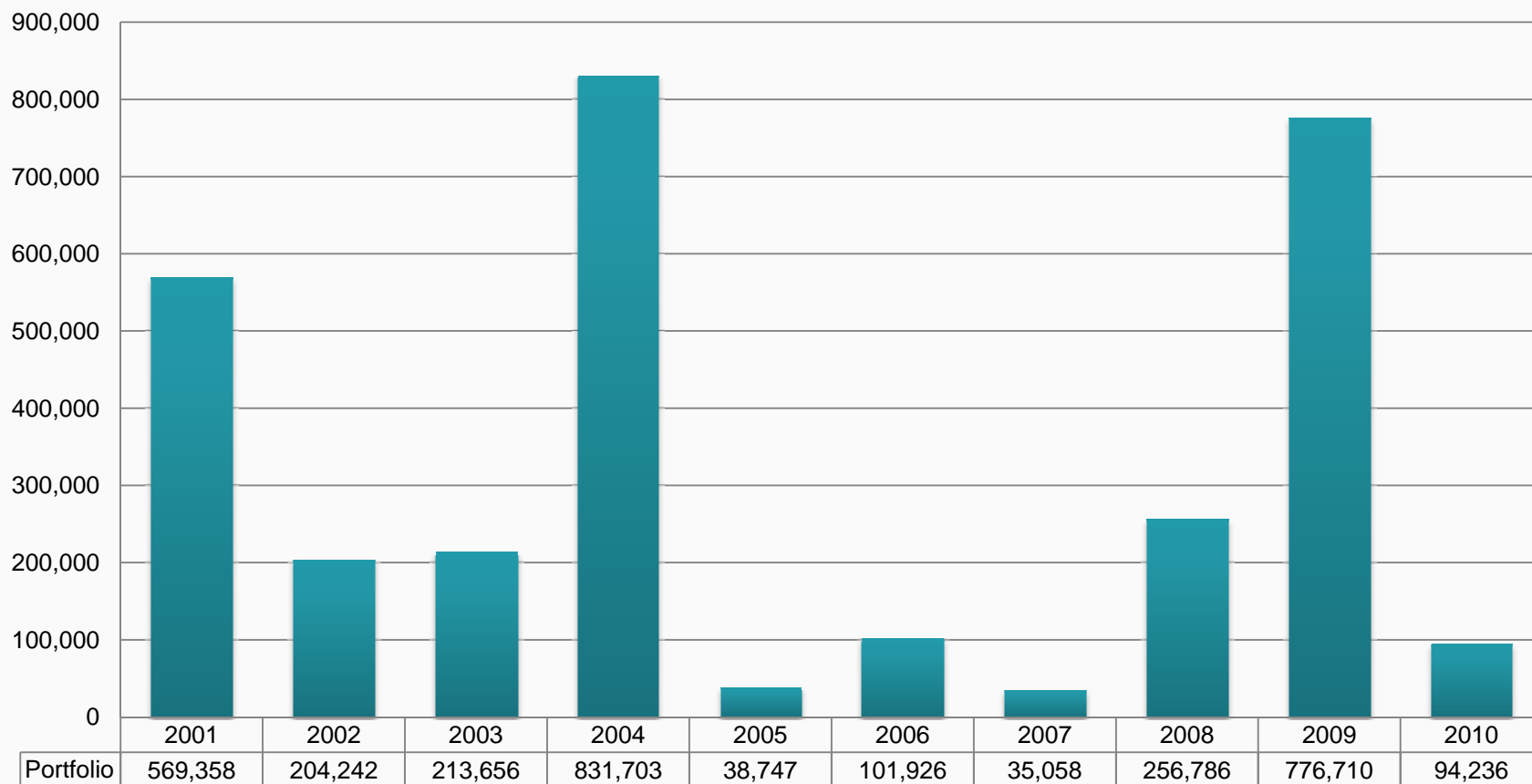


US PORTFOLIO AND RETROCESSION



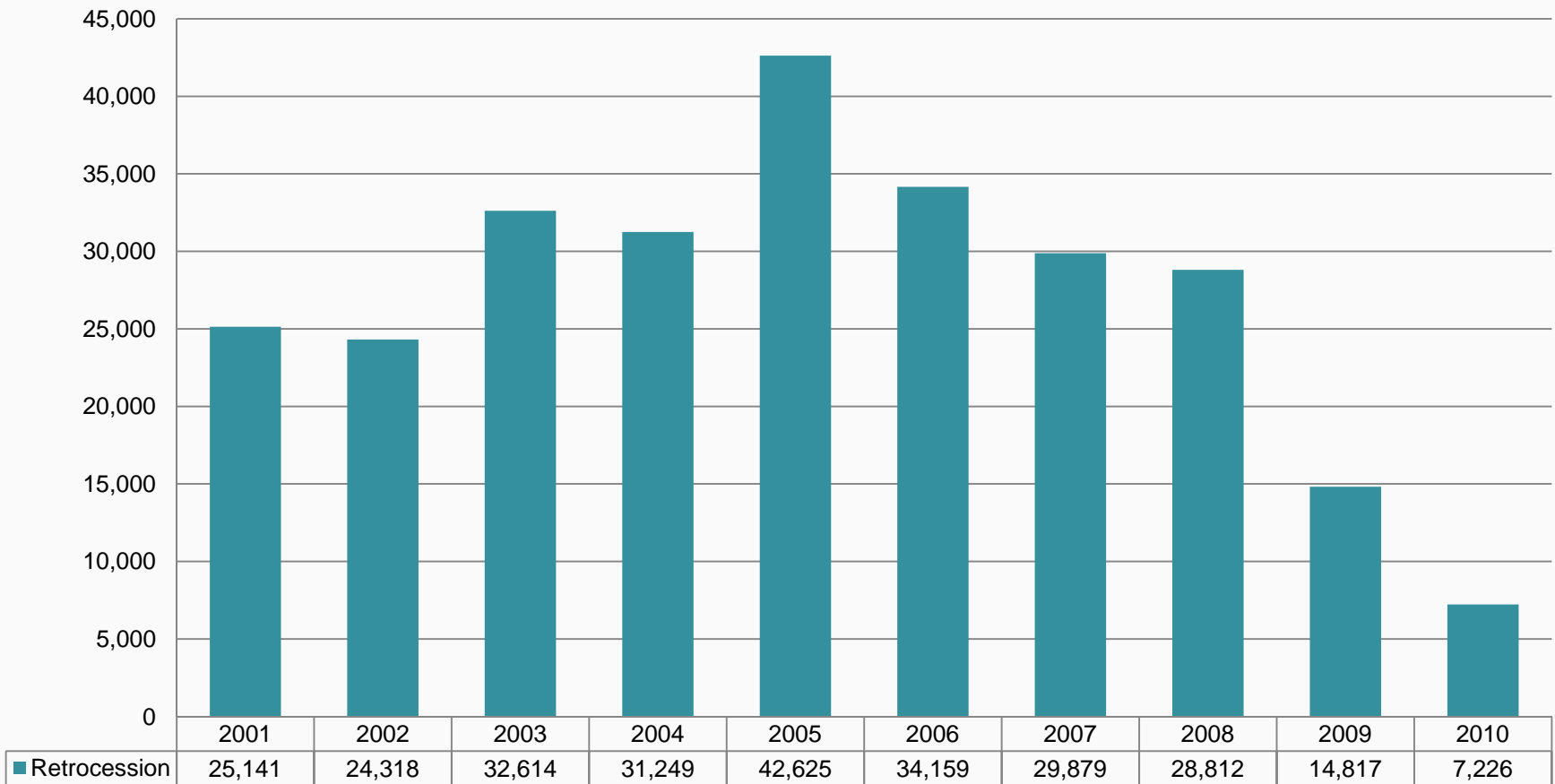
US portfolio (2001 – 2010)

Portfolio (\$US Millions)



U.S. Retrocession (2001-2010)

Retrocession (\$US Millions)



CANADA RECURRING



-
- Recurring up 0.5% (\$153 billion)
 - LIMRA estimates direct sales rose 8%
 - Canadian cession rate: Still much higher than US, but estimate dropped around 5-6%.
 - 97% reinsured on a YRT basis, only 3% coinsured.

Canada Recurring by Company

Canada ordinary recurring reinsurance (\$CAN Millions)

Company	2009		2010		Change in Production
	Assumed Business	Market Share	Assumed Business	Market Share	
RGA Re (Canada)	50,441	33.1%	52,623	34.4%	4.3%
Munich Re (Canada)	49,303	32.4%	48,324	31.6%	-2.0%
Swiss Re	44,190	29.0%	35,208	23.0%	-20.3%
SCOR Global Life (Canada)	4,061	2.7%	7,773	5.1%	91.4%
Optimum Re (Canada)	4,007	2.6%	4,903	3.2%	22.4%
Aurigen	341	0.2%	4,201	2.7%	1132.0%
TOTALS	152,343	100%	153,032	100.0%	0.5%

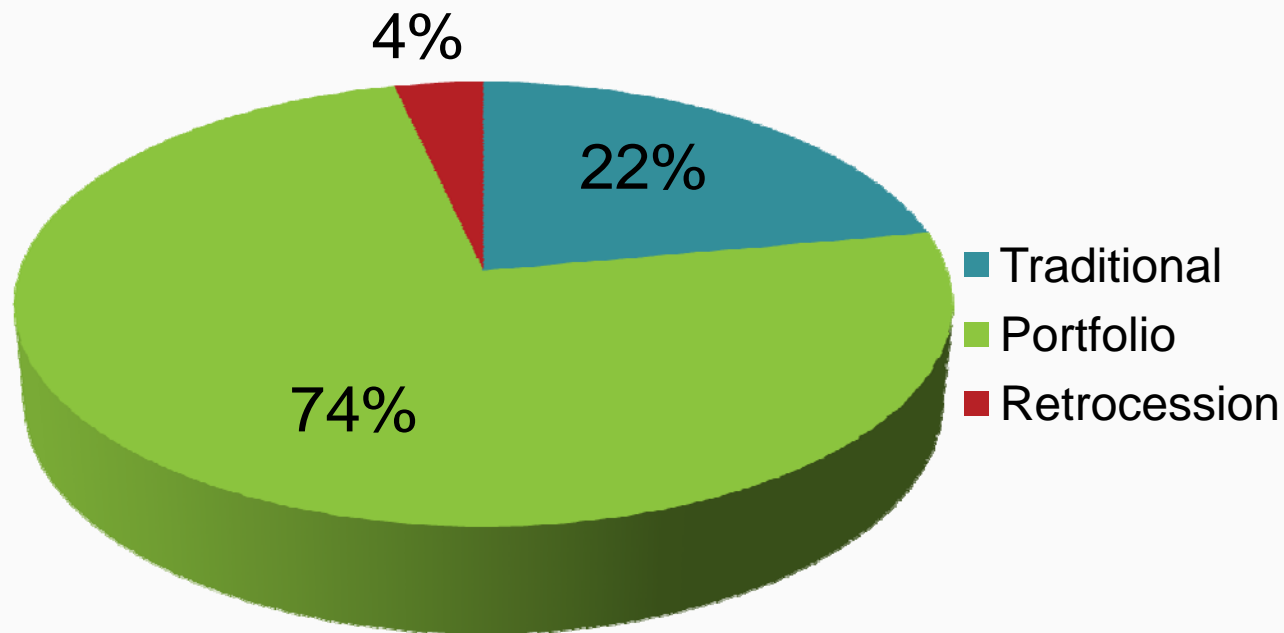


- Portfolio soars 229%.
- Retrocession rises 89%.

US GROUP



Total US group in force premium rose 22.4% in 2010.



Type	2009	2010	2010 Share	Change
Traditional	284,280	419,263	22.2%	47.5%
Portfolio	1,192,847	1,406,467	74.3%	17.9%
Retrocession	69,778	66,929	3.5%	-4.1%
Total	1,546,905	1,892,659	100.0%	22.4%

CANADA GROUP



Premium in \$CAN

- 2010 In Force: \$709 million in Premium
- 25% increase from 2009
- Top Writers: Munich, SCOR and Swiss Re

SUMMARY



US figures in \$US Millions, Canadian figures in \$CD Millions

	2009	U.S. 2010	Change	2009	Canadian 2010	Change
Ordinary Life						
Recurring	\$595,876	\$504,962	-15.3%	\$152,343	\$153,032	0.5%
Portfolio	776,710	94,236	-87.9%	437	1,437	228.8%
Retrocession	14,817	7,226	-51.2%	731	1,380	88.8%
Total Ordinary	1,387,403	606,424	-56.3%	153,511	155,849	1.5%

True or False?



- Total US new life reinsurance production was down over 50% in 2010?
- Canadian portfolio new business production was up over 200% in 2010?
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An Uphill Climb?



For more information

- Complete results: www.marclife.com under “Publications”
- Contact the author: dbruggeman@munichre.com



THANK YOU