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ERC

Reinsurance Considerations For A Changing World

**John Tiller
CEO, President
GE ERC Global Life and Health**

Life Insurance: Dramatic Change

- Restructuring
 - Demutualization
 - Mergers & Acquisitions
 - Shedding “Non-Core” Business
 - Complex Regulations
 - International Expansion
 - New Products
 - New Competitors
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Business Issues In Our Changing World

- Concentration
- Consolidation
- Digitization
- Globalization
- Regulation & Capitalization

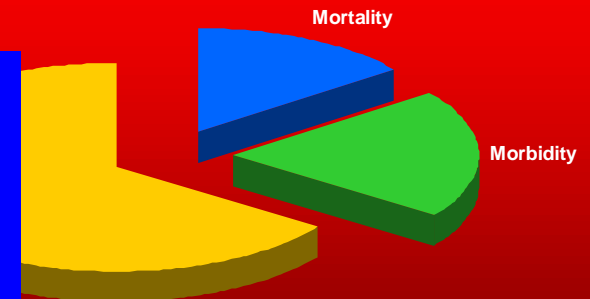
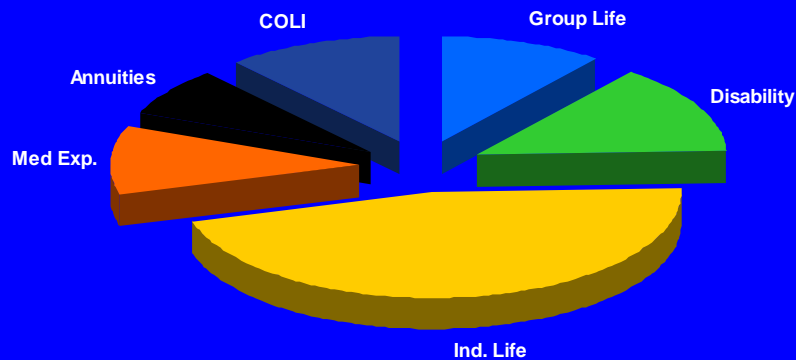
Background For Quantitative Applications

Greater Focus On Concentration Of Risk

Geographically

By Risk

By Product



Consolidation Effects Of Ceding Cos.

- Dual Universes -- Larger & Niche
- Less Diverse Products & Distribution Systems
- Quantity Over Innovation?
- More Focused On Asset, Expense Or Distribution Mgmt.
- More Mortality Risk To Reinsurers
-- Concern Over Recapture?

Consolidation Effects Of Reinsurers

- Larger Companies
- New Entrants Provide Fewer Services
- Less Diverse Products & Distribution Systems
- More Non-traditional & Innovative Partnership Potential
- More Concentration Of Exposures
- 75% In 5 Companies

Industry IT Investments

Insurance Spending
3x Average*

Average
\$4,500 / Employee

Insurance
\$12,700 / Employee

Little Benefit Until Now

Benefits of Digitization

- Leverage Process Excellence
- Drive Economies Of Scale
- Capture Data At Point Of Sale
- Establish Cost Advantages
- Access To Intellectual Capital
- Enable Data-driven Decisions
- Provide 24/7 Research & Training
- Enable Globalization



Intelligence Driver & Expense Lever For 21st Century

Digitization Driving Business

Concentration Digital Dashboard

	Class 1	Class 2	Class 3	Class 4
Risk 1	Green	Yellow	Yellow	Green
Risk 2	Yellow	Green	Red	Yellow
Risk 3	Yellow	Red	Yellow	Yellow
Risk 4	Yellow	Green	Green	Green

**“Red-Zone”
Concentrations
Flagged For
Reinsurance**

True Data-Driven Business Decisions

Globalization

- New Geographies
 - High Risk/Reward; Buy Versus Build
 - Requires Efficient, Organized Processes & Systems
- Operational Efficiencies
 - Low Cost Regions (India, Mexico)
 - Key To Success: Digitization
- Global Versus Local Balance

GE ERC Global Life and Health



Business in 82 Countries

Unified Global Values & Culture

GE Values Driving a 21st Century GE

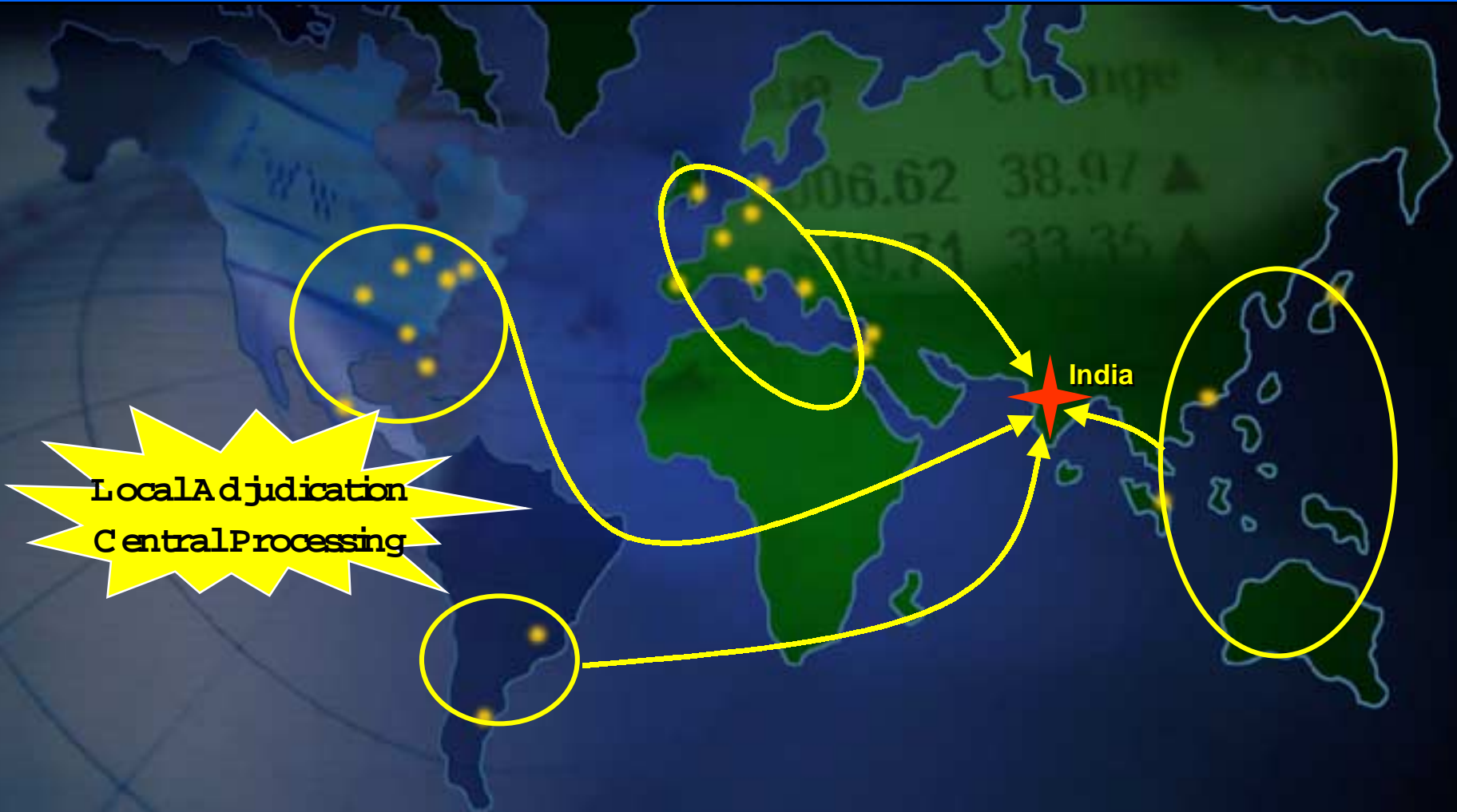
Respecting A Way of Life... Unyielding
Dedication, Commitment to Performance and Thirst for Change

Passion for Our Customers

- Passion for Customers
- Embracing Speed & Excellence
- Meritocracy
- Growth Driven, Globally Oriented

Every Person, Every Idea Counts

Operational Efficiencies



Enabled By Digitization & Process Control

Regulation Affecting Capital

- Significant Differences By Location
- Tax Situations Drive Business Decisions
- IAS May Drive Changes
- Overly Conservative Regulatory Capital Requirements Drive Overly Aggressive Capital Planning
 - Over-Use Of Off-Balance-Sheet & Soft Capital?
- The Enron Effect?

In Summary

- Change Is Reality -- Rapid Change
- Concentration -- Not Just A P&C Issue
- Direct & Reinsurance Consolidations Drive Partnerships
- Digitization Solves Problems
 - Creates Competitive Advantages
 - Potential For New Services
- Global Expansion Requires New Mindset

Knowledge & Expertise = Keys To Reinsurance

Thank You

