

# ELSA Life ILS Conference 2019

## ILS – More than just Insurance Linked Securities



UK: For Qualified Investors/Professional Clients Only

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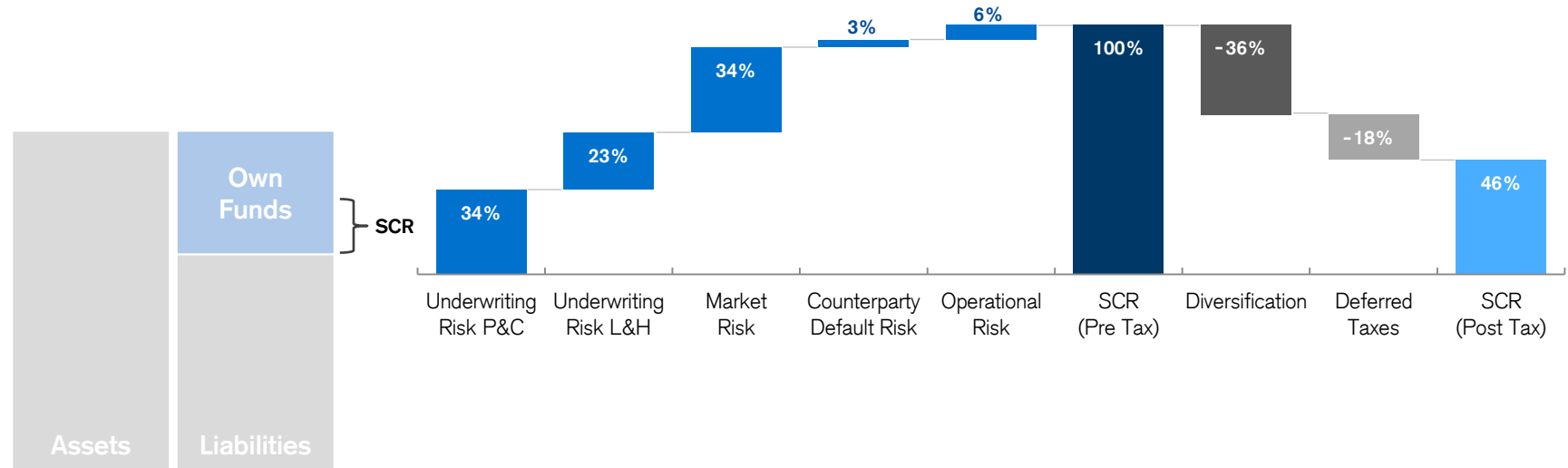
# Agenda

- 1** Investors' view: Maximizing Economic Value Creation
- 2** Investment Opportunities
- 3** Insurance Linked Strategies
- 4** Conclusion

# Investors' view: Maximizing Economic Value Creation

By trading risks to optimize the diversification benefit

## Solvency Capital Requirement (SCR) per Risk Category (illustrative)



► Maximizing economic value creation → Maximizing the risk-adjusted return on equity

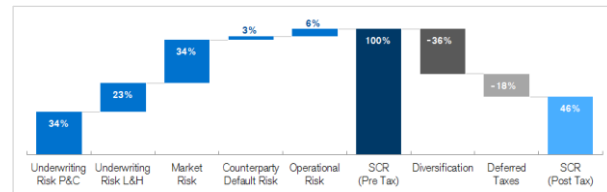
Source: Credit Suisse. For illustrative purposes only.

# Investment Opportunities

## In Life Insurance and Life Insurance Linked Strategies

### Invest in an insurance/reinsurance company

- Standard investment to benefit from the inforce book and/or growth potential
- Unlock value creation through:
  - Asset-liability optimization
  - Illiquidity premium
  - Operational optimization
  - Business model optimization

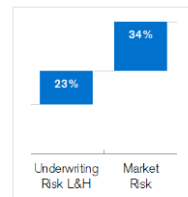


### Investor Base



### Take combined L&H biometric and market risks

- Reinsurance of a full portfolio exposed to both risks
- Acquisition of a portfolio
- Unlock value creation through:
  - Asset-liability optimization
  - Illiquidity premium



### Take pure L&H risk

- Insurance Linked Securities (e.g. life cat bonds)
- Reinsurance covers (e.g. pandemic stop-loss, longevity swaps, etc.)
- Unlock value creation through: Diversification



Source: Credit Suisse. For illustrative purposes only.

# Insurance Linked Strategies

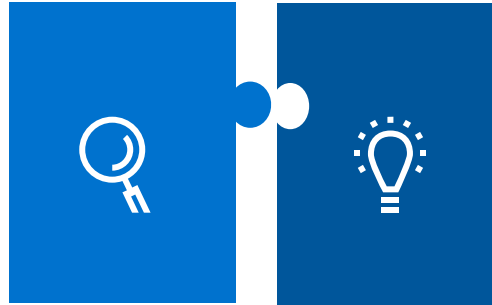
A platform to connect investors with bespoke investment opportunities

## Investment Profile

**1** Invest in an (re)insurance company

**2** Take combined market biometric and L&H risks

**3** Take pure L&H risk



ILS platform to connect life insurance investment opportunities with investor demand

## Investment Solutions

**1** Investment in **public insurance** and reinsurance companies (insurance risks, agency costs, business model risk, etc.)

Investment in **private insurance** and reinsurance company (liquidity risk, insurance risks, agency costs, business model risk, etc.)

**2** Investment in market and L&H risks:

- Asset allocation optimization
- Leverage
- Asset management fees optimization

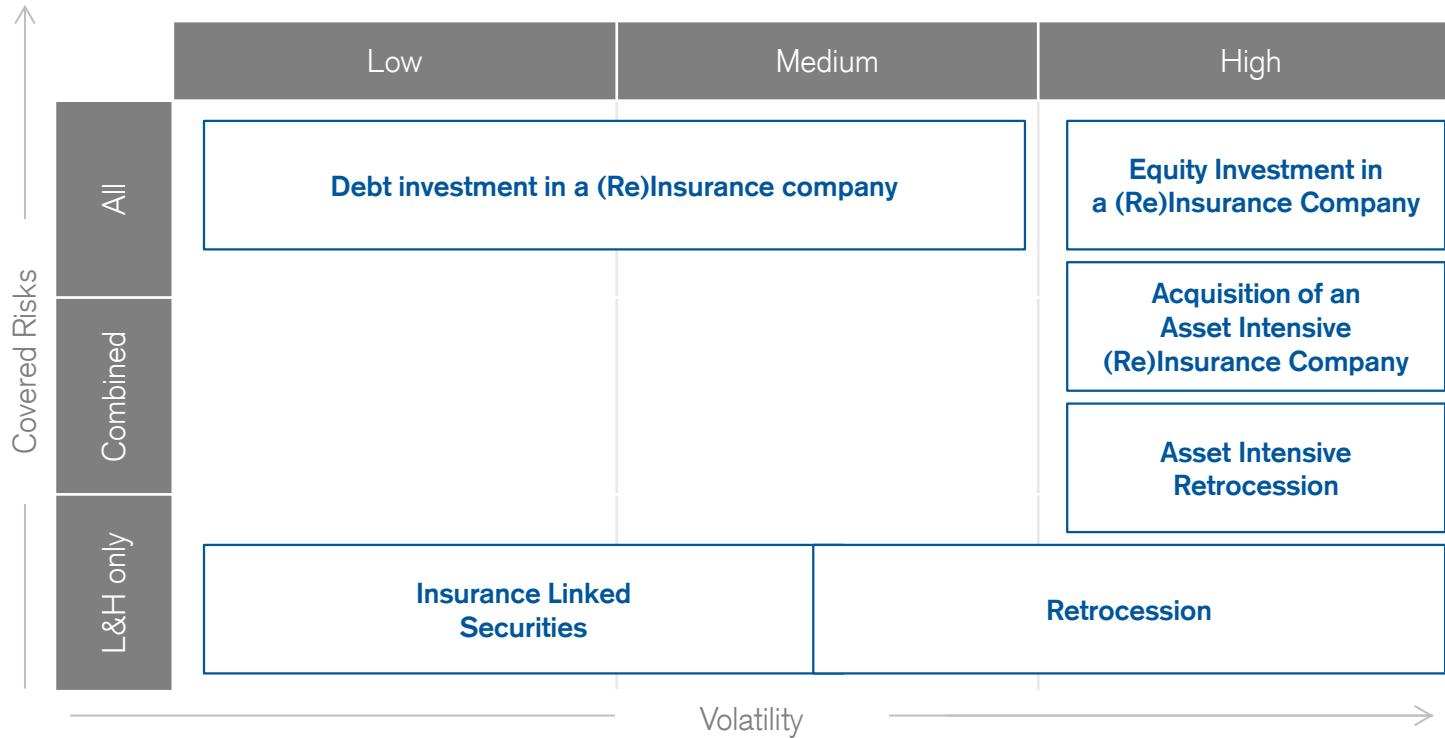
**3** Investment in pure L&H risk:

- Low frequency risk (e.g. pandemic cover)
- High frequency risk (e.g. volatility protection)

Source: Credit Suisse. For illustrative purposes only.

# Conclusion

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