

PartnerRe

TATA Learning Forum

ReSolve

September 24, 2009



TATA Learning Forum, ReSolve
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Agenda

- PartnerRe and its Objectives
- Context
- Manage a non-life insurance company
- Training concept and feedback

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PartnerRe and its Objectives

PartnerRe Ltd (PRe)

- PRe provides insurance companies with multiple lines of reinsurance — property & casualty, catastrophe, specialty lines, life, and alternative risk transfer — through our offices around the world.

PRe's needs

- Train PRe employee to the insurance regulation Solvency 2 in a different way
- Support for marketing initiatives (RePlay)

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Context

Solvency 2 is

- a fundamental review of the regulation and supervision of the European insurance industry.
- It aims to establish a revised set of EU-wide economic and risk-based capital requirements and risk management standards that will replace the current Solvency 1 regulation by 2012.

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Manage a non-life insurance company (1/3)

Manage a direct non-life insurance company under a holistic approach in a virtual market

- where each team competes against each other
- where the economic environment is changing

Participants:

- a) define strategy
 - in terms of insurance portfolio mix
(5 lines of business x 3 customer segments)
 - taking into account competitors' own strategy
 - depending on their risk appetite
- b) anticipate changes in environment (helped by business news)

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Run a non-life insurance company (2/3)

- c) enter into reinsurance arrangements
 - to mitigate risk exposure above risk appetite defined in the strategy
- d) define investment strategy in terms of
 - insurance liability coverage
 - risk appetite
- e) manage capital
 - to meet capital requirement, in a changing regulatory environment, and
 - to maximize return on equity for shareholders (share price)

The simulation is more comprehensive than initially planned.

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Run a non-life insurance company (3/3)

Winning team is the one with the highest share price.

Share price is driven by 13 factors

- of which the solvency ratio (capital available over capital requirement), the return on equity, market share, dividends...

Participants make about 30 decisions:

- 3 types of decision by line of business (5) (business mix, marketing, reinsurance)
- Coverage of Catastrophe risk exposure
- Level of risk governance (ERM and internal model)
- Capital structure (dividends, new share, buyback, loan)
- Investment portfolio (manage individual securities, about 20-30)

14 reports to analyze including capital requirement report, industry/market reports

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Training concept

Competiton:

- 5 teams (people from underwriting, reserving and finance depts)
- 6 to 8 rounds (2-3 days)
- maximize share price

The business simulation is supported by

- a series of short Solvency 2 presentations:
 - Main concepts
 - Capital requirement calculation and drivers
 - Risk profiles and capital requirement
 - Impact of Solvency 2 on reinsurance and Limits of the model
- a Solvency 2 quiz to try and gain points (share price via solvency ratio)
- 1 TATA instructor and 1-2 internal experts

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Feedback from Participants

Feedback from training sessions

- excellent training tool: holistic and realistic simulation
- gives a lot of fun
- better understanding of Solvency 2 mechanisms and consequences
- even goes beyond more than just Solvency 2
- learn a lot in a short period of time

