

Case Studies in ERM

CAS Annual Meeting

Moderator: Stephen Lowe, Towers Perrin

Panelists: Michael Belfatti, Validus Holdings
Eberhard Mueller, Hannover Re

Tuesday, December 16, 2008

Session overview

- Update on ERM progress based on recent Towers Perrin ERM survey
- Case study presentations on progress toward ERM implementation
 - Hannover Re
 - Validus Holdings
- Q&A with audience participation

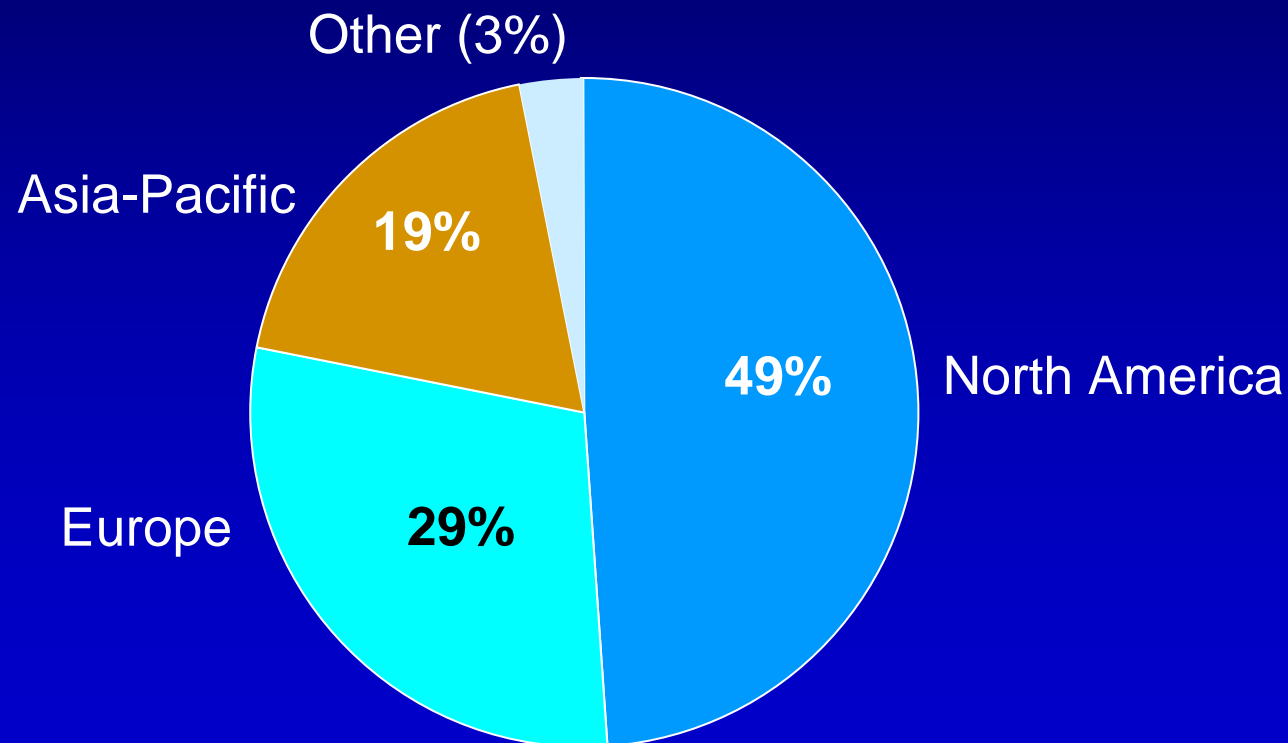
Our panelists

- Eberhard Muller
Managing Director and Chief Risk Officer
Hannover Re
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- Michael Belfatti
Executive Vice President and Chief Actuary
Validus Holdings
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Towers Perrin biennial ERM survey

TOWERS
PERRIN

- World's largest insurance industry ERM survey
 - Life insurance (34%), P/C insurance (33%), Reinsurance (20%), Multiline insurers (13%)



ERM is now influencing decisions

Since 2006, roughly one-third made changes to:

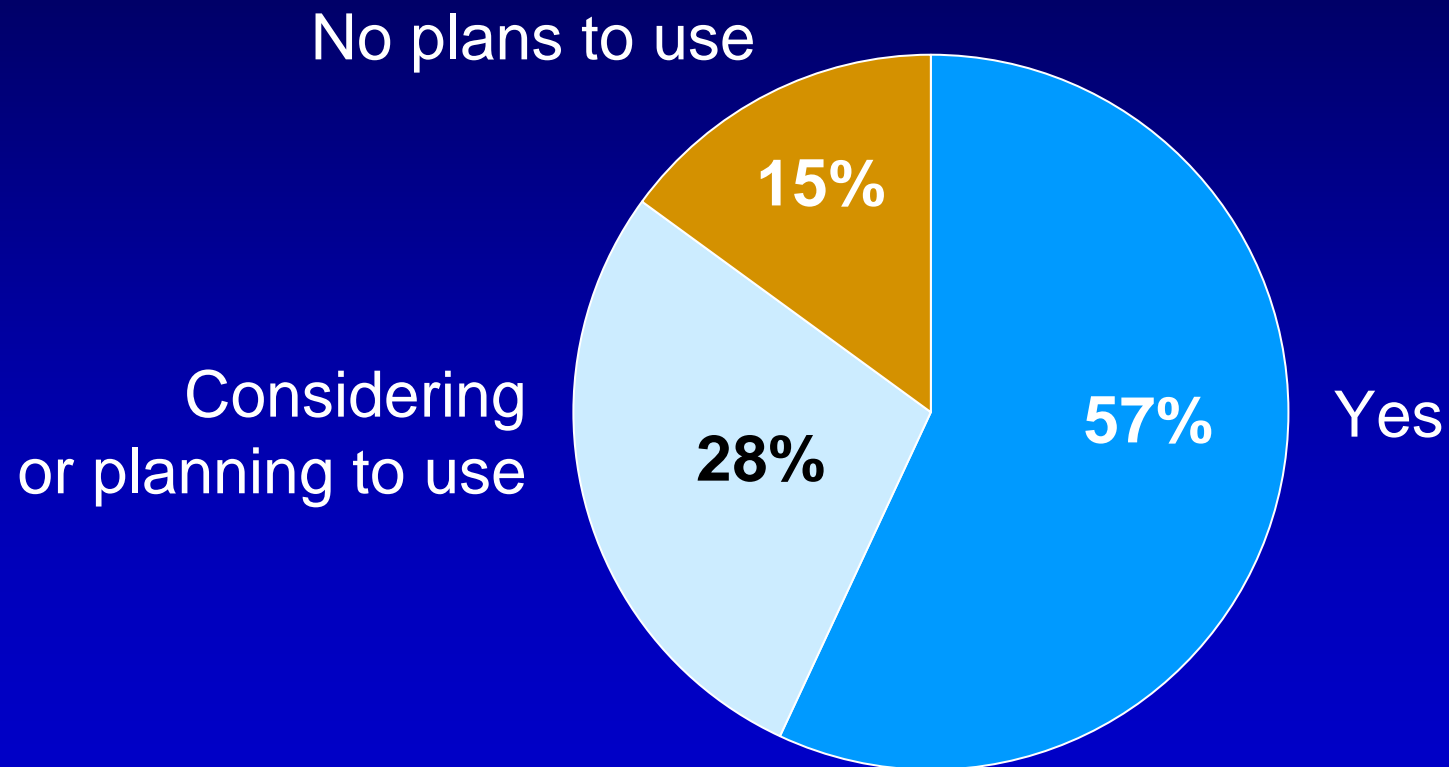
- Risk strategy or appetite (36%)
- Asset strategies (35%)
- Reinsurance strategy (33%)
- Product pricing (31%)

European insurers are leading progress

- Over 80% of European insurers will use economic capital (EC) in major decisions compared to:
 - Roughly two-thirds of North American firms
 - More than half of Asia-Pacific firms
- 52% of European insurers have documented risk appetite compared to 40% of North American firms
- More European firms set risk limits for day-to-day management issues

EC use will continue to increase

- 85% of respondents calculate EC or plan to



Use of EC is poised to expand dramatically



■ Currently use

■ Plan to use

■ No future plans to use

