



SwissLife

Investors' Day

Profitability: Switzerland

Zurich, 1 December 2005

In a nutshell: Leader in Switzerland



Premiums	<ul style="list-style-type: none">● Total premiums ¹⁾	CHF ~7.9 billion
Positioning	<ul style="list-style-type: none">● Market share group life● Market share individual life	<ul style="list-style-type: none">~ 28 %~ 20 %
Customers	<ul style="list-style-type: none">● Individual life● Group life:<ul style="list-style-type: none">- Companies- Insured employees	<ul style="list-style-type: none">400 00028 000530 000

Analysis Switzerland

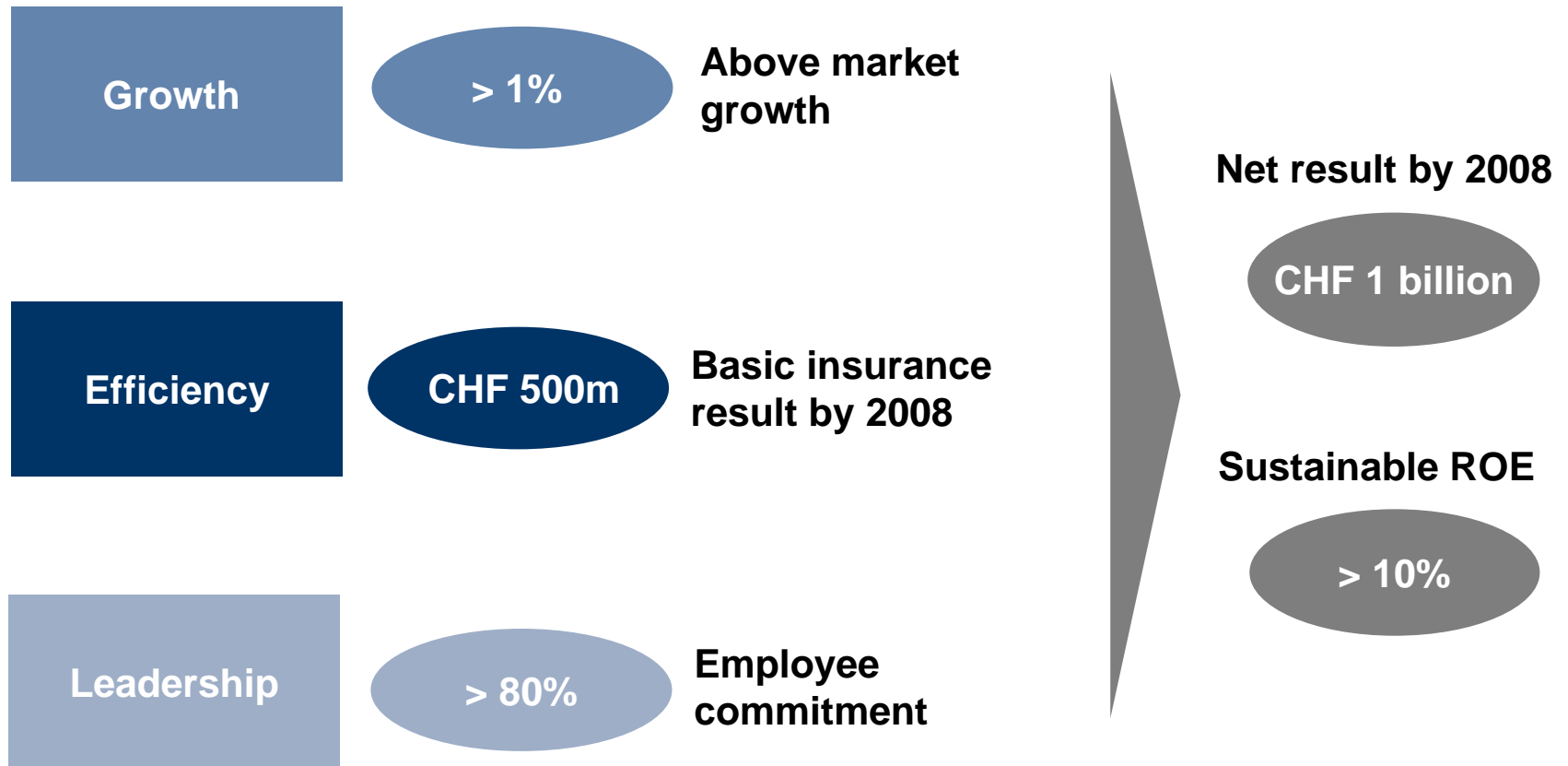
Strengths

- Broad customer base spread over large geographical area
- Leading position in annuities, assured by highly qualified employees
- Solid and reliable company with growing reputation as a leading brand in pensions markets

Opportunities

- Long-term growth in demand for second and third pillar pension provision
- BVG business is profitable, Swiss Life offers full product range
- High quality and success of full insurance solution can be leveraged in the market for competitive advantage
- Launch of new performance-oriented products
- Strong external sales team (reinforced by strategic cooperation agreements), differentiated approach to market

Ambitious goals for the group



Implementation in Switzerland until 2008

Growth	Create best solutions to meet increasing customers needs for pensions	➔	<ul style="list-style-type: none">• Maintain market leadership• Customers satisfaction 4.25 index points (out of 5)
	Improve opportunities for getting in touch with customers	➔	<ul style="list-style-type: none">• Premiums CHF 8.5 billion• Growth 1% above market
Efficiency	Reduce dependency on financial result	➔	<ul style="list-style-type: none">• Basic insurance result CHF 150 million
	Design more efficient processes and reduce costs	➔	<ul style="list-style-type: none">• Reduce administration costs• Tighten structures
Leadership	Enable decisions close to the needs of the market	➔	<ul style="list-style-type: none">• Customer focus 80 index points (out of 100)
	Enforce company values based on excellence	➔	<ul style="list-style-type: none">• Commitment 80 index points (out of 100)

Five key issues which we would like to address today

Answers

“What are the measures for profitability in Switzerland?”



Introduction, product development

“You have insufficient profitability in individual life, how will you address this?”



Introduction, product development

“The productivity of the sales force is insufficient, why are you keeping it?”



Distribution

“Why are you poorly represented in growing segments?”



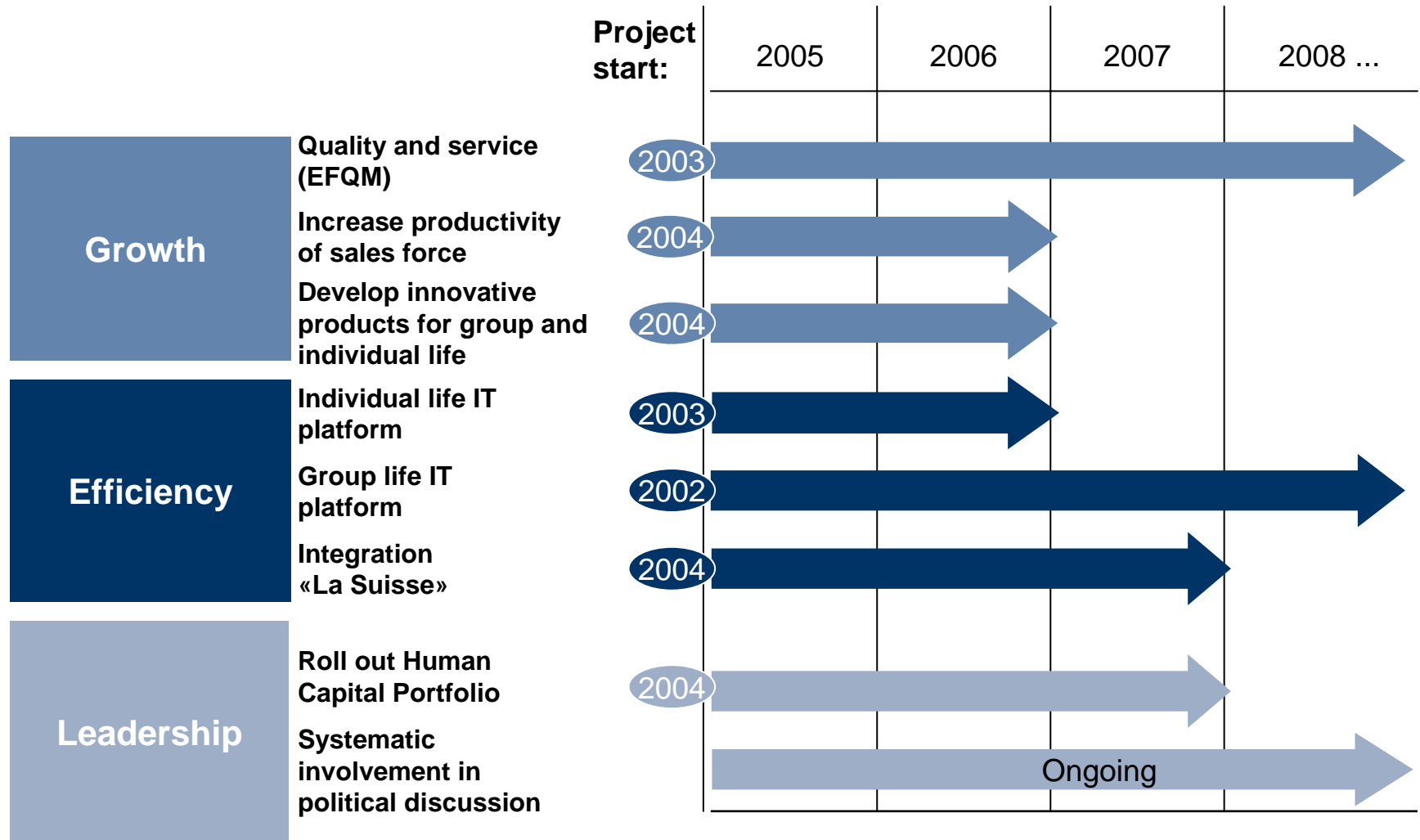
Product development

“Does the regulatory environment put pressure on your profit?”



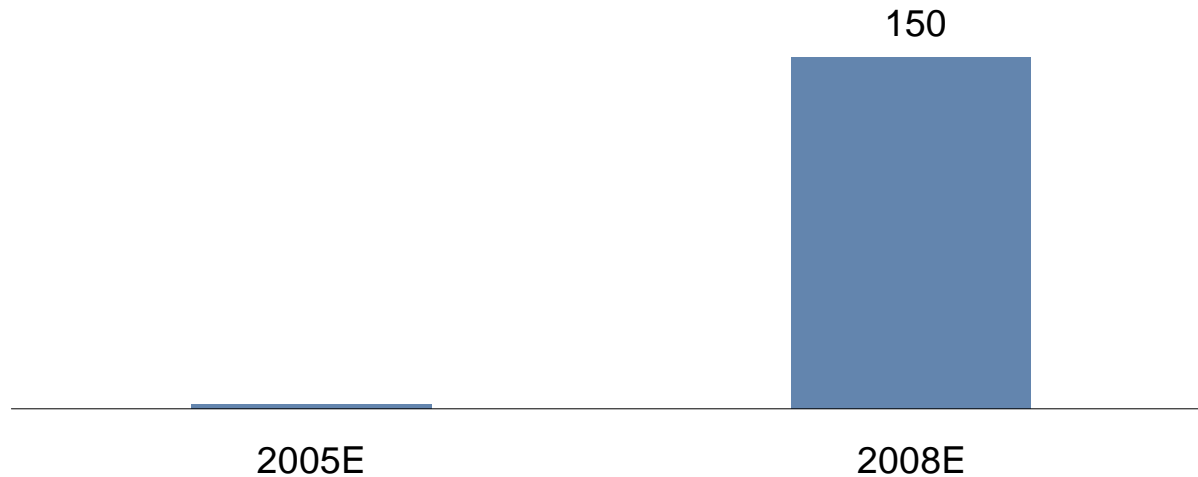
Political discussion update

Main projects to achieve objectives



Existing business: Basic insurance profitability turnaround achieved until 2008

Basic insurance result Switzerland, CHF million



Measures

Costs cross subsidising through sounding risk result

Cost saving starts to grip, however project costs does mitigate effect

2 out of 3 main efficiency project are mature and start to yield results

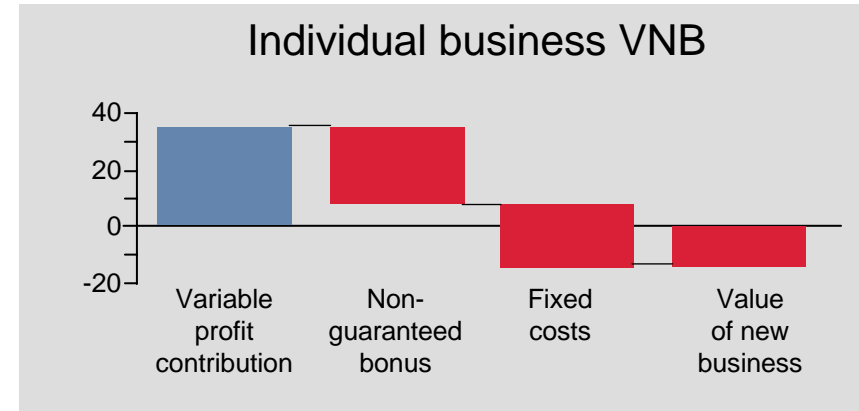
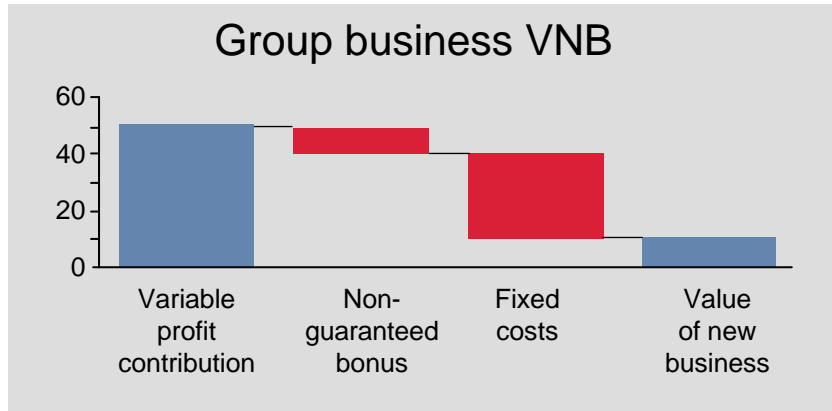
Increase of underlying profitability driven by solid risk and increasing cost result

Stable and increasing basic insurance result, due to

- Maintain solid risk margin
- Efficiency measures

New business: Growth and efficiency main levers for profitability

Breakdown of VNB (value of new business) required to analyse profitability, CHF million



Value of new business is insufficient as benchmark measure for profitability: Assumptions for cost projection, risk projection, investment return differ between companies

VNB most important levers

- Growth:** Increase profit contribution
- Efficiency:** Decrease fixed costs

Agenda Switzerland

Growth

Product development

- Individual
- Group

M. Suter

Distribution

- Own sales force
- Brokers and banks
- Strategic partners

R. Bodenmann

Efficiency

Business engineering projects

- Individual life IT platform
- Group life IT platform

P. Müller

Benefits of «La Suisse» integration

Leadership

Employee commitment

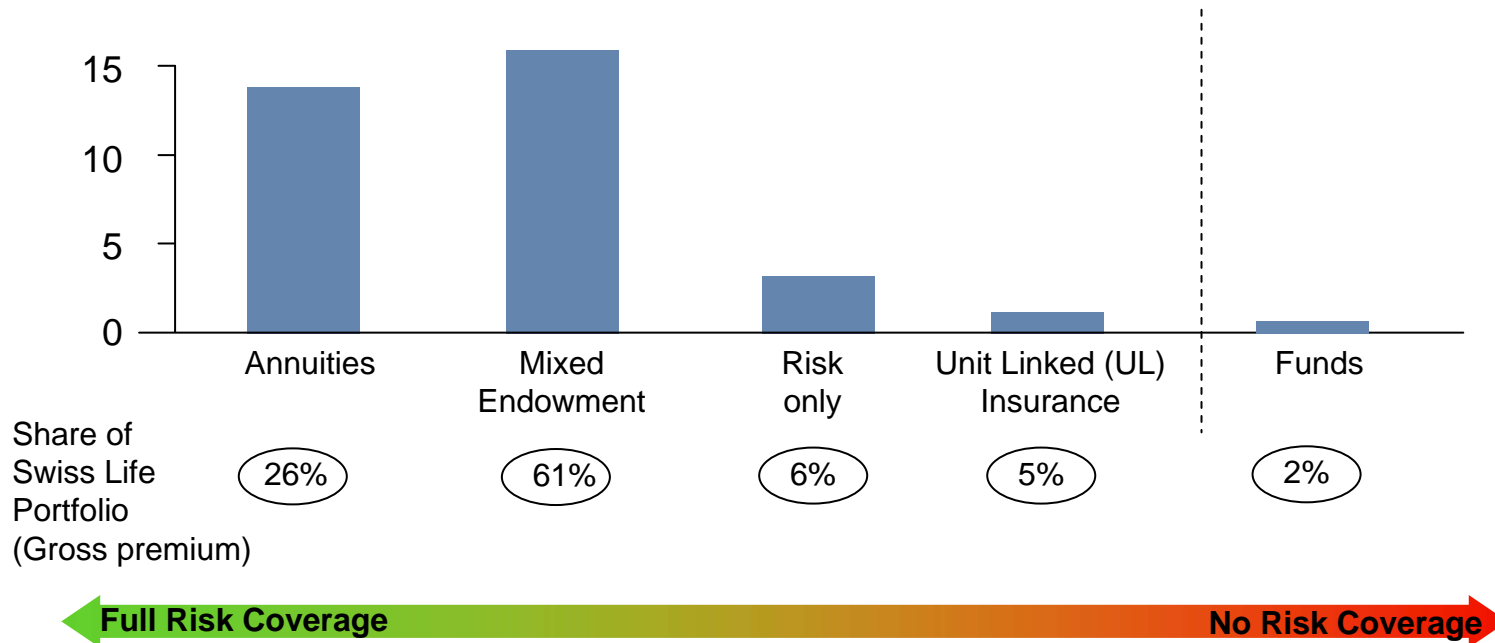
Customer satisfaction

Political discussion

P. Müller

Individual business: Positive profit contribution in all segments

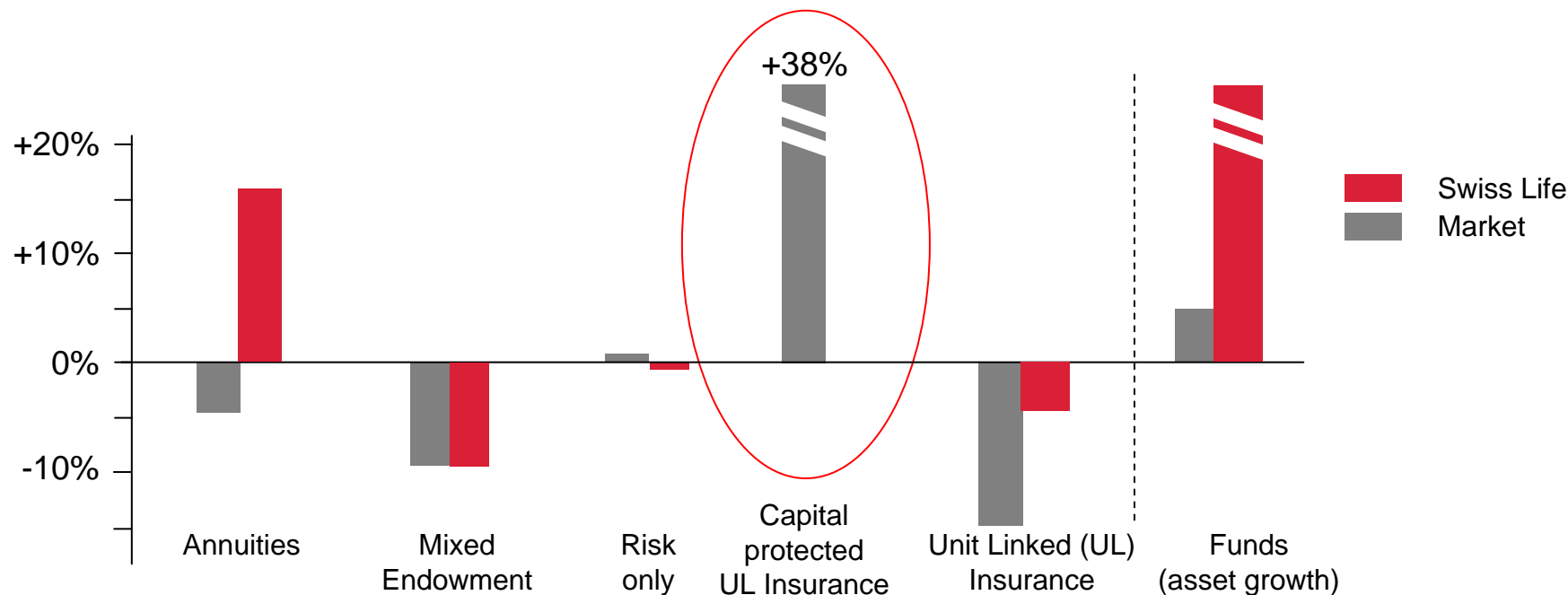
Variable profit contribution of new business (half-year 2005 in CHF million)



- Traditional business: Such as annuities, mixed endowment with strong profit contribution
- Non-traditional business: With low profit contribution due to low margins and low volumes

Individual business: Strong in traditional segment with opportunities in non-traditional segment

Gross premium growth 2004 in %

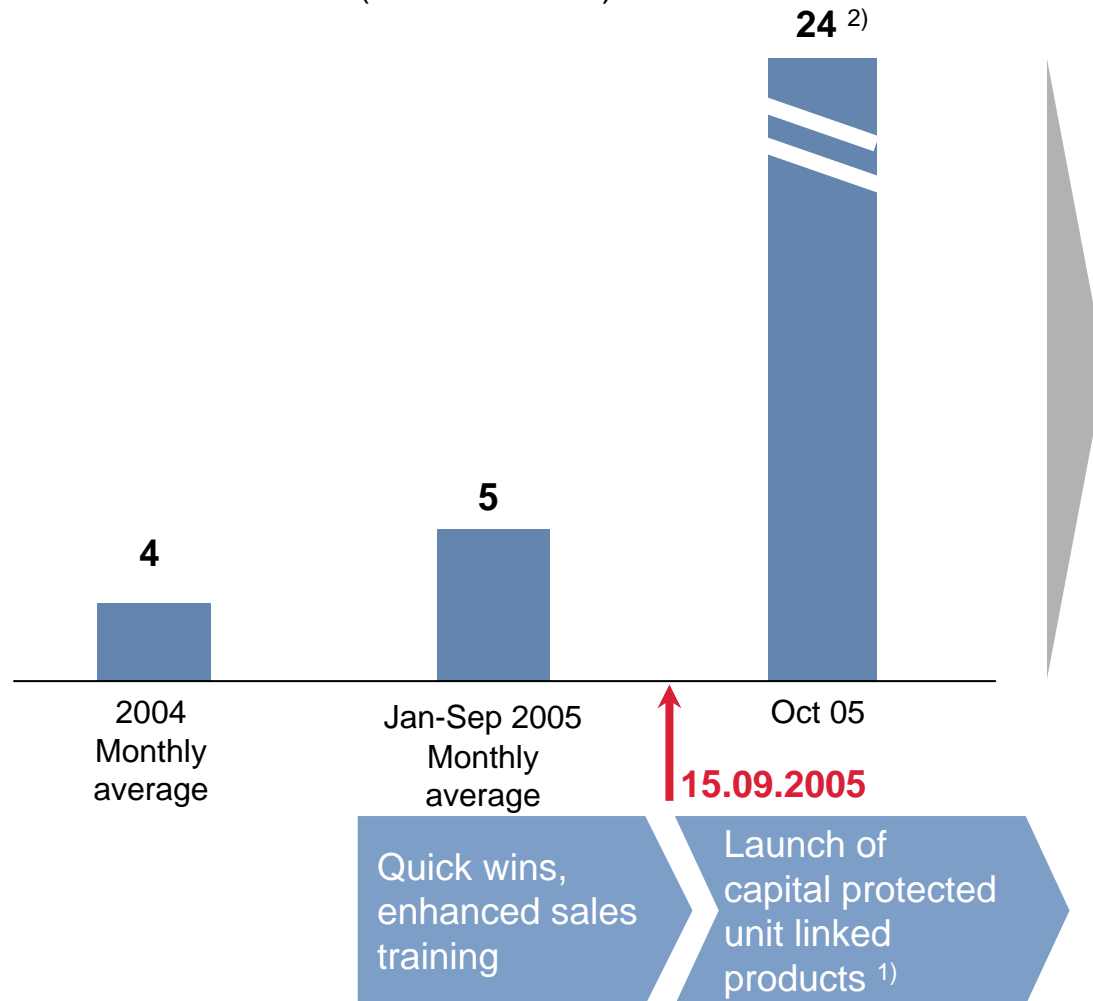


- Strong position in annuities successfully reinforced
- Overall market growth in specific non-traditional segments:
 - Products offering performance potential **with** capital protection are most successful
 - Customer expectation focused on both performance and security

 Swiss Life launches initiative on performance-oriented products

Individual business: Successful launch of performance-oriented products in 2005

Gross premium / asset growth
Unit Linked & Funds (in CHF million)



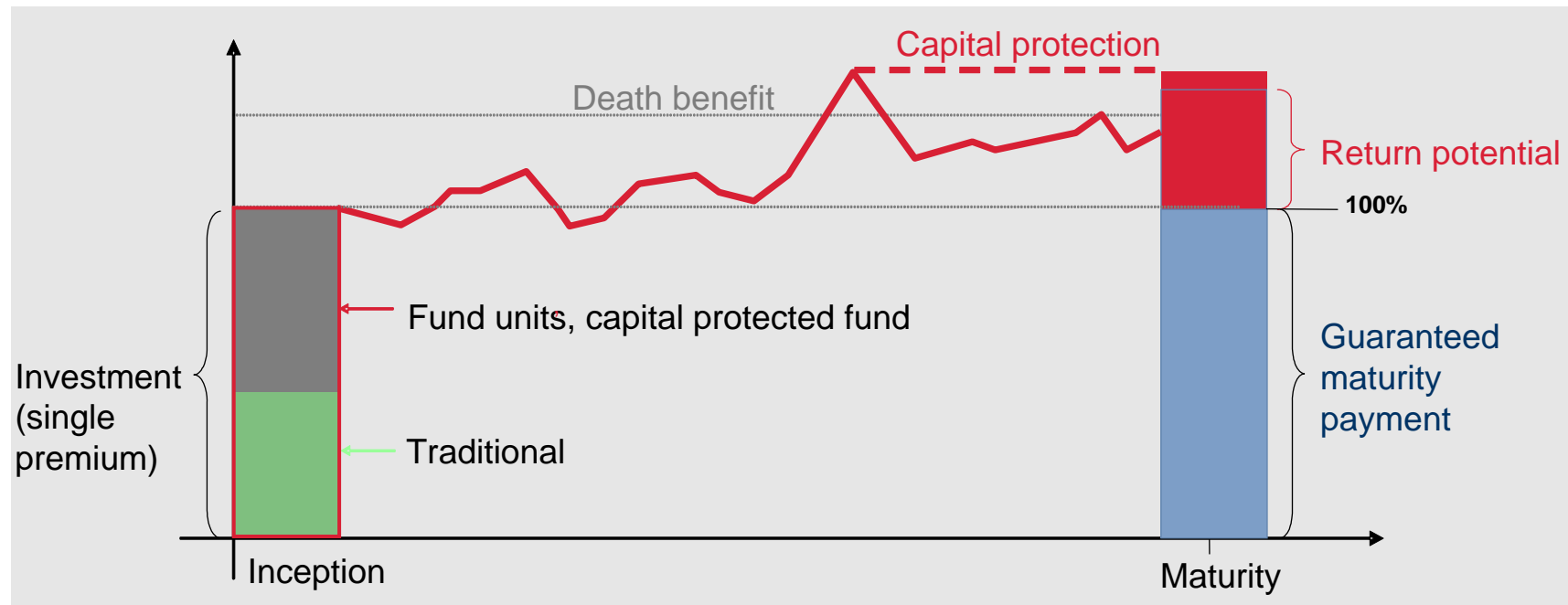
- Increase sales and share in non-traditional business
- Reduce dependency on profit contribution from interest rate

1) GarantiePlus 100 (100% capital protection) and GarantiePlus 90 (90% capital protection)

2) Including pending applications

GarantiePlus: A low risk, profitable product with high value added for the clients

Product features



Value to Swiss Life

- Product with lower interest rate sensitivity
- Reduced consumption of economic risk capital

Value to the customer

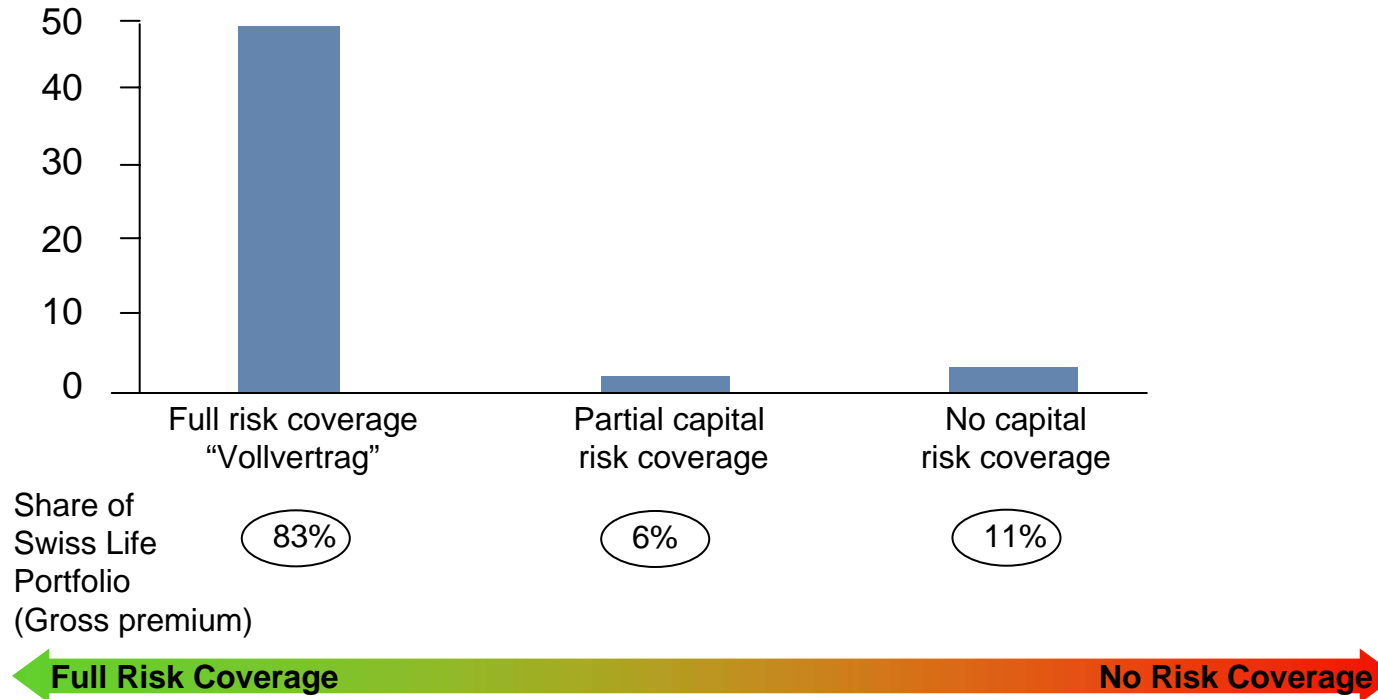
- Guaranteed maturity payment at 90% or 100% of premium
- Guaranteed death benefit
- Attractive return potential

2005 start with single premium product

2006 planned to follow with regular premium product

Group business: Strong profit contribution from segment with full risk coverage

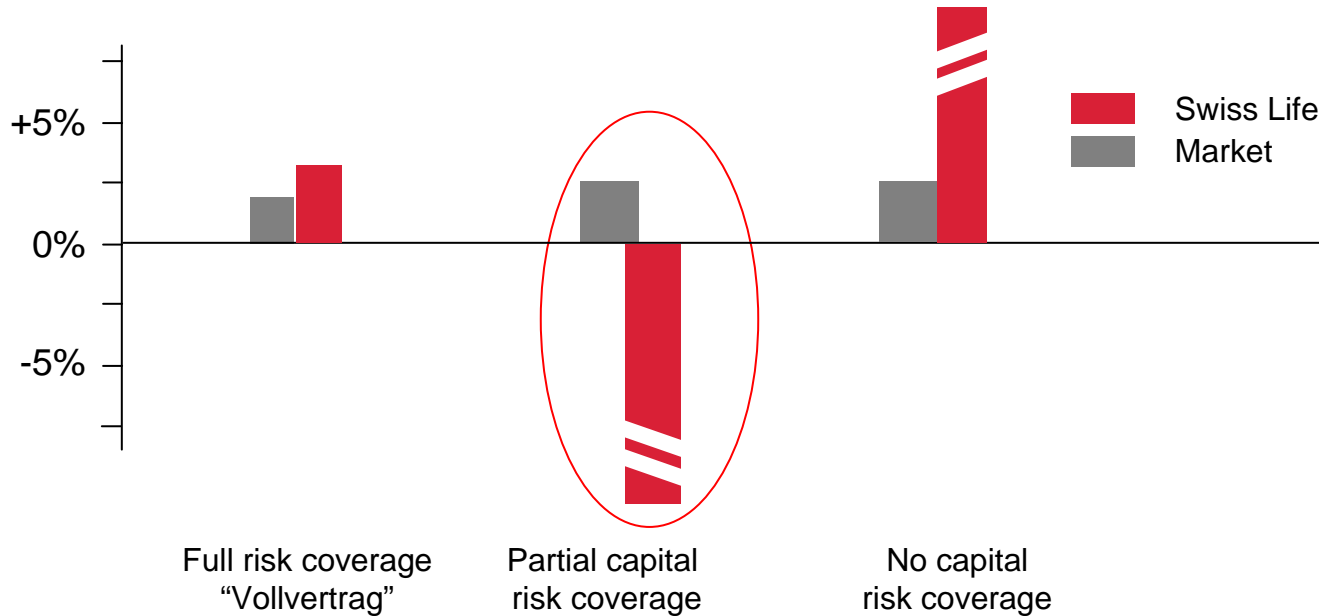
Variable profit contribution of new business (half-year 2005 in CHF million)



- Full risk coverage ("Vollvertrag"): With strong profit contribution due to intact margin on investment return and acceptable legal quote regulations
- Other segments without capital risk coverage: With low profit contribution due to lower margins and low volumes

Group business: Full risk coverage meets needs of small and medium-sized enterprises

Gross premium growth 2004 in %

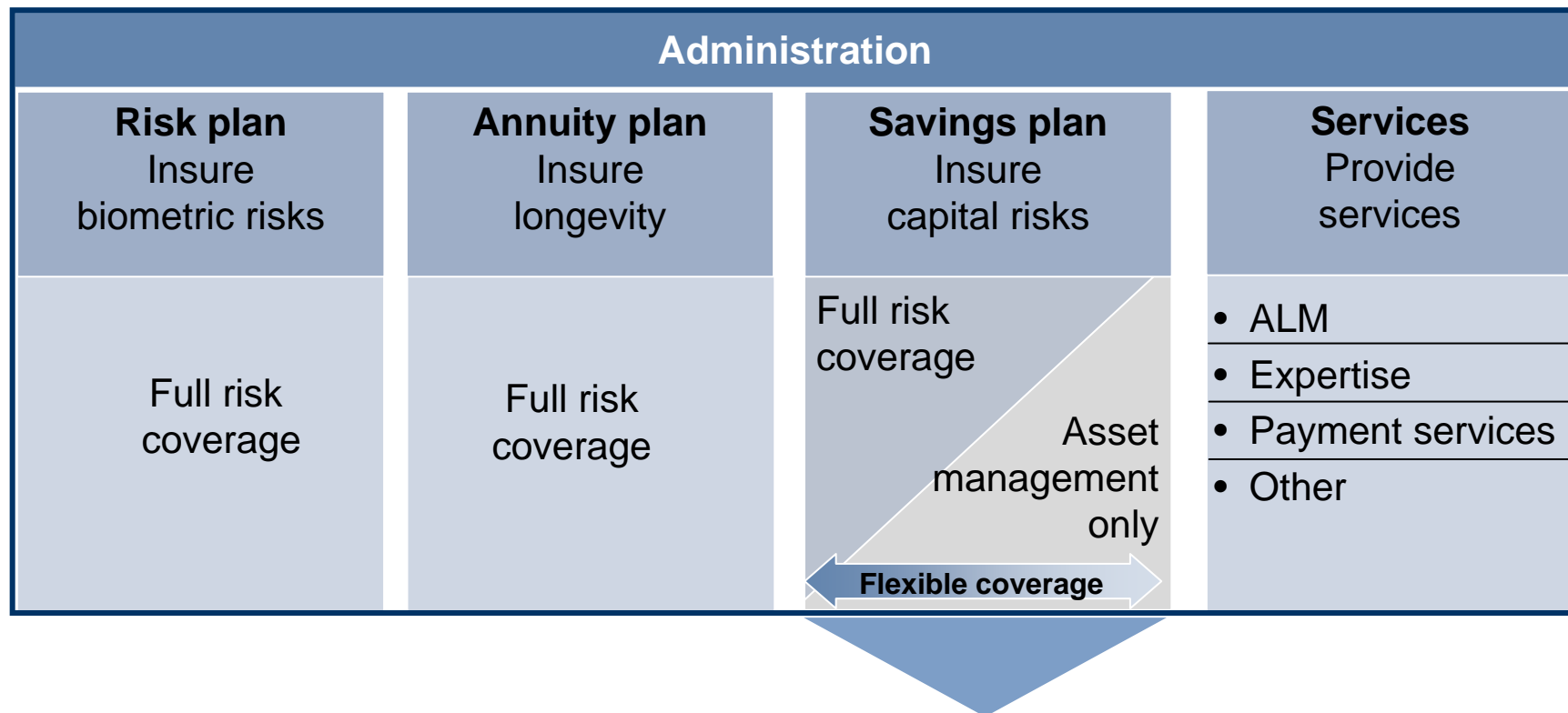


- New business models with partial or no capital risk coverage established by competitors (“Winterthur model”, “Zurich model”)
- Small and medium-sized enterprises: Stay with or even move towards full risk coverage solutions
- Larger companies: Growing demand for partial risk coverage

 **PrimeS:** Swiss Life’s new solution targets a specific market segment

PrimeS: Customised solutions for larger companies

PrimeS product features with modular and flexible components



- Positioned for the growing market of larger companies with the willingness to take a limited amount of risk
- Flexible risk coverage to match the individual risk appetite

Key messages on products

- Offer range of products, which suit the risk appetite of different customers
- Highest profit contribution and lower competition in traditional, full-risk coverage, therefore maintain strong strategic position
- Concentrate improvements and development on products as well as on sales skills in those specific segments where above-average market growth is expected

Agenda Switzerland



Growth

Product development

- Individual
- Group

M. Suter

Distribution

- Own sales force
- Brokers and banks
- Strategic partners

R. Bodenmann

Efficiency

Business engineering projects

- Individual life IT platform
- Group life IT platform

P. Müller

Benefits of «La Suisse» integration

Leadership

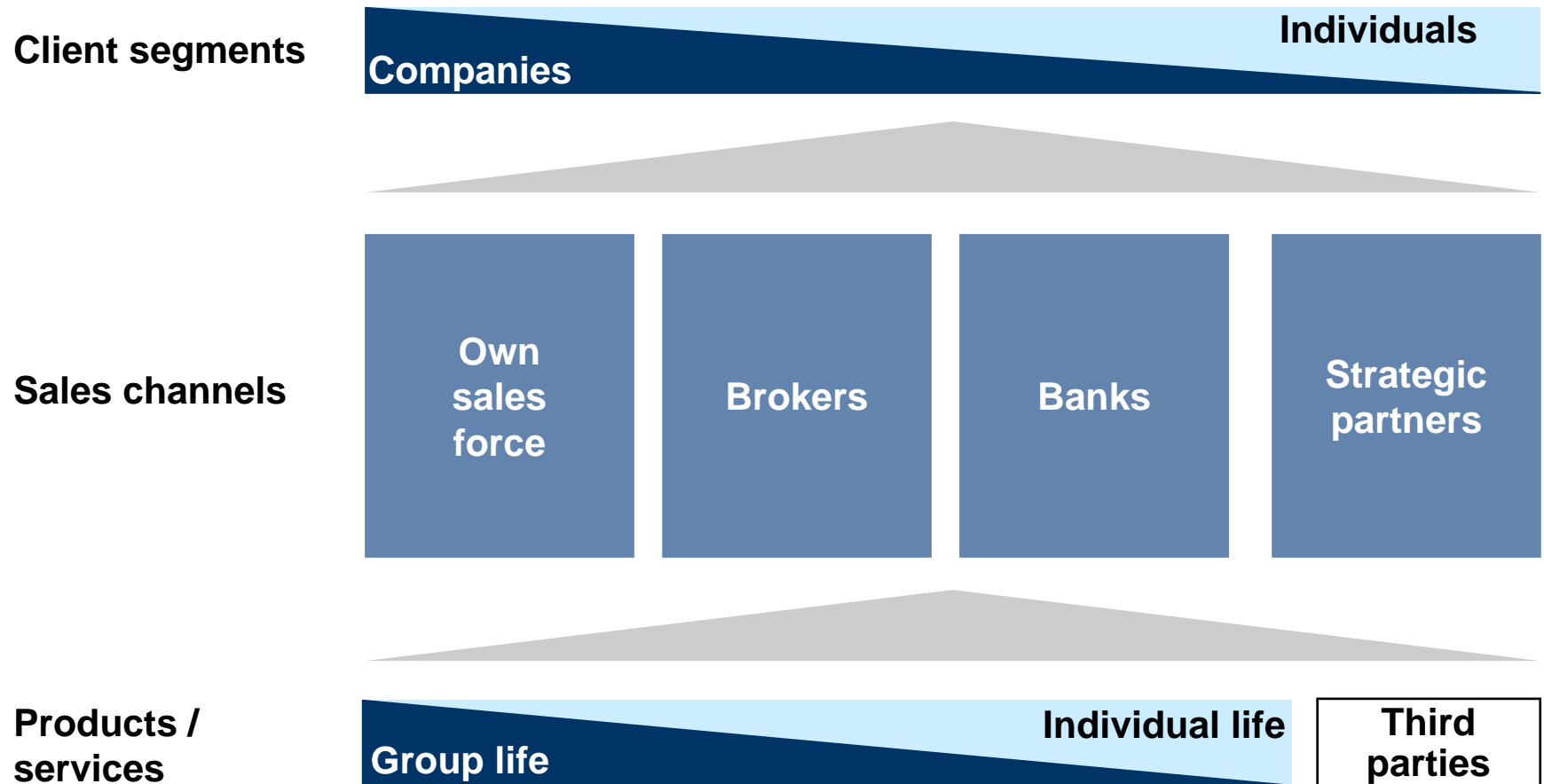
Employee commitment

Customer satisfaction

Political discussion

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Swiss Life with a dedicated multi-channel strategy to serve clients



Channel-mix Swiss Life with strong focus on own sales force



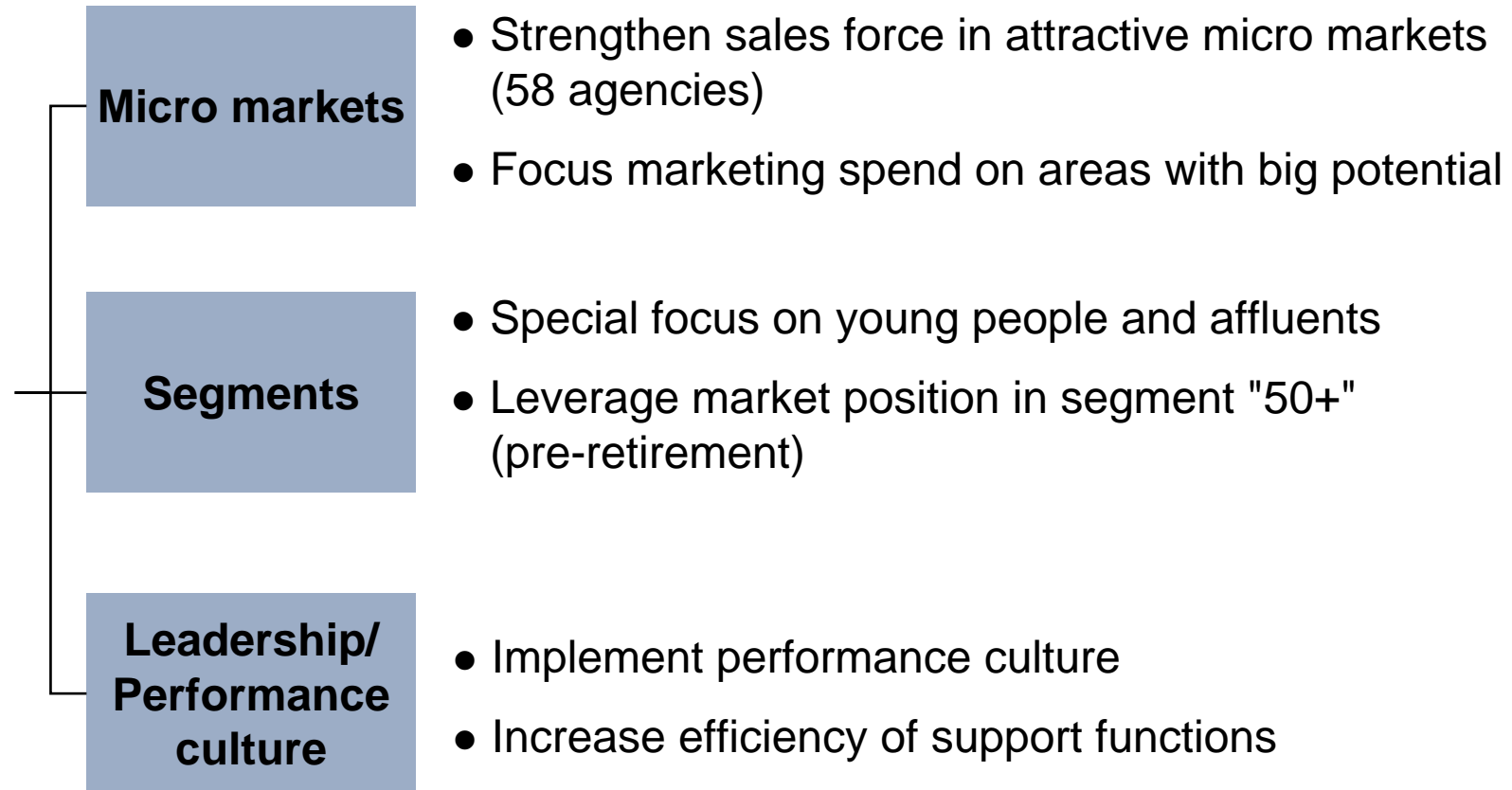
Production ¹⁾ 2004, CHF million

	Individual life	Group life	Total	In percent		
				Total	Market	
Own Sales Force ²⁾	1 240	582	1 822	87	75	<ul style="list-style-type: none"> • Most important channel for Swiss Life • Competitive advantages • Limited competition on price
Brokers	116	146	262	12	16	<ul style="list-style-type: none"> • Growing distribution channel in Group life • Swiss Life in close cooperation with most important brokers
Banks	30	0	30	1	9	<ul style="list-style-type: none"> • Underdeveloped in Swiss market • Swiss Life follows two directions <ul style="list-style-type: none"> – Build exclusive partnerships – Be present on open platforms
Total	1 386	728	2 114			

1) Defined as sum of 16x regular premium and 1x single premium

2) Including decentral brokers

Own sales force: Exploit growth potentials



Sales strategy based on market attractiveness and own market position

Market attractiveness

	High		
	Develop 6 agencies	Grow 7 agencies	
			–
Medium	6 agencies	14 agencies	2 agencies
	Low		
	Review 1 agency	Maintain 15 agencies	
			7 agencies
	Weak	Medium	Strong
	Local Swiss Life position		

Four basic strategies

Develop

- Acquisition of new clients top priority
- Redirect investments to these markets
 - Marketing spend
 - Number of sales staff
 - Sales initiatives
- Special management attention needed

Grow

- Acquisition of new clients while leveraging existing client base
- Selective investments (marketing, staff, etc.)
- Moderate management attention

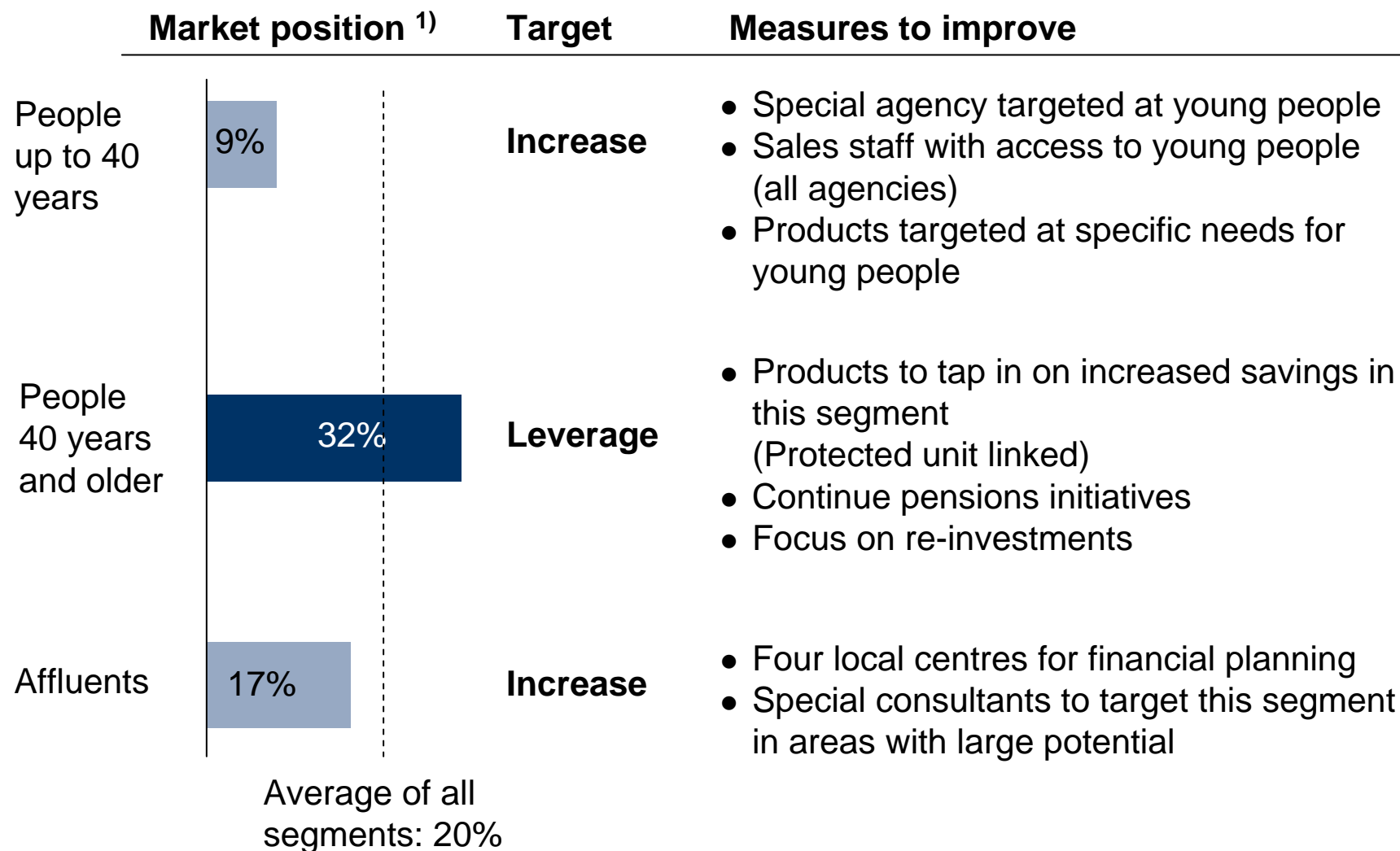
Maintain

- Focus on existing client portfolio (expand relationships, increase reinvestments)
- Optimized/ reduced marketing spend
- Maintain sales staff
- Limited management attention

Review

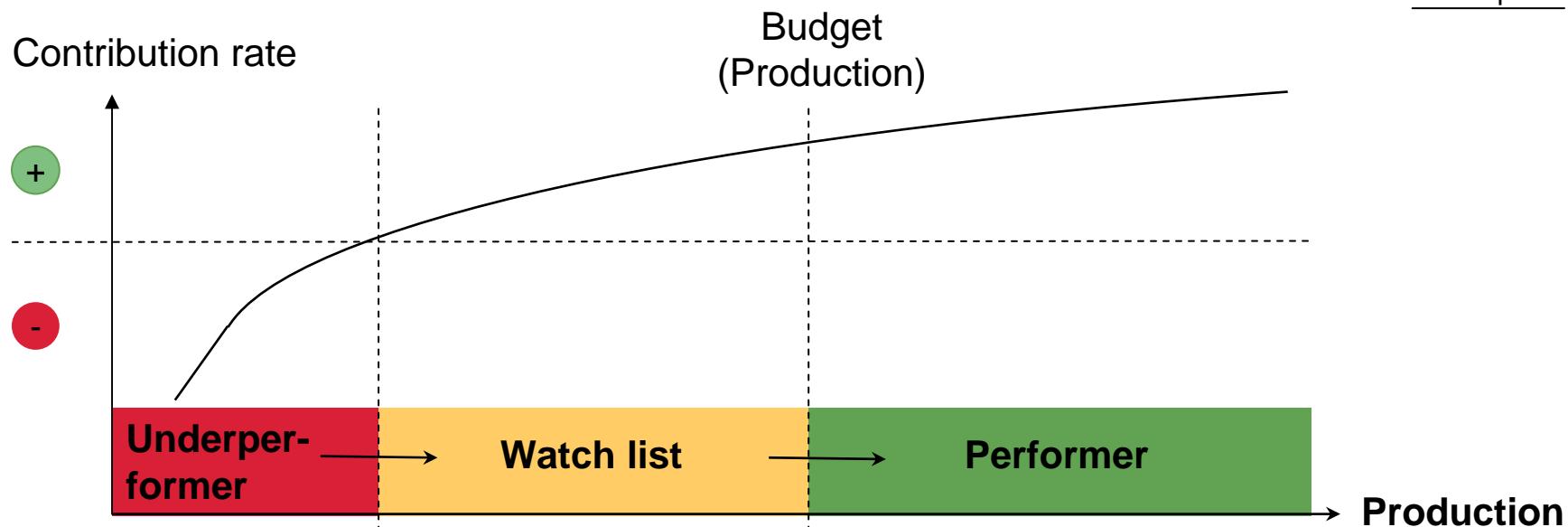
- Detailed analysis of situation, specific growth measures

Measures in client segments reflect different market position of Swiss Life



1) Swiss Life clients as a percentage of all Swiss households, income larger than CHF 60 000

Staff are tracked permanently on a monthly basis



Own fixed costs not covered by sales staff

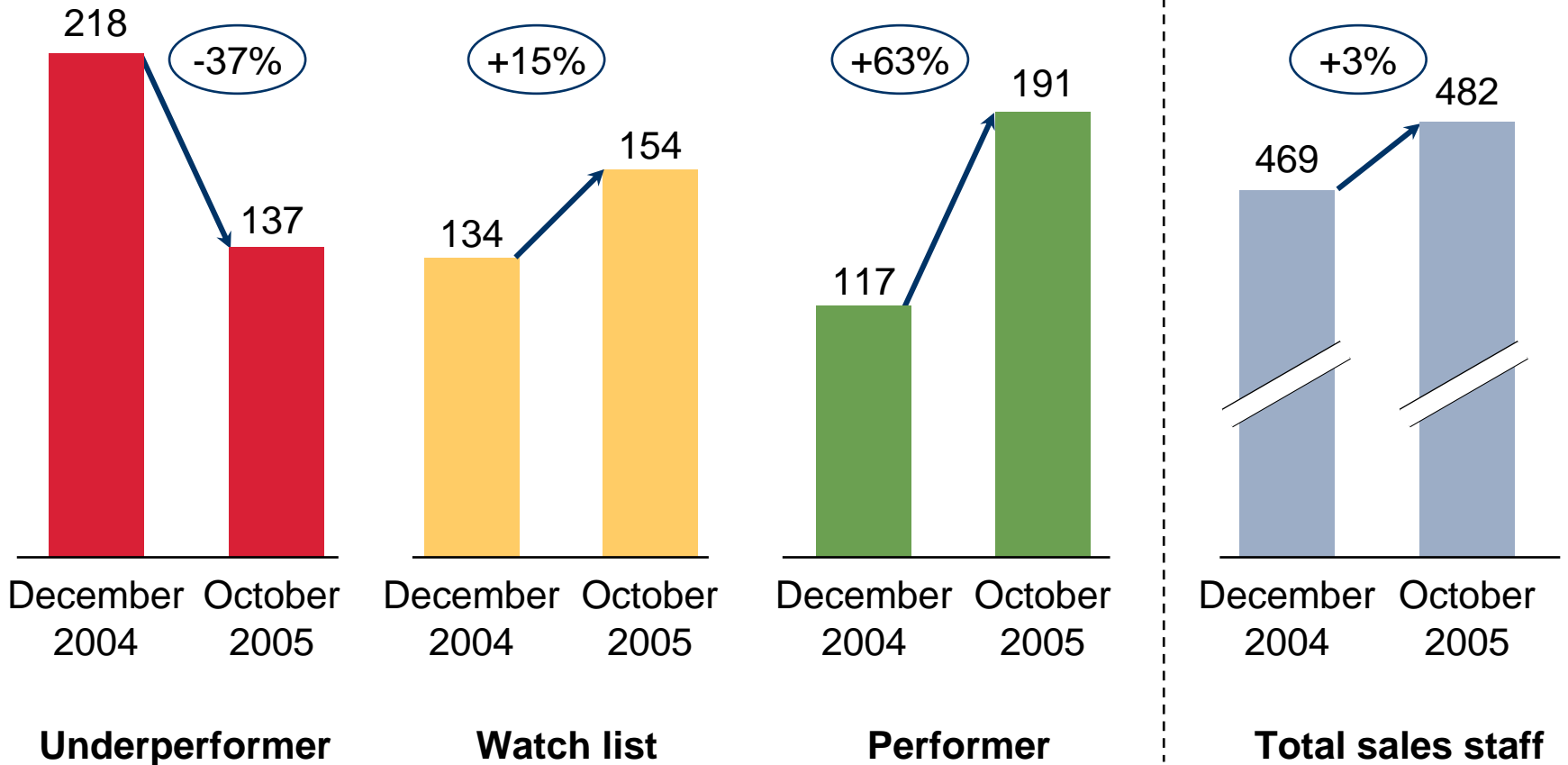
Positive contribution, but below budget

Above production budget, strong contribution

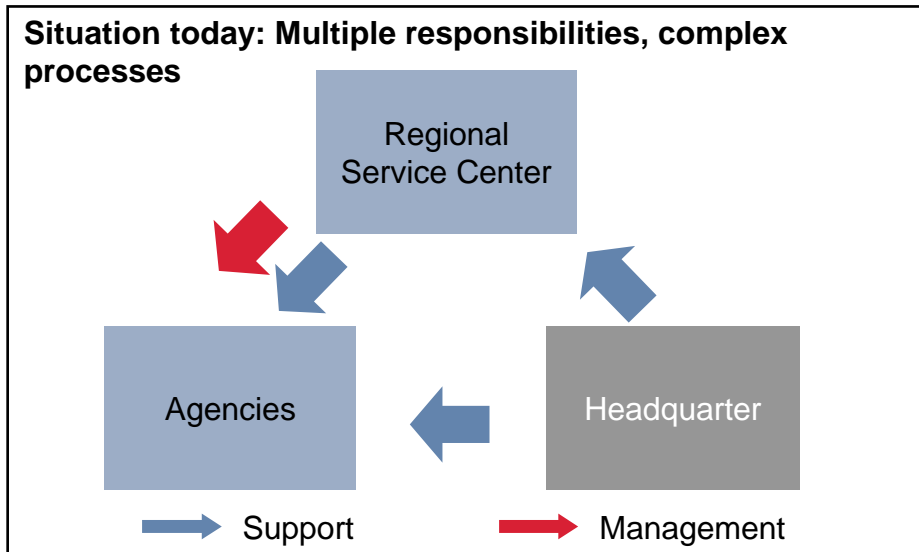
**Agents' bonus depends on performance:
Penalty for red, neutral for yellow, bonus for green**

Staff are developed systematically

Number of sales staff, excluding new hires



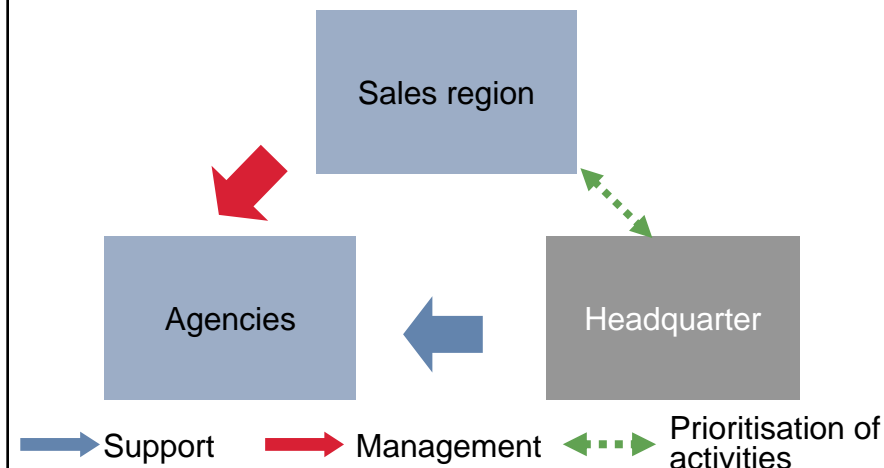
Efficiency will further improve with new organisation in 2006



Increased sales power

Regional Sales Directors focus on sales force management

Situation as of 1. January 2006: Streamlined organization



Increased efficiency

Streamlined support processes concentrated in one unit

First successful steps in third-party channel management completed

Leverage broker channel

Management

- Clear targets for the brokers
- Professional cooperation, regular structured performance reviews

Support

- Ongoing instruction on actual and new products (SL Academy)
- Streamlined processes, support provided by one single unit

Partnership

- Regular measurement of brokers' satisfaction with Swiss Life's support
- Involvement in product development

Build bank partnerships

Exclusive partnerships (example **Swisscanto**)





- Sales of Swiss Life product under brand name "Swisscanto Life Time"
- High entry barrier
- Limited price competition
- Processes fully integrated

Open platforms (examples **UBS; Credit Suisse "Insurance Lab"**)

- Brand "Swiss Life"
- Low entry barrier, everyone can compete
- Processes partially integrated

Our strategic partners are leading non-life players



	Positioning	Partner contribution...	Swiss Life contribution...
 <p>Die Mobiliar Versicherungen & Vorsorge</p>	#1 Swiss property insurer	Mobiliar distributes Swiss Life's individual and group life insurance solutions (with portfolio protection)	Swiss Life distributes non-life products from Mobiliar (with portfolio protection)
 <p>HELSANA</p>	#1 Swiss health insurer	Helsana distributes Swiss Life group life insurance solutions (BVG business)	Swiss Life distributes Helsana group health and accident solutions, which it also manages (with portfolio protection)
 <p>sanitas</p>	#7 Swiss health insurer	Sanitas distributes products in private health insurance	Swiss Life distributes Sanitas health insurance products
 <p>VAUDOISE ASSURANCES VERSICHERUNGEN ASSICURAZIONI</p>	#9 Swiss non-life insurer	Vaudoise distributes Swiss Life group/BVG insurance solutions, which it also manages (with portfolio protection)	Swiss Life supports Vaudoise in group insurance

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Benefits of «La Suisse» integration

Leadership

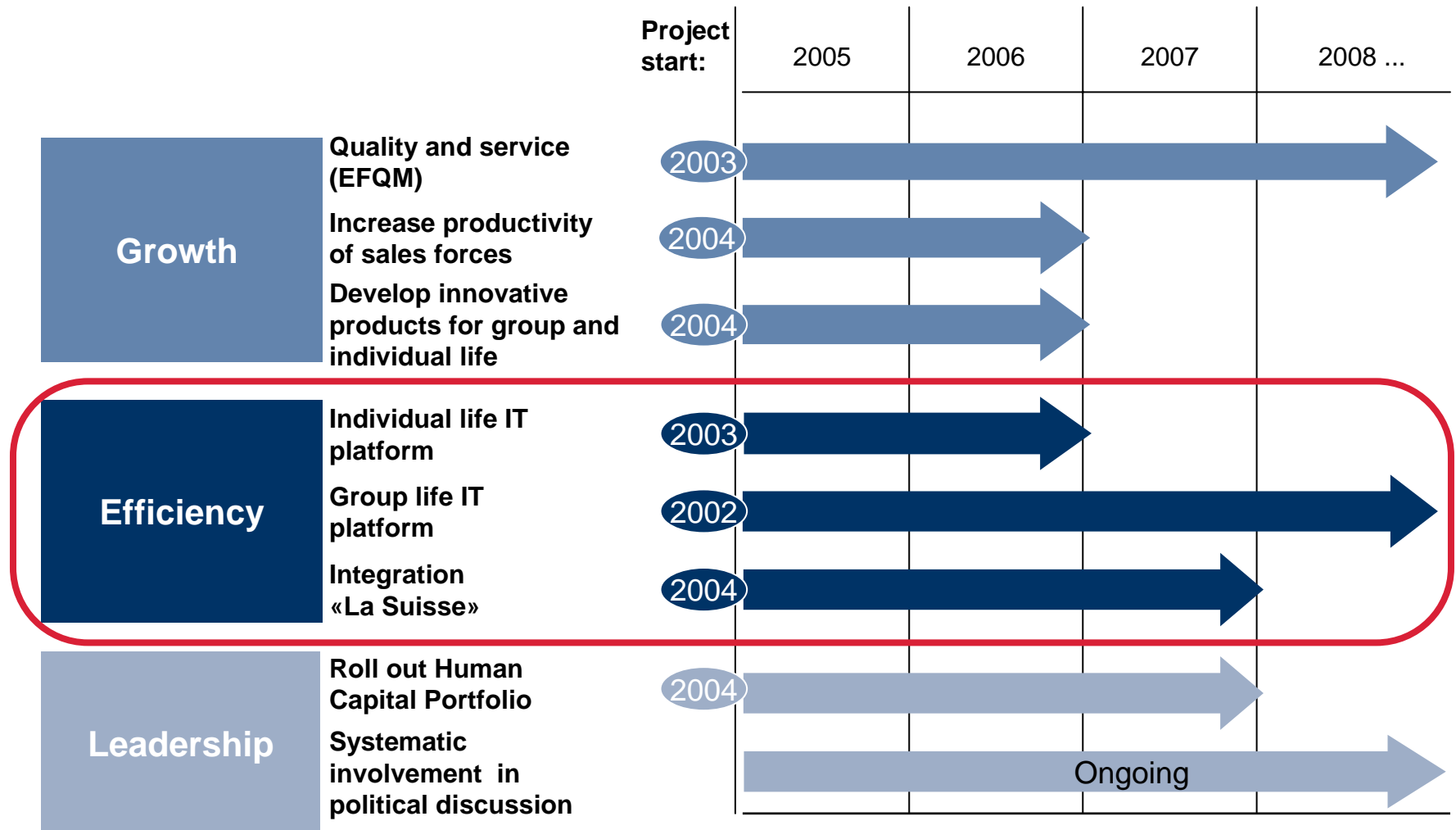
Employee commitment

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Customer satisfaction

Political discussion

Three important projects to improve efficiency



Individual life IT platform

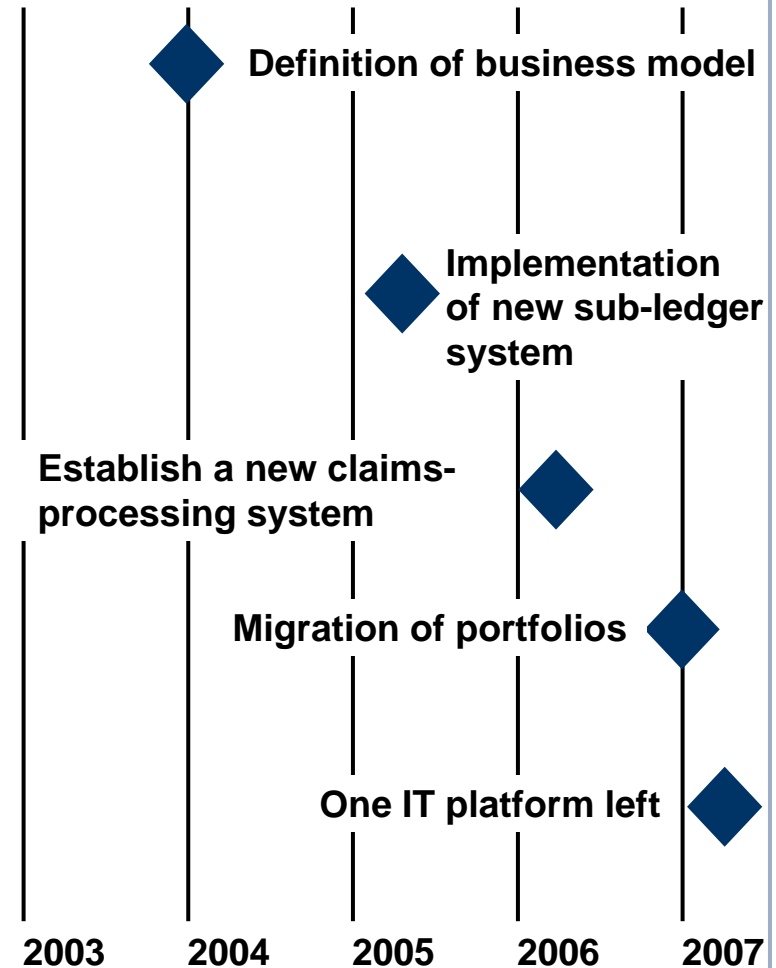
Scope

- Reduce IT platforms in individual life from 7 to 1 platform by end of 2007

Benefit

- Reduced IT costs due to maintaining and updating systems
- Reduced operational risks due to the reduction to one platform
- Increasing quality of documents by reduction in errors
- Reduced costs in customer services due to more efficient processes
- Enabling assimilation of portfolios

Milestones



Group life IT platform

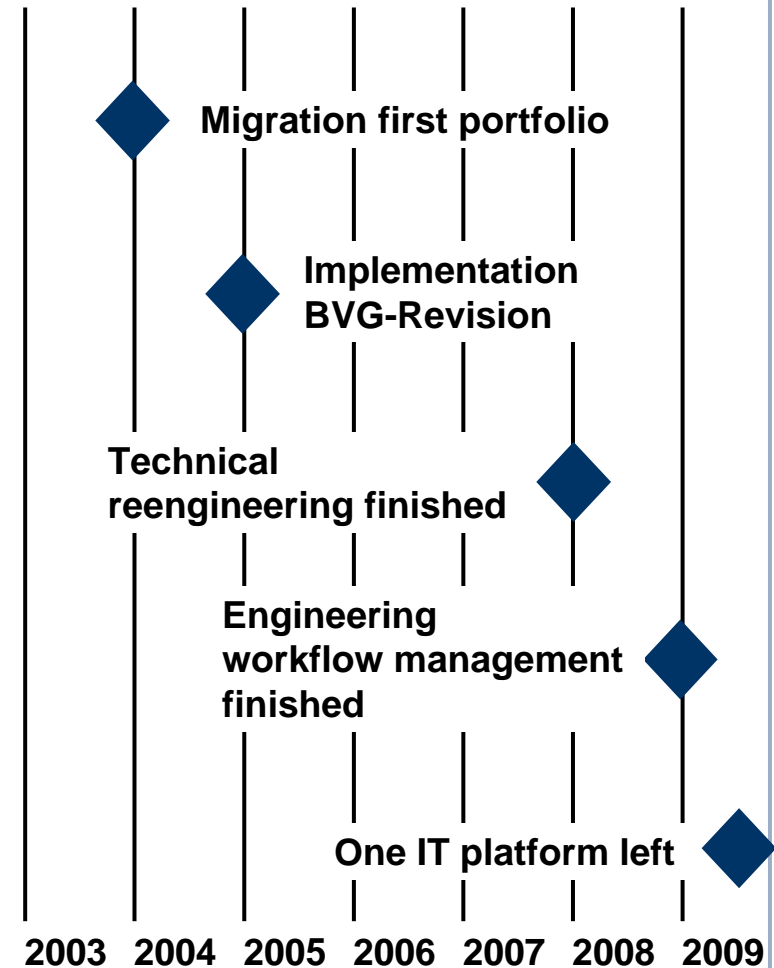
Scope

- Reduce IT platforms in group life from 6 to 1 platform by end of 2009

Benefit

- Enabling assimilation of portfolios
- Reduced IT costs due to maintaining and updating systems
- Reduced operational risks by streamlining the number of platforms
- Due to system-supported effective workflow management

Milestones



Integration of «La Suisse»

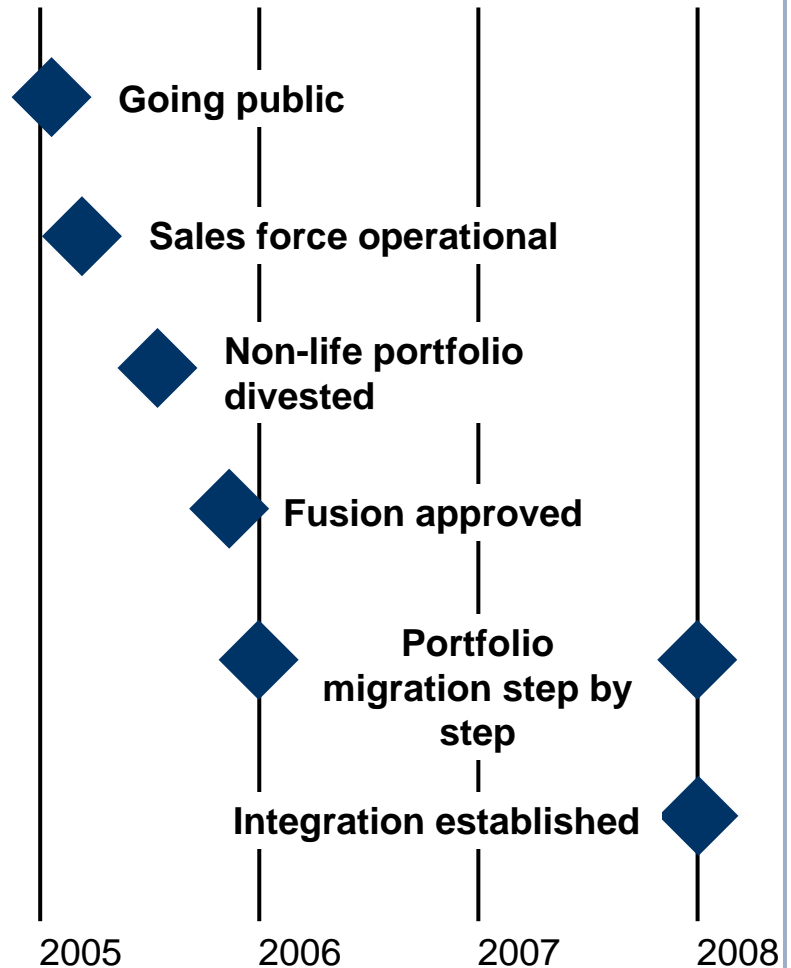
Scope

- Concentrating on core business by integrating the sales force and life business and divesting the non-life business

Benefit

- Improving market position in life business under one brand
- Enforcing sales power by integration of «La Suisse» sales force and by cooperation with Helsana and Vaudoise
- Realising ongoing synergies in IT & administration

Milestones



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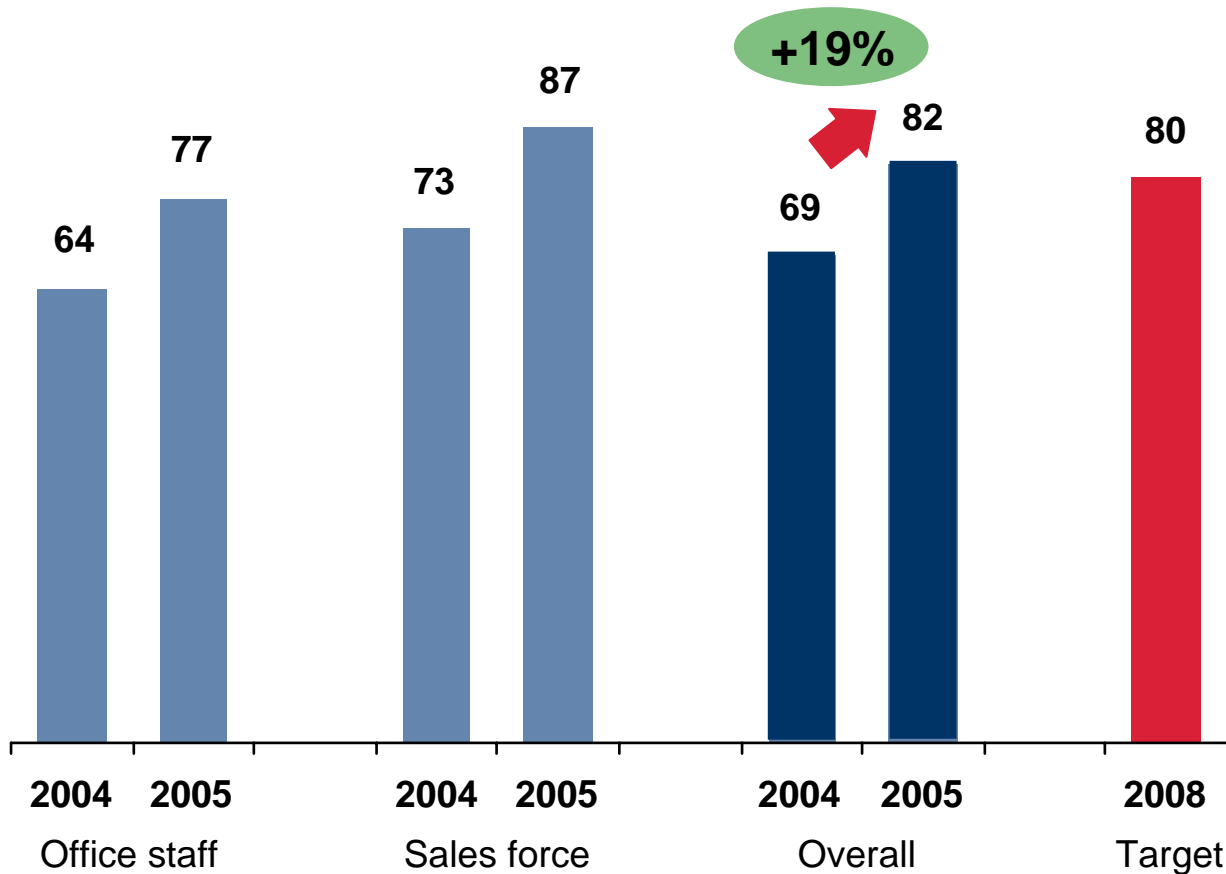
P. Müller

Customer satisfaction

Political discussion

Impressive results of our recent employee survey

Index point, scale 0 - 100

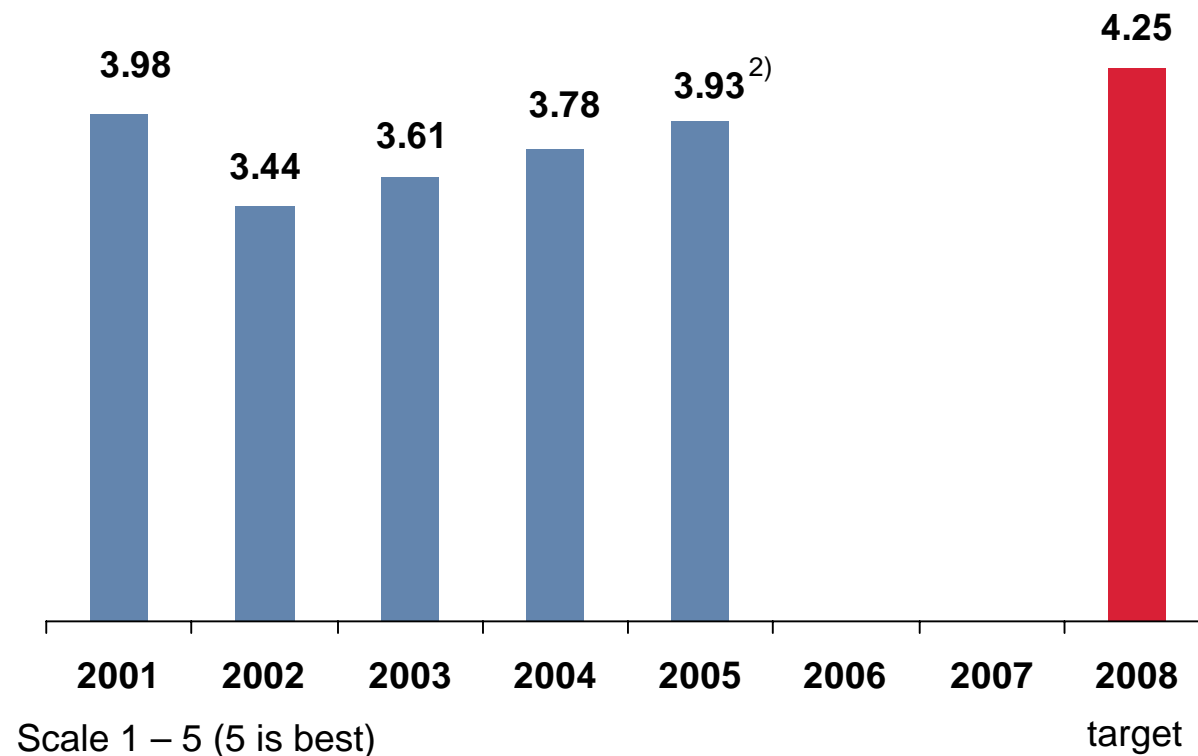


Ambitious goals will only be met by people who are committed to outstanding customer orientation, performance and quality


Improving quality and service

EFQM ¹⁾ excellence model is a result-oriented framework to measure and increase service quality in all relevant management dimensions

Customer satisfaction



- Decreasing customer satisfaction 2002
- EFQM was the tool used to understand the connections of management action better

 Gaining customer satisfaction

1) European Foundation for Quality Management

2) 9 month figure

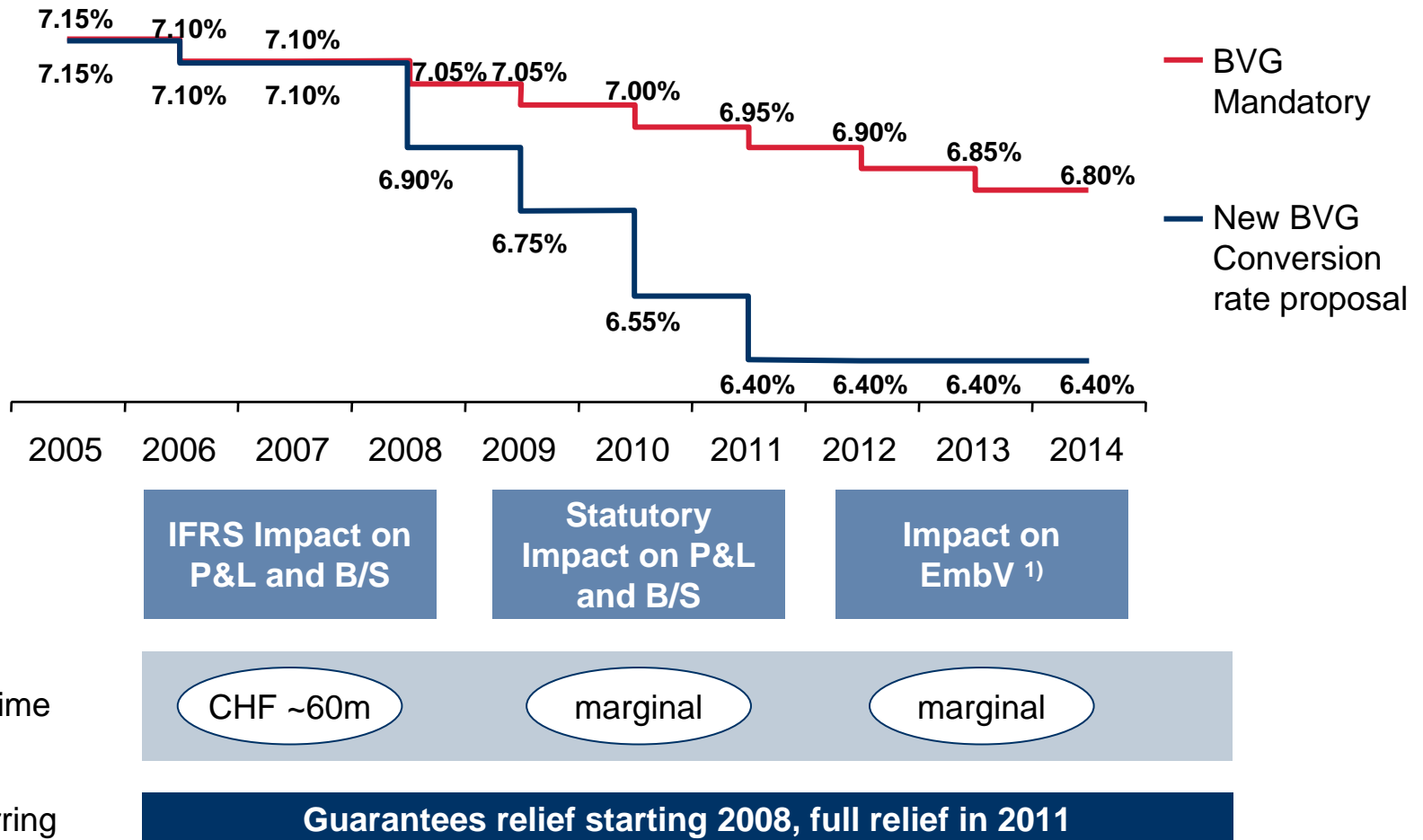
Active as experts in political discussion

We play an active role in driving the political discussions towards the main issues concerning the insurance industry:

- Future of social security systems
- Regulatory aspects of second pillar
 - Inadequate conversion rate
 - BVG minimum rate formulas
 - Financing pension funds with insufficient reserves
- Opening third pillar pensions to economically inactive dependants (e.g. housewives)

Political discussion on a more realistic basis

BVG mandatory business conversion rate to come down



1) Overall marginal impact, but additional reserve strengthening no longer needed

Answers to the five key questions

Answers

“What are the measures for profitability in Switzerland?”



- Underlying profitability of the portfolio is good
- We address additional profitability measures in order to further leverage the existing base

“You have insufficient profitability in individual life, how will you address this?”



- Underlying profitability of the portfolio is good
- New business written with a long- term view

“The productivity of the sales force is insufficient, why are you keeping it?”



- Quality of current channels is superior
- Streamline distribution channel staff

“Why are you poorly represented in growing segments?”



- New product developed; very good response from the market
- We sell the product that has the best margin measured on an economic profit base (including embedded options and guarantees)

“Does the regulatory environment put pressure on your profit?”



- Discussion consistently more rational
- Slow but favourable developments

Summary

Growth

- Growth of 8% to CHF 8.5 billion in 2008
- Sales force with higher profitability
- Product portfolio established

Efficiency

- Profitability: Basic insurance result of CHF 150 million in 2008
- IT-environment will be renewed
- Integration «La Suisse»

Leadership

- Highly motivated employees: Focus on commitment >80%
- Taking part in political discussion

Cautionary statement regarding forward-looking information



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