

Investors' Day 2009

**Swiss Life Germany: On track to become a highly profitable provider of non-traditional and risk products**

Klaus G. Leyh, CEO Germany  
Zurich, 15 December 2009

## Key messages

**Swiss Life DE is on track to become a highly profitable provider of non-traditional and risk products by 2012**

▶ **Continue to provide profitable and stable growth**

▶ **Broaden distribution channel mix and intensify successful collaboration with AWD**

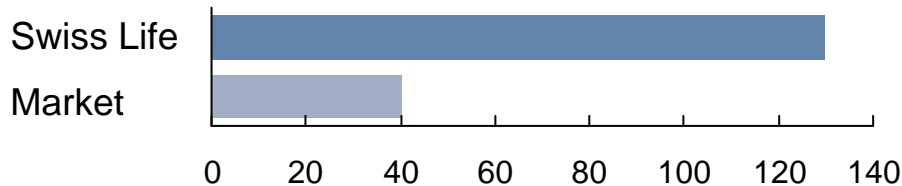
▶ **Promote risk products, risk riders and the shift to non-traditional products**

▶ **Eliminate negative administrative cost result of EUR 25 million by 2012 through improved operational efficiency**

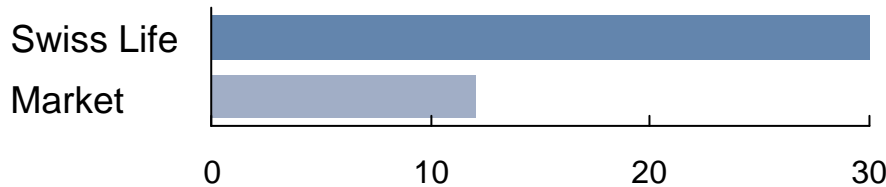
# Swiss Life DE – Core competencies in employee benefits and disability solutions



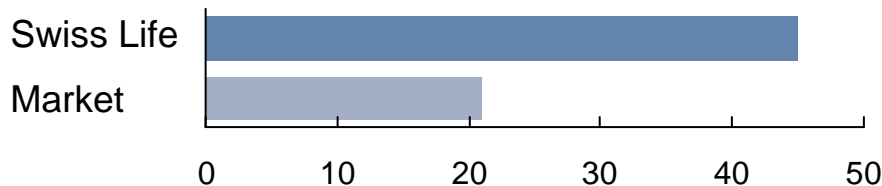
**BUZ share** <sup>1)</sup> (BUZ share in core insurance; insurance sum, in %)



**Group insurance share**  
(insurance sum, in %)



**Average insurance sum**  
(individual life, endowment life insurance, in EUR thousand)



- Proven competency in disability solutions and employee benefits
- Compared to market, above-average share of supplementary disability contracts and corporate business
- Focused on a highly attractive customer base (both individual and corporate clients)

<sup>1)</sup> BUZ = Supplementary disability insurance

# Swiss Life brand in Germany very strong – with brokers and in terms of products

## Award-winning products...

**IL**



Setting standards in disability and unit-linked products

**GL**



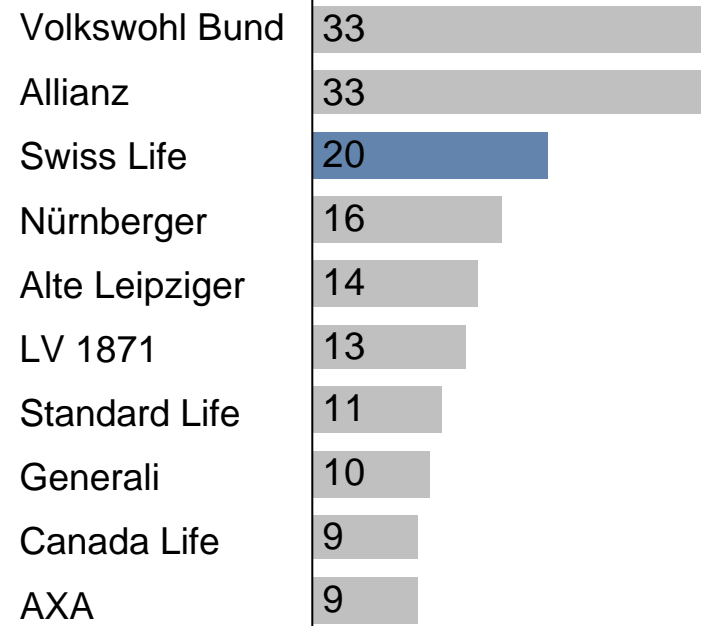
Occupational pension scheme awards:  
Within top 3 every year since the first survey in 2002

**Over-all**



Assekurata client perception rating

## ... and strong reputation with brokers



TNS Infratest broker survey <sup>1)</sup>:  
“Which insurance companies do you personally think are the best on the market? Please name your top three in the life insurance segment.”

1) n=730

# Swiss Life DE has made significant achievements to date

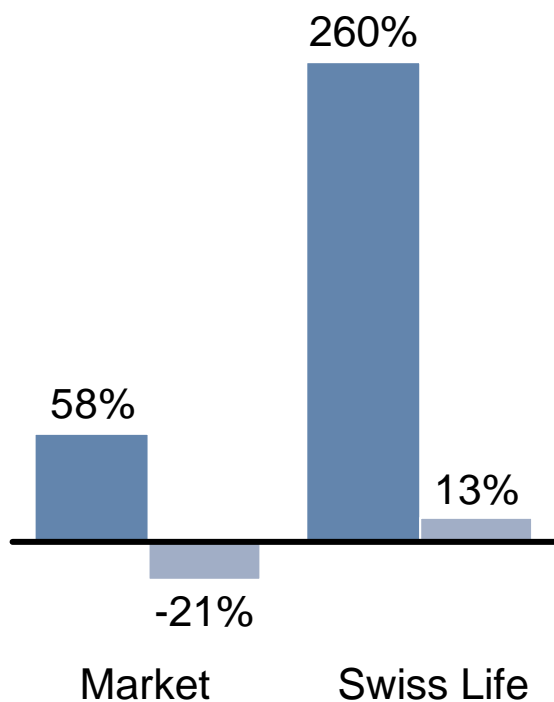


MILESTONE	Achievements
<p><b>1</b> Enhance customer value &amp; new business profitability</p>	<ul style="list-style-type: none"><li>• Proven product quality: top ratings in nearly all categories</li><li>• Strong and profitable new business in disability insurance</li><li>• “Swiss Life Champion” and “Swiss Life Exclusive Invest DWS” with attractive guarantees and high profitability</li><li>• Reinvestment initiative has started to strengthen client retention</li></ul>
<p><b>2</b> Increase distribution quality and power</p>	<ul style="list-style-type: none"><li>• Dedicated sales head office for IFAs implemented to strengthen sales support</li><li>• New business through AWD increased by expected 64% in 2009</li><li>• All other sales channels increased significantly, too</li><li>• Retained lapse rate at below market level</li></ul>
<p><b>3</b> Improve operational efficiency</p>	<ul style="list-style-type: none"><li>• Continuous improvement of processes and structures: first measures successfully accomplished in 2006 – 08 (EUR 13.7 m cost savings from the OPUS project)</li><li>• New continuous improvement process implemented and first positive results achieved</li></ul>

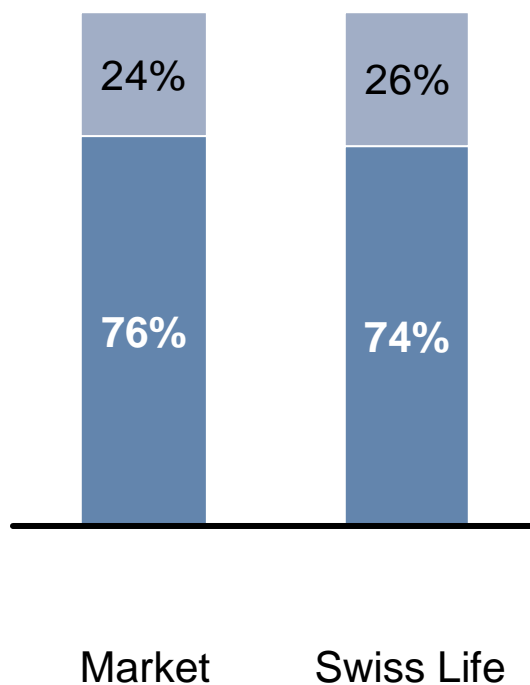
# Above-average new business growth rates

New business premiums, 9m 2009

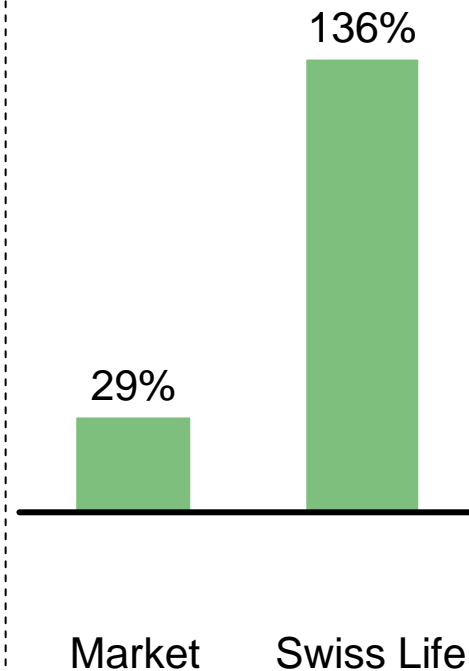
## New business development



## Weighting of new business



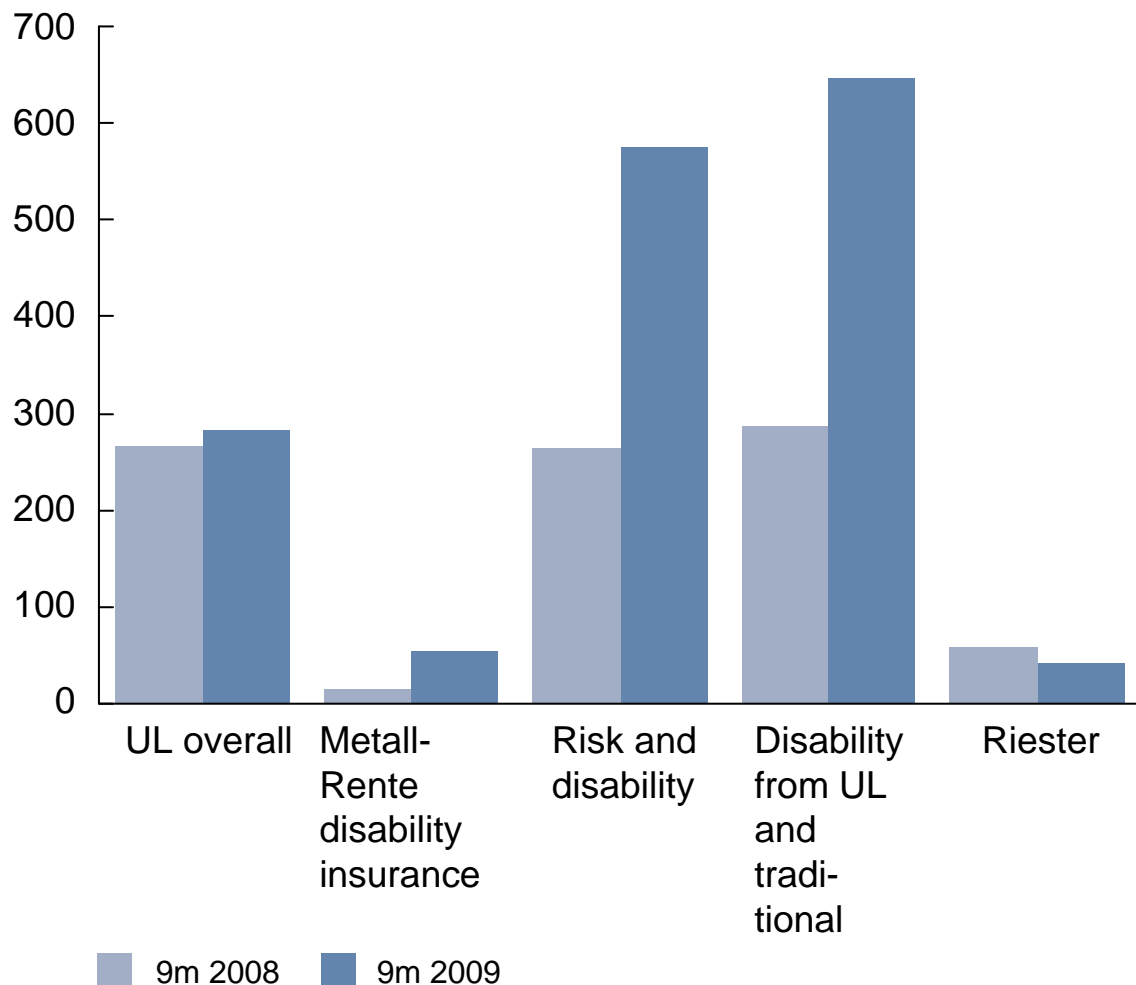
## New business in total



■ Single premiums   ■ Periodic premiums

# Unit-linked and disability products developed positively

New business production <sup>1)</sup>, EUR million



- Despite financial crisis and decreasing market figures, all main product segments increased (including unit-linked products)
- Disability solutions (with attractive profitability) as a main success factor in German market

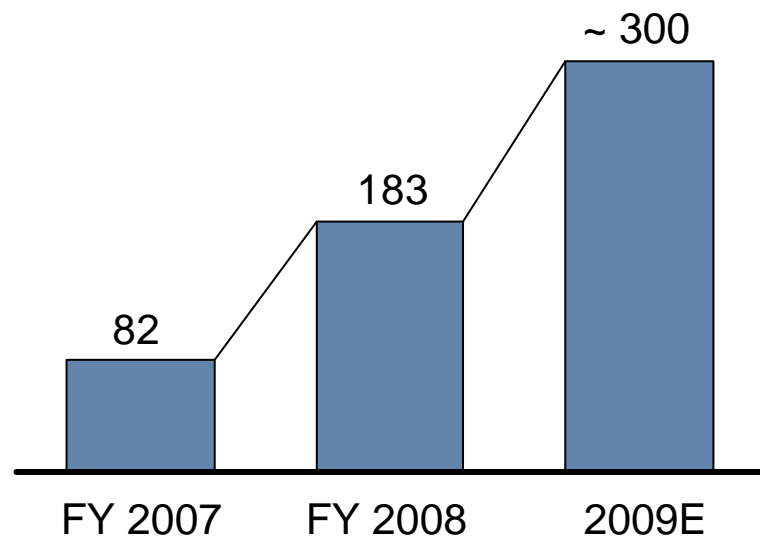
1) Total sum of premiums over contract duration

# Successful partnership with AWD further developed



EUR million

## New business production <sup>1)</sup> of AWD for Swiss Life in Germany



## Start of intensive cooperation with AWD in 2009

- Top-select approach generated new business volume in the broker market as well
- AWD serves as an indicator for product development/ improvements in terms of meeting customer needs

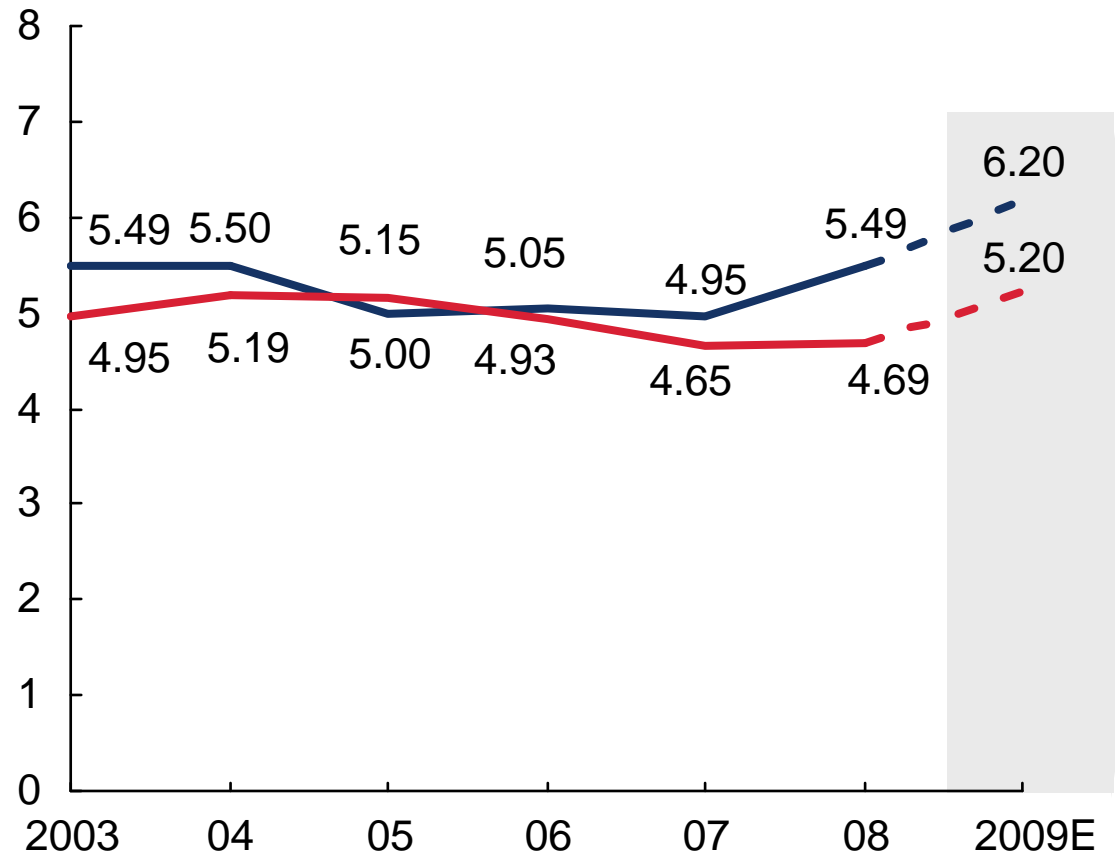
1) Total sum of premiums over contract duration





# Lapse rate below market level

In %



## Lower lapse rate through

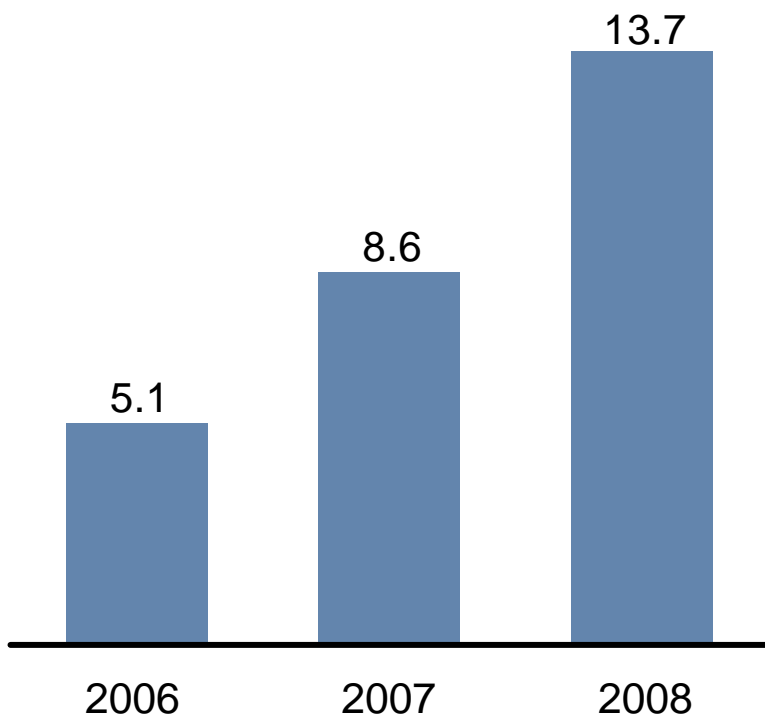
- High quality of products and business mix
- Above-average advisory competencies
- Customer retention

— Market — Swiss Life

# Cost savings of EUR 13.7 million from OPUS project already achieved from 2006 to 2008



Cumulated cost savings, EUR million



## Optimisation of processes and structures based on benchmarking with peers

- Improvements in administration processes
- Implementation of new services (e.g. "Infomaske", "eBox")
- New product development process

# Despite growth, need to address specific challenges with MILESTONE initiatives

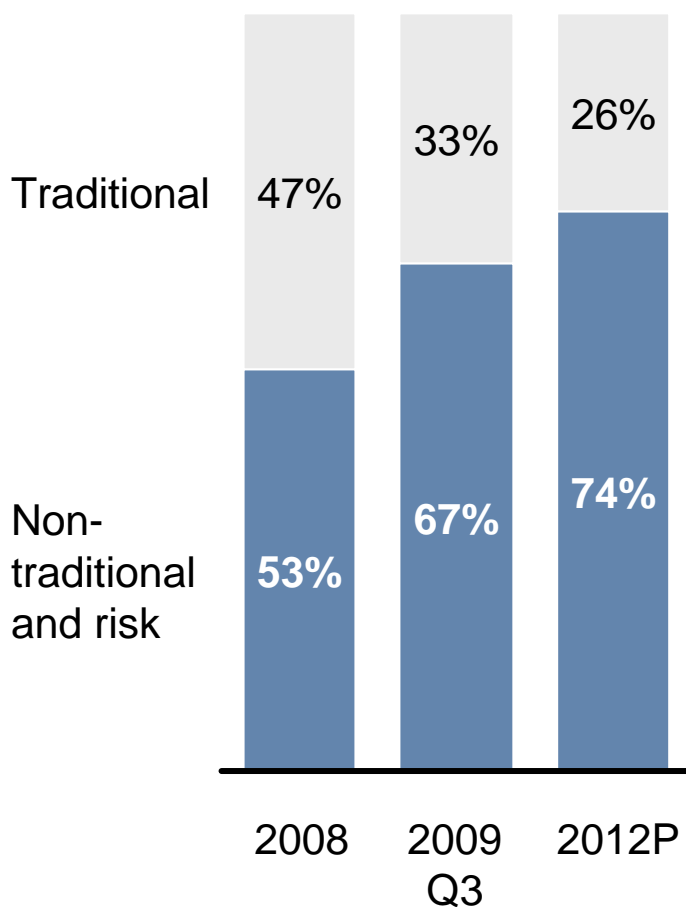
MILESTONE	Challenges	Initiatives
<p><b>1</b> Enhance customer value &amp; new business profitability</p>	<ul style="list-style-type: none"> <li>• Push risk products, unit- and index-linked products, variable annuities</li> <li>• Increase profitability of products</li> </ul>	<ul style="list-style-type: none"> <li>• Product shift as of January 2010</li> <li>• Increase profitability through margin management</li> <li>• Launch new Riester products in 2010</li> <li>• Set transparency standards (VA)</li> <li>• Swiss Life Champion introduced</li> </ul>
<p><b>2</b> Increase distribution quality and power</p>	<ul style="list-style-type: none"> <li>• Diversify and leverage distribution channels (i.e. banking channel)</li> </ul>	<ul style="list-style-type: none"> <li>• Increase share of new business in all distribution channels</li> <li>• Build up a banking channel team from April 2010 to enlarge distribution</li> <li>• Continue successful cooperation with AWD</li> <li>• Push single premium business</li> </ul>
<p><b>3</b> Improve operational efficiency</p>	<ul style="list-style-type: none"> <li>• Strengthen cost discipline despite strong growth</li> <li>• Modernise administration systems to support business</li> </ul>	<ul style="list-style-type: none"> <li>• Eliminate administration cost deficit</li> <li>• Implementation of a continuous improvement culture started</li> <li>• Commission system, administration system for UL products, new point of sale software for brokers</li> </ul>

# Shift to non-traditional and risk products supports growth trend...



New business production

## New business mix



## New products

### Premiums

Periodic    Single

• Swiss Life Champion (2008)	✓	✓
• Swiss Life Exclusive Invest DWS (2009)		✓
• Swiss Life Cash Growth (2009)		✓
• Disability "stand alone" product (2009)	✓	
• Swiss Life Champion Riester (2010)	✓	
• Immediate annuity product (2010)		✓
• Improved disability products (2010)	✓	

## ... and increases new business profitability

### Initiatives of SL DE to support Group new business margin development

#### Change in product mix

- Shift towards unit-linked and pure risk products
- Increase share of products with additional risk riders (bundles)

#### Optimisation of product design and pricing

- Further strengthen pricing discipline across all product groups
- Redesign of strategically important products (e.g. enhanced customer segmentation for disability solutions)



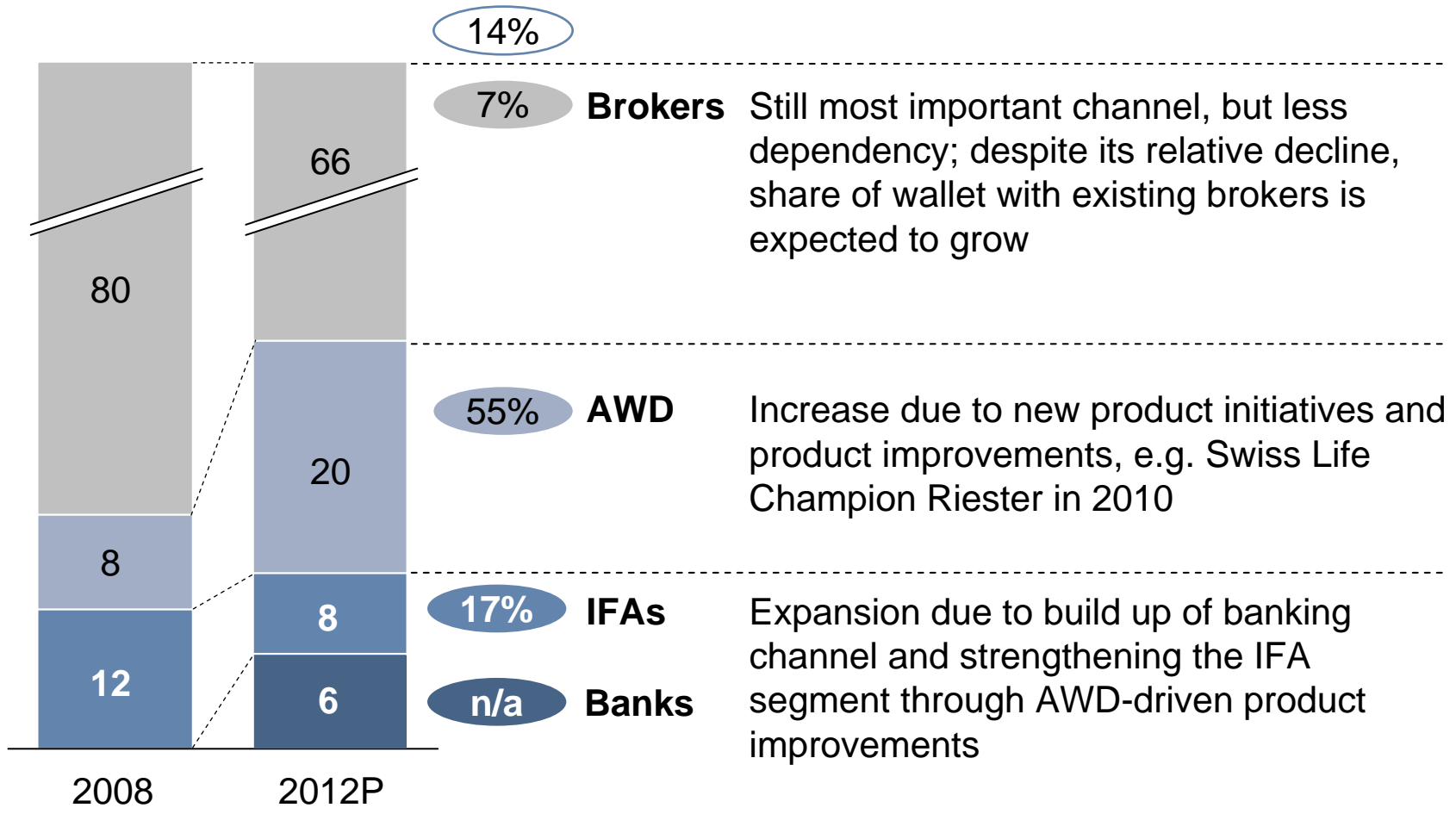
# Swiss Life DE is optimising its channel mix through AWD cooperation and banking channel

New business production, in %

CAGR 2008-2012

## Development by channel

## Initiatives

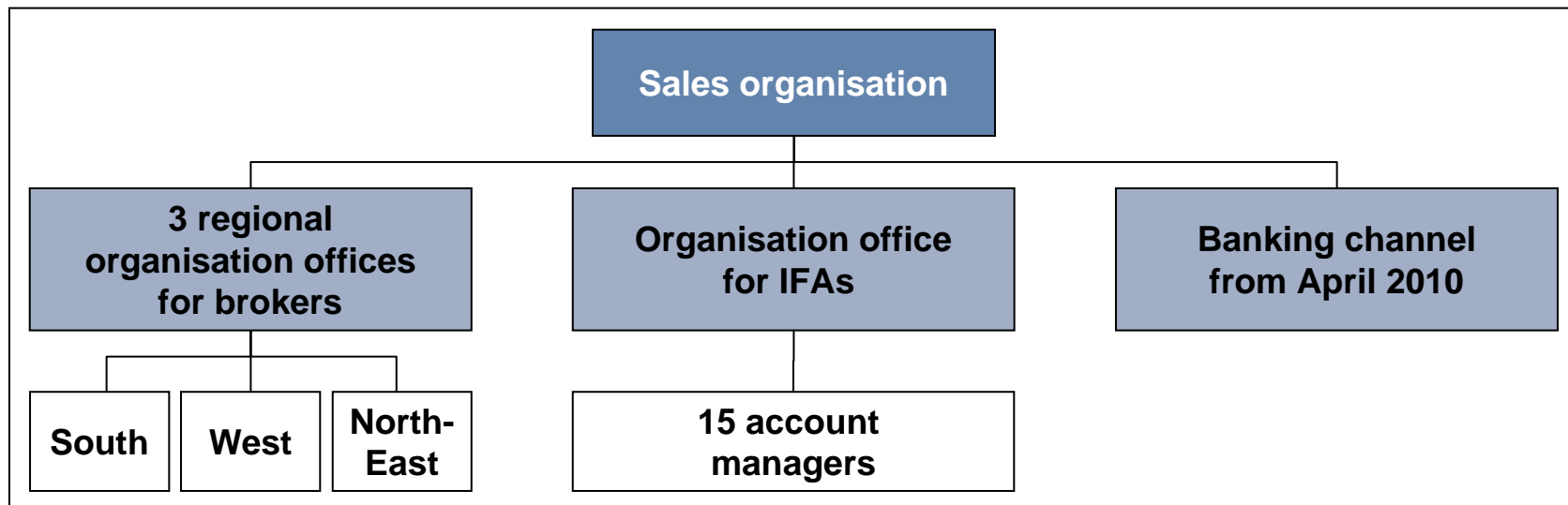


**Brokers** Still most important channel, but less dependency; despite its relative decline, share of wallet with existing brokers is expected to grow

**AWD** Increase due to new product initiatives and product improvements, e.g. Swiss Life Champion Riester in 2010

**IFAs** Expansion due to build up of banking channel and strengthening the IFA segment through AWD-driven product improvements

# Leverage and broaden our distribution mix



Intensify cooperation with AWD

Strengthen broker and IFA channel

Development of and support for existing investment advisors and IFAs

Key account managers specialised in single premium and investment business enable access to wealthy clients

Gain maturity proceeds for single premium products

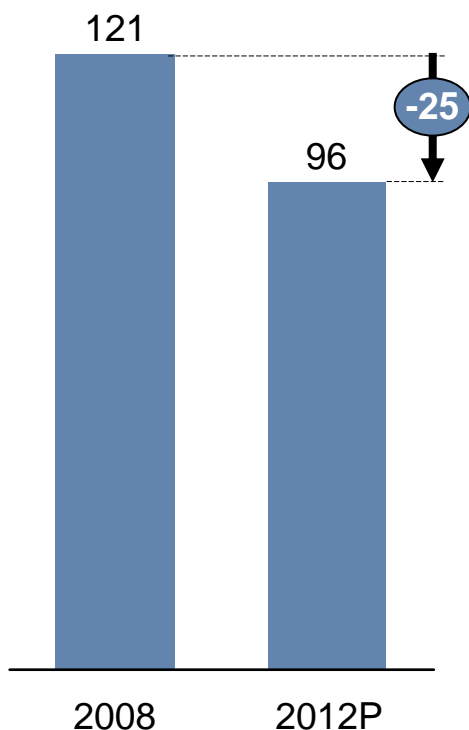
Build up of a banking channel with core competencies in wealth management and investment consulting

# Swiss Life DE is reducing its non-variable cost base to eliminate the negative administrative cost result



EUR million

## Non-variable costs



## Initiatives

Options for cost measures are currently being analysed, initial cost-cutting measures already started

- A** Improve and adapt processes within departments
- B** Adjust cross processes (i.e. application development process)

## Status

- Intense work on topic **A**
- Initial projects started for topic **B**
- Implementation of continuous improvement culture started
- Next steps:
  - Mid January 2010: Determine planning and implementation process
  - February/March 2010: Decision on detailed planning and measures with close involvement of staff council
  - From April 2010: Start execution



# Summary

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▶ **Eliminate negative administrative cost result of EUR 25 million by 2012 through improved operational efficiency**

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# Contact details and financial calendar

## Contact

Robert Moser  
Head of Investor Relations

Tel. +41 (43) 284 67 67  
E-mail: [robert.moser@swisslife.ch](mailto:robert.moser@swisslife.ch)

Rolf Winter  
Senior Investor Relations Manager

Tel. +41 (43) 284 49 19  
E-mail: [rolf.winter@swisslife.ch](mailto:rolf.winter@swisslife.ch)

## Financial calendar

Full-year results 2009	30 March 2010
Interim statement Q1 2010	4 May 2010
Annual General Meeting	6 May 2010

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