



SOCIETY OF ACTUARIES

475 N. Marquette Road, Suite 600
Schaumburg, Illinois 60173
www.soa.org

THE SOCIETY OF ACTUARIES AND ANNUITY SYSTEMS INC. PRESENT:

SECOND ANNUAL EQUITY-BASED INSURANCE GUARANTEES CONFERENCE

October 5–6, 2006
The Renaissance Chicago O'Hare
Chicago, IL



Actuaries
The Best-Kept Secret in Business™

SECOND ANNUAL EQUITY-BASED INSURANCE GUARANTEES CONFERENCE

Equity-based guarantee products (variable annuities, equity indexed annuities, etc.) in the United States currently exceed \$1 trillion in deposits. Continued increase in policyholders' investment knowledge throughout the decade have led to a proliferation of innovative and complex investment-related products to the level where it is right now, which has not shown any signs of slowing down. To remain competitive in this ever-changing investment product landscape and retain their market share, insurance companies keep abreast of evolving tax regulations and policyholders' risk appetites to develop new forms of guarantees. Given how intermingled the risks underlying these products are, many direct writers end up taking significant financial market-related risks without fully realizing the long-term impact of these risks on their balance sheet and shareholder value. As a consequence, the solutions implemented by underwriters to manage these risks ranged from doing nothing to reinsuring (if they can find one at a price they can afford), depending on a myriad of influencing factors that include:

- size of business,
- required infrastructure/resources,
- nature of guarantees,
- compensation of senior management, and
- how shareholders, analysts, rating agencies and regulators correlate the soundness of a company to its risk-management practice

which are fuelled by:

- equity market volatility in the last few years,
- growing absence of reinsurance for these products, and
- reported losses by some of the market players for either running a poor or no hedging program at all
- regulators and rating agencies, increasingly uncomfortable about writers' true appreciation of risks being taken and their ability to manage it properly.

Given the sell-out attendance and rave reviews from the **First Annual Equity-Based Insurance Guarantees Conference** held in New York last year, it is obvious that the timing for a forum where practicing professionals can freely exchange ideas and discuss common issues facing the industry is long overdue. With that backdrop, we are hoping to attract a bigger attending audience for the **Second Annual Equity-Based Insurance Guarantees Conference** audience while promoting a further exchange of ideas as it relates to the development of risk-measurement/risk-management/risk-monitoring ideas and tools.

WHAT CAN PARTICIPANTS EXPECT?

This seminar is designed give professionals with limited-to-moderate experience an understanding as to how to better quantify, monitor and manage the risks underlying the VA and EIA products. For professionals who feel that they are already well versed in intricacies associated with managing such risks, the seminar provides an overview on what is being done by other experts in the field via case studies, the current state of affairs in the industry and how the market is expected to change in the future. Examples of tentative topics that will be discussed in this two-day seminar include:

- Getting long-term implied market information and what to do in the absence of such information.
- The historical information versus implied market information: What is the right measure to use and how do you use it effectively?
- Risk metrics used to manage and monitor long-term market risks.
- Quantifying and modeling policyholder behavior.
- Operational risks exposed to when running a risk-management program.
- Rating agencies and regulators take on risk-management programs.
- Sorting out conflicts between hedging economic risks vs. volatility in required capital vs. volatility in financial statements.

In addition to the above benefits, participants also have the unique opportunity to network with other fellow practitioners, including experts in this area, so as to be able to walk away from the conference with potentially tangible solutions to their day-to-day risk-management problems.

WHO SHOULD ATTEND:

Risk managers, risk officers, corporate actuaries, appointed actuaries, investment actuaries, product development actuaries, software vendors, consultants, investment bankers, derivatives professionals, analysts and regulators..



CHAIRMAN

DR. K. (RAVI) RAVINDRAN
FOUNDING PARTNER
ANNUITY SYSTEMS INC. (ASI)

Dr. K. (Ravi) Ravindran is the founding principal of Annuity Systems Inc. (ASI). Currently, he spends his time traveling, lecturing and working on selective risk-management/trading consulting assignments around the globe. He is running a private equity fund to arbitrage mispricing across various asset classes. He is also an adjunct professor at Reykjavik University and teaches graduate courses in finance at various universities.

Ravindran previously ran the exotic derivatives desk globally at Toronto Dominion Bank, was the CEO of RGA Financial Products (a subsidiary of Reinsurance Group of America), has held past adjunct professorships in University of Waterloo and University of Calgary and served on several boards. He authored the well-received book entitled, "Customized Derivatives: A Step-by-Step Guide to Using Exotic Options, Swaps, and Other Customized Derivatives," among other edited/authored books and papers, a couple of which have formed and continue to form part of the Society of Actuaries' syllabus. He is currently working on a book that is tentatively entitled "Hedging Equity-Based Guarantees."

CORPORATE SPONSORS



Barclays Capital

Barclays Capital is the investment banking division of Barclays Bank PLC, which has an AA long-term credit rating and a balance sheet of more than £924 billion (U.S. \$1.5 trillion). With a distinctive business model, Barclays Capital provides large corporate, government and institutional clients with solutions to their financing and risk management needs. Barclays Capital has offices in 26 countries, employs more than 9,000 people and has the global reach and distribution power to meet the needs of issuers and investors worldwide.

Equity Derivatives at Barclays Capital forms a key part of the wider derivatives business and is client focused. As one of the market leaders in this field, Barclays Capital provides its clients with access to a full range of both vanilla and more complex derivative products. The firm offers a range of hybrid products that enable clients to gain exposure to more than one asset class within the same structure. Barclays Capital's market coverage extends to all major equity indices along with the more liquid single stocks and an increasing presence in new and emerging markets. The firm puts an emphasis on the ability to innovate and to provide clients with well-constructed and appropriate solutions according to meet their requirements.



GGY AXIS

AXIS is different—an integrated software package for pricing, projection and valuation of life, disability, annuity and living benefits products. AXIS applications include ALM; surplus, stochastic and cash flow testing; earnings analysis. AXIS is extremely fast, flexible and easy to use.

Why should you consider AXIS?

- Focus is software, not consulting, so we build a better system. Just ask our 1,100 users.
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- Best service.

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Lehman Brothers (ticker symbol: LEH), an innovator in global finance, serves the financial needs of corporations, governments and municipalities, institutional clients, and high-net-worth individuals worldwide. Founded in 1850, Lehman Brothers maintains leadership positions in equity and fixed income sales, trading and research, investment banking, private equity, and private client services. The firm is headquartered in New York, London and Tokyo and operates in a network of offices around the world. For further information about Lehman Brothers' services, products and recruitment opportunities, visit our Web site at www.lehman.com.



Société Générale Corporate & Investment Banking

Société Générale Corporate & Investment Banking (SG CIB) serves corporate clients and investors in 45 countries. It is recognized for innovation and vast capabilities. The equity derivatives team of SG CIB is the largest in the world and recognized by receiving the most prestigious global industry honors: Best Equity Derivatives House 2005 by The Banker, IFR and Risk Magazine. Catalyst Re, a wholly-owned subsidiary within SG CIB, offers next generation risk- and capital-building reinsurance products.



Towers Perrin

Towers Perrin is a global professional services firm that helps organizations around the world optimize performance through effective people, risk and financial management. Our businesses include HR Services, reinsurance and Tillinghast. The Tillinghast business of Towers Perrin provides global actuarial and management consulting to insurance and financial services companies and advises other organizations on risk financing and self-insurance. We help our clients with issues related to mergers, acquisitions and restructuring; financial and regulatory reporting; risk, capital and value management; products, markets and distribution; and financial modeling software solutions. For more information about Tillinghast, visit www.towersperrin.com/tillinghast.



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Credit Suisse is the Zurich-based global bank conducting investment banking, private banking and asset management. The investment banking business is a leading international securities and financial advisory firm serving corporations, governments, institutional investors and individual clients. Its products include debt and equity securities underwriting, sales and trading, alternative capital, investment research, correspondent and prime brokerage services. Credit Suisse maintains investment-banking operations in 69 locations in 33 countries across five continents.

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AGENDA

THURSDAY, OCTOBER 5, 2006

7:30–8:20am	Registration and Breakfast
8:20–8:30am	Opening Comments by Chairman
8:30–9:15am	Overview of Market Landscape This session reviews the evolution of the marketplace leading up to the current product designs (including the current GMWB design). It also covers trends in the current product designs and the current state of affairs regulatory and accounting wise.
9:15–10:45am	Modeling Financial Market Risks Inherent in VA/EIA Products This session focuses on what banks/reinsurers do to model the financial market risks inherent in VA products (e.g., GMWBs and GMIBs) and EIA products. Some of the topics to be covered in this session include the models that banks/reinsurers use to value and quote on such risks, inputs used to value these products in the absence of a liquid market and how the approach changes, if at all, in a liquid market.
10:45–11:00am	Coffee Break
11:00am–12:30pm	Managing the Economic Risks Associated with VA/EIA Products The purpose of this session is to discuss the various hedging strategies deployed by banks/reinsurers when managing the market risks associated with the non-vanilla GMWB/GMIB/GMDB hedges and the EIA hedges. Some of the topics that are expected to be covered include hedging long-term volatility risks, hedging interest rate risks and reasons why one does not stop at delta hedging only.
12:30–1:30pm	Lunch Break
1:30pm–3:00pm	Modeling and Managing Policyholder Behavioral Risks This session discusses the assumptions and models typically used by insurance companies that underwrite these risks when offering the death and living benefits and what is being done to manage such risks in practice.
3:00–3:15pm	Coffee Break
3:15 – 4:45pm	Practical Issues Relating with Putting It All Together This session discusses practical issues relating to implementing an in-house hedging program as it relates to operations, systems, compliances, analysis and approvals.
6:30–8:30pm	Reception & Networking

FRIDAY, OCTOBER 6, 2006

7:00–8:00am	Breakfast
8:00–9:30am	Risk Managing Death Benefits—A Case Study In this session, attendees get to hear first-hand experiences from writers of these risks on their experiences in running an in-house hedging program and how they balance between managing economic risks vs. accounting/regulatory impacts of their hedging strategies.
9:30–9:45am	Coffee Break
9:45–11:15am	Risk Managing Living Benefits – A case study In this session, attendees get to hear first-hand experiences from writers of these risks on their experiences in running an in-house hedging program, how they balance between all the different risk-management objectives and managing policyholder behavioral risks.
11:15am–12:45pm	Risk Managing EIA Risks—A Case Study Direct writers will discuss their experiences associated with managing risks related to EIAs and how different this is from those involving VAs. As in the earlier sessions, speakers will talk about their experiences implementing such programs and how they overcame obstacles while educating senior management on the need to be able to replicate these options, as opposed to blindly buying them from the over-the-counter markets.
12:45–1:45pm	Lunch
1:45–3:30pm	What Do Analysts, Rating Agencies and Regulators Look For? In this session attendees will hear how analysts, rating agencies and regulators view insurance companies writing these types of risks and the role sound/effective hedging programs play in their ability to determine the soundness of the company. Additionally the speakers will point out several key factors about which writers of such risks should think.
3:30 – 4:00pm	What Does the Future Look Like? The program unofficially concludes with the speakers' view on what the future holds for such products in terms of consumer demand, regulatory/accounting changes, sophistication of writers of these risks and continued lack of reinsurance.
4:00pm	Closing Comments by Chairman

REGISTRATION

REGISTRATION FEE
The registration fee includes reading materials, continental breakfasts, lunches, reception and refreshment breaks. Take advantage of EARLY BIRD REGISTRATION. Rates increase by \$200 for registrations received by mail after 09/05/06. Please allow sufficient time for mailing.

	BEFORE 9.05.06	AFTER 9.05.06
MEMBER OF AN ACTUARIAL ORGANIZATION	\$1500	\$1700

REGISTRATION PROCEDURES
You may register using three methods:

- **ONLINE:** (credit card required):
Payment must be received by September 28, 2006
For registration using a credit card please register online at www.soa.org. Click on Meetings/Seminars, Events, Events Calendar and Equity-Based Guarantees
- **MAIL:**
Payments must be received by September 21, 2006
Mail your registration form with check payable to: Society of Actuaries
Equity-Based Guarantees
P.O. Box 71293
Chicago, IL 60694
- **IN PERSON ON SITE:**
If you are unable to register by Thursday, September 28, 2006, you may register at the on-site registration desk located at the Renaissance Chicago O'Hare Hotel at 7:30 a.m. on Thursday, October 5, 2006.

WHEN REGISTERING BY MAIL, PAYMENT MUST BE RECEIVED 10 BUSINESS DAYS PRIOR TO THE PROGRAM.

Full payment is required at the time of registration.

CANCELLATION POLICY
You may e-mail your cancellation requests to cancel@soa.org. All seminar cancellations and refund requests must be put in writing and received by the Society of Actuaries' Customer Service Department no later than September 21, 2006. Society of Actuaries will refund the registration fee minus a processing fee of \$100. Refunds will be issued in the same manner in which the original charge was made. Refunds to credit cards will only be issued back to the original credit card charged. Refunds will not be issued for requests received after September 21, 2006. For more information regarding cancellation and transfers, please visit www.soa.org, Meetings & Seminars, and Meetings & Seminars General Information.

- *If registering within five business days of the program, you are required to register on site at the program. Please call the Society of Actuaries' Continuing Education Department at 847-706-3540 to confirm space availability.*

REGISTRATION CONFIRMATION

- Confirmations are e-mailed upon completion of registration.
- Please check your confirmation letter to make sure your information is correct.
- Using your confirmation code, you may make changes to your registration until September 21, 2006.

HOTEL INFORMATION

Renaissance Chicago O'Hare Hotel
8500 West Bryn Mawr Avenue
Chicago, IL 60631
Phone: 773.380.9600
Guest Fax: 773.380.9601

ROOM RATES (taxes not included):
\$159 single or double occupancy (traditional room)

CUT OFF DATE: Wednesday, September 13, 2006

We have arranged for hotel reservations to be made by telephone. To reserve the rate quoted in the brochure, the following procedures should be completed:

- Make your reservations by the cutoff date Wednesday, September 13, 2006
- Use the phone numbers quoted in this brochure
- Identify yourself as part of the Society of Actuaries

Rooms are available at the rate quoted above as long as there are rooms remaining in the Society of Actuaries' block or until the cut-off date of September 13, 2006. After this date, rooms will be on a space and rate available basis.

HOTEL CANCELLATION: A deposit, with a major credit card, equal to one night's stay is required to hold each reservation. This deposit is refundable if notice of cancellation is received 72 hours prior to your scheduled arrival and a cancellation number is obtained. All deposits will be charged at the time the reservation is made. No show reservations will forfeit the full first night's deposit.

EARLY DEPARTURES: All guests will be asked at check-in to verify their departure date. At that time you may change your departure date without penalty. An early departure fee may be charged to any guest who decides to depart before that verified date.

ATTIRE: Business casual attire is appropriate for this seminar.

LOCATION & AIRLINE: The all-suite Renaissance Chicago O'Hare Hotel is located minutes from O'Hare International Airport. Complimentary shuttle service is available from O'Hare. Taxi fare is estimated at \$12. Midway Airport is located about 20 miles from the hotel, with an estimated taxi fare of \$40.

00-230022-00000-101

■ **PROFESSIONAL DEVELOPMENT**
This conference has been approved for 12 units of Professional Development Credit.

SECOND ANNUAL EQUITY-BASED INSURANCE GUARANTEES CONFERENCE

REGISTRATION CARD

TOTAL ENCLOSED _____

FORM OF PAYMENT

CHECK PAYABLE TO THE SOCIETY OF ACTUARIES

For registration using a credit card, please register online at www.soa.org. Click on Meetings/Seminars, Events, and Continuing Education Programs.

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I require a special meal: Kosher Vegetarian Fruit Plate

Under the Americans with Disabilities Act, do you require one of these specific aids or services to fully participate in this meeting? Audio Visual Mobile

Emergency Contact Information: _____

Complete the registration card and return with check to: Society of Actuaries, Equity-Based Guarantees, P.O. Box 71293, Chicago, IL 60694. For registration using a credit card, please register online at www.soa.org. Click on Meetings, Seminars, Events, and Events Calendar.