

## 6. Analysis of Change (AoC)

CHF 1000	TEV	ANAV	NPVFP Individual	NPVFP Group	Ad. Ex. Ov.	CoC
<b>Original TEV as at 31. 12. 2005 before dividends (model 2005)</b>	<b>3102080</b>	<b>2239120</b>	<b>355000</b>	<b>750000</b>	<b>-40</b>	<b>-242000</b>
Modelling Changes	60000	0	20000	50000	0	-10000
<b>Restated TEV as at 31. 12. 2005 before dividends (model 2006)</b>	<b>3162080</b>	<b>2239120</b>	<b>375000</b>	<b>800000</b>	<b>-40</b>	<b>-252000</b>
Dividends	-100	-100	0	0	0	0
<b>Restated TEV as at 31. 12. 2005 after dividends</b>	<b>3161980</b>	<b>2239020</b>	<b>375000</b>	<b>800000</b>	<b>-40</b>	<b>-252000</b>
Roll forward at the risk discount rate 2005 (7.5%)	237149	167927	28125	60000	-3	-18900
Expected profit in 2006	27900	68500	-3500	-65000	0	27900
<b>Expected TEV as at 31. 12. 2006</b>	<b>3427029</b>	<b>2475447</b>	<b>399625</b>	<b>795000</b>	<b>-43</b>	<b>-243000</b>
<b>Deviations between actuals and assumptions in 2006</b>						
<b>Movement in the portfolio</b>						
Decrements in 2006	-23500	7000	-9000	-30000	0	8500
New Business 2006 on assumptions 2005	-2010	-85000	27000	79000	-10	-23000
Acquisition Expense Overrun	0	0	0	0	0	0
<b>Investment income and expenses</b>						
Income from investments	50000	50000	0	0	0	0
Fee income	2000	2000	0	0	0	0
Expenses in operating account	-43000	-43000				
Expenses in non-operating account	-5500	-5500				
<b>Other</b>						
Capital Injections	-400	-400	0	0	0	0
M&A activities	0	0	0	0	0	0
Miscellaneous	-8347	-42847	12500	34500	0	-12500
<b>TEV as at 31. 12. 2006 on assumptions 2005</b>	<b>3396272</b>	<b>2357700</b>	<b>430125</b>	<b>878500</b>	<b>-53</b>	<b>-270000</b>

6. Analysis of Change (continued)

CHF 1000	TEV	ANAV	NPVFP Individual	NPVFP Group	Ad. Ex. Ov.	CoC
<b>TEV as at 31. 12. 2006 on assumptions 2005</b>	<b>3396272</b>	<b>2357700</b>	<b>430125</b>	<b>878500</b>	<b>-53</b>	<b>-270000</b>
<b>Changes in assumptions from 2005 to 2006:</b>						
Risk discount rate	0	0	0	0	0	0
Earned rate path	133500	0	40000	80000		13500
"Zuführungsquote"	0	0	0	0	0	0
Bonus rates	-54500	0	-37000	0	0	-17500
Tax rates	0	0	0	0	0	0
Expenses	19493	0	6500	13000	-7	0
Lapse rates	-25500	0	-4000	-17000		-4500
Disability rates	-62000	0	-15000	-45000		-2000
Mortality rates (annuities)	-29000	0	-1000	-27000		-1000
Mortality rates (term)	12000	0	2000	10000		0
Miscellaneous	16375	0	8375	7500		500
<b>TEV as at 31. 12. 2006 on assumptions 2006</b>	<b>3406640</b>	<b>2357700</b>	<b>430000</b>	<b>900000</b>	<b>-60</b>	<b>-281000</b>

## 7. Value of New Business (Details)

### 7.1. Value of New Business on assumptions 2006, Individual

CHF 1000	NPVFP of New Business	Acquisition expenses after tax	Initial loadings after tax	Cost of Capital end of year	VoNB after CoC at point of sale	Acquisition expense overrun	APE of New Business	Value Intensity
<b>Traditional</b> Endowments SP Endowments RP Annuities Term Disability Other	28000	-25000	13000	-6000	10000	0	110000	9.1%
<b>Unit Linked</b> Endowments SP Endowments RP Other	21000	-20000	9000	-1000	9000	0	70000	12.9%
<b>Total</b>	<b>49000</b>	<b>-45000</b>	<b>22000</b>	<b>-7000</b>	<b>19000</b>	<b>0</b>	<b>180000</b>	<b>10.6%</b>

APE := regular premiums + (single premiums)/10

Value intensity := (VoNB after CoC at PoS)/APE

VoNB after CoC at PoS := Value of New Business after Cost of Capital at Point of Sale

This value can be interpreted as a profit test with realized volumes and not with assumed volumes

7.2. Value of New Business on assumptions 2005, Individual

CHF 1000	NPVFP of New Business	Acquisition expenses after tax	Initial loadings after tax	Cost of Capital end of year	VoNB after CoC at point of sale	Acquisition expense overrun	APE of New Business	Value Intensity
<b>Traditional</b> Endowments SP Endowments RP Annuities Term Disability Other								
<b>Unit Linked</b> Endowments SP Endowments RP Other								
<b>Total</b>								

## 8. Assumptions

### 8.1. "Interest rates"

**Best estimate interest rate next year**

**Best estimate long-term earned rate**

<b>Asset categories</b>	<b>Best estimate next year earned rate 2006</b>	<b>Best estimate next year asset mix 2006</b>	<b>Best estimate long-term earned rate 2006</b>	<b>Best estimate long-term asset mix 2006</b>
Bonds	2.50%	65%	3.50%	60%
Equities	7.50%	5%	7.50%	10%
Properties	4.50%	15%	5.50%	15%
Mortgages	3.50%	10%	4.50%	10%
Policy loans	3.50%	5%	4.50%	5%
<b>Total assets</b>		100%		100%

Various currencies

Foreign exchange rates

#### **Best estimate earned rate path**

Which part of the pre-tax undisclosed surplus is allocated to the NPVFP to support the earned rate path?

How is this used?

#### **Risk discount rate next year**

#### **Risk discount rate long-term**

Best estimate interest rate plus risk margin; this risk margin should reflect all risks which are on the balance sheet (assets: e.g. portfolio structure; liabilities: e.g. guaranties)

#### **Best estimate interest bonus**

Margin in basispoints?

Margin in percent of the earned rate?

#### **Legal Quote**

Determination of the "Zuführungsquote"

### **Inflationrates**

- Expenses
- Salary for group life

## **8.2. "Expenses"**

### **Actual expenses**

- Acquisition
- Administration
- Investment
- Other

### **One-off expenses**

Examples: Renaming, restruction

### **Allocated expenses**

- Acquisition expenses for value of new business
- Acquisition expense overrun
- Administration expenses within NPVFP
- Administration expense overrun
- Investment expenses within NPVFP

### **Expense relations**

- Allocated expenses / Actual expenses
- One-off expenses / Actual expenses

## **8.3. "Biometric"**

**Based on company's experience, if possible** (otherwise industrial averages)

- Lapse rates
- Disability rates (inception, recovery, average grade)
- Mortality rates (annuities)
- Mortality rates (term)
- "Ersetzungen" in Group Life

#### **8.4. "Reserving policy"**

##### **Based on management's judgement**

- Necessary reserves strengthening
- Building up or releasing "free" reserves
- Allocation to the bonus fund

#### **8.5. "Legal"**

**Tax rate**

## 9. Sensitivities of NPVFP

CHHF 1000	Existing business 2006			New business 2006		
	Total NPVFP	Absolute change	Relative change	Total NPVFP	Absolute change	Relative change
Base case						
Risk discount rate +100 basis points						
Risk discount rate -100 basis points						
Earned rate path +10 basis points						
Earned rate path -10 basis points						
Absolute interest margin +10 basis points						
Absolute interest margin -10 basis points						
Relative interest margin +100 basis points						
Relative interest margin -100 basis points						
"Zuführungsquote" +100 basis points						
"Zuführungsquote" -100 basis points						
Asset under management of UL business -10%						
Administration expenses +10%						
Mortality (term) +5%						
Mortality (annuity) -5%						
Disability inception +5%						
Lapses -10%						