
Press Release

Milliman Releases Major Study: “2012 Embedded Value Results – Generating Value”

London – July 2 2013 – Milliman, Inc., a premier global consulting and actuarial firm, today announced the availability of a new report detailing Embedded Value results for 29 major insurance companies in Europe.

The report examines trends among European companies reporting embedded values as at year end 2012, covering a year of further challenging economic conditions around the world. The report compares practices followed by major European companies and discusses embedded value reporting issues in the broader context of Solvency II and International Financial Reporting Standards.

Despite this challenging economic climate, many regions experienced the strengthening of equity markets and the narrowing of credit spreads. Under these circumstances, embedded value reporting remained a key area of insurance company disclosures. Key insights include:

- The gap between market capitalisation and embedded value narrowed, with average market capitalisation, as a percentage of total embedded value, rising from 77% at end 2011 to 90% at end 2012.
- CFO Forum members, on average, experienced a robust and solid performance – with the combined embedded value increasing to £222 billion (€273 billion) at the end of 2012 compared to £200 billion (€239 billion) at the end of 2011.
- Some companies reflected the latest Solvency II developments through changes to extrapolation methodology.
- The size of the liquidity premium applied by companies fell, which was in line with the narrowing of credit spreads.

Overall, companies continued to show signs of convergence in approaches and in the information reported, with the majority of the companies surveyed applying a form of market consistent methodology to determining their embedded value.

Interested parties may obtain a copy of the Milliman study at: <http://bit.ly/embeddedvalue> or further information by telephoning or emailing Philip Simpson in London at +44 20 7847 1543, philip.simpson@milliman.com or Emma McWilliam in London at +44 20 7847 1524, emma.mcwilliam@milliman.com.



About Milliman

Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in healthcare, property & casualty insurance, life insurance and financial services, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe. For further information, visit milliman.com.

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