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FOR IMMEDIATE RELEASE

Press Release

Hedging programs save insurers \$40 billion during economic crisis

The hedges protecting variable annuities with guarantees are 93% effective during crisis

Seattle – December 1, 2008 – Milliman, Inc., one of the premier global consulting and actuarial firms, today released an analysis of hedging program performance during the current capital markets crisis. Milliman's internal study shows that during the volatile months of September and October, the hedging programs developed to protect variable annuities (VAs) with guarantees were 93% effective. This resulted in a saving of an estimated \$40 billion in industry-wide assets for the insurance companies that write these products while protecting a much larger quantity of assets under management. This hedging performance stands in stark contrast to the results of other financial instruments during this time period.

"Since the last severe market downturn in 2001, many insurers have developed more robust guarantee hedging programs that are built to provide substantial protection against dramatic market declines," said Ken Mungan, co-author of the report and head of Milliman's financial risk management practice. "Today's hedging programs emphasize a transparent, liquid approach to asset protection. Our study shows that these hedging programs have held up well throughout the year, even during the recent capital market crisis, providing confidence at a time when it is otherwise in short supply. These programs are relatively simple compared to the complex structured financial products blamed for the crisis; their success is likely to spur new innovation, both among VA writers and among other financial product companies that are looking for a way to insulate themselves against market risk."

The report examines how hedging can be used to shore up new risks and looks beyond recent savings to consider future implications for variable annuities. Based on these positive results, variable annuities products are likely to become more attractive.

To view the complete report, the methodology, and results of the study, go to www.milliman.com.

About Milliman

Milliman is among the world's largest independent actuarial and consulting firms. Founded in Seattle in 1947 as Milliman & Robertson, the company currently has 49 offices in key locations worldwide. Milliman employs more than 2000 people, with a professional staff of more than 1000 qualified consultants and actuaries, including specialists ranging from clinicians to economists. The firm has consulting practices in healthcare, employee benefits, property and casualty insurance, life insurance, and financial services. Milliman serves the full spectrum of business, financial, government, union, education, and nonprofit organizations. For further information, visit www.milliman.com.

Disclaimer

The \$40 billion savings reflects the estimated total of the hedge asset payoff for industry-wide variable annuities with guarantees. The 93% effectiveness is reflective of an internal study of Milliman client



hedging performance. In all cases, while Milliman works in collaboration with clients, these clients make all investment decisions. Milliman does not make investment decisions for clients.

These results may not be an indication of future performance. Nothing in this release should be construed as investment advice or recommendations with respect to the purchase, sale, or disposition of particular securities or services. The information and analysis set forth in this report are prepared as of a particular date and time and do not reflect subsequent changes or variations in the market or changes in any other factors relevant to the analysis.

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