SEAC Spring Meeting 2019
Variable Annuity Reinsurance Update

June 2019

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Founded in 2018, Venerable Holding, Inc. ("Venerable") is the legacy annuity business of Voya Financial, Inc. Created by an investor group led by affiliates of Apollo Global Management, LLC, Crestview Partners and Reverence Capital Partners. Venerable is a private company and an emerging business with well-established, strategic investors, experienced in successfully building and growing insurance businesses with patient, long-term capital. Venerable is based in West Chester, Pennsylvania and Des Moines, Iowa.

Executive Summary

1. Variable Annuity ("VA") reinsurance and M&A activity was highly limited for many years following the financial crisis

2. Currently, certain industry developments are creating new momentum for VA transactions
   - NAIC VA reform is harmonizing and lowering long-term rate assumptions
   - GAAP LDTI may dilute book values and produce materially increased liability sensitivities
   - Legacy VA blocks become increasingly subscale and net cash flows may soon become negative

3. In 2018, Venerable Holdings, Inc. ("Venerable") was formed with the core business of providing full VA risk transfer solutions

4. Given these recent developments, VA reinsurance may once again be an attractive alternative for insurers

Following the financial crisis, reinsurance and M&A activity involving VA businesses was limited with only a small number of large transactions execute

Highlighted Post-Financial Crisis Variable Annuity Reinsurance and M&A Transactions

	Transaction Counterparties	Date Announced	Transaction Type	Block Size	Commentary
1	Guggenheim / Sun Life Financial	Dec. 2012	Legal entity acquisition	~$18.9 bn[1]	• Guggenheim acquired Sun Life's U.S. business, which included VA, FA, FIA and COLI/BOLI blocks • Following the transaction, the VA block remained in runoff while FA & FIA products were relaunched • The majority (~58%) of the VA block includes a GMWB rider
2	Berkshire Hathaway Inc. / Cigna	Feb. 2013	Retrocession	~$13.3 bn[2]	• Berkshire reinsured Cigna's legacy VA reinsurance business • The deal involved a $2.2bn asset transfer and a cap on future claim payments covered by Berkshire • The significant majority (~92%) of the reinsured business is GMDB-Only
3	Wells Fargo / Lincoln Financial Group	Oct. 2013	Flow reinsurance[3]	N/A	• Wells provided 50% quota share rider reinsurance on up to $8bn of Lincoln's GLWB sales • Wells also entered reinsurance agreements with three other ceding companies between 2013-2015[4]
4	Dai-ichi Life / Protective	Jun. 2014	Whole company acquisition	~$13.4 bn[5]	• Dai-ichi acquired Protective Life, which included a V business representing ~23% of total statutory assets • The majority (~72%) of the VA block includes a GMWB rider

[1] Sun Life Assurance Company of Canada, Statutory filing, General interrogatories, 12/31/2012
[2] Cigna Corp. 10-K, 12/31/2012
[3] Lincoln National Corp. Q3 2013 Earnings Call Transcript
[4] Statutory filings, Schedule S disclosure
[5] Protective Life Insurance Co. 10-K 12/31/2014

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However, two large VA transactions closed in 2018 and Venerable is now focused on providing VA reinsurance and M&A solutions to the industry

VA Transaction

TALCOTT RESOLUTION → THE HARTFORD

VENERABLE → VOYA FINANCIAL

Transaction Summary

Talcott Resolution / The Hartford

- A consortium of private investors purchased Hartford's life and annuity business while Hartford retained a 9.7% stake
- After closing, the company reinsured ~$9bn of fixed annuity business to Global Atlantic

Venerable / Voya

- A consortium of private equity investors purchased Voya's closed block VA & payouts business as well as Voya's FA/FIA portfolio while Voya retained a 9.9% stake
- The $35bn of VA & payouts were acquired by Venerable while the $19bn of FA/FIA business was reinsured to Athene

Insurance Operating Companies

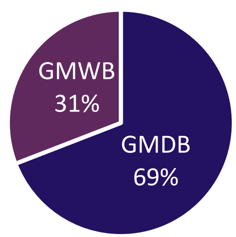
Talcott Resolution / The Hartford

- Talcott Resolution Life Insurance Co. (CT)
- Talcott Resolution Life and Annuity Insurance Co. (CT)

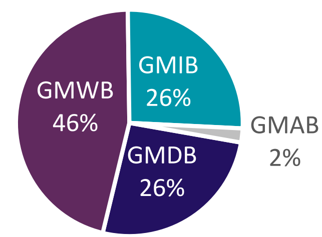
Venerable / Voya

- Voya Insurance and Annuity Company (IA)

VA Business Overview



Total VA account value [1,2]: $46bn



Total VA account value [1]: $24bn

Key Statutory Financial Metrics [1]

Statement Item ($bn)	TRLIC	TRLAIC	Total
General Account Assets	$ 12.3	$ 7.8	$ 20.1
Separate Account Assets	$ 74.0	$ 25.1	$ 99.1
Total Statutory Assets	$ 86.3	$ 32.9	$ 119.2
Capital & Surplus	$ 3.7	$ 1.2	$ 4.9
RBC Ratio	719%	544%	N/A

Statement Item ($bn)	VIAC
General Account Assets[3]	$ 10.7
Separate Account Assets	$ 23.6
Total Statutory Assets	$ 34.3
Capital & Surplus	$ 2.3
RBC Ratio	> 600%

[1] Values as of December 31, 2018.

[2] Total account value retrieved from Talcott Resolution Fact Sheet. Rider breakdown retrieved from 10-K

3 Excludes fixed annuity assets ceded to Athene via ModCo reinsurance

Sources: Talcott Resolution Life Insurance Co. 10-K and Statutory filings, 12/31/2018; Talcott Resolution Life & Annuity Insurance Co. Statutory filings, 12/31/2018; Talcott Resolution Fact Sheet; "Talcott Resolution Becomes as Independent Stand-Alone Insurance Company", Talcott Resolution, 05/31/2018

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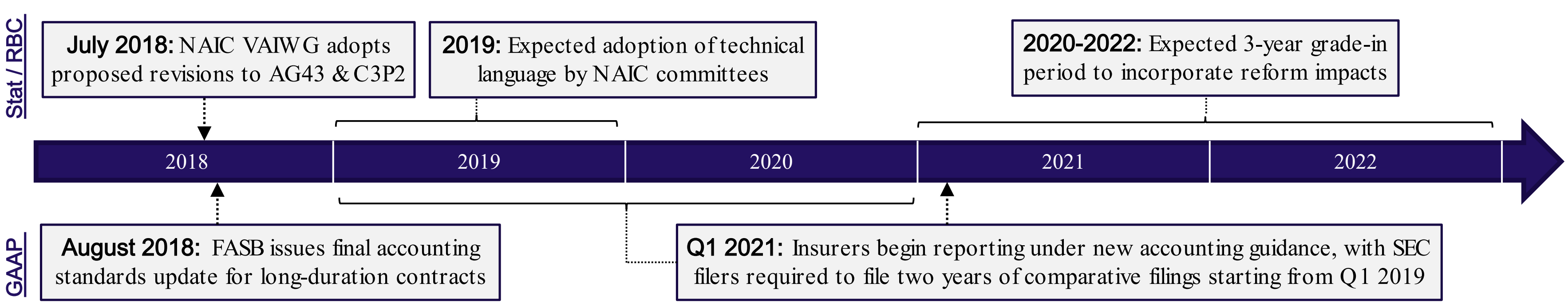
Insurers are in the process of implementing significant accounting & regulatory updates with material implications for their VA businesses

Summary Overview of VA Developments

- In 2018, both the NAIC and the FASB adopted proposals that will significantly alter the go-forward accounting and capital regime applicable to U.S. VA businesses
- **NAIC VA Reform**
  - The NAIC's Variable Annuity Issues Working Group ("VAIWG") adopted a proposal developed by Oliver Wyman recommending 28 changes to the AG43/VM-21 and C-3 Phase II frameworks
  - Following the July 2018 adoption of this proposal, the NAIC is now in the midst of implementing the technical language to effect the proposal and it is anticipated that required implementation will be graded in over three years starting in 2020
- **GAAP Accounting LDTI**
  - Resulting from recent FASB long-duration targeted improvements (LDTI), all SOP 03-1 reserves (e.g., GMDB and most GMIB) are to transition in Q1 2021 to fully mark-to-market and may potentially materially elevate FAS 133/157 reserves
  - Issued in August 2018, the GAAP LDTI accounting changes are currently scheduled to be implemented by publicly-traded U.S. companies in Q1 2021; however, there is speculation that the FASB may defer this timing to Q1 2022

Current NAIC VA Reform and GAAP Accounting LDTI Timeline



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Sources: "Revisions to AG 43/VM-21 and C3 Phase II", Oliver Wyman, May 31, 2018
ASU No. 2018-12, Financial Services-Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts, FASB, August 15, 2018

NAIC VA reform requires a convergence in long-term rate assumptions, producing material impacts to the reserves & capital of certain insurers

NAIC VA Reform: Reinsurance Considerations

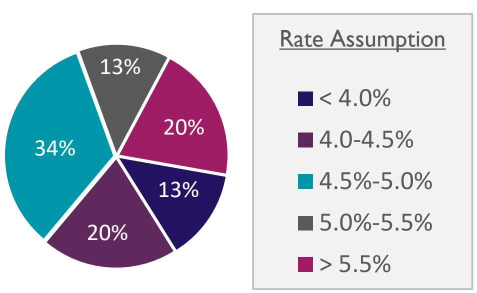
- NAIC VA reform includes revisions providing greater specificity around the economic assumptions used in reserve & capital calculations
- For certain insurance companies, the prescribed long-term interest rate assumption is materially lower than current assumptions, leading to increases in their VA reserve & capital requirements
- This convergence in key economic assumptions should improve the alignment of counterparty valuation expectations and facilitate VA reinsurance negotiations

Long-term Rate Assumption Adjustment Impact

Pre-reform long-term rate assumption

Long-term interest rate assumptions across VA writers varied quite significantly

Distribution of YE2015 Long-term Rate Assumptions for QIS 2016 Participants[1]



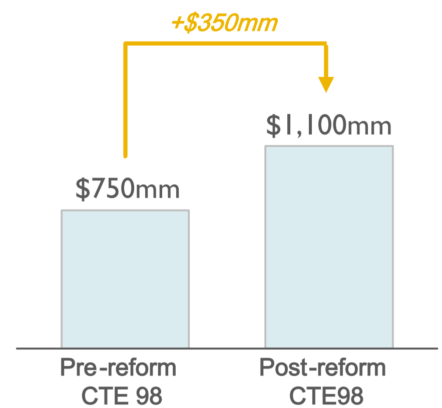
Post-reform long-term rate assumption

The reform proposes a new formula for determining the mean reversion point ("MRP")

Recent MRP Targets Based on the NAIC MRP Formula

Year	Long-term Rate (MRP)
2015	4.00%
2016	3.75%
2017	3.75%
2018	3.50%

Illustrative CTE98 Impact on a $10bn block of VA[2]



L-T rate assumption	4.50%	3.50%

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[1] Source: "Revisions to AG 43/VM21 and C3 Phase II", Oliver Wyman, May 31, 2018
[2] Source: Internal Venerable CTE calculations for a representative $10bn legacy VA block

GAAP LDTI will put VA reserves onto a fully fair value framework, leading to immediate book value impacts and more economic go-forward earnings

GAAP Long-Duration Targeted Improvements: Market Risk Benefit Overview

SOP 03-1 converts to FAS 133/157

↓

GAAP book value write-down

↓

Increased go-forward liability capital market sensitivities

- All VA market risk benefits ("MRBs") previously accounted for using accrual-based accounting (SOP 03-1) will convert to fair value (FAS 133/157)
- Because this change will flow through retained earnings, GAAP BVs will likely take an immediate write-down
  - The impact will depend on prevailing capital market conditions and the insurer's current mix of SOP and FAS reserves
- Fair value liability MtM movements will flow through net income[1] and will likely increase GAAP earnings volatility for insurers without fully economic hedge programs
- Taken together, these impacts and the related challenges may lead to increased interest in VA reinsurance

Illustrative GAAP Book Value Impact

($bn)	SOP 03-1	FAS 133/157	Total Reserves	Book Value	Debt	Capital
Pre-LDTI Changes	$5	$4	$9	$12	$4	$16
	1	$4+2*$5	2 $9+$5	3 $12-$5		
Post-LDTI Changes[2]	$0	$14	$14	$7	$4	$11

1. All SOP 03-1 liabilities convert to FAS 133/157[2]
2. Change in reserves from conversion flows through retained earnings
3. Book value decreases as a result of the retained earnings adjustment

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[1] Changes in the MRB liability attributable to non-performance risk (NPR) flow through OCI
[2] For simplicity, Illustration assumes SOP 03-1 reserves convert to FAS 133/157 according to a 2:1 ratio

Legacy VA blocks often have sharply decreasing cash flow profiles in addition to increasingly inefficient expense bases

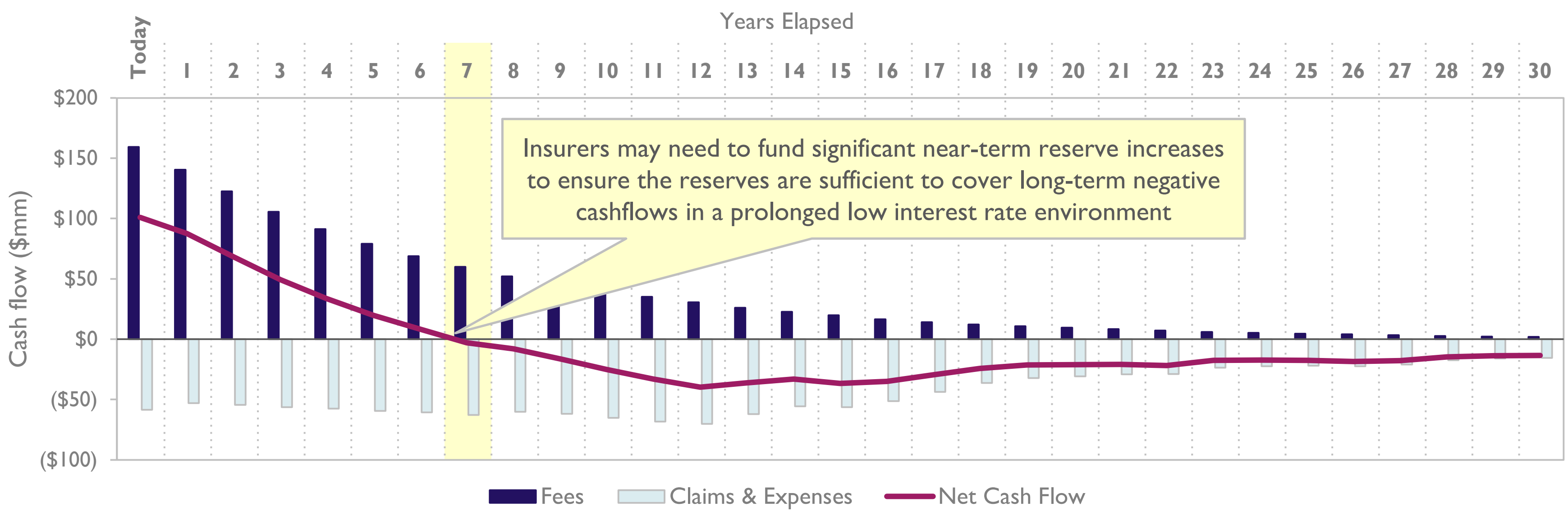
Legacy VA Block Economic Profiles

- Many legacy VA businesses may soon start producing negative net cash flows
- This could be problematic for insurers that have not accumulated sufficient reserves for future claim payments, particularly in a low interest rate environment
- Once net cash flows reach zero, further reserve increases become more challenging to manage as funding to cover shortfalls is no longer generated organically
- Additionally, increased levels of expense inefficiency emerge as the legacy blocks become subscale and fixed costs grow as a proportion of total costs

Illustrative Expense Inefficiencies

	Today		10 Yrs Later	
Costs	$mm	% total	$mm	% total
Variable	$8.0	40%	$2.4	17%
Fixed	$12.0	60%	$12.0	83%
Total	$20.0	100%	$14.4	100%
# Policies	100,000		30,000	
Cost per policy	$200		$480	

Illustrative Cash Flow Profile for Runoff VA Business[1]



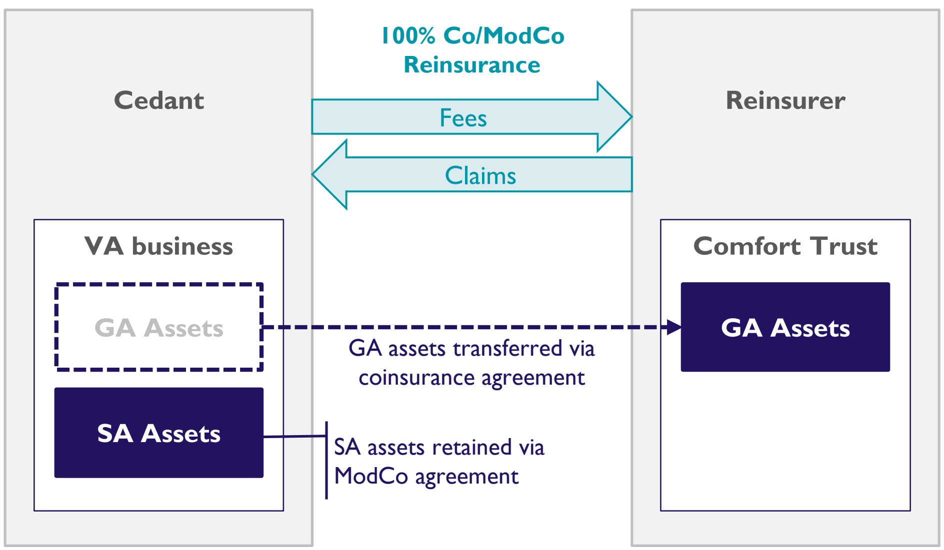
[1] Source: Venerable cash flow projection model output for a representative legacy VA block

Reinsurance is a straightforward solution that enables companies to fully trans the economic risks of a VA business

VA Reinsurance Overview

- A typical VA reinsurance transaction uses the following structural framework:
  - Reinsuring general account (GA) assets through 100% coinsurance; and
  - Reinsuring separate account (SA) assets through 100% modified coinsurance ("ModCo")
- Collateral trust accounts are often used to limit the potential counterparty credit risk exposure
  - For unauthorized reinsurers, the collateral trust account may be structured to ensure the ceding company achieves credit for reinsurance

Sample VA Reinsurance Structure



Full Risks Transferred

Capital Markets Risks	Actuarial Risks
✓ Full Greek exposures	✓ Lapse rates
✓ Fund basis risk	✓ Rider utilization
✓ Hedge inefficiencies	✓ Mortality / longevity

Even for higher-risk legacy VA businesses, reinsurance transactions can provide meaningful capital release to the ceding company

Overview of Capital Release in VA Reinsurance

- Reinsurance valuation discussions center around the amount of GA assets the reinsurer must receive to assume the VA liabilities
- The asset transfer required by certain reinsurers can be significantly less than the ceding company's TAR, allowing for a meaningful capital release

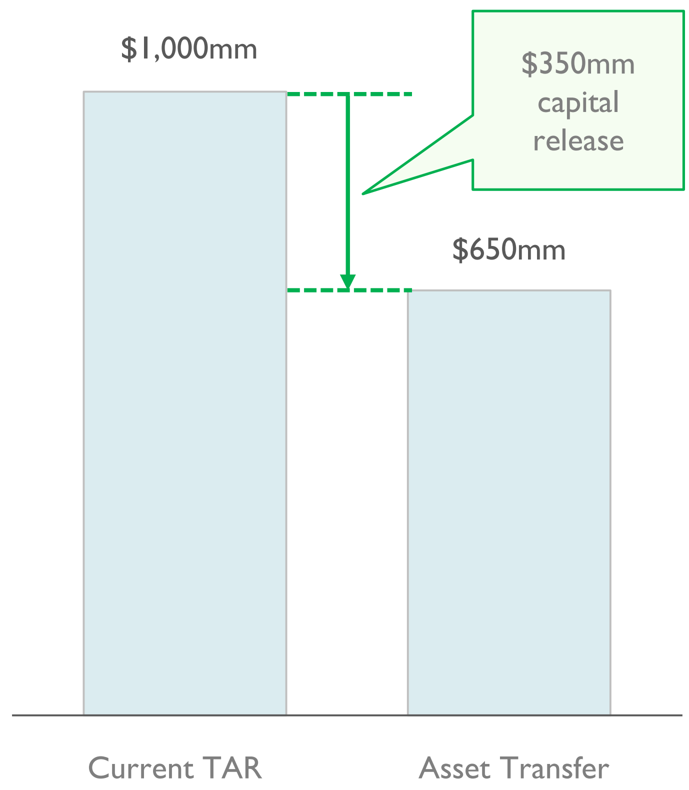
Keys to Attractive Reinsurance Pricing

A private, economic risk focused reinsurer that is newly established can avoid many of the constraints currently challenging VA businesses

1. **Required capital**
   - Without ratings requirements, capitalization can be determined more economically and without the various rating agency constraints
2. **Hedge costs**
   - Hedge programs can be developed to more effectively manage costs, while still maintaining robust economic protections
3. **Expenses**
   - Newly developed operational platforms can reduce the overall cost base and scale more effectively as business runs off

These benefits can be passed through to ceding companies in the form of lower asset transfers

Illustrative Capital Release from VA Reinsurance[1]



[1] Source: Internal Venerable asset transfer calculation for a representative legacy VA block with CTE98 TAR

Typical VA reinsurance transactions take 6 to 9 months from initial discussions closing, largely driven by how quickly data is produced

Illustrative 9 -Month Deal Timeline

Month:	1	2	3	4	5	6	7	8	9	Notes
Non-binding Proposal										
Data collection										• NDA is signed and relevant data is shared between parties
Initial due diligence										• Preliminary data review & valuation analysis is conducted • Initial valuation is produced and non-binding proposal is drafted
Deal Signing										
Enhanced due diligence										• Detailed data review & full valuation model development • Definitive proposal is drafted
Legal negotiations										• Treaty, PPA, collateral trust agreement and any other legal docs are negotiated
Deal Closing										
Regulatory approval										• Any necessary regulatory approvals are requested & received
Deal announcement										• Any press releases or stakeholder communications are delivered

- NDA Signed
- Non-binding Proposal Submitted
- Definitive Proposal Submitted
- Deal Signed
- Deal Closed

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