



Our Viewpoint

By J.C. Brueckner, President

In this edition of the *Viewpoint* you will find an interview with Mel Carvill, Deputy General Manager of our parent company and a Generali USA board member. The other main feature is an article from Tammy Kapeller, Vice President and Project Leader, updating our progress on the

business process improvement project that began last year.

The interview with Mel will provide you with a good overview of our parent company's activities and how Generali USA fits into the global organization. We are very fortunate to have Mel as one of Generali USA's board mem-

bers as he is one of the highest ranking officers of our parent company. Two other representatives from the Head Office, Manlio Lostuzzi and Alessandro Corsi join Mel on our board. Manlio is the Chief Actuary for our parent company and Alessandro has responsibility for our business as well as several other

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Business Process Improvement Project Update

By Tammy Kapeller, VP and Project Leader



We began our Business Process Improvement Project (BPI), almost one year ago. Much progress has been made, but we still have a long way to go. This article will describe the steps we have gone through to organize this

project and provide its current status.

We began this project by developing a project charter to define BPI's scope and objectives. Every core business process and workflow is being analyzed. The desired result upon completion of the BPI project is business

process integration and efficiency. Business workflows and processes, hardware, and software will operate in a controlled environment where data elements will be commonly defined and shared through a single source. All Generali USA business processes and workflows will be

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View On...Mel Carvill

The Viewpoint (TV) is pleased to announce a new section—View On. Each issue we will feature an interview with various key players within the Generali USA circle. The objective behind 'View On...' is to

profile members of our team and give everyone the opportunity of hearing directly about their respective responsibilities and business activities, their involvement and contribution to our business, information about market issues and/or challenges affecting busi-

ness initiatives, plus individual ideas and views on current business developments. Finally, it will provide an interesting personal perspective on them, e.g. hobbies, interests.

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designed to provide value to our company, clients and shareholders and fit within the framework of our business plan.

The project has been broken into five phases: planning, analysis, redesign, development and transition. During the planning stage we met with every business area in the company and asked them to identify their core processes. Core processes were defined as those requiring activity by multiple departments which also affected our clients. The total number of core processes discovered was 157. These core processes were then grouped together to form 15 larger process categories. We have completed initial review of both the New Business Acquisition Process and Administration Process, documenting the as-is processes and workflow. Preliminary business requirements for a redesigned New Business Acquisition Process have also been developed.

I will compare the work completed to date to cleaning my house. As soon as I get one thing in order or put away, I find something else that needs

immediate attention and have to alter my original course of action. It always takes me much longer to reach my goal of a clean house than I think it should, and BPI is no different. As we worked to develop requirements for a new quote system and metric dashboards, we discovered that although we have excellent data, it was not in a format for our desired accessibility. Generali USA's management team agreed that we would work with outside IT consultants to evaluate our systems infrastructure, develop an Architectural Roadmap and define both an Operational Data Store and Logical Data Model.

The Architectural Roadmap will address both business and system needs for hardware, software, applications and business processes. The goal is to design a target or goal architecture to support unifying data across applications to support all 15 process categories. The roadmap will provide documentation which outlines the plan to move business processes from Generali USA's current application architecture to the defined target architecture in a phased approach. Expected business and systems function-

ality will be determined for each phase. The Enterprise Conceptual Data Model will define the major business entities and determine the relationship between the major business entities. Finally, we will develop a Logical Data Model which supports business processes and workflow by defining how entities and associated data elements are used in our desired business models.

The Architectural Roadmap, Enterprise Conceptual Data Model and Logical Data Model designs are expected to be completed by the end of the summer. That is when the true fun will begin – building the appropriate data bases, determining the projects necessary to complete the first phase of the roadmap and building new applications and workflow to support our New Business Acquisition process. Subsequent projects will be determined according to the roadmap. It truly is an exciting time for both the business and systems areas at Generali USA.



The Architectural Roadmap will address both business and system needs...

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The first article spotlights Mel Carvill, one of our directors and a Deputy General Manager at our parent company, Assicurazioni Generali, S.p.A.

TV: Mel, please introduce yourself to our

readers.

Gladly. My name is Mel Carvill and I am a Deputy General Manager for Assicurazioni Generali S.p.A. ("Generali"). In that role, my responsibilities include the development of the Generali Group's strategy, merger & acquisition activities,

capital allocation, rating agency and investor relations activities. I am also responsible for Enterprise Risk Management.



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Generali views the U.S. market as quite well developed and, in many respects, a leading indicator of what may happen in Europe.

I first joined Generali in 1985 during the development phase of our Guernsey operations. In 2000 I assumed my current responsibilities

and eventually relocated to the Group headquarters in Trieste, Italy. Over the years, I have served on the board of directors of a number of Generali Group companies in addition to Generali USA Life Reassurance. Prior to joining Generali, I was employed at Coopers & Lybrand.

Finally, I am a Fellow of the Institute of Chartered Accountants in England and Wales, hold the Advance Diploma in Corporate Finance, am an Associate of the Chartered Insurance Institute (UK) and Fellow of the Securities Institute (UK).

TV: How do you feel about being the first 'View On' feature in this new series?

I'm not sure if I should be honoured or concerned, but look forward to our conversation in any event. Actually, I value any opportunity to communicate with our customers. Generali has a great story to tell and the more people that learn about it the better.

TV: Can you summarise what you do within the Generali Group?

Two activities take up most of my time, development of the Groups Strategy and Enterprise

Risk Management.

Our strategic goal is to be the leading European insurance group by value creation; generating sustainable attractive returns to shareholders, meeting our customers needs and providing rewarding prospects for employees

We utilize a number of different metrics in establishing our targets. Regardless of the particular metric, our most important objective is to create value for our shareholders as measured by a concept known as Return on Embedded Value. Simply put, this measure combines both our operating result for a particular period with the future value created by new sales and compares it to the Group's total value. Anyone interested in learning more about Generali's strategic plans and results can visit our website at www.Generali.com.

Upon completion of the strategic planning process, I work with other managers throughout the Group to develop the operational plans necessary for us to achieve the established goals. Capital is then allocated from the corporate centre to the operating companies to support each individual company's required contributions to the strategic plan results.

Merger and acquisition activity is targeted and executed as required to support attainment of the goals set forth in the strategic plan.

My ERM role is focused on the co-ordinated management of risk and reward. In many ways it's

about value management; maximising the Groups return on capital employed within the constraints of our risk governance framework.

We set centrally the ERM policy to be adopted and implemented by local companies of our Group. The focus is on decentralised, but effective, internal risk management processes. These are principally about risk measurement, risk governance and the building of a risk culture that rewards value creation.

Finally, because Generali is a public company, I devote the remainder of my time to communications with the various rating agencies and all parts of the investment community.

TV: What is your involvement with Generali USA and how does it contribute towards Generali's strategic plan?

My official capacity is as a member of the Board of Directors and certain board committees. Beyond the official responsibilities, I attempt to stay "up to speed" on the Company's day-to-day activities and results.

Generali views the U.S. market as quite well developed and, in many respects, a leading indicator of what may happen in Europe. This is critically important because roughly 90% of the Group's business comes from continental Europe. Another factor that is becoming increasingly

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important relates to the evolving risk profile of the Group. Your readers are, of course, well aware of the funding concerns surrounding social security pensions in the United States. What many may not be aware of, however, is that this is even a bigger problem in Europe. Life insurers, of which Generali is one of the largest, are expected to solve much of this problem by providing life time pension annuities. Hence, the risk of people living too long may soon be greater than the risk of people dying too soon. Generali USA is almost a pure mortality play and a partial natural hedge against this evolving European phenomenon.

TV: How do you view Generali USA's progress over the last few years and what would you like to see from it in the future?

Speaking for the Group, we are very pleased with the Company's progress since it was created as part of the BMA divestiture. The move to provide products and services to larger direct writers in addition to the initiation of the group reinsurance product line has allowed Generali USA to meet its financial targets and growth goals. Important steps have been taken to improve both the technical and service components of our facultative underwriting operations and we have been gratified by our customers' response. We continue to pursue activities to improve our data mining capabilities and capitalize on other efficiencies that come in part from the

recent exciting growth record. What Generali USA does best is to stay focused on its core expertise which is mortality management.

We expect the Company to continue its pattern of growth for the foreseeable future. As I mentioned before, we view this activity as a window to the future, so we are always considering ways to leverage the knowledge and expertise at Generali USA elsewhere in the Group. We expect the Company will develop new and innovative products and services without straying from its core expertise.

TV: About the EU market, is your Company a leading player and where does it rank against other competitors or peers?

Generali is the third largest European insurer when measured by market capitalization. With a value of approximately €40 billion, it has the ability to compete on a worldwide basis. A factor that makes Generali unique (and even more significant in Europe) is that the vast majority of its operations are in Europe as compared to many other insurers where much of their value is derived in the United States and elsewhere around the world. I should also mention that Generali's operations are primarily in Continental Europe with only a small presence in the United Kingdom. Many of your readers may not know this but Generali was originally an Austro-Hungarian company (Trieste was the main seaport to the Austro-Hungarian Empire)

with a vast presence in Central Eastern Europe before much of it was nationalized after World War II. Generali is now re-establishing its presence in this area and has recently completed a major transaction that will return it to its former dominant position in this important fast growing market.

Ranking companies is often more of an art than a science but maybe I can provide some statistics to help "size" Generali for your readers. The Generali Group wrote €65 billion in premiums during 2006 of which over 70% was life. The Group's primary non-life focus is retail oriented with the commercial business focused on small and mid-sized enterprises. The Group is the largest writer of both life and non-life premium in Italy. We are also the second largest writer of life premium in Germany. France and Spain are important markets where our presence is growing rapidly. As a final snapshot, during 2006, the Group reported earnings of €2.4 billion and ended the year with €377 billion in total assets.

TV: Can you give us a short overview of the European market conditions and identify the major challenges currently faced by Generali in Europe?

The European economy has been quite resilient over the past several years. The ad-



Generali is the fifth largest European insurer...it has the ability to compete on a worldwide basis.

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vent of the European Union has facilitated cross-border trade and merger and acquisition activity that has increased both competition and efficiency. The impact has varied from country to country but Generali has fared well in this new environment.

As I mentioned earlier, providing adequate income during retirement is a real challenge we face in Europe. At Generali, we recognize retirement needs go well beyond a stream of income. Hence, one of our major initiatives is to design and offer comprehensive retirement solutions for individuals. These solutions will, of course, vary from country to country but we have initiatives in each of our major markets looking at this issue. Clearly, this is the greatest challenge we face.

TV: What's your main business objective and focus for 2007?

Our main business objective is to improve the value we provide to shareholders as measured by our return on embedded value. We will accomplish this objective through a number of different initiatives. First, we always strive to develop high value, high demand products that efficiently utilize the Group's capital. Second, we have an ongoing effort to drive as much efficiency as possible from the Group's operations. These "efficiency" related activities involve operational consolidation where appropriate and creating centres of excellence where "best practices" are dispersed throughout the Group. Finally, we allocate capital to the highest value activities and ensure our balance sheet is properly structured to maximize shareholder returns.

TV: Enough about the business. We would like to hear more about you. Do you enjoy sports? What are the most exciting places you've seen? What do you enjoy

doing when you finally have a chance to be at home or on vacation?

I enjoy most water sports, having spent most of my life by the sea. Unlike most Europeans I am not a great soccer fan and I have only ever attended one game but that was a great event as I was privileged to see Italy win the 2006 world Cup in Berlin.

I have a great passion for travelling and seeing different parts of the world. In the last year I visited Iceland, China and Eastern Europe with my family.

As I am away from home almost every week I enjoy spending quality time with my wife and son Daniel.

TV: Mel, it's been a pleasure talking to you and thank you for sharing your time with us. We wish you every success with your plans for 2007.



At Generali, we recognize retirement needs go well beyond a stream of income...one of our major initiatives is to design and offer comprehensive retirement solutions...

The Generali Group is one of the official suppliers of the Italian team, winner of the World Cup last year in Germany.



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Working With Generali USA At Claim Time

*By Jeff Shepherd,
Manager Reinsurance Claims*

Almost all reinsurance treaties provide for the prompt notification of any reinsured claim by the ceding company. Some of the more recent treaties may actually provide for a certain number of days notice must be given. Since a reinsurer, like the ceding company, must manage its claims liability, it is important that notification be given as soon as possible after the ceding company is notified of a claim.

Timely reporting has become even more critical with first-dollar quota share pool treaties where all policies of a given plan type are reinsured regardless of face amount. Since these treaties generate a much higher volume of claims, reporting delays are more likely to result in significant understatement of a reinsurer's claim liabilities. One of the main advantages to a ceding company in providing timely notice is that Generali USA has an opportunity to verify its liability and resolve any administrative questions before the ceding company requests reimbursement. In most cases, this allows Generali USA to make payment to the ceding company much faster.

Reinsurance claim reporting of first dollar quota share pool claims can also cause an administrative burden for both the ceding company and reinsurer due to the higher volume of claims transactions and submission of claim documents, particularly for contestable period

claims. To address some of these issues, claim thresholds were added to many treaties. A claim threshold (which may also be referred to as "claims streamlining" or "waiving of certain requirements") is the amount (face amount, reinsured amount or pool amount) that can be submitted to a reinsurer for payment, without having to provide the reinsurer with a full or complete set of claim documents. A threshold can be for all claims below a certain amount or be separated by contestable period claims and claims out of the contestable period. A Threshold provision may also state the specific claim documents which may be waived. An agreement to allow claim thresholds may be conditioned upon the quality of the ceding company's administrative reporting. Any thresholding or other special claim arrangements should be part of the treaty negotiations so that both parties clearly understand their obligations and responsibilities under the treaty.

Although some treaties may require claim consultation with Generali USA, it is important to note that the responsibility for claim decisions rests with the ceding company. The existence of a reinsurance treaty does not delegate this responsibility to Generali USA, since we are not a party to the underlying insurance policy. It is best to contact us if there are any questions or need for clarification concerning our role at

claim time.

Almost all reinsurance treaties state that the ceding company must provide prompt notice to Generali USA of any contest, compromise or litigation of a reinsured claim. Some of the more recent treaties may specify a certain number of days notice must be given. This is not to allow Generali USA a voice in the decision making or management of the contested claim; rather, it is to comply with the treaty provision allowing Generali USA to determine whether to participate or opt out of the contest. If Generali USA elects to participate in the contest, it will remain on the risk and pay its proportionate share of expenses, as defined by the treaty. If Generali USA opts out of the contest, it will pay its full reinsurance liability as if there had been no contest. It would also be responsible for any claim expenses the ceding company incurred up until the time we opted out of the contest.

Like a ceding company, Generali USA's reinsurance claims practices and procedures are subject to review by internal and external regulators and auditors. Claim files must include certain information to establish that our liability was verified and that the claim was adjudicated and documented correctly. Unless sub-



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Additional information may be required on contestable period claims...

ject to certain claim thresholds or other arrangements, Generali USA usually requires copies of the proofs of death. A copy of the certified death certificate and claimant statement will usually suffice. Since reinsurance treaties are reimbursement contracts, we may also require proof of the ceding company's payment. Additional information may be required on contestable period claims or on risks exceeding our retention so that we are in compliance with the terms of our retrocession treaties.

Under the automatic provisions of a treaty, the ceding

company is required to maintain a retention amount on each life. If a prior policy was partially or fully retained by the ceding company, Generali USA may on occasion request proof that the prior policy was retained and in force on the date of death.

Generali USA takes pride in the claim service it provides to its reinsurance partners. We encourage you to call us any time you have questions concerning the reinsurance claim process.

About Jeff Shepherd: Jeff Shepherd, Manager-Reinsurance Claims, joined Generali USA in

1997, after ten years in Business Men's Assurance Company's (BMA) Individual Claims Department where he held responsibilities for the management of claims, customer service, and Claim Field Service.

Mr. Shepherd is currently Chair of the Reinsurance subcommittee of the International Claims Association and has been an active member of that committee for the last six years. He is also a past president of the Kansas City Claims Association.



Generali USA Welcomes New Addition To The Team!



Patrick Scanlon joined Generali USA's Underwriting department in April as a Senior

Underwriting Consultant. Prior to Generali USA, he worked for Transamerica for 11 years in the same capacity. Originally from Lincoln, Nebraska, Patrick moved to the Kansas City area 12 years ago.

Patrick has a Bachelor of Arts Degree in Commercial Management from the University of Nebraska - Lincoln (1983). He

currently resides in Shawnee, Kansas with his wife and three children. Patrick spends his spare time on his LOMA studies and with his family. Welcome to our team, Pat!

If you would like to contact Pat, he can be reached by e-mail at:

pscanlon@GeneraliUSA.com, or by phone at 816.412.3686.



New Site To See

We're making improvements! We are currently evaluating the functionality, look and feel and general "condition" of our website. Our goal is to im-

prove the website and provide you with a new, even more user-friendly website with greater functionality! Watch for our "new" website an-

nouncement later this summer! In the meantime, you can still access our site and navigate around as always. Stay tuned for developments!

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countries where Generali conducts business.

This level of representation on our board speaks volumes for Generali's commitment to our operation. I assure you that our board meetings are much more than a formality as we review results, discuss business plans and look for ways to grow our business. These three board members, along with the other board members, are actively engaged in determining what it takes for Generali USA to continue to grow. Their support and involvement have given our operation a voice at the highest levels of our parent

company. All this has resulted in strong support of our business plan. We are very fortunate to have this type of commitment from our parent company.

Tammy Kapeller shares with you our progress on the business process improvement project. The goal of this project is to improve our ability to capture information at the point it comes in the door and streamline the transfer of data through the organization to the point of financial reporting. By doing this we will not only achieve efficiency within our organization, but will also enhance our ability to receive data from our clients and share information back with them. This massive project is another example of Generali USA's commitment to being a value added reinsurance provider.

Enjoy this edition of the *Viewpoint* and please feel to contact us with any feedback.

Generali USA Life Reassurance

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