



Growing the Value Life Reinsurance

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- ◆ Top tier Life reinsurance player: # 2 in U.S. market, # 6 globally
- ◆ Broad range of products and services: avoid dependency on commodity products, add value through developed competencies
- ◆ Expanding internationally
- ◆ Experienced staff, disciplined pricing strategy, long-standing client relationships
- ◆ Key contributor to AEGON strategy, delivering profitable growth and providing expertise



Offer sophisticated financially engineered solutions, enhancing value to customers and providing Transamerica Reinsurance competitive advantage

◆ Reinsurance Value Proposition

Risk Management (core offering)

- Mortality / equity risk & pricing expertise
- + Tax Efficiencies
 - Offshore structures, US & client captives
- + Regulatory & Capital Arbitrage
 - Structures to arbitrage reserve requirements
 - Alternative collateral
- + Value Added Services
 - Full service & automated underwriting platforms
 - Product consulting and development
- + Dissemination of risks back to capital markets

◆ Drivers of Growing the Value

- Innovation
 - Product development
 - R&D - Longevity risk
 - Financing Solutions – Capital Markets
- Geographic Expansion
 - Internationalize where strategically aligned with our value proposition
- Execution
 - Maintain profitable growth by leveraging data, knowledge and experience in risk and capital management



North America

- ◆ Head Quartered in Charlotte, North Carolina with supporting staff (legal, IT, risk management, finance, etc.)
- ◆ 396 reinsurance associates (Charlotte & Weston)

Latin America

- ◆ 5 Marketing Offices:
 - Miami, Florida
 - Sao Paulo and Rio de Janeiro Brazil
 - Mexico City, Mexico
 - Santiago, Chile
- ◆ 13 reinsurance associates

Europe

- ◆ Dublin, Ireland (TIRI)
 - 13 associates
- ◆ Paris, France
 - 10 associates
- ◆ Madrid, Spain
 - 6 associates
- ◆ 29 reinsurance associates

Asia

- ◆ 3 Representative Offices:
 - Taipei, Taiwan
 - Seoul, South Korea
 - Tokyo, Japan
- ◆ 1 Branch Office:
 - Hong Kong
- ◆ 19 reinsurance associates

Top U.S. Life Reinsurers Based on Assumed New Business (Face USD Million)

Ranking	Company	2006
1	RGA	170,196
2	Transamerica Reinsurance	153,877
3	Swiss Re	102,602
4	Munich American Re	81,508
5	Generali USA Life Re	63,149
6	Wilton Re	61,738
7	Scottish Re	56,506
8	Canada Life	26,005
9	General Re Life	20,009
10	SCOR Life Re	15,554

Source: Munich Re Survey

Top Global Life Reinsurers Based on Net Premium Written (Net Premium USD Million)

Ranking	Company	2006
1	Munich Re	9,064
2	Swiss Re	8,816
3	RGA	4,346
4	Hannover Re	2,956
5	Berkshire Hathaway	2,364
6	Transamerica Reinsurance	2,141
7	Scottish Re	1,842
8	SCOR	1,480
9	XL Re	559

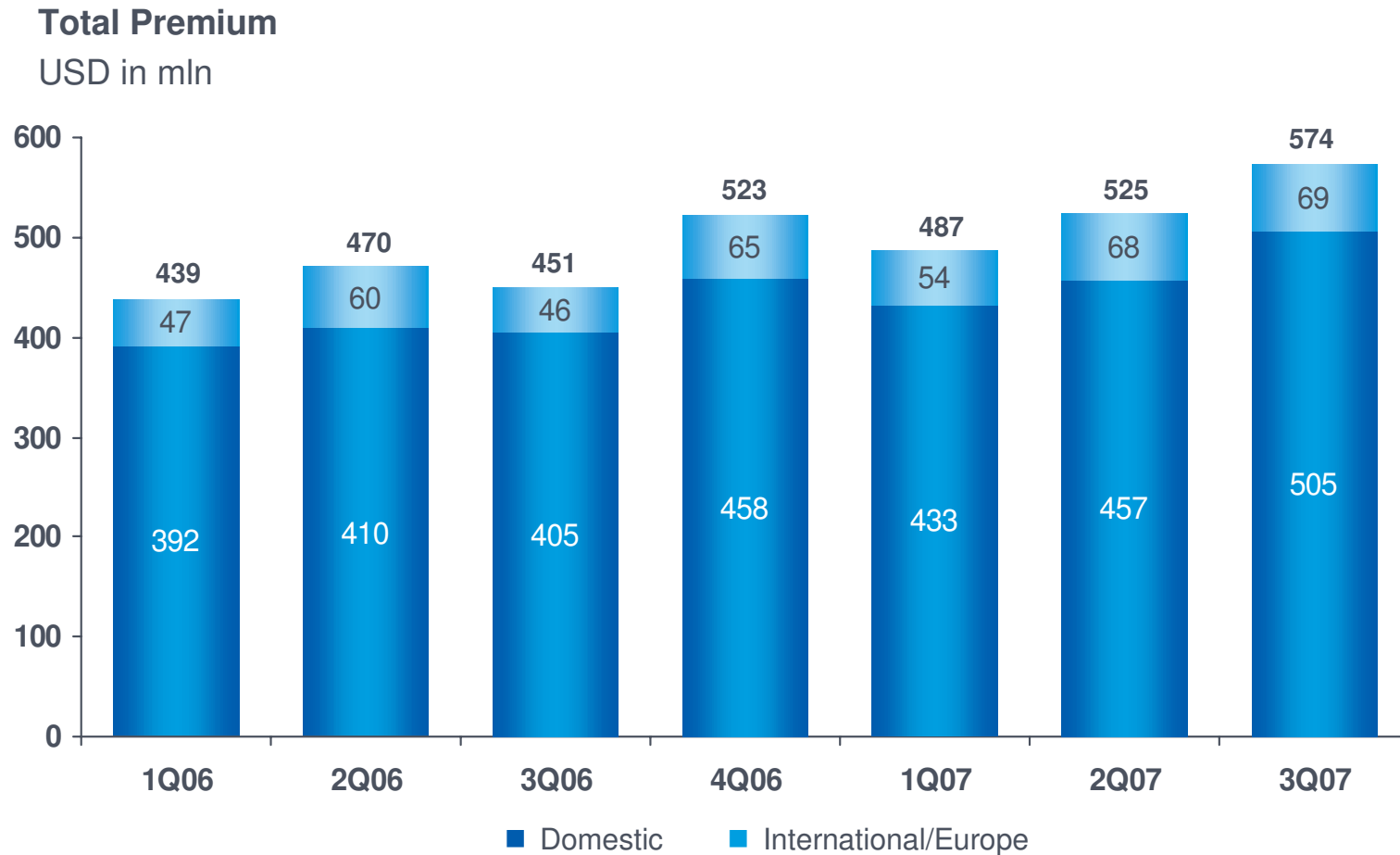
Source: Fitch Rating

Market Strategy

- ◆ Enhance core life reinsurance offering with value added services and financing
 - Avoid dependency on commodity products
 - Added value through developed competencies
 - Offshore infrastructure tax
 - Access to lower cost of collateral
 - Technical expertise
 - Modeling expertise
 - +
 - Product development and back-office infrastructure
 - Underwriting – expertise & Alternative Markets
- Traditional market (US) expanding to include select international markets

Lines of Business

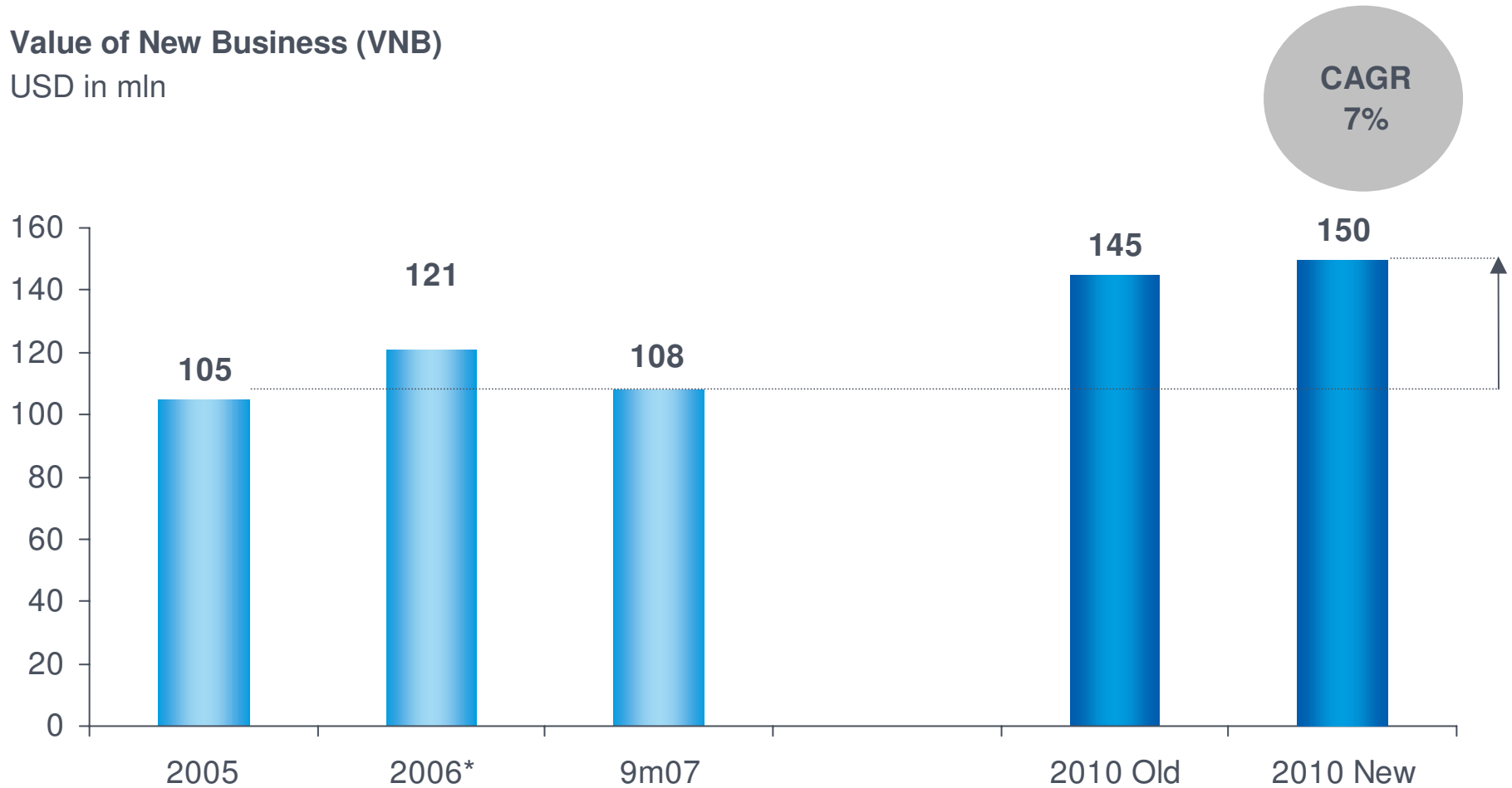
- ◆ U.S. Market
 - Life Reinsurance
 - Core offering
 - Value-added Services
 - Leverage core offering with suite of back-office capabilities
- ◆ International Markets
 - Asia/Latin America - high return
 - Europe – recent expansion
- ◆ Annuities
 - Opportunistic growth; value added product offering



Enhanced U.S. market position – increased from 12% to 20% in 3 years.
Shown strong premium growth when cession rates dropping in U.S.

Value of New Business (VNB)

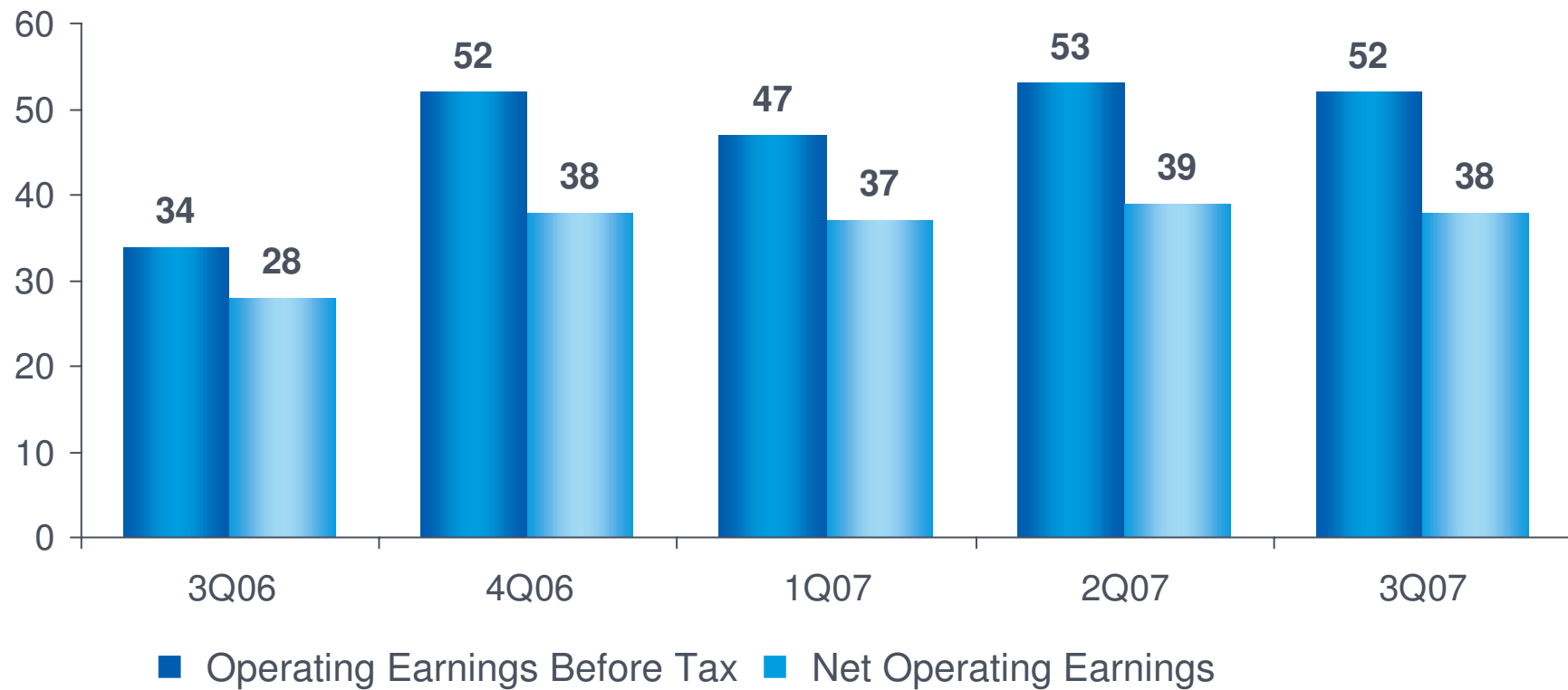
USD in mln



* Does not include \$20.1 million VNB from large block transaction

Operating Earnings

USD in mln



Life Reinsurance Environment

- ◆ Market conditions are changing
 - Continued demand for value-added products and services
 - Demand remains for regulatory arbitrage (Triple X) - PBR drift
- ◆ Barriers to entry and success favor large, financially strong reinsurers
 - Increased due diligence on part of cedants
 - Need to access capital markets for collateral
 - Compliance / complexities of business
 - Retro capacity down / prices up
 - Market consolidation
 - New entrants exhibit minor influence

Client Environment

- ◆ Available capital of customer base is changing, appetite for risk increasing, bigger carriers gaining share
- ◆ Responding to hardening prices/reinsurance consolidation
 - Re-pricing or experiencing margin compression
 - Some shift to YRT; ceding less
 - Exploring securitization and warehousing; proving to be a challenging alternative
 - Market Bifurcation
- ◆ Non-traditional competitors
 - Expect to see more competitive pressure from clients as they increase retention level and pursue alternative reinsurance or financing
- ◆ Securitization & capital markets

Revenue Quality over Market Share

- ◆ Win business consistent with business principles
 - Work directly with the client to acquire business
 - Constantly review and refine pricing strategies and U/W capabilities
 - Focus on value added solutions – provide basket of solutions to select clients
- ◆ Strengths
 - Reserve collateral financing solutions
 - Pricing discipline & mortality analytics
 - Risk identification, assessment & management
 - Offshore jurisdiction advantages
 - Full service shop
 - Strong client relationships (top 100) & facultative U/W

Strategy

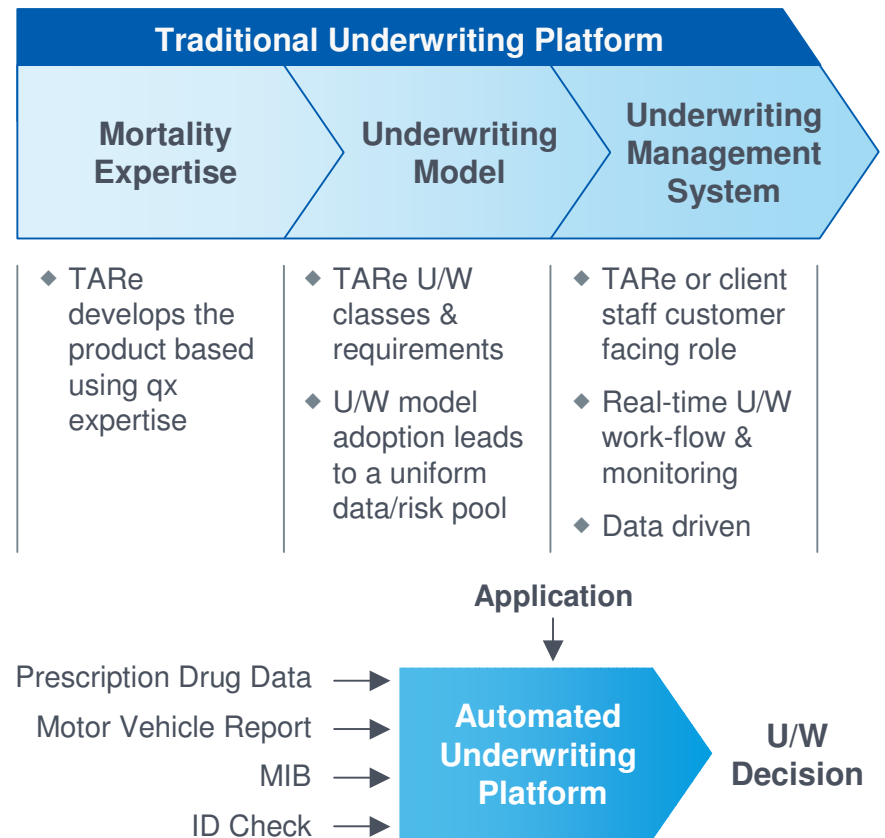
- ◆ Leverage financial structures and collateral advantages
 - Optimize profitability by sending 90%+ of new business offshore
 - Alternative LOC solutions
- ◆ Manage to value creation
 - Aligned incentives
 - New business and inforce actively managed
 - Utilize client underwriting and administration oversight
- ◆ Growth through innovation
 - Product development / extensions
 - Financing and capital markets solutions
 - Dedicated team – continue differentiation
- ◆ Growth through execution
 - Leverage internal data and knowledge

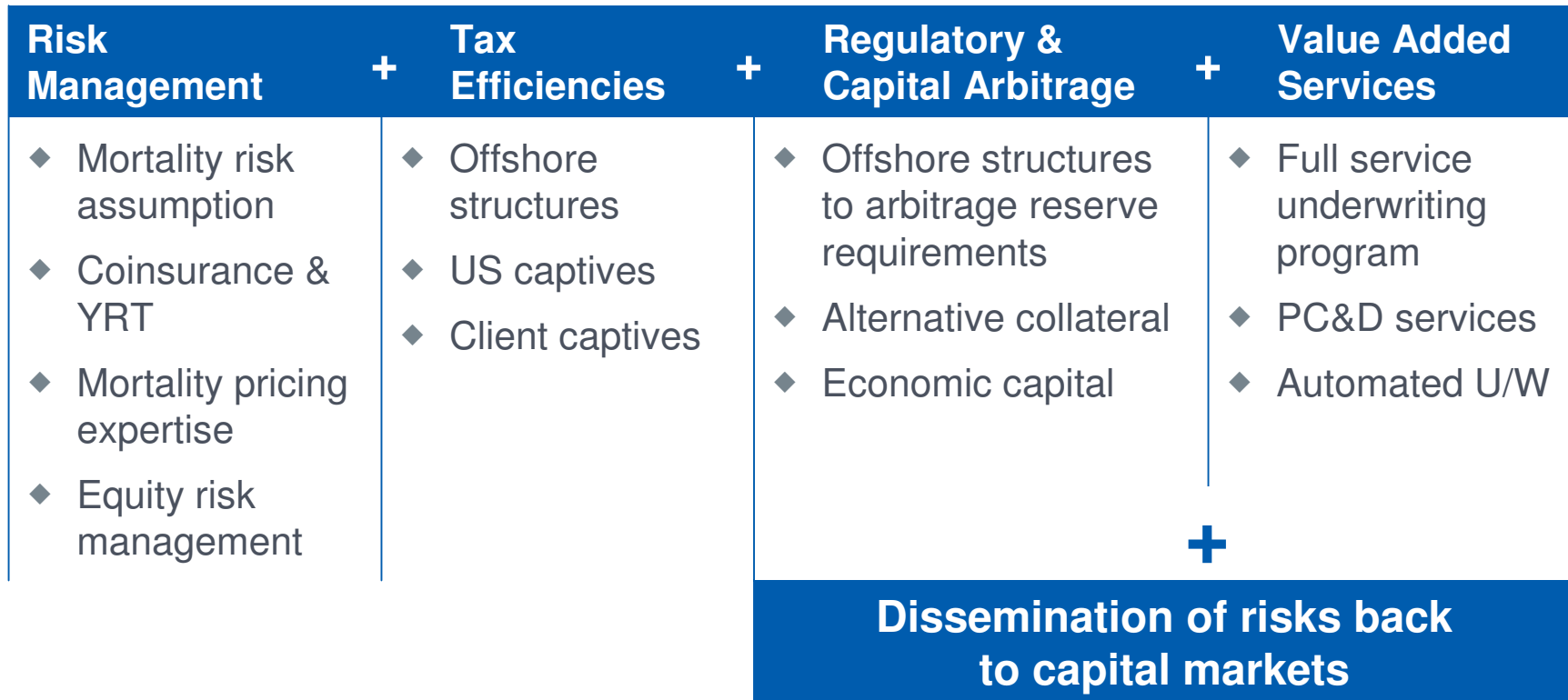
Leverage core life reinsurance offering with value added services:

Product Consulting and Development

- ◆ Business model – continuum of back office life insurance services
 - Basic product development to fully-outsourced, private labeled term with TPA services
 - Underwriting platforms for traditional full underwriting and automated system
- ◆ Significant production underway – represents 14% of U.S. life revenue and 19% of U.S. life VNB
- ◆ Pipeline of new clients for both traditional underwriting and automated.
- ◆ Competitive Advantage
 - Reduces price sensitivity
 - Automated underwriting system provides access to new customers and reach to middle market
 - Provides us with better U/W insight, data & controls
 - Data pool will support significant analytics creating barrier of entry

Value Added Underwriting Platforms





Offer sophisticated financially engineered solutions, enhancing value to customers & providing TARE competitive advantage.

- ◆ Consistent with U.S. approach, provide value-enhancing risk and financing solutions plus product services that create new growth opportunities for clients
 - Product development
 - Supplemental health (critical illness, hospital cash, long term care), preferred risk, accidental death
 - Underwriting and claims manual for array of products
 - Acquisition cost & other financing
 - Direct marketing, worksite marketing, mass distribution
 - Traditional individual, group and creditor reinsurance
 - Mortality risk transfer
 - Situationally provide non-proportional CAT and XOL coverage



- ◆ Asia
 - Hong Kong
 - Japan
 - Taiwan
 - Korea
 - Singapore
 - China
- ◆ Latin America
 - Mexico
 - Brazil
 - Chile
 - Bolivia
 - Argentina
- ◆ Europe
 - France
 - Spain
 - Italy
 - Ireland
 - Belgium
 - Denmark
 - UK

◆ Asia

- Changing environment creating opportunities for primary insurers and reinsurers who can help them succeed in their retail markets
 - Increasing wealth, mandatory retirement savings schemes, regulatory initiatives improving product transparency and increasing professional requirements of advisors
 - Growth of alternative distribution channels (direct, banc assurance, etc.)
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◆ Latin America

- Strong demand for product development and distribution support
 - Mass distribution through alternative channels, including retailers, utility companies, distributors. Direct marketing and telemarketing increasingly popular
 - Brazil market opening
 - Initially 40% of market is expected to be available with percentage increasing over time
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◆ Europe

- Market changes underway creating insurance opportunities for longer term benefits
 - Growing country deficits, aging demographics and privatization of social benefits
- Demand for innovative product development and capital solutions
 - Increasing demand for individual products, long term care, direct marketing and telemarketing
 - Solvency II – 2012 - requires modeling expertise and capital solutions by strong rated companies
- Reinsurance consolidation

◆ Asia

- Growth through product competencies and customer expansion
 - Expand success in supplemental health and other living benefit product consulting concepts to broader customer base and continue to build core competencies in critical illness (data / execution)
- Expand geographically - establish a presence in China. Taiwan gateway towards this. Evaluate other countries

◆ Latin America

- Expand on product development for mass distributed products (banks, retail stores, credit unions)
- Leverage newly opened representative office in Brazil
- Joint marketing efforts with ADMS in Mexico and potentially Brazil
- Explore further business financing within Mexico and Chile direct marketing support

◆ Europe

- Recent expansion. Full team in place. Beginning to build infrastructure to support higher value offering that will develop over a longer time period
- Able to leverage expertise from US to Europe
- Some revenue development. Assuming traditional reinsurance. Annual renewal experience rated

Products

- ◆ VA acquisition cost financing:
 - Non-inclusive of benefits of underlying policies
 - No significant U.S. competitors
- ◆ FA coinsurance: (spread business)
 - Interest rate guarantee
 - Profitability focus; stabilize mark – market;
 - Portfolio management change
 - Hedging
- ◆ GMB: (DB, IB, WB)
 - Hedge use for equity and RHO risk reduction

Strategy

- ◆ Leveraging expertise for future opportunistic growth
- ◆ Do not have to be in market continuously
 - Only participate when value potential meets or exceeds targets
 - Have ability to restructure reinsurance arrangement to meet desired risk profile
- ◆ GMDB product development
 - Reduced anti-selection risk vs. WB
 - Leverage existing risk management expertise
 - Few competitors – price less competitive
- ◆ GMB experiencing more efficient policyholder behavior
 - Strengthening reserves

Diversification

- ◆ Distribution
 - Dynamic distribution – B2B and opportunistic
- ◆ Assets
 - Low correlation, primarily mortality and persistency
 - Returns enhanced through financial arbitrage which involves little risk.
 - Financing migration towards Capital Markets.
- ◆ Expenses
 - Lower overhead costs.
 - Supports market entry for geographic expansion
- ◆ Capacity
 - Reinsurance limited capacity
 - Scale not as significant a lever as building intellectual capital

Expertise

- ◆ Collateral solutions
 - Alternative financing solutions - lower cost with enhanced duration matching
 - Offshore infrastructure
- ◆ Risk expertise
 - Leading edge mortality expertise
 - Automated underwriting (Rx data)
 - Equity risk management
- ◆ Risk Retention
 - Group risk management and risk retention programs
- ◆ Innovation
 - Product development
 - R&D focus
- ◆ Risk Pooling

Reinsurance operations strategic element of growth and competitive position.



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- ◆ Changes in general economic conditions, particularly in the United States, the Netherlands and the United Kingdom;
- ◆ Changes in the performance of financial markets, including emerging markets, such as with regard to:
 - The frequency and severity of defaults by issuers in our fixed income investment portfolios; and
 - The effects of corporate bankruptcies and/or accounting restatements on the financial markets and the resulting decline in the value of equity and debt securities we hold;
- ◆ The frequency and severity of insured loss events;
- ◆ Changes affecting mortality, morbidity and other factors that may impact the profitability of our insurance products;
- ◆ Changes affecting interest rate levels and continuing low or rapidly changing interest rate levels;
- ◆ Changes affecting currency exchange rates, in particular the EUR/USD and EUR/GBP exchange rates;
- ◆ Increasing levels of competition in the United States, the Netherlands, the United Kingdom and emerging markets;
- ◆ Changes in laws and regulations, particularly those affecting our operations, the products we sell, and the attractiveness of certain products to our consumers;
- ◆ Regulatory changes relating to the insurance industry in the jurisdictions in which we operate;
- ◆ Acts of God, acts of terrorism, acts of war and pandemics;
- ◆ Changes in the policies of central banks and/or governments;
- ◆ Litigation or regulatory action that could require us to pay significant damages or change the way we do business;
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This presentation includes non-GAAP financial measures: net operating earnings, operating earnings before tax, value of new business and embedded value. Value of new business and embedded value are not based on IFRS, which are used to prepare and report AEGON's financial statements and should not be viewed as a substitute for IFRS financial measures. AEGON believes the non-GAAP measures shown herein, together with GAAP information, provides a meaningful measure for the investment community to evaluate AEGON's business relative to the businesses of our peers.