

# An Overview

Hannover Re Group 2010

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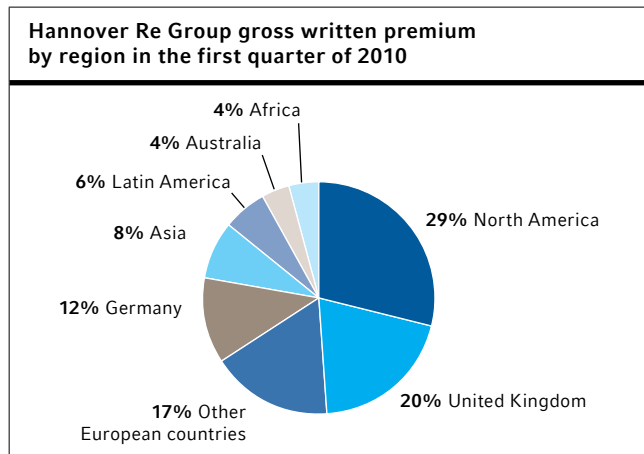
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# An Overview

## Hannover Re Group 2010

Hannover Re, with a gross premium of around EUR 10 billion, is one of the leading reinsurance groups in the world. It transacts all lines of non-life and life and health reinsurance. It maintains business relations with more than 5,000 insurance companies in about 150 countries. Its worldwide network consists of more than 100 subsidiaries, branch and representative offices on all five continents with a total staff of roughly 2,100. The rating agencies most relevant to the insurance industry have awarded Hannover Re very strong insurer financial strength ratings (Standard & Poor's AA- "Very Strong" and A.M. Best A "Excellent").



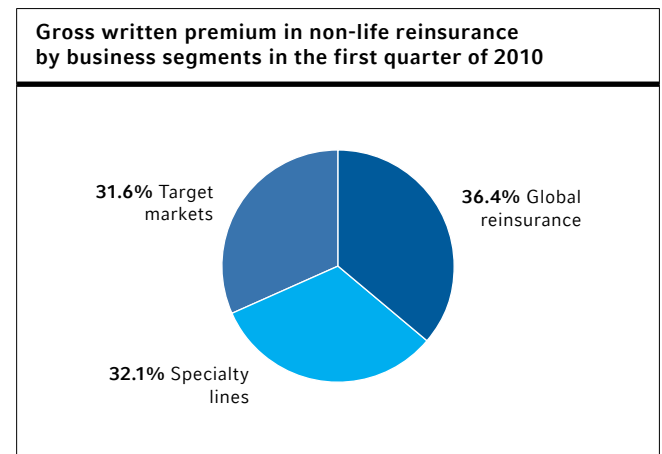
Up to now we are satisfied with the development of our business groups non-life and life/health reinsurance, even though the burden of major losses was higher than expected. In view of the rather favourable conditions prevailing on the international reinsurance markets, we have good prospects of achieving our growth and profit targets in 2010.

At constant exchange rates the net premium volume of our portfolio is expected to grow by around 5%.

## Our business groups

Non-life reinsurance is our largest and most important business group. We do not pursue any growth targets here, but are instead guided by active cycle management according to which we expand our business if the rate situation is favourable and scale back our portfolio if prices are inadequate.

The modified responsibilities associated with the changes on the Executive Board presented an opportunity to restructure our non-life reinsurance business group. We now split our portfolio into three sections: target markets, specialty lines and global reinsurance.



We concentrate particularly on segments in which risk-adequate premiums can still be obtained or where prices are rising. The latter is especially true of aviation as well as credit and surety reinsurance. In light of the equity requirements arising out of “Solvency II”, reinsurance is taking on even greater significance as a tool for insurers – and we therefore anticipate modest growth in premium income.

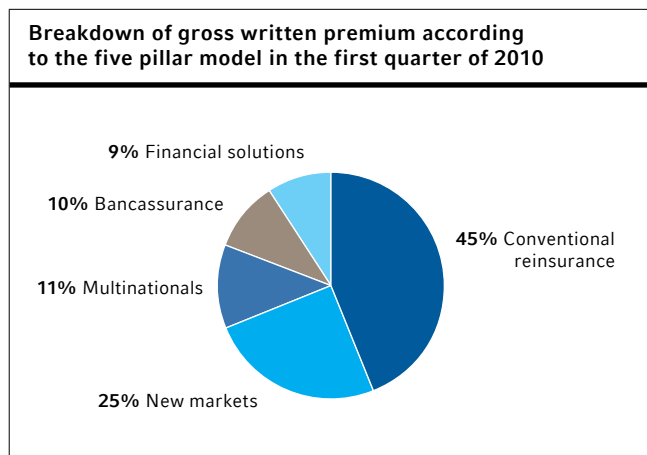
For non-life reinsurance overall we anticipate net premium growth of around 4% in the original currencies as well as a healthy profit contribution in 2010. This is dependent upon the burden of major losses remaining within the bounds of our expectations and the disproportionately heavy strain incurred in the first quarter not being sustained in the months ahead.

Our second business group, life and health reinsurance, also progressed well. The acquisition completed last year in the United States significantly advanced the planned expansion of our risk-oriented life portfolio.

Our products and services in life and health reinsurance remain concentrated on five pillars: financial solutions, new markets, bancassurance, multinational clients and conventional reinsurance.

The healthy organic growth in the first quarter of 2010 testifies to the opportunities that are opening up for annuity and health insurance in the face of demographic change – i.e. the increasing ageing in the developed industrial nations. In the United Kingdom, where we are particularly active in annuity and pension business, we have reinsured a substantial share of an existing pension fund that covers the biometric risk of longevity.

Our goal continues to be the ongoing enlargement of our life and health reinsurance portfolio – which is less volatile than non-life reinsurance – in order to improve still further the diversification of our revenue streams.



# Key figures

Figures in EUR million	2009	+/- previous year	2008	2007	2006	2005 <sup>1</sup>
<b>Results</b>						
Gross written premium	10,274.8	+26.5%	8,120.9	8,258.9	9,289.3	9,317.4
Net premium earned	9,307.2	+31.8%	7,061.6	7,292.9	7,092.1	7,494.9
Net underwriting result	(100.4)		69.6	(131.0)	(254.7)	(868.7)
Net investment income	1,120.4		278.5	1,121.7	1,188.9	1,115.8
Operating profit (EBIT)	1,142.5		148.1	928.0	819.9	91.6
Group net income (loss)	733.7		(127.0)	721.7	514.4	49.3
<b>Balance sheet</b>						
Policyholders' surplus	5,621.6	+19.3%	4,708.4	5,295.1	4,878.4	4,579.6
Total shareholders' equity	3,714.4	+31.2%	2,830.1	3,349.1	2,897.8	2,601.0
Minority interests	542.1	+8.1%	501.4	572.7	608.6	540.5
Hybrid capital	1,365.1	-0.9%	1,376.9	1,373.3	1,372.0	1,438.1
Investments (excl. funds withheld by ceding companies)	22,507.0	+11.8%	20,137.2	19,815.3	19,494.0	19,079.1
Total assets	42,266.7	+12.7%	37,490.2	37,068.4	41,386.4	39,789.2
<b>Share</b>						
Earnings per share (diluted) in EUR	6.08		(1.05)	5.98	4.27	0.41
Book value per share in EUR	30.80	+31.2%	23.47	27.77	24.03	21.57
Dividend	253.3		–	277.4	193.0	–
Dividend per share in EUR	2.10		–	1.80+0.50 <sup>2</sup>	1.60	–
Share price at year-end in EUR	32.71	+45.4%	22.50	31.55	35.08	29.93
Market capitalisation at year-end	3,944.7	+45.4%	2,713.4	3,804.8	4,230.5	3,609.5
<b>Ratios</b>						
Combined ratio (non-life reinsurance) <sup>3</sup>	96.6%		95.4%	99.7%	100.8%	112.8%
Large losses as percentage of net premium earned (non-life reinsurance) <sup>4</sup>	4.6%		10.7%	6.3%	2.3%	26.3%
Retention	92.6%		89.1%	87.4%	76.3%	79.2%
Return on investment (excl. funds withheld by ceding companies)	4.0%		0.4%	4.6%	5.0%	4.4%
EBIT margin <sup>5</sup>	12.2%		2.1%	12.7%	11.6%	1.2%
Return on equity (after tax)	22.4%		-4.1%	23.1%	18.7%	1.9%

1 Incl. financial reinsurance and specialty insurance

2 Bonus

3 Incl. funds withheld

4 Natural catastrophes and other major losses in excess of EUR 5 million gross for the Hannover Re Group's share

5 Operating result (EBIT)/net premium earned

# Branch offices and subsidiaries of the Hannover Re Group abroad

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