



How do we intend to develop the U.S. Life/Health market?

Peter R. Schaefer

President and CEO of Hannover Life Reassurance of America

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OUR MISSION

- To cultivate mutually profitable client relationships in the life and health insurance marketplace by providing innovative financial solutions through business excellence in
- communication,
 - service and
 - the understanding
- of our clients' needs

ESSENTIAL SUCCESS FACTORS

- Leverage relationship with our family
- Market products and services while enhancing value for clients and the Hannover Re Group
- Top notch due diligence on desired opportunities
- Effectively manage existing blocks of business
- Maximise employee value

BUSINESS SEGMENTS

- Mortality Solutions
- Financial Solutions
- Senior Market

STRATEGIC RATIONALE FOR THE ACQUISITION. . .

. . .of the ING Life Re business

- Fundamentally, it is an in force block assumption transaction significantly contributing to both top-line premiums and bottom-line earnings
- While Hannover Life Re US (HLR US) is the market leader in Financial Solutions and Senior Market reinsurance, its mortality risk market share has historically averaged 1%
- The acquisition brings numerous business relationships with ING cedents and creates significant new business growth opportunity for HLR US (10% - 15% market share by 2011)
 - HLR US has a relationship with only 4 of the top 50 acquired clients
- Creates a conservatively run, stable player in the U.S. mortality business
 - Consistent with Hannover's highly credible management approach
- Includes the international rights to first-class ASCENT underwriting manual (not critical in the U.S., but essential in the UK, Australia and other markets)

TRANSACTION OVERVIEW

- HLR acquired the life reinsurance business purchased by Scottish Re Group Limited (SRGL) from Security Life of Denver (SLD) and Security Life of Denver International (SLDI) in 2004 (the ING Business)
 - To include all assets used by SRGL and its affiliates to administer the ING Business (the SR platform)
 - SRGL to transfer to Hannover Re net assets of USD 1.25 bn. in cash and/or securities acceptable to Hannover Re
- Transaction includes transfer of all rights/licenses to SAGE Administrative System, ASCENT Underwriting System, SUMMIT Pricing System, Mortality Research Center
- HLR US provides administrative services to Scottish via an ASA; also covers all services currently provided by Scottish to ING
- ING has committed to support the transaction by providing over USD 3 bn. of XXX and AXXX collateral initially, growing to over USD 5 bn. over time

UNDERLYING BUSINESS AND TOP CEDENTS

Underlying business

- Common thread across all the business is the reinsurance of mortality risk on individual life insurance products
 - Originally written between U.S. ceding companies and either SLD or SLDI, covering substantially U.S. lives
 - The majority of the business was underwritten and issued over the period 2000 - 2004
- Underlying products:
 - Term life
 - Predominantly level term, where premium is level and guaranteed for a period ranging from 5 to 30 years, with 20 years being the most common
 - Generally reinsured on a coinsurance basis, providing U.S. statutory reserve relief to the ceding company
 - Permanent life
 - Whole life, universal life and variable universal life insurance products (only the mortality risk, not investment risk, is reinsured)
 - Business reinsured on a YRT basis

1) Farmers New World and American Family have FSRs of "A" from A.M. Best

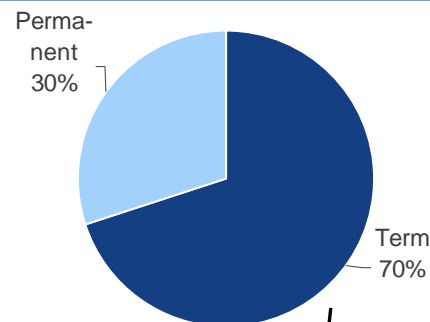
2) Financial Strength Rating

3) not available

Top 10 cedents by net amount at risk

	31 Dec 08 NAR (in bn. USD)	% of total block	S&P FSR ²⁾
Protective/West Coast Life	86	17%	AA
MetLife/New England	45	9%	AA
Transamerica	34	7%	AA
Northwestern Mutual	33	7%	AA
MassMutual	28	6%	AAA
Zurich/Farmers New World ¹⁾	16	3%	n.a. ³⁾
USAA	13	3%	AAA
American Family	13	3%	n.a. ³⁾
Manulife/John Hancock	11	2%	AAA
Old Mutual	10	2%	BBB-
Total	290	58%	

Product breakdown



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A.M. BEST SEES STABLE OUTLOOK FOR LIFE REINSURERS

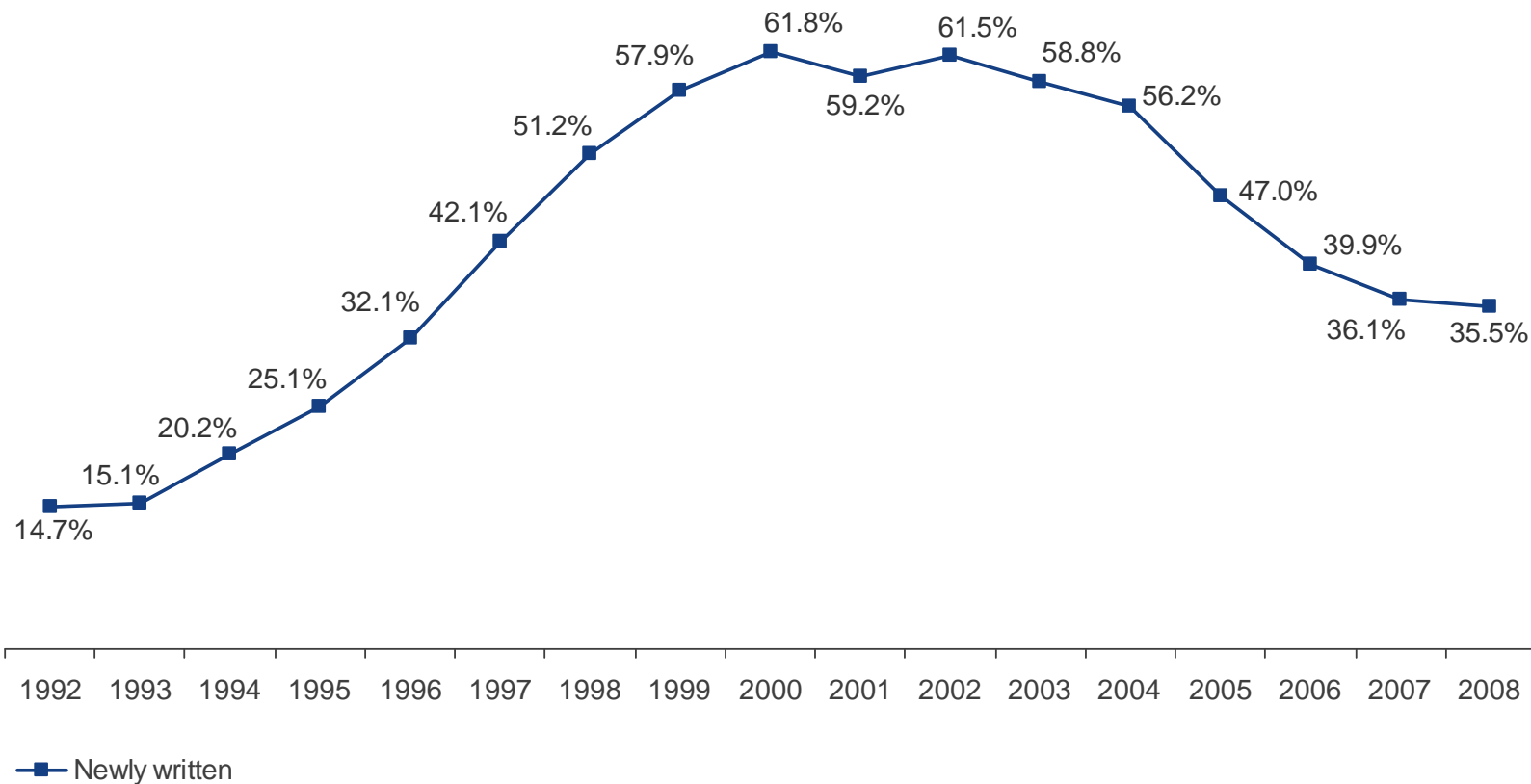
Contrasts with negative outlook for direct writers

- Capital pressures facing many direct writers likely will renew their appetite for reinsurance
- Other sources of capital relief traditionally provided by the capital and credit markets have dried up, which have increased cession rates since late 2008 and continuing into 2009
- Life reinsurers are uniquely positioned to increase prices while continuing to underwrite selectively
- Direct writers expected to look to diversify their reinsurance programs, offering opportunities for smaller companies with strong ratings

Cession rate

HAS STABILISED AND IS EXPECTED TO INCREASE

U.S. mortality market



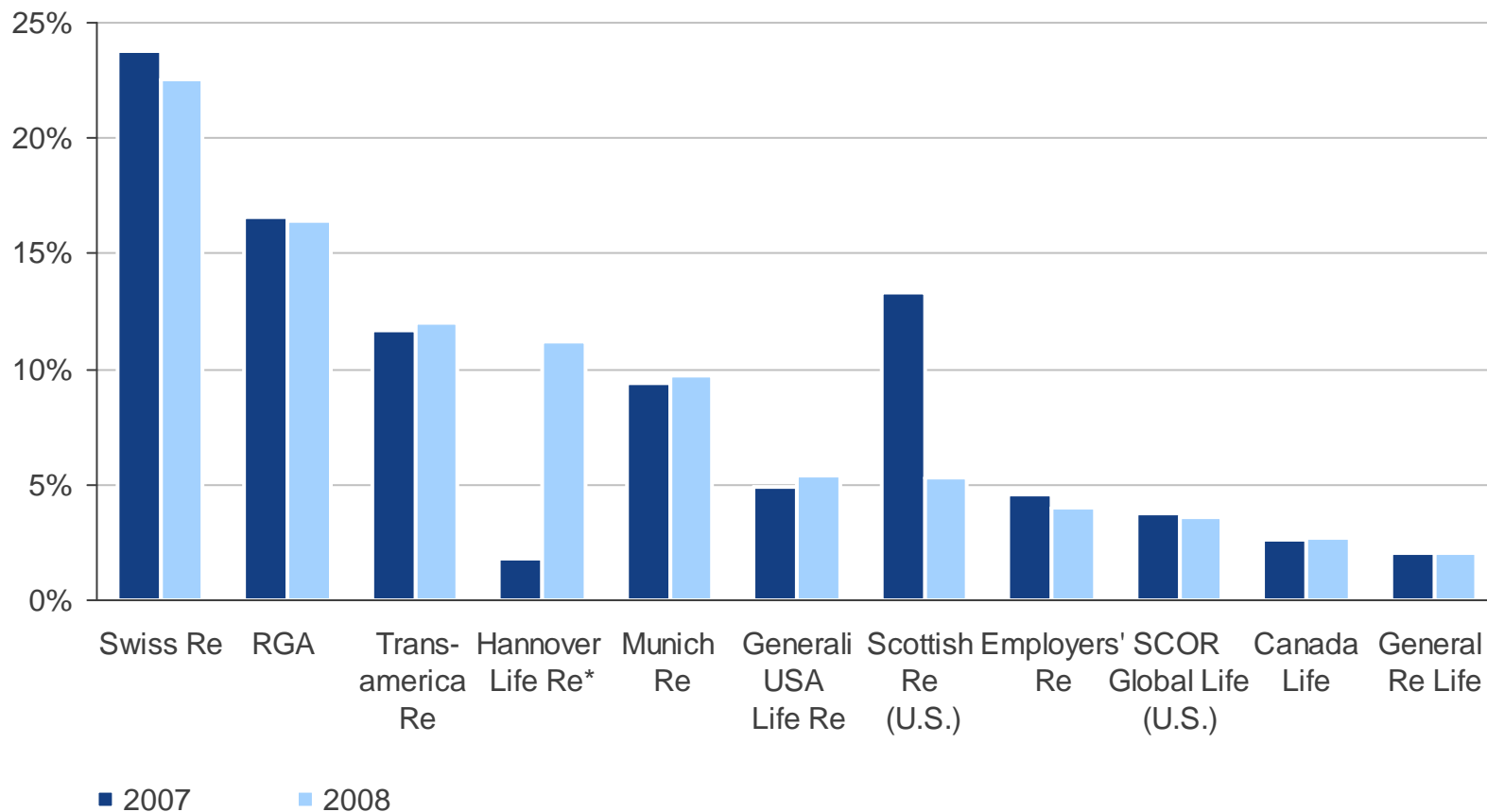
Source: SOA/Munich Re Life Reinsurance Survey

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After the ING transaction, HLR is #4 in

U.S. LIFE REINSURANCE IN FORCE

Market share U.S. individual life reinsurance: total in force



* Pro forma including HLR's ING Transaction
Source: 2008 SOA Life Reinsurance Survey

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HOW DOES HLR EARN ITS DESIRED 15% MARKET SHARE?

- Mortality research center
 - Product development support
 - Experience analysis and monitoring
 - X factor development
- Strong ratings and diversification
- Superior client service

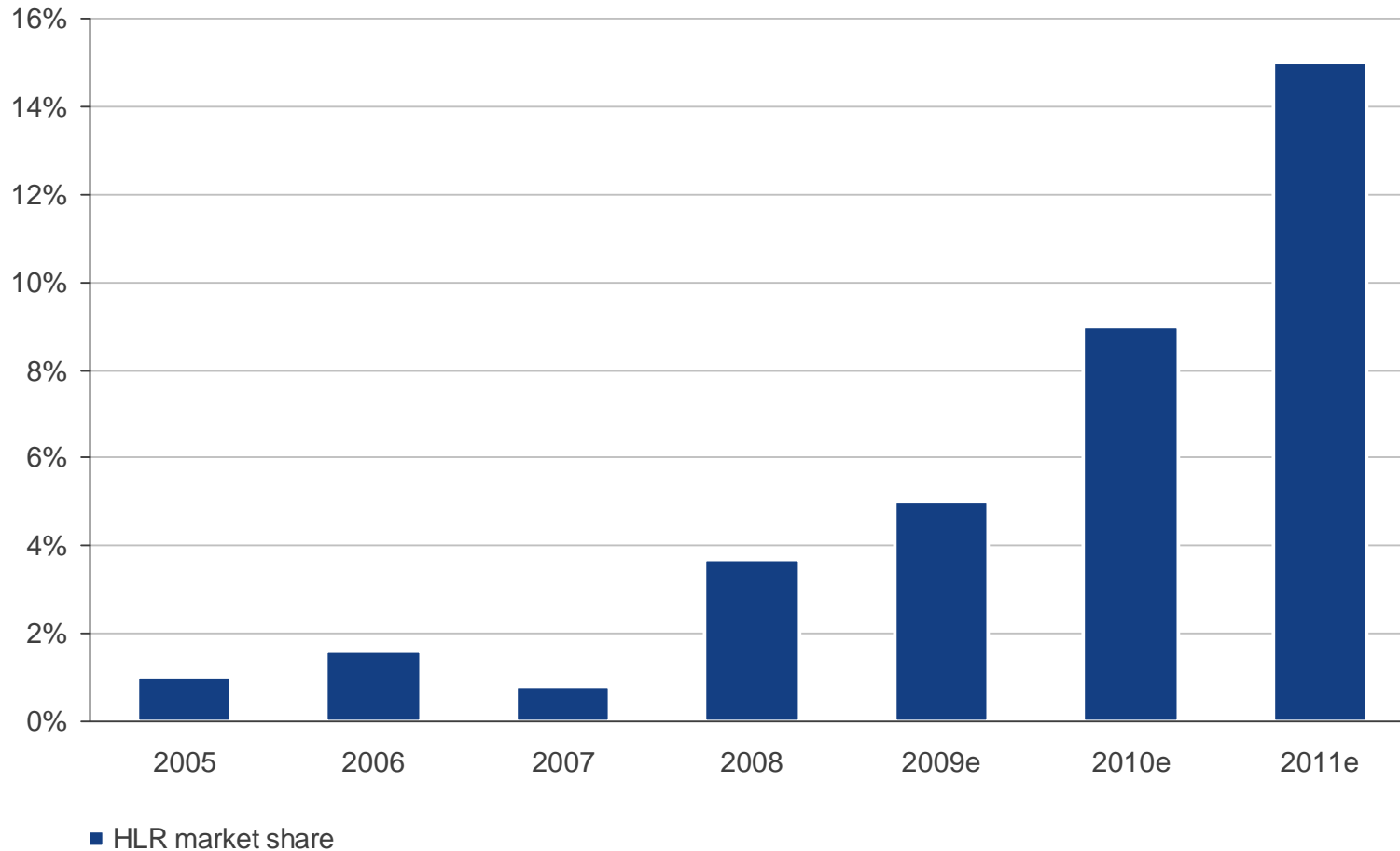
MORTALITY RESEARCH CENTER

Facts and figures

- Detailed mortality studies produced at the **treaty level** for 74% of block
- Results analysed in multiple dimensions:
 - Calendar year
 - Issue year
 - Treaty
 - Product type
 - Risk class
 - Duration
 - Issue age group
 - Face amount group
 - Attained age group
 - Exposure year
- Experience studies for the ING business alone include:
 - USD 2.8 trillion of face amount exposure
 - significant credibility in aggregate (over 37,000 claims) and for most dimensions above
 - exposure period from 1997 - 2008

HLR MORTALITY RISK MARKET SHARE

Measured by new business net amount at risk assumed



HOW DOES HLR MAKE MONEY PROVIDING MORTALITY SOLUTIONS?

- Disciplined systematic pricing process
- Mortality research center
 - Product development support
 - Experience analysis and monitoring
 - X factor development
- Superior client service
- Recognition that “volume is vanity, profit is sanity”

PANDEMIC RISK

Is addressed in a disciplined systematic pricing process

- The WHO and the Swine Flu “pandemic”
 - WHO declared Level 6 pandemic on 11 June 2009
 - 141 deaths worldwide as of 10 June 2009 (27 in the United States)
 - Seasonal influenza kills 30,000 – 50,000 Americans annually
- Group capital supports long-term solvency reflecting diversification of tail events across products and markets
- To achieve long-term margins, a pricing provision for pandemic risk is appropriate and necessary
 - A provision is systematically included in pricing such that target margins would be met over the life of the business even with a pandemic occurring within the next 30 years with an inherent severity similar to the 1918 pandemic

CAN TAKE MANY FORMS

- Support clients in acquisitions
(of legal entities or blocks of business)
- Allow companies to exit lines of business
where critical mass cannot be achieved
- Allow companies to monetise their embedded value
- Strategic financial planning
- New life business financing

A HISTORY OF SUCCESS THROUGH. . .

- understanding customer needs
- leveraging the Hannover Life Re network
- responding rapidly to ever changing U.S. regulatory requirements
- customising solutions to meet customer needs
- always partnering with our customers
- sourcing deals outside of an auction process
- capitalising on our expertise from 15 years of transactions
- enhanced by the capabilities of the mortality research center

COMPETITIVE LANDSCAPE PRESENTS MANY OPPORTUNITIES

Resulting in very attractive margins

- Significant reduction in 2008 of U.S. life insurance companies' regulatory capital and surplus
 - In addition, most companies have substantial unrealised capital losses
- Competition from the capital market has been eliminated (temporarily?)
- Asset valuation makes acquisition transactions problematic

Financial Solutions in the United States

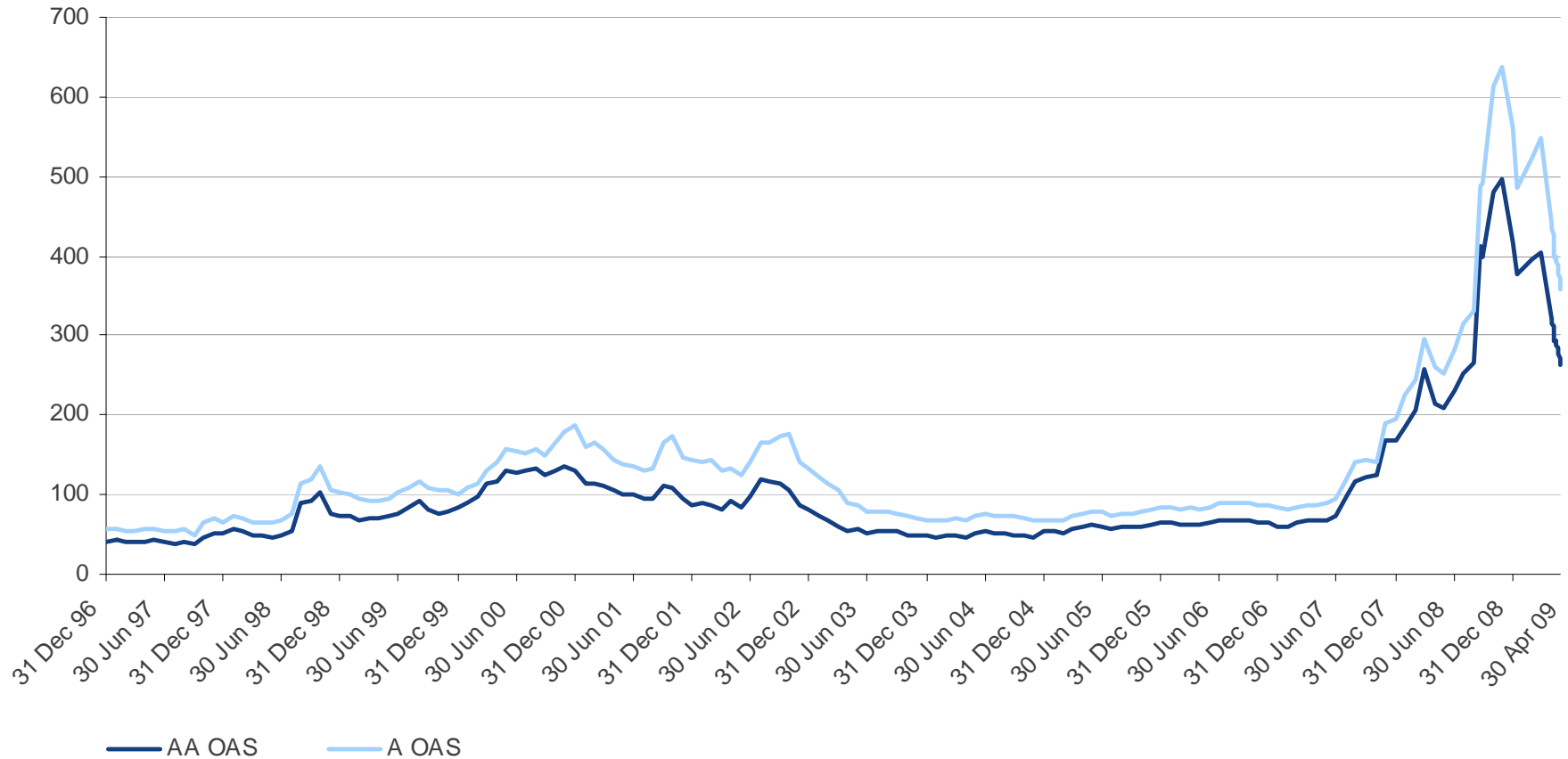
REQUIRES A TRANSFER OF INVESTMENT RISK. . .**. . .which is complicated by DIG B-36**

- B-36 relates to modco or co-funds withheld reinsurance
- In addition to recording Other Than Temporary Impairments (OTTI), the change in the value of the deposited assets related to a change in option adjusted spreads (OAS) flows through the IFRS income statement
 - If the assets were owned by the reinsurer, this change would flow through the balance sheet as Other Comprehensive Income (OCI)
- Spreads widened to historically high levels in Q4/2008
- While remaining relatively stable in Q1/2009, spreads have tightened significantly in Q2/2009

Option adjusted spreads

HAVE TIGHTENED IN 2009

But remain at historically high levels



FOCUSED ON THE PROFITABLE & GROWING SENIOR CITIZEN MKT

- Medicare supplement
- Medicare Prescription Drug Program (Part D)
- Medicare Private Fee for Service
- Several reinsurance programmes associated with the American Association of Retired Persons (AARP)
- Unique senior life programmes tied to Non-Life products

WHAT WE DON'T DO

- Long-term care
- Guaranteed benefits on variable annuities

HOW WE MAKE MONEY...

...reinsuring Medicare-related products

- Small and medium insurance companies are active in this niche
- They require the capital support of Hannover Life Re U.S.
- Our expertise from 12 years in the business can mean the difference between profits and losses
- Substantial changes in Medicare programme make Hannover's expertise and quick response time even more valuable

WHAT IS THE STATUS OF THE U.S. HEALTHCARE MARKET

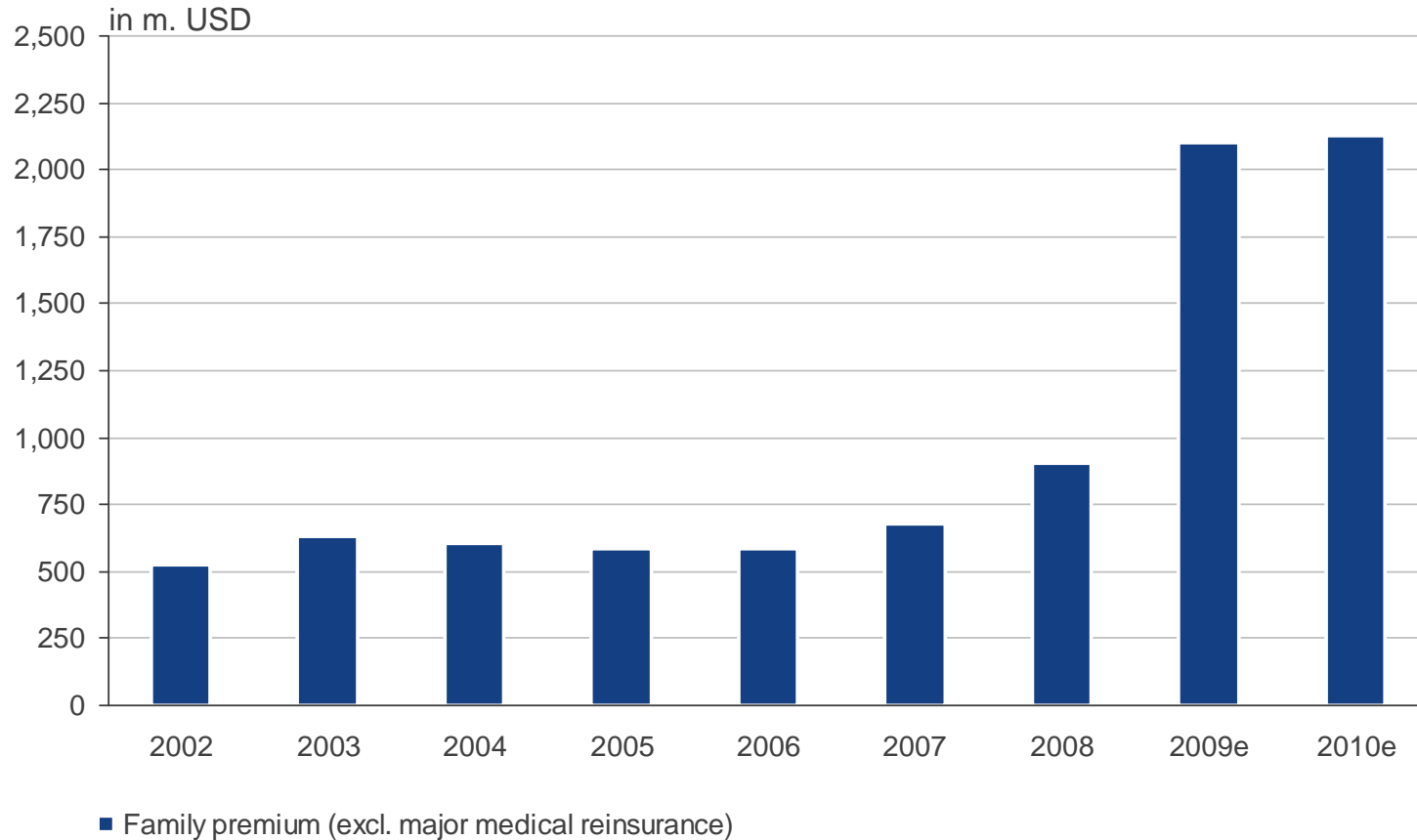
With respect to senior citizens

- Medicare Part D continues to provide attractive returns
 - New entrants need to avoid becoming providers of naïve capacity
- Medicare Advantage Private Fee for Service is targeted for significant cuts in funding by the Obama administration and Congressional Democrats
- Decline of Medicare Advantage will result in growth of Medicare Supplement
- Potential extension of Medicare to age 55 and older

Top-Line Revenue

HAS GROWN SIGNIFICANTLY

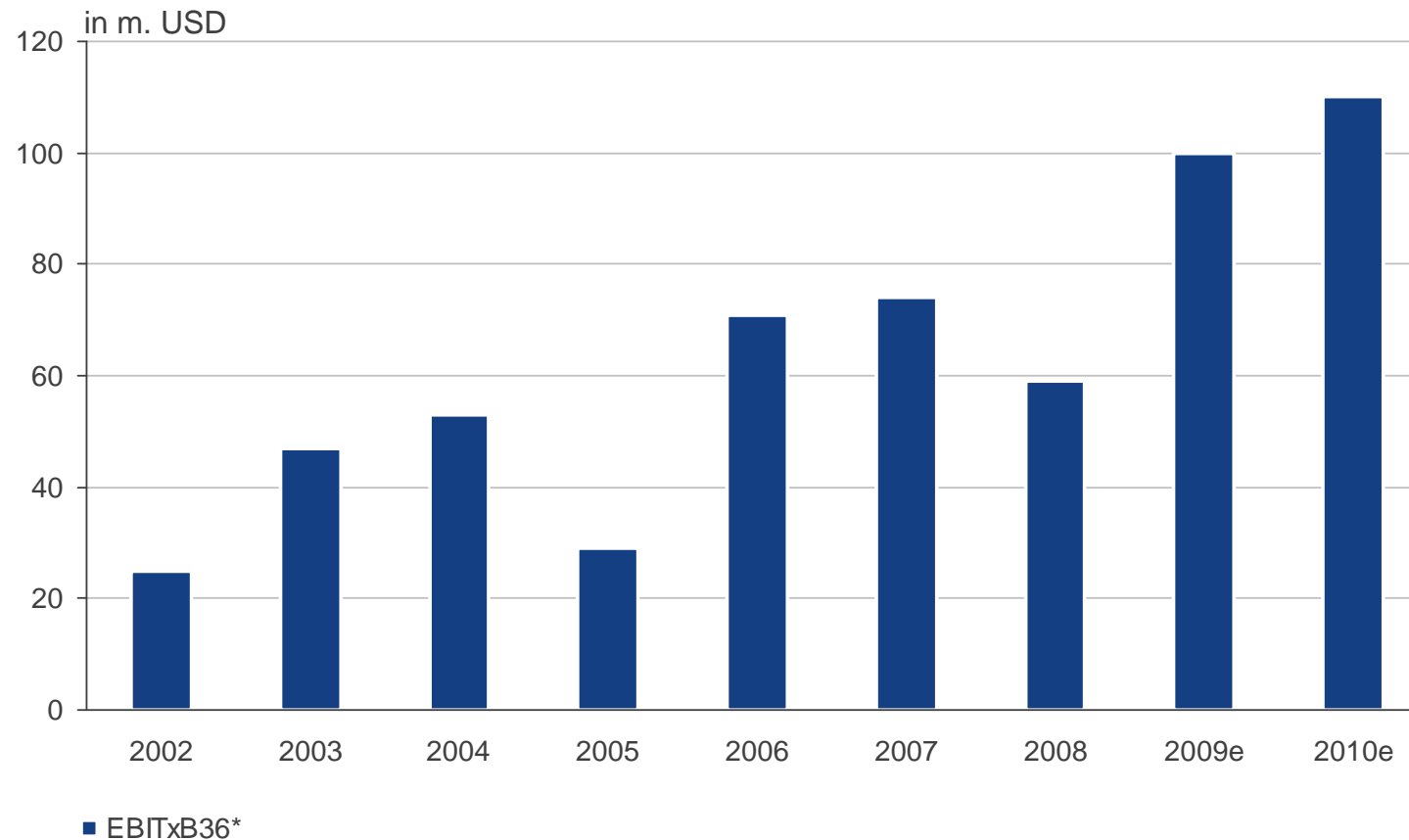
Hannover Life Re US



Earnings before interest and taxes (EBIT)

CONTINUE TO DEVELOP FAVOURABLY

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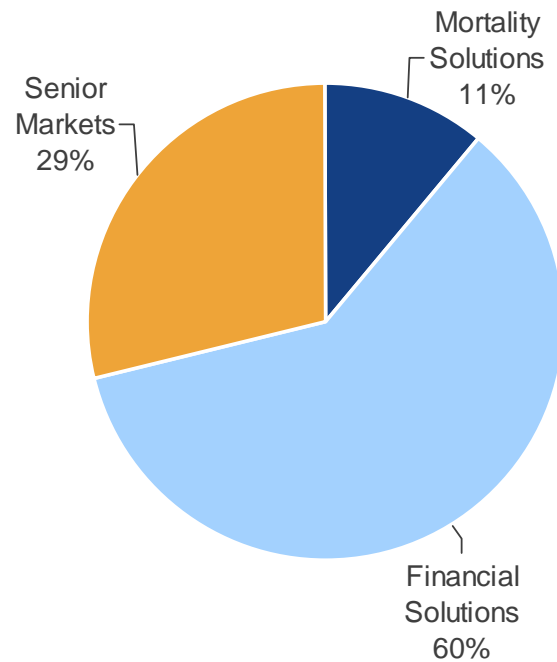
* Excluding accounting pronouncement B-36 and one-time effect of ING transaction

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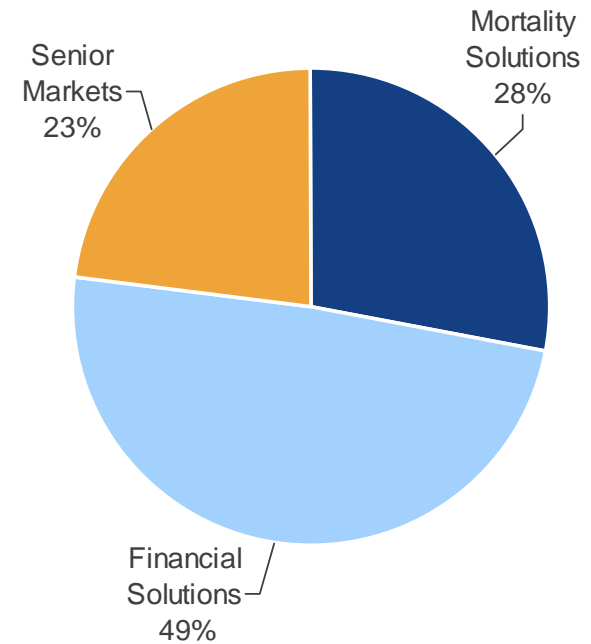
EBIT BY BUSINESS SEGMENT

Hannover Life Re US

2008



2009e



GROWING PROFITS BY PROVIDING SOLUTIONS

- HLR US is a somewhat different reinsurer profiting from customising solutions for our clients
- We will continue to grow our profits by:
 - leveraging the Hannover Life Re network to provide financial solutions
 - growing our senior market business by quickly adapting to the changes in the Medicare programme
 - using our mortality expertise to provide mutually profitable solutions to direct writers