



Non-Life growth perspectives

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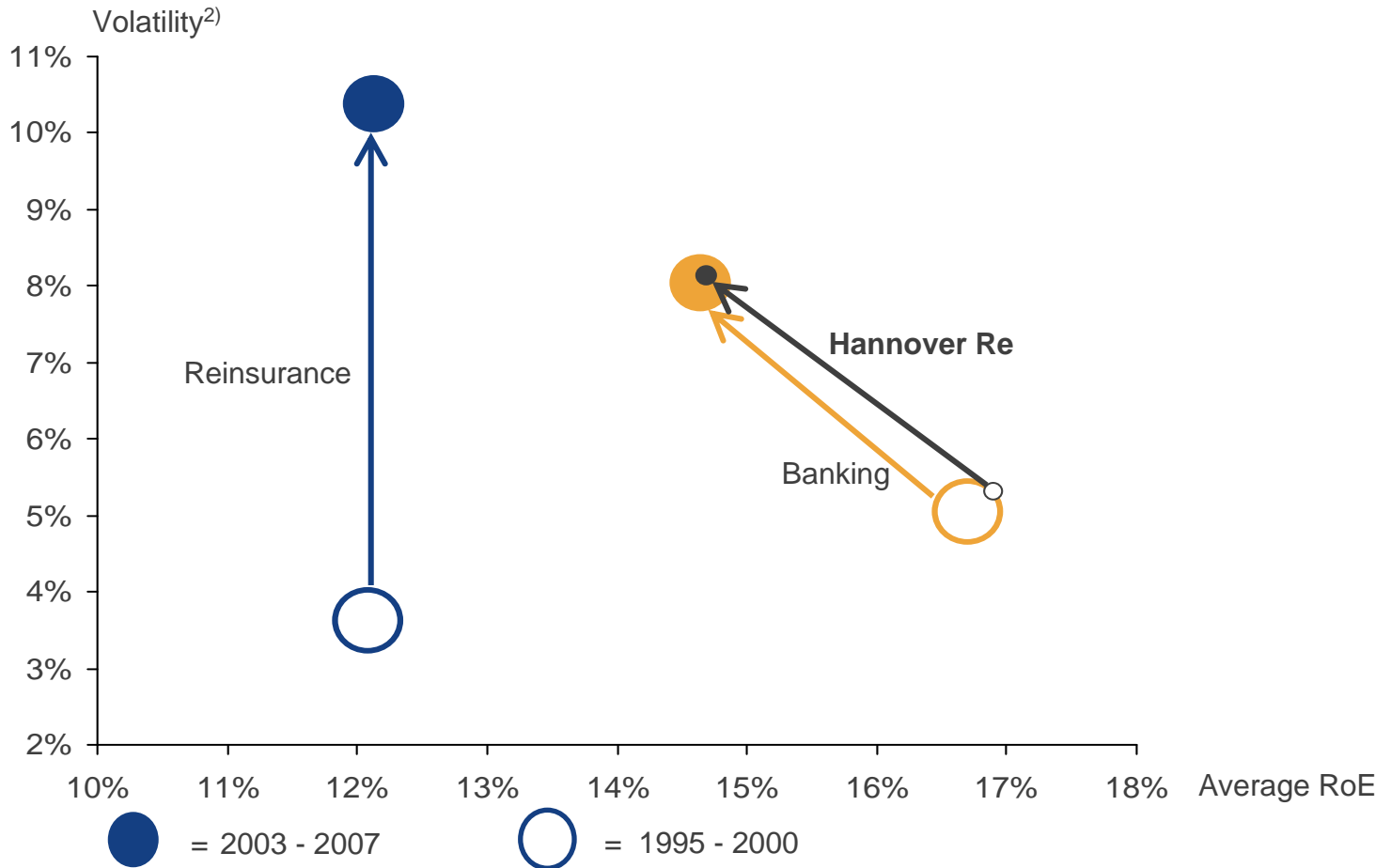
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IMPORTANT NOTE

- Unless otherwise stated, the Multi Specialist part of the presentation is based on **underwriting-year (U/Y) figures**. This basis is only remotely comparable with calendar-year (C/Y) figures, which are the basis of quarterly and annual accounts.
- The situation shown in this presentation exclusively reflects the developments in **Hannover Re's portfolio**, which may not be indicative of the market development.
- Portfolio developments are measured at **constant foreign exchange rates**.

ROE¹⁾ AND VOLATILITY DRAMATICALLY WORSENE

Throughout the past ten years



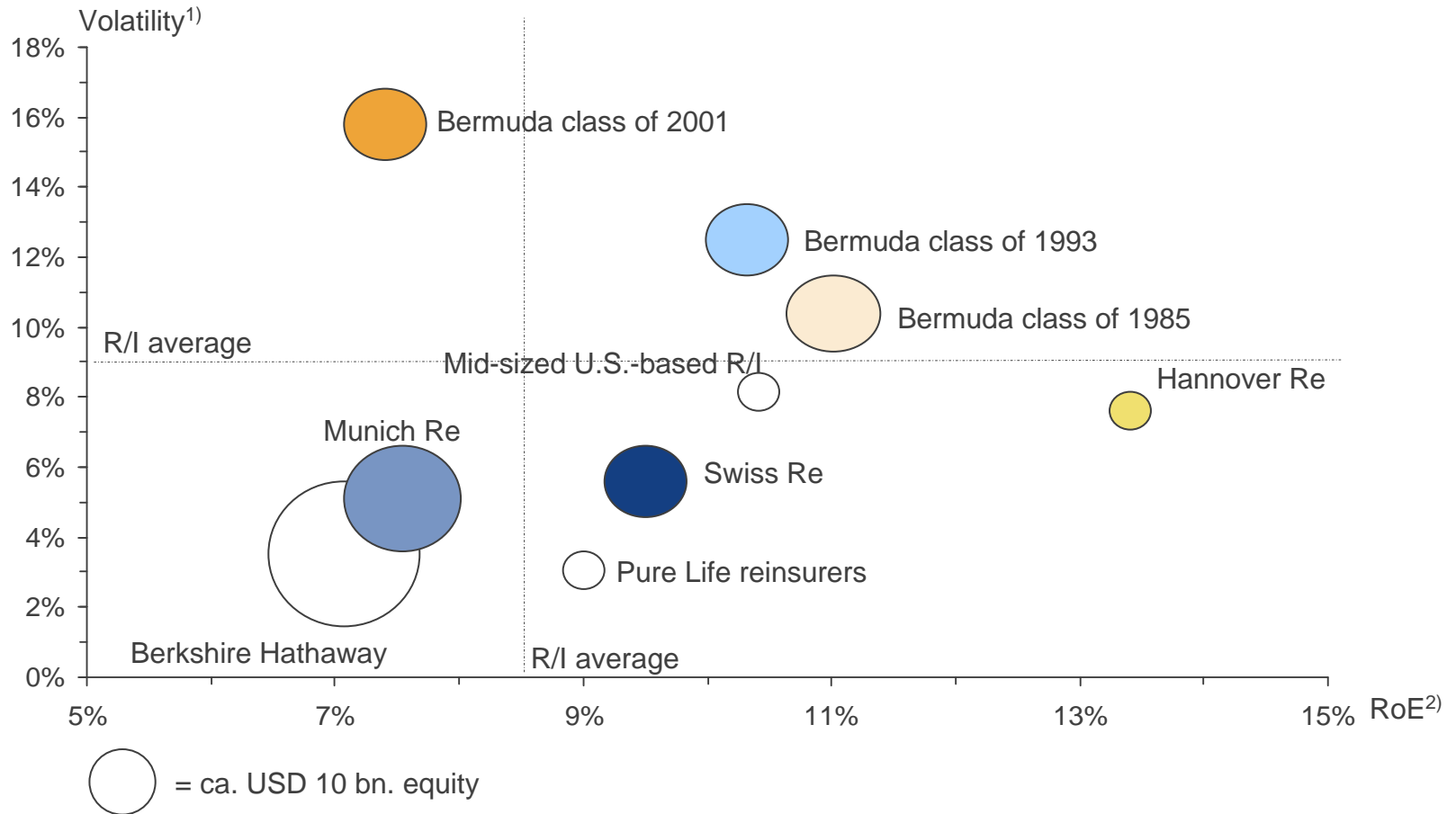
Source: Bloomberg; Orbis; BCG analysis; Internet

1) Return on Equity

2) RoE standard deviation

HANNOVER RE SHOWS HIGHEST ROE OF INDUSTRY

With below-average volatility



Source: Bloomberg; Orbis; BCG analysis; Internet
 1) RoE standard deviation 1995 - 2005

2) Average 1995 - 2005

Continuously high returns

HANNOVER RE'S RISK-REWARD RATIO IS BEST IN CLASS

Always top over the cycle

10-year period (1998 - 2007)	Hannover Re	Munich Re	Swiss Re	Partner Re	Everest Re	Transatlantic Re
Average RoE	12.2%	6.2%	5.5%	11.5%	11.6%	12.1%
Standard deviation	6.9%	5.2%	12.9%	11.8%	7.1%	8.3%
Risk adj. Return ¹⁾	1.8x	1.2x	0.4x	1.0x	1.6x	1.5x
Average RoR	6.2%	4.2%	7.3%	10.5%	13.4%	9.8%
Standard deviation	3.6%	5.1%	10.1%	13.1%	8.4%	7.3%
Risk adj. Return ²⁾	1.7x	0.8x	0.7x	0.8x	1.6x	1.3x
Average C/R	104.3%	107.0%	110.5%	100.0%	101.8%	102.6%
Standard deviation	7.5%	12.0%	17.0%	15.9%	9.4%	6.6%

Own calculation

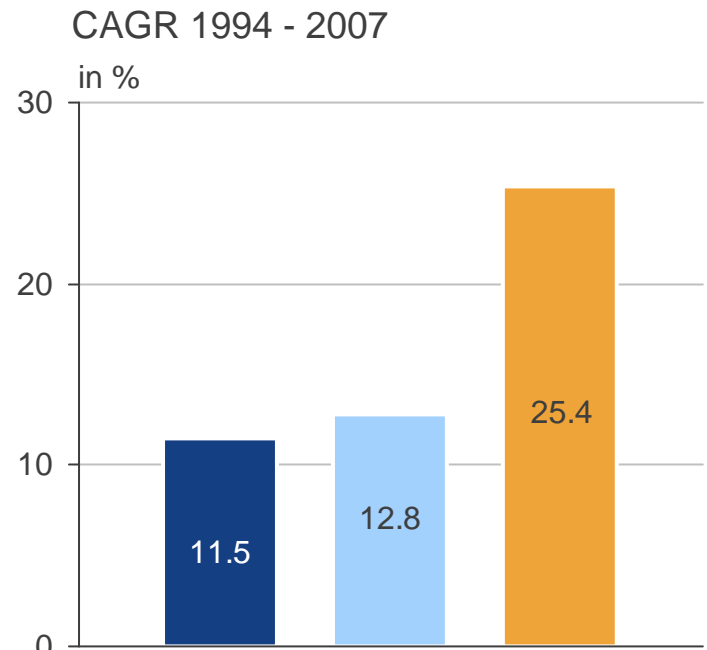
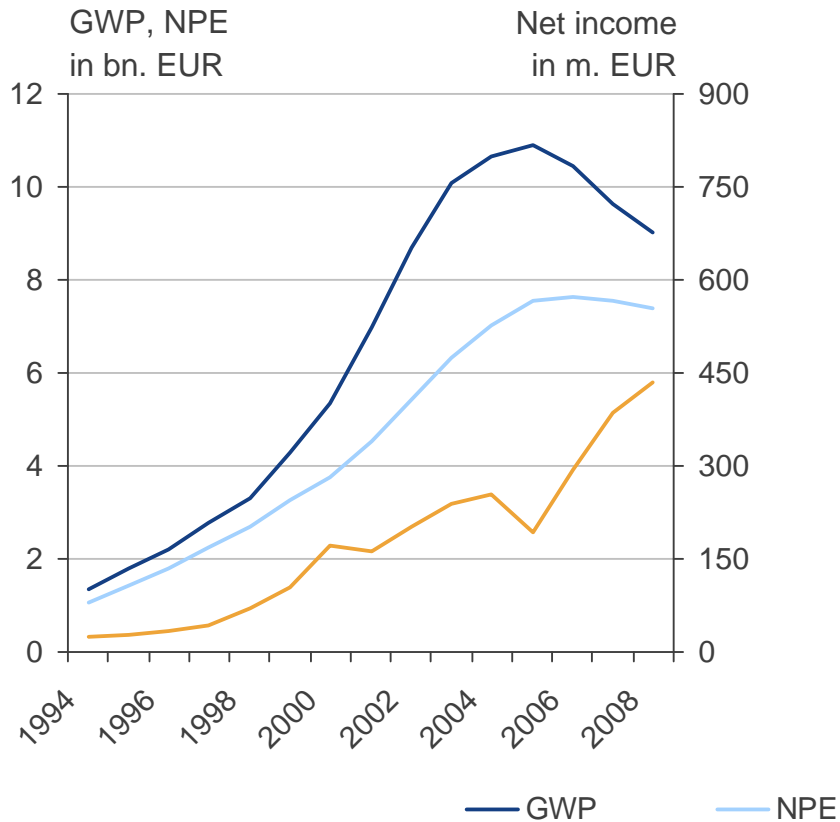
1) Adjusted Return on Equity per unit of risk = Average RoE/standard deviation

2) Return on Revenue (RoR) per unit of risk = Average RoR/standard deviation

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SIZE IS NOT AN INDICATOR FOR PROFITABILITY

Moving away from volume accounts to excess of loss



GROWTH AT HANNOVER RE MEANS GROWTH OF PROFITS

Strategy

- As a Multi Specialist we compete with the best in each market
- Cyclical markets:
 - we grow our market share only during hard market phases
 - we scale our market share back in soft markets, regardless of the expense ratio
- Distribution channels:
 - in the majority of markets we operate through brokers
 - centralised basis from Hannover
 - local offices especially in growth markets

**We receive excellent scores for our expertise:
Hannover Re repeatedly voted as "Best Reinsurer"**

WHO DOES WHAT - AND WHO DOES IT CORRECTLY?

Competitors' ideas to grow their non-life book:

→ Insurance-linked securities

- More of an investment than a source for profits?

→ Acquisitions

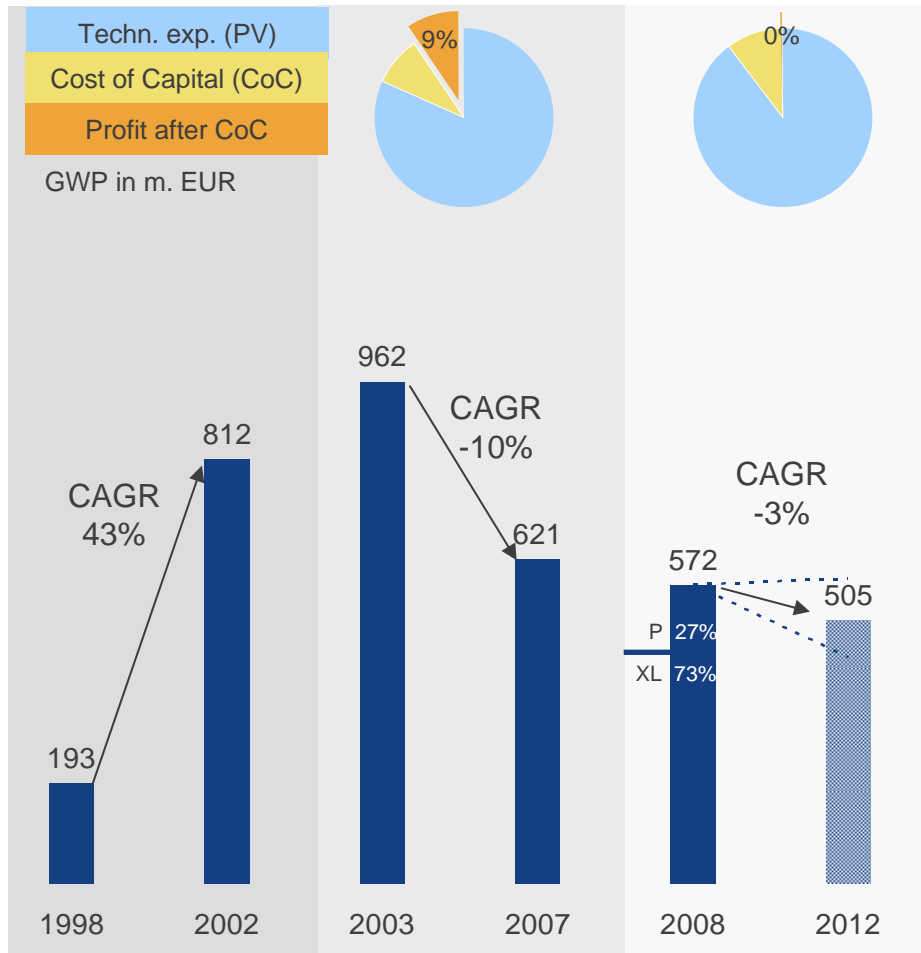
- Diversification? Timing? Competing with clients?

→ Niche markets

- Who can really combine access, expertise and local touch?

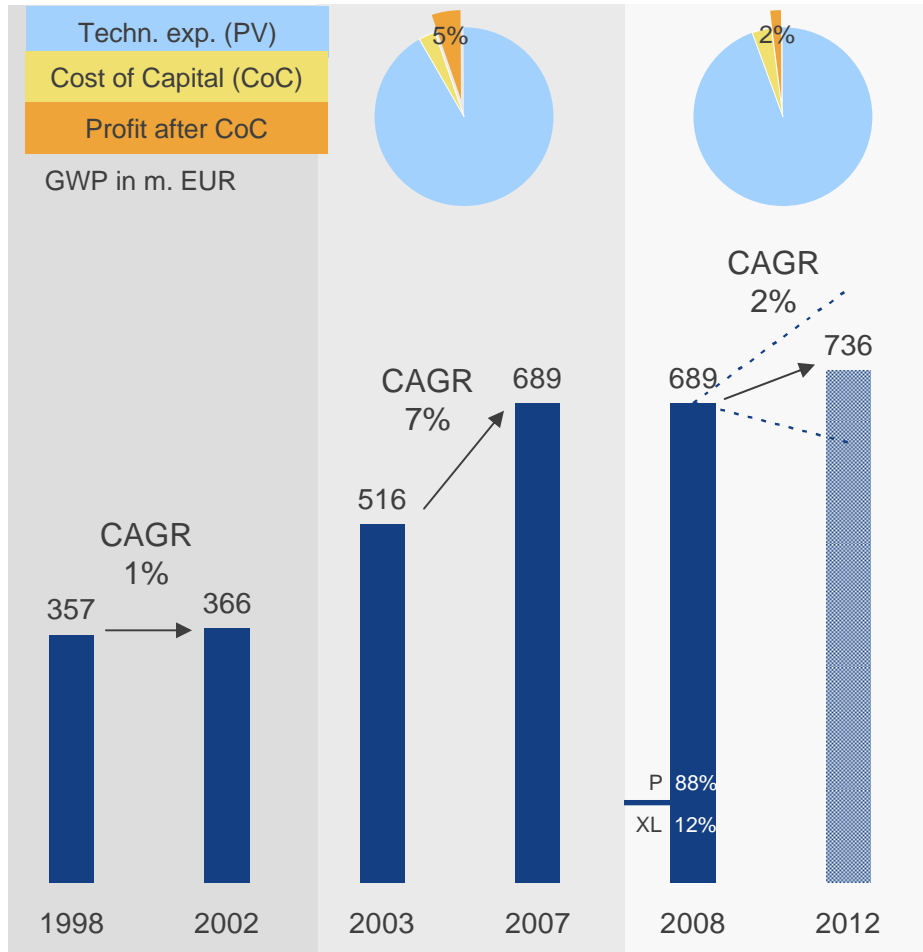
We do things differently - and better!

U.S. OPPORTUNISTIC U/W APPROACH



- Benefiting from cycle-experienced underwriters
- Sustaining a very high market penetration
- Willingness to let unprofitable business go
- Emphasis on excess of loss
- Positive leverage over the cycle

E+S UNIQUE BUSINESS MODEL IN GERMANY

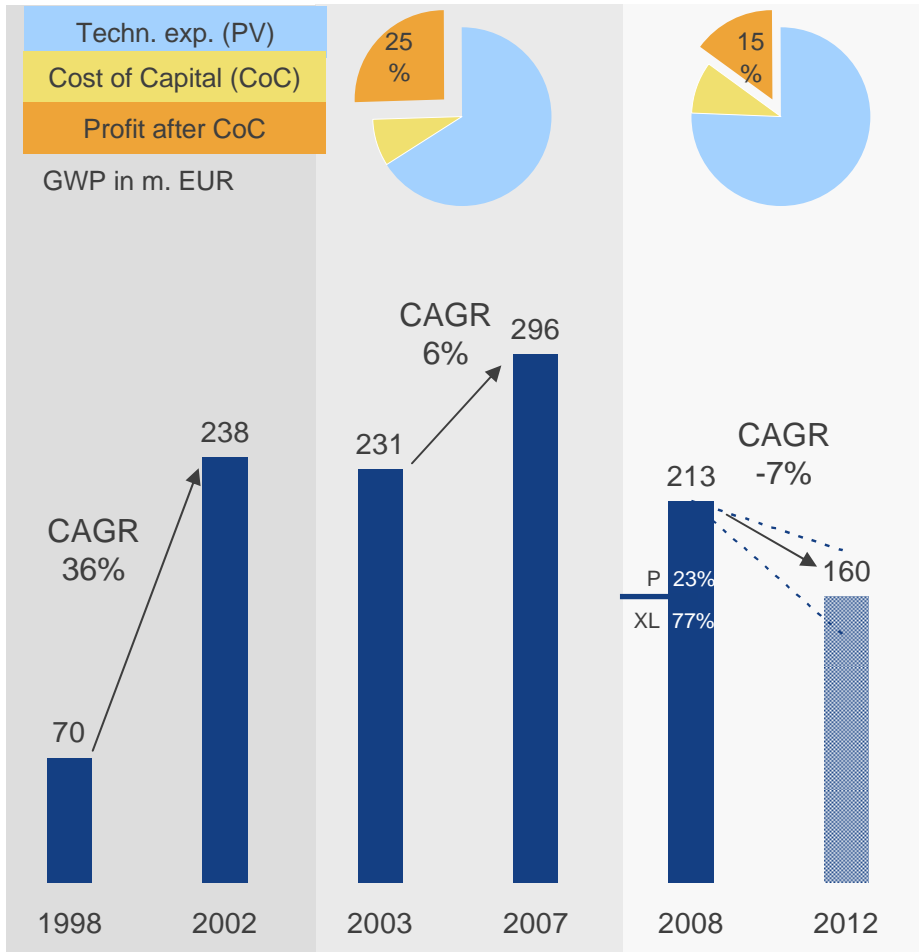


- 2% market growth projected
- Selective U/W approach
- Increasing demand for reinsurance due to Solvency II
- Right of first refusal on (Talanx-) group business
- Shareholders of E+S - the Mutual advantage:
 - growing stronger than the market
 - leaner cost structure, better results
 - 3 new shareholders for E+S over the last 10 years

* Including Talanx business from 2003

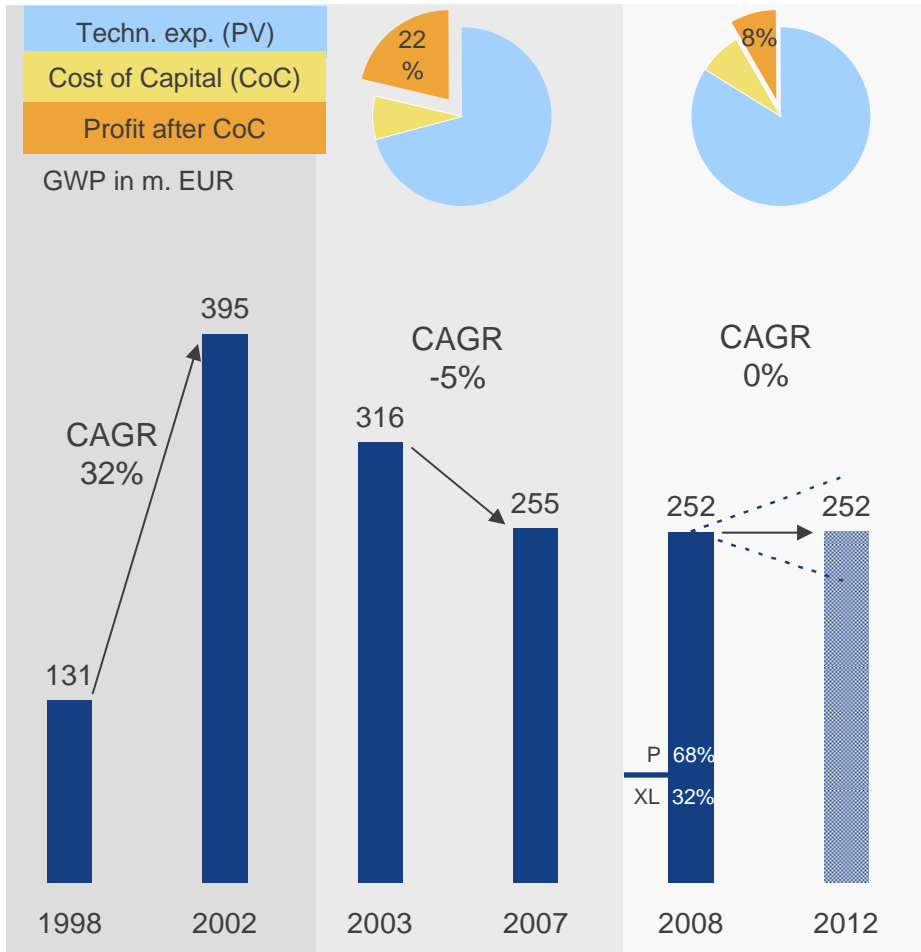
CATASTROPHES HAVE STRONG IMPACT ON RATES

Boosted by Rita, expected to normalise



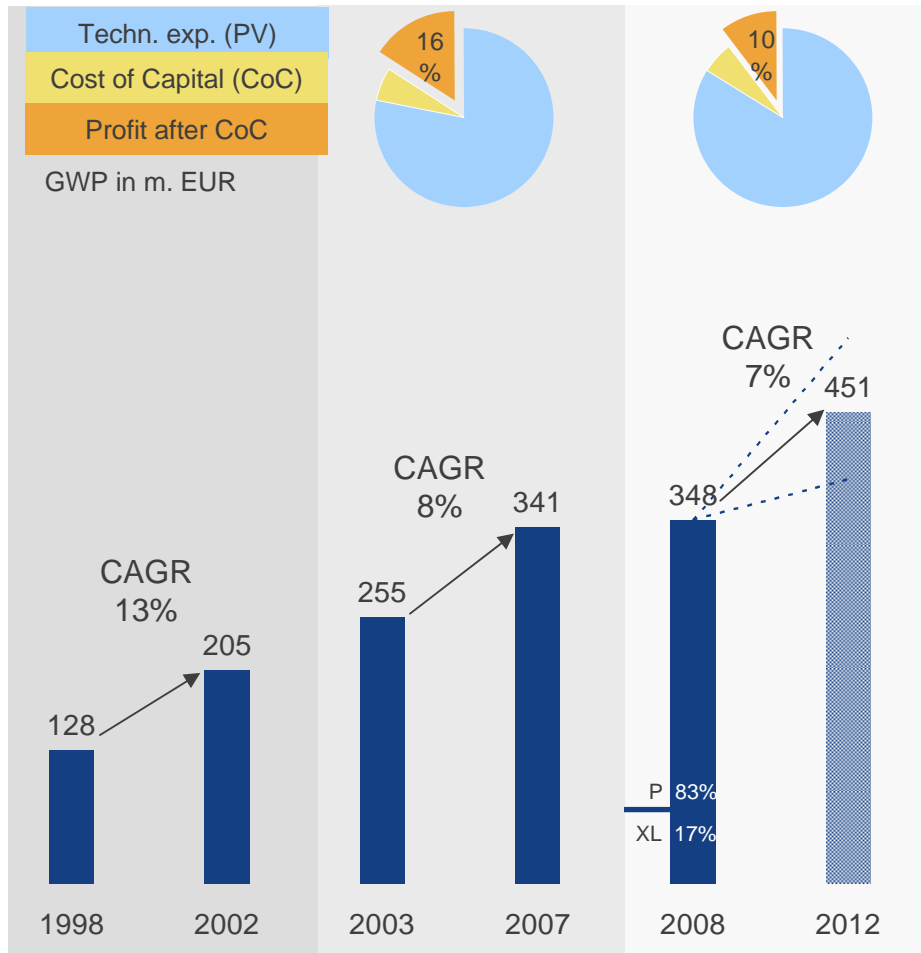
- Premium volume going back to normal
- Focus on cargo business
- Hannover Re diversifies geographically

STABILISING RATES, STABILISING PORTFOLIO



- Reinsurance prices with slight reductions
- Growth segment: general aviation
- Regional growth: Brazil
- On balance, our portfolio is stable

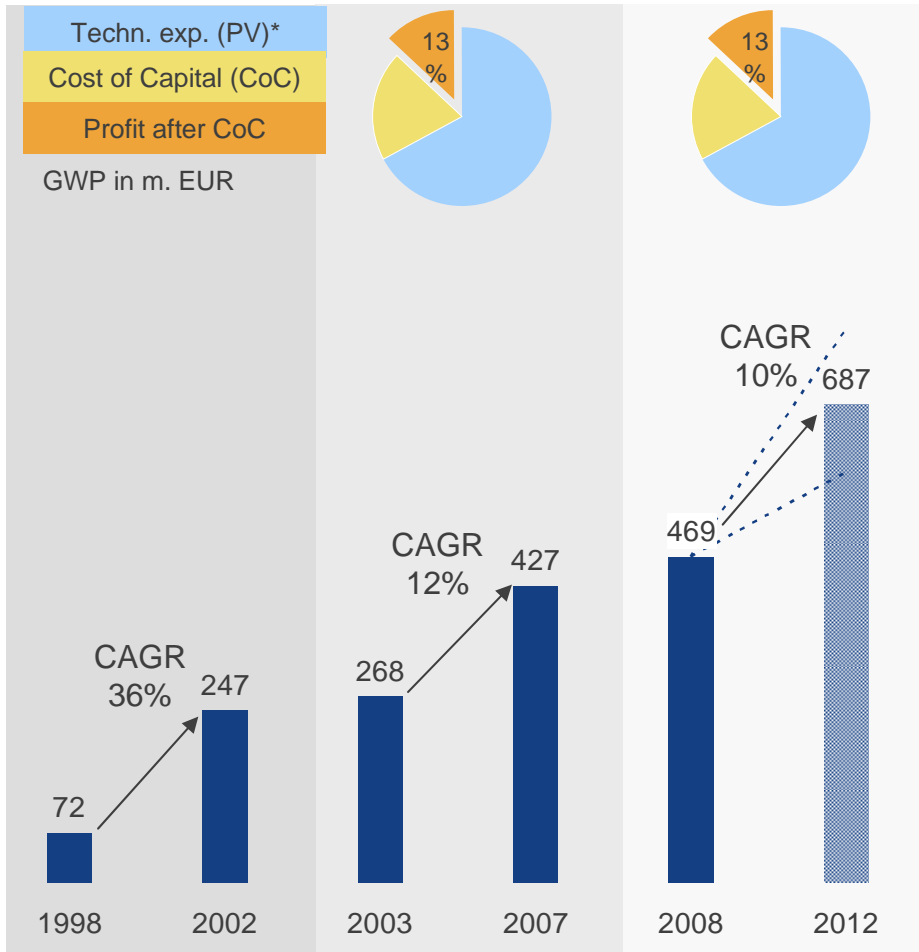
ONE OF OUR MOST PROFITABLE SEGMENTS



- Organic growth due to further increase of worldwide trade and investments
- Steady transfer of surety business from banking to insurance sector (Basel II driven)
- Continued expansion in political risk

INCREASING VALUES, CONCENTRATION AND DEMAND

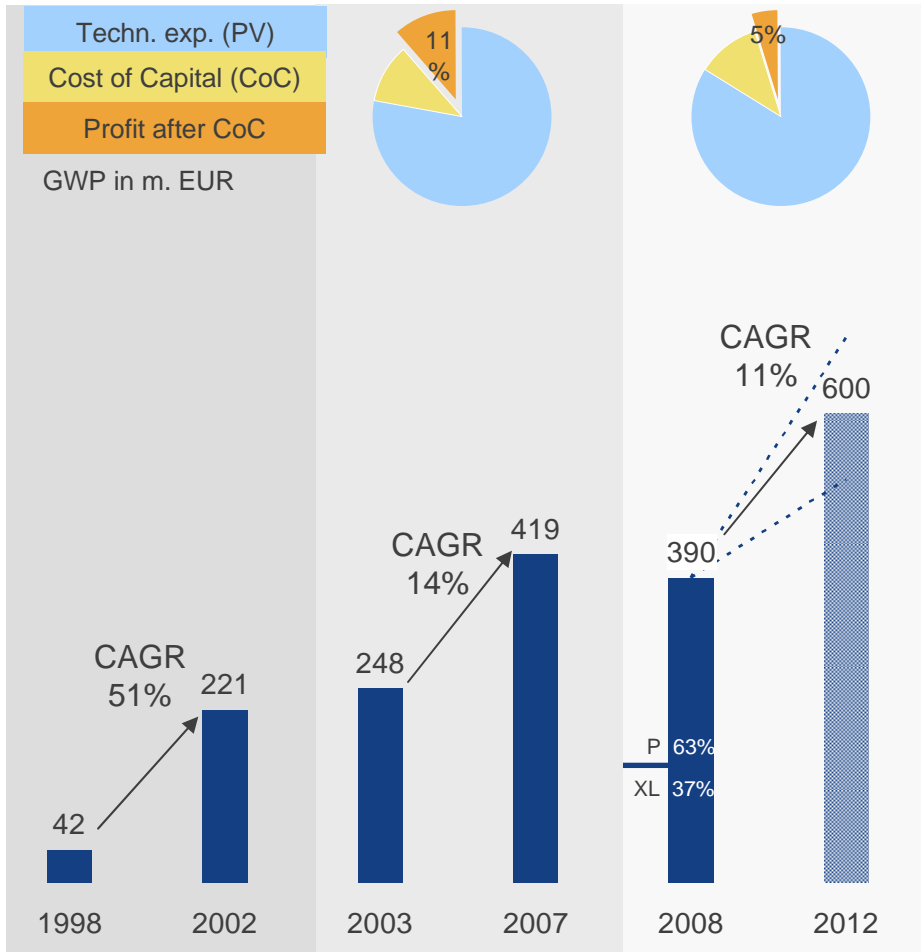
The more risk there is, the more reinsurance is needed



- Sophisticated quotation tools reduce cyclicity
- Our pricing can change faster than the climate
- Insurers will always need reinsurance for peak exposures
- Value concentration increases need for reinsurance
- Diversification reduces cost of capital
- Global warming generates risks, increases demand for reinsurance

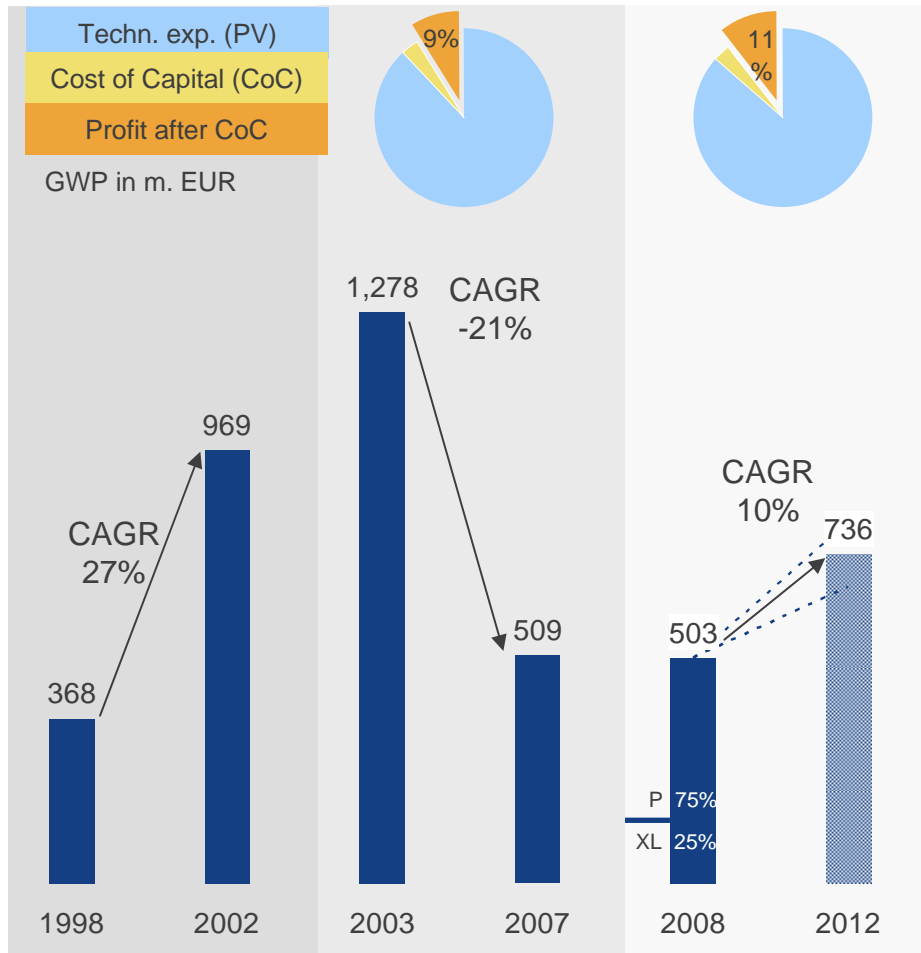
* Expected/modelled

NO GROWTH FOR SOFT MARKET EXPECTED



- Facultative entered soft market first
- Facultative will leave soft market first
- Constantly adding expert knowledge in niche segments

WE ARE ONE OF THE LEADING PROVIDERS



U.S.

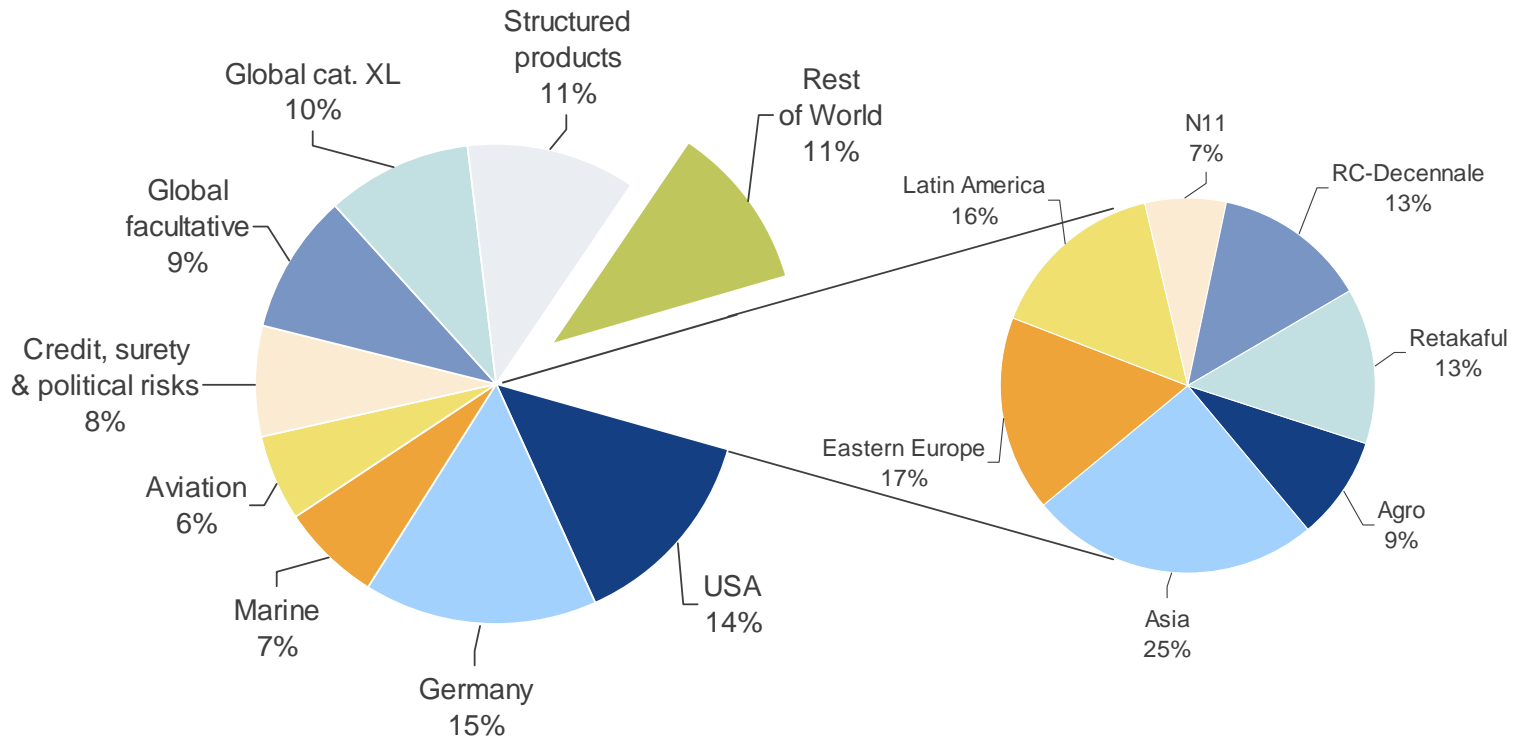
→ Interest in structured reinsurance reappeared. Back to normal after Spitzer

Rest of World

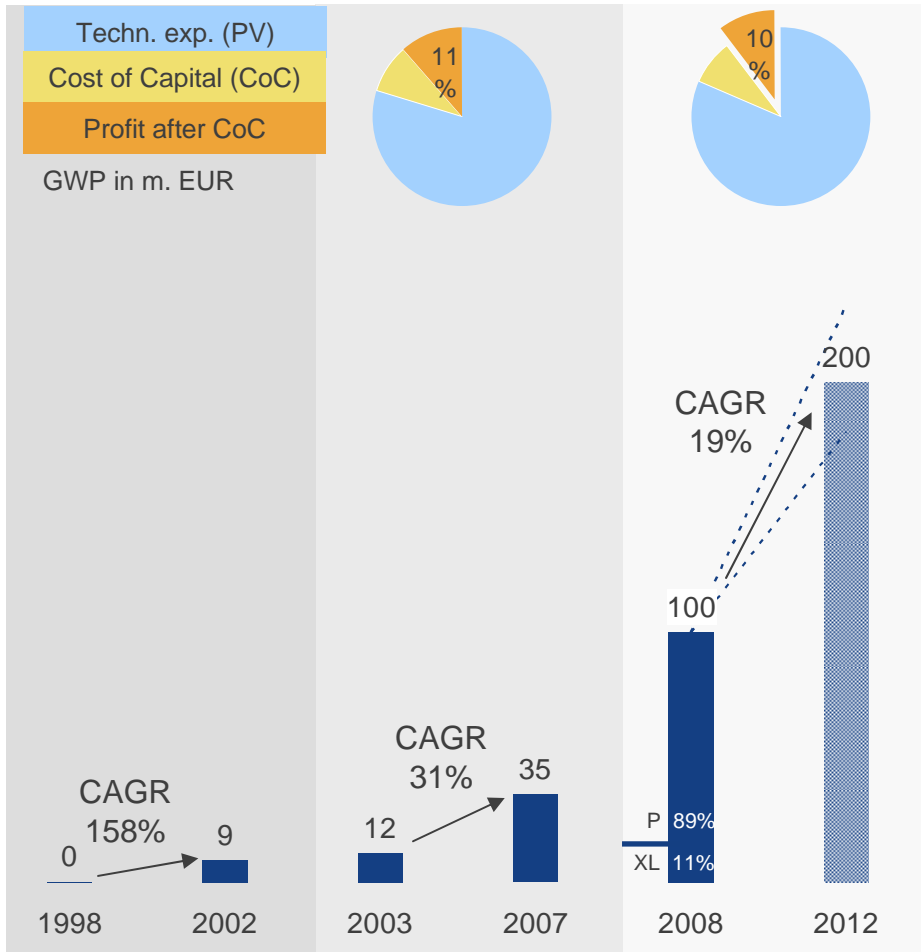
- Very high client retention
- Intensive marketing activities of the last years start to pay off
- Increased portfolio in Asia and Europe
- Introduction of Solvency II will increase interest in structured products within Europe

SMALL AND BEAUTIFUL

Drilling into the details of "Others"



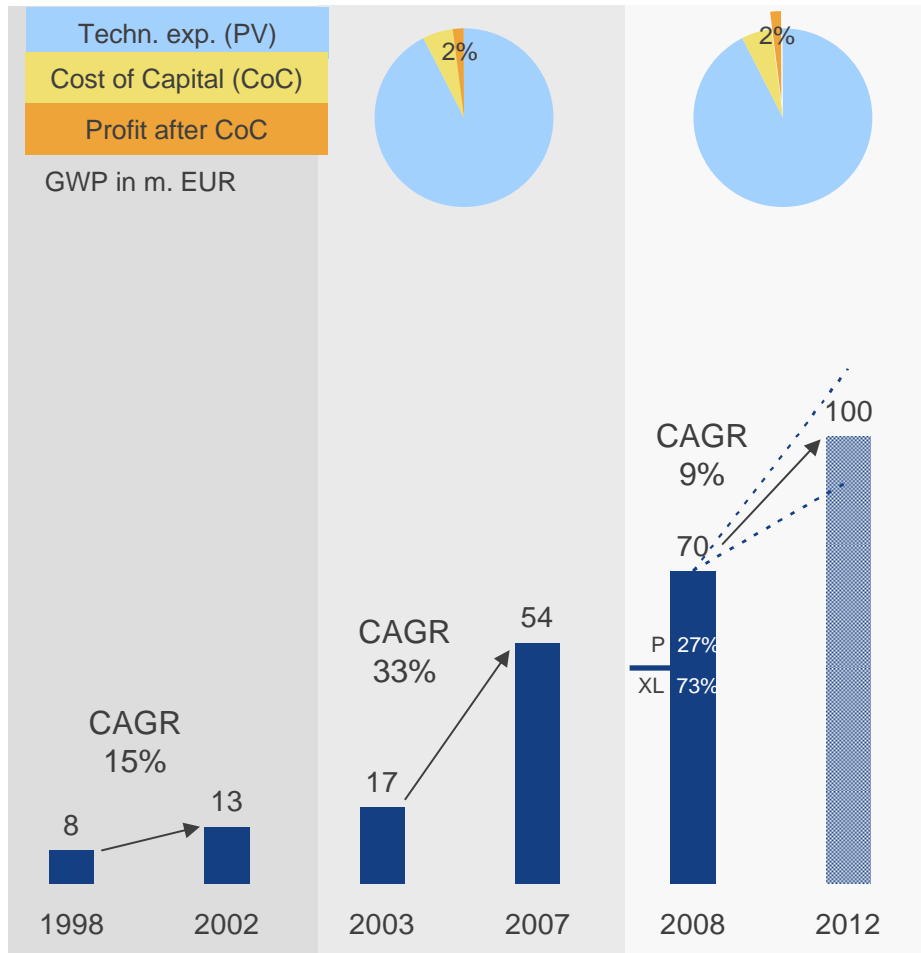
THE HUNGRY PLANET



- Developing markets represent 70% of agricultural production, but only 20% of insurance premium for agro risk
- Increasing food prices will lead to more commercial farming
- Increases in food prices translate into higher insured values and higher premium

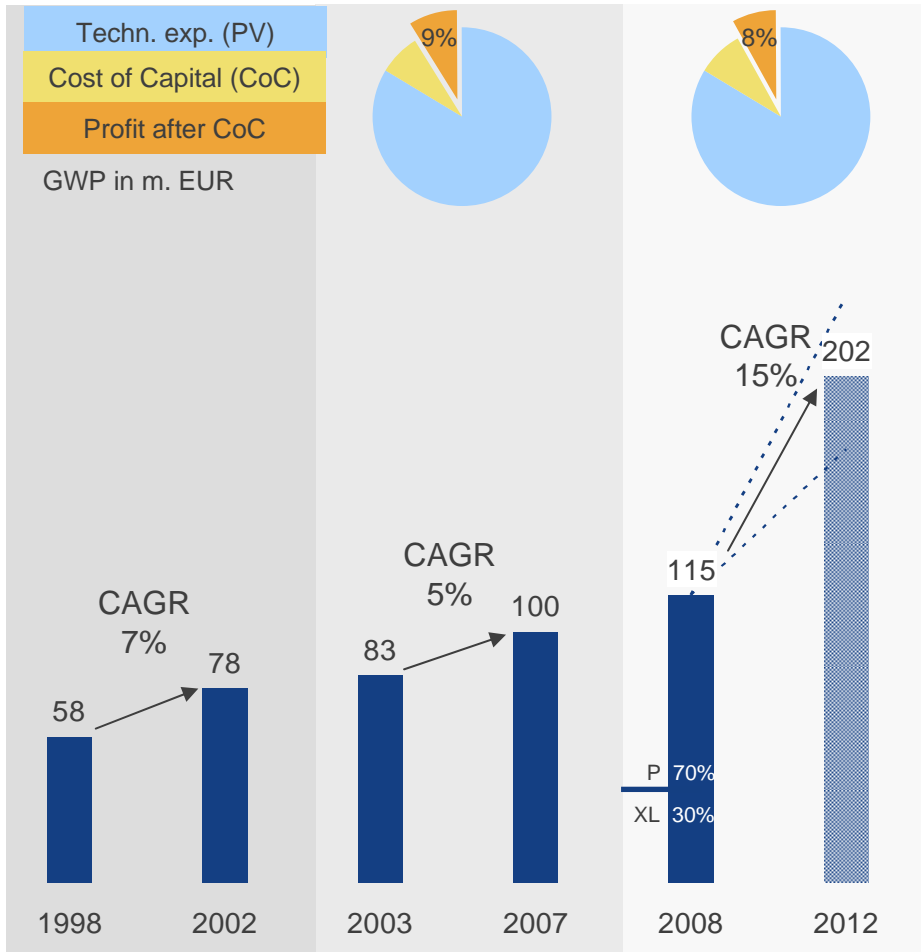
ONLY FOR SPECIALISTS

10 year cover for serious construction errors



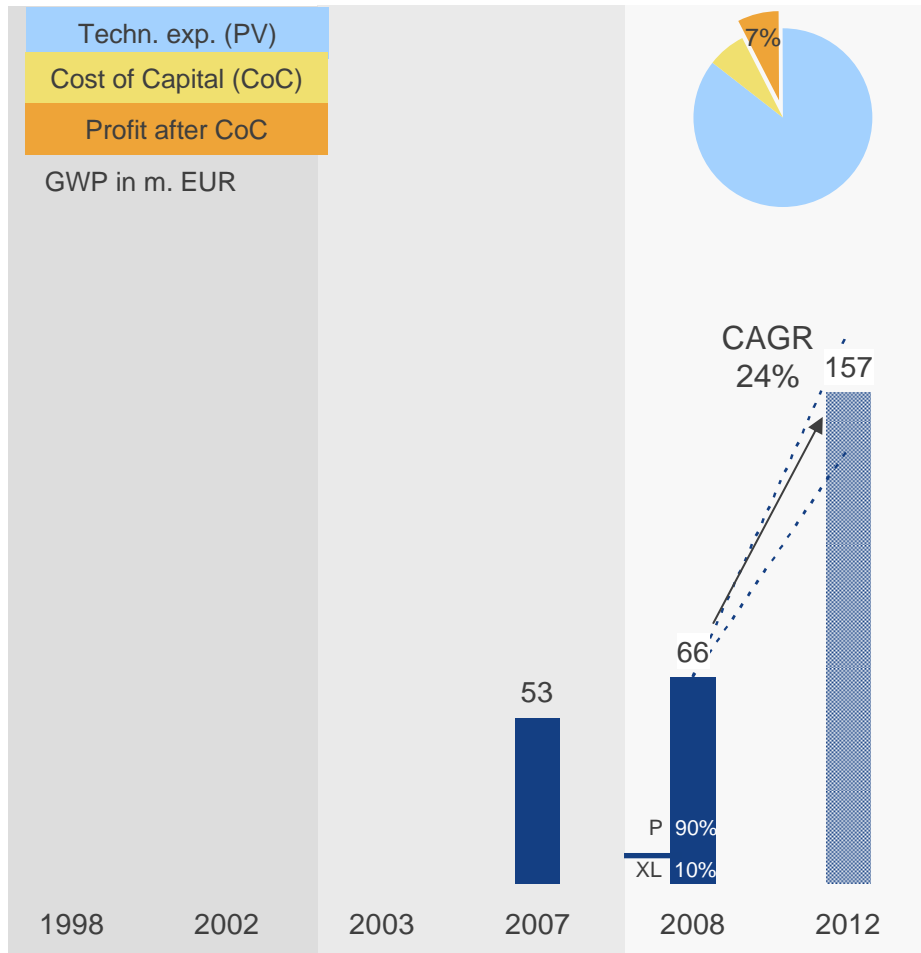
- Accepting long-tail risks requires thorough knowledge
- Hannover Re's knowledge is vertically integrated: our specialists are experienced not only in insurance and reinsurance but also in the building sector
- Simply offering a good balance sheet is not enough

INCREASING INSURANCE DENSITY



- Non-linear relationship between GDP growth and insurance spending
- Regulatory requirements increase need for quality reinsurance
- Demand for motor insurance on the increase

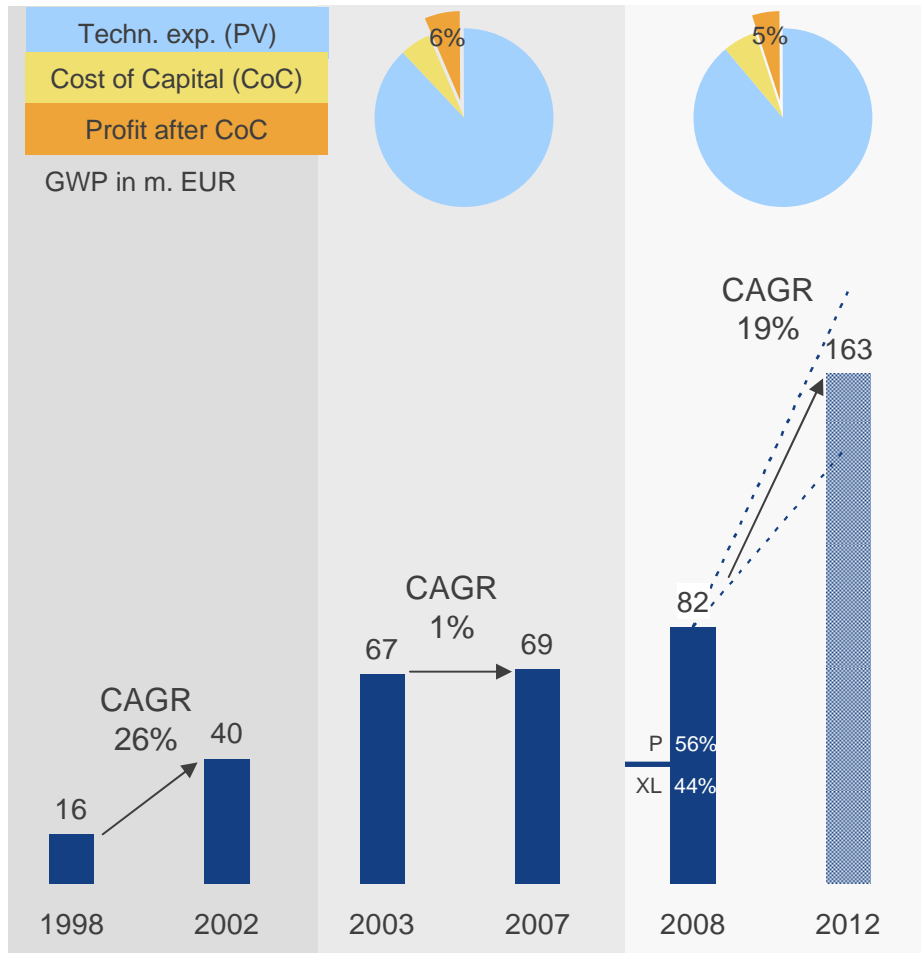
ISLAMIC INSURANCE MARKET TO BE DEVELOPED



- 2007 was a good start, 2008 looking even better
- Tapping a vast growing market
- High oil price fuels value creation
- Getting the right people is important
- Sharia-compliance is the foundation for this business model

First-mover advantage for Hannover Re

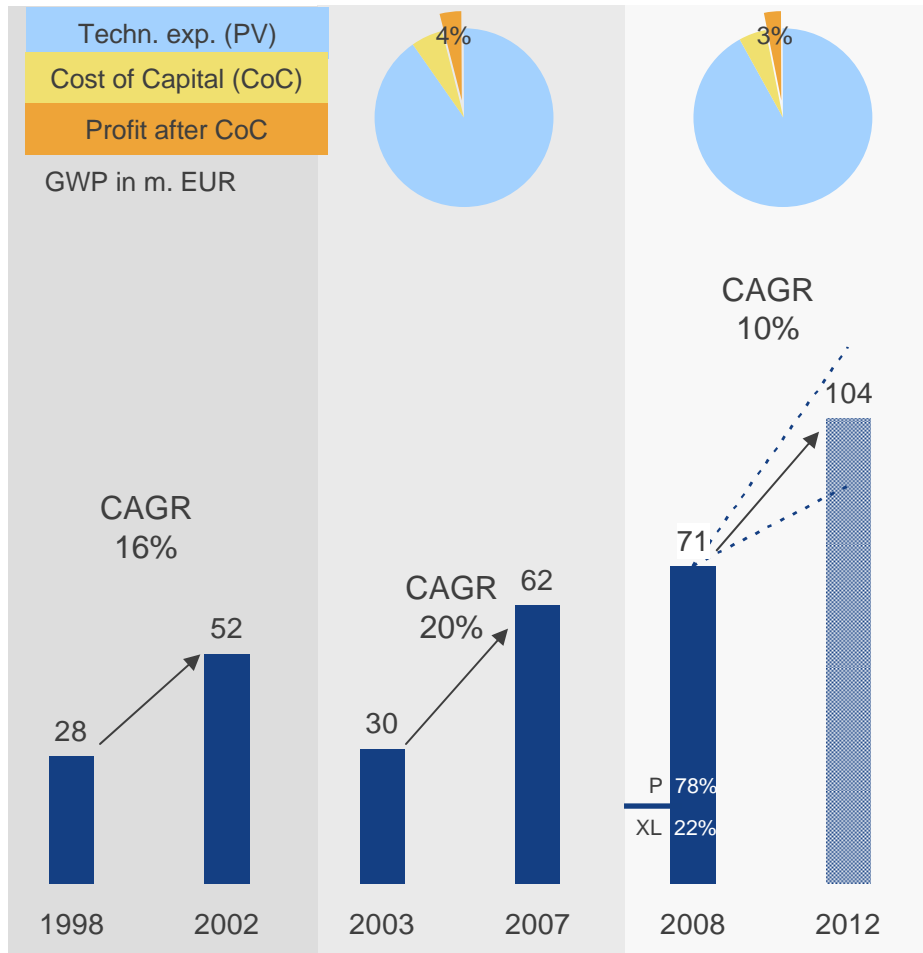
BUILDING ON OUR EXCELLENT REPUTATION



- Outstanding growth of primary insurance markets and above-average growth in reinsurance demand
 - Above average sustainable profitable growth in CEE markets
- Excellent profitability of the underwritten portfolio
- Portfolio diversified across all lines of business and all countries in the region
- Well promoted trade mark and profound knowledge of local markets
 - Excellent competitive position for Hannover Re ("Best foreign reinsurer" in Russia)

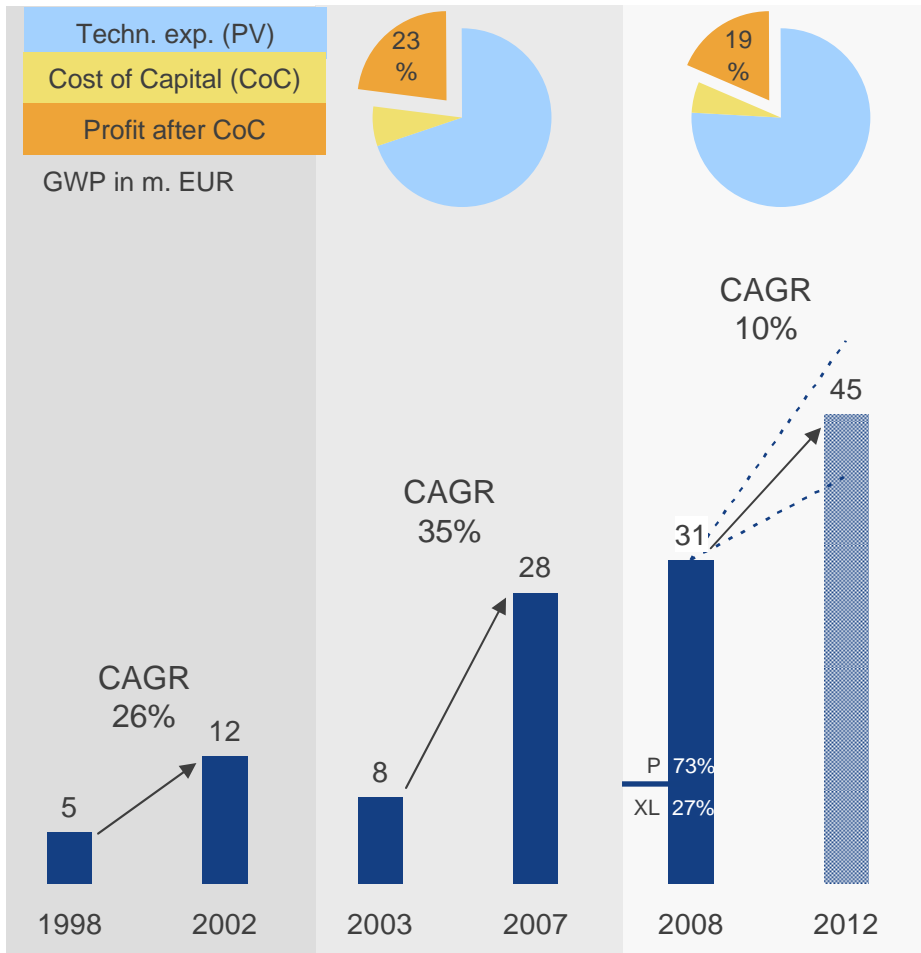
BRAZIL OPENED ITS REINSURANCE MARKET

Other countries with flourishing economies



- Market share in Brazil on the increase
- Local currencies are appreciating
- Increasing insurance density
- Expansion of our motor portfolio

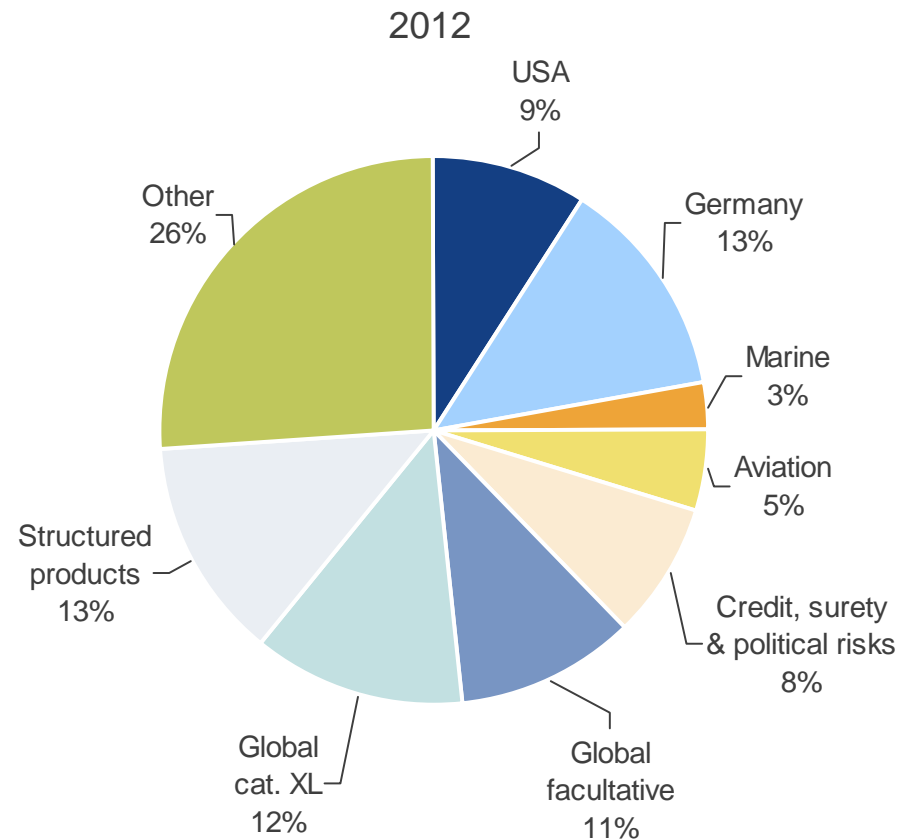
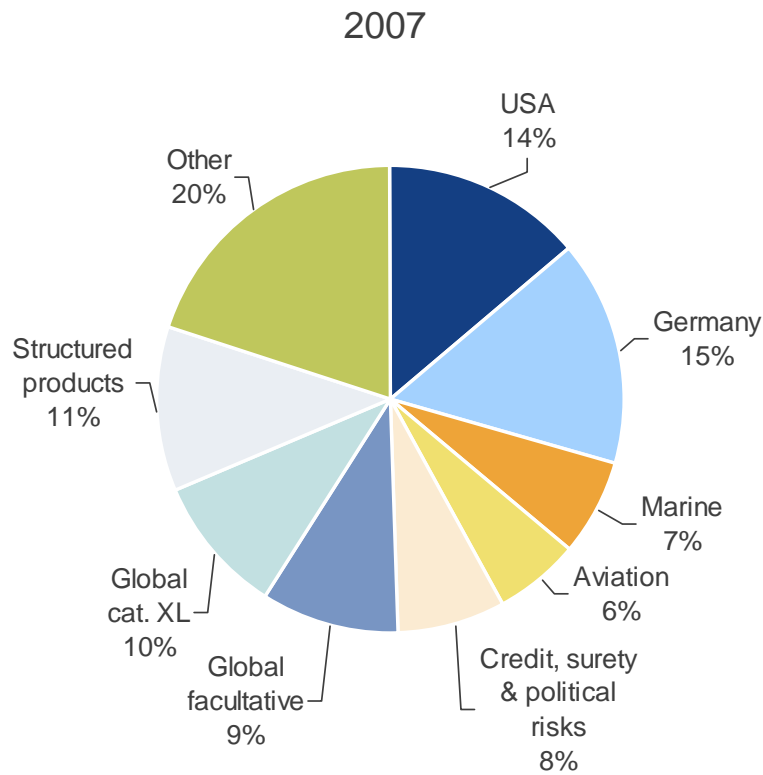
POTENTIALLY THE NEXT ASIAN TIGERS



- Non-linear relationship between GDP growth and insurance spending
- Infrastructure projects necessitate engineering cover
- Mutuels and captives proving to be successful

* According to Goldman Sachs studies: Egypt, Bangladesh, Indonesia, Iran, Mexico, Nigeria, Pakistan, Philippines, South Korea, Turkey, Vietnam

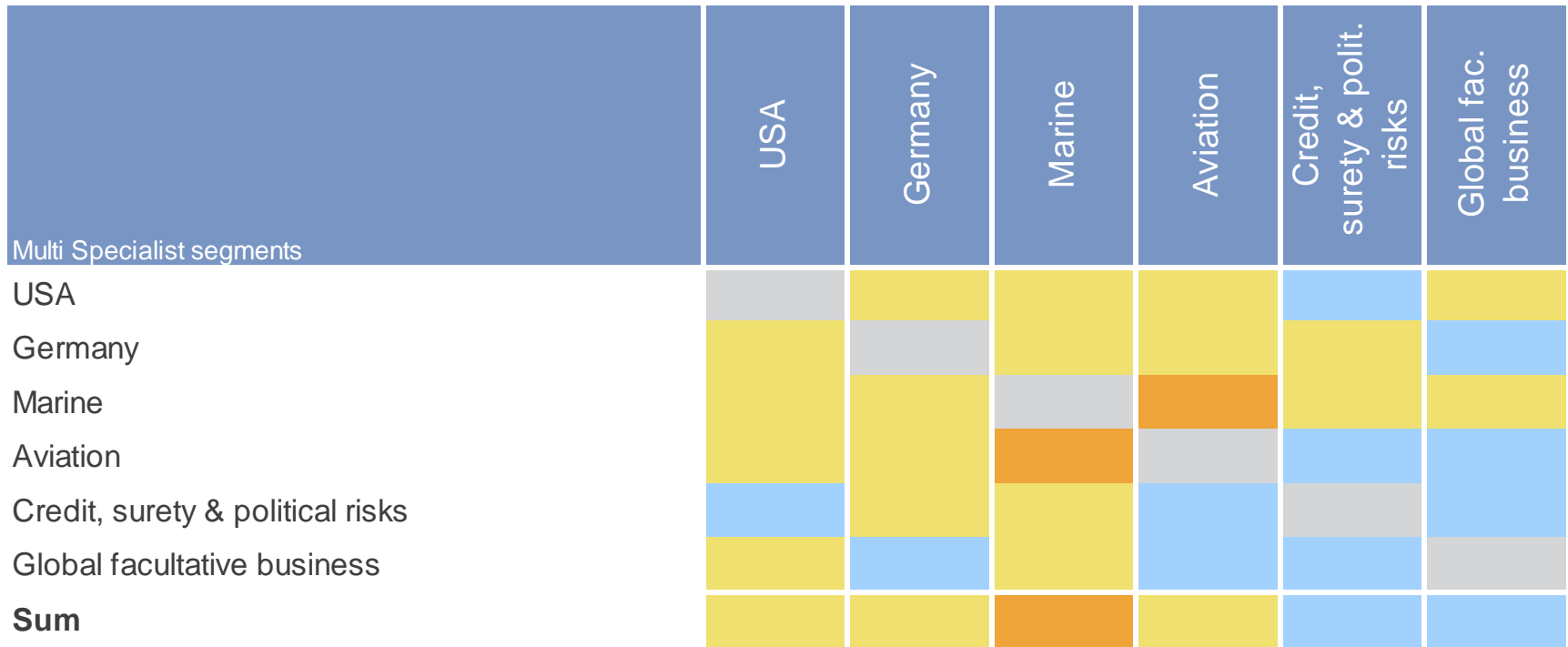
GROWING SHARES IN HARD MARKETS



Correlation between Non-Life Multi Specialist segments

EMPHASISING AREAS WITH LOW CORRELATION

We grow the areas that improve our diversification

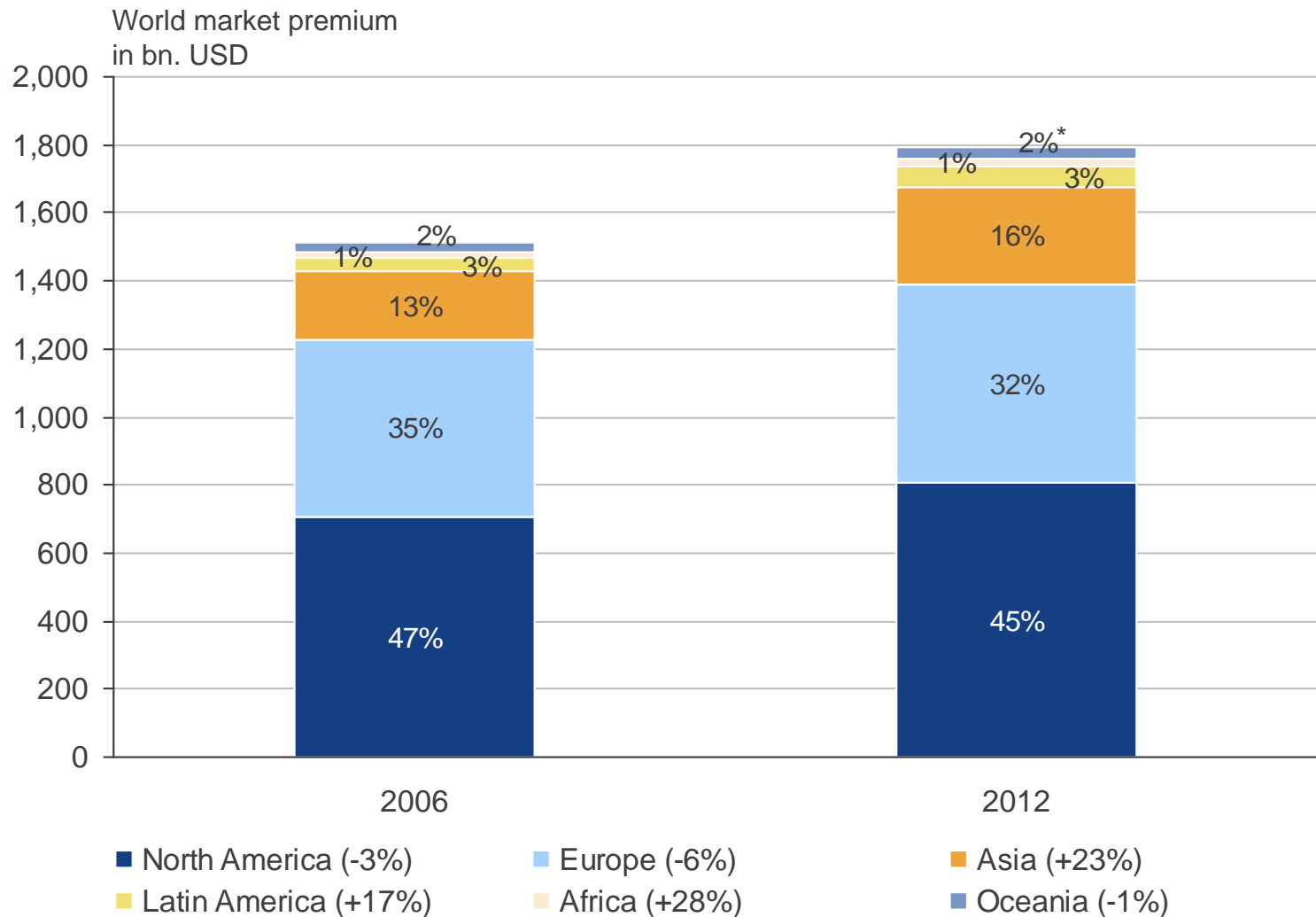


Correlation index:

- < 0.33
- < 0.66
- < 1.0

Source: own calculations, data base average of 10,11, . . . , 28 years adjusted by trends

GDP GROWTH DRIVING THE GEOGRAPHICAL DISTRIBUTION



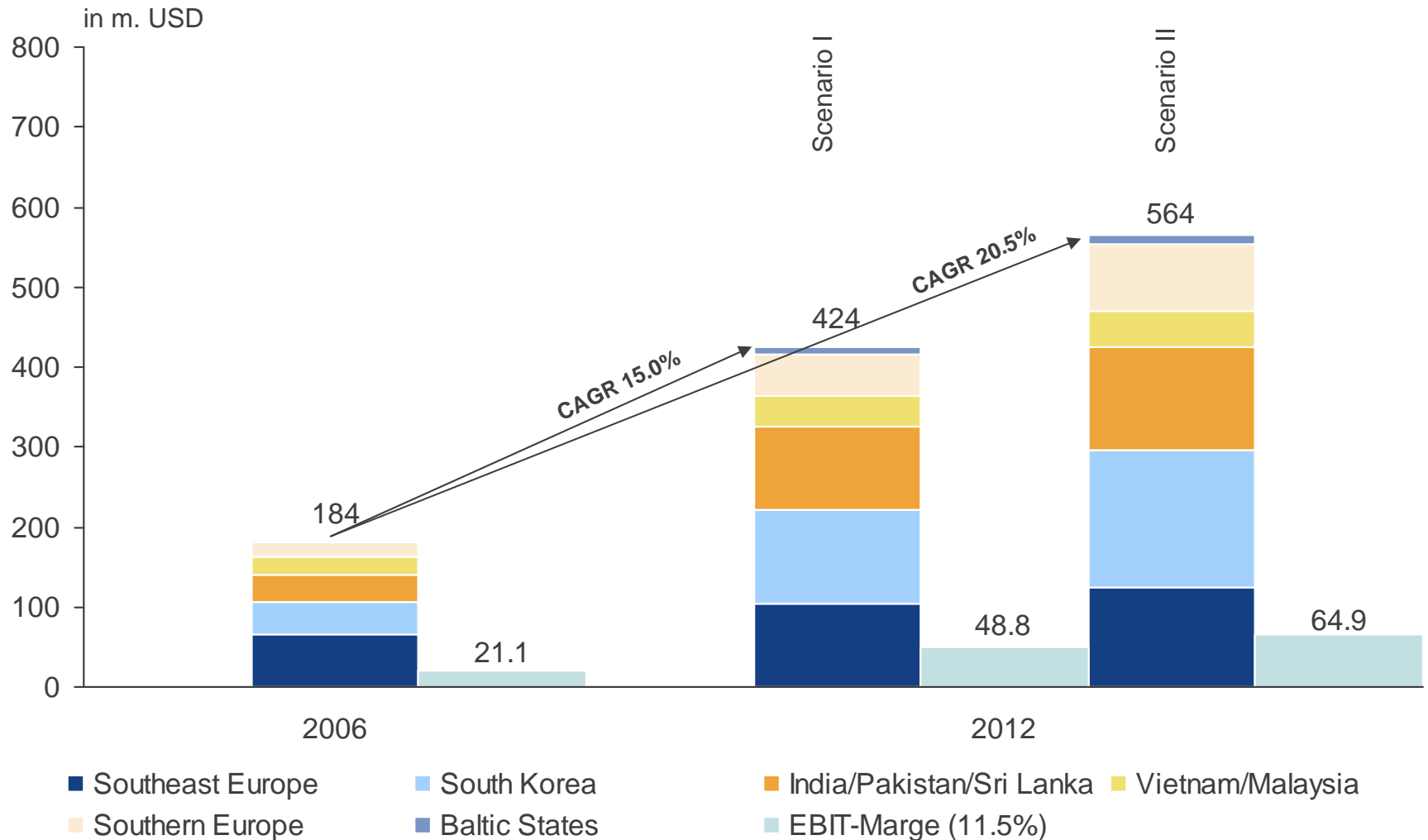
* Percentage shows share per continent of primary insurance premium worldwide

ASSUMPTIONS FOR THE SCENARIOS

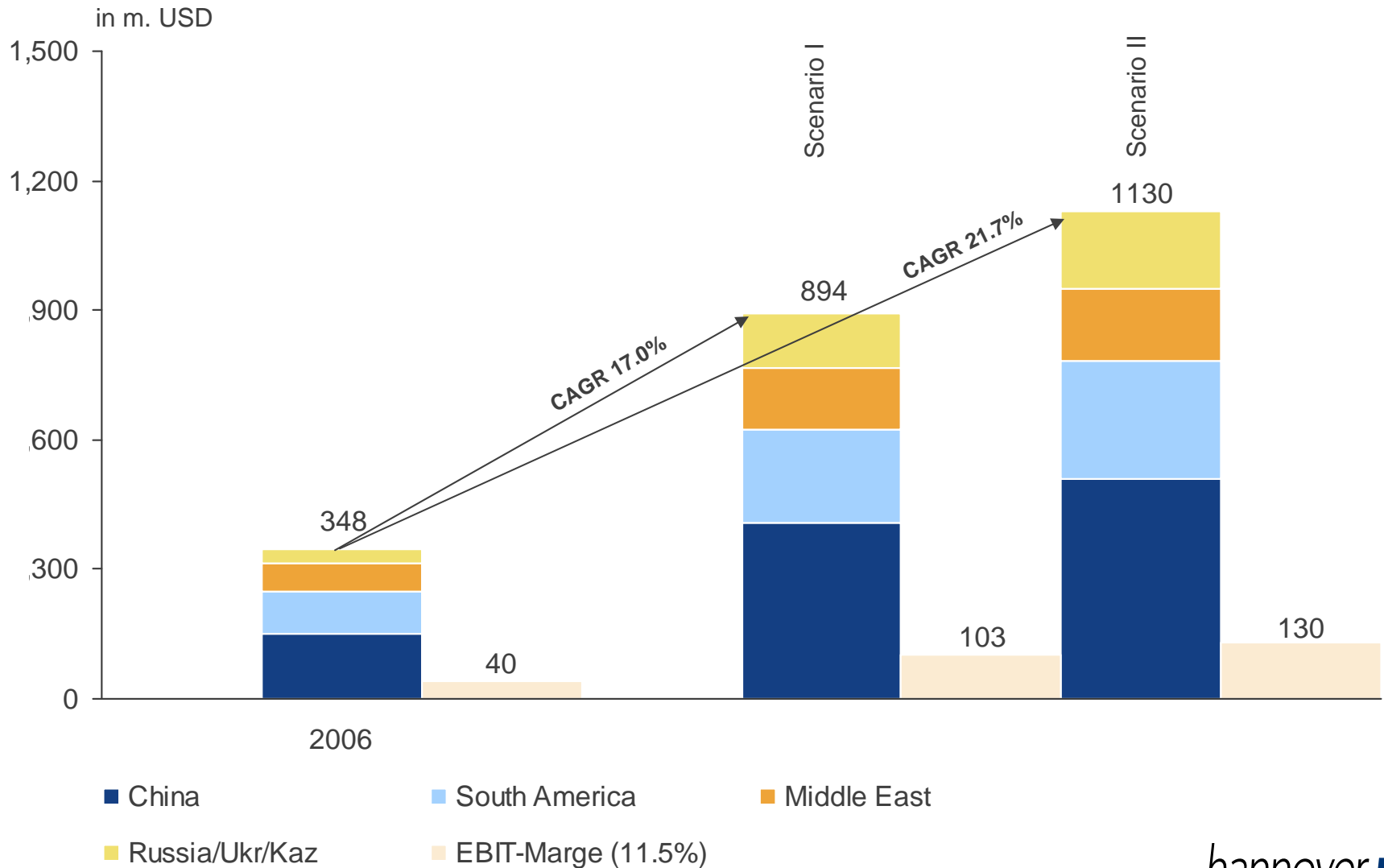
Growth potential

- Scenario I: long-term market share of Hannover Re to grow to 2.5%
 - not only on average per region, but in every country
- Scenario II: long-term market share in identified markets to grow to 4%
- EBIT-margin: we assume that we achieve a margin of 11.5% on the projected premium volumes

OUR FUTURE PORTFOLIO WILL BE QUITE DIFFERENT



OUR FUTURE PORTFOLIO WILL BE QUITE DIFFERENT (CONT'D)



THERE ARE HARD MARKETS OUT THERE

Growth of Hannover Re's Non-Life portfolio

- Key drivers of growth:
 - increasing wealth
 - insurance penetration
- Global cat., facultative and structured reinsurance to grow **profitably** by around EUR 200 m. each
- Credit, Asia, Retakaful, Central and Eastern Europe to add another EUR 100 m. of **profitable** premium each

**We always remember:
"Volume is vanity, profit is sanity!"**