



Conference Call on 1 Jan 2010 Non-Life Treaty Renewals

Hannover, 3 February 2010

hannover **re**[®]

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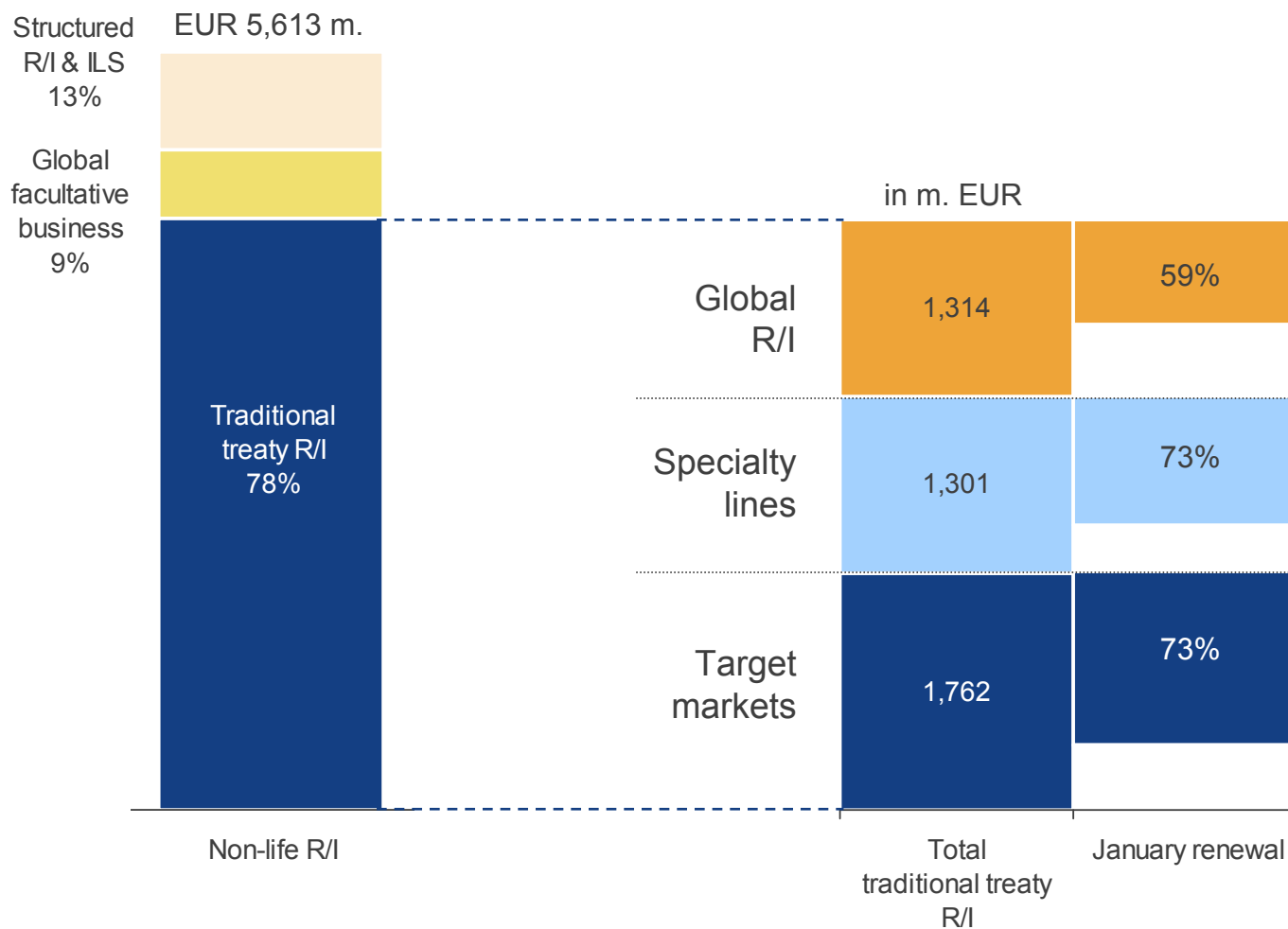
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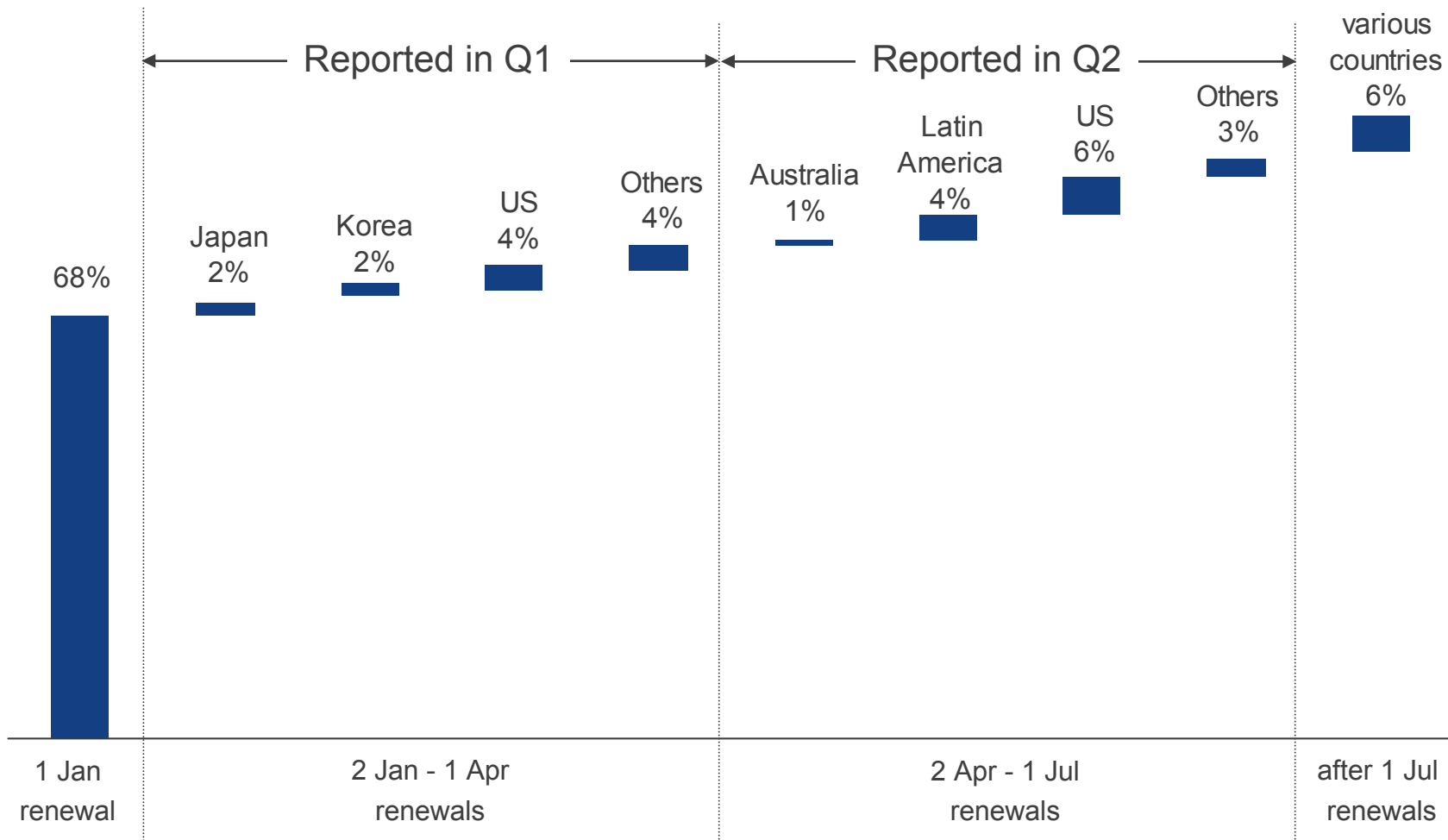
IMPORTANT NOTE

- Unless otherwise stated, the **renewals 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** as at 31 December 2009.

RENEWAL ANALYSIS COVERS 78% OF NON-LIFE REINSURANCE (R/I)



Traditional treaty reinsurance

68% OUT OF 78% NON-LIFE R/I RENEWED AS AT 1 JAN 2010

Market highlights

OVERALL SATISFACTORY RENEWALS - MOSTLY AS EXPECTED

- Market situation mostly as anticipated in Monte Carlo
- Reinsurance rate development depending on market, line of business and loss experience
- U/Y rate quality still good - somewhere between 2008 and 2009
- S&P AA capacity is scarce and therefore high in demand
- Reinsurers as well as primary insurers capital base recovered from 2008

R/I market showing a disciplined competitiveness

Market highlights by line of business

A MIXED BASKET

→ Target markets

- North America:
 - Property: mostly stable with some rate reductions (~10% partly risk adjusted) but still at a profitable level
 - Casualty: anticipated improvement did not take place, nevertheless rates are stable
- Germany: overall a stable situation with increasing rates and better terms and conditions for motor non-proportional and reduced commissions for proportional business

→ Specialty lines

- Marine (incl. energy): reduced rates and exposures in cargo & hull, ~5% reductions for offshore risks
- Aviation: increasing prices for insurers and reinsurers ~10% - 15%
- Credit, surety & political risks: again prices as well as terms and conditions improved or stayed at least at existing attractive levels

→ Global reinsurance

- Global treaty: Europe mostly stable, emerging markets very competitive
- Global cat. XL: rates under pressure but mostly still risk adequate

Hannover Re's market position

SELECTIVE GROWTH OF OUR PROFITABLE PORTFOLIO

- Very good showing and signing for Hannover Re
- Our S&P AA capacity is in high demand as markets are security-minded
- We strictly adhere to our cycle management approach and cancelled participations not fulfilling our internal profit requirements
- Overall premium growth of 3.5% as planned, driven by specialty lines
- Retro capacity (traditional and from capital markets) available again at reasonable prices

Revised Multi Specialist structure

PROFITABILITY HIGHER THAN COST OF CAPITAL (COC)

Non-life reinsurance		1/1/2009	1/1/2010	
		Volume (in m. EUR)	Volume (in m. EUR)	Profitability
Target markets	North America*	380	365	+
	Germany*	902	898	+
Specialty Lines	Marine (incl. energy)	129	112	+
	Aviation	153	168	++
	Credit, surety & political risks	375	441	+
	Structured R/I & ILS	Not reported		
	UK, London market & direct	291	344	+
Global R/I	Global treaty*	630	642	+/-
	Global cat. XL	142	146	++
	Global facultative	Not reported		

+/- = CoC earned; + = above CoC; ++ = well above CoC

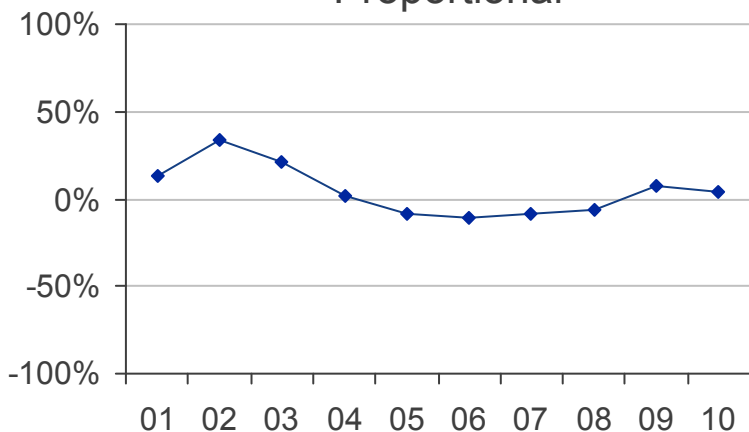
* All lines of non-life reinsurance except those stated separately

Cycle barometer

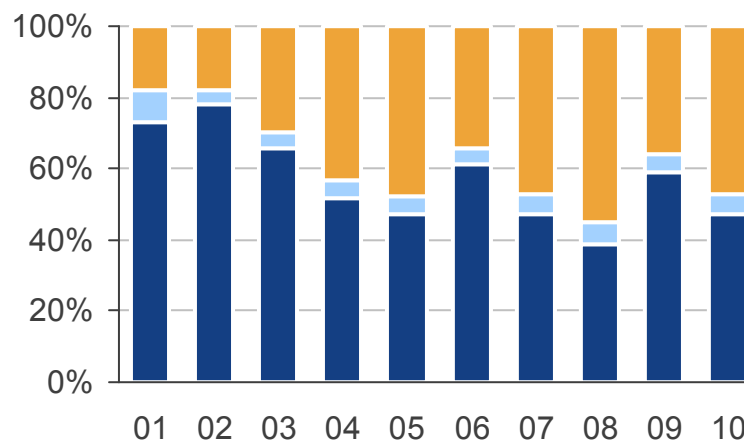
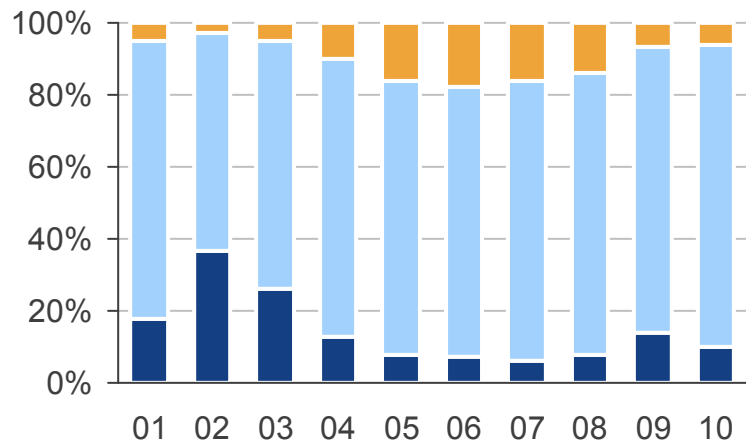
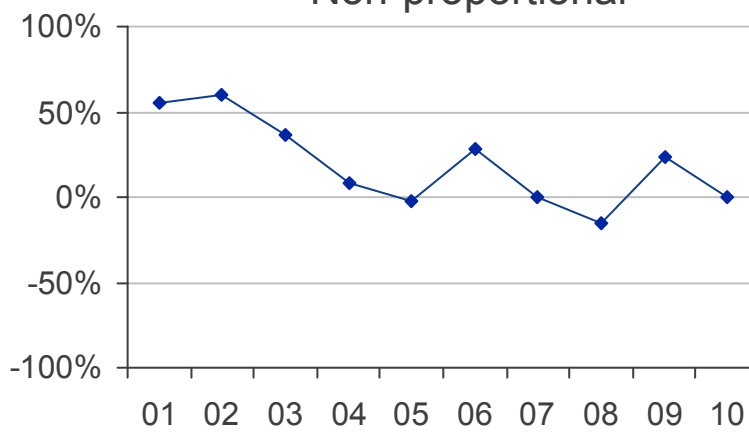
MARKET CONDITIONS REMAIN FAVOURABLE

Improvements balancing deteriorations

Proportional¹⁾



Non-proportional²⁾



■ Improvement ■ Unchanged ■ Deterioration

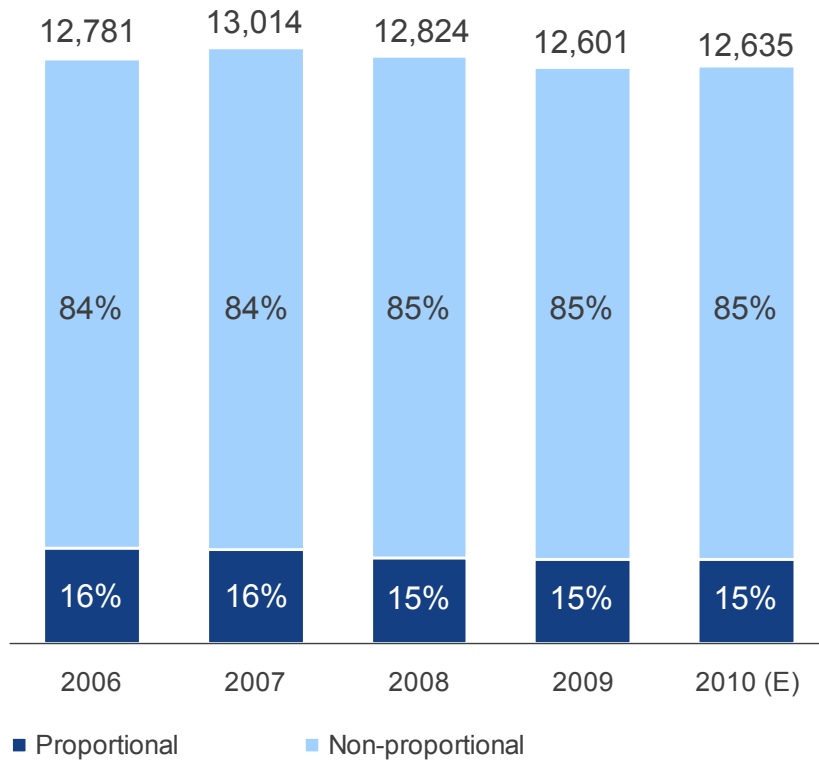
1) Comparison of commission

2) Comparison of rate on line

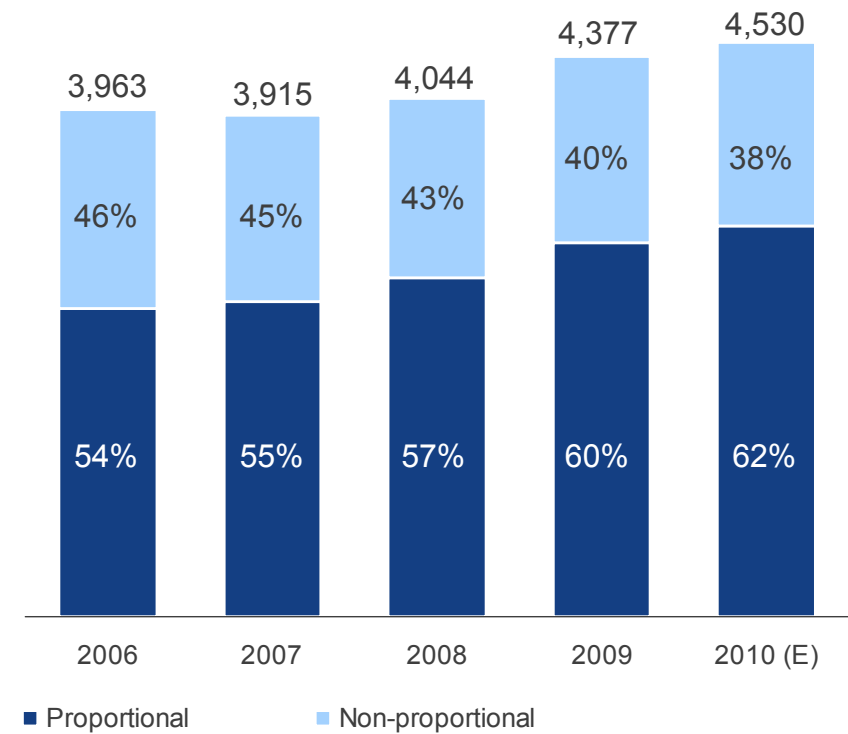
Traditional treaty reinsurance

NO. OF TREATIES NEARLY UNCHANGED - VOLUME INCREASING

By no. of treaties

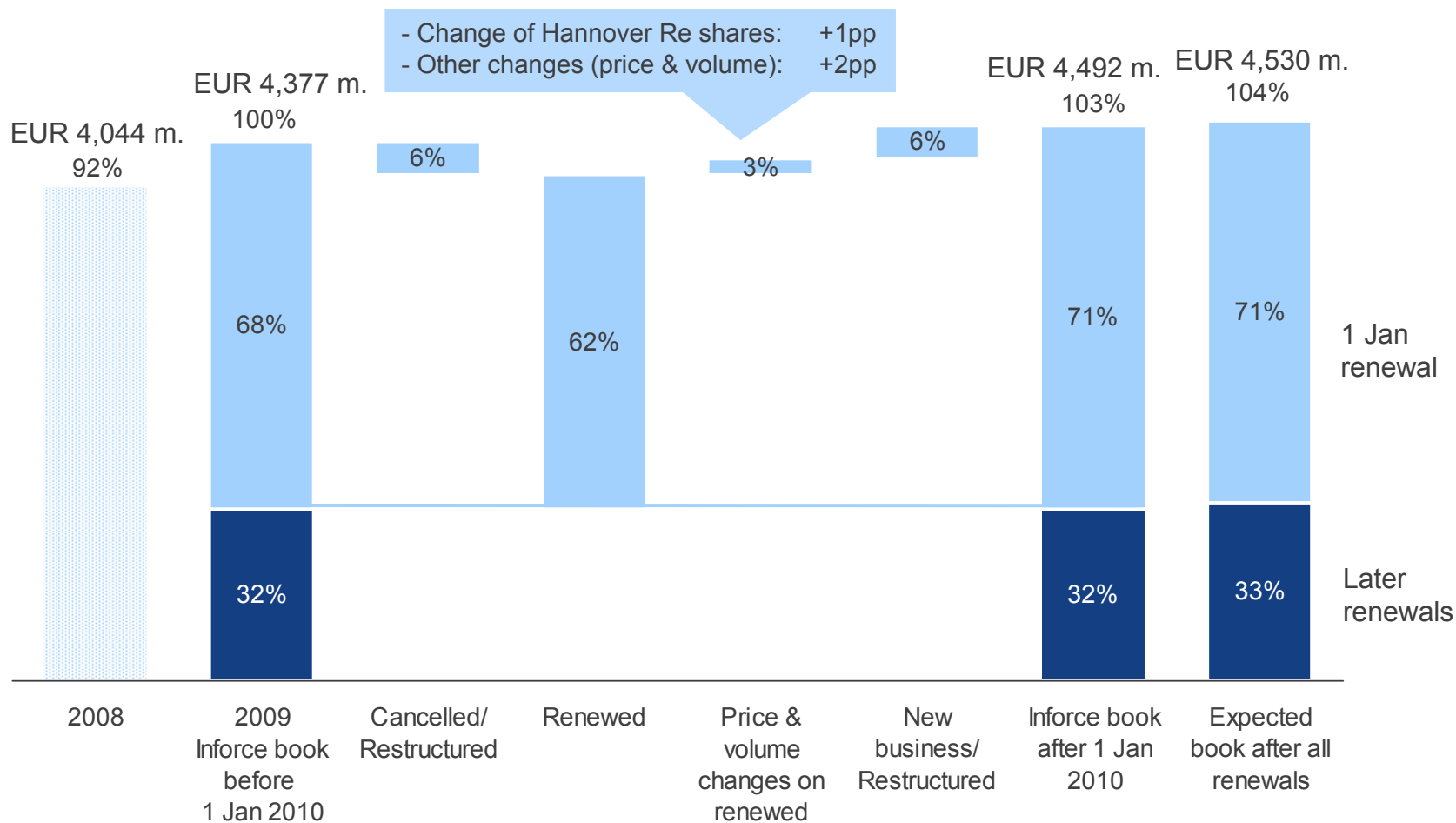


By volume



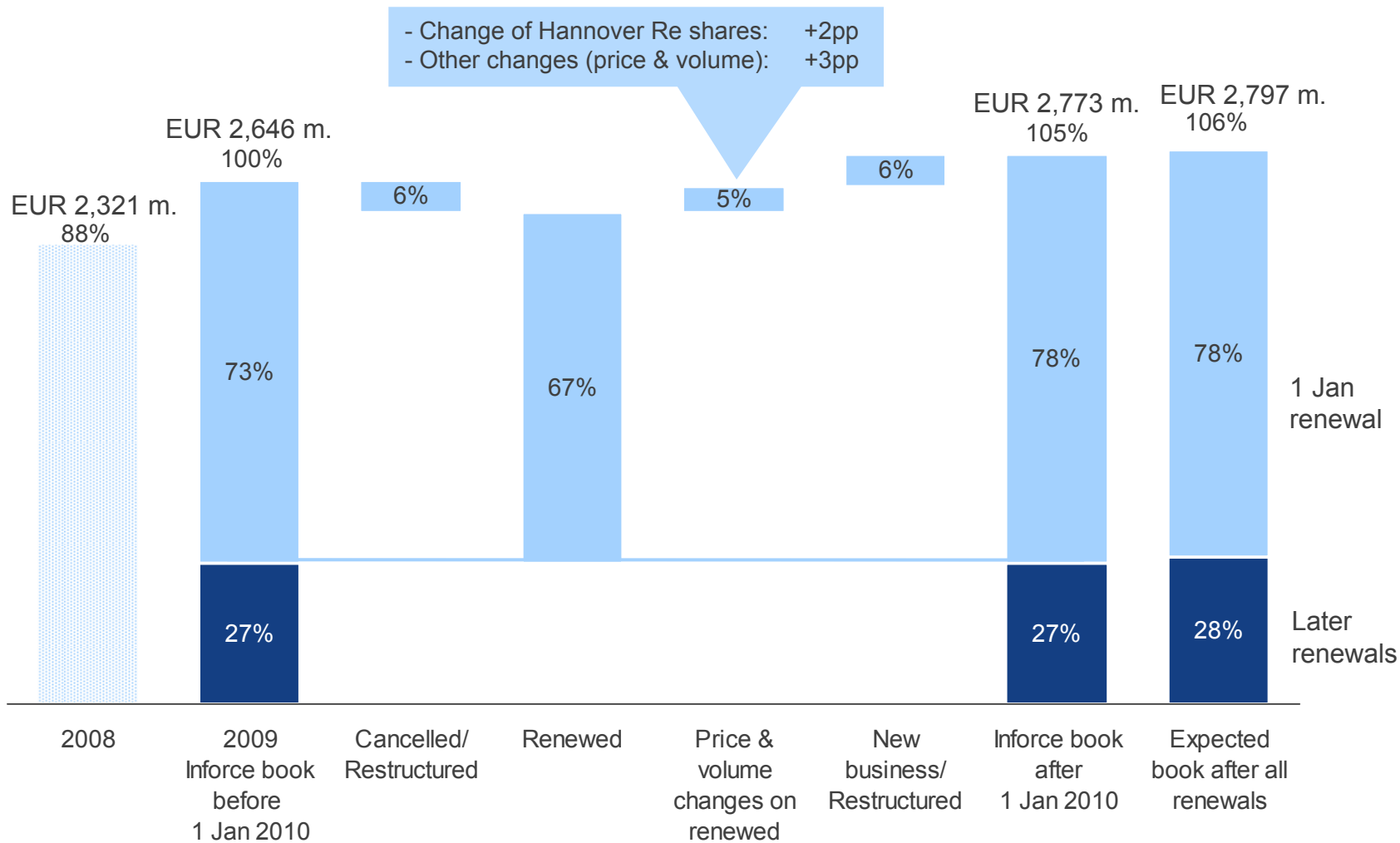
Traditional treaty reinsurance

SLIGHT INCREASE OF VOLUME AS EXPECTED



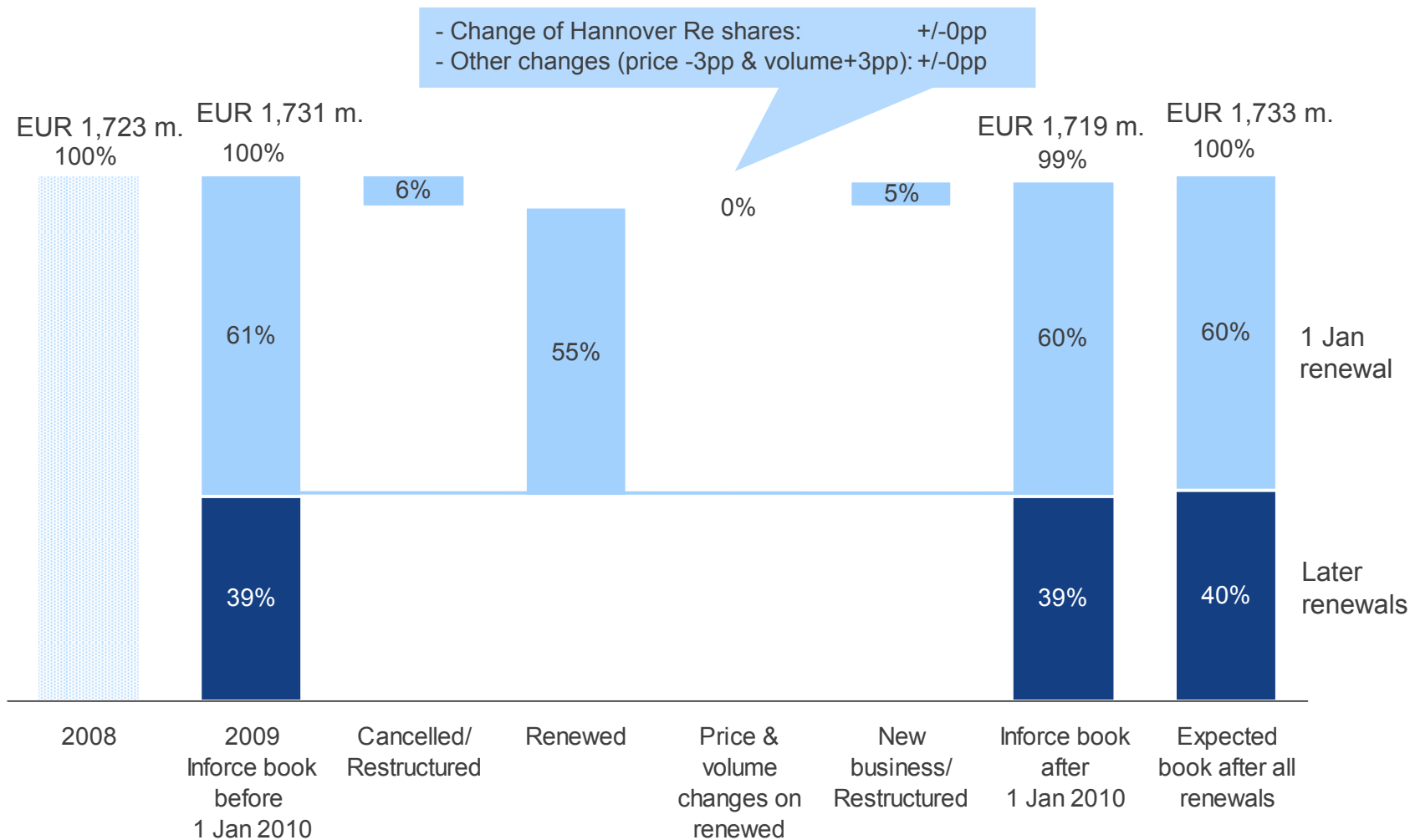
Traditional treaty reinsurance - proportional business

SOLID GROWTH



Traditional treaty reinsurance - non-proportional business

OVERALL STABLE VOLUME



North America

SATISFACTORY RENEWAL

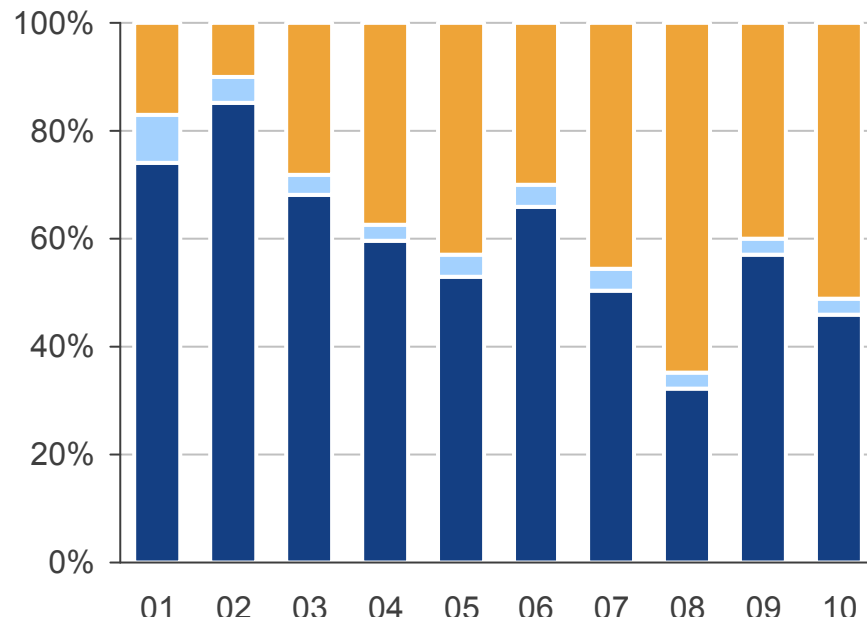
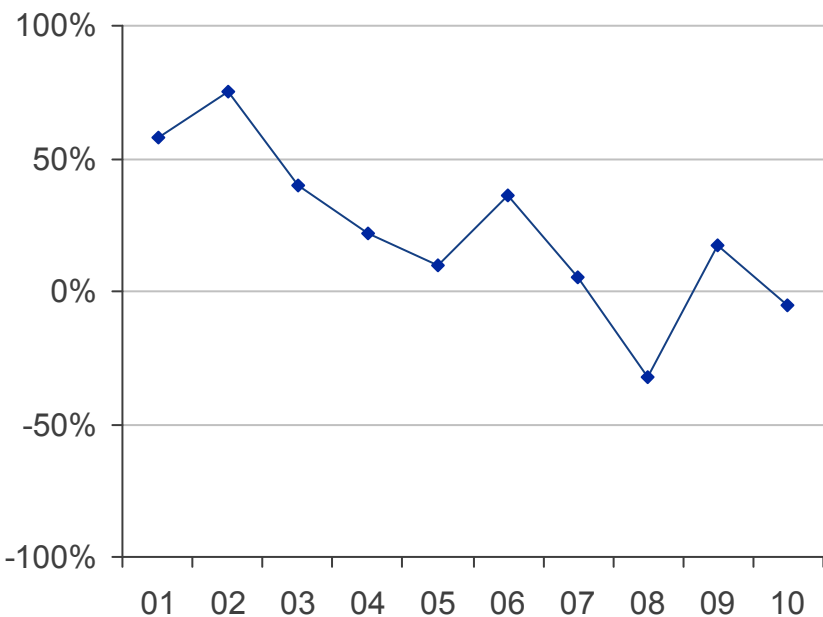
Our AA security is in high demand (S&P AA capacity only 25% of market)

- Property: clients increased retention levels (e.g. terrorism)
 - Proportional: almost stable on attractive level
 - Per-risk: rates on a comparable high level
- Casualty: a mixed picture
 - Standard casualty: satisfactory
 - Umbrella/Special casualty: rates remain flat - we reduced our premiums
 - D&O:
 - Financial institutions: continuously increasing rates - now attractive again
 - Commercial: still not on a risk-adequate level

North America - non-proportional business

SLIGHTLY INCREASED DETERIORATION

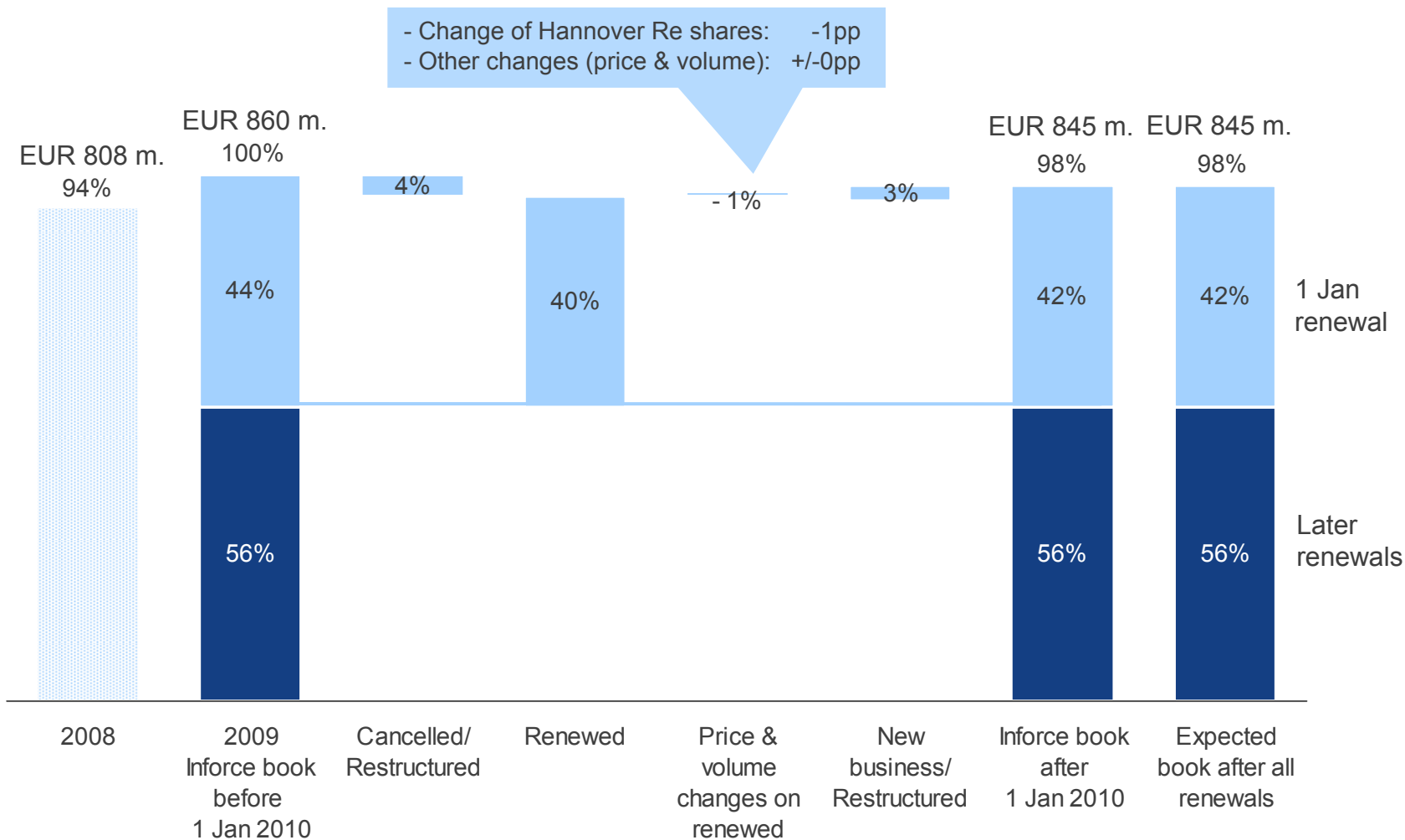
Cycle barometer



■ Improvement ■ Unchanged ■ Deterioration

North America business all lines

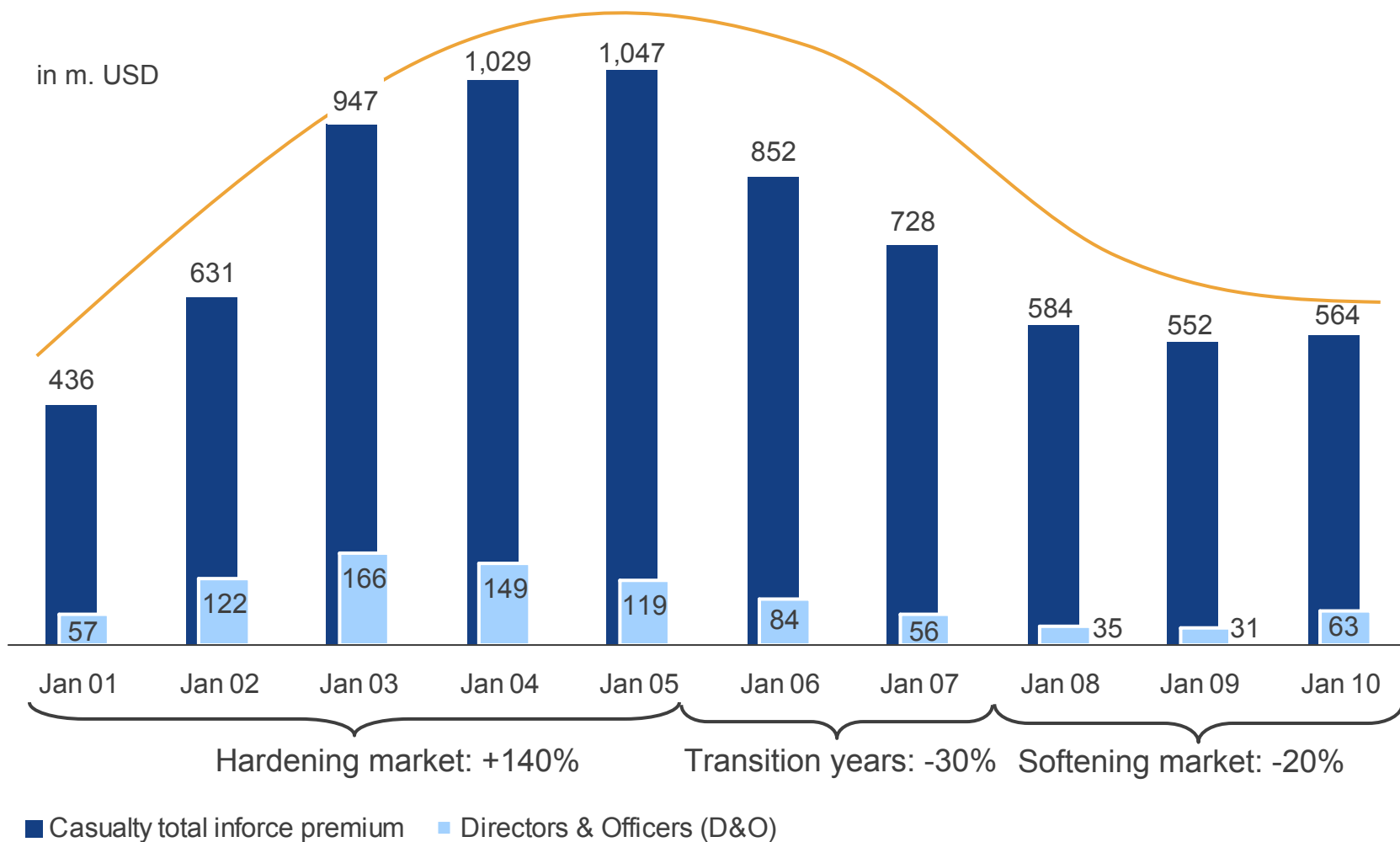
STABLE PORTFOLIO BUT 56% STILL TO BE RENEWED



US casualty premium development

OVERALL TREND FLATTENING OUT

D&O already hardening



Inforce premium as at 1 January ≠ U/Y perspective!

Germany

DEVELOPMENT BETTER THAN EXPECTED

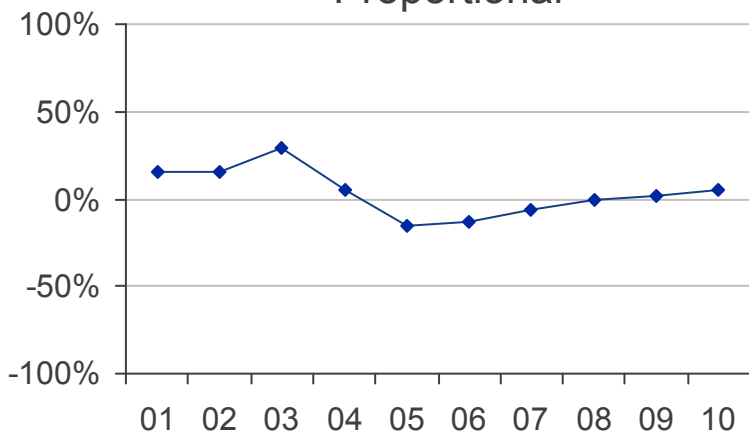
- Further strengthened our leading market positioning
- Customer base increasing (5 new clients/1 lost)
- Overall stable market conditions, demand and premium volume
- Stable prices in industrial fire despite very pleasing development in 2009
- Motor
 - Primary rates expected to increase in 2010 ~5%
 - Non-proportional rates increase on average 5% at 1 Jan 2010
 - Proportional commissions partly down by 1%p
- General liability risk-adequate pricing unchanged

Germany

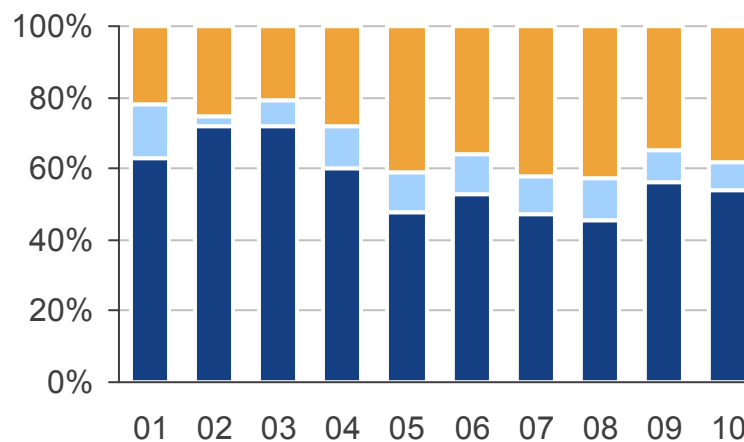
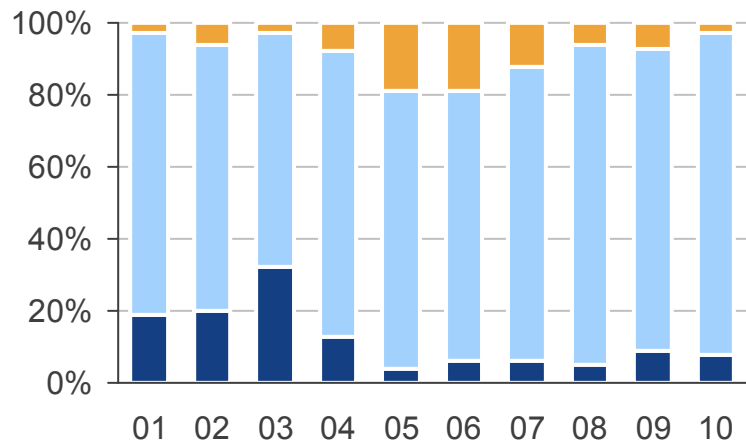
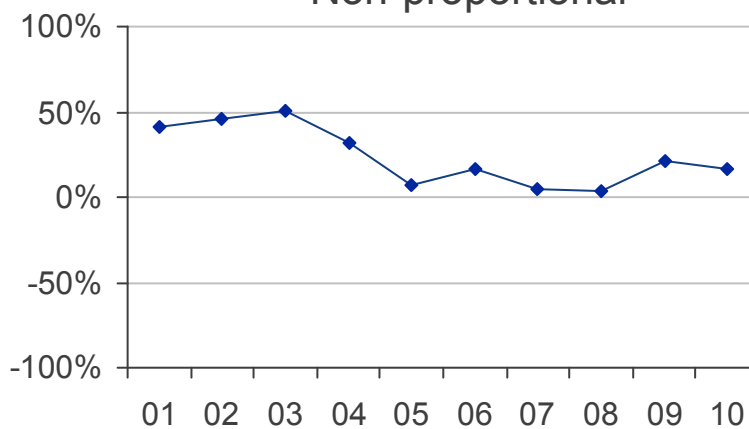
PLEASING DEVELOPMENT

Cycle barometer

Proportional¹⁾



Non-proportional²⁾



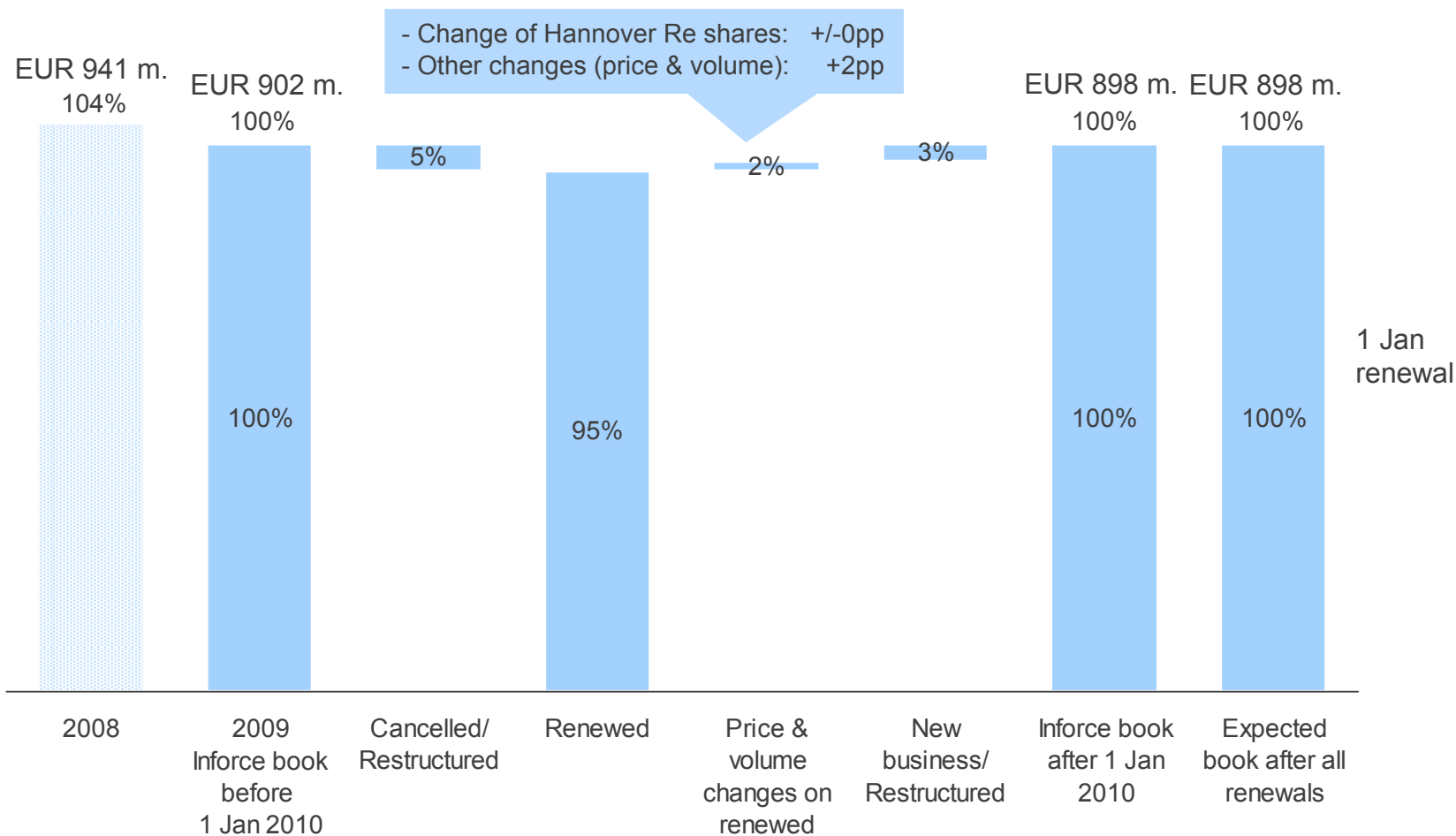
■ Improvement ■ Unchanged ■ Deterioration

1) Comparison of commission

2) Comparison of rate on line

Germany

SECOND BIGGEST REINSURER IN THE GERMAN MARKET



Aviation

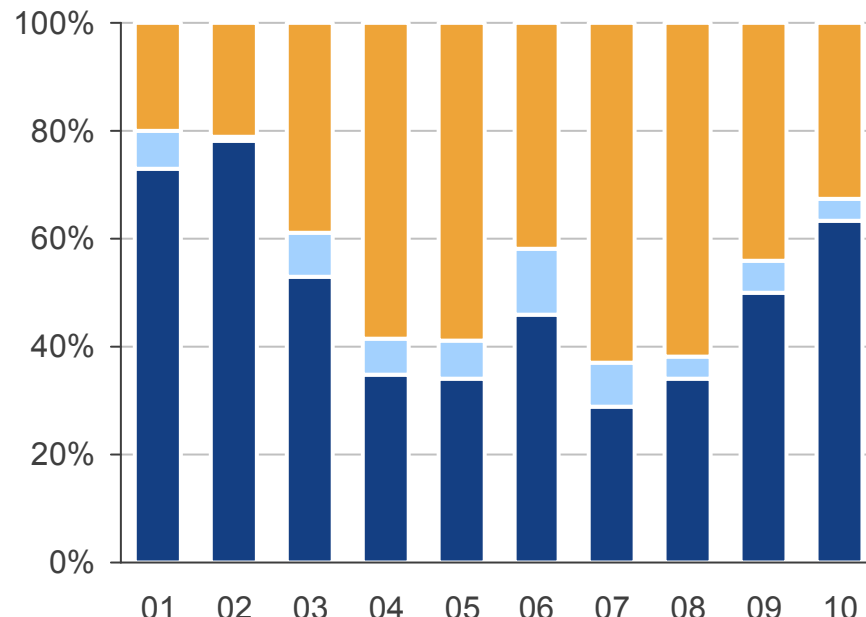
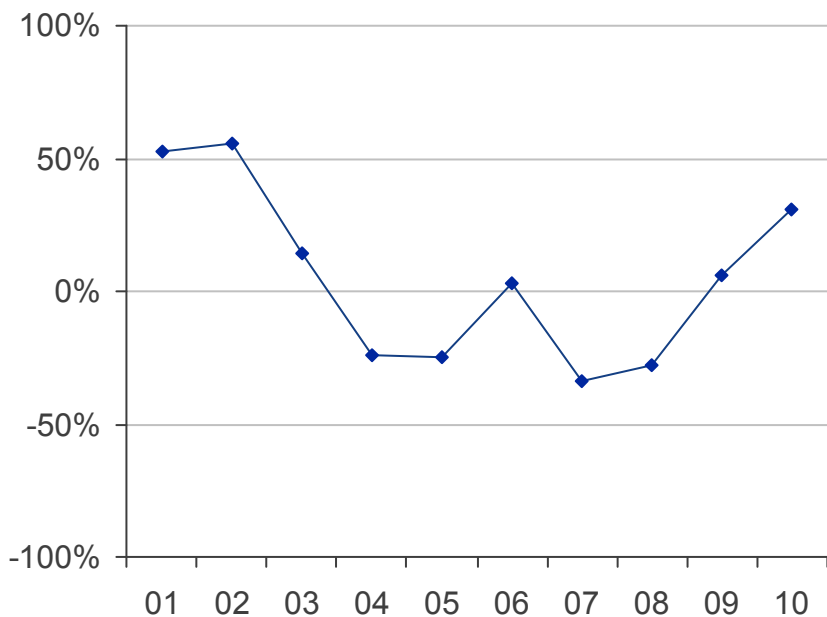
ALL IN ALL PLEASING RENEWAL RESULTS

- Primary rates increase (up to +25% for bigger airlines)
- Aviation non-proportional rates increase by +10% to +15% for airlines
- Good signing achieved - retention at same level
- Cedents bought higher limits
- General aviation rates stable
- Space rates under pressure at -5% to -10%

Aviation - non-proportional business

RATE INCREASES DRIVEN BY 2009 LOSS ACTIVITIES

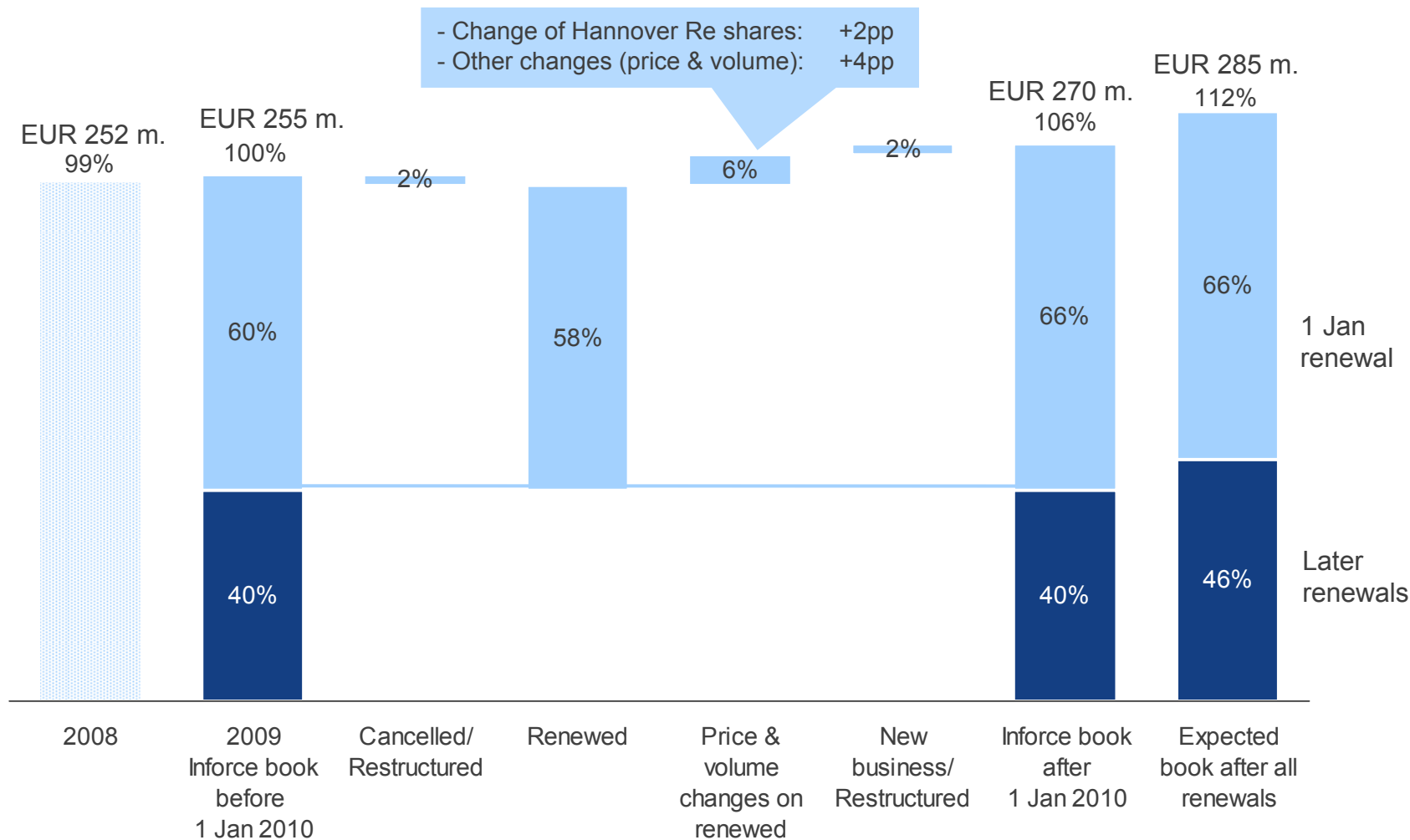
Cycle barometer



■ Improvement ■ Unchanged ■ Deterioration

Aviation

FURTHER GROWTH IN A HARDENING MARKET



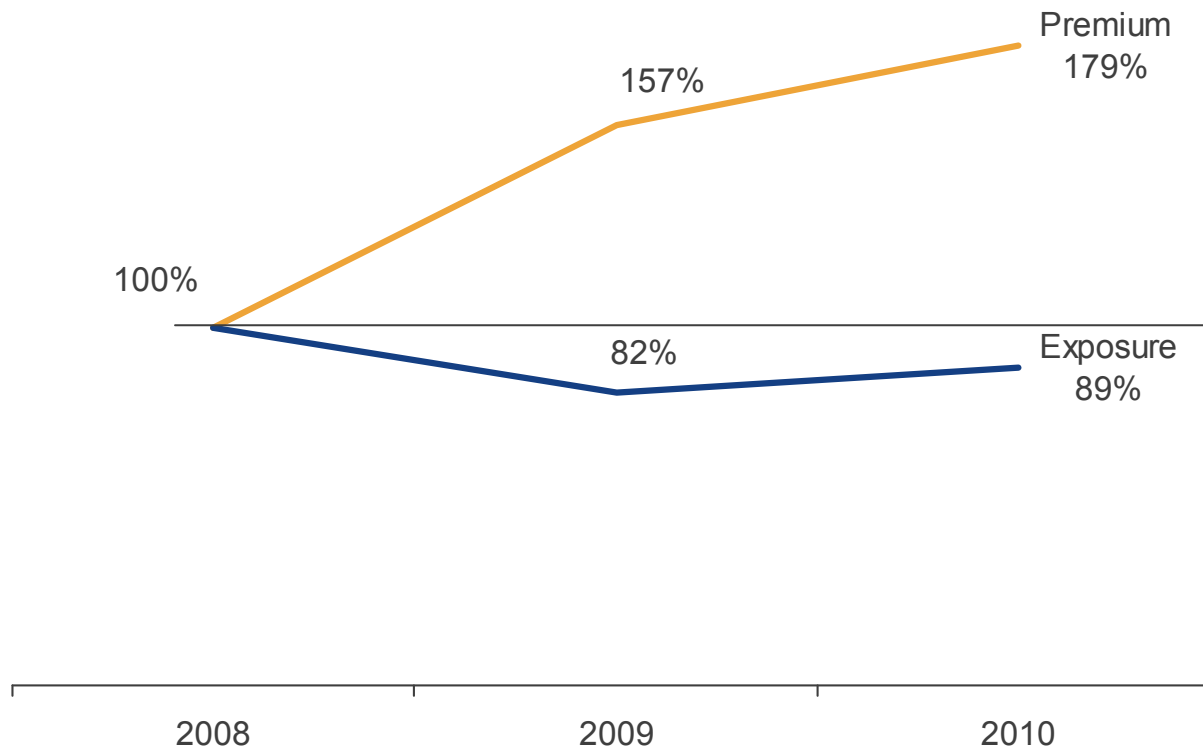
Credit, surety & political risks

A HARD MARKET HARDENING EVEN FURTHER

- Renewals good to very good despite increased capacity in the market
- Premium volume above plan
- R/I rates increase
 - Credit: +10% to +20%
 - Surety: stable
 - Political risks: +10% to +20%
- Credit proportional: commissions -2%p to -3%p (-10%p in 2009)

Credit

INCREASING PREMIUM - DECREASING EXPOSURE

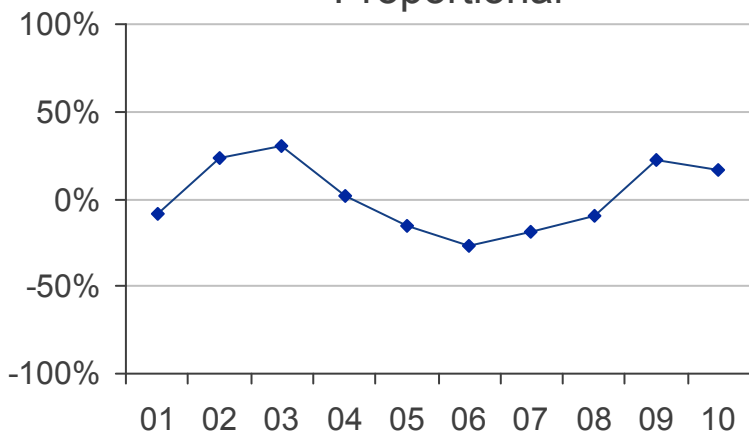


Exposure = PML of top 100 commercial risks

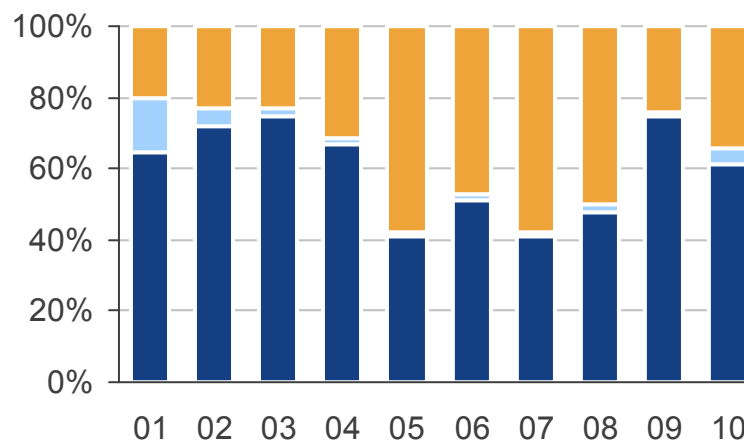
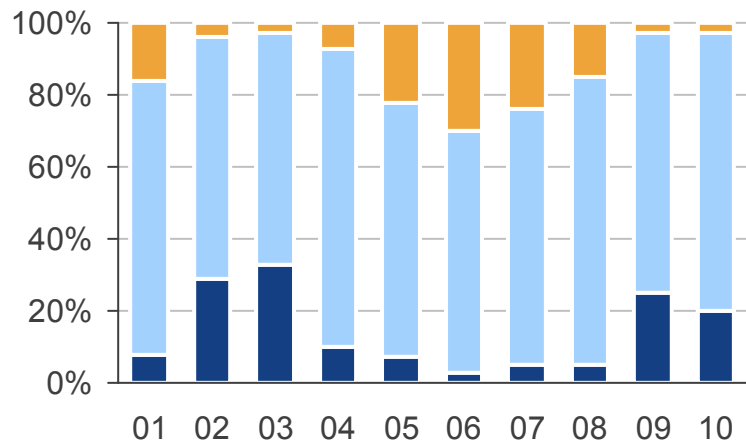
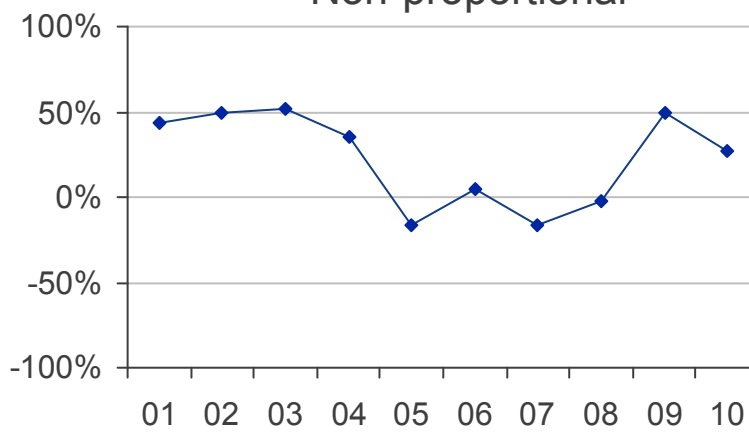
Credit, surety & political risks

HARD MARKET CONTINUES

Proportional¹⁾



Non-proportional²⁾

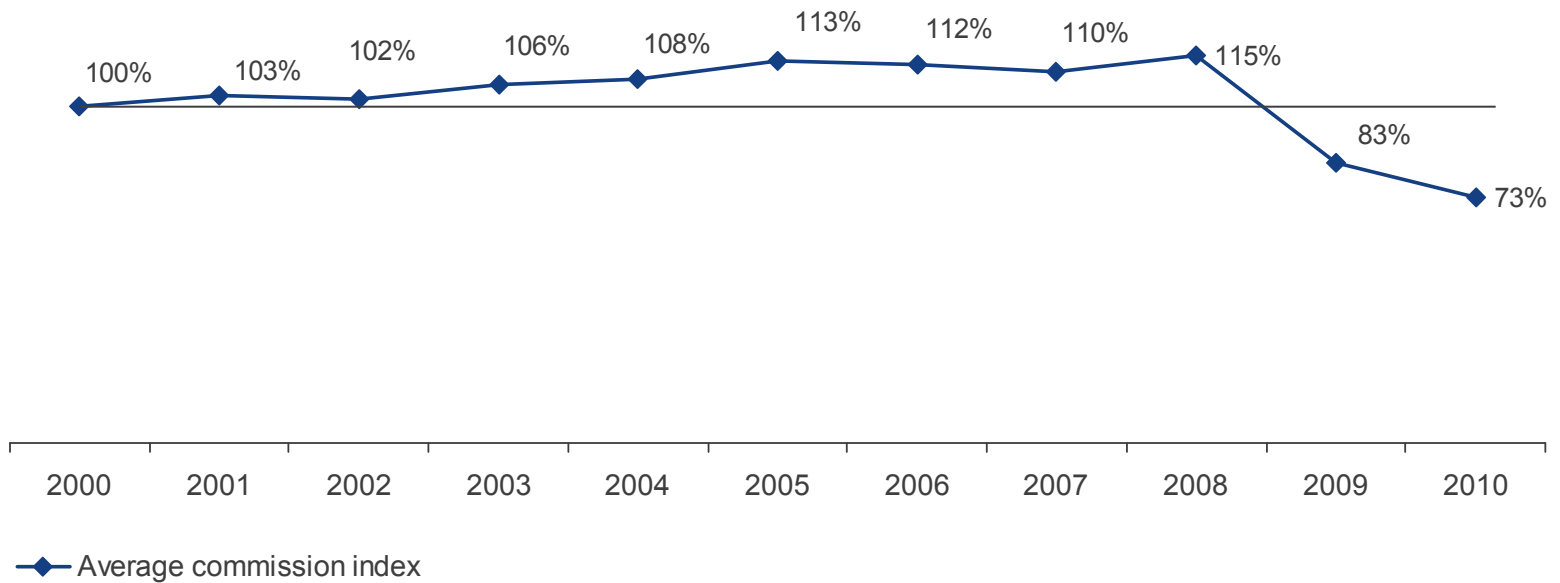


■ Improvement ■ Unchanged ■ Deterioration

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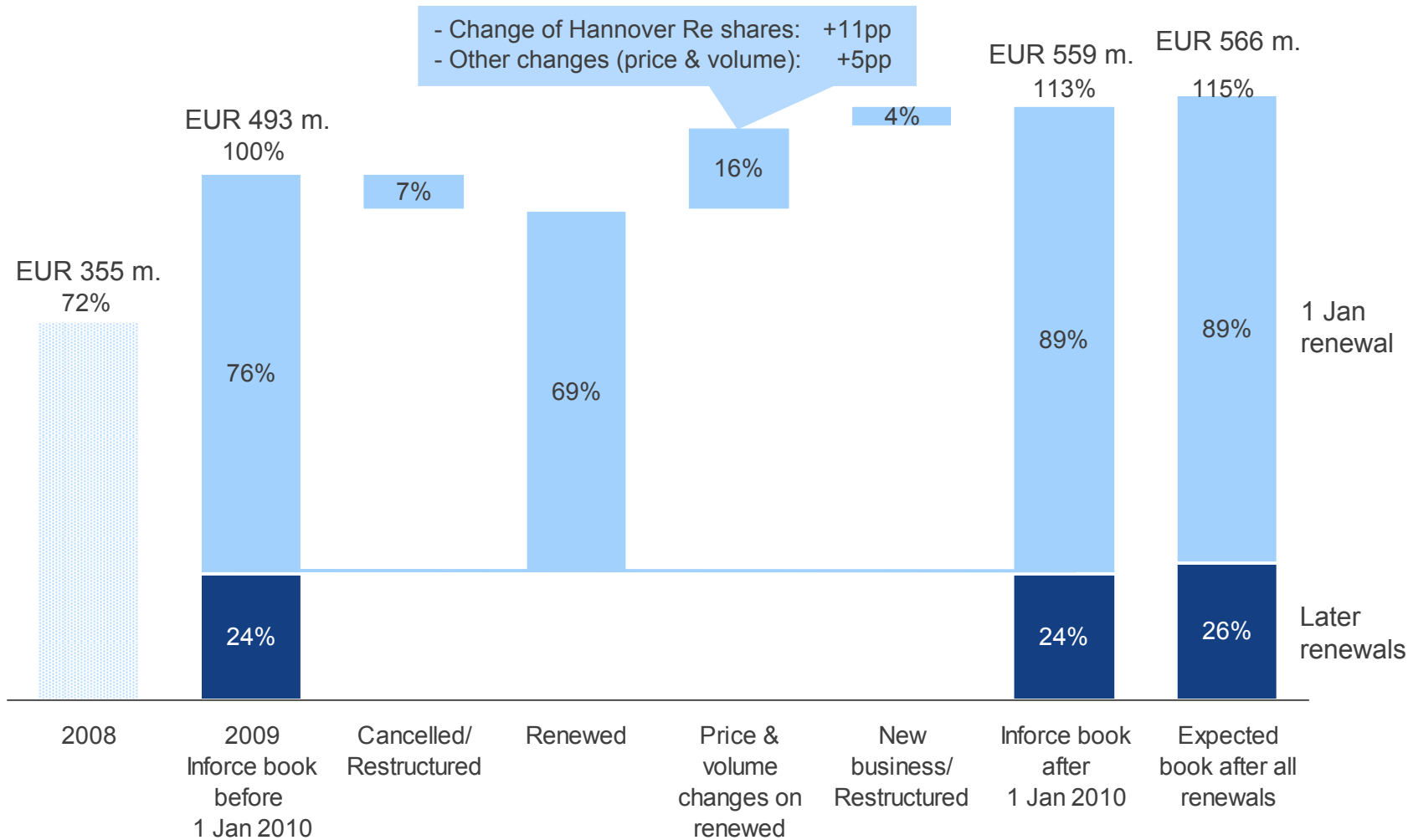
Credit - proportional business

BEST CONDITIONS EVER

Credit, surety & political risks

EXPANDING OUR MARKET SHARE

No. 2 worldwide



Global treaty

OVERALL SATISFACTORY GROWTH

Diverse development depending on region

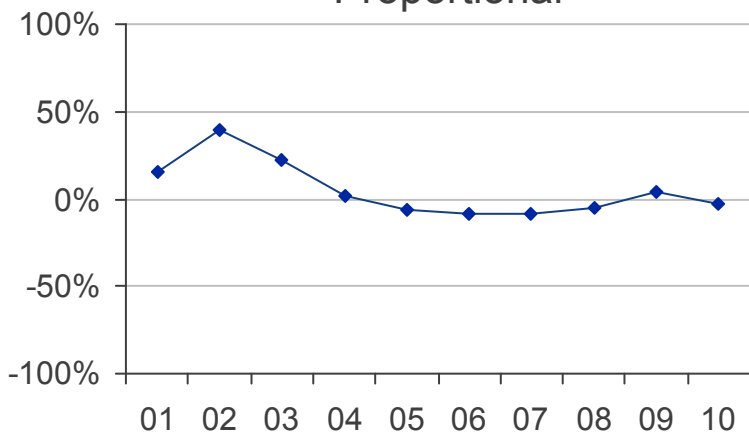
- France: stable rates in long-tail business, lower rates in short-tail business
- Scandinavia: unsatisfactory primary rates led to portfolio reductions
- Central & Eastern Europe: good and profitable business due to higher demand
- Bahrain: strong development ahead of plan in Retakaful
- China and Malaysia: despite unchanged primary rates, higher prop. volumes
- Latin America: very competitive

Global treaty

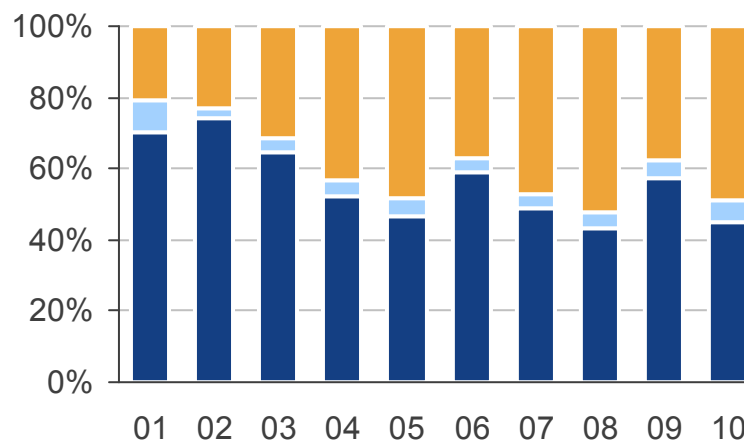
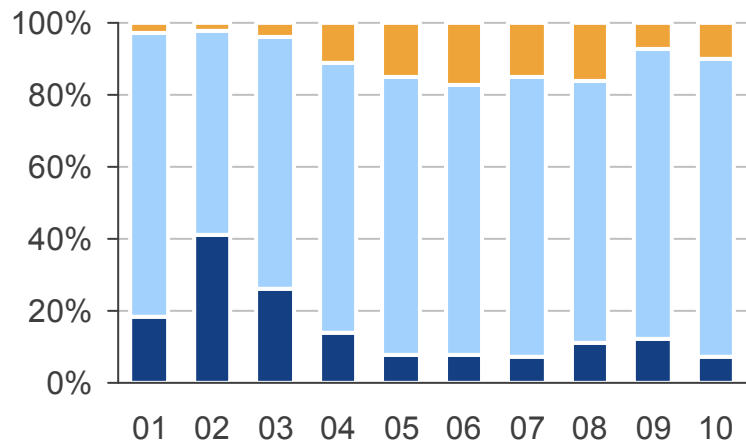
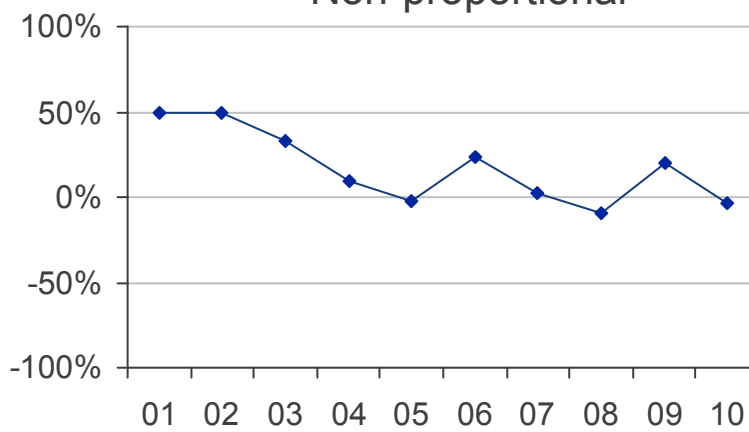
UPWARDS TREND REVERSED BUT STILL BALANCED

Cycle barometer

Proportional¹⁾



Non-proportional²⁾



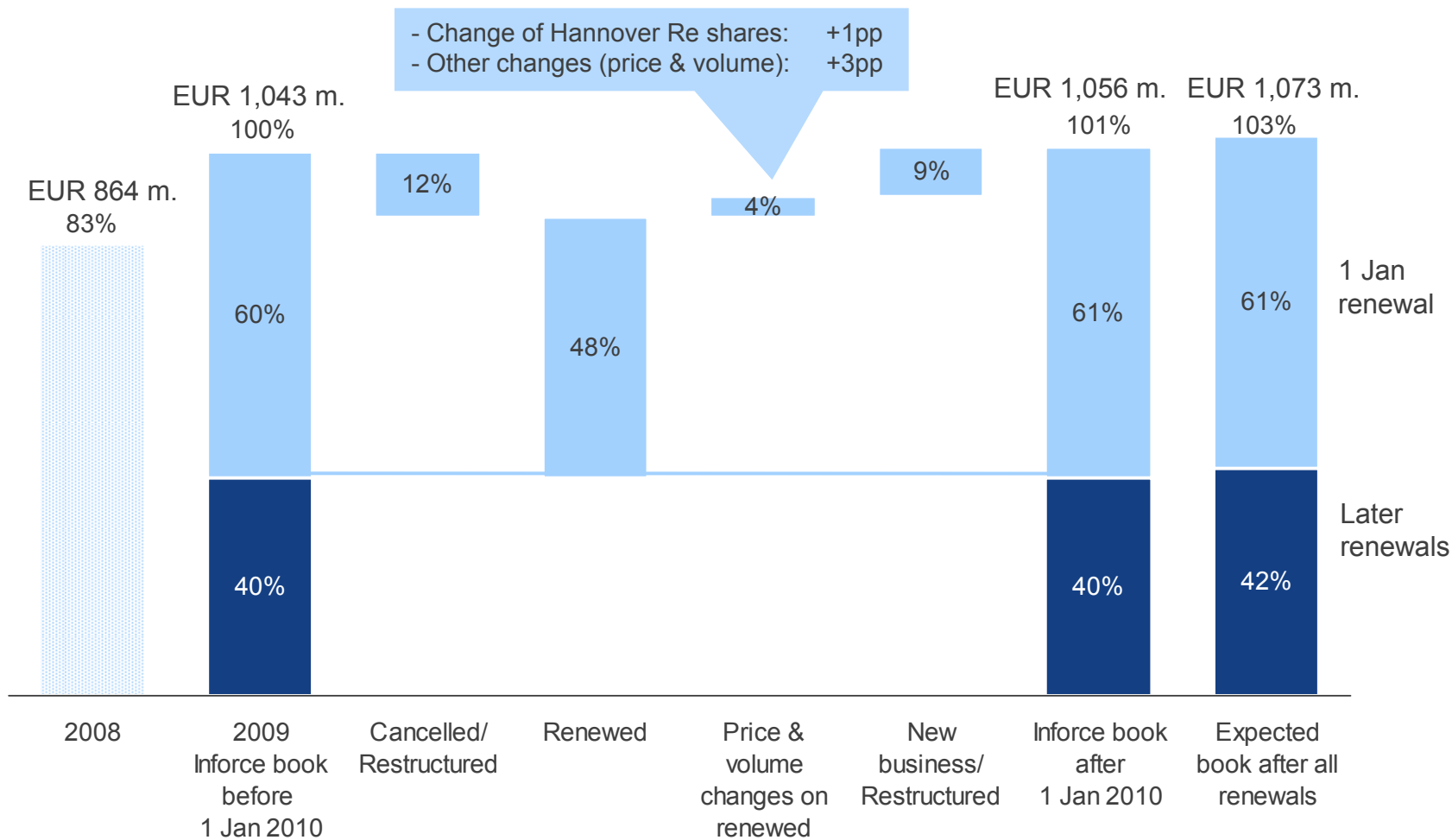
■ Improvement ■ Unchanged ■ Deterioration

1) Comparison of commission

2) Comparison of rate on line

Global treaty

MODERATE GROWTH EXPECTED IN 2010



Global catastrophe XL

PRICE DECREASES - MARKET RECOVERS

Renewal highlights

→ Prices for property catastrophe protections decrease

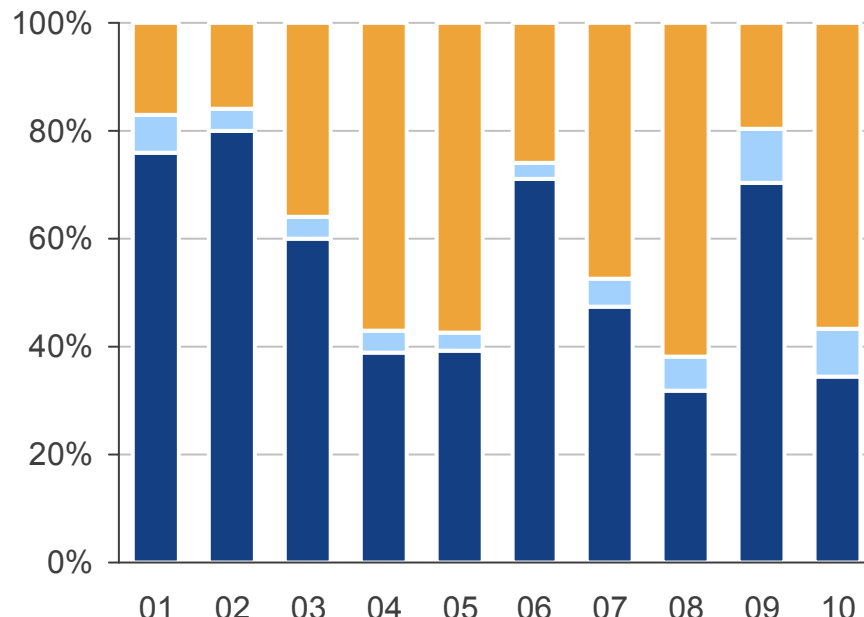
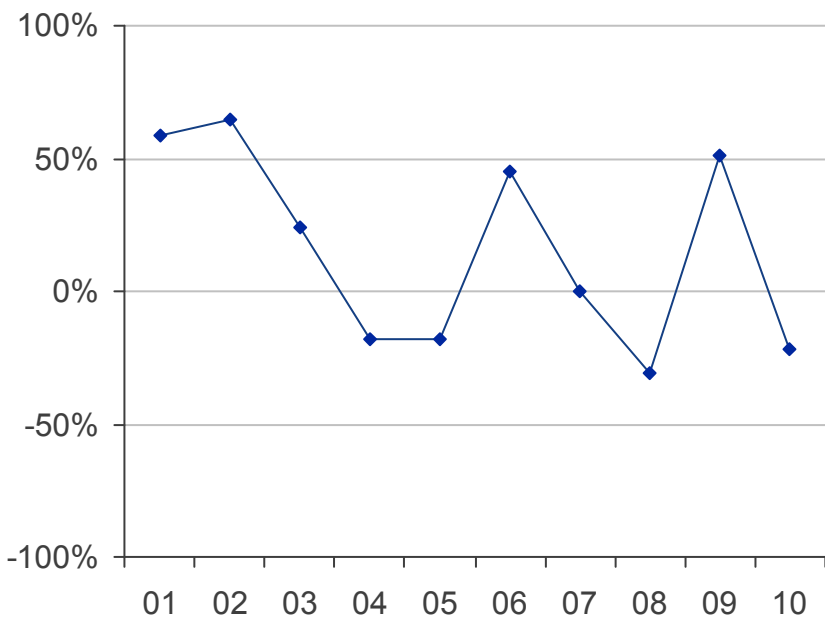
- Nationwide programmes in USA up to -10%;
Regional programmes -5% to +10% depending on 2009 loss experience;
1 Jan 2010 level now comparable to 2008
- Europe mostly stable due to moderate loss activity in 2009:
 - UK decreasing from all-time high level
 - France stable up to +5%
 - Germany flat
- Australia: -5% for loss-free, ~+4% for loss-affected programmes
- China, Hong Kong, Taiwan: very competitive (-5% to -20%)

→ Workers' compensation & personal accident cat business with rate reductions of approx. -5% to -15%

Global catastrophe XL

DETERIORATED AFTER AN UNEVENTFUL YEAR

Cycle barometer

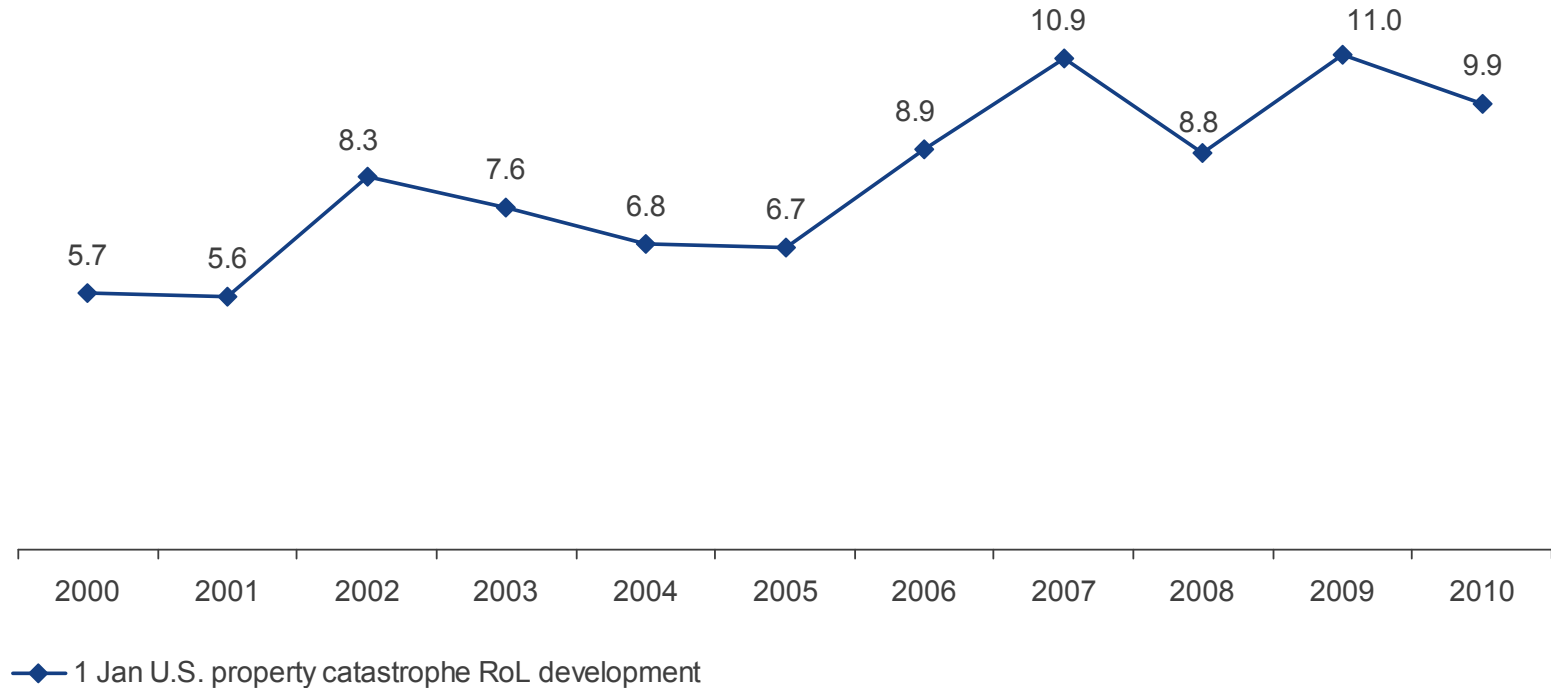


■ Improvement ■ Unchanged ■ Deterioration

US property catastrophe XL

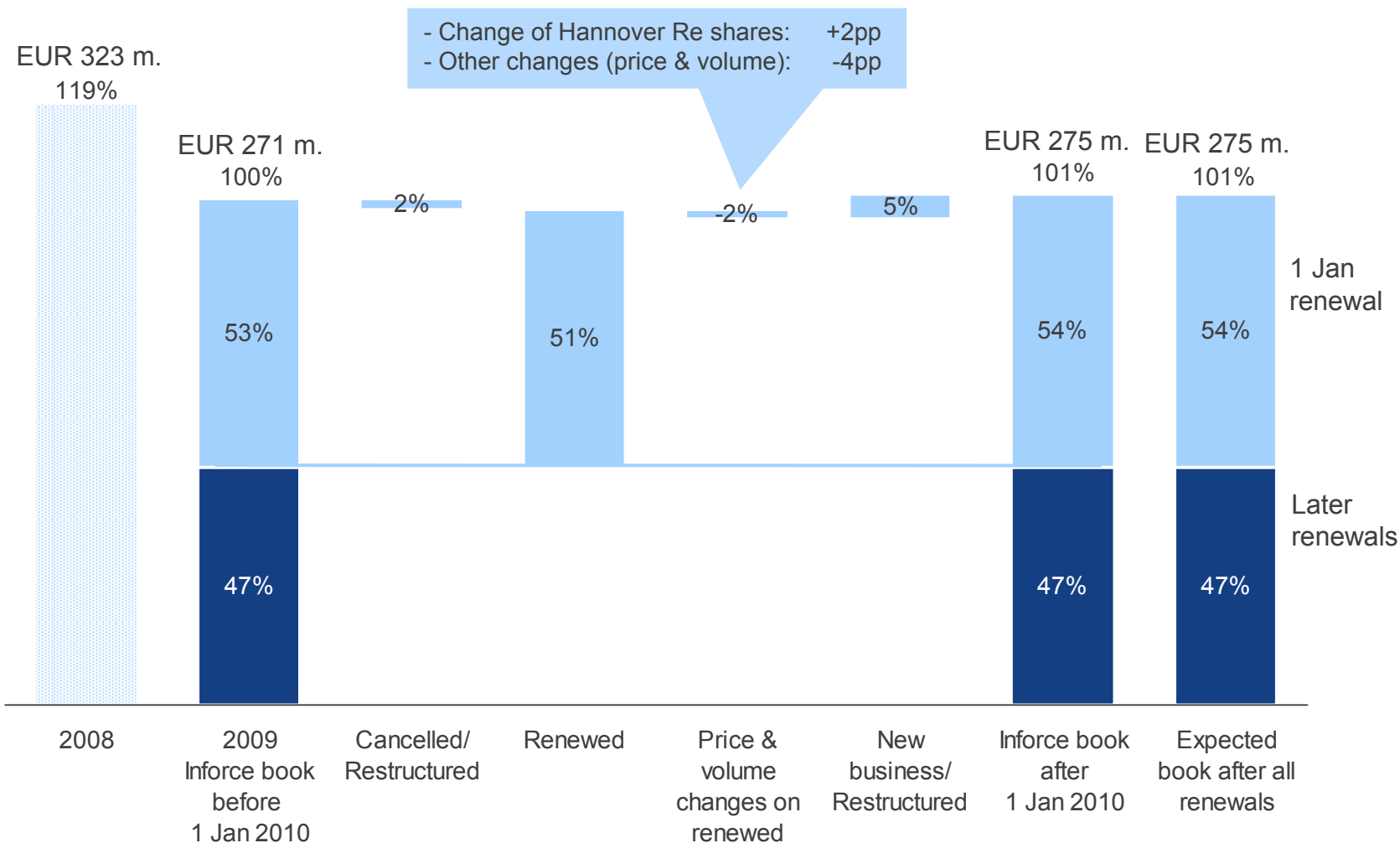
2010 LEVEL BETWEEN 2008 AND 2009

in %



Global catastrophe XL

STABLE AFTER REDUCTIONS IN 2009



TARGET MATRIX - REVISED STRATEGIC TARGETS

Business group	Key figures	Strategic targets	2009 Q1-3	Historical data		
				2008	2007	2006
Non-life R/I	Gross-premium growth (y-o-y)	none	16.2%	(3.9%)	(20.1%)	(5.8%)
	Combined ratio - assuming a	<100% ¹⁾	96.8% ✓	95.4%	99.7%	100.8%
	expected net large losses ²⁾ (in m. EUR)	≤500	198 ✓	458	285	107
	EBIT margin ³⁾	≥10%	12.7% ✓	0.1%	14.6%	14.2%
	IVC margin ⁴⁾	≥2.0%	n.a.	n.a.	n.a.	n.a.
Life and health R/I	Gross-premium growth (y-o-y)	10% - 12% ⁵⁾	41.1% ✓	1.7%	10.4%	15.2%
	EBIT margin ³⁾	6% - 7%	11.2% ✓	4.3%	8.2%	5.9%
	MCEV growth ⁶⁾	≥10%	n.a.	(3.7%)	12.3%	16.3%
	Value of New Business (VNB) growth	≥10%	n.a.	41.4%	65.7%	(24.2%)
Group	Return on investments ⁷⁾	≥3.5% ⁸⁾	4.2% ⁹⁾ ✓	0.4%	4.6%	5.0%
	Minimum return on equity	≥11.1% ¹⁰⁾	24.2% ⁹⁾ ✓	(4.1%)	17.8% + 5.3%	18.7%
Triple-10 targets →	EBIT growth (y-o-y)	≥10%	2497.4% ✓	(84.0%)	13.2%	795.0%
	Earnings per share growth (y-o-y)	≥10%	n.m.	n.m.	8.3% ¹¹⁾	942.7%
	Book value per share growth	≥10%	24.9% ✓	(15.5%)	15.6%	11.4%

1) Max. tolerable combined ratio = net premium earned + [(invested non-life assets · sustainable yield) - pre-tax cost of capital] i.e. $100\% + [(\sim 297\% \cdot 3.1\%) - (\sim 90\% \cdot 7.2\%)] = \sim 102.7\%$

3) EBIT/Net premium earned

5) Thereof 7% - 9% p.a. from organic growth and in the medium term on average 3% p.a. from opportunistic BATs

7) Assets under own management, only

9) Annualised

11) Excluding one-off tax effect

2) Incl. expected net NatCat loss and 2.5% long-term average of man-made losses

4) IVC/Net premium earned

6) Return on adj. MCEV excl. capital movements and changes in currency exchange rates

8) Risk-free rate + cost of capital

10) 5-year average government-bond yield = 3.6% + 750 bps

GUIDANCE FOR 2010

→ Hannover Re Group	
• Gross written premium (GWP) ¹⁾	+~5%
• Net premium earned (NPE) ¹⁾	+~5%
→ Non-life reinsurance (NPE) ¹⁾	+~4%
→ Life and health reinsurance (NPE) ¹⁾	+~10%
→ Return on investment ²⁾	3% - 3.5%
→ Return on equity ²⁾	≥15%
→ Dividend pay-out ratio ³⁾	35% - 40%

1) At unchanged f/x rates

2) Subject to no major distortions in capital markets and/or large losses within catastrophe budget

3) Related to group net income according to IFRS