



somewhat
different

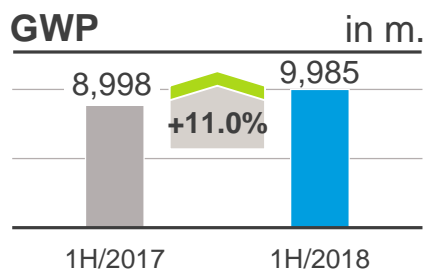
Conference Call on Half-yearly Report 2018

Hannover, 9 August 2018

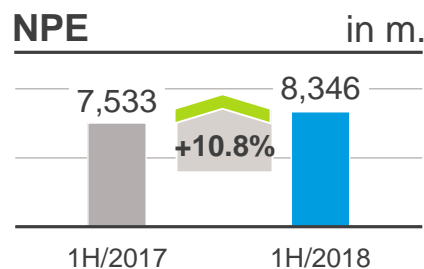
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Satisfactory half-year performance driven by strong U/W results

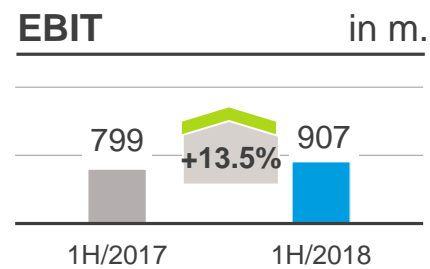
EBIT increase of +13.5% outperforms NPE growth



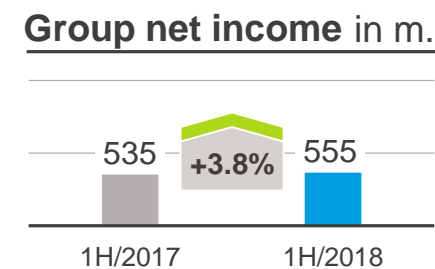
F/x-adj.: +18.1%; boosted by single large P&C transactions



F/x-adjusted: +17.9%



Supported by strong underwriting result from both business groups and above-target investment return



Return on Equity

13.2%

Well above minimum target of $\geq 9.5\%$

Book value per share

EUR 69.00

-2.4%: payment of dividend in Q2

Solvency II ratio

31.03.2018: 256%



P&C R/I

EBIT: 689 m.

- ▶ Very satisfying EBIT margin (13.3%) supported by favourable underwriting result (C/R of 95.7%)
- ▶ Strong premium growth (f/x-adj. +27.6%) driven by new business in Structured R/I and worldwide treaty



L&H R/I

EBIT: 219 m.

- ▶ Strong EBIT growth (+32.8%) showing good underlying profitability as losses from legacy US mortality business were significantly lower than expected
- ▶ Premium growth (f/x-adj. +3.7%) in line with expectations



Investments

NI: 744 m.

- RoI from AuM: 3.1%
- ▶ RoI significantly exceeds target ($\geq 2.7\%$)
- ▶ Stable ordinary investment income
- ▶ Assets under own Management (AuM): +2.1%

Figures in EUR

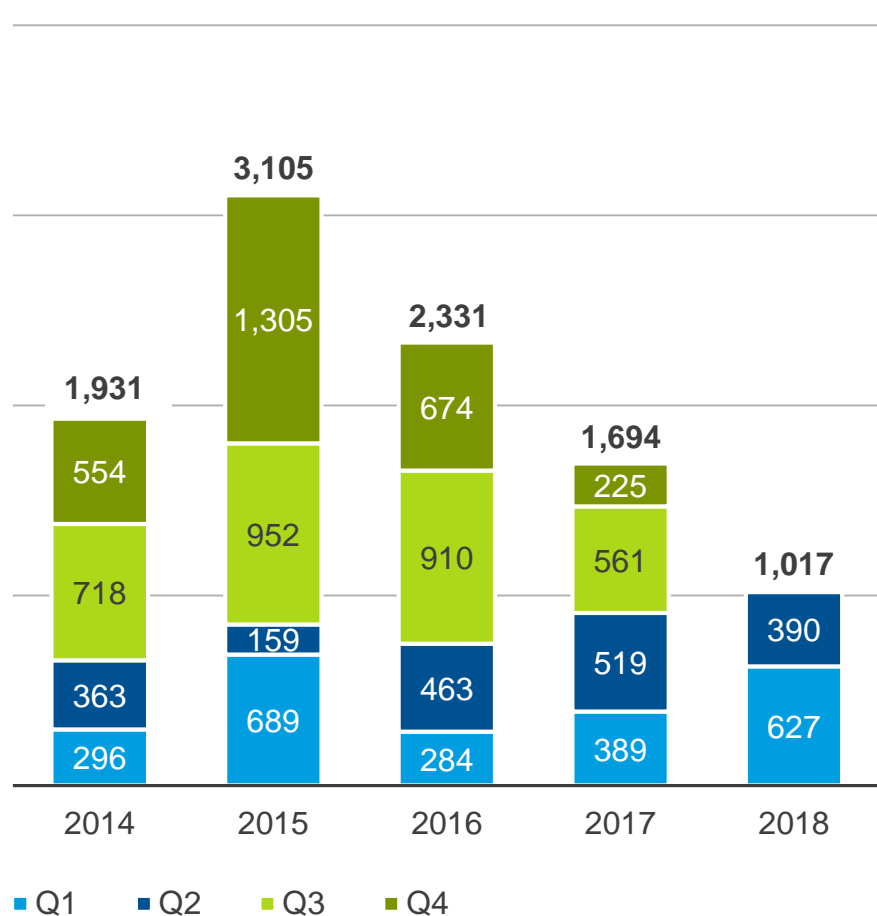
Favourable development in both business groups

Group figures in m. EUR	Q2/2017	Q2/2018	Δ	1H/2017	1H/2018	Δ
Gross written premium	4,451	4,640	+4.3%	8,998	9,985	+11.0%
Net premium earned	3,795	4,346	+14.5%	7,533	8,346	+10.8%
Net underwriting result	(55)	63	-	(79)	101	-
- Incl. funds withheld	(5)	119	-	45	214	-
Net investment income	387	352	-8.9%	779	744	-4.6%
- From assets under own mgmt.	336	297	-11.6%	656	630	-4.0%
- From funds withheld	50	55	+9.1%	123	114	-7.8%
Other income and expenses	68	58	-15.5%	99	63	-36.1%
Operating profit/loss (EBIT)	400	473	+18.5%	799	907	+13.5%
Long-term debt and notes payable	(18)	(20)	+10.2%	(36)	(38)	+5.2%
Net income before taxes	381	453	+18.9%	764	870	+13.9%
Taxes	(94)	(157)	+66.6%	(190)	(273)	+44.0%
Net income	287	297	+3.3%	574	596	+3.9%
- Non-controlling interests	17	15	-13.1%	39	41	+5.5%
Group net income	270	282	+4.3%	535	555	+3.8%
Retention	90.9%	91.4%		90.3%	91.3%	
EBIT margin (EBIT/Net premium earned)	10.5%	10.9%		10.6%	10.9%	
Tax ratio	24.6%	34.5%		24.9%	31.4%	
Earnings per share (in EUR)	2.24	2.34		4.44	4.60	

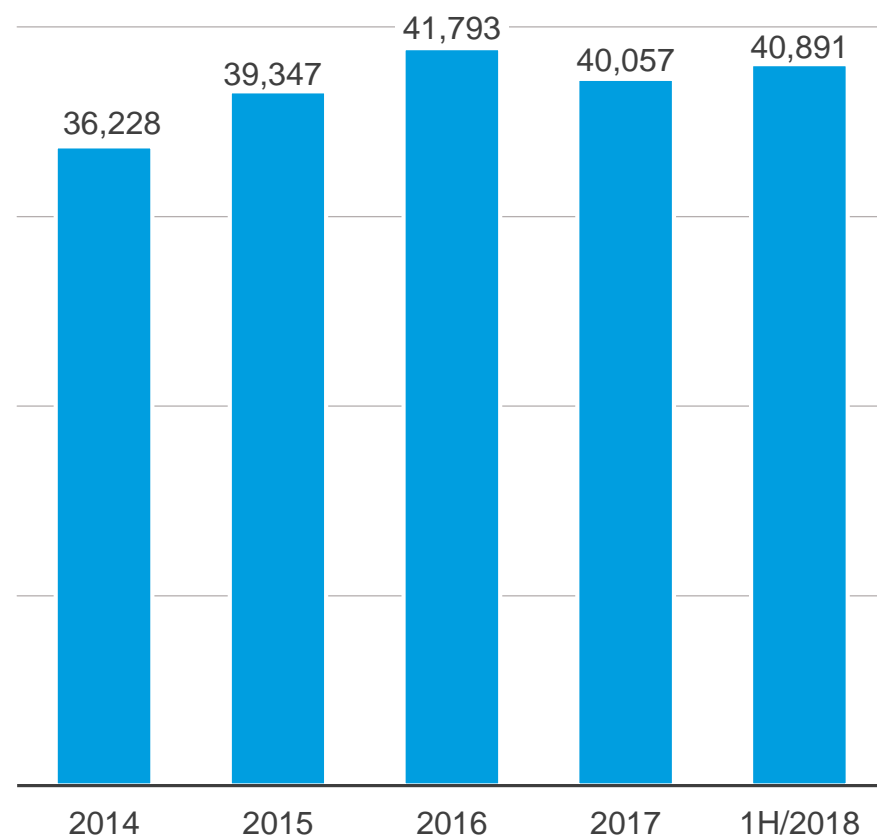
Continued positive operating cash flow

AuM +2.1%; strengthening of USD offsets decrease in valuation reserves

Operating cash flow in m. EUR

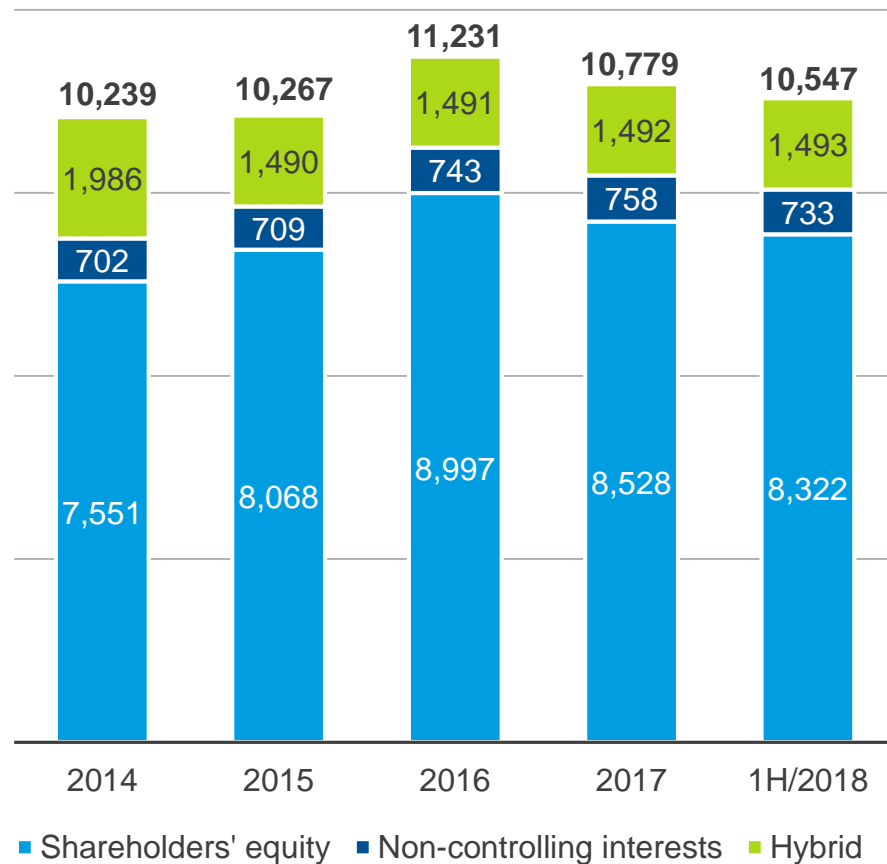


Assets under own management (AuM) in m. EUR

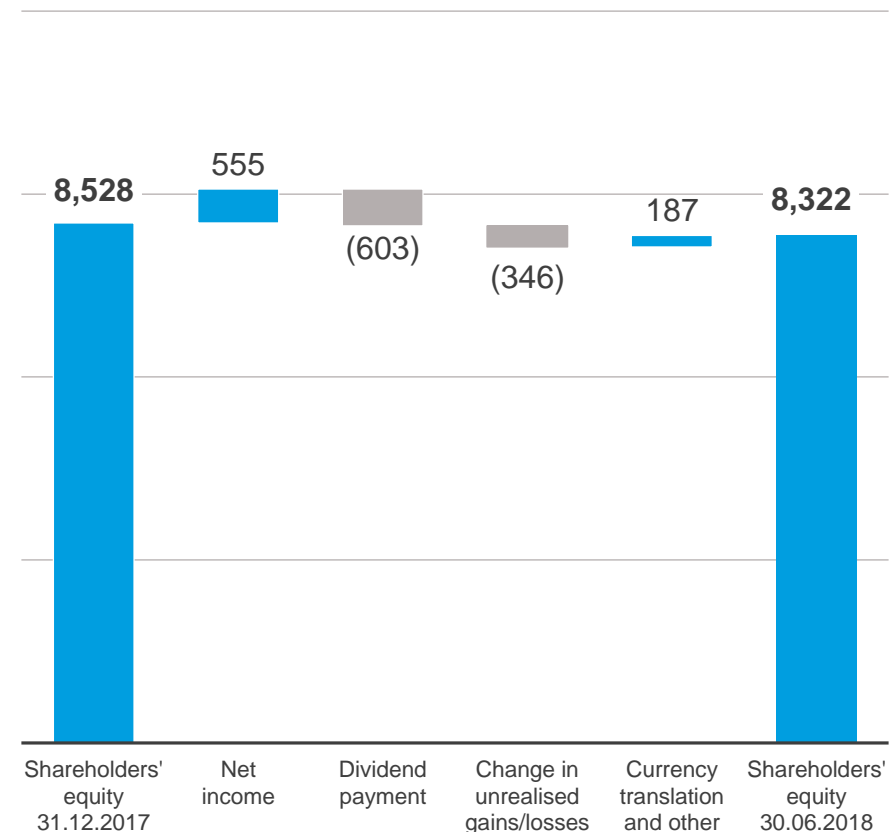


Shareholders' equity strong despite dividend payment in Q2

Policyholders' surplus in m. EUR



Change in shareholders' equity in m. EUR



High profitability supported by increased U/W result (+37.4%)

Remarkable growth mainly from tailor-made structured R/I

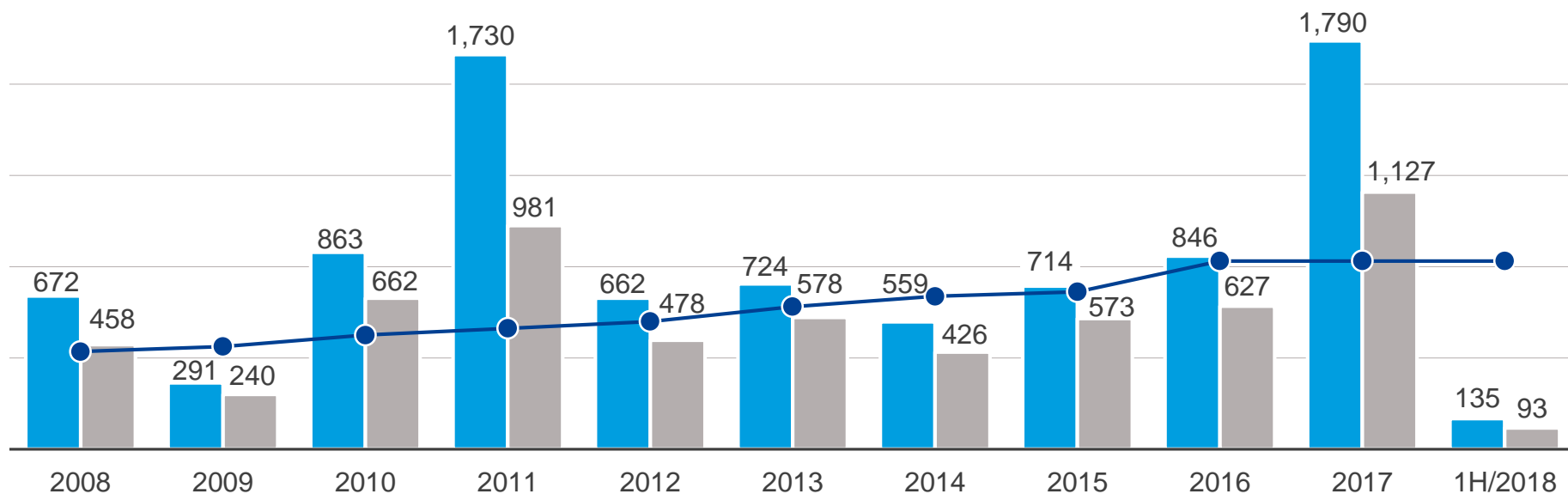
Property & Casualty R/I in m. EUR	Q2/2017	Q2/2018	1H/2017	1H/2018	YTD
Gross written premium	2,613	2,888	5,427	6,467	▶ GWP f/x adjusted +27.6%, mainly from structured R/I; diversified growth in other areas
Net premium earned	2,147	2,750	4,313	5,175	▶ NPE f/x adjusted +28.4%
Net underwriting result incl. funds withheld	55	121	151	221	▶ Major losses of EUR 93 m. (1.8% of NPE) well below budget of EUR 351 m. ▶ Unchanged reserving policy should lead to stable confidence level, run off without extraordinary effects
Combined ratio incl. interest on funds withheld	97.4%	95.6%	96.5%	95.7%	
Net investment income from assets under own management	235	227	474	487	▶ Satisfactory ordinary investment income
Other income and expenses	34	2	10	(19)	▶ Other income and expenses lower due to less positive currency effects
Operating profit/loss (EBIT)	324	350	634	689	▶ EBIT margin of 13.3% well above target
Tax ratio	24.3%	38.5%	24.5%	31.0%	▶ Tax ratio higher principally due to tax-reduced disposal gains and dividends in previous year
Group net income	229	200	444	434	
Earnings per share (in EUR)	1.90	1.66	3.68	3.60	

Major losses well below budget for 1H/2018

Remaining unused large loss budget of EUR ~700 m. for the year

Natural and man-made catastrophe losses*

in m. EUR



Natural and man-made catastrophe losses in % of Property & Casualty premium

13%	5%	14%	25%	9%	9%	7%	8%	9%	17%	2%
11%	5%	12%	16%	7%	8%	6%	7%	8%	12%	2%

Expected large losses (net) in m. EUR

428	450	500	530	560	625	670	690	825	825	825
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■ Gross
 ■ Net
 —●— Expected large losses (net)

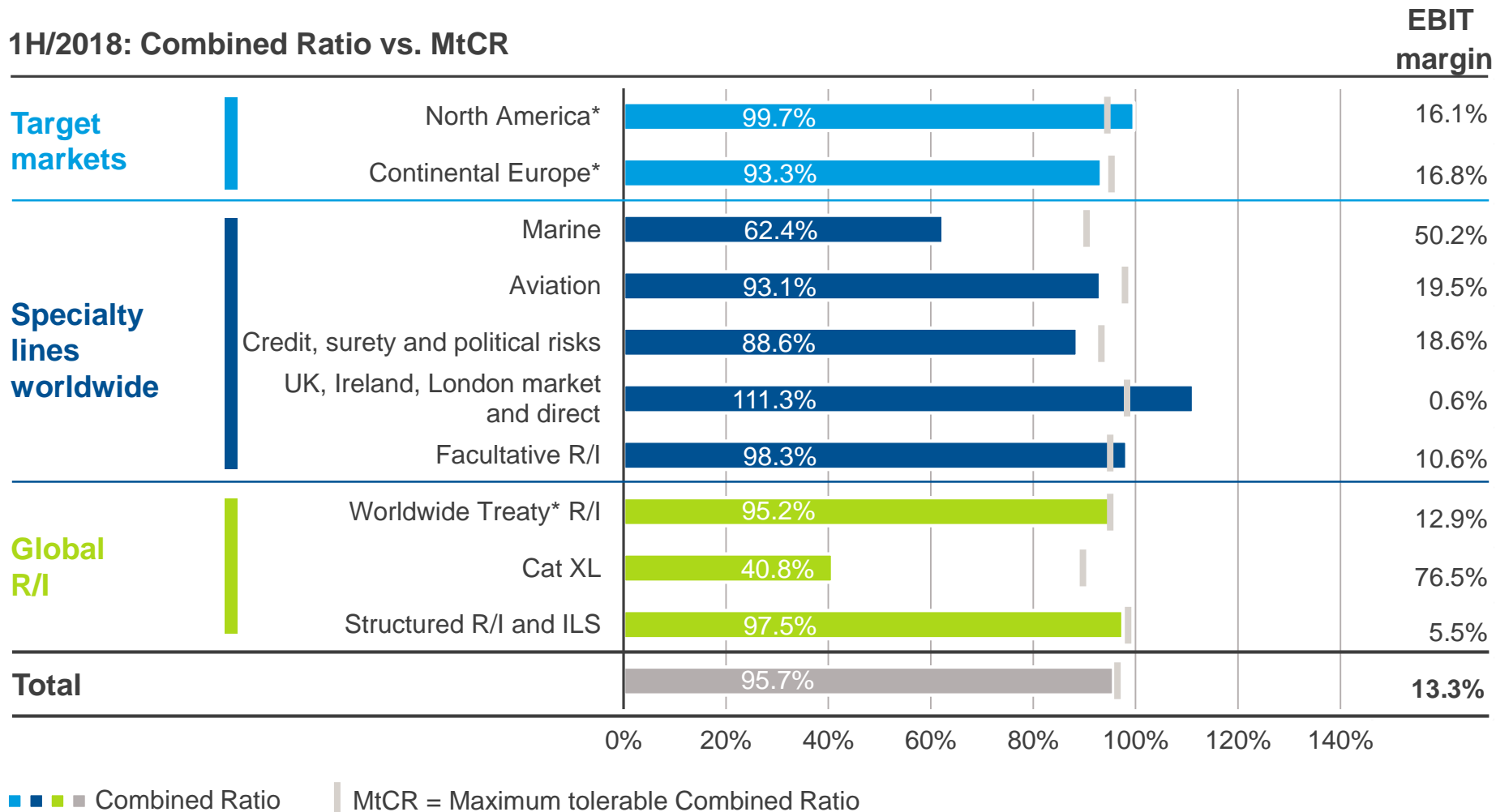
* Up to 2011 claims over EUR 5 m. gross, from 2012 onwards claims over EUR 10 m. gross

Overall very benign large loss experience in 1H/2018

Catastrophe losses* in m. EUR	Date	Gross	Net
Storm "Friederike", Europe	17 - 18 Jan	48.1	31.1
Earthquake, Papua New Guinea	25 - 26 Feb	17.3	11.2
2 Natural catastrophes		65.4	42.4
2 Property claims		44.6	26.3
1 Credit claim		24.7	24.7
5 Major losses		134.8	93.3

* Natural catastrophes and other major losses in excess of EUR 10 m. gross

Overall profitability above cost of capital



* All lines of Property & Casualty reinsurance except those stated separately

Strong EBIT growth of 32.8%

Overall good profitability; US mortality results better than expected

Life & Health R/I in m. EUR	Q2/2017	Q2/2018	1H/2017	1H/2018	YTD
Gross written premium	1,838	1,752	3,570	3,518	▶ GWP f/x-adjusted +3.7%, mainly supported by UK longevity business
Net premium earned	1,648	1,596	3,220	3,171	▶ NPE f/x-adjusted growth +3.8%
Net underwriting result incl. funds withheld	(60)	(3)	(106)	(7)	▶ Improved technical result driven by better experience in morbidity and US mortality
Net investment income from assets under own management	100	70	180	142	▶ Favourable ordinary investment income
Other income and expenses	36	57	91	84	▶ Unchanged strong contribution from deposit accounted treaties (1H/2018: EUR 93 m.)
Operating profit/loss (EBIT)	75	123	165	219	▶ Targeted EBIT growth of 5% achieved
EBIT margin	4.6%	7.7%	5.1%	6.9%	▶ Tax ratio above long-term average due to changes in business set-up linked to the US tax reform in Q1/2018, expected to decrease in the course of the year
Tax ratio	28.6%	23.1%	28.5%	33.1%	
Group net income	54	96	114	147	
Earnings per share (in EUR)	0.44	0.79	0.95	1.22	

Alternative investment classes ensure income above target

Unrealised gains lower due to higher interest rates and credit spreads

in m. EUR	Q2/2017	Q2/2018	1H/2017	1H/2018	RoI	YTD
Ordinary investment income*	317	317	641	634	3.1%	<ul style="list-style-type: none"> ▶ Stable ordinary income; Private equity and Real estate compensate for lack of dividends from liquidated portfolio of listed equities ▶ Realised gains impacted by rise in USD yields ▶ Minor impairments only on private equities, major portion still from depreciation on direct real estate holdings ▶ Decrease in valuation reserves due to higher interest rates as well as increasing credit spreads
Realised gains/losses	59	5	83	53	0.3%	
Impairments/appreciations & depreciations	(12)	(10)	(23)	(21)	-0.1%	
Change in fair value of financial instruments (through P&L)	(0)	14	11	20	0.1%	
Investment expenses	(28)	(28)	(56)	(56)	-0.3%	
Nil from assets under own mgmt.	336	297	656	630	3.1%	
Nil from funds withheld	50	55	123	114		
Total net investment income	387	352	779	744		
Unrealised gains/losses of investments			31 Dec 17	30 Jun 18		
On-balance sheet			1,159	692		
thereof Fixed income AFS			706	290		
Off-balance sheet			489	495		
thereof Fixed income HTM, L&R			315	282		
Total			1,648	1,187		

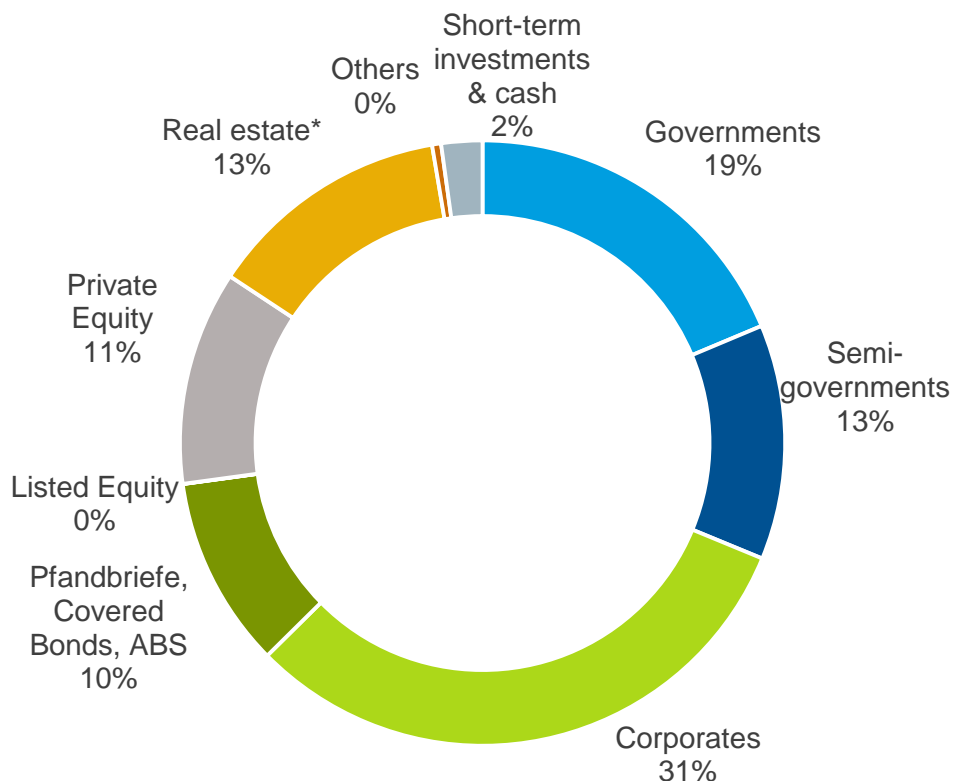
* Incl. results from associated companies

Ordinary income stabilised by Private Equity and Real estate ...

... reflected in high share of income relative to asset allocation

Ordinary income split

EUR 634 m.



Asset allocation

Investment category	30 Jun 18
Fixed-income securities	88%
- Governments	35%
- Semi-governments	16%
- Corporates	30%
Investment grade	26%
Non-investment grade	4%
- Pfandbriefe, Covered Bonds, ABS	8%
Equities	2%
- Listed Equity	<1%
- Private Equity	2%
Real estate/real estate funds	5%
Others	1%
Short-term investments & cash	3%
Total market values in bn. EUR	41.4

Economic view based on market values as at 30 June 2018

* Before real estate-specific costs

Target Matrix 2018

Business group	Key figures	Strategic targets for 2018	1H/2018
Group	Return on investment ¹⁾	≥ 2.7%	3.1%
	Return on equity ²⁾	≥ 9.5%	13.2%
	Earnings per share growth (y-o-y)	≥ 5%	3.8%
	Economic value creation ³⁾	≥ 6.5%	n.a.
	Solvency ratio ⁴⁾	≥ 200%	256.0%
Property & Casualty R/I	Gross premium growth ⁵⁾	3% - 5%	27.6%
	Combined ratio ⁶⁾	≤ 96%	95.7%
	EBIT margin ⁷⁾	≥ 10%	13.3%
	xRoCA ⁸⁾	≥ 2%	n.a.
Life & Health R/I	Gross premium growth ⁹⁾	3% - 5%	3.7%
	Value of New Business (VNB) ¹⁰⁾	≥ EUR 220 m.	n.a.
	EBIT growth	≥ 5%	32.8%
	xRoCA ⁸⁾	≥ 2%	n.a.

1) Excl. effects from ModCo derivatives

3) Growth in economic equity + paid dividend; target: 600 bps above 5-year average return of 10-year German government bonds

6) Incl. expected net major losses

8) Excess return on allocated economic capital

10) Based on Solvency II principles and pre-tax reporting

2) After tax; target: 900 bps above 5-year average return of 10-year German government bonds

4) According to our internal capital model and Solvency II requirements; as of 31 March 2018

5) On average throughout the R/I cycle; at constant f/x rates

7) EBIT/net premium earned

9) Organic growth only; annual average growth (5-year period), at constant f/x rates

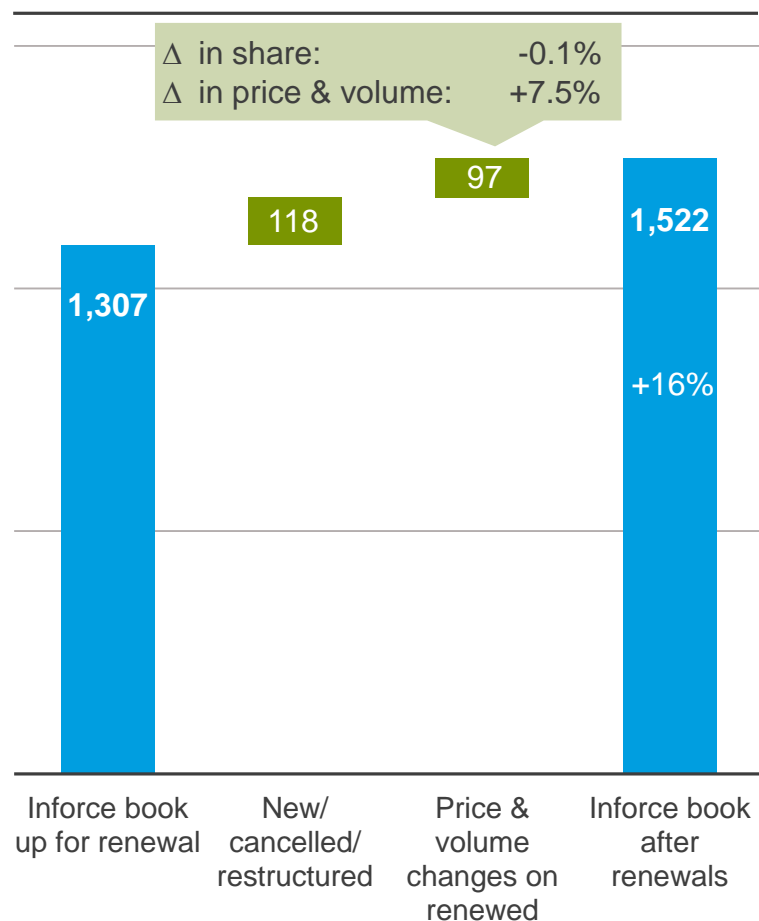
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Outlook

16% premium growth derived from various markets

Property & Casualty treaty renewals: 2 April - 1 July 2018

June/July renewals in m. EUR













- ▶ Overall premium increase in North America Treaty Department of ~15% due to further development of partnerships
 - Positive developments in MedMal and Caribbean accounts
 - Price increases on Property Cat. XLs have stalled, Risk XLs flat
 - Casualty pricing is not fully reflecting the continued loss emergence
- ▶ Australia: Doubling of premium due to partnership deals
 - Favourable development in Australia resulted in premium growth with moderately better expected underlying profitability
- ▶ Global Cat: Premium grew by 6%
 - HR continues to benefit from good showing and favourable signings
 - Caribbean: Rate improvements between +10% to +40% (Puerto Rico +30% / +10% for the non-loss impacted programs)
 - Abundance of capacity mitigated anticipated rate increases for loss impacted programs and led to “flat” renewals for non-loss impacted programs volume
- ▶ Latin America: Continued all-time high in showing of R/I offers
 - Significant growth in new business

Underwriting year figures at unchanged f/x rates (31 December 2017)

Overall profitability above margin requirements

Good growth opportunities in several lines of business

	Lines of business	Volume ¹⁾	Profitability ²⁾
Target markets	North America ³⁾		+
	Continental Europe ³⁾		+
Specialty lines worldwide	Marine		+/-
	Aviation		-
	Credit, surety and political risks		+
	UK, Ireland, London market and direct		+/-
	Facultative reinsurance		+/-
Global reinsurance	Worldwide treaty ³⁾ reinsurance		+/-
	Cat XL		+/-
	Structured reinsurance and ILS		+/-

1) In EUR, development in original currencies can be different

2) ++ = well above CoC; + = above CoC; +/- = CoC earned; - = below Cost of Capital (CoC)

3) All lines of business except those stated separately

Good underlying profitability in L&H

2H/2018 will be affected by in-force management actions in US mortality business

	Reporting categories	Volume ¹⁾	Profitability ²⁾
Financial solutions	Financial solutions	→	++
	Longevity	→	+/-
Risk solutions	Mortality	→	-
	Morbidity	↗	+/-

1) In EUR; development in original currencies can be different

2) ++ = well above CoC; + = above CoC; +/- = CoC earned; - = below Cost of Capital (CoC)

Guidance for 2018

Dividend payout ratio increased

Hannover Re Group

- ▶ Gross written premium¹⁾ _____ more than 10% growth
- ▶ Return on investment^{2) 3)} _____ at least 2.7%
- ▶ Group net income²⁾ _____ more than EUR 1 bn.
- ▶ Dividend payout ratio⁴⁾ _____ 35% - 45%
(If comfortable level of capitalisation remains unchanged, this ratio will increase through payment of another special dividend)

1) At unchanged f/x rates

2) Subject to no major distortions in capital markets and/or major losses in 2018 not exceeding the large loss budget of EUR 825 m.

3) Excluding effects from ModCo derivatives

4) Relative to group net income according to IFRS

Rationale for our short- and medium-term outlook



P&C reinsurance

- ▶ Improved rates should support C/R target $\leq 96\%$ without the need to significantly reduce confidence level of the loss reserves
- ▶ Strong market position and financial strength enable us to outgrow the market

Positioned to outperform



L&H reinsurance

- ▶ Attractive earnings contribution particularly from US Financial solutions business
- ▶ 2018 EBIT will be negatively impacted by recaptures of US mortality treaties in response to announced rate increases
- ▶ Above-target VNB development and inforce management are the basis for IFRS profit growth from 2019 onwards

Increasing profits (EBIT) in the medium term



Investments

- ▶ Normalised ordinary investment income expected at absolute level on average of past 5 years
- ▶ Medium-term growth expected due to increase in AuM supported by positive cash flow and increasing reinvestment yields

Stable Return on Investment in a low yield environment

*somewhat
different*

Appendix

Our strategic business groups at a glance

1H/2018 vs. 1H/2017

in m. EUR	Property & Casualty R/I			Life & Health R/I			Total		
	1H/2017	1H/2018	Δ	1H/2017	1H/2018	Δ	1H/2017	1H/2018	Δ
Gross written premium	5,427	6,467	+19.2%	3,570	3,518	-1.5%	8,998	9,985	+11.0%
Net premium earned	4,313	5,175	+20.0%	3,220	3,171	-1.5%	7,533	8,346	+10.8%
Net underwriting result	149	205	+37.4%	(228)	(104)	-54.3%	(79)	101	-
Net underwriting result incl. funds withheld	151	221	+46.5%	(106)	(7)	-93.7%	45	214	-
Net investment income	476	503	+5.8%	302	239	-20.8%	779	744	-4.6%
From assets under own management	474	487	+2.7%	180	142	-21.4%	656	630	-4.0%
From funds withheld	2	16	-	122	98	-19.8%	123	114	-7.8%
Other income and expenses	10	(19)	-	91	84	-7.7%	99	63	-36.1%
Operating profit/loss (EBIT)	634	689	+8.6%	165	219	+32.8%	799	907	+13.5%
Long-term debt and notes payable	0	0	-	(0)	0	-	(36)	(38)	+5.2%
Net income before taxes	634	689	+8.6%	165	219	+32.8%	764	870	+13.9%
Taxes	(155)	(213)	+37.2%	(47)	(73)	+54.4%	(190)	(273)	+44.0%
Net income	479	475	-0.7%	118	147	+24.2%	574	596	+3.9%
Non-controlling interest	35	41	+17.6%	4	(0)	-100.7%	39	41	+5.5%
Group net income	444	434	-2.1%	114	147	+28.5%	535	555	+3.8%
Retention	89.4%	91.4%		91.6%	91.2%		90.3%	91.3%	
Combined ratio (incl. interest on funds withheld)	96.5%	95.7%		103.3%	100.2%		99.4%	97.4%	
EBIT margin (EBIT / Net premium earned)	14.7%	13.3%		5.1%	6.9%		10.6%	10.9%	
Tax ratio	24.5%	31.0%		28.5%	33.1%		24.9%	31.4%	
Earnings per share (in EUR)	3.68	3.60		0.95	1.22		4.44	4.60	

Our strategic business groups at a glance

Q2/2018 vs. Q2/2017

in m. EUR	Property & Casualty R/I			Life & Health R/I			Total		
	Q2/2017	Q2/2018	Δ	Q2/2017	Q2/2018	Δ	Q2/2017	Q2/2018	Δ
Gross written premium	2,613	2,888	+10.5%	1,838	1,752	-4.7%	4,451	4,640	+4.3%
Net premium earned	2,147	2,750	+28.1%	1,648	1,596	-3.1%	3,795	4,346	+14.5%
Net underwriting result	58	113	+93.6%	(114)	(49)	-56.6%	(55)	63	-
Net underwriting result incl. funds withheld	55	121	+120.6%	(60)	(3)	-95.4%	(5)	119	-
Net investment income	232	235	+1.2%	153	116	-24.2%	387	352	-8.9%
From assets under own management	235	227	-3.8%	100	70	-30.1%	336	297	-11.6%
From funds withheld	(3)	8	-	54	47	-13.2%	50	55	+9.1%
Other income and expenses	34	2	-94.2%	36	57	+57.7%	68	58	-15.5%
Operating profit/loss (EBIT)	324	350	+7.8%	75	123	+63.6%	400	473	+18.5%
Long-term debt and notes payable	(0)	0	-	(0)	0	-	(18)	(20)	+10.2%
Net income before taxes	324	350	+7.8%	75	123	+63.6%	381	453	+18.9%
Taxes	(79)	(135)	+70.5%	(22)	(29)	+32.3%	(94)	(157)	+66.6%
Net income	246	215	-12.3%	54	95	+76.2%	287	297	+3.3%
Non-controlling interest	17	16	-7.1%	0	(1)	-	17	15	-13.1%
Group net income	229	200	-12.7%	54	96	+78.5%	270	282	+4.3%
Retention	90.3%	91.3%		91.8%	91.7%		90.9%	91.4%	
Combined ratio (incl. interest on funds withheld)	97.4%	95.6%		103.6%	100.2%		100.1%	97.3%	
EBIT margin (EBIT / Net premium earned)	15.1%	12.7%		4.6%	7.7%		10.5%	10.9%	
Tax ratio	24.3%	38.5%		28.6%	23.1%		24.6%	34.5%	
Earnings per share (in EUR)	1.90	1.66		0.44	0.79		2.24	2.34	

Slight risk reduction ...

... reflected at government bonds and corporates

Asset allocation¹⁾

Investment category	2014	2015	2016	2017	30 Jun 18
Fixed-income securities	90%	87%	87%	87%	88%
- Governments	21%	26%	28%	30%	35%
- Semi-governments	19%	17%	18%	17%	16%
- Corporates	36%	34%	33%	32%	30%
Investment grade	33%	30%	28%	27%	26%
Non-investment grade	3%	4%	4%	5%	4%
- Pfandbriefe, Covered bonds, ABS	14%	10%	9%	8%	8% ²⁾
Equities	2%	3%	4%	2%	2%
- Listed equity	<1%	1%	2%	<1%	<1%
- Private equity	2%	2%	2%	2%	2%
Real estate/real estate funds	4%	4%	5%	5%	5%
Others	1%	1%	1%	1%	1%
Short-term investments & cash	4%	5%	4%	4%	3%
Total market values in bn. EUR	36.8	39.8	42.3	40.5	41.4

1) Economic view based on market values without outstanding commitments for Private Equity and Alternative Real Estate as well as fixed-income investments of EUR 1,385.3 m. (EUR 1,201.9 m.) as at 30 June 2018

2) Of which Pfandbriefe and Covered Bonds = 73.6%

Stress tests on assets under own management

Unchanged focus on yields and credit spreads; reduced relevance of equities

Portfolio	Scenario	Change in market value in m. EUR	Change in OCI before tax in m. EUR
Equity (listed and private equity)	-10%	-86	-86
	-20%	-171	-171
Fixed-income securities	+50 bps	-882	-805
	+100 bps	-1,719	-1,568
Credit spreads	+50%	-693	-664

As at 30 June 2018

Fixed-income book well balanced

Geographical allocation mainly in accordance with our business diversification

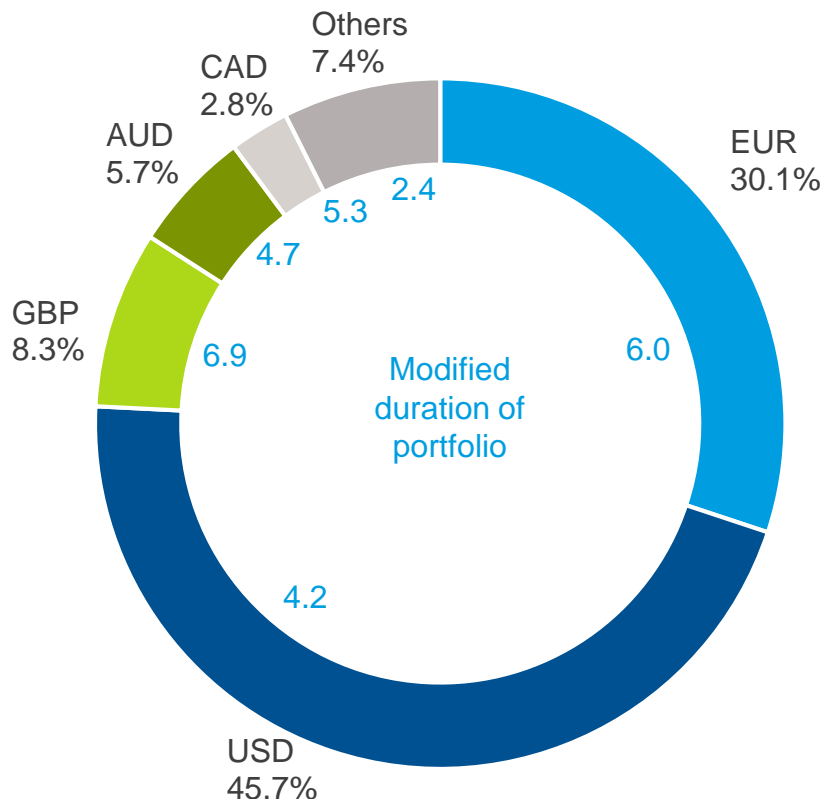
	Governments	Semi-governments	Corporates	Pfandbriefe, Covered bonds, ABS	Short-term investments, cash	Total
AAA	78.1%	61.0%	1.2%	62.8%	-	48.7%
AA	12.7%	26.2%	14.4%	20.8%	-	16.4%
A	5.4%	5.7%	33.9%	9.7%	-	15.1%
BBB	2.0%	1.5%	42.9%	5.0%	-	15.4%
<BBB	1.8%	5.5%	7.7%	1.8%	-	4.4%
Total	100.0%	100.0%	100.0%	100.0%	-	100.0%
Germany	16.8%	45.3%	4.2%	22.1%	18.9%	18.4%
UK	7.7%	2.5%	8.2%	10.6%	7.5%	7.2%
France	1.1%	1.3%	7.8%	5.9%	0.8%	3.6%
GIIPS	0.9%	1.1%	4.2%	5.2%	0.0%	2.3%
Rest of Europe	2.2%	12.5%	15.2%	20.4%	3.5%	9.6%
USA	56.0%	9.2%	34.3%	12.7%	14.3%	35.8%
Australia	3.6%	9.8%	8.8%	11.0%	7.5%	7.1%
Asia	7.7%	7.0%	5.7%	0.7%	31.8%	7.3%
Rest of World	4.0%	11.5%	11.7%	11.3%	15.7%	8.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total b/s values in m. EUR	14,412	6,511	11,514	3,071	1,407	36,915

IFRS figures as at 30 June 2018

Currency allocation matches liability profile of balance sheet

Duration-neutral strategy applied

Currency split of investments



- ▶ Modified duration of fixed-income mainly congruent with liabilities
- ▶ GBP's higher modified duration predominantly due to life business

Modified duration

Year	Modified duration
2017	4.8
2016	5.0
2015	4.4
2014	4.6
2013	4.4
2012	4.5

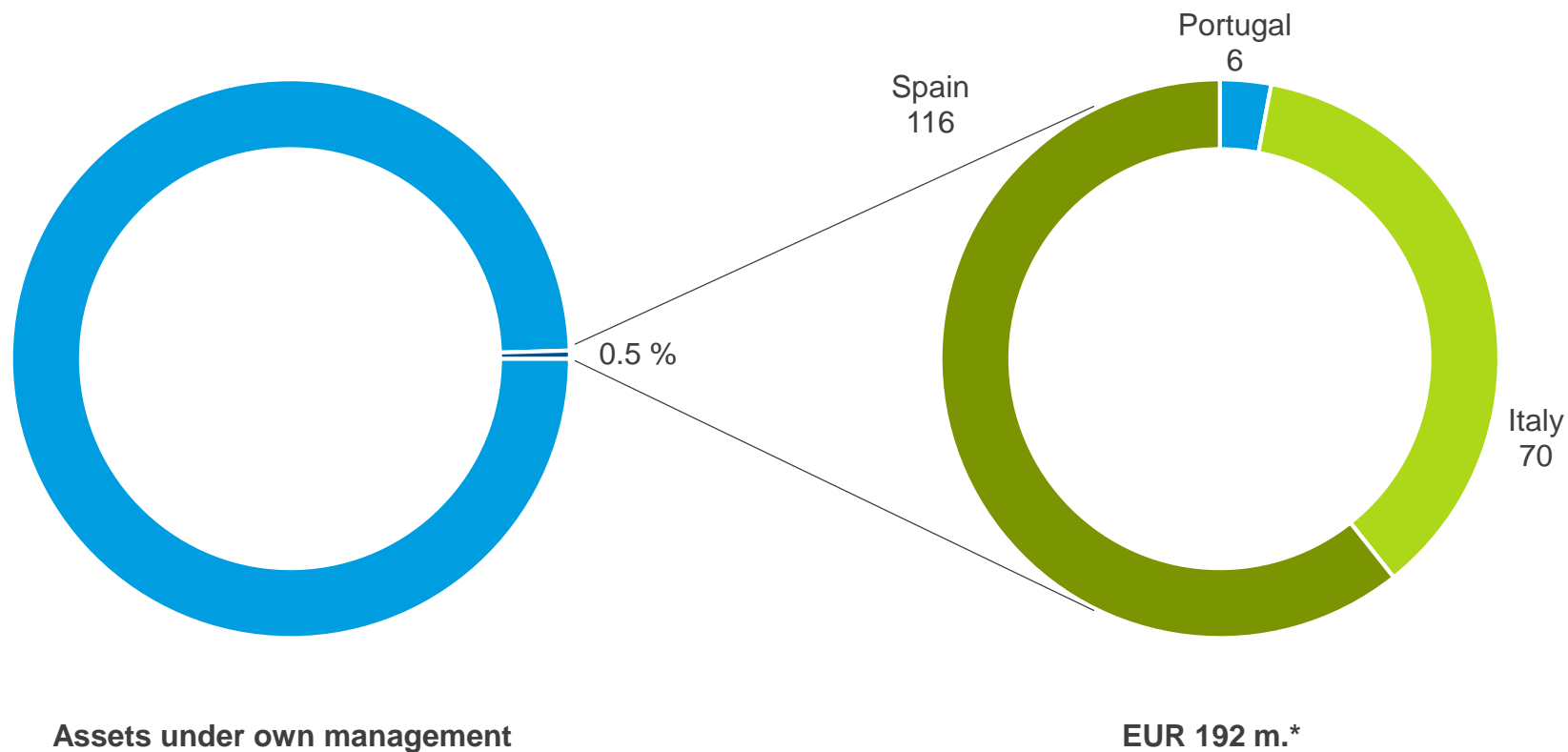
Modified duration as at 30 June 2018: 4.9

Low allocation in Southern Europe and Ireland*

Hardly 0.5 % of assets under own management

Asset allocation

in m. EUR

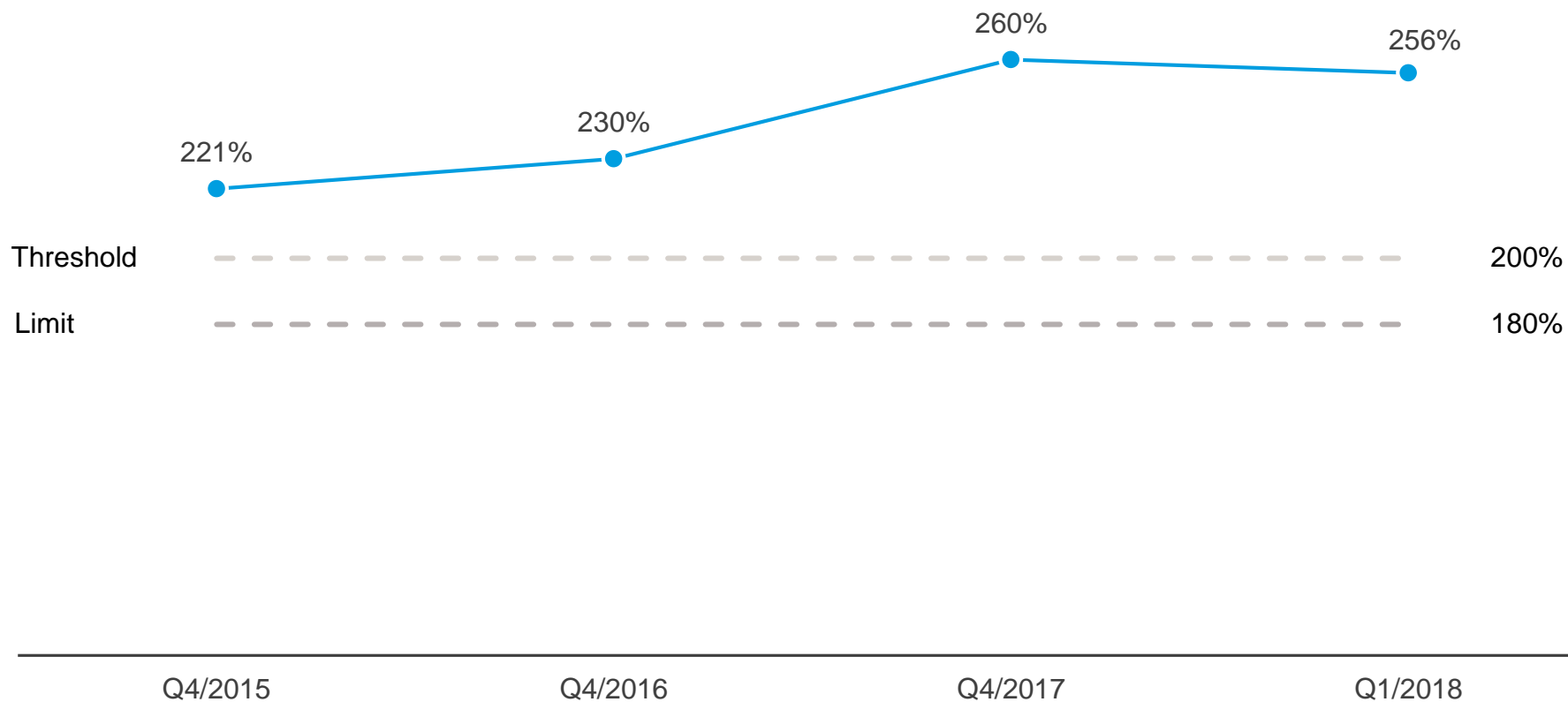


Economic view based on market values as at 30 June 2018
* Governments and Semi-Governments

Solvency II ratio (regulatory view)

Hannover Re Group

Development of the Solvency II ratio (regulatory view)



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