

**Munich Re:
First foreign life reinsurer in the CIS**

Press workshop

23 October 2006

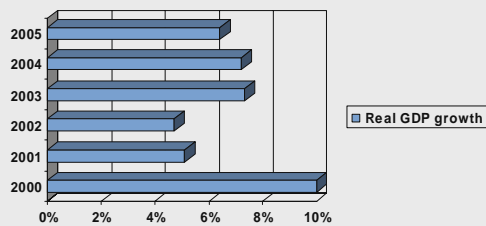
 Münchener Rück
Munich Re Group



Business environment

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- Continuing dynamic growth in Russia and most of the CIS (Commonwealth of Independent States)
- Russia: real Gross Domestic Product (GDP) growth for 2000–2005 averaging 6.8% p.a.



Development of life insurance market in the CIS



Dynamic growth of economy and pent-up demand for pension provision

- Annual premium growth above 100%
- Many foreign primary insurers opening offices in Moscow
- Good conditions for expansion of life reinsurance business

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Historical background: Relationship with Russia



- **1880** Carl von Thieme founded Munich Re
- **1885** Thieme opened the company's very first office abroad – in Saint Petersburg. The former tsardom was Munich Re's biggest reinsurance market in terms of premium income
- **1991** Opening of a representative office for life and non-life business

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Business development in life business to date



- **1995:** First life reinsurance agreement
- **1995–2000:** Phase of intensive observation of the CIS's economic and financial development
- **1999:** Start of facultative life business
- **Since 2000:** Commencement of concrete business development with an expanded underwriting team in Moscow and processing of the business in Munich
- **2005:** Munich Re biggest life reinsurer in the CIS according to own estimates

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Establishment of the Moscow subsidiary



- **29 March 2006**
Establishment of Munich Re Life Reinsurance Eastern Europe/
Central Asia
 - **6 October 2006**
Receipt of business licence from the Russian authorities
- 
Moody's Investors Service Ltd.
- **13 October 2006**
Moody's Investors Service assigns the subsidiary an insurance financial strength rating of A2, a very good rating for a start-up company; outlook stable

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Strategic considerations



- Present business relations to remain unchanged, but transfer of reinsurance contracts from Munich Re Munich to Moscow
- Capitalisation of 120 million roubles enables subsidiary to offer reinsurance solutions on a rouble basis
 - > Expansion of business opportunities in local currency
 - > Professional support for new primary insurance companies entering the market
- Consolidation of leading position in the CIS markets through closer and enhanced personal contact with clients and authorities
- Access to highly qualified local personnel

Munich Re strategy: Organic growth in reinsurance

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Outlook



- Munich Re sees high development potential for pension provision in Eastern Europe and Central Asia
- Munich Re can offer excellent solutions for supporting new life insurers in the Eastern European market as well

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Thank you for your attention.

Ralf Lindner, Head of Department Central, Eastern and Southeastern Europe in the Life and Health Division

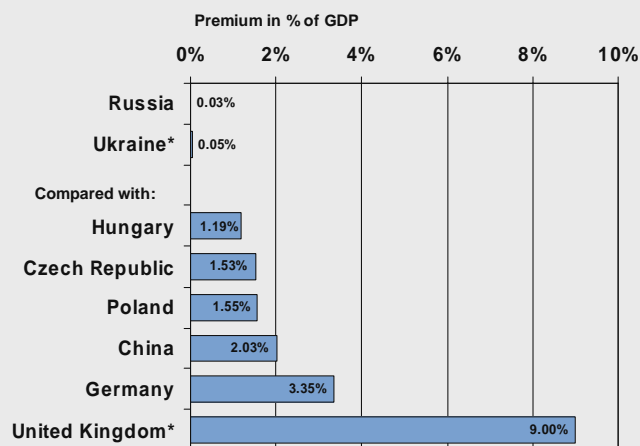
Dmitri Demidov, General Manager und CEO
Munich Re Life E.E.C.A., Moscow

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Appendix: Penetration of life insurance markets in selected countries (2005)

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* 2004 data.