

Munich Re Group

**Investors' Day on
Property-Casualty Reinsurance**

19 February 2008



Münchener Rück
Munich Re Group





PRESENTATION

Ensuring sustainable profitability

Torsten Jeworrek

4

WORKSHOPS

Underwriting excellence and portfolio management

Heike Trilovszky

21

Product life cycle management

Thomas Blunck – Michael Sorg

33

Specialty business

Peter Röder – Pina Albo

44

BACKUP

60



PRESENTATION

9.00 **Ensuring sustainable profitability**

Torsten Jeworrek

10.00 **Break**

20 min.

WORKSHOPS

Fenchurch Suite

10.20 **Underwriting excellence and portfolio management**

Heike Trilovszky

11.10 **Product life cycle management**

Thomas Blunck – Michael Sorg

12.00 **Specialty business**

Peter Röder – Pina Albo

Bishopsgate Suite

10.20 **Product life cycle management**

Thomas Blunck – Michael Sorg

11.10 **Specialty business**

Peter Röder – Pina Albo

12.00 **Underwriting excellence and portfolio management**

Heike Trilovszky

Minories Suite

10.20 **Specialty business**

Peter Röder – Pina Albo

11.10 **Underwriting excellence and portfolio management**

Heike Trilovszky

12.00 **Product life cycle management**

Thomas Blunck – Michael Sorg

12.50 **Informal get-together**



Ensuring sustainable profitability

Torsten Jeworrek

Workshops

Underwriting excellence
and portfolio management

Heike Trilovszky

Product life cycle management

Thomas Blunck – Michael Sorg

Specialty business

Peter Röder – Pina Albo

Executive summary



Strong commitment to further sustainable underwriting results

Cycle management including differential terms supports attractive returns

Active portfolio steering leads to higher share of less cyclically exposed business

Product innovations and multi-channel distribution to drive future growth

RoRaC
at least 15%

IMPLIES COMBINED RATIO
97% over the cycle

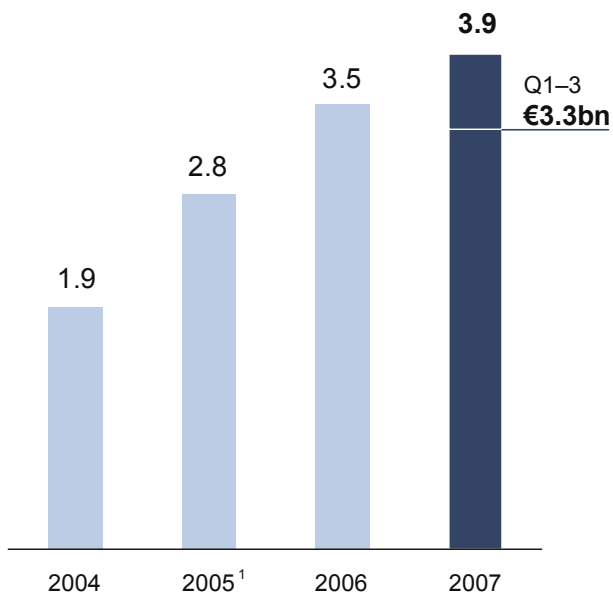


Consolidated result Munich Re Group and p-c reinsurance

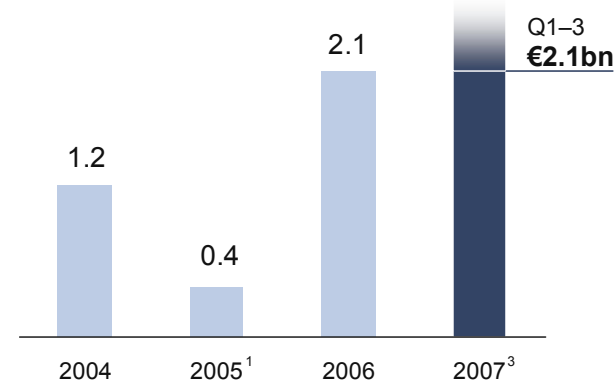
Significant contribution to Group result

Munich Re Group – Consolidated result

€bn

Thereof p-c reinsurance²

€bn

¹ Adjusted due to first-time application of IAS 19 (rev. 2004). Result impacted by –€1.5bn due to Atlantic windstorms KRW.² Segmental view (not consolidated).³ Disclosure of full year result on 25 February 2008.

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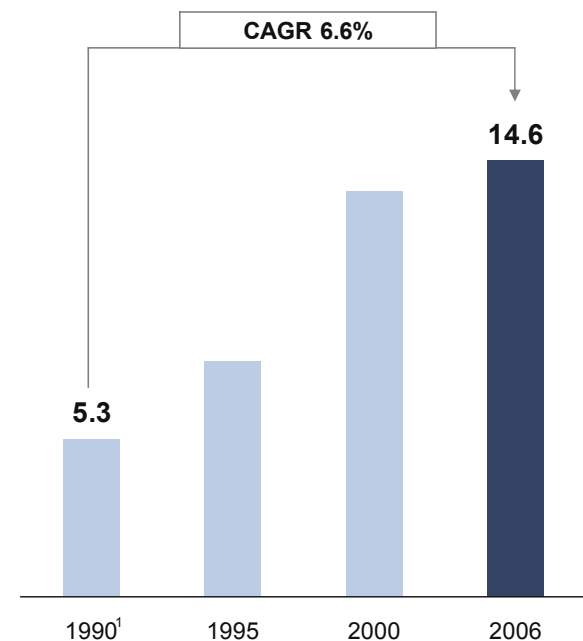
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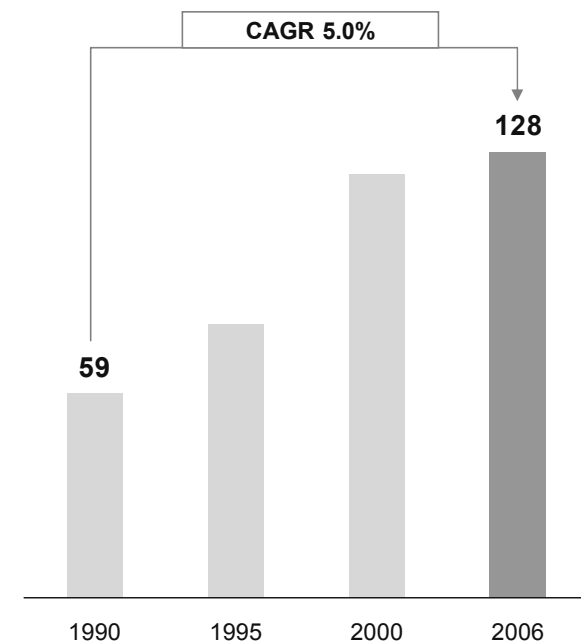
Premium development p-c reinsurance – Munich Re vs. market

Leveraging our global expertiseGROSS WRITTEN PREMIUMS
Munich Re

€bn

GROSS WRITTEN PREMIUMS
Market

€bn

¹ Business year 1989/90.

Source: Munich Re Economic Research

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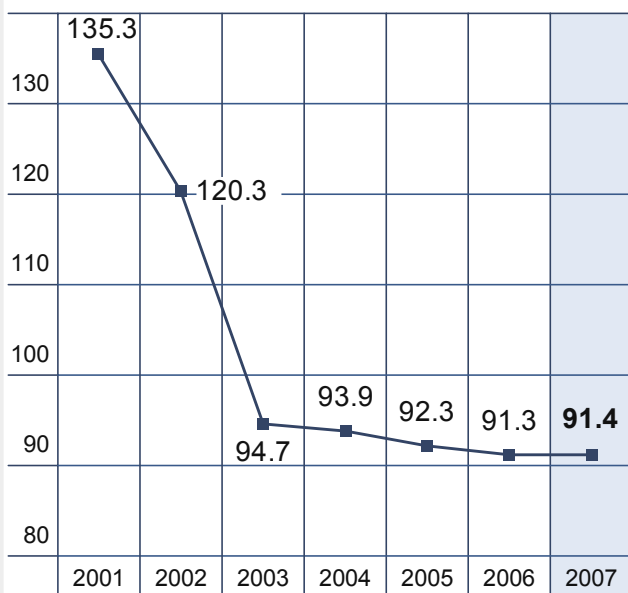


Combined ratio p-c reinsurance Munich Re

Strong and decreasing

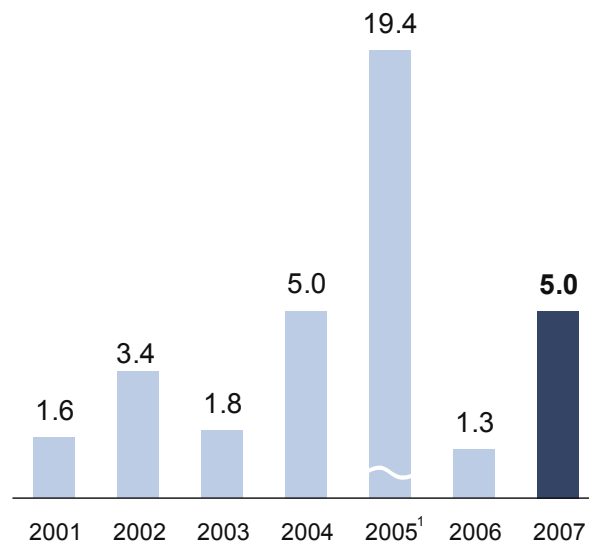
Excl. NatCat losses

%



NatCat impact

%



Clear commitment to
combined ratio of 97% over the cycle

¹ Thereof KRW 16.7%

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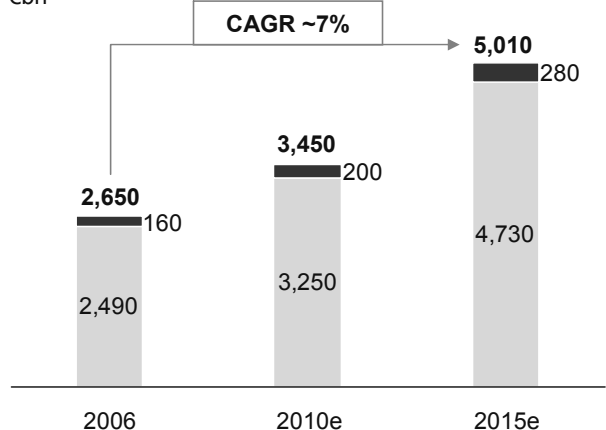


Estimated market volume development

Attractive market environment offers selective growth opportunities

Global insurance market

€bn

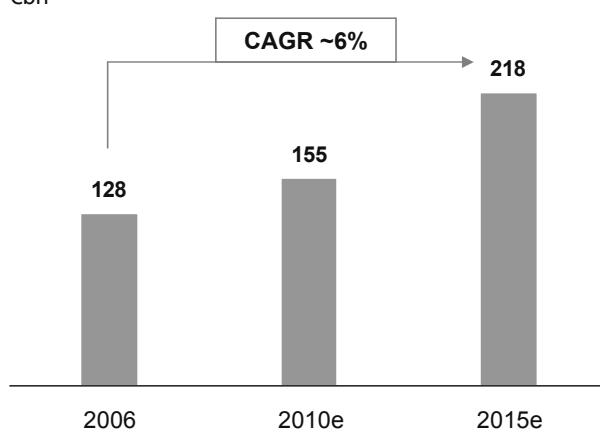


CAGR 2006–2015

■ Reinsurance	~6%
■ Primary insurance	~7%

Thereof p-c reinsurance

€bn



Regional split	2006	2015	Δ in €bn	CAGR
Europe	55	87	32	~5%
North America	44	71	27	~5%
Asia, Australasia	19	41	22	~9%
Latin America	5	11	6	~9%
Africa, Near/Middle East	5	8	3	~5%
Total	128	218	90	~6%

Gross written premiums. Source: Munich Re Economic Research

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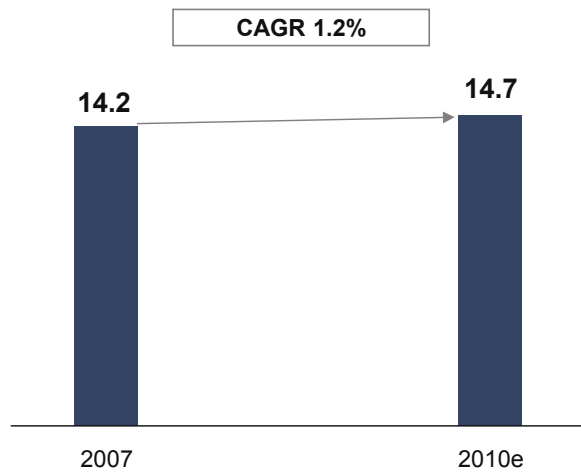
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Estimated Munich Re p-c reinsurance portfolio development

Less pronounced growth expectations until 2010 – Focus on profitability**Gross written premiums**

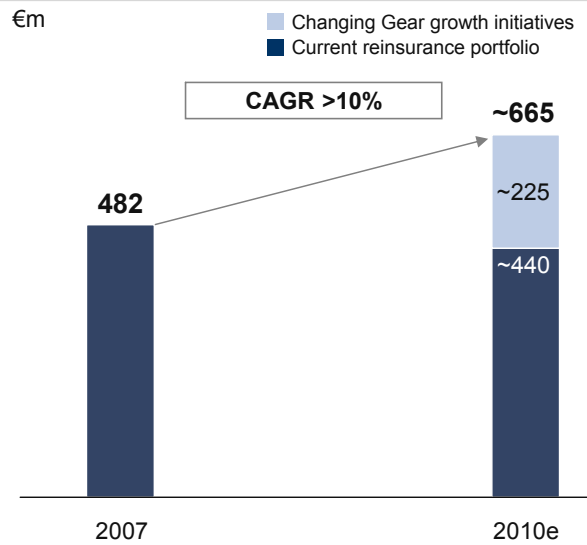
€bn



2010 excluding
Changing Gear growth initiatives

Underwriting result¹

€m



Changing Gear growth initiatives
>€250m net profit contribution in 2010

2010 underwriting result estimation based on
97% combined ratio

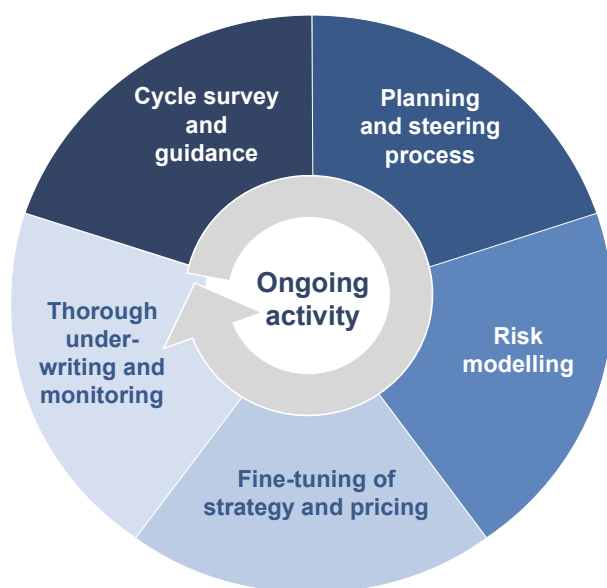
¹ Underwriting result: Net premiums written less losses, management expenses and deductions (e.g. commissions, fees).

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January renewals 2008 – Cycle management

Fundamental process at management and operational level**Corporate level**

- Close cycle observation process involving all operational market expertise
- Continuous monitoring of book
- Full transparency due to efficient data mining

Management level

- Transparent management information system
- Thorough capacity management
- Incentive schemes of operational units fully profit-oriented

Underwriting level

- Technical pricing focusing on profitability only
- Select cycle-sensitive business from niche/specialty opportunities
- Implement differential terms and conditions

Munich Re has expertise, people, systems and processes for best-in-class cycle management

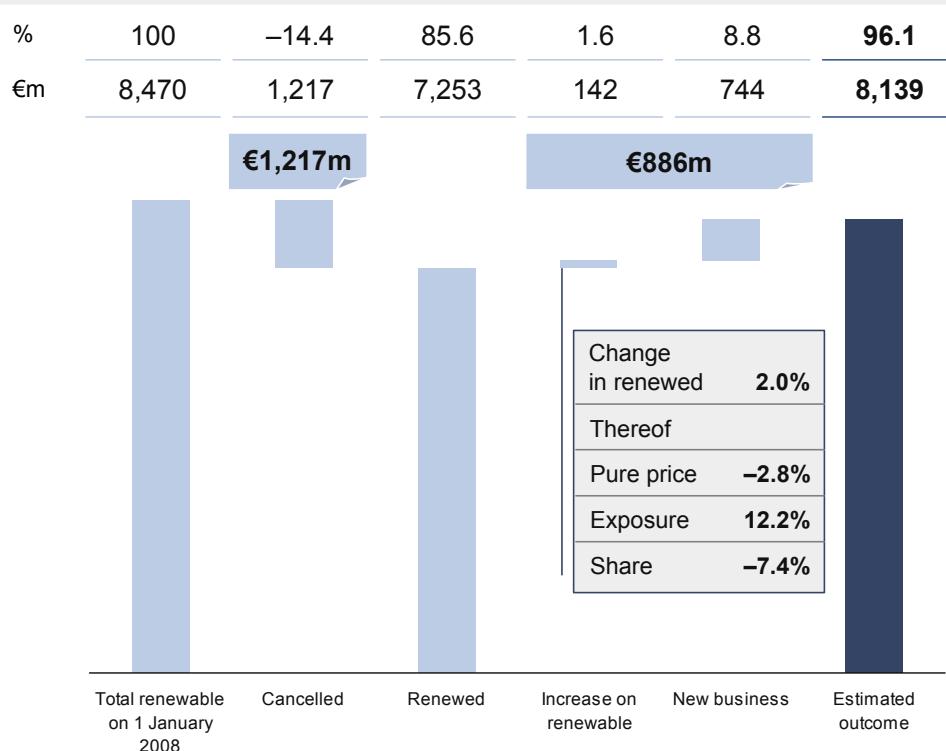
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January renewals 2008 – Results

Portfolio enhanced in difficult environment



- 65% of total treaty p-c business was up for renewal
- Downcycle less pronounced than some suspected
- Overall premium decrease 4%
- Expected combined ratio 2008:
 - Excl. NatCat **91.5%**
 - NatCat impact **6.5%**
 - Total CR **98%**



January renewals 2008 – Munich Re approach

Our strengths enable us to focus on profitable business

Superior risk analysis

- Best-in-class claims management
- Pre-quotation audits
- Excellent modelling skills and market estimations due to unique data basis

Reputation and security

- Established long-term partner with clear strategy
- Excellent financial security
- High capacity to lead large programmes

Privileged access to clients

- High ratio of leading shares (app. 50%)
- Excellent market proximity through decentralised organisational structure
- Solution approach and service quality
- Excellent reactivity to client requirements during renewal

Active cycle management
in traditional core**-€1,217m**Selective growth in
less cyclical segments**€886m**



January renewal 2008 – Concrete initiatives

Cycle management at work

Decrease		Examples	
Active cycle management in traditional core	Discontinuing not adequately priced business	–€120m	US XL
		–€42m	Motor Q/S Mexico
		–€26m	Offshore energy
	Shift from proportional to non-proportional business to detach from cycle	–€43m	Motor Austria
	Focusing on underwriting strategy	–€23m	Motor XL (France)
Selective growth		Examples	
Strategic partnerships	Manage capital requirements and finance growth	€93m	Motor Q/S (e.g. Venezuela, Netherlands)
	Unique risk expertise	€50m	Excess Q/S treaties environmental risks
Preferred terms and conditions	Preferred terms	€150m	China Q/S motor
Develop alternative distribution channels		€90m	Agro



Reinsurance strategy – Recent achievements

On track concerning main strategic initiatives

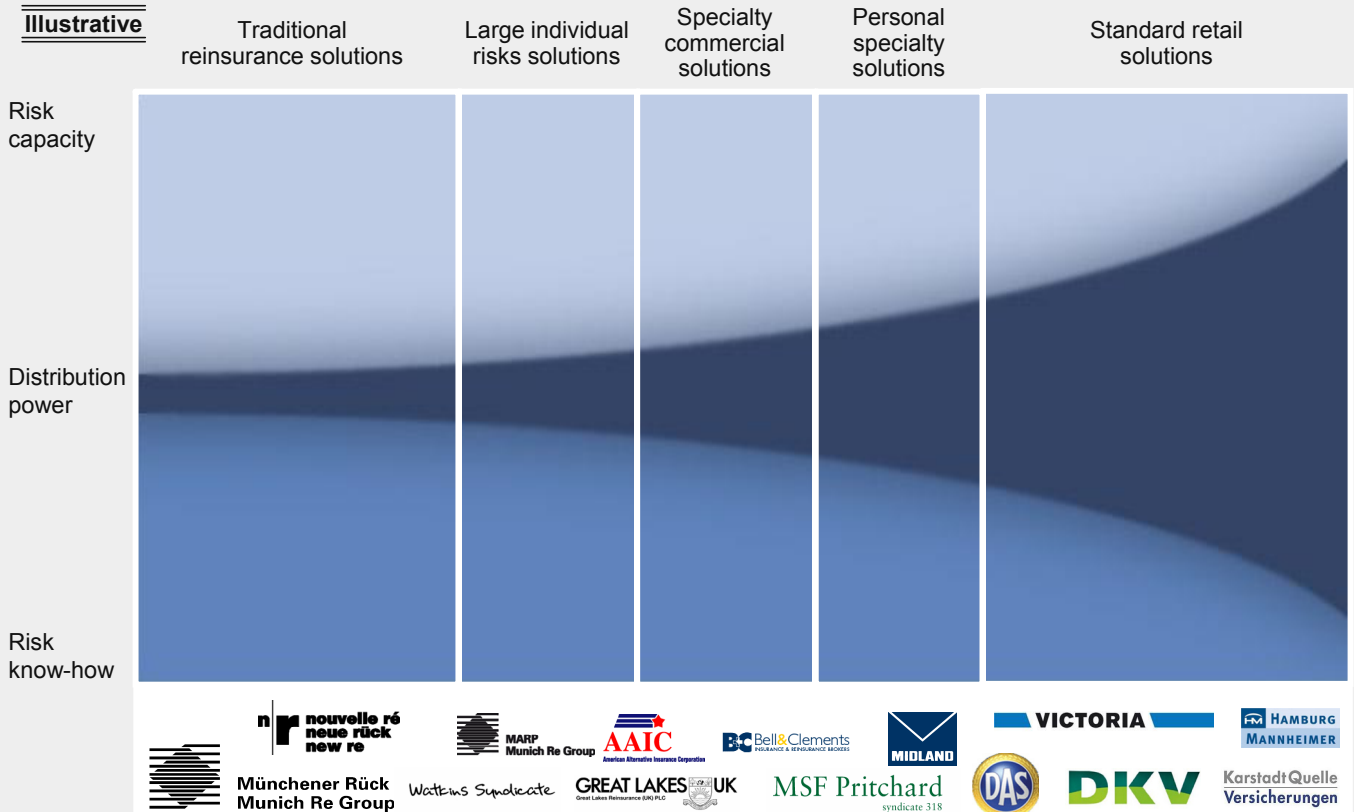
1	Optimal distribution strategy	Optimising client management and providing individualised products
2	Growth out of core business	Changing Gear growth initiatives underway
3	Consequent cycle management	Disciplined enforcement during January renewals 2008
4	Develop alternative business models to complete product offerings	Risk Trading Unit on track
5	Further enhancement of risk modelling and steering	Consequent realisation of Corporate Underwriting and Integrated Risk Management



Successful business model

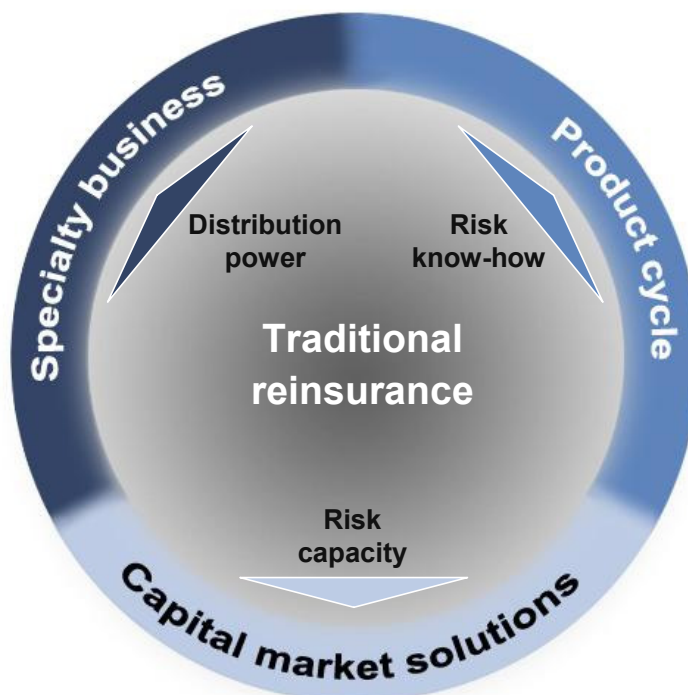
Providing best business model for each risk segment

Illustrative



New business opportunities

Using unique risk competence



Examples of concrete initiatives



Top initiatives deliver >€250m net profit in 2010

Key takeaways

Market environment

P-C reinsurance market is attractive and continues to grow above world GDP in the long term.
However, reinsurance cycle will lessen short- to medium-term growth rates

Munich Re

... will continue to run a highly profitable p-c book

... has expertise, people, systems and processes for best-in-class cycle management

... is a central player for risk transfer solutions

Clear commitment to at least 15% RoRaC implying combined ratio of 97% over the cycle

Workshop sessions will provide more details

Workshop
Underwriting excellence and portfolio management
Workshop
Product life cycle management
Workshop
Specialty business



Agenda

Ensuring sustainable profitability

Torsten Jeworrek

Workshops

**Underwriting excellence
and portfolio management**

Heike Trilovszky

Product life cycle management

Thomas Blunck – Michael Sorg

Specialty business

Peter Röder – Pina Albo



Executive summary

Munich Re's portfolio strategy in p-c reinsurance supports goal to be the most profitable among top five reinsurers

Value-based management translates 15% RoRaC target into operational business and aligns interests of management and shareholders

Our customers prefer Munich Re to other reinsurers – 1/3 of 2008 treaty business relates to private placements or is placed on differential terms

State-of-the-art cycle management strategy since 2001 based on risk-adequate pricing

Growth initiatives in less cycle-sensitive business segments

Munich Re exploits competitive advantage – >40% of proportional treaty premium 2008 is written in segments less exposed to cycle



Introduction

Consistent management and quality standards ensure profitability



- Munich Re's portfolio is large and diversified
- Beyond traditional reinsurance, strategic initiatives focus on exploiting growth opportunities
- To ensure profitability, we concentrate on
 - Value-based management
 - Underwriting excellence
 - Portfolio management
 - Cycle management



Value-based management

Profit targets align interests of management and shareholders

Parameter	Adjusted result	–	Necessary operating equity	x	Target rate	=	Value added
Driver	<ul style="list-style-type: none"> Underwriting result Adjusted to spread annual result volatility Plus investment result calculated with risk-free interest rate 		<ul style="list-style-type: none"> Driven by risk-based capital derived from Munich Re Capital Model 		<ul style="list-style-type: none"> Defined by top management Deducted from target return to shareholders 		<ul style="list-style-type: none"> Value added is basis of targets and incentive scheme Target value added is translated into pricing loadings
Guiding principles	Bottom-line focus No "gambling" with low frequency/high-severity risks No "cash-flow underwriting"		Profitability commensurate with risk Steering away from exposure peaks		Profitability managed to target 15% RoRaC over the cycle		Risk-adequate pricing strategy



Underwriting excellence

Quality management in a decentralised business model

Quality management by Corporate Underwriting

Training and knowledge providing for underwriters	Controlled underwriting authority	State-of-the-art tools for risk assessment, modelling and pricing	Risk and product strategies as framework for how to approach risk	Reviews to evaluate quality of underwriting and identify potential for further improvement
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Underwriting close to risk and close to customer

Assessing risk and information provided by customer	Structuring product to reflect risk characteristics and customer needs	Calculating risk-adequate price, i.e. expected claims cost plus loadings for cost of capital and expenses	Leveraging Munich Re's competitive position to negotiate best possible deal
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Decentralised business model with strong corporate function
allows proximity to risk and customer without compromising quality standards



Underwriting excellence

Adding value for customers and shareholders

Munich Re offers 5,000 customers in 150 countries

High financial security
and capacityIntelligent reinsurance
and risk management
solutionsGlobal network
of 50 affiliates and
branch offices in
27 countriesRisk-related services
to support customers
in underwriting and
risk management

Best reinsurer overall by cedant vote

(Flaspöhler – Survey Europe 2006)

Consequences for portfolio management

Access to more business than competitors
We can pick the best opportunities**Customers pay
for our value added**

For 1/3 of 2008 treaty business Munich Re is either...

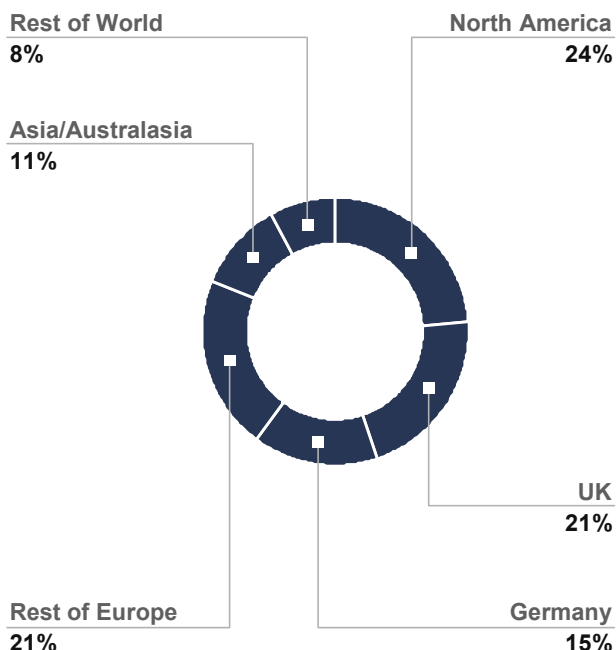
the only reinsurer
PRIVATE PLACEMENTor writes business on
DIFFERENTIAL TERMS

Portfolio management – Split of reinsurance portfolio

Diversified portfolio gives flexibility to react to trends and developments

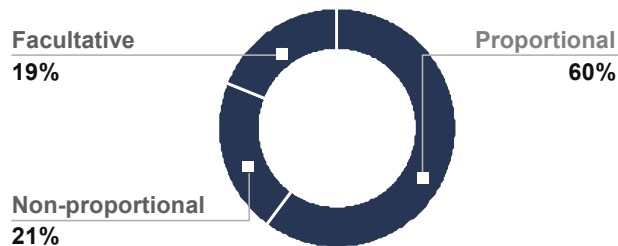
Total reinsurance business

By region

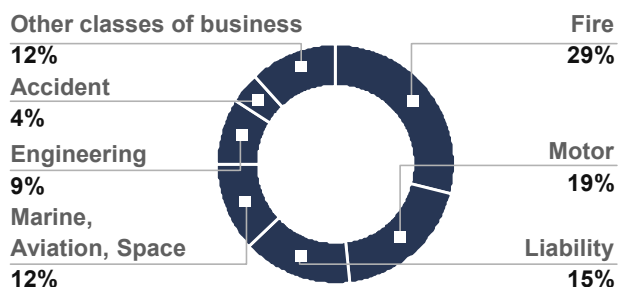


Thereof p-c reinsurance

By type of reinsurance



By line of business

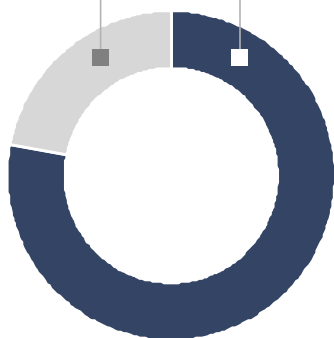
TOTAL GROSS WRITTEN PREMIUMS 2007¹
€14.2bnSplits for Q1–3 2007. ¹ Before elimination of intra-Group transactions across segments.



Alternative views to split treaty business

By premium volume

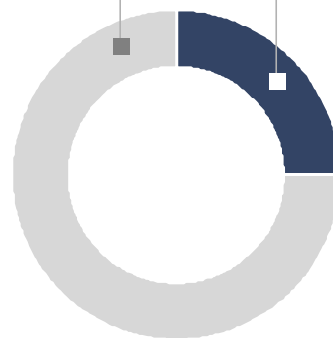
Non-proportional 22% Proportional 78%



TOTAL
€8.1bn

By number of treaties

Non-proportional 75% Proportional 25%



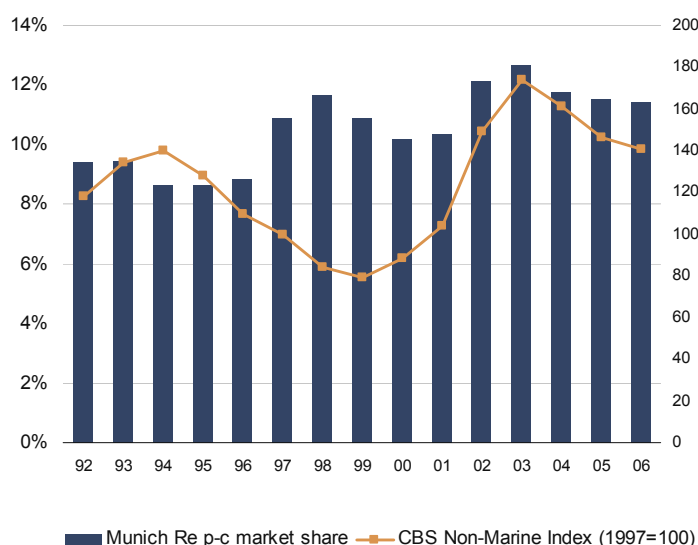
TOTAL
11,586

Profitability is key underwriting criterion;
no preference for type of reinsurance



Maximising profits in cyclical business environment

Munich Re's p-c market share and the cycle



Source: Munich Re Economic Research. 2006 index estimated by Munich Re

Clear commitment

Objective

- Manage profitability to at least 15% RoRaC target
- Maximise value added

Strategy

- Unbiased evaluation of risk and price
- Leverage competitive position
- Cancel unprofitable business
- Develop less cyclical segments

Munich Re has an explicit cycle management strategy since 2001
and is well prepared for soft market



Cycle management

Integrated into all core processes

Q1

Q2

Q3

Q4

Renewals

Management and corporate

- Analysis of previous renewal season results
- Quality review of pricing and pricing data

- Cycle survey and cycle guidance
- Definition of framework for business plans

- Business plans reflecting profit targets and state of cycle

- Implementation of business plans
- Monitoring and steering of portfolio
- Strict profit over volume approach
- Capacity management

Underwriting

- Further development of underwriting competences and capabilities
- Monitoring of markets, clients, original rates and terms and conditions

- Unbiased risk assessment and pricing
- Intelligent structuring of products
- Underwriting discipline

Cycle management is a continuous task
involving the whole organisation



Cycle management

Munich Re's proportional account reflects strategy

Segments of business accounted for as proportional treaty business

MGA business

- Produced by managing general agents without own capital
- Typically specialty/niche business

Primary industrial business

- Individual per risk underwriting by Munich Re
- Employing underwriting excellence with first-hand access to risks

Relationship ceding

- Business not available to other reinsurers
- Business for which Munich Re gets differential terms

Financing/
capital substitute

- Supporting start-ups
- Supporting established players after events causing capital distress

Agricultural insurance

- Munich Re as player in private public partnerships
- Building on Munich Re's unique risk and product competence

Product development

- Underwriting new/difficult risks where Munich Re's know-how adds value
- Niches like environmental liability, product recall, specific professional liability

Successfully implementing cycle management strategy in January 2008 renewals

**>40% of proportional treaty premium is written in segments
less exposed to insurance cycle**



Conclusion

Competitive advantage used to build shareholder value

Sustainable profit growth

Access
to business

Underwriting
excellence

Management
and control

P-C MARKET ENVIRONMENT
Growth opportunities, competition and market cycle

Agenda



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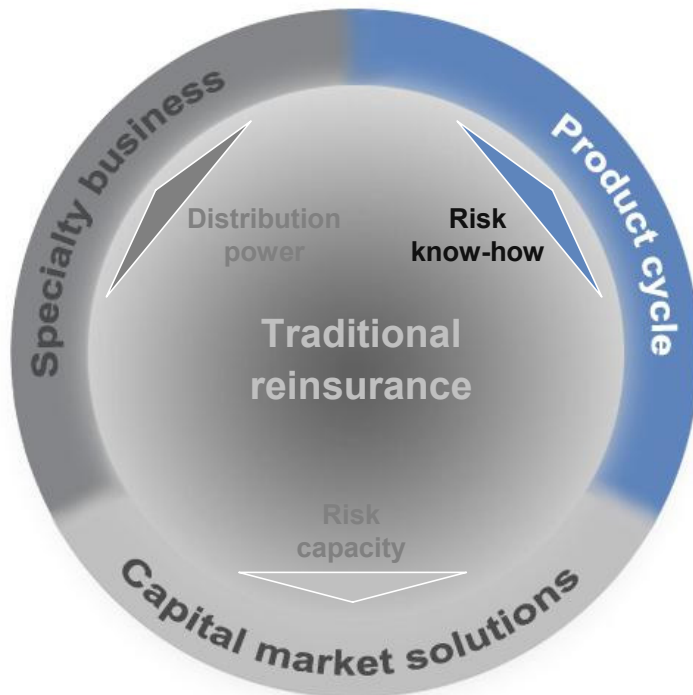
Product life cycle management

Thomas Blunck – Michael Sorg

Specialty business

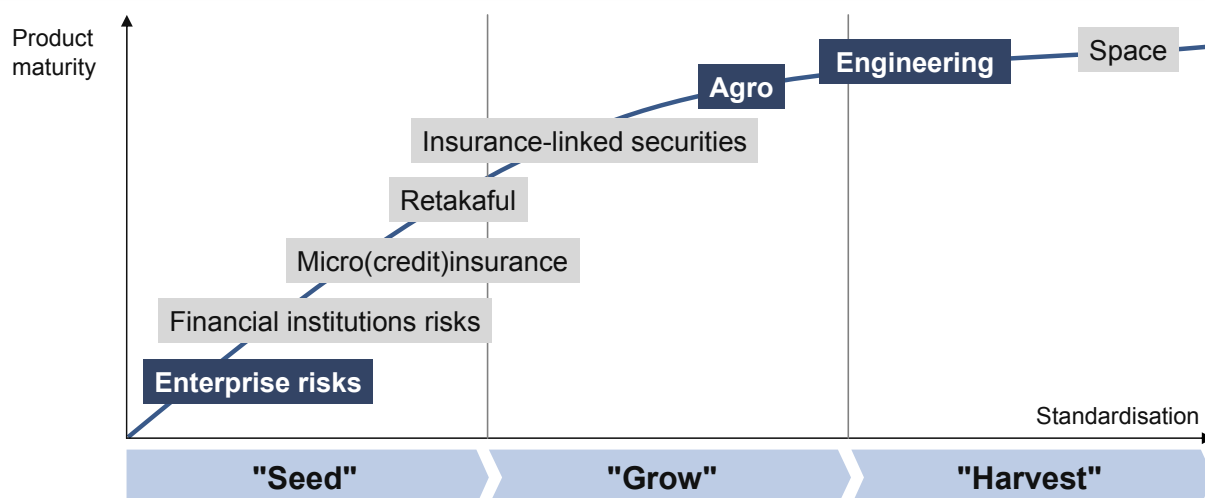
Peter Röder – Pina Albo

Introduction

Active product life cycle management is a cornerstone of our strategy**Strategic direction**

- Decades of experience in differentiation through product innovation
- Systematic product development is integral part of our strategy
- Supported by intensive market research about changing demand patterns
- Dedicated product development teams within organisation
- Very stringent and rigorous new product-approval process by Group risk committee
- Distribution strategy aligned with product life cycle

Introduction

Product maturity is driving respective business model**Product life cycle – Examples**

Tailor-made solutions for emerging risks, driven by actuarial knowledge and conceptual capability

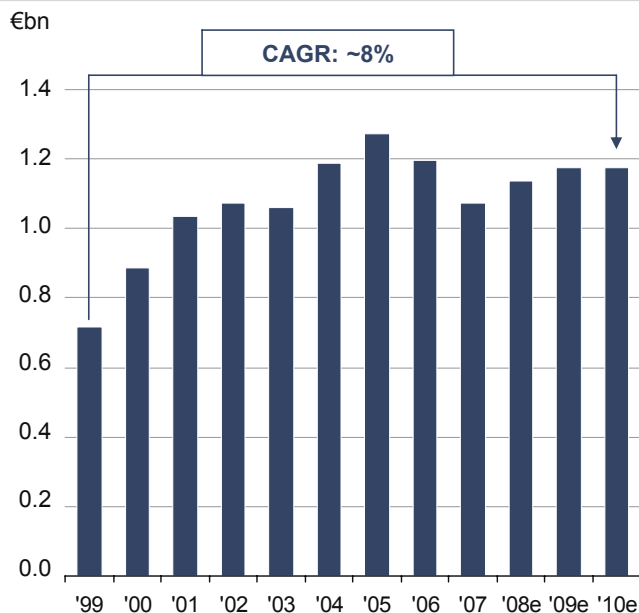
Insurance concepts either cover risks in buoyant business sectors (e.g. construction) or target potentially uninsured markets (e.g. agro)

Integrated reinsurance and service capacity is provided to professional clients to optimise their capital and business efficiency

Harvesting: Engineering covers

Past product innovation continuous to drive tomorrow's profitability

Premium volume – Engineering covers



GROSS PREMIUMS WRITTEN 2007

€1.1bn

- Munich Re invented engineering covers at beginning of 20th century
- Superior market position and knowledge:
 - 115 engineers in underwriting and claims-handling, thereof 55 abroad
 - Extensive data bases and local network
- High share (~60%) of our book is project business – Often in leading position:
 - EAR/CAR¹ highly correlated to GDP growth
 - Mega infrastructure projects in Middle East, India, China
 - US infrastructure reinvestment (bridges, power plants)

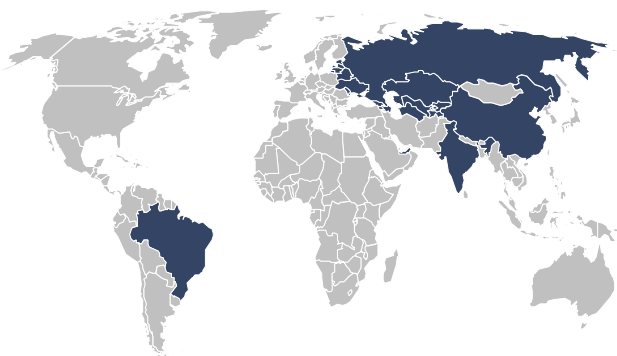
HISTORICAL AND TARGET COMBINED RATIO

90%¹ Erection all risks/Construction all risks.

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Harvesting: Engineering covers

Increasing risk transfer demand through infrastructure investments

Project examples

	Shanghai Chongming Crossing (PR China)	Burj Tower (U.A.E.)
Total sum insured	€450m bridge €390m tunnel	€600m
Period	2005–2010	2005–2008
Munich Re share	30%	16%
Technical specifics	Largest twin-bore tube diameter 15.5 metres	Height above 700 metres - Current construction at 512 metres (world record in concrete pumping)

- Necessary investments to meet **India's** infrastructure needs in next 5 years: ~€600bn
- **China's** foreign direct investment in new plants and infrastructure: ~€20bn p.a.
- **Middle East/Gulf region** Investments in engineering-related projects within next 10 years: ~€800bn
- **Eastern Europe and Central Asia** Investments in infrastructure-related ventures within next 10 years: >€750bn
- **Brazil** is planning to invest ~€180bn in infrastructure in period 2007–2010
- Focus of investments on ports, airports, roads/bridges and power plants

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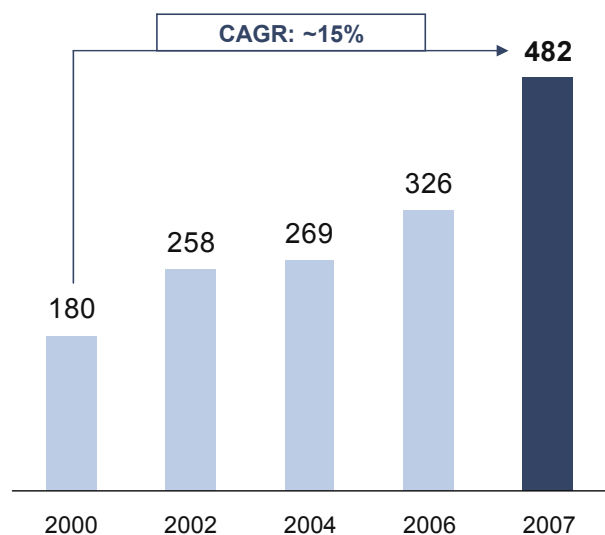
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Growing: Agricultural insurance

Creating and expanding new insurance markets

Premium volume – Agro

€m



GROSS WRITTEN PREMIUMS 2007

€482m

AVERAGE COMBINED RATIO

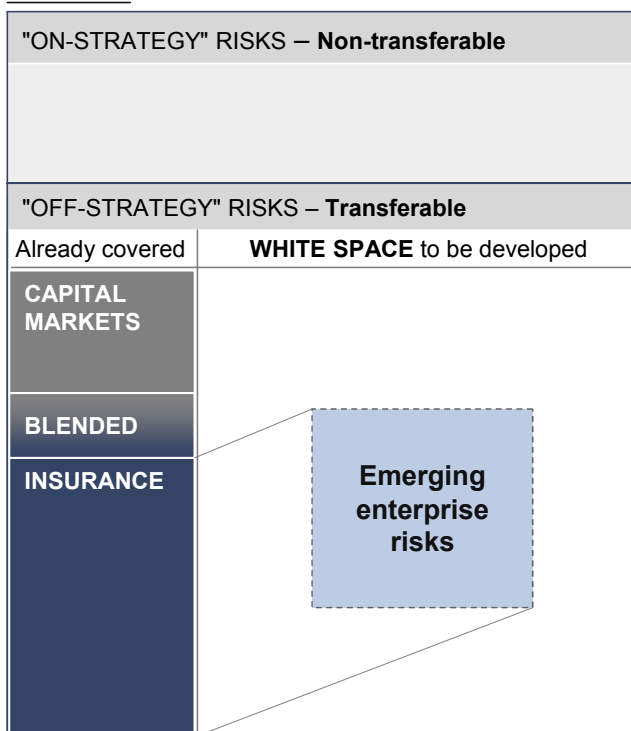
93%

- Still very low market penetration despite excellent product benefits around the world
- Long-term positive outlook also due to rising global demand for agricultural products
- Highly specialised team of 21 agro engineers, active market building
- (Re)Insurance competition mainly based on technical consulting and service
- Munich Re has exclusive ownership of essential geological, climate and agricultural expertise and data

Seeding: Enterprise risks

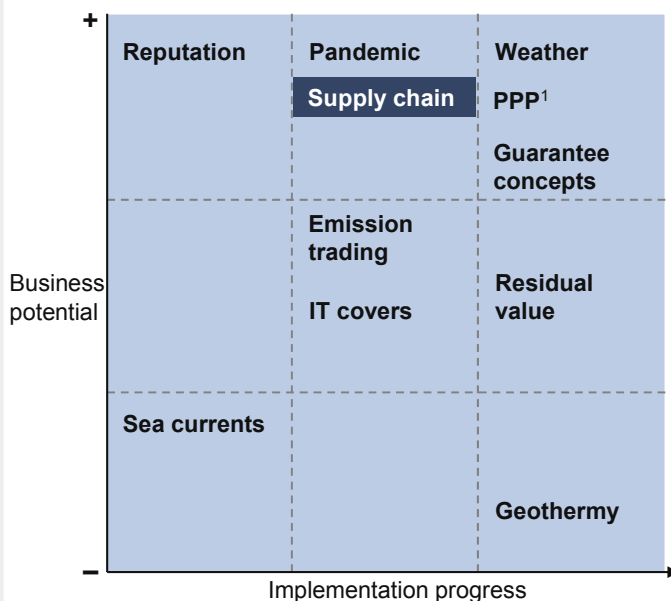
Changing and rising demand for special enterprise risk (SER) solutions

Client risk landscape

Illustrative

- Increasing implementation of Enterprise Risk Management systems at corporate clients reveals more off-strategy risks
- In addition, company-specific triggers drive actual demand (e.g. debt, M&A)
- Significant white space for expansion of business through tailor-made products
- Comprehensive worldwide Munich Re network can be leveraged to originate business
- Due to tailor-made nature and limited supply, SER business is so far not subject to insurance cycle

Seeding: Enterprise risks

Covers are usually tailor-made before product pattern emergesIllustrative

- New trends in management, accounting and regulation are driving risk transfer needs
- Emerging demand patterns are served through niche products and specific target group concepts
- Related exposures: e.g. cyclicity, supply chain, reputation, political risk
- Initial focus on tailor-made solutions for short-tail risks
- Direct insurance approach

PREMIUM INCOME 2010
>€100m

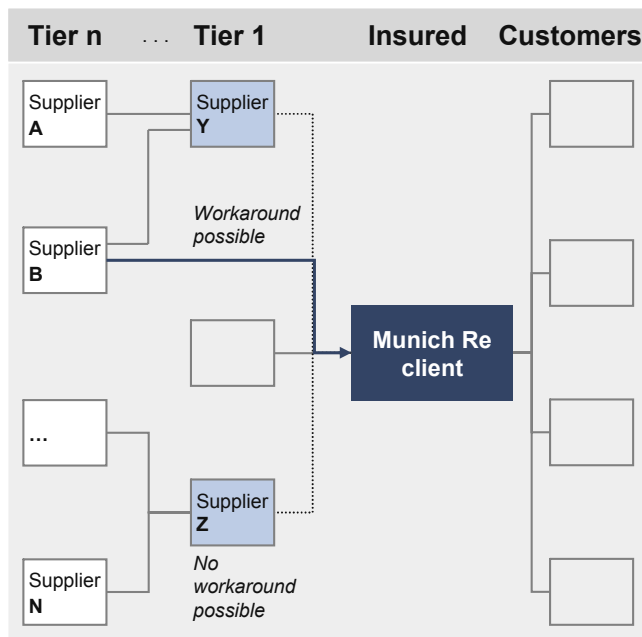
TARGET COMBINED RATIO
90%

¹ Private Public Partnership.

Supply chain cover

Enhancement of contingent business interruption covers is possible

Supply chain



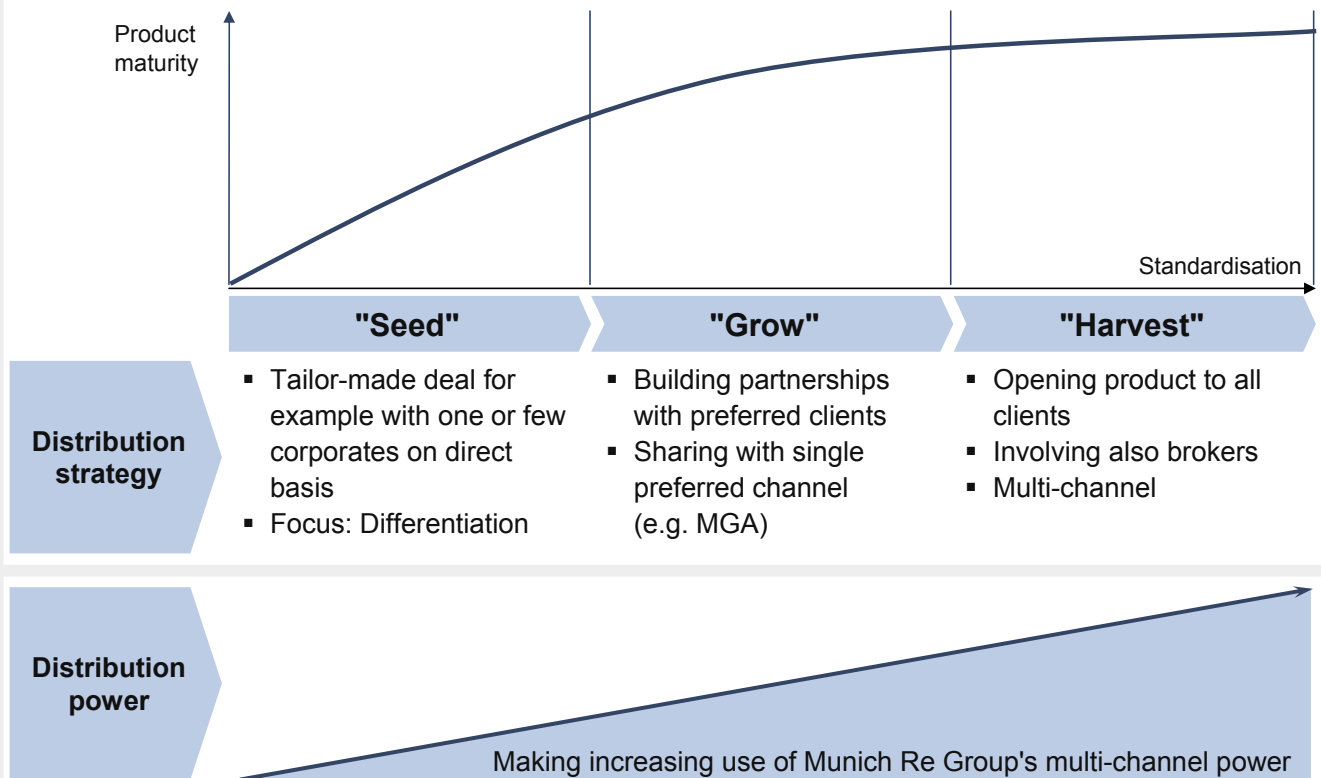
- Supply chains get more complex due to increased specialisation of business models
- Changing risk profiles as globalisation leads to rising off-shore production activities
- High risks from delivery failure, e.g.
 - Specifications
 - Cost
 - Quantity
 - Time
- Limited scope of cover under traditional policies
- Highly customised combination of context-related triggers (e.g. political event, pandemics)



Distribution strategy

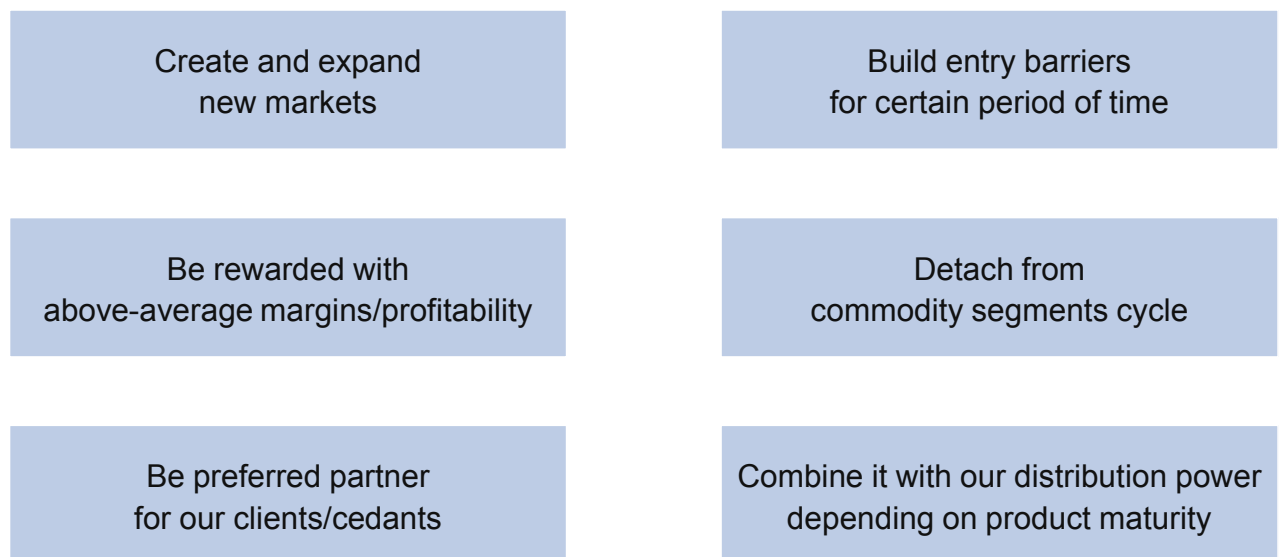
Our distribution approach depends on the maturity phase

Product life cycle and distribution



Key takeaways

Active product life cycle management enables us to ...



Product life cycle management and related services are cornerstone of Munich Re's strategy and unique selling proposition



Ensuring sustainable profitability

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Workshop: Specialty business



Executive summary

SPECIALTY BUSINESS

An attractive growth segment for Munich Re

- Leverage reinsurance know how in market environment with little competition from mass market insurers
- Less exposed to cycle and exhibits better loss ratios due to better risk selection

TWO APPROACHES

Specialty insurers and agency business models

- Substantial distribution and infrastructure capabilities added through Midland acquisition
- Tapping specialty insurance market via agency business models allows us to:
 - Deploy superior market expertise
 - Use global set-up of own fronting carriers

CONTROLLING

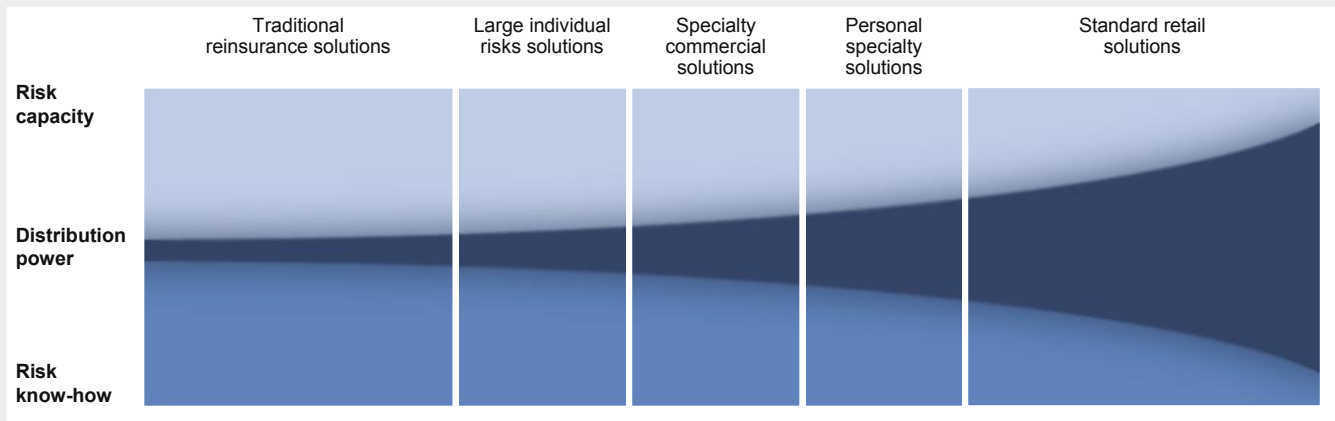
Integration of M&A targets and monitoring of agency business models ensured

- Establishment of integration office ensures quick and full integration of Midland
- Munich Re is extremely selective in transacting MGA business and engages in hands-on monitoring, controlling and proactive responding to challenges



Introduction

Growing specialised niche primary segments



Strategic direction

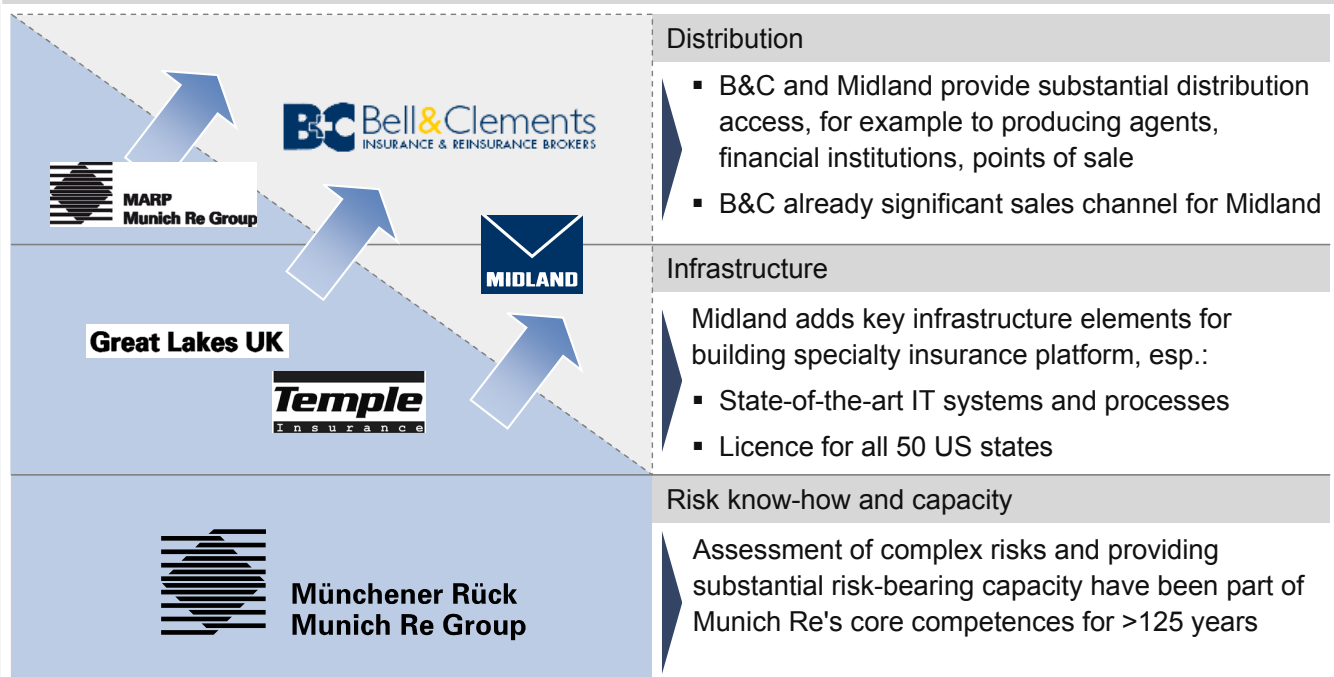
- Specialty insurance closely related to Munich Re's reinsurance business due to risk characteristics
- Risk know-how is key due to non-standard/special nature of business
- Limited volume leads to limited economies of scale
- Mass market insurance factory not needed to achieve efficiency
- No direct competition from primary mass market players
- Comparatively low exposure to cycle



Required capabilities for specialty business

Recent acquisitions with high strategic fit

In terms of capabilities, specialty business is a natural evolution of Munich Re's core business



Required capabilities for specialty insurer

Munich Re's existing capabilities



Specialty business

Attractive and defensible segment

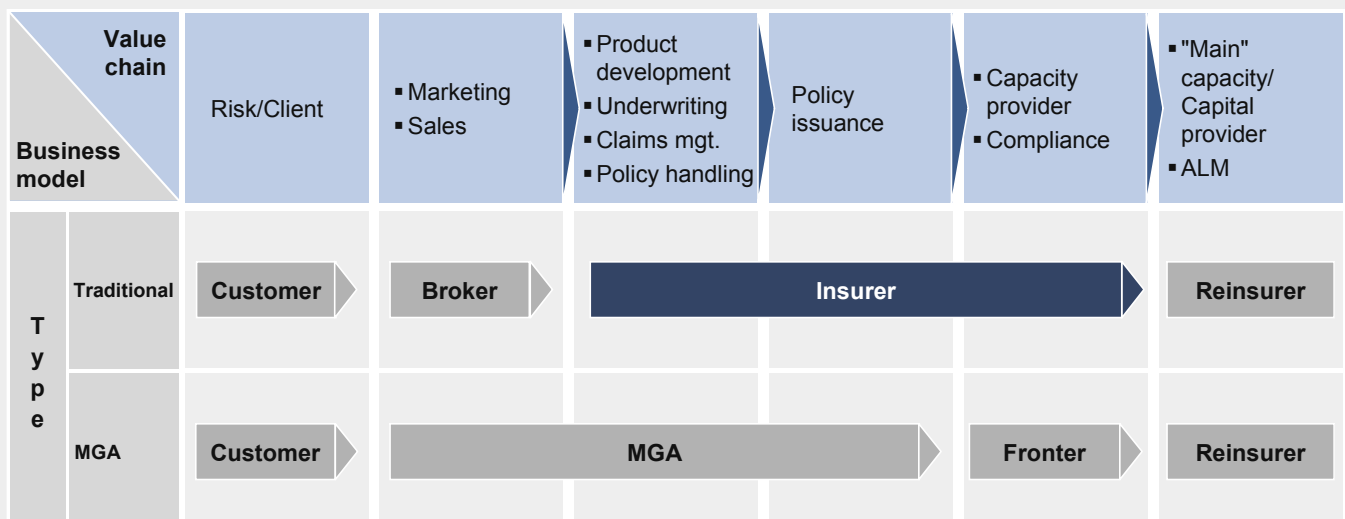
Relative to mass market insurance, niche business is ...		
	... more attractive and defensible
Price	Policyholders have higher willingness to pay due to <ul style="list-style-type: none"> ▪ Advice and specialised cover ▪ Understanding and observance of complex client needs 	Standardised mass market policies show <ul style="list-style-type: none"> ▪ Less specialisation ▪ Lower policyholder value perception
Claims	Deep risk know-how in defined segment <ul style="list-style-type: none"> ▪ Better risk selection ▪ Lower claims ratio 	Mass market insurer typically distribution-oriented <ul style="list-style-type: none"> ▪ Building and maintaining expertise risk knowledge more difficult for niche business
Expenses	Network of specialised agents leads to <ul style="list-style-type: none"> ▪ Higher expenses ▪ In addition to monitoring costs ▪ But overcompensated by lower claims ratio 	Comparatively small volume <ul style="list-style-type: none"> ▪ Little opportunity for economies of scale ▪ No advantage for mass market insurer



Access to specialty niche insurance markets

Applying agency business models and owning specialty insurers**Access**

Two approaches for Munich Re to tap specialised niche insurance market

Applying agency business models,
especially managing general agents (MGAs)Owning
specialty insurer



Midland acquisition

Unique opportunity to expand in US specialised niche p-c market**Transaction highlights**

- US\$ 65 per share offer for 100% of outstanding shares of The Midland Company (Midland)
- Assumed value US\$ 1.3bn
- Entirely financed through own funds

Strategic rationale

- Focus on profitable, fast-growing US specialty insurance segments
- Long-standing experience of Munich Re in specialty insurance via US subsidiaries and related agency business
- Midland will serve Munich Re as platform for building specialty insurance, esp. with regard to distribution and infrastructure
- Further detaching Munich Re from traditional p-c reinsurance cycle by emphasis on short-tail, low-severity personal lines
- EPS enhancement from 2008 onwards
- Full integration into Munich Re Group
- Support of financial targets announced as part of Changing Gear programme



Establishment of integration office

Ensuring efficient integration of Midland and realisation of synergies**Steering Committee**

- Broad oversight of integration initiative
- Approve key initiatives and communications

Integration office

- Ensure implementation of state-of-the-art integration process
- Facilitation and day-to-day oversight of integration activities
- Provide high-level guidance and support to integration modules
- Resolve conflicts and resource constraints

Marketing and business development module

- Identification of 'quick win' and additional growth opportunities
- Prioritisation and resource planning across initiatives to enhance focus and results

Central and back-office modules

- Joint identification of synergy opportunities
- Planning and implementation of activities required for Day 1 integration
- Identification of cost-saving opportunities

Ensure realisation of synergies and quick wins



Midland integration

Focus is on achieving synergy goals**Cost synergies**

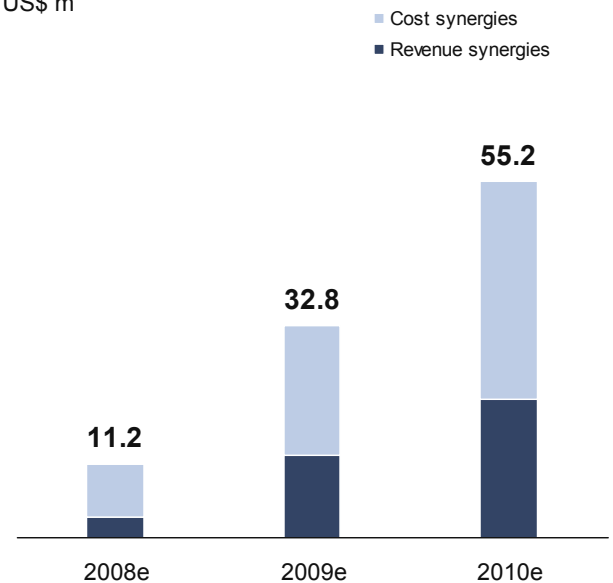
- Midland public company elimination
 - Board of Directors, external auditors
 - SEC and annual reports
- Efficiency gains in distribution
- Economies of scale and streamlining of internal processes

Revenue synergies

- Sale of Midland products via Munich Re America and vice versa
- Cooperation between Midland and Munich Re America with regard to developing new products
- Leverage Munich Re ownership of Bell & Clements as sales channel

Pre-tax synergy goals¹

US\$ m



Current 2008 forecast
significantly higher

¹ As stated in M&A business case.

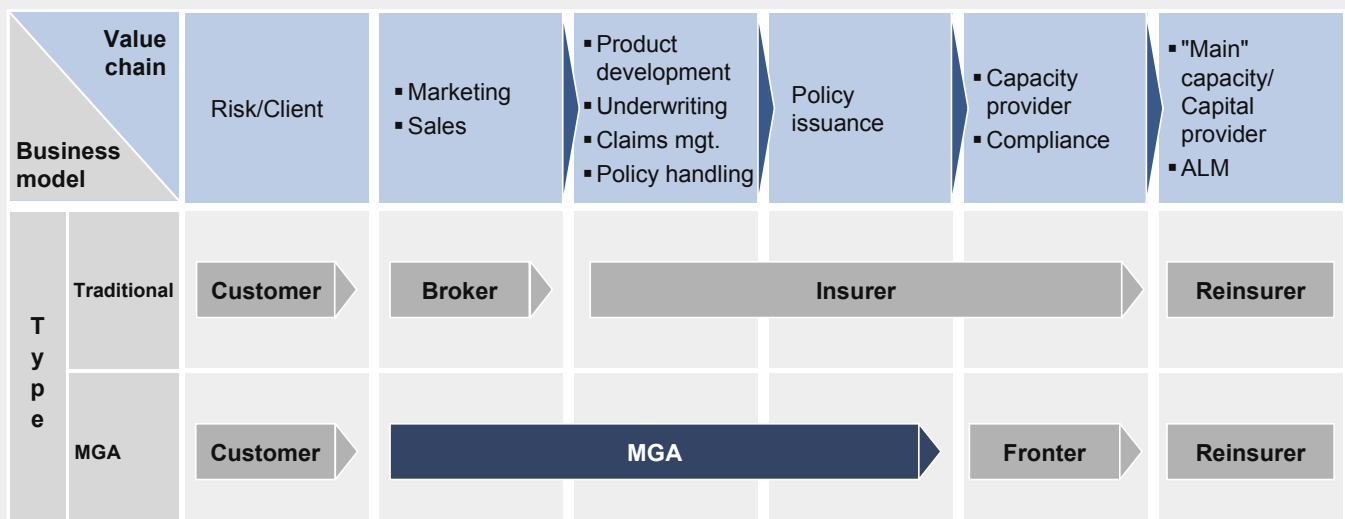
Access to specialty niche insurance markets

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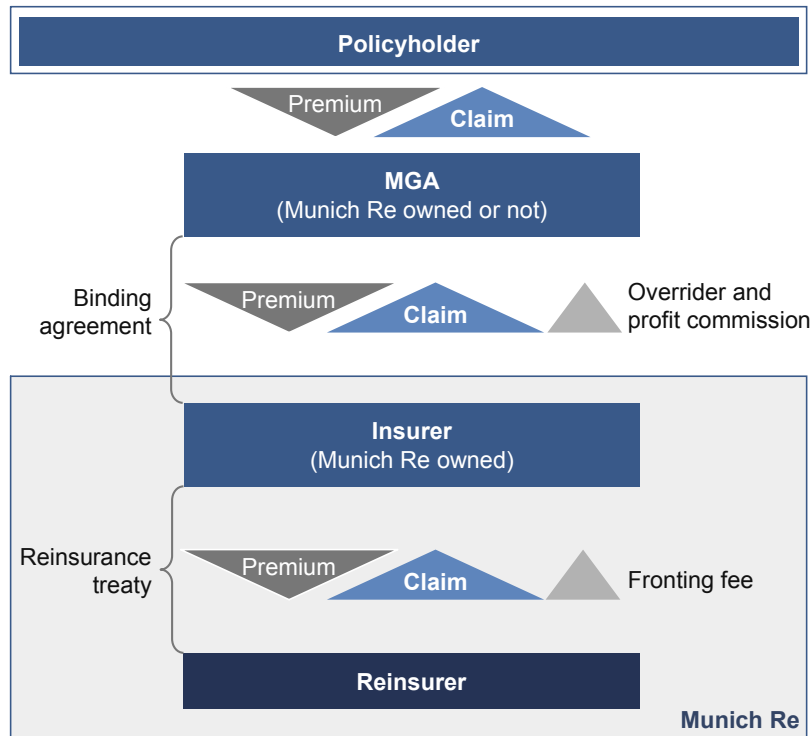
Owning
specialty insurer



Munich Re benefits from agency business models

Low marketing and administration effort

Managing General Agent (MGA) business model



Comments

Policyholder

Original insured, entitled to enforce claim under policy as party of contract

MGA – AGENT OF INSURER

Acts as underwriting manager, accepts business on behalf of insurer, collects premiums, issues certificates, and services claims within specified terms of agency agreement

Insurer/Fronter –

AUTHORISED TO SUPPLY INSURANCE
Insurer holds insurance licences, ensures full compliance and passes business on

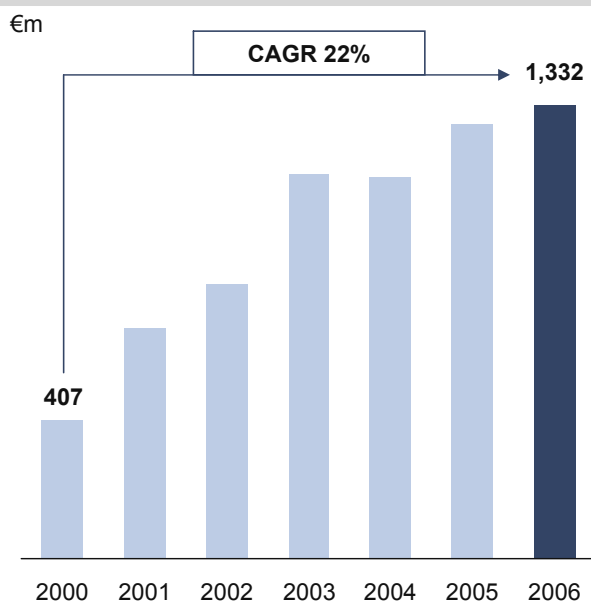
Reinsurer

Accepts business via reinsurance and carries most of underwriting results

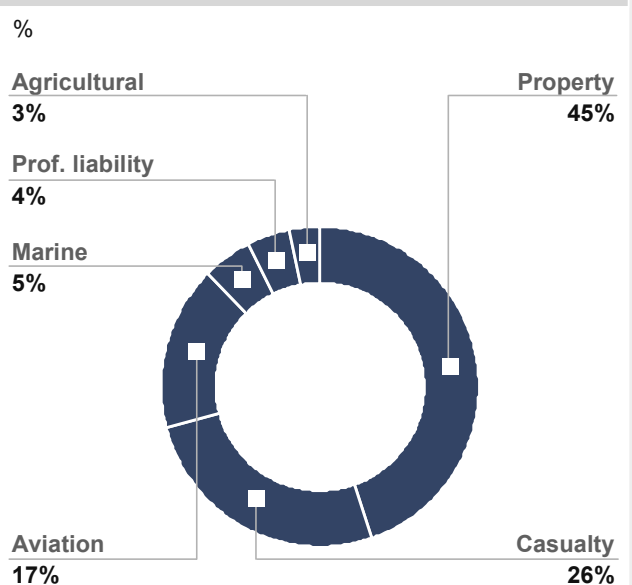
Agency business models – Growth and portfolio split

Munich Re's MGA portfolio shows high growth and attractive mix

Munich Re's MGA business development



Portfolio by line of business



AVERAGE COMBINED RATIO

<90%¹¹ Excluding KRW. Including KRW: <94%.

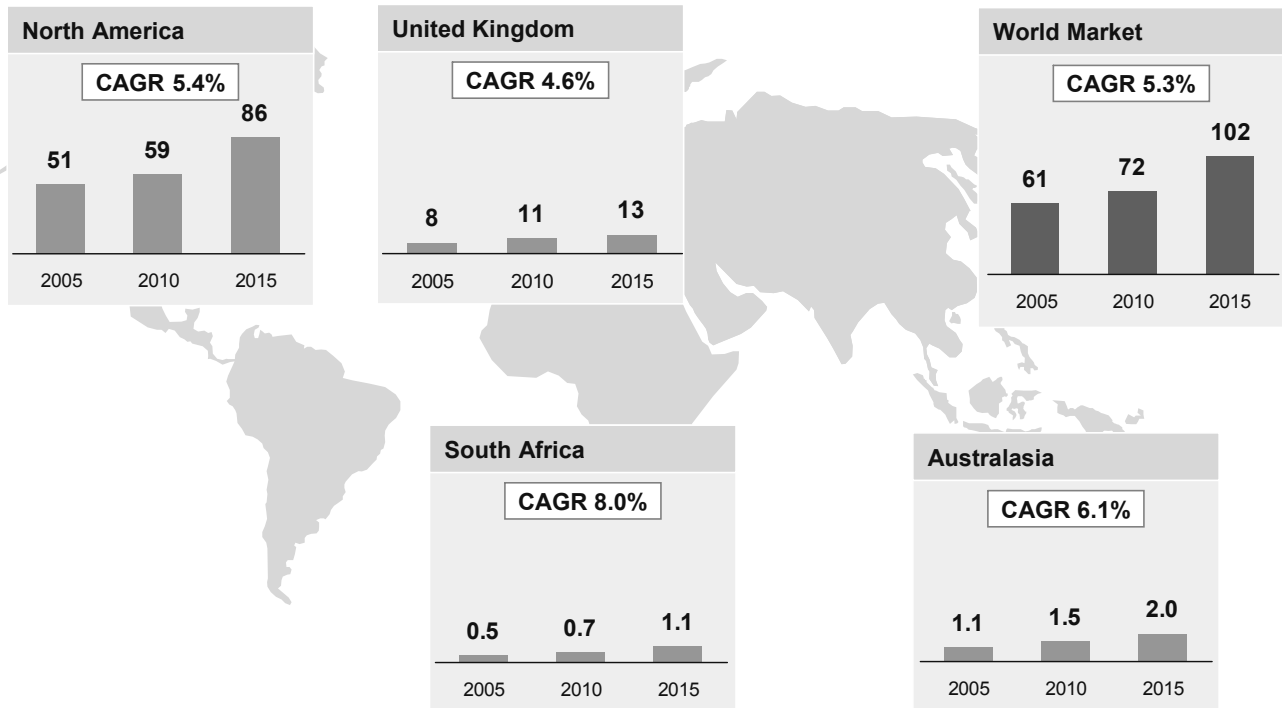


Agency business models outlook

Substantial growth potential, mainly driven by North America

Gross premiums written per region

€bn



Source: Munich Re Economic Research



Agency business models

Selection, financial alignment, monitoring and controllingKey success factors at
TRANSACTIONAL LEVEL**Select MGA and set-up**

- Rigorous selection of MGA partners
- Business plan supports efficient risk aggregation
- MGA incentives aligned with Munich Re interests
- Transaction fits target portfolio strategy

Control active accounts

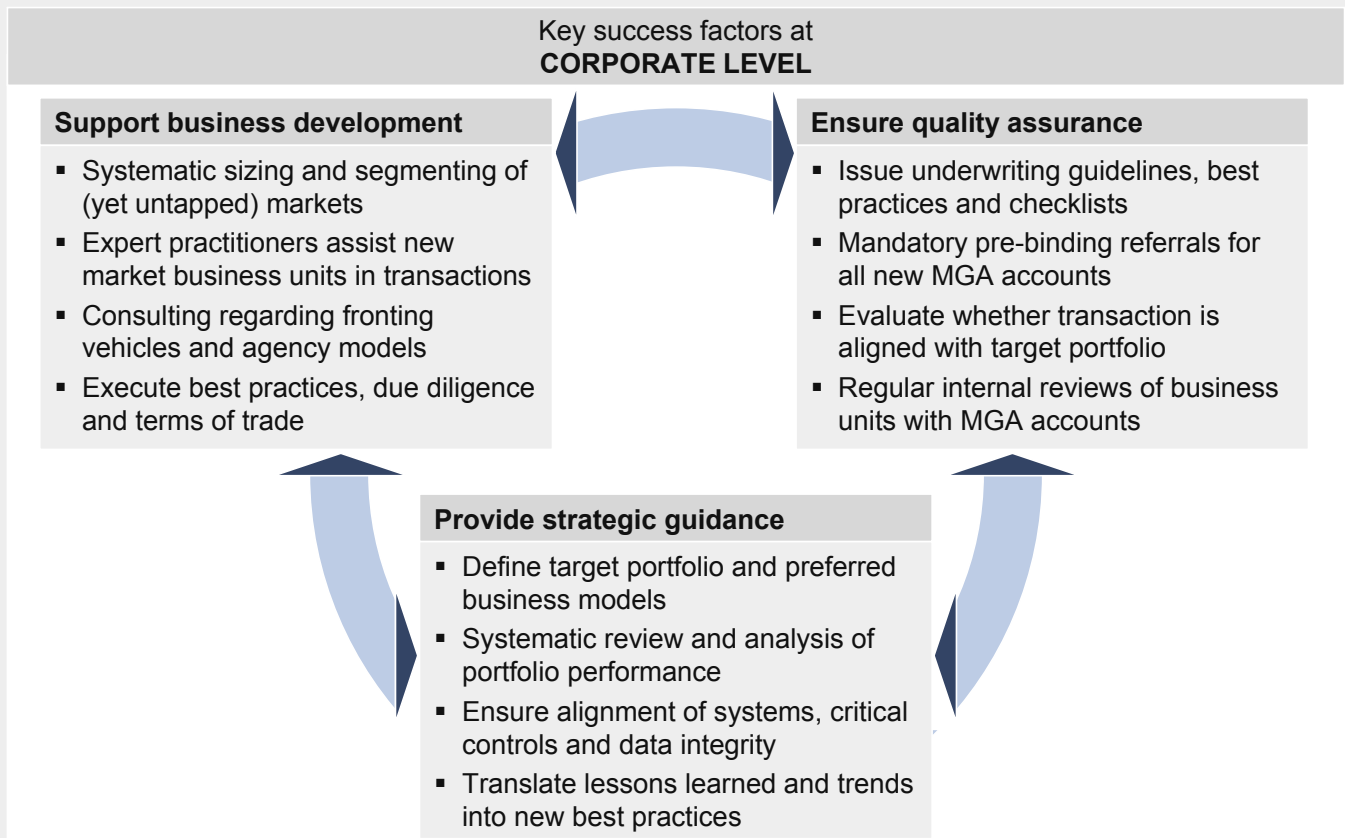
- Monitor authority, pricing and risk selection
- Secure operational performance and compliance
- Claims-handling within authority
- Loss adjustments meet expectations

Respond to challenges

- Actual risk selection meets targets
- Adjust programme from review findings
- Seize opportunities to expand
- Exit strategy and resources to execute



Business development, quality assurance and strategic guidance



Key takeaways

Specialty business – An attractive segment for Munich Re

Specialty business is attractive and an ideal opportunity to leverage reinsurance risk know how

Munich Re taps specialty market through specialty insurers and agency business models

Munich Re engages in hands-on controlling of MGA business and ensures efficient integration of Midland

Specialty business is a natural evolution of Munich Re's core business



Backup January renewals 2008

Backup – Renewals

January renewals 2008

Important notice

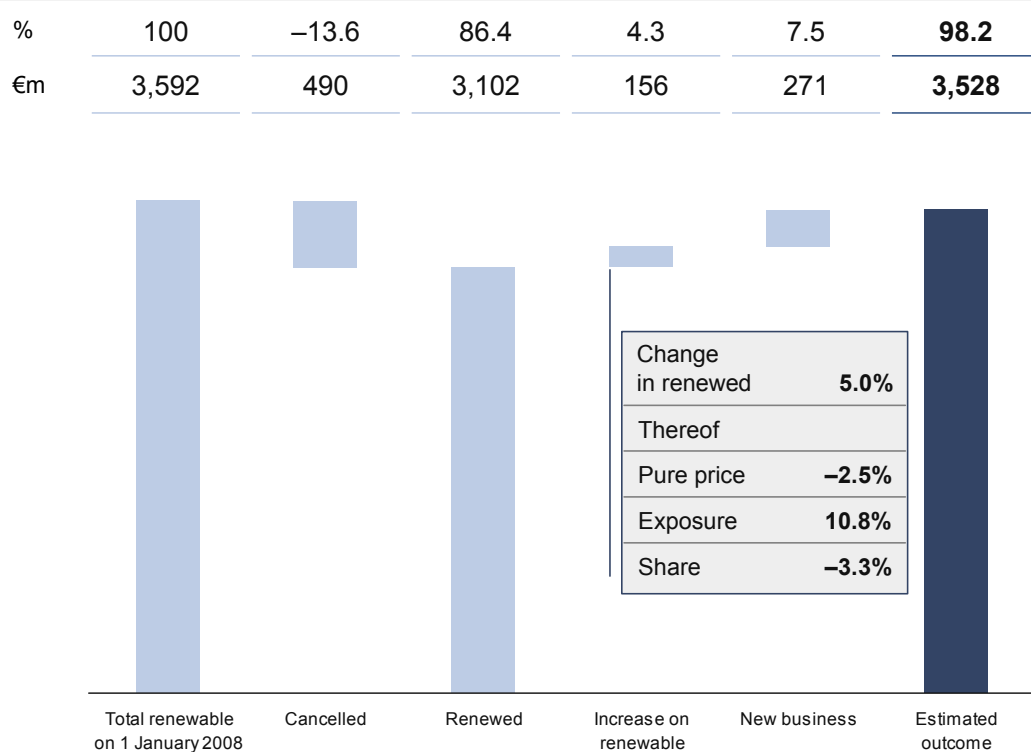


- Unless otherwise stated, this presentation is based on underwriting-year figures. This basis is only remotely comparable with calendar-year figures, which are in turn the basis of quarterly and annual accounts
- Portfolio developments are measured at constant foreign exchange rates
- Developments and comments refer to the treaty book of business renewals only
- All numbers on 2008 renewals contain estimates
- Portfolio developments represent changes in P-C reinsurance (i.e. property, casualty, marine, aviation and credit)



January renewals 2008

Changes in premium for property business

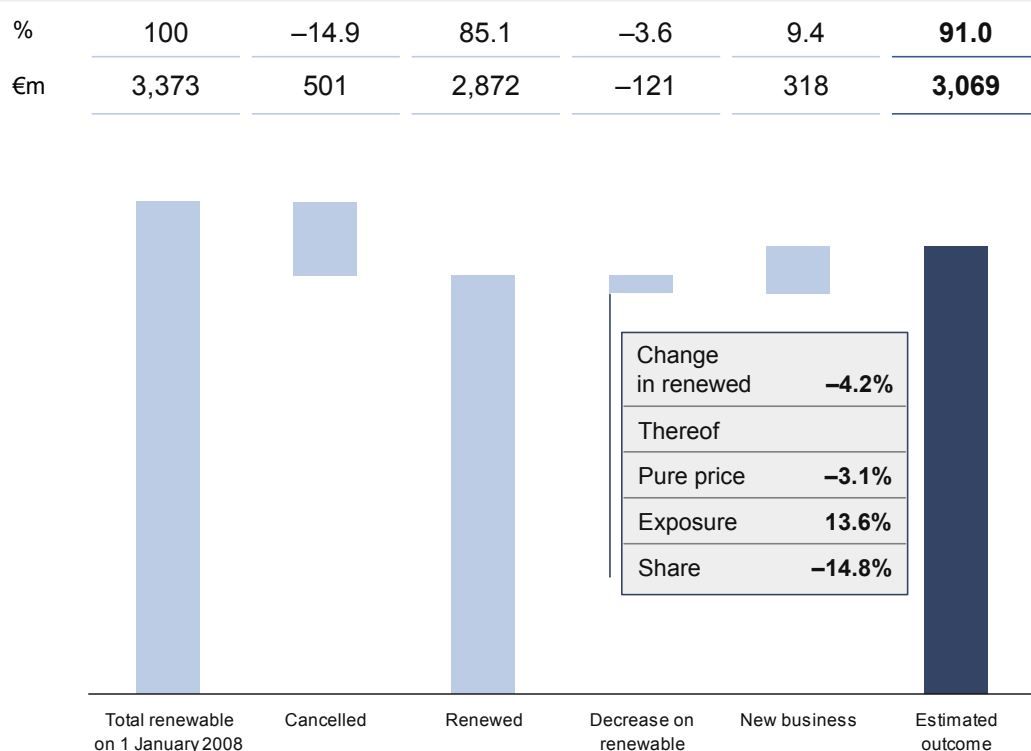


- Proportional business: Shift from Europe to US, mainly agro and MGA
- Prices in XL falling stronger than in proportional but from higher levels
- Exposure development mainly driven by agro



January renewals 2008

Changes in premium for casualty business

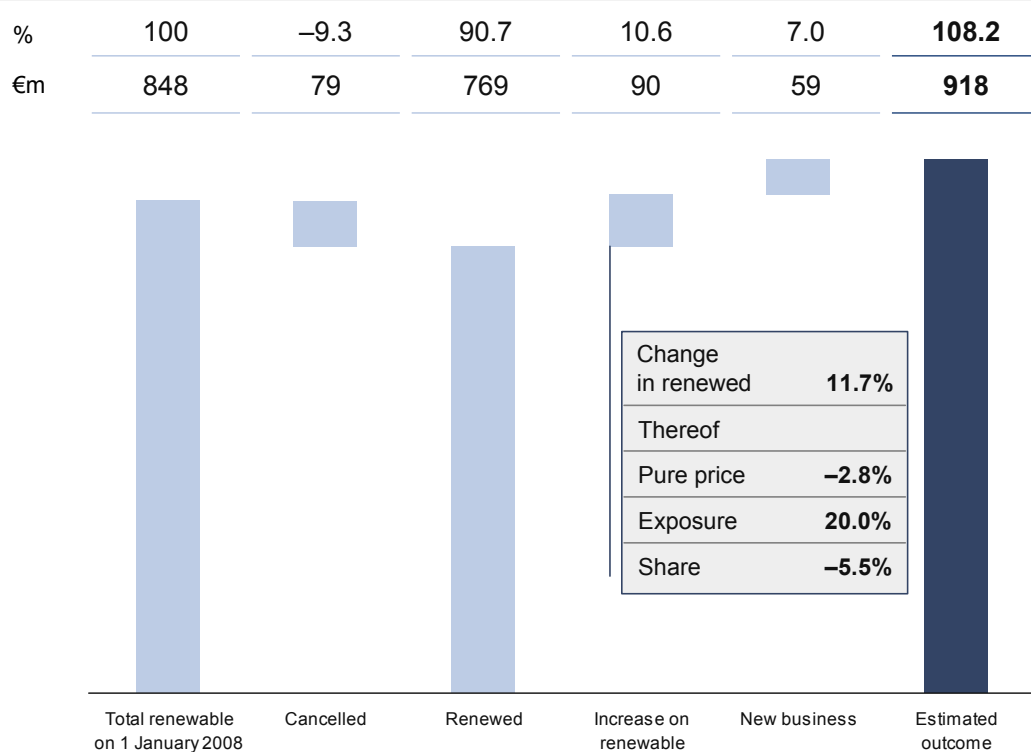


- Premium reductions in proportional business
- Premium growth in Asia and US excess Q/S treaties
- Prices reduction in XL stronger than in proportional
- Exposure driven by Asia (underlying growth)
- Planned reduction in share of major client



January renewals 2008

Changes in premium for marine business

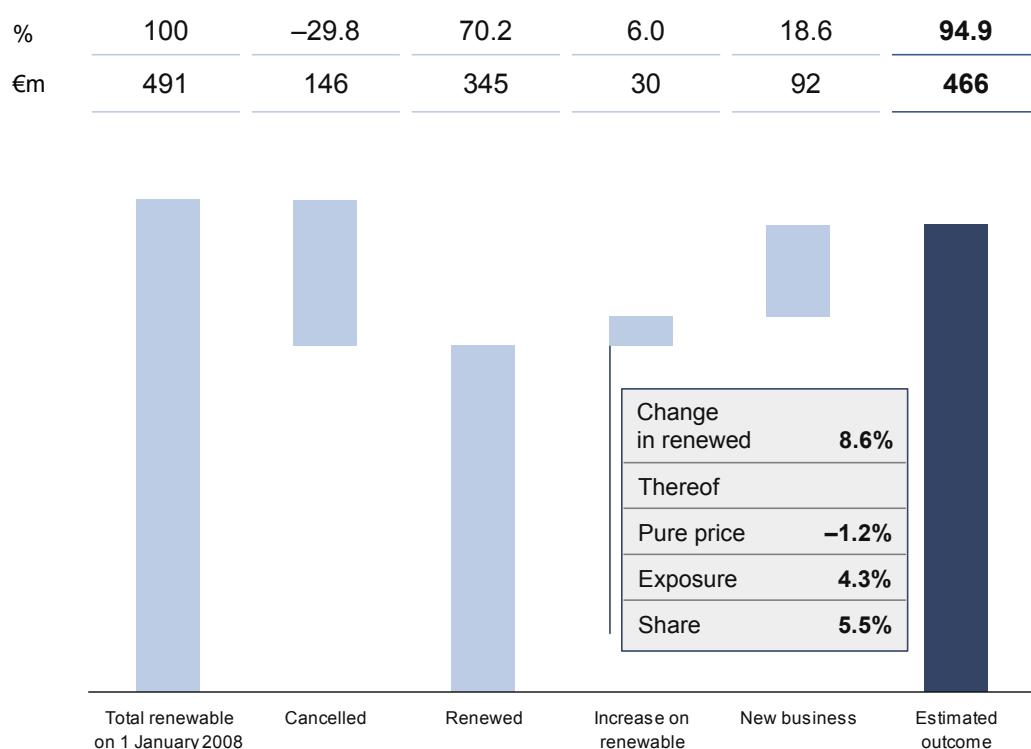


- Increase dominated by Watkins Syndicate
- In essence primary business



January renewals 2008

Changes in premium for credit business

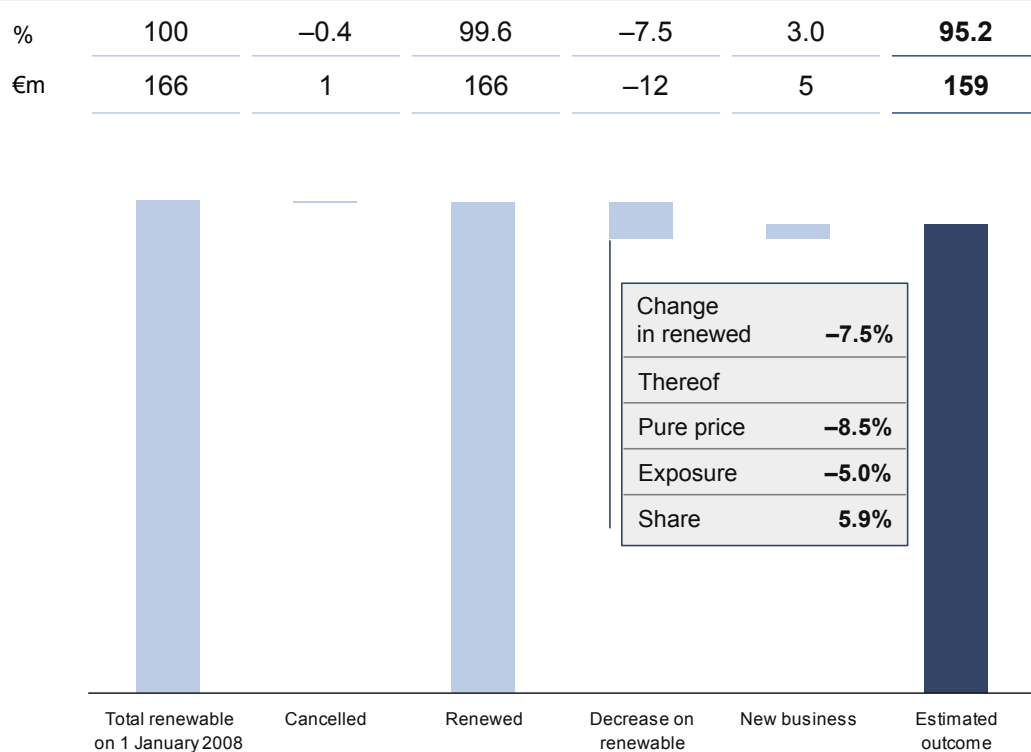


- Top-line movements dominated by restructuring and cancellation in two major participations
- Increase on renewable driven by organic growth and share increases with key clients



January renewals 2008

Changes in premium for aviation business



- Bulk of renewed business is proportional, dominated by GAUM (MGA business)
- Fleet rates further under pressure
- Cycle management by further reducing fleet and diversifying into product liability and general aviation



January renewals 2008

Short-tail share of business growing

TYPE OF TREATY

XL

%

2005	19	<div></div>
2006	21	<div></div>
2007	23	<div></div>
2008	22	<div></div>

Proportional

%

2005	81	<div></div>
2006	79	<div></div>
2007	77	<div></div>
2008	78	<div></div>

MAJOR LINES OF BUSINESS

Property

%¹

2005	36	<div></div>
2006	38	<div></div>
2007	41	<div></div>
2008	43	<div></div>

Casualty

%

2005	46	<div></div>
2006	44	<div></div>
2007	41	<div></div>
2008	38	<div></div>

¹ As percentage of total portfolio.

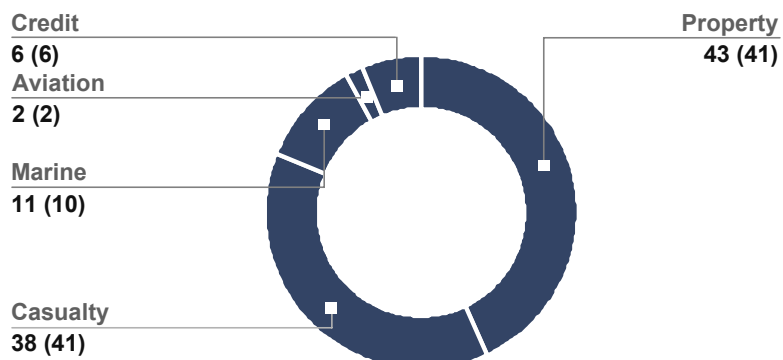


January renewal 2008

Breakdown of renewed business by lines of business and region

Lines of business

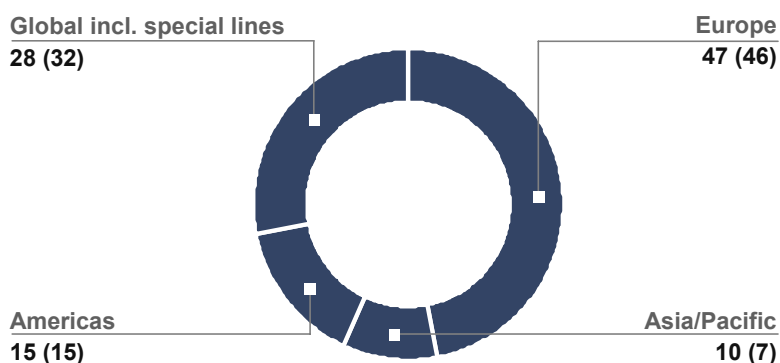
%



Expansion in short-tail segment driven by agro and MGA business

Regions

%



Growth in emerging markets (Asia/Pacific)

Appendix



Financial calendar

Contacts

Disclaimer



Financial calendar

25 February 2008

Balance sheet press conference for 2007 financial statements (preliminary figures)
Conference call with analysts and investors

12 March 2008

Annual Report 2007

17 April 2008

Annual General Meeting

18 April 2008

Dividend payment

8 May 2008

Interim report as at 31 March 2008
Analysts' conference, Munich

6 August 2008

Interim report as at 30 June 2008

7 October 2008

Investors' Day on life reinsurance, London

7 November 2008

Interim report as at 30 September 2008



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