



Delhi, 2 May 2008

ERGO agrees on life insurance joint venture in India with HERO Group

Germany's ERGO Insurance Group and India's HERO Group, the world's largest motorcycle manufacturer, have come together to form an Indian life insurance company. The new joint-venture company will be named HERO ERGO Life Insurance Company Ltd.

Under the proposed agreement, equity will be shared between the two partners and ERGO International AG will take a 26% share in HERO ERGO Life Insurance Company Ltd, which is the maximum permissible limit under the existing guidelines for the insurance sector in India.

The two parties signed a joint declaration today in the presence of Dr. Nikolaus von Bomhard, CEO of ERGO's parent company, Munich Re. The two joint-venture partners will work towards procuring regulatory approvals from the Indian regulator IRDA over the next 10–12 months, with a view to starting operations during the second quarter of 2009. The new company aims to be among the top Indian life insurers within the next ten years. Subject to regulatory approval, both parties have agreed that the initial paid-up capital will be Rs 200 Cr.

The joint venture brings together two powerful groups with matching and complementary skills and shared values, including strong corporate governance practices, a firm belief in the importance of innovation and superior customer service. They also rely on well-trained and widespread sales teams and customer touch-points to sell their products. The emphasis on relationships and people should be particularly useful in India's vastly under-penetrated but potentially huge life insurance market.

Nikolaus von Bomhard said: "We are very pleased that our search for a highly attractive partner for ERGO in life insurance in India has been successful. Our tie-up for life insurance will strengthen our primary insurance footprint in the entire insurance sector, that is life, health and non-life business in India. HERO is an outstanding Indian conglomerate that embeds strong values and manages dynamic businesses. For us, they are the ideal partner."

The Indian life insurance market is fast expanding with growth rates of about 63% in 2006 and 47% in 2007. With household earnings accelerating in the fast-growing economy, the life insurance market is projected to double in size from \$40bn in 2007 to \$80bn and may even grow to \$100bn by 2012, according to market research. The new partnership is expected to create a win-win situation for both the sides by taking advantage of the growing market in India.

Andreas Kleiner, Board member of ERGO International AG responsible for Asia points out: "There are a number of best practices that we can share. The HERO Group has a deep understanding of the Indian market, based on domain knowledge acquired over several years. They also have a pan-Indian presence at different levels. ERGO on the other hand has vast insurance expertise, which has made the ERGO Insurance Group a leading player in Germany and throughout Europe. Over time, I am sure our respective strengths will help us become one of India's leading life insurers."

About HERO

From a manufacturer of bicycle components in the early 1940s, the HERO Group today comprises 20 companies and 300 ancillary suppliers, with deep market penetration in India through over 7,000 touch-points, 25,000 + employees and a turnover of US\$ 4.20bn (FY 2007). The HERO brand has become synonymous with reliability and trust for top-quality two-wheelers. The diversified HERO Group is also engaged in automotive components, product design, IT and BPO as well as financial services. The HERO Group is one of the most respected business houses in India.

About ERGO

ERGO is the primary insurance entity of the Munich Re Group, one of the world's leading risk carriers. ERGO is one of the largest insurance groups in Europe and Germany. More than 33 million clients in 25 countries place their trust in the services, competence and security it provides. In the business year 2007, ERGO Insurance Group had gross premiums written of **€17.4bn** and achieved a consolidated result of **€781m**.

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