

Munich, 26 October 2010

## Press release

### Munich Re agrees to terms for acquisition of Windsor Health Group, Inc.

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**Munich Re has agreed to acquire Windsor Health Group, Inc. (Windsor). The planned purchase is a further step in Munich Health's strategy to strengthen its position in the U.S. Medicare market. Under the brand Munich Health, Munich Re combines its global insurance, reinsurance and riskmanagement expertise in the field of healthcare.**

Windsor operates government-sponsored health plans through its Windsor Health Plan, Inc. subsidiary, which provides specialty managed healthcare services in the senior segment to more than 75,000 members in Alabama, Arkansas, Mississippi, South Carolina and Tennessee.

In 2010, Windsor expects an EBITDA (earnings before interest, taxes, depreciation and amortization) of US\$ 31m (figure based on US-GAAP). The gross written premium income of Windsor in 2010 is projected to amount to US\$ 420m (based on US-GAAP).

Munich Re, through its subsidiary Munich Health North America, Inc., is acquiring 100% of Windsor for US\$ 125m in cash. Windsor is being sold by a group of investors. Munich Re will finance the purchase price from Munich Re's existing resources. Completion of the transaction is subject to regulatory approval, which is expected to be completed at the end of the fourth quarter of 2010. Direct operating control of Windsor will lie within the Munich Health North America, Inc. holding structure after the acquisition.

In 2008 Munich Re acquired Sterling Life Insurance Company (Sterling), a specialty health insurer for seniors operating in all 50 states in the US. Windsor and Sterling together will offer services to a combined enrollment of more than 200,000 members across the United States.

Wolfgang Strassl, the member of the Munich Re Board of Management responsible for Munich Health, said: "As one of the largest health insurance markets in the world the US is very important for Munich Health. With the acquisition of Windsor, we strengthen Sterling's position in the US senior marketplace by increasing our capabilities to compete in a health reform environment. This supports Munich Health's strategy for sustainable growth and value creation in the US-Medicare market."

“We are excited about this partnership between Sterling and Windsor, which are very similar in their dedication to local service,” said Michael A. Muchnicki, President and CEO of Sterling. “The two organizations will have many synergies including product and service offerings, geographical footprints, and distribution channels. Windsor will complement our capabilities in the Medicare Advantage market, enabling Sterling to offer a broader range of managed care plans and sharpen our competitive edge for the challenging years ahead.”

Michael Bailey, President and CEO of Windsor Health Plan, said: “While Windsor has achieved remarkable growth since introducing its first Medicare Advantage plan four years ago, this transaction is a great opportunity for us to immediately accelerate to a higher level as part of a larger national and global organization. With the additional resources and infrastructure available through Sterling and Munich Re, we will have a much stronger platform to support our members and providers and drive long-term growth.”

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**Munich Re** stands for exceptional solution-based expertise, consistent risk management, financial stability and client proximity. This is how Munich Re creates value for clients, shareholders and staff. In the financial year 2009, the Group – which pursues an integrated business model consisting of insurance and reinsurance – achieved a profit of €2.56bn on premium income of around €41bn. It operates in all lines of insurance, with around 47,000 employees throughout the world. With premium income of around €25bn from reinsurance alone, it is one of the world's leading reinsurers. Especially when clients require solutions for complex risks, Munich Re is a much sought-after risk carrier. The primary insurance operations are mainly concentrated in the ERGO Insurance Group. With premium income of over €17bn, ERGO is one of the largest insurance groups in Germany and Europe. 40 million clients in over 30 countries place their trust in the services and security it provides. In international healthcare business, Munich Re pools its insurance and reinsurance operations, as well as related services, under the Munich Health brand. Munich Re's global investments amounting to €182bn are managed by MEAG, which also makes its competence available to private and institutional investors outside the Group.

**Sterling Life Insurance Company**, based in Bellingham, WA, has an A. M. Best A- (Excellent) rating and is dedicated to providing a variety of affordable healthcare solutions to Medicare beneficiaries. They currently have 47 offices across the United States and are licensed in 50 states and the District of Columbia. For more information about Sterling Life Insurance Company, please visit [www.sterlingplans.com](http://www.sterlingplans.com).

**Windsor Health Group, Inc.** is a managed healthcare company operating government sponsored health plans and providing specialty managed care services to both the insurance and healthcare provider communities. Its largest subsidiary, Windsor Health Plan, Inc. was founded in 1993. The Health Plan offers a variety of Medicare Advantage Health Plans and Medicare Prescription Drug Plans in Alabama, Arkansas, Mississippi, South Carolina and Tennessee. In 2003, Windsor Health Group launched Windsor Home Care Network. Through this network of home nursing, home infusion, home hospice and medical equipment suppliers, it provides coordinated homecare services to members of dozens of health insurance plans as well as members of its own health plans. The company was founded in 2000 and is headquartered in Nashville, Tennessee.

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**Disclaimer**

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