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Press release

Munich Re to acquire Calliden Insurance Operations in partnership with Australian broker group Steadfast

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Munich Re's primary insurance subsidiary Great Lakes Australia (GLA) has reached an agreement to support Australia's largest broker network, Steadfast Group (Steadfast) in their proposed acquisition of Calliden Group Ltd (Calliden).

Munich Re will acquire the authorised insurer, Calliden Insurance Limited. Additionally, GLA will secure access to a leading-edge commercial underwriter platform and expert personnel, previously part of Calliden, to advance GLA's business package and commercial insurance product distribution.

The distribution strength of the largest broker network in Australia will provide GLA with the opportunity to develop products tailored to current-market commercial insurance needs. As part of the transaction, Munich Re will continue to work with the well-regarded Calliden team to establish a new business pack and commercial Managing General Agency (MGA), based on the Calliden agency portfolios acquired, to service all intermediaries in Australia.

The proposed transaction represents a new chapter in the long history of cooperation between Munich Re and Calliden, initially with Munich Re being Calliden's largest reinsurance partner since 2005 and more recently with GLA's role as insurance supporter of Calliden's MGA since 2012.

"The establishment of a new commercially-focused underwriting agency will enable Great Lakes Australia to provide a fresh alternative to all distribution partners across the market", said Ludger Arnoldussen, member of Munich Re's Board of Management responsible for Germany, Asia Pacific and Africa. "Furthermore, we look forward to a long-term partnership with Steadfast, which will enable us to jointly develop profitable target-niche and commercial business."

As part of the partnership Munich Re will support Steadfast with the planned acquisition: Steadfast has submitted an offer to acquire 100% of the Australian insurer Calliden. Calliden has two distinctive businesses – Calliden Agency Services Limited (CASL) and Calliden Insurance Limited (CIL). Immediately after the completion of the transaction by Steadfast, Munich Re will then acquire all of the shares in CIL for around AU\$ 40m (around €28m), subject to net asset value adjustments upon closing. Munich Re will also acquire the Calliden Agency

portfolio for business package and middle market products already underwritten by GLA and related operating infrastructure from CASL. Completion of the transactions is subject to regulatory approvals, approval by shareholders and customary closing conditions, which are expected to be completed at the end of the fourth quarter of 2014.

Both Steadfast and Calliden are listed companies on the Australian Securities Exchange (ASX).

About the **Steadfast Group**

Steadfast, established in 1996, is a broker network and provider of services to 306 insurance broker businesses across Australia, New Zealand and in Singapore. Our network of brokers and underwriting agencies generates annual billings of over AU\$ 5bn. Steadfast also operates as a consolidator through its equity interests in a number of insurance broker businesses, a reinsurance broker, underwriting agencies, other complementary businesses and a joint venture in Macquarie Pacific Funding.

About **Calliden**

Calliden Group Ltd is an ASX-listed company (CIX) specialising in general insurance. Its focus is on the Australian intermediated insurance market including brokers and authorised representatives, small businesses and householders.

In 2012, the Group evolved into a Managing General Agent (MGA) with two distinctive businesses – Calliden Agency Services Limited (CASL) and Calliden Insurance Limited (CIL):

Calliden Agency Services Limited

CASL underwrites and distributes via professional intermediaries a range of insurance products from electronically delivered business packages and home insurance to specialised niche offerings for high-value homes and exotic cars.

CASL operates as an agent on behalf of a variety of insurers including Great Lakes Australia, Lloyd's, the NSW Government's SiCorp, ACE Insurance Limited as well as the Group's own insurer, Calliden Insurance Limited.

Calliden Insurance Limited

CIL is an insurer that manufactures and distributes products through a number of underwriting agencies. Its focus is on achieving a return on its capital in excess of its weighted average cost of capital over the course of the insurance cycle.

About **Great Lakes Australia**

Great Lakes Australia (GLA) is the Australian branch of Great Lakes Reinsurance (UK) PLC (Great Lakes). Great Lakes is a wholly-owned subsidiary of Munich Re.

Great Lakes was originally formed in Canada in 1951. Munich Re acquired the Toronto-based company in 1975 and established Great Lakes in the UK in 1987 with the aim of accessing and better servicing the London market. Great Lakes Reinsurance (UK) PLC trading as Great Lakes Australia was registered as a foreign company (ARBN 127 740 532) in Australia on 31 October 2007. GLA has been supporting selected underwriting agency partners since 2008.

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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 2013, the Group – which combines primary insurance and reinsurance under one roof – achieved a profit of €3.3bn on premium income of over €51bn. It operates in all lines of insurance, with almost 45,000 employees throughout the world. With premium income of around €28bn 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. Its primary insurance operations are concentrated mainly in the ERGO Insurance Group, one of the major insurance groups in Germany and Europe. ERGO is represented in over 30 countries worldwide and offers a comprehensive range of insurances, provision products and services. In 2013, ERGO posted premium income of €18bn. 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 €209bn are managed by MEAG, which also makes its competence available to private and institutional investors outside the Group.

Disclaimer

This press release contains forward-looking statements that are based on current assumptions and forecasts of the management of Munich Re. Known and unknown risks, uncertainties and other factors could lead to material differences between the forward-looking statements given here and the actual development, in particular the results, financial situation and performance of our Company. The Company assumes no liability to update these forward-looking statements or to conform them to future events or developments.

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