

Munich Re Group
Media conference in New Delhi


Nikolaus von Bomhard

9 August 2007



Overview

Munich Re at a glance



- ✓ Despite Kyrill, half-year result fully within planned range; combined with positive tax effects, this makes another record profit achievable for 2007
- ✓ High profitability after three years of consolidation
Focus now increasingly on profitable growth
- ✓ First project concepts are ready
Implementation is following step by step
- ✓ Consistent capital management effectively advanced
Hybrid bond placed, second share buy-back started

Half-year profit of €1.1bn reflects discipline

Changing Gear successfully launched

Profit guidance for the year increased to €3.5–3.8bn


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Financial reporting for the first half of 2007

Overview

Excellent half-year despite above-average NatCat activity



GROUP Gross premiums written	REINSURANCE Combined ratio property-casualty	PRIMARY INSURANCE Combined ratio property-casualty
in €m	in %	in %
Q1-2 2006 19,063	Q1-2 2006 91.6	Q1-2 2006 92.0
Q1-2 2007 18,928	Q1-2 2007 98.4	Q1-2 2007 93.3
Stable premiums despite weak US dollar	Strong underlying business – 8.1%-pts. NatCat impact	Comfortably within assumptions

GROUP Investment result	GROUP Equity	GROUP Group result
in €m	in €bn	in €m
Q1-2 2006 4,803	31.12.2006 ¹ 26.3	Q1-2 2006 ¹ 2,127
Q1-2 2007 5,646	30.06.2007 25.3	Q1-2 2007 2,132
Rol of 6.3% due to favourable capital markets	Only slight decrease despite share buy-back and dividend	At record level of previous year


¹ Adjusted due to IAS 8.

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Financial reporting for the first half of 2007 – Outlook 2007

Target and assumption set

Full-year net profit guidance increased



RoRaC target: 15%

	Reinsurance	Primary insurance
Gross premiums written	€21–21.5bn	€17–17.5bn
Currency environment	stable	
Normal major losses	NatCat 7%	NatCat n.a.
Combined ratio property-casualty	below 97%	below 95%
European Embedded Value Earnings	in the range of 8–9%	
Return on investment	5.0%	
Tax environment	Incl. one-off tax benefit ~€400m	
Net profit	€3.0–3.2bn	around 0.9bn
Consolidated net profit for the Group	€3.5–3.8bn	

■ Assumption changes

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Primary insurance

10 years of ERGO

Excellently positioned for the future

ERGO – One entity ...

- Uniform processes for products and administration (2000 / 2004 / 2007)
- Joint client service (2004)
- Restructuring of sales (2005)
Establishment of Board Division for Sales (2007)
- Joint asset management: MEAG (2000)
- Formation of ITERGO, development of ERGO computer centre (from 2000)
Joint back office (completed with integration of DKV in April 2007)

... with strong brands ...

ERGO **VICTORIA** **HAMBURG MANNHEIMER** **DKV** **DAS** **Karstadt Quelle Versicherungen**

... and a competitive edge thanks to single back office

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Primary insurance

10 years of ERGO

ERGO growing in international business


Acquisitions in Poland, the Baltic States and Italy (2000)

Acquisition of İsviçre in Turkey (2006)

Expansion of UCI cooperation in central/eastern Europe (2007)

Preparation for entering the Indian and Chinese markets (2007)

Share of foreign business has grown from 8% (1997) to 21% (2007¹)



Focus on Europe and Asia

ERGO abroad²

- 24 countries
- 18 million clients
- Around 8,000 independent insurance agents

ERGO Germany²

- 15 million clients
- Over 14,000 independent insurance agents

- A global market for risks – Munich Re strongly positioned with ERGO
- ERGO benefits from Munich Re's reputation and market position
- Focus on strongly growing international markets

¹ Forecast for 2007. ² Status 2006.

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Munich Re Group and India



- Munich Re has been committed to the Indian insurance industry for more than half a century
- Since the opening of the market in 2000, cooperation with the newly established private insurers (life and non-life)
- Representative office in Kolkata since 2000 (mainly non-life)
- Service company in Mumbai since 2004 (life)
- Due to legal restrictions:
Indian reinsurance business is underwritten and signed by Munich Reinsurance Company, Munich

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Macro- and socio-economic background provide strong support for insurance market development in India



Major economic indicators

- Strong average real GDP growth of ~7.5 % in recent past (2001-06), Indian economy expected to remain highly dynamic
- Rapidly increasing middle class, currently already comprising of 300 million people, with growing (insurance) needs
- High population growth of ~1.5%, one of the youngest population structures in the world
- Increased life expectancy

Challenges

- Socioeconomic change of Indian society
- Required modernisation and extension of infrastructure
- Increase of insurance penetration from low level

Large future insurance market potential

Urgent need for market discipline and profitable and selective underwriting

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Non-life market in India

Major economic factors

- Required modernisation and extension of infrastructure
- Insurance penetration ~ 0.6%
- Strong compound annual growth rate of ~11.0% (in real terms) in recent years

Further growth of non-life (re)insurance is expected

Challenges

- January 2007: Detariffing leads to steep downward trend in premiums
- November: Further decline after expected abolition of prescribed margins by IRDA
- Prolonged price war could mean jeopardising success story of liberalised insurance market

Risk-adequate pricing is necessary

Munich Re will open a branch as soon as this is allowed by Indian authorities

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Life market in India

Major economic indicators

- High population growth of ~1.5%
- One of the youngest population structures in the world
- Increased life expectancy
- Improved standard of living requires adequate insurance covers
- Compound annual growth rate in life insurance ~17 % (in real terms) in recent years

Further growth of life (re)insurance

Challenges

- Increase in number of policies leads to further demand for fast processing structures
- Increase in cost-efficiency problems
- Munich Re offers solution with consulting system ATLAS:

Optimising of business processes

Shortening of transaction times


Improvement of cost efficiency

High potential for profitable growth

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Reinsurance

Unique added value through first-class services



- Offering of services tailored to the needs of our clients
- Customised seminars and workshops
- Conferences with high-level participants
- Topical and in-depth publications
- Operative and strategic support

Strict separation between reinsurance and primary life insurance business within the Group

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Reinsurance

Excellent survey result



Flaspöhler Survey 2006

Munich Re "Best Reinsurer Overall"¹ in life and non-life



FLASPÖHLER
RESEARCH GROUP

¹ By cedant vote.

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ERGO's approach for India

ERGO

- Co-operate for Life as well as Non-Life business with Joint Venture partners having strong local knowledge and distribution capacities
- Explore synergies with Joint venture partners core business
- Seek maximum stake allowed in domestic insurance market (26%)
- Achieve a leadership position despite market and competitive challenges
- Focused on profitable growth ERGO's has attractive business models for Life and Non-Life
- Deliver superior performance by applying ERGO's global best practices to multiple distribution channels

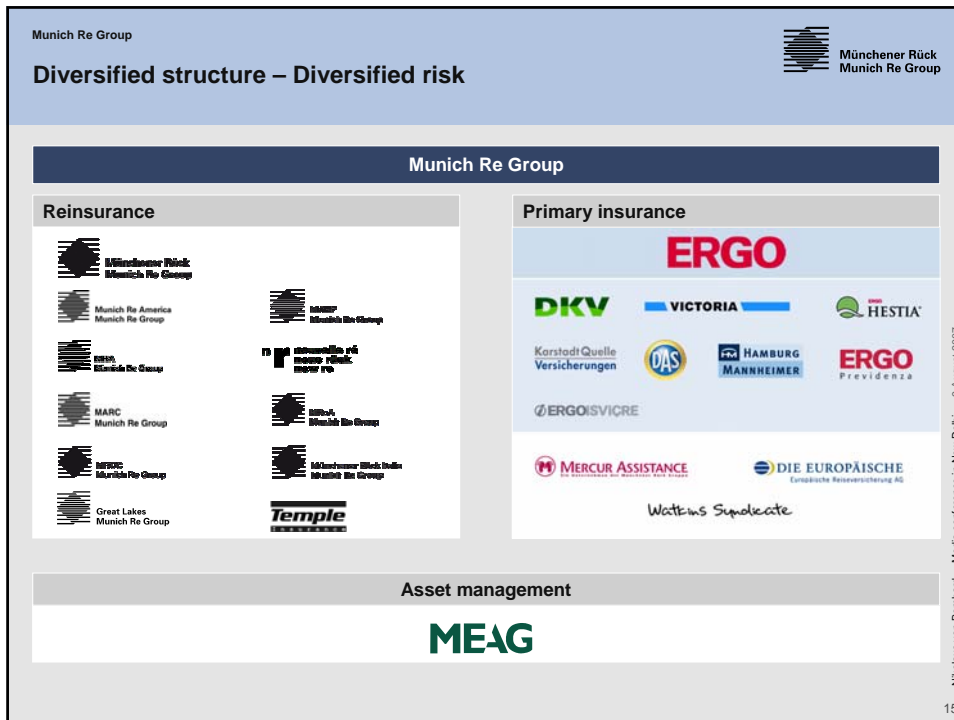
Current status

- MoUs with partners (Life and Non-Life) close to finalization

Apollo DKV Insurance Company



- 8 August 2007:
Grand opening of joint venture between Apollo Hospitals Group and DKV
- 25 offices by the second year of operation and 100 locations in India by 2010
- Innovative products to enhance accessibility and affordability of healthcare support in India



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Disclaimer

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