Munich Re Group
Analysts' Lunch Seminar on Life Reinsurance

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Significant contribution to profitable growth

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Global life reinsurance market is dominated by two players in a head-to-head situation – Munich Re life reinsurance represents more than a quarter of the reinsurance segment

Life reinsurance is a consistently profitable and less volatile core segment

Financial crisis opens up windows of opportunity for additional value creation

Solutions beyond traditional reinsurance ensure superior client access and acquisition of additional profitable business

Development of gross premiums written

Munich Re to fully capitalise on growth of life reinsurance market

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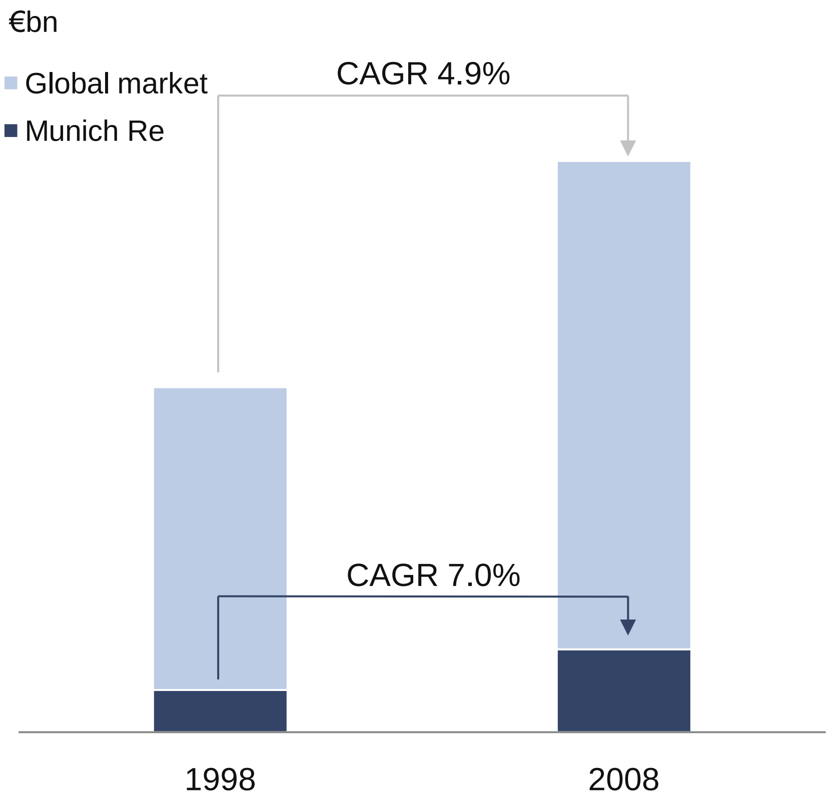
Gross premiums written life reinsurance[1]



Highlights

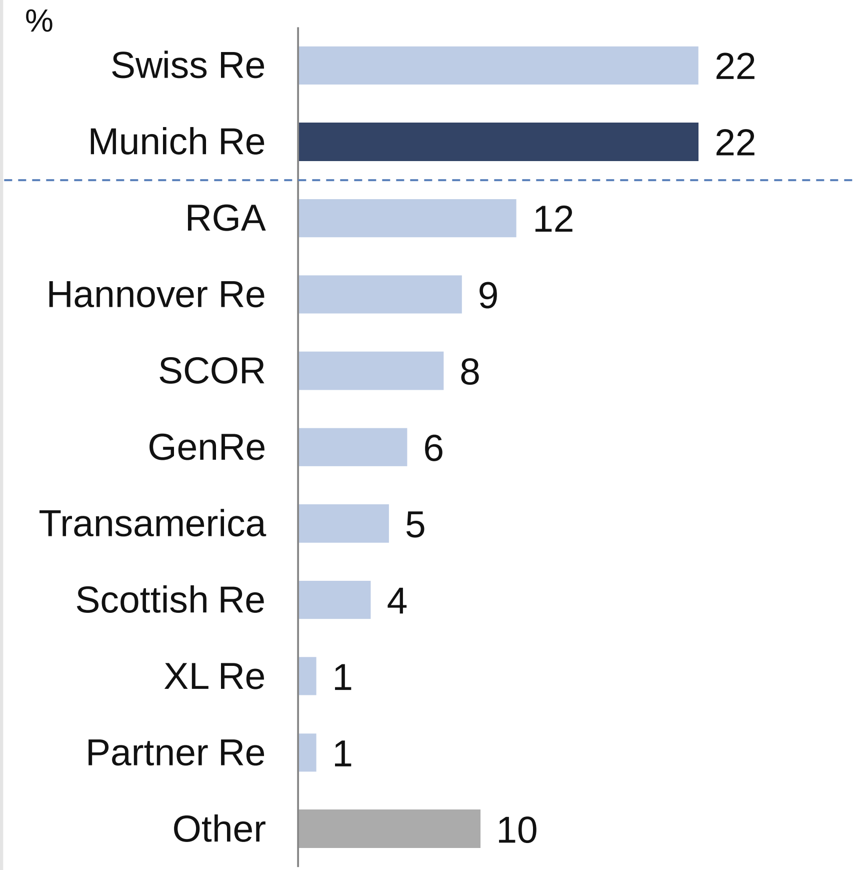
- Increase in market share mainly based on organic growth
- Premium growth fuelled by market opportunities
- Above-average growth expected to persist in the coming years
- Bottom-line focus prevails

[1] Source: Munich Re Economic Research; Munich Re: gross premiums written in life reinsurance; global market: estimate for ceded life insurance premiums worldwide.

Competitive position

Munich Re well positioned to capture full market potential

Global market share[1]



Highlights

Traditional life reinsurance business to provide earnings stability going forward

Market leaders to continue increasing their market shares at the expense of smaller competitors …

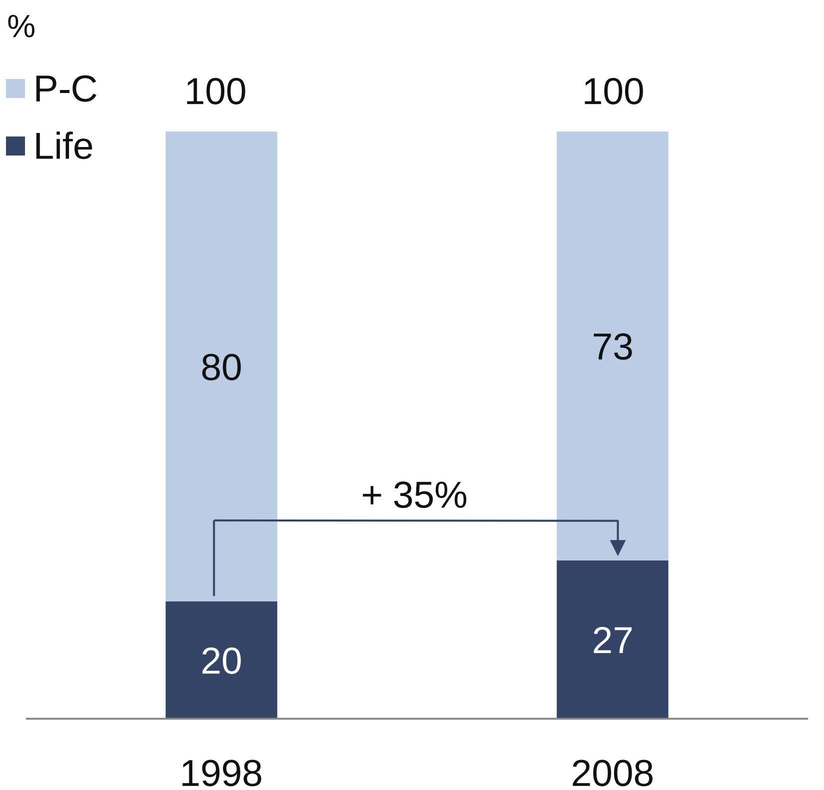
… as increasing demand for know-how and capital-intensive solutions are expected to benefit the leading players …

… resulting in high barriers of entry

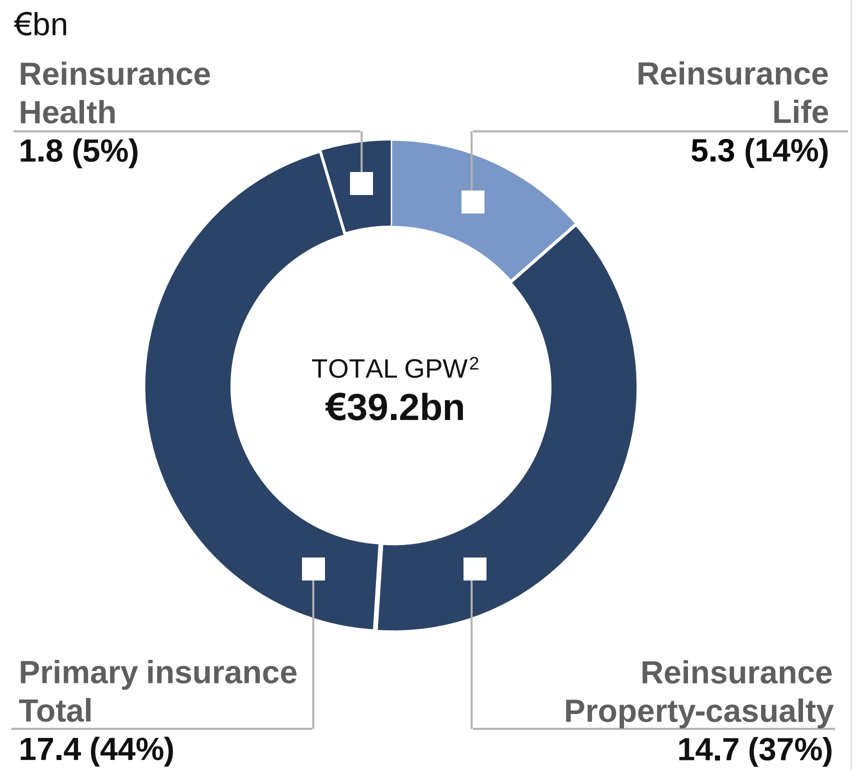
[1] Source: Munich Re Economic Research based on company reports. Estimates based on life and health net earned premiums 2008.

Life reinsurance essential pillar of increasing importance

Share of life business within reinsurance segment[1]



Munich Re Group – premium breakdown[2]



Life reinsurance share continuously increased

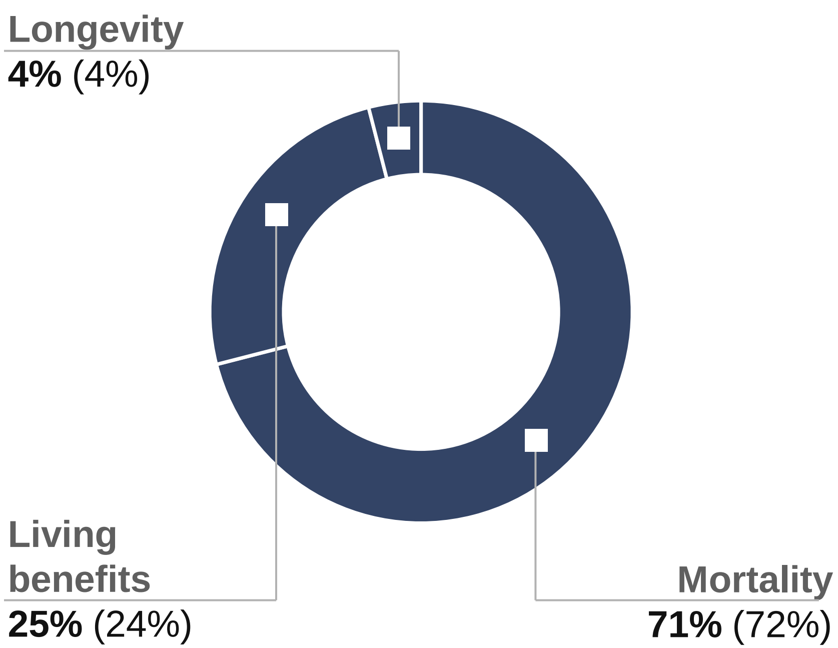
Life reinsurance essential part of Munich Re Group portfolio

[1] Segmental share of gross premiums written (health reinsurance excluded).
[2] Gross premiums written before consolidation in 2008.Total after consolidation: €37.8bn.

Distribution of products

Predominantly mortality risk

Share of net premium 2008 (2007)



Highlights

- Mortality covers dominate top and bottom line (as well as risk capital)
- Mortality portfolio successfully supplemented and diversified by living benefits covers
- Small exposure to longevity and non-proportional covers
- Low level of market risk involved

Steering philosophy

Connection between MCEV earnings and IFRS result

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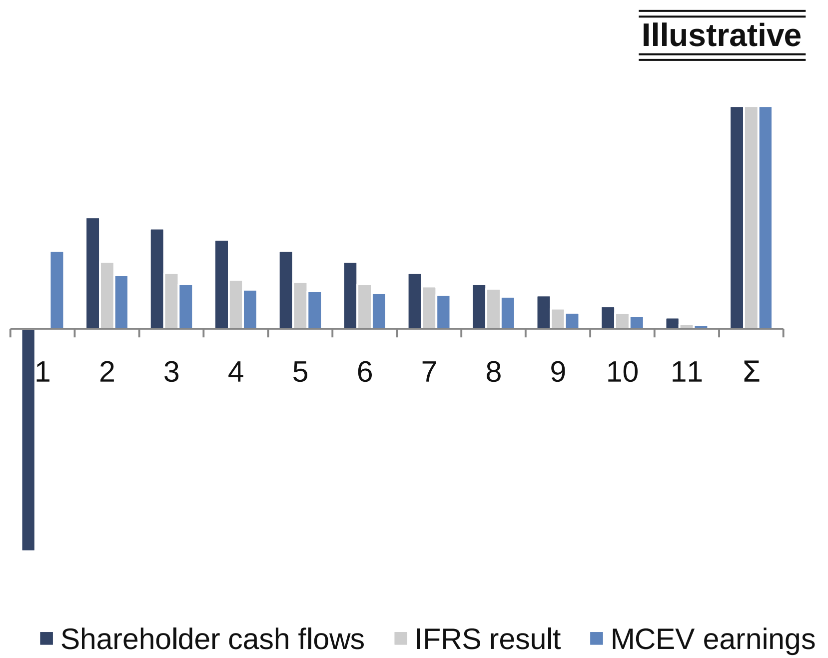
Development of MCEV earnings vs. IFRS result



Differences between MCEV and IFRS

Different reporting standards based on different methodologies

MCEV earnings based on long-term assumptions being subject to changes

IFRS results subject to short-term distortions (e.g. FX, capital markets, reserving)

MCEV earnings are a good indication for IFRS results under "normal" circumstances

MCEV most appropriately reflects the value of life business[1]

[1] Remaining open methodological topics (to be addressed by CFO Forum) with very limited relevance for valuation of reinsurance business.

Key figures

Profitability adequately reflected in embedded value results

Embedded value results (€m)	2007	2008
EEV	**6,662**	**6,116**
VANB	**277**	**356**
Operating EEV earnings	**701**	**618**
Operating EEV return	**11.8%**	**9.3%**

Embedded value – expected drivers in 2009

- EEV continues to be supported by low-interest environment (reduced effect from discounting)
- Negative FX impact on EEV to be overcompensated by new business
- Substantial VANB contribution of large block deals
- Continued focus on new business profitability

Finding the right access, moving closer to the customer

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Type of service	Reinsurance solutions	Demand from primary insurer	MR's competitive advantage	Profitability
Traditional reinsurance solutions	Providing reinsurance capacity	Need for result smoothing; support in underwriting and product development is slightly declining	Capital strength, biometric excellence and international presence	Stable and relatively low risk-return profile
"Beyond traditional reinsurance"	Holistic asset-liability solutions	Increasing – mainly from SMEs	Capital strength, biometric excellence and hedging expertise	Less stable and higher risk-return profile
	Capital relief transactions VIF financings	Usually high in financially distressed situations; growing importance through Solvency II	Capital strength, biometric excellence and strong market position	Less frequent block-deal transactions with lower risk-return profile

Innovative solutions tailored to clients' needs are key to profitable growth

Key focus initiatives

Building the foundation of our earnings guidance

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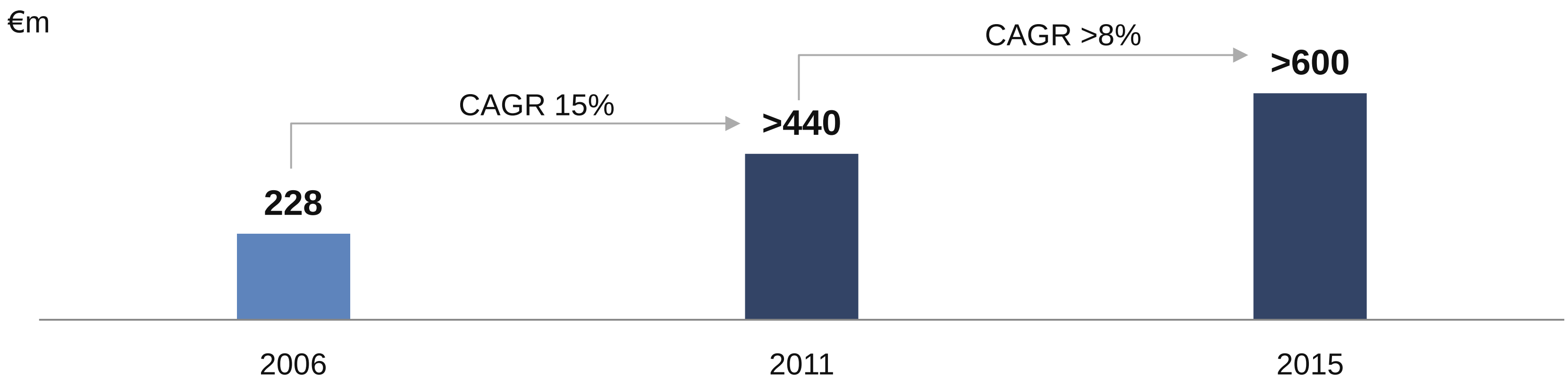
Projected VANB development in accordance with Munich Re Group RoRaC target of 15%



Key focus initiatives based on strategic pillars

Continuously improve core business	Grow non-traditional business	Expand business model
1 Regional focus on Asia and USA	2 Providing asset-liability solutions	3 Upgrade service offerings

4 Capital relief transactions

Regional focus
1 Well-diversified portfolio

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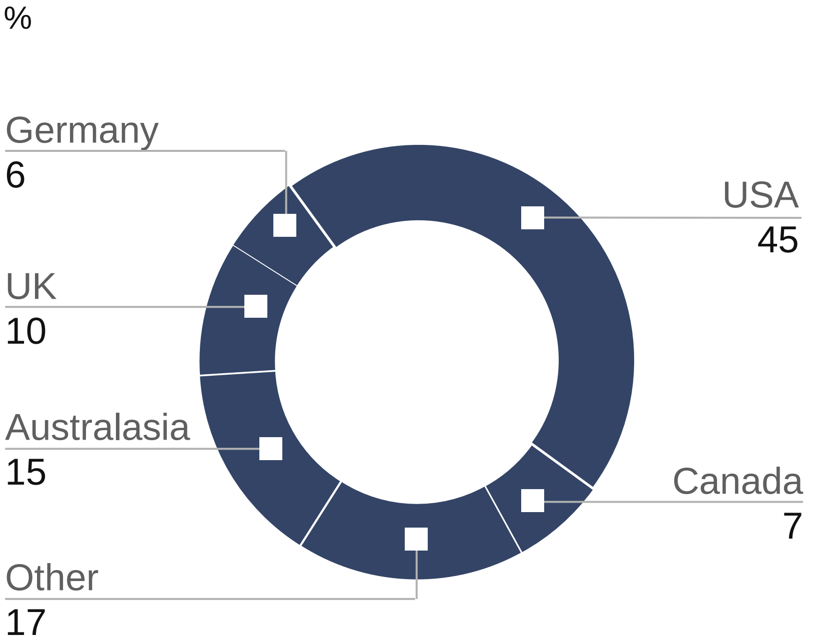
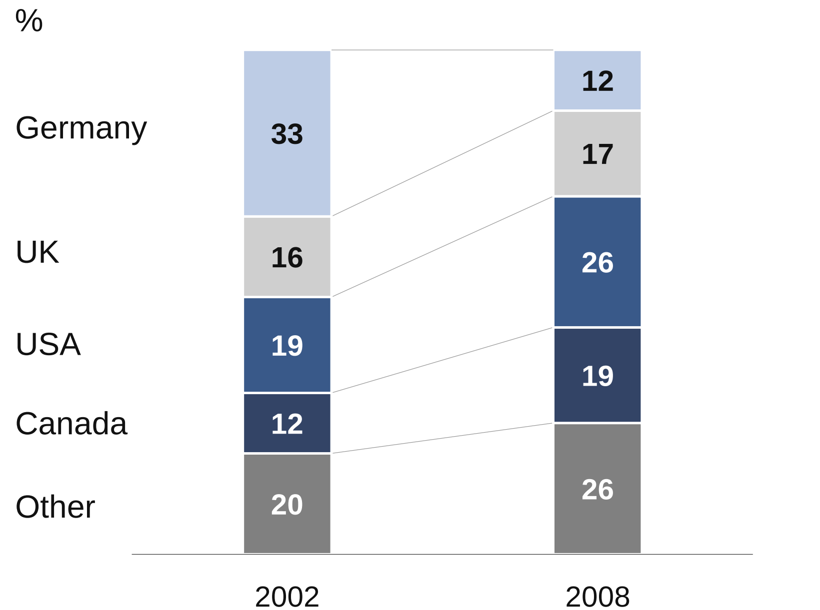
Distribution of global life reinsurance premiums[1]



Munich Re life reinsurance portfolio



Total GPW 2008: **€5,273m**

Benefit from demographic developments

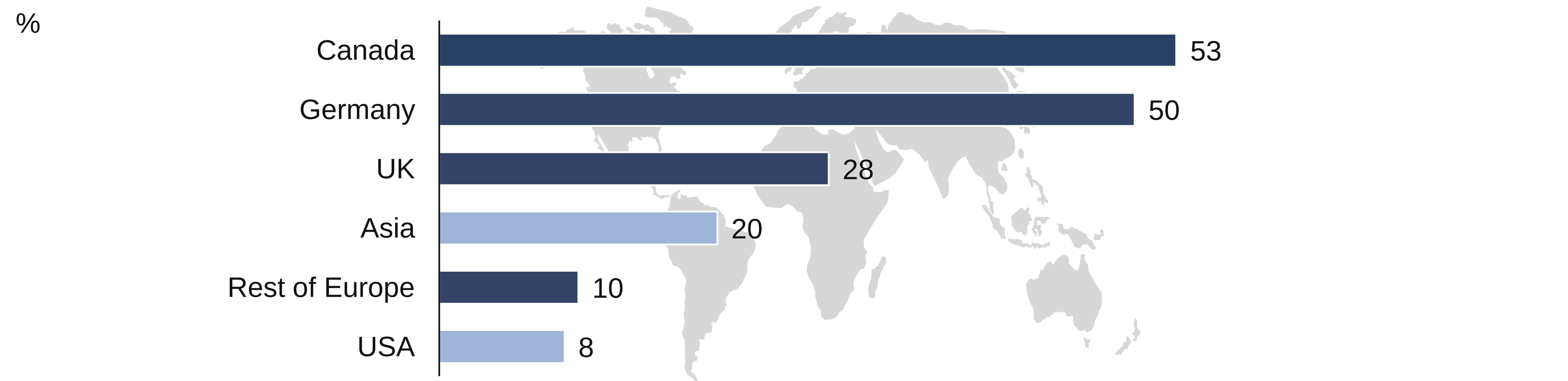
Continue profitable organic growth by taking advantage of changes in accounting standards (IFRS) and regulatory requirements (Solvency II)

Clear market leader in Canada and Germany; USA and Asia are main areas for future growth

[1] Source: Munich Re estimate for 2008.

1 Regional focus
Capturing growth potential in global markets

Market share of Munich Re in important markets[1]



Asia: excellent market position in a growth market

- Munich Re has increased premium volume in Asia by 21% p.a. since 2006
- High demand for reinsurers' service, capital and expertise
- Strong perception of Munich Re’s product development and consulting service
- Excellent position of Munich Re with financial reinsurance offerings

USA: increasing efficiency in the largest market

- USA by far the largest, most developed and highly competitive life reinsurance market
- Refinements in business set-up to support entrepreneurial and smart approach
- Enhancements of mortality analysis capabilities and optimised pricing
- Superpool programme: Enhanced capacity offering induces increase in new business

[1] Source: Munich Re estimate for 2008.

Holistic ALM solutions for efficient asset protection

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Financial guarantees embedded in life insurance offer substantial growth potential

Market fundamentals

Business proposition of PI is sound

- Investment-guarantee market serves fundamental need of individuals for financial security
- Significant increase due to baby-boomer retirement within next 10 years

Large profit pool offers growth opportunity for RI

- With ALM risk solutions, e.g. for VA providers, MR is able to tap new profit pool
- Hedging operation run by primary insurer on small scale is not efficient
- Banks are not able to cover actuarial and market risk
- Reserve and regulatory relief is achieved

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Impact of financial crisis

Primary insurance

- Recession may lower savings ratios
- Redesign of products to deal with high hedging costs and poorly designed product features will proceed apace
- High risk aversion of individuals fostering demand for guarantees

Reinsurance

- PI under pressure to transfer risk: awareness of necessity to hedge properly has significantly increased
- Competitors forced to leave the market
- Awareness of counterparty risk significantly increased
- Regulatory developments facilitating business potential

Risks are manageable

Strict underwriting policy prohibits reinsurance of ill-designed products	Market-consistent valuation of reinsurance liabilities is key to effective ALM	Hedging policy minimises exposure in all liquidly tradable factors
Risk appetite is clearly defined by limits set by the Risk Committee and monitored by the risk management	Daily monitoring of profit and loss and frequent back-testing of models detects possible weaknesses	Counterparty risks are mitigated by a strict collateralisation policy

3 Upgrade service offerings

Generating growth opportunities beside core business

Expanding business model and value proposition along the life insurance value chain

Product development

- Extensive biometric research activities with continued increase in market coverage
- Intensive cooperation with clients to expand their business offerings

Designing and pricing of new tailor-made products are internationally proven success factors

Underwriting, Processing/Admin

- Advancements in underwriting quality and efficiency through up-to-date and flexible manual
- Underwriting strength combined with automation of processes

MIRA[1], allfinanz[2]

Claims management

- Optimising primary insurers claims management processes
- Adding state-of-the-art legal and technical claims knowledge

Training courses, auditing, setting standards

Risk transfer

- Increased demand for solutions to reinsure financial guarantees and embedded options, e.g. in variable annuities
- Changed risk focus and increased number of annuitants drive demand for reinsuring longevity

Holistic asset-liability solutions

Solution for longevity risks

[1] MIRA – Munich Re Internet Risk Assessor (underwriting manual).
[2] Underwriting automation (software solutions).

4 Demand for reinsurance solutions

Increase in requests for capital relief deals

Strengthening capital base

Pressure on capitalisation/ solvency levels due to …

… reduced asset values/ asset impairments

… reduced investment earnings

… increased capital requirements reflecting higher volatility

Noticeable increase in requests/quoting opportunities as from 4th quarter 2008

Primarily in the US, East Asia and Continental Europe

Growth financing

PI companies seek to improve their market position inducing the …

… need for capital increases to…

… support the financing of acquisition of life blocks/portfolios

… take-over of life insurance companies

Already first requests observable

Demand could further increase with lower acquisition prices

Primary insurers need to find quick solutions to strengthen their capital base

4 Satisfaction of demand

Reinsurance the preferred solution for capital relief

Reinsurance solutions provide many advantages

- Immediate risk/solvency capital relief
- Capacity with high security
- Specific requirements can be addressed in tailor-made transactions
- Provides a high degree of flexibility and can avoid negative publicity
- Trust, based on long-term relationships

Achievements[1]

- Number of closed deals: 9
- Expected total GPW of new business >€2bn p.a.
- VANB of new business in the low 3-digit million Euros

Still many deals in the pipeline due to deteriorating capitalisation

Deals fit perfectly with Munich Re's risk appetite and strategy

- Strengthening long-term client relationships
- Transfer of mortality and morbidity risks
- No assumption of investment risks
- Meeting profitability requirements with attractive RoRaC

Capitalising on opportunities arising out of increasing need for reinsurance, not jeopardising our solidity

[1] Includes life and health business (life approx. 40%, health approx. 60%).

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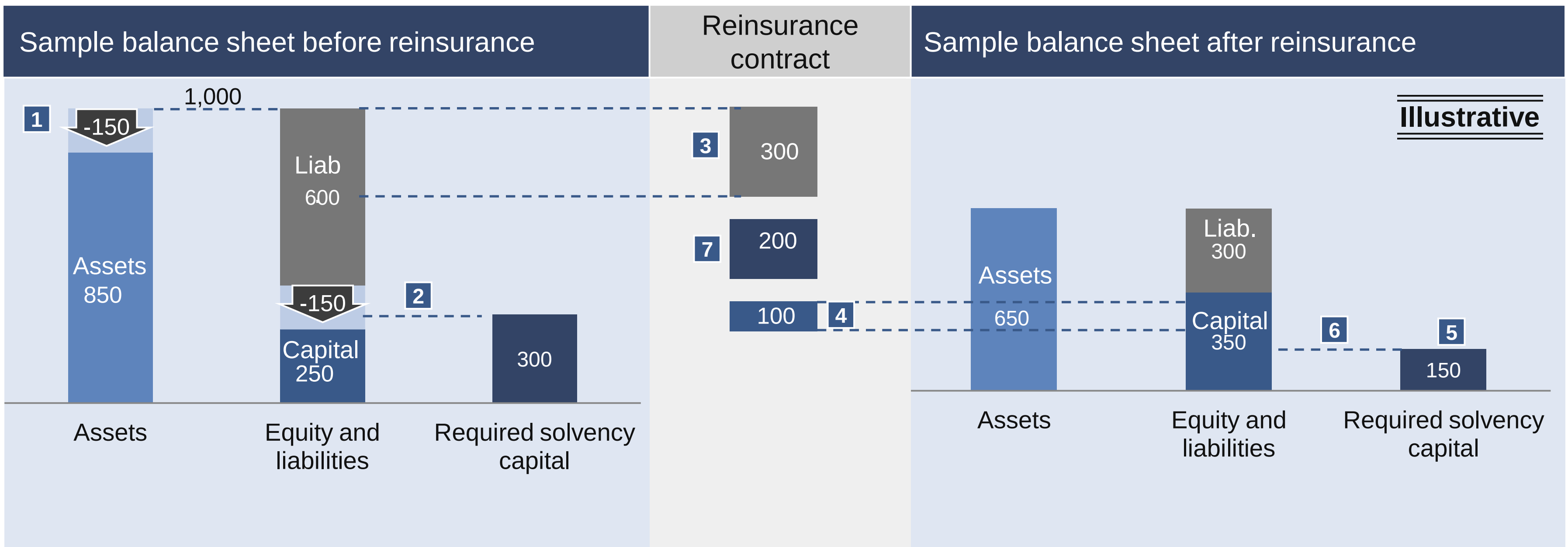
Example of block deal

Transaction provides significant surplus relief

Simplified structure of a block deal in life reinsurance



1 Loss in asset values reduces capital base

2 Capital falls below acceptable level

3 Reserve transfer

4 Commission strengthens capital base

5 Solvency capital credit from reinsurance

6 Strengthening of solvency ratio

7 **Net cash flow to Munich Re**

Profit margins from transaction increase earnings

Focused and differentiated approach to possible transactions

Key takeaways

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Life reinsurance meets
its **profitable growth targets**

Munich Re to **expand stable traditional business** as a capacity and service provider
to foster position as **holistic risk solution provider**

Four key focus areas
for the near future have been evolved from strategic directions

Capturing growth potential by applying **specific regional initiatives**	Providing holistic **asset-liability solutions**	Making us indispensable for clients by systematic advancing **service offerings**	Capitalising on opportunities arising from **increasing need for reinsurance**

Application of same strict profitability requirements for
all growth initiatives with **strong risk-based bottom-line focus**

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Q&A's

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Financial calendar

FINANCIAL CALENDAR	
4 August 2009	Interim report as at 30 June 2009; half-year press conference
5 November 2009	Interim report as at 30 September 2009

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Note regarding the presentation of the previous year's figures

- For the new reporting format in connection with the first-time application of IFRS 8 "Operating Segments" as at 1 January 2009, several prior-year figures have been adjusted in the income statement.
- For the sake of better comprehensibility and readability, we have refrained from adding the footnote "Previous year's figures adjusted owing to first-time application of IFRS 8" to every slide.
- For details and background information on IFRS 8, please read the presentation "How does Munich Re apply the accounting standard IFRS 8 'Operating Segments'?" on Munich Re's website (http://www.munichre.com/de/ir/contact_and_service/faq/default.aspx).