



PRIMARY INSURANCE WITHIN MUNICH RE

Cheuvreux – Financials Conference 2009

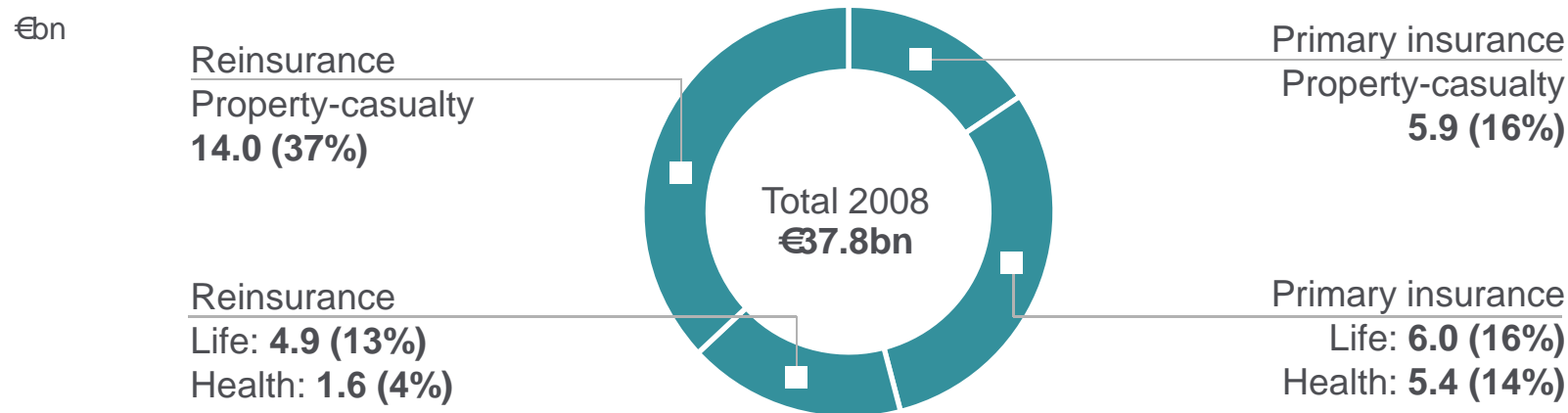
1 December 2009

Torsten Oletzky, CEO ERGO Group

Munich RE 

Primary insurance – Key business of Munich Re

Munich Re – Premium breakdown by segment (consolidated)



Reinsurance

- Leading expertise worldwide for 129 years
- Full range of products: from traditional reinsurance to alternative risk financing
- Diversification as key success factor

Primary insurance (ERGO)













- Germany-based with growing importance in selected European markets
- Diversification from personal lines business
- Multi-channel sales strategy and unified brand to foster leading market position

Integrated Health approach

- 'Munich Health' as leading specialised health risk carrier with global scope
- Flexible combination of business model and products as unique selling proposition

Primary insurance confirming turnaround to profit



Gross premiums written		Technical result		Combined ratio property-casualty	
€m		€m		%	
Q1–3 2008	12,706 	Q1–3 2008	1,105 	Q1–3 2008	90.0 
Q1–3 2009	12,983 	Q1–3 2009	655 	Q1–3 2009	94.2 
International expansion supports premium growth		Decrease as consequence of the financial crisis		Pleasingly below target of 95% – Q1–3 2008 not comparable	
Investment result ¹		Operating result		Consolidated result	
€m		€m		€m	
Q1–3 2008	2,103 	Q1–3 2008	825 	Q1–3 2008	374 
Q1–3 2009	3,288 	Q1–3 2009	506 	Q1–3 2009	95 
Improved unit-linked business, fewer write-downs on equities		Positive consolidated result of €89m in Q3 proves continued turnaround in the course of the quarters in 2009			

¹ Investment result incl. unrealised gains/losses from investments in unit-linked life insurance; excl. unit-linked business: €2,935m in Q1–3 2009 (€2,459m in Q1–3 2008).

Many steps to create a fully integrated company

ERGO 1997

				Inter-national
Life Health P-C	Life P-C Legal Expens.	Health	Legal Expens. P-C	Life Health P-C

ERGO 2009

Life	Health	P-C	Direct	Travel	Inter-national
  	 	  			  

ERGO

1998	Joint asset management: MEAG Joint data centres
2000	Joint claims management Start of IT applications integration Internationalisation: M&A in CEE and Italy
2001	Bancassurance agreement with HypoVereinsbank (now part of UniCredit)
2002	Direct insurance – Acquisition of KarstadtQuelle Versicherung (KQV)
2004	Reorganisation I – Segment structure
2007	Reorganisation II – ERGO sales organisation
2009	Acquisition of travel insurer ERV ¹ Human Resources: Transfer of employee contracts to ERGO AG

¹ ERV: Europäische Reiseversicherung.

Strong emphasis on the ERGO brand

Long-term trigger: Customer behaviour

- Trend: Customers use more than one sales channel to buy insurance
- Strategy: Combination of advise-driven distribution approach with direct sales channel under one strong brand
- Harmonisation of domestic and international brand strategy

Short-term trigger: Direct insurance

- Insolvency of Arcandor (Karstadt and Quelle)
- Affiliation of KQV to ERGO not well enough known
- Rebranding as ERGO Direct Insurance logical consequence

ERGO 2010

Direct	Life	P-C ¹	International	Health	Travel
		  (legal expenses)	  (legal expenses)		

Goal: To attract additional customers and foster growth

¹ Including legal expenses (D.A.S.).



Realignment facilitating a leaner ERGO structure

Change

- Merger of legal entities – goal: only one risk carrier per segment
- Victoria Life closed for new business for the time being
- ERGO Direct Insurance to start in Q1 2010
- Other companies to follow in Q2 2010 – operative start 1 January 2011
- Cost of rebranding mid-double-digit million Euros

Continuity

ERGO deliberately not making any changes to well-established sales force structures – separate sales organisation with complementary strengths

Tied agents				Brokers	Bank	Direct	Travel
ERGO			ERGO	ERGO	ERGO	ERGO	
HMI ¹	OVG ¹	HMS ¹	Former Victoria agents			Former KQV	

¹ HMI: Hamburg-Mannheimer (HM) multi level organisation; OVG: HM organisation for group business; HMS: HM agencies.

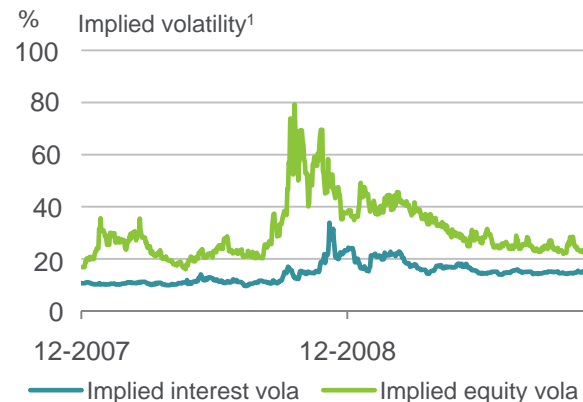
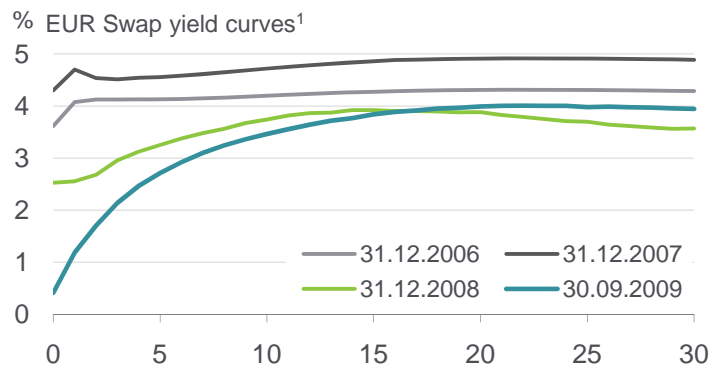
ERGO positioned throughout all segments – Cost-reduction initiative well under way

1	Life	<ul style="list-style-type: none">▪ Economic crisis puts pressure on growth and margins▪ Implementation of strategic initiatives well under way
2	Health	<ul style="list-style-type: none">▪ Market leader in Germany; low capital intensity▪ Political intervention may affect future developments
3	Property-casualty	<ul style="list-style-type: none">▪ Excellent profitability despite highly competitive market environment▪ Combined ratio consistently well below 95% due to focus on attractive business lines as well as superior underwriting and claims management
4	Direct insurance	<ul style="list-style-type: none">▪ Leading direct insurer in Germany with more than four million customers▪ Ongoing growth in life, health and property-casualty
5	International operations	<ul style="list-style-type: none">▪ Strong top-line growth¹, negatively affected by recent FX development in non-euro-denominated countries▪ International expansion focused on CEE and Asia
6	Cost reduction	<ul style="list-style-type: none">▪ Simplification, harmonisation and continuous improvement of processes as well as reduction of expense ratios▪ Project for delivering €180m cost savings by 2010 making good progress

¹ Organic growth Poland; acquisitions of BACAV, Europäische Reiseversicherung.

Strategic initiatives: Customised approaches towards in-force and new business

Challenges for business in force



Hedge against extreme interest-rate development scenarios

Challenges for new business

- New competitors; advancements in alternative guarantee types (banks, investment/hedge funds)
- Low interest-rate environment
- Reduced customer acceptance of/preference for long-term investments ('flexibility first')
- Increased transparency and influence of rankings/ratings (products and companies)

ERGO Life's solutions

- Moving from pure risk carrier to risk manager: concentration on flexible product platform (unit-linked products)
- Convincing advisory skills and 'sale of concepts' instead of products
- Increased transparency and improved positioning in product ratings and rankings
- One system fits all: Reduced complexity and further streamlining of processes and systems
- Expansion in occupational pensions business; focus on medium-sized companies

¹ Source: Bloomberg

Market changes due to challenges in the social security system

Health reform environment 2009

Waiting period for eligibility for private health insurance

New business in employee customer segment impacted

Uniform premium rate in statutory health insurance

Increased attractiveness of private health insurance

Basic tariff

Makes private health insurers' tariff portfolio more complex

Portability of ageing reserves

Makes switching insurer easier – no significant effect yet

Outlook

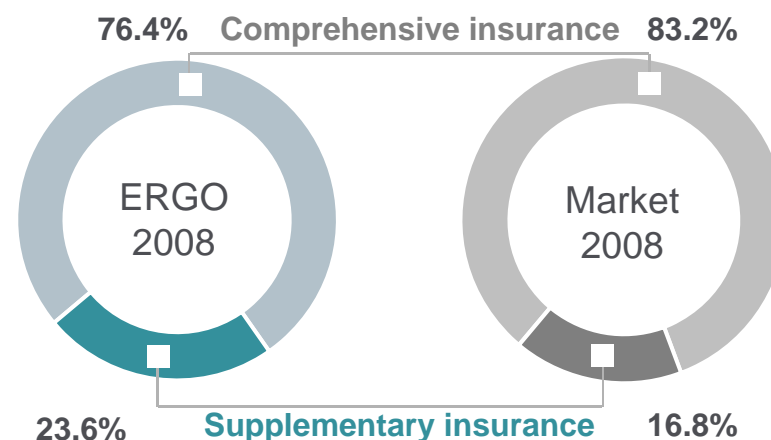
Health reform environment still demanding but new government discussing potential changes

- Three-year waiting period should be omitted
- Discussion of funded long-term care insurance

ERGO in good competitive position

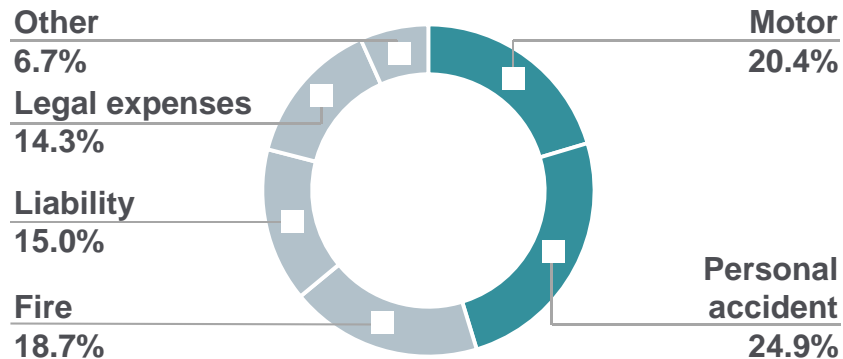
- Modern new-product generation
- Control over superior healthcare structures

ERGO strong in supplementary business

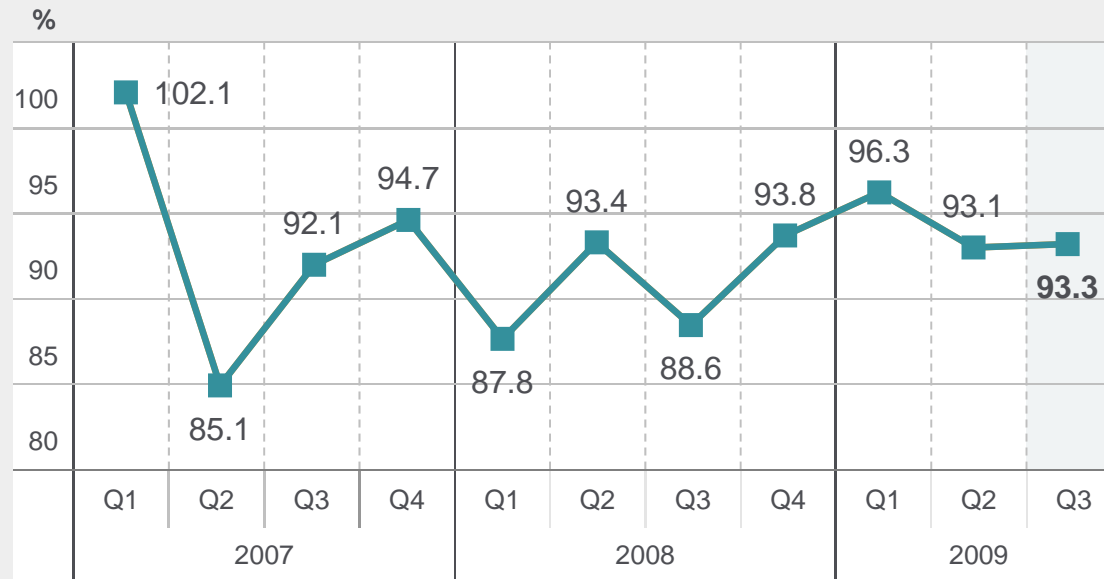
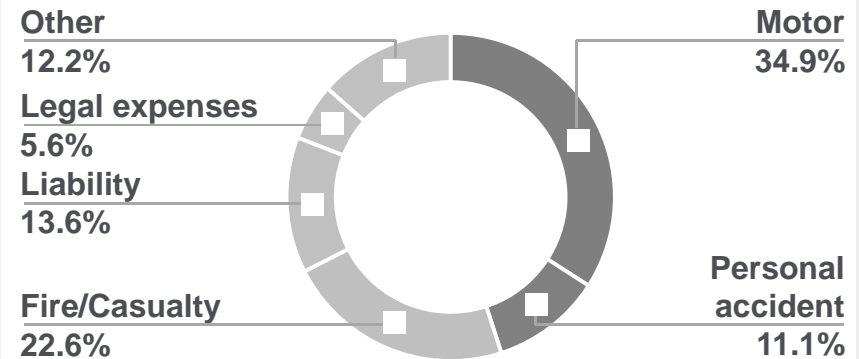


Attractive business mix with combined ratio consistently better than 95% target

ERGO 2008 – GPW



German market 2008 – GPW



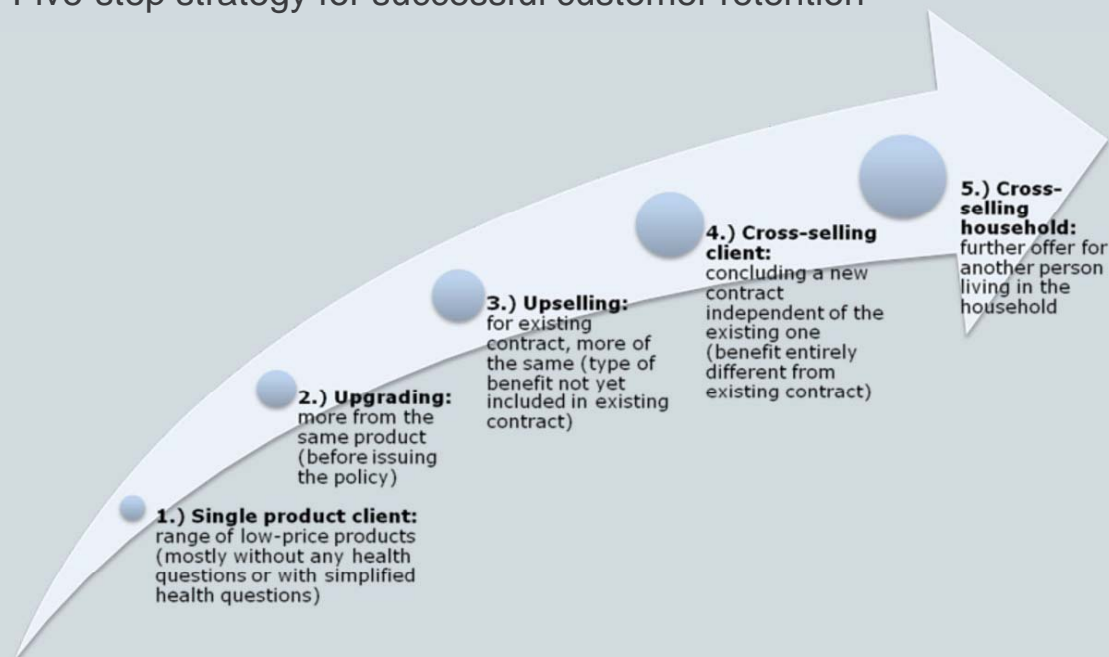
Highlights

- Higher share of personal accident business with favourable impact on combined ratio
- Consistent reduction in motor business with regard to competitive environment
- Cost efficiency efforts pay off

New brand and ambitious plans

KarstadtQuelle Versicherungen

- Germany's most popular direct insurer – more than four million customers and GWP of more than €1bn
- Market leader in personalised direct insurance
- Excellent position in 45+ target group – ample scope for growth
- Five-step strategy for successful customer retention

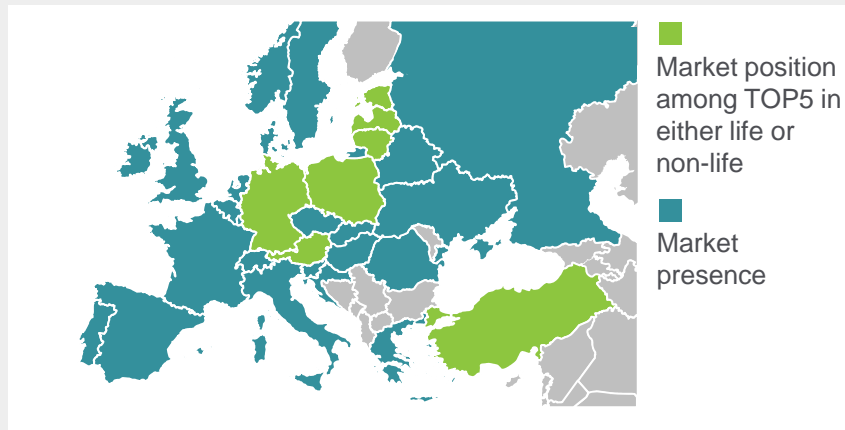


ERGO Direct

- Tap into additional target groups
 - Young
 - Affluent
 - Demanding
- Focus on USP 'easy, fair and self-explanatory products'
- Add 'pull' to 'push' sales concept
- Extending cooperation with
 - Statutory health insurance schemes
 - Banks
 - Other financial services providers

Growing importance of international business

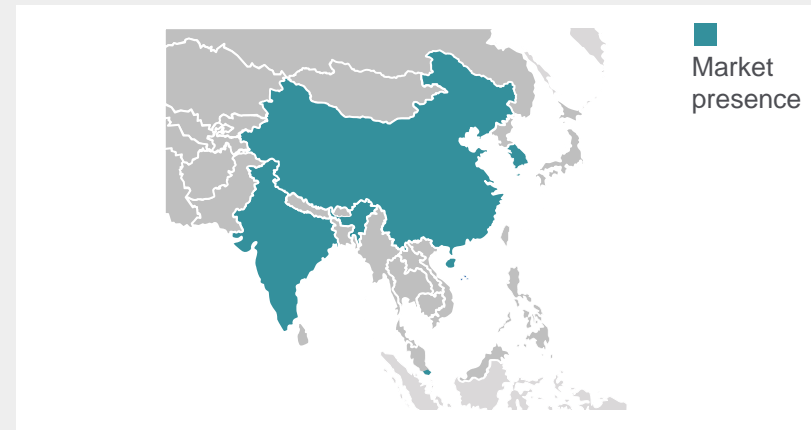
ERGO in Europe



Highlights Europe

- Focus on Eastern and Southern Europe
- Excellent track record in Poland / Baltic states
- Strategic cooperation with UniCredit – cornerstone for expansion in CEE region
- Austria: Bancassurance centre of competence
- Number one in legal expenses insurance

ERGO in Asia

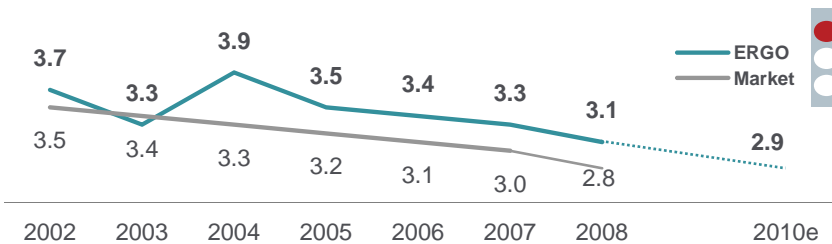


Highlights Asia

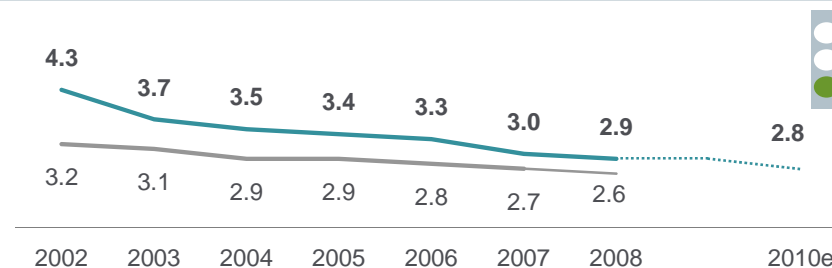
- South Korea: Direct motor insurer ERGO Daum Direct; start of D.A.S. Korea
- India: Joint venture with HDFC Ltd. being run in non-life
- China: Representative office established to prepare for JV
- Singapore: ERGO Asia Management Pte. Ltd. founded in 2008

Strong focus on increasing efficiency

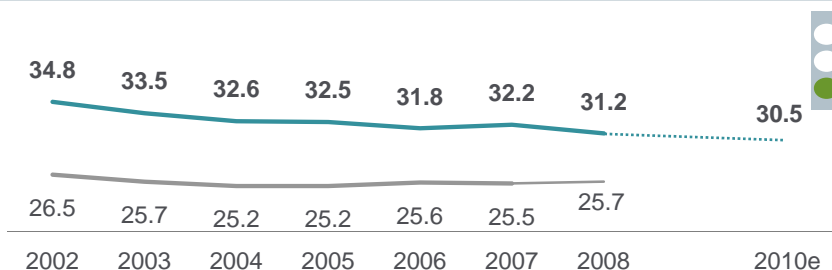
Administrative expense ratio – Life¹



Administrative expense ratio – Health¹



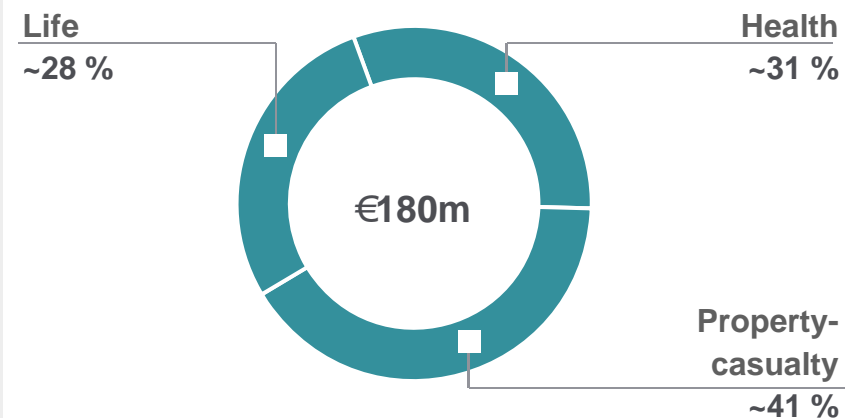
Operating expense ratio – Non-life¹



Cornerstones

- Reduction in FTEs of 1,800 by year-end 2010
- Approx. 500 free FTEs; in addition early-retirement arrangements, etc. for approx. 580 employees
- Agreement not to resort to compulsory redundancies before year-end 2012
- Agreement in principle reached with Staff Council, subsequent implementation of measures by year-end 2010

Total savings from 2010 – Segment split



¹ Germany, gross figures German GAAP (HGB).

ERGO well-positioned for profitable growth



Sustainable contribution from financial turnaround envisaged in 2010

New brand strategy to sharpen brand profile and strengthen sales power

**Pre-crisis targets for net profit and GWP unsustainable –
RoE ambition of 12–15% for 2012 confirmed**

Financial calendar



FINANCIAL CALENDAR

February 2010	Preliminary figures 2009 and renewals
10 March 2010	Balance sheet press conference for 2009 financial statements
11 March 2010	Analysts' conference
28 April 2010	Annual General Meeting
29 April 2010	Dividend payment
7 May 2010	Interim report as at 31 March 2010
4 August 2010	Interim report as at 30 June 2010; Half-year press conference
9 November 2010	Interim report as at 30 September 2010

For information, please contact



MUNICH RE

Christian Becker-Hussong

Head of Investor & Rating Agency Relations
Tel.: +49 (89) 3891-3910
E-mail: cbecker-hussong@munichre.com

Thorsten Dzuba

Tel.: +49 (89) 3891-8030
E-mail: tdzuba@munichre.com

Christine Franziszi

Tel.: +49 (89) 3891-3875
E-mail: cfranziszi@munichre.com

Ralf Kleinschroth

Tel.: +49 (89) 3891-4559
E-mail: rkleinschroth@munichre.com

Andreas Silberhorn

Tel.: +49 (89) 3891-3366
E-mail: asilberhorn@munichre.com

Martin Unterstrasser

Tel.: +49 (89) 3891-5215
E-mail: munterstrasser@munichre.com

ERGO

Dr. Alexander Becker

Head of External Communications
Tel.: +49 (211) 4937-1510
E-mail: alexander.becker@ergo.de

Mareike Berkling

Tel.: +49 (211) 4937-5077
E-mail: mareike.berkling@ergo.de

Andreas Hoffmann

Tel.: +49 (211) 4937-1573
E-mail: andreas.hoffmann@ergo.de

Münchener Rückversicherungs-Gesellschaft | Investor & Rating Agency Relations | Königinstrasse 107 | 80802 München, Germany
Fax: +49 (89) 3891-9888 | E-mail: IR@munichre.com | Internet: www.munichre.com

Disclaimer



This presentation 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.

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).
- On 30 September 2008, through its subsidiary ERGO Austria International AG, Munich Re increased its stake in Bank Austria Creditanstalt Versicherung AG (BACAV) and included it in the consolidated group. The figures disclosed at the time of first consolidation were of a provisional nature. Therefore, several previous year figures have been adjusted in order to complete the initial accounting for a business combination (IFRS 3.62).