U.S. P&C OPERATIONS: FROM A TURNAROUND TO A SUCCESS STORY

Capital Markets Day

New York, 20 July 2011

Munich RE

Agenda

Munich RE

Executive Summary

Why a capital markets´ day on the U.S. P&C Operations?

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The U.S. reinsurance market is the biggest and most important worldwide – Offering good prospects for profitable growth

Since acquiring American Re-Insurance, Munich Re has significantly expanded its market position in the U.S. organically and via M&A …

… and intends to further grow in the U.S. with a clear bottom line focus covering the entire risk value chain leveraging existing strength

The U.S. Operations account for a substantial part of Munich Re's P&C business and will become increasingly crucial in terms of value creation …

… as Munich Re goes from turnaround to success story in the U.S.

The U.S. market provides significant opportunities for Munich Re which we seize by consistently executing our strategy

Overview Munich Re

Our organization – U.S. P&C bundled in reinsurance division Global Clients/North America

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Munich Re (Group)[1]

Reinsurance	Munich Health	Primary insurance
Munich RE	MUNICH HEALTH	ERGO

Reinsurance

- **Global Clients/North America** – Munich Re of Canada, Global Clients, Lloyd's
  - Munich RE – Munich Reinsurance America, Inc.; American Modern Insurance Group; The Hartford Steam Boiler Inspection and Insurance Co. 1866
- **Europe/Latin America** – Europe (except Germany), Latin America
- **Germany, Asia Pacific and Africa** – Germany, Middle East, Africa, Asia
- **Corporate Underwriting** – Corporate Underwriting, Knowledge Networks
- **Special and Financial Risks** – Aviation/space, credit/bonding, CIP, Agro etc.
- **Life** – Life reinsurance worldwide

[1] Listing for illustrative purposes only (incomplete).

Overview Munich Re

History of Munich Re U.S. P&C Operations

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First major loss in the 20th century: the earthquake in San Francisco on 18 April 1906. Munich Re's liability: US$ 2.5m. Munich Re acts fast to settle losses on the spot.

1906

American Re-Insurance, the first U.S. reinsurer funded with American capital, is formed in Huntingdon, PA.

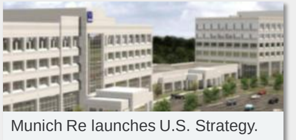
1917

Munich Reinsurance Company acquires American Re-Insurance.

1996

American Re-Insurance Company changes name to Munich Reinsurance America, Inc.

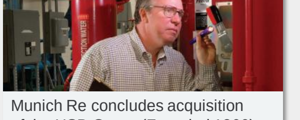
2006



Munich Re launches U.S. Strategy.

Munich Re concludes acquisition of leading specialty U.S. primary insurer, American Modern (Founded 1965).

2008



Munich Re concludes acquisition of the HSB Group (Founded 1866) from AIG.

2009

Overview Munich Re

U.S. P&C Operations contribute significantly to Munich Re Group's top-line …

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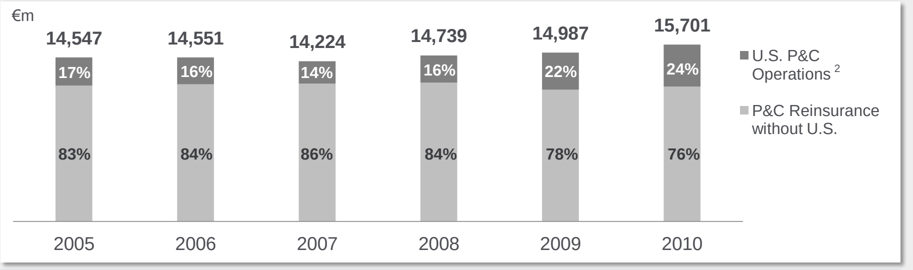
Reinsurance P&C – Gross premiums written[1]



Increasing importance of U.S. P&C Operations – Growth driver for the entire Group

In 2008 acquisition of American Modern, in 2009 acquisition of HSB

Strict cycle management within the reinsurance core business in the U.S. as well as in Munich Re's overall reinsurance operations

Major growth attributable to property lines. Business mix shifts more and more to short tail lines

[1] IFRS consolidated figures, U.S. P&C = until 2007 Munich Re America only, from 2008 including American Modern, from 2009 including HSB.
[2] Not including U.S. business written out of other Munich Re entities.

Overview Munich Re

… and bottom-line after turnaround at Munich Re America and M&A

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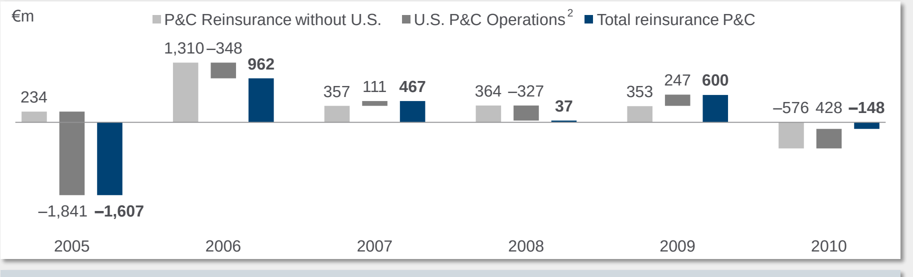
Reinsurance P&C – Underwriting result[1]



- In years 2005, 2006 and 2008 U.S. P&C business affected by reserve strengthening, large NatCat losses and the financial market crisis
- However, since 2005 the financial performance continued to recover significantly, proving increasing resilience of results
- Highly successful year 2010 – U.S. P&C Operations counteract results of the Group, which were affected by severe NatCat claims outside U.S.
- Years without significant NatCat impact show disciplined and solid underwriting of base business
- Reinsurance and Specialty Insurance operations both generate positive underwriting results

[1] IFRS consolidated figures (rounding differences), U.S. P&C = until 2007 Munich Re America only, from 2008 including American Modern from 2009 including HSB, underwriting result = technical result without technical interest.
[2] Not including U.S. business written out of other Munich Re entities.

Overview Munich Re

Our strength – Well positioned for further profitable growth in U.S. P&C market

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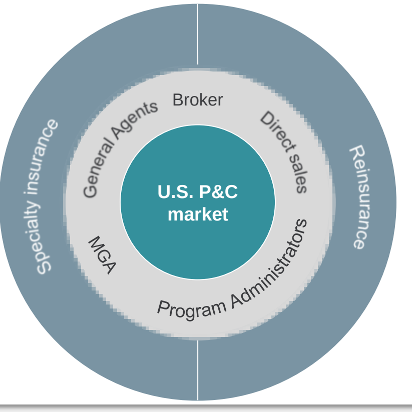
Primary insurance and reinsurance solutions under one organizational umbrella

- Consistent steering of business models and full product range
- U.S. underwriting, reserving and risk management standards consistent with Munich Re Group's corporate standards
- Specialty platform provides turn-key solution in niche primary markets – important growth driver

Full range of products and distribution channels



U.S. P&C: Stability in core reinsurance and growth driver specialty insurance
Balanced book in reinsurance and specialty insurance

Overview Munich Re

Our strategy – Best business model for each risk segment along entire value chain and full product range

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Munich Re U.S. P&C Operations …

REINSURANCE

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SPECIALTY INSURANCE

Munich RE Risk Solutions

American Modern Insurance Group

… and their business models

Overview Munich Re

Our strategy – Ambition for U.S. P&C in line with Munich Re's overall strategy

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Munich Re's goal is to achieve the full potential of the U.S. property and casualty market. Over the course of the market cycle we aim for sustainable, profitable growth. We will increase profitability from direct and broker reinsurance as well as primary insurance by:

- Employing a **client-centric approach** to develop client strategies and reinsurance solutions that leverage Munich Re's expertise and risk appetite
- Developing **closer broker relationships** to support clients' needs
- Building a dominant presence in **niche primary insurance** segments

Clear commitment to risk-adequate pricing during all phases of the cycle

Overview Munich Re

Our strategy – Underwriting discipline fosters turnaround in reinsurance, M&A enables growth in specialty insurance

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We learned our lesson: Tough decisions, clear strategic positioning, strong execution

U. S. P&C platform – the past

- Growth sought in commoditized product space in the wrong phase of the market
- Focus on long tail business
- Limited broker access
- High cost ratio
- Limited integration with Munich
- Specialty insurance not treated as a core business unit

U.S. P&C platform – the present

- Unified and integrated reinsurance and specialty insurance strategy (Launch U.S. Strategy – 2008)
- Shift to short tail business
- Client-centricity and dual channel approach
- Cost reduction program nearly completed (2009/2010)
- Full alignment of underwriting, reserving and risk management standards
- Organizational realignment of Munich Re America (organizational umbrella for U.S. P&C and Global Clients – 2008)
- Reinsurance operations contribute sustainable bottom line results, growth engine specialty insurance operations

Overview Munich Re

Our strategy – Reinsurance and insurance platforms provide a model enabling significant growth

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Repeatable concept for organizational and strategic excellence

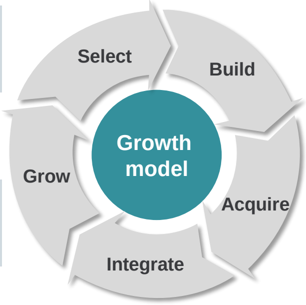
1 **Select attractive niches within industry segments** (2006/2007)

2 **Enable organic growth and maximize operating synergies** (2008/2009)

3 **Selective M&A with clear investment thesis** (2008/2009)

4 **Effective post-merger integration** (2009/2010)

5 **Leverage reinsurance and specialty insurance platforms** (2010/2011)



We combine organic and acquisition driven growth

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Our strategy – Market intelligence and operational excellence combined with selective M&A approach

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1 Select attractive niches within industry segments

- Perform environmental analysis
- Share with internal stakeholders

Select niches where we have superior expertise and efficient distribution

2 Enable organic growth and maximize operating synergies

- Implement business plans for all entities through 2015
- Maximize operating synergies between all niche players in the group in the U.S. P&C market
- Cost and capability sharing across different entities

Invest in growth areas on the basis of convincing business plans and possible synergies

3 Selective M&A with clear investment thesis

- Acquired AMIG and HSB and expanded PI capabilities to support future growth
- Build in valuable experience to be used for future M&A

M&A activities based on clear target niches

4 Effective post-merger integration (PMI)

- Completed AMIG and HSB PMI
- Minimized business disruption (both target and Munich Re)
- Maximized synergies
- Gained valuable experience to be used for future acquisitions

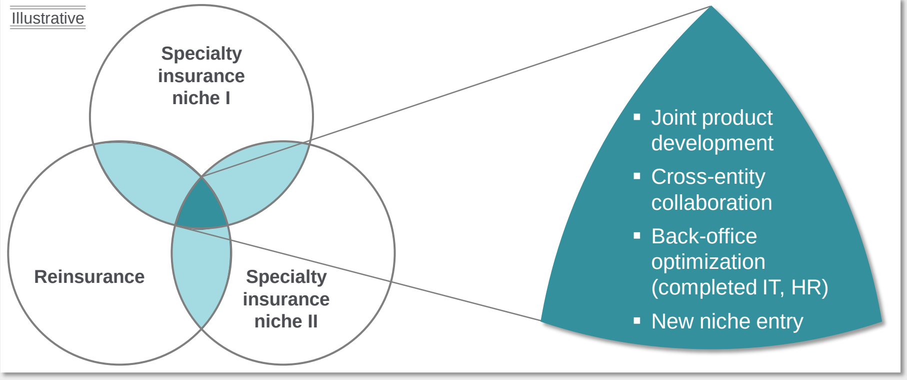
Experienced in post-merger integration

Overview Munich Re

Robust platform to maximize synergy potential in U.S. specialty insurance and reinsurance

5 Leverage reinsurance and specialty insurance platforms

Illustrative



Active product pipeline, operational excellence and realization of synergy potential critical to sustainable growth

Key Takeaways

Munich Re U.S. P&C Operations migrate from a turnaround story to a success story	Tony Kuczinski
Well positioned to sustain profitable growth over the cycle and to extend our market position	Steve Levy
Munich Re has a clear and focused strategy in the U.S. market	Pina Albo
Strong momentum in specialty insurance growth to further create value to Munich Re Group	Tony Kuczinski

Agenda

Munich RE

Executive Summary & Overview Munich Re	Peter Röder
Market & Strategic Overview	**Tony Kuczinski**
Financial Trends & Reserving	Steve Levy
Reinsurance Business	Pina Albo
Specialty Insurance Business	Tony Kuczinski
Summary & Key Takeaways	Peter Röder

Consequent portfolio steering of Munich Re America

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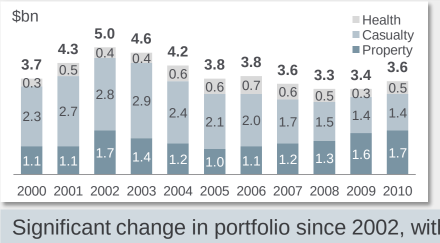
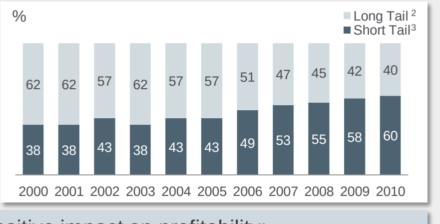
Gross premiums written[1] – Munich Re America





Significant change in portfolio since 2002, with positive impact on profitability:

- Full re-underwriting of portfolio starting in 2002
- Focus on business segments with strong underwriting expertise

Shift in portfolio mix from casualty to property/short tail

Steering measures:

- Focus on underwriting profitability (bottom-line over top-line)
- Strict NatCat and casualty budget control
- Adherence to global underwriting guidelines

1 IFRS figures.(rounding differences).
2 Long Tail: Casualty including workers compensation.
3 Short Tail: Property and health.

Market & Strategic Overview – Turnaround Story

Portfolio restructuring achieved turnaround of Munich Re America

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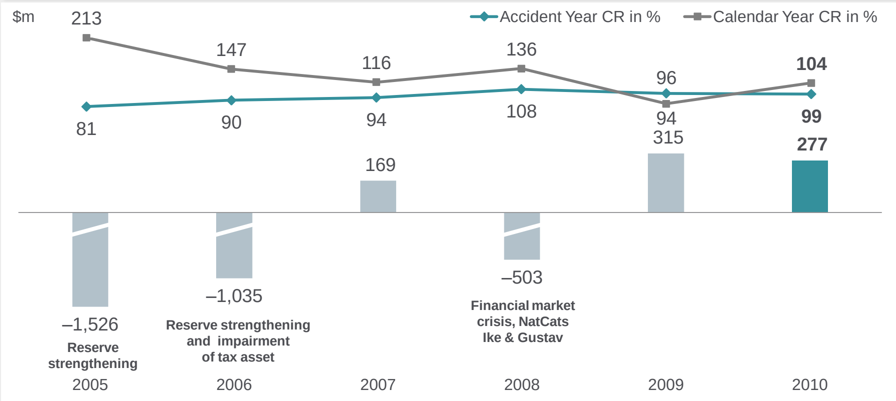
Combined Ratio and Net Income[1]



Strong underwriting performance as indicated by accident year combined ratio

[1] IFRS figures after group internal retrocession.

Market & Strategic Overview – Business and U.S. Market Environment

Macroeconomic assumptions – Outlook on growth and inflation

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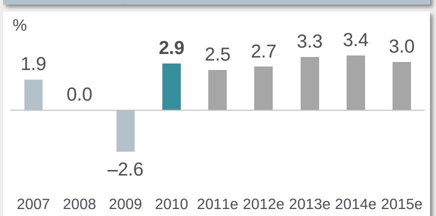
Real GDP growth[1]



CPI Inflation[1]

- GDP growth in 2011 somewhat lower than 2010, improving in 2012; outlook still contains significant uncertainties
- Economic recovery, while slow, will increase exposure base, gradually increasing premium levels. Will help Munich Re (U.S.) meet future growth targets
- Inflation heats up in 2011 from higher commodity prices, but returns to lower levels in 2012. U.S. debt burden remains longer-run concern
- Low inflation translates to lower loss and operating costs, and therefore lower combined ratios

[1] Sources: Munich Re Economic Research, IMF, Consensus Economics.

Macroeconomic assumptions – Interest rate/ investment yield environment

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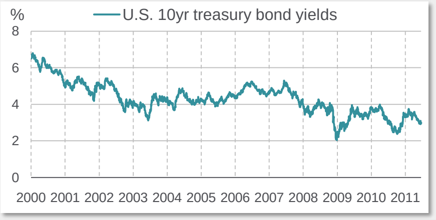
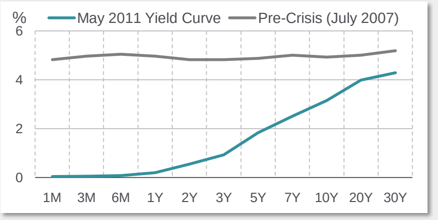
Long term interest rates[1]



Treasury yield curves: 2007 v. 2011[1]



- Long-term interest rates remain at historically low levels; expect only modest upward movements in near future
- Anticipated low interest rates in short term will create investment challenges for Munich Re and rest of industry, especially as higher yielding bonds mature
- While increases in stock market helped fuel capital gains in Q1 2011, equity markets remain uncertain for remainder of year
- As investment earnings decline, greater burden is placed on operating results, creating upward pressure on pricing

[1] Sources: Munich Re Economic Research, Bloomberg; Insurance Information Institute, Board of Governors of the United States Federal Reserve Bank .

Legislative/regulatory issues are monitored and managed

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Potential legislative/regulatory changes	Likely impact
Congressional proposals for limitation of tax deductions applicable to reinsurance premiums paid to non-U.S. affiliates (Neal Bill, the Obama Proposal)	Tax impact unless the final law excludes companies with parents domiciled in non-tax haven countries or countries with existing tax treaties
Reduction in collateralization requirements for foreign reinsurers	Possible increased competitiveness of offshore competitors; reduction of affiliate retrocession costs
Congress introduced legislation that supports hazard mitigation and land use planning rather than moving toward increased government financing of risk	Would help reduce losses from natural catastrophes over long term
Determination whether certain insurers present systemic risk	Global topic; insurance companies, however, added stability during the financial crisis
Forced-placed business: Top 5 U.S. mortgage servicers, banking regulators and state attorneys general discussing mortgage servicing standards; may include standards for regulating lender insurance placements	New loan servicing rules or consent orders could cause lender clients to become more rate sensitive, and could also result in fewer placements of forced-placed insurance

Munich Re U.S. Operations monitors upcoming legislative/regulatory actions and participates in dialog; then actively manages risk and identifies opportunities

Market & Strategic Overview – U.S. (re)insurance Industry overview and outlook

(Re)Insurance market overview

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U.S. Insurance Market

- Highly competitive, mature market with approx. 2,700[1] individual P&C companies and US$ 477bn[1] direct premiums written (2010)
- Specialty insurance approx. 20% of P&C market
- Alternative market mechanisms (risk retention groups, pools) about 8% of P&C market size

- Munich Re's Specialty Insurance Division, with US$ 2.9bn premium (2010 GPW), ~3.0% market share in primary specialty market
- Munich Re America major presence in alternative market and MGA/PA[2] space
- Large growth potential in specialty niche and alternative markets

U.S. Reinsurance Market

- Global market (Europe, U.S., Bermuda and London)
- Highly competitive, mature, consolidating market. (19 reinsurers reporting to RAA[3] in 2011 vs. 49 in 1996)
- Insurers retain more premium as capitalization improves or market hardens. 1,686 insurers cede US$ 52.1bn[1] (2010) in freely available reinsurance premium to market
- In the past additional capital enters market (ILS, sidecars) to meet capacity needs/ as market hardens

- Munich Re (Group) has 4.9% market share with US$ 2.6bn premium[4]
- In U.S., Munich Re market share relatively small compared to market share in other countries, providing profitable growth potential in U.S.
- Growing player in ILS market (4 U.S. cat bond deals in 2010/11)
- As market continues to consolidate, Munich Re will be a even more significant player

[1] Highline. [2] MGA = Managing General Agent/PA = Program Administrator.
[3] Reinsurance Association of America.
[4] Munich Re (Group) total excludes American Modern and HSB.

Market & Strategic Overview – U.S. (re)insurance Industry overview and outlook

Property-Casualty insurance industry – Financial results deteriorating

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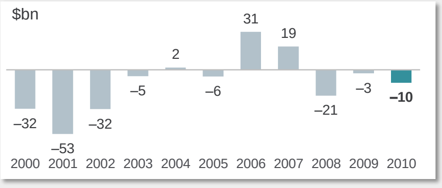
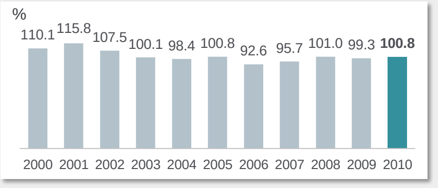
Underwriting Gain (Loss) 2000–2010[1,2]

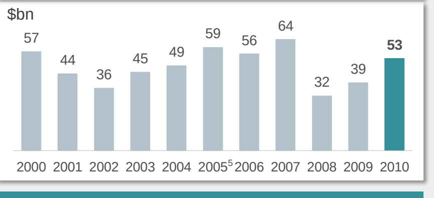


Combined Ratio (CY) 2000–2010[2,3]



- Industry underwriting losses resumed in 2008 after achieving two years of profitability
- Investment income recovered significantly in 2010 due to realized investment gains, but expect future impact from low interest rate environment
- Underwriting losses and combined ratios expected to worsen in 2011, reflecting high level of natural catastrophe activity in first half year

Investment Gain 2000–2010[2,4]



Combined, these factors lead to upward pressure on pricing

[1] Includes mortgage and financial guaranty insurers. [2] Sources: Insurance Information Institute from A.M. Best and ISO data
[3] 2008–2010 figures exclude mortgage and financial guaranty insurers. [4] Investment gains consist primarily of interest, stock dividends and realized capital gains and losses. [5] 2005 figure includes special one-time dividend of $3.2bn.

(Re)insurance industry with strong capital base

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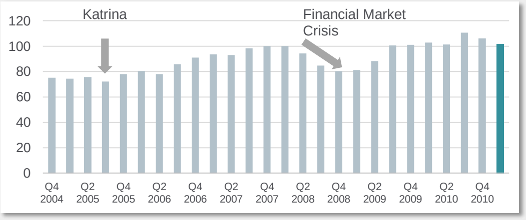
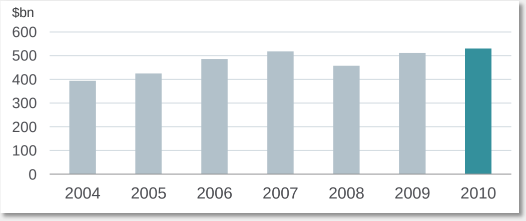
R/I shareholders' equity US$ Index[1] (Q4 2007 = 100)



U.S. policyholder surplus (2004–2010)[1]



- Factors influencing reinsurance supply and demand are shifting:
  - Although global reins. capital base still solid (despite significant 1H NatCat losses) shareholders equity (supply factor) down in 2011 from 2010[2]
  - Drivers for potentially higher reins. demand include:
    - Significant primary insurers' losses in H1 2011
    - Higher modeled NatCat exposure following RMS update
    - Market psyche (with NatCat full-year budgets often already exhausted after H1)
- U.S. insurers' surplus also at high levels
- Underwriting losses and more modest investment returns will likely shrink insurer and reinsurer excess capital in 2011
- Demand for primary insurance likely to increase as economy grows

[1] Source: Munich Re Economic Research, Bloomberg; Insurance Information Institute.
[2] Shareholders' equity of insurance industry as of 12/2010 inflated by yield decline in 2010.

Impact of prior year reserve releases (increases) on reported calendar year results

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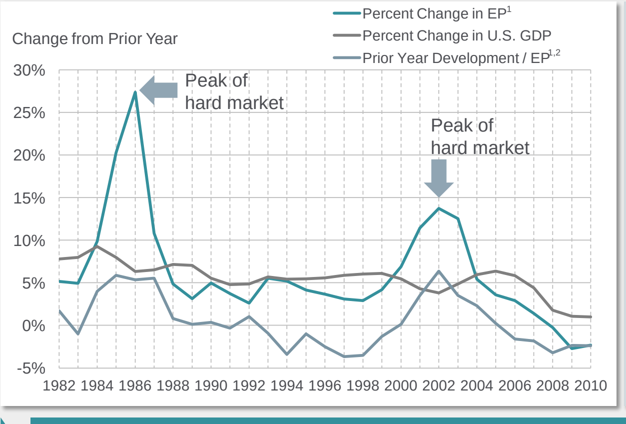
U.S. Industry Schedule P – All Lines



- Industry has relied on prior year redundancies to support calendar year earnings
- Balance sheet strength (supply) outstripping demand has combined with reserve releases to perpetuate soft market conditions
- As reserve redundancies are mostly exhausted, the industry is nearing a transition point

With reserve redundancies mostly exhausted, further pressure exerted on current year underwriting results. It is time for a market turn!

[1] EP = Earned Premium.
[2] Prior year reserve releases (below zero baseline) / increases (above zero baseline) on reported calendar year results.

(Re)insurance market pricing – Improving market environment

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Current Environment

Price improvements have been experienced, although varying by segment.

- **Personal lines:** Recent single digit increases
- **Commercial lines:**
  - **Property** – Some pockets already turning upwards in 2011 (i.e. energy rates)
  - **Casualty/Other** – Slightly negative rates in 2011 with potential improvement beginning in 2012
- **Reinsurance:** Continued disciplined pricing by reinsurers; especially in areas experiencing heavy losses and cat-exposed segments, which benefit from increases following large events and modeling changes

Factors that could lead to an accelerated improvement

- Mega-catastrophe, or several very large catastrophes in close succession in the U.S.
- Significant improvement in economic factors that drive exposures
- Increased insurer capital requirements from modeling changes, reserve deficiencies and regulatory changes
- Growing pressure on reserve adequacy – margins mostly depleted

Potential moderating factors

- Opportunistic new capital entering the market
- Double-dip recession
- Increases in (re)insurer M&A activity, leading to reduced reinsurance demand and increased capacity

Projected development of net premiums written

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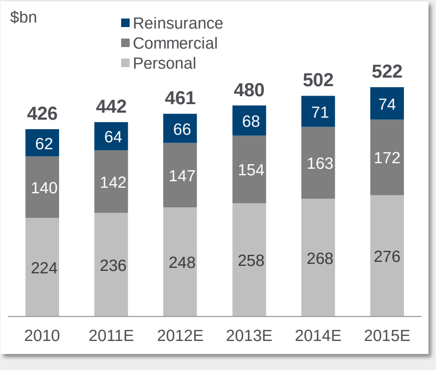
U.S. P&C Industry – All Lines – Calendar Year Projections

Net premiums written[1]



Comments

- Primary insurance is expected to grow by approx. 23% over the 2010–2015 time period
- Reinsurance growth is estimated at approx. 19% over the same period
- As market hardens, primary insurers typically retain more risk
- Factors offsetting increased retentions would be pressure on insurers' capital requirements

Being in both the reinsurance and specialty primary markets will enable Munich Re to target increasing profitable business in these sectors

1 Source: Highline data and internal projections.

Market & Strategic Overview – U.S. Strategy

Munich Re U.S. Strategy

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- Developing **closer broker relationships** to support clients' needs
- Building a dominant presence in **niche primary insurance** segments

During all phases of the cycle we will stay fully committed to risk-adequate pricing

Market & Strategic Overview – U.S. Strategy

U.S. P&C Operations – Structure

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Munich Re – U.S. P&C Operations

Tony Kuczinski

Reinsurance	U.S. Specialty Insurance		
Reinsurance Division[1]	**Specialty Markets[1]**	**American Modern**	**Hartford Steam Boiler**
Property and casualty reinsurance for U.S. insurers	Property and casualty insurance and reinsurance solutions and niche products for alternative market clients	Personal lines primary specialty insurance: ▪ Niche residential property ▪ Recreational property ▪ Niche products serving financial institutions	Specialized insurance and reinsurance solutions for niche products including market leading equipment breakdown

- Acquisition of American Modern and Hartford Steam Boiler builds out specialty primary insurance platform
- Advantages of structure:
  - Growth in primary insurance business will complement mature reinsurance market over long term
  - Diversification
  - Synergies
  - Ability to take advantage of market dislocations
  - Better management of potential market conflicts

[1] Reinsurance and Specialty Markets are divisions within Munich Reinsurance America, Inc.

Market & Strategic Overview – U.S. Strategy

U.S. P&C Operations – Portfolio mix

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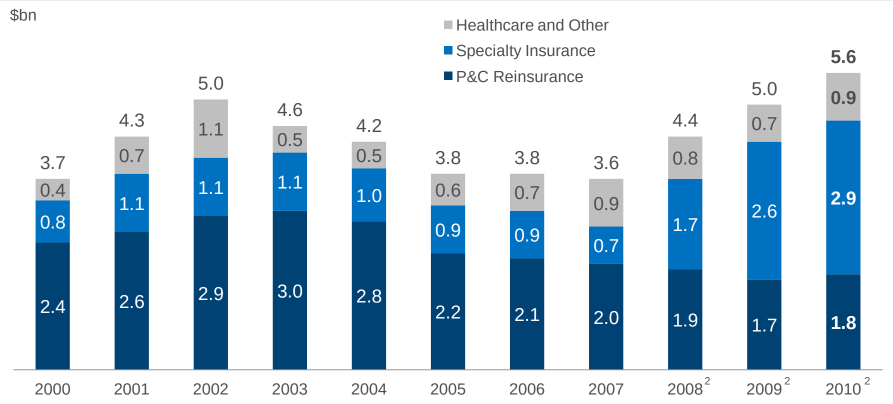
Gross premiums written[1] per division



Growing share of specialty business

1 IFRS figures (rounding differences).
2 From 2008 including American Modern, from 2009 including HSB.

Market & Strategic Overview – U.S. Strategy

Specialty Insurance niches – Presence in diversified market segments enhances ability to focus on growth areas

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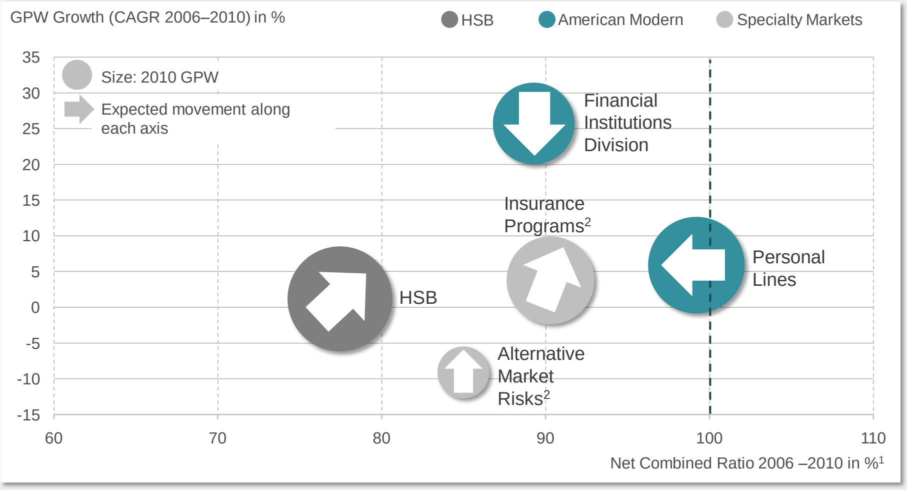
Comparison of 5Y-average GPW growth and Combined Ratio (years 2006–2010)



1 Fiscal (calendar) year figures for AMIG, HSB. Policy year figures (pricing basis, develop through Q1 2011) for Specialty Markets.
2 Segment results reflect market definition of segment as opposed to internal organization view.

Market & Strategic Overview – Uniquely Positioned for Profitable Growth

Munich Re (U.S.) – Leveraging the whole value chain

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Personal Lines

IDR[1]
Service Line
Farm EB[2]
Homeowners EB[2]

Specialty Property
Specialty Vehicles
Personal Umbrella

Commercial Lines

Data Compromise
Misc. E&O[3]
Employment Practice Liability
Commercial EB[2]

Comm. Umbrella
Financial Instit.
Public/Non-Profit
Healthcare
Habitational

Core P&C Business of Insurance Company or Agent

Treaty Reinsurance
Facultative Programs
Facultative Certificates

Leverage diverse distribution platforms to offer full suite of products

HSB
Products to differentiate the core

American Modern & Specialty Markets
Niche focus that expands the core

Reinsurance Division
Supporting the core

Enabling our clients to grow their core business

[1] IDR = Identity Recovery.
[2] EB = Equipment Breakdown.
[3] E&O = Errors & Omissions.

Market & Strategic Overview – Uniquely Positioned for Profitable Growth

Munich Re Value Proposition

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- Financial solidity
- Supplementing risk knowledge through international cooperation
- Know-how from primary insurance
- Global technical expertise: underwriting, pricing, contracts, claims handling
- Capacity
- Munich RE
- Reliability
- Cross-disciplinary teams of experts
- Consulting services and underwriting tools for experts
- Client-specific approach
- Centers of competence in a variety of disciplines

With a combination of competitive advantages, financial strength and reputation, we see most business in the market. Execution is key.

Market and Strategic Overview

From a Turnaround to Success Story

Munich RE

Significant change in portfolio since 2002 resulted in company turnaround, with positive impact on profitability

After successful turnaround was achieved, Munich Re was able to pursue profitable growth strategy in U.S. Market (U.S. Strategy)

With implementation of the U.S. Strategy, platform in place to achieve full potential in market

Economic recovery and industry financials indicate turn in market

With financial strength, technical expertise and focus on helping clients to succeed, Munich Re has strong value proposition

Munich Re well positioned to outperform in next hard market in both reinsurance and primary specialty spaces

Agenda

Munich RE

Munich Re U.S. P&C Operations – Financial Highlights

Strong earnings based on underwriting discipline in a challenging market (I)

Munich RE

MUNICH RE (U.S. P&C OPERATIONS)[1]
Gross premiums written

$m	
Q1–4 2009	5,042
Q1–4 2010	**5,555**

All companies contributed to premium growth in 2010

MUNICH RE (U.S. P&C OPERATIONS)[1]
Underwriting result[2]

$m	
Q1–4 2009	150
Q1–4 2010	**76**

Solid u/w result despite A&E reserve strengthening in 2010

MUNICH RE (U.S. P&C OPERATIONS)[1]
After-tax profit

$m	
Q1–4 2009	537
Q1–4 2010	**664**

Good results in both years reflect underwriting discipline

MUNICH RE AMERICA
After-tax profit

$m	
Q1–4 2009	315
Q1–4 2010	**277**

Good results demonstrate successful turnaround

HSB GROUP INC.
After-tax profit

$m	
Q2–4 2009	167
Q1–4 2010	**245**

Outstanding performance since becoming part of MR Group

AMERICAN MODERN INSURANCE GROUP
After-tax profit

$m	
Q1–4 2009	55
Q1–4 2010	**142**

Continued and improving profitability

[1] U.S. P&C Operations includes Munich Re America, HSB Group Inc., and American Modern Insurance Group.
[2] Underwriting result = Technical result without technical interest.
Note: Above figures are IFRS basis after group internal retrocession

Munich Re U.S. P&C Operations – Financial Results

U.S. P&C Operations – Strong earnings based on underwriting discipline in a challenging market (II)

Munich RE

$m	Q1–4 2010	Q1–4 2009
Gross premiums written	**5,555**	5,042
Net earned premiums	**4,528**	4,144
Net expenses for claims and benefits	**2,785**	2,534
Net operating expenses	**1,667**	1,460
Underwriting result[1]	**76**	150
Investment result	**665**	544
After-tax profit	**664**	537
Combined ratio[2]	**96.0%**	91.4%

- Premium volume increased primarily driven by including HSB results for a full year and a number of surplus relief quota share transactions
- Underwriting result in 2010 impacted by A&E reserve strengthening at Munich Re America, partially offset by reserve releases from post-2001 period
- Significant increase in investment result in 2010 due to higher level of realized capital gains
- After-tax profit in 2010 exceeds strong prior year result

[1] Underwriting result includes interest expense on ceded funds held of $26m in 2010 and $121m in 2009. Underwriting result = Technical result without technical interest.
[2] Combined Ratio does not include other underwriting expenses such as premium taxes and interest expenses on ceded funds held.
Note: Above figures are IFRS basis after group internal retrocession

Munich Re U.S. P&C Operations – Financial Results

Munich Re America – Good results demonstrate successful turnaround

Munich RE

$m	**Q1–4 2010**	Q1–4 2009
Gross premiums written	**3,621**	3,360
Net earned premiums	**2,881**	2,677
Net expenses for claims and benefits	**2,105**	1,882
Net operating expenses	**908**	795
Underwriting result[1]	**–132**	0
Investment result	**489**	479
After-tax profit	**277**	315
Combined ratio[2]	**104.2%**	93.7%

- Growth in premium volume mostly due to a number of surplus relief quota share transactions written in 2010
- Increases in claims and operating expenses largely driven by premium growth
- Decline in underwriting result reflects prior year development in 2010
- Stable investment result
- After-tax profit remains solid

[1] Underwriting result includes interest expense on ceded funds held of $26m in 2010 and $121m in 2009. Underwriting result = Technical result without technical interest.
[2] Combined Ratio does not include other underwriting expenses such as premium taxes and interest expenses on ceded funds held.
Note: Above figures are IFRS basis after group internal retrocession

Munich Re U.S. P&C Operations – Financial Results

Hartford Steam Boiler – Outstanding performance since becoming part of the Munich Re Group

Munich RE

$m	**Q1–4 2010**	Q2–4 2009
Gross premiums written	**851**	652
Net earned premiums	**816**	611
Net expenses for claims and benefits	**250**	183
Net operating expenses	**402**	302
Underwriting result[1]	**164**	126
Investment result	**81**	39
After-tax profit	**245**	167
Combined ratio	**80.0%**	79.5%

- Year-over-year changes affected by including HSB results for a full year in 2010 compared to 9 months in 2009
- Results characterized by very low loss ratios but above average expense ratios reflecting business model
- Overall underwriting result is very strong as demonstrated by combined ratios of 80%
- Increase in investment result driven by realized capital gains in 2010 in contrast to losses in 2009
- Very good after-tax profit in both years

[1] Underwriting result = Technical result without technical interest.
Note: Above figures are IFRS basis after group internal retrocession

Munich Re U.S. P&C Operations – Financial Results

American Modern – Continued and improving profitability

Munich RE

$m	Q1–4 2010	Q1–4 2009
Gross premiums written	**1,253**	1,214
Net earned premiums	**831**	856
Net expenses for claims and benefits	**430**	469
Net operating expenses	**357**	363
Underwriting result[1]	**44**	23
Investment result	**96**	27
After-tax profit	**142**	55
Combined ratio[2]	**88.2%**	93.9%

- Increase in gross premiums written driven by the Residential Property segment and reflects rate increases and some new business
- Higher underwriting result also driven by Residential Property segment
- Higher investment result due to realized capital gains
- Increase in the after-tax profit driven by realized capital gains and higher technical result

[1] Underwriting result = Technical result without technical interest.
[2] Combined Ratio does not include other underwriting expenses such as premium taxes.
Note: Above figures are IFRS basis after group internal retrocession

Munich Re U.S. P&C Operations – Financial Results

Strong first quarter result

Munich RE

$m	Q1 2011	Q1 2010
Gross premiums written	**1,500**	1,342
Net earned premiums	**1,145**	1,119
Net expenses for claims and benefits	**638**	631
Net operating expenses	**430**	397
Underwriting result[1]	**77**	91
Investment result	**155**	145
After-tax profit	**243**	236
Combined ratio[2]	**89.6%**	86.6%

- Growth in gross premiums written reflects increase in premium from an affiliate
- Moderate increase in earned premiums explains increase in claims expense
- Relatively small impact from Japan earthquake
- Underwriting result remains strong with the combined ratio below 90%
- Solid after-tax profit in both periods
- 2011 Q2 results (not shown here) impacted by natural catastrophes in the U.S.

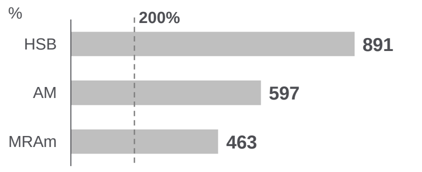
[1] Underwriting result includes interest expense on ceded funds held of $18m in 2011 and $26m in 2010
Underwriting result = Technical result without technical interest.
[2] Combined Ratio does not include other underwriting expenses such as premium taxes and interest expenses on ceded funds held.
Note: Above figures are IFRS basis after group internal retrocession

Munich Re U.S. P&C Operations – Financial Highlights

Sound capital base maintained

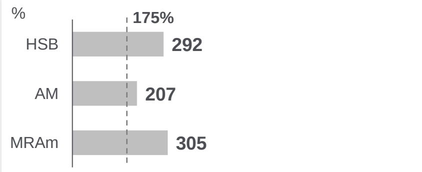
Munich RE

NAIC Risk Based Capital Ratio[1]



- NAIC Risk Based Capital Ratio is the principal regulatory capital measure in the U.S.
- The ratio for each company is significantly above the level of 200%, which is important from a regulatory perspective

Best's Capital Adequacy Ratio (BCAR)



- Best's Capital Adequacy Ratio is the key capital measure for the A.M. Best rating agency
- The ratio for each company is above the level of 175% that A.M. Best associates with its highest rating

Key capital measures demonstrate financial strength

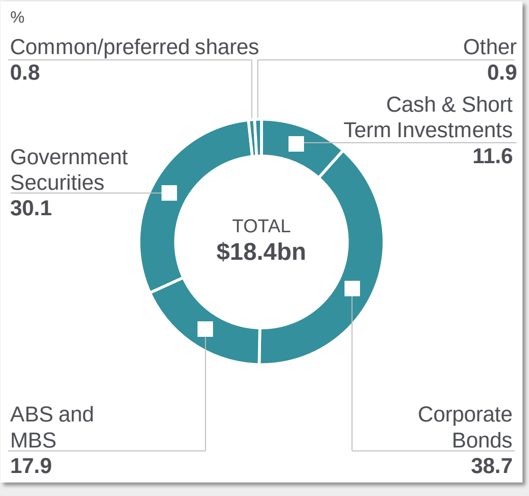
[1] YE 2010 NAIC Risk Based Capital Ratios are for the lead companies on a standalone basis.

Munich Re U.S. P&C Operations – Investments

High quality investment portfolio

Munich RE

Investment portfolio at year-end 2010



Fixed income securities S&P Ratings

AAA	62.8%
AA	5.5%
A	15.3%
BBB	16.0%
BB and below	0.4%

Portfolio management

- Manage portfolio according to Munich Re Group standards: Steering of the investments strongly linked to the structure of the liabilities
  - Effective duration of investment is 4 years equal to the estimated duration of liabilities
  - Highly rated fixed maturity portfolio
- Assets managed by MEAG New York Corporation

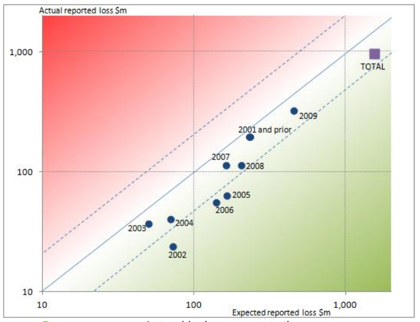
Munich Re America – Reserves

MRAm actual versus expected comparison – Favorable loss emergence indicates strong reserve position

Munich RE

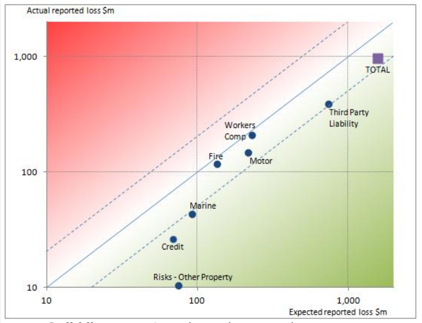
Comparison of incremental expected losses with actual losses reported by clients in CY 2010

By accident year (AY)[1]



Green	Actual below expectation
Red	Actual above expectation

By line of business[1]



Solid line	Actual equal expectation
Dotted line	Actual are 50% above/below expectations

Actual loss development in CY 2010 was consistently below actuarial expectations across all years and lines of business

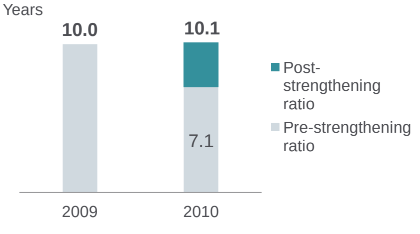
[1] Excludes special liabilities and large losses.

Munich Re America – Reserves

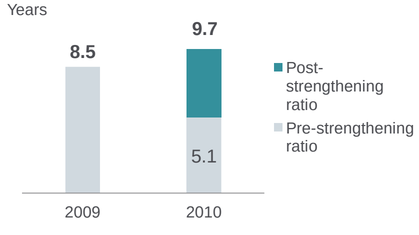
Munich Re America – Asbestos and environmental survival ratios

Munich RE

Asbestos



Environmental



- The survival ratios shown for both asbestos and environmental represent the year-end reserves divided by the three-year average of net payments
- The survival ratio indicates an estimate of the number of years the current reserve level can support recent loss payout patterns
- The three-year survival ratios shown here are gross of internal retrocessions

2010 reserve actions support survival ratios

Prudent reserve position supports solid balance sheet

Munich RE

Indications of reserve review 2010

- Favorable for basic losses
- Need for additional asbestos and environmental reserves

Response to these indications in line with our prudent reserving approach

AYs 2001 AND PRIOR

Response to the claims emergence in asbestos and environmental: Reserve strengthening for accident years 2001 and prior

AYs 2002-2004

Release of reserves consistent with favorable indications from accident years 2002–2004

AYs 2005-2009

Cautious response to the favorable indications for the longer-tail lines in accident years 2005–2009

Further strengthening of confidence level to absorb potential future volatility – Reserve review leads to moderately positive run-off result for the Munich Re Group

Solid financial results in a challenging environment

Munich RE

- Strong earnings in 2010 based on underwriting discipline
- Solid performance for each company
- Sound capital position according to key capital measures
- High quality investment portfolio consistent with Munich Re Group approach
- Prudent reserve position supports solid balance sheet
- U.S. Operations are financially strong with clear strategy

Well positioned to sustain profitable growth

Agenda

Munich RE

Reinsurance Business – U.S. Strategy

Munich Re U.S. Strategy

Munich RE

Munich Re's goal is to achieve the full potential of the U.S. property and casualty market. Over the course of the market cycle we aim for sustainable, profitable growth. We will increase profitability from direct and broker reinsurance as well as primary insurance by:

- Employing a **client-centric approach** to develop client strategies and reinsurance solutions that leverage Munich Re's expertise and risk appetite
- Developing **closer broker relationships** to support clients' needs
- Building a dominant presence in **niche primary insurance** segments

During all phases of the cycle we will stay fully committed to risk-adequate pricing

Reinsurance Business – U.S. Strategy

Advantages of the new U.S. Strategy – Client-centric approach/closer broker relationships

Munich RE

2007	Market-directed operations	Multiple account coordinators	Direct channel priority
2008	U.S. Strategy Implementation		
Today	**Client-oriented operations**	**Single client manager**	**Dual distribution channel focus**

- Clients will be served with a clear and consistent approach by the client manager
- Single group risk appetite and price
- Partnership-oriented business development

- Better at meeting end-clients' complex risk-transfer needs
- Substantial improvements in responsiveness
- Consistency in product offering across Munich Re

Full group capacity and capabilities brought to bear

Reinsurance Business – Market Overview

Growing market on the horizon

Munich RE

Non-life direct premiums written[1]

$bn	
2007	499.1
2008	489.1
2009	475.1
2010[2]	476.7
2011E	494.7
2012E	514.6
2013E	537.0
2014E	561.4
2015E	584.1

Reinsurance premium volume[1]

$bn	Freely available reinsurance premium[3]	Ceded premium volume
2007	55.2	64.7
2008	56.6	66.8
2009	54.8	65.2
2010[2]	52.0	62.4
2011E	53.3	63.9
2012E	55.0	66.0
2013E	57.0	68.3
2014E	59.4	71.2
2015E	61.6	73.8

- Market has been shrinking, but coming back. Ceding companies continue to increase retentions.
- Reinsurance growth tempered. Up-tick expected in 2011.
- Significant freely available reinsurance premium. Maximum penetration requires structured and systematic business development efforts on a dual channel distribution basis.

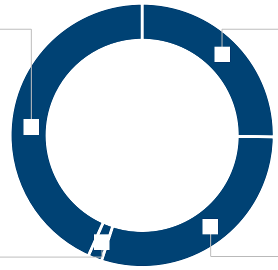
[1] Source: Highline Data and internal projections.
[2] 2010 Direct and Ceded premium based on Highline data as of June 6, 2011.
[3] Freely available reinsurance premium = ceded premium volume less retrocessions and mandatory pools (Schedule F, Part 3) based on companies that filed as of March 5, 2011.

Reinsurance Business – Market Overview

Clear client segmentation enables focused client management

Munich RE

Client segmentation (by freely available reinsurance premium ceded in 2010)[1,2]



- 1,686 insurance clients holding $52 billion in freely available reinsurance premium
- Excellent client relationships in all lines of business
- Insurers segmented by company size and market focus
- Broad product range results in outstanding diversification

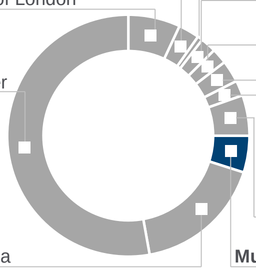
[1] Source: Highline Data based on companies that filed as of March 5, 2011.
[2] Freely available reinsurance premium = ceded premium volume less retrocessions and mandatory pools (Schedule F, Part 3) based on companies that filed as of March 5, 2011.

Reinsurance Business – Market Overview

Dominant market share with growth potential[1]

Munich RE

U.S. market ceded reported U.S. cedants[2]



Entity	Market share premiums as reported by U.S. cedants (2010 $m)[2]
All other	27,508
Bermuda	8,983
Lloyds of London	3,621
Swiss Re Group	2,818
Munich Re (Group)[3]	**2,556**
Hannover Re	1,528
Transatlantic	1,458
Everest Re (U.S.)	1,085
General Re	1,081
Partner Re Group	1,062
Odyssey Re	361
Total	**52,061**

Dominant player in market – still room to grow

[1] Freely available reinsurance premium = ceded premium volume less retrocessions and mandatory pools (Schedule F, Part 3) based on companies that filed as of March 5, 2011 Entity market share that has Bermuda domiciled subsidiary is included in the Bermuda category.
[2] Source: Sched F, Part 3 less mandatory pools and retrocessions. U.S. cessions only based on companies that filed as of March 5, 2011, International cessions not included.
[3] Munich Re (Group) total excludes American Modern and HSB.

Reinsurance Business – Market Overview

Well positioned in market

Munich RE

Competitor overview

- Reinsurer discipline resulted in reductions in premiums written, reflecting appropriate handling of soft market and current economic conditions
- Only one peer grew due to acquisition
- No new U.S. domestic reinsurers being formed
- Possible further consolidation

Munich Re is an established and respected brand

Line of business overview

- Property premium volume increases due to price increases and model changes
- Casualty soft market drove rates down and, with it, premium writings
- Casualty currently stabilizing with potential rebound of rates on horizon
- Marine premium increases driven by catastrophe events and, in 2010, the Deepwater Horizon loss

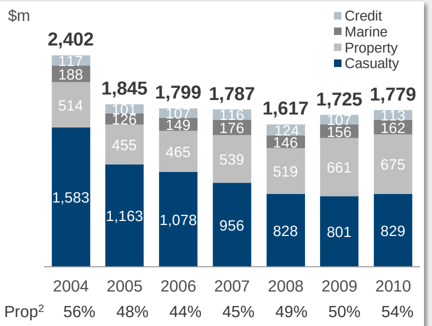
Ability to capitalize on turning market

Reinsurance Business – Reinsurance Division

Balanced portfolio with shorter tail

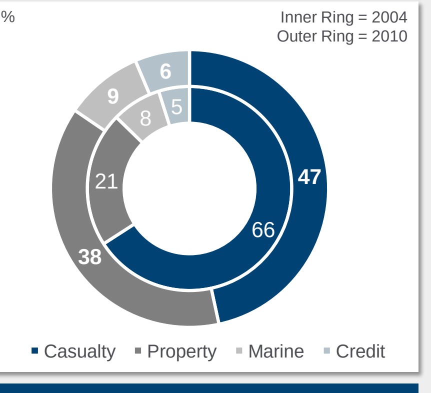
Munich RE

Gross premiums written 2004–2010[1]



	2004	2005	2006	2007	2008	2009	2010
Prop[2]	56%	48%	44%	45%	49%	50%	54%
Non-prop[2]	44%	52%	56%	55%	51%	50%	46%

LOB as percentage of total gross premiums written[1]



Deliberate move to property/short tail casualty
Well positioned/balanced across lines

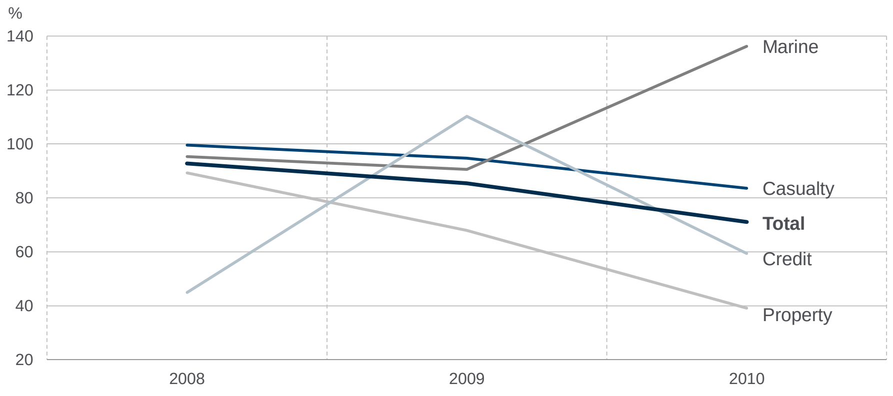
[1] Underwriting Year basis. Data shown represents business underwritten by the Reinsurance Division (National/Broker, Regional and Specialty Lines) and is not representative of all Reinsurance business written in other Munich Re America divisions (i.e. Specialty Markets, Healthcare, and other), Facultative Certificate excluded.
[2] Prop = proportional, non-prop = non-proportional.

Reinsurance Business – Reinsurance Division

Solid underwriting results

Munich RE

Reinsurance Division combined ratio 2008–2010[1]



Broad diversification covering all lines of business

[1] Calendar year IFRS figures before group internal retrocession, excludes corporate retrocessions and business segments in run-off.

Reinsurance Business – Reinsurance Division

Active cycle management

Munich RE

Focus on underwriting discipline and profitability (bottom line over top-line)

- Retain long-term profitable business with “core” clients
- Manage down shares that are acceptable but not meeting short term financial pricing targets
- Decline or non-renew poorer performing and “non-core” clients

Strict NatCat and other budget control consistent with group policy

Monitoring of price changes in the market place

Adherence to global underwriting guidelines

Line of Business Expert Group

- Pricing factors
- Rate levels
- Industry loss ratios

Focus on cycle management produces clear bottom-line results

Client value proposition

Munich RE

- Focus on client needs
- Profound knowledge, capacity & security offered
- Commitment to profitably grow market share both directly and through reinsurance brokers
- Open and transparent communication with clients and brokers
- Responsiveness in acknowledging communications, submissions and in presenting quotes

Client-centric approach creates profitable and sustainable business model

Value proposition optimized for each client type

Munich RE

Customers/ markets		▪ Emerging and transforming ▪ Mutuals and regionals	▪ Mature and highly mature markets ▪ Global and super-regional companies
Value proposition		**Growth partner and risk know-how provider**	**Value optimizer and complex risk taker**
Key success factors	Differentiators	▪ Strong presence in key markets ▪ Risk-driven services (tools, seminars) ▪ Product development support	▪ Capital management know-how ▪ Complex risk appetite and expertise
		Facultative service and support	
	Basics	▪ Responsiveness and flexibility ▪ Stability and predictability ▪ High capacity	▪ Competitive price ▪ Top financial security

Key ingredients to maintaining market leadership:
Custom-solutions, risk management expertise and market/client knowledge

Reinsurance Business – Strategy in Action

U.S. broker channel

Munich RE

PAST:
Broker acts primarily as intermediary. Match cedant risk placement needs with reinsurer risk appetite

TODAY:
Broker still acts as intermediary. Also provides consultation, risk analysis and many value-added services (actuarial, modeling)

Leading brokers in U.S.	Broker market share[1]
Aon Benfield	41%
Guy Carpenter & Co. LLC.	25%
Willis	17%
Towers Watson	4%

High barrier to entry in U.S. Market
Through consolidation, the top three control 83% of the reinsurance brokerage market

Why ceding companies choose the broker channel

- Perception that brokers know the primary and reinsurance markets and can achieve better terms
- Availability of value-added services
- Capable of structuring layered covers with multiple reinsurers
- Working with clients to optimize their capital structure - employing traditional reinsurance or tapping a broad array of other capital sources.
- Perception of broker neutrality
- Syndicated placements spread clients' exposure to reinsurance recoverables and reduce leverage any one market may have

Munich Re with excellent broker relations

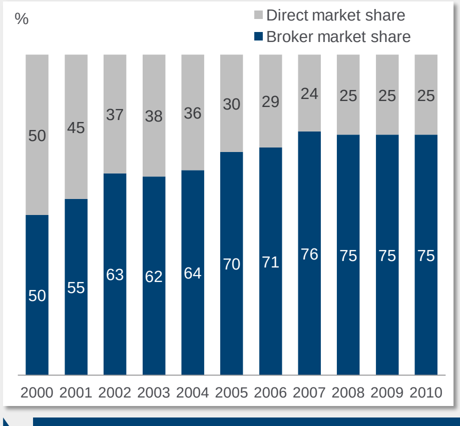
[1] Based on 2009 revenue.

Reinsurance Business – Strategy in Action

Broker vs. direct market share

Munich RE

Net premiums written[1]



Observations

- Broker market share has been steadily growing over the past few years, however, the pace of growth has recently slowed
- In the U.S. there are essentially only 3 direct writers: Munich Re, Swiss Re, and General Re; Transatlantic has a small direct underwriting unit

Implications

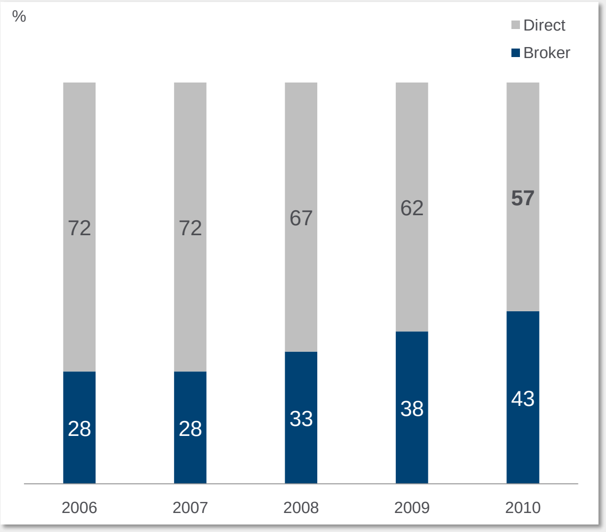
- Dual channel strategy is necessary
- Being an exclusive direct writer or broker market writer will not provide the desired level of sustainability or access
- Growth and maintenance of broker relationships is critical to success
- Important to be a recognized and trusted partner

Munich Re established as go-to broker market

[1] Source: Reinsurance Association of America.

Reinsurance Business – Strategy in Action

Positive broker premium development 2006–2010



U.S. Strategy directed shift in broker/direct split from 28/72 to 70/30 at height of next hard market

On track to achieve goal

Larger accounts are utilizing brokers in larger numbers

Reinsurance Business – Strategy in Action

Client-centric premium provider

External claim
NOT IF, BUT HOW

Global reach
One-stop solution for client needs

Local expertise
In-depth market knowledge capable of shaping and assisting client growth

Strategic solutions
Strategic support in M&A scenarios

Capital market solutions
Traditional and non-traditional competencies

Flexible approach
Providing start-up support

Cross unit collaboration
Product provision to expand client offerings. Broaden existing relationships

Reinsurance Business – Strategy in Action

Price increases realized for NatCat business in U.S. renewals June/July 2011

Munich RE

Market

- Still sufficient capacity available
- Slightly increasing demand for reinsurance capacity
- Price increases in NatCat, remaining business flat

Munich Re America portfolio up for renewal

- Premiums: ~$550m, ~1/3 of treaty business
- Mainly Casualty (~50%), Property (~40%)
- Important NatCat renewal: ~2/3 of total NatCat premium

Munich Re America NatCat portfolio

- NatCat prices in total approx. +10%, mainly driven by
  - Significant worldwide loss activity in first half of year (incl. U.S. tornados in April and May)
  - New version of RMS model
- Price increases vary slightly across nationwide business
- Terms and conditions mainly unchanged

Munich Re America Non-NatCat portfolio

- Despite limited growth due to strict underwriting discipline, Munich Re America sees a vast amount of opportunities due to its underwriting expertise and financial security
- Casualty pricing remains flat with little change in terms and conditions; pricing environment stabilizing
- Due to a market-wide showing of new and renewal business, Munich Re America maintains a very clear view on the state of the casualty market, from pricing to coverage offerings
- Property Non-NatCat prices flat to increase in the low single digit range

Reinsurance Business – Reinsurance Division

Market leader with room to grow

Munich RE

Capacity, security, responsiveness and technical expertise remain hallmarks of Munich Re's value proposition

Client-centric approach is additional value optimizer
Client intimacy and custom-solutions are differentiators in current market

Dual distribution channel maximizes market penetration

Disciplined underwriting and focus on bottom line creates shareholder value

Access to Munich Re Group talent and product range adds value to clients

Collaboration with HSB and American Modern brings profitable growth opportunities

Well positioned to outperform the market

Agenda

Specialty Insurance Business – U.S. Strategy

Primary insurance is a core element of Munich Re U.S. Strategy

Munich Re's goal is to achieve the full potential of the U.S. property and casualty market. Over the course of the market cycle we aim for sustainable, profitable growth. We will increase profitability from direct and broker reinsurance as well as primary insurance by:

- Employing a **client-centric approach** to develop client strategies and reinsurance solutions that leverage Munich Re's expertise and risk appetite
- Developing **closer broker relationships** to support clients' needs
- Building a dominant presence in **niche primary insurance** segments

During all phases of the cycle we will stay fully committed to risk-adequate pricing

Specialty Insurance Business – U.S. Strategy

Primary insurance strategy is to focus on niche, specialty insurance business

Munich RE

Munich Re U.S. strategy and rationale for growth in Specialty Insurance

Build a primary insurance platform with broad U.S. market reach	▪ Bigger profit pool to tap ▪ Cross sell for reinsurance clients ▪ Diversification from reinsurance cycle
Focus on selective attractive niches	▪ Less exposed to cycle and exhibits better loss ratios ▪ Strengthens Munich Re value proposition to customers vs. competing with those same customers ▪ Fewer players
Leverage existing know-how and strengths particularly relevant in specialty insurance segments	▪ Underwriting expertise is a differentiator ▪ Success comes from high quality versus strictly high volume

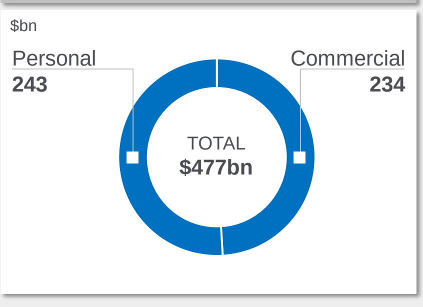
Specialty Insurance Business – Market Overview

"Specialty insurance" makes up large and attractive portion of overall U.S. P&C market

Munich RE

U.S. Specialty Insurance[1] market – overview[3]

U.S. P&C market structure – DPW[4] 2010



	"Specialty Insurance"[1]	
Standard	Specialty admitted	Non-admitted (E&S)[2]
~$370–$405bn	~$40–$70bn	~$33bn

Definition of specialty insurance

- Non-standard risks falling outside the underwriting guidelines of standard market
- Written on admitted and non-admitted (E&S) paper
- Each specialty niche is a unique combination of product coverage, distribution, region, and client

Characteristics vs. standard market

- Growth rates above standard market, albeit with higher volatility
- Profitability generally more attractive, also due to less competition from the standard market
- Migrating patterns between specialty and standard
  - Insurance cycle: standard market assumes more non-standard risks during soft cycle
  - Product life cycle: new coverages start as specialty then move to standard as volume grows/perceived risk falls

[1] Note: „Specialty Insurance" generally includes personal and commercial lines, although main share is commercial (e.g. 98% of E&S).
[2] E&S = Excess and Surplus Lines. [3] Source: Highline Data; Specialty admitted size estimated by Munich Re.
[4] DPW = Direct Premiums Written.

Specialty Insurance Business – Market Overview

Fragmented market with presence of large and specialty players – Competitors also expanding via acquisitions

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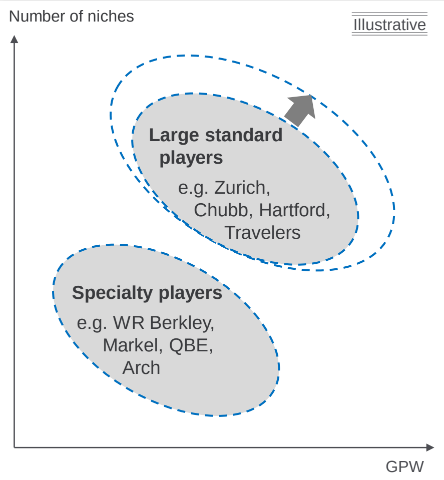
U.S. Specialty Insurance market playing field



Large standard vs. Specialty players

Large standard players

- Expanding specialty presence, including E&S
- Within specialty, often more focused on larger transactions (including large casualty deals)
- High dependency on NatCat capacity
- Offering entire portfolio solutions
- No regional specialization
- Are largely geared toward traditional mass distribution model

Specialty players

- Typically focused on specific regions, products, or industries
- Mainly non-owned distribution via wholesale brokers, agents and MGAs
- Also growing via acquisitions (e.g. QBE, RLI)

Specialty Insurance Business – Specialty Insurance

Munich Re has succeeded in building a strong Specialty Insurance business in the U.S.

Munich RE

Munich Re Specialty Insurance Strategy

- Build a primary insurance platform with broad U.S. market reach
- Focus on selective attractive niches
- Leverage existing know-how and strengths particularly relevant in specialty insurance segments

Specialty Insurance – Development over time

Specialty Markets	American Modern	HSB
Developed out of core reinsurance business by directly serving pools/captives etc.	Added key infrastructure elements and new lines of business for building specialty insurance platform	Added engineering know-how and filled gaps in property product set Natural expansion given risk management and know-how driven business model
1988	2008	2009

Organic development · Acquisitions

Specialty Insurance Business – Specialty Insurance

Munich Re U.S. Specialty Insurance has a broad market reach and is well positioned

Munich RE

Significant Market Player

Top Specialty Lines Player – Combined Entities:

$2.9 billion GPW in 2010

~$2.5 billion NPW in 2010

Diversified Market Reach

Multi-faceted Distribution

Primary Insurers

MGAs or wholesale brokers

Financial Institutions

Retail agents

Direct to the risk or consumer

U.S. SPECIALTY INSURANCE

American Modern

HSB

Specialty Markets

Top Niche Leadership

- Equipment Breakdown (EB)
- Alternative market risks/pools
- Insurance Programs
- Manufactured Homes
- Lender based protection

Leading Competitive Positions

Geographic Coverage

Licensed in 50 states

Offices across the country

Over 2,500 U.S. based employees

Well Established Infrastructure

Specialty Insurance Business – Specialty Insurance

Organic growth of Munich Re Specialty Insurance units has significantly outperformed primary P&C market

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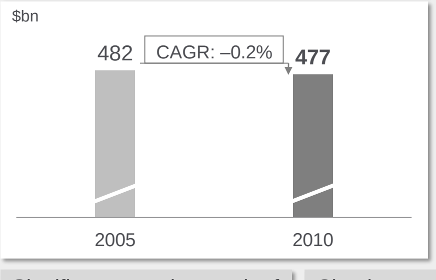
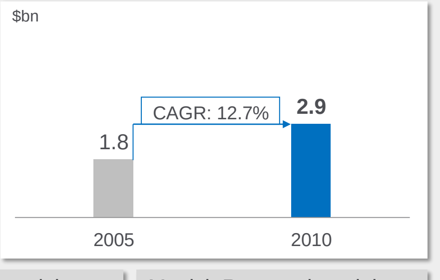
Munich Re Specialty Insurance units vs. Market – DPW[1] development from 2005–2010

U.S. P&C market



Munich Re Specialty Insurance units (entities stand-alone)



Significant organic growth of Munich Re Specialty Insurance units despite stagnating market

Clearly outperformed the growing commercial property segment

Munich Re growth mainly driven by strong development of strategic alliance/client company business model

[1] DPW = Direct premiums written.

Source: Highline

Munich Re Specialty Insurance top ten amongst peer group

Munich RE

Specialty Insurance Peer Group – GPW 2010[1]

$bn	
Peer 1	6.4
Peer 2	4.2
Peer 3	4.0
Peer 4	3.8
Peer 5	3.5
Munich Re Specialty	**2.9**
Peer 6	2.4
Peer 7	1.7
Peer 8	1.7
Peer 9	1.4
Peer 10	1.0

Strong organic growth of Munich Re Specialty entities moved us to No. 6 amongst comparable Specialty players

At the same time, some competitors have also been expanding, both organically as well as via acquisitions

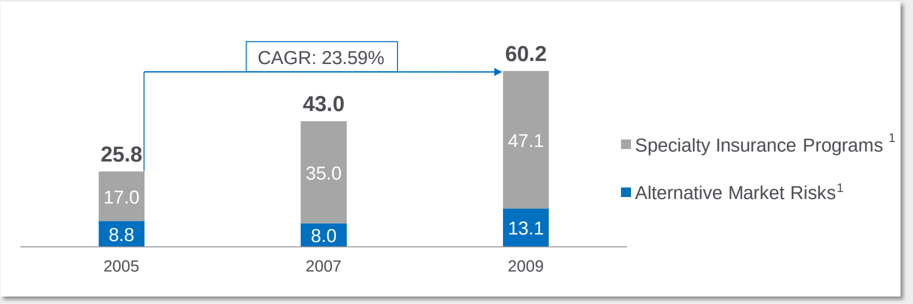
Going forward, Munich Re's goal is to be among the most profitable, leading specialty market insurers

[1] Source: A.M. Best Statement File Reports, Peer Group used: Alleghany Insurance, Argo Group, Assurant Insurance Group, FM Global Group, Great American, Markel Corporation, OneBeacon Insurance, QBE Americas Group, Scottsdale Insurance, W R Berkley Group
Note: peers are included with their total GPW of the respective legal entity, i.e. including some standard as well as non-U.S. Business.

U.S. Industry Overview – Alternative markets typically grow as traditional market hardens

Munich RE

Alternative Market Risks – Specialty Insurance Programs



Alternative market and insurance program space showing double digit growth even during soft cycle – pace of growth should increase as market turns

Munich Re is a market leader in alternative market risks

Munich Re is emerging as a leader in the specialty insurance program market, which will provide substantial growth opportunities

[1] Data Sources: MarketStance 2009 v10-1; Highline 2009 U.SS Insurance: P&C; Highline 2009 U.S. Insurance PNC Schedule F; Highline 2009 Notes to Financials; online AGRIP Sourcebook; Captive Insurance Database 2010 (hardcopy); CaptiveStats Active Captive Insurance Company Listing August 2010; 6th Annual Guy Carpenter Specialty Insurance Programs Issuing Carrier Survey (November 2010).

Munich Re's U.S. Specialty Insurance entities active in distinct niches with varying "specialty" characteristics

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Characteristics of U.S. Specialty Insurance entities

	1 Specialty Markets	2 Hartford Steam Boiler	3 American Modern
LoB	Specialty Commercial Lines		Personal Lines
Specialty	Expertise in **portfolio and large risk underwriting** and claims	**Specialty Products leveraging Engineering Services and Expertise**	Insurance products for **specialty risks/property types** (e.g. recreational products and lender or forced place hazard)
Niche	Alternative Market Risks	Equipment Breakdown	Residential Property
	Insurance Programs	Other Specialty Products	Recreational Products
		Fee Engineering	Financial Institutions

We jointly focus on leveraging wholesale distribution channels together with our reinsurance business

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FULL SPECTRUM OF DISTRIBUTION CHANNELS IN PLACE TODAY

"Retail" → **"Wholesale"**

Direct to policyholder | Pools | Manufacturer/ Point of Sale | Retail agents/ brokers | Wholesale Broker | MGA | Bank/FI | Insurance companies

Strategic Focus

Full spectrum will continue – Priority focus to fully leverage

Wholesale broker	▪ A broker who acts as an intermediary between a retail agent and an insurer
Managing General Agents	▪ Intermediary with authority to accept placements from (and often to appoint) retail agents on behalf of an insurer ▪ Generally conduct UW and provide other services (e.g. policy issuance) on behalf of the insurers they represent
Financial Institutions	▪ Banks and lenders offering platform for distributing Munich Re products as well as products protecting the financial institution (property only)
Primary Insurers	▪ Standard or Excess Lines carriers who provide the ground up (net of insured deductible) coverage ▪ Relevant primary insurers range in scope from small regionals, mutuals, to large multi-line carriers

Rationale

- Allow greater reach with less "touch"
- Fully leverage existing relationships from traditional reinsurance
- Provide greatest opportunity to sell Munich Re Group products
- Bundling distribution access across these channels and thereby have ability to create scale even within niches

Munich Re U.S. Specialty Insurance strategy to leverage existing know-how and distribution

Munich RE

Munich Re U.S. Specialty vision, strategy, and marketplace

2020 Vision	**Top 5, most profitable player in U.S. Specialty Insurance market by 2020**	
Strategy	**Grow by leveraging existing know-how and distribution channels**	
	Customized solutions	**Focus on wholesale distribution; select direct markets**
	▪ Strong underwriting ▪ Customized product(s) ▪ Value added services	▪ Wholesale focus, e.g. insurers, banks, wholesale agents, MGAs ▪ Select direct distribution in relevant markets (especially large tickets)
Strategy	**Support our clients to further extend and differentiate their core business**	

1 Specialty Markets Overview

Munich RE

History/ Background	▪ Responsibility for Alternative Market Risks and Insurance Programs ▪ Formed in 1988 to underwrite Alternative Market Risks ▪ Expanded scope in 1996 to include Insurance Programs	
Key Niche	Alternative Market Risks	Insurance Programs
Product Sampling	▪ Property & Casualty coverages (mostly excess placements) with heaviest focus on auto and professional/general liability	▪ Property & Casualty coverages with heaviest focus on auto, property and professional/general liability ▪ Products customized to program
Clients/ Distribution	▪ Partner with self-insurers, risk retention groups, pools, trusts, reciprocals, and captives ▪ Largely governmental, churches, schools/education and other non-profit risks	▪ Partner with Program Administrators (MGAs with extended capabilities) ▪ Strong presence in governmental, other non-profit, habitational programs
Market Position	▪ Market leader in pools ▪ New entrants are targeting this segment ▪ Government segment pressured by soft market and reduction in public spending	▪ Emerging as an Insurance Program market leader ▪ Other than top competitors, market is fragmented

Specialty Insurance Business – Specialty Insurance

1 Specialty Markets Market approach

Munich RE

Unique selling proposition

- Insurance and reinsurance capabilities
- Multiple lines of business in package product offering
- Unbundled services model
- Business sourced from retail, wholesale and reinsurance brokers and direct
- Insurance program specific products
- Risk sharing by cession or sliding scale commission
- No competing agency network

Expertise in …

…Portfolio and large risk underwriting and claims

… Specialty niche

… Alternative markets

… Insurance programs

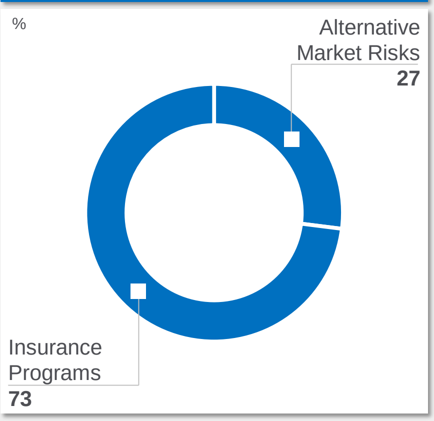
… Multi-line business

Specialty Insurance Business – Specialty Insurance

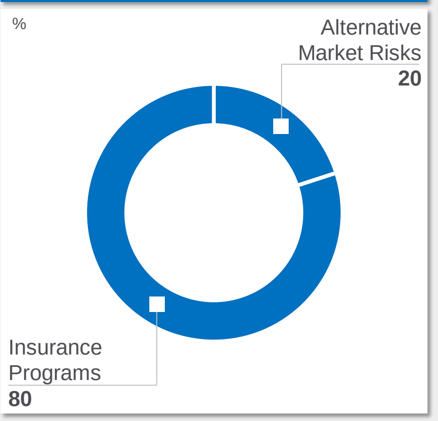
1 Specialty Markets Growth projections

Munich RE

2010 Actual[1]



2015 Forecast[1]



Growth expected in Insurance Programs segment

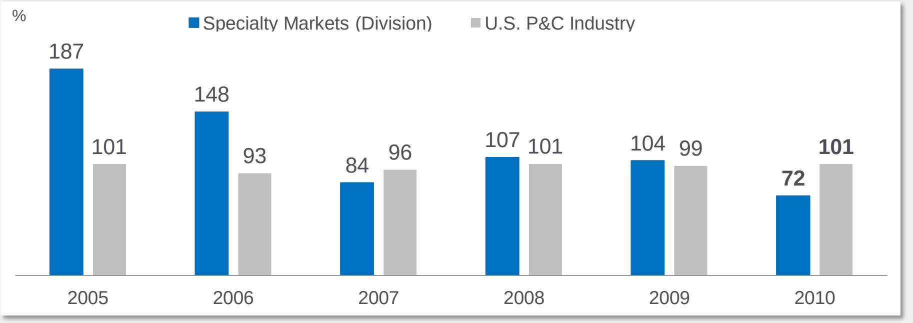
[1] Based on IFRS gross premiums written.

Specialty Insurance Business – Specialty Insurance

1 Specialty Markets
Combined ratio development

Munich RE

Combined ratio[1] 2005–2010



- 2005–2009 reflects NatCat losses (including Katrina, Rita, Wilma, Ike and Gustav) and reserve development
- Further portfolio restructuring
- 2010 recognized favorable loss reserve development for past years
- On accident year basis, average 92% combined ratio over years 2004–2010

[1] Based on IFRS figures before group internal retrocession.
Industry data = Insurance Information Institute from A.M. Best and ISO data. 2008 -2010 figures exclude mortgage and financial guaranty insurers and is on a statutory basis.

Specialty Insurance Business – Specialty Insurance

1 Specialty Markets
Outlook

Munich RE

Noteworthy Achievements

- “Speed to Market” process established to increase efficiency of implementing new insurance programs
- Completed filing of Specialty Markets products in two AMIG companies in order to provide appropriate rates for preferred and substandard risks (“rating tiers”)
- Implemented a large personal umbrella insurance program as a result of cross selling with American Modern sales force

Looking Ahead

- Capitalize on its strong alternative market position in pools with growth potential in commercial captive/risk retention group segments
- Insurance programs have significant growth potential in commercial and professional liability programs

Specialty Insurance Business – Specialty Insurance

2 Hartford Steam Boiler Overview

Munich RE

History/ Background	▪ Founded in 1866
	▪ Acquired by Munich Re in 2009
	  ▪ Complementing Munich Re's traditional strength in engineering
	  ▪ Delivering outstanding financial return on investment		

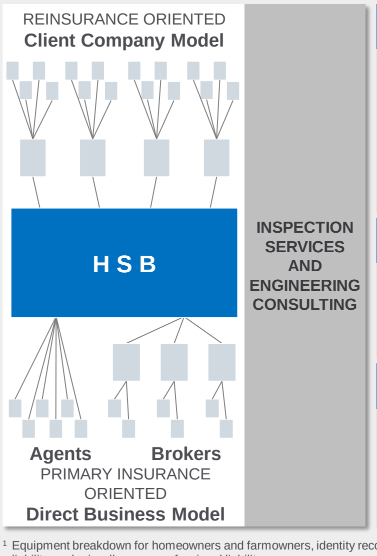
Key Niche	Equipment Breakdown	Other Specialty Products	Fee Engineering
Product Sampling	▪ Equipment Breakdown and bundled engineering (inspection services, loss prevention, risk assessment, and client tailored service plans)	▪ Data Compromise ▪ Employment Practices Liability ▪ Identity Recovery	▪ Code certification (ASME[1]) ▪ Management consulting ▪ Loss prevention and risk management services ▪ Due diligence
Clients/ Distribution	▪ Distribution: majority comes through reinsurance of primary insurers ▪ Clients in all segments of P&C: Personal, Commercial, Specialty/Alternative, Farm	▪ Reinsurance of primary insurers (both personal lines and commercial lines)	▪ ~82% direct to customers ▪ Benchmark 80% of the world's refined oil plants operating performance
Market Position	▪ Market leader in the U.S. and Canada; growing international presence ▪ Global engineering platform to deliver services	▪ Growing suite of specialty products that respond to emerging issues and enable P&C clients to differentiate	▪ Largest authorized ASME inspection services provider (>40% global market share)

[1] ASME = American Society of Mechanical Engineers.

Specialty Insurance Business – Specialty Insurance

2 Hartford Steam Boiler Business model

Munich RE



CLIENT COMPANY MODEL
Gross premiums written 2010: US$ 680m

- Insurance coverage and services fully integrated into Client Companies products
- Long-standing relationships with 15 of the 25 largest commercial insurers
- HSB acts as reinsurer with an intensive service component
- Rapid expansion of new strategic products[1] to complement core business

INSPECTION SERVICES AND ENGINEERING CONSULTING Revenues 2010: US$ 172m

- Global presence of 1,200 engineers
- Provides critical contribution to HSB's engineering knowledge base and experience, enhancing underwriting decisions and claims prevention

DIRECT BUSINESS MODEL
Gross premiums written 2010: US$ 121m

- Large network of independent agents: 4,000 in U.S., 4,000 in Canada and 1,000 in the UK
- Intellectual capital and best-in-class reputation supports long-standing customer relationship and high agent satisfaction

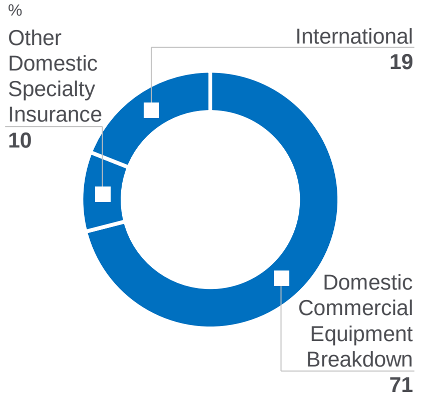
[1] Equipment breakdown for homeowners and farmowners, identity recovery insurance, data compromise and employment practices liability, and miscellaneous professional liability.

Specialty Insurance Business – Specialty Insurance

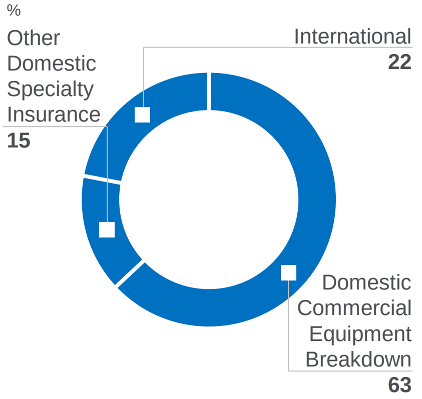
2 Hartford Steam Boiler Growth projections

Munich RE

2010 Actual[1]



2015 Forecast[1]



Growth expected in specialty insurance and international market segments

[1] Based on IFRS gross premiums written.

Specialty Insurance Business – Specialty Insurance

2 Hartford Steam Boiler Combined ratio development

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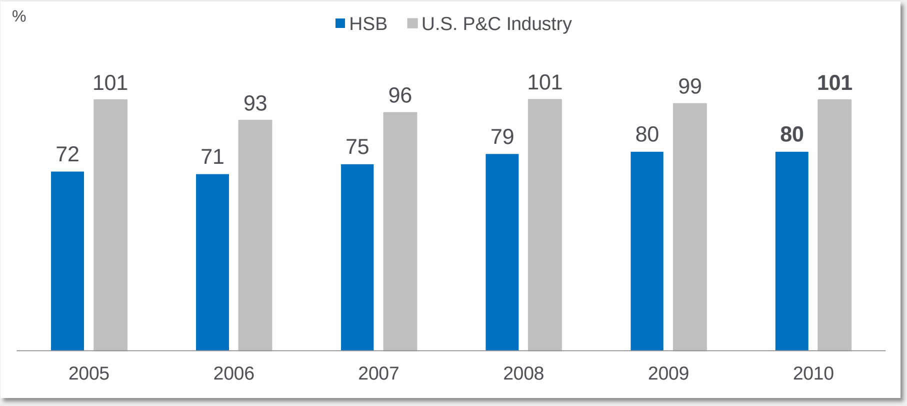
Combined ratio 2005–2010[1]



- Strong profitability on a sustainable basis
- High-quality earnings driven by superior underwriting performance and claims management

[1] 2005–2008 based on US-GAAP, from 2009 IFRS figures, after group internal retrocession
Industry data = Insurance Information Institute from A.M. Best and ISO data. 2008–2010 figures exclude mortgage and financial guaranty insurers and is on a statutory basis.

Specialty Insurance Business – Specialty Insurance

2 Hartford Steam Boiler Outlook

Munich RE

Noteworthy Achievements

- HSB was selected to serve as Munich Re's engineering loss control company worldwide as we extend Equipment Breakdown (EB) and property expertise and services
- 62% of HSB client companies have partnered on at least one strategic product
- HSB has established over 20 new client company partnerships in each of the last 3 years
- Employ over 450 certified National Board inspectors in North America, more than any other organization globally

Looking Ahead

- Maintain our leadership position in Equipment Breakdown, keeping product competitive and responsive to emerging equipment trends
- Cross-selling of Specialty Products to Equipment Breakdown-clients
- Roll out HSB's specialized portfolio Equipment Breakdown product and business model internationally
- Monitor mega trends to capitalize on opportunities to leverage our capabilities and strengthen our brand as thought leader and solution provider
- Continued strong focus on underwriting discipline and excellence in execution

Specialty Insurance Business – Specialty Insurance

3 American Modern Overview

Munich RE

History/ Background

- Founded in 1938 as auto finance company, over 45 years as specialty insurer
- Acquired by Munich Re in 2008
  - Focus on profitable, fast-growing U.S. specialty insurance segments
  - Emphasis on short-tail, low-severity personal lines insurance

Key Niche	Residential Property	Recreational Products	Financial Institutions
Product Sampling	▪ Manufactured Homes ▪ Site-built Dwellings	▪ Motorcycle ▪ Collector car ▪ Watercraft	▪ Lender placed property products ▪ Other income generating insurance products, such as Renters, Travel and Pet Health
Clients/ Distribution	▪ Primarily personal lines ▪ Distribute through primary insurers, Wholesalers, Retail Agents/Brokers and Point of Sale	▪ Primarily personal lines ▪ Distribute through primary insurers, Wholesalers and Retail Agents Brokers	▪ Financial Institutions ▪ Distribute through agency channel and also bank owned insurance agencies
Market Position	▪ Niche focus with small market share – provides growth opportunity ▪ 7% market share in Manufactured Homes	▪ Niche focus with small market share, ample market opportunity	▪ Strong position (No. 3) in lender placed market ▪ Over 30 years experience with financial institutions

Specialty Insurance Business – Specialty Insurance

3 American Modern
Well-diversified and broad distribution platform

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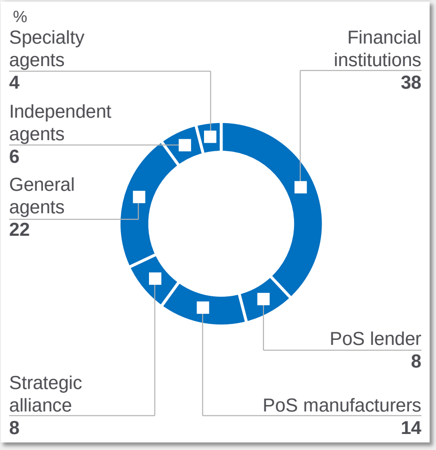
Strategically matching distribution to product and marketplace opportunities

2010 premium split by distribution channel



Distribution channels

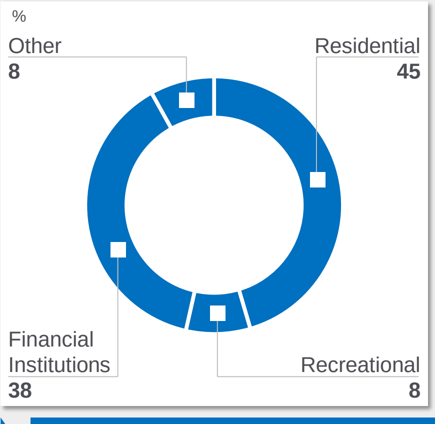
- **Financial Institutions**
  Banks, loan servicers and credit unions where insurance is placed on behalf of financial institution to insure collateral. Utilize bank/in house insurance agency to offer voluntary products to segmented customer cases.
- **Strategic Alliance**
  Provide specialty products to policyholders of standard, multi-line insurance carriers via strategic alliances with standard multi-line insurance companies
- **Agents (Specialty, Independent, General)**
  Personal lines products are marketed through specialty, general and independent agents
- **Point of sale – Manufacturers and dealers**
  Distribution of residential property insurance through manufactured housing dealers and vertically integrated manufacturers
- **Point of sale – Lender**
  Distribution of residential property insurance products through financial institutions that provide financing for those products

Specialty Insurance Business – Specialty Insurance

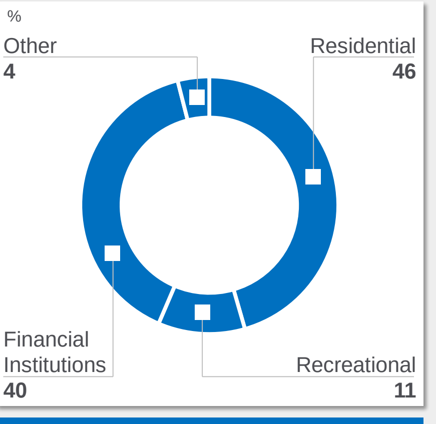
3 American Modern
Growth projections

Munich RE

2010 Actual[1]



2015 Forecast[1]



Growth expected in all key segments

[1] Based on IFRS gross premiums written (rounding differences).

Specialty Insurance Business – Specialty Insurance

3 American Modern
Combined ratio development

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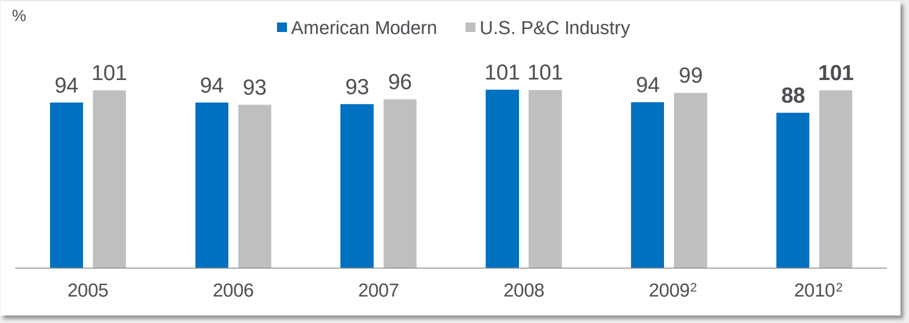
Combined ratio 2005–2010[1]



- Consistent levels of underwriting profitability – outperforming broader P&C industry
- Elevated combined ratio in 2001–2003 was attributable to commercial liability line that was exited in 2001 and unfavorable performance of motorcycle book acquired in 2001
- In 2008, Combined ratio was unfavorably impacted by higher weather and hurricane losses (consistent with industry). This primarily impacted Manufactured Housing Portfolio.

[1] 2005–2007 based on US-GAAP, from 2008 IFRS figures, after group internal retrocession.
[2] Combined ratio excludes certain underwriting expenses, including premium taxes. Industry data = Insurance Information Institute from A.M. Best and ISO data. 2008–2010 figures exclude mortgage and financial guaranty insurers and is on a statutory basis.

Specialty Insurance Business – Specialty Insurance

3 American Modern
Outlook

Munich RE

Noteworthy Achievements

Continue to outperform P&C industry
- CR and Premium growth (9.0% CAGR compared to ~flat) better than industry

Financial Institutions Division
- 2008-2010 average CR < 90%, Premium Annual Growth Rate of 20%

Execution of Strategic Alliance strategy
- Premium +300% since acquisition to >$100m in 2010, average CR of 93%
- American Modern currently partners with standard insurance carriers that account for 40% of personal lines market

Contributed to success of other Munich Re business units through distribution relationships and access to multi company structure

Looking Ahead

- Pursue strategy to grow Strategic Alliances distribution channel by establishing new strategic alliances partnerships and expanding existing strategic alliances
- Offer additional voluntary products in our Financial Institutions distribution channel
- Anticipate low to mid single digit premium growth in the years ahead, which will be driven from consistent rate increases and growth strategies above
- From a profit perspective, we anticipate combined ratios in the mid 90% range (absent abnormal weather patterns)

Specialty Insurance Business – Specialty Insurance

Munich Re's U.S. Specialty Insurance platform carries all relevant capabilities for market success

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Our combined capabilities include

Clients/ Distribution	Product/ Solution	Underwriting/ Know-how	Capacity
▪ Broad customer base ▪ Broad, diversified distribution platform	▪ Admitted and non-admitted ▪ Portfolio and transactional ▪ Reinsurance and primary insurance ▪ Response to emerging risk issues	▪ Niche market underwriting expertise ▪ Engineering expertise (incl. loss control engineering)	▪ A+ paper[1] ▪ Financial strength and capacity of Munich Re

Examples Working across companies to leverage the whole

- Cross Selling
- Product Development
- Industry Segment Strategy
- Support Function Collaboration

[1] According to A.M. Best.

Specialty Insurance Business – Specialty Insurance

Leveraging our combined knowledge, expertise, and distribution to grow profitably

Munich RE

Cross Selling

- New American Modern Strategic Alliance with Reinsurance Division client
- Using Munich Re brand equity to access larger financial institutions and grow American Modern
- Referral to Specialty Markets from American Modern for personal umbrella program
- New distribution for American Modern P&C products with a large HSB producer
- New HSB business through introductions to Munich Re clients

Product Development

- Re-launched HSB EPL[1] product with expanded coverage options
- Launched Munich Re subsidiary's Travel Insurance product at American Modern
- Cross-company tiered rating offers expanded eligibility for our insurance programs
- Cooperation across Munich Re around Data Compromise and other Cyber products
- Sharing best practices and product ideas

Approximately $300 million in new business synergies across our units since 2009

[1] EPL = Employment Practices Liability.

Specialty Insurance Business – Specialty Insurance

Munich Re U.S. value proposition

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Personal Lines

IDR[1]
Service Line
Farm EB[2]
Homeowners EB[2]

Specialty Property
Specialty Vehicles
Personal Umbrella

Commercial Lines

Data Compromise
Misc. E&O[3]
Employment Practice Liability
Commercial EB[2]

Comm. Umbrella
Financial Instit.
Public/Non-Profit
Healthcare
Habitational

Core P&C Business of Insurance Company or Agent

Treaty Reinsurance

Short Term: Industry Segments with Quick Win Potential, e.g.
- Auto clubs
- Farm bureaus
- Habitational

Long Term: Industry Segments with Highest Munich Re Potential, e.g.
- Financial Institutions
- Energy
- Healthcare

Leverage diverse distribution platforms to offer full suite of products

HSB
Products to differentiate the core

American Modern & Specialty Markets
Niche focus that expands the core

Reinsurance Division
Supporting the core

[1] IDR = Identity Recovery.
[2] EB = Equipment Breakdown.
[3] E&O = Errors & Omissions.

Specialty Insurance Business – Specialty Insurance

U.S. Specialty Insurance offers continued opportunity to strengthen Munich Re's U.S. P&C presence

Munich RE

- Product innovation – responses to emerging risk issues
- Cross platform collaboration (cross sell, bundling, etc.)
- Penetration/organic growth within current product set
- Partnering with Munich Re globally to expand international presence
- Leveraging U.S. Specialty Insurance and Munich Re scale and operational platform

Well positioned to extend our market position

Agenda

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Munich Re U.S. P&C Operations – Summary

Significant progress in achieving U.S. Strategy

Munich RE

Dual Channel Strategy ✓	▪ Reinsurance Division (RD) increased broker channel business from 28% in 2006 to 43% in 2010
Client-Oriented ✓	▪ New business wins: 18% of RD GPW (2008-2010) from profitable new business ▪ Munich Re becomes major player in U.S. cat market ▪ Achieved lower expense ratio enabling more competitive pricing: 14.2% in 2008 to 9.0% 2011 (est.)
Niche Primary Insurance ✓	**Purchase/integration of HSB and American Modern:** ▪ Achieved $37m in cost synergies (systems, back office support) ▪ Produced approx. $300m in premium from new business synergies ▪ Expanded wholesale network ▪ Further rebalanced portfolio from long-tail to short-tail

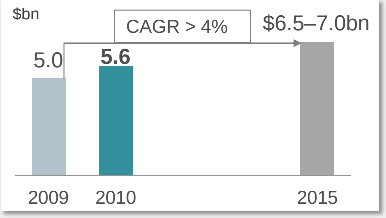
From Turnaround Story to Success Story: Achieved profitable results in difficult market environment, while reorienting company for future market growth

Munich Re U.S. P&C Operations – Summary

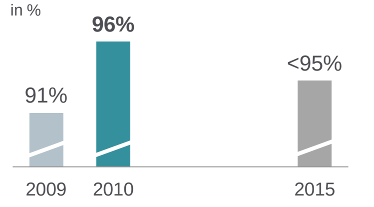
Long-term outlook – Seizing growth opportunities while strict bottom-line focus prevails

Munich RE

Gross premiums written[1]



Combined Ratio[1]



Outlook

- Achieve higher technical profitability through continued risk-adequate pricing, improved models and sharpened risk appetites
- Increase underwriting authority and streamline
- Continue to improve expense ratio through regionalization, improved processing, procurement and other initiatives
- On target to meet Munich Re U.S. Strategy goals of:
  - $6.5–7.0bn of gross premiums written by 2015 (or height of next hard market)
  - Normalized combined ratio of below 95%
- Outperform market

[1] 2009: Munich Re America + American Modern + short fiscal year of HSB, 2010: each entity completely consolidated.

Munich Re U.S. P&C Operations – Summary

Summary and Key Takeaways

Munich RE

Munich Reinsurance America migrates from a turnaround story to a success story

Munich Re has a clear and focused mission, vision and strategy in the U.S. market

Platform to be leveraged: Differentiating products, broad distribution, specialized risk expertise

Leadership role in industry to extend our market position

NOT IF, BUT HOW

Appendix

Financial calendar

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FINANCIAL CALENDAR	
4 August 2011	Interim report as at 30 June 2011; Half-year press conference
11–13 September 2011	Les Rendez-Vous de Septembre, Monte Carlo
5 October 2011	Bank of America Merrill Lynch “Annual Banking & Insurance CEO Conference“, London
8 November 2011	Interim report as at 30 September 2011
13 March 2012	Balance sheet press conference for 2011 financial statements
14 March 2012	Analysts' conference, London
26 April 2012	Annual General Meeting, Munich

Appendix

For information, please contact

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Appendix

Disclaimer

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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.