



*somewhat
different*

Insights into P&C reinsurance

Spotlight on profitable growth

Sven Althoff, Member of the Executive Board
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Hannover, 14 October 2021

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Agenda

1 Market environment

2 Hannover Re's positioning

3 Key takeaways

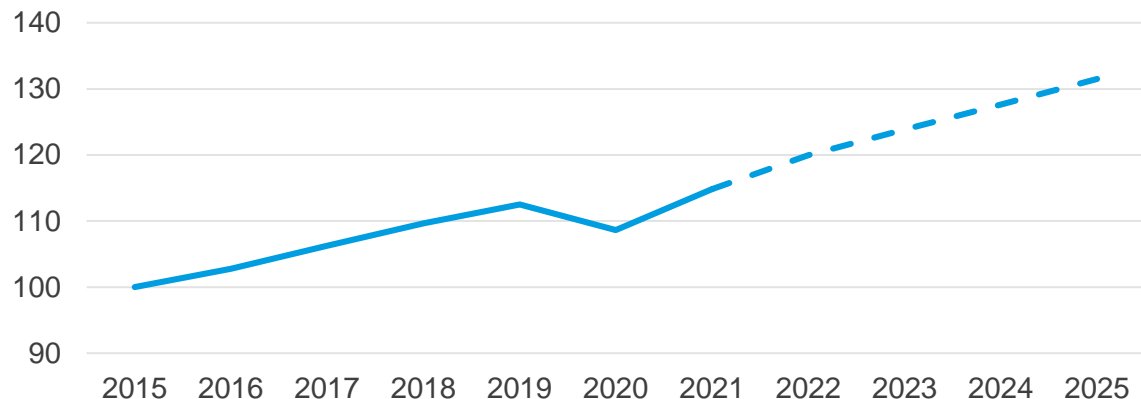
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Market environment

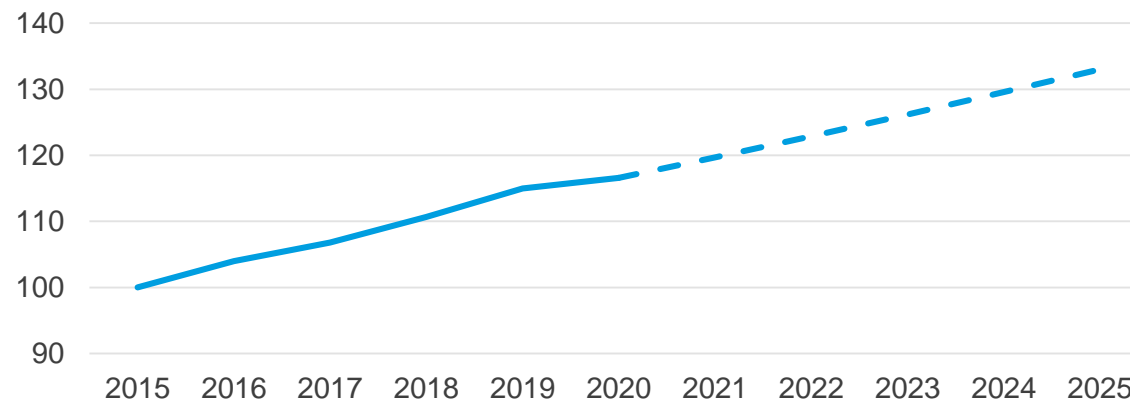
Global economy back on track after Covid-19

Positive trends in the insurance sector as indicator for Hannover Re's profitable path

Global GDP (real, Index: 2015 = 100)



Global GWP (real, Index: 2015 = 100)



Regional GDP reaches pre-crisis level in...

2022

EMEA

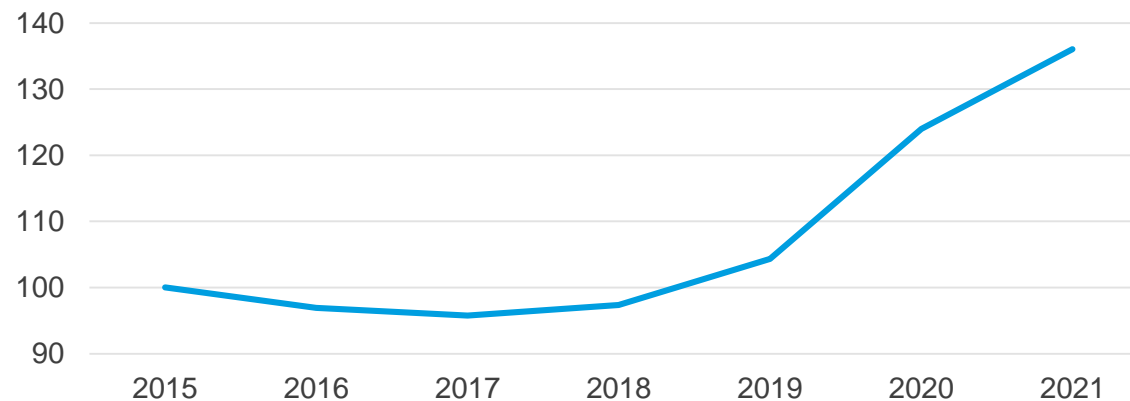
2021

Americas

2021

APAC

Commercial insurance rates (real, Index: 2015 = 100)



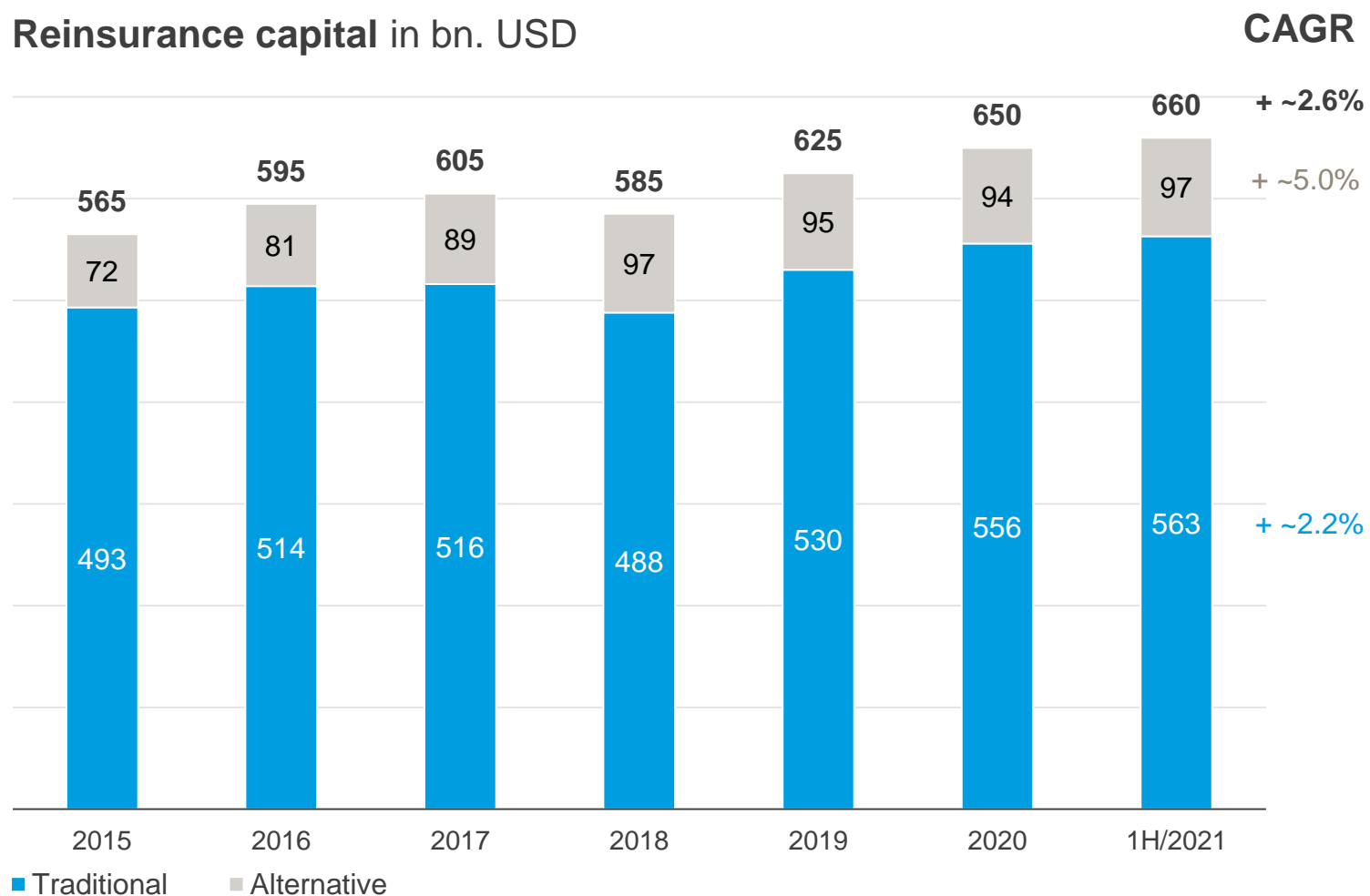
2021 - 2025 forecast. Non-life primary insurance.

Source: IHS Markit, Marsh – Global Insurance Market Index – Global insurance composite pricing change (annual average, 2021: Q1 and Q2), own research and calculations

Stable reinsurance capital meets growing demand

High-quality reinsurers such as Hannover Re will use this opportunity to drive profits

Reinsurance capital in bn. USD

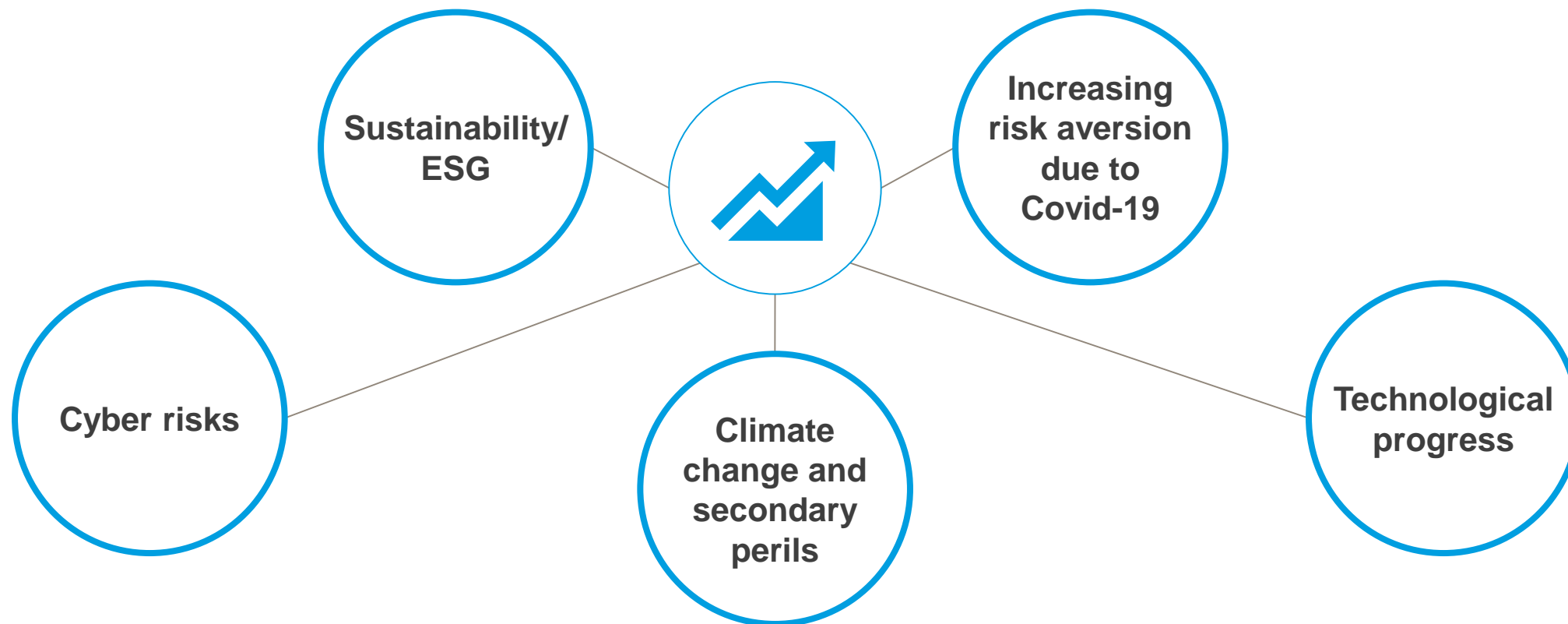


- Resilience of R/I capital despite Covid-19
- Moderate growth in traditional capital benefits traditional reinsurers in light of the ongoing flight to quality
- Alternative capital remains stable over past three years compared to substantial growth in traditional capital

Year-end (Q4) figures, except 2021. Average year-over-year growth rates.
Source: Aon – Reinsurance Market Outlook, Aon - Reinsurance Aggregate

Market dynamics, unexpected events and technological advances

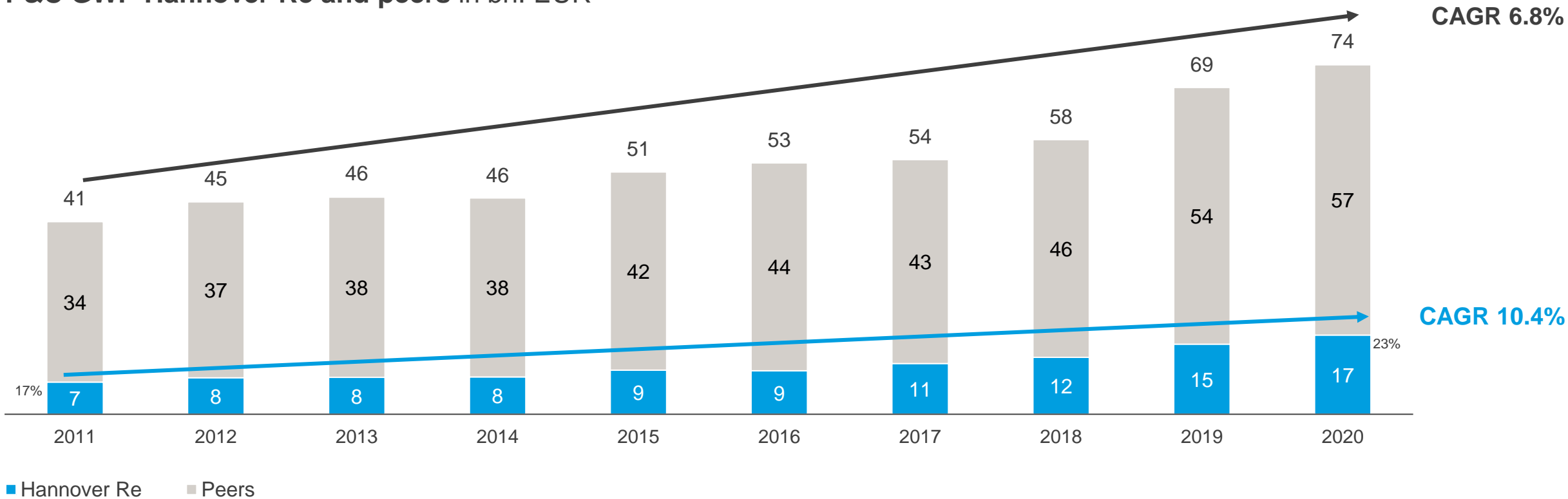
These developments amplify the need for stability and security



Navigating the quickly changing primary insurance landscape is becoming more and more difficult. This creates opportunities for reinsurers which perform fast, flexible and reliable.

Flight to quality in P&C reinsurance reinforces the strong position of Hannover Re

P&C GWP Hannover Re and peers in bn. EUR



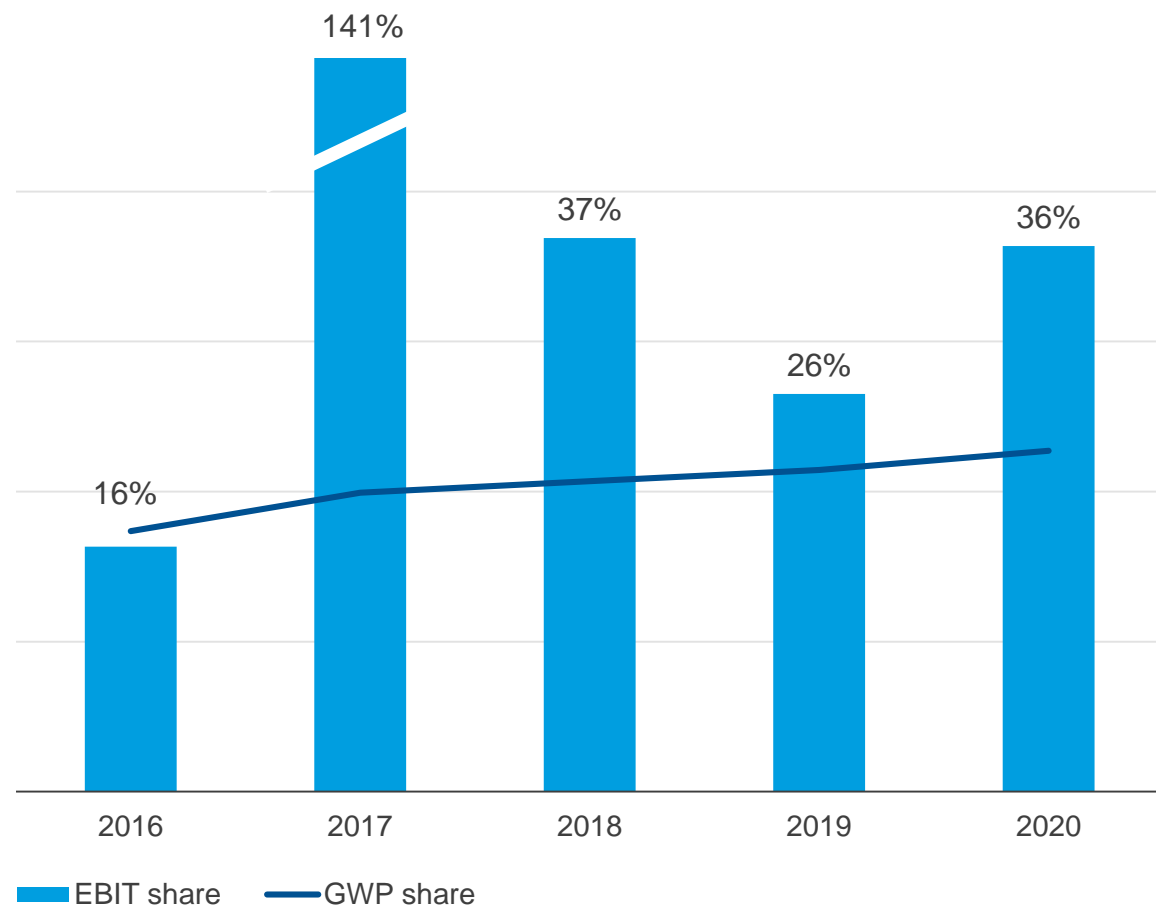
Covid-19 highlighted the importance of reliable and high-quality reinsurance

Peers: Munich Re, Swiss Re, SCOR, Everest Re
 Source: Company disclosure, own calculations

We have a very strong bottom-line focus

Our EBIT share is significantly higher than our premium share compared to peers

Hannover Re P&C – EBIT share and GWP share



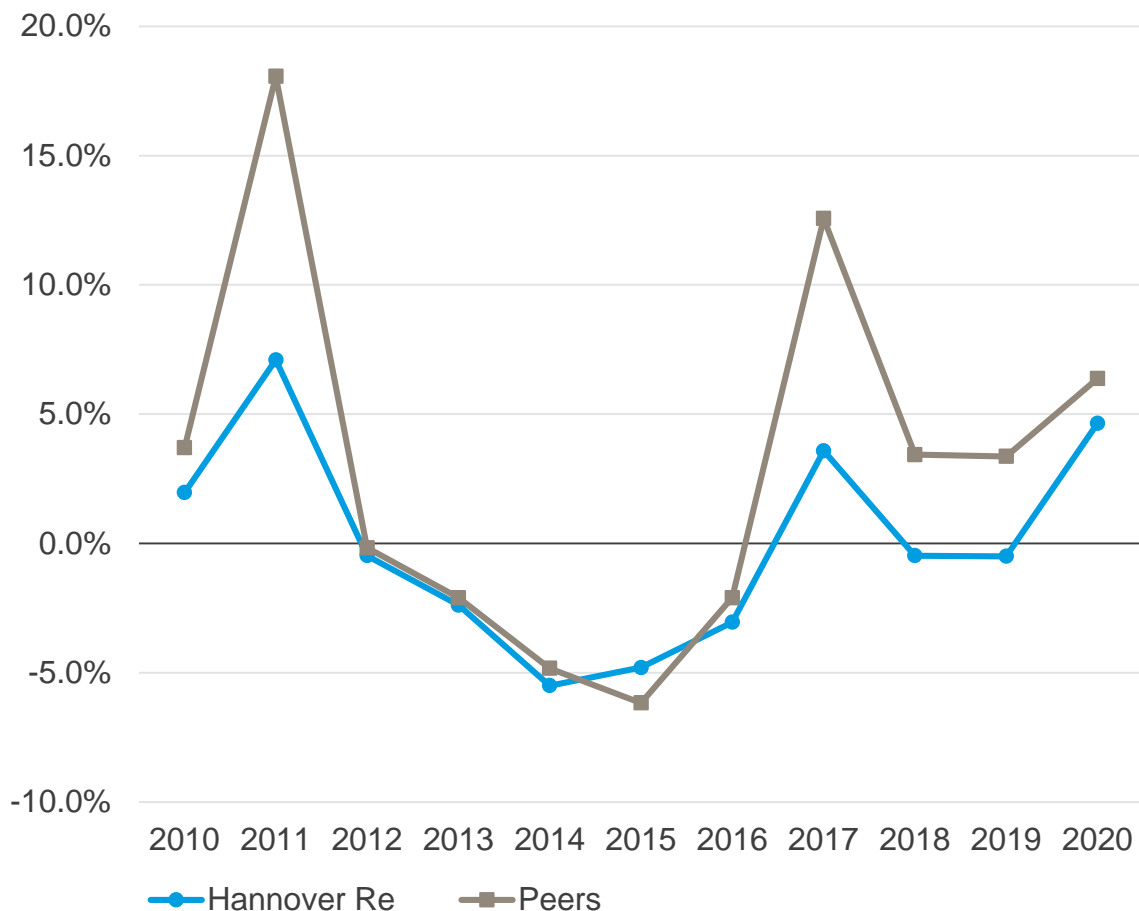
- Hannover Re is focused on earnings growth
- We have been able to efficiently use our premium volume to deliver solid results
- Portfolio steering with a clear focus on profitability
- On this basis we strive to continuously grow our top line profitably

Bottom-line focus visible when comparing EBIT and GWP shares

P&C reinsurance only. Source: Own calculation. Peers: Swiss Re, Munich Re, SCOR, Everest Re

Previous years confirm Hannover Re's reliable planning of NatCat budget

Δ NatCat losses vs. budget in % of NPE



All numbers as % of net premium earned and as reported; 2020 numbers include Covid-19 impact; Peers: Munich Re, Swiss Re, SCOR

1) Standard deviation

Δ average NatCat losses vs. budget

Volatility¹⁾

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Peers

0.0%	4.0%
2.9%	7.3%

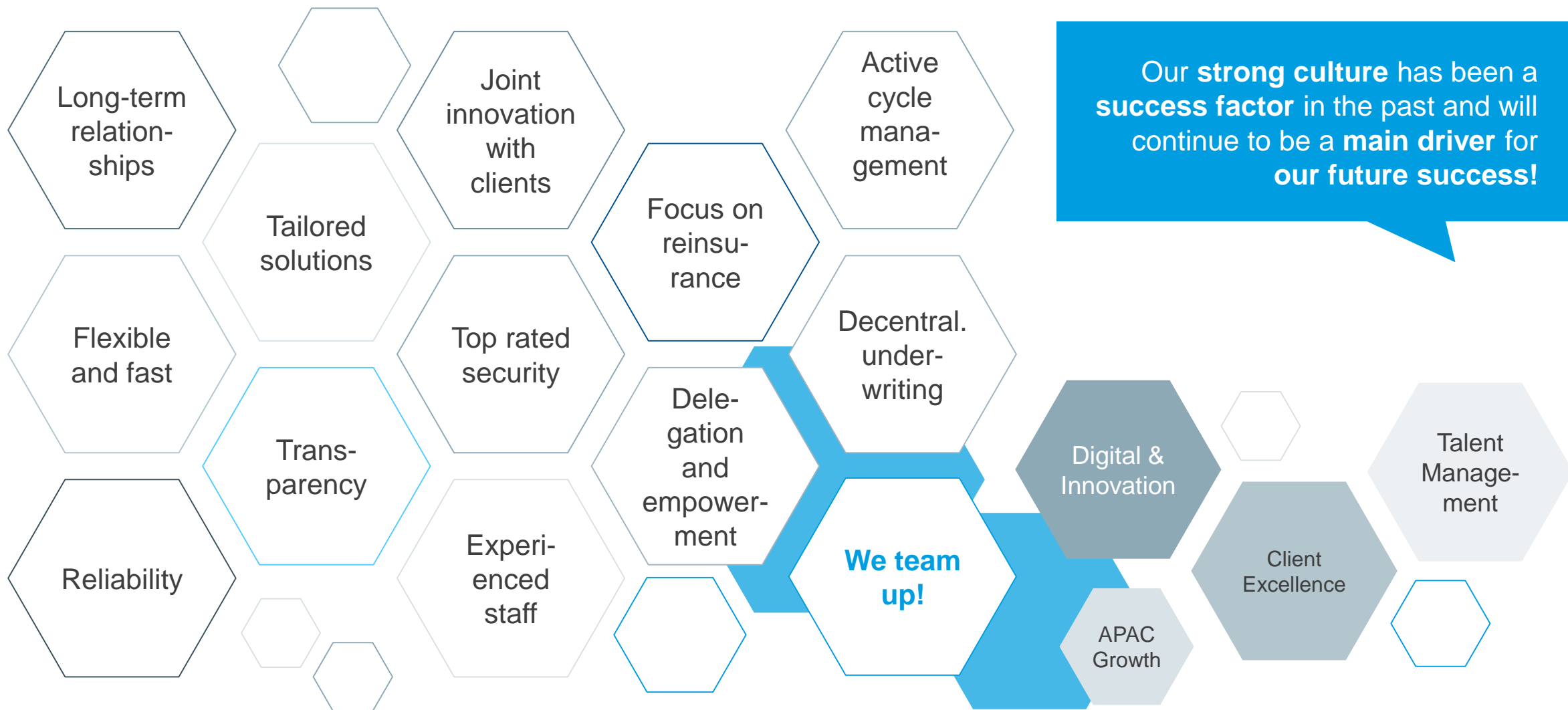
- On average, Hannover Re stays within NatCat budget
- Lower volatility of NatCat budget utilisation by Hannover Re compared to peers

2

Hannover Re's positioning

Delivering highest quality is deeply rooted in our DNA

We strive for excellence for our clients



Selected P&C strategy contributions designed to strengthen our future readiness

Preferred business partner

Further expand our bottom line through existing and new client relationships

- **Customer Excellence**
- Leadership position in **specialty markets**
- Enlarge our portfolio of **captive** clients
- Build on the strength of **E+S Rück** as “The Reinsurer for Germany”
- Offering innovative products in growing Latin American market

Innovation catalyst

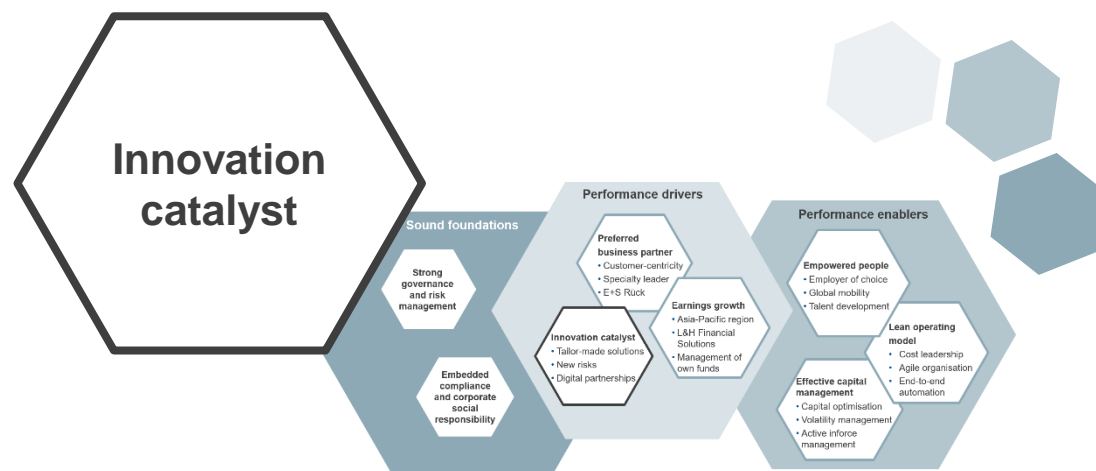
Continue building our position as innovation partner for our clients

- Embed **tailor-made solutions** (including structured reinsurance & ILS – e.g. cat. bonds & securitizations)
- Embed **digital** business (including insurtech partnerships and partnerships with global technology firms)
- Foster **data analytics** and benefit from new sources/pools of data
- Further increase activities in **parametrics**
- Increase private-public partnerships to close **protection gap**

Selected P&C strategy contributions

Further strengthen tailor-made reinsurance solutions

Positioning in our strategy map



Description

- Holistic approach to catalyse additional demand for structured and traditional tailor-made reinsurance solutions
- Efficient value creation by focusing on special services

Relevance



- Supporting our clients in their challenges related to regulatory environments
- Offering focused services to create insurance business growth for our clients

Target outcome

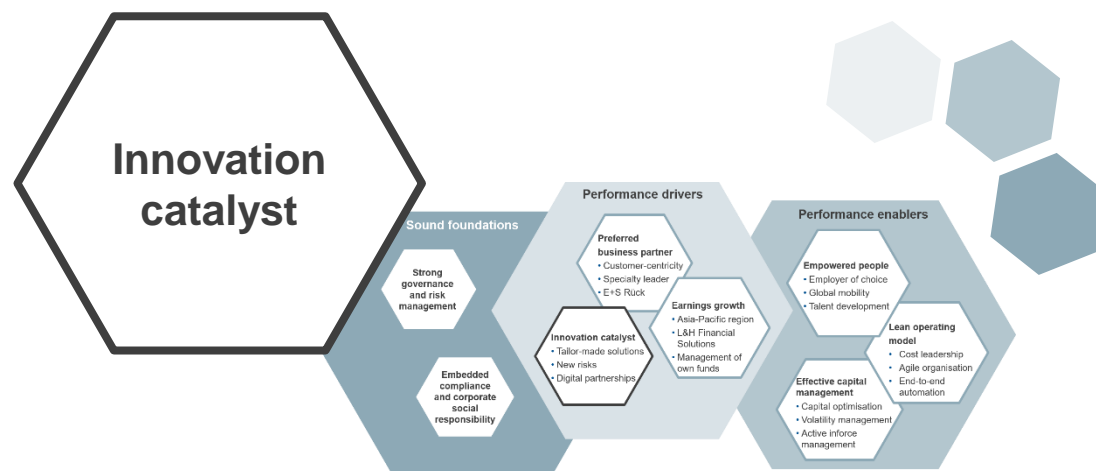


- Efficient knowledge transfer with clients creating new transactions
- Creating additional value through services focused on Telematics, NatCat and Cyber
- Working together through joint marketing activities

Selected P&C strategy contributions

Tackling the growing NatCat protection gap in developing countries

Positioning in our strategy map



Description

- Expand our public & private sector business with our focus on filling the NatCat protection gap

Relevance



- Consistent with our values regarding ESG
- Introducing new business solutions
- Impacting positively our talent recruitment and staff retention

Target outcome

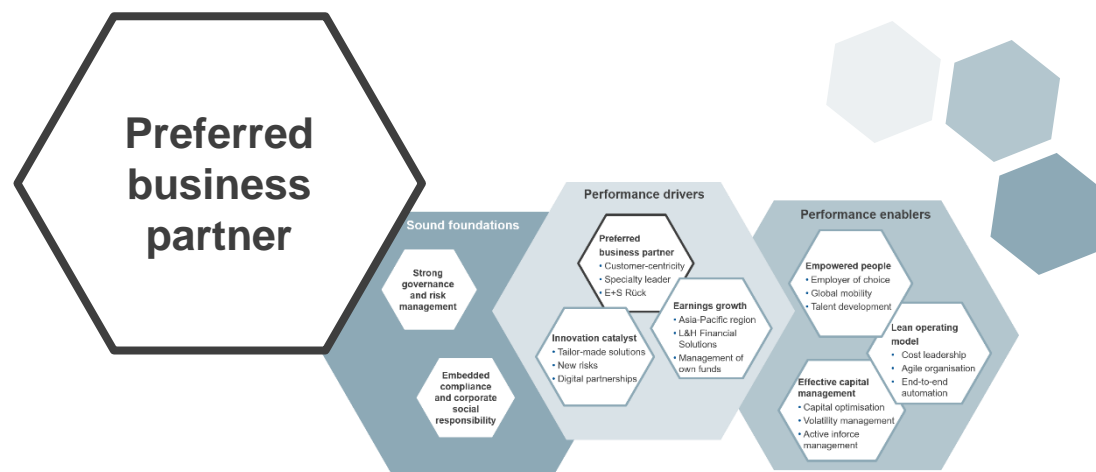


- Being preferred business partner in the public and private sector
- Promoting innovative solutions such as parametric business

Selected P&C strategy contributions

Further developing market positioning in specialty lines

Positioning in our strategy map



Description

- Explore additional specialty business opportunities

Relevance



- Focus on specialty product expansion
- Offering sought-after excellent underwriting know-how as a dedicated specialty reinsurer

Target outcome

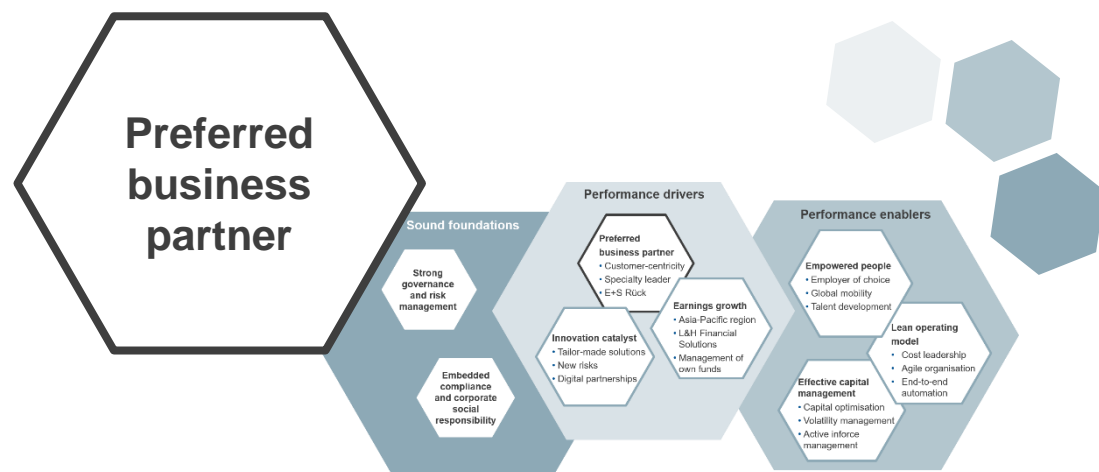


- Geographical expansion of specialty lines
- Specific focus on experts in APAC region
- Fostering existing client relationships adding specialty dimension

Selected P&C strategy contributions

Jointly exploit business opportunities in Latin America

Positioning in our strategy map



Description

- Many rising economies & insurance markets in Latin America
- Growing demand for property & agricultural risks

Relevance

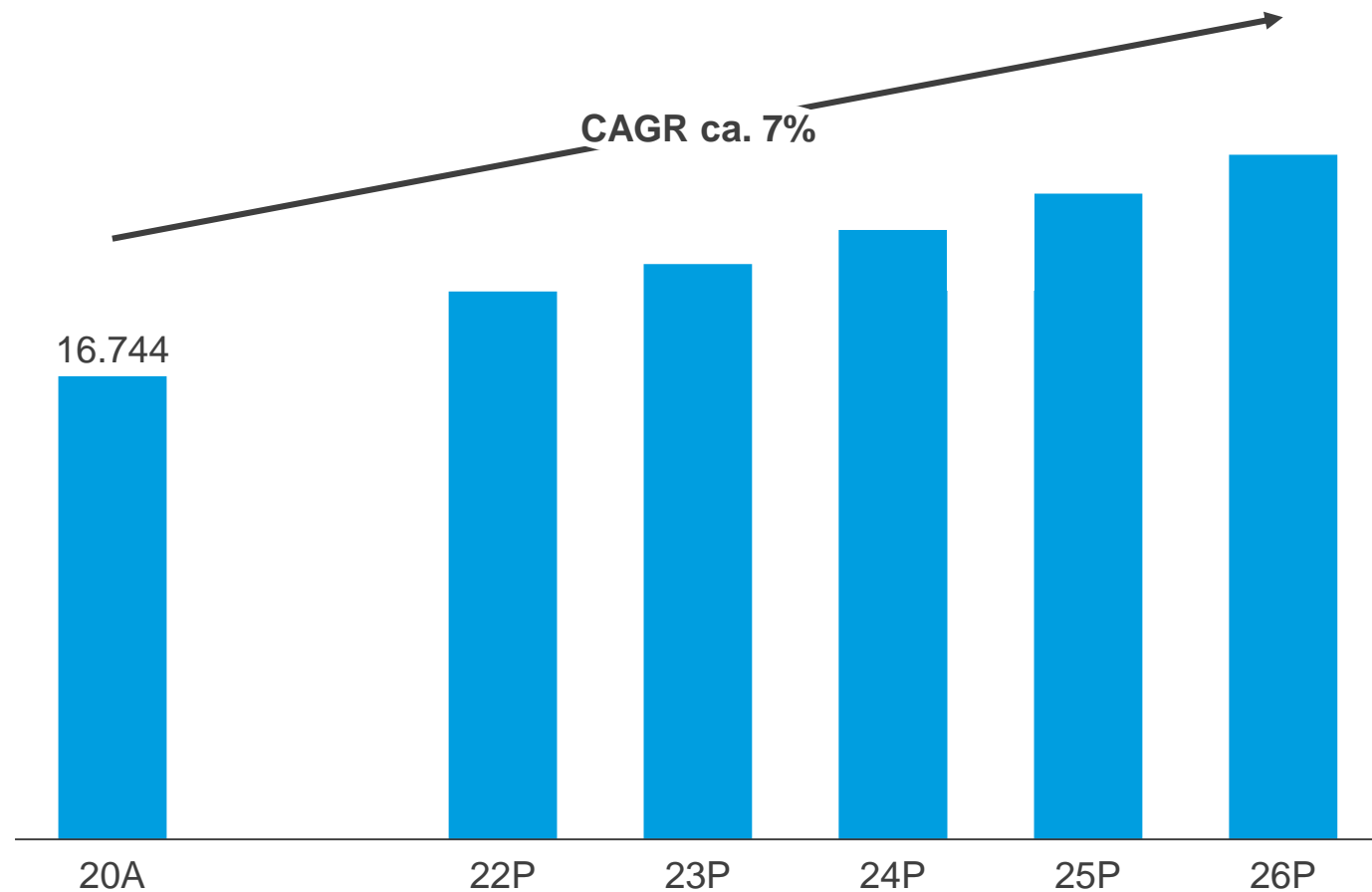
- Focus on innovative solutions like index products for crops, parametric NatCat protections & personal lines business
- Strong relevance for additional personal & commercial lines solutions

Target outcome

- Offering meaningful capacities for so far uncovered earthquake and hurricane risks, on a traditional & parametric basis
- Developing new products together with our clients

5-year outlook: continued profitable growth with good regional & product diversification

P&C GWP in m. EUR



Growth assumptions by region (CAGR)

Americas	mid to high single-digit
EMEA	mid single-digit
APAC	double-digit

Growth assumptions by line of business (CAGR)

Property, Casualty & Motor	mid single-digit
Specialty	mid to high single-digit

C/R target: ≤ 96%

3

Key takeaways

Key takeaways



Enhanced growth through selected P&C strategy contributions

We are well on track:

- Strengthening tailor-made reinsurance solutions
- Developing market positioning in specialty lines
- Tackling the growing NatCat protection gap in developing countries
- Exploiting additional biz opportunities in Latin America

Market environment

- Global economy back on track after Covid-19
- Stable reinsurance capital meets growing demand
- Market dynamics, unexpected events and technological advances amplifying the need for stability and security

Hannover Re's positioning

- Benefitting from flight to quality
- Good results outperforming market
- Clear strategic focus areas
- Strong bottom-line focus
- Focus on excellence for our clients as main driver: fast, flexible and reliable performance

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