

*somewhat  
different*

# Insights into P&C reinsurance

Spotlight on profitable growth

Sven Althoff, Member of the Executive Board  
24<sup>th</sup> International Investors' Day 2021  
Hannover, 14 October 2021

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# Agenda

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- 1 Market environment
  - 2 Hannover Re's positioning
  - 3 Key takeaways
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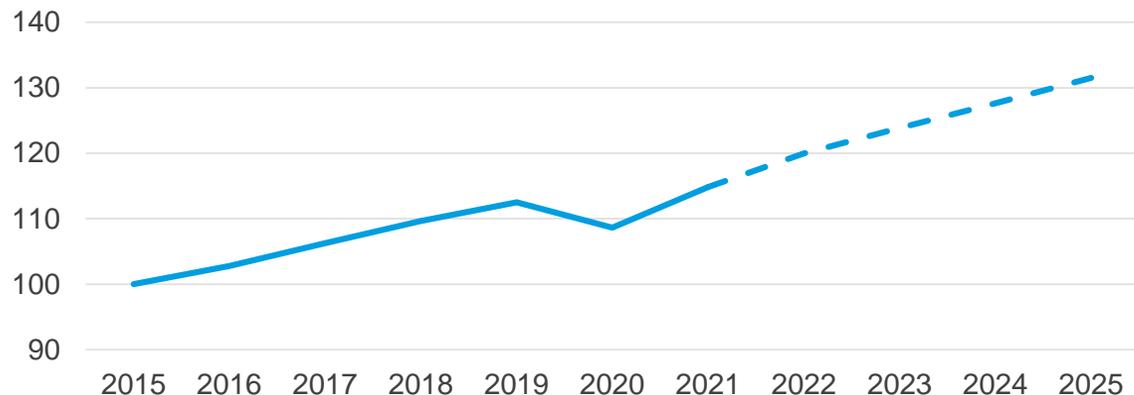
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Market environment

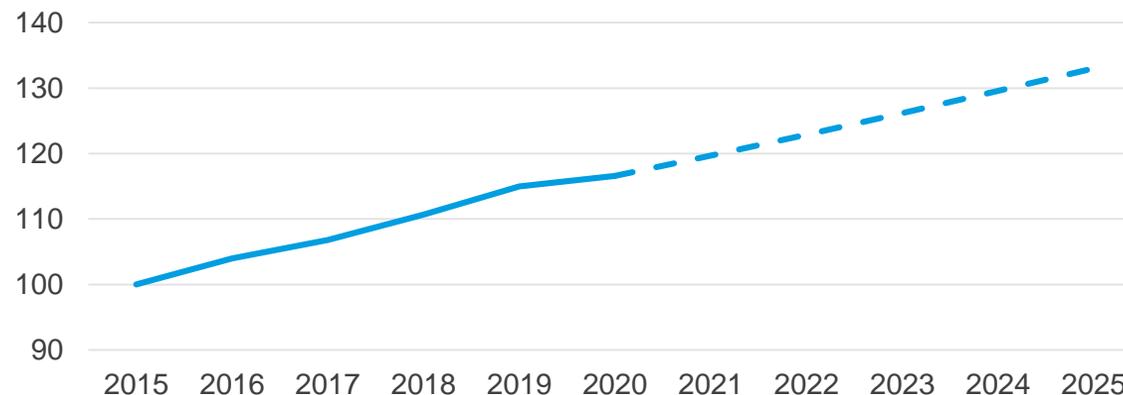
# Global economy back on track after Covid-19

## 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

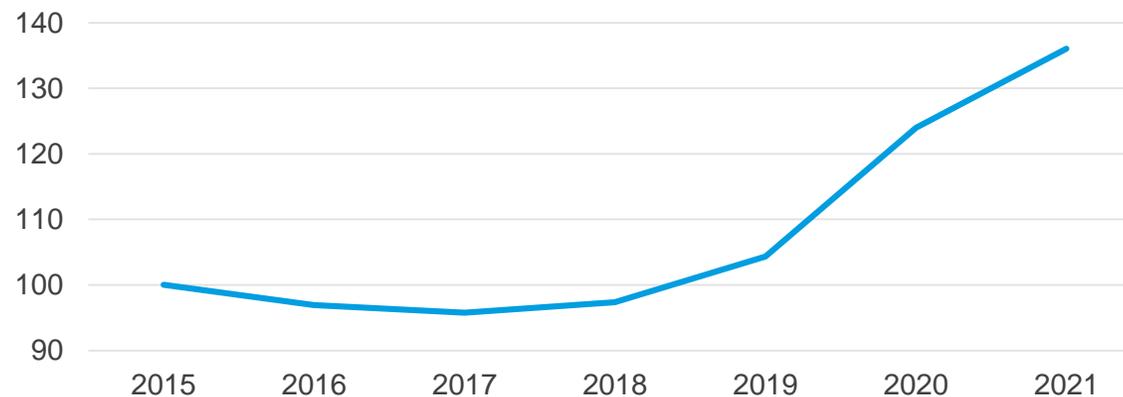
**2021**

Americas

**2021**

APAC

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



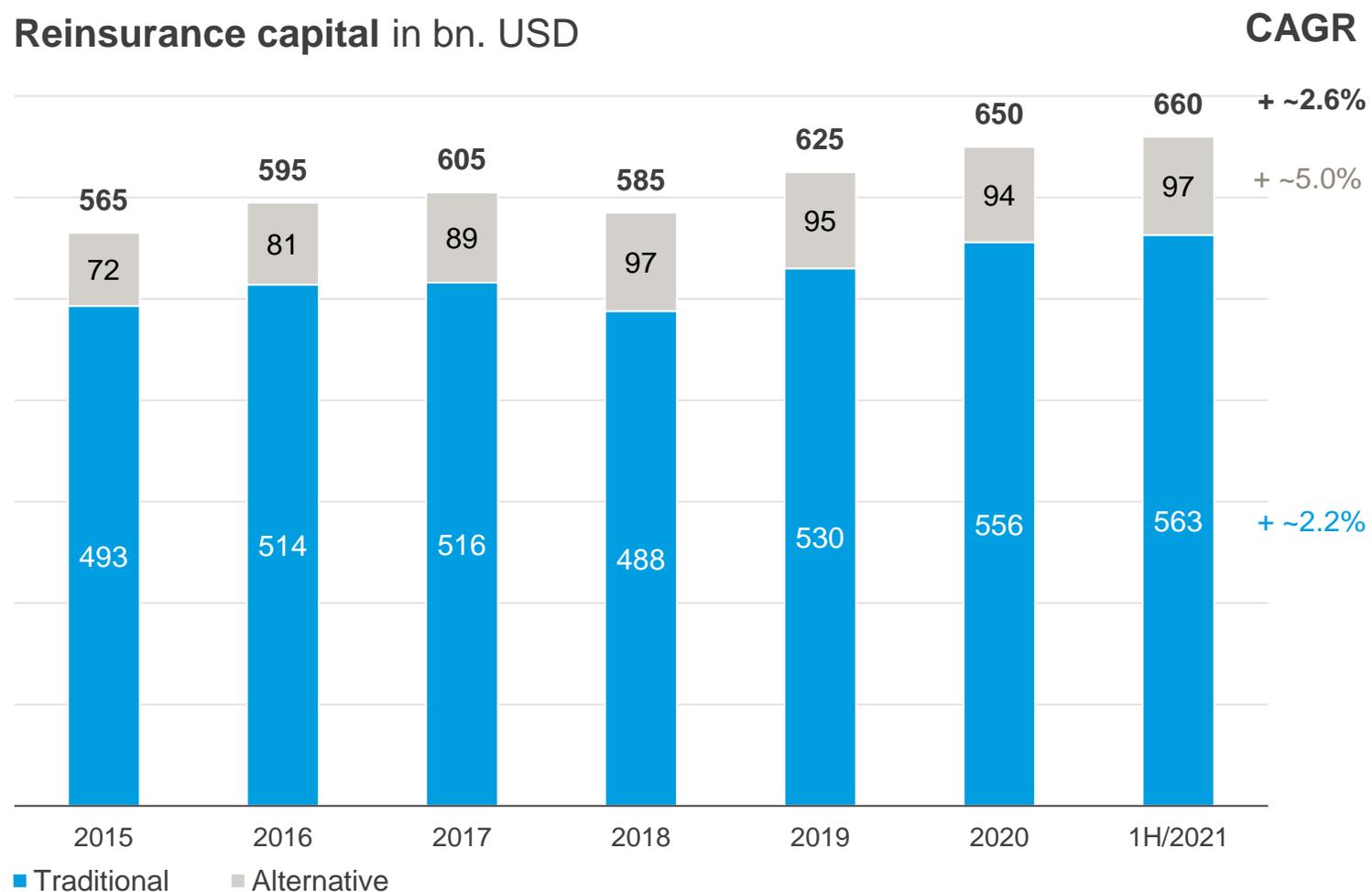
2021 - 2025 forecast. Non-life primary insurance.

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

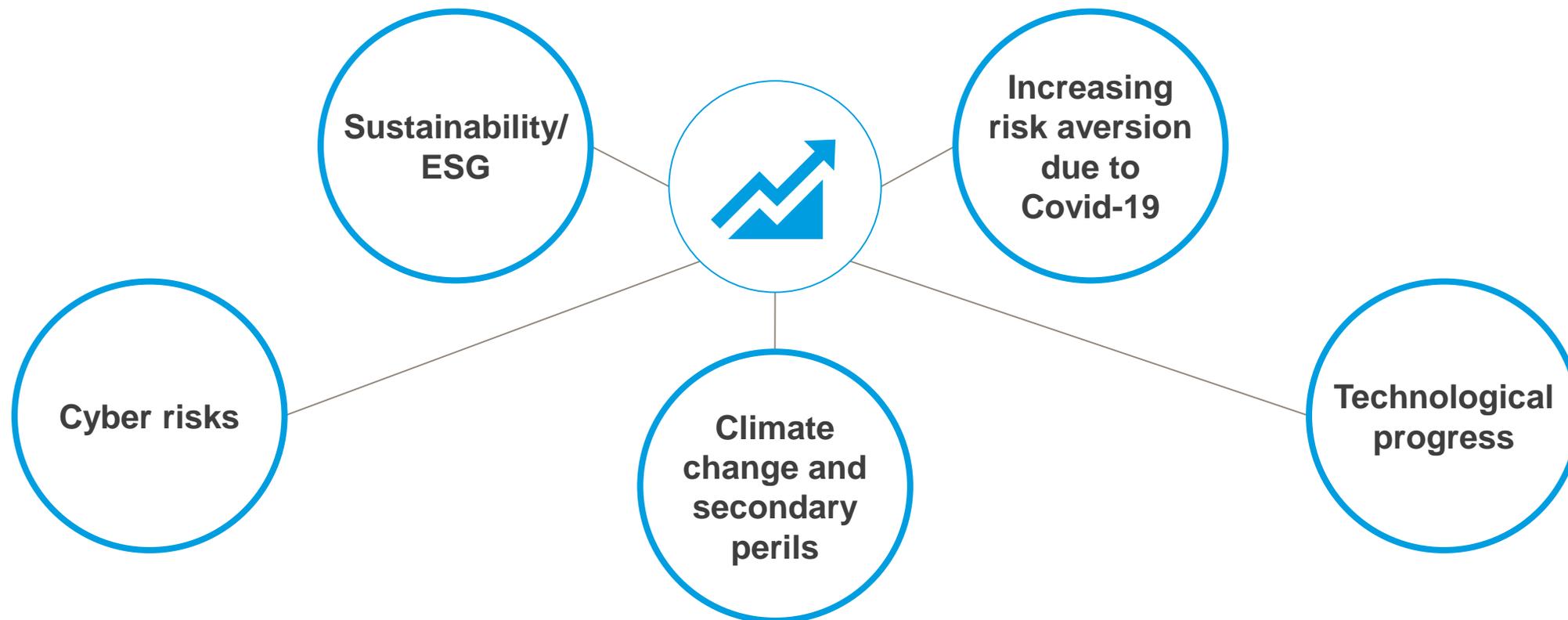


- Resilience of R/I capital despite Covid-19
- Moderate growth in traditional capital benefits traditional reinsurers in light of the ongoing flight to quality
- Alternative capital remains stable over past three years compared to substantial growth in traditional capital

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

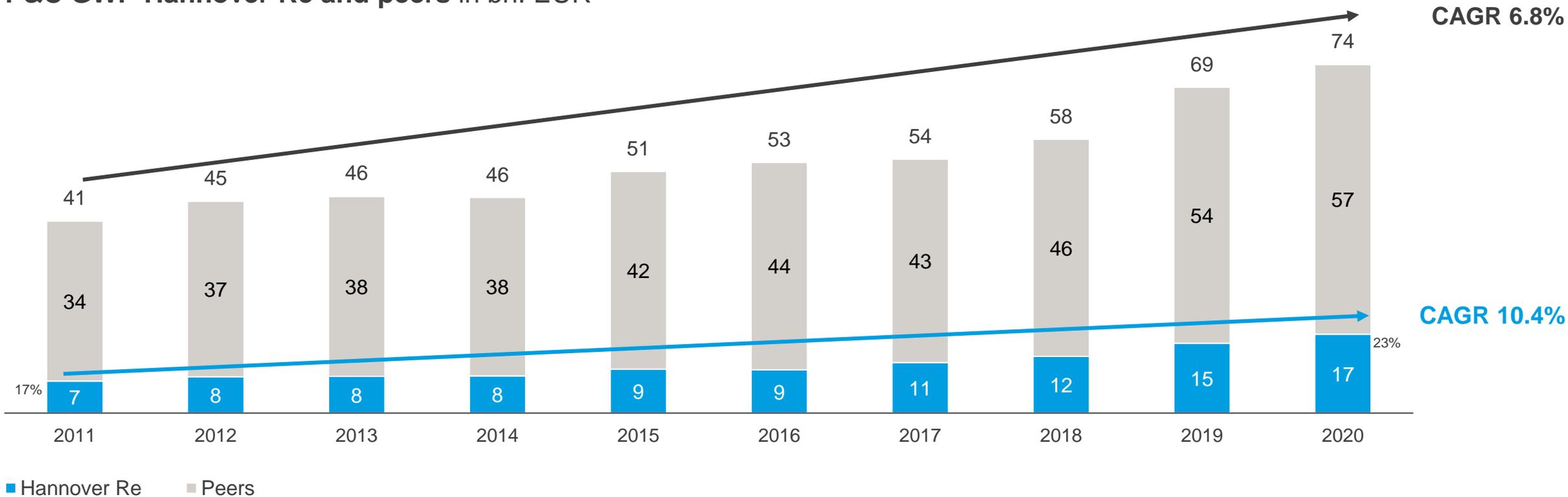
These developments amplify the need for stability and security



**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



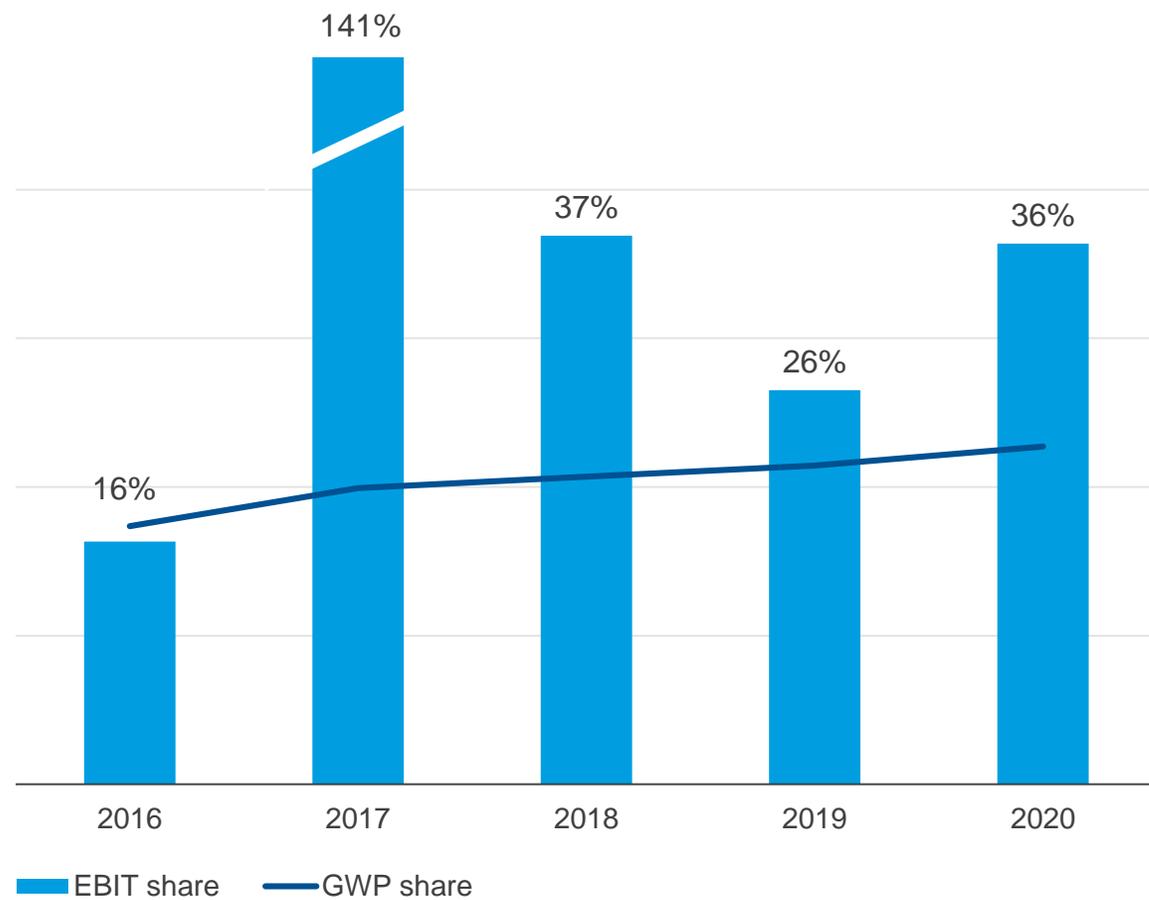
**Covid-19 highlighted the importance of reliable and high-quality reinsurance**

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



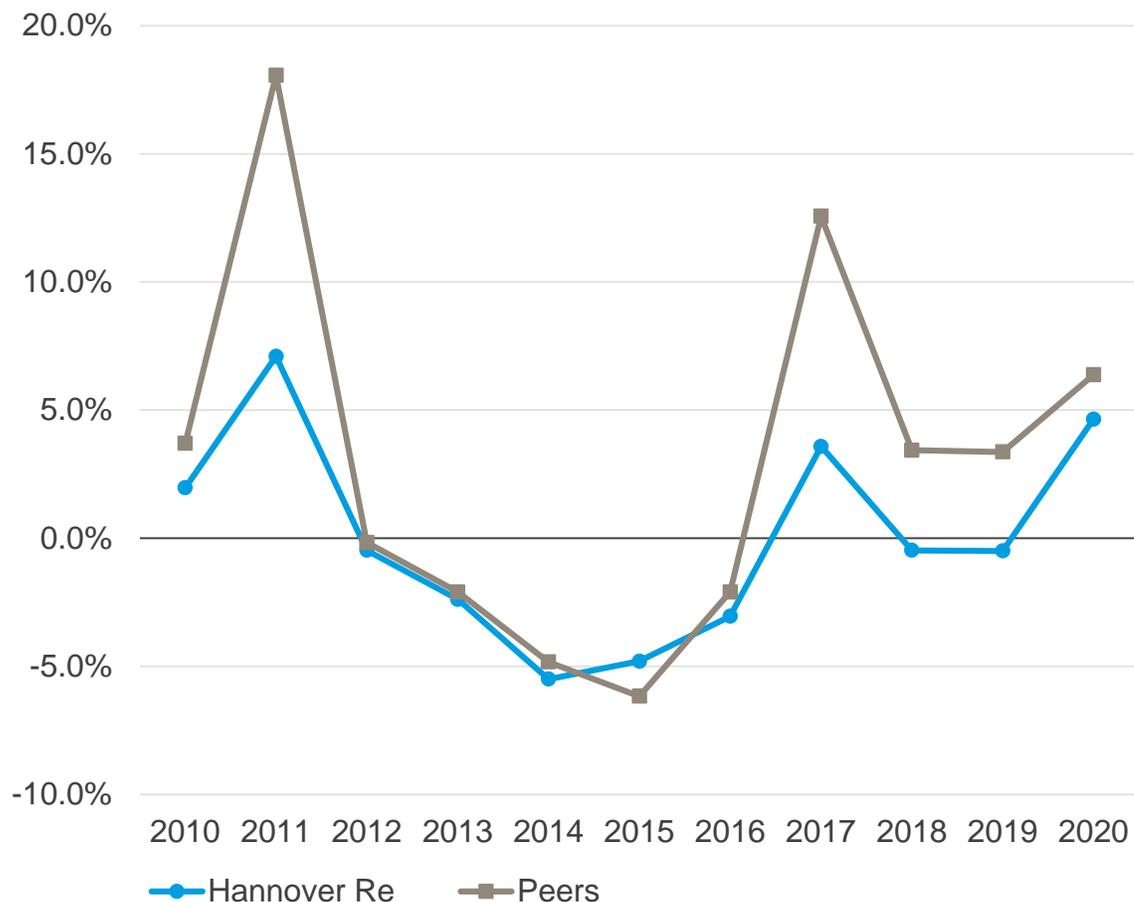
- Hannover Re is focused on earnings growth
- We have been able to efficiently use our premium volume to deliver solid results
- Portfolio steering with a clear focus on profitability
- On this basis we strive to continuously grow our top line profitably

**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

Volatility<sup>1)</sup>

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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

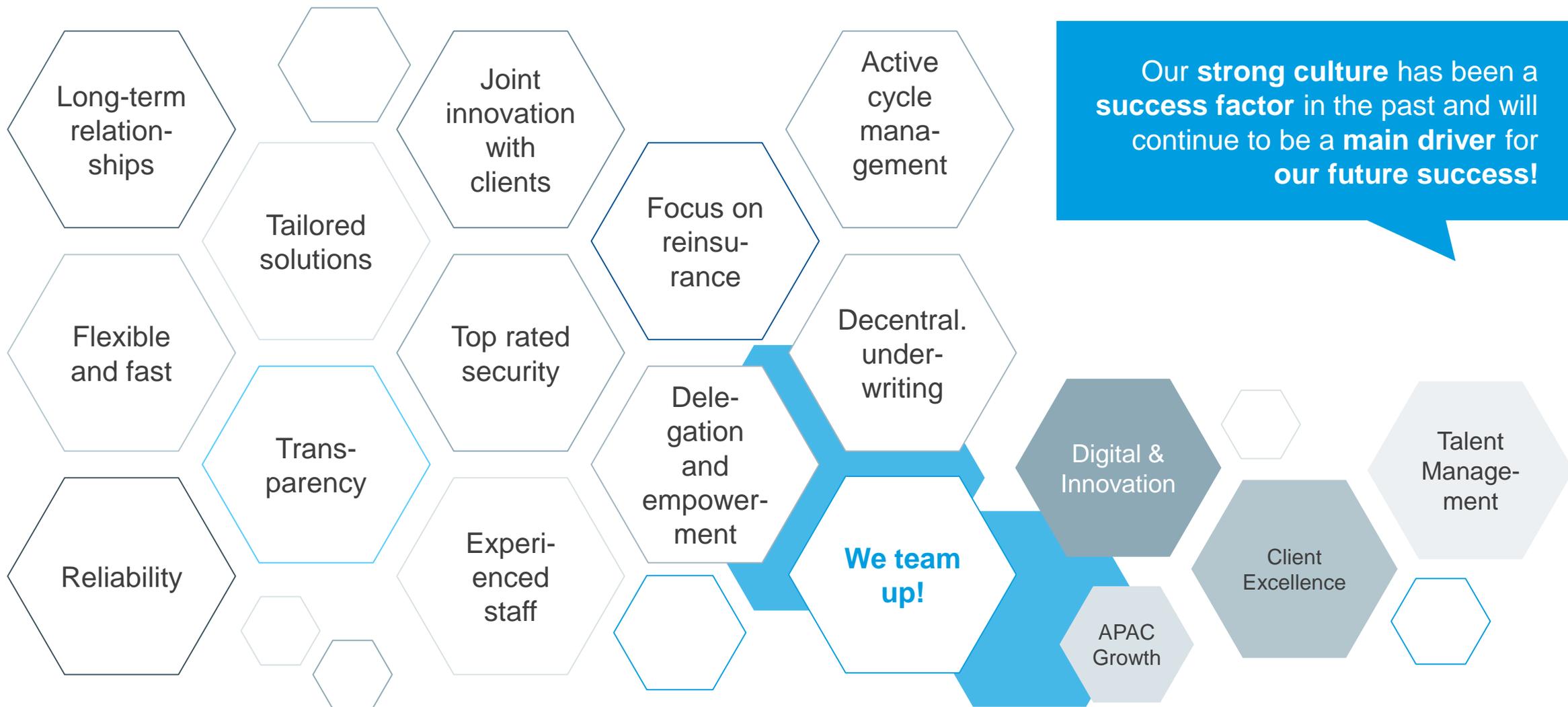
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Hannover Re's positioning

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# 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

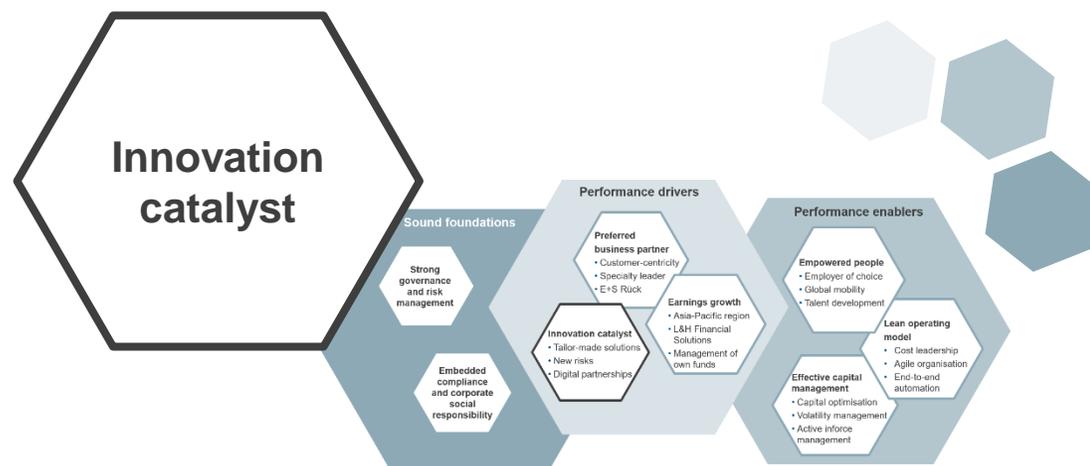
Continue building our position as innovation partner for our clients

- 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

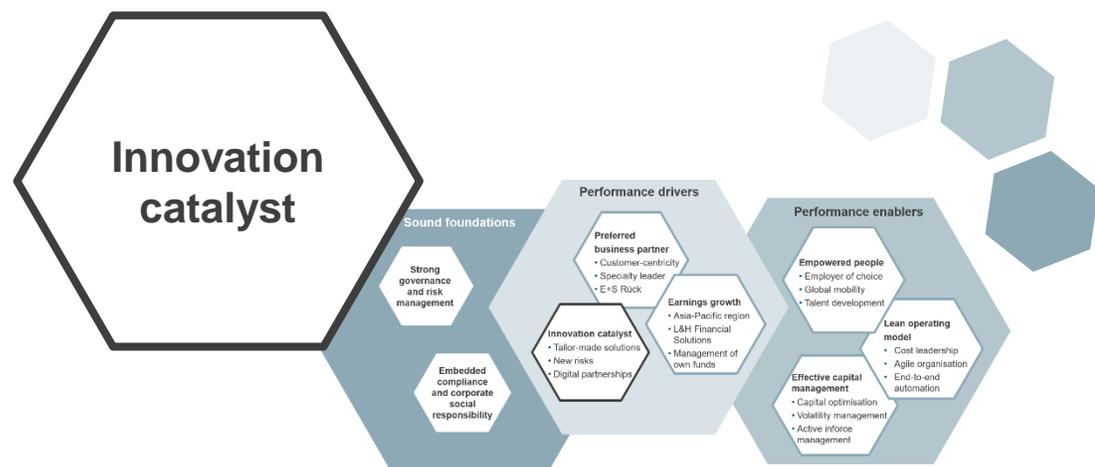


- Efficient knowledge transfer with clients creating new transactions
- Creating additional value through services focused on Telematics, NatCat and Cyber
- Working together through joint marketing activities

# 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

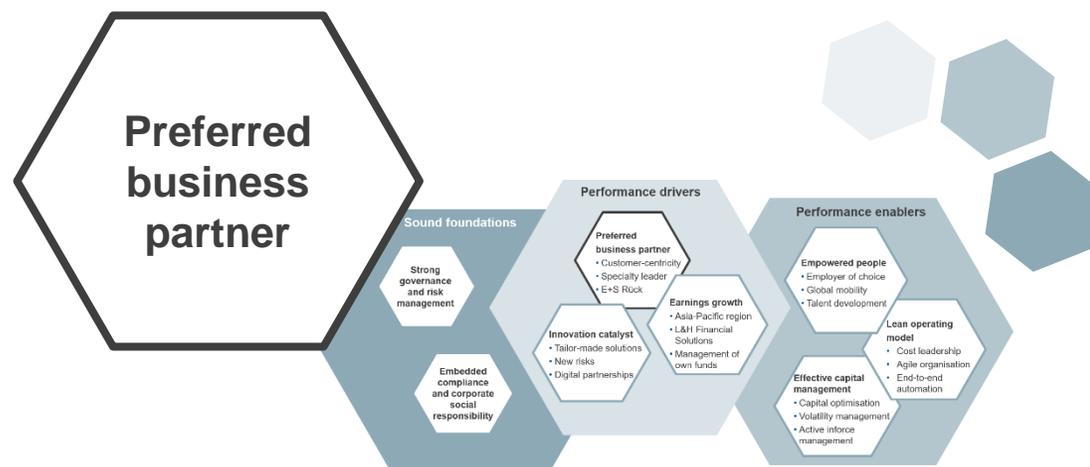


- Being preferred business partner in the public and private sector
- Promoting innovative solutions such as parametric business

# 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

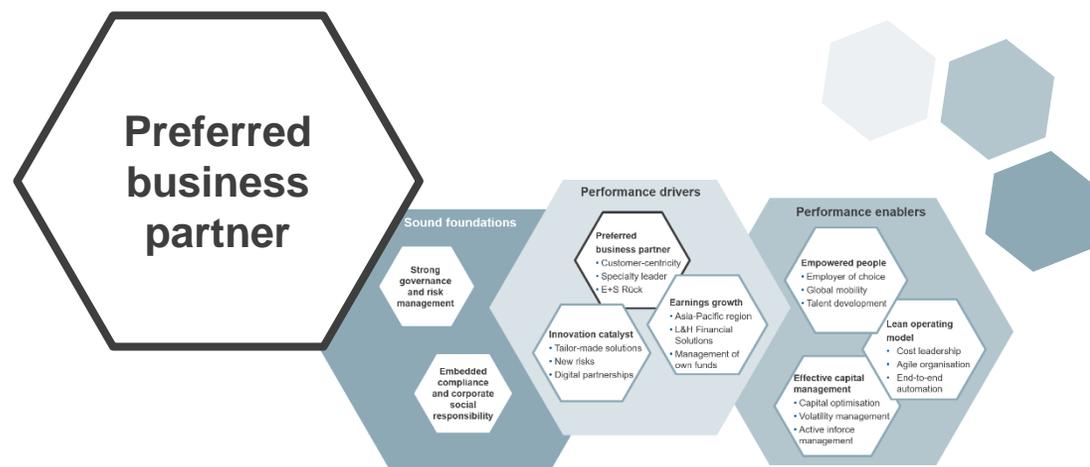


- Geographical expansion of specialty lines
- Specific focus on experts in APAC region
- Fostering existing client relationships adding specialty dimension

# 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

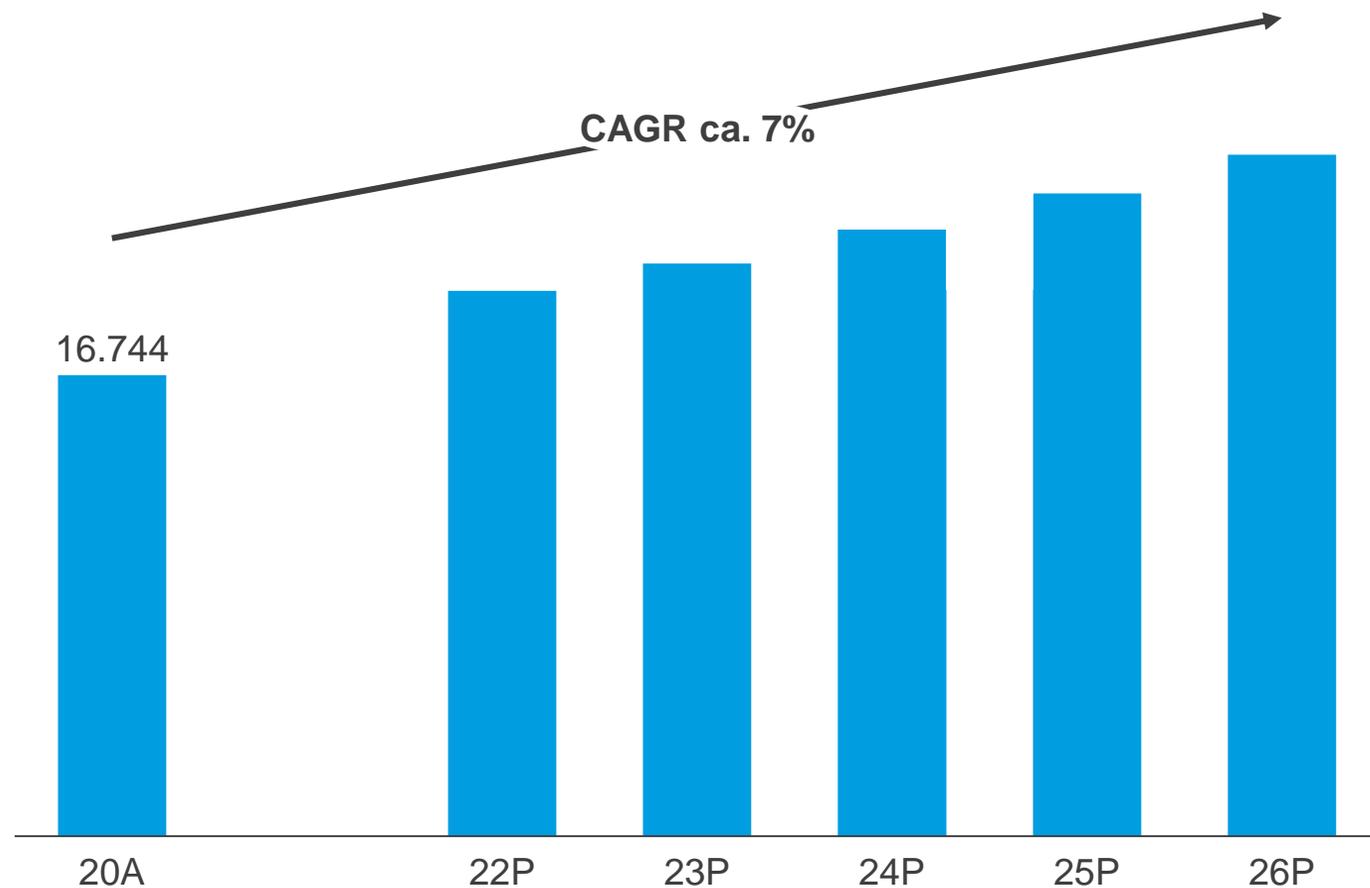
- Focus on innovative solutions like index products for crops, parametric NatCat protections & personal lines business
- Strong relevance for additional personal & commercial lines solutions

### 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%**

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Key takeaways

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# 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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