

Corporate news

Hannover Re partners with Stone Ridge in first cyber risks transfer to the capital markets through proportional reinsurance

- **Stone Ridge provides USD 100 million in capital for proportional coverage of cyber risks for Hannover Re**
- **This is another innovative step in Hannover Re's risk protection strategy**
- **Hannover Re and Stone Ridge collaborated closely in structuring the innovative trade**
- **Expanded transfer of cyber risks to the capital markets envisaged**

Hannover, 19 January 2023: Hannover Re has developed an additional retrocession tool that for the first time enables the capital markets to participate directly in coverage of its cyber risks through a quota share cession. Longstanding partner Stone Ridge is supporting the transfer with capital of USD 100 million.

"For the first time, we were able to transfer cyber risks to the capital markets, and on a substantial scale, through a proportional reinsurance solution. This underscores our lead role as a bridge builder between the capital markets and the insurance industry," said Silke Sehm, whose scope of responsibility as a member of Hannover Re's Executive Board includes retrocession and insurance-linked securities (ILS). "We want to build on this initial success and further expand our cooperation with capital markets investors, extending also beyond our own retrocessions."

In designing this transaction, Hannover Re was for the first time able to reconcile the complexity of a proportional cyber risk cession with the needs of a capital markets investor. The transaction covers cyber risks in Hannover Re's worldwide portfolio and has a long-term orientation. It is another innovative step in Hannover Re's own protection strategy outside the company's traditional retrocession programme for catastrophe risks. Among other things, Hannover Re has brought an extreme mortality cover for the Life & Health reinsurance business group to the capital markets in regular tranches since as long ago as 2013.

Since placing the world's first cover in ILS business in 1994, Hannover Re has stood for innovative solutions in this sector. It leverages the entire ILS spectrum to transfer risks for its clients and cover its own risks through the capital markets. With a transferred volume of around EUR 8 billion in 2022, Hannover Re ranks among the largest providers in the ILS market.

Contact

Media Relations:

Oliver Suess
tel. +49 511 5604-1502
oliver.suess@hannover-re.com

Jessica Locker
tel. +49 511 5604-1599
jessica.locker@hannover-re.com

Investor Relations:

Karl Steinle
tel. +49 511 5604-1500
karl.steinle@hannover-re.com

Axel Bock
tel. +49 511 5604-1736
axel.bock@hannover-re.com

www.hannover-re.com

"Stone Ridge investors value our approach to sharing the proportional business of select, leading reinsurers, as we now add cyber risk to our more than USD 60 billion notional limit deployed since our inception in 2012," Ross Stevens, Chief Executive Officer of Stone Ridge, said. "Cyber reinsurance represents a natural addition, and diversifying complement, to our other alternative investment franchises, as investors increasingly turn to Stone Ridge for investment outcomes superior to stocks and bonds. The market for cyber risk transfer is attractive given our expectation of high average returns and low correlation. With this transaction, we are thrilled to expand our treasured partnership with Hannover Re, extending our trading relationship beyond catastrophe and life risks, and we are just getting started. We intend to meaningfully grow our cyber exposure throughout 2023 and beyond."

"We are proud to have achieved this milestone together with Stone Ridge and see further considerable potential for the transfer of cyber risks to the capital markets using the entire ILS toolkit," said Henning Ludolphs, Managing Director for Retrocession and Capital Markets at Hannover Re. "Given the strong demand, our clients rightly expect us to make adequate cyber capacity available to them."

Hannover Re, with gross premium of more than EUR 27 billion, is the third-largest reinsurer in the world. It transacts all lines of property & casualty and life & health reinsurance and is present on all continents with more than 3,000 staff. Established in 1966, the Hannover Re Group today has a network of more than 170 subsidiaries, branches and representative offices worldwide. The Group's German business is written by the subsidiary E+S Rück. The rating agencies most relevant to the insurance industry have awarded both Hannover Re and E+S Rück outstanding financial strength ratings: Standard & Poor's AA- "Very Strong" and A.M. Best A+ "Superior".

Please note the disclaimer:

<https://www.hannover-re.com/535917>