
La riassicurazione come pilastro fondamentale di protezione dagli eventi catastrofali. Status quo e scenari futuri

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30° Convegno RIB – ASSIGECO

17 October 2024



01 La riassicurazione 3

02 Due parole su di noi 7

03 Il disastro assicurativo in Italia nel 2023 14

04 Il mondo ILS vs la riassicurazione "normale" 25

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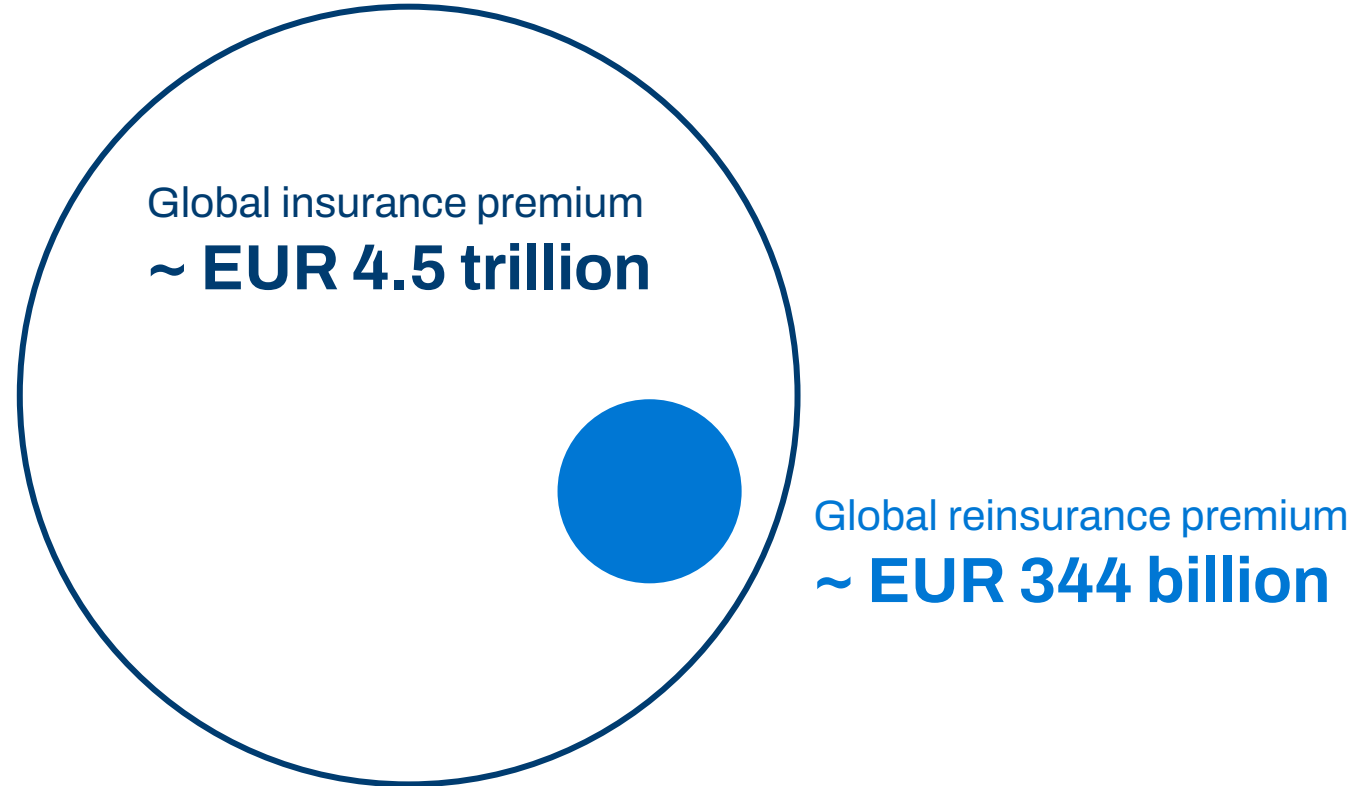
La Riassicurazione

... un po' di background

Reinsurance has the character of a specialty market

With a share of 8% of the overall insurance market

Market size primary insurance vs. reinsurance



2022 or latest. Global reinsurance premium: gross written premium of the Top 50 Global Reinsurance Groups according to A.M. Best "Segment Report" (August 2023)
Source: © A.M. Best Europe – Information Services Ltd. – used by permission, own research

Reinsurance is and will be an attractive product

Drivers for reinsurance demand

Trends, conditions & expectations



Global trends

- Protection gap
- Demographic change
- Climate change



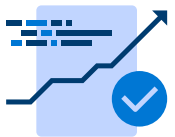
New products/markets

- Emerging markets
- Cyber
- Emerging risks



Capital requirement

- Regulatory changes
- Capital models
- Local GAAP, IFRS



Volatile earnings

- Expectation of regulators, shareholders and rating agencies



Impact on primary insurance ...

Increasing demand for insurance of non-diversifying risk

New risks lead to higher volatility and need for additional know-how

High cost of capital/need for capital management

... drives demand for reinsurance!

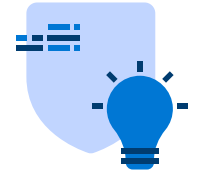
Value Proposition of reinsurance

- Strong capital base
- Diversification



Expertise/support in ...
...risk management

- Product development and pricing
- Distributing products in new markets



- Reducing cost of capital
- Managing earnings volatility



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About us

Purpose & values

The “why” and the “how” articulate our distinctive corporate culture

Our self-conception



Core values

Which guiding principles are important for us?



Purpose

Why do we do what we do?



Strategy

What do we want to achieve?



**Beyond risk sharing –
we team up to
create
opportunities**



Our values

Drive

We are ambitious -
for our clients' success

We are open-minded
and give things a try



We-Spirit

We all contribute
to common success

We value every individual
and embrace diversity

We foster a culture of respect

Responsibility

We are empowered
to master challenges

We take ownership

We have integrity

Group Strategy 2024 – 2026

Staying Focused. Thinking Ahead.



Focus

Staying focused on our “somewhat different” approach

- Act as a pure-play reinsurer
- Be the preferred business partner
- Build on our lean and capital-efficient operating model



Grow

Securing profitable growth and outperformance

- Enable our clients to grow and succeed
- Enhance cycle management and portfolio steering
- Innovate and strengthen leadership in tailored solutions, longevity and ILS



Accelerate

Thinking ahead to enable global industry leadership

- Expand data and analytics capabilities
- Drive operational efficiency and automation
- Invest in leadership and people development

Our ambition

Industry-leading performance

Profitability:	RoE
Earnings growth:	EBIT growth

Delivery on

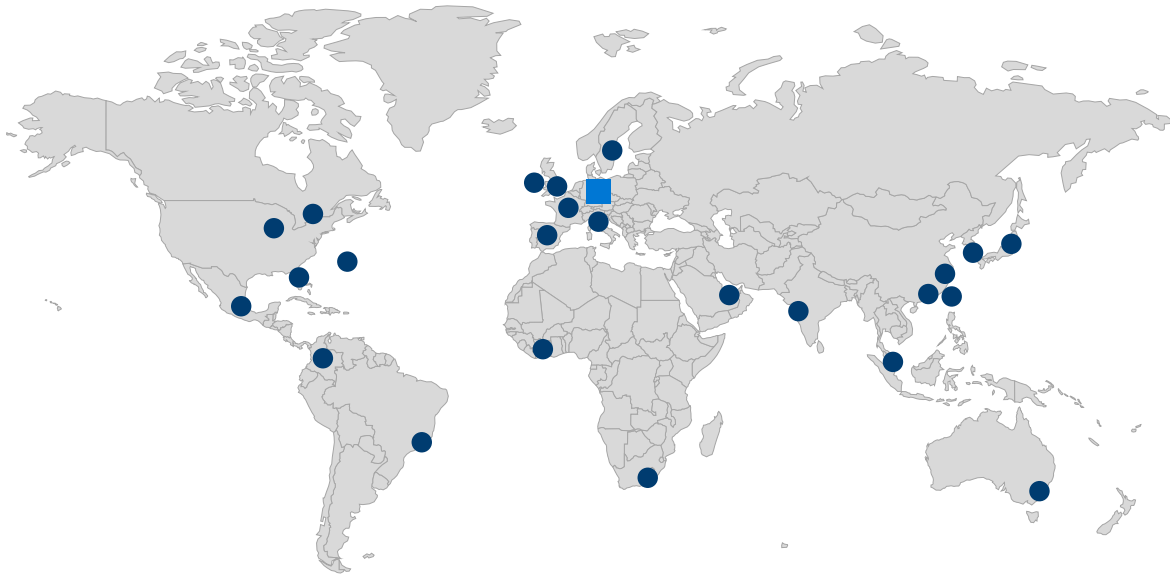
Economic value creation:	CSM growth, xRoCA
Attractive dividends:	Ordinary dividend growth
Cost leadership:	Cost/Reinsurance rev (gross)
Capital strength:	Solvency II ratio
Credit ratings:	S&P, A.M. Best
Employee engagement:	Engagement index
Environmental stewardship:	CDP score

Strong foundations

Sustainability and embedded governance

One of the world's leading reinsurers

Key facts about Hannover Re



Founded by HDI (P&C reinsurance only)

in 1966

>3,500

Total staff of employees

Initial Public Offering of Hannover Re

in 1994

Worldwide presence with subsidiaries and branches

on all continents

Majority shareholder,

50.2% held by Talanx AG

Transacting all lines

of property & casualty and life & health reinsurance

We are among the top reinsurers in the world

Transition to IFRS 17: Insurance revenue vs. GWP down by an aggregate of 31.3%¹⁾

Top Reinsurance Groups 2023 (USD millions)²⁾

Non-IFRS 17 Rank	IFRS 17 Rank	Group	Country	Reinsurance Premiums (GWP)	Reinsurance Revenue (gross)
1		Swiss Re	CH	40,503	
	1	Munich Re ³⁾	DE		32,921
2		Berkshire Hathaway Inc.	US	27,453	
	2	Hannover Re	DE		26,995
3		Lloyd's ⁴⁾	UK	22,075	
	3	SCOR	FR		17,575
4		RGA	US	14,281	
5		Renaissance Re ⁵⁾	BM	12,340	
6		Everest Re	BM	11,460	
7		Arch Capital	BM	9,113	
8		PartnerRe	BM	9,102	
	4	China Re	CN		5,986
9		MS&AD Insurance Group ⁶⁾	JP	5,777	
10		General Insurance Corp of India ⁶⁾	IN	4,544	
11		MAPFRE RE	ES	4,295	

All figures in m. EUR; for further information please see AM Best "Market Segment Report" August 2024 (© AM Best Europe - Information Services Ltd. - used by permission)

1) To illustrate the contrast, AM Best used audited financial statements in 2022 and compared them to the restated 2022 figures under IFRS 17 for fourteen global IFRS reporting (re)insurers

2) All non-USD currencies converted to USD using foreign exchange rate at year-end 2023.

3) Results in prior years included global specialty insurance; the revenue associated with this line was removed from the reinsurance revenues for year-end 2023

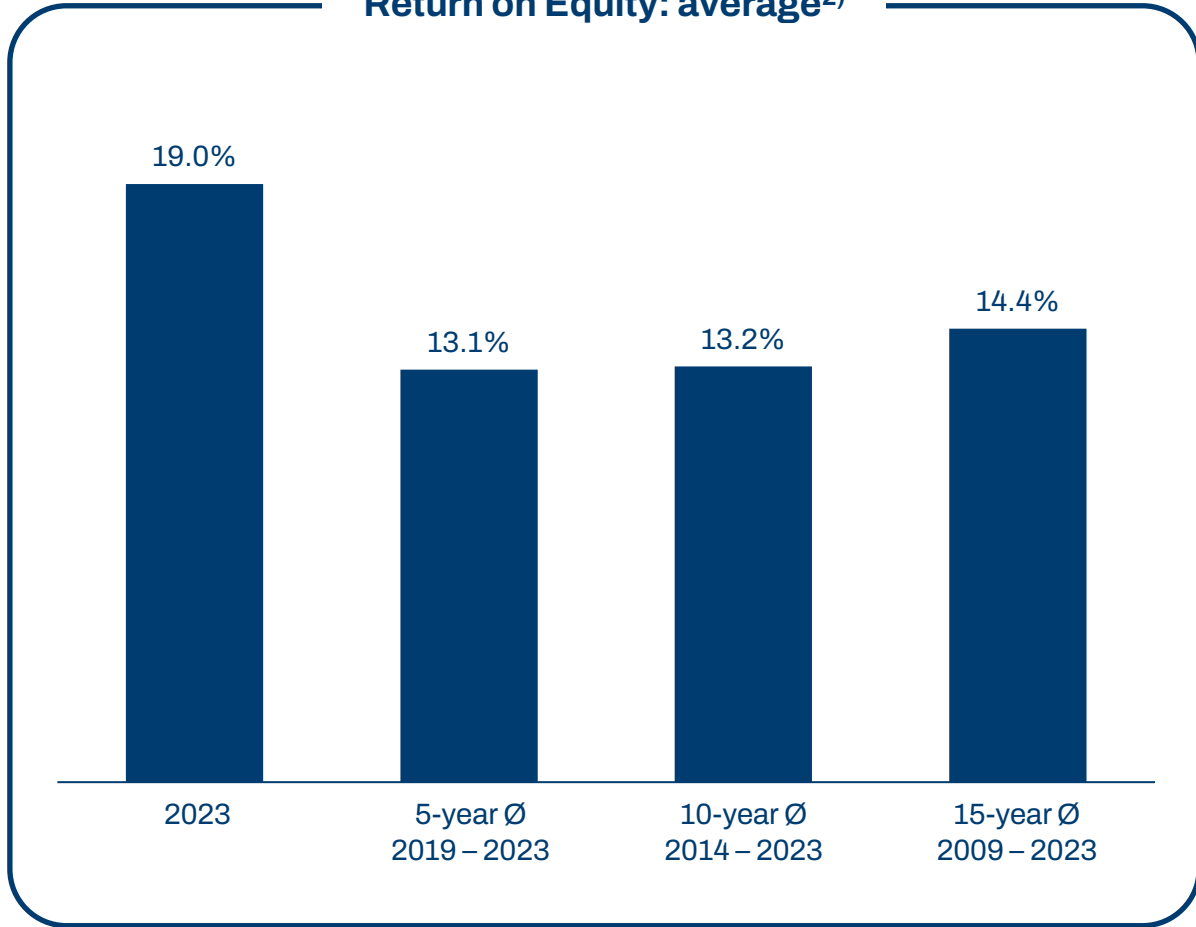
4) Reflects total reinsurance premium written by all syndicates in the Lloyd's market. The above list includes insurance groups that write reinsurance business in the Lloyd's market. As such, reinsurance premium is included in both the insurance group's premium figure and the Lloyd's market's premium figure

5) Acquisition of Validus Re completed in October 2023. 2023 premiums for Validus were included on a pro-forma basis

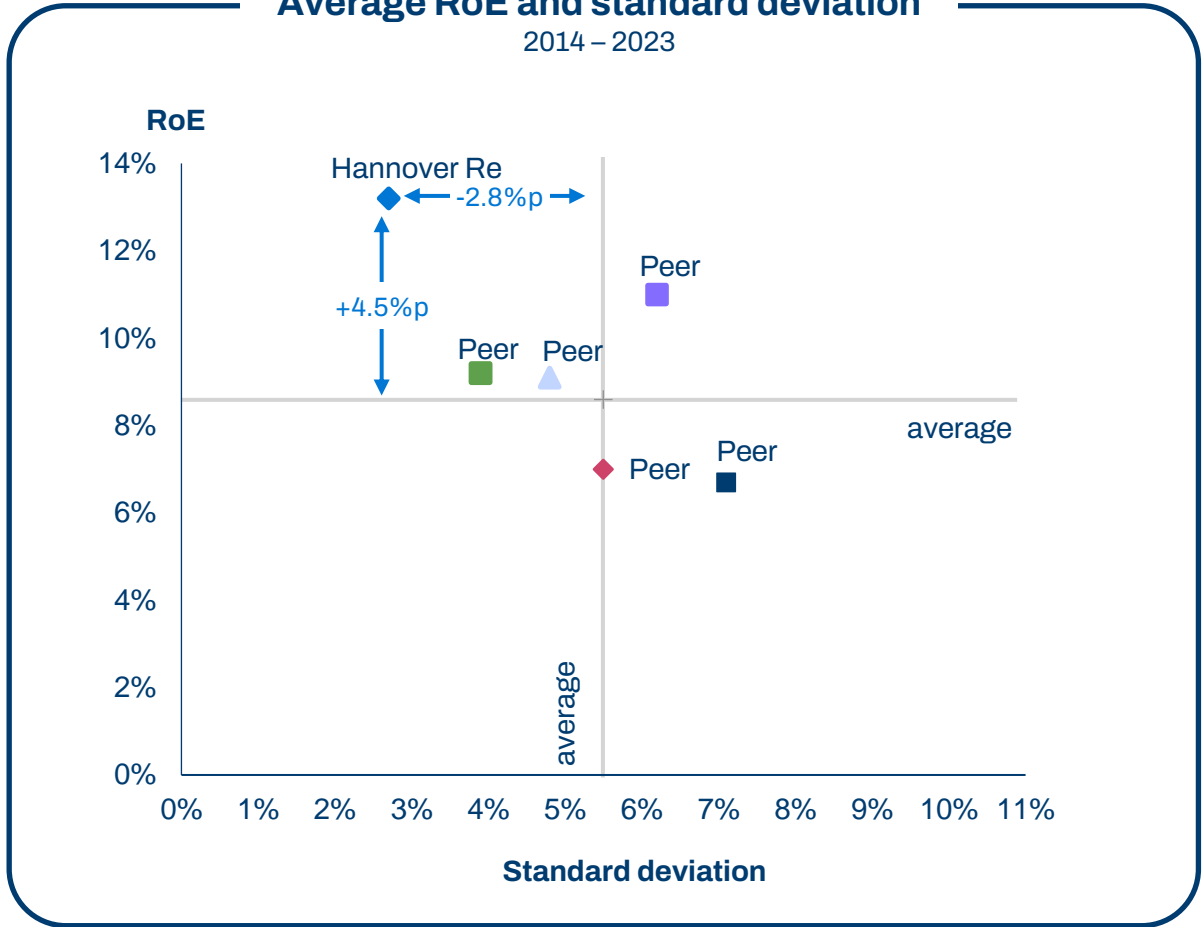
6) Fiscal year ended March 31, 2024

Long-term track record of high and stable return on equity

Return on Equity: average²⁾



Average RoE and standard deviation 2014 – 2023



RoE based on reported company data, own calculation. Peers: Everest Re, Munich Re, RGA, SCOR, Swiss Re
 1) After tax; target: 1,000 bps above 5-year rolling average of 10-year German government bond rate ("risk free")
 2) 2009 – 2022 IFRS4

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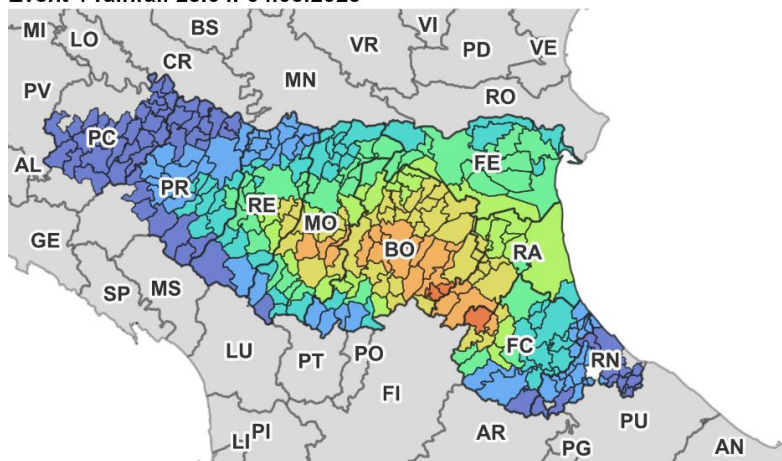
Il disastro assicurativo in Italia nel 2023

Il ruolo della riassicurazione era fondamentale

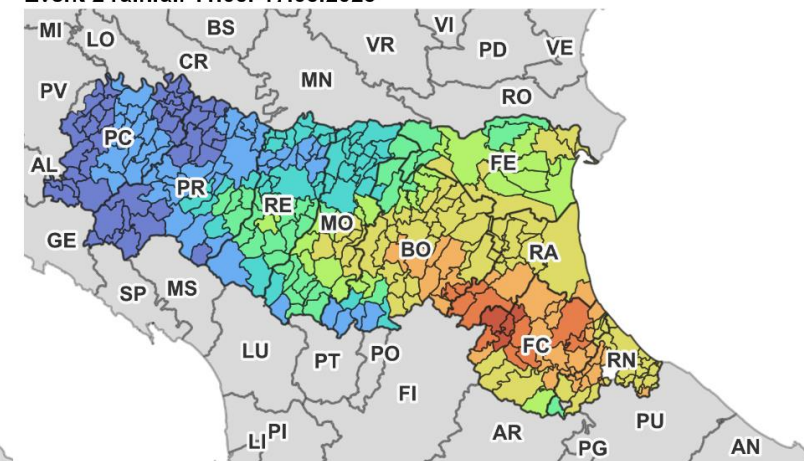
Alluvione di Maggio

- Diversi comuni della regione Emilia-Romagna hanno registrato **fino al 60%** delle precipitazioni annuali.
- Gli **estremi pluviometrici** hanno innescato esondazioni fluviali e allagamenti locali da eccesso di pioggia
- Le condizioni di **siccità estrema** prima delle precipitazioni hanno favorito le situazioni di inondazione a causa della limitata capacità di infiltrazione dei suoli.
- L'evento ha avuto una **notevole risonanza mediatica**
- Ai fini assicurativi, il sinistro non è risultato disastroso, con un **sinistro finale intorno ai 500 Mio EUR**

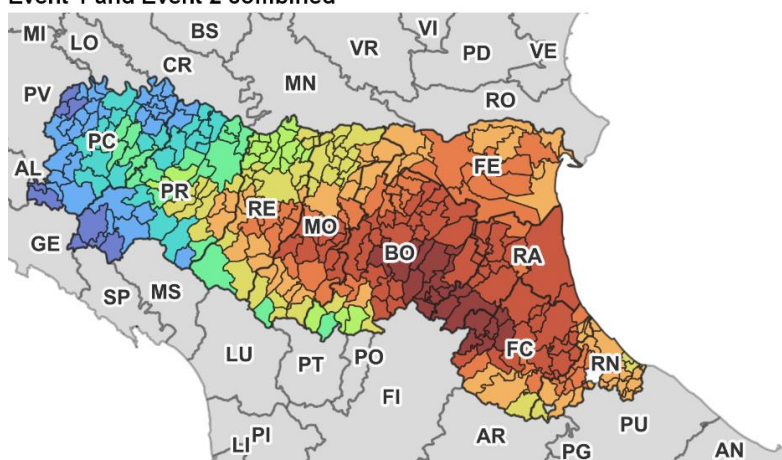
Event 1 rainfall 28.04.-04.05.2023



Event 2 rainfall 11.05.-17.05.2023



Event 1 and Event 2 combined



Precipitation
(% of yearly average)



Source: Hannover Re GRM MOD evaluation based on data from arpae (agenzia prevenzione ambiente energia emilia-romagna), EU-Hydro, copernicus.eu

Le grandinate di Luglio 2023

- **3 eventi importanti:**
 - 11/07-14/07
 - 18/07-21/07
 - 22/07-25/07
- Maggior parte dei danni nella serata del 24 luglio 2023, causati da tre **supercelle** sul nord-est con chicchi di grandi dimensioni
- La dimensione dei chicchi ha superato due volte il **record europeo**: 16 cm (19 luglio, Carmignano d.B., prov PD-Veneto), 19 cm (24 luglio, Azzano Decimo, prov PN-FVG)
- Per questi eventi, non c'è stata **particolare risonanza mediatica** (sui social postati video e foto impressionanti!)
- Tuttavia, ai fini assicurativi, il sinistro è risultato **disastroso**

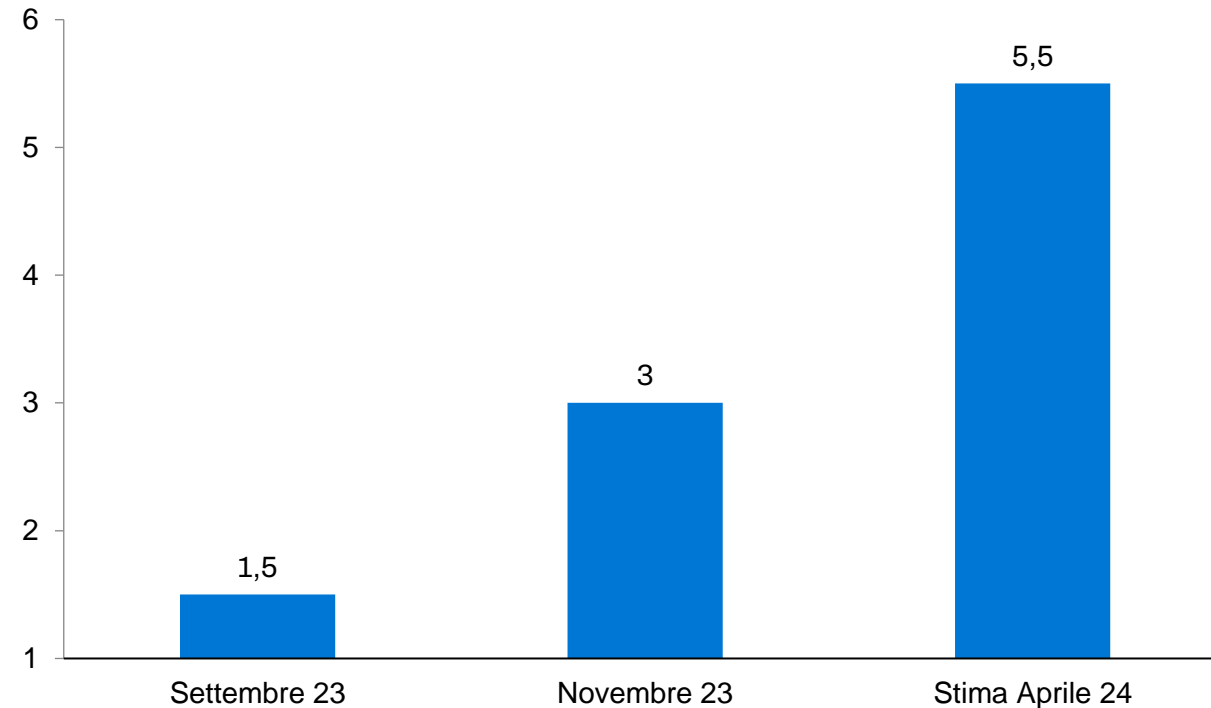


Quali aspetti particolari abbiamo osservato?

Sviluppo tardivo e sorprendente

- La stima iniziale del sinistro di mercato era tra **1 e 2 Mrd EUR** per la settimana del 18-25 Luglio
- In base all'esperienza del passato e in particolare alle **riserve medie standard**
- Anche durante il rinnovo non si aveva ancora un'idea chiara del sinistro finale a causa del **ritardo delle perizie**
- La **grande sorpresa** è arrivata dopo il rinnovo, alla chiusura del 2023:
 - I sinistri medi risultavano molto più alti della media del passato
 - Solo dopo un anno non vediamo più degli aumenti

Sviluppo della stima del sinistro di mercato (settimana 18-25 Luglio/in Mrd EUR)



2023: I bilanci delle compagnie sembrano tutti ok... ma la riassicurazione era fondamentale!

2023 (M EUR)	Utile Danni	P&L Danni	Riass INC+CVT	As If Riass "0"	as-if % del PN
Mercato	2512	2487	3340	-853	
Assimoco	-8	-10	104	-114	-34%
Groupama	-11	-10	71	-81	-18%
HDI	34	23	44	-21	-5%
Italiana	-26	-16	140	-157	-54%
Reale	-14	-78	286	-364	-19%
Sara	53	43	36	7	1%
Unipolsai	432	428	421	7	0%
Vittoria	64	93	143	-50	-8%

Saldo Riassd der Rami colpiti INC+CVT

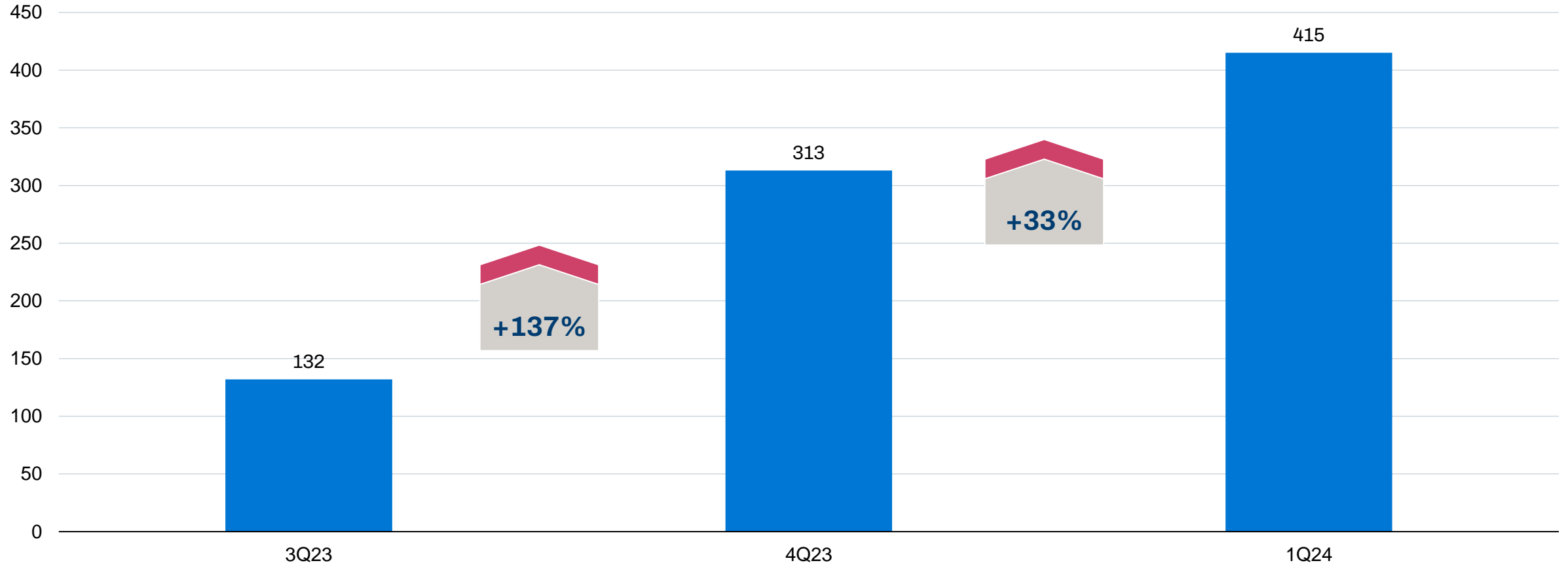
As-if con saldo Riass = 0

PN Patrimonio Netto

Impatto per la Riass

Sviluppo tardivo anche nel bilancio di Hannover Re

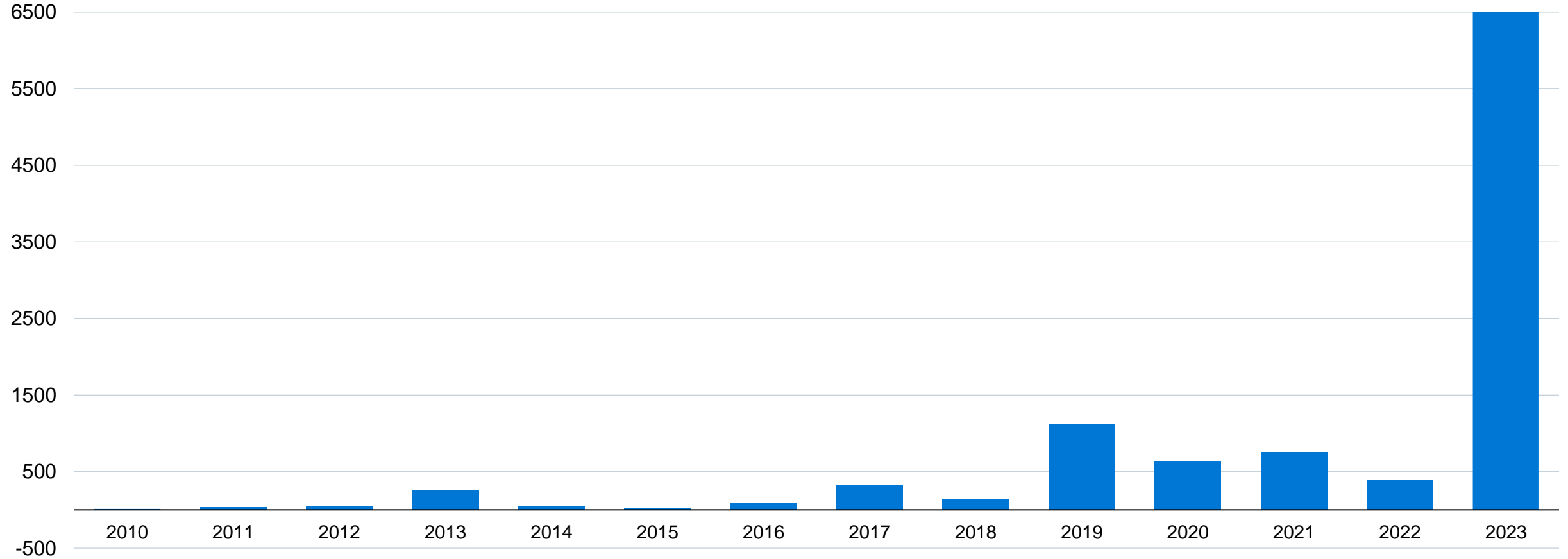
Major Loss Hail/Storm Italy 18.-27.7.23 (in Mio EUR)



1) Dati di Bilancio Hannover Re

Trend degli eventi atmosferici In Italia

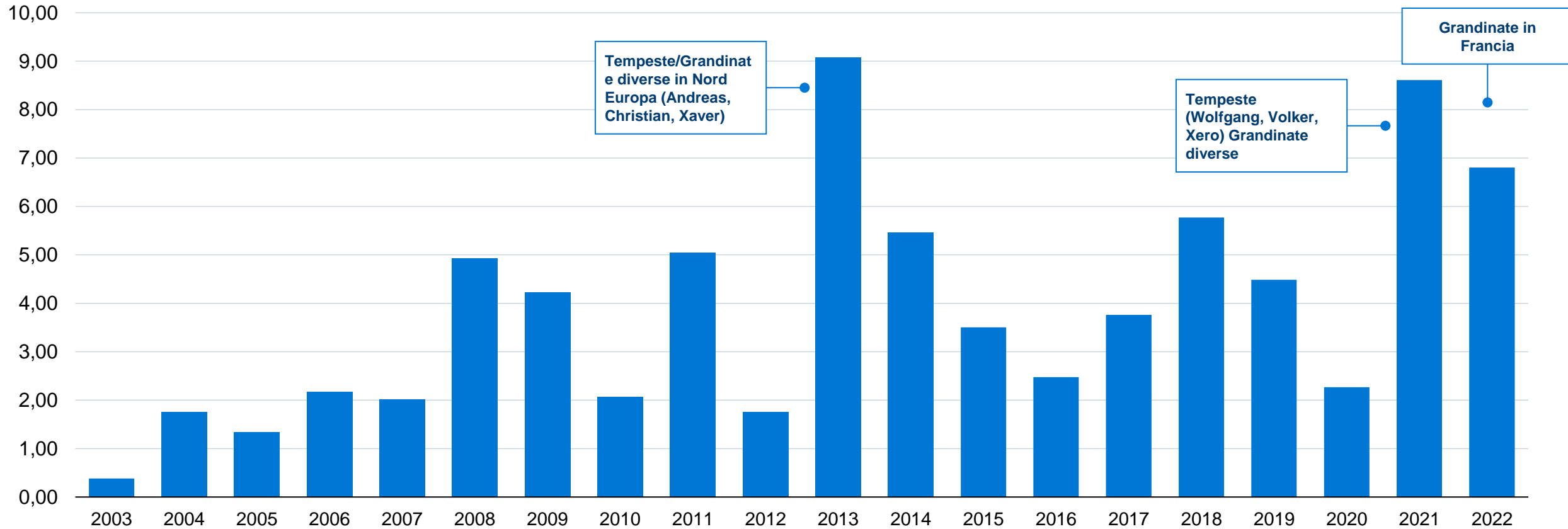
Danno Assicurato Annuale dagli Eventi SCS in Italia (in Mio EUR)



1) AON Sequence of SCS in Northern Italy*, 2023

Trend degli eventi atmosferici In Europa

Danno Assicurato Annuale dagli Eventi SCS in Europa (in Mrd EUR)



1) AON "Sequence of SCS in Northern Italy", 2023

Trend degli eventi atmosferici (& Alluvione)

Prima dell'Italia, un “annus horribilis” già in Germania e Francia

2021: Germania – Bernd 13.-14.7.2021

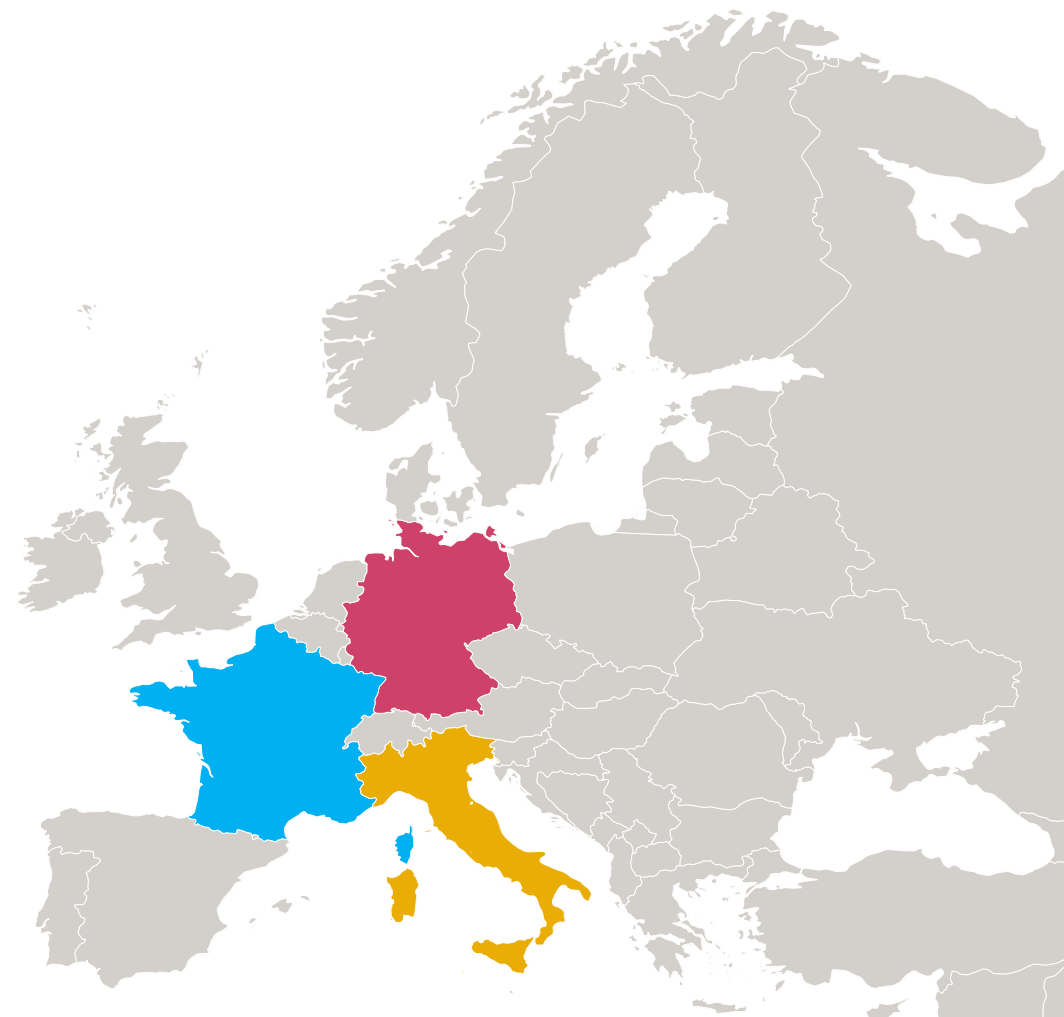
9,6 Mrd EUR Danno Assicurato

2022: Francia – Grandinate 18.5-4.7.2022

5,9 Mrd EUR Danno Assicurato

2023: Italia – Grandinate 18.-25.7.2023

5,5 Mrd EUR Danno Assicurato



Trend degli eventi atmosferici

Ragioni dell'aumento

Aumento dell'Esposizione:

- Ristrutturazione di edifici esistenti
- Maggiori costi di costruzione e ricostruzione
- Aumento del valore medio dei contenuti
- Costruzione di nuovi edifici
- Inflazione

Effetto del Cambiamento Climatico:

- Il cambiamento climatico è una preoccupazione importante per il settore assicurativo.
- La Correlazione diretta tra cambiamento climatico ed eventi atmosferico è ancora difficile da valutare.
- Su base di recenti studi, in particolare il Nord dell'Italia sembra essere **fortemente influenzato dal cambiamento climatico**.

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Il mondo ILS vs la Riassicurazione "normale"

**Un alternativa?
In teoria si – ma in pratica solo molto
limitatamente**

Insurance-Linked Securities

What does this refer to?

Insurance-Linked Securities (“ILS”)

- Financial securities for which interest and principal value are determined by (re)insurance loss events
 - ▶ the main type of these securities are known as catastrophe bonds

In a wider sense

- All transfer of (re)insurance related risks to capital markets, incl.:
 - ▶ collateralised reinsurance, reinsurance sidecars and others

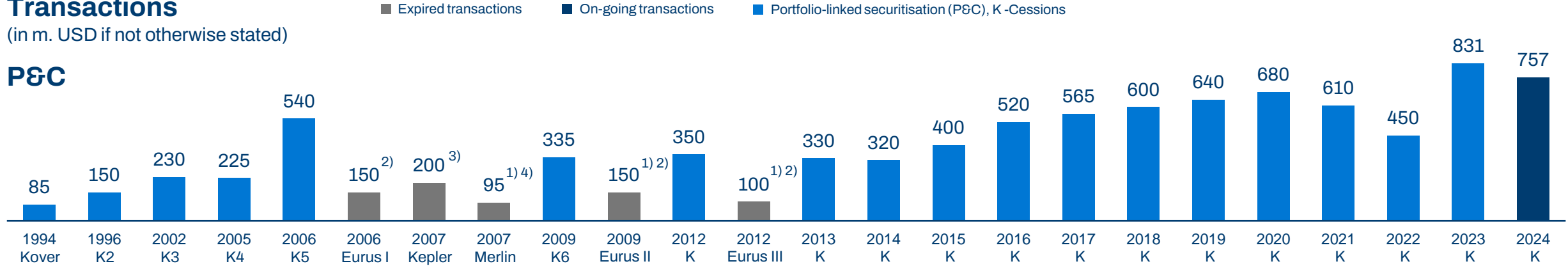
The latter is the market understanding

We pioneered in transferring risks into capital markets via securitisations

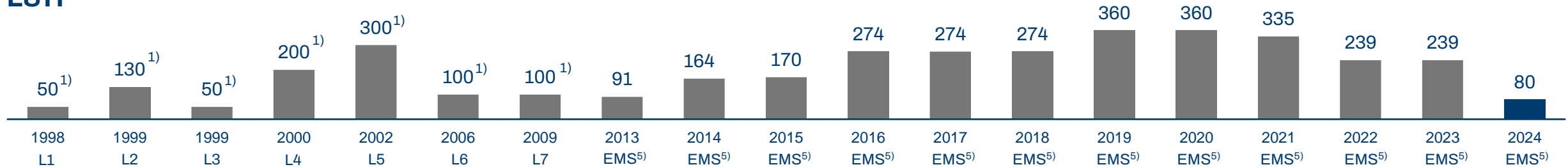
Equity substitutes

Transactions

(in m. USD if not otherwise stated)



L&H



1) in m. EUR
 2) Index-linked securitisation
 3) Aggregate XL cover (P&C)
 4) Credit-linked floating rate note
 5) EMS = Extreme Mortality Swap

In 1994

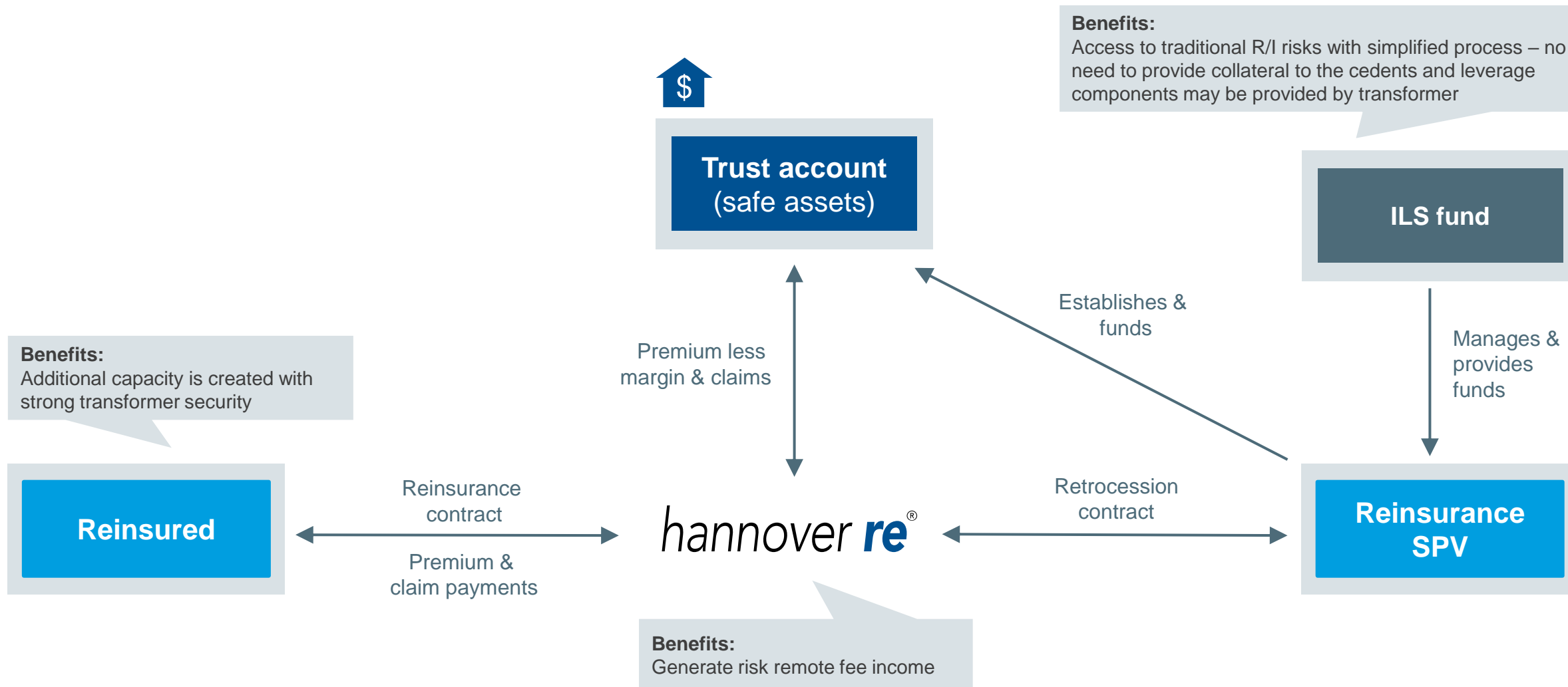
Hannover Re pioneered the first securitisation of natural catastrophe risks (Kover) followed by further transactions (K2-K6 & K-Cessions)

In 1998

we started with the first-ever transfer of acquisition costs from L&H business to the capital market ("L" deals, L1-L7)

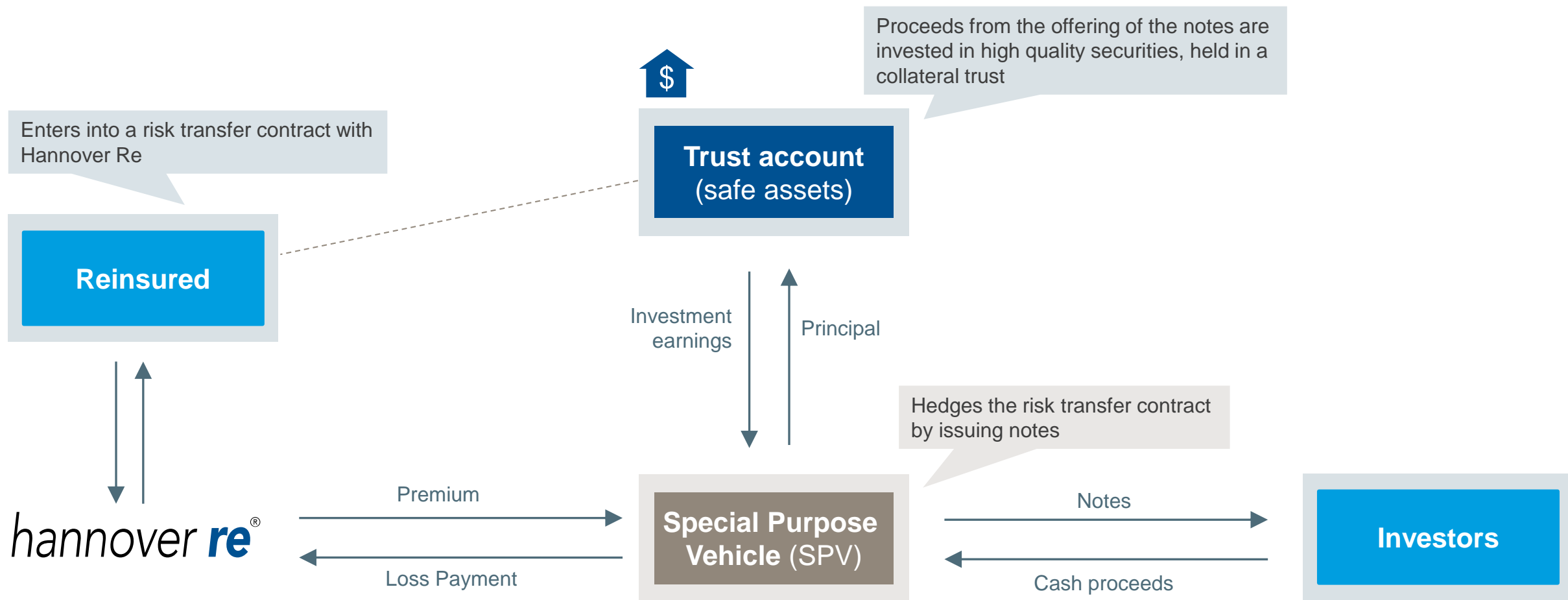
Collateralised Fronting

How it works involving Hannover Re's Collateralised Fronting Team



Catastrophe Bonds

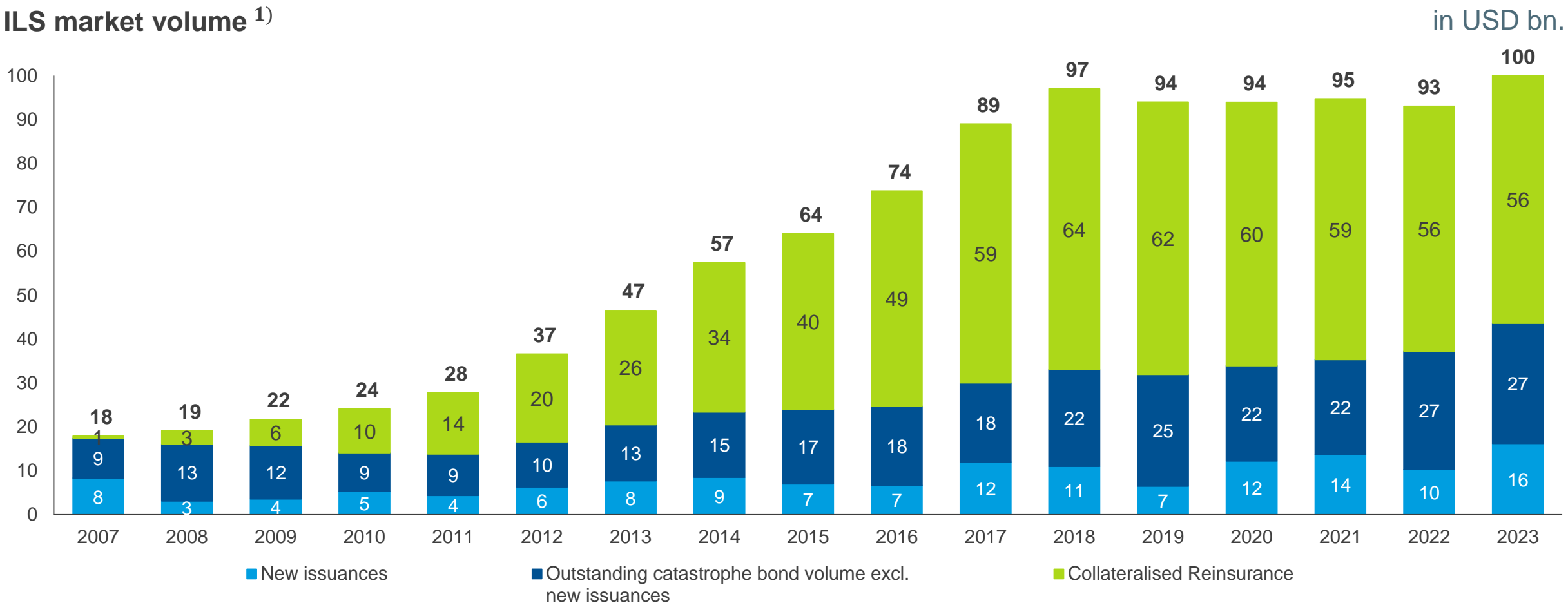
Structure - with transformer



ILS Market: More than Catastrophe Bonds

Stable volumes of Collateralised Reinsurance

ILS market volume ¹⁾



Hannover Re data base, includes temporarily trapped capital

1) Totals may not add due to rounding

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