

somewhat
different

Hannover Re Bermuda

Underwriting catastrophe exposure



Key figures

of Hannover Re (Bermuda) Ltd.

in EUR million	2010	+/- previous year	2009	2008	2007	2006
Results						
Gross written premium	305.5	+1%	302.8	337.0	348.1	320.3
Net premium earned	191.2	-15%	223.6	158.6	203.4	156.2
Net underwriting result	(40.7)	-127%	153.2	81.1	116.6	91.2
Net investment income	50.3	+17%	42.6	8.8	38.1	43.1
Operating profit (EBIT)	26.9	-87%	199.6	86.3	138.6	130.6
Balance Sheet						
Total shareholder's equity	927.4	-15%	1,089.6	930.8	968.0	959.0
Investments (incl. funds withheld by ceding companies)	1,350.4	+1%	1,336.4	1,231.0	1,191.9	1,155.1
Total assets	1,496.6	+4%	1,437.5	1,330.4	1,327.5	1,332.3
Ratios						
Combined ratio, net	120.8%		31.0%	49.0%	43.0%	42.0%
Return on equity	2.9%		18.0%	9.3%	14.4%	14.1%

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Information as of March 2011

An introduction to Hannover Re Bermuda



Ladies and Gentlemen,

Following the negative impact of the 2008 financial crisis on virtually all major world economies, 2010 was a year of slow recovery albeit very costly for insurers and reinsurers in terms of natural and manmade catastrophes.

Single events like the Chile Maule earthquake, Haiti earthquake, hurricane “Karl”, winterstorm “Xynthia” and the “Deepwater Horizon” explosion made 2010 a very expensive year. To the contrary, the 2010 US hurricane season was benign – less than initially feared.

The frequency and severity of events in 2010 demonstrates the need for catastrophe reinsurance protections to smooth balance sheets and ward off insolvency.

As investment returns continue to be under pressure, it is even more important that technically sound pricing, both at the primary insurance and reinsurance levels, be achieved.

Based on its capital strength and its role within the Hannover Re Group, Hannover Re (Bermuda) Ltd. (HRB) maintains high ratings from the rating agencies, namely “AA–” from Standard & Poor’s and “A” from A.M. Best.

Given sound levels of pricing, HRB is prepared to continue to supply significant levels of capacity to its cedants.

On behalf of the Executive Board of HRB, I would like to thank our partners for their continued confidence in our company and, above all, thank our staff for their invaluable contributions to the ongoing success.

Yours sincerely



André Arrago
Vice Chairman
Hannover Re (Bermuda) Ltd.

Underwriting catastrophe exposure



Ladies and Gentlemen,

Hannover Re (Bermuda) Ltd. (HRB), a core entity, and the dedicated catastrophe (cat) excess of loss writer within the Hannover Re Group, continues to position itself well in all of the markets in which it currently writes business.

2010 was a catastrophe-rich year not only in terms of natural and manmade catastrophes but also in terms of the frequency and severity of events. That being said, the HRB balance sheet remains unscathed.

The fiscal year 2010 closed with a gross written premium volume of EUR 305.5 million which generated a net income of EUR 26.9 million.

Our financial strength is also demonstrated by our high level of ratings issued by Standard & Poor's and A.M. Best.

Group	Standard & Poor's	A.M. Best
Berkshire Hathaway	AA+	A++
Everest Re	A+	A+
Munich Re	AA-	A+
Partner Re	AA-	A+
Renaissance Re	AA-	A+
Hannover Re	AA-	A
Hannover Re Bermuda	AA-	A
Lloyd's	A+	A
Swiss Re	A+	A
Transatlantic Re	A+	A

HRB underwrites worldwide property cat, workers' compensation cat, personal accident cat and terrorism cat treaties. We support more than 350 clients in more than 35 countries encompassing 70 zones/perils.

We utilize high standards of technology and automation which allows for real-time monitoring of aggregates in all critical zones, before, during and after reinsurance placement discussions.

2010 saw price reductions in established markets like the US; however, the pricing reductions varied according to region, covered peril and loss experience of the cedant. While in markets that experienced major events, such as Chile (Maule earthquake), cedants paid price increases of up to 100%.

Our strategy is to build long-term relationships with our clients. As such, we maintain support of our clients following major catastrophe events and are prepared to offer increased capacity at technically sound pricing.

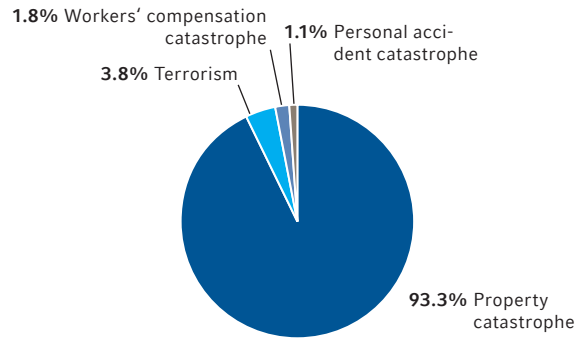
The primary distribution channel for HRB continues to be through brokers as we believe in the value-added service of the broker community.

For the January 2011 renewal, some clients increased their reinsurance buying while others decreased it as a result of increasing capital levels in the market. We also noted price declines in our specialty lines markets due to revised model results. Pricing levels were down in these lines 5% – 10% while non-rate terms continued to be under pressure.

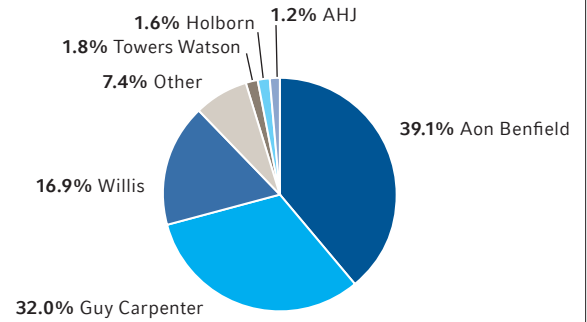
Overall there appeared to be significant capacity available for catastrophe reinsurance treaties in 2010. Notably, the Latin American market has become a target of deeper interest for established Bermudian cat writers and some newer US domestic writers in the Miami marketplace.

The following charts provide snapshots of our portfolio by line of business, by region and by reinsurance brokers.

Gross premium by line of business



Gross premium written through reinsurance brokers

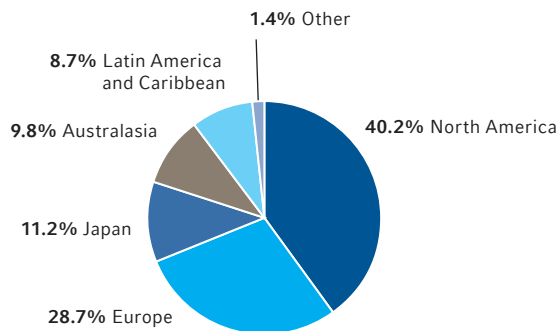


Looking ahead, HRB is prepared to grow geographically in regions where attractive levels of pricing exist. HRB will take advantage of opportunities for further growth outside the property catastrophe line of business. Hannover Re Home Office will continue to consider per risk exposed and proportional covers.

On behalf of everyone at HRB, I would like to thank you for your business and interest in our operation.

We look forward to welcoming you to our offices in Bermuda.

Gross premium by region



Kind regards

Konrad Rentrup
 President & CEO
 Hannover Re (Bermuda) Ltd.

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