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THIS IS GEN RE **TODAY.**

TRANSPARENT

THIS IS GEN RE

DIRECT

TODAY



We had an excellent operating result in a very challenging environment. The consolidated combined ratio was 92.1% on \$5.6 billion in written premium. We ended the year with a capital base of \$12.6 billion and generated \$1.6 billion in pre-tax operating earnings.

2010 was an active catastrophe year around the world. Economic losses totaled more than \$130 billion and insured losses were \$37 billion up from \$25 billion in 2009. We were fortunate that a busy Atlantic hurricane season produced little in the way of losses. If Hurricane Earl had tracked to the west, the year would have looked very different.

Economies around the world continued their recoveries albeit at very different paces. We hope for continued improvement during 2011.

The Property/Casualty marketplace has been very competitive but there are some signs of rate improvement, which is clearly needed if we want to avoid the disruptive rate increases of the last couple of soft markets.

The Life/Health business is also competitive but both mortality and morbidity risks have performed as expected.

In both businesses we emphasize our Direct Business Model and our disciplined and consistent approach to underwriting. We strive to develop underwriting and claims expertise that we share with clients and believe is relevant.

Our asset management business (GR-NEAM) grew both its client base and assets under management during 2010. They have a unique set of diagnostic tools that help clients understand their asset risks and rewards.

As we look to the future, there is tremendous uncertainty on the regulatory front. Solvency II gets the most attention but there are other regulatory and accounting initiatives that could translate into real change for the industry. My fear is that our industry is led down a path similar to the banks and are encouraged to become ever more reliant on very complex and sophisticated models that, while intended to help manage risk, actually ignore or systemically underestimate risk by missing the tails of the distributions, ignoring a risk altogether such as liquidity and/or getting the correlations wrong. It will be a very interesting and expensive journey. Hopefully common sense will prevail.

We continue to believe that risk management is the core function of any risk-assuming enterprise. We have a robust qualitative approach to risk management and use models (a quantitative approach) only where we have some confidence in the output, and even then we do extensive sensitivity testing and benchmark the output. An over-reliance on complex models brought the banking industry down and created the global financial crisis. We need to guard against a similar outcome.

Thank you to our clients for the opportunity to work with and serve you. We take every commitment—every promise—we make very seriously. If you are a prospect, we look forward to getting to know you.

Tad Martens.

OUR BUSINESSES

DIRECT PROPERTY/CASUALTY AND LIFE/HEALTH REINSURANCE

Through our direct business model, Gen Re delivers reinsurance solutions to companies in all segments of the insurance industry on both a Treaty and Facultative basis. Today, as one of the leading reinsurers in the world, Gen Re is represented by a network of more than 45 branch and subsidiary offices in key reinsurance markets. Our reinsurance professionals bring a combination of local knowledge and global strength to our clients every day. We work closely with our clients to understand their objectives on a strategic and operational level so that we can provide relevant capacity and differentiated services to them.

We offer our clients services that are designed to complement their capabilities and improve the performance of their business. Gen Re hires and trains the best underwriters and claims professionals in the industry. We are in the risk assumption business—just like our clients—so the work that our underwriters and claims professionals do on a daily basis is a valuable component of how we see and evaluate risk. We share this expertise with our clients in various ways—direct underwriter-to-underwriter dialog, research and publishing, technical seminars, underwriting and claims roundtables and audits, to name a few. This exchange of knowledge on both sides leads to better business decisions and more favorable claim outcomes. The experience is enhanced by our direct model. We ensure our clients have direct access to decision makers and technical experts who understand and support their business objectives.

We take our commitments very seriously. With \$12.6 billion in capital and \$5.6 billion in premiums, we make only promises that we can keep.

Our strategy remains unchanged—to run a group of insurance, reinsurance and investment management companies in a disciplined and differentiated way for clients that want more than a commodity.

Asset Management

GR–NEAM® is a global investment advisor that specializes in offering capital and investment management services primarily to the insurance industry. Our principal office, General Re–New England Asset Management, Inc.® is located in Farmington, CT with a client service office in San Diego, CA. Our wholly owned subsidiary, GR–NEAM Limited, is located in Dublin, Ireland. General Re–New England Asset Management, Inc.® is registered with the SEC and GR–NEAM Limited is regulated by the Central Bank of Ireland.

Our products and services consist of Enterprise Capital and Risk Management, Asset Management, Risk Analytics and Investment Accounting Services and Reporting.

Reinsurance Brokerage

Gen Re Intermediaries (GRI) is a reinsurance intermediary and risk advisor specializing in delivering global reinsurance market solutions, coupled with state-of-the-art risk management analytics. This expertise allows GRI to help Property/Casualty insurance companies maximize the value of their net retained exposure in today's marketplace. GRI offers a wide array of risk management solutions, including the use of tailor-made risk management tools for Property Catastrophe, Aviation, Multi-Person Excess Workers' Compensation and Casualty Clash exposures.

Primary Companies

General Star is a premier specialty and surplus lines provider, underwriting a broad array of Property, Casualty and Professional Liability business through a select group of wholesale brokers.

The Genesis companies underwrite excess and large deductible insurance coverages supporting alternative risk transfer programs, for individual and group policyholders on an admitted and non-admitted basis, through retail and specialty brokers servicing qualified self-insurers.

London Market

The Faraday Group comprises two risk-bearing entities, Faraday Re, a London Market insurance and reinsurance company, and Faraday Syndicate 435 at Lloyd's of London. Business is underwritten through three teams: Aviation, Casualty and Property, supported by experienced Actuarial, Claims, Loss Modeling, Operations and Wordings personnel. Faraday's business is sourced from both the Lloyd's and company markets and a diverse range of worldwide insurance and reinsurance classes.

Aviation Underwriting

A global leader in underwriting aviation insurance, United States Aviation Underwriters (USAU) manages the United States Aircraft Insurance Group (USAIG), a U.S.-based insurance pool. USAU's wholly-owned subsidiary, the Canadian Aviation Insurance Managers, Ltd. (CAIM), manages a Canadian insurance pool, the Canadian Aircraft Insurance Group (CAIG). As the exclusive agents for their respective pools, USAU and CAIM are responsible for, among other things, selecting business, underwriting, binding coverages, issuing policies, arranging and collecting reinsurance, collecting premiums and settling claims on the pools' behalf.

General Re Corporation

Selected Consolidated Financial Data

(Amounts in millions of U.S. dollars)

	2010	2009
Total investments	28,376	29,296
Investments	24,621	25,116
Cash & cash equivalents	3,755	4,180
Total assets	37,993	39,820
Underwriting reserves	20,726	21,676
Shareholders' equity	12,570	13,179
Dividends	1,300	1,080
Return on equity	7.3%	8.3%
Premiums written*	5,632	5,721
Life/Health	2,709	2,630
Property/Casualty	2,923	3,091
Premiums earned*	5,693	5,829
Life/Health	2,714	2,626
Property/Casualty	2,979	3,203
Underwriting result*	452	477
Life/Health	163	177
Property/Casualty	289	300
Combined ratio*	92.1%	91.8%
Life/Health	94.0%	93.3%
Property/Casualty	90.3%	90.6%
Total investment income	997	1,130
Net investment income	1,140	1,173
Realized gains/losses	-143	-43
Net income	937	1,041

* Amounts per Berkshire Hathaway Annual Report which excludes the impact of the intercompany loss portfolio and quota share retrocessional agreements between certain General Re Corporation and Berkshire Hathaway Inc. affiliates.

Gen Re's Ratings:

Standard & Poor's: AA+

A.M. Best: A++

Moody's: Aa1

Fitch: AA+

Financial strength ratings of Gen Re's reinsurance operations

RISK MANAGEMENT STRATEGY

At Gen Re we nurture a culture that has a healthy respect for risk. We have a robust enterprise risk management program that is the responsibility of each and every employee every day. Our approach is both qualitative and quantitative and grounded in the understanding that we are in the risk assuming business. The risk culture is owned by senior management and our CEO is the Chief Risk Officer.

Our risk management competency is built upon a comprehensive qualitative approach supported by quantitative analyses. The qualitative approach begins with the risk culture. We respect risk—continuously analyzing risk, measuring it conservatively and managing it. We assume only risks that we understand at a premium that compensates us for both the exposures and the volatility we are assuming. Our decision making framework is founded on a set of core principles that are the backbone for a set of decision guidelines and rules:

- > Risk maps catalog the risks we assume and grade each risk.
- > Willing-to-risk limits at the individual transaction and aggregate levels have been established.
- > Risks that can aggregate across the enterprise are identified, analyzed and, where appropriate, modeled. These risks include natural catastrophe, terrorism and pandemic.
- > Effective rate change and benchmarking provide feedback mechanisms.
- > Risk-based profit targets are established for each segment of the underwriting portfolio.
- > The loss reserving function is separate from the pricing function so it can act as a check and balance.
- > Reserve ranges and assumption sensitivity testing are performed particularly for inflation assumptions.

- > Assets are stress tested and liquidity scenarios are analyzed. Asset liability matching analyses is performed.
- > Business continuance processes are continually developed and tested.

Quantitative analysis complements our qualitative risk framework. While quantitative models do not predict the future, they do provide representations of exposure. Models enhance our risk culture by providing a discipline of common metrics and a framework for risk evaluation. We recognize that models are highly sensitive to assumptions, and assumptions require significant judgment. For this reason, our quantitative models inform our qualitative approach, not the other way around.

We employ quantitative models for evaluating risks such as reserve variability, catastrophe accumulation, asset risk, target margins and economic capital. Extensive sensitivity testing on all model parameters is core to our quantitative approach.

As a reinsurer, we make long-term promises to our clients. Our comprehensive strategy for risk management enables us to make those promises with confidence each and every day.

Management's Discussion & Analysis

General Re

Through General Re, we conduct a reinsurance business offering Property and Casualty and Life and Health coverages to clients worldwide. We write Property and Casualty reinsurance in North America on a direct basis through General Reinsurance Corporation and internationally through Germany-based General Reinsurance AG (formerly named Cologne Re) and other wholly-owned affiliates. Property and Casualty reinsurance is also written through brokers with respect to Faraday in London. Life and Health reinsurance is written in North America through General Re Life Corporation and internationally through General Reinsurance AG. General Re strives to generate underwriting profits in essentially all of its product lines, without consideration of investment income. Our management does not evaluate underwriting performance based upon market share and our underwriters are instructed to reject inadequately priced risks.

Property/Casualty

Premiums written in 2010 declined \$168 million (5.4%) from 2009, while premiums earned in 2010 declined \$224 million (7.0%) from 2009. Excluding the effects of foreign currency exchange rate changes, premiums written and earned in 2010 declined \$202 million (6.5%) and \$169 million (5.3%), respectively, compared with 2009. Premiums written and earned in 2010 reflected decreased volume in all regions but primarily in broker market Property business, European Treaty business and North America. Price competition in most Property and Casualty lines has led to decreases in premium volume over the past several years, as our underwriters maintain discipline by rejecting inadequately priced offerings. Increased price competition and capacity within the industry could continue to constrain premium volume during 2011.

Underwriting gains were \$289 million in 2010. Underwriting results included underwriting gains of \$236 million from Property business and \$53 million from Casualty/Workers' Compensation business. The Property business produced underwriting losses of \$96 million for the 2010 accident year, offset by gains of \$332 million from loss reserve reductions related to pre-2010 loss events. The Property results in 2010 were net of \$339 million of catastrophe losses incurred primarily from the Chilean and New Zealand earthquakes and storm or weather-related losses in Europe, Australia and New England. The timing and magnitude of catastrophe and large individual losses produces significant volatility in periodic underwriting results. The underwriting gains of \$53 million from Casualty/Workers' Compensation business reflected overall reductions in prior years' loss reserve estimates offset in part by \$125 million of Workers' Compensation loss reserve discount accretion and deferred charge amortization.

Underwriting results in 2009 included underwriting gains of \$478 million from Property business and losses of \$178 million from Casualty/Workers' Compensation business. The Property business produced underwriting gains of \$173 million for the 2009 accident year, and \$305 million from loss reserve reductions related to pre-2009 loss events. The Property gains in 2009 were net of \$48 million of losses from catastrophes, which were primarily from winter storm Klaus in Europe, the Victoria bushfires in Australia and an earthquake in Italy. The underwriting losses from Casualty/Workers' Compensation business were primarily the result of establishing higher loss reserves for 2009 accident year occurrences to reflect higher loss trends as well as \$118 million of Workers' Compensation loss reserve discount accretion and deferred charge amortization, offset in part by reserve reductions related to prior years' Casualty and Workers' Compensation loss reserves.

Life/Health

Premiums earned in 2010 increased 3.4% over 2009. Adjusting for the effects of foreign currency exchange rate changes, premiums earned increased 4.8% over 2009. The increase in premiums earned was primarily due to increased international business. Underwriting results for the global Life/Health operations produced underwriting gains of \$163 million in 2010 and \$177 million in 2009, driven by gains from the Life business due primarily to favorable mortality.

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The people behind the promise.

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