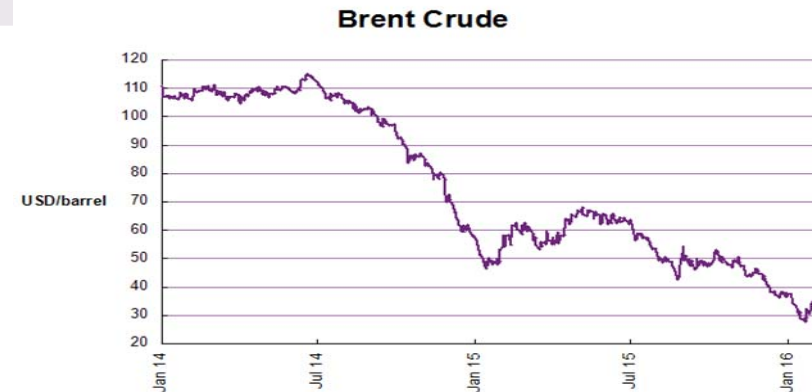


Economic Climate – Uneven Growth

- Global economic activity “subdued” in 2015
 - Growth in emerging and developing markets slowed for the fifth consecutive year
 - Modest recovery in developed markets
- Uneven recovery through 2016, but below previous forecasts*
 - Slowdown and rebalance of China’s economy
 - Lower oil and commodity prices
 - Gradual monetary tightening in USA
 - Accommodative financial conditions remain in most advanced economies
 - Core inflation rates generally below target
 - US dollar appreciation constrains international financing
 - Increased risk aversion causes financial strain in vulnerable economies
 - Escalation of geopolitical tensions

* vs IMF’s October 2015 forecasts

GDP growth <i>Percent</i> <i>(pp change vs Oct 2015)</i>	2014	2015e	2016f	2017f
World output	3.4	3.1 (0.0)	3.4 (-0.2)	3.6 (-0.2)
Advanced economies	1.8	1.9 (-0.1)	2.1 (-0.1)	2.1 (-0.1)
USA	2.4	2.5 (-0.1)	2.6 (-0.2)	2.6 (-0.2)
Euro area	0.9	1.5 (0.0)	1.7 (+0.1)	1.7 (0.0)
Germany	1.6	1.5 (0.0)	1.7 (+0.1)	1.7 (+0.2)
France	0.2	1.1 (-0.1)	1.3 (-0.2)	1.5 (-0.1)
Japan	0.0	0.6 (0.0)	1.0 (0.0)	0.3 (-0.1)
UK	2.9	2.2 (-0.3)	2.2 (0.0)	2.2 (0.0)
Emerging & developing	4.6	4.0 (0.0)	4.3 (-0.2)	4.7 (-0.2)

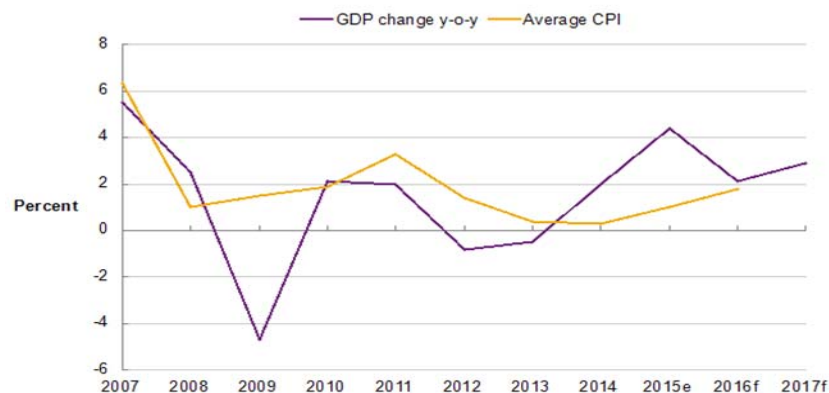


Sources: IMF, World Economic Outlook, January 2016; Bloomberg
e = estimate, f = forecast

CEE Economic outlook

Czech Republic

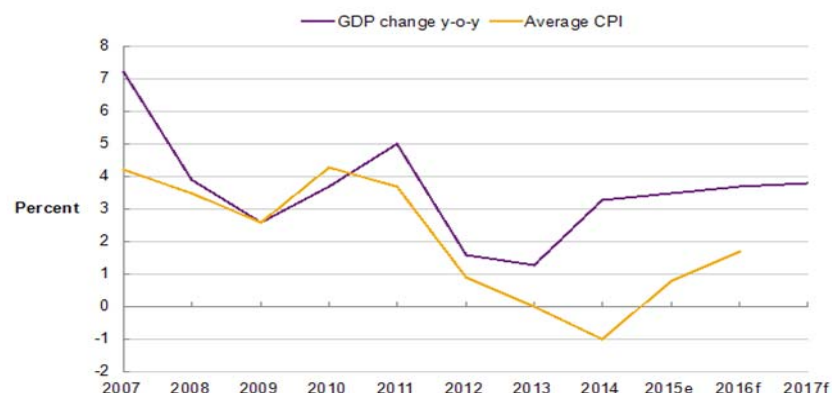
- Projected growth in 2016 still robust and well balanced
 - 2015 boosted by “catch-up” and inventory growth
 - Lower investment activity as EU funds used up
 - Falling unemployment boosts consumption
 - Low inflation helped by falling oil prices
- S&P sovereign rating ‘AA-’/stable



Source: HSBC

Poland

- Strong growth projected through 2016 and 2017
 - Domestic demand is a key driver
 - Higher private spending
 - Low interest rates support investment growth
 - New government promises increased public spending and lower taxes
- S&P sovereign rating ‘BBB+’/negative

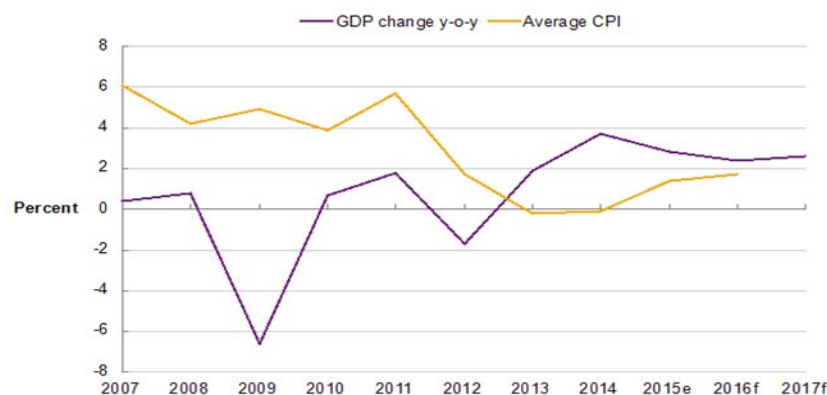


Source: HSBC

CEE Economic outlook (continued)

Hungary

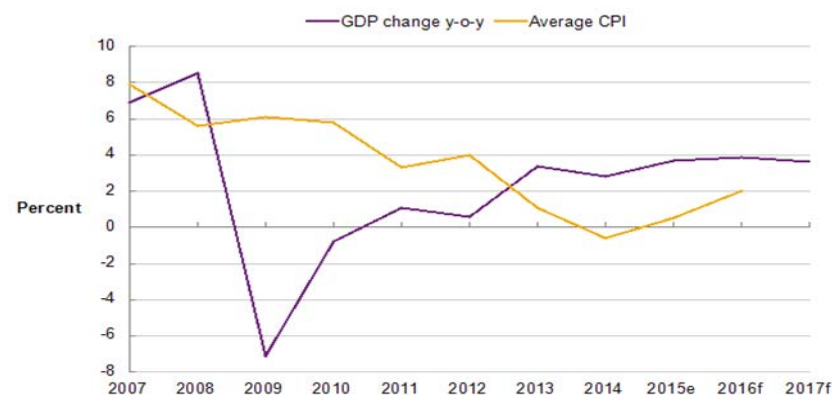
- 2016 growth projected to slow
 - Non-recurrence of government stimulus
 - Consumer spending expected to grow, helped by income tax cut
 - Investment likely to contract with curtailed EU funding
- S&P sovereign rating 'BB+' / stable



Source: HSBC

Romania

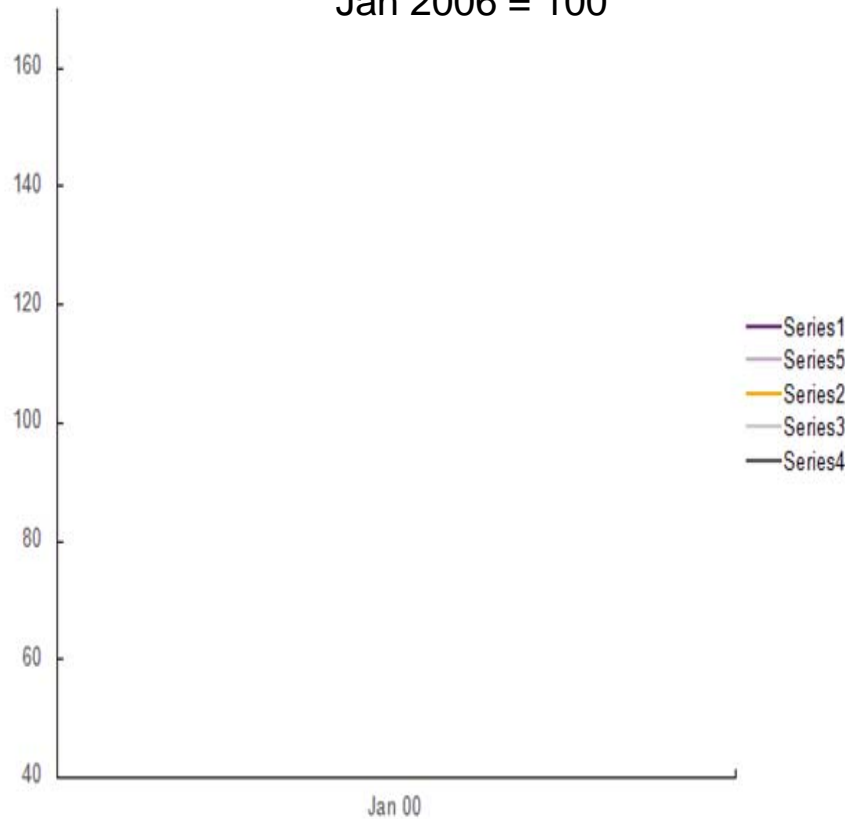
- GDP growth remains above long term potential
 - Public sector wage rises and VAT cuts provide stimulus
 - Growing public sector deficit will raise government debt, but foreign direct investment provides some relief
 - Inflation projected to rise towards 2.5% target
- S&P sovereign rating 'BBB-' / stable



Source: HSBC

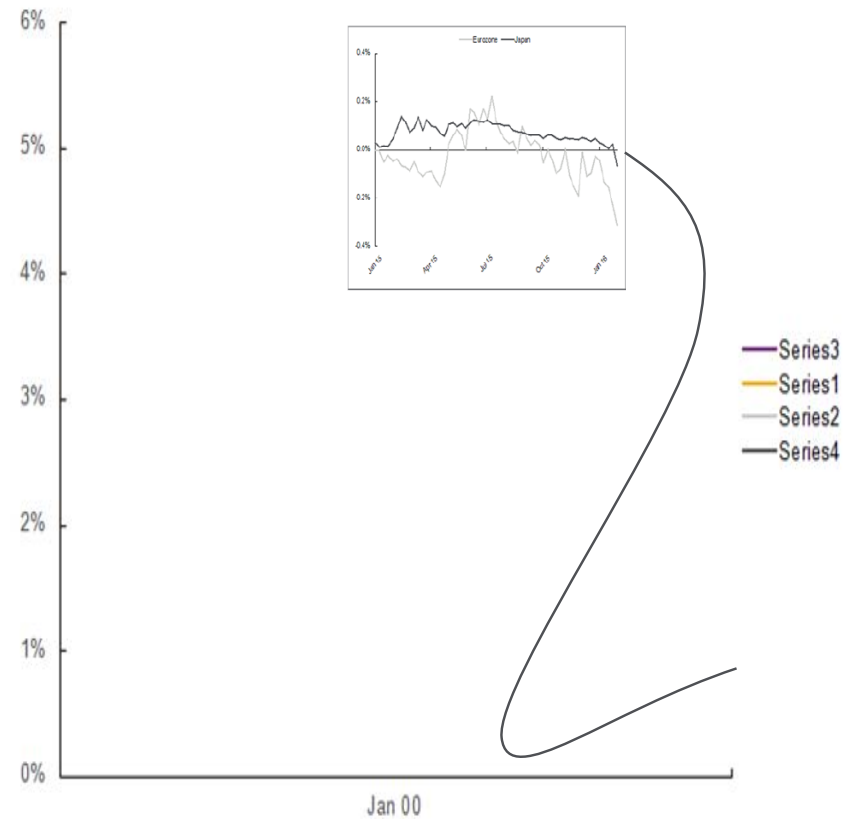
Financial Markets

Equity markets
Jan 2006 = 100



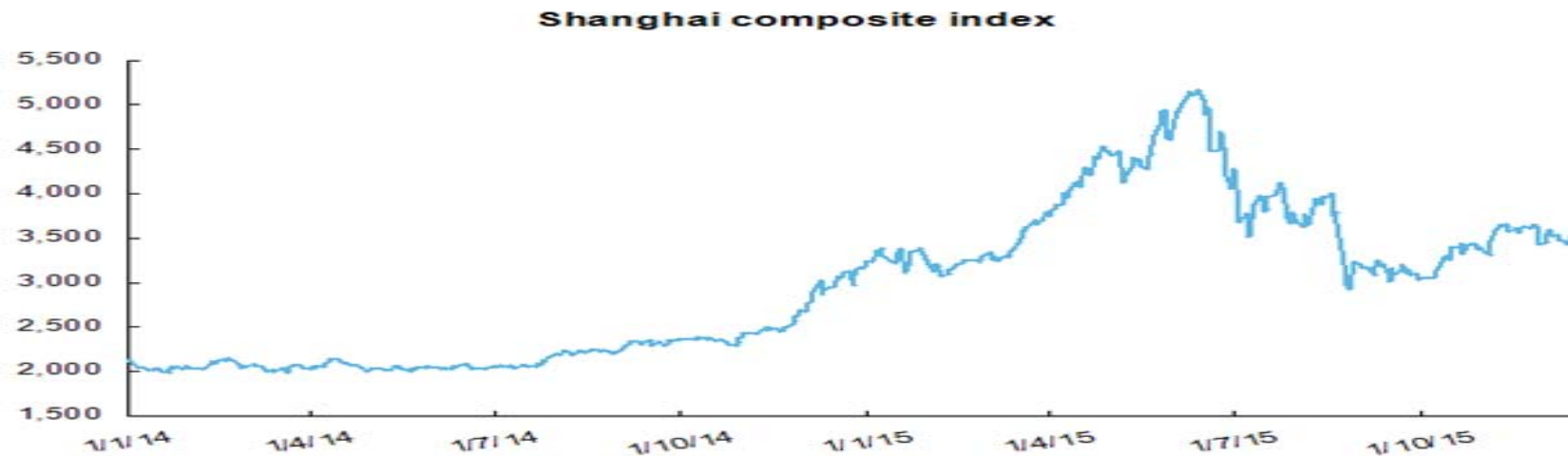
Source: Bloomberg

5-year government bond yields



China slow-down; Shanghai composite index

- Evidence emerged in the middle of 2015 that the slow-down in the Chinese economy was likely to be deeper and more protracted than expected
- China's real GDP growth slowed to 6.9 percent during the third quarter, down from 7.0 percent in the two preceding quarters and slightly below the official target of 7.0 percent, reinforcing fears that had prompted an earlier collapse in the Chinese stock market

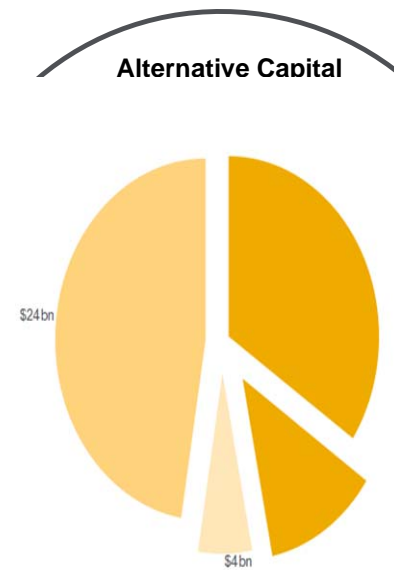
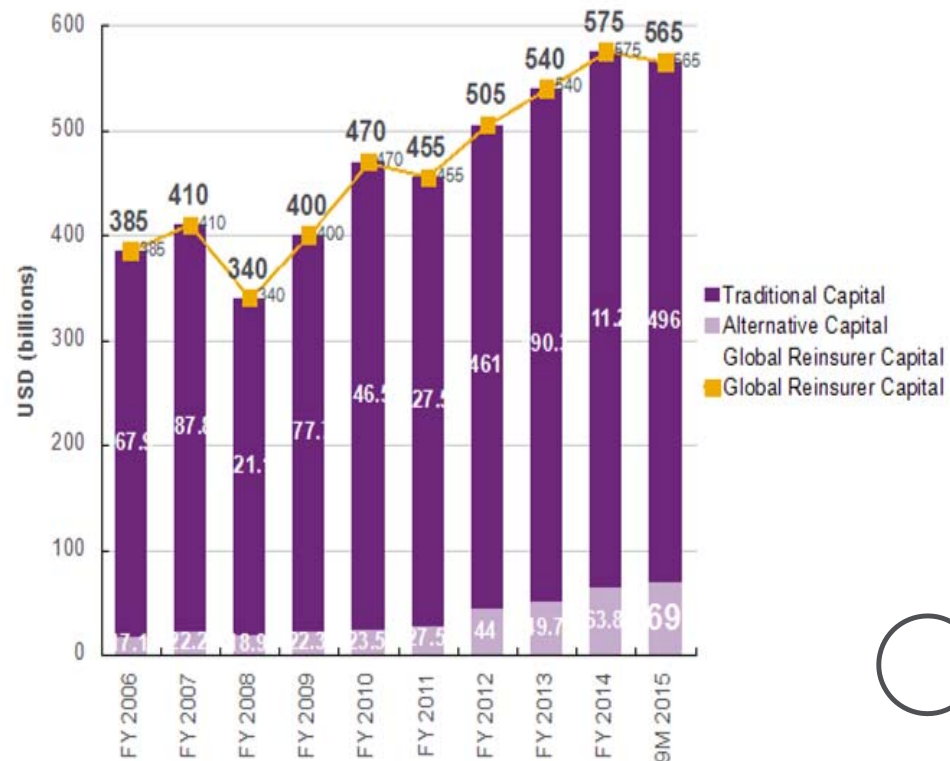


Source: Bloomberg

- The People's Bank of China has responded with a series of cuts in interest rates and reserve requirements in an effort to stimulate growth; nevertheless, economists consider the risks to China's growth remain on the downside

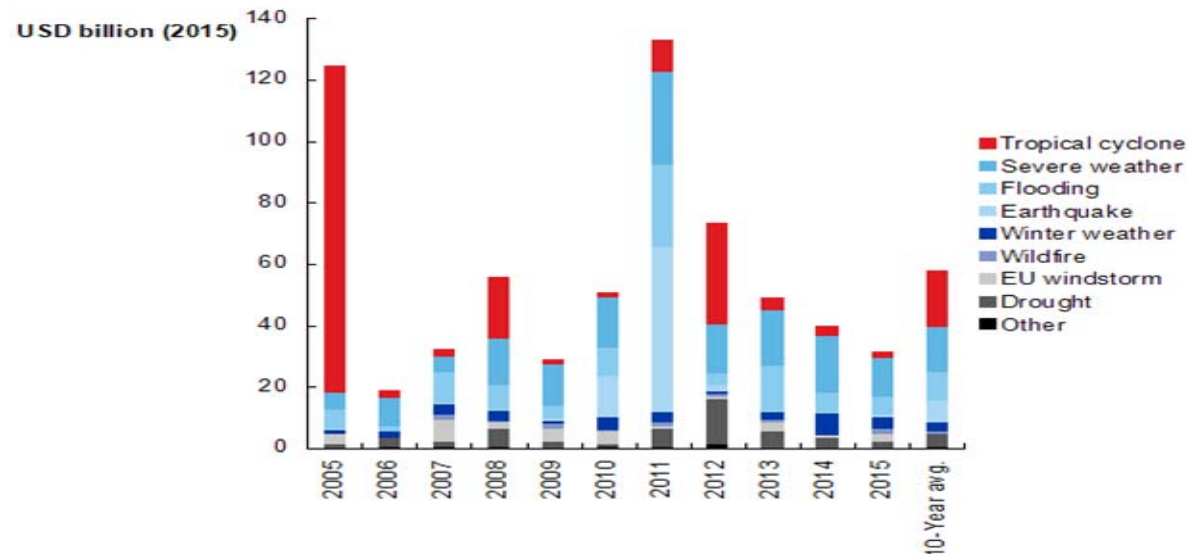
Reinsurance Supply

- Global reinsurance capital remained unchanged at USD565bn since 2Q 2015, and down 2% from year-end 2014
- Traditional capital fell by 3%, impacted by unrealised investment losses and/or adverse foreign exchange movement.
- Alternative capital increased further in 3Q 2015 to USD69bn (12% of overall reinsurer capital), essentially doubling the property catastrophe reinsurance capacity of the market

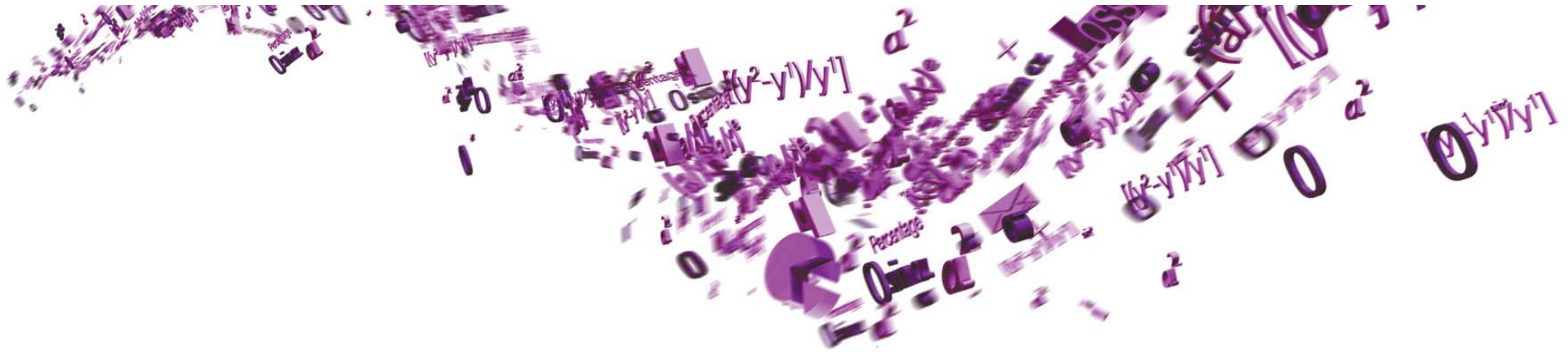


Global catastrophe losses decrease for fourth consecutive year

- Insured global catastrophe losses in 2015 were at their lowest levels since 2009
- With the exception of winter weather and wildfire, the rest of the natural disaster perils were at or below their recent 10-year averages
- 2015 losses of USD 32 billion were down 48 percent from the 10-year average of USD 61 billion
- The costliest non-US insured events were Windstorms Mike and Nikas in Europe and Typhoon Goni in Japan, each costing insurers roughly USD1 billion
- More than 81 percent of overall insured losses were sustained in the United States and Asia Pacific



Source: Aon Benfield Analyti



Non-traditional Capital

Alternative Capital overview

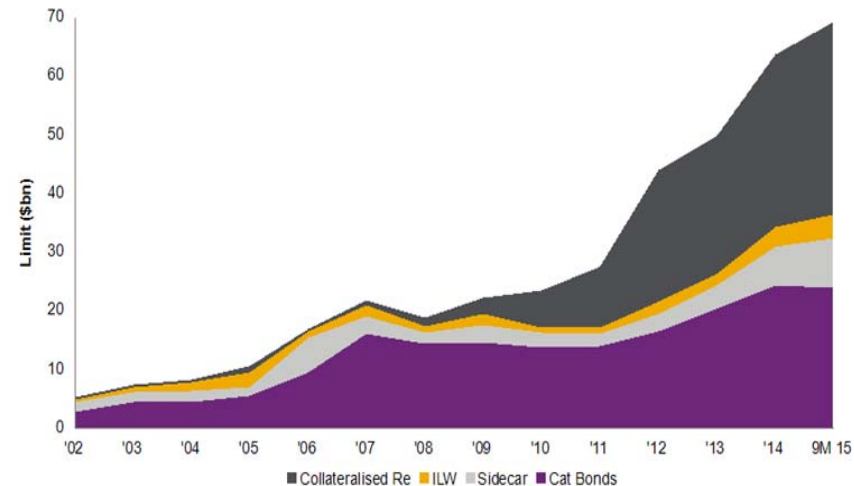
Commentary

- Alternative capital rose 8% to USD69bn to September 30, 2015, representing over 12% of global reinsurer capital
- Despite a slight decline in capital from catastrophe bonds, overall alternative capital increased 8% over year end 2014
- Collateralized reinsurance increased 11% to USD32.8bn or almost 50% alternative capital
- Catastrophe bonds were broadly flat at USD24bn
- Sidecar capacity was up 30% to USD8.5bn
- Net inflows have slowed with falling premium rates, but the diversification benefits of insurance risk are still attractive
- Aon Benfield maintains its forecast that alternative capital will reach at least USD120bn by 2018
- Traditional reinsurers are using alternative capital to optimise their capital structure

Source: Aon Securities

Reinsurance Market Review and Outlook
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Alternative Capital by Product



Largest Alternative Capital Managers

	AuM (USDbn)		AuM (USDbn)
Nephila	9.5	Twelve Capital	3.2
Credit Suisse	6.5	CatCo	3.2
LGT	5.2	Aeolus	2.5
Fermat	4.8	Elementum	2.5
Stone Ridge	3.9	AlphaCat	2.4
Securis	3.5	Leadenhall	2.4

Recent trends

- Falling insurance-linked securities (ILS) prices and broader terms and conditions reflect strong investor demand
- Investors are increasingly sophisticated
 - Newer entrants have a long-term horizon
 - A small part of their investments = a large part of cat limit placed
- Increased investor appetite for indemnity covers makes ILS more attractive for protection buyers
- Emerging investor interest in new non-cat classes
- Established ILS players are setting up rated reinsurers
- Closer collaboration with traditional reinsurers
- Traditional reinsurers have different strategies to embrace alternative capital
- Unanswerable questions: how much ILS capital will remain ...
 - After a major catastrophe loss?
 - After fixed income markets return to normal?

Reinsurers' 9M 2015 Results: Key Findings

- **Premiums:** Continued growth in P&C, driven by acquisition, expansion into emerging markets, specialty lines and primary insurance and favourable FX effects
- **Cessions:** P&C cession ratio 16.2% (14.6%); two-thirds of companies increased cession rate
 - Cost-effective cover, sidecars and other third party capital-backed vehicles were contributory factors
 - PMLs generally lower
- **Underwriting performance:** Combined ratio 90.6% (89.9%), 8 companies reported an improved result
- **Loss ratio:** Loss ratio 60.5% (59.7%), including 4.9% (4.1%) of reserve releases
- **Cat losses:** Major losses of 3.4% (3.8%) well below long-term averages
 - Tianjin explosion (est ~USD2bn) was largest event
- **Expense ratio:** 31.6% (30.2%) – reductions in NPE, changes in business mix, regulatory pressures and investment in franchise development all contributed
- **Investment return:** Ordinary investment yield 2.8% (3.0%); total return 3.0% (3.9%)
- **ROE:** 10.1% (12.2%). RoE was higher for only four companies
- **Equity:** Total equity reduced, unrealized losses, adverse FX and capital repatriation outweighed net income
 - Equity up for 8 companies of which four were driven by acquisitions
- **Capital Management:** 5.2% (6.9%) of opening capital repatriated

Reinsurers' 9M 2015 Results Summary

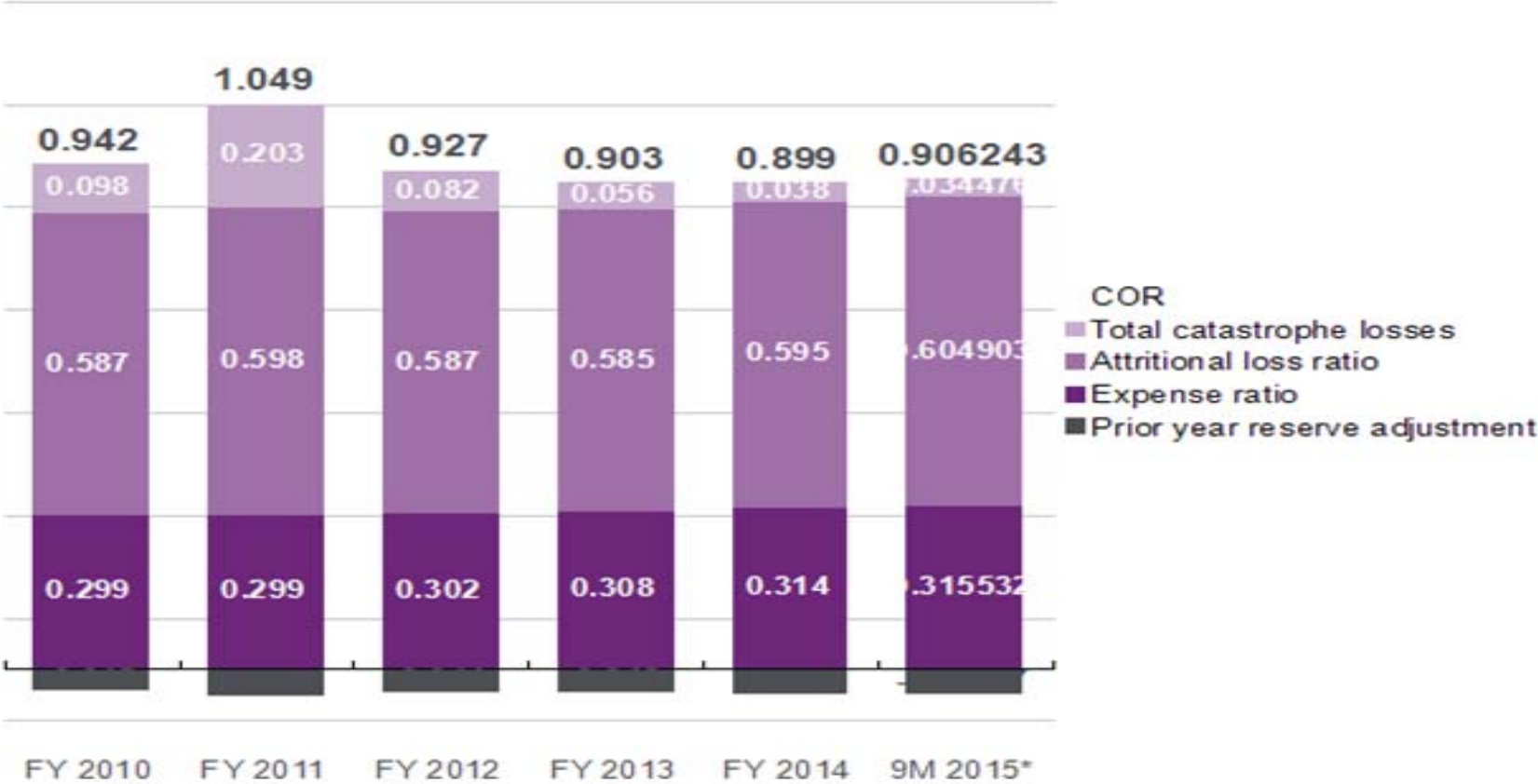
Company	Reporting Currency	P&C GPW	P&C GPW Growth	P&C NPE	P&C NPE Growth	P&C Combined Ratio	Annualized Return on Equity	Total Equity at Sept 30, 2015	Total Equity Growth
ACE	USD	16,599	+3.3%	11,565	-0.2%	87.2%	9.8%	29,127	-1.6%
Alleghany	USD	3,756	-5.7%	3,141	-4.5%	89.3%	7.2%	7,461	-0.3%
Allied World	USD	2,461	+3.8%	1,866	15.9%	94.6%	3.0%	3,555	-5.9%
Arch	USD	3,730	+0.1%	2,790	4.5%	89.7%	10.6%	7,142	+0.3%
Argo	USD	1,566	+5.8%	1,027	2.7%	95.1%	9.9%	1,642	-0.3%
Aspen	USD	2,363	+3.3%	1,844	2.8%	92.0%	8.3%	3,371	-1.4%
AXIS	USD	3,804	-3.7%	2,765	-5.1%	95.7%	12.0%	5,826	-0.9%
Endurance	USD	2,805	+13.4%	1,405	0.9%	85.6%	8.2%	5,056	+58.7%
Everest Re	USD	4,393	+1.0%	4,053	6.5%	85.8%	11.1%	8,239	+4.7%
Fairfax	USD	6,349	+12.3%	5,083	13.7%	91.3%	6.6%	12,006	+23.2%
Hannover Re	EUR	7,319	+20.8%*	6,653	-3.8%	95.8%	13.7%	8,428	+2.1%
Lancashire	USD	544	-30.9%	436	-19.3%	73.5%	12.4%	1,361	+0.3%
MAPFRE	EUR	13,780	+10.0%*	11,610	-12.5%	98.7%	8.9%	10,332	-9.9%
Markel	USD	3,677	-3.2%	2,865	-0.1%	89.1%	6.7%	7,754	+1.2%
Munich Re	EUR	13,583*	+6.4%*	14,088*	-13.8%	93.4%**	10.6%	30,045	-0.8%
Partner Re	USD	3,477	-7.1%	3,058	-6.2%	85.3%	-2.5%	6,777	-4.6%
RenRe	USD	1,675	+18.2%	1,039	28.9%	65.9%	10.9%	5,720	+14.5%
SCOR	EUR	4,356	+18.4%*	4,157	-2.3%	90.8%	11.2%	6,104	+6.5%
Swiss Re	USD	15,818	-4.1%	13,899	-2.5%	86.1%	14.0%	33,819	-6.2%
Validus	USD	2,248	+10.9%	1,707	18.2%	80.0%	11.2%	4,083	-1.1%
XL	USD	8,141	+32.6%	5,789	34.5%	91.9%	11.9%	13,901	+21.6%

Source: Company reports

*Changes on a constant currency basis: Hannover Re +10%, SCOR +6%, MAPFRE RE +4%, Munich Re -6%.

**P&C Re segment only

Listed ABA Combined Ratio Composition



*based on 21 listed constituents reporting 9M 2015 results

Financial Strength Ratings

Main Operating Company	A.M. Best		Standard & Poor's	
ACE Tempest Reinsurance Ltd	A++	Review Negative	AA	Negative
Allied World Assurance Co Ltd	A	Stable	A	Stable
Amlin AG	A	Review Developing	A	Stable
Arch Reinsurance Ltd	A+	Stable	A+	Stable
Argo Re Ltd	A	Stable	-	-
Aspen Bermuda Ltd	A	Stable	A	Stable
AXIS Specialty Ltd	A+	Stable	A+	Stable
Beazley Insurance Company, Inc	A	Stable	-	-
Catlin Re Switzerland AG	A	Stable	A+	Positive
Endurance Specialty Insurance Ltd	A	Stable	A	Stable
Everest Reinsurance (Bermuda) Ltd	A+	Stable	A+	Stable
General Reinsurance Corporation	A++	Stable	AA+	Watch Negative
Hannover Rück SE	A+	Stable	AA-	Stable
Hiscox Insurance Company (Bermuda) Ltd	A	Stable	-	-
Lancashire Insurance Company Ltd	A	Stable	A-	Stable
MAPFRE Re, Compania de Reaseguros SA	A	Stable	A	Stable
Markel Bermuda Ltd	A	Stable	A	Stable
Munich Reinsurance Co	A+	Stable	AA-	Stable
National Indemnity Company	A++	Stable	AA+	Watch Negative
Odyssey Reinsurance Company	A	Stable	A-	Stable
Partner Reinsurance Co Ltd	A	Review Negative	A+	Negative
QBE Re (Europe) Ltd	A	Stable	A+	Stable
Renaissance Reinsurance Ltd	A+	Negative	AA-	Stable
SCOR Global P&C SE	A	Positive	AA-	Stable
Sirius International Insurance Corp	A	Review Negative	A-	Stable
Swiss Reinsurance Co	A+	Stable	AA-	Stable
Transatlantic Reinsurance Co	A	Positive	A+	Stable
Validus Reinsurance Ltd	A	Stable	A	Stable
XL Re Ltd	A	Stable	A+	Positive

Source: A.M. Best, Standard & Poor's

Upgrade / outlook raised since September 2014

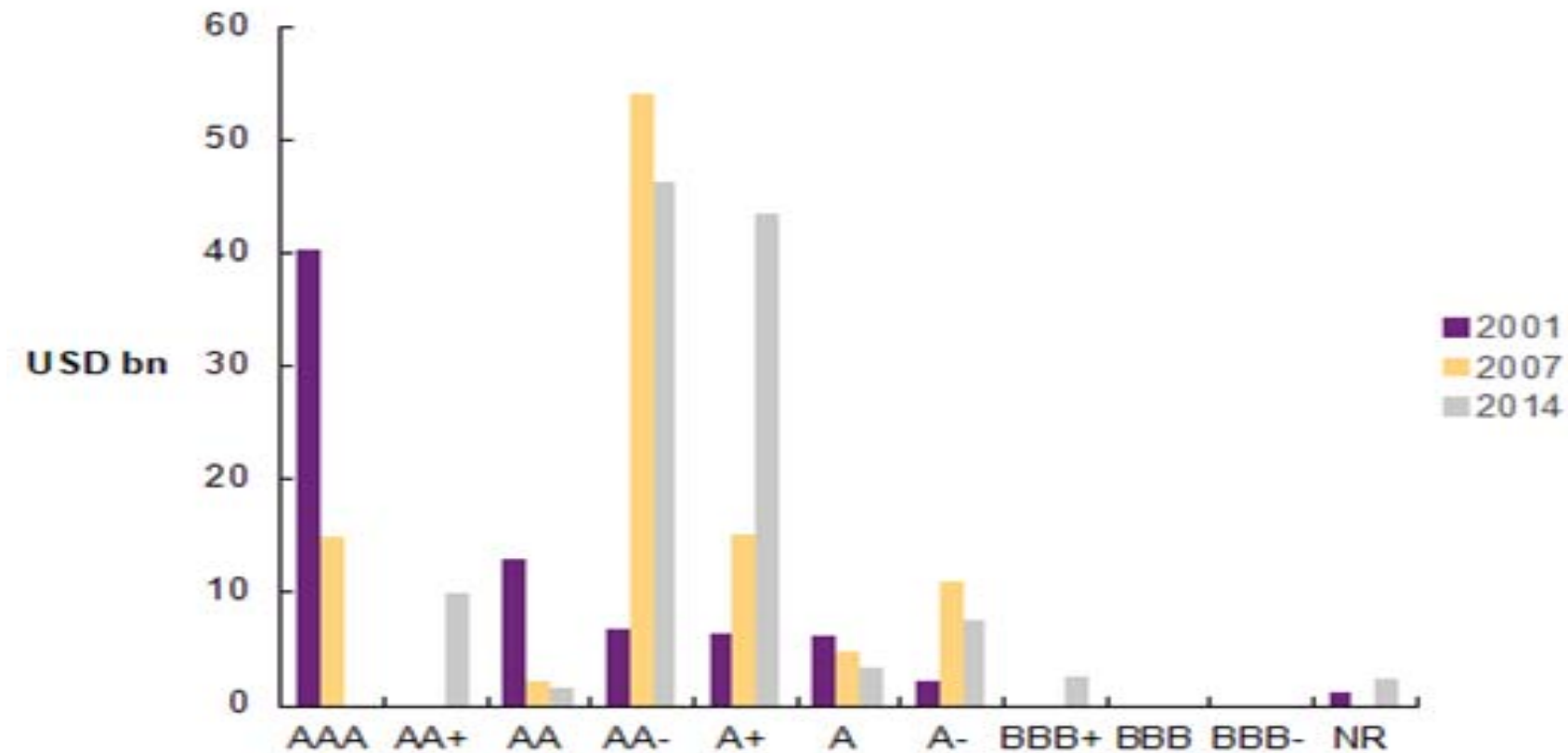
Downgrade / outlook lowered since September 2014

Ratings as at January 2016

Rating Agency Stance on Reinsurance

- **A.M. Best: Negative** (December 2015)
 - Declining underwriting margins and investment returns will adversely impact risk-adjusted returns
 - Falling rates, broader terms and conditions and unsustainable reserve releases are all negative factors
 - Greater use of capital market capacity helps optimise results
 - Balance sheets are well-capitalised but strength may erode for some carriers
- **Fitch: Ratings outlook Stable; sector outlook (fundamentals) Negative** (September 2015)
 - Soft market conditions will persist in 2016 as reinsurance demand remains subdued
 - Interest rates stay at historic lows
 - M&A will have only limited impact on abating supply-side competition
- **Moody's: Negative** (December 2015)
 - Excess capacity from traditional and alternative capital and reducing reinsurance demand puts sustained pressure on prices and erodes terms and conditions
 - Weakening underlying earnings (obscured by low cat losses and reserve releases)
 - Ability to earn cost of capital is under pressure
- **Standard & Poor's: Negative** (September 2015)
 - Credit conditions remain negative
 - Elevated competitive pressures and industry risk will depress profitability
 - Extremely strong capital adequacy, robust risk management, and portfolio steering are supportive of ratings

Reinsurer Rating Profile



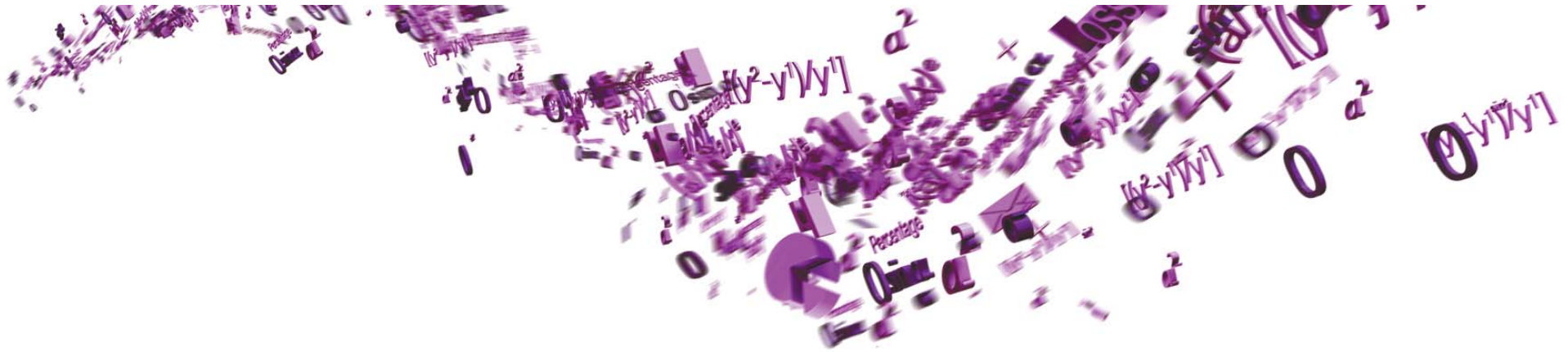
P&C Reinsurance Gross premiums written of top 20 reinsurance groups

Source: Standard & Poor's, Aon Benfield Market Analysis

Reinsurance Market Review and Outlook





















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Mergers and Acquisitions

Recent M&A transactions announced

Acquirer	Target	Target GPW (USDmn)	Value (USDbn)	Announce date	P/BV Multiple	P/E Multiple (trailing)	Synergies	Rationale
		4,224	5.4	Sep 2015	2.4x	--	n/a	<ul style="list-style-type: none"> Establish a leading position at Lloyd's and globally Enhance growth and strengthen MSI's platform through the creation of a diversified portfolio Realise synergies
		1,137	2.2	Jul 2015	1.27	--	n/a	<ul style="list-style-type: none"> New opportunities in Asia, especially China Acquire a long term strategic position in Western carrier
		13,572	28.3	Jul 2015	1.78	15	\$650m	<ul style="list-style-type: none"> Cost savings Long term synergies in personal lines in the US high net worth segment
		3,002	7.5	Jun 2015	1.9	16.6	n/a	<ul style="list-style-type: none"> Expansion of international business Diversification with specialty business Long term synergies
		5,932	6.7	Apr 2015	1.10	7.0	n/a	<ul style="list-style-type: none"> Investment in a major player of the reinsurance industry Anticipation of a cycle play
		740	1.8	Mar 2015	1.21	8.3	\$70m	<ul style="list-style-type: none"> Scale Diversification with a Lloyd's platform and third party capital management franchise Transaction synergies
		1,984	1.7	Feb 2015	1.59	12.5	n/a	<ul style="list-style-type: none"> Scale and diversification Use of excess capital Attractive valuation for seller
		5,670	4.1	Jan 2015	1.45	8.4	>= \$200m	<ul style="list-style-type: none"> Scale and diversification Transaction synergies
		544	1.9	Nov 2014	1.13	10.8	\$30m	<ul style="list-style-type: none"> Scale and diversification Attractive valuation for seller
		280	0.7	Jun 2014	1.33	Nm	--	<ul style="list-style-type: none"> Strategic opportunity Growth

Market dynamics

- Macroeconomic environment still difficult
 - Slowdown in China and spill-over
 - Slower growth in other emerging markets
 - Resurgence of geopolitical risks
- “New normal” becomes “normal”
 - Abundant capacity, and competition from agile new entrants
 - Pricing pressure persists in most lines
 - Looser terms and conditions
 - Alternative capital erodes profitability of property catastrophe reinsurance
 - Persistent low investment returns
 - Falling demand from traditional cedants
- Capitalisation still at near-record level
 - Capital management remains a priority; share buy-backs continue
- Further consolidation is likely
 - Scale/relevance and cost/capital efficiency is increasingly important
- Potential risk factors
 - Depressed underwriting margins and underwriting pressure weaken discipline
 - Some reinsurers may not earn cost of capital
 - Return of claims inflation and reserve strengthening

Opportunities

- Underwriters and teams are in the market following M&A fallout
 - Leading reinsurers invested heavily in skills and processes to allow more of the clients' risks to be managed in the reinsurance market
- Reinsurance capacity readily available
 - Traditional markets and alternative capital help reinsurers optimise capital structure
 - Many more traditional reinsurers have incorporated alternative capital into their underwriting capital structures and enhance offering to their primary insurer customers (longer contract duration, eased reinstatement terms, hours clauses etc)
- New business lines offer growth potential
 - Cyber risks driven by higher level of losses
 - Life and annuity risks driven by massive global retirement demographics

About Aon Benfield

Aon Benfield, a division of Aon plc (NYSE: AON), is the world's leading reinsurance intermediary and full-service capital advisor. We empower our clients to better understand, manage and transfer risk through innovative solutions and personalized access to all forms of global reinsurance capital across treaty, facultative and capital markets. As a trusted advocate, we deliver local reach to the world's markets, an unparalleled investment in innovative analytics, including catastrophe management, actuarial and rating agency advisory. Through our professionals' expertise and experience, we advise clients in making optimal capital choices that will empower results and improve operational effectiveness for their business. With more than 80 offices in 50 countries, our worldwide client base has access to the broadest portfolio of integrated capital solutions and services. To learn how Aon Benfield helps empower results, please visit aonbenfield.com.

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