

GREAT LAKES MUNICH RE GROUP

2007 Portrait – Text only version

INTRODUCTION

Transmitting creativity, innovation and service excellence

The design of our 2007 Portrait is built around the concept of “Transmission” reflecting the dynamic interaction that exists between our policyholders and Munich Re through the services of Great Lakes.

Great Lakes is synonymous with the service excellence and we are pleased to introduce an overview of our strengths within this brochure. We are an innovative company that is distinguished by a culture that fosters continual improvement. As the lifeblood of business is the creation of new ideas, so our vision is to be an innovation hub that sparks the type of creativity to generate lasting value for the Munich Re Group.

We are proud of the high standard of entrepreneurial leadership within our specialist teams and are committed to empowering our staff responsibly so that we can better deliver a highly efficient service.

Great Lakes use two distinct models for accessing insurance business. The first is delegated acceptances via Agency Agreements and the second is individual acceptances of Large Single Risks using a wide range of insurance licenses. The very nature of Great Lakes’ work means that every insurance deal and every client presents a different and unique opportunity.

Whether through development of specific operating standards or the promotion of best practice in our processes and procedures, we strive to continuously manage the risk in our portfolio. We are committed to minimising risk for all our transactions and we continually enhance our operational processes to support these aspirations for the benefit of all parties in the value chain.

Great Lakes has the specialist skills and experience, as well as the enthusiasm and drive you would expect of a Munich Re special purpose insurance carrier. Why not put our expertise to the test?

AGENCY AGREEMENTS

As one of the UK's leading insurers, Great Lakes has considerable expertise in managing delegated underwriting authorities.

Expanding horizons, increasing opportunity

Delegated underwriting authorities can take the form of Agency Agreements, Co-insurances, or Pooling arrangements. We make arrangements with carefully selected service partners which currently generate about 80% of our total annual business volume of just over £1bn.

Such partnerships enable the Munich Re Group to access particular market segments, which are not so readily available to a professional reinsurer adhering to traditional reinsurer/cedant models. Great Lakes' role is to expand the distribution channels available to the Munich Re Group by means of alliances with underwriting agencies offering specialist underwriting expertise and access to the ultimate insureds. In return, these agents benefit from being able to offer the capacity, financial security and rating of the Munich Re Group.

Some agencies specialise in offering a particular insurance product, others offer a range of lines to a particular homogenous target customer group. Such groups may include Personal Lines clients, Small and Medium-sized Enterprises (SME), or large corporate entities. We have, for example, entered into a coinsurance agreement supporting a major UK motor insurer who specialises in competitive rates for drivers who are limited by standard cover options, i.e. they may drive performance cars, be city dwellers or have low No Claims Bonuses.

Another of our partners is a leading UK health and wellbeing services provider, delivering advice, care and insurance solutions to both individuals and organisations. We act as an insurance carrier for a selection of their retail and wholesale products including Personal Accident (PA), Travel, and Legal Expenses Insurance.

Other Great Lakes partners promote broker managed schemes for SME, Commercial Combined, Household and PA, Illness and Travel. This includes highly specialised niche market schemes for restaurants, social clubs, taxi drivers and shops, among others.

We also take particular pride in developing innovative schemes. A recent example was the provision of a guarantee in the form of an insurance product via a broking partner which allows electrical retail goods producers to meet regulatory requirements following the implementation of the EU Directive on Waste Electrical and Electronic Equipment. This requires such companies to guarantee that they will ensure products are properly recycled at the end of their useful life.

As a centre of excellence for agency business within the Munich Re Group, Great Lakes aspires to reliable, robust and durable partnerships based on mutual trust and respect. To that end, we pursue sound initiatives that are underpinned by a strong business case.

BEST PRACTICE RELATIONSHIPS

Great Lakes offers tailored solutions to bespoke business models. Every proposition is different and we adapt our approach to the individual deal and the respective client's needs, developing a solution in partnership.

Managing solutions in partnership

Whilst a flexible approach is very important to us, we maintain a structured framework to manage our business. This includes a risk based due diligence framework, a robust Agency Agreement and tailored management information requirements that take into account the specialities of the business. This valuable process is also employed for start-up operations where the consultancy benefits have a direct correlation on establishing best practice procedures from the start.

Once an Agency Agreement has been formally set up, the relationship between Great Lakes and its agent is further developed by the nomination of a Relationship Manager who will coordinate all requirements and communicate with the relevant Munich Re underwriter as well as the agent. Together with agreement stakeholders, such as any third party, they form a core team responsible for the smooth running of the agreement and the overall relationship.

We conduct a variety of audits to provide assurance that an agent or a sub-agent is carrying on business in accordance with the binding authority. Such audits are performed in the interests of both parties to optimise operational efficiencies. They focus on the agent's and any supporting network's financial strength, organisational ability and compliance with applicable regulation, and may include themed audits that relate to specific reporting requirements. The audits also act as a valuable medium of exchange about best practice standards.

Risk management is a key consideration to the Munich Re Group and Great Lakes. An in-depth knowledge of our clients' business allows Great Lakes to de-risk the relationship through the adoption and embedding of best practice procedures and cutting edge solutions. Combined with the regulatory oversight of our business by the Financial Services Authority this serves to secure policyholder's interests.

SINGLE RISKS

In a climate where corporations face ever more complex and demanding risk exposures, companies need strong and reliable partners that can deliver tailored risk transfer and risk financing solutions to help them meet the challenges.

Addressing the risk challenge

We evolve and keep pace with the changing needs of our clients and their distinct requirements by constantly researching and developing new products across all business sectors. One recent development that we take a lot of pride in is a special cover to address Third Party Intellectual Property Infringement.

Great Lakes offer an innovative approach in the design and delivery of solutions for our corporate clients. Our client base consists of corporations representing great geographical and industrial diversity yet all share a commitment to sound risk management. In addition, our clients are prepared to share financial exposure to their own risk – whether through self-insured retentions, the use of established vehicles such as captive insurance companies, or more sophisticated non-traditional arrangements or structures.

We apply a technical but creative approach, characterised by a high degree of flexibility in programme design. Our underwriters strive for an in-depth understanding of each risk and are ready to deploy meaningful levels of Munich Re Group capacity – on a case-by-case basis. By emphasising transparency, individual risk underwriting, and customer risk sharing, we seek to play a significant ongoing role in the risk protection programmes of our clients as their needs evolve.

Great Lakes' capabilities span a range of both traditional and innovative risk transfer and risk financing products. Some of the key lines of business we can offer in association with other Munich Re Group units include:

- Worldwide Property, Oil, Gas & Engineering including Construction All Risk/Erection All Risk
- Liability – Worldwide (excluding US domestic business) Comprehensive General Liability and Product Recall business and UK Employers' Liability;
- Specialty Lines – a suite of Professional and Executive Risk products including Professional Indemnity, Directors' & Officers' Liability, Public Offering of Securities Insurance and Warranty & Indemnity Insurance for UK, European and International firms (excluding US domestic risks)
- Aviation – hull and liability exposures for airlines, aircraft manufacturers, airports and other general aviation exposures, including airside risks. We also have a participation in the world's largest aviation insurer pool
- Space - pre launch, launch and in-orbit space and space related exposures.

PART OF MUNICH RE

Engaging with the insurance expertise of the Great Lakes organisation means engaging with the Munich Re Group.

As principle reinsurer and owner of Great Lakes, Munich Re backs client interests through the support of its technical specialists, its knowledge networks and through innovative teams who constantly research new and thought-provoking insurance solutions. Munich Re's philosophy and strength is characterised by actions that consistently address the individual needs of our clients, a strong capital base, integrated risk management, and the concentration of Group resources on commercial success.

In 2006 Great Lakes' financial contribution was substantial with a gross premium income of £1.07bn and shareholders' funds at £244m. We enjoy the Munich Re Group rating, which at July 2007 was Standard and Poors: AA- (very strong) and A M Best: A+ (superior). Building on the security of a sound rating and the excellence in client relations within the Group that spans over 125 years, Great Lakes continues in this tradition, developing insurance solutions that are both respectful of our client's business and deliver true value.

Connecting insurance to reinsurance creates the powerful partnership ethos that is visible and effective in all aspects of our work. An extensive portfolio of direct insurance licences is maintained and, wherever feasible, extended on a regular basis to ensure that our services can be made available in as many countries as possible.

Great Lakes is authorised to underwrite business within FSA classes 1-18, i.e. all lines of business excluding Life. Although Great Lakes' policyholders are primarily UK based, we operate on a Freedom of Services basis in the EU and are eligible as a non-admitted Surplus Lines insurer in nearly all US states. Our Technical Insurance Team advise on licensing, regulatory and tax questions around the world – often a necessity when supporting global businesses in global markets.

Munich Re's network of overseas offices are often key partners to the insurance solutions that Great Lakes facilitates. Indeed our clients are able and encouraged to access Group expertise and advice either via Great Lakes or directly. Being a part of a world renowned Group brings with it the responsibility to uphold the highest of standards. We wholly support the best practice standards that are developed within the specialised units of the Group and can draw on their expertise when constructing bespoke solutions, for example in drawing up Agency Agreements. In addition, we are able to access advice, support and experience from other direct carriers within the Group to the benefit of clients.

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