

direct. transparent.



THIS IS GEN RE **TODAY.**



“I have but one lamp by which my feet are guided, and that is the lamp of experience.”
–Patrick Henry



2014 was a year of extremes. It was the sixth year of record low interest rates around the world. We witnessed the massive amounts of government stimuli that bloated central banks' balance sheets to \$7 trillion. The combination created significant currency volatility. At the same time, it was the warmest year on record and global Cat losses were 38% below the 10-year average. Politically, it was a year of unrest in many parts of the world. Terrorism risk is escalating, as well as the increased use of cyber hacking as a criminal and political tool.

We live in a world that is interconnected. Technology is changing the way we live our lives, from Uber to autonomous cars, 3D printing, drones and virtual reality. There were 1.3 billion phones sold in 2014 and 12.5 billion devices connected to the Internet, a number expected to increase to 50 billion by 2020.

All of this presents a very interesting and challenging set of opportunities for the insurance industry.

I am pleased to report that Gen Re produced a 95.6% combined ratio on \$6.3 billion of earned premium.

Our direct Property/Casualty reinsurance business produced a 96.5% combined ratio on \$2.4 billion of premium. Our direct Life/Health business produced a 96.6% combined ratio on \$3.2 billion of premium. Faraday, our London broker platform, produced an 81.3% combined ratio on \$416 million of premium. General Star and Genesis,

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our North America primary companies, produced a 97.6% combined ratio on \$248 million of premium, and USAU, our aviation company, produced a 92.2% combined ratio on \$31 million of premium. GR-NEAM, our asset management subsidiary, concluded the year with \$68 billion of third-party assets under management.

We ended the year with GAAP capital of \$15 billion and strong ratings from the ratings agencies: A++ from A.M. Best, AA+ from Standard & Poor's, and Aa1 from Moody's. For the reinsurance industry, it was the year of alternative capital. Pension funds invested heavily in insurance-linked securities (ILS) and their issuance represents almost 20% of the catastrophe non-proportional segment. Suppressed interest rates and a benign Cat year made these securities very attractive. Hedge funds have also entered the business, setting up offshore reinsurers that have very attractive tax treatment. Their longer-term commitment is hard to predict since the average life span of a hedge fund is just five years.

We are very much committed to the reinsurance business and believe fervently that all reinsurance is not the same. While many view both insurance and reinsurance as an expense, I challenge that perspective and suggest it is really an asset and its value varies dramatically depending on its financial and operational attributes.

Risk management is critical in a risk-assuming business, and I am very proud that risk management is not just a function at Gen Re but embedded in our culture.

The 2,350 Gen Re associates around the world work hard every day to be responsive to our clients' needs while ensuring that we make good on every promise that we have made. We take that commitment to you, our clients, very seriously.

Thank you for the opportunity to serve you. We look forward to meeting the challenges ahead together.

Sincerely,



Tad Montross

THIS IS GEN RE TODAY

OUR BUSINESSES

General Re[®], a subsidiary of Berkshire Hathaway Inc., is a holding company for global insurance, reinsurance and financial service operations (the Gen Re group). The Gen Re group employs approximately 2,350 associates in 55 cities in 25 countries. It owns General Reinsurance[®] and General Reinsurance AG, which conduct business as Gen Re. A direct reinsurer, Gen Re is one of the leading Property/Casualty and Life/Health reinsurers in the world.

Direct Property/Casualty and Life/Health Reinsurance

Gen Re delivers reinsurance solutions to the Property/Casualty and Life/Health insurance industries. We work closely with our clients to understand their strategic and operational goals, offering a wide range of products, tools and resources designed to promote our clients' ongoing growth and success.

As a direct reinsurer, we are in the risk assumption business, just like our clients. We hire and train the best underwriters, actuaries and claims professionals in the industry—and we ensure our clients have direct access to decision makers and technical experts who understand and support their business objectives. Our shared perspective helps us understand and evaluate even the toughest risks—and propose the right solution for each client.

Gen Re is a member of the Berkshire Hathaway family of companies, and has earned superior financial strength ratings from each of the major rating agencies. We take our commitments very seriously. And with \$15 billion in capital and \$6.3 billion in premiums, we only make promises we can keep.

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, Connecticut with a client service office in San Diego, California. Our wholly-owned subsidiary, GR–NEAM Limited, is located in Dublin, Ireland with a branch office in London. General Re–New England Asset Management, Inc. is registered with the SEC. GR–NEAM Limited is regulated by the Central Bank of Ireland and is not registered with the SEC.

Our 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 specialty and surplus lines provider, underwriting a broad array of Property, Casualty and Professional Liability business through a select group

of wholesale brokers, managing general underwriters and program administrators.

Genesis is an alternative risk insurance provider offering solutions for the unique needs of public entity, commercial and captive customers.

London Market

Faraday, which currently comprises two risk-bearing entities, is in the process of moving to one platform: Faraday Syndicate 435 at Lloyd's. This involves a Part VII transfer of in force business in Faraday Re to its parent GRAG and to Syndicate 435; on completion Faraday Re will close. The business will continue to be written through three teams—Aviation, Casualty and Property. Faraday's business is sourced through (re)insurance brokers, and a diverse range of worldwide insurance and reinsurance classes is written.

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.

STRATEGY AND CULTURE

DISCIPLINED

WE ASPIRE

COLLABORATIVE

TO BE

HONEST/OPEN

...

EMPOWERED

THIS IS

RESPECTFUL

GEN RE TODAY

PROUD

Gen Re's business strategy is to run a group of insurance, reinsurance and financial services companies in a disciplined and differentiated way for clients that want more than a commodity.

Our business goals are profit-oriented only. We aim to achieve an appropriate risk-adjusted return on each risk we assume, which we translate into target combined ratios for each underwriting segment. We have no premium goals.

Corporate Culture

We aspire to be a disciplined, transparent, open/honest and respectful culture. Nurturing a true meritocracy is a key cultural aspiration. We have a healthy respect for risk, and our approach to management begins with these core values.

Our culture is grounded by a set of measurable core competencies:

- > Having a service mindset
- > Building and demonstrating business knowledge
- > Promoting teamwork to achieve organizational goals
- > Establishing an environment of transparent and constructive communication
- > Results-oriented associates delivering on our commitments
- > Promoting a continuous learning environment

Risk Strategy

The Gen Re group's risk strategy supports the group business strategy through the following tenets:

- > We are in the risk-assuming business for Property/Casualty and Life/Health risks. We are also in the insurance asset management business.
- > We only assume risk that we understand and at a premium that compensates us appropriately for both the exposure and volatility we are assuming.
- > We reserve our liabilities in a consistently conservative manner.
- > We invest to generate competitive returns over time, while managing liquidity needs and investment risk accordingly.
- > We manage potential accumulations conservatively.

Risk Management Framework

We believe risk management is the core function of any risk-assuming enterprise, and view risk management as the responsibility of each and every employee, every day.

Our risk management competency is built on a comprehensive qualitative approach supported by extensive quantitative analysis. The risk culture is owned by senior management, and our Chief Executive Officer is the Chief Risk Officer. Our risk culture is manifested in our decision-making framework and control environment.

We have implemented the three lines of defense approach to risk management, including an established network of risk committees at both the group and subsidiary levels. Risk and control assessments are performed regularly across the organization.

We have established risk appetites, tolerances, and limits for major risks. Feedback mechanisms allow us to monitor our performance.

Quantitative analysis complements our qualitative risk framework. Models enhance our risk culture by providing a discipline of common metrics and framework for risk evaluation. However, we use models only where we have confidence in the output. We recognize that models are highly sensitive to assumptions, and assumptions require significant judgment. For this reason our quantitative models enhance our qualitative approach, not the other way around.

As a reinsurer, we make long-term promises to our clients. Our strategy for managing risk enables us to make those promises with confidence.

General Re Corporation

Selected Consolidated Financial Data

(Amounts in millions of U.S. dollars)

	2014	2013
Total investments	29,950	30,781
Investments	25,412	26,782
Cash & cash equivalents	4,538	3,999
Total assets	37,910	39,200
Underwriting reserves	19,755	20,617
Shareholders' equity	14,481	14,643
Dividends	500	1,450
Return on equity	6.5%	8.1%
Net premiums written*	6,418	5,963
Life/Health	3,161	2,991
Property/Casualty	3,257	2,972
Net premiums earned*	6,264	5,984
Life/Health	3,161	2,977
Property/Casualty	3,103	3,007
Underwriting result*	277	283
Life/Health	107	135
Property/Casualty	170	148
Combined ratio*	95.6%	95.3%
Life/Health	96.6%	95.5%
Property/Casualty	94.5%	95.1%
Total investment income	1,088	1,328
Net investment income	900	986
Realized gains/losses	188	342
Net income	942	1,161

* 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

Management's Discussion & Analysis

Reprinted from Berkshire Hathaway Inc.'s 2014 Annual Report

General Re®

Through General Re, we conduct a reinsurance business offering Property/Casualty and Life/Health coverages to clients worldwide. We write Property/Casualty reinsurance in North America on a direct basis through General Reinsurance Corporation and internationally through Germany-based General Reinsurance AG and other wholly-owned affiliates. Property/Casualty reinsurance is also written through brokers with respect to Faraday in London. Life/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. Our management does not evaluate underwriting performance based upon market share and our underwriters are instructed to reject inadequately priced risks. General Re's underwriting results are summarized on page 8.

Property/Casualty

Property/Casualty premiums written and earned in 2014 increased \$285 million (9.6%) and \$96 million (3.2%), respectively, compared to 2013. Adjusting for changes in foreign currency exchange rates, premiums written and earned in 2014 increased \$246 million (8.3%) and \$100 million (3.3%), respectively, compared to 2013. This was primarily due to new and increased Treaty participations as well as growth in our Facultative and primary Casualty businesses. Beginning in 2014 we changed our accounting policy for written premium recognition due to the global alignment of our processes. This change resulted in an increase in written premiums of \$28 million but had no impact on earnings. Our underwriters continue to exercise discipline by declining business where prices are deemed inadequate and remain prepared to increase premium volume when appropriate prices are attained relative to the risks assumed.

Our Property/Casualty business produced pre-tax underwriting gains in 2014 of \$170 million compared to \$148 million in 2013. In 2014 and 2013, our Property business generated pre-tax underwriting gains of \$466 million and \$153 million respectively. Underwriting results in the 2014 period reflected no significant Catastrophe events, while results in 2013 included Catastrophe losses of \$400 million from a hail storm in Europe in the third quarter and European floods in the second quarter. The timing and magnitude of Catastrophe and large individual losses has produced and is expected to continue to produce significant volatility in periodic underwriting results. In both periods,

Property results also benefitted from reductions of estimated ultimate losses for prior years' exposures. The favorable development in each period was primarily attributable to lower than expected losses reported from ceding companies.

Our Casualty/Workers' Compensation business produced pre-tax underwriting losses of \$296 million in 2014 as compared to \$5 million in 2013. Underwriting results in 2014 included comparatively lower reductions of estimated ultimate losses of prior years' business. The loss reserve releases reduced pre-tax underwriting losses by \$123 million in 2014 compared with \$354 million in 2013. The pre-tax underwriting losses were also impacted by charges associated with discount accretion on our tabular Workers' Compensation reserves of \$138 million and \$141 million in 2014 and 2013, respectively. Casualty losses tend to be long tail, and it should not be assumed that favorable loss experience in a given period means that the loss reserve estimates currently established will continue to develop favorably.

Underwriting gains were \$148 million in 2013 and consisted of \$153 million of gains from our Property business and \$5 million of losses from Casualty/Workers' Compensation business. Our Property results included \$400 million of Catastrophe losses primarily attributable to a hailstorm (\$280 million) and floods (\$120 million) in Europe. The underwriting loss from Casualty/Workers' Compensation business included \$141 million of losses attributable to discount accretion related to prior years' Workers' Compensation liabilities and net underwriting losses attributable to current year business, offset by reductions in estimated liabilities for prior year losses.

Life/Health

Premiums written and earned in 2014 increased \$170 million (5.7%) and \$184 million (6.2%), respectively, compared to 2013. Adjusting for changes in foreign currency exchange rates, premiums written in 2014 increased \$217 million (7.3%) over 2013 and premiums earned were \$234 million (7.9%) higher than 2013. The increases were primarily derived from Life business in a number of non-U.S. markets. The Life/Health operations produced pre-tax underwriting gains of \$107 million in 2014 compared to \$135 million in 2013. In 2014 we recorded increased reserves due to lower discount rates in Europe and we also experienced increased frequency and severity of claims in Australian Disability business. Underwriting results in both years also reflected charges attributable to the periodic discount accretion on U.S. Long Term Care liabilities.

SENIOR MANAGEMENT TEAM

General Re Corporation



Franklin (Tad) Montross
Chairman & CEO



Damon N. Vocke
President



William Gasdaska, Jr.
Executive Vice President



Janice Englesbe
Senior Vice President



Dan Lyons
Senior Vice President



Sandra Bell
Senior Vice President

Direct Reinsurance Operations



**Kenneth B.
Lundgren**

*Vice Chairman,
General Reinsurance
Corporation*



Robert Jones

*President and Chief
Marketing Officer,
General Reinsurance
Corporation*



Carole Ferrero

*President and Chief
Underwriting Officer,
General Reinsurance
Corporation*



Steven Mannik

*President, General Re
Life Corp. (Life/Health
North America)*



Dr. Winfried Heinen

*Executive Director,
General Reinsurance
AG (Life/Health
International)*

(Re)Insurance Businesses



William Rotatori

CEO, GR-NEAM



Paul Ceurvorst

*CEO, Faraday
Syndicate 435 and
Faraday Re*



Damon N. Vocke

*Chairman, USAU and
Faraday*



Martin G. Hacala

*President and CEO,
General Star and
Genesis*



David McKay

*President and CEO,
USAU*

GEN RE HISTORY

With our roots beginning in 1921 in North America and in 1846 in Europe, we've always been an "underwriting company"—more interested in underwriting quality than volume. We've been a direct reinsurer since 1929 when General Reinsurance® affirmed that it would only sell directly to insurers.

Gen Re has made significant contributions to the structure of today's reinsurance markets. In Germany in 1846 (as Cologne Re) the world's first independent professional reinsurance company was born, and in 1852 the first professional reinsurance treaty was signed. Gen Re was the first company to offer Casualty and Property facultative reinsurance in the 1950s and the first company to write reinsurance on an excess basis.

In 1994 General Re® formed an alliance with Cologne Re (now General Reinsurance AG). In 1998 Berkshire Hathaway Inc. acquired General Re Corporation, our holding company, and in 2003 General Re and Cologne Re began marketing globally under the brand name of Gen Re. In 2009 General Re completed its purchase of Cologne Re, whose name was changed to General Reinsurance AG in 2010.

We have no exit strategy. Gen Re will be here for the long term.

The people behind the promise.



genre.com