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Press release

Munich Re restructures responsibility for health business across the Group, and reduces the size of the Board of Management

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Munich Re (Group) is disbanding the Munich Health (MH) field of business with effect from 1 February 2017, and is reallocating responsibilities among a smaller Board of Management.

The reinsurance units of Munich Health will be merged with Munich Re's Life division, and the primary health insurance business will be transferred to ERGO International. This reorganisation will also release cost synergies, and allow for a reduction in the size of the Board of Management. Doris Höpke, the Board member with responsibility for Munich Health, will take over the Special and Financial Risks division. At the end of April 2017, she will also assume global responsibility for human resources in the reinsurance field of business, including the function of Labour Relations Director. Thomas Blunck, member of the Board of Management, will in future be responsible for life and health reinsurance business. Munich Re has begun to hold discussions with the co-determination bodies and responsible supervisory authorities which are necessary to implement these measures.

Since 2008, Munich Re has pooled its health operations under the Munich Health brand. A wide spectrum of (re)insurance service providers and risk carriers serve clients in the services and insurance sector outside Germany. Munich Health is the smallest of Munich Re's fields of business. In the first three quarters of 2016, it generated a profit of €76m.

Despite a few individual success stories, the original growth and revenue targets for the Munich Health field of business have not been realised overall. Market conditions and client needs in the growing health insurance market will continue to change significantly over the next few years. Munich Re is anticipating these trends with this restructuring – which was proposed by Joachim Wenning and the Board of Management, and has been approved by the Supervisory Board. Primary insurers are today less likely to distinguish between solutions designed for health and life business. The increasing digitalisation of insurance processes, which results from the availability of large data volumes and new evaluation methods, is an important driver behind this trend. In addition, reinsurance is becoming increasingly important for capital management, and for those transactions the respective classes of business play a minor role.

In parallel, the strategic reorganisation of ERGO International's business – which will be presented in the first six months of 2017 – offers an opportunity to integrate Munich Health's non-German primary insurance business with ERGO.

Health insurance business will retain its strategic importance for Munich Re (Group) even after the reorganisation. "The high-growth health market – boosted by increasing prosperity, demographic change and medical advances – will remain important for us even after the reorganisation. Our strategic ambition and expected returns from health business will not change," stressed Nikolaus von Bomhard, Chairman of the Board of Management.

The transfer of responsibilities for the respective Munich Health units to the management of the primary insurance and reinsurance fields of business will take place with effect from 1 February 2017. It is expected that this reorganisation will also generate cost synergies.

Smaller Board of Management and reallocation of responsibilities

The disbanding of the Munich Health field of business taking effect on 1 February 2017 also allows for a reduction in the size of the Board of Management. Member of the Board of Management Doris Höpke will take over responsibility for Special and Financial Risks (SFR) from Thomas Blunck. After Joachim Wenning becomes Chairman of the Board of Management at the end of April, Höpke will also assume responsibility for Human Resources and become the Labour Relations Director. With regard to her new responsibilities, Höpke said: "The Special and Financial Risks division (SFR) is heavily involved with topics that offer great reinsurance opportunities – whether in terms of cyber coverage, or innovative insurance products for industrial and major clients. These important future issues are actively explored by SFR and allow us to provide impetus for the whole industry." She also looks forward to working with the Human Resources division: "Around 13,000 people across the world work for Munich Re in reinsurance. In order to influence change in our industry, we will need to rely on excellent risk expertise and entrepreneurial skills at all levels. This will be something to which I will pay close attention."

Thomas Blunck, who has been the Board member responsible for SFR since 2005, will be responsible for Life and Health from 1 February, and will integrate the two lines of business. In addition, Blunck will drive development of Digital Partners, Capital Partners and Reinsurance Investments.

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Munich Re stands for exceptional solution-based expertise, consistent risk management, financial stability and client proximity. This is how Munich Re creates value for clients, shareholders and staff. In the financial year 2015, the Group – which combines primary insurance and reinsurance under one roof – achieved a profit of €3.1bn on premium income of over €50bn. It operates in all lines of insurance, with over 43,000 employees throughout the world. With premium income of around €28bn from reinsurance alone, it is one of the world's leading reinsurers. Especially when clients require solutions for complex risks, Munich Re is a much sought-after risk carrier. Its primary insurance operations are concentrated mainly in the ERGO Insurance Group, one of the leading insurance groups in Germany and Europe. ERGO is represented in over 30 countries worldwide and offers a comprehensive range of insurances, provision products and services. In 2015, ERGO posted premium income of €17.9bn. In international healthcare business, Munich Re pools its insurance and reinsurance operations, as well as related services, under the Munich Health brand. Munich Re's global investments (excluding insurance-related investments) amounting to €215bn are managed by MEAG, which also makes its competence available to private and institutional investors outside the Group.

Disclaimer

This press release contains forward-looking statements that are based on current assumptions and forecasts of the management of Munich Re. Known and unknown risks, uncertainties and other factors could lead to material differences between the forward-looking statements given here and the actual development, in particular the results, financial situation and performance of our Company. The Company assumes no liability to update these forward-looking statements or to conform them to future events or developments.

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