



Image: chinaface - Getty Images / iStockphoto

Our core beats digital.
Solutions to serve our clients.

Baden-Baden | 21 October 2019
Doris Höpke

Munich RE 



Challenges we are facing as an industry – We address them to serve our clients

POLITICAL UNCERTAINTIES OLD RISKS NEW RISKS
GEOPOLITICAL CLIMATE CYBER
VOLATILITY RISK
NEW TRADE CHANGE
FORMS WARS DIGITALISATION
OF ENERGY NEW FORMS OF MOBILITY

Our Tech Trend Radar shows technology-driven trends that are particularly relevant for the global insurance sector

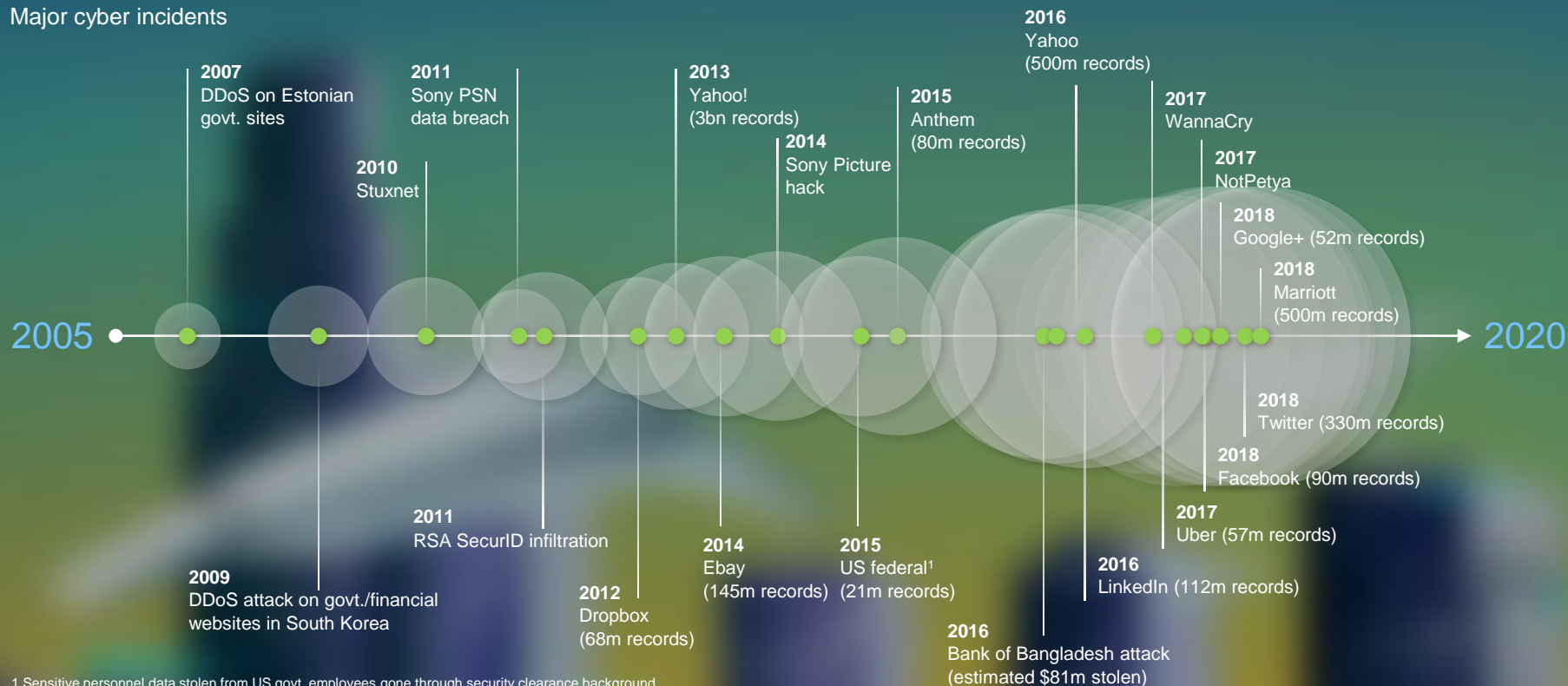


Tech Trend Radar shows technology-driven trends – Connected World



Evolution and exponential growth in cyber incidents

Major cyber incidents



¹ Sensitive personnel data stolen from US govt. employees gone through security clearance background checks

Recent market trends and developments

Underscore the necessity and potential of cyber insurance

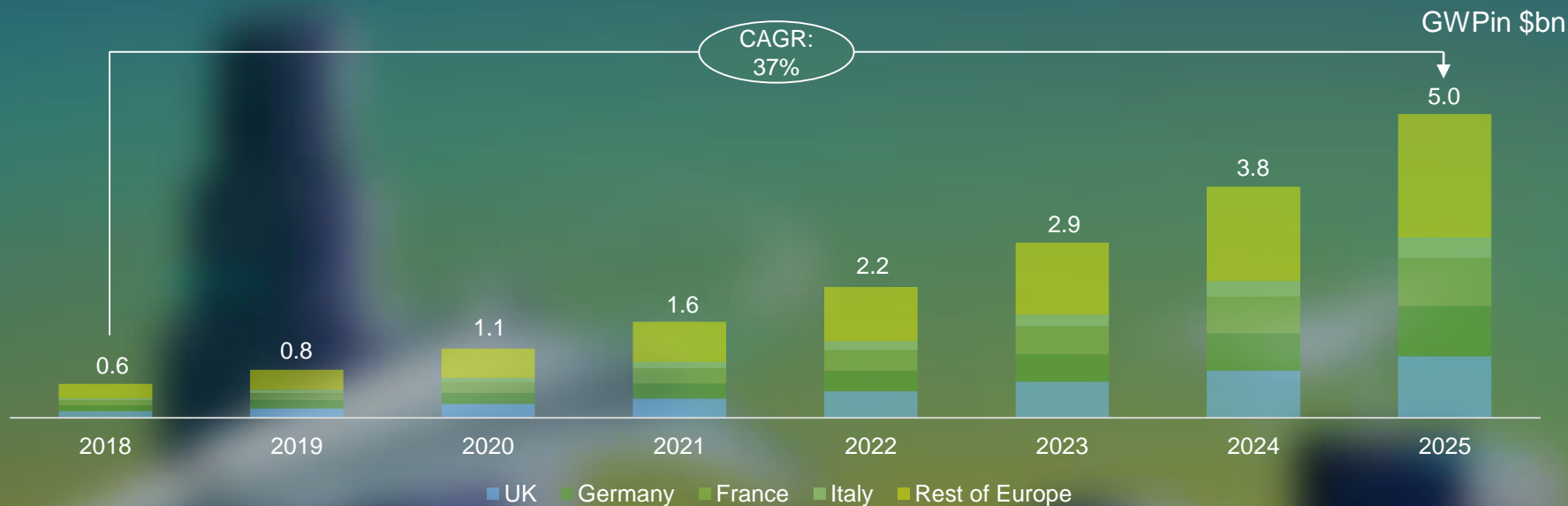


GLOBAL IT SECURITY INVESTMENTS WILL FURTHER GROW

- Most new buyers are SMEs (small sized: <€50m)
- Top buyers by industry
 - Healthcare
 - Manufacturing
 - Professional services
 - Financial institutions
- Top cover elements
 - BI (growing importance)
 - Data breach (remaining important)

Cyber insurance market with strong expected growth

For Europe a CAGR of 37% is expected (2018–2025)



Cyber is one of Munich Re's main strategic growth areas.

Munich Re's cyber offering covers all areas of the value chain and reflects and active appetite for risk taking and driving innovation

Product development



- Wording and coverage
- Pricing
- Product review and update

Underwriting



- Modular risk questionnaires
- Underwriting manual and guidance
- Automated underwriting
- Flexible pricing tool

Services



- Service provider check
- Further offerings under development

Sales and marketing



- Marketing support
- Launch support

Risk management



- Monitoring/KPIs
- Accumulation control
- Quota share reinsurance (multi-year)

Claims



- Service provider check
- Breach response process assistance

The one-stop solutions offer a clear cost advantage and take up significantly fewer of insurers' resources.

Tech Trend Radar shows technology-driven trends – User-Centricity



“Realytix” – Designing innovation from idea to market

Development and distribution of non-life commodity primary insurance products



- Insurance carriers want to launch new products without costly delays often caused by tedious IT integration processes.
- Once new products are launched immediate reaction to the changing market environment is necessary.

Realytix is a cloud-based rate/quote/bind platform for primary insurers, brokers and MGAs that does not require implementation into an existing IT infrastructure. Digital distribution channels can be easily facilitated via an API offering.

The Realytix platform enables insurance carriers

- to market products in a few weeks and
- to adapt within a few minutes to changing market requirements.

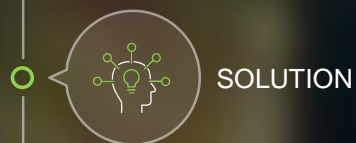


Reduced time to market, customisable and flexibly implementable platform, digital and easily scalable distribution.

“Wildfire Risk Score” – Enhancing external data with our claims experience and scientific assessment of the impact of climate change



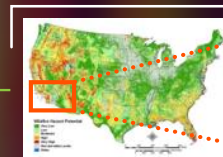
Primary insurers writing residential business but also commercial businesses need a better understanding of their exposure in wildfire prone regions as losses caused by wildfire have increased significantly.



Munich Re internal and enriched external data



















New Hazard Zones



New Munich Re Wildfire Risk Score Map

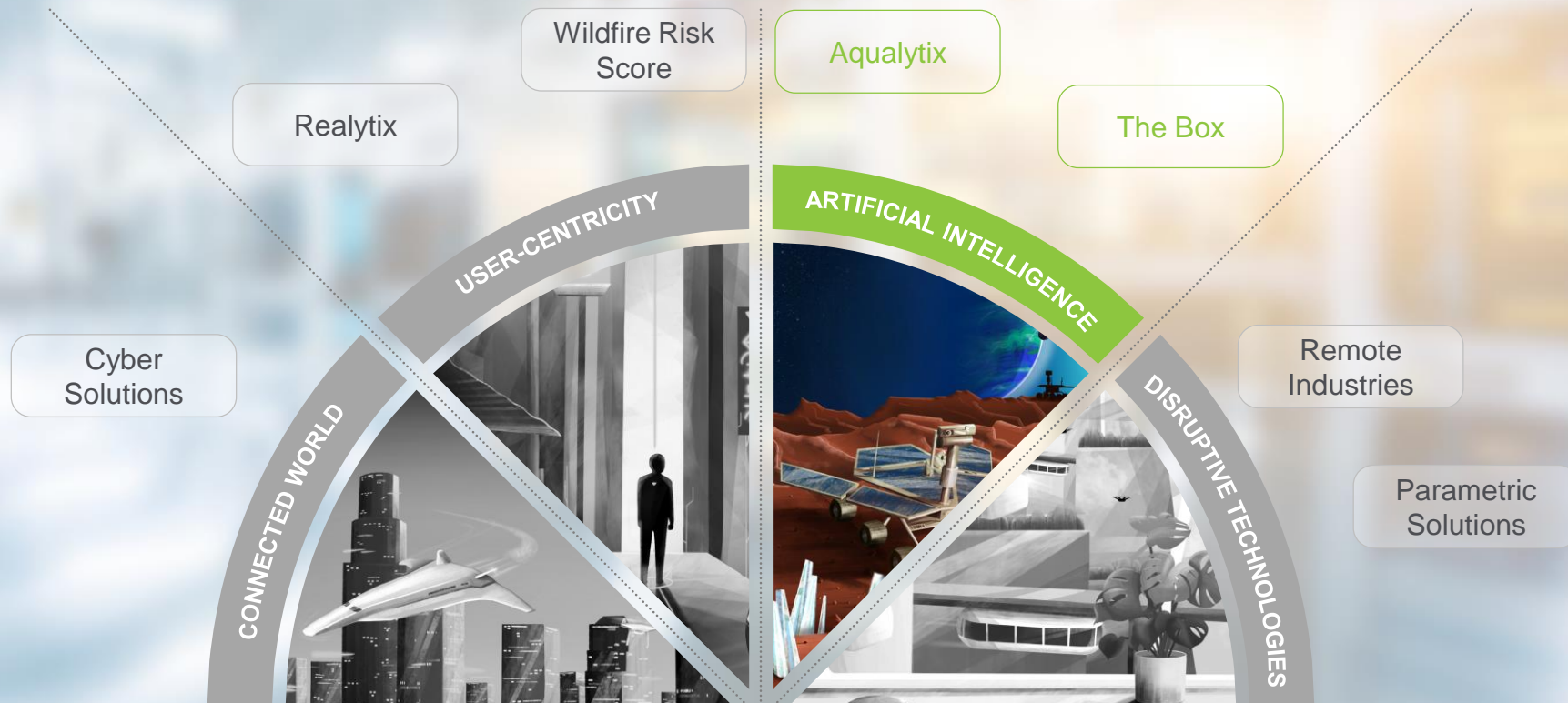


✓ Risk Index Class	
✓ 0 (No or very low)	
✓ 1 - 2 (Low)	
✓ 3 - 4 (Low)	
✓ 5 - 6 (Low)	
✓ 7 - 8 (Medium)	
✓ 9 - 11 (Medium)	
✓ 12 - 14 (Medium)	
✓ 15 - 17 (High)	
✓ 18 - 21 (High)	
✓ 22 - 25 (High)	
✓ 26 - 32 (Very high)	
✓ 33 - 39 (Very high)	
✓ 40 - 50 (Very high)	
✓ 51 - 65 (Extreme)	
✓ 66 - 80 (Extreme)	
✓ 81 - 100 (Extreme)	

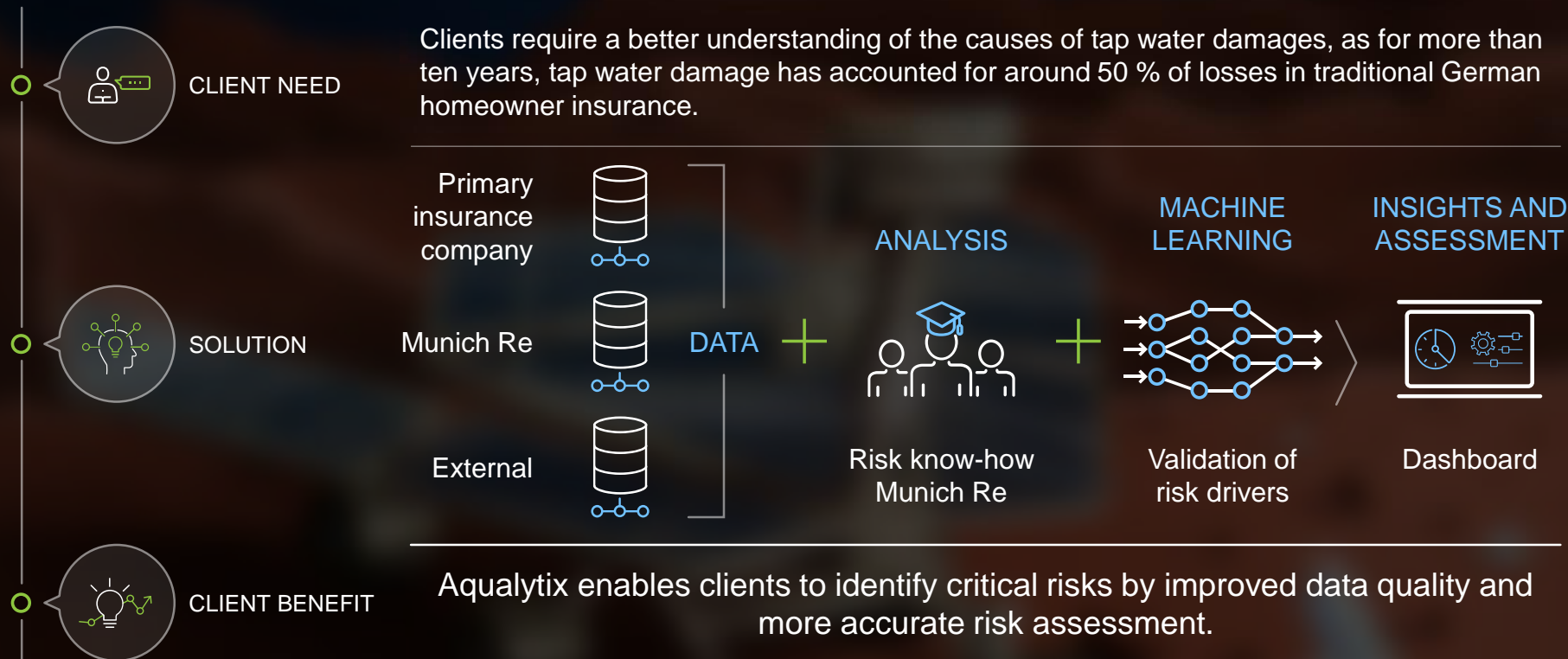


Scores can assist insurers with risk assessment and premium calculation and improve risk awareness in the affected regions.

Tech Trend Radar shows technology-driven trends – Artificial Intelligence



“Aqualytix” enables the primary insurer to significantly optimise its homeowner portfolio management



“The Box” allows primary insurers to improve their motor portfolio performance



We improved the pricing of a large UK motor insurer via Munich Re’s machine learning software.

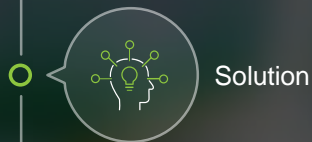
Tech Trend Radar shows technology-driven trends – **Disruptive Technologies**



“Remote Industries” – algorithm-based, automated claims processing for natural catastrophes



- Natural catastrophes generally result in wide-scale losses that require enormous effort and resources to settle.
- Insurers' claims departments are stretched to the limit for weeks before and after an event and struggle to cope.

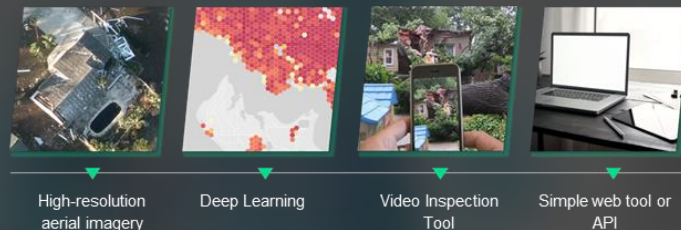


Munich Re is developing an automated claims processing from aerial imagery:

- Solution offering as a service insurance and claims expertise, along with solutions for remote identification of damage
- Vision to handle all of an insurer's claims management for natural catastrophes from the office



Automated claims processing from aerial imagery leads to lower claims handling costs, faster reaction times and better fraud detection possibilities.



Parametric solutions – New forms of data analysis and real-time monitoring allow structuring of new solutions



Munich Re is investing in digital solutions beyond traditional (re)insurance

At our core, we are in the people business. When the worst happens our job is to serve our clients in new, smarter, better ways.





Disclaimer

This presentation 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 make them conform to future events or developments.

Baden-Baden | 21 October 2019
Doris Höpke

