



Münchener Rück  
Munich Re Group

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## Obesity – a challenge for global healthcare systems

**Obesity and type 2 diabetes are spreading at an alarming rate around the world and place an economic burden for global healthcare systems. The traditional role of health insurers and reinsurers as mere risk carriers is no longer sufficient. By integrating the whole value chain from risk assumption in primary insurance and reinsurance to risk management and healthcare services Munich Re Group is able to develop sustainable solutions.**

The proportion of overweight and obese people in the population as a whole continues to increase unabated in both industrial and emerging markets. Particularly worrying is the rise in obesity among children. “Compared to today’s obese adults, most of whom became overweight in middle age, the coming generation will suffer 20 to 30 years longer from the detrimental effects of excess weight on their bodies, including associated health problems and diseases”, explains Achim Regenauer, Chief Medical Director and Head of Munich Re’s centres of competence for Medical Risks Research & Underwriting and for Biosciences, at today’s press conference in London.

The rise in obesity in the USA and the UK is equally alarming. For example, obesity increased in British men from 14% in 1994 to 24% in 2006 and among women from 17% to 24% over the same period. Also taking overweight into account, the particular figures in 2006 amount to 67% among men and 56% among women. According to a recent study by the University of Oxford, National Health Service (NHS) spending on obesity is predicted to triple in less than a decade, and total costs of obesity could be an extra £45.5bn per year by 2050.

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Apart from the physical and psychological consequences of obesity for the individual, it places a major economic burden on healthcare systems. Diabetes in particular is a main cost driver. According to the American Diabetes Association, the medical cost of diabetes in 2007 was US\$ 116bn in the USA. It is projected that the annual costs of diabetes could rise to US\$ 156bn by 2010 and to US\$ 192bn in 2020.

#### International Health

This development, i.e. the continuing change in lifestyle, is one of four main growth drivers of the global health market next to demographic changes, medical improvements and a constantly improving economic situation. These factors combined have been boosting the market volume of the global health market. Although the market volume in 2000 was still only €2,300bn, OECD Health Data forecasts a global market volume of €5,400bn for 2015. The global healthcare market is expected to grow at around six per cent per year, faster than most other industries.

These market forces require specialisation in order to manage the risks adequately and to sustain profitable growth in health insurance. Thus the traditional role of health insurers and reinsurers as mere risk carriers is no longer sufficient.

With the establishment of the business segment International Health, the Munich Re Group is combining the experience and expertise of Munich Re as the world's only specialist health reinsurer and DKV, the largest private health insurer in Europe. "Besides traditional reinsurance, we are now increasingly able to offer services along the whole value chain: from risk assumption in primary insurance and reinsurance to risk management services and healthcare services", said Peter Choueiri, Head of Munich Re's HealthCare division and member of the International Health Board of the Munich Re Group.

This business segment International Health has over 3,500 staff at 25 locations and is active in over 40 countries. The segment has initially concentrated on a number of specific growth markets like Asia, the Middle East, North America and selected European markets. "Taking obesity as an example, we will demonstrate how we leverage our international experience and competence within the Munich Re Group in order to

ensure optimum management of this health risk and its consequences for affected individuals and improve their quality of life”, Choueiri adds.

#### Solutions and selected projects

Franz Benstetter, Head of Munich Re's Healthcare Management Services: “We have identified the impairment to quality of life and the diseases associated with obesity, and are currently developing solutions for the international insurance industry.” He shows how different Munich Re Group business models are applied around the globe to deal with obesity and its co-morbidities. He also shows how case management, disease management and prevention programmes are used as an integral part of the various Munich Re business models to decrease the burden of (possible) diseases and to finally make healthcare and health insurance affordable.

In several Mediterranean and Middle East countries, Munich Re supports their clients via their MedNet subsidiaries with managed care instruments. With this integrative approach, patients are able to obtain optimal assistance in a complex healthcare environment. Benstetter explains how case management in particular is used to deal with severe health problems related to overweight and obesity.

Besides case management, the Munich Re Group offers disease management and prevention programmes to reduce the burden of obesity and related chronic diseases. For instance, in Germany the prevention programme offered by ArztPartner almeda, a subsidiary of the Munich Re Group's health insurer DKV, indicated successful behaviour modification after one year of participation: 51% of the participants changed their diets, 28% left the critical obesity range and 53% increased their physical activity. The positive outcome is not only an improvement in life quality for the individuals but also leads to a steady decline in health expenses. Benstetter explains that this lifestyle change is not only the main target of the prevention programmes, but also the key success factor in all other disease management programmes run by ArztPartner.

In Spain, the DKV subsidiary “Marina Salud” is responsible for the provision of public health with emphasis on prevention. The “Programa

Thao" that focuses on primary and secondary prevention for the community, parents and children from 3 to 12 years of age, was successfully implemented in five cities.

In the United Arab Emirates, where the highest prevalence level of diabetes is expected to be reached by the year 2025, a new project by the Munich Re Group was designed to scale down this forecast. Daman, the first specialised health insurer in Abu Dhabi, is implementing a high quality prevention ("e-health") programme aimed at reducing obesity as the main driver for diabetes and other chronic illnesses.

Munich Re not only offers integrated care solutions like disease management programmes. To increase the availability of these programmes for a larger part of the population, it also provides reinsurance solutions for the outcome of these programmes. Pilot projects have already started in the USA and Germany.

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The **Munich Re Group** operates worldwide, turning risk into value. In the financial year 2007, it achieved a profit of €3,937m, the highest since the company was founded in 1880, on premium income of approximately €37bn. The Group operates in all lines of business, with more than 38,000 employees at over 50 locations throughout the world and is characterised by particularly pronounced diversification, client focus and earnings stability. With premium income of around €21.5bn from reinsurance alone, it is one of the world's leading reinsurers. Its primary insurance operations are mainly concentrated in the ERGO Insurance Group. With premium income of over €17bn, ERGO is one of the largest insurance groups in Europe and Germany. It is the market leader in Europe in health and legal expenses insurance, and 34 million clients in 26 countries place their trust in the services and security it provides. The global investments of the Munich Re Group amounting to €176bn are managed by MEAG, which also makes its competence available to private and institutional investors outside the Group.

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