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Munich Re Group

Press Release – Tokyo, 29 September 2008

Munich Re exhibition in Tokyo highlights risks and opportunities of global warming

Munich Re is highlighting the risks and opportunities of climate change for Asian countries at an exhibition in Tokyo this week. The company, one of the world's leading reinsurers, says new technologies for adaptation and mitigation of climate change will see higher demand in the coming years. This, in turn, will create opportunities for companies and countries which are leaders in these innovations.

Munich Re has been analysing the consequences of climate change for more than three decades. The company is now at the forefront of making innovative projects of its clients a reality by covering risks from new technologies that are very complex or involve high sums insured.

"With new coverage concepts and innovative insurance products, we can support not only adaptation measures but also the development of climate protection technologies", said Munich Re CEO Dr. Nikolaus von Bomhard at the opening of the exhibition in Tokyo. "Combating climate change brings new technologies which open up major growth opportunities to different business segments."

Climate change is today one of the greatest risks society is facing. The rising number of severe weather-related natural catastrophes has the potential to cause higher loss burdens for economies in the future.

With new technology – from solar, wind, tidal and wave power, to geothermics and hydrogen technologies – investors and operators need the security provided by risk-transfer solutions. This will open up extraordinary economic opportunities in a dynamic growth sector.

Contact:
Nikola Kemper
Tel.: + 852 2536 6936
E-mail: nkemper@munichre.com
Munich Re Japan Services K.K.
Sanno Park Tower 14th floor
2-11-1 Nagatacho Chiyoda-ku
Tokyo 100-6114
www.munichre.co.jp
www.munichre.com

Munich Re has highlighted climate change as a strategic focus for the company. This includes a comprehensive strategy for risk modelling, asset management, and development of insurance products related to climate change. Munich Re quantifies risks through risk-adequate pricing and provides decision-makers with tools for preventive action.

- Since 2001, Munich Re has supported the construction and operation of offshore wind power plants as both insurer and reinsurer. Munich Re is one of the market leaders in insuring such business.
- The company provides various forms of insurance cover for productivity risks, like periods of lower wind activity at a wind plant.
- Clients can also exchange their local natural catastrophe exposures through "risk swaps", e.g. exchanging Japanese earthquake risk against European windstorm risk to achieve a better diversification.
- Munich Re issues catastrophe bonds or "cat bonds". These insurance-linked securities help clients to transfer the risk of natural disasters to capital markets. They often comprise risks for which coverage is difficult to obtain on traditional insurance markets.

The impact of global warming on industries, including agriculture, forestry, and commercial fishing, is expected to rise in Asia.

"Over the last century, Asia has been the continent with the largest temperature increase of more than 1°C. Since the 1980s, the annual frequency of days with maximum temperatures in excess of 35°C has increased by more than 50% in China and by more than 100% in Japan", said Prof. Peter Höpfe, the Head of Geo Risks Research at Munich Re.

Asia is especially exposed to natural catastrophes. According to Munich Re's NatCatSERVICE database of the 960 natural catastrophes globally in 2007, 34% occurred in Asia with 49% of overall economic losses, but only 11% of insured losses. In 2007 77% of all fatalities from natural disasters happened in Asia.

Munich Re's climate change exhibition is being held at Munich Re's Tokyo office from 29 September to 3 October 2008 and is open to the public.

Media Relations Munich, Klaus Schmidtke
Tel.: +49 (0) 89 38 91-88 05

Media Relations Asia, Nikola Kemper
Tel.: + 852 2536 6936

Media Relations USA, Bob Kinsella
Tel.: + 1 609 419 8527

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