



Münchener Rück
Munich Re Group

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New insurance solutions for a low-carbon energy supply

Converting our power supply systems to make greater use of renewable energies and climate-friendly technologies will be one of the central tasks facing the global economy as it combats climate change in the coming years. As a risk carrier, Munich Re makes its contribution to a low-carbon energy supply by providing planning certainty for those investing in new power-plant technologies in the form of innovative insurance solutions. Even the exploitation of solar energy on an industrial scale in the deserts of North Africa need not remain a Utopia. In the medium term, it could realise new business potential and combine energy security with climate protection.

Munich Re offers the market risk-transfer solutions for all forms of renewable energy use. The new coverage concepts are presented in detail in a publication launched today: "Munich Re *newables* – Our contribution to a low-carbon energy supply". Munich Re Board member Torsten Jeworrek: "Innovative thinking is required to develop insurance solutions of this kind. Whether it is a matter of classic water and wind renewable energy forms or new methods of power generation involving solar thermal plants or photovoltaics, ultimately it is always about minimising the risks for investors. As a leading reinsurer, we are accordingly tapping into new business segments."

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The most recent example of an innovative insurance solution is the performance guarantee cover for producers of photovoltaic modules, which is meeting with a very positive market response. Munich Re gives producers an opportunity to purchase insurance covering them in the event that mandatory reserves for claims under performance guarantees prove insufficient. Whilst that solution is geared to the technical quality of

photovoltaic modules, other performance guarantee solutions cater for nature's whims. It is true that, as primary energy forms, sun and wind are available free of charge. However, that availability fluctuates considerably over time, even in highly suitable locations. Munich Re therefore offers special wind and solar energy policies that minimise earnings volatility and are designed to meet the specific coverage needs of investor or financing bank. Munich Re also has insurance solutions tailored to the uncertainties involved in constructing the numerous offshore wind farms currently being planned, in which many billions of euros are earmarked for investment in the next few years, and in the field of geothermal energy. This is an area where success is crucially dependent on whether enough water is found at sufficiently high temperatures when a well is sunk. Often investments in excess of €10m per project are at risk.

Electricity produced in solar thermal power plants in North Africa and transported from there to Europe via new, direct current power grids could play a key role in the sustainable energy mix of the future. Board member Jeworrek on what is known as the DESERTEC concept: "This is no longer a distant vision but technologically fascinating and also achievable. DESERTEC is clearly banking on the right incentives in the long term, namely climate protection and a low-carbon energy sector. We are therefore commencing a dialogue with visionary thinkers and companies that, like us, are convinced of DESERTEC'S enormous economic, ecological and social potential."

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The **Munich Re Group** operates worldwide, turning risk into value. In the financial year 2008, it achieved a profit of €1,528m on premium income of around €38bn. The Group operates in all lines of business, with around 44,000 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 €22bn from reinsurance alone, it is one of the world's leading reinsurers. The 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 40 million clients in over 30 countries place their trust in the services and security it provides. In international healthcare business, the Munich Re Group pools its insurance and reinsurance operations, as well as related services, under the Munich Health brand. The global investments of the Munich Re Group amounting to €175bn are managed by MEAG, which also makes its competence available to private and institutional investors outside the Group.

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