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Press release

Munich Re expects renewable energies to generate strong growth in premium volume in the German insurance market over the next ten years

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Renewable energies are gaining in significance. In line with political targets, the share of renewable energies in power generation in Germany is expected to increase from a current 10% to 60% by the middle of the century. This will create opportunities for the German insurance industry as well. Munich Re anticipates that premium volume for renewable energy insurance will significantly grow by 2020.

At the end of 2009, there were nearly 340,000 people working in the renewables sector in Germany, a figure that has more than doubled within a period of six years. The industry’s turnover totalled €36bn in Germany for 2009, compared with €18bn for 2005. This development also benefits the insurance industry.

In 2009, premium income from the insurance of renewable energy facilities totalled approximately €186m in Germany. For 2020, Munich Re expects premium volume to reach around €440m, equivalent to growth of nearly 240%. At the same time, business potential should rise from €19m to around €50m owing to the construction of new facilities. Renewable energies are therefore a growth area in a generally stagnating German insurance sector, with wind power, photovoltaics and biomass playing a central role.

Ludger Arnoldussen, member of Munich Re’s Board of Management: “We are excellently equipped to support the structural transformation of the energy supply sector by offering customised risk transfer products. Our spectrum ranges from traditional coverage for industrial facilities to complex solutions, such as performance guarantee covers enabling capital providers to reduce their investment risks. Over the next few years we will continue to expand this product range.” The most recent example is the performance guarantee insurance concluded in October 2010 to cover so-called concentrator photovoltaic modules manufactured by US company SolFocus. Similar performance guarantee products are being planned for wind power and solar thermal systems.

Renewals at 1 January 2011

For the forthcoming renewals of reinsurance treaties in the property-casualty segment, Munich Re’s assessment as presented at the industry conference in Monte Carlo in mid-September 2010 remains unchanged. “We are expecting our portfolio prices, terms and conditions to remain stable. We will withdraw from business where we cannot realise risk-adequate prices. This applies all the more in the current low interest-rate environment, where investment income on premiums earned is decreasing. Very low interest rates make price increases necessary, especially in business involving long-term risks," stressed Ludger Arnoldussen. He added that prices in the reinsurance market were generally likely to tend to move sideways if claims experience has remained within normal bounds.

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