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Press release

Exorka, Marsh and Munich Re cooperate on new geothermal energy project

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Project developer Exorka, insurance broker Marsh and Munich Re have jointly developed an insurance concept covering the exploration risk of a geothermal energy project in Taufkirchen, near Munich. Drilling operations have now begun. Munich Re is once again assuming the significant risk of failure that thermal heat drilling entails. The policy was negotiated in collaboration with Marsh.

Deep geothermal heat is considered a very promising form of renewable energy. It involves pumping hot water from strata at a depth of up to five kilometres to the earth's surface, where it is used to generate heat and/or electricity. However, the substantial drilling and development costs associated with this technology often constitute a huge investment barrier because there is a high risk of not making a find, in which case the investment is lost. Munich Re is providing cover for this risk for a geothermal energy project in Taufkirchen and is utilising one of its primary insurers to realise the insurance solution.

Exorka GmbH from Grünwald, the general contractor, has been commissioned to deliver a turnkey combined heat and power plant, including drilling operations, to GeoEnergie Taufkirchen GmbH & Co. KG. The deep geothermal energy drilling will be carried out by drilling-technology specialist Daldrup & Söhne AG, which recently successfully completed drilling operations for the neighbouring Grünwald/Oberhaching project. The output of the existing biomass power plant is to be increased by 20 MW to 80 MW with the aid of geothermal heat. GeoEnergie also plans to produce electricity. To achieve this, strata containing hot water at a depth of four to five kilometres will be tapped, the water being pumped back into the depths once it has been used, creating a closed water cycle. Up to four wells are planned at a cost of around €35m. Whether this outlay is worthwhile for investors depends on whether water is found underground that is hot enough and available for exploitation in substantial quantities.

Insurance broker and risk consultant Marsh, which has been advising project developer Exorka for four years, ascertained the insurable risks of the Taufkirchen project and prepared them for the insurance market. "A further milestone has been achieved in that we have been able to involve Munich Re in this project, based on our special concept – recognised in the field of deep

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geothermal energy – for the critical exploration risk", commented Siegmund Fahrig, head of Marsh GmbH. "This underscores Marsh's market leadership as a consultant dealing with exceptional renewable energy risks."

Munich Re has set up a dedicated geothermal energy team since developing the world's first exploration policy in 2003, and regards itself as a know-how leader in this field. Munich Re Board member Thomas Blunck: "With our expertise, we can also assume renewable energy risks that are not everyday occurrences and thus help provide greater investment security." Munich Re's renewable-energy commitment fits in seamlessly with the focus of the company, which has declared climate change a strategic topic. Blunck: "We see climate change not only as a risk but also as a great opportunity, because if climate protection is pursued resolutely, new technologies will have significant growth potential." This will produce substantial business opportunities for Munich Re, as most investors would be unwilling to commit funds unless special insurances were in place.

Geothermal heat offers an almost inexhaustible source of energy. Germany has three regions that are considered particularly suitable for deep geothermal projects: the Molasse Basin south of Munich, the Upper Rhine Rift, and the North German Plain. With a power and heat output of 38 MW, Germany's largest geothermal power plant to date was built in Unterhaching near Munich in 2003 – already insured as a pilot project at that time by Munich Re, and since 2005 also a client of Marsh.

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Munich Re stands for exceptional solution-based expertise, consistent risk management, financial stability and client proximity. Munich Re creates value for clients, shareholders and staff alike. In the financial year 2010, the Group – which pursues an integrated business model consisting of insurance and reinsurance – achieved a profit of €2.4bn on premium income of around €46bn. It operates in all lines of insurance, with around 47,000 employees throughout the world. With premium income of around €24bn from reinsurance alone, it is one of the world's leading reinsurers. Especially when clients require solutions for complex risks, Munich Re is a

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much sought-after risk carrier. Our primary insurance operations are concentrated mainly in the ERGO Insurance Group. With premium income of over €20bn, ERGO is one of the largest insurance groups in Europe and Germany. It is the market leader in Europe in health and legal protection insurance. More than 40 million clients in over 30 countries place their trust in the services and security it provides. In international healthcare business, Munich Re pools its insurance and reinsurance operations, as well as related services, under the Munich Health brand. Munich Re's global investments amounting to €193bn are managed by MEAG, which also makes its competence available to private and institutional investors outside the Group.

Marsh, the world's leading insurance broker and risk advisor, teams with its clients to define, design, and deliver innovative industry-specific solutions that help them protect their future and thrive. It has over 24,000 colleagues who collaborate to provide advice and transactional capabilities to clients in over 100 countries. Marsh is a member of Marsh & McLennan Companies, a global professional services firm with 51,000 employees worldwide and annual revenue exceeding \$10 billion, which is also the parent company of Guy Carpenter, the risk and reinsurance specialist; Mercer, the provider of HR and related financial advice and services; and Oliver Wyman, the management consultancy. Its stock (ticker symbol: MMC) is listed on the New York, Chicago and London stock exchanges. Follow Marsh on Twitter @Marsh_Inc.

Exorka GmbH is a subsidiary of the Geysir Europe Group, which is majority-owned by the Daldrup & Söhne AG Group (Frankfurt SE 4DS.F). Exorka specialises in developing geothermal projects, from the first feasibility study and geological exploration to drilling operations, the construction of power plants and operation of geothermal power plants. Back in 2000, Exorka and its Icelandic affiliate company built a geothermal plant producing 2.1 MW of electricity near Husavik in Iceland. Exorka combines Icelandic know-how with German engineering expertise and has the exclusive rights in Germany to use Kalina technology. Its engineering office is located in Grünwald, near Munich. Turnkey geothermal plants, consultancy, research and development in the field of geothermal energy are all part of Exorka's product range.

Disclaimer

This press release 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 conform them to future events or developments.

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