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Press release

Munich Re expects strong insurance-sector growth until 2020

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According to a study by Munich Re, the global insurance market will grow strongly in the years to come. Munich Re's Insurance Market Outlook 2013 arrives at the conclusion that growth rates will be especially strong in emerging countries. Growth in the reinsurance market will be slower than that in the primary insurance industry.

"The global economic recovery is also benefiting the insurance industry. We expect the economies of key industrialised countries to improve in the second half of 2013 and in 2014. Consequently, this will lend impetus to demand for insurance", said Michael Menhart, Munich Re's Chief Economist.

According to Munich Re's estimates, until 2020 the property-casualty insurance market as a whole will grow by approximately 50% compared with 2012 to €1.85tn, and the life insurance market by almost two-thirds to €3.1tn. Growth in insurance and reinsurance in emerging countries will be significantly stronger than in industrialised countries.

Nevertheless, the mature markets in North America, western Europe and the industrialised countries of the Asia/Pacific region remain the dominating growth force. In terms of total primary insurance premiums, their share will fall back to about 73% by 2020 – around ten percentage points lower than in 2012. The share generated by the emerging countries in Asia will move up from 8% to 16%.

"Approximately half of all the additional premium earned between 2013 and 2020 will come from the USA, China and Japan. In this respect, saturated markets and emerging markets both represent great potential for growth in insurance and reinsurance alike", said Menhart.

A summary of the other results of this year's Insurance Market Outlook for the years to 2014 follows below (real rates of growth, i.e. adjusted for inflation):

- Premium growth forecast for the global primary insurance market: just under 3% in 2013, just over 3.5% in 2014. In 2012, the market grew by around 1%. The chief reason for the expected growth is the predicted revival of life insurance business.
- In reinsurance, growth was high in 2012 at 3.3%, due partly to rate increases following severe natural catastrophes in the previous years. Growth of some 1% is likely in 2013 and around 2.3% in 2014, and is

predicted to be greater in life reinsurance than in property-casualty reinsurance.

- Also in the short term, the emerging countries hold the greatest growth potential for the insurance industry. In the property-casualty segment, the strongest growth can be expected in Asia; in life insurance, Latin America is likely to post the highest growth rates in 2013/2014. Europe trails behind all the other regions in terms of growth in both classes of business.

Nikolaus von Bomhard, Munich Re's CEO commented: "Munich Re systematically taps into segments with potential for profitable growth. For example, in reinsurance, business transacted in Asia/Pacific and in South America now contributes almost a quarter of our premium volume. At the same time, we are expanding strongly in the areas of know-how-driven innovative coverage concepts for new technologies and comparably challenging complex risks. Our economists' analysis clearly illustrates the direction of our strategy of combining primary insurance and reinsurance under one roof."

The Insurance Market Outlook is prepared annually by Munich Re's Economic Research Department. This analysis is based on economic data and on Munich Re's own models and estimates of the growth potential of the insurance industry.

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Munich Re stands for exceptional solution-based expertise, consistent risk management, financial stability and client proximity. This is how Munich Re creates value for clients, shareholders and staff. In the financial year 2012, the Group – which combines primary insurance and reinsurance under one roof – achieved a profit of €3.2bn on premium income of around €52bn. It operates in all lines of insurance, with around 45,000 employees throughout the world. With premium income of around €28bn from reinsurance alone, it is one of the world's leading reinsurers. Especially when clients require solutions for complex risks, Munich Re is a much sought-after risk carrier. Its primary insurance operations are concentrated mainly in the ERGO Insurance Group, one of the major insurance groups in Germany and Europe. ERGO is represented in over 30 countries worldwide and offers a comprehensive range of insurances, provision products and services. In 2012, ERGO posted premium income of €19bn. 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 €214bn are managed by MEAG, which also makes its competence available to private and institutional investors outside the Group.

16 May 2013
Press release
Page 3/3

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