

Munich Re: new digital solutions in risk analysis and claims settlement

- Munich Re's digital solutions in risk analysis and claims settlement are a major benefit for clients
- Two new services make claims settlement considerably easier for insurance companies, thereby accelerating indemnification of the end customer
- Wildfire Risk Score supports clients in evaluating wildfire risks in North America
- Remote Industries permits automated recording of damage following a hurricane, and hence more efficient claims handling



„We are where our clients and their customers are. Digital technologies enable us not only to continuously improve our products, but also to develop completely new solutions that meet clients' needs ever more precisely. In this way, we help ensure that insurance will continue to be a stabilising factor for people and businesses in the future.”

Torsten Jeworrek, Member of the Board of Management

Many insurance customers are already enjoying the benefits of digital technologies, purchasing their insurance cover online, receiving help with many procedures from interactive chat bots and using mobile devices to manage their own online portfolios. But digitalisation offers many more possibilities to improve services and products, thereby increasing customer satisfaction, and insurers and reinsurers need to adapt.

New technologies enable insurers and reinsurers to streamline their processes and reduce claims thanks to more effective planning and more accurate predictions. Munich Re supports insurance companies in using digitisation to improve their business, be it in products, services, underwriting or claims settlement. Ultimately, the focus is on the end customers – the policyholders – who should be provided with insurance solutions that meet their changing needs. And in their insurer they should have a competent partner who provides quick and uncomplicated assistance, particularly when they suffer a loss.

In the natural hazards area, Munich Re offers its clients two new services that make claims settlement considerably easier for insurance companies, thereby accelerating indemnification of the end customer.

Munich Re's Wildfire Risk Score supports clients in evaluating wildfire risks in North America and estimating damage following a wildfire. Munich Re combines loss data from past wildfires with information from publicly accessible scientific sources. A visible result of the analysis is high-resolution risk maps, which have been integrated into Munich Re's existing risk assessment platform. For example, Malibu and the mountains in Santa Monica Bay in California have a Wildfire Risk Score of 100 on a scale of 0 to 100, i.e. they are in an extremely high-risk area.

The application helps insurance companies analyse risks more precisely and to identify possible accumulations in their portfolio at an early stage. If a wildfire occurs, clients can visualise their exposure in real time and take any initial measures necessary. With the links to external warning systems, losses can be estimated and a start made on claims settlement very quickly during and after a wildfire, reducing costs and enabling policyholders to be indemnified much more quickly.

The Wildfire Risk Score approach is transferable to any other region in the world. Risk maps currently exist for California, Colorado and Arizona in the USA, and for Alberta and British Columbia in Canada. Work is now in progress on developing the Wildfire Risk Score and the risk maps for Texas, New Mexico, Utah and Nevada, and for Portugal. They will be developed later for more regions in Europe and Asia.

Another Munich Re application, "Remote Industries", permits automated recording of damage following a hurricane, and hence more efficient claims handling. Potential damage to buildings can be roughly estimated as early as two days prior to an expected hurricane and any preventive measures taken. Aerial photographs of the regions affected are available immediately after the hurricane, permitting significantly better and quicker estimates of damage. The high-resolution aerial imagery is used to estimate damage to buildings with the help of special AI-based algorithms, so insurers often know how severe damage is even before the policyholder does. The rapid recording of damage significantly reduces the time spent on claims handling, and loss adjusters can be deployed much more effectively and consequential losses avoided. First experiences following Hurricane Michael have demonstrated that the improved processes reduce claims expenditure and increase customer satisfaction and trust in the insurer. Remote Industries is currently available in the USA, including the US Virgin Islands and Puerto Rico, as well as in the Bahamas and the Cayman Islands.

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Munich Re

Munich Re is one of the world's leading providers of reinsurance, primary insurance and insurance-related risk solutions. The group consists of the reinsurance and ERGO business segments, as well as the capital investment company MEAG. Munich Re is globally active and operates in all lines of the insurance business. Since it was founded in 1880, Munich Re has been known for its unrivalled risk-related expertise and its sound financial position. It offers customers financial protection when faced with exceptional levels of damage – from the 1906 San Francisco earthquake through to the 2017 Atlantic hurricane season and to the California wildfires in 2018. Munich Re possesses outstanding innovative strength, which enables it to also provide coverage for extraordinary risks such as rocket launches, renewable energies, cyberattacks, or pandemics. The company is playing a key role in driving forward the digital transformation of the insurance industry, and in doing so has further expanded its ability to assess risks and the range of services that it offers. Its tailor-made solutions and close proximity to its customers make Munich Re one of the world's most sought-after risk partners for businesses, institutions, and private individuals.

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