Munich Re presents variety of digital solutions

- Digital transformation posing new challenges for insurance industry

- Digital solutions from Munich Re support insurers across entire value chain

- Data-analytics tool "The Box" improves loss ratio and efficiency in motor business

- AQUALYTIX delivers key findings about drivers of water-mains damage

> "At Munich Re, our goal is to pioneer digital solutions for the insurance industry. So we have been investing heavily in data analytics and artificial intelligence, in order to support our clients with innovative methods and new products. This means faster claims estimates and handling, and better pricing as a result of improved accuracy in risk assessment. Not to mention better loss prevention in the first place."
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> **Doris Höpke, Member of the Board of Management**

Data analytics and artificial intelligence open up new possibilities for managing and covering risk. Nowadays, Munich Re experts combine primary insurers' portfolio data with external, public sources, for example about site geography, building construction, weather or socio-economic status. By applying machine-learning principles, Munich Re can discover hidden loss drivers and respond accordingly, for example by introducing loss-prevention measures or adjusting pricing.

Taking the example of motor insurance: "The Box" supports cedants in managing their portfolios, by using machine learning to precisely predict expected damage. If one then adds external data such as weather conditions, accident statistics or socio-economic information to the mix, the loss estimates become even more accurate and loss ratios can be measurably lowered. The tool is completely automatic, allowing primary insurers to price more efficiently and significantly reduce costs.

Another Munich Re data analytics initiative is called "AQUALYTIX" and applies to water-mains damage. For over ten years now, more than half of all losses in traditional residential-building insurance have come from water-mains damage – a problem for which no satisfactory solution has yet been found. Munich Re's experts again combined the primary insurer's portfolio data with external sources to analyse the situation. With the help of machine learning, they can thus identify

the risk drivers for individual buildings, and predict the losses for the coming year accordingly. This enables primary insurers to improve their portfolio management and thus their loss ratios.

New technologies and the ability to process large amounts of data are revolutionising the value chains across entire industries – including in insurance. In order to identify the coming changes to the overall risk environment, Munich Re launched its TechTrend Radar already in 2015, and has been updating it every year since. The Radar provides a broad perspective on important tech trends and how they will apply to the insurance industry (Link).

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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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