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Munich Re – Future markets require next-generation models

Long-term collaboration with RMS to extend risk research

Munich Re is extending its state-of-the-art risk research and quantification capabilities through a cooperation with the market leading modeling firm RMS. Munich Re and RMS will embark on research in new and also in emerging areas of risk modeling and, by that, expand the frontiers of risk modelability and insurability.

“In view of the increasing complexity of risks, it is indispensable, particularly for insurance companies, to have sophisticated risk management tools, systems and decision processes in place”, said Torsten Jeworrek, member of Munich Re’s board of management and CEO of the company’s global reinsurance business. “This initiative with RMS is part of our strategy to make use of a collaborative network to complement our insights with external knowledge and translate these insights into intelligent risk management solutions. This will create value for our clients and shareholders and, thus, reinforce our leadership role of being a ‘think factory’ for the insurance industry.”

With this initiative, Munich Re and RMS will collaborate to identify and pursue shared research priorities for new and emerging sources of risk yet to be modeled, and for areas of risk that continue to present challenges in modeling and its applications, including the key drivers of uncertainty and sensitivity to data quality. Through this long-term non-exclusive collaboration, Munich Re will augment its capabilities and robust set of in-house models with new insights to further optimize its risk management and to develop innovative new re/insurance and capital market solutions for its clients. RMS will enhance and extend its range of modeling products and services and will offer these broadly to the market. RMS will continue to act independently as modeler in alternative risk transfer solutions for Munich Re.

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“Munich Re is already an industry leader in its utilization of models to make effective business decisions,” said Hemant Shah, president & CEO of RMS. “Looking forward, both RMS and Munich Re see significant opportunities for catastrophe and other classes of risk models to catalyze an even greater degree of innovation and efficiency in risk management practices. We look forward to exploring the frontiers together, and to this exciting collaboration.”

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The **Munich Re Group** operates worldwide, turning risk into value. In the financial year 2007, it achieved a profit of €3,937m, the highest since the company was founded in 1880, on premium income of approximately €37bn. The Group operates in all lines of business, with around 43,000 employees at over 50 locations throughout the world and is characterised by particularly pronounced diversification, client focus and earnings stability. With premium income of around €21.5bn from reinsurance alone, it is one of the world's leading reinsurers. Its primary insurance operations are mainly concentrated in the ERGO Insurance Group. With premium income of over €17bn, ERGO is one of the largest insurance groups in Europe and Germany. It is the market leader in Europe in health and legal expenses insurance, and 34 million clients in over 30 countries place their trust in the services and security it provides. The global investments of the Munich Re Group amounting to €176bn are managed by MEAG, which also makes its competence available to private and institutional investors outside the Group.

About RMS

Risk Management Solutions is the world's leading provider of products and services for catastrophe risk management. More than 400 leading insurers, reinsurers, trading companies, and other financial institutions rely on RMS models to quantify, manage, and transfer risk. Founded at Stanford University in 1988, RMS serves clients today from offices in the U.S., Bermuda, the U.K., France, Switzerland, India, China, and Japan. For more information, visit our website at www.rms.com.

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