

Growing demand in Europe: Munich Re remains disciplined while further expanding

- With more frequent and severe natural events, pricing must reflect underlying risks and incentivise risk mitigation
- Sound market dynamics require efficient risk sharing between reinsurers and primary insurers
- To accommodate growing demand, Munich Re constantly invests in its underwriting capabilities with experts and models



“Munich Re is ready to accommodate growing demand for reinsurance protection underpinned by proper risk-sharing mechanisms. We aim for ever deeper partnerships with our clients and for creating new ones. We put our financial strength and underwriting expertise at their service to enable mutual profitable growth.”

Clarisse Kopff, Member of the Board of Management

After a few years of strong growth, the European reinsurance market should remain dynamic, with demand for property reinsurance protection continuing to grow. With a strong capital base, a globally diversified business model and a proven track record of delivering effective solutions to its clients, Munich Re is well-positioned to meet this demand at appropriate terms and conditions.

Munich Re stands ready to deploy more capital in its European markets, wherever its clients demonstrate underwriting discipline in their primary market, with sound exposure management and achieving risk-adequate original rates. Munich Re will leverage its exceptional financial strength for its clients to absorb shocks that generate excessive fluctuations in their books.

Munich Re continues to invest in outstanding risk knowledge and modelling expertise in order to provide that support to clients as the environment becomes ever more complex and volatile – particularly in the following areas:

Natural catastrophes:

The insured annual losses due to natural catastrophes worldwide now often exceed US\$ 100bn. In the first half of 2024, they already reached US\$ 62bn, significantly above the ten-year average of US\$ 37bn, and large hurricanes have been hitting the US lately.

This increasing trend is obvious in Europe as well, particularly for non-peak perils such as floods, wildfires and severe thunderstorms which can be accompanied by hail and tornadoes. The May 2024 flooding that primarily affected Germany and, more recently, the widespread flooding in central Europe in September are part of a continuing trend that has been accelerating in recent years.

While socioeconomic factors such as rising inflation and increasing asset values located in high hazard zones have a profound impact on this upward loss trend, scientists attribute changes in the severity and frequency of non-peak weather hazards, at least in part, to climate change.

Munich Re continuously builds on its nat cat expertise and is explicitly capturing relevant climate change trends in its risk models. Reinsurers and insurers need to ensure a sound pricing system, one that correctly reflects the underlying risks and incentivises risk-reduction measures.

Motor:

The motor insurance market in Europe has proven volatile post Covid pandemic, with primary rate increases lagging behind surging repair costs. Pressure has generally come down as inflation abated, but many markets are still in recovery mode. Munich Re stood by its longtime clients and will remain a consistent and strongly capitalised partner for clients who demonstrate risk adequate pricing and a consequential underwriting while adapting to the more volatile inflation environment.

Cyber:

As cyber insurance penetration is still low, the European cyber insurance market is expected to grow strongly. Munich Re, as one of the globally leading risk carriers in this field, continues to provide significant capacity at adequate terms and conditions and aims for further growth in line with market development, while strictly adhering to not covering uninsurable systemic risks such as cyber war and failure of critical infrastructure. Munich Re continues to invest in expertise and to further develop risk and accumulation models.

Continuity in strategy and underwriting stance

Going forward and starting with the upcoming renewals, Munich Re will be guided by continuity in strategy and underwriting stance. As a financially strong risk carrier with outstanding expertise, Munich Re is able and willing to offer risk knowledge and solid risk protection in Europe. Claudia Strametz, Chief Executive (Non-Life) Germany and Head of Cyber for Europe: “We welcome growth but remain insistent that appropriate terms and conditions are built into the original covers as well as reinsurance contracts to ensure a sustainable (re-)insurance market. By leveraging our technical expertise we support our clients in overcoming their challenges. We remain strongly committed to our home market Germany and the other European markets, and continue to be a reliable and predictable partner for our clients.”

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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 asset management 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. Munich Re leverages its strengths to promote its clients' business interests and technological progress. Moreover, Munich Re develops covers for new risks such as rocket launches, renewable energies, cyber risks and artificial intelligence. In the 2023 financial year, Munich Re generated insurance revenue of €57.9bn and a net result of €4.6bn. The Munich Re Group employed about 43,000 people worldwide as at 31 December 2023.

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