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6 October 2008

Press release

Munich Re collaborates with London School of Economics

Munich Re is to collaborate with Professor Lord Nicholas Stern and the London School of Economics and Political Science (LSE) to substantially advance research into the economic consequences of climate change. The five-year cooperation agreement with the LSE's newly established Centre for Climate Change Economics and Policy, chaired by Professor Stern within LSE's Grantham Research Institute, is to provide significant new findings in evaluating the economic impact of climate change. Munich Re is a founding corporate partner of the Centre and is sponsoring an independent research programme there to the tune of £3m (nearly €4m).

"Two think tanks are joining forces to combine their expertise on the topic of climate change. We are delighted to be working together on this key issue with one of the world's top economic research institutes and the leading academic at the interface of climate change and economics. Climate change is a central strategic topic for Munich Re. We have to master the risk side. At the same time, we see opportunities for us in addressing the substantial demand for insurance-based solutions stemming from the very different strategies necessary to mitigate and adapt to climate change and the ensuing challenges", said CEO Nikolaus von Bomhard. "By providing covers for the output of photovoltaic power plants, for example, we are supporting the realisation of climate friendly technologies."

Lord Stern, who will chair the newly formed research centre at the LSE, said: "Policy on climate change must be effective, efficient and equitable, both in reducing emissions (mitigation) and in adapting to the climate change which would take place even if we act responsibly and in a timely way. The formulation of policy in accordance with these principles requires careful analysis of risk and the practical policies both to reduce risk and to manage its consequences. As one of the leading reinsurance companies in the world, Munich Re analyses risks and their management in a careful and thoughtful way. They are ideal partners for this very important work."

Cooperation will focus on research into the following aspects:

- Analysing the risks and opportunities of climate change for the insurance industry
- Economics of climate change and product trends in the finance industry
- Improving models to quantify the cost of a climate-related increase in natural catastrophes and economically efficient responses to this
- The consequences of emission trading systems, the appropriate design of such schemes and business opportunities
- Economic impacts of climate change on the BRIC states (Brazil, Russia, India, China)

The objective of the research cooperation agreement is to obtain findings that inform decision makers in politics and at company level and may ultimately also act as a basis for innovative solutions from the financial services industry. The risks from climate change are to be described more precisely and rendered more quantifiable, whilst the benefits of adaptation and prevention strategies and of the related expansion of new technologies are to be made calculable.

Munich Re will contribute its expertise as a leading reinsurer in the coverage of natural hazard risks and data from its unparalleled NatCatService database for natural catastrophes. The research projects will be combined in the independent Munich Re programme "The Economics of Climate Change and Opportunities for the Insurance Industry". Professor Leonard Smith will oversee the Munich Re programme at LSE. Munich Re and the LSE will regularly inform the public about the results from the research projects.

"Munich Re has been concerning itself with the consequences of climate change for more than three decades. It is therefore only logical that we should join forces with the pioneer in researching the economic impact of man-made climate change", said Professor Peter Höppe, Head of Geo Risks Research at Munich Re.

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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 26 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.

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Munich, 6 October 2008

Münchener Rückversicherungs-Gesellschaft

Aktiengesellschaft in München

Media Relations

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