Münchener Rückversicherungs-Gesellschaft

Aktiengesellschaft in München

Münchener Rück
Munich Re Group

for the press

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- **Munich Re welcomes proposal for Solvency II**
- **CFO Jörg Schneider: New supervisory rules are a huge step forward for the insurance industry**
- **Swift and consistent implementation will benefit policyholders and insurance companies, and stabilise the European financial markets**
- **Reinsurance's role as risk carrier strengthened**

Munich Re supports the directive proposal for Solvency II adopted yesterday. Solvency II is the major EU initiative to fundamentally restructure national supervisory systems for insurance, gearing them more closely to strictly economic, risk-based criteria.

CFO Jörg Schneider: "The new rules planned will be a huge step forward for insurers. The proposal released yesterday is an important milestone."

Munich Re will analyse the proposal in detail over the next few weeks and give its input to the relevant committees.

Schneider did not hide his admiration: "It is impressive how quickly the European Commission, with the help of the European insurance supervisors in CEIOPS, has been able to come up with a proposal of this quality."

There was criticism of individual details, however. Thus, according to Schneider, the final directive ought to take greater account of the balancing effects of different types of risk and to structure group supervision even more effectively. "But we are confident of being able to highlight the opportunities for improvement in a dialogue with the political bodies concerned. It is now important for the directive proposal's good economic principles to be consistently implemented in the further course of the European and national legislative processes."

With a view to the next steps, Schneider added: "We hope that the ambitious timetable can be kept to and that the directive will be adopted by the beginning of 2009. That will benefit European policyholders and insurance companies alike, and stabilise the European financial markets."

There will also be far-reaching consequences for reinsurance. As supervised companies, reinsurers will be subject to the challenging new rules of Solvency II. At the same time, there will be new business opportunities: under the improved supervisory regime, reinsurance will provide primary insurers with even more effective relief from the capital requirements for their peak risks. "In future, there will be a demand for solutions more closely aligned to individual risk parameters and offering a high degree of flexibility", said Schneider. "Solvency II therefore dovetails perfectly with the objective of our Changing Gear programme: such tailor-made product solutions will enable us to grow profitably."

The **Munich Re Group** operates worldwide, turning risk into value. In the financial year 2006, it achieved a profit of €3,536m, the highest in its 126-year corporate history. In 2006, its premium income amounted to approximately €37bn and its investments to around €177bn. The Group is characterised by particularly pronounced diversification, client focus and earnings stability. It has approximately 37,000 employees in over 50 locations throughout the world and operates in all lines of insurance. With premium income of around €22bn in the year 2006 from reinsurance alone, it is one of the world's leading reinsurers. Its primary insurance operations are mainly concentrated in the ERGO Insurance Group; it is the second-largest provider in the German primary insurance market and a leading player in the European insurance market in health insurance and legal expenses cover. The ERGO Insurance Group is present in 25 countries, and 33 million clients place their trust in the services, competence and security it provides.

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