

# Transforming uncertainty into opportunities

RVS Monte Carlo 2025 | Media Conference

7 September 2025

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Munich RE 

## Market forces and client imperatives

A world in flux demands  
strong and reliable partners

01

## Transforming uncertainty into opportunities

Certainty for today,  
foresight for tomorrow

02

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# (Re)insurance industry is challenged by many forces calling for thorough risk management

## Economic uncertainty

Elevated political uncertainty is driving macroeconomic volatility; inflation trends in particular require close monitoring.



## Geopolitical instability

Global conflicts and new trade order increase costs for international players.



## Demographic changes

Ageing populations and shifting workforce dynamics are driving changes in product demand, risk profiles and pricing strategies.



## Technological transformation

AI, automation and data analytics are reshaping underwriting, claims and customer engagement – and at the same time creating new exposures.



## Cyber risks and digital threats

Evolving cyber risk landscape is pushing the industry to enhance models and develop new products.



## Climate change/natural catastrophes

Severe and unpredictable natural catastrophes are challenging traditional risk models and driving up insured losses.

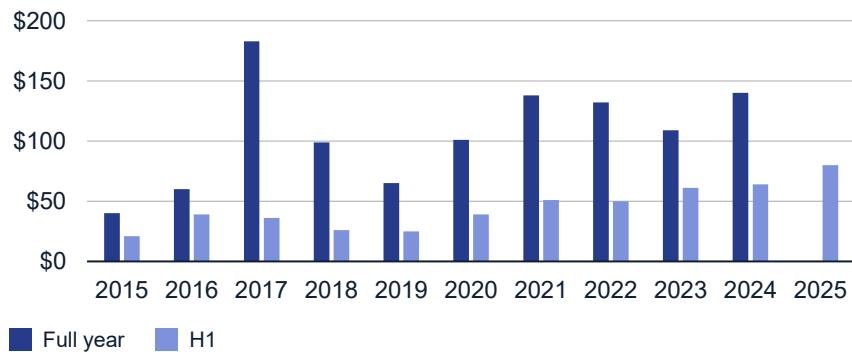


# Elevated loss activity driven by nat cat events highlights the importance of a resilient (re)insurance sector

**Global insured losses above US\$ 100bn as “new normal”...**

Global insured losses

in US\$ bn (inflation-adjusted)



**Global economic losses**  
**US\$ 131bn**

Natural disaster losses in H1 2025

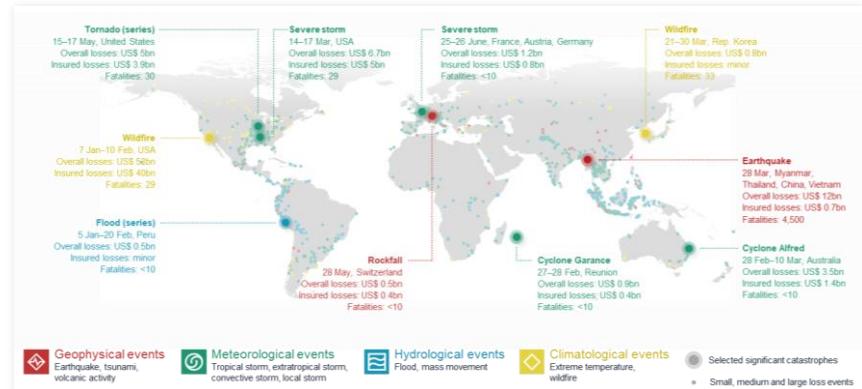
>40% uninsured

**Highest overall loss**  
**US\$ 53bn**

Wildfire (Palisades fire, Eaton fire)

US\$ 40bn insured

**... with H1 2025 the second-costliest first half-year on record**



**Severe convective storms**  
**US\$ 34bn**

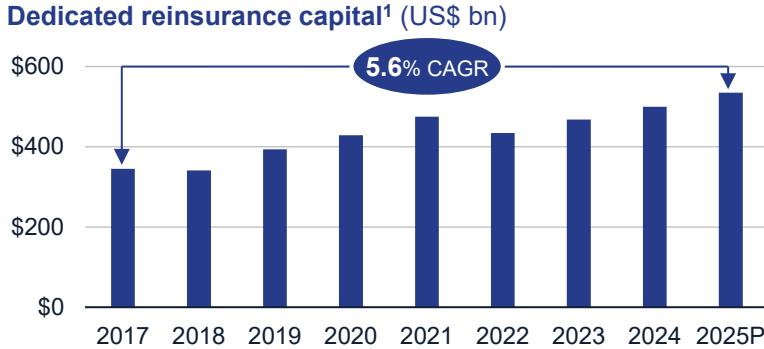
Losses in H1 2025 in USA alone

US\$ 26bn insured

**The 2nd-hottest half-year ever**  
**~1.4°C**

Higher than pre-industrial level

# Reinsurance sector still robust and with reliable capital base



## CAGRs

Reinsurance capital<sup>1</sup>

**5.6%**

Alternative capital<sup>2</sup>

**2.8%**

Global insured nat cat losses<sup>3</sup>

**~12%**

Global nominal ceded premiums<sup>3</sup>

**~7%**

## Trends

### Robust and growing capital levels in reinsurance sector

- Providing clients with a reliable capital source matching inflation and exposure growth
- Capital growth mainly through existing players; no new material capital inflow observed
- Cat bond market with high growth rates
- Shift of investor appetite within alternative capital from collateralized re formats to cat bonds
- Overall sector demonstrates prevailing underwriting discipline

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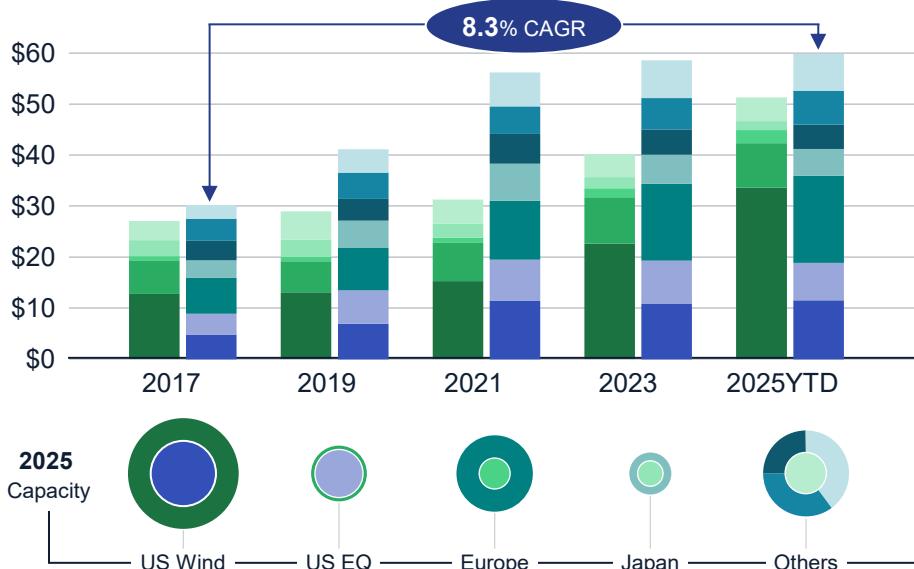
# Nat cat – Delivering market-leading reliable capacity

## Munich Re Group nat cat net exposure<sup>1</sup> (US\$ bn)

US Wind US EQ Europe Japan ANZ Latin Am. Asia

## Cat bond nat cat market volume<sup>2</sup> (US\$ bn)

US Wind US EQ Europe Japan Others



<sup>1</sup> Munich Re, net of retrocession – Sum of AggVaR: Return period 200 years, pre-tax.

<sup>2</sup> Source: Munich Re ILS Database

## Traditional reinsurance capital remains the backbone for nat cat risk transfer solutions

- Munich Re alone has exceeded the entire cat bond market in both scale as well as growth over the last years

## Cat bond market to fall short on non-peak risk transfer

- Only 8% of cat bond capacity allocated to non-peak exposures and only 15% of cat bond capacity allocated outside US
- Thereby, the cat bond market/the alternative capital is an unlikely candidate to close the protection gap, which is most pronounced in Asia, Latin America and Africa

## Cat bond market heavily focused on higher return period events

- In the absence of a >US\$ 100bn peak peril event, longevity and reliability of cat bond capacity still untested
- Munich Re clients can rely on unchanged capacities even after a mega event: Munich Re Solvency II ratio still well above the upper end (220%) of our target range after a 200y US hurricane

# Nat cat – Delivering market leading reliable capacity

Munich Re P&C Re nat cat gross treaty XoL portfolio (GWP US\$ bn)

Global Europe North America Latin America APAC (region by cedent)



Munich Re Group nat cat loss ratio vs budget

(in %pts)



## We are an underwriting company:

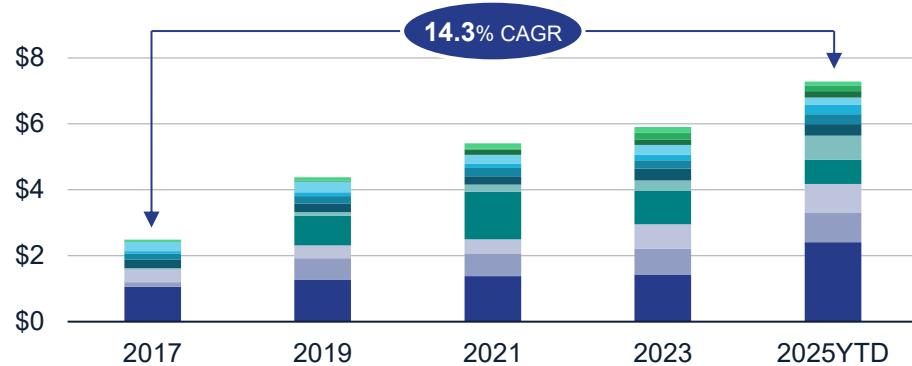
- Munich Re nat cat models continuously updated to reflect impact of climate change and other claims drivers
- Real-time accumulation management platform to steer portfolio composition and risk appetite
- Well-defined risk appetite ensuring alignment of interest with our clients
- Supporting clients across all regions, perils and return periods
- Best geographical diversification in the industry
- Gross-net risk appetite, i.e. we keep everything net and thereby Munich Re capacity and risk appetite do not depend on capacity or risk appetite of the reinsurance market/third-party capital
- On average, Munich covered the strongly volatile nat cat losses quite precisely with the dedicated budget

## Our promise

Remain the strong, preferred partner for absorbing our clients' volatility with predictable capacity and risk appetite

# Capital Relief – Partnering with clients to enable mutual long-term profitable growth

**Munich Re P&C Re – 12 largest capital-motivated transactions**  
(GWP US\$ bn)



## Traditional reinsurance capital well-sought after to enable new business models and finance M&A

- Protecting balance sheets, optimising capital structures and easing temporary strain on capital enables clients to focus on profitable growth, sustainable expansion, and financing merger & acquisitions
- Enabling accelerated growth of capital light operations or InsurTech models facilitating product innovation and expanding customer options both in new and well-established markets

## High relevance independent of region or segment

- Structured reinsurance solutions are an integral part of MR's local client management and underwriting teams, supported by a centralised centre of competence with structuring, actuarial, accounting and regulatory expertise to ensure the offering of tailored transactions that meet clients' demands
- Capital relief solutions are equally relevant to a variety of markets across the globe. Munich Re's biggest transactions support clients in Australia, China, Colombia, France, Italy, Spain, South Africa, the UK and the US

# Facultative – Risk expertise, data analytics and client proximity pave the way to targeted growth

Munich Re P&C Re facultative portfolio (GWP US\$ bn)



## Continuous growth supported by superior technical risk expertise, claims services and data insights

- Superior risk expertise and local market knowledge are the basis for strong client relationships and the provision of predictable and substantial capacities
- Technology and data analytics enable smarter underwriting, tailored (new) reinsurance solutions and additional ways to access Munich Re's capacity (e.g. automated underwriting platforms)
- Our portfolio includes the full range of facultative reinsurance solutions: from property to liability, from financial lines to cyber, from natural disasters to epidemics, from business interruption to new AI risks, and from performance guarantees to entrepreneurial risks

## Client proximity and local markets expertise

- Delivering Munich Re's global technical expertise and value-adding services through regional teams with local market know-how, mandate to decide, and trusted personal client and broker relationships

# Cyber – Disciplined and reliable approach driven by thought leadership, expertise and capacity

## Munich Re P&C Re cyber portfolio (GWP US\$ bn<sup>1</sup>)

Global      Europe      North America  
Latin America      APAC (region by cedent)



<sup>1</sup> 1 Munich Re Group premium volume of US\$ 1.6bn in 2024

## Sustainable capacity

- Adequate cyber security standards combined with appropriate premiums and deductibles
- Clearly defined risk appetite linked to underwriting discipline and rigorous risk management
- Transparency and clear wording

## Risk understanding

- Ransomware, business interruption, privacy claims and AI-driven threats fuel evolving cyber risk landscape
- Address key challenges to clearly define scope of insurability (e.g. war)
- Advanced and fit-for-purpose accumulation modelling



## Cyber expertise

- Investing heavily in models and cyber teams with deep domain expertise
- Fostering industry collaborations
- Understanding customers' risks and clients' needs and sharing experiences

## Data analytics

- Enhancing quality and quantity of data on exposures, wordings, trends and losses
- Collaborating with clients to share data and insights on risks
- Building cyber resilience, i.e. through joint industry efforts



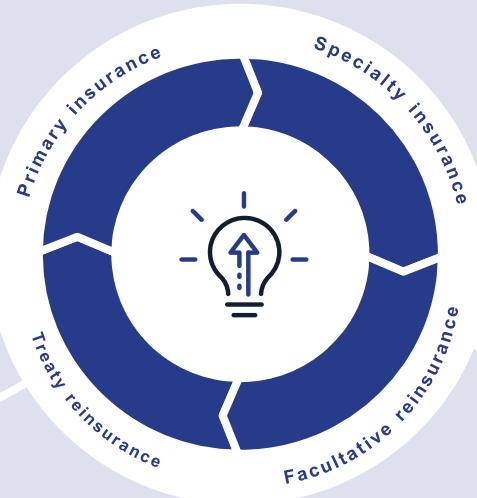
Munich Re is committed to facilitating a sustainable cyber insurance market together with our clients

# Innovation – Pushing the boundaries of insurability through expertise, thought and solution leadership



## AI insurance

By reducing the risks of applying new technologies, Munich Re smoothens the rapid digital transformation and safeguards its benefits, e.g. Alsure.



## Derivatives & parametric solutions

Tailored risk management solutions help companies mitigate risk by providing financial protection and streamlined claims through derivatives and parametric covers.



## Renewable energy

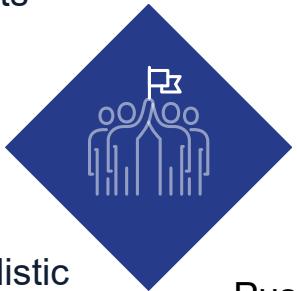
Market-leading technical expertise supports the energy transition by providing a wide range of (re)insurance solutions from battery storage to geothermal energy.

The outstanding consistent and trusted long-term **partner** for our clients

Strong financial position enables **predictable capacity** deployment over the cycle

Pushing the boundaries of insurability with **thought leadership**

Confidence through holistic and **expertise-based** risk assessment – under any market conditions



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# Thank you.

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