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## Swiss Re and Czech technology company launch flood risk assessment tool: improved flood risk selection and underwriting for the Czech insurance market

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**Prague, 13 August 2003 – Global reinsurer Swiss Re has joined forces with Czech technology company MultiMedia Computer (MMC) to develop a flood risk assessment tool for the Czech insurance market. The joint venture is a response to the severe flooding in the Czech Republic in recent years. It is designed to greatly enhance existing flood risk information and to complement the ongoing efforts of the Czech Insurance Association (ČAP) and its member companies to promote improvements in this area.**

Swiss Re is a market leader in the development of catastrophe models, and MMC is a leading technology provider in the Czech Republic for geographic information system solutions. The new CD-ROM-based tool, which the two parties began to develop in 2002, allows Czech direct insurers to apply state-of-the-art flood risk assessment techniques to the underwriting process. Underwriters, risk managers or insurance agents can use the system to select, assess and underwrite a real estate property according to its flood risk exposure. The result of the initiative will be better flood risk management and improved risk transfer in the Czech Republic.

Ivo Menzinger, Head of Natural Perils at Swiss Re in Munich, highlighted the benefits of the new flood risk assessment tool at a media briefing today in Prague: "The tool enables direct insurers to enter precise data on the location of a property, ie house number, street and city. Or they can analyse properties at a less detailed level, looking, for example, at an entire village. The location data entered is transformed into geographic coordinates, which are used for a so-called 'zoning analysis'. The output determines the flood risk level, which, in turn, can be used to calculate risk-adequate premiums."

MMC's Managing Director Ivo Bánovský added: "The tool can be used in two modes: in the detailed mode, it draws a distinction between six different flood risk zones, ranging from 'very low' to 'very high' risk and, in addition, indicates the 'historically observed maximum flood boundary'. In the aggregated mode, only four zones are differentiated in line with the ČAP's format for designating tariff zones. The output is illustrated on a map of

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the Czech Republic or on a detailed city map. The automatically generated flood risk result can be verified visually against the map view.”

For Petra Fleck, Swiss Re’s Section Head Central & Eastern Europe, the new software brings benefits to the entire insurance and reinsurance industry: “Swiss Re considers the development and distribution of the tool a key investment in a more transparent and less uncertain future. We are convinced that this product will help promote the sustainable handling of flood insurance cover in the Czech Republic.”

Jaroslav Mesršmíd, ČAP Secretary General, outlined the flood situation in the Czech Republic and explained how the new tool corresponds to the needs of the member companies: “The Czech Insurance Association is strongly committed to improving the flood underwriting process. Our members are prepared to invest significant financial resources and time to secure improvements in underwriting techniques. The initiative of Swiss Re and MMC is a great contribution towards this goal.”

### **EUR 15 billion economic loss from European floods in 2002**

The flooding throughout Europe in 2002 constituted one of the most severe flood events in at least a century. The floods affected an extensive area from the UK to Spain and as far east as the Black Sea coast. Total economic losses reached more than EUR 15 bn. During this event, the Vltava river exceeded the water level of the major 1890 floods in Prague.

Some 200 000 Czech residents were evacuated during the flooding. Insured losses in the Czech Republic amounted to EUR 1.2 bn compared with an economic loss of EUR 2.3 bn.

### **Swiss Re in the Czech Republic**

Swiss Re has traditionally been a market leader in Central and Eastern Europe and the leading provider of CAT capacity in the Czech Republic. In the property and casualty field, Swiss Re in Munich, with a staff of 580 and gross premium income of EUR 1.7 bn in 2002, is responsible for the Central and Eastern European markets as well as for Germany, Austria, the Nordic Countries and the Baltic States.

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## **Notes to editors**

### **Swiss Re**

Swiss Re is a leading reinsurer and the world's largest life and health reinsurer. The company is global, operating from 70 offices in 30 countries. Since its foundation in 1863, Swiss Re has been in the reinsurance business. Swiss Re has three business groups: Property & Casualty, Life & Health and Financial Services. Swiss Re offers a wide range of traditional reinsurance products and related services, which are complemented by insurance-based corporate finance solutions and supplementary services. Swiss Re is rated "AA" by Standard & Poor's, "Aa1" by Moody's and "A++" by A.M. Best.