

3/2002

Munich Re Group
Quarterly Report



Münchener Rück
Munich Re Group

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Board of Management

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Dr. Detlef Schneidawind

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Karl Wittmann

Key figures for the Munich Re Group

		Q1-3 2002	Q1-3 2001	Change in %	Q3 2002	Q3 2001	Change in %
Gross premiums written	€m	29,611	25,826	14.7	9,163	8,771	4.5
Result before amortization of goodwill	€m	2,446	-247	-	-1,204	-2,066	41.7
Minority interests in earnings	€m	-49	66	-174.2	-52	-16	-225.0
Net income	€m	3,239	85	-	-859	-1,213	29.2
Earnings per share	€	18.25	0.48	-	-4.82	-6.86	29.7

		30.9.2002	31.12.2001	Change in %
Investments	€m	159,759	161,994	-1.4
Shareholders' equity	€m	16,645	19,357	-14.0
Net underwriting provisions	€m	143,285	138,642	3.3
Staff		39,848	38,317	4.0
Share price	€	103.20	305.00	-66.2

	PAGE
TO OUR SHAREHOLDERS	2
OVERALL ECONOMIC DEVELOPMENT	6
BUSINESS EXPERIENCE FROM 1ST JANUARY TO 30TH SEPTEMBER 2002	8
– Reinsurance	
– Primary insurance	
– Asset management	
PROSPECTS	13
FINANCIAL STATEMENTS AS AT 30TH SEPTEMBER 2002	16
IMPORTANT DATES	36

To our shareholders

Dear Shareholders,

In this interim report we wish to inform you about the business performance of the Munich Re Group from 1st January to 30th September 2002, the third quarter of 2002, and our expectations for the current reporting year.

The first nine months of the business year 2002 saw a marked upswing in our reinsurance business, the satisfactory completion of the shareholding transactions initiated in the past two years, the successful realignment of American Re, and the effects of a historically unparalleled deterioration of the capital markets.

Even if stock markets have rallied somewhat since then, the quarter ending 30th September was characterized by price swings of unprecedented dimensions and the steepest price falls in decades. In September alone, the Euro STOXX 50 index lost 505 percentage points and, with a decline of 18.6%, recorded the second-largest monthly drop since it was first calculated at the end of 1986. Although the results of our underwriting business, in particular in property-casualty reinsurance, represent a substantial improvement on last year's disappointing figures, Munich Re's shares were unfortunately not spared the effects of the bear market.

The current capital market situation is still posing formidable challenges to the insurance industry, in particular to European companies, who have traditionally invested heavily in equities. The Munich Re Group's investment portfolio has also been impacted by the extreme volatility on the stock markets. Large writedowns affected the third-quarter result in all fields of business and gave rise to a loss for the Group of €859m. The result for the first nine months of the current year still yielded a net profit of €3,239m.

In reinsurance we are coming noticeably closer to our goal of improving the profitability of our business through healthy organic growth. In the year to date, we have been able to achieve a sizeable premium increase of 23.1% (18.4%), which primarily reflects marked price increases.

Following unsatisfactory results in the last few years, the figures for the current risk period are showing a distinctive upward trend throughout this segment of business, above all in property-casualty reinsurance, which is particularly significant to our overall result. The long-overdue return to risk-commensurate terms and conditions began at the end of 2000, albeit remaining well short of what was needed. The claims burden arising from the terrorist attacks of 11th September 2001 reinforced this trend, which we in particular, as a large, experienced and financially strong reinsurer, have been able to utilize. The prices and conditions of the treaties renewed since then have improved. Nevertheless, the increased risks will make further adjustments necessary.

Our combined ratio – claims and costs in relation to net premiums earned – for the first nine months was 127.3%. It contains 21.6 percentage points for expenditure incurred in the second quarter for the additional allocations to the claims reserves for our US business and the World Trade Center loss. Excluding these provisions for previous accident years, the combined ratio would have been a favourable 105.7%. In the same period last year the ratio produced by comparable calculations stood at 107.0%.

This substantial improvement can be attributed not only to the upswing on the reinsurance markets but also to the successful completion in mid-2001 of our organizational restructuring, the fruits of which we are now reaping. Our new structure has helped us consistently adapt our covers and prices to requirements.

The combined ratio for the third quarter of 2002 was 114.1%. In this “snapshot” figure the impact from natural catastrophes is equivalent to about 11.3 percentage points. The exact extent of the damage from floods that ravaged large areas of central Europe and Asia in August has not yet been determined. Since our market position in many of these regions is very strong, our total claims burden in insurance and reinsurance from these events remains unchanged over earlier reports at up to €500m.

At the end of September – with a view to the good prospects for the reinsurance market – we strengthened the capital of our US subsidiary American Re as announced by allocating US\$ 1.4bn from our own resources. This has ensured that, in the run-up to the renewals of many reinsurance treaties for 2003, American Re remains among the top group of US reinsurers in terms of financial strength, with the necessary funds to take advantage of the upswing.

In many countries primary insurance is experiencing and actively shaping an increasingly intensive debate on the financeability of state pension and health insurance systems. In view of adverse demographic trends, technical progress and a drastic rise in medical costs, governments are struggling to find the right balance between state and privately funded systems.

Notwithstanding the slump on the stock markets, life insurance has passed the test as the cornerstone of private old-age provision. Although an adjustment of policyholders' bonuses to reflect the lower market interest rates is foreseeable for 2003 and also urgently needed in Germany for instance, life insurance clients have been spared the capital losses that investors in equities and equity funds have sustained recently. Private medical insurance offers forward-looking concepts and well-balanced products for financing a healthcare system that is commensurate with requirements. These concepts and products are based on the principles of community, heightened personal responsibility and a funding basis for anticipated future cost increases. The public interest would be better served by further promoting and opening up private insurance systems

rather than repressing them: in the long run, the funding problems facing state social insurance systems can be alleviated only with the help of the private insurance industry rather than at its expense. Premium growth in life and health insurance impressively illustrates that the insurance solutions offered are attractive for clients.

The primary insurance companies in the Munich Re Group rank among the leading providers of German insurances of the person, a field of business which in our view still holds great promise for the future. All in all, in the first nine months of the current year they wrote gross premium of €8.3bn in the life and health classes of business. This was equivalent to a 5.8% increase over the same period last year. In non-life insurance, our primary insurance group also managed to record substantial growth, increasing its premium income by 5.9% to €3.9bn. As with reinsurance, the result of this segment was heavily impaired by the price falls on the stock markets.

In our income statement for the third quarter we made investment write-downs of €0.6bn in reinsurance and €2.1bn in primary insurance. These writedowns impacted our Group result with a total of €1.1bn. In relation to the whole Group, the strong decline in share prices between the end of June and the end of September reduced our shareholders' equity by €2.7bn to a still high €16.6bn.

The fourth-quarter result is also likely to be characterized by a substantial burden on investments. Even if no further large claims occur in the remaining weeks of the current year, the consolidated profit for 2002 will be decidedly lower than the result of the first nine months of the reporting period, despite the noticeably improved performance of underwriting business over the previous year. Nevertheless, we expect to make a net profit that will allow us to strengthen our reserves and to propose payment of an unchanged dividend of €1.25 per share at our AGM on 11th June 2003.

Despite the difficult situation on the stock markets and the resultant effects on our investment portfolio, our position in many areas is better now than it was a few years ago. We have continued to improve our monitoring and management tools and have significantly enhanced the quality of our business portfolio. Given the favourable climate on the reinsurance markets in particular, we take a very positive view of our prospects, which is also shared by the leading rating agencies.

Once the capital markets return to normal, allowing prices and yields to revert to realistic levels, the great progress we have made in our underwriting business will also make itself fully felt in our consolidated profit. In this case, you as the shareholders of our Company will once again be able to derive more pleasure from your shares than during the past few turbulent months.

Yours sincerely,

A. J. Schinckel.

Overall economic development

- **Economic indicators continue to weaken**
- **Political risks and sliding share prices impact the real economy**
- **Interest rates remain low**
- **Growing concern about deflationary trends**

US business activity continues to be the main driver of the world economy. The focus of interest is on US consumer spending, which accounts for more than two-thirds of the country's GDP. Although consumer demand was still very robust at the beginning of the third quarter, during the period under review there were further signs of a weakening, as there had been with other key economic indicators released earlier.

In Euroland the economic picture also became bleaker. Most early indicators, especially consumer and producer confidence indices, reflected an increasingly negative overall economic climate. This was particularly true in Germany. The disastrous flooding in central Europe in the third quarter of 2002 will probably have only a marginally adverse effect on the overall economy; in the coming year, the agreed reconstruction measures could even lead to a slight expansion.

As far as the EU candidates from central and eastern Europe are concerned, the proposals put forward by the EU Commission and the positive outcome of Ireland's referendum in October were important steps on the road to EU expansion. In Latin America the high risk aversion of the international financial markets as well as political uncertainty in some regions continued to impede economic development. By contrast, the emerging Asian economies, led by China, held up well. Economic activity in Japan stayed weak, thus dashing some hopes of a revival.

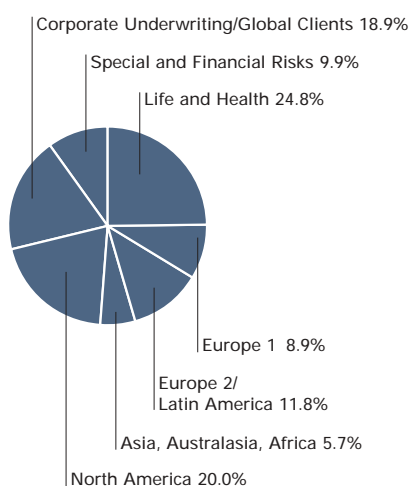
Against this backdrop of restrained development in the real economy, the price trend in most industrial nations was characterized by low and, in some cases, further declining inflation rates in the third quarter. There is growing concern in some circles that the deflationary trend might continue. In Euroland, ECB interest rates remained unchanged. At the beginning of November, the US Federal Reserve lowered key interest rates by 50 basis points.

With volatility remaining high on the stock markets towards the end of the reporting period, a number of share price indices recorded their lowest levels in years in the period under review. There are increasing fears that the capital market weakness could have a knock-on effect on the real economy particularly in the form of reduced consumer spending. Having surpassed parity with the US dollar, the euro stopped climbing and fell again slightly. At the beginning of November, it again rose above the parity mark.

In view of the current state of the capital markets and the strained geopolitical situation, the outlook for the overall economy continues to be clouded by a substantial number of major imponderables. All in all, we think the risks of further disappointments are higher than the chances of unexpected improvement. It is likely that the stock and bond markets will continue to be characterized by high volatility. We anticipate that the euro-dollar exchange rate will remain within the range of the last few years.

Business experience from 1st January to 30th September 2002

Gross premiums by division



REINSURANCE

- Positive market trend remains intact
- Strong premium growth
- Flood disasters impact the result
- Combined ratio in basic business still favourable
- Investment result characterized by high capital gains and writedowns on securities

The figures for the third quarter 2002 confirm that our reinsurance business is continuing to perform favourably.

In renewing our reinsurance treaties for the current business year and with effect from 1st April and 1st July, we succeeded in obtaining most of the far-reaching improvements in prices and conditions that were needed on our major markets, benefiting from a growing willingness amongst primary insurers to pay an appropriate price for quality and security in reinsurance.

In the third quarter of 2002 our gross premium income amounted to €6.0bn (5.4bn), or 9.8% more than in the same period last year. In the first nine months of the business year our premium rose by 23.1% to €19.1bn (15.5bn). For the year as a whole we anticipate a noticeably lower growth rate of 13% to €25bn. This is mainly attributable to an underlying effect: the particularly high premium income achieved in the fourth quarter of last year was heavily influenced by several one-off transactions.

Reinsurance		Q1-3 2002	Q1-3 2001	Q3 2002	Q3 2001
Gross premiums	€bn	19.1	15.5	6.0	5.4
Loss ratio non-life	%	100.8	104.0	88.2	149.5
Expense ratio non-life	%	26.5	29.9	25.9	30.1
Combined ratio non-life	%	127.3	133.9	114.1	179.6
Result before amortization of goodwill	€m	3,729	-642	-553	-2,124

		30.9.2002	31.12.2001
Investments	€bn	71.0	71.0
Net underwriting provisions	€bn	55.7	50.8

Our premium income in life and health reinsurance was down by 8.6% to €1.4bn (1.5bn) in the past quarter. From 1st January to 30th September we wrote €4.7bn (4.6bn) in gross premium, equivalent to a gain of 3.6%. In property-casualty business our premium increased by 16.9% to €4.6bn (3.9bn) in the third quarter and by 31.3% to €14.4bn (10.9bn) in the first nine months of the business year. We owe this large rise not only to appreciably higher premiums for existing covers but also to the acquisition of attractive new business.

Up until mid-July the impact of claims expenses from large and very large losses on our reinsurance result had been well below the long-term average. July and August then saw a succession of bad weather events with severe precipitation and some large-scale flooding in central Europe and Asia. As the insurance density for flood risks is relatively low, however, the financial impact of these events on the insurance industry will be manageable despite the substantial economic losses they inflicted. Nevertheless, since some of our most important clients have a strong market position in the affected regions of Germany, the Czech Republic, Austria and Italy, we expect our reinsurance claims payments for these floods to total over €400m.

The combined ratio for the third quarter was 114.1%. Natural catastrophe claims, including those from the floods, accounted for 11.3 (2.5) percentage points.

For the period since 1st January 2002 the combined ratio is 127.3% (133.9%). It is significantly influenced by the additional allocations made in the second quarter to the reserves for US business and for claims from the terrorist attacks of 11th September. In relation to net premium, the latter alone contributed 21.6 percentage points to the combined ratio in the first three quarters. The claims burden from natural catastrophes including the floods was responsible for another 3.5 percentage points, so that other claims and costs amounted to 102.2% of the net premium earned thus far. This is an improvement of 2.4 percentage points over the 104.6% arrived at by comparable calculations for the first nine months of 2001. This analysis of the main factors that have a bearing on the underwriting result in reinsurance therefore illustrates how much progress we have made in our basic business.

Our reinsurers' investment result was characterized in the first and second quarter by the gains from shareholding transactions with Allianz and in the second and third quarter by the expenditure for writedowns on securities.

The result of our Group's reinsurance business before amortization of goodwill totalled –€553m (–2,124m) in the third quarter and €3,729m (–642m) in the first nine months. The reinsurers thus contributed –€229m (–1,183m) to the third quarter result after tax and €4,673m (25m) to the result of the first three quarters.

PRIMARY INSURANCE

- **Strong premium growth**
- **Surge in new business, supported by HypoVereinsbank**
- **Investment result characterized by high realized capital gains and writedowns on securities**

The primary insurers in the Munich Re Group – especially the companies in the ERGO Insurance Group – continued to grow at a good pace in the third quarter of 2002. Premiums increased by 3.9% to €3.8bn (3.7bn). Since the beginning of the year our primary insurers have recorded a premium income of €12.2bn (11.5bn), which amounts to 5.8% growth.

This dynamic development was primarily driven by life insurance, where total premium income in the third quarter rose by 1.9% to €1.7bn (1.7bn). In the year so far we have achieved a sizeable increase in premium of 5.7% to €5.1bn (4.9bn). The strong growth of new German business reflects our life insurers' good market position in the field of private provision for old age and company pension schemes. The exclusive partnership with HypoVereinsbank is developing clearly better than planned.

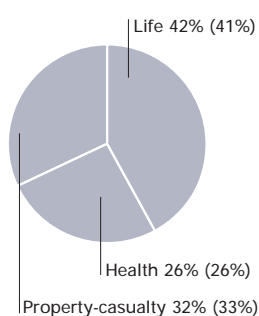
Premiums in health insurance grew in the third quarter by 6.2% to €1.0bn (1.0bn). In the first nine months premiums rose to €3.2bn (3.0bn), representing 5.4% more than in the same period last year. This growth was partly ascribable to the political debate in Germany on social insurance and moves made by clients in anticipation of a possible increase in the earnings ceiling for compulsory public health insurance. In the course of the year, we succeeded in winning 59,000 new clients for comprehensive health insurance.

In property-casualty insurance, premium in the third quarter was up by 4.7% to €1.1bn (1.0bn). From January to September premiums totalled €3.9bn (3.6bn), equivalent to an increase of 5.9% over the same period last year. Not only was there expansion in our target segment of personal lines business but, as a result of remedial measures taken, commercial property insurance also contributed to the positive premium development.

Claims expenditure from the floods in Germany and central Europe affected our primary insurers in the lower double-digit million euro range. As this was followed by more bad weather claims, however, our property-casualty insurers' combined ratio in the first nine months of the period under review climbed to 102.0% (96.4%).

The robust growth in new business impressively underlines our primary insurers' sales strength and confirms the importance of a multiple-channel distribution strategy. The partnership between ERGO and HypoVereinsbank is making great strides, with the number of insurance policies sold via banks in the first nine months of 2002 noticeably higher than anticipated. The joint-venture company KarstadtQuelle Finanz Service, formed by ERGO and KarstadtQuelle in the first half of 2002, is also performing well. In the second half of the year the first financial service centres opened in department stores belonging to Karstadt Warenhaus AG in various German cities.

Gross premiums by class of insurance



The generally favourable performance of underwriting business in insurance contrasted with the extremely negative trend on the capital markets, particularly in the third quarter of 2002. As a consequence, our primary insurers' results have been severely affected by the requisite writedowns on equity portfolios.

The primary insurance result before amortization of goodwill totalled –€652m (66m) for the third quarter and –€537m (411m) for the first nine months. The primary insurers' contribution to the third quarter result after tax was –€629m (–€32m) and –€676m (72m) for the period from January to September.

Primary insurance		Q1–3 2002	Q1–3 2001	Q3 2002	Q3 2001
Gross premiums	€bn	12.2	11.5	3.8	3.7
Result before amortization of goodwill	€m	–537	411	–652	66
				30.6.2002	31.12.2001
Investments	€bn		€bn	103.1	103.6
Net underwriting provisions	€bn		€bn	87.6	87.4

ASSET MANAGEMENT

- **Dramatic decline in share prices on the international stock markets**
- **Interest rates continue to drop**
- **High realized capital gains and large writedowns on securities**

The unexpectedly weak economy, disappointing news from companies and the unstable international political situation caused the stock markets to slump in the third quarter of 2002. Declining by approx. 35%, the German DAX share index suffered its highest quarterly loss in history. Other European stock exchanges and the American equity market also experienced steep falls.

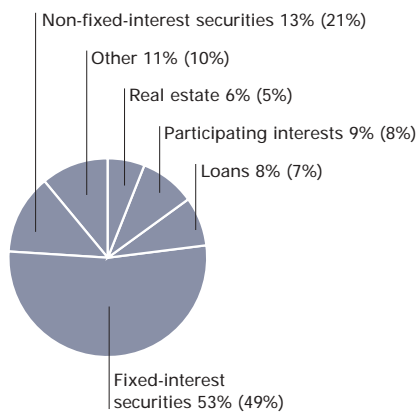
By contrast, government bonds rose in price, benefiting from the marked reduction in investors' willingness to take risks. The average yield for fixed-interest government bonds in Euroland dipped to around 4%. Only during the crisis in Asia have yields fallen any lower in recent decades. At under 3.7%, the yields on ten-year US government bonds have also hit all-time lows.

Our investment portfolio did not escape the effects of the downturn on the worldwide stock markets. In particular, our investments in insurance and bank stocks suffered substantial losses in market value. Since the beginning of the year, the Dow Jones Global Market insurance index has fallen by nearly 40%, the third quarter alone accounting for more than 27%. The corresponding bank index suffered losses of 21.5% and 17.6%, respectively.

We have therefore made further writedowns. The effects of these, however, were cushioned by our high proportion of investments in fixed-interest securities and real estate, which performed well.

The investment result in the first nine months was significantly influenced by capital gains totalling €4.7bn from the disposal of shares in Allianz AG, Allianz Leben, Frankfurter Versicherung and Bayerische Versicherungsbank, which we reported in the first half of the year. On the other hand, however, the result was impacted by expenditure for writedowns on securities to the tune of €4.3bn, of which €2.7bn was incurred in the third quarter. The overall investment result shows a loss of €1.6bn for the third quarter and a profit of €7.4bn in the first nine months.

Investment mix



Prospects

There are various reasons why the quarterly results of insurance companies, including Munich Re, are not a completely reliable indicator for the results of the business year as a whole. Losses from natural catastrophes and other major losses have a disproportionate impact on the result of the reporting period in which they randomly and unforeseeably occur. Late-reported claims for major loss events can also lead to substantial fluctuations in individual quarterly results. Furthermore, gains and losses on the disposal of investments and writedowns on investments do not follow a regular pattern.

- **Continuing uncertainty on the capital markets**
- **Low consolidated profit expected in 2002**
- **Further improvements in insurance business in 2003**

GROWTH IN 2002

For the whole business year 2002 we expect Group premium income to rise by about 10% to around €40bn (36.1bn).

In our reinsurance segment, we anticipate a total increase in gross premiums to €25bn (22.2bn) in 2002, which is 13% more than last year. Growth is likely to reach approximately 15% in property-casualty reinsurance and around 9% in life and health reinsurance.

About 82% of our primary insurance business stems from Germany. In view of the extremely difficult economic environment, premium income in the German market will probably not increase by more than 4%, the main growth drivers being insurances of the person. In our primary insurance segment, we expect a total gross premium from domestic and foreign business of €17bn (15.7bn), or 6% more than last year, with overall growth of around 7% in life insurance, about 5% in health insurance and 6% in property-casualty insurance. These figures include €550m in premium income resulting from our acquisition of Quelle Versicherungen in the first half of 2002.

With growth in reinsurance stronger than in primary insurance, our reinsurers' contribution towards the Group's total premium is expected to expand to around 58% (57%), with primary insurers accounting for 42% (43%).

RESULT IN 2002

In October severe storms again swept over East Asia, the Caribbean, western and central Europe and other regions, causing substantial damage. All in all, the impact of these natural catastrophes on our fourth-quarter results will be in the lower three-digit million euro range.

Despite the succession of bad weather events and natural catastrophes that have occurred since the beginning of the third quarter and several other large losses, the performance of property-casualty reinsurance in 2002 has been very satisfactory to date. Primary insurance, by contrast, has suffered more heavily from randomly high claims costs.

In the overall analysis of 2002 the generally pleasing results achieved by our active underwriting and investment business will be masked by numerous exceptional effects. On the one hand, the transactions prepared in 2000 and 2001 to restructure the shareholdings between Munich Re and Allianz were completed as scheduled in the first half of 2002, generating a profit of €4.7bn. On the other hand, this positive effect was partially cancelled out by the burdens for additional allocations to reserves for our US business and the WTC loss in the order of €1.8bn. Furthermore, we must contend with third-quarter writedowns on our securities portfolios of €4.3bn, which will impact our consolidated result with an amount of €2.0bn.

Given the uncertain economic and political situation, we take a cautious view of developments on the stock markets. In addition to the capital losses already realized, there will probably be a need for further substantial writedowns by the end of the year. Since large price swings are still occurring, however, we cannot yet make any reliable statements as to how high these writedowns will be.

Additional burdens arising from the results of our associated companies Allianz and HVB, both of which recently posted high quarterly losses, must be taken into account proportionally.

Even if no further large claims occur in the remaining weeks of the current year, the consolidated profit for 2002 will be decidedly lower than the result of the first nine months of the reporting period, despite the noticeably improved performance of our underwriting business. Nevertheless, we expect to make a net profit that will allow us to strengthen our reserves and to propose payment of an unchanged dividend of €1.25 per share at our AGM on 11th June 2003.

PERSPECTIVES FOR 2003

For next year, the biggest imponderables continue to be capital market performance and economic development, with its effects on the demand for insurance and reinsurance products. However, the stock markets should have bottomed out and be on their way back to more realistic levels.

Given the largely downward trend in growth expectations, we anticipate reduced premium growth on the major insurance markets. Health insurance in Germany may even stagnate if the contribution ceiling in statutory health insurance is raised as planned. Nevertheless, the need for greater private provision is still on the rise and should boost growth in life business in particular.

Further improvements in the terms and conditions of insurance and reinsurance will continue to have a positive effect on premium income. The development of claims in the past few months has shown that we will have to reckon with ever greater risk potential both from natural hazards and from man-made disasters. We will take this trend into account in our treaty wordings and pricing. Since insurers' investment income is deteriorating as well, it is urgently necessary from a commercial point of view to raise premiums further in classes of business that are not performing well. Moreover, policyholders' bonuses in life insurance should be adjusted to reflect the lower market interest rates. The terrorist attacks and capital market crisis have deprived the international insurance industry of some of its equity. As a consequence, a significant amount of capacity has been lost. Even old and established competitors are beginning to withdraw from significant market segments. This has led to heightened awareness and growing acceptance amongst clients that further adjustments are an economic necessity. We are thus confident that we will achieve our goal to reduce the combined ratio in insurance and reinsurance even further than the level we expect for the 2002 accident year.

Such a development would have a positive bearing on the consolidated result in 2003, but of course it is still too early to give a reliable forecast.

Munich, November 2002

The Board of Management

Schnecko. G. Hany 030003. Munich

Mayer I. Ullrich J. H. H. H. H. H.

Schnecko J. H. H. H. H.

Consolidated balance sheet as at 30th September 2002

ASSETS	€m	€m	€m	31.12.2001 €m	Change	
					€m	%
A. Intangible assets						
I. Goodwill		4,601		4,419	182	4.1
II. Other intangible assets		1,357		1,103	254	23.0
			5,958	5,522	436	7.9
B. Investments						
I. Real estate		9,870		9,044	826	9.1
II. Investments in affiliated enterprises and associated enterprises		14,035		12,558	1,477	11.8
III. Loans		12,668		11,182	1,486	13.3
IV. Other securities						
1. Held to maturity	883			980	-97	-9.9
2. Available for sale	104,622			111,251	-6,629	-6.0
3. Held for trading	445			412	33	8.0
		105,950		112,643	-6,693	-5.9
V. Other investments						
1. Deposits retained on assumed reinsurance	13,175			12,800	375	2.9
2. Miscellaneous	3,402			3,101	301	9.7
		16,577		15,901	676	4.3
			159,100	161,328	-2,228	-1.4
C. Investments for the benefit of life insurance policyholders who bear the investment risk			659	666	-7	-1.1
D. Ceded share of underwriting provisions			11,014	11,994	-980	-8.2
E. Receivables			10,915	9,713	1,202	12.4
F. Cash with banks, cheques and cash in hand			2,562	1,866	696	37.3
G. Deferred acquisition costs			7,526	7,286	240	3.3
H. Deferred tax			4,056	2,320	1,736	74.8
I. Other assets			1,112	1,359	-247	-18.2
Total assets			202,902	202,054	848	0.4

EQUITY AND LIABILITIES	€m	€m	31.12.2001 €m	Change	
				€m	%
A. Shareholders' equity					
I. Issued capital and capital reserve	3,447		3,167	280	8.8
II. Revenue reserves	10,016		11,522	-1,506	-13.1
III. Other reserves	-57		4,418	-4,475	-101.3
IV. Consolidated profit	3,239		250	2,989	-
		16,645	19,357	-2,712	-14.0
B. Minority interests		517	990	-473	-47.8
C. Gross underwriting provisions					
I. Unearned premiums	6,611		5,812	799	13.7
II. Provision for future policy benefits	94,798		89,016	5,782	6.5
III. Provision for outstanding claims	44,032		39,511	4,521	11.4
IV. Other underwriting provisions	8,210		15,642	-7,432	-47.5
		153,651	149,981	3,670	2.4
D. Gross underwriting provisions for life insurance policies where the investment risk is borne by the policyholders		648	655	-7	-1.1
E. Other accrued liabilities		2,856	2,730	126	4.6
F. Liabilities					
I. Notes and debentures	2,203		2,474	-271	-11.0
II. Other liabilities	21,534		22,187	-653	-2.9
		23,737	24,661	-924	-3.7
G. Deferred tax liabilities		4,665	3,541	1,124	31.7
H. Other deferred items		183	139	44	31.7
Total equity and liabilities		202,902	202,054	848	0.4

Consolidated income statement for the period 1st January to 30th September 2002

ITEMS	Q1-3 2002	Q1-3 2001	Change	
	€m	€m	€m	%
1. Gross premiums written	29,611	25,826	3,785	14.7
2. Net earned premiums	26,459	22,825	3,634	15.9
3. Investment result	7,407	7,717	-310	-4.0
4. Other income	1,026	645	381	59.1
Total income (2-4)	34,892	31,187	3,705	11.9
5. Net expenses for claims and benefits	24,443	24,919	-476	-1.9
6. Net operating expenses	6,416	5,691	725	12.7
7. Other expenses	1,587	824	763	92.6
Total expenses (5-7)	32,446	31,434	1,012	3.2
8. Result before amortization of goodwill	2,446	-247	2,693	-
9. Amortization of goodwill	245	178	67	37.6
10. Operating result before tax	2,201	-425	2,626	617.9
11. Tax	-989	-576	-413	-71.7
12. Minority interests in earnings	-49	66	-115	-174.2
13. Net profit	3,239	85	3,154	-

	Q1-3 2002	Q1-3 2001	Change	
	€	€	€	%
Earnings per share	18.25	0.48	17.77	-

Consolidated income statement for the period 1st July to 30th September 2002

ITEMS	Q3 2002	Q3 2001	Change	
	€m	€m	€m	%
1. Gross premiums written	9,163	8,771	392	4.5
2. Net earned premiums	8,633	7,715	918	11.9
3. Investment result	-1,567	2,404	-3,971	-165.2
4. Other income	156	186	-30	-16.1
Total income (2-4)	7,222	10,305	-3,083	-29.9
5. Net expenses for claims and benefits	5,826	10,332	-4,506	-43.6
6. Net operating expenses	2,146	1,739	407	23.4
7. Other expenses	454	300	154	51.3
Total expenses (5-7)	8,426	12,371	-3,945	-31.9
8. Result before amortization of goodwill	-1,204	-2,066	862	41.7
9. Amortization of goodwill	81	81	-	-
10. Operating result before tax	-1,285	-2,147	862	40.1
11. Tax	-374	-918	544	59.3
12. Minority interests in earnings	-52	-16	-36	-225.0
13. Net profit	-859	-1,213	354	29.2

	Q3 2002	Q3 2001	Change	
	€	€	€	%
Earnings per share	-4.82	-6.86	2.04	29.7

Consolidated income statement quarterly breakdown

	Q3 2002	Q2 2002	Q1 2002	Q4 2001	Q3 2001	Q2 2001	Q1 2001
ITEMS	€m	€m	€m	€m	€m	€m	€m
1. Gross premiums written	9,163	9,707	10,741	10,297	8,771	8,141	8,914
2. Net earned premiums	8,633	9,070	8,756	8,855	7,715	7,496	7,614
3. Investment result	-1,567	2,047	6,927	2,703	2,404	2,533	2,780
4. Other income	156	652	218	247	186	240	219
Total income (2-4)	7,222	11,769	15,901	11,805	10,305	10,269	10,613
5. Net expenses for claims and benefits	5,826	10,192	8,425	9,243	10,332	7,370	7,217
6. Net operating expenses	2,146	2,120	2,150	2,067	1,739	1,939	2,013
7. Other expenses	454	688	445	663	300	136	388
Total expenses (5-7)	8,426	13,000	11,020	11,973	12,371	9,445	9,618
8. Result before amortization of goodwill	-1,204	-1,231	4,881	-168	-2,066	824	995
9. Amortization of goodwill	81	90	74	52	81	55	42
10. Operating result before tax	-1,285	-1,321	4,807	-220	-2,147	769	953
11. Tax	-374	-930	315	-464	-918	210	132
12. Minority interests in earnings	-52	-8	11	79	-16	66	16
13. Net profit	-859	-383	4,481	165	-1,213	493	805

	Q3 2002	Q2 2002	Q1 2002	Q4 2001	Q3 2001	Q2 2001	Q1 2001
	€	€	€	€	€	€	€
Earnings per share	-4.82	-2.16	25.35	0.94	-6.86	2.79	4.55
Earnings per share, diluted	-	-	25.24	0.93	-6.83	2.77	4.53

Consolidated cash flow statement for the period 1st January to 30th September 2002

	Q1-3 2002 €m	Q1-3 2001 €m
Net profit, including minority interests in earnings	3,190	151
Net change in underwriting provisions	6,085	3,507
Change in deferred acquisition costs	-234	-472
Change in deposits retained and accounts receivable and payable	-895	1,336
Change in other receivables and liabilities	-3,298	1,173
Gains and losses on the disposal of investments	-5,647	-976
Change in securities held for trading	-27	-173
Change in other balance sheet items	613	327
Other income/expenses without impact on cash flow	1,250	-107
I. Cash flows from operating activities	1,037	4,766
Change from the acquisition and sale of consolidated enterprises	-498	-192
Change from the acquisition, sale and maturities of other investments	171	-5,885
Change from the acquisition and sale of investments for unit-linked life insurance	-66	-97
Other	-616	-312
II. Cash flows from investing activities	-1,009	-6,486
Inflows from increases in capital	280	-
Dividend payments	-230	-259
Change from other financing activities	626	1,459
III. Cash flows from financing activities	676	1,200
Cash flows for the reporting period (I+II+III)	704	-520
Effects of exchange rate changes on cash	-8	-3
Cash at the beginning of the business year	1,866	2,273
Cash at the end of the reporting period	2,562	1,750
Additional information		
Tax on earnings (net)	46	-6
Interest paid	195	194

Segment reporting

ASSETS	Reinsurance			
	Life and health		Property-casualty	
	30.9.2002 €m	31.12.2001 €m	30.9.2002 €m	31.12.2001 €m
A. Intangible assets	228	233	1,816	2,098
B. Investments				
I. Real estate	925	989	1,377	1,260
II. Investments in affiliated enterprises and associated enterprises	5,841	6,583	7,799	7,181
III. Loans	73	77	81	61
IV. Other securities				
1. Held to maturity	–	–	–	–
2. Available for sale	10,880	12,384	24,115	23,786
3. Held for trading	24	48	123	166
	10,904	12,432	24,238	23,952
V. Other investments	8,075	8,199	11,699	10,227
	25,818	28,280	45,194	42,681
C. Investments for the benefit of life insurance policyholders who bear the investment risk	–	–	–	–
D. Ceded share of underwriting provisions	1,957	2,308	5,821	7,070
E. Other segment assets	4,623	3,977	10,603	7,987
Total segment assets	32,626	34,798	63,434	59,836

		Primary insurance		Asset management		Consolidation		Total	
Life and health		Property-casualty							
30.9.2002 €m	31.12.2001 €m	30.9.2002 €m	31.12.2001 €m	30.9.2002 €m	31.12.2001 €m	30.9.2002 €m	31.12.2001 €m	30.9.2002 €m	31.12.2001 €m
2,536	2,072	1,353	1,095	26	25	-1	-1	5,958	5,522
6,795	6,039	746	724	-	-	27	32	9,870	9,044
5,708	2,585	3,091	2,869	90	97	-8,494	-6,757	14,035	12,558
12,642	12,016	587	494	434	481	-1,149	-1,947	12,668	11,182
843	935	40	45	-	-	-	-	883	980
64,139	68,824	5,430	6,242	58	15	-	-	104,622	111,251
173	123	112	62	13	13	-	-	445	412
65,155	69,882	5,582	6,349	71	28	-	-	105,950	112,643
1,957	1,597	220	392	128	336	-5,502	-4,850	16,577	15,901
92,257	92,119	10,226	10,828	723	942	-15,118	-13,522	159,100	161,328
659	666	-	-	-	-	-	-	659	666
7,857	7,393	1,765	1,550	-	-	-6,386	-6,327	11,014	11,994
9,284	9,452	2,881	2,670	375	156	-1,595	-1,698	26,171	22,544
112,593	111,702	16,225	16,143	1,124	1,123	-23,100	-21,548	202,902	202,054

Segment reporting

EQUITY AND LIABILITIES	Reinsurance			
	Life and health		Property-casualty	
	30.9.2002 €m	31.12.2001 €m	30.9.2002 €m	31.12.2001 €m
A. Gross underwriting provisions				
I. Unearned premiums	132	125	5,351	4,793
II. Provision for future policy benefits	17,691	17,300	635	738
III. Provision for outstanding claims	2,777	2,765	36,543	32,695
IV. Other underwriting provisions	151	48	213	1,671
	20,751	20,238	42,742	39,897
B. Gross underwriting provisions for life insurance policies where the investment risk is borne by the policyholders	-	-	-	-
C. Other accrued liabilities	376	316	972	795
D. Other segment liabilities	3,694	4,364	10,975	12,180
Total segment liabilities	24,821	24,918	54,689	52,872

		Primary insurance		Asset management		Consolidation		Total	
Life and health		Property-casualty							
30.9.2002 €m	31.12.2001 €m	30.9.2002 €m	31.12.2001 €m	30.9.2002 €m	31.12.2001 €m	30.9.2002 €m	31.12.2001 €m	30.9.2002 €m	31.12.2001 €m
112	82	1,283	975	-	-	-267	-163	6,611	5,812
81,503	75,790	84	65	-	-	-5,115	-4,877	94,798	89,016
1,258	1,228	4,362	4,096	-	-	-908	-1,273	44,032	39,511
7,865	13,331	113	125	-	-	-132	467	8,210	15,642
90,738	90,431	5,842	5,261	-	-	-6,422	-5,846	153,651	149,981
641	647	-	-	-	-	7	8	648	655
575	585	903	1,004	48	48	-18	-18	2,856	2,730
16,599	15,145	4,808	4,280	827	798	-8,318	-8,426	28,585	28,341
108,553	106,808	11,553	10,545	875	846	-14,751	-14,282	185,740	181,707
Shareholders' equity*								17,162	20,347
Total equity and liabilities								202,902	202,054

* Group shareholders' equity and minority interests

Segment reporting

INCOME STATEMENT 1.1-30.9.2002	Reinsurance			
	Life and health		Property-casualty	
	Q1-3 2002 €m	Q1-3 2001 €m	Q1-3 2002 €m	Q1-3 2001 €m
1. Gross premiums written	4,740	4,576	14,367	10,946
Thereof:				
- From insurance transactions with other segments	827	508	840	704
- From insurance transactions with external third parties	3,913	4,068	13,527	10,242
2. Net earned premiums	4,328	4,162	12,063	9,135
3. Investment result	1,887	1,535	5,890	1,984
Thereof:				
- Income from associated enterprises	1,097	539	4,689	587
4. Other income	147	106	398	264
Total income (2-4)	6,362	5,803	18,351	11,383
5. Net expenses for claims and benefits	3,473	3,885	12,362	9,712
6. Net operating expenses	1,153	1,101	3,193	2,743
7. Other expenses	186	90	617	297
Total expenses (5-7)	4,812	5,076	16,172	12,752
8. Result before amortization of goodwill	1,550	727	2,179	-1,369
9. Amortization of goodwill	1	2	99	102
10. Operating result before tax	1,549	725	2,080	-1,471
11. Tax	102	-195	-1,142	-579
12. Minority interests in earnings	-1	-	-3	3
13. Net profit	1,448	920	3,225	-895

		Primary insurance		Asset management		Consolidation		Total	
Life and health		Property-casualty							
Q1-3 2002 €m	Q1-3 2001 €m	Q1-3 2002 €m	Q1-3 2001 €m	Q1-3 2002 €m	Q1-3 2001 €m	Q1-3 2002 €m	Q1-3 2001 €m	Q1-3 2002 €m	Q1-3 2001 €m
8,331	7,877	3,854	3,639	-	-	-1,681	-1,212	29,611	25,826
14	-	-	-	-	-	-1,681	-1,212	-	-
8,317	7,877	3,854	3,639	-	-	-	-	29,611	25,826
7,537	7,108	2,533	2,420	-	-	-2	-	26,459	22,825
657	4,041	-131	392	21	34	-917	-269	7,407	7,717
654	50	16	43	11	21	-	-	6,467	1,240
486	473	601	404	160	90	-766	-692	1,026	645
8,680	11,622	3,003	3,216	181	124	-1,685	-961	34,892	31,187
7,014	9,736	1,682	1,575	-	-	-88	11	24,443	24,919
1,152	977	922	847	-	-	-4	23	6,416	5,691
658	696	792	596	140	91	-806	-946	1,587	824
8,824	11,409	3,396	3,018	140	91	-898	-912	32,446	31,434
-144	213	-393	198	41	33	-787	-49	2,446	-247
69	40	75	34	1	-	-	-	245	178
-213	173	-468	164	40	33	-787	-49	2,201	-425
77	84	-40	106	14	9	-	-1	-989	-576
-17	35	-25	40	-	5	-3	-17	-49	66
-273	54	-403	18	26	19	-784	-31	3,239	85

Segment reporting

	Reinsurance			
	Life and health		Property-casualty	
	Q3 2002 €m	Q3 2001 €m	Q3 2002 €m	Q3 2001 €m
1. Gross premiums written	1,381	1,511	4,570	3,908
Thereof:				
– From insurance transactions with other segments	432	117	168	203
– From insurance transactions with external third parties	949	1,394	4,402	3,705
2. Net earned premiums	1,394	1,370	3,743	3,088
3. Investment result	42	412	319	494
Thereof:				
– Income from associated enterprises	17	21	415	–68
4. Other income	15	39	44	85
Total income (2–4)	1,451	1,821	4,106	3,667
5. Net expenses for claims and benefits	1,188	1,408	3,320	4,838
6. Net operating expenses	407	312	973	945
7. Other expenses	51	20	171	89
Total expenses (5–7)	1,646	1,740	4,464	5,872
8. Result before amortization of goodwill	–195	81	–358	–2,205
9. Amortization of goodwill	–	–	31	35
10. Operating result before tax	–195	81	–389	–2,240
11. Tax	–55	–262	–297	–714
12. Minority interests in earnings	–1	–	–2	–
13. Net profit	–139	343	–90	–1,526

		Primary insurance		Asset management		Consolidation		Total	
Life and health		Property-casualty							
Q3 2002 €m	Q3 2001 €m	Q3 2002 €m	Q3 2001 €m	Q3 2002 €m	Q3 2001 €m	Q3 2002 €m	Q3 2001 €m	Q3 2002 €m	Q3 2001 €m
2,738	2,642	1,078	1,030	-	-	-604	-320	9,163	8,771
4	-	-	-	-	-	-604	-320	-	-
2,734	2,642	1,078	1,030	-	-	-	-	9,163	8,771
2,615	2,413	891	842	-	-	-10	2	8,633	7,715
-1,655	1,529	-232	104	4	21	-45	-156	-1,567	2,404
-21	13	2	18	1	11	-	-	414	-5
148	133	180	129	50	35	-281	-235	156	186
1,108	4,075	839	1,075	54	56	-336	-389	7,222	10,305
739	3,506	622	570	-	-	-43	10	5,826	10,332
472	186	309	292	-	-	-15	4	2,146	1,739
180	326	277	204	48	40	-273	-379	454	300
1,391	4,018	1,208	1,066	48	40	-331	-365	8,426	12,371
-283	57	-369	9	6	16	-5	-24	-1,204	-2,066
23	38	26	22	1	-	-	-14	81	81
-306	19	-395	-13	5	16	-5	-10	-1,285	-2,147
23	31	-46	23	1	6	-	-2	-374	-918
-23	-4	-26	-12	-	1	-	-1	-52	-16
-306	-8	-323	-24	4	9	-5	-7	-859	-1,213

Segment reporting

INVESTMENTS*	Reinsurers		Primary insurers		Asset management		Total	
	30.9.2002 €m	31.12.2001 €m	30.9.2002 €m	31.12.2001 €m	30.9.2002 €m	31.12.2001 €m	30.9.2002 €m	31.12.2001 €m
Europe	35,958	39,486	97,319	97,169	220	405	133,497	137,060
North America	21,153	19,378	1,547	2,199	60	64	22,760	21,641
Asia and Australasia	1,808	1,589	454	435	21	3	2,283	2,027
Africa, Near and Middle East	602	487	68	78	-	-	670	565
Latin America	468	621	73	72	8	8	549	701
Total	59,989	61,561	99,461	99,953	309	480	159,759	161,994

* After elimination of intra-Group transactions across segments.

GROSS PREMIUMS WRITTEN*

1.1-30.9.2002	Reinsurers		Primary insurers		Total	
	Q1-3 2002 €m	Q1-3 2001 €m	Q1-3 2002 €m	Q1-3 2001 €m	Q1-3 2002 €m	Q1-3 2001 €m
Europe	9,049	7,272	11,930	11,331	20,979	18,603
North America	6,036	4,956	155	123	6,191	5,079
Asia and Australasia	1,209	1,112	29	23	1,238	1,135
Africa, Near and Middle East	496	515	44	28	540	543
Latin America	650	456	13	10	663	466
Total	17,440	14,311	12,171	11,515	29,611	25,826

* After elimination of intra-Group reinsurance across segments.

1.7-30.9.2002	Reinsurers		Primary insurers		Total	
	Q3 2002 €m	Q3 2001 €m	Q3 2002 €m	Q3 2001 €m	Q3 2002 €m	Q3 2001 €m
Europe	2,663	2,482	3,779	3,642	6,442	6,124
North America	1,899	1,747	17	17	1,916	1,764
Asia and Australasia	440	506	3	3	443	509
Africa, Near and Middle East	141	183	11	8	152	191
Latin America	208	182	2	1	210	183
Total	5,351	5,100	3,812	3,671	9,163	8,771

* After elimination of intra-Group reinsurance across segments.

Notes

Accounting and valuation policies

This quarterly report as at 30th September 2002 has been prepared in accordance with International Accounting Standards and their interpretation by the Standing Interpretations Committee (SIC).

The same accounting, valuation and consolidation principles have been applied as in our consolidated financial statements as at 31st December 2001.

Changes in the consolidated group

In May 2002 the ERGO Insurance Group acquired a majority holding of 72.5% in Quelle Versicherungen. In July 2002 the Munich Reinsurance Company increased its stake in the Karlsruher Group by 36.1 percentage points. Otherwise, there were no significant changes in the group of consolidated companies.

Foreign currency translation

Munich Re's reporting currency is the euro. The following table shows the exchange rates of the most important currencies for our business (exchange rate for €1 in each case):

	Balance sheet		Income statement	
	30.9.2002	31.12.2001	Q1-3 2002	Q1-3 2001
Australian dollar	1.81890	1.73040	1.72020	1.72530
Canadian dollar	1.56760	1.40800	1.45552	1.37689
Pound sterling	0.62850	0.60880	0.62628	0.62209
Rand	10.41610	10.55960	9.9893	7.23280
Swiss franc	1.45590	1.48030	1.46708	1.52269
US dollar	0.98830	0.88180	0.92717	0.89550
Yen	120.3100	115.6920	116.6490	108.074

Intangible assets

All figures in €m	30.9.2002	31.12.2001
I. Goodwill	4,601	4,419
II. Other intangible assets	1,357	1,103
- Software	315	180
- Purchased insurance portfolios	948	844
- Other	94	79
Total	5,958	5,522

Changes in shareholders' equity

	Issued capital	Capital reserve	Revenue reserves	Other reserves	Consolidated profit	Total shareholders' equity
All figures in €m						
Status at 31.12.2000	453	2,712	9,174	9,513	1,750	23,602
Changes in exchange rates	-	-	89	-23	-12	54
Allocation to revenue reserves	-	-	1,517	-	-1,517	-
Change in consolidated group	-	-	173	-	-	173
Change resulting from valuation at equity	-	-	424	-427	-	-3
Unrealized gains and losses on other investments	-	-	-	-4,071	-	-4,071
Consolidated net profit	-	-	-	-	85	85
Share buy-backs	-	-	-53	-	-	-53
Dividend payment	-	-	-	-	-221	-221
Other changes	-	-	38	-	-	38
Status at 30.9.2001	453	2,712	11,362	4,992	85	19,604
All figures in €m						
Status at 31.12.2001	453	2,714	11,522	4,418	250	19,357
Changes in exchange rates	-	-	-797	-6	-3	-806
Capital increase	4	276	-	-	-	280
Allocation to revenue reserves	-	-	26	-	-26	-
Change in consolidated group	-	-	-129	-9	-	-138
Change resulting from valuation at equity	-	-	-482	-1,171	-	-1,653
Unrealized gains and losses on other investments	-	-	-	-3,289	-	-3,289
Consolidated net profit	-	-	-	-	3,239	3,239
Share buy-backs	-	-	-91	-	-	-91
Dividend payment	-	-	-	-	-221	-221
Other changes	-	-	-33	-	-	-33
Status at 30.9.2002	457	2,990	10,016	-57	3,239	16,645

Minority interests

These are mainly minority interests in the ERGO Insurance Group.

All figures in €m	30.9.2002	31.12.2001
Unrealized gains and losses	-40	71
Consolidated profit	-49	145
Other equity components	606	774
Total	517	990

Notes and debentures

All figures in €m	30.9.2002	31.12.2001
American Re Capital, Delaware 8.5%, US\$ 237.5m QUIPS 1995/2025 Rating: A+	-	269
American Re Corporation, Princeton 7.45%, US\$ 500m Senior Notes 1996/2026 Rating: AA	504	565
ERGO International AG, Düsseldorf 2.25%, €345m Bonds Exchangeable into E.ON AG Shares 2001/2006 0.75%, €345m Bonds Exchangeable into Aventis AG Shares 2001/2006 Rating: AA+	602	581
Munich Reinsurance Company, Munich 1.0%, €1,150m Bonds Exchangeable into Allianz AG Shares 2000/2005 Rating: AAA	1,097	1,059
Total	2,203	2,474

The QUIPS issued by American Re Capital Delaware were redeemed in February.

Investment result

1.1–30.9.2002	Reinsurance				Primary insurance				Asset management		Total	
	Life and health		Property-casualty		Life and health		Property-casualty		Q1–3 2002	Q1–3 2001	Q1–3 2002	Q1–3 2001
	Q1–3 2002	Q1–3 2001	Q1–3 2002	Q1–3 2001	Q1–3 2002	Q1–3 2001	Q1–3 2002	Q1–3 2001				
All figures in €m*												
Investment income												
Regular income	672	1,318	2,234	1,841	3,506	3,685	276	389	11	36	6,699	7,269
Income from write-ups	44	71	142	91	110	64	4	12	5	–	305	238
Gains on the disposal of investments	1,510	348	4,721	447	1,623	1,982	119	190	3	3	7,976	2,970
Other income	–	–	–	1	5	7	–	3	–	8	5	19
	2,226	1,737	7,097	2,380	5,244	5,738	399	594	19	47	14,985	10,496
Investment expenses												
Writedowns on investments	356	66	1,170	168	2,768	138	338	46	5	–	4,637	418
Losses on the disposal of investments	136	180	444	244	1,585	1,329	163	157	1	–	2,329	1,910
Other expenses	44	45	157	82	367	290	35	19	9	15	612	451
	536	291	1,771	494	4,720	1,757	536	222	15	15	7,578	2,779
Total	1,690	1,446	5,326	1,886	524	3,981	–137	372	4	32	7,407	7,717

* After elimination of intra-Group transactions across segments.

1.7–30.9.2002	Reinsurance				Primary insurance				Asset management		Total	
	Life and health		Property-casualty		Life and health		Property-casualty		Q3 2002	Q3 2001	Q3 2002	Q3 2001
	Q3 2002	Q3 2001	Q3 2002	Q3 2001	Q3 2002	Q3 2001	Q3 2002	Q3 2001				
All figures in €m*												
Investment income												
Regular income	164	191	605	335	1,134	1,127	84	96	6	21	1,993	1,770
Income from write-ups	10	57	40	62	78	41	4	6	5	–	137	166
Gains on the disposal of investments	65	218	391	258	368	895	36	77	2	3	862	1,451
Other income	–	–	–	–	–	–	–	–	–	–	–	–
	239	466	1,036	655	1,580	2,063	124	179	13	24	2,992	3,387
Investment expenses												
Writedowns on investments	155	14	531	97	1,888	78	231	21	–	–	2,805	210
Losses on the disposal of investments	29	83	108	98	1,198	356	104	61	–	–	1,439	598
Other expenses	27	15	76	28	187	128	22	4	3	–	315	175
	211	112	715	223	3,273	562	357	86	3	–	4,559	983
Total	28	354	321	432	–1,693	1,501	–233	93	10	24	–1,567	2,404

* After elimination of intra-Group transactions across segments.

Net expenses for claims and benefits

1.1–30.9.2002	Reinsurance				Primary insurance				Total	
	Life and health		Property-casualty		Life and health		Property-casualty		Q1–3 2002	Q1–3 2001
	Q1–3 2002	Q1–3 2001	Q1–3 2002	Q1–3 2001	Q1–3 2002	Q1–3 2001	Q1–3 2002	Q1–3 2001		
All figures in €m*										
Gross	2,956	3,687	12,923	11,734	7,840	10,603	2,435	2,385	26,154	28,409
Ceded share	259	325	1,041	2,564	113	333	298	268	1,711	3,490
Net	2,697	3,362	11,882	9,170	7,727	10,270	2,137	2,117	24,443	24,919

* After elimination of intra-Group transactions across segments.

1.7–30.9.2002	Reinsurance				Primary insurance				Total	
	Life and health		Property-casualty		Life and health		Property-casualty		Q3 2002	Q3 2001
	Q3 2002	Q3 2001	Q3 2002	Q3 2001	Q3 2002	Q3 2001	Q3 2002	Q3 2001		
All figures in €m*										
Gross	801	1,146	3,441	6,465	1,180	3,954	892	861	6,314	12,426
Ceded share	46	66	195	1,879	30	112	217	37	488	2,094
Net	755	1,080	3,246	4,586	1,150	3,842	675	824	5,826	10,332

* After elimination of intra-Group transactions across segments.

Net operating expenses

1.1–30.9.2002

	Reinsurance				Primary insurance				Total	
	Life and health		Property-casualty		Life and health		Property-casualty		Q1–3 2002	Q1–3 2001
	Q1–3 2002	Q1–3 2001	Q1–3 2002	Q1–3 2001	Q1–3 2002	Q1–3 2001	Q1–3 2002	Q1–3 2001		
All figures in €m*										
Gross	1,407	1,164	3,488	2,855	1,222	1,224	1,206	1,258	7,323	6,501
Ceded share	182	119	369	282	142	180	214	229	907	810
Net	1,225	1,045	3,119	2,573	1,080	1,044	992	1,029	6,416	5,691

* After elimination of intra-Group transactions across segments.

1.7–30.9.2002

	Reinsurance				Primary insurance				Total	
	Life and health		Property-casualty		Life and health		Property-casualty		Q3 2002	Q3 2001
	Q3 2002	Q3 2001	Q3 2002	Q3 2001	Q3 2002	Q3 2001	Q3 2002	Q3 2001		
All figures in €m*										
Gross	414	341	1,088	931	478	237	433	514	2,413	2,023
Ceded share	10	47	178	65	8	26	71	146	267	284
Net	404	294	910	866	470	211	362	368	2,146	1,739

* After elimination of intra-Group transactions across segments.

Number of staff

The number of staff employed by the Group as at 30th September 2002 totalled 29,641 (27,894) in Germany and 10,207 (10,423) in other countries.

	30.9.2002	31.12.2001
Reinsurance companies	5,803	5,872
Primary insurance companies	33,420	31,878
Asset management	625	567
Total	39,848	38,317

Contingent liabilities, other financial commitments

In comparison with the situation at 31st December 2001 there have been no material changes in financial commitments of significance for the assessment of the Group's financial position. No contingent liabilities have been entered into for the benefit of Board members.

Earnings per share

The earnings per share figure is calculated by dividing the consolidated net income for the reporting period by the weighted average number of shares.

New shares created by the exercise of warrants are included pro rata temporis from the respective date of delivery.

The exercise period for the warrants 1998/2002 expired on 3rd June 2002. Thus at the reporting date there were no more potential shares in circulation that would have a diluting effect.

		Q1-3 2002	Q1-3 2001	Q3 2002	Q3 2001
Net income	€m	3,239	85	-859	-1,213
Weighted average number of shares		177,479,630	176,856,945	178,358,286	176,791,879
Earnings per share	€	18.25	0.48	-4.82	-6.86

Important dates

Provisional figures for consolidated financial statements 2002	27th March 2003
Balance sheet meeting of Supervisory Board	28th April 2003
Balance sheet press conference	30th April 2003
Analysts' conference	30th April 2003
Interim report as at 31st March 2003	2nd June 2003
Annual General Meeting	11th June 2003
Dividend payment	12th June 2003
Interim report as at 30th June 2003	28th August 2003
Half-year press conference	28th August 2003
Interim report as at 30th September 2003	1st December 2003

The official German original of this quarterly report is also available from the company. In addition, you will find copies of our annual reports and interim reports, along with further current information about Munich Re and its shares, on our Internet website (<http://www.munichre.com>).

Service for investors and analysts

If you have general questions on Munich Re shares, please use our shareholder hotline:

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