Munich RE

MUNICH RE
QUARTERLY REPORT 3/2009

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Key figures (IFRS)

Munich Re (Group)[1]		Q1–3 2009	Q1–3 2008	Change	Q3 2009	Q3 2008	Change
				%			%
Gross premiums written	€m	31,048	28,123	10.4	10,355	9,270	11.7
Technical result	€m	1,870	2,132	-12.3	852	816	4.4
Investment result	€m	5,788	3,923	47.5	2,236	662	237.8
Operating result	€m	3,318	2,654	25.0	1,211	373	224.7
Taxes on income	€m	1,014	739	37.2	446	152	193.4
Consolidated result	€m	1,789	1,407	27.1	651	2	>1000.0
Thereof attributable to minority interests	€m	23	37	-37.8	7	5	40.0
Earnings per share	€	9.05	6.76	33.9	3.30	-0.02	–
Combined ratio							
Reinsurance property-casualty	%	96.3	100.1		93.4	101.2	
Primary insurance property-casualty	%	94.2	90.0		93.3	88.6	

[1] Previous year's figures adjusted owing to first-time application of IFRS 8.

		30.9.2009	31.12.2008[2]	Change
				%
Investments	€m	181,898	174,977	4.0
Equity	€m	22,807	21,249	7.3
Net technical provisions	€m	163,232	157,162	3.9
Employees		47,462	44,209	7.4
Share price	€	109.30	111.00	-1.5
Munich Re's market capitalisation[3]	€bn	21.6	22.9	-5.8

[2] Adjusted pursuant to IFRS 3.62.
[3] This includes own shares earmarked for retirement.

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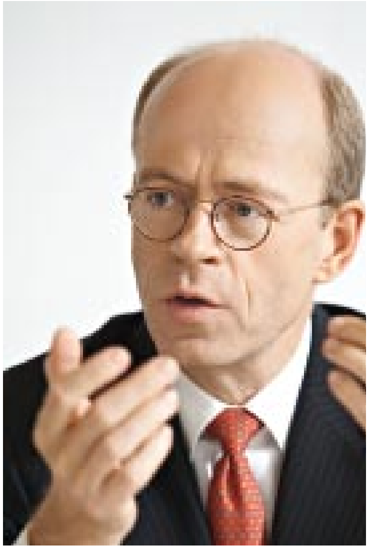
To our shareholders



Dr. Nikolaus von Bomhard
Chairman of the Board of Management of Munich Reinsurance Company

Dear Shareholders,

Munich Re stands for sustained, dependable shareholder earnings. We achieve these through the economic management of our business, i.e. taking a holistic view of all the opportunities and risks for our capital base. In the operational area, this approach is supported by our integrated business model with its diversification benefits, which makes us less dependent on economic fluctuations. We gear investments strictly to our underwriting commitments and only run additional risks on the capital markets to a limited extent, resulting in a share price with relatively low volatility. Altogether, we have handled the financial crisis well, which has allowed us to pursue our long-term strategy undeterred.

Part of this strategy is the active and efficient management of our equity capital, analysing our capitalisation on an ongoing basis and deciding on its best usage. We prefer to deploy our risk capital for insurance and reinsurance business, supporting organic growth and/or financing strategic acquisitions. Capital that we do not need is returned to our shareholders. We have two instruments for this, which we coordinate with each other: dividend payments and share buy-backs.

Whenever we return capital, we always make sure that we maintain an appropriate safety margin, which naturally includes taking into account the requirements of regulators and rating agencies. At present, the Group's solvency capital is more than two-and-a-half times the amount required by the supervisory authorities. The rating agencies also attest to our superior capital strength. According to our own internal risk model, we currently have excess economic capital of more than €7bn.

Since November 2006, we have withdrawn shares with a volume of €4bn from the market, €1bn of this by spring 2007. Back then, we announced our intention to repurchase and retire more shares with a volume in excess of €5bn over four years. We had already bought back €3bn by this year's Annual General Meeting.

Given the uncertainties of the economic crisis, we then suspended the programme in spring. However, this pause was not a departure from our strategy, but rather a matter of securing our capital base at a time of great economic concern. Besides, our capital strength was particularly in demand during the crisis. A number of our clients had suffered substantial capital depletions. We wanted to be in a position to offer them swift solutions geared to covering their need for capital without triggering the publicity associated with a capital increase.

Since then, the economic situation has brightened and the capital markets have stabilised sufficiently. Our clients' demand for reinsurance as a capital substitute has become somewhat less acute. At the same time, our equity has risen by around €1.6bn since the beginning of the year, despite the dividend payment of €1.1bn in the second quarter. This enables us to resume our buy-back programme, as originally envisaged. By the Annual General Meeting next April, we intend to repurchase shares with a volume of up to €1bn – evidence of our active capital management and financial solidity. We will nevertheless maintain our financial flexibility: our capital base remains strong enough for us to continue taking advantage of opportunities for profitable growth in our core business.

For the financial year 2008, in addition to the share buy-back, we paid a dividend of €5.50. That by itself amounts to a yield of over 5% – an attractive figure in the current interest-rate environment. If the share buy-back is included, you as shareholders obtain a return of nearly 10%. With that yield, your investment outperforms the German market index – the DAX – and also most of our competitors' shares in a multi-year comparison. Thanks to a business which has stayed profitable even in times of crisis, we can offer you an attractive cash payout and an above-average return. That is what we mean by creating sustained value for our shareholders.

Yours sincerely,

Nikolaus von Bomhard
Chairman of the Board of Management
of Munich Reinsurance Company

Interim management report

Key parameters

- Incipient recovery of the global economy from the severe recession, but strength and duration uncertain
- Further strong price advances on the US and European stock markets
- Inflation and interest rates still low

In the third quarter, there were increasing signs that the global recession is coming to an end. Economic growth had already started to revive in Germany, France and Japan in the second quarter, thanks to government economic stimulus programmes and demand from the emerging economies in Asia. In the third quarter, recovery also began in the USA. Indicators for consumer confidence and corporate sentiment improved worldwide. However, both the strength and durability of the economic recovery is uncertain in many countries. With reference to the fragile nature of the upswing and the low inflation rates, the central banks pursued their policy of low interest rates.

According to a provisional estimate, the US economy grew in the third quarter by an annualised rate of 3.5% compared with the previous quarter – the first real growth in GDP since the second quarter of 2008. The reduction in the number of jobs slowed significantly compared with the previous quarters, although the unemployment rate continued to climb, reaching 9.8% in September, the highest level for 26 years. The price level in the USA increased slightly in the course of the third quarter. Nevertheless, the consumer price index in September was 1.3% down on last year, mainly because the oil price was approximately 30% lower than in September 2008. The annual inflation rate in September 2008 was 4.9%.

In the eurozone, where the recession had started to ease surprisingly quickly in the second quarter, confidence indicators for the manufacturing industry and the service sector rose monthly in the third quarter, albeit remaining well below the long-term average because of the current difficult business climate. Industrial production in the eurozone was 0.9% higher in August than in the previous month, but still 15.4% below last year's level. Prices in the eurozone rose only marginally in the third quarter. The consumer price index in September was 0.3% lower than last year, when the annual inflation rate had amounted to 3.6% owing to higher food and energy prices.

The sharp recession in Japan had been halted in the second quarter, mainly thanks to the stabilisation of world trade. In July and August, however, Japanese exports fell again month on month. Business climate surveys produced distinctly better results than in the previous quarter, especially in the manufacturing industry.

The Chinese government reported a robust year-on-year growth rate of 8.9% in GDP for the third quarter. Buoyed by expansive monetary and fiscal policy, the Chinese economy already showed strong growth in the second quarter.

In the third quarter, the US Federal Reserve and the Bank of Japan kept the target rates they had introduced in December 2008 at 0–0.25% and 0.1% respectively. The European Central Bank maintained its reference interest rate at the 1.0% to which it had been lowered in May. The unconventional measures for improving credit provision, such as the purchase of mortgage-backed securities by the US Federal Reserve, continued as planned in the third quarter.

The oil price fluctuated within a range of US$ 60 to 75 per barrel in the third quarter and stood at US$ 65.70 at the end of September, about the same level as at the beginning of the quarter and around 30% lower than at the end of September 2008. The euro continued its rise from the second quarter, increasing from US$ 1.41 to US$ 1.46 in the third quarter. During this period, the stock markets in the USA and Europe maintained their upward trend, which had begun in March. The Dow Jones closed at 9,712 points on 30 September, 15% up on the beginning of the quarter, while the EURO STOXX 50 rose by almost 20% in the same period, closing at 2,873 points. The Japanese stock market fell sharply at the beginning of July, but recovered again quickly. At the end of the third quarter, the Nikkei stood at 10,133 points, approximately 2% higher than at the beginning of the quarter. At 30 September, yields on ten-year US and German government bonds were slightly lower than at the start of the quarter, standing at 3.3% and 3.2% respectively. Falling spreads in the third quarter signalled an easing of the situation on the credit markets. Thus, for example, the spread between the three-month interbank rate and the US federal funds rate fell to 25 basis points in August for the first time since January 2008. Following the Lehman Brothers bankruptcy, the interest rate spread had soared to 364 basis points in October 2008.

For the fourth quarter, we expect the economic upswing to continue. However, with economic activity having fallen so dramatically at the beginning of the year in many countries, particularly the industrial nations, we expect the global economy to show a contraction for the full year. The outlook for the economy in 2010 remains clouded with uncertainty. Especially in the USA and Europe, the job market and public finances have not yet felt the full effects of the recession. Rising unemployment could weaken consumption, and investment could be curbed as a result of unused production capacity and lack of credit. In view of these uncertainties, we expect only a weak upswing in 2010, accompanied by a slight rise in inflation. There is also the risk of the economic recovery being disrupted by a renewed destabilisation of the banking system, undesirable fiscal or monetary policy developments, or an oil price shock. Another slump or prolonged stagnation of economic growth would harbour the risk of deflation. On the other hand, a stronger-than-expected upswing in the global economy would carry the risk of higher inflation.

Business experience from 1 January to 30 September 2009

Overview

In order to make the spectrum of our global business model clearer, all our reinsurance units throughout the world will in future appear under the uniform brand of Munich Re. As of September, this also applies to the German-speaking market. We continue to use the reinsurance brand for the Group as well, and will thus refer to the Munich Re Group in future as Munich Re. When we report on the Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München, we will refer to Munich Reinsurance Company.

Business performance
Group-wide, Munich Re's business performed well in the first nine months of the year, despite the still difficult macroeconomic climate. Gross premium income amounted to €31.0bn (28.1bn), an increase of 10.4%. From July to September we wrote premium of €10.4bn (9.3bn). We posted an operating result of €3,318m (2,654m) for the first nine months, €1,211m (373m) of which was attributable to the third quarter. The consolidated result improved by 27.1% compared with last year, totalling €1,789m (1,407m). In the third quarter, the consolidated result amounted to €651m (2m). Including the income and expenses recognised directly in equity, there was a year-on-year improvement of €4.1bn in the first nine months, €1.1bn of which was attributable to the third quarter (see tables on page 31). The investment result benefited from the positive development of the capital markets, rising to €5.8bn or by 47.5% compared with the first three quarters of 2008. This represents an annualised return of 4.3% on the average investment portfolio at market values. The annualised return on risk-adjusted capital (RORAC) totalled 14.0%, while the return on equity (RoE) came to 11.0%. For the third quarter, RORAC amounted to 3.8% (–0.6%) and RoE to 3.0% (0.0%).

Changes in segment allocation
From the financial year 2009 onwards, in accordance with IFRS 8, we are gearing the reporting of our business segments more closely to our internal reporting and management structure. The reinsurance segment comprises the operations of our reinsurance business, which contains not only property-casualty and life reinsurance but also companies with other business models that are managed from within reinsurance, such as our specialty primary insurers or managing general agents. The segment also includes health reinsurance and the Group's specialised insurers in international health primary insurance that are managed from within the reinsurance organisation. Together with the international health primary insurance conducted by ERGO, these operations have been combined into a separate field of business under the Munich Health brand since May 2009. We do not disclose this business field as a separate segment yet owing to its current size. Pursuant to IFRS 8 – in contrast to our past practice under IAS 14, Segment Reporting – the business of the Watkins Syndicate is shown in the reinsurance segment rather than in the primary insurance segment.

After the transfer of Europäische Reiseversicherung and Mercur Assistance (Mercur, or almeda as from 1 April 2009) to the ERGO Insurance Group as at 1 January 2009 and the disclosure of the Watkins Syndicate in the reinsurance segment, our primary insurance segment now corresponds to the business conducted by the ERGO Group, including its international health primary insurers belonging to Munich Health. With ERGO, Munich Re can cover the entire value chain of insurance risks. We can leverage synergies as well as reduce our Group's required risk capital through improved diversification. The first-time application of IFRS 8 has led to changes in disclosure within the primary insurance business segment as well. We now show life and health primary insurance as individual segments, owing to their significant volume and their separate management. Finally, following their transfer to ERGO, Europäische Reiseversicherung and almeda (formerly Mercur) are now part of the health rather than the property-casualty segment.

Reinsurance

- Increase in premium income by 15.5% to €18.7bn in the period from January to September and by 18.4% to €6.5bn in the third quarter
- Major-loss burden of €910m for the first nine months; expenditure of €214m for major losses in the third quarter; combined ratio of 96.3% for the period January to September and a very good 93.4% in the third quarter
- Investment result of €2.9bn for the months of January to September and €0.9bn for the third quarter
- Reinsurance result of €1.9bn for the first nine months and €0.6bn for the third quarter

Key reinsurance figures[1]		Q1–3 2009	Q1–3 2008[2]	Q3 2009	Q3 2008[2]
Gross premiums written	€bn	18.7	16.2	6.5	5.5
Loss ratio property-casualty	%	67.8	71.4	61.4	71.5
Expense ratio property-casualty	%	28.5	28.7	32.0	29.7
Combined ratio property-casualty	%	96.3	100.1	93.4	101.2
Thereof natural catastrophes	Percentage points	2.5	7.8	0.8	10.0
Technical result	€m	1,262	1,169	649	345
Investment result	€m	2,891	2,978	884	237
Operating result	€m	2,995	2,775	991	147
Consolidated result	€m	1,861	1,980	562	–41
				30.9.2009	31.12.2008
Investments			€bn	80.4	78.4
Net technical provisions			€bn	57.4	55.8

[1] Previous year's figures adjusted owing to first-time application of IFRS 8.
[2] Adjusted pursuant to IAS 8.

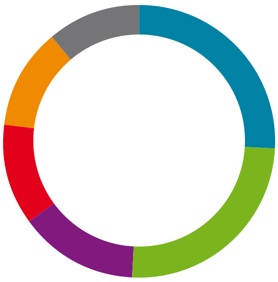
In the third quarter of 2009, our reinsurance business performed even better than in the first two quarters, thus producing a very satisfactory picture for the period from January to September 2009. We posted an operating result of €2,995m (2,775m) for the first nine months of 2009. The result in the same period last year had included an intra-Group dividend payment of €947m from ERGO to Munich Reinsurance Company. This income was reversed after the elimination of intra-Group transactions across segments and is therefore not mirrored in the Group consolidated result. The operating result for the months of July to September rose by 574.1% to €991m compared with the same period last year (€147m). This improvement was mainly attributable to the below-average burden from major losses and a positive investment result. The previous year had been strongly impacted by the collapse in share prices on the world's stock markets and the associated substantial write-downs in our equities portfolio. The consolidated result in reinsurance amounted to €1,861m (1,980m) for the first nine months, the previous year's figure including the intra-Group dividend payment from ERGO to Munich Reinsurance Company. In the third quarter of 2009, we generated a profit of €562m (–41m).

The satisfactory treaty renewals in property-casualty reinsurance at the turn of the year and in early April were followed by the renewals as at 1 July for parts of the US business and in the Australian and Latin American markets. A premium volume of €1.3bn was up for renewal. Overall, we recorded premium growth of 6.5%. The price increases achieved in renewed and newly acquired business totalled 4.4%, thus continuing the trend of the preceding renewals. However, while price increases were still observable in business affected by the recession and especially in capital-intensive and strongly exposed business, prices in other areas remained stable.

Our premium volume in the reinsurance segment climbed by 15.5% to €18.7bn (16.2bn) in the first nine months of 2009 and by 18.4% to €6.5bn (5.5bn) in the third quarter. If exchange rates had remained the same, our premium volume for the first three quarters of the year would have risen by 13.2% compared with the same period last year and by 17.7% year on year in the third quarter. The figures include gross premium income of €320m from our new acquisition, the Hartford Steam Boiler Group (HSB Group), consolidated in our Group financial statements with effect from 1 April 2009. With the purchase of the HSB Group, one of the world's leading providers of specialty insurances and inspections of engineering risks, we are consistently pursuing our US strategy and further expanding our business in highly specialised, profitable niche segments.

Gross premiums by division Q1–3 2009

Life	26% (24%)
Global Clients and North America	25% (24%)
Europe and Latin America	14% (18%)
HealthCare	12% (8%)
Special and Financial Risks	12% (11%)
Germany, Asia Pacific and Africa	11% (15%)



In the life and health reinsurance segment, the year-on-year growth of 35.3% to €7.0bn (5.2bn) in gross premiums written in the first nine months of the year was attributable to large-volume quota-share treaties concluded in the first quarter. Our premium volume for the third quarter was up 47.5% to €2.6bn (1.8bn).

In property-casualty reinsurance, which now includes the Watkins Syndicate, our premium income grew by 6.2% to €11.7bn (11.0bn) in the period from January to September 2009 and by 4.2% to €3.8bn (3.7bn) in the third quarter. This growth mainly derives from the acquisition of the HSB Group. Adjusted to eliminate currency translation effects, premium would have shown a year-on-year rise of 3.6% for the first nine months and 3.4% for the third quarter.

The combined ratio was 96.3% (100.1%) for the months of January to September 2009 and 93.4% (101.2%) for the third quarter. The total major-loss burden for the first nine months was below the five-year average, totalling €911m (1,218m) or €307m less than in the same period last year. Major-loss expenditure accounted for 8.6% (12.5%) of the combined ratio, with 2.5 (7.8) percentage points attributable to natural catastrophes. The largest loss events in this sector during the first nine months of the year were Winter Storm Klaus, which caused damage particularly in France and Spain and cost us €102m, and the devastating bush fires in the Australian state of Victoria, for which our claims burden was around €95m. Claims in credit and surety reinsurance business for the first nine months of the year totalled €343m. The third-quarter burden from major losses came to €214m (441m), contributing 6.0% (13.2%) to the combined ratio. At €27m (335m), the impact from natural catastrophes was small. This was because, on the one hand, the loss estimates for natural hazard events in previous quarters were revised downwards, so that we were able to reverse provisions in the third quarter. On the other hand, losses caused by natural hazard events in the third quarter were relatively moderate, amounting to just under €100m, three-quarters of which was attributable to Windstorm Xystus in central Europe. A total of €187m (107m) was paid or reserved for man-made loss events.

Primary insurance

- Overall premium growth of 5.8% to €14.2bn from January to September: 20.5% increase in international business; third-quarter premium volume of €4.5bn
- Combined ratio of 94.2% for the first nine months and a good 93.3% for the third quarter
- Investment result of €3.3bn for the months of January to September and €1.4bn for the third quarter
- Result for January to September at €95m; third-quarter result of €89m

Key primary insurance figures[1]		Q1–3 2009	Q1–3 2008	Q3 2009	Q3 2008
Total premium income	€bn	14.2	13.4	4.5	4.2
Gross premiums written	€bn	13.0	12.7	4.1	4.0
Loss ratio property-casualty[2]	%	61.7	57.2	61.5	55.7
Expense ratio property-casualty[2]	%	32.5	32.8	31.8	32.9
Combined ratio property-casualty[2]	%	94.2	90.0	93.3	88.6
Technical result	€m	655	1,105	146	514
Investment result	€m	3,288	2,103	1,442	497
Operating result	€m	506	825	226	240
Consolidated result	€m	95	374	89	44
Thereof attributable to minority interests	€m	15	35	3	3

			30.9.2009	31.12.2008[3]
Investments		€bn	119.5	114.0
Net technical provisions		€bn	105.8	101.4

[1] Previous year's figures adjusted owing to first-time application of IFRS 8.
[2] Including legal expenses insurance.
[3] Adjusted pursuant to IFRS 3.62.

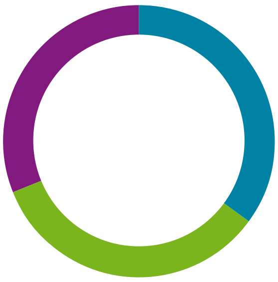
Thanks to our continued good underwriting and less strain from the capital markets, the results of the primary insurance group show an improved picture for the third quarter of 2009. Although the operating result for January to September 2009 showed a year-on-year reduction at €506m (825m), we achieved growth of 5.6% in the third quarter compared with the period from April to June. The consolidated result of €95m (374m) for the first three quarters was impacted by the burdens from the capital-market crisis and by impairments of goodwill in the first few months of the year. For the period from July to September, the consolidated result was €89m (44m). The consolidated result in the primary insurance group had already returned to the profit zone in the second quarter.

Overall premium volume across all lines of business totalled €14.2bn (13.4bn) for the first nine months of the year, a rise of 5.8%. In the third quarter of 2009, premium income increased by 7.5% to €4.5bn (4.2bn), with especially prominent growth in international business. The main growth drivers were the changes in the consolidated group: Bank Austria Creditanstalt Versicherung (BACAV) had not yet been consolidated in the same period last year, and ERGO Daum Direct Auto Insurance Co., Seoul, was not included until the second quarter of 2008. Although over 90% of our premium volume in primary insurance stems from the eurozone, our income felt the impact of strong negative changes in exchange rates, especially the Polish zloty and Turkish lira. Our gross premiums written amounted to €13.0bn (12.7bn) for the first three quarters of 2009 and €4.1bn (4.0bn) for the third quarter. Unlike overall premium volume, gross premiums written for the first nine months of 2009 do not include the savings premiums of €1,238m (732m) from unit-linked life insurance and capitalisation products such as "Riester" pensions in Germany.

In life insurance, we posted total premium income of €5.7bn (5.0bn) for the first three quarters of 2009, an increase of 12.9% year on year. Premium volume for July to September 2009 climbed by 17.1% to €1.8bn (1.6bn). German business showed a rise in premium of 1.3% to €4.24bn (4.18bn) for the months of January to September 2009. New business in Germany grew by €1,171m, or 12.1%, compared with the first three quarters of 2008, mainly owing to the positive development of single-premium business which resulted in particular from bancassurance, broker and direct selling channels. The strong decline in regular-premium business was assignable to a basic underlying effect, i.e. a major boost to new business in early 2008 as a result of the fourth and last subsidisation stage for Riester policies. For the same reason, the annual premium equivalent (APE)[2] of €322m was significantly down by 21.0% on the previous year, as it includes only 10% of the strong single-premium result. Premium volume in international business grew by 70.5% to €1.4bn since the beginning of 2009, climbing by 81.2% to €473m (261m) in the third quarter. The substantial rise is due in part to the fact that we expanded our stake in Austrian BACAV as at 30 September 2008 and the company was not yet included in last year's figures.

Gross premiums by division
Q1–3 2009

Health	35% (35%)
Life	34% (34%)
Property-casualty	31% (31%)



Premiums in our health primary insurance segment grew by 3.7% to €4.6bn (4.4bn) for the months of January to September 2009 and by €1.5bn (1.4bn) in the third quarter of the year. Europäische Reiseversicherung and almeda (formerly Mercur) have been included in this segment since 1 January 2009 rather than in the property-casualty segment, as part of gearing the breakdown of our business segments for the segment reporting more closely to our internal reporting and management structure. We have adjusted the previous year's figures for comparative purposes. In international business, we generated year-on-year growth of 12.0% in the first three quarters of 2009, with particularly robust premium increases in Spain. The rise is mainly due to the commencement of business by hospital operator Marina Salud, which began providing healthcare for the Denia region in Spain in 2009. In Germany, premium volume in the third quarter of 2009 totalled €3.73bn (3.65bn), representing growth of 1.9% compared with 2008. Premiums written in supplementary health business rose by 5.9%, whereas in comprehensive health insurance premium income was up by 1.3%. These figures reflect not only the impact of the German health reform on comprehensive health business but also the effect of the economic crisis on supplementary health and travel insurance in particular.

[2] The annual premium equivalent corresponds to regular premium income plus 10% of single-premium volume.

Premium volume in the property-casualty insurance segment totalled €3.98bn (4.01bn) in the first nine months of the year and €1.20bn (1.22bn) in the period from July to September 2009. As mentioned above, Europäische Reiseversicherung and almeda (formerly Mercur) have been recognised in the health primary insurance segment since 1 January 2009, and the Watkins Syndicate is now reported in reinsurance. The previous year's figures have been adjusted for comparative purposes. In our international business, we posted a premium volume of €1.50bn (1.54bn) since January 2009, a decline of 2.5% against the same period last year. Whilst there was growth in premium income generated by the South Korean ERGO Daum Direct, which has been part of our consolidated group since April 2008, there were also strong decreases due to changes in exchange rates, especially in Poland and Turkey. In German business, our premium income increased marginally by 0.6% to €2.49bn (2.47bn) for the first three quarters of 2009 and totalled €703m (693m) for the third quarter. This development was largely driven by commercial and industrial business, where we posted 5.3% growth in premium to €621m (590m). The performance of personal lines business was impacted by the highly competitive class of motor business. As we did not engage in the fierce price competition here, our figures were lower than those for the same period last year. Our business with personal accident policies showed moderate growth, while premium volume in legal expenses insurance was marginally down. At 94.2%, the combined ratio in the property-casualty segment for the period from January to September 2009 was higher than for the same period last year (90.0%) but still at a good level. Seen in isolation, the combined ratio for the third quarter of 2009 was 93.3% (88.6%).

Investment performance

- Recovery on the finance markets continues in the third quarter
- At 86%, share of investments in fixed-interest securities and loans remains a determining factor
- Investment result of €5.8bn for the first three quarters
- Significant increase of 238% in investment result in third quarter; same quarter last year impacted by capital market upheavals

Under our asset-liability management approach, our investment strategy is geared to the structure of our liabilities. The characteristics of the payment obligations from insurance business, including their dependence on economic factors such as interest rates, currency and inflation, determine the investments selected. This cushions our assets somewhat against the effects of capital market fluctuations.

Our liquidity is ensured by means of detailed, Group-wide liquidity planning. As a rule, Munich Re generates significant liquidity from its premium income, from regular investment income and from maturities. We also attach great importance to the credit rating and fungibility of our investments, thereby ensuring a high level of liquidity overall.

Investment result[1]	Q1–3 2009	Q1–3 2008[2]	Change	Q3 2009	Q3 2008[2]	Change
	€m	€m	%	€m	€m	%
Regular income	5,689	6,015	–5.4	1,921	1,949	–1.4
Write-ups/write-downs	–835	–2,334	64.2	–168	–1,166	85.6
Net realised capital gains	1,071	1,142	–6.2	432	266	62.4
Other income/expenses	–137	–900	84.8	51	–387	–
Total	**5,788**	**3,923**	**47.5**	**2,236**	**662**	**237.8**

[1] Previous year's figures adjusted owing to first-time application of IFRS 8.
[2] Adjusted pursuant to IAS 8.

Investment result by type of investment[1]	Q1–3 2009	Q1–3 2008[2]	Change	Q3 2009	Q3 2008[2]	Change
	€m	€m	%	€m	€m	%
Real estate	185	156	18.6	37	56	–33.9
Investments in affiliated companies	–11	–8	–37.5	–1	–20	95.0
Investments in associates	–56	69	–	–26	16	–
Mortgage loans and other loans	1,475	1,144	28.9	524	322	62.7
Other securities	4,049	3,134	29.2	1,518	582	160.8
Deposits retained on assumed reinsurance, and other investments	113	191	–40.8	67	47	42.6
Investments for the benefit of life insurance policyholders who bear the investment risk	353	–356	–	224	–136	–
Expenses for the management of investments, other expenses	320	407	–21.4	107	205	–47.8
Total	**5,788**	**3,923**	**47.5**	**2,236**	**662**	**237.8**

[1] Previous year's figures adjusted owing to first-time application of IFRS 8.
[2] Adjusted pursuant to IAS 8.

For the period January to September 2009, the investment result showed a year-on-year improvement of 47.5%, due chiefly to lower write-downs on our equity portfolio. There was also a rise in the result of investments for the benefit of life insurance policyholders who bear the investment risk. In the third quarter of 2009 alone, we improved our investment result against the previous year by 238%.

We generated higher returns in our regular investment income due to a considerably larger portfolio of fixed-interest securities and loans compared with the previous year. However, given the current low interest rate level, the systematic reallocation of investments from equities to interest-bearing instruments and the associated expansion in our fixed-interest portfolio were not sufficient to offset the effects of the appreciably lower dividends from our already reduced equity portfolio and income from associates.

Up to the end of September, the net balance of write-ups and write-downs on our investments was –€835m (–2,334m), of which –€168m (–1,166m) was attributable to the third quarter. In the previous year, we had to absorb substantial write-downs on our equity portfolio. Furthermore, write-downs on our fixed-interest securities and loans were down €79m to €141m. In the previous year, we made relatively high write-downs on Lehman Brothers securities in the wake of their insolvency. There was a countervailing effect in the first nine months of 2009 from higher write-downs of €344m (–59m) on swaptions used by our life primary insurers to protect themselves against reinvestment risks in low-interest-rate phases.

The revaluation of our total portfolio of fixed-interest securities categorised as "available for sale" led to write-downs totalling €131m (101m) for January to September.[2] In the first nine months, we made total write-downs of approximately €50m on our structured-credit portfolio, with mortgage-backed securities and collateralised debt obligations being particularly affected. To take account of the risk of non-payment on participation certificates, dormant holdings and similar banking-sector equity instruments, we made write-downs of around €70m on such instruments between January and September.

Nevertheless, we cannot rule out further write-downs if the difficult economic situation persists. This risk is present particularly among the tier 1 and upper tier 2 instruments in our bank exposure (which are equity-related from the issuer's perspective), and among the participation certificates, which have already been partially written down in value. Our total exposure to such securities as at the reporting date was €648m at market values. This is equivalent to only 0.3% of our total investment portfolio.

Between January and September 2009 we made net write-downs of €236m (3,957m) on our non-fixed interest securities categorised as "available for sale". The balance from write-ups and write-downs on derivative financial instruments burdened the investment result by –€354m (–1,958m). As well as write-downs on swaptions, improvements in share prices led to our posting losses in value on derivative financial instruments employed to hedge our equity investments against falling prices.

[2] Please see page 101 of the Munich Re Group Annual Report for more information on impairment tests for fixed-interest securities categorised as "available for sale".

In the first nine months of the year, we posted net realised gains on disposal that were slightly lower year on year at €1,071m (1,142m), although this decrease is due to the fact that gains on the disposal of derivative financial instruments were especially high in the same period last year. As in the second quarter, however, in the third quarter we again posted an improvement to €432m (266m). In 2009, we disposed of share packages whose sale led to the release of previously unrealised gains. Some of these packages had already been hedged prior to the financial crisis. Capital gains totalling €107m were generated by reducing Munich Re's stake in the Admiral Group from 15.1% to 10.2%. Overall, we thus achieved a net result of €525m (1,048m) in the first three quarters on the disposal of non-fixed-interest securities categorised as "available for sale" and of derivatives with non-fixed-interest underlying business. Besides this, we realised net gains of €563m (103m) from disposals in our portfolio of fixed-interest securities categorised as "available for sale". In an environment of falling risk spreads and low risk-free interest rates, we generated considerable gains on pfandbriefs and government bonds in particular as we restructured the portfolio. Among other things, we used these gains to systematically expand our portfolio of corporate bonds.

From January to September, we recorded a result of €353m (–356m) from investments for the benefit of life insurance policyholders who bear the investment risk. We post this figure in the investment result under "other income/expenses".

Investment mix[1]	Reinsurance			
€m	Life and health		Property-casualty	
	30.9. 2009	31.12. 2008	30.9. 2009	31.12. 2008
Land and buildings, including buildings on third-party land	390	399	719	696
Investments in affiliated companies	31	35	56	59
Investments in associates	91	84	168	178
Loans	124	257	212	417
Other securities held to maturity	–	–	–	–
Other securities available for sale				
Fixed-interest	11,175	11,057	44,515	42,836
Non-fixed-interest	403	400	1,951	1,888
Other securities at fair value through profit or loss				
Held for trading				
Fixed-interest	4	6	564	627
Non-fixed-interest	1	1	25	23
Derivatives	131	204	197	269
Designated as at fair value through profit or loss				
Fixed-interest	–	–	–	–
Non-fixed-interest	–	–	–	–
Deposits retained on assumed reinsurance	5,290	5,288	1,320	1,269
Other investments	189	124	582	268
Investments for the benefit of life insurance policyholders who bear the investment risk	–	–	–	–
Total	**17,829**	**17,855**	**50,309**	**48,530**

[1] After elimination of intra-Group transactions across segments.

The carrying amount of investments showed an increase of €6.9bn or 4.0% since the beginning of the year, due partly to the first-time consolidation of the HSB Group as at 31 March 2009 and in particular to an increase in the market values of our fixed-interest securities owing to a decline in risk spreads. Net unrealised gains on our fixed-interest securities therefore also showed an increase. An opposite effect came most notably from our dividend payment of €1.1bn. We have continued to make substantial investments in fixed-interest securities and loans, favouring these to some extent over our equity portfolio.

Accordingly, at the reporting date, the market value of our equity portfolio (including investments in affiliated companies and associates) was only €5.6bn (6.3bn), which is equivalent to 3.0% (3.6%) of our total investments at market value. As we have actively streamlined our equity portfolio, we also reduced our hedge quota as the stock markets rose. Consequently, we posted a slight increase in our economic equity exposure to 2.1% (1.7%) since the beginning of the year. Regrettably, our reduced equity portfolio means that we only benefited to a small extent from the – in some cases significant – price gains in the second and third quarters. Given the volatile capital market environment, however, we opted to deploy our financial capacity to cover insurance and reinsurance risks rather than speculate on cyclically fragile stock market rallies.

	Primary insurance						Asset management		Total	
	Life		Health		Property-casualty					
	30.9. 2009	31.12. 2008	30.9. 2009	31.12. 2008	30.9. 2009	31.12. 2008	30.9. 2009	31.12. 2008	30.9. 2009	31.12. 2008
	1,796	1,874	635	612	93	90	45	61	3,678	3,732
	10	9	23	30	78	89	10	12	208	234
	205	257	113	106	177	291	49	48	803	964
	28,640	25,911	13,986	11,695	2,173	2,145	–	1	45,135	40,426
	91	138	–	–	1	5	–	–	92	143
	37,729	36,609	11,579	12,602	5,285	4,781	106	23	110,389	107,908
	1,960	3,126	1,008	558	921	943	21	21	6,264	6,936
	54	62	–	–	–	–	–	–	622	695
	3	3	1	3	–	–	–	–	30	30
	351	1,177	93	225	13	40	–	–	785	1,915
	423	482	–	–	–	–	–	–	423	482
	20	–	–	–	–	–	–	–	20	–
	83	85	1	1	3	3	–	–	6,697	6,646
	954	966	236	128	376	220	620	286	2,957	1,992
	3,794	2,873	1	1	–	–	–	–	3,795	2,874
	76,113	**73,572**	**27,676**	**25,961**	**9,120**	**8,607**	**851**	**452**	**181,898**	**174,977**

Other securities available for sale	Carrying amounts		Unrealised gains/losses		At amortised cost	
€m	30.9.2009	31.12.2008	30.9.2009	31.12.2008	30.9.2009	31.12.2008
Fixed-interest securities	110,389	107,908	4,215	1,410	106,174	106,498
Non-fixed-interest securities						
Equities	3,963	4,537	1,598	1,730	2,365	2,807
Investment funds	1,512	1,542	123	95	1,389	1,447
Other	789	857	60	–24	729	881
	6,264	6,936	1,781	1,801	4,483	5,135
Total	**116,653**	**114,844**	**5,996**	**3,211**	**110,657**	**111,633**

At the end of the quarter, fixed-interest securities and loans totalled €159bn, or approximately 86% of our aggregate investment portfolio at market values, an increase of 0.7 percentage points compared with the beginning of the year, and 12 percentage points more than at 31 December 2007.

We have placed a large portion (44%) of our fixed-interest securities and loans, including short-term items, in government bonds or similarly secure instruments for which public institutions are liable; approximately 51% relates to German and US issuers. Additionally, around 28% of our investments are in securities and debt instruments with top-quality collateralisation and excellent rating structures, which are largely held by our life primary insurers. We further expanded our portfolio of these securities in the third quarter.

We carried out selective restructuring within our portfolio of credit-exposed fixed-interest securities from January to September, but did not take on significant new credit risks. We took advantage of the extremely pronounced widening of risk spreads on corporate bonds to prudently improve our positions. As at the reporting date, these accounted for approximately 10% of our portfolio of fixed-interest investments. Moreover, in the third quarter we again cautiously increased our portfolio of asset- and mortgage-backed securities by around €0.3bn. As a result of disposals in the first half-year, however, we posted a marked overall decrease of €1.3bn to €4.8bn in credit structures since the beginning of the year. As at the end of the quarter, around 91% of our portfolio of asset- and mortgage-backed securities had an AAA rating.

At the reporting date, approximately 12% of our portfolio of fixed-interest securities and loans, which includes short-term items, was invested with banks. A small portion of our bank exposure, around 3%, is comprised of dormant holdings, participation certificates and other quasi-equity instruments. Another 6% is in subordinated bonds with limited maturities.

As protection against the risks of future inflation and the rise in interest rates typically associated with this, we hold bonds worth approximately €7.6bn (6.5bn) for which the interest and redemption amounts are linked to the rate of inflation (inflation-indexed bonds). These account for 4.8% of our portfolio of fixed-interest securities and loans at market value.

Since the beginning of the year, we posted an overall rise in the level of risk-free interest rates. Risk spreads on fixed-interest securities, which are still relatively high, developed in the opposite direction, with falling risk spreads across all major asset classes at the end of the third quarter. As almost all of our corporate bonds are categorised as "available for sale", they benefit particularly from falling risk spreads. Net unrealised gains on our fixed-interest securities in the "available for sale" category also rose markedly – by €2.8bn to €4.2bn since the start of the year (see table on page 18).

Valuation reserves not recognised in the balance sheet	Valuation reserves	Fair value	Carrying amount	Valuation reserves	Fair value	Carrying amount
€m	30.9.2009	30.9.2009	30.9.2009	31.12.2008	31.12.2008	31.12.2008
Land and buildings[1]	1,573	7,713	6,140	1,506	7,551	6,045
Associates	192	978	786	168	1,117	949
Loans	1,869	47,004	45,135	626	41,052	40,426
Other securities	2	94	92	1	144	143
Total	**3,636**	**55,789**	**52,153**	**2,301**	**49,864**	**47,563**

[1] Including owner-occupied property.

There were comparable developments in our loans recognised at amortised cost, the valuation reserves of which improved by €1.3bn to €1.9bn.

Moderate interest rate increases enhance the return on our new, largely fixed-interest investments, which means that the current development with regard to lower-risk securities in particular is beneficial to us in the long term. This applies especially to our life primary insurers, for whom it is particularly important to generate – at reasonable risk – regular income which comfortably exceeds the interest rates guaranteed to their clients.

Overall, our off-balance-sheet valuation reserves (excluding owner-occupied property) rose by €1.4bn to €3.4bn.

Taking policyholders' future bonuses, deferred taxes and minority interests into account, 28% of these valuation reserves is attributable to shareholders.

Assets under management for third parties			30.9.2009	31.12.2008[1]
Third-party investments		€bn	7.7	7.3
	Q1–3 2009	Q1–3 2008	Q3 2009	Q3 2008
Group asset management result €m	25	41	9	7

[1] Adjusted owing to a change in valuation methodology.

MEAG MUNICH ERGO AssetManagement GmbH is the asset manager of Munich Re and ERGO. In addition to its function as asset manager for the Group, MEAG also offers its expertise to private and institutional clients. The monies managed by MEAG in private-client business via investment funds increased to €2.0bn (1.8bn).

MEAG's assets under management for institutional clients rose to €5.7bn (5.5bn). The result decreased to €25m (41m). The assets managed by PICC Asset Management Company Ltd. (PAMC), Shanghai, 81% of which is owned by PICC People's Insurance Company of China, and 19% by MEAG, reached €16.3bn (14.8bn).

Prospects

- Despite first signs of recovery, economic environment still difficult; challenges for the Group but also opportunities thanks to financial strength and know-how
- Sharpened positioning in reinsurance
- Adherence to long-term result target of 15% on risk-adjusted capital (RORAC) after tax over the full cycle
- Profit guidance now possible: Consolidated result of €2.2–2.5bn envisaged
- Resumption of share buy-back programme

There are various reasons why the quarterly results of insurance companies, including Munich Re, are not a suitable indicator for the results of the financial 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. Finally, gains and losses on the disposal of investments and write-downs of investments do not follow a regular pattern. Consequently, our quarterly figures do not provide more than pointers to the result for the year that may be expected.

Overview
The global economic downturn appears to be bottoming out, but there is still great uncertainty as to whether the recovery will be sustained. Neither the job market nor the development of real incomes has turned around yet. The demand for primary insurance and reinsurance therefore remains subdued. Even when the downturn comes to an end, it will take some time for economic performance to return to its pre-crisis level and for companies to again invest more and also insure these investments. Given the rising unemployment rate and economic uncertainty, consumers are reducing their expenses for private provision. Yet even in this difficult economic situation, there are opportunities open to us in a number of areas. We aim to take advantage of our global market and line-of-business presence and our strong capitalisation to expand into new fields of business and broaden those in which we already operate. We have responded to the steady shift in demand trends in insurance and reinsurance by repositioning ourselves in reinsurance. The new Munich Re brand symbolises our enhanced value proposition to our clients.

Reinsurance
Reinsurance continues to hold considerable promise for the future, with a wide variety of earnings possibilities in the long term. On the one hand, the economic strains for primary insurers and their customers have an impact on reinsurers' growth and profit perspectives. On the other hand, reinsurance has gained in importance owing to the consequences of the financial crisis, as its capital-relief effect is in demand. We expect that many primary insurers will recognise the need for solid reinsurance protection even more clearly as they get closer to their annual accounting.

At the same time, Munich Re sees a steady shift in demand trends in insurance and reinsurance, which is why we have sharpened our positioning and value proposition. Our objective is to leverage holistic insurance solutions individually for clients. Even more so than in the past, Munich Re will offer its clients specialist consulting services also for tasks such as balance-sheet management, risk modelling or asset-liability management. A further focus will be on devising innovative coverage concepts for new and complex risks that go beyond our core business of traditional reinsurance. We aim to expand our client base in areas where risk expertise is the crucial success factor, i.e. in business with insurance pools or in public-private partnerships and specialist primary insurance niche segments. In order to make this broad spectrum of Munich Re's business model even clearer to external observers, all of our reinsurance units throughout the world will in future operate under the brand of Munich Re.

Having seen significant price increases in capital-intensive natural catastrophe business and loss-affected segments in the current year, we anticipate that prices in these sectors will remain at least at the same level or even rise further in the forthcoming renewals. We expect stable pricing levels for the rest of our portfolio.

Life reinsurance offers good growth potential in the short and long term. Given its relatively low volatility, we will strengthen this segment further as an important component of diversification in our business portfolio. It is a vehicle that is frequently also used by our clients, the primary insurers, as a capital substitute and is currently especially sought after, for instance in the form of large-volume quota share treaties. We project that mid-term impulses for new business will derive from the restructuring of European supervisory rules (Solvency II), the continuing privatisation trend in old-age and disability provision in the developed markets, and the dynamic expansion of the Asian and eastern European life insurance markets. However, the development of our primary insurance clients' new business is temporarily coming under pressure because of declines in demand as a result of the economic crisis. We are nevertheless proceeding on the assumption that there will be growth of more than 20% to around €6.5bn in gross premiums written, especially owing to high-volume quota share treaties. A severe recession, however, could adversely affect investment results and disability and suicide rates, with a consequent impact on the result. As things stand at present, significant burdens from the ongoing flu pandemic appear less probable, since the disease has been relatively moderate in most cases, despite its currently rapid spread. If the H1N1 virus mutates, more serious consequences cannot be ruled out. Taking into account the challenges and opportunities, we are adhering to our objective of doubling the value added by new business in the period 2006 to 2011, based on embedded value calculations.

There are a host of growth avenues in the international healthcare markets. Munich Re has therefore pooled its insurance and reinsurance healthcare specialists in a separate organisation for international health business (including German reinsurance) under the new Munich Health brand. Munich Health covers large stretches of the value chain, with services ranging from risk assessment and risk management to healthcare support that involve much more than just the assumption of risks. In this context, opportunities and risks will derive for our reinsurance business and for our health insurance subsidiary Sterling Life from the expected fundamental US healthcare reform.

In 2009, gross premium volume for health business in the reinsurance segment is likely to be in the range of €3bn. The gross premiums written for Munich Health, by contrast, also include health primary insurance premiums and amount to nearly €4bn. In our external reporting, Munich Health is currently still recognised partly in the life and health reinsurance segment and partly in health primary insurance.

In property-casualty reinsurance, which is influenced by cycle-oriented market developments, Munich Re will adhere to its clear, profit-oriented underwriting policy and accept risks only at commensurate prices, terms and conditions.

For the renewals at 1 January 2010, we anticipate that prices for capital-intensive natural catastrophe business will remain stable at least or rise even further. In most other segments and markets, price levels will probably move sideways. Further price increases are likely to occur in credit and surety business and in the area of aviation risks.

For 2009, we project gross premiums written of €15bn in property-casualty reinsurance. An only moderate burden from natural catastrophes and a normal volume of small claims has contrasted with very high exceptional expenditure as a result of the recession, especially in credit and surety business. However, claims expenditure in the first nine months of the year was generally lower than we had originally expected. Owing to the difficult economic situation, we again anticipate a high number of insolvencies and resultant claims worldwide in the fourth quarter of 2009. For property-casualty reinsurance overall, our expectation is a combined ratio of 97% of our net earned premiums over the full market cycle. This estimate is based on an average major-loss burden of 6.5% from natural catastrophes. After the 96.3% achieved in the first three quarters, Munich Re is aiming for another combined ratio of 97% for the financial year 2009. In the first nine months of 2009, the burden from natural catastrophes was moderate at only 2.5% and with only a few major losses in October. But the tropical cyclone season is not yet over, and winter storms could still cause substantial losses in November and December, especially in northern Europe. In addition, man-made losses have been higher than expected.

Measures to counter climate change offer us good business opportunities in property-casualty reinsurance. In cooperation with industrial insurance broker Marsh and photovoltaic producer Signet Solar, Munich Re has launched an innovative insurance solution to cover the risk of a performance deterioration in photovoltaic modules. This insurance solution covers the warranty given for Signet Solar modules over a period of 25 years guaranteeing performance of at least 90% in the first ten years and at least 80% in the remaining 15 years. The insurance solution designed specifically to meet the needs of the photovoltaic industry is of importance in financing the use of such technology. The energy project Desertec, in which we are involved as one of the members of a consortium of companies, will also open up major business potential. The aim is to produce sufficient power to meet around 15% of European electricity requirements and a substantial portion of the power needs of the producer countries. Desertec is intended to trigger a large number of infrastructure projects in the energy sector in southern Europe and in the Middle East and North Africa. On 30 October 2009, a limited liability company was set up to serve as the planning entity. The insurance of such major construction projects throughout the world is already part of the core business handled by Munich Re's engineering experts, which increasingly includes projects for generating renewable energy. Munich Re is actively promoting Desertec not just to pursue its own business interests but, more importantly, to make an essential contribution to reducing CO_2 emissions in Europe and thus curbing global warming.

In 2009, reinsurance should record gross premiums in the range of €24–25bn overall, provided that exchange rates remain stable and the cyclical losses in premium income for primary insurers and their impact on reinsurance keep within reasonable bounds and can be offset by additional business. Based on the performance of the first three quarters, we could achieve an annual profit of €2.3–2.5bn in reinsurance.

Primary insurance

In life insurance, we anticipate that our overall premium income will increase, largely due to the robust growth of international business. This increase will result mainly from the consolidation of BACAV, whose premium income we have recognised in our consolidated figures since the fourth quarter of 2008. We are proceeding on the assumption that premium volume in Germany will reduce marginally, and that our gross premiums written will be in the region of €6bn. As far as new German business is concerned, we are reckoning with a lower annual premium equivalent (APE) than last year, despite significantly higher income from single premiums.

In our primary insurance health segment, we expect growth of around 1–2% in German business and a higher increase in premium income from international business. In addition to the effects of German health reform, the growth figures should also reflect the impact of the economic crisis. We anticipate overall premium volume to total approximately €6bn.

For the property-casualty insurance segment, we estimate that premium volume will be at the previous year's level, adding up to around €5bn overall. In German business, we expect premium growth in 2009 to be moderate, although the market should remain at the same level as last year. In international business, it is likely that there will be greater consequences from the economic crisis with a negative impact on premium development. We reckon that we will be able to keep the combined ratio for property-casualty business well within our long-term target of 95%.

All in all, overall premium income in primary insurance is likely to range between €18.5–19bn in 2009, with gross premiums written reaching €17–17.5bn. It should be noted that, unlike in 2008, the gross premiums written by Lloyd's Watkins Syndicate have not been included in the primary insurance segment (€418m in 2008) since 1 January 2009. In view of the business performance in the first three quarters, we could achieve an annual profit of €0.2–0.4bn in primary insurance. The primary insurance result differs from that of the ERGO subgroup. Intra-segment transactions are eliminated in the ERGO subgroup but shown separately as a consolidation effect in the segment reporting.

Munich Re (Group)

We are fundamentally interested in further strategic acquisitions if the purchase prices reflect the difficult economic situation and greater risks, thus enabling us to create attractive added value. This was not, incidentally, the case in the projects recently pursued by us, so that we have not made any further acquisitions. State support measures bring a certain amount of stability, but they also suppress the self-regulating mechanisms of the market, adversely impact the structure of competition, and curb private demand for capital.

If exchange rates remain stable compared with those at the end of 2008, we expect that gross premiums written in primary insurance and reinsurance in 2009 will be in the range of €40–42bn (total consolidated premium).

Having made systematic reallocations from equities to interest-bearing securities, we anticipate a return on investment (RoI) of a good 4% for 2009. Reinvestment returns are still low, and the dividends paid on our already much smaller equity portfolio have tended to be reduced. So far this year, we have selectively and prudently expanded our credit exposure by purchasing corporate bonds of well-rated companies. As a general rule, we have not aimed to compensate losses in interest income owing to low risk-free interest by assuming higher investment risks. Depending on how the financial markets and economic parameters develop, further burdens cannot be ruled out, particularly as far as our fixed-interest securities are concerned. Given our broadly diversified investment portfolio, however, we should be well able to absorb these burdens.

For the year 2010, we do not anticipate any significant increase in capital-market interest rates; regular income from fixed-interest securities and loans is therefore likely to be low. We have also considerably reduced the proportion of our investments in equities compared with previous years. Our exposure to impairments is therefore low, but so is our opportunity to realise capital gains. As things stand at present, we generally project lower investment results for the coming years, with a return distinctly below 4% on the portfolio, especially for reinsurance business. Our overall result should therefore tend to be lower with less pronounced fluctuations than in years in which we had a large portfolio of equities with correspondingly high risks and achieved substantial income on the disposal of investments. We are adhering to our long-term objective of a 15% return on our risk-based capital (RORAC) after tax across the cycle, although it will be much more difficult to achieve in an environment in which interest rates remain low for a prolonged period.

We are now in a position to give profit guidance for 2009, as the situation in the capital markets has brightened over the past few months and market movements are subject to less volatility. If there are no sharp setbacks in prices on the capital markets and if major losses, in particular in credit and surety business, remain within the expected range, we are confident of being able to achieve a consolidated result of €2.2–2.5bn for the 2009 financial year. A 15% RORAC is equivalent to a consolidated result of €2.5bn.

Since November 2006, Munich Reinsurance Company has carried out share buy-backs with a total volume of €4bn. After concluding the 2008/2009 buy-back programme as planned, we had initially proposed to carry out further buy-backs totalling over €1bn for each of the following two twelve-month periods preceding the 2011 Annual General Meeting, but then put them on hold from April onwards owing to the uncertainties resulting from the economic crisis – not least in view of the relatively small buffer of revenue reserves in the German GAAP balance sheet of our parent, Munich Reinsurance Company. In our estimation, the economic environment has now stabilised and our buy-back programme is being resumed after a seven-month break. In the period between 1 October 2009 and, at the latest, the Annual General Meeting on 28 April 2010, we will buy back shares for a total purchase price of up to €1bn. By the end of October 2009, we had repurchased 1.6 million Munich Re shares with a volume of €176m.

For the financial year 2009 and beyond, we still intend to pay our shareholders an annual dividend depending on the result for the year, our aim being to at least maintain the level last reached, i.e. €5.50 per share. Two months before the end of the financial year, however, it is too early for us to make a definite announcement.

The statements relating to opportunities and risks as presented in the Munich Re Group's Annual Report 2008 apply unchanged.

Interim consolidated financial statements
Consolidated balance sheet as at 30 September 2009

Assets			30.9.2009	31.12.2008[1]		Change
	€m	€m	€m	€m	€m	%
A. Intangible assets						
I. Goodwill		3,449		3,547	-98	-2.8
II. Other intangible assets		1,696		1,801	-105	-5.8
			5,145	**5,348**	**-203**	**-3.8**
B. Investments						
I. Land and buildings, including buildings on third-party land		3,678		3,732	-54	-1.4
Thereof: Investment property held for sale		–		16	-16	-100.0
II. Investments in affiliated companies and associates		1,011		1,198	-187	-15.6
III. Loans		45,135		40,426	4,709	11.6
IV. Other securities						
1. Held to maturity	92			143	-51	-35.7
2. Available for sale	116,653			114,844	1,809	1.6
3. At fair value through profit or loss	1,880			3,122	-1,242	-39.8
		118,625		118,109	516	0.4
V. Deposits retained on assumed reinsurance		6,697		6,646	51	0.8
VI. Other investments		2,957		1,992	965	48.4
			178,103	**172,103**	**6,000**	**3.5**
C. Investments for the benefit of life insurance policyholders who bear the investment risk			**3,795**	**2,874**	**921**	**32.0**
D. Ceded share of technical provisions			**5,233**	**5,251**	**-18**	**-0.3**
E. Receivables						
I. Current tax receivables		582		919	-337	-36.7
II. Other receivables		9,793		8,409	1,384	16.5
			10,375	**9,328**	**1,047**	**11.2**
F. Cash at bank, cheques and cash in hand			**2,631**	**2,354**	**277**	**11.8**
G. Deferred acquisition costs						
Gross		8,772		8,506	266	3.1
Ceded share		81		107	-26	-24.3
Net			**8,691**	**8,399**	**292**	**3.5**
H. Deferred tax assets			**5,641**	**5,708**	**-67**	**-1.2**
I. Other assets			**3,708**	**4,041**	**-333**	**-8.2**
Total assets			**223,322**	**215,406**	**7,916**	**3.7**

[1] Adjusted pursuant to IFRS 3.62.

Equity and liabilities	30.9.2009		31.12.2008[1]	Change	
	€m	€m	€m	€m	%
A. Equity					
I. Issued capital and capital reserve	7,388		7,388	–	–
II. Retained earnings	11,288		10,886	402	3.7
III. Other reserves	2,066		1,194	872	73.0
IV. Consolidated result attributable to Munich Reinsurance Company equity holders	1,766		1,488	278	18.7
V. Minority interests	299		293	6	2.0
		22,807	**21,249**	**1,558**	**7.3**
B. Subordinated liabilities		**4,788**	**4,979**	**–191**	**–3.8**
C. Gross technical provisions					
I. Unearned premiums	7,380		6,421	959	14.9
II. Provision for future policy benefits	100,148		98,205	1,943	2.0
III. Provision for outstanding claims	46,475		45,503	972	2.1
IV. Other technical provisions	10,550		9,314	1,236	13.3
		164,553	**159,443**	**5,110**	**3.2**
D. Gross technical provisions for life insurance policies where the investment risk is borne by the policyholders		**3,912**	**2,970**	**942**	**31.7**
E. Other accrued liabilities		**2,816**	**2,982**	**–166**	**–5.6**
F. Liabilities					
I. Bonds and notes issued	272		302	–30	–9.9
II. Deposits retained on ceded business	2,179		2,086	93	4.5
III. Current tax liabilities	3,114		2,791	323	11.6
IV. Other liabilities	9,682		9,771	–89	–0.9
Thereof: Amounts due to banks relating to disposal groups	–		19	–19	–100.0
		15,247	**14,950**	**297**	**2.0**
G. Deferred tax liabilities		**9,199**	**8,833**	**366**	**4.1**
Total equity and liabilities		**223,322**	**215,406**	**7,916**	**3.7**

[1] Adjusted pursuant to IFRS 3.62.

Consolidated income statement for the period 1 January to 30 September 2009[1]

Items			Q1–3 2009	Q1–3 2008[2]	Change	
	€m	€m	€m	€m	€m	%
Gross premiums written	**31,048**			**28,123**	**2,925**	**10.4**
1. Earned premiums						
Gross	30,343			27,191	3,152	11.6
Ceded	1,231			1,094	137	12.5
Net		29,112		26,097	3,015	11.6
2. Income from technical interest		4,342		3,448	894	25.9
3. Expenses for claims and benefits						
Gross	24,986			21,705	3,281	15.1
Ceded share	615			731	–116	–15.9
Net		24,371		20,974	3,397	16.2
4. Operating expenses						
Gross	7,507			6,638	869	13.1
Ceded share	294			199	95	47.7
Net		7,213		6,439	774	12.0
5. Technical result (1–4)			**1,870**	**2,132**	**–262**	**–12.3**
6. Investment result						
Investment income	10,250			12,943	–2,693	–20.8
Investment expenses	4,462			9,020	–4,558	–50.5
Total		5,788		3,923	1,865	47.5
Thereof: Income from associates		–56		69	–125	–
7. Other operating income		489		529	–40	–7.6
8. Other operating expenses		487		482	5	1.0
9. Deduction of income from technical interest		–4,342		–3,448	–894	–25.9
10. Non-technical result (6–9)			**1,448**	**522**	**926**	**177.4**
11. Operating result			**3,318**	**2,654**	**664**	**25.0**
12. Other non-operating result			–186	–236	50	21.2
13. Impairment losses of goodwill			98	–	98	–
14. Finance costs			231	272	–41	–15.1
15. Taxes on income			1,014	739	275	37.2
16. Consolidated result			**1,789**	**1,407**	**382**	**27.1**
Thereof:						
Attributable to Munich Reinsurance Company equity holders			1,766	1,370	396	28.9
Attributable to minority interests			23	37	–14	–37.8
			€	€	€	%
Earnings per share			**9.05**	**6.76**	**2.29**	**33.9**

[1] Adjusted pursuant to IFRS 3.62.
[2] Adjusted pursuant to IAS 8.

Consolidated income statement for the period 1 July to 30 September 2009[1]

Items			Q3 2009	Q3 2008	Change	
	€m	€m	€m	€m	€m	%
Gross premiums written	**10,355**			**9,270**	**1,085**	**11.7**
1. Earned premiums						
Gross	10,449			9,271	1,178	12.7
Ceded	466			414	52	12.6
Net		9,983		**8,857**	**1,126**	**12.7**
2. Income from technical interest		1,858		**1,142**	**716**	**62.7**
3. Expenses for claims and benefits						
Gross	8,676			7,269	1,407	19.4
Ceded share	319			313	6	1.9
Net		8,357		**6,956**	**1,401**	**20.1**
4. Operating expenses						
Gross	2,763			2,324	439	18.9
Ceded share	131			97	34	35.1
Net		2,632		**2,227**	**405**	**18.2**
5. Technical result (1–4)			**852**	**816**	**36**	**4.4**
6. Investment result						
Investment income	3,216			4,516	–1,300	–28.8
Investment expenses	980			3,854	–2,874	–74.6
Total		2,236		**662**	**1,574**	**237.8**
Thereof: Income from associates		–26		16	–42	–
7. Other operating income		164		**229**	**–65**	**–28.4**
8. Other operating expenses		183		**192**	**–9**	**–4.7**
9. Deduction of income from technical interest		–1,858		**–1,142**	**–716**	**–62.7**
10. Non-technical result (6–9)			**359**	**–443**	**802**	**–**
11. Operating result			**1,211**	**373**	**838**	**224.7**
12. Other non-operating result			–41	–128	87	68.0
13. Impairment losses of goodwill			–	–	–	–
14. Finance costs			73	91	–18	–19.8
15. Taxes on income			446	152	294	193.4
16. Consolidated result			**651**	**2**	**649**	**>1,000.0**
Thereof: Attributable to Munich Re Reinsurance Company equity holders			644	–3	647	–
Attributable to minority interests			7	5	2	40.0
			€	€	€	%
Earnings per share			**3.30**	**–0.02**	**3.32**	**–**

[1] Previous year's figures adjusted owing to first-time application of IFRS 8.

Consolidated income statement (quarterly breakdown)

Items	Q3 2009	Q2 2009[1, 2]	Q1 2009[1]	Q4 2008[1]	Q3 2008	Q2 2008	Q1 2008
	€m	€m	€m	€m	€m	€m	€m
Gross premiums written	**10,355**	**10,326**	**10,367**	**9,706**	**9,270**	**9,011**	**9,842**
1. Earned premiums							
Gross	10,449	10,508	9,386	10,086	9,271	9,054	8,866
Ceded	466	376	389	459	414	357	323
Net	**9,983**	**10,132**	**8,997**	**9,627**	**8,857**	**8,697**	**8,543**
2. Income from technical interest	**1,858**	**1,334**	**1,150**	**1,356**	**1,142**	**1,205**	**1,101**
3. Expenses for claims and benefits							
Gross	8,676	8,772	7,538	8,189	7,269	7,349	7,087
Ceded share	319	113	183	446	313	264	154
Net	**8,357**	**8,659**	**7,355**	**7,743**	**6,956**	**7,085**	**6,933**
4. Operating expenses							
Gross	2,763	2,408	2,336	2,706	2,324	2,155	2,159
Ceded share	131	79	84	89	97	51	51
Net	**2,632**	**2,329**	**2,252**	**2,617**	**2,227**	**2,104**	**2,108**
5. **Technical result (1–4)**	**852**	**478**	**540**	**623**	**816**	**713**	**603**
6. Investment result							
Investment income	3,216	3,448	3,586	7,121	4,516	3,897	4,530
Investment expenses	980	1,261	2,221	5,198	3,854	2,311	2,855
Total	**2,236**	**2,187**	**1,365**	**1,923**	**662**	**1,586**	**1,675**
Thereof: Income from associates	–26	17	–47	–48	16	6	47
7. Other operating income	**164**	**205**	**120**	**179**	**229**	**126**	**174**
8. Other operating expenses	**183**	**164**	**140**	**259**	**192**	**132**	**158**
9. Deduction of income from technical interest	**–1,858**	**–1,334**	**–1,150**	**–1,356**	**–1,142**	**–1,205**	**–1,101**
10. **Non-technical result (6–9)**	**359**	**894**	**195**	**487**	**–443**	**375**	**590**
11. **Operating result**	**1,211**	**1,372**	**735**	**1,110**	**373**	**1,088**	**1,193**
12. Other non-operating result	**–41**	**–241**	**96**	**–110**	**–128**	**–55**	**–53**
13. Impairment losses of goodwill	–	**40**	**58**	**175**	–	–	–
14. Finance costs	**73**	**76**	**82**	**89**	**91**	**95**	**86**
15. Taxes on income	**446**	**312**	**256**	**631**	**152**	**310**	**277**
16. **Consolidated result**	**651**	**703**	**435**	**105**	**2**	**628**	**777**
Thereof: Attributable to Munich Reinsurance Company equity holders	**644**	**691**	**431**	**118**	**–3**	**606**	**767**
Attributable to minority interests	**7**	**12**	**4**	**–13**	**5**	**22**	**10**
	€	€	€	€	€	€	€
Earnings per share	**3.30**	**3.54**	**2.21**	**0.60**	**–0.02**	**2.97**	**3.75**

[1] Adjusted pursuant to IFRS 3.62.
[2] Retrospectively adjusted; see page 44.

Statement of recognised income and expense for the period 1 January to 30 September 2009

	Q1–3 2009	Q1–3 2008[1]
€m	€m	
Consolidated result	**1,789**	**1,407**
Currency translation		
Gains (losses) recognised in equity	–255	201
Recognised in the consolidated income statement	–	–
Unrealised gains and losses on investments		
Gains (losses) recognised in equity	2,276	–2,203
Recognised in the consolidated income statement	–1,129	–831
Change resulting from valuation at equity		
Gains (losses) recognised in equity	17	–2
Recognised in the consolidated income statement	–	1
Change resulting from cash flow hedges		
Gains (losses) recognised in equity	–	–
Recognised in the consolidated income statement	–	–
Actuarial gains and losses on defined benefit plans	42	20
Change in the consolidated group	9	27
Other changes	–59	–68
Income and expense recognised directly in equity	**901**	**–2,855**
Total recognised income and expense	**2,690**	**–1,448**
Thereof:		
Attributable to Munich Reinsurance Company equity holders	2,682	–1,439
Attributable to minority interests	8	–9
Changes in accordance with IAS 8	–11	–17

[1] Adjusted pursuant to IAS 8.

Statement of recognised income and expense for the period 1 July to 30 September 2009

	Q3 2009	Q3 2008[1]
	€m	€m
Consolidated result	**651**	**2**
Currency translation		
Gains (losses) recognised in equity	–308	721
Recognised in the consolidated income statement	–	–
Unrealised gains and losses on investments		
Gains (losses) recognised in equity	1,681	–19
Recognised in the consolidated income statement	–472	–244
Change resulting from valuation at equity		
Gains (losses) recognised in equity	–	–6
Recognised in the consolidated income statement	–	1
Change resulting from cash flow hedges		
Gains (losses) recognised in equity	–	1
Recognised in the consolidated income statement	–	–
Actuarial gains and losses on defined benefit plans	–5	3
Change in the consolidated group	–	4
Other changes	–11	–62
Income and expense recognised directly in equity	**885**	**399**
Total recognised income and expense	**1,536**	**401**
Thereof:		
Attributable to Munich Reinsurance Company equity holders	1,497	384
Attributable to minority interests	39	17
Changes in accordance with IAS 8	–	–16

[1] Adjusted pursuant to IAS 8.

Group statement of changes in equity

€m	Equity attributable to Munich Reinsurance Company equity holders: Issued capital	Capital reserve	Retained earnings: Retained earnings before deduction of own shares	Retained earnings: Own shares held	Other reserves: Unrealised gains and losses	Other reserves: Reserve from currency translation	Other reserves: Valuation result from cash flow hedges	Consolidated result	Minority interests	Total equity
Status at 31.12.2007	**588**	**6,800**	**11,018**	**–1,265**	**5,095**	**–1,161**	**–**	**3,840**	**501**	**25,416**
Allocation to retained earnings	–	–	2,716	–	–	–	–	–2,716	–	–
Total recognised income and expense	–	–	–53	–	–2,963	207	–	1,370	–9	–1,448
Thereof: Adjustments in accordance with IAS 8	–	–	–6	–	–	–	–	–11	–	–17
Dividend	–	–	–	–	–	–	–	–1,124	–60	–1,184
Share buy-backs	–	–	–	–1,373	–	–	–	–	–	–1,373
Retirement of own shares	–	–	–1,498	1,498	–	–	–	–	–	–
Status at 30.9.2008[1]	**588**	**6,800**	**12,183**	**–1,140**	**2,132**	**–954**	**–**	**1,370**	**432**	**21,411**
Status at 31.12.2008[2]	**588**	**6,800**	**12,067**	**–1,181**	**2,377**	**–1,186**	**3**	**1,488**	**293**	**21,249**
Allocation to retained earnings	–	–	415	–	–	–	–	–415	–	–
Total recognised income and expense	–	–	44	–	1,126	–254	–	1,766	8	2,690
Thereof: Adjustments in accordance with IAS 8	–	–	–4	–	–	–	–	–	–7	–11
Dividend	–	–	–	–	–	–	–	–1,073	–2	–1,075
Share buy-backs	–	–	–	–57	–	–	–	–	–	–57
Retirement of own shares	–	–	–1,000	1,000	–	–	–	–	–	–
Status at 30.9.2009	**588**	**6,800**	**11,526**	**–238**	**3,503**	**–1,440**	**3**	**1,766**	**299**	**22,807**

[1] Adjusted pursuant to IAS 8.
[2] Adjusted pursuant to IFRS 3.62.

Condensed consolidated cash flow statement for the period 1 January to 30 September 2009

	Q1–3 2009	Q1–3 2008[1]
	€m	€m
Consolidated result	**1,789**	**1,407**
Net change in technical provisions	4,742	1,989
Change in deferred acquisition costs	–233	–224
Change in deposits retained and accounts receivable and payable	–354	659
Change in other receivables and liabilities	733	79
Gains and losses on the disposal of investments	–1,071	–1,142
Change in securities held for trading	808	1,122
Change in other balance sheet items	335	–764
Other income and expenses without impact on cash flow	630	2,872
I. Cash flows from operating activities	**7,379**	**5,998**
Inflows from the sale of consolidated companies	1	–
Outflows for the acquisition of consolidated companies	567	1,244
Change from the acquisition, sale and maturities of other investments	–3,533	343
Change from the acquisition and sale of investments for unit-linked life insurance	–570	–244
Other	–38	–447
II. Cash flows from investing activities	**–4,707**	**–1,592**
Inflows from increases in capital	–	–
Outflows for share buy-backs	57	1,228
Dividend payments	1,075	1,184
Change from other financing activities	–1,261	–790
III. Cash flows from financing activities	**–2,393**	**–3,202**
Cash flows for the financial year (I + II + III)	**279**	**1,204**
Effect of exchange rate changes on cash	–2	9
Cash at the beginning of the financial year	2,354	2,505
Cash at the end of the financial year	2,631	3,718

[1] Adjusted pursuant to IAS 8.

Segment reporting

Segment assets	Reinsurance			
€m	Life and health		Property-casualty	
	30.9. 2009	31.12. 2008	30.9. 2009	31.12. 2008
A. Intangible assets	**298**	**396**	**1,912**	**1,874**
B. Investments				
I. Land and buildings, including buildings on third-party land	390	399	719	696
Thereof: Investment property held for sale	–	–	–	–
II. Investments in affiliated companies and associates	2,104	2,191	3,738	3,706
III. Loans	769	839	1,345	1,387
IV. Other securities				
1. Held to maturity	–	–	–	–
2. Available for sale	11,578	11,457	46,466	44,724
3. At fair value through profit or loss	136	211	786	919
	11,714	**11,668**	**47,252**	**45,643**
V. Deposits retained on assumed reinsurance	10,011	10,142	1,325	1,271
VI. Other investments	297	131	773	280
	25,285	**25,370**	**55,152**	**52,983**
C. Investments for the benefit of life insurance policyholders who bear the investment risk	–	–	–	–
D. Ceded share of technical provisions	486	374	2,763	2,935
E. Other segment assets	5,813	5,816	10,126	9,091
Total segment assets	**31,882**	**31,956**	**69,953**	**66,883**

[1] Adjusted pursuant to IFRS 3.62.

	Primary insurance						Asset management		Consolidation		Total	
	Life		Health		Property-casualty							
	30.9. 2009	31.12. 2008[1]	30.9. 2009	31.12. 2008	30.9. 2009	31.12. 2008	30.9. 2009	31.12. 2008	30.9. 2009	31.12. 2008	30.9. 2009	31.12. 2008[1]
	1,226	1,337	760	768	942	964	11	12	-4	-3	5,145	5,348
	1,797	1,875	635	612	93	90	45	61	-1	-1	3,678	3,732
	–	–	–	–	–	–	–	16	–	–	–	16
	369	436	259	264	4,064	3,861	60	61	-9,583	-9,321	1,011	1,198
	30,087	27,146	14,526	12,238	2,304	2,231	–	1	-3,896	-3,416	45,135	40,426
	91	138	–	–	1	5	–	–	–	–	92	143
	39,689	39,747	12,587	13,160	6,206	5,724	127	44	–	-12	116,653	114,844
	851	1,724	94	228	13	40	–	–	–	–	1,880	3,122
	40,631	41,609	12,681	13,388	6,220	5,769	127	44	–	-12	118,625	118,109
	83	85	1	1	19	19	–	–	-4,742	-4,872	6,697	6,646
	1,139	1,033	241	131	544	359	620	286	-657	-228	2,957	1,992
	74,106	72,184	28,343	26,634	13,244	12,329	852	453	-18,879	-17,850	178,103	172,103
	3,794	2,873	1	1	–	–	–	–	–	–	3,795	2,874
	5,628	5,803	1,073	1,064	910	875	–	–	-5,627	-5,800	5,233	5,251
	9,261	9,122	3,511	3,448	3,552	3,612	57	94	-1,274	-1,353	31,046	29,830
	94,015	**91,319**	**33,688**	**31,915**	**18,648**	**17,780**	**920**	**559**	**-25,784**	**-25,006**	**223,322**	**215,406**

Segment reporting

Segment equity and liabilities	Reinsurance			
€m	Life and health		Property-casualty	
	30.9. 2009	31.12. 2008	30.9. 2009	31.12. 2008
A. Subordinated liabilities	**1,569**	**1,697**	**2,782**	**2,846**
B. Gross technical provisions				
I. Unearned premiums	314	274	5,305	4,641
II. Provision for future policy benefits	13,762	13,588	285	300
III. Provision for outstanding claims	4,392	4,021	35,631	35,264
IV. Other technical provisions	893	818	113	156
	19,361	**18,701**	**41,334**	**40,361**
C. Gross technical provisions for life insurance policies where the investment risk is borne by the policyholders	**–**	**–**	**–**	**–**
D. Other accrued liabilities	**204**	**290**	**585**	**658**
E. Other segment liabilities	**4,828**	**4,804**	**8,995**	**8,475**
Thereof: Other segment liabilities relating to disposal groups	–	–	–	–
Total segment liabilities	**25,962**	**25,492**	**53,696**	**52,340**

[1] Adjusted pursuant to IFRS 3.62.

	Primary insurance						Asset management		Consolidation		Total	
	Life		Health		Property-casualty							
	30.9. 2009	31.12. 2008[1]	30.9. 2009	31.12. 2008	30.9. 2009	31.12. 2008	30.9. 2009	31.12. 2008	30.9. 2009	31.12. 2008	30.9. 2009	31.12. 2008[1]
	102	**98**	**24**	**24**	**373**	**387**	**–**	**–**	**–62**	**–73**	**4,788**	**4,979**
	1	–	199	172	1,655	1,418	–	–	–94	–84	7,380	6,421
	68,757	68,281	21,594	20,498	378	345	–	–	–4,628	–4,807	100,148	98,205
	1,360	1,317	1,093	1,090	4,667	4,478	–	–	–668	–667	46,475	45,503
	3,307	2,508	6,369	5,910	134	129	–	–	–266	–207	10,550	9,314
	73,425	**72,106**	**29,255**	**27,670**	**6,834**	**6,370**	**–**	**–**	**–5,656**	**–5,765**	**164,553**	**159,443**
	3,911	**2,969**	**1**	**1**	**–**	**–**	**–**	**–**	**–**	**–**	**3,912**	**2,970**
	519	**498**	**329**	**333**	**1,206**	**1,191**	**35**	**47**	**–62**	**–35**	**2,816**	**2,982**
	12,395	**12,314**	**2,303**	**2,235**	**5,713**	**5,426**	**746**	**354**	**–10,534**	**–9,825**	**24,446**	**23,783**
	–	–	–	–	–	–	–	19	–	–	–	19
	90,352	**87,985**	**31,912**	**30,263**	**14,126**	**13,374**	**781**	**401**	**–16,314**	**–15,698**	**200,515**	**194,157**

Equity	**22,807**	**21,249**
Total equity and liabilities	**223,322**	**215,406**

Segment reporting

Segment income statement 1.1.–30.9.2009[1]	Reinsurance			
€m	Life and health		Property-casualty	
	Q1–3 2009	Q1–3 2008[2]	Q1–3 2009	Q1–3 2008
Gross premiums written	**7,014**	**5,183**	**11,716**	**11,034**
Thereof:				
From insurance transactions with other segments	398	517	257	256
From insurance transactions with external third parties	6,616	4,666	11,459	10,778
1. Earned premiums				
Gross	6,983	5,146	11,292	10,424
Ceded	299	194	685	652
Net	**6,684**	**4,952**	**10,607**	**9,772**
2. Income from technical interest	518	488	723	960
3. Expenses for claims and benefits				
Gross	5,378	4,000	7,570	7,468
Ceded share	144	115	331	450
Net	**5,234**	**3,885**	**7,239**	**7,018**
4. Operating expenses				
Gross	1,877	1,356	3,174	2,940
Ceded share	101	58	153	138
Net	**1,776**	**1,298**	**3,021**	**2,802**
Thereof:				
Amortisation and impairment losses of acquired insurance portfolios	8	4	–1	–
5. Technical result (1–4)	**192**	**257**	**1,070**	**912**
6. Investment result				
Investment income	1,781	1,945	3,570	6,133
Investment expenses	620	949	1,840	4,151
Total	**1,161**	**996**	**1,730**	**1,982**
Thereof:				
Interest and similar income	954	882	1,093	1,067
Interest charges and similar expenses	34	17	75	29
Write-downs of investments	242	571	643	2,421
Write-ups of investments	238	373	516	1,597
Income from associates	–4	2	–8	15
7. Other operating income	82	97	206	183
Thereof:				
Interest and similar income	9	13	26	29
Write-ups of other operating assets	–	–	–	–
8. Other operating expenses	60	72	145	132
Thereof:				
Interest charges and similar expenses	12	7	17	11
Write-downs of other operating assets	4	15	8	34
9. Deduction of income from technical interest	–518	–488	–723	–960
10. Non-technical result (6–9)	**665**	**533**	**1,068**	**1,073**
11. Operating result	**857**	**790**	**2,138**	**1,985**
12. Other non-operating result, finance costs and amortisation losses of goodwill	–119	–95	–149	–241
13. Taxes on income	202	8	664	451
14. Consolidated result	**536**	**687**	**1,325**	**1,293**
Thereof:				
Attributable to Munich Reinsurance Company equity holders	536	687	1,325	1,293
Attributable to minority interests	–	–	–	–

[1] Previous year's figures adjusted owing to first-time application of IFRS 8.
[2] Adjusted pursuant to IAS 8.

	Primary insurance						Asset management		Consolidation		Total	
	Life		Health		Property-casualty							
	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008[2]
	4,426	**4,287**	**4,575**	**4,413**	**3,982**	**4,006**	**–**	**–**	**-665**	**-800**	**31,048**	**28,123**
	–	6	2	1	8	20	–	–	-665	-800	–	–
	4,426	4,281	4,573	4,412	3,974	3,986	–	–	–	–	31,048	28,123
	4,425	4,287	4,547	4,379	3,739	3,737	–	–	-643	-782	30,343	27,191
	355	432	163	227	372	371	–	–	-643	-782	1,231	1,094
	4,070	**3,855**	**4,384**	**4,152**	**3,367**	**3,366**	**–**	**–**	**–**	**–**	**29,112**	**26,097**
	2,185	**1,284**	**956**	**763**	**113**	**171**	**–**	**–**	**-153**	**-218**	**4,342**	**3,448**
	5,632	4,598	4,568	4,037	2,373	2,213	–	–	-535	-611	24,986	21,705
	171	271	116	145	232	229	–	–	-379	-479	615	731
	5,461	**4,327**	**4,452**	**3,892**	**2,141**	**1,984**	**–**	**–**	**-156**	**-132**	**24,371**	**20,974**
	805	666	629	656	1,178	1,187	–	–	-156	-167	7,507	6,638
	132	81	31	61	83	84	–	–	-206	-223	294	199
	673	**585**	**598**	**595**	**1,095**	**1,103**	**–**	**–**	**50**	**56**	**7,213**	**6,439**
	44	14	4	4	–	–	–	–	–	–	55	22
	121	**227**	**290**	**428**	**244**	**450**	**–**	**–**	**-47**	**-142**	**1,870**	**2,132**
	3,726	4,012	1,128	1,429	470	609	18	41	-443	-1,226	10,250	12,943
	1,522	2,662	302	992	212	293	7	10	-41	-37	4,462	9,020
	2,204	**1,350**	**826**	**437**	**258**	**316**	**11**	**31**	**-402**	**-1,189**	**5,788**	**3,923**
	2,248	2,064	840	773	271	258	5	12	-240	-255	5,171	4,801
	38	63	12	21	2	4	–	–	-3	-4	158	130
	815	1,512	85	617	98	175	7	1	–	–	1,890	5,297
	247	708	29	243	25	42	–	–	–	–	1,055	2,963
	-26	-8	8	2	-27	34	1	24	–	–	-56	69
	373	**385**	**76**	**52**	**302**	**355**	**183**	**211**	**-733**	**-754**	**489**	**529**
	8	34	3	8	3	10	3	7	-6	-6	46	95
	–	1	–	–	–	–	–	–	–	–	–	1
	424	**438**	**107**	**80**	**403**	**439**	**152**	**178**	**-804**	**-857**	**487**	**482**
	6	4	10	9	85	121	9	18	-58	-87	81	83
	19	18	7	3	14	6	–	–	–	-36	52	40
	-2,185	**-1,284**	**-956**	**-763**	**-113**	**-171**	**–**	**–**	**153**	**218**	**-4,342**	**-3,448**
	-32	**13**	**-161**	**-354**	**44**	**61**	**42**	**64**	**-178**	**-868**	**1,448**	**522**
	89	**240**	**129**	**74**	**288**	**511**	**42**	**64**	**-225**	**-1,010**	**3,318**	**2,654**
	-108	-44	-27	-39	-140	-103	-6	-8	34	22	-515	-508
	17	104	68	24	51	137	11	15	1	–	1,014	739
	-36	**92**	**34**	**11**	**97**	**271**	**25**	**41**	**-192**	**-988**	**1,789**	**1,407**
	-42	75	31	11	91	253	21	41	-196	-990	1,766	1,370
	6	17	3	–	6	18	4	–	4	2	23	37

Segment reporting

Segment income statement 1.7.–30.9.2009[1]	Reinsurance			
€m	Life and health		Property-casualty	
	Q3 2009	Q3 2008[2]	Q3 2009	Q3 2008
Gross premiums written	**2,647**	**1,794**	**3,838**	**3,683**
Thereof:				
From insurance transactions with other segments	140	164	75	81
From insurance transactions with external third parties	2,507	1,630	3,763	3,602
1. Earned premiums				
Gross	2,616	1,771	3,858	3,594
Ceded	121	66	262	261
Net	**2,495**	**1,705**	**3,596**	**3,333**
2. Income from technical interest	**211**	**151**	**353**	**321**
3. Expenses for claims and benefits				
Gross	1,976	1,360	2,447	2,614
Ceded share	30	49	227	218
Net	**1,946**	**1,311**	**2,220**	**2,396**
4. Operating expenses				
Gross	752	496	1,202	1,041
Ceded share	64	25	50	54
Net	**688**	**471**	**1,152**	**987**
Thereof:				
Amortisation and impairment losses of acquired insurance portfolios	6	1	-3	–
5. Technical result (1–4)	**72**	**74**	**577**	**271**
6. Investment result				
Investment income	564	573	926	1,926
Investment expenses	168	419	438	1,843
Total	**396**	**154**	**488**	**83**
Thereof:				
Interest and similar income	354	290	379	381
Interest charges and similar expenses	15	6	37	10
Write-downs of investments	81	266	114	1,093
Write-ups of investments	96	153	49	672
Income from associates	-2	-1	-3	1
7. Other operating income	**52**	**44**	**48**	**93**
Thereof:				
Interest and similar income	1	4	5	9
Write-ups of other operating assets	–	–	–	–
8. Other operating expenses	**9**	**28**	**69**	**72**
Thereof:				
Interest charges and similar expenses	3	–	2	-1
Write-downs of other operating assets	1	12	2	27
9. Deduction of income from technical interest	**-211**	**-151**	**-353**	**-321**
10. Non-technical result (6–9)	**228**	**19**	**114**	**-217**
11. Operating result	**300**	**93**	**691**	**54**
12. Other non-operating result, finance costs and amortisation losses of goodwill	**-30**	**-30**	**-18**	**-81**
13. Taxes on income	**78**	**29**	**303**	**48**
14. Consolidated result	**192**	**34**	**370**	**-75**
Thereof:				
Attributable to Munich Reinsurance Company equity holders	192	34	370	-75
Attributable to minority interests	–	–	–	–

[1] Previous year's figures adjusted owing to first-time application of IFRS 8.
[2] Adjusted pursuant to IAS 8.

	Primary insurance						Asset management		Consolidation		Total	
	Life		Health		Property-casualty							
	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008
	1,385	**1,382**	**1,508**	**1,436**	**1,195**	**1,220**	**–**	**–**	**-218**	**-245**	**10,355**	**9,270**
	–	–	1	–	2	–	–	–	-218	-245	–	–
	1,385	1,382	1,507	1,436	1,193	1,220	–	–	–	–	10,355	9,270
	1,384	1,381	1,550	1,483	1,271	1,295	–	–	-230	-253	10,449	9,271
	122	140	57	69	134	131	–	–	-230	-253	466	414
	1,262	**1,241**	**1,493**	**1,414**	**1,137**	**1,164**	**–**	**–**	**–**	**–**	**9,983**	**8,857**
	921	**408**	**336**	**262**	**32**	**61**	**–**	**–**	**5**	**-61**	**1,858**	**1,142**
	2,080	1,420	1,576	1,327	815	759	–	–	-218	-211	8,676	7,269
	75	90	37	43	94	88	–	–	-144	-175	319	313
	2,005	**1,330**	**1,539**	**1,284**	**721**	**671**	**–**	**–**	**-74**	**-36**	**8,357**	**6,956**
	264	219	191	207	394	417	–	–	-40	-56	2,763	2,324
	33	38	15	21	31	33	–	–	-62	-74	131	97
	231	**181**	**176**	**186**	**363**	**384**	**–**	**–**	**22**	**18**	**2,632**	**2,227**
	13	5	1	1	–	–	–	–	–	–	17	7
	-53	**138**	**114**	**206**	**85**	**170**	**–**	**–**	**57**	**-43**	**852**	**816**
	1,315	1,487	337	424	146	190	7	6	-79	-90	3,216	4,516
	238	1,126	67	354	51	124	2	4	16	-16	980	3,854
	1,077	**361**	**270**	**70**	**95**	**66**	**5**	**2**	**-95**	**-74**	**2,236**	**662**
	760	714	282	267	93	93	1	3	-72	-91	1,797	1,657
	7	22	3	7	–	1	–	–	-1	-1	61	45
	153	641	29	286	23	82	3	–	–	–	403	2,368
	80	257	6	96	4	24	–	–	–	–	235	1,202
	-8	-8	-1	2	-9	21	-3	1	–	–	-26	16
	123	**130**	**31**	**16**	**95**	**142**	**59**	**75**	**-244**	**-271**	**164**	**229**
	2	12	1	3	1	3	2	2	-3	-2	9	31
	–	–	–	–	–	–	–	–	–	–	–	–
	149	**162**	**42**	**31**	**131**	**135**	**51**	**62**	**-268**	**-298**	**183**	**192**
	3	1	4	4	24	38	5	6	-16	-22	25	26
	8	5	4	1	5	1	–	–	–	-36	20	10
	-921	-408	-336	-262	-32	-61	–	–	-5	61	-1,858	-1,142
	130	**-79**	**-77**	**-207**	**27**	**12**	**13**	**15**	**-76**	**14**	**359**	**-443**
	77	**59**	**37**	**-1**	**112**	**182**	**13**	**15**	**-19**	**-29**	**1,211**	**373**
	-31	-54	5	-22	-45	-51	-3	-2	8	21	-114	-219
	28	7	15	-2	23	64	1	6	-2	–	446	152
	18	**-2**	**27**	**-21**	**44**	**67**	**9**	**7**	**-9**	**-8**	**651**	**2**
	19	-5	27	-21	40	67	5	7	-9	-10	644	-3
	-1	3	–	–	4	–	4	–	–	2	7	5

Segment reporting

Investments[1]	Reinsurance		Primary insurance		Asset management		Total	
€m	30.9.2009	31.12.2008	30.9.2009	31.12.2008	30.9.2009	31.12.2008	30.9.2009	31.12.2008
Europe	35,659	36,223	108,937	103,602	802	399	145,398	140,224
North America	27,591	25,934	3,003	3,545	21	28	30,615	29,507
Asia and Australasia	2,841	2,494	732	752	28	25	3,601	3,271
Africa, Near and Middle East	1,315	1,099	87	93	–	–	1,402	1,192
Latin America	732	635	150	148	–	–	882	783
Total	**68,138**	**66,385**	**112,909**	**108,140**	**851**	**452**	**181,898**	**174,977**

[1] After elimination of intra-Group transactions across segments.

Gross premiums written[1, 2]	Reinsurance		Primary insurance		Total	
€m	Q1–3 2009	Q1–3 2008[3]	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008
Europe	7,043	7,109	12,881	12,605	19,924	19,714
North America	7,700	5,211	–	–	7,700	5,211
Asia and Australasia	1,889	1,662	92	74	1,981	1,736
Africa, Near and Middle East	705	631	–	–	705	631
Latin America	738	831	–	–	738	831
Total	**18,075**	**15,444**	**12,973**	**12,679**	**31,048**	**28,123**

[1] After elimination of intra-Group reinsurance across segments.
[2] Previous year's figures adjusted owing to first-time application of IFRS 8.
[3] Adjusted pursuant to IAS 8.

Gross premiums written[1]	Reinsurance		Primary insurance		Total	
€m	Q3 2009	Q3 2008[2]	Q3 2009	Q3 2008	Q3 2009	Q3 2008
Europe	2,381	2,277	4,055	4,002	6,436	6,279
North America	2,745	1,968	–	–	2,745	1,968
Asia and Australasia	701	519	30	36	731	555
Africa, Near and Middle East	217	197	–	–	217	197
Latin America	226	271	–	–	226	271
Total	**6,270**	**5,232**	**4,085**	**4,038**	**10,355**	**9,270**

[1] After elimination of intra-Group reinsurance across segments.
[2] Adjusted pursuant to IAS 8.

Selected notes to the consolidated financial statements

Recognition and measurement
This quarterly report as at 30 September 2009 has been prepared in accordance with International Financial Reporting Standards (IFRSs) as applicable in the European Union. The condensed interim consolidated financial statements are prepared in accordance with IAS 34. We have complied with all new and amended IFRSs and IFRIC interpretations whose application is compulsory for the first time for periods beginning on 1 January 2009.

The following new or revised standards are of significance:

The implementation of IFRS 8, Operating Segments, to be applied for the first time as from 1 January 2009, has resulted in additional disclosures in the notes and a modified disclosure of items in our segment reporting.

The business fields in which we operate continue to form the basis for identifying the segments to be reported. In accordance with the "management approach", the way in which Munich Re is managed internally constitutes the basis for the changes in disclosure described in the following. In primary insurance, we now separate the previously combined life and health segment into the two individual segments, life and health.

Health reinsurance and our specialised insurers in international health primary insurance business that are managed from within reinsurance, together with the international health primary insurance business conducted by ERGO, form the business field of International Health, which has been operating under the Munich Health brand since May 2009. Owing to its still relatively small volume, Munich Health's business is split up for reporting purposes, with some sections of it being shown together with life reinsurance and others together with German health primary insurance.

At Munich Re, different performance indicators and measures are used, depending on the type and duration of the business. Besides this, IFRS result contributions are a central feature of planning and strategy in all segments. Therefore the uniform assessment basis used for the measure of segment result is the operating result adjusted to eliminate non-operating components (e.g. foreign currency gains and losses, income and expenses from the sale of intangible assets).

In line with our internal management approach, the operating result has been split into a technical and a non-technical result as from the first quarter of 2009, with an interest component allocated to the underwriting business in the form of income from technical interest. This interest income derives from the investment of the technical provisions and the entitlement of policyholders to portions of the non-technical result (cf. information on income from technical interest, page 51). There continues to be comparability with prior periods, since it is possible to reconcile the current figures to the previous IFRS segment results by reallocating the result components.

For reasons of consistency and comparability, we have adjusted the structure of our consolidated income statement in accordance with our segment income statement. Differences merely exist in the degree of detail of individual items and, in particular, in the disclosure of the non-operating result components. In the segment disclosure, the latter components are combined, since they are not part of the defined performance measure and were not planned on a segment-related basis. To meet the IFRS 8 requirements for additional segment disclosures of certain income and expense components, we provide extra "thereof" items in the segmental income statement.

In connection with the first-time application of IFRS 8, we have refined our system for distributing taxes on income between the reinsurance segments with a view to achieving a more direct allocation.

Owing to the reallocation of Europäische Reiseversicherung within the primary insurance segment and the management-related reallocation of the Watkins Syndicate from primary insurance to the reinsurance segment, the composition of our reported segments has changed. The relevant items of the segment information for the previous year have been adjusted.

The main change in IAS 1 (rev. 2007), Presentation of Financial Statements, is that tax effects included in income and expenses recognised directly in equity are disclosed separately in the notes to the consolidated financial statements. In addition, IAS 1 now always requires the publication of the earliest comparative period in the consolidated financial statements when an accounting policy is applied retrospectively. Non-owner changes in equity now have to be disclosed in a separate statement of recognised income and expense, with only the total shown in the changes in equity. We already met this requirement in the previous year. We do not avail ourselves of the options to rename individual components of the financial statements or to publish a single statement of income combining the income statement and the statement of recognised income and expense.

First-time application of other new or amended IFRSs or IFRIC interpretations have had no material impact.

Owing to the introduction of new IT systems, we are now able to show provisions for disability benefits separately from provisions for future policy benefits. This has resulted in a reclassification of these disability reserves from the provisions for future policy benefits to the provisions for outstanding claims. This change has no effect on equity.

In the third quarter of 2009, we corrected an error in the income statement of a subsidiary that had occurred in the second quarter of 2009. The error did not have any implications for the annual result. The following items in the income statement for the second quarter of 2009 have been adjusted retrospectively to improve comparability:

Consolidated income statement €m	Q2 2009 as originally recognised	Changes from retrospective adjustment	Q2 2009
3. Expenses for claims and benefits			
Gross	9,011	–233	8,778
Ceded share	346	–233	113
Net	**8,665**	–	**8,665**
4. Operating expenses			
Gross	2,574	–173	2,401
Ceded share	252	–173	79
Net	**2,322**	–	**2,322**

Otherwise, the same principles of recognition, measurement and consolidation have been applied as in our consolidated financial statements as at 31 December 2008. In accordance with IAS 34.41, greater use is made of estimation methods and planning data in preparing our quarterly figures than in our annual financial reporting.

Taxes on income in Munich Re's quarterly financial statements are calculated in the same way as for the consolidated financial statements as at 31 December 2008, i.e. a direct tax calculation is made per quarterly result of the individual consolidated companies.

Changes in the consolidated group
The following disclosures regarding first-time recognition are provisional, since among other things there may still be changes in the tax items in the balance sheet.

On 31 March 2009, through its subsidiary Munich-American Holding Corporation, Wilmington, Delaware, Munich Re acquired 100% of the share capital of the HSB Group Inc. (HSB Group) based in Wilmington, Delaware, for a total price of €570.5m. The purchase price includes all directly assignable incidental acquisition expenses such as fees for external consulting services and taxes incurred.

The HSB Group is one of the world's leading providers of insurance for machinery breakdown and engineering risks, other specialty insurances, and inspection, certification and engineering services. The core of the HSB Group is Hartford Steam Boiler Inspection and Insurance Company in Hartford, Connecticut, one of the largest insurance and inspection companies specialising in engineering risks in the USA.

The combined opening balance sheet of the HSB Group at the time of acquisition, after elimination of its intra-group business, includes the following provisional IFRS figures (the amounts in brackets are the figures directly prior to the business combination): intangible assets of €116.9m (1.7m), investments of €888.8m (888.8m), a ceded share of technical provisions of €147.6m (147.6m), cash at banks, cheques and cash in hand of €31.1 (31.1m), deferred acquisition costs of €58.8m (58.8m), receivables, deferred tax assets and other assets of €296.5m (281.9m), subordinated liabilities of €31.5m (60.2m), gross technical provisions of €676.1m (676.1m), other provisions, liabilities and deferred tax liabilities of €317.8m (226.8m).

In connection with the acquisition of the HSB Group, other intangible assets of €115.2m and goodwill of €56.3m have been recognised. The goodwill is based mainly on the exploitation of additional future business potential and the use of the sales, marketing and insurance know-how by Munich Re. The goodwill includes the value assigned to the HSB Group's staff.

The income and expenses for the months of April to September 2009 have been recognised in the consolidated income statement. In this period, the HSB Group contributed €59.0m to the Group result.

If the acquisition of the HSB Group had already been concluded at the beginning of the financial year, Munich Re's gross premiums written would have amounted to €31,224.6m and the consolidated result to €1,798.0m. The HSB Group's contributions to gross premiums and Group result up to the time of acquisition are based on US GAAP.

Based on the conclusion of the acquisition process and the related fiscal implementation, which is currently still in progress, the provisional figures for the HSB Group were adjusted in the third quarter of 2009. The adjustments mainly concern an increase of €7.0m in the purchase price, an increase of €53.8m in deferred tax assets, and an increase of €76.0m in deferred tax liabilities. Altogether, this results in an increase of €28.0m in the goodwill.

Adjustment of provisional values in order to complete the initial accounting for a business combination
On 30 September 2008, through its subsidiary ERGO Austria International AG, Munich Re increased its stake in Bank Austria Creditanstalt Versicherung AG (BACAV) and included it in the consolidated group. The figures disclosed at the time of first consolidation were of a provisional nature. In the third quarter of 2009, the provisional figures at the date of first consolidation for the following items were adjusted retrospectively in accordance with IFRS 3.62:

a) At the time of first consolidation, the value of the insurance portfolio acquired (PVFP) was approximated on the basis of embedded-value methodology. The conversion of this figure, determined in accordance with local accounting rules, to a projection according to US GAAP has resulted in an increase of €30m in the carrying amount.

b) The deferred acquisition costs were also determined on the basis of approximations at the date of first consolidation. This provisional figure has been adjusted in the same manner as the value of the insurance portfolio acquired (the present value of future profits or PVFP).

c) Full conversion of the measurement of actuarial reserves to US GAAP has resulted in a reduction of €30m in the carrying amount at the date of first consolidation. The resultant reallocation according to unit- and index-linked life insurance on the one hand and participating life insurance on the other has led to a shift within the relevant balance sheet items of the gross technical provisions.

d) The aforementioned changes in valuation resulted in an increase of €24m in the provision for deferred premium refunds and an increase of €9m in deferred tax liabilities at the time of first consolidation.

e) These adjustments have an impact on the amount recognised as goodwill in the opening balance sheet and its later impairment.

The effects of the adjustments in accordance with IFRS 3.62 on the consolidated balance sheet at 31 December 2008 are as follows:

Consolidated balance sheet €m	Changes from adjustments in accordance with IFRS 3.62 as at 31.12.2008
Assets	
A. I. Goodwill	–23
A. II. Other intangible assets	15
G. Deferred acquisition costs	
Gross	6
Ceded share	–1
Net	7
I. Other assets	–10
Equity and liabilities	
A. II. Retained earnings	–2
A. III. Other reserves	7
A. IV. Consolidated result attributable to Munich Reinsurance Company equity holders	–15
A. V. Minority interests	3
C. II. Provision for future policy benefits	–61
C. IV. Other technical provisions	22
D. Gross technical provisions for life insurance policies where the investment risk is borne by the policyholders	30
G. Deferred tax liabilities	5

The effects on the consolidated income statement for the financial year 2008 and the first two quarters of 2009 are as follows:

Consolidated income statement	Changes from adjustments in accordance with IFRS 3.62		
€m	2008	Q1 2009	Q2 2009
3. Expenses for claims and benefits			
Gross	–2	–5	–6
Net	–2	–5	–6
4. Operating expenses			
Gross	14	16	7
Ceded share	1	–	–
Net	13	16	7
13. Impairment losses of goodwill	8	–23	–
15. Taxes on income	–3	–3	–1
16. Consolidated result	–16	15	–
Thereof:			
Attributable to Munich Reinsurance Company equity holders	–15	16	–
Attributable to minority interests	–1	–1	–

The initial accounting for Bank Austria Creditanstalt Versicherung AG is thus complete.

Foreign currency translation

Munich Re's presentation currency is the euro (€). The following table shows the exchange rates of the most important currencies for our business.

Currency translation rates	Balance sheet		Income statement					
Rate for €1	30.9.2009	31.12.2008	Q3 2009	Q2 2009	Q1 2009	Q3 2008	Q2 2008	Q1 2008
Australian dollar	1.65620	1.99375	1.71675	1.79266	1.96394	1.69554	1.65619	1.65661
Canadian dollar	1.56885	1.71600	1.56978	1.58953	1.62405	1.56434	1.57810	1.50544
Pound sterling	0.91395	0.96685	0.87197	0.87939	0.90966	0.79462	0.79268	0.75742
Rand	11.07610	12.85100	11.15800	11.52100	12.96380	11.68260	12.14370	11.30410
Swiss franc	1.51675	1.47955	1.51947	1.51389	1.49659	1.61101	1.61184	1.60073
US dollar	1.46170	1.39005	1.43018	1.36218	1.30438	1.50378	1.56232	1.49863
Yen	130.8730	126.0080	133.7980	132.6520	122.1650	161.7500	163.4090	157.7030

Notes to the consolidated balance sheet

The main items of the consolidated balance sheet are made up as follows:

Intangible assets		
€m	30.9.2009	31.12.2008[1]
I. Goodwill	3,449	3,547
II. Other intangible assets	1,696	1,801
Thereof:		
Software	325	342
Purchased insurance portfolios	673	736
Other	698	723
Total	**5,145**	**5,348**

[1] Adjusted pursuant to IFRS 3.62.

The deterioration in parameters caused by the spreading of the financial crisis to the real economy prompted us to critically review the business plans of our international primary insurance companies and, in some cases, adjust them downwards. In the first quarter of 2009, we therefore made write-downs of around €58m for impairments of goodwill, in particular for Bank Austria Creditanstalt Versicherung (BACAV), whose goodwill we wrote off completely. Further changes in the US healthcare system as a consequence of the amendments adopted in 2008 led to a significant reduction in the growth potential at Sterling Life Insurance Company, necessitating a revision of the company's planning figures. The impairment test we carried out for this reason gave rise to a write-down of €40m on overall goodwill in the second quarter. Besides this, a write-down of €7m was made on other intangible assets in the second quarter. The conclusion of the planning process at Sterling gave rise to a further write-down of €18m on other intangible assets in this quarter. Explanatory information on investments can be found in the "Investment performance" section of the interim management report.

Number of shares in circulation and number of own shares held	30.9.2009	31.12.2008
Number of shares in circulation	195,071,889	195,655,351
Number of own shares held	2,329,735	10,748,453
Total	**197,401,624**	**206,403,804**

As the sole participant in a capital increase at ERGO Daum Direct Auto Insurance, ERGO increased its share in the company by 3.79% to 68.79%. In this connection, a difference of €2.4m between the book value of the minority interests indirectly acquired in this way and the corresponding portion of the capital increase was offset against retained earnings.

In connection with the acquisition of further shares in ERGO Previdenza S.p.A. for a price of €27.6m in the second quarter, the difference of €2.6m between this amount and the book value of minority interests (€30.2m) was offset against retained earnings.

Minority interests		
€m	30.9.2009	31.12.2008[1]
Unrealised gains and losses	54	18
Consolidated result	–6	17
Other equity	251	258
Total	**299**	**293**

[1] Adjusted pursuant to IFRS 3.62.

These are mainly minority interests in the ERGO Insurance Group.

Subordinated liabilities		
€m	30.9.2009	31.12.2008
Munich Reinsurance Company, Munich, 6.75% until 2013, thereafter floating, €2,900m[1], Bonds 2003/2023 S&P rating: A	2,883	2,981
Munich Reinsurance Company, Munich, 7.625% until 2018, thereafter floating, £300m, Bonds 2003/2028 S&P rating: A	325	308
Munich Reinsurance Company, Munich, 5.767% until 2017, thereafter floating, €1,349m[2], Bonds 2007/perpetual S&P rating: A	1,486	1,613
The Midland Company, Cincinnati, LIBOR +350 BP, US$ 24m[3], Bonds 2004/2034 Rating: –	–	17
Bank Austria Creditanstalt Versicherung AG, Vienna, 4.95%, €50m, Registered bonds 2004/2014 Rating: –	48	45
Bank Austria Creditanstalt Versicherung AG, Vienna, 6% until 2010, thereafter floating, €12m[4], Registered bonds 2001/perpetual Rating: –	8	7
Bank Austria Creditanstalt Versicherung AG, Vienna, secondary market yield on federal government bonds (Austria) +70 BP, €13m[5], Registered bonds 1998/perpetual Rating: –	9	8
HSB Group Inc., Delaware, LIBOR +91 BP, US$ 76m[6], Bonds 1997/2027 S&P rating: –	29	–
Total	**4,788**	**4,979**

[1] In the first half-year 2009, the issuer bought back bonds with a nominal value of €100m.
[2] In the first half-year 2009, the issuer bought back bonds with a nominal value of €151m.
[3] In the second quarter of 2009, the issuer bought back bonds with a nominal value of US$ 24m.
[4] ERGO International AG holds bonds with a nominal value of €3m; the volume outstanding has been reduced accordingly.
[5] ERGO AG holds bonds with a nominal value of €3m; the volume outstanding has been reduced accordingly.
[6] In the third quarter of 2009, HSB Capital I, Delaware, was dissolved. The bonds it had issued were replaced by bonds of the HSB Group Inc., Delaware, in the amount of the liabilities outstanding, with unchanged terms and conditions.

Bonds and notes issued		
€m	30.9.2009	31.12.2008
Munich Re America Corporation, Princeton, 7.45%, US$ 397m, Senior notes 1996/2026[1], S&P rating: A–	272	302
Total	**272**	**302**

[1] The issuer bought back notes with a nominal value of US$ 17m in the second quarter of 2009 and notes with a nominal value of US$ 7m in the third quarter of 2009.

Notes to the consolidated income statement

The main items of the consolidated income statement are made up as follows:

Premiums[1, 2]	Reinsurance				Primary insurance						Total	
€m	Life and health		Property-casualty		Life		Health		Property-casualty			
		Q1–3 2008[3]		Q1–3 2008		Q1–3 2008		Q1–3 2008		Q1–3 2008		Q1–3 2008
Gross premiums written	6,616	4,666	11,459	10,778	4,426	4,281	4,573	4,412	3,974	3,986	31,048	28,123
Change in unearned premiums Gross	31	39	400	579	–	–	29	33	245	281	705	932
Gross earned premiums	**6,585**	**4,627**	**11,059**	**10,199**	**4,426**	**4,281**	**4,544**	**4,379**	**3,729**	**3,705**	**30,343**	**27,191**
Ceded premiums written	298	194	689	713	92	95	10	12	138	125	1,227	1,139
Change in unearned premiums Ceded share	–	–	5	62	–	–	–	–	–9	–17	–4	45
Earned premiums Ceded	**298**	**194**	**684**	**651**	**92**	**95**	**10**	**12**	**147**	**142**	**1,231**	**1,094**
Net earned premiums	**6,287**	**4,433**	**10,375**	**9,548**	**4,334**	**4,186**	**4,534**	**4,367**	**3,582**	**3,563**	**29,112**	**26,097**

[1] After elimination of intra-Group transactions across segments.
[2] Previous year's figures adjusted owing to first-time application of IFRS 8.
[3] Adjusted pursuant to IAS 8.

Premiums[1, 2]	Reinsurance				Primary insurance						Total	
€m	Life and health		Property-casualty		Life		Health		Property-casualty			
	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008
Gross premiums written	2,507	1,630	3,763	3,602	1,385	1,382	1,507	1,436	1,193	1,220	10,355	9,270
Change in unearned premiums Gross	31	25	–9	70	–1	2	–41	–48	–74	–50	–94	–1
Gross earned premiums	**2,476**	**1,605**	**3,772**	**3,532**	**1,386**	**1,380**	**1,548**	**1,484**	**1,267**	**1,270**	**10,449**	**9,271**
Ceded premiums written	120	66	262	268	29	29	3	3	49	40	463	406
Change in unearned premiums Ceded share	–	–1	1	8	–	–	–1	–	–3	–15	–3	–8
Earned premiums Ceded	**120**	**67**	**261**	**260**	**29**	**29**	**4**	**3**	**52**	**55**	**466**	**414**
Net earned premiums	**2,356**	**1,538**	**3,511**	**3,272**	**1,357**	**1,351**	**1,544**	**1,481**	**1,215**	**1,215**	**9,983**	**8,857**

1 After elimination of intra-Group transactions across segments.
2 Previous year's figures adjusted owing to first-time application of IFRS 8.

Income from technical interest[1]	Reinsurance				Primary insurance						Total	
€m	Life and health		Property-casualty		Life		Health		Property-casualty			
	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008
Income from technical interest	365	270	723	960	2,185	1,284	956	763	113	171	4,342	3,448

1 After elimination of intra-Group transactions across segments.

Income from technical interest[1]	Reinsurance				Primary insurance						Total	
€m	Life and health		Property-casualty		Life		Health		Property-casualty			
	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008
Income from technical interest	216	90	353	321	921	408	336	262	32	61	1,858	1,142

1 After elimination of intra-Group transactions across segments.

The income from technical interest is the amount earned by assumed insurance business from the mainly risk-free investment of the premium income. Its composition varies from segment to segment, depending on the type of insurance business and the related statutory regulations.

In the third quarter, we refined the method with which we calculate income from technical interest in the property-casualty reinsurance segment. We are thus allowing for the fact that provisions established in prior years were invested at higher interest rates than the current level of market interest rates. In the property-casualty segment, the income from technical interest therefore corresponds to the risk-free interest on our technical provisions at the historical interest rate at which the premium for the relevant period of insurance was invested. In the property-casualty primary insurance segment, it corresponds to the risk-free interest on our technical provisions, as derived from our replication portfolio.

For the life and health segment in reinsurance, the interest on the provisions is essentially based on contractual agreements (in Germany, for example, at least the guaranteed interest rate).

In primary insurance, the income from technical interest in the life segment in Germany corresponds to the gains and losses from unit-linked life insurance plus the policyholders' guaranteed interest and profit sharing on the basis of the IFRS investment result, as derived in accordance with supervisory regulations. For the companies outside Germany, it corresponds to the gains and losses from unit-linked life insurance plus the risk-free interest on the average net provision for future policy benefits at the relevant national interest rate.

In the health segment, the income from technical interest for German business corresponds to the allocation of interest to the ageing reserve (actuarial interest) and the allocation to the provision for premium refunds. The latter is based on the investment result exceeding the actuarial interest and on policyholders' participation in the other non-technical result components. The technical interest for non-German health insurance companies is based on the interest on technical provisions at the relevant national risk-free interest rate.

Expenses for claims and benefits[1, 2]	Reinsurance				Primary insurance						Total	
€m	Life and health		Property-casualty		Life		Health		Property-casualty			
	Q1–3 2009	Q1–3 2008[3]	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008
Gross												
Claims and benefits paid	4,414	3,056	6,860	6,420	4,737	4,549	3,200	2,965	2,112	2,031	21,323	19,021
Change in technical provisions												
Provision for future policy benefits	247	311	–16	19	551	36	808	799	32	27	1,622	1,192
Provision for outstanding claims	298	122	541	867	44	7	2	17	192	126	1,077	1,139
Provision for premium refunds	–	–	14	6	156	–89	554	269	9	9	733	195
Other technical result	32	18	27	21	143	94	3	1	26	24	231	158
Gross expenses for claims and benefits	**4,991**	**3,507**	**7,426**	**7,333**	**5,631**	**4,597**	**4,567**	**4,051**	**2,371**	**2,217**	**24,986**	**21,705**
Ceded share												
Claims and benefits paid	125	134	554	807	69	58	3	4	56	69	807	1,072
Change in technical provisions												
Provision for future policy benefits	–7	–7	–	–	35	53	–1	–	–	–	27	46
Provision for outstanding claims	31	–10	–210	–345	–2	–1	–1	–	37	34	–145	–322
Provision for premium refunds	–	–	–	–	1	–	–	–	–3	–	–2	–
Other technical result	–5	–1	–14	–12	–53	–52	–	–	–	–	–72	–65
Expenses for claims and benefits Ceded share	**144**	**116**	**330**	**450**	**50**	**58**	**1**	**4**	**90**	**103**	**615**	**731**
Net												
Claims and benefits paid	4,289	2,922	6,306	5,613	4,668	4,491	3,197	2,961	2,056	1,962	20,516	17,949
Change in technical provisions												
Provision for future policy benefits	254	318	–16	19	516	–17	809	799	32	27	1,595	1,146
Provision for outstanding claims	267	132	751	1,212	46	8	3	17	155	92	1,222	1,461
Provision for premium refunds	–	–	14	6	155	–89	554	269	12	9	735	195
Other technical result	37	19	41	33	196	146	3	1	26	24	303	223
Net expenses for claims and benefits	**4,847**	**3,391**	**7,096**	**6,883**	**5,581**	**4,539**	**4,566**	**4,047**	**2,281**	**2,114**	**24,371**	**20,974**

1 After elimination of intra-Group transactions across segments.
2 Previous year's figures adjusted owing to first-time application of IFRS 8.
3 Adjusted pursuant to IAS 8.

Expenses for claims and benefits[1, 2]	Reinsurance				Primary insurance						Total	
€m	Life and health		Property-casualty		Life		Health		Property-casualty			
	Q3 2009	Q3 2008[3]	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008
Gross												
Claims and benefits paid	1,771	1,098	2,414	2,201	1,493	1,527	1,088	956	707	687	7,473	6,469
Change in technical provisions												
Provision for future policy benefits	47	65	–15	–5	274	–121	261	226	14	9	581	174
Provision for outstanding claims	29	23	–50	345	26	17	–24	42	84	50	65	477
Provision for premium refunds	–	–	16	4	216	–44	250	110	2	2	484	72
Other technical result	4	14	12	5	50	46	1	1	6	11	73	77
Gross expenses for claims and benefits	**1,851**	**1,200**	**2,377**	**2,550**	**2,059**	**1,425**	**1,576**	**1,335**	**813**	**759**	**8,676**	**7,269**
Ceded share												
Claims and benefits paid	58	30	251	131	25	20	1	1	11	20	346	202
Change in technical provisions												
Provision for future policy benefits	–4	–9	–	–	13	18	–	–	–	–	9	9
Provision for outstanding claims	–2	26	–41	88	–1	–1	–1	–	34	6	–11	119
Provision for premium refunds	–	–	–	–	–	–	–	–	–3	–	–3	–
Other technical result	–3	3	–1	–2	–18	–18	–	–	–	–	–22	–17
Expenses for claims and benefits Ceded share	**49**	**50**	**209**	**217**	**19**	**19**	**–**	**1**	**42**	**26**	**319**	**313**
Net												
Claims and benefits paid	1,713	1,068	2,163	2,070	1,468	1,507	1,087	955	696	667	7,127	6,267
Change in technical provisions												
Provision for future policy benefits	51	74	–15	–5	261	–139	261	226	14	9	572	165
Provision for outstanding claims	31	–3	–9	257	27	18	–23	42	50	44	76	358
Provision for premium refunds	–	–	16	4	216	–44	250	110	5	2	487	72
Other technical result	7	11	13	7	68	64	1	1	6	11	95	94
Net expenses for claims and benefits	**1,802**	**1,150**	**2,168**	**2,333**	**2,040**	**1,406**	**1,576**	**1,334**	**771**	**733**	**8,357**	**6,956**

1 After elimination of intra-Group transactions across segments.
2 Previous year's figures adjusted owing to first-time application of IFRS 8.
3 Adjusted pursuant to IAS 8.

Operating expenses[1, 2]	Reinsurance				Primary insurance						Total	
	Life and health		Property-casualty		Life		Health		Property-casualty			
€m	Q1–3 2009	Q1–3 2008[3]	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008
Acquisition costs	22	–	282	140	571	466	495	529	718	709	2,088	1,844
Administration expenses	253	223	764	602	198	197	146	147	457	468	1,818	1,637
Amortisation and impairment losses of acquired insurance portfolios	7	4	–	–	44	14	4	4	–	–	55	22
Reinsurance commission and profit commission	1,457	980	2,068	2,141	9	5	9	7	3	2	3,546	3,135
Gross operating expenses	**1,739**	**1,207**	**3,114**	**2,883**	**822**	**682**	**654**	**687**	**1,178**	**1,179**	**7,507**	**6,638**
Ceded share of acquisition costs	3	19	27	2	–	–34	–	–	1	1	31	–12
Commission received on ceded business	98	39	126	136	13	13	3	4	23	19	263	211
Operating expenses Ceded share	**101**	**58**	**153**	**138**	**13**	**–21**	**3**	**4**	**24**	**20**	**294**	**199**
Net operating expenses	**1,638**	**1,149**	**2,961**	**2,745**	**809**	**703**	**651**	**683**	**1,154**	**1,159**	**7,213**	**6,439**

[1] After elimination of intra-Group transactions across segments.
[2] Previous year's figures adjusted owing to first-time application of IFRS 8.
[3] Adjusted pursuant to IAS 8.

Operating expenses[1, 2]	Reinsurance				Primary insurance						Total	
	Life and health		Property-casualty		Life		Health		Property-casualty			
€m	Q3 2009	Q3 2008[3]	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008
Acquisition costs	7	14	144	70	191	153	149	168	249	254	740	659
Administration expenses	91	82	300	209	66	66	49	44	145	151	651	552
Amortisation and impairment losses of acquired insurance portfolios	6	1	-3	–	13	5	1	1	–	–	17	7
Reinsurance commission and profit commission	608	350	742	744	–	2	3	2	2	8	1,355	1,106
Gross operating expenses	**712**	**447**	**1,183**	**1,023**	**270**	**226**	**202**	**215**	**396**	**413**	**2,763**	**2,324**
Ceded share of acquisition costs	14	14	24	–7	–	1	–	–	2	3	40	11
Commission received on ceded business	49	11	27	61	4	4	1	1	10	9	91	86
Operating expenses Ceded share	**63**	**25**	**51**	**54**	**4**	**5**	**1**	**1**	**12**	**12**	**131**	**97**
Net operating expenses	**649**	**422**	**1,132**	**969**	**266**	**221**	**201**	**214**	**384**	**401**	**2,632**	**2,227**

[1] After elimination of intra-Group transactions across segments.
[2] Previous year's figures adjusted owing to first-time application of IFRS 8.
[3] Adjusted pursuant to IAS 8.

Investment result by investment class and segment (before deduction of technical interest)[1, 2]	Reinsurance			
	Life and health		Property-casualty	
€m	Q1–3 2009	Q1–3 2008[3]	Q1–3 2009	Q1–3 2008
Land and buildings, including buildings on third-party land	17	3	60	17
Investments in affiliated companies	–	–2	–	7
Investments in associates	–4	2	–8	15
Loans	6	3	18	10
Other securities held to maturity	–	–	–	–
Other securities available for sale				
Fixed-interest	665	555	1,237	1,012
Non-fixed-interest	171	–265	540	–1,163
Other securities at fair value through profit or loss				
Held for trading				
Fixed-interest	–	1	18	33
Non-fixed-interest	–	–	1	–
Derivatives	–	289	–121	1,392
Designated as at fair value through profit or loss				
Fixed-interest	–	–	–	–
Non-fixed-interest	–	–	–	–
Deposits retained on assumed reinsurance and other investments	151	131	–54	35
Investments for the benefit of life insurance policyholders who bear the investment risk	–	–	–	–
Expenses for the management of investments, other expenses	34	43	112	194
Total	**972**	**674**	**1,579**	**1,164**

[1] After elimination of intra-Group transactions across segments.
[2] Previous year's figures adjusted owing to first-time application of IFRS 8.
[3] Adjusted pursuant to IAS 8.

Investment result by investment class and segment (before deduction of technical interest)[1, 2]	Reinsurance			
	Life and health		Property-casualty	
€m	Q3 2009	Q3 2008[3]	Q3 2009	Q3 2008
Land and buildings, including buildings on third-party land	3	3	11	14
Investments in affiliated companies	–	–2	1	–13
Investments in associates	–2	–1	–3	1
Loans	1	1	1	4
Other securities held to maturity	–	–	–	–1
Other securities available for sale				
Fixed-interest	248	165	386	277
Non-fixed-interest	97	–122	311	–540
Other securities at fair value through profit or loss				
Held for trading				
Fixed-interest	–	1	7	20
Non-fixed-interest	–	–	1	–
Derivatives	–50	70	–192	401
Designated as at fair value through profit or loss				
Fixed-interest	–	–	–	–
Non-fixed-interest	–	–	–	–
Deposits retained on assumed reinsurance and other investments	76	40	–22	7
Investments for the benefit of life insurance policyholders who bear the investment risk	–	–	–	–
Expenses for the management of investments, other expenses	12	27	34	121
Total	**361**	**128**	**467**	**49**

[1] After elimination of intra-Group transactions across segments.
[2] Previous year's figures adjusted owing to first-time application of IFRS 8.
[3] Adjusted pursuant to IAS 8.

	Primary insurance						Asset management		Total	
	Life		Health		Property-casualty					
	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008[3]
	74	100	27	28	4	5	3	3	185	156
	–8	–2	–7	–4	–2	1	6	–8	–11	–8
	–26	–8	8	2	–27	34	1	24	–56	69
	951	719	429	355	71	57	–	–	1,475	1,144
	4	7	–	–	–	–	–	–	4	7
	1,319	1,029	378	370	179	171	3	2	3,781	3,139
	–174	–642	7	–496	–11	5	–4	–	529	–2,561
	13	–1	–	–	–	–	–	–	31	33
	–	–	–	–	–	–	–	–	1	–
	–207	592	5	197	8	46	–	–	–315	2,516
	18	–	–	–	–	–	–	–	18	–
	–	–	–	–	–	–	–	–	–	–
	–3	–8	7	–	10	23	2	10	113	191
	353	–356	–	–	–	–	–	–	353	–356
	119	116	34	35	20	19	1	–	320	407
	2,195	**1,314**	**820**	**417**	**212**	**323**	**10**	**31**	**5,788**	**3,923**

	Primary insurance						Asset management		Total	
	Life		Health		Property-casualty					
	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008[3]
	12	27	9	10	1	1	1	1	37	56
	–1	1	–1	–2	–6	–1	6	–3	–1	–20
	–8	–8	–1	2	–9	21	–3	1	–26	16
	345	171	153	123	24	23	–	–	524	322
	1	3	–	–	–	–	–	–	1	2
	505	277	123	128	71	52	–1	1	1,332	900
	–4	–220	–10	–278	10	–59	–	–	404	–1,219
	13	–2	–	–	–	–	–	–	20	19
	–	–	–	–	–	–	–	–	1	–
	–3	282	–1	100	–2	27	–	–	–248	880
	8	–	–	–	–	–	–	–	8	–
	–	–	–	–	–	–	–	–	–	–
	3	–7	7	–3	2	7	1	3	67	47
	224	–136	–	–	–	–	–	–	224	–136
	43	38	11	12	7	7	–	–	107	205
	1,052	**350**	**268**	**68**	**84**	**64**	**4**	**3**	**2,236**	**662**

Investment income by segment (before deduction of technical interest)[1, 2]	Reinsurance			
	Life and health		Property-casualty	
€m	Q1–3 2009	Q1–3 2008[3]	Q1–3 2009	Q1–3 2008
Regular income	843	771	1,178	1,467
Thereof:				
Income from interest	810	731	1,046	1,043
Income from write-ups	238	373	516	1,597
Gains on the disposal of investments	494	474	1,725	2,245
Other income	–	–	–	–
Total	**1,575**	**1,618**	**3,419**	**5,309**

[1] After elimination of intra-Group transactions across segments.
[2] Previous year's figures adjusted owing to first-time application of IFRS 8.
[3] Adjusted pursuant to IAS 8.

Investment income by segment (before deduction of technical interest)[1, 2]	Reinsurance			
	Life and health		Property-casualty	
€m	Q3 2009	Q3 2008[3]	Q3 2009	Q3 2008
Regular income	328	235	382	447
Thereof:				
Income from interest	321	214	354	393
Income from write-ups	96	153	49	672
Gains on the disposal of investments	110	159	466	771
Other income	–	–	–	–
Total	**534**	**547**	**897**	**1,890**

[1] After elimination of intra-Group transactions across segments.
[2] Previous year's figures adjusted owing to first-time application of IFRS 8.
[3] Adjusted pursuant to IAS 8.

	Primary insurance						Asset management		Total	
	Life		Health		Property-casualty					
	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008[3]
	2,454	2,461	948	962	254	317	12	37	5,689	6,015
	2,225	2,014	829	753	257	248	4	12	5,171	4,801
	247	708	29	243	25	42	–	–	1,055	2,963
	639	772	140	197	141	252	6	4	3,145	3,944
	361	21	–	–	–	–	–	–	361	21
	3,701	**3,962**	**1,117**	**1,402**	**420**	**611**	**18**	**41**	**10,250**	**12,943**

	Primary insurance						Asset management		Total	
	Life		Health		Property-casualty					
	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008[3]
	823	859	306	285	80	118	2	5	1,921	1,949
	755	697	279	260	87	89	1	4	1,797	1,657
	80	257	6	96	4	24	–	–	235	1,202
	191	340	22	36	50	44	5	1	844	1,351
	216	14	–	–	–	–	–	–	216	14
	1,310	**1,470**	**334**	**417**	**134**	**186**	**7**	**6**	**3,216**	**4,516**

Investment expenses by segment (before deduction of technical interest)[1, 2]	Reinsurance			
	Life and health		Property-casualty	
€m	Q1–3 2009	Q1–3 2008[3]	Q1–3 2009	Q1–3 2008
Write-downs of investments	242	571	643	2,421
Losses on the disposal of investments	300	321	1,000	1,491
Management expenses, interest charges and other expenses	61	52	197	233
Thereof:				
Interest charges	34	17	75	29
Total	**603**	**944**	**1,840**	**4,145**

[1] After elimination of intra-Group transactions across segments.
[2] Previous year's figures adjusted owing to first-time application of IFRS 8.
[3] Adjusted pursuant to IAS 8.

Investment expenses by segment (before deduction of technical interest)[1, 2]	Reinsurance			
	Life and health		Property-casualty	
€m	Q3 2009	Q3 2008[3]	Q3 2009	Q3 2008
Write-downs of investments	81	266	114	1,093
Losses on the disposal of investments	68	123	241	613
Management expenses, interest charges and other expenses	24	30	75	135
Thereof:				
Interest charges	15	6	37	10
Total	**173**	**419**	**430**	**1,841**

[1] After elimination of intra-Group transactions across segments.
[2] Previous year's figures adjusted owing to first-time application of IFRS 8.
[3] Adjusted pursuant to IAS 8.

Other operating result[1]	Reinsurance			
€m	Life and health		Property-casualty	
	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008
Other operating income	76	87	197	176
Other operating expenses	53	57	137	99

[1] After elimination of intra-Group transactions across segments.

Other operating result[1]	Reinsurance			
€m	Life and health		Property-casualty	
	Q3 2009	Q3 2008	Q3 2009	Q3 2008
Other operating income	48	40	48	91
Other operating expenses	9	17	64	42

[1] After elimination of intra-Group transactions across segments.

Primary insurance						Asset management		Total	
Life		Health		Property-casualty					
Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008[3]
815	1,512	85	617	98	175	7	1	1,890	5,297
523	578	161	309	90	94	–	9	2,074	2,802
168	558	51	59	20	19	1	–	498	921
36	62	12	21	1	1	–	–	158	130
1,506	**2,648**	**297**	**985**	**208**	**288**	**8**	**10**	**4,462**	**9,020**

Primary insurance						Asset management		Total	
Life		Health		Property-casualty					
Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008[3]
153	641	29	286	23	82	3	–	403	2,368
61	270	22	43	20	33	–	3	412	1,085
44	209	15	20	7	7	–	–	165	401
6	22	3	7	–	–	–	–	61	45
258	**1,120**	**66**	**349**	**50**	**122**	**3**	**3**	**980**	**3,854**

Primary insurance						Asset management		Total	
Life		Health		Property-casualty					
Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008
78	97	47	26	48	68	43	75	489	529
100	110	62	38	102	122	33	56	487	482

Primary insurance						Asset management		Total	
Life		Health		Property-casualty					
Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008
25	34	20	8	11	29	12	27	164	229
40	53	27	16	34	43	9	21	183	192

The other operating income mainly comprises income of €239m (249m) from services rendered, interest and similar income of €48m (96m), income of €161m (157m) from the release/reduction of miscellaneous provisions and adjustments of values for receivables, and income of €27m (25m) from owner-occupied property that is sometimes leased out.

In addition to expenses of €196m (226m) for services rendered, the other operating expenses chiefly include interest charges and similar expenses of €86m (88m), other write-downs of €31m (30m), and other tax of €18m (13m). They also contain expenses of €26m (12m) for owner-occupied property that is sometimes leased out.

Other non-operating result, impairment losses of goodwill and finance costs[1]

	Reinsurance			
	Life and health		Property-casualty	
€m	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008
Other non-operating income	394	357	1,054	904
Other non-operating expenses	403	370	1,064	971
Impairment losses of goodwill	40	–	–	–
Finance costs	70	82	139	171

[1] After elimination of intra-Group transactions across segments.

Other non-operating result, impairment losses of goodwill and finance costs[1]

	Reinsurance			
	Life and health		Property-casualty	
€m	Q3 2009	Q3 2008	Q3 2009	Q3 2008
Other non-operating income	143	141	416	360
Other non-operating expenses	150	144	391	380
Impairment losses of goodwill	–	–	–	–
Finance costs	23	27	43	58

[1] After elimination of intra-Group transactions across segments.

	Primary insurance						Asset management		Total	
	Life		Health		Property-casualty					
	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008	Q1–3 2009	Q1–3 2008
	676	476	515	275	181	143	6	8	2,826	2,163
	728	517	542	314	265	213	10	14	3,012	2,399
	47	–	–	–	11	–	–	–	98	–
	3	–	–	–	18	18	1	1	231	272

	Primary insurance						Asset management		Total	
	Life		Health		Property-casualty					
	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008
	106	147	102	89	27	61	1	3	795	801
	131	198	97	111	64	92	3	4	836	929
	–	–	–	–	–	–	–	–	–	–
	1	–	–	–	6	6	–	–	73	91

The other non-operating income is income unrelated to the conclusion, administration or settlement of insurance contracts or the administration of investments. Besides foreign currency exchange gains of €2,596m (2,088m), it contains other non-technical income and expenses of €230m (75m).

The other non-operating expenses are expenses unrelated to the conclusion, administration or settlement of insurance contracts or the administration of investments. Besides foreign currency exchange losses of €2,626m (2,171m), they include write-downs of €120m (54m) on other intangible asset and other non-technical expenses of €266m (174m), such as expenses unrelated to the accounting period, project costs and other amounts that cannot be allocated elsewhere and restructuring expenses.

Non-current assets and disposal groups held for sale

The property and liabilities of HGE Haus- und Grundbesitzgesellschaft Elsterwerda mbH, which had been classified in disposal groups as "held for sale", were eliminated with economic effect in the third quarter, as ERGO Versicherungsgruppe AG sold its stake in the company. These disposal groups, with a carrying amount of €16m, are therefore no longer recognised at the reporting date.

In the third quarter, ERGO Versicherungsgruppe AG also sold its stake in Vereinsbank Victoria Bauspar (VVB), which had been classified as "held for sale". The carrying amount of €24m is therefore no longer recognised at the reporting date.

Related parties

Transactions between Munich Reinsurance Company and subsidiaries that are to be deemed related parties have been eliminated in consolidation and are not disclosed in the notes. Business relations with unconsolidated subsidiaries are of subordinate importance as a whole; this also applies to business relations with associates.

There were no notifiable transactions between Board members and Munich Re.

Number of staff

The number of staff employed by the Group as at 30 September 2009 totalled 25,151 (25,437) in Germany and 22,311 (18,772) in other countries.

Number of staff	30.9.2009	31.12.2008
Reinsurance companies	13,431	10,795
Primary insurance companies	33,254	32,606
Asset management	777	808
Total	**47,462**	**44,209**

The increase is mainly due to the acquisition of the HSB Group.

Contingent liabilities, other financial commitments

On 29 July 2009, the German Federal Supreme Court (BGH) issued a judgement on information to be provided for instalment-payment clauses in application documents. The subject matter of the underlying lawsuit was the use of a clause for premium payment in instalments over the year and the related extra charges. The BGH classified the clause used up to then by various insurance companies as payment deferral for which a charge is made. The crux of the lawsuit was that insurance documents did not contain information on the effective annual interest rate. This could have repercussions for our primary insurance group.

In comparison with the situation at 31 December 2008, financial commitments of significance for the assessment of the Group's financial position otherwise show no significant changes. 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 result for the reporting period by the weighted average number of shares.

Earnings per share[1]		Q1–3 2009	Q3 2009	Q1–3 2008	Q3 2008
Consolidated result attributable to Munich Reinsurance Company equity holders	€m	1,766	644	1,370	–3
Weighted average number of shares		195,169,883	195,077,680	202,522,276	199,321,506
Earnings per share	€	9.05	3.30	6.76	–0.02

1 Previous year's figures adjusted owing to first-time application of IFRS 8.

Events after the balance sheet date

Under the share buy-back programme decided on by Munich Reinsurance Company's Board of Management on 1 October 2009, we repurchased 1.6 million Munich Re shares with a value of €176m after the balance sheet date up to the end of October 2009.

Drawn up and released for publication, Munich, 4 November 2009

The Board of Management

Review report

To Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München

We have reviewed the condensed interim consolidated financial statements – comprising the balance sheet, the income statement, the statement of recognised income and expense, the statement of changes in equity, the condensed cash flow statement as well as the selected explanatory notes – and the interim management report of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München, for the period from 1 January 2009 to 30 September 2009, which are parts of the quarterly financial report in accordance with Section 37 x para. 3 of the WpHG (German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with IFRS for Interim Financial Reporting, as adopted by the EU, and of the interim management report, which has been prepared according to the applicable regulations for interim management reports of the WpHG, are the responsibility of the Company's management. Our responsibility is to issue a report on these condensed interim consolidated financial statements and the interim management report based on our review.

We have performed our review of the condensed interim consolidated financial statements and the interim management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and conduct the review so that we can, through critical evaluation, preclude, with a certain level of assurance, that the interim consolidated financial statements have not been prepared, in material aspects, in accordance with IFRS for Interim Financial Reporting, as adopted by the EU, and that the interim management report has not been prepared according to the applicable regulations of the WpHG. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared in all material respects in accordance with IFRS for Interim Financial Reporting, as adopted by the EU, and that the interim management report has not been prepared according to the applicable regulations for interim management reports of the WpHG.

Munich, 5 November 2009
KPMG Bayerische Treuhandgesellschaft
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Klaus Becker
Wirtschaftsprüfer
(Certified public accountant)

Martin Berger
Wirtschaftsprüfer
(Certified public accountant)

Important dates 2010

2010	
10 March 2010	Balance sheet press conference for 2009 financial statements
28 April 2010	Annual General Meeting
29 April 2010	Dividend payment
7 May 2010	Interim report as at 31 March 2010
4 August 2010	Interim report as at 30 June 2010
4 August 2010	Half-year press conference
9 November 2010	Interim report as at 30 September 2010

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Responsible for content
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The official German original of this report is also available from the Company. In addition, you can find our annual and interim reports, along with further information about Munich Re and its shares, on the internet at www.munichre.com.

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