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Press release

Hurricanes Harvey, Irma and Maria will cost Munich Re €2.7bn

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Munich Re is expecting a third-quarter loss of €1.4bn owing to exceptional major-loss expenditure. The Group now projects a small profit for the full year 2017.

Jörg Schneider, Chief Financial Officer of Munich Re: “High losses from severe natural catastrophes are part and parcel of our business; that is why we are here. Our capital base remains very strong. We will continue to offer our clients full reinsurance capacity. Moreover, Munich Re has enough capital to take advantage of the opportunities this exceptional situation provides in terms of profitable growth.”

According to current estimates – which are still fraught with considerable uncertainty – Munich Re anticipates losses of €2.7bn after retrocession from these three hurricane events. Including the expenditure for other natural catastrophes – in particular the earthquakes in Mexico – and man-made losses, overall major-loss expenditure will amount to €3.2bn in the third quarter.

Munich Re will post a loss of €1.4bn for the period from July to September 2017. In addition to the aforementioned major losses, the quarterly result will also be impacted by adverse IFRS effects from the recapture of a life reinsurance treaty and – as expected – a low positive contribution to the quarterly result from ERGO. Detailed information on the quarterly figures will be provided on 9 November.

Munich Re is now proceeding on the assumption of generating a small profit for the year – on the proviso that business performs in line with expectations in the last quarter.

The ongoing share buy-back programme will continue as planned until it expires at the 2018 Annual General Meeting; up to 24 October 2017, 2.7 million Munich Re shares were repurchased for a total of €485m.

On 15 March, Munich Re had announced that its profit guidance for 2017 would be in the range of €2.0–2.4bn. On 13 September, Munich Re reported that the severe losses to be expected from Hurricanes Harvey and Irma were likely to result in a loss for the third quarter, and might jeopardise its profit target for

2017. Since then, Hurricane Maria has also caused significant damage in the Caribbean.

Note for the editorial staff:
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Munich Re stands for exceptional solution-based expertise, consistent risk management, financial stability and client proximity. This is how Munich Re creates value for clients, shareholders and staff. In the financial year 2016, the Group – which combines primary insurance and reinsurance under one roof – achieved a profit of €2.6bn. It operates in all lines of insurance, with over 43,000 employees throughout the world. With premium income of around €28bn from reinsurance alone, it is one of the world's leading reinsurers. Especially when clients require solutions for complex risks, Munich Re is a much sought-after risk carrier. Its primary insurance operations are concentrated mainly in ERGO, one of the leading insurance groups in Germany and Europe. ERGO is represented in over 30 countries worldwide and offers a comprehensive range of insurances, provision products and services. In 2016, ERGO posted premium income of €16.0bn. Munich Re's global investments (excluding insurance-related investments) amounting to €219bn are managed by MEAG, which also makes its competence available to private and institutional investors outside the Group.

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