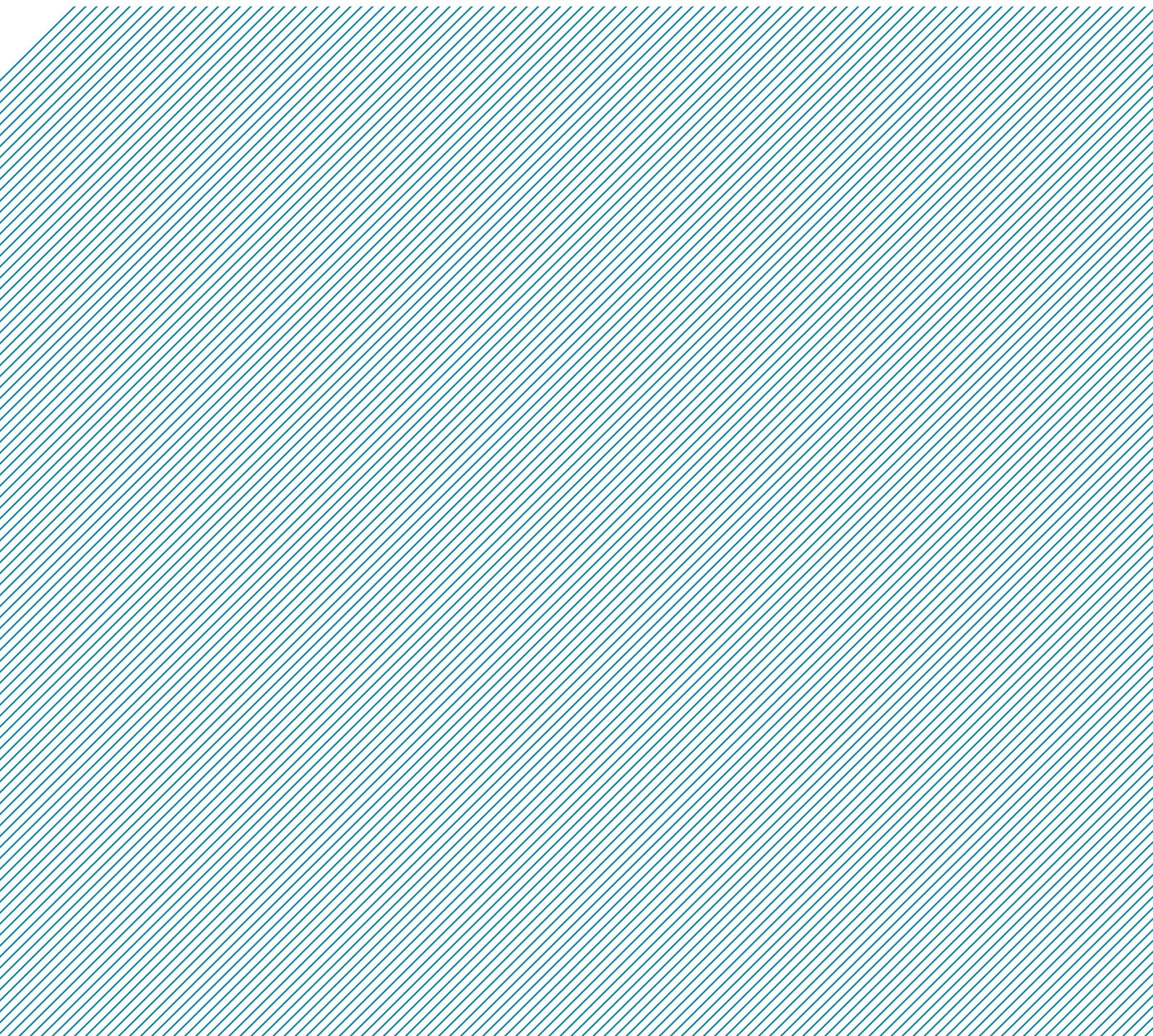


MUNICH RE
QUARTERLY REPORT
3/2011



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(Chairman)

Board of Management

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Key figures (IFRS)

Munich Re (Group)

		Q1-3 2011	Q1-3 2010	Change	Q3 2011	Q3 2010	Change
				%			%
Gross premiums written	€m	37,166	34,060	9.1	12,217	11,447	6.7
Technical result	€m	-298	1,462	-	1,028	785	31.0
Investment result	€m	4,815	7,281	-33.9	1,347	2,203	-38.9
Operating result	€m	402	3,367	-88.1	839	1,149	-27.0
Taxes on income	€m	-408	859	-	62	414	-85.0
Consolidated result	€m	80	1,955	-95.9	290	761	-61.9
Thereof attributable to non-controlling interests	€m	5	-	-	4	-3	-
Earnings per share	€	0.42	10.47	-96.0	1.61	4.15	-61.2
Combined ratio							
Reinsurance property-casualty ¹	%	117.9	102.1		89.0	93.8	
Primary insurance property-casualty	%	96.8	95.6		97.5	93.6	
Munich Health ²	%	99.0	99.6		97.6	98.1	

		30.9.2011	31.12.2010	Change
				%
Investments	€m	199,743	193,108	3.4
Equity	€m	22,215	23,028	-3.5
Net technical provisions	€m	181,130	171,068	5.9
Employees		47,107	46,915	0.4
Share price	€	93.55	113.45	-17.5
Munich Reinsurance Company's market capitalisation ³	€bn	16.8	21.4	-21.5

¹ Not adjusted for relief of 1.8 percentage points from the economic risk transfer to the capital markets.

² Excluding business conducted like life insurance.

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,

Following a first half-year heavily burdened by natural catastrophes in particular, the third quarter of 2011 was less marked by major losses. In the Group, we posted a consolidated profit of €290m for the past quarter, while the nine-month result totalled €80m. Besides the natural catastrophe losses affecting our business field of reinsurance, which are far above the average to be expected, the financial crisis remains the greatest challenge for us as a financial services provider.

The persistently wide interest-rate differential for government and corporate bonds between the “safe havens” and the peripheral countries of the eurozone demonstrates the extent of uncertainty in the markets. This is reflected in the pronounced volatility of many stock market indices. Even though as a group Munich Re writes large sections of its business outside Europe, the resolution of the sovereign debt crisis in the eurozone has a special significance for us. For the euro is also the expression of a political vision. In a globalised world, with its restructuring of political and economic power, Europeans must speak with one voice. Momentous questions for the future, such as the essential reform of the financial markets, climate change, migration and access to natural resources, can only be answered through global dialogue. Europe’s involvement in this dialogue not only benefits Europeans but is certainly also relevant for global social and economic development.

Against this background, the efforts of the eurozone members to support Greece and stabilise the currency area as a whole are right. However, the recently adopted package should only be considered part of the emergency measures needed to tackle the current situation. At least as important are political decisions to permanently solve the crisis – decisions that systematically and rapidly advance the collaboration of European states and EU institutions. The euro, and with it the European Union, only has a future if there is a considered distribution of responsibilities and effective coordination of national and European fiscal and economic policy, backed by automatic sanctions in the event of non-adherence to the rules.

Munich Re is well positioned to face the challenges – especially in times of turbulent capital markets. Our disciplined risk management has proved its worth since the beginning of the crisis. We remain true to our principles and strive to earn profits mainly with our core business, the insurance of risks. In our investments, we pay particular attention to the structure of our liabilities and aim to be well equipped for very different market scenarios with our broadly diversified portfolio of assets. Given the size of our investment portfolio, we are able to absorb risks from European government bonds currently assessed as critical. The important thing is for us to take full account of the exceptional environment of low interest rates in the pricing of our products. This applies both to the forthcoming renewals in reinsurance and to products in primary insurance. Thus positioned, we are a strong partner to our clients and a stable investment for our shareholders.

Even if the financial crisis currently dominates the headlines, we must not lose sight of major challenges of great significance for the future success of our operations. I am thinking here especially of climate change and demographic trends. With a wide range of insurance solutions in primary insurance, reinsurance and Munich Health, we make an important contribution to tackling these challenges.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'N. von Bomhard', written in a cursive style.

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

Interim management report

Business environment

- // Financial markets and real economy unsettled by sovereign debt crises and fears of a recession in Europe and the USA
- // Stock markets fall sharply worldwide; yields on German and US government bonds reach record low
- // Only weak economic growth in Europe

The **global economy** displayed solid growth overall in the third quarter, albeit with extreme variations in dynamics around the world and overshadowed by increasing risks to the stability of the financial system.

Growth in the **USA** was moderate. Political disputes over austerity measures and a lifting of the debt limit unsettled companies and financial markets. The unemployment rate remained stubbornly high.

The economy in the **eurozone** lacked strength. Sentiment among companies and consumers alike worsened, especially on account of another considerable deepening of the sovereign debt crisis in the peripheral eurozone countries, especially in Greece.

By contrast, the economy in **Japan** strengthened again as the country engaged in reconstruction measures and returned industrial production to normal after the earthquake in March.

The national economies of **China** and other emerging countries in Asia continued to expand rapidly. Weaker demand from western industrialised countries had yet to have any noticeable effect.

The **oil price** averaged US\$ 112 per Brent barrel in the third quarter, thus remaining high. This in turn helped sustain inflationary pressure worldwide. Despite a slackening in economic growth, the **rate of inflation** in the USA and the eurozone stayed at a similarly high level to that of the second quarter: on average, consumer prices in the third quarter of 2011 were 3.8% higher year on year in the USA, and 2.7% higher in the eurozone. In China, the rate of inflation rose again to 6.3%.

This led the Chinese **central bank** to put up its key interest rate further to the current level of 6.56%. In the face of the sluggish economy, the US Federal Reserve kept its key interest rate in the range of 0% to 0.25% and also announced its intention to adhere to this unusually low interest-rate level until mid-2013 at least. The European Central Bank raised its key interest rate by a further 0.25 percentage points in July to 1.5%, but refrained from a further increase in September, citing weak economic growth as the reason.

The debt crisis in the eurozone, the downgrading of the USA's creditworthiness, stalling economic growth in Europe, and fears of a recession in the USA fuelled uncertainty on the capital markets. In late July and early August, **stock markets** fell sharply around the world. On 30 September, the S&P 500 stood at 1,131 points, 14.3% lower than at the beginning of the quarter, while the Japanese Nikkei was down 11.4%, at 8,700 points. The slump in European share prices was even more drastic, with the EURO STOXX 50 plummeting 23.5% to 2,180 points by the end of the quarter. Yields on the government bonds of southern European countries rose to record levels. Worried investors increasingly switched to German and US government bonds, causing returns on these to fall in the course of the quarter. **Yields** on ten-year US government bonds receded from 3.2% at the start of July to 1.9% at the end of September; those of German government bonds fell from 3.0% to 1.9% in the same period. Over the course of the quarter, the euro exchange rate slid from US\$ 1.45/€ to US\$ 1.34/€.

The effects of the financial market turbulence on the insurance and reinsurance markets were comparatively moderate, but the extremely low yields on German and US government bonds present a challenge for insurers because of the significant reduction in interest earned on investments in the period between premiums being received and policy benefits being paid out. In long-tail business in particular, this intensifies the need to increase prices. In property insurance business, which has a more short-term character, the high claims burdens arising from recent natural catastrophes are driving prices up. Conversely, the decline in economic growth is deflating demand for insurance protection and with it the providers' scope for higher prices.

Business performance

Overview

Munich Re's Group-wide business performance in the first nine months of 2011 was marked by numerous major losses from natural catastrophes and the sovereign debt crisis in the eurozone. For the first three quarters, we posted a **consolidated result** of just €80m (1,955m). Whilst New Reinsurance Company Ltd. and ERGO made dividend payments to Munich Re in this period totalling €366m, these are eliminated in the consolidation process as intra-Group transactions across segments and are therefore not mirrored in the consolidated result. **Gross premium income** amounted to €37.2bn (34.1bn), an increase of 9.1%.

At €4,815m, the **investment result** for the first nine months was well down on the previous year (€7,281m), which had benefited from positive special factors. This represents an annualised return of 3.3%¹ on the average investment portfolio at market values. Regular income was up slightly to €6,064m (5,844m). Gains on disposals contrasted with a negative balance from write-ups and write-downs that was mainly due to the write-down of €933m on our portfolio of Greek government securities.

All in all, this led to an **operating result** of €402m (3,367m) for the first nine months.

Our **equity** moved up €1.9bn to €22.2bn in the third quarter, but was still down €0.8bn compared with the start of the year. This decrease chiefly results from the dividend payment in April and share buy-backs. An opposite and thus positive effect derived from the increase in the valuation reserves of our investments, boosted by the growth in value of our large portfolio of low-risk government bonds. The annualised return on risk-adjusted capital (RORAC) totalled 0.3%, whilst the return on equity (RoE) amounted to 0.5%.

¹ 3.1% excluding the earnings from economic risk transfer to the capital market that are posted in the investment result.

Reinsurance

- // Successful treaty renewals at 1 July 2011, with some significant price increases in natural catastrophe business
- // Premium income of €20.0bn for the first nine months and €6.6bn for the third quarter
- // Combined ratio of 117.9%¹ for January to September; year-on-year improvement to 89.0% for the third quarter
- // Investment result of €2.2bn for the first nine months and €0.3bn for the third quarter
- // Consolidated result of €108m for the first three quarters and €240m for the third quarter

Key figures

		Q1-3 2011	Q1-3 2010	Change	Q3 2011	Q3 2010	Change
				%			%
Gross premiums written	€bn	20.0	17.6	13.3	6.6	6.1	9.5
Loss ratio property-casualty ¹	%	88.2	72.0		59.8	63.9	
Expense ratio property-casualty	%	29.7	30.1		29.2	29.9	
Combined ratio property-casualty ¹	%	117.9	102.1		89.0	93.8	
Thereof natural catastrophes ¹	Percentage points	31.0	10.8		5.8	6.8	
Technical result	€m	-775	1,025	-	829	577	43.7
Investment result	€m	2,244	2,851	-21.3	313	694	-54.9
Operating result	€m	-43	2,512	-	636	815	-22.0
Consolidated result	€m	108	1,659	-93.5	240	602	-60.1
					30.9.2011	31.12.2010	Change
							%
Investments				€bn	87.2	83.7	4.2
Net technical provisions				€bn	63.9	56.6	13.0

In reinsurance, we posted a **consolidated result** of €108m (1,659m) for the period January to September, of which €240m (602m) was attributable to the third quarter. In a difficult environment on the financial markets, we achieved an investment result of €2,244m (2,851m) for the first nine months and €313m (694m) for the third quarter. Reinsurance business had already been hit by heavy claims burdens from natural catastrophes in the first few months of 2011. This had a positive effect on demand and prices for natural catastrophe covers in the last round of renewals in July. The operating result showed a decline of €2,555m to -€43m (2,512m) for January to September and totalled €636m (815m) for the period from July to September.

Our **premium income** rose by 13.3% to €20.0bn (17.6bn) compared with the previous year, with the months July to September contributing €6.6bn (6.1bn). If exchange rates had remained the same, our premium volume would have increased by 16.2% compared with the first nine months of 2010 and by 15.2% against the previous year's third quarter.

¹ Not adjusted for relief of 1.8 percentage points from the economic risk transfer to the capital markets.

Gross premiums by division - Q1-3 2011



In the **life** reinsurance segment, gross premiums rose by 21.7% to €7.2bn (5.9bn) for January to September and by 15.9% to €2.3bn (2.0bn) for the third quarter. Adjusted to eliminate the effects of changes in exchange rates, our premium income grew by 23.3% since January and 20.9% since July. This growth was driven particularly by large-volume treaties that provide primary insurers with capital relief. Besides this, in the third quarter we wrote a treaty in the UK covering the longevity risks for retired members of a large pension fund. Our technical result in the life segment for the first nine months totalled €303m (271m). This includes expenditure of just under €150m for strengthening reserves for disability business written by Munich Re in Australia; cases of disability are becoming more expensive market-wide due to a significant lengthening of run-off periods. Pleasing, on the other hand, are result improvements due to very positive claims experience in the USA and the UK. In Germany, final accounts from our cedants led to a better development of results for prior treaty years.

In **property-casualty business**, we recorded premium growth of 9.0% to €12.8bn (11.7bn) for the first nine months. From July to September, we wrote premiums of €4.3bn (4.0bn), a rise of 6.3%. In motor business, premiums showed a year-on-year increase of €243m to €925m in the third quarter, mainly due to large-volume quota share treaties concluded with an Asian primary insurer. Munich Re also participated to a substantial extent in an insurance solution providing the Mexican government with cover against natural catastrophes. Adjusted to eliminate the effects of changes in exchange rates, premium volume for the first nine months would have increased by 12.6% against the same period last year and by 12.4% year on year for the third quarter. The technical result in the property-casualty reinsurance segment totalled -€1,078m (754m) for January to September, of which €781m (559m) was accounted for by the third quarter. In the latter period, a particularly positive impact on the result came from a €200m reduction of provisions in the lines credit, aviation and marine, which we were able to make after a review of our reserving situation and actual claims experience.

Treaty renewals in property-casualty reinsurance at the **beginning of July** were coloured by the major natural catastrophes in New Zealand, Australia and Japan. Although there was still sufficient reinsurance capacity available, significant price increases of 40-50% or more were achieved in some cases in markets currently affected by losses.

In the USA and Latin America, we succeeded in implementing rate increases of around 10% in natural catastrophe business. Prices for the rest of the portfolio remained more or less stable overall.

At around €1.6bn, the treaty portfolio up for renewal represented around 15% of our total treaty business, and of this we renewed treaties with a volume of nearly €1.4bn, i.e. 84%. A share of €265m or a good 16%, including US casualty business, was not renewed for profitability reasons. By contrast, we wrote new business with a volume of €238m. All in all, through strict profit orientation and associated rate increases, we achieved significant premium growth of 10%, partly by enhancing the profitability of our existing natural catastrophe business and selective expansion in this sector. Altogether, we were able to improve the profitability of our portfolio with a pleasing price increase of 5.7%.

The **combined ratio** totalled 117.9%¹ (102.1%) of net earned premiums for the months of January to September and 89.0% (93.8%) for the third quarter. The overall burden from major losses came to €4,000m² (1,657m) for January to September or 34.6% (15.7%), of which the lion's share of 31.0³ (10.8) percentage points came from natural catastrophes, well above our expectations. Man-made loss events contributed 3.6 (4.9) percentage points or €411m (523m). Adjusted to eliminate major losses, the combined ratio would be lower than in the previous year. At €344m (298m), the major-loss burden for the third quarter, too, was higher than the figure for the same period last year. It made up 8.7 (8.3) percentage points of the combined ratio, with 5.8 (6.8) percentage points attributable to natural catastrophes. Some 2.9 (1.5) percentage points, or €113m (53m), came from man-made major losses. These included the destruction of a power plant in Cyprus, a fire at a German steelworks, a satellite loss, and pharmaceutical liability claims.

A whole range of severe natural catastrophes have dominated the year to date. The largest loss event in the third quarter was Hurricane Irene. This storm formed in the northern Lesser Antilles and developed into a strong hurricane on its path across Puerto Rico, Hispaniola, the Turks and Caicos Islands to the Bahamas. Irene then made landfall on the US East Coast on 27 August and, weakened but accompanied by extreme precipitation, subsequently moved northwards up the coast to New York. Based on Munich Re's initial and still uncertain estimates, privately insured losses caused by Hurricane Irene in the Caribbean and the United States were in the region of US\$ 7bn. Munich Re estimates the pre-tax net burden for the Group, including specialty primary insurance activities, to be around €195m.

The two earthquakes in the region of Christchurch, New Zealand, cost us around €1.1bn after retrocession and before tax. January's floods in Brisbane, Australia, resulted in losses of approximately €200m for us according to current estimates.

In Copenhagen, there was a severe thunderstorm with intense rainfall on 2 July 2011, leading to flooding throughout the city. These floods gave rise to claims expenditure of around €50m for Munich Re.

¹ 116.1% taking into account the economic risk transfer to the capital markets.

² €3,789m taking into account the economic risk transfer to the capital markets.

³ 29.2 percentage points taking into account the economic risk transfer to the capital markets.

The largest loss event since the beginning of the year was the earthquake and tsunami in Japan on 11 March, which caused insured market losses of approximately €21bn and cost Munich Re around €1.5bn after retrocession and risk transfer to the capital markets and before tax.

These major losses have further sharpened risk awareness. With increasing international integration – both economic and social – accumulation risks are on the rise and particularly the handling of contingent business interruption is becoming a central challenge. In order to manage such complex risks better, Munich Re has developed a software program entitled Complex Accumulation Risk Explorer (CARE), which helps to make risks and their interdependencies transparent and quantifiable. With CARE, we can improve the identification and structuring of complex accumulation risks, not only in our own risk management. We can also provide our clients with support in doing so and better meet the rising demand for reinsurance cover of complex risks.

Primary insurance

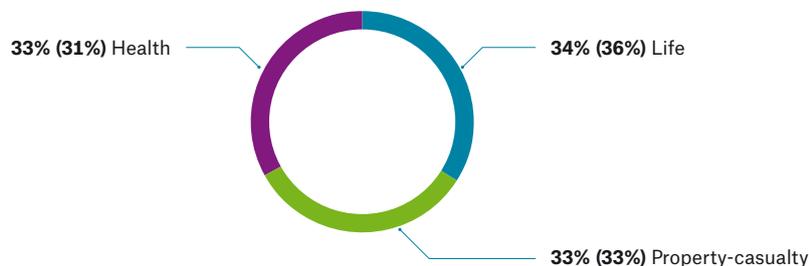
- // Total premium volume of €14.5bn; €4.6bn for the third quarter
- // Combined ratio of 96.8% for January to September and 97.5% for the third quarter
- // Investment result of €3.0bn for the first nine months and €1.1bn for July to September
- // Consolidated result of €418m for the first three quarters and €60m for the third quarter

Key figures

		Q1-3 2011	Q1-3 2010	Change	Q3 2011	Q3 2010	Change
				%			%
Total premium income	€bn	14.5	14.5	0.0	4.6	4.6	1.0
Gross premiums written	€bn	13.2	13.1	0.6	4.3	4.3	-0.2
Loss ratio property-casualty	%	63.5	63.0		64.3	62.3	
Expense ratio property-casualty	%	33.3	32.6		33.2	31.3	
Combined ratio property-casualty	%	96.8	95.6		97.5	93.6	
Technical result	€m	563	457	23.2	196	202	-3.0
Investment result	€m	2,979	4,567	-34.8	1,050	1,507	-30.3
Operating result	€m	806	923	-12.7	167	296	-43.6
Consolidated result	€m	418	432	-3.2	60	139	-56.8
Thereof attributable to non-controlling interests	€m	9	4	125.0	3	-2	-
					30.9.2011	31.12.2010	Change
							%
Investments				€bn	124.0	121.8	1.8
Net technical provisions				€bn	113.8	111.2	2.4

The consolidated result totalled €418m (432m) for the first nine months and €60m (139m) for the third quarter. The main reason for this relatively low figure was the investment result, which was impacted not only by substantial write-downs on Greek government bonds but also by the dramatic slump on the stock markets and widening risk spreads. In the life segment, the write-downs of Greek government bonds had a particularly pronounced effect on the consolidated result, contrasting with write-ups of our interest-rate hedges owing to the decline in interest rates since the beginning of the year. In the health primary insurance segment, the positive development in underwriting largely made up for the decreased investment result. By contrast, the result in property-casualty fell due to write-downs of equities and derivatives. Though a positive effect derived from the sale of property in Singapore in the second quarter of 2011, impairments of goodwill and other assets of a subsidiary in South Korea in the first quarter of the year burdened the result further. In the first three quarters of 2011, our operating result in primary insurance decreased by 12.7% to €806m (923m), of which €167m (296m) was attributable to the months of July to September. The technical result for the months of January to September was satisfactory overall. The combined ratio in the property-casualty segment amounted to 96.8% (95.6%), which was slightly higher than in the previous year. We have made efforts to systematically consolidate the operations of individual international subsidiaries, and this is reflected in the figures. Thus ERGO was able, for the third quarter in succession, to reduce the combined ratio in international business, due to improvements on both the claims and the expenses side. In the third quarter of 2011, the combined ratio was nearly eight percentage points lower year on year.

Gross premiums by class of business - Q1-3 2011



Overall premium volume across all lines of business totalled €14.5bn (14.5bn) for January to September. For July to September, our premium volume came to €4.6bn (4.6bn). In the first nine months, **gross premiums written** – a figure that does not include savings premiums from unit-linked life insurance and capitalisation products – amounted to €13.2bn (13.1bn), of which €4.3bn (4.3bn) was apportionable to the months of July to September.

Our **life insurers** in the ERGO Insurance Group (ERGO) posted total premium income of €5.7bn (6.0bn) in the first nine months of the year, down 4.6% compared with the same period last year. In the third quarter, total premium volume was €1.9bn (1.9bn). Our international business showed a decline in single-premium business with unit-linked life insurance and capitalisation products, resulting in overall premium volume of €1.45bn (1.53bn). In Germany, premium income totalled €4.3bn (4.5bn), also impacted by lower single-premium business. Following an extended phase of strong growth in this business, the first nine months of the year saw a market-wide decrease. By contrast, new regular-premium business expanded by 8.3% to €234m (216m) year on year. In total, new business volume in Germany declined somewhat by 12.2%, or 0.6% in terms of annual premium equivalent (APE¹) – the customary international performance measure. The same applies to international new business, which declined by 5.4% to €702m but – measured in terms of APE – increased by 6.8%. This development is due to strong growth in regular-premium business (+15.9%), particularly in Belgium and Poland.

In the **health** insurance segment, premium income since the beginning of the year climbed by 4.2% to €4.3bn (4.2bn), of which €1.4bn (1.4bn) was generated in the period July to September. Business with supplementary benefit covers rose by 4.4%, whilst premium income in comprehensive health insurance expanded by 3.8%, reflecting the abolition as at 1 January 2011 of the three-year waiting period for switching to private health insurance, which had a stimulating effect on new business. Compared with the same period last year, new comprehensive insurance business increased appreciably

¹ APE = Total regular premium income and one-tenth of single-premium volume.

by 24.2%. In supplementary health business, premium volume was down 36.8%, the previous year's figure having been boosted by the conclusion of a major contract. In travel insurance, which is accounted for in the health segment, we registered a rise in premium volume of 13.9% between January and September.

Premium income in **property-casualty insurance** climbed to €4.4bn (4.3bn) in the period January to September and totalled €1.3bn (1.3bn) in the third quarter. The increase of 2.5% since the beginning of the year largely derives from international business, with sales in Poland (+14.3%) and Italy (+4.6%) making especially good headway. In German business, our premium income increased by 1.6% to €2.6bn (2.5bn) over the same nine-month period and totalled €719m (714m) for the third quarter. This development was largely driven by commercial and industrial business, where we posted premium growth of 8.2%. In personal accident insurance, we recorded a decline of 3.1% for the first nine months. Motor insurance, by contrast, saw a rise of 2.1% in premium from January to September, also reflecting our rate increases at the beginning of the year. In legal protection insurance, we were able to achieve slight premium expansion of 0.8% in Germany.

At 96.8% of net earned premiums, the **combined ratio** for the period from January to September was higher than in the same period last year (95.6%). The combined ratio for Germany amounted to 91.7%, 2.9 percentage points more than in the previous year owing to numerous weather events involving heavy rainfall and severe storms (e.g. low-pressure systems "Achim" and "Bert" in Rhineland-Palatinate and "Frank" in Saxony-Anhalt) that increased claims expenditure in the period from July to September. In international business, the combined ratio was 104.4% (106.2%) for the first nine months and 100.3% (107.9%) for July to September. Even though the absolute level remains unsatisfactory, an improvement is beginning to show. In addition to a better result in Poland – which had been heavily burdened by natural catastrophe losses in the previous year – the amelioration is also attributable to our consolidation measures in other markets. In Turkey, for instance, we have nearly halved our share of unprofitable motor business, introduced a more sophisticated rating structure and selectively raised prices. Nevertheless, the market environment in motor insurance in particular remains very difficult both in Turkey and South Korea.

In summer, ERGO adopted a package of measures to further improve the quality of sales advice and to strengthen compliance in the group. These include committing ERGO's independent agents to adhere to a code of conduct that stipulates clear rules governing dealings with companies, sales partners and clients. Further measures are aimed at achieving greater transparency in product materials and documentation and ensuring a consistently high level of quality in consultancy. In addition, ERGO published the findings of inquiries into various accusations levelled at the company. These mainly concerned an incentive trip to Budapest in 2007, a flawed Riester proposal form in 2005, and the conversion of life policies into personal accident policies in 2009/2010. Allegations concerning consultancy errors in selling group policies are still being investigated.

The mistakes made and negative reports on ERGO in the German media have tarnished the group's reputation. Thus far, however, the media reports have had no significant negative effect in terms of cancellations or new business. ERGO will continue to monitor developments, remedy any damage done and strive to convince clients and the general public of its outstanding products and services.

On 21 September 2011, an agreement was signed between ERGO and the SMABTP Group regarding the sale of ERGO's Portuguese subsidiaries VICTORIA-Seguros S.A. and VICTORIA-Seguros de Vida S.A. to the SMABTP Group. These two Victoria Seguros companies operate in the areas of property-casualty business and in life and health insurance. The transaction is to take effect as at 31 December 2011, subject to the authorities' approval.

ERGO is concentrating its international activities on core markets in central and eastern Europe, and Asia.

Munich Health

- // Marked increase in premium volume by 18.1% to €4.5bn in the first nine months
- // Combined ratio of 99.0% for January to September and 97.6% for the third quarter
- // Result of €31m for the first nine months; third quarter heavily affected by currency translation losses

Key figures

		Q1-3 2011	Q1-3 2010	Change	Q3 2011	Q3 2010	Change
				%			%
Gross premiums written	€bn	4.5	3.8	18.1	1.5	1.3	16.6
Loss ratio ¹	%	80.4	79.3		78.8	77.8	
Expense ratio ¹	%	18.6	20.3		18.8	20.3	
Combined ratio ¹	%	99.0	99.6		97.6	98.1	
Technical result	€m	60	57	5.3	39	40	-2.5
Investment result	€m	110	122	-9.8	31	33	-6.1
Operating result	€m	119	114	4.4	54	54	-
Consolidated result	€m	31	57	-45.6	-5	41	-
					30.9.2011	31.12.2010	Change
							%
Investments				€bn	5.5	4.1	33.6
Net technical provisions				€bn	3.3	3.3	0.2

¹ Excluding business conducted like life insurance.

Munich Health recorded a **consolidated result** of €31m (57m) for the first nine months. Despite the operating result remaining stable at €54m (54m), the third quarter showed a consolidated loss of -€5m (41m). Both the decrease in the consolidated result for the first nine months and, in particular, the loss in the third quarter are due to currency translation losses which impacted the non-operating result. Premium income increased markedly compared with the same period last year. If exchange rates had remained the same, premium volume would have risen even more, by 20.1%.

Gross premiums by market region - Q1-3 2011



Gross premiums written in reinsurance were up by 27.3% to €3.1bn (2.4bn), mainly owing to the conclusion of a new large-volume quota share treaty in North America, which had already become effective in the first quarter of 2011.

In international health primary insurance, premium volume grew, mainly due to the acquisition of the Windsor Health Group (Windsor). This growth enabled us to more than offset the decline in premium income at Sterling Life Insurance Company (Sterling) in the third quarter and first nine months of 2011 due to the company's strongly limited sales opportunities following changes in the US regulatory framework. The purchase of Windsor with effect from 1 January 2011 was in line with Munich Health's strategy of strengthening its position in the US Medicare market. The two companies jointly offer health plans and specialty managed-care programmes for the senior segment, with Sterling having access to the network of service providers established by Windsor. Sterling and Windsor have been merged into a single legal entity, the Windsor Sterling subgroup, since the end of the second quarter. In the case of our European primary insurance companies, a decline in premium volume in the United Kingdom was partly compensated for by premium growth in Spain and Belgium.

The combined ratio was 99.0% (99.6%) for the period January to September 2011 and 97.6% (98.1%) for the third quarter. This ratio relates only to short-term health business, not to business conducted like life insurance. The latter accounted for 11.0% (12.5%) of gross premiums written in the first nine months of the year and 10.7% (11.9%) in the third quarter. In reinsurance, the improvement in the combined ratio in the first three quarters was due to new business and more favourable claims experience overall as a consequence of business restructuring. Our combined ratio in primary insurance showed a rise, largely owing to a deterioration in business development at Sterling.

Investment performance

- // Fixed-interest securities and loans continue to make up the predominant portion of the portfolio at around 82%
- // Prudent duration lengthening and balanced fixed-interest portfolio produce gains in market value
- // Write-downs of €933m on our portfolio of Greek government bonds in the reporting period
- // Investment result of €4.8bn, and €1.3bn for the third quarter

Investment mix¹

€m	Reinsurance					
	Life		Property-casualty		Life	
	30.9.2011	31.12.2010	30.9.2011	31.12.2010	30.9.2011	31.12.2010
Land and buildings, including buildings on third-party land	256	267	1,180	1,178	1,730	1,760
Investments in affiliated companies	15	16	65	67	29	20
Investments in associates	54	54	291	282	108	192
Loans	12	47	46	188	32,454	31,045
Other securities held to maturity	-	-	-	-	17	42
Other securities available for sale						
Fixed-interest	12,703	11,905	44,647	45,110	34,258	35,803
Non-fixed-interest	977	974	5,248	5,419	1,844	1,892
Other securities at fair value through profit or loss						
Held for trading						
Fixed-interest	-	-	466	424	59	50
Non-fixed-interest	-	-	28	25	3	3
Derivatives	479	331	284	154	669	323
Designated as at fair value through profit or loss						
Fixed-interest	-	-	-	-	196	233
Non-fixed-interest	-	-	-	-	4	8
Deposits retained on assumed reinsurance	8,299	5,069	1,154	1,499	152	136
Other investments	335	330	1,555	787	1,068	623
Investments for the benefit of life insurance policyholders who bear the investment risk	-	-	-	-	4,970	4,953
Total	23,130	18,993	54,964	55,133	77,561	77,083

¹ After elimination of intra-Group transactions across segments.

Developments on the capital markets have recently been shaped by uncertainty over the further course of the debt crisis. On the stock markets, the EURO STOXX 50 lost around 22% in the period under review. The performances of the bond markets varied greatly: whilst yields on German and US government bonds were at historically low levels, risk spreads rose both on government bonds from countries such as Portugal, Greece and Ireland, and on corporate bonds.

The carrying amount of the Group's investments shows a rise since the beginning of the year. This is due to increases in deposits retained on assumed reinsurance business, and to improved market values of our fixed-interest securities; the positive effects of the strong gains in our large portfolio of bonds from Germany and the USA outweighed the losses on the southern European government bonds. There were decreases in the value of our relatively small investment volume in equities and minor currency translation losses.

	Primary insurance				Munich Health		Asset management		Total	
	Health		Property-casualty		30.9.2011	31.12.2010	30.9.2011	31.12.2010	30.9.2011	31.12.2010
	30.9.2011	31.12.2010	30.9.2011	31.12.2010						
	605	623	83	340	31	16	64	63	3,949	4,247
	21	20	83	71	11	1	8	8	232	203
	95	107	171	150	56	52	55	51	830	888
	16,007	15,319	2,393	2,312	23	24	-	-	50,935	48,935
	-	-	-	-	-	-	-	-	17	42
	11,969	11,794	5,161	5,202	3,558	2,447	318	93	112,614	112,354
	808	634	538	655	259	174	69	21	9,743	9,769
	-	-	-	-	-	1	-	-	525	475
	1	-	-	-	1	1	-	-	33	29
	79	37	26	12	15	10	-	-	1,552	867
	-	-	-	-	-	-	-	-	196	233
	-	-	-	-	-	-	-	-	4	8
	1	1	3	3	276	194	-	-	9,885	6,902
	425	87	462	463	212	129	200	780	4,257	3,199
	-	3	-	-	1	1	-	-	4,971	4,957
	30,011	28,625	8,920	9,208	4,443	3,050	714	1,016	199,743	193,108

We gear the selection of our investments, based on economic criteria, to the characteristics of our technical provisions and liabilities. To hedge against fluctuations on the interest-rate, equity and currency markets, we also use derivative financial instruments. Exchange-rate fluctuations thus affect assets and liabilities in equal measure, with currency translation losses on assets being largely offset economically by currency translation gains on underwriting liabilities. The high volatilities in the markets are currently resulting in substantial changes in the values of derivatives, which under IFRS accounting we recognise in profit or loss, i.e. as income or expense in our income statement. However, such recognition in the income statement is not always provided for with regard to the related underlying transactions themselves. Despite our economically well-balanced underwriting and investment portfolio, this inconsistency gives rise to considerable fluctuations in our IFRS investment, currency and consolidated result.

Our valuation reserves (excluding owner-occupied property), which are partly recognised in the balance sheet and could be realised as gains at any time upon disposal, climbed from €7.4bn to €11.4bn.

At the end of the quarter, our investment portfolio continued to be dominated by fixed-interest securities, loans and short-term fixed-interest investments.

We consider ourselves well-positioned with our broadly diversified government bond portfolio. Pursuing our risk-conscious investment policy, we reduced our portfolio of Italian government bonds by around €2bn and invested in core euro countries such as Germany and France, and in the Netherlands. At the reporting date, some 47% of our fixed-interest securities were government bonds or instruments for which public institutions are liable, of which 3% were bonds of Portuguese, Irish and Greek issuers, and a further 7% were from Italian and Spanish issuers, compared with 56% from German, US and Canadian issuers.

Our portfolio of Greek government securities at 30 September 2011 was made up as follows:

Portfolio of Greek government securities

€m	Loans	Other securities available for sale
Nominal amounts	56	1,529
Carrying amounts	24	590

In view of the planned participation of private creditors in a rescue package for Greece, we have written down the value of the total portfolio of these securities by €933m to the market value as at 30 September 2011; €230m of that figure is attributable to the third quarter.

At the reporting date, 28% of our interest-bearing investments were in pfandbriefs and other collateralised securities and debt instruments, around 42% of which were German pfandbriefs. On account of the current interest-rate developments, we have slightly increased the duration of our fixed-interest portfolio.

Other securities available for sale

€m	Carrying amounts		Unrealised gains/losses		At amortised cost	
	30.9.2011	31.12.2010	30.9.2011	31.12.2010	30.9.2011	31.12.2010
Fixed-interest securities	112,614	112,354	4,982	2,201	107,632	110,153
Non-fixed-interest securities						
Equities	5,140	6,027	411	1,488	4,729	4,539
Investment funds	3,502	3,009	89	113	3,413	2,896
Other	1,101	733	89	33	1,012	700
	9,743	9,769	589	1,634	9,154	8,135
Total	122,357	122,123	5,571	3,835	116,786	118,288

Valuation reserves not recognised in the balance sheet

€m	Valuation reserves		Fair value		Carrying amount	
	30.9.2011	30.9.2011	30.9.2011	30.9.2011	31.12.2010	31.12.2010
Land and buildings ¹	1,559	7,878	6,319	1,695	8,353	6,658
Associates	297	1,105	808	311	1,181	870
Loans	3,974	54,909	50,935	1,553	50,488	48,935
Other securities	-	17	17	1	43	42
Tangible assets in renewable energies	4	239	235	-	46	46
Total	5,834	64,148	58,314	3,560	60,111	56,551

¹ Including owner-occupied property.

Corporate bonds made up 9% of our fixed-interest portfolio at the reporting date. In the interests of optimising the structure of our portfolio, we continue to hold a small selection of credit derivatives, thus increasing our exposure to banks and corporates by 2% relative to the fixed-interest portfolio. Our portfolio of structured products, which are held chiefly by our reinsurance companies, increased by €0.1bn to €6.3bn (6.1bn) due to purchases. Around 65% of these securities are rated at AAA.

After being expanded slightly in the first quarter, our equity portfolio (before taking derivatives into account, and including investments in affiliated companies and associates at market value) was reduced to €6.9bn (7.9bn), or 3.3% (4.0%) of our total investments. The volatile market conditions also caused us to extend our hedging against falling share prices at an early stage. At the reporting date, our equity exposure after hedging was only 2.0% (4.4%) of our total investments.

We hold inflation-indexed bonds with a volume of €9.1bn (7.2bn). These offer increased protection against the risks of future inflation. Investments in inflation swaps (with a nominal amount of €3.3bn), and in real assets such as equities, real estate and commodities, also diversify our portfolio and simultaneously increase the level of protection against the inflation risk. We expanded our investments in renewable energies and new technologies. Our investments in this area totalled around €0.2bn at the reporting date.

Investment result

	Q1-3 2011	Q1-3 2010	Change	Q3 2011	Q3 2010	Change
	€m	€m	%	€m	€m	%
Regular income	6,064	5,844	3.8	2,007	1,926	4.2
Write-ups/write-downs	-1,640	290	-	-834	-14	<-1,000.0
Net realised capital gains	1,196	1,409	-15.1	556	362	53.6
Other income/expenses	-805	-262	-207.3	-382	-71	-438.0
Total	4,815	7,281	-33.9	1,347	2,203	-38.9

Investment result by type of investment

	Q1-3 2011	Q1-3 2010	Change	Q3 2011	Q3 2010	Change
	€m	€m	%	€m	€m	%
Real estate	245	254	-3.5	71	97	-26.8
Investments in affiliated companies	254	29	775.9	2	-15	-
Investments in associates	85	58	46.6	35	25	40.0
Mortgage loans and other loans	1,645	1,636	0.6	551	541	1.8
Other securities	3,064	5,283	-42.0	963	1,529	-37.0
Deposits retained on assumed reinsurance, and other investments	190	158	20.3	57	52	9.6
Investments for the benefit of life insurance policyholders who bear the investment risk	-344	178	-	-221	87	-
Expenses for the management of investments, other expenses	324	315	2.9	111	113	-1.8
Total	4,815	7,281	-33.9	1,347	2,203	-38.9

Regular investment income rose slightly due to higher income from associates and dividend payments, and to our larger investment portfolio. Increased regular payments from our derivatives also contributed to this rise.

The shifting of various capital market parameters and events resulting from the debt crisis influenced the balance of write-ups and write downs as well. In an environment of falling interest rates, our interest-rate hedges appreciated in value; these serve to ensure that the long-term interest-rate guarantees we have extended to our life insurance clients can continue to be met in low-interest-rate scenarios. On balance, the value of our interest-rate hedging instruments rose by €275m (440m). By contrast, given lower inflation expectations, we had to write down our inflation swaps. Falls in commodity prices led to losses in the market value of our commodity derivatives. The write-downs also included adjustments in the value of credit derivatives and of Greek government bonds. Besides this, as a result of the volatile markets, we had to make write-downs on our equity portfolio in the third quarter in particular. Yet more net write-downs were necessary on the equity derivatives we use to hedge against falling prices, as we had renewed these at the end of the third quarter, only for the stock markets to rise slightly thereafter. However, these write-downs must be considered in connection with the considerable gains on disposal we were able to realise concurrently with the renewal of our equity derivatives in the third quarter.

In the period under review, we recorded net gains on disposal for our investment portfolio as a whole. A large portion of these came from our fixed-interest portfolio, where we benefited from the disposal of pfandbriefs and corporate bonds. Besides this, in the second quarter we realised gains from the sale of a group company which owned a real estate complex in Singapore, and from the restructuring of equities. Where derivatives were concerned, the losses on disposal mainly involved interest-rate derivatives; as already stated, we posted gains on disposal on our equity derivatives. The gains on the disposal of equities and hedging instruments thus more or less offset the write-downs on equities and equity derivatives. Net gains on disposal declined overall; in the previous year we had benefited particularly from the sale of corporate bonds whose market values had been increased by the fall in risk spreads.

Also included in investments are securitisations by means of which we pass on or hold underwriting risks via capital market covers. Regular income or expenditure, realised gains and write-ups/write-downs arising from changes in the value of capital market covers are shown as a result from derivatives in the investment result. These covers contributed around €180m to the investment result in the period under review. After the earthquake in Japan, this figure included net write-ups of approximately €200m from a capital market cover by means of which we had transferred insurance risks from a major Japanese primary insurer to the capital market on a parametric basis.

Altogether, Munich Re benefited from its conservative yet active asset management.

Assets under management for third parties

				30.9.2011	31.12.2010	Change
				€bn	€bn	%
Third-party investments				10.1	10.2	-1.0
	Q1-3 2011	Q1-3 2010	Change	Q3 2011	Q3 2010	Change
	€m	€m	%	€m	€m	%
Group asset management result	40	31	29.0	26	-	-

MEAG MUNICH ERGO AssetManagement GmbH (MEAG) is the asset manager of Munich Re. In addition to its asset management function for the Group, MEAG also offers its expertise to private and institutional clients. Assets under management for institutional clients outside the Group amounted to €8.2bn (8.1bn). The amount managed by MEAG in private-client business via investment funds totalled €1.9bn (2.1bn).

The assets managed by PICC Asset Management Company Ltd. (PAMC), Shanghai, 81% of which belongs to PICC People's Insurance Company of China, and 19% to MEAG, reached €37.9bn (30.0bn).

Prospects

- // Premium income in the range of €49–50bn expected
- // Anticipated return on investment of slightly below 3.5%
- // Profit also envisaged for fourth quarter and thus for the whole year
- // Dividend continuity aimed for despite year-on-year reduction in profit

Limits to forecasting results

There are various reasons why the quarterly results of insurance companies, including Munich Re, are not always a reliable indicator for the results of the entire financial year. 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, dividends, and write-ups or write-downs of investments do not follow a regular pattern. Predictions about the forthcoming development of our Group are based primarily on planning figures, forecasts and expectations, whose realisation we of course cannot guarantee.

Business environment

We expect moderate growth for the global economy until the end of the year and for all of next year, with clear differences in pace between mature and developing economies. The uncertainty created particularly by the smouldering debt crisis in the eurozone renders forecasts difficult. There is the risk of a recession in the USA and Europe. The cooling of the economy in the industrialised countries is likely to have a dampening effect on demand for capital and consumer goods and on the oil price; thus lessening inflationary pressure. However, given the central banks' expansion of the money supply, a mid-term risk of unexpectedly high inflation remains.

Reinsurance

Reinsurance continues to hold considerable promise for the future, with a wide variety of earnings opportunities. Particularly after major losses of the kind we experienced in the first three months of the year, general risk awareness is heightened. Munich Re offers its cedants specialist consulting services and extensive solutions, also for tasks such as balance sheet management, risk modelling and asset-liability management. Reinsurance is an efficient and flexible option for protecting primary insurers from major claims and accumulation burdens, or strengthening their capital base in other ways. In addition to this, we devise innovative coverage concepts that go beyond the scope of traditional reinsurance. And we partner our clients in the often challenging task of adjusting to changes in regulatory requirements, which are being made significantly more demanding in many countries.

If exchange rates remain constant, **gross premiums** in reinsurance should amount to around €26.5bn in 2011.

We continue to see good growth prospects in **life reinsurance**. We are experiencing continuing demand for large-volume capital substitute solutions. Opportunities will also emerge from the privatisation trends in provision for old age, long term care and

disability, from the need for asset protection, and from the dynamic expansion of the Asian life insurance markets. For 2011, we still anticipate gross premiums written of around €9.5bn and a technical result totalling approximately €400m.

We had set ourselves the objective of doubling the value added by new business in life reinsurance in the period 2006 to 2011. On the basis of Market Consistent Embedded Value (MCEV) Principles, this objective would correspond to value added by new business of €330m for 2011. Given the outstanding results of recent years, we also envisage significantly surpassing this goal again in 2011. We aim to achieve sustained value added by new business in life reinsurance of €450m a year by 2015.

In [property-casualty reinsurance](#), which as experience has shown is exposed to market cycles, Munich Re will maintain its clear, profit-oriented underwriting policy and accept risks only at commensurate prices, terms and conditions.

The market environment of the [renewals](#) at 1 January 2012 will remain characterised by sufficient capacity and unchanged demand. Prices in segments that have recently been difficult, especially casualty and marine business, should continue to stabilise, particularly since primary insurers ought to have reduced the once large buffers in loss reserves by now. In classes of business and regions that have recently been affected by high losses – for instance, natural catastrophe business – prices are likely to rise significantly. We are therefore proceeding on the assumption that the framework conditions for Munich Re's overall portfolio for 2012 will be more favourable than in 2011. We will pursue our active cycle management and withdraw from business that does not meet our profitability criteria. We should consequently be able to further improve the portfolio's quality. As a general trend, the now prolonged low-interest-rate environment necessitates significant rises in primary insurance and reinsurance prices not only in long-tail business. Our portfolio should increasingly benefit from this over time beyond 2012.

For 2011, we expect gross premiums written of around €17bn in property-casualty reinsurance. We aim for a combined ratio of below 97% of net earned premiums over the market cycle as a whole. Our long-term estimate is based on an average major-loss burden of 6.5 percentage points from natural catastrophes, but the first nine months of 2011 were already affected by very severe natural catastrophe losses whose costs of around €3.6bn alone accounted for some 23 percentage points in relation to the year as a whole. That is why we anticipate a combined ratio of around 113% for the year as a whole if claims experience remains within normal bounds from now on, without taking reserve changes into account. Given the high cost burdens from natural catastrophes in the first three quarters of 2011, the annual result for property-casualty reinsurance will be lower than in the previous year, even if performance is good in the remaining weeks of the year.

Primary insurance

We see good opportunities for primary insurance not only in evolving foreign markets but also in various areas of our German domestic market. For 2011, we expect premium development in the individual segments of primary insurance to be varied. Overall, premium volume is likely to remain at last year's level, despite considerably lower income from single premiums in life insurance.

We anticipate that **total premium income** in primary insurance will be a good €19bn and gross premiums written will amount to around €17.5bn.

In **life insurance**, our total premium income should be just under €8bn and thus below the previous year's level, with gross premiums written totalling a little over €6bn. In this forecast, it should be borne in mind that developments in German and international business strongly depend on single-premium business; in the first three quarters of 2011, we wrote appreciably less business owing to interest-rate developments and profitability expectations that were not always satisfactory.

In the **health** primary insurance segment, we continue to operate in a challenging financial and political environment. We anticipate an increase in gross premiums written of slightly over €5.5bn. We should be able to achieve premium growth in both comprehensive health insurance and supplementary health cover.

Premium volume in **property-casualty insurance** is expected to expand to a good €5.5bn. In Germany, growth is likely to be marginal. The increase could be somewhat weaker for international business than for German business. The combined ratio should be slightly higher than 95%.

The **consolidated result** for the primary insurance segment will be noticeably affected by the capital market turmoil, but should reach the previous year's level, depending on further capital market developments and especially market interest-rate trends. The same applies to the ERGO subgroup, which in 2010 had achieved a profit of €355m. We anticipate that an intra-Group transaction will make a positive contribution to the result – with no impact on Munich Re's consolidated result. Subject to the approval of the supervisory authorities, ERGO will assign its shares in the foreign health insurers of the DKV Group to Munich Health Holding AG at the end of the year. The company values will depend on the figures determined by an external valuer. These DKV subsidiaries are already reported as part of the Munich Health segment.

Munich Health

There are a host of growth avenues in the international healthcare markets, in particular due to advances in medicine and improved life expectancy. We intend to take advantage of these opportunities.

Gross premiums written by Munich Health are likely to be in the range of €6bn in 2011.

Large-volume capital substitute solutions and the acquisition of Windsor will ensure continued growth. The annual result will probably be somewhat lower than in the previous year, especially since the non-operating result was burdened by currency translation losses in the third quarter.

Munich Re (Group)

If there is no major change in exchange rates compared with the average for the first nine months of the year, we project that **gross premiums written** by the Group will range between €49–50bn in 2011 (total consolidated premium).

We do not anticipate any rapid significant rise in capital-market interest rates, so regular income from fixed-interest securities and loans is likely to be somewhat lower. Various one-off effects such as write-downs of our Greek fixed-interest securities had a significant impact on the investment result for the first nine months of 2011. The pronounced volatility of the capital markets and exchange rates as well as the peculiarities of IFRS accounting described on page 19 make it difficult to provide a result forecast for the fourth quarter. Thus, there may still be significant fluctuations in the investment result and currency result – despite the fact that our assets are geared to our liabilities. In particular, a rising interest-rate level in the remaining months of the current financial year will tend to lead to lower results, and a falling interest rate to higher results, than those forecast in these prospects. Major share price losses could require write-downs on equities which would only be partially offset by gains on derivatives. Rises in share prices lead to write-downs on derivatives, which would at best be compensated for by gains on the sale of equities. For 2011, we will at any rate post an appreciably lower [investment result](#) than in the previous year, with the total return on the portfolio likely to be just under 3.5%.

We are adhering to our long-term objective of a 15% return on our risk-adjusted capital ([RORAC](#)) after tax across the cycle of the insurance and interest-rate markets. However, this target will be difficult to achieve with the currently low level of interest rates on low-risk investments and should be beyond reach for 2011, given the already substantial claims burden from major losses.

Owing to the high losses in the first quarter of the year, our original targets of a slightly improved technical result and a [consolidated result](#) of around the same level as in 2010 can no longer be achieved. After the profits achieved in the second and third quarter, we are aiming for a positive consolidated result for the fourth quarter and hence for 2011 as a whole. The amount of the result for the year will be determined by the incidence of major losses and the development of the capital markets and exchange rates in the remaining weeks up to the end of the year.

In Munich Reinsurance Company's individual financial statements prepared under the German Commercial Code, fluctuations in loss incidence are smoothed over time through allocations to and withdrawals from the claims equalisation provision. That is why the unusually large losses in the first quarter of 2011 will only be reflected to a relatively small extent in its annual result and equity. On the one hand, this maintains Munich Reinsurance Company's dividend-paying capacity after a difficult financial year such as 2011; on the other hand, in the following years it will lead to phased burdens on the result and equity for replenishing the claims equalisation provision.

Despite the decline in the consolidated result, we are therefore looking to pay the same dividend amount for the financial year 2011 as for the previous year, i.e. €6.25. Two months before the end of the financial year, however, it is too early for us to make a definite announcement.

Beyond this, the statements relating to opportunities and risks as presented in the Munich Re Group's Annual Report 2010 apply unchanged.

Interim consolidated financial statements

Consolidated balance sheet as at 30 September 2011

Assets

	30.9.2011		31.12.2010		Change	
	€m	€m	€m	€m	€m	%
A. Intangible assets						
I. Goodwill		3,461		3,453	8	0.2
II. Other intangible assets		1,596		1,633	-37	-2.3
			5,057	5,086	-29	-0.6
B. Investments						
I. Land and buildings, including buildings on third-party land		3,949		4,247	-298	-7.0
Thereof:						
Held for sale		20		-	20	-
II. Investments in affiliated companies and associates		1,062		1,091	-29	-2.7
Thereof:						
Associates accounted for using the equity method		808		870	-62	-7.1
III. Loans		50,935		48,935	2,000	4.1
IV. Other securities						
1. Held to maturity	17			42	-25	-59.5
2. Available for sale	122,357			122,123	234	0.2
Thereof:						
Held for sale	292			-	292	-
3. At fair value through profit or loss	2,310			1,612	698	43.3
		124,684		123,777	907	0.7
V. Deposits retained on assumed reinsurance		9,885		6,902	2,983	43.2
VI. Other investments		4,257		3,199	1,058	33.1
Thereof:						
Held for sale		16		-	16	-
			194,772	188,151	6,621	3.5
C. Investments for the benefit of life insurance policyholders who bear the investment risk			4,971	4,957	14	0.3
Thereof:						
Held for sale			71	-	71	-
D. Ceded share of technical provisions			5,598	5,490	108	2.0
Thereof:						
Held for sale			13	-	13	-
E. Receivables						
I. Current tax receivables		489		492	-3	-0.6
II. Other receivables		11,931		10,576	1,355	12.8
Thereof:						
Held for sale		16		-	16	-
			12,420	11,068	1,352	12.2
F. Cash at bank, cheques and cash in hand			3,789	2,900	889	30.7
Thereof:						
Held for sale			17	-	17	-
G. Deferred acquisition costs						
Gross		9,443		9,165	278	3.0
Ceded share		53		72	-19	-26.4
Net			9,390	9,093	297	3.3
H. Deferred tax assets			6,800	5,959	841	14.1
I. Other assets			3,649	3,654	-5	-0.1
Total assets			246,446	236,358	10,088	4.3

Consolidated balance sheet

Equity and liabilities

		30.9.2011	31.12.2010	Change	
	€m	€m	€m	€m	%
A. Equity					
I. Issued capital and capital reserve	7,388		7,388	-	-
II. Retained earnings	11,751		10,735	1,016	9.5
III. Other reserves	2,758		2,238	520	23.2
IV. Consolidated result attributable to Munich Reinsurance Company equity holders	75		2,422	-2,347	-96.9
V. Non-controlling interests	243		245	-2	-0.8
		22,215	23,028	-813	-3.5
B. Subordinated liabilities		4,685	4,847	-162	-3.3
C. Gross technical provisions					
I. Unearned premiums	8,825		7,879	946	12.0
Thereof:					
Held for sale	51		-	51	-
II. Provision for future policy benefits	109,064		104,413	4,651	4.5
Thereof:					
Held for sale	203		-	203	-
III. Provision for outstanding claims	53,268		49,501	3,767	7.6
Thereof:					
Held for sale	79		-	79	-
IV. Other technical provisions	10,315		9,555	760	8.0
		181,472	171,348	10,124	5.9
D. Gross technical provisions for life insurance policies where the investment risk is borne by the policyholders		5,256	5,210	46	0.9
Thereof:					
Held for sale		71	-	71	-
E. Other accrued liabilities		3,222	3,458	-236	-6.8
F. Liabilities					
I. Bonds and notes issued	278		290	-12	-4.1
II. Deposits retained on ceded business	2,738		2,762	-24	-0.9
III. Current tax liabilities	3,119		3,253	-134	-4.1
IV. Other liabilities	14,023		13,103	920	7.0
		20,158	19,408	750	3.9
G. Deferred tax liabilities		9,438	9,059	379	4.2
Total equity and liabilities		246,446	236,358	10,088	4.3

Consolidated income statement for the period 1 January to 30 September 2011

Items

	Q1-3 2011			Q1-3 2010		Change
	€m	€m	€m	€m	€m	%
Gross premiums written	37,166			34,060	3,106	9.1
1. Earned premiums						
Gross	36,110			33,325	2,785	8.4
Ceded	1,069			1,371	-302	-22.0
Net		35,041		31,954	3,087	9.7
2. Income from technical interest		4,117		5,311	-1,194	-22.5
3. Expenses for claims and benefits						
Gross	31,796			28,635	3,161	11.0
Ceded share	891			775	116	15.0
Net		30,905		27,860	3,045	10.9
4. Operating expenses						
Gross	8,789			8,276	513	6.2
Ceded share	238			333	-95	-28.5
Net		8,551		7,943	608	7.7
5. Technical result (1-4)			-298	1,462	-1,760	-
6. Investment result						
Investment income	12,331			10,594	1,737	16.4
Investment expenses	7,516			3,313	4,203	126.9
Total		4,815		7,281	-2,466	-33.9
Thereof:						
Income from associates accounted for using the equity method		84		58	26	44.8
7. Other operating income		551		528	23	4.4
8. Other operating expenses		549		593	-44	-7.4
9. Deduction of income from technical interest		-4,117		-5,311	1,194	22.5
10. Non-technical result (6-9)			700	1,905	-1,205	-63.3
11. Operating result			402	3,367	-2,965	-88.1
12. Other non-operating result			-491	-225	-266	-118.2
13. Impairment losses of goodwill			25	109	-84	-77.1
14. Finance costs			214	219	-5	-2.3
15. Taxes on income			-408	859	-1,267	-
16. Consolidated result			80	1,955	-1,875	-95.9
Thereof:						
Attributable to Munich Reinsurance Company equity holders			75	1,955	-1,880	-96.2
Attributable to non-controlling interests			5	-	5	-
			€	€	€	%
Earnings per share			0.42	10.47	-10.05	-96.0

Consolidated income statement for the period 1 July to 30 September 2011

Items

	Q3 2011			Q3 2010		Change
	€m	€m	€m	€m	€m	%
Gross premiums written	12,217			11,447	770	6.7
1. Earned premiums						
Gross	12,119			11,367	752	6.6
Ceded	323			491	-168	-34.2
Net		11,796		10,876	920	8.5
2. Income from technical interest		1,547		1,823	-276	-15.1
3. Expenses for claims and benefits						
Gross	9,648			9,517	131	1.4
Ceded share	252			209	43	20.6
Net		9,396		9,308	88	0.9
4. Operating expenses						
Gross	2,995			2,714	281	10.4
Ceded share	76			108	-32	-29.6
Net		2,919		2,606	313	12.0
5. Technical result (1-4)			1,028	785	243	31.0
6. Investment result						
Investment income	4,982			3,364	1,618	48.1
Investment expenses	3,635			1,161	2,474	213.1
Total		1,347		2,203	-856	-38.9
Thereof:						
Income from associates accounted for using the equity method		35		25	10	40.0
7. Other operating income		200		181	19	10.5
8. Other operating expenses		189		197	-8	-4.1
9. Deduction of income from technical interest		-1,547		-1,823	276	15.1
10. Non-technical result (6-9)			-189	364	-553	-
11. Operating result			839	1,149	-310	-27.0
12. Other non-operating result			-407	100	-507	-
13. Impairment losses of goodwill			4	-	4	-
14. Finance costs			76	74	2	2.7
15. Taxes on income			62	414	-352	-85.0
16. Consolidated result			290	761	-471	-61.9
Thereof:						
Attributable to Munich Reinsurance Company equity holders			286	764	-478	-62.6
Attributable to non-controlling interests			4	-3	7	-
			€	€	€	%
Earnings per share			1.61	4.15	-2.54	-61.2

Consolidated income statement (quarterly breakdown)

Items

	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
	€m						
Gross premiums written	12,217	11,969	12,980	11,481	11,447	10,956	11,657
1. Earned premiums							
Gross	12,119	11,934	12,057	11,630	11,367	11,348	10,610
Ceded	323	359	387	509	491	423	457
Net	11,796	11,575	11,670	11,121	10,876	10,925	10,153
2. Income from technical interest	1,547	1,147	1,423	1,276	1,823	1,661	1,827
3. Expenses for claims and benefits							
Gross	9,648	9,599	12,549	9,112	9,517	9,476	9,642
Ceded share	252	238	401	389	209	318	248
Net	9,396	9,361	12,148	8,723	9,308	9,158	9,394
4. Operating expenses							
Gross	2,995	2,860	2,934	3,269	2,714	2,977	2,585
Ceded share	76	85	77	98	108	88	137
Net	2,919	2,775	2,857	3,171	2,606	2,889	2,448
5. Technical result (1-4)	1,028	586	-1,912	503	785	539	138
6. Investment result							
Investment income	4,982	3,755	3,594	3,072	3,364	3,856	3,374
Investment expenses	3,635	2,243	1,638	1,711	1,161	1,238	914
Total	1,347	1,512	1,956	1,361	2,203	2,618	2,460
Thereof:							
Income from associates accounted for using the equity method	35	43	6	-7	25	19	14
7. Other operating income	200	166	185	279	181	166	181
8. Other operating expenses	189	170	190	256	197	214	182
9. Deduction of income from technical interest	-1,547	-1,147	-1,423	-1,276	-1,823	-1,661	-1,827
10. Non-technical result (6-9)	-189	361	528	108	364	909	632
11. Operating result	839	947	-1,384	611	1,149	1,448	770
12. Other non-operating result	-407	2	-86	-229	100	-182	-143
13. Impairment losses of goodwill	4	-	21	-	-	109	-
14. Finance costs	76	69	69	74	74	76	69
15. Taxes on income	62	142	-612	-167	414	372	73
16. Consolidated result	290	738	-948	475	761	709	485
Thereof:							
Attributable to Munich Reinsurance Company equity holders	286	736	-947	467	764	709	482
Attributable to non-controlling interests	4	2	-1	8	-3	-	3
	€	€	€	€	€	€	€
Earnings per share	1.61	4.14	-5.28	2.58	4.15	3.80	2.54

Statement of recognised income and expense for the period 1 January to 30 September 2011

€m	Q1-3 2011	Q1-3 2010
Consolidated result	80	1,955
Currency translation		
Gains (losses) recognised in equity	-69	405
Recognised in the consolidated income statement	-	-
Unrealised gains and losses on investments		
Gains (losses) recognised in equity	1,369	2,396
Recognised in the consolidated income statement	-783	-769
Change resulting from valuation at equity		
Gains (losses) recognised in equity	-3	-12
Recognised in the consolidated income statement	-	-
Change resulting from cash flow hedges		
Gains (losses) recognised in equity	4	-
Recognised in the consolidated income statement	5	-
Actuarial gains and losses on defined benefit plans	27	-7
Other changes	-5	2
Income and expense recognised directly in equity	545	2,015
Total recognised income and expense	625	3,970
Thereof:		
Attributable to Munich Reinsurance Company equity holders	621	3,946
Attributable to non-controlling interests	4	24

Statement of recognised income and expense for the period 1 July to 30 September 2011

€m	Q3 2011	Q3 2010
Consolidated result	290	761
Currency translation		
Gains (losses) recognised in equity	723	-1,107
Recognised in the consolidated income statement	-	-
Unrealised gains and losses on investments		
Gains (losses) recognised in equity	1,259	1,079
Recognised in the consolidated income statement	-335	-13
Change resulting from valuation at equity		
Gains (losses) recognised in equity	-11	-13
Recognised in the consolidated income statement	-	-
Change resulting from cash flow hedges		
Gains (losses) recognised in equity	5	3
Recognised in the consolidated income statement	-	-
Actuarial gains and losses on defined benefit plans	-4	-19
Other changes	-4	-
Income and expense recognised directly in equity	1,633	-70
Total recognised income and expense	1,923	691
Thereof:		
Attributable to Munich Reinsurance Company equity holders	1,915	685
Attributable to non-controlling interests	8	6

Group statement of changes in equity

	Issued capital	Capital reserve
€m		
Status at 31.12.2009	588	6,800
Allocation to retained earnings	-	-
Consolidated result	-	-
Income and expense recognised directly in equity	-	-
Currency translation	-	-
Unrealised gains and losses on investments	-	-
Change resulting from valuation at equity	-	-
Change resulting from cash flow hedges	-	-
Actuarial gains and losses on defined benefit plans	-	-
Other changes	-	-
Total recognised income and expense	-	-
Change in shareholdings in subsidiaries	-	-
Change in consolidated group	-	-
Dividend	-	-
Share buy-backs	-	-
Retirement of own shares	-	-
Status at 30.9.2010	588	6,800
Status at 31.12.2010	588	6,800
Allocation to retained earnings	-	-
Consolidated result	-	-
Income and expense recognised directly in equity	-	-
Currency translation	-	-
Unrealised gains and losses on investments	-	-
Change resulting from valuation at equity	-	-
Change resulting from cash flow hedges	-	-
Actuarial gains and losses on defined benefit plans	-	-
Other changes	-	-
Total recognised income and expense	-	-
Change in shareholdings in subsidiaries	-	-
Change in consolidated group	-	-
Dividend	-	-
Share buy-backs	-	-
Retirement of own shares	-	-
Status at 30.9.2011	588	6,800

Group statement of changes in equity

					Equity attributable to Munich Reinsurance Company equity holders	Non-controlling interests	Total equity
Retained earnings			Other reserves		Consolidated result		
Retained earnings before deduction of own shares	Own shares held	Unrealised gains and losses	Reserve from currency translation	Valuation result from cash flow hedges			
11,247	-580	2,717	-1,245	1	2,521	229	22,278
1,449	-	-	-	-	-1,449	-	-
-	-	-	-	-	1,955	-	1,955
-25	-	1,619	397	-	-	24	2,015
-	-	-	397	-	-	8	405
-	-	1,621	-	-	-	6	1,627
-10	-	-2	-	-	-	-	-12
-	-	-	-	-	-	-	-
-7	-	-	-	-	-	-	-7
-8	-	-	-	-	-	10	2
-25	-	1,619	397	-	1,955	24	3,970
-15	-	-	-	-	-	-11	-26
-	-	-	-	-	-	-	-
-	-	-	-	-	-1,072	-4	-1,076
-	-1,010	-	-	-	-	-	-1,010
-1,002	1,002	-	-	-	-	-	-
11,654	-588	4,336	-848	1	1,955	238	24,136
11,581	-846	2,850	-610	-2	2,422	245	23,028
1,312	-	-	-	-	-1,312	-	-
-	-	-	-	-	75	5	80
26	-	581	-69	8	-	-1	545
-	-	-	-69	-	-	-	-69
-	-	585	-	-	-	1	586
1	-	-4	-	-	-	-	-3
-	-	-	-	8	-	1	9
24	-	-	-	-	-	3	27
1	-	-	-	-	-	-6	-5
26	-	581	-69	8	75	4	625
-	-	-	-	-	-	-1	-1
1	-	-	-	-	-	-	1
-	-	-	-	-	-1,110	-5	-1,115
-	-323	-	-	-	-	-	-323
-999	999	-	-	-	-	-	-
11,921	-170	3,431	-679	6	75	243	22,215

Condensed consolidated cash flow statement for the period from 1 January to 30 September 2011

€m	Q1-3 2011	Q1-3 2010
Consolidated result	80	1,955
Net change in technical provisions	9,375	6,354
Change in deferred acquisition costs	-298	-491
Change in deposits retained and accounts receivable and payable	-3,654	688
Change in other receivables and liabilities	228	1,449
Gains and losses on the disposal of investments	-1,193	-1,409
Change in securities held for trading	-925	-436
Change in other balance sheet items	-219	-57
Other income and expenses without impact on cash flow	2,545	-1,050
I. Cash flows from operating activities	5,939	7,003
Change from losing control of consolidated subsidiaries	446	2
Change from obtaining control of consolidated subsidiaries	-278	-23
Change from the acquisition, sale and maturities of other investments	-1,886	-4,340
Change from the acquisition and sale of investments for unit-linked life insurance	-374	-503
Other	19	-24
II. Cash flows from investing activities	-2,073	-4,888
Inflows from increase in capital and from non-controlling interests	-	-
Outflows to ownership interests and non-controlling interests	345	1,010
Dividend payments	1,115	1,076
Change from other financing activities	-1,487	-275
III. Cash flows from financing activities	-2,947	-2,361
Cash flows for the financial year (I + II + III)	919	-246
Effect of exchange rate changes on cash	-30	55
Cash at the beginning of the financial year	2,900	3,082
Cash at 30 September of the financial year	3,789	2,891

Selected notes to the consolidated financial statements

Recognition and measurement

This quarterly report as at 30 September 2011 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, Interim Financial Reporting. We have complied with all new and amended IFRSs and IFRIC interpretations whose application is compulsory for Munich Re for the first time for periods beginning on 1 January 2011.

In particular the following standards and interpretations have been adopted or amended:

The revision of [IAS 24 \(rev. 11/2009\), Related Party Disclosures](#), simplifies the disclosure requirements for state-controlled entities. Certain related parties that result from the participation of the state in private companies are exempted from some of the disclosure requirements of IAS 24 specified in the amended standard. In addition, the overall definition of related parties has been revised. These changes are of subordinate importance for Munich Re.

The changes to [IAS 32 \(rev. 10/2009\), Financial Instruments: Presentation](#), provide for certain subscription rights (also options or warrants) denominated in a foreign currency (i.e. a currency other than the entity's functional currency) to be classified as equity and not as a liability by the issuer to whose equity instruments these rights apply. The amendments are of no relevance for Munich Re.

The amended interpretation [IFRIC 14 \(rev. 11/2009\), IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction](#), applies in the circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permits the entity to treat the benefit of such an early payment as an asset. This change has no practical significance for Munich Re.

The new interpretation [IFRIC 19 \(11/2009\), Extinguishing Financial Liabilities with Equity Instruments](#), contains guidelines on how financial liabilities are to be accounted for in accordance with IAS 39 if the creditor accepts the entity's shares or other equity instruments to settle these liabilities fully or partially. For Munich Re, the interpretation is currently of no significance.

The changes published as part of the IASB's [Annual Improvement Process](#) in May 2010 concern eleven IFRSs and the interpretation IFRIC 13. With the exception of the change to IAS 34, Interim Financial Reporting, these are not significant for Munich Re. The change to IAS 34 extends disclosure requirements in the notes to the financial statements. Of particular relevance is that significant transfers between levels of the fair value hierarchy for financial instruments now have to be published in interim financial statements as well. Munich Re has put in place a process to ensure that such transfers are made transparent and can be disclosed in interim reports where necessary.

Otherwise, the same principles of recognition, measurement and consolidation have been applied as in our consolidated financial statements as at 31 December 2010. 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. To determine the allocation to the provision for premium refunds during the year, the latest expected ratio of surplus distribution to the unadjusted result after tax is applied to unadjusted earnings at the end of the quarter. This change in estimation only affects the distribution of the allocation to the provision for premium refunds between quarters and not the amount of the allocation for the financial year as a whole. 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 2010, i.e. for the respective result for the period from 1 January to the reporting date, the consolidated companies make a direct tax calculation and, for the current quarter, merely report the change compared with the previous quarter.

Changes in the consolidated group

On 1 January 2011, through its subsidiary Munich Health North America Inc., Wilmington, Delaware, Munich Re acquired 100% of the shares in the Windsor Health Group Inc. (Windsor), Brentwood, Tennessee, for a total of US\$ 131.5m (€98.0m) in cash, fully financed from our own resources.

Windsor operates government-sponsored health plans for the senior segment through its subsidiary Windsor Health Plan, Inc., Brentwood, Tennessee, which provides specialty managed healthcare services in the senior segment to more than 75,000 members in the US states of Alabama, Arkansas, Mississippi, South Carolina and Tennessee. The acquisition of Windsor strengthens the position of our US subsidiary Sterling Life Insurance Company, Bellingham, Washington State, in the senior segment by sharpening our competitive edge for the challenges of the US health reform.

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

In connection with the acquisition of Windsor, other intangible assets of €46.6m and goodwill of €38.1m have been recognised. The goodwill derives in particular from synergies with the rest of Munich Re's Medicare business as regards products and services offered, geographical spread and distribution channels. The goodwill includes the value assigned to Windsor's staff. We are proceeding on the assumption that the goodwill will not be tax-deductible.

Windsor's combined opening balance sheet at the time of acquisition, after elimination of its intra-group business, also includes the following provisional IFRS fair values: investments of €9.0m, cash at banks, cheques and cash in hand of €29.5m, receivables of €24.7m, deferred tax assets of €6.5m and other asset items of €13.3m, technical provisions of €29.4m, other provisions and liabilities of €22.0m, and deferred taxes of €18.3m. Windsor's equity at the time of acquisition amounted to €31.0m.

The acquired receivables consist mainly of amounts payable by Centers for Medicare and Medicaid Services (CMS), from which Windsor receives its premiums. At the time of acquisition, these receivables amounted to €13.4m. This represents the fair value, as we do not expect any defaults from CMS, given that it is a federal agency.

No contingent liabilities, contingent payments or separate transactions within the meaning of IFRS 3 were identified. The income and expenses for the months of January to September 2011 have been recognised in the consolidated income statement. In this period, Windsor contributed €6.6m to the consolidated result.

As Windsor was acquired with effect from 1 January 2011, the amounts included in the consolidated result for the first three quarters tally with the figures since the commencement of the current financial year.

The provisional figures for Windsor were adjusted in the first quarter owing to the still ongoing determination of the tax impact. The adjustments mainly involved an increase of €6.5m in the deferred tax assets. Altogether, there was a decrease of €7.6m in goodwill.

With economic effect from 1 January 2011, via its subsidiary MR RENT-Investment GmbH, Munich, Munich Re acquired 100% of the voting shares in 11 wind park companies in a bidding process. The wind park portfolio comprises wind parks already operating in various regions of Germany and a total of over 40 wind turbines.

Through a purchase and share-transfer contract and an agreement on the change of general partner, MR RENT-Investment GmbH, Munich, acquired from wpd windpark asset GmbH & Co. KG, Bremen, all the limited partner shares in each of the following wind park companies:

- Windpark Mittelhausen GmbH & Co. KG, Bremen
- Windpark Sassenberg GmbH & Co. KG, Bremen
- Einzelanlage Hohenseefeld GmbH & Co. KG, Bremen
- wpd Windpark Wergzahna GmbH & Co. KG, Bremen
- Windpark Hillmersdorf GmbH & Co. KG, Bremen
- Windpark Marwitz GmbH & Co. KG, Bremen
- Windpark Großberndten 2 GmbH & Co. KG, Bremen
- Windpark Krüge GmbH & Co. KG, Bremen
- Windpark Geisleden Betriebs GmbH & Co. KG, Bremen
- Windpark Klein Bünzow GmbH & Co. KG, Bremen
- Windpark Langengrassau GmbH & Co. KG, Bremen

MR RENT-Management GmbH, Munich, also a subsidiary of Munich Re, became the new general partner in the limited partnerships. The acquisition is part of the RENT programme (Renewable Energy and New Technologies), through which Munich Re plans to invest in renewable energies and new environmental technologies.

The provisional purchase price for the wind park portfolio is €40.5m in cash and will be fully financed from our own resources. The purchase price comprises various forms of conditional consideration. At the reporting date, possible adjustments to the purchase price due to additional or fewer downtimes were still open. There were no significant impacts on the results from adjustments to the purchase price made in the period under review.

The IFRS fair values for the acquired assets and liabilities of the wind park portfolio at the time of acquisition are as follows: intangible assets of €23.8m, investments of €101.7m, other assets of €10.2m, liabilities of €90.7m and other liabilities of €5.4m.

The fair value of the acquired receivables from deliveries and services amounts to €3.6m and corresponds to the gross contract value. No defaults were expected at the time of acquisition.

The goodwill of €0.9m arithmetically resulting from the transaction was written off in full after we carried out an impairment test.

The income and expenses for the months of January to September 2011 have been recognised in the consolidated income statement. During this period, the income and expenses in connection with the wind park portfolio balanced each other out. As the wind park portfolio was acquired with effect from 1 January 2011, the amounts included in the consolidated result for the first three quarters tally with the figures since the commencement of the current financial year.

Via its subsidiary IK Premium Fonds GmbH & Co. KG, Düsseldorf, on the basis of a placement guarantee, Munich Re increased its stake in IDEENKAPITAL Metropolen Europa GmbH & Co. KG, Düsseldorf, by 60.60% for a purchase price of €25.7m on 30 May 2011. In the third quarter, a further 11.74% was acquired for a purchase price of €18.0m. Following the two acquisitions, Munich Re now holds 72.34% of the shares. IDEENKAPITAL Metropolen Europa GmbH & Co. KG, Düsseldorf, is a closed real estate fund whose object is the acquisition and holding of units in the Hines Pan-European Core Fund.

With economic effect from 19 July 2011, via its subsidiary MR RENT-Investment GmbH, Munich, Munich Re acquired 100% of the voting shares in the following two photovoltaic solar park companies from FOTOWATIO Italia S.R.L., Turin, Italy:

- FOTOWATIO Italia Galatina S.R.L., Galatina, Italy
- FOTOUNO S.R.L., Ginosa, Italy

FOTOWATIO Italia Galatina S.R.L. operates a photovoltaics park outside the town of Galatina (near Lecce, in the Apulia region of Italy). FOTOUNO S.R.L. operates the following three photovoltaic parks on the outskirts of the town of Ginosa:

- Cantore plant
- Stornara plant
- Marinella plant

This acquisition, too, is part of the RENT programme (Renewable Energy and New Technologies), through which Munich Re plans to invest in renewable energies and new environmental technologies. The provisional purchase price of €150.9m was paid for the acquisition of the solar park companies. The amount comprises a cash payment of €17.3m to the seller and €133.6m for the settlement of liabilities of the acquired companies.

The provisional acquisition price will be adjusted if at the time of acquisition the acquired companies' actual net debt deviates from their estimated net debt, taking into account the July results. There is currently no indication of a significant deviation of the actual figures from the estimated figures.

The IFRS fair values of the acquired assets and liabilities of the companies at the time of acquisition are as follows: intangible assets of €42.7m, investments of €91.1m, receivables of €20.8m, other asset items of €1.4m, liabilities of €133.6m towards MR RENT-Investment GmbH, other liabilities of €2.7m, and deferred tax liabilities of €6.1m. The liabilities of €133.6m towards MR RENT-Investment GmbH are eliminated in the consolidation process.

The fair value of the receivables acquired as part of the transaction amounts to €20.8m and corresponds to the carrying amount. No defaults were expected at the time of acquisition.

The goodwill of €3.7m arithmetically resulting from the transaction was written off in full after we carried out an impairment test.

Since 19 July 2011, the business of the acquired companies contributed €4.8m to the consolidated earnings and €2.4m to the consolidated result. If the business combination had taken place on 1 January 2011, the consolidated earnings would have increased by €13.8m. The change in the consolidated result cannot be accurately calculated owing to lack of data at the beginning of the year.

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

Rate for €1	Balance sheet			Income statement				
	30.9.2011	31.12.2010	Q3 2011	Q2 2011	Q1 2011	Q3 2010	Q2 2010	Q1 2010
Australian dollar	1.38050	1.30875	1.34548	1.35471	1.36117	1.42952	1.44180	1.53014
Canadian dollar	1.39815	1.33300	1.38415	1.39349	1.34905	1.34359	1.30782	1.43929
Pound sterling	0.86125	0.85685	0.87730	0.88272	0.85434	0.83357	0.85292	0.88760
Rand	10.78610	8.87535	10.08520	9.77872	9.56836	9.45681	9.60159	10.38680
Swiss franc	1.21870	1.25045	1.16407	1.25180	1.28747	1.33251	1.40842	1.46288
US dollar	1.34170	1.34155	1.41210	1.43956	1.36872	1.29286	1.27292	1.38356
Yen	103.4180	108.8060	109.6890	117.3950	112.5780	110.8440	117.2940	125.5380

Segment reporting

In accordance with the “management approach”, the segmentation of our business operations is based on the way in which Munich Re is managed internally.

We have consequently identified seven segments to be reported:

- // Life reinsurance (global life reinsurance business)
- // Property-casualty reinsurance (global property-casualty reinsurance business)
- // Life primary insurance (global life primary insurance business)
- // Health primary insurance (German health primary insurance business and global travel insurance business)
- // Property-casualty primary insurance (global property-casualty primary insurance business)

Segment assets

€m	Reinsurance					
	Life		Property-casualty		Life	
	30.9. 2011	31.12. 2010	30.9. 2011	31.12. 2010	30.9. 2011	31.12. 2010
A. Intangible assets	167	168	1,954	1,969	1,128	1,162
B. Investments						
I. Land and buildings, including buildings on third-party land	256	267	1,180	1,178	1,731	1,760
Thereof:						
Held for sale	-	-	-	-	20	-
II. Investments in affiliated companies and associates	1,238	1,274	5,458	5,418	389	406
Thereof:						
Associates accounted for using the equity method	57	58	304	295	106	179
III. Loans	227	339	1,053	1,436	34,390	32,708
IV. Other securities						
1. Held to maturity	-	-	-	-	17	42
2. Available for sale	13,680	12,879	49,895	50,529	36,102	37,695
Thereof:						
Held for sale	-	-	50	-	168	-
3. At fair value through profit or loss	479	331	778	603	932	617
	14,159	13,210	50,673	51,132	37,051	38,354
V. Deposits retained on assumed reinsurance	9,367	6,121	1,156	1,500	153	137
VI. Other investments	437	457	2,009	1,333	1,331	624
Thereof:						
Held for sale	-	-	-	-	10	-
	25,684	21,668	61,529	61,997	75,045	73,989
C. Investments for the benefit of life insurance policyholders who bear the investment risk	-	-	-	-	4,970	4,953
Thereof:						
Held for sale	-	-	-	-	71	-
D. Ceded share of technical provisions	963	987	2,498	2,396	2,996	2,936
Thereof:						
Held for sale	-	-	13	-	-	-
E. Other segment assets	6,217	5,631	11,560	10,183	8,897	9,085
Thereof:						
Held for sale	-	-	-	-	18	-
Total segment assets	33,031	28,454	77,541	76,545	93,036	92,125

Selected notes to the consolidated financial statements

// Munich Health (global health reinsurance business and health primary insurance outside Germany)

// Asset management (management of assets for the Group and for external investors)

Munich Re's primary insurance segments comprise all the activities of the ERGO Insurance Group (ERGO) with the exception of international health primary insurance business, which is handled by Munich Health. Moreover, certain primary insurers whose business requires special solution-finding competence are coupled to reinsurance as the risk carrier. We therefore transact their business from within reinsurance and consequently allocate them to the reinsurance segment.

	Primary insurance		Munich Health		Asset management		Consolidation		Total			
	Health	Property-casualty										
	30.9. 2011	31.12. 2010	30.9. 2011	31.12. 2010	30.9. 2011	31.12. 2010	30.9. 2011	31.12. 2010	30.9. 2011	31.12. 2010	30.9. 2011	31.12. 2010
	686	691	908	955	198	124	19	21	-3	-4	5,057	5,086
	605	623	83	340	31	16	64	63	-1	-	3,949	4,247
	-	-	-	-	-	-	-	-	-	-	20	-
	323	317	4,121	4,280	67	53	63	59	-10,597	-10,716	1,062	1,091
	94	107	158	153	56	51	46	42	-13	-15	808	870
	16,517	15,856	2,604	2,482	28	25	-	-	-3,884	-3,911	50,935	48,935
	-	-	-	-	-	-	-	-	-	-	17	42
	12,777	12,428	5,699	5,857	3,817	2,621	387	114	-	-	122,357	122,123
	11	-	63	-	-	-	-	-	-	-	292	-
	80	37	26	12	16	12	-	-	-1	-	2,310	1,612
	12,857	12,465	5,725	5,869	3,833	2,633	387	114	-1	-	124,684	123,777
	1	1	21	20	1,316	1,251	-	-	-2,129	-2,128	9,885	6,902
	446	87	668	552	212	129	201	780	-1,047	-763	4,257	3,199
	-	-	6	-	-	-	-	-	-	-	16	-
	30,749	29,349	13,222	13,543	5,487	4,107	715	1,016	-17,659	-17,518	194,772	188,151
	-	3	-	-	1	1	-	-	-	-	4,971	4,957
	-	-	-	-	-	-	-	-	-	-	71	-
	1,046	1,062	959	894	33	30	-	-	-2,897	-2,815	5,598	5,490
	-	-	-	-	-	-	-	-	-	-	13	-
	3,463	3,464	4,410	4,445	2,474	1,919	675	58	-1,648	-2,111	36,048	32,674
	1	-	14	-	-	-	-	-	-	-	33	-
	35,944	34,569	19,499	19,837	8,193	6,181	1,409	1,095	-22,207	-22,448	246,446	236,358

Segment reporting

Segment equity and liabilities

€m	Reinsurance					
	Life		Property-casualty		Life	
	30.9. 2011	31.12. 2010	30.9. 2011	31.12. 2010	30.9. 2011	31.12. 2010
A. Subordinated liabilities	1,352	1,344	3,045	2,885	106	105
B. Gross technical provisions						
I. Unearned premiums	48	52	6,377	5,669	5	1
Thereof:						
Held for sale	-	-	24	-	-	-
II. Provision for future policy benefits	15,019	11,605	-	317	70,058	69,606
Thereof:						
Held for sale	-	-	-	-	203	-
III. Provision for outstanding claims	4,818	4,509	40,609	37,161	1,523	1,510
Thereof:						
Held for sale	-	-	15	-	6	-
IV. Other technical provisions	499	498	16	138	2,697	2,167
	20,384	16,664	47,002	43,285	74,283	73,284
C. Gross technical provisions for life insurance policies where the investment risk is borne by the policyholders	-	-	-	-	5,255	5,206
Thereof:						
Held for sale	-	-	-	-	71	-
D. Other accrued liabilities	140	174	535	623	546	565
E. Other segment liabilities	5,916	5,904	11,750	11,296	9,274	9,300
Total segment liabilities	27,792	24,086	62,332	58,089	89,464	88,460

Selected notes to the consolidated financial statements

	Health		Primary insurance Property-casualty		Munich Health		Asset management		Consolidation		Total		
	30.9. 2011	31.12. 2010	30.9. 2011	31.12. 2010	30.9. 2011	31.12. 2010	30.9. 2011	31.12. 2010	30.9. 2011	31.12. 2010	30.9. 2011	31.12. 2010	
	23	23	970	366	221	185	-	-	-1,032	-61	4,685	4,847	
	117	97	1,906	1,691	476	444	-	-	-104	-75	8,825	7,879	
	7	-	20	-	-	-	-	-	-	-	51	-	
	23,914	22,855	459	443	1,649	1,591	-	-	-2,035	-2,004	109,064	104,413	
	-	-	-	-	-	-	-	-	-	-	203	-	
	926	939	5,023	4,915	1,006	1,075	-	-	-637	-608	53,268	49,501	
	5	-	53	-	-	-	-	-	-	-	79	-	
	6,795	6,508	168	182	205	215	-	-	-65	-153	10,315	9,555	
	31,752	30,399	7,556	7,231	3,336	3,325	-	-	-2,841	-2,840	181,472	171,348	
	-	3	-	-	1	1	-	-	-	-	5,256	5,210	
	-	-	-	-	-	-	-	-	-	-	71	-	
	253	316	1,710	1,776	119	102	41	47	-122	-145	3,222	3,458	
	2,190	2,080	4,847	6,037	2,016	1,559	1,240	909	-7,637	-8,618	29,596	28,467	
	34,218	32,821	15,083	15,410	5,693	5,172	1,281	956	-11,632	-11,664	224,231	213,330	
											Equity	22,215	23,028
											Total equity and liabilities	246,446	236,358

Segment reporting

Segment income statement 1.1.-30.9.2011

€m	Reinsurance					
	Life		Property-casualty		Life	
	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
Gross premiums written	7,200	5,916	12,765	11,712	4,475	4,683
Thereof:						
From insurance transactions with other segments	96	98	276	267	1	-
From insurance transactions with external third parties	7,104	5,818	12,489	11,445	4,474	4,683
1. Earned premiums						
Gross	7,204	5,985	12,048	11,308	4,475	4,684
Ceded	314	325	491	779	187	195
Net	6,890	5,660	11,557	10,529	4,288	4,489
2. Income from technical interest	533	421	1,028	1,031	1,447	2,702
3. Expenses for claims and benefits						
Gross	5,424	4,361	10,809	8,108	5,132	6,598
Ceded share	134	142	579	471	109	113
Net	5,290	4,219	10,230	7,637	5,023	6,485
4. Operating expenses						
Gross	1,938	1,714	3,526	3,344	775	803
Ceded share	108	123	93	175	39	39
Net	1,830	1,591	3,433	3,169	736	764
Thereof:						
Amortisation and impairment losses of acquired insurance portfolios	4	9	-	-	23	21
5. Technical result (1-4)	303	271	-1,078	754	-24	-58
6. Investment result						
Investment income	1,999	1,385	4,887	3,711	3,594	3,698
Investment expenses	1,274	683	3,368	1,562	1,876	551
Total	725	702	1,519	2,149	1,718	3,147
Thereof:						
Interest and similar income	612	562	1,248	1,305	2,286	2,214
Interest charges and similar expenses	17	30	71	54	24	19
Write-downs of investments	760	400	1,405	567	1,105	181
Write-ups of investments	512	349	852	469	608	649
Income from associates accounted for using the equity method	11	7	54	33	-	7
7. Other operating income	58	62	205	237	331	319
Thereof:						
Interest and similar income	15	24	26	53	7	4
Write-ups of other operating assets	8	1	24	3	1	-
8. Other operating expenses	50	45	164	166	371	375
Thereof:						
Interest charges and similar expenses	11	5	17	9	7	6
Write-downs of other operating assets	4	3	9	12	12	16
9. Deduction of income from technical interest	-533	-421	-1,028	-1,031	-1,447	-2,702
10. Non-technical result (6-9)	200	298	532	1,189	231	389
11. Operating result	503	569	-546	1,943	207	331
12. Other non-operating result, finance costs and impairment losses of goodwill	-122	-45	-313	-148	-43	-60
13. Taxes on income	175	168	-761	492	58	69
14. Consolidated result	206	356	-98	1,303	106	202
Thereof:						
Attributable to Munich Reinsurance Company equity holders	207	357	-95	1,306	107	203
Attributable to non-controlling interests	-1	-1	-3	-3	-1	-1

Selected notes to the consolidated financial statements

	Primary insurance		Munich Health		Asset management		Consolidation		Total			
	Health		Property-casualty		Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010								
	4,327	4,152	4,405	4,297	4,530	3,836	-	-	-536	-536	37,166	34,060
	5	6	34	32	124	133	-	-	-536	-536	-	-
	4,322	4,146	4,371	4,265	4,406	3,703	-	-	-	-	37,166	34,060
	4,301	4,127	4,103	3,966	4,487	3,769	-	-	-508	-514	36,110	33,325
	165	172	407	389	13	25	-	-	-508	-514	1,069	1,371
	4,136	3,955	3,696	3,577	4,474	3,744	-	-	-	-	35,041	31,954
	991	1,026	119	130	61	67	-	-	-62	-66	4,117	5,311
	4,428	4,345	2,692	2,572	3,637	3,019	-	-	-326	-368	31,796	28,635
	92	108	323	254	7	17	-	-	-353	-330	891	775
	4,336	4,237	2,369	2,318	3,630	3,002	-	-	27	-38	30,905	27,860
	474	506	1,320	1,243	847	756	-	-	-91	-90	8,789	8,276
	56	52	88	79	2	4	-	-	-148	-139	238	333
	418	454	1,232	1,164	845	752	-	-	57	49	8,551	7,943
	4	4	2	-	-	-	-	-	-	-	33	34
	373	290	214	225	60	57	-	-	-146	-77	-298	1,462
	1,335	1,264	865	691	216	150	24	7	-589	-312	12,331	10,594
	548	333	391	202	106	28	-	6	-47	-52	7,516	3,313
	787	931	474	489	110	122	24	1	-542	-260	4,815	7,281
	942	881	247	268	123	94	7	4	-170	-119	5,295	5,209
	9	7	10	9	2	1	-	-	-2	-3	131	117
	328	66	107	48	43	12	1	6	-	-	3,749	1,280
	81	56	39	29	17	18	-	-	-	-	2,109	1,570
	3	9	3	-3	1	8	12	-3	-	-	84	58
	80	91	779	701	69	63	195	198	-1,166	-1,143	551	528
	3	6	4	4	16	11	6	4	-9	-5	68	101
	-	-	1	-	6	-	-	-	-	-	40	4
	108	140	890	839	59	61	146	140	-1,239	-1,173	549	593
	10	31	82	72	6	4	15	8	-67	-42	81	93
	3	6	27	12	4	9	-	1	-	-	59	59
	-991	-1,026	-119	-130	-61	-67	-	-	62	66	-4,117	-5,311
	-232	-144	244	221	59	57	73	59	-407	-164	700	1,905
	141	146	458	446	119	114	73	59	-553	-241	402	3,367
	-30	-42	-178	-245	-59	-21	-16	-7	31	15	-730	-553
	39	14	40	61	29	36	17	21	-5	-2	-408	859
	72	90	240	140	31	57	40	31	-517	-224	80	1,955
	72	90	230	135	31	59	40	31	-517	-226	75	1,955
	-	-	10	5	-	-2	-	-	-	2	5	-

Segment reporting

Segment income statement 1.7.-30.9.2011

€m	Reinsurance					
	Life		Property-casualty		Life	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010
Gross premiums written	2,347	2,025	4,292	4,036	1,490	1,560
Thereof:						
From insurance transactions with other segments	31	32	84	71	-	-
From insurance transactions with external third parties	2,316	1,993	4,208	3,965	1,490	1,560
1. Earned premiums						
Gross	2,351	2,030	4,116	3,881	1,489	1,561
Ceded	99	112	143	289	59	62
Net	2,252	1,918	3,973	3,592	1,430	1,499
2. Income from technical interest	177	140	351	348	692	951
3. Expenses for claims and benefits						
Gross	1,792	1,565	2,517	2,399	1,926	2,303
Ceded share	47	43	137	93	36	55
Net	1,745	1,522	2,380	2,306	1,890	2,248
4. Operating expenses						
Gross	661	563	1,201	1,133	257	232
Ceded share	25	45	38	58	12	12
Net	636	518	1,163	1,075	245	220
Thereof:						
Amortisation and impairment losses of acquired insurance portfolios	-2	3	-	-	9	7
5. Technical result (1-4)	48	18	781	559	-13	-18
6. Investment result						
Investment income	836	456	1,857	1,078	1,630	1,280
Investment expenses	718	281	1,662	559	740	166
Total	118	175	195	519	890	1,114
Thereof:						
Interest and similar income	213	201	451	413	761	744
Interest charges and similar expenses	7	22	29	10	9	6
Write-downs of investments	477	160	790	305	311	73
Write-ups of investments	258	115	169	126	514	329
Income from associates accounted for using the equity method	2	4	12	18	2	1
7. Other operating income	24	20	70	79	115	110
Thereof:						
Interest and similar income	6	12	10	26	2	2
Write-ups of other operating assets	-	-	-	-	-	-
8. Other operating expenses	18	13	54	54	129	120
Thereof:						
Interest charges and similar expenses	4	1	7	1	2	1
Write-downs of other operating assets	1	1	-	6	5	3
9. Deduction of income from technical interest	-177	-140	-351	-348	-692	-951
10. Non-technical result (6-9)	-53	42	-140	196	184	153
11. Operating result	-5	60	641	755	171	135
12. Other non-operating result, finance costs and impairment losses of goodwill	-137	52	-249	54	-	-37
13. Taxes on income	-25	65	35	254	54	27
14. Consolidated result	-117	47	357	555	117	71
Thereof:						
Attributable to Munich Reinsurance Company equity holders	-117	48	357	556	117	73
Attributable to non-controlling interests	-	-1	-	-1	-	-2

Selected notes to the consolidated financial statements

	Primary insurance				Munich Health		Asset management		Consolidation		Total	
	Health		Property-casualty		Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010
	Q3 2011	Q3 2010	Q3 2011	Q3 2010								
	1,442	1,392	1,327	1,314	1,494	1,281	-	-	-175	-161	12,217	11,447
	2	2	11	10	47	46	-	-	-175	-161	-	-
	1,440	1,390	1,316	1,304	1,447	1,235	-	-	-	-	12,217	11,447
	1,463	1,420	1,388	1,350	1,500	1,300	-	-	-188	-175	12,119	11,367
	63	60	144	134	3	9	-	-	-188	-175	323	491
	1,400	1,360	1,244	1,216	1,497	1,291	-	-	-	-	11,796	10,876
	288	339	40	45	20	21	-	-	-21	-21	1,547	1,823
	1,422	1,485	978	847	1,179	1,014	-	-	-166	-96	9,648	9,517
	21	29	173	76	2	8	-	-	-164	-95	252	209
	1,401	1,456	805	771	1,177	1,006	-	-	-2	-1	9,396	9,308
	177	157	449	403	301	267	-	-	-51	-41	2,995	2,714
	33	25	36	22	-	1	-	-	-68	-55	76	108
	144	132	413	381	301	266	-	-	17	14	2,919	2,606
	1	1	1	-	-	-	-	-	-	-	9	11
	143	111	66	109	39	40	-	-	-36	-34	1,028	785
	455	404	186	143	85	45	16	-5	-83	-37	4,982	3,364
	251	96	230	58	54	12	-1	6	-19	-17	3,635	1,161
	204	308	-44	85	31	33	17	-11	-64	-20	1,347	2,203
	315	296	83	87	41	33	3	1	-80	-36	1,787	1,739
	4	2	1	3	1	-	-	-	-1	-1	50	42
	177	33	61	16	24	7	-	6	-	-	1,840	600
	38	3	21	8	6	5	-	-	-	-	1,006	586
	5	11	2	-3	1	-	11	-6	-	-	35	25
	28	28	271	254	26	25	68	69	-402	-404	200	181
	2	1	1	3	9	6	3	2	-7	-2	26	50
	-	-	-	-	1	-	-	-	-	-	1	-
	37	42	307	308	22	23	49	48	-427	-411	189	197
	4	9	34	23	2	1	7	3	-31	-14	29	25
	1	1	6	2	-	4	-	1	-	-	13	18
	-288	-339	-40	-45	-20	-21	-	-	21	21	-1,547	-1,823
	-93	-45	-120	-14	15	14	36	10	-18	8	-189	364
	50	66	-54	95	54	54	36	10	-54	-26	839	1,149
	-10	-11	-37	-50	-69	17	-4	-3	19	4	-487	26
	14	14	-8	18	-10	30	6	7	-4	-1	62	414
	26	41	-83	27	-5	41	26	-	-31	-21	290	761
	26	41	-86	27	-5	42	25	-	-31	-23	286	764
	-	-	3	-	-	-1	1	-	-	2	4	-3

Segment reporting

Non-current assets by country¹

€m	30.9.2011	31.12.2010
Germany	7,740	7,651
USA	2,052	2,024
Austria	453	472
UK	295	296
Sweden	243	247
Italy	204	63
Netherlands	166	177
France	160	161
Spain	134	136
Poland	127	126
Switzerland	99	96
Portugal	98	110
Greece	52	58
Others	231	550
Total	12,054	12,167

¹ The non-current assets mainly comprise intangible assets (especially goodwill), our owner-occupied and investment property, and investments in renewable energies (RENT).

Gross premiums written¹

€m	Reinsurance		Primary insurance		Munich Health		Total	
	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
Europe	6,366	6,281	13,024	12,963	1,215	1,240	20,605	20,484
North America	8,036	7,150	-	-	2,916	1,999	10,952	9,149
Asia and Australasia	3,543	2,477	136	131	104	286	3,783	2,894
Africa, Near and Middle East	571	535	2	-	166	170	739	705
Latin America	1,077	820	5	-	5	8	1,087	828
Total	19,593	17,263	13,167	13,094	4,406	3,703	37,166	34,060

¹ After elimination of intra-Group reinsurance across segments.

Gross premiums written¹

€m	Reinsurance		Primary insurance		Munich Health		Total	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010
Europe	1,930	2,102	4,198	4,209	425	392	6,553	6,703
North America	2,714	2,497	-	-	947	690	3,661	3,187
Asia and Australasia	1,293	889	46	45	26	99	1,365	1,033
Africa, Near and Middle East	186	161	-	-	48	50	234	211
Latin America	401	309	2	-	1	4	404	313
Total	6,524	5,958	4,246	4,254	1,447	1,235	12,217	11,447

¹ After elimination of intra-Group reinsurance across segments.

Notes to the consolidated balance sheet

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

Intangible assets

€m	30.9.2011	31.12.2010
I. Goodwill	3,461	3,453
II. Other intangible assets	1,596	1,633
Thereof:		
Software	365	384
Purchased insurance portfolios	561	604
Other	670	645
Total	5,057	5,086

Given the difficult market environment in South Korean motor insurance business, increasingly evident regulation and the less favourable mid-term opportunity and risk profile, we subjected the goodwill of ERGO Daum Direct General Insurance Co. Ltd., Seoul, South Korea, to an impairment test in the first quarter of 2011. This test led to a complete write-off of its goodwill of €20m and to a write-down of other intangible assets of €6m. In addition, a write-down of €10m in other assets was made.

At the time of acquisition on 8 May 2007, the purchase price for the Bell & Clements Group contained various contingent components. In the third quarter of 2011, these had to be reduced by €3m, because their settlement amount was below the original estimate. This led to a reduction in goodwill of the same amount. All contingent payment obligations from the acquisition of the Bell & Clements Group have now been settled.

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

	30.9.2011	31.12.2010
Number of shares in circulation	177,588,750	180,378,583
Number of own shares held	1,752,462	8,089,888
Total	179,341,212	188,468,471

Non-controlling interests

€m	30.9.2011	31.12.2010
Unrealised gains and losses	12	11
Consolidated result	5	9
Other equity	226	225
Total	243	245

These are mainly minority interests in individual companies of the primary insurance group.

Selected notes to the consolidated financial statements

Subordinated liabilities

€m	30.9.2011	31.12.2010
Munich Reinsurance Company, Munich, 6.00% until 2021, thereafter floating, €1,000m, Bonds 2011/2041 S&P rating: A	987	-
Munich Reinsurance Company, Munich, 6.75% until 2013, thereafter floating, €1,706m ¹ , Bonds 2003/2023 S&P rating: A	1,698	2,884
Munich Reinsurance Company, Munich, 7.625% until 2018, thereafter floating, £300m, Bonds 2003/2028 S&P rating: A	346	348
Munich Reinsurance Company, Munich, 5.767% until 2017, thereafter floating, €1,349m, Bonds 2007/perpetual S&P rating: A	1,550	1,513
Bank Austria Creditanstalt Versicherung AG, Vienna, 4.95%, €50m, Registered bonds 2004/2014 Rating: -	49	49
Bank Austria Creditanstalt Versicherung AG, Vienna, 6% until 2011, thereafter floating, €12m ² , Registered bonds 2001/perpetual Rating: -	10	9
Bank Austria Creditanstalt Versicherung AG, Vienna, secondary market yield on federal government bonds (Austria), +70 BP, €13m ³ , Registered bonds 1998/perpetual Rating: -	10	10
HSB Group Inc., Delaware LIBOR +91 BP, US\$ 76m, Bonds 1997/2027 Rating: -	35	34
Total	4,685	4,847

¹ The issuer bought back bonds with a nominal value of €1,178m in the first half-year 2011 and bonds with a nominal value of €16m in the third quarter of 2011.

² ERGO International AG holds bonds with a nominal value of €3m; the volume outstanding has been reduced accordingly.

³ ERGO AG holds bonds with a nominal value of €3m; the volume outstanding has been reduced accordingly.

Bonds and notes issued

€m	30.9.2011	31.12.2010
Munich Re America Corporation, Princeton, 7.45%, US\$ 374m ¹ , Senior Notes 1996/2026 S&P rating: A-	278	290
Total	278	290

¹ The issuer bought back notes with a nominal value of US\$ 0.1m in the first half-year 2011 and notes with a nominal value of US\$ 15m in the third quarter of 2011.

Notes to the consolidated income statement

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

Premiums¹

€m	Reinsurance			
	Life		Property-casualty	
	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
Gross premiums written	7,104	5,818	12,489	11,445
Change in gross unearned premiums	-4	-69	691	383
Gross earned premiums	7,108	5,887	11,798	11,062
Ceded premiums written	314	325	427	825
Change in unearned premiums - Ceded share	-	-	-63	46
Earned premiums ceded	314	325	490	779
Net earned premiums	6,794	5,562	11,308	10,283

€m	Primary insurance					
	Life		Health		Property-casualty	
	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
Gross premiums written	4,474	4,683	4,322	4,146	4,371	4,265
Change in gross unearned premiums	-2	-	26	24	302	330
Gross earned premiums	4,476	4,683	4,296	4,122	4,069	3,935
Ceded premiums written	82	91	13	14	167	149
Change in unearned premiums - Ceded share	-	-	1	1	5	5
Earned premiums ceded	82	91	12	13	162	144
Net earned premiums	4,394	4,592	4,284	4,109	3,907	3,791

€m	Munich Health			Total
	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
Gross premiums written	4,406	3,703	37,166	34,060
Change in gross unearned premiums	43	67	1,056	735
Gross earned premiums	4,363	3,636	36,110	33,325
Ceded premiums written	10	19	1,013	1,423
Change in unearned premiums - Ceded share	1	-	-56	52
Earned premiums ceded	9	19	1,069	1,371
Net earned premiums	4,354	3,617	35,041	31,954

¹ After elimination of intra-Group transactions across segments.

Selected notes to the consolidated financial statements

Premiums¹

€m	Reinsurance			
	Life		Property-casualty	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010
Gross premiums written	2,316	1,993	4,208	3,965
Change in gross unearned premiums	-4	-5	189	165
Gross earned premiums	2,320	1,998	4,019	3,800
Ceded premiums written	99	112	153	313
Change in unearned premiums - Ceded share	-	-	10	24
Earned premiums ceded	99	112	143	289
Net earned premiums	2,221	1,886	3,876	3,511

€m	Primary insurance					
	Life		Health		Property-casualty	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010
Gross premiums written	1,490	1,560	1,440	1,390	1,316	1,304
Change in gross unearned premiums	-1	-	-20	-28	-60	-34
Gross earned premiums	1,491	1,560	1,460	1,418	1,376	1,338
Ceded premiums written	26	28	3	4	47	45
Change in unearned premiums - Ceded share	-	-	-	-1	-3	-6
Earned premiums ceded	26	28	3	5	50	51
Net earned premiums	1,465	1,532	1,457	1,413	1,326	1,287

€m	Munich Health		Total	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010
	Gross premiums written	1,447	1,235	12,217
Change in gross unearned premiums	-6	-18	98	80
Gross earned premiums	1,453	1,253	12,119	11,367
Ceded premiums written	2	6	330	508
Change in unearned premiums - Ceded share	-	-	7	17
Earned premiums ceded	2	6	323	491
Net earned premiums	1,451	1,247	11,796	10,876

¹ After elimination of intra-Group transactions across segments.

Selected notes to the consolidated financial statements

Income from technical interest¹

€m	Reinsurance			
	Life		Property-casualty	
	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
Income from technical interest	501	388	1,028	1,031

→

€m	Life		Health		Primary insurance Property-casualty	
	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
	Income from technical interest	1,447	2,702	991	1,026	119

→

€m	Munich Health		Total	
	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
	Income from technical interest	31	34	4,117

¹ After elimination of intra-Group transactions across segments.

Income from technical interest¹

€m	Reinsurance			
	Life		Property-casualty	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010
Income from technical interest	166	129	351	348

→

€m	Life		Health		Primary insurance Property-casualty	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010
	Income from technical interest	692	951	288	339	40

→

€m	Munich Health		Total	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010
	Income from technical interest	10	11	1,547

¹ After elimination of intra-Group transactions across segments.

Expenses for claims and benefits¹

€m	Reinsurance			
	Life		Property-casualty	
	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
Gross				
Claims and benefits paid	4,762	3,552	7,176	7,437
Changes in technical provisions				
Provision for future policy benefits	178	385	-6	-1
Provision for outstanding claims	396	324	3,389	461
Provision for premium refunds	-	-	9	3
Other technical result	-1	7	35	42
Gross expenses for claims and benefits	5,335	4,268	10,603	7,942
Ceded share				
Claims and benefits paid	206	86	389	595
Changes in technical provisions				
Provision for future policy benefits	-38	-53	-	-
Provision for outstanding claims	-12	125	189	-118
Provision for premium refunds	-	-	-	-
Other technical result	-22	-17	-	-6
Expenses for claims and benefits - Ceded share	134	141	578	471
Net				
Claims and benefits paid	4,556	3,466	6,787	6,842
Changes in technical provisions				
Provision for future policy benefits	216	438	-6	-1
Provision for outstanding claims	408	199	3,200	579
Provision for premium refunds	-	-	9	3
Other technical result	21	24	35	48
Net expenses for claims and benefits	5,201	4,127	10,025	7,471

Selected notes to the consolidated financial statements

→	Primary insurance					
	Life		Health		Property-casualty	
€m	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
Gross						
Claims and benefits paid	4,800	4,464	2,928	2,812	2,469	2,346
Changes in technical provisions						
Provision for future policy benefits	-112	955	768	813	14	41
Provision for outstanding claims	13	-3	-11	19	182	146
Provision for premium refunds	354	1,059	796	735	10	10
Other technical result	118	121	-5	-5	-1	14
Gross expenses for claims and benefits	5,173	6,596	4,476	4,374	2,674	2,557
Ceded share						
Claims and benefits paid	68	65	6	5	93	56
Changes in technical provisions						
Provision for future policy benefits	44	45	-	-	-	-
Provision for outstanding claims	-8	-2	-	2	25	32
Provision for premium refunds	1	1	-	-	-	-
Other technical result	-57	-56	-	-	-	-
Expenses for claims and benefits - Ceded share	48	53	6	7	118	88
Net						
Claims and benefits paid	4,732	4,399	2,922	2,807	2,376	2,290
Changes in technical provisions						
Provision for future policy benefits	-156	910	768	813	14	41
Provision for outstanding claims	21	-1	-11	17	157	114
Provision for premium refunds	353	1,058	796	735	10	10
Other technical result	175	177	-5	-5	-1	14
Net expenses for claims and benefits	5,125	6,543	4,470	4,367	2,556	2,469

Selected notes to the consolidated financial statements

→	Munich Health		Total	
€m	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
Gross				
Claims and benefits paid	3,547	2,615	25,682	23,226
Changes in technical provisions				
Provision for future policy benefits	59	63	901	2,256
Provision for outstanding claims	-71	227	3,898	1,174
Provision for premium refunds	-	-4	1,169	1,803
Other technical result	-	-3	146	176
Gross expenses for claims and benefits	3,535	2,898	31,796	28,635
Ceded share				
Claims and benefits paid	5	17	767	824
Changes in technical provisions				
Provision for future policy benefits	-	-	6	-8
Provision for outstanding claims	2	-2	196	37
Provision for premium refunds	-	-	1	1
Other technical result	-	-	-79	-79
Expenses for claims and benefits - Ceded share	7	15	891	775
Net				
Claims and benefits paid	3,542	2,598	24,915	22,402
Changes in technical provisions				
Provision for future policy benefits	59	63	895	2,264
Provision for outstanding claims	-73	229	3,702	1,137
Provision for premium refunds	-	-4	1,168	1,802
Other technical result	-	-3	225	255
Net expenses for claims and benefits	3,528	2,883	30,905	27,860

¹ After elimination of intra-Group transactions across segments.

Selected notes to the consolidated financial statements

Expenses for claims and benefits¹

€m	Reinsurance			
		Life	Property-casualty	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010
Gross				
Claims and benefits paid	1,568	1,238	2,326	2,345
Changes in technical provisions				
Provision for future policy benefits	50	114	8	7
Provision for outstanding claims	146	150	42	-9
Provision for premium refunds	-	-	2	-5
Other technical result	1	34	10	10
Gross expenses for claims and benefits	1,765	1,536	2,388	2,348
Ceded share				
Claims and benefits paid	105	60	132	223
Changes in technical provisions				
Provision for future policy benefits	-8	-17	-	-
Provision for outstanding claims	-43	5	2	-130
Provision for premium refunds	-	-	-	-
Other technical result	-6	-6	1	-
Expenses for claims and benefits - Ceded share	48	42	135	93
Net				
Claims and benefits paid	1,463	1,178	2,194	2,122
Changes in technical provisions				
Provision for future policy benefits	58	131	8	7
Provision for outstanding claims	189	145	40	121
Provision for premium refunds	-	-	2	-5
Other technical result	7	40	9	10
Net expenses for claims and benefits	1,717	1,494	2,253	2,255

Selected notes to the consolidated financial statements

→	Primary insurance					
	Life		Health		Property-casualty	
€m	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010
Gross						
Claims and benefits paid	1,614	1,472	970	940	800	769
Changes in technical provisions						
Provision for future policy benefits	-185	338	246	262	3	12
Provision for outstanding claims	16	18	18	16	167	61
Provision for premium refunds	443	431	208	289	4	4
Other technical result	38	42	-3	-2	-2	-4
Gross expenses for claims and benefits	1,926	2,301	1,439	1,505	972	842
Ceded share						
Claims and benefits paid	20	16	2	2	33	6
Changes in technical provisions						
Provision for future policy benefits	17	39	-	-	-	-
Provision for outstanding claims	1	1	1	-	11	22
Provision for premium refunds	-	-	-	-	-	-
Other technical result	-19	-19	-	-	-	-1
Expenses for claims and benefits - Ceded share	19	37	3	2	44	27
Net						
Claims and benefits paid	1,594	1,456	968	938	767	763
Changes in technical provisions						
Provision for future policy benefits	-202	299	246	262	3	12
Provision for outstanding claims	15	17	17	16	156	39
Provision for premium refunds	443	431	208	289	4	4
Other technical result	57	61	-3	-2	-2	-3
Net expenses for claims and benefits	1,907	2,264	1,436	1,503	928	815

Selected notes to the consolidated financial statements

→	Munich Health		Total	
€m	Q3 2011	Q3 2010	Q3 2011	Q3 2010
Gross				
Claims and benefits paid	1,111	815	8,389	7,579
Changes in technical provisions				
Provision for future policy benefits	18	20	140	753
Provision for outstanding claims	25	148	414	384
Provision for premium refunds	3	-1	660	718
Other technical result	1	3	45	83
Gross expenses for claims and benefits	1,158	985	9,648	9,517
Ceded share				
Claims and benefits paid	1	-11	293	296
Changes in technical provisions				
Provision for future policy benefits	-	-	9	22
Provision for outstanding claims	2	19	-26	-83
Provision for premium refunds	-	-	-	-
Other technical result	-	-	-24	-26
Expenses for claims and benefits - Ceded share	3	8	252	209
Net				
Claims and benefits paid	1,110	826	8,096	7,283
Changes in technical provisions				
Provision for future policy benefits	18	20	131	731
Provision for outstanding claims	23	129	440	467
Provision for premium refunds	3	-1	660	718
Other technical result	1	3	69	109
Net expenses for claims and benefits	1,155	977	9,396	9,308

¹ After elimination of intra-Group transactions across segments.

Operating expenses¹

€m	Reinsurance			
	Life		Property-casualty	
	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
Acquisition costs, profit commission and reinsurance commission paid	1,713	1,844	2,922	2,608
Administrative expenses	208	201	772	786
Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios	-8	-354	-235	-114
Gross operating expenses	1,913	1,691	3,459	3,280
Ceded share of acquisition costs, profit commission and reinsurance commission paid	112	150	67	170
Ceded share of changes in deferred acquisition costs and contingent commissions	-3	-27	25	5
Operating expenses - Ceded share	109	123	92	175
Net operating expenses	1,804	1,568	3,367	3,105

→

€m	Primary insurance					
	Life		Health		Property-casualty	
	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
Acquisition costs, profit commission and reinsurance commission paid	627	622	451	442	879	834
Administrative expenses	184	177	115	123	516	488
Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios	-25	22	-66	-34	-69	-87
Gross operating expenses	786	821	500	531	1,326	1,235
Ceded share of acquisition costs, profit commission and reinsurance commission paid	10	12	3	3	23	15
Ceded share of changes in deferred acquisition costs and contingent commissions	1	-	-	-	-1	2
Operating expenses - Ceded share	11	12	3	3	22	17
Net operating expenses	775	809	497	528	1,304	1,218

Selected notes to the consolidated financial statements

→	Munich Health		Total	
	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
€m				
Acquisition costs, profit commission and reinsurance commission paid	687	636	7,279	6,986
Administrative expenses	115	99	1,910	1,874
Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios	3	-17	-400	-584
Gross operating expenses	805	718	8,789	8,276
Ceded share of acquisition costs, profit commission and reinsurance commission paid	1	3	216	353
Ceded share of changes in deferred acquisition costs and contingent commissions	-	-	22	-20
Operating expenses - Ceded share	1	3	238	333
Net operating expenses	804	715	8,551	7,943

¹ After elimination of intra-Group transactions across segments.

Operating expenses¹

€m	Life		Reinsurance Property-casualty	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010
Acquisition costs, profit commission and reinsurance commission paid	574	463	940	858
Administrative expenses	65	66	264	272
Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios	12	25	-27	-20
Gross operating expenses	651	554	1,177	1,110
Ceded share of acquisition costs, profit commission and reinsurance commission paid	30	48	34	57
Ceded share of changes in deferred acquisition costs and contingent commissions	-3	-5	3	-
Operating expenses - Ceded share	27	43	37	57
Net operating expenses	624	511	1,140	1,053

Selected notes to the consolidated financial statements

→	Primary insurance					
	Life		Health		Property-casualty	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010
€m						
Acquisition costs, profit commission and reinsurance commission paid	216	192	156	131	281	263
Administrative expenses	60	52	39	42	170	166
Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios	-16	-1	-10	-9	-3	-34
Gross operating expenses	260	243	185	164	448	395
Ceded share of acquisition costs, profit commission and reinsurance commission paid	2	3	1	1	11	-
Ceded share of changes in deferred acquisition costs and contingent commissions	-	-1	-	-	-2	-
Operating expenses - Ceded share	2	2	1	1	9	-
Net operating expenses	258	241	184	163	439	395

→	Munich Health				Total	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010
	€m					
Acquisition costs, profit commission and reinsurance commission paid	238	200	2,405	2,107		
Administrative expenses	41	32	639	630		
Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios	-5	16	-49	-23		
Gross operating expenses	274	248	2,995	2,714		
Ceded share of acquisition costs, profit commission and reinsurance commission paid	-	5	78	114		
Ceded share of changes in deferred acquisition costs and contingent commissions	-	-	-2	-6		
Operating expenses - Ceded share	-	5	76	108		
Net operating expenses	274	243	2,919	2,606		

¹ After elimination of intra-Group transactions across segments.

Selected notes to the consolidated financial statements

Investment result by investment class and segment (before deduction of technical interest)¹

€m	Reinsurance			
	Life		Property-casualty	
	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
Land and buildings, including buildings on third-party land	15	18	73	106
Investments in affiliated companies	-	-	1	-7
Investments in associates	11	7	54	33
Loans	1	2	5	7
Other securities held to maturity	-	-	-	-
Other securities available for sale				
Fixed-interest	432	467	1,265	1,783
Non-fixed-interest	61	32	274	181
Other securities at fair value through profit or loss				
Held for trading				
Fixed-interest	-	-	9	16
Non-fixed-interest	-	-	-	-
Derivatives	-97	32	-293	109
Designated as at fair value through profit or loss				
Fixed-interest	-	-	-	-
Non-fixed-interest	-	-	-	-
Deposits retained on assumed reinsurance and other investments	232	126	-30	-12
Investments for the benefit of life insurance policyholders who bear the investment risk	-	-	-	-
Expenses for the management of investments, other expenses	23	25	116	118
Total	632	659	1,242	2,098



€m	Primary insurance					
	Life		Health		Property-casualty	
	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
Land and buildings, including buildings on third-party land	72	75	38	31	42	20
Investments in affiliated companies	-3	-4	-3	-3	258	40
Investments in associates	-	7	3	9	3	-3
Loans	1,097	1,059	471	484	71	84
Other securities held to maturity	1	2	-	-	-	-
Other securities available for sale						
Fixed-interest	542	1,237	311	414	131	209
Non-fixed-interest	-46	110	2	79	-32	38
Other securities at fair value through profit or loss						
Held for trading						
Fixed-interest	10	22	-	-	-	-
Non-fixed-interest	-	-	-	-	-	-
Derivatives	498	520	1	-51	-91	-3
Designated as at fair value through profit or loss						
Fixed-interest	3	9	-	-	-	-
Non-fixed-interest	-2	-2	-	-	-	-
Deposits retained on assumed reinsurance and other investments	-9	41	-6	1	-1	-
Investments for the benefit of life insurance policyholders who bear the investment risk	-344	178	-	-	-	-
Expenses for the management of investments, other expenses	125	111	33	34	21	24
Total	1,694	3,143	784	930	360	361

Selected notes to the consolidated financial statements

→	Munich Health		Asset management		Total	
	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
€m						
Land and buildings, including buildings on third-party land	2	2	3	2	245	254
Investments in affiliated companies	-	-	1	3	254	29
Investments in associates	2	8	12	-3	85	58
Loans	-	-	-	-	1,645	1,636
Other securities held to maturity	-	-	-	-	1	2
Other securities available for sale						
Fixed-interest	82	68	3	1	2,766	4,179
Non-fixed-interest	10	6	-	-5	269	441
Other securities at fair value through profit or loss						
Held for trading						
Fixed-interest	-	-	-	-	19	38
Non-fixed-interest	-	-	-	-	-	-
Derivatives	-10	9	-	-	8	616
Designated as at fair value through profit or loss						
Fixed-interest	-	-	-	-	3	9
Non-fixed-interest	-	-	-	-	-2	-2
Deposits retained on assumed reinsurance and other investments	-	-	4	2	190	158
Investments for the benefit of life insurance policyholders who bear the investment risk	-	-	-	-	-344	178
Expenses for the management of investments, other expenses	6	3	-	-	324	315
Total	80	90	23	-	4,815	7,281

¹ After elimination of intra-Group transactions across segments.

Selected notes to the consolidated financial statements

Investment result by investment class and segment (before deduction of technical interest)¹

€m	Reinsurance				
	Q3 2011	Life		Property-casualty	
		Q3 2010	Q3 2011	Q3 2010	
Land and buildings, including buildings on third-party land	4	5	20	45	
Investments in affiliated companies	-	-	-1	-11	
Investments in associates	2	4	12	18	
Loans	-1	1	-3	3	
Other securities held to maturity	-	-	-	-	
Other securities available for sale					
Fixed-interest	103	136	375	505	
Non-fixed-interest	-17	-5	-77	-14	
Other securities at fair value through profit or loss					
Held for trading					
Fixed-interest	-	-	7	6	
Non-fixed-interest	-	-	-1	-	
Derivatives	-56	5	-109	-	
Designated as at fair value through profit or loss					
Fixed-interest	-	-	-	-	
Non-fixed-interest	-	-	-	-	
Deposits retained on assumed reinsurance and other investments	75	30	-14	6	
Investments for the benefit of life insurance policyholders who bear the investment risk	-	-	-	-	
Expenses for the management of investments, other expenses	7	9	38	39	
Total	103	167	171	519	



€m	Primary insurance						
	Q3 2011	Life		Health		Property-casualty	
		Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010	
Land and buildings, including buildings on third-party land	28	29	18	9	-1	7	
Investments in affiliated companies	-	-2	-	-1	2	-	
Investments in associates	2	1	5	11	2	-3	
Loans	370	345	162	166	23	26	
Other securities held to maturity	-	-	-	-	-	-	
Other securities available for sale							
Fixed-interest	267	391	106	120	47	62	
Non-fixed-interest	-80	10	-104	40	-47	5	
Other securities at fair value through profit or loss							
Held for trading							
Fixed-interest	10	14	-	-	-	-	
Non-fixed-interest	-	-	-	-	-	-	
Derivatives	552	264	30	-22	-67	-6	
Designated as at fair value through profit or loss							
Fixed-interest	-	1	-	-	-	-	
Non-fixed-interest	1	-1	-	-	-	-	
Deposits retained on assumed reinsurance and other investments	-5	16	-3	-1	2	-	
Investments for the benefit of life insurance policyholders who bear the investment risk	-221	87	-	-	-	-	
Expenses for the management of investments, other expenses	45	43	11	15	8	6	
Total	879	1,112	203	307	-47	85	

Selected notes to the consolidated financial statements

→	Munich Health		Asset management		Total	
€m	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010
Land and buildings, including buildings on third-party land	1	1	1	1	71	97
Investments in affiliated companies	-	-	1	-1	2	-15
Investments in associates	1	-	11	-6	35	25
Loans	-	-	-	-	551	541
Other securities held to maturity	-	-	-	-	-	-
Other securities available for sale						
Fixed-interest	24	24	1	-	923	1,238
Non-fixed-interest	-	-	-	-5	-325	31
Other securities at fair value through profit or loss						
Held for trading						
Fixed-interest	-	-	-	-	17	20
Non-fixed-interest	-	-	-	-	-1	-
Derivatives	-2	-1	-	-	348	240
Designated as at fair value through profit or loss						
Fixed-interest	-	-	-	-	-	1
Non-fixed-interest	-	-	-	-	1	-1
Deposits retained on assumed reinsurance and other investments	-	1	2	-	57	52
Investments for the benefit of life insurance policyholders who bear the investment risk	-	-	-	-	-221	87
Expenses for the management of investments, other expenses	2	1	-	-	111	113
Total	22	24	16	-11	1,347	2,203

¹ After elimination of intra-Group transactions across segments.

Selected notes to the consolidated financial statements

Investment income by segment (before deduction of technical interest)¹

€m	Reinsurance			
	Life		Property-casualty	
	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
Regular income	714	609	1,476	1,489
Thereof:				
Income from interest	572	526	1,208	1,290
Income from write-ups	512	349	852	469
Gains on the disposal of investments	676	379	2,268	1,686
Other income	-	-	-	-
Total	1,902	1,337	4,596	3,644

€m	Primary insurance					
	Life		Health		Property-casualty	
	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
Regular income	2,423	2,385	1,050	981	277	302
Thereof:						
Income from interest	2,246	2,202	933	874	237	252
Income from write-ups	608	649	81	56	39	29
Gains on the disposal of investments	405	402	194	219	431	227
Other income	116	240	-	-	-	-
Total	3,552	3,676	1,325	1,256	747	558

€m	Munich Health		Asset management		Total	
	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
	Regular income	101	72	23	6	6,064
Thereof:						
Income from interest	93	61	6	4	5,295	5,209
Income from write-ups	17	18	-	-	2,109	1,570
Gains on the disposal of investments	68	27	-	-	4,042	2,940
Other income	-	-	-	-	116	240
Total	186	117	23	6	12,331	10,594

¹ After elimination of intra-Group transactions across segments.

Selected notes to the consolidated financial statements

Investment income by segment (before deduction of technical interest)¹

€m	Reinsurance			
	Life		Property-casualty	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010
Regular income	245	220	496	472
Thereof:				
Income from interest	196	190	422	408
Income from write-ups	258	115	169	126
Gains on the disposal of investments	316	111	1,163	476
Other income	-	-	-	-
Total	819	446	1,828	1,074

€m	Primary insurance					
	Life		Health		Property-casualty	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010
Regular income	796	798	334	323	86	94
Thereof:						
Income from interest	744	738	311	294	79	84
Income from write-ups	514	329	38	3	21	8
Gains on the disposal of investments	234	71	79	75	74	38
Other income	68	74	-	-	-	-
Total	1,612	1,272	451	401	181	140

€m	Munich Health		Asset management		Total	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010
	Regular income	35	24	15	-5	2,007
Thereof:						
Income from interest	32	24	3	1	1,787	1,739
Income from write-ups	6	5	-	-	1,006	586
Gains on the disposal of investments	35	7	-	-	1,901	778
Other income	-	-	-	-	68	74
Total	76	36	15	-5	4,982	3,364

¹ After elimination of intra-Group transactions across segments.

Selected notes to the consolidated financial statements

Investment expenses by segment (before deduction of technical interest)¹

€m	Reinsurance			
	Life		Property-casualty	
	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
Write-downs of investments	760	400	1,405	567
Losses on the disposal of investments	467	223	1,760	807
Management expenses, interest charges and other expenses	43	55	189	172
Thereof:				
Interest charges	16	30	71	54
Total	1,270	678	3,354	1,546

€m	Primary insurance					
	Life		Health		Property-casualty	
	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
Write-downs of investments	1,105	181	328	66	107	48
Losses on the disposal of investments	143	158	168	215	253	117
Management expenses, interest charges and other expenses	610	194	45	45	27	32
Thereof:						
Interest charges	24	18	9	7	9	7
Total	1,858	533	541	326	387	197

€m	Munich Health		Asset management		Total	
	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
	Write-downs of investments	43	12	1	6	3,749
Losses on the disposal of investments	55	11	-	-	2,846	1,531
Management expenses, interest charges and other expenses	8	4	-1	-	921	502
Thereof:						
Interest charges	2	1	-	-	131	117
Total	106	27	-	6	7,516	3,313

¹ After elimination of intra-Group transactions across segments.

Investment expenses by segment (before deduction of technical interest)¹

€m	Reinsurance			
	Life		Property-casualty	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010
Write-downs of investments	477	160	790	305
Losses on the disposal of investments	222	88	798	202
Management expenses, interest charges and other expenses	17	31	69	48
Thereof:				
Interest charges	6	22	29	10
Total	716	279	1,657	555

→

€m	Primary insurance					
	Life		Health		Property-casualty	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010
Write-downs of investments	311	73	177	33	61	16
Losses on the disposal of investments	80	50	57	42	161	30
Management expenses, interest charges and other expenses	342	37	14	19	6	9
Thereof:						
Interest charges	9	6	4	2	1	2
Total	733	160	248	94	228	55

→

€m	Munich Health		Asset management		Total	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010
	Write-downs of investments	24	7	-	6	1,840
Losses on the disposal of investments	27	4	-	-	1,345	416
Management expenses, interest charges and other expenses	3	1	-1	-	450	145
Thereof:						
Interest charges	1	-	-	-	50	42
Total	54	12	-1	6	3,635	1,161

¹ After elimination of intra-Group transactions across segments.

Selected notes to the consolidated financial statements

Other operating result¹

€m	Reinsurance			
	Life		Property-casualty	
	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
Other operating income	52	55	190	219
Other operating expenses	42	40	147	151

€m	Primary insurance					
	Life		Health		Property-casualty	
	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
Other operating income	64	68	34	32	103	53
Other operating expenses	78	91	50	66	150	159

€m	Munich Health		Asset management		Total	
	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
	Other operating income	58	57	50	44	551
Other operating expenses	51	55	31	31	549	593

¹ After elimination of intra-Group transactions across segments.

Other operating result¹

€m	Reinsurance			
	Life		Property-casualty	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010
Other operating income	22	17	66	72
Other operating expenses	14	11	46	49

€m	Primary insurance					
	Life		Health		Property-casualty	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010
Other operating income	24	27	11	10	37	17
Other operating expenses	32	28	17	18	48	60

€m	Munich Health		Asset management		Total	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010
	Other operating income	22	22	18	16	200
Other operating expenses	22	21	10	10	189	197

¹ After elimination of intra-Group transactions across segments.

Other operating income mainly comprises income of €329m (297m) from services rendered, interest and similar income of €68m (101m), income of €117m (61m) from the release/reduction of miscellaneous provisions and adjustments of values for receivables, and income of €22m (53m) from owner-occupied property, some of which is also leased out.

Selected notes to the consolidated financial statements

In addition to expenses of €241m (220m) for services rendered, other operating expenses chiefly include interest charges and similar expenses of €81m (99m), other write-downs of €41m (39m), and other tax of €27m (24m). They also contain expenses of €21m (26m) for owner-occupied property, some of which is also leased out.

Other non-operating result, impairment losses of goodwill and finance costs¹

€m	Reinsurance			
	Life		Property-casualty	
	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
Other non-operating income	396	561	713	1,151
Other non-operating expenses	465	552	886	1,163
Impairment losses of goodwill	1	-	4	-
Finance costs	52	54	136	135

€m	Primary insurance					
	Life		Health		Property-casualty	
	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
Other non-operating income	112	204	230	571	198	217
Other non-operating expenses	148	257	260	598	318	339
Impairment losses of goodwill	-	-	-	-	20	109
Finance costs	4	3	-	-	12	18

€m	Munich Health		Asset management		Total	
	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010	Q1-3 2011	Q1-3 2010
	Other non-operating income	253	268	11	4	1,913
Other non-operating expenses	303	283	24	9	2,404	3,201
Impairment losses of goodwill	-	-	-	-	25	109
Finance costs	9	8	1	1	214	219

¹ After elimination of intra-Group transactions across segments.

Other non-operating result, impairment losses of goodwill and finance costs¹

€m	Reinsurance			
	Life		Property-casualty	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010
Other non-operating income	93	197	188	399
Other non-operating expenses	210	128	383	300
Impairment losses of goodwill	1	-	3	-
Finance costs	19	18	51	45

€m	Primary insurance					
	Life		Health		Property-casualty	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010
Other non-operating income	41	72	74	204	69	80
Other non-operating expenses	39	108	84	214	88	119
Impairment losses of goodwill	-	-	-	-	-	-
Finance costs	3	2	-	-	-	6

€m	Munich Health		Asset management		Total	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010
	Other non-operating income	81	92	6	1	552
Other non-operating expenses	147	73	8	3	959	945
Impairment losses of goodwill	-	-	-	-	4	-
Finance costs	3	3	-	-	76	74

¹ After elimination of intra-Group transactions across segments.

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 €1,802m (2,866m), it contains other non-technical income of €111m (110m).

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 €1,947m (2,858m), they include write-downs of €92m (75m) on other intangible assets and other non-technical expenses of €365m (268m), such as expenses unrelated to the accounting period, project costs and other amounts that cannot be allocated elsewhere and restructuring expenses.

Non-current assets held for sale

In the first quarter of 2011, with economic effect from 29 April 2011, the ERGO Insurance Group sold its shares in the fully consolidated Capital Square Pte. Ltd., Singapore, the sales price totalling around €500m. The disposal group mainly included an office investment property with a carrying amount of €239m.

We decided in the second quarter of 2011 to sell our fully consolidated subsidiaries American Modern Life Insurance Company, Amelia, Ohio, and Southern Pioneer Life Insurance Company, Jonesboro, Arkansas. A contract regarding the sale of these companies, with likely economic effect from January 2012, was signed in the third quarter of 2011; the sales price is anticipated to be around €25m.

In the third quarter of 2011, with expected economic effect from 31 December 2011, the ERGO Insurance Group sold its shares in its fully consolidated subsidiaries VICTORIA-Seguros de Vida, S.A., Lisbon, and VICTORIA-Seguros S.A., Lisbon. The sale took place indirectly via the sale of the parent company of these subsidiaries. The sales price is expected to total some €70m.

How the non-current assets held for sale and disposal groups are allocated between the segments is disclosed in the segment reporting.

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.

Munich Reinsurance Company has established a contractual trust agreement in the form of a two-way trust for its unfunded company pension obligations. The Munich Re pension scheme is considered a related party in accordance with IAS 24. Contributions to the pension scheme are recognised as expenses for defined contribution plans.

No notifiable transactions were conducted between Board members and Munich Re.

Number of staff

The number of staff employed by the Group as at 30 September 2011 totalled 24,309 (24,537) in Germany and 22,798 (22,378) in other countries.

Number of staff

	30.9.2011	31.12.2010
Reinsurance	11,306	11,370
Primary insurance	30,968	30,887
Munich Health	4,086	3,899
Asset management	747	759
Total	47,107	46,915

Contingent liabilities, other financial commitments

In comparison with the situation at 31 December 2010, financial commitments of significance for the assessment of the Group's financial position show no material 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 attributable to Munich Reinsurance Company equity holders by the weighted average number of outstanding shares.

Earnings per share

		Q1-3 2011	Q3 2011	Q1-3 2010	Q3 2010
Consolidated result attributable to Munich Reinsurance Company equity holders	€m	75	286	1,955	764
Weighted average number of outstanding shares		178,114,717	177,588,750	186,745,783	184,037,739
Earnings per share	€	0.42	1.61	10.47	4.15

Events after the balance sheet date

On Munich Re's behalf, MEAG has purchased solar parks consisting of 42 photovoltaic facilities in Spain and Italy. The transaction was completed on 5 October 2011. In the fourth quarter, Munich Re will show its participation in the company concerned (amounting to 37% of the shares) as an associate accounted for using the equity method. The diversified portfolio has a total installed capacity of 168 MW and an annual output of more than 250 GWh. The facilities are combined in T-Solar Global Operating Assets. We acquired our share for a purchase price of just under €100m.

With economic effect from 17 October 2011, via its subsidiary MR RENT-Investment GmbH, Munich, Munich Re acquired 100% of the voting shares in the solar park operating company Adelfa Servicios a Instalaciones Fotovoltaicas S.L. (Adelfa), Santa Cruz de Tenerife, Spain, from Capital Riesgo Global, Boadilla del Monte, Madrid, Spain, and the photovoltaic plant of Gestión Instalaciones Fotovoltaicas, S.L., Boadilla del Monte, Madrid, Spain. The transaction makes the photovoltaic plant part of Adelfa's assets.

The acquisitions are part of the RENT programme (Renewable Energy and New Technologies), through which Munich Re plans to invest in renewable energies and new environmental technologies.

A purchase price of €32.3m was paid for Adelfa and the photovoltaic plant. No contingent purchase price adjustments were agreed. The purchase price comprises €2.5m for settlement of liabilities of the acquired company and a cash capital increase of €29.8m at Adelfa for the acquisition of the photovoltaic plant.

The provisional IFRS fair values of the acquired assets and liabilities of the companies at the time of acquisition are as follows: Tangible assets (including the photovoltaic plant) of €30.3m, investments of €0.5m, receivables of €1.5m and liabilities towards MR RENT-Investment GmbH of €2.5m. The liabilities towards MR RENT-Investment GmbH are eliminated in the consolidation process.

The fair value of the receivables acquired as part of the transaction amounts to €1.5m and corresponds to the carrying amount. No defaults were expected at the time of acquisition.

As the acquisition occurred after the end of the reporting period, the consolidated income statement does not include any income and expenses from the solar park yet.

We expect a large loss burden from the floods in Thailand, which reached their highest point in the region around Bangkok at the end of October. It is naturally too early to give any definite figure yet.

Drawn up and released for publication, Munich,
7 November 2011

The Board of Management

Review report

To Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München

We have reviewed the condensed interim consolidated financial statements – comprising the consolidated balance sheet, the consolidated income statement, the statement of recognised income and expense, the Group statement of changes in equity, the condensed consolidated cash flow statement as well as the selected notes – together with the interim group management report of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München, for the period from 1 January 2011 to 30 September 2011, that are part of the quarterly financial report according to Section 37 x para. 3 of the WpHG (German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with those IFRSs applicable to interim financial reporting as adopted by the EU, and of the interim Group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and the interim Group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim Group 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 perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim Group management report has not been prepared, in material aspects, in accordance with the requirements of the WpHG applicable to interim group management reports. 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 material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU, or that the interim Group management report has not been prepared, in material aspects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Munich, 8 November 2011
KPMG Bayerische Treuhandgesellschaft
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Klaus Becker
Certified public accountant

Martin Berger
Certified public accountant

Important dates

2012

13 March 2012	Balance sheet press conference for 2011 financial statements
26 April 2012	Annual General Meeting
8 May 2012	Interim report as at 31 March 2012
7 August 2012	Interim report as at 30 June 2012
7 August 2012	Half-year press conference
7 November 2012	Interim report as at 30 September 2012

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Responsible for content
Group Reporting

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