



Munich Re Group

# Quarterly Statement as at 30 September 2024

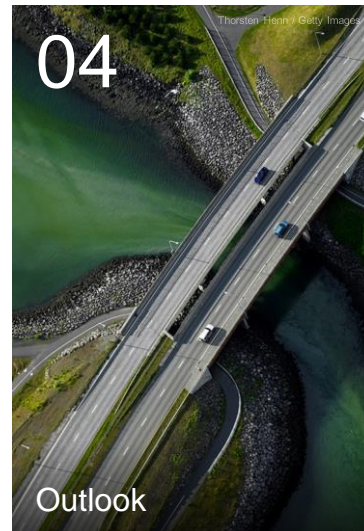
7 November 2024

Christoph Jurecka (CFO)



# Quarterly Statement as at 30 September 2024

## Agenda







Tampatra / stock.adobe.com

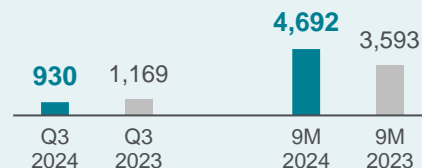
01

Munich Re

# Munich Re expects to exceed €5bn profit target this year – increasing earnings diversification pays off

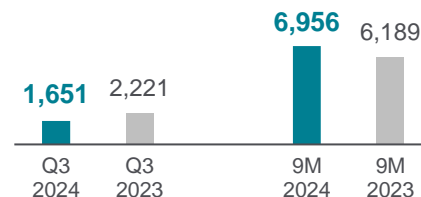
## Net result

€m



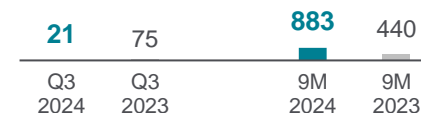
## Total technical result

€m



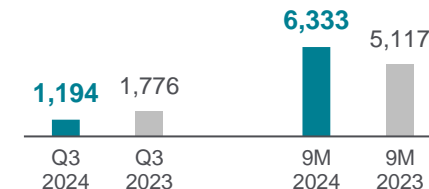
## Net financial result

€m



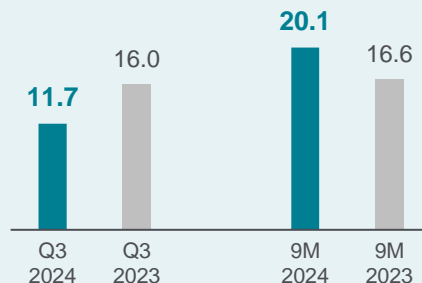
## Operating result

€m



## Return on equity<sup>1</sup>

%



## Reinsurance net result Q3 2024 (9M 2024):

**€766m (€3,993m)**

Ongoing strong total technical result in L&H, higher major losses in P-C – pleasing return on investment<sup>1</sup> of 3.3% (3.6%)

**Property-casualty:** Combined ratio: 90.5% (82.0%) – major-loss ratio: 23.1% (15.9%), reserve releases<sup>2</sup>: –5.0% (–5.0%) – net result: €375m (€2,497m)

**Life and health:** Total technical result: €428m (€1,632m) – net result: €391m (€1,496m)

## ERGO net result Q3 2024 (9M 2024):

**€164m (€699m)**

Solid Q3 results in both Germany units, while the International business was affected by nat cat losses in Poland and Austria

**Life and Health Germany:** Total technical result: €269m (€736m) – net result: €73m (€228m)

**Property-casualty Germany:** Combined ratio: 86.0% (86.2%) – net result: €68m (€237m)

**International:** Combined ratio: 96.1% (92.4%) – net result: €23m (€234m)

# Capital position

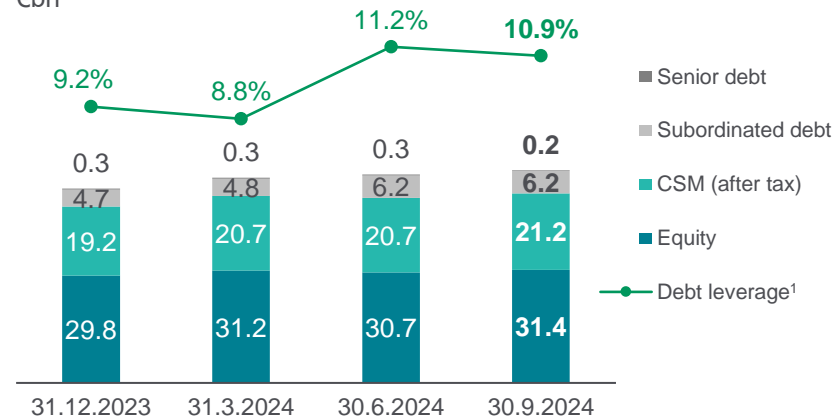
## Equity

€m

Equity 31.12.2023	29,772		Change in Q3
Net result	4,692		930
Changes			
Dividend	–2,006		0
Share buy-backs	–1,225		–583
Unrealised gains/losses	229		1,040
Exchange rates	–119		–606
Other	82		–52
<b>Equity 30.9.2024</b>	<b>31,425</b>		<b>729</b>

## Capitalisation

€bn



## Change in unrealised gains/losses

	Q3	9M
Investments	€3,753m	€1,766m
Insurance contracts	–€2,712m	–€1,537m

## Return on equity

	Q3	9M
Reinsurance	11.4%	20.4%
ERGO	13.1%	18.3%

## Solvency II ratio²

292%

1 Strategic debt (bonds and notes issued, and subordinated debt) divided by total capital (strategic debt + equity + CSM net of tax).

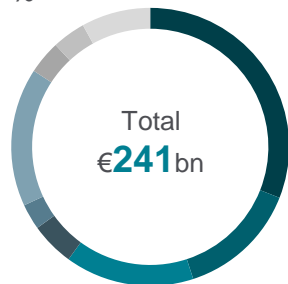
2 Does not include any transitional measures and no deduction for dividends for the financial year 2024 to be paid in 2025.

# Investments

Q3 2024

## Investment portfolio<sup>1</sup>

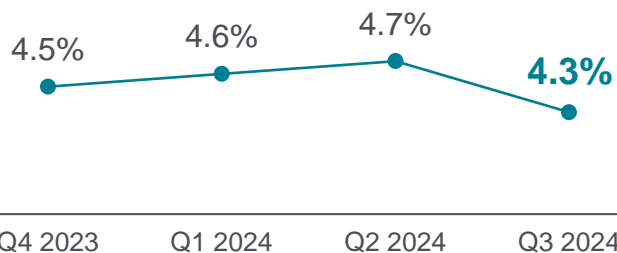
%



Government/Semi-government bonds <sup>2</sup>	31 (33)
Covered bonds/Mortgage loans	14 (15)
Corporate bonds	15 (14)
Emerging markets government bonds	5 (5)
ABS/MBS	3 (3)

Alternative investments	16 (16)
Equities <sup>3</sup>	4 (5)
Business related participations	2 (3)
Cash	8 (7)

## 3-month reinvestment yield



## Portfolio management

- Equity quota largely unchanged
- Lower reinvestment yield due to decline in interest rates

<sup>1</sup> Management view – not fully comparable with IFRS figures, e.g., including real-estate in own use and cash. Fair values as at 30.9.2024 (31.12.2023).

<sup>2</sup> Developed markets. <sup>3</sup> Including derivatives: 3.0% (3.7%).

# Investment result

€m	Q3 2024	Return <sup>1</sup>	9M 2024	Return <sup>1</sup>	9M 2023	Return <sup>1</sup>
Regular income	2,026	3.5%	6,114	3.6%	5,162	3.2%
Write-ups/write-downs	–138	–0.2%	–248	–0.1%	–64	0.0%
Change in expected credit loss (ECL)	32	0.1%	10	0.0%	–95	–0.1%
Disposal gains/losses	–115	–0.2%	–316	–0.2%	–425	–0.3%
Fair value change	467	0.8%	660	0.4%	–1,114	–0.7%
Other income/expenses	–182	–0.3%	–496	–0.3%	–494	–0.3%
<b>Investment result</b>	<b>2,091</b>	<b>3.6%</b>	<b>5,724</b>	<b>3.4%</b>	<b>2,969</b>	<b>1.8%</b>

Q3 2024	Fixed income	Equities	Other	9M 2024	Fixed income	Equities	Other
Write-ups/write-downs	0	0	–138	0	0	–248	
Disposal gains/losses	–116	0	1	–426	0	110	
Fair value change	317	224	–74	–197	808	49	

<sup>1</sup> Annualised return on quarterly weighted investments (market values) in %.





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# 02

## ERGO



# ERGO Life and Health Germany

## Key messages



- Q3: Total technical result of life and long-term health business as well as ...
- ... short-term business (PAA) largely in line with expectations
- Q3/9M: Overall, net result of €73m/€228m on expected level

## Insurance revenue (gross)

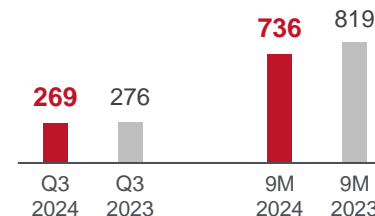
€m

9M 2023	7,404
Foreign exchange	6
Divestments/investments	-26
Organic change	137
<b>9M 2024</b>	<b>7,520</b>

Increase in insurance revenues in short- and long-term health insurance, life new book and travel; decrease in life back book

## Total technical result

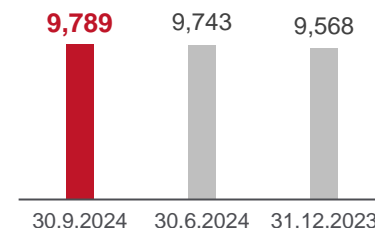
€m



- Q3: CSM release in life and long-term health at €195m
- Q3: Short-term business (PAA) contribution of €40m to technical result

## Contractual service margin (CSM)<sup>1</sup>

€m



- Change in 9M driven by positive operating changes mainly from capital-market-related effects and new contracts added, overcompensating CSM release

# ERGO Property-casualty Germany

## Key messages



- Q3: Overall, solid operating performance above prior year
- Q3: Total technical result impacted by continuously high claims inflation in motor business and slightly higher-than-expected major losses
- Q3: Net result of €68m supported by sound investment result

## Insurance revenue (gross)

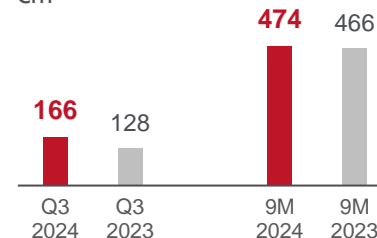
€m

9M 2023	3,346
Foreign exchange	4
Divestments/investments	0
Organic change	179
<b>9M 2024</b>	<b>3,529</b>

Increase mainly driven by fire/property and motor

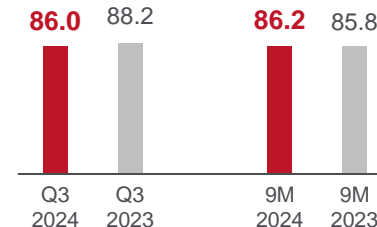
## Total technical result

€m



## Combined ratio

%



- Q3: Total technical result and combined ratio driven by
  - High claims inflation in motor
  - Lower-than-expected nat cat losses, more than offset by higher-than-expected man-made major losses – PY with high nat cat losses
  - Seasonality of acquisition costs with positive impact, to be reversed in Q4
  - Discount effect in CR of ~3.0%
- 9M: Elevated CR mainly driven by motor – unfavourable major loss development in Q3
- 9M: Discount effect in CR of ~3.0%

## Key messages



- Q3: Total technical result burdened by nat cat claims of €52m in Poland and Austria
- Q3/9M: Life and health with technical profitability in line with expectations
- Q3: Low net result of €23m, excluding nat cat claims in line with expectations

## Insurance revenue (gross)

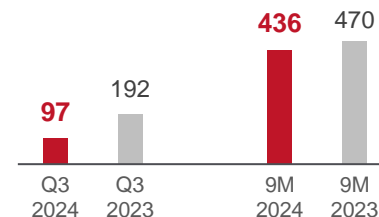
€m

9M 2023	4,170
Foreign exchange	91
Divestments/investments	-110
Organic change	353
<b>9M 2024</b>	<b>4,504</b>

Increase mainly from Poland P-C, Thailand P-C and Spain Health

## Total technical result

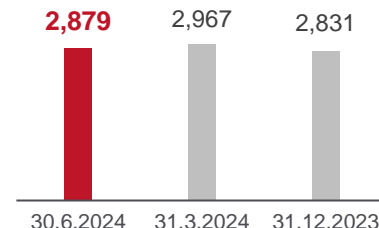
€m



- CR of 96.1% in Q3 due to
  - Elevated nat cat losses in Poland and Austria (storm Boris)
  - Unfavourable claims development in the Spanish health business
- Life/health: CSM release broadly in line with expectations, in addition, positive experience adjustments from Belgium Health

Contractual service margin (CSM)<sup>1</sup>

€m



- Increase in 9M mainly driven by contribution from new contracts in the Spanish and Belgian health business
- Reduction in Q3 due to operating changes





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# 03

## Reinsurance

# Life and health reinsurance

## Key messages



- Exceeding full-year guidance for the total technical result after nine months
- Ongoing favourable biometric experience in Q3, but somewhat lower than in H1
- Strong development of new business in H1, while Q3 is on expected level

## Insurance revenue (gross)

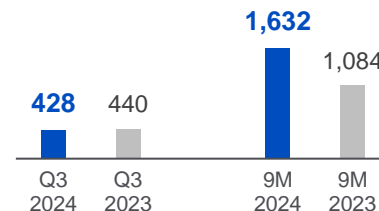
€m

9M 2023	7,950
Foreign exchange	-29
Divestments/investments	0
Organic change	1,002
<b>9M 2024</b>	<b>8,924</b>

Growth driven by North America and UK

## Total technical result

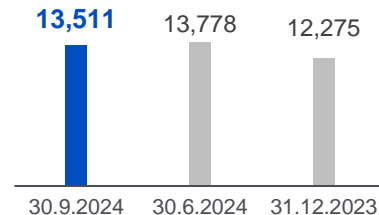
€m



- Insurance service result supported by strong new business and positive experience variances
- Pleasing development of FinMoRe business
- Positive FX effects in IRFI during H1 partly reversed in Q3

## Contractual service margin (CSM)<sup>1</sup>

€m



- High contribution from new business, including large transactions in North America in H1
- Decline versus H1 driven by FX

# Property-casualty reinsurance

## Key messages



- Revenue growth of 5.0% vs. 9M 2023
- Elevated combined ratio of 90.5% in Q3 2024 driven by higher-than-average major-loss expenditure from natural catastrophes
- Normalised combined ratio of 81.3% in Q3 2024 better than full-year guidance

## Insurance revenue (gross)

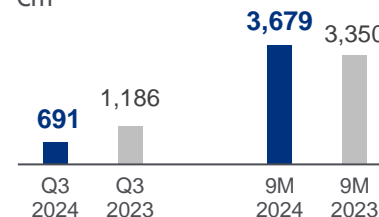
€m

9M 2023	20,038
Foreign exchange	-138
Divestments/investments	0
Organic change	1,134
<b>9M 2024</b>	<b>21,033</b>

- Global Specialty Insurance: strong growth across all units
- Core P-C: profitable growth driven by non-proportional and facultative business

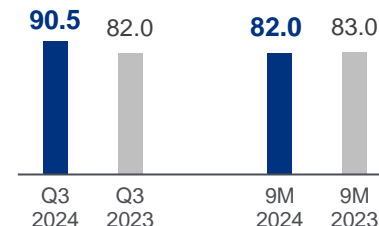
## Total technical result

€m



## Combined ratio

%



- Major losses of 23.1% in Q3 higher than average expectation
- Hurricane Helene single biggest event in Q3 (~€0.5bn), three loss events in Canada together resulted in similar claims expenditure
- Combined ratio includes discount benefit of ~8.0% in Q3 [9M: ~8.0%] with opposing effects of lower interest rates and higher major loss contribution
- Neutral loss component impact due to lower interest rates in Q3
- Normalised combined ratio in Q3 slightly higher than in Q1 and Q2 as expected due to business mix effects





Thorsten Henn / Getty Images

# 04

## Outlook

# Outlook 2024

## Group

Insurance revenue (gross)	Net result	Return on investment
~ <b>€61bn</b> (prev. ~€59bn)	> <b>€5.0bn</b> (prev. ~€5bn)	> <b>2.8%</b>

## ERGO

Insurance revenue (gross)	Net result	Combined ratio P-C Germany	Combined ratio International
~ <b>€21bn</b> (prev. ~€20bn)	~ <b>€0.8bn</b>	~ <b>89%</b> (prev. ~87%)	~ <b>92%</b> (prev. ~90%)

## Reinsurance

Insurance revenue (gross)	Net result	Combined ratio Property-casualty	Total technical result Life and health
~ <b>€40bn</b> (prev. ~€39bn)	> <b>€4.2bn</b> (prev. ~€4.2bn)	~ <b>83%</b> (prev. ~82%)	~ <b>€2.0bn</b> (prev. ~€1.45bn)