

Quarterly statement: Munich Re generates Q3 result of €0.9bn and is set to exceed annual target

- Net result increases to €4.7bn in Q1–3 despite major losses attributable to natural catastrophes in Q3
- Reinsurance: Above-average major losses in property-casualty business in Q3; life and health business once again posts strong total technical result
- ERGO contributes €164m to Q3 net result
- Munich Re expects to surpass its result target of €5bn in 2024



“In the third quarter, our Group once again proved its resilience. The hurricane season in the North Atlantic was relatively severe, causing above-average major losses and a year-on-year decline in the quarterly result. However, on the back of €4.7bn in net profit in the first nine months of the year, the overall result for 2024 remains extremely healthy. Munich Re is growing profitably across all segments. We therefore expect to outperform our 2024 result target of €5bn, despite the expected claims expenditure from Hurricane Milton in the fourth quarter.”

Christoph Jurecka, CFO

Summary of Q3 figures

Munich Re generated a net result of €930m (1,169m) in Q3 2024. The year-on-year decline in the quarterly result is attributable to above-average major losses from natural catastrophes. In the first three quarters, the net result amounted to €4,692m (3,593m). Insurance revenue from insurance contracts issued increased to €15,496m (14,460m) from Q3 2023, and to €45,510m (42,908m) in Q1–3. The growth in both periods is due primarily to organic growth in all segments. For Q3, the total technical result declined to €1,651m (2,221m). The currency result totalled –€383m (309m), due primarily to foreign exchange losses in connection with the US dollar. The operating result fell to €1,194m (1,776m), and the effective tax rate was 18.2% (32.6%).

Equity amounted to €31,425m, higher than the figure at the start of the year (29,772m). The solvency ratio¹ was 292% (31 December 2023: 267%), which is above the optimum range (175–220%).

In Q3 2024, the annualised return on equity² (RoE) came to 11.7% (16.0%), and in Q1–3 it reached 20.1% (16.6%).

Reinsurance: Result of €766m

In Q3, the reinsurance field of business contributed €766m (995m) to the net result; the contribution in Q1–3 totalled €3,993m (2,950m). Insurance revenue from insurance contracts issued increased in Q3 to €10,224m (9,456m). The total technical result declined to €1,119m (1,626m), and the operating result decreased to €956m (1,495m).

In Q3, life and health reinsurance generated a total technical result of €428m (440m). The contribution to the result from the release of the contractual service margin was in line with expectations. The net result in the segment moved up to €391m (351m). Insurance revenue from insurance contracts issued swelled to €2,936m (2,610m).

Property-casualty reinsurance generated a Q3 result of €375m (644m). Insurance revenue from insurance contracts issued rose to €7,288m (6,845m). The combined ratio amounted to 90.5% (82.0%) of net insurance revenue. In Q1–3 it was 82.0% (83.0%). In Q3, the normalised combined ratio came to good 81.3%.

Total major-loss expenditure increased significantly compared to the prior-year quarter, to €1,609m (770m). These figures include gains and losses from the run-off of major losses from previous years. The major-loss expenditure reached 23.1% (11.7%) of net insurance revenue, exceeding the expected figure of 14% in both Q3 and Q1–3 (15.9%). Man-made major losses amounted to €225m (235m). Major losses from natural catastrophes surged to €1,384m (535m). The major-loss figures above take account of the effects from discounting and risk adjustment. Hurricane Helene, which caused severe damage in the southeastern United States and approximately €0.5bn in losses, was the largest single claims event. Three loss events in Canada together resulted in similar claims expenditure. In addition to numerous other natural catastrophes, significant damage occurred in central and eastern Europe due to Storm Boris and consequent flooding, as well as in the United States and the Caribbean due to Hurricane Beryl.

¹ Does not include any transitional measures or deduction for dividends for financial year 2024 to be paid in 2025.

² Prior-year figures restated due to changes in revenue reserves and other reserves.

Provisions of €351m (333m) for basic claims from prior years were reversed in Q3; this figure corresponds to 5.0% (5.1%) of net insurance revenue. Munich Re continually seeks to recognise the amount of provisions for newly emerging claims at the very top end of the estimation range so that gains from the reversal of a portion of these provisions can be generated at a later stage.

ERGO: Result of €164m

Munich Re generated a result of €164m (173m) in its ERGO business segment in Q3 and €699m (643m) in Q1–3. Insurance revenue from insurance contracts issued increased to €5,271m (5,004m), and rose markedly to €15,553m (14,920m) in Q1–3.

In Q3, the result of the ERGO Life and Health Germany segment expanded to €73m (52m). The expected release of the contractual service margin from the long-established life and health insurance business contributed significantly to this. Furthermore, the short-term health and travel insurance business performed largely in line with expectations and made a positive contribution to the result.

The result generated by the ERGO Property-casualty Germany segment increased appreciably to €68m (31m) in Q3, driven by a higher total technical result resulting from overall good operating performance. At the same time, the result was also influenced by the persistently high claims inflation in the German motor insurance business and the major claims trend, which was slightly above expectations. The segment result was also bolstered by a good investment result.

The ERGO International segment generated a Q3 result of €23m (90m), due primarily to losses in Poland and Austria connected with the catastrophic flooding caused by Storm Boris in September. The Spanish insurance business was also weighed down by an unfavourable claims trend. Overall, the profitability of the international life and health insurance business was in line with expectations, thanks in part to the positive performance of Belgian health insurance business.

In Q3, the segment's total technical result amounted to €532m (595m) and the operating result to €238m (281m). The Property-casualty Germany segment's combined ratio decreased from 88.2% in the prior-year quarter to 86.0% in Q3, owing particularly to losses resulting from natural catastrophes. In Q1–3, the segment's combined ratio was 86.2% (85.8%). For Q3, the International segment's combined ratio came to 96.1% (87.9%) due to higher claims expenditure from the flood catastrophe and from Spanish health insurance business. In Q1–3, the segment's combined ratio was 92.4% (90.3%).

Investments: Investment result of €2,091m

Munich Re's Q3 investment result rose to €2,091m (760m). Regular income from investments increased to €2,026m (1,797m), which was due primarily to ongoing reinvestments with high interest rates. The balance from write-ups and write-downs was –€138m (–26m), with the balance from gains and losses on the disposal of investments running to –€115m (–196m). The change in fair value amounted to €467m (–579m). This improved result owed chiefly to gains from equity portfolios borne by the positive performance of the equity markets. Furthermore, declining interest rates in Q3 translated to higher market values in the portfolio of fixed-interest securities. Losses from the disposal of fixed-interest bonds were once again recognised. This practice was continued purposefully in order to benefit more quickly from reinvesting in bonds with higher fixed interest rates in the persistently high interest rate environment.

Overall, the Q3 investment result represented a return of 3.6% on the average market value of the portfolio. The running yield was 3.5% and the yield on reinvestment was 4.3%. As at 30 September 2024, the equity-backing ratio – including equity-linked derivatives – came to 3.0% (31 December 2023: 3.7%). The carrying amount of the investment portfolio as at 30 September 2024 was €225,668m (218,462m).

Outlook: Annual target set to be surpassed

Munich Re is well positioned to outperform its annual target of €5.0bn. In other words, Munich Re is aiming for a net result of more than €5.0bn for the 2024 financial year.

In the reinsurance field of business, Munich Re expects to generate a net profit of more than €4.2bn (previously: circa €4.2bn) and insurance revenue of approximately €40bn (previously: about €39bn) in financial year 2024. The life and health reinsurance business is forecast to generate a total technical result of approximately €2.0bn (previously: around €1.45bn). Munich Re anticipates that the net combined ratio in the property-casualty reinsurance business will amount to approximately 83% (previously: roughly 82%). The ERGO business segment is now expected to generate insurance revenue of about €21bn (previously: approximately €20bn). We therefore now predict that Munich Re Group's insurance revenue will total around €61bn (previously: around €59bn). Munich Re expects the net combined ratio in the ERGO Property-casualty Germany segment to amount to some 89% (previously: about 87%). In addition, Munich Re anticipates that the net combined ratio in the ERGO International segment will be around 92% (previously: about 90%). A profit in the order of €0.8bn continues to be foreseen for the ERGO business segment. Munich Re's other forecasts for 2024 remain valid and have not changed since the 2024 Half-Year Financial Report was published in August.

As usual, all projections and targets are subject to increased uncertainties stemming from geopolitical and macroeconomic developments, to major losses remaining within normal bounds, and to the income statement not being impacted by severe fluctuations

in the currency or capital markets, significant changes in the tax environment, or other one-off effects.

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Munich Re

Munich Re is one of the world's leading providers of reinsurance, primary insurance and insurance-related risk solutions. The group consists of the reinsurance and ERGO business segments, as well as the asset management company MEAG. Munich Re is globally active and operates in all lines of the insurance business. Since it was founded in 1880, Munich Re has been known for its unrivalled risk-related expertise and its sound financial position. Munich Re leverages its strengths to promote its clients' business interests and technological progress. Moreover, Munich Re develops covers for new risks such as rocket launches, renewable energies, cyber risks and artificial intelligence. In the 2023 financial year, Munich Re generated insurance revenue of €57.9bn and a net result of €4.6bn. The Munich Re Group employed about 43,000 people worldwide as at 31 December 2023.

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