2/2009

Munich Re Group
Quarterly Report

Münchener Rück
Munich Re Group

Supervisory Board

Dr. Hans-Jürgen Schinzler
(Chairman)

Board of Management

Dr. Nikolaus von Bomhard
(Chairman)
Dr. Ludger Arnoldussen
Dr. Thomas Blunck
Georg Daschner
Dr. Torsten Jeworrek
Dr. Peter Röder
Dr. Jörg Schneider
Dr. Wolfgang Strassl
Dr. Joachim Wenning

Key figures (IFRS)

Munich Re Group[1]

		Q1–2 2009	Q1–2 2008	Change %	Q2 2009	Q2 2008	Change %
Gross premiums written	€m	20,693	18,853	9.8	10,326	9,011	14.6
Technical result	€m	1,030	1,316	–21.7	479	713	–32.8
Investment result	€m	3,552	3,261	8.9	2,187	1,586	37.9
Operating result	€m	2,119	2,281	–7.1	1,373	1,088	26.2
Taxes on income	€m	572	587	–2.6	313	310	1.0
Consolidated result	€m	1,123	1,405	–20.1	703	628	11.9
Thereof attributable to minority interests	€m	17	32	–46.9	12	22	–45.5
Earnings per share	€	5.66	6.73	–15.9	3.54	2.97	19.2
Combined ratio							
Reinsurance property-casualty	%	97.7	99.5		98.1	95.2	
Primary insurance property-casualty	%	94.7	90.7		93.1	93.4	

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

		30.6.2009	31.12.2008	Change %
Investments	€m	177,437	174,977	1.4
Equity	€m	21,268	21,256	0.1
Net technical provisions	€m	161,935	157,171	3.0
Employees		47,280	44,209	6.9
Share price	€	97.29	111.00	–12.4
Munich Re's market capitalisation[2]	€bn	19.2	22.9[2]	–16.2

[2] This includes own shares earmarked for retirement.

To our shareholders

Dr. Nikolaus von Bomhard
Chairman of Munich Re's
Board of Management

Dear Shareholders,

Events on the world's markets have been dominated by the financial crisis for more than a year now. There have recently been signs that the downward trend in the leading industrial nations is levelling off and might come to an end soon. We are still far removed from the economic growth rates of past years, and a swift return to even moderate growth is by no means certain, presupposing as it does that the economic stimulus programmes have a significant impact and that the financial system really stabilises. The prevailing uncertainty makes investing more difficult – for you and for us.

As interested shareholders, I am sure you keep a close eye on the stock markets. In the second quarter, the EURO STOXX 50 rose by 16%, and the insurance sector gained as much as 24%. This short-term rally is not reflected in the price development of our shares, and we have only profited from it to a small extent in our investments.

In the reporting period, the price of Munich Re shares increased by just under 5%. But a comparison of price performances alone fails to take account of dividend payments. In relation to our average quarterly share price of €97.40, the dividend of €5.50 per share paid to you in April represents an additional return in excess of 5.5%. For the EURO STOXX 50, the dividend yield for the quarter was around 3%. So if one considers the total return, the difference in figures is smaller.

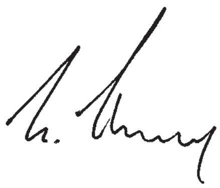
Paradoxically, however, the main reason for the below-average performance of our shares is Munich Re's financial strength, which becomes clear if our comparatively very good price performance over longer periods is considered. After the severe economic slump in the previous quarters, confidence is spreading that the decline has now bottomed out, a view supported by early indicators such as the ifo business climate index in Germany. The stock markets have responded to these prospects with price gains, which have been quite pronounced after the heavy losses of the previous months. In such phases, it is not unusual for shares that have suffered particularly badly in the preceding period to recover disproportionately. Also, shares that are economically sensitive usually benefit more than defensive, less economically sensitive stocks. At the same time, more risk-affinitive investors and fund managers make shifts within their portfolios: to exploit the high price potential of crisis-hit stocks, they prefer to sell shares in companies that have proved themselves crisis-resistant, because they can do so without realising any large losses. Thanks to our balance sheet strength, our conservative investment policy and our attractive dividend, Munich Re shares are considered a "safe haven" in difficult times. They barely suffered in the previous months and therefore have little recovering to do now. In other words, the lower price performance figure can be explained by the market forces described rather than any dissatisfaction with the development of our business.

The upturn in the stock markets has only benefited us to a limited degree in our own investments as well. Our equity-backing ratio most recently amounted to between 2% and 3% of the value of our investment portfolio. Very early in the crisis, we reduced our holdings in equities in favour of lower-risk investments and, based on our prudent assessment of the development prospects for the global economy, have deliberately not increased them again yet. This defensive investment policy and our forward-looking risk management have paid off. Even at the high point of the capital market crisis, our shareholders' equity remained stable, despite the dividend payment of nearly €1.1bn.

Our financial strength and expertise make us a much sought-after partner in all three of our business fields. Therefore, particularly in the present situation, we prefer to use our risk capital for our operative business. In other words, we have quite consciously refrained from switching into investments like equities which offer potentially higher returns but are also higher-risk. Instead, over the past twelve months, we have selectively expanded positions in corporate bonds of top-quality issuers. In the first half-year, we earned a total return on these bonds that was above the benchmark index (iBoxx Corporates Non-Financials) and are very satisfied with that.

Maintaining our capital strength has top priority for us. We always weigh up investment opportunities and risks with the greatest care. At the same time, we firmly adhere to our principle of not taking an earnings opportunity if the inherent risk appears too great. For we do not want to endanger the stable development of our Group by going for short-term profits. This approach is the only way of creating sustained value and securing your trust as shareholders long term.

Yours sincerely,



Dr. Nikolaus von Bomhard
Chairman of Munich Re's Board of Management

Interim management report

Key parameters

- Global economy still in severe recession
- First indications of deceleration in the downward trend
- Strong upturn in oil price and stock markets

The global recession continued in the second quarter of 2009. However, economic confidence indicators showed an improvement in the last three months. In the industrialised countries, there were increasing signs of a deceleration in the downward trend, whilst the Chinese economy recorded a return to robust growth, based on official figures.

The central banks maintained their expansive policy, attempting with extremely low interest rates and unconventional means (such as purchasing private securities) to pump sufficient liquidity into the money markets to stimulate credit provision and thus investment and consumption.

According to a provisional estimate, the US economy shrank only moderately in the second quarter of 2009 compared with the previous quarter. This contrasts with the first quarter, in which economic activity had decreased markedly by 5.5% (annualised and in comparison with the previous quarter) owing to a strong fall in investment and exports. The unemployment rate continued to climb, reaching 9.5% in June, the highest level for 26 years. Nevertheless, the rate of job cuts declined in the second quarter compared with the first three months of the year. The price level in the USA increased slightly in the course of the second quarter. Despite this, the consumer price index in June was 1.4% below its level one year ago. This was mainly due to the approximate halving of the oil price compared with June 2008. The annual inflation rate in June 2008 had stood at 5.0%.

In the eurozone, following a worsening of the recession in the first quarter and a further fall in industrial production in April, confidence indicators for the manufacturing industry rose considerably in the second quarter, albeit in relation to the very low level of the first quarter. In Germany, industrial production was significantly higher again in May than April, although it was still around 18% down on last year's level. Prices in the eurozone rose only marginally in the second quarter. The harmonised consumer price index in June was 0.1% lower than last year, when the annual inflation rate had amounted to 4.0% owing to higher food and energy prices.

The Japanese economy is heavily reliant on exports and has thus been badly affected by the global crisis to date. The value of exports in the first quarter was more than 34% down on the fourth quarter of 2008, but in the period from April to June they were up by around 14% (compared with the previous quarter), and industrial production grew again month for month. Japanese business climate surveys also yielded better results than in the previous quarter.

Having in the first quarter recorded its lowest GDP growth rates since 1992 (6.1% compared with the same period last year), the Chinese economy showed year-on-year growth of 7.9% in the second quarter, buoyed by expansive monetary and fiscal policy.

In the second quarter, the US Federal Reserve and the Bank of Japan kept the target rates they had introduced in December 2008 at 0–0.25% and 0.1% respectively. The Bank of England maintained its key interest rate – valid since March – at 0.5%. The European Central Bank (ECB) lowered its reference interest rate in two stages from 1.5% to 1.0% in the second quarter. With banks still lending too little to each other, the ECB resolved in May to extend the term of its refinancing operations to one year. In June, in its first one-year refinancing operation, a record volume of €442bn was lent to the financial markets.

Despite the recessionary environment, the oil price increased by 46% from April to June, ending the quarter at US$ 68 per barrel, nearly twice as high as at the beginning of the year. One reason for this was the relatively weak dollar: the euro moved from US$ 1.33 to US$ 1.40 in the second quarter. During this period, the stock markets in the USA, Europe and Japan maintained their upward trend, which had begun in March. The Dow Jones closed at 8,447 points on 30 June, 11% up on the beginning of the quarter, whilst the EURO STOXX 50 even rose by 16% in the same period, closing at 2,402 points. The Nikkei recorded the largest increase from April to June (around 23%), finishing on 9,958 points. The rise in long-term interest rates in the second quarter reflected market players' growing inflation expectations. At 30 June, the yields on US ten-year government bonds stood at 3.5%, compared with 3.4% for German government bonds.

With economic activity having fallen so sharply at the beginning of the year in many countries, particularly the industrial nations, we expect the global economy to show a contraction for 2009 as a whole. But the outlook for the economy in the second half of 2009, and particularly in 2010, is still extremely uncertain.

From today's perspective, an economic recovery – accompanied by a revival of inflation – is possible in the second half of 2009, given that the economies of the industrial nations may have overcome the worst of the recession and China has managed to avoid a major economic slump. Preconditions for the recovery, however, are durable stabilisation of the financial system and a significant impact from the economic stimulus programmes. The risk of a prolonged stagnation or recession in many economies still exists, and such a development would harbour the danger of deflation.

Business experience from 1 January to 30 June 2009

Overview

Given the difficult macroeconomic parameters, the Munich Re Group's business performed satisfactorily in the first half-year 2009, with gross premium income of €20.7bn (18.9bn), representing growth of 9.8%. The figure for April to June was €10.3bn (9.0bn). We posted an operating result of €2,119m (2,281m) for the first six months, €1,373m (1,088m) of which was attributable to the second quarter. The consolidated result of €1,123m (1,405m) for the first half-year decreased by 20.1% compared with the same period last year, while our consolidated result for the second quarter of 2009 came to €703m (up 11.9% on the second quarter of 2008). Including the income and expenses recognised directly in equity, there was a year-on-year improvement of around €3bn in the first six months, of which some €1.4bn was attributable to the second quarter (see tables on page 29). The investment result remained pleasingly stable, even increasing by 8.9% to €3.6bn compared with the first half of 2008. This is equivalent to an annualised return of 4.0% on the average market value of our investment portfolio. The annualised return on risk-adjusted capital (RORAC) totalled 13.2%, whilst the return on equity (RoE) amounted to 10.5%.

Changes in segment allocation

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

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

Reinsurance

– Satisfactory treaty renewals as at 1 April 2009; further price increases expected
– Combined ratio of 97.7% in the first half of the year and 98.1% in the second quarter
– Reinsurance result of €1.3bn in the first six months and €0.6bn in the second quarter

Key reinsurance figures[1]

		Q1–2 2009	Q1–2 2008[2]	Q2 2009	Q2 2008[2]
Gross premiums written	€bn	12.2	10.7	6.3	5.2
Loss ratio property-casualty	%	71.1	71.3	73.0	67.7
Expense ratio property-casualty	%	26.6	28.2	25.1	27.5
Combined ratio property-casualty	%	97.7	99.5	98.1	95.2
Thereof natural catastrophes	Percentage points	3.5	6.6	1.5	2.5
Technical result	€m	613	824	298	521
Investment result	€m	2,007	2,741	1,119	1,748
Operating result	€m	2,004	2,628	1,153	1,784
Consolidated result	€m	1,299	2,021	634	1,442
Thereof attributable to minority interests	€m	–	–	–	–

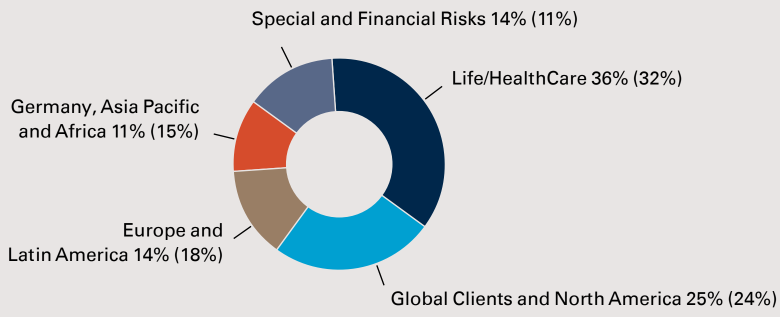
		30.6.2009	31.12.2008
Investments	€bn	78.9	78.4
Net technical provisions	€bn	58.4	55.8

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

Our reinsurance business in the second quarter and first half of 2009 was satisfactory overall. We posted an operating result of €2,004m (2,628m) for the first six months, €1,153m (1,784m) of which was attributable to the second quarter. Munich Re's **consolidated result** in reinsurance totalled €1,299m for the first half of 2009 and €634m for the period from April to June. In the previous year, it had amounted to €2,021m for the first six months and €1,442m for the second quarter, reflecting the intra-Group dividend payment of €947m from ERGO to Munich Re. This income was reversed after the elimination of intra-Group transactions across segments and is therefore not mirrored in the Group consolidated result.The recent changes in the US healthcare system following the amendments adopted in 2008 prompted us to critically review and revise the business plans of Sterling Life Insurance Company (Sterling). We therefore made a write-down of goodwill of €40m and a write-down of other intangible assets of €7m.

Our **premium income** grew by 14.0% to €12.2bn (10.7bn) in the first half of 2009 and by 22.1% to €6.3bn (5.2bn) in the second quarter. At unchanged exchange rates, it would have increased year on year by 10.9% in the first half of 2009 and 17.4% in the period from April to June. This includes gross premium income of €173m from our new acquisition, the Hartford Steam Boiler Group (HSB Group), consolidated in our Group financial statements with effect from 1 April. The HSB Group is one of the world's leading providers of specialty insurances and inspections of engineering risks. Its acquisition, which was agreed in December 2008 and concluded at the end of the first quarter of 2009, is consistent with our US strategy of expanding our business further in highly specialised and thus profitable niche segments.

Gross premiums by division Q1–2 2009



In the **life and health** reinsurance segment, gross premiums written in the first six months rose year on year by 28.9% to €4.4bn (3.4bn), essentially owing to the conclusion of large-volume quota share treaties in the first quarter. Our premium income for the second quarter climbed by 47.2% to €2.5bn (1.7bn). At unchanged exchange rates, premium volume would have been up 26.6% in the first six months of the year and 42.9% in the second quarter. Altogether, we expect that from the second quarter of 2009 the new quota share treaties will generate additional premium income equivalent to well over €2bn for the full calendar year, of which more than €1.5bn will be recognised in the income statement for 2009.

In **property-casualty reinsurance**, which now includes the Watkins Syndicate, our premium income grew by 7.2% to €7.9bn (7.4bn) in the first half of the year and by 9.7% to €3.8bn (3.5bn) in the second quarter, largely owing to the acquisition of the HSB Group. Adjusted to eliminate currency translation effects, the year-on-year increase in premium amounted to 3.7% in the first half of the year and 4.8% in the second quarter.

The satisfactory turn-of-the year **treaty renewals** in property-casualty reinsurance were followed at the beginning of April by treaty portfolio renewals with a volume of some €1.3bn, mostly in Japan and Korea and parts of the US market. Our premium volume showed an overall decrease of 11.4% due to terminations in underpriced treaties and reductions in credit and D&O business that was highly exposed because of the recession. The price increases achieved in renewed and newly acquired business totalled 7.2%, showing a continuation of the positive trend against an increasingly differentiated background. Prices rose substantially in heavily exposed natural catastrophe business, whilst prices in other areas remained stable.

The **combined ratio** came to 97.7% (99.5%) for the months of January to June and was an unsatisfactory 98.1% (95.2%) for the second quarter. Major-loss expenditure for the whole first half of 2009 totalled €697m (777m), some €80m lower than in the same period last year. It made up 9.9% (12.1%) of the combined ratio, with 3.5 (6.6) percentage points attributable to natural catastrophes. The largest claims burdens from natural catastrophes for the first half of the year were from Winter Storm Klaus, which caused damage particularly in France and Spain and cost us about €115m, and the devastating bush fires in the Australian state of Victoria giving rise to claims of €90m. In the second quarter, overall loss expenditure for major losses came to €412m (197m), or 11.2% (6.2%) of the combined ratio. At €56m (79m), natural catastrophes had only a small impact on our business. €356m (118m) was paid or reserved for man-made loss events. Burdens in credit and surety reinsurance business amounted to €217m.

Primary insurance

- Overall premium growth to €9.7bn; increase of 20.2% in international business
- Combined ratio of 94.7% in the first half-year and a good 93.1% in the second quarter
- Primary insurance result of –€9m in the first half-year; return to profit zone with €63m in the second quarter

Key primary insurance figures[1]

		Q1–2 2009	Q1–2 2008	Q2 2009	Q2 2008
Total premium income	€bn	9.7	9.2	4.6	4.3
Gross premiums written	€bn	8.9	8.7	4.2	4.1
Loss ratio property-casualty	%	62.9	57.9	62.8	62.0
Expense ratio property-casualty	%	31.1	31.1	29.0	30.2
Combined ratio property-casualty	%	94.0	89.0	91.8	92.2
Combined ratio legal expenses insurance	%	97.0	97.0	98.0	98.5
Combined ratio property-casualty including legal expenses insurance	%	94.7	90.7	93.1	93.4
Technical result	€m	521	591	262	248
Investment result	€m	1,846	1,606	1,111	889
Operating result	€m	292	585	215	271
Consolidated result	€m	–9	330	63	159
Thereof attributable to minority interests	€m	13	32	9	22

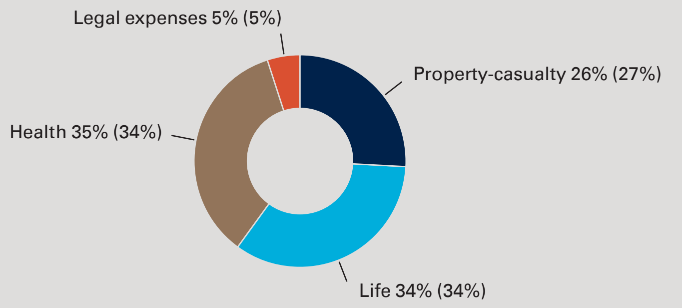
		30.6.2009	31.12.2008
Investments	€bn	116.2	114.0
Net technical provisions	€bn	103.6	101.4

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

The result of our primary insurance group was again affected by the financial crisis. The operating result for the first six months of 2009 was €292m (585m), with €215m (271m) attributable to the period from April to June. The **consolidated result** after tax amounted to –€9m (330m) for the months of January to June 2009 and €63m (159m) for the second quarter.

In the first half of the year, **overall premium volume** across all lines of business totalled €9.7bn (9.2bn), an increase of 5.1%. For the period since April, premium income rose by 7.1% to €4.6bn (4.3bn), with especially prominent growth in our international business, although the macroeconomic upheavals also affected us here. Despite the fact that over 90% of our premium volume in primary insurance stems from the eurozone, our income was adversely affected by strong changes in exchange rates, especially the Polish zloty and Turkish lira. Our **gross premiums written** amounted to €8.9bn (8.7bn) for the first half of 2009 and €4.2bn (4.1bn) for the period from April to June. Unlike overall premium volume, gross premiums written do not include the savings premiums from unit-linked life insurance and capitalisation products such as “Riester” pensions in Germany, which accounted for €778m (538m) in the first half of the year.

Gross premiums by division Q1–2 2009[1]



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

Our **life insurers** wrote overall premium volume of €3.8bn (3.4bn) from January to June 2009, a 10.9% increase compared with the first half of 2008. The second quarter showed a 14.8% rise in premium volume to €2.0bn (1.8bn). In Germany, business expanded overall by 1.7% to €1.50bn (1.47bn), new business recording slight year-on-year growth in the first half of the year. This increase of 4.7% to €807m was mainly due to the positive development of single-premium business. The strong decline in regular-premium business was assignable to a basic underlying effect, as new business in early 2008 had experienced a major boost in consequence of the fourth and last subsidisation stage for Riester policies. For the same reason, the annual premium equivalent (APE)[1] of €224m was significantly down by 27.5% on the previous year, as it includes only 10% of the strong single-premium result. From a marketing and sales point of view, business in the first half of the year was considerably better than in the same period last year, and we were able to conclude more policies via our banking, broker and direct sales channels, especially in single-premium business. Premium volume in international business grew appreciably by 82.7% to €519m (284m) in the second quarter, not least because we had increased our stake in Bank Austria Creditanstalt Versicherung (BACAV) to a majority shareholding as at 30 September 2008. BACAV's premium income has been consolidated in our financial statements since the fourth quarter of 2008, contributing €223m in the first half of 2009.

In **health** insurance, premium volume since the beginning of the year climbed by 3.0% to €3.1bn (3.0bn), of which €1.5bn (1.4bn) was generated in the second quarter. Europäische Reiseversicherung and Mercur have been included in this segment since 1 January 2009 rather than in the property-casualty segment. The previous year's figures have been adjusted accordingly. In international business, we recorded year-on-year growth of 9.9% in the period from January to June, with particularly robust premium increases in Spain, where the hospital operator Marina Salud commenced operations. Premium volume from German business in the first half of the year totalled €2.5bn (2.4bn), representing growth of 1.5%. Business with supplementary benefit covers grew by 5.7%, whilst premium income in comprehensive health insurance expanded by only 1.0%. These figures reflect the impact of the German health reform on comprehensive health business and the effect of the economic crisis on supplementary health and travel insurance in particular.

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

In **property-casualty insurance**, premium volume amounted to €2,787m (2,786m) in the period from January to June 2009, and totalled €1,158m (1,163m) for the second quarter. As mentioned above, Europäische Reiseversicherung and Mercur have been recognised in the health primary insurance segment since 1 January 2009, and the Watkins Syndicate is now reported in reinsurance. The previous year's figures have been adjusted accordingly. In our international business, premium volume since the beginning of the year amounted to €1,005m (1,008m) and was thus 0.3% lower than in the same period last year. Whilst there was growth in premium income generated by the South Korean ERGO Daum Direct, there were also strong declines due to changes in exchange rates, especially in Poland and Turkey. Our German business showed growth, with premium volume in the first half of the year climbing by a modest 0.2% to €1,782m (1,778m) and the period from April to June 2009 contributing €649m (640m). The overall performance of personal lines business is dominated by the highly competitive class of motor business. We did not engage in this competition, and our figures were lower than in the same period last year owing to the smaller number of motor vehicles insured. Our business with personal accident policies remained stable at a good level, and commercial and industrial business expanded by 2.9%.

The **combined ratio** in the property-casualty segment amounted to 94.7% (90.7%) in the first half year. For the months of April to June, it totalled a good 93.1% (93.4%). The figure in 2008 had benefited from a mild winter with more favourable claims experience, whereas the winter of 2009 was uncommonly long and caused a great deal of frost damage.

Investment performance

– Recovery on the financial markets in the second quarter
– Investment portfolio made up chiefly of fixed-interest securities and loans
– Good half-year investment result of €3.6bn
– Marked increase of 38% in investment result in second quarter, largely due to lower exceptional burdens

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

The Munich Re Group's **liquidity** is ensured by means of detailed, Group-wide liquidity planning. As a rule, the Munich Re Group generates significant liquidity from its premium income, from regular investment income and from maturities. We also attach great importance to the credit rating and fungibility of our investments, thereby ensuring a high level of liquidity overall. The drawback of this highly risk-conscious investment policy is that our participation in market phases with strong price gains on higher-risk investments is limited – as in the second quarter.

Investment result[1]

	Q1–2 2009 €m	Q1–2 2008 €m	Change %	Q2 2009 €m	Q2 2008 €m	Change %
Regular income	3,768	4,066	–7.3	2,024	2,293	–11.7
Write-ups/write-downs	–667	–1,168	42.9	–125	–660	81.1
Net realised capital gains	639	876	–27.1	280	134	109.0
Other income/expenses	–188	–513	63.4	8	–181	–
Total	**3,552**	**3,261**	**8.9**	**2,187**	**1,586**	**37.9**

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

Investment result by type of investment[1]

	Q1–2 2009 €m	Q1–2 2008 €m	Change %	Q2 2009 €m	Q2 2008 €m	Change %
Real estate	148	100	48.0	63	91	–30.8
Investments in affiliated companies	–10	12	–	–1	14	–
Investments in associates	–30	53	–	17	6	183.3
Mortgage loans and other loans	951	822	15.7	494	420	17.6
Other securities	2,531	2,552	–0.8	1,551	1,123	38.1
Deposits retained on assumed reinsurance, and other investments	46	144	–68.1	3	72	–95.8
Investments for the benefit of life insurance policyholders who bear the investment risk	129	–220	–	171	–27	–
Expenses for the management of investments, other expenses	213	202	5.4	111	113	–1.8
Total	**3,552**	**3,261**	**8.9**	**2,187**	**1,586**	**37.9**

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

For the period January to June 2009, the Munich Re Group's **investment result** showed a year-on-year improvement of 8.9%, due chiefly to lower write-downs on our equity portfolio. Furthermore, there was also a rise in the result of investments for the benefit of life insurance policyholders who bear the investment risk. In the second quarter of 2009 alone, we improved our result against the previous year by 38%.

Regular income from investments fell as a result of decreased dividend payments. This decline was partly compensated for by higher interest payments from our portfolio of fixed-interest securities and loans, in which we had invested more heavily.

For the first six months, the **net balance of write-ups and write-downs** on our investments was –€667m (–1,168m), of which –€125m (–660m) was attributable to the second quarter. In the previous year we had had to absorb substantial write-downs on our equity portfolio. There was an opposite effect from the relatively high write-downs of €145m (33m) we had to make in the first half-year on our fixed-interest securities and loans, as well as on swaptions used by our life primary insurers to protect themselves against reinvestment risks in low-interest-rate phases.

The revaluation of the Munich Re Group's total portfolio of fixed-interest securities categorised as "available for sale" and changes in equity of €438m led to net write-downs totalling €126m (29m)[2], of which €28m (8m) was attributable to the months April to June. In the first half-year, we made write-downs of approximately €50m on our structured-credit portfolio, with mortgage-backed securities and collateralised debt obligations being particularly affected. To take account of the risk of non-payment on participation certificates, dormant holdings and similar banking-sector equity instruments, we made write-downs of approximately €65m on such instruments between January and June.

Nevertheless, we cannot rule out further write-downs if the difficult economic situation persists. This risk exists particularly among the tier 1 and upper tier 2 instruments in our bank exposure (which are equity-related from the issuer's perspective), and among the participation certificates, which have already been partially written down in value. Our total exposure to such securities as at the reporting date was €502m at market values. This is equivalent to only 0.3% of our total investment portfolio.

Under IFRS accounting regulations, recoveries in the value of equity instruments which have previously been written down are recognised directly in equity with no effect on profit or loss; contrastingly, changes in the market value of derivatives are generally recognised in the income statement. Using derivatives to hedge our equity portfolios against losses in value thus means that the underlying business and hedging relationships are treated differently when stock markets rise. Even with good economic hedging, this can have adverse effects in the income statement. The only exception is hedge accounting, where movements in the income statement offset each other. Due to our much-reduced nominal and economic equity exposure, we do not anticipate any more major burdens for the Munich Re Group from our equity portfolio.

Between January and June 2009 we made total write-ups of €55m (58m) on our non-fixed interest securities categorised as "available for sale". However, after taking impairments in value into account, write-downs totalling €236m (2,164m) were necessary. These related almost exclusively to our equity portfolios. By contrast, in the second quarter we posted net write-ups of €31m (–858m) as stock markets rose. Despite write-ups of €751m (1,703m), our

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

investments in derivatives also led to net write-downs of €221m (–1,124m) in the first six months, €92m (–236m) of which was in the second quarter. Improvements in share prices led to our posting losses in value on derivative financial instruments, which are largely employed to hedge equity investments against falling prices. Furthermore, interest rate rises were partly responsible for the write-downs on our swaptions. We use these in life insurance to hedge against falling interest rates by way of an option to receive a fixed-interest rate, thus ensuring we generate a minimum return. Whereas write-downs on our equity portfolios can only be recognised for tax purposes under certain conditions, write-downs on derivative financial instruments are generally tax-deductible.

In the first half-year, we posted net **realised gains on disposal** that were slightly lower year on year at €639m (876m), although in the second quarter we did record an improvement to €280m (134m). For the months January to March we generated gains particularly on the disposal of expired and closed derivative financial instruments. In the first half of 2009, we also disposed of share packages whose sale led to the release of previously unrealised gains. Some of these packages had already been hedged prior to the financial crisis. Further capital gains totalling appproximately €107m were generated by reducing our participation in the Admiral Group from 15.1% to 10.2%. Overall, we thus achieved a net result of €334m (691m) between January and June on the disposal of non-fixed-interest securities categorised as “available for sale” and of derivatives with non-fixed-interest underlying business. Besides this, we realised net gains of €362m (225m) from disposals in our portfolio of fixed-interest securities categorised as “available for sale”. As a prelude to systematically expanding our portfolio of corporate bonds, we generated these gains on disposal in particular through the sale of government bonds, where the current low level of risk-free interest rates led to corresponding market-value gains.

In the first half of the year, we generated a result of €129m (–220m) from investments for the benefit of life insurance policyholders who bear the investment risk. We post this figure in the investment result under “other income/expenses”.

Investment mix[1, 2]

	Reinsurance				Primary insurance						Asset management		Total	
	Life and health		Property-casualty		Life		Health		Property-casualty					
€m	30.6.2009	31.12.2008	30.6.2009	31.12.2008	30.6.2009	31.12.2008	30.6.2009	31.12.2008	30.6.2009	31.12.2008	30.6.2009	31.12.2008	30.6.2009	31.12.2008
Land and buildings, including buildings on third-party land	390	399	717	696	1,862	1,874	623	612	93	90	61	61	3,746	3,732
Investments in affiliated companies	33	35	56	59	9	9	21	30	82	89	11	12	212	234
Investments in associates	94	84	176	178	232	257	115	106	188	291	53	48	858	964
Loans	124	257	214	417	27,885	25,911	13,607	11,695	2,241	2,145	–	1	44,071	40,426
Other securites held to maturity	–	–	–	–	120	138	–	–	3	5	–	–	123	143
Other securities available for sale														
Fixed-interest	10,880	11,057	43,482	42,836	37,345	36,609	11,553	12,602	5,073	4,781	217	23	108,550	107,908
Non-fixed-interest	348	400	1,687	1,888	1,924	3,126	822	558	851	943	21	21	5,653	6,936
Other securities at fair value through profit or loss														
Held for trading														
Fixed-interest	4	6	642	627	57	62	–	–	–	–	–	–	703	695
Non-fixed-interest	1	1	28	23	3	3	–	3	–	–	–	–	32	30
Derivatives	183	204	273	269	308	1,177	40	225	12	40	–	–	816	1,915
Designated as at fair value through profit or loss														
Fixed-interest	–	–	–	–	422	482	–	–	–	–	–	–	422	482
Non-fixed-interest	–	–	–	–	22	–	–	–	–	–	–	–	22	–
Deposits retained on assumed reinsurance	5,341	5,288	1,284	1,269	85	85	1	1	3	3	–	–	6,714	6,646
Other investments	227	124	616	268	681	966	140	128	211	220	274	286	2,149	1,992
Investments for the benefit of life insurance policyholders who bear the investment risk	–	–	–	–	3,365	2,873	1	1	–	–	–	–	3,366	2,874
Total	**17,625**	**17,855**	**49,175**	**48,530**	**74,320**	**73,572**	**26,923**	**25,961**	**8,757**	**8,607**	**637**	**452**	**177,437**	**174,977**

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

The carrying amount of the **Munich Re Group's investments** showed an increase of €2.5bn or 1.4% since the beginning of the year, due largely to the first-time consolidation of the HSB Group as at 31 March 2009 and to foreign currency exchange gains of €0.9bn. Moreover, a decline in risk spreads led to an increase in the market values of our fixed-interest securities. Net unrealised gains on our fixed-interest securities were therefore also up. A countervailing effect came most notably from our dividend payment of €1.1bn. We have continued to make substantial investments in fixed-interest securities and loans, favouring these to some extent over our equity portfolio.

Accordingly, at the reporting date, the market value of our **equity portfolio** (including investments in affiliated companies and associates) was only €4.9bn (6.3bn), which is equivalent to 2.8% (3.6%) of our total investments at market value. As part of our active equity portfolio streamlining, we also reduced our hedge quota as the stock markets rose. Consequently, we posted a slight increase in our economic equity exposure to 2.0% (1.7%) since the beginning of the year. Regrettably, our reduced equity portfolio means that we have thus only benefited to a small extent from the – in some cases significant – price gains in the second quarter. Given the volatile capital market environment, however, we opted to deploy our financial capacity to cover insurance and reinsurance risks rather than speculate on cyclically fragile stock market rallies.

Other securities available for sale

	Carrying amounts		Unrealised gains/losses		At amortised cost	
€m	30.6.2009	31.12.2008	30.6.2009	31.12.2008	30.6.2009	31.12.2008
Fixed-interest securities	108,550	107,908	1,515	1,410	107,035	106,498
Non-fixed-interest securities						
Equities	3,375	4,537	1,514	1,730	1,861	2,807
Investment funds	1,467	1,542	91	95	1,376	1,447
Other	811	857	18	–24	793	881
	5,653	6,936	1,623	1,801	4,030	5,135
Total	**114,203**	**114,844**	**3,138**	**3,211**	**111,065**	**111,633**

Since the beginning of the year, **net unrealised gains** on equities dropped to €1.6bn on account of disposals, which is a decrease of €0.2bn.

At the end of the quarter, **fixed-interest securities and loans** totalled €154bn, or approximately 86% of our aggregate investment portfolio at market values, an increase of 1.2 percentage points compared with the beginning of the year, and 13 percentage points more than at 31 December 2007.

We have placed a large portion (45%) of our fixed-interest securities and loans, including short-term items, in government bonds or similarly secure instruments for which public institutions are liable; approximately 52% relates to German and US issuers. Additionally, around 27% of our investments are in securities and debt instruments with top-quality collateralisation, mainly German pfandbriefs with excellent rating structures.

We carried out selective restructuring within our portfolio of credit-exposed fixed-interest securities in the first half of 2009, but have not taken on significant new credit risks. We took advantage of the extremely pronounced widening of risk spreads on corporate bonds to prudently improve our positions. As at the reporting date, these accounted for approximately 10% of our portfolio of fixed-interest investments. By contrast, in the second quarter we systematically trimmed back our portfolio of asset- and mortgage-backed securities further to €4.6bn (6.1bn). As at the end of the quarter, around 92% of our portfolio of asset- and mortgage-backed securities had a rating of AAA.

At the reporting date, approximately 12% of our portfolio of fixed-interest securities and loans, which includes short-term items, was invested with banks. A small portion of our bank exposure, around 3%, is comprised of dormant holdings, participation certificates and other quasi-equity instruments. Another 8% is in subordinated bonds with limited maturities.

As protection against the risks of future inflation and the rise in interest rates typically associated with this, we hold bonds worth approximately €7.8bn (6.5bn) for which the interest and redemption amounts are linked to the rate of inflation (inflation-indexed bonds). These account for 5.0% of our portfolio of fixed-interest securities and loans at market value.

In the first half-year up to the reporting date, there was an overall rise in the level of risk-free interest rates. Risk spreads on fixed-interest securities, which are still relatively high, developed in the opposite direction, with a trend of falling risk spreads across all major asset classes at the end of the second quarter. As almost all of our corporate bonds are categorised as "available for sale", they benefit particularly from falling risk spreads. **Net unrealised gains** on our fixed-interest securities in the "available for sale" category also grew by €105m to €1.5bn (see table on page 16).

Valuation reserves not recognised in the balance sheet

€m	Valuation reserves 30.6.2009	Fair value 30.6.2009	Carrying amount 30.6.2009	Valuation reserves 31.12.2008	Fair value 31.12.2008	Carrying amount 31.12.2008
Land and buildings[1]	1,532	7,693	6,161	1,506	7,551	6,045
Associates	155	995	840	168	1,117	949
Loans	259	44,330	44,071	626	41,052	40,426
Other securities	1	124	123	1	144	143
Total	**1,947**	**53,142**	**51,195**	**2,301**	**49,864**	**47,563**

[1] Including owner-occupied property.

The falling risk spreads only partially compensated for the rise in risk-free interest rates in our loan portfolio, however, which has a relatively low-risk orientation overall. Accordingly, the valuation reserves of our loans recognised at amortised cost shrank from €0.6bn to €0.3bn.

Moderate interest rate increases enhance the return on our new investments (the bulk of which are in the fixed-interest area), and thus actually benefit us in the long run despite the current losses in value in our existing loan portfolio. This applies especially to our life primary insurers, for whom it is particularly important to generate – at reasonable risk – regular income which comfortably exceeds the interest rates guaranteed to their clients.

Overall, our **off-balance-sheet valuation reserves** (excluding owner-occupied property) sank by €0.3bn to €1.7bn.

Taking policyholders' future bonuses, deferred taxes and minority interests into account, 42% of these reserves is arithmetically allocable to shareholders.

Assets under management for third parties

		30.6.2009	31.12.2008
Third-party investments	€bn	8.4	8.5

		Q1–2 2009	Q1–2 2008	Q2 2009	Q2 2008
Group asset management result	€m	16	34	8	9

The asset manager of Munich Re and the ERGO Insurance Group is MEAG MUNICH ERGO AssetManagement GmbH. In addition to its function as asset manager for the Group, MEAG also offers its expertise to private and institutional clients. The monies managed by MEAG in private-client business via investment funds increased to €1.8bn (1.7bn) due to the market recovery in the second quarter. MEAG's assets under management for institutional clients fell slightly to €6.6bn (6.8bn). The result sank to €16m (34m) on account of the still-difficult environment. The assets managed by PICC Asset Management Company Ltd. (PAMC), Shanghai, 81% of which is owned by PICC People's Insurance Company of China, and 19% by MEAG, reached €14.8bn (11.0bn).

Prospects

- Impact of the economic crisis still uncertain; challenges for the Group, but opportunities thanks to financial strength and know-how
- Further improvement in prices, terms and conditions in reinsurance, particularly in natural catastrophe covers in the USA and the Caribbean
- Adherence to long-term result target of 15% on risk-adjusted capital (RORAC) after tax across the cycle
- Share buy-back programme still suspended; resumption possible towards year-end

There are various reasons why the quarterly results of insurance companies, including Munich Re, are not a suitable indicator for the results of the financial year as a whole. Losses from natural catastrophes and other major losses have a disproportionate impact on the result of the reporting period in which they randomly and unforeseeably occur. Late-reported claims for major loss events can also lead to substantial fluctuations in individual quarterly results. And finally, gains and losses on the disposal of investments and write-downs of investments do not follow a regular pattern. Consequently, our quarterly figures do not provide more than pointers to the result for the year that may be expected.

Overview

The slowdown in global economic growth, increasing levels of unemployment and sinking real incomes naturally have a curbing effect on demand for insurance and reinsurance covers. Fewer investments are made and insured, export-based companies and logistics firms suffer from strong declines in orders and themselves drastically curtail their investment programmes; consumers have less scope for private provision. Yet even in this difficult economic situation, there are opportunities open to us in a number of areas, since our global market and line-of-business presence and our strong capital base enable us to systematically relocate capacity to attractive business fields.

Reinsurance

Reinsurance continues to hold considerable promise for the future, with a wide variety of earnings possibilities in the long term. On the one hand, the economic burdens for primary insurers and their customers have an impact on reinsurers' growth and profit perspectives. On the other hand, reinsurance has gained in importance in the current financial situation, as its capital-relief effect is in demand. We anticipate that many primary insurers will recognise the need for solid reinsurance protection even more clearly as they get closer to their annual accounts. While we are already seeing significant increases in prices in capital-intensive natural catastrophe business and loss-affected segments, we expect that terms and conditions in mass business will remain the same. Given our in-depth risk and market expertise, good client relations and financial strength, we are able to create added value with our comprehensive and customised reinsurance solutions. We therefore anticipate that we will be able to offset the as yet unquantifiable recession-related losses in premium.

Especially **life reinsurance** will offer good growth potential in the short and long term. Given its relatively low volatility, we will strengthen this segment further as an important component of diversification in our business portfolio. It is frequently also used by our clients, the primary insurers, as a capital substitute and is currently especially sought after, for instance in the form of large-volume quota share treaties. We anticipate that mid-term impulses for new business will derive from the restructuring of European supervisory rules (Solvency II), the continuing privatisation trend in old-age and disability provision in the developed markets, the growing need for asset protection, and the dynamic expansion of the Asian and eastern European life insurance markets.

However, the development of our primary insurance clients' new business is temporarily coming under pressure owing to declines in demand as a result of the economic crisis. We are proceeding on the assumption that there will be growth of more than 20% in gross premiums written to around €6.5bn, especially owing to major quota share treaties. As far as the development of our result is concerned, a severe recession could negatively impact investment results and disability and suicide rates. From our present perspective, significant burdens from the ongoing flu pandemic appear less probable, since the disease in its current manifestation has been relatively moderate in most cases. Taking into account the challenges and opportunities, we are adhering to our objective of doubling the value added by new business in the period 2006 to 2011 based on embedded value calculations.

There are a host of growth avenues in the field of **International Health**. Munich Re has therefore pooled its insurance and reinsurance healthcare specialists in a separate organisation for its business outside Germany under the new brand Munich Health. The Munich Re Group covers large stretches of the value chain. Our services, ranging from risk assessment and risk management to healthcare support, involve much more than just the assumption of risks. In this context, opportunities and risks will derive above all for our reinsurance business and for our health insurance subsidiary Sterling in the wake of the expected fundamental US healthcare reform, our short-term business prospects having been adversely impacted by the legal amendments adopted in 2008.

Gross premium volume for 2009 in the field of **health** should be in the region of €3bn in the reinsurance segment. Gross premiums written for Munich Health also include premiums in health primary insurance and will thus total nearly €4bn; in our external accounting, these are currently still recognised partly in the segment life and health reinsurance and partly in health primary insurance.

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

The property-casualty **renewals at 1 January** and **1 April 2009**, involving around 75% of our property-casualty treaty business, were satisfactory overall, but there were considerable differences in the way prices developed for the individual risks, forms of cover and regions.

As regards the **renewals at 1 July 2009** (parts of the US market, Australia and Latin America, and individual global clients), the picture is similar to the preceding renewals in January and April. While prices in general remained stable, natural catastrophe business continued to show price gains in the double-digit percentage range. Thanks to its capital strength, Munich Re was able to take advantage of this development to systematically grow in this segment. We thus succeeded in significantly raising prices for the renewed portfolio, which had a volume of around €1.4bn. At a good 4%, the increase in prices was somewhat lower than in the renewals at 1 April, but this is merely due to the fact that the share of business with natural catastrophe exposure was higher in the renewals at 1 April (mainly involving Japan and Korea) than in the renewals at 1 July. Although we are not entirely satisfied overall with the development of prices, terms and conditions in 2009, we were able to further improve the earnings profile of our portfolio thanks to our active cycle management.

For the **renewals at 1 January 2010**, we anticipate a continuation of the trend we have experienced in the current year. The tight capacity should keep prices in capital-intensive business at a high level or, where capacity is reduced, even cause them to climb further in some cases. In all other segments and markets, by contrast, we reckon with a more stable sideways development.

For 2009, we project gross premiums written of €15bn in property-casualty reinsurance. Claims expenditure in the first half of 2009 was higher than we had originally expected. An only moderate burden from natural catastrophes and normal volume of small claims contrasted with very high exceptional burdens as a result of the recession, especially in credit and surety business. In the light of the economic crisis, we expect many insolvencies and a correspondingly large number of additional major losses worldwide to also occur in this area in the further course of the year. For property-casualty reinsurance overall, we reckon with a combined ratio of around 97% of our net earned premiums over the market cycle as a whole, based on an expected average major-loss burden of 6.5% from natural catastrophes. The 3.5% burden from natural catastrophes in the first half of the year was moderate, but the peak cyclone season is still ahead of us. The recession-related losses alone, however, are likely to make it more difficult for us to achieve – let alone outperform – our long-term combined ratio target of 97% in 2009.

Measures to counter climate change offer us good business opportunities in property-casualty reinsurance. In cooperation with industrial insurance broker Marsh and photovoltaic producer Signet Solar, Munich Re has launched an innovative insurance solution to cover the risk of a performance deterioration in photovoltaic modules. It covers the performance warranty of Signet Solar modules for a period of 25 years. The warranty guarantees that the modules will perform to at least 90% of capacity in the first ten years and to at least 80% in the remaining 15 years. The insurance solution designed specifically to meet the needs of the photovoltaic industry is of importance in funding the use of such technology. Considerable business potential will also be opened up by the DESERTEC ("desert + technology") energy project. The aim is to produce sufficient power to meet around 15% of Europe's electricity demands and a substantial portion of the producer countries' requirements. DESERTEC is intended to trigger a large number of infrastructure projects in the energy sector in southern Europe and in the Middle East and North Africa. The insurance of such major construction projects throughout the world is already part of Munich Re's engineering experts' core business, increasingly comprising projects for generating renewable energy. Owing to our expertise and financial strength, we are a much-sought-after partner in this area, too. We are actively promoting DESERTEC not just to pursue our own business interests but also to make an essential contribution to reducing CO_2 emissions in Europe and thus curbing global warming.

We project that **gross premiums** in reinsurance will range between €24bn and €25bn in 2009, provided that exchange rates remain stable and the cyclical losses in premium income for primary insurers and their impact on reinsurance covers keep within reasonable bounds and can be offset by additional business. Having revised Munich Re's premium forecast significantly upwards to €22.5–24bn in May, owing to the conclusion of large-volume quota share treaties in the life and health reinsurance segment, we are now able to make a further upward revision, mainly thanks to additional treaties concluded in the same segment. Since the demand for reinsurance as a substitute for equity is likely to increase and capacity is short on the supply side, terms of trade should be maintained in 2009, despite the weakened overall economy.

Primary insurance

In primary insurance, the short-term negative factors related to the crisis will be counterbalanced in the medium term by positive aspects, especially in life and health business. The general public's need for care and provision is rising and has to be financed privately. Furthermore, as traditional forms of old-age provision backed with solid guarantees, life and annuity insurance should recapture a larger share of our clients' expenditure on private provision. Given the tight capital situation in the insurance industry and reduced confidence in the banking and fund management sectors, ERGO is benefiting from being part of a strong and solidly capitalised group.

We predict that our overall premium income in **life insurance** will grow, thanks to the development of international business. This increase will result mainly from the first-time consolidation of BACAV, whose premium income we have recognised in our consolidated figures since the fourth quarter of 2008. We project that premium volume in Germany will reduce marginally, in line with general market conditions. Gross premiums written should thus amount to a good €6bn.

In **health business**, we are aiming for a rise of around 2% in Germany, while in international business we again consider a higher increase in premium income possible. In addition to the effects of the German health reform, the growth figures will also reflect the impact of the economic crisis. Altogether, we expect gross premiums of approximately €6bn.

For **property-casualty insurance**, we project that premium income will be of the same order as last year, i.e. in the region of €5bn. We are aiming for a slight rise in German business in 2009, although the market should remain at the same level as last year. For international business, we anticipate stronger consequences from the economic crisis with a negative impact on premium development. Our goal is to keep the **combined ratio** within our long-term target of 95%.

Overall premium income in primary insurance is likely to range between €18.5bn and €19bn, with **gross premiums written** reaching €17–17.5bn. It should be noted that since 1 January 2009 the gross premiums written by Lloyd's Watkins Syndicate are no longer included in the primary insurance segment (€418m in 2008).

Munich Re Group

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

If exchange rates remain stable compared with those at the end of 2008, we expect that **gross premiums written** in primary insurance and reinsurance in 2009 will be in the range of €40–42bn (total consolidated premium). The renewed increase in the forecast compared with the quarterly report 1/2009 (€39–41bn) is attributable to a further rise in expected premiums for the reinsurance segment. In view of the continued distortions in the financial markets and the global recession, however, this prognosis is subject to considerable uncertainty.

Having made systematic reallocations from equities to interest-bearing securities, we anticipate that regular income from **investments** will be at a solid level for 2009, i.e. a good 4% on the average market value of total investments. Reinvestment returns are still low, and the dividends paid on our already much smaller equity portfolio have tended to be reduced. So far this year, we have expanded our credit exposure selectively and prudently by purchasing corporate bonds of well-rated issuers. As a general rule, we did not aim to compensate losses in interest income owing to low risk-free interest by assuming higher investment risks. Depending on how the financial markets and economic parameters develop, further burdens cannot be ruled out, particularly as far as the fixed-interest securities are concerned. Given our broadly diversified investment portfolio, we should be well able to absorb these burdens.

To sum up, the uncertainties resulting from the economic crisis apply to both underwriting business and investments, making a reliable prognosis for the 2009 annual result impossible at present. All in all, we nevertheless remain confident with regard to the Munich Re Group's value-based corporate development and are adhering to our long-term objective of a 15% return on our risk-based capital **(RORAC)** after tax across the cycle. Although our goal is quite ambitious considering the currently difficult economic environment and major uncertainties involved, it will not induce us to take irrational risks, as it relates to risk-based capital.

After concluding the 2008/2009 share buy-back programme as planned, we had originally proposed to carry out further **share buy-backs** totalling over €1bn for each of the following two twelve-month periods preceding the 2011 Annual General Meeting, but then put them on hold from April onwards owing to the uncertainties resulting from the economic crisis. We reason that it is more beneficial for the time being to use our comfortable capitalisation to take advantage of opportunities for growth. However, if in the further course of the year the prospects in the insurance markets turn out to be not attractive enough and the economic situation stabilises sufficiently, we will resume the share buy-back programme.

For the financial year 2009 and beyond, we still intend to pay our shareholders an annual **dividend** depending on the result for the year, our aim being not to fall below the level last reached, i.e. €5.50 per share. Having just passed the mid-year mark, it is of course too early for us to make a definite announcement.

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

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

Assets				31.12.2008	Change	
	€m	€m	€m	€m	€m	%
A. Intangible assets						
I. Goodwill		3,480		3,570	–90	–2.5
II. Other intangible assets		1,816		1,786	30	1.7
			5,296	5,356	–60	–1.1
B. Investments						
I. Land and buildings, including buildings on third-party land		3,746		3,732	14	0.4
Thereof: Investment property held for sale		16		16	–	–
II. Investments in affiliated companies and associates		1,070		1,198	–128	–10.7
Thereof: Investments in associates held for sale		24		–	24	–
III. Loans		44,071		40,426	3,645	9.0
IV. Other securities						
1. Held to maturity	123			143	–20	–14.0
2. Available for sale	114,203			114,844	–641	–0.6
3. At fair value through profit or loss	1,995			3,122	–1,127	–36.1
		116,321		118,109	–1,788	–1.5
V. Deposits retained on assumed reinsurance		6,714		6,646	68	1.0
VI. Other investments		2,149		1,992	157	7.9
			174,071	172,103	1,968	1.1
C. Investments for the benefit of life insurance policyholders who bear the investment risk			3,366	2,874	492	17.1
D. Ceded share of technical provisions			5,548	5,251	297	5.7
E. Receivables						
I. Current tax receivables		584		919	–335	–36.5
II. Other receivables		9,674		8,409	1,265	15.0
			10,258	9,328	930	10.0
F. Cash at bank, cheques and cash in hand			2,378	2,354	24	1.0
G. Deferred acquisition costs						
Gross		8,789		8,500	289	3.4
Ceded share		87		108	–21	–19.4
Net			8,702	8,392	310	3.7
H. Deferred tax assets			5,625	5,708	–83	–1.5
I. Other assets			3,947	4,051	–104	–2.6
Total assets			**219,191**	**215,417**	**3,774**	**1.8**

Equity and liabilities			31.12.2008	Change	
	€m	€m	€m	€m	%
A. Equity					
I. Issued capital and capital reserve	7,388		7,388	–	–
II. Retained earnings	11,320		10,888	432	4.0
III. Other reserves	1,195		1,187	8	0.7
IV. Consolidated result attributable to Munich Re equity holders	1,106		1,503	–397	–26.4
V. Minority interests	259		290	–31	–10.7
		21,268	21,256	12	0.1
B. Subordinated liabilities		4,796	4,979	–183	–3.7
C. Gross technical provisions					
I. Unearned premiums	7,594		6,421	1,173	18.3
II. Provision for future policy benefits	99,875		98,266[1]	1,609	1.6
III. Provision for outstanding claims	47,343		45,503[1]	1,840	4.0
IV. Other technical provisions	9,205		9,292	–87	–0.9
Thereof: Provision for deferred premium refunds relating to disposal groups	7		–	7	–
		164,017	159,482	4,535	2.8
D. Gross technical provisions for life insurance policies where the investment risk is borne by the policyholders		3,466	2,940	526	17.9
E. Other accrued liabilities		2,837	2,982	–145	–4.9
F. Liabilities					
I. Bonds and notes issued	287		302	–15	–5.0
II. Deposits retained on ceded business	2,176		2,086	90	4.3
III. Current tax liabilities	2,764		2,791	–27	–1.0
IV. Other liabilities	8,996		9,771	–775	–7.9
Thereof: Amounts due to banks relating to disposal groups	19		19	–	–
		14,223	14,950	–727	–4.9
G. Deferred tax liabilities		8,584	8,828	–244	–2.8
Total equity and liabilities		**219,191**	**215,417**	**3,774**	**1.8**

[1] Adjusted owing to reallocation within the technical provisions; see page 42.

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

Items	Q1–2 2009	Q1–2 2009	Q1–2 2009	Q1–2 2008		Change
	€m	€m	€m	€m	€m	%
Gross premiums written	20,693			18,853	1,840	9.8
1. Earned premiums						
Gross	19,894			17,920	1,974	11.0
Ceded	765			680	85	12.5
Net		19,129		17,240	1,889	11.0
2. Income from technical interest		2,484		2,306	178	7.7
3. Expenses for claims and benefits						
Gross	16,554			14,436	2,118	14.7
Ceded share	529			418	111	26.6
Net		16,025		14,018	2,007	14.3
4. Operating expenses						
Gross	4,894			4,314	580	13.4
Ceded share	336			102	234	229.4
Net		4,558		4,212	346	8.2
5. Technical result (1–4)			**1,030**	1,316	–286	–21.7
6. Investment result						
Investment income	7,034			8,427	–1,393	–16.5
Investment expenses	3,482			5,166	–1,684	–32.6
Total		3,552		3,261	291	8.9
Thereof: Income from associates		–30		53	–83	–
7. Other operating income		325		300	25	8.3
8. Other operating expenses		304		290	14	4.8
9. Deduction of income from technical interest		–2,484		–2,306	–178	–7.7
10. Non-technical result (6–9)			**1,089**	965	124	12.8
11. Operating result			**2,119**	2,281	–162	–7.1
12. Other non-operating result			–145	–108	–37	–34.3
13. Impairment losses of goodwill			121	–	121	–
14. Finance costs			158	181	–23	–12.7
15. Taxes on income			572	587	–15	–2.6
16. Consolidated result			**1,123**	1,405	–282	–20.1
Thereof: Attributable to Munich Re equity holders			**1,106**	1,373	–267	–19.4
Attributable to minority interests			**17**	32	–15	–46.9
			€	€	€	%
Earnings per share			**5.66**	6.73	–1.07	–15.9

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

Consolidated income statement for the period 1 April to 30 June 2009[1]

Items	Q2 2009	Q2 2009	Q2 2009	Q2 2008		Change
	€m	€m	€m	€m	€m	%
Gross premiums written	10,326			9,011	1,315	14.6
1. Earned premiums						
Gross	10,508			9,054	1,454	16.1
Ceded	376			357	19	5.3
Net		10,132		8,697	1,435	16.5
2. Income from technical interest		1,334		1,205	129	10.7
3. Expenses for claims and benefits						
Gross	9,011			7,349	1,662	22.6
Ceded share	346			264	82	31.1
Net		8,665		7,085	1,580	22.3
4. Operating expenses						
Gross	2,574			2,155	419	19.4
Ceded share	252			51	201	394.1
Net		2,322		2,104	218	10.4
5. Technical result (1–4)			**479**	713	–234	–32.8
6. Investment result						
Investment income	3,448			3,897	–449	–11.5
Investment expenses	1,261			2,311	–1,050	–45.4
Total		2,187		1,586	601	37.9
Thereof: Income from associates		17		6	11	183.3
7. Other operating income		205		126	79	62.7
8. Other operating expenses		164		132	32	24.2
9. Deduction of income from technical interest		–1,334		–1,205	–129	–10.7
10. Non-technical result (6–9)			**894**	375	519	138.4
11. Operating result			**1,373**	1,088	285	26.2
12. Other non-operating result			–241	–55	–186	–338.2
13. Impairment losses of goodwill			40	–	40	–
14. Finance costs			76	95	–19	–20.0
15. Taxes on income			313	310	3	1.0
16. Consolidated result			**703**	628	75	11.9
Thereof: Attributable to Munich Re equity holders Attributable to minority interests			 **691** **12**	 606 22	 85 –10	 14.0 –45.5
			€	€	€	%
Earnings per share			**3.54**	2.97	0.57	19.2

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

Consolidated income statement (quarterly breakdown)[1]

Items	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
	€m	€m	€m	€m	€m	€m
Gross premiums written	10,326	10,367	9,706	9,270	9,011	9,842
1. Earned premiums						
Gross	10,508	9,386	10,086	9,271	9,054	8,866
Ceded	376	389	459	414	357	323
Net	10,132	8,997	9,627	8,857	8,697	8,543
2. Income from technical interest	1,334	1,150	1,356	1,142	1,205	1,101
3. Expenses for claims and benefits						
Gross	9,011	7,543	8,191	7,269	7,349	7,087
Ceded share	346	183	446	313	264	154
Net	8,665	7,360	7,745	6,956	7,085	6,933
4. Operating expenses						
Gross	2,574	2,320	2,692	2,324	2,155	2,159
Ceded share	252	84	88	97	51	51
Net	2,322	2,236	2,604	2,227	2,104	2,108
5. Technical result (1–4)	**479**	**551**	634	816	713	603
6. Investment result						
Investment income	3,448	3,586	7,121	4,516	3,897	4,530
Investment expenses	1,261	2,221	5,198	3,854	2,311	2,855
Total	2,187	1,365	1,923	662	1,586	1,675
Thereof: Income from associates	17	–47	–48	16	6	47
7. Other operating income	205	120	179	229	126	174
8. Other operating expenses	164	140	259	192	132	158
9. Deduction of income from technical interest	–1,334	–1,150	–1,356	–1,142	–1,205	–1,101
10. Non-technical result (6–9)	**894**	**195**	487	–443	375	590
11. Operating result	**1,373**	**746**	1,121	373	1,088	1,193
12. Other non-operating result	–241	96	–110	–128	–55	–53
13. Impairment losses of goodwill	40	81	167	–	–	–
14. Finance costs	76	82	89	91	95	86
15. Taxes on income	313	259	634	152	310	277
16. Consolidated result	**703**	**420**	121	2	628	777
Thereof: Attributable to Munich Re equity holders	**691**	**415**	133	–3	606	767
Attributable to minority interests	**12**	**5**	–12	5	22	10
	€	€	€	€	€	€
Earnings per share	**3.54**	**2.12**	0.68	–0.02	2.97	3.75

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

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

	Q1–2 2009 €m	Q1–2 2008[1] €m
Consolidated result	**1,123**	1,405
Currency translation		
Gains (losses) recognised in equity	53	–520
Recognised in the consolidated income statement	–	–
Unrealised gains and losses on investments		
Gains (losses) recognised in equity	599	–2,184
Recognised in the consolidated income statement	–657	–587
Change resulting from valuation at equity		
Gains (losses) recognised in equity	17	4
Recognised in the consolidated income statement	–	–
Change resulting from cash flow hedges		
Gains (losses) recognised in equity	–	–1
Recognised in the consolidated income statement	–	–
Actuarial gains and losses on defined benefit plans	47	17
Change in the consolidated group	9	23
Other changes	–47	–6
Income and expense recognised directly in equity	**21**	–3,254
Total recognised income and expense	**1,144**	–1,849
Thereof:		
Attributable to Munich Re equity holders	1,173	–1,823
Attributable to minority interests	–29	–26
Changes in accordance with IAS 8	–11	–1

[1] Adjusted pursuant to IAS 8.

Statement of recognised income and expense for the period 1 April to 30 June 2009

	Q2 2009 €m	Q2 2008[1] €m
Consolidated result	**703**	628
Currency translation		
Gains (losses) recognised in equity	–216	59
Recognised in the consolidated income statement	–	–
Unrealised gains and losses on investments		
Gains (losses) recognised in equity	726	–1,219
Recognised in the consolidated income statement	–607	–208
Change resulting from valuation at equity		
Gains (losses) recognised in equity	40	4
Recognised in the consolidated income statement	–	–
Change resulting from cash flow hedges		
Gains (losses) recognised in equity	–1	–2
Recognised in the consolidated income statement	–	–
Actuarial gains and losses on defined benefit plans	67	26
Change in the consolidated group	5	3
Other changes	–37	–6
Income and expense recognised directly in equity	**–23**	–1,343
Total recognised income and expense	**680**	–715
Thereof:		
Attributable to Munich Re equity holders	691	–678
Attributable to minority interests	–11	–37
Changes in accordance with IAS 8	–11	7

[1] Adjusted pursuant to IAS 8.

Group statement of changes in equity

€m	Equity attributable to Munich Re equity holders								Minority interests	Total equity
	Issued capital	Capital reserve	Retained earnings		Other reserves			Consoli-dated 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			
Status at 31.12.2007[1]	588	6,800	11,018	–1,265	5,095	–1,161	–	3,840	501	25,416
Allocation to retained earnings	–	–	2,722	–	–	–	–	–2,722	–	–
Total recognised income and expense	–	–	15	–	–2,697	–513	–1	1,373	–26	–1,849
Thereof: Adjustments in accordance with IAS 8	–	–	–	–	–	–	–	–1	–	–1
Dividend	–	–	–	–	–	–	–	–1,118	–62	–1,180
Share buy-backs	–	–	–	–958	–	–	–	–	–	–958
Retirement of own shares	–	–	–1,498	1,498	–	–	–	–	–	–
Status at 30.6.2008[1]	588	6,800	12,257	–725	2,398	–1,674	–1	1,373	413	21,429
Status at 31.12.2008	588	6,800	12,069	–1,181	2,370	–1,186	3	1,503	290	21,256
Allocation to retained earnings	–	–	430	–	–	–	–	–430	–	–
Total recognised income and expense	–	–	59	–	–47	55	–	1,106	–29	1,144
Thereof: Adjustments in accordance with IAS 8	–	–	–4	–	–	–	–	–	–7	–11
Dividend	–	–	–	–	–	–	–	–1,073	–2	–1,075
Share buy-backs	–	–	–	–57	–	–	–	–	–	–57
Retirement of own shares	–	–	–1,000	1,000	–	–	–	–	–	–
Status at 30.6.2009	**588**	**6,800**	**11,558**	**–238**	**2,323**	**–1,131**	**3**	**1,106**	**259**	**21,268**

[1] Adjusted pursuant to IAS 8.

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

	Q1–2 2009 €m	Q1–2 2008[1] €m
Consolidated result	**1,123**	1,405
Net change in technical provisions	4,124	–310
Change in deferred acquisition costs	–251	–128
Change in deposits retained and accounts receivable and payable	–941	1,332
Change in other receivables and liabilities	–4	–85
Gains and losses on the disposal of investments	–639	–876
Change in securities held for trading	1,028	607
Change in other balance sheet items	70	–621
Other income and expenses without impact on cash flow	741	1,563
I. Cash flows from operating activities	**5,251**	2,887
Inflows from the sale of consolidated companies	–	–
Outflows for the acquisition of consolidated companies	560	932
Change from the acquisition, sale and maturities of other investments	–1,989	1,803
Change from the acquisition and sale of investments for unit-linked life insurance	–367	–151
Other	–86	5
II. Cash flows from investing activities	**–3,002**	725
Inflows from increases in capital	–	–
Outflows for share buy-backs	57	813
Dividend payments	1,075	1,180
Change from other financing activities	–1,103	–1,081
III. Cash flows from financing activities	**–2,235**	–3,074
Cash flows for the financial year (I + II + III)	**14**	538
Effect of exchange rate changes on cash	10	–47
Cash at the beginning of the financial year	2,354	2,505
Cash at the end of the financial year	2,378	2,996

[1] Adjusted pursuant to IAS 8.

Segment reporting

Segment assets[1]

	Reinsurance			
	Life and health		Property-casualty	
€m	30.6.2009	31.12.2008	30.6.2009	31.12.2008
A. Intangible assets	339	396	1,992	1,874
B. Investments				
I. Land and buildings, including buildings on third-party land	390	399	717	696
Thereof: Investment property held for sale	–	–	–	–
II. Investments in affiliated companies and associates	2,108	2,191	3,745	3,706
Thereof: Investments in associates held for sale	–	–	–	–
III. Loans	769	839	1,344	1,387
IV. Other securities				
1. Held to maturity	–	–	–	–
2. Available for sale	11,228	11,457	45,169	44,724
3. At fair value through profit or loss	188	211	943	919
	11,416	11,668	46,112	45,643
V. Deposits retained on assumed reinsurance	10,049	10,142	1,290	1,271
VI. Other investments	261	131	675	280
	24,993	25,370	53,883	52,983
C. Investments for the benefit of life insurance policyholders who bear the investment risk	–	–	–	–
D. Ceded share of technical provisions	509	374	3,088	2,935
E. Other segment assets	5,944	5,816	9,928	9,091
Total segment assets	**31,785**	**31,956**	**68,891**	**66,883**

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

	Life		Health	Primary insurance Property-casualty		Asset management		Consolidation		Total	
30.6.2009	31.12.2008	30.6.2009	31.12.2008	30.6.2009	31.12.2008	30.6.2009	31.12.2008	30.6.2009	31.12.2008	30.6.2009	31.12.2008
1,248	1,345	763	768	946	964	12	12	–4	–3	5,296	5,356
1,863	1,875	623	612	93	90	61	61	–1	–1	3,746	3,732
–	–	–	–	–	–	16	16	–	–	16	16
396	436	259	264	3,874	3,861	64	61	–9,376	–9,321	1,070	1,198
24	–	–	–	–	–	–	–	–	–	24	–
29,158	27,146	14,149	12,238	2,350	2,231	–	1	–3,699	–3,416	44,071	40,426
120	138	–	–	3	5	–	–	–	–	123	143
39,279	39,747	12,375	13,160	5,924	5,724	238	44	–10	–12	114,203	114,844
812	1,724	40	228	12	40	–	–	–	–	1,995	3,122
40,211	41,609	12,415	13,388	5,939	5,769	238	44	–10	–12	116,321	118,109
85	85	1	1	19	19	–	–	–4,730	–4,872	6,714	6,646
762	1,033	158	131	481	359	274	286	–462	–228	2,149	1,992
72,475	72,184	27,605	26,634	12,756	12,329	637	453	–18,278	–17,850	174,071	172,103
3,365	2,873	1	1	–	–	–	–	–	–	3,366	2,874
5,603	5,803	1,074	1,064	901	875	–	–	–5,627	–5,800	5,548	5,251
9,120	9,125	3,440	3,448	3,654	3,612	86	94	–1,262	–1,353	30,910	29,833
91,811	**91,330**	**32,883**	**31,915**	**18,257**	**17,780**	**735**	**559**	**–25,171**	**–25,006**	**219,191**	**215,417**

Segment reporting

Segment equity and liabilities[1]

	Reinsurance			
	Life and health		Property-casualty	
€m	30.6.2009	31.12.2008	30.6.2009	31.12.2008
A. Subordinated liabilities	1,571	1,697	2,787	2,846
B. Gross technical provisions				
I. Unearned premiums	297	274	5,440	4,641
II. Provision for future policy benefits	13,841	13,588[2]	300	300
III. Provision for outstanding claims	4,393	4,021[2]	36,591	35,264
IV. Other technical provisions	876	818	244	156
Thereof: Provision for deferred premium refunds relating to disposal groups	–	–	–	–
	19,407	18,701	42,575	40,361
C. Gross technical provisions for life insurance policies where the investment risk is borne by the policyholders	–	–	–	–
D. Other accrued liabilities	216	290	625	658
E. Other segment liabilities	4,545	4,804	7,735	8,475
Thereof: Other segment liabilities relating to disposal groups	–	–	–	–
Total segment liabilities	**25,739**	**25,492**	**53,722**	**52,340**

[1] Previous year's figures adjusted owing to first-time application of IFRS 8.
[2] Adjusted owing to reallocation within the technical provisions; see page 42.

	Primary insurance						Asset management		Consolidation		Total	
	Life		Health		Property-casualty							
	30.6.2009	31.12.2008	30.6.2009	31.12.2008	30.6.2009	31.12.2008	30.6.2009	31.12.2008	30.6.2009	31.12.2008	30.6.2009	31.12.2008
	99	98	24	24	374	387	–	–	–59	–73	4,796	4,979
	1	–	241	172	1,721	1,418	–	–	–106	–84	7,594	6,421
	68,643	68,342	21,343	20,498	363	345	–	–	–4,615	–4,807	99,875	98,266[2]
	1,334	1,317	1,115	1,090	4,582	4,478	–	–	–672	–667	47,343	45,503[2]
	2,291	2,486	5,901	5,910	134	129	–	–	–241	–207	9,205	9,292
	7	–	–	–	–	–	–	–	–	–	7	–
	72,269	72,145	28,600	27,670	6,800	6,370	–	–	–5,634	–5,765	164,017	159,482
	3,465	2,939	1	1	–	–	–	–	–	–	3,466	2,940
	508	498	310	333	1,192	1,191	31	47	–45	–35	2,837	2,982
	12,256	12,309	2,273	2,235	5,591	5,426	569	354	–10,162	–9,825	22,807	23,778
	–	–	–	–	–	–	19	19	–	–	19	19
	88,597	**87,989**	**31,208**	**30,263**	**13,957**	**13,374**	**600**	**401**	**–15,900**	**–15,698**	**197,923**	**194,161**
									Equity		**21,268**	**21,256**
									Total equity and liabilities		**219,191**	**215,417**

Segment reporting

Segment income statement 1.1.–30.6.2009[1]

	Reinsurance			
	Life and health		Property-casualty	
€m	Q1–2 2009	Q1–2 2008[2]	Q1–2 2009	Q1–2 2008
Gross premiums written	4,367	3,389	7,878	7,351
Thereof:				
From insurance transactions with other segments	258	353	182	175
From insurance transactions with external third parties	4,109	3,036	7,696	7,176
1. Earned premiums				
Gross	4,367	3,375	7,434	6,830
Ceded	178	128	423	391
Net	4,189	3,247	7,011	6,439
2. Income from technical interest	307	337	370	639
3. Expenses for claims and benefits				
Gross	3,402	2,640	5,356	4,854
Ceded share	114	66	337	232
Net	3,288	2,574	5,019	4,622
4. Operating expenses				
Gross	1,125	860	2,145	1,899
Ceded share	37	33	276	84
Net	1,088	827	1,869	1,815
Thereof:				
Amortisation and impairment losses of acquired insurance portfolios	2	3	2	–
5. Technical result (1–4)	120	183	493	641
6. Investment result				
Investment income	1,217	1,372	2,644	4,207
Investment expenses	452	530	1,402	2,308
Total	765	842	1,242	1,899
Thereof:				
Interest and similar income	600	592	714	686
Interest charges and similar expenses	19	11	38	19
Write-downs of investments	161	305	529	1,328
Write-ups of investments	142	220	467	925
Income from associates	–2	3	–5	14
7. Other operating income	30	53	158	90
Thereof:				
Interest and similar income	8	9	21	20
Write-ups of other operating assets	–	–	–	–
8. Other operating expenses	51	44	76	60
Thereof:				
Interest charges and similar expenses	9	7	15	12
Write-downs of other operating assets	3	3	6	7
9. Deduction of income from technical interest	–307	–337	–370	–639
10. Non-technical result (6–9)	437	514	954	1,290
11. Operating result	557	697	1,447	1,931
12. Other non-operating result, finance costs and amortisation losses of goodwill	–89	–65	–131	–160
13. Taxes on income	124	–21	361	403
14. Consolidated result	**344**	**653**	**955**	**1,368**
Thereof:				
Attributable to Munich Re equity holders	**344**	**653**	**955**	**1,368**
Atrributable to minority interests	–	–	–	–

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

				Primary insurance		Asset management		Consolidation		Total	
	Life		Health	Property-casualty							
Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–1 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008
3,041	2,905	3,067	2,977	2,787	2,786	–	–	–447	–555	20,693	18,853
–	6	1	1	6	20	–	–	–447	–555	–	–
3,041	2,899	3,066	2,976	2,781	2,766	–	–	–	–	20,693	18,853
3,041	2,906	2,997	2,896	2,468	2,442	–	–	–413	–529	19,894	17,920
233	292	106	158	238	240	–	–	–413	–529	765	680
2,808	2,614	2,891	2,738	2,230	2,202	–	–	–	–	19,129	17,240
1,264	876	620	501	81	110	–	–	–158	–157	2,484	2,306
3,563	3,178	2,992	2,710	1,558	1,454	–	–	–317	–400	16,554	14,436
96	181	79	102	138	141	–	–	–235	–304	529	418
3,467	2,997	2,913	2,608	1,420	1,313	–	–	–82	–96	16,025	14,018
518	447	438	449	784	770	–	–	–116	–111	4,894	4,314
99	43	16	40	52	51	–	–	–144	–149	336	102
419	404	422	409	732	719	–	–	28	38	4,558	4,212
21	9	3	3	–	–	–	–	–	–	28	15
186	89	176	222	159	280	–	–	–104	–99	1,030	1,316
2,411	2,525	791	1,005	324	419	11	35	–364	–1,136	7,034	8,427
1,284	1,536	235	638	161	169	5	6	–57	–21	3,482	5,166
1,127	989	556	367	163	250	6	29	–307	–1,115	3,552	3,261
1,488	1,350	558	506	178	165	4	9	–168	–164	3,374	3,144
31	41	9	14	2	3	–	–	–2	–3	97	85
662	871	56	331	75	93	4	1	–	–	1,487	2,929
167	451	23	147	21	18	–	–	–	–	820	1,761
–18	–	9	–	–18	13	4	23	–	–	–30	53
250	255	45	36	207	213	124	136	–489	–483	325	300
6	22	2	5	2	7	1	5	–3	–4	37	64
–	1	–	–	–	–	–	–	–	–	–	1
275	276	65	49	272	304	101	116	–536	–559	304	290
3	3	6	5	61	83	4	12	–42	–65	56	57
11	13	3	2	9	5	–	–	–	–	32	30
–1,264	–876	–620	–501	–81	–110	–	–	158	157	–2,484	–2,306
–162	92	–84	–147	17	49	29	49	–102	–882	1,089	965
24	181	92	75	176	329	29	49	–206	–981	2,119	2,281
–100	10	–32	–17	–95	–52	–3	–6	26	1	–424	–289
–7	97	53	26	28	73	10	9	3	–	572	587
–69	**94**	**7**	**32**	**53**	**204**	**16**	**34**	**–183**	**–980**	**1,123**	**1,405**
–77	**80**	**4**	**32**	**51**	**186**	**16**	**34**	**–187**	**–980**	**1,106**	**1,373**
8	**14**	**3**	**–**	**2**	**18**	**–**	**–**	**4**	**–**	**17**	**32**

Segment reporting

Segment income statement 1.4.–30.6.2009[1]

	Reinsurance			
	Life and health		Property-casualty	
€m	Q2 2009	Q2 2008[2]	Q2 2009	Q2 2008
Gross premiums written	2,521	1,713	3,816	3,477
Thereof:				
From insurance transactions with other segments	112	158	61	56
From insurance transactions with external third parties	2,409	1,555	3,755	3,421
1. Earned premiums				
Gross	2,537	1,716	3,874	3,401
Ceded	103	54	201	213
Net	2,434	1,662	3,673	3,188
2. Income from technical interest	144	169	175	313
3. Expenses for claims and benefits				
Gross	1,952	1,375	2,935	2,292
Ceded share	68	55	236	119
Net	1,884	1,320	2,699	2,173
4. Operating expenses				
Gross	641	453	1,140	934
Ceded share	17	11	219	58
Net	624	442	921	876
Thereof:				
Amortisation and impairment losses of acquired insurance portfolios	–	2	2	–
5. Technical result (1–4)	70	69	228	452
6. Investment result				
Investment income	572	719	1,217	2,323
Investment expenses	174	239	496	1,055
Total	398	480	721	1,268
Thereof:				
Interest and similar income	268	265	396	368
Interest charges and similar expenses	9	4	19	7
Write-downs of investments	32	121	177	537
Write-ups of investments	71	90	242	364
Income from associates	–1	1	1	–12
7. Other operating income	1	21	133	28
Thereof:				
Interest and similar income	3	4	7	8
Write-ups of other operating assets	–	–	–	–
8. Other operating expenses	29	25	50	27
Thereof:				
Interest charges and similar expenses	4	4	6	7
Write-downs of other operating assets	1	1	3	3
9. Deduction of income from technical interest	–144	–169	–175	–313
10. Non-technical result (6–9)	226	307	629	956
11. Operating result	296	376	857	1,408
12. Other non-operating result, finance costs and amortisation losses of goodwill	–96	–45	–161	–109
13. Taxes on income	58	–2	204	190
14. Consolidated result	**142**	**333**	**492**	**1,109**
Thereof:				
Attributable to Munich Re equity holders	**142**	**333**	**492**	**1,109**
Atrributable to minority interests	–	–	–	–

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

	Primary insurance						Asset management		Consolidation		Total	
	Life		Health		Property-casualty							
	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008
	1,529	1,473	1,477	1,423	1,158	1,163	–	–	–175	–238	10,326	9,011
	–	1	1	–	1	23	–	–	–175	–238	–	–
	1,529	1,472	1,476	1,423	1,157	1,140	–	–	–	–	10,326	9,011
	1,528	1,475	1,510	1,455	1,250	1,249	–	–	–191	–242	10,508	9,054
	98	141	54	68	111	123	–	–	–191	–242	376	357
	1,430	1,334	1,456	1,387	1,139	1,126	–	–	–	–	10,132	8,697
	753	494	320	254	37	55	–	–	–95	–80	1,334	1,205
	1,943	1,666	1,515	1,390	795	789	–	–	–129	–163	9,011	7,349
	47	89	34	40	65	75	–	–	–104	–114	346	264
	1,896	1,577	1,481	1,350	730	714	–	–	–25	–49	8,665	7,085
	254	205	203	221	385	391	–	–	–49	–49	2,574	2,155
	33	5	12	19	31	32	–	–	–60	–74	252	51
	221	200	191	202	354	359	–	–	11	25	2,322	2,104
	10	5	2	2	–	–	–	–	–	–	14	9
	66	51	104	89	92	108	–	–	–81	–56	479	713
	1,175	1,204	400	482	153	221	7	11	–76	–1,063	3,448	3,897
	441	670	122	274	54	74	4	5	–30	–6	1,261	2,311
	734	534	278	208	99	147	3	6	–46	–1,057	2,187	1,586
	770	680	287	259	90	84	2	5	–74	–82	1,739	1,579
	16	20	4	7	1	2	–	–	–1	–2	48	38
	272	408	25	160	17	36	4	–	–	–	527	1,262
	73	107	7	27	9	14	–	–	–	–	402	602
	1	3	1	–	11	9	4	5	–	–	17	6
	119	123	21	18	105	103	65	71	–239	–238	205	126
	2	11	1	2	1	4	1	2	–2	–3	13	28
	–	1	–	–	–	–	–	–	–	–	–	1
	129	137	34	23	130	147	55	59	–263	–286	164	132
	2	1	1	3	26	38	1	5	–19	–34	21	24
	2	6	1	1	5	2	–	–	–	–	12	13
	–753	–494	–320	–254	–37	–55	–	–	95	80	–1,334	–1,205
	–29	26	–55	–51	37	48	13	18	73	–929	894	375
	37	77	49	38	129	156	13	18	–8	–985	1,373	1,088
	–31	33	–6	1	–69	–27	–1	–5	7	2	–357	–150
	–10	66	38	19	18	34	4	4	1	–1	313	310
	16	**44**	**5**	**20**	**42**	**95**	**8**	**9**	**–2**	**–982**	**703**	**628**
	12	**34**	**3**	**18**	**39**	**85**	**8**	**9**	**–5**	**–982**	**691**	**606**
	4	**10**	**2**	**2**	**3**	**10**	**–**	**–**	**3**	**–**	**12**	**22**

Segment reporting

Investments[1, 2]

€m	Reinsurance 30.6.2009	Reinsurance 31.12.2008	Primary insurance 30.6.2009	Primary insurance 31.12.2008	Asset management 30.6.2009	Asset management 31.12.2008	Total 30.6.2009	Total 31.12.2008
Europe	34,449	36,223	105,962	103,602	585	399	140,996	140,224
North America	27,731	25,934	3,088	3,545	20	28	30,839	29,507
Asia and Australasia	2,711	2,494	721	752	32	25	3,464	3,271
Africa, Near and Middle East	1,219	1,099	76	93	–	–	1,295	1,192
Latin America	690	635	153	148	–	–	843	783
Total	**66,800**	**66,385**	**110,000**	**108,140**	**637**	**452**	**177,437**	**174,977**

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

Gross premiums written[1, 2]

€m	Reinsurance Q1–2 2009	Reinsurance Q1–2 2008[3]	Primary insurance Q1–2 2009	Primary insurance Q1–2 2008	Total Q1–2 2009	Total Q1–2 2008
Europe	4,662	4,832	8,826	8,603	13,488	13,435
North America	4,955	3,243	–	–	4,955	3,243
Asia and Australasia	1,188	1,143	62	38	1,250	1,181
Africa, Near and Middle East	488	434	–	–	488	434
Latin America	512	560	–	–	512	560
Total	**11,805**	**10,212**	**8,888**	**8,641**	**20,693**	**18,853**

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

Gross premiums written[1, 2]

€m	Reinsurance Q2 2009	Reinsurance Q2 2008[3]	Primary insurance Q2 2009	Primary insurance Q2 2008	Total Q2 2009	Total Q2 2008
Europe	2,047	2,163	4,132	3,997	6,179	6,160
North America	2,948	1,734	–	–	2,948	1,734
Asia and Australasia	647	620	30	38	677	658
Africa, Near and Middle East	248	199	–	–	248	199
Latin America	274	260	–	–	274	260
Total	**6,164**	**4,976**	**4,162**	**4,035**	**10,326**	**9,011**

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

Selected notes to the consolidated financial statements

Recognition and measurement

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

The following new or revised standards are of significance:

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

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

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

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

In line with our internal management approach, the operating result has been split into a technical result and a non-technical result as from the beginning of the first quarter of 2009, with an interest component allocated to the underwriting business in the form of income from technical interest. This interest income derives from the investment of the technical provisions and the entitlement of policyholders to portions of the non-technical result (cf. information on income from technical interest, page 47). There continues to be comparability with prior periods, since it is possible to reconcile the current figures to the previous IFRS segment results by reallocating the result components.

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

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

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

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

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

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

In the second quarter of 2009, we corrected accounting errors in the financial statements of two subsidiaries. In accordance with IAS 8, the relevant corrections have been made through retained earnings without impact on profit or loss, as a retrospective adjustment for prior periods was impracticable on a cost-benefit basis. Retained earnings have been reduced by €4m as a result.

The consolidated balance sheet at 30 June 2009 is affected by the adjustments as follows:

Consolidated balance sheet

			€m
Assets			
B.	II.	Investments in affiliated companies and associates	–11
E.	II.	Other receivables	–7
H.		Deferred tax assets	12
Equity and liabilities			
A.	II.	Retained earnings	–4
A.	V.	Minority interests	–7
F.	IV.	Other liabilities	5

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

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

Changes in the consolidated group

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

On 31 March 2009, through its subsidiary Munich-American Holding Corporation, Wilmington, Delaware, the Munich Re Group acquired 100% of the share capital of the HSB Group Inc. (HSB Group) based in Wilmington, Delaware, for a total price of €563.6m. The purchase price includes all directly assignable incidental acquisition expenses such as fees for external consulting services and taxes incurred.

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

The combined opening balance sheet of the HSB Group at the time of acquisition, after elimination of its intra-group business, includes the following provisional IFRS figures (the amounts in brackets are the figures directly prior to the business combination): intangible assets of €116.9m (1.7m), investments of €885.1m (885.1m), a ceded share of technical provisions of €151.2m (151.2m), cash at banks, cheques and cash in hand of €31.5m (31.5m), deferred acquisition costs of €58.8m (58.8m), receivables, deferred tax assets and other assets of €281.6m (320.9m), subordinated liabilities of €31.5m (60.2m), gross technical provisions of €680.1m (680.1m), other provisions, liabilities and deferred tax liabilities of €278.2m (263.6m).

In connection with the acquisition of the HSB Group, other intangible assets of €115.2m and goodwill of €28.3m have been recognised. The goodwill is based mainly on the exploitation of additional future business potential and the use of the sales, marketing and insurance know-how by the Munich Re Group. The goodwill includes the value assigned to the HSB Group's staff.

The income and expenses for the months of April to June 2009 have been recognised in the consolidated income statement. In this period, the HSB Group contributed €24.2m to the Group result.

If the acquisition of the HSB Group had already been concluded at the beginning of the financial year, the Munich Re Group's gross premiums written would have amounted to €20,869.5m and the consolidated result to €1,132.5m. The HSB Group's contributions to gross premiums and Group result up to the time of acquisition are based on US GAAP.

Foreign currency translation

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

Currency translation rates

	Balance sheet		Income statement			
Rate for €1	30.6.2009	31.12.2008	Q2 2009	Q1 2009	Q2 2008	Q1 2008
Australian dollar	1.73500	1.99375	1.79266	1.96394	1.65619	1.65661
Canadian dollar	1.62895	1.71600	1.58953	1.62405	1.57810	1.50544
Pound sterling	0.85170	0.96685	0.87939	0.90966	0.79268	0.75742
Rand	10.83200	12.85100	11.52100	12.96380	12.14370	11.30410
Swiss franc	1.52550	1.47955	1.51389	1.49659	1.61184	1.60073
US dollar	1.40265	1.39005	1.36218	1.30438	1.56232	1.49863
Yen	135.3350	126.0080	132.6520	122.1650	163.4090	157.7030

Notes to the consolidated balance sheet

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

Intangible assets

€m	30.6.2009	31.12.2008
I. Goodwill	3,480	3,570
II. Other intangible assets	1,816	1,786
Thereof:		
Software	341	342
Purchased insurance portfolios	703	721
Other	772	723
Total	**5,296**	**5,356**

The deterioration in parameters caused by the spreading of the financial crisis to the real economy prompted us to critically review the business plans of our international primary insurance companies and, in some cases, adjust them downwards. We therefore made write-downs of around €81m in the first quarter for impairments of goodwill, in particular for Bank Austria Creditanstalt Versicherung (BACAV), whose goodwill we wrote off completely.

The latest changes in the US healthcare system following the amendments adopted in 2008 have led to a significant reduction in the growth potential of Sterling Life Insurance Company, necessitating a revision of the company's planning figures. The resultant impairment test gave rise to a write-down of €40m on overall goodwill. Besides this, a write-down of €7m was made on other intangible assets.

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

	30.6.2009	31.12.2008
Number of shares in circulation	195,087,851	195,655,351
Number of own shares held	2,313,773	10,748,453
Total	**197,401,624**	**206,403,804**

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

Minority interests

€m	30.6.2009	31.12.2008
Unrealised gains and losses	23	18
Consolidated result	–6	18
Other equity	242	254
Total	**259**	**290**

These are mainly minority interests in the ERGO Insurance Group.

Subordinated liabilities

€m	30.6.2009	31.12.2008
Munich Reinsurance Company, Munich, 6.75% until 2013, thereafter floating, €2,900m[1], Bonds 2003/2023 S&P rating: A	2,883	2,981
Munich Reinsurance Company, Munich, 7.625% until 2018, thereafter floating, £300m, Bonds 2003/2028 S&P rating: A	350	308
Munich Reinsurance Company, Munich, 5.767% until 2017, thereafter floating, €1,349m[2], Bonds 2007/perpetual S&P rating: A	1,470	1,613
The Midland Company, Cincinnati LIBOR +350 BP, US$ 24m[3], Bonds 2004/2034 Rating: –	–	17
Bank Austria Creditanstalt Versicherung AG, Vienna, 4.95%, €50m, Registered bonds 2004/2014 Rating: –	47	45
Bank Austria Creditanstalt Versicherung AG, Vienna, 6% until 2010, thereafter floating, €12m[4], Registered bonds 2001/perpetual Rating: –	8	7
Bank Austria Creditanstalt Versicherung AG, Vienna, secondary market yield on federal government bonds (Austria) +70 BP, €13m[5], Registered bonds 1998/perpetual Rating: –	8	8
HSB Capital I, Delaware LIBOR +91 BP, US$ 76m[6], Bonds 1997/2027 S&P rating: –	30	–
Total	**4,796**	**4,979**

[1] In the first half-year 2009, the issuer bought back bonds with a nominal value of €100m.
[2] In the first half-year 2009, the issuer bought back bonds with a nominal value of €149m.
[3] In the second quarter of 2009, the issuer bought back bonds with a nominal value of US$ 24m.
[4] ERGO International AG holds bonds with a nominal value of €3m; the volume outstanding has been reduced accordingly.
[5] ERGO AG holds bonds with a nominal value of €3m; the volume outstanding has been reduced accordingly.
[6] The HSB Group Inc., Delaware holds bonds with a nominal value of US$ 34m; the volume outstanding has been reduced accordingly.

Bonds and notes issued

€m	30.6.2009	31.12.2008
Munich Re America Corporation, Princeton, 7.45%, US$ 404m, Senior notes 1996/2026[1] S&P rating: A–	287	302
Total	**287**	**302**

[1] In the second quarter of 2009, the issuer bought back notes with a nominal value of US$ 17m.

Notes to the consolidated income statement

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

Premiums[1, 2]

	Reinsurance				Primary insurance						Total	
	Life and health		Property-casualty		Life		Health		Property-casualty			
€m	Q1–2 2009	Q1–2 2008[3]	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008
Gross premiums written	4,109	3,036	7,696	7,176	3,041	2,899	3,066	2,976	2,781	2,766	20,693	18,853
Change in unearned premiums Gross	–	14	409	509	1	–2	70	81	319	331	799	933
Gross earned premiums	**4,109**	**3,022**	**7,287**	**6,667**	**3,040**	**2,901**	**2,996**	**2,895**	**2,462**	**2,435**	**19,894**	**17,920**
Ceded premiums written	178	128	427	445	63	66	7	9	89	85	764	733
Change in unearned premiums Ceded share	–	1	4	54	–	–	1	–	–6	–2	–1	53
Earned premiums Ceded	**178**	**127**	**423**	**391**	**63**	**66**	**6**	**9**	**95**	**87**	**765**	**680**
Net earned premiums	**3,931**	**2,895**	**6,864**	**6,276**	**2,977**	**2,835**	**2,990**	**2,886**	**2,367**	**2,348**	**19,129**	**17,240**

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

Premiums[1, 2]

	Reinsurance				Primary insurance						Total	
	Life and health		Property-casualty		Life		Health		Property-casualty			
€m	Q2 2009	Q2 2008[3]	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008
Gross premiums written	2,409	1,555	3,755	3,421	1,529	1,472	1,476	1,423	1,157	1,140	10,326	9,011
Change in unearned premiums Gross	–16	–2	–44	90	1	2	–33	–32	–90	–101	–182	–43
Gross earned premiums	**2,425**	**1,557**	**3,799**	**3,331**	**1,528**	**1,470**	**1,509**	**1,455**	**1,247**	**1,241**	**10,508**	**9,054**
Ceded premiums written	103	55	178	196	31	34	4	2	44	41	360	328
Change in unearned premiums Ceded share	–	1	–23	–17	–	–	–	–1	7	–12	–16	–29
Earned premiums Ceded	**103**	**54**	**201**	**213**	**31**	**34**	**4**	**3**	**37**	**53**	**376**	**357**
Net earned premiums	**2,322**	**1,503**	**3,598**	**3,118**	**1,497**	**1,436**	**1,505**	**1,452**	**1,210**	**1,188**	**10,132**	**8,697**

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

Income from technical interest[1]

	Reinsurance				Primary insurance						Total	
	Life and health		Property-casualty		Life		Health		Property-casualty			
€m	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008
Income from technical interest	149	180	370	639	1,264	876	620	501	81	110	2,484	2,306

1 After elimination of intra-Group transactions across segments.

Income from technical interest[1]

	Reinsurance				Primary insurance						Total	
	Life and health		Property-casualty		Life		Health		Property-casualty			
€m	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008
Income from technical interest	49	89	175	313	753	494	320	254	37	55	1,334	1,205

1 After elimination of intra-Group transactions across segments.

The income from technical interest is the amount earned by assumed insurance business from the mainly risk-free investment of the premium income. Its composition varies from segment to segment, depending on the type of insurance business conducted and the related statutory regulations. In the property-casualty segment, it corresponds both in reinsurance and primary insurance to the risk-free interest on our technical provisions, as derived from our replication portfolio.

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

In primary insurance, the income from technical interest in the life segment corresponds to the policyholders' participation in investments and the other non-technical result components in the form of guaranteed interest and profit sharing (provision for current and deferred premium refunds), plus net unrealised gains from unit-linked life insurance. In the health segment, the income from technical interest corresponds to the allocation of interest to the ageing reserve (actuarial interest) and the allocation to the provision for premium refunds, which is based on the investment result exceeding the actuarial interest and on policyholders' participation in the other non-technical result components.

Expenses for claims and benefits[1, 2]

	Reinsurance				Primary insurance						Total	
	Life and health		Property-casualty		Life		Health		Property-casualty			
€m	Q1–2 2009	Q1–2 2008[3]	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008
Gross												
Claims and benefits paid	2,661	1,958	4,661	4,219	3,244	3,022	2,112	2,009	1,405	1,344	14,083	12,552
Change in technical provisions												
Provision for future policy benefits	200	246	–1	24	280	157	547	573	18	18	1,044	1,018
Provision for outstanding claims	269	99	591	522	18	–10	26	–25	108	76	1,012	662
Provision for premium refunds	–	–	–2	2	–52	–45	304	159	7	7	257	123
Other technical result	28	4	15	16	93	48	2	–	20	13	158	81
Gross expenses for claims and benefits	**3,158**	**2,307**	**5,264**	**4,783**	**3,583**	**3,172**	**2,991**	**2,716**	**1,558**	**1,458**	**16,554**	**14,436**
Ceded share												
Claims and benefits paid	85	104	518	676	44	38	2	3	45	49	694	870
Change in technical provisions												
Provision for future policy benefits	–3	2	–	–	22	35	–1	–	–	–	18	37
Provision for outstanding claims	33	–36	–169	–433	–1	–	–	–	3	28	–134	–441
Provision for premium refunds	–	–	–	–	1	–	–	–	–	–	1	–
Other technical result	–2	–4	–13	–10	–35	–34	–	–	–	–	–50	–48
Expenses for claims and benefits Ceded share	**113**	**66**	**336**	**233**	**31**	**39**	**1**	**3**	**48**	**77**	**529**	**418**
Net												
Claims and benefits paid	2,576	1,854	4,143	3,543	3,200	2,984	2,110	2,006	1,360	1,295	13,389	11,682
Change in technical provisions												
Provision for future policy benefits	203	244	–1	24	258	122	548	573	18	18	1,026	981
Provision for outstanding claims	236	135	760	955	19	–10	26	–25	105	48	1,146	1,103
Provision for premium refunds	–	–	–2	2	–53	–45	304	159	7	7	256	123
Other technical result	30	8	28	26	128	82	2	–	20	13	208	129
Net expenses for claims and benefits	**3,045**	**2,241**	**4,928**	**4,550**	**3,552**	**3,133**	**2,990**	**2,713**	**1,510**	**1,381**	**16,025**	**14,018**

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

Expenses for claims and benefits[1, 2]

	Reinsurance				Primary insurance						Total	
	Life and health		Property-casualty		Life		Health		Property-casualty			
€m	Q2 2009	Q2 2008[3]	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008
Gross												
Claims and benefits paid	1,614	999	2,500	1,953	1,607	1,511	992	989	680	700	7,393	6,152
Change in technical provisions												
Provision for future policy benefits	94	114	–1	3	221	67	262	276	10	9	586	469
Provision for outstanding claims	116	116	391	318	12	10	83	17	89	68	691	529
Provision for premium refunds	–	–	–	–	73	37	178	111	3	3	254	151
Other technical result	15	–7	10	10	48	35	2	–	12	10	87	48
Gross expenses for claims and benefits	**1,839**	**1,222**	**2,900**	**2,284**	**1,961**	**1,660**	**1,517**	**1,393**	**794**	**790**	**9,011**	**7,349**
Ceded share												
Claims and benefits paid	78	62	315	162	20	17	1	1	20	57	434	299
Change in technical provisions												
Provision for future policy benefits	–11	27	–	–	10	19	–	–	–	–	–1	46
Provision for outstanding claims	–	–33	–74	–38	1	1	–	–	10	11	–63	–59
Provision for premium refunds	–	–	–	–	1	–	–	–	–	–	1	–
Other technical result	–	–1	–7	–4	–17	–17	–	–	–1	–	–25	–22
Expenses for claims and benefits Ceded share	**67**	**55**	**234**	**120**	**15**	**20**	**1**	**1**	**29**	**68**	**346**	**264**
Net												
Claims and benefits paid	1,536	937	2,185	1,791	1,587	1,494	991	988	660	643	6,959	5,853
Change in technical provisions												
Provision for future policy benefits	105	87	–1	3	211	48	262	276	10	9	587	423
Provision for outstanding claims	116	149	465	356	11	9	83	17	79	57	754	588
Provision for premium refunds	–	–	–	–	72	37	178	111	3	3	253	151
Other technical result	15	–6	17	14	65	52	2	–	13	10	112	70
Net expenses for claims and benefits	**1,772**	**1,167**	**2,666**	**2,164**	**1,946**	**1,640**	**1,516**	**1,392**	**765**	**722**	**8,665**	**7,085**

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

Operating expenses[1, 2]

	Reinsurance				Primary insurance						Total	
	Life and health		Property-casualty		Life		Health		Property-casualty			
€m	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008
Acquisition costs	15	–14	138	70	367	313	346	361	469	455	1,335	1,185
Administration expenses	162	141	464	393	132	131	97	103	312	317	1,167	1,085
Amortisation and impairment losses of acquired insurance portfolios	1	3	3	–	21	9	3	3	–	–	28	15
Reinsurance commission and profit commission	849	630	1,499	1,397	9	3	6	5	1	–6	2,364	2,029
Gross operating expenses	**1,027**	**760**	**2,104**	**1,860**	**529**	**456**	**452**	**472**	**782**	**766**	**4,894**	**4,314**
Ceded share of acquisition costs	–11	5	3	9	–	–35	–	–	–1	–2	–9	–23
Commission received on ceded business	49	28	272	75	9	9	2	3	13	10	345	125
Operating expenses Ceded share	**38**	**33**	**275**	**84**	**9**	**–26**	**2**	**3**	**12**	**8**	**336**	**102**
Net operating expenses	**989**	**727**	**1,829**	**1,776**	**520**	**482**	**450**	**469**	**770**	**758**	**4,558**	**4,212**

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

Operating expenses[1, 2]

	Reinsurance				Primary insurance						Total	
	Life and health		Property-casualty		Life		Health		Property-casualty			
€m	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008
Acquisition costs	2	–2	130	78	182	136	159	181	235	236	708	629
Administration expenses	78	83	235	215	67	67	45	53	147	158	572	576
Amortisation and impairment losses of acquired insurance portfolios	–1	2	3	–	11	5	1	2	–	–	14	9
Reinsurance commission and profit commission	525	321	752	625	–	1	4	2	–1	–8	1,280	941
Gross operating expenses	**604**	**404**	**1,120**	**918**	**260**	**209**	**209**	**238**	**381**	**386**	**2,574**	**2,155**
Ceded share of acquisition costs	–12	–1	–11	9	1	–34	–	–	–2	–	–24	–26
Commission received on ceded business	30	12	228	49	5	5	1	1	12	10	276	77
Operating expenses Ceded share	**18**	**11**	**217**	**58**	**6**	**–29**	**1**	**1**	**10**	**10**	**252**	**51**
Net operating expenses	**586**	**393**	**903**	**860**	**254**	**238**	**208**	**237**	**371**	**376**	**2,322**	**2,104**

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

Investment result by investment class and segment (before deduction of technical interest)[1, 2]

	Reinsurance				Primary insurance						Asset management		Total	
	Life and health		Property-casualty		Life		Health		Property-casualty					
€m	Q1–2 2009	Q1–2 2008[3]	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008
Land and buildings, including buildings on third-party land	14	–	49	3	62	73	18	18	3	4	2	2	148	100
Investments in affiliated companies	–	–	–1	20	–7	–3	–6	–2	4	2	–	–5	–10	12
Investments in associates	–2	3	–5	14	–18	–	9	–	–18	13	4	23	–30	53
Loans	5	2	17	6	606	548	276	232	47	34	–	–	951	822
Other securities held to maturity	–	–	–	1	3	4	–	–	–	–	–	–	3	5
Other securities available for sale														
Fixed-interest	417	390	851	735	814	752	255	242	108	119	4	1	2,449	2,239
Non-fixed-interest	74	–143	229	–623	–170	–422	17	–218	–21	64	–4	–	125	–1,342
Other securities at fair value through profit or loss														
Held for trading														
Fixed-interest	–	–	11	13	–	1	–	–	–	–	–	–	11	14
Non-fixed-interest	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Derivatives	50	219	71	991	–204	310	6	97	10	19	–	–	–67	1,636
Designated as at fair value through profit or loss														
Fixed-interest	–	–	–	–	10	–	–	–	–	–	–	–	10	–
Non-fixed-interest	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Deposits retained on assumed reinsurance, and other investments	75	91	–32	28	–6	–1	–	3	8	16	1	7	46	144
Investments for the benefit of life insurance policyholders who bear the investment risk	–	–	–	–	129	–220	–	–	–	–	–	–	129	–220
Expenses for the management of investments, other expenses	22	16	78	73	76	78	23	23	13	12	1	–	213	202
Total	**611**	**546**	**1,112**	**1,115**	**1,143**	**964**	**552**	**349**	**128**	**259**	**6**	**28**	**3,552**	**3,261**

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

Investment result by investment class and segment (before deduction of technical interest)[1, 2]

	Reinsurance				Primary insurance						Asset management		Total	
	Life and health		Property-casualty		Life		Health		Property-casualty					
€m	Q2 2009	Q2 2008[3]	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008
Land and buildings, including buildings on third-party land	4	3	13	14	35	62	8	9	2	2	1	1	63	91
Investments in affiliated companies	–	–	–1	20	–2	–2	–1	–1	3	2	–	–5	–1	14
Investments in associates	–1	2	1	–13	1	3	1	–	11	9	4	5	17	6
Loans	3	1	11	4	312	279	144	119	24	16	–	1	494	420
Other securities held to maturity	–	–	–	1	1	2	–	–	–	–	–	–	1	3
Other securities available for sale														
Fixed-interest	241	138	684	272	459	346	129	124	61	55	2	–	1,576	935
Non-fixed-interest	66	21	218	102	58	–66	46	–20	13	20	–4	–	397	57
Other securities at fair value through profit or loss														
Held for trading														
Fixed-interest	–	–	7	–2	–4	–	–	–	–	–	–	–	3	–2
Non-fixed-interest	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Derivatives	4	42	–146	136	–240	–35	–36	–19	–16	6	–	–	–434	130
Designated as at fair value through profit or loss														
Fixed-interest	–	–	–	–	8	–	–	–	–	–	–	–	8	–
Non-fixed-interest	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Deposits retained on assumed reinsurance, and other investments	25	44	–18	14	–4	–1	–2	3	2	7	–	5	3	72
Investments for the benefit of life insurance policyholders who bear the investment risk	–	–	–	–	171	–27	–	–	–	–	–	–	171	–27
Expenses for the management of investments, other expenses	11	9	37	43	42	41	14	13	7	6	–	1	111	113
Total	**331**	**242**	**732**	**505**	**753**	**520**	**275**	**202**	**93**	**111**	**3**	**6**	**2,187**	**1,586**

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

Investment income by segment (before deduction of technical interest)[1, 2]

	Reinsurance				Primary insurance						Asset management		Total	
	Life and health		Property-casualty		Life		Health		Property-casualty					
€m	Q1–2 2009	Q1–2 2008[3]	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008
Regular income	515	536	796	1,020	1,631	1,602	642	677	174	199	10	32	3,768	4,066
Thereof: Income from interest	489	517	692	650	1,470	1,317	550	493	170	159	3	8	3,374	3,144
Income from write-ups	142	220	467	925	167	451	23	147	21	18	–	–	820	1,761
Gains on the disposal of investments	384	315	1,259	1,474	448	432	118	161	91	208	1	3	2,301	2,593
Other income	–	–	–	–	145	7	–	–	–	–	–	–	145	7
Total	**1,041**	**1,071**	**2,522**	**3,419**	**2,391**	**2,492**	**783**	**985**	**286**	**425**	**11**	**35**	**7,034**	**8,427**

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

Investment income by segment (before deduction of technical interest)[1, 2]

	Reinsurance				Primary insurance						Asset management		Total	
	Life and health		Property-casualty		Life		Health		Property-casualty					
€m	Q2 2009	Q2 2008[3]	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008
Regular income	236	260	454	640	863	886	352	388	112	110	7	9	2,024	2,293
Thereof: Income from interest	226	242	379	334	764	665	284	253	85	81	1	4	1,739	1,579
Income from write-ups	71	90	242	364	73	107	7	27	9	14	–	–	402	602
Gains on the disposal of investments	192	128	536	556	107	193	38	61	24	60	–	3	897	1,001
Other income	–	–	–	–	125	1	–	–	–	–	–	–	125	1
Total	**499**	**478**	**1,232**	**1,560**	**1,168**	**1,187**	**397**	**476**	**145**	**184**	**7**	**12**	**3,448**	**3,897**

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

Investment expenses by segment (before deduction of technical interest)[1, 2]

	Reinsurance				Primary insurance						Asset management		Total	
	Life and health		Property-casualty		Life		Health		Property-casualty					
€m	Q1–2 2009	Q1–2 2008[3]	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008
Write-downs of investments	161	305	529	1,328	662	871	56	331	75	93	4	1	1,487	2,929
Losses on the disposal of investments	232	198	759	878	462	308	139	266	70	61	–	6	1,662	1,717
Management expenses, interest charges and other expenses	37	22	122	98	124	349	36	39	13	12	1	–	333	520
Thereof: Interest charges	19	11	38	19	30	40	9	14	1	1	–	–	97	85
Total	**430**	**525**	**1,410**	**2,304**	**1,248**	**1,528**	**231**	**636**	**158**	**166**	**5**	**7**	**3,482**	**5,166**

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

Investment expenses by segment (before deduction of technical interest)[1, 2]

	Reinsurance				Primary insurance						Asset management		Total	
	Life and health		Property-casualty		Life		Health		Property-casualty					
€m	Q2 2009	Q2 2008[3]	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008
Write-downs of investments	32	121	177	537	272	408	25	160	17	36	4	–	527	1,262
Losses on the disposal of investments	117	103	264	467	129	167	78	93	29	31	–	6	617	867
Management expenses, interest charges and other expenses	19	12	59	51	14	92	19	21	6	6	–	–	117	182
Thereof: Interest charges	9	4	19	7	15	19	4	7	1	1	–	–	48	38
Total	**168**	**236**	**500**	**1,055**	**415**	**667**	**122**	**274**	**52**	**73**	**4**	**6**	**1,261**	**2,311**

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

Other operating result[1]

	Reinsurance				Primary insurance						Asset management		Total	
	Life and health		Property-casualty		Life		Health		Property-casualty					
€m	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008
Other operating income	28	47	149	85	53	63	27	18	37	39	31	48	325	300
Other operating expenses	44	40	73	57	60	57	35	22	68	79	24	35	304	290

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

Other operating result[1]

	Reinsurance				Primary insurance						Asset management		Total	
	Life and health		Property-casualty		Life		Health		Property-casualty					
€m	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008
Other operating income	1	19	127	24	24	32	11	9	24	16	18	26	205	126
Other operating expenses	24	20	50	26	24	28	19	9	34	33	13	16	164	132

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

The other operating income mainly comprises income of €149m (154m) from services rendered, interest and similar income of €38m (64m), income of €108m (65m) from the release/reduction of miscellaneous provisions and adjustments of values for receivables, and income of €18m (16m) from owner-occupied property that is sometimes leased out.

In addition to expenses of €114m (123m) for services rendered, the other operating expenses chiefly include interest charges and similar expenses of €61m (60m), other write-downs of €22m (42m), and other tax of €13m (8m). They also contain expenses of €9m (7m) for owner-occupied property that is sometimes leased out.

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

	Reinsurance				Primary insurance						Asset management		Total	
	Life and health		Property-casualty		Life		Health		Property-casualty					
€m	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008	Q1–2 2009	Q1–2 2008
Other non-operating income	251	216	638	544	570	329	413	186	154	82	5	5	2,031	1,362
Other non-operating expenses	253	226	673	591	597	319	445	203	201	121	7	10	2,176	1,470
Impairment losses of goodwill	40	–	–	–	70	–	–	–	11	–	–	–	121	–
Finance costs	47	55	96	113	2	–	–	–	12	12	1	1	158	181

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

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

	Reinsurance				Primary insurance						Asset management		Total	
	Life and health		Property-casualty		Life		Health		Property-casualty					
€m	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008
Other non-operating income	122	81	240	201	194	123	183	49	48	31	3	2	790	487
Other non-operating expenses	156	96	354	251	225	90	189	48	103	50	4	7	1,031	542
Impairment losses of goodwill	40	–	–	–	–	–	–	–	–	–	–	–	40	–
Finance costs	22	29	46	60	1	–	–	–	6	6	1	–	76	95

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

The other non-operating income is income unrelated to the conclusion, administration or settlement of insurance contracts or the administration of investments. Besides foreign currency exchange gains of €1,834m (1,313m), it contains other non-technical income of €197m (49m).

The other non-operating expenses are expenses unrelated to the conclusion, administration or settlement of insurance contracts or the administration of investments. Besides foreign currency exchange losses of €1,941m (1,325m), they include write-downs of €59m (32m) on other intangible assets, and other non-technical expenses of €176m (113m), such as expenses unrelated to the accounting period, project costs and other amounts that cannot be allocated elsewhere or restructuring expenses.

Non-current assets and disposal groups held for sale

The property portfolio of HGE Haus- und Grundbesitzgesellschaft Elsterwerda mbH was classified in disposal groups in the second quarter of 2007; the carrying amount of this property remains unchanged at the reporting date. The sale has been postponed to 2009 owing to the global financial crisis.

In addition, ERGO Versicherungsgruppe AG plans to sell its stake in Vereinsbank Victoria Bauspar (VVB) in 2009. The participation, amounting to 30% of the shares, is shown as an associate and valued at equity. This asset and the portion of the provision for deferred premium refunds relating to it have been classified in a disposal group as "held for sale". Subsequent valuation at the balance sheet date gave rise to a write-down of €5.7m.

Related parties

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

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

Number of staff

The number of staff employed by the Group as at 30 June 2009 totalled 25,245 (25,437) in Germany and 22,035 (18,772) in other countries.

Number of staff[1]

	30.6.2009	31.12.2008
Reinsurance companies	13,399	10,795
Primary insurance companies	33,082	32,606
Asset management	799	808
Total	**47,280**	44,209

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

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

Contingent liabilities, other financial commitments

In comparison with the situation at 31 December 2008, financial commitments of significance for the assessment of the Group's financial position show no significant changes. No contingent liabilities have been entered into for the benefit of Board members.

Earnings per share

The earnings per share figure is calculated by dividing the consolidated result for the reporting period by the weighted average number of shares.

Earnings per share[1]

		Q1–2 2009	Q2 2009	Q1–2 2008	Q2 2008
Consolidated result attributable to Munich Re equity holders	€m	1,106	691	1,373	606
Weighted average number of shares		195,216,749	195,087,851	204,140,248	203,592,238
Earnings per share	€	5.66	3.54	6.73	2.97

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

Events after the balance sheet date

At the reporting date, the property and liabilities of HGE Haus- und Grundbesitzgesellschaft Elsterwerda mbH were classified in disposal groups as "held for sale". We sold our stake in the company with economic effect from 24 July 2009. This resulted in a gain on disposal of €5.4m, which will be recognised in the third quarter of 2009.

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

Drawn up and released for publication, Munich, 3 August 2009

The Board of Management

Review report

To Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München

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

Our responsibility is to issue a report on these condensed interim consolidated financial statements and the interim management report based on our review.

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

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

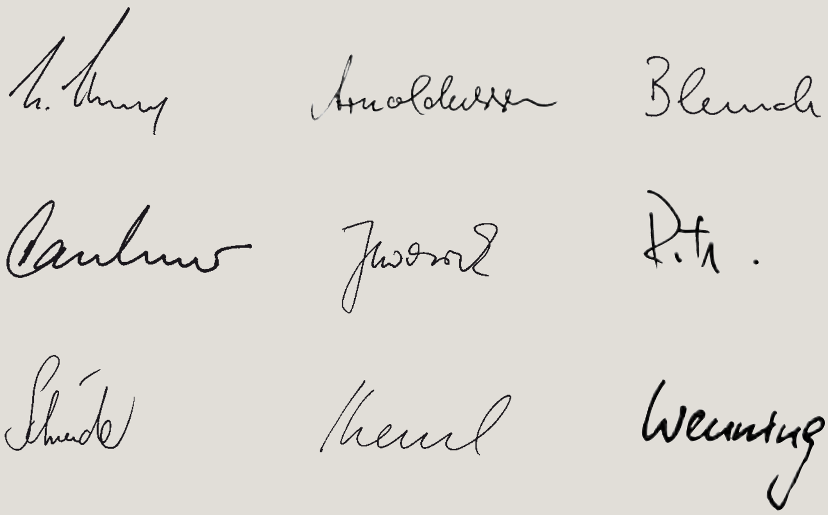
Munich, 4 August 2009
KPMG Bayerische Treuhandgesellschaft
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Klaus Becker	Martin Berger
Wirtschaftsprüfer	Wirtschaftsprüfer
(Certified public accountant)	(Certified public accountant)

Declaration of the Board of Management

"To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year."

Munich, 4 August 2009



Important dates 2009/2010

2009	
5 November 2009	Interim report as at 30 September 2009

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

Münchener Rückversicherungs-Gesellschaft
Königinstrasse 107
80802 München
Germany
www.munichre.com

Responsible for content
Group Reporting

Editorial deadline: 3 August 2009

Printed by
Druckerei Fritz Kriechbaumer
Wettersteinstrasse 12
82024 Taufkirchen/München
Germany

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

Service for investors and analysts
If you have general questions on Munich Re shares, please use our shareholder hotline:
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E-mail: shareholder@munichre.com

If you are an institutional investor or analyst, please contact our investor relations team:
Christian Becker-Hussong
Tel.: +49 (89) 38 91-39 10
Fax: +49 (89) 38 91-98 88
E-mail: ir@munichre.com

Service for media
Journalists may address their queries to our Media Relations Department:
Johanna Weber
Tel.: +49 (89) 38 91-26 95
Fax: +49 (89) 38 91-35 99
E-mail: presse@munichre.com

Münchener Rückversicherungs-Gesellschaft
Königinstrasse 107
80802 München
Germany

Order number 302-05998